

POSTAL NETWORK PERFORMANCE

This issue's central idea

This issue explores the networks of 12 European postal incumbents and analyzes the various methods used to improve their efficiency in order to be more competitive in the future.

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Key trends

Network optimization – As part of preparing for the postal market liberalization incumbents are optimizing their postal networks. Most common measures include initiating postal partner programs and streamlining the post office portfolio

IT, infrastructure investments – As a means to ensuring competitiveness incumbents are developing their IT and other infrastructure, such as mail sorting centers

Needed transformation – Several CEE postal incumbents are planning to transform and restructure in order to be better prepared for potential competition

	Austria 	Bulgaria 	Croatia 	Czech Rep. 	Estonia 	Hungary 
Data from 2007						
Population of country [million]	8.4	7.6	4.6	10.4	1.3	10.0
Size of country [km ²]	83 858	110 912	56 538	78 866	45 100	93 032
EU membership	1995	2007	Candidate	2004	2004	2004
Planned date of full market liberalization	01.01.2011	01.01.2010	01.01.2013	01.01.2013	01.01.2013	01.01.2013
No. of letter-post items, domestic [million]	4 285	58	334	2 635	49	937
No. of post offices staffed by post officials	1313	2 987	1 160	3 387	497	2 524
No. of post offices staffed not by post officials	611	na	0	14	5	356
No. of mobile post offices	5 052	963	0	10 467	1	1 312
No. of letter boxes (street + post offices)	17 511	5 332	5 048	23 881	3 123	10 710
No. of sorting centers	6	27	16	11	1	20
Av. area covered by a perm. office [km ²]	44	37.1	48.7	23.2	90	32.3
Av. no. of inhabitants served by a perm.office	4 346	2 557	3 927	2 995	2 660	3 483

	Poland 	Romania 	Serbia 	Slovakia 	Slovenia 	Ukraine 
Data from 2007						
Population of country [million]	38.1	21.4	9.9	5.4	2	46.2
Size of country [km ²]	323 250	238 391	88 361	49 033	20 256	603 700
EU membership	2004	2007	Not a member	2004	2004	Not a member
Planned date of full market liberalization	01.01.2013	01.01.2013	na	01.01.2013	01.01.2013	na
No. of letter-post items, domestic [million]	1 238	538	215	523	980	302
No. of post offices staffed by post officials	5 549	6 809	1 318	1 565	558	15 379
No. of post offices staffed not by post officials	2 931	0	194	25	0	0
No. of mobile post offices	5	249	429	1 216	10	29 635
No. of letter boxes (street + post offices)	55 138	15 995	3 723	6 990	3 092	37 396
No. of sorting centers	52	9	17	4	2	16
Av. area covered by a perm. office [km ²]	38.1	35	58.4	30.9	36.3	39.3
Av. no. of inhabitants served by a perm.office	4 491	3 148	6 520	3 392	3 587	3 004

Source: Universal Postal Union 2007 (2009), Roland Berger



WELCOME

Dear Reader,

welcome to our new publication entitled **CEE Postal Snapshot**. Our main objective is to continuously keep you up-to-date on the strategic aspect of the postal industry and to share our industry specific knowledge with you.

Much has already been happening in the postal industries of all European countries. Some western nations, such as the United Kingdom and Germany have already liberalized their postal markets, and all EU member states will soon follow. The postal industry has become and will continue to be a turbulent and highly interesting industry in the upcoming years. In light of the market liberalization process we wish to provide you with continuous updates on relevant topics within the industry.

We plan to publish the **CEE Postal Snapshot** four times per year; and the next issue can be expected at the end of April 2009. The April issue will be a snapshot into the regulatory framework of the postal industry, including topics such as effective market models in liberalized markets, the role and tools of regulatory bodies and possible pricing strategies. The following issues will cover subjects such as the universal service obligation, value chain extension, USO financing models, etc.

Each issue covers the same 12 European countries in the region, and will always provide you with country specific information, as well as articles relating to the topics in focus.

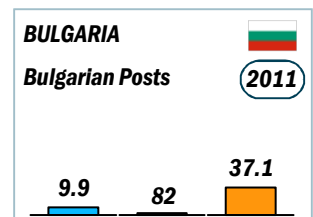
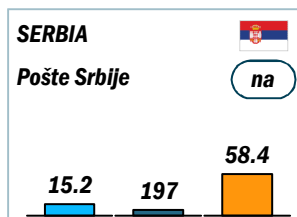
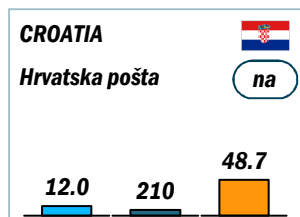
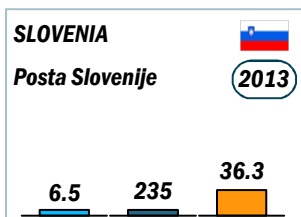
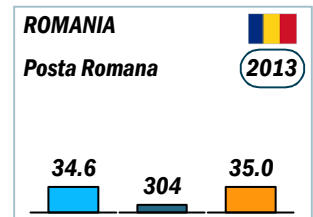
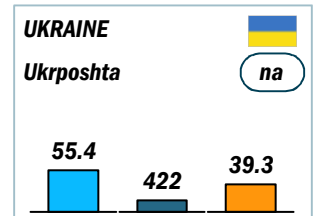
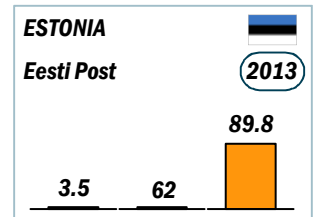
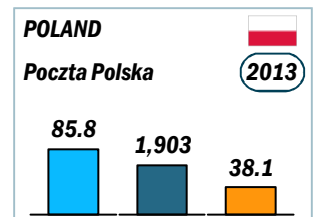
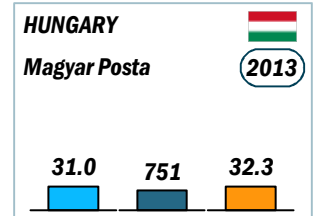
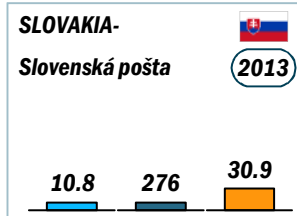
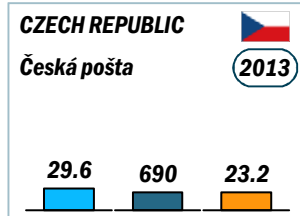
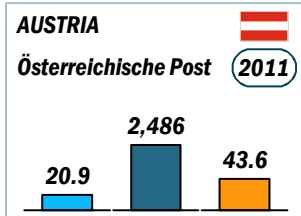
As a strategy consultancy we have over 40 years of experience in the postal industry, therefore hope that our **CEE Postal Snapshot** will always be an insightful reading and inspire new thoughts on the given topics. We look forward to any thoughts or comments you may have. For questions or comments please contact us at any of our offices.

Yours Sincerely,

The Roland Berger Postal Practice Group



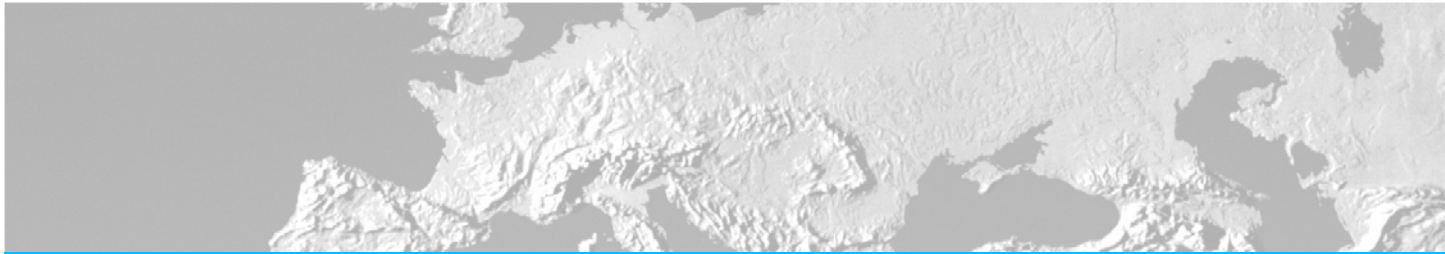
COUNTRIES COVERED IN THE CEE POSTAL SNAPSHOT



No. of full time staff
 Op. Revenue [EUR m]

Planned year of liberalization (by January 1st of given year)
 Avg. area [km²] served by perm. office

Source: Universal Postal Union 2007 (2009), Roland Berger



THIS ISSUE'S HIGHLIGHT

Network optimization

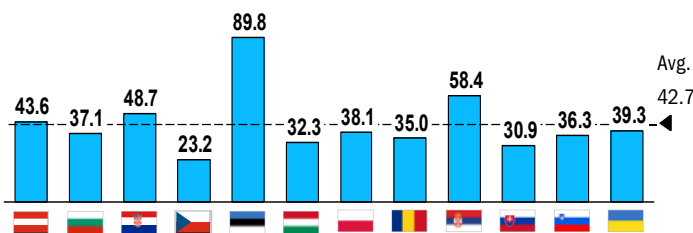
Several incumbents are improving their network efficiencies through closing post office locations, laying off employees and through outsourcing post office services to independent entities acting as partners. Other measures are also taken to ensure appropriate competitiveness in the future.

In light of the upcoming market liberalization postal incumbents need to improve their competitiveness on the market; therefore, incumbents try to optimize their networks to reach higher efficiencies.

One measure that incumbent providers have been taking to improve their efficiency is to streamline and optimize their office networks through closing down several post office locations. The first locations incumbents tend to consider for closure are offices in remote, rural areas that are generally unprofitable. However, as a result of the universal services obligation the incumbent needs to ensure the continuous provision of postal services in those areas. Due to this in many cases incumbents contract entities – such as individuals, small grocery stores, local authorities – to act as postal partners in order to ensure the provision of universal services. As an example, Austrian Österreichische Post has been taking measures to motivate more postal partners in order to lessen its own burden in highly unprofitable areas. Similarly, Hungarian Magyar Posta has continuously been improving the tender criteria for postal partners to attract more entities to operated postal locations.

In, for example, Austria, Bulgaria and the Ukraine, however, the incumbent simply closed down unprofitable and unnecessary permanent offices. Between 2003 and 2007 Hungary also closed down about 222 of its offices, and Bulgaria followed suit with 150 offices between 2005 and 2007. This trend can generally be observed within

Avg. area [km²] served by perm. office



CEE and will contribute to increasing the postal network efficiency of incumbents.

Among the EU-25 the efficiency measured by the average area covered by one permanent post office is 59.9 km² and it is 74.4 km² in the EU-15. A large fluctuation can be seen among European nations with Finland's incumbents post offices covering an average of 281.3 km² of area and Spain's 156.5 km², in contrast with Royal Mail in Great Britain only achieving 17.7 km². For the nations within the scope of this study the average is 42.7 km². Much less fluctuation can be seen among the countries of the CEE region.

Nevertheless, not all incumbents are utilizing these methods to ensure their competitiveness. Some other nations are planning to strengthen their position through measures such as restructuring and transforming their incumbents from state-owned companies into privately held or joint stock companies. Additionally, incumbents build comparative advantage through improving their mail-sorting centers or electronic post centers. Bulgaria is considering ways to make the mail-sorting center in Sofia into a logistics center of the Balkans. Similarly, Polish Poczta Polska has been drawing up strategies on the redevelopment of their mail-sorting network.

Almost all universal services providers have realized the need to invest into their infrastructure. Czech Česká pošta, for example, is looking to extend its car fleet by 1,000 delivery vans and Estonia's Eesti Post is purchasing all-terrain vehicles to improve delivery in rural areas. Eesti Post further is planning to invest further into its IT, similarly to Romanian Posta Romana, who additionally plans to develop its key transit centers and hybrid mail.

In summary, all European incumbents have realized the consequences that the market liberalization will have and are actively pursuing methods to be prepared.

Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Austria



Up to 40% more compensation for Post.Partners

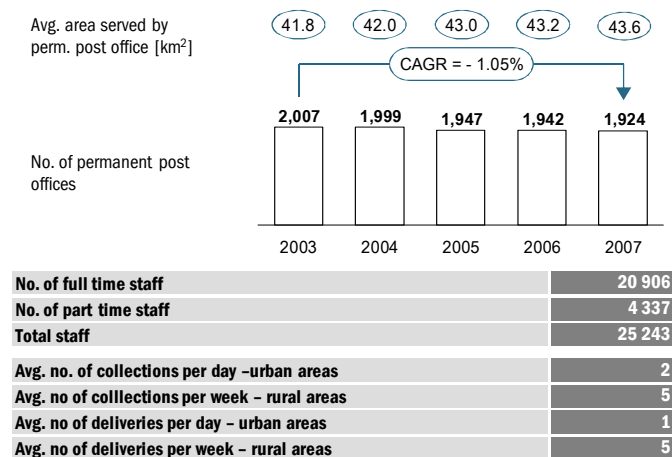
New compensation model for Post.Partners

Österreichische Post is drawing up potential strategies in preparation for the market liberalization that is to occur in 2011, although the future of the regulatory environment is not yet clear. A first proposal was to close more than 1,000 of the current 1,300 post offices by the end of 2015 in order to remain competitive. The functions of the majority of these offices were to be handed over to partners – the so-called Post.Partners. This suggestion initiated a series of political talks, but has not received support from the federal or state governments so far.

Nevertheless, Austrian Post published a new compensation scheme to attract Post.Partners in remote and unprofitable office locations. Starting from 2009, each partner will receive a sum of EUR 3,000 per post office as fixed yearly compensation and another EUR 800 p.a. for IT-related costs. Furthermore, there are provisions of EUR 0.19 per accepted standard letter and EUR 0.94 per accepted parcel. Altogether, the compensation for Post.Partners increased by 40% on average compared to the previous scheme. Preferred partners are local grocery stores and small shops – the German solution of approaching large retail chains has not been considered. Potential applicants for Post.Partner positions must have a minimum area of 4m² for the operation. In November 2008, the number of Post.Partners amounted to 211 (compared to 195 at the end of 2007). The remaining 416 out of 611 external offices are municipal ones.

External sales account for half of branch turnover

Branch Network is Österreichische Post's smallest division with stagnating external sales of approx. EUR 190 m. This amount represents 8% of sales on the one hand and almost half of Branch Network's turnover on the other. In addition to standard postal services, the division offers a broad portfolio of banking services and retail products. Commissions for the distribution of banking products of BAWAG P.S.K. – Österreichische Post holds 5% of it – generated about half of external sales. The other half resulted from the sale of fixed and mobile phones and internet connections for Telekom Austria, the partner company, and from the sale of post-affine retail products.



Source: Universal Postal Union 2007 (2009), Roland Berger

Bulgaria



Liberalization postponed

Liberalization postponed until the end of 2010

An evaluation of the Law on Postal Services is currently on the discussion agenda in the Bulgarian parliament and observers expect the state monopoly in the universal postal services sector to be maintained until the end of 2010. Current legislation prescribes that the state monopoly in the reserved sector will expire on 31.12.2009. At present Bulgarian Posts possesses 97% of the market for universal postal service, which corresponds to 15% of the revenues of the postal operator and around 33% of the total postal market in Bulgaria.

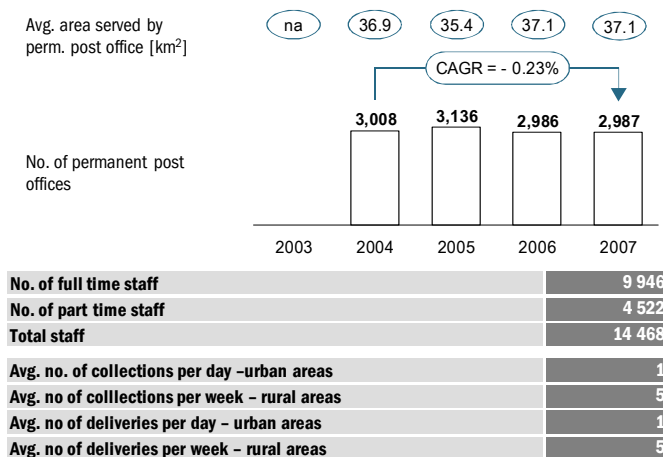
The key driver behind the reevaluation is the latest EU directive which extends the end dates for liberalization of the postal services market. Eleven EU-member states have already postponed the implementation of the directive by two years and it is likely that Bulgaria will follow suit. In addition, Bulgarian Posts will be relieved from paying licensing charges as a percentage of their net profit until the end of 2010. The amendment to the law in 2006 had already included this licensing charge relief; however, it expired at the end of 2008.

The revenues of Bulgarian Posts for 2008 are expected to grow by around 20% compared to 2007, when total revenues amounted to EUR 105 m. The company invested approximately EUR 15 m in the past few years.

Foreseen developments

In the coming years, opportunities for development of Bulgarian Posts are seen in expanding into offering financial services, including money transfers, securities and financial instruments and money exchange.

Furthermore, Bulgarian Posts is planning to build a network of three modern mail-sorting centers in Sofia, Stara Zagora and Gorna Orjahovitza. A key objective is the development of the mail-sorting center in Sofia into a logistics center in the Balkans, responsible for servicing South-Eastern Europe and Bulgaria. The company is looking for strategic partners to provide aircrafts to destinations like Armenia, Azerbaijan, Georgia, etc.



Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Croatia



Market not yet ready for liberalization

Market growth will slow down

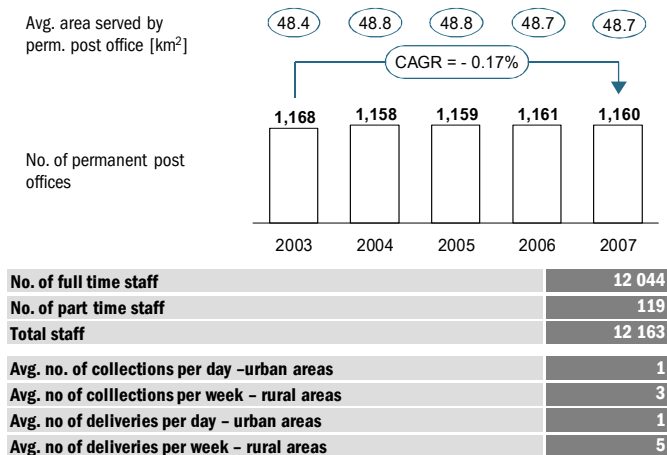
The reported turnover of the postal services market in Croatia is EUR 300m and 80% of the 14,000 people employed in the sector work for the national USP; Hrvatska pošta. While the volume of postal and courier services is still growing, contrary to trends apparent in the majority of EU member countries, growth is expected to slow down in the upcoming years. Postal services account for 45% of yearly revenue, courier services 30% and the remainder constitutes financial revenues. Letters represent 98% of all services. While the packages market is already fully liberalized, Hrvatska pošta provides a higher level of universal services than necessary.

Hrvatska pošta needs restructuring, NRA more authority

Hrvatska pošta is the market leader in the letter mail market, however, captures only 16% of the CEP market share. The remaining 84% is split between major competitors: DHL, Overseas Express, Weber Escal and also some illegal operators. Hrvatska pošta is suffering and the symptoms include loss of large clients, lack of optimization of human resources, unexploited retail network potential and lack of a defined key account approach. The express unit (CEP segment) is underutilized and the ICT system is outdated. It is evident that Hrvatska pošta requires a new strategy and business model. Furthermore, the national regulator needs to be strengthened in order to be better equipped in protecting fair market play.

Market liberalization outlook

The Croatian Parliament approved a new strategy for the liberalization of the postal market, which preserves the reserved area of 100g until 2010. Within this period, there is a strong need to transform the incumbent. After 2010 the reserved area will be reduced to 50g. During this phase Croatia is expected to become a full member of the EU, which will put more pressure on the adoption of the third postal directive. Until 2013 the incumbent should be prepared and ready to provide the universal service on the whole territory without significant additional financing. After 2013 the market will be completely open.



Source: Universal Postal Union 2007 (2009), Roland Berger

Czech Republic



Česká pošta has no competition for now

Česká pošta prepares for liberalization

Česká pošta may continue to provide postal services in the Czech Republic until 2012. No other company has expressed interest in applying for a tender announced by the Czech Communication Office in 2008 that offers a four-year postal license. Meanwhile, Česká pošta will be transformed from a state-owned into a joint-stock company.

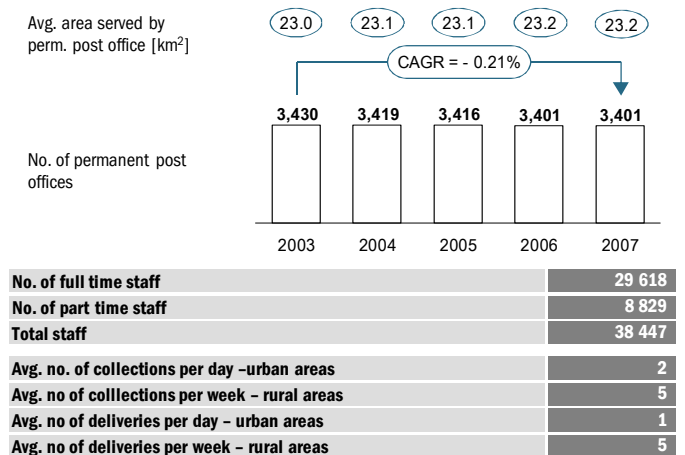
The company also plans to launch new services, both in terms of electronic communications and logistics. It also aims to increase competitiveness in preparation for the complete liberalization of the postal services market.

The transformation should be carried out by the new CEO Petr Sedlacek who replaced Karel Kratina in October who resigned after four years in office. Petr Sedlacek, former CEO and Board Chairman of Global Payments Europe, wants to increase levels of investment at Česká pošta significantly to prepare for a liberalized postal market. Česká pošta has been under-investing for the past two years. The areas particularly neglected include software, computer equipment, electronic services, branch renewal and staff education. Two years ago, the firm invested a total of almost EUR 40 m but reduced this to EUR 20 m last year and further decreased the amount to only EUR 6 m this year.

Česká pošta announced a public tender for the renewal of their car fleet, worth about EUR 20 m. The winner of this tender will be expected to provide 1,000 delivery vans to the current stock of 4,200 vehicles.

The company planned to close down 179 of its branches as of January 2009 to save EUR 1.3 m/year. The operation of the closed branches was supposed to be replaced by car delivery. However, the proposal did not receive positive political reception with the result that no action has been agreed so far. The incumbent also intended to dismiss 2,500 of its total 37,000 employees by the end of 2008 to save costs.

Due to the financial crisis and an investment into risky foreign bank shares done in the middle of 2008, Česká pošta expects to reach profits of EUR 8.8 m only instead of the planned EUR 17.8 m.



Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Estonia



Overall cut-backs are to be expected

Cut-backs and sales

Following the reorganization of its operations Eesti Post closed 88 branches and no longer delivers mail on Saturdays. Reducing the number of post offices from 495 to 407 does not decrease the accessibility of post services and the switch to a five-day delivery system allows the company to save over EUR 0.2 m annually. Eesti Post already laid off 218 employees in 2008 and plans to lay off further 200 employees in 2009. In addition, wages shall be cut.

The company announced an auction of its headquarters with a starting price of EUR 13 m. Another 17 properties in different parts of the country are being sold off through public auctions, as they no longer satisfy present-day logistical requirements and the needs of a modern postal enterprise. From this real estate sale Eesti Post hopes to raise another EUR 1.3 m.

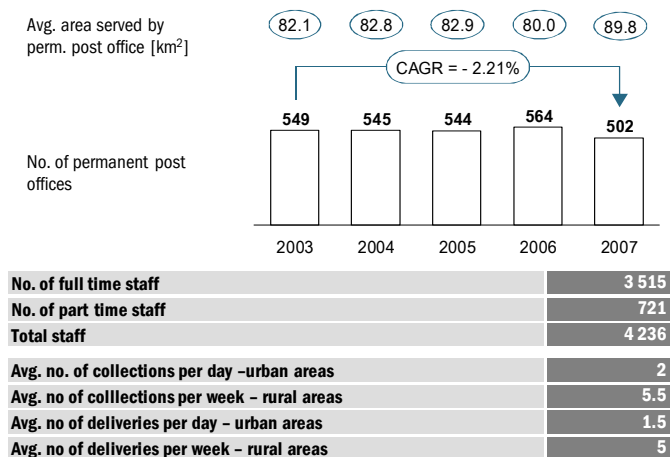
Investment into infrastructure

Eesti Post's investment plan for 2008 totaled EUR 7 m, which was distributed between three areas: the renovation of post-offices (EUR 1.7 m), IT development and logistics services development. Furthermore, the company aims to develop its delivery center and logistical system, to renew warehouse software and to improve the website and the firm's e-environment. New all-terrain vehicles (ATV's) for delivering mail in the countryside are also part of reshaping Eesti Post's infrastructure.

Outlook for 2009

In 2008 the state allocated a subsidy of EUR 1.3 m for the delivery of mail. Scrapping of the state subsidy in 2009 will result in an increase of delivery prices by 60% in Estonia's rural areas. Further pressure will be put on Eesti Post by the privatization decision.

Overall Eesti Post plans to invest further in existing and new spheres (logistics and information logistics) and expects to be profitable, with a profit forecast of EUR 1.4 m in 2009.



Source: Universal Postal Union 2007 (2009), Roland Berger

Hungary



Renewed Partner Program on its way

Post office categorization

Magyar Posta distinguishes four categories among its postal offices, A-D, based on size of office and product portfolio. From the largest offices which offer the full product portfolio (Type A) – including financial services and logistics, etc. – to the smallest offices that fulfill only the universal service obligation of the Hungarian post. (Type D).

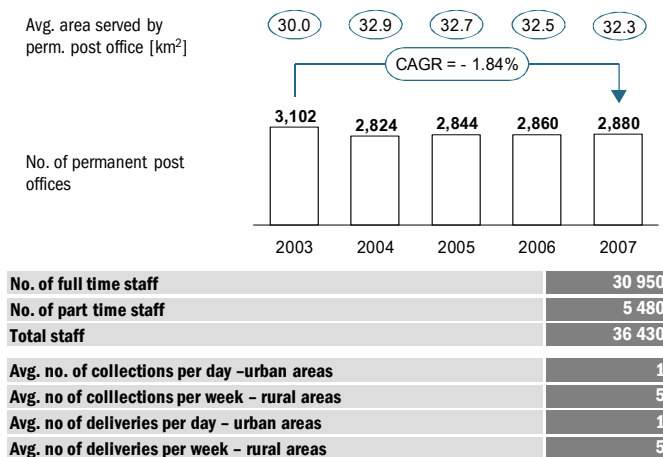
In 2007 the largest portion of revenue, was produced by the Type B postal locations, which represent about 10% of all offices. The fewest Type A post offices were responsible for almost an equal share of the revenue as Type B offices. Type D brought in the smallest portion of the total revenue, even though they make up over half of all offices.

PPP Outlook

As part of the network efficiency development efforts started in 2003, Magyar Posta initiated its Postal Partner Program (PPP) in October of 2007. Within the framework of PPP Magyar Posta contracts individuals, entities, as well as local governments to operate one or more postal locations in rural areas providing universal services instead of the incumbent.

The first phase of the PPP offered 291 postal offices up for grabs; however only 31 locations were actually assigned to an entity. The lack of success can be attributed to the inappropriate contracting criteria. The 31 Postal Partners have been continuously setting up operations until 31st October 2008. In the second phase of the PPP, 218 post offices were put up for contracting; however, the post received only 64 applications. The selection process has not yet concluded.

Magyar Posta is currently launching the third phase of the PPP with some modifications to the contracting criteria. This time 414 post offices are put up for bid. Through this effort the incumbent is hoping to be more prepared for the 2013 postal market liberalization.



Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Poland

Heading toward a more efficient network



Optimization of post office network

The Polish post office network has undergone considerable changes in the last few years. Although the number of post offices has only increased by 3%, the number of postal agencies grew by 40%, accounting for 34.5% of all postal offices in Poland in 2007. Postal agencies are owned and operated independently and their portfolio includes the services regulated by law as well as additional products and services to provide further income. Many changes are expected in the distribution network: the number of post offices in the rural areas – largely unprofitable – is regulated by law; however the Poczta Polska is lobbying with the government to enlarge the minimum area served by one post office by 30%. In contrast, in large cities where queues at the post offices are still too long, Poczta Polska's aim is to reach an average waiting time of less than 10 minutes. To achieve this goal, the company will fine-tune its on-site operations and open additional offices. A trend of converting post offices with a full postal offering to post office branches with limited product offers will continue and is being supported by a growing number of agencies. In light of the liberalization of the postal market, automation of post offices is inevitable, and will most probably occur over the next decade.

Design of sorting station network

Poczta Polska is struggling to meet its delivery time targets - in 2007 only 77.21% of priority letters were delivered within one day against an expectation of 82%. The lowest on-time delivery rate is found on the long-distance (over 200 km) routes (town to village and village to village). The major bottlenecks in the network are the sorting stations, where operations are not automated. The strategy adopted by the Poczta Polska in 2001 assumed the creation of a network of 14 large sorting stations across Poland. However, financial simulation has demonstrated that the company does not have enough funds to execute such a large scale investment and the plan was revised. The original plan was replaced with the concept of 8 A-hubs to handle mainly economy mail and 12 B-hubs with manual mail sorting to support priority mail.

Romania

Restructuring strategy implementation



Restructuring strategy

The Romanian Government approved the restructuring strategy for the Romanian postal incumbent (CNPR) in October 2008. Roland Berger Strategy Consultants assisted in the development of the strategy aimed at increasing the Posta Romana's competitiveness and at facilitating access to growth segments, while improving the company's efficiency and cost base.

Among other strategic and operational restructuring measures, several initiatives with significant impact on network efficiency have been put forward including: automation of key transit centers, development of hybrid mail, fleet renewal, centralization of control for postal operations, regional structure optimization, retail network optimization, personnel optimization, IT&C systems development and optimization, etc.

Implementation

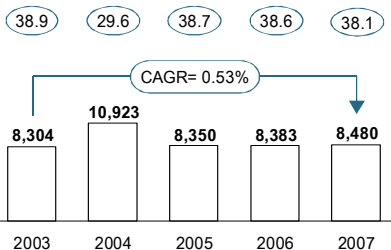
The implementation of several measures targeting the improvement of operational efficiency and service quality has already begun and the immediate results have been reported. PostEurop's evaluation in June 2008 attested an important improvement in delivery speed for priority mail coming from EU countries.

The implementation is expected to reach full speed in 2009, based on a EUR 150 m investment plan and on other initiatives, including outsourcing non-core operations (e.g. value transportation, facility management) and personnel optimization. The final goal of the government - the company's privatization - is yet to be substantiated.

Increased pressure from the market and regulator

International players (DHL, UPS) and major local players have been active on the local postal market in 2008 via M&A transactions, leading to more concentrated and intense competition in the postal market. At the same time, the postal market regulator is increasing expectations regarding universal service quality and has announced plans to expand the universal service scope to include direct mail in 2009.

Avg. area served by perm. post office [km²]

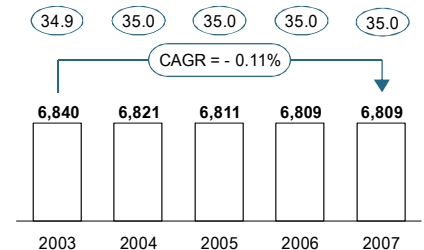


No. of permanent post offices

No. of full time staff	85 823
No. of part time staff	14 589
Total staff	100 412
Avg. no. of collections per day – urban areas	2
Avg. no. of collections per week – rural areas	5
Avg. no. of deliveries per day – urban areas	1
Avg. no. of deliveries per week – rural areas	5

Source: Universal Postal Union 2007 (2009), Roland Berger

Avg. area served by perm. post office [km²]



No. of permanent post offices

No. of full time staff	34 607
No. of part time staff	1 809
Total staff	36 416
Avg. no. of collections per day – urban areas	1
Avg. no. of collections per week – rural areas	5
Avg. no. of deliveries per day – urban areas	1
Avg. no. of deliveries per week – rural areas	5

Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Serbia

Facing challenges of globalization



Postal volume expected to grow in the near future

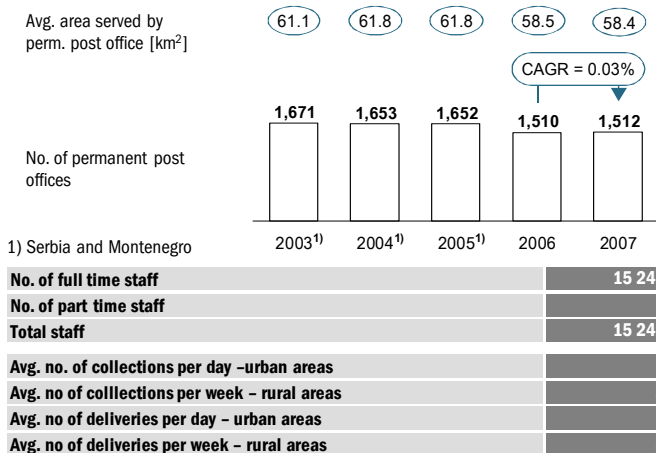
Serbia is decisively lagging behind developed countries based on the number of postal items per capita. As a consequence of macro economic growth, the postal services volume, especially within logistics services, is expected to double or even triple in the near future. The growth in service volume is expected following investment in the Serbian economy and is strongly connected with the expansion of postal activities, the increasing number of users and the improvement of postal services. The B2B and B2C segments are the largest segments, with the highest profitability levels and growth potentials.

Increasing market competition

The state owned Pošte Srbije is facing increasing domestic and international competition in the CEP segment. The main threat comes from domestic competitors in the form of bus and taxi transporters. Pošte Srbije's direct mail business is facing competition from student organizations illegally hired by marketing agencies to provide this service. A National Regulatory Authority is yet to be established, therefore there is an absence of licensing or market control. Pošte Srbije is introducing new services, such as post shops, virtual post, business desks and direct mail, to strengthen their competitive position.

Future outlook

The establishment of a strong and flexible NRA to ensure fair play on the market is expected in the future. Changes in the postal law are necessary to align the legal framework with EU directives and market demands. The incumbent should be transformed into a joint stock company and excluded from all telecommunication activities, however no definite plans have been developed. Restructuring of the incumbent is planned to be conducted in two phases: separation of core and non-core activities and modernization of technology and organization. The development of the postal network and operators' centers, as well as increase of postal network efficiency should be completed before the next liberalization phase. Introduction of standardized address codes is crucial to technologically improve postal services.



Source: Universal Postal Union 2007 (2009), Roland Berger

Slovakia

EC rules against Slovak postal law



Slovakia asked to reopen hybrid mail sector to competition

The European Commission (EC) directed Slovakia to allow competition in the hybrid mail market, saying the country must overturn its recent law forbidding competitors from entering the market. The Slovakian Ministry of Transport and Slovenská pošta are planning to sue the EC for this decision; however the EC's verdict remains legally binding for Slovakia. For the moment, Slovenská pošta and the Post Regulation Office cannot punish alternative operators for using the designation 'hybrid post' services.

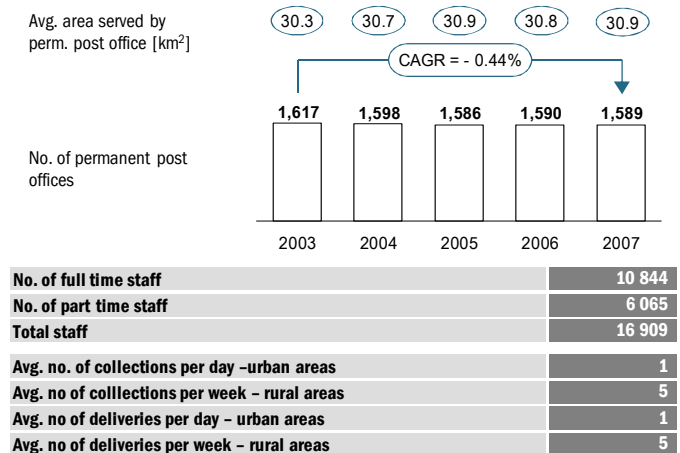
Hybrid mail services help Slovenská pošta achieve a balanced economic result, as well as a profit. This is necessary, because the incumbent must also carry out activities that are not profitable, such as maintaining its post offices located in highly rural areas. The EC's decision would mean a considerable decrease of Slovenská pošta's revenues, as well as a decrease in the value of the whole market for transaction mail.

Early liberalization – lower earnings

Early liberalization of the Slovak postal market before 2013 would cause a break in earnings amounting to EUR 66 m for Slovenská pošta.

Preparation for the Euro

As part of the preparations for adopting the Euro, the Slovenská pošta delivered about 1.9 million so-called euro-packages in November 2008. The packages included a euro-calculator and two types of brochures detailing the main aspects and implications of the currency switch. The Slovak Post Office together with commercial banks and the Central Bank also began selling euro starter packs. These packs worth SKK 500 (EUR 16.6) include 45 coins and were intended to ease the switch to the euro scheduled for the 1st January 2009.



Source: Universal Postal Union 2007 (2009), Roland Berger

COUNTRY FACTSHEET

Slovenia



Post of Slovenia is welcoming FMO

Full adoption of EU postal directives

The Slovenian government is changing the current Postal law in order to align it with EU postal directives. The new law will come into force at the beginning of 2009. Posta Slovenije has not joined the initiative of 12 EU members for postponement of market liberalization, but it is preparing itself for the full market opening.

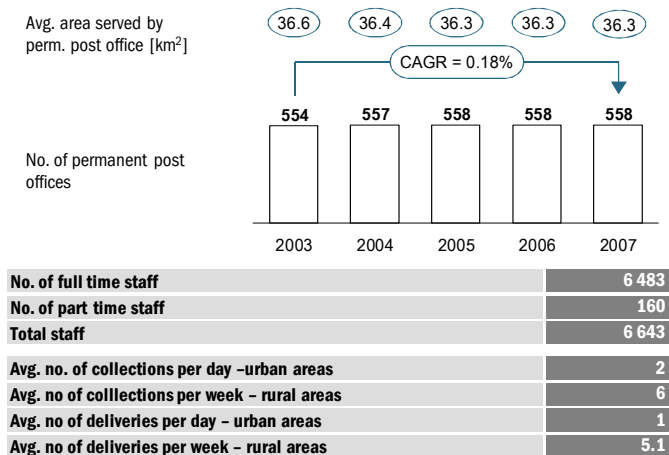
Market competition

Despite the processes of liberalization and privatization in post and courier activities in Slovenia, the sector is still dominated by Posta Slovenije, which is the only operator registered for universal- and reserved postal services. Posta Slovenije controls 90% of the market and has an income share of 80%, while smaller providers provide a range of different and innovative services, such as door-to-door delivery. Some 13 providers of postal activities are listed in the register of providers, however, there are about 450 companies and private individuals, offering delivery services in the market.

Market trends

A continuous growth of employment can be seen in the postal services sector, while only a moderate growth of postal services revenue is expected. Among other market trends a reduction of revenue disparities between operators who provide commercial postal activities in comparison to universal service operators can be observed. Commercial postal operators have been shifting towards international postal activities in the recent past.

While the number of transferred CEP documents and packages in the domestic and international (especially the number of transferred packages) postal traffic show increasing tendencies, Posta Slovenije's transport of ordinary letters in domestic and international traffic has been declining slightly. Most significantly, however, Posta Slovenije is continuously aiming to improve the quality of its services.



Source: Universal Postal Union 2007 (2009), Roland Berger

Ukraine



Transformation of soviet heritage is being stalled by political crises

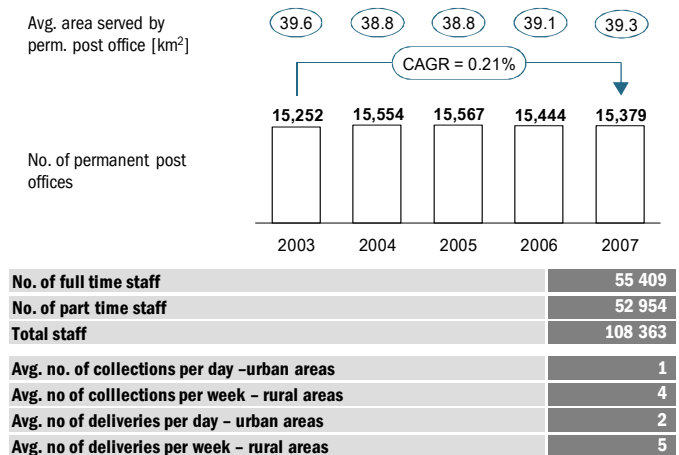
Post office categorization

The post office categorization of Ukrainian Ukrposhta has been the same model for 20 years. Categorization of the postal offices in Ukraine occurs along two dimensions: differentiation according to territory and service portfolio.

Territorially offices are split into three levels: regional/city offices, district offices and individual offices. 25 regional and 2 city (Kyiv and Sevastopol) offices are the administrative centers in the respective region/city. The next level are the district offices, located in the smaller towns and combining normal postal office responsibilities with administrative functions for the office network in one or several districts. The individual offices are the initial points of sale for more than 50 types of services provided by Ukrposhta. They usually cover either appointed parts of the city/town or certain villages. The individual offices are also the subject to categorization according to the set of services provided which divides them into four types. Stationary office of postal service (they make up over 85% of all postal offices in Ukraine) usually provide all services from Ukrposhta. Mobile offices of postal service cover several small communities and provide a limited number of services. Points of postal service are usually located in settlements with less than 500 inhabitants and their sole activity is the collection of post. There are also seasonal offices of postal services which are only opened for business during the holiday season in the major vacation cities/towns.

Is the postal network reform coming?

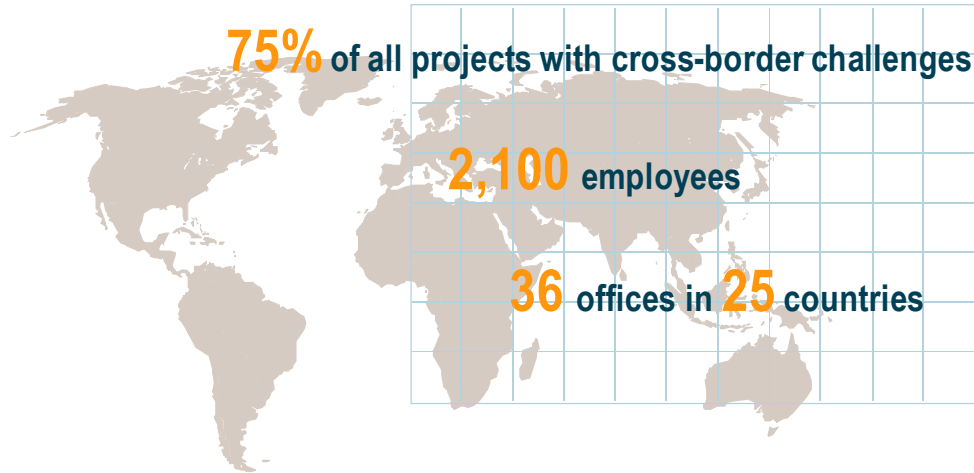
Ukrposhta announced the presentation of the postal network reform project for October 2008. The reform was expected to first of all optimize the performance of individual offices. However, the whirlpool of the political crisis followed by the economic crisis has stalled even the preliminary attempts of the reform. The restructuring of the Soviet network heritage is therefore to be postponed again indefinitely, continuing to undermine the efficiency of Ukrposhta.



Source: Universal Postal Union 2007 (2009), Roland Berger



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The next issue of the CEE Postal Snapshot will be published at the end of April 2009 on the topic of postal regulations.

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