

Post and Politics

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Edition: Summer 2010

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Swiss Post abroad

Reliable, value-enhancing, sustainable

Current situation

Aside from its domestic market, Swiss Post is active in over 20 countries worldwide. It launched its first activities outside Switzerland in Italy in 1994. Today some 8,000 Swiss Post employees work abroad. They offer services in the cross-border letter and parcel market, postal-related activities and public transport. Swiss Post already generates around 18 percent of its sales abroad.

On the one hand, Swiss Post provides its Swiss customers with support when engaging in business activities abroad, within the guidelines laid down by the Federal Council. Globally active Swiss companies in particular appreciate Swiss Post as an international partner for business process solutions, for example. Swiss Post has been one of the world's leading providers in the cross-border mail and small goods shipment sector for years.

At the same time, there is demand in international markets too for products and services of Swiss Post that are successful in Switzerland. For example, in France, PostBus provides services for medium-sized urban and conurbation networks as well as on inter-urban routes.

The Federal Council's guidelines

The guidelines for Swiss Post's activities abroad are set out in the Federal Council's strategic objectives. These require Swiss Post to provide Switzerland with postal links to the rest of the world. Swiss Post is expected to take advantage of profitable growth opportunities above and beyond its obligation to provide a basic service. Moreover, Swiss Post is required to provide a nationwide basic service in Switzerland. It is also expected to safeguard its earnings power and exploit efficiency-gains potential. Wherever possible, Swiss Post should increase the company value and pursue a progressive human resources

policy. Swiss Post takes advantage of opportunities in the market both in Switzerland and abroad, in line with the Federal Council's objectives.

In the **communication market**, Swiss Post maintains a presence abroad with the «Swiss Post» brand. Its Swiss Post International Group unit employed around 1,300 people in cross-border mail and small goods shipping in 2009. It achieved sales of 1,028 million francs in 2009. Swiss Post operates in eleven European countries, five major cities in Asia and the USA and is the world number three in this sector. It also provides services in the fields of document solutions, dialogue solutions and electronic business process solutions via its unit Swiss Post Solutions with over 7,000 employees in more than ten countries. In 2009, sales in this business at the interface between physical and digital mail amounted to CHF 696 million.

With these two units, Swiss Post operates in the free market and pursues a customer-focused strategy. Swiss Post engages in its core business via Swiss Post International with value-added services that go beyond its borders and it is working to secure its domestic market in an increasingly international corporate environment. With its unit Swiss Post Solutions Swiss Post offers customers end-to-end integration of physical and electronic communication. One clear example is that Swiss Post customers can already receive and, upon request, process their physical letters as scanned documents in an electronic mailbox regardless of where they are.

In the **logistics market**, Swiss Post concentrates its cross-border activities on alliances with service providers in the express, courier and parcels segment. It is part of the European GLS parcel network and cooperates with TNT in the courier and express segment. A leader in its domestic market, PostLogistics follows a clearly focused competitive strategy to

exploit market opportunities in Switzerland and abroad.

In the road-based **public passenger transport business**, PostBus operates eleven bus networks in France and one in the Principality of Liechtenstein. In France, PostBus is concentrating on operating medium-sized urban/conurbation networks and on inter-urban routes. The 339 full-time positions abroad achieved a turnover of CHF 46 million in 2009. This corresponds to over 7 percent of the total sales of PostBus, which amount to CHF 640 million. PostBus has to prove its worth as a public transport provider on open markets both in Switzerland and abroad.

In the **financial market**, Swiss Post offers a complete range of services for international payments. In Switzerland, PostFinance is the number one in the payments field. With cross-border payments too, it has a complete range of services and currently handles over seven million transactions a year. Moreover, PostFinance invests a large portion of its customers' assets on international money and capital markets.

International business is self-financing

Through their international activities, the Group units contribute to increasing the value of the company as a whole on all markets. They have always been able to finance their own targeted investments in know-how and in sales and marketing activities. Thanks to the decision not to set up expensive infrastructures, Swiss Post International is highly flexible and can adapt quickly to changing market conditions. In fact, Swiss Post's activities abroad are not only profitable; they also enable it to gain useful experience in other markets, which it can then use to leverage existing synergies at home.

One Swiss franc in every five is generated abroad

In 2009, Swiss Post generated sales of close to CHF 1.6 billion with its international business. The international activities of Swiss Post therefore account for around 18 percent of its total turnover of around

CHF 8.7 billion. The foreign subsidiaries, which all operate in an open market, posted an operating result of CHF 35 million in the same year.

The presence of Swiss Post abroad



Swiss Post's position

- Swiss Post aims to support its customers not only in Switzerland but when doing business abroad too. In the modern information age at the interface between the physical and digital worlds, geographic boundaries are becoming increasingly blurred. Customers are demanding services that are location-independent. Swiss Post can multiply its successful products and services abroad and thus achieve further growth. The aim is to reinforce the company as a whole through international activities.
- In the communication market, Swiss Post is strengthening its domestic market with its international presence and establishing an independent position vis-à-vis its competitors with its subsidiaries and international logistics network. Its comprehensive range of cross-border mail and small goods shipping services includes a specialized

offer for cross-border mail for business customers. Thanks to alliances with partners, Swiss Post can also provide parcel services and thus offer cross-border letter and parcel dispatch from a single source. In addition, with its upstream and downstream services, i.e. on either side of its core business, Swiss Post links the physical and digital worlds. It thus meets a growing customer need and can offer its services in both physical and digital form. Swiss Post aims to expand its document, dialogue and e-business solutions gradually and profitably, both in Switzerland and abroad.

- In the passenger transport segment, PostBus is the number one in regional road-based transport in Switzerland and intends to raise its profile increasingly as a leading provider of bus services. By developing bus networks abroad, PostBus is underscoring its competitiveness and expanding its competencies.

- PostFinance is the market leader in the Swiss payments business. As the current number two, it is aiming to become the leader in cross-border payments too in the next few years. As the owner's strategy does not foresee granting PostFinance a full banking licence for the time being, it will not be able to offer mortgages and loans to SMEs under its own name. It is therefore obliged to invest part of its customers' assets abroad.
- Swiss Post's good image is an important brand promise abroad; reliable, value-enhancing, sustainable.