FINANCIAL REVIEW AND OUTLOOK

GROUP	Financial Year ended 31 March 2024 S$'000	2023 S$'000	Change %
Revenue	**1,686,743**	1,872,259	(9.9)
Operating profit	**84,924**	93,166	(8.8)
Share of profit of associate companies and joint ventures	**(1,543)**	23	N.M.
Profit after tax	**81,476**	38,760	110.2
Exceptional items, net of tax(1)	**36,833**	(7,705)	N.M.
Net profit attributable to equity holders	**78,333**	24,679	217.4
Underlying net profit(2)	**41,500**	32,384	28.1
Basic earning per share (cents)	**3.00**	0.62	N.M.
Underlying earnings per share (cents)(2)	**1.36**	0.96	41.7

(1) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, fair value loss on put option redemption liabilities, gains or losses on sale of investments and property, plant and equipment, M&A related expenses and others.
(2) Underlying net profit is defined as net profit before exceptional items, net of tax. Underlying earnings per share has been re-presented to exclude the underlying net profit attributable to perpetual securities holders of the Company.

REVENUE	Financial Year ended 31 March 2024 S$'000	2023 S$'000	Change %
Logistics	**1,165,290**	1,322,358	(11.9)
Post and Parcel	**514,104**	524,519	(2.0)
Property	**77,680**	76,633	1.4
Inter-segment eliminations*	**(70,331)**	(51,251)	37.2
	1,686,743	1,872,259	(9.9)

* Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.

OPERATING PROFIT	Financial Year ended 31 March 2024 S$'000	2023 S$'000	Change %
Logistics	**67,370**	84,742	(20.5)
Post and Parcel	**7,496**	(12,030)	N.M.
Property	**42,228**	40,168	5.1
Others#	**(32,170)**	(19,714)	63.2
	84,924	93,166	(8.8)

Others refer to unallocated corporate overhead items.
N.M. Not meaningful

FINANCIAL REVIEW AND OUTLOOK

Group

For the full year, Group revenue amounted to S$1.69 billion compared to S$1.87 billion last year, while operating profit decreased to S$84.9 million from S$93.2 million.

The decline was largely due to lower freight forwarding revenue and profit from Famous Holdings post pandemic which offset the improved performance in the Post and Parcel segment, as well as the Australia business in the Logistics segment.

For the second half, Group revenue was lower at S$859.5 million compared to S$913.4 million in the same period last year. The Group recorded an increase in operating profit to S$53.5 million from S$51.8 million for the period.

More details are provided below.

Logistics

Logistics revenue was lower at S$1.17 billion compared to S$1.32 billion while operating profit declined to S$67.4 million from S$84.7 million for the full year.

The Australia business, comprising FMH and CouriersPlease, posted revenue of A$921.3 million compared to A$866.7 million, and operating profit of A$63.2 million compared to A$62.3 million, for the full year. The continued growth in the Australia business was underpinned by new customer acquisitions and volume growth, despite challenging market conditions. The results included a 1-month consolidation of Border Express following the completion of the acquisition on 1 March 2024.

The operations of Quantium Solutions have been re-engineered as part of the new International business segment. Besides driving operational efficiency, low yielding warehousing contracts were phased out, resulting in an improved performance.

In the freight forwarding business, the industry-wide contraction in sea freight rates and volumes post pandemic has led to a decline in revenue and profit contributions from Famous Holdings group. Freight forwarding revenue was lower at S$263.1 million compared to S$417.7 million, while operating profit decreased to S$22.4 million from S$43.4 million for the full year.

Post and Parcel

Post and Parcel revenue for both domestic and international businesses declined to S$514.1 million from S$524.5 million for the full year. The segment recorded an operating profit of S$7.5 million largely contributed by the International business, compared to a segment loss of S$12.0 million last year.

The Domestic Post and Parcel business posted higher revenue on the back of eCommerce volume growth of 11% for the full year. It also had the benefit of the postage rate adjustment in October 2023 which helped to mitigate the impact of the continued decline in volumes of letter mail and printed papers. In the International Post and Parcel business, the moderating conveyance costs, stringent cost management, as well as operational synergies, contributed to an improved performance.

Property

Property revenue was stable at S$77.7 million for the full year, compared to S$76.6 million last year. This was due to positive rental reversions at SingPost Centre. Overall occupancy at SingPost Centre was 96.2% compared to 98.2% as at 31 March 2023, with the occupancy for the retail mall and office space running at 99.6% and 94.8% respectively.

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Others

The Others segment refers to unallocated corporate overheads and trade related exchange differences. The increase in the full year was mainly due to spending on information technology as the Group invests in business and operational support systems, cyber security and other digital solutions.

Operating Expenses

Total operating expenses declined to S$1.61 billion from S$1.78 billion for the full year, largely due to lower volume related expenses which accounted for about 60% of total expenses.

Volume-related expenses, which include conveyance costs and outpayments for international deliveries, decreased to S$1.0 billion from S$1.2 billion for the full year, in tandem with lower air freight costs in the International cross-border business as well as lower sea freight rates and volumes in the freight forwarding business.

Labour and related expenses increased to S$365.1 million from S$350.7 million, largely due to wage increment and share option expenses.

Administrative expenses were higher at S$138.9 million compared to S$126.2 million, largely due to increases in property related expenses such as rental, as well as repairs and maintenance costs.

Depreciation and amortisation expenses were marginally lower at S$81.0 million compared to S$82.6 million for the full year.

Selling-related expenses increased to S$10.4 million from S$9.7 million due to higher promotion costs.

Impairment loss on trade and other receivables amounted to S$1.9 million for the full year on higher loss allowance for bad or doubtful debts compared to a reversal of S$0.1 million last year.

Share of (Loss) / Profit of Associated Companies and Joint Venture ("JV")

The Group recorded a share of loss amounting to S$1.5 million compared to share of profit of S$23,000 for the full year, largely due to the weaker performance of associated companies.

Exceptional Items

Exceptional items amounted to S$36.8 million for the full year, largely due to fair value gain on investment property amounting to S$38.4 million.

Interest Income and Investment Income

The increase in interest income and investment income to S$10.0 million from S$2.1 million for the full year was due to higher deposit rates and foreign exchange gain on investments.

Finance Expenses

Finance expenses increased to S$30.4 million from S$19.6 million as a result of higher interest expenses with additional borrowings.

FINANCIAL REVIEW AND OUTLOOK

Income Tax Expense

Income tax expense was lower at S$18.4 million compared to S$29.2 million, largely due to utilisation of tax losses within the Australia business, as well as reversal of unutilised tax provision in the previous year.

Non-controlling Interest

The decline in non-controlling interest to S$3.1 million from S$14.1 million was attributed to the increase in shareholdings in FMH to 100% during the year.

Net Profit

Consequently, net profit attributable to equity holders of the Company amounted to S$78.3 million for the full year, compared to S$24.7 million. Excluding exceptional items, underlying net profit was S$41.5 million for the full year, an increase from S$32.4 million last year.

	Financial Year ended 31 March		
	2024	2023	Change
CASH FLOW	**S$'000**	S$'000	%
Net cash inflow from operating activities	**93,388**	115,656	(19.3)
Net cash used in investing activities	**(145,907)**	(27,182)	N.M.
Net cash provided by financing activities	**33,561**	126,784	(73.5)
Net (decrease) / increase in cash and cash equivalents	**(18,958)**	215,258	N.M.
Cash and cash equivalents at beginning of year	**495,696**	280,438	76.8
Cash and cash equivalents at end of year	**476,738**	495,696	(3.8)
Free cash flow	**38,178**	87,227	(56.2)
Cash capital expenditure as a percentage of revenue	**-3.3%**	-1.5%	

Cash Flow

Operating cash flow before working capital changes as at 31 March 2024 was steady at S$159.2 million compared to S$156.6 million last year. Changes in net working capital of S$34.9 million were largely due to settlement of trade and other payables. Operating cash flow from operating activities were lower at S$93.4 million compared to S$115.7 million previously.

Net cash used in investing activities was S$145.9 million, compared to S$27.2 million in the previous period. The increase was largely due to the acquisition of Border Express and additions to property, plant and equipment, offset partially by the proceeds from the disposal of assets held for sale and interest received.

Net cash inflow from financing activities amounted to S$33.6 million, compared to S$126.8 million last year. Proceeds from bank loans were partially offset by the acquisition of the remaining 12% interest in FMH, interest payments, repayments of bank loans and lease liabilities, as well as dividends to shareholders and distributions to perpetual securities holders.

FINANCIAL REVIEW AND OUTLOOK

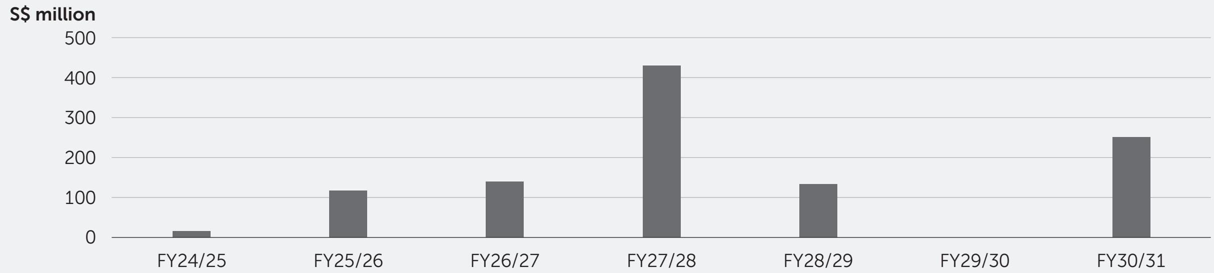
CAPITAL MANAGEMENT

The Group remains committed to an optimal capital structure and regularly reviews its capital structure to balance capital efficiency and financial flexibility. The Group issued S$250 million of perpetual securities in April 2022, as part of its exercise to restructure its debt and equity profile, so as to manage overall financing costs and optimise the balance sheet for the financing of future growth and investments. As the Group invests further for long-term growth, it regularly reviews its assets for strategic fit and financial returns considerations, as well as opportunities to unlock value.

	Financial Year ended 31 March		
	2024	2023	Change
GROUP DEBT AND PERPETUAL SECURITIES	**S$'000**	S$'000	%
Total debt	**827,133**	624,390	32.5
Cash	**476,738**	495,696	(3.8)
Net debt	**(350,395)**	(128,694)	172.3
Total shareholders' equity	**1,420,965**	1,374,298	3.4
Perpetual securities	**251,534**	251,504	0.0
Net debt plus perpetual securities to total shreholders' equity (%)	**42.4%**	27.7%	
EBITDA to finance expenses (number of times)	**6.6**	8.6	

Total borrowings were higher at S$827.1 million compared to S$624.4 million due to additional borrowings for the acquisitions of Border Express and the remaining 12% stake in FMH.

Debt Maturity Profile as at 31 March 2024



DIVIDEND	Cents per share
Interim dividend	0.18
Proposed final dividend*	0.56
Total dividends paid and proposed in relation to FY2023/24	**0.74**

* Subject to shareholders' approval at the AGM.

FINANCIAL REVIEW AND OUTLOOK

OUTLOOK

The economic and business landscape continues to be marked by ongoing challenges of slower global trade, inflationary pressures and geopolitical tensions. Nevertheless, the Group is focused on executing its five key strategic thrusts to establish itself as a global logistics enterprise over the next three years, creating and unlocking value for shareholders.

The strategic thrusts, listed below, were set out subsequent to the strategic review of the Group and its portfolio of businesses:

1. Reorganisation of the Group
2. Strategic capital management
3. Singapore: Transforming urban logistics and deliveries
4. Australia: Achieving scale
5. International: Building technology-driven excellence to serve cross-border customers

As part of the Group's reorganisation into the business segments of Singapore, Australia and International, as well as Corporate, the Group will revise its segmental reporting for financial disclosures in the financial year starting 1 April 2024 ("FY2024/25").

The Singapore business remains focused on eCommerce growth, building on market share and new customer acquisitions. The Group continues to work with the regulator to explore opportunities to optimise the post office network while continuing to maintain high service standards.

In Australia, the Group is consolidating its entities and businesses in the market as it builds a national B2B2C integrated logistics business, integrating FMH, Border Express and CouriersPlease into a single business. The combination of the assets, scale and technology of the Australia businesses is expected to enhance the enlarged FMH group's service offerings and improve efficiency, delivering revenue and operational synergies.

The International business continues to strengthen its cross-border eCommerce logistics capabilities to capitalise on the global eCommerce logistics market. It is innovating its eCommerce logistics services with the development of a 4PL platform and additional commercial offerings. The International business continues to explore strategic partnerships to enhance its cross-border eCommerce logistics capabilities.

The outlook of the sea freight forwarding industry remains challenging with continued uncertainty stemming from the Middle East developments. This continues to have an impact on the freight forwarding business.

The Group continues to explore opportunities to monetise non-core assets to unlock value for shareholders, manage its gearing and recycle capital into growth initiatives.