

Media Release

26 August 2016

Australia Post records \$36 million full-year profit after tax

- All community obligations, including service performance standards, exceeded for the 16th consecutive year
- Revenue up 3 per cent year-on-year to \$6.6 billion
- Parcels business recorded profit growth of 8 per cent due to strong business-to-consumer growth and productivity improvements
- Reduced losses in Postal business but still recorded a significant loss of \$138 million driven by a 9.7 per cent letter volume decline
- Continued investment to support Licensed Post Office operators – additional \$125 million in annual payments now committed

Australia Post today announced a full-year profit after tax of \$36 million, representing a turnaround of \$258 million compared with FY2015 driven by strong performance in the parcels business and the impact of letters reform.

Addressed letter volumes fell by 9.7 per cent, the largest ever 12-month decline, contributing to a loss in the postal business of \$138 million, with parcels profit up 8 per cent to \$314 million.

Ahmed Fahour, Managing Director & Group CEO, said the return to profit follows strong financial discipline applied across the business resulting in one of the biggest transformations in the organisation's history.

“Returning to profit is a pleasing result for our employees, post office operators and our other important stakeholders, and shows that Australia Post is on a more sustainable path for future growth,” Mr Fahour said.

“The parcels business has performed well despite increased competition from overseas players. We have outperformed in difficult market conditions to post an 8 per cent profit increase.

“Changes to the letters business introduced earlier this year were an important factor in the group returning to profitability. While the letters business is in structural decline, we have reduced our forecast cumulative losses in letters from around \$5bn to \$1.5bn over the next 5 years.

“Our business is 207 years old, but we are more efficient and motivated than ever before. We have to continue to evolve to remain relevant and sustainable, so we can continue to serve customers and communities everywhere.

“We have a strategy that has an eye to the future – ensuring our people have meaningful employment delivering great products and services to all Australians.”

For further information, please contact:

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Ongoing investments in eCommerce have successfully delivered capabilities and capacity for future growth. Key highlights include:

- Strategic alliance announced with global logistics provider Aramex to facilitate seamless cross-border logistics and delivery support for Australian businesses and customers
- New government innovation partnerships signed by the Trusted eCommerce Solutions business, including the first online government police check with WA Police
- Advanced automation technology installed at major letters and parcels processing facilities in Melbourne and Sydney to improve efficiency
- New parcel delivery options for MyPost customers including parcel safe drop and redirection services. MyPost added 1.9 million new members this financial year, with more than 4 million Australians now registered
- Establishing a Chief Customer Officer portfolio to advocate for our customers and a Chief Innovation Officer to drive new customer innovation

The business has continued to support its important stakeholders during the business transformation, with more than 2,800 Licensed Post Office operators sharing in \$125 million of additional annual payments committed to over the past 3 years, a 39 per cent increase. This will assist to support and service our customers and communities Australia-wide.

The Post People 1st program has also focussed on putting employees first for jobs and supporting them through retraining or redeployment to growth areas of the business. This year 62 per cent of jobs were filled by 8,300 internal applicants.

As a result of a sustained focus on safety culture at all levels of the business, this year’s safety performance has equalled the previous record low for injuries, down 44 per cent over the past four years.

The Australia Post Annual Report will be tabled in Federal Parliament later this year.

-Ends-

Figure 1: Commercial results

Australia Post is required to deliver its services: *“in a manner consistent with sound commercial practice”.*

Commercial performance	FY16	FY15
Corporate revenue	\$6,562m	\$6,374m
EBITDA	\$400m	\$14m
Profit/(Loss) before tax	\$41m	(\$352m)
Dividend recommendation	\$20m	-
Addressed letter volume declines	-9.7%	-7.3%

Figure 2: Community service results

Whilst providing a letters service that: *“is reasonably accessible to all people in Australia, wherever they reside or carry on business”.*

CSO performance standard	FY16	FY15
10,000 street post boxes	15,357	15,591
94% of letters delivered on time	96.2%	94.8%
4,000 POs nationwide	4,392	4,406
2,500 POs in rural & remote areas	2,551	2,554
98% of points to receive deliveries 5-days-a-week	98.8%	98.8%

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Figure 3: Australia Post service performance

2016	LETTERS	PARCELS	EXPRESS	TOTAL VOLUMES
January	97.0%	95.1%	99%	285 million
February	97.5%	96.4%	99%	319 million
March	98.3%	96.1%	99%	322 million
April	98.5%	96.0%	99%	313 million
May	98.8%	96.2%	99%	338 million
June	98.9%	96.5%	99%	365 million
June 16' CYTD	98.2%	96.1%	99%	1,940 million
June 15' CYTD	95.2%	95.0%	99%	2,046 million
2015/16 FYTD	96.2%	95.2%	99%	4,024 million
2014/15 FYTD	94.8%	95.1%	99%	4,314 million

OUR REGULATED PRESCRIBED CSO TARGET IS 94%

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