
Letter to Shareholders

Dear Shareholders,

It has been a year of mixed outcomes, where positive progress across our business was undermined by our losses in the US eCommerce business.

Full year revenue rose 2.9 per cent to S\$1.56 billion, and profit on operating activities (excluding our US businesses) rose 11.7 per cent for the full year. Likewise, underlying net profit would have risen 15.8 per cent excluding the US businesses, but was down 5.8 per cent from the previous year.

These results reflect the positive performance of our Post and Parcel business resulting from the growth of eCommerce in Singapore, with revenue growing 4.1 per cent for the full year.

Our Logistics business also saw a narrowing of operating losses by 76.2 per cent. This was largely driven by a significant reduction in losses from Quantum Solutions.

Property continues to perform strongly, with revenue increasing by 13.5 per cent for the full year. Profit from operating activities was up 29.8 per cent due to rental income for the SingPost Centre retail mall. Committed occupancy for the mall remains close to 100 percent, reflecting tenants' confidence in the property.

Our Cost Leadership Programme delivered significant savings in the year.

Over the first three quarters of the financial year, dividends totalling 1.5 cents were paid out. The Board is recommending a final dividend of 2.0 cents per share for your approval at the upcoming Annual General Meeting. This is in line with our dividend policy, which links payout to underlying net profit to ensure dividends are sustainable in the long run.

Exiting the US eCommerce Businesses

Despite the commitment of considerable time and resources, management was not successful in turning the US businesses around.

A number of intractable issues hindered recovery efforts, such as customer bankruptcies in the US, margin pressure from competition, client cost-cutting, as well as rising labour costs and warehouse rentals due to the strength of the American economy.

Having reviewed the prospects for the businesses, the Board impaired the carrying value of TradeGlobal and Jagged Peak by \$98.7 million and made the decision to exit the US as being in the best interests of shareholders.

We have commenced the process of selling TradeGlobal and Jagged Peak. Once divested, shareholders should expect an improvement in SingPost's profitability and returns going forward.

SingPost will reset its strategy to refocus on Asia Pacific as well as our home market in Singapore, where we have existing strengths and competitive advantages that should yield better prospects and returns.

Post as a Critical Public Service

The year-end peak season last year saw volumes far exceeding our forecasts. The sheer volume of parcels handled and doorstep deliveries overwhelmed our mail operations and Post Office Network, exposing vulnerabilities in our operational and infrastructural capabilities.

Members of the public who had been inconvenienced took to the media to express their dissatisfaction, and public scrutiny has persisted since then.

In February, we implemented immediate measures to improve service quality, including the recruitment of additional postmen, extending mail delivery hours and reducing non-core mail businesses.


In addition to these measures, the Board, together with our Union, established a joint committee to oversee a fundamental and holistic review of our postal operations, to thoroughly diagnose and address any systemic issues that may be present.

Having served Singapore for 160 years, it is incumbent on us to continue the legacy of our predecessors in delivering trusted, reliable and prompt mail services to Singapore and restore the public's trust and confidence in us.

Appreciation

The Board wishes to express its appreciation to Management and Staff for their service, as well as to the Union, our partners, customers and members of the public for their support.

Yours sincerely,



Simon Israel
Chairman

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Revenue

S\$1.56b

Net Profit

S\$19.0m

