New Zealand Post Ltd.

October 16, 2025

This report does not constitute a rating action.

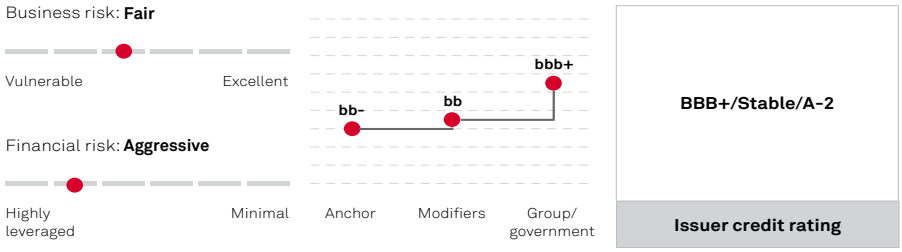
Primary Contact

Aldrin Ang, CFA
Melbourne
61-3-9631-2006
aldrin.ang
@spglobal.com

Secondary Contact

Harry Hingston
Melbourne
61-3-9631-2115
harry.hingston
@spglobal.com

Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Ongoing regulatory reform through updated deed of understanding.	Long-term and ongoing structural decline in the mail business.
Strong market position in the New Zealand postal service industry.	Margin loss and inefficiencies from slower-than-expected macroeconomic recovery.
Very high likelihood of extraordinary support from the New Zealand government.	Significant operating lease commitments that we view as debt-like obligations.

We expect regulatory reform and ongoing pricing strategies to mitigate pressures from the structural decline in mail volume. The company reported a modest after-tax loss of NZ$2 million in the fiscal year ended June 2025, a NZ$12 million improvement from the previous year.

The updated postal Deed of Understanding, which outlines minimum obligations as the domestic mail carrier, includes amendments in delivery frequencies and the reduction in minimum number of required retail outlets. Efficiency and margin gains should start to accrue when operational changes are implemented, in our view.

Ongoing cost-efficiency measures such as network optimization and operational changes will be crucial in offsetting structural headwinds and supporting a return to profitability. We project revenue growth of 2.0% and an EBITDA margin of 12.8% in fiscal 2026, compared with 6.6% and 10.1% in fiscal 2025, respectively.

New Zealand Post Ltd.'s (NZ Post) resilient and well-established market position underpins its credit risk profile. The group holds 70% market share in the business-to-consumer (B2C) sector and second position in the business-to-business (B2B) sector.

In our view, NZ Post benefits from a concentrated market structure and economies of scale, while the relative size of the New Zealand market limits competition. Partly offsetting these strengths is NZ Post's narrow geographic diversity compared with peers.

Dividend payments and earnings recovery are key drivers that help the group deleverage, in our view. Leverage reached 5.3x in fiscal 2025, exceeding our previous estimate of 4.0x, primarily due to increased shareholder returns and lease obligations. The acquisition of the remaining 50% stake in Supply Chain Solutions in November 2024 contributed to a NZ$134 million increase in lease liabilities.

Although special dividend payments decreased to NZ$20 million, from NZ$100 million in fiscal 2024, these actions amid a sluggish domestic economic recovery continue to defer deleveraging efforts. We anticipate leverage will remain in the 4.0x-4.5x range in fiscal 2026, before improving to 3.5x-4.0x in fiscal 2027.

Support from the New Zealand government remains a key rating strength. We expect the government to provide ongoing support for NZ Post's transition to a parcel-led business as it optimizes its cost base to match declining mail volumes and support profitability. This support was apparent in the government's equity injection into NZ Post in fiscal 2021, as well as its three-year operational funding support (service contract) to offset losses in the mail business between 2021 and 2023.

Recent shareholder returns in the form of special dividends constrained NZ Post's deleveraging progress. Extended and outsized dividend payments could indicate a shift to a more aggressive financial stance. However, we expect the group to manage its financial leverage consistent with its internal financial policies and balanced shareholder returns.

Outlook

The stable outlook reflects our view that improving domestic economic conditions and potential regulatory support will improve NZ Post's earnings and help the group deleverage, such that its adjusted debt-to-EBITDA ratio remains sustainably below 5.5x over the next 24 months. The ratings also reflect our expectation of a very high likelihood of extraordinary support from the New Zealand government in times of financial stress.

Downside scenario

We would downgrade NZ Post if we were to revise its 'bb' SACP downward to 'b', all else being equal. This may arise from material and ongoing shareholder-friendly actions or a shift in the group's financial policy framework, such that NZ Post's debt-to-EBITDA ratio remains above 5.5x for a sustained period.

We could also lower the ratings if the competitive position and profitability of NZ Post's parcel business erode significantly, even if the group maintains improvement in its financial risk profile.

Pressure on the ratings may also arise if our assessment of the likely level of extraordinary support from the NZ government weakens. This could include a scenario where the government flags its intention to sell down its ownership in the group.

Upside scenario

We could upgrade NZ Post if it deleverages and sustains its adjusted debt-to-EBITDA ratio below 3.5x. Rating stability would also likely rely on the group maintaining its position in the parcels market and executing on a credible strategy to mitigate losses in the mail business. This would likely be supported by increased and ongoing regulatory support from the New Zealand government.

Our Base-Case Scenario

Assumptions

- New Zealand real GDP growth of 1.2% in 2025, 2.1% in 2026, and 2.3% in 2027;
- New Zealand consumer price index growth of 2.7% in 2025, 2.2% in 2026, and 2.3% in 2027;
- NZ Post revenue growth of about 2% in fiscal 2026;
- EBITDA margin improvement supported by pricing actions, cost savings, and efficiencies associated with completing the network investment program;
- Capital expenditure (capex) of NZ$40 million-NZ$50 million in fiscal 2026, as the company plans to return to business-as-usual capex levels following a peak investment cycle;
- Dividend distributions of NZ$25 million-NZ$30 million per year over the next two years; and
- No acquisitions or major divestments assumed over the forecast period.

Key metrics

New Zealand Post Ltd.--Forecast summary

Period ending	June-30-2024	June-30-2025	June-30-2026	June-30-2027	June-30-2028
(Mil. NZ$)	2024a	2025a	2026e	2027f	2028f
Revenue	1,147	1,223	1,250	1,260	1,280
EBITDA	73	124	160	180	200
Capital expenditure (capex)	176	92	40	30	30
Dividends	100	20	25	30	40
Debt	438	661	690	660	620
Adjusted ratios					
Debt/EBITDA (x)	6.0	5.3	4.3	3.8	3.1
FFO/debt (%)	10.0	12.1	15.8	18.9	25.0
EBITDA margin (%)	6.4	10.1	12.8	13.8	15.3

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. NZ$--New Zealand dollar.

Capex should moderate over the next two years. Large investments made into the Auckland Processing Centre and ongoing automation at the Auckland Central Depot have largely concluded. We forecast capex of NZ$40 million in fiscal 2026 and NZ$30 million in fiscal 2027,

down from approximately NZ$92 million in 2025, reflecting a return to business-as-usual investment levels and a focus on maximizing returns from existing assets.

Amortization of existing leases and moderating capex are likely to improve key credit metrics over the next 12-24 months. Debt-like lease commitments are likely to decline as existing leases amortize. We do not expect NZ Post to enter any new large leases while the group optimizes its property network.

We expect leverage will remain in the 4.0x-4.5x range in fiscal 2026, before improving to 3.5x-4.0x in fiscal 2027.

Company Description

NZ Post is a New Zealand government-owned postal operator, providing nationwide postal and parcel services through a network of about 880 service points for consumers. The group sold its 53% shareholding in Kiwibank to the Crown in fiscal 2023. In fiscal 2025, NZ Post generated revenues of NZ$1.2 billion and S&P Global Ratings-adjusted EBITDA of approximately NZ$124 million.

Peer Comparison

NZ Post's closest peers are Australia Post Corp., Singapore Post Ltd., and PostNL N.V. Like its peers, NZ Post maintains a dominant market position providing essential public services through its postal network.

NZ Post operates on a smaller scale compared with both Australia Post and PostNL. Singapore Post operates at a similar scale to NZ Post. However, Singapore Post benefits from greater business diversification through its exposure to the property sector, providing some income diversity.

The structural decline in the traditional mail segment hurts profitability of NZ Post and its peers. NZ Post's recent automation investments and future parcel volume growth should offset the accompanying margin pressure, in our view, and drive potential margin growth as they transition to a parcel-led business.

Compared to peers, NZ Post has the weakest financial risk profile, with S&P adjusted leverage of 5.3x in fiscal 2025.

NZ Post and Australia Post are government-related entities and benefit from very high likelihood of government support. Government support remains a key rating strength, in our view.

New Zealand Post Ltd.--Peer Comparisons

	New Zealand Post Ltd.	Australian Postal Corp.	Singapore Post Ltd.	PostNL N.V.
Foreign currency issuer credit rating	BBB+/Stable/A-2	A+/Stable/A-1	BBB-/Stable/NR	BBB-/Stable/A-3
Local currency issuer credit rating	BBB+/Stable/A-2	A+/Stable/A-1	BBB-/Stable/NR	BBB-/Stable/A-3
Period	Annual	Annual	Annual	Annual
Period ending	2025-06-30	2023-06-30	2025-03-31	2024-12-31
Mil.	NZ$	NZ$	NZ$	NZ$
Revenue	1,223	9,710	1,069	6,012
EBITDA	124	424	97	414

New Zealand Post Ltd.--Peer Comparisons				
Funds from operations (FFO)	80	375	10	305
Interest	41	51	43	48
Cash interest paid	44	49	76	52
Operating cash flow (OCF)	93	663	42	349
Capital expenditure	92	373	67	185
Free operating cash flow (FOCF)	1	290	(25)	165
Discretionary cash flow (DCF)	(19)	266	(60)	124
Cash and short-term investments	68	696	915	837
Gross available cash	68	696	915	837
Debt	661	1,326	98	959
Equity	576	2,542	1,933	379
EBITDA margin (%)	10.1	4.4	9.1	6.9
Return on capital (%)	2.2	(4.7)	2.6	7.3
EBITDA interest coverage (x)	3.0	8.3	2.3	8.6
FFO cash interest coverage (x)	2.8	8.7	1.1	6.9
Debt/EBITDA (x)	5.3	3.1	1.0	2.3
FFO/debt (%)	12.1	28.3	10.2	31.8
OCF/debt (%)	14.0	50.0	42.4	36.4
FOCF/debt (%)	0.2	21.9	(25.8)	17.1
DCF/debt (%)	(2.9)	20.1	(61.4)	12.9

Financial Risk

NZ Post's high debt burden relative to its earnings base, including additional dividend distributions, constrain its financial risk profile. We anticipate that NZ Post's leverage will remain in the 4.0x-4.5x range in fiscal 2026, before improving to 3.5x-4.0x in fiscal 2027.

Our assessment reflects a continued history of shareholder-friendly actions by NZ Post, a trend we expect to continue under our base case. A return to material parcel volume growth is not projected until fiscal 2028, contingent upon a sustained economic recovery in New Zealand.

Capex is expected to trend downwards, in our view. We expect capex in fiscal 2026 to be approximately NZ$40 million, as final investments into the postal network are made, before stabilizing at about NZ$25 million annually. We project dividend payouts of NZ$20 million in fiscal 2026 and NZ$25 million in fiscal 2027, comprising modest ordinary dividends as the company returns to profitability, and special dividends paid to the Crown. We assume no significant mergers, acquisitions, or divestitures over the next two years.

Debt maturities

New Zealand Post Ltd.--Debt maturities*

Year	Amount (mil. NZ$)
Within one year	75
One to two years	95
Two to five years	0
After five years	0

New Zealand Post Ltd.--Debt maturities*

Year	Amount (mil. NZ$)
Total	170

*As of June 30, 2025.

New Zealand Post Ltd.--Financial Summary

Period ending	June-30-2020	June-30-2021	June-30-2022	June-30-2023	June-30-2024	June-30-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Revenues	941	976	1,098	1,174	1,147	1,223
EBITDA	82	101	135	33	73	124
Funds from operations (FFO)	56	81	125	11	44	80
Interest expense	22	17	8	23	29	41
Cash interest paid	26	20	9	23	29	44
Operating cash flow (OCF)	71	73	102	68	27	93
Capital expenditure	34	38	52	93	176	92
Free operating cash flow (FOCF)	37	35	50	(25)	(149)	1
Discretionary cash flow (DCF)	37	35	50	(742)	(249)	(19)
Cash and short-term investments	272	72	71	302	139	68
Gross available cash	272	72	71	302	139	68
Debt	197	160	311	175	438	661
Common equity	1,248	1,305	1,474	715	598	576
Adjusted ratios						
EBITDA margin (%)	8.7	10.3	12.3	2.8	6.4	10.1
Return on capital (%)	2.8	6.3	6.5	(3.4)	0.2	2.2
EBITDA interest coverage (x)	3.7	5.9	16.9	1.5	2.5	3.0
FFO cash interest coverage (x)	3.2	5.1	14.9	1.5	2.5	2.8
Debt/EBITDA (x)	2.4	1.6	2.3	5.3	6.0	5.3
FFO/debt (%)	28.4	50.6	40.2	6.3	10.0	12.1
OCF/debt (%)	36.0	45.6	32.8	38.9	6.1	14.0
FOCF/debt (%)	18.8	21.9	16.1	(14.3)	(34.0)	0.2
DCF/debt (%)	18.8	21.9	16.1	(424.0)	(56.8)	(2.9)

Reconciliation Of New Zealand Post Ltd. Reported Amounts With S&P Global Adjusted Amounts (Mil. NZ$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	June-30-2025									
Company reported amounts	172	576	1,223	124	17	32	124	103	20	101
Cash interest paid	-	-	-	-	-	-	(35)	-	-	-
Lease liabilities	557	-	-	-	-	-	-	-	-	-

Reconciliation Of New Zealand Post Ltd. Reported Amounts With S&P Global Adjusted Amounts (Mil. NZ$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Accessible cash and liquid investments	(68)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	9	(9)	(9)	-	(9)
Nonoperating income (expense)	-	-	-	-	8	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(1)	-	-
Total adjustments	489	-	-	-	8	9	(44)	(10)	-	(9)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	661	576	1,223	124	25	41	80	93	20	92

Liquidity

The short-term rating on NZ Post is 'A-2', reflecting the long-term issuer credit rating and our assessment of the group's liquidity as adequate. We expect the group's sources of liquidity to cover its uses by more than 1.2x over the next 12 months.

In our view, NZ Post maintains solid relationships with banks and has a high standing in credit markets, thanks primarily to the group's government ownership. The company can therefore absorb high-impact, low-probability events without the need for refinancing. The group has no financial covenants under its debt facilities.

Our key assumptions for the group's sources and uses of liquidity over the 12 months from June 30, 2025, are as follows:

Principal liquidity sources	Principal liquidity uses
• About NZ$68 million of available cash and short-term investments; • About NZ$90 million of undrawn committed bank facilities with maturities of more than one year; and • Cash funds from operations of about NZ$62 million.	• Commercial paper of NZ$60 million; • Capex of NZ$40 million-NZ$50 million; and • Dividends of about NZ$25 million.

Environmental, Social, And Governance

Environmental, social, and governance credit factors have an overall neutral influence on our credit rating analysis of NZ Post. The delivery of parcels and letters exposes the group to Scope 1 greenhouse gas emissions.

NZ Post's decarbonization strategy includes its own electric vehicle fleet and the fleet used for last-mile delivery and other environmental initiatives. The group is on track to have its light commercial vehicle fleet fully electric by 2027, with 70% of its own vehicles already in this category.

Government Influence

We expect NZ Post to benefit from a very high likelihood of extraordinary support from the New Zealand government in times of financial stress. This is based on our assessment of NZ Post's:

- Very important role in the national economy as New Zealand's public postal operator. The company provides collection, processing, distribution of letters and associated services, parcels, logistics, and express mail, as well as retail services through an extensive network in metropolitan, regional, and remote areas of New Zealand; and
- Very strong link with the New Zealand government, which owns NZ Post and maintains a governance framework that allows for extensive influence over the postal authority.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of June 30, 2025, NZ Post's capital structure consisted of a bank debt facility of NZ$200 million (NZ$110 million was drawn) and a commercial paper program of NZ$200 million (of which NZ$60 million was drawn).

Analytical conclusions

We do not view NZ Post's capital structure as representing any material risks, such as structural or contractual subordination.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Fair**
Country risk	Low
Industry risk	Low
Competitive position	Fair
Financial risk	**Aggressive**
Cash flow/leverage	Aggressive
Anchor	**bb-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	**bb**
Related government rating	**AAA**
Likelihood of government support	**Very high (+4 notches from SACP)**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: New Zealand Post Downgraded To 'A-/A-2' On Elevated Leverage; Outlook Negative, Oct. 23, 2024.

Ratings Detail (as of October 16, 2025)*	
New Zealand Post Ltd.	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Issuer Credit Ratings History	
25-Sep-2025	BBB+/Stable/A-2
22-Oct-2024	A-/Negative/A-2
27-Sep-2023	A/Negative/A-1
Related Entities	
Housing New Zealand Ltd.	
Issuer Credit Rating	
Foreign Currency	AA+/Stable/A-1+
Local Currency	AAA/Stable/A-1+
Senior Unsecured	AAA
Kainga Ora-Homes and Communities	
Issuer Credit Rating	
Foreign Currency	AA+/Stable/A-1+
Local Currency	AAA/Stable/A-1+
New Zealand	
Issuer Credit Rating	
Foreign Currency	AA+/Stable/A-1+
Local Currency	AAA/Stable/A-1+
Transfer & Convertibility Assessment	AAA
Commercial Paper	
Foreign Currency	A-1+
Senior Unsecured	AA+
Senior Unsecured	AAA
Short-Term Debt	A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

AUSTRALIA S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.