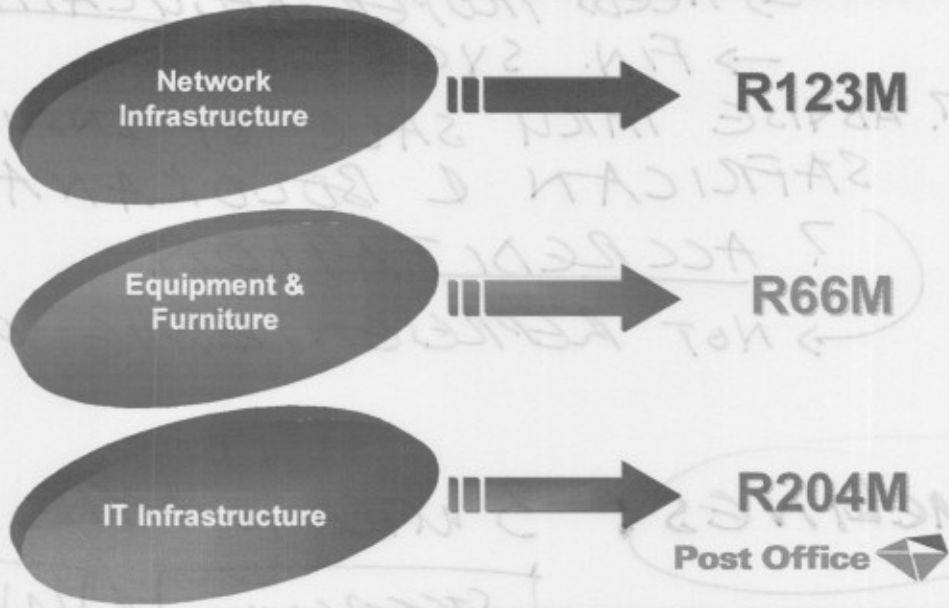


Capex expenditure – R393m



**Outlook for the
2006/2007
Financial year**

Postbank corporatisation

Phase ONE
PROFIT CENTRE

Phase TWO
CORPORATISATION

Phase THREE
FULLY FLEDGED
SAVINGS BANK

Phase I (Profit Centre)

- Postbank operates as a profit centre within the existing Post Office divisional structure and with an expanded product range.
- A separate Postbank committee is established to facilitate the achievement of the autonomy required to operate profitably and efficiently.

Post Office 

2

Postbank corporatisation

Phase II (Corporatisation)

- Postbank operates as a subsidiary fully owned by the Post Office or Government and providing a full range of payment and fund transfer services and expanding the deposit base.
- Phase III (Fully Fledged Savings Bank)
- Postbank operates as an autonomous company owned by the Post Office or Government and is a fully fledged Savings Bank, extending lending facilities.
- Although the South African Post Office or Government will own Postbank, a strategic equity partner may obtain a minority share in Postbank.

Post Office 

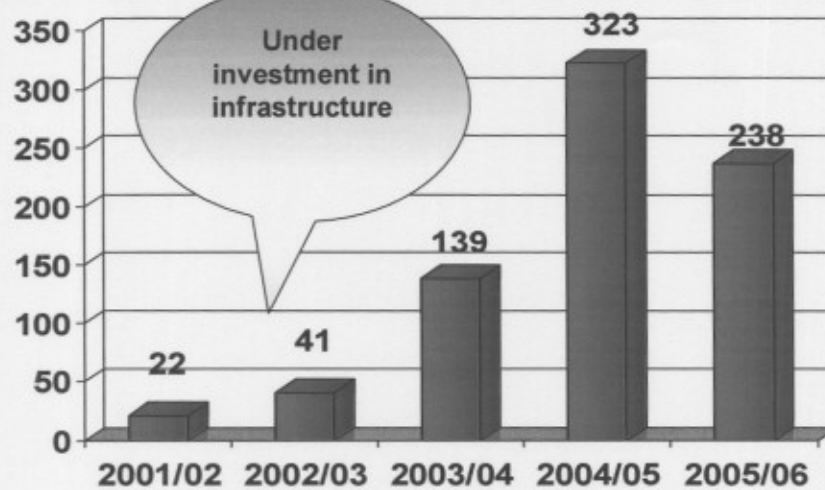
2

Postbank corporatisation

| Phase ONE | Phase TWO | Phase THREE |
|--|---|---|
| PROFIT CENTRE | CORPORATISATION Postbank Concept Paper (DOC) | FULLY FLEDGED SAVINGS BANK |
| <ul style="list-style-type: none"> • Expanded product range • Postbank Committee to facilitate achievement of autonomy • Profitability and efficiency | <ul style="list-style-type: none"> • Distinct corporate entity • A subsidiary of SAPO • Main business of Postbank; <ul style="list-style-type: none"> ➢ Deposit taking ➢ Third party payments ➢ Money transfer services ➢ Deferral of direct lending • Operating under current exemption • Postbank regulatory framework (by National Treasury) • Further activities before recapitalisation <ul style="list-style-type: none"> ➢ Development of SAPO restructuring programme ➢ Amendments to the Postal Services Act ➢ Registration of Postbank into the Companies Act ➢ Memorandum and Articles of Association ➢ Constitution of the Board ➢ Establishment of corporate structure ➢ Formulation of proposals to improve Government's oversight in Postbank affairs | <ul style="list-style-type: none"> • Autonomous company owned by SAPO or Government • Fully fledged Savings Bank extending lending facilities • Strategic equity partner |

Post Office 

Capex spending on infrastructure (R'm)



Post Office 

Subsidy

| Projects | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-------------------------|------------------|----------------|----------------|----------------|
| USO | 86,657 | 100,990 | 101,000 | 110,000 |
| Mail sorting equipment | 43,385 | 0 | 0 | 0 |
| Mail centers | 0 | 50,000 | 63,000 | 0 |
| SAP upgrade | 13,690 | 73,000 | 0 | 0 |
| Re - engineering | 5,658 | 0 | 0 | 0 |
| Track & Trace | 7,555 | 40,000 | 0 | 0 |
| Point of sale system | 59,757 | 50,000 | 0 | 0 |
| IT infrastructure | 0 | 0 | 30,000 | 40,000 |
| Upgrading & new outlets | 14,194 | 91,740 | 130,000 | 181,000 |
| VAT | 36,842 | 38,439 | 39,789 | 40,649 |
| | * 267,738 | 444,169 | 363,789 | 371,649 |

*Capex 116.2 m

Post Office 

5 Key strategic themes, Vision & Mission

Key strategic themes

- 1 Drive **operational excellence** to achieve top-quality at benchmark cost
- 2 Achieve **customer intimacy** and leverage this for growth in Communication, Logistics and Financial Services
- 3 Be **government's preferred partner** for economic enablement within the scope of our product and service offerings and in the delivery of government services
- 4 Build a **high performance culture** and develop capabilities throughout the organisation
- 5 Strengthen the public perception of the Post Office as a trusted brand

Vision

'To be recognised among the *top 10* providers of postal and related services *in the world*'

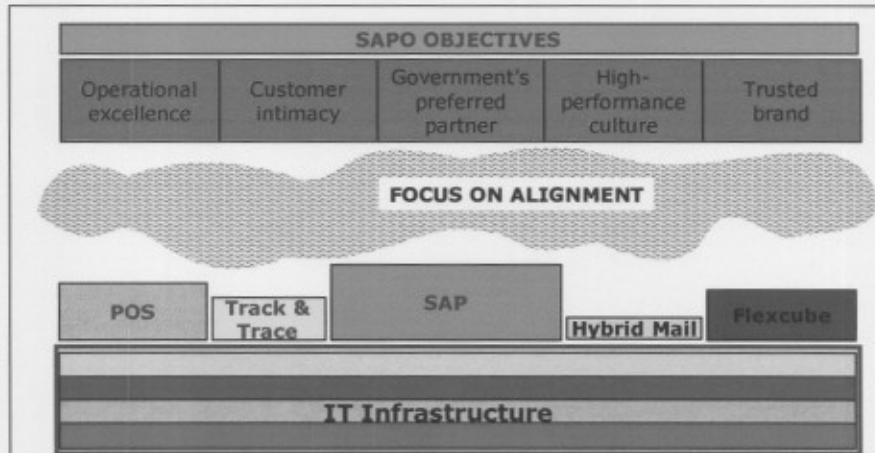
Mission

'We will *enable the nation* to efficiently connect with the world by distributing information, goods, financial and *government services*; leveraging our broad reach and embracing change, *technology and innovation*'

Post Office 

Strategic alignment of internal environment

Architecture should link IT's infrastructures and systems to business objectives



Post Office 

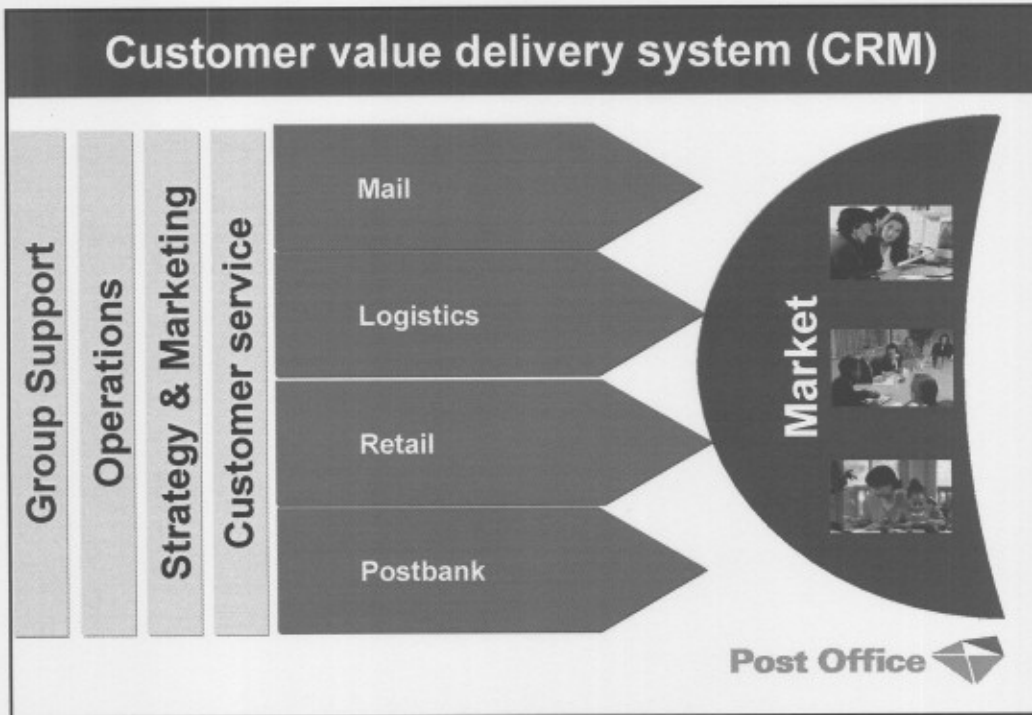
Channel Enhancement Focus



New web-enabled POS to support future growth

Re-implementation of SAP from application modules to strategic enterprise management

Post Office 



Why we need to address our brand positioning

- ▶ **Inconsistencies in our brand experience**
- ▶ **Poor placement of our brand**
- ▶ **'Home made' solutions being used**
- ▶ **Little consideration of the brand experience for our customers**

Diversification of Financial Services



Growth from traditional business



Dynamic & competent workforce

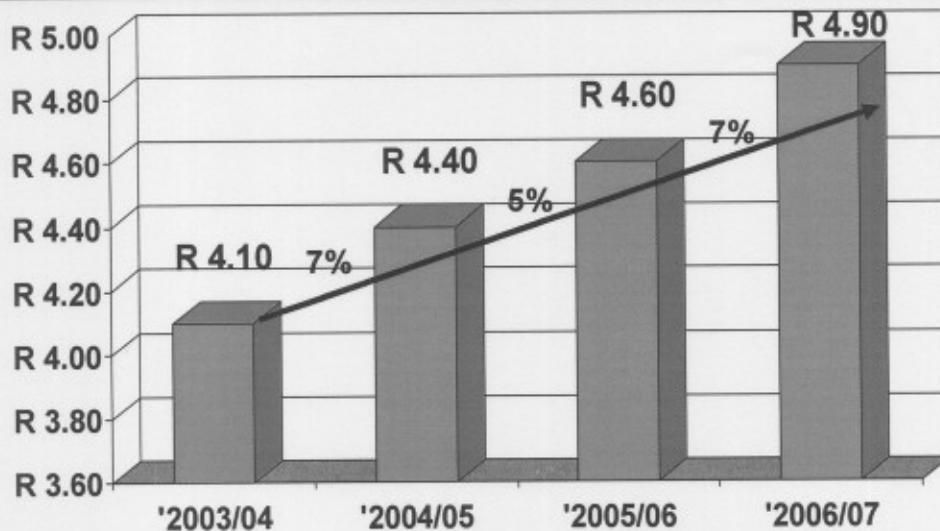
Eliminate
bureaucracy



Trained &
motivated staff

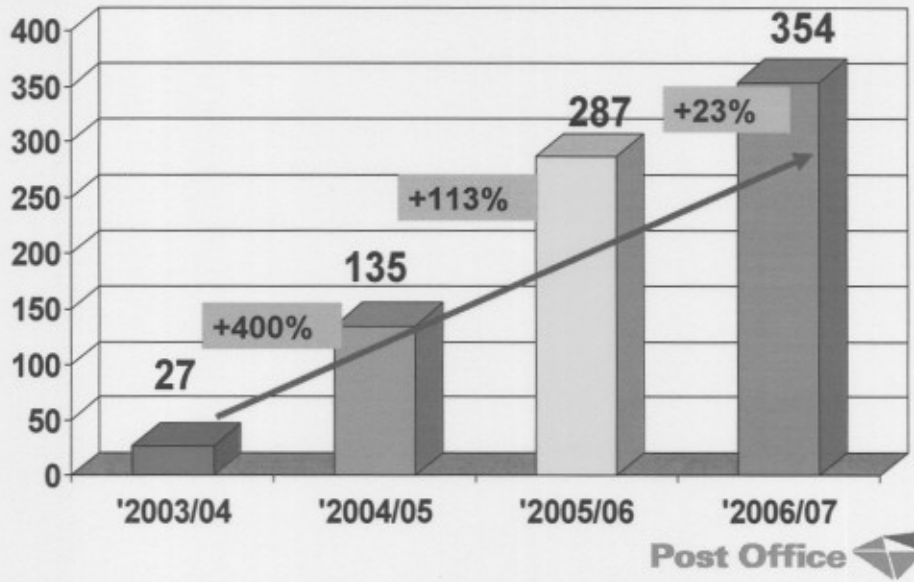
Post Office 

Revenue (billions)

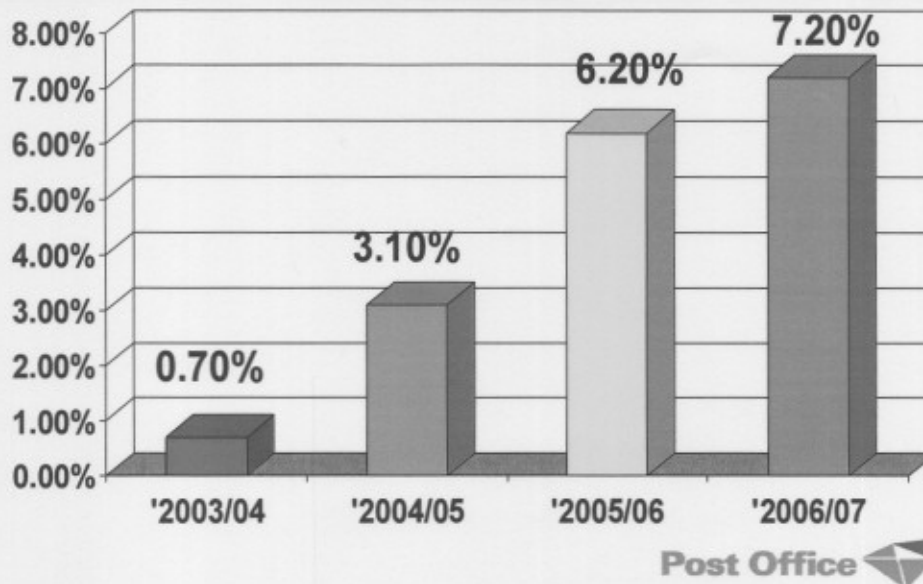


Post Office 

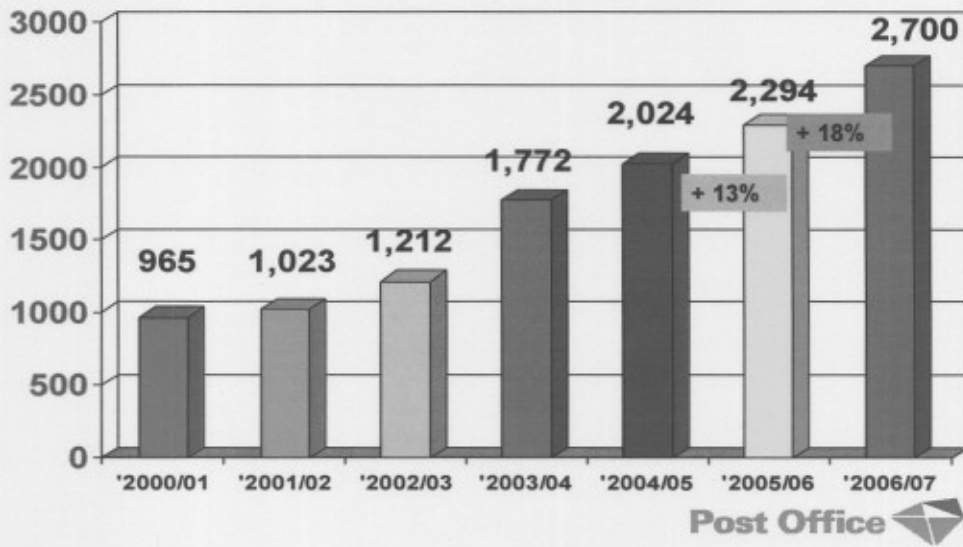
Operating Profit – Pretax (Rm)



Operating Profit Margin (%)



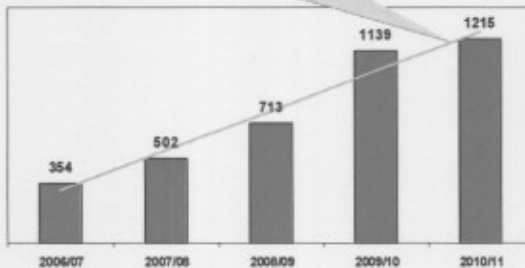
Postbank depositors funds (Rm)



Summary

Profits will be re-invested into:

- ▶ Improved rewards for performance
- ▶ Improvement of working conditions
- ▶ Increased Corporate Social Responsibility



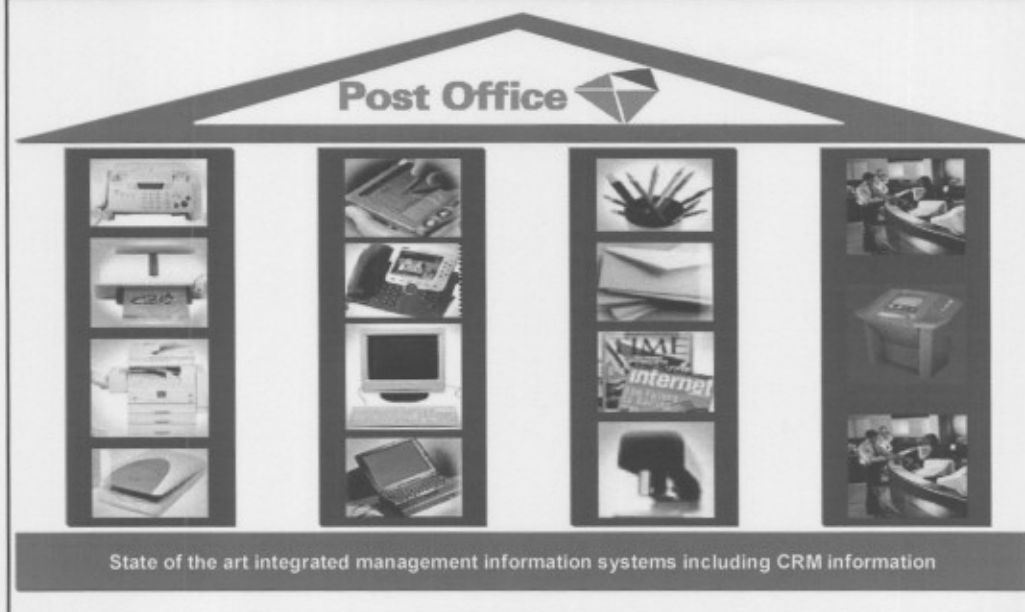
- 1 Drive operational excellence to achieve top-quality service at benchmark cost
- 2 Achieve customer intimacy and leverage this for growth in Communication, Logistics and Financial Services (product diversification)
- 3 Be government's preferred partner for economic enablement within the scope of our product and service offerings and in the delivery of government services
- 4 Build a high performance culture and develop capabilities throughout the organisation
- 5 Strengthen the public perception of the Post Office as a trusted brand

Conclusion

- ▶ Technology, customer needs and regulatory changes continue to create a challenging environment
- ▶ Service delivery and universal service to remain key areas of focus
- ▶ Revenue diversification to be embarked on as a matter of strategic priority
- ▶ Strengthen internal capability & competence (IT & Staff training)
- ▶ Creative expansion of network
- ▶ Brand positioning & creation of sustainable growth and value

Post Office 

The Future Post Office



Thank you

Post Office 
We deliver, whatever it takes.

New stores

▶ Before





▶ Now



[CLICK HERE TO GO BACK](#)

Post Office 

Portable Post Offices

[CLICK HERE TO GO BACK](#)

Post Office 