

Australia Post announces first half earnings

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Australia Post today reported group revenues increased by 3 per cent to \$3.6 billion for the half year, underpinned by strong parcel growth.

Highlights for the six months to 31 December 2017

- Group revenue up 3 per cent at \$3.6 billion
- Trading EBITDA up 1 per cent at \$349 million
- Profit after tax at \$217 million up 65 per cent, bolstered by property sales and other one-off benefits
- Full year profit before tax is forecast to be in line with the previous year

Australia Post today reported group revenues increased by 3 per cent to \$3.6 billion for the half year, underpinned by strong parcel growth.

Parcel revenues increased by 8 per cent in the period, outperforming retail sales growth. Competitive pressures impacted the domestic parcels earnings growth modestly, but the growth did compensate for the 10 per cent fall in addressed letter volumes.

Encouragingly the group delivered strong inward growth from Asia, with inbound parcel volumes up 45 per cent in the period, with almost all of this growth coming from China. International eCommerce volumes indicate a future opportunity for Australia Post.

Addressed letter volumes have fallen more than 26 per cent in three years as large

organisations continue to drive their communications online. Letter revenues were boosted by the Australian Marriage Law Postal Survey. Without this survey, letter revenues would have experienced an even sharper decline.

The results demonstrate the compelling need and significant challenge for Australia Post to continue to transform.

Group Chief Executive Officer & Managing Director Christine Holgate said during the first half, the business made progress in driving further operational efficiencies, achieving a further \$113 million in expense savings, which helped costs to grow marginally below revenues.

"Two-thirds of Australia Post revenues are now in competitive markets and although deliveries were strong and cost savings were encouraging, trading EBITDA was flat at just 1 per cent growth," Ms Holgate said.

"Reported profit after tax of \$217 million was up 65 per cent, or \$86 million, boosted by benefits from property transactions and other one-off items.

"Due to the strong seasonal nature of our business we expect to again make a loss in the second half.

"We do though forecast a full year profit before tax result in-line with last year. Going

forward it is critically important we focus on returning Australia Post to sustainable growth.

"In developing our new strategy it will be important Australia Post continues to meet the needs of Australians including by maintaining a healthy and viable Post Office network, including our Licensed Post Office partners.

"We are currently working to find new revenue streams for our Post Offices, as

their role in communities becomes increasingly important to serve an ageing population and with traditional services closing branches."

The business continues to invest in infrastructure and customer experience whilst maintaining a healthy cash balance of \$480 million with S&P reaffirming the strong credit rating of AA- during the last 6 months.

Source: [Australia Post](#)

