

## POST presents solid results during 2017 in a changing environment

18-05-2018

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Several exceptional events, such as the sale of its stake in Eutelsat lead to a 59% increase in net income to 36.7 million euros (after tax - Group holding).

"We are a company which is in the process of transforming its three core segments (telecoms, financial services and mail) and even though we can be satisfied with the stabilisation of our earnings. Important, at present, is to improve our efficiency levels," stated Claude Strasser, Managing director of POST Luxembourg, adding that "cost management remains a challenge for the company".

For the first time, POST's annual report includes both its financial performance (profitability) and its extra-financial performance (linked to its sustainable

development commitments).

"At POST Luxembourg Group, we are targeting responsible growth which is not only financial but also social, economic or environmental", says Serge Allegrezza, President of the Board of Directors. This initial 'integrated' report corresponds to the reality of a Group such as POST, which is a major economic player and whose investments are also dictated by national objectives that reach beyond the sole imperative of profitability. "

In its first integrated report, POST has published various performance indicators in a transparent manner.

We can point to an improvement in terms of accessibility of the sales outlets owing to the extended opening hours of Points POST (partner businesses) which has contributed to an increase (+47%) in the total number of opening hours of postal services outlets. Furthermore, the end-to-end fibres installed over several years by POST has reached 1.1 million km and the number of connectible households now reached 61.8%.

### Telecoms affected by roaming

The elimination of roaming charges ("Roam like at home") weighs heavily on POST Telecom's turnover: its impact has been

estimated at approximately 8 million euros (which represents 5 to 6 million euros in net income).

POST has managed to stabilise the downturn in telecom income in a market environment which is characterised by an explosion in mobile data, a need to invest in higher-performance networks, binding regulations and strict pressure on prices. POST owes its encouraging performance to the commercial success of several of its domestic products (PostTV and BAMBOO) and business services (ConnectedOffice) as well as to its continual efforts to improve efficiency and optimise internal processes.

"Owing to several years of investment in fibre optics, which are just beginning to bear fruit, we are witnessing a massive migration of our ADSL and LuxDSL customers to BAMBOO for the Internet," explains the Managing Director.

### **From letters to logistics**

The domestic mail activity continues to fall: in 2017, the volume of letters has decreased by 4.2% year-on-year, which represents about 22 million letters in 4 years. This decline is only partially offset by parcel volumes, which have increased by 15% (1.3 million more parcels as compared to 4 years ago).

Reducing costs to improve the profitability of postal activities is difficult as this universal service ensures distribution to every household in the country five days a week, irrespective of the volume distributed.

The launch of a logistics solution in 2017 with Asian e-commerce operators has begun to yield results; Luxembourg has become a European gateway for parcel delivery in Europe. At present, approximately 10,000 parcels arrive each day from Asia at POST Luxembourg before being distributed

throughout Europe.

"It is essential for us to develop a pillar of complementary activities alongside the traditional distribution of mail which, following the digitalisation of communications, is progressively decreasing every year," declares Claude Strasser.

### **CCP tariff reforms**

The postal financial services continue to suffer as a result of historically low interest rates. The tariff reform implemented beginning of 2017 aimed to improve the profitability of the CCP and encourage our customers to consume less paper for their bank statements and to promote the use of our services via digital platforms (CCP Connect and CCP Mobile) or self-banking (ATM).

"Customers can always benefit from a free service by using 100% digital operations, and those who do not have the opportunity can request a personal exemption," indicated the Managing Director.

### **A Group comprising 24 companies**

2017 was a year of changes for POST Luxembourg Group: re-sale of its TNT shareholding, welcoming Elgon/Ainos into the Group, disposal of its stake in Eutelsat with the subsequent acquisition of a stake in Encevo beginning 2018, as well as the takeover of Join in December 2017.

The parent company now oversees a total of 24 subsidiaries that constitute the scope of consolidation of the 2017 integrated report. Their objective is to boost innovation in key market segments of the Group and to improve customer service. On average, these companies employed 4,371 people in 2017, consisting of 43 nationalities. As the first

national employer, the POST Luxembourg Group has reaffirmed its willingness to continue developing in growth sectors such as ICT and logistics.

With 379 new employees in 2017, 576 trainees and students welcomed and partnerships formed with leading schools, the POST Luxembourg Group is relying heavily on those who can foster the digitalisation of its activities.

### **Outlook for 2018**

“2018 will be a year full of challenges”, stated Claude Strasser. “Sustaining the Group’s activities financially will require improved efficiency and sound management of our costs. Digitalisation and improving the customer experience are uppermost in our minds in 2018”, he added.

The Internet of Things, the future for the telecommunications world, and services linked to cybersecurity and logistics are opportunities in which the POST Luxembourg Group will be seeking to develop.

Source: [POST Luxembourg](#)