

# POSTAL NEWS

No. 40/2009

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

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| <ol style="list-style-type: none"><li>1. <b>Hands Off Royal Mail, Say CWU. March 13, 2009.</b></li><li>2. <b>Austrian Post Predicts Drop In Mail Volume. March 12, 2009.</b></li><li>3. <b>Online services deliver mail without the paper. March 12, 2009.</b></li><li>4. <b>DHL Closes Crick Distribution Centre. March 12, 2009.</b></li></ol> |
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## **1. Hands Off Royal Mail, Say CWU**

13 March 2009 by - © Hellmail.co.uk

The Communication Workers Union has sent a message to members outlining the activities of TNT in the Netherlands. TNT, thought to be the frontrunners in the proposed private partnership venture with Royal Mail, are said to be threatening 10,000 workers with the sack unless they take a 5% pay cut.

The message from the CWU takes the view that this kind of tactic by the Dutch postal operator is what workers at Royal Mail can expect if the part-privatisation goes through.

There is further criticism of Lord Mandelson: phrases like "defying democracy" by having a second reading of the bill in the "unelected" House of Lords. The implication is that Lord Mandelson is condemning Royal Mail to a future of "blackmail to drive down wages and push up profit" if they are partnered with TNT. The union has also pointed out that TNT charge "far more (than Royal Mail) for a worse service."

The CWU has sent an e-mail to TNT telling them to leave our post alone and is urging members to do the same. The draft e-mail says, "I have just read that your company is bullying your staff into choosing either a 5% pay cut or 10,000 redundancies in the Netherlands. This is clearly grossly unfair - and we don't want you doing the same in the UK. I will be using the Royal Mail rather than your services. I want to keep our post public - as do 9 out of 10 people here in the UK. I know that this number will go up when the truth about your treatment of your staff is revealed - so I suggest that you drop your plans to buy the Royal Mail."

The message from the CWU finishes by saying "Peter Mandelson and Pat McFadden have said they both 'very much welcomed' TNT's interest in our Royal Mail. And now we know what this entails - job cuts or pay cuts for the staff and higher prices for the public."

## **2. Austrian Post Predicts Drop In Mail Volume**

12 March 2009 by Franz Groter - © Hellmail.co.uk

Austrian Post reports good results within the group for 2008 with revenue up by 5.4% (by 2,441.4m Euros)

It said its mail division had shown good development in all areas (revenue +5.7%), organic revenue growth of 1.3%.

Parcel & Logistics revenue increased by 6.4% in spite of reduced parcel volume in the Austrian B2C business; growth primarily the result of acquisitions.

In terms of its branch Network it saw earnings before interest and tax (EBIT) of EUR 169.5m (+4.1%)

Over all, a solid balance sheet: equity ratio of 40%, no external borrowing requirements.

The loss of two important parcels customers in the Austrian market had to be compensated for as well as the integration costs of new subsidiaries, higher costs due to increased fuel and transport prices as well as a rise in expenditure for the employee social plan. So far, Austrian Post has hardly been impacted by the financial crisis in 2008. This is primarily related to the solid balance sheet structure, enabling Austrian Post to operate without any external borrowing requirements. Investments and acquisitions are financed from the current cash flow.

As in the past, precautionary measures were taken by the company to avoid both operational and balance sheet risks. These measures include the ongoing evaluation of assets and impairment losses taken on property, plant and equipment and intangible assets, as well as the reduction in the valuation of Austrian Post's stake in the consortium BAWAG PSK.

Accordingly, Austrian Post enjoys a strong equity ratio of 40% at the end of 2008 and a low net debt. With a liquidity cushion of EUR 340.6m, the company has a higher level of cash and cash equivalents and securities at its disposal than financial liabilities. This prudent balance sheet policy and the high cash flow are the basis for an attractive dividend policy. In this regard, the Management Board will not only propose to the Annual General Meeting scheduled for May 6, 2009 that a basic dividend amounting to EUR 1.50/share be distributed to shareholders, but also a special dividend of EUR 1.00/share as in the previous year.

In 2009, stability and value generation remain top priorities for Austrian Post. However, it is becoming increasingly difficult to develop a precise outlook, because the uncertain business environment reduces the reliability of any forecasts. Against the backdrop of the complete liberalisation of the postal market in 2011, ensuring nationwide postal services and fair conditions for the Austrian postal sector by means of a new Austrian Postal Act will be important milestones for 2009. Safeguarding the future viability of Austrian Post and increasing its efficiency and flexibility will also be key focal points of the Group in the current financial year.

Stability and continuity are the top priorities

Austrian Post has been a publicly listed, private company for three years, with the Austrian State as its majority shareholder, and is subject to compliance with the relevant legal regulations. As a consequence, Austrian Post assumes responsibility towards its employees as well as customers and shareholders.

The outlook for 2009 makes it difficult to make precise forecasts but assumes that the overall market environment for Austrian Post and consumer demand will not deteriorate even further than previously expected. The ambitious targets were defined according to the information and economic forecasts currently at the company's disposal. However, the duration and scope of the existing recession are far from predictable. The market development and overall business environment are subject to many uncertainties which are not capable of being influenced by the company.

In the Mail Division, there will continue to be a reduction in letter mail volumes due to the effects of electronic media substitution. However, the company plans to counteract this trend by intensifying the development of direct mail items (business-to-business communications) and launching new services along the letter mail delivery value chain. The Parcel & Logistics Division expects largely stable transport volumes in the face of ongoing intense competition. The increasing Internet business will continue to serve as a growth driver for parcel volumes, along with Austrian Post's growing market share in the Austrian B2B business. The Branch Network Division's offering of banking services will benefit from the overall trend towards secure investment products.

In terms of its financing requirements for 2009, Austrian Post anticipates capital expenditure (CAPEX) to total approximately EUR 100m. More restraint will be exerted with respect to acquisitions during the year 2009. No major acquisition targets, which would meet the criteria of Austrian Post, are under consideration at present. The current priority is the integration of the newly-acquired subsidiaries.

Austrian Post has set ambitious goals despite the current difficult economic environment. On balance, Austrian Post expects total revenues in 2009 to match the figure for 2008. Earnings before interest and tax (EBIT) are also targeted to be at the same level as in 2008. However, a slight decline in revenues and earnings cannot be excluded in the light of possibly deteriorating recessionary trends. In order to ensure that the targets are achieved, the management of Austrian Post will do everything possible on a short-term and medium-term basis, particularly against the backdrop of the current business environment, to increase the flexibility and efficiency of the company and thus preserve shareholder value.

Based on a solid balance sheet structure and strong cash flow generation, Austrian Post plans to continue pursuing an attractive dividend policy. The Management Board of Austrian Post will propose to the upcoming Annual General Meeting on May 6, 2009 the distribution of a basic dividend of EUR 1.50 per share (dividend payment day on May 20, 2009) and a special dividend of EUR 1.00 per share (to be paid on August 20, 2009). The company also plans to adhere to its target of achieving a dividend payout ratio of at least 75% of net profit.

Source: Austrian Post

### **3. Online services deliver mail without the paper**

For a monthly fee, customers can view their letters, bills and catalogs on their computers.

By Alana Semuels

March 12, 2009

The post office doesn't deliver mail to Steven Stark's Santa Maria home anymore.

It's not that Stark, the 36-year-old owner of an Internet company, is unpopular. He just decided that he'd rather deal with all of his correspondence online.

Millions of Americans receive online versions of their bills and bank statements. But Stark is one of tens of thousands who have decided they don't need any physical mail, be it love letters or advertising come-ons.

Instead of plodding down to the mailbox, they open their Web browsers. Rather than stuff file cabinets with paper, they keep their mail online.

Analysts say it's too soon to tell whether digital mail is the next big thing, and skeptics, including the U.S. Postal Service, abound. Still, as consumers become more tied to the digital world, Web-based snail mail services are expanding.

Beginning April 27, Swiss Post, Switzerland's national postal operator, will use the technology developed by Earth Class Mail of Seattle, the same company Stark uses, to deliver regular mail online in six European countries.

"There is a real desire for such a service," said Benoit Stroelin, head of finance at Swiss Post Solutions.

Scanning correspondence and putting it online is the "middle step" in a march toward the future of all-digital delivery, Stroelin said. Early adopters such as Stark give a glimpse into how that might look.

Earth Class Mail assigned him a post office box in Los Angeles. For \$11.95 a month, the company opens all of his mail -- letters, bills, catalogs and all -- then scans and uploads it to the Web so he can read his correspondence online.

Stark doesn't have to give the post office his new address every time he moves. He can go on vacation to Palm Springs or Las Vegas and not miss any important mail. By checking a box on his computer screen, Stark can tell the company to shred, recycle or forward the mail to him. He can have the company send packages to his house or pick them up at the nearest Earth Class Mail Center.

"It's just more convenient," he said.

Convenience has its cost. The \$11.95 fee includes 50 pages scanned a month and unlimited recycling and shredding. Each extra page scanned costs 25 cents. Like a cellphone plan, customers can pay more to have higher limits.

Members are assigned either a post office box or a generic mailing address in Beaverton, Ore., where Earth Class Mail has a sorting facility. Customers who want a premium address, even a false one, can pay extra. Manhattan costs \$29.95, and West Hollywood or San Francisco cost \$23.95.

For the average American, digital mail won't take over any time soon.

Security is obviously a big concern. Worries about mail fraud and identity theft may slow the shift. Although having someone else open your mail reduces the chances you'll get anthrax poisoning, it also "opens up another way that the customers' information can be compromised," said Stan Stahl, president of information security firm Citadel Information Group.

Earth Class Mail, which has 115 employees, tries to limit risk. Employees need key cards to enter the mail rooms. They wear pocketless jumpsuits to make it tougher for them to remove correspondence, and are monitored by security cameras as they sort and scan the mail.

But there are outside risks, Stahl said. Computer hackers could break into the database of scanned mail if the network isn't secure enough, he said, and if mail becomes completely digital, the number of viruses passed by that medium probably will increase.

While picking up mail at the Los Feliz post office branch recently, Gemmandy Priutsky, a federal housing official, said he'd never want his mail delivered online. His identity was stolen after someone pilfered mail from his home last year, so now he visits his post office box six days a week.

"There are too many fraudulent activities online," he said.

Most older people are more comfortable using snail mail to pay their bills and send goods, and many younger people skip mail entirely and just use the Internet, said Michael Gartenberg, vice president of strategy and analysis for Interpret, a media and technology research firm.

Parcel express/global logistics: USPS is proving to be strong rival  
Patrick Burnson -- Executive Editor -- Logistics Management, 3/13/2009tead.

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#### **4. DHL Closes Crick Distribution Centre**

12 March 2009 by Steve Lawson - © Hellmail.co.uk

Following the announcement that the supermarket chain Tesco is to end its contract with the DHL Fastway operation at Daventry, DHL is being forced to close the site with the loss of 150 jobs.

Tesco said the Crick site near the Daventry Rail Freight Terminal, lacked the capacity needed and had decided to end the contract. Operations at the site which served as a 24/7 frozen food distribution centre will end on the 27th March. A further 150 workers are to be deployed elsewhere.

The site became operational in the 1990s and boasted advanced voice picking and radio frequency (RF) processes. Tesco said the decision to end the contract was no reflection on DHL's ability but followed a review of its entire distribution network.

Deutsche Post announced this week that it is to rebrand with its DHL subsidiary becoming one entity as it makes efforts to strengthen the company during what is expected to be a prolonged global economic crisis being felt through the logistics and distribution industry.

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