

Parcels Deliver Profit Growth

24-08-2018

Australia Post today announced a full-year profit after tax of \$134 million, up 41 per cent on FY17. This result was largely driven by substantial growth in parcel revenues and a continued focus on efficiency gains.

This result was underpinned by strong parcel volume growth, both domestically (B2C up 10 per cent) and internationally (up 19 per cent), and a range of efficiency measures across operational and support functions. Together this helped offset the impact of an 11 per cent volume decline in the important domestic letter business.

Once again, this year Australia Post either met or exceeded all of the prescribed performance standards that underpin the community service obligations. Importantly, the organisation maintained broad community access to the network, via 4,356 post offices (in excess of target of 4,000) and delivered 98.5 per cent of letters on time or early (ahead of target of 94 per cent).

Australia Post's Group Chief Executive Officer and Managing Director Christine Holgate said: "While this result was pleasing it demonstrates the business has a significant challenge ahead as it continues to transform. Although we continue to optimise our delivery network, we require \$2 of parcel revenue to mitigate the impact of every \$1 decline in letters.

"In parallel with letter volume decline, many of us are paying our bills online and large organisations are withdrawing from regional towns. This puts further pressure on our local post offices to serve these communities with important services, including financial transactions. These growing services require

investment and increased funding to ensure we can meet communities' needs.

"As Australia's most trusted delivery partner, facilitating 82 per cent of the nation's eCommerce, we are uniquely placed to take advantage of a number of growth opportunities. This includes serving our business & government customers better, rejuvenating the role of the post office in the community, focussing on the significant international opportunities, and creating and simplifying our products that people value and trust.

"To build world-class experience we are investing in capacity and efficiency in major processing parcel facilities and across our delivery network, with over \$300 million of investment in FY18 and \$500 million forecast in FY19.

"We are proud that Australia Post plays such an important role in our country, contributing over \$6 billion to the economy. For every role we employ, we secure another in Australia including two in regional and rural areas. Our trusted brand and posties are loved by Australians. Around 91 per cent of Australians have visited a post office in the last six months, on an average of 10 times, with 85 per cent of Australians saying it was very important their local post office remains.

"To help keep all our people safe, including our posties, we will invest an additional \$30 million in skills, tools and capabilities. We will

reduce the number of motorcycles on delivery routes where other transport is safer, such as three-wheeled electric delivery vehicles and electric bicycles."

Australia Post also made a significant contribution to the community by paying \$593 million to the federal and state governments, through dividends (\$79 million) and taxes (\$514 million), while remaining entirely self-funding. Furthermore, the fully funded cost incurred by Australia Post in meeting its community service obligations during the year was \$404 million.

Australia Post has forecast there will be greater pressure on profitability in the 2018/19 financial year due to the continued decline in letters and caution around domestic and cross-border retail conditions. The 2018 Remuneration Report for key management personnel has also been released today. This report is available at auspost.com.au/2018remunerationreport.

This year the report also includes forecast remuneration payments for FY19.

Source: [Australia Post](https://auspost.com.au/2018remunerationreport)

