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MEDIA RELEASE

New Zealand Post Group improves half year result as strategic changes start to take effect

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The New Zealand Post Group recorded an improved result for the half year ended 31 December 2013, boosted by a strong focus on expenditure reduction.

The Group posted an after-tax profit of \$71 million compared with \$60 million in the same period the year before.

The directors declared an interim dividend of \$2.5 million for the period, the same as for the first half of the last financial year.

New Zealand Post Group Chief Executive Brian Roche said the overall improved result was largely attributed to a reduction in expenditure of \$32 million, which more than offset a \$12 million decline in revenue.

The steps taken were in line with the Group's refreshed strategy introduced in November, Mr Roche said.

"It's encouraging that the strategic decisions we made last year are already starting to yield results.

"It's a good start and we are determined to build on it. We will balance ongoing cost reduction with a strong focus on growing new and profitable revenue and developing new ways to serve customers and meet their changing demands."

The transformation plan, for the next three to five years, focuses the Group on finding lower cost ways of working to manage the falling volume of mail coming into the network as well as growing its logistics, parcels and financial services businesses and delivering new products and services.

Mr Roche said growing the parcels and logistics business is a top priority. Work is underway to develop new opportunities from the growing e-commerce parcels market domestically and internationally. The business has a pipeline of new products and is winning new customers.

Kiwibank continues to perform strongly in a highly competitive market, amid tight lending margins.

The Group will continue to invest in Kiwibank's infrastructure to support its strategy for growth, which includes offering different types of products such as insurance and fund management to its customers.

Mr Roche said preparations to start the delivery of standard mail to urban households on alternate days starting from the middle of 2015 are underway and different modes of delivery will be trialled during the next six months.

New Zealand Post will continue to reduce its property footprint, including owning fewer corporate PostShops in its network of 880 service points, with more services being hosted by local businesses.

The New Zealand Post Group full year financial outlook is expected to be close to plan.

“The result achieved over the last six months gives us confidence that we can adapt and respond to the challenges and opportunities that we face,” Mr Roche said.

\$ millions	6 months ended 31-Dec-13 (unaudited)	6 months ended 31-Dec-12 (unaudited)	12 months ended 30-Jun-13 (audited)
Revenue from operations	860	872	1,688
Operating expenditure	761	793	1,623
Profit before income tax	94	79	122
Net profit after tax	71	60	121
Share capital	192	192	192
Shareholders' equity	1,163	1,020	1,089

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