

# LETTER TO SHAREHOLDERS

Dear Shareholders,

Over the past year, SingPost has progressed in transforming our business, enhancing our services, and laying the foundations for the future of post and eCommerce logistics. However, gains made from improvements in operational performance and cutting off losses by exiting the U.S., were impacted by an accelerated decline in domestic mail, increased costs incurred to raise postal service levels and the effects of COVID-19 in the fourth quarter.

Despite these challenges, the Group managed to achieve a similar level of underlying net profit to the prior year, ending the year with an improved cash position.

Underlying net profit remained stable at S\$100.2 million, with net profit attributable to equity holders jumping five-fold year-on-year, primarily due to the absence of one-off impairment charges that our U.S. eCommerce subsidiaries Jagged Peak and TradeGlobal incurred last year. Group revenue for the year decreased by 0.7% to S\$1.31 billion, with all business segments recording a slight decline in revenue – an inevitable development given COVID-19's adverse impact on the industry and larger economy.

Over the first three quarters of the year, dividends totalling 0.5 cents were paid out. The Board is recommending a final dividend of 2.7 cents per share for your approval at the Annual General Meeting to be convened. This is in line with our dividend policy linking payouts to underlying net profit, ensuring that dividends are sustainable in a long run.

## Overcoming Adversity

The exit from the U.S. is now complete, allowing us to focus on the growing eCommerce logistics sector in the Asia-Pacific region. Throughout the year, significant resources were also devoted to raising service levels and public confidence in SingPost. Enhancements were made to postal operations, that have resulted in tangible and quantifiable improvements in service.

On the environmental front, we have made good progress on our commitments towards combating climate change. On top of existing green initiatives and measures to reduce our carbon footprint, a group-wide environmental blueprint aims to cut our absolute greenhouse gas emissions by 35% from FY2017/18 base levels in the next decade. The use of solar energy to power our buildings is currently being explored.

## Global Uncertainty amid COVID-19

Since the end of the year, much has changed in the context of COVID-19. The pandemic has led to a significant downturn in the domestic letter business, caused numerous operational challenges and incurred unplanned costs due to service disruptions.

Much is still unknown as we navigate the COVID world and we expect the first half of the year to remain challenging. It is necessary to be prudent in the circumstances and this is reflected in a reduced dividend, to ensure ample financial capacity and liquidity.

It is probable that we will see structural changes as supply chains adjust, which will bring both challenges and opportunities. While our current priority is the safe navigation of the Group through COVID-19, our strategy has positioned us to take advantage of opportunities that may arise.

## Future of Post

Last year, we instituted a new Group strategy that plays to our strengths by refocusing our efforts on Asia-Pacific, with Singapore as the regional hub. The growth in eCommerce logistics requires us to put in place a new architecture, including infrastructure and digital capabilities, known as the *Future of Post* initiative. It requires a significant period of reinvestment into our Postal business, reengineering it to capture the growing opportunities for smart urban logistics. This will also present us with opportunities to redevelop and better utilise key property assets.

The *Future of Post* initiative will spark the most comprehensive rejuvenation of Singapore's postal system in decades and strengthen our position as a global leader in the last-mile space. The first component of this project, the world's first Smart Letterbox, will commence public trials within the year, a key milestone that heralds a next generation in delivery operations.

## Appreciation

We will be hosting a live webcast for this year's Annual General Meeting, instead of conducting it at a designated venue. This is to ensure everyone's safety, even as we continue with the proceedings.



The Board wishes to express its appreciation to all staff for their service. In particular, we would like to extend our utmost gratitude to the frontline postmen, parcel ambassadors and post office teams, who continue to serve the public selflessly during these trying times. Their dedication to serving Singapore despite the difficulties and risks posed by COVID-19 are an inspiration to all of us.

The management team has been strengthened with new appointments including CEO of Postal Services and Singapore, Vincent Phang; Group Chief Information Officer, HK Puar; and Group Chief Human Resources

Officer, Ken Wong, who have all played integral roles in steering the company through what has been an eventful year.

Our appreciation also goes to the Union, our partners, customers, and members of the public for their unflinching support.

Yours sincerely,

**SIMON ISRAEL**  
Chairman