Business Update for 3rd Quarter ended 31 December 2020

All figures disclosed in this business update are unaudited.

OPERATIONAL INDICATORS

	Q3 FY20/21	Q2 FY20/21	**QoQ Change**	Q3 FY19/20	**YoY Change**
eCommerce Related					
Domestic Post & Parcel eCommerce (mil items)	**10.3**	9.3	**11%**	7.6	**36%**
International Post & Parcel (mil kg)	**6.1**	6.0	**3%**	8.2	**(25%)**
Australian last-mile delivery (mil consignments)	**7.3**	6.7	**9%**	4.2	**74%**
Domestic Post & Parcel					
Letters & printed papers (mil items)	**119**	124	**(4%)**	151	**(21%)**

	Dec 20	**Sep 20**	**Dec 19**
Property - Committed Occupancy			
SPC Mall	99.8%	100%	100%
SPC Office / Enrichment	98.1%	99.1%	97.4%

Strong growth in eCommerce volumes in Singapore & Australia

The Group continues to experience strong eCommerce volume growth in its two key markets of Singapore and Australia.

For Domestic Post and Parcel, eCommerce volume rose 11% on a quarter-on-quarter basis, driven by the peak shopping season. Compared to the same period last year, volume rose 36%, with increased adoption of SingPost as the preferred provider of choice for eCommerce deliveries.

In the Logistics segment, the last mile delivery business in Australia, CouriersPlease, has seen strong quarter-on-quarter volume growth of 9%, and year-on-year volume growth of 74% as a result of accelerated eCommerce adoption in the market, in part driven by the impact of Covid-19.

Continued letter volume decline, Covid-19 impact on International Post and Parcel

Volumes of letters and printed papers in Singapore continue to decline as expected due to electronic substitution.

International Post and Parcel business continued to be impacted by the severe disruption to international air freight out of Changi Airport, which resulted in higher conveyance costs that eroded margins.

Recovery trajectory in Property

In the Property segment, the SingPost Centre retail mall and office remained at close to full occupancy as at 31 December 2020, as the majority of the expiring leases during the year have been renewed or replaced despite a challenging leasing market.

The SPC retail mall operations continued on a recovery trajectory, as shopper footfall traffic and tenant sales improved in Q3 compared to Q2.

GROUP FINANCIAL HIGHLIGHTS
(Continuing Operations, Unaudited)

S$'M	Q3 FY20/21	Q2 FY20/21	QoQ Change	Q3 FY19/20	YoY Change
Group Revenue	**351**	347	**1%**	356	**(1%)**
Domestic Post & Parcel eCommerce revenue	***20***	*16*	***22%***	*13*	***56%***
Group Expenses	**(325)**	(330)	**(1%)**	(318)	**2%**
Group Profit on Operating Activities	**26**	18	**41%**	41	**(38%)**

Group revenue rose 1% quarter-on-quarter, driven by growth in the Logistics segment, as Couriers Please and the Group's freight forwarding entity, Famous Holdings, recorded revenue growth on the back of higher volumes. In the Post and Parcel segment, Domestic revenue rose quarter-on-quarter, as revenue growth from eCommerce deliveries more than offset the decline from letters and printed papers.

The Group is carefully managing International Post and Parcel volumes and its associated conveyance costs given the constraints of air freight capacity at Changi Airport. Group Volume-related costs declined 1% quarter-on-quarter, which contributed to overall Group Operating Expenses declining 1% quarter-on-quarter.

Group Profit on Operating Activities rose 41% quarter-on-quarter to $26 million. This was driven by improved contribution from Post & Parcel as well as the Logistics segment, where CouriersPlease and Famous Holdings contributed higher earnings.

On a year-on-year basis, Profit on Operating Activities declined 38% largely due to the impact of Covid-19 disruptions and related costs, in particular on the International Post and Parcel business, compared to the pre Covid-19 environment in the same period last year.

SELECTED BALANCE SHEET ITEMS

(Unaudited)	As at Dec 2020 S$'M	As at Mar 2020 S$'M	Change %
Cash and cash equivalents at end of financial period	425	493	(14%)
Borrowings	263	364	(28%)
Net cash / (debt) position	162	129	26%
Total Assets	2,652	2,752	(4%)
Total Liabilities	989	1,109	(11%)
Total Equity	1,663	1,642	1%

Improved net cash position

The Group's net cash position as at 31 December 2020 improved compared to 31 March 2020 due largely to positive movements in working capital. The Group continues to have adequate financial flexibility to meet its obligations.

On 19 November 2020, the Group completed the issuance of S$250 million notes due 2030, which was substantially used to refinance shorter term borrowings. This has lengthened the Group's debt maturity profile.

Total numbers in the tables might not add up due to rounding

MOVING FORWARD

As the Covid-19 pandemic continues to create disruptions across the global economy, the Group is actively adapting measures to navigate the current environment, including seeking new eCommerce growth opportunities in Singapore, Australia and the Asia-Pacific region.

On 31 December 2020, the Group completed the Tranche One acquisition of Freight Management Holdings (‘FMH’), which will allow it to further scale its Business-to-Business-to-Consumer (‘B2B2C’) logistics capabilities as well as to make further inroads in the eCommerce market in Australia.

The Group will continue to execute on its transformation initiatives to reposition itself for the long term, while carefully managing expenses, cashflow and liquidity.