

# BOUNDLESSLY RELIABLE

Annual Report 2013 | Austrian Post | MAGAZINE

## STRONG FOUNDATION

Number one in Austria

## ENTERING NEW TERRITORY

An eye on growth markets



# WITH TRUST COMES RESPONSIBILITY

## HOLDING A STEADY COURSE

One can rely on Austrian Post, even in turbulent times. We are resolutely pursuing our path and orient our business operations to reflect our four strategic guidelines. This has enabled us to achieve quite a lot. But our work goes on. We will continue to develop innovative business areas, open up new markets and continually strive to offer even better solutions for the benefit of our customers. Above all, Austrian Post also wants to be one thing in the future: boundlessly reliable...

... for our customers: engaging, trustworthy and secure.

... for our employees: supportive, respectful and fair.

... for our shareholders: solid, predictable and sustainably profitable.

### ENTERING NEW TERRITORY AN EYE ON GROWTH MARKETS

Pages 40 to 49

### STRONG FOUNDATION NUMBER ONE IN AUSTRIA

Pages 28 to 39



**CREATING VALUE**  
**EMBODYING A CULTURE OF RESPECT**

Pages 70 to 99

**THE CUSTOMER IS KING**  
**MORE SERVICE, NEW SOLUTIONS**

Pages 60 to 69

**FOCUS: EFFICIENCY**  
**EFFECTIVE, PERFORMANCE-ORIENTED**

Pages 50 to 59







# MAKING GOOD PROGRESS

**T**he motto of our annual report is not only a catchphrase but the reality we live by. “Boundlessly reliable” puts our philosophy and core belief in a nutshell. Austrian Post is a company one can rely on, everywhere and at any time, – from our customers and shareholders to employees and business partners. It is the recurring theme throughout this annual report. It is built upon our four core strategies which have guided us since 2010 with respect to how we resolutely move ahead on our path.

- Austrian Post is **boundlessly reliable** in its core business i.e. the delivery of letters and parcels throughout Austria and internationally.
- Austrian Post is **boundlessly reliable** when it comes to the ongoing enhancement of its efficiency on the basis of intelligent investments.
- Austrian Post is **boundlessly reliable** because it keeps the promises it makes to shareholders, customers and employees.
- Austrian Post is **boundlessly reliable** in its efforts to make life as easy as possible for our customers.

The last aspect is particularly important to me. This is because, more than anything else, every successful company must have its customers in mind, and give them what they really need and want. Austrian Post lives, practices and embodies a credible focus on customer orientation. In the meantime, the public has also noticed that we are doing a number of things differently here in the company. I mean, we are doing things better – so that we will be able to keep our promise of being boundlessly reliable in the future as well. Naturally, in spite of all our efforts, we cannot prevent mistakes from happening sometimes when it comes to managing the delivery of about 6 bn mail items and having 150m customer contacts each year. However, surveys show that we are clearly on the right path, and have already achieved a lot. And we will never tire of further improving our operations for the benefit of our customers.

Consistent customer orientation goes hand in hand with innovative services in the branch of offices as well as clever solutions for business customers. But it equally entails a friendly smile, a honest handshake and speaking frankly. In short, the key is having people that people trust. This is the reason why I enthusiastically supported the election of the “Superpostlers”. The truth of the matter is that we have thousands of such fantastic employees in our company. They deserve to be on such a stage and get so much applause. A positive spirit prevails at Austrian Post. We have done our homework, and are well on track despite a difficult business environment. This is demonstrated by our performance indicators, stable revenue at a high level, increasing profitability and the reliably attractive dividend policy our shareholders have confidence in. This is also shown by our social engagement and achievements when it comes to environmental protection. Austrian Post maintains a constant dialogue with all stakeholders, and has made a name for itself as a serious partner. These are important pre-requisites for our sustainable success, also from a business perspective. On the following pages you will find out how we intend to continue down this success path.

Sincerely yours,



**Georg Pölzl,**  
Chief Executive Officer and Chairman of the  
Management Board, Austrian Post

## VISION & MISSION

We deliver values – reliably, confidentially and personally. We are the first choice for our customers, partners and employees – yesterday, today and tomorrow. We are the leading postal and logistics provider in Austria. As a successful specialist we are growing in Europe.



# CONTENTS

## 8–27

### COMPANY & STRATEGY

---

- 08 Highlights 2013
- 10 Austrian Post at a glance
- 14 “We set ambitious goals – and achieved a lot”  
Interview with the Management Board
- 20 A market in transition
- 23 Clear targets, consistent strategy
- 27 Facts

## 28–69

### THE FOUR PILLARS OF SUCCESS

---

- 28 **CORE BUSINESS IN AUSTRIA**
- 30 Number one nationwide
- 36 Driving the economy
- 37 Austrian Post promotes voter participation
- 37 Per KUVERT into every household
- 38 New record in parcel deliveries
- 39 Facts
- 40 **NEW MARKETS**
- 42 Growth in future markets
- 46 Pharmaceutical logistics offer growth prospects
- 48 New services for a new century
- 49 Facts
- 50 **ENHANCED EFFICIENCY**
- 52 Tackling the future with intelligence and high-tech
- 56 More post from Allhaming
- 57 Well-informed, quickly delivered
- 58 Strong impetus in CEE
- 59 Facts
- 60 **CUSTOMER ORIENTATION AND INNOVATION**
- 62 Major initiative for more service
- 66 Solutions for a complex (business) world
- 67 Direct Mail 2.0
- 68 Austria elects the “Superpostlers”
- 69 Facts

## 70–99

### VALUE CREATION AND APPRECIATION

---

- 70 **VALUE CREATION FOR ALL STAKEHOLDERS**
- 72 Sustainable in every way
- 75 **SHARE & OWNERS**
- 75 Tried and tested dividend stock
- 80 Clear principles, good results
- 82 A pronounced dedication to compliance
- 84 **EMPLOYEES AND SOCIETY**
- 84 Employees as the basis of success
- 87 A healthy workplace
- 88 Embracing diversity
- 89 Employees reinvent themselves
- 90 Multifaceted assistance
- 92 A reliable partner
- 93 Socially committed
- 94 **ENVIRONMENT**
- 94 Minimising the ecological footprint
- 96 E-mobility on the rise
- 98 Clean logistics centres
- 99 Global environmental protection

## 100–103

### SERVICE

---

- 100 Performance data and international presence
- 101 Glossary and keyword index
- 102 Key figures

---

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**30** NUMBER ONE NATIONWIDE



**42** GROWTH IN FUTURE MARKETS



**14** THE MANAGEMENT BOARD REPORTS



**84** EMPLOYEES: THE BASIS OF SUCCESS



# HIGHLIGHTS 2013



## RECORD

AUSTRIAN POST DELIVERED 70M PARCELS IN 2013. MORE THAN EVER BEFORE.

## 3,528

PHOTOVOLTAIC MODULES GENERATE ELECTRICITY FROM SUNLIGHT AT THE VIENNA LOGISTICS CENTRE – THE LARGEST ROOFTOP SOLAR POWER STATION IN AUSTRIA.



## EUR 50M

IS THE SUM BEING INVESTED BY AUSTRIAN POST IN ITS NEW ALLHÄMMING LOGISTICS CENTRE IN UPPER AUSTRIA. THE PLANNED DAILY CAPACITY IS 1.6M LETTERS AND 100,000 PARCELS.

## İYİ GÜNLER

“HAVE A NICE DAY!” – ON JULY 30, 2013, AUSTRIAN POST ACQUIRED A 25% STAKE IN THE TURKISH PARCEL SERVICES PROVIDER ARAS KARGO. THE NEXT GOAL: MARKET LEADERSHIP IN THE PARCEL BUSINESS.





# SIGHTSEEING

THE GOLDEN ROOF, THE LINDWURM FOUNTAIN AND HOHENSALZBURG FORTRESS EMBELLISH THE NEW PERMANENT STAMPS ISSUED BY AUSTRIAN POST – SELECTED BY A JURY OF EXPERTS.



## 431,392

VOTES WERE CAST AT THE FIRST ELECTION TO CHOOSE THE “SUPERPOSTLERS”. A TOTAL OF 42 EMPLOYEES WERE HONoured.



# SENTIMENT INDEX

THE FIRST COMPANY-WIDE EMPLOYEE SURVEY WAS CARRIED OUT FROM JUNE 5–28, 2013. 5,918 POST EMPLOYEES PARTICIPATED.



## 51%

ON APRIL 1, 2013, AUSTRIAN POST INCREASED ITS SHAREHOLDING IN M&BM EXPRESS TO 51%. IT IS THE LEADING ALTERNATIVE PROVIDER OF MAIL SERVICES ON THE BULGARIAN MARKET.



# AUSTRIAN POST AT A GLANCE

Austrian Post is an indispensable part of everyday life in Austria. Austrian Post is the country's leading logistics and postal services provider with an annual revenue of EUR 2.4bn and approx. 24,000 employees, and is also excellently positioned internationally. Austrian Post reliably takes care of its job, regardless of whether letters, direct mail and print media are transported and delivered or parcels are stored and shipped. For this purpose it operates a branch network consisting of about 1,900 own or third-party operated postal service points, making it one of the largest private customer networks in Austria.



REVENUE BY SEGMENT

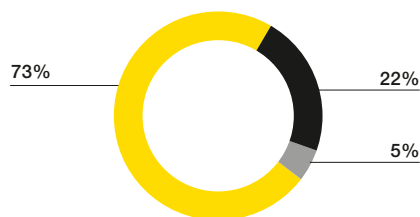
%



■ Mail & Branch Network  
■ Parcel & Logistics

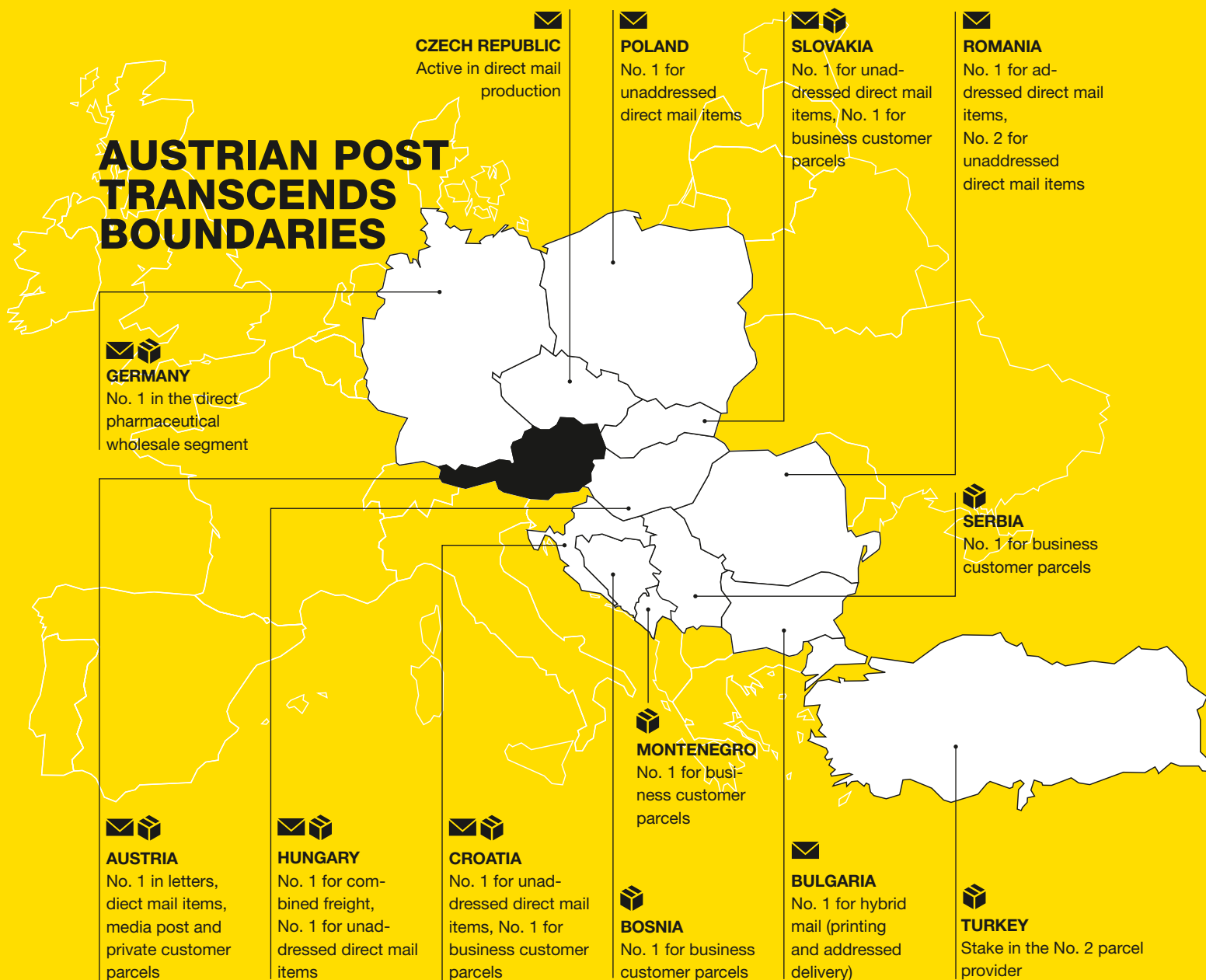
REVENUE BY REGION

%



■ Austria  
■ Germany  
■ South East and Eastern Europe





## DID YOU KNOW THAT ...?

- about **EUR 100m** was committed to future-oriented investments in 2013, as demonstrated, for example, by the start of construction of the new Allhaming logistics centre?
- more than **100m STAMPS** were sold in the year 2013?
- E-mobility at Austrian Post celebrated its **100th ANNIVERSARY** in 2013?  
At present there are 653 electric-powered vehicles in the Austrian Post fleet.
- **100 X 10m LETTERS** or 1 bn letters, were transported by Austrian Post in 2013?



# MAIL & BRANCH NETWORK

## RANGE OF SERVICES

- Letters
- Addressed and unaddressed direct mail items
- Newspapers and regional media
- Online services
- Branch network services
- Mobile telephony and retail goods
- Self-service zones
- Banking and telecommunications services
- Additional digital mail-related services

## DID YOU KNOW THAT ...

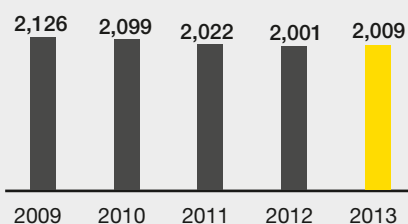
- **5.7bn mail items** were delivered to **4.3m households and companies** in Austria in 2013?
- **301,673,906 of the advertising envelopes "KUVERT"** were delivered in 2013, ensuring greater order in domestic mailboxes?
- **3.5bn mail items** were delivered by the CEE subsidiaries of Austrian Post?
- the branch network now comprises **1,894 postal service points**, including 1,359 postal partners?



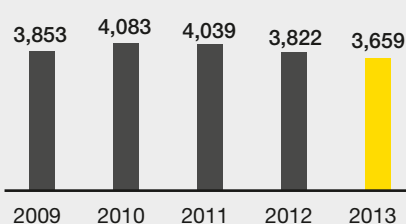
## HIGHLIGHTS 2013

- **Revenue growth** in letter mail and direct mail driven by the mega election year 2013
- **Expansion of the service portfolio** for mail solutions, and broad offering of dialogue marketing products
- **"World Mail Award"** bestowed on the new branch office design
- **Further extension of the 24/7 offering:** 185 self-service zones already in operation, including franking machines, drop-off boxes etc.
- **Modernisation and efficiency increases in logistics processes:** further investments in distribution facilities e.g. flatsorters
- **Logistics optimisation along the entire delivery chain:** introduction of new working time models, entire delivery staff equipped with new hand-helds
- **Liberalisation** of the letter mail markets in CEE, Austrian Post's stake in the Bulgarian subsidiary M&BM Express raised to 51%

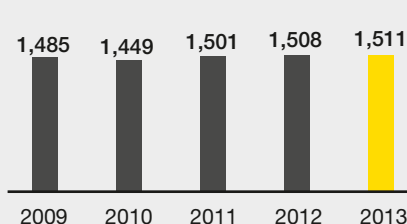
MAIL ITEMS IN AUSTRIA  
MILLIONS (ADDRESSED MAIL)



MAIL ITEMS IN AUSTRIA  
MILLIONS (UNADDRESSED MAIL)



EXTERNAL SALES<sup>1</sup>  
EUR M



<sup>1</sup> Values adjusted for the meiller Group

# PARCEL & LOGISTICS

## RANGE OF SERVICES

- Parcels
- Combined freight
- Express mail
- Temperature-controlled logistics
- Warehousing
- Fulfillment
- Marketing services
- Value added delivery
- Value logistics (national/international)

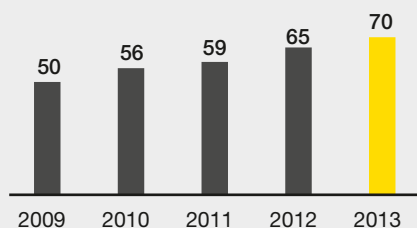
## HIGHLIGHTS 2013

- **New record volume** of about 70m parcels delivered in Austria, and further expansion of the company's market share to 25% in the B2B business and 76% in the X2C segment
- **Expansion of self-service offerings** to enhance customer convenience in parcel delivery: 5,000 Pick-up Boxes and new collection stations in Austria, along with 50 parcel machines ("Balikomat") in Slovakia
- **Entry into the Turkish market** based on the acquisition of a 25% interest in the parcel services provider Aras Kargo
- **Focus** on the field of pharmaceutical logistics and founding of the pharmaceutical wholesaler AEP *direkt*
- **Further growth** and positive development of strategic investments in South East and Eastern Europe
- **EU membership of Croatia** in July 2013 results in rising international demand and thus further market growth

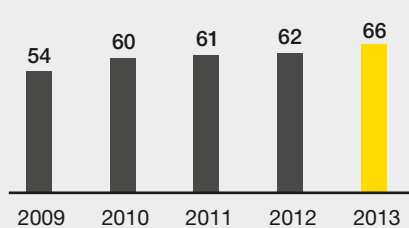
## DID YOU KNOW THAT ...

- a total of **429,026 parcels** were delivered on December 17, 2013, a record volume for a single day?
- Austrian Post ensures cross-border delivery **services in 34 European countries** thanks to the EURODIS distribution network?
- **14m parcels and pallets** were delivered in 2013 in the growth markets of South East and Eastern Europe?
- **5,000 Post Pick-up Boxes** had already been installed for the purpose of enhancing customer benefits by 2013, making receiving parcels a much more pleasant experience?

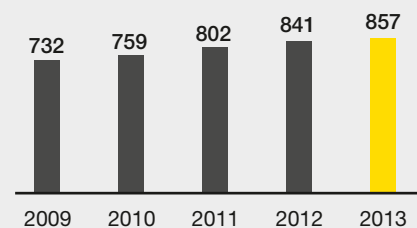
**PARCEL VOLUMES IN AUSTRIA**  
MILLION PARCELS<sup>1</sup>



**INTERNATIONAL COMBINED FREIGHT<sup>1</sup>**  
MILLION ITEMS (PARCELS & PALLETS)



**EXTERNALS SALES<sup>1</sup>**  
EUR M



<sup>1</sup> Values adjusted for the Benelux subsidiaries



# **“WE SET AMBITIOUS GOALS – AND ACHIEVED A LOT”**

The year 2013 featured good results, entry into the Turkish growth market and attractive dividends once again. The four strategic pillars defined in 2010 continue to point the way forward for Austrian Post.



The four Management Board members of Austrian Post at the Vienna logistics centre: Peter Umundum, Georg Pölzl, Walter Oblin and Walter Hitziger (from l. to r.).



**Mr. Pölzl, how was the year 2013 for Austrian Post?**

**PÖLZL:** It was a good year for Austrian Post. We set quite ambitious goals and achieved many of them. In any case, our successes outweigh our failures by far. Against the backdrop of a difficult business environment, we managed to slightly increase revenue and also improve earnings. All in all, we can look back at a positive performance. This is very gratifying to know.

**To what extent have the underlying conditions impacting the company's business operations changed?**

**PÖLZL:** The key trends in the logistics and postal services sectors continued over the past year. In particular, three main developments are relevant to our business. We are keeping a close eye on them, and optimally responding to these changes on both a strategic and operational level. First of all, we face ongoing pressure on revenue in the traditional letter mail segment. Due to what is known as e-substitution, this business is simply shrinking as physical mail items are being increasingly replaced by electronic forms of communication. In essence we cannot really do anything to change the trend, but we do want to take countermeasures, for example by offering outstanding quality and additional services. The second trend relates to advertising mail. All direct mail items depend on the development of the advertising industry, which in turn is dependent on the business cycle. The third trend relates to growing parcel volumes for both private and business customers. The market functions very well, but is also characterised by tough competition.

**What went particularly well in 2013, and which areas were you not so satisfied with?**

**PÖLZL:** Business on the domestic market developed well. The elections and referendums were growth drivers for our mail activities in Austria, and added impetus to our business. The parcel





market in the country is also doing well. We are successful in our efforts to further expand our market share in this area. In contrast, our international business showed a mixed picture in 2013. I can openly say that we clearly failed to fulfill our expectations in Germany. Here we have to continue focusing on our core business and take efficiency to a higher level. In contrast, all our CEE parcel subsidiaries generated good results. I am especially pleased with our new strategic investment in the Turkish company Aras Kargo. Because in spite of current political turbulences, Turkey is a real growth market, which played an important role in the European economy in the past and I believe will continue to do so in the future, and which also offers enormous potential.

**Mr. Oblin, how would you as Chief Financial Officer rate the performance of Austrian Post in the past year?**

**OBLIN:** The bottom line is that our performance in 2013 was clearly positive. The operating result featuring an EBIT of EUR 186m was slightly above the prior-year level, and we did achieve the goal we set with respect to the EBITDA margin. Two important conclusions can be drawn by looking at the results in detail. First, the core business developed very favourably, and we are very satisfied with this. Second, earnings also included balance sheet measures reflecting our strategic investments in the international parcel and logistics business, in particular an impairment loss on goodwill for the trans-o-flex Group. Naturally these balance sheet measures influenced the earnings situation of the Group. However, they were necessary in light of the difficult market situation, and we are happy to have implemented them and still show good results for the year.

**How did things go from the perspective of Post shareholders? What can they expect from Austrian Post in the future?**

**OBLIN:** This year at the Annual General Meeting we will propose the distribution of a dividend amounting to EUR 1.90 per share, once again underlining the fact, also to our shareholders, that our performance is in line with our positioning as a reliable and predictable partner. Once again shareholders can benefit from an attractive dividend yield. The sustainable dividend policy is especially important for all long-term oriented investors. Our operational cash flow is strong enough to allow us to pay an attractive dividend to our shareholders and simultane-

ously continue to finance forward-looking investments. In concrete terms, this means that we will, of course, press ahead with our extensive investment programme featuring capacity expansion measures, new sorting techniques and information technologies to achieve a higher level of efficiency. On this basis Austrian Post will remain a strong and reliable partner in every conceivable way. Above all, we will continue to offer stability, continuity and reliability.

**Mr. Hitzinger, the mail business generated record results this past financial year. How can you explain this?**

**HITZIGER:** Indeed, the mail business turned out to be somewhat better than we expected. This can be particularly attributed to our success in compensating for the basic trend towards e-substitution. We managed to do this with several smaller acquisitions, the positive impetus provided by various elections and referendums in Austria and an ongoing high level of cost discipline in our logistics operations. Thus we boasted a good top line and bottom line performance. The above-mentioned developments served as the basis for the higher revenue and EBIT. However, there will be no change in the fundamental trend of e-substitution. For this reason, we will have to continue working hard – as in the past – to improve the efficiency and attractiveness of our services.

**What will the new year bring for Austrian Post's mail business?**

**HITZIGER:** We assume that we will remain the top postal company in Austria. Nevertheless, a new competitive struggle begins every year. For this reason, the focus of our efforts will be on enhancing the service experience and benefits for our customers. This means we are developing new solutions for our customers, both in the branch offices as well as in our delivery processes. We want to make life as easy as possible for people. That is why we continually think outside the box, but not only about conventional mail. Unfortunately the main trend of e-substitution has become a permanent fixture of our business. At the same time we are doing everything in our power to implement new solutions as efficiently as possible. We always have to keep both aspects in mind, namely ensuring high quality for customers and a high level of efficiency in our internal processes. In the postal sector we are always caught up in a never-ending cycle of efficiency and optimisation measures.



**Which new customer solutions are on the horizon?**

**HITZIGER:** The most noticeable changes for private customers in the near future will take place in the branch offices. The world of post offices will fundamentally change. By the end of the year we will have set up 250 self-service zones featuring franking machines, drop-off boxes and packing stations. These facilities will be available around the clock, and thus considerably enhance customer comfort. We will offer digital solutions in the Mail Solutions Business Area to business customers and new advertising tools to our direct mail customers. We have many new offers up our sleeve, and continuously think about other ways to satisfy new requirements or changed customer needs.

**Mr. Umundum, how did the parcel segment develop overall in Austria?**

**UMUNDUM:** In the 2013 financial year we once again achieved record parcel shipment volumes. On balance, we transported a total of 70m parcels. We also posted a new one-day record. We processed 429,026 parcels on a single day, namely December 17, 2013. We were also able to further improve the quality of our operations.

**Do the collection stations comprise a special offer to private parcel customers?**

**UMUNDUM:** Actually they are. We are intentionally focusing on parcels, considering that the

## THE MANAGEMENT BOARD

- **Georg Pölzl**, born in 1957, Chief Executive Officer (CEO) and Chairman of the Management Board of Austrian Post since October 2009.
- **Walter Oblin**, born in 1969, responsible for the financial management of Austrian Post as Chief Financial Officer (CFO) since July 2012.
- **Walter Hitziger**, born in 1960, Member of the Management Board of Austrian Post since May 2004, with responsibility for the newly merged Mail & Branch Network Division since September 2011.
- **Peter Umundum**, born in 1964, Member of the Management Board and Director of the Parcel & Logistics Division since April 2011.

parcel market for private customers is continuously expanding. We expect annual growth of 3–6%. As the number one postal services provider in Austria, we want to develop the best and most comfortable solutions for our customers and thus achieve an optimal level of service, also in the parcel business. In the meantime we have already installed 5,000 Pick-up Boxes. The collection stations for parcels, which also be available 24/7, represent an attractive addition to this offering. Some 8,000 Pick-up Boxes and 100 collection stations should be in use by the end of 2014.



**“The sustainable dividend policy is especially important for all long-term oriented investors.”**

WALTER OBLIN

**“We continually think outside the box, but not only about conventional mail.”**

WALTER HITZIGER

**You are not quite satisfied with developments in Germany. What are the next steps?**

**UMUNDUM:** In Germany we have to rely on our strengths. This means that in terms of revenue we will clearly focus on pharmaceuticals and healthcare. The experience with ThermoMed has already shown that this strategy works. We consider the new EU-wide regulations on refrigerated pharmaceutical transport to be a major opportunity. We are witnessing greater demand in the industry for customised solutions which are closely attuned to customer needs. We will intensify our efforts to offer these solutions, because we aim to continue being a trailblazer in riding this trend. On the other hand, we will further improve the cost situation by increasingly relying on insourcing and thus carrying out more services ourselves along our own value chain. In this way we will be better able to manage costs, and can more effectively leverage efficiency potential.

**One of the main events in 2013 was Austrian Post's entry into the Turkish market.**

**UMUNDUM:** That is true. We are very proud to have successfully carried out this important step. We managed to enter this exciting and promising market thanks to our good and longstanding relationship of trust to our Turkish partners. In the first phase we acquired a 25% stake in the second largest provider on the Turkish parcel market. Aras Kargo is a very well-positioned company, with which we will create added value for both sides by taking a partnership approach.



In the year 2013 we achieved sales growth of about 15%. Together we will shape the growth path of the Turkish market.

**CEO Pölzl, it sounds like Austrian Post is embarking on a thrilling future. Which aspects are particularly important for the company?**

**PÖLZL:** More than anything else, one thing is important to me. Success never comes by itself. Our employees comprise the key driving force of our success. We can only practice customer orientation by having motivated and committed employees. A company can only be successful over the long haul if both our customers and employees are satisfied. For this reason, I am confident that we are on the right track on the basis of our staff development efforts, and that they comprise an important step forward. This year we carried out an employee survey for the very first time. This gave us an opportunity to demonstrate that open and honest communication is really crucial for us. The survey showed a high level of satisfaction in many areas, but also pointed out various fields in which we need



**“All in all, we can look back at a good year. This is very gratifying to know.”**

GEORG PÖLZL



**“We are very proud to have successfully entered the exciting and promising Turkish market.”**

PETER UMUNDUM

to take action, where new approaches and new ideas are necessary. Thus we now have a clear idea of the logical next steps. We are permanently striving to further develop Austrian Post as an organisation on the basis of our four strategic pillars. Our objective is to become an even better partner to our customers. We have proceeded resolutely along this path for years. In this respect we attach great importance to really involving all employees on all levels, which is not always an easy task. In other words, we are working on a strategic and operational level to ensure that we remain the trailblazers in our business.

#### **What can be expected from Austrian Post in 2014?**

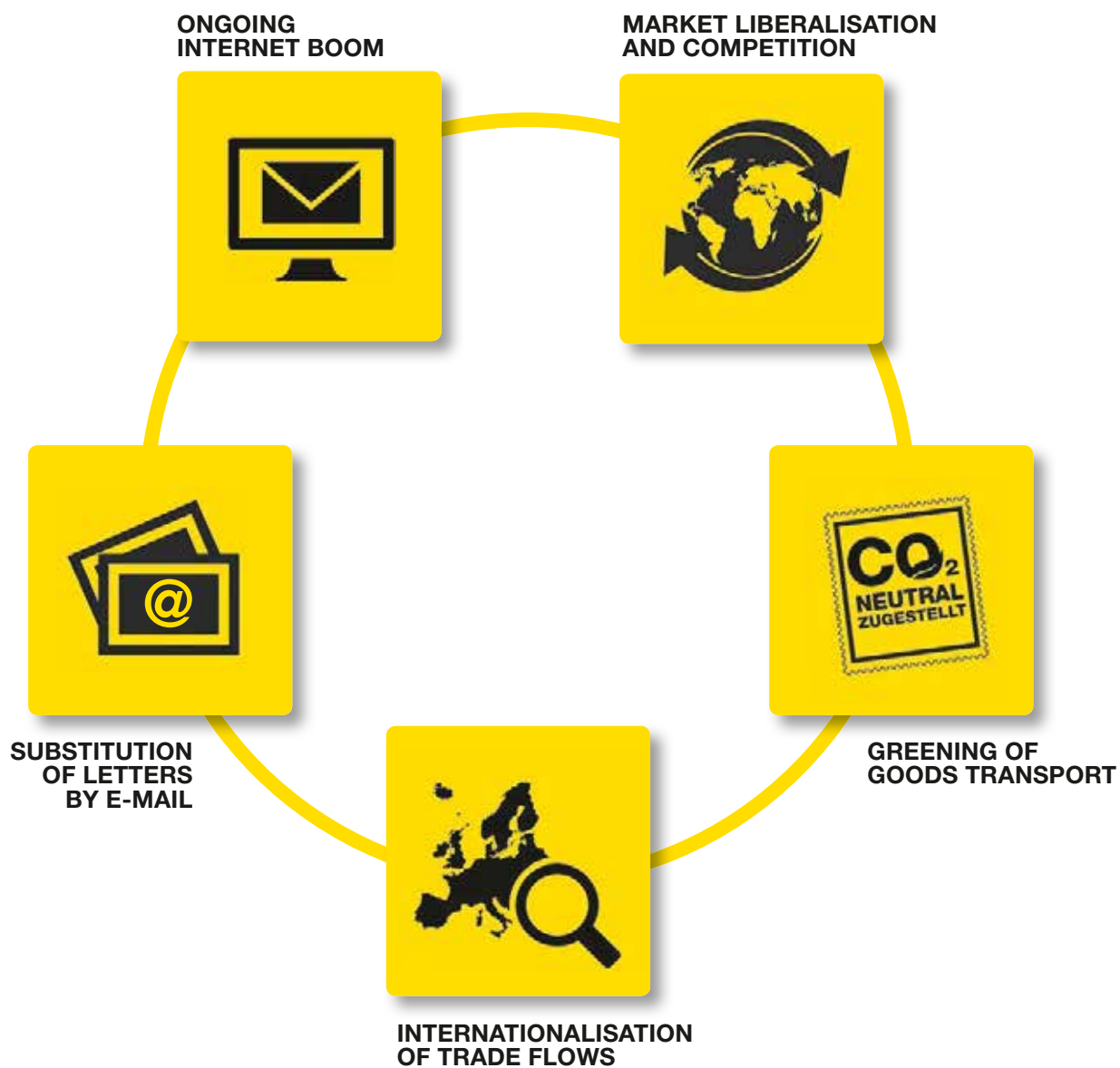
**PÖLZL:** One can expect consistency and stability again from Austrian Post. We will remain a reliable partner in all aspects of what we do. And

we are confident that we will also succeed in the future in ensuring the sustainable performance and viability of the company along with our ability to pay dividends. We will continue to resolutely implement the four pillars of our strategy. With respect to the outlook for the year 2014, we will stick to the expectations voiced in the past year. In other words, we assume that revenue will continue to develop in a stable manner, keeping in mind that we will transport fewer letters and more parcels. We confirm the medium-term goal of achieving an EBITDA margin of 10–12% annually. This clearly seems to remain a realistic range for us to target. Specifically we have set ourselves the goal for the 2014 financial year of surpassing the EBIT achieved in 2013. In other words, we aim to continue the steady upward trend and thus maintain the stability, continuity, consistency and predictability of Austrian Post. ■



# A MARKET IN TRANSITION

The world of postal and logistics services is changing and posing challenges, but also opening up.



**T**he postal and logistics services segments are impacted by several, partly opposing trends. From a global perspective, several postal companies have managed to effectively adapt to these trends, whereas others have not managed to cope with them at all. “We have done our homework”, says Austrian Post CEO Georg Pölzl. “This is the only reason why Austrian Post can call itself a showpiece enterprise.”

#### E-substitution –

##### Decline of conventional letter mail

The biggest challenge facing the postal sector is the progressive substitution of conventional letter mail by electronic forms of communication, above all e-mail. In this regard, the decline in Austria is still relatively moderate in comparison to other countries (see chart). The volume of addressed mail fell by an average of only 3.2% in Austria in the period 2008 to 2012, whereas the decline in other European markets such as Denmark was more dramatic at a level of around 10%. However, the downward trend is still continuing, and is essentially unstoppable. Postal companies are responding to this situation with various new offerings. Usually this entails a combination of traditional and digital communications, i.e. the dual delivery of letters. Austrian Post has also positioned itself as a competent provider in the field of digital letter delivery services, for example the so-called e-payslip. One argument in favour of traditional letters is that both private and business customers still clearly prefer the physical delivery of important documents.

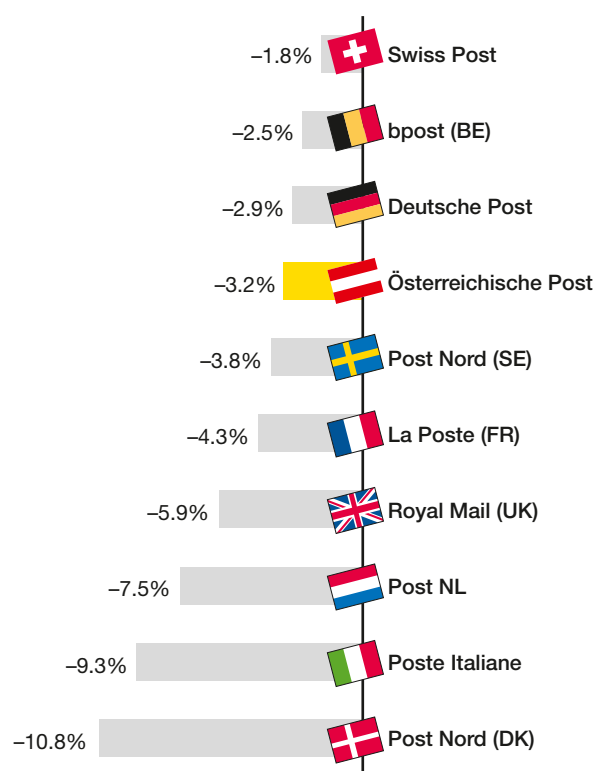
#### E-commerce –

##### Boom in parcels for private recipients

Nevertheless, the Internet has also provided an added impetus to the postal and logistics sector. The speedy growth of online shopping has resulted in a strong rise in parcel shipment volumes, especially to private customers. According to a study carried out by EHI and Statista, online sales in Austria climbed by 19% in just one year. 54% of all Austrians between the ages of 16 and 74 shop online. As a consequence, total e-commerce revenue in Austria alone has already reached EUR 2.5bn in 2012. According to experts, online purchases of food, which currently

comprise only 2.2% of total e-commerce sales in Austria, could also dramatically increase. In any case, the potential is enormous. Austrian Post is also cautiously testing the waters of this growth field, carrying out the logistics for “KochAbo”. A market analysis carried out by Kreutzer Fischer & Partner came to the conclusion that the entire Austrian parcel market is enjoying robust growth. The X2C segment expanded by 3.7% in 2013, with growth of 3.4% anticipated in 2014, compared to 0.1% growth in the B2B market in 2013 and 1.9% expected in 2014. However, Austrian Post once again increased its market share in the B2B segment to about 25%. ►

**MARKET ENVIRONMENT IN THE MAIL SEGMENT**  
ANNUAL GROWTH RATES OF ADDRESSED  
MAIL VOLUMES (2008–2012)

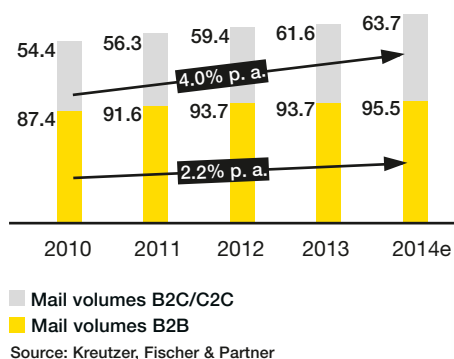


Source: Eurostat, company data



## MARKET ENVIRONMENT IN THE PARCEL BUSINESS

MAIL VOLUMES IN MILLIONS OF PARCELS  
AUSTRIA



### Liberalisation – Tougher competition, new opportunities

The liberalisation of the European postal markets has led to intensified competition but also new growth opportunities. The last remaining eight domestic letter mail markets in Central and Eastern Europe were completely liberalised in 2013. The Austrian letter mail market has been fully open to competition since January 1, 2011. The Postal Market Act enacted in line with EU guidelines redefined the nature of universal postal services. Austrian Post is still required to guarantee high quality postal services throughout the entire country. Due to steady changes in customer requirements, it stands to reason that an ongoing evaluation of universal postal services and adjustments to new customer demands will take place.

### The greening of industry – Higher demands placed on conserving resources

The growing importance of climate protection and growing calls for the resource-saving transport of goods prompted Austrian Post to develop and subsequently launch the CO<sub>2</sub> neutral delivery of mail items in Austria, which avoids any

additional burden on the global climate. Greenhouse gas emissions are reduced, for example by the increased deployment of electric-powered vehicles. The energy required to run these vehicles should be supplied by construction of rooftop photovoltaic facilities.

### Internationalisation – Added impetus for the parcel business

Trade flows and services demanded by customers are becoming increasingly globalised. For this reason, international shipments are another important factor driving the growth of the European courier, express and parcel market (in short “CEP”), which as a rule is higher than GDP growth. Austrian Post’s strategic investments in Central and Eastern Europe also profit from the generally more dynamic economic expansion of this region, especially from the need of these markets to catch up in the field of e-commerce. This applies even more to Austrian Post’s strategic investment in Turkey. Per capita parcel revenue amounts to EUR 11 in Turkey, compared to EUR 69 per person in Austria, EUR 116 in Germany and even EUR 233 in Norway. According to recent estimates, parcel revenue in Turkey climbed by an average of 13% in the years 2011 to 2013. These figures underline the enormous growth potential of the Turkish parcel market.

“Europe has to be open towards its neighbours, and quickly integrate the Balkan countries in its economic area”, says Karl Aiginger, Head of the Austrian Institute of Economic Research (Wifo). “Only then will Europe be able to grow more strongly, and play a significant role internationally. Austrian Post is doing just the right thing thanks to its commitment to Central and Eastern Europe!”



**“Austrian Post is doing just the right thing thanks to its commitment to Central and Eastern Europe.”**

KARL AIGINGER, HEAD OF THE  
AUSTRIAN INSTITUTE OF ECONOMIC  
RESEARCH



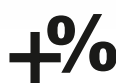
# CLEAR TARGETS, CONSISTENT STRATEGY

Clearly-defined objectives serve to safeguard the long-term profitability of Austrian Post and thus the successful future of one of the country's largest domestic companies.

**I**n which direction should Austrian Post go? This is a question to which Austrian Post has provided clear answers since the strategic re-orientation process was concluded at the beginning of 2010. Management's top priority is sustainably safeguarding the profitability of the company. Three business targets were defined in order to secure the company's future:



**1. Solid business model:** The goal is to achieve medium-term revenue growth of 1–2% annually on a Group level. The volume of addressed mail items is expected to decline further as a consequence of electronic substitution. At the same time, Austrian Post will take advantage of growth opportunities in other business areas, especially the expanding parcel business. At the same time, Austrian Post is also continually developing new service offerings in order to enhance customer benefits and exploit sales potential.



**2. High profitability:** A solid level of profitability is of considerable importance with respect to the company's future perspectives. That is why Austrian Post is striving to achieve an annual EBITDA margin of 10–12%. For this purpose, the efficiency of all operational processes is being continuously increased, and the cost structure is being made more flexible.



**3. Attractive dividends:** The attractive dividend policy is an essential element of the corporate philosophy of Austrian Post. Each year Austrian Post strives to distribute at least 75% of the Group net profit to shareholders. The aim is to further develop the dividend payout in line with Group net results. Since the Initial Public Offering in 2006, Austrian Post has generated value growth of close to 150% as measured by the total shareholder return.



# STRATEGIC CORNERSTONES AS A RELIABLE COMPASS

In 2010 Austrian Post defined four core strategies which have steered the company on a successful course since then.

## 1. DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS



## 3. ENHANCING EFFI- CIENCY AND INCREAS- ING FLEXIBILITY OF THE COST STRUCTURE



**B**ased on the targets described on the previous page, the Management Board of Austrian Post defined four core strategic pillars at the beginning of 2010. Accordingly, the determined implementation of these core strategies continuously serves as a guiding compass for Austrian Post. The overriding core strategies have remained a stable benchmark over the course of time. However, the thematic priorities in implementing these strategies are adapted to the latest developments on an annual basis. The successes in recent years have shown that the strategic path of Austrian Post is taking the company in the right direction.

### 1. Defending market leadership in the core business

Austrian Post is the undisputed market leader in Austria in both the mail and parcel segments.

An important strategic pillar consists of the company's efforts to maintain or further expand upon its strong market position, especially when it comes to the transport and delivery of parcels. For this reason, Austrian Post attaches great importance to safeguarding the high quality of its services. The subsidiary feibra in its role as an alternative delivery service has proven to be a useful addition to Austrian Post's service portfolio. In the parcel segment Austrian Post has successfully defended or expanded its market share. This positive development should continue, not least thanks to the expansion of fulfillment services offered by the company.

### 2. Profitable growth in selected markets

Austrian Post will rely on a focused growth strategy as a means of compensating for declin-



## 2. PROFITABLE GROWTH IN SELECTED MARKETS



## 4. CUSTOMER ORIENTATION AND INNOVATION

ing addressed letter mail volumes. The priority will be on the parcel and logistics business, in which Austrian Post is taking two different approaches. The first is exploiting growth opportunities in the B2B and B2C parcel segments in neighbouring countries and regions (especially CEE and Turkey). The second strategic thrust is to take advantage of local growth opportunities in the CEE region arising from the liberalisation process in the European postal sector, which has now been completed. In addition, Austrian Post is systematically expanding its services related to physical mail delivery in Austria offered by the Mail Solutions area.

### 3. Enhancing efficiency and increasing flexibility of the cost structure

Austrian Post is focusing on continually en-

## INFLUENCING AND SUCCESS FACTORS

### ... IN A CHALLENGING ENVIRONMENT

#### EXTERNAL

- State of the economy
- E-substitution of addressed mail
- Growth in parcel volumes as a result of the e-commerce boom
- Factor cost increases and the development of staff costs
- Regulatory environment

#### INTERNAL

- Strong brand awareness and positive value framework
- Products oriented to customer needs
- Customer proximity and nationwide distribution network
- Reliability of services
- Productive and cost-efficient logistics networks (economies of scale)
- International links and logistics networks
- Expansion into promising growth areas

hancing efficiency in all areas. These efforts are designed to ensure that the company's strategic objective of sustainably high profitability will be achieved in spite of declining mail volumes. Regular investments in modernising the logistics infrastructure, from new sorting facilities to handhelds for the delivery staff, play a significant role here. Moreover, in 2013 construction of a new logistics centre in Allhaming started. Process and staff costs are also being evaluated and optimised on an ongoing basis, focusing on the steady improvement of the network infrastructure (e.g. new construction or modernisation of logistics centres and branch offices). All these measures will allow Austrian Post to provide more services in a shorter period of time, and flexibly adapt costs to the current level of demand.

### 4. Customer orientation and innovation

Austrian Post will only be successful on a long-term basis with attractive offerings attuned to specific customer requirements. This is the reason why the company is focusing on ongoing product and service innovations designed to consistently increase customer benefits. The lives of private and business customers should be made a whole lot easier, for example by expanding the 24/7 offering and self-service foyers, displaying a new, modern branch office design and making use of the KUVERT, the collective envelope for direct mail items. At the same time, Austrian Post is constantly expanding its offering of online services, relying on targeted measures designed to ensure greater use and thus position Austrian Post as the number one provider of online communications in Austria.



## GUIDEPOSTS FOR THE FUTURE

Austrian Post consistently orients its business operations to the three core values contained in its mission statement, thus sustainably securing its profitability.

500 employees  
worked on  
the mission  
statement.



Even if you have a good compass with you, you still need to know how to effectively use it in order to stay on the right path. The same applies to core strategies which comprise the guiding compass for Austrian Post. The question as to how these strategies are to be implemented is answered by the company's mission statement. In a way, the three core values serve as a kind of psychological backdrop for every activity in the company and determine in which way the company will aspire to achieve the specified goals. "Only when the entire staff has a clear idea of where we are going and also why this is the case will everybody really be able to pull in the same direction", says Austrian Post's CEO Georg Pölzl in explaining the importance of the mission statement. This was already developed in a broad-based process back in 2010. Since then, it has impressively proven to be effective as a signpost for the future.

### "Automatically future-oriented"

The creation of the mission statement relied on broad-based participation to reach a consensus, involving some 500 employees from all business units in the Group. Nevertheless, the results were clear and precise. The focus was on three value categories: customer orientation, profitability and sustainability as well as appreciation and communication. Sustainable business management will be the natural consequence if the company succeeds in orienting its activities to these three values. "If a company is steered in the right direction when it comes to the fundamental issues underlying its operations, it will more or less automatically act in a future-oriented and thus sustainable manner", CEO Pölzl adds.

As a result Austrian Post has come full circle. Management's top priority is the sustainable success of the company and thus sustainably securing its profitability. In this respect it should be mentioned that sustainable development not only encompasses economic aspects but also the environment, the social environment and naturally the employees. Achieving the far-reaching sustainability targets of Austrian Post and maintaining good relations to all stakeholders will also positively impact the progress made in securing long-term profitability. For more information refer to page 70.

## COMPREHENSIVE MANAGEMENT

### CONTROL PARAMETERS OF AUSTRIAN POST

A comprehensive management and control system takes into consideration the entire corporate structure. In this regard Austrian Post clearly focuses on the indicators of revenue, EBITDA, EBIT and free cash flow as well as non-financial performance indicators such as customer satisfaction. At the same time, the company attaches considerable importance to the profitability of its investments (ROI) in new facilities and infrastructure as well as its strategic investments in subsidiaries and associated companies. "This is the only way to ensure that the right decisions can be made at the right time", says Alexander Koch, Head of Group Controlling. On balance, these steps enable Austrian Post to focus on adherence to unified standards and a clear earnings orientation at a top management level. These parameters are complemented by division-specific productivity and quality indicators. A high level of consistency and the accompanying transparency among the different management units is designed to support the growth of new business segments and focus attention on the issue of cost efficiency in all areas. All in all, Austrian Post not only finances essential investments and acquisitions from its cash flow, but also ensures implementation of an attractive dividend policy.

# CLEAR TARGETS

AUSTRIAN POST HAS DEFINED THREE GOALS TO ENSURE ITS SUSTAINABLE PROFITABILITY

## FACTS

### COMPANY & STRATEGY

**5.7BN**

MAIL ITEMS WERE DELIVERED BY AUSTRIAN POST IN 2013.

**EUR 2.37BN**

IN REVENUE WAS GENERATED BY AUSTRIAN POST IN 2013.

**EUR 186M**

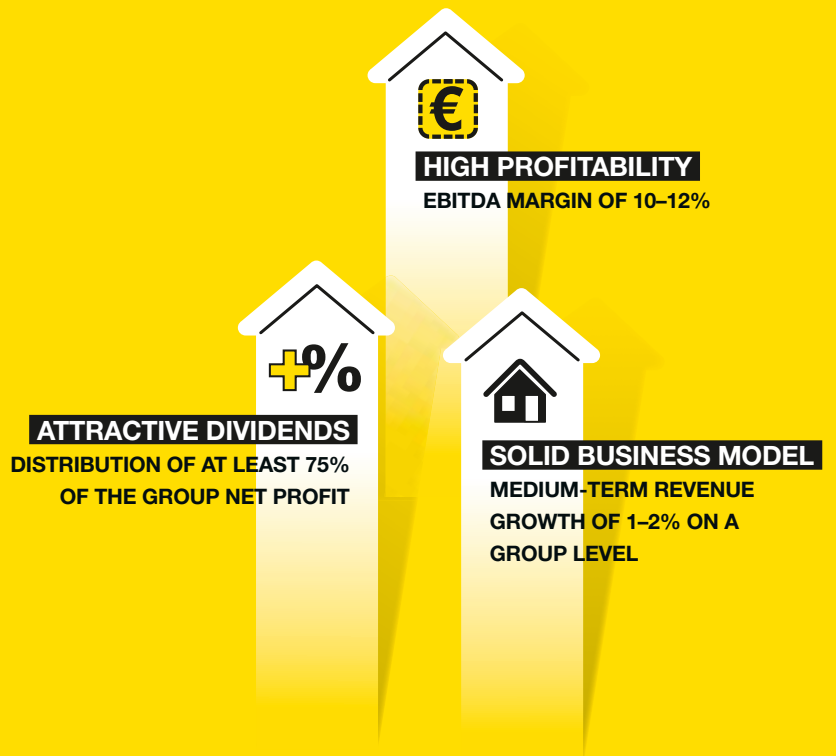
WAS AUSTRIAN POST'S EBIT IN 2013, AN INCREASE OF 2.0%.

**EUR 1.90**

PER SHARE IS THE DIVIDEND TO BE PROPOSED TO THE ANNUAL GENERAL MEETING.

**9.8%**

IS HOW MUCH AUSTRIAN POST REDUCED ITS CO<sub>2</sub> EMISSIONS IN 2013.



## STRATEGIC CORNER-STONES

FOUR CORE STRATEGIES HAVE SUCCESSFULLY GUIDED AUSTRIAN POST ON ITS GROWTH PATH SINCE 2010.

**1.**

DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

**2.**

PROFITABLE GROWTH IN SELECTED MARKETS

**3.**

ENHANCING EFFICIENCY AND INCREASING FLEXIBILITY OF THE COST STRUCTURE

**4.**

CUSTOMER ORIENTATION AND INNOVATION

## A SHARED MISSION STATEMENT LEADS TO SUSTAINABLE DEVELOPMENT

- 1. CUSTOMER ORIENTATION**  
EVERYTHING WE DO REVOLVES AROUND OUR CUSTOMERS
- 2. PROFITABILITY AND SUSTAINABILITY**  
WE ARE FUTURE-ORIENTED
- 3. COMMUNICATION AND APPRECIATION**  
WE ARE ALL PART OF AUSTRIAN POST

ECONOMY

ECOLOGY

SOCIETY

EMPLOYEES





# **STRONG FOUNDATION**

## **NUMBER ONE IN AUSTRIA**

With the Austrian Post delivery staff, your letters and parcels are indeed in good hands – whether during the stressful pre-Christmas season or in the midst of a summer heat wave. And this has become increasingly important thanks to the boom in online shopping. 20,000 employees, 9,000 vehicles and close to 1,900 postal service points comprise the logistics backbone of the country. Austrian Post is at the service of all Austrians throughout the country, and delivers top quality, even in peak periods.







# NUMBER ONE NATIONWIDE

Austrian Post safeguards the supply of basic postal services throughout the entire country, providing nationwide service of outstanding quality for the benefit of everyone in a boundlessly reliable manner.



More than half of the approximately 20,000 Austrian Post employees deliver letters and parcels.



**F**or the people in this country, Austrian Post is not just any company, but rather a part of their everyday lives. Only Austrian Post delivers letters and parcels each day to every address and doorstep throughout Austria. Only Austrian Post is able to provide universal postal services to the entire Austrian population. Today Austrian Post operates one of the biggest private customer networks in the country, and thus even boasts a denser presence than any supermarket chain. The former monopolists have to stand their ground against competition. Nevertheless, the company remains the undisputed market leader in most segments. No matter how much customer demands change and Austrian Post tinkers with innovations, launches new products and modernises the look of its branch offices, as it did recently, there are certain things one should still be able to count on in the future. Austrian Post wants to maintain and further expand its strong position on the domestic market and in its core business in the 21<sup>st</sup> century as well. This is because Austrian Post is boundlessly reliable and will stay that way in the 21<sup>st</sup> century.

#### Customers? Fans!

Billions of letters and parcels are delivered throughout Austria every year by Austrian Post. This could not happen without people – quite a few people in fact. Close to 20,000 people work for Austrian Post in Austria, more than half in the delivery staff. These individuals are not simply “letter carriers” or “bringers of parcels”. The personal contact with people is much more important. “Most postal carriers, especially in

**“Most postal carriers, especially in rural areas, know their customers personally.”**

ASTRID KRENN,  
HEAD OF MAIL LOGISTICS  
FOR WESTERN AUSTRIA





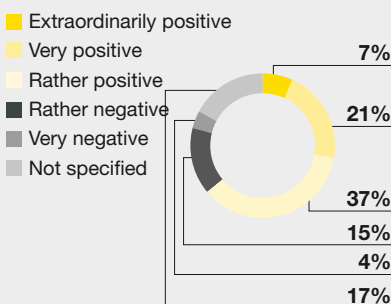
## ACCESS TO THE BEST NETWORK

Austrian Post offers reliability in supplying postal services throughout the entire country. The basis for this is the densest private customer network in Austria. 1,894 postal service points ensure regional accessibility. These consist of 535 company-operated branch offices and 1,359 postal partners, i.e. food stores, petrol stations, tobacconists and municipal offices which also serve as postal service outlets in addition to their original business activities.

The expansion of the postal partner network is the basis for improved opening hours and shorter distances to the outlets. It also strengthens economic structures in rural areas, for example by bringing more customers and sales revenue to the local village shops. The cooperation between Post and BAWAG P.S.K. has also proven its worth. The expanded offering has been very well received by customers.

### THE NEW BRANCH NETWORK HAS BEEN WELL RECEIVED

CUSTOMER ASSESSMENT OF THE BRANCH OFFICES OPERATED JOINTLY BY AUSTRIAN POST AND BAWAG P.S.K.



# 1,894

POSTAL SERVICE POINTS ENSURE REGIONAL ACCESSIBILITY

# 476

BRANCH OFFICES ARE JOINTLY OPERATED WITH BAWAG P.S.K.

rural areas, know their customers personally”, says Astrid Krenn, Head of Mail Logistics for Western Austria. The delivery staff are people the customers trust and who they look upon with affection. This was very impressively proven by the “Austrian Post Elects the Super Postperson” campaign. The final tally: some 430,000 votes were cast. This level of participation positively surprised even the responsible managers at corporate headquarters. And about 3,600 Post employees received more than 10 votes from their customers, or one should say, from their

fans. What other company can boast of having such an impressive track record?

### Austria's largest fleet

The high popularity ratings for Austrian Post employees are only possible if everything runs smoothly in the background. This is ensured by the high-tech equipment used by the company in all areas, beginning with the highly-innovative nationwide logistics infrastructure with six mail and seven parcel distribution centres. Here the flow of communication and goods in Austria is

Millions of letters and parcels are processed each day by Austrian Post's logistics centres, or a total of 5.7bn mail items annually.



bundled, and the mail items are sorted on a total of 17.5 kilometres of conveyor belts supported by state-of-the-art scanning machines. They are then reliably brought to the recipients by means of Austria's largest vehicle fleet consisting of 9,000 vehicles. Since 2013 the delivery staff has been equipped with modern handheld computers which considerably facilitate their work. Even the precise mileage of the delivery vehicles can be recorded by this device. As a result, red tape and piles of paper have become a relic of the past. Furthermore, regular investments ensure that the company's entire operations are getting better and better, and are at the cutting edge.

#### Austria's best network

"Customers are also aware of Austrian Post's passion for innovation", says Alexander Frech, Head of Branch Network Sales. At the present time many changes are quite visible. The design is being modernised and an increasing number of branch offices are being upgraded to show the new up-to-date and functional look. At the same time, customer service is being expanded, especially featuring the new self-service zones enabling customers to take care of their postal business around the clock regardless of normal branch office opening hours. In this way Austrian Post is expanding its leading position with respect to quality and service.

#### Targets exceeded

Austrian Post already has the best network in Austria. As a universal postal provider, Austrian Post is legally required on the basis of prevailing regulations to operate a nationwide branch network of at least 1,650 postal service points. Actually, Austrian Post has gone considerably beyond the minimum statutory level. At the end of 2013 a total of 1,894 postal service points, consisting of 535 company-operated branch offices and 1,359 postal partners, ensured nationwide network access and the highest quality service, also during peak times. The postal partner concept has proven to be a particularly practical, useful, customer-oriented and efficient measure. ►

**"Customers are also aware of Austrian Post's passion for innovation."**

ALEXANDER FRECH,  
HEAD OF BRANCH NETWORK  
SALES



## "HIGHEST QUALITY EVERY SINGLE DAY"

dm drogerie markt relies on Austrian Post to deliver its letters and parcels as well as to coordinate the logistics for its new online shop.



Harald Bauer is  
Managing Director of  
dm drogerie markt.

**dm drogerie markt is the largest drugstore chain in Central and Eastern Europe. What factors are particularly relevant to the success of your business?**

**HARALD BAUER:** We want to make shops which feature the best shopping atmosphere and the most competent offers of products and services at an attractive price available to our customers. We orient our communications exclusively to dm brand guidelines, and focus on establishing a very personal dialogue with our regular customers and exploiting the high outreach of conventional advertising.

#### What role does Austrian Post play in all this?

**BAUER:** A very fundamental one. Our customer magazine "active beauty" with a circulation of more than one million copies, which appears eleven times a year, is printed, personalised, bound and delivered by Austrian Post. The company does the same for our thematic direct mails, for example on the topics of oral hygiene and dental care. Our flyer "Journal Express" is also distributed by Austrian Post, as are the direct mail items promoting our "dm-babybonus" programme. Here Austrian Post is responsible for delivering the coupon booklets and for the packing of the welcome packs.

#### What is your experience with your new online shop?

**BAUER:** It is excellent. About 5,000 of our products can already be ordered online at meindm.at. Austrian Post and its fully owned subsidiary Systemlogistik with its own warehouse in Vienna coordinate the entire logistics. The items listed in the orders placed in the Webshop are picked out, packaged and in most cases delivered directly throughout Austria on the next day by Austrian Post's parcel logistics network. As a customer-oriented company, it is important to us to be able to count on the highest quality service every day. Moreover, it is also essential that Austrian Post adheres to social standards. Finally, we have decided in favour of climate-neutral delivery.



The postal partners are stores or other facilities such as food stores, petrol stations, tobacconists or municipal offices which also serve as postal service points. The additional income and higher customer frequency increase sales and thus strengthen the economic basis of these primarily small-sized businesses. Last but not least, in this manner Austrian Post ensures the availability of functioning economic structures, especially in rural areas. The customers benefit from closer proximity to the postal partner outlets as well as longer opening hours. The cooperation of Austrian Post with its postal partners ranges from regular support and training to offering special, partner-oriented products. Moreover, the cooperation of Austrian Post with BAWAG P.S.K. was also expanded in 2013. In the meantime there are already 476 jointly operated branch offices which provide both postal and banking services under one roof.

Regular customer surveys show high levels of satisfaction with the service offered by Austrian Post. Interestingly enough, this especially applies to the younger population. External assessments confirm the outstanding quality of service. 95.5% of letters in 2013 were delivered one day after they were posted, exceeding the legally stipulated minimum of 95%.

#### **Important partner of the advertising industry**

Austrian Post is a boundlessly reliable partner to private as well as business customers. This particularly applies to the advertising industry. "The

advertising leaflet continues to be an extremely important advertising medium in Austria", says Heinrich Hammerschmidt, Team Manager Direct Mail & Dialogue Marketing. Companies making use of the KUVERT, the collective advertising envelope for direct mail items, reach 3.2m households twice a week. Austrian Post has developed a large dialogue marketing portfolio for the purpose of achieving a multi-channel dialogue with customers, ranging from geo-marketing to profiling and clustering solutions. Today Austrian Post is also focusing its efforts on figuring out how to optimally integrate digital solutions. In the meantime, the company is now the predominant partner for linking physical delivery with the world of electronic communications. Not only advertising customers but all companies which aim to reduce the costs of their business and administrative processes can profit from this approach. Here the Mail Solutions business area of Austrian Post offers innovative solutions for optimising mailroom management and other communications processes.

#### **feibra: successful two-brand strategy**

The two-brand strategy of Austrian Post and feibra has proven to be very successful. "Not all customers have the same requirements and want the same product", says Franz Hausleitner, Managing Director of feibra. "With feibra we can offer an alternative to the well-known services of Austrian Post.". Back in 2004 the company, a subsidiary of Austrian Post, was already active in

The 476 jointly operated branch offices of Austrian Post and BAWAG P.S.K. are well accepted by customers.





The mail and parcel distribution centres bundle the flow of communication and goods in Austria.

the unaddressed direct mail segment. Since 2011 its service offering has been expanded to include addressed direct mail. Postage is up to 15% less expensive for direct mails, newspapers, magazines and letters if the mail items do not have to reach the recipient on the next day. This price advantage is made possible by concentrating on more densely populated areas. feibra delivers 1.2bn mail items each year, operating a network of 26 logistics centres.

### Complex logistics solutions

“Booming online shopping would be inconceivable without the logistics solutions provided by Austrian Post”, declares Max Moser, Head of Parcel Logistics Austria. Today Austrian Post is the leading service provider in the country for delivering mail order parcels. The rapid, nationwide delivery of parcels including the continuous tracking and tracing of the shipments is

guaranteed throughout Austria thanks to seven parcel logistics centres and 17 own delivery bases. And if worst comes to worst, Austrian Post puts its money where its mouth is when it comes to the claim of reliability. The company assumes liability of up to EUR 510 for every parcel it transports in Austria and up to EUR 1,500 for every EMS shipment in Austria.

Austrian Post optimally provides all basic services. However, additional services complementing the simple transport of goods from point A to point B will become increasingly important in the future in order to more clearly set itself apart from the competition. In this regard Austrian Post offers different logistics services along the entire value chain through its subsidiary Systemlogistik, from storage, commissioning and packing to shipment and returns management. An extensive portfolio of complementary solutions designed to meet the most diverse customer demands, complementing Austrian Post’s core business of providing traditional postal and logistics services, is an indispensable aspect of the business today. These range from online and self-service solutions for private customers to Webshop programming and professional marketing services for firms. Sometimes one has to change a few things in order to retain what is good. This also applies to Austrian Post’s pole position in its core business.

**“Booming online shopping would be inconceivable without the logistics solutions provided by Austrian Post.”**

MAX MOSER, HEAD OF PARCEL LOGISTICS AUSTRIA





# DRIVING THE ECONOMY

Austrian Post is responsible for 0.5% of the country's GDP and secures 39,000 jobs in Austria and abroad.

**A**ustrian Post is one of the most important companies in the Austrian economy with its workforce of some 20,000 employees. As the top provider of postal and logistics services, it comprises, so to speak, the “backbone” of the economic system, and ensures the seamless exchange of information and goods between companies, public institutions, consumers and citizens.

The hard facts and figures show the relevance of Austrian Post. According to a study carried out by the research institute Economica in 2013, the economic value added generated by Austrian Post in 2012 amounted to EUR 2.1bn, of which EUR 1.4bn was in Austria.

In addition to the value creation of Austrian Post, this figure also includes the economic value added of supplier companies along the entire value chain as well as the so-called income effects triggered by the generated income. “Austrian Post is not only responsible for its own value creation, but also stimulates additional business activity and thus greater income derived by supplier companies”, says Anna Kleissner, Senior Researcher at the Economica Institute for Economic Research. The total income generated, which, for ex-

ample, is paid into the salary account of an employee (working for Austrian Post or a supplier) in turn creates additional value because the employee purchases consumer products or invests in a new apartment.

## “Austrian Post is a very high value-added company”

The domestic economic added value of EUR 1.4bn generated by Austrian Post comprises 0.51% of the entire Austrian gross domestic product. A more detailed analysis reveals that Austrian Post is deeply integrated in the Austrian economy. About 70% of the company's total expenditures, or approximately EUR 1.5bn, remain in national hands. 65% of expenses are for staff costs. “This is a very high figure compared to the industry average of 49%. It shows that the services provided by Austrian Post in Austria are high value-added services”, Kleissner adds. More than 96% of the expenditures create value in Austria, a further indication of how regionally anchored Austrian Post actually is, and the role it plays in generating further economic value added and jobs on a local basis.

A company which generates income also creates jobs. Austrian Post creates and secures about 29,000 jobs

in Austria, or 0.68% of all jobs in the country. On a cross-border basis taking account of the company's international activities, Austrian Post even creates sufficient work for 39,000 people.

## Monetary value to the Republic of Austria

The financial performance of a company and the money it pays to public authorities are extremely relevant to the economy and taxpayers. The “fiscal contribution” of Austrian Post includes income taxes, social security contributions, corporate taxes, other taxes such as the value added tax (VAT) and dividend payments to the state holding company ÖIAG and thus to the Republic of Austria. If one adds up all these factors, the fiscal contribution of Austrian Post totalled EUR 714m in 2012. In this way the company made a major contribution to a functioning state in Austria, contributing significantly more, for example, than the so-called bank levy. “Over the past decade, Austrian Post has evolved from a company requiring public subsidies to a successful flagship company generating high monetary benefits for the Republic of Austria”, explains Austrian Post CEO Georg Pölzl. ■

## VALUE CREATION OF AUSTRIAN POST

EUR **714M**

### FISCAL CONTRIBUTION

This is the amount Austrian Post contributes to the public sector, for example through taxes, social security contributions and dividend payments.

**64.8%**

### STAFF COSTS

Close to two-thirds of the company's expenditures in Austria are for staff costs.

**0.68%**

### SHARE OF EMPLOYMENT IN AUSTRIA

0.68% of all jobs in Austria can be attributed to Austrian Post.

**0.51%**

### SHARE OF AUSTRIAN GDP

Every two hundredth euro in Austria is generated by the “Austrian Post system”.

# AUSTRIAN POST PROMOTES VOTER PARTICIPATION

The mega election year 2013 with more absentee voters than ever before increased the mail revenue of Austrian Post.



A voter casting his vote: More than 500,000 Austrians already rely on absentee ballots.

**“Austrian Post contributes its know-how to ensuring a vibrant democracy.”**

NORBERT KOSICAK,  
HEAD OF BRANCH PUBLIC



People eagerly took advantage of the possibility to cast votes in the parliamentary elections 2013. 12% of the votes cast were actually absentee ballots sent in by mail. Voter turnout rose from 65.9% to 74.4% thanks to more than 542,990 postal voters (source: SORA). Austrian Post ensured a secure, reliable and legally compatible voting process on the basis of its mailing competence. Other instances where voters were called to the polls, such as the referendum on military service and the Vienna referendum as well as provincial elections in the federal provinces of Carinthia, Lower Austria, Tyrol and Salzburg, also led to positive revenue effects in the mail segment in 2013. Postal voters could rely on the secure and trustworthy service of Austrian Post in submitting their ballots. Austrian Post also offers a customer-oriented full service package for all types of elections to cities and municipalities in addition to the national and provincial governments. “A vibrant democracy requires active voter participation. Austrian Post contributes to this on the basis of its know-how”, emphasises Norbert Kosicak, Head of Branch Public. ■

# PER KUVERT TO EVERY HOUSEHOLD

Flyers (leaflets) still comprise the most important advertising medium in Austria. And Austrian Post is one of the most important partners of the advertising industry.

Austrian Post has set new standards in audience reach thanks to the KUVERT. The practical collective advertising envelope bundles undressed household advertising and reaches about 3.2m households twice a week. The KUVERT itself also serves as an advertising medium, offering

advertisers a variety of advertising tools, from image advertising via entire issues and cover cooperations to advertorials. Regional advertising and tip on cards (TOCs) are also possible. The smart phone application POST alive connects the offline contents of the KUVERT with online offers and thus breathes life into this advertising medium. This service is designed to appeal to companies which want to reach the largest possible nationwide audience in an inexpensive and effective manner. “The innovation KUVERT introduced by Austrian Post is very successful on the advertising market”, confirms Daniela Osond,

Head of Sales Direct Mail Cover. “The year 2013 once again showed that the advertising envelope KUVERT successfully increased its outreach, number of users and recognition, and in combination with the advertising leaflet comprises an extremely important advertising medium.” ■

**“The KUVERT introduced by Austrian Post is very successful on the advertising market.”**

DANIELA OSOND, HEAD OF  
SALES DIRECT MAIL COVER



The collective advertising envelope KUVERT reaches 3.2m households.





# NEW RECORD IN PARCEL DELIVERIES

The e-commerce boom has triggered strong growth in Austrian Post's parcel business. The company is the undisputed market leader for private customers, and is already number two in the B2B segment.

**A**ustrian Post is already the second biggest player in Austria for shipping parcels to business customers, a segment that used to be dominated by private mail companies. "Our B2B drive has been a huge success", says Thomas Bissels, Head of Marketing & Sales Parcel Logistics Austria. "Since our market entry in 2008, we have increased our market share from 0 to about 25%." How did Austrian Post manage this impressive performance and catch up so quickly? It did so by deliberately playing on its strengths i.e. a high level of reliability, clear customer orientation and a broad product portfolio, ranging from business parcels, express shipments, contract logistics, warehousing and value logistics to fulfillment services offering solutions along the entire value chain, from Webshop design and implementation to order and delivery management.

## Growth is continuing ...

Austrian Post achieved a new across-the-board record volume of parcel shipments in 2013. For the first time it transported about 70m parcels. And it also set a new single-day record of close to 430,000 parcels on December 17, 2013. This gratifying development is not least due to the booming Internet business. Every Austrian already spends an average of EUR 378 per year on online shopping. The domestic e-commerce



Austrian Post enables successful online trading to take place on the basis of its logistics services, and also offers its employees fair working conditions.

market will grow even further, and is expected to expand by 9% to about EUR 5bn by the year 2016. In addition to industry giants such as Amazon, an increasing number of established retailers are taking advantage of the opportunity to sell their products via Webstores.

## Austrian Post enables online success

Today it is not unusual to sell goods over the Internet. However, in order to be really successful, every online retailer needs a reliable logistics partner. This is because the real high-tech challenge in the field of e-commerce is in perfectly handling logistics, from the acceptance of incoming goods,

storage, commissioning and packing to shipping and returns management. Moreover, Austrian Post also offers various Webshop solutions to its customers. The technical term is fulfillment solutions. "Austrian Post enables successful online trading to take place on the basis of its logistics services. We make it happen!", says Gerald Gregori, Head of Logistics Services.

## Fair working conditions

Austrian Post differs from its competitors in one important respect in that the company guarantees fair working conditions. Modern equipment, appropriate pay and intelligent tour planning go down well with employees.

## "Austrian Post's B2B drive has been a huge success."

THOMAS BISSELS, HEAD OF  
MARKETING & SALES PARCEL  
LOGISTICS AUSTRIA



# FACTS

## CORE BUSINESS IN AUSTRIA

### NO.1

AUSTRIAN POST IS THE UNDISPUTED MARKET LEADER IN THE DELIVERY OF LETTERS AND PARCELS IN AUSTRIA.

### 17.5

KILOMETRES IS THE LENGTH OF THE CONVEYOR BELTS IN AUSTRIAN POST'S LOGISTICS CENTRES.

### 9,000

VEHICLES COMPRISE THE AUSTRIAN POST'S VEHICLE FLEET.

### 3.2M

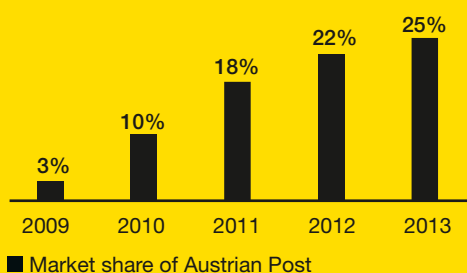
HOUSEHOLDS ARE REACHED TWICE WEEKLY BY THE COLLECTIVE ADVERTISING ENVELOPE "KUVERT".

### 200,000

KILOMETERS IS THE DISTANCE THE AUSTRIAN POST DELIVERY STAFF TRAVEL EVERY DAY.

## B2B OFFENSIVE

In just a few years Austrian Post managed to become the no. 2 in Austria for business customer parcels.



Source: Kreutzer, Fischer & Partner

## 5 TIMES PER DAY IS THE FREQUENCY WITH WHICH OUR DELIVERY STAFF CIRCLES THE EARTH

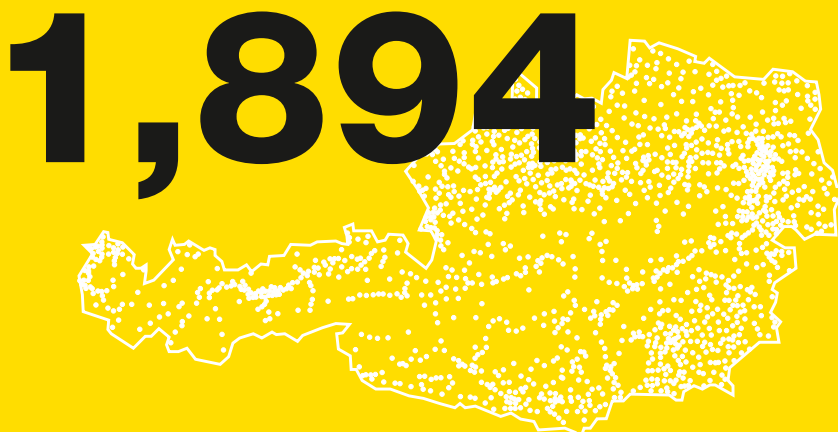
AUSTRIAN POST ENSURES THE SUPPLY OF BASIC POSTAL SERVICES IN AUSTRIA



- In six mail and seven parcel logistics centres...
- ... 5.7bn mail items are sorted each year ...
- ... before more than 10,000 mail carriers ...
- ... deliver the mail to 4.3m households and companies in Austria.

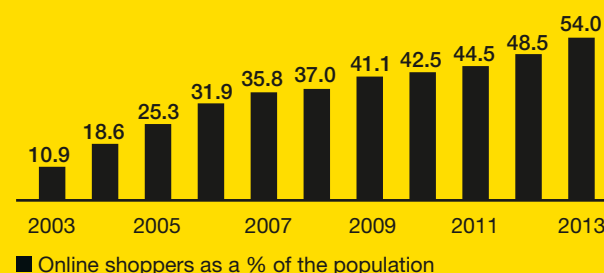
## THE BEST NETWORK

Austrian Post boasts the largest private customer network in the country. 1,894 postal service points, including 1,359 postal partners, ensure the nationwide supply of postal services.



## TREND: ONLINE SHOPPING

Booming e-commerce increases the need for postal and logistics services. More than every second Austrian has parcels sent from Web shops.



Source: Austrian Statistical Office





# **ENTERING NEW TERRITORY**

## **AN EYE ON GROWTH MARKETS**

Whoever wants to maintain a top market position must keep his eyes and ears wide open and be constantly prepared to transcend boundaries and overcome barriers, whether geographical or mental. For years the number one postal company in Austria has been taking its know-how to new growth markets, and has already achieved a top market position in numerous countries. In the same regard, innovative postal services are continually tapping into new growth areas. In turn, this opens up new potential for the future.





# GROWTH IN FUTURE MARKETS

Austrian Post is exploiting opportunities in Central and Eastern Europe, and has established itself in the entire region as one of the leading postal service providers and a driving force of quality.



**A**ustrian Post has been successful for many years beyond the country's borders. "Tapping into growth markets has proven to be a very successful strategy for us", states a satisfied Peter Umundum, Member of the Management Board and Director of the Parcel & Logistics Division. The 25 subsidiaries operating primarily in Central and Eastern Europe but also in Germany already account for an impressive 30% of total Group revenue.

Building upon these positive experiences, Austrian Post took another major expansion step and entered the promising Turkish market in the summer of 2013. "This is a milestone in our international corporate development. The Turkish parcel market boasts enormous growth potential", adds Stefan Heiglauer, Head of CEE Parcels.

More specifically, Austrian Post acquired a 25% interest in the parcel services provider Aras

- The Turkish parcel market achieved an estimated revenue of **EUR 1.04bn** (estimate by KEP research) in 2013 and features annual growth of about 13%.
- The logistics services company Aras Kargo has a **26% share** of the Turkish parcel market and is thus the number two provider at the present time.
- Annual per capita parcel revenue in Turkey is **EUR 11**, compared to EUR 69 in Austria and even EUR 116 in Germany.

Kargo. The remaining shares are held by the founding family. However, Austrian Post is entitled to increase its stake by an additional 50% to a total of 75% by 2016. "Aras Kargo boasts an outstanding track record on the Turkish parcel market, and features a high level of service", says Martina Supper, Head of Mergers & Acquisitions Parcel & Logistics CEE. "Thus the acquisition fits us perfectly."

**"Aras Kargo boasts an outstanding track record on the Turkish parcel market."**

MARTINA SUPPER,  
HEAD OF MERGERS & ACQUISITIONS  
PARCEL & LOGISTICS CEE



## Strong revenue growth

Aras Kargo, established in 1979, most recently generated an annual revenue of approximately EUR 250m, boasting a 26% market share of the Turkish parcel business. Over the past few years the company has been able to disproportionately profit from the expansion of the parcel market, and post annual revenue growth of 16%. Profitability has also climbed continuously. In



2012 Aras Kargo achieved an EBITDA margin exceeding 10%. The company operates a nationwide network of about 840 shops, 28 distribution centres and 2,500 delivery vehicles, with a staff of approximately 5,400 salaried employees.

#### Enormous growth potential

In recent years the Turkish parcel market has grown by an average of 13% per year. And this positive development is far from being over. The parcel sector in Turkey anticipates 27% overall growth by 2015. The reason for this is that average annual per capita parcel revenue is just EUR 11, in contrast to EUR 69 in Austria and EUR 116 in Germany, and even higher in countries such as Norway and Sweden. In other words, strong growth is more or less inevitably bound to happen. Austrian Post now wants to contribute its logistics know-how and the existing European

network to the new partnership with Aras Kargo in order to jointly exploit these growth opportunities and capture market leadership on the Turkish parcel market.

#### Strong parcel market in CEE

A lot also happened in the CEE region in 2013. Austrian Post once again expanded its top market position in the parcel business. “We are the B2B market leader in Slovakia, Croatia, Bosnia-Herzegovina, Montenegro and Serbia”, states Stefan Heiglauer. Austrian Post is also well under way in the private customer segment. Every fourth X2C parcel shipment is already handled by Austrian Post, in Hungary even every third parcel in this segment. In spite of the difficult conditions such as high inflation in some countries accompanied by ongoing price pressure, Austrian Post’s parcel operations are growing at a ►



## STRONG DEVELOPMENT IN HUNGARY

**THE SUBSIDIARY TRANS-O-FLEX HUNGARY INCREASED REVENUE AND SHIPMENT VOLUMES BY 20% IN 2013.**

Austrian Post's subsidiary in Hungary can look back at an exceptionally good financial year. Revenue and shipment volumes both rose by about one fifth, whereas the number of international parcels even climbed by 50%. "We are winning over our B2B customers, particularly with our combined freight offering featuring guaranteed delivery dates and expanded storage services", says a pleased Peter Pesztericz, Managing Director of trans-o-flex HU. The private customer segment is also showing an excellent development, with revenue up 25%. This means every third parcel transported by Austrian Post in Hungary is already X2C shipment. These successes can be attributed to a series of important innovations. A new modern warehouse in Budapest and a new depot in Tatabánya increased the capacity for warehousing and distribution. The international service offering was expanded by including the two new destinations of Croatia and Slovenia. A more customer-friendly website and a new call center have served to enhance efficiency and service quality. As a result, the number of missed incoming calls was reduced by 20%. "We will continue on our path to success by more firmly anchoring the focus on customer orientation in our internal processes and human resources development work", Pesztericz adds.

faster rate than the region's economy as a whole. The basis for this success story is the excellent transnational quality of service, the customer focus and the efficient parcel logistics infrastructure consisting of nine hubs, 69 depots and 900 delivery vehicles setting the highest quality standards.

### Modernisation of facilities

"Austrian Post along with its strategic investments in CEE and SEE is a driving force behind service quality in the entire region", explains Andreas Mayr, Head of Strategic Investment Management CEE Parcels. This applies to technical equipment



**Every third parcel shipment to private customers in Hungary is already handled by Austrian Post.**

and internal processes as well as human resource standards. In the meantime, all drivers have been equipped with scanners, ensuring tracking and tracing of all parcels. For the most part, data can be transmitted online, which enhances the quality of the data and thus minimises the error rate. The modernisation of facilities also ensures efficient processes and improved working conditions. For example, Austrian Post also makes sure that its CEE subsidiaries make use of state-of-the-art sorting technologies. Similarly, investments are constantly being made to enhance the competence of employees. A comprehensive training programme is being implemented to impart cutting edge know-how to drivers, customer services and logistics employees. The results confirm that the company is on the right track. The indicators for throughput time and the complaint rate are excellent, and underline the consistently high service quality throughout the region.

## SUCCESSFUL IN BULGARIA

**AUSTRIAN POST HAS A MAJORITY STAKE IN THE BULGARIAN MARKET AND QUALITY LEADER M&BM EXPRESS.**

Austrian Post has held a 51% shareholding in M&BM Express since the beginning of 2013. In addition to the traditional mail segment, in which the company has a market share of about one-third, M&BM Express is also market leader in the field of hybrid mail. Every month thirteen million pages are printed and enveloped in the company's four fully-equipped printing and enveloping centres. M&BM can quickly and flexibly support customers in the entire country thanks to its decentralised structure and 72 sites it operates.

"Our customers receive comprehensive services from a single source. Our success factors include a professional management team, established structures, a high level of flexibility and naturally longstanding experience", says Silvia Nakova, CFO of M&BM Express. Real-time monitoring as well as customised solutions for business and private customers are further ingredients in M&BM's recipe for success. More than 2,600 people work at M&BM Express, delivering about 70m addressed mail items in more than 130 delivery vehicles.

### Croatia's EU membership

Croatia's EU accession in the summer of 2013 will also certainly open up new opportunities. Since 2003 Austrian Post has held a 100% stake in Overseas Express, the top provider on the Croatian B2B parcel market. Further significant growth in parcel volumes is expected due to the simplified procedures resulting from EU accession, for example with respect to customs regulations – not least in the promising field of e-commerce. "The EU Customs Union opens up new revenue potential for us. In order to exploit these possibilities, our sales team already did considerable preliminary work before the country's accession to the EU, such as customer visits, a newsletter and sales pitches per telephone", explains Boris Brkovic, Managing Director of Overseas Express.

### Successful networks

All CEE subsidiaries of Austrian Post participate in the B2B network of EURODIS, an association linking leading European transport companies. Together with logistics specialists, for example from Italy, Great Britain and the Netherlands, the network offers an efficient transnational combined freight distribution service for about 140m shipments each year consisting of parcels and pallets. Scheduled transport and delivery services between Vienna and Zagreb are also carried out by EURODIS since Croatia's accession to the EU. Moreover, new links have been established between Slovakia and Croatia or Hungary and Croatia. The transport of parcels and pallets to Bosnia-Herzegovina, Montenegro and Serbia and the required customs formalities are now also handled by Austrian Post's subsidiaries via the EURODIS network.

By the way, the CEE subsidiaries of Austrian Post are gradually being integrated into the Hermes network. Accordingly, since August 2013 parcels from Hermes shops in Germany and Austria have been directly delivered in Slovakia, the Czech Republic and Hungary.

### Taking advantage of liberalisation

Austrian Post is also very active in the CEE mail delivery segment. In 2013 the final remaining eight letter mail markets in Central and Eastern Europe were completely liberalised. This means that new growth opportunities are presenting themselves to Austrian Post in addition to its current business operations. "We identified business opportunities in CEE early on and actively exploited them. For this reason, the region has emerged as an important sales market for us in recent years", says Claus Renner, Senior Sales Management CEE. Similar to its operations on the Slovakian market, Austrian Post has also been offering cost-efficient and high quality solutions for the delivery of conventional mail in Croatia and Romania since 2012 through its subsidiaries. "In the first year of service we successfully took advantage of the newly-opened markets and generated significant volumes on the basis of targeted preparations and by meeting various customer requirements", Claus Renner adds. ■

**"The CEE region has emerged as an important sales market for Austrian Post."**

CLAUS RENNER, SENIOR SALES  
MANAGEMENT CEE



## "RENAISSANCE OF THE SILK ROAD"

Aras Kargo aims to become one of the leading companies in Turkey with the support of Austrian Post.



Evrım Aras is CEO of Aras Kargo.

**Ms. Aras, what do you expect to gain from the partnership with Austrian Post?**

**EVRIİM ARAS:** This partnership represents an important further step in our corporate development. Together we want to transform Aras Kargo into one of Turkey's leading companies. Austrian Post is a key player on Europe's parcel market, and enjoys extensive credibility. For

example, we expect Austrian Post to provide valuable impetus with respect to corporate governance, stronger links to international logistics networks as well as European technological standards. And naturally we expect the company's input in the fields of innovation and customer service. All these factors will have a positive impact on our growth.

**How will the Turkish market for postal and logistics services develop in the years to come?**

**ARAS:** The Turkish logistics sector features very positive growth prospects for the future, even if considerable progress still has to be made in many areas. Annual parcel revenue per capita in some European countries is 21 times higher than in Turkey. This figure alone shows the extensive growth potential we can and aim to exploit. Moreover, the global trend towards e-commerce also opens up huge opportunities for the Turkish market, especially in the B2C segment. Turkey is very favourably located from a strategic and geographical perspective. Thanks to developments in the global economy, transport routes through Central Asia and the Middle East are gaining immensely in importance. The historical Silk Road is in the midst of a renaissance. And this comprises a major opportunity for Turkey to become a leading business hub along this new Silk Road and thus the logistics interface between East and West.



# PHARMACEUTICAL LOGISTICS OFFER GROWTH PROSPECTS

The legal requirements for transporting pharmaceuticals have become more stringent. The German subsidiary trans-o-flex is selectively taking advantage of this growth opportunity.

The ongoing monitoring of temperatures is one of the requirements contained in the new EU guideline.



## LEAN, FULLY SORTED AND COMPLETELY NEW

### THE PHARMACEUTICAL WHOLESALE COMPANY AEP DIREKT

Austrian Post is successively intensifying its involvement in the strongly growing pharmaceutical and healthcare market on the basis of a new business model. Together with its partners, Austrian Post in its role as the lead investor has developed a completely new concept for the pharmaceutical wholesale trade in Germany, and has founded AEP *direkt*. The company, whose name stands for “Apotheken-Einkaufs-Partner” (Pharmacy Purchasing Partner), supplies all German pharmacies with pharmaceutical goods on a daily basis.

#### “Ideal complement to the business model”

“The business model of AEP *direkt* ideally complements our business in Germany. Today trans-o-flex already delivers to all German pharmacies”, says Carsten Wallmann, Head of Strategy & Group Development. “At AEP the pharmacies directly benefit from clearly defined and favourable terms and conditions of a fully stocked pharmaceutical wholesaler as well as the reliable supply of the required goods every morning by 2,500 trans-o-flex drivers”, he adds. The central storage facility operated by AEP *direkt* is located directly next to a network site of trans-o-flex in Alzenau, thus benefitting from the advantageous location in the heart of Germany, in close proximity to Frankfurt. “We can permanently pass on the cost advantages to pharmacies thanks to the lean logistics processes without the need for cost-intensive sales and distribution structures”, state Jens Graefe and Markus Eckermann, Managing Directors of AEP *direkt*. “On the basis of these conditions we can clearly differentiate ourselves from conventional pharmaceutical wholesalers in Germany, which are characterised by a lack of transparency due to their confusing and complex discount system and invoicing for pharmacies.”

Pharmaceutical logistics is a market niche but one which bears considerable potential. “For years we have been investing in know-how as well as in technical equipment in this area. We are capable of offering the highest quality standards to the pharmaceutical industry”, says Oliver Rupps, Chairman of the Management Board of trans-o-flex. “Pharmaceutical logistics is a very attractive business. For this reason we will continue along this path in order to consistently exploit these growth opportunities.” The new EU guideline on “Good Distribution Practice” was published in the spring of 2013 and had to be put into practice in all EU member states by September 2013. The underlying objective is to secure and raise standards relating to pharmaceuticals transport. “This is a good thing for consumers, but also good for logistics companies committed to high quality service, as we are”, explains Christian Knoblich, Managing Director of trans-o-flex. trans-o-flex fulfilled the most important requirements involving the transport as well as the storage of pharmaceutical products before the new regulations took effect.

#### Steady increase in demand

For example, the new rules stipulate that specified temperatures must be checked and maintained during the transport process between the sellers and recipients. The business area trans-o-flex ThermoMed offers so-called “active temperature-controlled” logistics solutions for pharmaceutical goods in its own special network. Temperature control in the vehicles and transshipment warehouses ensures operations within the required temperature range. As a result, elaborate temperature-controlled packaging is no longer necessary, which in turn increases security and reliability. Sensitive goods are transported at temperatures at a range of 2 to 8 and 15 to 25 degrees Celsius. “The demand for active temperature-controlled transport is steadily rising”, Knoblich adds. The growth rates in the field of pharmaceuticals

## THE BIGGEST AUSTRIAN POST SUBSIDIARY

### TRANS-O-FLEX OPERATES THROUGHOUT EUROPE

The largest Austrian Post subsidiary has 1,800 employees. Its operations are based on three pillars:

1. trans-o-flex Schnell-Lieferdienst offers a nationwide network in Germany for the transport of parcels and pallets (combined freight). At the same time, trans-o-flex ensures nationwide combined freight transport in 34 European countries via the EURODIS network.
2. The trans-o-flex subsidiary ThermoMed has its own special network featuring active temperature-controlled logistics solutions, transporting temperature-sensitive goods for the pharmaceutical industry, also to 15 other European countries via the EUROTEMP network.
3. Comprehensive logistics services, from warehousing and commissioning to value-added services and continuous process solutions, are offered by the trans-o-flex subsidiary Logistik-Service.

and health care have led trans-o-flex to build a new logistics centre in Alzenau, Lower Franconia. The facility, located only 30 minutes from the international airport in Frankfurt am Main, has offered warehousing and specialised services since it commenced operations at the beginning of 2013. The logistics hub is specially tailored to the needs of the pharmaceutical and health care sectors, from its technical equipment to operating temperatures. For example, the permanent temperature monitoring can be viewed by customers on the Internet at any time. Speed is another key success factor for trans-o-flex. Customer orders processed before 9 p.m. are delivered by the company throughout Germany on the next working day.

#### Reliable supply even in crisis situations

The field of pharmaceutical logistics is definitely more than just another growth opportunity for Austrian Post. "A well-functioning supply chain for medicines is essential for the entire society", Rupps says. That is why trans-o-flex is the only logistics service provider to participate in the research project SafeMed, which is funded by the German Federal Ministry of Education and Research (funding code 13N11194). ■



**"The new EU guideline is good for logistics companies committed to high quality service."**

CHRISTIAN KNOBLICH, MANAGING DIRECTOR OF TRANS-O-FLEX

## "A LOGISTICAL TOUR DE FORCE"

Baxter has been relying on trans-o-flex for 15 years to deliver temperature-sensitive pharmaceuticals.



Torsten Czapka,  
Director Country  
Operations, Baxter  
Germany

**How do you think the new EU guideline for transporting medicines will affect logistics in the pharmaceutical industry?**

**TORSTEN CZAPKA:** The impact can be observed everywhere. The demands placed on pharmaceutical logistics will increase even more, not only in maintaining specified temperatures but also with respect to hygiene, documentation, staff and the required facilities for interim storage.

**You not only entrust trans-o-flex with the task of supplying pharmacies, hospitals and doctors with temperature-sensitive drugs, but also home patients requiring dialysis solutions. What experience have you had with this?**

**CZAPKA:** Temperature-controlled delivery to the residences of private individuals, so-called "free delivery to the point of use" poses an increasingly tough challenge. This is a logistical tour de force for all those involved in the supply chain. But the efforts pay off. Baxter's kidney replacement therapy at home offers patients the greatest flexibility, familiar surroundings and freedom of movement. This approach will steadily gain in popularity in the years to come due to demographic changes.

**Generally speaking, what are the strengths of the trans-o-flex Group?**

**CZAPKA:** Over the past 15 years we have developed a relationship characterised by a spirit of partnership which fulfills the highest demands with respect to quality, speed and delivery transparency. Thanks to trans-o-flex we can choose among different solutions in the field of fine distribution, enabling us to bring Baxter products as quickly and securely as possible to those who need them, so that we can save and preserve lives.



# NEW SERVICES FOR A NEW CENTURY

Austrian Post is also opening up new growth areas on its domestic market of Austria based on hybrid communications, efficient mailroom management and dialogue marketing services.

**A**ustrian Post does more than just transcend geographical boundaries in order to exploit growth opportunities. Its service portfolio is being continually enlarged. It is a fact that communication is becoming increasingly data- and document-intensive, thus requiring completely new approaches. "Naturally one key measure on the part of Austrian Post is to expand the traditional business by offering digital solutions", says Georg Mündl, Head of Mail Solutions.

## Goodbye to piles of paper

The Mail Solutions business area supports customers with professional information management, and offers them an effective interface for both physical and electronic communications. One example is mailroom management. The volume of mail items a company has to process everyday is enormous. For this reason, Austrian Post has assumed responsibility for the entire mailroom management of numerous customers, and frees them from drowning in paperwork thanks to its scanning services. "Outsourcing means leaner administrative processes and greater efficiency. By outsourcing the processing of their mail, companies can reduce their costs in this area by up to 50%", says Martin Ferger, Mailroom Services.

## Hybrid thinking

Regular business mail can be digitally sent to Austrian Post, which

**"Outsourcing enables companies to reduce their costs by up to 50%."**

MARTIN FERGER,  
MAILROOM SERVICES



The Mail Solutions business area serves as an interface for physical and electronic communications.

subsequently takes care of all further steps, from packing and enveloping to shipment. When it comes to digital delivery, Austrian Post ensures functioning interfaces, secure transmission and automatic online storage. "At present we are transmitting some 370,000 e-payslips each year on behalf of our customers", says Wolfgang Gschwandtner, Key Account Manager.

## Multi-channel dialogue

The multi-channel dialogue services provided by Austrian Post make advertising campaigns really efficient. "Austrian Post is the largest Austrian dialogue market company. We

boast the most extensive experience across all industries", claims Michaela Gruber, who is responsible for project and business development management in the Mail Solutions segment. In this regard, Austrian Post not only guarantees reliable delivery but supports its customers, for example by offering geomarketing as the basis for a precise target group-oriented selection of distribution areas or by providing comprehensive address management services.

## The best addresses

The perfumery market leader Marionnaud relies on the best addresses. The address information is already checked by Austrian Post when the customer data is recorded. The online portal [www.adresscheck.at](http://www.adresscheck.at) offers further solutions. If a customer has moved, the new address is entered into the system. Renamed addresses are corrected and missing information is added. "At present 1.2m customers have a reward card from Marionnaud. With the help of Austrian Post our direct mailings achieve optimal results with this enormous group of prospective buyers with the added advantage of the lowest possible printing and postage costs", according to Martin Gaber, General Manager of Marionnaud Austria. ■

## FACTS

### NEW MARKETS

#### NO. 1

IS THE MARKET POSITION OF AUSTRIAN POST IN DIFFERENT SEGMENTS IN BULGARIA, CROATIA, SLOVAKIA, BOSNIA-HERZEGOVINA AND SERBIA.

#### 13%

IS THE ANNUAL GROWTH RATE OF PARCEL VOLUMES IN TURKEY.

#### 6%

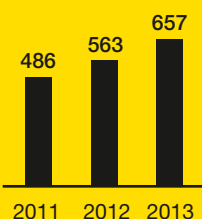
REVENUE GROWTH FOR PARCELS IN CEE.

#### 13

MARKETS ARE PROVIDED WITH INNOVATIVE POSTAL AND PARCEL SERVICES BY AUSTRIAN POST.

#### 9/1, 2013

IS THE DATE WHEN THE EU GUIDELINE "GOOD DISTRIBUTION PRACTICE" TOOK EFFECT. IT DEFINES NEW STANDARDS FOR PHARMACEUTICAL LOGISTICS.



■ Aras Kargo  
revenue in TRYm

### GOING SKY HIGH

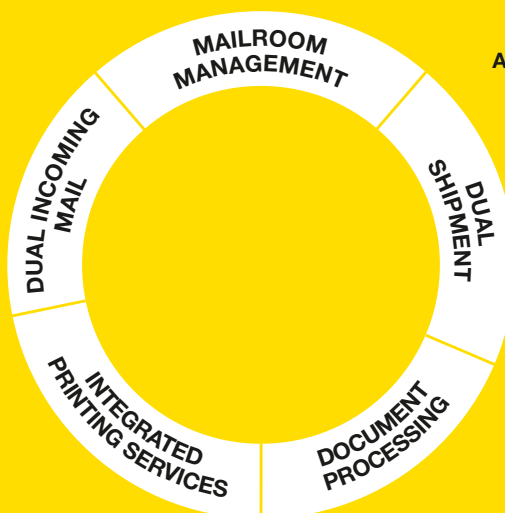
PERSPECTIVES FOR THE TURKISH MARKET REMAIN VERY POSITIVE.

## PHARMACEUTICAL LOGISTICS A NICHE MARKET WITH EXTENSIVE POTENTIAL

MORE STRINGENT REQUIREMENTS, E.G. "ACTIVE" TEMPERATURE CONTROL, INCREASE DEMAND FOR SERVICE PROVIDERS ABLE TO GUARANTEE HIGH QUALITY.



## HYBRID COMMUNICATIONS DIGITAL SOLUTIONS ARE GAINING IN IMPORTANCE



AUSTRIAN POST'S MAIL SOLUTIONS BUSINESS AREA OFFERS ITS CUSTOMERS AN INTERFACE FOR PHYSICAL AND ELECTRONIC COMMUNICATIONS – FROM EFFICIENT MAILROOM MANAGEMENT AND SCANNING SERVICES TO EXCLUSIVELY ELECTRONIC MAIL DELIVERY.

## STRONG PRESENCE

AUSTRIAN POST IS ACTIVE IN A TOTAL OF 13 COUNTRIES VIA ITS SUBSIDIARIES – FROM ITS DOMESTIC MARKET OF AUSTRIA TO THE PROMISING FUTURE MARKET OF TURKEY.







# **FOCUS: EFFICIENCY**

## **EFFECTIVE, PERFORMANCE-ORIENTED**

Peak performance at peak times? The world of postal and logistics services is subject to constant change and always faces new challenges. That is the reason why Austrian Post has to continuously become more efficient. In turn, this is only possible by leveraging the very best know-how and high-tech. For this purpose Austrian Post is permanently expanding its hard-hitting, high-performance logistics infrastructure. At the same time, it relies on intelligent solutions and good management. The result is the highest quality and maximum efficiency.







# TACKLING THE FUTURE WITH INTELLIGENCE AND HIGH-TECH

Austrian Post is investing EUR 300m in the future of the company. The aim is to achieve the highest possible efficiency in all its business processes.

The new inserting machines, so-called "collators", bundle mail items for the collective advertising envelope KUVERT, among other tasks.





**O**ur most important task is to sustainably safeguard the future of Austrian Post”, says Chief Financial Officer Walter Oblin. In accordance with this objective, Austrian Post is carrying out numerous measures designed to ensure the consistently high quality of its services in the most efficient and cost-saving manner possible. The pre-requisites are investments in state-of-the-art technologies which serve as the basis for further capacity and efficiency increases.

#### Investments of EUR 300m

On balance, the company will invest about EUR 300m in its future in the period 2012–2014.

“This even represents quite a lot of money for a large company as ours”, emphasises CFO Oblin. “Nevertheless, this amount comprises a healthy level of investment. Austrian Post can finance these investments from its cash flow and neither has to draw upon its own resources nor take out loans.”

A total of six new “flatsorters” were purchased for the Austrian Post logistics centres in Vienna, Graz, Salzburg and Hall as well as for the new logistics centre being built in Allhaming. These high-tech machines can sort and process mail items in a fully automated fashion. The enhanced performance of the new system has resulted in perceptible improvements. The equipment can sort mail items much more quickly than the previous generation. Each of these machines can process close to an unbelievable 38,000 mail items per hour, items of up to a B4 format, a thickness of 3 cm and a maximum weight of 2 kilos per item.

#### Small letter sorting facilities

This is far from the whole story. In 2014, the planned investments will also focus, amongst other projects, on introducing new small letter sorting facilities. “In January 2014 Austrian Post already began installing the new machines in the logistics centres”, according to Bernward Asprion, Head of Logistic Centre Processes. They will enable the speedier sorting of small-sized mail. In this regard, the so-called sequencing process

for smaller mail will be carried out mechanically by the newly installed machinery. Supported by the appropriate software, this technology will allow for the mail items to be automatically sorted to the designated delivery routes in the proper sequence, which in turn facilitates the delivery work for this part of the mail.

Up until about EUR 8m has been dedicated to purchasing the new inserting machines known as “collators”. These are machines which can mechanically bundle unaddressed mail items. The collators are being deployed to put together the new KUVERT, the collective envelope for Austrian Post’s advertising mail which was launched on the marketplace in 2012. This measure has also significantly increased efficiency, because in the past the work had to be done manually in a tedious and time-consuming process.

Finally, an investment of the utmost importance is the completely new logistics centre under construction in Allhaming, Upper Austria, which will come on stream in the fall of 2014.

This expansion was necessitated by the growing volume of parcels, which in turn is related to the ongoing boom in e-commerce (for more information refer to page 56). However, the newly-constructed high-performance Parcel Logistics Centre Wien Nord which opened in 2012 has also led to a considerable rise in logistics efficiency. In addition, the nationwide adoption of handheld computers for parcel and mail carriers has proven to be extremely successful. They massively reduce administrative work. As a result, mail items are delivered more quickly to customers (refer to page 57). ►



**“In January 2014 Austrian Post already began installing the new small letter sorting machines.”**

BERNWARD ASPRION, HEAD OF LOGISTIC CENTRE PROCESSES



## BUILDING BLOCKS FOR AUSTRIAN POST'S LONG-TERM SUCCESS

### EUR 40m

... has been invested by Austrian Post up until now to modernise its branch offices, giving customers a completely new shopping experience.

### EUR 8m

... is the cost of the new inserting machines, the so-called collators, which automatically bundle unaddressed direct mail items, for example for the collective advertising envelope KUVERT.

### EUR 20m

... were invested in new flatsorters, which are high-tech machines enabling the fully automatic sorting of mail items. And they work extremely fast. One flatsorter can manage up to 38,000 mail items per second.

### EUR 9m

... is the price tag for the new handheld computers Austrian Post purchased for its delivery staff. This means less paperwork, more efficiency and improved interaction with customers.

#### Austrian know-how is internationally successful

Of course Austrian Post is also spending a bunch of money on modernizing the business operations of its subsidiaries outside of the country. "We have accumulated excellent know-how", says Stefan Heiglauer, Head of CEE Parcels. "It is just as well that we transfer this expertise abroad, put it to good use and thus extend it further. By doing so we ultimately secure jobs in Austria. Moreover, in the logistics sector one cannot simply think in national terms but must always also see things from an international perspective." Austrian Post is attaching great importance to the field of pharmaceutical logistics, in which it continues to commit its know-how and make investments in technical equipment, especially in Germany. The new logistics centre in Alzenau, Lower Franconia, has offered warehousing and specialised services specifically tailored to the requirements of the pharmaceutical and health care sectors since it commenced operations at the beginning of 2013. This includes the permanent

recording of temperatures as well as documentation on pest control, which customers can view online at any time.

#### Modern branch offices

Austrian Post has invested EUR 40m over the last three years to modernise its branch network. The result is that the new outlets provide a completely new shopping and service experience. Accordingly, the branch office design has also already gained international recognition. The self-service zones installed in an increasing number of branch offices enhance customer benefits by allowing customers to take care of their postal business around the clock regardless of normal branch office opening hours. The latest innovation – the collection station – was first introduced in November 2013. Here customers can more easily pick up their parcels as well as large-sized or registered mail items, around the clock, seven days a week. 400 such collection stations are planned to be installed for the benefit of customers by 2016. "The entire

A single flatsorter processes up to 38,000 mail items per hour.



spectrum of self-service solutions shortens waiting times in the branch offices and thus increases customer benefits”, according to Eva-Maria Spindler, Head of Branch Network Sales Development.

Austrian Post is continuously investing in the country's largest vehicle fleet consisting of about 9,000 vehicles. In 2013 it spent more than EUR 10m to make its delivery vehicles – cars and lorries – more modern and environmentally-friendly. For example, 71 new lorries (EEV standard) were put into operation. They are replacing the vehicles complying with the Euro III emission norms. As a consequence, the level of hydrocarbons, carbon monoxide, nitrogen oxide and soot released into the atmosphere is significantly reduced. Another important aspect is the gradual changeover to e-mobility, in which the company invested about EUR 2m in 2013. Austrian Post purchased 381 electric-powered vehicles in the past financial year. On balance, 653 e-vehicles are in operation in the yellow-coloured vehicle fleet.

#### Optimisation of processes

In addition to the investments in new technologies, all internal processes are subject to a constant analysis to check for potential efficiency improvements. For example, a concept for the optimal layout of a delivery base was developed within the context of the project entitled OPEX (Operational Excellence) being carried out partly in collaboration with the Vienna University of Technology. In turn, the project ARTE has led to a 6% increase in logistics productivity.

The reorientation and concentration of all the purchasing activities in the Group within the context of the “Procurement Excellence” project led to a significant optimisation in this area by exploiting potential cost savings at the “outer edge” of the company. In this regard, Austrian Post carried out more than 150 cost-reduction projects, in part relying on innovative approaches such as e-auctions. “On balance, optimising our procurement has already helped us to achieve cost savings of EUR 30m”, says Horst Ulrich Mooshandl, Head of Group Purchasing. ■

**“Procurement optimisation has helped us to already achieve cost savings of EUR 30m.”**

HORST ULRICH MOOSHANDL,  
HEAD OF GROUP PURCHASING



## “SAVING MONEY BY THINKING THINGS OVER”

Efficiency thanks to brainwork: Austrian Post succeeded in boosting its productivity by 6% over the last two years thanks to the project ARTE.



Martina Toth is Head of Operations Parcel Logistics.

#### What is at the bottom of the project called ARTE?

**MARTINA TOTH:** The objective is to improve processes along the logistics chain, and manage to operate with the available resources. In other words, the project did not involve additional investments or changes. The consequence was that the proposed measures could be implemented immediately. The

optimizations were developed by precisely observing processes that are actually carried out in the logistics centres and exploring how efficiency could be improved. On this basis the to-be processes including performance indicators were defined and implemented at the logistics centres.

#### What impact did the project ARTE have at Austrian Post?

**TOTH:** Thanks to the project we managed to considerably improve the relevant indicators on a short-term basis. As a consequence, the net machine capacity in the logistics centres was increased by up to 10% and the error rates were significantly reduced. Optimised information processes helped to correspondingly improve our ability to provide relevant information to customers. On balance, the average productivity increase was around 3% per year. This means that it is not absolutely necessary to invest a lot of money in order to achieve improvements. One can also save money through brainwork.

#### What are the next steps?

**TOTH:** An important long-term consequence is that a transformation in our corporate culture i.e. the way we do things has been initiated and a change process has been set into motion. The aim now is to embed a continuous improvement process in the company. The conclusions derived from the project have led to the development of a training programme which will be rolled out throughout the Group in 2014.



## MORE POST FROM ALLHAMING

Due to rising parcel volumes Austrian Post is expanding its logistics capacities in Upper Austria at a cost of EUR 50m.

In August 2013 Austrian Post launched one of its largest construction projects in recent years. In order to ensure the optimal processing of mail items in Upper Austria, the company initiated construction of a completely new logistics centre in Allhaming, located about 20 kilometres southwest of Linz.

“A totally new logistics centre is being constructed from scratch, which is tailored to our specific needs from one end to the other and equipped with state-of-the-art facilities”, says Wilhelm Paulik, Allhaming Logistics Centre Project Manager.

The new complex will replace the existing logistics centre in Linz, which can no longer cope with growing demands in spite of adaptations that

were carried out. Simply speaking, its capacity is not sufficient enough to handle the rising parcel volumes, triggered by the e-commerce boom, among other factors. This is especially true at peak times, for example before Christmas. “In particular the quantity of parcels transported from Germany to Austria via Upper Austria is increasing from year to year”, states Josef Kreindl, Regional Manager Parcel Logistics Central Austria.

### Automatic sorting facility

Austrian Post is now investing some EUR 50m to construct a modern logistics hub on a 82,000m<sup>2</sup> commercial property located directly on Austria’s Western Highway. The new site is scheduled to come on stream in September 2014. Its capacity is designed to process 1.6m letters and 100,000 parcels each day. The heart of the logistics centre is the fully automatic sorting and conveyor system ensuring quick processing and error-free distribution of mail items in Upper Austria and parts of Lower Austria.

Three small letter sorting machines

have been purchased to automatically process small-sized letters and to sort mail items destined on the one hand for other federal provinces in Austria and on the other hand destined for each of Upper Austria’s delivery entities. This equipment will be complemented by a sorting machine for large letters as well as automatic conveyor and sorting machinery for parcels.

### Rooftop solar energy

The new logistics centre is not only a state-of-the-art plant with respect to the sorting machines. A photovoltaic facility will be mounted onto the hall roof, boasting an peak output of about 496 kilowatts, producing approximately 496,000 kilowatts hours of electricity annually. The generated electricity will be primarily used to operate the electric-powered vehicles belonging to the facility’s own vehicle fleet.

Shuttle services will also be available for the workforce of about 650 employees to make their commuting to work as comfortable and convenient as possible.

**“The new logistics centre is tailored to our specific needs.”**

WILHELM PAULIK,  
ALLHAMING LOGISTICS  
CENTRE PROJECT MANAGER



The new Allhaming logistics centre is scheduled to be put into operation in September 2014.



A quick signature, a scanning of barcodes: new technology ensures state-of-the-art customer service and makes work easier.

## WELL INFORMED, QUICKLY DELIVERED

All carriers of mail at Austrian Post are equipped with modern handheld computers. This improves the interaction with customers, among other advantages.

I am not a computer expert, but I did not have any problem learning how to use the handheld computer," says Karl Mandl of the delivery staff serving Judendorf-Straßengel. "You also cannot say that nothing is allowed to change just because I work for Austrian Post." In the meantime, the entire delivery staff at Austrian Post has been equipped with the new modern devices enabling mobile data entry. The new handhelds have been well received. The reactions range from positive to enthusiastic. This is not surprising, given that they make daily work easier. In the past the only employees equipped with such devices were those involved in parcel delivery. Since 2012 the handhelds have also been increasingly deployed in delivering letters, a development which has now been successfully concluded.

### "Less paperwork"

If a confirmation of receipt is required for a letter, a separate form had to be filled out up until now for each mail item handed over to the recipient and then manually entered

into the IT system at the end of each delivery round. Now delivery times no longer have to be entered in the clearance process. This makes work easier, and also means less paperwork.

The interaction with customers has also improved thanks to the new technical devices. In the past Austrian Post already developed a series of solutions enabling customers to more flexibly and conveniently receive their mail items, such as the Post Pick-up Box and the new collection stations in the branch offices. If a delivery notification card must be deposited at the delivery address in spite of all these measures and an excellent first-time delivery success rate of 89%, Austrian Post also has solutions at the ready.

### "Notification New"

The entire process is considerably simplified thanks to the "Notification New". The delivery notification card now includes a barcode which can be scanned by the delivery staff with the new handheld computer, the

same as with the barcode on the mail item. Every notified item is scanned in the branch office and automatically assigned a storage place. If the customer comes to the branch office, the mail item can be found much faster than in the past due to the barcode on the delivery notification card. Of course the "scan & sign" process correspondingly reduces waiting times. 520 branch offices and five postal partners are also equipped with a mobile data recording device, a handheld, in order to ensure optimal and efficient storage logistics. And if a mail item happens to be sent to the wrong branch office, it can now be easily tracked. The customer receives useful information about the status of the mail item right away. ■

**"The changeover  
was no trouble at  
all for me."**

KARL MANDL, JUDENDORF-  
STRASSENGEL DELIVERY STAFF





## STRONG IMPETUS IN CEE

The CEE subsidiaries of Austrian Post are committed to consistently modernising their operations, and are jointly developing best practices.

**W**ith our quality drive we are setting new standards in Bosnia's logistics sector", says Robert Kovacic, Managing Director of 24VIP LS. The parcel services provider is the B2B market leader in Bosnia-Herzegovina, and has been committed to determinedly modernising business activities since the company was acquired by Austrian Post in 2008. A milestone was achieved in October 2013 when the new logistics centre was opened in Sarajevo. The new hub features highly modern equipment for its vehicle fleet and a semi-automatic roller conveyor. As a consequence, 3,000 parcels can be efficiently and reliably processed each day. The new site is also suitable for warehousing and fulfillment solutions.

### Digital real-time tracking

Other innovations introduced by 24VIP LS include a modern notification system using QR codes which significantly improves communication with recipients and consequently enhances customer satisfaction. The launch of the tried and tested logistics software Cargo Net also allows for the comprehensive, digital real-time tracking of a shipment.

The same applies to other markets. All CEE subsidiaries of Austrian Post are clearly focusing on modernisation, leveraging potential synergies and standardisation to strengthen their cross-border business, to name just one goal. Efforts to develop new solutions for partly similar challenges

**"The Group creates added value for everyone thanks to the centralised management of innovation processes."**

GREGOR HUEBER, BUSINESS DEVELOPMENT CEE



is coordinated within the context of a Group-wide network. The "Business Development Board" brings together top executives from the entire region.

### No subsidiary is an island onto itself

This information platform promotes innovative approaches and simultaneously reduces costs for developing them. "No subsidiary is an island onto itself", says Gregor Hueber, Head of Business Development CEE. "The Group creates added value for all those involved thanks to the centralised management of innovation processes." Existing solutions can serve as best practices to be

transferred to other countries. Or else completely new approaches are jointly developed.

This way of working together is also practised in the letter mail segment. "We can see what is happening in other countries, and can work together to analyse whether these ideas could also be interesting for us", says Rudolf Gartner, Senior Operations Manager Business Development CEE Mail. "And conversely, we support colleagues with the experiences we have had in specific areas. The result is that we learn from each other and together do things better in order to be optimally positioned to meet the challenges posed by the future."



A milestone for the Bosnian subsidiary 24VIP LS: the new logistics centre in Sarajevo was opened in October 2013.

# FACTS

## ENHANCING EFFICIENCY

### EUR 300M

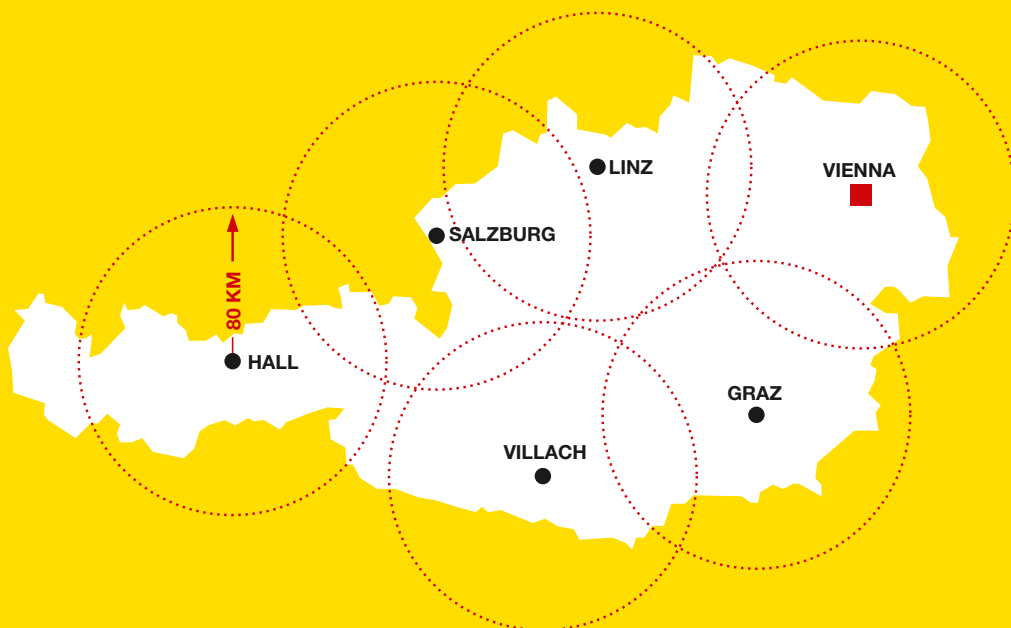
IS THE SUM AUSTRIAN POST IS INVESTING DURING THE PERIOD 2012–2014 TO IMPROVE EFFICIENCY

### 38,000

MAIL ITEMS ARE SORTED BY A "FLATSORTER" IN JUST ONE HOUR

### 1.6M

LETTERS WILL BE PROCESSED EACH DAY AT THE ALLHÄMMING LOGISTICS CENTRE, ALONG WITH 100,000 PARCELS



## THE MOST HIGH-PERFORMANCE LOGISTICS INFRASTRUCTURE IN AUSTRIA

Each year Austrian Post delivers billions of mail items quickly and reliably. The basis for this is its network of highly innovative logistics centres featuring high-tech equipment.

## INVESTMENTS IN 2013 AUSTRIAN POST STRIVES FOR EFFICIENCY AND THE HIGHEST QUALITY IN ALL AREAS

24% CAPACITY EXPANSION IN UPPER AUSTRIA

20% VEHICLE FLEET

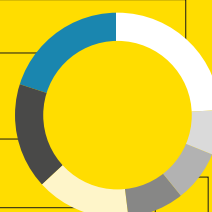
17% NEW DISTRIBUTION AND SORTING TECHNOLOGIES

15% NEW OFFICE EQUIPMENT

9% BUILDINGS AND COMMERCIAL PROPERTIES

8% MODERNISATION OF THE BRANCH NETWORK AND SELF-SERVICE ZONES

7% SOFTWARE LICENSES

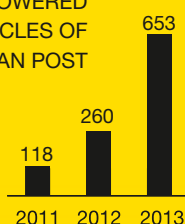


## E-VEHICLES ON THE ADVANCE

ENVIRONMENTALLY COMPATIBLE AND ECONOMICAL: AUSTRIAN POST IS COMMITTED TO THE "GREENING" OF ITS VEHICLE FLEET

	2012	2013
<b>Vehicles (total)</b>	<b>9,187</b>	<b>8,959</b>
Bicycles	958	789
thereof electric bicycles	164	439
Mopeds	1,078	904
thereof electric mopeds	80	142
Vehicles up to 3.5t	7,005	7,105
thereof natural gas-driven vehicles	74	71
thereof electric-powered vehicles	18	72
Vehicles over 3.5t	146	161
<b>Total number of kilometres (km million)</b>	<b>119</b>	<b>123</b>

### ELECTRIC-POWERED VEHICLES OF AUSTRIAN POST



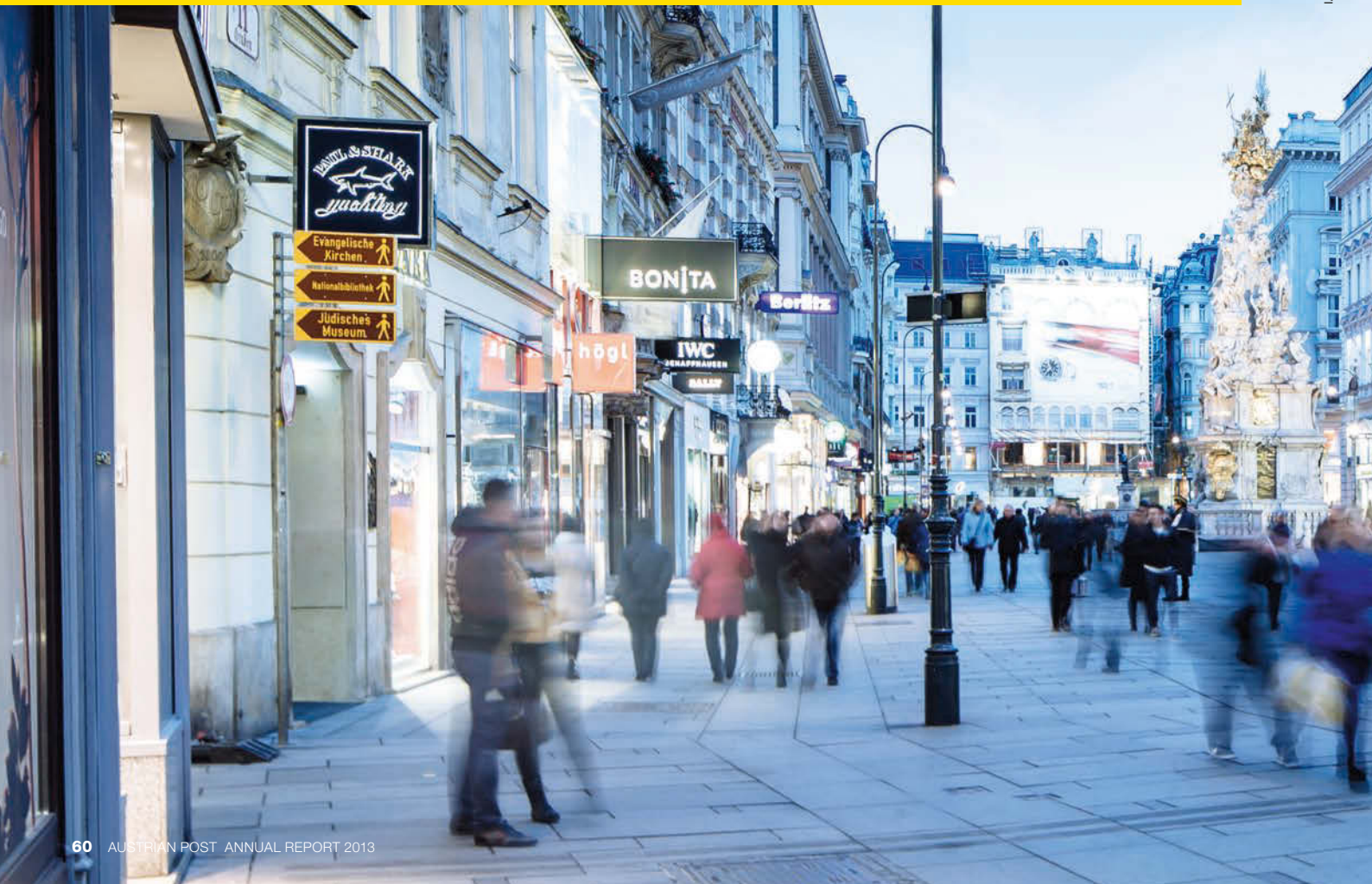


# THE CUSTOMER IS KING

## MORE SERVICE, NEW SOLUTIONS

What does a customer need? This is the question which permanently drives Austrian Post forward. The result is the ongoing development of new services. Austrian Post aims to make the lives of its customers easier, and help companies to increase their success. Whether it involves self-service zones, online solutions or value added services, a broad product and service portfolio fulfills the differing needs of customers. And more is in the pipeline.

IAN EHM









# MAJOR INITIATIVE FOR MORE SERVICE

Austrian Post is continuously developing new solutions to make the lives of its customers easier. The changes which are most conspicuous to private customers are taking place in the branch offices.



The new collection stations  
were introduced to the public  
in November 2013.

**F**or Austrian Post one key issue is at the center of its deliberations: what does the customer need? For this reason, new service offerings are continually being developed and tested. “We are constantly thinking about new solutions in order to steadily increase customer benefits”, says Walter Hitziger, Member of the Management Board and Director of the Mail & Branch Network Division. “We want to make our customers’ lives as easy as possible. That is why we create easy-to-understand service offers which can be used flexibly at the same time.”

For private customers the most conspicuous innovations are taking place in the branch offices. In 2013 the new branch office design was even honoured with the “World Mail Award“, considered to be the Oscar of the international postal sector. The new Austrian Post outlets offer a completely refreshing type of shopping and service experience. They feature a modern design, offer many practical advantages and are more strongly oriented to the changing demands of the customers. 180 postal service points have already been refitted to reflect the new look. People are different, and they want to take care of their postal business at different times. This is precisely what Austrian Post is making possible thanks to its new concepts. “The branch office world is in the midst of a fundamental transformation. By setting up self-service zones, Austrian Post actually makes most postal services available around the clock, independent of normal branch office opening hours”, states Günter Schachl, Sales Manager in the Region Upper Austria. “Moreover, the customer is saved the trouble of queuing up at the counters. This significantly increases comfort and service quality.”

### “Austrian Post offers its services through different channels.”

DAHLIA PREZIOSA, HEAD OF ONLINE INNOVATION MANAGEMENT



### New service: the collection station

The latest innovation – the collection station – was first introduced to the public in November 2013. Here customers can more easily pick up their parcels as well as large-sized or registered letter mail items. If the recipient is not at home, he will get a delivery notification card (known as the “yellow slip”), just as he did in the past. The mail item is deposited in the collection station located in the self-service zone of the responsible post office, and can be picked up by the customer at any time of day or night with the “yellow slip”. The delivery notification card with its barcode is simply held in front of the reader of the collection station for scanning. In turn, the collection station automatically opens the respective compartment. 400 such collection stations are to be installed across the country by 2016. “Austrian Post has never been so individualised and flexible as it is now”, says Jörg Pribil, Head of Customer Initiatives and Service.

### 24/7 service

The collection stations complement the already sizeable self-service portfolio of Austrian Post. The close to 200 franking machines are already being widely used. Here customers can purchase and print stamps, parcel stamps and even registered mail labels regardless of the branch office opening hours. Similarly, the Drop-off Box is also in operation in 200 branch offices, enabling parcels to be deposited 24 hours a day. The parcel is simply put into the box, and the customer receives a printed confirmation of mailing. Beforehand, the parcels can be wrapped properly and securely in the packing stations. The new self-service solutions are particularly popular in the Enns Valley in the federal state of Styria. Every second self-serviceable product at the branch office in Liezen is already dropped off in the automatic machines.

### The “online world” of Austrian Post

Austrian Post customers are becoming increasingly diverse – and their needs are becoming more and more individualised. “Thus, it is logical that Austrian Post offers its services on



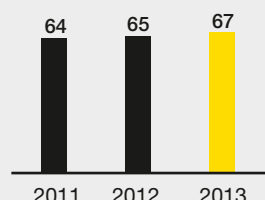
## FOCUS ON CUSTOMER SATISFACTION

Austrian Post wants to play it safe, and make sure that it really offers the right services to its customers. That is why it conducts regular surveys on customer satisfaction. The results underline that Austrian Post is on the right track. The highest level of customer satisfaction ever measured was achieved in Q4 2013. The fact that young people ranked among the most satisfied customers came as a surprise.

- 65% of the interviewees “positively” assessed the changes in the branch network.
- Customer satisfaction with the service provided by the delivery staff and branch office employees is exceptionally high.

### SATISFIED CUSTOMERS

THE CUSTOMER SATISFACTION INDEX OF AUSTRIAN POST



The index is determined on the basis of customer satisfaction and retention (four times per year).  
 0–50 points: poor  
 51–60 points: fair  
 61–70 points: good  
 71–80 points: very good  
 81–100 points: excellent

n: 1,000

# 84%

OF THE CUSTOMERS RATE THEIR MAIL CARRIERS AS “EXCELLENT” OR “VERY GOOD”.

# 79%

OF THE CUSTOMERS RATE THE DELIVERY STAFF BRINGING PARCELS AS “EXCELLENT” OR “VERY GOOD”.



The self-service zones are available 24/7 and reduce waiting times.

different levels and through different channels”, concludes Dahlia Preziosa, Head of Online Innovation Management. “We have transported existing services to the digital world and also created new products which link the digital and physical worlds.” One example: if a parcel is shipped, the online “track & trace” service can be accessed at any time to find out where the shipment is at that moment. Moreover, Austrian Post also offers a status notification i.e. an automatically generated e-mail informing customers as soon as the shipment has reached a certain place, for example where it has been deposited following a failed delivery attempt. However, the online world of Austrian Post offers much more. Customers can inform themselves about postal rates or the nearest branch office, apply for the

redirection service, vacation hold mail, a PO box or a notice of absence, or purchase philately or products for shipping such as parcel stamps. 89% of all parcels reach the intended recipient on the first delivery attempt. But Austrian Post offers several innovative solutions in case the customer is not at home. In addition to the above-mentioned brand new collection stations, customers also have the possibility to use the Pick-up Box, which is primarily recommended for residential dwellings consisting of 20 or more apartments. If the recipient is not at home, the mail carrier simply puts the mail item in the Pick-up Box. The parcel is then picked up with the help of a barcode on the notification card.

### Innovation at the post office

In addition to these high-tech solutions, Austrian Post is also relying on “soft” innovations. For example, a minor revolution recently occurred in the branch offices of Austrian Post. A single queuing line was introduced for all counters and passed the test with flying colours. “Customers are pleased about shorter waiting times, and can be sure that



**“Customers are pleased about shorter waiting times.”**

EVA PICHLER,  
 BRANCH OFFICE MANAGER IN  
 WIENER NEUSTADT

they have chosen the fastest lane”, says Eva Pichler, Branch Office Manager Wiener Neustadt.

#### More customised interaction

Some of the above-mentioned innovations were just presented to the general public for the first time. In the meantime, the next ideas are already in the development phase and are being tested in pilot projects. “The trend is towards a more individualised interaction with customers in order to be able to more effectively satisfy their specific wishes”, reveals Wolfgang Grausenburger, Marketing Manager Parcel Logistics Austria. For example, the direct delivery in branch offices has been well received, especially if the recipient already knows that he will unlikely be present at home at the projected time of delivery. In this case no “yellow slip” is put into the letterbox. Instead, the recipient is informed per email or SMS that the parcel has arrived in the branch office. This is a relief, for example for working people who can immediately pick up their parcel after work without having to make a detour to go home first. “And we have even more ideas in the pipeline. It is safe to say that in the future life will become even easier and more pleasant for Austrian Post customers”, Grausenburger adds.

#### Customer focus – also in CEE

Austrian Post also places a special emphasis on customer orientation beyond its borders. In September 2013, the Slovakian subsidiary introduced the Balikomat, its own version of the collection station, to the public. And the Croatian subsidiary has emerged as a downright innovation driver in the CEE region. For example, it gives parcel recipients the option of declaring an alternative delivery address or delivery time. Furthermore, Austrian Post has established the “Customer Orientation Circle”, a company-wide network designed to make sure that the focus on customer orientation is more firmly embedded throughout the Group. “The centralised management of this process ensures know-how transfer among all the markets in which Austrian Post operates”, says Sergeja Mirnik, Organisational Development CEE. ■

**“The trend is towards even more individualised interaction with customers.”**

WOLFGANG GRAUSENBURGER,  
MARKETING MANAGER  
PARCEL LOGISTICS AUSTRIA



## “AUSTRIAN POST IS PLAYING A PIONEERING ROLE”

The self-service zones of Austrian Post have been used intensively since they were first introduced. Especially online shoppers like to deposit their return parcels here.



Christian Schneider,  
Head of Self-Service  
Zones, Branch  
Network

**Austrian Post is constantly expanding its self-service zones. Are the customers reacting positively to this?**

**CHRISTIAN SCHNEIDER:**

Naturally. Personally, I am very delighted about the many positive responses from our customers. Many people simply want to decide by themselves when to take care of their postal business. More than EUR 130,000 worth of postage

stamps were already purchased by customers in 2013 using the franking machines. Close to 200,000 items were deposited in the Post Drop-off Boxes, with return parcels comprising more than 80% of the volume. This high share has to do with the rapidly growing volume of e-commerce parcels. The boom in Internet trading is a strong driver of self-service solutions, not to mention the similar impact it has on the postal business as a whole. Generally speaking, usage rates are tending to rise. Substantial volumes of parcels are handled here, especially in the weeks before Christmas.

**How would you describe Austrian Post’s offering in comparison with that of its competitors?**

**SCHNEIDER:** By now Austrian Post is seen as playing a pioneering role in the field of self-services. This is something we have noticed, not least in our regular exchange of views with other postal companies. The feedback from the rest of the industry is very positive. Austria is literally covered by a network of self-service zones. This is an even more impressive feat if one considers that the first prototype of the franking machine was put into operation by Austrian Post in November 2012, and the actual roll-out first began in April 2013.



# SOLUTIONS FOR A COMPLEX (BUSINESS) WORLD

What Austrian Post provides to its customers is reliable service along the entire logistics value chain – including cash management.



Companies can focus on their core business activities by outsourcing their logistics processes to Austrian Post.

The parcel services offered by Austrian Post have long gone beyond traditional transport and professional delivery. So-called fulfillment services encompass the entire logistics value chain and are provided by a single source, namely the Austrian Post subsidiary Systemlogistik. “As part of the Austrian Post Group, we profit from leveraging numerous synergies and can thus offer very flexible and effi-

ent solutions”, says Managing Director Roman Leydolf. Depending on their needs, customers can select from a wide range of both core services and value added services, and thus benefit from customised solutions. One example: advertising materials for Renault, Ford, KIA and Nissan, from folders to pens, are delivered to and stored by Systemlogistik. The individual car dealers order the required goods online. These items are subsequently picked out, packed and shipped via Austrian Post’s reliable network.

**“As part of the Austrian Post Group we offer flexible and efficient solutions.”**

ROMAN LEYDOLF,  
MANAGING DIRECTOR SYSTEMLOGISTIK DISTRIBUTION



## Systemlogistik as a competent partner

Since April 2013 Systemlogistik has assumed responsibility for the entire logistics of Ricoh Austria GmbH. After the company’s employees receive and correspondingly configure the devices, qualified delivery staff bring

the products directly to customers and install them so that they are ready for operation at the point-of-use. Then they carry out what is known as a “green button training”.

## Austrian Post brings dinner to your doorstep

In the summer of 2013 Austrian Post entered into the promising future market of food logistics in the e-commerce segment. It began to manage the entire storage logistics of KochAbo. The successful idea of KochAbo is to deliver tasty recipes to people at home together with the precise quantity of the required ingredients. The food is delivered to Systemlogistik early in the morning, picked out on the day the order is received and packed into food boxes for transport.

## Growth of value logistics

Post.Wertlogistik, the second largest provider in Austria of services relating to the transport of cash and valuables, is also showing gratifying growth. In 2013 the company attracted, for example, prominent food retail chains and banks as new customers. The daily cash receipts are picked up from the outlets in accordance with precisely mapped out routes, and paid into the customer’s account in the fastest possible way. Austrian Post is also responsible for a sufficient supply of change. Every sales outlet can conveniently place an “order” for the required quantities by using a Webtool.

Post.Wertlogistik expanded its business operations beyond the country’s borders over the past financial year. Cash, precious metals, jewelry and diamonds are now transported also internationally in accordance with the highest security standards. ■



Austrian Post helps customers to maximise their advertising success.



**“Direct mails are an extremely important advertising medium in Austria.”**

REINHARD SCHEITL,  
HEAD OF MARKETING & PRODUCT  
MANAGEMENT LETTER MAIL

## A LONG-TIME CLASSIC WITH A FUTURE: DIRECT MAIL 2.0

“Pimp My Campaign”: Austrian Post has the best know-how in the field of dialogue marketing.

**D**irect mails continue to be an extremely important advertising medium and thus a vital element in every marketing mix”, as Reinhard Scheitl, Head of Marketing & Product Management Letter Mail very well knows. “We do not simply send out direct mail, but develop individual solutions together with our customers to maximise the success of the advertising.” The initiative “Pimp My Campaign”, carried out in cooperation with the Austrian Dialogue Marketing Association, can relate numerous success stories. Within this context, innovative approaches in direct customer contact were developed by Austrian Post on behalf of Kastner & Öhler, Leiner and Verbund. The campaign has produced measureable results reflected by significantly higher response rates. “Advertising customers really achieve a great deal of success with the flyers, direct mails and similar tools, and the consumers also love them”, Reinhard Scheitl adds. Austrian Post ensures reliable delivery of the direct mail items. In this way, customers reach a wide

audience in an inexpensive and effective manner. “We also see ourselves as a sparring partner for our customers on how to optimally achieve their advertising targets. Austrian Post has the most extensive experience in the field of dialogue marketing,” Scheitl adds. Austrian Post also offers numerous online solutions for the benefit of the advertising industry. For example

the cost-free “Versandmanager” (the mailing list tool literally meaning “Shipping Manager”) provides assistance in putting distribution plans together. Not to mention the “Post Business App” which not only provides an overview of direct mail products, but also a direct communications channel to customer consultants via smart phone or tablet PC. ■

### “THE MOST SUITABLE LOGISTICS PARTNER”

**THE RENOWNED AUSTRIAN COMPANY VOSSEN COUNTS ON AUSTRIAN POST WHEN IT COMES TO PARCEL DELIVERIES.**



In the middle of the natural preserve Raab-Örség-Goricko in the southeast of Austria, Vossen processes 3,120 tonnes of raw yarn into six million highly exclusive items, featuring products such as high quality towels, bathrobes and bathroom carpets. Since August 2013 Austrian Post has been responsible for the smooth and reliable delivery of products, both within the country and internationally. The annual volume amounts to some 200,000 parcels resulting from orders placed in Vossen’s online shop and B2B deliveries as well. “As a customer-oriented company, the highest possible delivery quality and the necessary flexibility in logistics are particularly crucial for us”, the two Vossen Managing Directors Werner Blohmann and Paul Mohr emphasise. “Austrian Post perfectly meets the different needs of private and business customers, and is thus the optimal logistics partner for us.”



# AUSTRIA ELECTS THE “SUPERPOSTLERS”

Employees who are liked and who customers trust are the true “USP” of Austrian Post. In other words: the company’s super postal workers.

It was a mega election year for Austria, and a “super” year of voting at Austrian Post. The campaign “Austria Elects the Superpostlers” (“Postler” is the Austrian expression for postal worker) was a major success. The initiative revealed just how popular Austrian Post employees are with the country’s population i.e. with customers. More than 430,000 votes were cast. An impressive 3,600 Post employees received more than ten votes cast either online or per postcard. “The strong level of participation surprised even us. The voting shows that the foundation of success is the confidence people place in our employees”, says Austrian Post CEO Georg Pölzl. Trust and sympathy are qualities one cannot simply buy or command at will. In reality these values comprise the true unique selling proposition of Austrian

Post i.e. the difference to other postal companies, that special something which makes Austrian Post unique.

## Great achievements are recognised

On balance, 42 super postal workers were honoured. They rank from delivery staff, branch office employees, postal partners to production employees, for example in the logistics centres. Who are these people, the kind that can prevail against thousands of their colleagues? One example is 39-year-old Kajetan Glantschnig, the employee of a postal partner voted the most popular postal worker in Carinthia in the category “branch network”. His motto could be considered to be the Golden Rule of all Austrian Post employees: “Serve the customers the way you would want to be served yourself.” Another

individual who stands out is Fritz Krammer, the super postperson from Styria, who approaches his job with a sportsmanlike eagerness. “You have to be as fit as a fiddle if you have to jump out of the delivery vehicle up to 200 times per day”, he claims. Martin Reichart from Sigleß in Burgenland, elected Austria’s most popular mail carrier, even won a car as a reward. He attributes his success to the good relations he maintains with his customers. “I know almost all the people personally.” CEO Pölzl adds: “During my many visits to the logistics centres, branch offices or delivery bases, I was aware of the fact that we have close to 20,000 fantastic employees here in the company. Our campaign succeeded in displaying the outstanding performance of these thousands of people!” ■

The three overall winners have every reason to be pleased with their prize, new Opel Adams (yellow-coloured à la Austrian Post) which they may now call their own: Norbert Schmidleitner, Özgür Acer und Martin Reichart.



# FACTS

## CUSTOMER ORIENTATION

**63M**

CUSTOMERS VISIT OUR BRANCHES EACH YEAR THROUGHOUT THE COUNTRY.

**431,392**

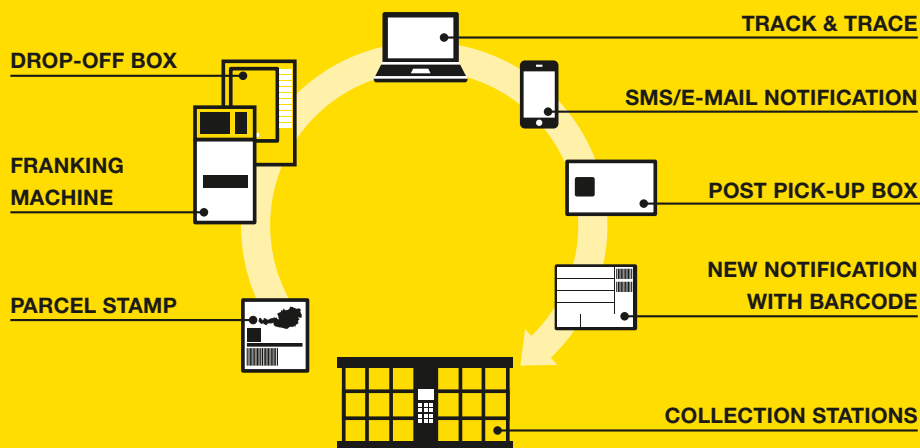
VOTES WERE CAST FOR THE FIRST ELECTION OF THE "SUPERPOSTLER".

**3,600**

POST EMPLOYEES RECEIVED MORE THAN TEN VOTES.

## INNOVATIVE PRODUCTS AND NEW SERVICES

### GREATER NUMBER OF SELF-SERVICES



## MORE THAN THE MOVEMENT OF MAIL FROM A TO B

THE FULFILLMENT SERVICES OF AUSTRIAN POST ENCOMPASS THE ENTIRE LOGISTICS VALUE CHAIN. AS A RESULT BUSINESS CUSTOMERS CAN MORE EFFECTIVELY FOCUS ON THEIR CORE TASKS.

- ❶ Receipt of goods on pallets
- ❷ Selection of desired goods according to customer order
- ❸ Additional services (greeting cards, gift packaging, creating sets, etc.)
- ❹ Transport protection, packaging, labelling
- ❺ Shipment as parcel
- ❻ B2B and B2C delivery



## SATISFIED CUSTOMERS, ALSO IN CEE

AUSTRIAN POST CUSTOMERS ARE NOT ONLY VERY SATISFIED IN AUSTRIA. THE SAME APPLIES FOR ITS SUBSIDIARIES IN THE CEE REGION.

**88%**

SATISFIED CUSTOMERS IN CROATIA

**91%**

SATISFIED CUSTOMERS IN HUNGARY



**97%**

SATISFIED CUSTOMERS IN SLOVAKIA



**92%**

SATISFIED CUSTOMERS IN SERBIA



The image is a composite. The top portion shows a wide river flowing through a green, tree-lined park area. In the foreground, a bridge is crowded with hundreds of runners participating in a marathon. The runners are seen from above, filling the bridge deck. The bottom portion of the image is a solid yellow rectangle containing the title and a paragraph of text.

# CREATING VALUE

## EMBODYING A CULTURE OF RESPECT

Every single day Austrian Post creates value – for its customers, employees, other stakeholders in society and the environment – and naturally for its shareholders as well. One thing is clear: Whoever creates value and embodies a culture of respect at the same time also grows in value. This is why Austrian Post is proactively committed to sustainable development in all its different dimensions, and how it ultimately safeguards its profitability.





WWW.PICTUREDESK.COM



# SUSTAINABLE IN EVERY WAY

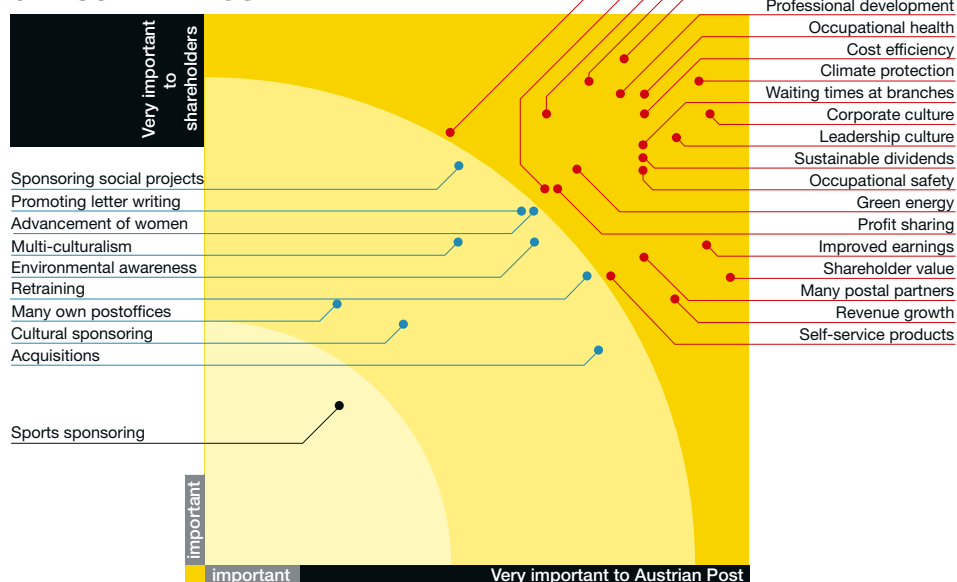
Austrian Post strives for sustainable success, and also measures this on the basis of non-financial indicators.



At Austrian Post's Stakeholder Roundtable, representatives of all interest groups discussed their concerns.



## MATERIALITY MATRIX OF AUSTRIAN POST



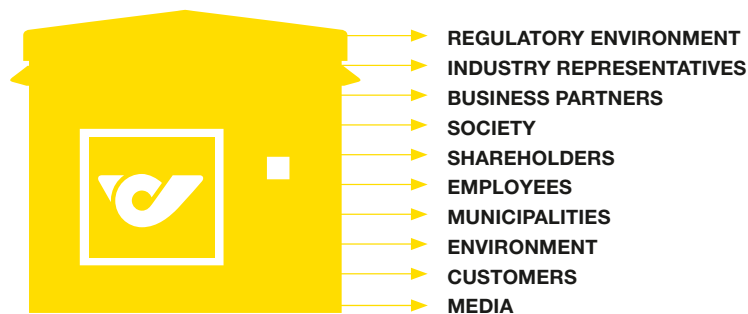
**A**ustrian Post puts great emphasis on a clear strategic orientation and specific targets. However, the extent to which these goals are achieved cannot only be measured on the basis of conventional financial indicators such as revenue, EBIT and equity ratio. The top priority of the management is to generate sustainable economic value added for the benefit of all stakeholders. “Clearly defined objectives are important, but we still have to consider how we want to continue down this path. The journey is often the reward. Therefore every operational measure, no matter how seemingly small in scope, should contribute to the long-term success of our company”, says Austrian Post CEO Georg Pölzl.

The key issue is how to measure success if not on the basis of specific financial indicators. “We have to be able to gauge our success by determining the extent to which we create value for our relevant stakeholder groups – employees, customers, shareholders and others – and meet their needs”, Pölzl explains. In this respect, it is obvious that different interest groups have different expectations of the company. “For this reason we maintain an ongoing dialogue with our stakeholders, and extend an invitation to them to interact and provide feedback.”

At the same time, the behaviour exhibited by Austrian Post is based on a sound foundation, namely the Group-wide mission statement developed by the company back in 2010. Clearly formulated principles serve as guidelines for the way the company interacts with customers, employees and shareholders and other stakeholder

## THE MOST IMPORTANT STAKEHOLDERS

THE CONCERNS OF THESE GROUPS COMPRISE THE BASIS FOR THE SUSTAINABILITY STRATEGY OF AUSTRIAN POST



The main objective of stakeholder management as practised by Austrian Post is to identify opportunities and risks at an early stage as well as to gain specific insights into the expectations of stakeholders. At the same time, the company’s efforts should serve as the basis for establishing and strengthening a good relationship to stakeholders, and to get new impetus for future sustainability activities. In this spirit, Austrian Post organised the 3<sup>rd</sup> Stakeholder Roundtable which was held on June 20, 2013. Some 30 representatives of different stakeholder groups discussed issues of great relevance to Austrian Post with CEO Georg Pölzl and senior executives. The issues and concerns which came to light within the context of this dialogue were subsequently integrated into the materiality matrix of Austrian Post. This reveals at a single glance the specific issues which are of vital importance to Austrian Post as well as its stakeholders. As a yardstick for the relevance of individual issues, they comprise a valuable basis for the orientation and priorities of Austrian Post’s sustainability management.



groups. If the company succeeds in consistently orienting all its activities to the three core values contained in the mission statement, sustainable corporate management will practically arise by itself. This not only encompasses long-term success in business, but the creation of value in all dimensions of sustainability – for the benefit of society, the environment and employees. “Clear values and objectives are required for all these areas to serve as benchmarks”, Georg Pölzl adds. “In this regard the focus must always be on mutual appreciation and respect.”

In order to live up to these aspirations, Austrian Post also counts non-financial performance indicators such as customer satisfaction or customer complaint rates to be among its primary management parameters. The first company-wide employee survey carried out in 2013 also provided additional impetus. The results enabled specific areas of action to be defined in order to improve employee satisfaction. Austrian Post also maintains ongoing contact with its shareholders, thus benefitting from valuable suggestions concerning the long-term strategic orientation of the company.

On the basis of this input and its mission statement, Austrian Post has defined clear objectives and measures in all four areas of its sustainability

strategy: economy (page 75), employees (page 84), society (page 92) and ecology (page 94).

#### Value creation for all stakeholders

In the year 2013 Austrian Post generated Group revenue and other operating income of EUR 2,436.5m. After deducting advance outlays of EUR 1,128.0m, the total value creation amounted to EUR 1,308.4 m. The most important stakeholder groups of Austrian Post – employees, shareholders and society – profit from this. EUR 1,079.5m was paid to employees in the form of salaries and wages, and EUR 220.1m as auxiliary wage costs. Austrian Post paid income taxes and other duties of EUR 54.5m to the Republic of Austria. Dividend payments to shareholders for the 2013 financial year will amount to EUR 128.4m, including EUR 67.8m distributed to the majority owner ÖIAG (proposal to the Annual General Meeting).

The importance of Austrian Post to the nation's economy is even greater than the calculation of value creation would lead one to believe. According to a study carried out by the research institute Economica in 2013, the gross economic value added generated by Austrian Post in 2012 amounts to more than EUR 2bn. More information can be found on page 36. ■

#### VALUE CREATION OF AUSTRIAN POST

EUR m	2012	2013
<b>Value creation</b>		
Revenue and other operating income	2,438.1	2,436.5
less advance outlays	-1,137.8	-1,128.0
thereof raw materials, consumables and services used	-766.9	-753.3
thereof depreciation and amortisation <sup>1</sup>	-8.8	-83.5
thereof other operating expense	-287.1	-291.3
<b>Value added</b>	<b>1,300.3</b>	<b>1,308.4</b>
<b>Distribution</b>		
to employees	1,098.8	1,079.5
thereof social contributions	228.8	220.1
to shareholders (dividends)	121.6	128.4 <sup>2</sup>
thereof ÖIAG	64.3	67.8
to the Republic of Austria (taxes and duties)	36.1	54.5
to creditors (interest)	1.7	2.3
to non-controlling interests	0.0	0.9
Remaining amount	42.2	42.9
<b>Value added</b>	<b>1,300.3</b>	<b>1,308.4</b>

<sup>1</sup> Excl. impairment losses on goodwill and customer relationships (2012: EUR 5.0m, 2013: EUR 35.1m), values adjusted for 2012

<sup>2</sup> Proposal to the Annual General Meeting on April 24, 2014

# TRIED AND TESTED DIVIDEND STOCK

Austrian Post developed very positively in the past financial year – just like the newly structured European “postal sector” did in 2013.



**W**ith respect to stock market listings, postal providers jumped on the proverbial bandwagon during the trading year 2013. Three additional European postal companies took the daring step of being listed on the stock market, thus decisively contributing to creating a real “postal sector”. In addition to Deutsche Post in Germany, Austrian Post and PostNL in the Netherlands, Royal Mail in Great Britain, bpost in Belgium and the Portuguese postal company CTT are now all trading on the stock exchange. Naturally investors and analysts are increasingly focusing on this newly expanded publicly listed European postal sector. In turn, the greater visibility positively impacts the industry’s development.

Against this backdrop, Austrian Post share also showed a solid performance in 2013. It achieved

share price increases, paid a solid dividend for the 2012 financial year and maintained its clearly-defined capital market positioning.

## **Austrian Post boasts a reliable long-term performance**

Accordingly, Austrian Post has continued its uninterrupted successful development. It has been publicly listed on the Vienna Stock Exchange since its Initial Public Offering in May 2006, delivering a solid performance over the past and somewhat turbulent years on global financial markets. In particular, the clear investment story the company has consistently maintained, even in a challenging market environment, has contributed to this success:

Solid, predictable and reliable – this is the way Austrian Post wants to appear to its investors. ►

It doesn’t matter if the stock markets tend to be “bullish” or “bearish”: in the constant ups and downs of the capital market, Austrian Post offers one thing in particular, and that is stability.



## WOLFGANG PINNER

Raiffeisen Capital Management  
 Chief Investment Officer – SRI/Sustainable &  
 Responsible Investments



I consider the Austrian Post share to be an attractive defensive addition to a sustainable, long-term oriented portfolio. Austrian Post combines the advantages of below-average volatility with good earnings potential. In this regard, the business model of Austrian Post meets the challenges posed by structural growth in the

parcel business accompanied by negative growth in the traditional mail segment. The Management Board has succeeded in facilitating business operations in a sector partly subject to extensive regulations thanks to its active management of stakeholder relations. From a sustainable investor's point of view, Austrian Post recently also put a strong emphasis on ecological business management, for example in the field of climate-neutral delivery. Generally speaking, the company's management has attached increasing importance to ESG criteria i.e. environmental, social and governance-related measures.

In recent years, Austrian Post has impressively demonstrated that these attributes do, in fact, apply to the company. The attractive investment profile of Austrian Post is based on four cornerstones – a solid business model (1) featuring a strong balance sheet and a solid cash flow (2), which in turn serve as the basis for an attractive dividend policy (3). On this basis Austrian Post firmly stands behind its clear commitment to keep the promises it makes (4).

These general objectives are backed by a series

of specific targets. For example, Austrian Post is striving to sustainably safeguard its leading market position in the mail and parcel segments in the future and generate medium-term revenue growth of 1–2% annually. The electronic substitution of traditional mail is counteracted by Austrian Post based on its development of modern supplementary products. In addition, interesting growth opportunities in the parcel and logistics segment continue to open up. The main impetus continues to be provided by the sustained boom in internet commerce. In this regard, the focus of all company decisions is always on ensuring an efficient cost structure and a high level of profitability. The overall goal is to generate a sustainable EBITDA margin of 10–12%, which, in conjunction with a solid balance sheet, should enable Austrian Post to distribute an attractive and sustainable dividend each year.

### Attractive dividend stock

At its Initial Public Offering, Austrian Post clearly defined its objective of generating sustainable and attractive dividends on the basis of its solid business model. On balance, investors who subscribed to the Austrian Post share at the time of its IPO in May 2006 have been paid dividends totalling EUR 12.50 per share. In relation to the issue price of EUR 19.00, the shareholders have profited from a return on their investments of more than 65.8% just on the basis of the dividend payments.

Austrian Post aims to continue offering attractive dividends to its shareholders. The Management Board will propose a dividend payout to its shareholders of EUR 128.4m for the 2013 financial year to the Annual General Meeting scheduled for April 24, 2014. This corresponds

## THE INVESTMENT STORY OF AUSTRIAN POST

THERE ARE MANY REASONS FOR INVESTORS TO ACQUIRE AUSTRIAN POST STOCK.

### 1. SOLID BUSINESS MODEL

- Stable revenue development based on Austrian Post's leading market position in Austria
- Sustainable earnings strength due to an efficient cost structure (EBITDA margin of 10–12%)

### 2. STRONG BALANCE SHEET AND SOLID CASH FLOW

- Conservative balance sheet structure – high amount of cash and cash equivalents and low level of financial liabilities
- The solid cash flow serves as the basis for future-oriented investments

### 3. ATTRACTIVE DIVIDEND POLICY

- Further development of dividends based on strong profitability and a solid cash flow
- Annual dividend payout of at least 75% of the Group net profit planned

### 4. PROMISED AND DELIVERED

- Cautious and realistic guidance featuring clearly-defined objectives
- Clear commitment to achieving the communicated objectives

to a dividend of EUR 1.90 per share (dividend payment day on May 8, 2014). On the basis of a share price of EUR 34.78 as at the end of December 2013, the dividend yield amounts to 5.5%. Accordingly, Austrian Post ranks among the most attractive dividend stocks on the market, both on the Vienna Stock Exchange trading floor as well as in comparison to its peers in the international postal and logistics sectors.

In the future Austrian Post also plans to achieve a dividend payout ratio of a least 75% of the Group net profit attributable to Austrian Post shareholders. This is based on the assumption that the company continues its successful business development and that no unforeseen circumstances occur. Accordingly, the company strives to distribute a sustainable dividend developing in line with the Group net profit.

If the share price development is taken into account in addition to the dividend payments, the yield for the original shareholders is actually much higher. In this regard, the share price of the Post share rose from EUR 19.00 in May 2006 to EUR 34.78 at the end of December 2013, comprising a rise of more than 83%. On the basis of the issue price as at May 30, 2006, the total shareholder return including dividend payments equalled 148.8% up until the end of 2013.

## ONGOING COMMUNICATIONS WITH THE CAPITAL MARKET

### Considerable importance attached to transparency

Since its IPO on the Vienna Stock Exchange, Austrian Post has attached considerable importance to active communications with investors

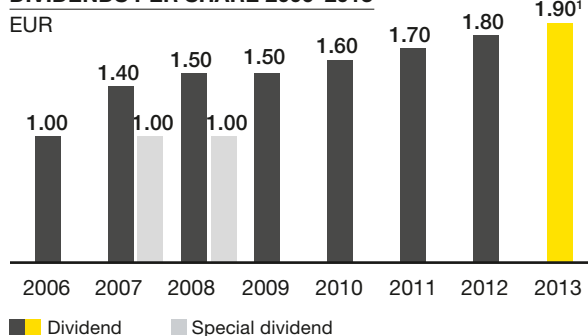
## THE 2013 STOCK MARKET YEAR

### THE POST SHARE RANKED AMONG THE TOP 6 ON THE ATX

The 2013 trading year on the Vienna Stock Exchange was also impacted by the expansionary monetary policy pursued in Europe and the USA. Both the European Central Bank (ECB) and the US Federal Reserve flooded the financial market with cheap money, leading to share price gains on most international stock markets. The Austrian Traded Index ATX, the benchmark index of the Vienna Stock Exchange, did not succeed in keeping pace with international exchanges such as Frankfurt, London, New York and Toronto in 2013, but did manage to generate a modest 6.1% increase in value. One positive aspect was the renewed expansion in trading volume, which in turn points to growing investor interest in Vienna's stock market.

A closer look at developments on the Vienna Stock Exchange shows that Austrian Post once again showed a solid performance. Following the substantial 33.9% share price rise in the year 2012, the Post share registered another 11.5% gain in value in 2013, thus ranking among the top six performers on the ATX. If one also takes the dividend payment of EUR 1.80 in May 2013 into account, investors owning Austrian Post shares even profited from a yield of 17.2%. The Post share closed at EUR 34.78 at the end of trading, corresponding to a market capitalisation of close to EUR 2.3 billion. A total of 12m Austrian Post shares were traded on the Vienna Stock Exchange in 2013, with the total volume of trading reaching a level of about EUR 383m (counted once).

### DIVIDENDS PER SHARE 2006–2013



<sup>1</sup> Proposal to the Annual General Meeting on April 24, 2014

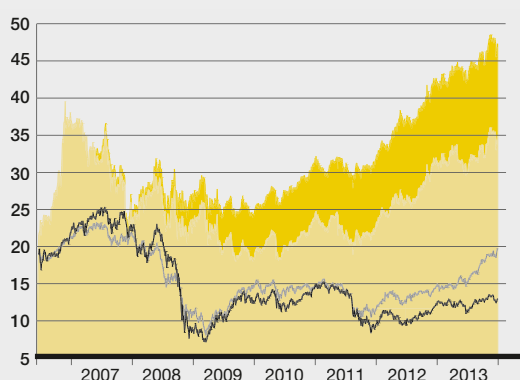
## SOLID PERFORMANCE

### PROPOSAL TO THE ANNUAL GENERAL MEETING OF EUR

**1.90** PER SHARE =  
DIVIDEND YIELD<sup>1</sup> OF  
**5.5%**

<sup>1</sup> Basis: Share price as of December 31, 2013 (EUR 34.78)

### TOTAL SHAREHOLDER RETURN OF 150% SINCE THE IPO



- Austrian Post Total Shareholder Return +148.8%
- Austrian Post Share price +83.1%
- EuroStoxx Transportation +3.4%
- ATX -32.0%

Basis: Austrian Post (Share price: EUR 19.00 as of May 30, 2006)

A share price chart showing the development of the Post share in 2013 can be found in the Financial Report on page 142.



## EVA-MARIA SPINDLER

Private shareholder and Austrian Post employee  
Head of Branch Network Sales Development



For me the dividend yield which was considerably higher than the interest paid on savings books was the main argument justifying my investment in the Post share. I consider prospects for future dividends to be very reliable, due to the fact that our majority owner, the Republic of Austria, has to be interested in receiving a high

dividend. Furthermore, we regularly generate a strong cash flow which makes correspondingly attractive dividend payments possible. By the way, up until now I have been quite satisfied with my investment, although I did not acquire the share at a very auspicious moment. At that point in time I switched from a real estate fund to the Post share. Unfortunately, I was too late. However, my decision turned out to be the right one, given that real estate stocks are only recovering very slowly and have still failed to reach the same level as in 2007 when I purchased them. I have done much better with the Post share.

and analysts. In addition to numerous visits made by institutional investors and analysts in Vienna, meetings with representatives of the financial community took place again in Austria and in international financial centres such as Frankfurt, London, Zurich, Amsterdam, Paris, Milan, Warsaw, New York and Boston during the year 2013. On balance, the Management Board and the investor relations team carried out an intensive dialogue with some 250 institutional investors at 40 roadshows and investor conferences. The high quality of Austrian Post's reporting was underlined by the recognition granted once again at the Austrian Annual Report Awards of the business magazine "trend". Austrian Post was ranked first in the category "Best Reporting" in 2013 as it was in 2012. The quality of other forms of communications between the company and its shareholders and stakeholders was also evaluated due to the fact that communications take place using various communications channels and on different levels. For example, the Internet presence and sustainability reports are becoming increasingly important. Similarly, greater emphasis is being placed on issues such as corporate social responsibility, sustainability and transparency. Taking all these aspects into account, Austrian Post was given the highest number of points of all the Austrian companies listed on the Vienna Stock Exchange.

## SHARE AND DIVIDEND INDICATORS

		2012	2013	Change 2012/2013
Earnings per share	EUR	1.82	1.82	+0.7%
Dividends per share	EUR	1.80	1.90 <sup>1</sup>	+5.6%
Dividend payout	EUR m	121.6	128.4 <sup>1</sup>	+5.6%
Free cash flow per share (before acquisitions/securities)	EUR	2.52	2.28	-10.5%
Dividend yield <sup>2</sup>	%	5.8%	5.5%	-
Total shareholder return (annual performance + dividends) <sup>3</sup>	%	+41.0%	+17.2%	-
Total shareholder return since the IPO	%	+120.5%	+148.8%	-
Share price performance	%	+33.9%	+11.5%	-
PE (price/earnings) ratio at the end of December	-	12.8	19.1	+49.2%
Share price at the end of December	EUR	31.20	34.78	+11.5%
High/low (closing price)	EUR	31.95/22.77	36.01/29.55	-
Market capitalisation at the end of December	EUR m	2,107.6	2,349.5	+11.5%
Shares in circulation at the end of December	Shares	67,552,638	67,552,638	-
Free float	%	47.2%	47.2%	-

<sup>1</sup> Proposal to the Annual General Meeting on April 24, 2014

<sup>2</sup> Dividends per share divided by the share price at year-end of the respective financial year

<sup>3</sup> Change in the share price year-on-year plus dividend payment in the respective year (excluding reinvestment of the dividends)

Furthermore, Austrian Post was rated first in the category “ATX Award” at the Vienna Stock Exchange Awards in 2013. The ATX Award honors companies which stand out on the capital market due to their financial reporting, investor relations, strategy, corporate management and corporate governance.

Once again, private shareholders made extensive use of Austrian Post’s offer to establish a comprehensive two-way dialogue. Numerous private shareholders requested in-depth information about Austrian Post, for example at the “GEWINN” investment fair in Vienna. Moreover, in order to provide information to school pupils who may potentially be future employees or shareholders, Austrian Post was also represented at the “GEWINN InfoDay” for pupils.

### Represented in numerous indices

Since September 18, 2006, the Austrian Post share has been listed on the Austrian Traded Index ATX, the benchmark index of the Vienna Stock Exchange. It consists of the 20 Austrian blue-chip companies with the highest trading volume and the largest market capitalisation. At the end of December 2013, the weighting of Post shares in the ATX was 2.8%. In addition to the ATX, Post shares are also represented on ATX Prime and on the Euro Stoxx Transportation. From a capital market perspective, the renewed acceptance of Austrian Post for listing on the Austrian sustainability index VÖNIX of the Vienna Stock Exchange for the period 2012/13 underlines the holistic manner in which Austrian Post operates. On an international level, Austrian Post also scored top marks in the Carbon Disclosure Project (CDP). This is the world’s largest database for corporate environmental and climate change information and is extensively used by capital market participants to evaluate potential investments. In 2013, Austrian Post was listed in the Carbon Disclosure Leadership Index for companies in the German-speaking region of Europe, boasting a score of 88A points. This prestigious recognition not only confirms Austrian Post’s transparent environmental reporting but also serves as evidence of the quality of the initiated climate protection measures.

### Unchanged number of shares

Since the share buy-back programme involving 2,447,362 shares in the year 2008 and the subsequent cancellation of all treasury shares on April 24, 2009, the share capital of Austrian Post continues to be divided into a total of 67,552,638 no-par value bearer shares. This corresponds to a nominal value of EUR 5.00 per share.

### PAUL SEVERIN

Erste Asset Management/ERSTE-SPARINVEST  
Head of Investment Communications



Generally one distinguishes between three types of shares listing on the stock market. The so-called “cyclicals” refer to stocks whose corporate success and thus share price strongly depend on the development of the business cycle (e.g. steel companies). In contrast, if a company grows quickly and manages to open up new markets, it is considered to be one of the growth stocks (e.g. technology shares). Shares of firms operating in a relatively stable environment which also continually distribute dividends belong to the defensive stocks. The Austrian Post share clearly features defensive characteristics which are highly in demand at the present time. Due to the low prevailing interest rates, investors are looking for investments with higher returns. Since its IPO, Austrian Post has pursued a stable and consistent dividend policy, and thus enjoys the confidence of shareholders. This quality has also been demonstrated by the price development of the Post share up until now.

### Extensive research coverage

The recommendations and share price expectations voiced by analysts also play an important role in the decision-making processes of investors in addition to considering the overall business environment and the specific characteristics of a company. At the same time, the analyst reports provide Austrian Post with valuable feedback from experts in the sector concerning the strategy and development of the company. At the end of December 2013, Austrian Post was regularly monitored by a total of 15 investment banks i.e. Bank of America Merrill Lynch, Credit Suisse, Deutsche Bank, Erste Group, Goldman Sachs, HSBC, JPMorgan, Kepler Cheuvreux, Macquarie, MainFirst, Morgan Stanley, Nomura, Raiffeisen Centrobank, Royal Bank of Canada and UBS. An overview of the latest assessments and recommendations of these investment banks can be found on the Internet at [www.post.at/ir](http://www.post.at/ir)

>> Our Share >> Analyst Coverage. ■



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# CLEAR PRINCIPLES, GOOD RESULTS

Good corporate governance builds and promotes trust between the company and its stakeholders.

**A**ustrian Post considers good corporate governance to be a key challenge and indispensable pre-requisite for sustainably creating value for the benefit of its shareholders and all other stakeholder groups.

The corporate governance structures of a company are subject to various influencing factors. The underlying basis consists of legally binding regulations complemented by rules which the company voluntarily complies with. In particular, the full respect for shareholder interests, an efficient cooperation between corporate bodies and transparent communications are the primary features of good corporate governance. Austrian Post is at the forefront of excellence in Austria in all these areas. A strong Supervisory Board which protects the interests of shareholders and all other stakeholder groups and a professional management pursuing business with integrity comprise the basis of efficient corporate management.

Austrian Post continually subjects its information and work processes to a critical analysis in the spirit of actively practised and strictly followed corporate governance. In particular, the mode of operation of the Management Board and Supervisory Board is assessed within the context of regular evaluation processes and adjusted in line with the results. The Management Board and Supervisory Board closely work together in an atmosphere of mutual trust.

An open and consistent information policy is another crucial pillar of good corporate governance. Austrian Post carries out this important communications activity by holding press conferences as well as meetings with investors and analysts, which enable the company to maintain ongoing contact with its stakeholder groups. Naturally the Management Board plays a key role in these efforts.

## Absentee voting at the Annual General Meeting

It goes without saying that Austrian Post strives to optimally support shareholders to exercise their rights and provide transparent and comprehensive information. The Austrian Stock Corporation Amendment Act of 2009 (Aktienrechtsänderungsgesetz – ARÄG) enables shareholders who are unable to personally attend shareholders' meetings to cast their votes. One obvious option is voting per mail, especially for a postal service provider. Austrian Post has already been offering this possibility to its shareholders since the year 2011. This measure is designed to strengthen shareholder rights and assist them in more effectively exercising their rights to information and participation.

This initiative by Austrian Post proved to be extremely successful. More shareholders took advantage of absentee voting at the Annual General Meeting held on April 18, 2013 in the



**“THE VOTING RESULTS WILL FIRST BE RECORDED** in the computer system and confirmed by me then and there at the Annual General Meeting, and are not known beforehand. For this reason, and due to the fact that all the absentee ballots remain in my office, shareholders can rest assured that any manipulation of the final results can be ruled out and complete anonymity is maintained. Thanks to the high level of acceptance for this instrument of shareholder participation rights, I can only recommend that other listed companies in Austria publicly traded take a good look at this approach and, in particular, make it possible for free float shareholders to conveniently exercise their voting rights. The positive experience with Austrian Post over the last three years is a strong argument in favour of this.”

RUPERT BRIX, NOTARY PUBLIC

# VOTING BY MAIL

## KEY QUESTIONS AND ANSWERS

### What are the advantages of voting by mail?

A key advantage is the greater level of comfort. Anyone who has already formed an opinion can conveniently cast votes by mail on the resolutions proposed by the Management Board and Supervisory Board with respect to the items on the agenda. The shareholder can rest assured that his vote will be recorded and taken into account, as if the shareholder himself personally cast his vote at the Annual General meeting by marking the applicable box. This also applies if the shareholder personally attends the Annual General Meeting but does not want to stay until the end, or until the voting has been completed on all proposed resolutions.

### What costs are involved in casting absentee ballots by mail?

Austrian Post will send shareholders all the documents required for absentee voting at no charge. These materials include a pre-stamped return envelope (for posting in

Austria). Thus shareholders will not incur any additional costs for voting by mail. With respect to the issuance of a safe custody receipt pursuant to Section 10a Stock Corporation Act (AktG), the pre-requisite for any form of participation in the Annual General Meeting, the same terms and conditions apply as for people who personally attend.

### How will the ballot be taken into account in the voting process?

The filled-out ballot form is sent directly to Rupert Brix, the notary public, who will also certify the results of the voting on resolutions at the Annual General Meeting 2014. The counting of the votes submitted by absentee ballot will take place under his supervision. The notary's office will note on the envelope or on the ballot the precise time in which it was received and ensure that the votes of these shareholders are not made known to the Management Board or Supervisory Board or other shareholders before voting takes place at the Annual General Meeting.

## "Absentee voting contributes to expanding democratic decision-making."

MARTINA KEINRATH,  
CORPORATE GOVERNANCE



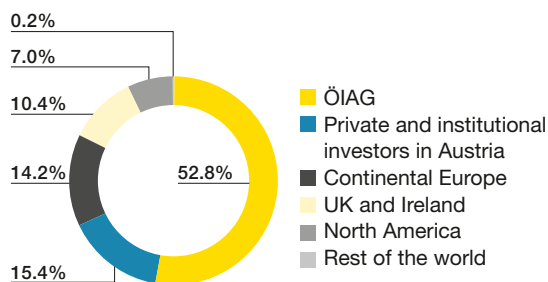
Wiener Stadthalle than personally attended. On balance, 550 shareholders or shareholder representatives and guests were present, whereas an impressive total of 746 shareholders exercised their voting rights per mail, an increase of 40% from the previous year.

In accordance with the motto "Because every vote counts", Austrian Post will continue to promote the instrument of voting by mail in the future. "Offering absentee ballots represents an important contribution towards expanding democratic decision-making in a stock corporation and must be clearly supported for this reason. All shareholders, regardless of their place of residence or where their company is based, should be given the opportunity to conveniently exercise their voting rights without much effort or expense. Mail contributes to expanding democratic decision-making", explains Martina Keinrath, Head of Corporate Governance at Austrian Post.

## SHAREHOLDER STRUCTURE OF AUSTRIAN POST BY COUNTRY

A shareholder ID carried out in January 2014 concluded that, in addition to the main shareholder ÖIAG, 40% of the shares are held by European investors (unchanged compared to the previous analysis of January 2013). All in all, 15.4% of these shares are held by private and institutional investors in Austria (plus 0.6 percentage points), 14.2% in Continental Europe (minus 0.4 percentage points) and 10.4% in Great Britain (plus 0.1 percentage points). A total of 7% of the shares (minus 0.1 percentage points) are currently held by North American investors (USA, Canada), whereas investors in the rest of the world account for much less than 0.2% (unchanged).

### SHAREHOLDER STRUCTURE OF AUSTRIAN POST BY COUNTRY, BASE: 67.6 M STOCKS





# A PRONOUNCED DEDICATION TO COMPLIANCE

Austrian Post boasts a strong, Group-wide compliance culture, which makes an important contribution to value creation and corporate development.

**A**ustrian Post attaches great importance to ensuring complete compliance with all regulations applying to the company. A comprehensive set of internal rules and a diverse range of measures provide the basis for lawful and proper conduct on the part of the company and its employees. In recent years Austrian Post has resolutely pursued its goal of developing a strong, Group-wide compliance culture. The compliance management system (CMS) in its current form was introduced in 2010 and continually expanded since then. The underlying conviction is that compliance makes an important contribution to the corporate development and value creation. One specific consequence of a vibrant compliance culture is to avoid liability risks or prevent the company and its employees from suffering other detrimental legal repercussions.

In addition, a widespread awareness of which legal or internal rules must be complied with helps all employees to breathe life into the corporate values and further advance the corporate culture. Last but not least, compliance is an important factor for Austrian Post in its efforts to be perceived by its customers, business partners, shareholders as well as the general public as a fair and reliable partner acting in a transparent manner.

## Pressing ahead with internationalisation

In the year 2013 Austrian Post press ahead with the continuous integration of the compliance organisation in its subsidiaries, especially in the

CEE region. The focal points were the issues of compliance awareness and anticorruption. The Code of Conduct developed in 2010 was rolled out throughout the Group over the past few years. For this purpose, the code was translated into eleven languages (English, French, Dutch, Slovakian, Czech, Hungarian, Croatian, Romanian, Polish, Russian, and Turkish) and made available to all subsidiaries. The Code of Conduct contains the principles applicable to the behaviour of all people working for the company – the Management Board, executives and all employees.

In order to implement the compliance agenda across the Group, the number of regional compliance representatives supporting the central Compliance Office in its work has increased by eight to a total of 25 in 2013. They are taught and trained within the context of “train the trainer” on a regular basis, or as warranted. This further strengthens the Group-wide compliance organisation, which offers practical and behaviour-oriented consulting and training to all employees in Austria and in all international business units. Cooperation with the regional compliance officers will be further intensified in 2014, in light of the fact that Austrian Post considers this exchange of views to be the basis and a crucial component of a functioning compliance culture.

## Compliance communication intensified

For this purpose Austrian Post uses its own internal communications channels, for example the employee newspaper, Austrian Post’s intranet and information bulletins on specific topics. In addition, specific compliance issues such as Austrian Post’s Code of Conduct and the Compliance Help Desk as the contact point for inquiries and tips as to potential violations are communicated both within the company and to external stakeholders.

The Compliance Help Desk of Austrian Post is available to all Austrian Post employees 24/7



### COMPLIANCE HELPDESK

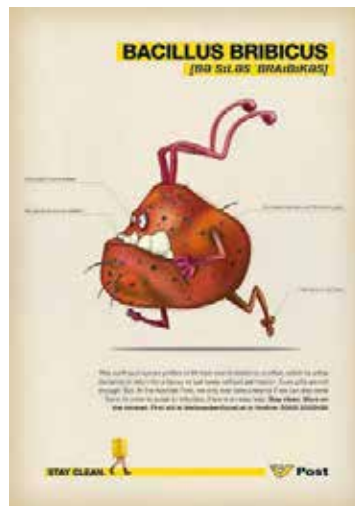
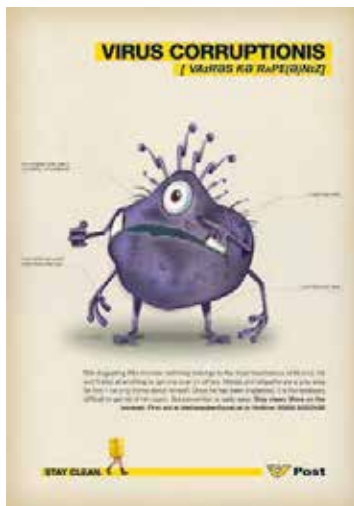
E-Mail: [compliance.helpdesk@post.at](mailto:compliance.helpdesk@post.at)

Hotline Austria: T: 0800 202 224

Hotline international: T: 0800 202 224 26

Hotline Serbia: T: +431 577 67 24317

Stephan Buschina, Compliance Officer



No chance for corruption bacteria: Austrian Post is implementing a comprehensive awareness campaign on the issue of compliance.

via e-mail and a separate intranet platform. Moreover, all employees in Austria and abroad can make use of a cost-free hotline. The strong increase in inquiries sent to the Compliance Help Desk confirms that this instrument could be more firmly embedded in the minds of employees thanks to the underlying communications measures.

The communications channels were also complemented during the reporting period by an e-learning tool available in German and English on the issues of compliance awareness and anti-corruption. The relevant content was conveyed on the basis of realistic examples.

### Successful compliance campaign

Austrian Post developed a special communications campaign at the end of 2012 to enhance awareness of compliance in the company. It was rolled out at the beginning of 2013 using specially designed posters and folders and distributed to all employees. In particular, the initiative focused on a highly topical issue. Austrian Post employees will find information on gifts, invitations and other advantages compactly summarised in a single folder. The comprehensive communications materials were rounded off by special give-aways dealing with the issue of compliance with a little smile – thus embedding the messages even more strongly in the employees' memories. In addition to the Compliance First Aid Kits, there were also specially designed ponchos featuring the slogan "Compliance won't leave you out in the rain."

### International Compliance Day

Due to the huge success of the 1<sup>st</sup> International Compliance Day in 2012, a further event was held in 2013 which once again aroused extensive interest on the part of Austrian Post employees. In addition to Peter Umundum, Member of the Management Board, participants included the regional compliance representatives, members

of the Compliance Committee and employees responsible for the subsidiaries (especially in the CEE/SEE region). External input was provided by renowned speakers of the International Anti-Corruption Academy (IACA), the University of Lausanne and international companies.

### Compliance certification

Within the context of its compliance management system, Austrian Post strives to ensure the ongoing professionalisation and expansion of its compliance organisation. By intensifying the dialogue with several specialised departments, the issue of compliance was also integrated into the M&A process as well as in other company processes, for example various purchasing and sales processes.

In the year 2013 the compliance management system of Austrian Post was successfully subject to an audit by the standard IDW PS 980 as well as the Business Principles for Countering Bribery (Transparency International 2009). The concept, suitability as well as the implementation and effectiveness of every element of the compliance management system was reviewed and confirmed.

## EFFECTIVENESS EXAMINED

JÖRG BUSCH, PARTNER PWC AUSTRIA, ON EFFECTIVE COMPLIANCE



"The key criteria underlying an effective compliance management system are the binding commitment on the part of the management, a strong compliance organisation, extensive communications measures and the embedding of compliance measures in company processes. PwC Wirtschaftsprüfung GmbH has evaluated the appropriateness, implementation and effectiveness of Austrian Post's compliance management system according to an internationally recognised standard."





The basis of Austrian Post's success:  
competent and committed employees.  
Here at the Vienna letter centre.



# EMPLOYEES AS THE BASIS OF SUCCESS

Austrian Post has consistently positioned itself as an attractive employer and is implementing numerous measures – from a leadership culture, training and professional development to occupational health and safety.

**A**s one of the biggest employers in the country, Austrian Post bears a special responsibility. For this reason, it attaches great importance to good working conditions for its employees. Occupational safety, health protection and healthcare play a key role. This is because motivated and productive employees are the basis for corporate success, especially in a service company. Austrian Post aims to create reliable future perspectives for employees and promote their individual professional development against the backdrop of a market environment in which change seems to be the only constant. Austrian Post is not only intensively working on its products and services but also on its corporate and leadership culture. Only clearly-defined and mutually held visions and values enable the company to act in a target-oriented and sustainable manner. At the beginning of 2010, Austrian Post began to focus on developing its new mission statement featuring three value categories and three main principles. They are being implemented and firmly enshrined in the daily work of all employees through a variety of measures. All the measures impacting employees and society are derived from these value categories.

## **Customer orientation:**

Everything we do revolves around our customers

## **Profitability and sustainability:**

We are future-oriented

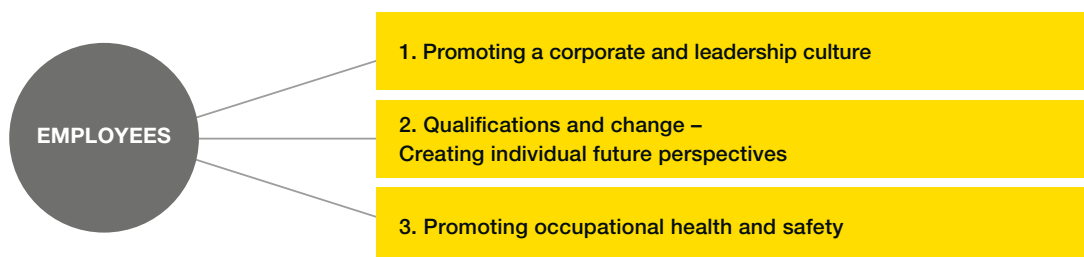
## **Communication and appreciation:**

We are all part of Austrian Post

The value “communication and appreciation” is particularly crucial in the way the company deals with employees. In line with the guiding principle “We are all part of Austrian Post”, every individual employee should be committed to actively shaping the future of Austrian Post. This attitude is taken seriously in the company and is practised in reality. In June 2013 the first company-wide employee survey entitled “Together we will get even better” was carried out at Austrian Post. The objective was to capture the mood of employees as well as to identify relevant issues and improvement potential. The employees had the opportunity to express their opinion on different aspects of the company and evaluate their employer. The results of the survey presented an objective view of where Austrian Post is seen to be at the present time. On this basis four fields of action were identified to which Austrian Post will pay increasing attention, and which will be used to implement specific improvements. ►

## **EMPLOYEE OBJECTIVES**

GREAT IMPORTANCE IS ATTACHED TO APPRECIATION AND RESPECT





More than 1,000 executives discussed ideas and specific measures relating to these four fields of action at the Post Management Days held in the fall of 2013. These measures are to be successfully implemented in order to ensure optimal employee satisfaction. "For me it is especially important that this project results in tangible improvements and that the employees will really notice them in their day-to-day work", one of the participants at the Post Management Days said.

### EXECUTIVE ACADEMY

Austrian Post strives to create reliable future perspectives for all employees and to promote their individual professional development in a market environment in which the demands imposed upon employees are continually subject to change. In this regard executives have a special responsibility i.e. to identify the potential of their employees, expand their skills on the basis of individual career development measures and create productive working conditions enabling employees to optimally unfold their skills and exploit their potential.

For this reason, Austrian Post has been instructing management staff since 2012 within the framework of special executive training programmes. The objective of the "Executive Academy" is to support executives to implement management guidelines within the framework of a customised programme.

All top executives and managers supervising more than three employees take part in special trainings tailored to their specific area of responsibility. Leadership skills are imparted via different modules and with the help of specially trained coaches. The topics include communication and motivation, management styles and instruments or presentation techniques. The so-called "Leadership Workshop" is designed to deepen the knowledge the participants have gained. In the year 2013 some 700 executives participated

in the Executive Academy. The four target group oriented programmes to further develop the skills of company executives will be continued in 2014.

### A day visiting customers

Austrian Post attaches considerable importance to customer-oriented thinking and behaviour in the spirit of embedding the mission statement in its daily business operations. This presumes that executives have a good knowledge of the processes and activities taking place every working day "on the front". More than 380 managers were given the opportunity in 2013 to gain an insight into the daily work of their colleagues on the delivery staff, in the branch network or in the customer service department. The managers spent a day for example accompanying a mail carrier and helping out with his or her work in direct contact with customers. Last but not least, this measure provided an opportunity to get a better understanding of the challenges and problems involved in interacting with customers.

### The managers of tomorrow: trainee programme and center of excellence

A trainee programme designed to promote the professional skills of junior staff was launched in September 2013. On balance, a total of 27 trainees will participate in a one-year training programme. The aim of the initiative is to enable them to acquire a thorough knowledge of the company and to engage in cross-divisional networking. They will be employed in the delivery operations, in a branch office and in a logistics centre, among other responsibilities.

Finally, Austrian Post decided to provide support for four semesters to students at the Center of Excellence, where the best students at the Vienna University of Economics and Business come together. Austrian Post attaches considerable importance to a mutual exchange of experience and contact with ambitious and talented people. ■

## THE EMPLOYEE SURVEY 2013

11 TOPICS, 57 QUESTIONS, NUMEROUS FINDINGS

**19,224**

QUESTIONNAIRES WERE SENT TO AUSTRIAN POST EMPLOYEES.

**5,918**

COMPLETED QUESTIONNAIRES WERE RETURNED TO EUCUSA, THE COMPANY CONTRACTED TO IMPLEMENT THE SURVEY.

**30.8%**

WAS THE RESPONSE RATE. THIS MEANS THAT ONE OUT OF EVERY THREE EMPLOYEES TOOK PART IN THE SURVEY.

## A HEALTHY WORKPLACE

Austrian Post offers its employees trainings and prevention.

**F**it and healthy employees who enjoy their work comprise the decisive success factor for Austrian Post in its role as a service company. A secure and motivating working environment promotes the ability of employees to work, regardless of their age. Of course the employees are personally responsible for maintaining their own health. However, Austrian Post supports their efforts by means of trainings and information materials. Accordingly, trainings focusing on safe and healthy workplace behaviour, the promotion of exercise as well as tobacco and alcohol abuse prevention are among the top priorities. The company also attaches great importance to creating health-promoting and ergonomic working conditions as well as workplaces tailored to the needs of disabled or older employees.

In addition to the ongoing health promotion measures, Austrian Post offered new priority healthcare programmes in 2013:

### A healthy heart

This preventive health programme provides all Austrian Post employees with information about general risk factors relating to cardiovascular diseases, their own personal risk situation and measures showing them how to prevent heart disease.

### Back training

Since 2011 spinal screenings including posture analyses have been carried out and individual corrective exercises offered in order to ensure that these ergonomic priorities have a lasting

effect. More than 90 events attracting close to 1,700 participants have been held up until now.

### The enthusiasm for running

In 2013, Austrian Post and post.sozial supported company employees participating in running events by paying the race entry fees. On balance, more than 1,500 Austrian Post employees took part in nine races throughout Austria. ■

## "I LIKE TO BE ON THE PODIUM"

Project manager Andrea Koller strikes a good balance in her life through the sport of running.



Andrea Koller works for the Parcel & Logistics' marketing team of Austrian Post.

### Ms. Koller, why did you start running?

**ANDREA KOLLER:** I was always very athletic. I started running about ten years ago thanks to my boss. He wanted to form a Post team for the Graz Business Run. At first nobody volunteered. The idea that I could surely manage the five kilometres aroused my interest. I succeeded and have been running ever since then.

### What is the nice thing about the races?

**KOLLER:** I was always ambitious in terms of sports. The fact is that I simply enjoy securing a podium finish. At some point I asked myself whether it wouldn't be possible to do the Graz Business Run even faster. So I started to do more and more, and ran a quarter marathon and then a half marathon, and three years later the entire distance.

### How you do prepare for the races?

**KOLLER:** I run first thing in the morning three to four times a week, preferably in the gardens of Vienna's Belvedere Palace. Subsequently I ride to the office by bike. There is hardly a better way to begin a day with more energy than to run early in the morning.

## MEASURES FOR BETTER HEALTH

Vaccination campaign	More than <b>3,200</b> vaccinations administered
Health Days	Approx. <b>570</b> participants
Workplace inspections by safety experts and occupational physicians	More than <b>3,600</b>
Trainings on safe and healthy behaviour at the workplace	More than <b>400</b> trainings
Spinal screening and posture analysis	Approx. <b>1,700</b> participants
Occupational health examinations of eyesight working at night or with computer screens	More than <b>220</b> examinations



# EMBRACING DIVERSITY

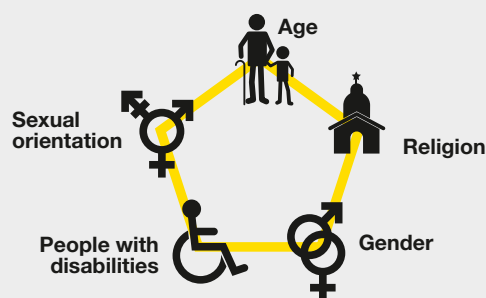
The resolute diversity management pursued by Austrian Post promotes creativity, invigorates the corporate culture and contributes to the company's success.

**A**ustrian Post puts a great deal of emphasis on ensuring sufficient diversity in the company. Appreciation of, respect for and the promotion of diversity have a positive effect on Austrian Post's corporate culture and contribute to its business success. Diversity of the staff means different points of view, which in turn leads to new ideas and the promotion of creative thinking outside the box. Diversity can also contribute to more effective decision making and problem solving.

## Diversity and mentoring

Austrian Post signed the Charter of Diversity in 2013 and voluntarily committed itself to promoting greater tolerance, fairness and respect within the context of its diversity management efforts. The second Business Cross Mentoring Programme of Austrian Post was started in January 2013. A total of 32 female employees are participating in this programme designed to promote the advancement of women in the company. The initiative aims to further promote equality of opportunity for success-oriented women as well as to strengthen the mutual exchange of experience and know-how between selected Austrian Post employees and their personal mentors.

## FIVE CORE DIMENSIONS OF DIVERSITY MANAGEMENT



- Diversity** attracts new customers.
- Diversity** helps to lure talented employees.
- Diversity** promotes creativity and the capacity for innovation.
- Diversity** helps to open up international markets.
- Diversity** retains employees in the long term and increases efficiency.
- Diversity** improves the image of Austrian Post.

## AUSTRIAN POST – EMPLOYEE INDICATORS

	2011	2012	2013
<b>Employees Group (FTE)<sup>1</sup></b>	<b>23,369</b>	<b>23,181</b>	<b>24,211</b>
<b>Employees of the parent company Österreichische Post AG (FTE)<sup>1</sup></b>	<b>19,907</b>	<b>19,534</b>	<b>18,951</b>
thereof women (FTE, %)	29.3%	29.3%	28.9%
Civil servants (FTE)	10,266	9,738	9,146
Salaried employees (FTE)	9,429	9,558	9,548
Full-time employees (persons)	17,785	17,724	17,178
thereof women (%)	23.1%	23.7%	23.4%
Part-time employees (persons)	3,812	3,422	3,388
thereof women (%)	83.3%	85.4%	83.5%
Average tenure of civil servants at Austrian Post (years)	27	28	29
Average tenure of salaried employees at Austrian Post (years)	11	11	11
Employees (FTE) according to age			
Under 30 years	1,600	1,735	1,837
30-50 years	13,210	12,218	11,131
Over 50 years	5,098	5,581	5,982
Fluctuation (%) <sup>2</sup>	8.6%	10.1%	10.9%
Sick leave rate for employees (FTE, %)	7.4%	7.4%	8.7%

<sup>1</sup> FTE = Full-time equivalents; <sup>2</sup> Employee attrition in relation to permanent staff

# “INCREASED MOTIVATION”

In November 2013 Austrian Post was given the “Career and Family” certificate issued by the Federal Ministry of Economy, Family and Youth.

## What exactly is the “Career and Family” audit?

**EDITH PETER:** The audit is designed to further promote the awareness of families and their needs in all relevant areas of the company. More than 300 companies and institutions have already successfully participated in the audit.

## Why has Austrian Post carried out the “Career and Family” audit?

**ISABELLA KAMPTNER:** Studies have shown that a family-friendly working environment increases employee motivation, loyalty and commitment. The lower rate of attrition correspondingly reduces the costs for training, substitute and recruitment times, and vital know-how is retained within the company. In this way Austrian Post is able to strengthen its positioning as an attractive employer. In addition to the development of customised measures in collaboration with experts, we also benefit from the exchange of experience with other companies.

## Why are measures only being implemented at corporate headquarters for the time being?

**KAMPTNER:** The employment structures within Austrian Post are quite complex. There are employees who do shift work and whose working hours constantly change. Some employees stand behind the counter, others do not even have a PC at their workplace. The size of teams varies immensely, and local conditions are not the same everywhere. In spite of these differences, measures should be developed to respond to the different needs of employees. For this reason, it was important to focus on one specific area at Austrian Post at the beginning of the audit. The more we can ensure a level playing field when starting out, the easier we will be able to agree on targeted measures for this area. We have defined a series of measures which we intend to implement over the next three years at corporate headquarters



Isabella Kamptner, Human Resources Department of Austrian Post, commissioned to carry out the audit, and Edith Peter, Managing Director of KiBiS Work-Life Management GmbH.

and the overhead functions of the regional offices. If we succeed in obtaining the basic certificate, we will gradually expand the audit to other business areas in the company.

**PETER:** Many companies deciding to carry out an audit initially begin with a specified business unit. This usually involves individual branch offices or several business areas of the company. If the measures prove their value in practice, they are subsequently expanded to encompass the entire company. There is a simple reason for this. Every target group which is addressed requires a different set of tools. Compared to other companies, the auditing process at Austrian Post surpassed all my expectations. In my role as an auditor, I discovered that Austrian Post offers extensive employee-oriented benefits, and is also implementing an excellent human resources development concept as well as a highly professional mission statement and management development programme.

## What further steps are planned?

**KAMPTNER:** We aim to modernise the working world at Austrian Post on the basis of this audit, and raise awareness of this issue on the part of executives. Specific measures could include, for example, integrating those employees who are on leave in the ongoing information system, or active leave administration supporting people taking time off from work. In any case there are a number of things we intend to do.



## EMPLOYEES REINVENT THEMSELVES

The “Internal Labour Market” platform prepares employees for new tasks within the company or elsewhere.

In addition to specific training and further education courses tailored to employees in all business areas and age groups, Austrian Post also offers employees impacted by the restructuring measures the possibility to reposition themselves on the job market within the context of the company’s “Internal Labour Market”.

Increasing competition and the liberalisation of the letter mail market in 2011 require the company to implement ongoing efficiency improvements and adjustments to its personnel structure. The “Internal Labour Market” is a platform designed to prepare employees for new jobs inside or outside the company.

In 2013 the focus was on the cooperation with PDG, Post Dienstleistungs Gesellschaft mbH, which offers comprehensive services for Austrian Post, such as repairs and maintenance work, the implementation of various construction measures as well as support carrying out administrative activities. Employees belonging to the Internal Labour Market are also deployed to carry out these services, if possible. Some 400 postal partner offices were supported in applying Austrian Post’s corporate design. Furthermore, employees of PDG as well as the Internal Labour

Market were deployed on behalf of the Federal Ministry of Finance to collect soil samples as a means of estimating the value of land throughout Austria.

### **Success model: transfer of Post employees to the federal public service**

In 2013 civil servants at Austrian Post once again transferred to the federal public service, more specifically to the Federal Ministry of Internal Affairs, the Ministry of Justice and the Ministry of Finance. Numerous applications and visits to information events demonstrate the widespread interest in the programme. By the end of 2013 close to 400 employees had transferred to the federal public service, showing that the competencies acquired at Austrian Post are very much in demand at the ministries. Since the year 2013 the Federal Ministry for Education, Arts and Culture has also offered career opportunities. The positions involved encompass a broad range of responsibilities, from demanding specialist jobs in the ministries to supporting functions in schools. The Federal Office for Aliens’ Affairs and Asylum (BFA), the new government body created by the Federal Ministry for Internal Affairs, commenced operations at the beginning of 2014 with offices in all the federal provinces. More than 100 applicants from Austrian Post and A1 Telekom Austria have shown their interest in transferring to the new public authority. 18 Austrian Post employees have committed themselves to accepting the new challenge and will strengthen the BFA’s human resources. They have been undergoing training by experienced employees from the Federal Asylum Office and the Aliens Police since November 2013. Upon concluding their instruction, the new employees will have gained a working knowledge of basic administrative procedures, the right to asylum and immigration laws. Subsequently they will be directly supported by team leaders at their workplaces and receive further training. One example: the former Austrian Post employee Dieter Woisetschlager has taken up a new professional challenge, and now serves as a district prosecutor for the Public Prosecutor’s Office in St. Pölten. “I am very satisfied with my new position and grateful for the support I was given during this period of change.” ■

## CSR AT SUBSIDIARIES

### CONNECTING EMPLOYEES

#### CEE ACADEMY

The CEE Academy established in 2012 for the company’s strategic investments in the CEE region was expanded in 2013. This initiative is designed to introduce and implement a mutually shared corporate culture derived from the leadership guidelines developed by Austrian Post, and to promote transnational knowledge transfer and networking.

#### POST.SOZIAL IN CEE & GERMANY

A further project should strengthen the feeling of belonging to the Austrian Post Group on the part of employees in the subsidiaries by giving them the opportunity to take advantage of the services provided by post.sozial. In the initial phase a pilot project was launched in the summer of 2013 involving employees of the Central and Eastern European subsidiaries belonging to the Parcel & Logistics Division. The employees of the trans-o-flex Group in Germany also participated. In order to enhance the attractiveness of the fair.reisen offering for employees, the winter travel brochure was also printed in Serbian, Croatian, Hungarian and Slovakian. Since the 2013/14 winter season employees of Austrian Post’s mail subsidiaries in the CEE region have also been able to take advantage of these travel offers.

# MULTIFACETED ASSISTANCE

The association post.sozial supports employees by providing a broad range of social services, including lower-priced tickets for cultural and sporting events.

**T**he joint welfare association “post.sozial” reflects the social responsibility of Austrian Post to its employees based by providing additional social services above and beyond legally stipulated obligations. The non-profit association was established to provide social support to active employees of Austrian Post and its subsidiaries as well as to retired employees, family members and surviving relatives of employees. In addition to financial assistance for employees in emergency situations or in dire need, the association helps employees in many different ways, for example by offering favourably priced holiday deals, discounted tickets for cultural and sports events and child care and day care services during vacations. In addition, post.sozial provides support for health care measures and recreational activities designed to prevent illness. The focus in 2013 was on burn-out prevention.

## Quick help for flood victims

People affected by the Austrian-wide flooding in the first half of 2013 could be quickly helped thanks to the speedy and unbureaucratic financial assistance which the association post.sozial put at their disposal. In order to be able to finance these measures, 1% of the wage bill paid by Austrian Post and its subsidiaries is devoted to funding the association. Total funding for the benefit of employees amounted to EUR 6.4m in 2013. The association is also supported by third-party donations. ■



## POST MUSIC POST EMPLOYEES STRIKE A CHORD

Postmusik Salzburg even performed in the TV programme “Musikantenstadl”.

At the present time Austrian Post is promoting seven Post bands and two Post choirs. These so-called “Post cultural associations” boast approximately 400 active members, including about 150 employees of Austrian Post as well as employees of Post Bus AG, A1 Telekom Austria and private individuals. Several of the highlights in the year 2013: Post and Telekom Musik Vienna took part in the Vienna Festival (“Wiener Festwochen”). Postmusik Graz gave the very first performance of a piece of music commissioned for choir and brass orchestra on the occasion of a celebration commemorating Peter Rossegger, and held a benefit concert for flood victims. Postmusik Salzburg performed in front of an audience of millions watching the TV programme “Musikantenstadl” in Salzburg, and also went on a concert trip to China. Postmusik Linz appeared at the Gala Night of Sports.

## THE ACHIEVEMENTS OF POST.SOZIAL IN 2013

post.sozial	Total funding	EUR 6.4m
fair.reisen	Number of overnight stays	58,856
helfens.wert	Food coupons	EUR 4.3m
	Financial assistance	EUR 974,000
sehens.wert	Number of discounted admission tickets offered	19,122
	Events offered	124
postler.kids	Support for children's holiday camps	EUR 10,315



## A RELIABLE PARTNER

Whether in the context of its business activities or beyond: Austrian Post takes care of essential tasks in society.

Only Austrian Post ensures the supply of basic postal services to the Austrian population.



**A**ustrian Post makes a decisive contribution towards maintaining and further developing the communications infrastructure of the country in a future-oriented manner by reliably providing the entire country with postal services. Each day Austrian Post brings letters and parcels to every address and doorstep throughout Austria, ensuring that basic postal services are available to the Austrian population. In addition to several modern logistics centres and 265 delivery bases, Austrian Post operates a nationwide branch network comprising 1,894 postal service points at the end of 2013. In the light of its importance to the country, Austrian Post is also committed to taking an active part in society. One priority is to get involved in projects which have a direct connection to the core business of the company – its high level of logistics competence and nationwide network of branch offices.

### Reliable postal service

Only Austrian Post delivers letters and parcels each day to every address and doorstep throughout Austria, thus ensuring that basic postal services of outstanding quality are provided to the Austrian population. External quality measurements concluded that 95.5% of all letters are delivered to recipients on the next working day, higher than the legally stipulated level of 95%. Conditions in the postal sector are being subject to major changes. For this reason, Austrian Post must continually adapt its services and infrastructure in a customer-oriented manner. A primary focus of the company's efforts is the expansion of the very successful postal partner concept. On balance, a total of 1,359 postal partners as of the end of 2013, including food stores, petrol stations, tobacconists and municipi-

pal authorities, ensured the optimal regional availability and accessibility of Austrian Post and the services it offers.

In 2013 the cooperation between Austrian Post and BAWAG P.S.K. was also intensified. By the end of 2013, a total of 476 branch offices were jointly operated. They offer postal and bank services, retail and telecommunications products under one roof. The strategic advantages of this concept and the combined exploitation of the respective strengths of Austrian Post and BAWAG P.S.K. have consistently proven to be successful, generating extensive synergies. The shared design and expanded offering – like the response to the postal partner concept – have been very well received by customers.

### Postal partners in the social sphere

Austrian Post's cooperation with postal partners in the social sector has proven to be particularly successful. For example, the charitable organisation "Die Laube" now runs seven postal service points. "Die Laube" works with mentally stressed people who cannot take part in the normal working world due to their illness. The organisation offers employment via its facilities in Salzburg and Vienna, and also contributes to reintegrating them into the job market. "The great thing about this project is that we can offer our clients meaningful jobs. That is the best training we can give them", says Managing Director Alois Autischer. The challenging work is handled very effectively through teamwork and mutual support. "We are all part of Austrian Post – and are correspondingly held accountable for our work. This is the nicest compliment we could ever get. And the quality we offer is right on target", he adds.

# SOCIALLY COMMITTED

Austrian Post provides support to numerous social projects on the basis of its core competence in logistics.



In addition to the positive effects of its business activities on society, Austrian Post does its share to help tackle social problems by supporting a series of social projects. In this regard, the company particularly makes an effort to contribute its own core competencies to the partnerships it concludes i.e. the nationwide delivery of mail items and its nationwide distribution network. No other company in this line of business can provide such targeted and efficient assistance as Austrian Post.

## The “Ö3 Wundertüte”

For the ninth time, old mobile phones could be converted into cash donations for Austrian families in need within the context of this initiative during the weeks of Advent. A total of 431,000 donated mobile phones resulted in an amount of EUR 670,000 for the emergency aid funds of “Licht ins Dunkel” (“Bring Light into the Darkness”) and the charitable organisation Caritas.

## “Play at being the Christ Child”

Austrian Post supported this charitable work by sending the gift packages to the collection points of the Austrian Samaritan Federation at no charge. From there the presents were personally delivered to children in social welfare institutions and disadvantaged families.

## “Christmas in a shoe box”

The priority of this gift campaign which was also supported by Austrian Post is to give some joy to needy children around the world. Some 500,000 “gifts of hope” were collected and handed over to children in Romania and Bulgaria just in time for Christmas 2013. Austrian Post’s contribution was to pick up the parcels from the collection points in the Greater Vienna area.

## The Post in school

Austrian Post raises awareness of the company as an institution in society, especially among the younger generation, by promoting writing and reading skills. Teaching materials for the third class in primary school called “Die Post macht Schule” were developed. More than 3,700 such “school boxes” were distributed to primary schools throughout Austria in 2013.

## SOCIAL COMMITMENT IN CEE PROJECTS IN SOUTH EAST AND EASTERN EUROPE

### “FUTUREBAG – A BAG FOR THE FUTURE”

24VIP Logistics Services, the subsidiary of Austrian Post in Bosnia-Herzegovina, joined forces with the Red Cross to sign a cooperation agreement with the association “Futurebag – A bag for the Future” in 2013. Futurebag promotes economically disadvantaged children by supplying them with school kits appropriate to their ages (schoolbags and other materials for school). 24VIP Logistics Services handled the entire logistics organisation, from importing, storing and sorting the parcels financed by donations to delivering them to schools and institutions.

### “GOOD ANGEL”

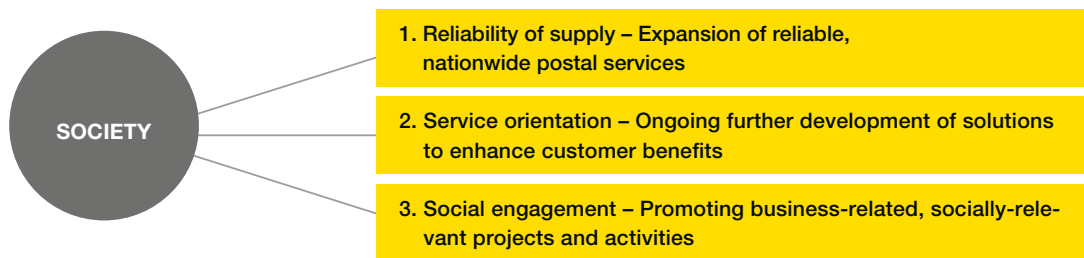
Since 2013 Slovak Parcel Service (SPS) has been supporting the humanitarian organisation “Good Angel”, which supports families which are suffering from financial hardship due to the illness of one of the parents or children. The institution provides regular monthly financial as well as material assistance. In this case the contribution made by Austrian Post in 2013 entailed the free delivery of care packages.

### “OUR CITY”

In 2013, SPS also supported the volunteer project “Our City” created by the Pontis Foundation. More than 6,000 volunteers spent two days in eleven Slovakian towns and seven villages, carrying out 500 different repairs or essential improvements in public parks, schools, kindergartens and other facilities. SPS served as the partner for the nationwide delivery of equipment and working materials for the volunteers.

## SOCIAL OBJECTIVES

AUSTRIAN POST BRINGS SOMETHING TO EVERYBODY







The photovoltaic plant on the roof of the Vienna Letter Centre generates electricity for Austrian Post's e-vehicles.

## MINIMISING THE ECOLOGICAL FOOTPRINT

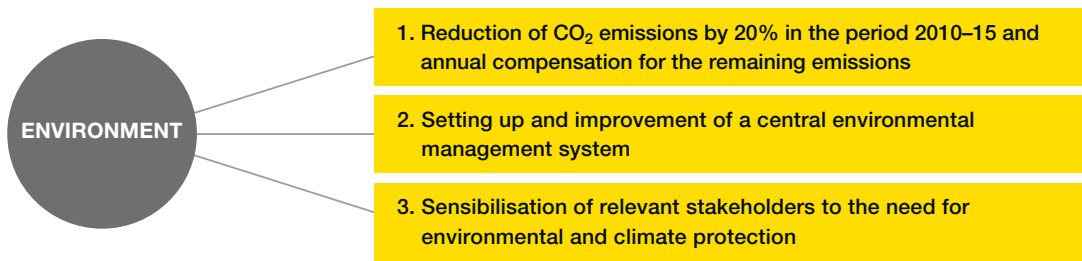
Austrian Post is a trailblazer when it comes to “green logistics” and also pays attention to conserving natural resources in all its business areas.

**T**he challenges of slowing down climate change and minimising the ecological footprint are also becoming increasingly explosive issues in Austria. This naturally applies to Austrian Post in its capacity as the country's largest service company. Austrian Post takes its responsibility seriously, and successfully demonstrates that a company can positively tackle such challenges with a strong commitment. Austrian Post makes a major contribution to climate protection thanks to its initiative CO<sub>2</sub> NEUTRAL DELIVERY, and also serves as a

trailblazer in the field of “green logistics”. In addition, Austrian Post leverages its position in society as one of the most important companies in the country to build awareness among its stakeholders of the importance of environmental and climate protection. One successful example was the campaign “STEP FOR STEP for our climate – We are part of it!” initiated in 2013 to raise awareness on the part of Austrian Post employees. Austrian Post has defined three objectives reflecting its aim to operate in a caring and respectful manner towards the environment:

## ENVIRONMENTAL OBJECTIVES

AUSTRIAN POST FOCUSES ON ENVIRONMENTAL PROTECTION



### CO<sub>2</sub> neutral delivery – a success story

The target set by Austrian Post in 2010 was an ambitious one. The company hoped to reduce its CO<sub>2</sub> emissions by 20% no later than 2015. This comprised an ambitious goal because the reduction of greenhouse gas emissions is a tricky and delicate task for one of the largest logistics companies in Austria. The company requires about 14m litres of fuel every year for its approximately 9,000 vehicles. Moreover, it needs some 150m kWh of energy for the buildings it operates. However, Austrian Post is well on its way to further reducing the CO<sub>2</sub> emissions resulting from its business operations, as it did by 27% in the period 2008–2012.

On balance, the company's business activities emit about 71,000 tonnes of CO<sub>2</sub> each year. However, these greenhouse gas emissions have been fully compensated since 2011 by Austrian Post's support for climate protection projects, so that all letters, parcels and direct mail items in Austria are delivered in a climate-neutral manner. Accordingly, Austrian Post ranks as a trailblazer in the field of "green logistics" both in Austria and internationally, and in the process also supports its customers in improving their own climate scorecard. Since the beginning of 2012 the climate-neutral delivery of business customer mail has been confirmed by the annual issuing of a certificate. Some 1,200 such certificates were handed over to large customers for the 2011 and 2012 financial years. About 600 certificates will be issued for business customers in 2013 as well.

### Verification

The entire initiative CO<sub>2</sub> NEUTRAL DELIVERY is being monitored and assessed by independent experts at TÜV AUSTRIA as a means of ensuring that the targeted positive ecological effects are actually achieved. The initiative is based on three strategies:

#### 1. Avoid emissions and increase efficiency

In buildings:

→ Monitoring energy consumption

→ Efficient lighting concepts

In the vehicle fleet:

→ Optimised route planning

→ Modern vehicle fleet

#### 2. Increasingly use alternative energy sources

In buildings:

→ Conversion of the entire electricity procurement to "green electricity" since 2012 and operation of a rooftop photovoltaic facility with an output of 880 kilowatt peak at the Vienna Letter Centre

In the vehicle fleet:

→ 653 electric-powered vehicles (581 single-track and 72 multi-track)

→ Expansion of the entire fleet of e-vehicles to about 1,300 by 2016

→ 71 environmentally compatible natural gas-powered vehicles

#### 3. Compensation

In spite of exploiting existing potential, it is currently not possible to avoid all emissions. However, the remaining emissions are completely offset by support for certified climate protection projects. In selecting these projects Austrian Post attaches particular importance to ecological and socio-economic aspects.



Austrian Post confirms the climate-neutral delivery for its business customers by issuing a certificate.



Austrian Post operates its electric-powered vehicle fleet with electricity from renewable energy sources.

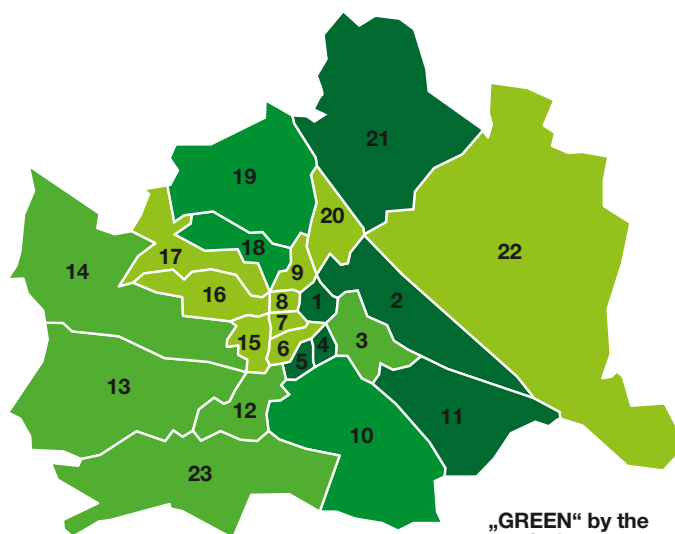


## AUSTRIAN POST RUNNING ON ELECTRICITY – E-MOBILITY ON THE RISE

By the end of 2016 Austrian Post wants to have more than 1,300 e-vehicles at its disposal, and deliver all letters to Viennese households in an eco-friendly manner.

### CONVERSION TO AN E-VEHICLE FLEET

BY 2016 AUSTRIAN POST WILL OFFER THE “GREEN” DELIVERY OF ALL MAIL AND DIRECT MAIL ITEMS FOR PRIVATE CUSTOMERS IN VIENNA.



#### 1.053 delivery districts in Vienna:

By foot:	827
By bicycle:	8
By moped:	133
By car:	85

„GREEN“ by the end of ...

- ... 2013
- ... 2014
- ... 2015
- ... 2016

Preserving natural resources is also an important concern of Austrian Post when it comes to its vehicle fleet, one of the biggest in the country. Austrian Post is a pioneer in the field of e-mobility in Austria as demonstrated by the support provided by the klima:aktiv mobil programme as well as the Austrian Climate and Energy Fund. In this regard, with “E-Mobility Post”, Austrian Post has served as one of eight model e-mobility regions of the Climate and Energy Fund of the Austrian Federal Government since 2012. This model region encompasses several areas, but focuses on the Vienna metropolitan area and its suburban sprawl. Within the framework of E-Mobility Post, a total of 309 electric cars, about 300 e-mopeds and 548 electric bicycles will be purchased in the period 2012–2016 in order to test and evaluate their practical use in the mail delivery process. Moreover, drivers will be systematically trained to adapt their driving style as a means of reducing energy consumption. On balance, the delivery fleet of Austrian Post should consist of about 1,300 e-vehicles in the year 2016.

More specifically, over the next few years Austrian Post plans to convert its entire letter mail delivery operations to private customers in the Vienna metropolitan area with its 1,053 delivery districts to the use of electric-powered vehicles.

This will require some 90 double-track and 150 single-track e-vehicles. They neither produce particulate matter, nitrogen oxide nor CO<sub>2</sub> emissions, and are far superior to conventional vehicles by reducing the level of noise emissions. If that the energy needed to power the vehicles is derived from renewable energy sources – as is the case at Austrian Post – the environmental scorecard even turns out to be much better. This contributes to improving the quality of life in Austria's capital city.

Austrian Post is also working very closely with other model regions. For example, it is cooperating with the lighthouse project "eMorail" of the Austrian Federal Railways aiming to establish a link between e-mobility and public transportation by means of car sharing. More specifically, Austrian Post is supporting the use of "eMorail" by commuters at two pilot locations in Kaindorf, Styria and Edlitz-Grimmenstein, Lower Austria. The objective is to enable commuters to cover the distances they need to travel to work in an environmentally compatible and climate-neutral manner. The commitment of the company also involves carrying out related research and ongoing monitoring. ■

## ELECTROMOBILITY

### INNOVATION WITH A LONG TRADITION

Parcels and letters delivered in a 100% environmentally compatible manner with electric-powered vehicles: this sounds like a vision of the future, almost too good to be true. But in fact this is not the case. Austrian Post already committed itself to low-noise, environment-friendly electric drive systems 100 years ago. Unlike today, the main consideration at that time which tipped the scales was cost efficiency and not environment protection.

On June 15, 1913, the former Austrian Imperial Royal Post put the first 29 Daimler-Tudor electric vehicles into operation. These vehicles were driven by two 15 PS wheel hub motors produced by Lohner Porsche, and managed a top speed of 18.5km per hour. The batteries were designed to cover a distance of up to 45km. In the case of longer distances these batteries had to be recharged or replaced. The electric postal car garage was located in Vienna's third district in the former Imperial Riding School near Ungargasse.

During the Second World War electric-powered vehicles were also deployed to transport mail items on congested postal routes between post offices and train stations. After the end of the war the period of slow reconstruction began, and postal services which had practically come to a standstill had to be organised again. Many of the pre-war vehicles were repaired, and some of them even remained in operation until the mid-1970s. The entire story can be read in the brochure "100 Years of E-Mobility at Austrian Post", which was published in cooperation with the Austrian Energy Agency and the Ministry of Life.

## "AUSTRIAN POST IS A ROLE MODEL"

Mobility expert Robert Thaler discovered that Austrian Post has been relying on electric-powered vehicles for 100 years.



Robert Thaler is Head of the Department V/5 Traffic, Mobility, Settlement and Noise in the Ministry of Life (Federal Ministry of Agriculture, Forestry, Environment and Water Management).

### What role do companies play in promoting e-mobility?

**ROBERT THALER:** Fleet operators play a key role because they are ideally an active driving force in the development of electro-mobility. As the largest fleet operator in the country, Austrian Post serves as a role model with respect to e-mobility. Austrian Post specialists were involved when the Ministry of Life developed the "E-Mobility Implementation Plan in and from Austria" in collaboration with the Federal Ministry of Economy,

Family and Youth and the Federal Ministry for Transport, Innovation and Technology. One focal point is establishing an incentive system designed to promote the purchase of electric-powered vehicles for company and municipal fleets.

### What is the importance of klima:aktiv mobil and the "model regions" of the Climate and Energy Fund?

**THALER:** With its klima:aktiv mobil initiative, the Ministry of Life offers companies and municipalities an attractive funding and promotion system for all electric-powered vehicles. Thanks to its ambitious project "E-Mobility Post", Austrian Post is an important partner of klima:aktiv mobil and one of the "model regions", or one should say "model fleets". The solar power plants on the roof of the Vienna-Inzersdorf letter centre and in the new Alhaming Logistics Centre are important milestones for innovative, climate-friendly e-mobility in vehicle fleets.

### Together with Austrian Post and the Austrian Energy Agency, you published "100 Years of E-Mobility at Austrian Post". Why did you actually do this?

**THALER:** It was a minor sensation when I looked through old photographs and reviews of postal operations and discovered that 29 electric-powered parcel wagons had been put into service by the Austrian Imperial Royal Post on June 15, 1913. The 100th anniversary which was revealed served as the underlying reason for this publication, which also won the Austrian Solar Prize.



## “CLEAN” LOGISTICS CENTRES: WASTE AND ENVIRONMENTAL MANAGEMENT

Austrian Post also pays attention to ensuring the sustainable use of resources in the buildings it operates. This reduces CO<sub>2</sub> emissions as well as energy costs.

The fact that sustainability, environmental and climate protection now rank as key pillars of Austrian Post's business model is also reflected in the buildings Austrian Post operates. Heating systems running on fossil fuels (oil or gas) are being gradually replaced and converted to district heat if possible. Moreover, the building infrastructure is subject to continuous optimisation with a focus on reducing the required space, and energy consumption is closely monitored and managed.

### Solar power

Within the context of its model region “E-Mobility Post”, Austrian Post also constructed the largest rooftop photovoltaic facility in Austria. It is located in the Vienna-Inzersdorf letter centre, whose flat roof featuring an area of 30,000m<sup>2</sup> provides sufficient space to generate clean solar energy. In the course of 2013 a photovoltaic plant with an output of about 880 kilowatt peak was



**“The roof of the production hall has been greenscaped, which saves a lot of energy.”**

GEORG THALER, HEAD OF  
TECHNICAL PROPERTY MANAGEMENT,  
VIENNA LETTER CENTRE

installed and ceremoniously put into operation at the end of September 2013. On balance, the facility contains 3,528 modules, each of which generates 250 Wpeak of electricity. A second photovoltaic plant on the roof of the Allhaming logistics centre in Upper Austria will come on stream in 2014. Both facilities will produce enough electricity to cover the energy needs of the entire e-mobility fleet of Austrian Post.

### Waste = raw materials

Austrian Post is also striving to minimise the environmental impact of its activities when it comes to waste management. At the same time, it aims to create added value for the company. A sophisticated waste and recycling management system is designed to achieve these two targets, especially considering that waste today actually comprises valuable secondary raw materials. The environmental programme of Austrian Post envisions a further expansion of the company's waste and environmental management activities in the future. Measures include the installation of new LED lighting concepts and different systems of heat recovery, Austrian Post hopes for positive effects on energy costs, CO<sub>2</sub> emissions and last but not least, on employee satisfaction. “Dimmers are used in the lighting for the production area of the Vienna letter centre, whereas fork lift trucks and tractors are equipped with energy-efficient loading systems. The entire roof of the production hall has been greenscaped, which saves a lot of energy in the summer and provides a habitat for insects and other kinds of animals”, says Georg Thaler, Head of Technical Property Management at the Vienna-Inzersdorf letter centre.

## “GREEN” IN CEE

### CROSS-BORDER REDUCTION OF CO<sub>2</sub>

#### ELECTRIC-POWERED VEHICLES IN CROATIA

Emission-free, strong and safe: the first KYBURZ – a three-wheeled electric-powered vehicle produced in Switzerland – has been deployed by Austrian Post in Croatia since December 2012. The commitment to reducing CO<sub>2</sub> emissions does not stop at Austria's borders, and the letter mail subsidiaries of Austrian Post in six Eastern European countries are also doing their share. Additional such vehicles will be purchased in 2014. In daily postal operations the KYBURZ, which has also proven its value even under extreme conditions, can transport and deliver 270 kilogrammes of mail items together with its trailer. This is considerably more than is possible on bicycles or mopeds. Moreover, the three wheels reduce the risk of getting into accidents. The vehicle also does not have to be heaved onto a stand every time the driver gets out thanks to the fully automatic parking brake. On top of everything else, the KYBURZ is much more comfortable.

#### LIQUID GAS-DRIVEN VEHICLES IN ROMANIA

PostMaster, the Romanian subsidiary of Austrian Post, has launched an initiative to convert 50 gasoline fueled vehicles to liquid gas. This not only makes sense from an economic perspective but also has extensive positive effects on the environment. In particular, CO<sub>2</sub> emissions are reduced by 20%, and CO<sub>2</sub> emissions per vehicle decline from 169g/km to 135g/km. In addition, the new vehicles reduce pollutant emissions such as benzene and hydrocarbons, whereas sulphur dioxide emissions (responsible for acid rain) are completely eliminated.

# GLOBAL COMMITMENT TO MORE ENVIRONMENTAL PROTECTION

On an international level, Austrian Post supports more than 30 projects in the field of climate protection, energy efficiency, photovoltaics and reforestation.

**A**ustrian Post supports environmental and climate protection projects throughout the world within the context of its “CO<sub>2</sub> NEUTRAL DELIVERY” initiative. When Austrian Post defined its ambitious goal of achieving complete CO<sub>2</sub> neutral delivery one thing was clear from the very beginning: it would not be able to fully eliminate all greenhouse gas emissions caused by the company. The solution to this problem was to compensate for the unavoidable emissions by voluntarily supporting national and international climate protection projects. In the meantime, this model has long been considered to be a proven and effective tool to reduce CO<sub>2</sub> emissions. The climate protection projects supported by Austrian Post in 2013 include the replacement of obsolete and ecologically harmful heating

systems by modern pellet heating or connection to district heating networks. On an international level, Austrian Post is supporting more than 30 certified climate protection projects in the fields of energy efficiency, reforestation, biomass, geothermal energy, photovoltaics, sustainable forest management, hydropower and windpower.

## Projects from Siberia to India

One example is the protection the forests along the Bikin River in Siberia from commercial logging, preserving the habitat of the Amur tiger, which is threatened with extinction. In India, the company supports the construction of photovoltaic facilities and thus the generation of climate-neutral energy for the regional electricity grid. ■

## ENVIRONMENTAL INDICATORS AUSTRIAN POST

	2011	2012	2013
<b>Consumption of significant quantities of resources (kWh million)</b>	<b>158.0</b>	<b>149.5</b>	<b>—<sup>1</sup></b>
<b>Building space (m<sup>2</sup>)</b>	<b>1,130,165</b>	<b>1,121,801</b>	<b>1,097,377</b>
thereof owned by Austrian Post	695,840	680,144	669,342
<b>Fuel consumption: petrol, super diesel, natural gas (litre million)</b>	<b>14.6</b>	<b>14.3</b>	<b>14.8</b>
thereof diesel	14.2	13.9	14.4
<b>CO<sub>2</sub> emissions (scope 1–3) according to the Greenhouse Gas Protocol (t)</b>	<b>78,533</b>	<b>70,834</b>	<b>—<sup>1</sup></b>
thereof scope 1 – road transport (own operations)	35,821	35,052	36,184
thereof scope 1 – buildings	9,265	7,986	— <sup>1</sup>
thereof scope 2 – buildings	14,783	7,402	— <sup>1</sup>
thereof scope 3 – partner companies	18,664	20,394	19,951
<b>Vehicles (total)</b>	<b>9,650</b>	<b>9,187</b>	<b>8,959</b>
Bicycles	1,049	958	789
thereof electric bicycles	94	164	439 <sup>2</sup>
Mopeds	1,235	1,078	904
thereof electric mopeds	6	80	142 <sup>2</sup>
Vehicles up to 3.5 t	7,214	7,005	7,105
thereof natural gas-driven vehicles	77	74	71
thereof electric-powered vehicles	18	18	72 <sup>2</sup>
<b>Vehicles over 3.5 t</b>	<b>152</b>	<b>146</b>	<b>161</b>
<b>Total number of kilometres (km million)</b>	<b>119</b>	<b>119</b>	<b>122.8</b>

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used standard for calculating greenhouse gas emissions. [www.ghgprotocol.org](http://www.ghgprotocol.org).

<sup>1</sup> Data not yet available, but will be published in the Sustainability Report 2013.

<sup>2</sup> Put into operation on January 31, 2014.



# FACTS & FIGURES

## MAIL & BRANCH NETWORK DIVISION

### Letter Mail

- Delivery of about 1bn letters annually to 4.3m households and companies in Austria
- Acceptance of letter mail at approx. 22,500 postal pick-up points in Austria
- Nationwide delivery every day of the highest quality (95.5% of domestic letters are delivered on the next working day after mailing)

### Direct Mail and Media Post

- Delivery of about 650m addressed direct mail items annually in Austria
- Delivery of about 3.3bn unaddressed direct mail items annually in Austria
- 301,673,906 KUVERTs (collective advertising envelope for direct mail) delivery in 2013

- Delivery of about 420m print media (newspapers and magazines, and 310m regional media in Austria
- Delivery of about 3.5bn unaddressed direct mail items in Slovakia, Hungary, Croatia, Romania, Poland and Bulgaria

### Branch Network

- 60m customer visits in 1,894 company-operated post offices and third-party operated outlets, including 1,359 postal partners
- 105,000 mobile telephony products sold and 60,000 orders for fixed line and Internet products offered by A1 Telekom Austria

## PARCEL & LOGISTICS DIVISION Austria

- Delivery of about 70m parcels and EMS items to all households/companies in Austria

- Parcel and EMS service in 220 countries around the world
- Fulfillment services, national and international transport of values

## Specialty logistics in Western Europe

- National and cross-border delivery of 52m shipments per year in Germany and 34 countries in Europe via EURODIS
- Transport and delivery of temperature-sensitive pharmaceuticals in Germany and Austria

## South East and Eastern Europe

- Delivery of about 22m national and international parcels and pallets annually in CEE
- Delivery of 95m parcels and documents in Turkey
- Installation of a B2C network – already every fourth item is X2C

## INTERNATIONAL PRESENCE

COUNTRY	COMPANY/INTEREST <sup>1</sup>	FIELD OF ACTIVITY
AUSTRIA	Österreichische Post AG	Letter mail, parcel delivery, express mail services (EMS), combined freight, addressed direct mail, media post, electronic services
	Österreichische Post AG, feibra GmbH	Unaddressed and addressed direct mail
	Systemlogistik Distribution GmbH	Warehousing, fulfillment
	Post.Wertlogistik GmbH	Value logistics
	Scanpoint GmbH	Scanning/archiving of documents
	D2D GmbH (30%)	Printing and mailing of documents
BULGARIA	M&BM Express OOD (51%)	Unaddressed and addressed direct mail, letter mail, hybrid mail
BOSNIA-HERZEGOVINA	24-VIP d.o.o.	Express and parcel service, combined freight
GERMANY	trans-o-flex Logistics Group GmbH	Combined freight, warehouse logistics, value added services, temperature-controlled logistics
	MEILLERGHP (65%)	Direct mail services and production
CROATIA	Overseas Trade d.o.o.	Express and parcel service, combined freight
	Weber Escal d.o.o.	Unaddressed direct mail, hybrid mail, letter mail
MONTENEGRO	City Express Montenegro d.o.o.	Express and parcel service, combined freight
POLAND	PostMaster PL	Unaddressed direct mail
ROMANIA	PostMaster RO	Unaddressed and addressed direct mail, hybrid mail, letter mail
SERBIA	City Express d.o.o.	Express and parcel service, combined freight
SLOVAKIA	Slovak Parcel Service s.r.o. (SPS), In Time s.r.o.	Express and parcel service, combined freight
	Kolos s.r.o.	Unaddressed and addressed direct mail, letter mail, hybrid mail
TURKEY	Aras Kargo a.s.	Express and parcel service, combined freight
HUNGARY	trans-o-flex Hungary Kft.	Express and parcel service, combined freight
	feibra Magyarország	Unaddressed and addressed direct mail, letter mail, hybrid mail

<sup>1</sup> The precise shareholding is only listed if Austrian Post has less than a 100% stake.

# GLOSSARY

## **AUTHORISATION TO RECEIVE MAIL**

The right to collect personally addressed mail items such as registered mail, collect on delivery, insured letters, money and certified mail with delivery confirmation can be transferred to another person by means of an authorisation to receive mail (with the exception of letter mail items labelled "Do not deliver to authorised agents" and parcels marked "Personal").

## **BUSINESS TO BUSINESS (B2B)**

refers to business transactions among companies.

## **BUSINESS TO CONSUMER (B2C)**

In B2C, the private customer and end user is the recipient of a mailing from a business.

## **COMBINED FREIGHT**

Joint transport of parcels and pallets in one network.

## **CONSUMER TO CONSUMER (C2C)**

refers to the business relationships among private individuals.

## **CORPORATE GOVERNANCE**

The rules and principles of responsible management and control in the interests of all stakeholders; the standards for Austrian companies are laid out in the Austrian Corporate Governance Code.

## **DELIVERY BASES**

Hubs in a distribution network serving as bases from which delivery staff serve their postal delivery areas.

## **EMS**

Austrian Post's Express Mail Service is a

product designed to quickly and securely transport letters and parcels.

## **GEOMARKETING**

Planning, coordination and monitoring of target group-oriented distribution of mail items based on geographical information systems.

## **INBOUND LETTER MAIL**

Letters transferred to Austrian Post by foreign postal operators for delivery in Austria.

## **INFOMAIL**

The Infomail Business Area, which forms part of the Mail & Branch Network Division, encompasses the acceptance and delivery of addressed direct mail items and undressed advertising mail to households in Austria and abroad, as well as direct marketing services (e.g. geomarketing, address management).

## **LIBERALISATION**

The letter mail market has been fully liberalised since the beginning of 2011 (and in some countries since 2013). Accordingly, the Austrian market for letter mail and addressed direct advertising items weighing over 350g was opened to competition on January 1, 1998. The market opening was extended to cover items weighing over 100g and all outbound mail, effective January 1, 2003. The final intermediate liberalisation phase in effect since January 1, 2006 extended free competition to all letters weighing over 50g.

## **MEDIA POST**

The Media Post Business Area, which forms part of the Mail & Branch Network,

Division, operates in the highly specialised print media delivery market.

## **OUTBOUND LETTER MAIL**

Letters transferred to foreign postal operators by Austrian Post for delivery abroad.

## **POSTAL SERVICE POINTS**

Close to 1,900 company-operated branches or partner-operated postal service points ensure nationwide postal service throughout Austria.

## **POSTAL MARKET ACT**

The new Postal Market Act passed at the end of 2009 creates a clearly-defined legal framework and serves as the basis for the fully liberalised letter mail market in Austria since January 1, 2011.

## **POSTAL PARTNER OFFICES**

Postal partner offices operated, for example, by food stores, petrol stations, tobacco shops or municipal offices, offer postal and financial services.

## **UNIVERSAL POSTAL SERVICES**

Universal postal services refer to the provision of basic postal services to the Austrian population, including delivery to any address throughout Austria five times per week, and a sufficient network of letter boxes and post offices or postal partner offices.

## **UNIVERSAL SERVICE ORDINANCE**

In addition to the Postal Market Act, the Universal Service Ordinance regulates the basic provision of postal services to the Austrian population. For example, it stipulates that mail items should be delivered to every Austrian five times a week.

## INDEX

**Acquisitions** 42ff.

**Business model** 10ff.

**Climate protection** 94ff.

**CO<sub>2</sub> neutral delivery** 94ff.

**Collection station** 63

**Customer benefits** 62ff.

**Earnings in 2013** 14ff., 75ff., 102

**Investor relations** 77ff.

**Liberalisation** 22

**Mail & Branch Network Division** 12

**Management Board** 14ff.

**Market environment** 20ff.

**Mission statement** 26

**New products/services** 62ff.

**Parcel & Logistics Logistics** 13f.

**Performance indicators**

78, 91, 97, 102

**Pharmaceutical logistics** 46f.

**Postal partners** 32ff.

**Post share** 75ff.

**Renewable energies** 94ff.

**Self-service zones** 62ff.

**Shareholder structure** 81

**Stakeholders** 72ff.

**Strategy** 24f.

**Total Shareholder Return** 77

**Trends** 20ff.



# SOLID PERFORMANCE IN 2013

**Revenue excl. Benelux:** slight revenue rise in both divisions

INCOME STATEMENT	2012	2013	Change 2012/2013
EUR m			
Revenue	2,366.1	2,366.8	0.0%
Revenue excl. Benelux <sup>1</sup>	2,348.9	2,366.8	+0.8%
Raw materials, consumables and services used	-766.9	-753.3	-1.8%
Staff costs	-1,091.4	-1,073.5	-1.6%
Other operating expenses	-294.8	-298.6	+1.3%
Results of investments consolidated at equity	-13.9	-6.6	+52.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	271.2	304.5	+12.3%
Depreciation, amortisation and impairment losses	-88.8	-118.5	+33.4%
Earnings before interest and tax (EBIT)	182.4	186.0	+2.0%
Earnings before tax (EBT)	151.6	171.2	+12.9%
Profit for the period	123.2	124.0	+0.7%
Earnings per share	1.82	1.82	0.0%

**EBIT:** further earnings improvement despite impairment losses

**Cash flow from operating activities:** stable cash flow enables future-oriented investments

CASH FLOW	2012	2013	Change 2012/2013
EUR m			
Cash flow from operating activities	246.7	246.5	-0.1%
Investments in property, plant and equipment (CAPEX)	-78.9	-96.4	+18.2%
Cash flow before acquisitions/divestments	-39.3	-74.5	>100%
Free cash flow before acquisitions/securities	172.1	153.9	-10.6%
Dividends	1.80	1.90 <sup>2</sup>	+5.6%

**Dividends:** attractive dividend yield of 5.5%

**EBIT margin:** high profitability

**Equity ratio:** solid balance sheet structure with low level of debt

SELECTED PERFORMANCE INDICATORS	2012	2013	Change 2012/2013
EUR m			
EBITDA margin (%)	11.5%	12.9%	-
EBIT margin (%)	7.7%	7.9%	-
Equity ratio (%)	41.7%	42.6%	-
ROE <sup>3</sup> (%)	21.0%	21.1%	-
Gearing ratio <sup>4</sup> (%)	9.7%	16.3%	-
Capital employed	713.2	755.3	+5.9%
ROCE <sup>5</sup> (%)	25.6%	25.3%	-

<sup>1</sup> The closing of the disposal of trans-o-flex Nederland B.V. took place as of March 15, 2012, for trans-o-flex Belgium B.V.B.A. as of May 31, 2012.

<sup>2</sup> Proposal to the Annual General Meeting on April 24, 2014, dividend payment on May 8, 2014

<sup>3</sup> Return on equity = Profit for the period/equity on January 1 less dividends paid

<sup>4</sup> Gearing ratio = Net debt/equity

<sup>5</sup> Return on capital employed = EBIT/average capital employed





