

**Swiss Post is right here.  
For everyone.**  
Annual Report  
2019



**SWISS POST** 

**Communication market**

**PostMail** offers private and business customers high-quality products and tailored solutions for letters, newspapers, small goods and promotional mailings, from acceptance right through to delivery. This range is complemented by its digital services.

Key figures	Unit	2019
Operating income	CHF million	2,615
Operating profit	CHF million	370
Addressed letters	In millions	1,807
Unaddressed items	In millions	1,681
Newspapers	In millions	1,009
Headcount	Full-time equivalents	14,110

**Swiss Post Solutions** is a leading provider of solutions for business process outsourcing and innovative services in document solutions.

Key figures	Unit	2019
Operating income	CHF million	599
Operating profit	CHF million	32
Area of activity	Number of countries	14
Headcount	Full-time equivalents	6,909

**PostalNetwork** offers the densest network for postal services in Europe. Whether at home, on the go or digitally: a wide range of access points for private customers and SMEs ensures even greater customer proximity on a daily basis.

Key figures	Unit	2019
Operating income	CHF million	693
Operating result	CHF million	-132
Payments at the counter	In millions	136
Headcount	Full-time equivalents	4,298

**Logistics market**

**PostLogistics** offers logistics solutions for national and cross-border parcel and small-consignment delivery, as well as courier, express and SameDay services. It takes care of transport and warehousing logistics and provides private customers with services that make it easy to receive parcels. The range is completed by a portfolio of digital commerce services and logistics solutions in the healthcare sector.

Key figures	Unit	2019
Operating income	CHF million	1,708
Operating profit	CHF million	128
Parcels	In millions	148
Express items	In millions	2
Headcount	Full-time equivalents	5,620

**Financial services market**

**PostFinance** is the ideal partner for anyone who manages their own finances. Whether in payments, investments, retirement planning or financing – PostFinance offers its customers simple, straightforward products with fair conditions.

Key figures	Unit	2019
Operating income	CHF million	1,660
Operating profit	CHF million	240
Customer accounts	In thousands	4,401
Growth in customer assets	CHF million	220
Customer assets	CHF billion monthly avg.	119
Headcount	Full-time equivalents	3,248

**Passenger transport market**

**PostBus** is the market leader in public bus transport in Switzerland. With its fleet of modern vehicles, PostBus carries millions of passengers every year. In regional passenger transport, the bus company has a strong presence in cities and conurbations alike.

Key figures	Unit	2019
Operating income	CHF million	841
Operating result	CHF million	-24
Domestic passengers	In millions	167
Domestic vehicle kilometres	In millions of km	124
Vehicles	Number	2,403
Headcount	Full-time equivalents	2,339

## Key figures and strategic goals for 2017 to 2020

Key figures	Benchmark	Strategic goals for 2017 to 2020	2017	2018	2019
<b>Customers</b>					
Customer satisfaction	Index (scale of 0–100)	At least 80 points	83	83	81
Access points	Number	Min. 400 additional access points by end of 2020	4,258 <sup>1</sup>	4,294 <sup>1</sup>	4,753
<b>Market</b>					
Addressed letters	In millions		2,002	1,898	1,807
Parcels	In millions		129	138	148
Customer assets (PostFinance)	CHF billion monthly avg.		120	119	119
Domestic passengers (PostBus)	In millions		155	156	167 <sup>2</sup>
<b>Finances</b>					
Operating income	CHF million		8,064	7,254 <sup>3</sup>	7,164
Operating profit (EBIT)	CHF million		718	505 <sup>3</sup>	450
Group profit	CHF million		527	404 <sup>3</sup>	255
Economic value added	CHF million	Positive	102	–24 <sup>3</sup>	–17
Equity	CHF million		6,577	6,759 <sup>3</sup>	6,834
Degree of internal financing – investments	Percent	100 percent	100	100	100
Net debt	Factor	Maximum 1 × EBITDA	<1	<1	<1
<b>Employees</b>					
Headcount	Full-time equivalents		42,316	39,932 <sup>4</sup>	39,670
Employee commitment	Index (scale of 0–100)	At least 80 points	81	80	81
<b>Corporate responsibility</b>					
CO <sub>2</sub> efficiency	Percent	Min. 25 percent increase by 2020 versus 2010	19.6	20.4	27.6

1 The term "district" was clearly defined as part of the new Ordinance to the Postal Services Act. Due to the new definition, the number of districts with home delivery service has increased by 400. As a result, our previous goal of offering 4,200 access points by the end of 2020 has increased to 4,600 access points. The values as at 31.12.2017 and 31.12.2018 have also been adjusted to that effect.

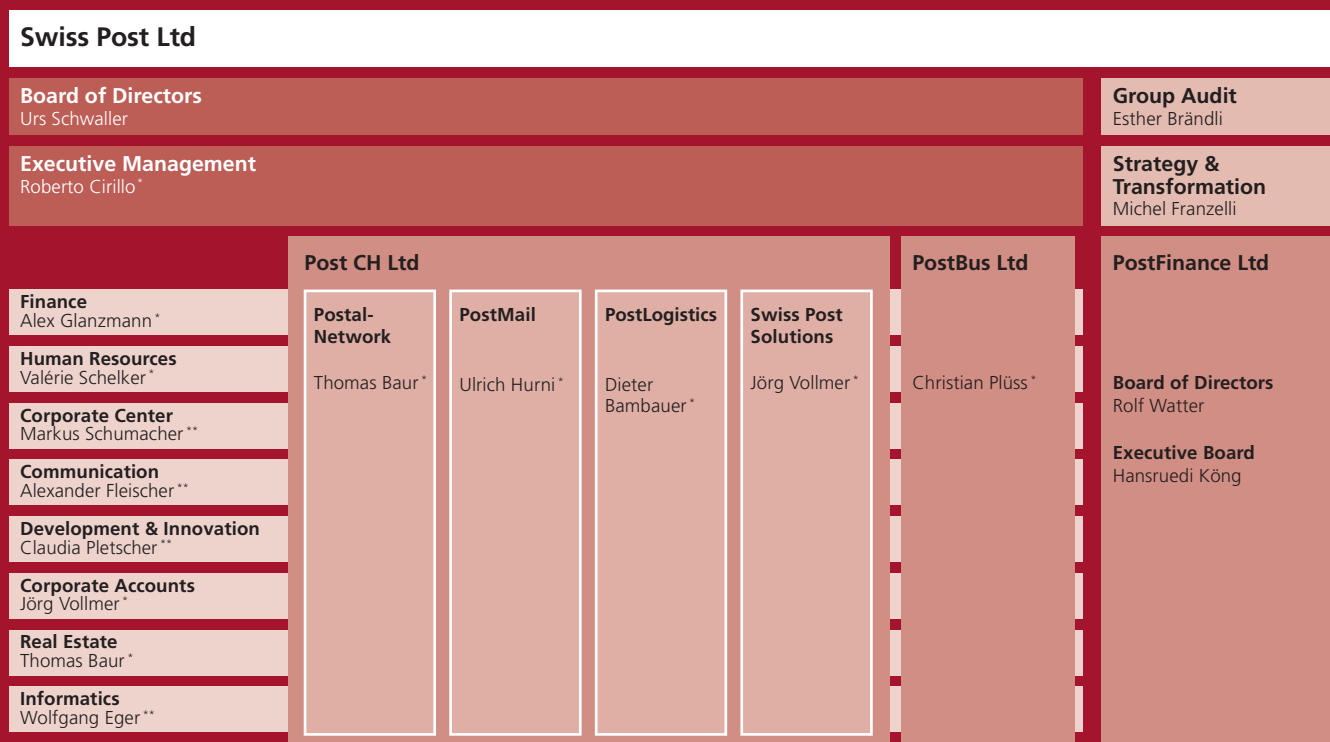
2 A modified calculation basis and calculation methodology was applied for the first time for the 2019 figures. This means that a 1:1 comparison with previous years is only possible to a limited extent.

3 The figure has been adjusted (see Notes to the 2019 Group annual financial statements, Basis of accounting, Accounting changes and Discontinued operations). The year 2017 is not comparable with the years 2018 and 2019.

4 In the PostMail segment, the calculation of the average headcount in two subsidiaries was reviewed for full-time equivalents (excluding trainees), leading to an adjustment of the figure for 2018. In the PostBus segment, the figures for 2018 have been adjusted due to the classification of the CarPostal France Group as a disposal group held for sale and a discontinued operation. The year 2017 is not comparable with the years 2018 and 2019.

## Organization chart

as at 31 December 2019



\* Member of Executive Management.

\*\* Member of Extended Executive Management.



# Simple yet systematic – Swiss Post.

We connect the physical and digital worlds, setting new standards with our products and integrated solutions. We make it easier for our customers to operate in today's complex environment, giving them greater scope to succeed.



## 7,164 million

francs in **operating income**, down by 1.2 percent year-on-year.



## 255 million

francs in **Group profit**, down 149 million francs year-on-year.



## 81 points

**Customer satisfaction** remained at a high level, as in the previous year.



## 28%

is the **CO<sub>2</sub> efficiency improvement** over 2010 achieved by Swiss Post by the end of 2019.



## 81 points

The high index value for **employee commitment**, which rose by one point year-on-year, is a testament to motivated and committed employees.



## 55,915

**employees** work for Swiss Post, 2,265 fewer than in the previous year.



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This Annual Report is supplemented by a separate **Financial Report** (management report, corporate governance and annual financial statements), comprehensive **Annual Report key figures** and a **Sustainability Report**. Information on reference sources is provided on page 68.



**Roberto Cirillo**  
CEO

**Urs Schwaller**  
Chairman of the Board of Directors

—  —

**PostBus is  
a central  
pillar of public  
service in  
Switzerland.**

**Roberto Cirillo**  
CEO

#### Dear Reader

Swiss Post plays a central role in the everyday life of the people of this country: every day, our delivery staff deliver around seven million letters and half a million parcels to every household in Switzerland, around 450,000 passengers board a Postbus and around 2.7 million customers place their trust in PostFinance for financial services. Approximately 56,000 employees provide high-quality services every day. We are proud of all this.

Looking back on the past year, we can see that it held several important milestones, such as the restructuring of PostBus. The structure of the organization has been simplified and the way services are calculated has completely changed. This allows PostBus to ensure greater transparency for its customers. In addition, Swiss Post sold CarPostal France, fulfilling another promise made in the course of its examination of the incidents surrounding PostBus.

Digitization and competition are having a major impact on Swiss Post's business. But Swiss Post is not alone – other postal organizations around the world are facing similar challenges. We are all the more pleased to have been named the world's best postal service by the Universal Postal Union for the third year running. We have been given good marks for our innovative, sustainable development and our services, which are considered to be of great importance for Switzerland.

Year after year, we receive good scores from our customers and also from the supervisory authorities. However, ideas and expectations as to what constitutes a high-quality postal service vary a great deal. Today, Swiss Post is facing fundamental changes. We can only continue to develop our company if we manage to balance the various interests and demands placed on Swiss Post and bring them into line with the market environment.

If we do not succeed in this, the discussions about the structure and organization of postal services will continue to intensify and positions will harden. We believe that the interests of the owner, Swiss Post and politicians with respect to this development must be balanced, so we welcome the fact that this process has now been initiated with the so-called "holistic analysis of Swiss Post".

The urgency of this process is also apparent in the 2019 result, which was once again lower than in the previous year. The operating framework and the entrepreneurial straitjacket in which Swiss Post finds itself make it difficult for Swiss Post Group to achieve positive long-term economic development. However, thanks to the intensive efforts made in all business units, the result has not declined to the same extent as the deterioration in general conditions. Our employees, who have contributed to the result with great commitment and excellent performance, deserve a big thank you.

The drivers of this deteriorating operating framework are well known: the decline in volumes at PostMail and the dwindling interest income at PostFinance – the two units that in the past have made the biggest contribution to Swiss Post's good results – can no longer be offset by income from other business units. Declining business areas, the low interest rate environment that has prevailed for several years and investment in preserving and developing the value of the company are the challenges facing Swiss Post.

Our goal is clear: we want Swiss Post to remain relevant to Switzerland and its population in the future. Going forward, we want to continue to finance the universal service from our own resources without state support. That is why we are setting the course for tomorrow today: by developing our corporate strategy for the years after 2021, and by conducting an urgent dialogue with our owner and politicians. We need a common understanding of the "Swiss Post of tomorrow" that can gain the support of the majority. In particular, we need a regulatory framework and a political environment that allow Swiss Post to achieve sustainable growth, a financially viable universal service and the best services for the country.

Swiss Post has been shaped by entrepreneurial change throughout its 170-year history. Our high level of quality awareness, the nationwide universal service and good accessibility were and are Swiss Post's *raison d'être* and values, which we will continue to stand up for in the future.

On behalf of the Board of Directors and Executive Management, we would like to thank our employees for their outstanding work in these challenging times. We would also like to thank our customers for the confidence they show in us day after day.



**Urs Schwaller**  
Chairman of the Board of Directors



**Roberto Cirillo**  
CEO



**It is essential  
to balance the  
interests of the  
owner, Swiss  
Post and politi-  
cians with  
respect to  
Swiss Post's  
development.**

**Urs Schwaller**  
Chairman of the Board of Directors



## Governance

The governance of a company specifies the rules for the management and supervision of the company and must be reviewed and adapted on a regular basis. Swiss Post attaches great importance to corporate governance and observes the special statutory and regulatory provisions. For years, it has based its actions on the Swiss Code of Best Practice for Corporate Governance. Responsibility lies in the hands of the Board of Directors. Following the events at PostBus, Swiss Post has revised its organizational directives and working documents and implemented a level-appropriate governance management system that is comprehensive, coherent and consistent.

For details on corporate governance, see pages 61 to 75 of the Financial Report.





#### Governance

## Corporate governance simplified and harmonized

In its corporate governance, Swiss Post sets out principles and rules on how the company is to be managed and monitored. These requirements must be regularly reviewed and adapted. Swiss Post has done this and, in 2019, implemented a governance management system that is adapted to requirements.

In 2019, Swiss Post completed the revision of all organizational directives and working documents for the Board of Directors and Executive Management. While the Board of Directors regulations were simplified mainly by the removal of operational specifications, the Executive Management directives were reorganized and the responsibilities, duties and powers of Executive Management, the CEO and their committees were clearly defined.

#### Directives for the units

There is now a specific directive for each unit. The directives govern organizational matters, in particular specific legal and management

issues, as well as assignment and categorization of the subsidiaries. The responsibilities of the individual units are also clearly defined. For example: which business activities are the responsibility of the Board of Directors, and which are the responsibility of Executive Management? What are the responsibilities of the unit? The directives thus contribute to transparency and ensure that consistent responsibility rules are created.

 Financial Report, pages 67–69



**A balance  
between tasks,  
competencies  
and respon-  
sibilities**



## Code of Conduct

## A clear stance

A bouquet of flowers as a token of gratitude for a good and productive collaboration? A nice gesture and a gift that can certainly be accepted without any problems. A car to say thank you for an order worth millions? Swiss Post's good reputation and the trust placed in it depend on employees' conduct towards others. But what about situations in which it is harder to separate the right from the wrong? The Code of Conduct gives employees the necessary clarity and orientation, both for their everyday conduct and for decision-making.

### The three key questions

The Code contains three key questions as a guide to help staff make an initial assessment of a difficult situation or evaluate unclear circumstances. To this end, it should be possible to answer "Yes" to the following questions:

- Would I consider the solution I have chosen to be right if I myself as a customer or partner were affected by that solution?
- Is the decision or solution fair to both sides?
- Would I feel good if I were to read about my decision or solution in the media?

### Swiss Post Courage: decisive action against improper business conduct

Since 2011, Swiss Post has operated an anonymous reporting office for potential improper business conduct on an independent external platform at [www.swisspostcourage.ch](http://www.swisspostcourage.ch). Employees can report observations from their work environment in the event of justified suspicion of breaches of applicable law, such as public procurement law or the Federal Act on Data Protection, and of infringements of the Code of Conduct. Employees who report incidents do not have to fear any negative consequences.

[www.swisspostcourage.ch](http://www.swisspostcourage.ch)

In addition, there are eight clear rules based on applicable law, company regulations and universal values.

These include the fact that Swiss Post employees' conduct towards the people and institutions they deal with should be respectful, proper and free of discrimination at all times. Human rights must be respected. Bullying will not be tolerated under any circumstances, and nor will abuse of power, sexual harassment or other unethical behaviour. This applies to all forms of interaction with others, whether in direct conversation, in letters or on social media.

### The eight rules

- 1 Swiss Post employees care for their fellow human beings, their environment and objects of value
- 2 Laws and regulations are complied with
- 3 Safety is guaranteed
- 4 Business information is always handled with the utmost care
- 5 Conflicts of interest are disclosed and resolved
- 6 Bribery or corrupt practices are not tolerated
- 7 Competition must be fair
- 8 Responsibility is taken for one's own actions

In problematic cases, employees can contact the Compliance department, which advises staff on questions, concerns and sensitive situations and takes action. There is also the option to use the Swiss Post Courage platform anonymously. This platform is independent of Swiss Post operational management and reports directly to the Board of Directors.

Due to PostFinance's independence under company law, its employees are subject to a separate Code of Conduct.

[www.swisspost.ch/code-of-conduct](http://www.swisspost.ch/code-of-conduct)



**Urs Schwaller**

Chairman of the Board of Directors

### Why is a Code of Conduct required?

Swiss Post enjoys a high level of trust among the Swiss public. The key to this is our conduct.

With the Code of Conduct, we want to raise awareness of applicable legal provisions and company guidelines among employees at all levels and bind them to ethical behaviour.

### What do you expect from the Code of Conduct?

The points explicitly set out in the Code are binding for Swiss Post employees. It is important to me that all employees are familiar with the Code of Conduct and that we are all there for each other, supporting each other in making the right decisions at all times, even in difficult situations.

### If the Code of Conduct were shortened to a single sentence, what would it be?

Abide by the applicable laws and company regulations and treat others as you would like to be treated yourself.



**We're acting now  
for tomorrow** see page 14

Board of Directors as at 31 December 2019

## The Board of Directors

The Board of Directors has a responsibility to the Federal Council to guarantee the uniform management of Swiss Post and its subsidiaries. The holding company represents the entire Group to the owner and is responsible for ensuring that Swiss Post fulfils the universal service obligation. The Board of Directors is responsible for implementing the strategic goals, for submitting reports to the Federal Council on their attainment and for providing the latter with the information it needs for verification purposes. The Board of Directors is also governed by the rights and duties set out in the provisions of the Swiss Code of Obligations on the subject of corporate law.



**Urs Schwaller**  
Chairman of the Board of Directors since 2016



**Philippe Milliet**  
Member of the Board of Directors (Vice-Chairman) since 2010



**Peter Hug**  
Member of the Board of Directors (Vice-Chairman) since 2018



**Denise Koopmans**  
Member of the Board of Directors since 2019



**Bernadette Koch**  
Member of the Board of Directors since 2018



**Thomas Bucher**  
Member of the Board of Directors since 2019



**Nadja Lang**  
Member of the Board of Directors since 2014



**Michel Gobet †**  
Member of the Board of Directors (human resources representative) since 2010



**Ronny Kaufmann**  
Member of the Board of Directors (human resources representative) since 2018



**Roger Schoch**  
General Secretary since 2018

Executive Management as at 31 December 2019

## Executive Management

The CEO and the seven members of Executive Management are elected by the Board of Directors. Each is responsible for the operational management of the unit assigned to them. The CEO represents Executive Management to the Board of Directors. The Chief Executive Officer of PostFinance Ltd participates in Executive Management meetings as an observer.



**Roberto Cirillo**  
CEO since 2019



**Ulrich Hurni**  
Head of PostMail since 2009, Deputy CEO



**Dieter Bambauer**  
Head of PostLogistics since 2009



**Thomas Baur**  
Head of PostalNetwork since 2016



**Jörg Vollmer**  
Head of Swiss Post Solutions since 2015



**Christian Plüss**  
Head of PostBus since 2018



**Alex Glanzmann**  
Head of Finance since 2016



**Valérie Schelker**  
Head of Human Resources since 2017



**Hansruedi Köng**  
CEO of PostFinance Ltd since 2012



## Strategy, responsibility and innovation

During its 2017–2020 strategy period, Swiss Post is continuing to develop its core business and opening up new physical, digital and hybrid business areas. With its corporate responsibility strategy, Swiss Post is playing a pioneering role. The strategy focuses on the following areas of action: responsible procurement, climate and energy, responsible employer, circular economy and corporate citizenship. Due to changing market conditions and future financial prospects, intensive preparatory work is taking place on the 2021–2024 strategy period and the Swiss Post of tomorrow.





#### Strategic goals for 2017 – 2020

### Customer satisfaction

On a scale of 0 to 100, Swiss Post achieves **at least 80 points**.

### Access points

By the end of 2020, customers will be able to avail themselves of **more than 400 additional access points**.

### Market position

Swiss Post remains **the market leader** in its four current markets.

### New revenue

Swiss Post will generate **10 percent** of new revenue by 2020.

### Finances

Swiss Post aims to secure its **financial independence**, **increase its economic value added** and achieve **industry-standard returns** in its business units.

### Efficiency

Savings at Group level of **around 5 percent** will be realized by 2020.

### Employee commitment

On a scale of 0 to 100, Swiss Post achieves **at least 80 points**.

### CO<sub>2</sub> efficiency

Swiss Post will improve its CO<sub>2</sub> efficiency by **at least 25 percent** by the end of 2020 (base year 2010).





2017–2020 strategy

## Swiss Post is tackling challenges

New digital and international competitors are forcing their way onto the market. Customers expect individual and flexible solutions – around the clock, both physical and digital. Changing letter volumes, competition in the parcel market and the ongoing low interest rate situation in the banking environment are exerting a greater impact than ever on Swiss Post and require constant further development.



### **Our vision: Simple yet systematic – Swiss Post.**

“We connect the physical and digital worlds, setting new standards with our products and integrated solutions. We make it easier for our customers to operate in today’s complex environment, giving them greater scope to succeed.”

Swiss Post’s 2017–2020 strategy is based on our vision: “Simple yet systematic – Swiss Post.” Despite the successful implementation of measures such as the expansion of its parcel infrastructure and physical access points over the past three years, Swiss Post is facing a number of challenges of a magnitude it has never faced in its long history.

### **New digital competitors**

Ongoing digitization has led to more competitors from outside the sector with new business models entering Swiss Post’s markets and competing with its core business. Platform-based business models in particular are gaining importance in the online retail and logistics markets. These new players are competing with Swiss Post by developing their own distribution networks, resulting in more intensive price and supply pressure in the logistics market.

The competitive pressure is also increasing in the Swiss banking market. For PostFinance, this is further aggravated by the fact that it is still not allowed to issue its own loans and mortgages. Driven by technological advances, new types of enterprise such as fintechs and so-called neobanks are emerging with the aim of bringing the traditional banking business into the digital age. Swiss Post must therefore offer physically and digitally integrated services and access points, and continue to develop its expertise in the digital world (for example, in online payments and smart data).

### **Customer expectations are increasing**

New technologies are not just exerting an impact on the market and the competitive situation, but also increasing customer expectations. Smartphones make it possible to shop whenever and wherever we want, and online



retailers are offering faster and faster delivery for less money or even free of charge. The resulting trend towards ever-increasing convenience for the customer necessitates continuous development and optimization of Swiss Post's service range. The requirements are growing in particular with regard to delivery time, delivery flexibility, price and service quality (digital and physical).

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## For Swiss Post, the customer experience remains the most important thing.

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### Income and margins under pressure

The shift from bricks-and-mortar retail to online retail means that the cross-border parcel business in particular is growing disproportionately. Owing to the growth in digital commerce and ongoing internationalization, Swiss Post is benefiting from higher revenue. However, the pressure on prices is also rising, which is ultimately causing margins to fall. The strong volume growth is also forcing Swiss Post to construct additional infrastructure within the shortest time possible in order to continue meeting the high quality expectations. Swiss Post achieved an important milestone with the opening of the first new parcel center in Cadenazzo in the autumn of 2019.

### Changes in the regulatory framework

Letter volumes are falling, and over-the-counter services are experiencing lower demand. This effect will increase. As well as the falling volumes, the low interest rate level in particular is hitting Swiss Post hard. Because PostFinance's revenue is particularly dependent on the interest rate situation, it is heavily affected by the ongoing circumstances in comparison with other banks. But the changes also open up possibilities. Digitization, for example, offers new opportunities for more flexible public transport. Alongside partners within the

industry, PostBus is working to develop public transport in Switzerland and make it more customer-friendly and efficient, to better utilize operating capacity and to participate in new mobility solutions.

### Conflict between regulatory and political demands

Regulatory requirements and political initiatives are changing market conditions and influencing the options available to Swiss Post. As well as the changed market situation, the regulatory requirements in some submarkets have also been tightened. The universal service requirements in payment transactions have been increased, for example. Services must now be accessible to 90 percent of the population within 20 instead of 30 minutes on foot or by public transport. FINMA has also increased the regulatory capital requirements for PostFinance. While the former primarily affects the further development of the postal network, the latter calls for additional capital generation at PostFinance.

The declines in profit are exerting an increasingly negative impact on the Group, and its financial strength is decreasing. Swiss Post must therefore realign its strategy in the medium to long term in order to achieve its owner's targets. An important success factor in this will be the achievement of a balance between the requirements of the market and the expectations of the public, employees and politicians.

Swiss Post will continue to achieve its transformation in close dialogue with regulators and the public.

 Financial Report, pages 16–22

### Strategic thrusts:

To meet its goals, Swiss Post is pursuing four strategic thrusts in the 2017–2020 strategy period:



#### Transformation

Changing customer habits require ongoing development of the core business in order to continue creating a positive customer experience. The focus is also on the physical-digital merger and use of data, as well as solutions for business customers.



#### Growth

Growth from the core business and targeted, innovative development areas are the primary factors that will secure the future of Swiss Post. These include digital commerce and cross-channel communication.



#### Optimization

Interest rates, margins and volumes are coming under increasing pressure. Swiss Post is therefore increasing its cost efficiency. In Procurement, for example, this is achieved through a functional management model and optimized IT.



#### Regulatory framework

As a closely regulated company, Swiss Post finds itself trying to reconcile the conflicting demands of the market and politics. It wants to fulfil its universal service obligation in such a way that it reflects changing customer requirements. To do so, it requires entrepreneurial freedom. In dialogue with the regulators, Swiss Post is committed to creating the greatest possible benefit for its customers.



**Anne Wolf**  
Head of Corporate Responsibility



**Swiss Post has exceeded its CO<sub>2</sub> efficiency target.**



**We're acting now for tomorrow**

The articles marked with this symbol show how Swiss Post fulfils its social, environmental and economic responsibility.

## Responsibility

# We're acting now for tomorrow

Swiss Post continues to focus on climate protection and is expanding its social commitment: with its 2017–2020 corporate responsibility strategy, Swiss Post is playing a pioneering role. The strategy focuses on the following five areas of action: responsible procurement, climate and energy, responsible employer, circular economy and corporate citizenship.

In order to make a proactive contribution to resolving environmental and social problems, Swiss Post's corporate responsibility strategy for 2017–2020 defined the most important areas of action.

### Responsible procurement

In terms of sustainability, Swiss Post wishes to become one of the leading procurement organizations in the postal industry. It is therefore committed to socially responsible working conditions and ecological compatibility by means of due diligence and supply chain control.

### Climate and energy

For every consignment, every passenger carried, every transaction and every heated square metre, Swiss Post aims to increase CO<sub>2</sub> efficiency by 25 percent by 2020 (base year 2010). It reached and exceeded this target ahead of schedule at the end of 2019, with an improvement of 27.6 percent. It focuses on energy efficiency measures and uses renewable energy sources wherever possible. For example, it obtains 100 percent of its electricity from renewable sources from Switzerland with a minimum certification of "naturemade basic" and promotes awareness of environmental issues among its employees. In the long term, Swiss Post intends to offer zero-emission services wherever possible.

### Responsible employer

Swiss Post supports its employees' performance and physical and mental health in all phases of their lives – particularly as they grow older. To remain attractive as an employer and

training company, it maintains a diverse, agile and innovative working environment.

### Circular economy

With respect to the circular economy, Swiss Post plans to develop new strategic business areas and partnerships. Its services facilitate higher recycling rates for resources and, in turn, sustainable consumption in Switzerland. It is particularly committed to the recycling of selected reusable materials, repair and reuse and the encouragement of opportunities for sharing.

### Corporate citizenship

Swiss Post provides resources for charitable, social and ecological purposes. Its commitment ranges from support for creative artists through to road safety education provided by PostBus volunteers.

 Financial Report, pages 23–26 and Sustainability Report



## Innovation

## Every step counts

Claudia Pletscher heads the Development & Innovation unit at Swiss Post. Breaking new ground, learning from setbacks and doing pioneering work: these are some of the things it will take for Swiss Post to tap into related markets and meet new customer requirements, says the innovation chief.

### **Autonomous drones, e-voting, electronic patient records: are innovations like these really important for Swiss Post?**

New customer requirements and technologies, laws and competitors drive our actions every day. We take Swiss Post's mandate seriously – secure transport of information and goods, including in the digital world – and offer our customers modern solutions in this rapidly changing world. We not only continuously optimize existing products, we also tap into related markets and create new solutions. Innovation is a logical and necessary means of remaining relevant to customers.

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**Swiss Post has always contributed to the modernization of Switzerland.**

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### **Some pilot projects have also seen setbacks. Do you still consider these projects a success?**

Setbacks are part of the process, because pilot projects are where we do pioneering work. They are there so that we can receive feedback, learn from them and get ideas ready for market. The latest knowledge and developments flow continuously into our work. This means that every step is valuable, even if some may seem like a step backwards.

### **Is Swiss Post still committed to autonomous transport methods?**

Yes. As the biggest logistics provider in the country, we are convinced that autonomous transport methods can make logistics and mobility more efficient, more time-independent and more environmentally friendly. The Smart-Shuttle in the center of Sion and the use of drones and delivery robots in the healthcare sector already prove this in practice. Autonomous transport methods will in future make an important contribution to Switzerland's modern infrastructure – and everyone will benefit.

### **How will Swiss Post approach innovation in the future?**

Technologies like the Internet of things, artificial intelligence and blockchain will shape our future. And this is precisely why we will continue to evaluate the benefits of such technologies for the Swiss public and economy and integrate them into our products and services wherever it makes sense. If we don't, Switzerland will become dependent on foreign corporations.

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The delivery robot transports laboratory samples autonomously around the hospital, learns its route by itself and communicates with lifts and doors by radio technology.



**Claudia Pletscher**  
Head of Development & Innovation,  
Member of Extended Executive  
Management



**We're acting now  
for tomorrow** see page 14



Interview with Roberto Cirillo

## **“We want to continue to provide Switzerland’s universal service without external financing.”**

Roberto Cirillo has been Swiss Post CEO since April 2019. After an intensive initial period of familiarization, strategy development is now on the agenda. What are the challenges? And where might the journey be heading?



**You took over as CEO in April. Maybe we should begin by discussing how you felt about your first few weeks?**

For me, it was important to quickly get a picture of Swiss Post's many facets and its various business areas. So I had procedures explained to me on the ground, lent a hand and talked to a lot of employees at all levels. I was surprised by how multifaceted the Group is. But I have to say that there's a good reason why we were named as the world's best postal service by the Universal Postal Union for the third time running.

**Does this award mean that Swiss Post is also more successful economically than other postal organizations? How would you summarize the past financial year for Swiss Post?**

We are certainly one of the most economically successful postal companies. But the award involves many criteria. As for Swiss Post's financial year in 2019, we have to be aware that the company is in a challenging situation. The general conditions for economic success have seriously deteriorated. As a result, our 2019 result is again down year-on-year.

**What are those conditions?**

Primarily the decline in letter volumes at PostMail and the low interest rates at PostFinance. We will not be able to reverse the trend of declining letter volumes. But thanks to intensive efforts, the result has not declined to the same extent as the deterioration in general conditions.



**Swiss Post guarantees the secure and reliable transport of information.**

**So what's to be done?**

To begin with, sound analysis. We have conducted a holistic analysis of Swiss Post. We have examined all units, the markets in which they operate and the interactions between the units. This allowed us to identify the main challenges facing Swiss Post, which the new strategy for the future direction of the company must address.

**What are those challenges and what is the strategy?**

We will present the strategy to our owner in spring 2020, and only afterwards to the public. But the challenges are clear: there are essentially two. One is digitization. This is giving rise to new possibilities, but also changing habits in society, and we have to respond to these changes. At Swiss Post, we guarantee the secure, reliable and confidential transport of information. In 15 years' time, this transport will mainly be digital. As a communications company, we are adapting our services accordingly for our customers.

**And the other?**

The changes in the logistics sector. We are the logistics backbone of Switzerland. Digital commerce, and online retail on mobile



The CEO on a delivery round. In all kinds of weather, just like the delivery staff.

Roberto Cirillo gains an insight into Swiss Post.



devices in particular, is increasing customers' demands and expectations enormously. They expect fast delivery. And for impulse purchases especially, preferably on the same day. If we take proper advantage of the opportunities offered by digitization and logistics, we will make a huge contribution to the Swiss economy.

### How are you tackling the challenges in logistics?

We have to create the capacities we need to handle the growing parcel volumes. To do that, we have established regional distribution centers in Ticino, Graubünden and Valais. These will be the basis for new services that will allow us to offer nationwide same-day delivery. However, there is another challenge in this sector that is somewhat more complex: the last mile. In cities in particular, our network needs more diversification than at present. We need logistics platforms. And maybe then we will see bike couriers delivering parcels and goods over the last mile.

### Will the challenges in logistics be completely resolved with more diversification of the network?

No. We also need to establish logistics chains abroad. And also from other countries to Switzerland. For trade with China, we have established the "Gateway to China" for Swiss SMEs. Of course, global trade is not limited to a Switzerland-China axis. So we also need to create gateways to other countries and regions, so that Switzerland can continue to ensure its economic independence in the future.

### What about the declining letter volumes? Will there soon be no more letters?

Letters will certainly not disappear completely. In the future, information will increasingly be exchanged in digital formats. Volumes will therefore be significantly lower. And a logical consequence of this is that we have to adapt our services to these changing needs and our work processes to the reduced volumes. Here again, we are looking at the Swiss Post system holistically.

### Will there be a price increase?

In the past 15 years, the price of transporting letters has not increased by a single centime. That's a very long time, and we will certainly have to discuss a price increase. But this requires a constructive dialogue. For Swiss Post, there is a bigger issue: as a company, we need flexibility and entrepreneurial freedom.



—  
What goes into which box?  
Order is key, even inside the box.

—  —  
**Our employees  
enjoy a very  
high level of  
trust.**



—  
A stairway is no obstacle to  
reaching our customers every day.





The CEO is impressed with his employees' enthusiasm.



The meticulous organization of the letter sorting system is impressive.



We need to look far into the future: for a relevant and sustainable Swiss Post.

### Where are there other opportunities for Swiss Post?

With our delivery staff and the branch network, we are particularly close to people. And the branch network in particular could be vitalized and stabilized with services. Most service companies focus on online business, but there are people who want and seek out human contact. Offering everything online only discriminates against people who cannot or do not want to be online. With our employees in our branches, we have the ability to create added value and meet people's needs.

### What services might these be?

Our employees are very competent and have in-depth knowledge of our range of services. Their training is excellent. They also enjoy a very high level of trust. Tests in Western and Central Switzerland using health insurance providers as an example have shown that our employees are also able to perform services such as providing information and explanations for insurance products, and that this creates added value for our customers.

### Another issue is PostFinance.

#### What is the situation with the ban on mortgage lending?

PostFinance cannot take full advantage of its potential as a bank. The ban on issuing loans and mortgages means that it is actually only half a bank. In the current negative interest rate environment, this model has no future and therefore requires further development. I am confident that the decision-makers recognize very clearly how important this step is. However, even if the ban is lifted, it is clear that Swiss Post will no longer receive dividends from PostFinance at the same levels as in the past.

#### Would partial privatization be a practicable way of lifting the ban in your view?

The key question is not who owns PostFinance, but rather how we can put PostFinance on a stable and sustainable course. This is important for Swiss Post as a whole, because we want to continue to pay for the universal service ourselves in the future. Whatever happens, we will take the necessary measures to ensure PostFinance's stability.

### What about the question of climate policy at Swiss Post?

We are aware that we must act as a role model in this issue. As the biggest logistics group in Switzerland, we also have the largest fleet of vehicles. We are the only postal organization in the world that delivers two billion letters almost entirely with electric vehicles. We use 6,000 electrically powered three-wheeled vehicles, all of which run on eco-electricity. Our whole delivery fleet consists of 11,000 vehicles. The goal is to run this fleet entirely on fossil-free fuel by 2030.

### Finally, a question on diversity.

#### Can 56,000 very different employees convey a consistent image of Swiss Post?

With around 56,000 employees, we do of course have a diverse and multicultural workforce at all levels within Swiss Post. And that's good. We need that. Employees with different languages and different approaches to life. After all, our customers are not all the same, either. So we need to harness our employees' diversity to better understand and serve our customers' diversity.



**We are aware that we must act as a role model.**

## Business performance

Swiss Post generated a lower result in the year under review 2019 than in the prior-year period. At 255 million francs, Group profit was down 149 million francs year-on-year. Operating profit declined by 55 million francs, coming in at 450 million francs. The lower result is in line with expectations in a challenging environment, as the overall conditions in the core markets remain difficult for Swiss Post.

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### Group key figures

**7,164**

million francs  
**Operating income**

**255**

million francs  
**Group profit**

**81**

Index (scale of 0–100)  
**Customer satisfaction**

**28%**

since 2010  
**CO<sub>2</sub> efficiency improvement**

**1,807**

million  
**Addressed letters**

**148**

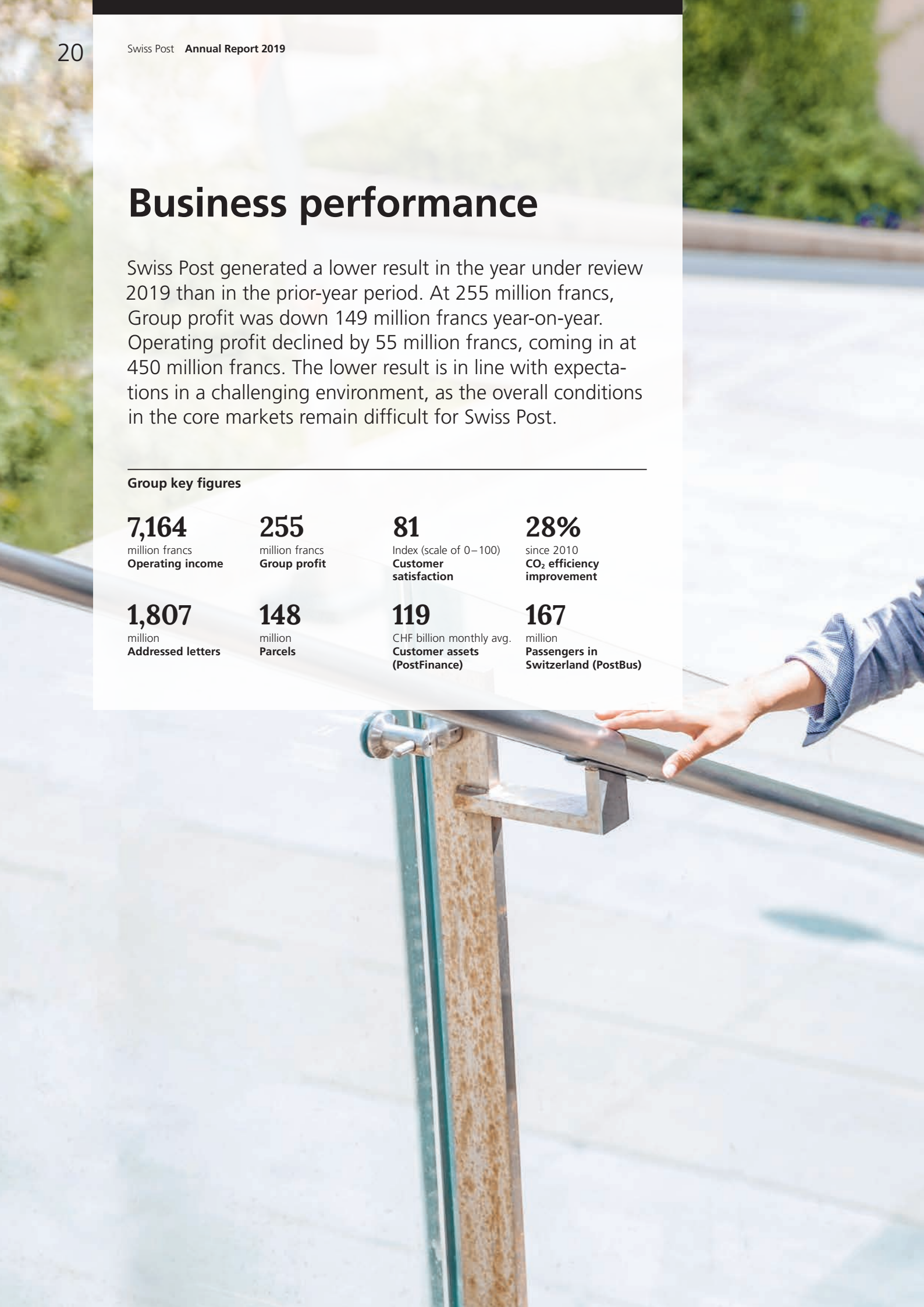
million  
**Parcels**

**119**

CHF billion monthly avg.  
**Customer assets (PostFinance)**

**167**

million  
**Passengers in Switzerland (PostBus)**











**Alex Glanzmann**  
Head of Finance,  
Member of Executive Management



**We must have a clear focus to our investment strategy and set our course for the future.**

Interview with Alex Glanzmann

## “The challenges? Fewer letters, low interest rates.”

Swiss Post’s Group result is in line with expectations in a challenging market. Thanks to the great commitment of the different business units and their employees, the result is declining less steeply than the deterioration in the operating framework, says Head of Finance Alex Glanzmann.

### **Swiss Post’s result was again down on the previous year. How do you respond to this as Head of Finance?**

Swiss Post has a stable financial basis and a healthy equity and liquidity situation. All investments are financed entirely from our own resources. However, the pressure on the result and on income is increasing significantly. Our calculations show that unless we take countermeasures in the next two to three years, Swiss Post’s financial situation will continue to deteriorate over the next ten years.

### **Is entrepreneurial freedom limited by the declining result?**

The Group result still shows that, despite difficult market conditions, the individual business units are working very well, acting entrepreneurially and tackling the challenges they face. However, the pressure on Swiss Post must not be increased by additional regulatory requirements. Swiss Post wants to continue to finance all investments, and in particular the universal service, from its own resources in the future.

### **You talk about the challenges – one of these is the letter business. Are Swiss residents simply writing too little?**

The decline in letter volumes is a fact we’ve faced for years. It is caused primarily by the digitization of our business customers’ operational processes, but of course also by the fact that our private customers are sending fewer letters. Thanks to optimization and efficiency measures, PostMail is managing to optimize operating expenses and keep its result stable. Nevertheless, the decline in letter volumes has a considerable impact: a fall of 1 percent in letter volume reduces EBIT by around 9 million francs – and last year, 4.8 percent fewer letters were sent.

### **More and more goods are being ordered online. Can the parcel business compensate for the fall in income in other segments?**

Although units such as PostLogistics and Swiss Post Solutions are growth areas, they cannot offset the negative trends. The parcel market is fully deregulated, the price wars are tough and margins are slim. Swiss Post is also investing massively in processes and infrastructure to ensure the usual high standard of processing is maintained as volumes rise.

### **The pressure on PostFinance’s core business remains consistently high. What does this mean for Swiss Post as a Group?**

Despite the low interest income, PostFinance is generating a stable result. However, a reversal of the trend in interest operations is neither foreseeable nor realistic. In addition, the requirements for capital accumulation as a systemically important bank are increasing the pressure on Swiss Post’s result.

### **How is Swiss Post tackling the challenges you describe?**

We are already working on them by further improving our efficiency in all units and by making clear decisions as to where the Group should or should not continue to invest. Swiss Post can build on its stable foundations, develop new business areas and modernize the universal service. To do so, we are taking advantage of our healthy equity base and good liquidity. The cornerstones for this ongoing development of Swiss Post are currently being set out in the strategy for 2021 and the following years.

## Target attainment

# Swiss Post has achieved many of its targets

Swiss Post has satisfied customers and very committed employees, upholds its market positions and is able to generate new revenues. However, it did not achieve its financial targets.

Swiss Post is facing major challenges in the areas of digitization, market environment, internationalization and competition. The parallel tightening of the regulatory framework is directly affecting the result and influencing the achievement of the strategic goals.

## Customer focus

Swiss Post is well on the way in its endeavours to achieve even greater customer focus and achieved its defined targets:

- Customer satisfaction: 81 points (goal: at least 80 points on a scale of 0–100)
- Customer proximity: 4,753 access points (153 more than the 2020 target values)

## Market

Swiss Post wants to generate 10 percent of new revenue by 2020. It is therefore looking to expand in its core business and in seven key growth and business development areas. Owing to the tougher market conditions in payment transactions and in the letters market, this goal is ambitious, but remains achievable thanks to the company's leading position in the Swiss market.

## Finances

The major challenges facing Swiss Post due to the market, competitive and political situation are exerting an impact on target achievement. Despite the successful implementation of its strategic transformation, Swiss Post failed to achieve its expected financial values in terms of economic value added.

## Employees

Employees are crucial to business success. Swiss Post counts on their commitment, which at 81 points remains very high (goal: 80 points on a scale of 0–100).

## Corporate responsibility

Swiss Post has improved its CO<sub>2</sub> efficiency by 27.6 percent compared to the base year 2010. This means that, by the end of 2019, it had already exceeded its target of improving efficiency by at least 25 percent by 2020.

 Financial Report, pages 29–54

## “World’s best postal service” for the third time

Swiss Post has achieved the top ranking in the annual Universal Postal Union study for the third time in a row. The study assesses four areas: reliability, penetration rate, relevance of products and services and “resilience” in terms of innovation, diversification and sustainability. 172 organizations were assessed. CEO Roberto Cirillo passes this compliment on to his employees: “They deliver an outstanding performance day after day and night after night.”

Key figures	Benchmark	Strategic goals for 2017 to 2020	2017	2018	2019	Status
<b>Customers</b>						
Customer satisfaction	Index (scale of 0–100)	At least 80 points	83	83	81	●
Access points	Number	At least 400 additional access points by the end of 2020	4,258 <sup>1</sup>	4,294 <sup>1</sup>	4,753	●
<b>Finances</b>						
Economic value added	CHF million	Positive	102	–24	–17	●
Degree of internal financing – investments	Percent	100 percent	100	100	100	●
Net debt	Factor	Maximum 1 × EBITDA	<1	<1	<1	●
<b>Employees</b>						
Employee commitment	Index (scale of 0–100)	At least 80 points	81	80	81	●
<b>Corporate responsibility</b>						
CO <sub>2</sub> efficiency	Percent	At least 25 percent improvement by 2020 in comparison with 2010	19.2	20.4	27.6	●

<sup>1</sup> The term “district” was clearly defined as part of the new Ordinance to the Postal Services Act. Due to the new definition, the number of districts with home delivery service has increased by around 400. As a result, our previous goal of offering 4,200 access points by the end of 2020 has increased to 4,600 access points. The values as at 31.12.2017 and 31.12.2018 have also been adjusted to that effect.



## In 2019, Swiss Post financed all investment from its own resources.

**Alex Glanzmann**  
Head of Finance and Member  
of Executive Management

### Investments

## Swiss Post is investing in its future

For Swiss Post, investment is a key factor in continuing to provide high-quality services. The focus at present is on parcel logistics, letter sorting systems and a new centralized SAP system for financial processes.

More than 148 million parcels were mailed by customers last year, which equates to 7.3 percent more than in the previous year. To manage the growing parcel volumes with the level of quality required and expected by customers, Swiss Post is investing more than 190 million francs by 2020 in a decentralized parcel processing network. To this end, it is building four new parcel centers. The center in Cadenazzo (Ticino) opened its doors in 2019; Ostermündigen (Berne), Untervaz (Graubünden) and Vétroz (Valais) will follow in 2020. The existing logistics center in Urdorf will be expanded. Additional roll boxes and vehicles have also been procured.

With the new MixMail system at the Zurich-Mülligen letter center, PostMail is automating the processing of small consignments (e.g.

from China) with an investment of 70 million francs. At the heart of the system, which is unique worldwide, is a scanning device that scans parcels, including those of non-standard shape, from six sides at the same time and records the consignment barcodes.

Finance, invoicing, purchasing, maintenance and logistics: in these areas, the Group is redefining a significant number of its business processes and working to simplify and harmonize the complex SAP landscape. Swiss Post's central units will be migrated to the new processes and systems in stages until 2022, with the goal of achieving greater transparency and efficiency and better strategic control.

### Customer focus


## Close to customers

In the customer satisfaction survey, Swiss Post's customers awarded it an overall mark of 81 out of 100 points – with more than 8,000 private and business customers responding. The 2019 result exceeds the target set by the owner for the seventh time running. This is the 22nd survey of its kind conducted by Swiss Post. The company uses the results of the survey to optimize its services.

Swiss Post wants to be right where its customers are, with the postal services they demand. That is why it is expanding its access points: at the end of 2019, Swiss Post employees and partner staff served and advised over one million customers every day in 981 branches and

1,136 branches with partners. 975 Postomats, 14,495 letter boxes, 301,900 P.O. Boxes and 155 My Post 24 terminals are also available around the clock, as are 572 service points at locations such as Migros branches. For business customers, Swiss Post operates 288 counters for business customers in branches and 134 business customer points in industrial or business districts and at logistics centers.

In 2019, more than 1.5 million customer enquiries were answered by the Contact Center.

 Financial Report, pages 8–9 and 48–49





## Corporate responsibility

## Swiss Post is increasing its CO<sub>2</sub> efficiency

Swiss Post has set itself the goal of improving its CO<sub>2</sub> efficiency by 25 percent by 2020 in comparison with 2010. To this end, it calculates its greenhouse gas emissions across the Group each year and implements improvement measures consistently. By the end of 2019, Swiss Post had achieved a CO<sub>2</sub> efficiency improvement of 27.6 percent, which means that it reached and exceeded its goal ahead of schedule.

### The biggest factor is mobility

Of the more than 14,500 vehicles in use, around half are already powered by alternative drive technologies. The three-wheeled vehicles used for letter deliveries have been 100 percent electrified for over two years. A further 30 delivery vans used for parcel deliveries are powered exclusively by electricity, and 56 diesel hybrid and five electric buses are now in operation. Swiss Post also supports the Swiss Confederation's "Electromobility Roadmap 2022" and aims to fully electrify its own delivery fleet by 2030 (see page 39).

### Expansion of photovoltaics

Swiss Post operates 17 photovoltaic systems on the roofs of its buildings, producing over 7 gigawatt hours of solar electricity each year – equivalent to the consumption of about

2,000 households. Six of these systems supply electricity for Swiss Post's own use, including at the newly opened regional parcel center in Cadenazzo (see page 36). Two further systems are planned for the new regional parcel centers. The centers themselves consume just under half of the electricity produced; the rest is fed into the grid. Swiss Post also uses some of its old scooter batteries as energy storage units for solar power from the roof.


### Electricity from renewable sources

Swiss Post covers 100 percent of its electricity requirements with a minimum standard of "naturemade basic"-certified renewable sources from Switzerland.

### Early replacement of fossil fuel heaters

By 2030, Swiss Post plans to replace around 90 percent of all fossil fuel heaters with renewable heat sources. New buildings and modernization projects will meet the requirements of the sustainable DGNB construction standard as adapted for Switzerland.

 Financial Report, pages 52–54

 **We're acting now  
for tomorrow** see page 14



To ensure that Swiss Post customers can receive their consignments using electric delivery vans, the infrastructure needs to be adapted. "500 charging stations are planned at Swiss Post locations throughout Switzerland," says Yves Luchsinger, who is heading up this project at Post Real Estate.

## Employees


## Employees give fresh start positive ratings

The results of the 2019 employee survey are positive: employees rated all criteria surveyed at the same level or higher than the previous year. Confidence in Swiss Post management in particular improved substantially. New company management, the fresh start for PostBus and the ongoing development of PostalNetwork were contributing factors. Commitment – and by implication also employee motivation – have stabilized at a high level. At 81 points, employee commitment is one point higher than the previous year's figure, exceeding the strategic target set by the Confederation, i.e. Swiss Post's owner, by one point. The positive trend is also underscored by

employee satisfaction, which, at 74 points, is one point higher than in the last survey.

The survey of around 45,000 employees in 14 countries was carried out by an independent institute on behalf of Swiss Post for the eleventh time using the same measurement model. More than 77 percent of the workforce answered approximately 60 questions in the survey.

 Financial Report, pages 49–50

 **We're acting now  
for tomorrow** see page 14

—  —  
**Our challenge  
is to further  
strengthen our  
employees'  
trust.**

**Valérie Schelker**  
Head of Human Resources

## Finances

## Challenges reflected in annual result

In the year under review 2019, Swiss Post generated a lower result than in the prior-year period. At 255 million francs, Group profit was down 149 million francs year-on-year. Operating profit declined by 55 million francs, coming in at 450 million francs. The lower result is in line with expectations in a challenging environment, as the overall conditions in the core markets remain difficult for Swiss Post.

Operating income  
CHF million

**7,164**

Operating profit (EBIT)  
CHF million

**450**

Group profit  
CHF million

**255**

Economic value added  
CHF million

**-17**

Equity  
CHF million

**6,834**

Degree of internal  
financing – investments

**100%**

Thanks to the tremendous commitment of the various business units and their employees, the result is declining less sharply than the deterioration in the operating framework. In the communication market, the decline in letter volumes can no longer be completely offset by efficiency measures; in the logistics market, the increasing parcel volume requires a high level of investment in infrastructure; and in the financial services market, it is possible to compensate for the low interest income thanks only to pricing measures and positive market value fluctuations.

### Driving business growth forward

Swiss Post still has a stable equity and liquidity situation. All investments are financed entirely from our own resources. However, pressure on the result and income is growing, and Swiss Post is about to embark upon a phase of major business growth. To ensure Swiss Post continues to affirm its position in its core markets and drive forward the development of new business areas over the coming years, it will likely have to use its entire investment potential up to the permitted debt level in future. Swiss Post has a window of just a few years to successfully implement the measures required. Swiss Post, its owner and politicians must respond to the forthcoming challenges and develop a common vision of the “Swiss Post of tomorrow”.

### Lower letter volumes can no longer be offset

PostMail has continually succeeded in posting good results in recent years, despite the decline in letter volumes. The result was stabilized in the past few years through efficiency and optimization measures, but this is now becoming increasingly difficult. In 2019, PostMail posted operating profit of 370 million francs, down 18 million francs year-on-year. Operating income fell by 106 million francs – two thirds of which is attributable to the decrease in addressed letters alone.

### Positive development at Swiss Post Solutions

Swiss Post Solutions has successfully expanded its business activities. Operating profit rose by one million francs to 32 million francs. At 599 million francs, operating income was 16 million francs up on the previous year. The positive result is due to the acquisition of new customers and efficiency increases.

### Focus on development of the postal network

PostalNetwork more than compensated for the losses in over-the-counter transactions through network development, systematic adaptation of resources in line with volume development and efficiency increases. Despite these measures, the operating result for 2019 fell by 38 million francs to -132 million francs. This is due to the provisions for restructuring and realignment of the sales organization. Operating income came in at 693 million francs last year, down 60 million francs year-on-year.

**Digital commerce accelerating rise in parcel volumes**

At PostLogistics, investment stood at its highest level for years in 2019. One of the reasons for this is the investment of hundreds of millions of francs in the new parcel centers. These are required to handle the growing parcel volumes (+7.3 percent) at the usual high standard of quality. Operating profit for 2019 fell by 17 million Swiss francs, coming in at 128 million francs. In particular, accumulation of provisions and the consequential costs of a legal case in value logistics had a negative impact in this field. Operating income totalled 1,708 million francs, exceeding the previous year's total by 44 million francs.

**PostFinance stabilizes result despite low-interest environment**



















PostFinance generated an operating profit of 240 million francs last year, representing an increase of 20 million francs. However, this was achieved thanks only to price adjustments to financial services and positive market value fluctuations. The low-interest environment remains a major challenge. Interest income fell significantly again compared to the previous year, decreasing by 164 million francs. Operating income was down 44 million francs to 1,660 million francs.

**Realignment with a Swiss focus successful at PostBus**

PostBus is very popular with passengers in Switzerland. 167.4 million passengers travelled with PostBus last year. Transport performance – in other words, kilometres travelled – rose by 3.3 percent. The operating result increased by 27 million francs. The fact that it still stands at –24 million francs is mainly due to impairments on investment assets. However, operating income climbed by 2 percent year-on-year due to improved services.

 Financial Report, pages 29–47

  
**The result is in line with expectations in a challenging environment.**

PostMail	Swiss Post Solutions	PostalNetwork	PostLogistics	PostFinance	PostBus
 <b>14,110</b> full-time equivalents	 <b>6,909</b> full-time equivalents	 <b>4,298</b> full-time equivalents	 <b>5,620</b> full-time equivalents	 <b>3,248</b> full-time equivalents	 <b>2,339</b> full-time equivalents
 <b>2,615</b> Operating income CHF million	 <b>599</b> Operating income CHF million	 <b>693</b> Operating income CHF million	 <b>1,708</b> Operating income CHF million	 <b>1,660</b> Operating income CHF million	 <b>841</b> Operating income CHF million
 <b>370</b> Operating profit CHF million	 <b>32</b> Operating profit CHF million	 <b>-132</b> Operating result CHF million	 <b>128</b> Operating profit CHF million	 <b>240</b> Operating profit CHF million	 <b>-24</b> Operating result CHF million



# PostMail

## Letters, dialogue marketing and publication solutions

Letters, small goods, promotional mailings or newspapers: Swiss Post transports consignments reliably and securely – within Switzerland and abroad. PostMail offers private and business customers high-quality products and tailored solutions, from acceptance right through to delivery. PostMail also offers a growing range of digital services.

### PostMail key figures

**2,615**

million francs  
**Operating income**

**370**

million francs  
**Operating profit**

**1,807**

million  
**Addressed letters**

**1,681**

million  
**Unaddressed items**

**98.0%**

delivered on time  
**A Mail letters**

**99.3%**

delivered on time  
**B Mail letters**

**14,110**

full-time equivalents  
**Headcount**

PostMail has continually succeeded in posting good results in recent years, despite the decline in letter volumes. The result was stabilized in recent years through efficiency and optimization measures, but this is now becoming increasingly difficult. In 2019,

PostMail posted operating profit of 370 million francs, down 18 million francs year-on-year. Operating income fell by 106 million francs – two thirds of which is attributable to the decrease in addressed letters alone.





### PostMail wins silver

On the first attempt, PostMail has won the EFQM Global Excellence Silver Award – a prominent international award for corporate excellence. Nine assessors from the EFQM organization spent five days putting PostMail under the microscope. Over 200 employees were surveyed in around 50 interviews, locations were inspected and processes were screened on-site in their entirety.

Donation mailing for Nature Reserve and Wildlife Park Goldau

## Who's that rustling in the box?

Nature Reserve and Wildlife Park Goldau is home to mainly native and European animals. Working with Swiss Post, the park sent a creative donation mailing to raise money for nocturnal facilities for small mammals, and the response exceeded all expectations.

Common, edible and garden dormice are rarely seen in the wild. Not only because these small mammals are nocturnal and shy, but also because they are losing more and more of their habitats. Nature Reserve and Wildlife Park Goldau wants to build new, accessible facilities for them, co-financed by donations which the park depends on, as it does not receive regular public funding.

### Mailing for discoverers

Every year around Epiphany, the park sends out a donation mailing. To generate donations for the construction of the nocturnal facilities, the zoo focused on an informative and particularly creative mailing in January 2019. A "discovery box" was sent out. "Who's that rustling in the box?" asked a postcard enclosed in the package, which contained chocolate mice hiding in the straw. The challenge was for the recipient to find them and the project descrip-

tion on the bottom of the box, with a torch that was also enclosed. A cover letter with a payment slip appealed specifically to the target group, which included donors who had supported the park with 5,000 francs or more the previous year, patrons, and media and cooperation partners. "We developed the concept ourselves and did everything in-house, up to and including the packaging – to get the most out of our budget," says Condi Scherrer, head of fundraising operations at the park. For the mailing, the park relied on Swiss Post, which delivered the 218 discovery boxes on time on 6 January.

### High response rate and generous donations

Condi Scherrer is very satisfied with the results of the campaign: "We are happy to have reached our goal of 35,000 francs. We also received a lot of positive feedback describing the mailing as clever, funny and surprising."

Visitors to the nature reserve and wildlife park can celebrate, too: thanks to the generous donors, the foundations for the funding have been laid. The park is now working on raising the remaining funds. And then they'll start building.



The mailing of "discovery boxes" prompted generous donations.



## PostMail subsidiaries

## Remaining marketable through efficiency and innovation

Swiss Post and its subsidiaries are holding their ground in a hard-fought market. To remain competitive, they optimize products and services – and harness synergies. Employees of subsidiary Presto, for instance, use Swiss Post DXP three-wheelers.

Swiss Post manages various subsidiaries under a single umbrella. This structure helps it to respond quickly to changes in the markets. One example of success is the subsidiary Presto, which celebrated its tenth anniversary in 2019. Its core business is early-morning delivery of daily and Sunday newspapers in large parts of German-speaking Switzerland. Because print runs are declining, the company is looking for ways to improve efficiency. As a result, early-morning delivery staff are now using Swiss Post's electric DXP three-wheelers before they then go on to be used for regular postal deliveries. Thanks to the rented vehicles, rounds that used to be done by hand cart, car, bicycle or motorbike have been optimized and the number of depots reduced. And the environmentally-friendly vehicles also enable staff to benefit from more comfort and safety on their rounds.

## Letter market

### Competition in the letter market

In 2019, Swiss Post processed 91 million fewer addressed letters than in the previous year. In the national letter market, this represents a loss of 4.8 percent. The main driver of the decline is the replacement of the physical letter by digital options. Invoices and account statements, for example, are increasingly being sent electronically or processed using companies' own portals. "For effective communication and marketing, however, the letter remains indispensable," says Ulrich Hurni, Head of PostMail. "Our owner, policymakers and Swiss Post must now work together to adapt the regulatory framework to the declining letter volumes."

### Direct Mail Company streamlines its range of services

Swiss Post operates in the field of unaddressed promotional mailing through its subsidiary Direct Mail Company (DMC). However, the demand for printed advertising is declining: "For this reason, we have optimized our service provision and enhanced our range of services," explains Daniel Hügi, Head of DMC. Specifically: to improve efficiency, DMC will deliver unaddressed promotional mailings only once a week from 2020. The company's own consumer magazine *Consumo* serves as a weekly carrier medium for unaddressed direct advertising and is now also available online. *Consumo* regularly reaches more than 1.3 million households that wish to receive advertising.

### Competition in the open letter market

Swiss Post's market share in the deregulated domestic letter market has fallen to around 83 percent. Here, Swiss Post is feeling the effects of strong competition in bulk mailings outside the monopoly – for catalogues and customer magazines in particular. In this market segment, Swiss Post has suffered a decline of 29 million consignments, while competitor Quickmail has seen a gain in the double-digit millions. To counteract this trend, Swiss Post intends to continue impressing customers with high quality standards.



**Ulrich Hurni**

Head of PostMail,  
Member of Executive Management

### How is Swiss Post responding to declining newspaper print runs and letter volumes?

We are investing in the latest technologies to optimize letter processing and make it more efficient on an ongoing basis. And through our subsidiaries, we are tapping into new sources of income and expanding our digital services.

### You are also breaking new ground in delivery.

There is a clear focus on the core business, with reliable and punctual transport of consignments. Only PostMail delivers to every household in Switzerland on a daily basis. To make full use of our capacities, we are offering targeted new services. Swiss Post is a specialist in collection and delivery, and our delivery staff can also bring fresh bread or pick up Nespresso capsules on their rounds. Our trump cards are our nationwide delivery network and the trust that our mail carriers enjoy.

### What does the global EFQM Silver Award for corporate excellence mean to you?

It is the result of our initiatives relating to efficiency and quality improvement, and it shows that we are on the right track with our quality standards. For this, our employees deserve our recognition and thanks.

# 30 million

imported **small goods consignments**, including almost 24 million from Asia, were processed by Swiss Post in 2019.

# 20%

of **revenue** in the **online mail order business** was generated by import consignments. In 2010, the figure was just 10 percent.



**Personal and targeted at specific groups: that's what I call intelligent marketing.**

**Priscilla Hodel**  
Swisshaus Marketing Manager

#### International digital commerce

## 30 million imported small goods consignments

Whether it's charging cables, mobile phone cases or novelty items such as inflatable unicorns, the volume of imported small goods consignments, mainly from Asia, is growing every year. A challenge for our infrastructure, but also an opportunity for Swiss Post to better utilize its letter processing capacities.

Is this smartwatch any good? Those headphones are really cheap. And that next party definitely needs some balloons. When Philipp heads online to take a look at Asian sales portals, he always finds something. His shopping basket fills up quickly, and before he knows it, he has entered his credit card details.

Philipp is a regular online shopper and one of many who order goods from abroad. While import consignments in 2010 represented just 10 percent of online mail order revenue, the figure for 2019 was 20 percent. 85 percent of these consignments are small goods weighing less than two kilograms, which are sent as letters under international agreements. In Switzerland, Swiss Post handles customs clearance, sorting and delivery.

Swiss Post processed around 30 million of these small goods consignments in 2019, around 24 million of which came from Asia. The import volumes arrive in Switzerland via the foreign postal organizations or one of the 16 Asendia branches. "It isn't just the large volumes that present a challenge, but also the differing sizes and types of packaging," says Urs Singer, Head of Distribution Agreements and Import at Asendia Switzerland, a PostMail profit center. "With our sorting systems, however, we can manage all this efficiently. The boom in Asian online retail is also an opportunity for Swiss Post to better utilize its sorting and delivery capacities in letter processing." Following a Universal Postal Union resolution to raise the tariffs for consignments from Asia to the same level as industrialized countries from 2020, this business will be economically viable in the future.

#### Dialogue marketing

## Effective advertising

Your dream house could be just a click away. Swisshaus, the Swiss market leader in the construction of single-family homes, has a wide range of products on offer in this sector. Looking to raise their profile, Marketing Manager Priscilla Hodel approached Swiss Post. "We wanted to push up the number of times our initial information pack, including our house ideas, is ordered," she says, explaining her specific goal. "The first thing we needed to do was generate more traffic to our website."

Swiss Post developed a cross-media campaign for Swisshaus, divided into three phases: first, it focused on e-mails and online advertising targeting people with the right profile. Those who responded received the e-mail newsletter or a card. To follow up, an e-mail reminder was sent. Digital and physical channels were therefore efficiently linked. All Swisshaus had to do was approve the concept and content, while Swiss Post took care of everything else. "This one-stop solution suited us very well," says Priscilla Hodel. "We are also very satisfied with the result: 8,000 clicks and 120 information packs ordered."



5 a.m.



8 a.m.



10.30 a.m.

## Last mile

## From bakery to letter box

Six days a week, Swiss Post's mail carriers call at practically every household in Switzerland. Swiss Post is using this proximity to customers and its nationwide logistics network to expand its core business – with innovative products and services that make everyday life easier.

Markus is extremely busy at work, leaving him little time for shopping. But that doesn't mean he has to go without a fresh loaf from his local baker – because he has a subscription to have bread delivered to his home three times a week. His mail carrier leaves it in his mailbox when she delivers his letters. "Our bread delivery service is a genuine success story," says Geneviève Wüthrich, Head of Last Mile & Business Solutions. "After a trial phase in Berne, we are now offering the service in other regions, too."

This oven-fresh service is one of many examples of how Swiss Post generates added value for its customers. In some locations, it delivers fruit and vegetables straight from the farm. The mail carriers can also collect reusable items such as Nespresso capsules, textiles or second-hand goods when doing their rounds. "No additional journeys are needed for these

supplementary services, because our staff are out on their delivery rounds anyway, calling at some four million households every day with their environmentally-friendly electric vehicles," explains Geneviève Wüthrich.

### Services in the recycling sector

The latest pilot project is a collaboration with the company PET-Recycling Schweiz. The idea: private households can have their PET drinks bottles collected in bags left on their doorstep, saving them the trip to the nearest collection point. As a logistics partner, Swiss Post is also providing Swisscom with a new service: Swisscom customers can pack up their old router and leave it in their private letter box for collection. If they are in good condition, the routers are repaired and reused. These services enable Swiss Post to make a valuable contribution to the circular economy.

Swiss Post's mail carriers call at every household six days a week. They can also deliver fresh bread at the same time.

# 4.3 million

households throughout Switzerland are served by Swiss Post every day.



We're acting now  
for tomorrow see page 14



# PostLogistics

## Parcels, logistics solutions and digital commerce

As a leading logistics provider in Switzerland, Swiss Post offers its customers everything from simple parcel post and small consignment transport to complex logistics solutions within Switzerland and abroad, and all from a single source. The range of services is supplemented by solutions for digital commerce.

### PostLogistics key figures

**1,708**

million francs  
**Operating income**

**128**

million francs  
**Operating profit**

**148**

million  
**Parcels**

**5,620**

full-time equivalents  
**Headcount**

**95.3%**

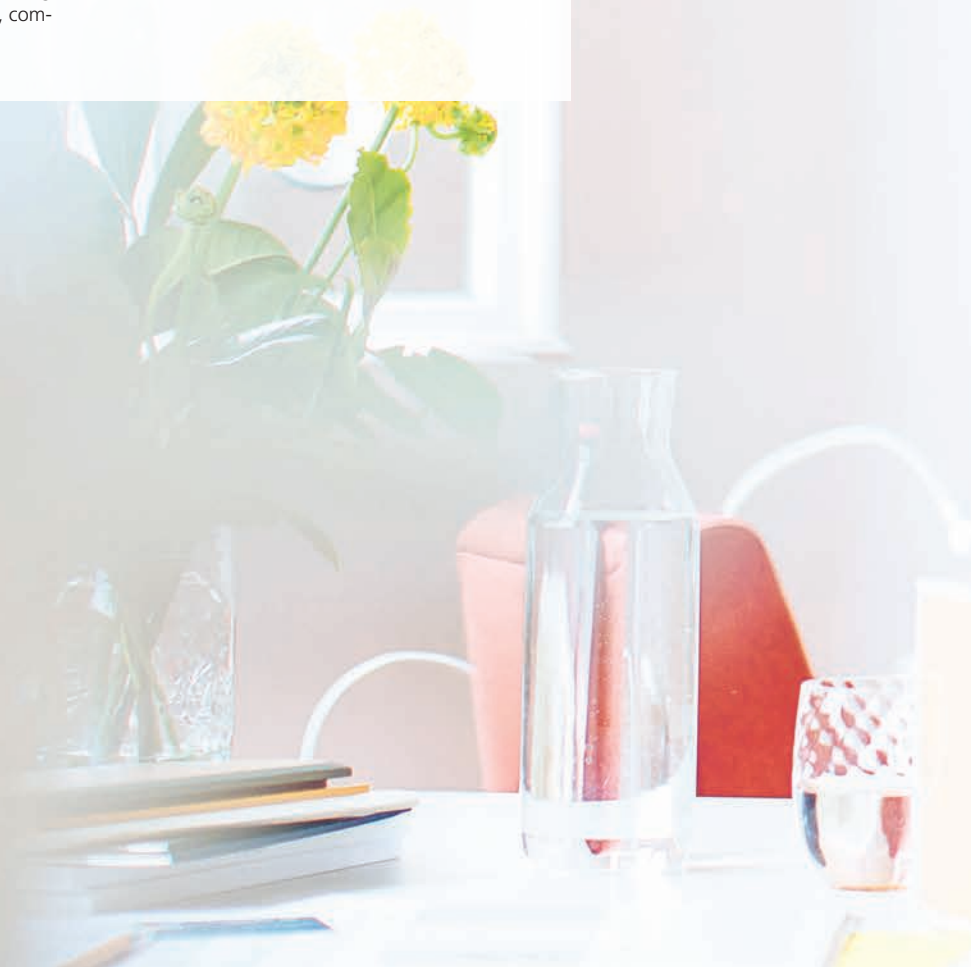
delivered on time  
**Economy parcels**

**95.9%**

delivered on time  
**Priority parcels**

At PostLogistics, investment stood at its highest level for years in 2019. One of the reasons for this is the investment of hundreds of millions of francs in the new parcel centers. These are required to handle the growing parcel volumes (+7.3 percent) at the usual high standard of quality. Operating profit for 2019 fell by 17 million Swiss francs, com-

ing in at 128 million francs. In particular, provisions and the consequential costs of a legal case in value logistics had a negative impact in this field. Operating income totalled 1,708 million francs, exceeding the previous year's total by 44 million francs.









**Dieter Bambauer**

Head of PostLogistics,  
Member of Executive Management

### Where is the trend in the parcel market heading?

Driven by online retail and globalization, the parcel market will continue to grow strongly, and cross-border online retail will continue to boom. Consumers are becoming increasingly exacting when it comes to delivery, and the demand for Priority parcels is rising as a result.

### Is Swiss Post ready for these changes?

We geared ourselves to this change at an early stage – with services such as consignment management, thermal monitoring and SameDay delivery, and with state-of-the-art sorting systems and optimized delivery rounds. We are also investing in and expanding our logistics network.

### How does Swiss Post stand out from its competitors?

We rely on our unique selling points: our nationwide logistics network and our trained delivery staff. Our one-stop shop and digital solutions set us apart from the crowd. As the pace-setter in cross-border digital commerce, we are also opening Switzerland up to global online retail industry. Despite a deregulated market and pressure on prices and margins, we have been able to hold our position for many years. This is a testament to the quality of the work we do.

Anticipating and investing

## Setting the pace in the logistics market

Booming online retail, pressure on margins, changing consumer demands: disruptive changes have been shaping the logistics and parcel market for many years now, and they necessitate substantial investment in order to remain competitive in the market.

The volume of parcels handled by Swiss Post is growing by around 7 percent each year. In 2019, more than 148 million parcels were processed. New shopping events like “Black Friday” and “Cyber Monday”, when volumes soar, present a challenge even to Swiss Post’s robust infrastructure. It is only with forward-looking, planned investment that Swiss Post can cope with these increasing parcel volumes. Consumer behaviour is also changing. Consumers are more mobile and less often at home, they want to purchase goods and services around the clock wherever they are, and they expect ever shorter delivery times. In 2019, for example, 55 percent of parcels were sent as PostPac Priority – 15 years ago, that figure was less than 20 percent.

The process of finding solutions to these challenges shapes our understanding of high-quality logistics. “Although logistics services are taken for granted by industry, retailers and private households, there is a demand for them to be as invisible, silent and energy-efficient as possible,” says Dieter Bambauer, Head of

PostLogistics. Swiss Post is holding its ground in a highly competitive and fully deregulated market in which customers ideally expect delivery to be free of charge.

### Investment in infrastructure: shorter distances thanks to regional parcel centers

Swiss Post anticipates these trends. “We recognized the potential of online retail many years ago and geared our logistics business to it at an early stage,” says Dieter Bambauer. “We are not only setting the pace in the Swiss logistics market, we also enable cross-border online retail sales, both to and from Switzerland.” One focus of our “Parcel processing strategy” is multi-million-franc investment in the future. To this end, Swiss Post is building three new regional parcel centers (RPCs) with state-of-the-art sorting systems. The new center in Cadenazzo started operations in October 2019, with two more to follow in Untervaz and Vétroz in 2020. The Ostermündigen location is also being converted into an RPC with a new sorting system. The RPCs are linked to each other and to the major centers



Shopping events such as “Black Friday” present Swiss Post with additional challenges.



by a direct transport network. All three centers produce solar power on their roofs for their own use, improving Swiss Post's overall CO<sub>2</sub> efficiency. The shorter, more eco-friendly transport routes will be of particular benefit to business customers, who will be able to drop off their parcels later in the day. In addition, jobs in the regions will also be preserved.

### Investment in processes and staff: success through quality and customer focus

For PostLogistics, parcel delivery is also a success factor: our trained staff have a detailed understanding of the local conditions affecting business customers and private households in Switzerland. To enable PostLogistics to offer its customers high-quality services, employees also make use of the digital options available to them. By analysing past delivery attempts, PostLogistics will in future offer recipients alternative delivery dates in advance. "Ultimately, only those who recognize market changes at an early stage and are the first to adapt efficiently will be successful as logistics providers," says Dieter Bambauer. "We manage to do that well. We are setting the pace and shaping these groundbreaking trends, which is why we remain number one in the highly competitive logistics market and also our customers' preferred partner. At the same time,



we need a reasonable pricing policy to ensure that our high-quality work and increasing investment are adequately compensated by our customers."

The belt conveyors have been running for 20 years: during this period, more than 3.1 billion parcels have been processed by employees.



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for tomorrow** see page 14

### Fast last mile

## Fast delivery in Switzerland, naturally

Want to quickly order a camera in the morning for a party the same evening? Or a step counter for a hike the next day? Since summer 2019, SameDay delivery by Swiss Post and its subsidiary notime has made it possible for online retailer microspot.ch to offer this service to its customers. If you are in one of 11 Swiss cities and towns – notime now also operates in Fribourg, Bienne and Olten – and order one of around 20,000 so-called "speed" items by 12 noon, you will receive your delivery on the same day. notime's drivers transport the parcels over the last mile with small, CO<sub>2</sub>-neutral electric vehicles. Items ordered by midnight are delivered by PostLogistics on its parcel rounds throughout Switzerland the following day. This includes Saturdays, which is particularly convenient for working people.

### Pilot projects in Zurich

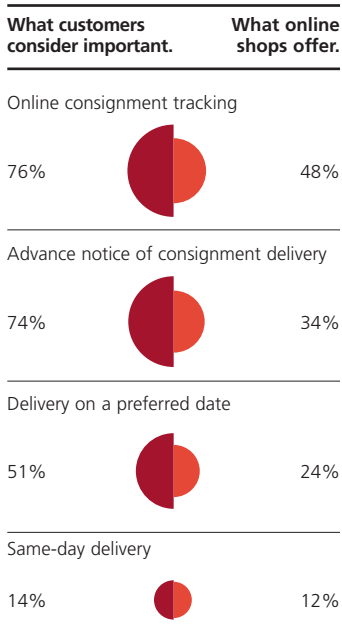
Since summer 2019, pilot projects with Zalando to test self-determined delivery have been under way in Zurich. Recipients either choose a specific time window or use the "Click & Deliver" option to have the parcel delivered within the next 90 minutes. Swiss Post is also in ongoing discussions with other business customers to jointly develop logistics solutions that best meet customers' requirements, while also looking to the future.

[www.notime.ch](http://www.notime.ch)



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Three quarters of all respondents would like to receive advance notice of their consignment – only a third of retailers offer this service.

#### Online retail studies 2019

## Successful in digital retail thanks to Swiss Post

If you want to be successful in online retail, you need well-founded knowledge. And that's something that Swiss Post can provide: our latest studies reveal what makes retailers and customers in Switzerland tick. For business customers, Swiss Post develops strategies and provides support for their implementation.

If you want to survive in the highly competitive world of online retail, your focus must be on your customers. But do the products and services offered by online retailers meet customers' needs? Are consumers getting the services they want? These questions are addressed by the e-commerce trend indicator and the Swiss online retailer survey 2019, carried out by Swiss Post in cooperation with two Zurich universities.

The findings: customer expectations and the products and services offered by online retailers do not always overlap. For example, 74 percent of the customers surveyed would like to receive advance notice of delivery – but only 34 percent of retailers offer it. 51 percent

would like to choose their own delivery date – but this option is provided by just 24 percent of retailers.

Swiss Post's Digital Commerce Competence Center advises retailers and gives them security on their road to digitization. Without well-founded knowledge, success in online retail is not possible. That is why the Competence Center cultivates a lively dialogue with leading online retailers and renowned institutions and universities.

[www.swisspost.ch/digital-commerce/online-retail](http://www.swisspost.ch/digital-commerce/online-retail)

#### International forwarding

## Across borders and garden hedges

What do small diamond drill bits, four-metre-long pieces of timber and pallets of plasterboard weighing more than 1.5 tonnes have in common? They can all be ordered by customers in the Swiss online shop operated by DIY and garden center Hornbach.

Swiss Post handles national and international transportation of parcels and small consignments for Hornbach. The service includes collection of goods at locations in the EU and customs clearance.

Small goods consignments are handled by the logistics center in Dintikon (Aargau), and from there the goods are distributed directly to end customers throughout Switzerland. For special deliveries, Swiss Post offers customized solu-

tions up to and including delivery with a crane truck: for example, to transport heavy stones directly to a garden patio or hoist a garden shed over a hedge. Parcels are sorted in one of the four parcel centers and then delivered directly to the customer's doorstep by Swiss Post delivery staff.

"Despite its size, Swiss Post surprised us with its flexibility and strong focus on service, which was ultimately what won us over," explains Alessandro Pellegrini, Country Manager for the Swiss Region at Hornbach.

## Gateway to China

## Swiss Post facilitates market entry for SMEs in China

With the “Your Gateway to China” all-in service, Swiss Post makes it easier for Swiss SMEs to access Chinese end customers. Among the companies who value Swiss Post’s expertise is chocolate wafer manufacturer Kägi.

A Toggenburg classic is conquering China: with Swiss Post’s help, the sweet and bitter Kägi Dark is proving a success. The Chinese market has a great deal of potential for Kägi, and the work the company is already doing in China has found its perfect supplement in Swiss Post’s modular services.

With “Your Gateway to China”, Swiss Post acts as a bridge builder. It operates virtual marketplaces on the online platform Tmall Global (Alibaba) and the social network WeChat, where Swiss suppliers can sell their quality products. As part of this service, Swiss Post acts as a sales facilitator between Swiss SMEs and Chinese end consumers. The modules that form Swiss Post’s all-in-

solution also provide the ability to tap into relevant target groups and product visibility. For example, an appearance at the China International Import Expo trade fair in Shanghai helped to strengthen Kägi’s brand presence. Swiss Post also handles logistics services such as import and final delivery in China. “We help out where small and medium-sized enterprises are faced with the challenges of customs clearance, regulations and language barriers,” says Luigi Pezzuto, Head of PostLogistics International. “Our solution is a unique full service range for SMEs that can be adapted to individual requirements. This is thanks to the five modular service components, which can be combined as needed.” A welcome source of support, as Kägi’s success demonstrates.

## Electric vehicles

## Parcels delivered by electric van

They are particularly suitable for large amounts of stopping and starting, easy to handle and relaxing to drive: the new electrically powered delivery vans from PostLogistics. But it’s not only the high level of driving comfort offered by electric vehicles that’s impressive – they are also quiet and very energy efficient. “Electromobility has an effectiveness rate of around 98 percent, while a combustion engine achieves only about 35 percent,” explains Thomas J. Ernst, Head of National Transport & Procurement. “We want to achieve fossil-free mobility in parcel delivery by 2030 if possible.” Swiss Post currently uses 30 electric vans for parcel delivery.

### Expansion of the electric fleet planned

Swiss Post is planning to procure additional fossil-free delivery vans. By 2023, up to 400 vans with electric motors may be in use

for parcel deliveries in the four largest cities in Switzerland. For all of its electrically powered vehicles, Swiss Post uses 100 percent green electricity from renewable sources within Switzerland.

### Supporting further development

Swiss Post is the first major Swiss company to join the international “EV100” (Electric Vehicles) initiative. Alongside 39 other large companies, it is committed to making electromobility the norm by 2030. Swiss Post has also signed the “Electromobility Roadmap 2022”, which by 2022 aims to increase the share of newly registered passenger vehicles that run on electric power in Switzerland from the present rate of 3.2 percent to 15 percent.



Swiss Post currently uses 30 electrically powered delivery vans for parcel deliveries.



We're acting now  
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# PostalNetwork

A wide range of access points:  
at home, on the move or digitally

Whether at their front door, on the move or digitally, Swiss Post wants to be right where its customers are, and offer the best possible universal service for all regions and generations, now and in the future. At the end of 2019, the postal network boasted 4,753 access points, including new service points, business customer points and terminals. The self-operated branches are gradually being modernized and redesigned.

## PostalNetwork key figures

**693**

million francs  
**Operating income**

**-132**

million francs  
**Operating result**

**4,753**

**Access points**

**4,298**

full-time equivalents  
**Headcount**

PostalNetwork more than compensated for the losses in over-the-counter transactions through network development, systematic adaptation of resources in line with volume development and efficiency increases. Despite these measures, the operating result for 2019 fell by 38 million francs

to -132 million francs. This is due to the provisions for restructuring and realignment of the sales organization. Operating income came in at 693 million francs last year, down 60 million francs year-on-year.









**Thomas Baur**  
Head of PostalNetwork,  
Member of Executive Management

### Why is Swiss Post restructuring its network?

Our customers are visiting our branches less often and are increasingly using mobile postal services around the clock and on the move. We are adapting to these requirements and providing added value for our customers, such as our additional digital products and services.

### What is the current status of its access points?

Our original goal for the 2017–2020 strategy period was to create 400 new access points. We have already exceeded this target: in December 2019, we opened the 1,136th branch with partner. Thanks to our partnership with Migros, almost 400 new service points were also added in 2019.

### Do self-operated branches still have a future?

Absolutely. The 981 self-operated branches we currently have in place are important, and this will continue to be the case. They are the backbone of the postal network. Our investment of around 40 million francs in the modernization of around 300 branches also makes a clear statement on this matter. We want to continue to have direct contact with our customers.

#### Investment in the postal network

## More diverse and more dense

Whether it's at a major distributor, from home, at terminals while on the go, at a local shop or at one of Swiss Post's self-operated branches: postal transactions can be carried out at a wide range of access points. At the end of 2019, there were 4,753 of these available.

"How can I help you?" When you go into Dietikon's newly opened branch, which was designed according to Swiss Post's new concept, you will be greeted right by the door. "We want to meet our customers when they come into the branch and serve them directly," says Ueli Lüdi, Head of Network Management at PostalNetwork. "We escort them to the right place, answer their questions and provide assistance." Bright, friendly and accessible, the new branch features a Swiss Post counter (reception desk), self-service terminals for inpayments, My Post 24 terminals and counters with no glass panels. The furniture and advice counter, as well as the shelves, partition walls and sound insulation are made locally and sustainably for Swiss Post in Emmental.

With its investment of some 40 million francs in the modernization of around 300 self-operated branches, Swiss Post is making a clear statement. "The concept goes beyond a visual modernization of the branches," says Ueli Lüdi. "The focus is on offering more personalized customer advice, building up awareness of all aspects of our digital services and the related issue of providing professional

development for staff." At the new-look branches, customers can experience the diversity of Swiss Post's services and products.

Since September 2019, the 100 largest branches have also been introducing terminals that allow customers to carry out their own inpayments without having to queue at the counter.

### More local entrepreneurship

For historical reasons, many of Swiss Post's branches are managed by small teams. In future, postal network employees will work together in larger teams across multiple branches. To enable this, Swiss Post has been restructuring the organization of its branch network, which employs 5,500 people, since mid-2019. Staff are now responsible for all types of Swiss Post access points and can provide customers with even more comprehensive advice about the services on offer. The aim is to create better opportunities for employees in customer-facing roles to share their extensive experience and strengthen the scope for entrepreneurial freedom at the grassroots level.





**Swiss Post is expanding its network and restructuring it to meet its customers' needs.**


**Serving Switzerland in 4,753 locations**

Swiss Post is also working elsewhere to fulfil its customers' changing requirements and habits. It has achieved its original goal of creating 400 new access points in the 2017–2020 strategy period. The number of branches with partners is being increased to between 1,200 and 1,300, while the number of self-operated branches will be reduced to between 800 and 900. Thanks to opening hours that are often more than twice as long and integration into local shops, bakeries or municipal administration, this model has become very well established. With a view to making branches even more customer friendly, Swiss Post has developed a new solution for service counters. Swiss Post has ordered 1,600 new pieces of furniture, which are compact, flexible and space-saving. Starting in 2020, they will gradually replace all of the current self-service modular units.

**Around 400 service points at Migros**

As part of its ongoing development of the postal network, Swiss Post has entered into a partnership with Migros. It has now integrated almost 400 service points, where customers can drop off and collect their parcels, into this major distributor's branches throughout Switzerland, making it even easier for customers to combine their shopping and postal transactions under one roof.

 Financial Report, pages 8–9

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**Branch with partner**

**Medicines and registered mail under one roof**

Businesses in rural areas depend on good customer frequency. Cooperation with Swiss Post can increase their footfall. Take the village of Niederrohrdorf in Aargau, where Eliane and Andreas Meier have been running the Meier pharmacy since October 2018, with an integrated Swiss Post branch since February 2019.

In the pharmacy, there is a yellow service counter with the Swiss Post logo. Making a payment by PostFinance Card, posting a registered letter, buying hand cream or getting advice on a cough: all can now be done under one roof. "Now, we are not only a place to go for health and beauty questions, but also for a wide range of postal services," says the 31-year-old entrepreneur. "Swiss Post's continued presence in our village benefits everyone."



The new branches include features such as a reception counter, self-service terminals, My Post 24 terminals and service counters with no glass panels.

In Migros branches and in branches with partners, customers benefit from longer opening hours for services including dropping off and collecting parcels.



# Swiss Post Solutions

## Document solutions and business process outsourcing

Swiss Post Solutions supports companies on their path to digital transformation, with solutions for the outsourcing of complete business processes, innovative document solution services and the latest technologies for secure, efficient electronic communication. Its more than 7,500 employees and specialist partners serve customers in nearly every sector – and in more than 20 countries. The focus is on banks, insurance providers, telecommunications companies and the healthcare sector.

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### Swiss Post Solutions key figures

**599**

million francs  
**Operating income**

**32**

million francs  
**Operating profit**

**6,909**

full-time equivalents  
**Headcount**

Swiss Post Solutions has successfully expanded its business activities. Operating profit rose by one million francs to 32 million francs. At 599 million francs, operating income was 16 million francs up

on the previous year. The positive result is also due to the acquisition of new customers and efficiency increases.







**Jörg Vollmer**

Head of Swiss Post Solutions,  
Member of Executive Management

**Did the Swiss Post Solutions success story continue in 2019?**

Yes, we once again managed to tap into new business areas and support numerous companies in their digital transformation.

Thanks to an innovative and powerful combination of process expertise, technology and locational advantages, we are the partner of choice for various leading global companies.

**Banking Factory – why the talk about a factory in our digital times?**

In the 18th century, manufacturers succeeded in producing goods of consistent quality and in high quantities for the first time. Our age is marked by automation, big data, artificial intelligence and robotics. A digital service factory can be used by various companies at the same time to carry out complete work processes at the highest level – such as data processing, payment processing, HR tasks or customer communication.

**And where are people in all this?**

For complex transactions, specialized staff will always be needed. That's why the strategic focus at Swiss Post Solutions is on people, processes and technologies.

**Banking Factory**

## The digital service factory processes payment slips

Although paper-based payment transactions are declining due to the growing importance of online transfers, their processing remains time-consuming and costly. The Banking Factory solution from Swiss Post Solutions guarantees efficient and secure processes.

After work, Michael goes through his mail at home. His health insurance company has sent him his annual invoice. Two payment slips for his newspaper subscription and a donation for the village club are already on his desk as it is. So everything quickly goes into an envelope with the payment order form, to be dropped into the bank's letter box the next morning on the way to work.

### A standardized solution for all banks ensures security and efficiency.

As to how the payments are processed in the background, Michael has never given it a thought. He would probably be amazed to know that Swiss Post processes around 70 percent of the total volume of paper-based

payment transactions in Switzerland. Or more specifically: that the Swiss Post Solutions Banking Factory does. Worldwide, Swiss Post Solutions supports more than 100 banks in their business processes. "Payment transaction processing is an important business area for every bank – but it is not something they can use to stand out in the market," says Jörg Vollmer, Head of Swiss Post Solutions, citing one motive for banks to outsource their payment processing. "Because regulations and legislation are subject to frequent change, processes and systems must also be continuously adapted," says Vollmer. "This is where Swiss Post Solutions ensures efficiency: we work with a single, highly automated and standardized solution for all banks. We make adjustments to regulatory requirements centrally. And our employees can work flexibly from one location for several banks." This means that customers benefit from a high security standard, the highest quality at attractive prices and a reliable solution with interfaces to all established core banking solutions in Switzerland.

Swiss Post processes around 70 million inpayment slips a year on behalf of 16 Swiss banks.



Sanitas health insurance provider

## Less complex and faster processing

Sanitas receives some 3.3 million documents per year, either physically or digitally. Swiss Post Solutions (SPS) is now processing and digitizing the health insurance provider's incoming mail – an important step towards greater speed and efficiency.

Gym contracts, invoices from family doctors, enquiries about the service portfolio – every day, Sanitas, one of the biggest Swiss health insurance companies with 820,000 customers, receives countless documents by post, e-mail or fax. "Until now, we had no machine support for our mail triage," explains Alex Friedl, Head of Claims and Customer Service at Sanitas. "We also lacked a modern software solution for digitizing our incoming mail. So there was a good deal we needed to optimize to make us fit for the future as a company."

Sanitas decided to take a big step forward by outsourcing its incoming mail to the innovative service providers at SPS. This involved the transfer of 30 Sanitas employees, who are also responsible for technical processing. "The fact that staff would be treated fairly contributed significantly to our decision to partner with SPS," says Alex Friedl.

### Swiss Post Solutions guarantees data protection and compliance

Incoming mail is now triaged automatically, and service receipts and customer documents are scanned and archived. Digital reading of correspondence – including e-mails and queries via the customer portal or the app – could also largely be automated. "We have increased efficiency enormously. Incoming mail is now fully processed within one day, including triage, digitization, post-processing and dispatch to internal Sanitas departments," explains David Ziltener, Global Head of Go-to-Market at SPS. Security and data protection are essential to this process. SPS ensures that strict compliance regulations are observed at all stages and that the requirements of the FOPH and FINMA are met.

### Faster processing, satisfied customers

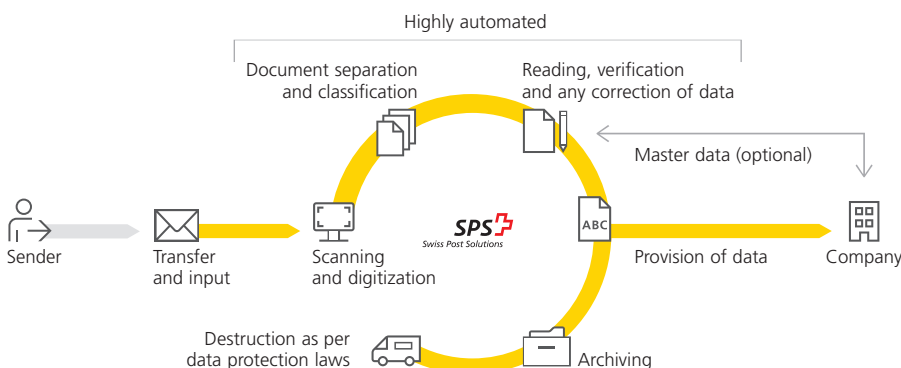
"The new solution enables us to focus on our core business," says Alex Friedl. "The reduction in throughput times, even at peak times, and synergy effects throughout the entire processing chain will also have a positive impact on the satisfaction of Sanitas customers."



**The new solution enables us to focus on our core business.**

**Alex Friedl**  
Head of Claims and  
Customer Service at Sanitas

### Swiss Post Solutions input management



# PostFinance

## Payments, savings, investments, retirement planning, financing

PostFinance is one of Switzerland's leading retail financial institutions and, as the market leader in payment transactions, ensures a seamless daily flow of liquidity. With simple, straightforward services, it is the ideal partner for anyone who manages their own finances, anytime and anywhere. Thanks to its strong brand, it is seen as an attractive provider of financial services, and this also benefits its customers, because a strong brand inspires confidence and provides focus and security.

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### PostFinance key figures

**1,660**

million francs  
**Operating income**

**240**

million francs  
**Operating profit**

**4,401**

thousand  
**Customer accounts**

**+220**

million francs  
**Growth in customer assets**

**119**

CHF billion monthly avg.  
**Customer assets**

**3,248**

full-time equivalents  
**Headcount**

PostFinance generated an operating profit of 240 million francs last year, representing an increase of 20 million francs. However, this was achieved thanks only to price adjustments to financial services and positive market value fluctuations. The low-

interest environment remains a major challenge. Interest income fell significantly again compared to the previous year, decreasing by 164 million francs. Operating income was down 44 million francs to 1,660 million francs.









**Hansruedi Köng**  
Head of PostFinance



Interview with Hansruedi Köng

## “We will be launching completely new investment solutions”

Negative interest rate environment, customer asset fees, low returns on reinvestment, lending prohibition, account closures – in this interview, Head of PostFinance Hansruedi Köng explains how PostFinance is dealing with the current challenges.



### No end to negative interest rates in sight

The negative interest rate, a monetary policy measure implemented by the central banks, has long since spilled over to the financial markets. Interest rates are not expected to rise in the medium to long term, as is shown by the negative yield on ten-year Swiss government bonds. In this market environment, PostFinance can no longer find profitable investments for the customer deposits entrusted to it, and is therefore increasingly obliged to pass on the negative market rates to its customers.

### How was PostFinance's result in the past financial year?

In 2019, we generated earnings before tax of 240 million francs. That's 20 million francs or around 9 percent more than in financial year 2018.

### Does that mean the worst is now over?

Our investment portfolio continues to include high-yield bonds from earlier investments that are now reaching maturity but which, in the current interest rate environment, we can only reinvest for very low returns. Margins therefore remain under pressure, and interest income will continue to fall, although we should see the decline slow down somewhat.

### One effect of the low market rates is that many banks are charging their customers negative interest. What is PostFinance's approach to this?

At present, interest rates on the financial markets are negative across the board, both in Swiss francs and in euros. And the market does not seem to be expecting interest rates to rise in the medium term. We can no longer absorb the negative market interest rates ourselves, and are therefore increasingly passing them on to our customers. Our approach is to look at the entire customer relationship: customers who use a wide range of our products and services receive a higher threshold than customers who only park their cash with us.

### Will small savers soon also have to pay negative interest at PostFinance?

At the moment, I don't expect that small savers will at some point have to pay a customer asset fee at PostFinance. But nobody knows what the world will look like two or three years from now.

### In the current negative interest rate environment, savings accounts are hardly worth the effort. What alternatives does PostFinance offer?

We want to develop our savings customers into investment customers, and we are launching completely new solutions in the investment area, which will also be available digitally. For example, private customers will be able to invest in a digital asset management mandate from as little as 5,000 francs.

### What is the current status regarding the lifting of the lending prohibition?

The lifting of the lending prohibition requires an amendment to the Postal Services Organization Act. The Federal Council mandated this at the beginning of September 2018. The Federal Administration is currently drafting a bill to be submitted for consultation and, based on the results of that consultation, the Federal Council will then send draft legislation with its dispatch to Parliament. I cannot comment on the exact timings. But what is clear is

that partial privatization will be off the table if Parliament opposes the lifting of the lending prohibition. Because nobody will invest in a bank that is not allowed to issue loans.

### Is this uncertainty paralyzing PostFinance's strategic development?

We would of course like to have clarity as quickly as possible, because this decision is important for the future of PostFinance. However, we are focusing on work where we have matters firmly under control, which includes consistent implementation of our digitization strategy. In this area, we have closed gaps between us and our competitors in the past few months. And with the successful launch and positioning of the Valuu mortgage platform, we have demonstrated our pioneering spirit and innovative strength.

### The current strategy period ends in 2020. Where do we go from 2021?

Working with the Board of Directors, the Executive Board is currently drawing up various scenarios for our strategic focus for PostFinance in the future. I can say no more at this point in time. However, I do assume that by summer 2020 we will have set our course for the strategy period from 2021, and we will of course then announce it.



**The lifting of the lending prohibition requires the consent of Parliament.**

#### Employees as pioneers

## Cultural change at PostFinance: pioneering spirit needed

PostFinance is transforming itself into a digital powerhouse. This change can be seen in our new digital products, and is also strongly influenced by our staff. Team spirit, the acquisition of new skills and cultural development are important factors. The "Pioneer stories" blog reveals the central role played by employees in this process.

The transformation is underpinned by the collective "creating ONE" initiative. The acronym ONE stands for "open", "network" and "engage". In various workshops span-

ning teams and hierarchies, employees have defined what these values mean to them and how they intend to implement them in their daily work. This could be through openness to new responsibilities, agile work practices or networked thinking and behaviour.

 [www.pioneerstories.ch](http://www.pioneerstories.ch)



Employees are shaping the digital transformation.





#### Sustainable investments

## PostFinance follows strict criteria

Is this company environmentally sound? Socially responsible? More and more private investors are buying shares in sustainable companies only. PostFinance also places great value on investing its customer deposits only in companies that adhere to ethical guidelines.

#### Find mortgages with Valuu

At [www.valuu.ch](http://www.valuu.ch) or in the Valuu app, users can compare mortgages from different providers. The mortgage brokerage platform also allows users to complete all steps easily online, including conclusion of the contract, regardless of whether the mortgage is a new one or one being paid off.

As an independent platform, Valuu does not broker PostFinance mortgages.

People who invest sustainably expect more from companies: careful management of the environment, respect for the common good and fair business practices. So how do you find such companies? Numerous providers publish so-called ESG ratings, which provide guidance for this. They evaluate companies on the basis of environmental, social and governance-related factors. Those who want it easier can invest in PostFinance's sustainable funds from various regions and asset classes – and make a positive contribution without having to curb their prospects of making a return.

When it invests its customers' deposits, PostFinance always ensures that it does not include companies that directly or indirectly support unethical business practices or harm the environment. Its investments are based on the criteria of the Norwegian sovereign wealth fund. "In terms of its ethical guidelines, we see this, the biggest state-owned fund in the world, as

a role model," explains Marc Bonfils, Head of Treasury at PostFinance. But PostFinance also goes one step further: there are currently no companies in the oil and gas sector on the Norwegian sovereign wealth fund's exclusion list. "For this sector, PostFinance therefore also takes into account the ratings of the independent agency ISS ESG and excludes the most environmentally damaging companies from its investment strategy," explains Marc Bonfils. "Given this, we believe that PostFinance's investment criteria may properly be described as strictly sustainable."



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## Digital banking

## New login makes yellow card reader redundant

PostFinance has continued to develop its mobile banking app – a new login makes it easier to access. And it also makes online purchases by credit card faster, as the only thing now needed for confirmation is a fingerprint or Face ID – the old 3-D Secure password is no longer required.

Whether you want to pay a bill quickly on your smartphone over breakfast in the morning, or carry out a stock market transaction on the train that evening, the PostFinance App is the convenient, mobile solution for all banking transactions. Thanks to the new login via fingerprint or Face ID, access to the services is even faster. “We have made no compromises on security,” emphasizes Project Manager Hana Shaqiri. The login, app and all communication channels use multiple encryption. In addition, PostFinance does not store fingerprints or face data – this information is stored only on the user’s smartphone. And what goes for the app goes for e-finance, too: the yellow card reader is no longer required, although it can still be used.

### Faster online shopping with credit cards

The new login via PostFinance App replaces the old, static 3-D Secure password. Payments



made with PostFinance credit or prepaid cards in an online shop can be confirmed easily with a fingerprint or Face ID.

More than 400,000 customers have already activated the login in the first six months since its launch.

### Payment solution for online shops

## Online payments made easy

When Anton Kaufmann was preparing to go live with his specialist online camping shop, he and his team really had their work cut out. One of the many challenges was how they could easily integrate all of the usual payment options.

This is an important issue for every shop operator, because many customers will cancel their purchase if payment with their credit or debit card at the online checkout does not go smoothly. “In this situation, PostFinance’s all-in-one e-payment solution Checkout came in very handy for us,” says Kaufmann.

With PostFinance Checkout, online retailers can quickly and easily integrate the payment options PostFinance e-finance, PostFinance Card, TWINT, Visa and Mastercard into their website as a module. And especially handy: all they need is a single contractual relationship, so that with PostFinance, they have one point of contact for all payment options.



### Data protection for stored voices

Since 2018, it has been possible for customers to use their voice for authentication when they call the PostFinance Contact Center, allowing them to discuss their queries more quickly. Answers to security questions are no longer required. To use this feature, a voiceprint must be created. This is saved in the form of a code value, with no record of what is actually said. Customers can refuse the request for a voiceprint or request that voiceprints they have created are deleted.



# PostBus

## Bus company in regional passenger transport

PostBus aims to offer its passengers high-quality regional passenger transport. Because its customers' requirements are changing, the company strives to develop and provide new products and services in the mobility sector in good time.

### PostBus key figures

**841**

million francs  
**Operating income**

**-24**

million francs  
**Operating result**

**167**

million  
**Passengers in Switzerland**

**127**

million kilometres  
**Domestic vehicle kilometres**

**2,403**

Number  
**Vehicles**

**2,339**

full-time equivalents  
**Headcount**

PostBus is very popular with passengers in Switzerland. 167.4 million passengers travelled with PostBus last year. Transport performance – in other words, kilometres travelled – rose by 3.3 percent. The operating result increased by 27 million francs.

The fact that it still stands at -24 million francs is mainly due to impairments on investment assets. However, operating income climbed by 2 percent year-on-year due to improved services.











**Christian Plüss**  
Head of PostBus,  
Member of Executive Management



**Our most important goal is still building up our customers' trust.**

Interview with Christian Plüss

## The first-choice partner, now and in the future

For PostBus and its employees, the past year was both intense and challenging. We joined Head of PostBus Christian Plüss to take a look back and cast a glance towards the future.

**When you look back over the past year, what are the main changes you have seen at PostBus?**

For our passengers, happily, none. As always, PostBus carried them safely and reliably from A to B, and they remain very satisfied with "their" PostBus. This is a credit to PostBus employees and a major achievement, because behind the scenes, we have completely restructured the company. PostBus has transformed itself from a decentralized association of regional companies into an organization with a functional management model. We completed this reorganization in early summer.

**Does that mean the examination of the unlawful incidents has also been completed?**

The reorganization is certainly an important part of that. But there are many other changes that, while less visible, are no less important. For example, we have completely changed the way in which we charge for our services. We can now show our customers transparently what they are paying for. We have also adapted our legal structure. We are now once again a single PostBus Ltd.

**That all sounds very positive. But surely there are still other challenges that have yet to be overcome?**

Our most important goal is still building up the trust of the Confederation and cantons, as the customers who order our services. We want to work with them and our partners within the industry to continue to develop public transport in Switzerland. But we also have competitors. To remain competitive, we need to become even more productive and efficient. And, of course, our new organization must first become established.

**In recent months, PostBus management has taken a close look at the corporate strategy. What is the direction of travel?**

This much we can anticipate: in ten years' time, our vehicles will still mainly be Postbuses. However, the demands on mobility companies are changing. Digitization offers new opportunities for more flexible public transport. Sustainability is another focus. We want a public transport system that has as little impact on the climate as possible. In this area, we see a pioneering role for PostBus. And we also see development opportunities outside regional passenger transport. For example, in school buses and local transport or in rail replacement services. We will do everything in our power to ensure that, as a public service, PostBus remains a partner of choice for our customers.

### PostBus reorganization

In 2019, Swiss Post continued its systematic examination of the unlawful incidents at PostBus and implemented the following measures: the new Executive Board under the leadership of Christian Plüss was completed in spring. The previous organizational structure was scaled back and simplified. PostBus Ltd's entry in the commercial register in June 2019 means that the reorganization is legally complete. Swiss Post now sets only quality objectives for PostBus, while the profit targets (EBIT) have been dropped. There was also a change of auditing company, and Swiss Post has sold its subsidiary CarPostal France. Swiss Post retains the option of filing civil claims for liability. The criminal investigation by fedpol is still ongoing.

## PostBus operators

## In partnership on the road

PostBus has always worked with PostBus operators, private transport companies of various sizes. They provide more than half of PostBus services: reliably and flexibly.

They repair vehicles, maintain garages, recruit staff and carry out administrative work independently – PostBus operators run their business on their own account. They create jobs in peripheral regions and remote villages, promoting trade both directly and indirectly. These private businesses, often family-run, are able to make efficient seasonal use of their driver and vehicle capacities – and are also very agile in other respects.

The best example of flexibility is Maura Marchetti, PostBus operator and driver in Airolo. When asked by PostBus management if she would like to work on a project at headquarters in Berne, she quickly decided to move for a year with her husband and three children to German-speaking Switzerland. Here, she was able to contribute her experience of the front line when it came to working with representatives of both sides to draw up a broad-based new agreement for cooperation between PostBus operators and PostBus.

### Cooperation with a long tradition

The cooperation throughout Switzerland between PostBus and PostBus operators goes back to the time before there were cars, when horse owners carried travellers on behalf of the Swiss federal post office. The beginning of the 20th century saw the first private entrepreneurs acting as bus operators – the forerunners of the approximately 125 current PostBus operators. Today, they employ almost as many people as PostBus and provide more than 50 percent of transport services in regional passenger transport. Their size ranges from microcompanies with just one vehicle to medium-sized companies with 50 vehicles and over 100 employees.



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### SBB cooperation

SBB and PostBus are working more closely together: as part of a pilot project, the two partners are testing options for cooperation on online timetables and ticket shops, and are jointly developing a mobility app. They are also strengthening their coordination on self-driving vehicles and planning. The collaboration aims to benefit the public transport sector as a whole.







100 years of Alpine services

## The Postbus in the mountains – a success story

100 years ago, Postbuses made their first journeys from Brig over the Simplon Pass to Domodossola and from Reichenau to Flims. And so began the PostBus success story, conquering Switzerland via the mountains.



**The magnificent mountain scenery never fails to amaze me.**

**Pius Allenbach**  
PostBus driver in Brig

When the Postbus was introduced in 1906, few can have expected its enormous success: breakdowns, safety deficiencies and high operating costs meant that PTT soon withdrew its motorized vehicles from service, falling back on the tried-and-trusted “oat power” of the horse-drawn coach. Today, it’s impossible to imagine Switzerland without the familiar “toot-to-toot” of the Postbus horn. The yellow livery is just as much a hallmark of the PostBus brand as this three-tone horn, its unique history and committed employees.

The Postbus made its breakthrough after the First World War – at altitude. PTT converted

many decommissioned army vehicles into Postbuses. And in 1919, the first motorized Swiss Alpine post scaled the mountains: the Simplon route was opened in Valais, while the Reichenau–Flims route was developed in Graubünden and quickly extended to Chur and Laax.

In Graubünden, things got off to a bumpy start. Due to safety concerns, cars were banned on all roads there until June 1925 – and not all members of the public welcomed the Postbuses with open arms. In some villages at the beginning, they were even pelted with stones. Resistance came mainly from coach drivers and





horse breeders, who felt their livelihoods were under threat. But the end of the horse-drawn coach was by now on the horizon: passengers became more demanding, calling for an efficient and modern transport method even in areas where railway construction was out of the question. And the inhabitants of remote mountain valleys soon also recognized the advantages of the Postbus.

The comfort and significantly shorter journey times offered by the Postbus won the day. Today, the Chur–Laax route carries over a million passengers every year, while the annual number of passengers using the Simplon route is around 105,000 – including numerous cyclists since cycle trailers were installed in 2016. To celebrate its 100th anniversary, Swiss Post launched numerous attractive excursion and money-saving offers.

### Anniversary stamps

A piece of Swiss history: to celebrate 100 years of the two mountain routes, Swiss Post has issued a special stamp for Chur–Laax at 85 centimes and another for the Simplon route at 1 franc.



### E-Postbus

## Electric Postbuses for Graubünden

In Valposchiavo, an electric Postbus has been in service as a school bus since spring 2019. The challenges involved in this pilot project are significant, because the electric buses currently on the market are more suited to less elevated areas. In particular, the question of when, where and how the batteries are charged needs to be resolved, to ensure that PostBus can get schoolchildren in the valley to school on time.

### Promoting electromobility in Graubünden

The school bus is a pilot project run by PostBus and Graubünden energy service provider Repower. Together, the partners are looking to invest in a future of clean public transport and promote electromobility in the canton. In the anniversary year of PostBus's presence in Graubünden, they signed a letter of intent to this effect. PostBus aims to serve at least one route in Graubünden exclusively with electric vehicles, with Repower providing the charging infrastructure and renewable energy required.

"To begin with, the electric Postbuses will operate in the area between Chur and Bad Ragaz," explains Christian Plüss, Head of PostBus. "If all goes well, we will start operating electric Postbuses in the first half of 2021 – an important step towards a sustainable future for public transport in Graubünden."



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# Employees

From logistics and IT technicians to delivery staff: 55,915 employees from 140 nations can pursue careers in over 100 professions at Swiss Post, and develop their skills with the company. HR offers a wide range of measures to enable employees to enhance their digital skills and help shape the transformation process.







Interview with Valérie Schelker

## For a strong Swiss Post and satisfied customers

The umbrella collective employment contract (CEC) comes to an end in 2020. Head of Human Resources Valérie Schelker explains her aims for the negotiations, why the prevention programme is important to her and why Swiss Post is committed to training young specialists.

### What are your aims for the new umbrella CEC?

Swiss Post intends to continue offering fair and progressive employment conditions, because our employees are the key to a strong Swiss Post and satisfied customers. The CEC must support the Group's strategic development and, in the long term, create a forward-looking basis for ensuring that Swiss Post can continue to be successful.

### The social plan was renegotiated before the CEC. What has changed?

There are changes to the employment guarantee for employees with 20 or more years of service. It now applies from the age of 58 – previously 55 – until the statutory AHV retirement age. Until now, anyone affected by this had to take early retirement from the age of 62. The change ensures a better pension for these employees.

### Swiss Post has initiated a prevention programme with its social partners. What specifically is this about?

The prevention programme is an investment in our employees. It focuses on active discussion of the individual's future career, lifelong learning and dealing with change. The aim is to remain employable in the face of change. Swiss Post wants to provide its employees with the best possible support and assistance, because we will also see major changes in working methods and job profiles as the process of digitization continues to advance. →



**Valérie Schelker**

Head of Human Resources,  
Member of Executive Management





Every year, Swiss Post trains around 1,900 young people as specialists in 16 professions.



## Swiss Post will also see major changes in working methods and job profiles.



Women and men, younger and older – people from 140 nations work together at Swiss Post.

### Does the expected shortage of skilled workers also present challenges for Swiss Post?

The shortage of skilled workers is indeed a very big concern for me. In ten years' time, there will be a shortfall of some 500,000 workers in Switzerland. The mobilization of women and immigration will not be enough to compensate for this deficit. At Swiss Post, for example, we anticipate an annual shortfall of more than 300 people in letter delivery services alone. We have identified the challenge, and for this reason, we are investing very specifically in training young specialists. We also plan to encourage internal mobility more strongly in the future, in order to offset staff shortages with our own employees wherever possible.

### What does Swiss Post have to offer young people?

Every year, Swiss Post trains around 1,900 apprentices in 16 different professions in all cantons. Swiss Post therefore plays an important role in training young specialists. Four out of five newly-qualified professionals who were eager to stay with Swiss Post have found employment with the company.

### Last question: what is your personal view on the issue of equal pay?

As Head of HR, but also as an individual, it amazes me that we even have to discuss this issue at all. Equal pay should surely be an absolute given – exactly the same as any other form of equality.



## Pay equality

## Equal pay for women and men

For the third time, Swiss Post has had its salary equality between women and men reviewed on a voluntary basis, and with encouraging results.

For many years, Swiss Post has been actively working to counter all forms of discrimination and promote equal employment conditions, regardless of language, cultural background and gender. In 2018, Swiss Post commissioned BASS, a Swiss institute for occupational and sociopolitical studies, to conduct its third voluntary review of pay equality between women and men at Swiss Post.

The results show that the unexplained gender-specific pay gap stands at just –2.2 percent to the disadvantage of women. “This is a very good result,” says a pleased Valérie Schelker, Head of Human Resources. By way of comparison, in the last study in 2016, this figure was –3.7 percent for Swiss Post, –5.9 percent for the public sector and –7.7 percent for the Swiss economy as a whole.

In 2019, Swiss Post signed the Charter for equal pay in the public sector initiated by the Federal Department of Home Affairs (FDHA). “Our commitment to equality will continue,” says Valérie Schelker. “We have taken measures to further reduce unexplained salary differences.” Awareness among managers is being raised, equality is an important issue in the ongoing CEC negotiations, and employees can now report any suspected pay disparities on the website [www.swisspostcourage.ch](http://www.swisspostcourage.ch).



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## Attractive employer

## Securing long-term future careers

Since it was founded, Swiss Post has never ceased reinventing itself. But its aspiration to be an attractive and socially responsible employer with good career and development opportunities has remained constant. The 2016 collective employment contract (CEC) offers good and fair working conditions, which Swiss Post continues to hold to. As part of the negotiations on a new CEC, which will enter into force on 1 January 2021, a new social plan has already been successfully negotiated and ratified in advance. It now includes an employment guarantee for older employees with 20 or more years of employment, which applies from the age of 58 until the statutory AHV retirement age and means that affected employees will benefit from a better lifelong pension.

Working together with the social partners, a prevention programme for long-term future careers has been initiated. “Lifelong learning is becoming increasingly important in our fast-paced digital world,” says Head of Human Resources Valérie Schelker, describing the motivation for the programme. Swiss Post’s aim is to support staff with organized team workshops, career counselling and promotion of digital skills.



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**Digitization  
makes many  
things easier  
and more  
accessible.**

**Jolanda Schönenberger**  
Intern

Jolanda Schönenberger is blind, works at a computer and gets around Swiss Post headquarters without help from others.

#### Inclusion and diversity

## Equal opportunities for all

Swiss Post takes a wide range of measures to ensure that it is a company for everyone. This applies equally to employees with disabilities. Swiss Post systematically promotes accessibility and professional inclusion in the workplace.

People who are visually impaired, deaf or in a wheelchair have obstacles to cope with in everyday life: "Around 20 percent of our population is affected by a physical, mental or psychological impairment," says Valerie Schelker, Head of Human Resources at Swiss Post. "We at Swiss Post reflect Switzerland as a whole. As an employer, we therefore ensure that people with disabilities are given equal access to our working environment and can contribute their skills."

#### Digital assistance in Language Services

Jolanda Schönenberger works as a translator in Language Services. She is blind. So how can she work on a computer? "With voice output," she explains. "The program reads everything out loud to me." Before Jolanda began her internship, IT specialists checked Swiss Post's programs for accessibility and enhanced their voice output. And she visited the office building in Berne's Wankdorf district with a mobility trainer to get to know her way around.



**We at Swiss  
Post reflect the  
population of  
Switzerland as  
a whole.**

**Valérie Schelker**  
Head of Human Resources,  
Member of Executive Management



Wheelchair user Nadja Schmid finds the new Swiss Post branches convenient.

This married couple, both of whom are deaf, run the company Rast Express and work closely with the Hinwil distribution base.

### Wheelchair-accessible environment

Nadja Schmid has worked at the PostFinance Contact Center for nine years. "When it comes to technology, security, login and the PostFinance App, I really know my stuff," says the 30-year-old. Because she has a form of muscular atrophy, she is dependent on a wheelchair – so she's also an expert when it comes to assessing the counter areas in the new accessible branches. "Open counters, swivel-mounted card readers and table extensions I can reach with my wheelchair – they really make things easier for everyone."



## Accessibility makes things easier for everyone.

**Nadja Schmid**  
Advisor at the PostFinance  
Contact Center

### Deliveries can also be made by the deaf

In Hinwil (Zurich), PostLogistics works with a delivery company run by a deaf couple. Most of their employees are also deaf. Is it going well? "The additional effort for communication is perfectly manageable," says Ralph Stacher, Head of Planning and Dispatch Planning. "I don't call the employees of course, I just text them when I need to." Not only is he satisfied, but customers are, too. "On the rare occasions when someone reacts negatively – because the supplier replied indistinctly or didn't respond to calls – that changes abruptly when the reason becomes clear. Then there are compliments for Swiss Post, and people find the collaboration a great idea."



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The “Integration pre-apprenticeship” pilot programme, launched by the Federal Council, prepares recognized refugees for vocational training.



### Bachelor's degree

Studying and gaining valuable practical experience at the same time: this is possible with Swiss Post's “Practice-integrated Bachelor's degree (PiBS) as an IT technician” course. Apprentices learn about various aspects of IT at Swiss Post and PostFinance, such as software and network configuration, database design or website development. At the same time, they study two to three days a week at the Swiss Distance University of Applied Sciences. Since 2015, Swiss Post has been offering ten of these apprenticeships each year.

### Integration and vocational training

## Integrating refugees into the world of work

Swiss Post's integration pre-apprenticeship in logistics, a pilot project launched in 2016, is a success. For proof, look no further than Arsema Habte: in 2019, this young woman from Eritrea was the first to complete the subsequent apprenticeship to become an EBA logistics technician (Swiss federal vocational certificate).

In the summer of 2019, at the age of 20, Arsema Habte completed her training as an EBA logistics technician at the Zurich-Mülligen letter center – the first refugee to do so. At the end of 2013, the student from Eritrea was able to join her mother in Switzerland with the help of the Swiss Embassy.

### The integration pre-apprenticeship makes it easier to start a career

After a year-long, intensive German course and a motivational semester with the City of Zurich, she applied to Swiss Post, where she then began a one-year integration pre-apprenticeship. “The chance to continue on to an EBA apprenticeship if I did well motivated me greatly,” she says. With hard work and

talent, she took advantage of the opportunity, successfully completing the two-year training course at Swiss Post following her pre-apprenticeship. Now, the young Eritrean's ambitions go further: next on her list is advanced training in logistics with a Swiss Federal VET Diploma. She wants to improve her understanding of the work processes in Swiss Post's sorting and logistics centers and gain experience in customer contact.

The “Integration pre-apprenticeship” pilot programme, launched by the Federal Council in 2015, prepares recognized refugees and temporarily admitted persons for vocational training. It allows companies to attract motivated apprentices (and later employees) and participants to integrate into the labour market in the longer term and develop their careers. As a pilot company, Swiss Post has offered a total of 34 places for the one-year integration pre-apprenticeship since 2016.



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## Reverse mentoring

## Young employees coach managers

In reverse mentoring, a younger person coaches a manager over the age of 40. An opportunity for older people to improve their digital fitness and get to know the younger generation's world better.

The programme offers managers aged 40+ the opportunity to be coached by younger people with a view to enhancing their digital skills. Business economist Vera Müller (26), a trainee at Swiss Post, and Daniel Vögeli (42), member of the Executive Board at Swiss Post Solutions Switzerland, are one such pair of professional tandem partners. As part of the reverse mentoring process, the young mentor and her mentee cultivate a dialogue across units, generations and hierarchies.

Does it work? Vera Müller says that it does. "I am shown openness and trust, I gain insight into fascinating areas of responsibility, I can expand my network and skills and I benefit from Daniel's experience," she says. "And our whole team benefits from her different perspective and input," says Daniel Vögeli in praise of his mentor. "Digitization processes, our values, agility, trends – together, we



discuss the important issues that are affecting cultural change at Swiss Post. That's very valuable."

In reverse mentoring, two people form a tandem: a younger person coaches a manager over the age of 40.

## ICT Academy

## Promoting the next IT generation

Lars Bischhausen outlines the process for an IT project on a whiteboard and discusses it with two other apprentices in the ICT Academy team. The 18-year-old, who is in his fourth year of training as an IT technician with a Swiss Federal VET Diploma, receives assignments from a wide variety of teams and departments. He develops software solutions for them or supports them with project management. "From the outset, I have been able to take on responsibilities and have direct customer contact," says Lars with pride. At the moment, he is working on the emergency and crisis management tool for PostBus.

More than 1,500 IT employees and apprentices are advancing the digitization of Swiss Post and PostFinance. Four years ago, in response to the shortage of skilled workers, Swiss Post launched the ICT Academy, a team of apprentices who implement internal Swiss Post ICT projects.

"From the outset, I have been able to take on responsibilities and have direct customer contact," says a proud Lars Bischhausen, in his fourth year of training as an IT technician with a Swiss Federal VET Diploma.





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## Reporting

### Annual reporting structure

The Swiss Post annual reporting documents for 2019 consist of:

- Swiss Post Annual Report
- Swiss Post Financial Report (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
- PostFinance Ltd Annual Report
- Annual Report key figures
- Sustainability Report (report in accordance with the Global Reporting Initiative guidelines)

These documents are available in electronic format in the online version of the Annual Report at [www.swisspost.ch/annualreport](http://www.swisspost.ch/annualreport). The Swiss Post Annual Report and the PostFinance Ltd Annual Report are also available in printed form.

### Languages

The Swiss Post Annual Report and Financial Report are available in English, German, French and Italian. The German version is authoritative.

### Ordering

The Swiss Post Annual Report can be ordered at [www.swisspost.ch/order-annualreport](http://www.swisspost.ch/order-annualreport). Swiss Post employees may order copies through the usual channels.

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## Five-year overview of key figures

		2015	2016	2017	2018	2019
<b>Result</b>						
Operating income	CHF million	8,224	8,188	8,064	7,254 <sup>1</sup>	7,164
Generated in competition	% of operating income	85.1	85.8	85.7	84.8	85.4
Generated abroad and cross-border	% of operating income	14.0	13.7	14.3	14.6	14.8
Operating profit	CHF million	823	704	718	505 <sup>1</sup>	450
Generated in competition	% of operating profit	87.0	93.5	86.7	72.5	75.1
Generated abroad and cross-border	% of operating profit	6.9	9.1	11.4	18.0	14.9
Group profit	CHF million	645	558	527	404 <sup>1</sup>	255
Equity	CHF million	4,385	4,744	6,583	6,759 <sup>1</sup>	6,834
<b>Value generation</b>						
Economic value added	CHF million	169	122	102	-24 <sup>1</sup>	-17
Added value generated	CHF million	5,193	5,145	5,143	4,613 <sup>1</sup>	4,616
to employees	CHF million	4,074	4,034	3,989	3,802 <sup>1</sup>	3,764
to creditors	CHF million	69	64	48	48 <sup>1</sup>	75
to public sector	CHF million	94	118	63	42 <sup>1</sup>	32
to owner	CHF million	200	200	200	200	50
to company	CHF million	756	729	843	521 <sup>1</sup>	695
<b>Jobs</b>						
Headcount (excluding trainees)	Full-time equivalents	44,131	43,485	42,316	39,932 <sup>2</sup>	39,670
Trainees in Switzerland	Persons	2,077	2,118	2,115	2,001	1,894
Jobs in peripheral regions	Persons	18,633	18,176	17,640	16,765	16,073
Turnover rate (voluntary departures)	As % of average headcount	3.8	4.0	4.8	5.5	5.1
Notice given by employer for economic reasons	Persons	78	84	161	152	105
<b>Employment conditions and remuneration</b>						
Employment in accordance with Swiss Post CEC	Full-time equivalents as %	89.6	85.6	85.6	85.2	86.1
Swiss Post CEC minimum salary	CHF per annum	47,620	47,620	47,620	47,620	47,620
Average salary for employees	CHF per annum	83,472	82,231	83,178	83,383	82,741
Average remuneration paid to members of Executive Management	CHF per annum	591,574	588,377	559,044	588,916	582,289
Salary bandwidth <sup>3</sup>	Factor	7.1	7.2	6.7	7.1	7.0
<b>Health management</b>						
Occupational accidents	Number per 100 FTEs	6.1	5.9	6.5	6.0	6.4
Days lost to illness and accidents	Days per employee	12.4	12.5	12.9	13.1	13.3
<b>Diversity</b>						
Women	% of employees	48.4	48.1	47.5	46.3	45.0
Nationalities represented	Number	142	143	140	138	140
Women on Board of Directors	%	33.3	33.3	33.3	33.3	33.3
Women in Executive Management	%	12.1	11.1	20.5	22.9	11.1
Women in senior management roles	%	12.3	12.3	13.4	16.0	17.1
Women in middle and lower management roles	%	23.4	24.2	23.9	23.2	23.8
<b>Demographics</b>						
Average age of workforce	Years	45.3	45.6	46.0	46.1	46.1
<b>Resource consumption</b>						
Energy consumption	GWh	1,458	1,491	1,453	1,479	1,377
Energy consumption within Swiss Post	GWh	890	905	887	902	816
Renewable share	%	20.0	19.3	19.6	20.4	21.6
Energy consumption outside Swiss Post	GWh	568	586	567	578	561
<b>Carbon footprint (scope 1-3)</b>						
Carbon footprint	t CO <sub>2</sub> equivalent	440,728	446,151	436,550	439,955	408,784
CO <sub>2</sub> efficiency increase since 2010 <sup>4</sup>	%	13.7	16.5	19.6	20.4	27.6

<sup>1</sup> The figure has been adjusted (see Note 2, Basis of accounting, Accounting changes and Discontinued operations).

<sup>2</sup> In the PostMail segment, the calculation of average FTEs (excluding trainees) was revised for two subsidiaries, resulting in the adjustment of the figure for 2018. In the PostBus segment, figures for 2018 were adjusted due to the classification of CarPostal France Group as a disposal group held for sale and a discontinued operation.

<sup>3</sup> Factor = average remuneration paid to Members of Executive Management vs average employee salary.

<sup>4</sup> The rise in CO<sub>2</sub> efficiency is measured as the change in CO<sub>2</sub> equivalents per core service in the year under review compared with the base year. Each core service is defined by unit (consignment, transaction, passenger kilometre, kilometre, full-time equivalent etc.).



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