International Post Corporation

Canada Post segment reports $254-million loss before tax in the second quarter

29-08-2023

The segment's loss before tax in the second quarter widened by $94 million, from a loss before tax of $160 million in the second quarter of 2022. For the first half of 2023, Canada Post's revenue fell by $110 million, or 3.3 per cent, compared to the same period of the prior year. The segment's loss before tax was $361 million compared to a loss before tax of $289 million in the first half of 2022.

An increasingly competitive parcel delivery market continued to impact Parcels revenue in both the first and second quarter of 2023. Transaction Mail volume continued to erode, while Direct Marketing revenue declined as businesses' marketing budgets remained under pressure.

For the first half of the year, total operating costs were relatively flat, decreasing by 0.1 per cent, or $3 million, compared to the first half of 2022. In the second quarter, the cost of operations rose by 1.7 per cent, or $31 million, compared to the same period a year earlier. These changes in costs were mainly due to lower total labour and employee benefit costs, partly offset by higher non-capital investments in technology and operations.

With Parcels representing approximately half of Canada Post's revenue, the Corporation is transforming to better position itself in a competitive market and ensure the postal service continues to be a vital economic link for all Canadians. The Corporation is making strategic investments to improve service and tracking, boost capacity and enhance the customer experience.

Parcels

In the second quarter of 2023, Parcels revenue fell by 7.0 per cent, or $46 million, as volumes rose by 2.6 per cent, or 2 million pieces, compared to the same period of 2022. Revenues were impacted by the growing use of rate shopping platforms by customers, increased competition and a drop in fuel surcharges tied to market rates. At the same time, domestic parcel volumes increased due to ongoing strategic efforts to secure new accounts and additional volumes. For the first six months of the year, Parcels revenue declined by 3.4 per cent, or $45 million, and volumes fell by 2.7 per cent, or 3 million pieces, compared to the same period of the prior year.

Transaction Mail

In the second quarter, Transaction Mail revenue fell by 5.2 per cent, or $22 million, as volumes declined by 4.3 per cent, or 15 million pieces, compared to the same period a year earlier. For the first two quarters of 2023, Transaction Mail revenue declined by $40 million, or 2.4 per cent, while volumes fell by 3.9 per cent, or 38 million pieces, compared to the same period of 2022. Consumers and mailers continued to shift to digital channels. Regulated stamp prices remained at 2020 levels.

Direct Marketing

In the second quarter, Direct Marketing revenue declined by 3.7 per cent, or $5 million, as volumes fell by 6.6 per cent, or 54 million pieces, compared to the same period of the previous year. For the first half of the year, revenue declined by 4.1 per cent, or $16 million, as volumes were down by 6.0 per cent, or 106 million pieces, compared to the same period of 2022. Volumes remained below pre-pandemic levels as businesses' marketing budgets continued to be under pressure due to economic uncertainty and restrained consumer spending.

Group of Companies

For the second quarter, the Canada Post Group of Companies2 recorded a loss before tax of $167 million, compared to a loss before tax of $64 million in the same period a year earlier. Purolator recorded a profit before tax of $87 million compared to $91 million in the second quarter of 2022, while SCI's profit before tax was nil compared to $4 million in the same period of the prior year.

For the first six months of the year, the Group of Companies recorded a loss before tax of $225 million compared to a loss before tax of $164 million in the same period of 2022. Purolator recorded a profit before tax of $133 million, compared to $119 million in the prior year period, while SCI recorded a profit before tax of $3 million, compared to $6 million in the same period of 2022.

Source: Canada Post

CLASSIFICATION: CORPORATE | WWW.IPC.BE © 2026