Australia Post delivers

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Australia Post today announced group revenue for the first half of $4.3 billion, up 15.5 per cent year-on-year and Group profit before tax at $166.6 million, including letter losses of $74.2 million.

Performance for the six months to 31 December 2020:

- Group revenue at $4.3 billion, up 15.5 per cent on last year
- Parcels and Services revenue: $3.4 billion, up 25.9 per cent
- Letters: $0.9 billion revenue, volumes down 13.6 per cent

Capital investment during the period increased to $189.4 million, up $40.3 million on last year, with continued investment to improve the business and increase the capacity in the parcels network, including the new Sunshine West Facility which opened pre-Christmas.

Parcels and Services revenue was up almost $701 million, or 25.9 per cent, to $3,403 million, largely due to the strongest parcel volumes in the organisation's history which continued to be delivered to communities across the country during COVID-19 restrictions. StarTrack and the international business, Australia Post Global eCommerce Solutions, both delivered strong results, with a disciplined focus on cost, an increase in volumes, and growth in third-party logistics and cross-border eCommerce.

Letter volumes were down 13.6 per cent with revenue down 11.0 per cent. The 10 cent per letter Basic Postage Rate increase in January 2020 has only partly compensated for the continued structural decline of letter volumes and increasing delivery points for this important community service, with losses for the half of $74.2 million.

Australia Post continued to generate savings from business efficiency programs implemented across the organisation including reducing head office support costs by $23 million.

Acting Group Chief Executive Officer and Managing Director Rodney Boys said the result was a significant achievement given the uncertainty of COVID-19 and the necessary network changes required to continue to provide essential goods and services to customers.

"The ability of our people to adapt during this

intensely challenging period has ensured many businesses across the country have been able to continue to operate and communities have been able to access our services – with Post Offices and delivery services continuing throughout COVID-19," Mr Boys said.

"The regulatory changes to our delivery services have provided the flexibility to adapt our resources and people to where they are most needed and it has been a credit to our people they were able to respond to suit the rapidly changing consumer needs, with more than 2,000 of our posties moving to parcel delivery to help manage the significant growth in eCommerce, as large and small businesses serviced their customers online.

"Our retail network of more than 4,300 Post Offices continues to provide critical government and financial services, particularly in rural and remote Australia, where Bank@Post remains an invaluable service for communities.

"We had over 107 million customers visit our corporate and Licensed Post Offices across the country in the first half, with 23.7 million visits alone in December, supported by our hard-working Post Office team and Licensed Post Office partners committed to serving the community during this challenging time.

"Following the S&P ratings downgrade in November 2019, whilst still below the profit levels of several years ago, it is pleasing to see year-on-year improvement as we work hard to restore the financial position at the same time as continuing to invest to meet changing customer demands."

It is expected eCommerce will be more subdued in the second half while letter losses will continue, contributing to an overall loss in the next six months.

Australia Post will release full year results in September and at this stage, expects to post a modest profit while being cognisant of the ongoing uncertainty of COVID-19 and pressures facing customers.

Source: Australia Post

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