Post

Q1 2015

Interim report for the first quarter of 2015 | Austrian Post

HIGHLIGHTS Q1 2015

REVENUE

- Slight revenue increase of 0.6% to EUR 601.9m
- Decline in the mail business (–0.3%) offset by growth in the parcel segment (+2.2%)

EARNINGS

- EBIT down 7.4% to EUR 53.9m
- Earnings impacted by interest effects on staff-related provisions
- Earnings per share up 0.4% to EUR 0.65

CASH FLOW AND BALANCE SHEET

- Increase in cash flow from operating activities to EUR 59.6m
- High amount of cash and cash equivalents and low level of financial liabilities

OUTLOOK FOR 2015 CONFIRMED

- Aim to achieve revenue growth of 1–2%
- Targeted EBITDA margin of around 12% and further EBIT improvement

KEY FIGURES

		Q1 2014	Q1 2015	Change %
Income statement				
Revenue	EUR m	598.4	601.9	0.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	78.8	75.1	–4.6%
EBITDA margin[1]	%	13.2%	12.5%	–
Earnings before interest and tax (EBIT)	EUR m	58.2	53.9	–7.4%
EBIT margin[1]	%	9.7%	9.0%	–
Earnings before tax (EBT)	EUR m	57.4	57.4	–0.2%
Profit for the period	EUR m	43.7	43.8	0.2%
Earnings per share[2]	EUR	0.64	0.65	0.4%
Employees (average for the period, full-time equivalents)		23,732	23,330	–1.7%
Cash flow				
Gross cash flow	EUR m	75.4	82.8	9.8%
Cash flow from operating activities	EUR m	50.6	59.6	17.8%
Investment in property, plant and equipment (CAPEX)	EUR m	–11.2	–15.8	–41.8%
Cash flow from acquisition/divestments	EUR m	–0.2	–0.1	62.0%
Free cash flow before acquisitions/securities	EUR m	38.0	104.6	>100%
Balance sheet		**Dec. 31, 2014**	**March 31, 2015**	**Change %**
Total assets	EUR m	1,671.0	1,708.2	2.2%
Equity	EUR m	702.7	745.7	6.1%
Non-current assets[3]	EUR m	1,026.0	1,020.4	–0.5%
Current assets	EUR m	645.0	687.8	6.6%
Net debt	EUR m	–99.7	2.4	>100%
Equity ratio	%	42.1%	43.7%	–
Capital employed	EUR m	733.8	673.6	–8.2%

[1] EBIT and EBITDA in relation to Group revenue
[2] Undiluted earnings per share in relation to 67,552,638 shares
[3] Includes assets held for sale to the amount of EUR 0.6m as at December 31, 2014

STATEMENT BY THE MANAGEMENT BOARD

Ladies and Gentlemen!
Dear Shareholders!

In the first quarter of 2015, revenue of the Austrian Post Group at EUR 601.9m was slightly above the prior-year level. Revenue growth of 2.2% in the parcel segment completely offset the slight decline of 0.3% in the mail business, which continues to be affected by the ongoing electronic substitution of traditional letter mail. In addition, branch network revenue decreased whereas revenue from direct mail items developed solidly, a development which is also related to the good business generated before Easter. Also the upward adjustment of postal rates as of March 1, 2015 had a positive effect on overall revenue development. The trend towards increased e-commerce is continuing in the parcel segment, leading to further growth of parcel volumes. This not only has a positive influence on the Austrian parcel business, but also on Austrian Post's parcel subsidiaries in South East and Eastern Europe which generated high growth during the reporting period. However, the competitive environment in the parcel market is getting more challenging; this also applies to Germany where Austrian Post's parcel subsidiary trans-o-flex operates. As a result, revenue in Germany declined in the first quarter of the year due to the tough competition and high price pressure.

Earnings before interest and tax (EBIT) at EUR 53.9m were down by EUR 4.3m from the previous year. This decline also includes expenses resulting from increased staff-related provisions due to the ongoing low interest rate environment. On an operational basis, measures to further optimise costs and enhance efficiency were continued. Moreover, we also pressed ahead with investments at the customer interface during the reporting period, and continued to expand our self-service offering. Austrian Post customers now have about 270 self-service zones and 150 pick-up stations at their disposal throughout Austria. In spite of our extensive investment programme, cash flow is above the prior-year level, securing the company's ability to finance investments and dividends.

As a result, Austrian Post was able to distribute a dividend of EUR 1.95 per share on April 29, 2015 for the past financial year. Thus, Austrian Post once again underlines its clear capital market positioning as a reliable dividend stock. The focus of our strategic activities is on reliability and stability for the owners and other stakeholders of our company, and this approach will be continued in the future. Looking ahead to the full year, we confirm the previously communicated outlook for 2015. We expect a Group revenue increase in the range of 1–2%. At the same time, we target an EBITDA margin of around 12% and a further improvement in EBIT.

Vienna, April 29, 2015

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

ECONOMIC ENVIRONMENT

Global economic growth remains moderate at present. The International Monetary Fund (IMF) expects an economic growth rate of 3.5% in 2015 in contrast to 3.4% in each of the past two years. The larger economies performed better than in the recent past, whereas economic momentum slowed down somewhat in the emerging and developing markets. According to the IMF, the eurozone will have to adjust to a longer-term period of weak economic growth. However, the eurozone economy slightly picked up recently. For this reason, the IMF expects growth of 1.5% in 2015 and 1.6% in 2016, compared to an economic expansion of only 0.9% in 2014. Like other economic regions, the eurozone is also profiting from the low oil price, and both the bond buying programme and interest rate reductions of the European Central Bank also had a positive effect. The export industry also benefited from the significant rise in value of the US dollar (IMF, April 2015).

Austria is lagging behind other eurozone economies. Following marginal growth in 2014, the Austrian economy is expected to expand only very gradually in 2015. According to forecasts of the Austrian Institute of Economic Research (WIFO), Austrian GDP will rise by 0.5% in 2015 and 1.3% in 2016. The combination of an unfavourable order situation, the decline in domestic and foreign consumer demand as well as the bleak business outlook leads to a general reluctance to commit to new investments. However, the markets in South East and Eastern Europe, which are important to the Austrian economy, are developing more favourably (WIFO, March 2015). The IMF expects economic growth of 2.9% in the CEE region in 2015. Turkey (+3.1%), Romania (+2.7%) and Hungary (+2.7%) are all anticipated to post growth rates of around the 3% threshold in 2015. The German economy is forecast to grow by 1.6% in 2015 (IMF, April 2015).

MARKET ENVIRONMENT

In addition to the overall economic environment, the business development of Austrian Post is influenced by other international trends which pose risks but also open up opportunities.

The electronic substitution of traditional letter mail is continuing and is essentially irreversible. The baseline scenario assumes a drop of 3–5% annually in addressed mail volumes. In contrast, interactive physical media are an indispensable part of the advertising strategy of many Austrian companies. Unaddressed direct mail items also rank among the most popular communications channels. In turn, the volume of direct mail items strongly depends on the intensity of advertising activities by companies.

Parcel volumes in the private customer segment continue to increase due to the growing importance of online shopping against the backdrop of intensified competition. The development of the B2B market is still being shaped by the clouded economic situation. The development of the international parcel and freight business is just as dependent on general economic trends, international trade flows and related price developments. Competitive intensity and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised.

LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is mainly based on the Austrian Postal Market Act, which took full effect on January 1, 2011. The cornerstones of this law are as follows:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria.
- The Universal Postal Service Obligation limits the spectrum of basic services to mail posted at the legally stipulated access points, i.e. postal service points or letterboxes. This safeguards the supply of basic postal services to the Austrian population and economy. Postal services for mail items brought to sorting centres by large customers, with the exception of newspapers, are not considered to be an integral component of universal postal services.
- Austrian Post was required to carry out the conversion of cluster box units and rural drop-off boxes and had to finance the costs in advance. The costs for exchanging these facilities should be partially refunded to Austrian Post on the basis of a legally prescribed allocation key. No compensation has yet been received as at this date.
- Since January 1, 2011, a licence has been required to provide postal delivery services for letters weighing up to 50 grams.
- Since January 1, 2011, only those postal services encompassed in the legally prescribed Universal Postal Service Obligation are exempt from Value Added Tax (VAT). Postal services whose terms and conditions are individually agreed upon are subject to Value Added Tax at standard rates.

An adjustment in postal rates was approved by the relevant regulatory authorities – the Post Control Commission and the Austrian Regulatory Authority for Broadcasting and Telecommunications (RTR) – on September 15, 2014. An inflation-related price increase for mail took place on March 1, 2015 following the last product and price reform in 2011.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE SCOPE OF CONSOLIDATION

Austrian Post sold its stake in the German printing services company MEILLERGHP effective February 20, 2015. Austrian Post previously owned a 65% shareholding and Swiss Post 35% of the company. On February 7, 2014, MEILLERGHP submitted an application for judicial reorganisation insolvency proceedings, which were terminated on February 15, 2015.

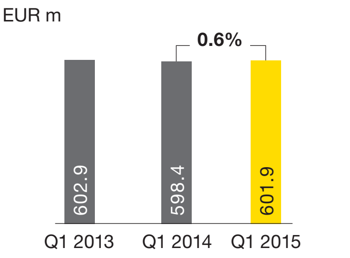
Effective March 31, 2015, Austrian Post disposed of its 100% stake in feibra Magyarország Kft., which specialises in distributing unaddressed and addressed direct mail items as well as newspapers and magazines in Hungary. As of December 31, 2014, the assets and liabilities of the company had been classified as a disposal group and correspondingly recognised and disclosed seperately in the consolidated balance sheet.

REVENUE AND EARNINGS

Revenue development

In the first quarter of 2015, Group revenue of Austrian Post rose slightly by 0.6% compared to the prior-year level to EUR 601.9m. The parcel business showed further revenue growth during the reporting period, thus offsetting the slight revenue decline in the Mail & Branch Network Division.

REVENUE DEVELOPMENT



REVENUE BY DIVISION

EUR m	Q1 2014[1]	Q1 2015	Change %	Change EUR m
Revenue	**598.4**	**601.9**	**0.6%**	**3.5**
Mail & Branch Network	378.7	377.5	–0.3%	–1.2
Parcel & Logistics	219.5	224.4	2.2%	4.9
Corporate	0.2	0.0	–84.7%	–0.2
Calendar working days in Austria	62	62	–	–

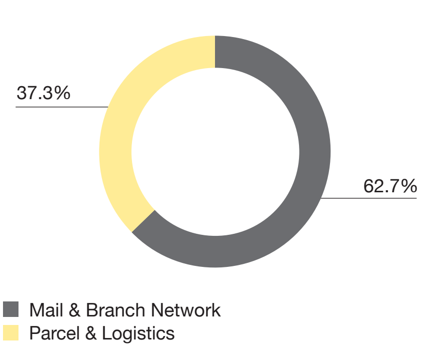
[1] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post are no longer included in the revenue with third parties (formerly external sales).

The Mail & Branch Network Division accounted for the largest share or 62.7% of total Group revenue in the first three months of 2015. On balance, revenue of the division was down 0.3% in the reporting period to EUR 377.5m. This decline is due to the ongoing electronic substitution of letters as well as decreasing revenue in the branch network. In contrast, the upward adjustment of postal rates as of March 1, 2015 positively impacted the division's revenue development.

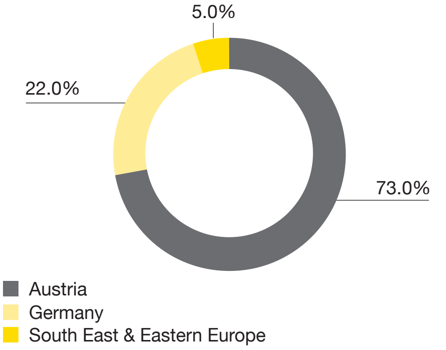
The Parcel & Logistics Division generated 37.3% of total Group revenue during the reporting period. Divisional revenue rose 2.2% to EUR 224.4m in the first quarter of 2015. From a regional perspective, both the Austrian market and the South East and Eastern European region showed considerable growth, whereas revenue declined in Germany due to the ongoing strong competition and price pressure.

With respect to its geographical segments, Austrian Post generated 73.0% of its Group revenue in Austria, 22.0% in Germany and 5.0% in South East and Eastern Europe.

REVENUE BY DIVISION Q1 2015



REVENUE BY REGION Q1 2015



REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	Q1 2014[1]	Q1 2015	Change %	Change EUR m
Revenue with third parties (external)	**378.7**	**377.5**	**–0.3%**	**–1.2**
Letter Mail & Mail Solutions	207.0	206.4	–0.3%	–0.6
Direct Mail	105.7	109.1	3.3%	3.5
Media Post	35.3	33.6	–4.7%	–1.7
Branch Services	30.8	28.4	–7.8%	–2.4
Revenue with other segments (intra-Group)	19.1	20.4	6.7%	1.3
Total revenue	397.8	397.9	0.0%	0.1

[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).

Revenue of the Mail & Branch Network Division totalled EUR 377.5m in the first quarter of 2015. Of this amount, 54.7% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 28.9% of total divisional revenue and the field of Media Post, i.e. the delivery of newspapers and magazines has a 8.9% share. Branch Services accounts for 7.5% of divisional revenue. Generally speaking, revenue development is strongly influenced by election effects. Positive revenue effects in the current reporting period were at a similar level to the first quarter of 2014.

Letter Mail & Mail Solutions revenue at EUR 206.4m declined slightly from the previous year as expected. The basic trend towards declining mail volumes resulting from the substitution of letters by electronic forms of communication continues. Moreover, the absence of one-time mailings by certain customers in the telecommunications, finance and insurance sectors negatively impacted revenue development. In contrast, the positive revenue effect arising from the rise in postal rates as of March 1, 2015 should be noted.

Revenue in the Direct Mail business rose 3.3% to EUR 109.1m in the first three months of 2015. The Direct Mail business is generally influenced by the level of customer advertising expenditure and thus also by the economic environment, amongst other factors. The individual customer segments in the Direct Mail business were subject to differing volume trends during the period under review. Whereas the pressure exerted by online business on traditional mail order companies and retail stores led to reduced advertising spending by several customers, in particular unaddressed direct mail items distributed on behalf of local suppliers increased. Moreover, various advertising campaigns promoting special offers shortly before Easter generated additional revenue in the reporting period.

Media Post revenue was down 4.7% in a year-on-year comparison to EUR 33.6m. Business with event-driven media and member newspapers was stable, whereas business with newspapers and magazines declined. At the same time, Branch Services revenue was down 7.8% or EUR 2.4m to EUR 28.4m. A changed product and price positioning on the part of Austrian Post's contractual telecommunications partner led to a drop of revenue from mobile telephony products. Revenue in the field of financial services for the company's banking partner BAWAG P.S.K. also declined.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	Q1 2014[1]	Q1 2015	Change %	Change EUR m
Revenue with third parties (external)	**219.5**	**224.4**	**2.2%**	**4.9**
Premium Parcels	164.9	167.2	1.4%	2.3
Standard Parcels	45.9	48.4	5.5%	2.5
Other Parcel Services	8.7	8.8	0.9%	0.1
Revenue with other segments (intra-Group)	2.3	2.0	–13.8%	–0.3
Total revenue	221.8	226.4	2.1%	4.6

[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).

Total revenue of the Parcel & Logistics Division rose by 2.2% in the first quarter of 2015 to EUR 224.4m. The Premium Parcels business (parcel delivery within 24 hours) contributes the largest share of this division at 74.5% of revenue. Premium Parcels generate revenue of EUR 167.2m in the first three months of 2015, comprising a rise of 1.4%. In addition to the good development of business parcels in Austria, higher growth was also achieved in higher value parcels for private customers. Generally, a high level of competitive intensity prevails in the business customer segment, which, combined with weak economic growth, results in high price pressure.

Standard Parcels, which mainly involve shipments to private customers in Austria, posted revenue of EUR 48.4m, an increase of 5.5%. The basis for this growth is the ongoing online shopping trend resulting in growing parcel volumes of online retailers to private customers. In particular, parcel volumes rose in March 2015, which is partly due to earlier Easter sales compared to the previous year. Other Parcel Services, which includes various additional logistics services such as fulfillment, warehousing and cash logistics, generated revenue of EUR 8.8m in the reporting period, a year-on-year rise of EUR 0.1m.

From a regional perspective, 55% of total revenue in the Parcel & Logistics Division was generated in Germany, 36% in Austria and 9% by the subsidiaries in South East and Eastern Europe. Revenue in Germany fell by 2.5% in the first three months of 2015. The challenging competitive situation and price pressure in this market continue. In contrast, revenue in Austria rose by 8.1%, driven by the above-mentioned trend towards online shopping and impetus provided by Easter sales against the backdrop of intensive competition. The subsidiaries in South East and Eastern Europe posted a revenue increase of 11.0% on the basis of significant volume increases.

Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	Q1 2014	Q1 2015	Change %	Change EUR m
Revenue	**598.4**	**601.9**	**0.6%**	**3.5**
Other operating income	16.5	16.4	–1.1%	–0.2
Raw materials, consumables and services used	–183.8	–184.5	0.4%	0.7
Staff costs	–280.6	–281.7	0.4%	1.2
Other operating expenses	–71.4	–76.3	6.9%	4.9
Results from financial assets accounted for using the equity method	–0.4	–0.6	–71.2%	–0.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**78.8**	**75.1**	**–4.6%**	**–3.6**
Depreciation, amortisation and impairments	–20.6	–21.2	3.2%	0.7
Earnings before interest and tax (EBIT)	**58.2**	**53.9**	**–7.4%**	**–4.3**
Other financial result	–0.8	3.4	>100%	4.2
Earnings before tax (EBT)	**57.4**	**57.4**	**–0.2%**	**–0.1**
Income tax	–13.8	–13.6	–1.4%	–0.2
Profit for the period	**43.7**	**43.8**	**0.2%**	**0.1**
Earnings per share (EUR)[1]	0.64	0.65	0.4%	0.0

[1] Undiluted earnings per share in relation to 67,552,638 shares

Raw materials, consumables and services used rose by 0.4% during the period under review to EUR 184.5m, which is primarily due to higher expenditures for distributors of direct mail items. Costs for external transport services increased due to the higher parcel volumes in Austria and South East and Eastern Europe. However, this was largely offset by the decrease in costs for external transport services in Germany. In 2014, the trans-o-flex Group acquired several distribution companies, through which previously outsourced delivery services are now being handled internally.

Austrian Post's staff costs amounted to EUR 281.7m in the first quarter of 2015, comprising a rise of 0.4% or EUR 1.2m. Staff costs in the comparable period of 2014 included wage-related contributions from previous periods totalling about EUR 6m, the current reporting period includes parameter adjustments for interest-bearing staff-related provisions. The discount rate for various staff-related provisions was reduced in the light of internationally low interest rates, which in turn resulted in a negative earnings effect to the amount of EUR 4.8m.

Operational staff costs for salaries and wages adjusted to take account of the effect of the integration of the distribution companies in Germany remained at almost the same level as in the previous year. On balance, the integration of these companies led to additional staff costs of EUR 1.5m (including levies and employer contributions), in contrast to the decline in costs for services used. The stable development of salaries and wages shows that the continuing staff structure efficiency and improvement measures succeeded in almost fully compensating for the inflation-related cost increases. On balance, the average number of employees (full-time equivalents) working for the Austrian Post Group amounted to 23,330 people in the first quarter of 2015, compared to 23,372 employees in the first quarter of 2014.

In addition to the ongoing operational staff costs, there are also various non-operational staff 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 amounted to EUR 4.8m in the reporting period, somewhat below the prior-year figure of EUR 5.6m. Costs for provisions for employee under-utilisation increased in the reporting period, which is mainly due to the above-mentioned discount rate adjustment.

Other operating income at EUR 16.4m in the first quarter of 2015 was at the same level as in the previous year. Other operating expenses climbed 6.9% during the reporting period to EUR 76.3m, which can be attributed to various IT projects, amongst other factors, as well as to a negative effect of EUR 0.4m related to the sale of the Hungarian subsidiary feibra Magyarország Kft.

The results of the financial assets accounted for using the equity method amounted to minus EUR 0.6m in the first three months of 2015, compared to minus EUR 0.4m in the first quarter of 2014. This includes the positive earnings contribution of the Turkish company Aras Kargo a.s. along with the negative earnings contribution of the German company AEP GmbH. The results from financial assets accounted for using the equity method also encompass a negative effect resulting from the reclassification of the currency translation reserves in connection with the sale of the joint venture company MEILLERGHP of EUR 0.5m. The company was divested effective from February 20, 2015.

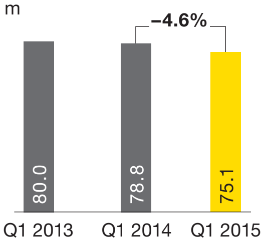
Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post fell by 4.6%, or EUR 3.6m, in the first quarter of 2015 to EUR 75.1m. The corresponding EBITDA margin was 12.5%. One earnings effect in the reporting period was the previously mentioned discount rate adjustment for staff-related provisions.

On balance, depreciation, amortisation and impairment losses totalled EUR 21.2m during the reporting period, slightly down by EUR 0.7m in a year-on-year comparison. Accordingly, earnings before interest and tax (EBIT) in the first three months of 2015 reached a level of EUR 53.9m, a decrease of 7.4% or EUR 4.3m from the previous year. The EBIT margin was 9.0%.

The other financial result improved from minus EUR 0.8m to EUR 3.4m, which is mainly attributable to interest income arising from the early termination of a cross-border leasing transaction in March 2015. The present value benefit of EUR 3.3m reported under deferred income was fully recognised in the income statement. Accordingly, earnings before tax (EBT) in the first three months of 2015 were EUR 57.4m, the same as the first quarter of 2014. The tax charge of EUR 13.6m was slightly below the comparable figure of EUR 13.8m in the previous year. After deducting income tax, the Group's profit for the period (profit after tax) at EUR 43.8m was at the prior-year level (+0.2%). This corresponds to undiluted earnings per share of EUR 0.65 for the first three months of 2015.

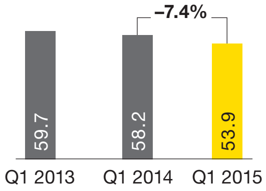
EBITDA

EUR m



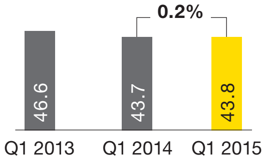
EBIT

EUR m



PROFIT FOR THE PERIOD

EUR m



EBITDA AND EBIT BY DIVISION

EUR m	Q1 2014	Q1 2015	Change %	Change EUR m	Margin[1] Q1 2015
Total EBITDA	**78.8**	**75.1**	**–4.6%**	**–3.6**	**12.5%**
Mail & Branch Network	85.4	84.5	–1.1%	–0.9	21.2%
Parcel & Logistics	10.7	12.3	15.6%	1.7	5.4%
Corporate/Consolidation	–17.3	–21.7	–25.3%	–4.4	–
Total EBIT	**58.2**	**53.9**	**–7.4%**	**-4.3**	**9.0%**
Mail & Branch Network	77.9	76.6	–1.7%	–1.3	19.3%
Parcel & Logistics	5.5	7.2	30.9%	1.7	3.2%
Corporate/Consolidation	–25.2	–29.9	–18.6%	–4.7	–

[1] Margin of the division in relation to total revenue (incl. revenue with other segments)

From a divisional perspective, the Mail & Branch Network Division generated an EBITDA of EUR 84.5m in the first quarter of 2015, a drop of 1.1%. EBIT of the division at EUR 76.6m was down 1.7% or EUR 1.3m from the previous year. In addition to decline in revenue, this development can also be attributed, amongst other factors, to the minor negative effects arising as a result of the sale of the subsidiary feibra Magyarország Kft. and the joint venture company MEILLERGHP.

EBITDA of the Parcel & Logistics Division amounted to EUR 12.3m in the first three months of 2015, compared to EUR 10.7m in the previous year. EBIT in the reporting period totalled EUR 7.2m, comprising an improvement of EUR 1.7m from the prior-year figure of EUR 5.5m, which, however, included higher negative effects such as write-downs and structural measures. The earnings situation in Austria and South East and Eastern Europe was positive, whereas structural changes continue to be carried out in Germany.

The Corporate Division (including Consolidation) covers central costs as well as staff-related provisions. EBIT of the Corporate Division fell by EUR 4.7m to minus EUR 29.9m. This decline is mainly due to the previously mentioned interest rate effects for staff-related provisions. On balance, the reduction of the discount rate for various staff-related provisions led to additional for provisions of EUR 4.8m, which negatively impacted earnings mainly in the Corporate Division.

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2014	March 31, 2015	Structure March 31, 2015
Assets			
Property, plant and equipment	597.7	591.0	34.6%
Intangible assets and goodwill	172.1	170.0	10.0%
Investment property	51.8	53.3	3.1%
Financial assets accounted for using the equity method	53.3	55.9	3.3%
Inventories, trade and other receivables	464.2	405.1	23.7%
Other financial assets	67.1	76.6	4.5%
thereof securities	53.1	62.7	3.7%
Cash and cash equivalents	264.1	356.3	20.9%
Assets held for sale	0.6	0.0	0.0%
	1,671.0	**1,708.2**	**100%**
Equity and liabilities			
Equity	702.7	745.7	43.7%
Provisions	540.5	551.8	32.3%
Other financial liabilities	17.7	16.8	1.0%
Trade and other payables	409.5	393.9	23.1%
Liabilities classified as held for sale	0.6	0.0	0.0%
	1,671.0	**1,708.2**	**100%**

ASSETS AND FINANCES

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.

Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,708.2m as of March 31, 2015. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 591.0m, whereas intangible assets amounted to EUR 57.5m. The goodwill reported for acquisitions totalled EUR 112.5m at the end of the first quarter of 2015. Receivables of EUR 293.4m comprise one of the largest single balance sheet items in current assets. In addition, Austrian Post boasts a high level of cash and cash equivalents amounting to EUR 356.3m. On the basis of these high liquid resources, the dividend pay-out of Austrian Post totalling EUR 131.7m for the 2014 financial year took place on April 29, 2015.

On the equity and liabilities side, the balance sheet of Austrian Post features a high equity ratio, which equalled 43.7% as at March 31, 2015, with equity of EUR 745.7m. Non-current liabilities totalled EUR 434.4m at the end of the reporting period, and current liabilities were at EUR 528.1m. The non-current and current provisions amounted to EUR 551.8m at the end of March 2015, including EUR 195.0m in provisions for employee underutilisation. Trade payables of EUR 189.5m were reported as of March 31, 2015.

An analysis of the financial position of the company shows a high level of current and non-current financial resources of EUR 419.1m, including cash and cash equivalents of EUR 356.3m as well as financial investments in securities of EUR 62.7m. These financial resources contrast with financial liabilities of only EUR 16.8m.

CASH FLOW

EUR m	Q1 2014	Q1 2015
Gross cash flow[1]	**75.4**	**82.8**
Cash flow from operating activities	**50.6**	**59.6**
Cash flow from investing activities	**–7.8**	**33.7**
thereof CAPEX	–11.2	–15.8
thereof cash flow from acquisitions/divestments	–0.2	–1.2
thereof acquisition/disposal of securities	5.0	–10.0
thereof other cash flow from investing activities	–1.4	60.8
Free cash flow	**42.8**	**93.3**
Free cash flow before acquisitions/securities	**38.0**	**104.6**
Cash flow from financing activities	**1.9**	**–1.1**
Change in cash and cash equivalents	**44.7**	**92.2**

[1] From now on, non-cash changes in provisions which are considered as non-current as well as restructuring provisions are adjusted in the gross cash flow. The cash flow statement for Q1 2014 was correspondingly adjusted.

Cash flow

The gross cash flow totalled EUR 82.8m in the first quarter of 2015, compared to EUR 75.4m in the previous year. The cash flow from operating activities of EUR 59.6m surpassed the comparative figure in the previous year by EUR 9.0m. This increase was due to the lower income tax payments in a year-on-year comparison as well as lower payments for liabilities related to international invoicing, among other things.

The cash flow from investing activities in the first three months of 2015 was positive at EUR 33.7m. This mainly related 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. There were hardly any payments made in the reporting period or in the first quarter of 2014 in connection with acquisitions. Cash outflows for the acquisition of property, plant and equipment (CAPEX) amounted to EUR 15.8m in the first quarter of 2015, somewhat higher than the comparable level of EUR 11.2m in the previous year. CAPEX also includes payments of about EUR 3m related to construction of Austrian Post's new corporate headquarters. Moreover, a cash flow-reducing effect was reported due to financial investments in securities to the amount of EUR 10.0m, whereas securities valued at EUR 5.0m were sold in the prior-year quarter.

In aggregate, the free cash flow during the reporting period was EUR 93.3m, up from EUR 42.8m in the previous year. The free cash flow before acquisitions/securities reached EUR 104.6m. Even taking the special effect related to the sale of the former corporate headquarters into consideration, the free cash flow was still somewhat above the prior-year figure of EUR 38.0m.

Investments

In the first three months of 2015, the additions to property, plant and equipment and intangible assets amounted to EUR 13.7m, higher than the comparable prior-year figure of EUR 13.2m. This included investments of EUR 13.5m in property, plant and equipment and EUR 0.2m in intangible assets. In addition to the modernisation of the vehicle fleet, the focus of investments during the reporting period was on new sorting technologies in the mail and parcel distribution facilities. However, investments were also made in construction of the company's new corporate headquarters.

EMPLOYEES

The average number of employees (full-time equivalents) at the Austrian Post Group totalled 23,330 people during the first three months of 2015, comprising a reduction of 402 employees from the prior-year period. Most of Austrian Post's staff or a total of 17,913 full-time equivalents is employed by the parent company Österreichische Post AG.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	Q1 2014	Q1 2015	Share %
Mail & Branch Network	17,186	16,727	71.7%
Parcel & Logistics	4,531	4,732	20.3%
Corporate	2,015	1,870	8.0%
Total	**23,732**	**23,330**	**100.0%**

EVENTS AFTER THE REPORTING PERIOD

The Annual General Meeting held on April 15, 2015 authorised the Management Board to create new authorised capital. With the formal approval of the Supervisory Board, the company's share capital can be increased by up to EUR 33,766,190.00 over the next five-year period, or until April 14, 2020, by issuing up to 6,755,264 non-par value bearer shares. Furthermore, the Annual General Meeting resolved upon the conditional increase of the company's share capital by up to EUR 16,888,160.00 by issuing up to 3,377,632 non-par value bearer shares to (i) creditors of financial instruments or (ii) for the purpose of granting stock options to employees and senior executives of Austrian Post or an associated company. The entry of the corresponding changes in the Articles of Association in the Commercial Register has not yet been concluded.

Furthermore, the Management Board was authorised over a period of 30 months starting on April 15, 2015 to acquire treasury shares comprising up to 10% of the company's share capital.

MAIN RISKS AND UNCERTAINTIES

As an international postal and logistics services provider, Austrian Post is subject to a variety of operational risks in carrying out its business operations. Austrian Post deals responsibly with these risks. The focus on its core business activities, along with decades of experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks and information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2014 of Austrian Post (see the Annual Report; Part 2 "Financial Report", pages 46–53 and 116–120).

On the basis of the defined risks, there are also uncertainties for the remaining nine months of the current financial year. Projected shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and depend on the economic development of the respective customer segments. Experience has shown that unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail, direct mail and parcel volumes. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus the achievable prices for postal services. Traditional mail items are being replaced by electronic forms of communication, and intensified competition is perceptible on the parcels market. The product portfolios and pricing policies of various retail goods such as telecommunication products and financial services are determined by Austrian Post's system partners. In turn, this influences the revenue development of the respective product groups. All the above-mentioned risks could lead to significant volume decreases and, thus, to a corresponding drop in earnings or valuation adjustments. Risks above and beyond normal business operations primarily relate to structural measures and restructuring expenses as well as impairment losses.

OUTLOOK 2015

Positive revenue development targeted
The expected basic trends in the mail and logistics business were also reflected in first quarter 2015 results, allowing Austrian Post to confirm its previously communicated outlook for the entire year 2015. With respect to revenue development, the business model of Austrian Post is oriented to compensate for the decline in the mail segment by generating increases in the parcel business. On this basis, average revenue growth should total 1–2% p.a. The rise in Group revenue in 2015 is expected to be of similar magnitude.

Revenue in the mail segment continues to be impacted by the ongoing volume decline for addressed mail items as a result of electronic substitution. In line with international trends, the decrease in addressed mail volume is likely to amount to 3–5% per year. The market for addressed and unaddressed direct mail items will continue to be subject to differing volume trends. Several customer segments are under pressure from the increasing activities of online businesses, whereas other segments e.g. local suppliers show a positive development. Moreover, 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 price 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 private and business parcel segments of the Parcel & Logistics Division are impacted by various trends. 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. The positive development of the business parcel segment depends on a stable economy and competitive situation. However, the subdued economic situation is unlikely to provide any impetus to parcel growth. For this reason, strong competition is leading to enhanced pressure on prices and market shares.

Efficiency enhancement to safeguard profitability
Structures and processes in both mail and parcel logistics are being consistently optimised in order to further enhance the efficiency of the services provided. Profitability is the top priority, especially in the company's international business operations. One focal point is the continuation of the efficiency enhancement programme of the trans-of-flex Group, entailing a reorganisation of process, distribution and staff structures. Austrian Post remains committed to its target of achieving a sustainable EBITDA margin of around 12%. The company is also pursuing this objective for the 2015 financial year, along with the goal of achieving an ongoing improvement in earnings before interest and tax (EBIT).

The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable efficiency increases, structural measures and future-oriented investments. As a result, total operational capital expenditures (CAPEX) of EUR 80–90m are planned, and will focus on sorting technologies, logistics and customer solutions. Furthermore, Austrian Post recently began construction of its new corporate headquarters in Vienna's third district, with the project expected to be completed in 2017.

Vienna, April 29, 2015

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2015

EUR m	Q1 2014	Q1 2015
Revenue	598.4	601.9
Other operating income	16.5	16.4
Total operating income	**615.0**	**618.3**
Raw materials, consumables and services used	–183.8	–184.5
Staff costs	–280.6	–281.7
Depreciation, amortisation and impairment losses	–20.6	–21.2
Other operating expenses	–71.4	–76.3
Total operating expenses	**–556.4**	**–563.7**
Profit from operations	**58.6**	**54.6**
Results from financial assets accounted for using the equity method	–0.4	–0.6
Financial income	1.3	4.6
Financial expenses	–2.1	–1.2
Other financial result	–0.8	3.4
Total financial result	**–1.1**	**2.8**
Profit before tax	**57.4**	**57.4**
Income tax	–13.8	–13.6
Profit for the period	**43.7**	**43.8**
Attributable to:		
Equity holders of the parent company	43.5	43.7
Non-controlling interests	0.2	0.1

EARNINGS PER SHARE

EUR	Q1 2014	Q1 2015
Basic earnings per share	0.64	0.65
Diluted earnings per share	0.64	0.65

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2015

EUR m	Q1 2014	Q1 2015
Profit for the period	**43.7**	**43.8**
Items that may be reclassified subsequently to the income statement:		
Currency translation differences – investments in foreign businesses	–0.3	0.7
Currency translation differences – reclassification in profit or loss	0.0	0.6
Changes in the fair value of financial assets available for sale	0.8	–0.4
Tax effects of changes in the fair value	–0.2	0.1
Financial assets accounted for using the equity method – share of other comprehensive income	–0.1	0.3
Financial assets accounted for using the equity method – reclassification in profit or loss	0.0	0.5
Total items that may be reclassified	**0.1**	**1.8**
Items that will not be reclassified subsequently to the income statement:		
Revaluation of defined benefit obligations	0.0	–3.5
Tax effect of revaluation	0.0	0.9
Total items that will not be reclassified	**0.0**	**–2.6**
Other comprehensive income	**0.1**	**–0.8**
Total comprehensive income	**43.8**	**43.0**
Attributable to:		
Equity holders of the parent company	43.6	42.9
Non-controlling interests	0.2	0.1

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

EUR m	Dec. 31, 2014	March 31, 2015
Assets		
Non-current assets		
Goodwill	112.2	112.5
Intangible assets	59.9	57.5
Property, plant and equipment	597.7	591.0
Investment property	51.8	53.3
Financial assets accounted for using the equity method	53.3	55.9
Other financial assets	60.7	60.3
Trade and other receivables	21.0	20.2
Deferred tax assets	68.6	69.7
	1,025.4	**1,020.4**
Current assets		
Other financial assets	6.4	16.3
Inventories	16.7	16.0
Trade and other receivables	352.0	293.4
Current tax assets	5.8	5.8
Cash and cash equivalents	264.1	356.3
	645.0	**687.8**
Assets held for sale	**0.6**	**0.0**
	1,671.0	**1,708.2**
Equity and liabilities		
Equity		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	260.3	303.1
Other reserves	–26.6	–26.4
Equity attributable to the shareholders of the parent company	**702.0**	**745.0**
Equity attributable to non-controlling interests	0.7	0.7
	702.7	**745.7**
Non-current liabilities		
Provisions	387.7	394.1
Other financial liabilities	14.6	14.3
Trade and other payables	20.8	17.8
Deferred tax liabilities	8.3	8.2
	431.4	**434.4**
Current liabilities		
Provisions	152.8	157.7
Current tax liabilities	19.3	24.4
Other financial liabilities	3.1	2.5
Trade and other payables	361.2	343.5
	536.3	**528.1**
Liabilities classified as held for sale	**0.6**	**0.0**
	1,671.0	**1,708.2**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF 2015

EUR m	Q1 2014 adjusted[1]	Q1 2015
Operating activities		
Profit before tax	57.4	57.4
Depreciation, amortisation and impairment losses	20.6	21.2
Results from financial assets accounted for using the equity method	0.4	0.6
Provisions non-cash	9.0	18.9
Taxes paid	–12.2	–8.9
Other non-cash transactions	0.2	–6.4
Gross cash flow	**75.4**	**82.8**
Trade and other receivables	2.4	–1.5
Inventories	–0.7	0.8
Provisions	2.4	–5.3
Trade and other payables	–28.8	–17.2
Cash flow from operating activities	**50.6**	**59.6**
Investing activities		
Purchase of intangible assets	–4.9	–1.0
Purchase of property, plant and equipment/investment property	–11.2	–15.8
Cash receipts from disposal of assets	3.4	62.0
Acquisition of subsidiaries	–0.2	–0.1
Acquisition of financial assets accounted for using the equity method	0.0	–1.2
Acquisition of financial investments in securities	0.0	–10.0
Cash receipts from the disposal of financial investments in securities	5.0	0.0
Loans granted	–1.0	–0.6
Dividends from financial assets accounted for using the equity method	0.7	0.0
Interest received	0.4	0.4
Cash flow from investing activities	**–7.8**	**33.7**
Free cash flow	**42.8**	**93.3**
Financing activities		
Changes of other financial liabilities	2.1	–0.9
Interest paid	–0.3	–0.2
Cash flow from financing activities	**1.9**	**–1.1**
Change in cash and cash equivalents	**44.7**	**92.2**
Cash and cash equivalents at January 1	240.2	264.1
Cash and cash equivalents at March 31	**284.9**	**356.3**

[1] Adjustments: refer to Note 2.2.2 Presentation of the consolidated cash flow statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF 2014

Q1 2014 EUR m adjusted[1]	**Share capital**	**Capital reserves**	**Revenue reserves**	**Other reserves** **Revaluation reserves**	 **Market valuation reserves**	 **Currency translation reserves**	**Equity attributable to shareholders of the parent company**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2014	**337.8**	**130.5**	**245.5**	**–5.5**	**–1.3**	**–9.9**	**697.1**	2.3	**699.4**
Profit for the period	**0.0**	**0.0**	**43.5**	**0.0**	**0.0**	**0.0**	**43.5**	**0.2**	**43.7**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	–0.3	–0.3	0.0	–0.3
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.0	0.8
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	0.0	0.0	–0.1	–0.1	0.0	–0.1
Tax effect	0.0	0.0	0.0	0.0	–0.2	0.0	–0.2	0.0	–0.2
Other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.6**	**–0.5**	**0.1**	**0.0**	**0.1**
Total comprehensive income	**0.0**	**0.0**	**43.5**	**0.0**	**0.6**	**–0.5**	**43.6**	**0.2**	**43.8**
Balance at March 31, 2014	**337.8**	**130.5**	**289.0**	**–5.5**	**–0.8**	**–10.4**	**740.7**	**2.4**	**743.2**

[1] Adjustments: refer to Note 2.2.1 Changes in the presentation of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF 2015

Q1 2015 EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves Revaluation reserves	Other reserves Market valuation reserves	Other reserves Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2015	**337.8**	**130.5**	**260.3**	**–17.3**	**–0.5**	**–8.8**	**702.0**	**0.7**	**702.7**
Disposal of financial assets accounted for using the equity method	0.0	0.0	–0.9	0.9	0.0	0.0	0.0	0.0	0.0
Profit for the period	**0.0**	**0.0**	**43.7**	**0.0**	**0.0**	**0.0**	**43.7**	**0.1**	**43.8**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	0.7	0.7	0.0	0.7
Currency translation differences – reclassification in profit or loss	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.6
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	–0.4	0.0	–0.4	0.0	–0.4
Revaluation of defined benefit obligations	0.0	0.0	0.0	–3.5	0.0	0.0	–3.5	0.0	–3.5
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Financial assets accounted for using the equity method – reclassification in profit or loss	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
Tax effect	0.0	0.0	0.0	0.9	0.1	0.0	1.0	0.0	1.0
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–2.6**	**–0.3**	**2.2**	**–0.8**	**0.0**	**–0.8**
Total comprehensive income	**0.0**	**0.0**	**43.7**	**–2.6**	**–0.3**	**2.2**	**42.9**	**0.1**	**43.0**
Balance at March 31, 2015	**337.8**	**130.5**	**303.1**	**–19.1**	**–0.8**	**–6.6**	**745.0**	**0.7**	**745.7**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2015

1 SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Austrian Post as at March 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid at March 31, 2015, as issued by the International Accounting Standards Board and adopted by the European Union and the additional requirements of Section 245a UGB. The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2014 financial year.

The consolidated interim financial statements have been prepared on the basis of IAS 34 Interim Financial Reporting and do not contain all information and disclosures included in the annual report. They should be read in conjunction with the consolidated financial statements for the financial year ending December 31, 2014.

The consolidated interim financial statements are presented in Euros. Unless otherwise stated, all amounts are stated in millions of Euros (EUR m). When aggregating rounded amounts and percentages, rounding differences may occur due to the use of automated calculation aids.

2 CHANGES IN ACCOUNTING AND VALUATION METHODS

2.1 Mandatory application of new and revised International Financial Reporting Standards

In the first quarter of 2015, the following new or revised standards were binding for the first time. These changes have no effect on the present consolidated interim financial statement of Austrian Post:

Mandatory application of new standards		Effective date in the EU[1]
IFRIC 21	Levies	June 17, 2014

Mandatory application of revised standards		Effective date in the EU[1]
Diverse	Improvements to International Financial Reporting Standards 2011–2013	Jan. 1, 2015

[1] To be applied for the financial year beginning on or after the effective date

IFRIC 21 Levies clarifies when to recognise a liability for levies which do not fall within the scope of another IFRS. The most common case relates to the bank levy.

2.2 Changes in the presentation of the consolidated interim financial statements and adjustment of prior-year figures

As a result of the changes in the presentation of the consolidated financial statements as at December 31, 2014, the following adjustments were made in the prior-year figures included in the consolidated interim financial statements as of March 31, 2015:

2.2.1 Presentation of equity

The reporting of the profit for the period in the item “Revenue reserves“ leads to the following adjustments in the revenue reserves:

Balance at January 1, 2014	+ EUR 146.5m
Balance at March 31, 2014	+ EUR 43.5m
Balance at March 31, 2015	+ EUR 43.7m

2.2.2 Presentation of the cash flow statement

Changes in the presentation related to non-cash changes in provisions as well as the grouping of items with immaterial amounts led to the following reclassifications in the consolidated cash flow statement:

EUR m	Q1 2014	Q1 2015
Non-current provisions	–7.5	–17.3
Provisions non-cash	9.0	18.9
Result from the disposal of property, plant and equipment	0.6	0.6
Interest income/expense	0.9	0.9
Currency translation	0.1	–0.2
Other non-cash transactions	–1.5	–1.3
Gross cash flow	**1.5**	**1.7**
Current provisions	–7.1	1.9
Provisions	5.6	–3.5
Cash flow from operating activities	**0.0**	**0.0**

Reporting changes related to payments received in advance from purchases of stamps and credit balances from franking machines as well as deferred income for invoiced services which have not yet been rendered have the following effect on the consolidated cash flow statement:

EUR m	Q1 2014	Q1 2015
Trade and other receivables	3.5	1.2
Provisions	–3.2	–1.8
Trade and other payables	–0.3	0.6
Cash flow from operating activities	**0.0**	**0.0**

2.2.3 Segment reporting

Adjustments in segment reporting lead to the following shifts of revenue:

Q1 2014 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.1	–0.5	–0.7	1.3	0.0
Revenue with other segments	0.1	0.5	0.7	–1.3	0.0
Total revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Q1 2015 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.1	–0.6	0.0	0.7	0.0
Revenue with other segments	0.1	0.6	0.0	–0.7	0.0
Total revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

3 CONSOLIDATION SCOPE AND BUSINESS COMBINATIONS

In addition to the parent company Österreichische Post AG, a total of 24 domestic subsidiaries (December 31, 2014: 24) and 30 foreign subsidiaries (December 31, 2014: 31), in which Österreichische Post AG directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, three domestic companies (December 31, 2014: three) and three foreign companies (December 31, 2014: four) are consolidated according to the equity method.

Changes in the consolidation scope

The following changes in the consolidation scope took place in the first quarter of 2015:

Company	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
MEILLERGHP GmbH	65.0%	0.0%	Feb. 20, 2015	Disposal
feibra Magyarország Kft.	100.0%	0.0%	March 31, 2015	Disposal

Mail & Branch Network

MEILLERGHP GmbH

Austrian Post sold its stake in the joint venture MEILLERGHP effective February 20, 2015. The disposal of the shareholding in MEILLERGHP which had been accounted for using the equity method resulted in a loss of EUR 0.5m, which is recognised in the consolidated cash flow statement under results from financial assets accounted for using the equity method. The loss arose exclusively due to the reclassification of the currency translation reserves attributed to MEILLERGHP from other comprehensive income to profit or loss.

feibra Magyarország Kft.

As at December 31, 2014, the assets and liabilities of the company were classified as a disposal group pursuant to IFRS 5 and correspondingly recognised in the consolidated balance sheet. 100% of the stake held by Austrian Post in feibra Magyarország Kft. was sold effective March 31, 2015. The disposal of the disposal group resulted in a loss of EUR 0.4m, which is recognised under other operating expenses.

4 SEGMENT REPORTING

Q1 2014 EUR m adjusted[1]	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	378.7	219.5	0.2	0.0	598.4
Revenue with other segments	19.1	2.3	43.8	–65.2	0.0
Total revenue	**397.8**	**221.8**	**44.0**	**–65.2**	**598.4**
EBITDA	**85.4**	**10.7**	**–17.3**	**0.0**	**78.8**
EBIT	**77.9**	**5.5**	**–25.3**	**0.1**	**58.2**
Other financial result					–0.8
Profit before tax					**57.4**

Q1 2015 EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	377.5	224.4	0.0	0.0	601.9
Revenue with other segments	20.4	2.0	44.9	–67.3	0.0
Total revenue	**397.9**	**226.4**	**44.9**	**–67.3**	**601.9**
EBITDA	**84.5**	**12.3**	**–21.7**	**–0.1**	**75.1**
EBIT	**76.6**	**7.2**	**–29.9**	**0.0**	**53.9**
Other financial result					3.4
Profit before tax					**57.4**

[1] Adjustments: refer to Note 2.2.3 Segment reporting

5 PROPERTY, PLANT AND EQUIPMENT

In the 2002 business year, Österreichische Post AG (Austrian Post) completed a cross-border lease transaction with two U.S. trusts. The company granted these trusts a 99 year right of usufruct of the mail sorting facilities in Vienna, Graz, Salzburg and Innsbruck, in return for a grant payment of USD 117m. At the same time, a lease agreement was concluded, in which the right of use to these facilities was leased back to the company for a period of 24 years.

Austrian Post assigned its obligation to pay the lease instalments to two payment undertakers. For this purpose, Austrian Post made payments to the payment undertakers (USD 108.3m) and derecognised the corresponding liabilities. For their part, the payment undertakers were committed to pay the requisite amounts at the agreed upon dates on behalf of Austrian Post. Austrian Post was faced with the residual risk of a claim in the event of the insolvency of the payment undertakers.

Austrian Post prematurely terminated the cross-border leasing transaction effective March 10, 2015. The outstanding payments were made by the payment undertaker, in which case the residual risk was eliminated. At the same time, the right of usufruct was terminated. The full amount of the present value benefit resulting from the cross-border leasing transaction of Austrian Post was maintained. The remaining amount of EUR 3.3m recognised as of March 10, 2015 under deferred income was corresponding recognised in the income statement as financial income.

6 TRADE AND OTHER RECEIVABLES

The decline in trade and other receivables mainly related to the cash inflow of EUR 60.0m from the disposal of the company Postgasse 8 Entwicklungs AG & Co OG in the previous year. The cash inflow is reported under cash receipts from the disposal of assets in the cash flow from investing activities in the consolidated cash flow statement.

7 PROVISIONS

Austrian Post adjusted the parameters applying to interest-bearing provisions against the backdrop of internationally low interest rates. The discount rate for provisions for termination benefits and jubilee benefits amounts to 1.75% (December 31, 2014: 2%). The discount rate for provisions for under-utilisation amounts to 0.75%–1.5% (December 31, 2014: 0.75%–1.5%). Different discount interest rates were applied in calculating the provisions for employee under-utilisation in spite of the unchanged range of such provisions in comparison to December 31, 2014.

On balance, the parameter adjustments led to a higher allocation to provisions to the amount of EUR 8.3m, of which EUR 3.5m was reported in other comprehensive income.

8 FINANCIAL INSTRUMENTS

Financial assets and liabilities

The following table shows the carrying amounts of the financial assets according to the valuation categories stipulated in IAS 39 and their classification according to the fair value hierarchy:

December 31, 2014 EUR m	**Level**	**Measured at fair value through profit or loss**	**Available for sale**	**Total**
Financial assets				
Measurements carried out at fair value				
Securities	1	0.0	53.1	53.1
Strategic stakes and other investments	3	0.0	12.2	12.2
Derivative financial assets	3	1.7	0.0	1.7
		1.7	**65.4**	**67.1**

March 31, 2015 EUR m	**Level**	**Measured at fair value through profit or loss**	**Available for sale**	**Total**
Financial assets				
Measurements carried out at fair value				
Securities	1	0.0	62.7	62.7
Strategic stakes and other investments	3	0.0	12.2	12.2
Derivative financial assets	3	1.7	0.0	1.7
		1.7	**75.0**	**76.6**

No transfers were made between Level 1, Level 2 and Level 3 during the interim reporting period, and there were no changes in the Level 3 measurements of financial assets at fair value.

The following table shows the comparison of the carrying amount and fair value of other financial liabilities:

EUR m	**Dec. 31, 2014** **Carrying amount**	 **Fair value**	**March 31, 2015** **Carrying amount**	 **Fair value**
Other financial liabilities				
Borrowings from banks	7.6	7.7	7.4	7.5
Finance lease liabilities	9.7	9.7	9.1	9.1
Other financial liabilities	0.4	0.4	0.3	0.3
	17.7	**17.8**	**16.8**	**16.9**

Due to the primarily short-term nature of trade and other receivables, cash and cash equivalents as well as trade and other payables, it is assumed that the fair values correspond to the carrying amounts.

Information on determining fair value

The following table shows the valuation method and the input factors used in determining fair values:

Level	Financial instruments	Valuation method	Input factors
1	Securities	Market approach	Nominal values, stock market price
3	Strategic stakes and other investments	Market approach or net present value approach	Book multiples of comparable publicly traded companies and, if available, business plan information
3	Derivative financial assets	Net present value approach	Planning calculations and the related probability-weighted scenarios, risk-weighted WACC

Material sensitivities in determining the fair values of Level 3 financial instruments can arise from changes to the underlying market data of comparable companies as well as in the input factors (especially discount rates and planning data) applied in determining the net present value.

9 OTHER INFORMATION

The Annual General Meeting held on April 15, 2015 resolved to distribute a dividend of EUR 1.95 per share (EUR 131.7m) for the 2014 financial year. The dividend was distributed on April 29, 2015.

10 EVENTS AFTER THE REPORTING PERIOD

The Annual General Meeting held on April 15, 2015 authorised the Management Board to create new authorised capital. With the formal approval of the Supervisory Board, the company's share capital can be increased by up to EUR 33,766,190.00 over the next five-year period until April 14, 2020, by issuing up to 6,755,264 non-par value bearer shares. Furthermore, the Annual General Meeting resolved upon the conditional increase of the company's share capital by up to EUR 16,888,160.00 by issuing up to 3,377,632 non-par value bearer shares to (i) creditors of financial instruments or (ii) for the purpose of granting stock options to employees and senior executives of Austrian Post or an associated company. The entry of the corresponding changes in the Articles of Association in the Commercial Register has not yet been concluded.

Furthermore, the Management Board was authorised over a period of 30 months starting on April 15, 2015 to acquire treasury shares comprising up to 10% of the company's share capital.

11 NEGATIVE NOTE

The consolidated interim report of Austrian Post for the first quarter of 2015 was neither subject to a complete audit nor subject to an auditor's review.

Vienna, April 29, 2015

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

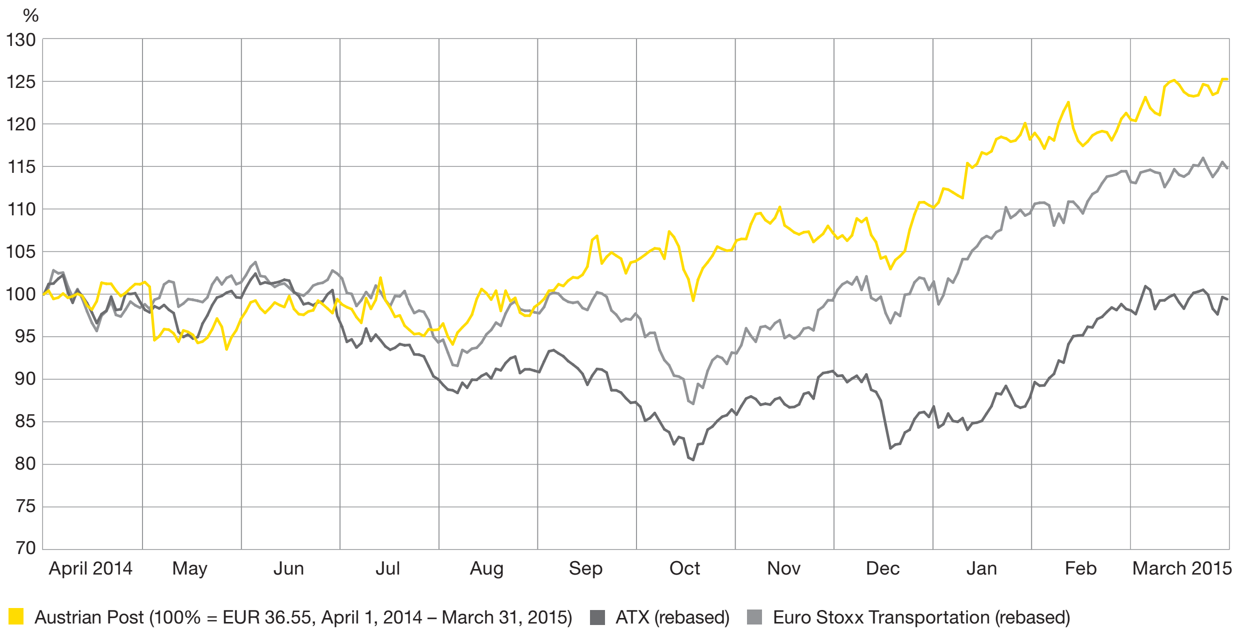
Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

FINANCIAL CALENDAR 2015

May 7	Interim report for the first quarter of 2015, announcement: 07:30–7:40 a.m. CET
August 6	Half-year financial report 2015, announcement: 07:30–7:40 a.m. CET
November 12	Interim report for first three quarters 2015, announcement: 07:30–7:40 a.m. CET

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)



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We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This interim report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as "expect", "anticipate", "estimate", "plan" or "calculate". We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

This interim report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: April 29, 2015

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