

AUSTRIAN POST

INVESTOR PRESENTATION FY 2014

Georg Pölzl/CEO, Walter Oblin/CFO
Vienna, March 12, 2015



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results 2014

4. Outlook 2015



HIGHLIGHTS 2014

Market environment

Basic trend of e-substitution of letter mail is continuing



Retail sector and thus advertising customers under pressure



Growth in e-commerce drives parcel volumes



Hardly any economic impetus and strong competition in the B2B parcel market



1 Revenue

- Slight revenue increase of 0.2% to EUR 2,370.5m
- Decline in the mail business offset by parcel growth



2 Earnings

- EBIT rise of 5.9% to EUR 196.9m
- Earnings impacted by various special effects



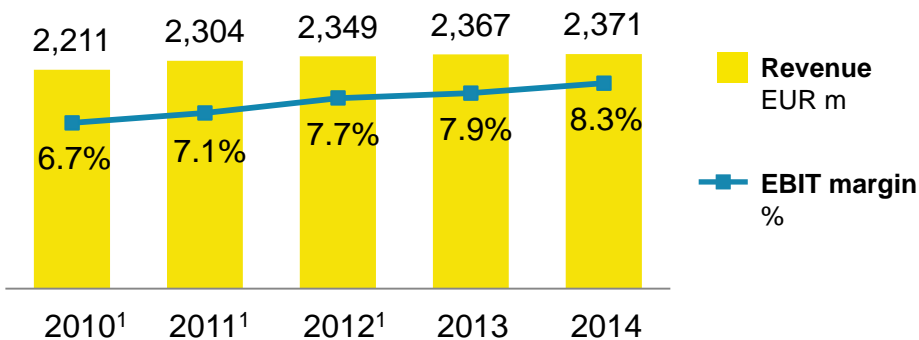
3 Dividend

- Sound level of cash flow secures investments and dividends
- Proposal to the Annual General Meeting: dividend of EUR 1.95/share

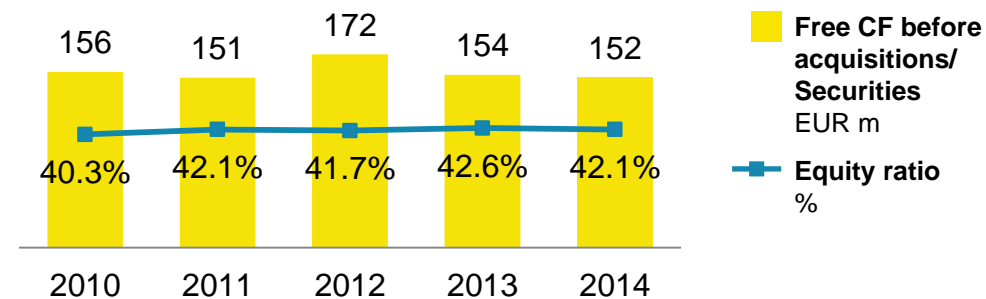


CLEAR CAPITAL MARKET POSITIONING CONFIRMED ONCE AGAIN IN 2014

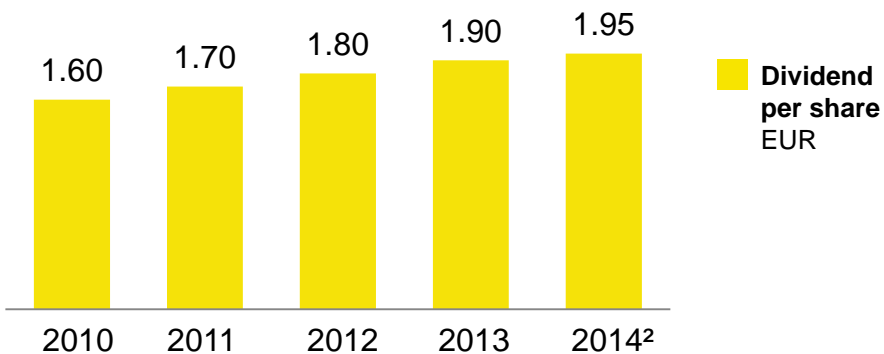
BUSINESS MODEL WITH A RESILIENT CHARACTER



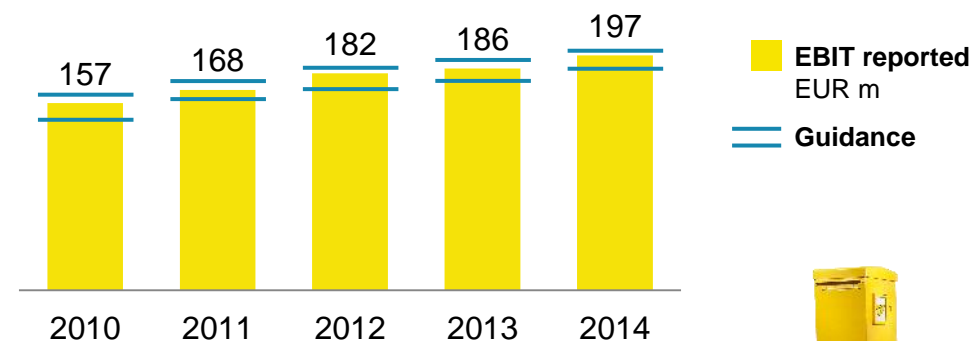
STRONG BALANCE SHEET & SOLID CASH FLOW



ATTRACTIVE DIVIDEND POLICY



RELIABILITY ("PROMISE & DELIVER")



¹ Figures adjusted for the Benelux subsidiaries (divestment in 2012) and meiller Group (accounted for using the equity method since 2011)

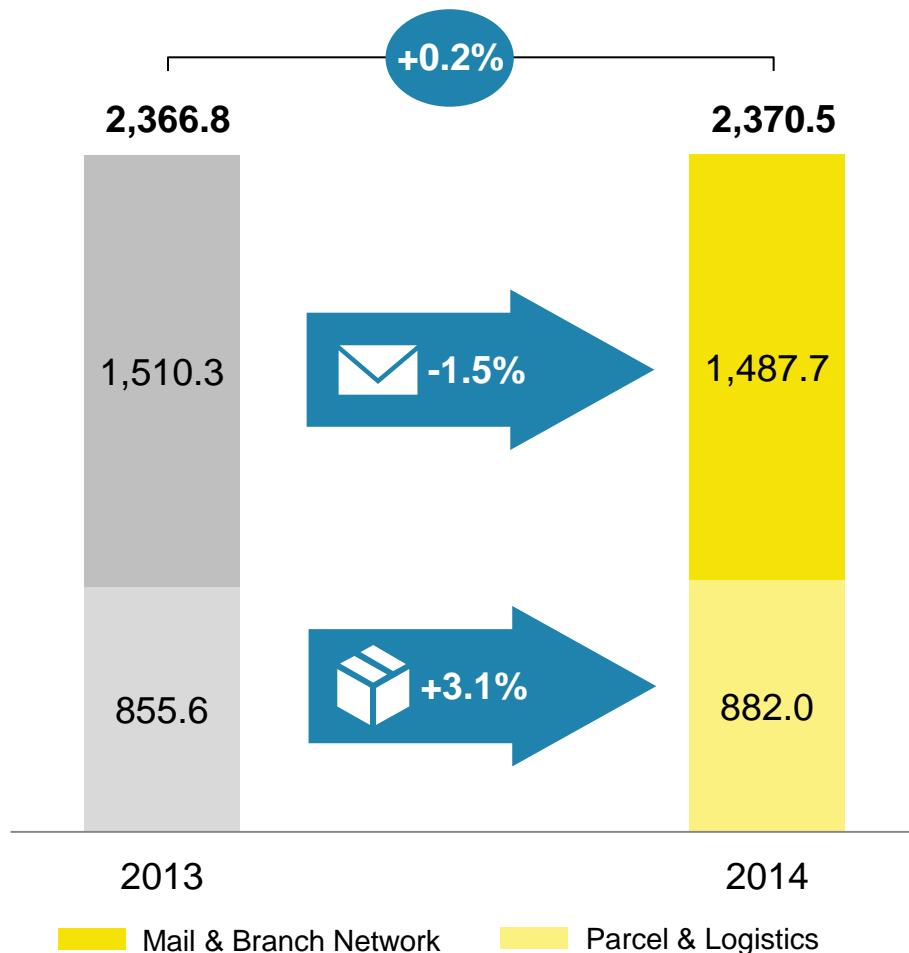
² Proposal to the Annual General Meeting on April 15, 2015



SLIGHT IMPROVEMENT IN REVENUE IN 2014

REVENUE DEVELOPMENT

EUR m



GROUP:

- 2014 revenue up 0.2%, slightly above the previous year
- Q4 growth somewhat higher at +0.8%

MAIL & BRANCH NETWORK:

- Revenue drop of 1.5% in 2014 due to electronic substitution and declining direct mail and branch services revenue
- Slight decrease of 0.2% in Q4

PARCEL & LOGISTICS:

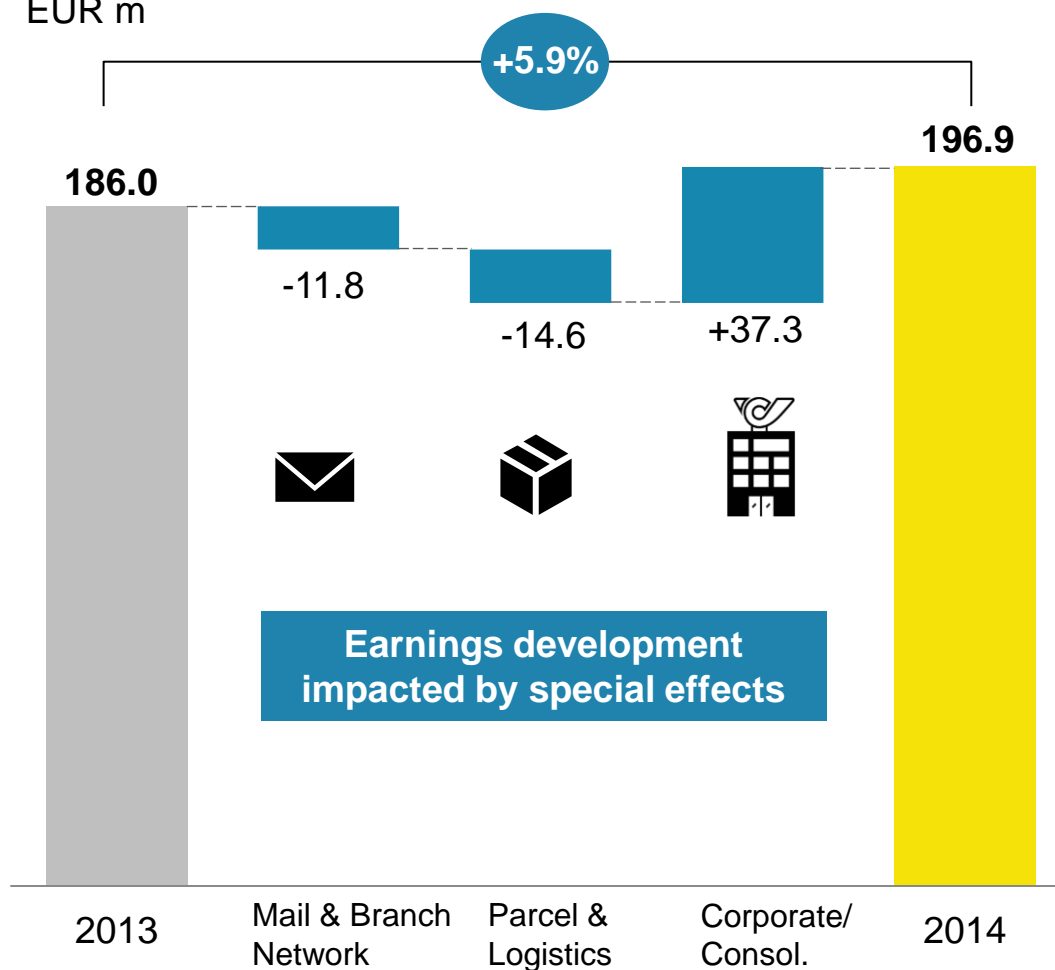
- Revenue growth of 3.1% as a mix of growth in Austria and CEE in contrast to decline in Germany
- Solid development in Q4 with revenue up 2.7%



IMPROVED EBIT LEVEL

EBIT DEVELOPMENT

EUR m



GROUP:

- Substantial rise in EBIT of 5.9%
- Earnings development impacted by special effects

MAIL & BRANCH NETWORK:

- EBIT decline of 4.2% in 2014
- Revenue drop and impairment losses on goodwill in CEE/SEE

PARCEL & LOGISTICS:

- EBIT affected by special effects at trans-o-flex
- Impairment loss on goodwill and various write-downs as well as structural measures amounting to minus EUR 48.7m (2013: minus EUR 34.1m)

CORPORATE:

- Positive development due to gain on sale of previous headquarters in Vienna (effect of EUR 62.4m)



1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results 2014

4. Outlook 2015



CLEAR STRATEGIC PRIORITIES

DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

Further consolidation of strong market position



PROFITABLE GROWTH IN SELECTED MARKETS

Performance enhancement and leverage of market potential



ENHANCING EFFICIENCY AND FLEXIBILISATION OF THE COST STRUCTURE

Logistics and process optimisation



CUSTOMER ORIENTATION AND INNOVATION

Promotion of self-service solutions and service improvements



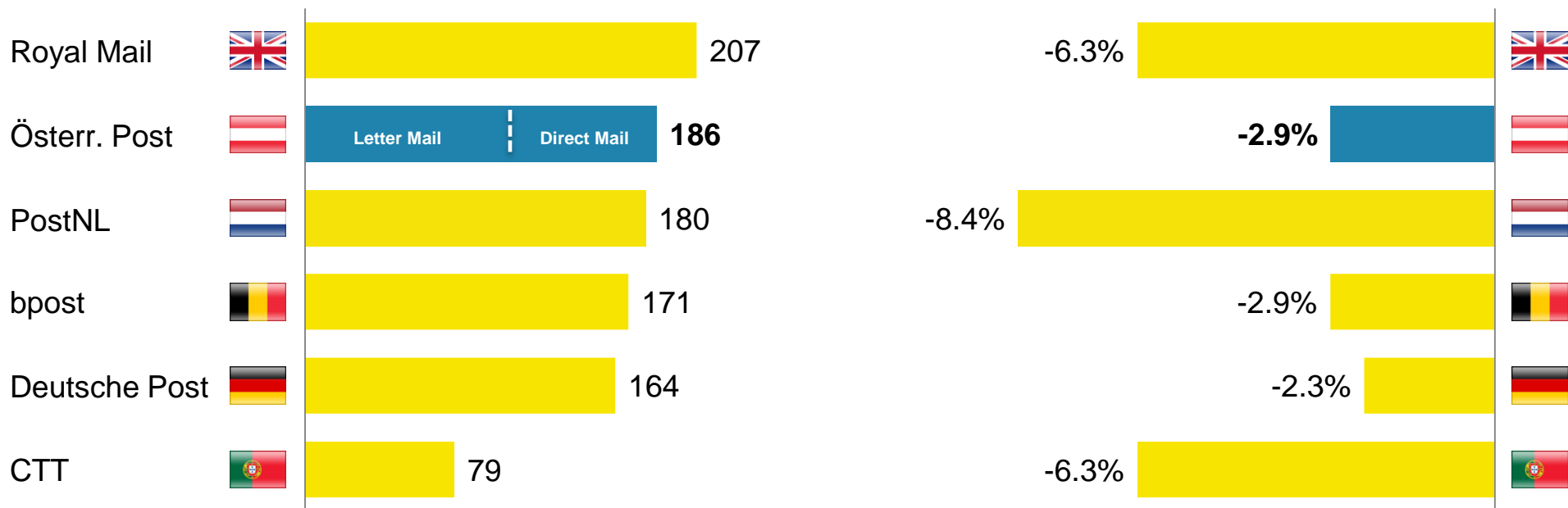


MARKET ENVIRONMENT IN THE MAIL BUSINESS IN INTERNATIONAL COMPARISON

ONLY MODERATE VOLUME DECLINE IN AUSTRIA IN INTERNATIONAL COMPARISON

ADDRESSED MAIL VOLUME PER CAPITA IN 2013

VOLUME DECLINE CAGR (2008-2013)



„We are fighting for every letter!“

Source: IPC, company data

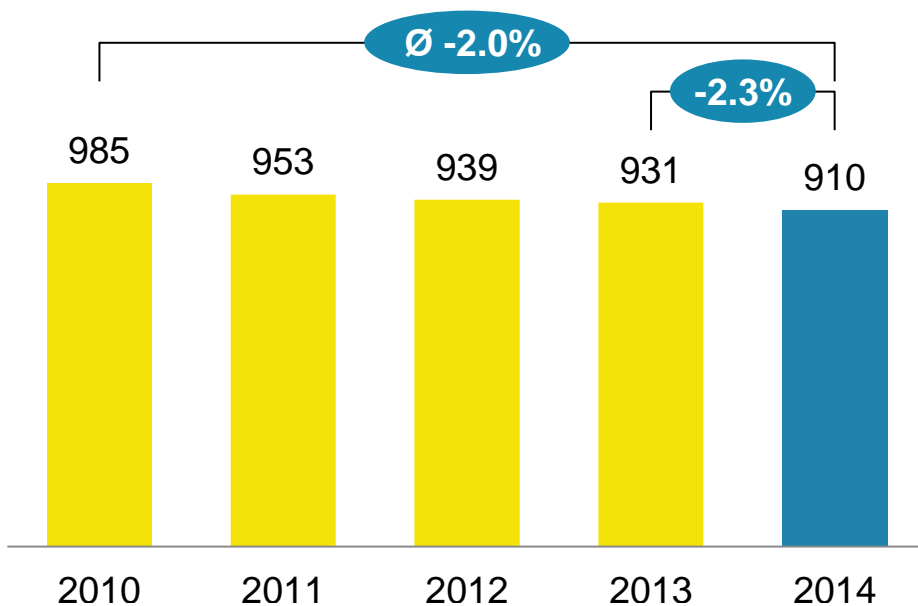




DEVELOPMENT OF MAIL VOLUMES IN AUSTRIA

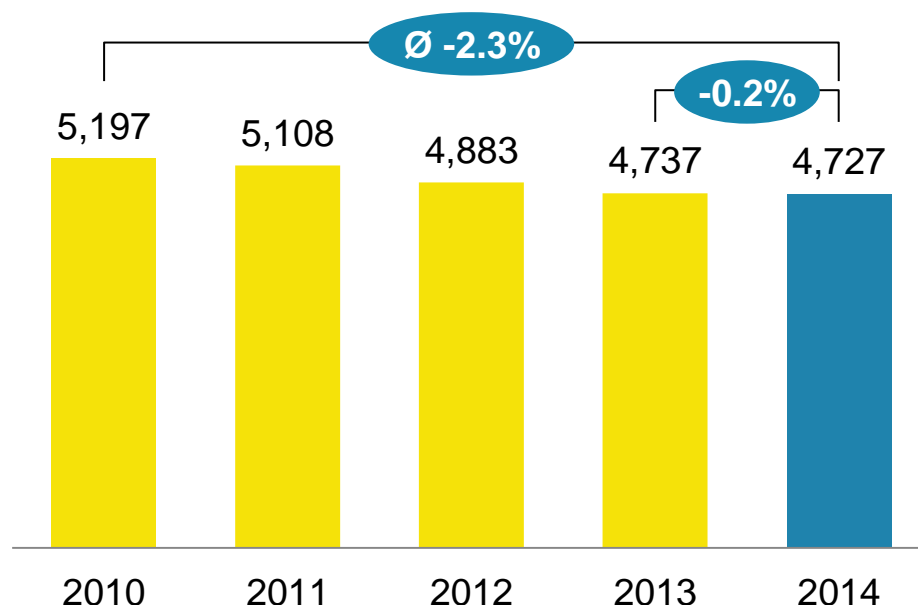
LETTER MAIL (millions of items)

- Basic trend towards electronic substitution is continuing
- Positive effects from elections in 2013 and in 2014



DIRECT MAIL/MEDIA POST¹ (millions of items)

- Volumes in 2014 at the prior-year level in spite of lower revenue effects from elections
- Slight growth in unaddressed mail items and decrease in the addressed mail segment in 2014



¹ Addressed and unaddressed direct mail/media post items



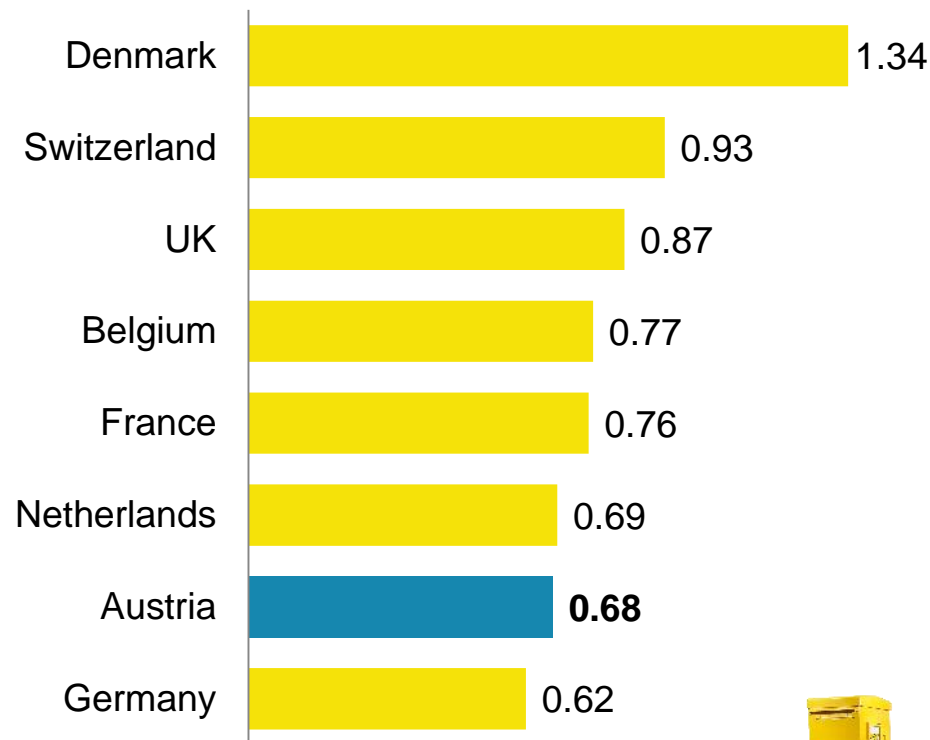
PRICE ADJUSTMENT FOR LETTER MAIL IN 2015

INFLATION-LINKED ADJUSTMENT OF POSTAL RATES FOR LETTERS AS OF MARCH 2015

- First increase in postal rates since the product reform in 2011
- Increase reflects inflation rate over the past years
- Rise in postage for standard letters from 62 to 68 cents, for large letters from EUR 3.80 to EUR 4.00
- Price adjustments also serve as the basis for future investments to enhance customer comfort and service quality



POSTAGE FOR STANDARD DOMESTIC LETTERS



Nominal price in EUR, status: March 2015





POSITIVE REVENUE EFFECTS FROM ELECTIONS

2013

- National elections
- 4 elections to state parliaments (Carinthia, Lower Austria, Tyrol and Salzburg)
- Referendum on the army and Vienna

+EUR 14m
revenue

2014

- EU elections
- Chamber of Labour election
- 1 election for the state parliament (Vorarlberg)
- Referendum in Vienna

+EUR 9m
revenue

2015

- 4 elections to state parliaments (Vienna, Upper Austria, Styria, Burgenland)
- Federal Economic Chamber election
- Various municipal election



STRENGTHENING OF DIRECT DEMOCRACY

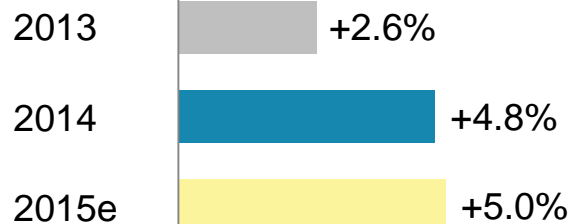
- **Election advertising**
Individual solutions and customised campaign packages
- **Absentee voting**
Absentee ballots already comprised 15% of votes cast in Austria in the EU elections in 2014



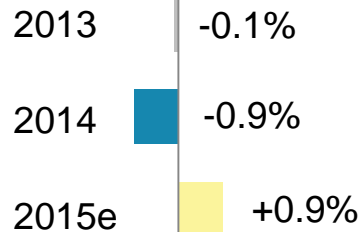
MARKET ENVIRONMENT ON THE AUSTRIAN PARCEL MARKET

VOLUME DEVELOPMENT OF THE ENTIRE MARKET

B2C/C2C

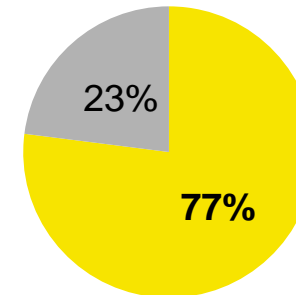


B2B

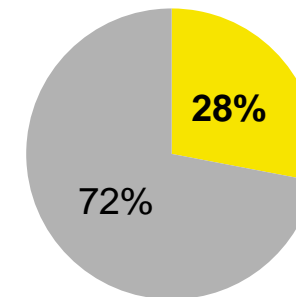


MARKET SHARES BY VOLUME

B2C/C2C



B2B



Austrian Post
 Competitors

- Strong volume growth of private customer parcels due to the online shopping trend
- Little economic impetus for growth in the business parcel segment

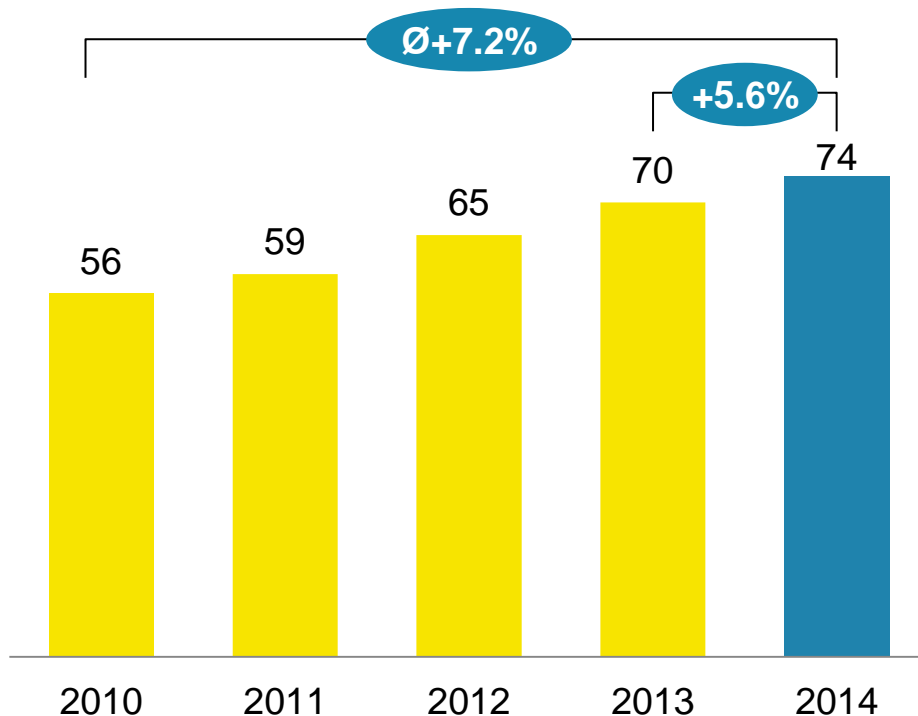
- Clear market leadership in the private customer segment
- Steady rise in market share for business customers, from 26% in 2013 to 28% in 2014

Source: Kreutzer, Fischer & Partner, February 2015



PARCEL & LOGISTICS BUSINESS IN AUSTRIA

PARCELS AUSTRIA (millions of parcels)



Trends and pilot projects

Same day delivery and evening delivery

Expansion of Austrian-wide next-day delivery

Food logistics

E-commerce Fulfillment services





GROWTH IN SELECTED MARKETS

INTERNATIONAL PARCEL AND MAIL SUBSIDIARIES



PARCEL BUSINESS

- Substantial revenue increases and enhanced profitability in CEE/SEE, stronger focus on the private customer business
- Intensively competitive market environment in Germany



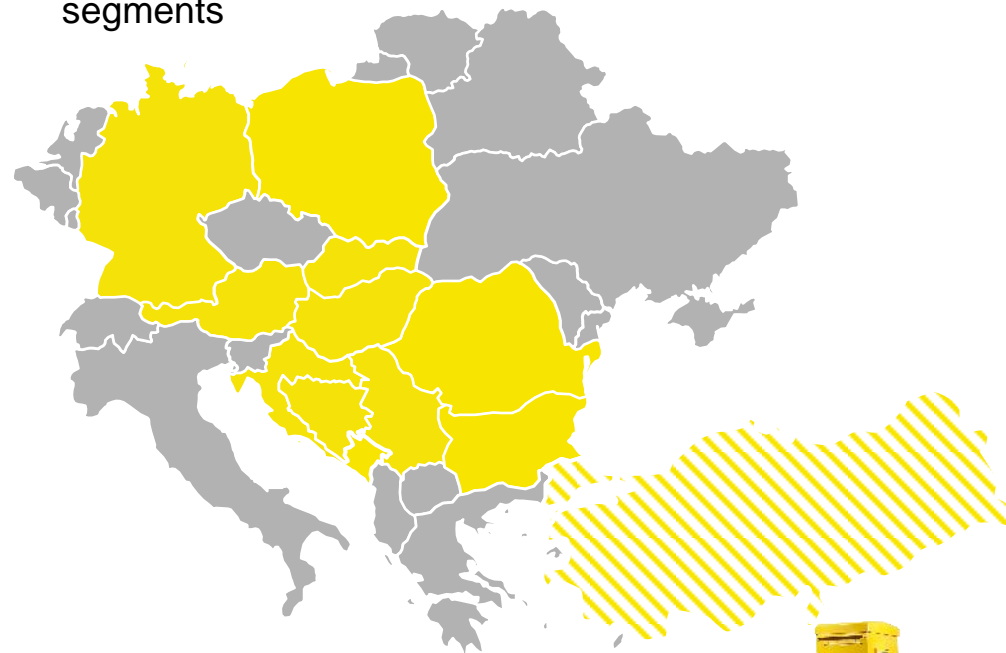
MAIL BUSINESS

- Difficult market environment – ongoing screening and focusing
- Launch of sales process for mail subsidiary in Hungary

Objective: focus on growth areas in the parcel business

GROWTH MARKETS WITH FUTURE POTENTIAL

- Parcel subsidiaries in 9 and mail subsidiaries in 8 countries
- Leading market positions in relevant market segments

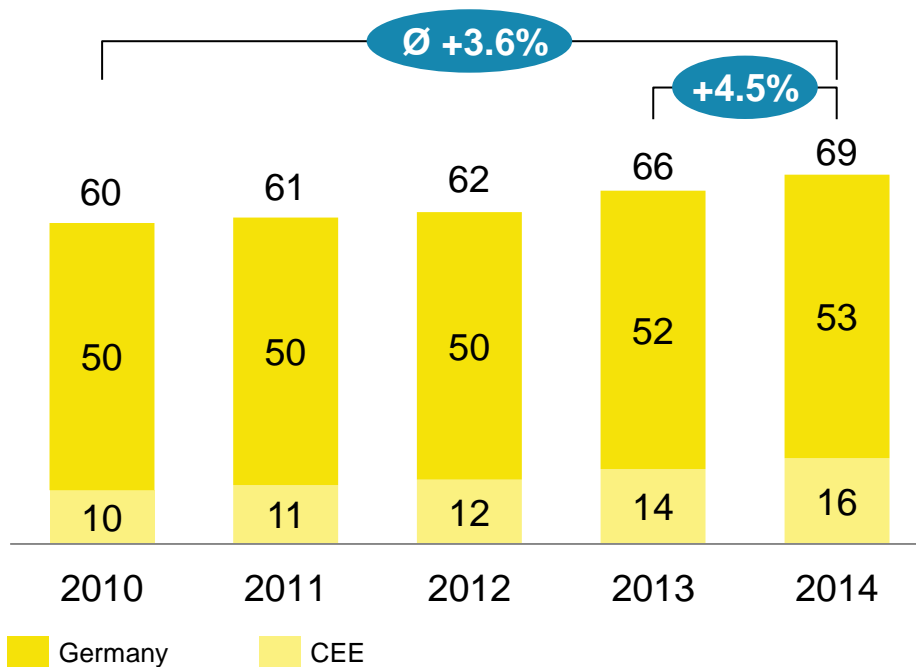




VOLUME DEVELOPMENT IN THE INTERNATIONAL PARCEL BUSINESS

INTERNATIONAL PARCELS (millions of parcels)¹

- Ongoing focus on qualitative growth in Germany
- Positive volume development in CEE/SEE



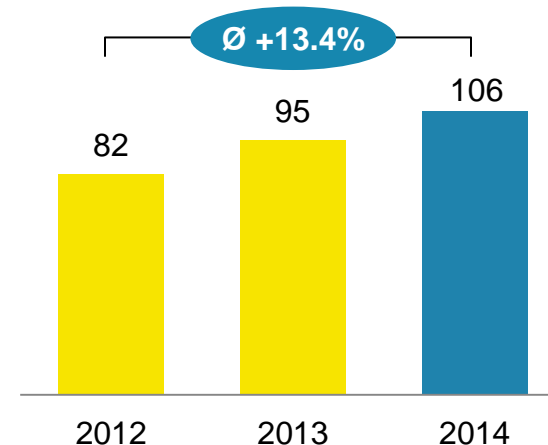
¹ Sales excl. Turkey (shareholding in Aras Kargo accounted for using the equity method)

STRATEGIC STAKE IN TURKEY

- 25% shareholding in Turkey's second largest parcel services provider
- Option for a further 50% in 2016
- Support by Austrian Post in process planning, technical implementation and orientation to customer needs



(millions of parcels/documents)





GERMANY: INCREASED EFFICIENCY AND FOCUS ON PHARMACEUTICALS

CONSISTENT IMPLEMENTATION OF EFFICIENCY ENHANCEMENT PROGRAMME

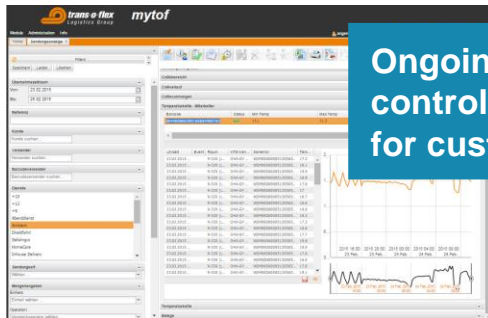
- Reorganisation of organisational structure and logistics processes
- Take over of distribution companies: about 50% of transport operations under direct control



Target: Control and optimisation of the operational costs of the last mile

FOCUS ON THE NICHE PHARMACEUTICALS: TRANS-O-FLEX AMBIENT

trans-o-flex ambient: temperature controlled pharmaceutical transport since October 2014 throughout Germany



Ongoing temperature control – now also available for customers online



AEP direkt active on the pharmaceutical wholesale market (44% stake)

- Started in October 2013 and already about EUR 100m revenue in 2014
- Supplies more than 9% of all pharmacies



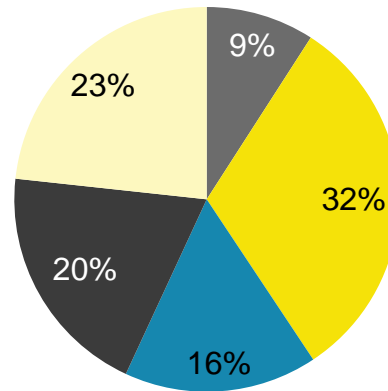
SYSTEMATIC INVESTMENT PROGRAMME

FUTURE INVESTMENTS TO ENHANCE EFFICIENCY AND CUSTOMER ORIENTATION

Sorting technologies



CAPEX 2014:
EUR 82.6m



Replacements in vehicle fleet



Branch network and self-service



Capacity expansion

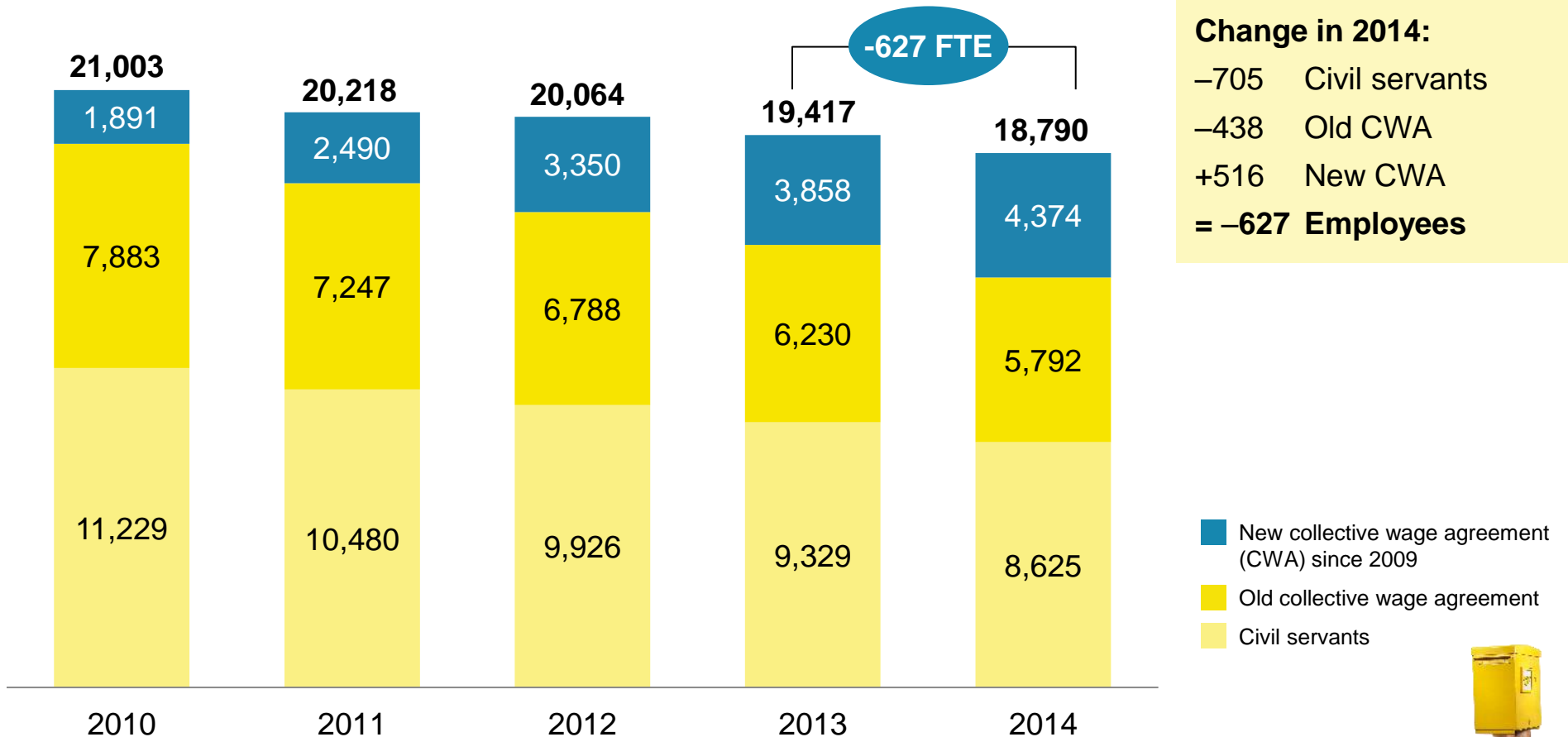


- Technical plant and machinery, assets under construction
- Property and buildings
- Vehicle fleet
- Equipment, furniture and fittings, hardware, branch network
- Intangible assets



OPTIMISATION OF THE COST STRUCTURE

FULL TIME EQUIVALENTS IN THE CORE BUSINESS IN AUSTRIA (average for the period)



Adjusted presentation 2010-2013: merger of PDG with Post AG

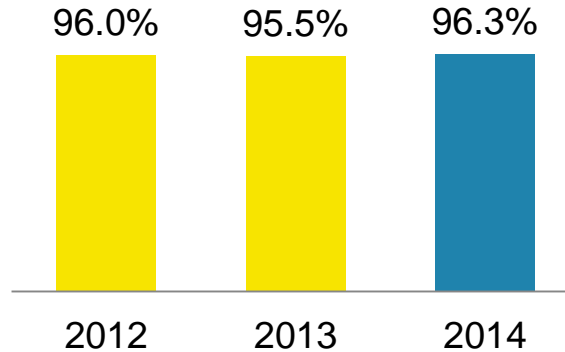




HIGH QUALITY STANDARDS INCREASE CUSTOMER SATISFACTION

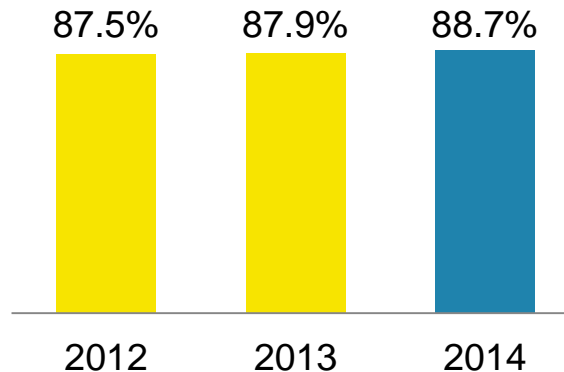
E+1 LETTER MAIL DELIVERY TIME

Legal requirements:
delivery of 95% of all letters on the next working day



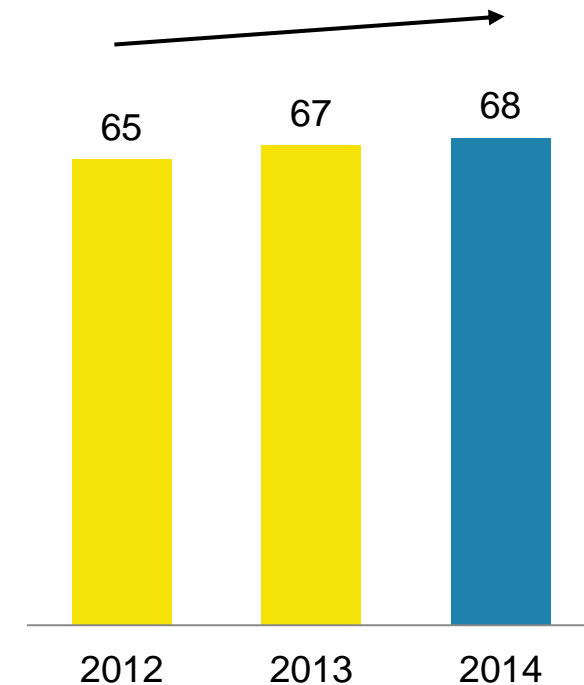
FIRST-TIME DELIVERY SUCCESS RATE FOR PARCELS

Successful delivery on the first attempt
Important factor for customer satisfaction and delivery costs



CUSTOMER SATISFACTION

“Customer Satisfaction Index” of Austrian Post compiled quarterly (N=1.000)





CUSTOMER ORIENTATION AND INNOVATION

ONGOING ROLL-OUT OF INNOVATIVE 24/7 SELF-SERVICE SOLUTIONS

Franking machine & drop-off boxes



260 self-serv. zones
Target in 2015: 300

Pick-up stations



126 pick-up stations
Target in 2015: 200

Pick-up boxes



8,415 pick-up boxes
Target in 2015: 11,000



INNOVATIVE ONLINE CUSTOMER SOLUTIONS

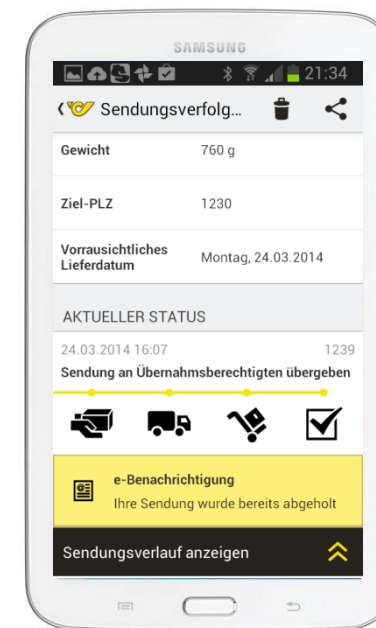
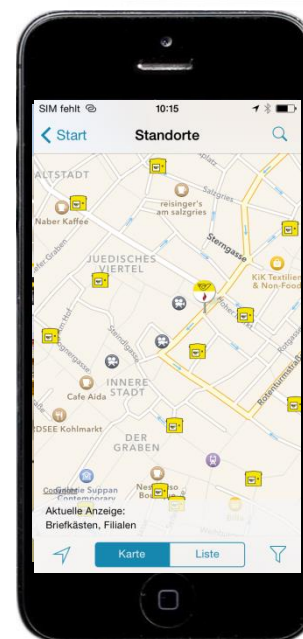
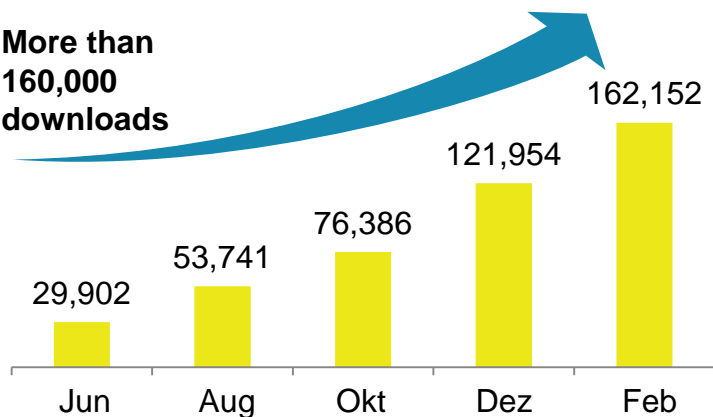
MOBILE 24/7 POST SERVICES

POST APP

- E-notification via Post App
- Redirection of parcels to branch office or pick-up station, neighbour or storage at home
- Service functions such as track & trace, branch office, letter box and postal code locator, rate calculator

Accumulated App downloads per month

More than
160,000
downloads



1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS 2014

4. Outlook 2015



FINANCIAL INDICATORS 2014 AT A GLANCE

	2013	2014	
Revenue (EUR m)	2,366.8	2,370.5	Revenue slightly above the previous year (+0.2%)
EBITDA margin	12.9%	14.1%	EBITDA margin of 14.1% strongly impacted by special effects
EBIT margin	7.9%	8.3%	Ongoing high level of profitability
Earnings/share (EUR)	1.82	2.17	Earnings per share above the prior-year level
Cash flow (EUR m)	153.9	151.7	Solid free cash flow before acquisitions/securities
Equity ratio	42.6%	42.1%	Conservative balance sheet structure featuring a low level of debt



SIGNIFICANT EARNINGS EFFECTS IN 2014

Special effects		Earnings effect
COMMERCIAL PROPERTIES	Sale of former corporate headquarters in Vienna (Postgasse)	plus EUR 62.4m
TRANS-O-FLEX GROUP GERMANY	<p>Impairment loss on goodwill of the trans-o-flex Group</p> <p>Write-downs on receivables as well as structural measures related to the acquisition of distribution companies</p>	<p>minus EUR 38.9m</p> <p>minus EUR 9.8m</p>
MAIL SUBSIDIARIES IN CEE/SEE	Impairment loss on goodwill for the mail subsidiary PostMaster Poland	minus EUR 9.7m
STAFF COSTS	Parameter adjustments for interest-bearing provisions (discount rate, salary increases and employee turnover)	minus EUR 22.5m

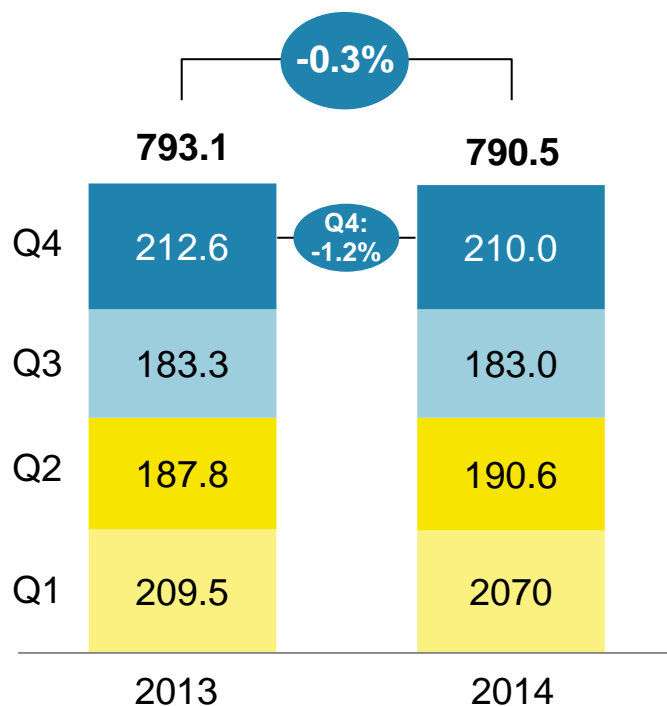
KEY INCOME STATEMENT INDICATORS

EUR m	Change						
	2013	2014	%	abs.	Q4 2013	Q4 2014	
Revenue	2,366.8	2,370.5	0.2%	3.7	632.6	637.9	
Other operating income	69.7	134.4	92.9%	64.8	19.5	84.3	Sale of former corporate headquarters with positive effect of EUR 62.4m
Raw materials, consumables and services used	-753.3	-744.5	-1.2%	-8.8	-196.7	-199.1	
Staff costs	-1,073.5	-1,109.5	3.4%	36.0	-289.2	-294.1	Parameter adjustments for interest-bearing staff provisions of minus EUR 22.5m
Other operating expenses	-298.6	-317.0	6.2%	18.4	-82.6	-96.8	
Equity results	-6.6	-0.1	98.3%	6.4	-1.7	1.4	
EBITDA	304.5	333.8	9.6%	29.3	81.9	133.6	
<i>EBITDA margin</i>	12.9%	14.1%	–	–	13.0%	20.9%	
Depreciation, amortisation and impairment	-118.5	-136.9	15.5%	18.4	-27.5	-69.3	Impairment losses on goodwill of trans-o-flex and PostMaster Poland
EBIT	186.0	196.9	5.9%	10.9	54.4	64.2	
<i>EBIT margin</i>	7.9%	8.3%	–	–	8.6%	10.1%	
Other financial result	-14.8	-2.8	80.7%	11.9	-12.0	-0.4	Prior-year financial result negatively affected by write-downs on loans granted to MEILLERGHP (minus EUR 10.6m)
Income tax	-47.2	-47.2	0.0%	0.0	-23.3	-16.8	
Profit for the period	124.0	146.8	18.4%	22.8	19.2	47.1	

MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN 2014

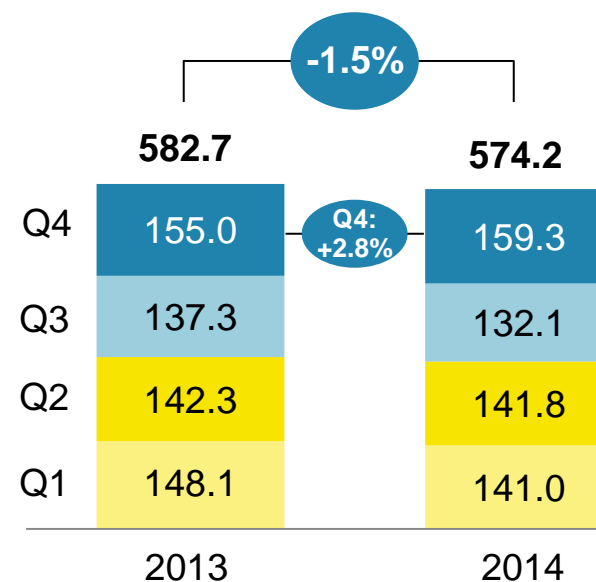
LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Basic trend of e-substitution is continuing; decreases for example in the banking customer segment
- Growth in the field of Mail Solutions (+ EUR 3.9m)



DIRECT MAIL/MEDIA POST (EUR m)

- Pressure of online business on retail stores and traditional mail order business is still perceptible
- Decrease in revenue effects from elections compared to 2013 (especially in Q3)
- Q4 growth in Media Post



Note: adjusted presentation of revenue in segment reporting



MAIL & BRANCH NETWORK DIVISION: KEY INCOME STATEMENT INDICATORS

EUR m	Change						
	2013 ¹	2014	%	abs.	Q4 2013 ¹	Q4 2014	
Revenue	1,510.3	1,487.7	-1.5%	-22.6	402.9	402.0	▶ Solid revenue development featuring slight decline
• Letter Mail & Mail-Solutions	793.1	790.5	-0.3%	-2.7	212.6	210.0	
• Direct Mail	441.8	431.0	-2.5%	-10.8	117.6	117.9	
• Media Post	140.9	143.2	1.7%	2.3	37.4	41.4	
• Branch Services	134.4	123.0	-8.5%	-11.4	35.3	32.7	
Total revenue ²	1,585.4	1,567.1	-1.2%	-18.3	423.5	424.4	
Equity results	-6.7	1.1	>100%	7.8	-2.4	1.1	
EBITDA	320.7	311.0	-3.0%	-9.7	87.0	87.7	▶ Impairment losses on goodwill EUR 4.3m higher than in 2013
<i>EBITDA margin³</i>	20.2%	19.8%	–	–	20.6%	20.7%	
Depreciation, amortisation and impairment	-38.8	-41.0	5.5%	2.1	-14.0	-13.3	
EBIT	281.8	270.0	-4.2%	-11.8	73.0	74.5	
<i>EBIT margin³</i>	17.8%	17.2%	–	–	17.2%	17.5%	

¹ Change in presentation of revenue in segment reporting

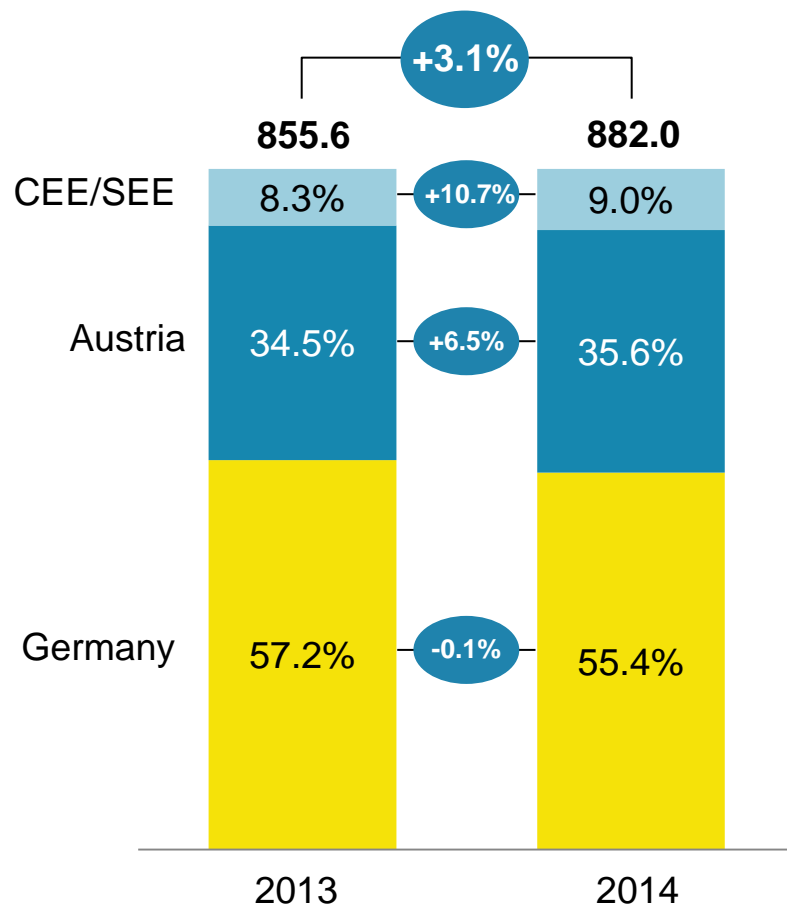
² Incl. revenue with other segments

³ EBIT margin and EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT 2014

REVENUE (EUR m), REGIONAL MIX (%)



SOUTH EAST/EASTERN EUROPE: +10.7%

- Strong revenue growth and further productivity increases
- Good development in Slovakia and Croatia

AUSTRIA: +6.5%

- Solid growth due to online shopping and new logistics solutions
- New customers in logistics services

GERMANY: -0.1%

- Competitive market environment and high price pressure
- Focus on securing revenue and logistics efficiency

Note: changed presentation of revenue in segment reporting



PARCEL & LOGISTICS DIVISION: KEY INCOME STATEMENT INDICATORS

EUR m	2013 ¹	2014	Change		Q4 2013 ¹	Q4 2014	
			%	abs.			
Revenue	855.6	882.0	3.1%	26.4	229.4	235.6	▶ Revenue increase of 3.1% in 2014
• Premium	643.0	658.4	2.4%	15.5	169.4	172.2	
• Standard	181.4	188.2	3.8%	6.9	51.5	54.0	
• Other Parcel Services	31.3	35.3	13.0%	4.1	8.5	9.4	
Total revenue ²	865.0	890.8	3.0%	25.8	231.8	237.9	
Equity results	1.8	2.0	11.4%	0.2	1.4	0.9	
EBITDA	42.8	41.4	-3.2%	-1.4	14.8	7.2	▶ EBITDA includes write-downs on receivables as well as structural measures to the amount of EUR 9.8m (2013: EUR 7.1m)
<i>EBITDA margin³</i>	4.9%	4.6%	—	—	6.4%	3.0%	
Depreciation, amortisation and impairment	-47.7	-60.9	27.7%	13.2	-5.4	-45.3	▶ Impairment loss on goodwill of the trans-o-flex Group of EUR 38.9m (2013: EUR 27.0m)
EBIT	-4.9	-19.5	<-100%	-14.6	-38.1	9.4	

Adjusted EBIT EUR 29.2m (margin of 3.4%)
before impairment losses (receivables, goodwill) as well as structural measures in connection with distribution companies

¹ Change in presentation of revenue in segment reporting

² Incl. revenue with other segments

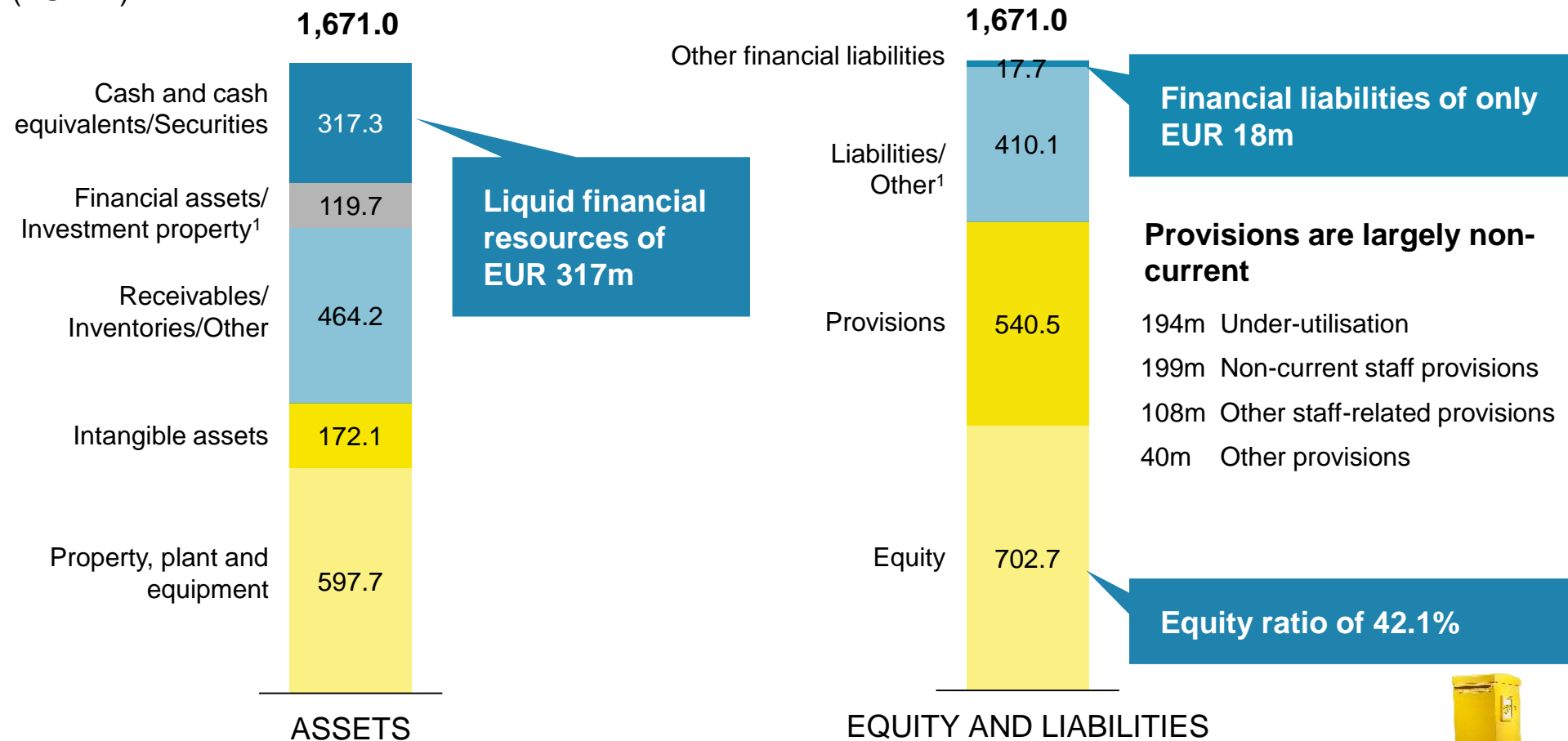
³ EBITDA margin in relation to total revenue



SOUND BALANCE SHEET STRUCTURE

BALANCE SHEET AS OF DECEMBER 31, 2014

(EUR m)



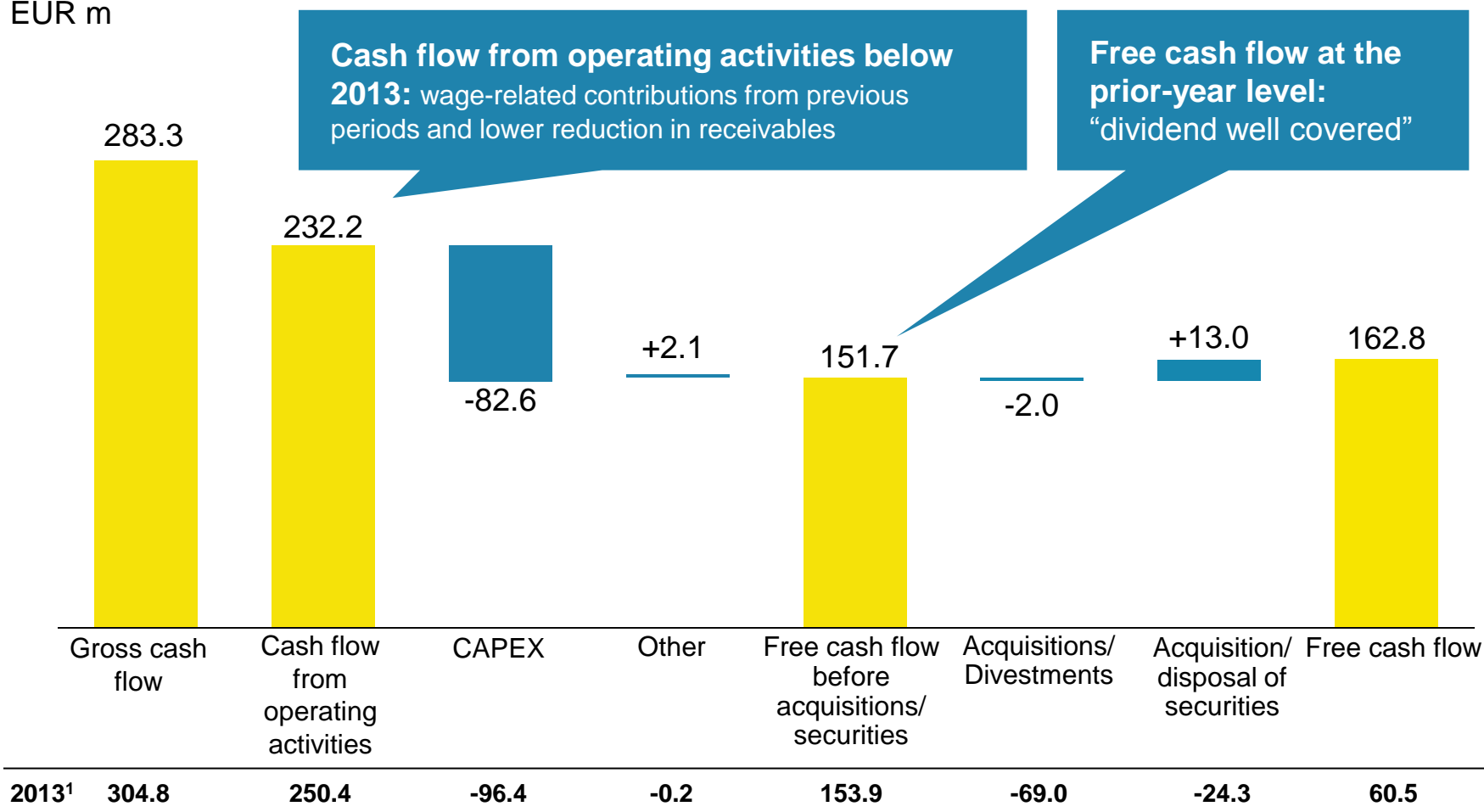
¹ Including assets /liabilities held for sale amounting to EUR 0.6m respectively



ROBUST CASH FLOW

CASH FLOW DEVELOPMENT

EUR m



¹ Adjusted presentation



CURRENT REAL ESTATE PROJECTS

DEVELOPMENT OF REAL ESTATE PORTFOLIO IN ACCORDANCE WITH THE PRINCIPLES OF EFFICIENCY AND VALUE ENHANCEMENT

Old company headquarters: Postgasse 1010



- Sale to the Soravia Group in December 2014
- Low book value at the time of the sale
- Positive earnings effect of EUR 62.4m
- Cash inflow in 2015

Reinvestment of sales proceeds in the new corporate headquarters



New company headquarters: Rochusmarkt 1030

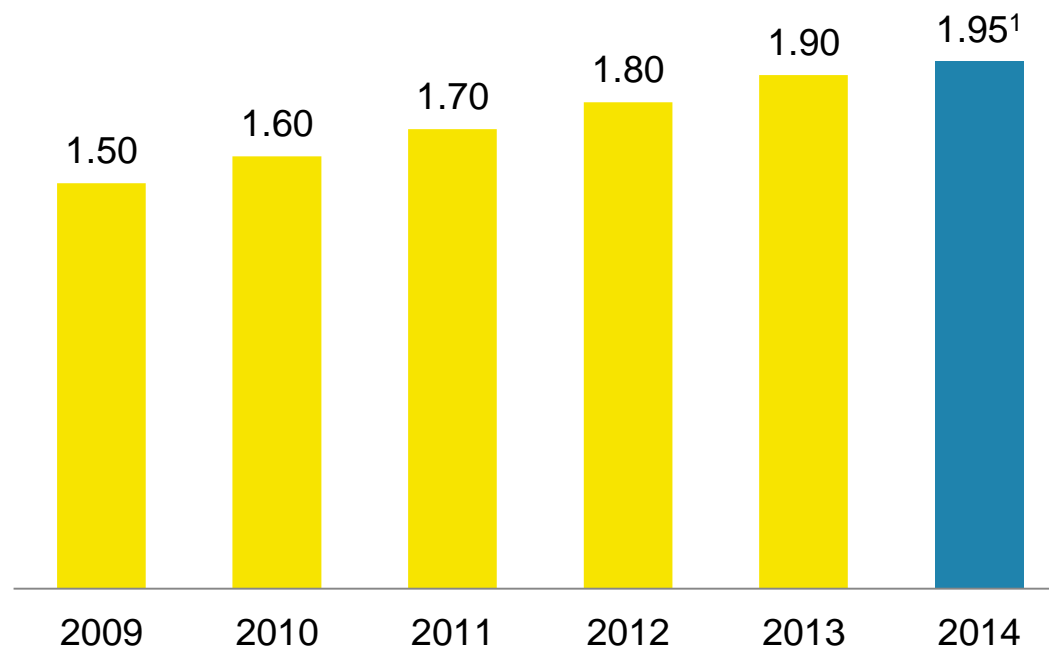


- Existing building with 10,000m² floor space
- Value increase of EUR 20m due to new zoning of the building to approx. 49,000m², including about 5,000m² for rental
- Construction begins in 2015, completion in 2017
- Investment in upper double-digit euro million range

DIVIDEND POLICY

ATTRACTIVE DIVIDEND POLICY WILL BE MAINTAINED

- Dividend proposal to the Annual General Meeting: EUR 1.95 per share
- Dividend yield as at December 31, 2014: 4.8%
- Dividend policy: distribution of at least 75% of the Group net profit
- Dividends should further develop in line with the Group's profit



¹ Proposal to the Annual General Meeting on April 15, 2015



1. Highlights and Overview

2. Strategy Implementation

3. Group Results 2014

4. OUTLOOK 2015



OUTLOOK 2015

Market environment

- Ongoing drop in mail volume due to electronic substitution; international trends in addressed mail of minus 3-5%
- Differentiated volume development of direct mail items (pressure on retail stores and mail order business)
- Growth in private customer parcels of 3-6% depending on the region, weak economy leads to little positive impetus for business parcels

Revenue

- Average growth rate of 1-2% p.a.
- Group revenue increase of similar magnitude also in 2015

Costs & investments

- Continuous investments, efficiency enhancement and structural improvements
- Operating CAPEX of EUR 80-90m in 2015
- Construction of new corporate headquarters (completion in 2017)

Earnings

- Medium-term goal of generating a sustainable EBITDA margin of about 12% also applies to 2015
- Targeted ongoing improvement of EBIT



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Financial calendar 2015

March 12, 2015

Annual results 2014

April 15, 2015

Annual General Meeting 2015

April 29, 2015

Ex-dividend day/Dividend
payment date

May 7, 2015

Interim report Q1 2015

August 6, 2015

Half-year financial report 2015

Nov. 12, 2015

Interim report Q1-3 2015

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