Post

Q1–3 2015

Interim report for the first three quarters of 2015 | Austrian Post

HIGHLIGHTS Q1–3 2015

REVENUE

– Revenue increase of 1.1% to EUR 1,752.3m
– Higher revenue in both the mail business (+0.4%) and the parcel segment (+2.5%)

EARNINGS

– EBIT up 2.0% to EUR 135.2m
– Earnings per share rise to EUR 1.54

CASH FLOW AND BALANCE SHEET

– Free cash flow above the prior-year period
– Strong cash position and low level of financial liabilities

OUTLOOK

– Aim to achieve revenue growth of 1–2% in 2015
– EBITDA margin remains around 12%

KEY FIGURES

		Q1–3 2014	Q1–3 2015	Change %
Income statement				
Revenue	EUR m	1,732.7	1,752.3	1.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	200.2	199.3	–0.4%
EBITDA margin[1]	%	11.6%	11.4%	–
Earnings before interest and tax (EBIT)	EUR m	132.6	135.2	2.0%
EBIT margin[1]	%	7.7%	7.7%	–
Earnings before tax (EBT)	EUR m	130.2	137.8	5.9%
Profit for the period	EUR m	99.8	104.1	4.3%
Earnings per share[2]	EUR	1.47	1.54	4.8%
Employees (average for the period, full-time equivalents)		24,005	23,578	–1.8%
Cash flow				
Gross cash flow[3]	EUR m	207.2	186.4	–10.0%
Cash flow from operating activities	EUR m	164.6	153.6	–6.7%
Investment in property, plant and equipment (CAPEX)	EUR m	–53.0	–61.3	–15.7%
Cash flow from acquisitions/divestments	EUR m	–0.8	–2.3	<–100%
Free cash flow before acquisitions/securities	EUR m	108.6	158.3	45.8%
Balance sheet		**Dec. 31, 2014**	**Sept. 30, 2015**	**Change %**
Total assets	EUR m	1,671.0	1,615.7	–3.3%
Equity	EUR m	702.7	669.3	–4.8%
Non-current assets[4]	EUR m	1,026.0	995.7	–3.0%
Current assets	EUR m	645.0	620.0	3.9%
Net debt	EUR m	–99.7	–52.5	–47.3%
Equity ratio	%	42.1%	41.4%	–
Capital employed	EUR m	733.8	653.3	–11.0%

[1] EBIT and EBITDA in relation to Group revenue
[2] Undiluted earnings per share in relation to 67,552,638 shares
[3] Adjusted reporting in Q1–3 2014: Non-cash changes in provisions which are considered as non-current as well as restructuring provisions are adjusted in the gross cash flow starting in the 2014 financial year. The cash flow statement for Q1–3 2014 was correspondingly adapted.
[4] 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 three quarters of 2015, revenue of the Austrian Post Group totalled EUR 1,752.3m, comprising a rise of 1.1% from the prior-year level. Both the parcel segment and mail business generated growth at 2.5% and 0.4% respectively. In spite of this slight revenue increase in the mail business, the trend towards the electronic substitution of traditional letter mail by electronic forms of communications is continuing. The volume decline even accelerated somewhat in a year-on-year comparison. In turn, 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 for private customers in Austria. At the same time, it is evident that competition is intensifying, a development we are 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. Today 90% of all parcels are handed over to the intended recipients on the initial delivery attempt, a top performance only made possible by our experienced and well organised delivery operations. Our parcel service was recently expanded to include Saturday delivery. In addition, we offer a series of innovative customer solutions. 175,000 households already have access to convenient Post pick-up boxes. Furthermore, customers have 24/7 access to about 300 self-service zones and 200 pick-up stations throughout the country. The international parcel business continued to show a differentiated development. Market trends positively impacting the business operations of Austrian Post subsidiaries in South East and Eastern Europe as well as Turkey continued, whereas the top priority of trans-o-flex in Germany at the present time remains the implementation of structural measures and network restructuring. We are simultaneously evaluating various strategic options for our German parcel subsidiary.

Earnings before interest and tax (EBIT) of Austrian Post amounted to EUR 135.2m in the first three quarters of 2015, up 2.0% from the previous year. On an operational basis, measures designed to further optimise costs and enhance efficiency were strictly 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, laying a firm foundation for Austrian Post's ability to finance future investments and dividends. On this basis, we remain committed to our strategic capital market positioning as a dividend stock in the future, featuring a dividend payout of at least 75% of the Group net profit.

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 in Group revenue in the range of 1–2%. At the same time, we are striving to generate an EBITDA margin of around 12%. On the basis of the company's performance in the first three quarters of 2015, we are pursuing the objective of once again equaling or slightly surpassing the prior-year's operating result. A stable business development is targeted for 2016, although the projected earnings range is somewhat broader due to the uncertain market environment.

Vienna, November 3, 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 is forecast to further weaken by the end of 2015. The International Monetary Fund (IMF) expects a global economic growth rate of 3.1% in 2015, in contrast to 3.4% in each of the past two years. According to the IMF, growth momentum will mainly be driven by the improved development in the industrialised nations such as Japan, USA and Great Britain but also the Eurozone. In contrast, the situation in the emerging and developing markets remains difficult. In the Eurozone, the economic recovery is largely on track. The IMF anticipates Eurozone growth of 1.5% in 2015, and 1.6% in 2016, compared to only 0.8% in 2014. Key growth drivers are the low oil price, loose monetary policy pursued by the European Central Bank and the depreciation of the Euro vis-à-vis other currencies such as the US dollar (IMF, October 2015).

The Austrian Institute of Economic Research (WIFO) predicts that the Austrian economy will expand by 0.7% in 2015, reflecting limited growth momentum. As a result, the Austrian economy will grow less strongly than the Eurozone for the second straight year. The Austrian economy is expected to grow by 1.4% in 2016, reducing the growth gap compared to the rest of the Eurozone. Both international and domestic factors impact the ongoing weak economy. The moderate development in the emerging and developing markets continues to dampen the expansion of Austrian exports. Moreover, private consumption and investments are still weak in 2015 (WIFO, September 2015). However, the markets in South East and Eastern Europe, which are of importance to the Austrian economy, are developing somewhat more favourably. The IMF expects economic growth to reach a level of 3.0% in the CEE region in 2015. Turkey (+3.0%), Romania (+3.4%) and Hungary (+3.0%) are all anticipated to generate growth rates above the 3% level. The German economy is forecast to expand by 1.5% in 2015 (IMF, October 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 offer new opportunities.

The electronic substitution of traditional letter mail is continuing and the trend is essentially irreversible. The baseline scenario assumes a drop of 3–5% annually in addressed mail volumes. In contrast, the volume of direct mail items strongly depends on the intensity of advertising activities by companies. The markets for addressed and unaddressed advertising mail show a differentiated volume development. Several customer segments are under pressure due to the increasing activities of online shops, whereas other segments are generating growth. Current studies show that, in addition to online advertising, multi-channel communication and interactive marketing will also tend to grow in importance (Dialogue Marketing Report 2015).

Parcel volumes in the private customer segment continue to increase due to the growing importance of online shopping, though against a backdrop of intensified competition. The development of the B2B market is still being impacted by the subdued economic situation. Moreover, the development of the international parcel and freight business is 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 is limited primarily 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.
- An adjustment in postal rates was approved by the relevant regulatory authorities, i.e. 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 previous product and price reform in 2011.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE SCOPE OF CONSOLIDATION

The following significant acquisitions and divestments took place in the first three quarters of 2015:

Austrian Post sold its stake in the German printing services company MEILLERGHP effective February 20, 2015. Austrian Post previously owned a 65.0% shareholding and Swiss Post 35.0% of the joint venture 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 held for sale and correspondingly recognised and disclosed separately in the consolidated balance sheet.

Austrian Post acquired a 60% stake in Aktionsfinder GmbH, effective June 1, 2015. As of this date, the company is recognised as a fully-consolidated subsidiary in the consolidated financial statements of Austrian Post. Aktionsfinder GmbH operates the Internet portal Aktionsfinder.at. This platform ranks among the biggest web portals for advertising flyers in Austria, enabling the electronic downloading of flyers, promotions and offers distributed in Austria.

The 100% stake in the Slovak company Kolos s.r.o. owned by Austrian Post was sold effective August 5, 2015. The company specialises in the delivery of unaddressed mail items as well as addressed direct mail and letters. As of June 30, 2015, the assets and liabilities of the company had been classified as held for sale and correspondingly recognised and disclosed separately in the consolidated balance sheet.

REVENUE AND EARNINGS

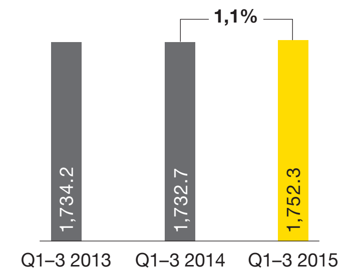
Revenue development

In the first nine months of 2015, Group revenue of Austrian Post rose by 1.1% from the prior-year level to EUR 1,752.3m. Both the Parcel & Logistics Division as well as the Mail & Branch Network Division contributed to this revenue growth, expanding by 2.5% and 0.4% respectively. In a year-on-year comparison, Group revenue also increased by 2.2% in the third quarter alone.

The Mail & Branch Network Division accounted for 62.2% of total Group revenue in the first nine months of 2015. Revenue of the division was up 0.4% in the reporting period to EUR 1,089.5m. Third-quarter 2015 revenue was also above the prior-year period, rising by 2.0%. The basic trend of e-substitution i.e. the replacement of traditional letter mail by electronic forms of communication is continuing. The upward adjustment of postal rates as of March 1, 2015 had a positive effect.

REVENUE DEVELOPMENT

EUR m



REVENUE BY DIVISION

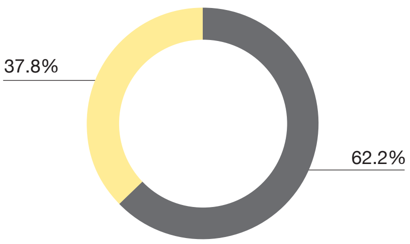
EUR m	Q1–3 2014[1]	Q1–3 2015	Change %	Change EUR m	Q3 2014[1]	Q3 2015
Group revenue	**1,732.7**	**1,752.3**	**1.1%**	**19.7**	**560.8**	**573.4**
Mail & Branch Network	1,085.7	1,089.5	0.4%	3.8	344.7	351.5
Parcel & Logistics	646.4	662.7	2.5%	16.4	215.8	221.9
Corporate	0.6	0.1	–87.0%	–0.5	0.2	0.0
Calendar working days in Austria	187	188	–	–	65	66

[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 as revenue with third parties (formerly external sales).

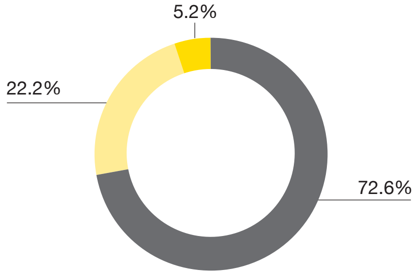
The Parcel & Logistics Division generated 37.8% of total Group revenue during the reporting period. Divisional revenue rose 2.5% to EUR 662.7m in the first nine months of 2015, and was up 2.8% in the third quarter of the year. The primary driving force underlying this positive development is the ongoing trend towards online shopping, which, in turn, leads to a considerable increase in private customer parcel volumes. From a regional perspective, both the Austrian market and the South East and Eastern European region showed solid growth, whereas revenue declined in Germany.

With respect to its geographical segments, Austrian Post generated 72.6% of its Group revenue in Austria, 22.2% in Germany and 5.2% in South East and Eastern Europe in the first three quarters of 2015.

REVENUE BY DIVISION Q1–3 2015



REVENUE BY REGION Q1–3 2015



REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	Q1–3 2014[1]	Q1–3 2015	Change %	Change EUR m	Q3 2014[1]	Q3 2015
Revenue with third parties (external)	**1,085.7**	**1,089.5**	**0.4%**	**3.8**	**344.7**	**351.5**
Letter Mail & Mail Solutions	580.5	587.4	1.2%	6.9	183.0	186.7
Direct Mail	313.1	311.4	–0.6%	–1.8	101.7	101.1
Media Post	101.8	100.5	–1.2%	–1.3	30.4	30.9
Branch Services	90.3	90.3	0.0%	0.0	29.7	32.7
Revenue with other segments (intra-Group)	57.0	60.7	6.5%	3.7	19.2	20.3
Total revenue	1,142.6	1,150.2	0.7%	7.5	363.9	371.8

[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 as revenue with third parties (formerly external sales).

Revenue of the Mail & Branch Network Division totalled EUR 1,089.5m in the first three quarters of 2015. Of this amount, 53.9% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 28.6% of total divisional revenue and Media Post, i.e. the delivery of newspapers and magazines has a 9.2% share. Branch Services accounts for 8.3% of divisional revenue. Generally speaking, revenue development is strongly influenced by election effects. Overall, the positive revenue effects related to elections in the first three quarters of the current reporting period were at a similar level to the previous year. Elections in 2014 mainly took place in the first half of the year, whereas additional revenue was generated as a result of the provincial elections in Vienna and Upper Austria also in the third quarter of the current financial year.

In the first nine months of 2015, Letter Mail & Mail Solutions revenue at EUR 587.4m climbed 1.2% from the previous year. Third-quarter revenue growth in this field was 2.0%. The basic trend towards declining mail volumes related to the substitution of letters by electronic forms of communication continues, and has even intensified slightly compared to the previous year. Moreover, revenue contributions from elections in this business area during the first three quarters of 2015 were somewhat lower than in the prior-year period, whereas the upward adjustment of postal rates as of March 1, 2015 had the opposite effect.

Revenue in the Direct Mail business fell by 0.6% to EUR 311.4m in the first nine months of 2015. Third-quarter revenue was also down by 0.6%. In general, the Direct Mail business is influenced by the overall economic environment and the level of customer advertising expenditure, and is thus subject to greater fluctuations. The individual customer segments in the Direct Mail business were also subject to differing volume trends. The advertising activities of big retailers in the unaddressed direct mail segment developed positively during the period under review. In contrast, the volume of addressed advertising mail decreased, which can be attributed to the discontinuation of one-time mailings and the reduced advertising activities of individual customer segments, for example mail order customers. Revenue of the mail subsidiaries in South East and Eastern Europe also declined in a year-on-year comparison. However, this is due to the sale of two mail subsidiaries in Hungary and Slovakia.

Media Post revenue was down 1.2% in the first three quarters of 2015 to EUR 100.5m, whereas revenue rose by 1.7% in the third quarter alone, which was mainly due to the positive revenue effects from elections. However, in general revenue from daily, weekly and monthly newspapers and magazines is declining.

Branch Services revenue at EUR 90.3m in the first nine months of 2015 was at the prior-year level. Third-quarter revenue climbed by EUR 3.1m, but this resulted from a change in the invoicing model of certain retail goods. Revenue from mobile telephony products and financial services in cooperation with the company's banking partner BAWAG P.S.K. continued to decline.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	Q1–3 2014[1]	Q1–3 2015	Change %	Change EUR m	Q3 2014[1]	Q3 2015
Revenue with third parties (external)	**646.4**	**662.7**	**2.5%**	**16.4**	**215.8**	**221.9**
Premium Parcels	486.2	495.8	2.0%	9.6	163.1	168.2
Standard Parcels	134.2	140.0	4.3%	5.7	44.0	44.3
Other Parcel Services	25.9	26.9	4.1%	1.1	8.8	9.4
Revenue with other segments (intra-Group)	6.6	5.7	–12.5%	–0.8	2.0	1.9
Total revenue	652.9	668.5	2.4%	15.6	217.8	223.8

[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 as revenue with third parties (formerly external sales).

Revenue of the Parcel & Logistics Division rose by 2.5% in the first nine months of 2015 to EUR 662.7m, and by 2.8% in the third quarter of 2015. The Premium Parcels business (parcel delivery within 24 hours) contributes the largest share of this division at about 75% of revenue. Premium Parcels generated revenue of EUR 495.8m in the first nine months of 2015, comprising a rise of 2.0% (+3.1% in the third quarter of 2015). In addition to the good development of business parcels in Austria, above-average growth was also achieved in higher value parcels for private customers. Generally, the business customer segment is highly competitive, which, combined with weak economic growth, results in high price pressure.

Standard Parcels, which mainly involves shipments to private customers in Austria, posted revenue of EUR 140.0m, an increase of 4.3% from the previous year. Revenue growth of 0.8% was generated in the third quarter of 2015. The basis for this growth is the ongoing online shopping trend resulting in growing parcel volumes of online retailers to private customers. Also in this area intensified competition and a struggle for market shares is perceptible.

Other Parcel Services, which includes various additional logistics services such as fulfillment, warehousing and cash logistics, generated revenue of EUR 26.9m in the period under review, a year-on-year rise of EUR 1.1m, of which EUR 0.6m was generated in the third quarter.

From a regional perspective, 55% of total revenue in the Parcel & Logistics Division was generated in Germany in the first three quarters of the 2015 financial year, compared to 36% in Austria and 9% by the subsidiaries in South East and Eastern Europe. Revenue declined by 1.5% in Germany in the first nine months, which is mainly due to lower diesel surcharges on transport services. The challenging competitive situation and price pressure in Germany remain to be perceptible. Revenue in Austria rose by 7.7% in the first three quarters, driven by the above-mentioned trend towards online shopping and against the backdrop of more intensive competition. The subsidiaries in South East and Eastern Europe posted a revenue increase of 8.4% driven by significant volume increases despite high price pressure.

Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	Q1–3 2014	Q1–3 2015	Change %	Change EUR m	Q3 2014	Q3 2015
Revenue	**1,732.7**	**1,752.3**	**1.1%**	**19.7**	**560.8**	**573.4**
Other operating income	50.1	50.4	0.5%	0.2	17.7	17.6
Raw materials, consumables and services used	–545.4	–551.7	–1.2%	–6.3	–182.6	–187.8
Staff costs	–815.4	–813.6	0.2%	1.8	–263.7	–261.8
Other operating expenses	–220.2	–237.9	–8.0%	–17.6	–76.5	–81.9
Results from financial assets accounted for using the equity method	–1.5	–0.2	89.6%	1.4	–0.5	0.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**200.2**	**199.3**	**–0.4%**	**–0.9**	**55.1**	**59.6**
Depreciation, amortisation and impairments	–67.6	–64.1	5.2%	3.5	–21.3	–20.9
Earnings before interest and tax (EBIT)	**132.6**	**135.2**	**2.0%**	**2.6**	**33.8**	**38.7**
Other financial result	–2.4	2.6	>100%	5.0	–0.6	–0.8
Earnings before tax (EBT)	**130.2**	**137.8**	**5.9%**	**7.7**	**33.2**	**38.0**
Income tax	–30.4	–33.8	–11.0%	–3.4	–7.0	–11.3
Profit for the period	**99.8**	**104.1**	**4.3%**	**4.3**	**26.2**	**26.7**
Earnings per share (EUR)[1]	1.47	1.54	4.8%	0.07	0.39	0.39

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

Raw materials, consumables and services used were up by 1.2% during the period under review, rising to EUR 551.7m. Although the cost of materials declined, primarily as a consequence of lower fuel prices, this reduction was partially offset by higher costs for retail goods. Costs for services used increased during the first three quarters of 2015, which was attributable to the development of transport expenditures. The acquisition of several distribution companies led to a drop in transport expenditures in the trans-o-flex Group, in contrast to the increase in Austria and South East and Eastern Europe as a result of the rise in parcel volumes.

Austrian Post's staff costs amounted to EUR 813.6m in the first three quarters of 2015, comprising a slight decline of 0.2% or EUR 1.8m. The operational staff costs for salaries and wages included in this amount were somewhat higher than in the previous year due to the effects arising from the integration of distribution companies in Germany. The integration of previously outsourced services led to additional staff costs in contrast to the decline in costs for transport services. Apart from this, 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. On balance, the average number of employees (full-time equivalents) working for the Austrian Post Group amounted to 23,578 people in the first nine months of 2015, compared to 24,005 employees in the first three quarters of 2014.

In addition to the ongoing operational staff costs, staff costs also include various non-operational costs such as termination benefits and changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post. Costs for termination benefits at EUR 22.2m during the period under review were considerably higher than the prior-year level of EUR 17.3m. In addition, the introduction of new staff-related measures for civil servants increased the allocation to employee provisions by EUR 8.6m. Other changes in non-operational staff costs, including provisions for employee under-utilisation, were offset by a positive earnings effect related to adjustments to the parameters for interest-bearing provisions.

Other operating income at EUR 50.4m during the period under review was at the same level as in the previous year. At the same time, other operating expenses climbed 8.0% to EUR 237.9m, which is also due to increased expenditures on maintenance, communications and consulting.

The results of the financial assets accounted for using the equity method amounted to minus EUR 0.2m in the first nine months of 2015, compared to minus EUR 1.5m in the first three quarters of 2014. This item includes the positive earnings contribution of the Turkish company Aras Kargo a.s. as well as the negative earnings contribution of the German start-up company AEP GmbH. The results from financial assets accounted for using the equity method also includes a loss of EUR 0.5m reported in connection with the sale of the joint venture company MEILLERGHP, which was divested effective from February 20, 2015. The loss is exclusively related to the currency translation reserves of MEILLERGHP.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post fell slightly by 0.4% to EUR 199.3m. The corresponding EBITDA margin was 11.4%. Third-quarter EBITDA increased by EUR 4.5m to EUR 59.6m, driven by higher revenue.

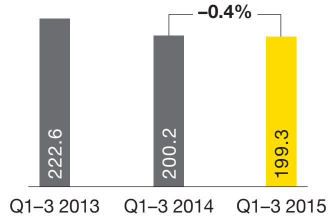
Total depreciation, amortisation and impairment losses in the reporting period amounted to EUR 64.1m, a drop of EUR 3.5m from the prior-year period, which included an impairment loss on goodwill of EUR 4.9m for the Polish subsidiary PostMaster Sp. z o.o. in the second quarter of 2014. Accordingly, earnings before interest and tax (EBIT) in the first nine months of 2015 reached a level of EUR 135.2m, a rise of 2.0% or EUR 2.6m from the previous year. The EBIT margin was 7.7%. EBIT in the third quarter of 2015 rose by EUR 4.9m to EUR 38.7m.

The other financial result improved from minus EUR 2.4m to plus EUR 2.6m, 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. In addition, the interest expense from the ongoing compounding of interest for interest-bearing provisions decreased due to the lower applicable actuarial interest rate compared to the previous year.

Accordingly, earnings before tax (EBT) in the first three quarters of 2015 were EUR 137.8m, compared to the prior-year figure of EUR 130.2m. The tax charge was up EUR 3.4m to EUR 33.8m, which was primarily a result of the increase in the planned tax rate related to changes in prevailing tax regulations. After deducting income tax, the Group's profit for the period (profit after tax) amounted to EUR 104.1m, a year-on-year rise of 4.3%. This corresponds to undiluted earnings per share of EUR 1.54 for the first nine months of 2015.

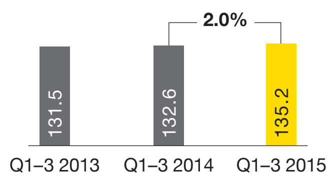
EBITDA

EUR m



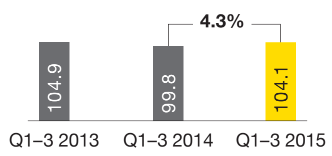
EBIT

EUR m



PROFIT FOR THE PERIOD

EUR m



EBITDA AND EBIT BY DIVISION

EUR m	Q1–3 2014	Q1–3 2015	Change %	Change EUR m	Margin[1] Q1–3 2015	Q3 2014	Q3 2015
Total EBITDA	**200.2**	**199.3**	**–0.4%**	**–0.9**	**11.4%**	**55.1**	**59.6**
Mail & Branch Network	223.2	232.5	4.2%	9.3	20.2%	64.3	71.1
Parcel & Logistics	34.2	32.4	–5.1%	–1.7	4.9%	11.7	9.3
Corporate/Consolidation	–57.2	–65.7	–14.8%	–8.5	–	–20.9	–20.8
Total EBIT	**132.6**	**135.2**	**2.0%**	**2.6**	**7.7%**	**33.8**	**38.7**
Mail & Branch Network	195.5	208.6	6.7%	13.1	18.1%	56.7	63.2
Parcel & Logistics	18.5	16.5	–11.2%	–2.1	2.5%	6.4	4.0
Corporate/Consolidation	–81.5	–89.8	–10.2%	–8.3	–	–29.3	–28.4

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

From a divisional perspective, the Mail & Branch Network Division generated an EBITDA of EUR 232.5m in the first three quarters of 2015, an increase of 4.2%. This rise is due to the discontinuation of negative effects related to parameter adjustments for interest-bearing provisions in the previous year as well as to strict cost discipline and ongoing process optimisation measures. EBIT of the division at EUR 208.6m increased by 6.7% or EUR 13.1m from the previous year. This earnings increase is primarily related to the prior-year's second quarter impairment loss of EUR 4.9m recognised for goodwill at Austrian Post's Polish subsidiary PostMaster Sp. z o.o.

EBITDA of the Parcel & Logistics Division amounted to EUR 32.4m in the first nine months of 2015, compared to EUR 34.2m in the previous year. EBIT in the reporting period totalled EUR 16.5m, a drop of EUR 2.1m from the prior-year figure of EUR 18.5m. The earnings situation in Austria and South East and Eastern Europe developed positively, whereas Austrian Post is currently pushing ahead with structural changes and network restructuring in Germany.

The Corporate Division (including Consolidation) essentially covers central costs as well as various staff-related provisions. EBIT of the Corporate Division fell by EUR 8.3m to minus EUR 89.8m. This decline can primarily be attributed to the increase in other operating expenses for maintenance, communications and consulting which negatively impacted earnings mainly in the Corporate Division. With respect to staff costs, expenditures arose as a result of allocations to provisions for additional staff-related measures. In contrast, a positive effect on staff costs was achieved with the adjustment of the parameters for interest-bearing provisions.

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2014	Sept. 30, 2015	Structure Sept. 30, 2015
Assets			
Property, plant and equipment	597.7	600.7	37.2%
Intangible assets and goodwill	172.1	167.2	10.3%
Investment property	51.8	56.9	3.5%
Financial assets accounted for using the equity method	53.3	46.9	2.9%
Inventories, trade and other receivables	464.2	387.3	24.0%
Other financial assets	67.1	70.5	4.4%
thereof securities	53.1	56.6	3.5%
Cash and cash equivalents	264.1	286.1	17.7%
Assets held for sale	0.6	0.0	0.0%
	1,671.0	**1,615.7**	**100.0%**
Equity and liabilities			
Equity	702.7	669.3	41.4%
Provisions	540.5	519.3	32.1%
Financial liabilities	17.7	20.4	1.3%
Trade and other payables	409.5	406.7	25.2%
Liabilities classified as held for sale	0.6	0.0	0.0%
	1,671.0	**1,615.7**	**100.0%**

ASSETS AND FINANCES

Austrian Post pursues a conservative balance sheet policy 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 1,615.7m as of September 30, 2015. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 600.7m, whereas intangible assets amounted to EUR 54.3m. The goodwill reported for acquisitions totalled EUR 112.9m at the end of the third quarter of 2015. Receivables of EUR 283.7m comprise one of the largest single balance sheet items in current assets. In addition, Austrian Post has a strong cash position (cash and cash equivalents) amounting to EUR 286.1m.

On the equity and liabilities side, the balance sheet of Austrian Post features a high equity ratio, which equalled 41.4% as at September 30, 2015, with equity of EUR 669.3m. Non-current liabilities totalled EUR 402.5m at the end of the reporting period, and current liabilities were at EUR 543.8m. The non-current and current provisions amounted to EUR 519.3m at the end of September 2015, including EUR 186.6m in provisions for employee underutilisation. Trade payables of EUR 221.9m were reported as of September 30, 2015.

An analysis of the financial position of the company shows a high level of current and non-current financial resources of EUR 342.7m, comprising cash and cash equivalents of EUR 286.1m and financial investments in securities of EUR 56.6m. These financial resources contrast with financial liabilities of only EUR 20.4m.

Cash flow

Gross cash flow totalled EUR 186.4m in the nine months of 2015, compared to EUR 207.2m in the previous year. Cash flow from operating activities of EUR 153.6m was EUR 11.0m less than in the prior-year period. This reduction is mainly due to higher income tax payments in a year-on-year comparison, which was related to sales of commercial properties and changes in tax regulations (Austrian Tax Amendment Act).

Cash flow from investing activities reached a level of minus EUR 1.6m in the first nine months of 2015, compared to minus EUR 43.9m in the comparable prior-year period. This increase 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 61.3m in the first nine months of 2015, above the level of EUR 53.0m in the previous year. CAPEX included payments of EUR 19.8m relating to the construction of Austrian Post's new corporate headquarters. In relation to acquisitions and divestments, the cash flow totalled minus EUR 2.3m. This figure included the cash outflow for the acquisition of Aktionsfinder GmbH as well as the cash proceeds from the sale of Kolos s.r.o. Moreover, a cash flow-reducing effect of minus EUR 4.0m was reported due to changes in the securities portfolio, whereas securities valued at EUR 13.0m were sold in the prior-year period.

In aggregate, free cash flow during the reporting period was EUR 152.0m, up from EUR 120.7m in the previous year. Free cash flow before acquisitions/securities reached EUR 158.3m.

CASH FLOW

EUR m	Q1–3 2014	Q1–3 2015
Gross cash flow[1]	**207.2**	**186.4**
Cash flow from operating activities	**164.6**	**153.6**
Cash flow from investing activities	**–43.9**	**–1.6**
thereof CAPEX	–53.0	–61.3
thereof cash flow from acquisitions/divestments	–0.8	–2.3
thereof acquisition/disposal of securities	13.0	–4.0
thereof other cash flow from investing activities	–3.1	66.0
Free cash flow	**120.7**	**152.0**
Free cash flow before acquisitions/securities	**108.6**	**158.3**
Cash flow from financing activities	**–136.7**	**–129.9**
Change in cash and cash equivalents	**–15.9**	**22.0**

[1] Adjusted reporting in Q1–3 2014: Non-cash changes in provisions which are considered as non-current as well as restructuring provisions are adjusted in the gross cash flow starting in the 2014 financial year. The cash flow statement for Q1–3 2014 was correspondingly adapted.

Investments

In the first nine months of 2015, the additions to property, plant and equipment and intangible assets amounted to EUR 71.3m, slightly above the comparable prior-year figure of EUR 67.6m. This included investments of EUR 68.7m in property, plant and equipment and EUR 2.5m in intangible assets. In addition to the modernisation of the vehicle fleet, the focus of investments during the reporting period was primarily on new sorting technologies in the mail and parcel distribution facilities and a number of IT-software programmes. However, investments were also made in the construction of the company's new corporate headquarters.

EMPLOYEES

The average number of employees (full-time equivalents) at the Austrian Post Group totalled 23,578 people during the first nine months of 2015, comprising a reduction of 427 employees from the prior-year period. Most of Austrian Post's staff or a total of 18,121 full-time equivalents is employed by the parent company Austrian Post.

EMPLOYEES BY DIVISION

Average for the period in full-time equivalents	Q1–3 2014	Q1–3 2015	Share in %
Mail & Branch Network	17,442	16,982	72.0%
Parcel & Logistics	4,573	4,750	20.1%
Corporate	1,990	1,847	7.8%
Total	**24,005**	**23,578**	**100.0%**

EVENTS AFTER THE REPORTING PERIOD

Effective October 1, 2015, Austrian Post announced the closing of the acquisition of a 100% stake in the Linz-based full-service scanning service provider EMD – Elektronische- und Mikrofilm-Dokumentationssysteme GmbH. For more than 30 years, EMD has been an established specialist for the digitalisation and microfilming of archives and historical documents. This acquisition enables Austrian Post to expand its service portfolio in the field of intelligent input management.

MAIN RISKS AND UNCERTAINTIES

As an international postal and logistics services provider, the Austrian Post Group 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 along with 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 three 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 also 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 increasingly replaced by electronic forms of communication.

The parcel market is positively impacted by the online shopping trend, with competitors increasing their activities to participate in this market growth more strongly. The resulting shifts in market share and increased price pressure could negatively affect Austrian Post's earnings situation.

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 in the branch network.

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 on goodwill of subsidiaries.

OUTLOOK 2015 AND 2016

Positive revenue development targeted

On the basis of the development of the mail and parcel business in the first three quarters of 2015, Austrian Post confirms its previously communicated revenue forecasts for the entire year 2015. Group revenue should show a slightly positive development during the rest of the year and rise by 1–2% from the comparable level in the 2014 financial year. In 2016, the company also expects a challenging mail market featuring a further decline in addressed mail volumes, as well as a highly competitive parcel market. In addition to current basic trends in the mail and parcel segments, the revenue forecast for the 2016 financial year also depends on the potential increase of the stake held by Austrian Post in the Turkish parcel services provider Aras Kargo from 25% to 75%. Keeping these factors in mind, annual revenue in 2016 could be in the range of minus 1% to plus 5% compared to 2015.

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, possibly resulting in further volume declines. Based on the business development in the first nine months of 2015, the drop in mail volumes in 2015 and in 2016 is expected to be within 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 perceptible for addressed direct mail items in particular.

The development of the Parcel & Logistics Division is impacted by differing trends in the private and business parcel segments. Considerable growth continues to be anticipated in the private customer parcel segment due to the steadily growing online business. At the same time, intensified competition is expected as a result of the growth momentum in this market segment. In turn, this could impact parcel prices and volumes and thus the company's business development, especially in 2016. In contrast, subdued economic growth prospects are unlikely to provide any impetus to the business parcel segment. Furthermore, in particular the fierce competition is negatively affecting the parcel and logistics business in Germany.

Efficiency enhancement to safeguard earnings

Austrian Post is continuously optimising its structures and processes nationally and internationally in both its mail and parcel logistics operations in order to further enhance efficiency in all the services it provides. In addition to the use of modern technologies and working time models in Austria, 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. At the same time, Austrian Post is currently evaluating various strategic options for this company.

On balance, Austrian Post continues to pursue the goal of generating an EBITDA margin of around 12% on a Group level for 2015. With respect to its operating results, the company expects the prevailing trend in the first nine months of the year to continue. For this reason Austrian Post pursues the objective of once again equaling or slightly surpassing the prior-year's operating result. EBIT reported by Austrian Post totalled EUR 197m in 2014, which featured both positive and negative special effects: Earnings in 2014 increased by EUR 62m due to the sale of the company's former headquarters, whereas special effects relating to impairment losses and write-downs correspondingly reduced earnings by EUR 58m. Opportunities and risks related to special effects, for example for non-operational staff costs or impairment losses, could also impact the company's earnings situation in 2015. In 2016, Austrian Post will continue to target an EBITDA margin of around 12%. The aim is to generate stable operating results in 2016. However, the range of the earnings forecast is somewhat broader due to the uncertain market environment.

Aim to continue the attractive dividend policy

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. In this regard, total operational capital expenditures (CAPEX) of about EUR 80m are planned in 2015, focusing on sorting technologies, logistics and customer solutions. Furthermore, Austrian Post began construction of its new corporate headquarters in Vienna's third district, which is expected to be completed in 2017. A solid cash flow development is anticipated for the entire year 2015. This will enable Austrian Post to continue its attractive dividend policy, with a dividend payout of at least 75% of the Group net profit.

Vienna, November 3, 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 THREE QUARTERS OF 2015

EUR m	Q1–3 2014	Q1–3 2015	Q3 2014	Q3 2015
Revenue	1,732.7	1,752.3	560.8	573.4
Other operating income	50.1	50.4	17.7	17.6
Total operating income	**1,782.8**	**1,802.7**	**578.4**	**591.0**
Raw materials, consumables and services used	–545.4	–551.7	–182.6	–187.8
Staff costs	–815.4	–813.6	–263.7	–261.8
Depreciation, amortisation and impairment losses	–67.6	–64.1	–21.3	–20.9
Other operating expenses	–220.2	–237.9	–76.5	–81.9
Total operating expenses	**–1,648.6**	**–1,667.3**	**–544.1**	**–552.3**
Profit from operations	**134.2**	**135.4**	**34.3**	**38.7**
Results from financial assets accounted for using the equity method	–1.5	–0.2	–0.5	0.0
Financial income	3.3	6.3	0.9	0.7
Financial expenses	–5.7	–3.7	–1.4	–1.4
Other financial result	–2.4	2.6	–0.6	–0.8
Total financial result	**–4.0**	**2.4**	**–1.1**	**–0.7**
Profit before tax	**130.2**	**137.8**	**33.2**	**38.0**
Income tax	–30.4	–33.8	–7.0	–11.3
Profit for the period	**99.8**	**104.1**	**26.2**	**26.7**
Attributable to:				
Equity holders of the parent company	99.4	103.9	26.1	26.6
Non-controlling interests	0.3	0.2	0.1	0.0

EARNINGS PER SHARE

EUR	Q1–3 2014	Q1–3 2015	Q3 2014	Q3 2015
Basic earnings per share	1.47	1.54	0.39	0.39
Diluted earnings per share	1.47	1.54	0.39	0.39

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST THREE QUARTERS OF 2015

EUR m	Q1–3 2014	Q1–3 2015	Q3 2014	Q3 2015
Profit for the period	**99.8**	**104.1**	**26.2**	**26.7**
Items that will be reclassified subsequently to the income statement:				
Currency translation differences – investments in foreign businesses	–0.5	0.9	–0.5	–0.1
Changes in the fair value of financial assets available for sale	0.6	–0.2	–0.5	0.5
Tax effects of changes in the fair value	–0.2	0.1	0.1	–0.1
Financial assets accounted for using the equity method – share of other comprehensive income	1.3	–7.9	0.3	–5.7
Total items that will be reclassified	**1.3**	**–7.2**	**–0.6**	**–5.4**
Items that will not be reclassified subsequently to the income statement:				
Revaluation of defined benefit obligations	–6.7	3.2	–6.7	2.8
Deferred taxes	1.7	–0.8	1.7	–0.7
Total items that will not be reclassified	**–5.0**	**2.4**	**–5.0**	**2.1**
Other comprehensive income	**–3.7**	**–4.9**	**–5.6**	**–3.3**
Total comprehensive income	**96.1**	**99.2**	**20.6**	**23.4**
Attributable to:				
Equity holders of the parent company	95.7	99.0	20.5	23.3
Non-controlling interests	0.3	0.2	0.1	0.0

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2015

EUR m	Dec. 31, 2014	Sept. 30, 2015
Assets		
Non-current assets		
Goodwill	112.2	112.9
Intangible assets	59.9	54.3
Property, plant and equipment	597.7	600.7
Investment property	51.8	56.9
Financial assets accounted for using the equity method	53.3	46.9
Other financial assets	60.7	37.3
Trade and other receivables	21.0	18.1
Deferred tax assets	68.6	68.5
	1,025.4	**995.7**
Current assets		
Other financial assets	6.4	33.2
Inventories	16.7	16.6
Trade and other receivables	352.0	283.7
Current tax assets	5.8	0.4
Cash and cash equivalents	264.1	286.1
	645.0	**620.0**
Assets held for sale	**0.6**	**0.0**
	1,671.0	**1,615.7**
Equity and liabilities		
Equity		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	260.3	231.2
Other reserves	–26.6	–30.5
Equity attributable to the shareholders of the parent company	**702.0**	**669.0**
Equity attributable to non-controlling interests	0.7	0.3
	702.7	**669.3**
Non-current liabilities		
Provisions	387.7	366.6
Other financial liabilities	14.6	6.8
Trade and other payables	20.8	21.1
Deferred tax liabilities	8.3	8.0
	431.4	**402.5**
Current liabilities		
Provisions	152.8	152.7
Current tax liabilities	19.3	12.6
Other financial liabilities	3.1	13.6
Trade and other payables	361.2	365.0
	536.3	**543.8**
Liabilities classified as held for sale	**0.6**	**0.0**
	1,671.0	**1,615.7**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST THREE QUARTERS OF 2015

EUR m	**Q1–3 2014** adjusted[1]	**Q1–3 2015**
Operating activities		
Profit before tax	130.2	137.8
Depreciation, amortisation and impairment losses	67.6	64.1
Results from financial assets accounted for using the equity method	1.5	0.2
Provisions non-cash	41.2	18.6
Taxes paid	–27.8	–36.0
Other non-cash transactions	–5.6	1.8
Gross cash flow	**207.2**	**186.4**
Trade and other receivables	12.7	7.9
Inventories	0.7	–0.3
Provisions	–35.4	–37.5
Trade and other payables	–20.6	–3.0
Cash flow from operating activities	**164.6**	**153.6**
Investing activities		
Purchase of intangible assets	–7.2	–2.9
Purchase of property, plant and equipment/investment property	–53.0	–61.3
Cash receipts from disposal of assets	5.4	67.5
Acquisition of subsidiaries	–0.2	–1.8
Disposal of subsidiaries	0.0	1.3
Acquisition of financial assets accounted for using the equity method	–0.6	–1.8
Acquisition of financial investments in securities	0.0	–10.0
Cash receipts from the disposal of financial investments in securities	13.0	6.0
Loans granted	–3.9	–1.5
Dividends from financial assets accounted for using the equity method	0.7	0.7
Interest received	1.9	2.2
Cash flow from investing activities	**–43.9**	**–1.6**
Free cash flow	**120.7**	**152.0**
Financing activities		
Changes of other financial liabilities	–2.6	2.6
Dividends paid	–129.0	–131.9
Interest paid	–1.1	–0.7
Acquisition of non-controlling interests	–4.0	0.0
Cash flow from financing activities	**–136.7**	**–129.9**
Change in cash and cash equivalents	**–15.9**	**22.0**
Cash and cash equivalents at January 1	240.2	264.1
Cash and cash equivalents at September 30	**224.3**	**286.1**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST THREE QUARTERS OF 2014

Q1–3 2015 EUR m adjusted[1]	**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**	**Equity**
Balance at January 1, 2014	**337.8**	**130.5**	**245.5**	**–5.5**	**–1.3**	**–9.9**	**697.1**	**2.3**	**699.4**
Acquisition of a subsidiary	0.0	0.0	–3.3	0.0	0.0	0.0	–3.3	–0.7	–4.0
Dividends paid	0.0	0.0	–128.4	0.0	0.0	0.0	–128.4	–1.3	–129.7
Profit for the period	**0.0**	**0.0**	**99.4**	**0.0**	**0.0**	**0.0**	**99.4**	**0.3**	**99.8**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	–0.5	–0.5	0.0	–0.5
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Revaluation of defined benefit obligations	0.0	0.0	0.0	–6.7	0.0	0.0	–6.7	0.0	–6.7
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	0.0	0.0	1.3	1.3	0.0	1.3
Tax effect	0.0	0.0	0.0	1.7	–0.2	0.0	1.5	0.0	1.5
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–5.0**	**0.5**	**0.9**	**–3.7**	**0.0**	**–3.7**
Total comprehensive income	**0.0**	**0.0**	**99.4**	**–5.0**	**0.5**	**0.9**	**95.7**	**0.3**	**96.1**
Balance at September 30, 2014	**337.8**	**130.5**	**213.3**	**–10.5**	**–0.9**	**–9.0**	**661.1**	**0.6**	**661.8**

[1] Adjustments: refer to Note 2.2.1 Presentation of equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST THREE QUARTERS OF 2015

Q1–3 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	Equity
Balance at January 1, 2015	**337.8**	**130.5**	**260.3**	**–17.3**	**–0.5**	**–8.8**	**702.0**	**0.7**	**702.7**
Obligation to acquire a subsidiary	0.0	0.0	–0.3	0.0	0.0	0.0	–0.3	0.1	–0.3
Disposal of a financial asset accounted for using the equity method	0.0	0.0	–0.9	0.9	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	–131.7	0.0	0.0	0.0	–131.7	–0.6	–132.3
Profit for the period	**0.0**	**0.0**	**103.9**	**0.0**	**0.0**	**0.0**	**103.9**	**0.2**	**104.1**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.4
Currency translation differences – reclassification to profit or loss	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	–0.2	0.0	–0.2	0.0	–0.2
Revaluation of defined benefit obligations	0.0	0.0	0.0	3.2	0.0	0.0	3.2	0.0	3.2
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	0.0	0.0	–8.4	–8.4	0.0	–8.4
Financial assets accounted for using the equity method – reclassification to 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	–0.8	0.1	0.0	–0.7	0.0	–0.7
Other comprehensive income	**0.0**	**0.0**	**0.0**	**2.4**	**–0.2**	**–7.0**	**–4.9**	**0.0**	**–4.9**
Total comprehensive income	**0.0**	**0.0**	**103.9**	**2.4**	**–0.2**	**–7.0**	**99.0**	**0.2**	**99.2**
Balance at September 30, 2015	**337.8**	**130.5**	**231.2**	**–14.1**	**–0.6**	**–15.8**	**669.0**	**0.3**	**669.3**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST THREE QUARTERS OF 2015

1 SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Austrian Post as at September 30, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid at September 30, 2015, as issued by the International Accounting Standards Board and adopted by the European Union and the additional requirements of Section 245a UGB (Austrian Commercial Code). 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 three quarters of 2015, the following new or revised standards were binding for the first time. These changes have no effect on the consolidated 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	January 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 adjustments to 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 to the prior-year figures included in the consolidated interim financial statements as of September 30, 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 September 30, 2014	+EUR 99.4m
Balance at September 30, 2015	+EUR 103.9m

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	**Q1–3 2014**	**Q1–3 2015**
Non-current provisions	–32.3	–11.7
Provisions non-cash	41.2	18.6
Result from the disposal of property, plant and equipment	1.1	1.5
Interest income/expense	1.5	1.9
Currency translation	0.2	–0.1
Other non-cash transactions	–2.8	–3.3
Gross cash flow	**9.0**	**6.9**
Current provisions	22.4	25.1
Provisions	–31.3	–32.0
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	Q1–3 2014	Q1–3 2015
Trade and other receivables	3.6	4.8
Provisions	–4.1	–5.5
Trade and other payables	0.5	0.7
Cash flow from operating activities	**0.0**	**0.0**

2.2.3 Segment reporting

Adjustments in segment reporting lead the following shifts of revenue:

Q1–3 2014 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.4	–1.5	–2.2	4.1	0.0
Revenue with other segments	0.4	1.5	2.2	–4.1	0.0
Total revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Q1–3 2015 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.4	–1.8	0.0	2.2	0.0
Revenue with other segments	0.4	1.8	0.0	–2.2	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 Austrian Post, a total of 28 domestic subsidiaries (December 31, 2014: 24) and 29 foreign subsidiaries (December 31, 2014: 31), in which Austrian Post 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 three quarters 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
Aktionsfinder GmbH	0.0%	60.0%	June 1, 2015	Acquisition
Post 107 Beteiligungs GmbH	0.0%	100.0%	June 13, 2015	Foundation
Kolos s.r.o.	100.0%	0.0%	August 5, 2015	Disposal

Company	Interest from	Interest to	Date of transaction	Explanation
Parcel & Logistics				
trans-o-flex Netzwerk Group GmbH	0.0%	100.0%	April 28, 2015	Foundation
Business operations of one distribution company	–	–	June 1, 2015	Acquisition of business operations
trans-o-flex Belgium Real Estate B.V.B.A.	100.0%	0.0%	August 27, 2015	Disposal
Corporate				
Post 301 Beteiligungs GmbH	0.0%	100.0%	July 23, 2015	Foundation
Post E-Commerce GmbH	0.0%	100.0%	July 31, 2015	Foundation

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 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, of which EUR 0.6m can be attributed to the reclassification of negative currency translation reserves from other comprehensive income to profit or loss.

Aktionsfinder GmbH

Austrian Post acquired a 60% stake in Aktionsfinder GmbH, Salzburg, effective June 1, 2015. As of this date the company is recognised as a fully-consolidated subsidiary in the consolidated financial statements of Austrian Post. Aktionsfinder GmbH operates the Internet portal Aktionsfinder.at. This platform ranks among the biggest web portals for advertising flyers in Austria, enabling the electronic downloading of flyers, promotions and offers distributed in Austria.

Within the context of the provisional purchase price allocation, the Internet portal of the company was reported as an intangible asset totalling EUR 0.2m, and goodwill to the amount of EUR 1.7m was recognised using a cost-based valuation approach. On balance, the remaining fair values of the identifiable assets and liabilities of the company are immaterial. Goodwill results from the expected growth potential in this young business segment and from sales synergies within the Austrian Post Group. The actual cash outflow amounted to EUR 1.7m.

EUR m	Fair value
Calculation of goodwill	
Total amount of consideration transferred	1.8
Non-controlling interests on the basis of the share of total net identifiable assets acquired and liabilities assumed	0.1
Total net identifiable assets acquired and liabilities assumed	–0.1
Goodwill	**1.7**

Austrian Post was granted a call option for the acquisition of the remaining 40% stake in Aktionsfinder GmbH. Accordingly, Austrian Post is entitled to acquire 40% of the shares either in the period March 1, 2018 to June 30, 2018 or March 1, 2019 to June 30, 2019. In return, Austrian Post granted a put option to the shareholders which they are entitled to exercise in the period July 1, 2019 to September 30, 2019. The purchase prices stipulated in the option agreements are variable and are based on the future revenue and earnings development of the company. The call and put options are classified as a financial asset and liability in accordance with IAS 32. The valuation of the call options resulted in a value of zero. The accounting of the put option is carried out according to the so-called present access method, in which case a liability to the amount of EUR 0.3m is recognised and set off against the equity of the Austrian Post Group.

Kolos s.r.o.

As at June 30, 2015, 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 Kolos s.r.o. was sold effective August 5, 2015. The disposal of the disposal group resulted in a profit of EUR 0.3m, which is recognised under other operating income, of which EUR 0.1m can be attributed to the reclassification of positive currency translation reserves from other comprehensive income to profit or loss.

Parcel & Logistics

Business operations of one distribution company

Austrian Post acquired the business operations of a further distribution company as of June 1, 2015 within the context of a takeover of its operating activities. The company is Distributions GmbH – 22, Kassel. In the course of the acquisition only the employees and existing customer relations were acquired. According to the management's assessment these operating activities were acquired in accordance with IFRS 3. Therefore the acquisition is to be classified as a business combination. The company ranks among the most important distribution partners of the trans-o-flex Group, and serves the Hessen region from its site in Kassel. The acquisition enables the optimisation of operating costs and synergies among logistics locations in the trans-o-flex Group.

Goodwill to the amount of EUR 0.2m was recognised within the context of the provisional purchase price allocation. The remaining fair value of the identifiable assets and liabilities of the company are immaterial. Goodwill results from the expected synergies arising from integrating these business operations in the trans-o-flex Group. The actual cash outflow totalled EUR 0.1m.

EUR m	Fair value
Calculation of goodwill	
Total amount of consideration transferred	0.1
Total net identifiable assets acquired and liabilities assumed	0.1
Goodwill	**0.2**

trans-o-flex Belgium Real Estate B.V.B.A.

As at June 30, 2015, 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 trans-o-flex Belgium Real Estate B.V.B.A. was sold effective August 27, 2015. The disposal of the disposal group resulted in a profit of approximately EUR 0.1m, which is recognised under other operating income. At the time of the disposal, the assets of the company mainly related to one property in Turnhout. Accordingly, proceeds from the sale were recognised under cash receipts from the disposal of assets in the consolidated cash flow statement.

4 SEGMENT REPORTING

Q1–3 2014 EUR m adjusted[1]	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	1,085.7	646.4	0.6	0.0	1,732.7
Revenue with other segments	57.0	6.6	132.0	–195.6	0.0
Total revenue	**1,142.6**	**652.9**	**132.7**	**–195.6**	**1,732.7**
EBITDA	**223.2**	**34.2**	**–57.2**	**0.0**	**200.2**
EBIT	**195.5**	**18.5**	**–81.7**	**0.2**	**132.6**
Other financial result					–2.4
Profit before tax					**130.2**

Q1–3 2015 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	1,089.5	662.7	0.1	0.0	1,752.3
Revenue with other segments	60.7	5.7	134.5	–200.9	0.0
Total revenue	**1,150.2**	**668.5**	**134.6**	**–200.9**	**1,752.3**
EBITDA	**232.5**	**32.4**	**–65.7**	**0.0**	**199.3**
EBIT	**208.6**	**16.5**	**–90.0**	**0.2**	**135.2**
Other financial result					2.6
Profit before tax					**137.8**

[1] Adjustments: refer to Note 2.2.3 Segment reporting

5 PROPERTY, PLANT AND EQUIPMENT

In the 2002 business year, 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 of 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 corresponding 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 correspondingly 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 60m 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 EQUITY

At the Annual General Meeting held on April 15, 2015, the Management Board of Austrian Post was authorised to create new authorised capital, and the Articles of Association of Austrian Post were correspondingly adapted. Contingent upon the approval of the Supervisory Board, the share capital of Austrian Post can be increased by up to EUR 33,766,190.00 over a period of five years ending on April 14, 2020 by issuing up to 6,755,264 new non-par value bearer shares. Furthermore, the Annual General Meeting resolved to carry out a conditional increase of the company's share capital by up to EUR 16,888,160.00 through the issuance of up to 3,377,632 non-par value bearer shares to (i) creditors of financial instruments and (ii) for the purpose of granting stock options to employees and senior managers of Austrian Post or an affiliated company.

Furthermore, the Management Board was authorised to buy back the company's own shares (treasury shares) of up to 10% of the company's share capital over a period of 30 months.

8 PROVISIONS

Austrian Post adjusted the parameters applying to interest-bearing provisions against the backdrop of the development of the international interest rates. The discount rate for provisions for termination benefits and jubilee benefits amounts to 2.25% (December 31, 2014: 2%). The parameters adjustments resulted in an actuarial gain of EUR 5.2m in the first three quarters of 2015, of which EUR 3.4m was recognised in other comprehensive income.

The range in the discount interest rate for the provisions for employee under-utilisation is between 1.0%–2.0% (December 31, 2014: 0.75%–1.5%). The parameter adjustments led to a higher allocation to the provisions for employee under-utilisation of EUR 2.9m in the first three quarters of 2015.

9 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	A fair value through profit or loss	Available for sale	Total
Financial assets				
Subsequent measurement 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**
Financial liabilities				
Subsequent measurement at fair value				
Derivative financial liabilities	3	0.1	0.0	0.1
		0.1	**0.0**	**0.1**

September 30, 2015 EUR m	Level	A fair value through profit or loss	Available for sale	Total
Financial assets				
Subsequent measurement at fair value				
Securities	1	0.0	56.6	56.6
Strategic stakes and other investments	3	0.0	12.2	12.2
Derivative financial assets	3	1.7	0.0	1.7
		1.7	**68.9**	**70.5**
Financial liabilities				
Subsequent measurement at fair value				
Derivative financial liabilities	3	0.3	0.0	0.3
		0.3	**0.0**	**0.3**

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	December 31, 2014		September 30, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Other financial liabilities				
Borrowings from banks	7.6	7.7	–11.9	–11.9
Finance lease liabilities	9.7	9.7	–8.2	–8.2
Other financial liabilities	0.4	0.4	–0.2	–0.2
	17.7	**17.8**	**–20.3**	**–20.4**

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 discount rates (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.

10 OTHER INFORMATION

The dividend of EUR 1.95 per share (EUR 131.7m) resolved upon at the Annual General Meeting held on April 15, 2015 was distributed on April 29, 2015.

A specified contingent asset related to settlement negotiations has not been reported, due to the fact that any disclosures would weaken our legal position.

11 EVENTS AFTER THE REPORTING PERIOD

Austrian Post acquired a 100% stake in Elektronische- und Mikrofilm-Dokumentationssysteme Ges.m.b.H (EMD) effective October 1, 2015. EMD is included as a fully-consolidated company in the consolidated financial statements of Austrian Post starting with the day of the closing. On the basis of this acquisition, Austrian Post is able to expand the services it offers in the field of intelligent input management. However, the accounting treatment of the acquisition has not yet been completed due to the fact that the closing of the transaction is almost exactly at the same time as the authorization to publish the consolidated interim financial statements. As a consequence, it is not yet possible to state the amount of consideration transferred as well as the identifiable assets and liabilities.

12 NEGATIVE NOTE

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

Vienna, November 3, 2015

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

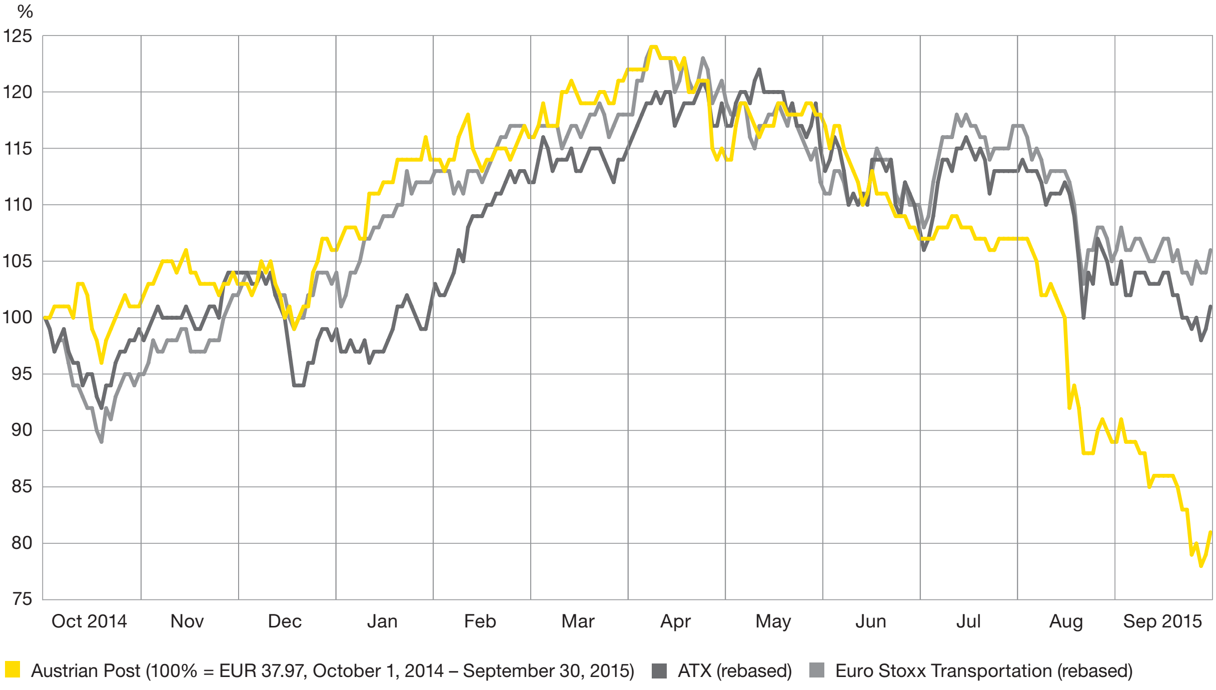
Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

FINANCIAL CALENDER 2015/16

November 12, 2015	Interim report for the first three quarters 2015, announcement: 07:30–7:40 a.m. CET
March 10, 2016	Annual Report 2015, announcement: 07:30–07:40 a.m. CET
April 4, 2016	Record date for participation at Annual General Meeting
April 14, 2016	Annual General Meeting 2016, Vienna
April 26, 2016	Ex-date
April 27, 2016	Record Date (Determination of entitled stocks in connection with dividend payments)
April 28, 2016	Dividend payment day
May 13, 2016	Interim report for the first quarter of 2016, announcement: 07:30–07:40 a.m. CET
August 11, 2016	Half-year financial report 2016, announcement: 07:30–07:40 a.m. CET
November 11, 2016	Interim report for the first three quarters 2016, announcement: 07:30–7:40 a.m. CET

AUSTRIAN POST SHARE PRICE DEVELOPMENT (LAST 12 MONTHS)



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