

INDUSTRY ALERT

February 12, 2018

U.S. Postal Service Reports First Quarter Financial Results

The Postal Service has reported its financial results for fiscal 2018's first quarter (Oct. 1-Dec. 31, 2017). Here are some highlights:

- **Revenues.** Total revenue was \$19.2 billion, essentially unchanged from the same quarter a year earlier. First-Class Mail and Marketing Mail revenues decreased, due mostly to lower volumes. Revenue from the organization's shipping and packages business increased 9.3 percent compared to the same period one year earlier.
- **Volumes.** Mail volume declined by approximately 5 percent, while package volume grew by approximately 7 percent. This continued a multi-year trend of declining letter volume and increasing package volume. USPS set a record Dec. 18, when more than 37 million packages were delivered — the most packages delivered during a single day in the organization's more-than-240-year history.
- **Net loss.** First-quarter net loss totaled \$540 million, compared to net income of \$1.4 billion for the same period one year earlier.

"Although we continue to win customers and grow our package business, these gains are not sufficient to offset continuing declines in our mail business, which is our main source of revenue and contribution," said Postmaster General Megan J. Brennan.

"We will continue to do everything within our control to improve operating efficiencies, manage expenses, expand our use of technology and keep mail affordable, but these actions must be combined with regulatory and legislative changes."

Brennan added that the Postal Service's abilities to react to declining volumes by controlling costs or to grow revenue through pricing flexibility are constrained by current law. These legal constraints are widening a systematic financial imbalance.

She said that the Postal Service's long-term financial stability also depends on the Postal Regulatory Commission (PRC) establishing a new pricing system that allows the organization to generate sufficient revenues to cover its costs.

The Postal Service agrees with the PRC's conclusion that the current consumer price index price cap does not work and needs to be changed because it does not allow USPS to achieve its mission of providing prompt, reliable and efficient universal postal services in a financially sustainable manner.

The full press release can be viewed here: https://about.usps.com/news/national-releases/2018/pr18_012.htm

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