

GCEO REVIEW



As we reflect on the past year, I am heartened by the progress of our transformation that paves the way forward for the future of SingPost.

Our strategy for FY2022/23 was to get back to growth and to pivot towards logistics.

While we have been on the transformation journey for a number of years now, FY2022/23 was seminal in that we have effectively re-positioned SingPost towards logistics. Our Logistics business, with its strong foothold in Australia and international markets, now contributes 70% to our Group revenues. Our transformative acquisition of FMH in Australia, with a strong technology-driven 4PL at its core, has contributed strongly to our financial results. This allows us to ride out the declines in our Postal business.

We are committed to developing SingPost as a eCommerce logistics leader in Asia Pacific, with a focus on customer experience and establishing ourselves as a trusted partner for our customers, much like how we have always been Singapore's trusted national postal service provider.

DELIVERING RECORD REVENUE AND HIGH-QUALITY SERVICES DESPITE POSTAL DECLINE

At the close of the financial year, we achieved a record revenue of \$1.87 billion, a 12% year-on-year growth. This milestone demonstrates our commitment to growth as a technology-driven logistics enterprise, serving both B2B and B2C sectors. Notably, the growth in the Logistics segment has made a significant contribution to the bottom line, delivering a 91% increase year-on-year in operating profits.

Our brand of logistics revolves around global connectivity. Much like Singapore's role as a thriving global trade hub, we consider ourselves an integral part of the global eCommerce trade lanes. Leveraging our extensive network, we will orchestrate trade flows for our customers, ensuring a seamless and efficient experience.

As Singapore's national postal operator, SingPost remains dedicated to providing a high-quality essential service to the nation. We were ranked top in Service Reliability in the Universal Postal Union's 2022 annual ranking - a measure of speed and predictability across the globe. Domestically, our service performance continues to be upheld at the highest level, with better than 99.5% on-time performance for Next Day Deliveries. We are proud of this achievement which has allowed us to serve the nation well through the pandemic, even as we now face significant challenges.

Our Domestic Postal business faces the same challenges as encountered by postal service providers worldwide. In the last four years, we have witnessed a rapid contraction in postal volumes. Between FY2018/19 and FY2022/23, mail volumes declined more than 40%. While we have made inroads with eCommerce volumes, this has not been adequate to offset the impact of mail declines. Along with increasing inflationary costs, we have now registered our first-ever full-year operating loss in the Post & Parcel segment. Clearly, structural changes are necessary for the long-term commercial sustainability of the postal service.

We recognise the inevitable decline of postal services and the limitations of our domestic market in supporting our growth ambitions. As such, we are steadfast to establish ourselves as a leading eCommerce supply chain and logistics player, especially within the 4PL space in Asia Pacific.

SEIZING OPPORTUNITIES FOR INTERNATIONAL AND DIGITAL 4PL GROWTH

Our international cross-border business is gradually recovering with improving global air freight capacities, increasingly driven by non-postal channels alongside our International Post and Parcel business. We restructured Quantum Solutions International (QSI) over the past year to align its operations with our global cross-border eCommerce business.

In the upcoming financial year, we will continue our efforts to grow our International business and explore opportunities for deeper collaborations with key partners for their eCommerce supply chains especially into Asia

and Australia. We will also expand our hubs in Singapore, Hong Kong and Europe to shorten delivery times and provide enhanced eCommerce logistics solutions for our customers. This will allow us to better serve eCommerce flows and delivery into, out of, and within Asia.

In Australia, our business is gaining momentum, propelled by both organic and inorganic growth of FMH. The acquisition of FMH was not merely an addition but a transformative move given its substantial size and impact on our Group. We continue to explore potential acquisitions to strengthen the growth trajectory, even as we continue to unlock synergies between FMH and CouriersPlease.

We will enhance our digital capabilities and leverage the 4PL model as a supply chain orchestrator. Building on the success of our implementation in Australia, we will be a strategic partner to our clients, offering them comprehensive and integrated logistics solutions. This approach optimises operations, enhances visibility, and improves customer service, while maintaining an asset appropriate strategy.

TRANSFORMATION JOURNEY: CREATING OPTIONALITIES FOR GROWTH

Through the execution of our transformation plan, we have streamlined our operations covering Australia, International and Singapore – these geographical regions will anchor our continued growth in the logistic space.

We anticipate continued growth in our Australia and International businesses. With our strong cash position, we will continue to explore strategic expansion and investment opportunities in high-growth markets.

In the near term, our Singapore operations will be executing strategic and structural initiatives including operational optimisation, to ensure the long-term commercial sustainability of our business.

STRATEGIC REVIEW: ALIGNING FOR TRANSFORMATIVE GROWTH

The Board has announced that we will embark on a strategic review which is a crucial step in our ongoing transformation as a logistics enterprise. The strategic review will allow us to assess our business portfolio, review and rationalise non-core assets and businesses that do not generate adequate returns. We aim to build a high-performing enterprise that consistently delivers the right returns for our investors and shareholders.

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SUSTAINABILITY: ENABLING MEANINGFUL IMPACT

We continue to strengthen our Environmental, Social and Governance (ESG) practices to strengthen our safety posture, minimise our carbon footprint, foster stronger communities, and enable meaningful impact.

The safety and well-being of our people and stakeholders is paramount to our business. Safety being our core value, is considered and demonstrated in our day-to-day business operations, and we proactively engage our employees to innovate in workplace safety, adopting the use of technologies and training methods such as immersive training to foster a caring culture, promoting safe workplaces.

We are on track to meet our net-zero Scope 1 and 2 emissions in Singapore by 2030 and net-zero Scope 1, 2, and 3 emissions globally by 2050. This year, we have reduced our absolute Scope 1 and 2 greenhouse gas emissions in Singapore collectively by 30% from the FY2018/19 baseline level. I am pleased to report that we have made progressive upgrades to our fleet, and have converted a third of our fleet in Singapore to electric vehicles.

In pursuit of greater resource efficiency as well as reducing and recycling waste, we have initiated the use of recycled materials for our packaging consumables. Through promotion of waste segregation and recycling, we have achieved about 21% operational recycling rate against our target of 30% by 2025. We have also started the process of enabling a responsible and transparent supply chain, recognising the importance of achieving sustainability with an ecosystem approach.

GRATITUDE

Transformation is never easy. We have effectively pivoted to logistics while upholding our national postal service obligations. I am grateful for the dedication and resilience of our colleagues all around the world, who have been steadfast through our journey. My deepest appreciation to the team for embracing the transformation. Regardless of the role you play, your invaluable contribution has led us to our achievements today.

I would like to express my gratitude to my leadership team, some of whom have joined us in the past year, and whose fresh perspectives and expertise have been instrumental in shaping our growth in the dynamic logistics landscape.

I would also like to thank the Board of Directors for the guidance and support over the past year. My appreciation also goes to shareholders, customers, and union partners for their continued support to the Management.



PHANG HENG WEE, VINCENT
Group Chief Executive Officer