AUSTRIAN POST Q1-3 2012:

Revenue growth and earnings improvement in the first nine months of 2012
Outlook for 2012 confirmed

- Increased revenue
  - Revenue up 0.8% in the first three quarters of 2012 (+1.7% excl. Benelux)
  - Current economic environment leads to increased volatility
- Operational measures
  - Austria: delivery optimisation, agreement on new working time model
  - Germany: focus on cost efficiency of distribution logistics
- Further earnings growth
  - EBIT rise of 14.7% to EUR 125.6m in Q1–3
  - Improved operating results in both divisions
- Strong cash flow and solid balance sheet
  - Free cash flow before acquisitions/divestments up 18.5% to EUR 131.1m
  - Solid balance sheet featuring equity ratio of 41.8%
- Outlook for 2012 confirmed
  - Slightly rising revenue
  - EBITDA margin at the upper end of the targeted range of 10–12%

OVERVIEW OF AUSTRIAN POST

The domestic and international business environment of Austrian Post and its customers continued to be impacted by economic uncertainty. Against the backdrop of this dampened economic situation, Group revenue developed in line with expectations, rising by 0.8% in the first three quarters of 2012. Adjusted to take account of the Benelux subsidiaries disposed of in the first half of the year, a revenue increase of 1.7% was achieved. From a divisional perspective, the Mail & Branch Network Division was subject to structural changes, in particular the ongoing substitution of traditional letter mail by electronic forms of communication. Moreover, advertising expenditures proved to be rather volatile as a response to the prevailing economic environment. In spite of these difficult conditions, revenue of the Mail & Branch Network Division could be maintained at a stable level. In contrast, the Parcel & Logistics Division profited from the trend towards online shopping, which resulted in increased parcel volumes. Accordingly, division revenue climbed by 5.1% (excl. the Benelux subsidiaries).

The solid development of both divisions is reflected in the Group's earnings before interest and tax (EBIT), which increased by 14.7% from the previous year to EUR 125.6m. The Mail & Branch Network Division as well as the Parcel & Logistics Division made a positive earnings contribution on an operational level. Whereas the Mail & Branch Network Division succeeded in defending its market position and profitability, even in the light of a difficult business environment, the Parcel & Logistics

Division improved its EBIT to EUR 16.4m compared to the negative operating results posted in the previous year.

“For the company’s future business development it is important to further develop Austrian Post in line with its strategic cornerstones”, says CEO Georg Pölzl. In this regard, Austrian Post succeeded in expanding its market leadership in the core business and taking important steps to enhance efficiency. Growth drivers were strengthened based on expansion measures in Poland, Bulgaria and Romania, whereas profitability was improved by the disposal of the Benelux subsidiaries. Greater emphasis was continuously placed on customer orientation by the offering of self-service solutions.

From a financial perspective, Austrian Post will continue to prudently and purposefully make use of the generated operating cash flow in order to finance sustainable efficiency improvements, structural measures as well as future-oriented investments. At the same time, the company is determinedly working to ensure a more enhanced customer focus on the part of its business activities. Accordingly, online and self-service solutions were strongly promoted during the first nine months of the current financial year, and the service and product portfolio along the customers’ value chain was further developed.

“Against the backdrop of an ongoing uncertain economic environment, we expect a slightly positive revenue development in the entire year 2012. We will continue to attach great importance to the profitability of the services offered, so that we expect an EBITDA margin at the upper end of the targeted range of 10-12% for the entire year 2012”, CEO Pölzl adds.

REVENUE DEVELOPMENT IN DETAIL

In the first three quarters of 2012, Austrian Post succeeded in raising its total revenue by 0.8%, to EUR 1,722.9m. Adjusted to take account of the disposed and deconsolidated subsidiaries in the Benelux region, the year-on-year revenue increase actually totaled 1.7%. Excluding the Benelux, revenue fell by 2.1% in the third quarter, which featured one working day less than in Q3 2011. Group revenue developed in line with expectations against the backdrop of an uncertain economic situation.

Revenue in the Mail & Branch Network Division remained stable at EUR 1,091.2m. On the one hand, the volume development was impacted by the structurally-related decline in letter mail caused by electronic substitution. On the other hand, it was characterised by enhanced volatility in the monthly development of revenue from direct mail items. In turn, this was based on the impact of cyclical uncertainty on the advertising industry. At the same time, 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 led to positive effects in the first four months of the 2012 financial year.

The former Branch Network Division is now encompassed in the business area “Branch Services” in the Mail & Branch Network Division. Revenue and costs of this new management structure declined

during the period under review. On balance, Austrian Post featured a total of 1,900 postal service points as at September 30, 2012, of which 1,308 are third-party operated postal partner offices.

Revenue of the Parcel & Logistics Division rose by 2.3% in the first three quarters of 2012 to EUR 632.0m. The revenue of the disposed Benelux subsidiaries is still partially included in the income statement. The Dutch company was deconsolidated as at March 15, 2012, whereas the Belgian subsidiary was deconsolidated effective May 31, 2012. Adjusted for these companies, revenue in the first nine months of 2012 climbed by 5.1%. From a regional perspective, the Austrian parcel market generated the highest growth.

REVENUE BY DIVISION[1]

EUR m	Q1–3 2011	Q1–3 2012	Change in %	Q3 2011	Q3 2012
Total revenue	**1,709.9**	**1,722.9**	**0.8%**	**572.0**	**549.8**
Revenue excl. Benelux subsidiaries[2]	1,676.8	1,705.7	1.7%	561.4	549.8
Mail & Branch Network[3]	1,091.0	1,091.2	0.0%	364.5	349.6
Parcel & Logistics	618.1	632.0	2.3%	207.2	201.1
Parcel & Logistics excl. Benelux subsidiaries [2]	584.9	614.7	5.1%	196.5	201.1
Calendar working days in Austria	189	188	–	65	64

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

INCOME STATEMENT

The revenue development of Austrian Post in the first nine months of 2012 also affected operating expenses for raw materials, consumables and services used, which rose by EUR 14.3m to EUR 562.9m. In particular, cost increases were due to higher purchases of external transport services to handle rising parcel volumes, as well as higher commissions for postal partner offices as a consequence of the structural transformation of the branch network.

In contrast, staff costs declined by 2.0% year-on-year, or EUR 16.7m, to EUR 800.3m. The main part of this figure consists of operational staff costs, which increased by 1.5% compared to the first three quarters of 2011. The average number of employees in the Group fell by 226 from the prior-year period, declining to 23,260 employees (full-time equivalents).

Staff costs also encompass non-operational staff costs of EUR 39.3m in the first three quarters of 2012, including all investments designed to achieve a sustainable improvement in the cost structure such as restructuring measures and severance payments. Furthermore, due to internationally low interest rate levels, it was already necessary in the first quarter and, once again, in the third quarter to reduce the discount interest rate for existing, interest-bearing provisions of Austrian Post by 0.25 percentage points in each case. The lower discount factor led to increased provisioning requirements totalling EUR 17.7m. Allocations were also made to various provisions relating to employee under-utilisation or employees transferring to the federal public service during the reporting period. All in all, the provisions for employee under-utilisation reported on the balance sheet of Austrian Post, currently at EUR 239.4m, have remained constant for the most part since the beginning of 2012. The cash-related use of these provisions amounted to EUR 19.9m in the first nine months.

The result of the investments consolidated at equity totalling minus EUR 12.1m is mainly due to the impairment loss of EUR 9.6m recognised for Austrian Post's 65% stake in its subsidiary MEILLERGHP.

In the first nine months of 2012, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group improved by 6.9%, to EUR 187.7m. Accordingly, the EBITDA margin was 10.9%. Earnings before interest and tax (EBIT) rose by 14.7% to EUR 125.6m, corresponding to an EBIT margin of 7.3%. Third-quarter EBIT rose 18.3% to EUR 33.3m.

From a divisional perspective, both business divisions improved their operating results during the period under review. The EBIT of EUR 189.0m reported in the Mail & Branch Network Division in Q1-3 2012 included an impairment loss of EUR 9.6m. For its part, the Parcel & Logistics Division also showed higher earnings, with EBIT improving to EUR 16.4m in the first nine months of 2012, following a negative EBIT of EUR 5.7m reported in the first three quarters of 2011. On the back of the disposal of the subsidiaries in Belgium and the Netherlands and the related negative impact on the company's balance sheet in 2011, Austrian Post has laid a sound foundation for the further positive development of the division. EBIT of the Corporate segment improved from minus EUR 81.8m to minus EUR 79.2m.

Earnings before tax of the Austrian Post Group rose 16.6% to EUR 123.4m. After deducting income taxes totalling EUR 28.6m, the Group net profit (profit after tax for the period) amounted to EUR 94.9m. This corresponds to earnings of EUR 1.40 per share for the first nine months of 2012 (+20.2%) or EUR 0.36 per share for the third quarter, up from EUR 0.25 per share in the prior-year period.

EBIT BY DIVISION

EUR m	Q1–3 2011	Q1–3 2012	Change in %	Q3 2011	Q3 2012
Total EBIT	**109.5**	**125.6**	**14.7%**	**28.2**	**33.3**
Mail & Branch Network[1]	196.9	189.0	–4.0%	74.2	53.9
Parcel & Logistics	–5.7	16.4	>100%	–15.9	5.0
Corporate	–81.8	–79.2	3.1%	–30.1	–25.0
Earnings per share	**1.17**	**1.40**	**20.2%**	**0.25**	**0.36**

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

CASH FLOW

Operating cash flow before changes in working capital amounted to EUR 156.4m in the first nine months of 2012, or EUR 10.5m above the comparable prior-year period. During the period under review, the cash flow from changes in net working capital amounted to an inflow of EUR 15.5m. This resulted mainly from a shift in the payment dates of the salaries of civil servants, which led to a lower cash flow burden.

The cash flow from investing activities of minus EUR 78.9m includes cash outflows for the purchase of property, plant and equipment (CAPEX) totalling minus EUR 52.8m. The free cash flow before acquisitions/divestments amounted to EUR 131.1m, or EUR 20.4m above the first three quarters of 2011. All in all, a total of EUR 38.0m in expenditures related to acquisitions and the disposal of Austrian Post’s subsidiaries in the Benelux.

EMPLOYEES

The average number of full-time employees at the Austrian Post Group totalled 23,260 people in the first three quarters of 2012, corresponding to a decline in the workforce by 226 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 19,691 full-time equivalents).

OUTLOOK FOR 2012

Austrian Post expects a slightly positive revenue development for the entire year 2012 without the disposed subsidiaries in the Benelux. The market environment in the mail and parcels business will continue to be impacted by the subdued economic environment as well as structural changes in the postal and logistics sector. A further decline in addressed letter mail volumes is expected as a result of electronic substitution, whereas increasing e-commerce should result in parcel volume growth. The ongoing economic uncertainties could continue to result in a volatile development of the advertising industry.

One focal point of the Group is clearly 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 EBITDA margin for the entire year 2012 is expected to be at the upper end of this targeted range.

The operating cash flow generated by Austrian Post is prudently and purposefully used to finance sustainable efficiency improvements, structural measures and future-oriented investments, and also serves as the basis for an attractive dividend policy. Total capital expenditure (CAPEX) in 2012 is expected to reach a level of about EUR 90m. This will primarily focus on replacement investments in existing facilities as well as on investments to further improve mail and parcel logistics operations. Selective acquisitions will focus on growth markets as well as on strengthening and further developing the company’s core business in Austria.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

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

Divisional revenue remained largely constant at EUR 1,091.2m in the first nine months of 2012. In addition to structural trends, the current financial year was also shaped by economic uncertainties.

In the Letter Mail Business Area, revenue improved by 3.4% from the prior-year period to EUR 571.9m. 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 various Internet orders, which are no longer sent as parcels but as letter mail items. In addition, changes in the product portfolio of the Letter Mail Business Area, which took effect on May 1, 2011, still continued to deliver positive contributions to revenue effects in the first four months of the 2012 financial year compared to the prior-year.

Revenue of the Direct Mail Business Area fell to EUR 318.9m in the first three quarters of 2012. This development is primarily attributable to the current economic uncertainty, which has in turn led to greater volatility in the revenue development of the advertising industry. In particular, a decline in business from mail order customers was noticeable. In contrast, revenue of the Media Post Business Area improved by 4.2% in the first nine months of 2012, to EUR 102.4m.

Both revenue and costs declined in the former Branch Network Division, which is now reported in the Branch Services Business Area. Half of the revenue decrease is due to the reclassification of the value logistics operations as part of the Parcel & Logistics Division, whereas the other half is the result of declining revenue from retail products and financial services.

On balance, EBIT of the Mail & Branch Network Division was down by EUR 7.9m in the first nine months of 2012, which is largely due to an impairment loss of EUR 9.6m reported for Austrian Post's stake in the at-equity consolidated company MEILLERGHP.

PARCEL & LOGISTICS DIVISION

External sales of the Parcel & Logistics Division climbed 2.3% in the first three quarters of 2012, to EUR 632.0m. Adjusted to take account of the former Benelux subsidiaries, the division achieved revenue growth of 5.1% in a year-on-year comparison. The deconsolidation of the Dutch company took place as at March 15, 2012, and the disposal of Belgian subsidiary took effect on May 31, 2012.

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 Area (parcel delivery within 24 hours), which is mainly used in the business-to-business area, generated revenue of EUR 483.8m in the first nine months of 2012 (+2.7% excluding Benelux). The German subsidiary trans-o-flex, which is currently focusing on implementing an efficiency enhancement programme in its distribution logistics, accounted for about 60% of this revenue. Parcel volumes of business customers in Austria increased at a high rate relative to the rest of the Business Area, whereas intensified price pressure was evident in South East and Eastern Europe against the backdrop of a good volume development.

The Standard Parcel Business Area used mainly for shipments to private customers also posted growth. Revenue rose by 7.7%, to EUR 126.8m.

EBIT of the Parcel & Logistics Division in the first three quarters of 2012 amounted to EUR 16.4m, 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.

The interim report for the first three quarters of 2012 is available on the Internet: www.post.at/ir/en --> Publications --> Financial Reports

CONTACT

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

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

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