

## In this issue

### EUROPE

- TNT Responds to Fall in Operating Profit
- High Costs Impact Itella's Profitability
- Strong PostFinance Pleads for Right to Loan
- Posten Announces 2008 Result
- Swiss Post Promises Higher Quality
- Royal Mail Offers Online Direct Mail Tool
- Short Time Working at DHL Leipzig
- Commission Wrong about Belgian State Aid
- EMS a Priority for New Russian Post Chief
- Aramex Profits Rise before Downturn Hits

### ASIA-PACIFIC

- Australia Post Supports Bushfire Victims
- FedEx Operates from New Regional Hub
- TNT-Hoau Launches Domestic Road Express
- DPD Moves Further into Emerging Markets
- DHL All-Inclusive From China to the US
- DHL's Indian Centre Targets Apparel Trade

### AMERICAS

- USPS "Most Trusted" for a Fifth Time
- USPS Works with UPS on First Mile
- DHL Extends Trade Automation Services
- US First-Class Mail Rate Rises
- FedEx Freight Lays Off More Workers
- FedEx Expands Further in Mexico
- Andreani Plans South American Expansion

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## TNT Responds to Fall in Operating Profit



TNT's underlying operating profit (EBIT) dropped 12.8 percent to EUR 1.16 billion in 2008 owing to loss of volume in the express market in the second half of the year. Reported EBIT declined 17.6 percent to EUR 982 million.

Group underlying revenues increased four percent to EUR 11.5 billion while reported revenues rose 1.2 percent to EUR 11.15 billion. Underlying net profit for the year was down 34.2 percent at EUR 716 million and reported net profit was down 43.6 percent to EUR 556 million.

Chief executive, officer Peter Bakker said the "extremely tough" trading conditions in the express business were continuing in 2009 while mail continued to perform robustly.

TNT is targeting cost reductions of up to EUR 400 million this year and is cutting 1,000 jobs across Europe.

*TNT Responds to Fall in Operating Profit continued*

During 2009, the company expects express revenues to continue their decline as a result of decreasing volume while mail volume in the Netherlands is expected to reduce at a faster rate. The pension charge on the profit and loss account will be EUR 40 million higher than in 2008.

The company is continuing to invest in emerging markets. It has acquired an express operator in Chile, LIT Cargo, to gain a national road network that strengthens its position in Chile's domestic market.

In China, TNT has launched a day-definite domestic road service.

**Europe****High Costs Impact Itella's Profitability**

Itella Corporation of Finland ended 2008 with consolidated net sales up 14.2 percent at EUR 1.95 billion.

Consolidated EBIT, excluding an impairment loss, was EUR 95 million, but reported EBIT was EUR 69 million compared with EUR 101.8 million in 2007.

The company said the decline in operating profit resulted mainly from labour and fuel costs. In addition, exchange rate fluctuations at the end of the year resulted in substantial financial expenses that reduced profit before tax to EUR 46.6 million compared with EUR 109.5 million.

During the year, the company invested in mail sorting and delivery in Finland. The profitability of Finnish postal operations declined slightly, while Itella Information expanded and saw profits improve.

The logistics business experienced strong growth in Russia but operating profit declined owing to weakening economic conditions. The company recorded a EUR 26.1 million goodwill impairment loss for its subsidiary ItellaNLC.

President and CEO Jukka Alho said the company clarified its strategy in 2008 into the provision in three areas of service: customer relationship and sales; supply chain and logistics; invoicing and financial management.

"In Finland," said Mr Alho, "our number one goal is securing and improving the conditions for postal services. Investment to facilitate that aim gained momentum in 2008."

**Europe**

Americas

Asia-Pacific

Issue 386 | 23 February 2009

print | next

## Strong PostFinance Pleads for Right to Loan

Swiss Post's PostFinance financial services business has made a strong plea for the right to invest customer deposits in mortgages and loans to small businesses in Switzerland. It said it would be able to diversify its financial investments, lower its risk and help to revive the SME sector.

PostFinance said it achieved a profit of around CHF 235 million in 2008 "in an extremely difficult market environment."



Details will be announced at the Swiss Post press conference at the end of March. PostFinance did state, however, that the lower profit year-on-year (earnings before tax were CHF 327 million in 2007) were due to writedowns of some CHF 179 million.

Writedowns are book values that can have a future positive impact on financial results and equity capital when financial markets recover.

PostFinance says it has experienced unprecedented growth, increasing the number of customer accounts by 311,000 and achieving an inflow of new money totalling CHF 5.9 billion on average. It manages customer deposits of more than CHF 50 billion.

The Swiss Parliament is expected to debate the further development of PostFinance this year as part of its reform of postal legislation.

## Posten Announces 2008 Result

Posten AB of Sweden has reported operating earnings in 2008 of SEK 1.88 billion which were SEK 110 million below what it described as extremely strong earnings in 2007.

Net sales increased by three percent to SEK 30.86 billion. The equity-to-assets ratio was 42 percent at year end and return on equity was twenty percent.

The group's development focused mainly on logistics through the acquisition of Tollpost Globe plus seven percent organic growth. The logistics business improved its operating margin by focusing on costs and has increased its operating earnings by 68 percent, according to the company.

Restructuring costs taken in the fourth quarter related mainly to Posten Messaging and Stralfors. Posten Messaging, the mail business, saw sales decline two percent owing to electronic substitution and competition. High fixed costs squeezed profitability.

In response to toughening trading conditions and a trend for increasing wage costs, Posten has updated its cost-saving programme and forecasts an overall positive impact on operating earnings of SEK 1 billion during 2009.



## Swiss Post Promises Higher Quality

Swiss Post achieved quality of service for letter mail of some 96 percent in 2008, but the complex commissioning of new centres in Zurich-Mülligen, Eclépens and Härkingen meant that results dipped slightly below 2007 levels.

Implementation of the new processing centres will conclude in March and Swiss Post expects to report improved quality of service for 2009.



On-time performance in 2008 was 95.9 percent for A (priority) letters, compared with 97.1 in 2007; the result for B letters was also 95.9 percent, compared with 96.7 percent the previous year.

Quality of service for parcels was 98 percent for PostPac Priority, an increase of 0.4 percent on 2007, and 98.7 percent for PostPac Economy compared with 97.5 percent.

Domestic quality of service measurement is conducted by market research institute IHA GfK using test letters.

## Royal Mail Offers Online Direct Mail Tool

Royal Mail has launched an online tool designed to encourage small businesses to use direct mail, as part of their advertising plan.

Mailshots Online enables users to generate a personalised campaign in less than thirty minutes. It provides small businesses with the means to design a postcard or letter using their own logo, photographs and messages; Royal Mail will handle print, production and delivery.

Customers of Mailshots Online can use their own databases or a prospect list supplied by Royal Mail. There is no minimum mailshot size and the maximum is 1,000 items, with prices starting at GBP 0.55 per item.

## Short Time Working at DHL Leipzig

DHL is in talks with 1,000 employees at its new European hub in Leipzig about reducing working hours in response to lower volumes.

The hub opened in May 2008 employing about 2,200 people. The company has stressed that no jobs are at risk but aircraft handling and parcel sorting employees are in talks about voluntary hours reductions.

DHL intends to continue operating the current fifty aircraft handled at the hub nightly but is monitoring freight levels as the economic crisis continues.



## Commission Wrong about Belgian State Aid

The European Commission has been told it was wrong six years ago to give the go-ahead for the Belgian Government to inject EUR 297.5 million of state funds into De Post/La Poste.

A ruling by the European Court of First Instance annuls the Commission's decision on the grounds that the investigation into how the capital increase would impact on the parcels market was insufficient.

Deutsche Post World Net (DPWN) brought the court action after its request to be consulted on the state payment was rejected by the Commission.

The court said that DPWN and DHL would have been able to submit their views and facilitate a difficult assessment of whether the funding was compatible with the common market if the Commission had launched an official investigation procedure.

As well as having insufficient information, the Commission failed to examine De Post/La Poste's service costs, said the court.



The Commission has two months to decide whether to appeal. If it does not appeal, it will be obliged to conduct a formal re-examination of the Belgian Government's payment and, if that review causes it to rule against the funding, De Post/La Poste will have to repay the money.

## EMS a Priority for New Russian Post Chief

Alexander Kiselyov has been appointed the new chief executive officer of Russian Post after Andrej Kazim resigned in January after only one year in the job.

He said the top priority is to develop EMS services and to explore a possible cooperation with Svyaz Bank to expand Russian Post's financial and banking structure.

The new CEO is a former DHL manager responsible for business development in the CIS countries. In 2000, he became deputy minister of communications with responsibility for postal services.

Taking up his new position, Mr Kiselyov said he would prepare a proposal on further modernisation for submission to the government. He will recommend continuing the current programme to transform Russian Post into a stock corporation.

The postal operator's current share of the Russian international express market is estimated to be no more than ten percent; its share of the domestic express market is 45 to 50 percent.

Russian Post said its pre-tax profit in 2008 was RUB 634 million compared with a loss of RUB 4.04 billion in 2007. Revenue increased by 22.4 percent to RUB 86.6 billion, driven largely by growth in financial services.

EMS volume grew by 44 percent in 2008 while parcel volume grew by 13.1 percent and mail volume grew by 8.8 percent.

The postal workforce achieved a productivity gain of 24.6 percent and handled increased volumes without any increase in manpower.

**Europe**

Issue 386 | 23 February 2009

print | next

Americas

Asia-Pacific

## Aramex Profits Rise before Downturn Hits

Middle East express and freight group Aramex improved its net profits by 21 percent in 2008 to AED 147.3 million on revenues up by seventeen percent to AED 2.08 billion.

Chief executive Fadi Ghandour said 2008 results benefitted from the company's efforts to control spiralling costs in the first nine months of the year. In the fourth quarter, "revenues slowed to a halt," he said.



## >>In Brief - Europe

### Growing SPSR Supports Struggling Customers

Russian express company SPSR said it generated double-digit growth in 2008 increasing revenue by thirty percent. The company said it was supporting customers in difficult times through state-of-the-art technology and optimisation of shipment handling processes and reduced prices for several services.

### More Intelligent Lockers in the UK

DX Business Direct, part of the United Kingdom's DX Group, is investing GBP 500,000 in its intelligent locker exchange systems to improve the quality of its delivery network and provide a more comprehensive national exchange network.

### Pay Raise after DHL Workers Strike

DHL Express employees at the Gonesse depot near Paris have won a pay increase after six days of strike action and are now back at work. An initial minimum wage of EUR 1,400 for thirteen months is effective from 1 January 2009 and employees with the lowest salaries will receive a salary increase of about five percent.

### New DHL Depot Near Metz

DHL Express has strengthened its presence in eastern France with the opening of a 1,600sq metre depot near Metz.

### Royal Mail to Talk with Unions

Royal Mail is expected to enter into discussions with unions next month to allay fears of 16,000 job losses and to explain its plans for cuts in central and overhead costs.

### UK Post Office Launches Growth Bond

The United Kingdom Post Office has launched a new Growth bonds paying 3.4 percent interest for one, three or five years on deposits from GBP 500.

## Americas

### USPS "Most Trusted" for a Fifth Time

The United States Postal Service is again the American public's most trusted government agency, having topped the list of 74 agencies included in the Ponemon Institute's 2009 Privacy Trust Study.

More than 87 percent of 7,000 Americans surveyed ranked the US Postal Service as best able to keep their information safe and secure.

The first survey was conducted in 2004; every year the Postal Service has ranked first and has increased its privacy score.



### USPS Works with UPS on First Mile

The United States Postal Service is providing a first mile service in a pilot test of a new returns service being conducted by UPS.

UPS Returns Flexible Access program is designed as a service for retailers, allowing their customers to return items shipped to them by UPS via USPS Parcel Return Service.

Consumers participating in the pilot receive special package labels that allow them to place return packages in their own mailbox, or postal collection boxes, or to take them to a post office.

UPS drivers are picking up return packages from local post offices and are feeding them back to the retailer via the UPS ground network.

Returns via the Postal Service complement other UPS access channels, including its own stores, drop boxes, customer centres, third-party retailers and drivers.

According to a study by Forrester Consulting commissioned by UPS, online retailers with generous returns policies have a competitive advantage, and are able in the long term to grow sales, generate loyalty and drive incremental revenue. About eighty percent of consumers contacted for the study agreed with the statement: "If an online retailer makes it easier for me to return a product, I am more likely to buy from that retailer."

### DHL Extends Trade Automation Services

DHL has expanded Trade Automation Services (TAS), its online tool for managing trade and customs data, to cover additional countries in south America.

TAS helps users to estimate duties and manage import/export regulations. DHL claims it covers ninety percent of world trade flows and ten more countries will be included in April this year.

### US First-Class Mail Rate To Rise Two Cents

The price of a first-class stamp in the United States will increase by two cents to USD 0.44 on May 11, following an annual review by the governors of the United States Postal Service.

The inflation-linked increase reflects rising operational costs for the Postal Service. The so-called Forever Stamp is available now at the current rate and will be valid after the price rises.

Europe

Americas

Asia-Pacific

Issue 386 | 23 February 2009

print | next

## FedEx Freight Lays Off More Workers

FedEx Freight has cut about 900 jobs from its 35,000-strong workforce in addition to the 340 workers laid off in December.

The company said the rapid decline in the road freight market and aggressive pricing were forcing it to lay off more workers.

## FedEx Expands Further in Mexico

FedEx Express is expanding its Mexican air cargo terminal in Guadalajara and has opened a new hub in San Luis Potos to support its domestic service in the country.

The company said that Mexico's express shipping market is forecast to grow to USD 1.5 billion in the next ten years and that the San Luis Potos centre will enhance its ability to meet growing demand for domestic express solutions.

The Guadalajara facility will enhance operational efficiencies and improve package processing times. It will also help FedEx manage the growing demands of exports and imports transferred in Guadalajara which, according to the Mexico Institute of Transportation, stands at 90,000 tons every year.

## Andreani Plans South American Expansion

Argentinean mail and logistics operator Andreani has plans to expand into neighbouring South American countries and has launched a next day express service in its home market.

The company, with 4,100 employees and 1,500 sales outlets, already has branches in Brazil where it plans to open a new one in Recife. Once it is established in Brazil, the company would like to move into Chile and Uruguay.

Since 2002, Andreani has been in a commercial partnership with UPS, offering its customers international express services via UPS and delivering on behalf of UPS in Argentina.

The new domestic express service, Premium Oro 12, offers delivery by noon the next working day in the fifty largest towns and cities in Argentina.

## >>In Brief - Americas

**FedEx Announces a Dividend**  
FedEx Corp has declared a quarterly cash dividend of USD 0.11 per share on FedEx Corporation common stock, payable on April 1, 2009.

**UPS Wins Top Airline Award**  
UPS Airlines has been awarded the title: "Cargo Airline of the Year" by Air Transport World magazine for its history of successful global growth, expansion into heavy freight, commitment to safety and technological innovation. The company operates the world's ninth largest airline with 266 aircraft flying daily to 800 airports in 200 countries.

**UPS Declares a Dividend**  
The UPS board has declared a regular quarterly dividend of USD 0.45 per share on outstanding Class A and Class B shares, payable on March 10, 2009. At the same meeting it elected William R. Johnson, the president and CEO of H. J. Heinz Co, as an independent director of the company.



## Asia-Pacific

### Australia Post Supports Bushfire Victims

Australia Post is donating AUD 1 million to the Victorian Bushfire Relief Fund and is collecting donations from the public at its 4,000-plus post offices.

In statements issued on February 9 and 11, the postal operator said many areas would be without postal services for several days and has waived its redirection fee.

"Where our staff can safely enter an area they will, but many addresses are still inaccessible. We will be holding mail until we receive notification from the customer regarding where they would like their mail delivered," said a spokesman.

### FedEx Operates from New Regional Hub

FedEx Express began operating out of its new Asia-Pacific hub at Baiyun International Airport in Guangzhou, China of February 6, moving its Asia-Pacific base from Subic Bay in the Philippines, where it is laying off 500 staff.

The company invested USD 150 million in the new hub which will be its regional centre for the next thirty years. It will operate 136 inbound and outbound flights a week from Guangzhou accessing 220 countries and territories.

The hub has its own ramp control tower that enables FedEx to manage and control aircraft movements better. It is equipped with a dedicated customs clearance facility and advanced package and sorting systems capable of processing up to 24,000 packages an hour.

The Subic Bay hub will be decommissioned but FedEx will retain a presence in the country; Manila and Cebu are parts of its FedExAsiaOne network.

### TNT-Hoau Launches Domestic Road Express

TNT is differentiating its services in China from those of other integrators by promoting its domestic road services.

The company is launching a day-definite, road distribution service through its wholly owned subsidiary, TNT-Hoau, using the existing less-than-trailerload (LTL) distribution network.

The service will operate between 115 depot pairs covering the Yangtze River Delta, Bohai Economic Rim and Pearl River Delta regions. Coverage is planned to increase to 260 depot pairs by July this year.

All shipments will be barcoded to allow customer tracking and tracing online and trucks will be equipped with Global Positioning System (GPS) technology for real time tracking.

### DPD Moves Further into Emerging Markets

Parcels operator DPD is strengthening its presence in China through a cooperation agreement and entering the express market in India via an acquisition.

The Chinese cooperation deal is with Hong Kong-based Forward Group which offers international express, air cargo and ocean freight services from a network of 1,000 affiliated branches and offices in China.

Forward Group and DPD, which is majority-owned by La Poste's GeoPost, aim to set up joint express operations in China to give more shippers access to DPD's global network.

Chinese export volumes will be flown to Paris via Air France/KLM flights (DPD's strategic partner) and sorted at a centre operated by Sodexi, a joint venture between the airline and GeoPost.

DPD will also use other airlines to route Chinese parcels directly into key national networks via Frankfurt and London.

In India, GeoPost is taking a sixty percent stake in a new joint venture with Continental Air Express. The venture will operate premium express services as DPD Continental India.

## DHL All-Inclusive From China to the US

DHL is serving 317 Chinese cities from 56 branch offices and has invested USD 1.3 billion in Greater China. Its Import Express offers an all-inclusive, door-to-door service for expediting imports to the United States.

New York fashion jewelry designer and producer International Inspirations uses DHL for its entire international express shipping needs from pallet pickup in China and delivery in New Jersey to shipment of retail packaging materials to China.

"DHL has helped us diversify suppliers across China, enabling us to schedule multiple pickups from different factories without having to worry about consolidating shipments, airline minimums or flight scheduling conflicts," said Shaya Reiter, co-owner of International Inspirations.

"DHL gives my company the ability to deliver extremely urgent large parcels across continents in two days, along with very responsive account management and competitive pricing."

## DHL's Indian Centre Targets Apparel Trade

DHL is targeting the USD 3.9 billion south Asia fashion trade via a new "DHL Fashion and Apparel Centre of Excellence" in India.

The initiative, part of the company's DHL Global Forwarding business, comprises a core team responsible for developing bespoke logistics supply chain products, solutions and consultancy for customers in the "Knitwear Capital" Tirupur area of Tamil Nadu.

The centre of excellence will help to streamline complex supply chains and logistics processes and will manage product lifecycle across different sales channels, according to Mark Lau, head of fashion and apparel business development.

## >>In Brief - Asia-Pacific

### Growth Picks UP in Fourth Quarter

Having recorded relatively low growth of around five percent in Asia-Pacific in the first nine months of 2008, UPS experienced 25 percent year-on-year growth in export volume from India in the fourth quarter and around ten percent from China.

### Prime Minister Favours Review of Japan Post Plan

Japan's Prime Minister, Taro Aso, has said he is willing to review Japan Post's privatisation plan, which has split the company into four subsidiaries in preparation for the sale of shares in the banking and insurance companies.

### Gati Opens New Centre

Indian express operator Gati has opened a new distribution centre at Jeedimetla in Hyderabad to meet the logistics needs of customers in the consumer goods, apparel, automotive, pharmaceutical, telecoms and high-tech sectors.

### Pakistan Upgrades Post Offices

Pakistan Postal Services says it has equipped one hundred renovated post offices with computers, point of sale terminals and electronic weighing scales, barcode scanners and printers.



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