

## Posti's growth comes from parcels and logistics: "We have reached a historical turning point"

08-11-2017

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Posti's business environment is undergoing a dramatic transformation. Changes in consumer behavior, accelerated digitalization, the transformation of the retail industry, the rapid growth of e-commerce, tight competition and the advancement of technology all challenge Posti like never before. Posti responds to these challenges by continuing its bold transformation.

- We want Posti to be a customer-oriented and profitable logistics and postal service company that utilizes digitalization in all of its operations. Even though the business environment is changing, the mission of Posti stays the same: to make the everyday lives of Finns smoother, says Posti's CEO **Heikki Malinen**, characterizing the Posti of the future.

### Strategy of four key objectives

Posti's Board of Directors has approved the updated strategy and financial targets for the next three years. The strategy is to continue

Posti's determined renewal and to significantly improve both the quality and the customer experience.

The strategy is built on the following four key objectives that will allow Posti to achieve renewal and emerge as a winner through this period of transformation: win e-commerce play, keep mail relevant to customers, renew service culture – Posti Orange, and digitally powered to secure your service delivery.

As the volumes of traditional letters constantly decrease, the strategy of Posti is to seek growth in parcels, e-commerce and logistics services.

- Posti has arrived at a historical turning point: for the first time, Parcel and Logistics Services accounted for a higher share of Posti's net sales in the third quarter than traditional postal services. This global development will only increase in the future, emphasizes Malinen.

### Posti to open 1,000 new parcel lockers next year

Posti has excellent opportunities for growth in the e-commerce of goods and foodstuffs. Posti will deliver more parcels and goods than ever this year. E-commerce is expected to grow at an annual rate of approximately 10% in Finland.

- Next year, we will open 1,000 new parcel lockers in addition to the existing 500 parcel lockers throughout Finland in order to support the growth of e-commerce, says Malinen.

#### Digital tracking developed for letters

Letters and publications will remain firmly planted at the core of Posti's operations. Investments will also be made on the aforementioned topics.

- Posti's goal is to expand the life cycle of paper communications by converting letters into a digital channel for customer communications. We are among the first postal companies in the world to have started developing a digital tracking system for letters and other addressed deliveries. This way, we can improve the quality of our delivery and customer experience, says Malinen.

Posti also wants to respond to customers' expectations on excellent quality and has launched several quality assurance procedures.

#### Digital tracking to be developed for letters

According to Malinen, digitalization is not a threat to Posti but rather a great opportunity to make the everyday lives of customers smoother.

- Through digitalization, we can offer our customers an enhanced service experience. With the help of new technology and automation, we can optimize delivery costs, maintain high quality and implement new digital services.

Malinen emphasizes that a prerequisite for the renewal of the company is the skilled personnel and service culture of Posti. The purpose of the new service culture is to increase positive customer and employee

experiences. Posti is also improving its service level by offering more digital tools for its employees.

#### Profitable operations as Posti's objective

In connection with updating its strategy, Posti's Board of Directors also elaborated on financial targets. According to CFO **Sari Helander**, it will always be important for Posti to operate in a profitable manner, secure sufficient profits for the capital invested in the operations, ensure a stable balance and, as a result, enable the payment of dividend to owners.

- Posti is in the midst of a transformation as digitalization is reducing the profits from Posti's traditional business and the company will increasingly transition into a logistics operator. The updated financial targets reflect this transformation. Posti does not receive public subsidies, reminds Helander.

Posti's updated financial targets are:

- Adjusted operating result percentage: 4%
- Return on capital employed: 10%
- Net debt/adjusted EBITDA: less than 2.0x
- Dividends: continuously increasing

#### OpusCapita focuses on sourcing, payment and cash management solutions

OpusCapita, a subsidiary of Posti Group, has also undergone a major renewal. It focuses on global solutions of sourcing, payment and cash management and its aim is to become an industry leader in the global buyer-supplier ecosystem.

#### Itella Russia focuses on improving profitability

Itella Russia will continue enhancing its

operations. The aim is to restore profitability and concentrate on its own warehousing

capacity in the field of contract logistics.

Source: [Posti](#)

