



Speech – annual results press conference, 14.03.2024
Alex Glanzmann, CFO

(Check against delivery)

Dear colleagues from the media

How many e-mails do you receive and send on a normal weekday like today? How many messages do you exchange via WhatsApp or other channels? And how many addressed letters and parcels do you collect from your letter box or the counter?

I imagine Swiss Post still plays a major role in your day-to-day life. You're also communicating more digitally – both at and outside work.

That is the reality that we at Swiss Post need to confront. We operate in markets that are undergoing rapid change due to intense competition, internationalization, technological progress and new regulations. It makes doing our job for our customers both important and exciting, but also sets us a challenge to keep on evolving.

In very challenging conditions, we achieved a result that we had anticipated, which we can describe as stable. I'll be happy to give you a more in-depth insight. So let's look at the key figures first of all.

In 2023, Swiss Post generated Group profit of 254 million francs and operating profit of 323 million francs. That's slightly lower than in the previous year, but in line with our expectations.

The main reasons for this decline have been covered by the previous speakers. The challenges in our core markets of logistics, communication and mobility. Fewer letters, fewer parcels and average annual inflation of 2.1 percent. In Swiss Post's portfolio, a positive contribution was made in 2023 by PostFinance with improved income from the interest differential business and interest paid on sight deposits held with the Swiss National



Bank. Like EBIT, Group profit fell by 41 million, coming in at 254 million Swiss francs. However, much of the decrease is due to last year's sale of Swiss Post Solutions, which contributed a positive one-off effect of 28 million francs in 2022.

Compared with 2022, we increased operating income by 420 million francs to around 7.3 billion francs. This new revenue comes from the turnaround in interest rates and the strategic acquisitions in logistics and digital business areas.

As you can see: the Group units complement each other in the challenging environment. They support one another and contribute to the Group's resilience. That meant we succeeded in stabilizing the result overall.

Despite the challenging climate, Swiss Post generated positive operating cash flow overall last year. On the slide, you'll see the word "simplified" which indicates we have excluded the finance business at PostFinance.

With equity of 10.3 billion francs, Swiss Post remains on a strong financial footing, which is essential for us to remain competitive and be able to take action. This is the only way we can finance the universal postal service from our own resources throughout the country – in urban centers and remote mountain valleys – now and in the future. And also develop the public service in the interests of people and companies in Switzerland.

We carefully maintain this basis by managing our costs responsibly. And by planning and implementing targeted investments in line with our strategic thrusts.

We are responsible for improving our efficiency. As I said, the challenges – as you can see on the slide – remain significant.

Since the start of the Swiss Post of tomorrow strategy, we've made savings of around 100 million francs Group-wide: for example, by bringing letter and parcel processing even closer together, through optimal procurement conditions and by combining office space. In the current challenging



environment, we want and must constantly improve efficiency to free up funds for investments in the future. For example, through the communicated efficiency programme in administration, we are making targeted cost reductions at Group level.

We agreed price adjustments with the price regulator last year. This will clearly also have effects on the current year. The measures agreed together look set to have an effect on our result this year, amounting to around 100 million francs.

I fully appreciate that price increases put extra strain on people and companies.

At the same time, Swiss Post largely operates on the free market and does not receive any subsidies – with the exception of public transport. For example, we cover our expenditure on salaries and other personnel costs in Switzerland – around 3.5 billion francs a year – ourselves in a fiercely competitive environment.

That's why Swiss Post wants and must remain competitive and able to act. That will allow us to continue funding the universal service from our own resources in future and exceed what's required of us by law. For our customers and our employees.

We're investing in areas where people's needs are growing. In 2023, 605 million francs benefited the Swiss people and economy.

Most was spent on upgrading and expanding our own infrastructure. That also includes making our entire vehicle fleet electric. This contributes to our ambitious climate and energy target: we aim to reach net zero in all our operations by 2040.

That requires financial capacity and a long-term vision, for example at PostBus: today 11 climate-friendly buses are in operation, while that figure



will increase to 100 by the end of the year, and to 900 by the end of 2030. We are investing in state-of-the-art sorting and delivery infrastructure and in the “Casa verde” initiative: by 2030, Post Real Estate will increase the capacity of the photovoltaic systems from 10 megawatts today to 30 megawatts in total. These investments are an example of the measures in the sustainability portfolio to which all of the Group’s units contribute.

Around 20 million of these investments went towards developing digital solutions in 2023. For example, small and medium-sized companies can benefit from the ePost communication platform. E-voting enables cantons to provide their residents with the opportunity to vote electronically. And Swiss Post’s digital self-onboarding service for the EPR is contributing to the modernization of the healthcare system. I can assure you that digital communication at Swiss Post will be just as secure for our customers as when they entrust letters or parcels to mail carriers today.

That’s why we’re also investing in key areas such as cybersecurity, digital identity and certificates. Over 4 million people carry their secure digital identity with them on their smartphone today thanks to Swiss Post’s SwissID.

Now let’s take a brief look at the units:

At Logistics Services, the largest unit, lower letter and parcel volumes and higher costs, as mentioned, had a considerable effect. Although parcel volumes fell for the second year in a row, we expect significant growth in the long term. After all, Swiss Post customers send around 70 percent more parcels today than 10 years ago. The Logistics Services unit continues to make the biggest contribution to Swiss Post’s result.

The impact of digitization is being felt at PostalNetwork. The QR code on invoices is replacing the use of the “yellow booklet” at the counter. These developments and the general trend towards digitization are reflected in PostalNetwork’s result despite consistent cost management. The negative trend intensified in over-the-counter payment transactions, at over –18 percent. Small branches, in particular, are being pushed to the limit with



their cost structures. That's why the opening of our branch network to third parties is so important. I'm pleased that the strategic partnerships with banks, insurance companies and health insurers are already having a positive impact on the result.

Our newest unit Communication Services improved operating income through strategic acquisitions. However, the unit isn't posting positive numbers yet. We are achieving progress less quickly than expected in the increasingly challenging political and regulatory environment. We're nevertheless pursuing our path consistently. We're combining the physical and digital worlds – because that's what customers expect from their Swiss Post.

In summary, I'm pleased to tell you Swiss Post has achieved a stable result in very challenging conditions. A result that is in line with our expectations.

We've achieved a great deal despite strong headwinds. Swiss Post remains on a solid financial footing.

One thing is clear – we'll keep on moving forward.

Let's come back to our day-to-day lives for a moment. In Switzerland, ladies and gentlemen, today we all receive around 200 addressed letters and over 10,000 e-mails each year – in a trend that continues to rise. That means 50 times more e-mails are sent than letters. I imagine that's the same for you in the media.

The decline in volumes in our core business means Swiss Post needs to consistently adapt to the change in customer requirements and transform its business model.

We're responding to this trend with our Swiss Post of tomorrow strategy – both physically and digitally.