



Business Update for 1st Quarter ended 30 June 2022

All figures disclosed in this business update are unaudited.

GROUP FINANCIAL HIGHLIGHTS

(Unaudited)

S\$ million	Q1 FY22/23	Q1 FY21/22	YoY Change
Group Revenue	475.2	352.9	+34.7%
Group Operating Expenses	466.3	333.7	+39.8%
Group Operating Profit	10.6	19.9	(46.7%)

Continued Transformation of Group

The Group's transformation strategy is yielding results, as growing contributions from the Australia business segment helped to offset the weakness in the core Post and Parcel business.

Group revenue increased 34.7%, on the back of higher contributions from the Australia business including Freight Management Holdings ("FMH"), which continued to perform well, through both organic business growth and acquisitions. The Group also continued to record higher revenue from Famous Holdings. Revenue in the property segment was lower due to the deconsolidation of General Storage Company ("GSC"), however, excluding GSC, property revenue was higher.

As updated in the "Operational Update for First Quarter ended 30 June 2022" released on 15 July 2022, the Post and Parcel business traded in challenging conditions, recording operating losses as revenues declined and operating costs increased. Post and Parcel revenues were down due to the structural decline in letter mail, lower eCommerce logistics volume, and continued supply chain disruptions impacting our international eCommerce operations. This was offset by strong profit contributions from the Logistics segment.

While the increase in the Group's operating expenses was largely due to higher volume-related expenses from the consolidation of FMH and growth in Famous Holdings, costs of fuel, labour and utilities have risen. Air conveyance rates remained elevated in Q1, in addition to COVID-19 lockdowns in cities in China (where the majority of our international eCommerce volumes originate) impacting cost.

SELECTED BALANCE SHEET ITEMS

(Unaudited)

	As at Jun 2022 S\$ million	As at Mar 2022 S\$ million	Change
Cash and cash equivalents at end of financial period	485.6	280.4	+73.2%
Borrowings	466.7	517.0	(9.7%)
Net cash / (debt) position	18.9	(236.6)	n/m
Total Assets	2,839.3	2,679.4	+6.0%
Total Liabilities	1,471.8	1,537.3	(4.3%)
Total Equity	1,367.5	1,142.1	+19.7%

The Group was in a net cash position as at 30 June 2022, compared to a net debt position as at 31 March 2022, following the issuance of perpetual securities in April 2022. Borrowings were lower with the repayment of short-term loans.

OPERATIONAL INDICATORS

	Q1 FY22/23	Q1 FY21/22	YoY Change
Singapore			
DPP eCommerce logistics (mil items)	7.7	10.5	(26.1%)
DPP Letters & printed papers (mil items)	100.4	102.5	(2.1%)
International			
IPP (mil kg)	2.7	4.1 ²	(32.5%)
Australia			
No. of consignments ¹ (mil)	7.2	5.5	29.5%

	Jun 22	Mar 22
Property - Committed Occupancy		
SPC Mall	99.2%	100%
SPC Office/ Enrichment	94.5%	93.5%
SPC Total ³	95.9%	95.8%
Others ⁴	83.6%	98.4%

¹ Including FMH

² Adjusted

³ Excludes SPC industrial space

⁴ Smaller properties such as shophouses and portion of delivery bases leased to external tenants

**Singapore:**

Letter mail volume dropped by 8%. However, this was offset by an increase in admail volumes, leading to an overall 2.1% decline for the letters and printed papers category. eCommerce logistics volume was lower by 26.1%, due to a pullback in eCommerce volumes following the easing of pandemic restrictions, as well as lower volumes from a major eCommerce customer who has insourced part of its logistics.

Australia:

Consignment volume grew 29.5%, due to the addition of FMH's volume and growth in CouriersPlease's ("CP") business. FMH recorded higher volumes on business growth and new customers.

International:

In the International Post and Parcel business, volume declined 32.5%. Further supply chain disruptions and a knock-on impact from the lockdowns in cities in China due to the COVID-19 situation adversely impacted conveyance costs for supply chains originating from China.

Other (Property):

SingPost Centre ("SPC") remained at relatively high occupancy in spite of the challenging leasing market. Occupancy in the Others category was lower. This represents smaller properties such as shophouses and the portion of delivery bases rented out to external tenants.

MOVING FORWARD

The Group is actively managing the challenges in the Post and Parcel business. In addition, air conveyance costs have started to moderate subsequent to the end of Q1 FY2022/23.

The Group continues to execute its transformation strategy to expand from the postal business to a global logistics enterprise. The diversification into Australia has started to contribute significantly to the Group's financials, and we continue to expand our reach in the market and extract operational synergies.

We are focused on prudent cost management and cost efficiency in the Group's operations. This includes the simplification and integration of various international operations to drive synergies and cost efficiency, and to enable the Group to better serve the cross-border eCommerce logistics market.

Disclaimer:

Figures stated in this business update are unaudited and are subject to revision. This document should be read as an overview of SingPost's current business activities and operating environment which may contain statements relating to SingPost's growth strategy and future business aspirations. These statements involve risks and uncertainties and should not be solely relied upon by investors or potential investors when making an investment decision. SingPost will not be responsible for any consequences resulting from the use of this material as well as the reliance upon any opinion or statement contained herein.