AUSTRIAN POST Q1 2015:

SLIGHT REVENUE INCREASE, EBIT BELOW THE PRIOR-YEAR LEVEL, RISE IN EPS AND CASHFLOW, OUTLOOK FOR 2015 CONFIRMED

- **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

OVERVIEW OF AUSTRIAN POST

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. The trend towards increased e-commerce is continuing in the parcel segment, leading to further growth of consumer parcel volumes. However, intensified competition and price pressure are impacting the parcel markets.

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, Austrian Post also pressed ahead with investments at the customer interface during the reporting period, and continued to expand its 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 Austrian Post's 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”, says Austrian Post CEO Georg Pölzl and adds: “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.”

REVENUE DEVELOPMENT IN DETAIL

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.

All in all, revenue of the **Mail & Branch Network 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. 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 is continuing. In contrast, it is important to note the positive revenue effect arising from the rise in postal rates as of March 1, 2015. Revenue in the Direct Mail business rose 3.3% to EUR 109.1m in the first three months of 2015. 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.

Total revenue of the **Parcel & Logistics Division** rose by 2.2% in the first quarter of 2015 to EUR 224.4m. 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.

EXPENSE AND EARNINGS DEVELOPMENT

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, whereas 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.

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. 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 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 slightly negative effects related to the sale of the Hungarian subsidiary feibra Magyarország Kft.

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. 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.

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 Magyarorszaág 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.

EBIT of the **Corporate Division** (including Consolidation) 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 costs for provisions of EUR 4.8m, which negatively impacted earnings mainly in the Corporate Division.

CASH FLOW AND BALANCE SHEET

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. 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. 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.

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 745.7m as at March 31, 2015, corresponding to an equity ratio of 43.7%. 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.

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. Most of Austrian Post's staff or a total of 17,913 full-time equivalents is employed by the parent company Österreichische Post AG.

OUTLOOK 2015

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. 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.

KEY FIGURES

EUR m	Q1 2014	Q1 2015	Change %	Change EUR m
Revenue	**598.4**	**601.9**	**0.6%**	**3.5**
thereof Mail & Branch Network Division[1]	378.7	377.5	-0.3%	-1.2
thereof Parcel & Logistics Division[1]	219.5	224.4	2.2%	4.9
thereof Corporate[1]	0.2	0.0	-84.7%	-0.2
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**
thereof Mail & Branch Network Division	77.9	76.6	-1.7%	-1.3
thereof Parcel & Logistics Division	5.5	7.2	30.9%	1.7
thereof Corporate/Consolidation	-25.2	-29.9	-18.6%	-4.7
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)[2]	0.64	0.65	0.4%	0.0
Cash flow from operating activities	**50.6**	**59.6**	**17.8%**	**9.0**
Investments in property, plant and equipment (CAPEX)	-11.2	-15.8	-41.8%	-4.7
Free cash flow before acquisitions/securities	**38.0**	**104.6**	**>100%**	**66.6**

[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).
[2] Undiluted earnings per share in relation to 67,552,638 shares

The interim financial report Q1 2015 is available on the Internet at www.post.at/ir --> Publications --> Financial Reports.

CONTACT

Austrian Post
Ingeborg Gratzer
Head of Press Relations & Internal Communications
Tel.: +43 (0) 57767-24730
ingeborg.gratzer@post.at

Austrian Post
Harald Hagenauer
Head of Investor Relations, Group Auditing & Compliance
Tel.: +43 (0) 57767-30400
harald.hagenauer@post.at

Vienna, May 7, 2015