



MAGAZINE

IDEAS

HOME DELIVERED

Annual Report 2014

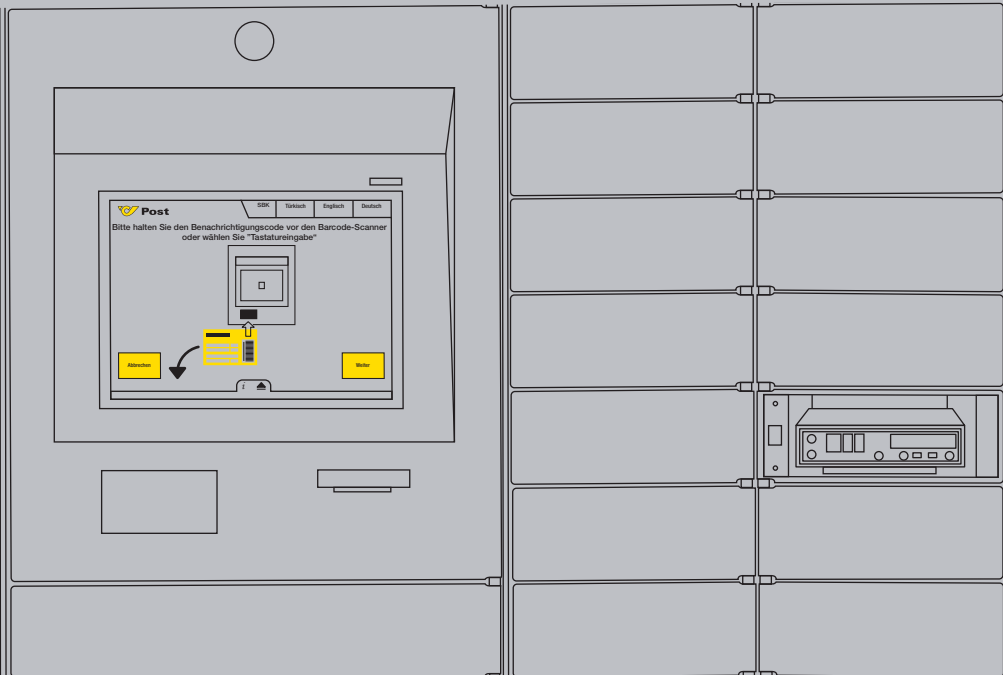




Lena and Sebastian enjoying the benefits of the modern self-service zone at Austrian Post's branch in Mödling, Lower Austria.

AUSTRIAN POST ALWAYS BRINGS SOMETHING NEW

Generate maximum benefits for all



The postal and logistics business is subject to constant change. In order to survive on the international stage, Austrian Post has to think ahead and prepare innovative ideas today to meet the challenges of tomorrow. In this way it secures the long-term success of the company and guarantees the maximum benefits for its stakeholders: an increase in shareholder value for its **shareholders**, convenient and efficient services for its **customers** as well as attractive working conditions and career development opportunities for its **employees**. In this way all stakeholders benefit from the innovative spirit of the company. Austrian Post not only continuously develops new ideas but resolutely puts them into practice – for all of Austria and far beyond the country's borders.

IDEAS HOME DELIVERED.

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AT THE CUTTING EDGE

Whoever stands still falls behind. This is particularly the case in such fast-moving times and in a sector which is exposed to such ongoing change as ours. For this reason, we at Austrian Post constantly think about new pathways: new products and services to benefit our customers, new technologies and processes, new possibilities and opportunities for our employees, new structure and leadership models, new approaches to saving resources and much more. The important thing is to stay on the ball and not to be discouraged by potential resistance or mistakes which might be made. Well-trodden paths are not necessarily the best, and do not necessarily lead to the desired results. Only those who try out new approaches and sometimes do not shy away from taking detours end up moving forward. For us at Austrian Post the crucial thing is that we not only have visions but very specific ideas which we put into practice. We aim to be secure, trustworthy and reliable for all our stakeholders. To do so we constantly need new ideas – on behalf of our customers, employees and shareholders, for all of Austria – and beyond. As an Austrian flagship company, this is not only a precondition for our success, but also a question of responsibility.

We provide IDEAS HOME DELIVERED.

Sincerely yours,

Georg Pözl,
Chief Executive Officer and
Chairman of the Management Board

WHAT IS



8 M INHABITANTS



300,000 COMPANIES

MAIL IS SENT IN AUSTRIA EACH YEAR BY ...



910 M LETTERS



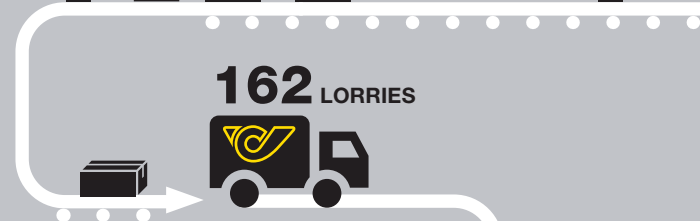
74 M PARCELS



4.7 BN
DIRECT MAIL ITEMS
AND MEDIA POST



18.7 KM



162 LORRIES



244 MAIL AND

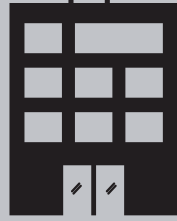
16 PARCEL DELIVERY BASES



AUSTRIAN POST UP TO?



AUSTRIAN POST GROUP



24,000 EMPLOYEES
CONTINUALLY WORK ON PRODUCTS
AND SERVICES TO INCREASE
CUSTOMER BENEFITS, ALSO AT
SUBSIDIARIES IN 13 COUNTRIES

OUTSIDE OF AUSTRIA



3 BN
DIRECT MAIL ITEMS



69 M
PARCELS



16,000
LETTERBOXES



1,826
POSTAL SERVICE POINTS



6 MAIL AND
7 PARCEL DISTRIBUTION CENTRES

LENGTH OF CONVEYOR BELTS IN THE LOGISTICS CENTRES

9,000 MAIL AND PARCEL CARRIERS

7,243 VEHICLES: 220,000 KM/DAY

857 MOPEDS: 12,700 KM/DAY

914 BICYCLES: 6,500 KM/DAY

ON FOOT: 4,300 KM/DAY

TOTAL **240,000** KM/DAY
CIRCLE THE EARTH
6x DAILY



4.4 M
HOUSEHOLDS AND
COMPANIES



HIGHLIGHTS 2014



SEVEN DAYS A WEEK

AUSTRIAN POST CUSTOMERS NOW HAVE 24/7 ACCESS TO KEY POSTAL SERVICES AT THE FIRST SELF-SERVICE BRANCH OFFICE IN AUSTRIA LOCATED IN LEUTASCH, TYROL.

ONLINE SHOPPING WITHOUT BORDERS

THE NEW WEB PLATFORM BUYBUY.AT ESTABLISHED BY AUSTRIAN POST ENABLES ORDERS TO BE PLACED WITH INTERNATIONAL ONLINE SHOPS, FOR EXAMPLE IN THE USA AND ENGLAND, WHICH USUALLY DO NOT SHIP THEIR PRODUCTS TO AUSTRIA.



THE 100TH PICK-UP STATION

WAS PUT INTO OPERATION IN SEPTEMBER 2014. IT ENABLES THE 24X7 COLLECTION OF PARCELS BY CUSTOMERS. MORE THAN 350,000 MAIL ITEMS WERE ALREADY PICKED UP AT THESE PICK-UP STATIONS BY THEIR RECIPIENTS.



AEP WELCOMES ITS ONE THOUSANDTH CUSTOMER

THE PHARMACEUTICAL WHOLESALER AEP DIREKT, FOUNDED IN GERMANY BY AUSTRIAN POST WITH OTHER INVESTORS IN THE AUTUMN OF 2013, WELCOMED ITS ONE THOUSANDTH CUSTOMER AFTER ONLY SEVEN MONTHS.



MORE POST FROM ALLHAMING

AFTER ONLY ONE YEAR OF CONSTRUCTION, THE STATE-OF-THE-ART LOGISTICS CENTER WAS OPENED IN ALLHAMING, UPPER AUSTRIA. 1.6 MILLION LETTERS AND 104,000 PARCELS CAN BE HANDLED THERE EACH DAY.



TEMPERATURE-CONTROLLED SHIPPING THROUGHOUT GERMANY

TRANS-O-FLEX IS THE NEW, RELIABLE SHIPMENT SERVICE FOR PHARMACEUTICALS LAUNCHED IN OCTOBER IN LINE WITH THE NEW EU DIRECTIVE "GOOD DISTRIBUTION PRACTICE".

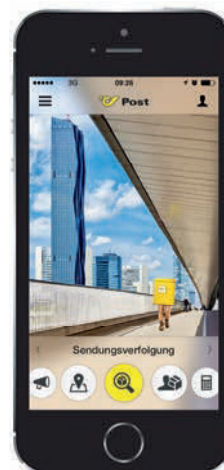


A GLOBAL PHILATELIC INNOVATION

IN 2014 AUSTRIAN POST COOPERATED WITH THE VIENNESE PORCELAIN MANUFACTURER AUGARTEN TO PRESENT THE WORLD'S FIRST PORCELAIN STAMP, FEATURING VIENNA'S ROSE MOTIF.

121,954 DOWNLOADS

WERE ALREADY RECORDED FOR THE NEW POST APP BY THE END OF 2014. AS A RESULT, PRACTICAL SERVICES SUCH AS PARCEL REDIRECTIONS, TRACK & TRACE AND THE "YELLOW NOTIFICATION SLIP" ARE NOW AVAILABLE FOR PEOPLE ON THE GO.



POST VEHICLE FLEET POWERED BY ELECTRICITY

862 ELECTRIC-POWERED VEHICLES ARE ALREADY BEING DEPLOYED BY AUSTRIAN POST, MAKING IT AUSTRIA'S LARGEST E-VEHICLE FLEET. MORE THAN EUR 6M WERE INVESTED IN RECENT YEARS IN THE "E-MOBILITY POST" PROJECT.

“... HAVE TO CONTINUALLY IMPROVE IN ORDER TO REMAIN NUMBER ONE ...”

A talk with the
members of the
Management Board
of Austrian Post.





Mr. Pölzl, this annual report is entitled “Ideas Home Delivered”. What do you want to signal with this?

PÖLZL: We are continually working on new ideas and innovations in order to generate added value for our customers and thus increase customer benefits. In the postal sector it is extremely important to be aware of structural changes in the market and purposefully take account of the changing needs of private and business customers. For this reason, we want to and have to steadily and proactively change ourselves as well in order to remain the number one postal operator preferred by our customers. ▶

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



“What sets us apart is the ability to quickly put ideas into practice.”

GEORG PÖLZL

Naturally, all other stakeholders of our company should also profit from our being visionary and creative. That is why we are focusing on the slogan “Ideas Home Delivered”. As an Austrian flagship company, Austrian Post is committed to constantly developing new approaches for the benefit of all its stakeholders.

Where can one see that Austrian Post is so innovative and adaptable?

PÖLZL: One recognises the new face of Austrian Post when you compare the physical interface to customers now and ten years ago, in particular our delivery staff and our branch offices. We are striving to make the lives of our customers easier by incorporating all the features the modern world offers today. For example, just think of our new attractively designed self-service zones enabling 24x7 mail pick-up and drop-off. In turn, our mail carriers are equipped with mobile devices supporting them in depositing mail items and registering receipt confirmations. By

THE MANAGEMENT BOARD

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

the way, many of our mail carriers are now moving about very quietly because we are deploying an increasing number of electric-powered vehicles in our fleet.

And what is the reaction of customers? Do they appreciate these efforts to enhance customer benefits and convenience?

PÖLZL: Indeed this is the case, as shown by customer surveys carried out on a quarterly



“We will not rest on our laurels, but continually launch new innovations on the market.”

PETER UMUNDUM

basis. They prove that at present we are already at a very high level of customer satisfaction and are continually improving. In particular, the delivery staff and branch office employees are given top grades. The interesting thing is that Austrian Post is also given surprisingly high approval ratings by the young generation. All this shows that we are heading in the right direction. This does not mean that we will rest on our laurels. On the contrary, we are continuously expanding our product and service offering, not to mention the fact that we are also constantly working on new ideas and concepts.

How would you describe the market environment in the mail business? For example, has anything changed with respect to the gradual replacement of conventional letter mail by electronic forms of communication?

HITZIGER: The basic trend towards so-called “e-substitution” continues to impact the mail business. In line with international trends, the baseline scenario sees an ongoing annual 3–5% decline in addressed letter mail. This trend basically applies to Austria as well. However, we have succeeded in keeping the volume decline at a moderate level thanks to innovative ideas such as attractive offerings for absentee voting, along with sales initiatives and our extremely high service quality.

Direct mail items comprise the second important pillar of our mail business. Austria is a world champion in this segment, which can be partly attributed to Austrian Post’s success in positioning this communications tool. Our large advertising customers are well aware of the quality of direct mail as an advertising medium and make use of it. This also proves that we continually focus on customer benefits and continually work on fine tuning new solutions and offerings. In the meantime, we are involved in much more than just flyers, and work together with our customers to design direct marketing campaigns.

The trend towards digital communication also adds impetus to the logistics market.

The catchword here is e-commerce.

UMUNDUM: It is a fact that the change in shopping habits has led to a constant rise in parcel shipment volumes to private households. Naturally we profit from this trend thanks to our strong market position. In addition, we are very pleased to gain market share in the B2C business as well as in the B2B segment. However, we will not rest on our laurels, but continuously launch new products and services on the marketplace. Examples are the previously-mentioned variety of self-service solutions at our branch offices, our pick-up boxes, the new Post App enabling the convenient redirection of parcels and much more. In addition, we constantly introduce new initiatives to take account of changed purchasing behaviour on the basis of product and service offerings in new market niches. One example is the field of food delivery, where we started pilot projects in the past year.

“Austrian Post is constantly investing to improve and expand its infrastructure.”

WALTER OBLIN



Against this backdrop, how is your company evolving? How will Austrian Post be in the year 2020? Have you made any recent changes to your strategy?

PÖLZL: We will continue to consistently move along the path, reflecting our four strategic pillars outlining the direction we will take over the next five years. In addition to securing our strong position on the domestic market and steadily improving efficiency, our main focus will be on exploiting growth opportunities and new ideas to enhance customer orientation and innovation.

The future and new innovations also mean making investments ...

OBLIN: For this reason we are resolutely moving ahead with our ongoing modernisation process. Each year Austrian Post invests about EUR 80–90m to improve and expand its infrastructure. Our objective is to always deploy state-of-the-art technologies as a means of guaranteeing efficient and profitable processes in the future. In the past year we implemented our largest investment project in recent memory, namely the Allhaming Logistics Centre in Upper Austria. Moreover, it was completed in time and under budget. This is a remarkable achievement if one considers the fact that a cutting edge logistics centre was built on a greenfield site including a photovoltaic facility on its roof.

HITZIGER: Our investments and innovations not only relate to our property, plant and equipment but also focus on the way in which we work. We are continuously searching for new technologies to help us operate even better and more efficiently. We also strive to integrate modern, up-to-date working models in our daily processes. This demand ranges from the most precise and needs-oriented pre-sorting of letters which is technically possible to taking account of the human dimension. It goes without saying that employees are our most important asset at the customer interface. Here we are implementing important changes. The team model in the delivery process will transform traditional hierarchical structures and give employees more personal responsibility. Last but not least, in this way we promote motivation, individual initiative and a cooperative spirit in the company.

In addition to growth in the Austrian parcel business, Austrian Post has growth ambitions on the international stage. Where do you stand in this respect?

UMUNDUM: You are talking about our parcel and logistics activities in Germany and the CEE region as well as our strategic stake in Turkey. However, we have to make clear distinctions here. On the highly competitive German market we are not where we want to be yet. Here we are now working on transforming our business model and are in the midst of an intensive change process. We are converting the entire network to temperature-controlled logistics, and are the only company in Germany to cover this attractive market niche.



“We strive to integrate modern and up-to-date working models in our daily processes.”

WALTER HITZIGER

In South East and Eastern Europe, we are concentrating on the growing parcel business and already have a good position in this segment. We are very satisfied with developments here. We also see considerable growth potential in Turkey, where we have held a 25% shareholding in the parcel services provider Aras Kargo since 2013. Turkey is certainly a challenging market, but the basic trends impacting the development of the parcel business, which saw 17% more parcels in 2014, are promising. We have the option to increase our stake in the company in 2016. Naturally the prosperous economic development in this country is of importance to us.

Mr. Oblin, as Chief Financial Officer, how do you see the year 2014?

OBLIN: Austrian Post’s operational business once again developed solidly over the course of the year. As expected, revenue was at about the same level as the previous year, rising slightly by 0.2%. EBIT improved from EUR 186.0m to EUR 196.9m. However, the results not only include ongoing business operations but also several special effects. The sale of our former corporate headquarters located in the inner city of Vienna had a positive effect, whereas impairment losses and the already-mentioned structural measures in Germany burdened our business results.

What does all this mean for the year 2015?

OBLIN: Above all it means that we will continue our attractive dividend policy for the benefit of our shareholders on the basis of a solid balance sheet and our strong cash flow. We will propose the distribution of a dividend totalling EUR 1.95 per share to the Annual General Meeting. Thus our positioning as a reliable dividend stock remains unchanged. In addition, we will do everything possible to once again generate slight revenue and earnings growth in the new financial year.

Mr. Pölzl, one last question: what do you consider to be the defining features of Austrian Post which make you confident that it will continue to develop positively?

PÖLZL: What sets us apart is the ability to quickly put ideas into practice. We have a clearly defined strategy and systematically involve all our stakeholders – from customers and employees to our shareholders – when it comes to implementing this strategy. We proactively aim to join forces with them and pull in the same direction in order to generate real added value for all stakeholders and thus safeguard the sustainable success of our company.

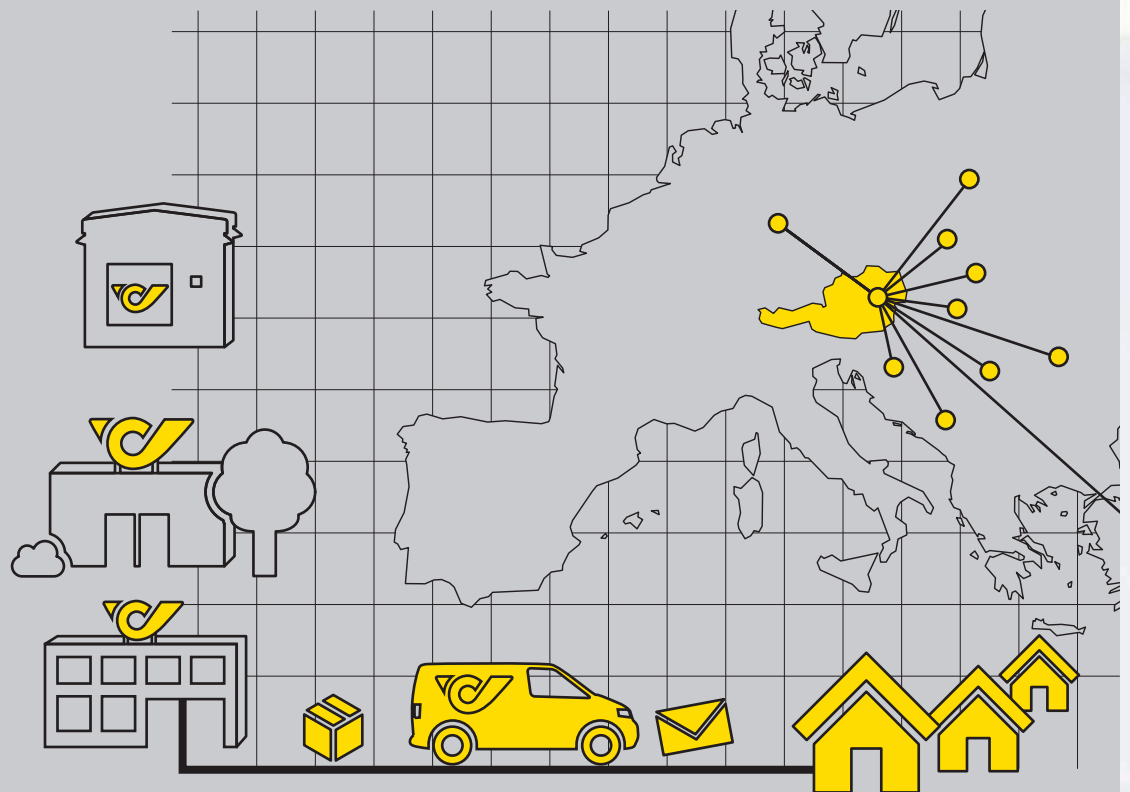
In particular, I would like to take this opportunity to thank our employees who have made it possible in the first place to successfully pursue our strategy on the basis of their commitment and hard work. Together with them I look forward to leading Austrian Post into a successful future. ■



From left: Christian Mahr, Michaela Schlöglmann and Maria Dorfer, Marketing Mail.

THE FUTURE DELIVERED PROMPTLY

Progressively lead a long-established company



As an Austrian flagship company, Austrian Post shows strategic foresight and sets new standards in business management. On the basis of its focused strategy, it consistently exploits growth potential and further optimisation against the backdrop of what is frequently an extremely challenging market environment. Clearly-defined values and leadership guidelines show how Austrian Post is to tread this path. Success confirms the correctness of the business strategy the company is pursuing.

PARTNER, PIONEER, ROLE MODEL

Austrian Post along with its logistics and communications infrastructure forms the backbone of the country's economic system. Year after year, the company's future-oriented and sustainable business management underlines its role as an Austrian flagship company. A strong focus on customer benefits and the highest quality standards are a matter of course.



As a reliable postal services provider, important employer and pioneer, Austrian Post holds great significance for Austria above and beyond its own business operations.



Austrian Post ranks among the most important and valuable companies in the country. Some 20,000 employees ensure the smooth day-to-day exchange of information and goods among companies, public authorities and private customers, thus forming the backbone of the Austrian economy. In this way Austrian Post generates an economic value added of nearly EUR 1.5bn in Austria alone, corresponding to 0.5% of Austria's gross domestic product (GDP). An impressive number of jobs can also be attributed to Austrian Post. In addition to the above-mentioned figure of 20,000 own employees, the company secures an additional 9,000 jobs in the country at suppliers and business partners. In other words, Austrian Post accounts for close to 0.7% of all jobs in Austria.

Democracy delivered at home

Austrian Post is not only important for the country and its people from an economic perspective. From a political point of view, there was no getting around Austrian Post in 2014. 15% of the votes cast in Austria during the elections to the European Parliament in 2014 were – figuratively speaking – for Austrian Post. However, the company did not have to set up its own political party. Instead, thanks to the broad spectrum of advertising tools it offers, Austrian Post actually serves as a communications platform for all political parties as well as for the EU and democracy in general. In this way, it succeeded in more firmly embedding an awareness of these issues in the minds of the Austrian population, and thus increasing interest in the elections.

Austrian Post has been supporting direct democracy for years on the basis of its customer-ori- ▶

Day in and day out, 4.4m households and companies throughout Austria are visited by Austrian Post.



ented, secure and trustworthy offering to promote absentee voting per mail. This can also be confirmed by taking a closer look at the figures. Within the context of the European elections in 2014, a total of 444,057 absentee ballots were submitted. Accordingly, the share of absentee ballots was 15% in relation to total voter turnout, a rise of close to 45% since the EU elections of 2009. Robert Stein, Head of the Department of Electoral Affairs of the Federal Ministry of the Interior, was pleased to note the widespread acceptance of absentee voting on the part of the population and the good cooperation with Austrian Post. “Our collaboration with Austrian Post was once again of a high quality. Not only the typically trouble-free service involved in delivering the election self mailers and the absentee ballot but also the competent consulting in the run-up to the elections and the effective accompanying communications measures provided substantial support to holding the EU elections in 2014.”

Reliable nervous system

If Austria were a living organism, without a doubt Austrian Post would be its nervous system. The company is well networked through-

out the entire country, featuring more than 1,800 postal service points, including 520 company-operated branch offices and 1,306 postal partners. In particular, the postal partner concept, which involves integrating food stores, petrol stations, pharmacies and other locations offering postal services to customers in addition to their conventional products and services, has proven to be a very customer-oriented and efficient initiative. “Most of Austrian Post’s customers positively welcome the changes in our branch network. This helps them not least to carry out multiple tasks all at once at a postal partner outlet. Moreover, the higher customer frequency also results in additional income for the usually smaller, regional businesses serving as postal partners. This is a classical win-win situation”, says Alois Mondschein, Head of Central Partner Management.

Austrian Post is well received

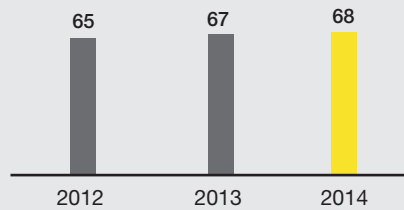
On balance, Austrian Post delivers about 6bn mail items quickly and reliably to their intended recipients each year. In this way, the number one in Austria’s postal and logistics sector ensures the supply of basic postal services to the Austrian population at the highest quality level. This

FOCUS ON CUSTOMER SATISFACTION

Austrian Post wants to play it safe and make sure that it really offers the right services to its customers. That is why it conducts regular surveys on customer satisfaction. The results underline that Austrian Post is on the right track. The highest level of customer satisfaction ever measured was achieved in Q4 2014. The fact that young people ranked among the most satisfied customers came as a surprise.

- Two-thirds of the people surveyed consider the merger of the branch network and BAWAG P.S.K. to be “positive”.
- Customer satisfaction with the service provided by the delivery staff and branch office employees is exceptionally high.

IMPROVED LEVEL OF SATISFACTION THE CUSTOMER SATISFACTION INDEX OF AUSTRIAN POST



The index is determined on the basis of customer satisfaction and retention (four times per year).

0–50 points: poor 51–60 points: fair
61–70 points: good 71–80 points: very good
81–100 points: excellent
(Market research institute IFES, quarterly survey, n = 1,000)

84%
OF THE CUSTOMERS
RATE THEIR MAIL
CARRIERS AS
“EXCELLENT” OR
“VERY GOOD”.

81%
OF THE CUSTOMERS
RATE THE DELIVERY
STAFF BRINGING
PARCELS AS
“EXCELLENT” OR
“VERY GOOD”.

is made possible by the know-how of Austrian Post’s employees as well as ongoing investments in high-tech facilities in the six mail and seven parcel distribution centres throughout Austria. The fact that mail items in Austria are not only delivered reliably but also quickly is underscored by annual independent quality measurements which regularly confirm the company’s top-notch performance.

This performance is recognised and valued by business customers. “Austrian Post has been an important partner to us, both for parcel shipments within the company but also in delivery to our customers and in the field of communications”, says the registered merchant Robert F. Hartlauer of the photo, optician, hearing device and electronics retailer Hartlauer. “The reliability, the high level of quality as well as the respectful and pleasant spirit of cooperation confirm this, and reinforce our commitment to continue on this path together with Austrian Post.” Customers also value the high quality of Austrian Post services, as proven by regular customer satisfaction surveys. Since 2011 Austrian Post has been able to show constant increases in customer satisfaction year after year. All in all, 47% of the interviewees rate Austrian Post’s services as “very good” or “excellent”. According to the company’s market researcher Elsa Koller-Baur, “the customer satisfaction index also shows that Austrian Post is seen as a young and modern company”. On balance,

Austrian Post is generally considered to be “good” across all age groups. However, young people below the age of 30 are among the most satisfied customers underlined by their rating of “very good”. “By the way, as a whole all age groups once again give the best grades to the mail and parcel carriers. On average, their work is seen as being ‘excellent’”, she concludes.

Highest quality standards

One of the reasons for the high level of customer satisfaction is most likely due to the fact that recipients get their letters and parcels quickly, securely and reliably. Austrian Post’s delivery quality does not have to shy away from international comparison, clearly underscoring the company’s market leadership position. In 2014 96.3% of all letters were already delivered on the next working day, whereas 97.5% of all parcels were delivered to the intended recipients within

“The customer satisfaction index shows that Austrian Post is a modern company.”

ELSA KOLLER-BAUR, MARKET RESEARCH





The corporate headquarters of Austrian Post: clear objectives, values and strategies determine the path Austrian Post is taking.

two working days after mailing. Both performance indicators clearly surpass the legal requirements stipulated in the Universal Service Ordinance. These figures have been confirmed by the independent Association for Consumer Information (VKI). Austrian Post was the clear winner in the categories “Duration of shipment” and “Handling” in a quality test of parcel service providers in Austria.

Clear guidelines for sustainable success

High quality is not only at the top of Austrian Post’s agenda when it comes to its customer interface. Achieving top performance on the front line is only possible when internal processes and structures function smoothly. For this reason, highest priority is given within the Austrian Post Group to strictly orienting business operations to clearly defined principles. In this case the objective is also to generate sustainable value on behalf of all the company’s stakeholders. As an explicitly value-oriented company, Austrian Post attaches great importance to strictly adhering to corporate governance and compliance standards. The basis for the company’s behavior is binding legal regulations, complemented by rules Austrian Post has

imposed upon itself and is voluntarily committed to complying with. Therefore, at an early stage Austrian Post developed a valid, company-wide set of rules encompassed in its “Code of Conduct”. It clearly defines the conduct of the company and legally compliant behaviour on the part of employees. The fact that these rules are in line with current international standards was confirmed by external auditors. Austrian Post also subjects its compliance management system as well as its Group Auditing and Risk Management departments to regular checks of their efficiency and effectiveness. In this regard, it was once again shown that all international risk prevention standards were fulfilled.

Pioneer work

Austrian Post is also playing a pioneering role with respect to the organization of its Annual General Meeting. Since the 2009 Austrian Stock Corporation Amendment Act, shareholders who cannot personally attend are also entitled to cast their votes. The obvious and quick response of Austrian Post was to introduce the possibility for its shareholders to vote per mail, an option for exercising shareholder rights which has been offered since 2011. The Annual General Meeting

held on April 24, 2014 shows that this measure has been well received. More shareholders took advantage of absentee voting than personally attended. The number of absentee voters even rose by a further 18%, which underlines the importance of this initiative in expanding democratic decision-making within the company.

Austrian Post also hits high gear on the capital market

The success story of Austrian Post also impressively continues on the trading floor. Since 2006 the company has been listed on the Vienna Stock Exchange, and has been able to continuously show a solid performance, also in turbulent financial market years, thanks to its clear investment story (see pages 30–31). On balance, investors subscribing to the Austrian Post share at the time of the IPO have more than tripled their capital employed since 2006. In particular, the attractive dividend policy has contributed to this high total shareholder return in addition to the rise in value of the Austrian Post share from the issue price of EUR 19.00 to a share price of EUR 40.38 at the end of 2014. Based on its dividend payout ratio of at least 75% of the Group's net profit, Austrian Post ranks among the most attractive dividend stocks both on the Vienna Stock Exchange as well as compared to its international peers.

Numerous prizes and awards show that Austrian Post has gained a high level of recognition on the capital market. For example, for the third straight year the Annual Report 2013 of Austrian Post was named the overall winner at the Austrian Annual Reporting Awards of the business magazine "trend". International awards also demonstrate the high quality of Austrian Post's reporting. The company won the first place award in the category "Non-Traditional Annual Report" in the postal services sector at the 28th International ARC Awards in New York.

Thinking ahead sustainably

Many investors increasingly take account of ethical, social and ecological factors in making investment decisions. For this reason, the capital market is focusing more and more on sustainability criteria. The capital market's perception that Austrian Post operates sustainably was confirmed by the company's renewed listing in the VÖNIX Sustainability Index of the Vienna Stock Exchange for the period 2014/15. The Austrian business magazine "GEWINN" also underlined Austrian Post's strong commitment to environment protection within the context of its "Sustainability Check". ▶

"TOGETHER WE LAUNCH NEW IDEAS ON THE TURKISH PARCEL MARKET."

Evrım Aras, CEO of Aras Kargo, talks about cross-border know-how transfer beyond existing borders.



What is so special about your cooperation with Austrian Post?

EVİRİM ARAS: This strategic partnership has enabled us to profit from the extensive know-how of Austrian Post. Our priorities are to totally orient our operations to

customer requirements and efficiently use state-of-the-art technologies. We can particularly benefit from the experience of our partner in these areas.

What are the advantages of this partnership for Aras Kargo?

EVİRİM ARAS: Since the beginning of our partnership in the summer of 2013, several important projects designed to help us achieve our medium-term business targets have already been carried out. Austrian Post is supporting us here, especially on the basis of its expertise in process planning and technical implementation. Both our companies are working together continuously and intensively in order to exploit the potential of process optimisation.

Are there other specific measures which have been implemented since the beginning of this partnership?

EVİRİM ARAS: Yes, for example the modernisation of our hub network in cooperation with Austrian Post. The hub network in Istanbul, the most populous city in Turkey, was already thoroughly analysed and the results were integrated. The objective is to simplify processes and enhance efficiency. Our network implementation teams are now operating throughout Turkey. One result is that automated parcel sorting facilities will be purchased for two hubs located in Istanbul and Ankara, which should also help to substantially increase efficiency.

What do you expect from this cooperation in the future?

EVİRİM ARAS: Increasing the quality of our service on behalf of our customers is at the top of our priority list. In addition, we aim to continuously optimise our business processes and launch new ideas on the Turkish parcel market together with our partner.

The environmentally-compatible fleet including 862 e-vehicles makes a decisive contribution to minimising the ecological footprint of Austrian Post.



Apart from the capital market, Austrian Post is also a trend-setter in the field of “green logistics”. It operates the largest electric-powered vehicle fleet in Austria, with 1,300 e-powered delivery vehicles, mopeds and bicycles featuring the company’s characteristic yellow colour expected to be underway on Austria’s roads by 2016. E-mobility comprises a key factor in the successful CO₂ NEUTRAL DELIVERY initiative implemented by Austrian Post for years. However, the company is going a step further. The energy required to power this remarkable fleet of e-vehicles will also be generated by quite an ecologically-compatible “green” source, namely the sun. Photovoltaic facilities on the roofs of the Vienna Letter Centre and the new Allhaming Logistics Centre keep the electric-powered vehicles on the move and make the energy-intensive logistics centres into potent electricity suppliers.

Sustainability is not limited to environmental awareness, as Austrian Post shows in many other areas. One example is the support and active promotion of the personal development of the company’s approximately 20,000 employees on the basis of numerous training and continuous education measures (more information is available starting on page 82).

Borderless service

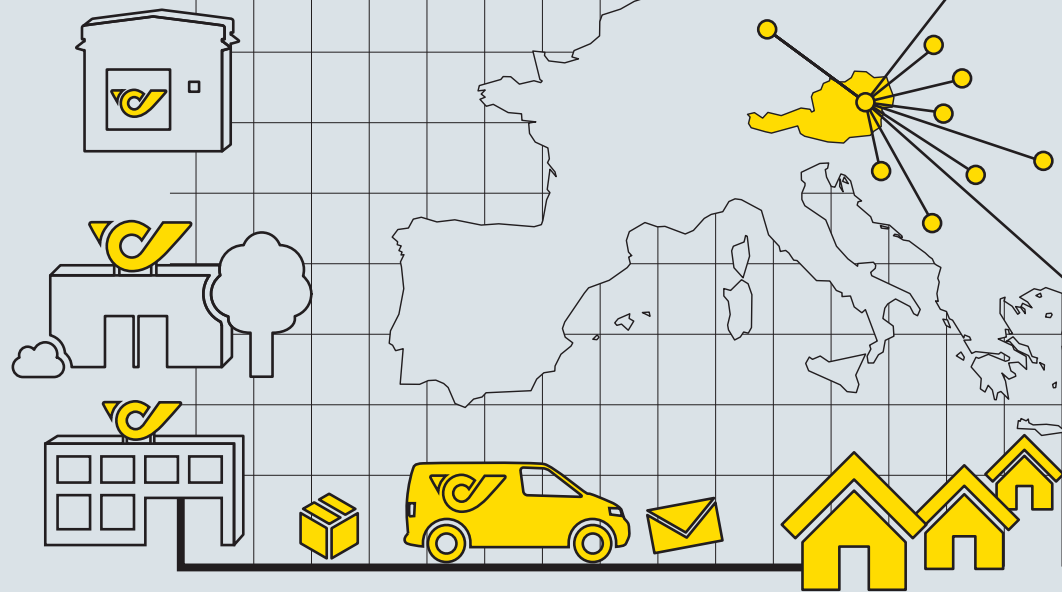
The efforts of Austrian Post to share its own knowledge and know-how across Austria’s borders are also a reflection of its commitment to sustainability. Experience and innovations which have already proven their value in Austria are transferred to the other twelve markets in which Austrian Post operates. Andras Lengyel, Strategic Investment Management CEE Parcels & Turkey, also stands behind this concept which features purposeful cooperation as the decisive success factor for the future. “Modern logistics are increasingly internationally oriented. The collaboration among national logistics networks on a European level is the next logical step.” Austrian Post was even granted the Austrian Export Award 2014 in the category “Transport and Traffic” by the Federal Ministry of Science, Research and Economy for its forward-looking commitment.



“Modern logistics is increasingly internationally oriented.”

ANDRAS LENGYEL, STRATEGIC INVESTMENT MANAGEMENT

ECONOMY



HIGH DEMANDS

- First-class service for all customers
- Reliable partner for shareholders
- Added value for Austria
- Transparency and openness

FUTURE-ORIENTED IMPLEMENTATION OF IDEAS

- Further consolidation of leading market position
- Potential in growth markets exploited
- Expectations of the capital market fulfilled
- A proven Austrian flagship company

CHALLENGES & OPPORTUNITIES

Declining mail volumes and rising parcel traffic – a market in transition.

For years the international postal and logistics market has been dominated by two major trends which will continue to shape it in the future i. e. declining mail volumes caused by so-called electronic substitution and increasing parcel shipment volumes related to the ongoing e-commerce boom. These developments pose considerable challenges but also open up significant opportunities for the entire postal and logistics sector.

Continuing decline in conventional letter mail

One of the biggest challenges in the past and coming years is the ongoing substitution of conventional letter mail by electronic forms of communication, above all e-mail. This global trend impacts all postal operators and is essentially unstoppable. In line with international developments, a decline of 3–5% p. a. for addressed mail is to be expected. However, a look at the average volume decreases over the past five years shows that there are strong regional differences attributable to country-specific circumstances. The volume of addressed letter mail fell by only 2.9% in Austria over the last five years, below the industry average, whereas the decline in other markets such as the Netherlands and Great Britain was more dramat-

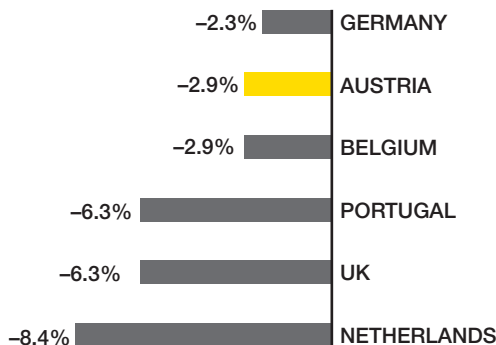
ic, at 8.4% and 6.3% respectively. Austria had a mid-table ranking in Europe in 2013 based on an annual mail volume of 202 addressed letters per capita.

One of the reasons for this good performance is the high delivery quality on the part of Austrian Post. 96.3% of all posted letters are already delivered on the next working day, a better result than the legally stipulated minimum for universal postal services. The moderate drop in addressed letter mail volume in Austria is also embodied in the slogan “If it really counts, rely on Austrian Post”. A study published by IFES in 2014 concluded that 71% of the Austrian population prefer the physical delivery of important documents and invoices to receiving them electronically per e-mail.

The Austrian population’s clear demand to receive important information by mail is supported by Austrian Post’s moderate pricing policy. Following the last product reform in 2011, prices for mail items were adjusted as of March 1, 2015 to reflect the inflation rate in recent years. Nevertheless, Austrian Post continues to be one of Western Europe’s most reasonably priced postal operators, charging EUR 0.68 to deliver a standard letter in Austria in spite of the topographically challenging situation.

MARKET ENVIRONMENT IN THE MAIL BUSINESS

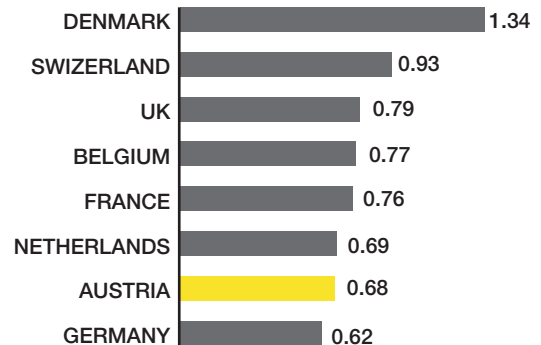
VOLUME DECLINE P. A. 2009–2013



Source: IPC, company data

INTERNATIONAL POSTAL RATES FOR STANDARD DOMESTIC LETTERS

EUR



Status: March 2015

The direct mail business is another important pillar of the mail business. In this area Austrian Post has excellently positioned itself thanks to product innovations and marketing initiatives. Physical interactive media comprise an indispensable part of the advertising strategy of many Austrian companies, especially small and medium-sized enterprises (SMEs). Unaddressed advertising mail ranks among the most popular means of communication in Austria. The per capita volume of unaddressed direct mail items in Austria is many times higher than in Germany or Great Britain. The advertising mail envelope KUVERT sent twice weekly to four million Austrians is an attractive add-on product launched by Austrian Post in 2012 to serve this interesting market and an additional innovative advertising platform for its customers.

Ongoing increase in parcel shipment volumes

Whereas the conventional mail business is a cause for concern, the parcel sector is lending wings to the company's activities. The Internet has not only posed challenges to postal operators for years, but also offers significant potential and opens up major opportunities. E-commerce is the buzzword, driving an increase in global parcel shipment volumes in the private customer segment together with the traditional mail order business. According to Euromonitor International, worldwide mail order revenue reached an all-time high level of EUR 616bn in 2013. A global growth rate of 10.7% p. a. is predicted for the period 2015–2018, mainly driven by growth markets such as Asia.

Online shopping is also continuing to expand in Austria as well. More than 90% of Austrians

between the ages of 15 and 30 already order goods online at least once every six months. Close to 70% of the people across all age groups regularly shop on the Internet. These high rates are reflected in parcel shipment volumes. On balance, a total of 63.9m parcels were delivered to private customers (B2C und C2C) in Austria in 2014, 77% of which were delivered by Austrian Post. According to a study carried out by Kreutzer Fischer & Partner, parcel shipment volumes to private customers in Austria rose by 4.8% in 2014 compared to the prior-year level. However, a closer look at developments in Europe shows that considerable growth potential still exists. For example, per capital parcel volumes in Germany or Great Britain are much higher than in Austria. The Eastern European countries show an even greater potential for growth. At present, annual parcel volumes in these markets are still a fraction of their Western European counterparts.

Parcel growth in the B2B segments remains more restrained due to the dim economic situation. The Kreutzer Fischer & Partner study concluded that the B2B parcel segment contracted by 0.9% in Austria in 2014.

Trend towards the greening of the industry

Another important market trend is the increasing importance of climate protection in the light of growing calls for resource-efficient and environmentally-compatible delivery of mail items. Austrian Post's innovative response was its 2011 launch of CO₂ neutral delivery of all letters, parcels and direct mail items on its domestic market, putting it in the international vanguard. Further details on the CO₂ NEUTRAL DELIVERY initiative can be found on page 100. ■

ADVERTISING MIX IN AUSTRIA

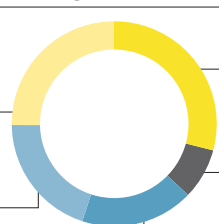
29% ADVERTISING IN NEWSPAPERS

25% ADVERTISING: TV/ RADIO/CINEMAS/OUTDOORS

20% EVENT MARKETING

18% DIALOGUE MARKETING PRINT

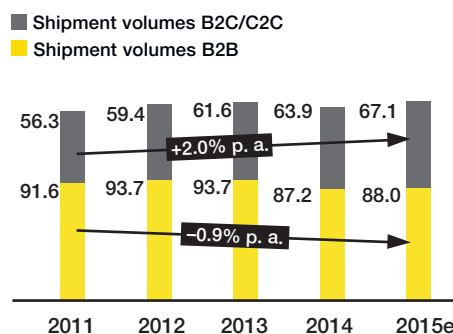
8% DIALOGUE MARKETING ONLINE



Source: marketmind Dialogmarketingreport 14

MARKET ENVIRONMENT IN THE PARCEL BUSINESS

MAIL VOLUMES IN AUSTRIA – PARCELS M



Source: Kreutzer Fischer & Partner

HAND IN HAND

In order to safeguard its long-term success, Austrian Post focuses on clearly-defined objectives, a strategy based on four core pillars and a sustainability-oriented mission statement. These three closely-linked elements are being further optimised on the basis of an ongoing dialogue with the company's stakeholders.

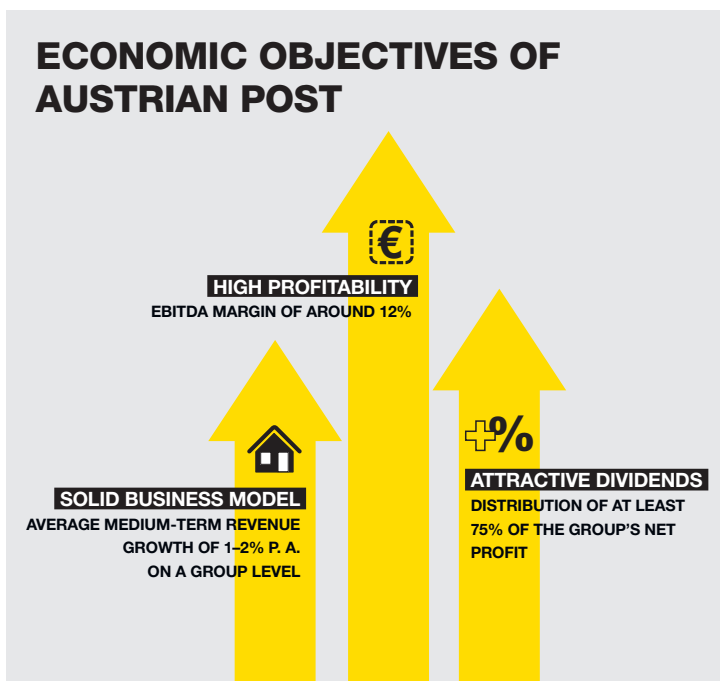
The delivery staff travels 240,000 km throughout Austria each day, going from one customer to the next. The path chosen by Austrian Post should lead it into a bright future. The strongly interwoven objectives, strategies and values embodied and lived by Austrian Post on a day-to-day basis define how it will get there and which milestones are to be achieved on this path.

Keeping the goals in mind

A company striving for sustainable success requires ongoing and above all healthy growth. Austrian Post's goal is to generate average revenue growth of 1–2% p. a. on a Group level in the coming years. The company is taking advantage of growth potential in other areas, especially in the strongly expanding parcel business. New service offerings to enhance customer benefits and the successful entry into new markets, for example in the CEE region and Turkey, offer Austrian Post the chance to open up new revenue potential.

However, growth alone is not sufficient. Sustainable perspectives for the future are based on a stable level of profitability. Austrian Post has defined its profitability target as achieving an EBITDA margin of about 12%. This will be generated by continually optimising operational processes and consistently enhancing the flexibility of the cost structure.

Austrian Post's third business target is to enable shareholders to participate in its corporate success. An attractive dividend policy pursued since the Initial Public Offering in 2006 is not only a key cornerstone of the company's investment story, but also the foundation of its entire corporate philosophy. At least 75% of the Group's net profit should be distributed to shareholders each year. Austrian Post thus aims to further develop the dividend payout in line with operational Group results.



Four pillars steer success

These goals show Austrian Post precisely where its business journey is heading. In 2010 Austrian Post defined four core strategies designed to outline exactly what this path should entail. The overriding core strategies have remained a stable benchmark over the years, whereas the thematic priorities are adapted to current influencing factors.

1. Defending market leadership in the core business.

Naturally a key strategic objective of Austrian Post is to maintain its strong position as the market leader in the Austrian mail and parcel segments. In order to do so, it attaches particular importance to ensuring the highest quality service on all levels, which is precisely what private and business customers value the most. At the same time, Austrian Post steadily strives to offer product and service solutions enabling it to further expand its market share and strengthen its market position.

2. Profitable growth in selected markets.

Austrian Post is focusing on markets and business areas which open up interesting perspectives in order to offset the ongoing decline in addressed letter mail volumes on its domestic market. For example, Turkey and the Central and Eastern European countries offer attractive growth opportunities in the B2C and B2B parcel business. Austrian Post can take advantage of its entire know-how in these segments and, in turn, profit from above-average growth rates in the parcel markets of these countries. The Mail Solutions business area also involves attractive business prospects – as does the speciality logistics market which Austrian Post has successfully “grown” into. In addition to its increased presence in the field of pharmaceutical logistics, long-term potential exists last but not least in the promising field of food logistics.

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 implementing lean structures and processes. The ongoing and targeted investments in the logistics infrastructure stand out among the comprehensive measures taken by Austrian Post to continually improve efficiency and profitability. These initiatives range from handhelds for the delivery staff to the state-of-the-art Allhaming Logistics Centre opened in 2014.

STRATEGIC CORNERSTONES OF AUSTRIAN POST

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

4. Customer orientation and innovation.

No company can be successful in the long run if it fails to precisely meet the requirements of its customers. For this reason Austrian Post continuously launches new products designed to increase customer benefits and make the lives of its private and business customers a whole lot easier. Innovations introduced in recent years not only include an extensive 24/7 offering but also new, helpful online features such as the Post App as well as new logistics services. ▶

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 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

“I AM VERY SATISFIED WITH THE PERFORMANCE OF THE POST SHARE.”

Andreas Wosol, Fund Manager at Pioneer Investments, talks about one of the most attractive dividend stocks on the Vienna Stock Exchange.



What do you value the most about Austrian Post's investment profile?

ANDREAS WOSOL: The investment profile of Austrian Post is defensive and offers attractive dividends. As an investor, I value the solid balance sheet and the stable cash flows. The

company's management has proven that it adapts the business models to changing conditions and can also participate and exploit growth potential e. g. the e-commerce boom. Moreover, I value the quality of the business model and the strong position of the company on its domestic market.

How satisfied are you with the performance of the Post share during the last, in some cases very turbulent years on the capital market?

ANDREAS WOSOL: I am very satisfied with the development of the Post share. In particular, the very attractive, risk-adjusted total shareholder return, I mean the share price gains plus dividend payments, convinces me of the advantages of having Austrian Post as an investment.

Austrian Post continuously strives to put innovative ideas into practice. To what extent are these efforts perceived by the capital market?

ANDREAS WOSOL: I believe that Austrian Post's innovative strength with respect to fulfilling customer needs is an important asset. In turn, this is reflected in the good and stable profitability and the more favourable revenue development compared to other European postal companies. Naturally the shareholders also profit from this.

Clear investment profile

The well-defined goals and consistent strategic orientation of Austrian Post are also reflected in the clear profile of Austrian Post vis-à-vis the financial community. The solid business model featuring market leadership in the mail and parcel segments and targeted revenue growth not only rates among the foundations of Austrian Post's strategy but is also the first cornerstone of its strong positioning on the capital market. The second major component of the company's investment story is its strong balance sheet and solid cash flow. They not only serve as the basis for important future-oriented investments but also for the third pillar i. e. an attractive dividend policy, to which Austrian Post has been committed since its IPO in 2006. Austrian Post has been successful with this policy. Investors who initially subscribed to the Post share at the time of the IPO have been paid dividends of EUR 14.40 per share since then. This comprises a return on their investments of 75.8% just on the basis of the dividend payments. The total shareholder return as of December 31, 2014 including share price gains even amounts to 188.3% of the original share price (refer to page 95 for the share price development). Austrian Post aims to continue offering attractive dividends to its shareholders in the future. The Management Board will propose a dividend payout to its shareholders of EUR 131.7m for the 2014 financial year to the Annual General Meeting scheduled for April 15, 2015. This corresponds to EUR 1.95 per share (dividend payment day on April 29, 2015).

The final pillar of Austrian Post's investment story is based on its prudent and realistic guidance with clearly-defined objectives and the clear commitment of the company to keep the promises it makes. In this way Austrian Post has proven to be a solid, predictable and reliable partner on the capital market for its investors.

Lived values

Austrian Post has not only determined the direction of its path to success by precisely defining economic objectives and the cornerstones of its business strategy. Clearly developed guidelines aimed at pointing out the way in which it will aspire to achieve these goals are also of immense importance to the company. For this reason, since 2010 the mission statement of Austrian Post, developed together with 500 employees, has served as the guiding compass outlining what must be taken into account in order to ensure its long-term success.

THE INVESTMENT STORY

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

1. SOLID BUSINESS MODEL

2. STRONG BALANCE SHEET AND SOLID CASH FLOW

3. ATTRACTIVE DIVIDEND POLICY

4. CONTINUITY AND RELIABILITY

Three core values i. e. customer orientation, profitability and sustainability and finally communication and appreciation comprise the essence of the mission statement. They are firmly enshrined and practiced on all levels each and every day, whether within the company or on the outside. “Only if we really orient our behaviour to these values will we automatically act in a future-oriented manner”, says CEO Georg Pölzl in summarising the significance of the mission statement.

Sustainable value creation for all stakeholders

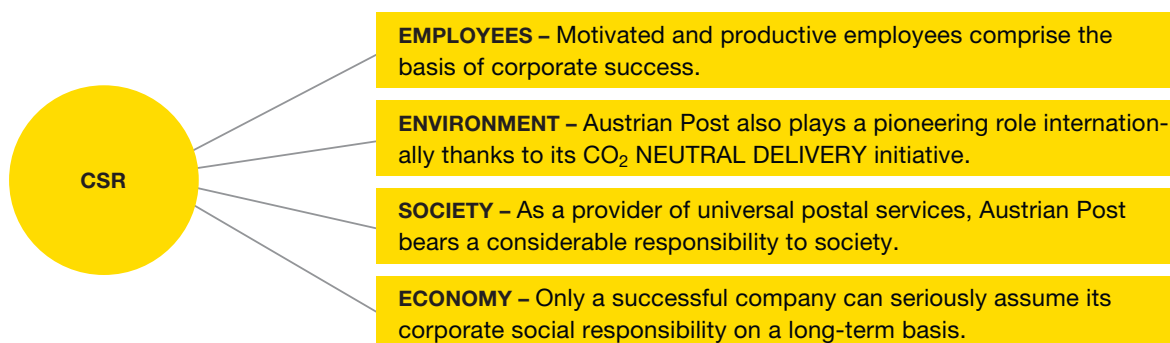
However, the process of considering how economic targets are to be achieved and how values are to be lived within the company goes much deeper. “We can only be successful in the long term if we keep the ecological and the social dimension of our operations in mind and take them seriously”, explains CEO Georg Pölzl in getting to the heart of Austrian Post’s sustainability strategy. Accordingly, when it comes to sustainability Austrian Post has actually got its act together, clearly defining areas of responsibility and specific targets. These goals focusing on the four main sustainability aspects of society, employees, environment and economy ultimately include everything generally encompassed under the umbrella term “corporate social responsibility”. Moreover, they ensure that Austrian Post is not only one of the most valuable but also among the most sustainable companies in Austria. The far-reaching commitment of Austrian Post to sustainability is explained in detail starting on page 98 of this report.

Successful together

As a future-oriented and open company, Austrian Post attaches considerable importance to ensuring that its strategy and the related measures are not developed on a top-down basis but within the context of a broad-based dialogue with all interest groups. The best example of this approach is the annual Stakeholder Roundtable, in which general issues such as customers, employees and the environment and more specific topics such as “operating in a service-oriented manner” or “avoiding emissions” are discussed. The results derived from this feedback serve as thought-provoking impetus for improvement and the basis for the future-oriented further development of its strategy, objectives and measures.

“We have to gauge our success by determining the extent to which we create value for our relevant stakeholder groups – from employees and customers to shareholders – and also fulfill their needs”, CEO Georg Pölzl states, emphasising the significance of this interactive dialogue. No matter how diverse the various interest groups are, their requirements and expectations of Austrian Post are just as varied. For this reason, the main objective of Austrian Post’s stakeholder management is to gain specific insights into the expectations and key issues affecting the different stakeholder groups. This knowledge is integrated into the company’s strategic orientation and operational development in order to generate the greatest benefits for the respective target group. In this way Austrian Post has come full circle. ■

AREAS OF RESPONSIBILITY FOR THE SUSTAINABILITY STRATEGY





ANOTHER GOOD YEAR

Once again Austrian Post succeeded in determinedly implementing its business strategy, and further increasing revenue and earnings. For its shareholders, Austrian Post remains what it has always wanted to be since the IPO: a solid and reliable dividend stock.

The results for 2014 once again confirm that the biggest Austrian logistics services provider is on the right track. In spite of tough competition and a restrained economy, Austrian Post succeeded in raising revenue by 0.2%. The company managed to counteract two main trends, namely the long-term downward spiral in the letter mail business triggered by e-substitution, and the cyclical decline in direct mail items. The basis for Austrian Post's growth was a further expansion of its parcel business which profits from the ongoing e-commerce boom and a wealth of successful product and service innovations (more information is provided starting on page 36).

To get into detail, revenue of the Mail & Branch Network Division fell by 1.5%, whereas the Parcel & Logistics Division grew by 3.1%. In terms of product groups, the Letter Mail & Mail Solutions (-0.3%), Direct Mail (-2.5%) and Branch Services (-8.5%) all declined, whereas Media Post expanded (+1.7%). In the Parcel & Logistics Division, business in Germany fell slightly (-0.1%) in contrast to renewed growth reported on the Austrian market (+6.5%) and in South East and Eastern Europe (+10.7%).

Earnings increase, higher dividends

EBITDA of Austrian Post climbed 9.6% to EUR 333.8m. This striking rise in revenue can be attributed to the stable revenue development as well as a further special effect relating to the sale of Austrian Post's former headquarters in Vienna's inner city, which positively impacted revenue to the amount of EUR 62.4m. This more than offset various write-downs and structural measures in connection to the trans-o-flex Group in Germany.

EBIT was also above the prior-year level (+5.9%), but was negatively impacted by impairment losses on goodwill for the trans-o-flex Group in Germany and the mail subsidiary in Poland. On balance, the profit for the period rose to EUR 146.8m, corresponding to earnings per share of EUR 2.17. On this basis, the Management Board of Austrian Post will propose distribution of a dividend of EUR 1.95 per share, or a total of EUR 131.7m. This represents an increase of 2.6% year-on-year, comprising an impressive dividend yield of 4.8% based on the year-end share price.

Solid balance sheet, extensive investments

Austrian Post continues to boast an extremely stable basis for its business operations, featuring an equity ratio of 42.1% and liquid financial resources to the amount of EUR 317.3m. The cash flow was strong over the past year, and once again served as the basis for extensive infrastructure investments. Based on a gross cash flow of EUR 283.3m and a cash flow from operating activities of EUR 232.2m, the free cash flow before acquisitions and securities was at a stably high level of EUR 151.7m.

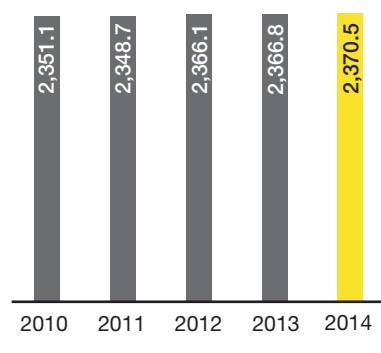
Thanks to these developments, Austrian Post invested heavily in 2014, mainly focusing on its new logistics centre located in Allhaming, Upper Austria. The company also further expanded its vehicle fleet, especially with new environmentally-friendly electric powered vehicles, and

ECONOMIC HIGHLIGHTS IN 2014

- Revenue up 0.2%
- EBIT increase of 5.9%
- EBIT margin: 8.3%
- Earnings per share: EUR 2.17
- Dividend proposal: EUR 1.95 per share
- Equity ratio of 42.1%
- Investments (CAPEX): EUR 82.6m

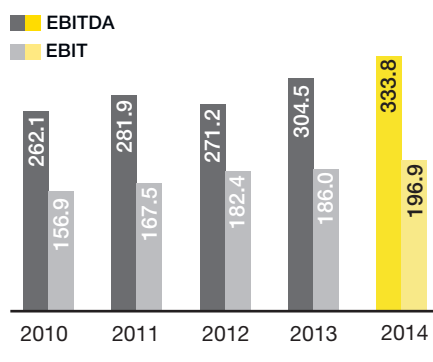
REVENUE DEVELOPMENT

EUR m



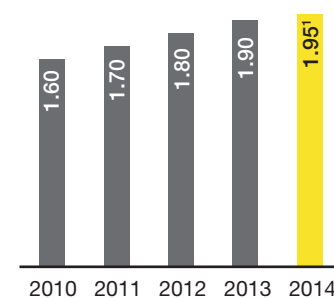
DEVELOPMENT OF EBITDA/EBIT

EUR m



DIVIDENDS PER SHARE

EUR



¹ Proposal to the Annual General Meeting on April 15, 2015

invested in the replacement or modernisation of existing distribution and sorting facilities. These investments are designed to enhance efficiency and productivity but are also necessary to enable Austrian Post to further fulfill high quality demands. A further focal point was on launching new solutions and services to increase customer comfort and benefits, for example by expanding self-service and online offerings.

Outlook 2015

Generally speaking, the basis trends prevailing on the mail and logistics markets will continue in 2015. On this basis, Austrian Post expects Group revenue to rise by an average of 1–2% p. a. The company is continuing to pursue its goal of generating a sustainable EBITDA margin of about 12%, and achieving an improved EBIT in 2015. ■

KEY INDICATORS

EUR m	2013	2014	Change
Revenue	2,366.8	2,370.5	0.2%
Mail & Branch Network Division	1,510.3	1,487.7	-1.5%
Parcel & Logistics Division	855.6	882.0	3.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	304.5	333.8	9.6%
Earnings before interest and tax (EBIT)	186.0	196.9	5.9%
EBIT margin ¹ (%)	7.9%	8.3%	-
Profit for the period	124.0	146.8	18.4%
Earnings per share ² (EUR)	1.82	2.17	18.9%
Balance sheet total	1,640.2	1,671.0	1.9%
Equity	699.4	702.7	0.5%
Equity ratio (%)	42.6%	42.1%	-
Net debt	-114.3	-99.7	-12.8%
Investments in property, plant and equipment and intangible assets (CAPEX)	-96.4	-82.6	-14.3%
Free cash flow before acquisitions/securities	153.9	151.7	-1.4%

¹ EBIT margin = EBIT/revenue

² Undiluted earnings per share in relation to 67,552,638 shares



PRIORITY: CUSTOMER COMFORT

Develop customised solutions

Knowing the needs of its customers is of prime concern to Austrian Post, and a key factor of success. Only if you know what your customers want can you realise up-to-date, customer-oriented innovations – and ensure long-term business success. For this reason Austrian Post maintains close proximity to customers, carefully analyses their requirements and further develops its product and service offering on this basis.



24/7 POST – QUALITY AROUND THE CLOCK

By implementing new ideas and introducing innovative services, Austrian Post always offers its customers the highest quality everywhere and at any time. The customers have expressed their appreciation with steadily improving levels of satisfaction.

“**W**e focus on our customers” is one of the guiding principles of Austrian Post. In fact, the leading postal and logistics services provider in the country is continually working on developing new products and services corresponding to current customer requirements. In recent years customer needs have massively changed. More freedom, flexibility and autonomy are just a few of the most outspoken demands of our day and age, and thus also the wish of Austrian Post’s customers. For example, people are no longer limited to fixed business hours when buying clothing, electronics and other products. Online shopping platforms enable virtual window shopping, even in the ▶



Extremely easy and convenient to use: the self-services of Austrian Post.





**SO EINFACH
GEHT'S:**



Drücken Sie die Start- / Belegplatte auf der linken Seite.



Scannen Sie den Barcode auf Ihrem Paket oder Einschreiben.



Paket öffnen, Paket einlegen, Paket schließen.



Drücken Sie die Start- / Belegplatte für Ihren Versand fertig.

Bitte beachten Sie auch stets die Anweisungen und Hinweise auf dem Display.

HABEN SIE NOCH FRAGEN?
Wir sind von 0 bis 24 Uhr für Sie da:
0810-09101



24/7 POSTAL SERVICES

DO IT YOURSELF – FRANKING

If the customer has not already prepared and printed at home the stamps required for parcels, he can also do it by going to the franking machines located in the self-service zones. When it comes to parcels, the customer no longer has to be concerned with the weight. Simply enter the longest and shortest side of the mail item, and the device will automatically determine the correct price for shipping. You can pay the postage either with your cash or credit card.

24/7 POSTAL SERVICES

DO IT YOURSELF – DROP-OFF BOX

The packed and sufficiently franked parcel is simply deposited in the drop-off box and sent in this manner. This is done simply, without having to wait at the counter and independent of opening hours. The customer receives a printed confirmation of mailing and can check where his parcel is at any time thanks to the online “track & trace” service offered by Austrian Post.

middle of the night. So why not quickly (and in an uncomplicated manner) pick up parcels on the way home after spending an enjoyable evening with friends? Austrian Post makes it possible. The catchword: self-service! What may sound like wishful thinking for some people has already proven its suitability in

practice. Some 260 self-service zones at Austrian Post branch offices are equipped with packing stations, franking machines and drop-off boxes in order to allow customers to post their mail items at any time, day or night. 111 of these self-service zones also include modern pick-up stations, turning the “24/7” receiving of mail items into an everyday reality for them. Another 15 pick-up stations are available to customers at OMV petrol stations or outside of the branch network. The network of nationwide self-service zones will even expand to 300 by the end of 2015, putting 200 pick-up stations at the disposal of customers.

Austrian Post even went a step farther, opening up the first completely self-service branch office in 2014, located in the municipal offices of Leutasch in Tyrol. This interesting pilot project is the logical further development of Austrian



“Self-service zones reflect the spirit of the times.”

MARKUS WIMMER, SELF-SERVICE SOLUTIONS, BRANCH NETWORK



24/7 POSTAL SERVICES

DO IT YOURSELF – PICK-UP STATIONS

If the recipient of a large-sized or registered mail item is not at home at the time of delivery, a notification slip i. e. the famous “yellow slip” is deposited in his letterbox as usual. The customer takes this slip to the pick-up station in the branch office, holds the barcode printed on the slip over the barcode scanner, signs his name on the display, and the corresponding compartment with the mail item is opened automatically.

By the way: mail items can also be picked up with the new e-notification. Simply have the barcode on the mobile phone scanned by the pick-up station!

In 2014, more than 350,000 mail items were picked up from the pick-up stations, which feature at least 17 and a maximum of 290 compartments. And the use and popularity of these pick-up stations are increasing.

Post’s popular self-service offering and gives a vision of how postal services might be used in the future.

Strategy for “the customer as king”

Close to half of the Austrian population is already aware of the availability of the comfortable self-service zones. In Vienna the figure is even higher, at more than 60%. “The expansion



24/7 POSTAL SERVICES

DO IT YOURSELF – PICK-UP BOX

If the mail carrier sees that the recipient of a large-sized or registered mail item is not at home, he puts the mail item in the pick-up box, usually installed next to the letterboxes in larger residential complexes, and a notification slip in the letterbox. The slip contains a chip allowing only the customer to open up the pick-up box and take out the parcel. By the end of 2014 more than half a million mail items were deposited in the pick-up boxes. Austrian Post hopes to raise this figure to one million by the end of 2015.

of the 24/7 offering definitely reflects the spirit of the times, and is gladly accepted by customers”, says Markus Wimmer, who is responsible for the self-service solutions in the branch network, getting to the crux of the matter. This is clearly shown by the use of the self-service zones. In 2014, more than one million transactions were carried out using the self-service zones of Austrian Post. Although self-service zones tend to be more frequently used in larger metropolitan areas with a population of at least 50,000, the inhabitants of Liezen in Styria have proven to be the most eager users. 90% of all return shipments to mail order houses are deposited in the drop-off box. The private customers do not have to pay for the postage costs. The related return

label has either been sent with the parcel or can be conveniently downloaded online.

In developing all the various features of the self-service zones, considerable importance was attached to ensuring simple and intuitive handling. Regular customer satisfaction surveys confirm that Austrian Post's efforts have met with success. 44% of all the people interviewed say that the drop-off boxes in the branch offices are "very easy to use", and close to half claim that they are "very easy to understand without previous knowledge". The drop-off boxes comprise the most well-known and frequently used of the diverse service options integrated into the self-service zones.

Self-service: child's play

Arian, close to two and a half years old, is one of the youngest fans of Austrian Post and its services. Together with his mother, Arian regularly uses the self-service zone located in "his" branch office in Graz 8016. "Arian is particularly fascinated with the parcels disappearing behind the shutters", says Florentine, explaining the enthusiasm of her offspring for depositing the parcel in the drop-off box. Similarly, picking up parcels is also a delightful treat for the little guy. Growing up to become a "digital native", Arian already loves interacting with computers at such a very young age. Arian cheers with joy and loudly cries

"hocus-pocus" when the time comes for the doors in the wall to open up as if by magic.

In contrast, his mother especially values the fact that by going to the pick-up station she no longer has to queue up on line. "Moreover, in my job as a hospital physician, my working hours frequently collide with the business hours of the branch office. Thanks to the pick-up station, I can also receive my parcels in the morning or in the evening as well."

Of the 126 pick-up stations, twelve have been installed at OMV petrol stations in the country, with 40 additional petrol stations scheduled to complement this network over the next two years. Since 2007, customers have also been able to post their parcels at many OMV petrol stations which have a VIVA shop.

Parcels now put into "letterboxes"

A special type of pick-up station – the pick-up box – represents yet another practical innovation developed by Austrian Post. More than 8,400 of these yellow, white and anthracite-grey steel boxes have already been installed in larger housing complexes, 80% of them in Vienna. By the end of 2015 more than 11,000 should exist throughout the country. Up to 95% of all mail items fit inside depending on the size of the box. "In this way registered letters and parcels end up precisely where they belong, namely in the



AT YOUR SERVICE AROUND THE CLOCK

NUMEROUS NEW SELF-SERVICE SOLUTIONS ENABLE CUSTOMERS TO TAKE ADVANTAGE OF POSTAL SERVICES ON A 24/7 BASIS – FOR EXAMPLE ONLINE OR IN A BRANCH OFFICE WITH A SELF-SERVICE ZONE.





The nation-wide branch network of Austrian Post is being continuously modernised and given a more attractive design.

recipient's house", says Jörg Pribil, Head of End Customer Initiatives & Service, in praise of the innovative delivery option. "In this way the customer avoids having to go down to the branch office or postal partner. This service is very positively perceived in light of the omnipresent feeling people constantly have these days of being pressed for time. The pick-up box perfectly fits in our strategy of steadily increasing customer convenience and enabling customers to more easily take advantage of postal services." Apart from the time factor, it is the comfort and benefits involved which form the underlying factor for the top levels of acceptance of the pick-up boxes, according to the opinion research institute IFES. Although older and less mobile people benefit the most from the close proximity of the pick-up boxes, the most positive feedback ("very interesting indeed") comes from younger citizens in large urban areas, where people increasingly and deliberately tend to get around without cars.

"The Post App is here"

Another option enabling customers to receive their parcels almost anywhere is made possible

by the Post App, which has been available in all established app stores at no charge since June 2014. "In this way the customer can not only track and trace his mail items, but also redirect them", states Johann Haselberger, Product Management, Parcel Logistics Austria, raving about the new service. "More specifically, this means that the recipient can provide Austrian Post with another delivery address before the first delivery attempt is made, e. g. a branch office near his address or place of work, a designated mail pick-up station, a neighbor or even a suitable location at home, e. g. the garage." ▶



"With the Post App the customer can not only track and trace his mail items but also redirect them."

JOHANN HASELBERGER, PRODUCT MANAGEMENT, PARCEL LOGISTICS AUSTRIA

Universally omnipresent

The self-service offering of Austrian Post represents a timely and up-to-date enhancement of the company's service portfolio in order to make the lives of customers as comfortable and convenient as possible. The customer can freely choose when and in which form he wants to take advantage of Austrian Post services depending on his personal preferences and individual requirements. "Above all, elderly people sometimes have to overcome inner inhibitions about using modern devices. For this reason they may prefer personal contact with employees at the counter", explains Josef Pürstl, Deputy Branch Management of the branch office in Schladming, postal code 8970.

For this purpose, the Austrian Post customer still continues to have a nationwide network of postal service points at his disposal. Austrian Post is always close by in Austria. With its 1,826 postal service points, the company operates a nationwide, closely-knit network of outlets, far higher than the legally stipulated minimum for universal service providers. In addition to 520 company-operated branch offices, a total of 1,306 postal partners, e. g. food stores, tobacconists, petrol stations and municipal offices, ensure meaningful synergies and spare customers needless waiting and distances to cover (not to mention the higher customer frequency and increased revenue for the postal partners). The youngest customers have already noticed the advantages of this concept. "Austrian Post is everywhere", says Arian with a large grin on his face. "And one can go there at any time", the two and a half year old boy concludes, coming close to precisely summarizing the customer strategy of Austrian Post.

The Austrian Post delivery staff is also literally everywhere. They visit every household and company every day. For many people, this face-to-face encounter with "their" mail carrier is a gratifying experience they would not want to miss. This is reflected in surveys in which the mail and parcel carriers are regularly giving top marks. In particular, people who are older or living alone appreciate the opportunity to exchange a few words with someone. In turn, younger customers such as Arian enjoy personally receiving a letter or parcel.

Shopping without boundaries

The bottom line is that all the new, innovative services supplied by Austrian Post can only lead to success if the parcel ends up in Austria. The seemingly limitless (and borderless) online business does in fact have limits when the mail

order houses refuse to ship their products to Austria. Arian's mother can tell you a thing or two about this. "I like to buy products for children. However, I was often annoyed at the fact that the retailers would not ship the desired goods to Austria." Thanks to "buybuy", Florentine can now say goodbye to this nuisance once and for all. The newly-launched e-commerce service of Austrian Post offers its customers the opportunity to purchase items from more than 350,000 online shops in the USA and Great Britain (for more details, refer to "The Online World of Austrian Post" starting on page 54).

Advice and assistance

Against the backdrop of the huge offering of products and services offered by Austrian Post, customers still have questions in their minds. In order to quickly, comprehensively and competently respond to these inquiries, Austrian Post operates its own customer service centers at four locations in Vienna, Graz, Klagenfurt and Linz. There a total of about 120 employees with the requisite know-how and usually longstanding experience in the branch network have some 900,000 customer contacts each year. They are not only responsible for handling customer requests on the service hotline for private and business customers, but also deal with written inquiries and complaints sent by e-mail, a specially designed contact form or via Facebook. Since 2014 the focus has also been on social media. Great emphasis is placed on answering written questions on the same day.

How well these efforts are perceived by customers is confirmed by the monthly customer satisfaction measurements compiled by the Linz-based institute "Market". People who are in contact with Austrian Post's customer service are continually asked about their level of satisfaction. Questions focus on general satisfaction as well as specific details such as satisfaction with the way customers are greeted, how Post employees introduce themselves, along with competence and ability to solve problems. Customer satisfaction with the way telephone inquiries are handled rose by 4.9% from 2013 to 2014, and by 6.3% with respect to written inquiries. On average, the people interviewed are satisfied with Austrian Post's customer service. This survey also confirms that Austrian Post is on the right track in its efforts to consistently and successfully apply the measures described above and focus on steadily enhancing the benefits and comfort for customers. In this way, it will sustainably safeguard its position as the leading company in the Austrian postal and logistics sector. ■



A LETTER IS BETTER

What about sending a love letter as an attachment to an e-mail? You can't be serious! Although we may in fact be in the digital age, there is information which should be only written on paper and put in a closed envelope for the recipient – and only for this individual. It does not matter whether the contents are private or of a professional nature. There are good reasons why sensitive bank data is also not sent over the Internet. Or rather, one should say: one should not send it over the Internet.

"In the digital age, the conscientious handling of personal data is more important than ever. Data can so easily end up in the wrong hands, as numerous surveillance and espionage affairs and hacker attacks have demonstrated. The question is not only who I give my data to, but above all, which data I should send", says Thomas Strohmaier, Data Protection Officer at Austrian Post. "In this regard, the electronic bugging scandal by the NSA had at least one positive effect. Today nobody can say anymore that he did

not know how vulnerable e-mails, messenger services and social media actually are." If your mail item is really important, be sure to use the services provided by Austrian Post. "You can certainly rely on the tried and tested Austrian principle of postal secrecy and the confidentiality of letters." Whoever wants to know more can satisfy his or her curiosity and take a look at the Website www.schreib-weise.at (available in German only), where Austrian Post not only provides an overview of data protection and security in the digital media, but also reveals useful facts about legal regulations on correspondence (without getting too legalese) and deals in a variety of ways with the general issue of writing.

GOOD FOR THE BUSINESS

Direct mailing campaigns, same-day delivery, pharmaceutical transport, fulfillment, value logistics and much more: Austrian Post offers its business customers a broad range of innovative products. They all have one thing in common: they make the customer's life easier and support his business.



Logistics services at the highest quality level: Austrian Post guarantees first-class delivery quality and at the same time offers a variety of innovative new services.

Not only private individuals but business customers as well profit from the innovative spirit of Austrian Post, and are continually presented with new ideas and solutions. “We found a partner in Austrian Post to ship our parcels, letters, catalogues and mailings. It is a company which precisely responds to our needs and also flexibly reacts to our requirements when it comes to offers or campaigns”, says Ingo Salek of neckermann.at, confirming the consistent orientation of Austrian Post to enhancing customer benefits. “At the end of the day, the mutual trust and reliability comprising the basis for a good partnership is reflected in the success of our company.” This corresponds to the service claim of Austrian Post i. e. to put its high level of logistics competence at the disposal of business customers to support them in making a name for themselves and growing their businesses. Andreas Obermüller, Authorised Signator for the logistics, shipping and IT operations of Schachermayer, confirms: “Thanks to its suitable business products, Austrian Post is precisely the right shipping partner for our urgent B2B shipments. Reliable and high quality delivery is of immense importance to us.” Austrian Post is continually breaking new ground and finding fresh ways to serve its customers, especially in the field of food logistics and pharmaceutical logistics. These are promising markets with growth potential in the coming years.

Austrian Post wishes “good appetite”

Not only does the mail order business profit from the ongoing e-commerce boom, but food retailers are also increasingly daring to offer online shopping. UNIMARKT, a sales subsidiary of the trading group Pfeiffer, has set a real milestone with respect to food logistics in cooperation with Austrian Post. Since November 2014 inhabitants in Upper Austria have the opportunity to order food at UNIMAKT online and conveniently receive the goods at the front door of their home or apartment on the same evening in Linz. Austrian Post, which made the implementation of this business model possible to begin with, is responsible for the product-specific and punctual delivery of the goods on the basis of its logistics know-how. The end customers need no more than three mouse clicks to place their orders. However, this takes for



The food boxes of Austrian Post ensure the freshness of the products as if they were just taken from the cooling shelf.

granted that logistics processes have been set up which run smoothly like a synchronised clock. In Linz alone, home to close to 200,000 inhabitants, a large number of potential customers are waiting for such a service which guarantees the delivery of food and everyday necessities until 9 p. m. on the day the order is placed. Pfeiffer Holding Managing Director Markus Böhm has

NEW IDEAS FOR ENHANCED CUSTOMER SATISFACTION

THE NEW PARCEL SHIPMENT SYSTEM OF AUSTRIAN POST MAKES IT EVEN EASIER TO USE THE COMPANY'S SERVICES.

Austrian Post always strives to achieve the highest level of customer convenience for its private and business customers. Tried and tested approaches are also subject to ongoing evaluation in order to identify any need for optimization and to explore new pathways if necessary. One result of this continuing evaluation process is the new “PostLabelCenter”, which was implemented within the process chain at the beginning of January 2015 after a one-year planning period.

Fast and reliable

The main advantage of the new concept in comparison to the previous EasyPAK system is that it is significantly less complicated and thus more quickly integrates new customers. In particular, the link to e-commerce is simplified and data security and integrity are enhanced thanks to numerous technical innovations. In addition, the PostLabelCenter offers reliable advance notice, which considerably increases the planning reliability of contract orders and projects.

“THE GROCERY STORE ON THE INTERNET.”

Markus Böhm, Pfeiffer Holding Managing Director, talks about an ambitious project which can revolutionize the Austrian food supply.



The Pfeiffer retail group started the project “Food4all@home” together with Austrian Post, Risc Software GmbH and the University of Applied Sciences Upper Austria in Steyr. How did this come about?

MARKUS BÖHM: We wanted to create something really new for private customers. In order to implement this innovation, we had to accept certain consequences and were also ready to bear the related risks. In return, this gives us the opportunity to be the first on the market in order to be able to offer this promising service.

What advantages arose from the cooperation of Pfeiffer with Austrian Post, Risc Software GmbH and the university?

MARKUS BÖHM: The three different perspectives were of immense importance, and thus the related knowledge that was gained for the benefit of all three partners. We contributed our retail know-how, the University of Applied Sciences Upper Austria in Steyr together with RISC brought its scientific view of things, and Austrian Post contributed its logistics experience and infrastructure. Austrian Post made the realisation of this project possible in the first place by offering same-day delivery.

Which milestones were decisive for the success of the project?

MARKUS BÖHM: The joint development of passively cooled food boxes fulfilling the strictest hygiene requirements was essential in order to be able to ensure the high-quality delivery of temperature-sensitive goods. It was naturally also extremely important to clarify how food delivery could optimally be integrated into the logistics offering of Austrian Post.

worked out how large the market for home delivery of food actually is. “We want to solve a constantly recurring problem day in, day out which people under time pressure face. At the same time, we offer valuable assistance in the day-to-day lives of customers who are not mobile or who cannot carry the required goods themselves. There is considerable potential in both areas.”

The Austrian-wide logistics network of Austrian Post and its seven state-of-the-art parcel logistics centres comprise the basis for the effective functioning of this same-day delivery concept. These logistics hubs not only ensure the quick further distribution of the goods but also appropriate protection of the food being transported. Temperature-sensitive products are passively cooled at a temperature of between 3 and 6°C in reusable boxes specially sealed for each delivery. In this way Austrian Post ensures that milk and cheese are as fresh as if they were just taken from the refrigerated section of the shop, also with respect to late delivery in the evening.

Apart from food logistics, Austrian Post’s services have long gone far beyond conventional transport operations and professional delivery. Together with its fully-owned subsidiary Systemlogistik, Austrian Post can offer services along the entire logistics value chain from a single provider. These fulfillment solutions comprise complete concepts individually tailored to a customer’s needs and encompass the receipt of goods, order picking, commissioning and packing to shipments and returns management. In addition to the professional handling of entire Webshop logistics, Systemlogistik also offers high quality marketing services and value added delivery.

Post.Wertlogistik, another fully owned Austrian Post subsidiary, is one of the two leading nation-wide providers of absolutely safe transport of cash and other valuables. In addition to transport, pick-up and delivery of cash, especially for banks and retail stores, the company also takes care of the entire cash management i. e. payment, deposits and credit notes for the cash which was accepted. In addition, the company operates its own high security warehouse in the Vienna area for valuables, and organises the international transport of valuables in cooperation with specialised companies.

Pharmacy on wheels

Austrian Post always aims to be a step ahead, also when it comes to its foreign subsidiaries, in order to be able to offer new innovative solutions to business customers. A good example of this is



trans-o-flex has occupied a promising market niche in pharmaceutical logistics.

the fully-owned German express transport subsidiary trans-o-flex Schnell Lieferdienst, which launched the Germany-wide pharmaceutical transport network *trans-o-flex ambient* in the fall of 2014 after successful trial operations. Here pharmaceuticals are transported on pallets or in parcels in the temperature range between 15 and 25°C without additional thermal packaging. The system complies with the tougher rules contained in the EU Good Distribution Practice (GDP) directive for transporting pharmaceuticals. In this way, trans-o-flex has established an even firmer foothold in the interesting niche market of transporting pharmaceuticals, which holds great potential in the medium- and long-term. This is because the trans-o-flex subsidiary *ThermoMed* has been specializing since 2002 in active temperature-controlled pharmaceutical transport, fulfilling the highest standards of quality and transparency. The customers of *trans-o-flex ambient* also profit from this know-how edge. Shortly after the start of this specialty logistics service, the range of services was already expanded to encompass a total of six air-conditioned hubs. In addition to Kassel, fully air-conditioned hubs have been set up at logistically important transport nodes in Germany such as Hannover and Cologne. This is designed to ensure that the company will be prepared to deal with the expected volume increases in the field of pharmaceutical logistics. In addition to transporting temperature-sensitive goods, trans-o-flex also offers comprehensive logistics services, from storage and value-added services to end-to-end process solutions. By the way, the fact that the subsidiaries also live up to Austrian Post's claim of offering the highest customer benefits and first-class quality is confirmed by Michael Sauer, Senior Manager

Transportation Germany, Austria, Switzerland & Belenux, Office Depot. "We have been cooperating with trans-o-flex for more than nine years, and very much value our collaboration, not least because we always have a central contact person available in the customer service center or in key account management. Whether it involves the shipment of parcels, pallets or express deliveries, all types of shipment are possible thanks to the multi-channel solution offered by trans-o-flex. In this way trans-o-flex is a flexible partner with high quality standards." The acceptance of the express delivery division of trans-o-flex in the "Inbound Preferred Carrier Program" of Amazon also proves the high quality service provided by trans-o-flex. Amazon has chosen only six German delivery services for this programme out of 1,000 freight forwarders worldwide, which clearly confirms that trans-o-flex is on the right track. The company AEP *direkt*, whose name in German stands for Pharmacy Purchasing Partner, can also look back at a good year in 2014. The pharmaceutical wholesaler founded with German investors in the fall of 2013, in which Austrian Post has an indirect stake of 45%, operates throughout Germany. After just six months, AEP *direkt* was already able to boast 1,000 pharmacies as customers. The basis of AEP *direkt*'s success is its ability to operate without cost-intensive distribution structures. Delivery only takes place once per day. In this way it can secure the biggest possible cost advantages for the benefit of all German pharmacies. All orders are delivered from the AEP central warehouse in Alzenau near Frankfurt am Main, one of Europe's most modern pharmaceutical logistics centres. Delivery of AEP shipments is handled by the pharmaceutical specialist trans-o-flex. ▶

The practical collective advertising envelope KUVERT is equally valued by both advertising and private customers.



High-impact advertising services

Business customers not only rely on the know-how and innovations of Austrian Post when it comes to parcel logistics, but the company is also a proven and creative partner for letter mail and direct mail services. This is confirmed by REWE International AG, the Austrian market leader in the food and drugstore segments, which owns the retail stores BILLA, MERKUR, ADEG, PENNY and BIPA. “We require a reliable partner with experience and know-how to ensure our strong presence in a highly competitive market. The cooperation with Austrian Post enables us to precisely and flexibly appeal to our diverse target groups in a pinpointed manner by using a variety of channels. The breadth and depth of the geomarketing data as well as possibilities for region-specific customer contact are immensely useful to us”, says Corinna Tinkler,

Director of Corporate Communications of REWE International AG.

In particular, interactive marketing serving as the basis for a target group-oriented, individualised approach towards addressing existing and potential customers, has become increasingly important in this segment in recent years. “We support companies with up-to-date address material, detailed recipient profiles and scorings as well as the precise selection of the right target group. Moreover, we also assist customers as partners when it comes to their printing needs and evaluating responses”, says Franz Schopf, Branch Manager for the Retail Sector at Austrian Post, outlining the holistic customer support provided to advertising customers.

One example for the seamless implementation and success of interactive marketing campaigns in 2014 was the cooperation with the News Publishing Group with Austrian Post. A mailing was designed to lure as many former subscribers as possible to become customers of the News Publishing Group again on the basis of a reduced rate subscription. On balance, a total of 55,000 specially designed “get-back mailings” were sent. The special feature consisted of mailings adapted to the different target groups, whereas the specific savings for the six-month subscription were tailored to the respective group and listed in absolute terms or expressed as a percentage. The response rate confirmed the success of the campaign. The target group-specific communication focusing on the financial advantages triggered a significant rise in subscription orders.

Innovative Printing Service

Austrian Post also offers an innovative new service to its NGO customers via its subsidiary D2D – direct 2 document GmbH. D2D, attached to Austrian Post’s Vienna Letter Centre, boasts a new,

50 YEARS OF feibra

ADVERTISING SERVICES UP TO A PERSON’S DOORSTEP

feibra, an Austrian Post subsidiary founded back in 1963, ranks among the leading delivery companies in Austria. In addition to the delivery of addressed and unaddressed mail items, its comprehensive service portfolio includes special forms of advertising such as feibra notes, a post-it note stuck on the front door, or letterbox or door hangers, as well as customer consulting with respect to the design and production of advertising materials. However, the unique selling proposition of feibra is the delivery of unaddressed advertising to the door of a person’s apartment or house. For the Austrian population, the “feibra bag”, which was an absolute innovation in the 1970’s, has emerged as an essential part of everyday life. Since then, it has ensured provocative advertising and thus serves to amplify advertising campaigns. In 2011 feibra was granted a license by the Austrian postal regulator RTR to operate as a postal services provider. 1,200 mail carriers reliably deliver 1.2bn direct mail items to Austrian households each year.

state-of-the-art four-colour digital printing machine since September 2014. Due to its ability to flexibly perforate paper, it is optimally suited to print payment slips and thus especially to support NGOs in their appeals for donations. A modern Web application simultaneously significantly simplifies access for customers. The customer only has to put his print data online. Austrian Post handles the entire production and shipment process. "With the new printing machine including access via the Web application, we succeeded in substantially accelerating production. This leads to considerable time advantages especially in the case of a major emergency or disaster, when financial support is needed very quickly", states Josef Maier, Managing Director of D2D – direct to document GmbH and Head of Output Management, emphasising the added value of the new printing machine from a social perspective.

One KUVERT for 2.1 million users

One of the most well-known and successful advertising media in Austria was also developed by Austrian Post. KUVERT, the advertising envelope for direct mail items, has been delivered twice a week throughout Austria since 2012, and has been very positively received by the population. And its impact is on the rise. According to a study published by GfK Austria and TMC-The Media Consultants in September 2014, the outreach, number of users and awareness of the KUVERT could be further increased. More than 2.1 million¹ Austrians already use the respective latest issue of the KUVERT appearing twice weekly, and more than 4 million² leaf through and use the KUVERT regularly. On balance, the level of awareness of the KUVERT is 88.3%, corresponding to more than five million Austrians. This strong performance once again underlines the significance of the flyer as Austria's most popular and widely used advertising medium. Nevertheless, in order to further increase the general acceptance of flyers, Austrian Post continued its successful "Pro Flugblatt" ("For Flyers") campaign in the beginning of 2014 under the motto "One is always wiser after the event". A flyer was distributed to 3.5 million households throughout Austria in addition to TV spots. Once again the promotional campaign went down well with consumers. On balance, Austrian Post generated about 6 million target group contacts on the basis of this initiative. ■

¹ Users: those people who have read or leafed through the latest edition

² Broader user group: people who have read or leafed through the KUVERT in the last four weeks; Source: CAWI Print 2014

"AUSTRIAN POST HAS EVOLVED INTO A REAL FULL-SERVICE PARTNER."

Florian Größwang, Managing Director of Wein & Co, talks about mailing campaigns and the advantages of his cooperation with Austrian Post.



You intensified your customer mailings in 2014. Why did you decide to increasingly rely on this type of advertising?

FLORIAN GRÖSSWANG:

Addressed customer mailings diminish divergence loss and enable the company to use its available advertising budget as efficiently as possible. In this way we were able to optimise revenue in comparison to the advertising euros which were spent.

What role does Austrian Post play and why was it selected to serve as your partner?

FLORIAN GRÖSSWANG: In recent years Austrian Post has evolved into a real full-service partner. It offers us comprehensive support, from creating campaigns to implementation and accurate delivery. For this reason, Austrian Post is a very important partner for us when it comes to attracting new customers and retaining the loyalty of existing ones.

How do you promote your activities abroad?

FLORIAN GRÖSSWANG: We generate our e-commerce revenue through addressed mailings as well as using various digital forms of advertising. In particular, Austrian Post is also a reliable and competent advertising partner, especially for Germany.



EXPORTED QUALITY

Austrian Post operates in twelve countries in addition to Austria, and brings new ideas to these markets for private and business customers.

Above and beyond its domestic market of Austria, Austrian Post operates in Germany, Slovakia, Hungary and Croatia, amongst other countries, and has been doing business in Turkey since the year 2013. In the meantime, the company generates about 30% of its revenue from its international business. The subsidiaries and their customers profit from the transfer of Austrian Post's extensive know-how. In turn, Austrian Post can take advantage of the



high growth potential in these markets, especially in the parcel segment.

Flying high on the Golden Horn

For example, Aras Kargo has promising prospects. Since the summer of 2013, Austrian Post has held a 25% stake in the parcel services provider founded in 1979, including the option to acquire an additional 50% in the year 2016. “The potential of the Turkish market has hardly

been exploited, and thus offers very attractive growth opportunities”, says Erkin Murat Küçük, Chief Commercial Officer Aras Kargo, commenting on Austrian Post’s commitment to doing business in Turkey. Despite substantial growth in parcel volumes exceeding 10% p. a. over the last ten years, annual per capita parcel revenue in Turkey is still a fraction of the comparative figure for Western Europe.

Austrian Post uses the extensive experience gained on its domestic market of Austria to benefit its international subsidiaries.



Austrian Post is internationally successful, especially in the parcel business.

In order to open up further growth opportunities in addition to the existing potential on the Turkish market, Aras Kargo plans to penetrate the export market. Since October 2014 about 100 shipments are being transported three times per week via a flight connection between Istanbul and Frankfurt.

However, in addition to its new links to the European market, Aras Kargo also benefits from the far-reaching technical and economic know-how of Austrian Post as reflected, for example, in the construction of a new hub in Ankara and the modernisation of the hub in Istanbul. Automatic parcel sorting equipment is being installed and is scheduled to be put into operation in 2015 and 2016 respectively. The "Shoptimization" pilot project initiated in cooperation with Austrian Post in October 2014 has also proven to be exciting. A team from both countries is working on optimising branch network as well as pickup and delivery processes in order to further enhance the quality of services offered to customers.

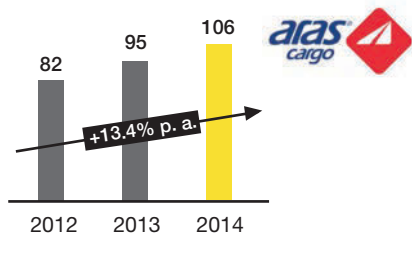
At present, Aras Kargo ranks second in the Turkish parcel sector, boasting a 26% market share, trailing closely behind the number one provider. "We aim to assume the market leadership position in Turkey in the medium-term thanks to our nationwide network", says Erkin Murat Küçük, summarising the joint strategic objective of Aras Kargo and Austrian Post in a nutshell.

Impetus for the entire region

Even beyond the national boundaries of its domestic market, Austrian Post also adheres to the fundamental principle of totally focusing on customer requirements which has proven its worth in Austria for many years. These efforts led to a broad-based service offensive on the part of Austrian Post's subsidiaries. In essence, the underlying idea is to transfer new ideas and services which are successful in Austria to the CEE markets in order to make the lives of private and business customers there a bit easier. "Everyone benefits from cross-border know-how transfer i. e. the customers of our subsidiaries, the performance of our strategic investments, and last but not least naturally Austrian Post itself", states Arthur Steinböck, Head of ProLog, outlining the manifold advantages of the service offensive in Central and Eastern Europe. For example, the fully-owned subsidiary 24-VIP in Bosnia-Herzegovina focused on improving communications with its customers and thus its entire service access. By standardising call centre numbers, 24-VIP can now react more quickly to customer inquiries and fulfill customer wishes. In addition, customer convenience is enhanced by extending service hours of the branch offices in Mostar, Tuzla and Banja Luka. The ongoing efficiency-oriented optimisation of all processes to which 24-VIP is also committed was determinedly implemented in this project, offering advantages for both sides, namely customers and the company. A new service launched by the Austrian Post subsidiary City Express in Serbia in 2014 has

VOLUME GROWTH ARAS KARGO

PARCELS/DOCUMENTS M



"The customers only have to make the purchase, we will do the rest."

BOJAN RISTIC, CITY EXPRESS SERBIA

also been well received by customers. In close cooperation with Forma Ideale, a Serbian furniture producer and distributor, City Express introduced same-day delivery on numerous routes in Belgrade and Niš in addition to the standard shipping of furniture. This completely new concept is particularly convenient for customers. "Alongside delivery to a person's residence, we offer the complete assembly of the furniture by two-man and three-man teams. The customers only have to make the purchase. We will do the rest", says Bojan Ristic, City Express Serbia, expressing his excitement about this innovation on the Serbian market.

New ideas, new successes

In 2014 trans-o-flex Hungary also tread new paths, offering a holistic service in the field of warehouse management to Hungarian business customers. Customers such as STAR PUBLISHING, the strategic partner of Mercedes Benz, can customise and thus individually configure the required services as needed, from conventional storage and complete order picking to the packaging of goods and subsequent delivery. Up-to-date warehouse inventory, delivery information and other data is continually recorded in a specially developed Warehouse Management Software and can be checked and services invoiced on an ongoing basis. The first year of implementation already shows the success of this concept. In the meantime, the capacity of the 700 m² storage facility in Budapest featuring over 600 pallet spaces is almost fully utilised.

Weber Escal, the Croatian partner of Austrian Post, impressively demonstrated what can be achieved with a strong partner at one's side. It succeeded in increasing the shipment volume of addressed letter mail by 23% in the past financial year. This was made possible not least of all by the cooperation launched at the beginning of 2014 with Raiffeisen Bank International, for which Weber Escal now delivers addressed and registered mail items. The shipment volumes of Raiffeisen were continually increased in the course of the year thanks to the high quality service of the Croatian postal services provider. In order to offer the same high delivery quality even if mail volumes increase, Weber Escal moved to a new sorting center in the southwest of Zagreb in April 2014. In addition to substantially raising its capacities and improving sorting quality, the modern facilities also resulted in significant cost advantages compared to the previous sorting center. This increase in efficiency is in line with the example set by its Austrian parent company. ■

"WE BENEFIT FROM PASSING ON OUR KNOW-HOW."

Harald Kunczier, Head of Strategy & Group Development, talks about opportunities and the potential of Austrian Post far away from its domestic market of Austria.



Austrian Post is very successful on its home market. Why is it so strongly involved in Central and Eastern Europe and Turkey?

HARALD KUNCZIER: Austrian Post has a very long tradition in Austria, and is deeply rooted in this market. However, as a publicly listed company, it is always important to think ahead and thus to identify and exploit future growth opportunities. Our commitment to these markets ultimately serves to safeguard our long-term profitability.

Why do these markets offer such growth potential?

HARALD KUNCZIER: Generally speaking, these countries show strong growth momentum and considerably lower annual per capita parcel volumes than, for example, Austria and Germany. Our experience in recent years shows that the parcel volumes of these countries will tend to rather quickly approach Western European levels. The driving force here is the massive trend towards online shopping. Austrian Post recognised its potential early on, passed on a great deal of its know-how to its subsidiaries and is now profiting from constant growth.

What strategic projects are planned for 2015?

HARALD KUNCZIER: We are already strongly involved in the national B2B and B2C segments in all our international parcel markets, and rank among the top three on every single market. Our task is to consistently transfer our extensive service and logistics know-how in order to further expand our strong market position, especially in the consumer business. The mail business in the CEE region is very challenging in several markets, which is why it is necessary to focus on growth areas and promote the cooperation between the mail and parcel businesses throughout the region. There is still plenty of room to grow as a means of leveraging synergies and driving growth.

Austrian Post steadily enhances customer comfort with innovative online services.



THE ONLINE WORLD OF AUSTRIAN POST

Thanks to its innovative strength, Austrian Post is in tune with the times, offering a whole range of online solutions.

No matter which service the Austrian Post customer wants to use, it should be simple, secure and convenient. This is the motivating force driving Austrian Post to continuously refine the world of its online services and develop new practical solutions which save its customers time and money. After all, convenience comes first.

Mobile and flexible – www.post.at

The initial contact point on the Internet for Austrian Post customers is the company's Website. Since November 2014 users can expect a completely new world. The new design of its online presence allows Austrian Post to respond to modern user behaviour. Today customers want to have products and services at their disposal on a 24/7 basis. And if possible, the Website should be as easy to use as possible, tailored to their individual requirements and accessible from every device, whether a smart

phone, tablet, laptop or PC. The bottom line is that one-quarter of Austrian Post customers already make use of the Website from their mobile devices.

For this reason, the new responsive design ensures that the layout of the Website adapts to the screen size of the respective terminal, so that the contents can be optimally displayed. However, the Website does not just automatically adjust itself to the device but also to the customer himself. In a new personalised area called "Meine Post" ("My Post"), customers can always keep an eye on their mail items and orders. The new Website has been well received. In November and December 2014 alone, the Website was visited more than five million times. "Customers expect a simple and intuitive use of a Website, and want to be able to take advantage of services and products on a 24/7 basis. Our new modern Website makes this possible", concludes Dahlia Preziosa, Head of Online Innovation Management.

The new Post App

The practical Post App has been available since June 2014, enabling customers to gain even faster and easier access to Austrian Post services. After registering on the new Austrian Post Website or directly in the App, the most important service functions are at the customer's disposal free of charge. Thanks to the shipment tracking function, the customer knows all the time where his mail item is at that moment and when he will most likely receive it. The branch locator allows customers to find the nearest branch office or postal partner, and inform himself about opening hours and the location of letterboxes in his area. The postage calculator is also a practical tool, determining the optimal postage rates for mail and parcel items and proposing the quickest and least expensive way of shipping. The Post App also offers an absolute novelty, namely the mobile "yellow slip" in the form of an e-notification. As a result, it is no longer necessary to present the physical delivery notification slip. Furthermore, since August 2014 customers can redirect parcels to another delivery address before the delivery attempt is made. This service has been well received by customers. The new Post App has already been downloaded more than 160,000 times. Business customers of Austrian Post have already had a separate App at their disposal since March 2014. It simplifies access to both advertising products and Mail Solutions offered by Austrian Post. In this manner business customers can use a series of tools from their smart phone or tablet in order to immediately implement decisions on designing and sending mail materials in direct contact with their customer consultants.

Electronic post – secure and convenient

The electronic letterbox introduced at the end of 2014 is both innovative and tailored to customer wishes. With its help the customer can have documents such as invoices from utility companies and telecom providers or mail from municipal authorities sent digitally as an E-BRIEF (e-letter). The customer who is registered with a physical mail address and e-mail address receives an e-mail with a link leading to his personalised letterbox in a secure portal and then to the documents intended for him. The advantage of the E-BRIEF compared to conveying the mail items per e-mail is that the documents are on a secure server, and Internet service providers will not be able to retrieve recipient data. In this way Austrian Post also increases data security and customer comfort.

Austrian Post also offers attractive electronic options for senders of mail items. If a decision is made to use the "dual delivery" service, the mail item is automatically sent to the recipient in the most cost-efficient manner. If Austrian Post possesses the e-mail address of the recipient, the mail item is delivered as an E-BRIEF. Otherwise the document is printed and dispatched in the conventional way i. e. as a physical letter. "In particular, banks and insurance companies highly value the secure transmission of information per E-BRIEF due to the confidentiality of their data. The low cost for printing and transmitting the documents also motivates companies to make use of this service", says Georg Mündl, Head of Mail Solutions, underlining the reasons for the success of this product.

buybuy.at – international orders made easy

The Internet not only facilitates the delivery of documents but the mail order business is booming thanks to such multifaceted online order options. However, Austrian customers repeatedly face obstacles in ordering goods from the USA and Great Britain in light of the fact that many online shops in these countries refuse to deliver to Austria. Since October 2014 Austrian Post has been offering an attractive solution to deal with this problem, namely the online platform buybuy.at. Following free registration, Austrian customers will be given a personal delivery address at a logistics warehouse in the USA or Great Britain, which can be used for orders from online shops which do not deliver to Austria. As soon as the goods have reached the Austrian Post logistics centres in the USA or Great Britain, Austrian Post will support the customer with any customs or tax formalities before securely and reliably delivering the parcel in Austria in its customary manner. The total costs for this service can be calculated by the online platform before the purchase decision is made. ■

"Customers expect a simple and intuitive use of a Website, and want to be able to take advantage of services and products on a 24/7 basis."

DAHLIA PREZIOSA,
HEAD OF ONLINE INNOVATION MANAGEMENT



TRADITIONALLY INNOVATIVE

Philately provides Austrian Post with the opportunity to breathe new life into tradition by means of innovation and its most distinctive feature, the stamp – and to preserve everything there is to know about stamps.

As a leading logistics and postal services provider in Austria, Austrian Post pursues a future-oriented approach with a keen interest in innovation. The company is also aware of its history and tradition, which becomes evident in its commitment to philately. Even in this traditional terrain, however, Austrian Post is always good for surprising new ideas.

Augarten porcelain for posting

Austrian Post places great importance in philately and demonstrates its appreciation in an extensive range of unique special-issue stamps. “These eternally beautiful special editions are artistic in nature and document a great variety of – historically often quite significant – occasions and issues. They are full of history and carry messages out into the whole world”, as Claudia Lughammer, Philately, emphasises the often underestimated significance of stamps today. Austrian Post assumes a pioneering role in philately internationally as the introduction of the world’s first porcelain stamp in 2014 exemplified. In cooperation with Wiener Porzellan-



“These eternally beautiful special editions carry messages out into the whole world.”

CLAUDIA LUGHAMMER,
 PHILATELY

manufaktur Augarten, Austrian Post was able to create a one-of-a-kind rarity for stamp enthusiasts and collectors. The limited edition is decorated with the popular motif “Viennese Rose”, one of the earliest patterns of the long-standing Viennese porcelain manufactory.

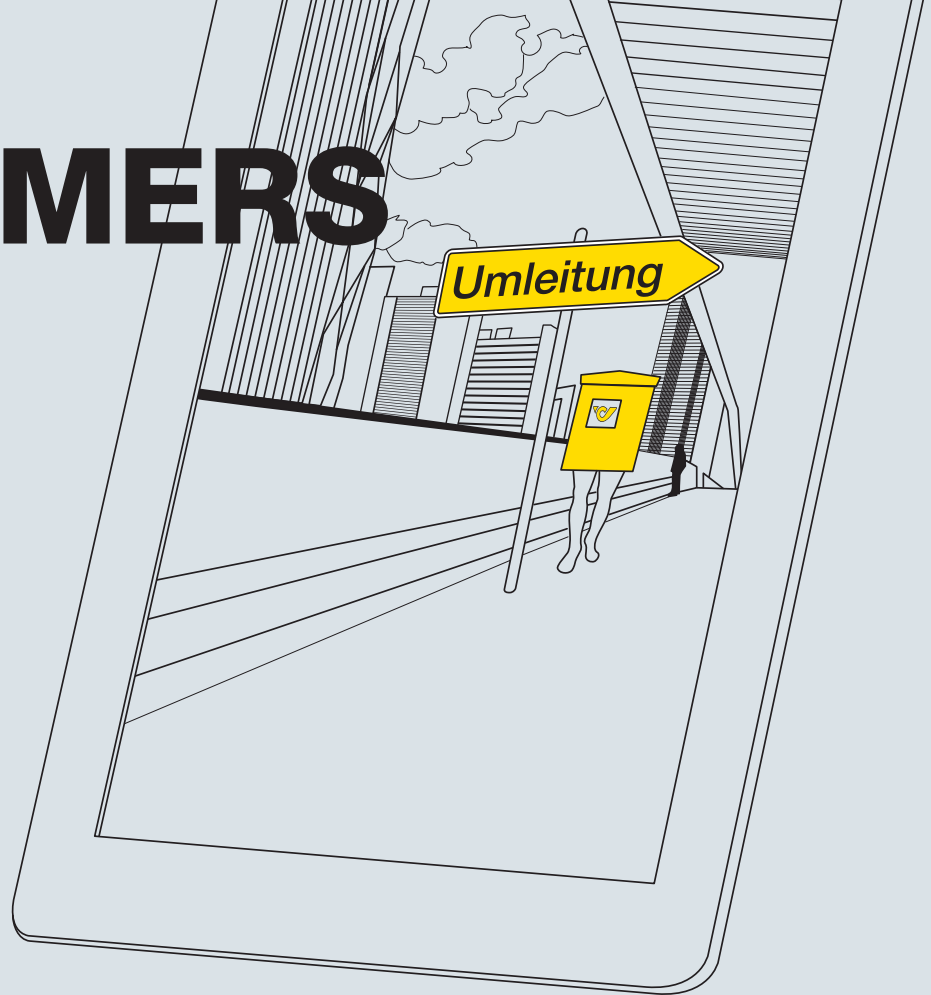
Preserving knowledge from being forgotten

Stamp enthusiasts and collectors form the very heart and soul of philately. It often takes them several decades to create a collection of precious stamps and special motifs, while usually also gathering extensive historical knowledge about their “treasures”. As Austrian Post strives to permanently preserve this knowledge, the free philatelic online encyclopaedia PhilaWiki (philawiki.post.at) was released in late 2014. Based on its role model Wikipedia, all users are able to share their philatelic know-how with the entire community and to fill the free handbook with their expertise. Several other European logistics and postal services providers have expressed their interest in this internationally recognised project. It does not only apply a modern and fresh approach to presenting traditional, specialised literature on philately but also awakens the interest of younger generations. After all, the best way to preserve knowledge from being forgotten is to pass it on. ■

Diverse motifs on the move all over the world – Austrian Post stamps.



CUSTOMERS



NEW CHALLENGES IDEAS HOME DELIVERED NEW CONCEPTS

HIGH DEMANDS

- “We focus on our customers”
- Customer benefits as the guiding principle
- Innovation in all areas
- Austrian Post as a trustworthy partner

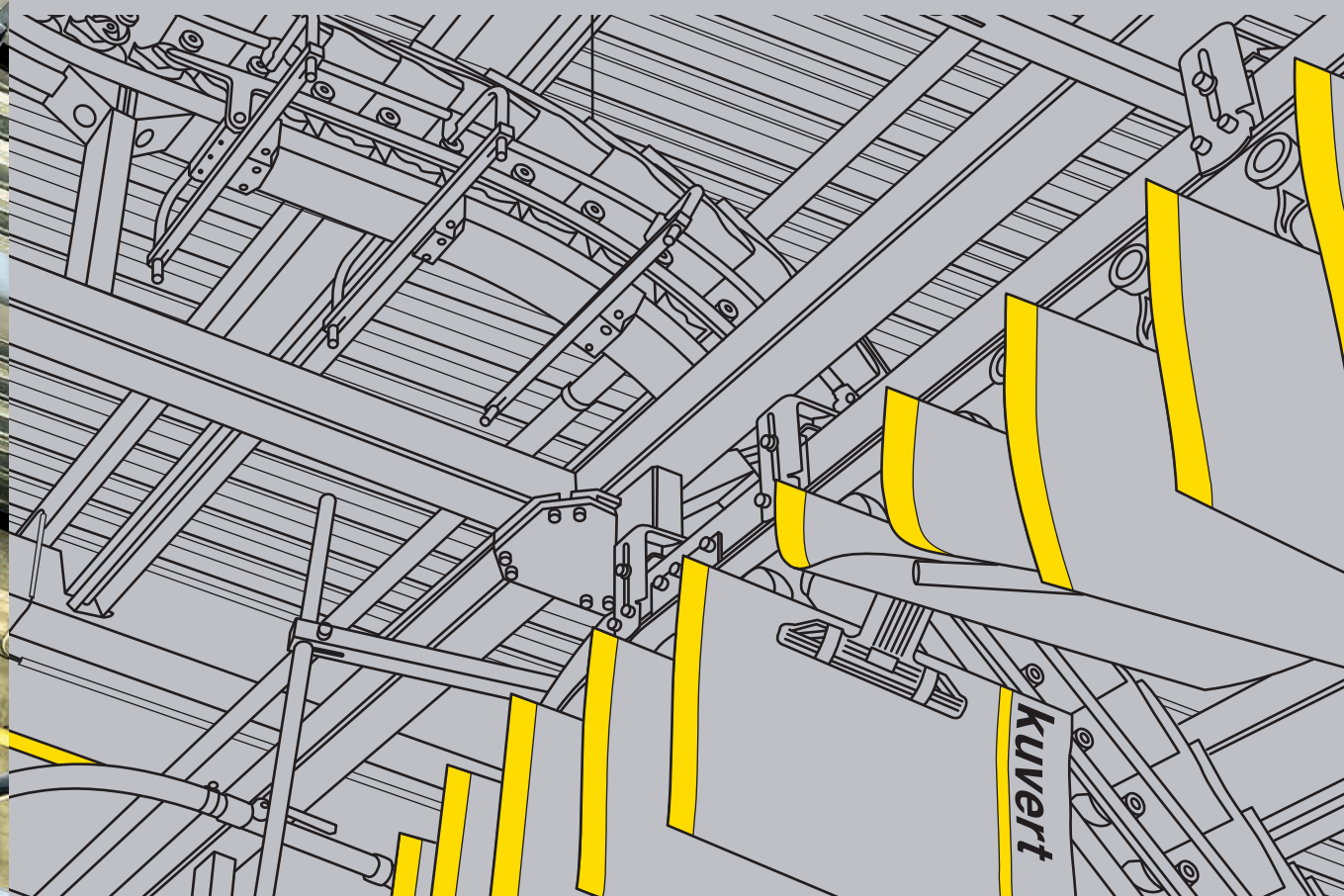
FUTURE-ORIENTED IMPLEMENTATION OF IDEAS

- Expansion of extensive 24/7 offering
- Development of new online and hybrid solutions
- Testing of services offered in the niche market of food logistics
- Innovative direct mail solutions implemented with a high impact



CONTINUOUS HIGH PERFORMANCE

Investing in the future



Austrian Post steadily invests to expand and modernise its infrastructure to enhance the efficiency of its services. The objective is to deploy state-of-the-art technologies and implement efficient processes in order to optimise all work flows in the company and above all, to guarantee that customers get the highest quality service in all product and service areas.



UNSEEN HIGH TECH

Austrian Post uses only the latest high-tech logistics to deliver about six billion letters including advertising mail as well as 74 million parcels in Austria per year both punctually and accurately.



Ongoing investments in the infrastructure and vehicle fleet ensure first class quality of the services on the part of Austrian Post.

What would happen, if all the letters processed and delivered by Austrian Post in a single year were placed in line next to each other? The letters would cover a distance of more than 840,000 km, easily long enough to reach the moon and back again. Managing such a great volume of mail items requires not only profound know-how and committed employees but also continuous investment in cutting-edge and efficient high-tech infrastructure. Letters often travel long distances until they end up in the recipient's letterbox – on the road as well as on kilometres of conveyor belts at the logistics centres of Austrian Post. It is a remarkable logistic achievement based on the close cooperation between man and machine that is hardly ever seen.

THE JOURNEY OF A LETTER

David's dream has finally come true: together with his girlfriend Luisa, he just moved into their first shared apartment in Innsbruck, Austria. He has also taken out the necessary household insurance through UNIQA Insurance – which trusts in the competence and reliability of Austrian Post to deliver the insurance policy. The provider of universal postal services guarantees that at least 95% of all letters are delivered within a day after posting. David and his insurance broker clarified all the household insurance details and signed the contract. At UNIQA's corporate headquarters in Vienna, the policy is issued and digitally transmitted to direct 2 document GmbH (D2D) at about 3 pm. On the same day, the 30%-subsidiary of Austrian Post prints, envelopes and addresses the policy before posting it at the postal branch office in 1423 Vienna-Vösendorf. From now on, the precious document is left in the hands of Austrian Post.

Step by step towards the final destination

In a next step, the letter is first roughly sorted by a so-called "flat sorter" at about 6 pm. This modern machine is able to sort letter items of up to three cm in thickness and a maximum weight of two kg – about 38,000 per hour. "In the course of this initial, rough sorting process, the flat sorter distributes letters according to their destination and ensures that each letter is placed in the right box to end up at the correct distribution centre", as Christian Pehart, Head of Production in Hall in Tyrol, sums up the machine's purpose. Also David's letter is in the

right box heading for the mail distribution centre responsible for Innsbruck at Hall, Tyrol.

Safely stowed away and secured in a Sprinter van, the box starts the next part of the letter's journey at 10 pm.

After a truck drive of about five hours covering almost 470 km, David's insurance policy reaches the 43 m long and 12 m wide flat sorters once again. This fine sorting process, however, takes place in Tyrolean Hall at 4 am. In contrast to rough sorting, the letters are now sorted into boxes according to delivery bases. Also David's letter lands in such a box with the address 6020 Innsbruck – 0240, indicating to which delivery base and for which delivery area this box is intended. ▶

THE JOURNEY OF A LETTER



Example: UNIQA sends an insurance policy to a customer.

3–4 pm DIRECT 2 DOCUMENT (D2D)

– The Austrian Post subsidiary D2D is responsible for printing, enveloping and addressing digitally transmitted documents before they are posted at the Austrian Post branch office Vienna-Vösendorf.

6 pm ROUGH SORTING

– Modern flat sorters sort 38,000 mail items per hour according to destination in the letter centres of Austrian Post.

10 pm–2 am MAIN TRANSPORT LEG

– A truck or sprinter van transports the sorted mail items to the distribution centre that is closest to the delivery address.

4 am FINE SORTING

– In a second sorting process, the flat sorters sort all mail items according to delivery base and delivery rayon.

Until 6:30 am SECOND TRANSPORT LEG

– The mail items are transported to their delivery bases.

Until 8:30 am MANUAL SORTING

– The mail carrier manually sorts "his" letters according to his delivery tour. Then he electronically confirms the start of his tour on his handheld.

Until 2 pm DELIVERY

– The mail carrier uses his handheld not only to confirm the end of his delivery tour but also to complete the clearance process.



**A modern letter
 mail sorting plant
 processes up to
 46,000 letters
 per hour.**

SIMPLY FASTER: SCANPOINT STRUCTURES INFORMATION

Even if worst comes to worst and there is damage, both David and UNIQA can count on the reliability of Austrian Post and benefit from the continuous implementation of new, efficiency-enhancing ideas. In case of UNIQA, the delivery is even accelerated by a special service provided by the Austrian Post subsidiary Scanpoint.

Once the damage report letter is put into the letterbox, it is first transported to the Innsbruck delivery base before being taken to the Hall Distribution Centre and finally, after the rough sorting process, moved to Vienna as quickly as possible. In the course of the fine sorting process at the Vienna Letter Mail Centre, the damage report is separated from regular mail and finds its way into a special box exclusively for mail items to UNIQA. Following a further check by employees of the Letter Mail Centre, the letter lands in a special room designated for mail items destined for UNIQA. There letters addressed to UNIQA are opened and scanned and the contents are examined and classified to make sure that every letter, whether a household insurance claim or a simple change of address, is sent to the right specialist UNIQA department. This is done at lightning speed, because Scanpoint automatically recognises the type of document thanks to OCR software, and also the right contact person at UNIQA's Vienna headquarters. In this case, the mail item is electronically conveyed via a direct connection, and it is no longer necessary to physically deliver the mail item. After a storage period of three months, the documents at the Vienna Letter Mail Centre are destroyed according to the strictest data protection guidelines.

The greatest advantage of digital letter delivery is the time savings. Thanks to Scanpoint, a letter that is collected from a letter box at 5 pm is already in the direct electronic letterbox of the right clerk at UNIQA at 6 am or, at the latest, at 2 pm on the following day.

All mail items to David's Innsbruck address, for example, are taken to delivery base 6020 near Innsbruck city centre. Another truck drive and the policy is one step closer to its recipient.

Last steps still by hand

It is 8:30 in the morning in Tyrol and the last sorting process still needs to be done by hand. Although the mail carriers of the delivery base receive their letter boxes based on postal districts, the sorting of the shipments takes place on the basis of their calculated delivery paths. After final sorting and getting ready for the delivery tour, the mail carrier confirms the start of his tour on his handheld.

Austrian Post would not be a pioneer of "green" logistics, if the last steps of the letter's journey were not as climate-neutral as possible as well. David's mail carrier uses an e-bike for his delivery tour across Innsbruck. When David empties his mailbox around lunchtime, he is surprised. David really did not expect to receive his insurance policy so soon. He should not be surprised, though, because 96.3% of all letters are delivered within one workday after posting. In David's case, it even took Austrian Post's high-performance and state-of-the-art infrastructure only 20 hours.

THE JOURNEY OF A PARCEL

Julia loves technology. And she loves ordering the latest appliances online from the comfort of her home. She does not have to go anywhere and gets her new gadget in no time. This is also why Julia is a great fan of Austrian Post. The provider of universal postal services takes care of such matters and, for example, ensures the quick and smooth delivery of the new laptop Julia has ordered at the online store of Conrad Electronics. The almost one-day journey of the parcel starts at the Bavarian storage facility of Conrad Electronic at 2:30 pm, when the ordered device is packaged and labelled. This shipping label has a barcode (ID code). The relevant pre-advised data is also sent with the "labelling" of the package online to Austrian Post. This not only includes information about the sender and current parcel number, but also information about the delivery destination. Robert Rindhauer, Head of Distribution & Transport in the Operations Department, emphasises a further advantage of the label for the logistics process. "By receiving the pre-advised parcel data, we

continually know which delivery arrives at our logistics centre.” Together with the state-of-the-art technology in the distribution centre, these ID codes enable us to keep a close eye on each parcel via track & trace.

Nocturnal postal logistics

While most of Austria enjoys their well-deserved night’s rest, the new Allhaming Logistics Centre is buzzing with activity. About 650 Austrian Post mail and parcel employees use only the latest high-tech infrastructure to guarantee smooth operations at Austria’s cutting-edge distribution centre – and ensure (with their colleagues at six other parcel logistics centres of Austrian Post) that 97% of all parcels reach their recipient within two days.

At 9:30 pm, not even the loading zone of Allhaming Logistics Centre is asleep. A huge truck with parcels of Conrad Electronic has just arrived, for example. The driver reports his cargo to the doorman, and is assigned a loading area where the transport container is unloaded for distribution. Immediately afterwards an Austrian Post employee takes the valuable freight and leads it to one of the seven unloading belts at the Allhaming Logistics Centre. This is how the distribution centres of Austrian Post introduce a total of more than 295,000 mail items per day into the country’s largest, state-of-the-art logistics network.

Between 9:45 and 10:45 pm, the parcels enter the high-tech facilities of the distribution centre with its 1.8 km of conveyor belts for parcel logistics alone. The conveyor belts first take them directly to the centre’s monitoring station – the so-called VERA Station – where Julia’s parcel is scanned, weighed and photographed. Based on the Conrad Electronic label with ID code, the distribution scanner assigns the parcel to its final destination – Julia’s apartment – and sends it to the correct loading belt for further distribution.

Nobody at home

At the same time, Julia receives a push message from Austrian Post informing her about her parcel’s current location and time of delivery for the next day. Not bad – the delivery of a parcel from a Bavarian warehouse to an apartment in Graz takes just a day. But there is one problem: as Julia has to attend a seminar at the indicated time of delivery, she cannot accept the delivery of her new laptop herself. That is not a problem, though. The new Austrian Post App makes it possible to redirect a parcel. If the recipient is not at home at the indicated time of delivery, the delivery address can be changed to the closest ▶

THE JOURNEY OF A PARCEL



Example: Conrad Electronics sends a laptop to a customer.

2:30 pm LABELLING

– While sender labels the parcel with an ID code, its pre-advised data is transmitted to Austrian Post.

9:30 pm POSTING AT ALLHAMING LOGISTICS CENTRE

– The parcel is brought to Allhaming at about 9:30 pm. It is then immediately prepared for fast and accurate delivery.

9:45 – 10:45 pm

SCANNING, WEIGHING, PHOTOGRAPHING, SORTING

– The parcel is scanned, weighed, photographed and sorted according to its final destination.

TRACK & TRACE

– The recipient receives a notification on the parcel’s current location and time of delivery. The Austrian Post App may be used to redirect the parcel to another address or to a pick-up station.

11 pm – 3:45 am

ALMOST THERE

– The parcel is loaded on a truck and transported overnight to the Kalsdorf Logistics Centre near Graz, Styria about 200 km away.

3:45 – 5:30 am

THE LAST FEW KILOMETRES

– Still before sunrise at the Styrian logistics centre, the parcel is sorted according to delivery base and ends up in the mail carrier’s roll container.

6 – 8 am

THE MAIL CARRIER IS UP TO DATE

– The mail carrier scans all parcels before starting his delivery tour. If a parcel has been redirected – e. g. to a pick-up station – the mail carrier makes the necessary arrangements.

9 am CONVENIENCE 24/7

– In the course of his delivery tour, the mail carrier deposits the parcel in a reserved post box at the pick-up station. The customer receives an electronic notification and code via e-mail or text message to unlock the post box and pick up the parcel.

More than 295,000
 mail items end up
 each day in Austria's
 most modern logistics
 network.



postal branch, a neighbour or – as in Julia's case – the closest pick-up station of Austrian Post. A few clicks is all it takes. While Julia uses the "location finder" function of the Austrian Post App to find the closest pick-up station, her parcel is already prepared for another step of its journey. Sorted according to postal code in sealed transport containers, the parcels are loaded on a truck and transported to the Kalsdorf Logistics Centre near Graz, Styria about 200 km away.

The last few kilometres

Julia is still asleep between 3:45 and 5:30 am but Kalsdorf is already automatically sorting and distributing several thousands of parcels per hour. A total of up to 53,000 parcels travel on the centre's conveyor belts every day. One of them is Julia's laptop that has already been sorted according to delivery base and is now on its way on one of the logistics centre's 6 unloading and 16 loading conveyor belts to the right mail carrier's roll container. At about 6 in the morning, the mail carrier scans all parcels with his handheld and sorts them according to his delivery tour. When he scans Julia's parcel, the handheld immediately tells him that the parcel has been redirected from her apartment to the pick-up station. He reserves a suitable post box there and deposits the parcel later in the course of the

morning. She automatically receives an electronic notification per push message to the App or as an e-mail as soon as the parcel carrier has deposited the parcel in the pick-up station. Within only close to 24 hours after ordering the item, she can use this code to unlock the post box and pick up her desired parcel.

Highest quality in both directions

When Julia arrives at home and opens her parcel, she cannot believe her eyes: she made a mistake and ordered the wrong laptop. Although she is really angry with herself, Julia does not have to worry about returning the parcel. Once again, Austrian Post offers the right service to answer customer needs. After Julia has properly packaged the new laptop and attached the return label that comes with the parcel, she is ready to post the new parcel right in the drop-off box in her postal branch's self-service zone. The return label already contains an ID code, so Julia just needs to scan the code and deposit the parcel at the drop-off box of the self-service zone. No line, no waiting, no business hours. Instead, services are available 24 hours a day, seven days a week. At the same time, Julia also ordered a new device from Conrad Electronics. It will be delivered to her just as quickly and individually. Thus a happy end.

NEW IDEAS, NEW TECHNOLOGY

Once you stop rowing, you start drifting. Austrian Post takes this motto into account and continuously invests in expanding and modernising its infrastructure.

The letter sorting process is being consistently modernised every year. Austrian Post has been continually replacing its existing letter sorting machines by cutting-edge “Open Mail Handling System” (OMS) flat sorters since 2012. These new sorting machines for flat letters in B4 format have led to perceptible efficiency improvements. The demand for ergonomic working processes is fulfilled on the basis of the mechanical support provided in filling the machines.

Moreover, Austrian Post also started to gradually modernise its sorting machines for small letters in 2014. This modification comes with several advantages: for the first time, just one single machine is needed to fulfill all small letter sorting tasks. In addition, the same facility can now process much bigger small letters up to B5 format. The throughput could also be increased from up to 43,000 to currently 46,000 mail items per hour. In 2014, 15 out of the 20 small letter sorting machines were already replaced. Austrian Post plans to equip all distribution centres with these new and more efficient machines by mid-2015.

Easier work

At the same time, Austrian Post is pursuing a pilot project of impressive potential in terms of efficiency. It is concerned with so-called “delivery tour sorting” – meaning the sorting process of mail items according to the actual tour of a mail carrier. While it took a long time and was done by hand in the past in a relatively elaborate process, the mail items are now sequentially sorted by a machine. This is already being implemented in the Hall, Allhaming, Salzburg and Vienna logistics centres. This makes the sorting work of mail carriers much easier and ensures more time for direct customer service. Nevertheless, Austrian Post strives to facilitate work not only when mail items are sorted but also when they are delivered. Since December 2014, the ongoing redesign of the handhelds all mail carriers are equipped with has been one step in this direction. “The daily delivery work has become much easier thanks to the lighter and friendlier screen design as well as the new, intuitive menu navigation”, Andreas Brenner, Team Management Information Systems Distribution, praises the new handhelds.

Consistently positive feedback from an extensive test period in autumn 2014 confirms this statement. The most important improvements mentioned during the test period included easier handling, a much quicker “active” handheld when the screen is unlocked, and new customising options.

Top on the move

Austrian Post also invested heavily in an indispensable asset for a logistics and postal services provider: the fleet. Aside from consistently increasing the share of electric vehicles (see more on pages 69–70), the company continuously replaces older vehicles by modern, much environmentally-friendlier models. Since November 2014, the new variable Renault trucks in characteristic yellow are on their way on Austrian roads. What makes them special: several of them can either be used as trucks with box bodies or with swap bodies – for containers. So whenever two vehicles were required in the past, the new Renault truck can do it alone. The new combination of what were once two separate transports makes it possible to use the trucks in three shifts. The result: the variable Renault trucks have a standing time of as little as 70 minutes in 24 hours – or in other words, they are used 93% of the time.

Vehicle replacement and the use of intelligent technologies helped integrate environmental concerns in the company’s freight transport operations. In 2014, CO₂ emissions per 100 km decreased by 2.9% year-on-year. ■



Even more user-friendly after undergoing redesign in December 2014: the handhelds of Austrian Post.



“The daily delivery work has become much easier thanks to the lighter screen design and intuitive menu navigation.”

ANDREAS BRENNER, TEAM MANAGEMENT INFORMATION SYSTEMS DISTRIBUTION



Night after night
 there is intensive
 activity in the new
 Allhaming Logistics
 Centre.

RIGHT IN THE MIDDLE

The new logistics centre in Allhaming, Upper Austria is the pride and joy of Austrian Post. 1.6 million letters and 104,000 parcels can be processed there each day thanks to state-of-the-art technologies.

The new state-of-the-art logistics centre of Austrian Post was ceremoniously inaugurated in October 2014 after only one year of construction. The former logistics hub at the Linz Central Railway Station was bursting at the seams and could not handle the rising parcel volumes. A replacement facility was urgently needed. 30 commercial properties in the Greater Linz area were evaluated by Austrian Post experts. At the end of 2012 the ideal site for this wide-ranging project was finally found in Allhaming, about 20 km southwest of Linz. The new business location is conveniently situated directly on Austria's Western Highway and is thus easily accessible, especially for trucks.

EUR 50m for the future

Austrian Post invested approximately EUR 50m to construct the new logistics centre, whose sophisticated technology can manage just about anything. It not only ensures optimal processes but leaves development options open for the future. In particular, the new site was conceived to allow for further growth in the parcel market. With the help of highly advanced sorting machines and conveyor systems, the Allhaming Logistics Centre can sort 1.6 million letters and 104,000 parcels per day and distribute them throughout Austria. However, one does not only find state-of-the-art technology inside the new building, but also on



its roof. Austria Post's second photovoltaic facility, complementing the first one on the roof of the Vienna Letter Centre, generates some 496,000 kWh of electricity annually, corresponding to the annual needs of about 165 average two-person households.

Incidentally, the relocation of the production areas, freight forwarding and the 650 employees to the new site proceeded smoothly. Any customers receiving their mail items from Linz on Friday were already served by the Allhaming facility after the weekend. In the meantime, the employees have quickly settled down and accustomed themselves to the new site. They particularly appreciate the simplified work processes. With the new logistics hub Austrian Post has not only once again made decisive progress in expanding and modernising its infrastructure, but also demonstrated once more that it quickly and successfully implements new concepts. This particularly offers advantages to customers, but employees also benefit. ■

“EVERY MAIL ITEM ARRIVING IS IMMEDIATELY DISTRIBUTED.”

Hermann Dorr, Head of Parcel Production, and Andrea Pilz-Kapfinger, Head of Mail Production, speak about work in the new logistics hub.



What changes made in comparison to the former distribution centre bring the biggest benefits for employees?

HERMANN DORR: The biggest change is that we are not forced to work spread out over three separate floors. A lot of what we do is much simpler if all the working steps take place on one level and the equipment has been upgraded to reflect the latest technical innovations. This increases occupational safety and reduces the physical burden on employees. For this reason the new site has been positively received by the staff.

How is the Allhaming facility different from its predecessor with respect to processes?

HERMANN DORR: There is no longer any “interim storage”, and every mail item arriving in the logistics centre is immediately distributed. From a process perspective, it is almost impossible not to immediately process the mail items.

Have there also been any decisive technological changes?

ANDREA PILZ-KAPFINGER: Getting the mail items to the sorter was completely new to the staff due to the fact that the old logistics hub did not have any conveyor system for letters. The integrated scan technology in the sorter enables all mail items to be immediately analysed with a barcode, thus improving the ability to locate sources of error. In this way problem areas can be identified and eliminated much more quickly.



The photovoltaic plant on the roof of the Vienna Letter Centre supplies electricity for the large e-vehicle fleet of Austrian Post.

FOR A TOMORROW WORTH LIVING

The largest e-vehicle fleet in the country, photovoltaic facilities on the roofs of its logistics hubs and the support of climate protection projects make Austrian Post a flagship company when it comes to “green logistics”.

There is a growing awareness in society of the need for sustainable and environmentally compatible behaviour. The logical consequence is a stimulus for companies to minimise their ecological footprint. Austrian Post has always been open to this challenge, and consistently strives to operate in an environmentally-friendly and sustainable manner. And its efforts have met with success. Despite the fact that its delivery staff travels 240,000 km daily and consumes close to 15 million litres of

fuel annually, Austrian Post has ranked among the “greenest” logistics companies in Europe for many years. The visible sign of this commitment evident to the outside world is the initiative CO₂ NEUTRAL DELIVERY launched in 2011, which guarantees to senders and recipients that their shipments are delivered in a climate-neutral manner throughout Austria. The fact that this takes place without exception is regularly monitored and confirmed by the independent testing institute TÜV Austria.

E-mobility with tradition and a future

In particular, Austrian Post is a trailblazer in the field of electromobility. This commitment has a long tradition, in light of the fact that the first electric-powered vehicles were already being used to deliver mail items in the year 1913. Today Austrian Post operates the largest e-fleet in the country, boasting 862 single- and multi-track e-vehicles. In addition to electric-powered passenger cars, scooters, e-quads and electronic bikes, Austrian Post took a further step by deploying four e-vehicles to deliver parcels. As a consequence, e-mobility is once again impacting the steadily growing parcel market. Austrian Post is even venturing farther in its efforts to actively press ahead with the change in mobility habits. “By 2016, more than 1,300 e-vehicles painted in the ‘Austrian Post yellow’ will be operating on Austrian roads. In this way, the company can consistently reduce CO₂ emissions, not to mention the fact that the vehicles are virtually noiseless as well”, says Peter Nagorzanski, Project Management Model Region E-Mobility Post, pointing out the direction the company is moving in. “In the urban centre of Vienna, the entire mail delivery for private customers should be completely converted to electric-powered vehicles by 2016, except in those cases in which letters are delivered on foot”, he adds. The project “E-Mobility Post” is being supported by the federal government’s Climate and Energy Fund and the klima:aktiv mobil programme of the Federal Ministry of Agriculture, Forestry, Environment and Water Management.

E-mobility is only effective in protecting the climate if the required electricity is also generated in an environmentally compatible manner. Austrian Post has developed a forward-looking concept for this purpose. It exploits the large roofs of its logistics centres in Vienna-Inzersdorf and Allhaming to operate two of the largest rooftop photovoltaic facilities in Austria and thus produce electricity for the climate-neutral fleet of the company. The two photovoltaic plants not only generate close to 1.4 million kWh annually to provide sufficient energy for Austria’s largest e-vehicle fleet, but also provide a habitat for welcome guests. In the summer of 2014, a nest of the rare crested lark was discovered on the roof of the Vienna-Inzersdorf Logistics Centre, of which only 60 couples exist in the entire city. One couple was attracted by the green roof and the shade provided by the solar panels and found it to be an ideal breeding ground and habitat.



“ENVIRONMENTAL PROTECTION MEASURES BENEFIT NATURE IN MANY DIFFERENT WAYS.”

Daniel-Sebastian Mühlbach, responsible for sustainability at Austrian Post, talks about the unexpected joys of sustainable conduct.



Why is the presence of crested larks worth mentioning?

DANIEL-SEBASTIAN MÜHLBACH:

The population of crested larks substantially declined over the last hundred years. The main reason is the loss of suitable habitats. The

bird is one of the strictly protected species. There are only about 60 couples left in Vienna. For example, the bird still finds isolated areas in the Liesing Industrial Area, where the Vienna-Inzersdorf Logistics Centre is located, which are suited to serve as breeding and feeding grounds.

Why does the crested lark live on the roof of the Vienna Logistics Centre?

DANIEL-SEBASTIAN MÜHLBACH: The flat roof of the Logistics Centre is extensively landscaped, serving as a singing point and nesting site for the crested lark in combination with the photovoltaic facilities. The solar panels protect the bird’s brood against birds of prey and weather conditions. Here the bird can set up a suitable breeding place in the grass. The crested lark couple has settled here for this reason.

What does this discovery mean for Austrian Post?

DANIEL-SEBASTIAN MÜHLBACH: Actually the extensive landscaping was selected for technical building reasons. In turn, the photovoltaic plant serves to generate environmentally compatible electricity. Now the strictly protected bird has taken advantage of this situation. This is a good example of how environmental protection measures benefit nature in so many different ways. This discovery represents an unexpected but nevertheless extremely satisfying reward for Austrian Post’s efforts to minimise its ecological footprint.

Austrian Post is relying on electromobility, also in the delivery of parcels.



Sustainability in mind

In addition to far-reaching initiatives in the field of green mobility, Austrian Post is also implementing various measures away from Austria's roads to minimise its ecological footprint. The overriding objective is to reduce its own CO₂ emissions by 20% between 2010 and the end of 2015. In order to achieve this, more efficient lighting and heating concepts were developed and realised at the logistics centres of Austrian Post. Combined with the use of "green" electricity since 2012, a variety of efficiency-enhancement measures and the promotion of alternative forms of energy already succeeded in cutting the original level of CO₂ emissions by 17% by the end of 2013. In other words, Austrian Post is on the right track.

However, despite every effort being made, it is impossible at present for a logistics company of Austrian Post's size to completely eliminate all greenhouse gas emissions. The company also has an answer to this question which shows a way into the future. In order to guarantee its customers that all mail items are really delivered in a

climate-neutral manner, Austrian Post compensates for unavoidable emissions by supporting numerous climate protection projects, for example a sanctuary for the endangered Amur tiger in Siberia or an initiative to construct photovoltaic facilities in India. Taking into account the emissions avoided within the context of these projects, Austrian Post in fact no longer contributes to global warming.

Ecological commitment impacts others

The far-reaching sustainability and e-mobility measures implemented by Austrian Post go far beyond Austria's borders. For example, the Turkish subsidiary Aras Kargo 2014 invested more than EUR 1.8 million in its own "green" vehicle fleet. 30 e-vehicles were added to the existing fleet of nine, giving Turkey's alternative parcel services provider the largest e-fleet on the Turkish market. In order to further reduce greenhouse gas emissions, 430 other vehicles were modernised and refitted and now discharge less CO₂. In addition to the environment, Aras Kargo itself also profits from these investments. The modernisation of the vehicle fleet and increase in the number of e-powered vehicles not only reduce CO₂ emissions but also cut fuel consumption. Otherwise Aras Kargo sends out other clear signals in favor of sustainable business operations and protecting the environment. One example is the "Life to the Green, Green to the Life" campaign launched in 2007 in collaboration with the ÇEKÜL Foundation. Almost 140,000 trees have been planted since then. ■

"By 2016, more than 1,300 e-vehicles will be operating on Austrian roads."

PETER NAGORZANSKI,
 PROJECT MANAGEMENT MODEL REGION
 E-MOBILITY POST



TECHNOLOGY



HIGH DEMANDS

- Logistics infrastructure ensures the highest quality
- Optimisation of all processes
- Consistent increase in efficiency
- Sustainable use of resources

FUTURE-ORIENTED IMPLEMENTATION OF IDEAS

- Further modernisation of sorting and distribution facilities
- New logistics centre opened in Upper Austria
- Expansion of the country's largest e-vehicle fleet
- Coming on stream of the second company-operated photovoltaic plant



From left: Christian Solis Olaya, Silviu Burcoiu, Manfred Stich (in the car), René Zinkl, Nicole Bleyer and Yusuf Sara – mail carriers in Vienna's third district.

ESTEEM 24/7

Promote and support employees

Employees are the key factor of success in a service-oriented company. Austrian Post supports its employees but also demands creativity and commitment in order to fulfill the highest quality demands and develop today the services which will be offered tomorrow. Similar to its employees, Austrian Post must also develop further, whether this involves modern working tools and methods, conducive working conditions or attractive career opportunities.



CULTURE AND STRUCTURE

Austrian Post offers its employees a working environment characterised by innovative leadership quality which highly values the creativity and accomplishments of every individual.

In today's business environment, the only thing which is constant is change. In this context Austrian Post believes that offering its employees reliable future perspectives is of the utmost importance. In order to continue operating successfully in the postal and logistics market, the company and thus its employees as well have to further develop their capacities and skills. This is only possible if the corporate culture and working environment support employees in developing new ideas and translating them into reality. For this reason, Austrian Post not only continuously works on upgrading its products and services but also improving its internal structures and processes and creating an open and modern corporate and leadership culture. This should enable employees to act in a creative, innovative, flexible and independent manner.

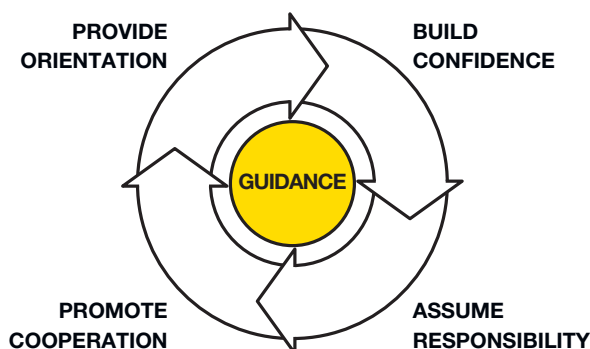
Patrizia Lüftenegger, the responsible marketing manager in the field of online innovation management, confirms that a lot has happened in recent years. "The understanding of what leadership means has undergone major changes. The company focuses more on the human being and the team instead of pure system and process thinking." This does not in any way mean that "everything was bad" in the past. Every day and age has different requirements which affect the

working culture and approach to work. Austrian Post benefits from a diversity and wealth of experience in the company. "Our background comprises the basis for us to change things and shape the future. At the same time we have to be open to new ideas and thus help further develop the company", Patrizia Lüftenegger adds. Her admirable success is demonstrated by her own impressive career development. The Salzburg-born manager has been working for Austrian Post since 1982. After several years focusing on banking and insurance, she helped build up the large customer sales unit. As a direct marketing specialist, she subsequently managed the direct marketing centre in the west of Austria for ten years. For the last three years she has held responsibility for communications in the growth area of online innovation management, completely in line with her guiding principle of "there is no future without a past".

Tailor-made approach to learning leadership skills

Executives comprise the foundation of an open and modern corporate culture at Austrian Post which promotes the development of new ideas. "It is their responsibility to identify the potential of their employees and promote their individual development as well to create productive working conditions enabling employees to optimally unfold their skills", explains Verena Abu-Dayeh, Head of Human Resources Development and Education. Austrian Post has been making sustainable investments in the quality of its executives to ensure that the management staff can optimally perform these tasks. Since 2012 it has provided special executive training within the framework of the "Executive Academy". The declared objective of this long-term initiative is to establish a consistent and mutually shared understanding of leadership within the company and support executives to implement management guidelines within the context of a customised programme based on the Austrian Post mission statement. Leadership skills are imparted via different modules and with the help of specially trained coaches in order to promote the individual's personal development. In this

THE LEADERSHIP GUIDELINES OF AUSTRIAN POST





“The understanding of what leadership means has undergone major changes at Austrian Post.”

PATRIZIA
LÜFTENEGGER,
ONLINE INNOVATION
MANAGEMENT

way the executives can effectively act as role models and more consciously assume their managerial responsibilities. In 2014 some 1,000 Austrian Post employees participated in seminars offered by the Executive Academy. However, the demand that Group-wide principles are put into practice is not limited to executives in Austria. The CEE Academy for Austrian Post's CEE subsidiaries was established in 2012 in cooperation with the Executive Academy of the Vienna University of Economics and Business. It offers the managing directors of the company's international mail and parcel subsidiaries in nine countries the possibility to develop and intensify their commitment to a shared corporate leadership culture in line with Austrian Post guidelines and strengthen their leadership competence. Moreover, the CEE Academy aims to promote cross-border knowledge transfer and personal networking within the Group.

Executives “on the road”

The annual “A Day Visiting Customers” is one of the most successful measures implemented to embed and sharpen the understanding of leadership contained in the leadership guidelines of Austrian Post. Within the context of this programme, about 400 managers spend one day each year gaining insights into the daily work of their colleagues – mail and parcel carriers on the delivery staff and employees in the branch network or in the customer service centre – who have direct contact to customers. They familiarise themselves with the work of these employees and experience first-hand what they achieve in their daily interaction with customers. The “A Day Visiting Customers” initiative supports key cornerstones of Austrian Post's mission statement i. e. customer orientation, appreciation and open communication. Moreover, it promotes mutual understanding and respect, as confirmed by ▶

Andrea Rusch, Head of Personnel Administration and Accounting Centre, who accompanied a mail carrier in St. Pölten last year. “A Day Visiting Customers’ repeatedly makes us aware of where customer contact really takes place. Here employees are challenged on a daily basis to attach the greatest importance to being friendly to customers. For me it is amazing to see how this can be done with so much enthusiasm and love.” A spontaneous initiative of several executives underlines the fact that the diverse range of measures carried out by Austrian Post to enhance management skills actually succeeds in building Group cohesion and mutual understanding at the workplace. On the weekend before Christmas, ten members of the management arrived at the parcel logistics centre in Vienna. Their presence was not designed to check the efficiency of processes but to lend a helping hand to ensure that the enormous volumes of gift parcels could be handled in time before the holidays. “How our employees perform and what they accomplish every day is unbelievable, especially before Christmas. I am pleased that I was able to make a very small contribution to their efforts in cooperation with my colleagues”, says Sigrid Erjauz, Head of International Networks Parcel.

New opportunities on the job market

The need to provide orientation to employees impacted by restructuring measures is a particularly sensitive issue for executives. The affected employees are supported by Austrian Post’s “Internal Labour Market” platform established in the year 2011, which offers a multi-faceted “training on the job programme” to help employees reposition themselves on the job market and prepare them for jobs inside and outside the company. The initiative “Post employees to the federal public service” is a success model developed by the Internal Labour Market. By the end of 2014, close to 500 Austrian Post employees had



accepted jobs at the Federal Ministry of Internal Affairs, the Ministry of Justice, the Ministry of Education and Women’s Affairs and the Ministry of Finance. Up until now, 18 former Austrian Post employees have been deployed by the newly-established Federal Office for Aliens’ Affairs and Asylum (BFA). These figures show that the competencies acquired at Austrian Post are very much in demand at the ministries, and that the initiative opens up new job opportunities with interesting career perspectives.

Achieve more together

It goes without saying that modern management structures are extremely important along with a modern leadership culture. Since 2014 the organisation of Austrian Post’s mail distribution operations has been put on a new, up-to-date and future-oriented footing. “Increased closeness to the delivery staff, an improved information flow, more individual responsibility and smaller manager to employee ratios combine to make a major contribution to sustainably safeguarding our high delivery quality”, says Walter Schwabl, Regional Head of Distribution in Lower Austria and Burgenland, convinced of the merits of the new concept “Teamwork 2018”. The new organisational concept features smaller team structures with eight to twelve employees headed by a team leader active serving as a “playing captain” in daily business operations in addition to his leadership position. Leading smaller teams means greater proximity to employees. This is designed to ensure that the information required for the employees’ daily work as well as the latest news about recent innovations, changes and further developments are immediately conveyed to the employees. Studies show that challenges arising in day-to-day work can be solved more effectively on the basis of direct guidance and communication in a team context. In addition, communicating with individual team members promotes cooperation and enhances employee motivation and their understanding of all processes.



“Teamwork 2018 makes a contribution to safeguarding our high service quality.”

WALTER SCHWABL, HEAD OF DISTRIBUTION IN LOWER AUSTRIA AND BURGENLAND



Ten management employees helped out at the Vienna Parcel Logistics Centre in order to enable Austrian Post to deliver all Christmas presents on time.

Less centralised, greater regional focus

A new management structure also shapes the daily workplace routine of the branch offices. In line with the motto “Less centralised, more regionalised”, the 520 company-operated branch offices have been organised into about 100 “hubs” of three to seven branch offices each, with a total of 15–30 employees. “Earlier one single department had responsibility for managing staff deployment throughout Austria”, says Wolfgang Stangl, Head of Sales Management, Branch Network West, in justifying the importance of the restructuring. “For example, this made it difficult to quickly react to unforeseeable absence of employees. Now the hub managers directly plan the entire deployment of their respective staff on a local basis in accordance with customer flows. This results in less stress for all and shorter waiting times for customers.”

Communication connects

Information and thus communication comprises perhaps the most important aspect of a functioning, modern leadership culture. “We demand that all our employees pull in the same direction and do their part to ensure that Austrian Post evolves as a company. We can only ask our employees to do this if we allow them to participate in decision-making processes and inform them about the background and underlying situation”, states Manuela Bruck, Head of Corporate Communications. In reality, one can never communicate enough, as underlined by the first company-wide employee survey conducted by Austrian Post. Employees feel that they are better informed than they were several years ago, but there is still considerable improvement potential. For this reason a project was launched throughout Austrian Post to further optimise communication processes in the company. The information offering ranges from numerous brochures, the in-house magazine “My Post”, regular information posted on bulletin boards and e-mail newsletters on various issues to direct mailings sent to employees at home and

a modern Intranet offering news and useful information for their day-to-day work.

In particular, the year 2014 could be called the “Year of Brochures”. Never before has Austrian Post provided such targeted and comprehensive information to its employees about a broad range of topics. The diversity of topics dealt with by these specialised publications matches the diversity of the Austrian Post workforce. The scope ranges from technical and structural innovations within the Group, tips for executives and talent management programmes to driver safety trainings and the issue of diversity. The in-house magazine “My Post” published six times annually and sent to the home addresses of employees also devoted an edition to this issue. Austrian Post attaches particular importance to social diversity. For this reason, examples were given to show everything that diversity can entail, how diverse the social origins and backgrounds of the employees are and how older employees can profit from their younger colleagues.

All these tools are designed to help executives in their efforts to fulfill their extensive communication and information obligations. This is because communication has proven to be one of the key factors of successful business management and is thus clearly embedded in the Austrian Post mission statement. In line with the principle “We are all part of Austrian Post”, open communication makes a decisive contribution to ensuring that employees of the company interact with each other in an open, appreciative and respectful manner in order to achieve more together and put their ideas into reality working as a unified team. ■

“We demand that all our employees pull in the same direction.”

MANUELA BRUCK,
HEAD OF CORPORATE COMMUNICATIONS





The compatibility of career and family is important to Austrian Post. Judith Pilles and her son on their way to the kindergarten next to company headquarters.

FIT FOR THE FUTURE

Motivated employees are the decisive success factor for a service company. That is why Austrian Post focuses on ensuring a supportive and stimulating working environment.

Satisfied and healthy employees who feel good at work are generally more motivated and are able to give their best on behalf of the company. Austrian Post offers both a varied and attractive working environment, and implements measures designed to promote the health and safety of its employees. The company and its employees benefit, making it a win-win situation for both sides.

Austrian Post focuses on the well-being of employees

What motivates employees? In order to answer this question in a structured manner, Austrian Post carried out the first company-wide employee survey in the year 2013. In comparison to other companies, Austrian Post was rated clearly above the average. Nevertheless, the survey identified several areas where action needs to be taken. "This is a good thing considering that it was our goal to identify issues that our employees are concerned about and where we can make improvements", says Franz Nigl, Head of Human Resources. Employees mentioned "occupational health" as a particularly crucial area of action. In order to fulfill this wish, Austrian Post has been continually expanding its healthcare offering since the summer of 2014. It even hired its own healthcare manager, who together with her team

is now vigorously pursuing initiatives designed to improve health and protect employees.

Comprehensive healthcare management

Under the motto "A healthy heart and you", Austrian-wide "health days" and health counseling took place at 150 sites across the country. The health counseling enabled employees to have their own risk profile for cardiovascular diseases reviewed and measure values such as blood pressure, blood sugar, cholesterol level and waist circumference. Venous pressure, coordination, lung capacity and sight were also tested with the help of experts. The "health days" also prioritised issues such as healthy diets, relaxation and biofeedback. "With this offering directly on location, we want to stimulate employees in a simple and sometimes playful manner to take care of their own health", states Christine Schwanke, Head of Health Management.

Occupational safety

More than 3,300 workplace inspections were carried out in 2014, developing proposals in cooperation with the site managers to ensure a more health-oriented design of workplaces and

"We want to stimulate employees in a simple manner to take care of their own health."

CHRISTINE SCHWANKE,
HEAD OF HEALTH MANAGEMENT



reduce safety risks. Furthermore, the company collaborated with the Austrian Automobile, Motorcycle and Touring Club ÖAMTC to develop a customised training programme in driving techniques as a means of reducing commuting accidents. Since the launch of this programme in the fall of 2014, 160 employees on the delivery staff have taken part in this one-day training in their own cars.

Motivation by achieving a “work-life balance”

A healthy life style not only encompasses physical aspects but mental well-being as well. That is why Austrian Post and the welfare association “post.sozial” offer lectures on burnout prevention and structuring the personal lives according to the motto “How do I recharge my life’s battery”. The employees are also offered heart rate variability analyses to measure stress, accompanied by personal consultations. Furthermore, Austrian Post places particular emphasis on promoting the compatibility of family and career, underlining its role as a family-friendly employer on the basis of a series of measures and offers. For this reason Austrian Post was given the basic “workandfamily” certificate issued by the Federal Ministry of Economy, Family and Youth for the period 2013–2016. Austrian Post is aware of the fact that family-friendly working conditions also lead

to greater employee motivation, loyalty and dedication. Therefore it also supports the “Alliance for a Family-Friendly Austria”. This initiative of the Federal Ministry of Economy, Family and Youth pursues the goal of strengthening public awareness of the value of family-friendly policies in companies as a win-win situation for municipalities, employers and employees.

Judith Pilles, Head of Compliance, can confirm Austrian Post’s efforts to operate as a family-friendly company. “Austrian Post actively supports me to master this balancing act between my career and being a mother”, says Pilles, whose sons Andreas (2) and Matthias (4) attend the kindergarten next to corporate headquarters. “Here a fundamental understanding exists of the challenges a mother faces. Naturally, a person’s performance is what counts, but this can be achieved in accordance with individual needs.”

Promoting the compatibility of family and career is part of a consistent programme pursued by Austrian Post in the field of diversity management.

An open ear for problems

Naturally all problems which arise cannot be solved by company-wide initiatives and programmes. Frequently very personal issues are involved which have a significant impact on an employee’s motivation and their ability to perform well on behalf of the company. Since April 2014 these individuals have been able to confidentially turn to an internal ombudsperson when they require assistance to deal with personal problems in their working environment or with respect to compliance with the values of Austrian Post as defined in the mission statement. “We take our employees’ concerns seriously. An open dialogue and the knowledge that ‘there is someone who I can turn to at any time’ make substantial contributions to an appreciative work environment”, says Edgar Müller, Head of Recruiting and Human Resources Planning, who reports directly to the Chief Executive Officer in his capacity as ombudsperson.

This was just the beginning ...

The next employee survey will be carried out in 2015. Once again all employees will have the opportunity to anonymously specify those areas in which the company can further improve overall employee satisfaction. In this way Austrian Post makes sure that each employee can express his opinion and actively help to shape his own workplace and thus the future of Austrian Post. ■

DIVERSITY MANAGEMENT AT AUSTRIAN POST

EMBRACING DIVERSITY BRINGS BOTTOM-LINE BENEFITS

The broad-based diversity of employees at Austrian Post is appreciated, valued and proactively promoted, regardless of the employee’s age, gender, country of origin, religion, disability or sexual orientation. “Austrian Post is proud to embrace diversity, because it is contingent upon respect and equality of opportunity”, emphasises Isabella Drexler, Human Resources Development and Education, adding: “Resolute diversity management improves the image of the company, promotes innovativeness and creativity and helps open up international markets.”

Since 2013 Austrian Post has also been one of the signatories of the Charter of Diversity, a voluntary corporate initiative of the Federal and Vienna Economic Chambers, thus sending out an important signal in favour of more tolerance and fairness. Moreover, two Austrian Post employees serve as integration ambassadors of the Austrian Integration Fund and in this capacity support the development of projects designed to promote cohabitation.



“Post at Rochus”: the new company headquarters of Austrian Post being built in the Vienna-Landstrasse area.

MEETING PLACE

The new corporate headquarters “Post at Rochus” will offer modern, open and communicative workplaces for up to 1,300 employees starting at the end of 2017.

The new corporate headquarters of Austrian Post in the Rochusmarkt area in Vienna is a further milestone paving the way for the country’s leading postal services provider into the future. At the end of 2017 up to 1,300 employees will move to the “Post at Rochus” complex, and thus enter a completely new working environment. The top priority in planning the new company headquarters was not to design an office building but to create living space with ample room for communication. This represents a direct response on the part of Austrian Post to the 2013 employee survey and the request for “more communication”. In any case this was a welcome demand in light of the fact that it comprises an ideal basis for creative, productive and successful work.

“As varied as our activities”

Accordingly, the new corporate headquarters relies on an open office concept with ample opportunities for employees to communicate with each other, but also offers room to work individually. This is because the broad-based activities of Austrian Post employees require a diverse range of workplace types. Whether teamwork, creative brainstorming or highly concentrated individual work is needed, every activity needs its own, very special setting. “We are creating a professional working environment for our employees which is as varied as all our work and which features state-of-the-art technical equipment”, says a pleased Julia Reisenbichler, Project Manager “Post at Rochus”, visibly delighted about the new working environment which is coming into being. “Moreover,

the entire project is ideally linked to Vienna’s inner city infrastructure”, she adds.

The generous space for working together not only promotes cooperation and the direct sharing of experience and know-how, but also creates pleasant spaces for employees to maintain contact with each other. In this way the open and communicative environment of the new company headquarters will also help to overcome physical and psychological departmental barriers. To sum up, Julia Reisenbichler puts the long-term objective of “Post at Rochus” in a nutshell. “The new corporate headquarters will be a place of encounter where we will achieve even more together.” ■

“POST AT ROCHUS”

WORKPLACE OF TOMORROW

- Open office concept promotes cooperation and communication
- Innovative workplace concepts offer optimal environment for every activity
- Space for individual work without isolated individual offices
- Overcoming of departmental barriers strengthens the feeling of community

FACTS & FIGURES

- Groundbreaking ceremony Q1/2015
- Completion Q4/2017
- Usable floor space of 49,300m²
- Includes more than 5,000m² of commercial space for rent
- Room for up to 1,300 employees

FUTURE-ORIENTED TALENT PROMOTION



On their way to the top: All doors at Austrian Post are open to employees with potential and commitment such as Michaela Weichselbaum und Kerstin Felzmann.

Austrian Post implements a wide range of initiatives to promote talents both within and outside the company. The company is well-equipped for the future thanks to targeted further education and professional development measures and interaction with young, dynamic and innovative personalities. For this reason it is in a position to develop the best ideas for tomorrow and put them into practice.

What are the optimal pre-requisites to develop the ideas of tomorrow? Long-serving employees with extensive know-how team up with young, dynamic talents. Austrian Post has both at its disposal. There is no doubt that Kerstin Felzmann and Michaela Weichselbaum are two of these young talents. They have already experienced quite a lot in their two years working for the company, and both successfully managed to make the leap from trainee to Executive Assistant to the Management Board.

How have the two of them perceived the company up until now? "At the beginning I was a bit surprised to see that Austrian Post is not a rusty and dusty company at all. On the contrary, it is very innovative and a place where a communicative spirit prevails. Here everyone is very open", says Kerstin Felzmann. It provides a good environment to promote young talents, but also to make use of their skills and further develop them.

If it involves your own future, Austrian Post is the preferred partner

Kerstin Felzmann and Michaela Weichselbaum started their careers at Austrian Post as trainees in 2013. They completed the program this past year along with 24 other trainees who have 38 university diplomas combined and have a good command of 14 languages. The trainees can

gather experience in several departments on the basis of a rotation system which helps the young talents to build up a network in the company and benefit from the extensive experience of their colleagues. The programme is complemented by teambuilding activities, excursions and fireside chats with Management Board members. 22 new trainees already started their traineeships in November 2014.

Austrian Post also created a suitable programme for even younger talents i. e. youth. Five years ago it started offering an "apprenticeship with Matura" (secondary school diploma). The company is well-positioned in the long term, especially in the branch network, thanks to this early development of knowledge and competence. Sociable and technology-minded youth are given a stimulating education in four areas: banking, postal services, telecommunications and retail goods. At present 47 apprentices are being trained in the company. In 2015 an additional 30 apprentices are to be given the opportunity to be trained as retail salespeople with a focus on the field of telecommunications. Thanks to the high quality training of young people, Austrian Post was awarded the "TOP teaching enterprise" quality stamp by the Vienna Economic Chamber at the end of 2014.

Get ahead with Austrian Post

Moreover, for the first time the company recently launched an internationally-oriented, customised talent management programme for 19 promising young employees of Austrian Post and its international subsidiaries at the IEDC Bled School of Management in Slovenia. The best candidates for this program were determined within the context of a multi-phased selection process, in which the finalists had to prove themselves in a half-day assessment center. The selected talents met for an initial get-together in December 2014. On balance, the participants will focus on management and leadership issues for a period of 19 months. They will not only be confronted with new contents and information as part of the training modules held ►

“A MULTIFACETED COMPANY UNDERGOING CONTINUOUS CHANGE.”

Kerstin Felzmann, Assistant to Peter Umundum, Management Board Member Parcel & Logistics Division, and Michaela Weichselbaum, Assistant to Walter Hitziger, Management Board Member Mail & Branch Network Division.



After completing your studies, why did you choose Austrian Post as your employer? MICHAELA WEICHSELBAUM: Austrian Post is an extremely multifaceted company

undergoing continuous change. The exciting task is to reinvent yourself in this challenging environment and create solutions which convince both customers and employees. In addition, the trainee programme of Austrian Post particularly appealed to me, because it is an extremely diversified job. All doors were open to us when we selected our rotations, trainings and related events.

How does Austrian Post deal with new ideas developed by its employees?

KERSTIN FELZMANN: The trainee programme helped me to build up a large network within the company. Due to the cooperation in the different departments, you can see that people do not keep their know-how to themselves but want to pass it on. This helps us to develop, question and optimise our own ideas. There is always somebody at Austrian Post who is open-minded to new ideas which fulfill market requirements and can be implemented in practice.

You were promoted from trainee to Executive Assistant of the Management Board in just two years. How do you like your new job?

MICHAELA WEICHSELBAUM: The variety of work in this position not only enables me to get a deeper insight into our business areas, but also to be involved at the center of what is happening at the company. I see the interdisciplinary cooperation with different departments and the opportunity to launch new ideas in order to jointly contribute to the sustainable success of the company as being particularly valuable, and it is a lot of fun for me. I consider learning from the top executives of the company to be an extraordinary opportunity.

in English, but will also reflect on their own work and be asked to develop new ideas. “The objective of this comprehensive initiative is to fully prepare the executives of tomorrow to take on their future roles”, says Verena Knott-Birklbauer, Head of Finance and Accounting, emphasizing the additional bonus that “key vacant positions can be filled by people already working for Austrian Post”.

Intensive cooperation with the Vienna University of Economics and Business

Austrian Post’s efforts to promote ambitious talents extend beyond the confines of the company. For example, Austrian Post supports 42 students for a period of two years in cooperation with the Center of Excellence of the Vienna University of Economics and Business. The Center of Excellence fosters budding graduates boasting outstanding academic achievements and additional qualifications.

In addition to its collaboration with the Center of Excellence, Austrian Post has also been working intensively with the Research Institute for Supply Chain Management of the Vienna University of Economics and Business since the winter semester 2014/15. Austrian Post makes its own professional mentors available to eleven students writing their bachelor thesis or seminar paper on a topic related to postal services. Within the context of the new Master’s degree programme in supply chain management, it holds guest lectures and discussions in order to promote the connection between theoretical knowledge and technical know-how with business practice. Austrian Post also cooperates with Karl Franzens University of Graz in order to scientifically substantiate innovations and broaden their focus.

“Innovation Day” provides fresh impetus

Austrian Post not only gains new impetus from its contact with students but also from young, innovative companies. In order to establish contact with the start-up scene, it is relying on a partnership with Pioneers, the largest start-up network in Central and Eastern Europe. Furthermore, Austrian Post initiated the so-called “Innovation Day” as a means of getting fresh new ideas from outside the company. For the first time, various start-ups were given the opportunity in June 2014 to present their business ideas to Austrian Post executives. Discussions were held in joint workshops focusing on potential applications for these innovative ideas, as well as on ways to drive innovation at Austrian Post.

COMPETENT PRACTITIONERS

A considerable amount of knowledge and expertise is at the disposal of Austrian Post thanks to the know-how and experience of its employees. This valuable asset should be safeguarded and optimally exploited in order to enable the ongoing improvement and optimisation of all business processes.

Austrian Post attaches great importance to ensuring that every single employee does his share and is able to actively shape the future of the company in accordance with the guiding principle “We are all part of Austrian Post”. The projects presented below are examples of a large number of initiatives serving as the basis for Austrian Post to proactively take advantage of its employees’ knowledge and ideas.

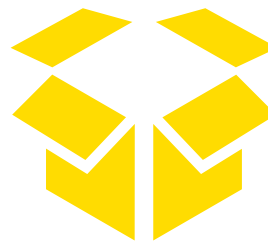
New approaches subject to practical tests

“Nobody can more effectively judge whether a new vehicle or protective clothing fulfills our requirements on a daily basis than the employee himself”, says a convinced Johann Danzinger, Head of Processes Distribution. Before Austrian Post introduces new equipment, vehicles, IT hardware and software or processes, it subjects them to practical tests carried out by employees. Since January 2014 six selected delivery bases spread out all over the country have also served as testing hubs. They are located in Vienna, Seewalchen, Innsbruck, Wörgl, Parndorf and Kaindorf. These extensive tests, based on the practical know-how and everyday experience of Austrian Post employees, are not only designed to check new operating equipment but can also lead to changes in workflows. The results of the tests are collected via an Internet portal, commented in a separate forum and subsequently evaluated. The area heads of distribution, distribution managers of the testing hubs, process management representatives and regional managers pool their experiences three times a year in order to implement new ideas.



Cross-border know-how transfer

Austrian Post also purposefully aims to exploit the existing know-how in the company across national boundaries, and works in a concerted manner to build up and share know-how. The “ProLog” project is a prime example of this. It focuses on process optimisation in logistics and is designed to bundle the company’s capabilities in operations. Approaches which are successfully tried and tested in the individual business areas of the Parcel & Logistics Division are defined as best practices and rolled out throughout the division. The subsidiaries of Austrian Post also benefit from the consulting know-how of the ProLog team. In 2014 the consulting focus was on projects for the benefit of the Turkish subsidiary Aras Kargo and the trans-o-flex Logistics Group in Germany. The challenge at Aras Kargo was to restructure the transport network in the Istanbul region. The newly-developed concept will be rolled out to all of the company’s 28 distribution centres in Turkey. In contrast, a new logistics solution for pharmaceutical transports could be launched on October 1, 2014 by the German subsidiary trans-o-flex with significant involvement on the part of the ProLog project team. This ensures a continuous temperature-controlled transport chain (more on this from page 46). “Sharing our experiences across borders is a natural step for us, because we are all pulling in the same direction”, concludes Matej Puvak, ProLog, in summarising the importance of this initiative. ■



COMMITTED MORE THAN NECESSARY

As one of the biggest companies in the country, Austrian Post is very much aware of its social responsibility. Its commitment ranges from supporting its own employees to charitable activities for the benefit of society.



The musical tradition at Austrian Post goes back more than 100 years.

Productive and motivated employees comprise the decisive success factor for Austrian Post. For this reason, Austrian Post also takes care of its employees outside of the workplace and offers them and their families exciting leisure time offerings. This work-life balance “clears the mind” and makes room for new ideas and inspiration. The employees themselves also demonstrate a high level of social commitment.

Experiencing a sense of community

Austrian Post promotes the musical activities of employees via cultural associations. 400 people are actively involved in a total of seven Post bands and two choirs looking back at a long-standing tradition. For example, Postmusik Graz celebrated its 110th anniversary in 2014. On the occasion of this jubilee event, music groups from all federal provinces and a guest band from Maribor, Slovenia came together to show off their musical prowess.

Employees could also unwind from work in 2014 by participating in numerous races and running events throughout Austria or the opportunity to pay a day-long visit to the Art History Museum in Vienna for free.

Where help is needed

The services provided by post.sozial range from financial assistance to employees in emergency situations such as illness or natural catastrophes,

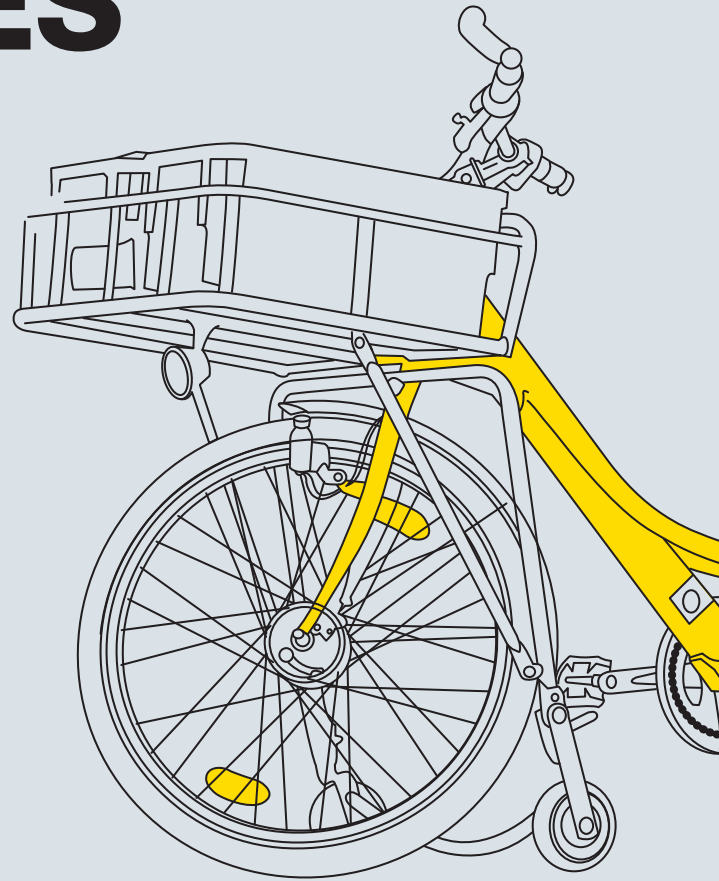
discounted tickets for cultural and sports events to child and day care services during vacations. Moreover, post.sozial also supports healthcare measures and recreational activities in the interests of preventing disease. In 2014, for example, victims of Austrian-wide flooding were quickly helped by the unbureaucratic financial assistance provided by the joint welfare association post.sozial. However, Austrian Post’s social responsibility does not stop at the country’s borders. The Balkans also suffered from terrible flooding in the spring of 2014. The Austrian Post subsidiaries there supported numerous relief operations with donations and their logistics competence. The Management Board of Austrian Post also decided to send immediate financial aid of EUR 10,000 in line with the motto “Post employees help other Post employees”. A large number of Austrian Post employees also made donations to the people affected by the flooding.

The fact that young Post employees are also socially committed is demonstrated by the final project implemented by the 2013 group of trainees. In cooperation with the association “Futurebag” founded by the Austrian Post employee Kemal Smajic in 2011 and the Bosnian parcel subsidiary 24-VIP, close to 350 schoolbags filled with notebooks, pens and pencils were distributed to disadvantaged children in the Sarajevo area.

Double social effect

The cooperation with postal partners in the social sphere has proven to be particularly successful. In the meantime, the 52 partnerships with charitable organisations have a double effect in social terms. They make a contribution towards ensuring the supply of postal services, and at the same time help employees of these organisations to enter or re-enter the job market. For example, pro mente already operates two partner-operated postal service points in Burgenland. “Thanks to the involvement of Austrian Post, a meaningful activity for our clients has emerged as well as another important tool to integrate them in community life”, says Bruno Wögerer, Head of pro mente Burgenland.

EMPLOYEES



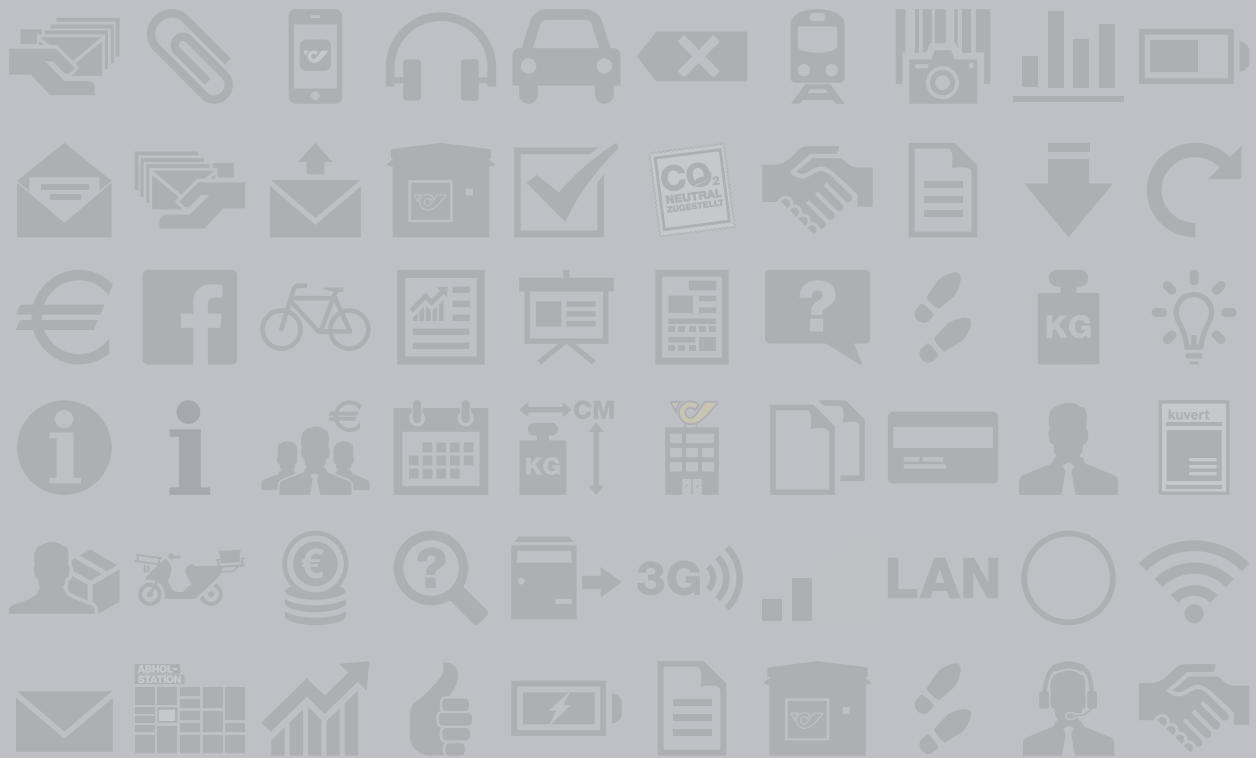
HIGH DEMANDS

- Supportive and demanding working environment
- Health and satisfaction at work
- Individual further development of employees
- High degree of social responsibility

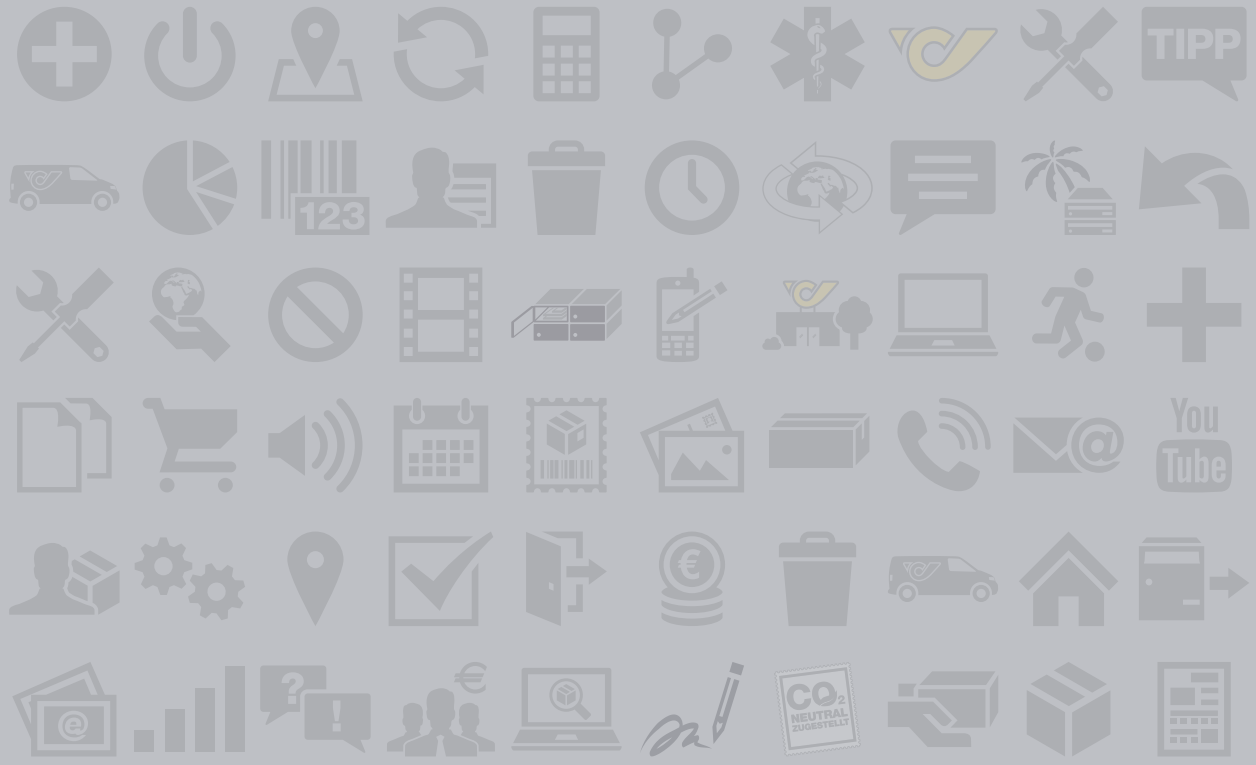
FUTURE-ORIENTED IMPLEMENTATION OF IDEAS

- Further deepening of a modern leadership culture
- Targeted promotion of talents and high potentials
- Development of new working and team models
- Initiatives launched to improve the work-life balance





FACTS & FIGURES





AUSTRIAN POST

Austrian Post is Austria's leading logistics and postal service provider, generating annual revenue of EUR 2.4m and employing a staff of about 24,000 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.

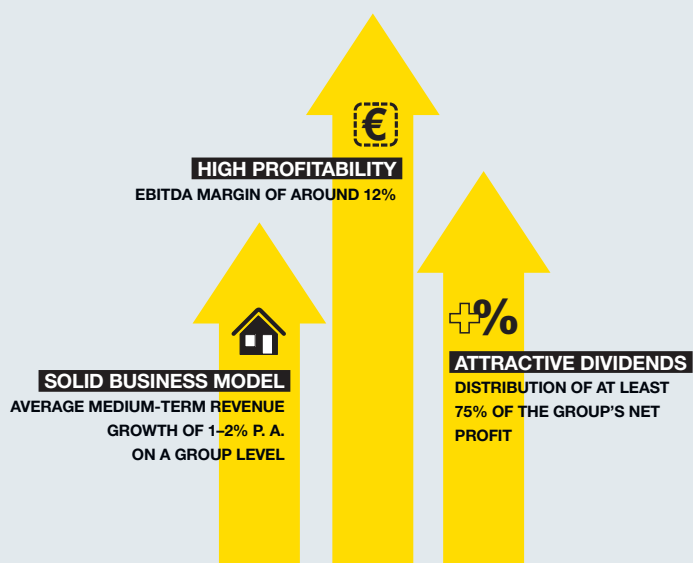
The branch network of Austrian Post offers its customers high quality postal, banking and telecommunications products and services. The company makes an important contribution towards safeguarding and securing the communications and logistics infrastructure of the country thanks to its reliable, nationwide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

Austrian Post is the undisputed market leader in Austria for the delivery of letters, direct mail and parcels. Moreover, Austrian Post operates in twelve 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.

CLEAR TARGETS

Austrian Post has defined three goals to ensure its sustainable profitability



EUR **2.4** bn

in **revenue** was generated by Austrian Post in 2014, which thus succeeded in keeping Group revenue at a stable level.

EUR **196.9** bn

was Austrian Post's **EBIT** in the year 2014. The operating result increased in a year-on-year comparison by 5.9% thanks to the solid revenue development and the ongoing strict cost discipline.

8.3%

was the **EBIT margin**, reflecting the consistent focus on efficiency and profitability.

42.1%

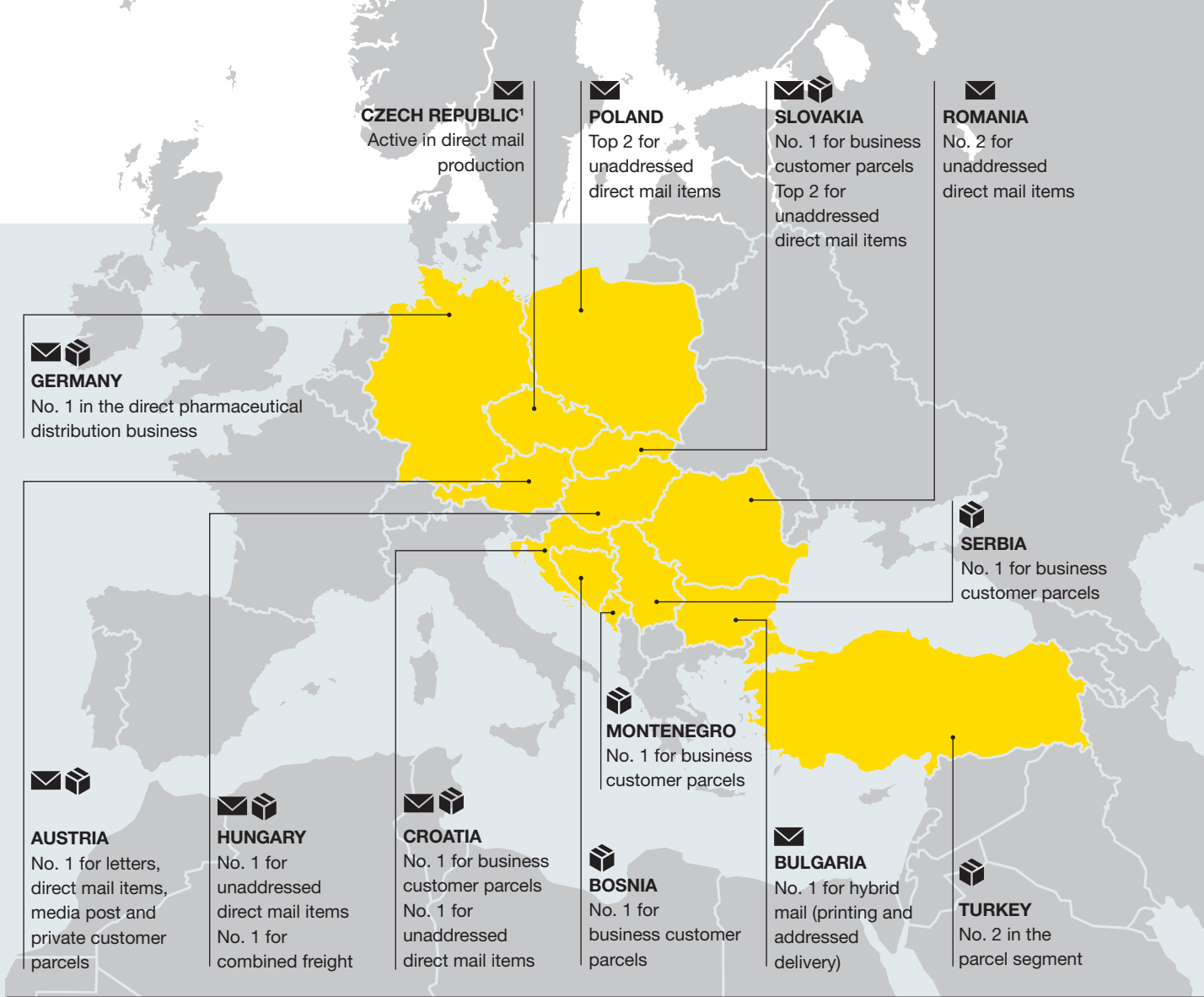
comprised Austrian Post's **equity ratio**, reflecting a solid balance sheet structure with a low level of debt.

23.912

employees work for Austrian Post, comprising the basis for the company's continuing success.

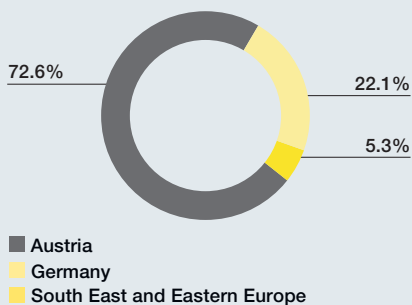
84%

of Austrian Post customers rate their mail and 81% rate their parcel carriers as "outstanding" or "very good", indicating the high customer satisfaction.

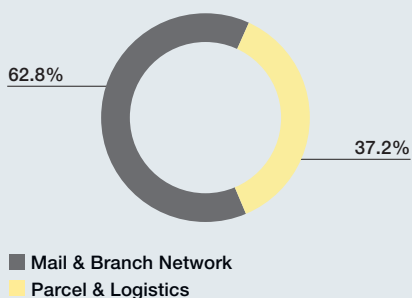


¹ Austrian Post's stake in the joint venture MEILLERGHP was sold as of February 20, 2015.

REVENUE BY REGION



REVENUE BY DIVISION



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

MAIL & BRANCH NETWORK

The core business of the Mail & Branch Network Division ranges from the collection, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items and newspapers to the sale of postal and telecommunications products as well as of financial services in cooperation with the banking partner BAWAG P.S.K. In addition, Austrian Post offers various online services to its customers.

The service portfolio is complemented by new services for business and advertising mail, such as address and data management, mailroom management, intelligent scanning and response management.

A total of 1,826 postal service points are now at the disposal of customers throughout Austria, including 1,306 postal partners, thus comprising the largest private customer network in the country. In addition, the offering of self-service zones making postal services available to customers 24/7 is being steadily expanded. At the end of 2014 customers already had 260 self-service zones at their disposal, equipped with modern franking machines, packing stations, drop-off boxes and in some cases pick-up stations.

Each year Austrian Post delivers 1 billion letters, 615 million addressed mail items, 3.4 billion unaddressed mail items, 410 million print media and 310 million regional media.

BUSINESS ACTIVITIES

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

EUR **6** bn

mail items are delivered annually to 4.4 million households and companies in Austria.

96.3%

of all **domestic letters** are delivered on the **next working day (E+1)**, a better performance than the 95% level stipulated in the Universal Services Ordinance.

22,032

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

3 bn

direct mail items are distributed annually by Austrian Post's subsidiaries in Central and Eastern Europe.

1,826

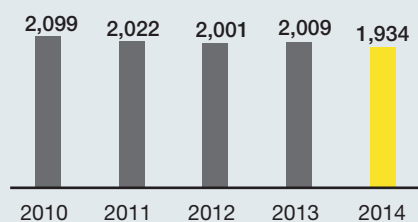
postal service points, including 1,306 postal partners, ensure the nationwide supply of postal services throughout Austria.

60 m

customers per year visit Austrian Post's postal service points. Taking the 8,380 mail carriers into account, Austrian Post has 100 millions of customer contacts annually.

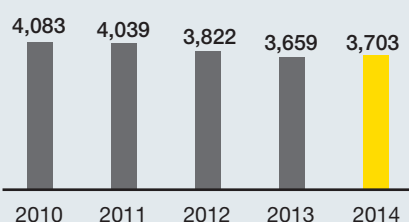
MAIL ITEMS IN AUSTRIA

ITEMS M (ADDRESSED MAIL)



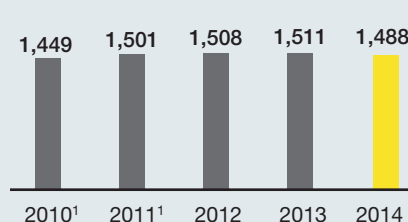
MAIL ITEMS IN AUSTRIA

ITEMS M (UNADDRESSED MAIL)



EXTERNAL SALES

EUR M



¹ Figures adjusted for the meiller Group



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 delivered 74 million parcels and EMS items on its domestic market of Austria in 2014. 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 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 fulfillment 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
- Fulfillment
- Value logistics

74 m

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

470,000

parcels were delivered on **just one day** in December 2014. This comprises an increase of 40,000 parcels compared to the previous year.

90%

of all parcels can already be successfully handed over to the recipient on the **first delivery attempt**.

8,415

pick-up boxes make it possible to deposit parcels directly at a customer's residence when the individual is not at home.

54 m

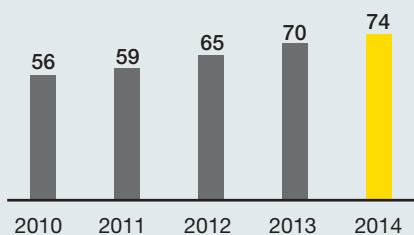
shipments including temperature-sensitive pharmaceuticals are delivered each year by the **trans-o-flex** Group in Germany and 27 European countries.

24 m

national and international parcels and pallets are delivered by Austrian Post's **CEE subsidiaries** every year.

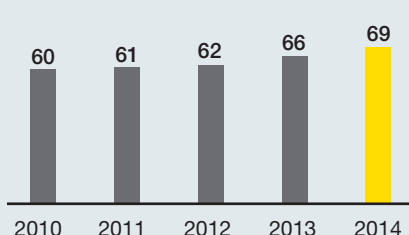
PARCEL VOLUMES AUSTRIA

PARCELS M



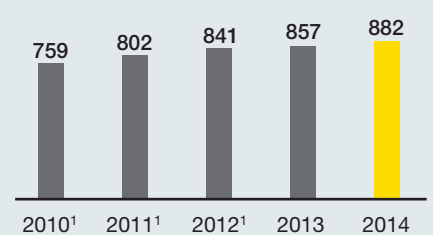
INTERNATIONAL COMBINED FREIGHT

PARCELS & PALLETS M



EXTERNAL SALES

EUR M



¹ Figures adjusted for the Benelux subsidiaries



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. Since the beginning of 2010 the share price of Austrian Post has more than doubled. As a result, Austrian Post ranks among the top shares on the Vienna benchmark index ATX. 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.

Austrian Post also showed a solid performance in 2014. Once again it achieved share price increases, paid an attractive dividend for 2013 and maintained its clearly-defined capital market positioning. The Management Board will propose a dividend payout to its shareholders of EUR 132m for the 2014 financial year to the Annual General Meeting. This corresponds to a dividend of EUR 1.95 per share.

Austrian Post attaches considerable importance to active communications with investors and analysts. The investor relations team maintains ongoing contact with analysts and investors, holding numerous meetings once again in 2014 with representatives of the financial community in Austria and in international financial centres such as Frankfurt, London, Edinburgh, Amsterdam, Paris, Milan, Warsaw, Prague, New York, Toronto, Los Angeles, Boston and Hong Kong.

To contact the Investor Relations team, see page 109.

188%

comprises the **total yield** (total shareholder return) of the original shareholders up until the end of 2014 on the basis of the issue price of EUR 19.00 on May 30, 2006.

4.8%

is the **dividend yield** as of the end of December 2014 in light of the proposed dividend of EUR 1.95 per share.

16

investment banks regularly monitor the performance of Austrian Post and thus provide the company with valuable feedback.

40

represents the number of **days** in 2014 in which the investor relations team was involved in **roadshows** designed to carry out a dialogue with numerous institutional investors.

EUR 40.38

was the **closing price** of the Austrian Post share at the end of 2014. The Austrian Post share surpassed the EUR 40 threshold for the first time after nine years of trading on the Vienna Stock Exchange.

THE INVESTMENT STORY OF AUSTRIAN POST

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

1. SOLID BUSINESS MODEL

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

2. STRONG BALANCE SHEET AND SOLID CASH FLOW

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

3. ATTRACTIVE DIVIDEND POLICY

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

4. CONTINUITY AND RELIABILITY

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

HIGH REPORTING STANDARDS

Austrian Post was rated number one once again in the overall rankings at the Austrian Annual Reporting Awards of the business magazine "trend". It also took second place in the category "Best of Content" of the Austrian Public Reporting Award as well as at the Vienna Stock Exchange Awards honoring the high quality of its investor relations work.

SUSTAINABLE INVESTMENT

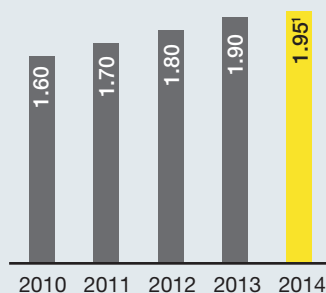
Austrian Post's renewed acceptance for listing on the Austrian sustainability index VÖNIX of the Vienna Stock Exchange for the period 2014/15 confirms the sustainable manner in which the company operates from a capital market perspective. Austrian Post also scored top marks in the Carbon Disclosure Project (91B) as well as in its assessment by oekom Research, where it was ranked in the top 10 of 80 companies in the field of transport and logistics.

INCREASING FOCUS ON THE SECTOR

In addition to Austrian Post, Deutsche Post and the Dutch postal company PostNL are traded on the stock market, along with Royal Mail in Great Britain, bpost in Belgium and CTT in Portugal, which all carried out IPOs in 2013. Thanks to this growing group of peers, the relatively young industry sector is increasingly attracting the attention of investors and analysts and is perceptibly benefitting from this enhanced visibility.

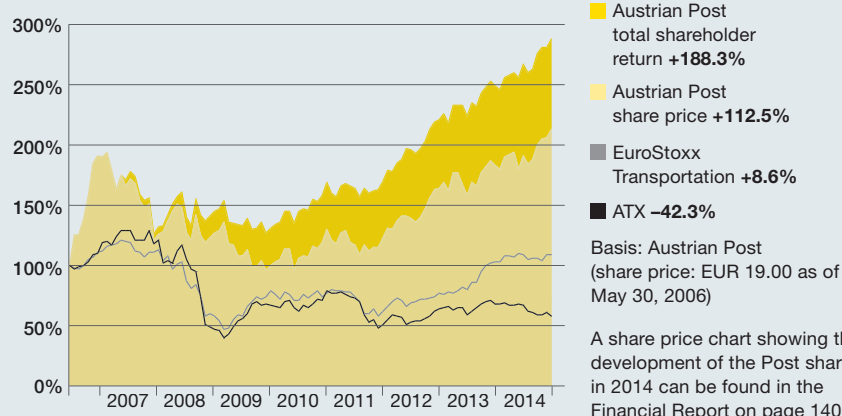
DIVIDENDS PER SHARE

EUR



¹ Proposal to the Annual General Meeting on April 15, 2015

TOTAL SHAREHOLDER RETURN OF 188% SINCE THE IPO



SHARE AND DIVIDEND INDICATORS

		2013	2014	Change 2013/2014
Earnings per share ¹	EUR	1.82	2.17	18.9%
Dividends per share	EUR	1.90	1.95 ²	2.6%
Dividend payout	EUR m	128.4	131.7 ²	2.6%
Free cash flow per share (before acquisitions/securities)	EUR	2.28	2.25	-1.3%
Dividend yield ³	%	5.5%	4.8%	-
Total Shareholder Return (annual performance + dividends) ⁴	%	+17.2%	+21.6%	-
Total Shareholder Return since the IPO	%	+148.8%	+188.3%	-
Share price performance	%	+11.5%	+16.1%	-
PE (price/earnings) ratio at the end of December	-	19.1	18.6	-2.6%
Share price at the end of December	EUR	34.78	40.38	16.1%
High/low (closing price)	EUR	36.01/29.55	40.51/33.40	-
Market capitalisation at the end of December	EUR m	2,349.5	2,727.8	16.1%
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 15, 2015

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)



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. It goes without saying that Austrian Post strives to optimally support shareholders in exercising their rights and provide transparent and comprehensive information. Accordingly, Austrian Post is the only Austrian company enabling shareholders to cast their votes at an annual general meeting per absentee ballot.

26

Management Board meetings, 5 Supervisory Board sessions and 4 meetings of the Audit Committee took place in 2014.

67,552,638

shares of Austrian Post are in circulation, of which 47.2% are in free float.

52.8%

of Austrian Post shares are owned by Austria’s privatisation and industrial holding company **Österreichische Industrieholding AG**.

1

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

879

shareholders used absentee ballots to exercise their voting rights at the Annual General Meeting in April 2014, whereas 500 people personally attended.

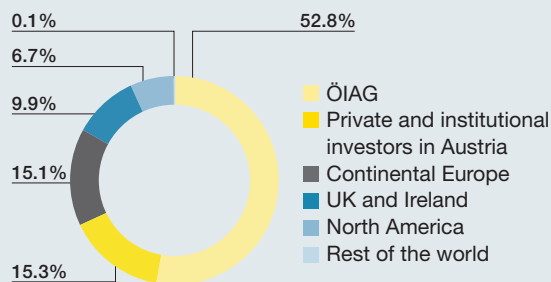
80

out of the **83 rules** contained in the Austrian Corporate Governance Code are complied with. The 3 cases of non-compliance are clearly and precisely explained in accordance with the code.

SHAREHOLDER STRUCTURE OF AUSTRIAN POST

BASE: 67.6 M SHARES

A shareholder ID carried out in January 2015 concluded that, in addition to the main shareholder ÖIAG, about 40% of the shares are held by European investors (unchanged compared to the previous analysis of January 2014). All in all, 15.3% of these shares are held by private and institutional investors in Austria (plus 0.1 percentage points), 15.1% in Continental Europe (plus 0.9 percentage points) and 9.9% in Great Britain (minus 0.5 percentage points). A total of 6.7% of the shares (minus 0.3 percentage points) are currently held by North American investors (USA, Canada), whereas investors in the rest of the world account for 0.1% (minus 0.1 percentage points).



Q 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 compliance management system (CMS) in its current form was introduced in 2010 and continually expanded since then. The underlying conviction is that compliance makes an important contribution to 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.

CODE OF CONDUCT

The Code of Conduct and Ethics of Austrian Post was updated in 2014. It specifies the principles that apply to all people working for the company – the Management Board, executives and all employees in the Group.

COMPLIANCE AND RISK LANDSCAPE

The compliance risk assessment was expanded, elaborated in greater detail and implemented with the support of all national and international compliance representatives. This new system enables an improved insight into the compliance management system of Austrian Post.

COMPLIANCE RULES

Group guidelines on the “Acceptance and Granting of Gifts, Invitations and Other Advantages” were revised. These rules are scheduled to be implemented and communicated to employees in 2015.

26

regional compliance representatives

support the central Compliance Officer. They are trained on a regular basis or as warranted.

54

employees from 5 confidentiality areas have concluded the new **e-learning programme** on the issue of **capital market compliance** since November 2014.

500

employees receive the monthly **compliance infomails** of Austrian Post on relevant capital market issues.

365

days per year are when the **Compliance Help Desk** is open as the contact point for inquiries or tips as to potential violations in connection with compliance-relevant issues.

170

employees inquiries on the issues of the acceptance and granting of gifts as well as on the principles of proper conduct were answered by the Compliance Help Desk.

1,101

employees have completed the e-learning programme “**Compliance Awareness and Anticorruption**” up until now.

INTERNATIONAL COMPLIANCE

A two-day “train the trainer” session was held at Austrian Post headquarters in the fall of 2014, focusing on the issue of “compliance and anticorruption”. The compliance representatives of Austrian Post and its international subsidiaries took part in the seminar.



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 issue of sustainability has long been firmly anchored in all corporate processes. Sustainability at Austrian Post has been assigned to the top management, which has been given clear areas of responsibility and clearly defined objectives.

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. Furthermore, all relevant stakeholders were involved as much as possible in the sustainable structuring of corporate management. Austrian Post provides detailed and transparent reporting about its measures in the field of sustainability, for example on the basis of its annual Sustainability Report compiled in accordance with the Global Reporting Initiative.

91B

represents the **score** Austrian Post achieved in 2014 in the Carbon Disclosure Project, making it one of the top 5 among the sector and country leaders.

30

participants at the Stakeholder Roundtable discussed and evaluated the most important issues facing Austrian Post in June 2014.

20,000

printed **copies of the Sustainability Magazine** inform Austrian Post employees year after year of the company's achievements in the field of sustainability.

4

dimensions comprise the **sustainability strategy** of Austrian Post, each of which also include specific targets and detailed measures.

2007

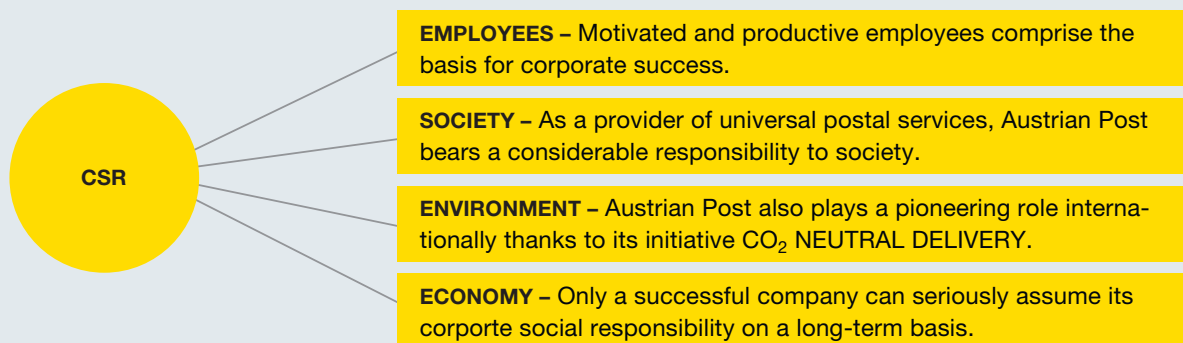
was the year in which Austrian Post became a **member of the UN Global Compact**, the initiative designed to promote adherence to global principles of ethical and business management.

4

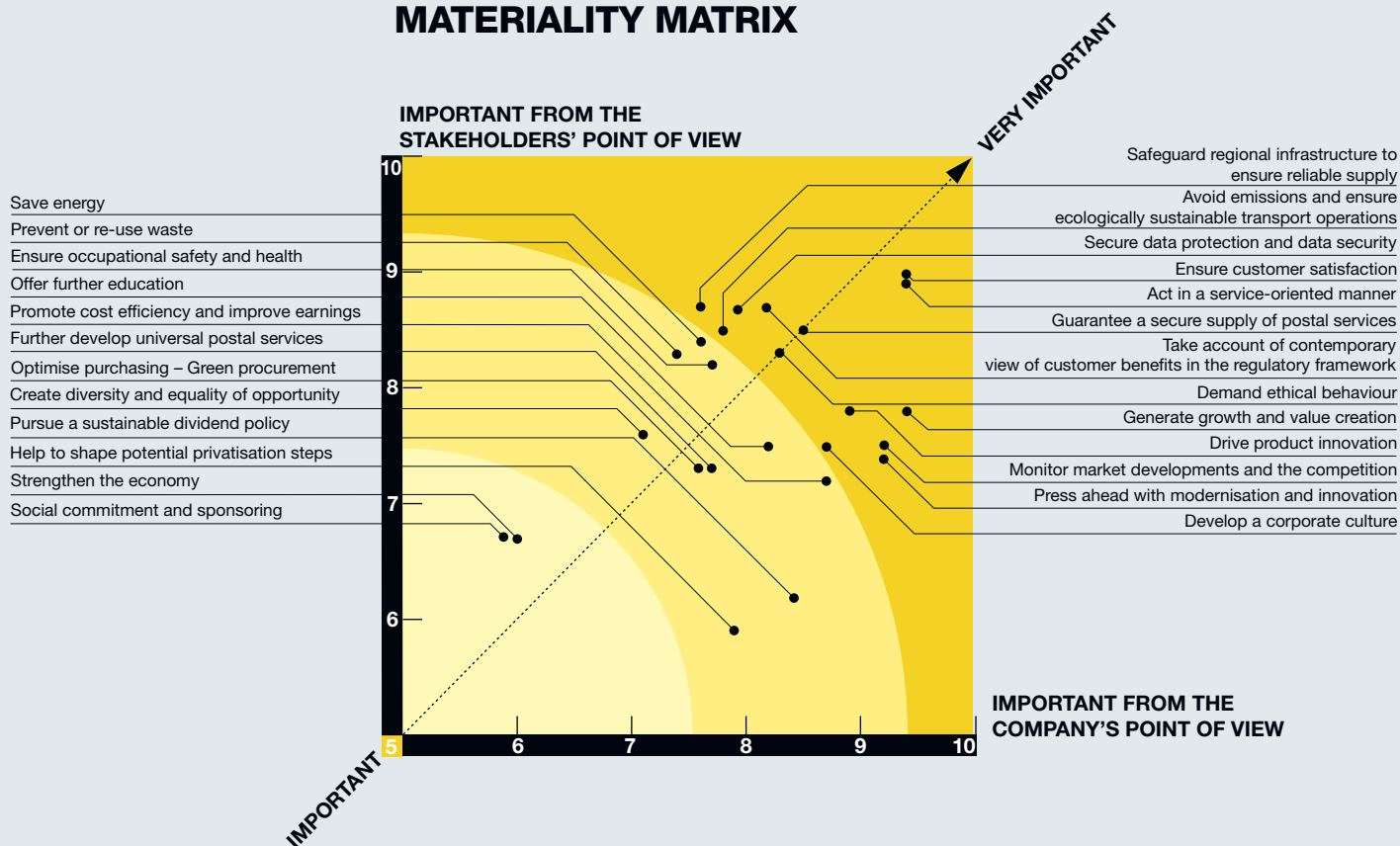
times is how often the **GRI Sustainability Report** of Austrian Post was already reviewed and certified.

FOUR DIMENSIONS OF SUSTAINABILITY

BENEFITS FOR ALL STAKEHOLDERS



MATERIALITY MATRIX



The main objective of stakeholder management as practised by Austrian Post is to identify opportunities and risks at an early stage as well as to gain specific insights into the expectations of shareholders. At the same time, the company's efforts should serve as the basis for establishing and strengthening a good relationship to stakeholders, and to get new impetus for future sustainability activities. The 4th Stakeholder Roundtable of Austrian Post took place in June 2014. Some 30 representatives of different stakeholder groups discussed issues of great relevance to Austrian Post with CEO Georg Pölzl. The issues and concerns which came to light within the context of this dialogue were subsequently integrated into the materiality matrix of Austrian Post. This reveals at a single glance the specific issues which are of vital importance to Austrian Post as well as its stakeholders. As a yardstick for the relevance of individual issues, they comprise a valuable basis for the orientation and priorities of Austrian Post's sustainability management.

SUSTAINABILITY REPORTING

Austrian Post has been publishing sustainability reports since the year 2007 in order to document its activities in this field and to provide public access to this information. In addition to its annual Sustainability Magazine, it compiles a GRI Sustainability Report oriented to the contents and structure of the Global Reporting Initiative to ensure comparability and transparency for stakeholders. The Sustainability Magazine and Sustainability Report for the year 2014 will be published in September 2015.



ENVIRONMENT

As the country's largest logistics service provider, Austrian Post takes its responsibility seriously. For this reason, it makes a major effort to keep its ecological footprint to a minimum. This is not an easy task at all. The company consumes about 150 million kWh of energy annually and requires approximately 15 million litres of fuel each year for the approximately 9,100 vehicles in its delivery fleet. On balance, some 72,000 tonnes of CO₂ emissions arise from the company's operations in 2013. Nevertheless, Austrian Post has set a goal of reducing its emissions by 20% in the period 2010–2015. At the moment, it has reached a level of 17.4%, although the number of kilometres driven by the delivery staff is steadily rising year after year. The initiative CO₂ NEUTRAL DELIVERY launched in 2011 is making a major contribution to climate protection. The first step is to implement measures designed to enhance efficiency in core processes, for example by optimising the use of floor space. The second step involves the increasing use of alternative energies. In 2012 Austrian Post already procured its entire electricity needs from renewable energy sources. Furthermore, the company operates two photovoltaic facilities. In the meantime, Austrian Post boasts the largest e-vehicle fleet in the country. The remaining CO₂ emissions which cannot be avoided as a result of all these measures are offset in a third step by support provided to national and international climate protection projects. The CO₂ neutral delivery of all mail items in Austria is confirmed each year by TÜV Austria.

295,000

tonnes of CO₂ have been saved since 2011 within the context of Austrian Post's initiative CO₂ NEUTRAL DELIVERY.

699

single-track e-vehicles and 163 multi-track e-vehicles are being deployed on Austria's roads by Austrian Post, relieving the burden on the environment.

1,800

customer certificates within the context of the CO₂ NEUTRAL DELIVERY initiative were handed over to large customers in the past years, confirming the climate-neutral delivery of their mail items. A further 600 are to be awarded in spring 2015.

4

low noise, emission-free Mercedes E-Vito have been used since the end of 2014 for the first time to deliver parcels.

42

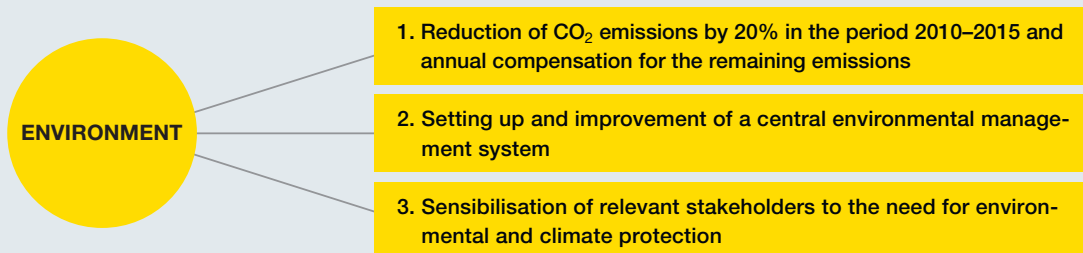
Austrian climate protection projects have been supported by Austrian Post over the last years.

160,000,000

kWh of green electricity have been purchased by Austrian Post in the years 2011–2013.

ECOLOGICAL OBJECTIVES

AUSTRIAN POST FOCUSES ON ENVIRONMENTAL PROTECTION



CLEAN SOLAR ENERGY

Austrian Post's second own solar power plant was constructed in 2014. The photovoltaic facility located on the roof of the new Allhaming Logistics Centre should supply 496,000 kWh annually. 5,432 solar panels in Allhaming and in Vienna-Inzersdorf generate enough electricity to provide clean energy to the entire e-mobility fleet of Austrian Post.

GREEN VIENNA

Over the last two years eight districts in Vienna have already been converted to "green" mail delivery. By 2016 all letters and direct mail items in Vienna will be delivered by e-vehicles or on foot.

LEADING BY EXAMPLE

Austrian Post is one of Austria's e-mobility model regions, and has invested about EUR 6m to date in the implementation of this project. More than 1,300 e-vehicles painted in the Austrian Post yellow will be underway on Austrian roads.

CROSS-BORDER CO₂ REDUCTIONS

Since 2010 Austrian Post has succeeded in cutting back on its CO₂ emissions by 17.4%. The remaining, unavoidable emissions have been offset since 2011 by the support of national and international climate protection projects.

KEY ENVIRONMENTAL INDICATORS AUSTRIAN POST

	2012	2013	2014
Consumption of significant quantities of resources (kWh million)	149.5	151.4	–¹
Building space (m²)	1,121,801	1,097,377	1,089,867
thereof owned by Austrian Post	680,144	669,342	662,272
Fuel consumption: petrol, super, diesel, natural gas (litre million)	14.3	14.8	14.7
thereof diesel	13.9	14.4	14.3
CO₂ emissions (scope 1–3) according to the Greenhouse Gas Protocol (t)	70,834	71,899	–¹
thereof scope 1 – road transport (own operations)	35,052	36,184	36,046
thereof scope 1 – buildings	7,986	9,353	– ¹
thereof scope 2 – buildings	7,402	6,411	– ¹
thereof scope 3 – partner companies	20,394	19,951	19,345
Vehicles (total)	9,187	8,959	9,176
Bicycles	958	789	914
thereof electric bicycles	164	439	570
Mopeds	1,078	904	857
thereof electric mopeds	80	142	129
Vehicles up to 3.5 t	7,005	7,105	7,243
thereof natural gas-driven vehicles	74	71	68
thereof electric vehicles	18	72	163
Vehicles over 3.5 t	146	161	162
Total number of kilometres (km million)	119	123	125

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

¹ Data not yet available, figures will be published in the Sustainability Report 2014.

EMPLOYEES

As one of the biggest employers in the country, Austrian Post bears a special responsibility. For this reason, it attaches considerable importance to good working conditions for its employees. Occupational safety, health protection and health-care play a key role. This is because motivated and productive employees are the basis for corporate success, especially in a service company.

The mission statement of Austrian Post also shapes the company's policy towards its employees. Great emphasis is put living up to the core value of "communication and appreciation". Every individual employee should do his share and actively shape the future of Austrian Post.

Austrian Post aims to create reliable future perspectives for its employees and promote their individual professional development. That is why further education and training is at the top of the agenda in all areas of the company. In addition, the "Internal Labour Market" platform offers new career opportunities to employees inside or outside the company.

The "Career and Family" audit initiated by the Federal Ministry of Economy, Family and Youth in order to improve the compatibility of different areas of life was also carried out at Austrian Post. Moreover, the promotion of diversity in the staff enables different points of view to be expressed, and has an invigorating effect on the corporate culture.

Last but not least, the association "post.sozial" supports employees and their families by providing a broad range of social services – from financial assistance in emergency situations to favourably priced holiday deals. The funding of the association is derived from 1% of the wage bill paid by Austrian Post and its subsidiaries. Total funding for the benefit of employees amounted to EUR 6.3m in 2014. The association is also supported by third-party donations.

6,300

employees took part in training and professional development seminars in 2014.

84

different **nationalities** ensure that diversity is far more than a mere catchword at Austrian Post.

3,300

workplace inspections carried out in 2014 offered the opportunity to advise site managers on dangers and occupational safety.

58,159

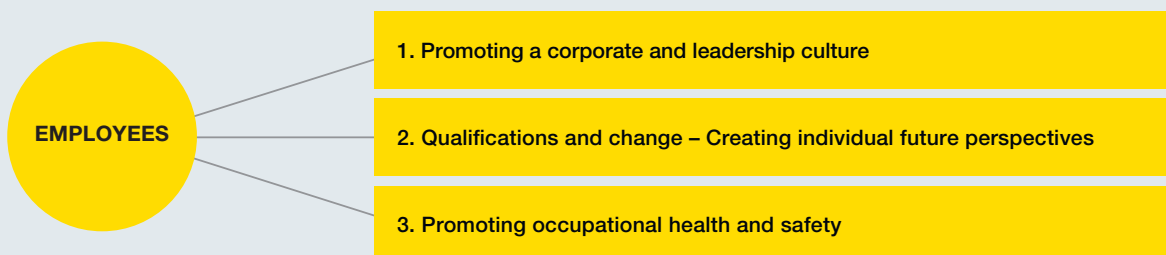
holiday nights were spent in post.sozial destinations. Lower-priced tickets were offered for 144 cultural and sports events.

258,632 km

represents the distance covered by Austrian Post employees at **running events** in 2014. Austrian Post and post.sozial paid the entire registration fees.

EMPLOYEE OBJECTIVES

GREAT IMPORTANCE IS ATTACHED TO APPRECIATION AND RESPECT



A DAY VISITING CUSTOMERS

Once again, 369 executives spent a day in 2014 directly interacting with customers – in delivering mail or parcels, at the counter of a branch office or in customer service. They gained valuable insights into daily work processes and the related challenges.

“A HEALTHY HEART AND YOU”

Some 3,000 participants took advantage of the health care counselling services and health days at 150 sites. They are now aware of their personal risk profile for heart diseases and also underwent tests to check their pulmonary function, eyesight, venous pressure and coordination skills. This is a good thing, because only suitable prevention measures can actually avoid most cases of cardiovascular disease.

SOCIAL COMMITMENT

Within the context of their final project in 2014, Austrian Post trainees supported Futurebag, an association aiming to help socially and economically disadvantaged children in Bosnia-Herzegovina get a good start in school.

AWARD FOR POST.SOZIAL

The association post.sozial was nominated for the Occupational Social Award in 2014.

AUSTRIAN POST – EMPLOYEE INDICATORS

	2012	2013	2014
Employees Group (FTE)¹	23,181	24,211	23,912
Employees of the parent company Österreichische Post AG (FTE)¹	19,534	18,951	18,403
thereof women (FTE %)	29.3%	28.9%	29.1%
Civil servants (FTE)	9,738	9,146	8,496
Salaried employees (FTE)	9,558	9,548	9,655
Full-time employees (persons)	17,724	17,178	16,654
thereof women (%)	23.7%	23.4%	23.7%
Part-time employees (persons)	3,422	3,388	3,315
thereof women (%)	85.4%	83.5%	82.4%
Average tenure of civil servants at Austrian Post (years)	28	29	30
Average tenure of salaried employees at Austrian Post (years)	11	11	11
Employees (FTE) according to age			
under 30 years	1,735	1,837	1,953
30–50 years	12,218	11,131	10,040
over 50 years	5,581	5,982	6,410
Fluctuation (%) ²	10.1%	10.9%	10.3%
Sick leave rate for employees (FTE %)	7.4%	8.7%	8.6%

¹ FTE = Full-time equivalents

² Employee attrition in relation to permanent staff

SOCIETY

Each day Austrian Post brings letters, direct mail and parcels to every address and doorstep throughout Austria, ensuring that basic postal services of outstanding quality are provided to the Austrian population. A total of 1,306 postal partners and 520 branch offices operated directly by Austrian Post provide optimal accessibility in the entire country.

However, Austrian Post also does its share to help tackle social problems by providing support to social projects. The company makes an effort to contribute its own core competencies to the partnerships it concludes, namely the nationwide delivery of mail items and its nationwide distribution network

TOGETHER AUSTRIA ASSOCIATION AWARD

For the first time, the Austrian Integration Fund granted the TOGETHER AUSTRIA Association Prize in cooperation with Austrian Post and BAWAG P.S.K. The award is designed to promote associations which live and embody the peaceful coexistence of people of different descent, color and religion.

AUSTRIAN POST MAKES CHILDREN CLEVER

Austrian Post sends about 3,500 “school boxes” to primary schools in the 2014/15 school year. These appealingly designed teaching materials aim to stimulate pupils to read and write, as well as to give them a better understanding of what Austrian Post does. Moreover, the company supports projects such as “Austria Reads – Meeting Point Library” and the “Children’s Business Week”.

CHRISTMAS PRESENTS

3,700 “gift parcels for the Christ Child” were sent by Austrian Post in cooperation with the Austrian Samaritan Foundation to children in social welfare institutions and disadvantaged families in Austria. In addition, Austrian Post participated in the campaign called “Christmas in the Shoebox” to help needy children in Moldova.

52

of the 1,306 **postal partners** are involved in **social projects**. Austrian Post’s cooperation with postal partners in the social sector shows that it is a strong ally of charitable organisations.

434,000

old mobile phones were collected by Austrian Post within the context of the Ö3 Wundertüte initiative, resulting in donations of EUR 651,000 for the emergency aid funds of “Licht ins Dunkel” (“Light into the Darkness”) and Caritas.

3 m

people in the Balkans were affected by severe **flooding** in 2014. The Austrian Post subsidiaries there supported numerous relief operations with donations and their logistics competence.

39,000

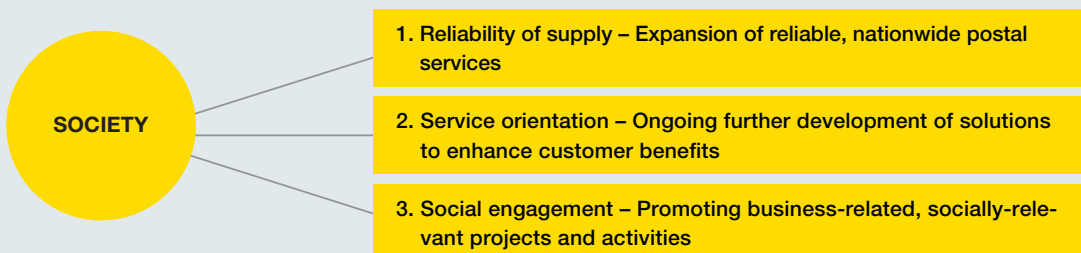
jobs are directly and indirectly secured by Austrian Post, of which 29,000 are in Austria alone. This comprises close to 0.7% of all domestic jobs.

0.5%

of Austria’s GDP can be attributed to Austrian Post. This means that the “Post network” accounts for every two-hundredth Euro.

SOCIAL OBJECTIVES

AUSTRIAN POST BRINGS SOMETHING TO EVERYBODY



ECONOMY

An economically successful Austrian Post on a stable economic foundation is the top priority of Austrian Post's management. Only a successful company can seriously assume its corporate social responsibility on a long-term basis and make an appropriate contribution towards fulfilling social and ecological needs.

In the year 2014 Austrian Post generated Group revenue and other operating income of EUR 2,504.9m. After deducting advance outlays of EUR 1,139.9m, the total value creation amounted to EUR 1,365.0m. The most important stakeholder groups of Austrian Post – employees, shareholders and society – profit from this.

VALUE CREATION OF AUSTRIAN POST

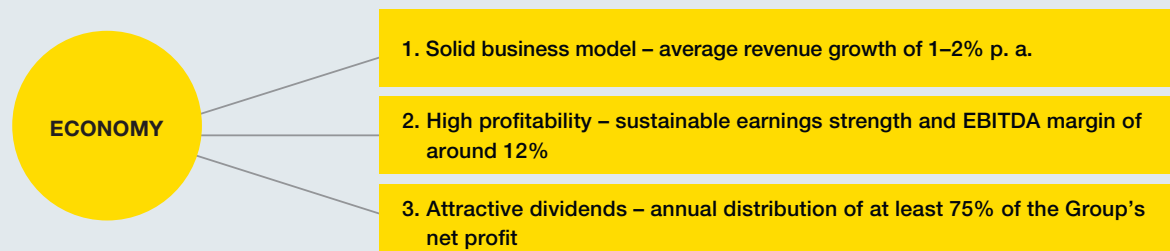
EUR m	2013	2014
Value creation		
Revenue and other operating income	2,436.5	2,504.9
less advance outlays	-1,128.0	-1,139.9
thereof raw materials, consumables and services used	-753.3	-744.5
thereof depreciation and amortisation ¹	-83.5	-86.4
thereof other operating expense	-291.3	-309.0
Value added	1,308.4	1,365.0
Distribution		
to employees	1,079.5	1,114.7
thereof social contributions	220.1	231.8
to shareholders (dividends)	128.4	131.7 ²
thereof ÖIAG	67.8	69.6
to the Republic of Austria (taxes and duties)	54.5	55.2
to creditors (interest)	2.3	1.4
to non-controlling interests	0.9	0.4
Remaining amount	42.9	61.6
Value added	1,308.4	1,365.0

¹ Excl. impairment losses on goodwill and customer relationships

² Proposal to the Annual General Meeting on April 15, 2015

ECONOMY

AUSTRIAN POST FOCUSES ON ECONOMIC STABILITY



INTERNATIONAL PRESENCE

COUNTRY	COMPANY	FIELD OF ACTIVITY
AUSTRIA	Österreichische Post AG	Letter mail Parcel delivery, express mail services (EMS), combined freight Addressed direct mail Media post Electronic services
	feibra GmbH	Unaddressed and addressed business mail
	Systemlogistik Distribution GmbH	Warehousing, fulfillment
	Post.Wertlogistik GmbH	Value logistics
	Scanpoint GmbH	Scanning/archiving of documents
	D2D GmbH (30%)	Printing and mailing of documents
BULGARIA	M&BM Express OOD (76%)	Unaddressed and addressed direct mail, letter mail, hybrid mail, express parcel service
BOSNIA-HERZEGOVINA	24-VIP d.o.o.	Express and parcel service, combined freight
GERMANY	trans-o-flex Logistics Group GmbH	Combined freight, warehouse logistics, value added services, temperature-controlled logistics
	MEILLERGHP (65%)	Direct mail services and production
CROATIA	Overseas Trade d.o.o.	Express and parcel service, combined freight
	Weber Escal d.o.o.	Unaddressed direct mail, hybrid mail, letter mail
MONTENEGRO	City Express Montenegro d.o.o.	Express and parcel service, combined freight
POLAND	PostMaster PL	Unaddressed direct mail
ROMANIA	PostMaster RO	Unaddressed and addressed direct mail, hybrid mail, letter mail
SERBIA	City Express d.o.o.	Express and parcel service, combined freight
SLOVAKIA	Slovak Parcel Service s.r.o. (SPS), In Time s.r.o.	Express and parcel service, combined freight
	Kolos s.r.o.	Unaddressed and addressed direct mail, letter mail, hybrid mail
TURKEY	Aras Kargo a.s.	Express and parcel service, documents
HUNGARY	trans-o-flex Hungary Kft.	Express and parcel service, combined freight
	feibra Magyarország	Unaddressed and addressed direct mail

SOLID PERFORMANCE IN 2014

INCOME STATEMENT		2013	2014	Change 2013/2014
EUR m				
Revenue	2,366.8	2,370.5	0.2%	
Raw materials, consumables and services used	-753.3	-744.5	-1.2%	
Staff costs	-1,073.5	-1,109.5	3.4%	
Other operating expenses	-298.6	-317.0	6.2%	
Results from financial assets accounted for using the equity method	-6.6	-0.1	-98.5%	
EBITDA	304.5	333.8	9.6%	
Depreciation, amortisation and impairment	-118.5	-136.9	15.5%	
Earnings before interest and tax (EBIT)	186.0	196.9	5.9%	
Earnings before tax (EBT)	171.2	194.0	13.3%	
Profit for the period	124.0	146.8	18.4%	
Earnings per share ¹	1.82	2.17	18.9%	

Revenue: Decline in the mail business offset by growth in the parcel segment

EBIT: Increase in operating results, earnings development impacted by special effects

CASH FLOW ²		2013	2014	Change 2013/2014
EUR m				
Cash flow from operating activities	250.4	232.2	-5.8%	
Investments in property, plant and equipment (CAPEX)	-96.4	-82.6	-14.3%	
Cash flow from acquisitions/divestments	-69.0	-2.0	-97.3%	
Free cash flow before acquisitions/securities	153.9	151.7	-1.4%	
Dividends	1.90	1.95 ³	2.5%	

Free cash flow: Strong basis for investments in the future

Dividends: Attractive dividend yield of 4.8%

SELECTED PERFORMANCE INDICATORS		2013	2014	Change 2013/2014
EUR m				
EBITDA margin ⁴	12.9%	14.1%	-	
EBIT margin ⁵	7.9%	8.3%	-	
Equity ratio (%)	42.6%	42.1%	-	
ROE ⁶ (%)	21.1%	25.8%	-	
Gearing ratio ⁷ (%)	16.3%	14.2%	-	
Capital employed	755.3	733.8	-2.9%	
ROCE ⁸ (%)	25.3%	26.4%	-	

Equity ratio: Solid balance sheet structure with low level of debt

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

² Adjusted presentation in 2013: non-cash changes in provisions considered to be non-current provisions as well as restructuring provisions are accounted for in the gross cash flow since 2014. The cash flow statement for the 2013 financial year was correspondingly adjusted.

³ Proposal to the Annual General Meeting on April 15, 2015, dividend payment on April 29, 2015

⁴ EBITDA margin = EBITDA/revenue

⁵ EBIT margin = EBIT/revenue

⁶ Return on equity = Profit for the period/equity on January 1 less dividend payment in 2014

⁷ Gearing ratio = Net debt/equity

⁸ 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.

EU-GDP comprises an EU directive regulating the handling and sale of sensitive goods on the basis of tried and tested sales practices.

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 More than 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.

TRACK & TRACE refers to the possibility to locate and keep track of parcels and other mail items between posting and delivery.

UNIVERSAL POSTAL SERVICES refer to the supply of basic postal services to the Austrian population, including delivery to any address throughout Austria five times per week, and a sufficient network of letterboxes and postal service points.

WAREHOUSE MANAGEMENT comprises the flexible company administration of warehouses and distribution centres.

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Business customers

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I: www.business.post.at

Stamp collector's service¹

T: 0800 100 197
I: www.philatelie.at

Austrian Post Online Annual Report 2014

I: www.post.at/gb2014

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 2015

March 12	Annual Report 2014, announcement: 7:30–7:40 am CET
April 5	Record date for participation at Annual General Meeting
April 15	Annual General Meeting 2015, Vienna
April 28	Record date for dividend payment
April 29	Ex-dividend day and dividend payment day
May 7	Interim report for the first quarter of 2015, announcement: 7:30–7:40 am CET
August 6	Half-year financial report of 2015, announcement: 7:30–7:40 am CET
November 12	Interim report for the first three quarters of 2015, announcement: 7:30–7:40 am CET

AUSTRIAN POST ALWAYS BRINGS SOMETHING NEW

Austrian Post continuously works flat out on the development of new products and services for its customers. Whether with self-service zones, the Post App or food logistics, Austrian Post repeatedly surprises everyone with new ideas and systematically responds to changed customer needs on the basis of its innovative solutions.

However, good ideas are based on the assumption that the company knows the expectations and demands of its customers. That is why Austrian Post focuses on ensuring a broad-based dialogue and makes use of a diverse range of possibilities to steadily remain up-to-date with respect to the needs of both private and business customers.

This annual report should also be used for this purpose. We would like to give all readers the opportunity to inform Austrian Post how it can help make their lives a little easier.



BRING US INSPIRATION FOR NEW IDEAS

Send us an e-mail to investor@post.at and express your "IDEAS HOME DELIVERED". Write down your wishes, suggestions, praise and criticism. In this way you can help Austrian Post in its efforts to continue providing added impetus to the Austrian postal and logistics market with new ideas.

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