SingPost H1 FY25/26 Results Briefing, 10 November 2025

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SingPost Participants
Mr Mark Chong - Chief Executive Officer (CEO)
Mr Isaac Mah – Chief Financial Officer (CFO)
Ms Neo Su Yin - Chief Operating Officer (COO)
Ms Selena Chong – VP, FP&A and Investor Relations

Note: Portions of the transcript are not available or clear due to the audio quality of the webcast.

Start of Transcript
(This transcript may be read in conjunction with SingPost's H2 FY25/26 Results Presentation.)

Selena Chong, VP (FP&A and IR)

Good morning, everyone, and welcome to our first half FY26 results briefing. Today we are pleased to have with us our CEO, Mark Chong; CFO, Isaac Mah; and COO, Neo Su Yin. This session will be webcast live and recorded. So without further ado, let me hand over to Mark.

Mark Chong, CEO

Thank you everyone, for coming to our results announcement for H1 of FY26. My name is Mark Chong. I'm 10 days old on the job. I think there may be a fair bit of interest on how we are going to take the company forward, our strategy. I really would like to share those with you when we are ready. But being only 10 days on the job, I'm afraid there's not much I can talk about on the future plans.

Today we are really talking about the results announcement so that's going to be the focus of this session. You know that SingPost has divested some assets overseas. We have folded the international division into the domestic ops. We are now a single entity. We have dropped the ‘group’ -- the word ‘group’ from our titles. We are just as we are.

So the immediate order of business for us right now is to ensure that our business, our core business runs well. Our customers are well served. So we are looking at, for the immediate-term, operational efficiency, widening our network to serve our customers and keep the core business running well. Through our recent divestments, we, of course, received the proceeds. We have paid out a special dividend. We have paid down debt, a chunk of debt, and we'll keep the rest for our working capital, et cetera.

So we will continue to maintain a disciplined capital management approach (technical difficulty) and therefore (technical difficulty). So those are the immediate priorities. For the results, I will now hand over to Isaac to take us through. Thank you.

Isaac Mah, CFO

Slide 4 - H1 FY25/26 Key Developments
Thank you, Mark. And good morning.

As Mark conveyed, our focus is on a stable and sustainable future, underpinned by a strong financial position. And this first half really has been defined by actions that reflect that commitment.

- We completed a major organisational realignment following the sale of the Australian business. This was an important step to ensure that our corporate structure is rightsized, optimised for the remaining size of the business. This included removing overlapping corporate support functions, integrating the cross-border operations into the postal and logistics business in Singapore and further streamlining activities.

- Along with that, we have concluded several transactions. This includes the unwinding of the cross-holdings with Alibaba, leading to the divestment of 4PX and the cessation of the joint venture Quantium Solutions. Various Quantium Solutions subsidiaries have also since been divested, and we have also completed the sale of the freight forwarding business, Famous Holdings.

The combined result of these actions is a stronger balance sheet, providing the financial flexibility and foundation for future growth.

Next slide, please.

Slide 5 - H1 FY25/26 Key Developments

Now, our operational developments over the first half are centered on two areas that enhance our capacity, efficiency and reach.

First, on the capacity front, the S$30 million investment to expand parcel sorting capacity at the eCommerce Logistics Hub in Tampines is on track and expected to be fully operational by mid-2026. eCommerce remains a growth driver for the logistics business. As such, we are tripling our capacity to address demand, efficiency and service quality, which in turn will enable us to scale up this business segment efficiently.

On the network front, we expanded our reach across the island through strategic collaborations and partnerships to offer customers maximum convenience and choice. This includes partnerships with Pick Lockers, Cheers and FairPrice Xpress outlets. We have also been deploying 24/7 POPDrop kiosks that provide a one-stop service to customers. Our post office also serves as partnership touch points with DHL and FedEx.

We have also started a trial for the posting and return of mail directly at the Letterbox nests of several HDB housing blocks. If successful, this may be rolled out island-wide, which will enhance customer convenience.

These investments in capacity and network are key, not just to make the business more efficient, but also to solidify our competitive position and serve customers even more effectively.

Now on to the financials.

Slide 6 - P&L Highlights

As we moved from the second half of the last financial year into the review period, cost discipline was key. This has enabled the company to reverse from the S$0.5 million loss in the preceding six months to an underlying net profit of S$5.5 million this half.

With operational discipline, costs have come down, reflecting two key drivers: one, organisational streamlining and cost management efforts, and two, the reduction in expenses in tandem with lower volumes and revenue.

The recent divestments have led to exceptional gains on disposals of about S$9 million. There is also a fair value gain on SingPost Centre of S$5.5 million in exceptional items. As a result, profit from Continuing Operations was higher at S$20.6 million.

In comparison, Discontinued Operations incurred a S$2.2 million loss this half, compared to a S$21 million profit in the prior period when the divested Australia business was still included. Put together, net profit was 17% lower year on year.

Excluding those exceptional gains, the underlying net profit or UNP was S$5.5 million – lower year on year, but as mentioned, better than the loss in the second half last year. The lower UNP year on year is attributable to two main factors: the loss of profit contributions from the Australia business, which previously bolstered our results, and the softer performance in the cross-border business which I'll cover next in the segments.

Slide 7 - Segmental Performance

Now with the change in SingPost's profile, we have revised the business segments to Logistics and Letters, Post Office Network, and Property Assets, from Australia, International and Singapore.

Logistics and Letters, which cover the delivery business, both domestically and internationally, as well as other services, is our largest segment by revenue. Post Office Network comprises agency services, product sales and rental of space at the post offices, and Property Assets refer to rental and related contributions from properties, the largest contributor being SingPost Centre.

Slide 8 - Logistics & Letters

Now moving to a segment-by-segment review –

Logistics & Letters faced a challenging operating environment, which resulted in lower revenue of S$153.5 million, and an operating loss of S$4.4 million.

Letter mail volume continued its structural decline, a trend that we have been managing for some time.
Volume of domestic eCommerce deliveries softened, about 3% over the period. In contrast, cross-border eCommerce volume fell by 63% year-on-year, a reflection of difficult market conditions in that space. This was part of a much larger global trend, which has seen significant volatility particularly with the US tariff situation.

We have taken actions to streamline the cross-border operations and also implement cost management measures to align with the reduced business activity. Along with the drop in volume related expenses, the segment operating costs have fallen about 27% YoY

Slide 9 - Post Office Network

Now moving on to the Post Office Network. In the Post Office Network, the decline in revenue was mainly due to lower agency services revenue. This was partly cushioned by higher rental income leasing within the Post Office Network properties.

Our efforts to control costs and optimise the network yielded results. Costs were reduced by 23% which lowered the operating loss from S$6.7 million to S$5.8 million.

Slide 10 - Property Assets

Property Assets comprises property rental and related activities, and mainly at SingPost Centre. The segment continues to provide a consistent revenue stream.

With the focus on maintaining high tenancy levels, we saw an improved revenue performance driven by rental growth at SingPost Centre. Overall occupancy rate was 99.2%.

Operating profit was lower, primarily due to higher expenses like property management services costs and property tax.

Slide 11 - Balance Sheet Highlights

Now on to the financial position. There are a couple of points I would like to highlight.

One, the balance sheet movements are largely the effect of deconsolidation of subsidiaries that were divested.

Two, with the divestments this year, including the Australia business, our financial position has been strengthened by the proceeds from the disposals. The company's cash position is at S$594.1 million. This provides us with financial flexibility, enabling the funding of operational investments as well as future requirements.

Slide 12 - Cashflow Highlights
To complete the financial picture, let me highlight some points on the cash flows.

Cash flow generated before working capital was lower compared to the prior period. This was expected and primarily due to the absence of contributions from divested subsidiaries.

The negative operating cash flow after working capital changes was driven mainly by higher settlements of payables.

Investing cash inflow was largely due to proceeds from disposals, reflecting the realisation of value from these non-core assets.

Financing cash outflow was primarily due to the special dividend payout to shareholders in August with respect to the sale of the Australia business.

Slide 13 - Interim Dividend
Now lastly, I'm glad to share that the board has declared an interim dividend of 0.08 cents per share, which represents 30% of the UNP for the first half.

That concludes my presentation. Our disciplined approach has positioned us well for the road ahead. With that, I'll hand over to Selena to move on to the Q&A session. Thank you.

Q&A Session

Selena Chong, VP (FP&A and IR): We're ready to start the Q&A session. Please raise your hand and identify yourself if you have any questions.

Ada Kang Lim, Bank of Singapore: Hi, my name is Ada, from Bank of Singapore. Just two questions. First is how should we think about margins moving forward and should we expect the logistics and letters segment to return to the black. Second question is could you give more color about segments or routes that may be doing equally for cross-border and also what is your outlook for the segments?

Isaac Mah, CFO: So first off we don't typically comment on forward-looking guidance. I think what you've seen in our presentation is that we have actually executed very well on several cost-control initiatives. We will continue to see the efforts of this in our numbers going forward. We believe that there continues to be good opportunities in the Letters and Logistics space, and we'll continue to build on our network as well as our service levels, which then ensure the right for us to play in this region. Su Yin, anything you want to add to that.

Neo Su Yin, COO: I think as with the geopolitical situation, as well as a lot of headwinds in the cross-border business, that's why we did the consolidation of international business as a single unit. So this is already one of the key efforts we've undertaken structurally – being a lot leaner in order for us to then take the strategic review. On the structural decline of the Post Office Network, also the volumes, how do you actually stop that because this is a structural problem.

Jarick Seet, Maybank: What are the key plans to stop this structural decline because this has been happening over the last 10 years. How do you encourage people to do snail mail because like checkbooks right is also a structural decline, and I think you see that this is not possible. Same for right advertising on newspaper.

Mark Chong, CEO: I think the decline of post is structural and cannot be denied. So we will follow its course. But I think what was good was the arrival and the growth of eCommerce. So parcels came along and I think SingPost played quite hard on the post side. What we have to do going forward is to make ourselves competitive.

What we have - as advantages - are of course we still have the postman who covers all the blocks and all the letterbox nests. We will leverage that better quality of service in terms of touch points, etc. Our investment in the S$30 million in the sorting facility at the Tampines hub will also lower our cost to serve and provide higher capacity. I think the decline in the cross-border volumes, obviously we have to be competitive.

Jarick Seet, Maybank: On your S$30 million investment, so how much will it help to decrease your overall cost per package sent out? For example, let's say one package previously cost maybe X amount to deliver. So with this S$30 million based on the same volume, what's the decrease percentage?

Neo Su Yin, COO: It's very specific to the processing segment of the entire deliveries. It's almost half of the cost of processing. Currently a lot of it is attributed to manpower cost. As you know, manpower cost continues to increase year on year. So that's something that automation is meant to deliver as an outcome. It’s supposed to provide greater productivity as well as give us more capacity to offer more cost effective solutions to our customers.

Shekhar Jaiswal, RHB Research: Two questions – one on logistics and letter – the international part, how much of the decline was actually global supply chain realignment, and how much was really a competitive loss? Assuming the volumes are pretty much bottomed out, how much more rationalisation of the postal network is needed?

Neo Su Yin, COO: I think the structural decline of mail is clearly an evolution that has been taking place over the last decade or so. With email coming in, everyone's gone digital now. There is obviously a proportion of our population that still requires physical letters. So the decline will continue to come, given that more and more digitalisation is ongoing. The government is also pushing in that direction. Clearly, the government has also now taken a position that it's digital first but not digital only. So this will buffer that decline somewhat.

But that said, I think – in relation to the parts of the commerce business -- which Mark touched on earlier, where we pivoted to utilise the infrastructure as well as the network that mail relies on, to also deliver eCommerce. I think that's where we are sweating our assets a lot harder.

But in that case, given change and shift in the volumes that we're doing the nature of the business as well, we will continue to look at how we can evolve the network. We also want to change the way we do deliveries to meet the new and upcoming demands of our customers. So that will be an ongoing process because the market is very competitive in the last-mile space. These are obviously still part of the strategic review -- how we can utilise our assets a lot differently to get greater yields for what we're doing. So that's also part of the overall review of our business.

Shekhar Jaiswal, RHB Research: So you think there is more upside to the international? Or is it more like a blip or maybe really the new...

Neo Su Yin, COO: If you observe what's happening in the cost space, whether is it with the big boys, with planes now being half empty, this is an issue that is affecting everyone globally - it's not unique to just SingPost.

Where our position will be, we will then look at where is the space that we can play - in the cross-border and international business. I think that's also part of the strategy that we want to undertake.

Mark Chong, CEO: On cross border trade, there's a lot of uncertainty right now. I think we all know: one day there's tariffs on China, another day there's no over tariff. So, we are also adjusting.

Shekhar Jaiswal, RHB Research: On the postal network - how much more rationalisation will be needed?

Neo Su Yin, COO: As I mentioned earlier - the last mile e-commerce part of the network - we are still rationalising. Whether that network is efficient in how we manage it, whether it is versus a fixed base or variable cost base. These are things that we're undertaking. So I can't give you an answer right now, but I think what we're trying to do is to meet whatever evolving needs that our customers have -- to make sure that we deliver the best cost-effective solution for our customers.

Isaac Mah, CFO: Maybe just to add to what Su Yin was saying, now 80% of Singaporeans can reach one of our touch points within 10 minutes and the total network size is 2,500 touch points. So I think this is a very core part of what we do.

Neo Su Yin, COO: If you look at the network expansion that we've undertaken in the last couple of months, we have not put in any money. It is really leveraging the existing infrastructure, working with partners, using their infrastructure to extend that level of convenience.

Jarick Seet, Maybank: So what's the current plan – in terms of years – that you can foresee the core business without the property income turning around to a sizable profit to justify the current market valuation.

Isaac Mah, CFO: So maybe just focus on what we're sharing today on the first-half results. I think the key message is that we have turned a corner from the last half, with significant efforts put through. There's still work to be done. We are in the process of conducting the strategic review.

Mark Chong, CEO: Your question will be answered when we have completed our review. I think many people have asked the same question. We seek everybody's patience. We are doing this strategic review. Once we are ready, we will be very happy to answer all these questions.

Jarick Seet, Maybank: Any timeline on that?

Mark Chong, CEO: We also don't have an answer to that.

Jarick Seet, Maybank: One side question, Mark. Why did you choose to leave Singtel to come here? I mean Singtel is quite stable and doing very well.

Mark Chong, CEO: It is a very good question. But we are focusing on the results announcement, not my personal choices.

Shekhar Jaiswal, RHB Research: On the postal network, what additional agency services can you do to optimise the revenues?

Isaac Mah, CFO: We already provide services to 47 agencies. We are exploring adjacencies or other parties that we can work with. But right now, it's still in the early stages.

We would like to wrap it together with the strategic review because it's tied into the amount of investments we need to put in to unlock some of these capabilities as well as the wider play around our logistics business. Our core strength really is the ability to visit every single address every day. We need to see how to leverage these critical success factors.

Shekhar Jaiswal, RHB Research: It somehow feels like all the questions are lined up to the strategic review.

Mark Chong, CEO: The number of touch points we have, the post offices, we are reviewing on the optimal number. I think that will depend on a couple of things. One that we see, the second one we can expand the business model. Maybe we don't need to fully own all our post offices. We want to balance touch points with cost. So the fixed cost, maybe you can reduce that through other models, maybe a franchise network or something like that. So these are the ideas that we need to consider but we've got nothing to share with you for now.

Shekhar Jaiswal, RHB Research: How much of your post office rationalisation is dependent on rentals or other factors? I'm trying to see whether the focus is on improving revenues at the current network or cost is also a factor - you think cost is just too much?

Isaac Mah, CFO: I think it will have to be a combination of both -- as in any kind of business case. You have to look at what's the opportunity in the market that can grow the top line, as well as the cost that's involved. So it's definitely a combination of the two, not one or the other.

Shekhar Jaiswal, RHB Research: In your slide, you see revenue decline from lower agency services. There was also higher rental income.

Isaac Mah, CFO: If you take it from that perspective, the post office segment not only does it have income for providing services itself, but some of the post offices no longer occupy the whole footprint. We have actually leased out some of that. So that's in the rental income portion of that segment.

However, given our network of post offices is finite and -- in a sense -- we won't be renting more space just to lease it out, if that makes sense. While there might be opportunities to continue to grow the rental income network, it'll be fairly limited.

Shekhar Jaiswal, RHB Research: Any thoughts on trying to do something with regards to a collection points franchise?

Neo Su Yin, COO: We're already doing that. Among the 2,500 touch points we've got, there are also third-party – what we call stock agents who operate on our behalf. These could be a mom-and-pop store or a bookshop who would also collect on our behalf.

In our business, cost is the component that drives the way, further investment into fixed infrastructure is definitely not the way to go. This is why through working with different partnerships and using all kinds of third parties, we are open to exploring how to extend our network across the island, while keeping costs low.

Shekhar Jaiswal, RHB Research: What's the feedback so far?

Neo Su Yin, COO: We have to study the profile of where users are. For example, a lot of it is really in our first-mile network, where the sellers are the ones who are using us through the platforms to then deliver for us, and to then pick up the items, rather than for us to go door-to-door to pick up one or two items. You can drop it off at your convenience at these locations. And now, given that we've got 2,500 of them all over the island, working with the likes of PICK and Cheers, and all the others, they have been very helpful in bringing that convenience down to within 10 minutes from anyone anywhere. So, there's been a great extension of our convenience points to the target audience, a lot of whom are our upstream customers – the sellers. This is really the key to our success in keeping the cost of the networks as low as possible.

Shekhar Jaiswal, RHB Research: Is there anything more SingPost can do to optimise better or have most of the benefits already been captured?

Neo Su Yin, COO: I think this is now a matter of finding the right partners, and how much more you can extend the network without incurring additional costs.

Mark Chong, CEO: I believe we can do more, in a couple of ways. If we can find a way to run our own post offices at lower cost, that would improve margins. Of course in the partners network today. I think awareness about this is not that great because you've asked this question. I think we can probably drum up more awareness and work out the processes in such a way that improves our margins.

Take the network itself, we can lean on it to make it even more efficient. Among some of the moves that Su Yin has undertaken, we are trailing the posting of letters at the foot of the HDB block at the letterbox nest. These are our assets. We are the only ones with access to them and they can be used to deliver anything – from letters to small parcels. This is one area we will be looking at to see how we can leverage and squeeze more out of our infrastructure. We also have our partners' infrastructure. We will see how we can lower costs and maybe get more volume.

Shekhar Jaiswal, RHB Research: For the S$30 million investment at the parcel sorting centre, at what point can that centre completely take over parcel and letter sorting? Is there a time-line?

Neo Su Yin, COO: By the middle of next year.

Mark Chong, CEO: But it will not fully take over.

Neo Su Yin, COO: For parcels, yes. In this facility, we've also got the processing capability for larger parcels, even though this is really focused primarily on the small parcels. As you know primarily about 70%, 80% of parcels that come cross-border domestically are small. So we will generate about 400,000 parcels capacity from this.

Mark Chong, CEO: I think it will not take over everything because we've got the sorting centre for mail that is still here. There's a certain shelf life to it. And there's still utility in keeping it. If we completely write it down, it's going to hit our books. So over time, we will migrate and concentrate more and more.

Jarick Seet, Maybank: The previous management had stated that SingPost Centre was up for sale. Is there any change in that stance?

Mark Chong, CEO: We are reviewing that stance and once we are ready we'll be happy to share.

Jarick Seet, Maybank: Is there any (inaudible) with NTUC … (inaudible) since they also government yeah that's something that?

Mark Chong, CEO: I'm not sure NTUC will consider itself the government but that’s a separate issue. But thanks for the tip. We'll talk to them. There's no talks yet.

Neo Su Yin, COO: Like this Cheers and Fair Price Express. So, obviously we are trying to see how much more facilities we can find.

Jarick Seet, Maybank: I think the key problem for you is actually one issue – but I think a lot of cost you have – but I think the key is growing revenue. For your cross-border, is it still profitable or is it very dependent on the postal network?

Neo Su Yin, COO: When we reintegrated the international business back with the Singapore business, I think we primarily went back to our foundation - which is postal. So, the postal network continues the most cost-effective way of doing deliveries. However, as compared to some commercial solutions, the service levels are probably not as high, as compared with maybe a two-day versus maybe five- to seven-days.

We are looking for opportunities now: if there are consumers and customers that are not looking for express-level delivery - there is a space for us. And it continues to be profitable in that sense because you only pay for what you use. So, currently, as Isaac alluded to in his presentation, a lot of this is in terms of volume-related cost -- only when we have the volume and the cost.

Paul Chew, Phillip Capital: So have you kind of still a large amount of non-postal network related to cross border logistics?

Neo Su Yin, COO: Currently not as much. As I said, we have focused now back on what we do our best. But that obviously does not stop us from working on partnerships. Like for example the recent US duty paid solution that we introduced was actually working with a partner and that is on a commercial solution

Paul Chew, Phillip Capital: So the S$30 million, the new sorting centre. You also mentioned that triples your capacity?.

Neo Su Yin, COO: Yes, our small packet sortation capacity which is currently now housed here. So once that is ready in the middle of next year, it actually triples what we can do for small packets.

Paul Chew, Phillip Capital: My understanding is the bottleneck is still largely at the last mile. So even (inaudible) I'm getting even triple the capacity here, does it really move the volumes?

Neo Su Yin, COO: Actually what we always try to get out of networks is the way, particularly in the last mile, because of density. For us, we are very fortunate because we run a postal network. We actually deliver to every address. But sometimes you open your letter box, there's no letters right? But the moment we can increase density which means if we can deliver more to a single location, that makes our network a lot more…

Paul Chew, Phillip Capital: And that bottleneck is at the sorting center?

Neo Su Yin, COO: Currently now for us it's probably a chain. So the sorting centre, we increase capacity. Last mile, if you can densify you bring on more business, deliver three parcels instead of one.

Paul Chew, Phillip Capital: My impression was always the last mile was the bottleneck rather than sorting.

Neo Su Yin, COO: For us, increasing the capacity to process is certainly one of the key drivers for improvement of revenue.

Paul Chew, Phillip Capital: Just to follow on this because you say that it will help your sellers, the convenience for the sellers. But in this trade I presume that the more critical part is to capture the inflow rather than the outflow. Correct me if I'm wrong or maybe you're referring to the sellers domestically. Is that really a large part of total volumes?

Neo Su Yin, COO: Actually there are two components. There's volumes coming a lot from China. There's also obviously a lot of domestic sellers. They actually buy from overseas then resell here. So essentially, the same – they're all in the same thing. It's just a matter of who's selling what and coming from where.

Isaac Mah, CFO: I think it's also important to note that they are sending through the post offices. So basically improve your convenience for them, it makes the platforms happy and the platforms will then put more volumes through. So it's kind of a virtuous cycle. While it directly benefits the convenience of these small sellers, it's part of the platform strategy. So it's the overall ecosystem.

Paul Chew, Phillip Capital: Last one for me. Your income is now (inaudible) but at the same time your interest expense (inaudible) although you're technically net cash, so I was just wondering, will you be kind of moving this further down, your interest?

Isaac Mah, CFO: So interest expense has actually fallen off quite a bit versus last year. I think previously we carried, at SingPost group level, we carried about S$300 million in debt to acquire the Australia business. That has now all since been paid down. So it has actually come down a lot last year versus if you compare it to our cash holdings, it's actually not that big because the amount of interest earned on the cash is actually higher than the expense paid on our bonds.

We do still have two tranches of bonds outstanding, one S$100 million tranche and another S$250 million. On top of that, there's also the perpetuals of S$250 million. But if you look at the kind of, because that is a hybrid, so on the kind of the equity accounting available to us, we are seen as a net cash position.

Mark Chong, CEO: Your question is valid especially with the interest rates looking to come down.

Shekhar Jaiswal, RHB Research: Just a follow on, Paul's earlier question talking about densifying the last mile that has to do with the capacity of the system. Quickly understand. Are you actually having a shortfall? There's a pipeline which is stuck at the sorting centre or are you thinking that once it triples, then you'll be able, this investment is to address backlog volume (inaudible).

Neo Su Yin, COO: So what happens now is that during the peak period, periods where there's a lot more volumes coming in, you have to throw men at the problem. So in our business unless you have the automation and the sortation capabilities, then the alternative is to use manpower. And as you know, people-costs in Singapore is always going up. So this investment is reaching the point where we recognize that we need the capacity, We need the cost for each item to then be lower. So it was the right time to then put the investment in, one, to address existing practices that we have in terms of requiring men, as well as to create capacity to allow our customers to go alongside with them as their business grows as well.

Selena Chong (VP, IR): We have time for maybe one or two more questions. Anyone?

If not, then we'll bring this session to an end. We want to thank everyone for joining us today. Thank you.

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