NZ Post reports Full Year Financial Result of $32 million profit after tax

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NZ Post has recorded a Net Profit After Tax of $32m for the year ended 30 June 2021, a $26m increase compared to the prior year.

With strong financial results, a fresh new look and continued investment in our networks to keep pace with changing customer expectations, NZ Post has had an excellent year under the backdrop of unprecedented global uncertainty.

"Despite the ongoing impact of COVID-19, these strong earnings are a result of both continued growth in our parcel business and our share of an excellent Kiwi Group Holdings performance," says NZ Post Chief Executive David Walsh.

"Much of our parcel success in 2020/2021 was due to another record-breaking Christmas, with 15.3m parcels delivered during November and December. That's an average of six parcels delivered every second and translated to a parcel EBIT of $21m, $17m up on FY20 (when adjusting for wage subsidies received). This improvement was driven through a mix of increased parcel volumes, parcel market pricing adjustments and strong cost management. International outbound volumes were also particularly strong in late 2020 as Kiwis sent parcels overseas for Christmas," says David Walsh.

NZ Post Full Year Financial Results 2020/2021 and other highlights include:

- Net Profit After Tax (NPAT) of $32m, $26m up on FY20
- Parcel segment EBIT of $21m compared with $15m for FY20 (or $4m when excluding wage subsidies)
- NZ Post's latest eCommerce research the Full Download shows New Zealanders spent more than $5.8 billion online last year, an increase of 25% on the year prior
- NZ Post has brought CourierPost, Pace and Rural Post under the single banner of NZ Post, with a new logo and refreshed visual identity. The consolidation of our brands has resulted in a one off $41m impairment charge to write off the CourierPost and Pace brands
- FY21 was the first year of the 3-year contract for mail services with the Government, with $32m of income received, in line with our original projections. The contract provides funding for the mail service of up to

$130m for the period FY21 to FY23.

- NZ Post restructured its debt facilities in FY21 with the repayment of $200m subordinated notes in May 2021. This funding has been replaced with a new bank credit facility which provides financing flexibility and significant future interest savings.
- In FY21 NZ Post announced the closure of its Contract Logistics business, and in July 2021 purchased a 50% share in Supply Chain Solutions – a third party logistics and contract warehouse business.
- We played a key role in the 2020 General Election by delivering approximately 7 million items which helped Kiwis have their say, all with great feedback from the Electoral Commission
- Worked as the last-mile delivery partner for the Ministry of Health for the distribution of the COVID vaccine throughout New Zealand

"The ongoing uncertainty around COVID-19 means businesses and consumers will continue to operate online - so demand for our services, and the fast and efficient movement of parcels nationally and internationally, will continue to play a growing part in New Zealand's economic recovery.

"Our move to a single brand and refreshed visual identity supports the future growth we are expecting. We've been delivering mail for over 180 years and it's still a core part of what we do, but these days we're delivering more parcels and less mail. Parcels now account for close to 60% of our revenue.

"We knew there was confusion in the market – with New Zealanders not necessarily realising that it was NZ Post delivering their online shopping, so by bringing CourierPost and Post under the single NZ Post brand we've taken that confusion away. We want Kiwis to know it's NZ Post delivering for them and we want Kiwi businesses to know it's NZ Post supporting their eCommerce businesses to succeed," says David Walsh.

Confidence in ongoing parcel growth is also driving NZ Post's largest network infrastructure programme for decades. "We are investing more than $170 million in our parcel processing and technology infrastructure. Construction is well advanced on new parcel processing sites in Wellington, Auckland and Christchurch. These sites will have state-of-the-art technology, that will scan and sort parcels at a super-fast rate," says David Walsh.

NZ Post is also in the process of working through what mail services will look like in the future. "Ten years ago, we delivered over 1 billion mail items, which has been rapidly decreasing year on year – at the moment we deliver about 250 million items and we know this is going to continue to drop," says David Walsh.

NZ Post is working alongside the Government

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to manage the complexities of a declining mail business with a large, fixed cost network. "Mail is still, and will continue to be, a core part of NZ Post but we are having ongoing conversations with stakeholders to make sure that the right decisions are made, that take into consideration the needs and demands of customers. This will be one of NZ Post's strategic priorities in 2021/2022," says David Walsh.

The re-emergence of COVID-19 in our communities brings familiar challenges to our operations and customers. Through it all, the health and safety of our diverse workforce will always be our first priority.

Interviews with CEO David Walsh available on request, contact to book.

Source: New Zealand Post

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