FINANCIAL VALUES

INTERIM REPORT FOR THE FIRST QUARTER OF 2012 | AUSTRIAN POST

Post

Q1 2012

Arzu Firat, branch manager, Vienna

REVENUE UP 6%

GOOD DEVELOPMENT IN MAIL AND PARCEL SEGMENTS.

FURTHER EARNINGS IMPROVEMENT

EBIT INCREASE TO EUR 55.8M.

OUTLOOK CONFIRMED FOR 2012

STABLE OR SLIGHTLY RISING REVENUE.

HIGHLIGHTS Q1 2012

- **INCREASED REVENUE**

  – Revenue up 6.0% above the prior-year quarter
  – Good development in the mail and parcel segments

- **FURTHER EARNINGS IMPROVEMENT**

  – EBITDA rise of 7.0% to EUR 75.8m
  – EBIT up 14.4% to EUR 55.8m

- **STRONG CASH FLOW AND SOLID BALANCE SHEET**

  – Free cash flow of EUR 51.2m
  – Equity ratio increased to 43.4%

- **OUTLOOK FOR 2012 CONFIRMED**

  – Stable or slightly rising revenue
  – EBITDA margin within the targeted range of 10–12% and further EBIT improvement

OVERVIEW OF KEY INDICATORS

		Q1 2011	Q1 2012	Change %
Income statement				
Revenue	EUR m	571.3	605.7	6.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	70.8	75.8	7.0%
EBITDA margin[1]	%	12.4%	12.5%	–
Earnings before interest and tax (EBIT)	EUR m	48.8	55.8	14.4%
EBIT margin[1]	%	8.5%	9.2%	–
Earnings before tax (EBT)	EUR m	47.7	55.7	16.6%
Profit for the period	EUR m	37.4	41.4	10.7%
Earnings per share[2]	EUR	0.55	0.61	10.7%
Employees (average for period, full-time equivalents)		23,266	22,998	–1.2%
Cash flow				
Operating cash flow before changes in working capital	EUR m	47.7	71.3	49.4%
Cash flow from operating activities	EUR m	25.7	65.3	153.8%
Investment in property, plant and equipment (CAPEX)	EUR m	12.9	10.1	–21.7%
Free cash flow	EUR m	23.2	51.2	>100%
		Dec. 31, 2011	**March 31, 2012**	**Change %**
Balance sheet				
Total assets	EUR m	1,668.3	1,718.3	3.0%
Capital and reserves	EUR m	702.0	746.2	6.3%
Non-current assets	EUR m	1,005.1	994.7	–1.0%
Current assets	EUR m	660.4	720.8	9.1%
Net debt	EUR m	61.5	3.0	–95.2%
Equity ratio	%	42.1%	43.4%	–
Capital employed	EUR m	708.9	695.4	–1.9%

[1] EBIT and EBITDA in relation to total revenue
[2] In relation to 67,552,638 shares

STATEMENT BY THE MANAGEMENT BOARD

**LADIES AND GENTLEMEN!
DEAR SHAREHOLDERS!**

The first quarter of the 2012 financial year proceeded very satisfactorily for Austrian Post in both the parcel and mail segments. Against the backdrop of generally dampened economic expectations in Austria and neighbouring countries, the postal business continues to be mainly impacted by postal-specific trends. Structural changes arise as a result of the electronic substitution of addressed letters as well as the positive impetus on parcel shipment volumes provided by online business.

In the first three months of 2012, total revenue of Austrian Post rose by 6.0% to EUR 605.7m. The newly established Mail & Branch Network Division posted an increase of 6.2%. The revenue of the Parcel & Logistics Division was up by 5.9% and even by 6.6% if the subsidiaries in the Benelux which Austrian Post is currently disposing of are excluded. In addition to a generally solid volume development, special effects also contributed to this good development. An additional working day compared to the first quarter of 2011, along with new information requirements on the part of some customers in the finance, telecommunications and energy sectors resulting in volume growth. Furthermore, the changed product portfolio offered by Austrian Post led to a shift from addressed direct mail items to higher quality letter mail products.

The earnings posted in this quarter once again demonstrated Austrian Post's success in consistently focusing its business operations on the four strategic priorities it has defined. Group EBIT increased by 14.4% to EUR 55.8m. In addition to defending the company's market leadership and exploiting profitable growth opportunities, the priority was and still is on further improving efficiency and the cost structure while focusing on continuously optimising service quality and customer convenience.

We confirm our original outlook for 2012 based on these quarterly results, with annual revenue expected to remain stable or increase slightly on a comparable basis. At the same time, the company is pursuing the goal of improving EBIT for the year.

The Post share also put on a convincing performance in the first quarter of 2012. In addition to a solid share price development, it once again lived up to its positioning as a high-yield stock. The Annual General Meeting held on April 17, 2012 approved the proposal of the Management Board to distribute a dividend of EUR 1.70 per share. The good earnings and cash flow development as well as the solid balance sheet provide the basis for this attractive and sustainable dividend policy.

Vienna, May 7, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Walter Hitziger
Member of the Management Board

Peter Umundum
Member of the Management Board

BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

ECONOMIC AND MARKET ENVIRONMENT

According to the growth projections of the International Monetary Fund (IMF), global economic output in the year 2012 is expected to increase by 3.5%, whereas stagnation is forecast for the member states of the European Union (EU) and the eurozone is even expected to contract slightly by 0.3%. The driving force underlying this development is primarily the budget saving measures of the public sector in many European countries. The eurozone is currently in a recession, but a slight upward trend should set in starting in the middle of 2012. The predictions for Austria are more optimistic. Driven by growth impetus provided by economies of non-European countries, the Austrian Institute of Economic Research (WIFO) anticipates a slight rise in Austria's gross domestic product of 0.4% in 2012. Real GDP should expand by 1.4% in the year 2013.

The projected development of countries in which Austrian Post operates internationally is as follows: economic growth in Germany is only expected to reach a level of 0.6% in 2012, similar to the Austrian market. In 2013, the German economy is predicted to grow once again by 1.5%. South East and Eastern Europe will post a growth rate of 1.9% in 2012 according to the latest forecasts, even increasing to 2.9% in 2013. However, economies in the individual countries will develop in a heterogeneous manner. Whereas Croatia, for example, will still be in the midst of a slight recession in 2012 (2012: –0.5%, 2013: +1.0%) and the Hungarian economy is stagnating (2012: 0.0%, 2013: +1.8%), GDP in Romania will likely expand by 1.5% already in 2012 and 3.0% in 2013 (IMF, April 2012).

In the mail business, the trend towards the substitution of conventional letter mail by electronic forms of communication will continue. Volumes of direct mail items depend on the intensity of corporate advertising and are thus subject to business cycle fluctuations. The quarterly forecast published by ZenithOptimedia expects advertising expenditures to expand by 1.5% in Western Europe in 2012 and by 6.5% in Central and Eastern Europe.

Due to the constantly growing importance of online shopping in Austria, parcel shipment volumes in Austria will continue to rise. The international parcel and freight business, which is largely dependent on the overall economic situation, global trade flows and related price developments, also shows a positive volume trend. This is driven by increasing global trade as well as the general rise in Internet sales. However, competition and price pressure remain intense.

LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is based on the Postal Market Act which took full effect on January 1, 2011. The main cornerstones of this law are as follows:

Even after full-scale market liberalisation, Austrian Post remains the universal services provider guaranteeing high quality postal services throughout Austria.

The newly-defined Universal Services Obligation, as of 2011, limits the spectrum of basic services to mail items posted at the legally stipulated access points, i.e. postal service points or letterboxes. Postal services for mail items brought to sorting centres by large customers – with the exception of newspapers – are not considered to be an integral component of universal postal services.

Austrian Post is legally required to carry out the conversion of cluster box units and rural drop-off boxes and must finance the related costs in advance. The costs for exchanging these facilities will be partially refunded to Austrian Post on the basis of a legally prescribed allocation key.

Since January 1, 2011, a licence must be obtained conferring the right to carry out postal delivery services for letters weighing up to 50 grams.

Since January 1, 2011, only those postal services encompassed in the legally prescribed Universal Postal Services Obligation are exempt from the Value Added Tax (VAT). Universal postal services whose terms and conditions are individually agreed upon are subject to the value added tax at standard rates. Thus, changes have taken place in the VAT treatment of postal items.

As of May 1, 2011, new General Terms and Conditions for letter mail services took effect, defining a simplified, customer-oriented product and service portfolio featuring format-based postal rates. The General Terms and Conditions were extensively evaluated and approved by the regulatory authority.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE CONSOLIDATION SCOPE

On March 15, 2012, Austrian Post agreed to sell its Dutch and Belgian subsidiaries of the trans-o-flex Group to PostNL. The closing of Austrian Post's disposal of trans-o-flex Nederland B.V. also took place on March 15, 2012. Thus, the company was deconsolidated effective on this date. The closing of the sale of the Belgian company, trans-o-flex Belgium B.V.B.A., is expected at the end of June 2012.

REVENUE AND EARNINGS DEVELOPMENT

In the first quarter of 2012, Austrian Post succeeded in increasing its total revenue by 6.0% to EUR 605.7m. A generally solid volume development contributed to the revenue improvement, along with positive special effects in the letter mail segment and an additional working day compared to the prior-year quarter.

Revenue in the Mail & Branch Network Division rose by 6.2% to EUR 385.0m. The trend towards declining letter mail volumes caused by electronic substitution was more than offset by positive special effects, namely new information requirements on the part of customers in the finance, telecommunications and energy sectors with positive implications on volumes. Moreover, the changed product portfolio offered by Austrian Post resulted in a volume shift from direct mail items to higher quality letter mail products and from parcel to letter mail items in the field of online shopping. In addition, new services in the Mail Solutions segment such as mailroom management contributed to growth.

The former Branch Network Division is now encompassed in the business area "Branch Services" in the Mail & Branch Network Division. Revenue and costs in the new management structure developed as planned. On balance, Austrian Post featured a total of 1,878 postal service points as at March 31, 2012, of which 1,266 are third-party operated postal partner offices.

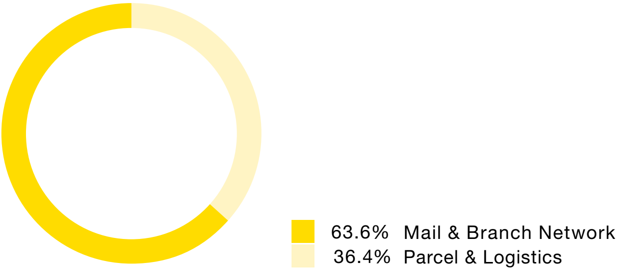
Revenue in the Parcel & Logistics Division increased by 5.9% to EUR 220.8m. From a regional perspective, the Austrian parcel market generated the highest growth, followed by a good revenue development in Germany. In the first quarter, revenue of the disposed Benelux subsidiaries is still included in the income statement for the most part. The Dutch company was deconsolidated as at March 15, 2012.

REVENUE BY DIVISION[1]

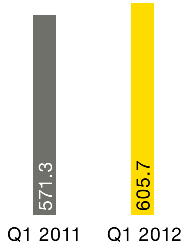
EUR m	Q1 2011	Q1 2012	%	Change EUR m	Structure Q1 2012
Total revenue	**571.3**	**605.7**	**6.0%**	**34.3**	**100.0%**
Mail & Branch Network[2]	362.6	385.0	6.2%	22.4	63.6%
Parcel & Logistics	208.5	220.8	5.9%	12.3	36.4%
Corporate	1.2	1.3	9.1%	0.1	0.2%
Consolidation	–0.9	–1.4	–48.7%	–0.5	–0.2%
Calendar working days in Austria	63	64	–	–	–

[1] External sales of the divisions
[2] Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation

REVENUE BY DIVISION %



REVENUE
EUR m



INCOME STATEMENT

EUR m	Q1 2011	Q1 2012	Change %	Change EUR m	Q1 2012 in % of revenue
Revenue	**571.3**	**605.7**	**6.0%**	**34.3**	**100.0%**
Other operating income	16.9	17.3	3.0%	0.5	2.9%
Raw materials, consumables and services used	–182.8	–190.9	4.4%	8.1	–31.5%
Staff costs	–266.7	–284.4	6.6%	17.7	–46.9%
Other operating expenses	–65.8	–69.4	5.4%	3.6	–11.5%
Results of investments consolidated at equity	–2.1	–2.6	–26.0%	–0.5	–
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**70.8**	**75.8**	**7.0%**	**5.0**	**12.5%**
Depreciation and amortisation	–22.1	–20.0	–9.4%	–2.1	–3.3%
Earnings before interest and tax (EBIT)	**48.8**	**55.8**	**14.4%**	**7.0**	**9.2%**
Other financial result	–1.0	–0.1	87.1%	0.9	–
Earnings before tax (EBT)	**47.7**	**55.7**	**16.6%**	**7.9**	**9.2%**
Income tax	–10.3	–14.3	37.9%	3.9	–
Profit for the period	**37.4**	**41.4**	**10.7%**	**4.0**	**6.8%**
Earnings per share (EUR)	0.55	0.61	10.7%	0.06	–

Revenue growth of 6.0% to EUR 605.7m also affected operating expenses for raw materials, consumables and services used, which rose by 4.4%, to EUR 190.9m. Cost increases related to increased purchases of external transport services as well as higher commissions for postal partner offices, amongst other factors, as a consequence of the structural transformation of the branch network.

Staff costs rose by 6.6% in a quarterly comparison, or EUR 17.7m, to EUR 284.4m. This increase is primarily due to higher non-operational staff costs. In contrast, operational staff costs remained largely constant during the same period. The average number of employees in the Group declined by 268 compared to the prior-year period to 22,998 employees (full-time equivalents).

Non-operational staff costs, which amounted to EUR 20.1m in the first quarter, include all investments designed to achieve a sustainable improvement in the cost structure such as restructuring measures. Furthermore, due to internationally low interest rate levels, it was necessary to reduce the discount interest rate for existing, interest-bearing provisions of Austrian Post by 0.25 percentage points. The lower discount factor led to increased provisioning requirements totalling EUR 8.5m.

Otherwise there were no significant changes in provisions for employee under-utilisation or employees transferring to the federal public service during the reporting period. The provisions for employee under-utilisation have declined from EUR 239.0m to EUR 236.3m since the beginning of 2012. The cash-related use of these provisions in the first quarter amounted to EUR 7.7m.

Other operating income remained constant during the period under review, at EUR 17.3m. This includes rents and leases of EUR 5.5m and proceeds from the disposal of property, plant and equipment of EUR 1.6m. Other operating expenses climbed 5.4% to EUR 69.4m.

The result of the investments consolidated at equity totaling minus EUR 2.6m is due to the negative earnings contribution of the subsidiary MEILLERGHP, in which Austrian Post holds a 65% stake.

EBITDA BY DIVISION

EUR m	Q1 2011	Q1 2012	%	Change EUR m
Total EBITDA	**70.8**	**75.8**	**7.0%**	**5.0**
Mail & Branch Network	68.6	81.8	19.3%	13.2
Parcel & Logistics	11.1	12.8	15.9%	1.8
Corporate	–9.0	–18.9	< –100%	–9.9

EBIT BY DIVISION

EUR m	Q1 2011	Q1 2012	%	Change EUR m
Total EBIT	**48.8**	**55.8**	**14.4%**	**7.0**
Mail & Branch Network	60.7	74.4	22.5%	13.7
Parcel & Logistics	5.2	7.6	47.1%	2.4
Corporate	–17.3	–26.2	–51.6%	–8.9

In the first quarter of 2012, earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post improved to EUR 75.8m. Accordingly, the EBITDA margin was 12.5%. Earnings before interest and tax (EBIT) rose by 14.4% to EUR 55.8m, corresponding to an EBIT margin of 9.2%.

From a divisional perspective, both operating divisions improved their operating results during the period under review. EBIT in the Mail & Branch Network Division rose 22.5% in the first quarter to EUR 74.4m, mainly as a consequence of the above-mentioned revenue increase.

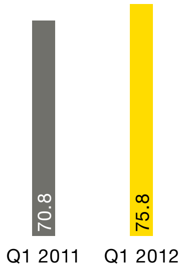
The Parcel & Logistics Division also showed an improvement. EBIT increased from EUR 5.2m to EUR 7.6m. The good volume development combined with structural measures implemented in the subsidiaries featuring a below-average performance was leading to an improved margin situation for the year 2012.

EBIT in the Corporate segment was down from minus EUR 17.3m in the previous year to minus EUR 26.2m in the first quarter of 2012. Amongst other reasons, this decline can be attributed to the reduction of the discount interest rate for provisions of 0.25 percentage points. Thus, requirements increased for interest-bearing provisions on the balance sheet.

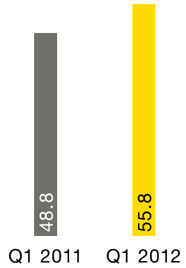
Earnings before tax rose 16.6% to EUR 55.7m. After deducting income taxes totalling EUR 14.3m, the Group net profit (profit after tax for the period) amounted to EUR 41.4m. This corresponds to earnings of EUR 0.61 per share for the first quarter of 2012 (prior year quarter: EUR 0.55).

EARNINGS INDICATORS

EBITDA
EUR m



EBIT
EUR m



PROFIT FOR THE PERIOD
EUR m

ASSETS AND FINANCES

Austrian Post pursues a risk-averse business approach. This is demonstrated by the high equity ratio, the low level of financial liabilities and the solid level of cash and cash equivalents invested with the least possible risk.

The balance sheet total of Austrian Post amounted to EUR 1,718.3m on the reporting date of March 31, 2012, of which non-current assets account for 57.9% of total assets and current assets account for 41.9%. Non-current assets totalled EUR 994.7m, with property, plant and equipment comprising the largest share at EUR 575.9m and goodwill amounting to EUR 165.5m. The principal current asset is cash and cash equivalents of EUR 356.5m. Receivables amounted to EUR 337.1m on the reporting date.

Equity and liabilities are characterised by a high equity ratio, which reached a level of 43.4% as at March 31, 2012. Non-current liabilities were EUR 454.6m at the end of the reporting period, whereas current liabilities totalled EUR 511.1m (26.5% and 29.7% of the balance sheet total). Liabilities primarily comprise provisions amounting to EUR 558.7m, including the provision for employee under-utilisation of EUR 236.3m. As at the end of March 2012, trade payables amounted to EUR 189.7m.

The analysis of the company's financial position shows a high level of current and non-current financial resources (cash and cash equivalents of EUR 356.5m as well as financial investments in securities of EUR 37.5m). These financial resources at the disposal of Austrian Post totalling EUR 394.0m at the reporting date compare with financial liabilities of only EUR 24.9m.

BALANCE SHEET STRUCTURE

EUR m	Dec. 31, 2011	March 31, 2012	Structure March 31, 2012
Assets			
Non-current assets	1,005.1	994.7	57.9%
thereof financial investments in securities and other financial assets	62.5	65.8	3.8%
Current assets	660.4	720.8	41.9%
thereof cash and cash equivalents	310.6	356.5	20.7%
Assets held for sale	2.8	2.8	0.2%
	1,668.3	**1,718.3**	**100.0%**
Equity and liabilities			
Capital and reserves	702.0	746.2	43.4%
Non-current liabilities	452.9	454.6	26.5%
thereof provisions	396.7	399.1	23.2%
Current liabilities	502.8	511.1	29.7%
thereof provisions	145.5	159.6	9.3%
Liabilities held for sale	10.6	6.4	0.4%
	1,668.3	**1,718.3**	**100.0%**

CASH FLOW

EUR m	Q1 2011	Q1 2012
Operating cash flow before changes in working capital	**47.7**	**71.3**
+/– Cash flow from changes in net working capital	–22.0	–6.0
= Cash flow from operating activities	**25.7**	**65.3**
+/– Cash flow from investing activities	–2.5	–14.1
= Free cash flow	**23.2**	**51.2**
+/– Cash flow from financing activities	–10.1	–5.3
= Net change in cash and cash equivalents	**13.1**	**45.9**

The operating cash flow before changes in working capital amounted to EUR 71.3m in the first three months of 2012, or EUR 23.6m above the prior-year quarter.

During the period under review, the cash flow from changes in net working capital amounted to minus EUR 6.0m. This development is mainly due to the increase in receivables.

The cash flow from investing activities of minus EUR 14.1m includes cash outflows for the purchase of property, plant and equipment (CAPEX) totalling minus EUR 10.1m, and cash inflows derived from the disposal of property, plant and equipment of EUR 4.9m. Accordingly, the free cash flow was EUR 51.2m, compared to EUR 23.2m in the first three months of the previous year.

INVESTMENTS AND ACQUISITIONS

In the first quarter of 2012, capital expenditure for property, plant and equipment and intangible assets amounted to EUR 9.8m, of which EUR 8.2m were for investments in property, plant and equipment, which declined by EUR 3.1m from the prior-year level. In contrast, investments in intangible assets rose by EUR 1.2m, to EUR 1.5m, mainly encompassing software licenses as well as rental rights and government construction grants. With respect to property, plant and equipment, investments made by Austrian Post included the vehicle fleet, office equipment, fixtures and fittings, letterboxes as well as facilities under construction such as the new sorting centre of SPS being built in Žilina, Slovakia.

EMPLOYEES

The average number of full-time employees at Austrian Post totalled 22,998 people in the first quarter of 2012, corresponding to a decline in the workforce by 268 employees from the prior-year period. Most of Austrian Post's labour force is employed by the parent company Österreichische Post AG (a total of 19,372 full-time equivalents).

EMPLOYEES BY DIVISION

Average for the period, full-time equivalents	Q1 2011	Q1 2012	Share in %
Mail & Branch Network	17,404	16,909	73.5%
Parcel & Logistics	4,058	4,129	18.0%
Corporate	1,804	1,961	8.5%
Total	**23,266**	**22,998**	**100.0%**

MAIN RISKS AND UNCERTAINTIES

As an international postal and logistics services provider, Austrian Post is subject to a variety of operational risks in carrying out its business operations. Austrian Post responsibly deals with these risks. The focus on its core business activities, along with decades of experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take suitable precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks and information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2011 of Austrian Post (see the Annual Report, Part 2, pages 36-42 and 99–102).

On the basis of the defined risks, there are also uncertainties for the remaining nine months of the current financial year. Projected shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and depend on the economic development of the respective customer segments. Unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of mail and parcel volumes. Furthermore, a dampened economic situation can also have an impact on the Group's competitive position and thus the attainable prices for postal services. Moreover, conventional letter mail is being increasingly replaced by electronic media. All the abovementioned risks could lead to a considerable decline in overall volumes and thus negatively impact earnings.

OUTLOOK FOR 2012

Austrian Post confirms the original outlook for its revenue development for the entire year 2012. Revenue should remain stable or rise slightly on a comparable basis.

Business development will continue to be impacted by structural changes in the postal sector. Electronic substitution will lead to a decline in addressed letter mail volumes, whereas increasing e-commerce should result in growth in the transported parcel volumes. The dampened economic environment could have a negative effect on the advertising industry and consumer behaviour.

One focal point of the Group will continue to be on enhancing the profitability of the services offered. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10% to 12%. The company is also striving to achieve a further improvement in earnings before interest and tax (EBIT) compared to 2011.

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. Total capital expenditure (CAPEX) in 2012 is expected to reach a level of EUR 80–90m. This will primarily focus on replacement investments in existing facilities as well as on continuous modernisation and efficiency enhancement, for example on the basis of a new sorting technology for direct mail items. Domestic and international acquisitions are possible to round off and safeguard Austrian Post's core business. The current attractive dividend policy will be continued.

SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

The Annual General Meeting held on April 17, 2012 approved the proposal of the Management Board and Supervisory Board and resolved to distribute a dividend of EUR 1.70 per share (EUR 114.8m) for the 2011 financial year. The dividends are paid on May 2, 2012.

On March 30, 2012, Austrian Post announced its intention to acquire the Austrian fulfilment specialist Systemlogistik Distribution GmbH. The acquisition should take place at the end of May 2012, subject to anti-trust approval.

The closing of the purchase of a 26% stake in the Bulgarian company M&BM Express OOD by Austrian Post took place effective May 2, 2012. The company operates in the field of hybrid mail, addressed and unaddressed direct mail items for business customers and printing. The purchase agreement also includes an option to acquire an additional 25% in each of the years 2013 and 2014.

Moreover, also effective May, 2, 2012, Austrian Post signed an agreement with the Integer.pl Group to acquire its subsidiary Kolportaż Rzetelny sp. z o.o., the Polish market leader in the delivery of unaddressed direct mail items. The purchase of a 100% shareholding in the company was already approved by the Polish Office of Competition and Consumer Protection (UOKiK).

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

EUR m	Q1 2011[1]	Q1 2012	Change %	Change EUR m
External sales	**362.6**	**385.0**	**6.2%**	**22.4**
Letter Mail & Mail Solutions	181.0	205.2	13.3%	24.1
Direct Mail	110.2	109.7	–0.5%	–0.5
Media Post	33.0	35.7	8.3%	2.8
Branch Services	38.4	34.4	–10.3%	–4.0
Internal sales	18.1	16.8	–7.5%	–1.3
Total revenue	380.7	401.8	5.5%	21.1
EBITDA	**68.6**	**81.8**	**19.3%**	**13.2**
Depreciation and amortisation	–7.9	–7.5	–5.7%	–0.4
EBIT	**60.7**	**74.4**	**22.5%**	**13.7**
EBITDA margin[2]	18.0%	20.4%	–	–
EBIT margin[2]	15.9%	18.5%	–	–
Employees[3]	17,404	16,909	–2.8%	–495

[1] Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation
[2] EBIT and EBITDA in relation to total revenue
[3] Average for the period, full-time equivalents

Since the beginning of the year 2012, the previous Mail and Branch Network divisions were merged to create the new Mail & Branch Network Division. The new segment reporting reflects the current organisational, management and reporting structure.

Divisional revenue developed very positively in the first quarter of 2012, rising to EUR 385.0m. Despite economic uncertainties and the ongoing trend towards declining addressed letter mail volumes related to electronic substitution, this solid growth was achieved on the basis of special effects such as the new requirements for the physical distribution of information applying to some customers in the finance, telecommunications and energy sectors, which positively influenced revenue development. Moreover, the first quarter of 2012 featured an additional working day compared to the same period in the previous year.

In the Letter Mail Business Area, revenue improved by 13.3% from the prior-year quarter to EUR 205.2m. The continuing substitution of letters by electronic media was counteracted by positive effects. Special effects included an additional working day and the new legal information obligations for various customer groups. In addition, the change in the product portfolio of Austrian Post resulted also in a volume shift from direct mail items to higher quality letter mail products and from parcel to letter mail items in the field of online shopping. Furthermore, new services in the Mail Solutions segment such as mailroom management contributed to growth.

The Direct Mail Business Area posted a slight revenue drop in the first quarter of 2012, to EUR 109.7m. This development is mainly attributable to the above-mentioned volume shifts to the Letter Mail segment, but also to the structural decrease in the business of mail order companies and seasonal shifts of advertising campaigns from the first to the second quarter. Revenue of the Media Post Business Area improved to EUR 35.7m in the first three months of 2012.

Activities of the former Branch Network Division are now reported in the business area Branch Services, whose revenue fell to EUR 34.4m. Half of this decrease is due to the reclassification of the “Value Logistics” operations to the Parcel & Logistics Division, whereas the other half is the result of declining revenue with retail products and financial services.

On balance, EBITDA of the Mail & Branch Network Division improved to EUR 81.8m in the period under review, and EBIT climbed to EUR 74.4m. The former Branch Network is included with a slightly negative earnings contribution.

PARCEL & LOGISTICS DIVISION

EUR m	Q1 2011	Q1 2012	%	Change EUR m
External sales	**208.5**	**220.8**	**5.9%**	**12.3**
Internal sales	6.4	2.4	–62.9%	–4.0
Total revenue	214.9	223.1	3.8%	8.2
EBITDA	**11.1**	**12.8**	**15.9%**	**1.8**
Depreciation and amortisation	–5.9	–5.2	–11.5%	–0.7
EBIT	**5.2**	**7.6**	**47.1%**	**2.4**
EBITDA margin[1]	5.2%	5.7%	–	–
EBIT margin[1]	2.4%	3.4%	–	–
Employees[2]	4,058	4,129	1.7%	70

[1] EBIT and EBITDA in relation to total revenue
[2] Average for the period, full-time equivalents

External sales of the Parcel & Logistics Division climbed 5.9% in the first quarter of 2012, to EUR 220.8m.

As at March 15, 2012, an agreement was signed with PostNL regarding the sale of the subsidiaries in the Netherlands and Belgium. The deconsolidation of the Dutch company took place as at March 15, 2012. The disposal of the Belgian subsidiary is expected at the end of June 2012.

The premium parcel segment (parcel delivery within 24 hours), which is mainly used in the business-to-business area, generated a revenue increase of 4.1% in the first quarter of 2012, to EUR 169.4m. The German subsidiary trans-o-flex accounted for about three-quarters of this revenue. Parcel volumes of business customers in Austria increased at a disproportionately high rate, whereas intensified price pressure was perceptible in South East and Eastern Europe.

The standard parcels product segment used mainly for shipments to private customers also posted growth. Revenue rose by 7.2%, to EUR 43.6m.

The operating result of the Parcel & Logistics Division improved. First quarter EBIT totalled EUR 7.6m.

Vienna, May 7, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Walter Hitziger
Member of the Management Board

Peter Umundum
Member of the Management Board

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2012

EUR m	Q1 2011	Q1 2012
Revenue	571.3	605.7
Other operating income	16.9	17.3
Total operating income	**588.2**	**623.0**
Raw materials, consumables and services used	–182.8	–190.9
Staff costs	–266.7	–284.4
Depreciation, amortisation and impairment losses	–22.1	–20.0
Other operating expenses	–65.8	–69.4
Total operating expenses	**–537.4**	**–564.6**
Profit from operations	**50.8**	**58.4**
Results of investments consolidated at equity	–2.1	–2.6
Other financial result	–1.0	–0.1
Total financial result	**–3.1**	**–2.7**
Profit before tax	**47.7**	**55.7**
Income tax	–10.3	–14.3
Profit for the period	**37.4**	**41.4**
Attributable to equity holders of the parent company	37.4	41.4
Basic earnings per share (EUR)	**0.55**	**0.61**
Diluted earnings per share (EUR)	**0.55**	**0.61**
Profit from operations	50.8	58.4
Share of profit/loss of investments consolidated at equity	–2.1	–2.6
Earnings before interest and tax (EBIT)	**48.8**	**55.8**

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2012

EUR m	Q1 2011	Q1 2012
Profit for the period	**37.4**	**41.4**
Currency translation differences	0.2	0.3
Revaluation of financial instruments held for sale	0.1	3.3
Deferred taxes	0.0	–0.8
Other comprehensive income	**0.3**	**2.8**
Total comprehensive income	**37.7**	**44.2**
Attributable to equity holders of the parent company	37.7	44.2

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

EUR m	Dec. 31, 2011	March 31, 2012
Assets		
Non-current assets		
Goodwill	165.5	165.5
Intangible assets	58.2	57.5
Property, plant and equipment	587.5	575.9
Investment property	32.8	32.3
Investments consolidated at equity	17.5	14.8
Financial investments in securities	21.9	25.2
Other financial assets	40.6	40.6
Receivables	26.4	29.1
Deferred tax assets	54.6	53.8
	1,005.1	**994.7**
Current assets		
Financial investments in securities	12.3	12.3
Inventories	14.4	14.9
Receivables	323.2	337.1
Cash and cash equivalents	310.6	356.5
	660.4	**720.8**
Non-current assets held for sale	**2.8**	**2.8**
	1,668.3	**1,718.3**
Equity and liabilities		
Capital and reserves		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	116.8	240.7
Revaluation of financial instruments	–5.0	–2.4
Currency translation reserves	–2.0	–1.7
Profit for the period	123.8	41.4
	702.0	**746.2**
Non-current liabilities		
Provisions	396.7	399.1
Financial liabilities	18.6	17.6
Payables	25.2	25.7
Deferred tax liabilities	12.4	12.2
	452.9	**454.6**
Current liabilities		
Provisions	132.8	147.0
Tax provisions	12.7	12.7
Financial liabilities	10.6	7.3
Payables	346.6	344.2
	502.8	**511.1**
Non-current liabilities held for sale	**10.6**	**6.4**
	1,668.3	**1,718.3**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF 2012

EUR m	Q1 2011	Q1 2012
Operating activities		
Profit before tax	47.7	55.7
Depreciation, amortisation and impairment losses	22.1	20.0
Results of investments consolidated at equity	2.1	2.6
Write-ups, write-downs of financial instruments	0.1	–0.1
Non-current provisions	–6.0	2.4
Gain/loss on the disposal of non-current assets	–1.2	–1.4
Taxes paid	–16.6	–8.3
Net interest received/paid	–0.6	–1.4
Currency translation	0.1	0.1
Other non-cash transactions	0.0	1.8
Operating cash flow before changes in working capital	**47.7**	**71.3**
Changes in net working capital		
Receivables	–16.6	–16.1
Inventories	0.2	–0.6
Current provisions	1.5	14.2
Payables	–7.1	–3.5
Cash flow from changes in net working capital	**–22.0**	**–6.0**
Cash flow from operating activities	**25.7**	**65.3**
Investing activities		
Purchase of intangible assets	–0.9	–1.7
Purchase of property, plant and equipment and investment property	–12.9	–10.1
Proceeds from the disposal of non-current assets	12.2	4.9
Acquisition/disposal of subsidiaries	0.0	–6.5
Acquisition of financial investments in securities	–3.0	0.0
Dividends received from investments consolidated at equity	0.8	0.3
Loans granted	0.0	–2.8
Interest received	1.3	1.9
Cash flow from investing activities	**–2.5**	**–14.1**
Free cash flow	**23.2**	**51.2**
Financing activities		
Changes in financial liabilities	–9.4	–4.8
Interest paid	–0.6	–0.5
Cash flow from financing activities	**–10.1**	**–5.3**
Net change in cash and cash equivalents	**13.1**	**46.0**
Cash and cash equivalents at January 1	313.1	310.6
Cash and cash equivalents at March 31	**326.2**	**356.5**

SEGMENT REPORTING

Within the context of the strategic realignment of the Austrian Post Group, there are changes in the segment structure and reporting logic as of January 1, 2012. The existing segments “Mail” and “Branch Network” were merged to create the new segment, “Mail & Branch Network”. At the same time, there was a further breakdown of the existing “Mail & Branch Network”, “Parcel & Logistics” and “Corporate” segments into subsegments. The new segmentation reflects the strategic business areas of the Austrian Post Group, which are the basis for the internal organisational, management and reporting structures.

Whereas reporting reflected the old divisional organisational structure in the 2011 financial year, as subdivided into the divisions “Mail”, “Parcel & Logistics”, “Branch Network” and “Corporate”, the new segment reporting starting in the 2012 financial year breaks down business operations into the “Mail & Branch Network” and “Parcel & Logistics” divisions as well as “Corporate”.

Q1 2011 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consoli-dation	Group
External sales	362.6	208.5	1.2	–0.9	571.3
Internal sales	18.1	6.4	40.9	-65.5	0.0
Total revenue	**380.7**	**214.9**	**42.1**	**–66.4**	**571.3**
Profit/loss from operations	62.9	5.2	–17.4	0.2	50.8
Results of investments consolidated at equity	–2.2	0.0	0.1	0.0	–2.1
EBIT	**60.7**	**5.2**	**–17.3**	**0.2**	**48.8**
Segment assets	373.3	414.7	441.9	–0.7	1,229.1
Investments consolidated at equity	24.0	0.1	0.4	0.0	24.5
Segment liabilities	381.9	104.5	416.3	–1.1	901.7
Segment investments	3.3	3.1	5.2	0.0	11.7
Depreciation, amortisation and impairment losses	7.9	5.9	8.3	0.0	22.1
thereof impairment losses	0.0	0.0	0.0	0.0	0.0
Employees[1]	17,404	4,058	1,804	–	23,266

[1] Average for the period, full-time equivalents

Q1 2012 EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consoli-dation**	**Group**
External sales	385.0	220.8	1.3	–1.4	605.7
Internal sales	16.8	2.4	41.8	–61.0	0.0
Total revenue	**401.8**	**223.1**	**43.1**	**–62.4**	**605.7**
Profit/loss from operations	77.2	7.6	–26.4	0.0	58.4
Results of investments consolidated at equity	–2.8	0.0	0.2	0.0	–2.6
EBIT	**74.4**	**7.6**	**–26.2**	**0.0**	**55.8**
Segment assets	382.2	400.1	439.7	–8.2	1,213.7
Investments consolidated at equity	14.2	0.1	0.5	0.0	14.8
Segment liabilities	403.4	122.4	394.7	–8.2	912.3
Segment investments	3.8	3.3	2.7	0.0	9.8
Depreciation, amortisation and impairment losses	7.5	5.2	7.3	0.0	20.0
thereof impairment losses	0.0	0.1	0.0	0.0	0.1
Employees[1]	16,909	4,129	1,961	–	22,998

[1] Average for the period, full-time equivalents

GEOGRAPHICAL SEGMENTS

Q1 2011 EUR m	**Austria**	**Germany**	**Other Countries**	**Group**
External sales	407.1	130.7	33.5	571.3
Segment assets	892.3	255.9	81.0	1,229.1
thereof non-current	648.4	187.1	53.2	888.8
Segment investments	8.7	2.1	0.9	11.7

Q1 2012 EUR m	**Austria**	**Germany**	**Other Countries**	**Group**
External sales	436.5	137.3	31.9	605.7
Segment assets	872.5	266.4	74.9	1,213.7
thereof non-current	634.9	182.5	43.0	860.4
Segment investments	7.5	1.1	1.1	9.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q1 2011 EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of financial instruments[1]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2011	**337.8**	**130.5**	**106.5**	**–1.8**	**–0.6**	**118.4**	**690.8**
Change in reserves			118.4			–118.4	0.0
Profit for the period						37.4	37.4
Other comprehensive income				0.1	0.2		0.3
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.1**	**0.2**	**37.4**	**37.7**
Balance at March 31, 2011	**337.8**	**130.5**	**224.9**	**–1.7**	**–0.3**	**37.4**	**728.5**

Q1 2012 EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of financial instruments[1]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2012	**337.8**	**130.5**	**116.8**	**–5.0**	**–2.0**	**123.8**	**702.0**
Change in reserves			123.8			–123.8	0.0
Profit for the period						41.4	41.4
Other comprehensive income			0.0	2.5	0.3		2.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**2.5**	**0.3**	**41.4**	**44.2**
Balance at March 31, 2012	**337.8**	**130.5**	**240.7**	**–2.4**	**–1.7**	**41.4**	**746.2**

[1] Held for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2012

1. BASIS OF PREPARATION

The consolidated interim financial statements of Austrian Post as at March 31, 2012 were prepared in accordance with the relevant International Financial Reporting Standards (IFRS) valid at March 31, 2012, as issued by the International Accounting Standard Board (IASB) and adopted by the European Union.

The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2012 financial year.

In the first quarter of 2012, the following revised standard was applicable for the first time:

Revised standard		Effective date in the EU[1]
IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	July 1, 2011

[1] To be applied in the financial year beginning on or after the effective date

The amendments in IFRS 7 pertain to the expansion of obligations to make disclosures on the transfer of financial assets. They are intended to enable the parties addressed by the financial statements to understand the relationships between the assets that have been transferred but not totally derecognised and the corresponding financial liabilities. Also to be made more transparent is the derecognised financial assets' link between the nature of the continuing relationship and the risks associated with it. The change does not have any material effects on the consolidated interim financial statements of Austrian Post at the present time.

2. CONSOLIDATION SCOPE

In addition to the parent company Österreichische Post AG (Austrian Post), a total of 25 domestic subsidiaries (December 31, 2011: 25) and 32 foreign subsidiaries (December 31, 2011: 33), in which Austrian Post AG directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, 3 domestic companies (December 31, 2011: 3) and 4 foreign companies (December 31, 2011: 4) are consolidated according to the equity method.

Changes in the consolidation scope

The following changes in the consolidation scope of Austrian Post Group took place in the first quarter of 2012:

Company name	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
Post zehn Beteiligungs GmbH	–	100.0%		In incorporation
feibra GmbH, (feibra West GmbH)[1]	100.0%	–	Jan. 11, 2012	Merger
Parcel & Logistics				
trans-o-flex Nederland B.V.	100.0%	–	March 15, 2012	Disposal

[1] The Group companies listed in parentheses were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.

3. ASSETS AND LIABILITIES HELD FOR SALE (OR DISPOSAL GROUPS)

In the year 2011, Österreichische Post AG (Austrian Post) determined a plan to dispose of trans-o-flex Nederland B.V., Dordrecht, and trans-o-flex Belgium B.V.B.A., Turnhout, both of which are fully owned subsidiaries of Austrian Post.

Accordingly, the assets and liabilities of the two Group companies as at December 31, 2011, which are assigned to the Parcel & Logistics segment, are classified as "Non-current assets held for sale and discontinued operations" in line with the stipulations of IFRS 5. According to the disposal plan, specified fixed assets, cash and cash equivalents, financial liabilities as well as specified liabilities and provisions are excluded from the reclassification.

A liablities item previously recognised in the liabilities of the disposal group has been discontinued with regard to the negative fair value of the disposal group after taking account of the impairment loss recognised on the non-current and current assets held for sale as at December 31, 2011.

Österreichische Post AG (Austrian Post) disposed of its 100% stake in trans-o-flex Nederland B.V., Dordrecht as at March 15, 2012. The deconsolidation of trans-o-flex Nederland B.V. took place on the basis of the final transaction basis at the closing date. In the course of the deconsolidation the liability items formed as at December 31, 2011 and the liabilities of the disposal group were derecognised. The changed net assets and liability items in comparison to December 31, 2011 led to a transaction result in profit or loss amounting to minus EUR 1.6m, which was reported as other operating income.

4. INTEREST-BEARING PROVISIONS

Österreichische Post AG (Austrian Post) reduced the discount interest rate for all existing, interest-bearing provisions by 0.25 percentage points, from 4.5% as at December 31, 2011 to 4.25% as at March 31, 2012. The change to the interest rate was necessary as a result of internationally low interest rates. The lower discount factor led to increased provisioning requirements of EUR 8.5m.

5. OTHER INFORMATION

As at March 31, 2012, there was no material change in the transactions with related parties and individuals as presented in the consolidated financial statements as at December 31, 2011.

6. EVENTS AFTER THE REPORTING DATE

All events after the end of the interim reporting period which have a material impact on the valuation and accounting of the consolidated financial statements as at the balance sheet date of March 31, 2012, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosures, have been recognised in the current consolidated financial statements.

On April 27, 2012, the closing of the purchase of a 26% stake in the Bulgarian company M&BM Express OOD by Austrian Post took place (effective May 2, 2012). The company operates in the field of hybrid mail, addressed and unaddressed direct mail items for business customers and printing. The purchase agreement also includes an option to acquire an additional 25% in each of the years 2013 and 2014.

On March 30, 2012, Austrian Post signed an agreement to acquire Systemlogistik Distribution GmbH. The closing of the transaction should take place at the end of May 2012 pending anti-trust approval. The company, in which Austrian Post will have a 100% shareholding, operates in the field of contract logistics. Systemlogistik Distribution GmbH offers customised logistics solutions for companies which aim to outsource services such as Web store logistics, order processing, storage, commissioning, packaging, product placement in branch offices and returns logistics. The company operates two sites in Vienna.

The signing and closing of the agreement in which Austrian Post acquired the Polish company Kolportaż Rzetelny sp. z o.o. took place on May 2, 2012. The 100% stake is in a company specialising in the delivery of unaddressed direct mail items which had a 36% market share in the year 2011, and is thus one of the leading provider in the delivery of unaddressed direct mail items on the Polish market.

The Annual General Meeting held on April 17, 2012 approved the proposal of the Management Board and Supervisory Board and resolved to distribute a dividend of EUR 1.70 per share (EUR 114.8m) for the 2011 financial year. The dividends were paid on May 2, 2012.

7. NEGATIVE NOTE

This consolidated interim report of Österreichische Post AG (Austrian Post), Vienna, for the first quarter of 2012 was neither audited nor subject to an auditor's review.

Vienna, May 7, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Walter Hitziger
Member of the Management Board

Peter Umundum
Member of the Management Board

FINANCIAL CALENDAR 2012

May 16, 2012	Interim report for the first quarter 2012, publication 7.30 – 7.40 a.m.
August 10, 2012	Half-year financial report 2012, publication 7.30 – 7.40 a.m.
November 16, 2012	Interim report for the first three quarters 2012, publication 7.30 – 7.40 a.m.

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)

Austrian Post (basis of EUR 24.15; April 1, 2011 – March 31, 2012)
ATX (rebased)
Euro Stoxx Transportation (rebased)

TOTAL SHAREHOLDER RETURN SINCE THE IPO 2006

Austrian Post, share price (basis of EUR 19.00; May 30, 2006 – March 31, 2012)
Austrian Post, total shareholder return (TSR): +84,7%

IMPRINT

Media owner and publisher
Österreichische Post AG
Haidingergasse 1, 1030 Vienna, Austria
T: +43 (0) 577 67 0, E: info@post.at, I: www.post.at
FN: 180219d, Commercial Court of Vienna

Concept, design and project coordination
be.public Werbung Finanzkommunikation, Vienna

Printing
Niederösterreichisches Pressehaus, St. Pölten

We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This interim report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

This interim report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: May 7, 2012

CONTACT

Investor Relations & Corporate Governance
Harald Hagenauer
T: +43 (0) 577 67 30401
F: +43 (0) 577 67 30409
E: investor@post.at
I: www.post.at/ir

Corporate Communication
Manuela Bruck
T: +43 (0) 577 67 20795
F: +43 (0) 577 67 28039
E: info@post.at
I: www.post.at/pr

Austrian Post on the Web
www.post.at
www.business.post.at

INTERIM REPORT FOR THE FIRST QUARTER OF 2012 | AUSTRIAN POST

Post