

# Whatever It Takes

Annual Report 2020







**Come  
Rain  
Or Shine**



POS MALAYSIA

Pos Lajit

Your National Courier



www.pos.com.my



# Across Challenging Terrain







PXS Laju

PXS  
Laju

PXS Laju

PXS  
Laju

KAMI SAMPAIKAN  
PAKET

Keceeriaan







A wooden boardwalk made of weathered planks leads from the bottom left towards the center of the frame. The boardwalk is flanked by dense, tall grasses and reeds, some of which are green and some are brown. In the background, a thick forest of dark green trees and bushes is visible. The overall scene is a natural, somewhat overgrown outdoor setting.

# **Against All Odds**









**In Any  
Situation**





**POS Laju**  
EziBox

**We Are  
There  
For You**









POS

POS

TAPE

24.11X.20X.11

POS

KAM

Keo

spa  
self st

www.extraspaceasia.com

POS





And that's what really matters.

**We Deliver.**

**Whatever  
It Takes.**



# About This Report

## Pos Malaysia Berhad (Pos Malaysia)

is honoured to present this Annual Report as the primary source of information of the Group's financial and non-financial performance for Financial Year ended 31 December 2020 (FY2020). The report will also include the outlook and plans across our business for 2021.

### COVER RATIONALE



At Pos Malaysia, we do more than just deliver. We build trust. We bridge relationships. We are at the heart of our communities, connecting them to each other and the world. In a year of unprecedented challenges brought on by the global pandemic, we remained firmly committed to serving the needs of all Malaysians and businesses. Despite the lockdown, we leveraged on our vast network and worked around the clock to ensure timely delivery of essential services were met at all times.

Our workforce comprising 22,000 employees played a vital role in delivering end-to-end mail and parcel services, financial services and supply chain solutions. We were at the frontlines, delivering medicine, essential supplies and important mails and parcels that every family counts on. The increased demand in e-commerce saw a growth in our courier business. We introduced the Pos Rider initiative which led to job opportunities for those who lost their source of income during the Movement Control Order (MCO).

As we go on our journey of modernisation and transformation, focusing on our customers and improving our services remain to be our top priorities. We will keep delivering essential services that support and connect businesses and consumers. And we will always keep sight of what matters most to us-**YOU**. We will do **Whatever It Takes**.

### OUR REPORTING SUITE

Pos Malaysia's Annual Report has been produced with the primary objective of providing our stakeholders a comprehensive overview and a balanced assessment of our financial and non-financial performance.

Reading the report, our stakeholders are informed of our strategy, businesses and performance, our approach to governance and risks as well as our business outlook. The report demonstrates our accountability and strengthens the trust of our stakeholders.

### SCOPE AND BOUNDARY OF REPORTING

The report covers the primary activities of the Group and our subsidiaries. It presents information relevant for long-term investments as well as provide insights on how we create value through our business model.

The Financial Year ended 31 December 2020 will be referred to as "FY2020" throughout this report.

### MAJOR REGULATIONS COMPLIED

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

Further information can also be found on our website:



<https://www.pos.com.my>





**ASSURANCE STATEMENT**

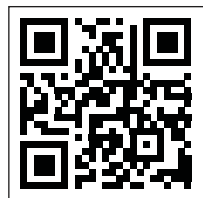
The credibility of this report is supported by strong governance practices. Assurance for this report is provided by our Board of Directors (Board), supported by external verification by KPMG PLT, our auditors for financial information and providers of limited assurance on selected non-financial information.

**MATERIALITY AND MATERIAL MATTERS**

We apply the principle of materiality in assessing which information is to be included in our Annual Report. For a balanced and coherent report, we focus particularly on issues, opportunities and challenges that materially impact Pos Malaysia and its ability to be a sustainable business that consistently delivers value to our key stakeholders.

**FORWARD LOOKING STATEMENTS**

This report contains certain forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances, which could change, hence necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.



Futher details on Pos Malaysia Berhad can be found at <https://www.pos.com.my>

**REPORT NAVIGATION**

**Our Capitals**

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

**Material Matters**

- Digitalisation
- Customer Experience
- Operational Efficiency
- Government and Regulatory Policies
- COVID-19
- Socio-Economic Empowerment
- Employee Development & Welfare
- Emissions Management

**Stakeholders**

- Employees
- Customers
- Government & Regulators
- Shareholders & Investors
- Suppliers, Business Partners & Industry Groups
- Local Communities

**Strategy**

- AC Courier Automation & Capacity
- OE Optimise Delivery & Entrepreneurship
- DT Diversify Touchpoints
- D Digitalisation
- ER Engage in Regulatory Reforms
- SS Strengthen Logistics & Sustain Aviation Businesses

**United Nation’s Sustainable Development Goals (SDGs)**



The coloured goals represent Pos Malaysia’s priority SDGs.



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- Proxy Form





A woman wearing a pink hijab and a white long-sleeved top is sitting at a table outdoors, smiling as she works on a silver laptop. The background features a large green plant and a wooden pillar. The scene is brightly lit, suggesting a sunny day.

# Making life easier for you

We are doing all we can to make things easier for our customers. Through Pay via Pos Online, you can pay your utilities, phone and internet bills, quit rent and a host of other bills conveniently and securely from the comfort of your home.







## Who We Are

MARKET CAPITALISATION

**RM0.95**  
Billion\*

REVENUE

**RM2.33**  
Billion



\* as of 31 December 2020

Pos Malaysia Berhad (Pos Malaysia) has a track record of **over 200 years**. Today, Pos Malaysia is a dynamic postal, logistics, aviation, financial services and supply chain solutions provider in Malaysia, with the largest delivery and touchpoint network in the country.

Through its postal segment, Pos Malaysia currently delivers to over **nine million** addresses nationwide, with a network of **more than 3,500** touchpoints and over **350 self-service** terminals.

Pos Malaysia connects the nation with **over 200** postal operators globally and extended its capability to support South East Asia's rapidly expanding cross-border e-commerce businesses.

Pos Malaysia was listed on Bursa Malaysia in September 2001, and has a Market Capitalisation of **RM0.95 Billion** as of 31 December 2020.



# Our Businesses



## POSTAL

- Domestic mail and parcel delivery service
- International mailing and cross-border shipping
- Bill payments, financial services, postal services and government services in post offices

**REVENUE**  
**RM1,737**  
**Million**

**75%**  
**Group**  
**Revenue**



## LOGISTICS

- Multi-modal logistics service provider, offering total logistics and inventory solutions

**REVENUE**  
**RM314**  
**Million**

**13%**  
**Group**  
**Revenue**



## AVIATION

- A licensed independent ground handler that offers a comprehensive range of services for commercial passenger and cargo airlines

**REVENUE**  
**RM163**  
**Million**

**7%**  
**Group**  
**Revenue**



## OTHER SEGMENTS

- Pos ArRahnu – One-stop gold centre and Islamic microfinancing services
- Pos Digidert – Licensed digital certificate authority, offering creation of digital identities using digital certificates
- Datapos – A dynamic mailing solutions unit offering a range of services including data processing, enveloping, bulk mail services, delivery and a suite of other services

**REVENUE**  
**RM118**  
**Million**

**5%**  
**Group**  
**Revenue**

# Our Vision

## Connecting Malaysia and Beyond – For Today and Tomorrow



We connect the people and businesses of Malaysia, at work and at home, both online and offline.

We are the channel that connects the Malaysian society, the network that glues it together yet open up new opportunities for the future.

Malaysia is, and always will be, our home and the centre of our business.



However, we go beyond our shores by connecting Malaysians with the outside world and the world with Malaysians through our vast network and touchpoints.

Our horizons are global, and so are the opportunities, as we reach for an even more exciting future.



We began life as a mail delivery service – connecting people and enterprises, but have diversified our offerings to cater to courier, logistics, aviation, and financial solutions.

We continue to evolve alongside our customers and technology, innovating to stay relevant for the future, delivering convenient new products and services with a strong emphasis on the booming e-commerce market.







# Our Mission

Build and Deliver  
the Network of  
Choice

# Our Core Values

## EMPATHY



We need to understand our customers and do more than just hear them. Our business delivers what they need, and when they need it.

## INTEGRITY



In everything that we do, we act in an open and honest manner, beyond reproach and with utmost sincerity.

## ACCOUNTABILITY



We hold ourselves accountable, and expect to be held accountable individually and as a team, at all levels of the organisation, for our actions and decisions.

## INNOVATION



We constantly search for new and better ways to meet our customers' requirements, willing to question and unafraid to try.

# Our Presence



Delivers to more than **9 million** addresses nationwide

## PENINSULAR MALAYSIA



**571**  
Post Offices



**107**  
Pos Mini



**45**  
Pos Laju Branches



**15**  
Pos Laju Service Centres



**35**  
Pos Laju Kiosks



**71**  
Pos ArRahnu



**161**  
EziBox



**100**  
EziDrop



**94**  
Pos Automated Machines



**19**  
Ezi-Drive Thru

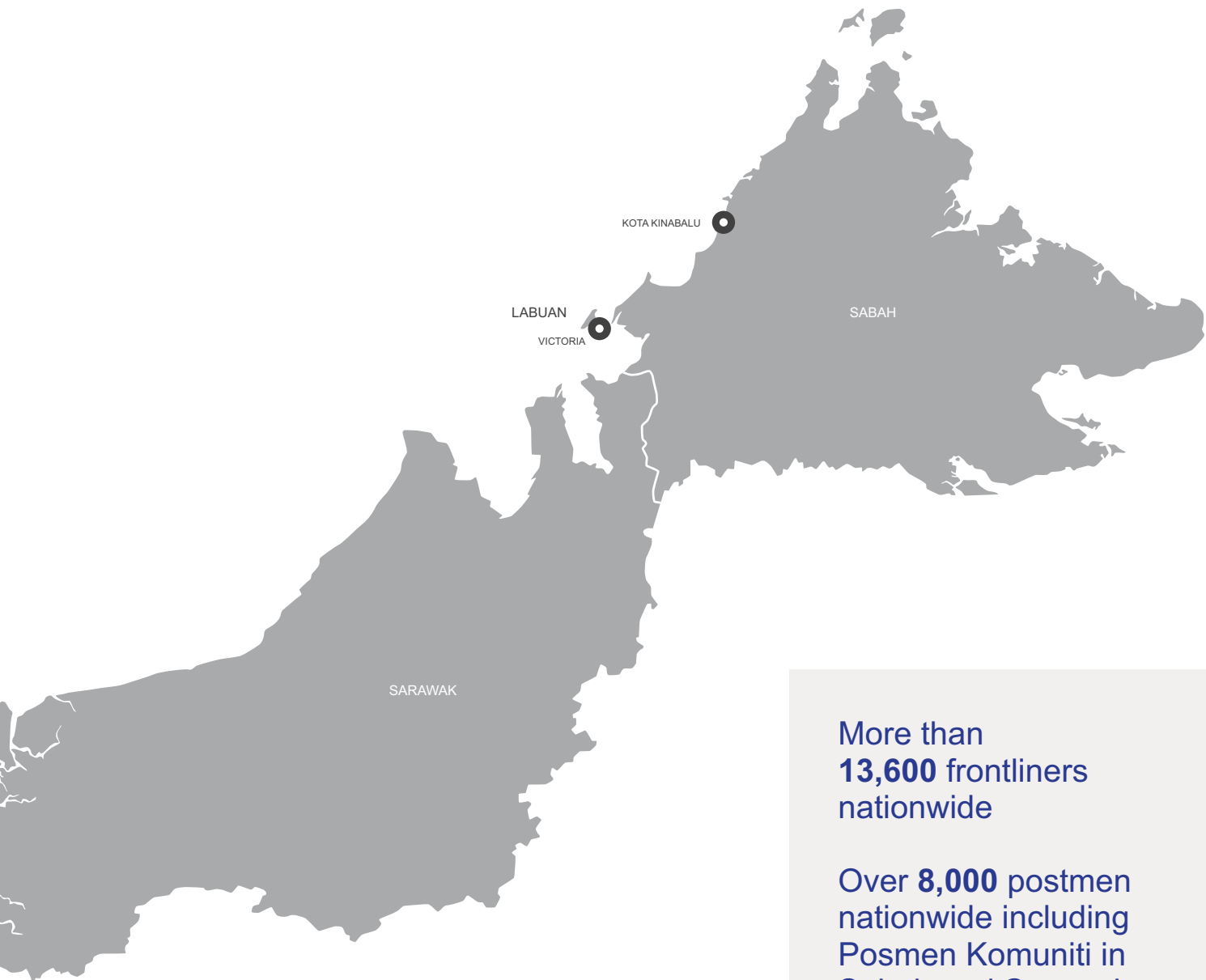


**11**  
Mail Processing Centres



**2**  
Integrated Processing Centres





## SABAH/SARAWAK

More than **13,600** frontliners nationwide

Over **8,000** postmen nationwide including Posmen Komuniti in Sabah and Sarawak

**674** Post Offices

**136** Pos Mini outlets

**120** Pos Laju touchpoints

**95,049** P.O. Boxes

**568** million parcels and mail annually



**103**  
Post Offices



**29**  
Pos Mini outlets



**4**  
Pos Laju Branches



**1**  
Pos Laju Service Centre



**1**  
Pos Laju Kiosk



**9**  
Pos ArRahnu



**4**  
EziBox



**7**  
Mail Processing Centres

# Key Highlights

## FINANCIAL HIGHLIGHTS

### REVENUE RM2.3 Billion

REVENUE BY SEGMENT

REVENUE  
**RM1,737**  
Million



POSTAL

REVENUE  
**RM314**  
Million



LOGISTICS

REVENUE  
**RM163**  
Million



AVIATION

REVENUE  
**RM118**  
Million



OTHER  
SEGMENTS



**RM107,845**

REVENUE PER EMPLOYEE



**RM1.33**  
Per Share

NET TANGIBLE ASSET



**RM1.1 Billion**

TOTAL SHAREHOLDERS  
EQUITY



**RM3.2 Billion**

TOTAL ASSETS



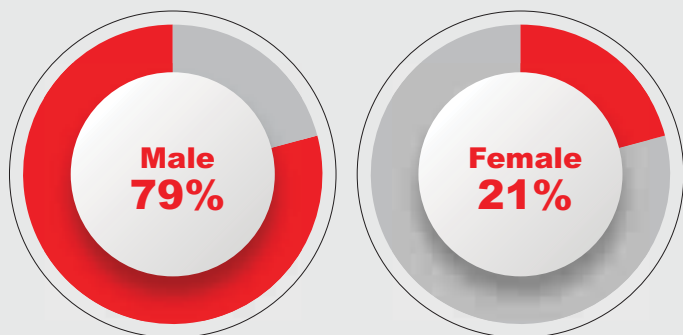
**0.85\*** Times

GEARING RATIO

\* (Total borrowings + Total lease liabilities)/Total equity



## NON-FINANCIAL HIGHLIGHTS



**22,000**  
EMPLOYEES



**457 Million**  
MAIL DELIVERED



**111 Million**  
COURIER ITEMS



**Open 7 Days a Week**  
AT 77 POST OFFICES



**708**  
COMMUNITY POSTMEN  
AND AGENTS IN SABAH  
AND SARAWAK

POS LOGISTICS

**2.4 Million**

TONNAGE OF COAL SHIPMENTS

POS AVIATION

**0.7 Million**

IN-FLIGHT CATERING  
MEALS SERVED

POS ARRAHNU

**80**

BRANCHES



**3,331**

STREET  
LETTER  
BOX

INSURANCE AGENTS FOR:

**14**  
INSURANCE  
COMPANIES

**2**  
LIFE INSURANCE  
COMPANIES

GENERATED

**RM522 Million**

OF INSURANCE PREMIUM  
DURING THE YEAR



## Key Highlights

### SUSTAINABILITY HIGHLIGHTS

**1,792**   
 VILLAGES COMPRISING 159,447  
 ADDRESSES-FOR-ALL INITIATIVES

Invested **RM31 Million**  
 for **Posmen Komuniti** and  
**Wakil Posmen Komuniti**  
 reaching **4,286 villages** in  
 both Sabah and Sarawak

AVERAGE TRAINING HOURS  
 PER EMPLOYEE FOR GROUP

FP2019  
**10.9**  
 Hours

FY2020  
**6.9**  
 Hours

TOTAL LOST DAY DUE TO  
 MAJOR ACCIDENTS

FP2019  
**849**

FY2020  
**1,061**

ACCIDENT RATIO PER 1,000  
 WORKERS FOR GROUP

FP2019  
**14.1**

FY2020  
**14.7**







## AWARDS & ACHIEVEMENTS



2020 Frost & Sullivan,  
Malaysia Excellence  
Awards

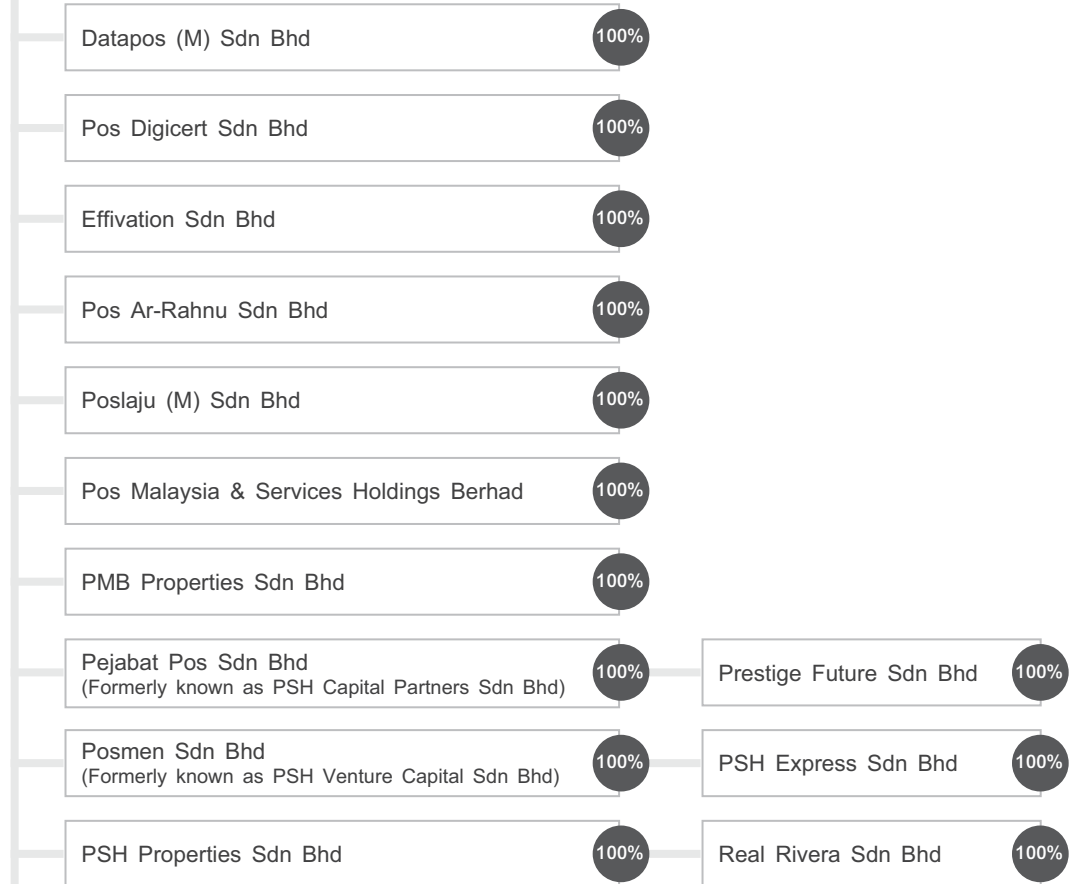
### Pos Laju

- 2020 Malaysia E-Commerce Logistics Service Provider of the Year
- 2020 Malaysia Express Logistics Service Provider of the Year

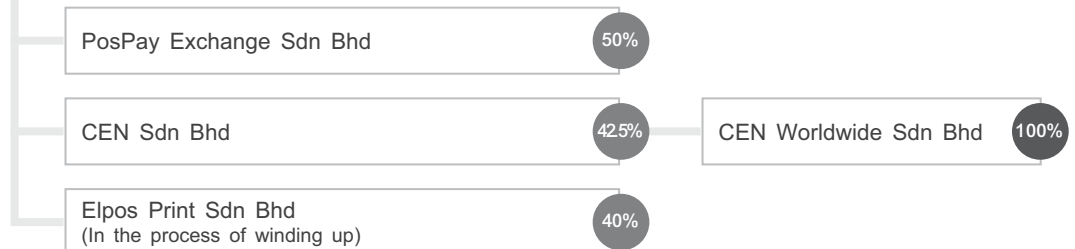
# How We Are Structured



## POSTAL GROUP

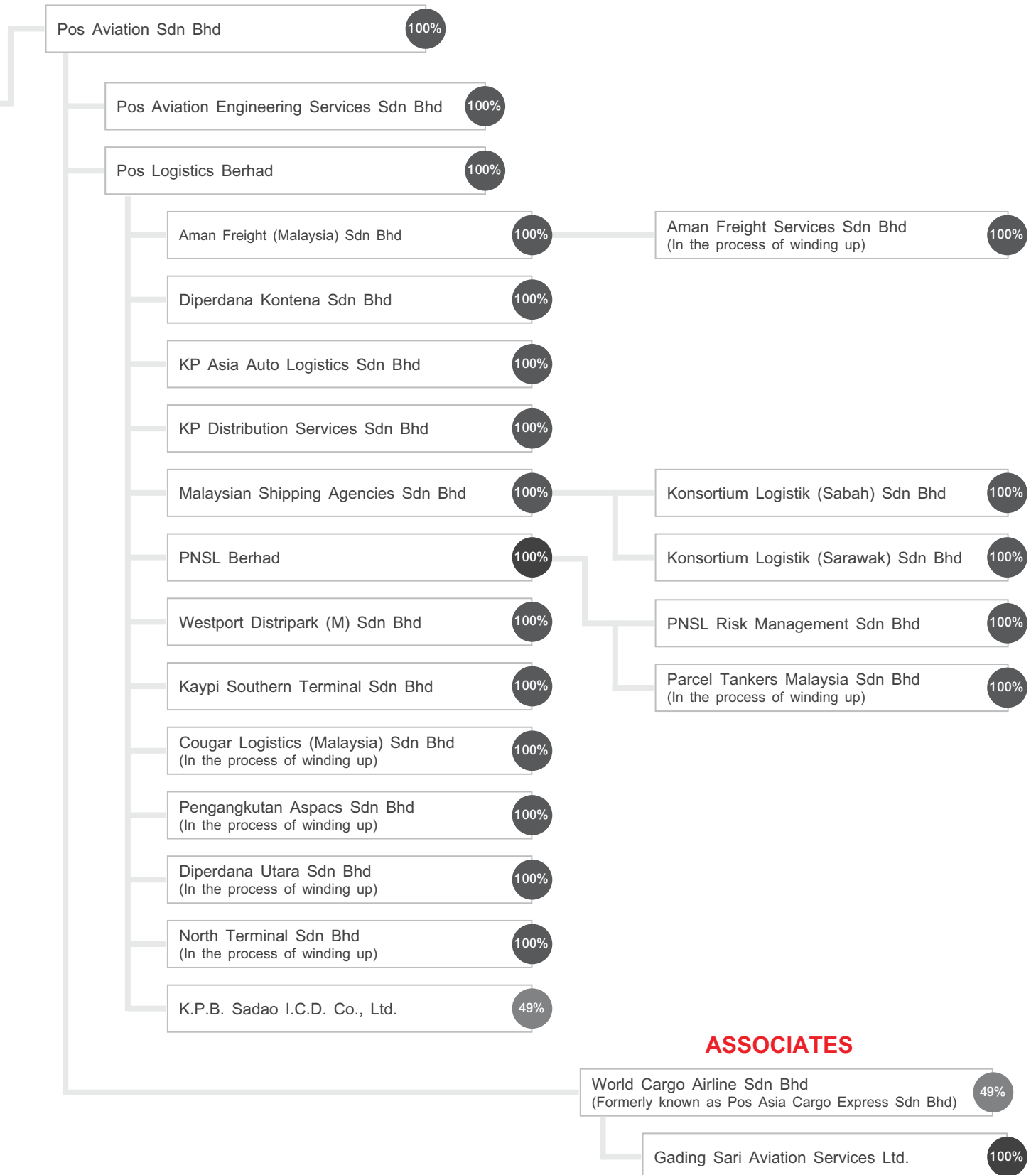


## ASSOCIATES





## AVIATION & LOGISTICS GROUP



## ASSOCIATES

- World Cargo Airline Sdn Bhd (Formerly known as Pos Asia Cargo Express Sdn Bhd) 49%
- Gading Sari Aviation Services Ltd. 100%







# What We Do:

## Our Core Business Segments & Highlights

Pos Malaysia's core business segments operate as independent entities, but report directly to the Group with regards to the status of their operations.

With a track record of over 200 years, Pos Malaysia is embarking on new terrains, adapting to the changing landscape of digitalisation, technology and innovation in an increasingly thriving e-commerce market.

# What We Do: Our Core Business Segments & Highlights

A

## Postal Segment

### PRODUCTS/SERVICES

1. **Mail**  
Domestic mail delivery service
2. **Courier**  
Domestic parcel delivery service
3. **Retail**  
Postal, financial, bill payment and government services in our touchpoints
4. **International**  
International mailing and cross-border shipping

### SEGMENTAL REVENUE

**RM1,737**  
Million

75% Contribution to  
Group Revenue



### MAIL

Our mail business provides domestic mail delivery services throughout Malaysia. As the **sole licensee for universal postal services**, we deliver standard mail, registered mail, Advertising Mail (AdMail) and others to more than nine million addresses nationwide.

- **457 Million** total mail volume as of FY2020

### COURIER

Our courier business, under the Pos Laju brand, offers **express parcel delivery service** across the nation. We serve individual customers, SMEs and large businesses through our post offices, Pusat Pos Laju, SendParcel online shipping portal, and dedicated account managers. Our extensive courier network which includes **two fully-automated Integrated Parcel Centres (IPCs)** helps us meet customers' expectation for on-time delivery.

- **111 Million** in courier volume as of FY2020

### RETAIL

Our retail business offers **postal-related financial services** such as money transfer and non-postal services such as bill payment, motor vehicle insurance, driving license renewal, road tax renewals, life insurance and financial services. The business manages Pos Malaysia's touchpoints, namely our post offices, agents and automated machines such as parcel lockers as well as Pos Automated Machines. These touchpoints are also leveraged by our mail and courier businesses as points of sale.

- **44.3 Million** retail transactions as of FY2020





# Our Story



## INTERNATIONAL

Pos Malaysia provides international mail and parcel delivery as well as cross-border e-commerce delivery solutions via our international gateway in KLIA and through our global postal network. Our clients include regional e-commerce players that deliver into Malaysia and to various destinations across the globe. Pos Malaysia is also an active member of the Asian Pacific Postal Union, Asia Pacific Post Cooperative and ASEAN Post.

- **1,825 tonnes** of outbound shipments



## Serving Frontliners and Patients during the Pandemic

Throughout the pandemic, demand for deliveries of essential medical items and life-saving blood supplies have increased tremendously. A special team has been established within Pos Malaysia to ensure timely and successful deliveries of these essentials.



“During the pandemic, there was extra demand for blood supplies (for patients requiring transfusions) and deliveries of COVID-19 samples from hospitals and other testing centres to labs. There is a special team at Pos Malaysia that manages these deliveries, which are considered urgent because many lives depend on them.

I belong to this team, and what we do is transfer blood from Pos Laju Brickfields to the KLIA IPC for onward shipment to East Malaysia. The blood is sent to Pos Laju by the National Blood Centre (PDN). The challenge is to be efficient and ready at all times so that the deliveries are made within 24 hours. The blood supplies are packaged in special sealed boxes and it is compulsory for us to wear the PPE (face mask and gloves) throughout the pick-up and delivery process, to avoid any contamination.

Apart from blood supplies, we also deliver COVID-19 blood samples to laboratories around Klang Valley since the early phase of the pandemic. In a day, we deliver approximately 70 to 100 boxes of samples.

We recognise the responsibilities we hold for the job, and how critical it is to observe the SOPs required in handling those samples and blood supplies so that we neither contaminate the blood nor get infected by any sample that is positive. Not everyone would want to handle the COVID-19 samples, but this is part of the country's efforts in fighting the pandemic and we feel honoured to play a role in this battle. At times like this, we can truly take pride in what we do. We're not just postmen, but important soldiers in the nation's fight against COVID-19.”

**Mohd Kamarulhafaris Kamarudin**

*Delivery of Blood Supplies & COVID-19 Samples*



“I deliver PPEs to frontliners in hospitals, police stations and government clinics which include face masks, face shields, gloves and clinical woven aprons donated by various companies, non-profit organisations (NGOs) and charitable organisations. In a day, I am able to deliver to 10 different destinations nationwide including Sabah and Sarawak. As frontliners ourselves, I understand the risks and challenges faced by other frontliners in the field and salute them for their commitment and sacrifices. I am honoured and proud to do my part in keeping them safe and protected.”

**Mohd Fariz bin Kamaruzaman**

*Personal Protective Equipment (PPE) Delivery*



“When the COVID-19 pandemic started, many patients opted for the UMP service as it offers a safe option to obtain medicine. I am assigned to pick up prescribed medication from hospitals and deliver them to patients around Klang Valley. I also handle deliveries for patients in East Malaysia, where I pick up these consignments from our Pos Laju centre in Brickfields and deliver them to KLIA, where they are loaded onto planes and flown to various destinations.

I have received comments from customers who praised the UMP service, as not many people can make the trip to hospitals easily, especially now with the pandemic. While carrying out UMP deliveries, I get to meet many patients and learn about their pain and sufferings. I am proud to be at their service and I pray for their recovery and health.”

**Mohd Jabarul Hisham Johar**

*Ubat Melalui Pos (UMP)*



## What We Do: Our Core Business Segments & Highlights

B

### Logistics Segment

Pos Logistics Berhad (Pos Logistics) provides end-to-end logistics services for the business-to-business (B2B) segment. Operating mainly in Peninsular Malaysia, Pos Logistics offers multiple logistics services which includes freight forwarding, customs clearance, haulage, warehousing, distribution and more.

SEGMENTAL REVENUE

**RM314**  
Million

13% Contribution to  
Group Revenue



#### Stock Keeping Units Handled:

**FY2020: 1.31 Million**

FP2019: 1.09 Million

FY2019: 0.80 Million

#### Tonnage of Coal Shipments:

**FY2020: 2.47 Million Tonnes**

FP2019: 1.65 Million Tonnes

FY2019: 2.44 Million Tonnes



## Aviation Segment

Pos Aviation Sdn Bhd (Pos Aviation) offers ground handling services tailored to customers' needs, delivered by knowledgeable customer-centric teams. It is the only independent licensed ground handling service provider for commercial airlines in Malaysia, operating out of eight airports in the country. The company also provides air cargo handling, in-flight catering, e-commerce warehousing as well as aircraft maintenance and engineering services.



*\*This picture was taken prior to COVID-19 and MCO*



**Total Air Cargo Handled:**  
**FY2020: 162,961 Tonnes**  
 FP2019: 174,912 Tonnes  
 FY2019: 343,883 Tonnes

**Total Number of In-flight Meals Catered:**  
**FY2020: 0.43 Million**  
 FP2019: 1.66 Million  
 FY2019: 2.49 Million



## What We Do: Our Core Business Segments & Highlights

D

### Other Segments

#### Pos ArRahnu

Pos ArRahnu is a one-stop gold centre that provides Islamic micro-financing services, buying and selling of physical gold, retailing of gold jewelry and safe-keeping of gold. The company operates 80 outlets located within selected post offices nationwide.

#### Total Weight of Buy-Back Used Gold:

**FY2020: 106.3 kg**  
 FP2019: 157.9 kg  
 FY2019: 158.9 kg

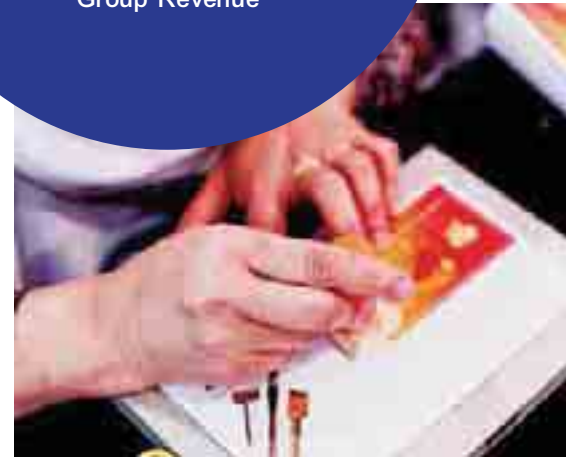
#### Total Weight of Investment Precious Metals Sold:

**FY2020: 28.5 kg**  
 FP2019: 23.8 kg  
 FY2019: 31.9 kg

#### SEGMENTAL REVENUE

**RM118**  
 Million

5% Contribution to  
 Group Revenue



#### Datapos

Datapos is Pos Malaysia's mailing solutions unit, which provides data processing, bulk printing, envelope inserting, ePresentment, record repository, mailing as well as hybrid mail services.

#### Total Printed Pages:

**FY2020: 104.2 Million**  
 FP2019: 172.8 Million  
 FY2019: 170.1 Million

#### Total Mail Lodgment:

**FY2020: 63.2 Million**  
 FP2019: 108.4 Million  
 FY2019: 99.4 Million





### Pos DigiCert

Pos DigiCert, Malaysia's first Certification Authority (CA), is responsible for the issuance and management of legally binding digital certificates as well as other security solutions. Certified by WebTrust for Certification Authorities, ISO 9001:2015 Quality Management Systems (QMS), ISO 27001:2013 Information Security Management Systems (ISMS) and Adobe Approved Trust List (AATL) standards, it is currently the only organisation in Malaysia to provide recognised Date Time Stamping service.

### Total Active Subscribers:

**FY2020: 5.6 Million**

FP2019: 5.1 Million

FY2019: 4.8 Million





# Our Logistic Assets



○○○ PRIME MOVERS

**QUANTITY: 336**



○○○ LORRIES

**QUANTITY: 320**



○○○ VANS

**QUANTITY: 2,261**





ooo MOTORCYCLES

**QUANTITY: 6,212**



ooo FREIGHTER AIRCRAFT\*

**QUANTITY: 3**



ooo BULK CARRIER VESSELS

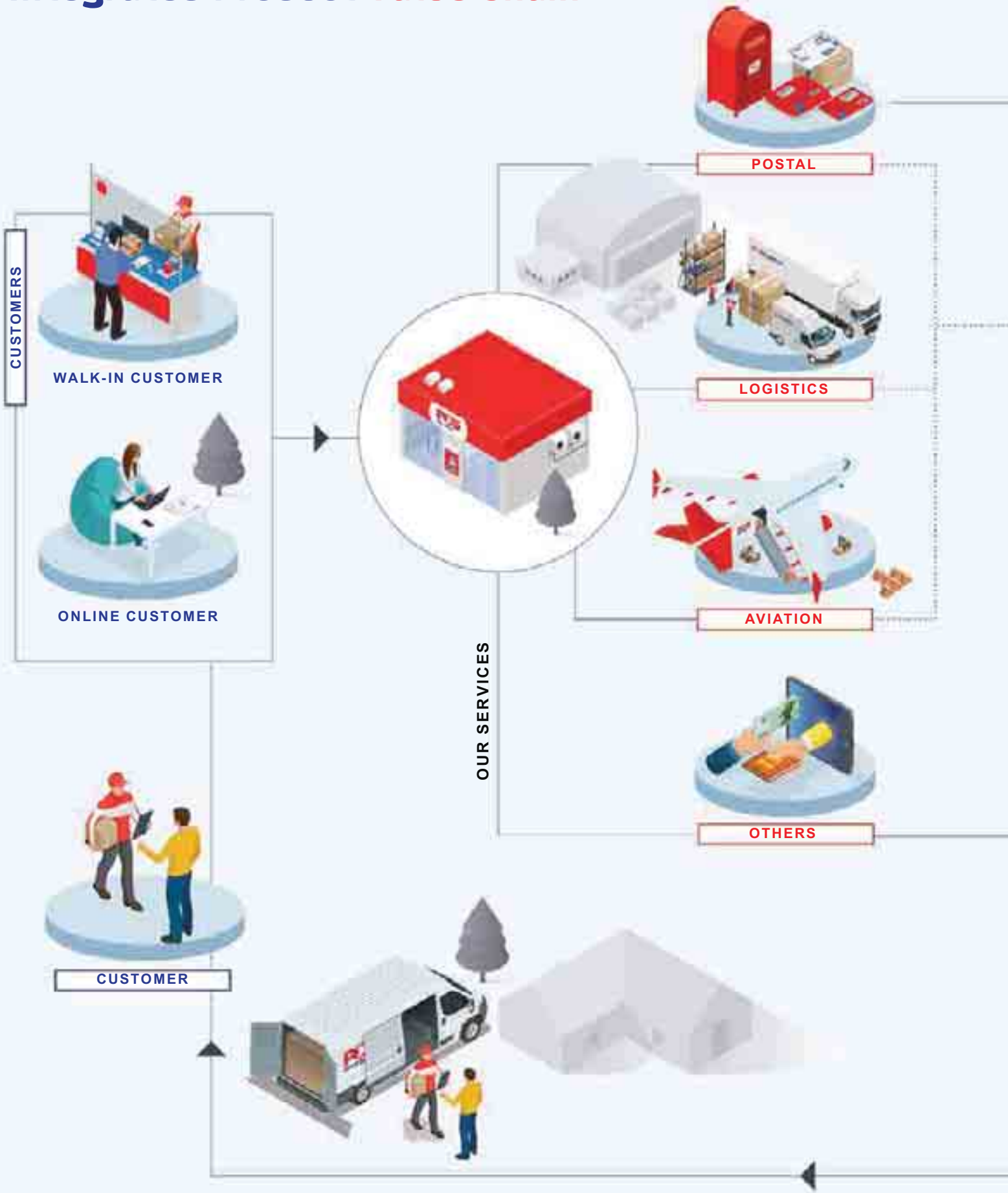
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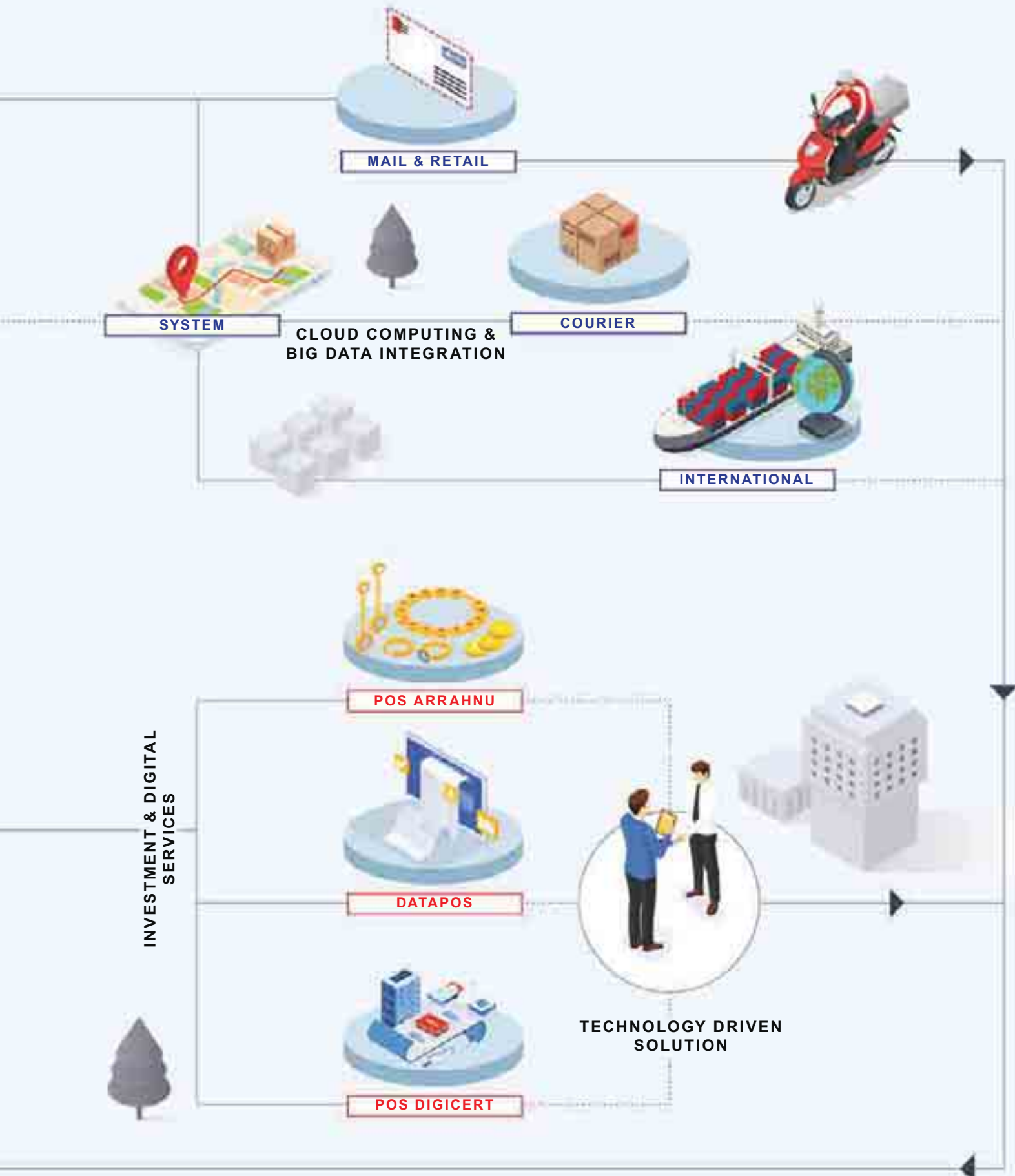
\* leased via an associate of the Group





# Integrated Product Value Chain





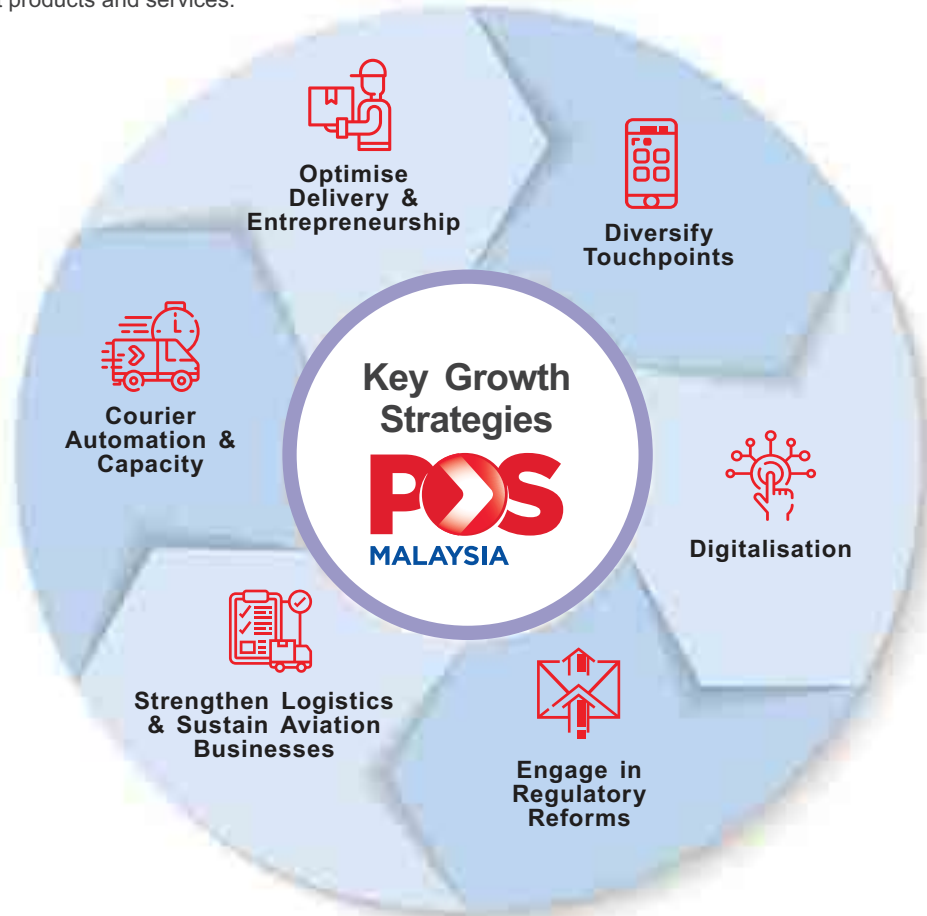


# What We Need To Do:

## Our Growth Strategies

### SUMMARY OF OUR STRATEGY

Pos Malaysia is directing its efforts towards becoming a customer centric organisation that provides a positive customer experience through the offering of excellent products and services.



### CUSTOMER-CENTRIC ORGANISATION

Customer experience excellence as top priority and main objective in our business operations

### 2020-2023 Strategic Goals & Objectives

<b>2020</b> Modernisation and Transformation	<b>2021-2022</b> Margin Improvement	<b>2023 ONWARDS</b> Sustainable Growth
<ul style="list-style-type: none"> <li>• Sustainable mail business</li> <li>• Establish strong foothold in e-commerce</li> <li>• Efficient parcel processing and distribution network</li> <li>• Ease day-to-day task for employees and customers</li> </ul>	<ul style="list-style-type: none"> <li>• Become a "parcel-first" postal operator</li> <li>• Leader in service quality</li> <li>• Leaner operations and reduced reliance on fixed costs</li> <li>• Operate in a sustainable courier industry</li> </ul>	<ul style="list-style-type: none"> <li>• #1 courier of choice for e-commerce businesses</li> <li>• Fully automated primary parcel sorting centres</li> <li>• Full recovery of Aviation segment</li> <li>• Sustainably profitable Logistics segment</li> </ul>

## Our Competitive Strengths

01

Pos Malaysia is the **largest postal and courier operator** in the country with unparalleled nationwide reach, sizeable logistic assets and end-to-end logistics capability.



02

Our **13,600 “frontliners”** serve Malaysians across the country and have forged strong partnerships and trust with local communities.

03

We continuously invest in **digitalisation**, enabling us to constantly improve the level of service we provide to **our customers**.

*Pictures Are For Illustration Purposes Only*

## What We Need To Do:

### Our 2020 Digital Accomplishments

#### Easing deliveries for online SMEs with SendParcel

Our online shipping platform SendParcel is now **integrated with three major e-commerce platforms** and offers domestic and international courier services to over **180,000 registered customers**.



#### Customer service at your fingertips with AskPos

We introduced a new chat-based customer servicing channel AskPos to keep up with evolving customer needs. Our customers can now reach us through web or mobile app for any enquiries that will be attended by our agents or resolved by a chatbot.

#### Convenient deliveries with e-consignment notes

Sending parcels have been made easier with e-consignment notes, which frees customers from the hassle of manually filling up paper forms. **Customers can print their e-connotes in Post Offices and Pos Laju Centres.**



#### Pay bills and more on posonline.com.my and Pos Malaysia mobile app

More of our previously post office-exclusive services are now online. Posonline.com.my and Pos Malaysia mobile app today **feature bill payment and insurance renewal services**, providing even more convenience to our customers.



# What We Hope To Achieve

Aspiring to create solutions for today's business challenges requires Pos Malaysia to invest in building our core capabilities and transform our business that enables us to design solutions that involve:

## Creating a robust delivery network

Improve efficiency of existing infrastructure and invest in automation to scale up capacity and enable faster deliveries.

## Provide a seamless multi-channel customer experience

Provide all our available services through any channel of choice, be it physical or digital.

## Improve back office processes and workflows to improve business efficiency

Redesign processes and leverage on technology to simplify and automate day-to-day tasks.



# Extending a Helping Hand to You

The Pos Rider programme was introduced to enhance our last-mile delivery capabilities as more consumers and businesses turn to e-commerce, leading to bigger demand for courier services. We created work opportunities through this programme during the Movement Control Order (MCO), by offering 1,400 new jobs to Malaysians impacted by the pandemic.







**POS**

**MALAYSIA**



# Chairman's Statement

— Moving Ahead, Whatever It Takes —

## Dear Stakeholders,

As I write this message, the world is still in the grips of the COVID-19 pandemic, yet with glimmers of hope that we will be able to resume some semblance of our lives pre-COVID-19 very soon. This is premised on Malaysia's National Vaccination Programme and that of many other nations, the first step towards creating herd immunity which will open up trade, tourism and a chance to resume everyday activity. The promise of a return to norm, albeit a new norm, is positive news for everyone, including the postal industry which has been severely tested in these trying times.

Like other businesses globally, our efforts in 2020 to ensure improved business performance for the year was dampened by the pandemic. It has also been a setback to Pos Malaysia Berhad (Pos Malaysia) Three-year Transformation plan, with key initiatives delayed.

While the need for our services has been even more pronounced than ever – in order to ensure essential items reach their intended destinations – the Group has been constrained by restricted border access, suspension of commercial flights and closure of airports as well as seaports. These have effectively blocked our international postal lanes and supply chains, disrupting the ability to carry out our functions. At the same time, the exponential increase in e-commerce resulting from movement restriction orders has stretched our capacity to manage parcel delivery.

Pos Malaysia has been true to the values and principles it has held dear from the start. We have done Whatever It Takes to continue to serve our key stakeholders, namely our customers, employees and shareholders, creating value for them amidst the adversity of a crisis in the magnitude that is COVID-19.

Our Three-year Transformation plan in modernisation and transformation outlined robust strategies to navigate through the increasingly complex and changing market. By any measure, 2020 was a challenging year, but the plans that were set out prior to the pandemic has allowed us to remain competitive and credible. We remained vigilant through the year, continuously improving our processes, products and services to drive operational and cultural changes that enabled efficiency, productivity and customer responsiveness, while ensuring that our employees' well-being were protected.

With the significant growth in e-commerce and rapid change in the postal landscape, digitalisation is a core component and an on-going focus of our transformation journey for a more customer centric organisation. Thus, we accelerated the digitalisation of our retail platform, meeting greatly enhanced demand for online transactions and engagement. Among others, we introduced a refreshed website and mobile application that allows for cashless payments, automated our workflow and enabled better track and trace capabilities.

## ENSURING THE SAFETY OF OUR EMPLOYEES

While striving to do our best to meet our service commitment, we have placed the utmost priority on ensuring the safety and well-being of our people as well as customers. Soon after Malaysia declared the first movement control order (MCO) in March 2020, Pos Malaysia formed a COVID-19 Special Task Force to monitor issues related to the pandemic and updated Group employees on safety guidelines as well as procedures. Based on the task force's recommendation, a Work-From-Home (WFH) policy was established for all our support departments and units, enabling a safer working environment for this group of employees.

Our frontliners were provided personal hygiene kits such as face masks, face shields and hand sanitisers in ensuring customer-facing employees are duly protected. Regular cleaning and sanitisation of our workplaces and business premises were undertaken – especially at branches or offices where positive cases were reported – to mitigate the risk and spread of infection. Going a step further, we have been promoting our pickup service so that customers need not make the trip to our outlets, and initiated contactless delivery.

## SUPPORTING THE NATIONAL WAR AGAINST THE PANDEMIC

In addition to managing our own operations, Pos Malaysia took on extra responsibilities during the year to support national efforts to contain the virus and mitigate its impact. We were happy to assist local agencies and authorities in moving essential and relief items nationwide. We stepped up our *Ubat Melalui Pos* service as well as the delivery of blood samples, extending the latter to include delivery of COVID-19 samples. As part of our national service, during MCO 1.0, we also delivered personal protection equipment (PPE), face masks and sanitisers to Sabah, Sarawak and Labuan free of charge.

Leveraging our reach, we took on the role of advocates, disseminating safety and health messages on mail envelopes provided to our customers.

## DEVELOPING & CARING FOR OUR PEOPLE

Pos Malaysia employees have truly shone during the year, going beyond the call of duty to work longer hours, sorting and even delivering mail and parcels. In addition to shouldering the additional pressures of performing their jobs during the pandemic, some were also impacted by the floods. As a token of appreciation for their dedication, and to help them overcome their losses, we presented each Pos Malaysia's frontliner and flood victims with a reasonable monetary reward.

Our people are without doubt our most valuable assets; they determine our current as well as future performance. To help them realise their true potential, and ensure they have the competencies to drive our corporate strategies, we provide continuous training and development programmes aligned with our goals. In recent years, our focus has been to ensure our employees have the skills required to leverage digital technologies being introduced in the workplace to be more agile and address issues quickly.

**“ In addition to managing our own operations, Pos Malaysia took on extra responsibilities during the year to support national efforts to contain the virus and mitigate its impact. ”**

## Chairman's Statement

“ In Q2, FY20, we made a leap towards profitability and by Q3, FY20, we had achieved an operating profit. If not for the closure of our IPCs due to COVID-19 prevention measures in the last quarter, we would have managed to cushion our losses in FY2020. ”

### CREATING SHAREHOLDER VALUE

The sustainable growth of Pos Malaysia is important for us to continue to create value for our stakeholders, key among whom are our shareholders. In this regard, I'm pleased to share that in 2020, we proved the effectiveness of our current transformation programme in strengthening our financial performance.

In Q2, FY20, we made a leap towards profitability and by Q3, FY20, we had achieved an operating profit. If not for the closure of our IPCs due to COVID-19 prevention measures in the last quarter, we would have managed to cushion our losses in FY2020.

Despite registering another year of financial losses, we will continue to carry out measures toward effective and efficient capital management, engage the Government and regulators to reform the industry, while following through our transformation plan to better serve the people and help us turn around our financial performance. As an established service provider, with a strong track record, we will do Whatever It Takes to ensure business sustainability to better serve the people.

Further enhancing our shareholder value, we continue to strengthen our governance framework in line with regulatory requirements. Following the amendment to Section 17A of the MACC Act 2009, which introduces corporate liability in cases of corruption, we established an Integrity & Governance Unit (IGU) in the third quarter of the year. IGU is tasked with managing all internal investigations related to whistle-blowing as well as with instilling a culture of integrity throughout Pos Malaysia. It reports directly to the Board to keep us updated on integrity-related matters. Meanwhile, we will continue to review and enhance our existing code of ethics and integrity to establish a culture of zero tolerance for corruption.

### ACKNOWLEDGEMENTS

At this point, I would like to acknowledge all the stakeholders who have collectively shaped what Pos Malaysia is today.

First and foremost, a special thank you to Datuk Yasmin binti Mahmood, and Dato' Ibrahim Mahaludin bin Puteh, both of whom, have since left the Board. Their invaluable contribution and guidance with the Group have unlocked value and we are grateful. Additionally, my warmest welcome to Dato' Dr. Mohd Ali bin Mohamad Nor, Dato' Jezilee bin Mohamad Ramli, and Dato' Mohamed Sharil bin Mohamed Tarmizi our new Board members, to the Pos Malaysia family.

I would also like to acknowledge the Government's contribution to a healthy postal and logistics ecosystem. Special thanks to the Malaysian Communications and Multimedia Commission (MCMC) and the Ministry for the postal tariff rationalisation in February 2020, which has since then better support our mail segment during the year.

I would also like to note my appreciation for the constant support of our shareholders, partners, suppliers, and customers. To fellow members of the Board, thank you for your time and counsel – it is always a pleasure to work with you. Most of all, I would like to acknowledge the leadership of our management and the dedication of all 22,000 employees. I have been very heartened to see the ethos of service demonstrated by everyone. This, more than anything, differentiates Pos Malaysia and will ensure our long-term sustainability.

**SYED FAISAL ALBAR**  
Chairman



# Group Chief Executive Officer's Statement

Ensuring Business Sustainability,  
Whatever It Takes

Dear Stakeholders,

2020 was a year that brought with it many challenges and opportunities across all industries. It was a year where Pos Malaysia had to quickly respond and adapt to ensure that we continue to operate as an essential service provider.

The rapid rise of COVID-19 cases required us to take swift proactive measures in protecting our workforce and customers. In doing so, we ran our operations under strict SOPs, provided our workforce with personal protective equipment, initiated contactless delivery for our postal service, and deflected most of our customer traffic to our online channels. This was extremely important as the MCO resulted in a double to triple spike in parcel volume within a short period of time, something that we have not seen in our history. Protecting our workforce was essential to keep our operations afloat.

The high number of parcel volume also required us to accelerate our crowdsourcing programme to increase our delivery capacity. At its peak in April 2020, we recorded 13 million parcels, the highest ever volume ever accepted in our history. We had close to 1,400 crowdsourced riders to support our 3,000 courier delivery personnel, including headquarter employees and postmen who also assisted in parcel deliveries.

Despite the challenges early on, the rise of online shopping increased demand for courier services and significantly boosted our revenues in Q2 and Q3, FY20. After the first wave of the pandemic came under control and businesses reopened, segments that were initially impacted by the MCO saw an immediate recovery. The mail tariff increase that took place on 1 February 2020 also provided a significant lift to our top line figures, amounting to an additional RM150 million in revenue for the full year of 2020. Our revenue and profitability levels were on a positive trajectory, where we also recorded two months of operational profitability in June and July.

Moreover, our transformation initiatives met its delivery milestones, despite facing multiple challenges with domestic and international movement restrictions. Some of the initiatives, such as crowdsourcing and SendParcel, were continuations of 2019 projects and significantly helped us in managing the impact of COVID-19.

Our International business, which is highly dependent on commercial cargo space, was impacted due to the reduced number of incoming flights into Malaysia.

Despite our best efforts in enforcing the SOPs and reducing the risk of COVID-19 infections, our main processing centres unfortunately suffered an outbreak in Q4, FY20. The emergence of the Kaya Cluster required us to temporarily shut down our KLIA IPC, which processes 80,000 parcels per day. Our IPC in Shah Alam, with a capacity of processing 220,000 parcels per day, also had a small outbreak which was identified and contained early but did have an impact to our operations. To mitigate this, we had to reroute parcel processing to other distribution centres. It was a major shift in our operations which unfortunately impacted our courier capacity.

Due to this, our Service Level Agreements (SLAs) declined, which resulted in reduced customer confidence, hence lower revenue in Q4, FY20. The rerouting of processing required additional transport, which increased our overall cost. Adding to that, we also saw a change in consumer behaviour where more large-sized and bulky items being shipped, resulting in higher transportation costs.

As for our subsidiaries, none were affected as much as our Aviation segment. Anticipating a long-term recovery, we swiftly took measures to reduce cost and downscaled our operations to reflect the decline in air travel forecasted over the next one to two years. Our Logistics segment was not greatly impacted by the pandemic but benefited from the higher demand in shipment services for the automotive industry.

## Group Chief Executive Officer's Statement

“ Pos Aviation will continue to be prudent in managing costs while Pos Logistics will proceed with its transformation initiatives by scaling down haulage operations, growing automotive logistics while improving its service quality and reliability. ”

### CONNECTING WITH OUR CUSTOMERS THROUGH DIGITALISATION

Online marketplaces have been crucial in promoting e-commerce adoption in Malaysia with social commerce gaining traction driven by local micro, small and medium enterprises (MSME). Our SendParcel shipping platform provides the right features to meet their requirements and today we have over 180,000 accounts registered with us, and we have shipped close to nine million packages generating RM60 million in revenue.

To further improve customer experience, we have also launched our e-consignment notes which simplify parcel drop off for online marketplace merchants, replacing the hardcopy forms that was once synonymous with parcel delivery. As part of ensuring that our reach remained dominant, we have, via partnerships, established an additional 2,000 touchpoints.

We also improved how our customers interact with us by launching our chatbot, AskPos, which replaced our traditional customer care hotline. AskPos is able to handle between 40,000 to 60,000 customer conversations weekly, greatly enhancing our capacity to manage customer enquiries and requests. Our over-the-counter retail services have been digitalised and we now have SendParcel, bill payments, online insurance purchase and other services in our mobile app and website. Moreover, payments now can be made via e-wallets, FPX and credit cards for our mobile app transactions. Given the convenience afforded, the app has attracted close to 400,000 active users to date.

We completed the deployment of our new Track and Trace system in Peninsular Malaysia, plus initiated the revamp and modernisation of our ICT systems, including improvements in security and operational efficiency.

In order to track how customers experience our services, we introduced our Net Promoter Score (NPS) platform, via QR code, at selected locations. This will enable us to ascertain a baseline and improve our services to ensure customers' future needs and expectations are met.

### MANAGING COSTS THROUGH AUTOMATION AND RATIONALISATION

As I had promised last year, we expanded the deployment of parcel automation to 19 distribution centres, bringing the total of upgraded distribution centres to 37 to date. This has allowed us to improve processing speed and delivery of parcels, saving operational costs.

Additionally, due to the continuous decline in mail volume, we initiated a rationalisation exercise of our mail infrastructure, where the Melaka mail processing centre was the first centre to be consolidated with our National Mail Centre (NMC) in Shah Alam. In 2021, this initiative will be replicated across the country where feasible, but we will ensure that our capability to fulfil our postal obligations will not be impacted.

A manpower rightsizing exercise was implemented and we expect to reduce our manpower costs by over RM20 million a year.

### WHATEVER IT TAKES FOR A SUSTAINABLE FUTURE

We have been actively engaging with the regulators through the National Postal and Courier Industry Laboratory (NPCIL) on creating a framework for a sustainable courier industry. The regulator has been receptive towards our proposal and we are optimistic in seeing a change in pricing regulations soon.

Our focus now is to carry on the good momentum we had seen in Q3, FY20. Courier operations are back to normal, allowing us to win back lost market share in the e-commerce segment. Our completed transformation initiatives will also provide a solid foundation in our efforts to transform the company. We will continue to scale up our parcel delivery network and further leverage on automation. We aim to accelerate our digitalisation of retail services, while we rationalise our postal touchpoints and processing centres, transforming our ICT infrastructure and applications.

Pos Aviation will continue to be prudent in managing costs while Pos Logistics will proceed with its transformation initiatives by scaling down haulage operations, growing automotive logistics while improving its service quality and reliability. Our logistics segment should benefit from the Government's extension of the sales tax exemption on cars until June 2021.

On top of that, the positive sentiment brought about by the National Immunisation Programme should see more sectors of the economy reopening, boding well for the economy overall, as well as for Pos Malaysia.

## AWARDS AND RECOGNITION

Despite the challenges and struggles we faced in 2020, I am honoured to announce that we were awarded with various notable recognitions which include the 2020 Malaysia E-Commerce Logistics Service Provider of the Year and 2020 Malaysia Express Logistics Service Provider of the Year award from Frost & Sullivan. We were also recognised as the Best Company for Investor Relations (Small Cap) by the Malaysian Investor Relations Association (MIRA). We also clinched a Gold Award for Digital Marketing at the Malaysian CMO Awards 2020.

## ACKNOWLEDGEMENTS

On behalf of the management, I would like to convey my sincerest appreciation to our Board of Directors who have been a source of great strength and wisdom, especially in guiding us through our transformation journey.

A special thank you to Datuk Yasmin binti Mahmood, and Dato' Ibrahim Mahaludin bin Puteh, both of whom, have since left the Board. Both have contributed immensely to the Company.

Additionally, my warmest welcome to Dato' Sri Syed Faisal Albar bin Syed A.R Albar, Pos Malaysia's new Chairman, Dato' Jezilee bin Mohamad Ramli and Dato' Mohamed Sharil bin Mohamed Tarmizi, our new members of the Board. With their wealth of experience, we look forward to exchanging insights during our tenure together.

To our shareholders and customers, I would like to thank you for your continued support. To the Government and particularly our regulator, thank you for maintaining close and collaborative engagements with us.

I would also like to acknowledge my colleagues on the management team for their invaluable perspectives and able leadership. But most of all, my heartfelt gratitude goes to all our employees who have continued to work tirelessly throughout the year, serving not just Pos Malaysia but the nation. You truly embody the ethos of serving, Whatever It Takes.

Thank you, and please stay safe.

### SYED MD NAJIB

Group Chief Executive Officer

# Our Story



## Serving SMEs and Entrepreneurs

From offering mail and parcel deliveries, Pos Malaysia has made it easier for SMEs and entrepreneurs to deliver items to their customers through the Pos Laju SendParcel platform.





"I established my online business selling and distributing shampoo in 2010, where I used to deliver orders by dropping off parcels at the post office counter. I started using the Pos Laju SendParcel service during the first MCO, as it was difficult to leave home to deliver orders due to the restrictions.

I was relieved as SendParcel is easy to use. Everything from registration to pick-up can be carried out online. I just need to schedule the pick-up time and date, and Pos Laju will come and collect the parcels from my home.

Best of all, all payments can be done online and the e-consignment note has made the process easier, as compared to filling up forms manually. What's more, with the track and trace service, you are able to monitor the items and know exactly where the parcels are through the system. SendParcel continues to be my choice, as the service is reliable, convenient, and reasonably priced, and best of all, I can process my orders online anywhere."

**Pamela Grace Anak Vincent Sikem**  
*Online Entrepreneur*



"I'm an agent for Young Living essential oils, and have been delivering products (Young Living and other products prior to this) to customers around Malaysia by post for the last 28 years. I find Pos Malaysia's charges very reasonable and their service very reliable, which is why I've never switched to any other service provider.

During MCO 1.0, I didn't feel safe going out and was initially concerned about how I was going to deliver my products. Then, I found out about SendParcel and immediately signed up for it. It's so convenient, all I have to do is process my orders online and a postman comes to the house to pick up the parcels. They also have a digital consignment form which is very convenient and reduces errors, which could happen when addresses are not written clearly, resulting in parcels being delivered to the wrong place. This is not the Pos Malaysia I know from 28 years ago! It has really transformed into a digital company and is making lives much more convenient. I'm a great fan – keep it up!"

**Siti Zarimah binti Zamhari**  
*Young Living Agent*



# Our Business Model

## VISION

Connecting Malaysia and Beyond For Today and Tomorrow

## MISSION

Build and Deliver the Network of Choice

### OUR CAPITALS...

#### Capital Inputs



#### Financial Capital

- Market Capitalisation of **RM0.95 Billion** as of 31 December 2020
- **RM78 Million** CAPEX



#### Manufactured Capital

- **Nationwide** mail and parcel delivery network
- **810 post offices** and mini post offices
- Facilities in **eight Malaysian airports**
- **Six** logistics warehouses



#### Intellectual Capital

- Sole licensee for **universal postal** service provider in Malaysia
- Pos Laju brand as the **leading courier service** provider
- **Largest** insurance agency via post offices



#### Human Capital

- **22,000** employees
- **RM1.6 Million** invested in training and development



#### Social & Relationship Capital

- **Postal services** in rural communities via Posmen Komuniti & Wakil Posmen Komuniti
- **New digital platforms** for customers to interact and transact with Pos Malaysia



#### Natural Capital

- **43.3 million litres** of fuel consumption
- **62.89 GWh** of electricity consumption
- **686,148m<sup>3</sup>** of water consumption

### ..ENABLE VALUE-ADDING ACTIVITIES



Courier Automation & Capacity



Optimise Delivery & Entrepreneurship



Diversify Touchpoints



Digitalisation



Engage in Regulatory Reforms



Strengthen Logistics & Sustain Aviation Businesses

#### OUR BUSINESS SEGMENTS



A

POSTAL SEGMENT



C

AVIATION SEGMENT



B

LOGISTICS SEGMENT



D

OTHER SEGMENTS

- POS ARRAHNU
- DATAPOS
- POS DIGICERT

#### KEY RISK

- COVID-19 OUTBREAK
- COMPETITION
- USO COST
- ICT SYSTEMS
- INTERNATIONAL BORDERS CLOSURE

#### MATERIAL MATTERS

- COVID-19
- Customer experience
- Digitalisation
- Operational & cost efficiency
- Government & regulatory policies
- Socio-economic empowerment
- Employee development & welfare
- Emissions management

#### MARKET TRENDS

- COVID-19 pandemic
- Decline in mail
- Growing e-commerce
- Increasing courier competition
- Digitalisation of society

Supported by Robust Governance Framework

Corporate Governance and Business Ethics Risk and Crisis Management

## OUR VALUES

• INTEGRITY • EFFICIENCY • ACCOUNTABILITY •

### ...VALUE FOR OUR STAKEHOLDERS

#### Outputs

##### Customers

We always strive to deliver reliable and high-quality customer experience for all our services.

##### Delivery Network

Improved parcel delivery capacity and speed through investments in our infrastructure.

##### People

Highly dedicated and dynamic workforce which thrives under a healthy working environment.

##### Partnerships

Collaborative and mutually valuable partnerships that contributes to the company's growth.

##### Environment

Strive to lower carbon emissions and waste in our operations and services in line with staying sustainable.

#### Outcomes



##### Financial Capital

- Revenue of **RM2.3 Billion**



##### Manufactured Capital

- Mail delivered: **457 Million**
- Parcels delivered: **111 Million**
- Retail transactions: **44 Million**
- Air cargo handled: **162,961 Tonnes**
- Logistics' SKU handled: **1.3 Million**



##### Intellectual Capital

- Frost & Sullivan's **2020 Malaysia E-commerce Logistics Service Provider of the Year** and **2020 Malaysia Express Logistics Service Provider of the Year**
- The Malaysian CMO Awards 2020 **Gold Award** for Digital Marketing
- Malaysia Investor Relations Association (MIRA) **Best company for Investor Relations (Small Cap)**



##### Human Capital

- **6.9** hours of training per employee
- **545** training programmes conducted



##### Social & Relationship Capital

- **4,286** rural villages in Sabah & Sarawak reached
- Added convenience for customer service **with new digital platforms**



##### Natural Capital

- **Zero fines and penalties** for environmental non-compliance
- **RM109,000** saved through energy-saving initiatives in **6 touchpoints**
- **Solar project initiative** scheduled to kick-off in March 2021 at National Mail Centre

#### Stakeholders





# Our Key Capitals



## FINANCIAL CAPITAL

The pool of funds that is available to our organisation for use in the production of goods or the provision of services. These funds are obtained through financing, such as debt, equity or grants, or generated through operations or investments.



### MARKET CAPITALISATION

**RM0.95  
Billion**

(as of 31 December 2020)

### CAPEX

**RM78  
Million**

### ROE

**(26.9)%**

### SHAREHOLDERS' EQUITY

**RM1.1  
Billion**



## MANUFACTURED CAPITAL

Manufactured physical objects (as distinct from natural physical objects) that are available to an organisation for use in the production of goods or the provision of services, including buildings, equipment and infrastructure. Manufactured capital is often created by other organisations, but includes assets manufactured by the reporting organisation for sale or when they are retained for its own use.



**NATIONWIDE MAIL AND  
PARCEL DELIVERY  
NETWORK**

**810**  
POST OFFICES AND MINI  
POST OFFICES

FACILITIES IN  
**8** MALAYSIAN AIRPORTS

**6** LOGISTICS  
WAREHOUSES



## INTELLECTUAL CAPITAL

Organisational, knowledge-based intangibles, including intellectual property, such as patents, copyrights, software, rights and licences as well as "Organisational capital" such as tacit knowledge, systems, procedures and protocols.



SOLE LICENSEE FOR  
**UNIVERSAL**  
POSTAL SERVICE  
PROVIDER IN MALAYSIA

POS LAJU BRAND AS THE  
**LEADING** COURIER  
SERVICE PROVIDER

**LARGEST**  
INSURANCE AGENCY VIA  
POST OFFICES

## Our Key Capitals



### HUMAN CAPITAL

People's competencies, capabilities and experience, and their motivations to innovate, including their alignment with and support for our organisation's governance framework, risk management approach, and ethical values. Their ability to understand, develop and implement our organisation's strategy. Also including loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate.



**22,000**  
EMPLOYEES

**RM1.6 Million**  
INVESTED IN TRAINING AND DEVELOPMENT



### SOCIAL & RELATIONSHIP CAPITAL

The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes shared norms, common values and behaviours. Key stakeholder relationships, and the trust and willingness to engage that our organisation has developed and strives to build and protect with external stakeholders.



**4,286**  
RURAL VILLAGES IN  
SABAH & SARAWAK  
REACHED

**ADDED CONVENIENCE  
FOR CUSTOMER  
SERVICE WITH NEW  
DIGITAL PLATFORMS**





## NATURAL CAPITAL

All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of our organisation. It includes air, water, land, minerals, forests biodiversity and eco-system health.



**Zero**

**FINES AND PENALTIES  
FOR ENVIRONMENTAL  
NON-COMPLIANCE**

**RM109,000**

**SAVED THROUGH ENERGY-  
SAVING INITIATIVES IN 6  
TOUCHPOINTS**

# Our Story



## Great Customer Service

Our customers are our priority. Over the years, we have been listening to their feedback and innovating on our services to provide great customer experience. This has seen us launch a number of new products and services. More than that, it has seen our people go out of their way to provide service from the heart.

"I am a regular user of Pos Malaysia services, mostly to send important documents or parcels through Pos Laju. Until about a year ago, it was quite challenging to lodge a report or enquiry using the customer hotline. But then Pos Malaysia introduced AskPos, an online customer chat service, and everything is so much better. I no longer have to wait long to get answers to my enquiries, as the response time is excellent. If I'm unable to get the answers that I'm searching for, there's an option to get connected to a live agent who will help.

Best of all, I can also use AskPos to track the whereabouts of my parcel easily and use it to quickly calculate delivery costs for my parcels. I think it's great that Pos Malaysia is embracing innovation and digitalisation to create a better experience for customers like myself."

**Adryan Andy**

*AskPos user*



"My family has been paying our utility bills, renew our car insurance and road tax over the Pos Malaysia post office counter for many years. When the pandemic started last year and the MCO which followed, we were unable to leave home to pay our bills as usual.

Fortunately, a family friend told me that all my bills can be paid using the Pos Malaysia mobile app. I downloaded the app and started using it. Surprisingly, the mobile app is very user friendly especially for a senior citizen like myself. Besides paying utility bills, I can also use the app to track my parcels and locate the nearest post office.

Now, I can also use the app to renew my car insurance. With all my needs covered by the mobile app, I don't need to go to the post office. But I still do occasionally, to chat and say hello to the friendly Pos Malaysia staff."

**Agatha Aham Suni**

*Pos Malaysia Mobile App user*



"I always do my shopping online, as I find it convenient and safer to have my purchases delivered instead of going out to the shops. Pos Laju is my preferred courier service as it provides reliable and fast delivery.

Once, there was some confusion because the delivery man couldn't find my parcel in his van. Although that was a little frustrating, his response was so genuinely apologetic that I was immediately placated. First, he offered to reimburse me for the item. When I declined the offer, he said he would go back to the parcel sorting centre, look for the item, and bring it back that very day. This was already late in the evening, and I did not think he would return, but he did! As promised, he found my parcel and came back at night to deliver it to me.




It is only human to make mistakes, but what the delivery man proved is that the way you behave makes all the difference. Because of his dedication and honesty, I have even more faith in Pos Laju services. Thank you Pos Malaysia!"

**Farena Jane Tahir**

*Kudos for the excellent customer service!*

# Stakeholder Engagement

Our long-lasting organisational growth and achievements are due to the constant trust and support of our diverse stakeholders. The work we do is focused on enriching the lives of each of them, which is why we actively engage with our stakeholders to aptly capture their material concerns and expectations. Our strategies and decisions are guided by their feedback, which allows us to enhance stakeholder value creation. The table below describes our efforts and approach to strengthening Pos Malaysia’s stakeholder relationships.

 <b>EMPLOYEES</b>		
Why we engage	Engagement Platforms	Key Concerns Raised
<p>Communicate transformation strategy &amp; progress, new initiatives, governance and integrity matters, etc.</p>	<ul style="list-style-type: none"> <li>Employee dialogue sessions with GCEO</li> <li>Email &amp; printed communication</li> </ul> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid #0056b3; padding: 2px; margin-bottom: 5px;">Q</div> <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #0056b3; padding: 2px;">Q</div> <div style="border: 1px solid #0056b3; padding: 2px;">M</div> </div> </div>	<ul style="list-style-type: none"> <li>Career development</li> <li>Health &amp; safety concerns due to COVID-19</li> </ul>
 <b>CUSTOMERS</b>		
Why we engage	Engagement Platforms	Key Concerns Raised
<p>Communicate product offerings, service changes updates and service customer complaints.</p>	<ul style="list-style-type: none"> <li>Website &amp; social media platform</li> <li>Marketing events &amp; sales meetings</li> <li>Email, hotlines and surveys</li> </ul> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #0056b3; padding: 2px;">D</div> <div style="border: 1px solid #0056b3; padding: 2px;">W</div> </div> <div style="display: flex; gap: 5px; margin-top: 5px;"> <div style="border: 1px solid #0056b3; padding: 2px;">W</div> <div style="border: 1px solid #0056b3; padding: 2px;">M</div> <div style="border: 1px solid #0056b3; padding: 2px;">Q</div> </div> <div style="display: flex; gap: 5px; margin-top: 5px;"> <div style="border: 1px solid #0056b3; padding: 2px;">W</div> <div style="border: 1px solid #0056b3; padding: 2px;">M</div> <div style="border: 1px solid #0056b3; padding: 2px;">Q</div> </div> </div>	<ul style="list-style-type: none"> <li>Service levels issues</li> </ul>
 <b>GOVERNMENT &amp; REGULATORS</b>		
Why we engage	Engagement Platforms	Key Concerns Raised
<p>Obtain approval for regulated matters, participate in policy-making exercises, reporting regulated services performance.</p>	<ul style="list-style-type: none"> <li>Meetings with government &amp; regulators personnel</li> <li>Working groups</li> <li>Emailing of reports</li> </ul> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid #0056b3; padding: 2px; margin-bottom: 5px;">AW</div> <div style="border: 1px solid #0056b3; padding: 2px; margin-bottom: 5px;">AW</div> <div style="border: 1px solid #0056b3; padding: 2px;">Q</div> </div>	<ul style="list-style-type: none"> <li>Responsible and sustainable business practices</li> <li>Awareness to compliance, governance and integrity amongst staff</li> </ul>



Frequency of Engagement:

- D Daily  
 Q Quarterly  
 M Monthly  
 W Weekly  
 A Annualy  
 AW As and when



**SHAREHOLDERS & INVESTORS**

Why we engage	Engagement Platforms	Key Concerns Raised
Communicate transformation strategy & progress, financial results, business performance.	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Integrated Annual Report</li> <li>Analyst briefings on financial performance</li> <li>Website</li> <li>Press release</li> </ul>	<ul style="list-style-type: none"> <li>Performance of the company</li> <li>Dividends</li> <li>Responsible &amp; sustainable practices</li> </ul>



**SUPPLIERS, BUSINESS PARTNERS & INDUSTRY GROUPS**

Why we engage	Engagement Platforms	Key Concerns Raised
Ensure sustainable commercial relationship with partners.	<ul style="list-style-type: none"> <li>Meetings &amp; site visits</li> </ul>	<ul style="list-style-type: none"> <li>Service turnaround and deliverables</li> </ul>



**LOCAL COMMUNITIES**

Why we engage	Engagement Platforms	Key Concerns Raised
Contribute to development and well-being of communities.	<ul style="list-style-type: none"> <li>Charitable contributions to local community programs</li> </ul>	<ul style="list-style-type: none"> <li>Contributions to specific local issues</li> </ul>





# Evolving with you

With an efficient courier delivery network, we are able to meet the increase in customer demand, especially with the recent e-commerce boom in the country. We have a total of 120 Pos Laju touchpoints and 674 post offices nationwide. We have also introduced self-service parcel lockers at strategic locations for customers to collect and drop-off items.





## STRATEGIC REVIEW

# Operating Environment

## – Key Market Trends



### COVID-19 PANDEMIC

COVID-19 was declared a pandemic on 11 March 2020 and had multiple impact to the global economy and society, leading to closed borders, movement restrictions and strained healthcare systems across the globe.

#### Actual/Potential Impact

- Restricted business operations during the first MCO imposed in March caused a significant loss in revenue
- Heightened health risks for our employees that are customer-facing or are required to work within close proximity of each other
- Reduced international air travel has severely impacted Pos Malaysia's aviation segment and international mail services

#### How We Have Responded

- Enforced Standard Operating Procedures (SOP) as required by Ministry of Health (MOH) in all post offices and distribution centres
- Enforced Work From Home policy
- Initiated contactless delivery to maintain social distancing
- Cost-cutting measures to minimise the impact of loss revenue on aviation segment
- Suspended international mail delivery and rerouted customers to use AsiaXpress service, offered by PSH Express Sdn Bhd, a subsidiary of Pos Malaysia

#### Outlook

Many countries have embarked on their respective COVID-19 immunisation programmes which will be key to bringing this pandemic under control. The Malaysian Government expects to achieve herd immunity in the country, with 70% of the population inoculated, before end 2021. The success of the programmes would allow Pos Malaysia's operation to resume without restrictions.



## DECLINE IN TRADITIONAL MAIL

Increasing adoption of digital communication such as email and mobile chat apps have resulted in the further decline in demand for mail delivery services. The number of mail items delivered by Pos Malaysia's has been declining at a rate of 13% CAGR over the past 5 years.

### Actual/Potential Impact

- Revenue from mail business has, until recently, been declining in tandem with the decline in mail volume
- Pos Malaysia's Universal Service Obligation (USO) requires that we provide nationwide coverage of postal services, which costs has grown due to inflation

### How We Have Responded

- Obtained approval for commercial postal rate revision w.e.f. 1 February 2020, which has resulted in improved operational margins for mail segment
- Improve cost efficiency by initiating the consolidation of mail processing centres

### Outlook

The decline in mail is set to continue as digital communication becomes more effective and pervasive. However, our continuous efforts to improve cost efficiencies and regularly revise postage rates should allow us to sustain the business with a healthy profit margin.

## STRATEGIC REVIEW

**Operating Environment****– Key Market Trends****RAPID GROWTH OF E-COMMERCE**

E-commerce in Malaysia has grown rapidly over the past five years, with 2020 seeing accelerated growth due to movement restrictions caused by the pandemic.

**How We Have Responded**

- Upgraded 19 parcel distribution centres with semi-auto sorting machines to increase parcel processing speed and capacity
- Recruited more delivery riders through our crowdsourcing programme Pos Rider
- Aggressive acquisition campaign targeting the SME segment via SendParcel online shipping platform

**Actual/Potential Impact**

- Increase in online shopping resulted in higher parcel deliveries by Pos Malaysia in 2020
- However, the spike in demand for courier services provided a number of challenges as the number of parcels needed to be processed and delivered was above our capacity

**Outlook**

E-commerce in Malaysia is expected to grow at a rate of 17% CAGR over the next five years\*. Pos Malaysia is set to expand its parcel delivery capacity to fully capitalise on the growth via leveraging on new technologies and improving efficiency.

\* *E-Economy SEA 2020 Report*

**INCREASING COMPETITION IN COURIER MARKET**

The rapid rise of e-commerce has attracted more competition into the courier market, with Malaysia having over 120 courier licensees in 2020.

Competitors have also been aggressive in capturing market share by competing on price.

**How We Have Responded**

- Improve customer experience for courier services to ensure the quality of our deliveries can match or exceed the competition
- Seek regulatory reforms to ensure the sustainability of our industry

**Actual/Potential Impact**

- Reducing average revenue per item due to competition has resulted in margins being compressed
- Increasing practice of price dumping may degrade the overall quality of the industry as more companies will be under financial pressure to sustain their business

**Outlook**

Continued investment into our courier infrastructure would allow us to improve our service quality and at the same time increase our courier capacity. The regulators have also been receptive towards our proposal for regulatory reforms, which should lead into a more healthy industry in the near future.





## DIGITALISATION OF SOCIETY & BUSINESSES

High internet penetration, increasing smartphone ownership and accessibility of technology has resulted in a change of behaviour amongst consumers and businesses, leading more to migrate towards digital services.

### Actual/Potential Impact

- Footfall into post offices have reduced compared to several years ago as most services such as bill payment and insurance purchase can be conducted online
- Business requirements from our clients requires more integration with our systems

### How We Have Responded

- Initiate the digitalisation of our retail services and availed multiple services on our digital channels
- Embarked on a 3-year Information & Communications Technology (ICT) transformation journey to upgrade our digital capabilities

### Outlook

Enhancing Pos Malaysia's digital capabilities allows us to compete in new markets with more growth potential and ensure that we implement the industry's best practice when it comes to ICT, which can help us in achieving improved operational and cost efficiencies.

## STRATEGIC REVIEW

# Material Matters



Material matters comprise economic, social and environmental factors that have the potential to impact an organisation's performance as well as its ability to create stakeholder value, now and in the future. We seek to understand what our material matters are in order to better define our strategies and develop plans that focus on our most important issues. Knowledge of our material matters would also enable us to allocate our resources more effectively in order to manage emerging issues and meet our stakeholders' expectations.

In the table below, we outline our material matters and describe the risks as well as opportunities associated with each, as well as our approach in managing the matters to create value.



## IDENTIFY & ASSESS

Analyse input from stakeholder engagement, business units, independent research and external environment to identify key issues.



## PRIORITISE & RANK

Review and narrow down the identified issues to the material topics that impact business and stakeholder relationships.



## VALIDATE & APPROVE

Final approval of the scope and boundaries of the material topics by senior management.



## INTEGRATE & RESPOND

Integrate the material topics into our long-term strategy as well as short to medium-term business plans.



**COVID-19**

**Description**

The pandemic and movement restrictions had a significant impact on our business.

**Risks**

Limitation in operations due to movement restrictions. Loss of revenue in international business and Aviation segment. Heightened health risk for our employees.

**Opportunities**

Higher demand for courier services due to increase in online shopping.

**Response**

Shift in focus to courier business to capture spike in demand; Drastic cost-cutting to limit Aviation segment losses; Provision of PPE and enforced SOPs.

Strategy:

Stakeholders:

**CUSTOMER EXPERIENCE**

**Description**

Users of our services expect high standards of service, flexibility and competitive pricing.

**Risks**

Inability to meet customer expectation may result in dissatisfied or loss of customers.

**Opportunities**

Differentiating our services by improving end-to-end customer journey enables us to acquire new customers from the competition.

**Response**

- Introduced new digital platforms for customers to interact and transact with Pos Malaysia
- Continuous improvement of our parcel delivery network
- Revamped sales & account management teams

Strategy:

Stakeholders:



STRATEGIC REVIEW

# Material Matters

## DIGITALISATION

### Description

Rapid digitalisation of businesses and consumers impacts the entire ecosystem in which we operate.

### Risks

Outdated systems and practices risks Pos Malaysia of unable to meet market requirements and exposes us to security risks.

### Opportunities

Leveraging new technologies can lead to improved cost efficiency and workflow.

### Response

Initiate our Digital & ICT transformation based on 3-year blueprint.

Strategy: 

Stakeholders: 

## OPERATIONAL & COST EFFICIENCY

### Description

Efficiency has a large bearing on the Company's profit margin and our ability to meet customer's expectation.

### Risks



Disruption to the delivery network requires additional resources to ensure service availability while incurring additional cost.

### Opportunities

Leveraging technology and innovating operational models can vastly improve efficiency.

### Response

Invest in automation in our postal network as well as expand our delivery capabilities through a commissions-based employment model; organisation right-sizing, vendor management.

Strategy:  

Stakeholders: 

## GOVERNMENT & REGULATORY POLICIES

### Description

Regulatory frameworks and policies for postal and courier services can determine the sustainability of the industry and our business.

### Risks

Increased competition in the courier industry has led to price dumping and may result in service degradation impacting consumers and e-commerce industry as a whole.

### Opportunities

The right policies by the regulators and government will allow courier operators to thrive and continue to serve the market without disruption.

### Response

Engage with regulators via the NPCIL to seek regulatory reforms.

Strategy: 

Stakeholders: 

## SOCIO-ECONOMIC EMPOWERMENT

### Description

Pos Malaysia is a Universal Service Provider for postal services and has a responsibility to provide access to postal touchpoints as well as delivery services indiscriminately across the nation.

### Risks

Maintaining a large number of touchpoints and an extensive delivery network leads to Pos Malaysia having a rigid fixed cost structure. Inability to maintain profitability will result in local communities being deprived of critical services.

### Opportunities

Our presence and services can contribute to the development of local communities.

### Response

Maintain our network of Pos Mini, Posmen Komuniti & Posmen Kejiranan in rural and remote areas.

Strategy: 

Stakeholders: 

## EMPLOYEE DEVELOPMENT & WELFARE

### Description

Our business is highly dependant on our workforce. The development and well-being of our employees are critical to ensuring business continuity and growth.

### Risks

Insufficient employee engagement and development may result in dissatisfaction and turnover. Lack of key skills will hinder growth initiatives.

### Opportunities

A motivated and skilled group of employees working under a conducive and organised structure can improve productivity and accelerate our growth initiatives.

### Response

Continuous investment in training and development as well as employee engagement through various channels to create a committed and engaged workforce.

Strategy: 

Stakeholders: 

## EMISSIONS MANAGEMENT

### Description

The group has a role to play in minimising our carbon footprint. Regulators, investors and local communities also expect Pos Malaysia to become more environmentally conscious.

### Risks

Corporate reputation may suffer if we are not seen as upholding our environmental responsibility. Environmental impact can also lead to unforeseeable consequences.

### Opportunities

New technologies can assist us in achieving better energy efficiency and reduce usage of fossil fuels.

### Response

- Continuous investment in operational efficiency
- Explore commercially-viable alternatives to current fossil fuel-powered fleet such as electric vehicles

Strategy: 

Stakeholders: 

## STRATEGIC REVIEW

# Risk Overview

## – Key Risks and Mitigation

Risks are inherent to any organisation. By identifying our risks, however, we are able to take relevant actions to mitigate both the chances of their occurrence as well as the severity of impact should a particular risk materialise. Our top risks are broadly categorised as Regulatory, Operational, Competition and Technology & Reputation. In 2020, however, we added Health & Safety as one of our most critical risks, given the high possibility of infection in our workplace.

### 1. Risk Identification & Assessment

Continuous risk assessment at Fund and Operations level through its self-assessment scorecard

### 2. Risk Treatment

Four core response strategies:

- Accept
- Terminate
- Reduce
- Transfer

### 3. Risk Reporting

Key risks, mitigation actions or controls carried out and residual rating are highlighted to the Risk Management Committee bi-yearly
















A brief description of our current key risks, as well as our approach to managing them, is provided below.

**Risk Trend:**

 Increasing  Stable  Low

<p><b>HEIGHTENED COMPETITION IN COURIER BUSINESS</b></p>	<p> Risks Trend  Stakeholders: </p>
<p><b>Description</b></p> <p>The courier industry is very competitive with industry players aggressively vying for market share, which leads to diminishing profit margins. This may also threaten the quality of service customers receive from courier operators.</p>	
<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Improve our service quality and provide better customer experience via digitalisation to differentiate ourselves against other industry players</li> <li>• Engaged with regulators to seek policy reforms in the courier market</li> </ul>	
<p><b>INCREASING COSTS OF SERVING USO</b></p>	<p> Risks Trend  Stakeholders:  </p>
<p><b>Description</b></p> <p>Maintaining nationwide coverage of mail delivery and postal touchpoints to fulfil our obligations as a USO licensee is resource intensive and costly.</p>	
<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Initiate mail infrastructure rationalisation and expand agent-run touchpoints to reduce fixed cost</li> <li>• Continuous engagement with regulators on subjects pertaining to USO</li> </ul>	
<p><b>OUTDATED ICT SYSTEMS</b></p>	<p> Risks Trend  Stakeholders:  </p>
<p><b>Description</b></p> <p>Our current ICT infrastructure and applications are not agile and will not be able to meet future business requirements or changing consumer trends. Some legacy systems are also more exposed to potential cyber security breaches.</p>	
<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Initiate a 3-year ICT transformation program to enable us to reach technological parity with the market</li> <li>• Strengthen our cyber security resilience to safeguard our organisation</li> </ul>	

STRATEGIC REVIEW

# Risk Overview


## – Key Risks and Mitigation

**Risk Trend:**

 Increasing 
  Stable 
  Low

**COVID-19 OUTBREAK RISK**

 Risks Trend 
 

Stakeholders: 
 

**Description**

Fulfillment of our services requires our employees to work inside enclosed spaces and meet customers face-to-face, which heightens the risks of COVID-19 outbreak amongst our staff.

**Mitigation**

- Adherence to SOPs as recommended by MOH
- Provided PPE to employees and conduct regular sanitation of facilities
- Initiated contactless delivery for parcel deliveries

**CLOSURE OF INTERNATIONAL BORDERS AND AIR TRAVEL**

 Risks Trend 
 

Stakeholders: 
 


**Description**

International mail and aviation businesses depends highly on international air travel, which has drastically declined since the pandemic outbreak.

**Mitigation**

- Redirected customers to use AsiaXpress for international deliveries
- Prudent cost management by our subsidiary Pos Aviation

# Our Strategic Blueprint

## Modernisation & Transformation Plan 2020-2022

Pos Malaysia is directing its effort towards becoming a customer-centric organisation that provides a positive customer experience through the services we provide. To achieve this, the Group began its transformation in 2019 and have outlined several key strategies to achieve our objectives over the next several years. Successful execution of our strategies will create a robust, competitive and profitable company able of navigating through an increasingly dynamic and complex market for years to come.

**Focus Areas**

To be a Customer-Centric Organisation

# POS MALAYSIA'S 2020-2023 STRATEGIC OBJECTIVES



## 2023 ONWARDS SUSTAINABLE GROWTH

- #1 courier of choice for e-commerce businesses
- Fully automated primary parcel sorting centres
- Full recovery of Aviation segment
- Sustainably profitable Logistics segment

## 2021-2022 MARGIN IMPROVEMENT

- Become a "parcel-first" postal operator
- Leader in service quality
- Leaner operations and reduced reliance on fixed costs
- Operate in a sustainable courier industry

## 2020 MODERNISATION AND TRANSFORMATION

- Sustainable mail business
- Establish strong foothold in e-commerce
- Efficient parcel processing and distribution network
- Ease day-to-day task for employees and customers



STRATEGIC REVIEW

# Strategic Performance Review



**Courier Automation  
& Capacity Scale-up**

## KEY INITIATIVES

Improve parcel sorting capacity and speed in distribution centres.



**Optimise Delivery &  
Entrepreneurship**

Increase last-mile delivery capabilities through crowdsourcing of delivery personnel under the Pos Rider programme.

Launched Entrepreneurship Programme (EP) which provides opportunities for salaried staff to become entrepreneurs.



**Diversify  
Touchpoints**

Expand our agent outlets across Malaysia as parcel drop-off and bill payment points.

Enhanced Pos Malaysia mobile app and posonline.com.my with improved user interface and added services.



**Digitalisation**

Grow SendParcel user base and enhance features on the platform.

Introduce new chat-based customer servicing channel AskPos.

Digitalise consignment notes for business clients and over-the-counter customers.



**Engage in  
Regulatory Reforms**

Pursue approval and gazettement of new postal rates for commercial domestic mail and international mail.













Seek regulatory reforms with the objective of creating a sustainable courier industry.



**Strengthen Logistics &  
Sustain Aviation  
Businesses**

Initiate turnaround of Pos Logistics with the aim of having a leaner operation and improved service quality.

- Minimise losses in Pos Aviation due to COVID-19 with broad cost-cutting and cost management measures
- Exploit opportunities in e-commerce

RESULTS/ACHIEVEMENT	2021 OUTLOOK & PRIORITIES	
<p>Upgraded 19 distribution centres with semi-automatic sorting machines. A total of 37 distribution centres have been upgraded in the past two years, which increases parcel processing efficiency.</p>	<ul style="list-style-type: none"> <li>Initiate the building of fully automated parcel sorting centres outside of Klang Valley</li> <li>Continue to upgrade more distributions centres</li> </ul>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>As of 31 December 2020, we have around 1,000 Pos Riders across Malaysia.</p>	<ul style="list-style-type: none"> <li>Continue recruitment of riders under Pos Rider and Entrepreneurship Programme</li> <li>Assign Pos Riders and Entrepreneurs to manage 100% of parcel deliveries in high-volume locations</li> </ul>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>Over 700 previously salaried employees have been converted to “Entrepreneurs” and are paid on commission basis.</p> <p>Pos Malaysia’s staff-related cost have reduced.</p>	<ul style="list-style-type: none"> <li>Continue to expand our agent outlets</li> <li>Revamp current Pos Mini agent model</li> <li>Explore new ownership models to improve post office sustainability</li> <li>Onboard more insurance partners and billers onto mobile app and posonline.com.my</li> </ul>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>Over 2,000 agent outlets are within our parcel collection and bill payment network.</p> <p>App and portal now feature bill payment and motor insurance purchase.</p> <p>Pos Malaysia’s mobile app has 400,000 active users.</p>	<ul style="list-style-type: none"> <li>Acquired 126,000 new accounts through the platform</li> <li>Introduced international courier service</li> <li>Integrated with 3 major e-commerce platforms</li> <li>Continuous integration of SendParcel with more e-commerce platforms</li> <li>Enhancement of our overall digital capability based on our 3-year ICT transformation plan</li> <li>Full deployment of our new Track &amp; Trace system</li> </ul>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>Askpos manages 40,000 - 60,000 customer conversations on a weekly basis.</p> <ul style="list-style-type: none"> <li>Drastically reduce the use of physical forms</li> <li>Speeds up parcel handover and improves data accuracy</li> </ul>	<p>Continue pursuing regulatory reforms that encourage the sustainability of the courier industry.</p>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>Implemented new postal rates on the 1 February 2020.</p> <p>Currently engaged in National Postal &amp; Courier Industry Laboratory (NPCIL) in developing a new framework for the courier industry.</p>	<ul style="list-style-type: none"> <li>Further improve internal processes and service quality to widen scope of services and clientele</li> <li>Adopt advanced logistics management system</li> </ul>	<p><b>Capital Impacted:</b></p>  <p><b>Material Matters:</b></p> 
<p>Restructured organisation and recruited new management team.</p> <p>Increased revenue from automotive logistics and freight forwarding businesses.</p> <p>Reduced staff-related costs, vendors for ground handling.</p> <p>Secured new e-commerce client for warehousing and fulfilment services.</p>	<p>Leverage opportunities to capitalise on existing strategic partnerships.</p>	

PERFORMANCE REVIEW

# Group Financial Review

Analyst briefing dated 4 March 2020.

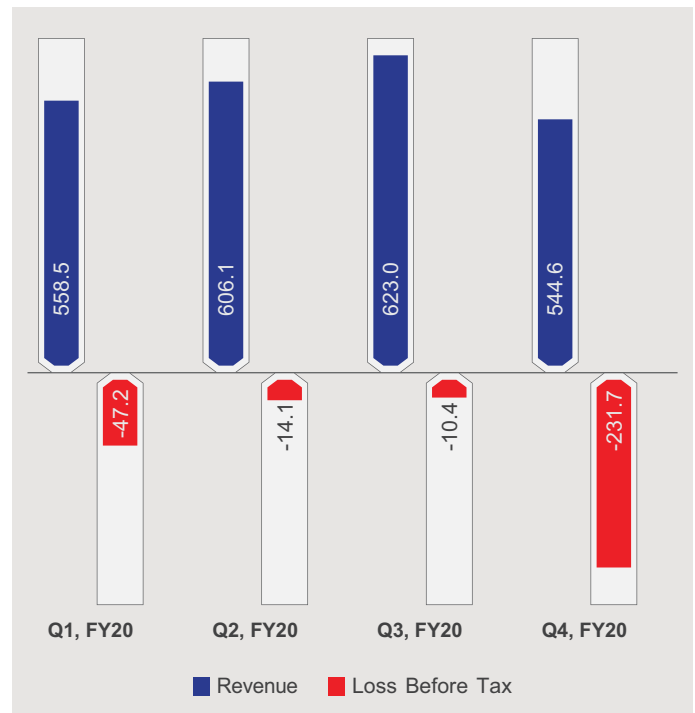


Despite various challenges brought about by the pandemic, Pos Malaysia's financial performance had begun to steadily improve as a result of various initiatives under the Group's transformation programme implemented in 2019, aided by an increase in parcel volume as well as revision of postal tariffs beginning February 2020. In Q2, FY20, loss before tax (LBT) contracted by a significant 70.1% from RM47.2 million to RM14.1 million. This further improved quarter by quarter to an LBT of RM10.4 million in Q3, FY20.

Closure of two main IPCs in Q4, FY20, however, reversed the trend leading to dampening of overall revenue for the year. In addition, there were one-off expenses incurred which includes RM123.3 million goodwill impairment, RM16.2 million of property, plant and equipment impairment and RM41.6 million provision for Mutual Separation Scheme (MSS), but offset with a gain of RM79.3 million from partial disposal of equity in World Cargo Airline Sdn. Bhd. The pandemic also caused a general increase in operating costs due to adherence to SOPs and the provision of PPE for employees. Although its impact was felt across all Pos Malaysia's segments, Aviation took the worst hit as travel restrictions meant reduced flights into the airports we serve.

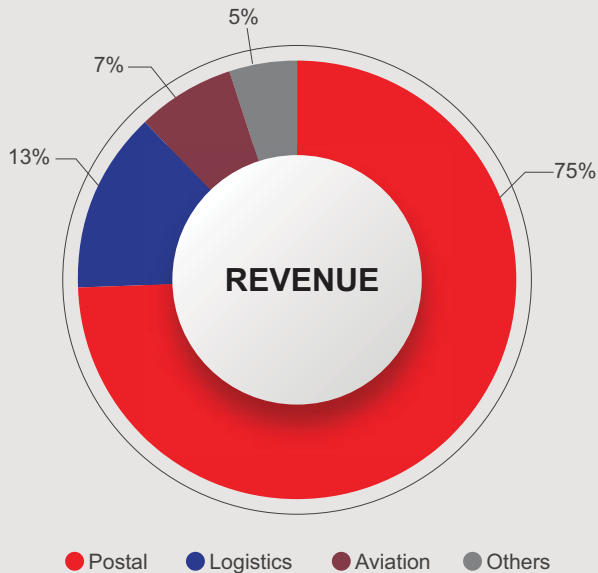
A key positive development during the year was approval by the Ministry of Communications and Multimedia to increase postal tariffs for commercial mail.

This increase in commercial mail tariff, along with the increase in parcel volume helped to cushion a significant loss in revenue by the Aviation segment.





## SEGMENTAL PERFORMANCE



Our Postal Segment continued to be the main revenue contributor to the Group, accounting for 75% of the total, followed by Logistics at 13%, Aviation at 7% and Others at 5%.

Postal segment’s revenue is largely contributed by courier business followed by mail business. Although, this segment was initially impacted by the first wave of COVID-19 and movement restrictions enforced in March 2020 due to temporary closure of businesses, movement restrictions for the public and reduced number of commercial flights impacting our international business, the performance was generally much better in Q2, FY20 and Q3, FY20 from an increase in online shopping resulted in parcel volume increasing by 24% compared to the same period last year. Mail volume and retail transactions also returned to pre-COVID-19 levels at the end of Q2, FY20 as movement restrictions were eased. In addition, mail business benefitted from the postage rate increase that was implemented in February 2020.

In Q4, FY20, temporary shut down of the main parcel processing centres which process up to 70% of the total parcel volume impacted our revenue and resulted in an increased cost from the redundancy plan and rerouting of the parcel processing.

Logistics segment’s revenue is primarily contributed by freight management services (freight forwarding, haulage, warehousing) and automotive logistics services. During FY2020, the segment benefitted from higher demand for shipment services and higher automobile production volume from Proton. Logistics segment was largely unimpacted by COVID-19, apart from the months of March and April 2020 when strict movement restrictions were in place. Losses for the segment was contributed to impairments of multiple receivables.

Aviation segment’s revenue is primarily contributed by cargo handling (33%) and ground handling (23%). The segment was negatively impacted by the COVID-19 pandemic which saw the number of commercial flights in Malaysian airports decline drastically in FY2020. This resulted in decline in demand for all services, except for e-commerce warehousing. Pos Aviation has executed various cost-cutting measures across the board to mitigate the loss in revenue. Despite this, the segment recorded losses before tax.

Other segments consist of printing and insertion, digital certificates and ArRahnu businesses. This segment benefitted from higher demand for gold pawning and increased certificate issuance from e-filing projects during FY2020.

## COST MANAGEMENT

Despite the high exceptional items incurred during the year being impairment of goodwill of RM123.3 million, impairment of property, plant and equipment of RM16.2 million and provision for mutual separation scheme (MSS) of RM41.6 million, the operating costs were generally managed to be contained and controlled as a result of the various cost savings initiatives and cautious spending implemented Group wide.

## STRONG CASH FLOW

Pos Malaysia registered a healthy cashflow during the year with a net cash inflow of RM86.9 million. This is due to the increase in cash from operating activities of RM170.1 million.

This compensated the net cash outflow from investing activities of RM26.1 million mainly from acquisition of property, plant and equipment and cash outflow from financing activities of RM57.1 million.

## OUTLOOK

Improvement of the financial performance of the Group is expected from the Group’s continuous effort in managing cost and the expected savings from the MSS. An increase in online shopping trend will continue to boost the revenue from courier business.

## PERFORMANCE REVIEW

# 5-Year Group Financial Summary

	FY Mar 2017	FY Mar 2018	FY Mar 2019	FP Dec 2019	FY Dec 2020
Profit/(Loss) Before Tax (RM'million)	128.5	117.3	(158.4)	(241.9)	(303.5)
Profit/(Loss) Before Tax Margin (%)	6.2	4.7	(6.7)	(14.4)	(13.0)
EBITDA Margin (%)	11.9	11.7	1.5	(1.0)	(0.1)
Return on Assets (%)	2.5	2.8	(5.1)	(6.4)	(9.7)
Return on Equity (%)	4.2	4.8	(9.7)	(14.8)	(26.9)
<b>Balance Sheet</b>					
Total Assets (RM'million)	3,284.4	3,374.6	3,281.9	3,345.2	3,169.5
Total Equity (RM'million)	1,936.5	1,947.4	1,715.4	1,451.9	1,143.4
Equity attributable to Owners of the Company (RM'million)	1,934.5	1,945.3	1,715.4	1,451.9	1,143.4
Current Ratio (Times)	1.3	1.2	1.1	1.0	0.9
<b>Staff Information</b>					
No. of staff (No.)	23,336	22,915	23,353	22,851	21,626
Revenue per employee (RM'000)	89.2	107.9	100.8	73.6	107.8

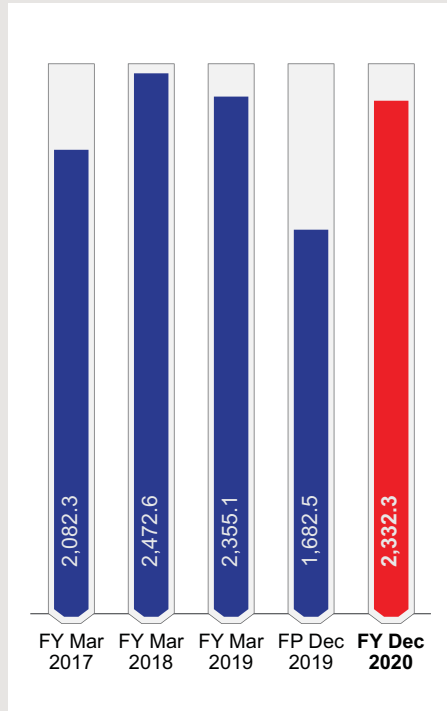


Analyst briefing dated 4 March 2020.

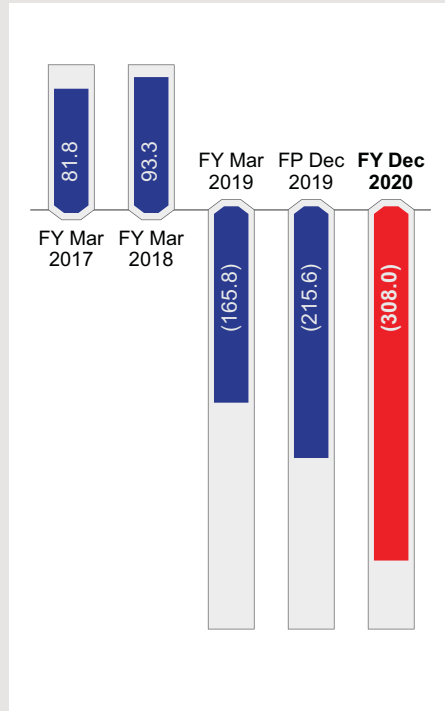
PERFORMANCE REVIEW

# 5-Year Group Financial Highlights

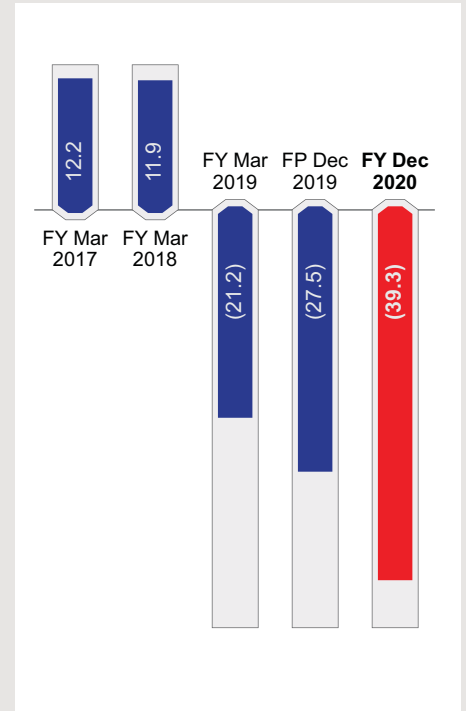
**REVENUE**  
(RM'million)



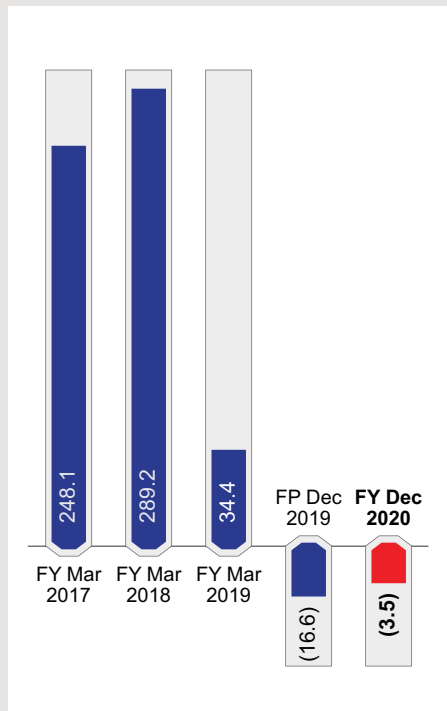
**PROFIT/(LOSS) AFTER TAX**  
(RM'million)



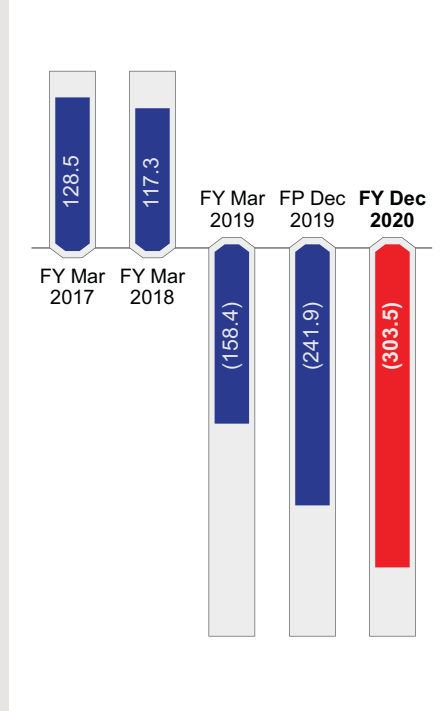
**EARNINGS/(LOSS) PER SHARE**  
(sen)



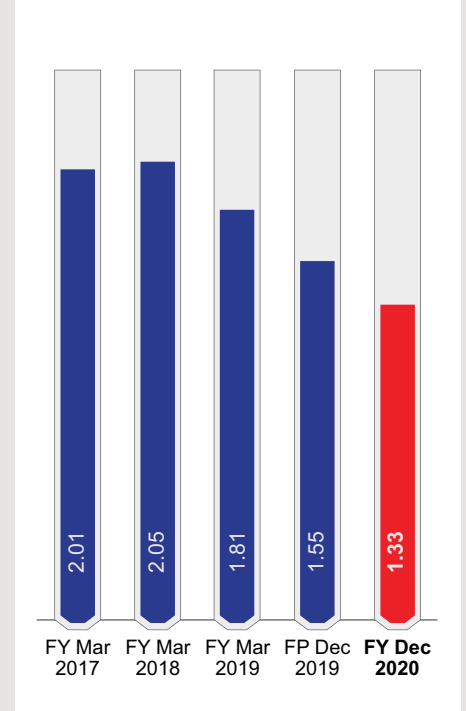
**EBITDA**  
(RM'million)



**PROFIT/(LOSS) BEFORE TAX**  
(RM'million)



**NET TANGIBLE ASSET PER SHARE**  
(RM)

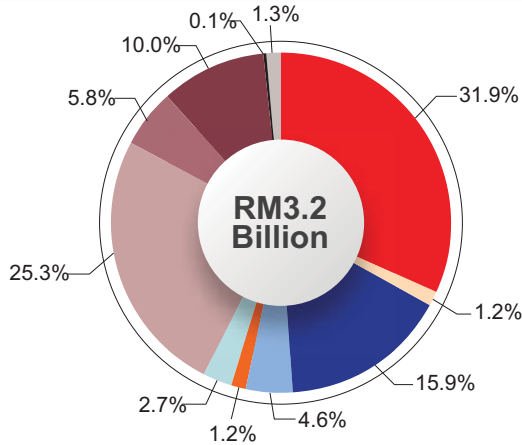




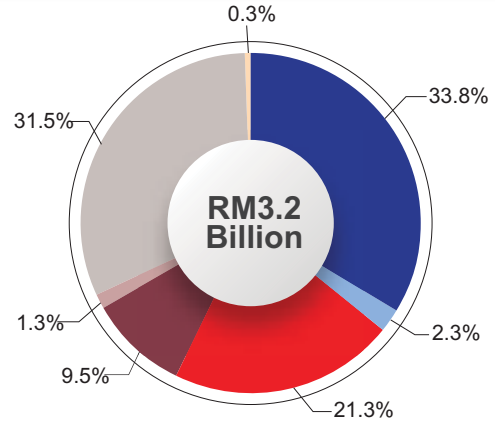
PERFORMANCE REVIEW

# Simplified Statement of Financial Position

**ASSETS**  
31.12.2020



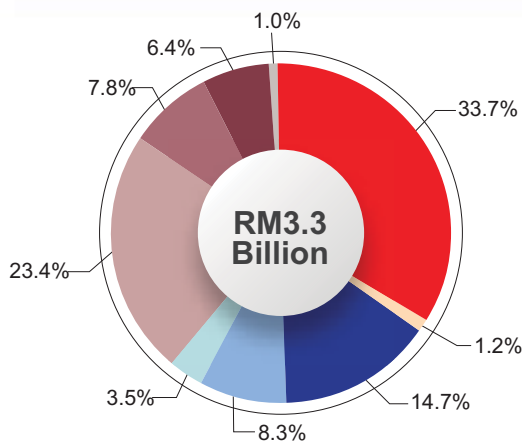
**LIABILITIES AND SHAREHOLDERS' EQUITY**  
31.12.2020



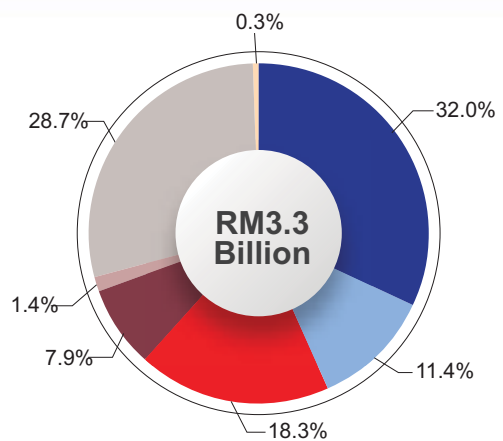
- Property, plant and equipment
- Investment properties
- Right-of-use assets
- Intangible assets
- Investments in associates
- Other investments
- Trade and other receivables
- Derivative financial asset
- Other assets
- Prepayment
- Cash and cash equivalents

- Share capital
- Reserves
- Loans and borrowings
- Lease liabilities
- Deferred tax liabilities
- Trade and other payables
- Other liabilities

**ASSETS**  
31.12.2019



**LIABILITIES AND SHAREHOLDERS' EQUITY**  
31.12.2019

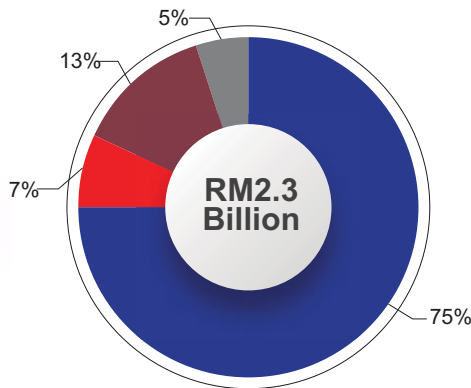


PERFORMANCE REVIEW

# Segmental Analysis

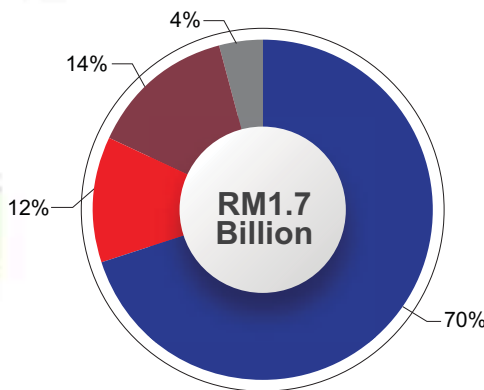
**TOTAL REVENUE**

**FY2020**  
(12 months)



- Postal Segment
- Aviation Segment
- Logistics Segment
- Other Segments

**FP2019**  
(9 months)



- Postal Segment
- Aviation Segment
- Logistics Segment
- Other Segments

## PERFORMANCE REVIEW

# Statement of Value Added and Distribution

## VALUE ADDED

	FP Dec 2019 (9 months) RM'million	FY Dec 2020 (12 months) RM'million
Revenue	1,682.5	2,332.3
Purchase of goods and services	(760.7)	(1,007.8)
Value added by the Group	921.8	1,324.5
Other operating income/expense (net)	(83.5)	(150.3)
Finance income	2.3	5.2
Finance cost	(36.3)	(50.2)
Foreign exchange gain	2.4	6.8
<b>Value added available for distribution</b>	<b>806.7</b>	<b>1,136.0</b>

## DISTRIBUTION

	FP Dec 2019 (9 months) RM'million	FY Dec 2020 (12 months) RM'million
To Employees		
Employment cost	773.9	1,043.7
To Government/Approved Agencies		
Tax and zakat	(25.0)	6.0
To Shareholders		
Dividends	31.3	–
Retained for reinvestment and future growth		
Depreciation, impairment and amortisation	288.1	394.3
Net reduction in retained profits	(261.6)	(308.0)
<b>Total distributed</b>	<b>806.7</b>	<b>1,136.0</b>



## PERFORMANCE REVIEW

# Financial Calendar

## FY2020

**15 JUNE 2020**

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2020.

**25 AUGUST 2020**

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2020.

**24 NOVEMBER 2020**

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2020.

**22 FEBRUARY 2021**

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2020.

**30 APRIL 2021**

Issuance of the 29<sup>th</sup> AGM Notice and Circular to Shareholders.

**17 JUNE 2021**

29<sup>th</sup> AGM of the Company.



## PERFORMANCE REVIEW

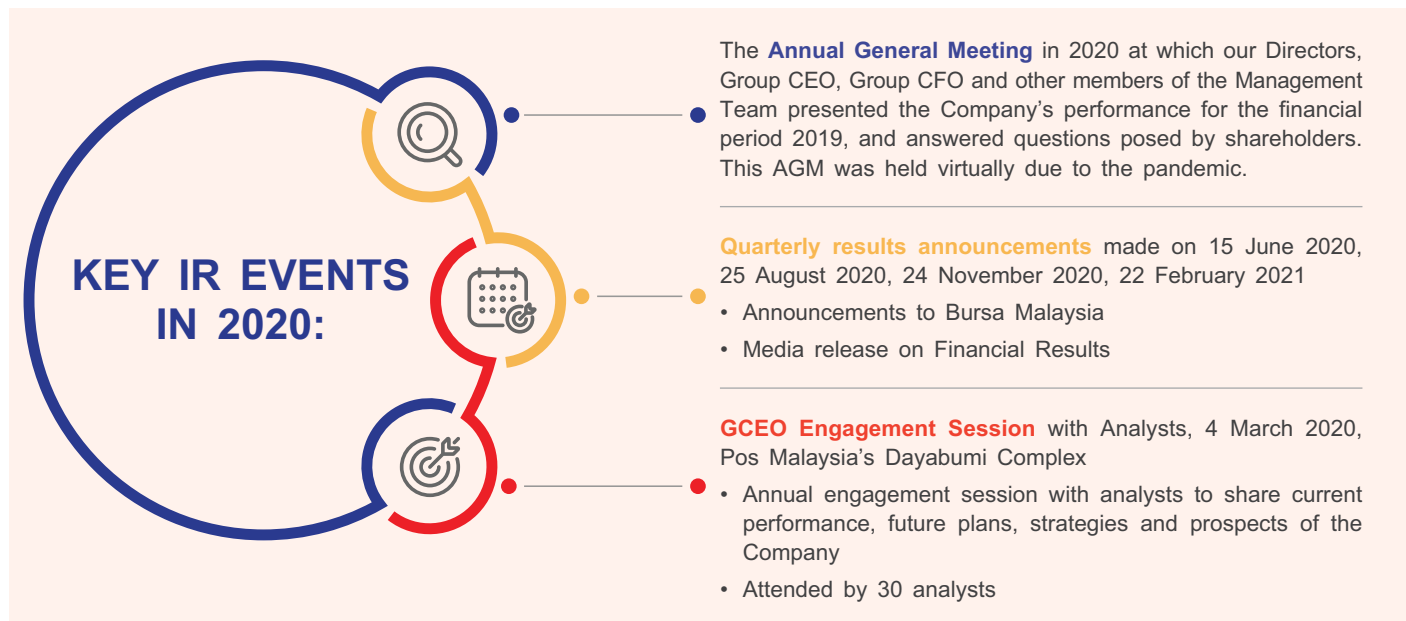
# Investor Relations Report

Pos Malaysia recognises the importance in maintaining a strong, trust-based relationship with our shareholders and the broader investment community. Maintaining a credible communication channel with the investment community is integral to our commitment towards corporate governance. Towards this end, we have an experienced Investor Relations (IR) team who manage a structured IR programme through which we engage with analysts, investors and shareholders.

A key function of the IR team is to ensure timely and transparent disclosure of relevant and material information on the Company's developments to our investors to keep them updated of our strategies and performance, thus enhance their understanding of the Company for more informed investment decisions. While enabling us to disseminate important updates, these sessions also enable us to gather valuable feedback from the investment community.

In addition to key events such as quarterly results announcements and our annual general meetings, the IR team, with or without key members of Management, also conduct one-on-one meetings and dialogue sessions with local institutions investors as well as analysts. As far as possible, the team will accommodate requests by analysts, the media or potential investors for information or a sharing session.

Further ensuring dissemination of relevant information on Pos Malaysia businesses and activities, we release media statements on corporate developments and achievements.



All corporate communication, including our quarterly and annual results as well as announcements to Bursa Malaysia are updated on our corporate website at [www.pos.com.my](http://www.pos.com.my).

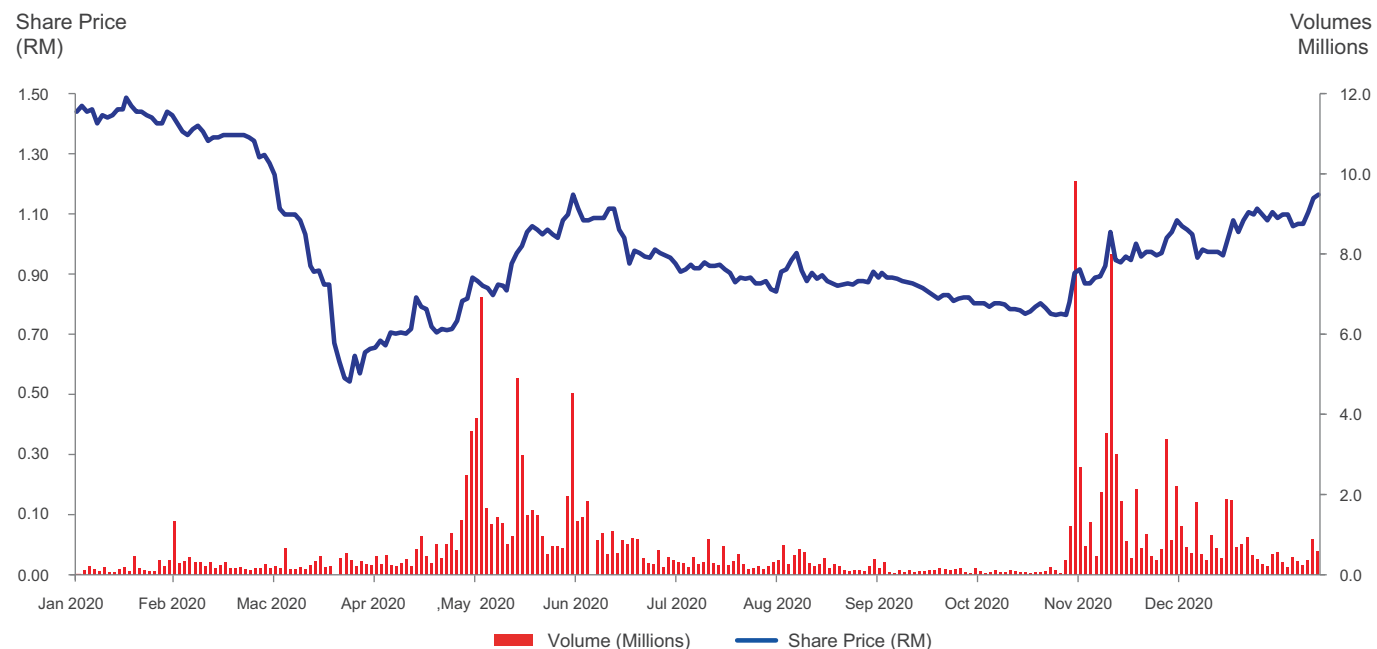
In recognition of the Company's efforts to uphold best practices in IR and our commitment to good corporate responsibility, Pos Malaysia was named the Best Company for Investor Relations in the Small Cap Category at the Malaysia Investor Relations Awards 2020 organised by the Malaysia Investor Relations Association (MIRA), on 17 December 2020.

Moving into the new financial year, Pos Malaysia will continue to enhance our IR efforts and strive to communicate accurately and consistently material information on a timely basis, in line with IR best practices and Bursa Malaysia's Listing Requirements.

PERFORMANCE REVIEW

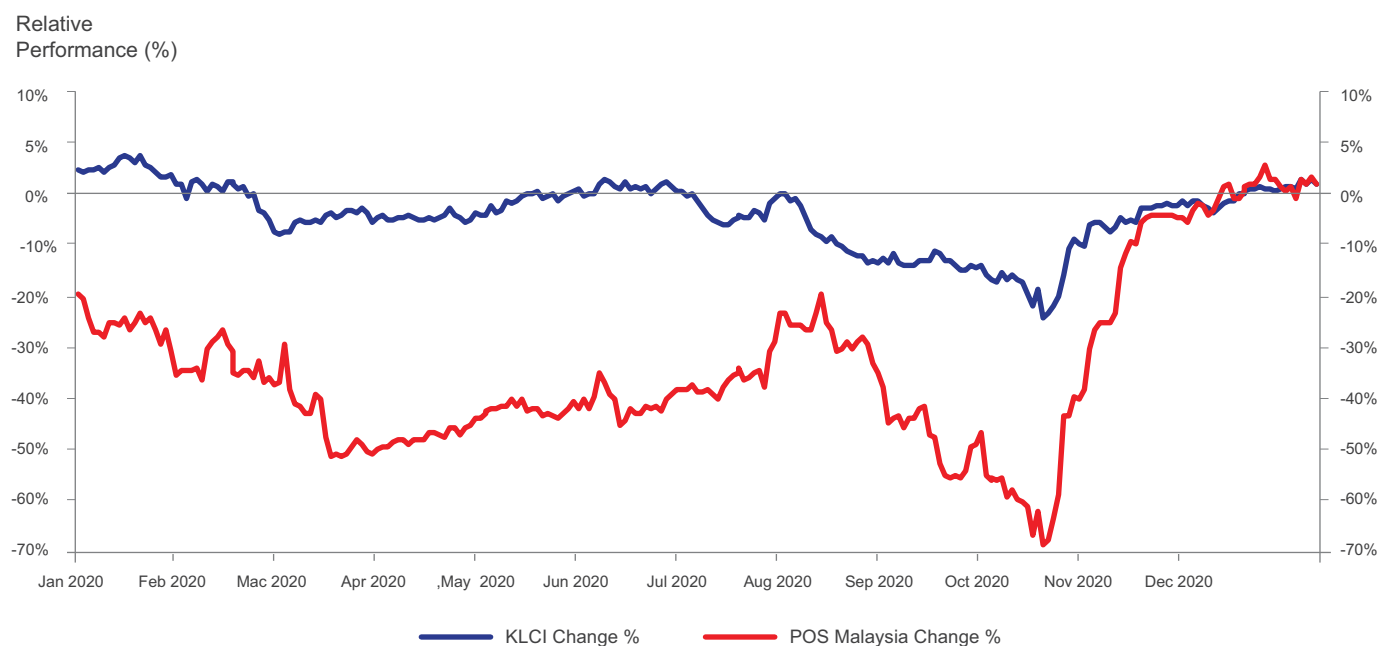
# Share Price Movement

Share Price Performance Jan-Dec 2020



	2020											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Monthly Volume	50,441,800	48,507,100	59,880,500	314,452,400	280,523,000	107,844,500	80,904,100	40,357,900	20,880,100	231,667,600	318,818,500	129,460,300
Monthly End Closing (RM)	1.44	1.14	0.71	0.87	1.1	0.93	0.985	0.9	0.81	0.94	0.99	1.21

Share Price vs KLCI



## Our Story



## Whatever It Takes

Our people prove time and again that they will brave arduous journeys, work extra hours and even navigate crocodile-infested rivers to fulfil their service commitments. Whatever it takes, we will deliver.



## Our Story



"Since the pandemic, more and more people are making purchases online which means the volume of packages we must deliver has increased tremendously. Therefore, line drivers like myself have been making more trips a day. Within the city, we have to just stick it out when the traffic is congested at road blocks and inspection points. The big challenge, especially in the monsoon months of November and December, was to deliver to the East Coast. Because so many roads were flooded, there were times when we had no choice but to sleep in the lorries and wait for the water to recede. Our journeys took much longer than usual, but it felt good knowing that we were serving people who were facing a really tough time and who may have lost a lot of their possessions due to the floods. Many take postal delivery for granted, but in fact we do a very essential job!"

**Faizah Bin Fadil**  
*Line Haul Driver*



"I am required to access areas that are not connected with proper roads and cross dilapidated bridges on a daily basis. These bridges become slippery during the rainy season and pose a real danger because there's only a flimsy wire separating me from the river. Working throughout the pandemic was not a problem for me and no less challenging than my normal routine. Whatever the situation is, what matters most is ensuring that the local communities continue to receive their mail and parcels."

**Devy Anak Julai**  
*Postman in Sri Aman, Sarawak*



"Commuting by motorboat takes me about an hour from my house to the nearest post office in Lingga, Sarawak to collect mail and items for delivery, and another hour on the return journey. I generally go to the post office twice a week. Within my delivery area there are 10 long houses, a Sarawak Energy Berhad's office and a school.

The area is not big, enabling deliveries on foot. It usually takes about an hour-and-a-half to two hours to deliver all items to recipients. In 2020, I delivered a total of 2,546 letters, 36 registered mail and 33 parcels. The main challenges are walking on slippery wooden bridges and waiting for the correct tide to get to the post office safely by boat. Oh, and the river is full of crocodiles!"

**Mines @ Pinih Anak Jawa**  
*Posmen Komuniti Lingga*





“During the MCO, parcel volume increased as customers turned to online purchases for essential and non-essential items. Before the MCO, we handled about 250,000 to 300,000 parcels daily but during MCO, the numbers more than doubled. And we had to make sure we cleared these parcels efficiently otherwise, with more and more coming in all the time, they would have been spilling out of the IPC!”

The operating hours of the IPC were extended to 20 hours a day, seven days a week. Everyone was working longer hours. We had to bring in more contract staff and even our colleagues from the HQ came in to lend a hand. It was hard work, but it was also incredible to see how everyone supported each other and did their best to meet our delivery targets. The teamwork was something else! Some of us did not take leave or time off for months, but it was not an issue as we were all focused on accomplishing our goals, while the country was going through a challenging phase.”

**Ab. Hadi Bin Mahat and  
Muhamad Radhuan bin Mohammed Nor**  
*Employee at Integrated Parcel Center (IPC) Shah Alam  
and KLIA*

