

Bulletin:

SingPost's Special Dividend Weighs And Strategy Shift Unclear; Ratings Remain On CreditWatch Negative

May 19, 2025

This report does not constitute a rating action.

SINGAPORE (S&P Global Ratings) May 19, 2025--Singapore Post Ltd.'s future strategy and leverage policy remains uncertain, in our view.

This comes after an announcement of special dividends lacked details on a strategic reset--contrary to our expectations. We had anticipated Singapore Post (SingPost) would announce the use of proceeds from the sale of its Australian business sale alongside details on the reset.

While the announcement sheds some light on the amount of capital to be retained in the business, the special dividend in itself does not worsen our base case. We do not expect SingPost to use proceeds from the sale to reduce debt apart from repaying Australian dollar-denominated debt.

The Australian business, which contributed about 50% of operating profit for fiscal 2025 (ended March 31, 2025), has been sold. SingPost's remaining core logistics business struggles with a structural mail decline, high fixed cost of operating the post office network, and challenging cross-border business conditions.

The means with which SingPost will address the structural decline in its business remain to be seen. We expect management to unveil details of the strategy in the first half of fiscal 2026 (six months ending Sept. 30, 2025).

SingPost's changes to senior management are still ongoing. The company appointed a CFO and chief operating officer in January 2025. The CEO position has yet to be filled.

We aim to resolve the CreditWatch placement when the company unveils details of the strategy. As part of the CreditWatch resolution, we will review our assessment of management and governance (currently assessed as neutral) following the termination of three top executives in December 2024.

We placed our 'BBB' long-term issuer credit rating on SingPost and our 'BB+' issue rating on the subordinated perpetual securities that the company guarantees on CreditWatch with negative

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implications on Dec. 5, 2024. We did this to reflect a heightened probability that we might lower our ratings following the company's intention to reset its strategy and sell its Australia business.

Related Research

- Singapore Post Removes Top Management; Ratings Remain On CreditWatch Negative, Dec. 24, 2024
- Singapore Post Ltd., Dec. 16, 2024
- Research Update: Singapore Post Ltd. 'BBB' Rating Placed On CreditWatch Negative Over Strategy Reset, Dec. 5, 2024
- Singapore Post Ltd. 'BBB' Rating Affirmed On Financial Flexibility; Outlook Negative, June 4, 2024
- Singapore Post Ltd., March 7, 2024
- Singapore Post's Proposed Acquisition Will Delay Deleveraging, Nov. 3, 2023
- Singapore Post Downgraded To 'BBB' from 'BBB+' On Weakening Business Prospects; Outlook Negative, May 23, 2023

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