

## Our business in August

Dear Colleagues,

We continued to see in August, after roughly six months, the many different ways that COVID-19 is still affecting our employees, operations and customers. It is certainly part of the new normal that we can continue to expect in the months to come. Businesses and shoppers are constantly adapting to the ever-changing circumstances, and that is reflected in our results. The continued strong growth in parcels is a testament to your hard work and how much Canadians continue to count on us throughout these uncertain times. But we've also seen, for several months now, how COVID is forcing retailers to rethink their operations – and the significant impacts that can have on our Lettermail and Direct Marketing lines of business.

These approximate figures provide a snapshot of our volumes in August, compared to August of last year:



**Parcels** volumes increased approximately 27 per cent compared to August of last year. The strong growth in domestic and outbound parcels continued, but was offset by a four-per-cent decline on inbound international volumes. The overall growth in parcels in August was less than what we experienced in June and July, but it allowed us to make good progress on clearing the backlogs of international inbound packages. Heading into the fall, we are now turning our attention to the upcoming peak season, working with customers to manage capacity and expectations.



**Lettermail** volumes decreased a bit less than what we experienced in July, but we're still seeing significantly greater erosion than what we were experiencing pre-COVID. The telecommunications and utilities sectors have the greatest mail declines, as they continue the aggressive conversion of their customers to digital. We expect the impacts of COVID-19 will continue to negatively affect Lettermail volumes in the months to come.



**Direct Marketing** volumes in August were similar to the volumes in July. However, the major increase in volumes that we would typically see in August to support back-to-school sales didn't materialize, which magnified the volume decline on a year-over-year basis. Advertisers remain cautious; they're concerned about driving too much traffic into their stores during COVID with the need for physical distancing. Many are also concerned about not having enough inventory of sale items and don't want to disappoint their customers.

Thank you so much for your perseverance, hard work and commitment to serving Canadians during an extremely challenging six months. We've had to rethink and in some ways reinvent our operations during COVID – and you've been incredibly flexible by adjusting on the fly as needed.

You've continued to provide what is truly an essential service at a time when businesses and shoppers counted on us. And you've done it during what is undoubtedly a very stressful period for all of you and your families. I am incredibly grateful for your dedication to this great company and very proud of your efforts to stay safe, while also helping to protect Canadians and their communities. Please know that your safety remains our highest priority.

Thank you once again, and please continue to make it safe and make it home.

