Business Update for 1st Quarter ended 30 June 2020

All figures disclosed in this business update are unaudited.

OPERATIONAL INDICATORS

	Q1 FY20/21	Q1 FY19/20	Change (%)
Domestic Post & Parcel			
Letters & printed papers (mil items)	100	149	(33%)
eCommerce related			
Domestic Post & Parcel eCommerce (mil items)	8.7	5.7	52%
International Post & Parcel (mil kg)	7.2	5.6	30%
Australian last-mile delivery (mil consignments)	5.3	3.8	43%

	June 20	March 20	June 19
Property - Committed Occupancy			
SPC Mall	100%	100%	98%
SPC Office / Enrichment	98%	98%	98%

Strong growth in eCommerce volumes

The Group is experiencing strong eCommerce volume growth in Singapore, Australia and for international cross-border deliveries.

For the Domestic Post and Parcel business, the Group saw significant eCommerce volume growth of 52% for the quarter ended June. Initiatives such the new tracked letterbox product facilitated contactless deliveries at a cost effective price point and saw significant traction with customers. eCommerce volume now stands at slightly less than 10% of all domestic deliveries.

In the International Post and Parcel business, cross-border eCommerce volumes were resilient and continued to grow. For the Logistics segment, CouriersPlease has seen solid volume growth in Q1 as the eCommerce market in Australia expanded strongly, partly as a result of Covid-19.

Continued letter volume decline; Impact from Covid-19

However, volumes of letters and printed papers in Singapore continue to decline as expected due to electronic substitution. Business mailing was also reduced as a result of the circuit breaker. The Group was faced with higher costs as a result of health and safety arrangements for Covid-19, including temporary housing for our Malaysian colleagues in Singapore.

In addition, Covid-19 has caused a massive disruption to international air freight out of Changi Airport, and this resulted in delays and increased conveyance costs. As a result of this disruption, we may temporarily experience volumes being diverted away from Singapore by some of our key customers. Terminal dues for international postal items also increased since January.

The freight forwarding business, Famous Holdings, continued to be impacted by the slowdown in global trade, as well as the additional challenge of Covid-19, resulting in lower volumes.

In the Property segment, the retail mall saw a decline in footfall since March due to the circuit breaker measures and many tenants had to temporarily close as a result. The Group had provided additional financial assistance to help support them during this difficult time. This cost has been partially reflected in Q1, and will continue into Q2. In spite of these challenges, occupancy remained stable.

GROUP FINANCIAL HIGHLIGHTS
(Continuing Operations, Unaudited)

($'M)	Q1 FY20/21	Q1 FY19/20	Change (%)
Group Revenue	**360**	321	**12%**
Group Expenses	**(341)**	(280)	**22%**
Group Profit on Operating Activities	**22**	42	**(49%)**

Despite challenges brought about by the Covid-19 pandemic, revenue rose 12% year-on-year, led by continued growth in cross-border eCommerce delivery volumes in International Post and Parcel, as well as at the CouriersPlease and Quantium Solutions subsidiaries.

While revenue rose, this brought about a corresponding increase in costs as a result of the supply chain disruptions detailed above. These were partially mitigated by the Job Support Scheme.

In addition, the Covid-19 situation also had an adverse impact on the Group's customers and doubtful debt provisions could increase over time. Largely due to the above reasons, Group operating expenses rose 22%. With the higher operating expenses, Profit on Operating Activities declined 49% to $22 million.

SEGMENTAL PERFORMANCE
(Unaudited)

	Q1 FY20/21 S$'M	Q1 FY19/20 S$'M	Variance %
Revenue			
Post and Parcel	215	187	15%
Domestic	56	66	(14%)
International	158	122	30%
Logistics	140	119	17%
Property	24	30	(19%)
Profit on Operating Activities			
Post and Parcel	14	38	(62%)
Logistics	3	(2)	257%
Property	11	13	(16%)
Others[1]	(6)	(6)	0.1%

1. Refer to unallocated corporate overhead items and foreign currency translation differences

SELECTED BALANCE SHEET ITEMS
(Unaudited)

	As at Jun 2020 S$'M	As at Mar 2020 S$'M	Change %
Cash and cash equivalents at end of financial period	586	493	19%
Borrowings	364	364	(0%)
Net cash / (debt) position	223	129	73%
Total Assets	2,836	2,752	3%
Total Liabilities	1,169	1,109	5%
Total Equity	1,667	1,642	1%

Strong cash position

As at 30 June 2020, the Group remains in a net cash position with adequate financial flexibility to meet its obligations.

MOVING FORWARD

There remains significant uncertainty in the operating environment due to Covid-19. Group earnings and operating cashflows will continue to face headwinds from the disruptions to businesses as detailed above. The extent and duration of the headwinds will depend on when the global pandemic situation will ease up.

The Group is carefully managing its expenses, cashflow and liquidity.

Notwithstanding the immediate challenges, SingPost remains committed to its transformation efforts.

The Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. A key component of this ecosystem, the world's first-ever "Smart Letterbox", will commence public trials in the next few months.

With a relatively strong balance sheet, the Group will continue to seek out new opportunities that will strengthen its capabilities and competitiveness in key markets.