

## Swiss Post achieves good result in difficult environment

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In the first nine months of 2017, Swiss Post achieved Group profit of 516 million francs, which represents an increase of 50 million francs year-on-year. The operating profit of 699 million francs was 106 million francs up on the prior-year figure. The improved result was principally due to one-off effects at PostFinance. Pressure remains high on the core operating business.

The volume of addressed letters decreased once again, while over-the-counter logistics products and payment transactions also suffered a further decline. In addition, the ongoing low interest rate situation in the financial services market is having a negative impact on interest income. For Swiss Post, this means that it must push ahead with its transformation in order to remain competitive in the future and to be able to finance a high-quality universal service from its own resources.

The PostalNetwork business unit improved its operating result by 26 million francs year-on-year to -130 million francs thanks to changes in the branch network.

Operating profit at PostMail was up 9 million francs to 244 million francs thanks to optimized process and cost structures. In doing so, PostMail once again made a substantial contribution to the Group result.

Swiss Post Solutions also increased its

contribution to results by 6 million to 21 million francs.

PostLogistics recorded an operating profit of 84 million francs (previous year: 73 million francs). This positive trend is mainly due to a 6.3 percent rise in domestic parcel volumes (previous year: +5.1 percent) and acquisitions of companies in the international transport and customs clearance sector. The logistics market, which has been fully deregulated since 2004, remains highly competitive. The Swiss domestic market in particular is increasingly seeing foreign service providers and competitors from the digital field.

PostBus increased its operating profit by one million francs to 31 million francs. This was primarily due to higher transport revenue and transport-related remuneration following the expansion of services in Switzerland.

### Higher operating profit at PostFinance

In the first nine months of the year, PostFinance generated operating profit of 533 million francs, 123 million more than in the previous year. This rise was essentially attributable to reversals of impairment on financial assets after impairment losses were incurred the previous year (effect: +109 million francs). The higher level of net trading income (+28 million francs) and declining personnel expenses (+17 million francs) also contributed to the improved

result. PostFinance continues to face a difficult market environment, particularly due to its competitive disadvantage in loans and mortgage lending. Net income from the interest differential business alone, the most important pillar, was down 89 million francs due to a lack of profitable investment opportunities.

### **Only solid profits lead to investments**

Swiss Post relies on financial stability to be able to guarantee the universal service, to continually develop its core business, and to tap into growth areas. To be fit for the future, annual investments of between 400 and 500

million francs are needed in the modernization of its infrastructure and services, as well as consistent cost management and efficient processes.

Three major challenges, which Swiss Post has faced for some time now, remain in the background at all times: the decline in letter volumes, falling margins in the logistics business as a result of growing competition as well as the ban on issuing its own loans and the ongoing low interest rate situation.

Source: [Swiss Post](#)

