NEW ZEALAND POST GROUP

MEDIA RELEASE

8.40am 26 August 2016

New Zealand Post Group reports net profit of $141m

The New Zealand Post Group has reported a net profit after tax (NPAT) of $141 million for the year ended June 2016 confirming a steady year-on-year financial performance for the Group overall.

The NPAT result is down 1.4% ($2m) on the previous financial year. Revenue fell by 6.6% to $1,485m and this was matched by a 6.6% reduction of expenditure to $1,335m. A dividend of $5m was returned to the shareholders.

“The profit is largely due to Kiwibank and the proceeds from the sale of New Zealand Post’s Australian-based subsidiary Converga to Canon Australia,” says Brian Roche, New Zealand Post Chief Executive. “Kiwibank had a good first half performance, however this was not matched in the second six months,” he says.

Mr Roche says a significant milestone has been reached on the Kiwibank transaction announced in April, with the New Zealand Superannuation Fund and the Accident Compensation Corporation having completed their due diligence. We are now actively engaged with the parties to reach a timely conclusion of this transaction.

In the postal services business (parcels, letters and logistics), letter volumes continued to decline at a rate of approximately 8% but parcel volumes and revenue were up 6.4% and 2.9% respectively. Excluding one offs, the postal services business made a small loss. However, ongoing investment in processing and delivery technology position it well for the future.

“New Zealand Post is now in the investment phase of its business strategy. It is a leaner organisation positioned for further parcel growth, with a renewed focus of putting customer choice at the forefront of decision making,” says Brian Roche.

“Margin growth is difficult in challenging market conditions, but we’re seeing good parcel trends, with parcel volumes growing by 6.4%. We will continue to actively explore market opportunities to grow our core future business in parcels,” says Mr Roche.

Highlights for the New Zealand Post Group in FY 2016 include:

- The sale of Converga for AUD$75m generated a gain of NZD$43m, freeing up capital funds for investment.
- Choice of the Paxster as NZ Post’s new electric delivery vehicle, with 500 to be used for the combined delivery of parcels and mail in larger towns and cities.
- Inbound international parcel volumes grew by 15.5%.

- Processed nearly 10 million letters for the two postal flag referendums.
- Introduced a new range of parcel delivery options giving customers more choice about where and when they receive their parcels.
- Completion of a new facility for courier and postal operations in Te Rapa - the Waikato Operations Centre.
- Building underway on a new parcel processing facility in Christchurch including state-of-the-art sorting machines supplied by Daifuku BCS.
- Nearing 200,000 registered YouShop customers (194,000 as at 30 June).
- For a second year in a row Kiwibank returned a dividend ($29m) to its parent company, the New Zealand Post Group.
- Kiwibank grew customer deposits by 7.6% from $13.7 billion to $14.8 billion and grew lending and advances to customers by 7.0% from $15.6 billion to $16.7 billion.

Key facts

	FY 2016 $m	**FY 2015 $m**
Revenue	1,485	1,590*
Expenditure	1,335	1,430*
EBIT	197	209^
NPAT	141	143
Underlying NPAT	124	128

*Prior period figures have been restated based on reclassification of direct fee expenditure.
^Prior period figure restated based on changed definitions.

Media contact: Richard Trow, 027 837 6179

Please note: Brian Roche has limited time available for phone interviews today.