

## Our Business in October and our third-quarter results

Dear Colleagues,

Our Parcels results continue to be strong – proof that we’re an essential service for Canadians and retailers, especially during COVID-19. Of course, our role – and your hard work – will become absolutely critical during the peak season. We’re sharing both our October volumes and, further down, our third-quarter financial results, to ensure you have the latest, and most complete picture.

### October volumes

These approximate figures compare our volumes in October 2020 to October of last year:



**Parcels** volumes continued to show strong growth. Domestic parcels grew in all segments (small, medium, large) and so did our outbound business. However, inbound international parcels declined, due in part to fewer flights out of China. Entering the peak season, we have been encouraging Canadians to shop early to avoid the usual surge in volumes before Christmas, and working with our large parcel customers to manage volumes so we can deliver the holidays safely.



**Lettermail** volumes fell significantly, compared to high October 2019 volumes, partly due to the federal election last fall. The overall erosion was close to what we were expecting.



**Direct Marketing** volumes remained lower year over year. Customers are cautiously returning as they figure out the best mix of media during COVID-19, while balancing their financial realities. Quick service restaurants, large retailers and charities have been quicker to return (but not to pre-COVID levels).

### Third-quarter financial results

In the third quarter, which ended September 26, Canada Post recorded a loss before tax of \$265 million. Contributing to the loss were declines in revenue from Transaction Mail and Direct Marketing, plus increased costs from special leave provisions and additional collection, processing and delivery costs related to COVID-19. We also continue to incur added costs stemming from the June 2020 arbitrator’s ruling that resulted in new collective agreements with CUPW. Growth in parcel revenue and volumes continued to be strong in the quarter. For the first three quarters, the Canada Post segment recorded a loss before tax of \$709 million. Here are our third-quarter results by line of business:



#### Parcels

- Volumes grew by 22 million pieces or 31.1 per cent.
- Parcels revenue grew by \$186 million, or 30.0 per cent.



#### Transaction Mail

- Transaction Mail volumes fell by 72 million pieces, or 11.5 per cent.
- Transaction Mail revenue dropped \$52 million, or 8.8 per cent.



#### Direct Marketing

- Direct Marketing Volumes fell by 269 million pieces, or 25.3 per cent.
- Revenue declined by \$60 million, or 24.1 per cent.

Thank you for everything you’re doing to keep yourselves and one another safe as you serve Canadians during this busy season. Please, make it safe and make it home and keep wellness in mind.

