

AUSTRIAN POST

H1 2014

INVESTOR PRESENTATION

Georg Pölzl/CEO, Walter Oblin/CFO
Vienna, August 14, 2014

**IF IT REALLY
COUNTS, RELY ON
AUSTRIAN POST.**







1. Highlights and Overview

2. Group Results H1 2014

3. Outlook 2014



HIGHLIGHTS H1 2014

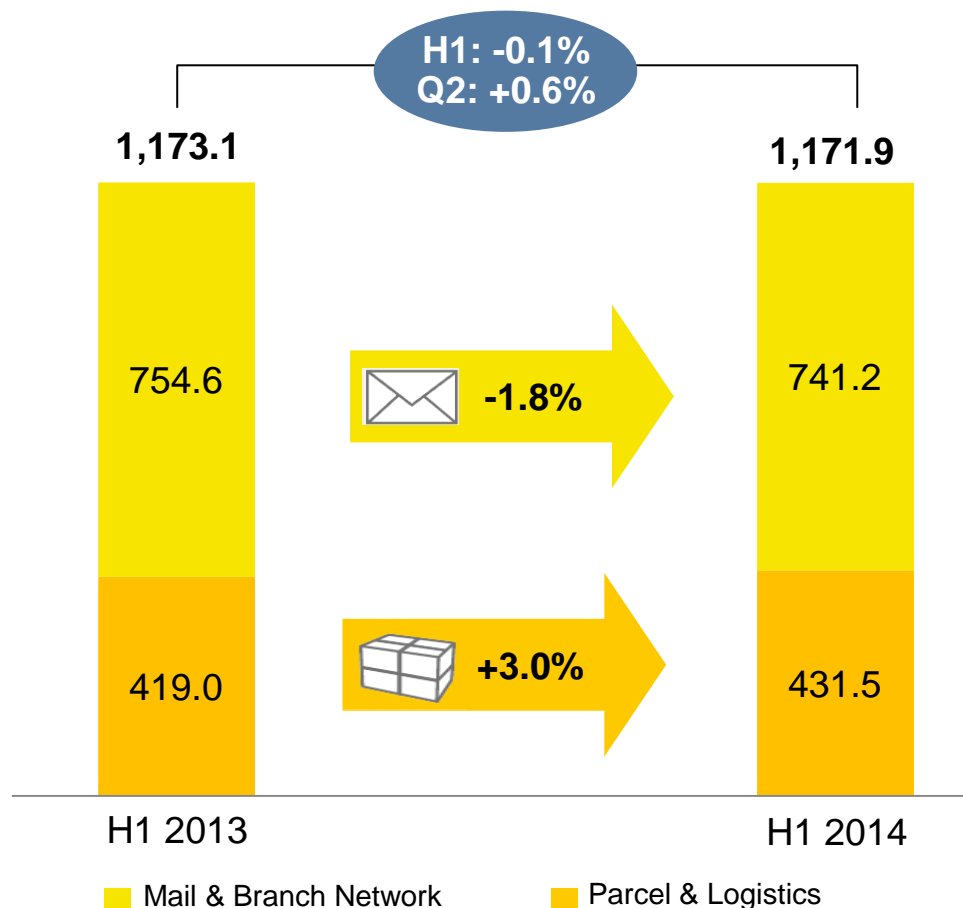
1 Revenue		<ul style="list-style-type: none"> ▪ Stable development of Group revenue (H1-0.1%, Q2 +0.6%) ▪ Slight drop in mail revenue – ongoing trend towards e-substitution and declining direct mail volumes ▪ Solid growth in the parcel business continues
2 Earnings		<ul style="list-style-type: none"> ▪ Strict efficiency enhancement and cost optimisation ▪ Rise in EBITDA as well as EBIT
3 Cash flow/ Balance sheet		<ul style="list-style-type: none"> ▪ Cash flow remains on a solid level ▪ High level of cash and cash equivalents and low financial liabilities
4 Outlook		<p>Outlook confirmed for 2014:</p> <ul style="list-style-type: none"> ▪ Stable revenue development in challenging market environment ▪ Target of further improving EBIT



STABLE GROUP REVENUE IN H1 2014

Revenue development¹

EUR m



Group revenue

Slight decline of 0.1% in H1;
revenue increase of 0.6% in Q2 2014



Mail & Branch Network

Revenue decrease of 1.8% in H1 and 0.4% in Q2: positive revenue effects from EU election in Q2 2014



Parcel & Logistics

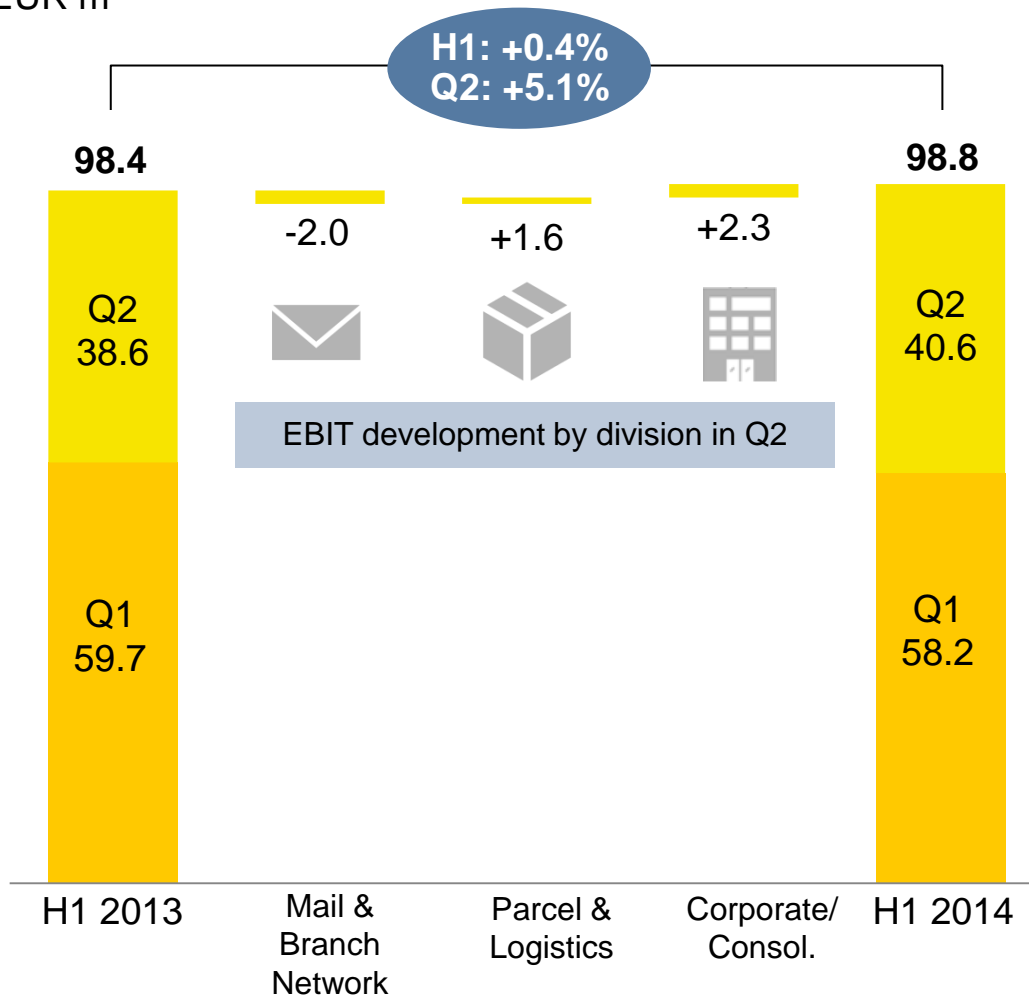
Further revenue increase of 3.0% in H1 and 2.3% in Q2: Growth in Austria and CEE

1) Total revenue includes Corporate/Consolidation (H1 2013: minus EUR 0.5m / H1 2014: minus EUR 0.8m)






IMPROVED EBIT LEVEL

EBIT development EUR m



Group EBIT:

Rise of 0.4% to EUR 98.8m in H1 2014 and 5.1% in Q2 2014

- 
Mail & Branch Network
 Lower revenue leads to slight EBIT decline
- 
Parcel & Logistics
 Earnings improvement in Austria and CEE
- 
Corporate
 EBIT increase due to reduced need to allocate provisions for employee under-utilisation



CLEAR STRATEGIC PRIORITIES IN 2014

1 DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

Further consolidation of the strong market position



2 PROFITABLE GROWTH IN SELECTED MARKETS

Performance enhancement and exploitation of market potential



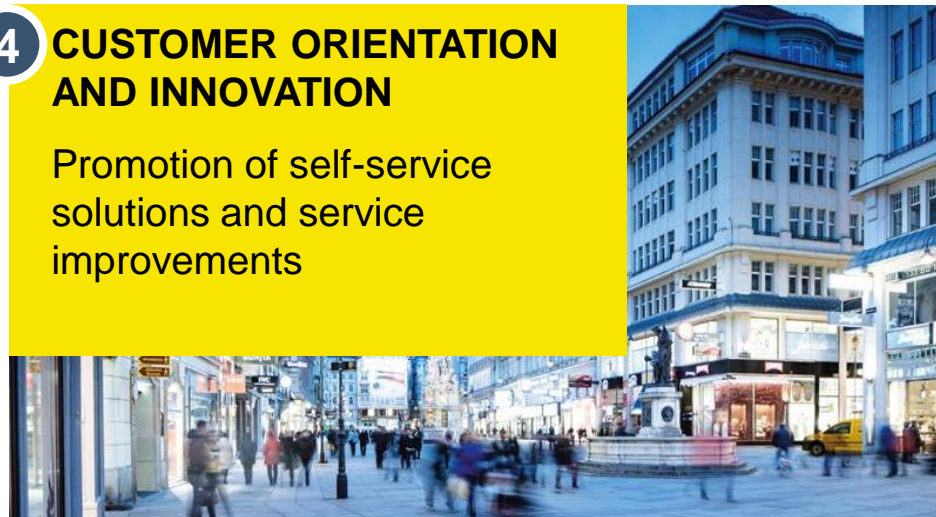
3 ENHANCING EFFICIENCY AND FLEXIBILISATION OF THE COST STRUCTURE

Investments in logistics infrastructure and process optimisation



4 CUSTOMER ORIENTATION AND INNOVATION

Promotion of self-service solutions and service improvements



1. CORE BUSINESS: TRENDS AND DEVELOPMENTS

Trends

Measures and Initiatives

Letter Mail



- + Positive revenue effects from elections
- E-substitution of traditional letter mail continues

- **Austrian Post promotes absentee voting**
 - EU voting by absentee ballot: 15% of casted votes
 - +43% more absentee ballots than the EU election 2009
- **Sales initiative for medium-sized companies**

Direct Mail



- + Direct mail cover KUVERT established on the marketplace
- Pressure of online business on retail stores

- **Product innovations for large customers**
 - Expand outreach with the KUVERT
 - Customised advertising by profiling
- **Sample delivery Probiernal.at for private customers**
- **Business App for business customers**

Parcel



- + Growth due to increase in online shopping
- Competition and price pressure

- **Testing of new delivery models**
 - Same day delivery and evening delivery
 - Nationwide offer for food logistics
- **Customer interaction for customised delivery solutions**



2. FUTURE MARKETS: TRENDS AND DEVELOPMENTS

Trends

Measures and Initiatives

Germany



- + Growth opportunities in the pharmaceutical market
- Strong competition and price pressure

- **Continuation of structural measures at trans-o-flex**
 - Further integration of distribution companies
 - Already in direct charge of 40% of transport operations
- **Expansion of pharmaceutical transport capacities**
 - GDP-compliant¹ national network as of October 2014

CEE



- + Solid economic growth
- Challenging market environment, especially in the mail segment

- **Parcels: Increase in earnings and profitability**
 - Infrastructure investments and efficiency enhancement
 - Systematic expansion of 2C share (private customers)
- **Mail: Screening and focusing**

Turkey



- + Growth market and online shopping trend
- Uncertain market environment and high inflation

- **Steady growth in parcel volumes (>10%)**
- **Strategy and integration process on track**
- **Focus on cost control and earnings quality**
 - Emphasis on transport, branch network and staff costs

1) GDP = EU guidelines on "Good Distribution Practice of Medicinal Products" regulates the transport of pharmaceuticals



3. EFFICIENCY ENHANCEMENT AND OPTIMISATION OF THE COST STRUCTURE

CAPEX investments of about EUR 90-100m in 2014

New logistics centre in Allhaming, Upper Austria



Innovative sorting technologies and machines

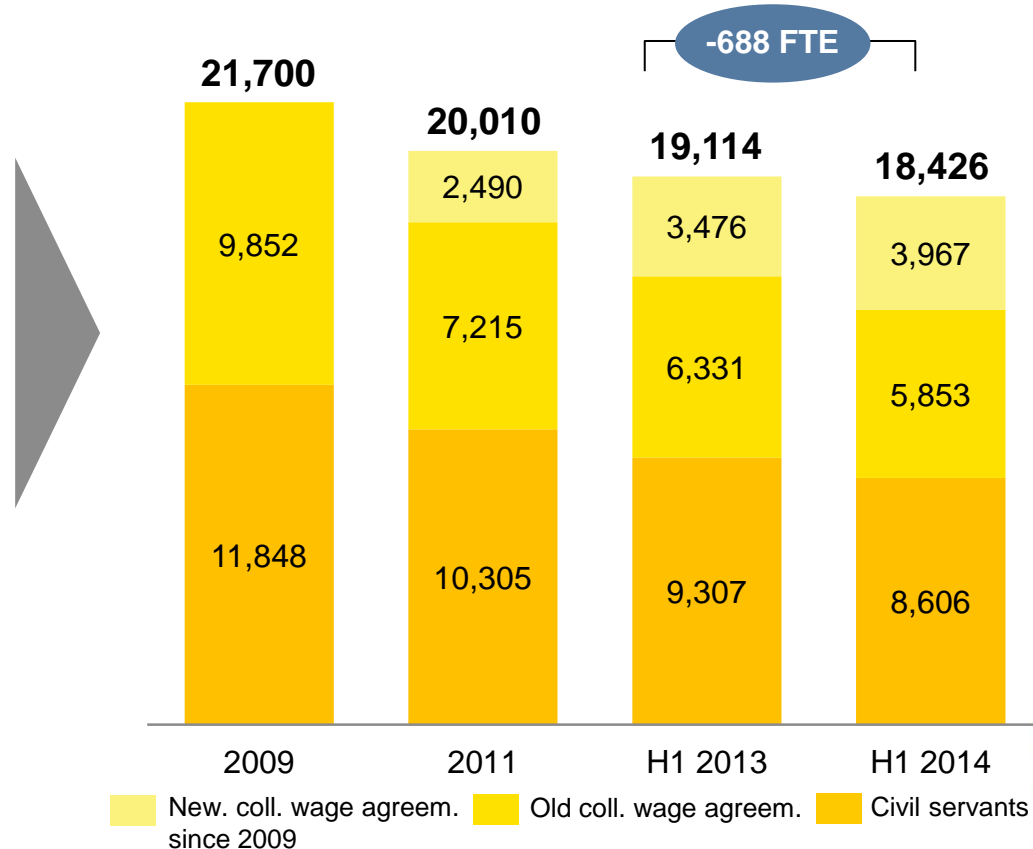


New customer solutions



Staff structure optimisation: 22% of employees under the new collective wage agreement

Full-time equivalents (FTE) in the core business in Austria



4. CUSTOMER ORIENTATION AND INNOVATION

Ongoing roll-out of new 24/7 solutions



210 self-service zones



7,100 pick-up boxes



The new Post App

The “yellow slip” goes mobile!

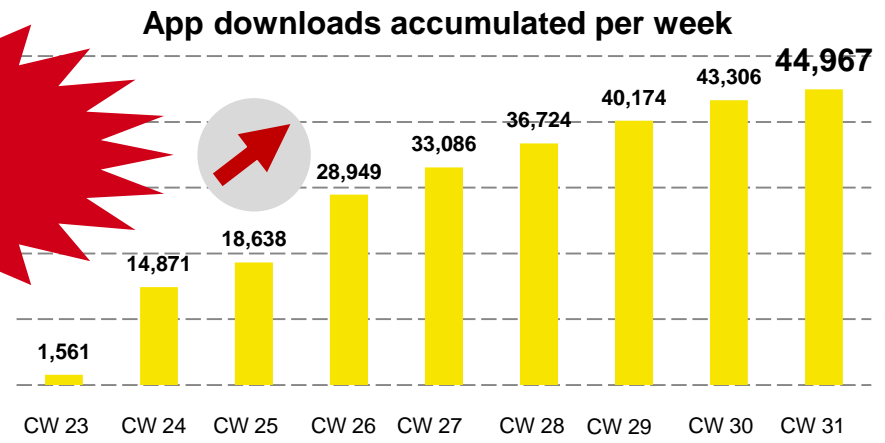
Since June 2014

- Shipment Tracking
- Branch Locator
- Mobile Yellow Slip
- Rate Calculator
- Available for Apple and Android



65 collection stations

40,000 downloads in 40 days



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FINANCIAL INDICATORS H1 2014 AT A GLANCE

	H1 2013	H1 2014	
1 Revenue (EUR m)	1,173.1	1,171.9	Stable revenue development (-0.1%) compared to the strong prior-year period
2 EBITDA margin	11.9%	12.4%	EBITDA margin of 12.4% reflects high level of cost discipline
3 EBIT margin	8.4%	8.4%	Stable high profitability on an operational basis
4 Earnings/share (EUR)	1.12	1.08	Earnings per share slightly below the previous year
5 Cash flow (EUR m)	107.3	95.9	Solid cash flow from operating activities
6 Equity ratio	41.0%	41.1%	Sound balance sheet structure featuring a low level of debt



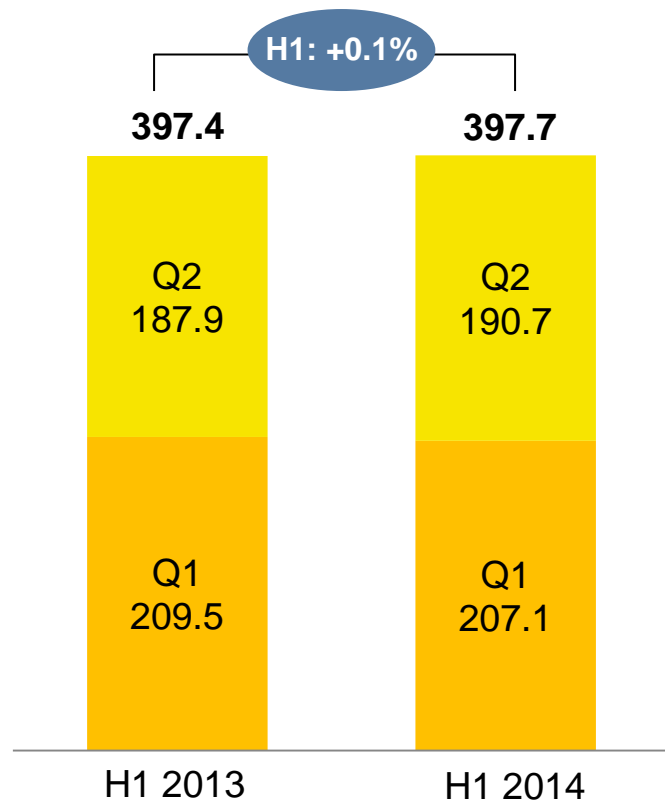
KEY INCOME STATEMENT INDICATORS

EUR m	H1 2013	H1 2014	Change		Q2 2013	Q2 2014	
			%	abs.			
Revenue	1,173.1	1,171.9	-0.1%	-1.2	570.2	573.5	Slight revenue decrease of 0.1%, +0.6% in Q2
Total operating income	1,207.1	1,204.4	-0.2%	-2.8	587.0	589.4	
Raw materials and services used	-372.4	-362.8	-2.6%	-9.6	-185.2	-179.0	Staff costs remain at a stable level
Staff costs	-550.6	-551.7	0.2%	1.2	-270.3	-271.1	
Other operating expenses	-141.0	-143.7	1.9%	2.7	-69.9	-72.2	
At equity consolidation	-3.3	-1.1	67.8%	2.3	-1.6	-0.7	
EBITDA	139.9	145.1	3.7%	5.2	59.9	66.3	
<i>EBITDA margin</i>	<i>11.9%</i>	<i>12.4%</i>	-	-	<i>10.5%</i>	<i>11.6%</i>	
Depreciation, amortisation and impairment losses	-41.5	-46.3	11.6%	4.8	-21.3	-25.7	
EBIT	98.4	98.8	0.4%	0.4	38.6	40.6	Improved profitability
<i>EBIT margin</i>	<i>8.4%</i>	<i>8.4%</i>	-	-	<i>6.8%</i>	<i>7.1%</i>	
Profit before tax	96.4	97.0	0.6%	0.6	37.6	39.5	
Income tax	-20.0	-23.4	17.4%	3.5	-7.8	-9.7	
Profit for the period	76.5	73.6	-3.8%	-2.9	29.8	29.9	

MAIL & BRANCH NETWORK DIVISION: REVENUE TRENDS H1 2014

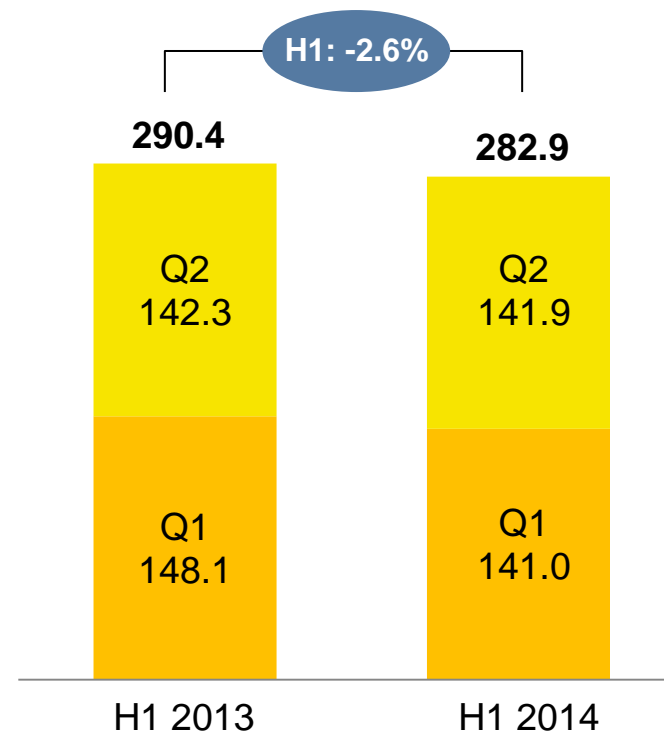
Letter Mail and Mail Solutions (EUR m)

- Positive revenue effects due to EU and Austrian Chamber of Labour elections
- Growth in the field of mail solutions
- Basic trend excl. revenue effects of -1.5%



Direct Mail and Media Post (EUR m)

- Pressure of online business on retail stores and traditional mail order companies
- Decline in South East and Eastern Europe
- Stable development in Q2



MAIL & BRANCH NETWORK DIVISION: KEY INCOME STATEMENT INDICATORS

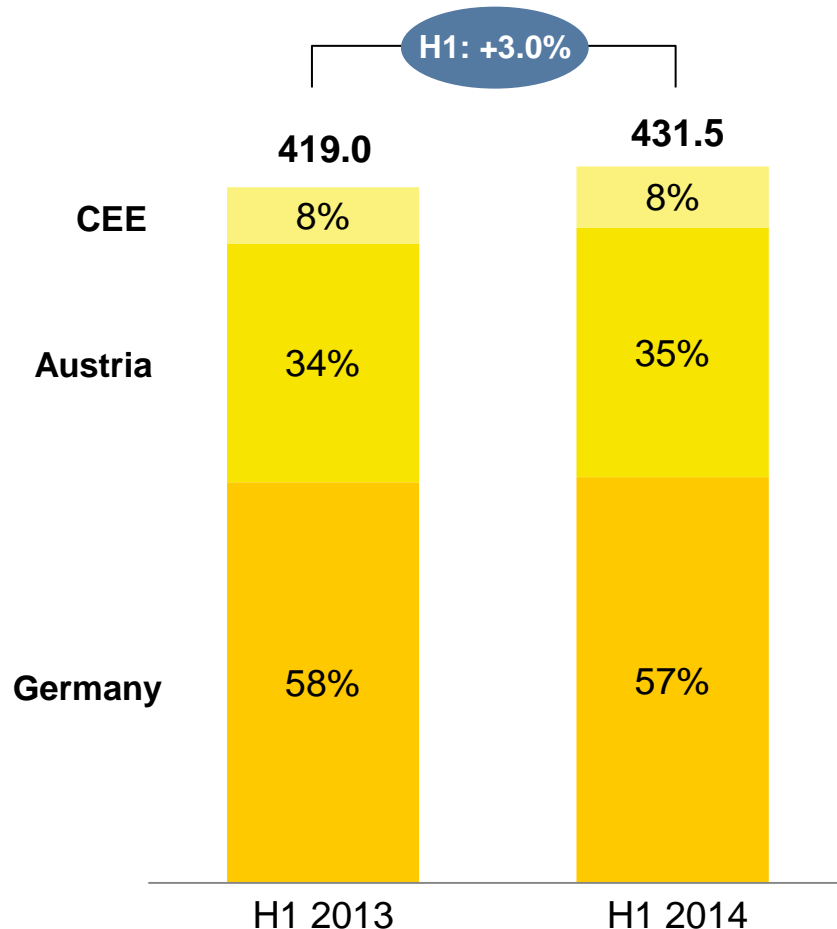
EUR m	H1 2013	H1 2014	Change		Q2 2013	Q2 2014	
			%	abs.			
Revenue (external sales)	754.6	741.2	-1.8%	-13.5	363.7	362.3	Revenue drop of 1.8% in H1, +1.5% in Q2
▪ Letter Mail & Mail Solutions	397.4	397.7	0.1%	0.3	187.9	190.7	
▪ Direct Mail	219.7	211.5	-3.8%	-8.3	106.9	105.8	Decreases in telecommunication products and financial services
▪ Media Post	70.7	71.4	0.9%	0.7	35.4	36.1	
▪ Branch Services	66.8	60.6	-9.3%	-6.2	33.5	29.8	
Total revenue ¹	791.2	778.8	-1.6%	-12.4	381.6	381.0	
At equity consolidation	-3.0	-0.1	97.4%	2.9	-1.3	-0.2	
EBITDA	157.4	158.9	1.0%	1.5	71.1	73.5	
<i>EBITDA margin²</i>	<i>19.9%</i>	<i>20.4%</i>	-	-	<i>18.6%</i>	<i>19.3%</i>	
Depreciation, amortisation and impairment losses	-15.5	-20.0	29.5%	4.6	-8.2	-12.6	Impairment loss on goodwill of EUR 4.9m for PostMaster Poland
EBIT	141.9	138.9	-2.1%	-3.0	62.9	60.9	
<i>EBIT margin²</i>	<i>17.9%</i>	<i>17.8%</i>	-	-	<i>16.5%</i>	<i>16.0%</i>	

1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

PARCEL & LOGISTICS DIVISION: REVENUE TRENDS H1 2014

Revenue (EUR m)
Regional mix in %



South East and Eastern Europe: +8.5%

- Strong revenue growth and further productivity increases

Austria: +4.6%

- Growth impetus due to online shopping and new logistics solutions
- New business customers

Germany: +1.2%

- Stabilised revenue despite ongoing strong competition and high price pressure
- Focus on profitability and higher margin services



PARCEL & LOGISTICS DIVISION: KEY INCOME STATEMENT INDICATORS

EUR m	H1 2013	H1 2014	Change		Q2 2013	Q2 2014
			%	abs.		
Revenue (external sales)	419.0	431.5	3.0%	12.5	206.9	211.5
▪ Premium Parcels	314.3	323.4	2.9%	9.1	155.4	158.4
▪ Standard Parcels	89.6	90.6	1.1%	1.0	43.7	44.5
▪ Other Parcel Services	15.1	17.6	16.2%	2.5	7.8	8.7
Total revenue ¹	423.0	435.1	2.9%	12.2	208.8	213.3
At equity consolidation	0.0	0.8	>100%	0.7	0.0	0.4
EBITDA	22.5	22.5	-0.2%	0.0	10.1	11.8
<i>EBITDA margin²</i>	5.3%	5.2%	-	-	4.8%	5.5%
Depreciation, amortisation and impairment losses	-10.1	-10.4	2.1%	0.2	-5.1	-5.2
EBIT	12.4	12.1	-2.0%	-0.2	5.0	6.6
<i>EBIT margin²</i>	2.9%	2.8%	-	-	2.4%	3.1%

Revenue increase of 3.0% in H1 and 2.3% in Q2

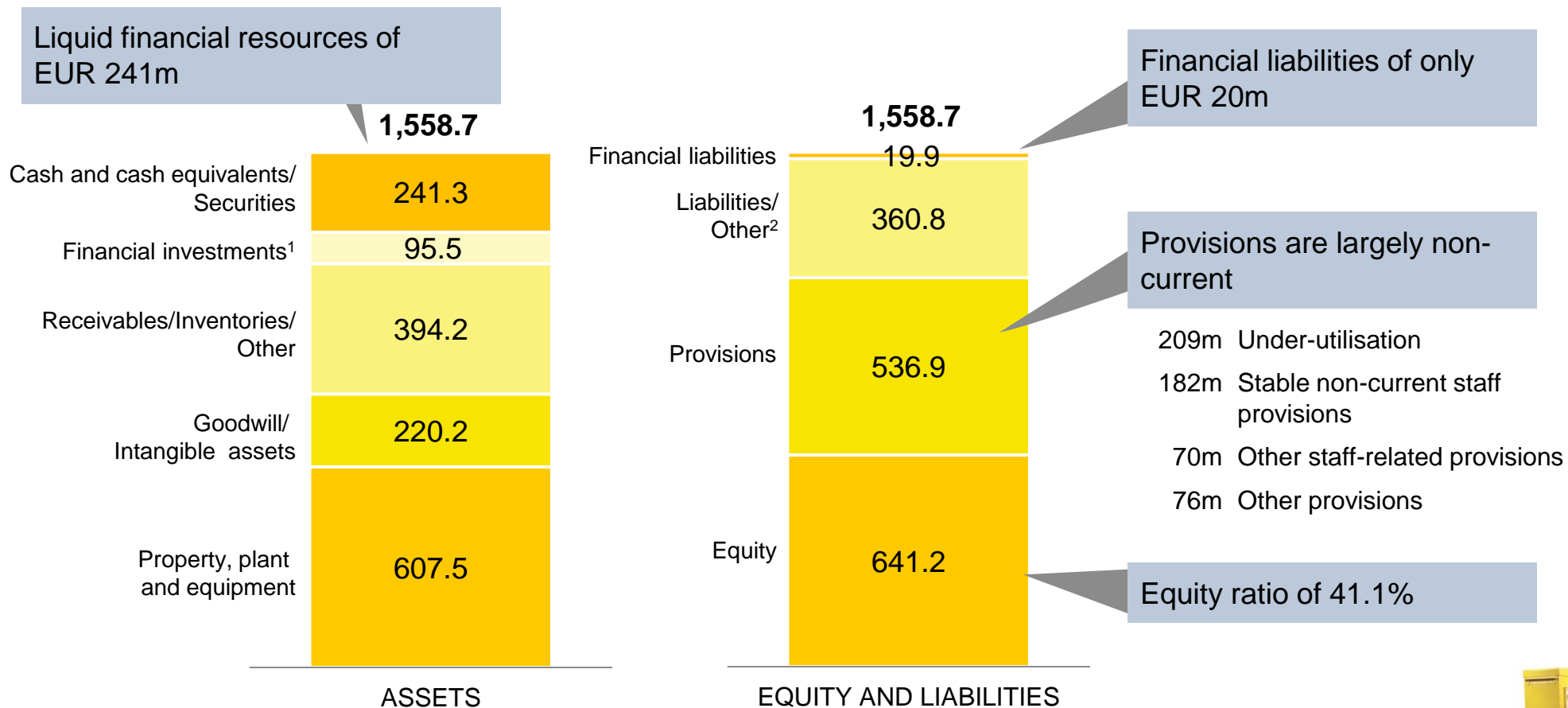
Earnings development impacted by negative effects of EUR 2.7m in Q1 in relation to trans-o-flex (write-downs and structural measures), earnings plus in Q2

1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

SOLID BALANCE SHEET STRUCTURE

Balance sheet as of June 30, 2014 (EUR m)



1) Including assets to the amount of EUR 2.1m classified as held for sale

2) Including liabilities to the amount of EUR 0.6m classified as held for sale



CURRENT REAL ESTATE PROJECTS

Development of the property portfolio in line with the principles of efficiency and value enhancement

Former corporate headquarters: Postgasse 1010



- Commercial realisation process launched in July 2014
- Building complex with 26,000 m² features high development potential and top city centre location
- Low book value on the balance sheet of Austrian Post

New corporate headquarters: Rochusmarkt 1030



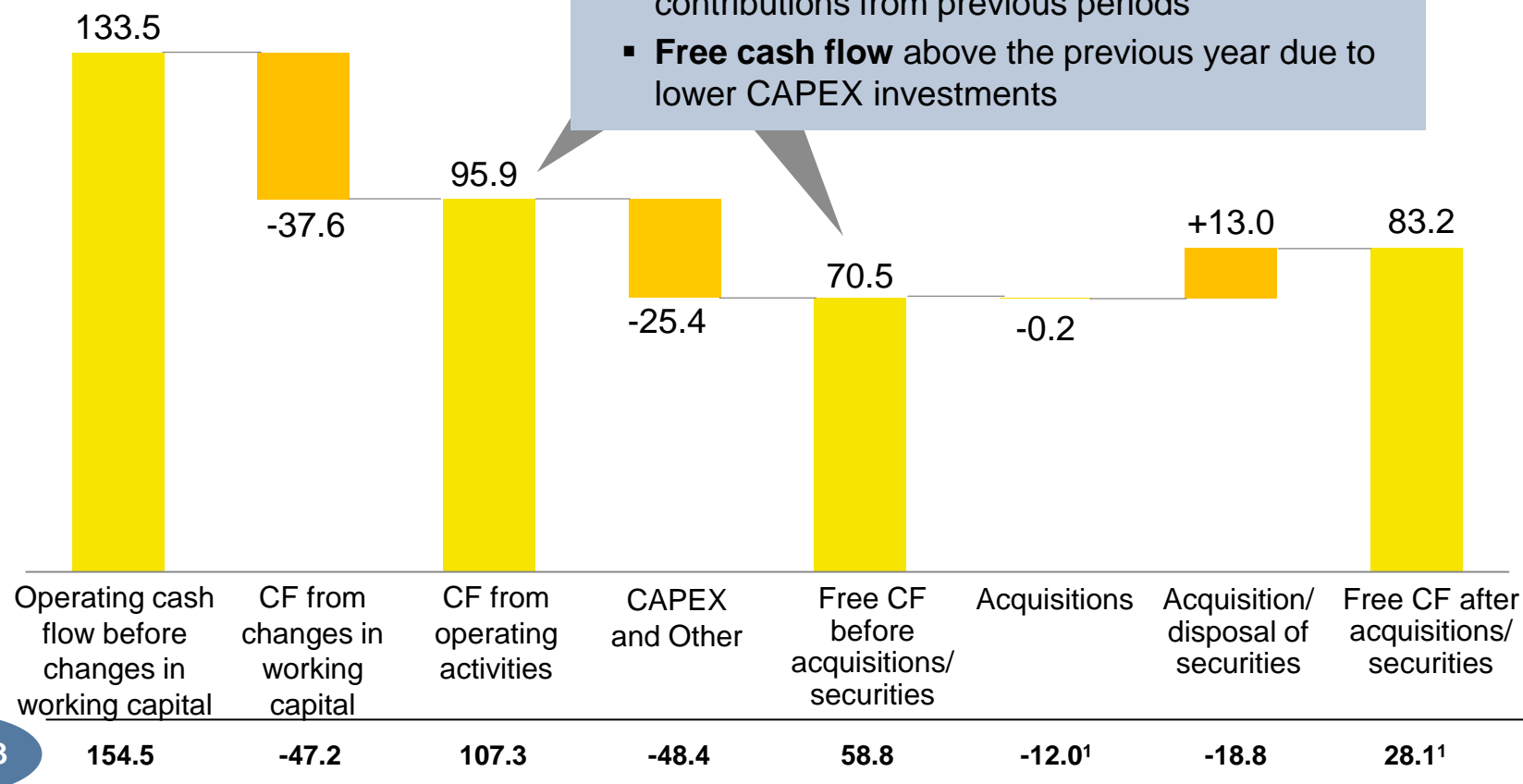
- Existing building with 10,000 m² usable area
- Value increase due to new zoning for the building to about 49,000 m², including about 5,000m² for lease
- Construction starts in 2015, completion in 2017
- Investment in the high double digit million euro range



ROBUST CASHFLOW

Cash flow development (EUR m)

H1 2014



- **Cash flow from operating activities** below the prior-year level – includes higher tax payments as well as payments connected to wage-related contributions from previous periods
- **Free cash flow** above the previous year due to lower CAPEX investments

1) Change in reporting



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OUTLOOK CONFIRMED FOR 2014

Market environment	<ul style="list-style-type: none">▪ Decline in letter mail volumes from e-substitution partly offset by product innovations▪ Advertising market negatively affected by pressure of online business on traditional mail order companies and retail stores▪ Growth in private parcel customers of 3-6% depending on region, intense competition for business parcel customers
Revenue	<ul style="list-style-type: none">▪ Goal of achieving a stable revenue development in 2014▪ Decline in mail business should be compensated by parcel growth
Costs & investments	<ul style="list-style-type: none">▪ Ongoing automation, efficiency enhancements and structural improvements▪ CAPEX 2014 of about EUR 90-100m with investment focus on new logistics centre in Upper Austria
Earnings	<ul style="list-style-type: none">▪ Sustainable EBITDA margin objective in the range of 10–12% maintained▪ EBIT improvement aspired for 2014

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Financial calendar 2014

Nov. 12, 2014

Interim report Q1-3 2014

Mar. 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

Aug. 6, 2015

Half-year financial report 2015

Nov. 12, 2015

Interim report Q1-3 2015

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