

LOGISTICS

WE HAVE DIVERSIFIED OUR OPERATIONS, EXPANDED INTO THE AUSTRALIAN MARKET, AND FOCUSED ON DEVELOPING OUR CROSS-BORDER ECOMMERCE LOGISTICS. OUR LOGISTICS BUSINESS NOW ACCOUNTS FOR 70% OF OUR GROUP REVENUES, EXPERIENCING A REMARKABLE 32.4% YEAR-ON-YEAR REVENUE GROWTH.

▶ *The expansion of CouriersPlease in Australia is marked by the opening of its 5-Star green-rated facility on the Gold Coast and the cross-border Australia trade lane – supported by over 800 Franchise Partners.*



In FY2022/23, SingPost has effectively transformed and established our foothold in the Logistics business.

We have diversified our operations, expanded into the Australian market, and focused on developing our cross-border eCommerce logistics business. Our Logistics business now accounts for 70% of our Group revenues, experiencing a remarkable 32.4% year-on-year revenue growth. The growth was driven mainly due to the consolidation of FMH for the full year compared to four months in the previous financial year. Operating profit grew by 91.3% for the full year, largely attributable to the strong performance of both FMH and Famous Holdings.

REMARKABLE ACHIEVEMENTS IN A CHALLENGING BUSINESS ENVIRONMENT

In the face of COVID-19 and geopolitical conflicts affecting global supply chains and the logistics industry, we have stayed on course to build our presence in Australia and international markets.

Logistics is now SingPost's largest business segment within two years since the segment experienced continuous growth. The Group will continue to expand its business and market reach by developing its 3PL network (third-party logistics) network and pushing for international growth in the 4PL sector (fourth-party logistics) sector.

Australia

Australia has been a particularly strong market for SingPost's 4PL business. The advantages offered by SingPost's logistics ecosystem provided enterprise customers with fulfillment certainty during uncertain times, along with greater control over visibility, costs, and service quality. In FY2022/23, the Group managed to minimise leakage post-pandemic while successfully onboarding new enterprise customers onto its B2B network, resulting in annualised new business revenues exceeding A\$75 million.

SingPost anticipates a continued acceleration of eCommerce in Australia. As such, we will continue to invest in operational and technological enhancements to further strengthen our network and capabilities in Australia.

International

In the cross-border business, SingPost has faced challenges due to supply chain disruptions over the past three years, resulting in increased conveyance costs and reduced volumes. However, there are positive signs of improvement. Conveyance costs have decreased by 34% year-on-year as at 31 March 2023, and volume declines have stabilised, with a decrease of around 8% in the fourth quarter compared to over 30% in the first quarter.



▲ FMH successfully launched the enhanced 4PL intelligent logistics management platform to provide a seamless, efficient and integrated supply chain platform for our customers.

LOGISTICS

FMH – SHOWCASING RESILIENCE AND EXCEPTIONAL PERFORMANCE WITH 4PL BUSINESS

FMH, a group of companies with diverse logistics services, has demonstrated exceptional performance in its 4PL business, establishing itself as the leading provider in Australia. The group also offers 3PL transport and warehousing services through its subsidiary companies.

Despite facing significant challenges such as inflationary pressures, high fuel prices, and the aftermath of the COVID-19 pandemic, FMH capitalised on the rebounding economic activity and navigated these circumstances successfully. As a result, its B2B business flourished in FY2022/23.

Throughout the year, FMH remained focused on delivering exceptional services to its customers, leveraging its skilled workforce and advanced technology. Notably, the combined group of FMH companies leverages proprietary technology and expertise to establish an efficient and sustainable supply chain. The launch of the enhanced 4PL intelligent logistics management platform on 31 March 2022, provided a seamless and integrated platform for customers, enhancing their overall experience.

FMH's performance review highlights its resilience and ability to thrive in a challenging market, driven by its commitment to exceptional service, technological advancements, and a robust supply chain.



COURIERSPLEASE – EXPANDING SERVICES AND EMPOWERING A VIBRANT FRANCHISE COMMUNITY

CouriersPlease (CP), a leading parcel delivery service in Australia, demonstrated resilience and adaptability in a challenging business landscape marked by record inflation levels and elevated fuel prices. Although its B2C last-mile delivery business reported lower revenue due to a drop in eCommerce volumes after the pandemic restrictions eased, the company managed to increase revenue and volume in the latter half of the year.

CP focused on enhancing operations and expanding services in the Australian market, including the launch



of the cross-border Australia trade lane, which was met with strong uptake, and operational adjustments such as simplified rates and streamlined customer onboarding processes to improve the customer experience. Collaborations with FMH and Quantum Solutions (QS) resulted in cost savings and business potential.

CP renewed its focus on the Franchise model, providing dedicated support to partners for business expansion. Operational efficiency was prioritised through network capacity optimisation and digital solutions implementation.

CP's commitment to sustainability was evident through initiatives such as introducing electric forklifts and pallet riders, developing a carbon calculator, and aiming to achieve a 30% recycling rate. The opening of a 5-Star green-rated facility on the Gold Coast, with future planned sites in Sydney and Melbourne, highlighted CP's dedication to energy efficiency and environmental stewardship.

QUANTUM SOLUTIONS – STAYING RESILIENT WITH NEW CUSTOMER ACQUISITIONS

At the close of this financial year, QS experienced a decline in financial performance compared to the previous year. This was primarily driven by the COVID-19 restrictions in North Asia in the first quarter, which led to high cross-border transportation costs and reduced volumes due to temporary closures of factories and warehouses. However, as the pandemic restrictions started to ease subsequently, its performance showed an improvement with lower operating costs, increased volumes as well as new customer acquisitions from mainland China and Hong Kong.

Various strategies were implemented, including collaborating with FMH and CP; offering our global customers inbound Australia services; expanding the China/Hong Kong to Singapore lane with cost efficiencies; offering Europe to Asia services by transitioning to commercial solutions with direct line-haul; and establishing a dual hub system using Hong Kong alongside Singapore to facilitate commercial solutions transit.

Taking a cautious approach to cost control and undergoing a transformation process to integrate with International Post and Parcel, QS will continue to optimise the utilisation of local resources to support both IPP postal operations and QS's commercial and warehouse volumes, providing our services across Asia Pacific and the Europe regions.



FAMOUS HOLDINGS – DEMONSTRATING RESILIENCE FOR GROWTH

Famous Holdings demonstrated exceptional performance during the pandemic period, experiencing robust revenues. However, in FY2022/23, Famous Holdings group faced a shift in market conditions as sea freight rates and volumes began to normalise. As a result, revenue declined by 12.7% from \$478.4 million to \$417.7 million.

Despite the revenue decline, Famous Holdings remains committed to maintaining its pursuit of excellence in providing efficient and reliable logistics services. Famous Holdings continues to adapt and evolve in response to changing market dynamics, ensuring a seamless supply chain and meeting the diverse needs of its global clientele.