

LOGISTICS



Business was positive for the logistics segment as eCommerce in Singapore and across the region continued to grow strongly. With momentum expected to gain pace, we undertook several initiatives to build out our eCommerce logistics network, in anticipation of growing volumes and the evolving needs of our customers.



RAMPING UP PERFORMANCE AT THE LOGISTICS HUB



Since its opening in November 2016, the Regional eCommerce Logistics Hub has seen steady improvements in performance and utilisation rates as SP Parcels and Quantum Solutions increase their customer base and process greater volumes.

During the year, Quantum Solutions successfully set up and stabilised process flows within Southeast Asia for a major customer. This was a significant milestone and much effort was put into integrating work flows and systems so that operations ran seamlessly. As a result, volumes processed by

Quantum Solutions reached a high of 40,000 per day during the year-end peak season.

Another key achievement was the move of Lazada Singapore's entire warehouse operations into the Quantum Solutions warehouse at the Logistics Hub. With this, the utilisation rate of the Logistic Hub's warehouse space exceeded 90 per cent, with new eCommerce marketplace fulfilment activities. The move bears out our partnership with the Alibaba Group, which owns Lazada, and is part of a wider collaboration in which SingPost and Lazada leverage on each other's strengths to serve the rising eCommerce demand in Southeast Asia. In the coming year, Quantum Solutions will continue expanding warehouse space and strengthening end-to-end solutions at the Logistics Hub as volumes from eCommerce customers are expected to increase.

Quantum Solutions, however, was impacted by intense competitive pressures in North Asia, which negated improvements in the utilisation of the Logistics Hub in Singapore.



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Our POPStation parcel locker network continued to be a popular last mile option for busy Singaporeans. We will be expanding the network by between 50 and 100 locations in the coming year.

ENHANCING LAST MILE DELIVERY

Since moving its operations into the Logistics Hub, SP Parcels has been increasing its last-mile delivery volumes, achieving double-digit revenue growth with good margins. On top of raising processing capacity, the advanced automation at the Logistics Hub has enabled the innovation of several new products and services that cater to increasing demand for flexibility, convenience and cost-effectiveness.

During the year, SP Parcels launched Speedpost Economy Singapore, a new low-cost service for local eCommerce marketplaces, where delivery takes three to five days. Authorisation to Leave was introduced in November 2017, enabling recipients to authorise couriers to hand deliveries to neighbours, security guards and other authorised parties if they are unable to receive the parcel personally.

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We will be expanding the network by between 50 and 100 locations in the coming year. In May 2018, we were appointed to operate parcel lockers in Punggol as part of the Infocomm Media Development Authority's Federated Locker Pilot Trial. We will be installing open platform parcel lockers, which may be used by logistics companies and eCommerce retailers, at selected HDB blocks and MRT stations as an urban logistics solution for Singapore's Smart Nation vision.

In Australia, CouriersPlease (CP) recorded good revenue growth as it processed more last mile deliveries, fuelled by the growth in the eCommerce sector. It opened three new logistics facilities in Melbourne, Adelaide and Perth, to accommodate future growth and position itself as Australia's #1 eCommerce courier service. The new depots will be key as CP expands its reach into overseas markets. CP also began a partnership with one of its top customers, Australian eCommerce platform eCorner, to offer its customers and their online shoppers CP's flexible parcel delivery options. These moves will strengthen CP's eCommerce ecosystem and help ensure a positive customer experience across all touchpoints.

EXPANDING NETWORKS AND GROWING MARKET SHARE IN FREIGHT FORWARDING

Our freight forwarding arm, Famous Holdings, consolidated its strength to boost cost effectiveness and collectively grow volumes and market share. Its Netherlands subsidiary has expanded its sales capabilities to achieve record volumes. In Japan, Famous Holdings achieved top consolidator status based on volume. In New Zealand and Singapore, Famous Holdings has also grown its networks and the brand is now leveraging process automation technology to elevate customer experience. Revenue grew in line with higher freight forwarding volumes and increased contributions from overseas operations.

We will continue to invest in initiatives that are developed with customers in mind, to bring about solutions that meet the needs of consumers and help our customers' businesses grow.