

## Quarterly figures confirm Swiss Post's forecasts

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Swiss Post achieved good results in many units again in the third quarter of 2018. At 317 million francs, Group profit, however, was down 186 million francs year-on-year, confirming Swiss Post's forecasts. The difficult operating framework at PostFinance and corrections at PostBus are the main factors which continue to impact Group figures. This is also reflected in the operating profit (EBIT) of 384 million francs.

At PostBus, operating profit in the third quarter fell by 47 million francs year-on-year. This was mainly due to the agreement with the Federal Office of Transport (FOT) regarding the reimbursement of compensatory payments received unjustly. There has been no change in the difficult situation at PostFinance seen over several quarters: in a market environment with low and in some cases negative interest rates, revenue from interest operations is continuously declining at PostFinance. The lending prohibition makes it impossible for PostFinance to stabilize its interest margins in this context. "This situation is leading to a slump in profits at PostFinance, which in turn affects the Group result – not only in the third quarter, but on an ongoing basis. Swiss Post therefore welcomes the policy decision taken by the Federal Council to lift the ban on PostFinance issuing its own loans and mortgages", explains Alex Glanzmann, Head of Finance and a Member of Executive Management.

### Contributions by the business units

PostMail recorded an operating profit of 253 million francs for the first three quarters of 2018, exceeding the prior-year figure by 9 million francs. As the volume of addressed letters falls by an average of 3 percent per year, and the number of newspaper subscriptions has also decreased, operating

income at PostMail is also declining. Operating profit was exceeded slightly thanks to a more profitable import business and successful efficiency measures. PostMail thereby makes a substantial contribution to the Group result which has remained constant over the years.

Swiss Post Solutions posted operating profit of 22 million francs, which was 1 million francs higher than the previous year's level. At 429 million francs, operating income was 27 million francs up on the previous year, partly due to very positive new business. Since June 2018 the new business unit HR services and travel expense management acquired via inorganic growth has also contributed to the good result.

PostalNetwork offset the losses in its core business of letters and inpayments through network development and the consistent adaptation of resources, combined with efficiency increases. Although customer frequency and hence over-the-counter transactions in the branches continue to decline, the operating result at PostalNetwork rose significantly by 36 million francs year-on-year to -94 million francs.

In the highly competitive logistics market PostLogistics posted operating profit of 101 million francs, which was 17 million francs higher than the prior-year figure. Parcel volumes carried by PostLogistics rose by 6.7

percent and were therefore largely responsible for this positive profit trend. The freight and warehousing units were also optimized, which had a positive impact.

### **Ongoing decline in operating profit at PostFinance**

PostFinance recorded an operating profit of 218 million francs, representing a decrease of 315 million francs year-on-year. Operating income was down 277 million francs to 1,315 million francs. This is mainly due to non-recurring one-off capital gains of 109 million francs from the sale of shares in the previous year and the current market-related lower interest income, which decreased by 114 million francs. The negative trend in results at PostFinance which has been seen for several quarters therefore continued.

### **Drop in results at PostBus**

At PostBus, the operating result fell by 47 million francs year-on-year. This was mainly due to the agreement with the Federal Office

of Transport (FOT) regarding the reimbursement of compensatory payments received unjustly in previous years. An impairment loss on intangible assets (-10 million francs) and property, plant and equipment (-4 million francs) also weighed on the operating result in the first three quarters. Additional expenses were incurred to settle a legal dispute in France (-7 million francs).

### **Swiss Post is tackling challenges**

Swiss Post is tackling the challenges it faces and has introduced a range of effective measures. Good progress has been made in the restructuring of the postal network, and the deficit in the network has been successively reduced. Constant improvements are underway not only in the network, but also in all Swiss Post units. This is essential to enable Swiss Post to continue to finance the universal postal service and its investments from its own resources.

Source: [Swiss Post](#)