# GENERAL ANNOUNCEMENT::SINGPOST BUSINESS UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2021

## Issuer & Securities

Issuer/ Manager

SINGAPORE POST LIMITED

Securities

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## Announcement Details

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SingPost Business Update for the First Quarter ended 30 June 2021

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Designation

Group Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the Business Update for the First Quarter ended 30 June 2021, as attached.

## Attachments

Q1_FY22_Business_Update.pdf

Total size =161K MB

# Business Update for 1st Quarter ended 30 June 2021

All figures disclosed in this business update are unaudited.

## OPERATIONAL INDICATORS

| | **Q1 FY21/22** | Q1 FY20/21 | **YoY Change** |
|---|---|---|---|
| **eCommerce Related** | | | |
| Domestic Post & Parcel eCommerce (mil items) | **10.5** | 8.7 | **21%** |
| International Post & Parcel (mil kg) | **3.9** | 5.8 | **(34%)** |
| Australia last mile delivery (mil consignments) | **5.5** | 5.4 | **2%** |
| **Domestic Post & Parcel** | | | |
| Letters & printed papers (mil items) | **103** | 101 | **2%** |

| | **Jun 21** | **May-21** | **Apr-21** | **Mar 21** | **Jun 20** |
|---|---|---|---|---|---|
| **Property - Committed Occupancy** | | | | | |
| SingPost Centre (“SPC”) | 93.0% | 97.5% | 97.5% | 96.1% | 98.5% |
| Others | 98.8% | 98.8% | 96.1% | 96.1% | 91.8% |

**Continued growth in eCommerce logistics volume in Singapore & Australia**

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

In Singapore, domestic eCommerce logistics volume saw robust growth of 21% on a year-on-year basis, driven by higher adoption of eCommerce activities.

In Australia, the last mile delivery business recorded year-on-year volume growth of 2% due to higher adoption of eCommerce, despite a high base last year as volumes surged amid lockdown measures from April to June last year.

**Continued Covid-19 impact**

Meanwhile, the International Post and Parcel business continued to be affected by the ongoing disruption to international air freight out of Changi Airport caused by Covid-19, which has resulted in higher international conveyance costs.

Against this backdrop, eCommerce related tonnage for the IPP business fell 34% year-on-year as we continued to carefully manage volumes, and there was also a high base effect as volumes for the same quarter last year were boosted by customers rushing to ship more items prior to the implementation of tighter border restrictions.

In the freight forwarding business, Famous Holdings recorded significant volume growth despite the disruptions to global shipping capacity caused by Covid-19, as it was able to leverage strong supplier relationships to secure additional capacity for customers. Famous also benefitted from a rise in sea freight rates, resulting from the imbalance of higher demand for shipping capacity amid air freight disruptions and lower supply due to Covid-19 challenges.

**Higher admail volume, partly offset by continued decline in letter mail volume**

Volumes of letters and printed papers in Singapore increased marginally, driven by higher admail volume compared to a low base last year due to the circuit breaker. The increase in admail volume was partly offset by the continued decline in letter mail volume due to electronic substitution, resulting in a 2% increase overall on a year-on-year basis.

**Property remained relatively resilient**

The SPC retail mall and office/enrichment segments both remained at high occupancy of over 97% as at 30 June 2021, despite a challenging leasing market. However, overall SPC occupancy fell to 93% as at 30 June 2021, as a sole external tenant in the industrial segment moved out. The vacated space was used by the external tenant for mail-related activities and has close proximity to SingPost's mail operations in the industrial zone of SPC. Work is being done to reposition the vacated space before leasing it out.

In the Others segment, which comprises smaller properties such as shophouses and the portion of delivery bases rented out to external tenants, occupancy increased to 98.8% as new tenants were secured.

## GROUP FINANCIAL HIGHLIGHTS

**(Unaudited)**

| **S$'M** | **Q1 FY21/22** | Q1 FY20/21 | **YoY Change** |
|---|---|---|---|
| Group Revenue | **353** | 360 | **(2%)** |
| *Domestic eCommerce logistics* | ***73*** | *64* | ***12%*** |
| - *Singapore* | ***21*** | *18* | ***16%*** |
| - *Australia* | ***52*** | *46* | ***11%*** |
| Group Operating Expenses | **(334)** | (341) | **(2%)** |
| Group EBIT | **21** | 21 | **(2%)** |

Group revenue fell 2% year-on-year mainly due to decline in the International Post and Parcel business. This was partly offset by higher eCommerce logistics revenue in Singapore & Australia and higher Famous Holdings revenue due to volume growth, as well as higher revenue from the Property segment mainly due to the absence of rental rebates provided to eligible tenants last year.

Volume-related costs declined 4% year-on-year, mainly due to lower International Post and Parcel volume, which led to overall Group Operating Expenses declining 2% over the same period.

Group EBIT fell marginally by 2% year-on-year, driven by lower International Post and Parcel revenue in line with lower volume, and the absence of S$8.3 million of government grants such as from the Jobs Support Scheme. However, these were partly offset by strong year-on-year growth in profit contribution from the Logistics and Property segments in line with higher revenue, as well as share of profit from newly acquired associate Freight Management Holdings in Australia.

## SELECTED BALANCE SHEET ITEMS
**(Unaudited)**

| | **As at Jun 2021 S$M** | As at Mar 2021 S$M | Change (%) |
|---|---|---|---|
| Cash and cash equivalents at end of financial period | **522** | 501 | 4% |
| Borrowings | **321** | 322 | (1%) |
| **Net cash / (debt) position** | **201** | 179 | 12% |

| | **As at Jun 2021 S$M** | As at Mar 2021 S$M | Change (%) |
|---|---|---|---|
| Total Assets | **2,744** | 2,722 | 1% |
| Total Liabilities | **1,062** | 1,050 | 1% |
| Total Equity | **1,682** | 1,671 | 1% |

**Improved net cash position**

The Group's net cash position as at 30 June 2021 improved compared to 31 March 2021 due largely to positive net cash flow generated during the quarter. The Group continues to have adequate financial flexibility to meet its obligations.

## MOVING FORWARD

As the Covid-19 pandemic continues to create disruptions across the global economy, our performance will continue to be affected by factors beyond our control, including the severe impact of higher international conveyance costs on the International Post and Parcel business. The financial performance of the International business is expected to improve as and when flight capacity out of Changi Airport normalises.

On a positive note, the Group continues to see robust growth in eCommerce logistics. Covid-19 has proved to be a catalyst for eCommerce adoption globally, and this is poised to grow further as eCommerce cements its position as a new shopping norm.

Even as we deal with the ongoing challenges posed by Covid-19, we will continue to invest in transformation initiatives to reposition ourselves for the long term, while carefully managing expenses, cashflow and liquidity. This includes implementing the Future of Post initiative in Singapore, building our Business to Business to Consumer ("B2B2C") logistics capabilities and scale, and looking for more opportunities to grow our Australia business in line with our strategy to create a second home market there.