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Sickness Absence Plan Saves GBP 227mn



Royal Mail's Health and Well Being initiatives to reduce sickness-related absence in its workforce have saved the company GBP 227 million in direct costs and cut absence by 25 percent, according to a year-long study by the London School of Economics (LSE): "*Value of Rude Health.*"

Royal Mail has invested GBP 46 million over three years in its sickness absence initiatives to achieve an ROI of five to one. It addressed the biological, social and psychological causes of absence and providing health screening and occupational support including physiotherapy; health clinics at more than ninety sites; fitness centres at larger sites; health promotion campaigns targeting smoking and back pain; increased support and training for management to improve the effectiveness of absence-to-attendance policies.

These initial actions reduced overall absence by 25 percent. New initiatives include an online health check-in and assessment service and employment of health trainers to give employees advice and practical support on how to improve their health.

The LSE calculated that Royal Mail's "blueprint" for sickness absence management could bring the United Kingdom economy savings of GBP 1.45 billion a year, if it were implemented by other companies.

Europe

DPWN Divisions to Improve Collaboration



Deutsche Post World Net's (DPWN) key strategic priority is to improve collaboration between different divisions in order to achieve synergies, according to its new chief executive officer, Frank Appel.

Speaking to shareholders at the group's annual general meeting, Mr Appel said the goal was clear: group-wide portfolio coordination, coordinated industry strategies, improved economies of scale and coordinated HR activities.

He said a "new era" had begun at DPWN with a younger, more international management team. The group would be "more than the sum of its parts" and would focus on creating value for investors, customers and employees.

Mr Appel announced that the "First Choice" customer satisfaction programme had so far completed 380 out of 875 initiatives and achieved 111 "lighthouse examples" of best performance.

He also told shareholders that DPWN aimed to reduce its CO₂ emissions impact by thirty percent by 2012 through various measures including renewal of the air fleet, new solutions in fleet management and active integration of all employees in the *Go Green* programme.

In a preview of its first quarter results DPWN said underlying profits were making progress in line with targets and guidance.

TNT Q1 2008 in Line with Q4 2007

TNT has published first quarter results that reflect the impact of unfavourable phasing in week one and an early Easter to show that underlying growth is developing as expected in line with Q4.

The company said underlying group revenue was EUR 2.86 billion with underlying earnings before interest and tax (EBIT) of EUR 339 million. This was below the EUR 351 million achieved in the first quarter of 2007. Actual revenue was EUR 2.73 billion and EBIT was EUR 289 million.

Results for the mail business, adjusted for both fewer working days and restructuring costs, produced an EBIT of EUR 209 million compared with EUR 231 million in the first quarter of 2007. The actual, unadjusted EBIT for mail was EUR 194 million.

"The first quarter brought a satisfactory underlying result development, especially for express, where the emerging platforms showed good progress. Mail on the other hand continues to feel the pressure from declining volumes in the Netherlands," said TNT in a statement.

To coincide with publication of first quarter results, TNT announced the start of a EUR 200 million tranche in its EUR 500 share buyback programme. This third and last tranche completes the buyback and paves the way for 11,034,904 repurchased shares to be cancelled once all necessary formalities have been fulfilled.



Deutsche Post Workers Agree to Pay Deal

Deutsche Post and postal trade union Verdi have reached an agreement on pay and conditions that will protect jobs for the next 39 months and provide wage stability for the next two years.



Deutsche Post has pledged to make no compulsory redundancies before the end of June 2011. On pay, 130,000 employees covered by the agreement will receive a one-off payment of EUR 200 and a four percent increase beginning November 2008. In December 2009, Deutsche Post will increase pay by a further three percent.

The working week for remains at 38.5 hours, but Verdi has agreed to reduced breaks that add about fifty minutes to actual time worked. Deutsche Post employees on civil service contracts will also reduce their paid breaks by about fifty minutes a week.

Walter Scheurle, management board member in charge of personnel, said the two sides had reached a compromise they both could live with.

Itella Buys Russian Warehousing Company



Itella is to acquire a Russian warehousing company, National Logistic Company (NLC), for approximately EUR 200 million.

NLC's net sales in 2008 are expected to be about EUR 180 million. The company has 6,000 staff and by the end of this year it plans to operate 600,000sq metres of warehousing. It also provides transport and delivery services within Russia.

Itella said the acquisition would reinforce its position "as one of the leading logistics operators in Northern Europe." The two companies' service portfolios and customers were similar, said Itella, which has its own operation in Russia and 40,000sq metres of warehousing in Moscow. It is opening a new warehouse in St. Petersburg this month.

NLC is being sold by RosEvroGroup and investment funds managed by Citigroup Venture Capital International (CVCI). RosEvroGroup will retain a ten percent minority stake and will keep full control of the customs clearance and brokerage business.

Posten Reports on a Strong First Quarter



Posten AB, soon to merge with Post Danmark (Market Flash No 370), has announced total net sales of SEK 7.74 billion in the first quarter and operating earnings of SEK 694 million.

Sales and profits were negatively affected by the fewer working days in the quarter, yet operating earnings reflected "one of the strongest quarters ever."

The messaging (mail) business accounted for sales of SEK 4.3 billion. The company said the business was challenged by intensifying competition, more substitution and higher costs, however, continual efforts to streamline operations produced an operating margin close to eleven percent.

The logistics business continues to develop, with acquisitions in Norway and Finland accounting for about half the sales growth achieved. Posten is focused on creating a Nordic logistics structure that will bring customer benefits and increased efficiency.

The core Strålfors information logistics business delivered the strongest earnings improvement, attracting orders from major companies with a broad customer base in Nordic countries. Posten said Strålfors' European platform is expected to bring business opportunities in the group that will result from the merger with Post Danmark.

An Post Doubles Operating Profit in 2007

An Post achieved a profit after tax of EUR 43.3 million in 2007 and doubled its operating profit to EUR 29.1 million. The year-on-year margin also doubled to 3.3 percent. Turnover rose by seven percent to EUR 876 million.

Mail volume rose by 5.3 percent, helped by national mailings for the General Election which accounted for 2.3 percent of volume growth. An Post delivered to 96,000 more addresses in 2007.

The new chairman, John Fitzgerald, said the first year of An Post's five-year transformation plan had been successful.

Chief executive Donal Connell, said the company's strong revenue growth and success in implementing change programmes, quality of service improvement and the launch of Postbank were particular highlights of 2007: "We are more flexible and customer-focused than ever before, and we can be confident about capitalising on our unique strengths—our customer base, and our industry expertise."

Mr Connell pointed to the five percentage point improvement in quality of service and promised to continue efforts to improve service quality. "We have increased our focus on the An Post brand through areas such as advertising and sponsorship, and we are reaping the benefits through increased turnover across the business, as well as a growing sense of confidence and pride across the company," he added.

The retail network grew by seven percent. The new joint venture, Fortis Postbank, was launched and attracts a growing customer base.

Österreichische Post Builds up its Parcels

Österreichische Post is building up its German-based parcels subsidiary trans-o-flex and expects to make four more acquisitions.

It has already purchased ten companies and has EUR 150 million for the purchase of more over the next 18 months, including the remaining 25 percent of trans-o-flex. It has subsidiaries in eight East European and Benelux countries and next year it will start to look at group-wide branding. For the present it is maintaining the established brands of its acquired companies.

Österreichische Post group generates 27 percent of its turnover outside Austria and the parcels division generates 73 percent of its EUR 739 million turnover outside Austria, mostly in Germany.

The parcel division's EBIT margin dropped to 1.7 percent in 2007 as business-to-consumer customers switched to Hermes Logistik, a new entrant to the Austrian market. A target of two to three percent has been set for this year and five percent in 2009/10.

Carl-Gerold Mende, who will become board member responsible for parcels and logistics in June, told journalists his priorities would be to improve profitability, build up the new Austrian business-to-business parcel service and continue European expansion.

Klaus Heinz, trans-o-flex managing director, said the company aimed to grow its turnover from the current EUR 500 million to about EUR one billion as a niche specialist in the combi-freight (parcels and pallets) market, and continued to see good potential in the healthcare sector which currently accounts for about 55 percent of turnover.

Financial stakes in the Eurodis European parcels network management company are being offered to local service partners; Redur Lozano of Spain has already acquired twenty percent leaving trans-o-flex and Österreichische Post with forty percent each. Both are willing to give up share to service partners.

In the mail market, Österreichische Post aims to expand its direct marketing company Meiller Direkt and information logistics firm Scanpoint with more added-value services such as data management, archiving and in-house mail.

TNT Express Upgrades its Services in Italy

TNT Express Italy is expanding its network of retail TNT points from 1,200 to 1,500 and, under a new contract, it will deliver Amway products to its retail points for collection by Amway's 22,000 sales representatives.



At the same time, TNT is investing EUR 1.4 million in upgrading its customer service in Italy through a contract with BT Italia to install a self-service speech application, "Victoria", to handle standard customer calls requesting a collection.

TNT Express has been able to transfer 100 call centre staff to new regional customer assistance teams since the interactive voice responder system took over routine calls. The assistance teams provide added value services such as tracking and complaint handling.

Geodis Supports SNCF Takeover Bid

French freight logistics group Geodis is recommending the EUR 600 million takeover bid from French national rail operator SNCF. Its board has said the offer of EUR 135 per share is a fair price and that SNCF will strengthen Geodis.

SNCF already holds a 42.4 percent share of Geodis share capital and 45.8 percent of the voting rights. The new group formed by the takeover will have revenues of some EUR 8 billion and will include the express and parcels operator, Geodis Calberson.

DPWN In-House Magazine Wins Top Award

Deutsche Post World Net's (DPWN) global in-house magazine for executives, *Network*, has won the top platinum award at the 2007 Inspire Awards in San Diego, California in the "Employee Publications-Print-Bimonthly" category.

Network also received a "Best Visual Design" special achievement award.

Franz-Josef Ebel, DPWN editor-in-chief for internal communications, said: "We are very happy with our top spot in the international Inspire Awards. This recognition is a real motivator for the entire team. Naturally, we want to continue to enhance the magazine."

In producing *Network*, DPWN draws on the graphic design and writing expertise of two communications agencies: medienfabrik Gütersloh in Germany and theblueballroom in England.

PNL Sees Profits Increase by 28 percent

Parcels operator Pan Nordic Logistics (PNL) saw 28 percent pre-tax profits growth to SEK 52 million in 2007 on a turnover of SEK 1.5 billion.

The company operates cross-border across the Nordic countries delivering parcels both from outside and within the region. It has offices in the Netherlands and Germany and has a partnership agreement in Asia.

Customers are mainly in the IT, textile and electronics businesses but PNL is also gaining new customers from the e-commerce and mail order sectors.

PIN Group Sells Subsidiary to Contractor

Loss-making German mail operator PIN Group has sold PIN Mail Hanover to German publishing group Madsack for an undisclosed sum.

Madsack is already transporting mail in the Hanover region under contract to PIN and will become a direct partner of the group as a result of the takeover.



Europe

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Americas

Asia-Pacific

Night Star Express Volume Rises

German overnight carrier Night Star Express says it increased volume by five percent in 2007 to three million shipments.

The operation is based on cooperation between eight medium-sized German freight forwarding companies which are now aiming for double-digit growth in 2008.

Night Star Express delivers before 08.00 hours in Germany and neighbouring countries. It has about 550 employees and 500 vehicles

Aramex Opens Document Centre in Dubai



Aramex has opened an AED 55 million document management facility in Dubai to be operated by its subsidiary InfoFort.

Since acquiring InfoFort in 2005 and DocMan in 2006, Aramex has benefited from the trend in the Middle East towards outsourcing the management of data storage. Over the past three years, it says it has transformed InfoFort into the leading documents management solutions provider in the region.

The 12,000sq metre warehouse with 4,500sq metres of temperature-controlled space has an operational capacity to hold more than 1.5 million boxes and twelve million files. The centre is equipped with safety and security systems, and has advanced scanning and sorting capabilities for the millions of documents it will house.

>>In Brief - Europe

DHL Expands in Russia

DHL Russia has a new office in Murmansk following a rise in the number of customers and shipments generated in the North West of the country.

International Velocity Reduces Input Time

Technology company NetDespatch, which offers own brand e-commerce applications to express companies, has launched a new service, International Velocity, to produce barcode labels, airway bills, manifests and commercial invoices from a single source to reduce data input time.

DHL Sends Medical Aid to Iraq

DHL Express has teamed up with the global relief and development agency Mercy Corps to send USD 9.6 million worth of pharmaceuticals and medical supplies to southern Iraq to help treat 140,000 people.

UPS Expedited Expands to the Middle East

United Parcel Service (UPS) has expanded its UPS Expedited service to seven countries in the Middle East to offer exporters a slower international delivery service for less urgent shipments.

RFID expected to raise service quality in the Middle East

The Radio Frequency Identification (RFID) project initiated by Qatar's Q-Post in association with Emirates Post and Saudi Arabian Postal Corp is expected to improve quality of service in the whole region, according to Yusuf Nasser al-Muzafer, director of administrative affairs at Q-Post.

Americas

Canada and FedEx Offer Express Globally



Canada Post has teamed up with FedEx Express Canada to develop Priority Worldwide, an international express service to be sold through Canada Post's retail and commercial networks. FedEx will undertake international transport and delivery.

Priority Worldwide will offer guaranteed next day delivery in the United States and delivery in two to three days elsewhere in the world. The service will include tracking and proof of delivery. It covers documents weighing up to 500 grams, packages up to 1.5kg and parcels up to thirty kg.

Moya Greene, president and chief executive officer of Canada Post, said: "Globally, postal administrations and express companies are working together to improve service to their customers. This relationship with FedEx, a world class company, is not only consistent with that trend, it improves our offering to customers, strengthens our business and enhances our brand."

Green Mail a Topic at US Postal Forum

This year the National Postal Forum in the United States, will carry the theme "Extreme Performance" and will include environmental sustainability as the theme for one of its four in-depth symposiums for direct marketers.

"Direct and Green" will show marketers how to create campaigns in a resource-friendly way, while the intelligent mail symposium will brief mailers on how they can use the Postal Service's intelligent mail systems to achieve end-to-end visibility and better address quality.

The package symposium will explain the Postal Service's freedom to develop new products and explain how shippers can cut costs by using technology to gain information about their packages. The Flats Sequencing System (FSS) symposium will show magazine and catalogue mailers using flat mail how new FSS automated technology works.

The Forum takes place from May 18 to 21 in Anaheim, CA.



Flexible Prices for Express and Priority Mail

The United States Postal Service (USPS) is introducing its new prices for Express Mail and Priority Mail on May 12.

It says prices will be lower for weights and delivery zones most commonly used by its customers. It will also offer incentives, for example, prices will be lower for customers who book online and for shippers with the highest volumes.

The more flexible pricing structure has been made possible by the Postal Accountability and Enhancement Act. USPS has stressed, however, that there will continue to be no fuel surcharges hidden surcharges or surcharges for residential delivery of its express mail, nor for Saturday delivery and address correction.

DHL Agrees to Pay deal

DHL Express in the United States has reached a national pay agreement with the International Brotherhood of Teamsters and has announced the appointment of a new chief executive.

The five-year deal with the union is in effect until March 2013 and covers about 10,000 employees including drivers, freight handlers and warehouse and clerical workers. It provides increased operational flexibility, according to DHL, plus an annual pay and benefits increase.

Ken Allen is slated to take over as head of DHL Express USA to restructure the heavily loss-making business. The appointment was announced to Deutsche Post World Net (DPWN) shareholders ahead of an announcement of plans for the US operation scheduled for the end of May.

DPWN chief executive Frank Appel said the group is looking at all options to reduce losses and is in the final stages of designing a strategy. There was no question, Mr Appel said, of a withdrawal from the US market.

Mr Allen moves to the US from his current post as head of Eastern Europe, Middle East and Africa. He previously turned around DHL Express Canada.

SkyPostal Goes Public

International mail and parcels company SkyPostal has gone public in the United States via a friendly reverse takeover as part of a plan to become the dominant mail distribution company in Latin America, the Caribbean and Mexico (LAC).

SkyPostal was acquired by Omega United, which now ceases its previous activities and is filing to change its name to SkyPostal Networks.

SkyPostal acquired the Latin American unit of Spring Global Mail in August 2007 for an undisclosed sum. The company facilitates delivery in the LAC region of more than 150 tons of mail a month from Europe and the US. It says it has exclusive agreements with more than twenty private postal services in twenty countries throughout the LAC.



>> In Brief - Americas

US Postal Service Recognises Supplier Excellence
United States Postmaster General John Potter has recognised the contribution made by twelve suppliers in the 2007 Supplier Performance Awards. "This year's award winners have gone the extra mile to deliver excellence in supply chain management best practices," said vice president of supply management Susan Brownell.

Brazil a Growth Market for Global Integrators

TNT and DHL Express are both stepping up their business in Brazil with new products and expansion plans, according to local newspapers. TNT has outlined medium-term investment of EUR 100 million in the country, and DHL is introducing time-definite international express products.

A Precious Cargo for UPS
United Parcel Service was chosen to transport China's 2,200-year-old Terra Cotta Warriors from Shanghai to the United States where four museums will display them over the next two years.

Small Businesses Worry about Economic Impact

FedEx Kinko's, a retail operating company of FedEx Corp, has released the results of its national "Signs of the Times" small business survey, which found 89 percent of those business owners polled were moderately to very concerned about the current impact of a stalled economy on their business.

Asia-Pacific

Hong Kong Post and China Post Cooperate



Hong Kong Post and China Post Logistics have strengthened their partnership with the opening by Hong Kong Post of a logistics centre to provide local services for China Post Logistics customers.

Hong Kong Post is the local sales agent and logistics service provider for China Post Logistics. It provides an integrated postal and commercial solution to logistics customers and hopes to expand its cooperation into areas such as transshipment from the mainland to overseas destinations.

Blue Dart Boosts Revenue by a Third

DHL's Indian subsidiary Blue Dart Express has announced revenue growth of just under 32 percent for the first quarter of 2008 and highlighted the establishment of its new road express transportation network as a driving factor.

In the quarter ended March 31, 2008, the company increased its operational revenues by to INR 2.4 billion. Pre-tax profit for the quarter rose to INR 456 million from INR 234 million during the same period in 2007.

"With the reinforcement of our ground express product, Dart Surfaceline, last year we have now expanded our reach to over 20,843 locations across the country. Today, we are the only service provider with a distinctive capability to offer the entire gamut of express distribution solutions," said managing director Amil Khanna.



SPI Enters Asia via Indian Cooperation

Swiss Post International (SPI) has entered the Indian market via a cooperation agreement with direct marketing company Mail Order Solutions (MOS) which is now operating as sales agent for SPI.

SPI is offering sorting, transport, delivery and oversees response handling for direct mail while MOS offers print, production and distribution for direct mail services.

Korea Express Regains Top Position

Korea Express has overtaken Hyundai Express to regain its position as the largest domestic parcels company in South Korea.

The company, purchased recently by the Kumho-Asiana group, ended 2007 with sales of KRW 293 billion and a five percent operating profit. Hyundai Express had sales of KRW 289 billion.



ABOUT THIS PUBLICATION

IPC Market Flash is a bi-weekly newsletter providing a comprehensive look at new developments emerging in the international postal marketplace. It is published by the Markets and Communication Department of the International Post Corporation.

IPC Market Flash is sent out exclusively to IPC member posts. If you would like to contribute an article or photograph to this publication please contact us via email at publications@ipc.be or send your submissions to :

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