Headline numbers

<table>
<thead>
<tr>
<th>NZ$m</th>
<th>FY2015</th>
<th>FY2014</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>1,643</td>
<td>1,651</td>
<td>↓8</td>
</tr>
<tr>
<td>Expenditure</td>
<td>1,483</td>
<td>1,495</td>
<td>↓12</td>
</tr>
<tr>
<td>Operating profit (reported)</td>
<td>160</td>
<td>156</td>
<td>↑4</td>
</tr>
<tr>
<td>NPAT (reported)</td>
<td>143</td>
<td>107</td>
<td>↑36</td>
</tr>
<tr>
<td>Adjustments*</td>
<td>(15)</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>NPAT (underlying)</td>
<td>128</td>
<td>124</td>
<td>↑4</td>
</tr>
<tr>
<td>EBIT</td>
<td>209</td>
<td>163</td>
<td>↑46</td>
</tr>
<tr>
<td>Total equity**</td>
<td>1,170</td>
<td>1,192</td>
<td>↓22</td>
</tr>
<tr>
<td>Total assets</td>
<td>19,217</td>
<td>17,583</td>
<td>↑1,634</td>
</tr>
<tr>
<td>Net debt</td>
<td>228</td>
<td>226</td>
<td>↑2</td>
</tr>
</tbody>
</table>

* FY15 includes gain on Converga sale, less restructuring costs and impairments
** $150m Preference share capital replaced by Perpetual Capital Notes (now sub-debt) but qualifying as Additional Tier 1 Capital for Kiwibank
Highlights of the year…

**Strategic**
- Integrated deliver agent and process innovation programmes gain approval in principle and initial funding
- Responsibility of all corporate retail stores transfers to Kiwibank

**Operational**
- Mail delivery frequency changes for standard mail developed for 1 July launch
- New delivery vehicle trials completed to test multi-product capacity and capability
- New air fleet joint venture company launched with Freightways
- E-Commerce brand launched to promote the benefits of our end-to-end management of business logistics and delivery processes
- YouShop expanded into its third market, China, via a deal with China Post
- The Connect digital platform takes early steps with successful document flow management for Study Link (part of Ministry of Social Development)

**Portfolio**
- Successful sale process for CouriersPlease for A$95m produced a $46m gain on sale
- Successful re-marketing of our $200m retail hybrid bond, saving c. $3.6m of interest costs per annum
Profitability

Kiwibank is the major contributor to Group earnings

→ Underlying NPAT of $128m reflects the strong performance from financial services, as well as the incremental changes to the core postal business and cost-out programmes across the entire Group.

→ Full year dividend held at $5m reflecting the need to conserve capital whilst strategic initiatives take effect nearing the mid-point of the Group’s 5 year transformation programme.

→ Dividends from Kiwibank to the NZ Post will likely from the basis of the shareholders’ expectations of a revised Group dividend policy in the future.

Profitability trend $m

<table>
<thead>
<tr>
<th>Year</th>
<th>Underlying NPAT</th>
<th>Reported NPAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
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</table>

Reported NPAT  
Christchurch earthquake  20  
Property depreciation and impairments  72 14 51 3 22  
Restructuring costs  -8 6 14 14 9  
Investment gains  -35 (96) (75) (46)  
Underlying NPAT  73 41 80 111 124 128

Source: NZP
Profit mix

 Operating Net Profit After Tax (NPAT) $m

- Kiwibank
- Group ex-Kiwibank
- Group Operating NPAT

Revenue mix

Financial Services 36%
Letters 21%
Parcels 26%
Investments 11%
Other 6%
Balance sheet

Stable capital management

- Core debt levels remain stable and supportive of the Group’s long term strategy of employing capital in the transformation of the business
- Hybrid notes successfully re-marketed in November 2014 reducing the coupon from 7.5% to 6.35%
- Potential and undrawn lines of liquidity total $310m in addition to the Crown uncalled capital facility of $300m (in support of Kiwibank)
- Continuing demand for NZ Post commercial paper with margins of between 8.5 and 15bp over BKBM
Our strategy remains on track

We continue to successfully operate in a competitive environment and in markets that are rapidly changing.

Our strategy is to ensure that the two core business clusters of the Group remain relevant to the markets within which they operate, are self-sufficient in terms of capital and ultimately create sustainable value for the shareholder and key stakeholders alike:

The key focus areas over the medium term are:

→ embedding frequency changes to standard mail
→ innovation in processes and products
→ exploring new ways of delivery
→ Continuing the changes made to Kiwibank’s operating and distribution models to help maintain Financial Services’ positive and profitable momentum
## Contact Details

<table>
<thead>
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<td><a href="http://www.nzpost.co.nz/about-us/investor-centre">http://www.nzpost.co.nz/about-us/investor-centre</a></td>
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