Canada Post operating losses worsen again

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Canada Postâ€™s operating loss worsened significantly last quarter, offset only at group level by solid profits from express subsidiary Purolator and one-off proceeds from the sale of a non-core business.

The postal operator recorded a loss before tax of C$76 million in the first quarter of 2024 as revenue for Parcels and Transaction Mail declined and Direct Marketing picked up.

The segment's loss before tax improved compared to the same period of the prior year due to the receipt of non-recurring dividends partly related to the divestiture of SCI Group Inc. (SCI). Without these dividends, Canada Post's loss before tax would have been approximately C$224 million, compared to a loss before tax of C$107 million in the first quarter of 2023.

Canada Post's loss from operations in the first quarter was C$221 million, expanding by C$109 million compared to the C$112 million loss from operations it had recorded in the first quarter of 2023.

Higher costs

Notably, the cost of operations increased by 2.8% in the first quarter compared to the same period a year earlier. Labour costs rose slightly and employee benefit costs increased due to a decline in discount rates. The increase in costs was partly offset by lower non-capital investments as the company has refocused its 2024 investment priorities.

Source: CEP-Research