



THE NUMBER ONE ALWAYS ON THE MOVE



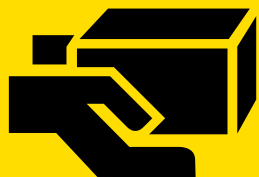
ANNUAL REPORT 2015 | MAGAZINE

NUMBER ONE IN AUSTRIA



95.9%

SUCCESS RATE FOR DELIVERY OF
DOMESTIC LETTERS ON THE FIRST
WORKING DAY AFTER POSTING



91.0%

SUCCESS IN DELIVERING PARCELS
ON THE FIRST ATTEMPT

3,600

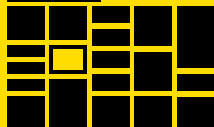


SERVICE POINTS
500 COMPANY-OPERATED
BRANCH OFFICES
1,300 POSTAL PARTNERS
200 OMV PETROL STATIONS
1,600 HERMES PARCEL SHOPS

210

COLLECTION STATIONS

ABHOL-
STATION



300

SELF-SERVICE ZONES

SB-

ZONE



EUR

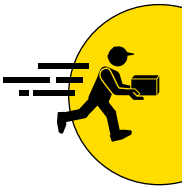
100_M

INVESTED ANNUALLY



13,416

PICK-UP BOXES



CHALLENGES ARE THERE TO BE FACED



The business environment in the postal and logistics market is a very challenging one. A lot of things are in motion. Letter mail volumes are steadily declining, and the restrained economic situation will not provide much impetus. In contrast, the uninterrupted trend towards online shopping generates increasing parcel volumes to private customers, and otherwise the Internet opens up exciting potential for postal companies. All of this is accompanied by intensive competition.

We accept these challenges and this transformation process. We have to change just as conditions change. And that is exactly what we are doing. We meet challenges and exploit opportunities. By doing so, we have to try out things, display courage and demonstrate our innovative strength. To put it in a nutshell, we have to stay on the go and keep on moving.

In practical terms, this means Austrian Post has to do and provide more in so many different ways, for example:

- ... more sites and postal service points
- ... more customer proximity
- ... more comfort

- ... more flexibility
- ... more choices for customers
- ... more options for large-scale mailers
- ... more online services
- ... more efficiency
- ... more innovation

We proactively meet challenges, recognise market and customer demands in a timely manner and develop appropriate innovative solutions. We are not afraid of trying out something new, considering that it would be a big mistake to stand still and do nothing. The most important factor contributing to our success is our strong team. Experienced and motivated employees are the key for us to remain the number one postal provider in the future thanks to our excellent performance and ongoing innovation.

Because together we are
ALWAYS IN MOTION.

Sincerely yours,

Georg Pölzl
Chief Executive Officer and
Chairman of the Management Board

WHAT IS

INVESTMENT STORY

There are many reasons for investors to invest in Austrian Post shares:

1. PROVEN BUSINESS MODEL

- Solid revenue development thanks to its leading market position in Austria
- Sustainably strong earnings based on innovative strength and an efficient cost structure

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
- Solid cash flow enables future-oriented investments and an attractive dividend policy

3. ATTRACTIVE DIVIDEND POLICY

- Further development of dividends due to earnings strength and solid cash flow
- Planned annual dividend payment of at least 75% of the Group net profit

4. CONTINUITY AND RELIABILITY

- Prudent and realistic guidance with clearly-defined objectives
- Clear commitment to achieve communicated targets



8.5M INHABITANTS



300,000 COMPANIES

MAIL SENT IN AUSTRIA EACH YEAR ...



860_M LETTERS



80_M PARCELS



4.8_{BN}
DIRECT MAIL ITEMS/MEDIA POST



20_{KM}



160_{LORRIES}



248_{MAIL AND}

16_{PARCEL DELIVERY BASES}



AUSTRIAN POST UP TO?



AUSTRIAN POST GROUP



23,500 EMPLOYEES CONTINUOUSLY WORK ON PRODUCTS AND SERVICES TO INCREASE CUSTOMER BENEFITS, ALSO IN SUBSIDIARIES IN 12 COUNTRIES

OUTSIDE OF AUSTRIA:



2^{BN}
DIRECT MAIL ITEMS



72^M
PARCELS



15,544
LETTERBOXES



1,785
POSTAL SERVICE POINTS



6 MAIL AND **7** PARCEL LOGISTICS CENTRES



CONVEYOR BELTS IN THE LOGISTICS CENTRES



9,000 MAIL AND PARCEL CARRIERS

7,558 CARS TRAVEL 270,000 KM/DAY

875 MOPEDS: 13,000 KM/DAY

862 BICYCLES: 5,100 KM/DAY

ON FOOT: 5,500 KM/DAY



4.4^M
HOUSEHOLDS AND COMPANIES

TOTAL **290,000** KM/DAY
CIRCLE THE EARTH 7x DAILY



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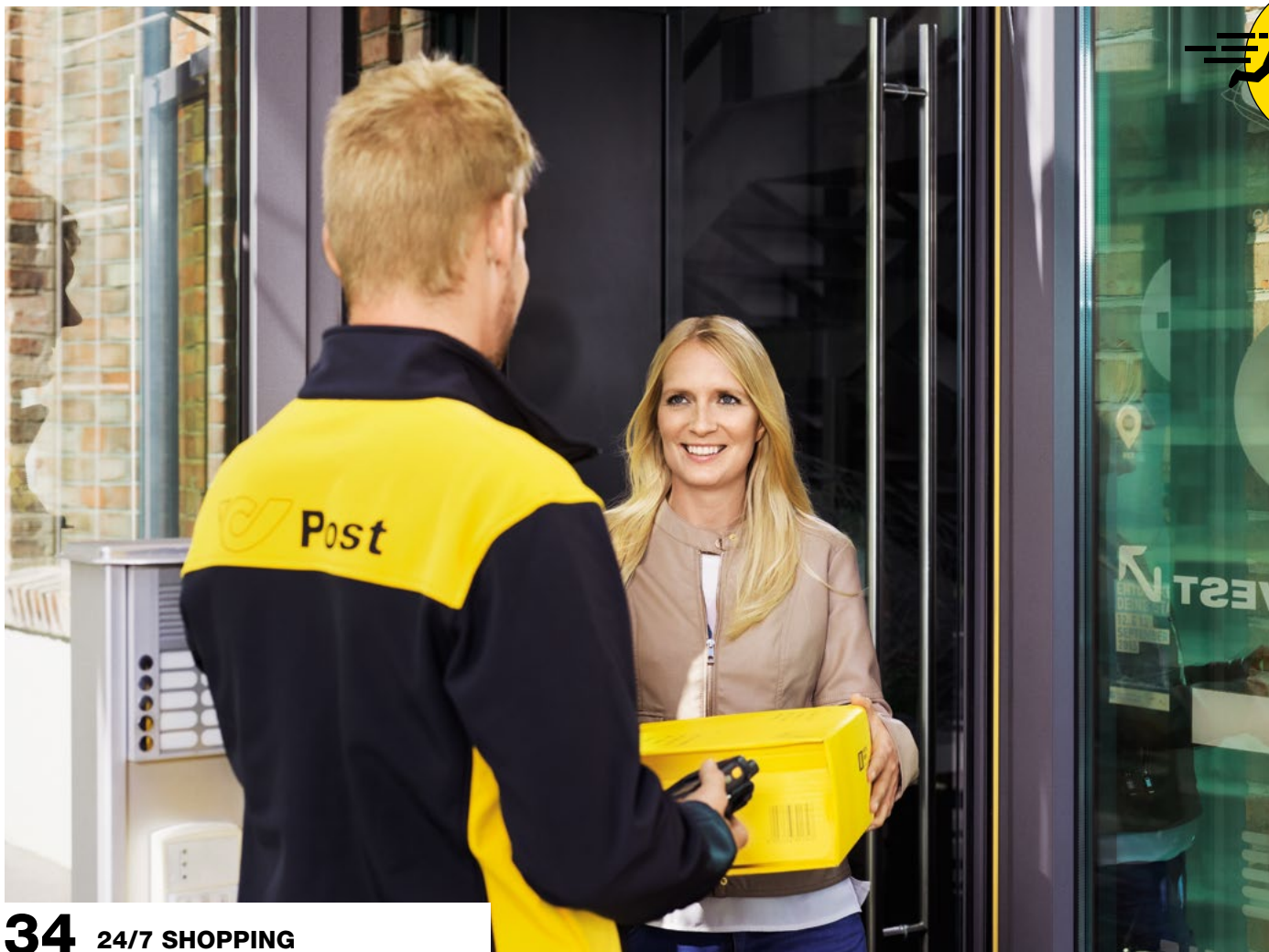
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HIGHLIGHTS 2015



I FEEL RIGHT AT HOME THERE

Customers can feel perfectly at home in the new post office in Vienna-Simmering. It offers a lounge area, a ticket system, coffee and water dispenser, children's corner, WLAN and even a specially developed aroma concept, amongst other things.

WELCOME PACKS FOR REFUGEES

People who wanted to send donations in kind to the refugee relief efforts of the Workers' Samaritan Federation Austria could do so in the fall of 2015 without paying postage. Close to 12,000 parcels were delivered by Austrian Post.



TAKE A SNAPSHOT. SEND IT. BRING JOY TO OTHERS.

The new postcard app enables smart phone users to design a real postcard from a snapshot within just a few seconds. Austrian Post prints and sends the card throughout the entire world for less than two euros each.

PARCELS ALSO ON SATURDAYS

Austrian Post has also been delivering parcels in urban areas on Saturdays since October 2015. The advantages for customers: no additional costs, quicker delivery and the perfect day for accepting parcels personally.



575 KILOMETRES IN RECORD TIME

A relay race across Austria – with the (fictitious) goal of transporting a birthday present for a small girl from Vorarlberg to Vienna in less than 48 hours. Austrian Post employees accepted this sporting challenge, setting a world record of only 43 hours to manage “Mission:Susi”.



INFORMATION IS EVERYTHING

In 2015, Austrian Post acquired 80% of Aktionsfinder. Each month about 29m pages of advertising flyers are viewed. Users receive the best offers of retailers.



SURVEY RESULTS PUT INTO PRACTICE!

Austrian Post carried out its first employee survey in 2013. Many improvements were implemented on the basis of these results. The 2015 survey, in which the number of participants rose by 10 percentage points to 41% compared to the previous survey two years earlier, showed that the measures are working.



FAST FOOD FROM AUSTRIAN POST

Speed is of the essence in the transport of fresh goods. This is exactly what Austrian Post offers thanks to its food logistics and specially developed thermobox.



BEST FRIENDS

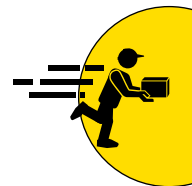
To counteract the myth of the age-old enmity between dogs and postal employees, Austrian Post's mail carriers have been distributing little doggie treats to their four-legged friends along their delivery routes since 2015.

COMPANY

DIGITALISATION
E-COMMERCE
LOGISTICS
ECOLOGICALISATION
EMPLOYEES
FACTS & FIGURES



From left: Walter
Hitziger, Georg Pölzl,
Walter Oblin and
Peter Umundum



“... STANDING STILL IS NOT AN OPTION ...”

An interview with the members of the Management Board of Austrian Post: Georg Pölzl, Walter Oblin, Walter Hitziger and Peter Umundum.

Mr. Pölzl, this Annual Report 2015 is a clear signal on your part that although Austrian Post is the market leader, it does not intend to sit back and take things easy. Instead, it will continually work to safeguard its market position. What exactly is this message trying to convey?

PÖLZL: Postal companies around the world face a difficult business environment. However, we have a good market position which we are proud of and aim to continue defending. We are the number one in Austria with respect to speed, quality and service orientation, and we want to remain this way. Today we are capable of delivering more than 95% of all letters on the next working day and 91% of all parcels on the first delivery attempt. This represents an outstanding performance in international comparison. By the way, this not only applies to urban areas but to all of Austria, from Lake Neusiedl to Lake Constance. There are numerous ideas and measures in our pipeline so that our postal services continue to be reliably top-notch, from Saturday delivery to nationwide round-the-clock services. In other words, what is needed is to continuously move forward, because standing still means falling behind.

What conditions make it so difficult for postal companies?

PÖLZL: The macroeconomic environment in the postal business has been subject to steady change for years now, both in Austria and throughout the world. So-called “digital substitution” is ▶



LOGISTICS MARKET IN TRANSITION.

The postal and logistics sector has been undergoing change for years.

Key factors include the steady decline in the letter mail business and constant growth on the parcel market.



the reason why global letter mail volumes are continually declining. The decrease in Austria of 4% last year was more pronounced than in previous years, but still in the predicted range of minus 3–5% annually. In contrast, the parcel market is showing a clear growth trend, particularly in the private customer segment. However, this is accompanied by intensive competition.

Letter mail volumes which traditionally comprise your core business will tend to decrease in the future. What are the underlying reasons for this structural change?

HITZIGER: There are two main reasons. In the traditional addressed letter segment, we see that people intend to further reduce their volume of mail, and increasingly substitute this with online communication. The second factor is that the advertising market, which is important to us given that we transport close to five billion addressed and unaddressed direct mail items each year, is volatile. Particularly in such a weak economic

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 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.

environment, numerous customers tend to save rather than expand their activities. Nevertheless, many companies increasingly turned to this type of advertising once again in 2015.

What can one do about this? You continue to claim the leadership position in this segment for the future as well ...

HITZIGER: We are steadily upgrading our



“We are number one in Austria and want to stay that way.”

Georg Pölzl

“We are continually working on further developing our structures in an efficient and up-to-date manner.”

Walter Hitziger

products and services towards individualised solutions. In particular, we have to offer our business customers a service and product portfolio which optimally fulfils their requirements, both with regard to conventional letter mail and dialogue-oriented advertising on the basis of direct mail. We keep on thinking of what is best, and purposefully meet the trend towards greater digitalisation by developing solutions to link digital and traditional forms of communication. The catchword is hybrid offerings. In addition to this, we also intentionally think outside the box. For example, last year we created an attractive offering for our advertising customers by acquiring Aktionsfinder. Naturally our retail customers can equally benefit from this.

Which structural improvements are being implemented?

HITZIGER: We continuously focus on further developing our structures to ensure that they are efficient and up-to-date. In addition to other measures, also organisational in nature, we are massively investing in state-of-the-art sorting technology and working tools on an ongoing basis. The underlying objective is to further enhance process efficiency along the path taken by mail items we transport. This also extends to the deployment of e-vehicles which not only perfectly fulfil our delivery requirements but also have a positive effect on the environment.

Mr. Umundum, the parcel business is extremely multifaceted and, unlike the mail segment, can look forward to growth impetus ...

UMUNDUM: We are the market leader in the Austrian parcel business, and already transported 80 million parcels in 2015, representing a good 40% increase compared to just five years ago. The main factor driving this growth is the online business, which we can perfectly support thanks to our product and service portfolio. We offer online retailers delivery options in our logistics networks which precisely fit their needs. Subsequently we guarantee high-speed delivery throughout Austria. In this way we optimally support the online shopping trend.

How are you arming yourself to cope with increasing competition in this segment?

UMUNDUM: We do this by further improving the outstanding quality we already offer. For years we have been consistently making investments. As a result, we boast the best network in the country today. Our mail and parcel carriers reach every household in Austria every day, and can already deliver the vast majority of parcels on the next working day. This is of enormous importance to our customers. Moreover, we have a clear competitive edge in terms of service. One example is Saturday delivery which was introduced in 2015. This means we deliver parcels six days a week. I have other examples in mind, ►

i.e. our successful entry into the food logistics market, our extensive self-service solutions, the Post App providing our customers with maximum delivery flexibility, or the 3,600 postal service points where customers in Austria can take advantage of the services offered by Austrian Post.

PÖLZL: We are steadily expanding this high level of service. In 2016 we will have installed at least 330 self-service zones, 250 pick-up stations and 16,000 pick-up boxes in residential buildings throughout Austria. However, apart from the technical dimensions of what we offer, the human factor also plays an important role. Thanks to the commitment and experience of our mail carriers, we manage to actually bring 91% of all parcels to the recipients in the first delivery attempt. There is no need for me to emphasise what this means for people in terms of comfort and convenience.

You also operate in the parcel business outside of Austria. Is the performance of your international subsidiaries just as dynamic as in Austria?

UMUNDUM: We are also witnessing a very positive development in Eastern Europe, where there is consistent double-digit volume growth. Naturally we face strong competition and price pressure, but our logistics know-how and the high quality of services which we also roll out in these markets from our Austrian base brings significant advantages. In this case we benefit from our extensive experience on the domestic market.

The same applies to the Turkish parcel services provider Aras Kargo, in which we have held a 25% stake since 2013. The basic postal market trends also prevail in Turkey, which is a challenging but promising market. In 2014 Turkish parcel volumes grew by 17%. We also systematically contribute our know-how to supporting Aras Kargo where it makes sense, e.g. within the context of joint optimisation projects for logistics hubs and shops. In 2016 we have the option of increasing our stake in the company.

What is the situation in Germany, where things did not develop the way the company wanted in recent years?

UMUNDUM: The business in the very competitive German market continues to develop below our expectations. For this reason, after considering all strategic options, we decided to sell the transo-flex Group.

Ultimately the success of Austrian Post is determined by retail customers. How do they realise that the products and services of Austrian Post are in step with the times and meet their needs?

PÖLZL: There are two dimensions to this. On the one hand, they see this physically, in their branch offices, where we continually test new ideas and services. If they prove to be successful, we roll them out on a broad basis. One example well-received by our customers is the system of having only one line of people waiting to be served in the branch offices. As a next step, we are testing a ticket system. We are also working on children's corners, coffee dispensers, info-screens and our own entertainment programme. Of course our self-service solutions are extremely important, including the possibility to pick up mail items on a 24/7 basis.

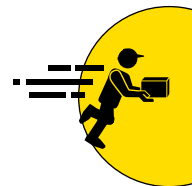
The second level in which we take retail customers with us into the future is our online world. The above-mentioned Post App is spearheading our efforts. It offers customers maximum comfort, from track and trace and redirection to the digital "yellow slips". We offer other services as well such as the self-printable online parcel stamp, or the Postcard App, enabling individualised postcards to be sent directly from a person's smart phone. These innovations are popular and we always get very positive feedback about them in the context of our regular customer surveys.

Are there going to be changes in your business strategy as a result of ongoing changes in the business environment?

PÖLZL: We formulated our business strategy several years ago, keeping these precise types of change in mind. We will continue on this path outlined by our four strategic cornerstones. We are permanently working on safeguarding our market leadership on our domestic market, and further enhancing efficiency. At the same time, we are exploiting new growth opportunities in Austria and abroad, providing ongoing impetus with respect to customer orientation and innovation. This strategy has proven its value, and will remain the guiding force behind all our activities.

What are your most important success factors?

PÖLZL: The main success factors for us are definitely the innovative strength and commitment of our employees. It is essentially to their credit that we are number one when it comes to



“We delivered a remarkable performance, even in turbulent times.”

Walter Oblin

“We boast the best network in the country thanks to consistent investments.”

Peter Umundum

our value proposition and ability to deliver on our promises. We are aware what Austrian Post employees accomplish day in and day out, and this is also rewarded. It is extremely important to pull together in the same direction. This is what we want and will continue to do. Our world record relay race entitled Mission:Susi, which took place last summer, provides symbolic proof of what people can achieve together. A total of 79 runners managed to cover a distance of 575 kilometres throughout the entire country in just 43 hours. This is a very good indication of the spirit prevailing at Austrian Post.

Mr. Oblin, how is this multifaceted situation reflected in Austrian Post's business results for 2015?

OBLIN: The bottom line is that we achieved our targets. We increased revenue by 1.6% and improved our operating result. Operating EBIT rose to EUR 198.0m in 2015, which also saw several adjustments and special effects. On balance, we reported impairment losses of EUR 131.9m, of which the lion's share pertains to the subsidiary trans-o-flex held for sale. The cash flow before acquisitions and securities amounted to EUR 178.3m in 2015, surpassing the comparable figure for 2014. The strong cash flow also secures our investment strength for the future. In addition, it serves as a basis to keep our dividend promise. We will propose a dividend of EUR 1.95 per share for the 2015 financial year to

the Annual General Meeting. This corresponds to a dividend yield of close to 6% in relation to the share price at the end of December 2015. We stand by our commitment to a sustainably stable dividend policy.

In other words, should your shareholders be satisfied?

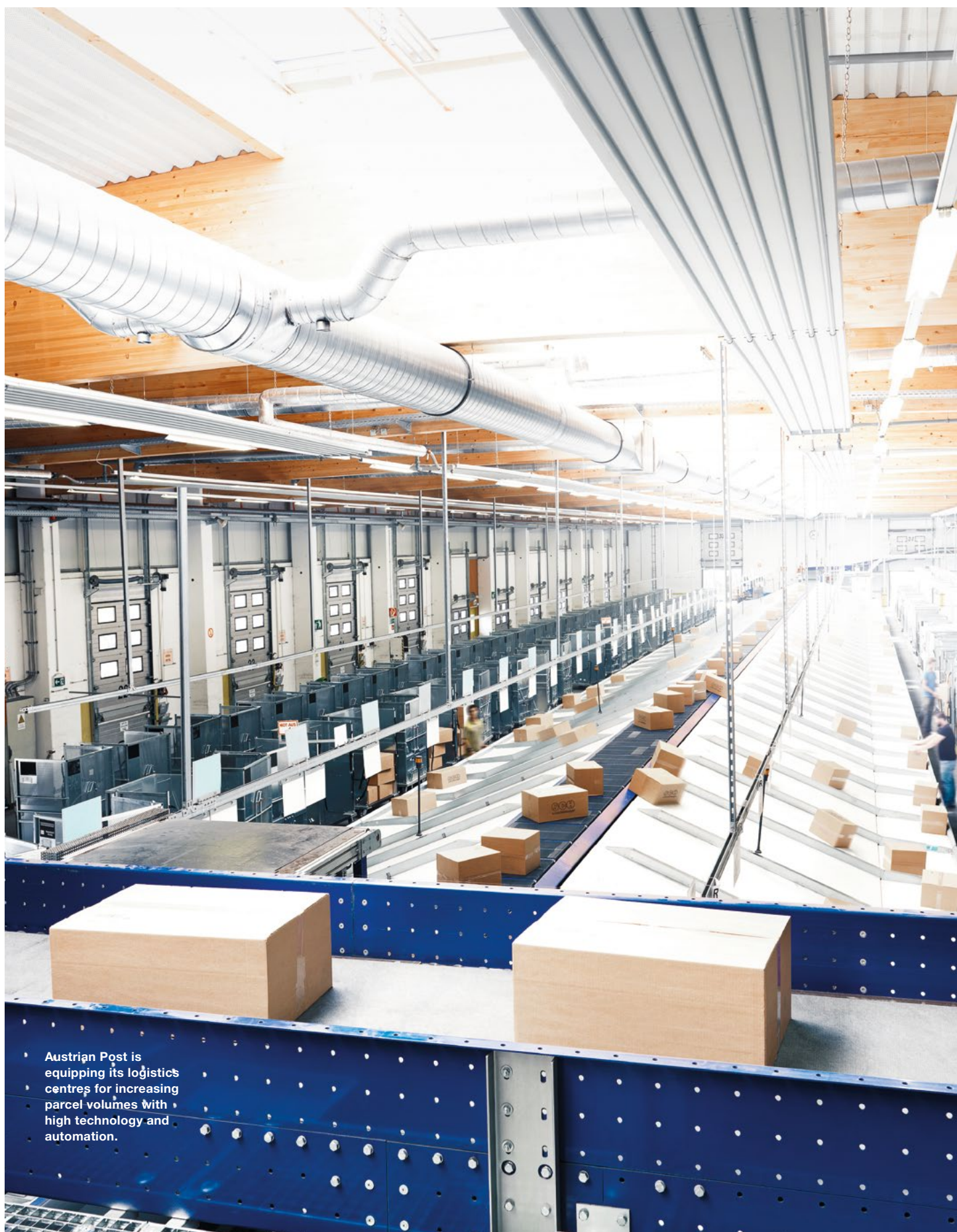
OBLIN: We hope so. Even in the tenth year following our initial public offering, we remain committed to maintaining our capital market positioning. Against the backdrop of turbulent times, we still delivered a remarkable performance. The total shareholder return for the original Austrian Post shareholders is currently 163.1%. In particularly turbulent times on stock markets, it is important for us to reiterate the fact that we are adhering to our policy of being an attractive dividend stock.

Mr. Pölzl, can it be expected that Austrian Post will continue to be so reliable in the future?

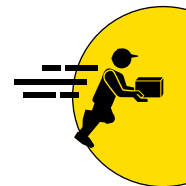
PÖLZL: Absolutely. Stability and predictability are our priorities in the coming year. In spite of increasing uncertainty on the mail and parcel market, our objective is to maintain stable operating results. In recent years, we even managed to generate slightly improved earnings. In everything we do, one thing is certain: we will always be on the move, in the interests of our customers, employees and shareholders. ■

COMPANY

DIGITALISATION
E-COMMERCE
LOGISTICS
ECOLOGICALISATION
EMPLOYEES
FACTS & FIGURES



Austrian Post is equipping its logistics centres for increasing parcel volumes with high technology and automation.



A MARKET IN TRANSITION – A COMPANY ON THE MOVE

Declining amounts of letters and increasing parcel volumes are two fundamental trends which continued to shape the international postal and logistics sector in 2015, and thus the development of Austrian Post.

For years digitalisation has been the driving force behind a changing logistics market.

This poses major challenges to postal companies, but also considerable economic opportunities. Against this backdrop, Austrian Post is clearly strategically geared to optimising its operations and thus achieving greater efficiency. On the other hand, it is also developing new solutions with respect to its technologies, products and services as well as customer service and convenience. Austrian Post continually evaluates all operational processes to uncover possibilities to introduce innovations and improvements, keeping an eye on the overriding objective of ensuring the sustainable economic development of the company. Thanks to this holistic approach, Austrian Post is also successful in challenging times, as demonstrated by its business results in 2015. This shows that Austrian Post is on the right track, based on the resolute implementation of its strategy.

Decline in the traditional mail business continues

The substitution of traditional letter mail by electronic forms of communication poses the biggest challenge to postal companies across the globe. No fundamental change in this trend is expected in the coming years. The international postal sector anticipates a medium-term drop of



CLEAR STRATEGY.
Austrian Post responds to changes on the postal and logistics market with ongoing optimisation, highest quality service and constant new offers.

3–5% annually in addressed letter mail volumes. The decrease of 4% in Austria in 2015 is in the middle of the predicted range. On balance, letter mail volumes in Austria fell by an average of 3% annually over the past five years, whereas postal providers in the Netherlands and Great Britain were faced with a drop of 8.0% and 4.3% p.a. respectively. Austrian Post strives to maintain the use of physical letters at a high level on the basis of its outstanding quality. For example, it scores points thanks to its high delivery quality. 95.9% of all letters posted with Austrian Post already reached the intended recipients within Austria on the next working day.

Another advantage of Austrian Post is its moderate price policy in international comparison. It is true that the company raised rates for standard domestic letters from 62 to 68 cents in March 2015 with the approval of the Austrian regulatory authorities. Nevertheless, in spite of this slight price hike, Austrian Post fares very favourably compared to other European postal companies, whose postal rates for such letter mail range between the equivalent of EUR 0.35 in Romania to EUR 1.88 in Denmark. Austrian Post's moderate price level combined with its high delivery quality shows that Austrian Post has effectively done its homework with respect to process optimisation.

Parcel and direct mail growth

The trend towards digitalisation has had a positive impact on parcel revenue in recent years. The entire e-commerce segment is expected to continue on its growth path in the medium and long term. The retail food sector is increasingly proving to be an exciting future-oriented topic (also refer to page 48) complementing the traditional mail order business. E-commerce is fore-

cast to show a growth rate of about 10% p.a. in the period 2015–2018. In particular, the under-30 age group likes to shop online, using their smart phones more than ever before as a channel for their consumption. All this holds substantial potential for Austrian Post.

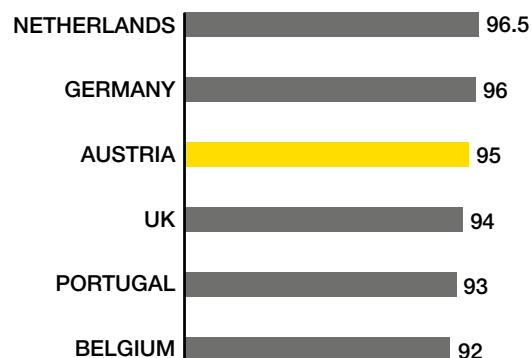
According to a study conducted by Kreutzer Fischer & Partner, a total of 69m parcels were sent to private customers in Austria in 2015 (B2C and C2C), comprising an impressive rise of 7.2% compared to the previous year. There is still considerable room for expansion. A glance at the situation in Europe shows that Austria still ranks in the low mid-range with respect to per capita parcel volumes. The above-mentioned study in 2015 concluded that the B2B parcel business developed less dynamically, expanding by only 1.2%. Once again, the sluggish development in this segment is due to the generally tense economic situation.

76% of all parcels to private customers in Austria in 2015 were delivered by Austrian Post, which has a significant competitive advantage vis-à-vis other market participants due to its high quality and nationwide service. However, the competition never sleeps if a business area promises attractive growth rates. In particular, the recent business activities of Deutsche Post have intensified competition on the Austrian market. Business with direct mail also showed growth over the past year. Austrian Post has been able to excellently position itself in this market segment in recent years by implementing sales campaigns and introducing attractive new products (also refer to page 30).

Physical advertising tools, especially unaddressed direct mail items or advertising circulars known in Austria as "Postwurfsendungen", comprise an indispensable component of a compa-

DELIVERY QUALITY LETTER MAIL 2013

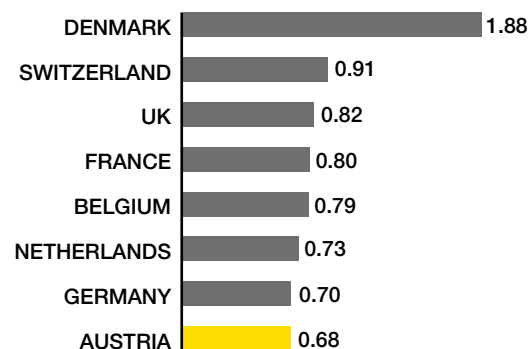
NEXT-DAY DELIVERY IN %



Source: Kepler Cheuvreux

POSTAL RATES FOR STANDARD LETTER 2016

EUR



Source: Company data



In many places Austrian Post now delivers mail items exclusively on foot, per bike or e-powered vehicles.

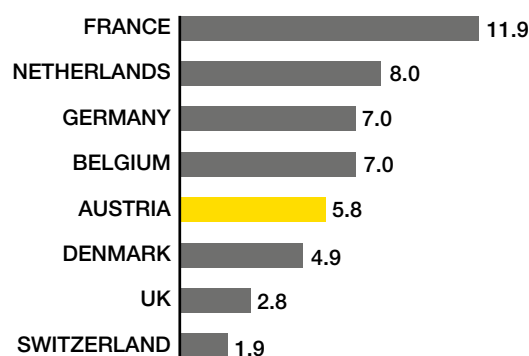
ny's advertising strategy, particularly for small and medium-sized firms (also refer to page 26). The number of direct mail items per capita in Austria is many times higher than in Great Britain or Germany, in light of Austrian Post's success in establishing these products as an ideal complement to the marketing mix of companies.

Resolute commitment to climate protection

Austrian Post is not only constantly in motion when it comes to transporting mail items. The company is also resolutely continuing along the climate protection path it chose by consistently reducing its carbon dioxide emissions. The main areas of focus are electromobility, energy savings measures and the use of energy from renewable sources. In this way, Austrian Post is responding to societal demands to conserve natural resources as well as its responsibility as one of the country's largest companies. Years ago Austrian Post already gained a reputation as an international trailblazer for climate protection as a result of its CO₂ NEUTRAL DELIVERY initiative (also refer to page 56). This commitment is highly valued by the customers and employees of Austrian Post as well as by its investors.

PARCEL VOLUMES IN EUROPE 2013

PARCELS PER CAPITA



Source: Kepler Cheuvreux

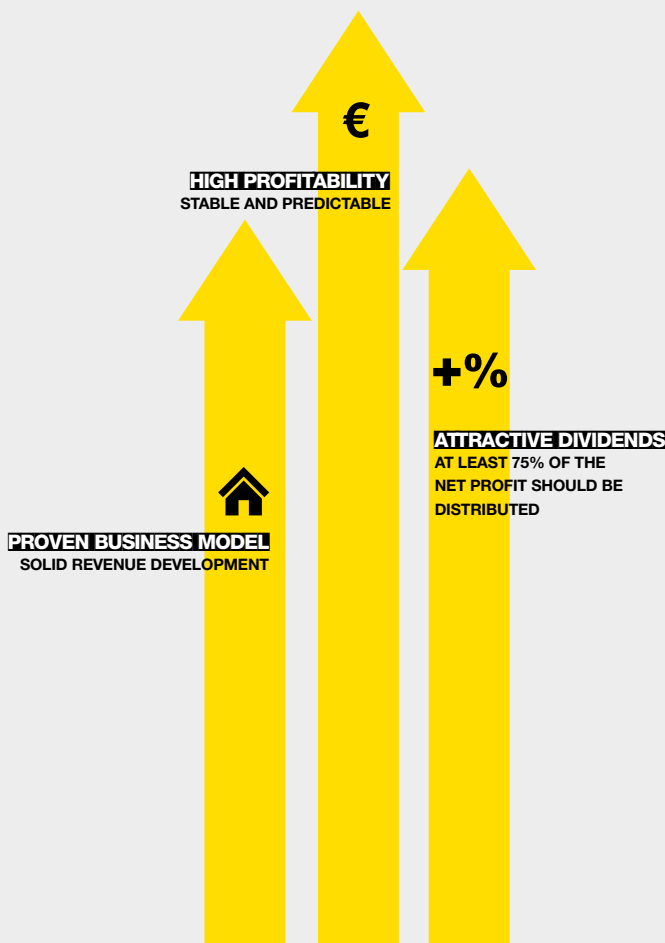


COMMITTED TO THE ENVIRONMENT.
The commitment to comprehensive climate protection is deeply embedded at Austrian Post, and impacts just about every business area.

STABLE AND PREDICTABLE

The business strategy of Austrian Post is based on three cornerstones: a solid business model, high profitability and an attractive dividend policy for the benefit of its shareholders. The 2015 financial year yielded good results in all three areas.

ECONOMIC OBJECTIVES OF AUSTRIAN POST



Proven business model:

solid revenue development

Whereas volumes of addressed letter mail are decreasing due to ongoing e-substitution, Austrian Post is exploiting innovative solutions and growth opportunities in other business segments. In this way the company generated revenue growth of 1.6% in 2015. The revenue forecast for 2016 depends on a potential change in its business portfolio. A largely stable development is targeted in its existing activities.

High profitability: stable and predictable

A solid level of profitability is a fundamental basis for sustainable corporate perspectives for the future. In recent years Austrian Post achieved its target of generating an EBITDA margin of around 12%. In 2016, Austrian Post will strive to generate a stable operating result driven by existing revenue trends, new, innovative business ideas and the implementation of the planned efficiency enhancement programme.

Attractive dividend policy: Three-quarters of net profit distributed to shareholders

Since the Initial Public Offering of Austrian Post in the year 2006, the company's dividend policy has been a key cornerstone of its investment story. Since then, at least 75% of the Group's net profit has been distributed to shareholders each year. Accordingly, Austrian Post further developed its dividends in line with its operating results, ranking among the most attractive dividend stocks on the Vienna Stock Exchange and in comparison to its international peers.



FOUR IS THE WINNING NUMBER

IN 2010, AUSTRIAN POST DEFINED FOUR CORE STRATEGIES DESIGNED TO OUTLINE THE LONG-TERM PATH OF THE GROUP.

1. Defending market leadership in the core business

Austrian Post aims to remain the market leader in Austria. For this reason, it guarantees the highest quality mail and parcel delivery service for the benefit of its customers. No other company in Austria offers higher quality with respect to logistics and convenience than Austrian Post. In the light of intensified e-substitution, Austrian Post is continually upgrading its portfolio by adding new services and expanding its digital and hybrid offering.

2. Profitable growth in selected markets

Austrian Post is pursuing a focused growth strategy as a means of compensating for declining letter mail volumes. The primary emphasis is on the parcel and logistics business. Austrian Post stands out in the markets of South East and Eastern Europe as well as Turkey thanks to its comprehensive know-how, striving to further develop its business in a sector characterised by above-average growth rates. The Mail Solutions segment and the entire speciality logistics market also offer attractive potential.

3. Enhancing efficiency and increasing flexibility of the cost structure

A company aiming to achieve a high level of profitability should not lose sight of the need for lean structures and processes. Austrian Post continuously invests in its logistics infrastructure and resorts to state-of-the-art technologies in order to further enhance the efficiency of its operational processes. This begins with largely automated logistics centres and ends with the latest software solutions to plan delivery routes and transport operations. Process and staff costs are also subject to ongoing evaluation and optimisation.

4. Customer orientation and innovation Austrian Post has reacted to changes in customer requirements in recent years by developing innovative solutions for 24/7 services such as self-service zones, pick-up stations, pick-up boxes and smart phone applications for business and private customers. In addition, the company is planning the market launch of a series of further innovations, always with the aim of increasing customer benefits. ■

THE FOUR STRATEGIC CORNER-STONES OF AUSTRIAN POST

1.

DEFENDING
MARKET LEADER-
SHIP IN THE CORE
BUSINESS

2.

PROFITABLE
GROWTH IN
SELECTED
MARKETS

3.

ENHANCING
EFFICIENCY AND
INCREASING FLEX-
IBILITY OF THE
COST STRUCTURE

4.

CUSTOMER
ORIENTATION AND
INNOVATION

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 trend towards e-commerce
- Factor cost increases and the development of staff costs
- Regulatory environment

INTERNAL

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

LONG-TERM GAINS

Austrian Post has succeeded in announcing solid business results every year since its IPO in 2006. This is reflected not least in the development of the Post share and the total shareholder return. Even if the share price briefly declined in the second half of 2015, shareholders can still be pleased with the value growth of 163.1% of the original share price since the IPO.



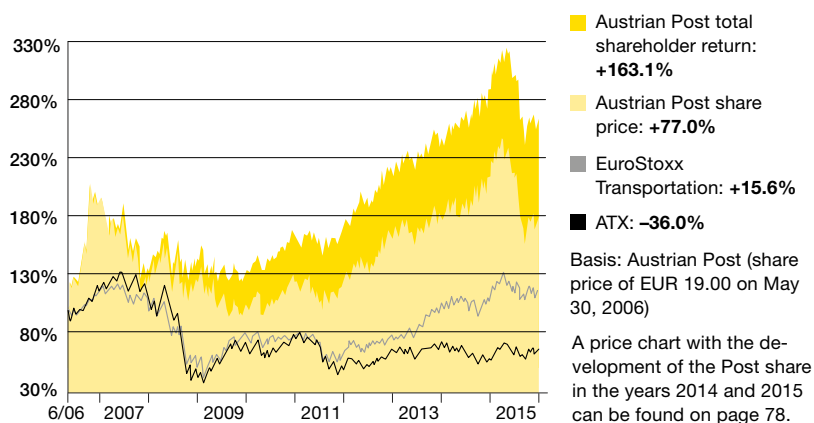
Post share in 2015

The price of the Austrian Post share was subject to an unsettled development. After starting the year at EUR 40.38, the value of the share rose strongly in the first half of the year. There was a significant correction in the second half of the year. Many analysts attribute this development to increasing macro uncertainties for the economy and the capital market, as well as to conditions in the postal sector, such as more pronounced volume declines in letter mail, and especially in Austria, intensified competition on the parcels market. The Post share closed out the year 2015 at EUR 33.63 per share (refer to the key indicators on page 79).

Solid corporate development in 2015

In spite of the difficult market environment, Austrian Post still presented solid business results for the 2015 financial year. Group revenue rose by 1.6% to EUR 2,401.9m. More specifically, both the Mail & Branch Network Division (+0.9%) and the Parcel & Logistics Division (+2.9%) posted growth. In terms of product groups, Letter Mail & Mail Solutions (+2.3%) and Branch Services (+0.6%) generated revenue increases, whereas Direct Mail (-0.5%) and Media Post (-1.7%) reported a decline. The Parcel & Logistics Division showed a varied regional development. Significant revenue increases were generated in Austria (+7.4%) and South East and Eastern Europe (+6.6%), whereas the revenue and earnings development in Germany (subsidiary trans-o-flex) was below expectations. Operating EBIT rose to EUR 198.0m in 2015. Special effects impacted the business results of Austrian Post in 2015, as in 2014. On balance, impairment losses of EUR 131.9m were recog-

TOTAL SHAREHOLDER RETURN OF 163.1% SINCE THE IPO





nised, of which the lion's share relate to the subsidiary trans-o-flex Group which is held for sale. There was also a positive net effect to the amount of EUR 23.0m, arising from the claims related to non-wage costs paid in previous periods. On balance, EBIT totalled EUR 89.0m. Adjusted earnings per share were at EUR 2.10 and reported at EUR 1.06. Austrian Post continues to boast a stable basis for its business operations thanks to an equity ratio of 39.8% and liquid resources of EUR 357m.

Convincing long-term total shareholder return

From a long-term perspective, the Post share ranks among the most attractive stocks on the Vienna Stock Exchange, and is clearly on par with its international counterparts. The notable total shareholder return of 163.1% since 2006 has given Austrian Post an outstanding reputation in the financial community. The Management Board will propose to the Annual General Meeting scheduled for April 14, 2016 to distribute a dividend of EUR 1.95 per share for the 2015 financial year.

In addition to the solid long-term performance of the Post share and the sustainable dividend policy, the company's strong position on its domestic market and the clearly-defined strategic orientation are arguments in favour of the company. The investment profile is rounded off by a strong balance sheet and solid cash flow, serving as a reliable basis for future investments.

Recognised transparency

Austrian Post is a solid, predictable and reliable partner for its shareholders. It keeps its promises, and its corporate governance clearly emphasises transparency and open communications in its corporate governance activities. Accordingly, it has gained a high level of investor confidence over the past years. This is underlined by the numerous awards and prizes won by Austrian Post, which has almost become a tradition. These include first place in the Vienna Stock Exchange Awards, the New Yorker ARC Award or the Austrian Annual Reporting Award granted by the business magazine "trend". ■

AWARD-WINNING

Austrian Post is number one in Austria. This not only applies to its market shares. The company can justifiably claim the leadership position in numerous other categories. This is reflected in a series of awards Austrian Post received once again in 2015:

ANNUAL REPORT 2014

- » trend Austrian Annual Report: Overall winner, and winner in all four individual categories for the first time
- » Austrian Public Reporting Award: 2nd place for publicly traded companies

VIENNA STOCK EXCHANGE AWARDS 2015

- » 1st place: Main category ATX
- » 3rd place: Journalist Prize

MISSION:SUSI

- » Austrian Event Award
- » IAB Webad
- » Guinness World Records
- » German Event Award BEA

More information on page 70

ADVERTISING SPOT "BETTER NO LETTER"

- » Austrian National Award for Advertising
- » Cannes Corporate Award

"ÖKOPROFIT"

- » Styria Letter Centre
- » Vienna Letter Centre
- » Freight Logistics Centre East

"POST AM ROCHUS"

- » Pre-certificate in Silver from the Austrian Sustainable Building Council (ÖGNI)
- More information on page 69

FOOD4ALL@HOME

- » Spring Award
 - » Austrian Logistics Prize
- More information on page 49

SILVER BEST RECRUITERS SEAL

PROCURE2PAY

- » E-Procurement Award



From left: Gábor Petter, Christoph Berger, Göksal Belliki,
Manuel Dörr, Sascha Hirtl – mail carriers in Vienna





ALWAYS DELIVERED SAFELY

Digital communication is not the solution for everything and anything. Some messages simply work better on paper. Austrian Post has just the right offering for this purpose, for both private customers as well as for the advertising industry. Thanks to its innovative solutions, it successfully defies the ongoing decline of conventional letter mail volumes. **CHALLENGE ACCEPTED.**

THE RENAISSANCE OF PRINT

Digital media are irresistibly permeating our everyday lives. At the same time, this trend apparently also reveals the added value of printed paper in contrast to the digital information overload. Print stands for security and respect in communication.



Austrian companies are increasingly relying on print media again for their advertising.



Print media adds impetus

The renaissance of print is taking place particularly in the field of advertising. Leaflets, flyers and catalogues have long ceased being only a transmitter of information, but serve as vital catalysts. They appeal to a reader's emotions, and in this way create new needs, in turn generating higher retail sales.

Many companies now increasingly use print to complement their digital advertising activities. The most important ingredient of success is quality. Images, haptics and high quality contents affect people.

This understanding has impacted almost all sectors. It is hardly surprising that even Internet retailers have discovered the value of print advertising, intentionally adding printed catalogues as emotional contrasts to their online offering.

You can rely on paper – the right to a printed invoice

60% of the Austrian population prefers to have important personal and sensitive documents on paper. This was confirmed by an Austrian Post survey carried out in 2015. On the one hand, the popularity of paper-based documents is due to emotional reasons. Paper conveys a feeling of security and reliability. On the other hand, people have a need to maintain an overview and control of the situation. Finally, printed materials are associated with customer-friendliness, official status and data protection. For this reason, many companies intentionally communicate with their customers by letter, which is also confirmed by the Austrian Post survey. Accordingly, the majority of invoices and documents continue to be sent by post.

Even if the volume of traditional letter mail once again declined in 2015, one thing is clear: letters remain the medium of choice for high quality and really important communication. This strongly suggests that the paperless world of tomorrow is actually an idea from yesterday.

Absentee voting is a good choice

There is hardly any situation in which high quality communication is in demand as much as in the case of elections, especially when it comes to absentee voting per mail. Many Austrians now take absentee voting for granted. In addition to increased capacities, the many services required

by Austrian Post to make absentee voting possible are based on a great deal of experience. The triumphal spread of postal voting is mainly a further indication of people's confidence in letters as a medium of communication, and thus also in Austrian Post, which makes such a convenient form of direct democracy possible in the first place. Austrian Post provides a whole range of complex services in connection with absentee voting, from the announcement of electoral rolls, hung up in residential building entrances, and delivering absentee ballots to installing additional letterboxes:

1. Election notification

The public announcement of an upcoming election, which includes the respective electoral rolls at a given address, is hung up in thousands of residential buildings.

2. Election information and absentee ballot request form

Mail circulars provide information about the election, the relevant polling station and the possibility to submit an absentee ballot request form. ▶

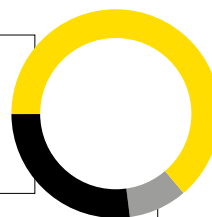
GROWTH POTENTIAL FOR AUSTRIAN POST

The number of postal voters is expected to increase.

64% CAN IMAGINE
VOTING BY MAIL

27% ALREADY
VOTED BY MAIL

9% NOT SPECIFIED



Source: IFES study 2015, n=500

3. Production of voting cards and official reply envelopes

A complexly designed envelope including return system and voting card ensures the secure mailing of absentee ballots without traceability.

4. Mailing of ballots to applicants

The personalised voting cards are shipped to the applicants via registered mail.

5. Collection and handing over of absentee ballots to the election commission

Austrian Post temporarily increases its letter mail distribution capacities to ensure that all absentee ballots are quickly delivered to the election commission. The company also offers extensive additional services to municipalities relating to the collection and transport of voting cards.

The best choice for Austrian Post

A 2015 IFES study illustrated the future potential of absentee voting. About one-quarter of all eligible voters has already cast their votes by mail. Two-thirds of the remaining voters can imagine resorting to absentee voting in the future. "The offer to cast votes by mail makes an important contribution to expanding democratic decision-making," Josef Höfler, Key Account Management, says convincingly.

Austrian Post also relies on this modern concept within the company. Since 2011 shareholders of Austrian Post have been able to conveniently cast their votes on resolutions of the Annual General Meeting by mail without great effort. In any case, absentee voting is well received by shareholders. 871 of them took advantage of this possibility at the Annual General Meeting 2015. ■



"Absentee voting makes an important contribution to democratic decision making."

JOSEF HÖFLER,
 KEY ACCOUNT MANAGEMENT

"IN CONTRAST TO ONLINE ADVERTISING, PAPER DOES NOT GET ON YOUR NERVES."

Martin Wolf, Head of Direct Mail & Dialogue Marketing Sales, speaks about the rediscovery of paper in advertising.



Our day-to-day life is being increasingly impacted by digital media. This also applies to advertising e.g. e-mail newsletters and Google ads. How important is paper today for a company's communications?

MARTIN WOLF: There is no doubt that the media landscape has been significantly transformed, and is still undergoing change. However, I am sure that paper will continue to play a major role in advertising. In particular, print advertising is an efficient driver of e-commerce sales, which was recently confirmed by studies. In our business we see that companies are once again increasingly relying on print media. That is why I believe there is still growth potential in this area.

Digital advertising offers numerous advantages compared to conventional means of advertising such as measurability, speed and simple personalisation options. How can print media counteract these benefits?

At first glance it may seem that you are right. However, a closer look reveals that printed advertising contents reach customers much more effectively than digital media. Take the example of flyers, which dominate by far when it comes to advertising recall, purchasing incentives and likability. They are the most popular advertising medium in Austria, both for the retail sector and consumers. 84% of the Austrian population reads addressed direct mail items. Show me a single B2C newsletter which can match this!

What are the reasons for paper's high impact?

In contrast to online advertising, paper does not get on your nerves and is viewed in a relaxed atmosphere at home. In this way, it contributes to slowing down everyday life and thus fulfils a basic need of many people. Moreover, most consumers associate paper with high quality, whereas online advertising tends to be seen as annoying.



TRADITION UPHELD

Austrian Post took an innovative approach in 2015 with its Postcard App in order to promote the continuation of a beloved medium. In contrast, the issuing of commemorative stamps is by no means a new thing. It enables Austrian Post to repeatedly immerse itself in the world of art.



Rustic elegance:
a new stamp links
completely different
Austrian traditions.

Holiday greetings via smart phone

However, Austrian Post also helped another old cult classic to achieve renewed popularity. The starting point was the realisation that a printed postcard simply pleases people more than a photo sent per e-mail or instant messaging service. This is true for most people although we live in an age when an increasing amount of communication is carried out digitally.

The Postcard App enables Austrian Post to intelligently fuse the advantages of digital and print media for private customers. The app makes it extremely easy for users to design individual postcards on their mobile phones. With just a few clicks, snapshots turn into personal holiday greetings. Users have a large number of layouts and options at their disposal. There are virtually no limits to a person's creative freedom. Videos or audio messages can also be sent via QR code. After the picture is sent via smart phone, the postcards are printed by Austrian Post and mailed to the designated recipient. In this way, digital comfort in mailing is ideally linked with the emotional added value of physical delivery. Best regards from Austrian Post! ■

Two classics as a complete work of art

In designing the commemorative stamp issued together with the traditional Austrian company Swarovski, designers fused Alpine customs with the elegance of the Swarovski collection. This was a difficult but by no means impossible endeavour, as the result demonstrated. A stamp was created in the shape of an Alpine "Lederhose" (traditional leather trousers). It turned out to be a small work of art in 3D for which Alcantara leather and Swarovski crystals were processed. "The combination of Swarovski crystals with a Lederhose is actually obvious. Both are traditional symbols of the Alpine world. Through this commemorative stamp, we have combined two characteristic Austrian traditions in a completely new way to create a very special miniature work of art," says a proud Günter Schmied, Philately.



TAKE A SNAPSHOT, SEND IT, BRING JOY TO OTHERS.
The Postcard App can be downloaded free of charge for Android and iPhones. More information on the app and its functions at:
www.post.at/postkarten-app



The KUVERT is considered to be an “outreach jumbo” among Austria’s advertising media.

EXPERTISE MAKES THE DIFFERENCE

Long-term experience and many new ideas make Austrian Post the preferred partner for implementing efficient mailing campaigns.

Resurgence of an evergreen

In recent years increasing digitalisation has given a boost to advertising flyers. In contrast to digital advertising, such direct mail items score points thanks to their impressive advertising impact. 97% of recipients actually take a look at the leaflets, and 82% remember its contents (Source: Market Agent Flugblatt App Study 2015, Gallup Branchenmonitor LEH 2015). Accordingly, flyers rank among the most effective means of advertising in Austria.

The KUVERT is the leading source of information

Parallel to the flyer, the Austrian Post KUVERT continued to fly high in 2015, increasing its reach to 37.8%. In the meantime, 2.2m Austrians already use it to inform themselves about the best retail offers (Source: CAWI-Print 2015). 52% even keep the KUVERT for up to three days (Source: exclusive report in 2015 by Media.at GmbH). The KUVERT bundles machine-processable leaflets in one advertising envelope, thus ensuring

FLYER FAR AHEAD

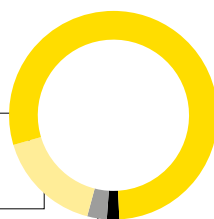
Advertising recall

82% FLYER

17% TV ADVERTISING

3% INTERNET ADVERTISING

2% E-MAIL NEWSLETTER

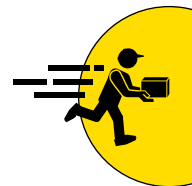


Source: Gallup Branchenmonitor LEH 2015



SIMPLE, EFFICIENT, SUSTAINABLE.

The lead management platform of Austrian Post promises more efficiency in cross-media advertising campaigns. Here all advertising channels can be coordinated and evaluated online.



greater order in letterboxes. In addition, it also serves as a successful advertising medium, reliably delivered twice a week to Austrian letterboxes. "Today the KUVERT is an integral part of the search for the latest offers and information of up to 3.2 million Austrian households. With our 'jumbo tool for outreach', we are unmatched in the Austrian media landscape when it comes to awareness and popularity," states Anita Edlinger, Head of Direct Mail Cover.

The advertising flyer on the Internet

The success of the KUVERT led Austrian Post to introduce a further product innovation for the advertising market in 2015, namely Kuvert digital. Companies can autonomously upload their advertising contents before they are advertised on Austria's Internet media with the highest reach. In the process, they are only shown to a pre-defined target group. The companies only incur costs if the produced pages are actually looked at. In this way these firms can implement their online campaigns in an efficient, low-risk manner, addressing the desired target group with pinpoint accuracy.

Turbocharging the shipping of mail

Speed is usually mentioned with respect to the perceived advantages of online communication. An electronic newsletter can be prepared and disseminated within a very short time. The same now applies to printed mailings thanks to the Rapid Response service of Austrian Post. Austrian Post has transferred the speed of the Internet to the "real world" thanks to this new offering. The service is based on a user-friendly online tool, with which the customer can quickly and independently design a direct mail. This is subsequently printed and mailed in a cost-effective manner. The recipient gets it in 48 hours at the most. This could set a new record.

The best offer with one click

In 2015 Austrian Post acquired an 80% stake in Aktionsfinder.at, the digital distribution platform for leaflets, which highlights more than 150 leaflets and 10,000 retail offers every day. Users can browse through digital flyers via this portal, or targetedly search for offers. Each month the portal attracts close to one million visits and 29m downloads of flyers.

The service provided by Aktionsfinder is also available as a smart phone app. "We are strongly positioned in the business of unaddressed advertising through the medium of physical flyers. With the stake acquired in Aktionsfinder, the platform for leaflets, we are expanding our offering for our customers by adding a digital compo-

nent," explains Nicole Lendl, Head of Communication, Product Management & Business Development Mail Solutions and Member of the Management Board of Aktionsfinder.

The new generation of direct mail items

When it comes to addressed direct mail, Austrian Post's marketing concept "Pimp my Campaign" shows how much advertising can achieve with comparatively little effort. The concept is based on the principle that individualisation and emotionalisation decisively enhance the effectiveness of direct mails. Target group relevant product offers, image and text worlds are the factors of success. It all sounds expensive, but in fact it isn't, as Heinrich Hammerschmidt, Marketing Direct Mail & Dialogue, assures us. "Thanks to modern digital printing machines, image and text elements can be easily ex-

AKTIONS-FINDER.

It does not matter where you are – with the Aktionsfinder App you can find the best and nearest offers on your smart phone in an instant.



CIRCULARS MADE EASY WITH FEIBRA



The Austrian Post subsidiary feibra implemented an online service in 2015 enabling the targeted placement of advertising circulars. The advertising customer assumes responsibility for planning on his own by using a geomarketing application. Individual delivery areas for mailing are selected on an Austrian map. Taking account of socio-demographic data, individual areas near a specified branch office as well as entire districts or federal provinces can be selected for distribution. In this way the advertising customer precisely pinpoints his target group, thus limiting waste coverage. In turn, this helps him to optimally invest his advertising budget.

BUSINESS GOES THROUGH THE STOMACH

Business breakfasts, an important part of Austrian Post's middle-market initiative ("Mittelstandsoffensive"), have already turned into a sort of institution for SMEs. These events are not only designed to explain what is worth knowing about the advertising offers of Austrian Post, but also involve networking and an exchange of ideas in a relaxed atmosphere. Prominent guests from the world of politics and business also like to attend the business breakfasts held at eight regional hotspots in Vienna and the federal provinces.



"We reach 3.2m households with the KUVERT. As a result we are unsurpassed in Austria."

ANITA EDLINGER,
HEAD OF DIRECT MAIL COVER

changed, and produced in a customised manner tailored to the recipient. The low extra costs are far outweighed by the added value generated by individualised mailings in a campaign,” he says. A precise target group analysis comprises another building block of an effective direct mail campaign. Austrian Post also provides highly competent consulting services for its customers, pointing to renowned, well-known companies and campaigns which have been equally successful. Customers such as Leiner, CARE and EVN already allowed their direct mail campaigns to be “pimped” with the support of Austrian Post, achieving response rate increases of up to 600%. “Appreciation and personal communication with our private donors is very important to us,” explains Alexandra Zirkovic, Fundraising Consultant for CARE Austria. “After all, they are the ones who contribute a large share of the funds at our disposal. Our mailing, in which we cooperated with the ‘pimp my campaign’ initiative, went exceptionally well, and we are also very satisfied with the results,” she adds.

Direct mails without waste coverage

“Customer expectations placed on our direct mail campaigns are rising. At the same time, they are more cautious in their use of existing advertising budgets,” states Thomas Mistlbachner, Marketing Direct Mail & Dialogue. “Accordingly, efficiency in advertising is currently high on the priority list.” The response of Austrian Post is two products i.e. Info.Post Select and Branchen.Mail Select. They entail pinpointed, partly addressed target group-oriented mailings with minimal waste coverage. The appropriate destination addresses are selected after the campaign target group is defined. Austria’s largest address shop as well as additional information, for example supplied by the household data base of Austrian Post with over three million entries, serves as the basis for choosing the destination addresses.

In addition, Austrian Post offers the possibility of two-day delivery windows for direct mails. In this way, advertising customers can more effectively physically integrate their cross-media campaigns and plan staff capacities better, for example in their branch offices.

If it's really important, it should be done quickly

In the event disasters take place, every day counts for the affected people. The supplementary service called Sponsoring.Post Express enables NGOs to send out their mailings within only two working days. Moreover, in such cases Austrian Post offers reduced postage rates to these organisations. ■

“THE FLYER IS ESSENTIAL FOR US.”

Theresia Scheuchenegger, catalogue and brochure specialist at IKEA, talks about the successful use of print media in customer communications.



Why does IKEA rely on the flyer as a means of communication?

THERESIA SCHEUCHENEGGER:

A flyer has a much longer useful life than digital advertising media. In daily e-mail exchanges, advertising messages are usually ignored or deleted with

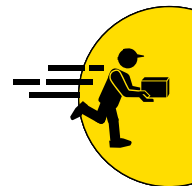
only a simple mouse click. The flyer’s chances of ending up on a person’s kitchen or couch table, lying there for a longer period of time and perhaps even being leafed through are much higher. For this reason, the flyer is an indispensable advertising medium for us.

In 2015, IKEA won the Austrian Post “Prospekt Award” in the furniture category, and was also among the top-ranked companies in previous years. What is so special about IKEA’s print media advertising?

Our objective is to make the everyday lives of people easier. This is not only reflected in our practical furnishing ideas but also in our communications. In designing our catalogue, we make sure the layout enables readers to identify product advantages and furnishing tips at the first glance. In addition, we add value to our catalogue by giving product developers, designers and interior decorators the opportunity to express their opinions.

Why did you choose Austrian Post as your partner for the direct mailing campaigns?

On the one hand, reliability and trust play a major role. I can completely rely on Austrian Post. On the other hand, I value the competent support and quick order processing on the part of Austrian Post. This saves a lot of time and effort.



OFFICE 4.0 – HEAD START THROUGH MAIL SOLUTIONS

Efficient office management helps companies to optimise their business processes. They can save resources and thus a great deal of money.

Mail Solutions is the leading provider of innovative physical postal services and digital services for business customers. More specifically, it involves individual solutions over the entire useful life of documents, from acceptance, processing, archiving and distribution to mailing.

Input management

At first, printed documents such as letters, contracts and invoices are sorted, digitally recorded and collected alongside electronic documents to create “digital files” which different people in the company can access at the same time.

Document logistics

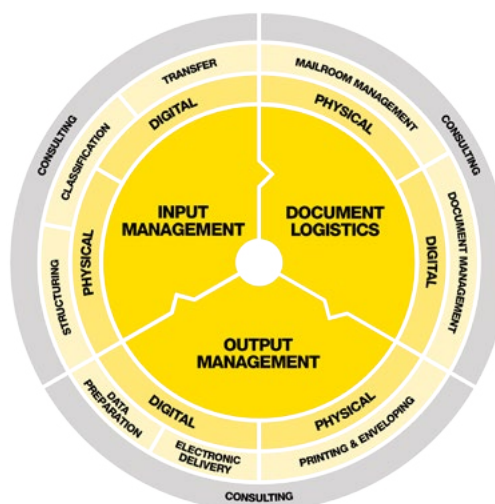
With Mail Solutions Austrian Post offers a variety of document processing services based on solutions for mailroom management, collection and delivery as well as document management. The focus is on optimally linking physical and digital documents before processing and storing them. Furthermore, Austrian Post provides its customers with comprehensive consulting services to optimise their document logistics.

Output management

The outgoing mail of a company can also be digitally managed with the help of Mail Solutions. Upon request, Austrian Post retrieves all relevant information from the customer system and prepares outgoing mail for shipment. “Depending on whether the addressee can be reached digitally or by mail, Austrian Post distributes the mail item – either electronically in a secure personalised letterbox, called e-letter, or printed and sent as a physical document by mail. On balance, we print a total of 370m A4 pages annually in this regard which are allocated to 120m mail items. Accordingly, Austrian Post operates the country’s largest transactional printing centre,” says Paul Hofer, Customer Service Output Management.

Potential is far from being exhausted

Many companies have not yet recognised the inherent potential of digital document management. “Firms fail to exploit the enormous poten-



tial in the input and processing of business documents because digital data and physical records are not merged,” explains Helmut Dobrovits, Product Management Document Logistics. The Mail Solutions business area already offers a broadly diversified range of services when it comes to innovation and technology. Austrian Post is expanding its systems on an ongoing basis in order to be able to offer state-of-the-art technology to its customers. In this way it will help to ensure that linking digital and analogue business processes will lead to greater efficiency in Austrian companies. ■

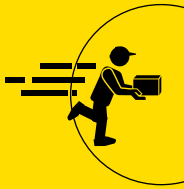
STRATEGIC PARTNERSHIPS

Cooperation with Fabasoft: Since October 2015 Austrian Post has been collaborating with Fabasoft, a leading European provider of cloud services, thus consolidating its leading market position as a complete provider of B2B solutions in the field of digital document logistics. Operating under the “Post Cloud Enterprise” brand, it now links cloud services with the digital implementation of all types of document-based business processes.

Acquisition of EMD: The acquisition of the scanning services provider EMD completes Austrian Post’s service portfolio in the field of intelligent input management by adding EMD’s tried and tested late scan services. EMD has been operating in the market for more than 30 years, positioning itself as a specialist for the digitalisation and microfilming of archives and historical documents. As a consequence of this cooperation, Austrian Post can now process all types of documents throughout Austria, whether they are an old archive, plans in A0 format, microfilms or folder-based archives.



Ricarda with
her little cousin
Katharina in a
self-service zone in
Vienna-Simmering



24/7 SHOPPING

Consumer behaviour has completely changed over the past few years. People are doing more and more of their shopping online, and would like to hold the ordered goods in their hands on the same day. Comfort – the free choice of the delivery time and place – is also playing an increasingly important role. Austrian Post does not have to fear competition in a fiercely contested market due to its outstanding quality of service.

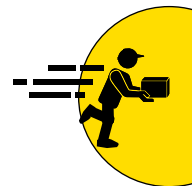
CHALLENGE ACCEPTED.

ONWARDS IN THE POST-MODERN AGE

The future in the retail sector is digital. The Web will never completely replace the boutiques, food stores and bookshops in our cities. But recent studies show that the potential of e-commerce is far from exhausted.

Shop where ever and
whenever you want
– more and more people
use the advantage
of e-commerce.





Austrian Post is playing a decisive role in the development of e-commerce on the Austrian market. It has clearly positioned itself as the market leader in parcel volumes over the past few years, and continues to be on the ball with respect to innovative solutions. And that is a good thing. This is because Austria's consumers continue to rely on doing things from a distance in terms of their purchasing behaviour. In 2015, the number of people in Austria engaged in so-called "distance selling" (online shopping) via the Internet or via catalogues climbed to almost five million. For the first time, the mail order business generated revenue exceeding EUR 7bn.

The data is derived from a review carried out by the Austrian Retail Association, which put a figure on distance selling in the year 2015. Accordingly, the increasing popularity of mobile phones plays a major role in the development of e-commerce. The number of individuals making purchases on their mobile phones rose by 60% to about one million from 2014 to 2015.

In particular, young people in the age group of 15–29 year-olds use their mobile phones to shop, comprising a 31% share of all people who do so. They browse and try out products in the stores and then compare prices on the Internet. The best offer stands out and is ordered before their attention is turned to the next object of comparison. Naturally, products repeatedly end up in their shopping carts – in real ones, mind you. Up until now, spontaneous purchases online have been difficult due to shipping times. It will be interesting to see how things develop in the future.

Very trendy

By the way, 38% of all the parcels delivered by Austrian Post contain fashion goods. That is why Austrian Post held a photo shooting in its Vienna Parcel Centre in October 2015 featuring eight fashion bloggers. They were not only impressed by the extraordinary location but also by the services of Austrian Post – and they should know what they are talking about. 91% of all parcels are successfully delivered by Austrian Post on the first attempt. Personal contact to the parcel carriers is another asset offered by Austrian Post. "My mail carrier already knows me. He always laughs when he gets me out of bed at seven in the morning," says one participant in the photo shooting with a smile. She is already looking forward to the next fashion delivery by Austrian Post.

Austrian Post takes good care of customers

Austrian Post continues to step on the gas with regard to its delivery quality. Online shopping may be so convenient at the beginning of the delivery chain, when goods are ordered. However, at the end the product has to reach the buyer quickly, and above all directly. This is precisely what consumers attach great importance to, now more than ever. Not only is price a decisive factor in purchasing decisions, but delivery times and the point in time in which consumers receive the ordered goods at the desired location are also increasingly important. ►

WELCOME TO THE GLOBAL ECONOMY!

The volume of letters and parcels in global postal traffic is increasing in line with the upturn in e-commerce. The initiative "Interconnect" launched by the International Post Corporation (IPC) aims to improve the cooperation of international postal companies in order to more effectively manage growing shipment volumes.

According to IPC, about 70% of global e-commerce involves cross-border business transactions. A shipment within a country's borders can usually be traced by recipients at any time. In contrast, it frequently cannot be tracked along postal routes spanning national boundaries. Interconnect has operated as a link among individual logistics companies since 2015, enabling uninterrupted tracking, even in international postal traffic. Furthermore, IPC harmonises and expands the customer services of its partners on the basis of Interconnect, for example making it possible to process returns and offering different delivery options to recipients.

Austrian Post is also making an effort to expand its international network in a different area. Its two "Extraterritorial Offices of Exchange" located in Great Britain and Germany show that service à la Austrian Post is also in demand abroad. More specifically, the foreign branch offices of Austrian Post offer comprehensive services to business customers, for example to pick up mail items from customers, sort them and transport them to the respective country of destination. Due to the success of the Austrian Post branch office in Bonn, it was expanded in 2015 to four times its original capacity. A new office was also opened at London-Heathrow in collaboration with a local partner.



EXTRAORDINARY.

The parcel centre of Austrian Post in Vienna-Inzersdorf served as a unique location for a photo shooting of fashion bloggers.

Austrian Post can point to a whole range of innovative solutions ensuring greater customer comfort which have been successfully introduced in recent years. Examples are the expansion of its 24/7 offering featuring self-service zones and innovations like the practical pick-up box, or the possibility to directly select the desired branch office or pick-up station as the preferred delivery location.

But this is not all. At present Austrian Post is working on expanding its evening, express and Saturday delivery services. It is also carrying out experiments with "car-boot" delivery.

"Last but not least, shopping is an emotional act which also depends upon when the customer can actually hold the purchased product in his or her hands," says Wolfgang Grausenburger, Head of Marketing Parcel Logistics, explaining why Austrian Post permanently works on implementing new measures to enhance customer comfort. "This point in time is a factor in the purchasing decision. That is why we strive to ensure that purchases reach the buyers as quickly as possible and with pinpoint accuracy. For this purpose we resort to a whole package of measures," he adds.

1. Expansion of the network: Waiting in line is old news

One key part of the bundle of measures being implemented are the more than 300 self-service zones with packaging stations, franking machines and drop-off boxes, enabling customers to post mail items at any time. The 210 pick-up stations are available to customers around the clock, seven days a week. In 2015 one million shipments already reached their intended recipients in this manner. In addition, Austrian Post has already installed 13,416 pick-up boxes, with about 3,000 more in planning. In other words, self-service at Austrian Post ensures shorter distances and 24/7 availability. Long waiting times at the branch offices are a relic of the past. Generally speaking, Austrian Post is excellently positioned thanks to its network of postal service points. Together with the 1,600 locations of its

partner company Hermes and 200 OMV petrol stations, customers in Austria now have 3,600 postal service points at their disposal. Accordingly, Austrian Post is the undisputed leader among all postal service providers operating in the country. "The dense network of postal service points offered by Austrian Post and the extensive range of its self-service offers as well as the delivery quality are the main reasons why we work together with the company," explains Christoph Frank, Senior DE Transportation Manager of Amazon. "In this way customers in Austria can be sure that their orders will reach them punctually."

2. New delivery solutions: Saturday service is well received

Austrian Post has been also delivering parcels in urban areas on Saturdays since October 2015. As a result, it is the only company in Austria operating in the CEP sector which offers delivery on six days of the week. Following the successful pilot project in the summer of 2015, the new service was smoothly integrated into normal business operations. For many customers, whether mail order houses or private customers, delivery on Saturdays is simply indispensable. "Even before the end of the pilot phase, it was obvious to us that Saturday delivery service would continue. This was particularly underscored by customer feedback," explains Alfred Czasch, Head of Project Management Saturday Delivery. "The pilot project was not only a question of offering this service or not, but gaining an understanding of how to optimally provide this service."

At present the new weekend service is offered by Austrian Post in urban areas. Nationwide rollout should be completed by the middle of 2016.

3. More interaction: Austrian Post is getting smarter all the time

In 2014, Austrian Post already launched its new app for smart phones. In the meantime, it has helped more than 300,000 users to receive their parcels. "The Post App has emerged as a key service tool for our customers," states Christian Ludwig, Head of Product Strategy Digital Services. "This is one of the main reasons why its functions are being continually expanded and improved." In addition to functions such as track and trace, site locators, rate calculator, and parcel redirection, the electronic "yellow slip" is particularly well-liked. The recipient receives electronic notification about the depositing of parcels on his smart phone or per e-mail beside receiving the printed form in his letterbox, and can subsequently pick it up directly from Austrian Post, for



"We knew from the very beginning that Saturday delivery was here to stay."

ALFRED CZASCH, PROJECT
MANAGEMENT SATURDAY DELIVERY



example on the way home from work, without having to make a detour to go home first. Parcel redirection is another online service provided by Austrian Post. The recipient is notified per e-mail or push message in advance when the delivery will take place within the pre-calculated time slot. If the designated time is inconvenient, the recipient can redirect the parcel, or is now given the possibility since 2015 to delay the delivery time by up to five days (with the exception of Saturdays) to the desired date. In the future, it will also be possible to handle return parcels to mail order companies by using smart phones. The customer simply notifies the retailer that he wants to send one or more items back, and receives a QR code on his mobile phone. Then all he needs to do is print out a return label in the self-service zone of Austrian Post and the parcel is on its way back to the sender.

4. Customer proximity: Service lived and practised

Another success factor for Austrian Post is its high quality service. Some 1.2m inquiries are sent through various channels every year to the customer service centres of Austrian Post, in particular by phone or per e-mail and Facebook. This multi-channel approach enables Austrian Post to precisely respond to customers and their concerns where it is most convenient for them. "Good service is an important unique selling proposition for us compared to our competitors, thus comprising a decisive competitive factor. Competent consulting strengthens customer loyalty," states Andreas Konrad, Head of Customer Service. The service centres are not only points of contact providing assistance to customers, but also act as radar stations helping to identify future customer needs early on.

By the way, in 2015 the new Contact Centre in Vienna-Floridsdorf also introduced the possibility for personal consultations. Customers can clarify issues and resolve their concerns directly on site together with a service centre employee. This is real customer proximity!

Austrian Post as a link

In the future no stone will be left unturned in the retail sector. There's a lot going on, and motion is the order of the day for all players. Retail stores will have to manage the delicate balancing act between online and offline. Internet providers will expand their capacities in line with rising revenue. What about Austrian Post? In the field of e-commerce, the company services as a neuralgic interface linking the binary and real worlds. Its services keep everything going. ■

"NOT EVERYONE'S NEIGHBOUR IS A FARMER."

Johann Seitingner, Regional Minister for Agriculture and Forestry in the Provincial Government of Styria, talks about the good reasons in favour of Austrian Post's involvement in the online business selling food.



Fresh food produced by Styrian farmers has been marketed on the Internet with your support since December 2015. Has the e-commerce trend finally reached the food industry?
JOHANN SEITINGER: I think so. Why should the agricul-

tural sector not take advantage of the opportunity to conveniently sell its products via the Internet? It is an ideal platform, especially if people want to purchase something special such as high quality food directly from farmers. After all, not everyone's neighbour is a farmer. Up until now the mailing of fresh food failed to get off the ground due to technical and logistics obstacles, for example the problem of cooling. However, we have now overcome these obstacles with the help of Austrian Post.

Why did food suppliers select Austrian Post to be their logistics partner?

Naturally short delivery times play a crucial role in shipping fresh food. Austrian Post delivers the food to customers no later than one day after the online order was placed. Moreover, the deliveries are carried out in a CO₂ neutral manner, which perfectly fits this offering. Most people who attach importance to eating high quality food purchased directly from farms are also environmentally conscious. Bringing naturally produced food to customers in a sustainable manner is ideal.

Are there any other sticking points with respect to food logistics?

One of the key issues will certainly be the capability to expand the product line to create an even more appealing, high quality offering, especially with regard to organic food. Furthermore, product sizes have to be adapted to new forms of cohabitation. One example I can think of is single-person households. Finally, we have to continually work on further optimising logistics to enhance customer friendliness.



Number one in customer service: 95% of Austrians are satisfied with the services provided by Austrian Post.

DARLING OF THE PUBLIC

One would think that a recipient does not care who handles his mail item. But this is far from the truth! Austrians place great emphasis on high quality in delivery services. They know very well who they want to trust their mail items to. In this regard Austrian Post is clearly a step ahead of its main competitors.

Austrian Post is the undisputed market leader in Austria. It transports more than 76% of all private customer parcels and about 31% of B2B parcels. The well-developed branch network of Austrian Post is not the only reason for this. In addition to a very high delivery quality, the company is also given top grades for its service. This was demonstrated by a study carried out by the IFES Institute in 2015, which evaluated which parcel service providers in Austria best fulfil customer expectations regarding service.

The study clearly showed that Austrian Post's efforts to achieve greater customer satisfaction have paid off. 95% of the people interviewed gave Austrian Post a "good", "very good" or "excellent" rating. The company's efforts to ensure personal delivery as well as the type of notification about parcels which have arrived achieved particularly good grades. Austrian Post was rated best compared to its competitors in almost all areas covered by the survey. It was also given 90 out of 100 points with respect to "friendliness".



The clear-cut results of the study even surprised the opinion researchers at IFES. “We did not expect delivery quality to be so outstandingly important to the Austrians,” says IFES Managing Director Reinhard Raml in presenting the survey results. “Customer orientation is a decisive competitive factor today, also in logistics. Austrian Post is in an outstanding position thanks to the specific measures implemented in this area.”

Jörg Pribl, Head of End Customer Initiatives & Services at Austrian Post, is pleased with the company’s good performance. “Success is no coincidence. The results of the study show that our strategy is right on track thanks to its clear focus on customer orientation. In particular, taking account of developments in the field of e-commerce, we will continue to invest in tailor-made customer solutions in order to remain the top postal company in Austria.”

Austrian Post is not only the preferred choice frequently for private customers when it comes to logistics services, but also for many mail order houses and other companies as well. “Austrian Post is a reliable and service-oriented partner for us. This brings decisive advantages for our customers, because Austrian Post delivers quickly and reliably, even to remote places. The focus is always on customer benefits. These range from the speed and high delivery quality, even in the case of fragile items, to a high level of customer comfort,” says WEIN & CO CEO Heinz Kammerer. ■

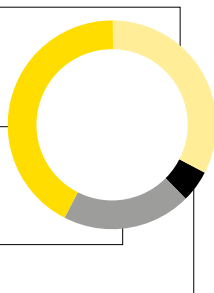
PARCEL DELIVERY BY AUSTRIAN POST CUSTOMER SATISFACTION

33% EXCELLENT

42% VERY GOOD

20% GOOD

5% OTHER



Source: IFES study 2015, n=500

“AUSTRIAN POST IS AT EVERY DOORSTEP EVERY DAY THROUGH- OUT AUSTRIA.”

Stefan Heiglauer, Head of Parcel Logistics Austria, focuses on the services which make Austrian Post unique in Austria.



Competitors strongly intensified their business operations on the Austrian market in 2015. Does Austrian Post have to be afraid of new competition?

STEFAN HEIGLAUER: Yes, there is more competition in the parcel market. We principally

do not underestimate our competitors. In this way we always react adequately to changes and are able to expand our services. We are excellently positioned in Austria, and boast a whole range of competitive advantages, for example a dense branch network, strong human resources featuring a delivery staff of 9,000 mail carriers, and a good infrastructure. We are number one on the market thanks to the high quality and diversity of our services. These are major strengths which another company first has to try and match. Our customers highly value all this, as shown by the record achieved in 2015 of 80m parcels delivered by Austrian Post.

What can Austrian Post do better than other competitors?

We are familiar with the realities on the ground, and know our customers. After all, we are present every day at every doorstep throughout Austria. Furthermore, we offer numerous service solutions to our customers to enhance the comfort and convenience of the delivery process for them, for example the Post App and pick-up box. In Austria we enjoy the reputation of being a high-end provider. By the way, our CO₂ neutral delivery also contributes to this positive image.

However, the competition never sleeps. Can Austrian Post rest on its laurels and the good reputation it has?

We do not want to and won’t do it. We are continually developing our offering and steadily introducing new innovations. Almost all areas of our work are impacted. This was our approach in the past which we have no intention of changing in the future. Each year we invest EUR 30–40m to enhance customer satisfaction. In this way we will stay number one on the market.

BRAVE NEW WORLD OF SHOPPING

How Austrian Post responded to changed customer needs with a new branch office concept – and how its customers reacted.





Austrian Post's current pilot project, "A feel-good branch office", is now testing the branch office concept of the future in Vienna-Simmering. Consumers in a shop have long expected to be offered much more than just the opportunity to shop. Austrian Post wants to offer this "added value" in its branch offices. New customer-friendly facilities help customers enjoy their stay in the branch office, making the way to the post office a gratifying experience.

A sense of well-being means you're halfway there

If shopping on one's computer or smart phone can be done conveniently from home, what added value can retail stores possibly offer a consumer compared to his own four walls? Austrian Post focused on this question when developing its new branch office concept, which is being tested in a branch office in Vienna's 11th district since May 2015. Implementation of the concept first involved upgrading and redesigning the branch office's looks and installing a fully-equipped self-service zone. A spacious lounge with comfortable seats and books, a coffee and water dispenser and a "mini post office" for kids contributes to subjectively shortening waiting times for customers. In addition, WLAN, the branch office's own radio programme and info-screens ensure that people will not get bored there.

"In our feel-good branch office, we focus on saving time. We cannot completely eliminate waiting times, but we want to make our customers'

stay there as pleasant as possible, which in turn often unexpectedly generates added value for them," claims Nicole Hackl, Project Management Branch Office Sales, in describing the reasoning underlying the new concept.

Feeling good (also) comes through the nose

"Moreover, we want to create a positive aura. For this purpose we chose an unconventional approach for the Simmering site," Hackl continues. Austrian Post had its own aroma concept developed. None other than the star perfume creator Lorenzo Dante Ferro, who has already worked for Kylie Minogue and the Pope, was entrusted with this task. "It may sound as if I am exaggerating, but a good fragrance is simply a must," Project Manager Nicole Hackl concludes.

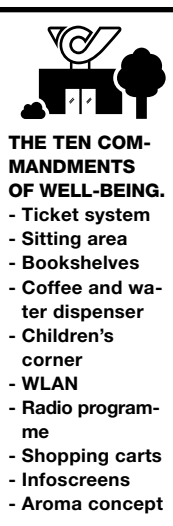
Farewell to queues!

What good are comfortable seats in a cosy lounge if one had to stand in line by the counter? Austrian Post has an answer to this question, i.e. a ticket system allowing the customer to freely move around while waiting until his number is displayed on the infoscreen. In many Austrian Post branch offices there is only a single queue for all counters. This new ticket system which has been well received by customers takes this approach a step further.

Moving in the right direction

The feel-good branch office concept of Austrian Post precisely captures the spirit of the times. This success is reflected in the results of a customer survey carried out in the new Vienna-Simmering branch office in the middle of 2015. 58% of the 630 people interviewed rated their visit more favourably than before the changes were made, and more than 70% subjectively felt that their waiting time was shorter.

Austrian Post considers the positive survey results as a clear mandate. Now selected measures will be gradually implemented in other large, highly frequented branch offices. The redesigning of the Vienna Fleischmarkt post office has already been concluded.



"We want to make our customers' stay in the branch office as pleasant as possible."

NICOLE HACKL, PROJECT MANAGEMENT BRANCH OFFICE SALES





MAIL WITHOUT A SPEED LIMIT

Customers increasingly ask for customised solutions, and markets are becoming more globalised. Austrian Post is well positioned logistically and with respect to its international network, enabling it to meet growing demands for the highest quality service. So that it stays that way, it is keeping pace with the times, continuously investing in its high-tech, state-of-the-art logistics infrastructure.

CHALLENGE ACCEPTED.



Six billion letters and 80m parcels annually – a lot of logistics know-how is required to manage such huge mail volumes.

ALWAYS A STEP AHEAD

Courage is a good driver of innovation. This particularly applies to the logistics sector which is expected to face major challenges in the coming years. For Austrian Post, it is crucial to pose the right questions today in order to be equipped in time to meet the demands of tomorrow.



E-commerce is showing unbridled growth. More and more goods are being shipped by mail from shops to people's households (and in some cases back again). The customers are calling for more comfort than ever before. In addition to 6b letters, Austrian Post transports 80m parcels each year, a figure which is expected to increase in the medium term. A great deal of effort is already required in order to be able to process this huge quantity of mail items. The perfect interaction of people and technology is essential. But this is far from being all that is needed.

The triad of success

There is no doubt that technology is particularly important in the field of logistics. However, technology by itself is not a guarantee for success. Operational processes have to be continually scrutinised, re-invented and perfected. "Optimisation" is the catchword, and simultaneously a commonplace occurrence in the company. Since 2015, all branch offices have been supplied by the Austrian Post subsidiary Systemlogistik. Its Operations Manager Marianne Ramser explains the advantages of this insourcing measure. "We provide customised fulfilment solutions to all our customers. The next logical step was to exploit our logistics competence for the benefit of our parent company's branch network. In any case, we ensure greater efficiency and reduce costs by maximising the value creation of Austrian Post." In addition to targeted optimisation, Austrian Post also continuously strives to identify the requirements of its customers and business partners in a timely manner, ideally before they do it themselves. The result of this discovery process is Austrian Post's ability to provide just the right service.

The triad of success consists of technology, optimisation and service. The employees of Austrian Post develop many innovations on their own. However, to really be able to remain in the

forefront in all areas, they also work together with partners from the scientific and business communities to develop new solutions before quickly and resolutely implementing them. In other words, Austrian Post stays in motion. This is one of the reasons why it is the undisputed market leader in Austria, looking ahead to the future with optimism.

When innovation becomes routine

The logistics centres of Austrian Post require particularly complex automation solutions. These facilities already operate at a very high technological level. Nevertheless, the company will never be able to claim that it has gone as far as it can. There is always more to do in this area. As a consequence, innovation has long become standard procedure at Austrian Post. The new sorting machines for small letters are only one of the many technological advances which are regularly introduced at Austrian Post. These devices achieve an hourly throughput of up to 46,000 mail items. Austrian Post installed 20 of these powerhouses in 2014 and 2015, thus further accelerating processing of mail items. Another novelty is the automatic "sequencing" of small letters, which has been rolled out throughout Austria in the meantime. These automatic sequencing machines order mail items in accordance with the specific delivery routes of the mail carriers. Up until now this was done manually in a time-consuming process. The time saved is now at the disposal of mail carriers for other tasks (refer also to page 67).

Customer service as the overriding objective

Ultimately all technological and optimisation measures are designed to pursue the objective of further improving the service and product offering for Austrian Post customers. The company already enjoys a substantial competitive advantage, not least because of the customer service. Thanks to its technological edge, Austrian Post also benefits from starting points for the development of new technologies and services. Austrian Post exploits these advantages every day. ■



ALWAYS ON THE BALL.
Austrian Post is always on the ball when it comes to technology, efficiency and customer service in order to remain the number one in a highly competitive market.

TO BE OR NOT TO BE IN SPECIALITY LOGISTICS

Does everything really have to get faster? The answer is a clear-cut “yes” – in any case when it involves the transport of goods that have to remain fresh.



Food is delivered fresh and securely thanks to the Post insulation box.

Austrian Post has long operated in the diversified field of speciality logistics, for example through its German subsidiary trans-o-flex which specialises in the temperature-controlled transport of pharmaceuticals. Last year Austrian Post got off to a flying start in a completely different segment. Since April 2015, it has been the only provider in Austria to offer food delivery on a nationwide basis. Austrian Post brings food freshly and securely to the customer's doorstep already on the day after the order was placed, and even on the same day in urban areas thanks to its same-day delivery service.

“Fast food” from Austrian Post

A lot of energy had to be invested in developing a suitable concept before the nationwide delivery of food could be successfully rolled out. In 2015, the decisive breakthroughs were achieved by Austrian Post in cooperation with the University of Applied Sciences Upper Austria, Steyr, the software developer RISC and the Pfeiffer Trading Group. Not only were addresses in urban areas supplied with food for the first time within the context of the “food4all@home” pilot project, but households throughout Upper Austria. “We managed to lure experts from a wide range of disciplines on board to jointly develop a system enabling food to be delivered quickly, securely and conveniently,” explains Karina Osterkorn, Head of Strategic Logistics Projects at Parcel Logistics Austria.

The coolest box in the country

In the course of the project, it turned out that delivering food with refrigerated vehicles would not fulfil the economic objectives of the concept. The project partners developed a specially designed transport box in order to be able to

“We developed a system to make food delivery quick and safe.”

KARINA OSTERKORN,
HEAD OF STRATEGIC LOGISTICS PROJECTS,
PARCEL LOGISTICS AUSTRIA





transport food via “normal” postal channels. Individually deployable cold packs keep the contents at a temperature of 3 to 5 degrees Celsius over a period of up to 48 hours. The measurements of the insulation box in accordance with the Eurostandard along with its secure sealing mechanism make it possible to sort, transport and deliver the box as a conventional parcel. As a result, the project partners found a perfect solution for food delivery, both from an economic and ecological perspective. This is because the boxes can be used again and again.

Efficiency on the last mile

Another element in the holistic system “Food à la Post” is a last mile logistics concept developed by RISC to analyse the traffic situation “on the last metres” of the shipment and more precisely plan delivery routes on this basis. By the way, the choice of the optimal route saves fuel and thus also has a positive impact on the environment.

In the pole position with Austrian Post

The Pfeiffer Trading Group aims to secure a head start in shipping food by cooperating with Austrian Post. Experts expect significant growth in this segment in the years to come. Of course, other players have come to the same conclusion, and launched their own food delivery service. However, Austrian Post is the only company in the country offering nationwide delivery at reasonable costs. Thanks to its existing infrastructure, Austrian Post boasts a significant developmental edge it will exploit in working together with other retailers. “We are equipped to handle larger volumes, and are open to cooperating with new partners at any time,” Karina Osterkorn emphasises.

Fresh without CO₂

Not only do the big players want to get a piece of the online pie. This was demonstrated in 2015 by ECOM Consulting, which sells food over the Web via its Internet platforms *biologisch.kaufen*, *gustino.kaufen* and *abhof.kaufen*. The delivery of food takes place in a CO₂ neutral manner by Austrian Post, an ideal partnership in the eyes of Managing Director Christian Lochner. “The service of Austrian Post featuring CO₂ neutral delivery and the reusable Post cooling boxes perfectly fits our concept. Our customers appreciate this, which in turn added impetus to our business.”

There's no getting around Austrian Post

Food logistics is only one of many areas in which the retail sector in Austria benefits from cooper-

ating with Austrian Post. Unconventional paths, the willingness to experiment and innovation are frequently required to develop the optimal solution. Austrian Post's food4all@home project shows that this bold strategy pays off.

Optimising the last mile

“Quick, flexible, inexpensive” is the order of the day, but not only for food shipments. Consumer expectations of holding products in their hands on the evening of the same day they were ordered online pose new challenges to logistics operations. In the near future spontaneous purchases on the Internet will be an everyday occurrence, for example a Blu-ray disc for video viewing in the evening, the latest sneakers for the upcoming night of partying or a packet of aspirin against irritating headaches.

For Austrian Post, this development initially means that “last mile logistics” will have to be further improved. In addition to speed, convenient delivery of the mail item is in greater demand than ever before. “We are always look- ▶

PRIZE-WINNING PROJECT

Austrian Post was awarded two prizes in 2015 for its innovative food delivery project. One was the Austrian Logistics Prize granted by the Association for Network Logistics, the other the Spring Award for “Mobility of the Future” bestowed by the Federal Ministry of Transport, Innovation and Technology and the Austrian Research Promotion Agency (FFG).

ONE BOX HAS IT ALL

Food arrives cooled, fresh and securely with the Austrian Post insulation box.

- Reusable container made of expanded polypropylene (EPP).
- External dimensions including cover according to the Eurostandard (60 x 40 x 41.8 cm)
- Usable inner volume of 52.7 litres
- Cooling of up to 48 hours by standard cold packs
- Flexible interior
- Food-safe
- Secure closing with special seals

SAME-DAY DELIVERY TAKES OFF

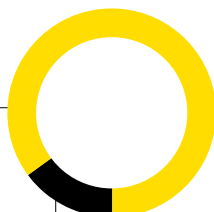
McKinsey expects the share of same-day parcel delivery on the Western European market as a percentage of the B2C business to rise to 15% of the total volume or by EUR 3.1bn by the year 2020.

DELIVERY TYPE

PROJECTED SHARE IN 2020

85% NORMAL DELIVERY

15% SAME-DAY DELIVERY



PRODUCT GROUPS

PROJECTED SHARE IN 2020

31% CLOTHING

25% ELECTRONICS

14% HOUSEHOLD AND FURNISHINGS

12% FOOD

9% HOME IMPROVEMENT

9% OTHER



Source: Euromonitor; McKinsey 2014

ing for new delivery options to more effectively accommodate the wishes of our customers,” says Friedrich Barth, Head of Sales Parcel Logistics. “For this reason, we are proactively focusing on optimising the last stage of our shipments, for example by informing the recipient in advance when he can personally accept his parcel.”

Speciality logistics scores points in Germany
Speed, temperature control and security also



“At present we are focusing on optimising the last stage.”

FRIEDRICH BARTH,
HEAD OF SALES PARCEL LOGISTICS

determine the level of customer acceptance when it comes to another product group, namely pharmaceuticals. Here Austrian Post operates in an interesting market niche thanks to its fully-owned subsidiary trans-o-flex.

Since 2002 trans-o-flex ThermoMed has been offering active temperature-controlled transport services in the temperature ranges which are of relevance to the pharmaceutical industry. After the EU guidelines on transporting pharmaceuticals contained in the “Good Distribution Practice of Medicinal Products” were toughened, trans-o-flex launched trans-o-flex ambient in 2014. Since then, its logistics network has been expanded in order to ensure quick and reliable active temperature-controlled transport in the range of 15 to 25 degrees Celsius, also to meet growing demand.

Network expansion continues

Following the principle decision to expand the trans-o-flex ambient network, further expansion steps took place in 2015. The Hannover, Jena, Cologne, Weinheim, Nuremberg and Alzenau sites were converted to the new system along with the central trans-shipment hub in Kassel. Active temperature-controlled shipments are now fed into the ambient network from these seven hubs. “In this way we created the essential pre-requisites for further growth,” states Christian Knoblich, Member of the Management Board and Director of Sales and Marketing at the trans-o-flex Logistics Group. “One of the most important advantages in expanding the network is the later pickup times from our customers, which comprise a key asset in this sector.”

Trans-o-flex is also making investments in its vehicle fleet and technological solutions to ensure the smooth transport of temperature-sensitive pharmaceuticals. Today some 2,000 vehicles are in use for trans-o-flex ambient. Customers have the possibility to check the temperature documentation of their delivery via the company’s customer platform.

Austrian Post as a pharmacy?

Austrian Post also generates synergies from the pharmaceutical expertise of trans-o-flex on behalf of the pharmaceutical wholesaler AEP, in which Austrian Post acquired a 45% stake in 2013. Today AEP serves more than 3,000 pharmacies throughout Germany. The most significant advantage it has over the competition is that AEP only delivers once a day from one central storage facility, enabling it to provide its services at more favourable rates.



SAFELY DELIVERED

Post.Wertlogistik is one of the two leading service providers for the absolutely safe transport of cash and other valuables in Austria.

In particular, banks and the retail sector take advantage of the comprehensive services in this segment which are offered by Austrian Post. In addition to the transport, pickup and delivery of cash, the company also takes care of the entire cash management, i.e. the counting, deposit and credit entry of the monies (coins and bills) entrusted to Austrian Post for handling.

Moreover, Post.Wertlogistik boasts a high security storage facility for valuable goods in the Vienna area, and organises the international transport of valuable goods in cooperation with specialist companies.

In 2015, the Austrian Post subsidiary was also contracted to deliver the exam packs for the national school-leaving and university entrance tests known as the “Matura”, a recent vote of confidence on the part of public authorities. ■

“I AM SURE AUSTRIAN POST WILL GET AN ‘A’ ON THE CENTRALISED MATURA EXAM.”

Gabriele Heinisch-Hosek, Federal Minister of Education and Women's Affairs, talks about the complete and above all secure range of logistics services needed for the standardised national school-leaving exams known as the “Zentralmatura”.



The organisation of the “Zentralmatura” requires a series of highly complex logistics services. What do you think matters the most?

GABRIELE HEINISCH-HOSEK:

Above all, we have to be able to guarantee data protection of the

exam papers during the entire process, from the time they are sent to the printer's for printing until they arrive in the schools. It is a fact that the documents pass through a great many hands. That is why we have to permanently monitor every transport step.

Why did you entrust Austrian Post with this task?

In handling the absentee ballots, Austrian Post repeatedly demonstrated that it can perfectly manage complex logistics services in line with particularly high security standards. In addition, it also boasts the required infrastructure and organisation to be able to perform these services in the first place, including high security storage facilities, vehicles with GPS tracking and experienced employees.

What makes this work so complicated?

The standardised exams take place in 683 schools throughout the country at the same time. This means we have to ensure that the exam packs are not only securely delivered to all schools but also get there on time. This is the only way to guarantee fairness for all school pupils. I am sure Austrian Post will get an “A” on the centralised Matura exam.

IN THE BEGINNING WAS THE IDEA

Party and innovation: startups celebrate their successes at the Pioneers Festival, and build up new networks. Austrian Post regularly participates.

In its ongoing search for new solutions, established processes at Austrian Post are taken apart, mixed up and put together to create new ones. Austrian Post also occasionally undergoes a reinvention or rejuvenation from the outside. The result is frequently a refreshing new idea.



then remixed to create a new whole. "In this process we have to repeatedly reinvent ourselves. It is a great feeling to see tangible results," Götzl explains.

The team led by Herbert Hufsky uses the ideas put forward by ProLog to develop specific concepts which are subsequently put into practice. The ProLog employees are then entrusted with this task. "It is important that our employees are personally involved in the entire process, from the initial brainstorming to actual implementation. This not only facilitates the implementation but also promotes motivation," Hufsky adds. "In addition, our young employees at ProLog can learn quite a lot about logistics." In this connection the department sees itself as a talent factory in which young professionals are provided with the opportunity to contribute their ideas while profiting from further education and training.

As a ProLog Project Manager, Xaver Götzl has been in charge of implementing new logistics solutions at trans-o-flex since 2014. He has already got a few things moving together with his German colleagues. "We have achieved a lot but we will not rest on our laurels."

But back to the beginning: once a week the ProLog team meets in Vienna. ProLog stands for "Process Optimisation Logistics." The name speaks for itself. The department aims to keep on improving processes. Best practice examples from the entire Group support the team's work. They are defined, analysed, taken apart and

Innovation is contagious

What do Austrian Post and startups have in common? Not much at all at first glance. However, if one takes a closer look, it is understandable why the company so strongly stood up for young enterprises at the last Pioneers Festival in Vienna. This is because the startups of today are the Austrian Post customers of tomorrow, as demonstrated by the business models of many of the newly-founded firms which still concentrate on selling their products on the Internet. Against this backdrop, Austrian Post once again participated as a supporting partner of the Pioneers Festival in Vienna in May 2015. More than 70 entrepreneurs submitted ideas for the "Post Start-up Challenge" ahead of time. 18 of them were invited to pitch their proposals. The winners were announced at the Pioneers Festival. They shared a package of direct mail and logistics services valued at EUR 150,000.

It is important to note that Austrian Post's involvement in the Pioneers Festival is not simply a question of garnering publicity for itself. The company is continually on the lookout for new, innovative products and ideas, and hopes to become "infected" by the mentality of the startups.

INSPIRING. The Pioneers Festival has been held in Vienna once annually since 2012. It is a good opportunity for Austrian Post to be inspired by the creativity of young startups.



"Our young employees can learn quite a lot about logistics at ProLog."

HERBERT HUFSKY,
HEAD OF LOGISTICS SERVICES & PROLOG

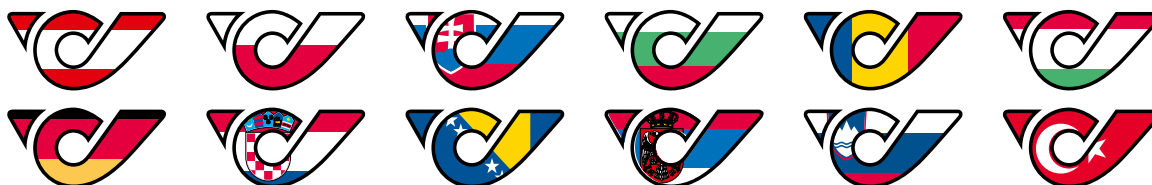




COMMITMENT WITH A FUTURE

Austrian Post operates in eleven countries in addition to Austria.

The shipment of parcels is the most important driving force.



The transfer of know-how and experiences is just as crucial an element in the foreign business strategy of Austrian Post as investments in growth. At present Austrian Post sees attractive potential particularly in Turkey. It has held a 25% shareholding in the Turkish firm Aras Kargo since 2013, with the option of acquiring a further 50% stake in the company in 2016.

Austrian Post is not only investing money but also considerable innovative strength in this new market. For the most part, the required know-how is "Made in Austria". Statistics provide room for optimism that this commitment will pay off. Dervis Kahraman, CFO of Aras Kargo, puts things in a nutshell: "Annual per capita parcel revenue in Turkey is currently only a fraction of the comparable figure for Western Europe. In other words, we have a lot of catching up to do." In recent years Austrian Post has steadily increased its market share in the CEE parcel business. "E-commerce is also gaining in popularity here. We are ahead of our local competitors in many ways thanks to our expertise in shipping parcels," explains Carsten Wallmann, Head of Turkey and CEE Parcel, emphasising the solid strategic underpinning of the company's business operations in its international markets.

Qualitative and quantitative growth

Austrian Post is pursuing two strategic approaches with its foreign subsidiaries. Its international engagement focuses on both a qualitative and quantitative level.

On the one hand, existing facilities are being modernised, and on the other hand, new sites are being built up. In 2015 alone Austrian Post created more than 5,600 m² of additional office, sorting and storage space, and further capacity increases are planned. At the same time, Austrian Post aims to generate a further increase in shipment volumes and deal with the growing share of e-commerce in CEE by offering sophisticated last mile solutions. Both mail and the parcel segment

pave the way in Croatia: "Our mail subsidiary Weber Escal succeeded in raising its addressed letter mail volumes by an impressive 63%," says a pleased Wolfgang Einer, Head of CEE Mail. In the parcel segment, Overseas Trade created an attractive new option, offering delivery within a time window of two hours at the customer's request. Moreover, this Austrian Post subsidiary in Croatia launched a new logo within the context of the rebranding initiative for all CEE parcel subsidiaries. The rebranding drive was implemented by Austrian Post in Slovakia in 2014, followed by Croatia and Hungary in 2015. The remaining CEE subsidiaries will conclude their rebranding in 2016. Accordingly, all Austrian Post parcel subsidiaries in the CEE region will appear as one unified brand.

Long-term commitment

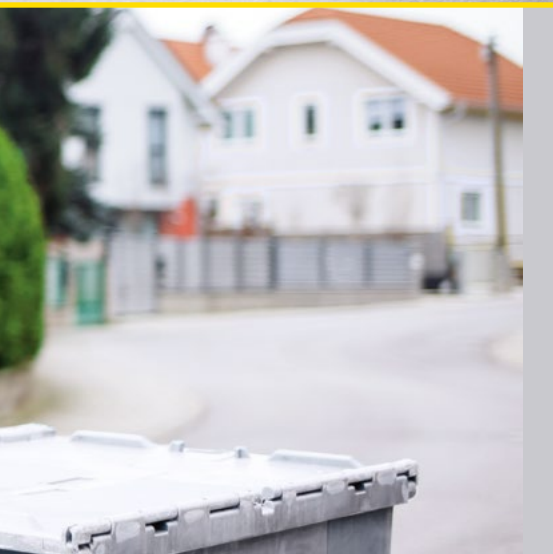
The "gold rush" in CEE has long been over. However, this does not change Austrian Post's strategy in this region. The company considers its international business activities to be a long-term investment in the future. This not only applies to South East and Eastern Europe. Austrian Post is more or less present in all other European markets via its participation in the EURODIS network. The B2B network of EURODIS links 35 leading transport companies to create an efficient combined freight distribution service for parcels and pallets. ■

CUSTOMER-ORIENTED MAIL SOLUTIONS WITHIN GERMANY AND TO THE WHOLE WORLD

AUSTRIAN POST International Deutschland GmbH based in Bonn supports its business customers with individual solutions for the mailing of their business mail, direct mail, press releases and the dispatching of small-sized goods. API provides comprehensive consulting and services for the entire mailing process for Germany, Austria or around the world thanks to its long-standing know-how, high quality and reliability.



Mail carrier Marianne
Reiss out and about
on her jet flyer in
Vienna's 21st district



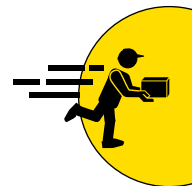
GREEN IN MOTION

Austrian Post is focusing on a prudent use of resources. This not only reflects the societal trend, but above all a key demand of its customers. For this reason, Austrian Post resolutely strives to minimise its ecological footprint, and is the only company in the industry to offer CO₂ neutral delivery.

CHALLENGE ACCEPTED.

Each year the two
photovoltaic facilities
of Austrian Post
produce 1.4m kWh.





THE GREEN WORLD OF YELLOW-BRANDED AUSTRIAN POST

Austrian Post is considered to be one of Austria's flagship companies. Thanks to its business operations and infrastructure, it makes an important contribution to the economic success of the country. At the same time, it bears considerable responsibility, not least when it comes to environmental protection and sustainability.

Environmental initiatives, new energy concepts, international partnerships and ongoing technological improvements make Austrian Post a pioneer with respect to sustainability. This also demonstrates that, in line with its slogan "Always on the Move", the company is also on the right environmental path. One example is its CO₂ NEUTRAL DELIVERY initiative. Within this context, Austrian Post has been determinedly striving since 2011 to sustainably reduce its ecological imprint. After all, the mail carriers at Austrian Post travel 290,000 kilometres each day to provide postal services to the Austrian population. In three days, they cover approximately the distance between the Earth and the moon and back. For this purpose the company naturally requires enormous amounts of energy in the form of fuel, electricity, district heat and gas. On balance, the greenhouse gas emissions of Austrian Post amount to about 70,000 tonnes of carbon dioxide annually. Austrian Post is pursuing a three-phase programme in order to reduce the volume of emis-

sions, making it possible to transport and deliver all letters, parcels and direct mail items within Austria in a CO₂ neutral manner without exception.

Austrian Post undergoes annual audits conducted by TÜV Austria Services GmbH. In this way, it makes sure that the CO₂ emissions of the company are calculated correctly and completely offset. Accordingly, Austrian Post guarantees CO₂ neutral delivery without any added costs incurred by its customers.

More than 100 years of electromobility

Austrian Post's vehicle fleet produces most of the company's CO₂ emissions. Naturally, the company is focusing its environmental protection activities on the field of mobility, in particular by expanding its e-vehicle fleet. The "Green Vienna" and "Model Region E-Mobility Post" projects serve as the basis for these efforts. The latter initiative foresees the expansion of Austrian Post's e-vehicle fleet to 1,300 by the end of 2016.

However, electromobility is by no means a new ►



AWARD-WINNING.

Austrian Post has already received a number of awards for its activities in the field of environmental and climate protection. In 2015 it was among the top five in the Carbon Disclosure Project and was rated 5th in the industry by oekom research as at January 29, 2016.



"My customers have a very positive attitude towards our innovations."

MARKUS KARALL, MAIL CARRIER IN VIENNA-PENZING

The electric-powered vehicles of Austrian Post are exclusively charged with “green” electricity.



THE THREE-PHASE CO₂ NEUTRAL DELIVERY PROGRAMME

AUSTRIAN POST IS THE ONLY COMPANY IN THE INDUSTRY IN AUSTRIA WHICH HAS COMPENSATED FOR ITS EMISSIONS OF GREENHOUSE GASES SINCE 2011 THANKS TO ITS CO₂ NEUTRAL DELIVERY INITIATIVE. THIS PROGRAMME HAS THREE PILLARS:

1. AVOID EMISSIONS AND INCREASE EFFICIENCY

Buildings:

- Monitoring of energy consumption
- Efficient lighting and room heating concepts

Vehicle fleet:

- Optimised route planning
- Modern vehicle fleet

2. ALTERNATIVE SOURCES OF ENERGY

Buildings:

- Conversion of the entire electricity procurement to “green electricity” and operation of two photovoltaic facilities on the roofs of the Vienna-Inzersdorf and Allhaming Logistics Centres (Upper Austria)

Vehicle fleet:

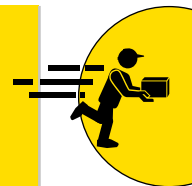
- Expansion of the e-vehicle fleet from 1,012 at year-end 2015 to 1,300 vehicles by 2016
- 52 environmentally compatible natural gas-powered vehicles

3. COMPENSATION

Finally, all emissions which cannot be avoided at the present time are offset in a third step. This takes place by supporting numerous climate protection projects.

development for Austrian Post, in contrast to many other companies. In 1913, the company already deployed its first e-vehicle. Today the Austrian Post fleet consists of 1,000 e-vehicles, and the electricity required to power the vehicles is derived exclusively from renewable energy sources generated in the photovoltaic facilities located on the roofs of the logistics centres in Vienna-Inzersdorf and Allhaming, Upper Austria. “The new electric quad vehicle ‘Jetflyer’ is one of the new pieces of equipment purchased by Austrian Post in the past year. The single-seat, four-wheel vehicle produced in Styria is not only safe on the roads but can also transport a load of up to 100 kg,” explains Markus Karall, letter mail carrier in Vienna-Penzing, commenting on the advantages of this futuristically-looking vehicle.

In the meantime, the entire letter mail delivery operations in Vienna’s 14th district are carried out using electric-powered vehicles. This helps to prevent noise and dust from arising, impressing many customers, as Markus Karall has experienced. “I have often heard comments such as, ‘Great vehicle’ or ‘Ingenious’. My customers have a very positive attitude towards this innovation!” This is not surprising at all. An increasing number of people are sincerely interested in ensuring climate-friendly mobility.



“ACHIEVE MORE WITH LESS ENERGY.”

Andreas Frey, Head of Facility Management at Austrian Post, talks about important milestones on the path to increased energy efficiency.

The greening of Vienna

Another climate protection project implemented by Austrian Post in the field of mobility is its “Green Vienna” programme. By the end of 2016, the entire delivery of letters and direct mail items to private customers will be converted to electric-powered vehicles or carried out on foot. This goal has already been attained in 14 of Vienna’s 23 districts. The funding programme “klima:aktiv mobil” of the Federal Ministry of Agriculture, Forestry, Environment and Water Management as well as the Climate and Energy Fund of the Austrian Federal Government are officially supporting Austrian Post’s ambitious efforts.

Joining forces for climate protection

In cooperation with the Austrian Federal Railways (ÖBB), Austrian Post has been working for a long time to strengthen electromobility, also with respect to public transportation. More specifically, it is involved in a lighthouse project of the ÖBB designed to sustainably link electromobility and public transportation with each other. The project called “eMORAIL” enables commuters to cover those stretches of their journey which are difficult or impossible to manage using public transportation in environmentally-friendly e-vehicles.

At the pilot site in Edlitz-Grimmenstein, Lower Austria, a commuter and Austrian Post share an electric-powered car. The commuter uses the vehicle for driving from his home to the train station and back. During the day Post employees deploy it for delivering letters and parcels. The commuter is free to use the vehicle the way he wants during the weekend.

As a follow-up to this project, Austrian Post launched “E-Mob 2.0” in 2015 in cooperation with EMIL-Carsharing in Salzburg. An e-powered Nissan van is available to Austrian Post for its delivery operations between 6 a.m. and 4 p.m., and can be used at all other times by private EMIL customers.

Efficient use of renewable energy

Austrian Post’s efforts extend beyond its activities to promote electromobility. Since 2012 the company has been relying on electricity generated by renewable energy sources for its buildings. The electricity required by Austrian Post’s e-vehicle fleet is derived from its two own photovoltaic facilities. It operates a photovoltaic plant on the flat roof of the Vienna-Inzersdorf Logistics Centre with an output of 882 kW_{peak}. The second plant located on the roof of the Allhaming Logistics Centre boasts an output of 496 kW_{peak}. Each year the company’s own pow- ▶



Energy efficiency has long been a key focus of the company’s policy. What has been the biggest success in this area in recent years?

ANDREAS FREY: Above all the new photovoltaic facilities on the roofs of our logistics centres in Vienna and Allhaming have

provided considerable impetus to the issue of energy efficiency in the company. We have been able to make considerable progress in our building technology not least because of this reason. Examples are the ongoing conversion of logistic centre lighting systems to LED technology and replacement of old heating units and hot water systems with new, energy-efficient devices. In this way we have succeeded in significantly reducing our energy consumption. Naturally the financial aspect is important in addition to the positive environmental impact. The realisation that energy efficiency can lead to sustainable savings is presumably one of the most important accomplishments in recent years, further underlining the impact of our efforts in this area.

When do you think you will reach the limits of what can be done to enhance energy efficiency?

It will take a long time to reach this point. We continually focus on identifying potential energy savings, and regularly come across areas where we can further optimise energy consumption. In 2015 we took advantage of such opportunities to reduce energy use and developed appropriate measures we are now working on implementing.

Austrian Post is currently building its new corporate headquarters in Vienna. The building has already been granted a sustainability certificate in the construction phase. What were your priorities in the planning process?

From the very beginning the Post at Rochus project had its sights set on creating a modern and innovative working environment, in which we could achieve more with less energy. For this reason, we took many details into consideration with respect to the lighting concept as well as the heating, cooling and ventilation systems. They comprise the basis for the resource-saving operation of the building. We are also supporting our colleagues who ride their bicycles to work, for example by installing showers and secure bike racks.

er-generating capacity thus amounts to almost 1.4m kWh. This is not only good for the environment, but also has a positive impact on Austrian Post's business results. In the light of long-term increases in energy prices, the photovoltaic concept brings economic benefits as well.

Enough about producing energy. But what about consumption? In this regard Austrian Post focuses on the ongoing conversion of relevant logistics centres to the LED technology for lighting as a measure designed to enhance efficiency. In particular, this makes sense in the logistics centres due to their enormous size. This technology not only reduces energy consumption but leads to significant cost savings. Moreover, the climate protection agenda of Austrian Post also includes connecting buildings to existing district heating networks, and last but not least thermal renovation measures.

The future corporate headquarters of Austrian Post will serve as a "green lighthouse" for the company with respect to energy efficiency. The building in Vienna's third district will be ready for occupancy starting in the fall of 2017. In the construction phase it has already been granted the sustainability certificate of the Austrian Sustainable Building Council (ÖGNI). With this

certificate ÖGNI recognises the modules of an overall concept for greater sustainability, i.e. energy efficiency, lower emissions of pollutants, innovative cooling systems, bicycle parking and many other measures.

Recognition for environmental protection

Austrian Post has also gained public recognition for its efforts to promote environmental protection. The Vienna-Inzersdorf Logistics Centre has won several awards for participating in the City of Vienna's Ecological Project for Integrated Environmental Protection, known as EcoProfit. It supports corporate measures for the benefit of the environment which also bring economic advantages to the company itself. In 2015, the Freight Logistics Centre East also participated in the EcoProfit initiative for the first time, and the Vienna-Inzersdorf Parcel Centre will also be involved starting in 2016. The combination of environmental protection and economic benefits is also promoted in the Styrian capital city of Graz by a separate EcoProfit project. One of the award winners in 2015 was the Austrian Post Logistics Centre in Graz, which participated in the Graz-based programme for the very first time.

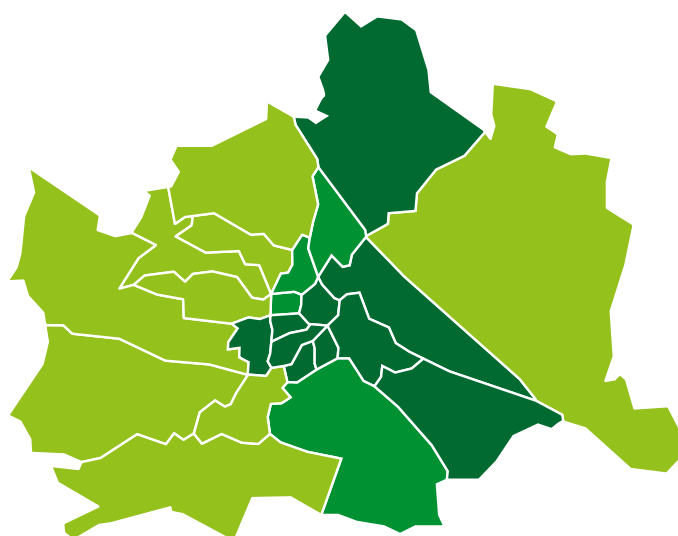
Environmental protection as an overall concept

Austrian Post is also focusing on the mobility of its employees. As many business trips as possible now involve travelling by train. By using the Austrian Federal Railways' network, Austrian Post is able to reduce CO₂ emissions by almost 57 tonnes annually, and collect countless "green points". These "green points" comprise the centrepiece of a bonus system used by ÖBB to support environmental protection projects, in Austrian Post's case the bird protection initiative "Make Way for the Eagle Owl".

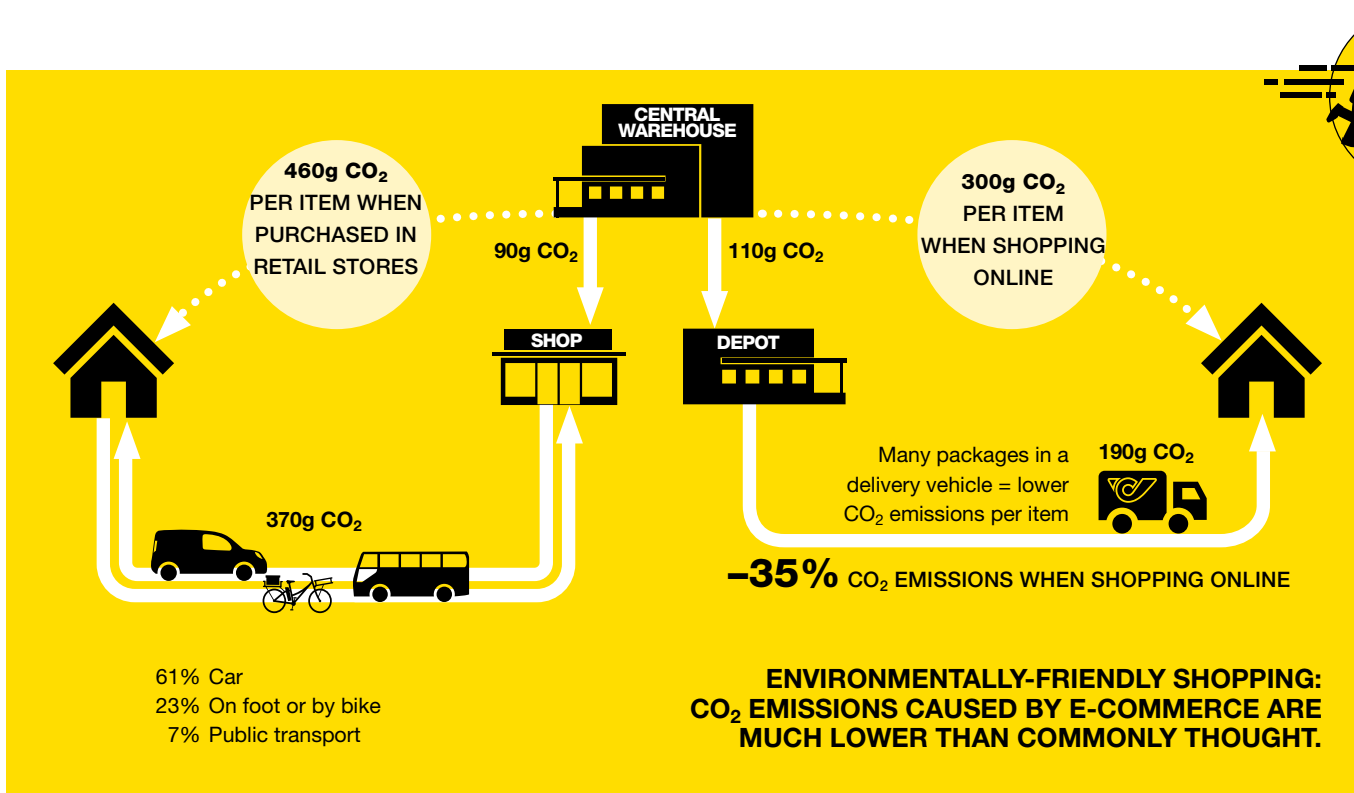
Efficient environmental protection is not achieved on the basis of individual measures, but results from the interaction of all business areas. This Group-wide concept requires a great deal of coordination. However, it is well worth the effort, not least because employees identify with the company's commitment to environmental protection, as the recent employee survey concluded. Opinion research has also shown that customers value Austrian Post's efforts to benefit the environment. That is reason enough for Austrian Post to do everything it can to meet new, ambitious sustainability-oriented challenges, and also carry out effective environmental protection measures in the future as well.

"GREEN VIENNA"

ALL LETTER MAIL AND DIRECT MAIL ITEMS FOR PRIVATE CUSTOMERS WILL BE CONVERTED TO "GREEN" BY 2016.



- Already converted
- "Green" since the end of 2015
- "Green" by the end of 2016



ONLINE SHOPPING: OUT OF LOVE FOR THE ENVIRONMENT!

As surprising as it may seem at first, e-commerce actually burdens the environment much less than is commonly thought. This is the conclusion of two recent studies which took a close look at CO₂ emissions generated as a result of online shopping.

In the first study carried out in 2015, the Austrian Federal Ministry for Transport, Innovation and Technology examined the climate scorecard of e-commerce. It showed that every online purchase reduces the average distance travelled by passenger cars by 7.2 kilometres, equalling CO₂ savings of more than 1,000g per purchase. A study conducted by the German Clean Tech Institute came to a similar conclusion: Shopping on the Internet reduces carbon dioxide emissions by an average of 35%. According to the study, a parcel services provider only travels 1.2 kilometres per shipment, much less than is normally driven when individuals go shopping. This means that short distances comprise a key factor in reducing CO₂ emissions in the retail business. “With our dense network of postal service points and our pick-up stations, pick-up boxes and the Post App, we help to keep distances short for our e-commerce customers,” says Klaus Hirmann, Customer Initiative Branch Net-

work. “We intentionally install our pick-up stations along highly-frequented routes and at the workplaces of our customers. Moreover, we are steadily expanding our product offering, for example by making it possible for customers to select the optimal pick-up station as an alternative delivery address when they shop on the Internet. In this way Austrian Post not only offers greater comfort in online shopping, but also directly makes an important contribution to climate protection,” he adds.



“We make an important contribution to climate protection by keeping distances short for e-commerce customers.”

KLAUS HIRMAN, CUSTOMER INITIATIVE BRANCH NETWORK

EFFECTIVE. Online shopping reduces distances in private transport and thus CO₂ emissions. The CO₂ neutral delivery significantly reinforces this effect.





Branch office employee Robert Frühwirt and his customer Elisabeth in the Vienna branch office at Fleischmarkt





WORKING WELL AS A TEAM

Not only is the market environment of Austrian Post in a state of flux, but its working environment and corporate culture are subject to steady change. Austrian Post applies the most modern team and working models and places the highest demands on its corporate and leadership culture as a means of fulfilling the ever-changing requirements of employees and customers. The outstanding performance of its employees is what makes Austrian Post number one in Austria.

CHALLENGE ACCEPTED.

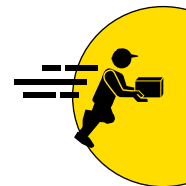
MOTIVATION IS THE MOST IMPORTANT DRIVING FORCE

A company is only as good as its employees. This particularly applies to a service company such as Austrian Post. That is not the only reason why it attaches particular importance to its human resources activities.



Austrian Post offers a diverse range of personal and professional opportunities to its employees on the basis of its further education and training offering.

For Austrian Post, keeping up with the times is only one side of the coin. Naturally it is important to continuously optimise the service and product offering for customers. However, Austrian Post also stays on the go for the benefit of its employees. It constantly introduces new measures to improve their working day and simultaneously offers a diverse range of professional development opportunities. This is because Austrian Post is aware of one thing: the willingness of its employees to contribute, accept and further develop new ideas is what enables the company to keep on moving. The measures taken by Austrian Post on behalf of its employees encompass almost all levels within



the company, and range from the reorganisation of work processes and introduction of high-tech tools to comprehensive further education and professional development programmes. Social support services are also not neglected. Austrian Post and its employees are well prepared, and will continue to face new challenges in the future with flexibility and a strong spirit of innovation.

Lifelong learning begins at the start of one's career

Austrian Post already starts with its young employees in offering further education and professional development programmes. The company launched a trainee initiative in 2011 enabling them to gain experience in different areas of the company on the basis of the rotation principle. In this way the trainees benefit from the experience of their colleagues, and can also build up a network in the company. 13 new trainees began their careers at Austrian Post at the end of September 2015.

A further offering for young people on the part of Austrian Post is the "apprenticeship with Matura" (secondary school diploma). "I have always been interested in technology and personal contact with people. For this reason, Austrian Post offers me the perfect apprenticeship position. Perhaps I will also continue my studies after my apprenticeship period is completed," explains Vivienne Rigo, an apprentice in a Viennese post office. Her statement puts in a nutshell the precise soft skills Austrian Post promotes in its job aspirants. Apprentices can look forward to a sound training as retail sales people with a focus on the field of telecommunications. By the way, every apprentice is presented with their own tablet at the beginning of their training period, and those who conclude their training with honours or very good results are given a language trip in an English-speaking country. At present, 65 young people throughout Austria are being trained by the company, which was awarded the "TOP teaching enterprise" quality stamp by the Vienna Economic Chamber at the end of 2014 in recognition of its high-quality training.

Austrian Post developed a four-week training programme designed to help new employees come to grips with their daily work in the branch offices and familiarise them with the most important processes and the basics of working there. In addition, new employees also independently prepare themselves on their computers for their first working day with the assistance of e-learning. The self-learning programme consists of several modules ideally getting them ready for their tasks in the branch offices.

Austrian Post at the university

The cooperation with students provides new impetus. Austrian Post supports the best Master's students for a period of two years within the context of the Centre of Excellence of the Vienna University of Economics and Business. There is extensive interest in this initiative, which is inspiring for both sides. Students gain insights into the organisation of a high-tech logistics company, whereas Austrian Post profits from new ideas regularly contributed by the participants.

Executives stay on the ball

The Executive Academy of Austrian Post has been in existence since 2012. The training programme includes a series of modules which convey precisely those competencies which employees with management responsibility require every day at Austrian Post. Moreover, executives at Austrian Post roll up their sleeves and spend one day each year working as mail and parcel carriers on the delivery staff, in the branch network, customer service, at feibra or Systemlogistik. "These days at the local level help us with our management responsibilities. They promote mutual understanding and also provide us with the opportunity to have direct contact with customers ourselves," says Martin Kersch, Application Development Group IT.

Post skills in demand by the federal public service

Austrian Post employees are well trained and motivated, a fact which is also valued by the public sector. Employees who have to reposition themselves on the job market due to the restructuring measures implemented by Austrian Post transfer to jobs in federal ministries or other public institutions, and are highly sought-after. The "Internal Labour Market" platform and the initiative "Post employees to the federal public service" focus exclusively on finding good new jobs for long-serving employees within and outside of the company. Trainings and coachings provide them with a head start as the foundation for their future career paths. ■



"These days at the local level promote mutual understanding."

MARTIN KERSCH,
APPLICATION DEVELOPMENT GROUP IT

In the Carinthian delivery bases of Eberndorf and Wolfsberg, letter mail distribution has already been converted to the concept of "Teamwork 2018". From left: Georg Kues, Bernd Zwantschko, Astrid Gasperlmaier and Roland Omelko



“TEAMWORK” – NEW CONCEPTS SHAPE THE FUTURE

Austrian Post aims to completely restructure its letter mail delivery operations by 2018. The cornerstones of the concept are smaller team structures within the same regional infrastructure and greater responsibility for individual employees. Austrian Post is also strengthening regional responsibility in its branch network.

The company has been working intensively on an organisational streamlining of its letter mail distribution for several years. A series of measures have already been successfully integrated into daily business operations. In 2015 the reorganisation already entered the next stage on the basis of a project entitled “Teamwork 2018”. Robert Modliba, Head of Production & Logistics Management, explains what is behind the Teamwork 2018 initiative. “We are now reducing administrative activities for our employees following the nationwide introduction of new

hardware such as mobile data recording devices and a change in processes such as the introduction of the collective advertising envelope KUVERT. In this way we also want to further develop our leadership structures, and optimally equip ourselves to deal with future market changes.”

Ambitious goal

Austrian Post is moving ahead ambitiously to implement this project. Plans call for an organisational restructuring of letter mail distribution throughout Austria within a period of only four



years. The focus is on establishing much smaller teams of about ten mail carriers, led by a so-called “playing captain”. He not only carries out management tasks but also serves as a mail carrier, and is thus very familiar with the everyday work of his colleagues. “Earlier a distribution manager was responsible for 25 to 30 people. The new structure enables the team leader to take much more time for each individual,” explains Georg Kues, mail carrier in Eberndorf, Carinthia, who has already gained experience with the new organisational structure. In turn, every ten teams are supervised by an area manager, whose job is to ensure the operational quality and efficiency of mail distribution in his area. Since the start of the implementation phase in 2015, 45 delivery bases have already been converted to the new system, with 49 more to be added in 2016.

Small teams are more tightly-knit

Austrian Post expects the new system to generate a number of improvements, also for the benefit of employees. Ultimately the closer proximity between employees and their executives will promote direct communication, in turn strengthening cooperation and motivation. Erwin Käfer, Assistant to the Area Manager for Eberndorf and Wolfsberg, confirms this effect. “It is good that the team leaders will assume responsibility in the future for part of the previous duties carried out by the distribution manager. In this way, he is as directly involved with his employees as possible.”

75% of letter mail distribution in Western Europe, for example in Germany, Switzerland, France, Denmark and Norway, is already implemented in line with the team organisational model. Austrian Post has optimised and expanded this system for the Austrian market.

New career opportunities through greater responsibility

The restructuring process will open up new career opportunities for Austrian Post employees. A total of 800 team leader, 80 area manager and 80 assistant positions will be created by 2018. Bernd Zwantschko has already begun his job as “playing captain”. He speaks from experience: “The new leadership structure puts a special emphasis on personal responsibility. At the same time, I continue delivering letters myself. This promotes acceptance by other members of the delivery staff, because they know I am one of them.” The former distribution manager Roland Omelko applied for the position of area manager, where he would like to make use of his previous experience. “I also want to be responsible for the

commercial planning, performance and quality controlling of a specific area, and do my best to ensure that letters in my area are delivered more efficiently.”

Optimised deployment planning

In addition to the introduction of the new team-oriented organisation, a new branch office structure has also been strengthening regional responsibility at Austrian Post since February 2015. A total of 518 company-operated branch offices have been organisationally merged to create 97 so-called “hubs” bundling regional planning tasks. The planning system is supported by software which precisely plans staff requirements and deployment in the individual branch offices based on calculated overtime. This facilitates the organisation and also reduces waiting time for branch office customers. The use of planning software is a good example of how Austrian Post employees and customers equally benefit from intelligent efficiency measures. ■

THE ONLY THING LEFT TO DO IS DELIVER THE MAIL

Austrian Post is putting an increasing number of electronic helpers at the disposal of its employees. User-friendliness and technical finesse ensure that these tools do not result in technological overkill but bring real benefits.

User-friendly handhelds

At the beginning of 2013, the delivery staff was equipped with mobile data recording devices. A completely revamped software interface was installed on these “handhelds” in 2015. Following this update, the devices are now much more user-friendly. They can be activated more quickly, boast a brighter display and an intuitive navigation.

Revvig up delivery trips

Automatic sequencing saves a lot of manual work. It supports the delivery staff in putting letters for their delivery routes in the right order (also refer to page 47). This system has been in operation in all six mail distribution centres since April 2015.

Smart software

In May 2015 Austrian Post rolled out new transport software for its goods transport operations. Since then, it has been used to plan and schedule about 1,000 delivery trips each day. The nationwide use of this state-of-the-art software serves as the basis for enhanced transparency and flexibility. In the future, route planning will become even more efficient with the help of complex simulations.

An app in any case

Distribution lists, plans and reports will soon be a relic of the past at feibra. A smart phone app deployed by the Austrian Post subsidiary bundles the entire range of tasks, from planning and quality management to reporting and administration.

The employee surveys serve as a yardstick for employee satisfaction in the Austrian Post Group.



THE MANY FACETS OF COMMITMENT

Employee satisfaction and business success are closely linked. Whoever wants to ensure motivation has to offer more than just a monthly paycheck.

Survey with consequences

Austrian Post carefully listens to its employees, and makes sure that a proper work-life balance is achieved. In 2015 41% of Austrian Post's staff took part in the employee survey, the second of its kind following the 2013 survey, to express their opinion about the company and make suggestions on how to improve day-to-day work. The organisers of the survey were also satisfied. "The response rate increased from 31% to 41% compared to 2013," says Verena Abu-Dayeh, Head of Human Resources Development. "We were particularly pleased that every third participant took advantage of the opportunity to make additional comments in the questionnaire. We see this as a sign of their extensive personal commitment."

The statistical results of the survey also speak for themselves. Higher marks were given to cooperation, workflows, professional development possibilities and overall satisfaction than in 2013.

This clearly demonstrates that Austrian Post takes employee feedback seriously and learns from it, a fact which is acknowledged by the staff. One example is the area of occupational health, in which greater emphasis has been placed on the visibility of the occupational health efforts since the last survey. The employees gave high grades to the safety measures implemented at work as well as the healthcare offering. For example, Austrian Post launched the project "A healthy heart and you" at the end of 2014. Some 4,500 employees were made aware of the importance of "heart health" within the context of health-related events. Health counseling at the delivery bases and 30 "health days" held at larger sites provided employees with valuable information about their own health and bodies as well as about nutrition and relaxation, for example with the help of Shiatsu techniques. Driver safety trainings were carried out once again in 2015 as a means of preventing traffic accidents.



SOCIAL COMMITMENT OF POSTAL PARTNERS.

Austrian Post works together with about 50 social welfare organisations. They offer postal services, employing socially disadvantaged people to carry them out, facilitating their (re-)entry in the job market.



THE SOCIAL PROJECTS AUSTRIAN POST STRONGLY SUPPORTS:

- Gift parcels for the Christ Child
- Christmas in the Shoebox
- Radio station Ö3 Wundertüte charity campaign
- Austria Reads – Meeting Point Library
- Children's Business Week
- Vienna Daughters' Day
- Pickle jar campaign of Caritas to fight hunger in the poorest countries in the world
- Welcome packs

311 employees participated in 29 training sessions and were schooled in safe and fuel-efficient driving.

After evaluating the 2015 survey results, the organisers have identified a need to take action in the future. "In particular, we see the potential to improve communication and leadership. These conclusions will serve as the starting point to further increase the satisfaction of our colleagues in the company," Verena Abu-Dayeh adds.

Family comes first!

Ensuring the compatibility of career and family may easily entail huge efforts. Many parents depend on the understanding and goodwill of their employers. However, this has long been part and parcel of Austrian Post's offering. Employees with families can rely on a number of measures, including the possibility of part-time work and active time-out management. This commitment was also confirmed by the Federal Ministry of Science, Research and Economy in 2013. Austrian Post is implementing the "careerandfamily" audit, a three-year programme designed to further improve the compatibility of family and career.

Applause for Austrian Post

Some Post employees also like to blow their horns during their leisure time, giving voice to their musical talents in one of seven Post bands or in one of the two company choirs. On balance, Austrian Post ensembles put 400 performers on the stage, but not only in the proverbial sense. The performances of employees during a Karl Kraus production in Vienna's Burgtheater as well as the two appearances at the "Wiener Wies'n", the Viennese equivalent of the Oktoberfest, and the Austrian Brass Music Festival in Vienna in June 2015, garnered enthusiastic applause.

Austrian Post employees are also supported by their employer when it comes to their sporting ambitions. In 2015, a total of 3,847 employees took part in 14 running events for which the company and post.sozial paid all the registration fees.

Austrian Post also promotes this type of shared leisure activities because it knows that this feeling of cohesion and team spirit also extends to the workplace.

Austrian Post is socially responsible

Austrian Post also wants to reinforce team cohesion in the company on the basis of its social commitment. The main platform is the association "post.sozial", which was established ten years ago in order to bundle the numerous social

services provided by Austrian Post for its employees. Its services include financial assistance in emergency situations, lower-priced tickets for cultural and sporting events and holiday deals for colleagues. The holiday lodge of Austrian Post located in Bad Mitterndorf was reopened in 2015, just in time for the 10th anniversary of the association. The holiday lodges in Vienna and Mayrhofen were renovated. Close to 55,600 holiday nights were spent within the context of the post.sozial destinations in 2015.

Austrian Post's social involvement also impacts society outside of the company. For example, Austrian Post has played a major role in the "Ö3 Wundertüte" charity campaign since 2005. A total of 388,000 used mobile phones were collected in 2015 within the context of this initiative, resulting in donations of EUR 582,000 for the emergency aid funds of "Licht ins Dunkel" ("Light into the Darkness") and Caritas. In addition to numerous other charitable projects (see box), Austrian Post was also involved in refugee relief efforts. Within the context of the "Welcome packs for refugees" campaign, the company assumed responsibility for delivering close to 12,000 parcels containing contributions in kind from the entire country to the Austrian Workers' Samaritan Federation – naturally mailed free of charge. Post.sozial also set up a separate bank account for donations, thus providing assistance quickly and unbureaucratically on the basis of existing structures. ■

THE NEW "POST AT ROCHUS"

AUSTRIAN POST'S NEW HEADQUARTERS IN THE ROCHUSMARKT AREA CREATES AN IDEAL POLE POSITION FOR A SPRINT INTO THE FUTURE.

The new building complex should be ready for occupancy in the fall of 2017. The building offers commercial space for consumer goods, restaurants, shops and other services covering about 8,000 m² of usable floor space, amongst other purposes, and will provide Austrian Post employees with a modern working environment featuring state-of-the-art technical equipment. The ground-breaking ceremony for the eight-storey building designed to house about 1,100 employees took place in the spring of 2015. The team of architects from the firms Schenker Salvi Weber and feld72 has developed an innovative overall concept for "Post at Rochus". The working areas in the new corporate headquarters are designed to support the multifaceted tasks carried out by employees. The structure for such "activity-based" work is based on an open office concept. In addition to conventional workplaces, quiet zones will be set up for concentrated individual work, along with communication rooms for discussions or short meetings as well as possibilities for informal exchanges of views and relaxation. In this way an optimal environment will be created to systematically promote cooperation and communication.

Achieving more together: team spirit
was the driving force behind the world
record set by Post employees.



POST EMPLOYEES SET A WORLD RECORD

575 kilometres in 43 hours and 9 minutes: Austrian Post made sports history in the summer 2015 by organising the biggest employee relay race in the world. The underlying motivation was to ensure the timely delivery of a birthday present sent by 8-year-old Susi in Vorarlberg to her friend Johanna in Vienna.



The Post relay team started from Klösterle in Vorarlberg shortly after midnight on June 27, 2015 to carry out “Mission:Susi” and headed in the direction of Vienna. What stood between them and their destination were almost 600 kilometres, an altitude of 4,000 metres and thousands of people cheering the runners along the route or accompanying them in groups. 43 hours later, Anna Lutz reached the finishing line at Schönbrunn Palace. “The atmosphere along the route was really great. I will certainly never forget this day,” she enthusiastically stated after her leg of the relay.

Austrian Post CEO Georg Pölzl was also thrilled after this successful mission. “I am incredibly proud of the outstanding achievements of our people on this weekend. But it fills me with even greater pride to see what our employees on the delivery staff, in the branch offices, logistics centres and management succeed in doing day in and day out.”

By the way, Mission:Susi was entered into the Guinness Book of Records. This world record was not only made possible by the accomplishments of the 79 relay runners. Hundreds of helpers and organisers formed a strong team, demonstrating that great things can be achieved together. ■

“TEAM SUCCESS DEPENDS ON EVERY INDIVIDUAL.”

Austrian professional skier and TV presenter Armin Assinger talks about his role as a motivator for Mission:Susi.



Mr. Assinger, you motivated the runners in Mission:Susi to achieve such an outstanding performance, which ultimately led to a world record. What is the importance of team spirit for individual achievements?

ARMIN ASSINGER: During my career as an athlete, motivation by the team and naturally the spectators were always enormously important factors. Being able to perform at your very best involves pushing yourself to the limit. In this situation, you are grateful that people cheer you and get you to keep at it.

Would you say that sports can provide an important impetus for motivation in everyday life?

Definitely! Sportiness is carried over into other areas of one's life. That is why I consider it a good thing that Austrian Post promotes the athletic activities of its employees. There are a number of other initiatives in addition to Mission:Susi. Sport gave me so much which I profit from even today, for example self-confidence, team spirit, concentration and above all personal motivation.

How did you motivate the runners taking part in Mission:Susi to push themselves beyond their own limits?

To get straight to the point, the runners were all very motivated from the very beginning. However, it was important for me to once again make them aware of the objective of this mission, and to make it clear to them that they were part of a team whose success depended on each one of them.





FACTS & FIGURES





AUSTRIAN POST

Austrian Post is Austria's leading logistics and postal service provider, generating annual revenue of EUR 2.4bn and employing a staff of about 23,500 people. Its core business activities encompass the transport and delivery of letters, direct mail items, print media and parcels as well as diverse logistics solutions.

The branch network of Austrian Post offers its customers high quality postal, banking and telecommunications products and services throughout the country. The company makes an important contribution towards safeguarding and securing the communications and logistics infrastructure of the country thanks to its reliable, nationwide supply of postal services to the Aus-

trian population and economy. Austrian Post is the undisputed market leader in Austria for the delivery of letters and parcels. Moreover, Austrian Post operates in eleven international markets, especially in the parcel and logistics growth segment. The focus of its strategic activities is the consistent orientation to the needs of customers in order to further strengthen its market leadership position in its core business and exploit opportunities in growth markets at the same time. Strict cost discipline is continuously given top priority in all the company's activities in order to ensure the resolute orientation on enhancing efficiency in all processes, also in the future. ■



• **12.6%**

was the **EBITDA margin** in 2015, reflecting the focus on cost discipline and profitability.



• **EUR 167.2M**

This **free cash flow** provides a good basis to finance future investments and dividend payments.



• **39.8%**

comprised Austrian Post's **equity ratio** at year-end 2015, highlighting the company's solid balance sheet structure and low level of debt.

STRATEGIC CORNERSTONES

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**

**AUSTRIA**

No. 1 for letters, direct mail items, media post and private customer parcels

**GERMANY¹**

Market leader in the direct pharmaceutical distribution business

**POLAND**

No. 2 for unaddressed direct mail items

**SLOVAKIA**

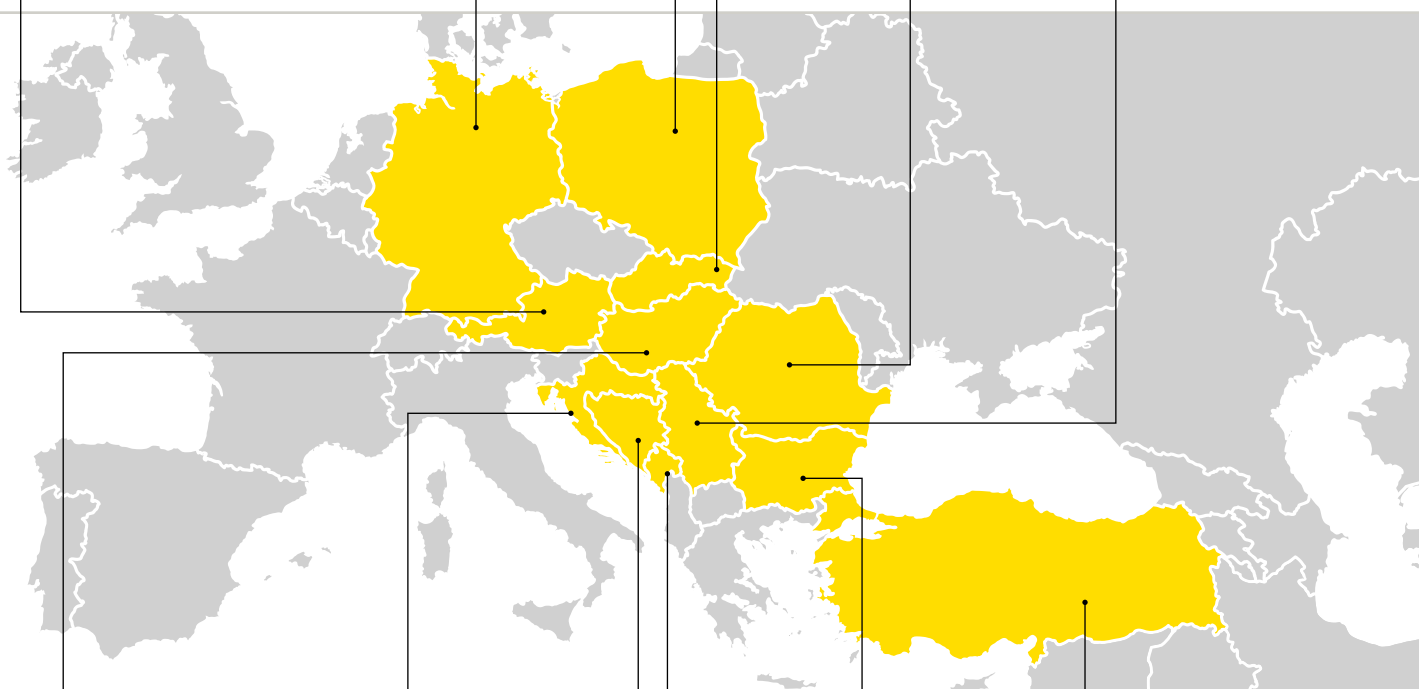
No. 1 for business customer parcels

**ROMANIA**

No. 1 for unaddressed direct mail items, No. 2 for addressed direct mail

**SERBIA**

No. 1 for business customer parcels

**CROATIA**

No. 1 for business customer parcels, No. 1 for unaddressed direct mail items, No. 2 for addressed letters

**HUNGARY**

No. 1 for combined freight

**BOSNIA AND HERZEGOVINA**

No. 1 for business customer parcels

**MONTENEGRO**

No. 1 for business customer parcels

**BULGARIA**

No. 1 for hybrid mail (printing and addressed delivery)

**TURKEY**

No. 2 in the parcel segment

¹ The assets and liabilities of the trans-o-flex Group are held for sale as at December 31, 2015.



MAIL & BRANCH NETWORK

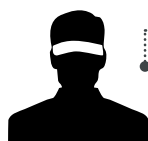
BUSINESS ACTIVITIES

- Letter mail
- Direct mail
- Media post
- Branch network services

The core business activities of the Mail & Branch Network Division encompass the collection, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items and newspapers as well as parcels within the context of the combined delivery of mail items. Moreover, Austrian Post offers postal and telecommunications products and financial services in cooperation with its partners BAWAG P.S.K. and Telekom Austria AG as well as retail products required for sending mail items and various online services.

The service portfolio is complemented by new services for business and advertising mail, such as address and data manage-

ment, mailroom management, intelligent scanning and response management. A total of 3,600 postal service points are now available to customers throughout Austria, including around 500 company-operated branch offices, approximately 1,300 postal partners, 200 OMV petrol stations and 1,600 Hermes parcel shops. In addition, the offering of self-service zones is being steadily expanded. At the end of 2015 customers already had approximately 300 self-service zones at their disposal. Each year Austrian Post delivers 860m letters, 590m addressed direct mail items, 3.5bn unaddressed mail items, 400m print media and 290m regional media.



95.9%

of all **letters** handled by Austrian Post already reach their intended recipients on the next working day, demonstrating the high customer orientation based on outstanding performance.



21,680

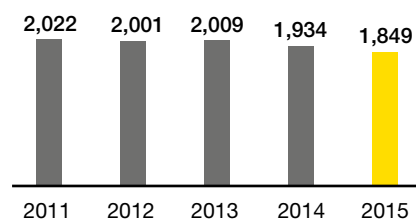
mail drop-off points ensure a functioning nationwide communications infrastructure.



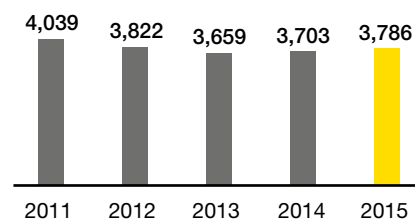
61.5_M

customers visit Austrian Post's postal service points per year. Taking the 8,124 mail carriers into account, Austrian Post has 105 million customer contacts annually.

ADDRESSED MAIL ITEMS IN AUSTRIA
MILLIONS



UNADDRESSED MAIL ITEMS IN AUSTRIA
MILLIONS





PARCEL & LOGISTICS



The Parcel & Logistics Division offers its services in nine European countries. In international markets, this consistently takes place via the company's own subsidiaries. The main business of the division is transporting parcels and EMS (Express Mail Service) items for private and business customers.

Austrian Post delivers about 80m parcels and EMS items on its domestic market of Austria each year. Accordingly, it is the leading service provider for the delivery of mail order parcels, offering nationwide delivery of the highest quality.

The portfolio also includes a broad spectrum of specialty logistics solutions, for

example so-called combined freight (the joint transport of individual parcels and entire pallets), temperature-controlled logistics (transport of temperature-sensitive goods in the range of 2–8°C and 15–25°C) and contract logistics.

In recent years Austrian Post has further expanded its competencies along the entire logistics value chain, and is now successfully providing a broad range of value-added services. Accordingly, Austrian Post offers customised fulfilment solutions such as warehousing, commissioning, returns management and webshop logistics, as well as the transport of valuable goods and cash. ■

BUSINESS ACTIVITIES

- **Parcels**
- **Combined freight**
- **Temperature-controlled logistics**
- **Fulfilment**
- **Value logistics**

80m

parcels and EMS items are delivered by Austrian Post to households and companies in the country, making it the Austrian market leader.



509,228

parcels were delivered in Austria on just one day in December 2015, thus surpassing the previous single-day record from 2014 by about 40,000 parcels.

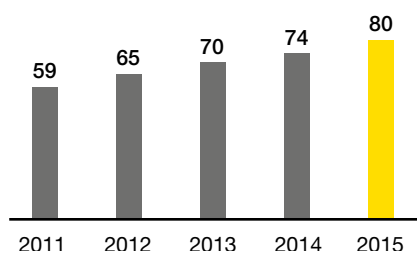


91%

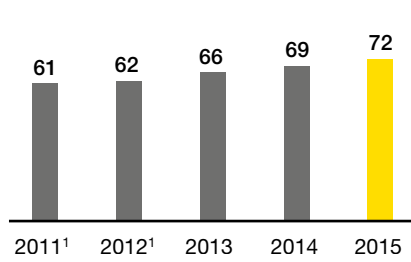
of all parcels are successfully handed over to the recipient on the first delivery attempt.



PARCELS & EMS ITEMS IN AUSTRIA
MILLIONS



INTERNATIONAL COMBINED FREIGHT
PARCELS AND PALLETS IN MILLIONS



¹ Values adjusted for the Benelux subsidiaries (disposal in 2012)



INVESTOR RELATIONS

Austrian Post has been listed on the Vienna Stock Exchange since May 2006, and has been able to show a solid performance, also in the past and somewhat turbulent years, on global financial markets. This development was primarily driven by the clear investment story which the company has always consistently maintained, even in a challenging market environment. Solid, predictable and reliable – this is the way Austrian Post wants to appear to its investors. The clearly formulated objective at the time of the Initial Public Offering of generating sustainable and attractive dividends on the basis of a solid business model has been repeatedly fulfilled year after year. In 2015, the share

price of Austrian Post, along with the share prices of comparable international postal companies, was shaped by the volatility prevailing on global financial markets and the accelerated pace of e-substitution. A competitor's entry into the Austrian parcel market also burdened the price of the Austrian Post share, which closed the year at EUR 33.63. Austrian Post paid an attractive dividend for the 2014 financial year, in line with its clearly-defined capital market positioning. The Management Board will propose a dividend payout to its shareholders of EUR 132m for the 2015 financial year to the Annual General Meeting. This corresponds to a dividend of EUR 1.95 per share. ■



5.8%

comprises the **dividend yield** as of the end of December 2015 in light of the proposed dividend of EUR 1.95 per share.



15

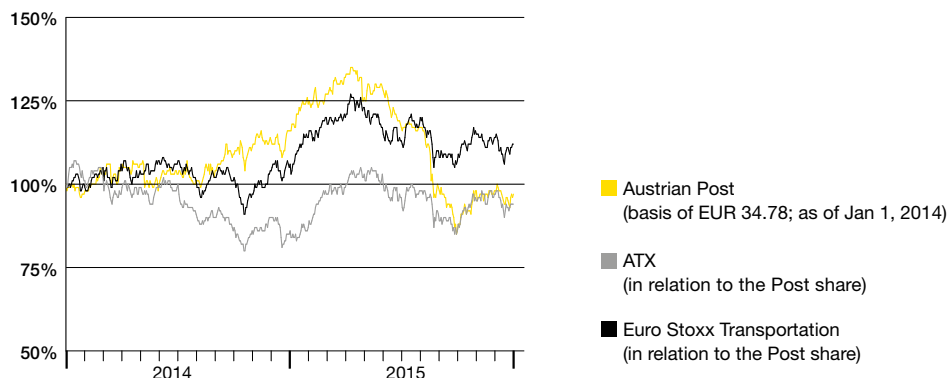
investment banks regularly monitored the performance of Austrian Post during the 2015 financial year, providing the company with valuable feedback.



163.1%

represents the **total yield** (total shareholder return) of the original shareholders up until the end of 2015 on the basis of the issue price of EUR 19.00 on May 30, 2006

DEVELOPMENT OF THE POST SHARE (LAST 24 MONTHS)





EMPHASIS ON TRANSPARENCY

Austrian Post attaches considerable importance to active communications with investors and analysts. More than 140 meetings were held in 2015 with representatives of the financial community in Austria and in international financial centres such as London, Paris, Frankfurt, Warsaw, New York, Los Angeles and Toronto.

COMMUNICATION WITH PRIVATE SHAREHOLDERS

Private investors also made use of Austrian Post's offer to establish a comprehensive two-way dialogue. Numerous private shareholders informed themselves about the company, for example at the GEWINN trade fair in Vienna. In order to provide information to school pupils, potential future employees and shareholders, Austrian Post was again represented also at the GEWINN InfoDay for pupils.

SUSTAINABLE INVESTMENT

Austrian Post's renewed acceptance for listing on the Austrian sustainability index VÖNIX of the Vienna Stock Exchange for 2015/16 confirms the sustainable manner in which the company operates from a capital market perspective. Austrian Post also scored top marks internationally in the oekom Research assessment, which particularly praised the company's environmental and climate protection objectives and measures. Moreover, the disclosure scoring in the Carbon Disclosure Project improved from 91B to 99B.

SHARE AND DIVIDEND INDICATORS

		2014	2015	Change 2014/2015
Earnings per share ¹	EUR	2.17	1.06	-51.2%
Dividends per share	EUR	1.95	1.95 ²	-
Dividend payout	EUR m	131.7	131.7 ²	-
Free cash flow per share (before acquisitions/securities)	EUR	2.25	2.64	17.5%
Dividend yield ³	%	4.8%	5.8%	-
Total shareholder return (annual performance + dividends) ⁴	%	+21.6%	-11.9%	-
Total shareholder return since the IPO	%	+188.3%	+163.1%	-
Share price performance	%	+16.1%	-16.7%	-
PE (price/earnings) ratio at the end of December	-	18.6	31.7	70.4%
Share price at the end of December	EUR	40.38	33.63	-16.7%
High/low (closing price)	EUR	40.51/33.40	46.99/29.70	-
Market capitalisation at the end of December	EUR m	2,727.8	2,271.8	-16.7%
Shares in circulation at the end of December	Shares	67,552,638	67,552,638	-
Free float	%	47.2%	47.2%	-

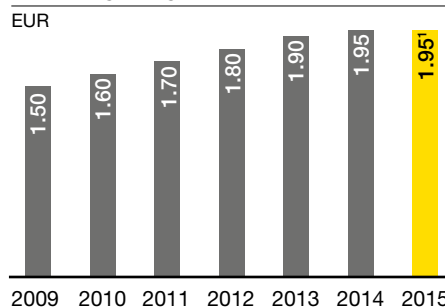
¹ Undiluted earnings per share in relation to 67,552,638 shares

² Proposal to the Annual General Meeting on April 14, 2016

³ Dividends per share divided by the share price at year-end of the respective financial year

⁴ Change in the share price year-on-year plus dividend payment in the respective year (excluding reinvestment of the dividends)

DIVIDENDS PER SHARE



¹ Proposal to the Annual General Meeting on April 14, 2016



CORPORATE GOVERNANCE

The term “corporate governance” stands for responsible corporate management and control geared towards the long-term creation of value. Key aspects of good corporate governance include the efficient cooperation between the Management Board and Supervisory Board, respect for the interests of shareholders as well as openness and transparency in corporate communications. Accordingly, corporate governance at Austrian Post encompasses all business areas in the company. It promotes the confidence in the management and supervision of the company on the part of investors, financial markets, business partners, employees

and the general public, and is an essential basis for sustained corporate success. Austrian Post continually subjects its information and work processes to a critical analysis in the spirit of actively practised 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. Corporate governance at Austrian Post is oriented to the Austrian Corporate Governance Code, which serves as an indispensable benchmark on the Austrian capital market for the business management of publicly listed companies. ■



26

Management Board meetings, five Supervisory Board sessions, three meetings each of the Audit and Parcel & Logistics Committees took place in 2015.



1

company in Austria – Austrian Post – offers shareholders the possibility to cast their votes at the Annual General Meeting per absentee ballot.

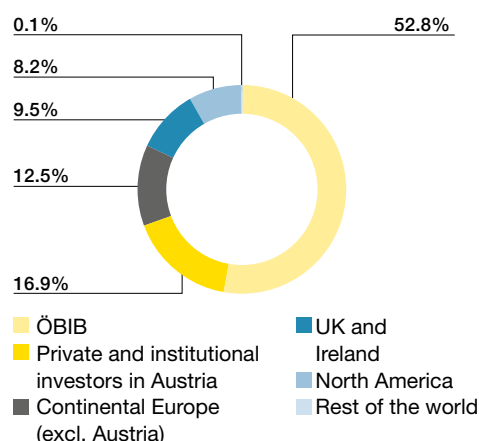


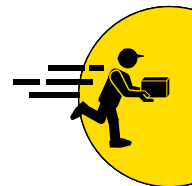
50%

of the Supervisory Board members elected by the Annual General Meeting are **women**.

SHAREHOLDER STRUCTURE OF AUSTRIAN POST BASE: 67.6M SHARES

A shareholder ID survey carried out in January 2016 concluded that, in addition to the main shareholder ÖBIB, 40% of all Austrian Post shares are held by European investors (unchanged compared to the previous analysis in January 2015). All in all, **16.9%** of these shares are held by private and institutional investors in Austria (+1.6 percentage points), **12.5%** in Continental Europe (–2.6 percentage points) and **9.5%** in Great Britain (–0.4 percentage points). A total of **8.2%** of the shares (+1.5 percentage points) are currently held by North American investors (USA and Canada), whereas investors in the rest of the world account for **0.1%** (unchanged).





COMPLIANCE



Austrian 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 underlying conviction is that compliance makes an important contribution to 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. ■

515

employees have completed the new **e-learning programme** on the issue of **capital market compliance**.



237

employee inquiries on the topics of the acceptance and granting of gifts, donations and sponsoring as well as the Code of Conduct and Ethics of Austrian Post were answered by the Compliance Help Desk.



726

employees attended 77 classroom training sessions focusing on the revised Group guidelines on the "Acceptance and Granting of Gifts, Invitations and Other Advantages".



COMPLIANCE ORGANISATION

Austrian Post's International Compliance Day was already held for the third time in the fall of 2015. The annual Group-wide compliance risk assessment is another integral part of the compliance programme.

BUSINESS COMPLIANCE

In addition to the revised internal rules on the "Acceptance and Granting of Gifts, Invitations and Other Advantages", new Group guidelines on donations and sponsoring were adopted in 2015. A new campaign on the issue of compliance awareness was launched.

CAPITAL MARKET COMPLIANCE

The compliance management system of Austrian Post was improved once again as a consequence of the conversion from a manual insider register to an electronic data base solution. The training concept was also upgraded.

ANTITRUST COMPLIANCE

At the end of 2015 the decision was made to integrate antitrust compliance as an additional priority in the compliance management system of Austrian Post. A manual on antitrust compliance and target group-oriented training measures are planned for 2016.



SUSTAINABILITY

Austrian Post believes that the sustainable orientation of its business operations will open up major opportunities for the entire company. In order to proactively exploit these opportunities, the company has implemented a wide range of measures based on the Group-wide mission statement. It encompasses three core values: customer orientation, profitability and sustainability and finally communication and appreciation. These core values should be lived by all employees in their daily work and comprise the basis for all types of decisions. Sustainable corporate management will practically arise by itself if the company succeeds in consistently orienting its activities to the core values contained in the mission statement.

The sustainability strategy of Austrian Post based on its mission statement encompasses the four dimensions of economy, employees, society and the environment. Precise goals and measures were determined for each of these areas, which are carefully and closely aligned to each other. Key issues for Austrian Post range from ensuring a reliable supply of postal services and the company's social commitment to appreciation and support for its employees, maximum resource efficiency and a sustainable creation of value. Only a profitable company can make a long-term contribution to sustainability. Furthermore, all relevant stakeholders are involved as much as possible in the sustainable structuring of corporate management. ■



14

Viennese districts were already converted by the end of 2015. Mail and direct mail items to private customers are delivered exclusively **by foot** or using **e-powered** vehicles.



1,012

electric-powered vehicles were already operated by Austrian Post throughout the country at year-end 2015.

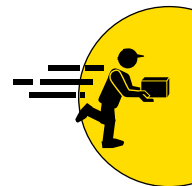


84

different nationalities make up the staff of Austrian Post.

SUSTAINABILITY REPORTING

Austrian Post has been publishing sustainability reports for years in order to document its activities in this field and provide public access to this information. In addition to its annual Sustainability Magazine, it compiles a GRI Sustainability Report whose contents and structure are oriented to the Global Reporting Initiative. This is done to ensure comparability and transparency for its stakeholders. The sustainability reports of Austrian Post are available on the Internet at www.post.at/csr.



DIMENSIONS OF SUSTAINABILITY – BENEFITS FOR ALL STAKEHOLDERS

CSR

■ **EMPLOYEES** – Austrian Post is clearly aware of its responsibility to its employees. Motivated and productive employees are the basis for corporate success. High value must be placed on the factor “employees”, especially in a service company.

■ **SOCIETY** – Austrian Post bears a considerable responsibility to society as a universal services provider with the capacity to ensure the reliable, nationwide supply of postal services. Because of its importance to the country, Austrian Post is also committed to sustainably taking an active part in society.

■ **ENVIRONMENT** – Austrian Post operates in a resource-intensive business and thus continually strives to identify optimisation potential to minimise its ecological footprint. Austrian Post also plays a pioneering role internationally thanks to its CO₂ NEUTRAL DELIVERY initiative.

■ **ECONOMY** – Only an economically successful company can seriously assume its corporate social responsibility on a long-term basis and at the same time make an appropriate contribution to fulfilling social and ecological needs.

80,787

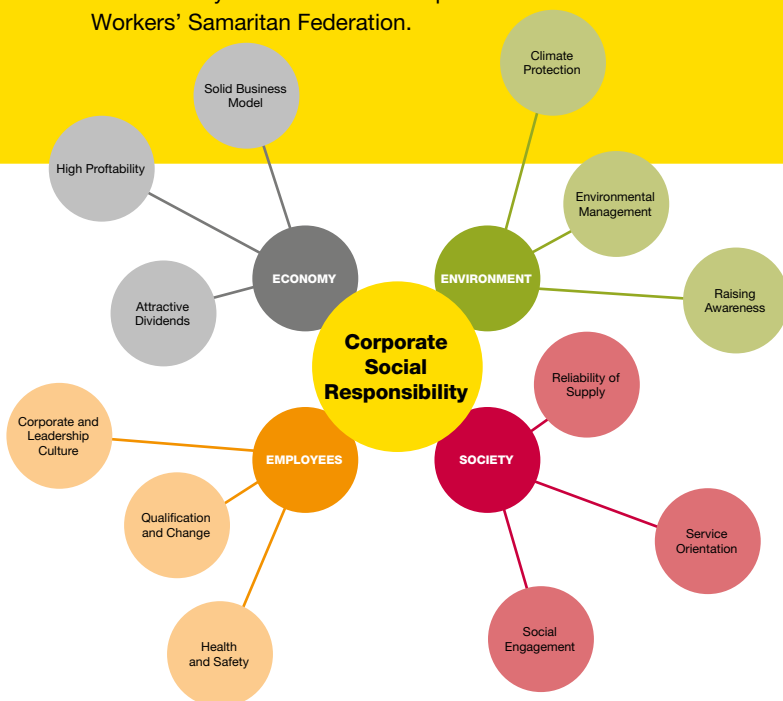
kilometres represent the distance covered by Austrian Post employees in 2015 at various running events (with the exception of Mission:Susi; refer to page 70).

51

of all 1,281 postal partners are involved in social projects.

3,000

“Gift parcels for the Christ Child” were sent before Christmas by Austrian Post in cooperation with the Austrian Workers’ Samaritan Federation.



SUSTAINABILITY STRATEGY

Within the context of its sustainability strategy, Austrian Post plans and acts in four focus areas i.e. employees, society, environment and economy, each featuring corresponding objectives and measures closely attuned to each other and in harmony with the company’s strategic targets. This is the only way the company can be managed in a future-oriented and sustainable manner.

SOLID PERFORMANCE IN 2015

Revenue:

Increased revenue in both the Mail & Branch Network Division and the Parcel & Logistics Division

Operating and reported EBIT:

Improvement in operating earnings, earnings development impacted by special effects

INCOME STATEMENT

	2014	2015	Change 2014/2015
EUR m			
Revenue	2,363.5 ¹	2,401.9	1.6%
Raw materials, consumables and services used	-737.5 ¹	-749.6	-1.6%
Staff costs	-1,109.5	-1,106.0	0.3%
Other operating expenses	-317.0	-344.0	-8.5%
Results from financial assets accounted for using the equity method	-0.1	1.1	>100%
EBITDA	333.8	302.7	-9.3%
Depreciation, amortisation and impairment	-136.9	-213.7	-56.1%
Operating EBIT excl. special effects	192.9	198.0 ²	2.6%
Reported EBIT	196.9	89.0	-54.8%
Profit for the period	146.8	71.6/142.2 ²	-51.3%
Earnings per share in EUR ³	2.17	1.06/2.10 ²	-51.2%

Free cash flow:

Strong basis for future investments

Dividends:

Attractive dividend yield of 5.8%

CASH FLOW

	2014	2015	Change 2014/2015
EUR m			
Cash flow from operating activities	232.2	216.2	-6.9%
Investments in property, plant and equipment (CAPEX)	-82.6	-104.7	26.8%
Cash flow from acquisitions/divestments	-2.0	-6.8	>100%
Free cash flow before acquisitions/securities	151.7	178.3	17.5%
Dividends in EUR	1.95	1.95 ⁴	0.0%

SELECTED PERFORMANCE INDICATORS

	2014	2015	Change 2014/2015
EUR m			
EBITDA margin ⁵	14.1%	12.6%	-
EBIT margin ⁶	8.3%	3.7%/8.2% ²	-
Equity ratio	42.1%	39.8%	-
ROE	25.8%	12.5%/24.9% ²	-
Gearing ratio ⁷	14.2%	4.4%	-
Capital employed ⁸	733.8	577.0	-21.4%
ROCE ⁹	26.5%	13.6%/30.2% ²	-

¹ The presentation of revenue and raw materials, consumables and services used in the Parcel & Logistics Division were adjusted. Exported services were recognised according the net method (previously reported as revenue and expenses for services used).

² Excl. special effect of EUR -108.9m before taxes

³ Undiluted earnings per share in relation to 67,552,638 shares

⁴ Proposal to the Annual General Meeting on April 14, 2016, dividend payment on April 28, 2016

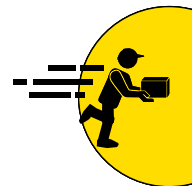
⁵ EBITDA margin = EBITDA/revenue

⁶ EBIT margin = EBIT/revenue

⁷ Return on equity = Profit for the period/equity on January 1 less dividend payment

⁸ Gearing ratio = Net debt/equity

⁹ Return on capital employed = EBIT/average capital employed



GLOSSARY

ABSENTEE (OR POSTAL) VOTING is a form of democratic participation in which votes are cast by mail.

BUSINESS TO BUSINESS (B2B) refers to business transactions among companies.

BUSINESS TO CONSUMER (B2C) In contrast to B2B, the private customer and enduser is the recipient of a mailing from a business.

COMPLIANCE stands for adherence to all laws and guidelines relevant to a company and the accompanying measures.

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

DIRECT MAIL is an advertising mail item addressed to potential customers which features substantially less divergence loss in comparison to unaddressed advertising.

E-COMMERCE refers to merchandise trading which takes place completely via the Internet.

E-MOBILITY encompasses every form of mobility using electrically-powered vehicles.

E-SUBSTITUTION refers to the international trend towards declining letter mail volumes caused by the increased use of electronic forms of communication.

FOOD LOGISTICS refer to a niche of specialty logistics focusing exclusively on food delivery.

LOGISTICS CENTRE High-tech facilities of Austrian Post sorting large volumes of letters and/or parcels as fast as possible with the help of state-of-the-art conveyor and sorting systems before transporting the mail items to the delivery bases.

PHILATELY is the art of collecting stamps, intensively focusing on historical and exquisite postage stamps.

POSTAL SERVICE POINTS Some 1,800 company-operated branches or partner-operated postal service points ensure nationwide postal service throughout Austria.

POSTAL PARTNER OFFICES operated, for example, by food stores, tobacconists, municipal offices or petrol stations, offer postal and financial services.

SELF-SERVICE ZONES enable 24/7 use of postal services, and often include so-called pick-up stations for (registered) letters and parcels in addition to packing, franking and posting.

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INTERNATIONAL PRESENCE

COUNTRY	COMPANY	FIELD OF ACTIVITY
AUSTRIA	Österreichische Post AG	Letter mail Parcel delivery, express mail services (EMS), combined freight Unaddressed and addressed direct mail Media post Electronic services
	feibra GmbH	Unaddressed and addressed business mail
	Systemlogistik Distribution GmbH	Warehousing, Fulfilment
	Post.Wertlogistik GmbH	Value logistics
	Scanpoint GmbH	Scanning/archiving of documents
	D2D GmbH (30%)	Printing and mailing of documents
	Aktionsfinder GmbH (80%)	Digital advertising flyer platform
	EMD GmbH	Intelligent input management and archive digitalisation
BULGARIA	M&BM Express OOD (76%)	Unaddressed and addressed direct mail, letter mail, hybrid mail, express parcel service
BOSNIA AND HERZEGOVINA	24-VIP d.o.o.	Express and parcel service, combined freight
GERMANY	trans-o-flex Logistics Group GmbH ¹	Combined freight, warehouse logistics, value added services, temperature-controlled logistics
	Austrian Post International	Letter mail, addressed and unaddressed direct mail, media post, shipments of goods, value-added services
CROATIA	Overseas Trade d.o.o.	Express and parcel service, combined freight
	Weber Escal d.o.o.	Unaddressed and addressed 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
TURKEY	Aras Kargo a.s.	Express and parcel service, documents
HUNGARY	trans-o-flex Hungary Kft.	Express and parcel service, combined freight

¹ The assets and liabilities of the trans-o-flex Group are held for sale as at December 31, 2015.

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Austrian Post

Online Annual Report 2015

I: www.post.at/gb2015/en

If you want to know more about Austrian Post (annual reports, quarterly reports etc.), we would be happy to put you on our distribution list. Please contact: T: +43 (0) 577 67 30401

E: investor@post.at

I: www.post.at/ir

¹ For Austria

FINANCIAL CALENDAR 2016

March 10	Annual Report 2015, announcement: 7:30–7:40 a.m. CET
April 4	Record date for participation at Annual General Meeting
April 14	Annual General Meeting 2016, Vienna
April 26	Ex-date
April 27	Record date (determination of entitled stocks in connection with dividend payments)
April 28	Dividend payment day
May 13	Interim report for the first quarter of 2016, announcement: 7:30–7:40 a.m. CET
August 11	Half-year financial report of 2016, announcement: 7:30–7:40 a.m. CET
November 11	Interim report for the first three quarters of 2016, announcement: 7:30–7:40 a.m. CET

