

POSTAL NEWS

No. 47/2011

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

- 1. Financial services help Swiss Post to 25% profit growth. April 1, 2011.**
- 2. Obama to Highlight Energy-Efficiency Partnership With FedEx, UPS. April 1, 2011.**
- 3. Revenue up at La Poste Group for 2010 . April 1, 2011.**
- 4. Postcomm - Free Market For Postal Services. April 3, 2011.**
- 5. Postal Service to cut 7,500 positions . March 24, 2011.**

1. Financial services help Swiss Post to 25% profit growth

Friday, April 1st, 2011

Swiss Post said yesterday that its postal bank has been a major factor in recording a 25% increase in profits for the full year 2010, compared to 2009.

The company said yesterday that along with growth in parcel deliveries driven by the economic recovery and rising e-commerce demand, its PostFinance unit helped deliver a profit of 910m Swiss francs (about \$987m US), up from 728m the previous year.

Swiss Post's banking division contributed around 61% of the company's profits before tax, it said, thanks to customers making more deposits.

The company's turnover increased less dramatically, by 2.1% from 8.55bn francs in 2009 to 8.74bn francs (\$9.48bn US) in 2010, as efficiency improvements and higher parcel volumes countered declines in mail volumes.

Operating profit margins were up from 8.4% in 2009 to 10.7%.

The management is proposing to use around 200m francs to improve the company's equity position and provide a dividend to the Swiss government, and to use 100m francs to finance its pension fund.

Commenting on its results, Swiss Post said it had achieved positive results in all four of its main markets – communications (mail and retail postal services), logistics, retail finance and public passenger transport.

It said its letter business had remained “strong” in 2010, with addressed domestic letter volumes remaining relatively stable, 2.365bn pieces compared to 2.401bn pieces in 2009, but letters sent from Switzerland dipping from 170m pieces to 74.4m year-on-year.

Headcount at the company increased by 326 full time equivalents in 2010, to 45,129 full time equivalents. This included 7,255 staff located outside Switzerland, up from 6,986. However, the company's investments were down from 431m francs to 364m francs.

Looking ahead, Swiss Post said it was “firm” in its belief that it was on the right track, as it faces a “moderately upbeat” economic outlook and “ever fiercer competition”.

Communications

Swiss Post's communications segment, which includes the PostMail, Swiss Post International, Swiss Post Solutions and Post Offices & Sales units, combined for an earnings before tax of 147m francs, up from 113m francs in 2009.

Letters and direct mail "remained strong", helping PostMail to a 199m francs EBIT (up slightly from 198m in 2009), on turnover of 2.619bn francs, down from 2.808m francs in 2009. Revenue drop came from 1.5% decline in addressed letter volumes, price reductions announced in July 2009 and new liability for value added tax; but, efficiency improvements with new letter centres and in deliveries meant profits nevertheless increased.

Swiss Post International reduced its earnings before tax from 53m francs to 49m francs on sales of 788m francs (down from 877m francs in 2009), mainly as a result from restructuring expenses, the company said. This stemmed from Deutsche Post's move to import parcels into Switzerland via its own DHL units rather than Swiss Post. Swiss Post Solutions, the mailroom and document processing unit, achieved 7m francs of earnings, turning around its previous 25m franc loss. Its turnover reached 1.769bn francs from 1.359bn francs the previous year.

Swiss Post's Post Offices & Sales unit reduced its losses to 108m francs for 2010, from the previous year's 113m franc loss. Business conditions improved in the sale of nonpostal brand-name items, while development of the post office network helped with costs.

Other segments

Swiss Post's logistics division saw its EBIT more than tripling from 45m francs to 164m francs year-on-year. PostLogistics caught on to the economic rebound and also enjoyed a 3.8% increase in e-commerce, as well as "significant" efficiency gains. Sales were down slightly overall from 1.488bn francs to 1.478bn francs.

Swiss Post's PostFinance unit made the largest contribution to the group's earnings, posting a 571m franc EBIT figure (up from 441m francs in 2009). Turnover climbed from 2.160bn francs to 2.389bn francs year-on-year thanks to customers putting more into their savings, with a resulting increase in net interest income as well as lower impairment charges.

Swiss Post's public passenger transport arm, PostBus, recorded an increase in EBIT from 27m francs to 28m francs, on a turnover of 702m francs (up from 640m francs in 2009).

000

2. Obama to Highlight Energy-Efficiency Partnership With FedEx, UPS

By Nicholas Johnston - Apr 1, 2011 7:00 PM GMT+0900

Shipping companies FedEx Corp. (FDX) and United Parcel Service Inc. (UPS) are among five companies committing to a partnership with the government to reduce fuel consumption in their vehicle fleets to help cut U.S. oil imports, the Obama administration said.

The other companies that are charter members of the National Clean Fleets Partnership are AT&T Inc. (T) PepsiCo Inc. and Verizon Communications Inc. (VZ) The businesses, which together operate more than 275,000 vehicles, are pledging to use more electric vehicles and alternative fuels for their fleets, the White House said in a statement.

President Barack Obama will highlight the public-private agreement and encourage other businesses to join the effort at an event later today at a UPS facility in Landover, Maryland.

In an address on March 30, Obama said the U.S. needs to embark on a long-term plan to reduce the nation's use of fossil fuels. He called for the U.S. to cut oil imports by a third by 2025 from the 2008 level of 11 million barrels daily.

Oil in New York rose to the highest in two-and-a-half years amid concern the conflict in Libya, Africa's third-largest producer, will prolong output cuts. Crude for May delivery rose as much as 93 cents, or 0.9 percent, to \$107.65 in electronic trading on the New York Mercantile Exchange.

The companies taking part in the government program operate five of the 10 largest corporate vehicle fleets in the U.S. They will deploy 20,000 advanced technology vehicles that will save more than 7 million gallons of petroleum, the White House said.

000

3. Revenue up at La Poste Group for 2010

At its meeting on 24 March, chaired by Jean-Paul Bailly, La Poste's Board of Directors closed the Group's consolidated financial statements for 2010. La Poste Group generated revenue of Euro 20.939 billion, up two percent over 2009. Euro 11.538 billion came from the mail business and its subsidiaries, down 1.2 percent at constant structure and exchange rates.

The decrease in mail volume remains significant but did slow in 2010 (economic volumes down 3.5 percent, compared with a five percent decline in 2009). This average figure reflects contrasting trends across the various mail segments (-6.7 percent for private mail, -4 percent for the press, -0.8 percent for registered letters and advertising mail). The Parcels/Express segment recorded revenue of Euro 4.841 billion, up 6.3 percent at constant structure and exchange rates.

In the French and European Express segment, GeoPost generated revenue of €3.398 billion, up 7.3 percent at constant structure and exchange rates in a highly competitive market. The impact of the 9.8 percent increase in volumes (mainly in Germany, the UK and France) was softened by an average negative price effect of -3.9 percent. ColiPoste's revenue was Euro 1.443 billion in 2010, up 4 percent compared to 2009. Volumes grew 2.7 percent, mainly due to the upturn in mail order house activity. Revenue from e-commerce was up 11 percent on the previous year.

La Banque Postale continued to grow in 2010, currently boasting more than 10 million active customers, and reported consolidated net banking income of Euro 5.215 billion. Net banking income was up 3.9 percent (4.9 percent excluding extraordinary items). This increase resulted from the strength of household lending activity and the continued rise in the number of products per customer. La Banque Postale also remains the cheapest bank on the market.

In 2010 retail again played a key role by distributing the Group's business products to the general public through its 17,079 outlets. Its network (post offices and facilities operated through partnerships) generated revenue of Euro 2.483 billion, down 2.3 percent.

For 2011, against the backdrop of market conditions still affected by declining mail volume and uncertainty about the financial and banking environment, the Group forecasts stable consolidated revenue along with an operating margin greater than 3 percent of revenue, exceeding the targets indicated in the 2010-2015 plan. The Group will continue its modernisation work with a Euro 1.3 billion investment programme.

000

4. Postcomm - Free Market For Postal Services

03 April 2011 - Steve Lawson - Editors Comment

2011 has been no less fraught with problems than the previous year - particularly for state-owned operators which have had to pull up their socks and hit the ground running in an era of technological change and increased competition.

Certainly the pressures on Royal Mail for it to produce miracles in a declining market continue. The regulator (Postcomm) has the unenviable task of hatching a new regulatory regime that on the one hand provides some forward-going stability for the universal service, whilst at the same time allowing the UK postal market to find its own equilibrium. The press seems mostly preoccupied with the potential for the brakes being lifted on price control, concerned that we'll all see an unstoppable rise in the cost of stamps whilst the service, or at least its scope, shrinks still further.

On that they could well be right. A service (letters) which at one time was regarded as an essential part of our communication networks continues to be eroded as we all delve further into the dynamics of digital alternatives and there is already some evidence to suggest that postal operators are tending to redefine some existing products (including re-branding them in some cases) as some sort of gold-plated service that we should all pay much more for even if no real added value exists.

That is particularly true of Royal Mail's 'Special Delivery' service, which has also seen price increases as stamp prices rise. I regularly send parcels but where I need to guarantee delivery, the actual cost of sending them is already exceeding the value of many of the items I'm sending. That divide looks set to increase and I can't be the only one looking much closer at alternative services offered by other companies or else finding other ways to do business.

To reduce regulation, Postcomm has to allow the market to find its own level, or at least close the gap between Royal Mail's relatively cost-effective services and those of its competitors. The principle being that Royal Mail would be hard-pushed to introduce further hikes without seeing an even more rapid decline in customers. All of this would have far more going for it if there were national end-to-end alternatives but there are none unless you count B2B and of those that are left, access is difficult, restricted, or exceedingly limited. The vast majority of the alternatives out there are either re-badged or else still use the Royal Mail network in some way.

The difficulties that Royal Mail faces and why it deems it necessary to increase prices I understand, but as one Hellmail reader pointed out in response to Postcomm's point that the Royal Mail needs to improve its cash flow to cover costs, to further find efficiencies if the universal service to be sustainable:

"What if it can't GENUINELY be achieved? I wonder whether a time might come when users of the mail service are told - "sorry this is how much it costs if you want a postal service, take it or leave it."

I would suggest that this barrier has already been crossed and once privatised, any resemblance of what was once a public postal service will have vanished forever and the phrase 'affordable' increasingly less relevant. That does not imply that I think it should remain in public ownership either. Whichever direction it heads in - we pay.

I do feel however that Liberalisation has been expensive to implement, not really delivered, and only the elite presently benefits from it. There's a lot to all this, but retail outlets are far too restricted and not in step with a liberalised market. Until subpostmasters can run their own ship and competing operators given access to counters, the average person will just pay more for less. It doesn't help Royal Mail but I fail to see how you can really liberalise postal services if it remains the case that the incumbent operator has the monopoly via retail outlets and that situation is not unique to the UK. As things stand, whilst domestic users may have a liberalised market on paper, they cannot easily make use of it - a little like dangling a drawn picture of a carrot before the horse.

000

5. Postal Service to cut 7,500 positions

Frank Washkuch
March 24, 2011

The US Postal Service said March 24 that it will eliminate 7,500 positions in the next year as part of an effort to cut \$750 million in costs.

The USPS will cut the positions through a combination of buyouts, layoffs, and the elimination of some jobs, said Joanne Veto, senior manager of PR at the Postal Service.

The organization will offer voluntary early retirement to employees who are 50 years old and have 20 years of service, or to those at any age who have 25 years of experience. Employees who accept the offer will receive \$20,000 over two fiscal years.

The USPS will also close seven administrative district offices, including facilities in Ohio, Michigan, New Mexico and Georgia. Those closures will not affect customer service, delivery or operations, the USPS said.

The USPS also cut the number of its VP-level officer jobs by 16% in January, and eliminated the SVP title across the organization. It also closed its Memphis, Tenn.-based Southeastern regional office.

The Postal Service has warned that it could run out of money by the end of this fiscal year, which closes September 30. The organization saw a net loss of \$8.5 billion in its 2010 fiscal year.

000

Collected by Chairul Anwar, Bandung, Indonesia.

E-mail address : chairulanwar49@operamail.com;

uyungchairul@plasa.com.;chairulanwar49@gmail.com