



An Post – Focused To Win

Driving the Success of An Post in a Liberalised Market

Postal Services for the 21st Century Conference

Morrison Hotel, Dublin

October 18th, 2007



Focusing On What's Important

- ✉ **Quality**
- ✉ **Change Programmes/Industrial Relations**
- ✉ **Realising Efficiency**
- ✉ **Growing The Market**
- ✉ **Leveraging Brand Value**
- ✉ **Working With Our Customers**
- ✉ **Liberalisation**

Key areas in achieving the An Post Mission



Quality – Domestic

✉ Quality the number one focus

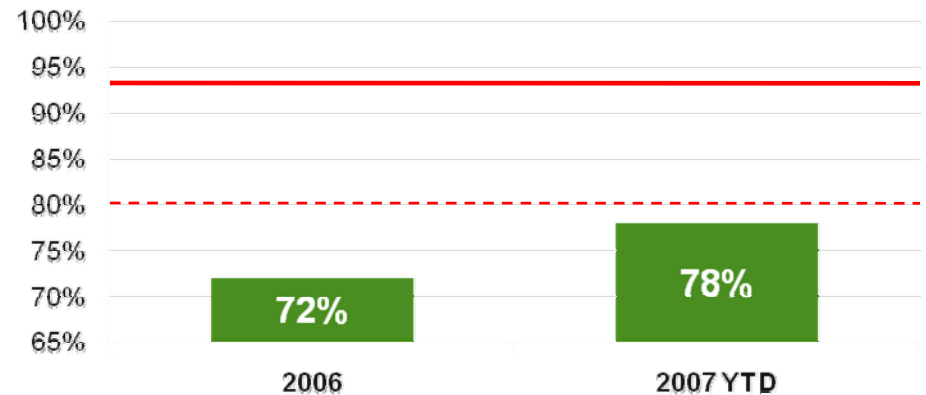
- Major companywide initiative
- Delivering on 2007 J+1 interim target of 80%
- Major 3 year programme in-place to achieve J+1 target of 94%

✉ Progress on all services

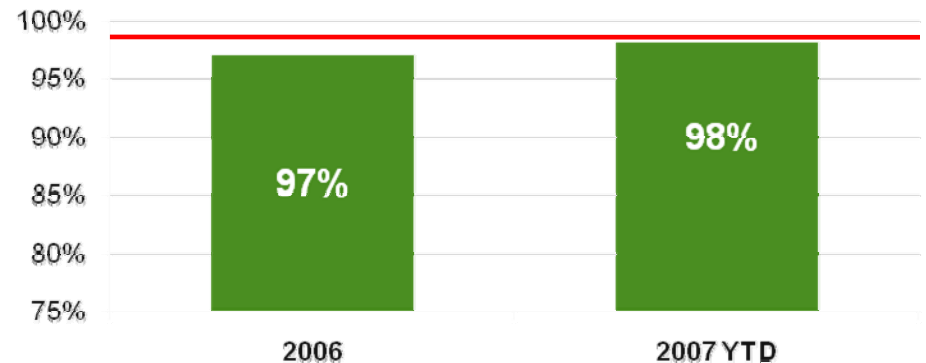
- Not confined to ComReg measures
- In excess of 90% on-time delivery for domestic key bulk mail sector (Source:PwC)

✉ Overall goal to surpass quality targets and deliver an unrivalled service to our customers

Domestic J+1 (interim target 80%)



Domestic J+3 (target 99.5%)



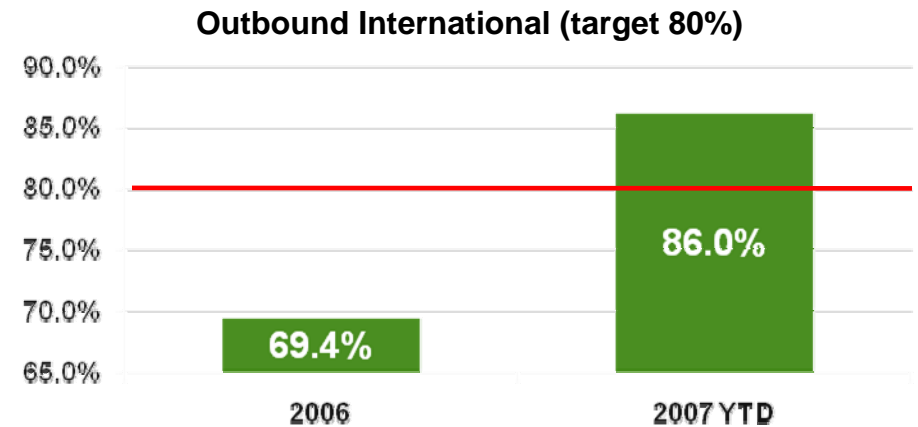
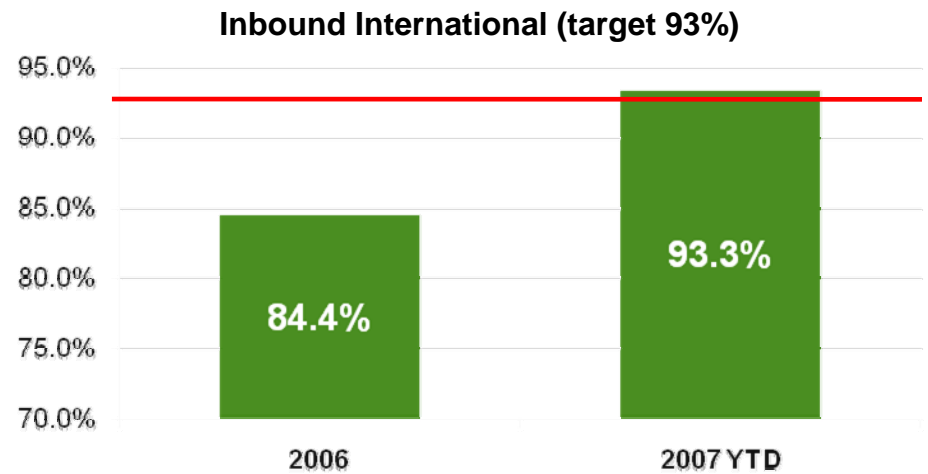
Our customers are at the centre of our vision



Quality – International

- ✉ **Quality the number one focus**
 - Exceeding International targets for both Inbound & Outbound mail (Source: IPC)

- ✉ **An Post the ‘most improved partner’ according to Royal Mail**



Our customers are at the centre of our vision



Delivering sustainable performance

- ✉ **Root and branch review of systems and processes**
- ✉ **Systematically dealing with structural, process and behavioural blockages**
- ✉ **Central to our change programmes**
- ✉ **Embedding quality and efficiency into the culture**
- ✉ **Significant and steady progress**
- ✉ **Continuous Improvement Process**

Key Message: Quality Works



An Post Next Day Delivery Performance

✉ Stage I – Collections Process Diagnostic Workshops

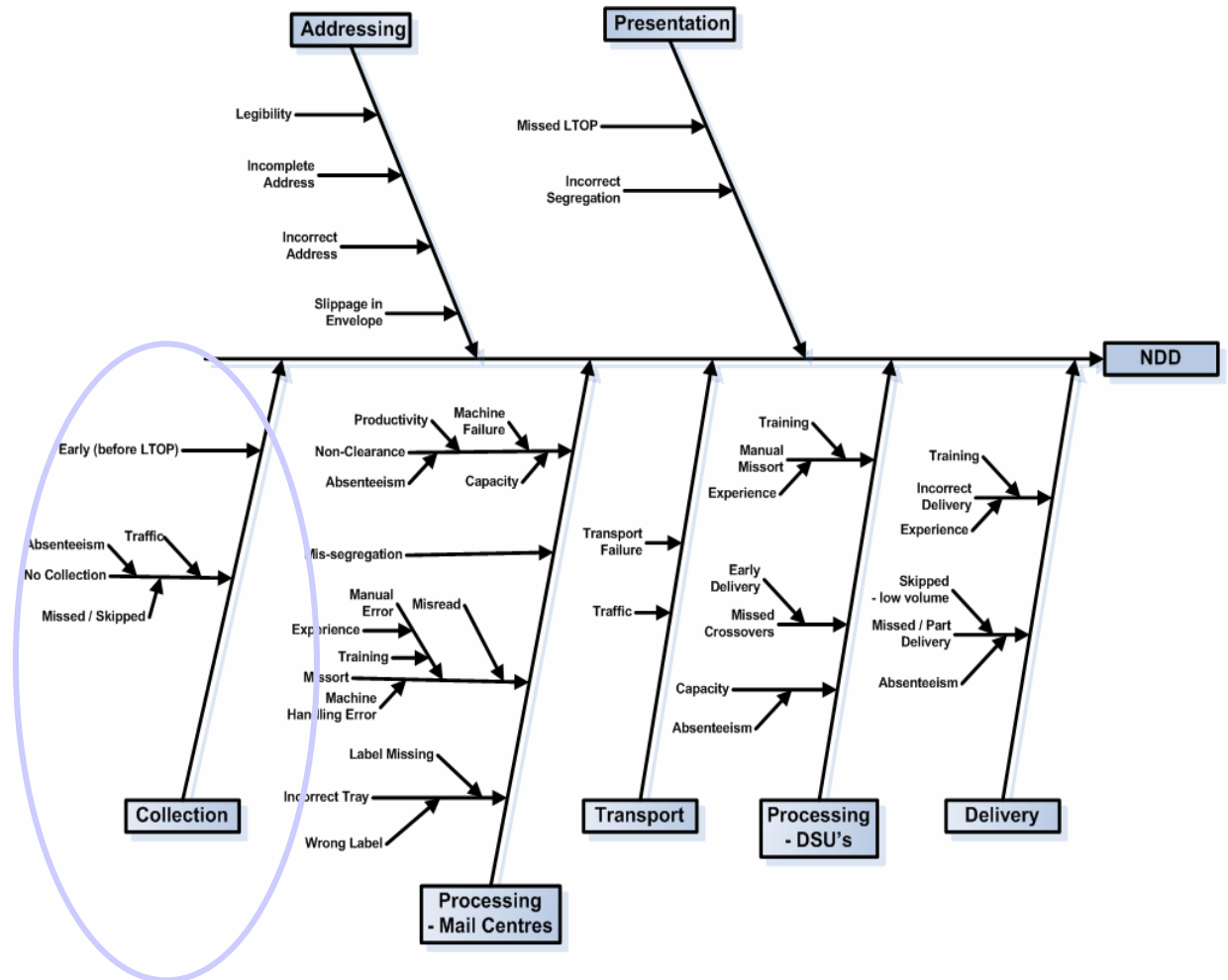
- Focus on Collections

✉ Stage II – SWAT Team Mini Projects

- Identify quick wins

✉ Stage III – Sustain / Consolidation

- Institutionalise gains
- Roll out nationally
- Ensure monitoring in place to maintain standards



Optimise quality across the mails pipeline



Change Programmes/Industrial Relations

- ✉ **Major improvement in industrial relations climate**
- ✉ **Effective partnership process with trade union leaders launched (Peter Cassells)**
- ✉ **Major re-engineering of collection and delivery operations agreed and being implemented**
- ✉ **Considerable progress in converting Company Post Offices to franchisee model**
 - Further review commenced to determine the optimum retail network
- ✉ **Cost reduction and flexibility in clerical areas agreed and being implemented**
- ✉ **Transformation Plan (Mission, Vision, Values) formulated**

Realising Efficiency

✉ Improved Productivity

- Over 8% growth in mail volumes forecast between 2006 & 2007
- 133,000 additional delivery points to service (Source: NCB)
- Essentially no increase in production hours
- 6% improvement in domestic Quality (J+1)
- 9% improvement in Inbound International; 17% in Outbound International Quality measures
- Above European average in Letter Segment Revenue per Employee (Source: IPC)

Continuing to improve efficiency



Realising Efficiency



Parcel business now integrated

- Business now returned to profitability and identified as key growth area



Automation strategy paying dividends in terms of quality and cost

- Up to 1 million items inward sorted to route level per night
- 4 hubs fully operational

Continuing to improve efficiency



Growing The Market

- ✉ **Volume Growth of 4.2% in 2006 with continued strong growth in 2007**
 - 8% compound volume growth forecast for 2006 & 2007

- ✉ **Currently second highest in European growth trends (Source: IPC 2007)**
 - Many reported declining mail volumes in 2006

- ✉ **Targeting particular market segments**
 - Realising growth in particular segments – e-fulfilment of >14% in 2006

- ✉ **Offering customers value for money**
 - 4th lowest standard domestic tariff at first weight step in the EU15 *

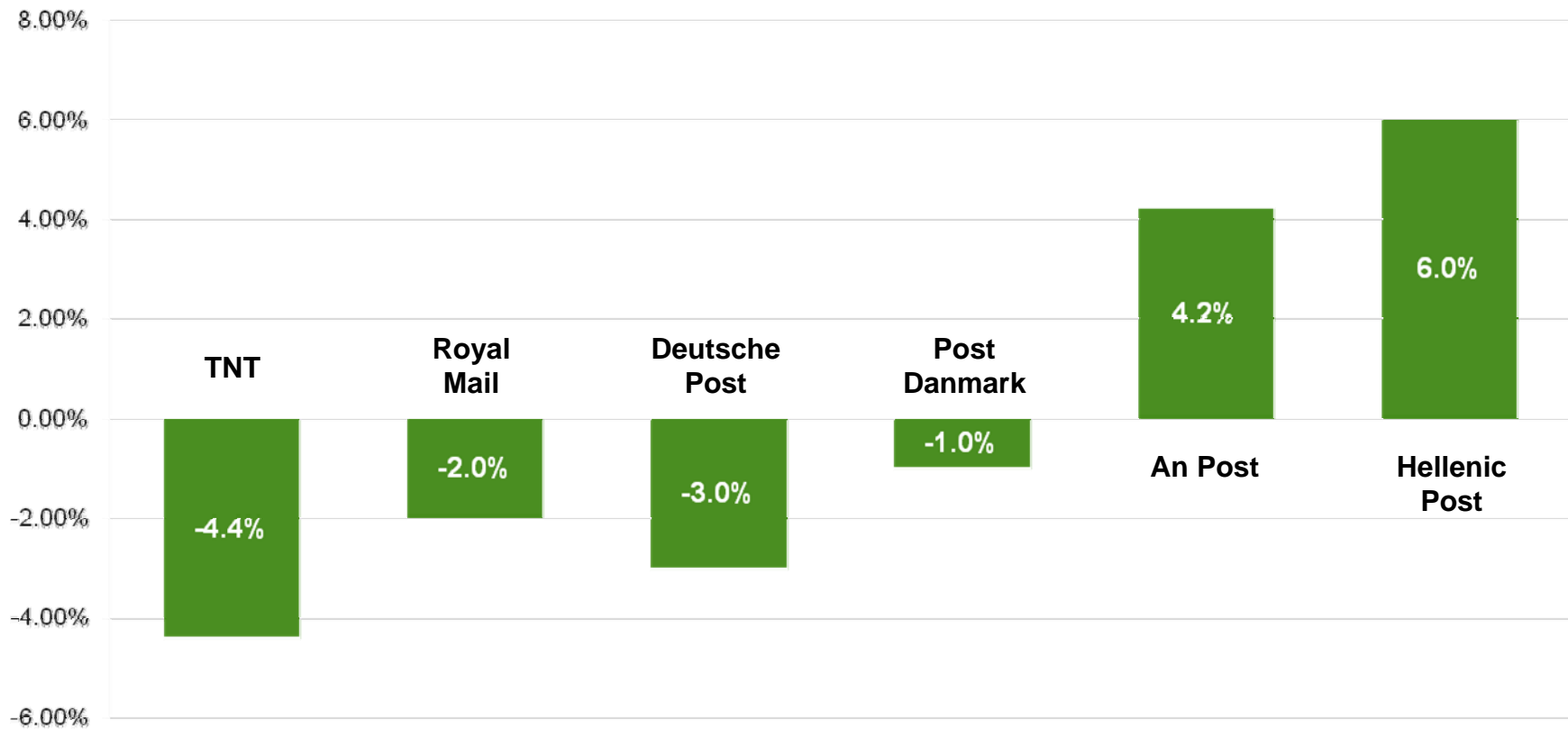
**when adjusted for Purchasing Power Parity Source: Deutsche Post, 2007*

Continued volume growth with.....



Growing The Market

Mail Volumes 2006



Source: Latest annual reports, 2006/07

....2nd highest growth rate in Europe in 2006



Growing The Market

- ✉ **Strategy of offering competitive solutions to bulk mailers continues to drive demand**
- ✉ **Direct mail services showing growth over last two years**
 - Additional resources allocated to this key segment
- ✉ **Significant investment in new product and channel development**



Wedding Stamps



Lovebox Postcard



Self Service Unit

Actively looking at all market opportunities



Leveraging Brand Value

✉ Significant ongoing investment in the brand



Green, Keen and Connected



Working With Our Customers

Delivering cost effective customer solutions

- ✉ Driving mail's value for money for all customers
- ✉ Adding value with customers delivering business retention strategies through mail
- ✉ Delivering customised solutions for key customers from lead generation to fulfilment (e.g. Oxendales, Family Album)

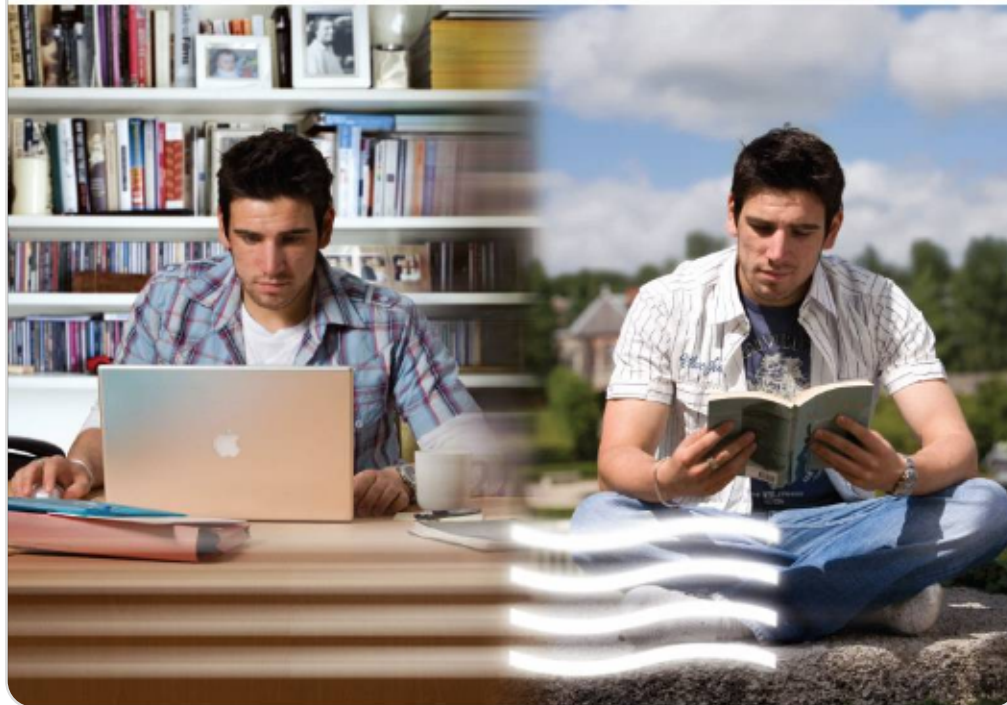


Adding value for customers



Working With Our Customers

The difference between virtual and reality.



Major focus on emerging markets e.g. e-fulfilment



Liberalisation

Working towards full liberalisation



- ✉ Improving quality and achieving targets
- ✉ Continuing to drive volume and margin growth while reducing costs
 - 62% of mails revenues already open to competition
- ✉ Offering best value to the customer
- ✉ USO as a core competence
- ✉ Appropriate regulatory framework
- ✉ Building on a great tradition of delivering first class postal services since the 17th century

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