POSTAL NEWS
No. 25/2008

Formulated by UNI-Japan Post in cooperation with UNI-Apro, ASPEK Indonesia and SPPI

1. **UPS posts profit warning as growth fades. March 13, 2008.**
2. **Deutsche Post set to reveal plan for DHL arm. March 7, 2008.**

1. UPS posts profit warning as growth fades

By Justin Baer in New York

Published: March 13 2008 02:26 | Last updated: March 13 2008 02:26

A six-week slump "across all customer segments" of United Parcel Service's US package-delivery business threatens to leave it short of its quarterly profit forecast.

UPS began the year with three weeks of growth in total domestic shipments. That began to ebb in late January, amid mounting evidence - from reports of job losses to weaker industrial production - that the US economy was slowing.

"Since, we have experienced six weeks of negative volume growth," Kurt Kuehn, UPS's chief financial officer, told investors on Wednesday. "This trend is obvious across all customer segments and most business sectors."

Volume at UPS's domestic shipping business typically meets or exceeds the pace of growth in US gross domestic product. As a "coincidental indicator" of the economy's health, but not a leading one, the company is not sure how quickly demand may rebound, Mr Kuehn said.

"Our crystal ball isn't any clearer," he said.

UPS may miss its first-quarter profit forecast of 94-98 cents a share. The Atlanta-based group's international-package and supply-chain arms remain on track.

UPS still expects to meet its full-year earnings estimate of $4.30-$4.50, as lower interest rates begin to take hold.

000

2. Deutsche Post set to reveal plan for DHL arm

By James Wilson in Frankfurt

Published: March 7 2008 01:41 | Last updated: March 7 2008 01:41

Deutsche Post is to reveal in May how it intends to sort out its troubled US express delivery business, the logistics group's new chief executive said after an impairment charge of almost €600m ($922m) reduced fourth-quarter profits.

Losses in the "flawed" business were "unacceptable" while the faltering US economy had caused further problems at the end of the year, Frank Appel said.

But Deutsche Post said it expected group pre-tax profits to reach €3.2bn this year, against €2.19bn last year - the first time it has given guidance for this measure. It reiterated that underlying earnings before interest and tax should be €4.2bn.

Two weeks after taking over as chief executive, a cautious Mr Appel said he would not be pressured into judgments about the future of Postbank, the German retail bank in which Deutsche Post holds a majority stake.

Deutsche Post is expected to initiate a sale of Postbank this year and interest would be expected to be strong from German rivals lacking a strong retail banking base.

Postbank, which gained 1m customers last year, was "a luxury problem" that would allow Deutsche Post to play an active role in German banking consolidation, said Mr Appel, who refused to set a timetable for a possible sale.

DHL, Deutsche Post's express subsidiary, has only a small market share in the US behind UPS and FedEx.

But Mr Appel, who was propelled into the top job after Klaus Zumwinkel stepped down last month amid a probe into his tax affairs, said pulling out of the US express business was not an option.

Axel Funhoff, an analyst at ING, said Deutsche Post might seek a cost-cutting tie-up with FedEx that would allow it to maintain international deliveries in the US and outsource its domestic service.

After a €594m write-down in the US express business, group fourth-quarter net income fell from €649m to €255m, while annual net income declined from €1.92bn to €1.39bn.

Underlying earnings rose 7.6 per cent to €3.76bn and should reach €4.7bn in 2009, Deutsche Post said.

Annual revenues rose almost 5 per cent to €63.5bn. Earnings per share fell from 1.6p to 1.15p.

John Allan, chief financial officer, said Deutsche Post remained committed to returning more cash to shareholders via an increased dividend and had agreed property sales of €350m since November.

Acquisition spending of €300m in 2007 was “The lowest for many years” Mr Allan said.

000

Collected by Chairul Anwar, Bandung, Indonesia.
E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.