

Canada Post segment reports \$129-million loss before tax for first quarter

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Canada Post recorded a loss before tax of \$129 million in the first quarter of 2022 as revenue declined more than costs. The segment's loss before tax deepened by \$52 million, or 67.7 per cent, compared to the same period in 2021.

Revenue for the Canada Post segment fell by \$120 million, or 6.11 per cent, in the first quarter of 2022 compared to the same period in 2021. The largest component of this decline is from lower Parcels volumes in the first quarter of 2022, compared to high Parcels volumes in the first quarter of 2021, when many physical stores were closed due to COVID-19. Transaction Mail revenue and volumes also decreased from the prior year, while Direct Marketing revenue and volumes increased.

Cost of operations decreased by \$77 million, or 2.3 per cent, in the first quarter of 2022 compared to the same period in 2021. Labour costs decreased by \$34 million in 2022 due to a drop in parcel volumes and one less paid day compared to 2021, while employee benefits costs decreased by \$85 million due to an increase in discount rates. These were partly offset by higher transportation and facilities costs, as well as increased spending to sustain the Corporation's network and improve its capacity.

Canada Post has a long-standing mandate to maintain financial self-sustainability while serving all Canadians. The pandemic has accelerated online shopping in Canada, rapidly changing the needs of Canadians and the importance they place on their postal service. With changes in the demand for mail services in all parts of the country, the Corporation is responding by investing to expand capacity, improve service and innovate its operations. Financial self-sustainability remains the Corporation's medium- to long-term goal while the immediate focus must be on the critical investments and improvements needed to meet the changing needs of Canadians and support businesses of all sizes.

Parcels

For the first quarter of 2022, Parcels revenue declined by \$92 million, or 9.6 per cent, while volumes fell by 23 million pieces, or 23.1 per cent, compared to the same period in 2021, when volumes were at exceptionally

high levels due to post-holiday online shopping and returns when stores were closed due to COVID-19. Limited inbound air transportation capacity and global supply chain issues also negatively impacted Parcels volumes and revenue during the first quarter of 2022.

Transaction Mail

For the first quarter of 2022, Transaction Mail revenue fell by \$36 million, or 5.0 per cent, as volumes declined by 65 million pieces, or 9.1 per cent, compared to the same period in 2021. Transaction Mail continued to erode in the quarter as consumers and mailers migrate to digital communications. Restricted air transportation also negatively affected revenue during the quarter. Revenue was also affected as, due to COVID-19, the Corporation has kept regulated stamp prices at 2020 levels.

Direct Marketing

Direct Marketing continued to recover from the impact of customers postponing or cancelling marketing campaigns, which had

begun early in the pandemic. In the first quarter of 2022, Direct Marketing revenue grew by \$18 million, or 8 per cent, as volumes increased by 66 million pieces, or 7.6 per cent, compared to the same period in 2021. While Canada Post Personalized MailTM and Canada Post Neighbourhood MailTM continued to recover in the quarter with the broad return to in-person shopping, some businesses closed or faced capacity restrictions due to COVID-19, reducing the demand for marketing campaigns.

Group of Companies

The Canada Post Group of Companies² recorded a loss before tax of \$100 million in the first quarter of 2022, compared to a loss before tax of \$19 million in the same period a year earlier. Purolator's profit before tax of \$28 million in the quarter fell by \$23 million, or 45.9 per cent, from \$51 million in the same period of 2021. SCI's first-quarter profit before tax of \$2 million fell by 70.3 per cent from \$6 million in the same period of the prior year.

Source: [Canada Post](#)