
Canada Post segment posts \$74 million profit before tax for 2017

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Canada Post is reporting a 2017 profit before tax of \$74 million, largely due to unprecedented growth in its parcels business.

Most of the Parcels revenue growth of \$393 million was from domestic shipments, which speaks to the important role Canada Post plays delivering for online shoppers and retailers across the country. The Canada Post segment grew revenue to \$6.4 billion, an increase of 4.1 per cent over 2016.

In 2017, for the first time, the Canada Post segment exceeded \$2 billion in Parcels revenue. It has grown annual Parcels revenue by over \$900 million since 2011, the year the Corporation pivoted to focus on e-commerce. By adapting to the evolving needs of Canadians, who use the postal service less for mail and more for e-commerce delivery, Canada Post became and remains the country's No.1 parcel company.

Parcels results

In 2017, Parcels revenue from the Canada Post segment increased by \$393 million or 23.1 per cent compared to 2016.1 Total Parcels volumes increased by 47 million pieces or 24.5 per cent, while Domestic Parcels volumes grew by 32 million pieces or 22.3 per cent, compared to 2016.1 Domestic Parcels revenue increased by \$309 million or 25.1 per cent compared to 2016.1 Parcels generated 33 per cent of the segment's revenue in 2017, up from 28 per cent in 2016 and only 21 per cent in 2011.

Transaction Mail results

With Canadians' extensive use of digital technology, volumes of Transaction Mail – letters, bills and statements – have declined every year since they peaked in 2006. Volumes fell by 5.5 per cent or 200 million pieces in 2017 compared to 2016.¹ Most of this decline was within Canada, as Domestic Lettermail volumes fell by 181 million pieces or 5.3 per cent compared to 2016.¹ This drop in domestic mail represents a revenue decline of \$109 million or 3.6 per cent compared to 2016.¹ Canadians mailed two billion (41 per cent) fewer pieces of Domestic Lettermail in 2017 than in the peak year of 2006.

Transaction Mail revenue fell by 3.7 per cent or \$124 million compared to 2016.¹ Transaction Mail generated \$2.9 billion in revenue in 2017, or 45 per cent of the segment's revenue (it was 55 per cent in the peak volume year of 2006).

Direct Marketing results

In 2017, Direct Marketing revenue decreased by \$17 million or 1.1 per cent, while volumes increased by 166 million pieces or 4 per cent compared to 2016.¹ However, Neighbourhood Mail™, the largest product category by volume, saw revenue increase by \$25 million or 6.9 per cent compared to 2016, while volumes increased by 238 million pieces or 7.5 per cent.¹

Group of Companies results

In 2017, the Canada Post Group of Companies² reported a profit before tax of \$199 million, which was an increase of \$85 million or 74.9 per cent over the 2016 results.¹ The Purolator segment recorded a profit before tax of \$120 million in 2017, which was an increase of \$53 million or 79.8 per cent over the 2016 results.¹ As with the Canada Post segment, this was mainly due to e-commerce growth, which drove high demand for Purolator's services throughout 2017.