

# AUSTRIAN POST

## Q1-3 2014

### INVESTOR PRESENTATION

Georg Pölzl/CEO, Walter Oblin/CFO  
Vienna, November 12, 2014

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







# 1. Highlights and overview

2. Group results Q1-3 2014

3. Outlook 2014

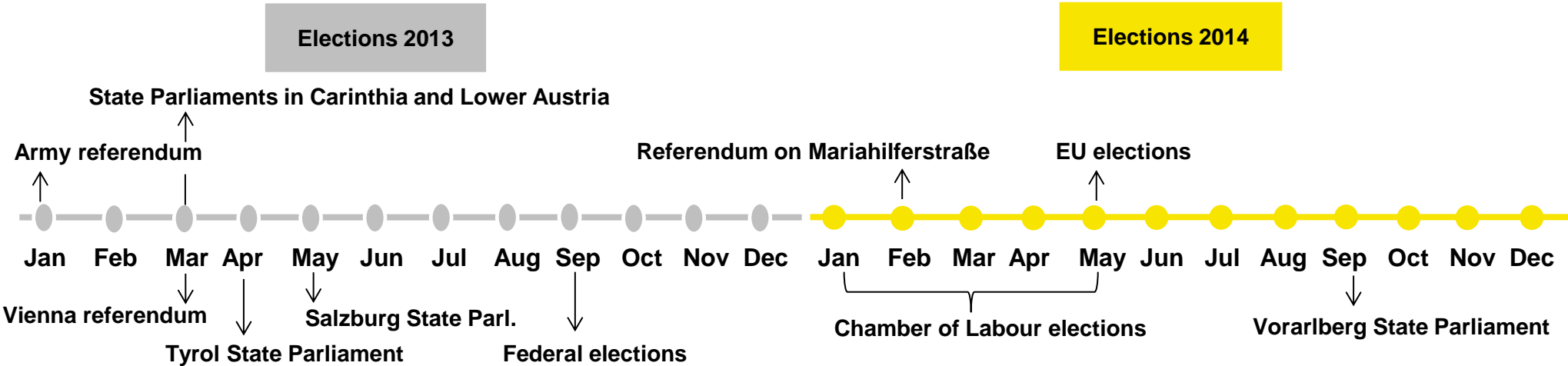


# HIGHLIGHTS Q1-3 2014

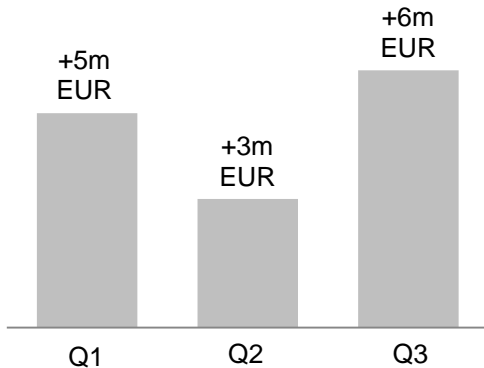
|                                       |   |  |
|---------------------------------------|---|--|
| <b>1 Revenue</b>                      |    | <ul style="list-style-type: none"> <li>▪ Group revenue at the prior-year level (Q1-3 and Q3: -0.1%)</li> <li>▪ Mail revenue influenced by election effects; ongoing trend towards e-substitution and declining direct mail volumes</li> <li>▪ Solid growth in the parcel business continues</li> </ul> |
| <b>2 Earnings</b>                     |    | <ul style="list-style-type: none"> <li>▪ Continuing efficiency enhancement and cost optimisation</li> <li>▪ Slight EBIT increase during the year (Q1-3: 0.8%, Q3: 1.9%)</li> </ul>   |
| <b>3 Cash flow/<br/>balance sheet</b> |    | <ul style="list-style-type: none"> <li>▪ Cash flow remains solid</li> <li>▪ Strong cash position, low financial liabilities</li> </ul>   |
| <b>4 Outlook</b>                      |  | <p>Outlook confirmed for 2014:</p> <ul style="list-style-type: none"> <li>▪ Stable revenue development in a challenging market environment</li> <li>▪ Target of improving EBIT in 2014</li> </ul>  |



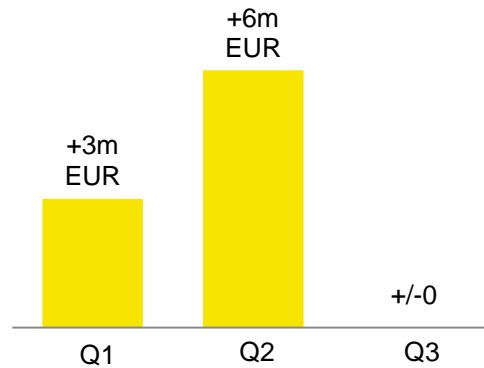
# REVENUE DEVELOPMENT IMPACTED BY ELECTION EFFECTS



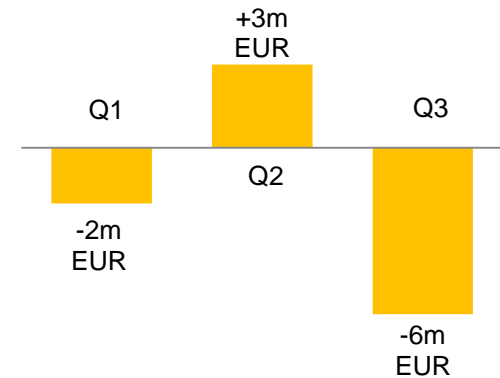
Elections effects 2013<sup>1</sup>:



Election effects 2014<sup>1</sup>:



Revenue effects from elections 2013 vs. 2014:



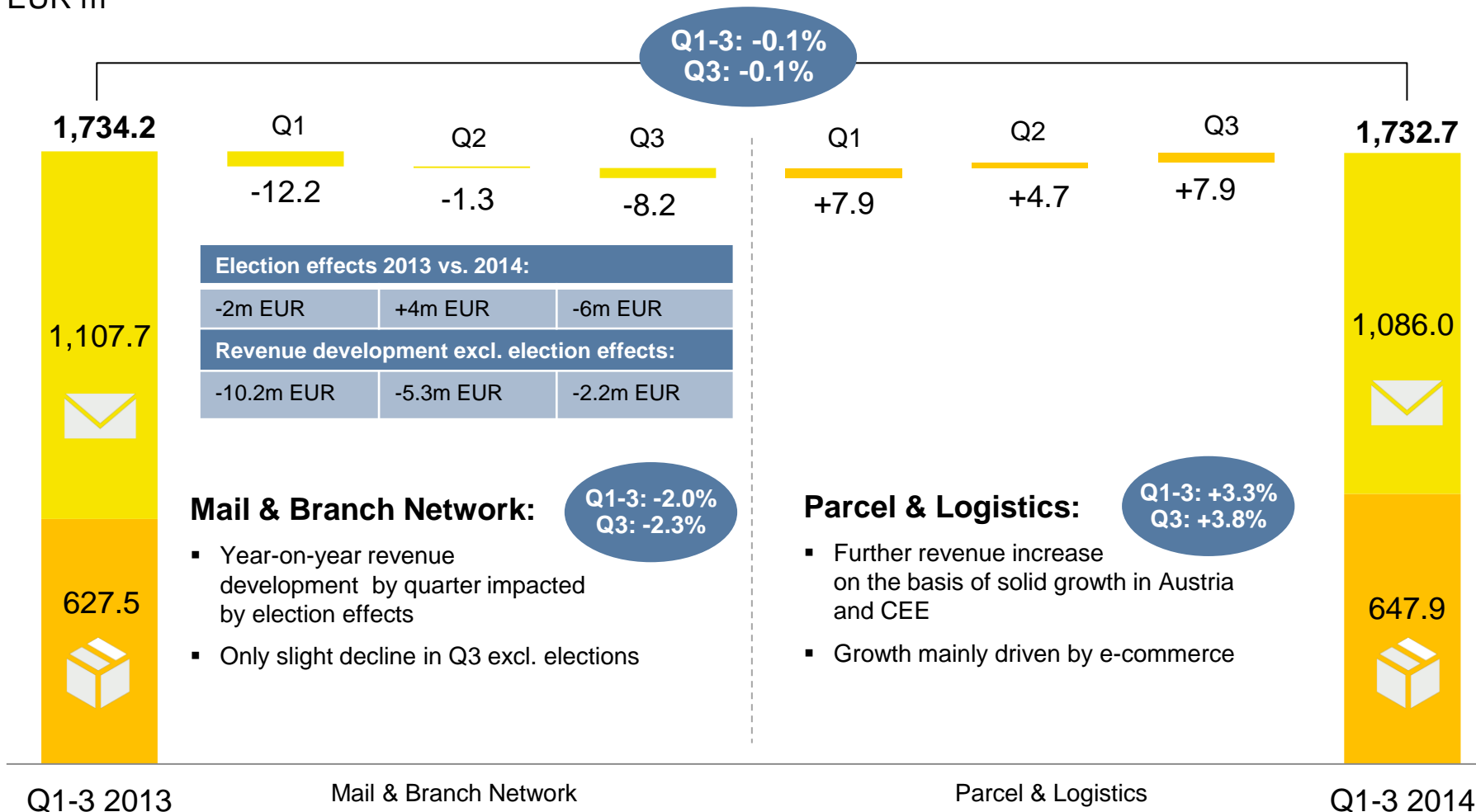
<sup>1</sup>No significant revenue effects from elections in Q4 2013 as well as Q4 2014



# SOLID REVENUE DEVELOPMENT IN Q1-3 2014

## Revenue development

EUR m



# SLIGHT EBIT RISE: EARNINGS DEVELOPMENT IMPACTED BY SPECIAL EFFECTS

## EBIT development

EUR m



## Q3 EBIT development in detail:

### Mail & Branch Network:

- 6m EUR: election effects
- 4.0m EUR: parameter changes for interest-bearing staff-related provisions (discount interest rate and salary increases)

33.2



-10.2

+33.2



### Parcel & Logistics:

- 32.1m EUR: impairment loss on goodwill/receivables at trans-o-flex in Q3 2013



-22.3

### Corporate:

- 7.4m EUR: parameter changes for interest-bearing staff-related provisions
- +16.3m EUR: due to reduced staff-related provisions in Q3 2013

33.8

Q3 2013

Mail &  
Branch Network

Parcel &  
Logistics

Corporate/  
Consol.

Q3 2014



# 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



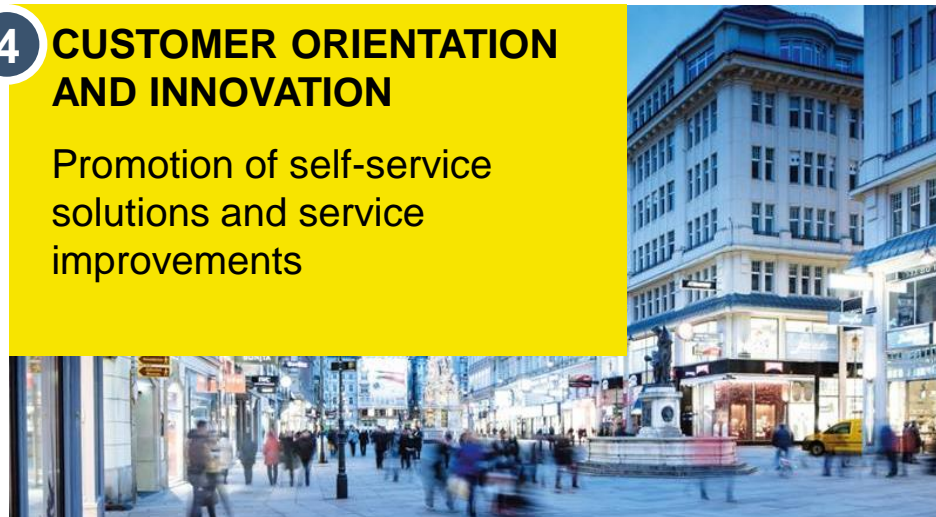
## 3 ENHANCING EFFICIENCY AND FLEXIBILISATION OF THE COST STRUCTURE

Investments in logistics infrastructure and process optimisation



## 4 CUSTOMER ORIENTATION AND INNOVATION

Promotion of self-service solutions and service improvements



# 1. MARKET LEADERSHIP IN THE CORE BUSINESS

## Inflation-based adjustment of postal rates for letters in March 2015

- Approval by the regulator on Sept. 15, 2014
- First pricing change since product reform in 2011
- Increase in line with inflation



**Standard Letter**  
EUR 0.62 → EUR 0.68  
**Large Letter**  
EUR 3.80 → EUR 4.00

### Postal rates for Standard domestic letters In 2015:

|             |      |
|-------------|------|
| Denmark     | 1.34 |
| Switzerland | 0.83 |
| UK          | 0.79 |
| Belgium     | 0.77 |
| France      | 0.76 |
| Netherlands | 0.69 |
| Austria     | 0.68 |
| Germany     | 0.62 |

Nominal price in EUR, Status November 2014

## Direct mail continues to be an important part of the advertising mix



- Advertising folder “KUVERT“ well established in the marketplace (nationwide since 2012)
- 4m Austrians use the “KUVERT“ regularly (+150,000 users compared to previous year)\*
- Additional revenue from ads placed

\*Source: Study CAWI-Print 2014

## Continual growth in mail order and online business



- Current B2C growth of 3-4% p.a. forecast\*
- Austrian Post has a market share of 76% for B2C and 25% for B2B
- Testing of new delivery models: same day delivery and food logistics

\*Source: Kreutzer, Fischer & Partner Branchenradar 2014





## 2. GROWTH IN SELECTED MARKETS

### Investments in growth markets to exploit future growth potential

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

- Pharma transport in line with GDP throughout Germany since October 1, 2014
- Continuation of structural measures
- Takeover of distribution companies (now direct control over more than 40% of transport operations)



#### Turkey

- Ongoing growth in parcel volume (>10%)
- Focus on cost control and earnings quality

#### CEE

- Substantial revenue growth in the parcel business and higher profitability
- Increase in the 2C market share (private customers)
- Difficult market environment in the mail segment: screening and focusing

# 3.

## INVESTMENTS IN A MODERN LOGISTICS INFRASTRUCTURE

Logistics centre in Upper Austria: the biggest investment project in recent years



Total area of 82,000 m<sup>2</sup>

Photovoltaic plant with 496 kW<sub>p</sub>

650 employees

Investment costs EUR 50m

Full operations: August 2014

Sorted volumes / capacity

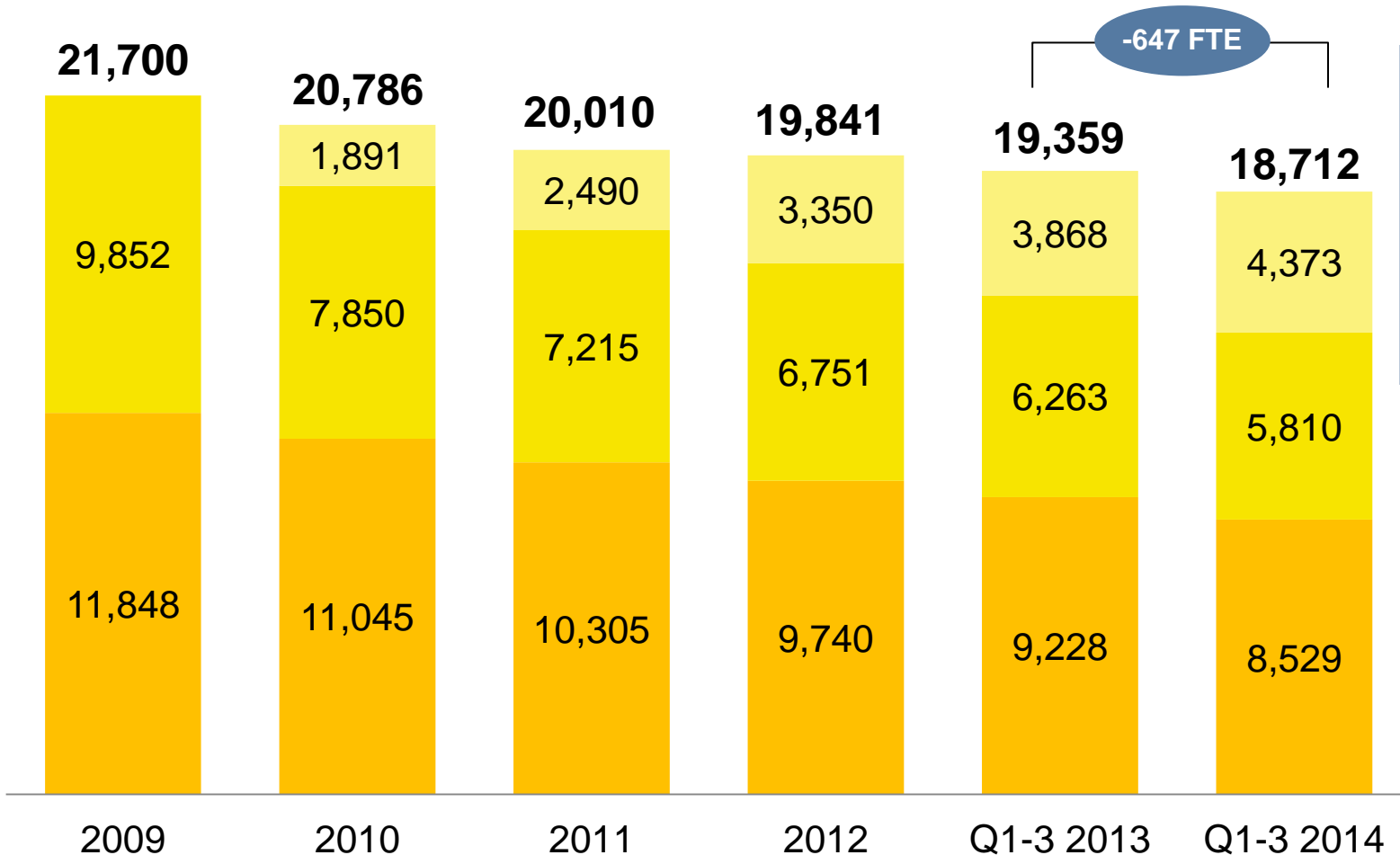
1.6m letters per working day

100,000 parcels per working day



# 3. CONTINUING OPTIMISATION OF THE COST STRUCTURE

Full time equivalents (FTE) in the core business in Austria (average for the period)



## Change

### Q1-3 2013/2014

- 699 Civil servants
- 453 Old agreement
- + 505 New agreement
- = **-647 employees**

- New coll. wage agreement since 2009
- Old coll. wage agreement
- Civil servants



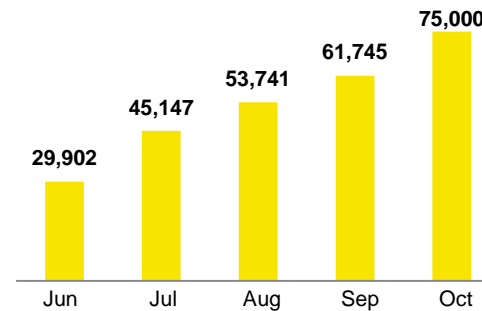
# 4. CUSTOMER ORIENTATION AND INNOVATION

## Ongoing roll-out of innovative 24/7 self-service solutions



## Increasing number of Post App users

Accum. App downloads per month



- Already 15,000 “yellow slips” via the Post App (E-notification)
- Parcel rerouting also possible with the Post App since September

## Launch of “buybuy” online platform



- Delivery and customers clearance of goods from abroad
- Access to of 350,000 online shops in the USA and England



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**2. Group results Q1-3 2014**

3. Outlook 2014



# FINANCIAL INDICATORS Q1-3 2014 AT A GLANCE

Q1-3 2013 Q1-3 2014

|                            | Q1-3 2013 | Q1-3 2014 |   |
|----------------------------|-----------|-----------|---|
| <b>1 Revenue</b> (EUR m)   | 1,734.2   | 1,732.7   | Revenue at the same level as in the previous year (-0.1%)                                 |
| <b>2 EBITDA margin</b>     | 12.8%     | 11.6%     | EBITDA margin of 11.6% reflects cost discipline; special effects in the previous year     |
| <b>3 EBIT margin</b>       | 7.6%      | 7.7%      | Stable high profitability on an operational basis   |
| <b>4 EPS</b> (EUR)         | 1.54      | 1.47      | Earnings per share slightly lower year-on-year due to effects from deferred taxes in 2013 |
| <b>5 Cash flow</b> (EUR m) | 109.1     | 108.6     | Solid free cash flow before acquisitions/securities                                       |
| <b>6 Equity ratio</b>      | 42.6%     | 41.3%     | Sound balance sheet structure featuring a low level of debt                               |



# RELEVANT REVENUE AND EARNINGS EFFECTS IN Q3 2014

|   | Q3 2013  |                                       | Q3 2014  |                   |
|---|--|---------------------------------------|--|-------------------|
| <b>Revenue effects</b>                          | Austrian federal elections with revenue effects in Letter Mail, Direct Mail and Media Post | <b>+6m EUR</b>                        | No significant revenue contributions from elections  |                   |
| <b>Structural measures (trans-o-flex Group)</b> | Impairment loss on goodwill of the trans-o-flex Group and write-downs on receivables       | <b>-27.0m EUR</b><br><b>-5.1m EUR</b> | No material impairment losses or write-downs in connection with the trans-o-flex Group       |                   |
| <b>Staff-related provisions</b>                 | Reduced provisions for employee under-utilisation  | <b>+16.3m EUR</b>                     | Parameter changes for interest-bearing provisions (discount interest rate, salary increases) | <b>-11.8m EUR</b> |



# KEY INCOME STATEMENT INDICATORS

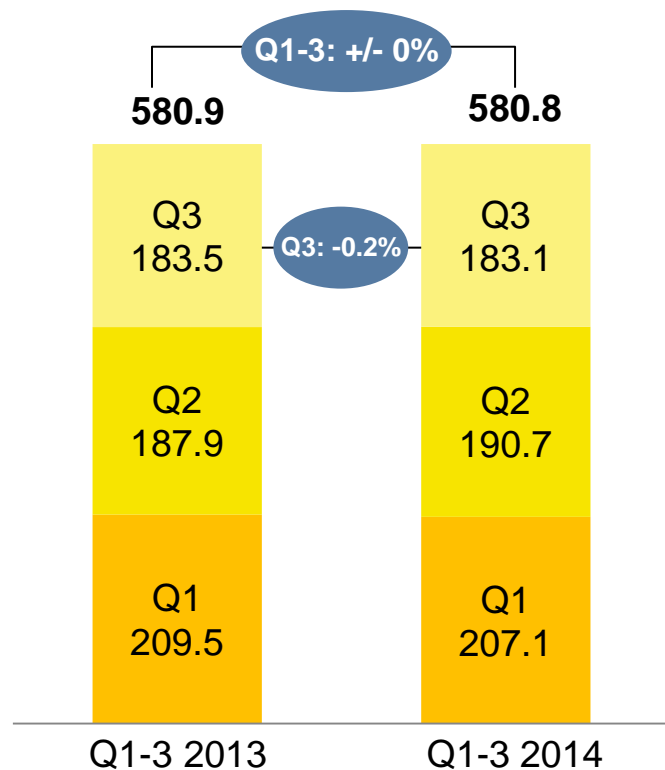
| EUR m  |                |                | Change        |              | Q3 2013      | Q3 2014      |  |
|--|----------------|----------------|---------------|--------------|--------------|--------------|--|
|  | Q1-3 2013      | Q1-3 2014      | %             | abs.         |              |              |  |
| <b>Revenue</b>                                   | <b>1,734.2</b> | <b>1,732.7</b> | <b>-0.1%</b>  | <b>-1.6</b>  | <b>561.1</b> | <b>560.8</b> | ▶ Revenue at the prior-year level  |
| Total operating income                           | 1,784.4        | 1,782.8        | -0.1%         | -1.6         | 577.2        | 578.4        |  |
| Raw materials and services used                  | -556.5         | -545.4         | -2.0%         | -11.2        | -184.1       | -182.6       |  |
| Staff costs                                      | -784.4         | -815.4         | 4.0%          | 31.0         | -233.8       | -263.7       | ▶ Higher staff costs due to adjustments to the parameters for interest-bearing provisions and wage-related contributions from previous periods |
| Other operating expenses                         | -216.0         | -220.2         | 2.0%          | 4.2          | -75.0        | -76.5        |  |
| At equity result                                 | -4.9           | -1.5           | 68.5%         | 3.4          | -1.6         | -0.5         |  |
| <b>EBITDA</b>                                    | <b>222.6</b>   | <b>200.2</b>   | <b>-10.0%</b> | <b>-22.3</b> | <b>82.7</b>  | <b>55.1</b>  |  |
| <i>EBITDA margin</i>                             | 12.8%          | 11.6%          | -             | -            | 14.7%        | 9.8%         |  |
| Depreciation, amortisation and impairment losses | -91.0          | -67.6          | -25.7%        | -23.4        | -49.5        | -21.3        |  |
| <b>EBIT</b>                                      | <b>131.5</b>   | <b>132.6</b>   | <b>0.8%</b>   | <b>1.1</b>   | <b>33.2</b>  | <b>33.8</b>  | ▶ Slightly improved EBIT   |
| <i>EBIT margin</i>                               | 7.6%           | 7.7%           | -             | -            | 5.9%         | 6.0%         |  |
| <b>Profit before tax</b>                         | <b>128.7</b>   | <b>130.2</b>   | <b>1.1%</b>   | <b>1.4</b>   | <b>32.3</b>  | <b>33.2</b>  |  |
| Income tax                                       | -23.9          | -30.4          | 27.5%         | 6.6          | -3.9         | -7.0         | ▶ Positive effects from deferred taxes in 2013   |
| <b>Profit for the period</b>                     | <b>104.9</b>   | <b>99.8</b>    | <b>-4.9%</b>  | <b>-5.1</b>  | <b>28.4</b>  | <b>26.2</b>  |  |



# MAIL & BRANCH NETWORK DIVISION: REVENUE TRENDS Q1-3 2014

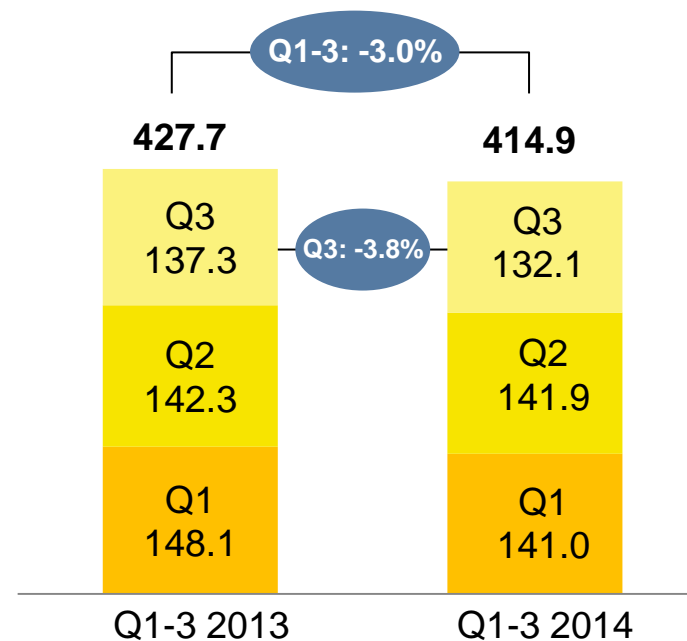
## Letter Mail/Mail Solutions (EUR m)

- Reduced election effects compared to previous year (especially Q3)
- Growth in the field of mail solutions (+3.2m EUR)
- Basic trend in volume development of -1.5% to -2%



## Direct Mail/Media Post (EUR m)

- Pressure of online business on retail stores and traditional mail order companies still ongoing
- Reduced election effects
- Slight decrease in Austria excl. election effects
- Decline in South East and Eastern Europe



# MAIL & BRANCH NETWORK DIVISION: KEY INCOME STATEMENT INDICATORS

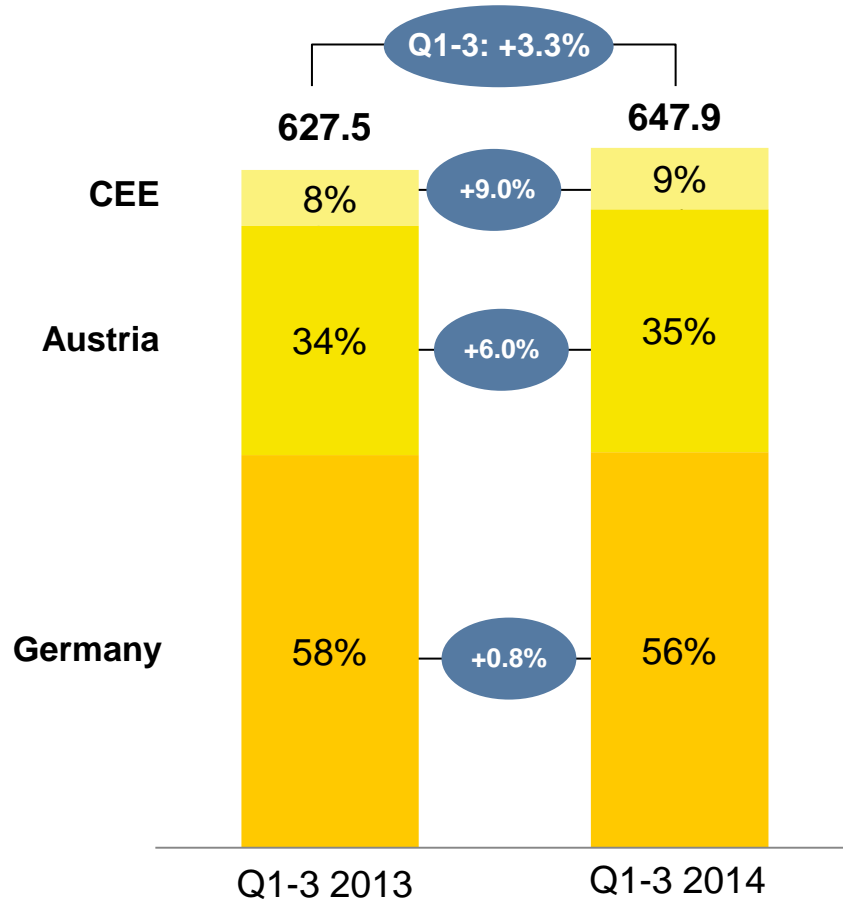
| EUR m  |                |                | Change       |              | Q3 2013      | Q3 2014      |  |
|--|----------------|----------------|--------------|--------------|--------------|--------------|--|
|  | Q1-3 2013      | Q1-3 2014      | %            | abs.         |              |              |  |
| <b>Revenue (external sales)</b>                  | <b>1,107.7</b> | <b>1,086.0</b> | <b>-2.0%</b> | <b>-21.7</b> | <b>353.1</b> | <b>344.9</b> | Quarterly revenue development shaped by election effects                                   |
| ▪ Letter Mail & Mail Solutions                   | 580.9          | 580.8          | 0.0%         | -0.1         | 183.5        | 183.1        |  |
| ▪ Direct Mail                                    | 324.2          | 313.1          | -3.4%        | -11.1        | 104.5        | 101.7        |  |
| ▪ Media Post                                     | 103.5          | 101.8          | -1.6%        | -1.7         | 32.7         | 30.4         |  |
| ▪ Branch Services                                | 99.1           | 90.3           | -8.9%        | -8.8         | 32.3         | 29.7         |  |
| Total revenue <sup>1</sup>                       | 1,161.9        | 1,142.6        | -1.7%        | -19.3        | 370.8        | 363.9        |  |
| At equity consolidation                          | -4.3           | -0.1           | 98.8%        | 4.2          | -1.3         | 0.0          |  |
| <b>EBITDA</b>                                    | <b>233.6</b>   | <b>223.2</b>   | <b>-4.4%</b> | <b>-10.4</b> | <b>76.2</b>  | <b>64.3</b>  |  |
| <i>EBITDA margin<sup>2</sup></i>                 | <i>20.1%</i>   | <i>19.5%</i>   | -            | -            | <i>20.6%</i> | <i>17.7%</i> |  |
| Depreciation, amortisation and impairment losses | -24.8          | -27.7          | -11.6%       | -2.9         | -9.4         | -7.7         | EBIT decline due to election effects and parameter changes for interest-bearing provisions |
| <b>EBIT</b>                                      | <b>208.8</b>   | <b>195.5</b>   | <b>-6.3%</b> | <b>-13.3</b> | <b>66.9</b>  | <b>56.7</b>  |  |
| <i>EBIT margin<sup>2</sup></i>                   | <i>18.0%</i>   | <i>17.1%</i>   | -            | -            | <i>18.0%</i> | <i>15.6%</i> |  |

1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

# PARCEL & LOGISTICS DIVISION: REVENUE TRENDS Q1-3 2014

Revenue (EUR m)  
Regional mix in %



## South East and Eastern Europe: +9.0%

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

## Austria: +6.0%

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

## Germany: +0.8%

- Stabilised revenue despite tough competition and high price pressure
- GDP-compliant transport has started off well (already 1,500 climate controlled vehicles)



# PARCEL & LOGISTICS DIVISION: KEY INCOME STATEMENT INDICATORS

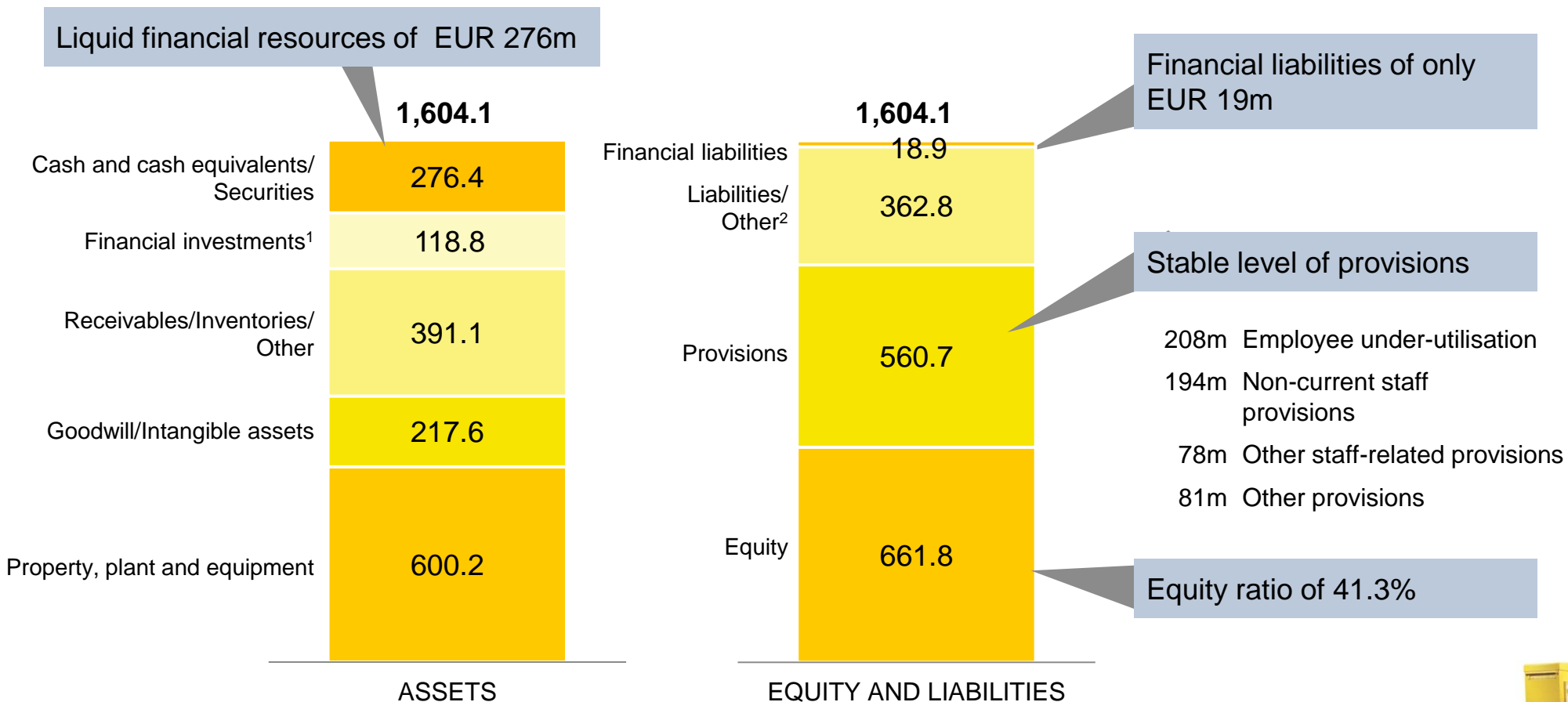
| EUR m  | Q1-3 2013    | Q1-3 2014    | Change          |             | Q3 2013      | Q3 2014      |  |
|--|--------------|--------------|-----------------|-------------|--------------|--------------|--|
|  |              |              | %               | abs.        |              |              |  |
| <b>Revenue (external sales)</b>                  | <b>627.5</b> | <b>647.9</b> | <b>3.3%</b>     | <b>20.4</b> | <b>208.5</b> | <b>216.3</b> | Revenue increase of 3.3% in Q1-3 and 3.8% in Q3  |
| ▪ Premium Parcels                                | 474.1        | 486.6        | 2.6%            | 12.5        | 159.8        | 163.2        |  |
| ▪ Standard Parcels                               | 130.1        | 134.7        | 3.5%            | 4.6         | 40.6         | 44.1         |  |
| ▪ Other Parcel Services                          | 23.3         | 26.6         | 14.4%           | 3.4         | 8.1          | 9.0          |  |
| Total revenue <sup>1</sup>                       | 633.2        | 652.9        | 3.1%            | 19.7        | 210.2        | 217.8        |  |
| At equity result                                 | 0.4          | 1.1          | >100%           | 0.6         | 0.4          | 0.3          |  |
| <b>EBITDA</b>                                    | <b>27.9</b>  | <b>34.2</b>  | <b>22.4%</b>    | <b>6.3</b>  | <b>5.4</b>   | <b>11.7</b>  | Operating improvement in Q1-3 2014; prior-year period marked by impairment loss of -27.0m EUR on goodwill at trans-o-flex and write-downs of -5.1m EUR |
| <i>EBITDA margin<sup>2</sup></i>                 | <i>4.4%</i>  | <i>5.2%</i>  | -               | -           | <i>2.6%</i>  | <i>5.4%</i>  |  |
| Depreciation, amortisation and impairment losses | -42.3        | -15.6        | 63.0%           | 26.7        | -32.1        | -5.3         |  |
| <b>EBIT</b>                                      | <b>-14.4</b> | <b>18.5</b>  | <b>&gt;100%</b> | <b>32.9</b> | <b>-26.8</b> | <b>6.4</b>   |  |
| <i>EBIT margin<sup>2</sup></i>                   | -            | <i>2.8%</i>  | -               | -           | -            | <i>2.9%</i>  |  |

1) External sales plus internal sales

2) EBIT and EBITDA in relation to total revenue

# SOUND BALANCE SHEET STRUCTURE

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



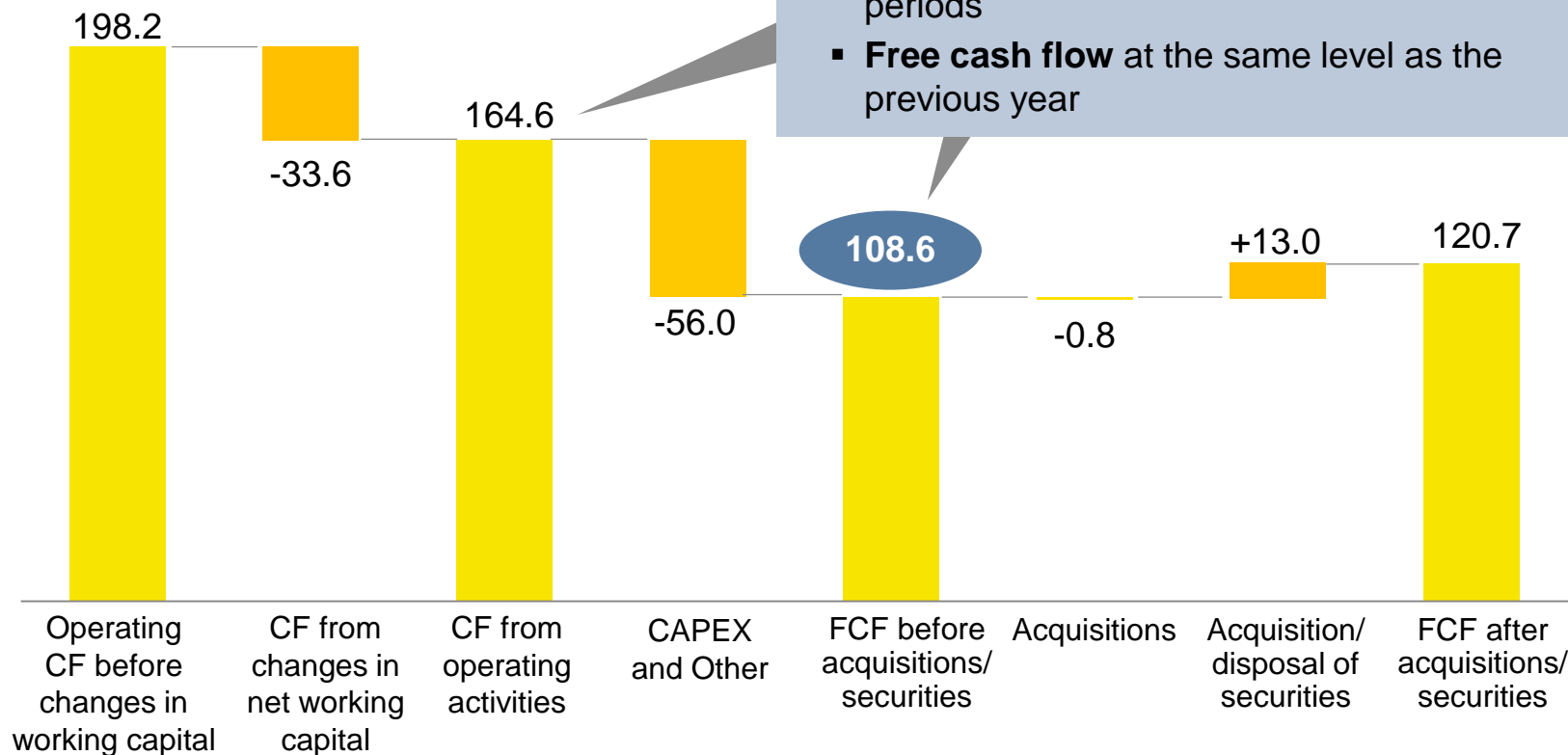
1) Including assets to the amount of EUR 2.8m classified as held for sale  
 2) Including liabilities to the amount of EUR 0.1m classified as held for sale



# ROBUST CASH FLOW

## Cash flow development (EUR m)

Q1-3 2014



- **Cash flow from operating activities** slightly below the prior-year level – includes wage-related contributions from previous periods
- **Free cash flow** at the same level as the previous year

Q1-3 2013

|  |       |  |       |                              |       |                 |       |                                    |       |              |                    |                                    |       |                                   |                   |
|--|-------|--|-------|------------------------------|-------|-----------------|-------|------------------------------------|-------|--------------|--------------------|------------------------------------|-------|-----------------------------------|-------------------|
| Operating CF before changes in working capital | 236.8 | CF from changes in net working capital | -65.0 | CF from operating activities | 171.7 | CAPEX and Other | -62.6 | FCF before acquisitions/securities | 109.1 | Acquisitions | -66.3 <sup>1</sup> | Acquisition/disposal of securities | -18.4 | FCF after acquisitions/securities | 24.5 <sup>1</sup> |
|--|-------|--|-------|------------------------------|-------|-----------------|-------|------------------------------------|-------|--------------|--------------------|------------------------------------|-------|-----------------------------------|-------------------|

1) Adjusted reporting



1. Highlights and overview

2. Group results Q1-3 2014

**3. Outlook 2014**



# OUTLOOK 2014

|                                |  |
|--------------------------------|--|
| <b>Market environment</b>      | <ul style="list-style-type: none"><li>▪ Decline in letter mail volumes from e-substitution partly offset by product innovations</li><li>▪ Advertising market negatively affected by pressure of online business on traditional mail order companies and retail stores</li><li>▪ Growth in private parcels of 3-6% depending on region, increasing competition for parcel customers</li></ul> |
| <b>Revenue</b>                 | <ul style="list-style-type: none"><li>▪ Stable revenue targeted in 2014</li><li>▪ Parcel growth expected to offset decline in mail business</li></ul>  |
| <b>Costs &amp; investments</b> | <ul style="list-style-type: none"><li>▪ Ongoing investments, efficiency enhancement and structural improvements</li><li>▪ Special effects unrelated to normal business operations possible (e.g. sale of commercial properties, structural measures, write-downs)</li><li>▪ CAPEX 2014 of about EUR 90m</li></ul>  |
| <b>Earnings</b>                | <ul style="list-style-type: none"><li>▪ Medium-term objective of achieving a sustainable EBITDA margin of about 12%</li><li>▪ EBIT improvement targeted for 2014</li></ul>   |



# CONTACT

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Fax: +43 57767-30409

## 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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