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## DPWN Meets 2008 Profit Target



Deutsche Post World Net (DPWN) has stated that it met its 2008 profit target and that its full year underlying earnings before interest and tax, excluding non-recurring effects (EBIT) was just above the target of EUR 2.4 billion.

In a statement previewing its full year results - due to be announced on February 26 - DPWN said reported EBIT would be "significantly better than minus EUR 1 billion" after including the effects of restructuring DHL Express in the United States and one-off charges and write-downs. It said these negative effects were countered in 2008 by the German Government's repayment of funds following successful EU state aid proceedings.

Trading volumes in the fourth quarter declined year-on-year with air and ocean freight experiencing a double-digit decrease and express volumes outside the US declining in all areas except eastern Europe, the Middle East and Africa.

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[britt.janssens@ipc.be](mailto:britt.janssens@ipc.be)

*DPWN Meets 2008 Profit Target (continued)*

"We have taken vigorous action to minimize costs and conserve cash through our Roadmap to Value initiatives during the past year," said chief financial officer John Allan. "Those measures enabled us to deliver on our profit expectations, despite the weakening economic climate."

The company does not expect to issue guidance for 2009 before the end of the first quarter but states that it expects business conditions to be tough this year owing to the impact of the economic downturn on customers.

Separately, Deutsche Post announced that it will receive funds for the sale of Deutsche Postbank shares by the end of February, having agreed a transaction structure with the purchaser of the shares, Deutsche Bank.

"The new structure offers us a faster and less risky way to exit the banking business, thereby freeing up additional resources which



**Europe**

**Royal Mail Group Shows a Profit**

Royal Mail Group has completed the first nine months of its financial year in profit across all its units despite the economic downturn.



Group revenue rose by almost three percent to GBP 7.2 billion. Operating profit was GBP 255 million before exceptional costs, compared with an operating profit of GBP 162 million for the whole of the previous financial year.

The company continued to modernise its letters operation with almost eighty percent of volume now handled automatically. It installed first generation intelligent sorters and has issued drivers with barcode scanners to secure proof of delivery for tracked products.

Chief executive Adam Crozier said Royal Mail would spend the entire GBP 1.2 billion commercial loan for modernisation agreed by the government. The Group would need access to further investment. Mr Crozier repeated his support for government's plan to raise funds though the sale of a minority stake in Royal Mail.

## UK Government Supports Sale of Shares

The United Kingdom Government has confirmed its support for partial privatisation of Royal Mail in the face of objections from Members of Parliament in its own Labour Party and the postal union.



The recommendation to sell a stake came in Richard Hooper's independent review report. Business secretary Lord Mandelson told a meeting of rebel Labour MPs that legislation to bring about the sale will be introduced into Parliament. He stressed the need to generate "hundreds of millions" of pounds for new investment.

Lord Mandelson gave an assurance that the sale of a minority stake is not a first step towards full privatisation. He said: "Royal Mail is part of the public sector, will remain part of the public sector and, in my view, must remain so if we are going to retain the universal service delivery."

The minister did say, however, that he might review the price cap limiting stamp price increases which is seen as holding down the company's profits.

He has also given his backing to Hooper recommendations that government should take responsibility for Royal Mail Group's rising pension fund deficit.

In evidence to a committee of MPs, The Communications Workers Union criticised the government's position. "Why should we nationalise the debt (in the form of the pension deficit) and privatise the profit?" said its general secretary Billy Hayes.

The government will be able to carry out its plans despite the rebels in its own party because opposition parties support them.

## DPWN to Integrate Telecoms

Deutsche Post World Net (DPWN) has awarded a EUR 350 million contract to Telefónica to manage its communications services across 28 European countries over the next five years.

DPWN grew through acquisition and has multiple networks with multiple standards. Telefónica will provide secure telecommunications services for 125,000 employees and 2,400 sites in Europe, and will transform DPWN's Internet Protocol (IP) network services.

The agreement spans DPWN's freight/global forwarding, supply chain/corporate information solutions, express, global mail and global business services divisions in the 28 European countries, excluding Germany.

A dedicated service management centre in Prague is expected to go live in the summer. The service will be delivered by Telefónica in Spain, its O2 businesses in the UK, Ireland, Czech Republic and Slovakia and new operations and partnerships in 23 other western European countries.

DPWN has said it expects to save EUR 150 million over five years by contracting out its communications services management.

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### DPWN's *Discover Logistics* Names Winners

Deutsche Post World Net (DPWN) has found a winning team in its *Discover Logistics* competition designed to interest highly qualified students, graduates and career starters in the logistics industry.

The global competition attracted 8,500 entrants from whom 46 finalists from twelve countries made it through to the last round. They formed ten international teams which competed live for two days using the DHL Fast Forward business simulation to try and make their virtual logistics companies world-leaders.

The winning team of five was composed of finalists from the United States, India, Turkey and Germany. They will each receive prizes that DPWN says have a total value of EUR 50,000.

The company said it would continue to develop its *Discover Logistics* tool to promote promising talent from around the world.

### Home Delivery Up Total Volume Down

DHL Express experienced growth in its United Kingdom home delivery business in the weeks before Christmas, but worsening trading conditions overall have given rise to closure plans for five local service centres employing about sixty people.

The company said its business-to-consumer deliveries rose by sixty percent across the UK in December while overall retail sales declined by 1.4 percent year-on-year. The home delivery volume came from increased online shopping.

Jonathan Smith, managing director of DHL Express UK, said: "To respond to the growing business-to-consumer market and counter the effects of the business-to-business parcel delivery market, which is seeing some decline, we've evolved with the market and revolutionised our home delivery service."

The five centres earmarked for closure are in Scotland, the Liverpool area, North Yorkshire, and southern England. The company said it would do its best to retain employees by finding alternative employment.



### Hermes and SPI Divide Porta a Porta

Hermes Logistik and Swiss Post International (SPI), joint owners of Italy's Porta a Porta, have restructured the company into two independent entities: Hermes-Porta a Porta providing business-to-consumer parcels distribution and Swiss Post-Porta a Porta concentrating on cross-border mail and other logistics services.

Under the new structure, each of the partners holds seventy percent of share capital in the business they will run and a twenty percent in the other business. The former owner, GDN, retains a ten percent share in each of the entities.

SPI is Hermes' sales partner of choice in European business-to-consumer markets.

### iPost Delivers 105Mn Mail Items in 2008

Itella Information's iPost service delivered 105 million electronic and hard-copy letters in Finland and other European countries during 2008.

iPost takes in bulk mail from customers in electronic format and delivers it to recipients in hard-copy or electronic format according to their stated preference. The mailing company does not need to know whether recipients wish to receive paper or electronic mail-pieces.

Last year, Itella extended iPost to Sweden, Denmark, Norway and Germany. It is currently introducing the service to central and eastern Europe.



## La Poste Rents Back Sorting Centres

Groupe La Poste has raised EUR 128.7 million from the sale of six mail and parcel sorting depots to a property consortium in which its subsidiary, Poste Immo, has a 22.4 percent holding.

The French postal operator will generate net proceeds of EUR 101 million from the sale. This will go towards its continuing modernisation programme.

The six sorting centres will continue to be operated by La Poste mail and parcels businesses via long-term rental contracts. Post Immo will manage the properties and any future modernisation work.

## An Post Urges SMEs to Keep Spending

An Post is hosting a "Beat the Downturn" event on February 4 aimed at persuading more than 200 small businesses that they should continue marketing during the recession.

The event involves the Small Firms Association, the Irish Direct Marketing Association and the Irish Small and Medium Enterprises Association.

## NiZA Shows DHL Drivers the Way to Go

DHL Parcel Germany is to install a new navigation system in 450 parcel delivery vehicles this year.

The company says that NiZA (Navigation in Delivery and Pickup) has been developed in-house and will reduce labour costs, fuel consumption and CO<sub>2</sub> emissions.

The system provides drivers with the optimum delivery sequence for the parcels on board. It calculates five routes in advance and also displays information about the parcels on board to make it easier for delivery agents to locate them.

NiZA works by capturing data scanned from parcels as they are loaded on to a vehicle. This is processed by a data centre in Prague which sends the optimum delivery sequence to the delivery agent's parcel scanning device. This is transferred to the vehicle's navigation equipment, which maps out the actual route.

The DHL Innovation Centre is working on a more advanced version of NiZA as part of its Smart Truck project. Smart Truck updates routes during the day to account for changing conditions such as new orders.



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**DHL Links Europe and the Middle East**

DHL Freight has opened up a road connection between Europe and the Middle East to provide a lower cost alternative to airfreight while offering faster transit times than ocean freight.

European shipments are consolidated at thirteen gateways and forwarded to the company's transit centre in Istanbul from which they are fed into the Middle East network. Shipments carry unique codes allowing them to be tracked online.

As part of its new Europe/Middle East service, DHL undertakes administrative work such as customs clearance, letters of credit and risk insurance.

**TNT Gains 3-Year UK Contract with Bristan**

TNT has signed a EUR 5.6 million-a-year agreement in the United Kingdom with bathroom supplier Bristan Group.

The new contract, negotiated over more than a year, involves consolidation of Bristan shipments with TNT for next day, before noon delivery. The three-year agreement involves more than 35,000 consignments a month to Bristan stockists across the UK.

Through the partnership, Bristan has been able to streamline its distribution operation to deliver all products to customers in one load and at the same time.

**GLS Belgium Fully Integrated in the Network**

GLS Belgium has completed the separation of its parcel and pallet activities into two separate businesses.

The reorganisation of nine depots is designed to modernise freight handling and completes the integration of GLS Belgium - formerly ABX Distribution - into the group network.

The Belgian company, which claims a 35 percent share of the Belgian business-to-business market, has invested EUR 3.5 million in its restructuring.

**Russian Post Chief Leaves After One Year**

The chief executive officer of Russian Post, Andrej Kazim, has resigned after only one year in the job after plans to create a post office bank failed in the wake of the global financial crisis.

Russian news agency RAI Novosti said Mr Kazim had been unable to implement a major project to use the post office branch network to offer financial and banking services.

He had formerly headed Russian savings bank Sberbank for more than ten years and was believed to have been appointed to his position at the post to upgrade postal banking services fully.

Mr Kazim did succeed, however, in developing a medium term modernisation programme to upgrade postal infrastructure and services. He was on the point of obtaining government funding of RUB 209 billion for modernisation when the financial crisis hit.

Under Mr Kazim's stewardship, Russian Post ended the financial year with a net profit of about RUB 137 million stemming growing losses over the past two years. He also reduced operating costs by twelve percent and reduced debts from RUB 2.8 billion to RUB 2.2 billion.

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**Deutsche Post Continues UNICEF Support**

Deutsche Post raised awareness of the plight of children in developing countries by encouraging pupils at 1,300 German schools to send letters and pictures to children in India, Peru and Kenya.

The company supports UNICEF's healthcare improvement projects in the three countries.

As part of its annual Advent calendar distribution, Deutsche Post asked teachers to talk to pupils about the problems faced by children their age in India, Peru and Kenya. It pledged donations in exchange for the children sending their wishes.



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**Geodis Calberson Expands**  
Geodis Calberson's parcel and freight transportation business in Spain and Portugal has acquired Spanish express and freight company Azkar to expand its network in the Iberian Peninsula. Geodis Calberson was acquired by French rail operator SNCF last year.

**TNT Staff Raise GBP 25,000 for Charity**  
TNT Express UK has raised GBP 25,000 for charity in thirty days during the Christmas period. To celebrate 30 years in business, staff were encouraged to choose from thirty fundraising ideas and raise money for one of the country's top thirty charities.

**Night Star Expands to Benelux**  
German carrier Night Star Express has started operating in Benelux with franchisee WanSis Transport Systems, a Dutch specialist in overnight express services.

**A Million a Day for Swiss Post at Christmas**  
Swiss Post delivered fifteen million domestic parcels in December before Christmas with volumes between 15 and 19 December rising to more than one million packages a day in main sorting centres.

**UPS in Switzerland for 20 Years**  
UPS celebrates its 20th anniversary of operation in Switzerland under its own brand this month. It took over its joint venture with Freight Air Parcel Service in December 1988 and renamed the company UPS Switzerland in January 1989.

**TNT wins Dubai Contract**  
TNT has been selected as exclusive express services provider for the Dubai site of Dubai Aluminium Company Limited (Dubai) under a two-year contract.

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## Americas

### USPS Introduces Volume Discounts

The United States Postal Service is now offering volume price incentives to bulk Priority Mail and Express shippers in return for payment through an approved payment method.

The *Commercial Plus* discounts amount, on average, to 14.5 percent compared with retail prices for Express Mail and seven percent for Priority Mail. They apply to customers shipping at least 6,000 pieces of express mail a year or at least 100,000 pieces of Priority Mail.



### Small Box Offers a New Flat Rate

The introduction of a small-sized flat-rate box brings the range of packages for the United States Postal Service's Priority Mail to four. All are delivered for a single price, regardless of weight.

The new package is about the size and shape of three stacked DVD cases. Its retail postage price is USD 4.95 for domestic deliveries; USD 10.95 (up to four pounds in weight) for deliveries in Canada and Mexico, and USD 12.95 for the rest of the world.

Savings are available to customers who shop online and the *Commercial Plus* rate for volume shippers is USD 4.75.

The boxes can be ordered online in bulk packs or bought singly at post offices.



### Sixteen More Countries for UPS Domestic

UPS has added sixteen countries to its domestic express pickup and delivery services to increase to 45 the number of countries where it operates a domestic network.

The additional countries are: Algeria, Argentina, Chile, Cyprus, Czech Republic, Hungary, Kazakhstan, Kenya, Malta, Pakistan, Romania, Saudi Arabia, Serbia, South Africa, Ukraine and UAE.

Shippers in these countries can now use the same technology platform for tracking and billing.

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### FedEx Freight Delivers Next Morning

FedEx Freight has launched a next day service guaranteeing delivery by 10.30 in the morning.

The new service, FedEx Freight AM, provides streamlined, flat-rate pricing and can be requested online when the customer selects a bill of lading or at time of pick-up.

### Air Cargo Volumes Predicted to Fall

Around seventy percent of airlines expect cargo volumes to remain below 2008 levels this year and a further 26 percent believe that volumes will remain stable.

The International Air Transport Association's (IATA) Airline Business Confidence Index for January comes after the association's own prediction that cargo volumes will fall by five percent in 2009.

## >>In Brief - Americas

### UPS Closes Next-Day Sorting Depot

UPS will shut down its next-day sorting operations at Columbia Metropolitan Airport, South Carolina, owing to decreasing demand for next day services. A company spokesman, Norman Black, said: "People are not shipping as many packages for delivery the next day. They're trying to save money."

### FedEx Ground Continues its Expansion Plan

FedEx Ground will move its operations in Virginia to bigger premises. Since beginning its expansion programme in 2002, the company has expanded or relocated in more than 500 local facilities.

### Confidence and Caution in FedEx Orders

FedEx has ordered fifteen more intercontinental Boeing 777 freighters but is delaying deliveries of 777s already ordered by several years owing to the current market downturn.

### UPS Branch Network Expands

The UPS Store® and Mail Boxes Etc network has expanded to 6,000 locations worldwide achieving 25 percent growth in the past five years of the two brands. International growth includes opening the 500th location in Italy, a network of 100 branches in Germany and the opening of the first centre in Russia.



## Asia-Pacific

### 2008 Postal Revenues Rise in China

Revenues in China from postal services and savings totalled USD 20.5 billion in 2008, 15.9 percent more than the previous year.

Revenue from postal services, including express mail and philatelic services, increased by fourteen percent to USD 14 billion. Express mail revenue was 18.8 percent greater than 2007 at USD 5.7 billion.



The head of the state post bureau, Ma Junsheng, said that new markets such as online trading had been a main driver for mail revenue. The target for 2009 is to increase overall revenue by thirteen percent to USD 22.8 billion.

### Thailand Post Launches EMS World

Thailand Post has launched an international EMS service, EMS World, with target revenue of USD 460 million a year. The new service will deliver to 90 countries.

The postal operator also has plans to cooperate with other postal companies in order to broaden its focus from mail and parcels to more international and logistics services.

"The company is focusing on expanding intra-Asian services and trade, as we (Asian countries) share similar cultures, goods and demand," said Anusara Chittmittrapap, senior executive vice president for marketing and business development, adding that Thailand has strong potential to become a logistics hub in the region.

Thailand Post's top priorities are Hong Kong Post and China, two markets producing goods in demand in Thailand. It hopes to leverage its branch network to sell a wider range of products, providing a total logistics package.

### Proposals to Expand Electronic Money

A government advisory panel in Japan has proposed that non-financial businesses should be allowed to fund remittance services, currently restricted to banks.

The Financial System Council has also called for comprehensive legal framework governing electronic money in order to help create new settlement services on the Internet.

Legislation is expected during the current session. This will pave the way in Japan for services similar to PayPal, the online payment service used widely in the United States and Europe.

## Australia Post Offers Parcels Tracking

Australia Post is to launch a track and trace service for parcels using an intelligent barcode system that allows distribution centres and retail outlets to see where packages are on the delivery route.

The service follows a four-year enterprise resource planning software upgrade carried out by SAP.



## FedEx in "Most Admired" Listing

The Wall Street Journal's Asia 200 has ranked FedEx Express 22nd in the Most Admired Asian companies listing.

FedEx was ranked for five attributes: quality of products and services; corporate reputation, including governance and work-place and environmental policies; management's long-term vision; innovation in responding to customer needs; financial strength.

## Japan Post Sells Kampo Hotels

Japan Post is to sell seventy resort hotels called "Kampo Inns" which were built for policyholders of kampo postal life insurance.

It is required under law to sell the hotels by September 2012, five years after the start of privatisation.

Leasing company Orix Real Estate Corp is buying the hotels for JPY 10.88 billion.

## >>In Brief - Asia-Pacific

### New Zealand Joint Venture CEO Resigns

The chief executive officer of DHL/New Zealand Post joint venture Express Couriers Limited, Jim Quinn, has resigned to take up a position leading KiwiRail Group.

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**IPC**  
**Head of Communication**  
**Avenue du Bourget, 44**  
**1130, Brussels**  
**Belgium**

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