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Ratings

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Die Schweizerische Post AG

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Die Schweizerische Post AG

Ratings Score Snapshot

Issuer Credit Rating
AA+/Stable/A-1+

SACP: a- → **Support: +5** → **Additional factors: 0**

SACP: a-		
Anchor		
Business position		
Capital and earnings		
Risk position		
Funding		
Liquidity		
CRA adjustment		

Support: +5	
ALAC support	0
GRE support	+5
Group support	0
Sovereign support	0

Issuer credit rating
AA+/Stable/A-1+

The 'a-' SACP is derived by weighting our credit assessment of DSP's nonbanking activities--communications, transportation, and logistics--and our 'a+' SACP for PostFinance. GRE--Government-related entity. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Extremely high likelihood of extraordinary support from the Swiss government.	Need for material investment to execute the growth strategy and secure a self-financed business model in the medium term.
Essential role of fulfilling community service obligations.	Execution risks related to business transformation following declining mail volumes.
Strong market position and extensive network as the legally mandated provider of postal services in Switzerland.	

We believe DSP's ties to the Swiss sovereign remain strong. In our view, DSP's legal mandate to provide postal, financial, and payment services in Switzerland will continue to determine its critical role and very strong link to the sovereign, which supports our 'AA+/A-1+' ratings. From 2026, there will likely be minor changes to the definition of public services--for instance with DSP providing more flexibility regarding delivery times for shipments, and new offerings such as digital letters and payments. Furthermore, we currently view as unlikely that the planned revision to the Postal Decree from 2030 will lead to significant changes that would imply a weakening of DSP's ties with its owner, the government of Switzerland. We expect further information on this in 2025, but we expect that the provision of a national payment infrastructure will remain an integral part of DSP's mandate.

DSP`s group stand-alone credit profile (SACP) is 'a-'. We derive this by weighting our credit assessment of DSP's nonbanking activities--communications, transportation, and logistics--and our 'a+' SACP for PostFinance, based on our expectation of their structural contribution to DSP's operating profit. Our 'AA+' rating on DSP also includes five notches of uplift because we see an extremely high likelihood of the group receiving extraordinary support from the Swiss government in case of stress. Moreover, we believe discussions about a potential privatization of PostFinance are unlikely to re-emerge over the medium term. This follows the Swiss Council of States and the National Council's rejection of the proposal to partly privatize PostFinance and grant it permission to start lending activities in 2022. It also reflects current political majorities.

DSP's "Post of Tomorrow" strategic program has helped strengthen the group's results. To combat deteriorating performance, the group started seeking alternative paths to growth and efficiency by launching Post of Tomorrow in early 2020. Higher interest rates are also benefitting the profitability of PostFinance, which remains an important contributor to DSP's profits. The group is also investing in its network of access points, and new technologies to adapt its business model and compensate for lower mail volumes. Its 2024 half-year result is slightly better than the previous year, with DSP managing to improve results particularly in the core logistics business of letters and parcels.

Outlook

Our stable outlook on DSP over the next 24 months reflects that on its ultimate owner and support provider, the sovereign government of Switzerland. We expect that DSP's very close links to the sovereign, through its ownership of DSP and DSP's mandate to provide key public services, will not materially change for the foreseeable future.

Downside scenario

We could lower our issuer credit ratings if the group's ties to the sovereign were to weaken. For DSP this would imply a downgrade of one or more notches because weakening ties would likely also put pressure on DSP's 'a-' group SACP. We would revise our outlook to negative or lower the ratings if we perceived an increased likelihood of a material change in DSP's public mandate.

All other things being equal, a potential deterioration of the group's SACP would be buffered by government support and would not trigger a downgrade of DSP.

Upside scenario

We view the likelihood of a positive rating action on DSP as remote.

Company Description: Legally Mandated Provider Of Postal, Financial, And Payment Services In Switzerland

DSP is Switzerland's main postal carrier and the third-largest employer in the country. The group has about 600 self-operated branches and close to 5,000 contact points (including, for instance, in retail stores). DSP's business model is embedded within a regulatory framework that can provide implicit guarantees, immediate emergency credit provisions, and compensation for loss-making operations, which supports our analysis.

Schweizerische Post organizes its activities into five key divisions:

- Logistics services, including mail and parcel.
- Communication services, trust-based information services, and digital offerings to public authorities.
- The postal network, managing its nationwide presence.
- Mobility services.
- PostFinance, providing payment services and conducting retail banking.

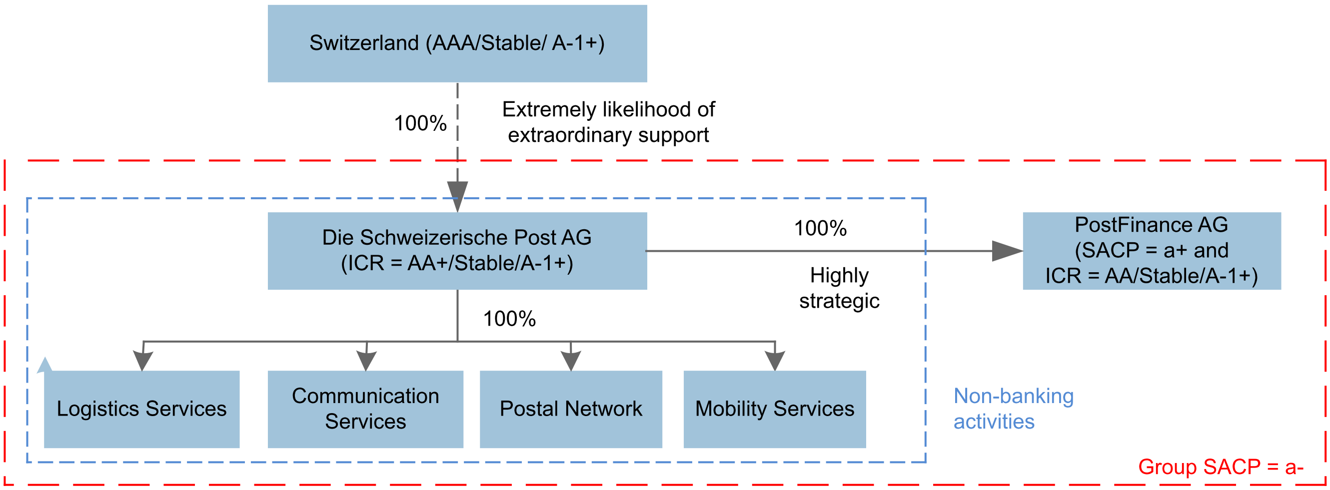
Rationale

We base our ratings on DSP on our assessment of the group credit profile and our view of the likelihood of extraordinary support from Switzerland.

We determine DSP`s group SACP according to a cross-sector group approach to reflect the group's wide range of activities. In doing so, we separately assess the intrinsic creditworthiness of the group's financial and non-financial business lines. Then, based on our expectation of their structural contribution to operating profit, we derive the group SACP by weighting our credit assessment of DSP's nonbanking activities--logistics, communications, and mobility services--and PostFinance's 'a+' SACP. The combined group's SACP is 'a-'.

We do not envisage material changes to DSP's mandate. From 2026, there will likely be minor changes to the definition of public services that we deem immaterial to our ratings--for instance, DSP providing more flexibility in delivery times for shipments and new offerings such as digital letters and payments. Furthermore, we currently view as unlikely that the planned revision to the Postal Decree from 2030 will lead to significant changes that would imply a weakening of DSP's ties with its owner, the government of Switzerland. We expect further information on this in 2025, but we assume the provision of a national payment infrastructure will remain an integral part of DSP's mandate.

Chart 1
Swiss Post Group Organization structure



The group is transitioning toward a digitalized business model to defend its market position. While we view DSP's core markets as having relatively high entry barriers, we think the group faces challenges in defending its market position in some segments, like parcel deliveries, against competitors and cost pressures in the medium term. High energy and transportation costs will oblige DSP to pass on additional costs to its customers. Also, changes to the public mandate, while not our base-case scenario, could expose the group to more competitive pressure.

Swiss Post's 2024 operating performance improved slightly from the previous year. This mainly reflected better results in its core logistics business of letters and parcels. In the first six months of 2024, Swiss Post generated a consolidated profit of CHF126 million, up CHF8 million from the first half of 2023. To execute DSP's growth strategy and secure a self-financed basic service for the future, the group is accelerating its investments in infrastructure and the refreshed business model. Total investments topped CHF3.5 billion in 2021-2024, although CHF1.4 billion for logistics, communications, network, and sustainability was self-financing. In our view, Swiss Post has delivered key milestone in its 2021–2024 strategy and we expect this will continue in 2025-2028. Following DSP's economic challenges, Switzerland temporarily reduced the dividend to CHF50 million per year, starting in 2020, which still guarantees a minimal even if somewhat symbolic return on equity.

Large liquidity buffers stem from PostFinance's business focus and additional stability comes from implicit government support. Due to the financial services businesses' regulated nature, we look at the liquidity of each segment individually, recognizing that the fungibility of liquidity is more restricted than for a standard corporate group. PostFinance's and DSP's close ties to the Swiss government, supporting customer trust and deposit stability, are positive for our overall assessment.

In our view, Swiss Post's key weakness remains its limited strategic options to improve its weak shareholder returns under existing legal restrictions. These include its public service mandate, mandatory services, and PostFinance not being allowed to extend loans. Because of this it invests most of its liquidity in high-quality securities. Despite recent interest rates cuts, we expect PostFinance's profitability to improve in line with the repricing of its investment portfolio at positive rates alongside an unchanged risk profile.

Support: Five Notches Of Uplift For Potential Government Support

Our supported GCP of 'aa+' includes five notches of uplift for extraordinary government support from Switzerland above the group SACP of 'a-'.

We view DSP as a GRE with an extremely high likelihood of extraordinary government support. We expect that governmental support would guard against a potential deterioration in the SACP. Our view reflects our assessment of the group's:

- Critical role for the government, being mandated to provide essential services to the Swiss population. We view the group as one of the most important GREs in Switzerland, with a central role of meeting the government's political objectives; and
- Very strong link with the Swiss government, bound by an implicit financing agreement, the obligation to provide emergency liquidity, and its ultimate status as a shareholder.

We could reassess its GRE status, with potential implications for the SACP, outlook, and ratings on the group if the planned revision to the Postal Decree from 2030 led to significant changes that implied a weakening of DSP's ties with its owner, the government of Switzerland.

Environmental, Social, And Governance

The Swiss government is DSP's sole owner, and the group reports quarterly to the government, which also appoints DSP's management and supervisory boards. Its board of directors supervises the fulfillment of its public service, which backs our assessment of the probability of extraordinary support. At the same time, political influence over DSP's strategic settings is very high and entails additional risk.

Key Statistics

Table 1

Die Schweizerische Post AG--Key figures

	--Year-ended Dec. 31--				
(Mil. CHF)	**2024***	**2023**	**2022**	**2021**	**2020**
Adjusted assets	108,665	108,133	119,820	127,805	123,791
Customer loans (gross)	14,793	14,862	14,909	15,221	16,045
Adjusted common equity	9,591	9,181	9,167	7,824	6,048
Operating revenues	3,520	7,269	6,895	6,862	7,044
Noninterest expenses	3,348	6,971	6,504	6,231	6,785
Core earnings	126	241	314	549	157

*Data as of June 30. CHF--Swiss Franc.

Table 2

Die Schweizerische Post AG--Business position

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Total revenues from business line (currency in millions)	3,520	7,289	6,936	6,893	7,077
Commercial & retail banking/total revenues from business line	27.0	18.1	19.0	20.3	18.5
Other revenues/total revenues from business line	73.0	81.9	81.0	79.7	81.5
Return on average common equity	2.5	2.6	3.8	7.3	2.6

*Data as of June 30.

Table 3

Die Schweizerische Post AG--Capital and earnings

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	6.8	7.3	7.9	7.6	7.4
Fee income/operating revenues	N/A	8.3	9.1	9.4	8.5
Market-sensitive income/operating revenues	N/A	2.8	2.9	3.2	2.8
Cost to income ratio	95.1	95.9	94.3	90.8	96.3
Preprovision operating income/average assets	0.3	0.3	0.3	0.5	0.2
Core earnings/average managed assets	0.2	0.2	0.3	0.4	0.1

*Data as of June 30. N/A--Not applicable.

Table 4

Die Schweizerische Post AG--Risk position

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Growth in customer loans	(0.9)	(0.3)	(2.0)	(5.1)	1.7
Total managed assets/adjusted common equity (x)	11.4	11.9	13.1	16.4	20.5
New loan loss provisions/average customer loans	N.M.	(0.0)	(0.0)	(0.1)	0.2
Gross nonperforming assets/customer loans + other real estate owned	0.0	0.0	0.0	0.0	0.1
Loan loss reserves/gross nonperforming assets	100.0	100.0	116.7	114.3	111.1

*Data as of June 30. N.M.--Not meaningful.

Table 5

Die Schweizerische Post AG--Funding and liquidity

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Core deposits/funding base	89.9	92.2	82.8	80.7	97.7
Customer loans (net)/customer deposits	17.0	16.7	16.6	16.2	14.7
Long-term funding ratio	93.4	95.7	86.5	83.8	99.4
Stable funding ratio	190.3	195.7	195.8	196.1	210.5
Short-term wholesale funding/funding base	7.2	4.7	14.7	17.3	0.7
Broad liquid assets/short-term wholesale funding (x)	7.9	12.0	4.2	3.7	92.5

Table 5

Die Schweizerische Post AG--Funding and liquidity (cont.)					
	--Year-ended Dec. 31--				
(%)	2024*	2023	2022	2021	2020
Broad liquid assets/total assets	50.7	50.4	55.2	57.6	54.5
Broad liquid assets/customer deposits	63.8	61.6	73.9	78.6	61.9
Net broad liquid assets/short-term customer deposits	55.9	56.5	56.2	57.2	61.3
Short-term wholesale funding/total wholesale funding	71.5	60.5	85.3	90.0	28.9
Narrow liquid assets/3-month wholesale funding (x)	1,458.2	12.4	4.2	3.7	117.8

*Data as of June 30.

Die Schweizerische Post AG--Rating component scores	
Issuer Credit Rating	**AA+/Stable/A-1+**
SACP	a-
Support	+5
ALAC support	0
GRE support	+5
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- 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
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Swiss Banking Outlook 2025: Strong Foundations, New Pressures, Jan. 20, 2025
- Research Update: Swiss Post And PostFinance Ratings Affirmed; Outlooks Remain Stable, Dec. 18, 2024
- Full Analysis: Switzerland, Aug. 12, 2024

- Banking Industry Country Risk Assessment: Switzerland, July 30, 2024
- Swiss Federal Council Plans To Strengthen The Country's Too-Big-To-Fail Banking Framework, May 29, 2024
- Your Three Minutes In Banking: Higher Minimum Reserve Requirements Will Dent Swiss Banks' Profits, April 26, 2024
- Swiss Banks In 2024: Better Safe Than Sorry, Feb. 22, 2024
- Full Analysis: Die Schweizerische Post AG, November 01, 2023

Ratings Detail (As Of January 31, 2025)*	
Die Schweizerische Post AG	
Issuer Credit Rating	AA+/Stable/A-1+
Issuer Credit Ratings History	
28-Jun-2013	AA+/Stable/A-1+
21-Mar-2013	AA+/Negative/A-1+
Sovereign Rating	
Switzerland	AAA/Stable/A-1+
Related Entities	
PostFinance AG	
Issuer Credit Rating	AA/Stable/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.