

# AUSTRIAN POST

## Q1 2014

### INVESTOR PRESENTATION

Walter Oblin/CFO  
Vienna, May 8, 2014

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







## 1. Highlights and overview

2. Group results Q1 2014

3. Outlook 2014



# HIGHLIGHTS Q1 2014

<b>1 Revenue</b>		<ul style="list-style-type: none"> <li>▪ Slight revenue decline of 0.7% as expected</li> <li>▪ Solid growth in the parcel business (+3.7%)</li> <li>▪ Drop of 3.1% in mail revenue due e-substitution and lower direct mail volume</li> </ul>
<b>2 Earnings</b>		<ul style="list-style-type: none"> <li>▪ EBIT decline by 2.6% after strong prior-year quarter</li> <li>▪ Resolute efficiency enhancement and cost optimisation</li> </ul>
<b>3 Cash flow</b>		<ul style="list-style-type: none"> <li>▪ Cash flow from operating activities of EUR 50.6m at prior-year level</li> <li>▪ Dividend payment of EUR 1.90/share on May 8, 2014</li> </ul>
<b>4 Outlook</b>		<ul style="list-style-type: none"> <li>▪ Outlook confirmed for 2014</li> <li>▪ Stable revenue development in challenging market environment</li> <li>▪ EBIT improvement aspired for 2014</li> </ul>



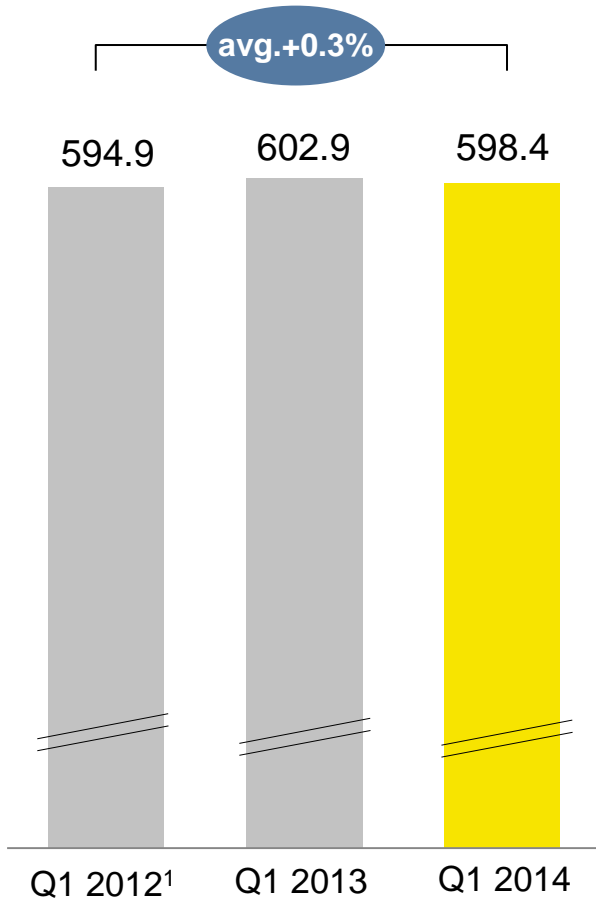
# MARKET ENVIRONMENT 2014

<b>Letter Mail Austria</b>		<ul style="list-style-type: none"> <li>▪ Trend towards declining mail volumes due to e-substitution and new e-government solutions</li> <li>▪ Less impetus from elections than in 2013</li> </ul>
<b>Direct Mail Austria</b>		<ul style="list-style-type: none"> <li>▪ Restrained advertising activities</li> <li>▪ Traditional mail order companies and retail stores under structural pressure from online business</li> </ul>
<b>P&amp;L Austria</b>		<ul style="list-style-type: none"> <li>▪ Continued trend towards online shopping</li> <li>▪ Solid growth in the business parcel market</li> </ul>
<b>P&amp;L Germany</b>		<ul style="list-style-type: none"> <li>▪ International logistics market characterised by tough competition and high price pressure</li> <li>▪ Growth in the pharmaceuticals/health care niche</li> </ul>
<b>P&amp;L CEE</b>		<ul style="list-style-type: none"> <li>▪ Higher potential upside and growth in e-commerce, though competition and price pressure</li> <li>▪ Market opportunities due to quality leadership</li> </ul>

# STABLE REVENUE AND EARNINGS DEVELOPMENT

## REVENUE DEVELOPMENT

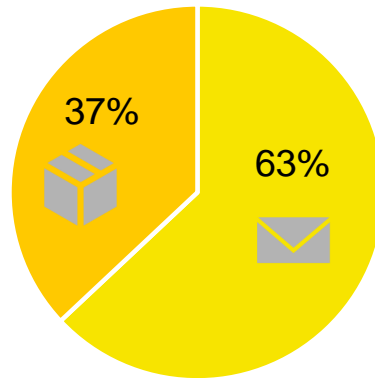
EUR m



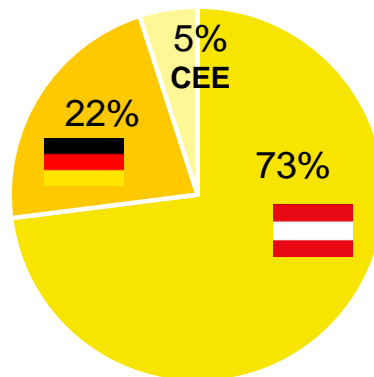
1) Revenue excl. Benelux subsidiaries

## REVENUE DISTRIBUTION

Q1 2014 by division

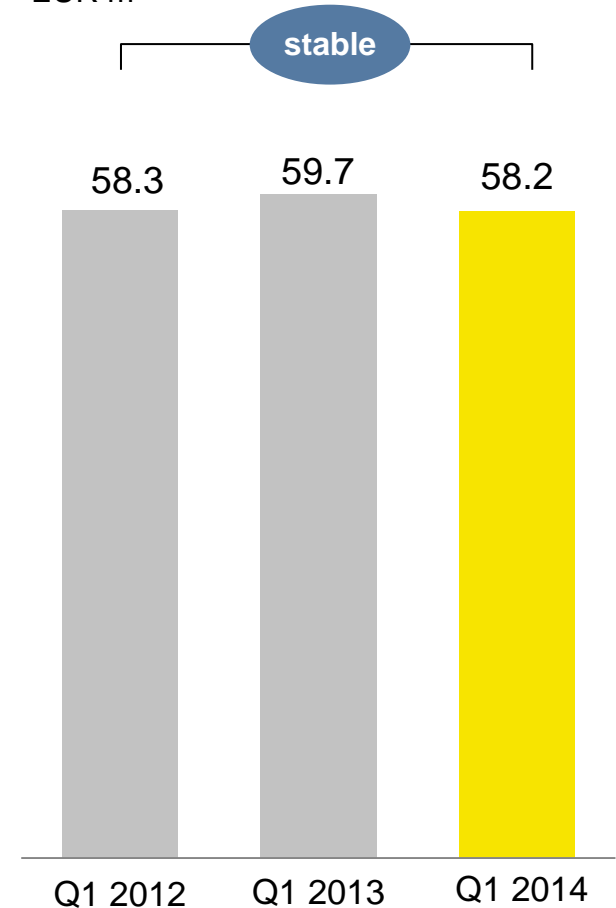


Q1 2014 by region



## EBIT DEVELOPMENT

EUR m



# CLEARLY DEFINED STRATEGIC PRIORITIES FOR 2014

## 1 DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

Further strengthening of the strong market position



## 2 PROFITABLE GROWTH IN SELECTED MARKETS

Performance enhancement and exploitation of market potential



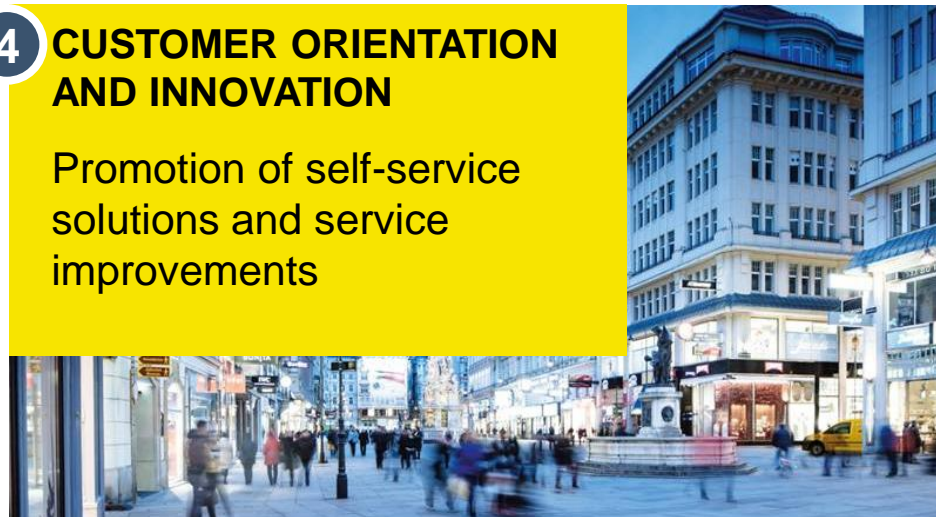
## 3 ENHANCING EFFICIENCY AND FLEXIBILISATION OF THE COST STRUCTURE

Investments in the logistics infrastructure and process optimisation



## 4 CUSTOMER ORIENTATION AND INNOVATION

Promotion of self-service solutions and service improvements



# 1. MARKET LEADERSHIP IN AUSTRIA

## Mail: Positioning as an essential channel of communications



70% of Austrians prefer invoices on paper (IFES study 2014)

Trend towards absentee voting: 10% of votes in the EU elections expected to be cast by absentee ballot



Product innovations for large customers:

- KUVERT on the market well positioned
- Dual delivery
- Post Business App

## Parcels: Improving service for private and business customers



Austrian Post enhances customer convenience thanks to 24/7 solutions:

- New parcel terminals (Pick-Up Stations)
- “Rerouting” of shipments



Value added delivery:

Austrian Post offers individualised solutions along the value chain of its customers



Testing of new delivery models:

- Same day delivery
- Food logistics
- Evening delivery



## 2. GROWTH IN SELECTED MARKETS

### Investments in growth markets to exploit future potential

#### Germany (trans-o-flex)

- New management team
- Restructuring of logistics processes:
  - Acquisition of distribution companies
  - Staff cost optimisation measures
- Focus on pharma-business (GDP)

#### Turkey

- Volume growth in spite of a uncertain market environment
- Focus on technology and service
- Negative currency effects

#### CEE

- Increase in revenue contributions and profitability
- Enhancement of 2C capabilities (consumer parcel)
- Expansion of infrastructure and standardised IT systems





# 3. ENHANCING EFFICIENCY AND FLEXIBILISATION OF THE COST STRUCTURE

**CAPEX investments of about EUR 100m in 2014**

New logistics centre in Allhaming/Upper Austria



Innovative sorting technologies and machinery

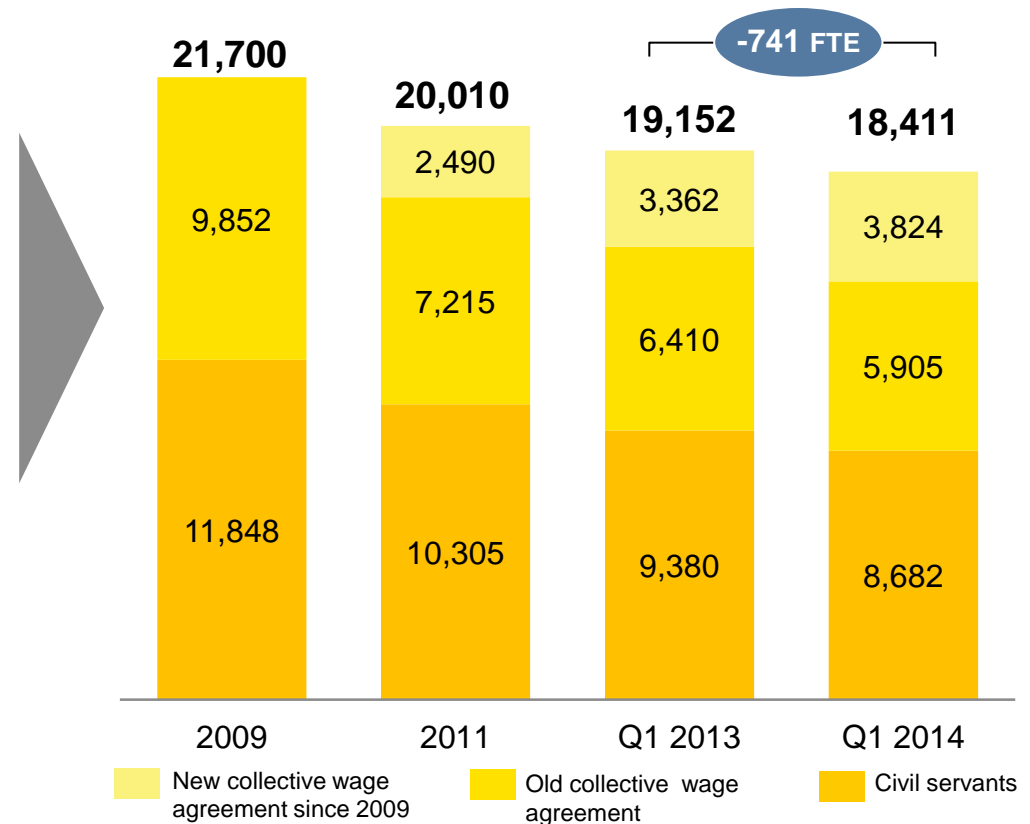


New customer solutions



**Staff structure optimisation: more than 20% of staff under the new collective wage agreement**

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



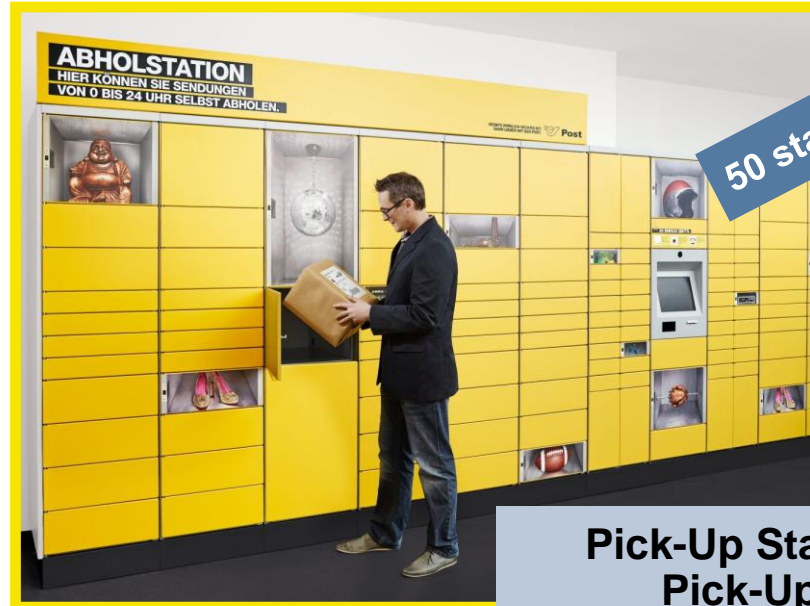
# 4. CUSTOMER ORIENTATION AND INNOVATION

Ongoing rollout of new 24/7 solutions



250 zones

Franking machine and Drop-Off Box  
Already 15% of return parcels



50 stations

Pick-Up Station and Pick-Up Box  
1m parcels in 2014



6,200 boxes



1. Highlights and overview

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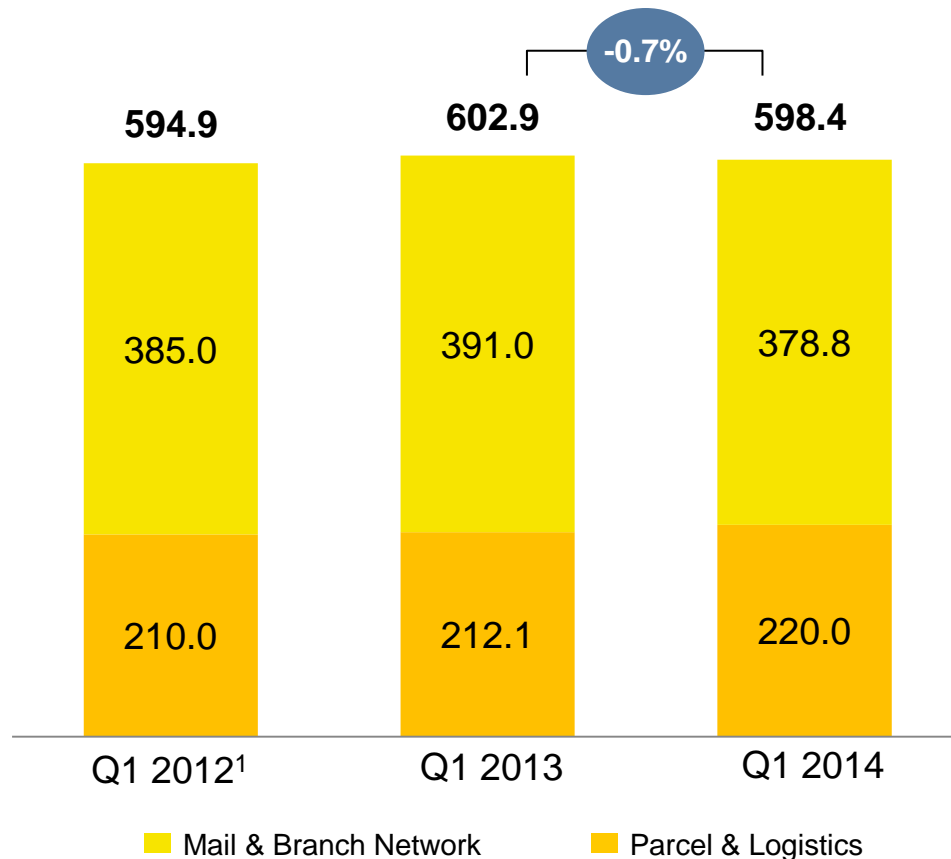
# FINANCIAL INDICATORS Q1 2014 AT A GLANCE

	Q1 2013	Q1 2014	
<b>1 Revenue</b> (EUR m)	602.9	598.4	Slight revenue drop of 0.7% compared to a very strong prior-year quarter (elections etc.)
<b>2 EBITDA margin</b>	13.3%	13.2%	Stable high EBITDA margin of over 13% in Q1
<b>3 EBIT margin</b>	9.9%	9.7%	High profitability in spite of negative effects in the parcel and logistics business
<b>4 EPS</b> (EUR)	0.69	0.64	Earnings per share slightly below the previous year
<b>5 Cash flow</b> (EUR m)	49.8	50.6	Ongoing high cash flow from operating activities
<b>6 Equity ratio</b>	44.1%	44.4%	Strong balance sheet with low debt



# GROUP REVENUE SLIGHTLY BELOW PRIOR-YEAR LEVEL AS EXPECTED

## Revenue development EUR m



1) Revenue excl. Benelux subsidiaries

### Group revenue Q1 2014

- Slight revenue decline of 0.7% compared to the “Super Election Year 2013”
- Revenue higher than Q1 2012



### Mail & Branch Network

Revenue down 3.1% in Q1:

-3.1%

Positive effects in 2013 due to elections and referendums, ongoing e-substitution has a noticeable impact



### Parcel & Logistics

Revenue increase of 3.7% in Q1:

+3.7%

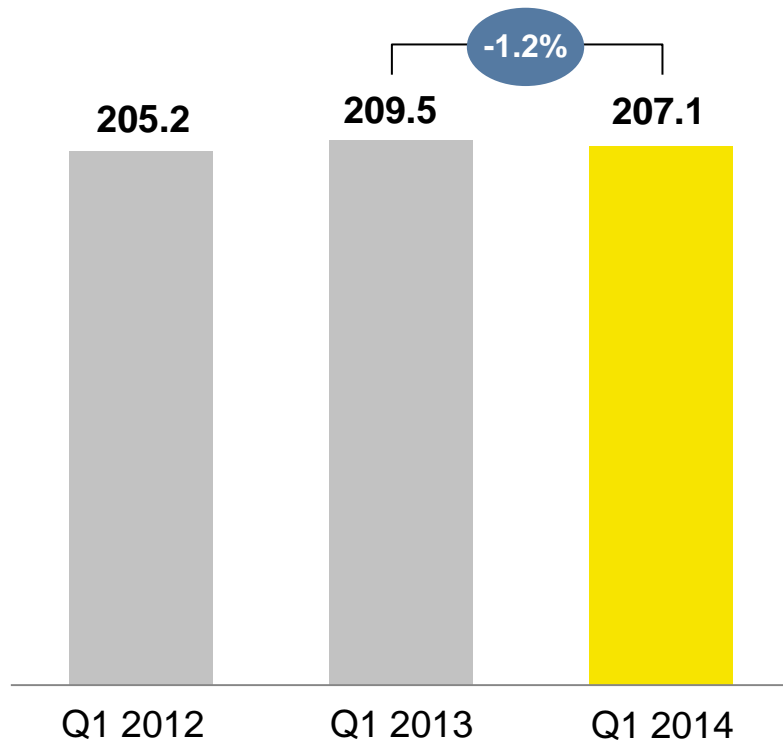
Solid growth in Austria and CEE thanks to trend towards online shopping



# MAIL & BRANCH NETWORK DIVISION: REVENUE TRENDS Q1 2014

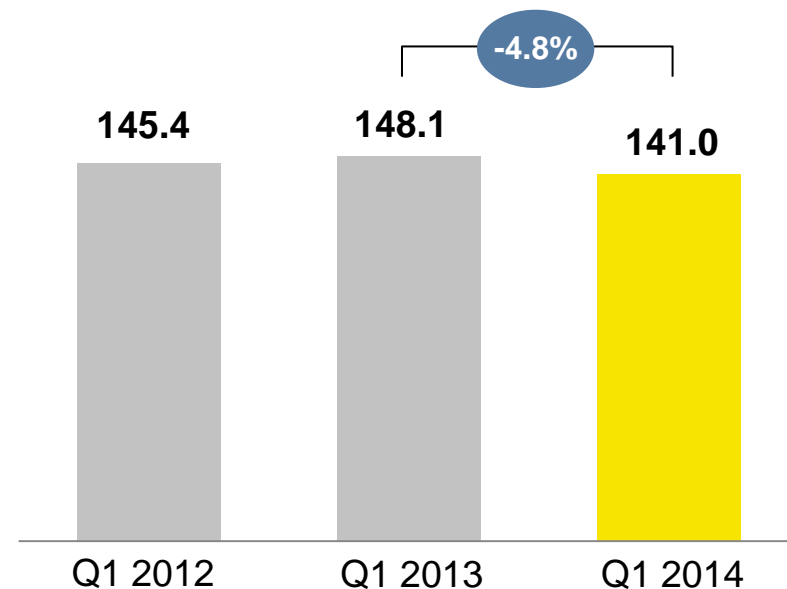
## Letter Mail/Mail Solutions (EUR m)

- Positive effects also in 2014 related to Austrian Chamber of Labour elections
- Growth in the field of mail solutions



## Direct Mail/Media Post (EUR m)

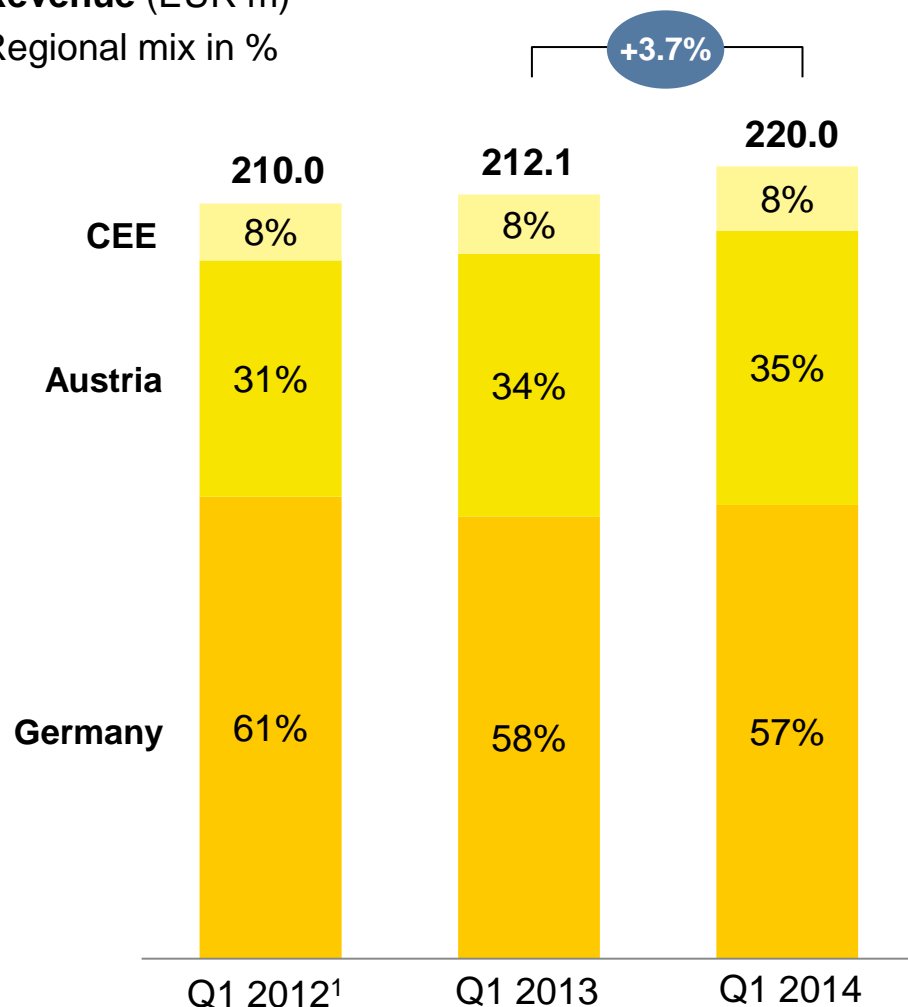
- Less positive effects from elections in Q1 2014
- Pressure of online business on retail stores and traditional mail order companies
- Revenue declines in CEE



# PARCEL & LOGISTICS DIVISION: REVENUE TRENDS Q1 2014

Revenue (EUR m)

Regional mix in %



1) Revenue excl. Benelux subsidiaries

## South East and Eastern Europe: +8.7%

- Strong revenue growth and further productivity increases

## Austria: +4.4%

- Growth impetus due to online shopping and new solutions in the field of specialty logistics
- Market share gains in the business parcel segment

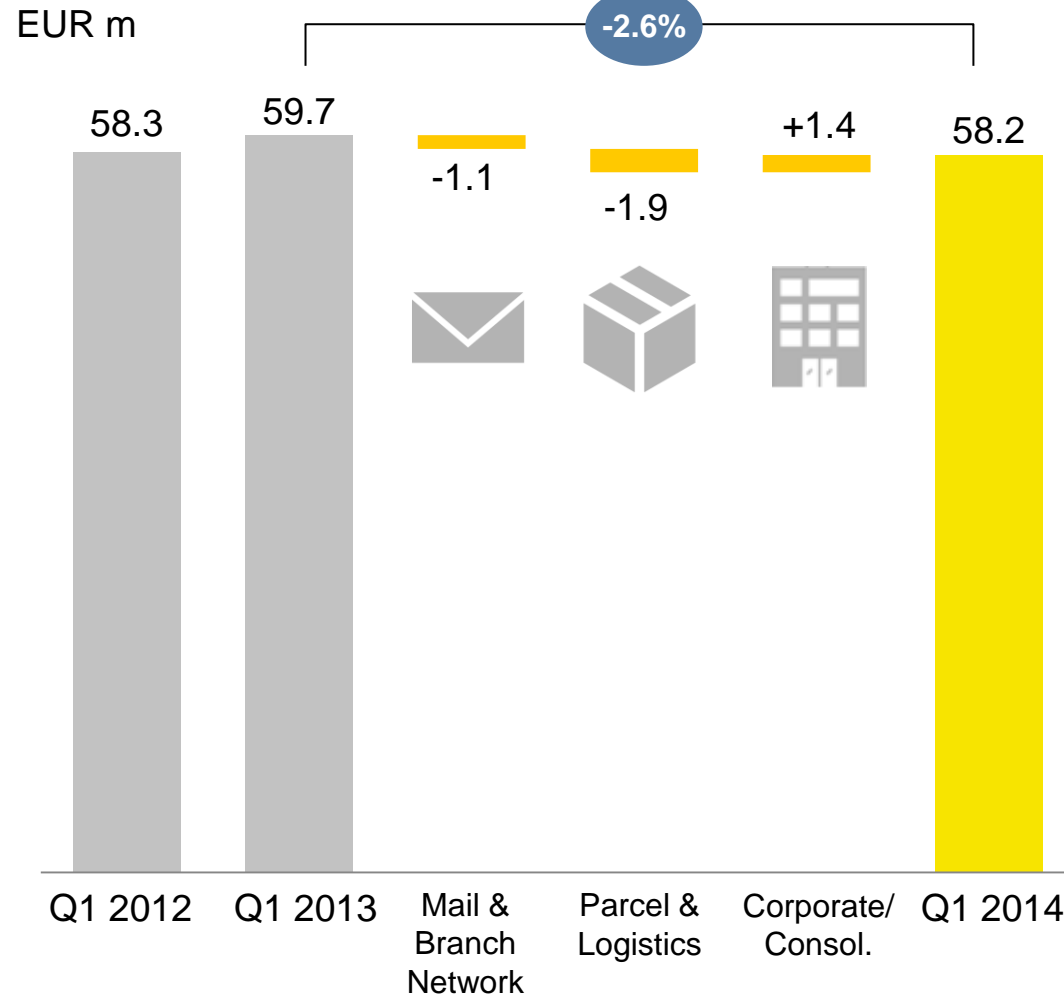
## Germany: +2.6%

- Revenue stabilised in spite of continuing tough competition and high price pressure
- Focus on profitability and higher margin services



# CONTINUATION OF HIGH EBIT LEVEL

## EBIT development



## Group EBIT Q1 2014

EBIT at a high level of EUR 58.2m



### Mail & Branch Network

Solid earnings development with slight EBIT decrease – drop in revenue could be largely compensated by cost discipline



### Parcel & Logistics

EBIT reduction due to negative effects at trans-o-flex of minus EUR 2.7m (write-downs/structural measures)



### Corporate

Slight EBIT improvement due to lower need for provisions for employee under-utilisation





# KEY INCOME STATEMENT INDICATORS

EUR m	Q1 2013	Q1 2014	Change		
			%	abs.	
<b>Revenue</b>	<b>602.9</b>	<b>598.4</b>	<b>-0.7%</b>	<b>-4.5</b>	Slight revenue drop of 0.7%
Total operating income	620.2	615.0	-0.8%	-5.2	
Raw materials and services used	-187.2	-183.8	-1.8%	-3.4	Staff costs at a stable level
Staff costs	-280.2	<b>-280.6</b>	0.1%	<b>0.3</b>	
Other operating expenses	-71.1	-71.4	0.5%	0.4	
At equity consolidation	-1.7	-0.4	77.8%	1.3	
<b>EBITDA</b>	<b>80.0</b>	<b>78.8</b>	<b>-1.5%</b>	<b>-1.2</b>	Ongoing high profitability
<i>EBITDA margin</i>	13.3%	13.2%	-	-	
Depreciation and amortisation	-20.2	-20.6	1.7%	0.3	
<b>EBIT</b>	<b>59.7</b>	<b>58.2</b>	<b>-2.6%</b>	<b>-1.5</b>	
<i>EBIT margin</i>	9.9%	<b>9.7%</b>	-	-	
<b>Profit before tax</b>	<b>58.8</b>	<b>57.4</b>	<b>-2.4%</b>	<b>-1.4</b>	
Income tax	-12.2	-13.8	12.9%	1.6	
<b>Profit for the period</b>	<b>46.6</b>	<b>43.7</b>	<b>-6.4%</b>	<b>-3.0</b>	

# MAIL & BRANCH NETWORK DIVISION: KEY INCOME STATEMENT INDICATORS

EUR m	Q1 2013	Q1 2014	Change	
			%	abs.
<b>Revenue (external sales)</b>	<b>391.0</b>	<b>378.8</b>	<b>-3.1%</b>	<b>-12.2</b>
▪ Letter Mail & Mail Solutions	209.5	207.1	-1.2%	-2.4
▪ Direct Mail	112.8	105.7	-6.3%	-7.1
▪ Media Post	35.3	35.3	-0.1%	0.0
▪ Branch Services	33.4	30.8	-7.8%	-2.6
Total revenue <sup>1</sup>	409.5	397.8	-2.9%	-11.7
At equity consolidation	-1.7	0.1	>100%	1.8
<b>EBITDA</b>	<b>86.3</b>	<b>85.4</b>	<b>-1.0%</b>	<b>-0.9</b>
<i>EBITDA margin<sup>2</sup></i>	21.1%	21.5%	-	-
Depreciation and amortisation	-7.3	-7.5	2.9%	0.2
<b>EBIT</b>	<b>79.0</b>	<b>77.9</b>	<b>-1.4%</b>	<b>-1.1</b>
<i>EBIT margin<sup>2</sup></i>	19.3%	19.6%	-	-

3.1% revenue decrease compared to strong Q1 2013

High profitability thanks to resolute cost optimisation

1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

# PARCEL & LOGISTICS DIVISION: KEY INCOME STATEMENT INDICATORS

EUR m	Q1 2013	Q1 2014	Change	
			%	abs.
<b>Revenue (external sales)</b>	<b>212.1</b>	<b>220.0</b>	<b>3.7%</b>	<b>7.9</b>
▪ Premium Parcels	158.9	165.0	3.8%	6.1
▪ Standard Parcels	45.9	46.1	0.3%	0.2
▪ Other Parcel Services	7.3	8.9	22.5%	1.6
Total revenue <sup>1</sup>	214.2	221.8	3.6%	7.6
At equity consolidation	0.0	0.3	>100%	0.3
<b>EBITDA</b>	<b>12.4</b>	<b>10.7</b>	<b>-14.0%</b>	<b>-1.7</b>
<i>EBITDA margin<sup>2</sup></i>	5.8%	4.8%	-	-
Depreciation and amortisation	-5.0	-5.2	2.9%	0.1
<b>EBIT</b>	<b>7.4</b>	<b>5.5</b>	<b>-25.5%</b>	<b>-1.9</b>
<i>EBIT margin<sup>2</sup></i>	3.4%	2.5%	-	-

Revenue increase of 3.7%

Earnings development impacted by negative effects of EUR 2.7m (write-downs and structural measures)

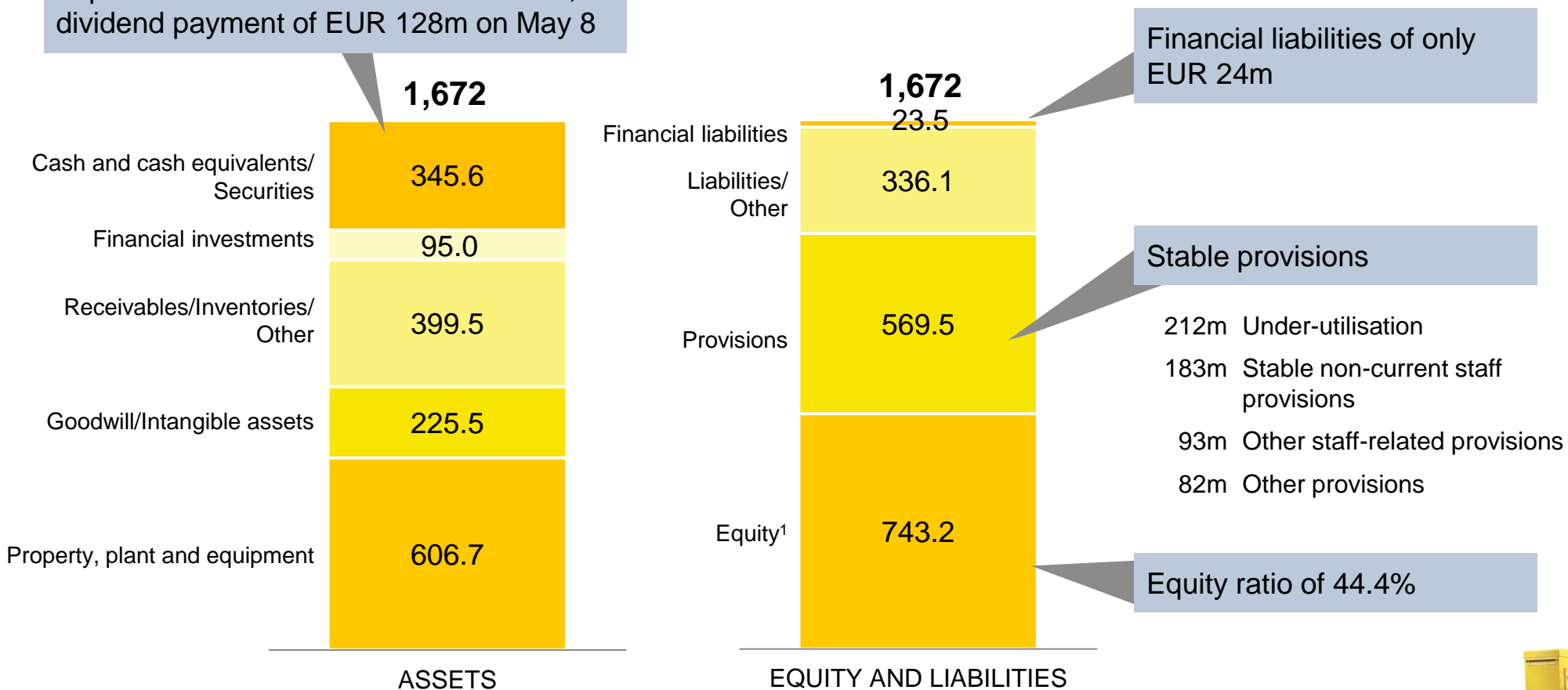
1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

# BALANCE SHEET STRUCTURE REMAINS SOLID

Balance sheet as at March 31, 2014 (EUR m)

Liquid financial resources of EUR 346m;  
dividend payment of EUR 128m on May 8



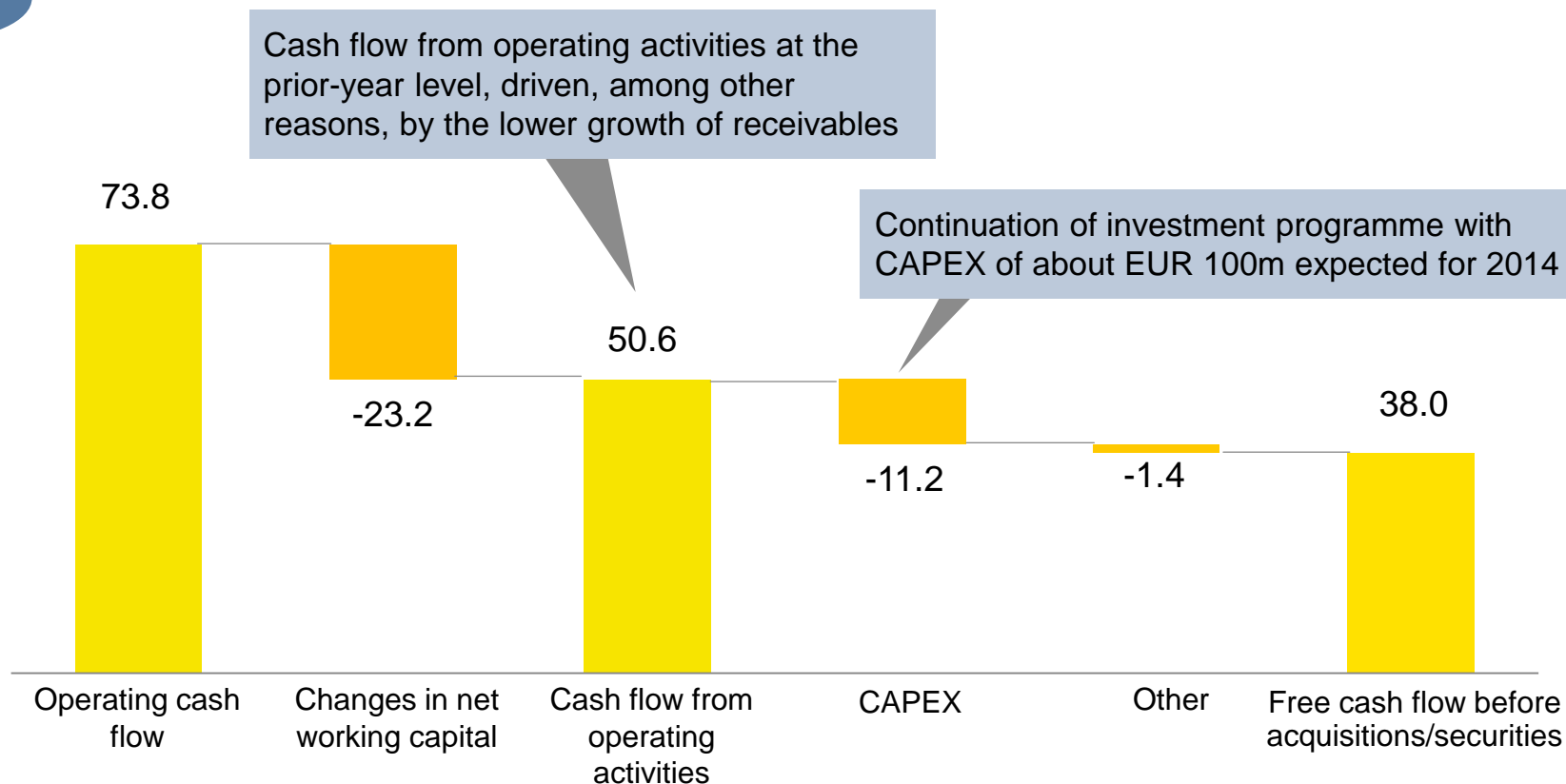
1) Equity includes equity attributable to non-controlling interests of EUR 2.4m.



# ROBUST CASHFLOW

## Cash flow development (EUR m)

Q1 2014



Q1 2013

Operating cash flow	88.6	-38.7	49.8	-22.3	0.6	28.1
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1. Highlights and overview

2. Group results Q1 2014

**3. Outlook 2014**



# OUTLOOK CONFIRMED FOR 2014

<b>Market environment</b>	<ul style="list-style-type: none"><li>▪ Letter mail volumes impacted by e-substitution of business clients and now also new e-government solution</li><li>▪ Advertising market negatively affected by pressure of online business on traditional mail order companies and physical outlets</li><li>▪ Growth in private parcel customers of 3-6% depending on region, unchanged level of competitive intensity for business parcel customers</li></ul>
<b>Revenue</b>	<ul style="list-style-type: none"><li>▪ Goal of achieving a stable revenue development in 2014</li><li>▪ Decline in mail business should be compensated by parcel growth</li></ul>
<b>Costs &amp; investments</b>	<ul style="list-style-type: none"><li>▪ Ongoing automation, efficiency enhancements and structural improvement</li><li>▪ CAPEX 2014 of about EUR 100m with investment focus on new logistics centre in Upper Austria</li></ul>
<b>Earnings</b>	<ul style="list-style-type: none"><li>▪ Sustainable EBITDA margin objective in the range of 10–12% maintained</li><li>▪ EBIT improvement aspired for 2014</li></ul>

# CONTACT

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## Financial calendar 2014

May 8, 2014

Dividend payment date

May 8, 2014

Interim report Q1 2014

Aug. 14, 2014

Half-year financial report 2014

Nov. 12, 2014

Interim report Q1-3 2014

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