PRESS RELEASE

AUSTRIAN POST IN 2012:

Higher sales and earnings (EBIT +8.9%)
Parcel & Logistics Division posts positive results again
Dividend proposal of EUR 1.80 per share

- Higher revenue
  - Revenue up 0.7% (+ 1.9% excl. Benelux) to EUR 2,366.1m
  - Revenue increase in both divisions compared to the previous year
- Further increase in earnings
  - EBITDA margin of 11.5%
  - EBIT rise of 8.9% to EUR 182.4m
- Strong cash flow and solid balance sheet
  - Operating cash flow ensures future-oriented investments and dividends
  - Free cash flow before acquisitions/divestments up 5.7% to EUR 170.5m (EUR 2.52 per share)
  - Early application of IAS 19 (revised) has no material effects on financial reporting
- Attractive dividends
  - Continuation of attractive dividend policy
  - Dividend proposal of EUR 1.80 per share to the Annual General Meeting
- Outlook for 2013
  - Stable or slightly rising revenue expected in 2013
  - EBITDA margin once again within the targeted range of 10-12%

AUSTRIAN POST AT A GLANCE

The national and international business environment faced by Austrian Post and its customers during the 2012 financial year was characterised by a generally uncertain economic climate. The Austrian Post Group developed very satisfactorily during the reporting year against the backdrop of these prevailing macroeconomic conditions. “This performance once again underlined the fact that the strategic direction of the Group is the right one. Accordingly, we strengthened our market position in our domestic market of Austria in 2012, both in the mail and parcel businesses. At the same time, growth opportunities were exploited in the promising emerging markets of South East and Eastern Europe”, says Austrian Post CEO Georg Pölzl.

Group revenue improved to EUR 2,366.1m. Both operating divisions, the Mail & Branch Network Division and the Parcel & Logistics Division, posted revenue increases. This solid development of the divisions is also reflected in the Group’s operating results. EBIT climbed by 8.9% in 2012 to EUR 182.4m. In particular, the Parcel & Logistics Division achieved an increase in earnings and is profitable again. This can be attributed to the solid development of the domestic market as well as the performance improvement in its international business.

The **Mail & Branch Network Division** was once again negatively impacted by the ongoing substitution of traditional letters by electronic forms of communication. In addition, advertising expenditures proved to be rather volatile due to the economic environment. The restructuring of the branch network and the related efficiency increases contributed to the division's positive development. Austrian Post's presence in its domestic market of Austria expanded to 1,931 postal service points, of which 1,376 are now third-party operated postal partners. Looking beyond Austria's borders, the mail business in 2012 was characterised by focused growth. The entry into further promising growth markets in South East and Eastern Europe was accomplished following the acquisition of the market leader in unaddressed direct mail items in Poland, and the stake purchased in a Bulgarian company. At the same time, Austrian Post's shareholding in its Romanian subsidiary was increased to 100%.

The **Parcel & Logistics Division** disproportionately profited from the good environment prevailing in the Austrian parcel business and increased its market shares. Based on a record volume of 65m parcels, Austrian Post's market leadership in the private customer segment featuring a 75% market share was confirmed once again. At the same time, the market share of business customers expanded to 22%. In the international parcel business, the focus of the division's activities in 2012 was on the profitability of the services rendered by Austrian Post. In this regard, the unprofitable subsidiaries in the Benelux region were disposed of, and a comprehensive performance improvement programme was launched in Germany. The top priority in the coming years will be on further enhancing the profitability of the Parcel & Logistics Division.

Cash flow from operating activities amounting to EUR 246.7m in 2012 served as the basis for extensive investments to safeguard the future of the business and sustainably increase efficiency, as well as to continue Austrian Post's attractive dividend policy. The objective remains to further develop dividends in line with the Group net profit. Due to the good business development, combined with a solid balance sheet and a strong cash flow, the distribution of a dividend amounting to EUR 1.80 per share for the 2012 financial year will be proposed to the Annual General Meeting scheduled for April 18, 2013, a rise of 5.9% from the previous year. The dividend yield based on the share price at the beginning of March 2013 is 5.8%.

In future, our focus will be on compensating for declining letter mail volumes by achieving growth in the parcel and logistics business, and exploiting opportunities in future growth markets. "For me it is important to continue decisively in fulfilling customer needs and increasing the level of service in the future as well. The further development of self-service solutions and the simplification of logistics processes results in significantly greater comfort for our customers and, simultaneously, efficiency improvements in our operating business", Georg Pölzl adds.

The medium-term revenue growth objective of 1-2% annually remains unchanged. With respect to its sustainable earnings development, Austrian Post will continue to strive to generate an EBITDA margin within the targeted range of 10-12%.

REVENUE DEVELOPEMENT IN DETAIL

REVENUE BY DIVISION[1]

EUR m	2011	2012	Change in %	Q4 2011	Q4 2012
Total revenue	**2,348.7**	**2,366.1**	**0.7%**	**638.7**	**643.2**
Revenue excl. Benelux subsidiaries[2]	**2,304.4**	**2,348.9**	**1.9%**	**627.6**	**643.2**
Mail & Branch Network[3]	1,500.7	1,508.2	0.5%	409.7	417.0
Parcel & Logistics Division	846.5	858.1	1.4%	228.5	226.1
Parcel & Logistics excl. Benelux subsidiaries[2]	802.2	840.9	4.8%	217.3	226.1
Calendar working days in Austria	250	250	–	61	62

[1] External sales of the divisions
[2] The closing of the disposal of trans-o-flex Netherland as at March 15, 2012, for trans-o-flex Belgium as at May 31, 2012
[3] Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation

Austrian Post succeeded in increasing total revenue in 2012 by 0.7%, to EUR 2,366.1m. Adjusted to take account of the disposed and deconsolidated subsidiaries in the Benelux region, the year-on-year revenue increase would have totalled 1.9%. Thus, Group revenue developed very satisfactorily against the backdrop of an uncertain economic situation.

Revenue in the Mail & Branch Network Division rose slightly by 0.5%, to EUR 1,508.2m. Letter mail and direct mail volumes did not develop uniformly. The letter mail business continues to be impacted by the structurally-related volume decline caused by the electronic substitution of traditional letters. In turn, advertising mail showed a high level of volatility during the course of the year. In particular, the uncertain cyclical development dampened advertising expenditures. However, divisional revenue was also impacted by positive effects: On the one hand, there was a volume shift from direct mail items to higher quality letter mail products. In addition, online shopping shipments are increasingly being sent as letter mail items instead of parcels. Moreover, the change in the product portfolio of Austrian Post as of May 1, 2011 continued to deliver positive effects in the first four months of the 2012 financial year compared to 2011. Revenue and costs of Branch Services, which are now included in the Mail & Branch Network Division, declined during the period under review as a consequence of the structural transformation of the network. On balance, Austrian Post featured a total of 1,931 postal service points as at December 31, 2012, of which 1,376 are third-party operated postal partner offices.

Revenue of the Parcel & Logistics Division rose by 1.4% in 2012, to EUR 858.1m. This figure includes the revenue of the disposed Benelux subsidiaries until their deconsolidation. Adjusted for these companies, revenue in the 2012 financial year climbed 4.8%. From a regional perspective, the Austrian parcel market generated the highest growth of about 11%.

INCOME STATEMENT

In line with revenue development (+ 0.7%), operating expenses for raw materials, consumables and services used also climbed correspondingly by 0.9% to EUR 766.9m. For example, cost increases arose as a result of increased purchases of external transport services, the introduction of automatic pre-sorting for direct mail items in the collective advertising envelope KUVERT as well as higher commissions for postal partner offices, which is related to the structural changes in the branch network.

Staff costs rose by 3.9% year-on-year to EUR 1,091.4m. This figure mainly consists of operational staff costs as well as non-operational staff costs in the Group, which are primarily designed to enable a sustainable improvement in the cost structure. On balance, non-operational staff costs in 2012 amounted to about EUR 55m (after about EUR 33m in 2011), encompassing restructuring measures, provisions and severance payments. Severance payments totalling EUR 26.1m arose during the reporting period within the context of the ongoing readjustment of the company's business operations. Furthermore, various provisions were set aside, for example for the voluntary social plan, uncertain liabilities related to charges and contributions, employee under-utilisation and for employees transferring to the federal public service. The adjustment of the parameters for the valuation of provisions, for example changes in the discount interest rate, resulted in an additional burden of EUR 11.0m in 2012.

In the 2012 financial year, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group decreased by 3.8% to EUR 271.2m. This included an at equity impairment loss of EUR 9.6m. The EBITDA margin amounted to 11.5%, and was thus at the upper end of the targeted range of 10–12%, as forecast. Depreciation, amortisation and impairment losses of Austrian Post totalled EUR 88.8m in the reporting period. Earnings before interest and tax (EBIT) of Austrian Post improved by 8.9% in 2012 to EUR 182.4m, corresponding to an EBIT margin of 7.7%.

EBIT BY DIVISION

EUR m	2011	2012	Change in %	Q4 2011	Q4 2012
Total EBIT	**167.5**	**182.4**	**+8,9%**	**58.0**	**56.8**
Mail & Branch Network[1]	277.1	272.5	–1.7%	80.2	83.5
Parcel & Logistics	-28,2	25.3	>100%	–22.6	8.9
Corporate	–81.4	–114.8	–41.1%	0.4	–35.6
Earnings per share	**1.82**	**1.82**	**0.0%**	**0.65**	**0.42**

¹ Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation

From a divisional perspective, the Mail & Branch Network Division generated an EBIT of EUR 272.5m in the 2012 financial year, slightly below the prior-year level due to the above-mentioned impairment loss. The Parcel & Logistics Division managed a strong improvement in earnings from a Group perspective. The division succeeded in achieving an EBIT of EUR 25.3m, compared to the 2011 financial year, which had been impacted by the negative balance sheet effects of the disposal of the subsidiaries in Belgium and the Netherlands. The improved earnings should serve as the basis for further positive development of the division. EBIT of the Corporate Division was down from minus EUR 81.4m in 2011 to minus EUR 114.8m in 2012. This difference can be mainly attributed to the non-operational staff costs described above. These expenses particularly involved severance payments, changes in the discount interest rate, and various provisions for the voluntary social plan and uncertain liabilities related to charges and contributions in 2012.

The other financial result of Austrian Post amounted to minus EUR 30.8m in 2012, which is attributable to the write-down of the company’s indirect shareholding in the bank BAWAG P.S.K. by EUR 28.4m. The underlying reasons for this impairment were two-fold: on the one hand, the reduced valuation of the investment itself, and on the other hand, a dilution of the share held by Austrian Post following the restructuring of the holding and financing structure of BAWAG P.S.K. and the stake in the bank acquired by a new large investor. Austrian Post did not participate in the capital increase implemented as part of the recapitalisation of BAWAG P.S.K. The objective of Austrian Post has primarily been to ensure a successful cooperation on an operational level with respect to the jointly operated branch offices.

The tax burden in 2012 amounted to EUR 28.4m. The decline in income tax expenses is due to the lower assessment base and the recognition of deferred tax assets on tax loss carry-forwards. After deducting income tax, the Group net profit (profit after tax for the period) amounted to EUR 123.2m, at precisely the same level as in the previous year. Thus, earnings per share remained constant at EUR 1.82 for the 2012 financial year.

CASH FLOW

Operating cash flow before changes in working capital amounted to EUR 254.6m in 2012, or EUR 6.0m above the comparable prior-year period. Taking account of the cash flow from changes in net working capital totalling minus EUR 7.9m, cash flow from operating activities was EUR 246.7m, an increase of EUR 18.5m from the previous year.

These funds were mainly devoted to future-oriented investments in 2012. EUR 86.2m was invested in property, plant and equipment and intangible assets (CAPEX), whereas EUR 39.3m involved acquisitions or divestments of subsidiaries. After deducting the entire cash flow from investing activities, free cash flow amounted to EUR 131.3m. The free cash flow generated during the reporting period thus once again surpassed the dividend of EUR 114.8m distributed in 2012 for the 2011 financial year.

BALANCE SHEET

The early application of IAS 19 (revised) did not have any significant effects on financial reporting. With the exception of a few minor earnings effects, in which earnings in 2011 were adjusted in accordance to new regulations, there were no accounting effects. Changes in provisions for pensions and termination benefits were already fully recognised in the past in profit and loss.
The balance sheet implies a solid equity ratio of 42%. Moreover, Austrian Post has a high level of liquidity, in the light of the fact that the available cash and cash equivalents far surpass the total financial liabilities.

EMPLOYEES

During the period under review, the average number of employees at Austrian Post (in full-time equivalents) fell by 188 people compared to the prior-year figure, to 23,181. Most of Austrian Post’s labour force, namely 20,598 full-time equivalent employees (2011: 20,674), work in Austria.

OUTLOOK 2013

Austrian Post assumes that its revenue development in 2013 will be dominated by three major trends: electronic substitution of letters, the development of the advertising industry, and the national and international volume development of parcels. The medium-term revenue growth target of 1–2% per year defined by Austrian Post remains unchanged. In the light of a 1.9% revenue increase in 2012 (excl. the Benelux subsidiaries), which is at the upper end of the targeted range, the company expects a stable or slightly positive revenue development in 2013.

The basis for this assessment is the ongoing volume decline in letter mail volumes. Austrian Post expects the decrease to amount to 3–5% p.a., reflecting international trends. In contrast, there could be a stabilisation in direct mail volumes in 2013 following the drop in advertising mail volumes in the period under review. Generally speaking, the advertising industry is more dependent on cyclical developments. However, Austrian Post expects that direct mail, an efficient advertising tool, will continue to maintain its importance in the future as part of the marketing mix of companies. With respect to parcel volumes, Austrian Post continues to anticipate robust growth in its business with the private customer segment, whereas the intense level of competition is likely to continue in the business customer segment.

Increasing the profitability of the services rendered continues to be a key focal point of the Group’s activities. In particular, Austrian Post will continue to promote efficiency increases in its parcel and logistics business as a follow-up to the successes which have already been achieved. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10%–12%. The company is also striving to achieve a further improvement in earnings before interest and tax.

The operating cash flow generated by Austrian Post will continue to be prudently used mainly to finance sustainable efficiency improvements, structural measures and future-oriented investments. Austrian Post anticipates total capital expenditure to reach a level of about EUR 90m in 2013. This will primarily focus on replacement investments in existing facilities as well as the continuous modernisation and efficiency enhancement. Acquisitions, which aim to round off and safeguard Austrian Post's core business, are possible.

The Management Board of Austrian Post will propose to the upcoming Annual General Meeting scheduled for April 18, 2013, to distribute a dividend of EUR 1.80 per share for the 2012 financial year. Once again, the company is continuing its attractive dividend policy, based on a solid balance sheet structure and the generated cash flow. Austrian Post aims to achieve a dividend payout ratio to shareholders of at least 75% of Group net profits. The dividend should develop further in line with Group net profits assuming a continuation of the company's good business development.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

Divisional revenue rose slightly by 0.5% in 2012 to EUR 1,508.2m. The current financial year was shaped by economic uncertainties in addition to structural trends.

In the Letter Mail business, revenue improved by 2.7% from the prior-year period to EUR 784.6m. The trend towards decreasing letter mail volumes related to electronic substitution continued. However, this structural trend was counteracted by volume shifts from direct mail items to higher quality letter mail products as well as the increase in Internet orders, which are no longer sent as parcels but as letter mail items in response to customer demands. In addition, changes in the product portfolio of the Letter Mail segment, which took effect on May 1, 2011, still continued to deliver positive contributions to revenue growth in the first four months of the 2012 financial year.

Revenue in Austrian Post's Direct Mail business fell slightly to EUR 445.2m in 2012. Increased volatility was perceptible during the course of the year, which is primarily attributable to economic uncertainty. In particular, business was characterised by a negative volume development starting in the middle of 2012, but the situation improved towards the end of the year. In addition, mail order customers faced structural problems, leading them to reduce their shipment volumes. In contrast, revenue of the Media Post business improved by 4.4% in 2012, to EUR 143.7m.

Both revenue and costs declined in the former Branch Network Division, which is now reported under Branch Services. Half of the revenue decline is due to the reclassification of the value logistics business as part of the Parcel & Logistics Division, the other half as a consequence of declining revenue from retail goods and financial services.

On balance, EBIT of the Mail & Branch Network Division fell by 1.7% to EUR 272.5m. This includes an impairment loss of EUR 9.6m relating to the joint venture MEILLERGHP, which is consolidated at equity.

PARCEL & LOGISTICS DIVISION

External sales of the Parcel & Logistics Division climbed by 1.4% in 2012, to EUR 858.1m. As at March 15, 2012, an agreement was signed with PostNL regarding its acquisition of the Austrian Post subsidiaries in the Netherlands and Belgium. Adjusted to take account of the former Benelux subsidiaries, the Parcel & Logistics Division achieved a 4.8% revenue increase on a year-on-year comparison.

Since the beginning of the year, the company Post.Wertlogistik GmbH specialising in value logistics has been a new part of the portfolio offered by the Parcel & Logistics Division, whereas it was previously assigned to Austrian Post’s former Branch Network Division. In addition, the firm Systemlogistik Distribution GmbH acquired as at May 31, 2012, expands the range of services offered by the division with respect to the warehousing, picking and packing of goods.

The Premium Parcel business (parcel delivery within 24 hours), which is mainly used in the business-to-business segment, generated revenue of EUR 650.8m in 2012 (EUR 635.4m excluding Benelux). The German trans-o-flex Group accounted for about three-quarters of this revenue. trans-o-flex is, at present, clearly focusing on the implementation of an efficiency enhancement programme in its distribution logistics. Accordingly, revenue remained stable. In contrast, parcel volumes of business customers increased at an above average rate in Austria, where Austrian Post increased its market share to 22%, as planned. Strong volume growth was achieved in South East and Eastern Europe in 2012 against the backdrop of intensified price pressure.

The Standard Parcel business, which mainly involves shipments to private customers, also posted growth. Revenue rose by 6.6%, to EUR 177.8m, with growth primarily witnessed in the Austrian market.

On balance, EBITDA of the Parcel & Logistics Division improved to EUR 46.6m. EBIT in 2012 amounted to EUR 25.3m, significantly above the prior-year level, which was considerably burdened by the negative impact on the balance sheet arising from the disposal of the Benelux subsidiaries. This earnings contribution, as reflected in an EBIT margin of 2.9%, is a good starting point for the further development of the division.

CONTACT

Austrian Post AG
Ingeborg Gratzer
Head of Media Relations & Internal Communications
Tel.: +43 (0) 57767-24730
ingeborg.gratzer@post.at

Austrian Post AG
Harald Hagenauer
Head of Investor Relations & Corporate Governance
Tel.: +43 (0) 57767-30400
harald.hagenauer@post.at

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