PRESS INFORMATION

AUSTRIAN POST H1 2015:
SLIGHT REVENUE INCREASE, EBIT BELOW THE PRIOR-YEAR LEVEL, RISE IN EPS AND CASHFLOW

- **Revenue**
  - Revenue increase of 0.6% to EUR 1,178.9m in H1
  - Decline in the mail business (–0.4%) offset by growth in the parcel segment (+2.4%)
- **Earnings**
  - EBIT in H1 down 2.3% to EUR 96.5m
  - Earnings per share due to one-off item up 5.4% to EUR 1.14
- **Cash flow and balance sheet**
  - Increase in the cash flow from operating activities to EUR 107.7m
  - Strong cash position and low level of financial liabilities
- **Outlook 2015**
  - Aim to achieve revenue growth of 1–2%
  - Targeted EBITDA margin of around 12% and improved operating result

OVERVIEW OF AUSTRIAN POST

In the first half of 2015, revenue of the Austrian Post Group at EUR 1,178.9m was up 0.6% from the prior-year level as expected. Revenue growth of 2.4% in the parcel segment more than offset the slight decline of 0.4% in the mail business, which continues to be affected by the ongoing electronic substitution of traditional letter mail by electronic forms of communication, a trend which recently intensified. Business with direct mail showed a differentiated development of individual customer segments during the period under review. The volume of addressed direct mail items declined in contrast to the rise in addressed mail volumes.

The trend towards increased e-commerce is continuing in the parcel segment, leading to further growth of parcel volumes in Austria. At the same time, it is evident that competition is intensifying, a development Austrian Post is dealing with by making ongoing investments at the customer interface. In addition to its cost leadership, Austrian Post is also continuously expanding its service leadership. At the end of the period under review, Austrian Post customers already had 280 self-service zones and 170 pick-up stations at their disposal throughout the country. Moreover, with the Post App Austrian Post has been offering a state-of-the-art tool enabling the greatest possible customer flexibility in receiving mail items. Recently, Austrian Post also launched the pilot delivery of parcels on Saturdays. The international parcel business continued to show a differentiated development. Market trends positively impacting the business operations of Austrian Post’s subsidiaries in South East and Eastern Europe as well as Turkey are continuing, whereas the top priority in Germany remains the implementation of structural measures and the continuation of network restructuring.

Earnings before interest and tax (EBIT) of Austrian Post amounted to EUR 96.5m in the first half of 2015, a drop of 2.3% from the previous year. However, second-quarter EBIT climbed 4.9% to EUR 42.6m compared to the second quarter of 2014. On an operational basis, measures designed to further optimise costs and enhance efficiency were continued, including further investments in a modern vehicle fleet and new sorting facilities. Cash flow remains at a high level against the backdrop of an extensive investment programme, and comprises a firm foundation for financing future investments and dividends. On this basis, Austrian Post aims to remain committed to its strategic capital market positioning as a dividend stock also in the future.

"Looking ahead to the 2015 full-year results, we assume that the basic trends in the mail and parcel businesses will continue, and expect a rise of Group revenue in the range of 1-2%. At the same time, we are striving to generate an EBITDA margin of around 12% and a further improvement in our operating result", says Austrian Post CEO Georg Pölzl.

REVENUE DEVELOPMENT IN DETAIL

In the first half of 2015, Group revenue of Austrian Post rose slightly by 0.6% compared to the prior-year level to EUR 1,178.9m. On a year-on-year comparison, revenue also increased slightly by 0.6% in the second quarter of 2015 alone.

Total revenue of the **Mail & Branch Network Division** was down 0.4% in the reporting period to EUR 738.0m. The revenue drop was of a similar magnitude in the second quarter of 2015, falling by 0.5% year-on-year. The basic trend of e-substitution is continuing. In addition, positive revenue effects from elections were not as high in the second quarter of 2015 as in the prior-year period. The upward adjustment of postal rates as of March 1, 2015 had the opposite effect. In the first half of 2015, Letter Mail & Mail Solutions revenue at EUR 400.7m climbed 0.8% from the previous year. The Direct Mail and Media Post segment, which reported a slight revenue decline of 1.0% in the first half of 2015 to EUR 279.8m, saw a differentiated development of the individual customer sectors. The advertising activities of retailers developed positively, especially in the unaddressed direct mail segment, whereas the volume of addressed advertising mail decreased. At the same time, Branch Services revenue was down 5.1% or EUR 3.1m to EUR 57.5m.

Total revenue of the **Parcel & Logistics Division** rose by 2.4% in the first half of 2015 to EUR 440.9m. A revenue increase of 2.6% was generated in the second quarter of 2015. From a regional perspective, 54% of total revenue in the Parcel & Logistics Division was generated in Germany in the first half-year, compared to 37% in Austria and 9% by the subsidiaries in South East and Eastern Europe. Revenue in Germany fell by 2.3% in the first six months of 2015. The challenging competitive situation and price pressure in this market continue and the revenue decline was partly attributable to the lower diesel surcharges on transport services. In contrast, revenue in Austria rose by 8.3%, driven by the above-mentioned trend towards online shopping. There are signs of

competitors intensifying their initiatives to achieve greater market penetration. The subsidiaries in South East and Eastern Europe posted a revenue increase of 9.9% on the basis of significant volume increases despite of high price pressure.

EXPENSE AND EARNINGS DEVELOPMENT

Raw materials, consumables and services used were up by 0.3% during the period under review to EUR 364.0m. Though the cost of materials declined as a result of the lower fuel prices, costs for services used rose as a consequence of higher transport expenditures. This increase is attributable to the higher parcel volumes in Austria as well as in South East and Eastern Europe, which were partly offset by the decrease in costs for external transport services in Germany.

Austrian Post’s staff costs remained stable, totalling EUR 551.8m in the first half of 2015. The operational staff costs for salaries and wages included in this amount, adjusted for the integration of the distribution companies in Germany, were at the prior-year level. The integration of previously outsourced services led to additional staff costs in contrast to the decline in costs for transport services. The stability of operational staff costs shows that the continuing measures to improve efficiency and the staff structure succeeded in compensating for inflation-related cost increases.

In addition to the ongoing operational staff costs, staff costs also encompass various non-operational costs such as termination benefits and various changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post. Costs for termination benefits were at the previous year’s level, amounting to EUR 11.0m in the first half of 2015 compared to EUR 10.8m in the first half of 2014. Costs for provisions for employee under-utilisation totalled approximately EUR 6m in the reporting period, of which EUR 3m is attributable to adjustments of the parameters underlying these provisions.

Other operating income at EUR 32.8m during the period under review was at the same level as in the previous year. At the same time, other operating expenses climbed 8.6% to EUR 156.0m, which is due to increased expenditures on maintenance, communications and consulting.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post fell by 3.7%, or EUR 5.4m, in the first half of 2015 to EUR 139.7m. The corresponding EBITDA margin was 11.9%. Total depreciation, amortisation and impairment losses in the reporting period amounted to EUR 43.2m, a drop of EUR 3.1m from the prior-year period, which included an impairment loss on goodwill of EUR 4.9m for the Polish subsidiary PostMaster Sp. z o.o. in the second quarter of 2014. Accordingly, earnings before interest and tax (EBIT) in the first six months of 2015 reached a level of EUR 96.5m, a decrease of 2.3% or EUR 2.3m from the previous year. The EBIT margin was 8.2%. EBIT in the second quarter of 2015 rose 4.9% to EUR 42.6m, largely due to the absence of the impairment loss mentioned above.

The other financial result improved from minus EUR 1.8m to EUR 3.4m, mainly attributable to interest income of EUR 3.3m arising from the early termination of a cross-border leasing transaction of various postal sorting facilities in March 2015. Accordingly, earnings before tax (EBT) in the first six months of 2015 were EUR 99.9m, compared to the prior-year figure of EUR 97.0m. The tax charge of EUR 22.5m was slightly below the comparable figure of EUR 23.4m in the first half of 2014. After deducting income tax, the Group's profit for the period (profit after tax) amounted to EUR 77.4m, a year-on-year rise of 5.2%. This corresponds to undiluted earnings per share of EUR 1.14 for the first six months of 2015.

From a divisional perspective, the **Mail & Branch Network Division** generated an EBITDA of EUR 161.4m in the first half-year 2015, an increase of 1.6%. Strict cost discipline succeeded in offsetting the slight drop in revenue during the reporting period. EBIT of the division at EUR 145.4m has increased by 4.7% or EUR 6.5m from the previous year. This increase is primarily related to the impairment loss of EUR 4.9m recognised for goodwill at Austrian Post's Polish subsidiary PostMaster Sp. z o.o. in the previous year.

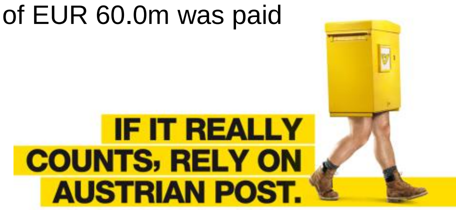
EBITDA of the **Parcel & Logistics Division** amounted to EUR 23.1m in the first six months of 2015, compared to EUR 22.5m in the previous year. EBIT in the reporting period totalled EUR 12.5m, an improvement of EUR 0.4m from the prior-year figure of EUR 12.1m. The earnings situation in Austria and South East and Eastern Europe developed positively, whereas Austrian Post is pushing ahead with structural changes and network restructuring in Germany.

The **Corporate Division** (including Consolidation) basically covers central costs as well as staff-related provisions. EBIT of the Corporate Division fell by EUR 9.2m to minus EUR 61.4m. On the one hand, this decline can be attributed to parameter adjustments for the provisions for employee under-utilisation. On the other hand, other operating expenses for maintenance, communications and consulting increased during the period under review, which negatively impacted earnings mainly in the Corporate Division.

CASH FLOW AND BALANCE SHEET

The gross cash flow totalled EUR 151.8m in the first half of 2015, compared to EUR 139.2m in the previous year. The cash flow from operating activities of EUR 107.7m surpassed the prior-year figure by EUR 11.8m. This increase was mainly due to the lower income tax payments in a year-on-year comparison.

The cash flow from investing activities reached a level of plus EUR 16.8m in the first six months of 2015. This increase is primarily due to the sale of Austrian Post's former corporate headquarters in Vienna's first district, for which the outstanding balance of the purchase price of EUR 60.0m was paid



in the first quarter of 2015. Cash outflows for the acquisition of property, plant and equipment (CAPEX) amounted to EUR 32.0m in the first half of 2015, above the level of EUR 22.2m in the previous year. In aggregate, the free cash flow during the reporting period was EUR 124.4m, up from EUR 83.2m in the previous year. The free cash flow before acquisitions/securities reached EUR 137.7m. Even without taking the special effect related to the sale of the former corporate headquarters into consideration, the free cash flow was at EUR 77.7m and therefore higher than the prior-year figure of EUR 70.5m.

Austrian Post pursues a conservative balance sheet and financing structure. This is demonstrated by the high equity ratio, low financial liabilities and the solid level of cash and cash equivalents invested with the least possible risk. Equity of the Austrian Post Group totalled EUR 646.0m as at June 30, 2015, corresponding to an equity ratio of 40.3%. An analysis of the financial position of the company shows a high level of current and non-current financial resources of EUR 319.3m, including cash and cash equivalents of EUR 256.9m as well as financial investments in securities of EUR 62.4m. These financial resources contrast with financial liabilities of only EUR 18.6m.

EMPLOYEES

The average number of employees (full-time equivalents) at the Austrian Post Group totalled 23,343 people during the first half of 2015, comprising a reduction of 378 employees from the prior-year period. Most of Austrian Post's staff or a total of 17,904 full-time equivalents is employed by the parent company Österreichische Post AG.

OUTLOOK 2015

On the basis of the development of the mail and parcel business in the first half of 2015, Austrian Post confirms its previously communicated forecasts with respect to the business development of the entire year 2015. Group revenue should show a slightly positive development during the course of the year and rise by 1-2% from the comparable level in the 2014 financial year.

In the mail business, the basic trend of e-substitution i.e. the substitution of traditional letter mail by electronic forms of communication is likely to continue, accompanied by further volume declines. Based on the business development in the first half of this financial year, the decrease in mail volumes in 2015 is expected to be in the middle of the predicted range of minus 3-5%. The direct mail business will continue to show a differentiated development in the individual customer segments, with a decrease most likely to be seen for addressed direct mail items. The decline in branch network revenue, especially for telecommunications products and financial services, is expected to continue during 2015. Taking account of these factors as well as the positive effects of the increase in postal rates in March 2015, the Mail & Branch Network Division should report an overall stable or slightly positive revenue development in 2015.

The development of the Parcel & Logistics Division is impacted by differing trends in the private and business parcel segments. Annual growth of 3-6% driven by the ongoing expansion of e-commerce is anticipated in the private customer parcel segment, depending on the region. In contrast, subdued economic growth prospects are unlikely to provide any impetus to the business parcel segment. Strong competition in the parcel and logistics business is resulting in an intensified struggle for market shares both in the B2C and B2B segments.

Austrian Post is continuously optimising its structures and processes in both mail and parcel logistics in order to further enhance efficiency in all the services it provides. Increasing profitability is the top priority, especially in the company’s international business operations. One focal point is the continuation of the efficiency enhancement programme in the trans-o-flex Group, entailing a reorganisation of process, distribution and staff structures. The underlying aim of all these initiatives is the goal of generating an EBITDA margin of around 12%. The company is pursuing this objective as well as achieving a further improvement in its operating result for the entire 2015 financial year.

The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner in the future to finance sustainable efficiency increases, structural measures and future-oriented investments. In this regard, total operational capital expenditures (CAPEX) of about EUR 80m are planned once again in 2015, focusing on sorting technologies, logistics and customer solutions. Furthermore, Austrian Post recently began construction of its new corporate headquarters in Vienna’s third district, which is expected to be completed in 2017.

KEY FIGURES

EUR m	H1 2014	H1 2015	Change %	Change EUR m	H1 2015	Q2 2015
Revenue	**1,171.9**	**1,178.9**	**0.6%**	**7.0**	**573.5**	**577.0**
thereof Mail & Branch Network Division[1]	740.9	738.0	-0.4%	-2.9	362.2	360.5
thereof Parcel & Logistics Division[1]	430.5	440.9	2.4%	10.3	211.0	216.4
thereof Corporate[1]	0.4	0.1	-86.9%	-0.4	0.2	0.0
Other operating income	32.5	32.8	0.9%	0.3	15.9	16.4
Raw materials, consumables and services used	-362.8	-364.0	-0.3%	-1.1	-179.0	-179.5
Staff costs	-551.7	-551.8	-0.0%	-0.1	-271.1	-270.1
Other operating expenses	-143.7	-156.0	-8.6%	-12.3	-72.2	-79.7
Results from financial assets accounted for using the equity method	-1.1	-0.2	80.8%	0.9	-0.7	0.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**145.1**	**139.7**	**-3.7%**	**-5.4**	**66.3**	**64.6**
Depreciation, amortisation and impairments	-46.3	-43.2	6.6%	3.1	-25.7	-22.0
Earnings before interest and tax (EBIT)	**98.8**	**96.5**	**-2.3%**	**-2.3**	**40.6**	**42.6**
thereof Mail & Branch Network Division	138.9	145.4	4.7%	6.5	60.9	68.8
thereof Parcel & Logistics Division	12.1	12.5	3.0%	0.4	6.6	5.3
thereof Corporate/Consolidation	-52.2	-61.4	-17.6%	-9.2	-27.0	-31.5
Other financial result	-1.8	3.4	>100%	5.2	-1.1	-0.1
Earnings before tax (EBT)	**97.0**	**99.9**	**3.0%**	**2.9**	**39.5**	**42.5**
Income tax	-23.4	-22.5	4.0%	0.9	-9.7	-8.9
Profit for the period	**73.6**	**77.4**	**5.2%**	**3.9**	**29.9**	**33.6**
Earnings per share (EUR)[2]	1.08	1.14	5.4%	0.06	0.44	0.50
Cash flow from operating activities	**95.9**	**107.7**	**12.3%**	**11.8**	**45.3**	**48.1**
Investments in property, plant and equipment (CAPEX)	-22.2	-32.0	-43.9%	-9.8	-11.1	-16.2
Free cash flow before acquisitions/securities	70.5	137.7	95.4%	67.3	32.5	33.2

[1] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post are no longer included in the revenue with third parties (formerly external sales).
[2] Undiluted earnings per share in relation to 67,552,638 shares

The interim financial report H1 2015 is available on the Internet at www.post.at/ir --> Publications --> Financial Reports.

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