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International **Post**
Corporation



MARKET FLASH

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latest news from the global postal sector



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> TOP STORY

BPOST ANNOUNCES AGREEMENT ON ACQUISITION OF LAGARDÈRE TRAVEL RETAIL

bpost has announced their agreement on the acquisition of the Belgian activities of Lagardère Travel Retail. The acquisition of this integrated retail and delivery network is expected to enable bpost to drive up the profitability of its activities by offering its customers greater proximity and convenience.

The current bpost retail network of post offices and PostPoints and the Lagardère Travel Retail network, which includes Press Shop and Relay, will both retain their specific characteristics and product ranges. After agreement by the competition authorities, the parties will sign a franchise agreement for the distribution and operation of Lagardère Group brands (including Relay, Hubiz & Hello!) in Belgium.

The acquisition project applies to 100% of the capital of LS Distribution Benelux and AMP, which posted consolidated turnover of €440m in 2014. bpost and the acquired entities will remain separate with the aim of developing the business, although synergies may be realized where that adds value for the group. The deal is subject to the agreement of the competition authorities.

Source: bpost

> AMERICAS

AMAZON.COM ANNOUNCES FOURTH QUARTER SALES UP 22% TO US\$35.7BN

Amazon.com, Inc., has announced financial results for its fourth quarter ended December 31, 2015. According to the e-Commerce firm, operating cash flow increased 74% to US\$11.9bn for the trailing 12 months, compared with US\$6.8bn for 2014. Free cash flow increased to US\$7.3bn for the trailing twelve months, compared with US\$1.9bn for the trailing twelve months ended December 31, 2014.

Net sales increased 22% to US\$35.7bn in the fourth quarter, compared with US\$29.3bn in fourth quarter 2014. Excluding the US\$1.2bn unfavourable impact from year-over-year changes in foreign exchange rates throughout the quarter, net sales increased 26% compared with fourth quarter 2014.

Common shares outstanding plus shares underlying stock-based awards totaled 490m on December 31, 2015, compared with 483m one year ago.

Source: Amazon

UPS DELIVERS PEAK PROFITS

United Postal Service (UPS), has announced fourth-quarter 2015 adjusted diluted earnings per share of US\$1.57, a 26% increase over adjusted fourth-quarter 2014 results.

For the full year, UPS achieved adjusted diluted earnings per share of US\$5.43, an increase of 14% over 2014 adjusted results. Included in these results were several discrete tax credits that increased the earnings per share by about US\$0.07 for the quarter and a total of US\$0.10 for 2015. Total revenue in the fourth quarter rose slightly, to US\$16.1bn. On a currency-neutral basis, revenue was up 2.4% compared to the same period last year. UPS delivered 1.3bn packages during the fourth quarter, an increase of 1.8% over the same period last year. For calendar year 2015, the company delivered 4.7bn packages, up 2.1% over 2014. During peak season 2015, UPS delivered 612m packages.

US domestic revenue increased 2.6%, to US\$10.3bn. Lower fuel surcharge rates reduced revenue growth by about 250 basis points. Revenue per package increased slightly to US\$8.89.

Source: UPS

US DELIVERY FIRMS GET BACK TO BUSINESS AFTER HEAVY BLIZZARDS

Delivery firms around the US are trying to get back to normal operations after the heavy blizzards that buried much of North-East US under record quantities of snow. The massive winter snowstorm brought much of New York City and other cities in the region to a standstill on 23 and 24 January, while many smaller towns were cut off due to blocked roads.

The US Postal Service (USPS) said late on 24 January that postal operations have been impacted in parts of the South, Mid-Atlantic and North-East. Other delivery and postal operators such as UPS and FedEx reported similar news, expressing that affected areas will experience severe delays in deliveries until the weather cleared up. The DHL Express International Service Guarantee does not apply for late shipment delivery of DHL Express shipments caused by natural disasters.

Source: CEP Research

> ASIA PACIFIC

ALIBABA GROUP ANNOUNCES DECEMBER QUARTER 2015 RESULTS

Chinese e-Commerce group, Alibaba has announced its financial results for the quarter ended 31 December, 2015.

Alibaba reached a milestone of over 400m annual active buyers and achieved a high number of revenue growth, particularly on mobile devices. In this quarter, revenue grew 32% year-over-year and China retail marketplace revenue grew 35% year-over-year.

The group also generated a free cash flow of US\$3.7bn this quarter.

Source: [Alibaba Group](#)

YAMATO TRANSPORT AND NEOPOST

Japanese companies, Neopost and Yamato Transport have made an agreement to join ventures, in order to provide an open locker network service in Japan. The collaboration marks the first time that a parcel and delivery company have attempted to offer open lockers in Japan.

Both companies hope to strengthen their positions as global competitors with the collaboration.

Source: [Neopost](#)

DHL EXTENDS TAPA CERTIFICATION STRONGHOLD IN ASIA PACIFIC

DHL Express has recorded a new milestone in its security and service levels in end-to-end supply chain solutions in Asia Pacific. The Transported Asset Protection Association (TAPA) Asia recognized DHL Express for having the most Freight Security Requirement (FSR) sites in Asia Pacific.

The company's North Operating Center in Beijing is the 100th facility within the DHL Express network in Asia Pacific to be awarded the prestigious TAPA 'FSR' security certification. It is also the company's 22nd facility in China to be TAPA 'A' certified.

The internationally-recognised TAPA certification is a highly sought-after logistics security accreditation and certification, and considered to be one of the industry's most rigorous independent certification. Facilities are certified after a detailed audit conducted by independent TAPA-trained auditors on areas such as the way high value goods are handled, warehoused and transported as they move throughout the global supply chain.

Security awareness is firmly embedded within DHL Express. Within its Certified International Specialist (CIS) engagement and development program, DHL Express has incorporated a CIS Security

Awareness module. This module ensures that every employee globally is equipped with knowledge on the fundamentals of security, including a sound understanding of the security risks and threats faced and knowing what can be done to help prevent or minimize the risk of security incidents occurring.

Source: [Deutsche Post DHL](#)



> ASIA PACIFIC

KERRY LOGISTICS IDENTIFIES EXPRESS TARGETS IN SOUTH-EAST ASIA

Hong Kong-based Kerry Logistics is poised to make acquisitions in the express sector in south-east Asia as well as purchase a majority stake in a US freight forwarding company as it continues to roll out its expansion strategy.

At a pre-earnings conference call Kerry Logistics Network (KLN) revealed that it had identified express targets in Singapore, Philippines and Indonesia, according to a research note from investment bank. As for the acquisition of an as-yet unnamed US freight forwarder, this will be completed and announced in less than two months with KLN acquiring a 51% stake of the target.

The group's budgeted capital expenditure of US\$2bn in 2016, includes the purchase price of the US freight forwarder and the express targets in three countries, the note added. KLN will report its full year 2015 results on 23 March. In 2014 it had posted a turnover of US\$2.7bn.

Last year, the group announced two acquisitions to expand its international freight forwarding (IFF) business in the Middle East and in Canada following new joint ventures in Oceania in autumn 2014. Also in 2015, Kerry bought a controlling stake in Able Logistics, an international freight forwarder headquartered in Dubai and offices across UAE, Saudi Arabia, Oman and China.

E-Commerce development also forms part of KLN's expansion strategy. Last September, it announced that it had taken the pioneering step of introducing six 'logistics robots' into its main warehouse to speed up e-commerce fulfilment operations. Turning to KLN's 2016 outlook, the note said that management expects the Integrated Logistics (IL) operations in China will perform better in 2016.

Source: CEP Research

US\$2BN
KERRY LOGISTICS BUDGETED
CAPITAL EXPENDITURE

> EUROPE

FALL IN DELIVERY VOLUMES TO REDUCE POSTI'S INCOMES BY €75M

Finnish postal operator, Posti has to adapt its operations due to a sharp fall in mail delivery volumes and changes in customers' needs. This year the fall in delivery volumes will reduce Posti's net sales by €75m. To secure profitability, Posti will launch cooperation negotiations, in which the preliminary reduction need for permanent personnel in production, administration and sales and customer service is no more than 860 people.

The Finnish postal and communications industry is undergoing a very dramatic structural transformation as the result of digitalisation. Communication will increasingly take place via the Internet, while the delivery volumes of printed mail are constantly falling. Last year the number of delivered letters and other addressed shipments decreased by 102m (-8%) from the previous year.

As part of its planned adaptation measures, Posti will commence cooperation negotiations in Finland on 2 February 2016. The preliminary reduction need for permanent personnel is no more than 860 people.

Source: Posti

DEUTSCHE POST DHL GROUP AND UNITED NATIONS CELEBRATE 10-YEAR PARTNERSHIP

Deutsche Post DHL Group, the United Nations Office for Humanitarian Affairs (UNOCHA) and the United Nations Development Programme (UNDP) have celebrated a decade of a successful partnership in the areas of disaster preparedness and response. The partnership aims to prepare airports and personnel on disaster preparedness and provides support to better manage logistics at airports in disaster hit areas. The initial memorandum of understanding was signed in December 2005 in New York.

Source: Deutsche Post DHL

DHL FACILITATES IMPORTS INTO EUROPEAN MARKETS

DHL Freight has introduced a new customs clearance service that makes shipping into the European Union for non-EU companies and their end-customers more convenient. As of now, the service is available for shipments coming into Europe via the Netherlands. Thanks to the automated inbound solution developed by Gerlach, DHL Freight's customs division, non-EU companies can now sell their products on the European market without having to build up their own

infrastructure. Consumers who make purchases online from companies that are based outside the European Union but use DHL Freight's new service, now get their goods delivered at home instead of having to pick them up at the customs office and pay import tax on-site.

The solution has already been successfully implemented and is being used by shippers from Asia and the US. Consignments are being consolidated and shipped via air and ocean to DHL's gateway in the Netherlands. An integrated inbound clearance procedure enables direct distribution of parcels and pallets to clients across Europe.

Source: Deutsche Post DHL

DEPUTY PRIME MINISTER RENEWS SOCIAL WELFARE CONTRACT FOR POST OFFICES

The Tánaiste (deputy Prime Minister of Ireland) and Minister for Social Protection, Joan Burton, T.D. announced a further renewal of a contract for cash social welfare payments at Post Offices. The value of the contract in 2015 was approx. €54m with over 38 m social welfare payments being made at Post Offices across the post office network.

Source: An Post

> EUROPE

PRIME NOW EXPANDS TO MORE UK CITIES

Amazon has announced that their delivery service, Prime Now, is available to Prime members in Liverpool and the surrounding areas including Birkenhead, Warrington and Wigan. Prime Now will expand to many more cities in 2016 in the UK. In addition to ultra-fast delivery, Prime members also benefit from One-Day Delivery on over a million products on Amazon.co.uk.

Prime Now customers in selected postcodes can choose delivery within one hour of ordering for £6.99, or free delivery within a choice of two-hour, same-day delivery slots between 8am and midnight, seven days a week.

Source: Amazon

RICO ACQUIRES MAJORITY HOLDING IN CIRCLE EXPRESS

Logistics company TVS subsidiary, Rico has acquired a majority holding of UK based delivery company, Circle Express. With revenues of £100m, Rico is part of TVS, a worldwide logistics group with US\$10bn annual revenues and employing more than 30,000 people worldwide. Rico operates in 16 countries including Europe, Australia and India.

Circle Express is one of the largest independent networks offering a collection and delivery service specifically targeted at the UK air freight forwarding industry and is the preferred UK Freight Distribution carrier for many International Freight Forwarders

Source: Circle Express

BJÖRN EKSTEDT TO TAKE OVER FROM JOSS DELISSEN AS POSTNORD'S CIO

Joss Delissen, PostNord's CIO since 2006, has decided to leave PostNord to move on to new tasks outside the Group.

The new CIO will be Björn Ekstedt, who comes from a background of CIO posts at Sandvik and Vattenfall. Björn Ekstedt has also served in the Swedish armed forces, where he has held high-level positions in both the air force and at the defence headquarters.

Björn Ekstedt will enter the Group on 01 February 2016, and take over the CIO responsibility from 01 March, when he will also become a member of PostNord's Group Executive Team.

Source: Post Nord



ABOUT THIS PUBLICATION

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If you would like to contribute to this publication or require further information, please contact: publications@ipc.be.

ABOUT IPC

International Post Corporation (IPC) is the leading service provider of the global postal industry that provides leadership by driving service quality, interoperability and business-critical intelligence to support posts in defending existing business and expanding into new growth areas. It is a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. IPC's solutions and services are used by over 180 posts worldwide. Since 1989 IPC has set standards for upgrading quality and service performance and developed technological solutions that help members enhance service for international letters, packets and parcels. IPC engages in industry research, creates business-critical intelligence, provides a range of platforms and programmes for member post CEOs and senior management to exchange best practices and discuss strategy. IPC also manages the system for incentive-based payments between postal operators.

For more information please visit our website www.ipc.be or contact us at info@ipc.be.

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Avenue du Bourget, 44
1130 Brussels - Belgium
Tel.: +32 (0)2 724 72 71
www.ipc.be

