Posti Group 1â€“9/2021: Solid improvement of profitability, despite continued market changes

27-10-2021

Posti Group Corporation Interim Report Januaryâ€“September 2021 Unless otherwise stated, the figures in brackets refer to the corresponding period in the previous year.

Outlook remains unchanged. In 2021, Posti is expecting its net sales to increase from the previous year, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to remain at the previous year's level. In 2020, Posti's net sales were EUR 1,613.6 million and adjusted EBITDA was EUR 186.5 million.

The fast pace of the global economic recovery makes the macro-economic outlook difficult to predict, which continues to cause some uncertainty in Posti's outlook.

The Group's business is characterized by seasonality. Net sales and operating result in the segments are not accrued evenly over the year. In Postal Services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker. The postal service volume decline is expected to continue.

Turkka Kuusisto, President and CEO
Once again, I am happy to say that Posti continued to grow in January-September: our net sales grew by 2.7% to EUR 1,189.1 million and our adjusted EBITDA grew to 11.6%. The continuing customer demand for parcel and logistics drew our net sales growth. The parcel volumes in Finland and Baltics grew by 15% in January-September. The high season in logistics continued in the beginning of the third quarter and overall volumes were at a high level.

In the third quarter, net sales grew by 1.9%. However, the adjusted EBITDA decreased because of the the changes in our operating environment, such as the poor availability of workforce, and the VAT reform, which reduced shipment volumes from outside the EU. An exception to this was Freight Services, which improved its profitability with outstanding performance.

With the increasing volumes of our parcel and logistics businesses, we are in constant need of new employees. Currently, we have hundreds of open vacancies. Due to the lack of workforce, we need to continue extra measures to ensure smooth operations for our customers. We are continuously trying to find ways to address the issues brought about

by the changing operating environment. In September, we started the operations of our Group-wide change unit. While we currently have many open positions in our growth businesses, the amount of work in Postal Services is decreasing. With the unit, we aim to find solutions for this employment mismatch and to responsibly manage the constantly changing situation.

One of the most important milestones for 2021 and the coming years was reached during the summer, when Service Sector Employers PALTA and the Finnish Post and Logistics Union PAU reached a multi-year collective agreement for the mail communications and logistics industry as well as a collective agreement applicable to the parcel sorters of Posti Palvelut Oy. The agreement was reached well ahead of schedule, and I thank the negotiating parties once again. The changes in the postal industry continue and managing to find a shared direction is a remarkable step towards a controlled and responsible change.

The postal industry transformation requires cooperation from all parties, including the regulator. We welcome the proposals by the Ministry of Transport and Communications on renewing the Postal Act and introducing a fixed-term State aid for newspaper delivery. Updates to the postal regulation are imperative to meet the customer needs of an evolving market, and the need for the reform is urgent. The updates should come into effect in 2022 at the latest.

The growth of eCommerce does not show signs of slowing down. According to our online shopping survey published earlier this month, nearly 70% of Finnish online shoppers expect to continue online shopping at current levels, and up to 16% are planning to significantly increase their online purchases. This demonstrates the potential we have in eCommerce. At the same time, we need to answer the increasing customer demand for faster, accurate and sustainable services, in line with our revised strategy.

Sustainability is at the core of our strategy, and I am very pleased that the long-term, systematic climate work we have been doing for decades has now been recognized on a global level. Earlier this month, Posti was awarded as the winner in the carbon reduction category of the World Sustainability Awards 2021. The seven finalists included companies such as Heineken and Bayer.

The busiest season of Posti is upon us and once again we are expecting record-breaking parcel traffic for the rest of the year. I want to already thank our people, the Christmas makers, who enable the success of this season. We at Posti have a great responsibility in ensuring a successful season for our customers.

Source: Posti

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