



**Speeches by SingPost Management  
At the 32nd Annual General Meeting Held on 24 July 2024**

**With accompanying presentation “FY2023/24 Annual General Meeting Presentation”**

**Vincent Phang, Group CEO**

Good afternoon, shareholders.

Slide 2: Key FY23/24 Highlights

FY23/24 marks a significant milestone in SingPost’s transformation journey. We concluded the year with a good performance that was achieved with the turnaround of the domestic postal business and the International cross-border business. We have also grown our business in Australia and, with the acquisition of Border Express, this business now ranks among the top 5 logistics operators by revenue in the market.

With the strategic review completed, the Group’s core businesses were re-organised into new business segments. We are now pursuing opportunities for growth and optionalities for these businesses, as well as the potential monetisation of non core assets.

Slide 3: Reset for Sustainable Growth - 5 Strategic Thrusts

In March, we announced our strategic thrusts to take the Group forward in the next phase of growth. These cover the Group’s re-organisation, capital management and the plans for each of the businesses.

Slide 4: Re-organisation of the Group

With the Group’s significant transformation over the last few years, we now look at our businesses in these three segments - Singapore, Australia and International, empowering the businesses to grow in each of their market segments.

We believe that this will provide investors with a clearer view of comparable valuations for each market, and hence enable a more appropriate valuation of the Group. This also gives us the flexibility for future options for the businesses.

Over the next few slides, we’ll look at each business segment’s achievements in the year and the strategic thrusts to be executed.

#### Slide 5: Australia - Achieving Scale

In Australia, we have built a sizeable and profitable logistics business. We first took a non-controlling stake in FMH and, over the last three years, gradually increased our shareholding.

FMH expanded its scale and reach further with Border Express, the 6th largest national transport and distribution operator.

As you can see from the chart presented here, the addition of Border Express will increase both revenue and earnings significantly, and this is before accounting for synergies from the integration of the businesses which is currently in progress.

As Chairman has mentioned, a strategic review is underway to formulate options as we look to scale this business.

#### Slide 6: Singapore - Transforming Urban Logistics and Deliveries

SingPost remains best in class in service quality, achieving continued high service delivery of more than 99% on a next day basis.

During the year, we conducted a postal review with the regulator to ensure the long term sustainability of the business. With the regulator's support, we implemented a postage rate increase quickly, following the full-year postal loss announced in the previous year. This, together with our drive in growing eCommerce volumes, has led to an improvement in the domestic business which is now profitable.

Within the domestic business, the delivery business line is profitable and we are re-engineering the delivery network to cater to the growth in eCommerce logistics.

The post office network is not profitable. We are engaging with the Government on a future operating model designed to reduce costs, make our services more accessible to citizens, while improving the customer experience.

#### Slide 7: International - Serving Cross-Border Customers

The International business was significantly affected by the pandemic and we have been rebuilding the business as we adjust to the new world post pandemic.

We have enhanced our network with the development of multi-modal hubs outside of Singapore, and are working with both postal as well as commercial partners.

The business landscape for global cross-border eCommerce logistics continues to be fast-changing and impacted by fluctuations in air conveyance costs particularly given developments post COVID and geo-political situations. We continue to monitor the returns on this business, while we actively diversify our revenue streams.

At this point, I'll hand over to Group CFO, Vincent Yik, to speak on the final strategic thrust on capital management as well as the key financials for FY23/24.

### **Vincent Yik, Group CFO**

#### Slide 8: Strategic Capital Management

Thank you, Vincent.

The final strategic thrust is focused on reviewing the capital management of the Group, with active capital recycling over the near term. A list of assets and businesses has been identified as non core to the Group, and we are exploring the potential divestment of these assets.

Potential proceeds from divestments will go towards 1) reducing our leverage, 2) reinvesting in growth, and 3) returning value to shareholders.

The dividend policy was also reset to a payout of 30 to 50% of underlying net profit, taking into account the Group's capital requirements and balancing sustainable returns to shareholders.

The proposed final dividend for shareholders approval at this AGM is 0.56 cents. This, together with the interim dividend, brings the total dividend to 0.74 cents, which is 40% of the Group's underlying net profit.

This is a 28% increase from last year, in tandem with the growth in underlying net profit that we have achieved.

#### Slide 9: FY23/24 Financial Highlights

The good set of results came from the Group's transformation efforts. This was despite the challenges in the operating environment across our markets.

While revenue was lower year on year, our underlying profit performance has shown some strong improvement.

There are two key points I would like to highlight.

First, all our core businesses are now profitable and have shown a good improvement over the last year.

Second, the business mix is now different. Over 80% of our revenues are generated internationally. The Australia business segment is our major contributor, accounting for 48% of Group revenue and 60% of operating profit.

Let me share more about the individual segment performance.

#### Slide 10: Logistics

In FY23/24, we report for the last time in the segments of Logistics, Post & Parcel, as well as Property.

Here, Logistics include the Australia business as well as freight forwarding and other logistics businesses.

The decline in Logistics revenue and profit was due to the expected normalisation in the freight forwarding business, which has come off significantly from the high sea freight rates during the pandemic. This was in line with the freight forwarding sector as a whole.

The Australia business recorded improvements in local currency terms as seen in Group CEO's presentation earlier. The strong Singapore dollar had an impact on the translation, though still showing steady revenue and profit contributions in the year.

#### Slide 11: Post & Parcel

Moving onto the Post & Parcel segment, we recorded an operating profit of S\$7.5 million compared to a S\$12 million loss last year. Both the domestic and international businesses have shown improvements.

In the domestic business, while letter mail continued to decline, we benefited from the strong growth in eCommerce volumes. The performance was also lifted by the postage rate increase in the second half.

The international business continued to improve its margins, mainly from operational efficiency and lower conveyance costs, although volumes remain challenged due to the weak market.

### Slide 12: Property

On the last segment of Property, this is largely the rental contributions from SingPost Centre. Revenue and operating profit improved in line with higher rentals from rental reversions.

### Slide 13: Target New Segment Reporting

Moving into this current FY of 24/25, the Group will be changing its segment reporting to reflect the reorganisation of the Group. Going forward, we will report on the segments of Australia, Singapore and International, with all other holdings to be classified under Corporate.

### Slide 14: Financial Position

Finally, on the financial position of the Group, the balance sheet remains sound with healthy liquidity ratios and cash holdings.

Borrowings were higher largely due to acquisition debt taken on to fund the increase in our stake in FMH and as well as for the acquisition of Border Express.

The Group aims to deliver value to shareholders with sustainable profit growth and is committed to maintaining a strong financial position.

I'll now hand over to Michelle Lee for the update on the Sustainability front.

### **Michelle Lee, Chief Sustainability Officer**

### Slide 15: Making Every Delivery Count for People and Planet

SingPost recognises the criticality of sustainability in shaping our future landscape. 2023 was marked as the warmest year on record and we have seen how it not only affects the environment, but also the economy and society. Our commitment transcends environmental stewardship to encapsulate a broader spectrum of responsibilities.

SingPost recognises the necessity to meet enhanced sustainability requirements and to fulfill our role in shaping a sustainable logistics sector.

Underpinning our transformation efforts is our approach to sustainability as defined by three core pillars – Cherishing our Planet, Collaborative Partnerships, and a Culture of Trust which serve to ensure that we maintain our adherence to the highest levels of governance, environmental and social responsibility.

With evolving sustainability guidance and rapid harmonisation of reporting standards, we will embark on a double materiality assessment this year to gain deeper insights into the financial impacts of climate-related risks and opportunities as well as our impact on the environment and our stakeholders.

### *Cherishing our Planet*

We are actively assessing and managing both physical and transitional climate-related risks and opportunities. This includes understanding how climate change could impact our operations.

Alongside challenges, we also see opportunities in the transition to a low-carbon economy by investing in renewable energy, optimising resource use in all our facilities, and championing sustainable packaging. In our efforts towards Cherishing the Planet, we remain steadfast in our commitments towards net-zero (Scope 1 and 2) by 2030 in Singapore and net zero (Scope 1, 2 and 3) globally by 2050. Thus far, we have managed to lower our Scope 1 and 2 carbon emissions by 26% from what they were in FY18/19 for our Singapore operations and by 11% for global operations compared to last year. We have further progressed in understanding the carbon footprint of our Australia operations, exploring decarbonisation pathways during the year and will take the following year to integrate newly acquired businesses to pave the way forward.

We also initiated a phased approach to the development of our Scope 3 emissions inventory. This approach has allowed us to become more proactive and data-driven in the identification of targeted initiatives to decarbonise our value chain, as well as to gain visibility of our value chain emissions.

### Slide 16 : Making Every Delivery Count for People and Planet

#### *Collaborative Partnerships*

SingPost has embraced the use of digital analytics, generative artificial intelligence and optimised our Out-of-Home strategy to proactively meet our customers' needs, enhance their experience, and drive operational efficiency. We are proud to have been awarded the World Post and Parcel Awards 2023 for Best Innovation Strategy and Commitment to Sustainability.

#### *Culture of Trust*

Our employees are key stakeholders of the organisation. Last year, we undertook an initiative to gather feedback and voices from our employees, giving the management valuable insights into our employees' expectations and aspirations. SingPost has been acknowledged as a Great Place to Work® Certified company in the industry in several of our markets.



Your continued support is essential to our sustainability journey and we look forward to sharing our continued progress with you in the years to come.

Thank you.