

Financial situation of PostBus subsidiaries abroad not presented in full

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The recently published enquiry report by law firm Kellerhals Carrard indicates that PostBus diverted hidden profits. Swiss Post has investigated this matter thoroughly over the past few weeks. Their investigations confirm that, between 2007 and 2012, PostBus paid hidden profits to the Swiss Post parent company for which there was no justification. It has also been revealed that, for years, CarPostal France and PostBus Liechtenstein were not charged for all services. This means a full picture of the economic viability of PostBus's operations abroad was not given in the past. Swiss Post has decided upon measures to ensure this cannot happen again, and is now also reviewing its future operations in Liechtenstein.

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In-depth investigations conducted by Swiss Post now confirm that, between 2007 and 2012, PostBus diverted hidden profits to the parent company at the time in the form of illicit licence fees for the benefit of the PostBus brand. This resulted in around 67 million francs in total being paid by PostBus to its parent company between 2007 – 2012. In a regulated market with licensed providers, there is no justification for paying a licence fee for the PostBus brand. Such a practice

enabled profits at PostBus Switzerland Ltd to be kept correspondingly low, and is unacceptable.

The enquiry report by Kellerhals Carrard also shows that whilst hidden profits were being diverted to the Group, funds totalling a similar amount were invested in PostBus's operations abroad, and so there is reason to suspect that profits generated unlawfully have helped expand these operations. In fact, these higher profits essentially resulted in greater financial strength. The Group's overall liquidity was high enough, however, to ensure funding from the Group, even without the excess compensatory payments received.

Subsidiaries abroad not charged for all services

It should be said that the hidden profits paid by PostBus to the parent company had no impact on profits in either foreign subsidiary. However, certain costs were not charged either to CarPostal France or PostBus Liechtenstein over a number of years. The strategic decisions taken at the time were legitimate, but from today's perspective need to be examined critically. Had the costs been allocated differently at the direct expense of

the foreign subsidiaries, then the positive EBIT would not have been reached until later at least in France. For PostBus Liechtenstein a positive EBIT may not have resulted in recent years under such circumstances. In light of these findings, the company's future operations in Liechtenstein are now coming under scrutiny, with a view to the licence renewal in 2021.

The economic viability of PostBus's operations abroad were thus not made entirely clear in the past, which reveals an additional weakness in the financial management of PostBus at the time.

Package of measures at PostBus to be

extended to operations abroad

Executive Management has given a high priority to implementing the Group's functional financial management at PostBus. The plan is for PostBus to be subject to the same financial management as all of the Group's other units. Work to this end has already begun, with the ultimate aim being to ensure these events can never happen again. Swiss Post will try to provide answers in response to these issues and to the review of responsibilities that has already been announced, and it will also clarify legal responsibilities.

Source: [Swiss Post](#)