

An Post grew revenues 3% in 2020, and launches Green Light Programme for next stage of transformation

03-06-2021

An Post has released its results for 2020. Revenues grew by 2.6% as strong parcel growth of 100% was partially offset by a decline in letter volumes of 7%, and trading declines in the Post Office network due to Covid restrictions.

Profit before depreciation and amortisation of €33m reflected the strong trading performance, driven by the surge in e-commerce parcels, strong Christmas mail, and growth in new financial services. After depreciation and amortisation the business had a loss of €10m.

The Covid Pandemic adversely impacted results by over €50m, due to PPE costs, replacement staff costs, reduced Post Office transactions and a postponed price increase. The impact was fully serviced from An Post's strong balance sheet without any recourse to State funding or subsidies.

The balance sheet despite the Covid impacts remains strong with €81m unrestricted cash at the year-end; and the An Post Pension Fund is fully funded at 102%.

An Post has seen a very strong start to 2021 with revenues for Q1 up 11% vs the same period last year, reflecting continued high parcel volumes and a recovery in letter volumes. As the business normalises and the price increase is reinstated, profits are expected to return to pre-pandemic levels.

An Post also announced its Green Light Programme for the next five years 2021-2026. Building on 2020's revenue growth for the fourth year in a row, the strategy will see:

- Increased profitability through a rebuilt

logistics network to meet burgeoning eCommerce demand, and a sustainable mail delivery service

- A transformed and sustainable Post Office network as an essential service for consumers and communities, especially for banking, out-of-home eCommerce and Government services
- Better Banking with An Post Money's expanded range of services
- The development of a market-leading digital platform to make e-commerce easy and accessible for everyone
- Growth of An Post Commerce, to enable Irish businesses to trade and transact here and around the world, and an expansion into new international supply chains
- A new expert and lean Corporate Centre 'CC2.0', with new ways-of-working for a post-Covid world.

The Green Light Programme sees an investment of €200-300m in the networks over the next five years for physical and digital infrastructure (excluding any potential M&A); with a revenue target in excess of €1bn annual revenues at a point during the plan; and a net margin target of 7-10% to sustain the business for the long-term.

Commenting on the results, David McRedmond, An Post CEO said:

"2020 for An Post was all about being a

public service. Unlike many postal services in Europe we kept both our networks fully operational throughout the pandemic. While the costs from Covid were a major hit on the organisation, An Post's strong financial recovery in the previous few years meant the costs could be fully funded from our balance sheet. The revenue growth showed continuing momentum in An Post's strategy which has accelerated even further in the first quarter of 2021. We have ambitious plans, and the momentum, to grow the business as an essential infrastructure for Ireland."

Peter Quinn An Post CFO said:

"In an unprecedented year of economic

disturbance, the sector proved resilient with growth in the top line. The growth in services, 100% plus for e-commerce home delivery is very encouraging for An Post's business into the future. Generating a positive earnings before depreciation and having the balance sheet strength to deal with the cost demands of ensuring service during the pandemic and forfeiting income from price, demonstrates a powerful resilience in the core business. There is great potential for An Post to play a leading role in the recovery and to generate sustainable earnings".

See the 2020 Annual Report here:

www.anpost.com/annualresults2020

Source: [An Post](#)