AUSTRIAN POST Q1 2012:

Revenue growth (+6.0%) and earnings improvement (EBITDA +7.0%) in Q1; outlook confirmed for 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 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 AUSTRIAN POST

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 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 customers in the finance, telecommunications and energy sectors, resulted 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 EBITDA increased by 7.0% to EUR 75.8m”, says Austrian Post CEO Georg Pölzl. 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.

“We had a good start in the year 2012 as a result of a consistently pursued corporate strategy. For this reason, we will continue on our chosen path of further developing the Group”, Georg Pölzl adds. “We cannot compensate for the ongoing trend towards declining addressed letter mail volumes only by increasing the number of parcel shipments. Improving the efficiency and cost structure is just as important for the success of the company as optimising service quality on behalf of our customers.”

REVENUE DEVELOPMENT IN DETAIL

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.

INCOME STATEMENT

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. Higher costs related to increased purchases of external transport services as well as higher commissions for postal partner offices, amongst other factors, resulted 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.

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 divisions improved their operating results during the period under review. EBIT in the Mail & Branch Network Division rose 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 is 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 by 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).

CASH FLOW

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.

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).

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 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.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

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 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

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.

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