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## Anton Wais Resigns Owing to Ill Health



The chief executive officer of Österreichische Post, Anton Wais, has resigned owing to ill health. His responsibilities will transfer on April 1 to the company's chief financial officer, Rudolf Jettmar, until the supervisory board finds a permanent replacement.

Expressing "heartfelt thanks," the chairman of the supervisory board, Peter Michaelis, said that Österreichische Post had transformed into a modern service provider under the leadership of Mr Wais. "The excellent development of the post share, despite all the turbulences on international financial and capital markets, confirms the solid business model of Österreichische Post," he said.

Mr Jettmar confirmed that Österreichische Post would continue on its current path of value creation, stability and further improvement of its economic position.

Announcing his resignation, Mr Wais said: "I look back at the past decade with pride. Today, Österreichische Post is a profitable company. Its high dividends and good operating results confirm the strategy adopted in 1999. This good positioning will contribute to the company's ability to conquer future challenges and successfully move ahead into the fully liberalised letter mail market."

Mr Wais was appointed chief executive in July 1999. He laid the groundwork for the company's international expansion and led it to a successful initial public offer in 2006.

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## Europe

### DPWN Reports Net 2008 Loss

Deutsche Post World Net (DPWN) posted a full-year 2008 earnings before interest and tax (EBIT) loss of EUR 567 million compared with a profit of EUR 2.1 billion in 2007.

Underlying EBIT excluding non-recurring effects was EUR 2.41 billion, a figure which met fully the company's latest target.

The group reported a net loss after minorities of EUR 1.69 billion for full-year 2008 compared with a profit of EUR 1.38 billion the previous year. Charges for restructuring the US express division, non-cash writedowns in the supply chain/CIS business, and losses at Postbank burdened the result, while a repayment from the German government following EU state aid proceedings had a positive effect.

Announcing the results, DPWN said it would cut capital expenditure by twenty percent this year to less than EUR 1.4 billion. Last November, it announced a plan to save at least EUR 1 billion in non-operating costs by the end of 2010.



"2009 will be a year of hardship for the entire logistics industry," said chief executive officer Frank Appel. "Just as we successfully tackled the main legacy issues last year, our focus now will be on costs and cash generation to help us through the difficult times ahead."

DPWN will refrain from giving a firm outlook for the year, owing to "the unprecedented decline in volumes and the unpredictable economic outlook."

Mr Appel said the sharp drop in demand in the fourth quarter had deepened in the first quarter of 2009, impacting all regions and most industry sectors. "We expect that this level of volume decline will continue throughout the first half of the year if not longer," he said.

Giving its outlook on current trading conditions, DPWN said demand for mail had reduced, particularly direct mail products. Earnings are being affected by the full effect of last year's wage agreement.

In the express sector, volume is declining in all regions and time-definite products are more affected than cheaper services. Volume is also declining in the global forwarding and freight business, although supply chain logistics business is holding up in most sectors except automotive and technology.

The company gave divisional results for 2008. Revenue from mail was static at EUR 14.39 billion compared with EUR 14.57 billion in 2007. EBIT rose to EUR 2.25 billion from EUR 1.98 billion; however taking account of a EUR 572 million non-recurring repayment from the German Government, mail EBIT declined 14.9 percent.

Express revenue declined 1.7 percent to EUR 13.6 billion with currency effects having a negative impact. Outside the United States, revenue increased by 3.9 percent with Europe remaining stable. Reported express EBIT was a loss of EUR 2.1 billion, largely on account of non-recurring costs of EUR 2.36 billion associated with the restructuring of DHL Express in the United States.

The global forwarding/freight business made a revenue gain in 2008 of 9.4 percent to EUR 14.2 billion. Reported EBIT was EUR 389 million compared with EUR 409 million in 2007.

## Postbank Share Sale Completed

Deutsche Post World Net and Deutsche Bank have completed the transaction on the sale of shares in Deutsche Postbank.

The volume of the initial two branches totals EUR 3.8 billion; however, owing to hedging arrangements, Deutsche Post received a further EUR 1.1 billion in cash. The cash value of the transaction remains unchanged at EUR 4.9 billion.

## Ken Allen Heads DHL Express Worldwide

Ken Allen has been appointed as the new chief executive officer of DHL Express and a member of the Deutsche Post World Net management board.

He replaces John Mullen, who resigned on February 26 due to health challenges exacerbated by the constant travel demands and pressure of his role. He will remain available to effect a smooth transition and will act as a senior advisor to chief executive Frank Appel for a further period.

Mr Allen has moved to lead DHL Express from the post of chief executive officer of DHL Express USA. He was in charge of day-to-day implementation of the restructuring programme.

## Ulrich Hurni Heads Swiss Post's PostMail

Ulrich Hurni has been promoted to become the new head of Swiss Post's PostMail Group to succeed Michel Kunz, the new chief executive officer of Swiss Post.

Mr Hurni was previously deputy head of PostMail, a position he held from mid 2007. He joined Swiss Post originally as an apprentice business secretary and held positions at PostFinance and Swiss Post International (SPI). In 2000 he became chief executive officer of SPI Management and head of SPI's European business.



## UK Bill Brings Partner Closer to Royal Mail

The UK government has published its Postal Services Bill, which paves the way for implementation of the Hooper Review recommendations, including the sale of a stake in Royal Mail to a private partner.

The plan to partially privatize Royal Mail has met with substantial opposition from within the government's own Labour Party. More than 130 Labour MPs had signed a motion protesting against the plan by the time the bill was laid before Parliament.

The Communication Workers Union also opposes the sale of a stake in Royal Mail. It organised a mass rally in front of the Houses of Parliament.

The proposed legislation includes provisions for the takeover by the government of Royal Mail Group's pension fund deficit, estimated to total up to GBP 8 billion.

Announcing the Bill, Business Secretary, Lord Mandelson confirmed that the government would keep the majority of Royal Mail in the public sector. He pointed out that Royal Mail would run out of money to maintain the universal service if the pension deficit was not solved and the business transformed.

Defending the sale of a stake of up to thirty percent, Lord Mandelson said: "Royal Mail is lagging behind its international counterparts and this needs to change. A partnership must not just bring access to capital, it must bring expertise. A partner experienced in driving forward change in postal companies will help to transform it."

The government says it is open to proposals from prospective partners about how the strategic partnership could be implemented. Options include an equity swap, a merger, or purchase of a direct equity interest. The selection of Royal Mail's partner will be based on price and ability to transform the letter and parcels business, including the workforce.

Only TNT has declared publicly that it is interested in purchasing a stake in Royal Mail. Speculation on other potential partners has included Sweden's Posten, currently in the process of merging with Post Danmark, and Deutsche Post.

The UK government is aiming to sign legally binding agreements by this summer, but will not be able to sell shares until it has parliamentary approval and clearance from the European Union.

The plan for the government to take over responsibility for the pension deficit is technically state aid and requires European Commission approval. That is expected by the first half of 2010.



## Royal Mail Nearly Reaches Quality Targets

The United Kingdom's Royal Mail missed its quality of service targets for first and second class stamped mail by just 0.1 percent in the third quarter to end December.

Results show that 92.9 percent of first class mail arrived the day after posting, just below the target of 93 percent. For second class mail, 98.4 percent arrived on time within three working days compared with a target of 98.5 percent.

Several services exceeded their delivery targets including bulk first and second class business mail, standard parcels and European international mail.

## TNT Responds to Liberalisation Timetable

TNT has responded to the Dutch government's plan to liberalise postal services fully from April 1, 2009 by saying it is prepared for market opening but finds it difficult to understand why "the Cabinet no longer wants to maintain the condition of a European level playing field."

The Upper House still has to discuss the Cabinet proposal but Parliament has already voted and has been waiting for a final date.

TNT said the government had previously set two conditions for full liberalisation: a "sound arrangement" for employment conditions and a level playing field.

The company said the employment condition appeared to have been met by a general administrative order in the Netherlands providing minimum standards for employment terms. TNT said the provisions of the collective labour agreement would have to be tested against the criteria of the general administrative order.

The Upper House of the Dutch Parliament is due to discuss the general administrative order; TNT expects to be invited for discussions about the sector collective labour agreement.

Criticising the government for abandoning the level playing field condition, TNT chief executive officer Peter Bakker said: "In most other countries national postal operators are allowed more room to operate. However, the Cabinet no longer wants to maintain the condition of a European level playing field. This is difficult to understand in the worst economic crisis of the last fifty years."

## Deutsche Post and TNT Buy More Dutch Mail

Both Deutsche Post and TNT have made further acquisitions in the Dutch mail market.

Deutsche Post has taken over 100 percent ownership of Selekt Mail, having purchased the 49 percent holding of Koninklijke Wegener N.V. for an undisclosed sum.

Addressed mail company, Selekt Mail will stand alongside DHL Global Mail and Interlanden as a key pillar of Deutsche Post's domestic and international mail business in the Netherlands, where it is particularly strong in delivery for mail order companies.

TNT Post is strengthening its position in the document and billing sector with the purchase from KPN of Getronics Document Services, also for an undisclosed sum.

Documents Services has expertise in the print market and its acquisition opens up opportunities for TNT to extend its e-billing services to a wider range of customers. Document Services' staff, expertise in the print market and customer and supplier contracts will transfer to TNT Post Billing & Document Solutions.



### Poste Italiane to Help Albania

Poste Italiane is to help develop Albania's national postal service by way of a cooperation agreement signed on March 3 by Massimo Sarmi, chief executive officer of Poste Italiane, and Arqile Gorea, general director of Posta Shqiptare.

The agreement includes implementation of joint projects to improve postal and financial services and to develop technological platforms. The partners intend to develop their collaboration by sharing technical information and extending advanced solutions throughout Albania.

Commenting on the agreement, Mr Sarmi said it recognised Poste Italiane's technological innovation and underlined its skill in creating and implementing a model business and quality control system.

### Three-day Strike by Belgian Postal Workers

A three-day postal workers strike in Belgium, starting March 2, caused four of the country's five main sorting centres to close on Monday evening following a march through Brussels by some 3,000 De Post/La Poste employees.

The strike was in protest against closure of small post offices and their replacement by Point Poste agencies and plans to replace contracted employees with casual workers at lower wages.

De Post/La Poste chief executive officer, Johnny Thijs defended the plan to introduce contract workers to carry out less complex tasks. He said traditional postmen and women would continue to deliver mail and be responsible for more complex tasks such as parcel delivery.

### Direct Mail Volume Declines in the UK

The volume of direct mail in the United Kingdom dropped by 8.5 percent in 2008, according to a report published by address database management company Read Group.

Read Group's 2008 direct mail and suppression report says that direct mail generated by the financial services sector dropped by 29 percent in volume to about 920 million items.

Sectors showing a modest increase were charity mailings, up eight percent and mail order, up seven percent. Direct mail from the government and utilities remained unchanged from 2007 levels.

Mark Roy, chief executive officer of the Read Group, said: "While marketing budgets are being slashed across the board, our analyses and ongoing discussions with clients both indicate that marketers are favouring a combination of direct mail and digital to spearhead their multi-channel campaigns, which bodes well for direct mail during the current recession."

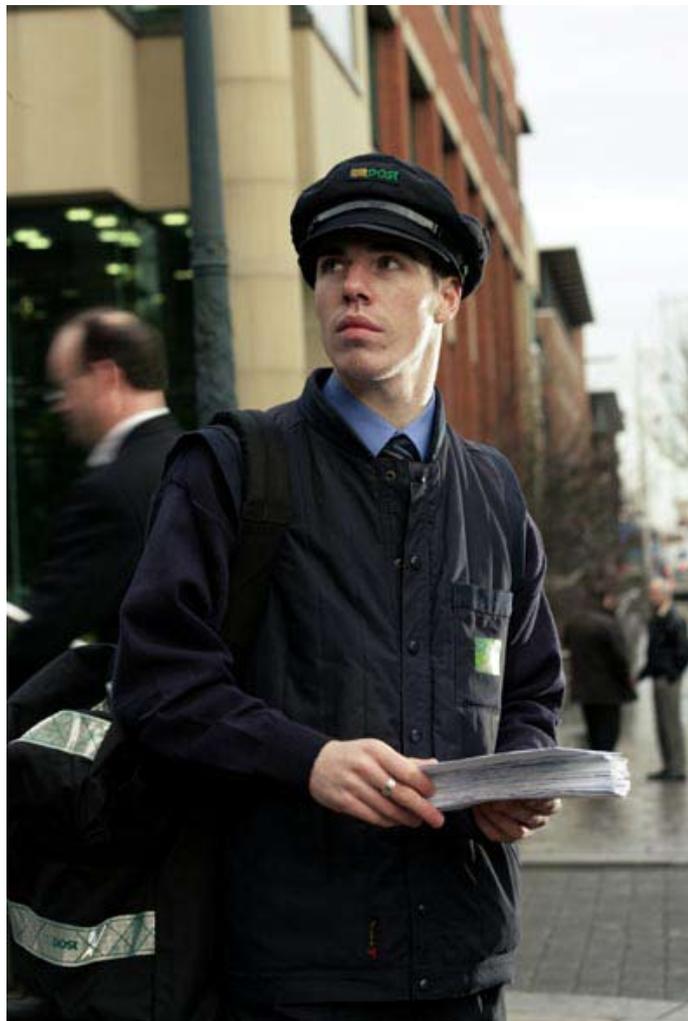


## An Post Launches Hybrid Greeting Cards

An Post has launched an online hybrid mail product for consumers wishing to send greeting cards.

Greetings Card Café is accessed via the An Post website. Customers can choose from a range of designs and write a message or upload a personalised photo. An Post will print and post the card the same day. It can be sent either to the recipient or with a blank envelope to the originator via a "Post Back to Me" option for presenting personally.

All cards cost EUR 4.45 including airmail postage anywhere in the world.



## Postal Operators Dominate "Most Admired" Companies

Seven postal operators have achieved a listing in the Delivery category of the Fortune "World's Most Admired Companies".

They are TNT (third), Deutsche Post (DHL) and Japan Post (joint fourth), United States Postal Service (sixth), Poste Italiane (eighth), Royal Mail Holdings (ninth) and La Poste, France (tenth).

Commenting on its placing, Poste Italiane said its assessment had moved up from 4.49 to 5.14 this year to make its score the third highest among Italian companies included in the listing.



## Itella Lays Off Logistics Centre Workers

Itella Logistics has begun statutory labour negotiations on layoffs of up to sixty days in the next twelve months at its logistics centre in Vantaa, Finland.

About 460 employees are affected by the layoffs, which the company says result from a drop in parcels volume. Itella is seeking layoffs as a means to adapt production to what it believes will be a temporary decline in demand.

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### **DHL Rolls Out its Import Express Service**

DHL is planning a global rollout of its Import Express service which charges receivers for delivery before noon of inbound items.

Initially available from major cities in Europe and Asia to the Middle East, the premium, guaranteed service is planned to roll out worldwide this year. The service is also scheduled for expansion to before 0900 hours and before 1800 hours in selected markets.

### **Trans-o-flex Wins Tech Data Contract**

Österreichische Post express parcels subsidiary trans-o-flex has won a contract with computer products distributor Tech Data Corporation to manage despatch operations from a central warehouse in Bor, Czech Republic, and to deliver throughout Germany.

Daily delivery volume will number several thousand parcels and several hundred pallets, distributed within 24 hours through the trans-o-flex network. In addition, a team of at least fifteen will be based at the Bor centre responsible for parcel scanning and pallet stacking and wrapping.

### **TNT Improves Links in Eastern Russia**

TNT has launched two scheduled air linehubs from Vladivostok to Khabarovsk and Novosibirsk in the far east of Russia.

Its services in the region focus mainly on the crude oil, lumber engineering and aircraft industries. Items carried include documents, spare parts and technical equipment.

The new flights reduce delivery time to one or two days. They are part of a strategy to strengthen TNT's position in the Russian market where domestic volume growth has been outstripping international growth in the past two years.

The company has also reduced transit times between the island of Sakhalin and the mainland.



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## TNT and DHL Upgrade Depots in Sweden

Both TNT and DHL have opened new facilities in Sweden.

DHL Express has moved into a SEK 250 million automated terminal in Gothenburg capable of handling up to 12,000 shipments a day. The company says the terminal will reduce transit times.

TNT Express has opened a 3,800sq m depot at Malmo Airport that is five times bigger than its previous facility. The depot will serve at a regional distribution centre for Malmo, southern Sweden and parts of Denmark, including Copenhagen.

## DPD Germany Enhances its Services

DPD Germany is enhancing its services at home and abroad.

It has expanded its international express network to Switzerland for shipments from Germany and the Benelux countries. Delivery is guaranteed the next working day by noon or 1800 hours depending on the region.

In Germany, the company has added phone pick-up to its online option. The phone pick-up service can be accessed round-the-clock and has been tested successfully in Worms, southern Germany.



## DPD Integrates its UAE Joint Venture

DPD UAE has integrated with the international DPD network and worldwide IT and performance standards since its creation in early 2008.

The company is a joint venture between DPD majority shareholder GeoPost and the Kanoo Group, an independent, family-owned corporation in the Gulf region.

The Dubai-based business is part of DPD's differentiated internationalisation strategy. "In our core countries we prefer to be represented by our own subsidiaries. On the other hand, in regions where there is strong development we rely on the kind of joint enterprise we have established in the UAE," said Wolfgang Lehmacher, a member of the GeoPost management board.



## >>In Brief - Europe

### Criticism of Post Office Closure Plans

Local politicians in Austria are critical of plans by Österreichische Post to close 300 small, loss-making post offices and replace them with 450 Post.Partner outlets.

### DHL Taps into Russia-to-Helsinki Route

DHL Russia has opened a branch in Vyborg, north of St Petersburg on one of the main trucking routes between St Petersburg and Helsinki.

### Nelly Altenburg Proposed for TNT Board

Ms P. M. (Nelly) Altenburg is being proposed to as a new member of the supervisory board. She has worked for seventeen years for labour unions in the Netherlands and with the pension fund PGGM where she was a member of the board. Her name is being put forward at TNT's Annual General Meeting on April 8.

### Bartolini Opens New Depots

Italian parcels carrier Bartolini has continued its network expansion with two new branches at Portogruaro, mid-way between Venice and Trieste, and north Naples where a freight service branch opened last month to handle and distribute heavy and bulky goods.

### Same Day Delivery from Milan

Same day operator time: matters has added direct connections from Milan to Barcelona and Paris. The Milan service will extend to London, Madrid, Lisbon, Brussels, Budapest and Bucharest by the end of April.

### Munich Transport Fair Takes Place in May

Transport trade fair Transport Logistic in Munich will run from May 12 to 15 showcasing about 1,600 companies and organisations from sixty countries.

### Phone Top-up Demand Grows

The UK Post Office has said that some branches have seen mobile phone increase sales more than double and that it expects a sharp increase in 2009 as users switch from mobile phone contracts to pay-as-you-go supply.

### DHL Turkey Says Goodbye to Growth

DHL has seen its express business in Turkey fall sharply in recent months after years of double-digit growth. 2009 began with a decline of two to five percent in import shipments and static export shipments which previously had been growing at a rate of twenty percent.

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## Americas

### Canada Post Raises a Million Dollars

Canada Post's six-month-old Foundation for Mental Health has already reached its 2008 fundraising total of CAD 1 million.

Since the foundation's creation in June 2008, funds have been raised in a number of ways, including the sale of a commemorative stamp with CAD 1.00 going to the foundation for each book sold.

Postal consumers have been donating CAD 1.00 at post offices and Canada Post customers and suppliers have also been contributing.

The Foundation was formed to raise awareness of mental illness, and to support patients and their families. It will begin distributing funds in June this year. Janie Randolph, Canada Post's director, Cause of Choice, noted the company's successful fundraising effort was particularly touching considering the economic downturn.

### Postal Service Warns against Fraud

The United States Postal Service participated in National Consumer Protection Week last week by providing consumers with tips on preventing identity theft and by raising awareness of fraudulent schemes.

It distributed DVDs and brochures warning consumers about fraudulent financial schemes and hosted information sessions and events.

The US Postal Service and the US Postal Inspection Service play leading roles in increasing public awareness of identity theft and fraudulent mailing schemes. They state that, according to the Federal Trade Commission, as little as two percent of all victims reported that the identity crimes they experienced were through the US Mail.

### UPS Partners with Yahoo!

UPS is collaborating with Yahoo! to enhance online e-commerce solutions for small business merchants.

Through Yahoo's order management system, businesses have access to UPS international forms, paperless invoicing, returns labels and pick-up requests and residential and commercial address classification.

These facilities join UPS online shipping, tracking and address validation tools already available on the Yahoo! website.

## >> In Brief - Americas

#### UPS Early Morning Expands

UPS has expanded its early morning 0830 hour delivery to 3,000 more ZIP codes in the United States. It now offers guaranteed early morning delivery to 23,000 ZIP codes and claims to cover more than eighty percent of US businesses.

#### Miami Conference on Sharing Diversity

Deputy US Postmaster General and COO Patrick R. Donahoe, hosted the World Mail and Express America Conference in Miami on February 24 and 25. The theme of the conference was: "Sharing Diversity."

#### Job Swap at the Top

UPS has announced that Lisa Hamilton, president of the UPS Foundation, will lead the UPS corporate public relations group. The current corporate public relations vice president, Ken Sternad, will become president of the UPS Foundation.

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## Asia-Pacific

### SingPost Sees First Signs of Slowdown

Singapore Post saw operating profit fall by 1.2 percent in its third quarter ending December 31 on revenue that increased 1.6 percent to SGD 124 million.

Mail revenue rose by 1.5 percent to SGD 95.5 million while logistics revenue improved by 2.1 percent to SGD 18.5 million.

Wilson Tan, chief executive officer of SingPost, commented: "We are seeing the impact of the global recession in the third quarter, with a general business slowdown registered across the board."

The postal operator has launched S3 (Self Storage Solutions) providing short and long-term storage facilities to commercial and residential consumers and small businesses at its Ayer Rajah delivery centre.

### Hong Kong and Korea Posts Team Up

Hong Kong Post's acting Postmaster General, Y F Chan, has announced an e-commerce collaboration with Korea Post whereby Hong Kong Post's internet shopping mall will offer a wider selection of Korean products.

Mr Chan said Hong Kong Post had seen outbound mail traffic grow as a result of internet trade. "We strongly believe that postal administrations should collaborate more closely to grasp the business opportunities of this booming internet trade," he said.

## >>In Brief - Asia-Pacific

### New Zealand Post Aids Bushfire Fund

New Zealand Post is providing NZD 20,000 of postage-paid envelopes to help New Zealand Red Cross administer the thousands of financial donations made from members of the public into the 2009 Victorian Bushfire Fund.

### Japan's Exports Lowest Ever

Japan's exports plunged more than 45 percent in January to the lowest figure ever recorded, official figures showed. Demand for cars dropped by 69 percent, while demand for electronics and other goods also slumped. Exports to the US fell almost 53 percent in January while shipments to the European Union declined by 47 percent.



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