AUSTRIAN POST IN H1 2013:

SLIGHT REVENUE GROWTH AND EARNINGS IMPROVEMENT (EBIT +3.9%) IN THE FIRST HALF-YEAR, OUTLOOK CONFIRMED FOR 2013

- Market environment
  - Ongoing satisfactory mail business in Austria, positive revenue effects due to elections
  - Robust growth in the Austrian parcel market
  - Strong competition in the international parcel business
- Higher revenue
  - Revenue growth of 1.5% (excl. Benelux)
  - Slight growth in both the mail and parcel businesses
- Further earnings growth
  - EBIT up 3.9% to EUR 98.4m
  - Efficiency enhancement and improvement of the cost structure
- Outlook for 2013 confirmed
  - Stable or slightly rising revenue development expected
  - Goal of further earnings improvement

OVERVIEW OF AUSTRIAN POST

The first half of 2013 proceeded very satisfactorily for Austrian Post. In particular, the mail segment developed gratifyingly during the reporting period. Although the structural trend caused by declining letter mail volumes as a consequence of electronic substitution is continuing, growth was achieved thanks to positive revenue effects. The Austrian parcel market also showed growth momentum in 2013, which was mainly driven by the ongoing trend towards online shopping. A more differentiated picture emerges when considering the international business of Austrian Post. In South East and Eastern Europe, the company succeeded in generating revenue growth, whereas revenue decreased in Germany due to the highly competitive market environment there. Here the efficiency enhancement programme is being continued. The cost basis of the subsidiary trans-o-flex is being improved by insourcing distribution services in selected regions and by streamlining structures.

Group revenue, adjusted to take account of the Benelux subsidiaries disposed in the middle of 2012, rose by 1.5% in the first half of 2013. The mail business achieved a 1.8% revenue increase as a consequence of acquisitions and positive revenue effects (elections and referendums), while parcel operations generated a 1.3% rise in revenue (excl. Benelux). Earnings also improved on this basis. EBIT climbed by 3.9% to EUR 98.4m, and earnings per share were up by 4.5% to EUR 1.12.

An important milestone in the first half of 2013 was Austrian Post's entry into the Turkish parcel market. In June, an agreement was reached with the owners of the parcel services provider Aras

Kargo to acquire a 25% stake in the company. The closing of the transaction took place on July 30, 2013. “On the basis of this acquisition we entered the promising future market of Turkey, whose parcel business offers enormous growth potential. Aras Kargo, a leading logistics provider, boasts an outstanding track record in the Turkish parcel market combined with a high level of services”, says Georg Pölzl, Chief Executive Officer of Austrian Post.

In addition to this strategic expansion, Austrian Post’s priorities remain the ongoing increase in efficiency and flexibilisation of its cost structure. The outlook for the 2013 financial year can be confirmed based on current market developments. Revenue is expected to remain stable or increase slightly, and the company is striving to further improve its EBIT.

REVENUE DEVELOPMENT IN DETAIL

In the first half of 2013, Austrian Post’s reported revenue of EUR 1,173.1m was at the same level as in the previous year. Adjusted to take account of the revenue of EUR 17.3m generated by the disposed and deconsolidated subsidiaries in the Benelux region in the first half of 2012, the revenue increase in the first half-year of 2013 amounted to 1.5%.

REVENUE BY DIVISION[1]

			Change			
EUR m	**H1 2012**	**H1 2013**	**%**	**EUR m**	**Q2 2012**	**Q2 2013**
Total revenue	**1,173.1**	**1,173.1**	**0.0%**	**0.0**	**567.4**	**570.2**
Revenue excl. Benelux subsidiaries[2]	**1,155.9**	**1,173.1**	**1.5%**	**17.3**	**560.9**	**570.2**
Mail & Branch Network	741.6	754.6	1.8%	13.0	356.6	363.7
Parcel & Logistics	430.8	419.0	-2.8%	-11.9	210.1	206.9
Parcel & Logistics excl. Benelux subsidiaries[2]	413.6	419.0	1.3%	5.4	203.6	206.9
Corporate	5.4	3.7	-30.6%	-1.6	4.1	0.3
Consolidation	-4.7	-4.2	10.2%	0.5	-3.3	-0.6
Calendar working days in Austria	124	123	–	–	60	60

[1] External sales of the divisions
[2] The closing of the disposal of trans-o-flex Nederland B.V. took place as of March 15, 2012, for trans-o-flex Belgium B.V.B.A as of May 31, 2012

Revenue of the Mail & Branch Network Division rose by 1.8%, or EUR 13.0m, to EUR 754.6m. On the one hand, this gratifying development can be attributed to the consolidation of new subsidiaries in Poland, Romania and Bulgaria (plus EUR 12.5m). On the other hand, the revenue increase is also due to the positive impetus provided by elections and referendums held in Austria during the first half of 2013. In addition, services offered in the field of Mail Solutions posted growth during the reporting period.

In the Parcel & Logistics Division, revenue adjusted to take account of the disposed subsidiaries in the Benelux region, rose by 1.3% to EUR 419.0m. From a regional perspective, the Austrian parcel market generated the strongest growth, whereas revenue declined in Germany.

INCOME STATEMENT

Against the backdrop of a stable revenue development of the Group, revenue declined in the German parcel and logistics business, which is characterised by a high share of external transport services. This is the underlying reason for the decrease in operating expenses for raw materials, consumables and services used, which fell by 1.9% to EUR 372.4m.

Staff costs increased slightly year-on-year by 0.6% to EUR 550.6m. This figure encompasses all 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. Operational staff costs at EUR 519.3m remained at a stable level compared to the previous year. Non-operational staff costs, which include severance payments, restructuring measures and provisions, amounted to EUR 31.2m in the first half of 2013 compared to the prior-year level of EUR 27.7m. In addition to the usual severance payments, a total of EUR 17.7m was allocated to the provisions for employee under-utilisation and various restructuring measures.

In the first half of 2013, earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post Group improved by 3.3% to EUR 139.9m. Accordingly, the EBITDA margin was 11.9%. Earnings before interest and tax (EBIT) rose by 3.9% to EUR 98.4m, corresponding to an EBIT margin of 8.4%.

EBIT BY DIVISION

EUR m	H1 2012[1]	H1 2013	%	Change EUR m	Q2 2012[1]	Q2 2013
Total EBIT	**94.7**	**98.4**	**3.9%**	**3.7**	**36.4**	**38.6**
Mail & Branch Network	137.0	141.9	3.6%	4.9	60.6	62.9
Parcel & Logistics	11.6	12.4	6.6%	0.8	3.8	5.0
Corporate	-53.9	-56.0	-3.9%	-2.1	-28.0	-29.3

[1] Apply of the revised standard IAS 19 ahead of schedule: adjustment for staff costs, results of investments consolidated at equity, income tax and the respective earnings items

The company also shows a stable development from a divisional perspective. The Mail & Branch Network Division generated an EBIT of EUR 141.9m, a rise of 3.6%. This increase is related to positive revenue effects as well as the ongoing efficiency improvements in the entire mail logistics operations. EBIT of the Parcel & Logistics Division in the first half of 2013 amounted to EUR 12.4m, slightly above the level achieved in the prior-year period. This positive earnings development is mainly attributable to the good performance in Austria. Overall, the division’s EBIT margin was 2.9%.

After deducting income taxes totalling EUR 20.0m, the Group net profit (profit after tax) in the first half of 2013 amounted to EUR 76.5m, a rise of 5.2% from the results of the prior-year period. After deducting the profit for the period attributable to non-controlling interests, this corresponds to earnings of EUR 1.12 per share, an increase of 4.5%. Q2 2013 earnings per share totalled EUR 0.44 compared to EUR 0.43 in the second quarter of the previous year.

CASH FLOW

In the first six months of 2013, operating cash flow before changes in working capital totalled EUR 154.5m, slightly above the prior-year level. On balance, the changes in net working capital totalled minus EUR 47.2m during the period under review, of which minus EUR 34.6m can be attributed to the reduction in current provisions and the related payments of obligations from previous periods.

The cash flow from investing activities of minus EUR 84.4m includes cash outflows for the purchase of property, plant and equipment (CAPEX) totalling EUR 49.9m, including investments of EUR 10.8m relating to the new logistics centre in Allhaming, Upper Austria, which is expected to be completed and put into operation by September 2014. In addition, cash outflows of EUR 17.2m were for acquisitions, mainly for the acquisition of the Romanian company PostMaster s.r.l. as well as the increased stake in M&BM Express OOD, Bulgaria. The free cash flow before acquisitions and securities totalled EUR 58.8m in the first half of 2013.

EMPLOYEES

The average number of full-time employees at the Austrian Post Group totalled 23,906 people in the first half of 2013. This comprises an increase of 925 employees from the prior-year period, about 1,600 of whom can be attributed to the newly acquired subsidiaries in Austria, Poland, Bulgaria and Romania. Most of Austrian Post's labour force is employed by the parent company Österreichische Post AG (a total of 18,843 full-time equivalents).

OUTLOOK FOR 2013

Austrian Post maintains its outlook for the entire year 2013. A stable or slightly positive revenue development is expected for the 2013 financial year.

The mail and parcel business continues to be impacted by the macro trends described as follows. One is the ongoing volume decline of traditional addressed letter mail items due to electronic substitution, which is likely to amount to 3–5% p.a., reflecting international trends. In contrast, the market for addressed and unaddressed direct mail items is likely to remain weak as a consequence of the slowdown in economic activity. However, positive volume effects related to various elections in Austria in 2013 will provide additional impetus in the mail business. The parcel business should continue to profit from growth in the private customer segment, whereas the intensive level of competition in the business customer segment is expected to continue, especially on the German market.

Enhancing the profitability of the mail and parcel services offered will continue to be a key focal point of the Group’s activities. In particular, Austrian Post will maintain its efforts to promote efficiency increases in its parcel and logistics business. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10%-12% for the group. The company is also striving to achieve a further improvement in its earnings before interest and tax

(EBIT) compared to the 2012 financial year. The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner 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 their continuous modernisation and efficiency enhancement.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

Divisional revenue developed very positively in the first half of 2013, increasing by 1.8% to EUR 754.6m. This development can be mainly attributed to the first-time full consolidation of new Group subsidiaries (plus EUR 12.5m) and positive effects of various elections and referendums in Austria in the first half of 2013.

Revenue in the field of Letter Mail & Mail Solutions improved by 1.8% from the prior-year period, rising to EUR 397.4m. The substitution of letter mail by electronic media is continuing as in the past. Such decreases took place, for example, in the telecommunications customer segment. In contrast, various elections provided added impetus, due to the fact that the possibility of voting by absentee ballot has emerged as a popular instrument of direct democracy. New services offered in the field of Mail Solutions also posted growth.

Revenue in the field of Direct Mail also increased in the first half of 2013, climbing by 2.8% to EUR 219.7m. The rise here was due to the newly consolidated subsidiaries and the positive effects of elections on the business. The weaker economy and the pressure of online business on retail stores dampened advertising spending. Media Post revenue was down by 1.2% in the first six months of 2013 to EUR 70.7m. In contrast, Branch Services revenue developed positively, rising by 1.1% to EUR 66.8m. This can be primarily attributed to higher sales of mobile telephony products, which compensated for the decline in financial services.

On balance, EBIT of the Mail & Branch Network Division improved by 3.6% to EUR 141.9m, which can be attributed to the good revenue development as well as the ongoing efficiency enhancement measures.

PARCEL & LOGISTICS DIVISION

External sales of the Parcel & Logistics Division decreased by 2.8% to EUR 419.0m in the first half of 2013. However, the prior-year period still included the revenue achieved by the Benelux subsidiaries disposed of during the first half of 2012. The deconsolidation of the Dutch company took place as of March 15, 2012, and the disposal of the Belgian subsidiary took effect on May 31, 2012. Adjusted to take account of the former Benelux subsidiaries, the division actually achieved a 1.3% revenue

increase in a year-on-year comparison. This growth was driven by increases in Austria and in South East and Eastern Europe. In contrast, revenue declined in Germany.

Premium Parcels (parcel delivery within 24 hours), which are mainly used in the business-to-business segment, generated revenue of EUR 314.3m in the first half of 2013, a drop of 4.6% from the previous year. This decline is primarily due to the deconsolidation of the Benelux subsidiaries as well as the downward trend in Germany due to the highly competitive market environment. Parcel volumes of business customers increased at an above-average rate in Austria. Standard Parcels, which mainly involve shipments to private customers, posted growth. Revenue rose by 3.5% to EUR 89.6m. Other Parcel Services generated revenue of EUR 15.1m during the period under review. This field includes various additional logistics services such as fulfilment, warehousing and cash logistics.

Earnings of the Parcel & Logistics Division featured an EBIT of EUR 12.4m, a rise of 6.6% from the previous year. Accordingly, the EBIT margin was 2.9% in the first half-year.

The half-year financial report 2013 is available on the Internet at www.post.at/ir/en --> Publications --> Financial Reports

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