International Post Corporation

Australia Post focuses on investing for the future as it delivers modest half-year profit

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Performance for the half year to 31 December 2025: Group revenue $5.06 billion, up 1.1% on same period last year (1H25) Group profit before tax $50.4 million, down $198.7 million from $249.1 million in 1H25 Parcels and Services revenue $4.11 billion, up 1.1% on 1H25 Letters revenue $952.2 million, up 0.9% and volumes down 11.5% compared to 1H25 Investment of $219.9 million to transform the business, up 53.6% on 1H25

Following a record-breaking Peak, Australia Post has reported an interim profit of $50.4 million, while significantly accelerating investments to transform its network and meet surging eCommerce demand.

This result is $198.7 million lower than the prior corresponding period, and reflects the strategic decision to accelerate investment in the business to remain competitive. It also highlights increased costs for energy, enterprise agreement wage increases and property. The Letters service continues to run at a loss and volumes remain in decline. Performance in the first half was driven by a record 111 million parcels delivered across the November and December Peak period, ongoing business simplification under the Post26 Strategy and productivity benefits from modernisation reforms.

Increased demand for eCommerce during Peak drove a 5.1% rise in parcel volumes for the half compared with 1H25, with more than 283 million parcels delivered. However, over the same period letter volumes continued to decline, falling by 11.5% to 734.2 million.

An accelerated investment program saw Australia Post allocate $219.9 million to facilities, retail formats, fleet, technology and regional expansion, as the business continues to invest in improved service for customers.

Prudent cost management and productivity reforms delivered year-on-year cost savings of $99.7 million, driven by the exit of non-core businesses and efficiency initiatives across the network. Operational costs were up 5.4%, mainly driven by 4% wage growth secured by enterprise agreements for Australia Post and StarTrack team members, increased rates and commissions for contractors and Licensees, and higher parcel volume-related costs.

Parcels business

Parcel volumes increased by 5.1%, driving revenue of $3.61 billion, up 4.1% on the same period last year. During Peak, Australia Post delivered 3,075 parcels every minute[1] — around one million additional parcels per week compared with last year, while achieving record service levels. However, intensive competition in the eCommerce market has led to tighter pricing and compressed margins.

As customer expectations evolve for parcel delivery, Australia Post is investing in long-term network improvements, with new parcel processing facilities at Caringbah (NSW), Brisbane North (QLD), Elizabeth (SA), Port Melbourne (VIC)and Jandakot (WA) alongside more than 15 regional sites underway. The business continues to reshape its surplus property portfolio by repurposing or selling sites where capital can be better invested to expand capacity, improve efficiency and enhance service offerings.

Australia Post continued transitioning its fleet and fuel to lower carbon options, drove resource recovery through its operations, and launched an innovative national circular clothing pilot, to support the return and recovery of end-of-life textiles. Technology and network upgrades continue to lift service quality, reduce missed delivery carding, enhance the AusPost app, and improve the overall tracking experience for our customers.

Letters service

The Letters service saw an interim loss of $2.1 million for the half driven by continued structural declines in Letter volumes. This is an improved outcome due in part to a $0.20 increase to the Basic Postage Rate (BPR), which came into effect in July 2025. As Australians continue to send fewer letters, the Letters service is expected to record a large loss for FY26.

In December, Australia Post lodged a draft notification with the Australian Competition and Consumer Commission (ACCC), proposing a $0.15 increase in the BPR from $1.70 to $1.85. Further price increases will be required to help mitigate the impact of the continued structural decline in the Letters service. With fewer than 3% of letters sent by individuals, the average cost to Australian households would be less than $1 extra per year.

Retail and Post Office network

Australia Post is focused on improving the experience for customers who visit Post Offices, one of the largest retail networks in the country, even as over-the-counter visits decline. With all four major banks now signed onto new Bank@Post contracts, Licensed Post Offices (LPOs) are receiving 30% higher commissions for this service, which is particularly important in regional and remote areas without any other banking services.

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With the majority of Post Office visits now parcel-related, nine new-format Post Parcels outlets opened in the Australian Capital Territory, New South Wales, Queensland and Victoria during the half. Australia Post has also increased its network of free parcel lockers during this time, which provide customers with more access, more convenience and more efficient service, bringing the network to more than 1,200 nationally.

Outlook

Group Chief Executive Officer and Managing Director, Paul Graham said Australia Post is firmly focused on being future-ready to ensure its long-term financial sustainability.

"Our half-year results reflect a deliberate strategy to invest now to secure Australia Post's long-term future. We're upgrading our business so we can continue to deliver world-class services to our customers and the community.

"While Australia Post delivered a modest half-year profit, our Parcels business has performed well amid growing headwinds in a rapidly evolving competitive environment and, for now, is able to support our Letters service, which is in steep structural decline. However, we operate in an environment where competition from mega marketplaces and gig economy logistics providers is intensifying, margins are tightening and our market share is shrinking.

"We're responding to this challenge by investing for our future and making hard decisions now. We're significantly increasing our strategic investment to streamline operations, upgrade legacy facilities and systems and recycle capital where it makes sense, ensuring we invest in vital national infrastructure that keeps communities connected. However, we will need to work with the Government and our Union partners on further reform to avoid becoming a long-term burden on the Australian taxpayer.

"Driving efficiencies remains a priority, with year-on-year cost savings achieved through streamlined and more efficient operations. Technology updates, such as migrating our event management to the cloud, have allowed Australia Post's systems to track parcels in near real time - improving speed, reliability, and resilience across our network. Our ongoing investments in cyber protection and technology resilience saw record stability across our network in the first half.

"Australia Post remains a vital part of every community, especially in regional and remote areas. We're expanding our parcel-focused Post Office formats, rolling out more free 24/7 parcel lockers, continuing our social commitments through community partnerships and ensuring we protect essential services like Bank@Post for

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communities and our Licensees.

"I'm immensely proud of all our team members and Licensees and Delivery Partners, who delivered for our customers during a record Peak, demonstrating the strength of our network and capability of our team.

"As we look ahead, we expect the competitive environment to only get tougher, and we may incur a loss in FY26 as we accelerate our investment program and deal with the ongoing structural challenges of our legacy businesses. These are conscious choices — by fighting hard and planning for the future now, we're building a modern, sustainable Australia Post that will continue to serve all Australians for generations to come," Mr Graham said.

Source: Australia Post

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