

Canada Post segment reports \$227-million loss before tax for third quarter

25-11-2022

Canada Post recorded a loss before tax of \$227 million in the third quarter of 2022 as parcel volumes fell compared to elevated levels a year earlier and economic uncertainty reduced business spending on marketing mail.

The decline in parcel volumes follows two years of unprecedented growth in online shopping in Canada. While online shopping activity is still above pre-pandemic levels, consumer demand has softened in 2022 due to the return of in-store shopping, the rising cost of living and economic uncertainty. Rapid ecommerce growth has also increased the level of competition for parcel delivery. Canada Post is responding and continues to project growth for its parcel business.

For the third quarter ended October 1, 2022, the Canada Post segment's loss improved from a loss before tax of \$264 million in the same quarter of the prior year. Revenue was \$8 million or 0.5 per cent¹ higher compared to a year earlier.

For the first three quarters of 2022, the segment recorded a loss before tax of \$516 million, compared to a loss before tax of \$492 million in the same period a year earlier. Revenue fell by \$210 million, or 3.4 per cent, compared to the first three quarters of 2021.

The cost of operations declined in the third quarter (by \$26 million or 1.4 per cent) and in the first three quarters of the year (by \$187 million or 2.7 per cent) compared to the same periods in 2021. An increase in discount rates resulted in lower pension and post-employment benefits, while parcel-

volume declines drove lower labour costs.

Parcels

In the third quarter of 2022, revenue for the Parcels line of business increased by \$22 million or 2.8 per cent as volumes declined by 12 million pieces or 16.2 per cent, compared to the same period in 2021. For the first three quarters of 2022, revenue declined by \$150 million or 5.2 per cent and volumes fell by 62 million pieces or 22.8 per cent, compared to the same period of the prior year. Volumes in 2022 declined from higher-than-normal volumes in 2021, especially in the first half of the year, when many stores remained closed to in-person shopping. Economic uncertainty also reduced demand for parcel delivery services in the second and third quarters of 2022.

Transaction Mail

Revenue fell by \$5 million or 1.0 per cent in the third quarter compared to the same period in 2021, as volumes fell by 28 million pieces or 4.9 per cent. For the first three quarters of 2022, revenue declined by \$69 million or 3.1 per cent, and volumes fell by 152 million pieces or 7.5 per cent, compared to the same period in 2021. Census and federal election mailings had increased Transaction Mail volumes in 2021, affecting year-over-year comparisons.

Direct Marketing

For the third quarter, Direct Marketing revenue decreased by \$11 million or 4.7 per cent, while volumes fell by 107 million pieces or 10.9 per cent, compared to the same quarter in 2021. For the first three quarters of 2022, revenue increased by \$32 million or 5.3 per cent, and volumes increased by 99 million pieces or 4.1 per cent, compared to the same period in 2021. Economic uncertainty reduced business spending on marketing in the second and third quarters.

Group of Companies

The Canada Post Group of Companies²

recorded a loss before tax of \$136 million in the third quarter, compared to a loss before tax of \$191 million in the third quarter of 2021. In the first three quarters of 2022, the Group of Companies recorded a loss of \$300 million before tax, compared to a loss before tax of \$274 million in the same period of 2021.

Purolator and SCl recorded profits before tax of \$84 million and \$6 million, respectively, for the third quarter of 2022, and profits before tax of \$203 million and \$12 million, respectively, for the first three quarters of the year. The Group of Companies' results partially offset the Canada Post segment loss.

Source: [Canada Post](#)