

# Post and Politics

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## Swiss Post abroad

### Quality knows no borders

#### Background

**Aside from its domestic market, Swiss Post is active in 20 countries worldwide. It launched its first activities outside Switzerland in Italy in 1994. Today some 8,000 Swiss Post employees work abroad, providing services in the cross-border letter and parcel market, in postal-related activities and in public transport.**

The guidelines of Swiss Post's activities abroad are set down in the Swiss Federal Council's strategic objectives. These require Swiss Post to provide Switzerland with postal links to the rest of the world. Swiss Post is further to avail itself of growth opportunities in profitable niche markets abroad. Basic service provision outside Switzerland is not part of its mandate. In addition, the Swiss Federal Council's strategic objectives state that Swiss Post is to ensure basic postal service throughout Switzerland, increase the value of the company and pursue a progressive human resources policy.

The Swiss Federal Council acknowledges that Swiss Post has once more met these objectives with great success in 2007. However, the domestic market alone is no longer sufficient for that purpose. The growth markets in which Swiss Post operates are becoming increasingly globally connected and do not stop at national borders.

#### Number five worldwide in the cross-border letter market

Swiss Post's cross-border mail business is operated by Swiss Post International Holding AG. The wholly-owned subsidiary was established in 1996. Swiss Post had already gathered first experiences in the Italian market two years previously. Today, the Group unit employs some 1,200 people in eleven European countries, five major cities in Asia and the USA. Over half the staff work abroad. Next to the number of employees, turnover has also grown significantly over the past years, totalling CHF 1.145 billion in 2007. The Group unit thus already accounts for over 13 percent of Swiss Post's total turnover of almost CHF 8.7 billion. Swiss Post International is number five worldwide in the cross-border letter market. Initially, the Group unit grew primarily by setting up its own subsidiaries abroad. Since 2003, it has further been placing greater emphasis on franchise partners and sales agents in order to tap into additional markets.

Swiss Post International provides the full range of postal products and services required by private and business customers in their international postal communication with Switzerland. With its foreign subsidiaries, the unit furthermore provides a specialised range of services to meet business customers' cross-border mail requirements, from business mail processing and comprehensive direct marketing services, via complete delivery services for newspapers and magazines and subscription management, to small consignment shipping.

#### Side-by-side physical and electronic transmission of information

The Group unit Strategic Customers and Solutions, established in autumn 2007, is also set up internationally: the MailSource Group, the GHP Group, the Swiss subsidiaries DocumentServices, yellowworld and SwissSign, as well as parts of the former

DCL Data Care AG, have been brought together under the umbrella of Strategic Customers and Solutions. Over 7,000 employees in 13 countries provide postal-related services ranging from dialogue marketing, via document and process management, to electronic services and solutions.

Strategic Customers & Solutions thereby accounts for developments in the digital world, while allowing physical and electronic information carriers to be used side by side. The goal is to simplify communication between customers and their end customers – whether in the form of physical documents for customer solicitation and retention, electronic archiving solutions or comprehensive consulting tools for customer management.

In 2007, this fast-growing unit of Swiss Post achieved a turnover of CHF 692 million.

#### PostBus operates five companies abroad

In its international strategy, Swiss Post also relies on its subsidiary PostBus Switzerland Ltd. Switzerland's number one in regional road transport now operates five companies abroad: four in France and one in the Principality of Liechtenstein. While the company's service portfolio in France hitherto focussed on the operation of urban transport networks, in future PostBus will also answer calls for tenders in regional transport, with the aim of building larger, continuous networks and thus creating synergies. The 226 employees working abroad achieved a turnover of around CHF 30 million in 2007.

Both in Switzerland and abroad, Swiss Post's public transport provider has to compete in fully open markets. In addition to this fierce competition,

maintaining industrial peace requires more effort in neighbouring countries than in Switzerland; this is another challenge Swiss Post must meet in its international activity. An expansion into further neighbouring countries is not excluded.

**International activities are self-financing**

With their activities abroad, the Group units Swiss Post International, Strategic Customers and Solutions and PostBus contribute to increasing the value of the Group as a whole. Targeted investments in know-how and in sales and marketing activities have always been self-financing. By deciding not to set up expensive infrastructures, for example, Swiss Post International has remained highly flexible and is able to adapt quickly to shifting market conditions. The fact is that Swiss Post's activities abroad not only are profitable; they also enable the company

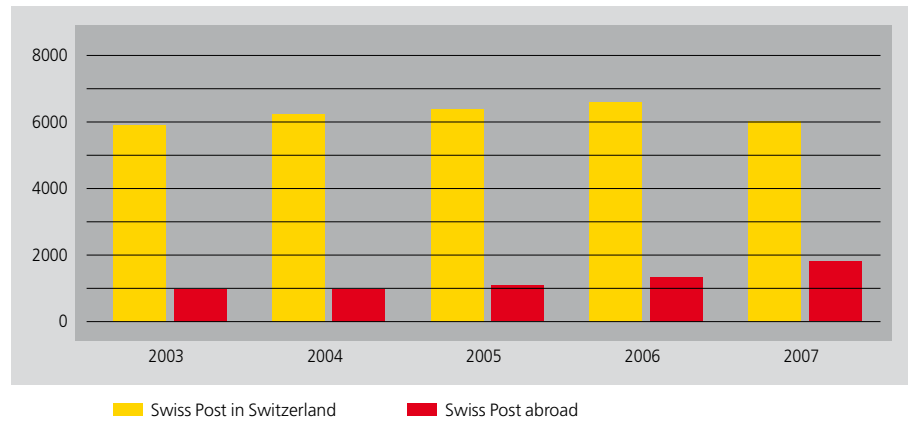
to gain valuable experience in other postal markets, and thus leverage existing synergies at home.

**One in every five Swiss Franc is generated abroad**

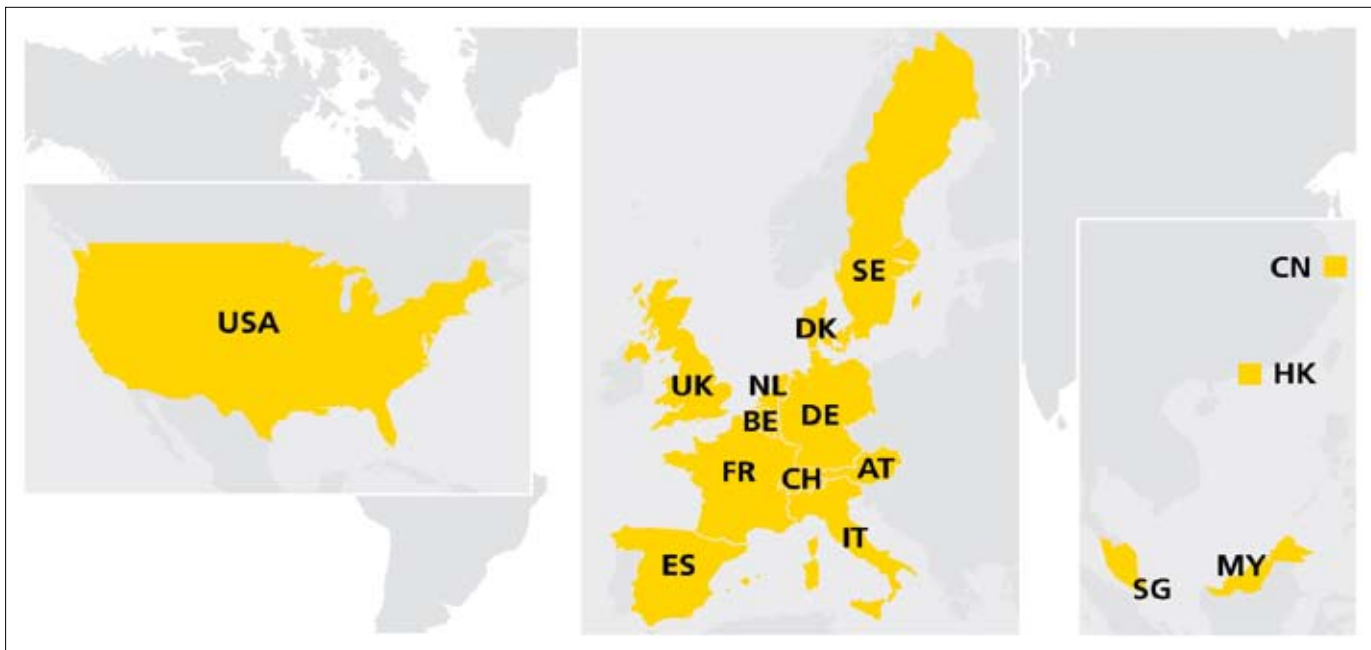
In 2007, Swiss Post's activities abroad resulted in a turnover of around CHF 1.8 billion, accounting for 20 percent

of its total turnover of roughly CHF 8.7 billion. For the same year, the foreign subsidiaries, which all operate in an open market, posted an operating result of CHF 60.6 million.

**Swiss Post sales abroad** (in CHF million)



**The presence of Swiss Post abroad**



**The position of Swiss Post**

- One of Swiss Post's main objectives is to pursue its profitable growth abroad. Targeted international growth will strengthen the Group as a whole, allowing it to keep ensuring the delivery of a modern basic postal service in Switzerland.
- With innovative and high-quality products and services, Swiss Post has the opportunity of tapping additional market potentials in Switzerland and abroad.
- Swiss Post's good image represents an important value abroad. The Swiss Post brand stands for internationality, competence and quality.