

24 February 2026

Pos Malaysia

Cost Overrun

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POS's FY25 results disappointed, due to higher-than-expected losses in 4QFY25 which were related to substantial repair required for its logistics services marine vessels, that eclipsed the improving postal segment on strong parcel volume. POS intends to focus on growing profitable market share, and network optimisation for its parcel segment. Its logistics segment growth remained eclipsed by cost overrun and marine assets maintenance, while its aviation segment is flying high on the booming air freight sector which remains its bright spot. We widen our FY26F net loss by 7%, reduce our TP by 7% to RM0.14 (from RM0.15) and maintain our UNDERPERFORM call.

POS's FY25 core net loss of RM207.9m came in 27% higher than our full-year loss forecast due to higher-than-expected operating expenses related to substantial repair required for its logistics services marine vessels. We have sole coverage on the stock.

Note that, POS has received a one-off Universal Service Obligation (USO) compensation of RM50m from Malaysian Communications and Multimedia Commission (MCMC) which will be reflected in its 1QFY26 results. POS will continue to engage with the government with regards to USO compensation, which we expect will keep its losses contained below RM200m at least for the next 2-3 years.

YoY, POS's FY25 revenue fell 1% on weakening logistics services (-15%), partially offset by aviation (+3%) and recovery in postal service (+3%) starting 3QFY25 from strong parcel volume growth.

Its postal bottom-line is affected by the intensifying pricing competition despite sustained demand in the online shopping space, further exacerbated by the reduced demand from major e-commerce players that have been investing in in-house delivery capabilities (for instance, Shopee Express of Shopee). Its traditional domestic mail volume fell 2%, and international mail volume fell 3%, while parcel volume bucked the trend with 9% growth driven by service-led market share gain in both the B2B and B2C sectors. Moreover, its logistics sales were weighed down by unfavourable business environment (i.e. lower ocean freight management activities and the prolonged downtime of one of its marine vessels, which is undergoing dry-docking activity).

Meanwhile, its aviation sales continued to recover on the back of the booming air freight sector coupled with the stronger demand for umrah charter flights (which also boosted its in-flight catering services).

All in, its FY25 core net loss expanded by 9% on cost overruns.

QoQ, POS's 4QFY25 revenue rose 1% due to stable demand in the postal business (-3%) on higher parcel volumes, and firmer aviation (+7%) due to seasonally higher umrah charter rate, partially offset by weaker logistics services (-16%) due to prolonged downtime of a vessel undergoing dry-docking, as well as reduced volumes in other services due to competition and capacity constraints.

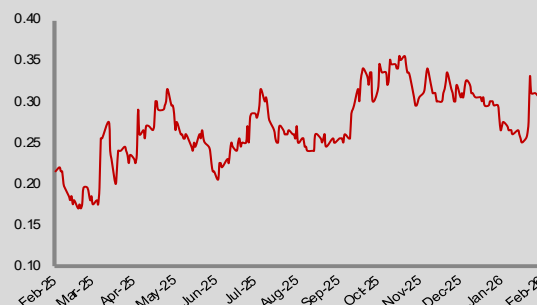
However, loss at postal was higher by 5% on higher "universal service obligations" postal service, worsened by significant losses in logistics services (+390%), though partially offset by strong Aviation demand (+3%). All in, its 4QFY25 core net loss expanded by 78%.

Forecasts. We widen our net loss forecast for FY26 by 7% due to higher operating expenses especially related to substantial repair required for its logistics services marine vessels.

UNDERPERFORM ↔

Price : **RM0.32**
Target Price : **RM0.14** ↓

Share Price Performance



KLCI	1,757.98
YTD KLCI chg	4.6%
YTD stock price chg	1.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	POSM MK Equity
Market Cap (RM m)	246.6
Shares Outstanding	782.8
52-week range (H)	0.37
52-week range (L)	0.17
3-mth avg. daily vol.	1,638,976
Free Float	36%
Beta	1.1

Major Shareholders

Hicom Holdings Berhad	31.4%
DRB-Hicom Bhd	22.1%
KWAP	1.5%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Revenue	1,839.2	1,926.1	2,020.9
Profit Before Tax	-186.6	-127.7	-111.2
Net Profit/(Loss)	-209.3	-154.6	-134.8
Core Net Profit/(Loss)	-207.9	-154.6	-134.8
Consensus (CNL)	-	-	-
Loss Revision (%)	-	+7%	NEW
Core EPS (LPS) (sen)	-26.6	-19.8	-17.2
CNP Growth (%)	7.8	-25.6	-12.8
DPS (sen)	-	-	-
BVPS (RM)	0.11	0.07	0.05
Core PER (x)	-	-	-
Price/BV (x)	3.0	4.4	6.3
Net Gearing (x)	3.6	5.1	8.0
Div. Yield (%)	-	-	-

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Valuations. We reduce our DCF-derived TP by 7% to RM0.14 from RM0.15 based on unchanged discount rate equivalent to a WACC of 6.2% and a terminal growth rate of 0%. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We are cautious on POS due to: (i) its conventional mail business that is struggling to turn around in the digital age, (ii) its courier business facing tremendous competition from new players such as J&T Express and Ninja Van that undercut rates aggressively to grow their market share, and (iii) its cost-cutting measures being insufficient to counter its weakening core business revenue. While we applaud its venture into “POS Shop” convenience stores through transforming its existing POS stores (it successfully launched 50 stores in FY24), we are concerned on the gestation period of the stores to achieve operational efficiency. POS intend to focus on network optimisation to reduce the cost of end-to-end delivery and service differentiation to accelerate market share growth for its parcel segment (offers better rates than traditional mail which is slowly decaying on digitalisation trend). Maintain **UNDERPERFORM**.

Risks to our call include: (i) the privatisation of POS at a premium over the market price, (ii) the return of profitability as cost rationalisation efforts finally pay off, and (iii) POS emerging stronger post the consolidation of the courier service segment after weak players are eliminated.

Results Highlights

FYE Dec (RM m)	4QFY25	3QFY25	QoQ	4QFY24	YoY	FY25	FY24	YoY
Revenue	467.8	462.8	1%	458.6	2%	1,839.2	1,853.0	-1%
EBIT/ (LBIT)	(54.2)	(24.5)	121%	(52.6)	3%	(130.6)	(121.3)	8%
Interest expenses	(16.0)	(14.6)	9%	(12.5)	28%	(56.8)	(48.5)	17%
EI	3.0	(0.1)		(8.0)		1.8	(8.8)	
PBTZ/(LBTZ)	(67.4)	(39.2)	72%	(73.2)	-8%	(186.6)	(180.2)	4%
Zakat & Tax Expense	(9.5)	(5.6)		(3.6)		(22.4)	(23.1)	
Minority Interest	-	-		-		-	-	
Net Profit / (Net Loss)	(76.6)	(44.8)	71%	(76.7)	0%	(207.9)	(201.6)	3%
Core Profit / (Core Loss)	(79.7)	(44.7)	78%	(68.7)	16%	(207.9)	(192.8)	9%
EBIT Margin	N.M	N.M		N.M		N.M	N.M	
PBT margin	N.M	N.M		N.M		N.M	N.M	
Net margin	N.M	N.M		N.M		N.M	N.M	
Effective tax rate	N.M	N.M		N.M		N.M	N.M	

Source: Company, Kenanga Research

Segmental Performance

FY Dec (RM m)	4QFY25	3QFY25	QoQ	4QFY24	YoY	FY25	FY24	YoY
Postal	252.6	260.6	-3%	259.2	-3%	1,041.5	1,032.7	1%
Logistics	52.6	62.5	-16%	54.2	-3%	216.5	255.8	-15%
Aviation	103.0	96.4	7%	96.1	7%	383.8	373.7	3%
Others	59.6	43.2	38%	49.2	21%	197.4	190.8	3%
Total Revenue	467.8	462.8	1%	458.6	2%	1,839.2	1,853.0	-1%
Postal	(44.2)	(42.1)	5%	(75.4)	-41%	(160.4)	(196.3)	-18%
Logistics	(32.9)	(6.7)	390%	(8.4)	291%	(64.8)	(27.0)	140%
Aviation	7.1	6.9	3%	7.6	-6%	20.3	20.2	0%
Others	2.5	2.7	-6%	2.9	-14%	18.3	22.9	-20%
Total PBT	(67.4)	(39.2)	72%	(73.2)	-8%	(186.6)	(180.2)	4%

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BINTULU PORT HOLDINGS BHD	MP	5.40	5.30	-1.9%	2,599.0	Y	12/25	27.1	29.8	-17.2%	9.7%	19.9	18.1	1.3	6.4%	12.4	2.3%
POS MALAYSIA BHD	UP	0.260	0.140	-46.2%	199.6	Y	12/25	(19.8)	(17.2)	-174%	-187%	N.A.	N.A.	3.6	-	0.0	0.0%
SWIFT HAULAGE BHD	MP	0.410	0.350	-14.6%	347.6	Y	12/25	3.2	3.5	2.5%	8.9%	12.9	11.9	0.5	3.8%	1.6	3.9%
WESTPORTS HOLDINGS BHD	MP	6.11	6.20	1.5%	18,480.7	Y	12/25	33.0	35.4	13.2%	7.1%	18.5	17.3	4.7	26.2%	24.8	4.1%
SECTOR AGGREGATE					5,406.7					-44.0%	-40.4%	17.1	15.8	2.5	-46.8%		2.6%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Services Quality & Safety	★	★	★		
	Cybersecurity & Data Privacy	★	★	★	★	
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★	★	
	Waste Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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