

Financial Matters

**Joseph Corbett, Chief Financial
Officer & EVP**

MTAC—November 17, 2020

Financial Results September YTD FY2020

Financial Results

September YTD (12 Months)	FY	FY
(Billions)	2020	2019
Total Revenue ¹	\$ 73.2	\$ 71.3
Controllable Expenses ^{1,2}	<u>77.0</u>	<u>74.7</u>
Controllable Income (Loss) ^{1,2}	(3.8)	(3.4)
RHB Normal Cost Actuarial Revaluation ³	0.1	0.2
RHB Unfunded Liability Amortization ³	(0.8)	(0.8)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj.	(1.6)	(2.2)
FERS Unfunded Liability Amortization ³	(1.3)	(1.0)
CSRS Unfunded Liability Amortization ³	<u>(1.8)</u>	<u>(1.6)</u>
Net Income (Loss) ¹	\$ (9.2)	\$ (8.8)

1 -September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

2 - Before Retiree Health Benefits (RHB), Federal Employee Retirement System (FERS), and Civil Service Retirement System (CSRS) unfunded liability amortizations, and non-cash adjustments to workers' compensation liabilities.

3 - This represents the OPM amortization expense related to the FERS, CSRS, and Postal Service RHB Fund liabilities. These were based on OPM's latest updates.

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Net Income (Loss) ¹	\$ (7.6)	\$ (6.6)
Excluding WC Fair Value Adj.		

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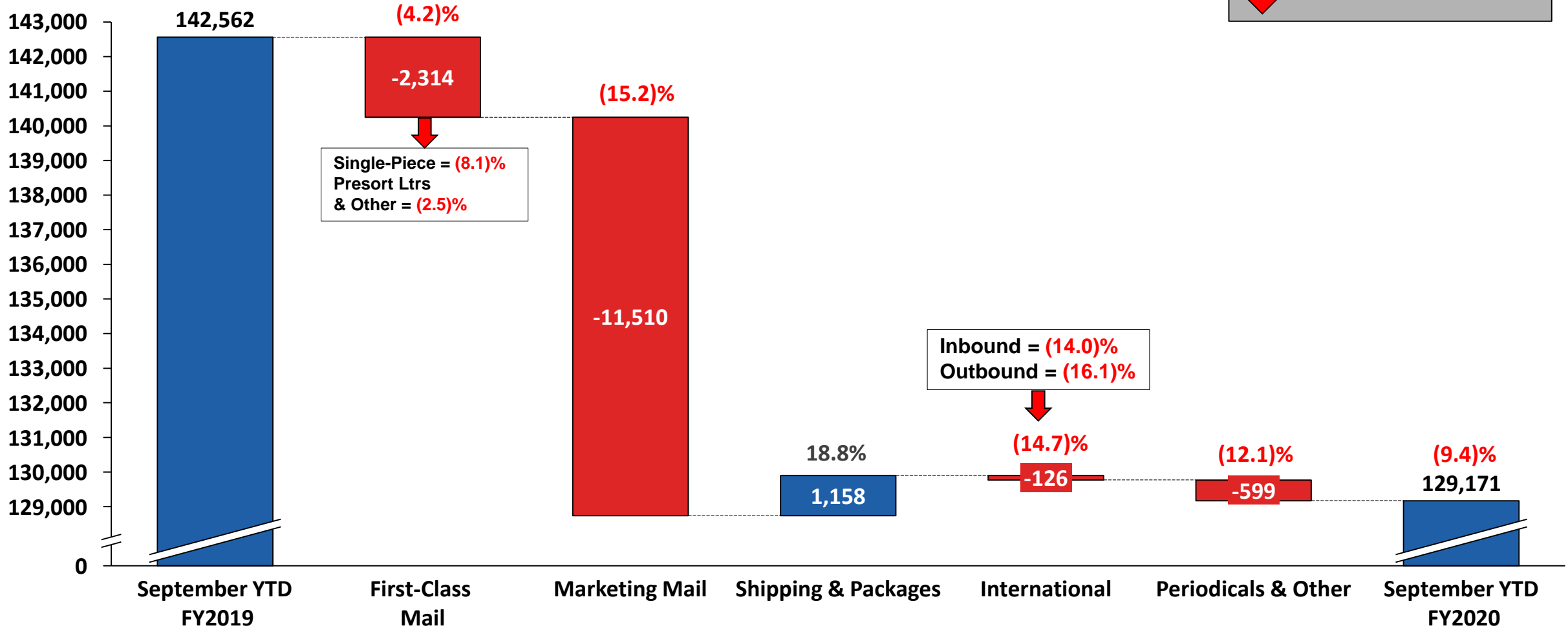
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FY2020 vs. FY2019 September YTD Volume

↓ 13.4B Pieces

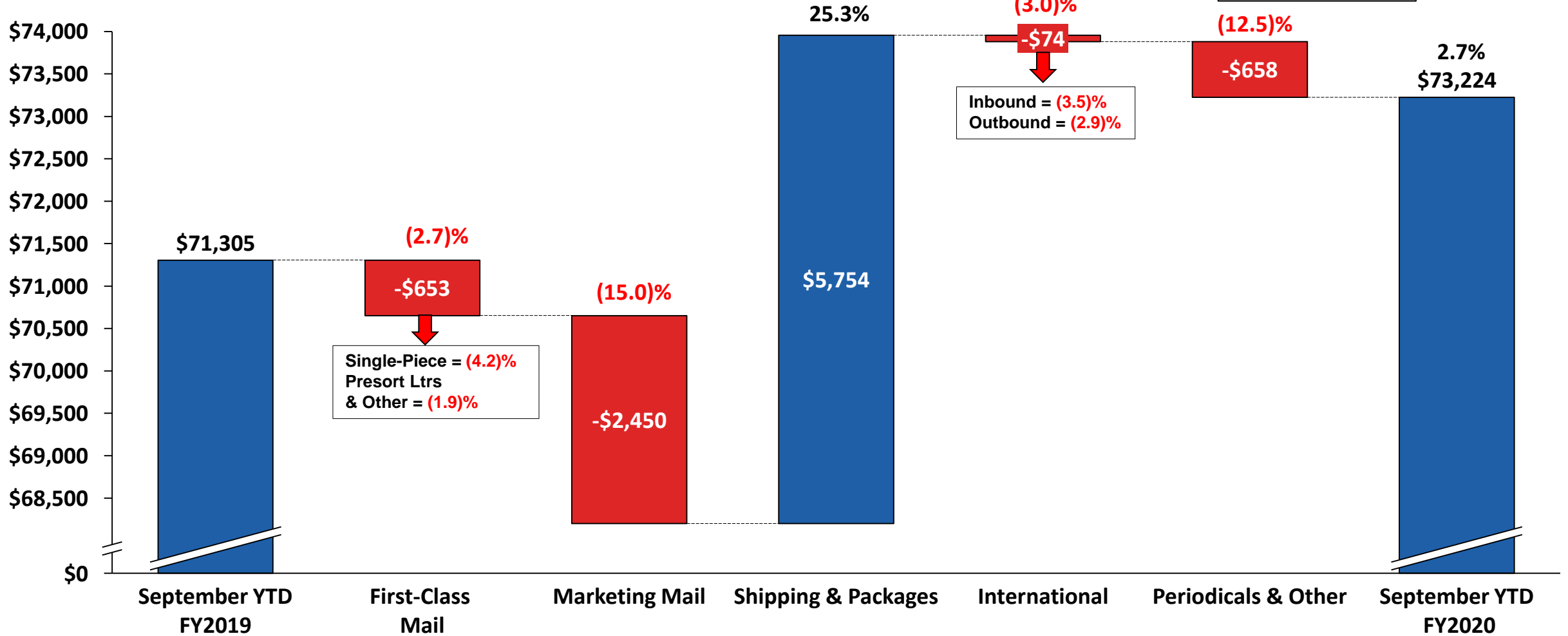
(Pieces – Millions)



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FY2020 vs. FY2019 September YTD Revenue

(\$ - Millions)



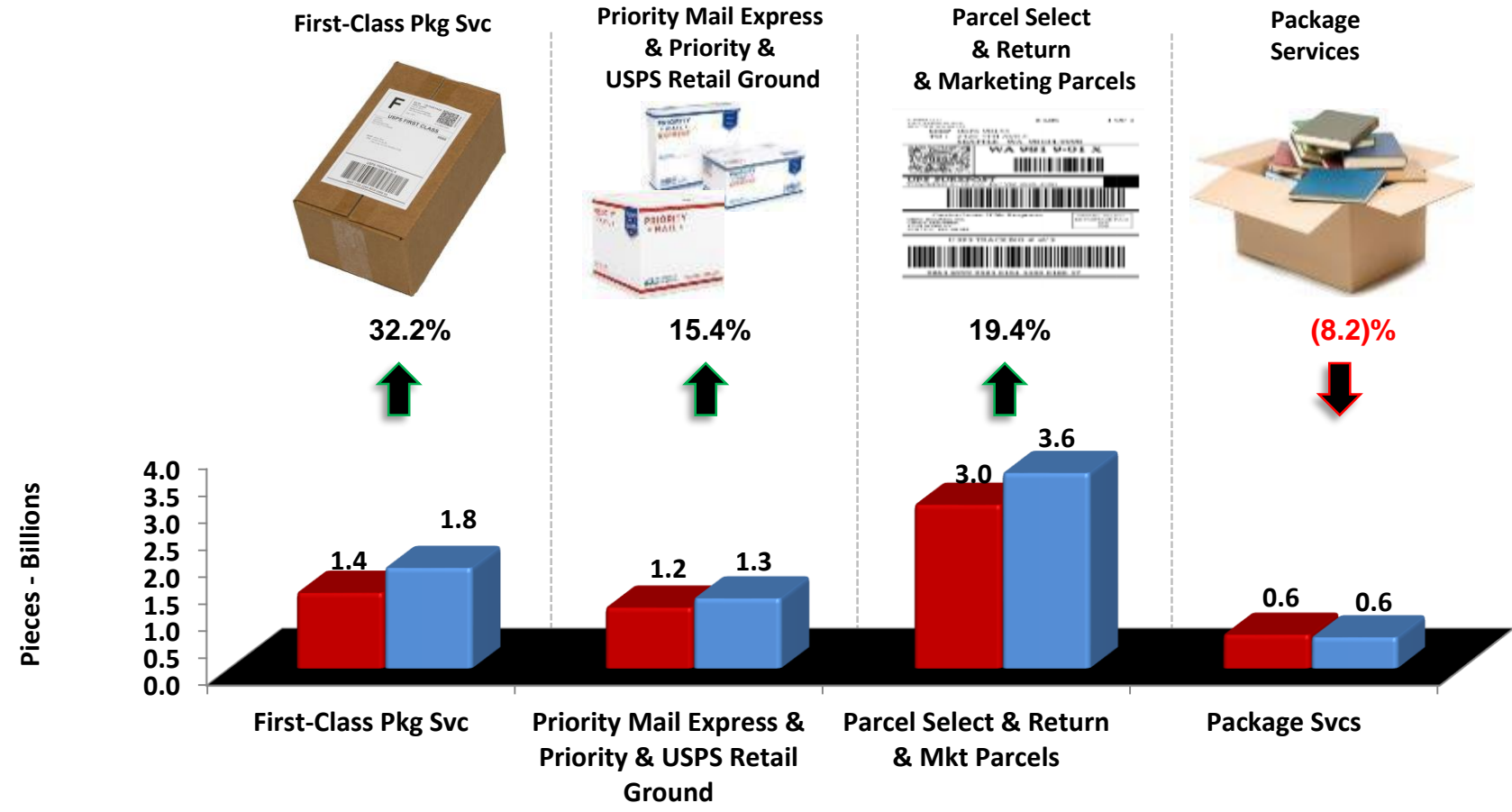
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Shipping & Packages Volume: FY2020 September YTD vs. FY2019

FY2019
6.2B

↑ 1.1B

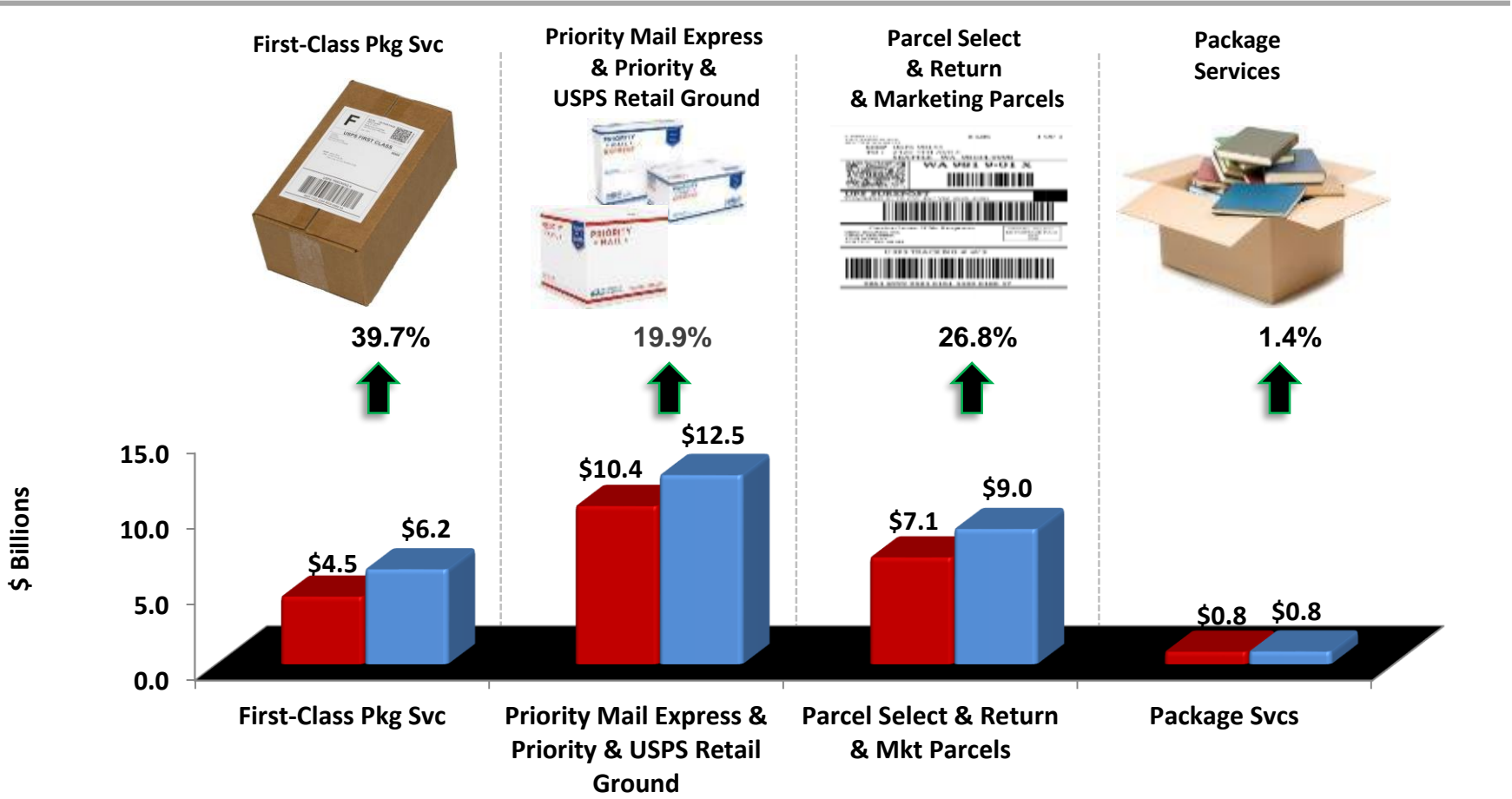
FY2020
7.3B



September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

Shipping & Packages Revenue: FY2020 September YTD vs. FY2019

FY2019
\$22.8B **↑** **\$5.7B** **FY2020**
\$28.5B



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Controllable Expenses

September YTD (12 Months)	FY	FY
(Billions)	2020	2019
Compensation & Benefits ^{1, 2}	\$50.0	\$48.9
FERS Normal Cost	3.8	3.5
RHB Normal Cost	4.0	4.0
Transportation	8.8	8.2
Depreciation	1.7	1.7
Supplies & Services	3.1	2.8
Rent, Utilities & Other	<u>5.6</u>	<u>5.6</u>
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FY2021 Integrated Financial Plan & Liquidity Outlook

Baseline FY2021 IFP Profit and Loss Comparison

(Billions)	FY 2020	Forecast 2021
Revenue	\$ 73.2	\$ 70.9
Salaries & Benefits	50.0	49.5
FERS Normal Costs	3.8	4.1
RHB Normal Cost (Controllable)	4.0	3.9
Transportation	8.8	8.7
Depreciation	1.7	1.7
Supplies & Services	3.1	3.1
Rent & Utilities & Other	5.6	5.5
Controllable Expenses¹	<u>77.0</u>	<u>76.5</u>
Controllable Income (Loss)¹	(3.8)	(5.6)
Non-Controllable Expenses	(5.4)	(4.1)
Net Income (Loss)	<u>\$ (9.2)</u>	<u>\$ (9.7)</u>
Volume	129.2	116.0
Work hours (Millions)	1,174	1,153

Cash Flows - Non-GAAP:

Net Cash Provided by (Used in) Operating Activities	\$ (4.9)	\$ (8.4)
Net Cash Provided by (Used in) Investing Activities	(1.8)	(2.0)
Net Cash Provided by (Used in) Financing Activities²	<u>12.2</u>	<u>5.6</u>
Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash	<u>\$ 5.5</u>	<u>\$ (4.8)</u>
Year-End Cash (Unrestricted and Restricted)	<u>\$ 14.7</u>	<u>\$ 9.9</u>

1 – Before FERS/CSRS/RHB unfunded liability amortization, RHB normal cost actuarial revaluation, and non-cash adjustments to workers' compensation liabilities.

2 – With deferral of Social Security and default on year-end payments.

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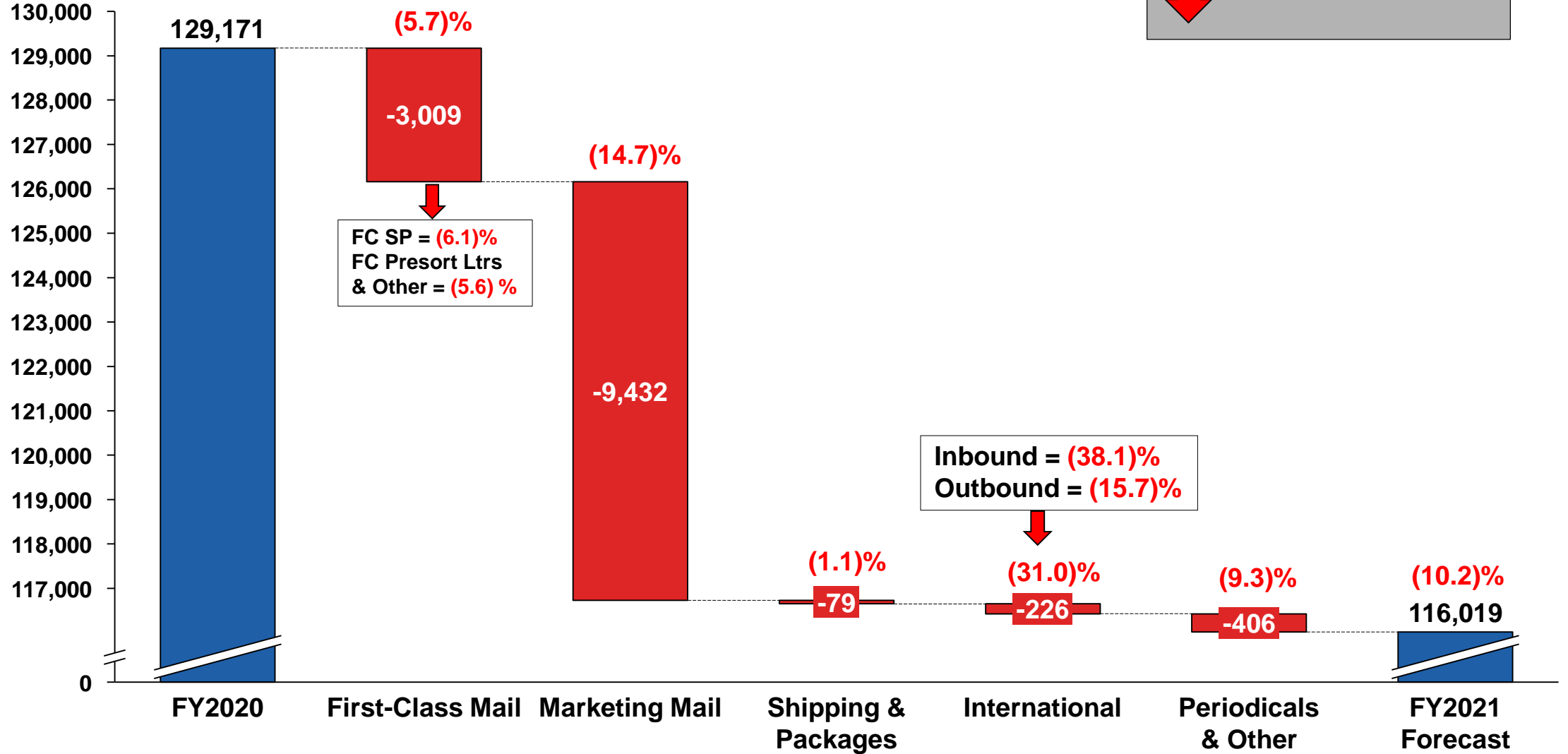
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FY2020 to FY2021 Plan Volume

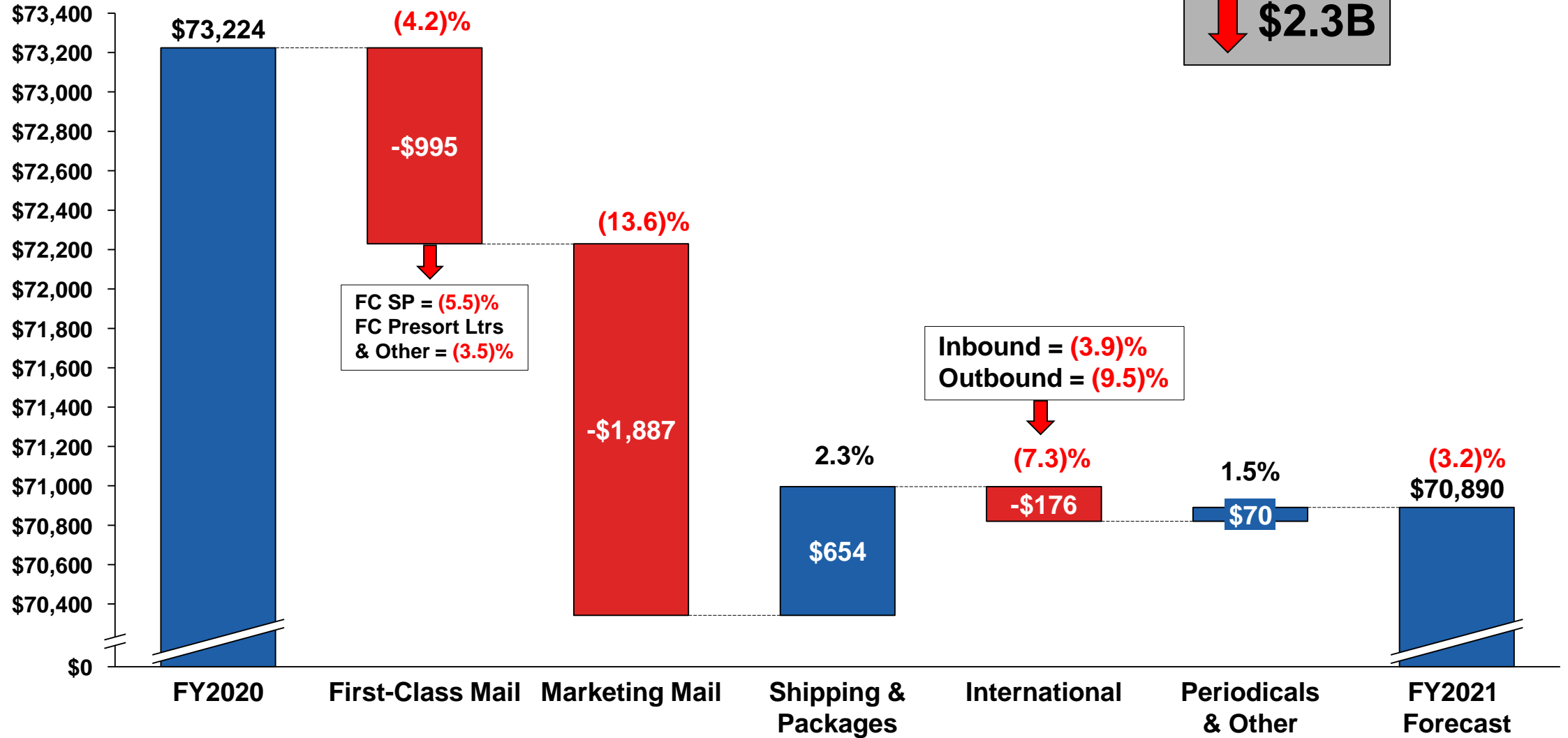
(Pieces – Millions)

↓ 13.1B Pieces



FY2020 to FY2021 Plan Revenue

(\$ – Millions)



FY2021 IFP Capital Plan

Capital Commitments (Signed Contracts)			
(\$ Billions)	FY2020 Plan	FY2020 Actual	FY2021 Base IFP
Facilities	\$ 1.0	\$ 0.8	\$ 1.0
Mail Processing Equipment	0.5	0.2	0.7
Vehicles	0.5	0.5	0.2
IT, Support Equipment & Other	<u>0.6</u>	<u>0.2</u>	<u>0.5</u>
Total	\$ 2.6	\$ 1.7	\$ 2.4

Capital Cash Outlays			
(\$ Billions)	FY2020 Plan	FY2020 Actual	FY2021 Base IFP
Facilities	\$ 0.8	\$ 0.9	\$ 0.7
Mail Processing Equipment	0.4	0.3	0.3
Vehicles	0.6	0.4	0.5
IT, Support Equipment & Other	<u>0.5</u>	<u>0.2</u>	<u>0.5</u>
Total	\$ 2.3	\$ 1.8	\$ 2.0