

# Singapore Post Limited

(SGX: S08)

## Awaiting new business driver

- **Strategic review on track.** Following the divestment of its Australia business, SingPost has continued to streamline its portfolio by selling off remaining non-core assets. The group is now focused on strengthening its core logistics and e-commerce operations while exploring new sources of earnings growth. At the same time, SingPost is working with regulators to review and rationalise its domestic postal services. Following its 1QFY26 business update, we expect further announcements as part of its ongoing strategic review.
- **Lower revenue and operating profit.** SingPost reported lower revenue and operating profit in 1QFY26. For first quarter ending 30 June 2025, revenue declined by 23.8% year-on-year to S\$162.3 million, driven by lower delivery volumes. Operating profit decreased by 60.0% year-on-year to S\$3.4 million. Operating margin weakened to 2.1%, lower than 1QFY25's 3.9%.
- **Postal and logistics reported lower volume.** SingPost reported lower volume. E-substitution continues to drive structural decline in letter mail volume. Domestic and International letter mail volume contracted 9.5% and 27.7% year-on-year, respectively. ecommerce volume was lower due to competition pressures. Domestic and International eCommerce related volume decreased by 14.1% and 62.8% year-on-year, respectively.
- **Property revenue stable.** In 1QFY26, revenue from property leasing was stable. As at 30 June 2025, occupancy rate at SingPost was 97.8%, higher than 1QFY25's 96.0%. SingPost has decided not to divest SingPost Centre. Thus, the property assets business is expected to remain stable.
- **Maintain financial flexibility.** As the corporate restructuring is ongoing, SingPost maintained a relatively stable balance sheet. As at 30 June 2025, cash on hand was S\$728.1 million, compared with S\$696.4 million as at 30 June 2024. Following the special dividend distribution of S\$202.5m made in August 2025, the cash holdings less the dividend payment is S\$525.6 million.
- **Corporate strategic reset.** SingPost has renewed the Board of Directors to drive the Group's Strategic Review. In May 2025, Ms Teo Swee Lian was appointed as Chairman, to succeed Mr Simon Israel. In addition, SingPost has announced on 25 September 2025, the appointment of Mark Chong as its new Group Chief Executive Officer, effective 1 November 2025.
- **Divest non-core assets.** SingPost has announced that it has sold Quantum Solutions. In the Freight forwarding segment, SingPost sold Famous Holdings for S\$177.9 million in July 2025. In the Property segment, SingPost has put up the 10 HDB retail units for sale. SingPost aims to be leaner and focused on strengthening the digital capability of its delivery and logistics business.
- **Maintain Buy.** We revise our target price to S\$0.53 to reflect the special dividend and recent divestments. Our target price is derived from a sum-of-the-parts (SOTP) valuation. At S\$0.53, SingPost will trade at Price-to-book 1.08x and EV/EBITDA 10.8x.

<b>Ticker</b>	S08
<b>Rating</b>	Buy
<b>Price Target*</b>	S\$0.53 (from S\$0.72)
<b>Price (14 Oct)</b>	S\$0.405
<b>Upside/Downside:</b>	+30.8%
<b>52-week range</b>	S\$0.405 - 0.635
<b>Market Cap</b>	S\$0.9B

\*Target price is for 12 months

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## Strategic review on track

Following the divestment of its Australia business, SingPost has continued to streamline its portfolio by selling off remaining non-core assets. The group is now focused on strengthening its core logistics and e-commerce operations while exploring new sources of earnings growth. At the same time, SingPost is working with regulators to review and rationalise its domestic postal services. With the release of its 1QFY26 business update, investors can expect further announcements as part of its ongoing strategic review.

## Lower Revenue and operating profit

Singapore Post Limited (SingPost) reported lower revenue operating profit in 1QFY26. In the business update for first quarter ending 30 June 2025, SingPost said the revenue declined by 23.8% year-on-year to S\$162.3 million, driven by lower delivery volumes. Operating profit decreased by 60.0% year-on-year to S\$3.4 million. Amid the intense competition, operating margin weakened to 2.1%, lower than 1QFY25's 3.9%.

**Figure 1: Group Financial Highlights**

S\$ million	Q1 FY25/26	Q1 FY24/25*	YoY % change	FY24/25	FY23/24	YoY % change
Revenue	162.3	213.0	(23.8%)	813.7	879.2	(7.5%)
Operating Profit	3.4	8.4	(60.0%)	44.3	33.9	30.8%
Operating margin	2.1%	3.9%		5.5%	3.9%	

\*Excluding discontinued operations

Source: Company data

## Postal and logistics reported lower volume

SingPost reported lower volume in both the domestic and international delivery business. E-substitution continues to drive structural decline in letter mail volume. Domestic and International letter mail volume contracted 9.5% and 27.7% year-on-year, respectively. ecommerce volume was lower due to competition pressures. Domestic and International eCommerce related volume decreased by 14.1% and 62.8% year-on-year, respectively.

**Figure 2 SingPost Operating statistics**

Deliver volume	Q1 FY25/26	Q1 FY24/25	YoY Change
<b>Domestic volume</b> ('000 items)	<b>85,451</b>	94,800	(9.9%)
○ eCommerce related	<b>6,022</b>	7,012	(14.1%)
○ Letter mail and printed papers	<b>79,428</b>	87,784	(9.5%)
<b>International deliver</b> ('000 kg)	<b>1,120</b>	2,750	(59.3%)
○ eCommerce related	<b>919</b>	2,473	(62.8%)
○ Letter mail and printed papers	<b>201</b>	277	(27.7%)

Source: Company data

## Property revenue stable

In 1QFY26, revenue from property leasing was stable. SingPost Centre is the main property in the portfolio. As at 30 June 2025, occupancy rate at SingPost Centre was 97.8%, representing a 180 bps improvement from 96.0% as at end-March 2025. SingPost has decided not to divest SingPost Centre. Thus, the property assets business is expected to remain stable.

**Figure 3: Property occupancy (as at 30 June 2025)**

Property occupancy (as at 30 June 2025)		
<b>SingPost Centre overall</b>	<b>97.8%</b>	96.0%
o Retail mall	<b>100.0%</b>	99.1%
o Office space	<b>97.0%</b>	95.0

Source: Company data

## Maintain financial flexibility

As the corporate restructuring is ongoing, SingPost maintained a relatively stable balance sheet. As at 30 June 2025, cash on hand was S\$728.1 million, compared with S\$696.4 million as at 30 June 2024. The increase was due to sale proceeds of approximately S\$92.7 million from divestment of Shenzhen 4PX. For FY2025, SingPost announced a special dividend of 9 cents per share. The special dividend distribution of 9 cents per share, amounting to S\$202.5 million will be made in August 2025. Following the special dividend distribution, the cash holdings less the dividend payment is S\$525.6 million. On proforma basis, net cash position will decline to S\$176.0 million following the distribution.

**Figure 4: Selected balance sheet items**

S\$ million (Unaudited)	As at Jun 2025	As at Mar 2025	Change
Cash and Cash Equivalents	<b>728.1</b>	696.4	+4.5%
Borrowings	<b>349.6</b>	349.6	-
Net Cash Position	<b>378.5</b>	346.9	+9.1%
Total Assets	<b>2,349.4</b>	2,390.4	(1.7%)
Total Liabilities	<b>746.1</b>	782.9	(4.7%)
Total Equity	<b>1,603.4</b>	1,607.5	(0.3%)

Source: Company data

## Corporate strategic reset

SingPost has renewed the Board of Directors to drive the Group's Strategic Review. In May 2025, Ms Teo Swee Lian has been appointed as Chairman, to succeed Mr Simon Israel. With a refreshed Board, SingPost aims to strengthen the company's position in the delivery and logistic business.

Ms Teo is currently Chairman and Non-Executive Independent Director of Capitaland Integrated Commercial Trust Management Limited. She also holds directorship positions at HSBC Holdings PLC and Clifford Capital Holdings.

In addition, SingPost has announced on 25 September 2025, the appointment of Mark Chong as its new Group Chief Executive Officer, effective 1 November 2025. Currently Singtel's Group Chief Corporate Officer, Mr Chong has an outstanding 28-year career at Singtel Group. Mr Chong will focus on SingPost's ongoing transformation to become a leading logistics and eCommerce player.

## Divest non-core assets

SingPost continued to streamline the operations and assets to focus on the core business in Singapore. In the Postal & Logistics segment, SingPost has announced that it has entered into a sales and purchase agreement to divest wholly-owned subsidiary Quantum Solutions to Morning Global.

In the Freight forwarding segment, SingPost has sold Famous Holdings for S\$177.9 million. The transactions were completed on 23 July 2025. SingPost recognized an estimated realized gain on disposal of S\$105 million and received approximately S\$104.0 million in cash proceeds.

In the Property segment, SingPost has received a preferred bid for sale of 10 HDB retail units on a sale and leaseback basis. The transaction is for the sale of the 10 HDB shophouses for S\$55.5 million. The transaction is pending approval and will be announced on a timely basis.

SingPost aims to be leaner and focused on strengthening the digital capability of its delivery and logistics business. SingPost Centre will remain in the portfolio. Thus, we expect the key divestments to be completed in this financial year FY2026.

## Maintain buy and target price of S\$0.53

Adjusting the target price for the special dividend and divestments, our revised target price is S\$0.53. Our target price is derived from a sum-of-the-parts (SOTP) valuation. At S\$0.53, SingPost will trade at Price-to-book 1.08x and EV/EBITDA 10.8x. Key risks to earnings are lower volume caused by higher trade tariffs.

**Figure 5: SingPost – SOTP valuation**

FY2026E SOTP valuation Segment	Valuation method	EBITDA	EV/EBITDA	Valuation S\$ million
Singapore business	EV/EBITDA 5.0x	38	5.0	187.4
Property	Book value			1,016.6
International business	EV/EBITDA 5.0x	8	5.0	39.2
Famous Holdings, sold in July 2025				177.9
Unallocated corporate overhead items	EV/EBITDA 5.0x	(28)	5.0	-138.9
<b>SOTP valuation, S\$ million</b>				1,282.2
Net cash / (debt)				172.3
Perpetual securities				-251.5
Equity value				1,203.0
No of shares				2,251.3
<b>SOTP valuation, S\$ per share</b>				<b>0.53</b>
EPS				0.0049
BVPS				0.4928
EV				1,031
EV/ EBITDA				10.8

Source: Beansprout

## Financial Summary

Y/E Mar (\$m)	FY22	FY23	FY24	FY25	FY26	Y/E Mar (\$m)	FY22	FY23	FY24	FY25	FY26
<b>Income Statement</b>						<b>Cash Flow</b>					
<b>Revenue</b>	<b>1,666</b>	<b>1,872</b>	<b>1,687</b>	<b>814</b>	<b>616</b>	Operating cash flow					
Labour and related expenses	(310)	(351)	(365)	(241)	(173)	Pretax profit	107	68	100	246	27
Volume-related expenses	(1,051)	(1,214)	(1,009)	(379)	(277)	Adjustments	62	89	59	69	68
Admin and other expenses	(115)	(126)	(139)	(111)	(68)	Working capital changes	(56)	(8)	(35)	(106)	(97)
Depreciation	(74)	(83)	(81)	(38)	(53)	Others	(34)	(48)	(49)	(49)	(20)
Selling expenses	(7)	(10)	(10)	(4)	(3)	Cash flow from operations	80	100	76	161	(22)
Other expenses	4	4	3	3	(0)	Investing cash flow					
<b>Operating profit</b>	<b>112</b>	<b>93</b>	<b>85</b>	<b>44</b>	<b>43</b>	CAPEX	(24)	(28)	(55)	(51)	(50)
Share of results of associates & JV	5	0	(2)	1	0	Others	(33)	(161)	(170)	560	(4)
Exceptional items	2	(8)	37	222	0	Cash flow from investment	(57)	(190)	(225)	509	(54)
<b>EBIT</b>	<b>119</b>	<b>85</b>	<b>120</b>	<b>267</b>	<b>43</b>	Financing cash flow					
Net finance expenses	(11)	(17)	(20)	(21)	(15)	Dividends paid	(42)	(51)	(29)	(33)	(221)
<b>Profit before tax</b>	<b>107</b>	<b>68</b>	<b>100</b>	<b>246</b>	<b>27</b>	Proceeds from borrowings	(200)	356	160	(295)	0
Tax	(20)	(29)	(18)	(16)	(5)	Others	0	0	0	0	0
Discontinued operations	0	0	0	15	0	Cash flow from financing	(242)	305	130	(327)	(221)
Minority interests	(5)	(14)	(3)	(0)	(1)	Net change in cash	(220)	215	(19)	342	(297)
Perpetual distribution	(14)	(11)	(11)	(11)	(11)	Beginning cash	501	280	496	477	819
<b>Profit attributable to owners</b>	<b>69</b>	<b>14</b>	<b>67</b>	<b>234</b>	<b>11</b>	Currency translation	(1)	0	0	0	0
<b>Balance sheet</b>						Ending cash	280	496	477	819	522
<b>Assets</b>						<b>Per share data (cents)</b>					
PPE	412	387	454	320	331	Book value per share	58.1	50.2	50.3	58.6	49.3
Others	1,703	1,687	1,921	1,160	1,152	Dividend per share	1.8	0.6	0.7	9.3	0.3
Total non-current assets	2,115	2,074	2,375	1,481	1,482	Earnings per share	3.1	0.6	3.0	10.4	0.5
Cash & cash equivalents	280	496	477	696	522	<b>Valuation</b>					
Trade & other receivables	234	230	252	100	76	P/E (x)	13.1	65.3	13.5	3.9	82.5
Others	50	38	32	113	17	P/B (x)	0.7	0.8	0.8	0.7	0.8
Total current assets	564	764	761	910	615	EV/EBITDA (x)	5.4	8.4	6.8	3.2	4.5
Total assets	2,679	2,838	3,136	2,390	2,098	Dividend yield (%)	4.4	1.4	1.8	23.1	0.8
<b>Liabilities</b>						<b>Ratios</b>					
ST borrowings	78	1	10	0	0	ROE (%)	5.3	12	6.0	17.8	1.0
Trade & other payables	550	633	606	334	261	ROA (%)	2.6	0.5	2.2	9.8	0.5
Others	204	86	82	46	39	ROIC (%)	5.0	2.6	0.7	(14.2)	1.8
Total current liabilities	831	720	698	380	299	Net gearing	0.21	0.09	0.25	-	-
LT borrowings	439	623	817	350	350	<b>Margins (%)</b>					
Others	266	121	200	54	54	Operating margin	6.7	5.0	5.0	5.4	7.0
Total non-current liabilities	706	744	1,017	403	404	EBIT margin	7.1	4.6	7.1	32.8	7.0
Total liabilities	1,537	1,463	1,715	783	703	Net margin	4.2	0.7	4.0	28.8	1.8
<b>EQUITY</b>											
Share Capital	639	639	639	639	639						
Accumulated profits	617	599	653	656	446						
Total equity	1,307	1,130	1,132	1,319	1,109						
Minority interests	(165)	(7)	37	37	37						
Perpetual securities	0	252	252	252	252						
Total equity and liabilities	2,679	2,838	3,136	2,390	2,101						

## Disclosure Appendix

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