

Singapore Post Ltd (SPOST SP)

Opportunity to accumulate

Maintain BUY with a TP of SGD0.77

SingPost has terminated the employment of its CEO, CFO and CEO of its international business unit as they allegedly failed to exercise due diligence and breached their duties in relation to a whistle blowing report alleging manual entries of certain delivery codes. The company has already settled with the customer involved which will not be material to its FY25E NTA and EPS and the customer's contract has been renewed. We believe that the end-game remains unchanged as the strategic review and monetisation of non-core assets was driven by the board. The Australia business sale will likely proceed as the board believes the divestment is the best option for shareholders. We think this will be an opportunity to accumulate SingPost shares on weakness.

Manual entries of certain delivery codes

Three managers with various operational responsibilities in its international business operations allegedly manually performed/approved updates of delivery failure status codes for parcels SingPost had agreed to deliver even though no delivery attempt had been made and which lacked supporting documents to avoid contractual penalties with one of its largest customers. The 3 managers were terminated earlier in 2024 and a police report has also been made. A settlement has been agreed and paid to the customer which is not material to SingPost's current year NTA and EPS.

Board-driven initiative - End-game unchanged

In July 2023, the board initiated a strategic review with a view to enhancing shareholder returns and ensuring that SingPost is appropriately valued. It has identified a list of assets and businesses that are non-core to its strategy which can be monetised to recycle capital. We believe that the proceeds from the Australia business will be returned to shareholders after paring down debt. We also expect more asset sales going forward like Famous Holdings, SingPost centre and its post offices. We expect potentially up to SGD0.86/sh of dividends in the next 2 years.

Accumulate on weakness

Despite the termination of key management, we believe that the roadmap to return shareholder value remains unchanged as it is board-driven and shareholders could potentially receive up to SGD0.86/share if all its assets are monetised. We think the downside risk is now limited and maintain a conviction BUY on SingPost for its asset monetisation story.

FYE Mar (SGD m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue test	1,872	1,687	1,958	2,064	2,176
EBITDA	176	166	226	242	255
Core net profit	25	42	63	72	77
Core EPS (cts)	1.1	1.8	2.8	3.2	3.4
Core EPS growth (%)	(70.3)	68.1	52.9	13.2	6.8
Net DPS (cts)	0.6	0.7	1.3	1.5	1.6
Core P/E (x)	45.6	22.8	17.7	15.7	14.7
P/BV (x)	1.0	0.8	1.0	1.0	1.0
Net dividend yield (%)	1.2	1.8	2.6	3.0	3.2
ROAE (%)	2.0	6.9	5.6	6.3	na
ROAA (%)	0.9	1.4	2.0	2.3	2.4
EV/EBITDA (x)	7.1	8.0	6.5	6.1	5.7
Net gearing (%) (incl perps)	9.4	24.7	25.1	24.6	24.3
Consensus net profit	-	-	63	72	77
MIBG vs. Consensus (%)	-	-	0.1	(0.0)	0.1

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BUY

Share Price	SGD 0.50
12m Price Target	SGD 0.77 (+54%)
Previous Price Target	SGD 0.77

Company Description

Singapore Post is a leading postal and eCommerce logistics provider in Asia Pacific.

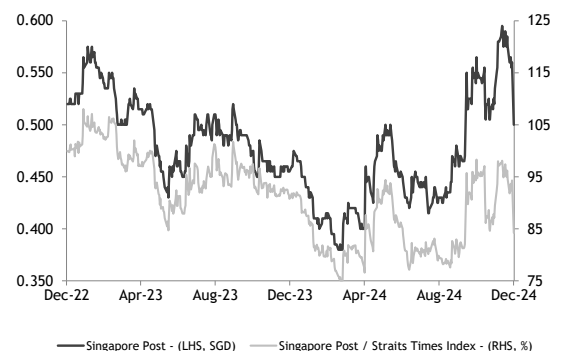
Statistics

52w high/low (SGD)	0.60/0.38
3m avg turnover (USDm)	3.9
Free float (%)	60.7
Issued shares (m)	2,250
Market capitalisation	SGD1.1B
	USD829M

Major shareholders:

Singapore Telecommunications Ltd.	21.7%
Alibaba Group Holding Ltd.	14.4%
The Vanguard Group, Inc.	2.3%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(7)	6	10
Relative to index (%)	(6)	4	(7)

Source: FactSet

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Tear Sheet Insert