Beansprout

Singapore Post Limited (SGX: S08)

Core operations remain challenging

- **Lower underlying net profit.** SingPost announced underlying net profit of S$5.5 million in 1H FY26, decreased by 78.0% year-on-year. The decline reflects the challenges in the logistics sector, which is grappling with high costs and intense competition. SingPost declared an interim dividend of 0.08 cents per share, representing 30% of 1H FY26 underlying net profit.
- **Core operations remain challenging.** SingPost reported revenue of S$188.4 million in 1H FY26, declined 27.4% year-on-year. This was due to lower cross-border business as the operating environment remains challenging. With prudent cost management, operating expenses fell 25.5% year-on-year to S$182.4 million. For 1H FY26, SingPost recorded operating profit of S$5.7 million, versus operating profit of S$16.8 million in 1HFY25.
- **Logistics and letter segment reported lower revenue.** Revenue from Logistics and letter segment fell by 33.1% year-on-year to S$153.5 million in 1H FY26, led by lower revenue from international business. Revenue from cross-border delivery business fell by 58.1% year-on-year to S$47.3 million in 1H FY26. For 1H FY26, domestic and international volume decreased by 7.7% and 58.3% year-on-year, respectively.
- **Property assets reported stable revenue.** In 1H FY26, revenue from property leasing was stable. As at 30 September 2025, occupancy rate at SingPost was 99.2%, higher than 1QFY26's 97.8%. The property assets segment recorded revenue of S$40.6 million, an increase of 3.4% year-on-year and led by higher rental income from SingPost Centre. Operating profit was S$23.9 million in 1H FY26, decreased by 3.2% year-on-year due to higher property management services and property tax.
- **Maintain financial flexibility.** Following the asset monetisation, SingPost maintained a stable balance sheet. Total debt remains stable at S$349.6 million as at 30 September 2025. As at 30 September 2025, cash on hand was S$594.1 million, compared with S$728.1 million as at 30 June 2025. The decline was due to payment of special dividend amount S$202.6 million.
- **Divesting non-core assets near completion.** SingPost has made several divestments in 1H FY26, including 4PX, Quantium Solutions and Famous Holdings. In the Property segment, the sale of its ten HDB retail units is pending for completion. SingPost aims to be leaner and focused on strengthening the digital capability of its delivery and logistics business.
- **Downgrade to NEUTRAL.** We revise recommendation to Neutral, from Buy. Our target price is revised to S$0.45, from S$0.53 to reflect the challenging industry outlook and a modest pace of recovery. At S$0.45, SingPost trades at Price-to-book 0.77x and EV/EBITDA 15.0x. Key risks to earnings are higher trade tariffs and macro uncertainty that inhibit global trades and cross-border movements of goods.

Ticker	S08
Rating	Neutral (from Buy)
Price Target*	S$0.45 (from S$0.53)
Price (10 Nov)	S$0.42
Upside/Downside:	7.1%
52-week range	S$0.405 - 0.635
Market Cap	S$0.9B

*Target price is for 12 months

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Core operations remain challenging

Singapore Post Limited (SingPost) announced underlying net profit of S$5.5 million in 1H FY26, decreased by 78.0% year-on-year. The decline reflects the challenges in the logistics sector, which is grappling with high costs and intense competition.

SingPost declared an interim dividend of 0.08 cents per share, representing 30% of 1HFY26 underlying net profit.

SingPost reported revenue of S$188.4 million in 1HFY26, declined 27.4% year-on-year. This was due to lower cross-border eCommerce delivery volumes.

With the implementation of cost reduction measures, operating expenses fell 25.5% year-on-year to S$182.4 million. For 1HFY26, SingPost recorded operating profit of S$5.7 million, versus operating profit of S$16.8 million in 1HFY25.

Figure 1: Group Financial Highlights

S$ million	1H FY25/26	1H Y24/25*	YoY % change
Revenue	**188.4**	259.6	(27.4%)
Operating expenses	**(182.4)**	(245.0)	(25.5%)
Operating profit	**5.7**	16.8	(66.0%)
Operating margin	3.0%	6.5%	
Dividend per share (in cents)	0.08	0.34	

Excluding discontinued operations

Source: Company data

Logistics segment reported lower revenue

Revenue from Logistics and letter segment fell by 33.1% year-on-year to S$153.5 million in 1H FY26, led by lower revenue from international business. Revenue from cross-border delivery business fell by 58.1% year-on-year to S$47.3 million in 1H FY26.

Cross-border eCommerce related volumes fell by 63% year-on-year in 1H FY26. Furthermore, e-substitution continues to drive structural decline in letter mail volume. For 1H FY26, domestic and international volume decreased by 7.7% and 58.3% year-on-year, respectively.

Figure 2: SingPost Operating statistics

Deliver volume	1H Y25/26	1H FY24/25	YoY Change
Domestic volume ('000 items)	**175,800**	190,550	-7.7%
o eCommerce related	**12,960**	13,330	-2.8%
o Letter mail and printed papers	**162,840**	177,220	-8.1%
International deliver ('000 kg)	**2,210**	5,300	-58.3%
o eCommerce related	**1,760**	4,740	-62.9%
o Letter mail and printed papers	**450**	560	-19.6%

Source: Company data

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Property assets reported stable revenue

In 1H FY26, revenue from property leasing was stable. As at 30 September 2025, occupancy rate at SingPost was 99.2%, higher than 1Q FY26's 97.8%.

The property assets segment recorded revenue of S$40.6 million, an increase of 3.4% year-on-year and led by higher rental income from SingPost Centre.

Operating profit was S$23.9 million in 1H FY26, decreased by 3.2% year-on-year due to higher property management services and property tax.

Figure 3: Property occupancy (as at 30 September 2025)

Property occupancy (as at 30 September 2025)	30 Sep 2025	30 Jun 2025
SingPost Centre overall	**99.2%**	**97.8%**
o Retail mall	**100.0%**	**100.0%**
o Office space	**98.9%**	**97.0%**

Source: Company data

Maintain financial flexibility

Following the asset monetisation, SingPost maintained a stable balance sheet. Total debt remains stable at S$349.6 million as at 30 September 2025. As at 30 September 2025, cash on hand was S$594.1 million, compared with S$728.1 million as at 30 June 2025. The decline was due to payment of special dividend amount S$202.6 million.

After payment of the interim dividend payment of S$18.2m for 1HFY26, the cash holdings remains substantial, at S$575.9 million.

Figure 4: Selected balance sheet items

S$ million (Unaudited)	As at Sep 2025	As at Jun 2025	Change
Cash and Cash Equivalents	**594.1**	**728.1**	-18.4%
Borrowings	**363.7**	**349.6**	4.0%
Net Cash Position	**230.4**	**378.5**	-39.1%
Total Assets	**2,052.1**	**2,349.4**	-12.7%
Total Liabilities	**670.7**	**746.1**	-10.1%
Total Equity	**1,381.4**	**1,603.4**	-13.8%

Source: Company data

Divesting non-core assets near completion

SingPost has made several divestments in 1H FY26, including 4PX, Quantium Solutions and Famous Holdings. In the Property segment, SingPost has put up the ten HDB retail units for sale, pending for completion. SingPost aims to be leaner and focused on strengthening the digital capability of its delivery and logistics business.

The amount of assets held for sale was S$11.3 million as at 30 September 2025, representing the ten HDB post offices and three subsidiaries in the Quantium Solutions Group. SingPost expects completion by end of the current financial year.

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New CEO, Mark Chong, joined on 1 November. As the assets divestments have mostly completed, the strategic review will continue with focus on domestic operations and e-commerce business.

Figure 5: Key corporate developments

Corporate developments over H1 FY25/26

- Organisational realignment in line with the Group's leaner, more focused profile following the sale of the Australia business in March 2025
- Cross-holdings with Alibaba Group unwound, with divestment of 4PX in June 2025 and cessation of Quantium Solutions (QS) JV in July 2025
- Freight forwarding business Famous Holdings group and associated company Morning Express divested in July 2025
- Divestment of QS regional subsidiaries in progress, with process for certain subsidiaries completed in Q2
- One-off sale of 10 HDB shophouses pending

Source: Company data

Downgrade to Neutral and revise target price to S$0.45

We revise recommendation to Neutral, from Buy. Our target price is revised to S$0.45 from S$0.53 to reflect the challenging industry outlook and a modest pace of recovery.

At S$0.45, SingPost trades at FY2026E Price-to-book 0.94x and FY2026E EV/EBITDA 19.0x. Key risks to earnings are higher trade tariffs and macro uncertainty that inhibit global trades and cross-border movements of goods.

Figure 6: SingPost – SOTP valuation

FY2026E SOTP valuation Segment	Valuation method	EBITDA	EV/EBITDA	Valuation S$ million
Logistics and letter, Post office network	EV/EBITDA 5.0x	18	5.0	89.3
Property	Book value			1,020.1
Unallocated corporate overhead items	EV/EBITDA 5.0x	(15)	5.0	-74.4
SOTP valuation, S$ million				1,035.0
Net cash / (debt)				237.4
Perpetual securities				-251.5
Equity value				1,020.8
No of shares				2,275.1
SOTP valuation, S$ per share				**0.45**
EPS				0.0027
BVPS				0.4764
EV				783
EV/ EBITDA				18.6

Source: Beansprout, 11 Nov 2025

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Financial Summary

Y/E Mar (S$m)	FY23	FY24	FY25	FY26	FY27
Income Statement					
Revenue	**1,872**	**1,687**	**814**	**377**	**329**
Labour and related expenses	(351)	(365)	(241)	(185)	(162)
Volume-related expenses	(1,214)	(1,009)	(379)	(63)	(55)
Admin and other expenses	(126)	(139)	(111)	(83)	(72)
Depreciation	(83)	(81)	(38)	(30)	(30)
Selling expenses	(10)	(10)	(4)	(3)	(2)
Other expenses	4	3	3	(1)	0
Operating profit	**93**	**85**	**44**	**12**	**7**
Share of results of associates & JV	0	(2)	1	0	0
Exceptional items	(8)	37	222	14	0
EBIT	**85**	**120**	**267**	**26**	**7**
Net finance expenses	(17)	(20)	(21)	(5)	2
Profit before tax	**68**	**100**	**246**	**22**	**9**
Tax	(29)	(18)	(16)	(4)	(2)
Discontinued operations	0	0	15	(2)	0
Minority interests	(14)	(3)	(0)	0	0
Perpetual distribution	(11)	(11)	(11)	(11)	(11)
Profit attributable to owners	**14**	**67**	**234**	**5**	**(4)**

Y/E Mar (S$m)	FY23	FY24	FY25	FY26	FY27
Balance sheet					
Assets					
PPE	387	454	320	307	293
Others	1,687	1,921	1,160	1,064	1,059
Total non-current assets	2,074	2,375	1,481	1,371	1,352
Cash & cash equivalents	496	477	696	576	516
Trade & other receivables	230	252	100	50	55
Others	38	32	113	19	19
Total current assets	764	761	910	645	589
Total assets	2,838	3,136	2,390	2,015	1,941
Liabilities					
ST borrowings	1	10	0	0	0
Trade & other payables	633	606	334	252	223
Others	86	82	46	38	38
Total current liabilities	720	698	380	290	260
LT borrowings	623	817	350	350	350
Others	121	200	54	46	46
Total non-current liabilities	744	1,017	403	396	396
Total liabilities	1,463	1,715	783	686	656
EQUITY					
Share Capital	639	639	639	639	639
Accumulated profits	599	653	656	429	379
Total equity	1,130	1,132	1,319	1,084	1,033
Minority interests	(7)	37	37	0	0
Perpetual securities	252	252	252	252	252
Total equity and liabilities	2,838	3,136	2,390	2,021	1,941

Y/E Mar (S$m)	FY23	FY24	FY25	FY26	FY27
Cash Flow					
Operating cash flow					
Pretax profit	68	100	246	22	9
Adjustments	89	59	69	41	35
Working capital changes	(8)	(35)	(106)	(132)	(25)
Others	(48)	(49)	(49)	(15)	(7)
Cash flow from operations	100	76	161	(84)	13
Investing cash flow					
CAPEX	(28)	(55)	(51)	(20)	(20)
Others	(161)	(170)	560	1	93
Cash flow from investments	(190)	(225)	509	(19)	73
Financing cash flow					
Dividends paid	(51)	(29)	(33)	(231)	(47)
Proceeds from borrowings	356	160	(295)	(8)	0
Others	0	0	0	0	0
Cash flow from financing	305	130	(327)	(240)	(47)
Net change in cash	215	(19)	342	(342)	39
Beginning cash	280	496	477	819	477
Currency translation	0	0	0	0	0
Ending cash	496	477	819	477	516

Y/E Mar (S$m)	FY23	FY24	FY25	FY26	FY27
Per share data (cents)					
Book value per share	49.7	49.8	58.0	47.6	45.4
Dividend per share	0.58	0.74	9.34	0.02	0.02
Earnings per share	0.6	3.0	10.3	0.2	(0.2)
Valuation					
P/E (x)	68.5	14.2	4.1	197.5	-
P/B (x)	0.8	0.8	0.7	0.9	0.9
EV/EBITDA (x)	6.2	16.9	7.4	17.3	21.2
Dividend yield (%)	1.4	1.8	22.2	0.0	0.0
Ratios					
ROE (%)	1.2	6.0	17.8	0.4	(0.3)
ROA (%)	0.5	2.2	9.8	0.2	(0.2)
ROIC (%)	2.6	0.7	(14.2)	(0.9)	(0.9)
Net gearing	0.09	0.25	-	-	-
Margins (%)					
Operating margin	5.0	5.0	5.4	3.3	2.2
EBIT margin	4.6	7.1	32.8	7.0	2.2
Net margin	0.7	4.0	28.8	1.3	(1.1)

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Disclosure Appendix

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