

Swiss Post's interim results reflect challenging conditions - strategic course set for the future

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In the first six months of 2023, Swiss Post generated operating profit (EBIT) of 165 million francs, down 129 million francs year-on-year. Profit amounts to 118 million francs, 141 million francs below the figure for the first half of 2022. The declining volumes in letters, parcels and over-the-counter transactions continue to have an impact on Swiss Post's result. Despite the turnaround in the first quarter, net interest income also remains below the previous year's figure. The interim result reflects the current extremely challenging operating framework. However, Swiss Post is confident that the turnaround in interest rates and our consistent implementation of the "Swiss Post of tomorrow" strategy will have a positive impact on the result as early as 2024.

The figures for the first six months confirm that, in financial terms, 2023 is a challenging year for Swiss Post. At 165 million francs, operating profit at mid-2023 was down 129 million francs year-on-year. Commenting on these figures, Alex Glanzmann, Head of Finance at Swiss Post, says: "The result is a reflection of the challenging operating framework we face at present. As digitization continues, letter volumes and over-the-counter payments are in decline. Subdued consumer confidence means that fewer parcels and promotional mailings are being sent. Then there is the turnaround in interest rates, which, compared to the previous year, still had a negative impact on the result in the first six months. And inflation is also leaving its mark on the result, with sharp rises in costs for fuel, energy, transport, materials and salaries." Profit fell by 14 million francs to 118 million francs. Besides the decline in earnings, a key factor here is the sale of the subsidiary Swiss Post Solutions, which had a positive impact on interim profit in the previous year. Revenue at Swiss Post rose to 3.540 billion francs. This represents a year-on-year increase of 2.3 percent, or 80 million francs.

Declines in logistics, over-the-counter transactions and interest operations, rising passenger numbers at PostBus

Letter volumes fell by 6 percent year-on-year. Parcel volumes were down by 4.5 percent. Swiss Post's branch network is feeling the impact of the decline in the number of over-the-counter payments (-19.8 percent compared to the previous year) and the fall in revenue that entails. At PostFinance, rising interest rates on the capital market are not yet making up for the loss of income from the negative interest rate environment. The Mobility Services unit also proved unable to match the previous year's operating profit. While PostBus carried more passengers than in the previous year, this was not sufficient to offset higher costs due to inflation and lower compensatory payments. Communication Services, the most recently established unit, remains under development and posted a negative result as expected.

Swiss Post well on track with implementation of the 2021–2024 strategy

For 2023 as a whole, Swiss Post expects a lower result than in the previous year. However, Swiss Post is confident that interest

rate developments and its consistent implementation of the “Swiss Post of tomorrow” strategy will have a positive impact on the result as early as next year. Swiss Post will therefore continue to consistently pursue its “Swiss Post of tomorrow” strategy. “This is necessary so that we can continue to meet the requirements of the public and offer modern services – both physical and digital. That is the only way to secure the public service in the long term and finance it ourselves” says Alex Glanzmann.

The Swiss Post of tomorrow strategy is based on four pillars: 1) Growth and development, 2) Sustainability, 3) Pricing measures and 4) Efficiency improvements. In the last six months, Swiss Post has reached important milestones for all four pillars: the successful premiere of the new e-voting system shows that Swiss Post can offer secure digital solutions for Switzerland. With the acquisition of SpotMe, Swiss Post has also expanded its digital services for business customers. In goods logistics, Swiss Post strengthened its

market position. In the area of sustainability, Swiss Post received the seal of approval of the Science Based Targets initiative (SBTi) for its climate and energy target and its chosen approach. Since February 2023, Swiss Post has been delivering letters and parcels in the major cities of Zurich and Bern exclusively with electrically powered vehicles. And, in an example of its efforts to also actively remove CO2 from the atmosphere, Swiss Post has signed a purchase agreement for an area of forest in Thuringia, Germany. With regard to pricing measures, Swiss Post has reached an agreement with the price regulator concerning price increases starting in 2024. With the “Efficiency improvements” pillar, Swiss Post is reducing its costs – with examples including its efficiency programme in the management of logistics services and its pooling of office space. This means Swiss Post is well on track with its implementation of the 2021–2024 strategy, as confirmed in June by two reports prepared by external companies on behalf of the Confederation.

Source: [Swiss Post](#)