



Governance for Success in Uncertain Times







6 September 2012

Strictly Private and Confidential

NEW
ZEALAND
POST
GROUP

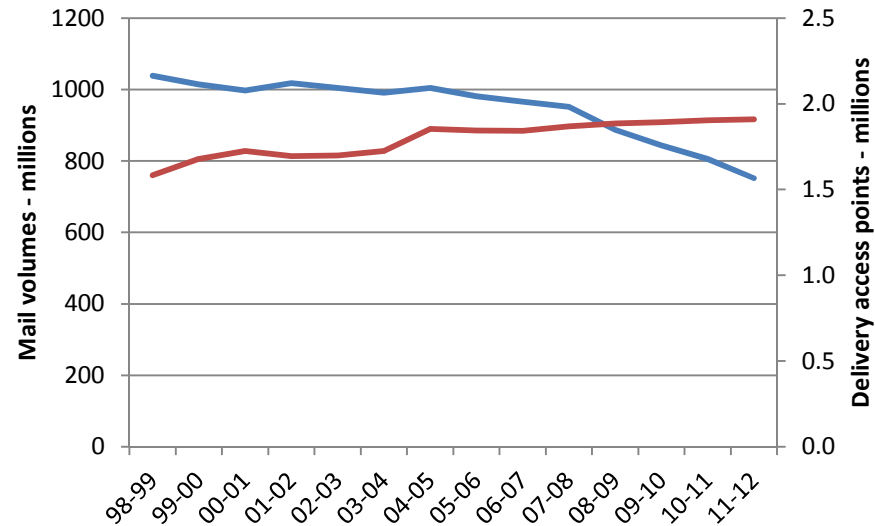


Shape of New Zealand Post Group

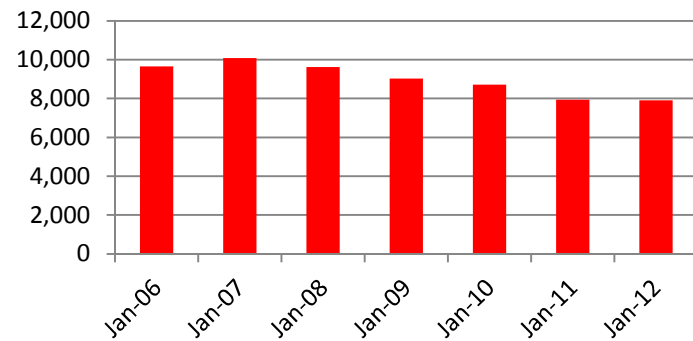
	Division	Description	
	Financial Services	Kiwibank New Zealand Home Loans	
	Postal & Logistics	The delivery of post and packages	 
	Digital	Digital service offering	 

Scale of operations

Letter volumes & delivery access points



Employee numbers NZ (FTE)

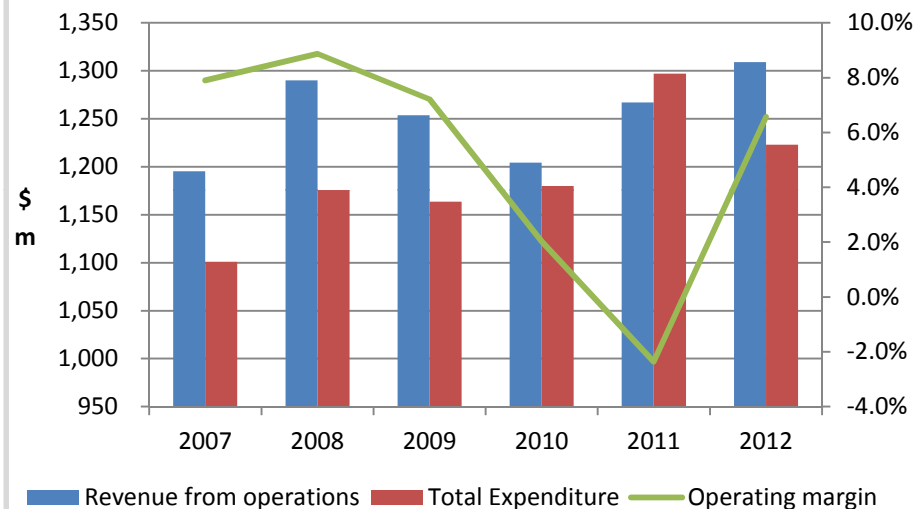


Branch network (as at 30 June 2012)

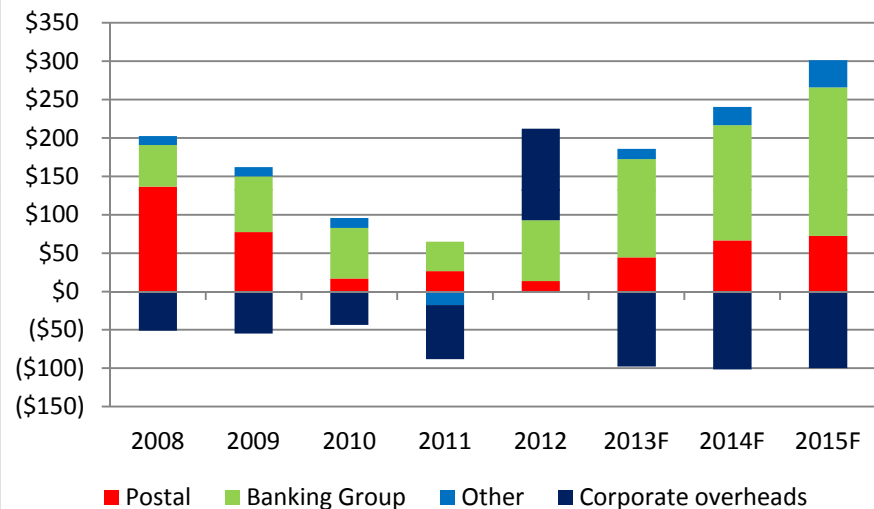
	Post Shops	Post Centres	Total
Total	280	614	894
Deed	240		880

Our financial performance

Financial trends



Group EBIT by segment



What's happening in our world?

Urgent and time critical information goes via either email or courier

Our products and services are viewed by the market as commodities

Our products and services face direct competition from new technologies

Decline in mail volumes is permanent, the only issue is the rate of decline

Growth of Kiwibank places increasing capital demands on the Group

Strong brands with high emotional connection within the community

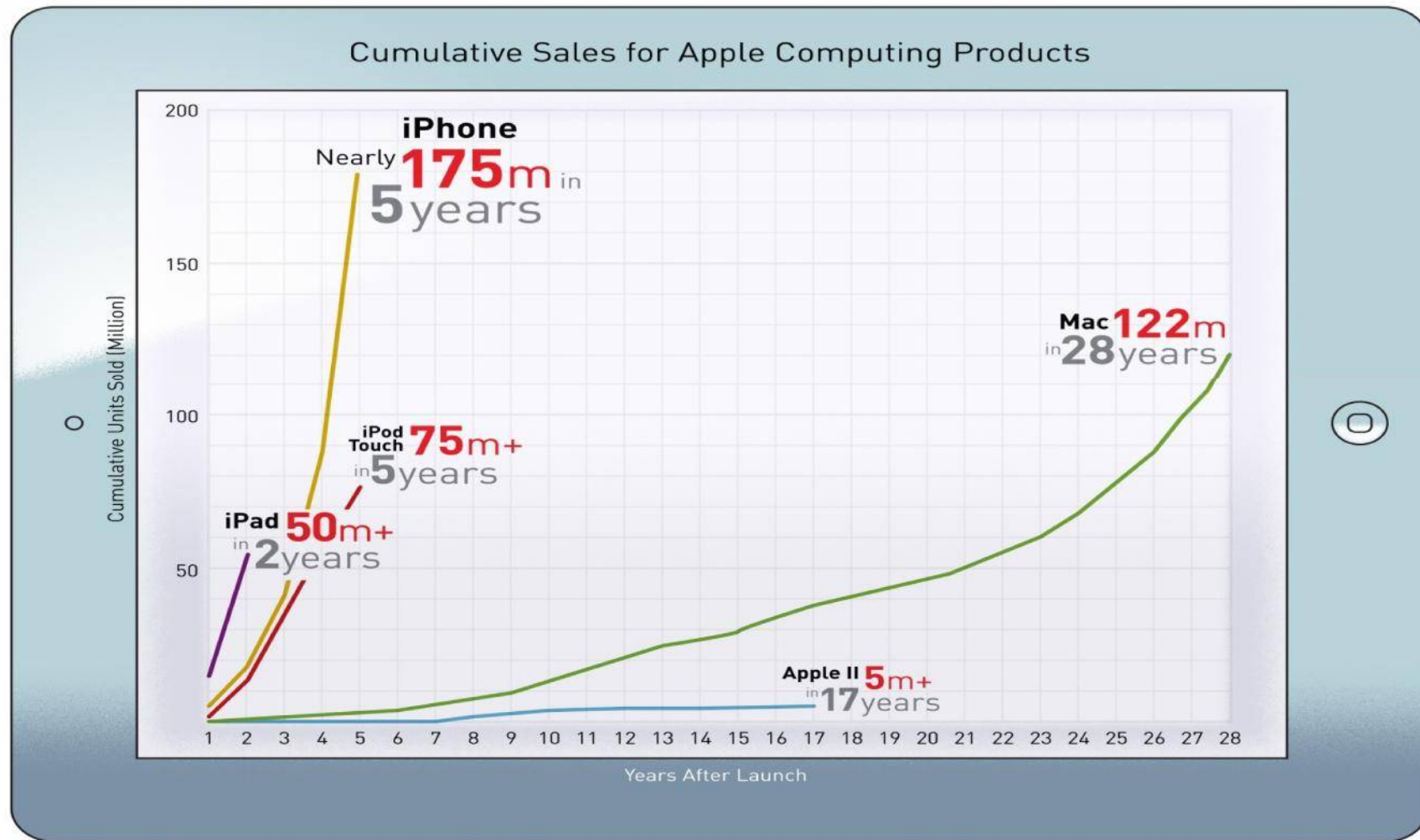
Store network and community presence relies on banking and postal services

Availability of capital is becoming constrained

Cost base needs to be reduced in quantum & changed from fixed to variable

... the business model we inherited lasted the best part of a century. The model we are creating may last 8-10 years.

The pace of change is increasing

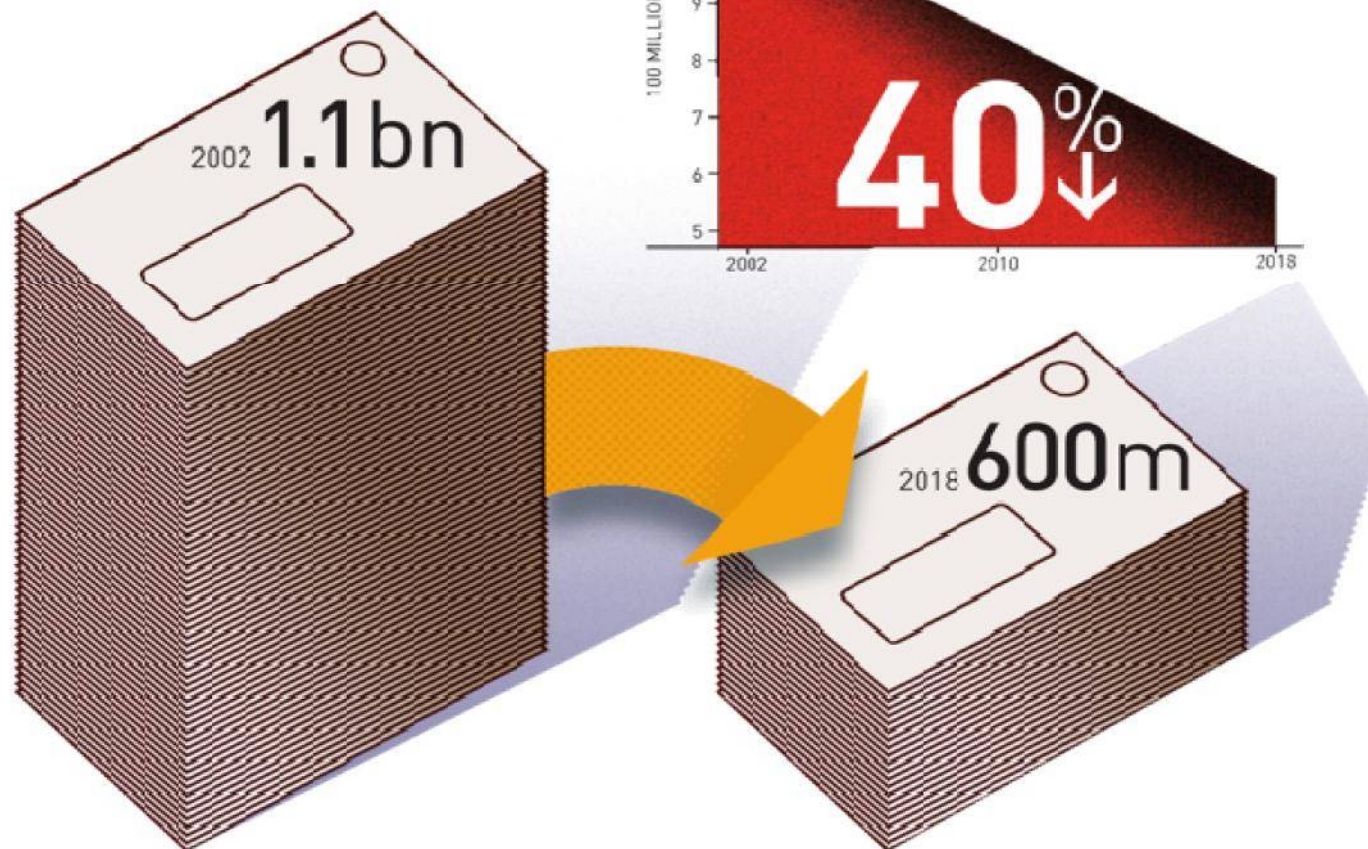


Relevance and value



Decline in mail volumes is permanent

Mail volumes



THE PLAN

Bringing New Zealanders
together with the people and
things that matter to them

We'll focus in 6 areas...

...and key projects...

...to create 2015

Deliver a superior
customer experience

Grow the bank

Build a sustainable
physical network

Build people capability

Create a digital future

Work smarter

Service strategy to deepen
customer relationships

Become a full service bank

Physical network of the future

Simplify products
and services

Digital post offering

Future stores and kiosks

Easy, simple and
enjoyable for customers
to do business with us

A bank for all New Zealanders

NZ's physical network provider of choice

A place where talented people
want to work

Trusted with NZ's essential
digital information

Competitive, commercial
and sustainable

We'll do
it together

One team

Do what's right

Make it easy

Raise the bar



NEW
ZEALAND
POST
GROUP

LET'S
REGROUP

The changes we need to make

1. Decline in postal volumes

The challenge:

- *A structural decline in postal volumes through substitution of digital media*

Our plan:

- *Build a sustainable physical network that is New Zealand's provider of choice*

2. Maturity of Kiwibank

The challenge:

- *The second stage of growth of Kiwibank – from start up challenger brand to a more diversified offering.*

Our plan:

- *Grow our core business and to diversify the bank into new markets – reducing portfolio risk and accessing new growth markets.*

3. Digital market

The challenge:

- *Creating a sustainable business in the digital market*

Our plan:

- *Leverage our trusted brand to become the key enabler of the digital economy in New Zealand*

4. Retail transformation

The challenge:

- *An outdated store network experience that is expensive to run and doesn't fit our modern customer needs for both postal services and for Kiwibank.*

Our plan:

- *Deliver an industry leading customer experience, a reduction in the overall cost of the Store Network, an improved experience for our people and a platform for growth for Kiwibank*

What will we be?



Risk – where does it fit?

Inbedded in everything we do – not an add on

About awareness and response

Dynamic not static

Balance is critical – what's the defensible position?

Instinct and methodology

Worst cases do happen

Biggest risk to success is often not process