

## Swiss Post off to a good start

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In the first quarter of 2017, Swiss Post generated Group profit of CHF 267m, representing an increase of CHF 75m year-on-year. Operating profit (EBIT) rose by CHF 126m to CHF 333m. This increase was mainly due to capital gains realised on the sale of two equity portfolios at PostFinance. The result was also boosted by ongoing efficiency measures in the core business and the further development of our services.

In the first three months of 2017, Swiss Post generated Group profit of 267 million francs (previous year: 192 million francs). Operating profit (EBIT) rose from 207 million francs to 333 million francs. This increase was principally due to one-off capital gains realized on the sale of two equity portfolios in the financial services market. Operating income rose slightly by 2.7 percent to 2,125 million francs.

“The result achieved in the first quarter shows that the efficiency measures we have introduced are taking effect, as is the further development of our services”, said Susanne Ruoff, Swiss Post CEO. “Despite the good start, the transformation of Swiss Post is still an ongoing, long-term task, as pressure on the Group units remains high due to structural changes in the market environment”.

### Letter business continues to decline

In the first quarter of 2017, PostMail achieved an operating profit of 105 million francs, down 7 million francs year-on-year. In general, the decline in volumes was lower than that of the previous year due to the two additional working days. The number of addressed letters was 1.9 percent lower year-on-year (previous year: -3.3 percent). Newspaper delivery volumes also fell by 1.9 percent (previous year: -2.3). The decline in

operating expenses at PostMail could not fully offset the fall in operating income to 738 million francs (previous year: 761 million francs).

### Further rise in parcel volumes

PostLogistics posted operating profit of 27 million francs, which was 3 million francs higher than the prior-year figure. The 6.5 percent increase in parcel volumes (previous year: 3.9 percent) was the main factor responsible for this positive profit trend. Operating income rose by 11 million francs to 392 million francs, exceeding the slight increase in expenses.

### Post Offices & Sales equals previous year's result

Post Offices & Sales generated a result of -46 million francs in the first quarter of 2017. Thanks to the restructuring of the post office network, Swiss Post succeeded in offsetting losses in its core business of letters, parcels and inpayments. Over-the-counter inpayments declined by 4.5 percent. Operating income decreased by 15 million francs year-on-year to 293 million francs.

### Significant improvement in operating profit at Swiss Post Solutions

In the first quarter of 2017 Swiss Post Solutions recorded an operating profit of 9 million francs, 50 percent more than in the

prior-year period. Operating income was down 8 million francs to 138 million francs. This development was primarily due to the sale of non-strategic activities and the negative exchange rate effect caused by the weak British pound in the United Kingdom. Operating expenses were reduced, not least as a result of measures to increase efficiency and optimization projects.

### **PostFinance interest income remains under pressure**

The ongoing uncertain situation on the national and international financial and capital markets with low and in some cases negative interest rates remains challenging for PostFinance, although it achieved an operating profit of 239 million francs (+137 million francs) in the first quarter of 2017. This rise was mainly attributable to one-off capital gains of 109 million francs realized on the sale of two equity portfolios, and a 51 million franc decline in operating expenses, largely due to lower portfolio impairment losses. The interest differential business remains the most important source of revenue for PostFinance. Interest income fell by 24 million francs.

### **Drop in results at PostBus**

PostBus achieved an operating profit of 10 million francs, down 4 million francs year-on-year despite a 1.3 percent increase in the number of kilometres covered, with a total of 38.9 million kilometres. This was mainly due to two one-off effects from the previous year which had a positive effect on the first quarter of 2016. In contrast, higher employee benefit expenses and fuel prices had a negative effect on the 2017 result.

### **Operating result stabilized by efficiency measures**

Without the one-off effect from the sale of equity portfolios, the result for the first quarter of 2017 would be on a par with the previous year, and without the new and ongoing measures for the restructuring of the post office network and the core business, the figures would be slightly below the previous year's level. Efficiency measures in all Swiss Post units therefore remain a key success factor for maintaining stable operating results. At the same time, as part of its transformation Swiss Post is stepping up its efforts to tap into new sources of income in its various markets.

Source: [Swiss Post](#)