

## Omniva's financial results for the first quarter were affected by the war in Ukraine

02-05-2022

The Omniva Group's turnover and profit for the first three months of this year fell short of expectations. The result was affected by the start of the war in Ukraine as well as rising energy and fuel prices.

The operating income of the Group was 31.5 million euros in the first quarter, decreasing by 22 per cent compared to the same period last year. Revenues from international transit and logistics services decreased the most. The Group earned an operating profit of 401 000 euros in the first three months, which was lower than expected.

According to Mart Mägi, Chairman of the Management Board of Omniva, the financial performance of the company was strongly affected by Russia's military aggression in Ukraine. In addition, Omniva joined the international sanctions and stopped the delivery of periodicals from Russia in Estonia, and also suspended Western Union transactions with Russia and Belarus. 'Economic performance was primarily affected by the decrease and absence of international trade due to the war. Prolonged journeys of international shipments and the resulting increase in costs as well as higher fuel and energy prices also had a significant impact,' said Mart Mägi. 'However, we can see that from April onwards, a gradual recovery of business is expected due to new destination countries.'

In the first quarter, the operating expenses of the group were 31.1 million euros in total, decreasing by 3 per cent compared to the same period last year. The decrease in direct costs is related to the decrease in the volume

of international shipments, while labour costs increased due to the wage increase of primary-level workers in the middle of last year.

At the beginning of the year, the provision of domestic services was affected by difficult winter weather conditions and restrictions caused by the COVID pandemic and the illness of employees, to which the company quickly adapted and reorganised its operations and dispersed deliveries to provide services across Estonia.

The company's focus is to move closer to the customer and therefore, Omniva is working closely with local governments to develop the best service arrangements for local residents. Omniva's market share in the Estonian parcel machine market has remained stable, showing a slight increase compared to the beginning of the year, and reached 45 per cent in March, according to the Estonian E-Commerce Association. At the end of March, the first virtual parcel delivery service was opened on the island of Vormsi to receive parcels on the island. Ten new electric cars were introduced to provide environmentally friendly services.

As a significant investment of the Group, it was decided to build a new modern sorting center in Lithuania with a size of 20 thousand m<sup>2</sup> in order to increase the capacity to provide international services and ensure a

high level of service. The sorting center will be established in the Kaunas Free Economic Zone and will allow sorting up to 12 thousand parcels per hour. The center will be completed in the autumn of 2023.

Omniva supported Ukraine through a number of activities. From mid-March, in cooperation with the national postal service of Ukraine, a new service is offered to private individuals

for sending humanitarian aid to Ukraine free of charge. Omniva provided charities and institutions with free transportation of humanitarian aid collected for Ukraine. One month after the start of the war in Ukraine, Omniva released a new postage stamp 'Glory to Ukraine!', and nearly 20,000 copies have been sold in a month.

Source: [Omniva](#)

