International Post Corporation

U.S. Postal Service Reports First Quarter Fiscal 2020 Results

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The U.S. Postal Service reported total revenue of $19.4 billion for the first quarter of fiscal 2020 (October 1, 2019 - December 31, 2019), a decrease of $363 million, or 1.8 percent, compared to the same quarter last year.

Due to continuing secular declines in transaction mail, First-Class Mail revenue declined by $168 million, or 2.5 percent, on a volume decline of 571 million pieces, or 3.8%, and Periodicals revenue declined by $24 million, or 7.7 percent, compared to the same quarter last year. Marketing Mail revenue declined by $254 million, or 5.4 percent, on a volume decline of 1.7 billion pieces, or 7.9 percent, compared to the same quarter last year. The majority of volume declines in Marketing Mail were due to high levels of political and election mail in October and November of 2018, that were not replicated during the same period in 2019.

Meanwhile, Shipping and Packages revenue increased by $146 million, or 2.3 percent, despite a volume decline of 84 million pieces, or 4.6 percent, compared to the same quarter last year.

"We demonstrated once again the power of our unrivaled network and our ability to provide solutions for our customers while growing package volumes during our peak period. Package revenue for the quarter grew by $146 million. However, overall volumes and mail revenues for the quarter were down, and we continue to face systemic profitability challenges due to our restrictive business model and mandated costs," said Postmaster General and CEO Megan J. Brennan. "We will continue to aggressively pursue opportunities to generate profitable revenues and drive greater operational efficiencies under our current structure, while also seeking legislative and regulatory reforms to allow the Postal Service to better invest in our business, compete for customers, control our costs and serve the evolving needs of the public."

For the first quarter of fiscal year 2020, total work hours declined, compensation and benefits expense declined by $190 million, and total expenses were down approximately $1.1 billion. However, excluding non-cash fair value adjustments to the workers' compensation liability, total expenses were essentially flat compared to the first quarter of fiscal year 2019.

“While many of our network costs are fixed to meet our universal service obligations, we continue to aggressively manage operating expenditures under management’s control," said Chief Financial Officer and Executive Vice President Joseph Corbett. “The Postal Service reduced work hours by 6.4 million relative to the same quarter last year, helping us to reduce overall compensation expenses.”

The net loss for the quarter totaled $748 million, a decrease in net loss of $789 million, compared to a net loss of $1.5 billion for the same quarter last year. Controllable loss for the quarter was $387 million, compared to a controllable loss of $103 million for the same quarter last year.

Source: USPS

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