

AUSTRIAN POST

INVESTOR PRESENTATION FY 2016

Georg Pölzl/CEO, Walter Oblin/CFO
Vienna, March 9, 2017



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results 2016

4. Outlook 2017



2016 AT A GLANCE



AUSTRIAN MAIL MARKET

Ongoing substitution of addressed letter mail volumes by electronic media



NATIONAL/INTERNATIONAL DIRECT MAIL MARKET

Diverging development of individual customer groups



AUSTRIAN PARCEL MARKET

Strong increase in online parcel volumes; intensified competition



INTERNATIONAL PARCEL MARKET

Good volume growth, competitive and price pressure

REVENUE

- Comparative revenue stable as predicted:
Mail: -1.6%; Parcel & Logistics +3.9%
- Reported revenue down from EUR 2,401.9m to EUR 2,030.5m due to sale of trans-o-flex as at April 8, 2016

EARNINGS

- EBIT at EUR 202.3m above operating earnings 2015 (+2.2%)
- Net earnings of EUR 2.3/share

CASH FLOW/BALANCE SHEET

- Cash flow from operating activities +3.4%
- Conservative balance sheet structure

DIVIDEND FOR 2016

- Dividend proposal to the Annual General Meeting of EUR 2.00/share (+2.6%)

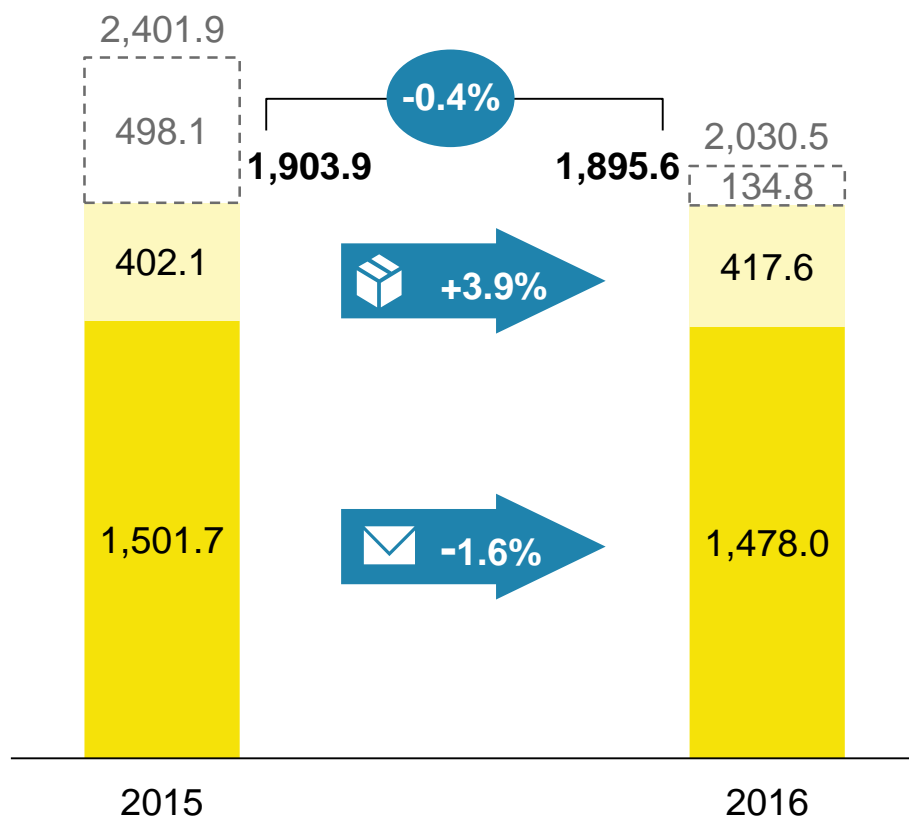
OUTLOOK 2017

- Target for stability in revenue and earnings

STABLE REVENUE IN THE CORE BUSINESS

REVENUE DEVELOPMENT

EUR m



GROUP:

- Comparative revenue excl. trans-o-flex down from EUR 1,903.9m in 2015 to EUR 1,895.6m in 2016 (-0.4% or -EUR 8.2m)
- Reported revenue negatively impacted by sale of trans-o-flex (EUR 2,401.9m to EUR 2,030.5m)

PARCEL & LOGISTICS:

- Revenue in the core business up 3.9% in 2016 (rise of 4.8% in Q4)

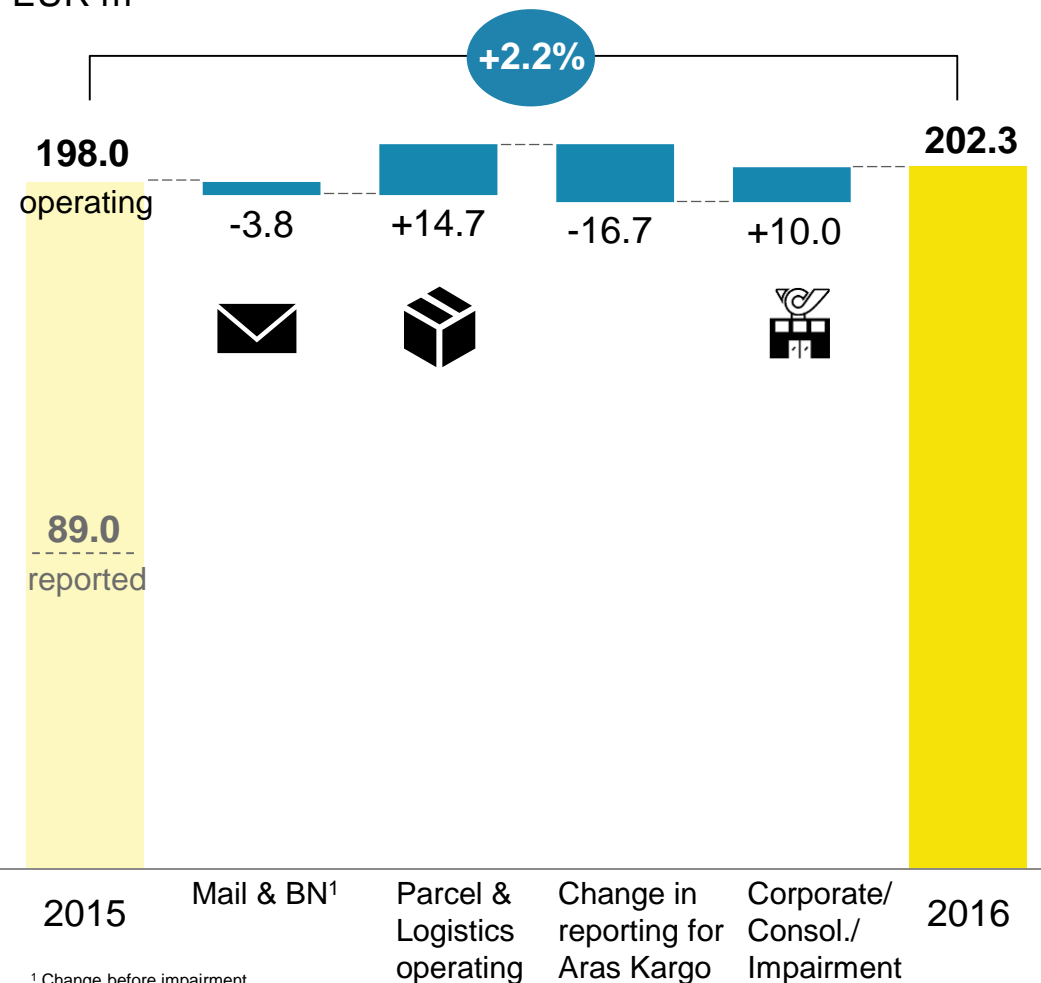
MAIL & BRANCH NETWORK:

- Good revenue development on the back of declining mail volumes (-1.6% year-on-year, -3.0% in Q4)
- Change in the invoicing model for mobile products reduced revenue by EUR 8.6m

IMPROVED OPERATING EBIT

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- Resilient earnings on the back of high cost discipline

PARCEL & LOGISTICS:

- Operating EBIT improved from EUR 20.4m to EUR 35.2m following sale of trans-o-flex
- Earnings negatively impacted by the change in reporting for Aras Kargo and the resulting necessity to recognise currency translation reserves in profit and loss (-EUR 16.7m)

CORPORATE:

- Lower allocation to provisions in staff costs due to legal changes

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results 2016

4. Outlook 2017

CLEAR STRATEGIC PRIORITIES

1. DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

Safeguarding of market position in a competitive environment



2. PROFITABLE GROWTH IN SELECTED MARKETS

Focusing and performance enhancement



3. ENHANCING EFFICIENCY AND OPTIMISING THE COST STRUCTURE

Logistics infrastructure and process optimisation



4. CUSTOMER ORIENTATION AND INNOVATION

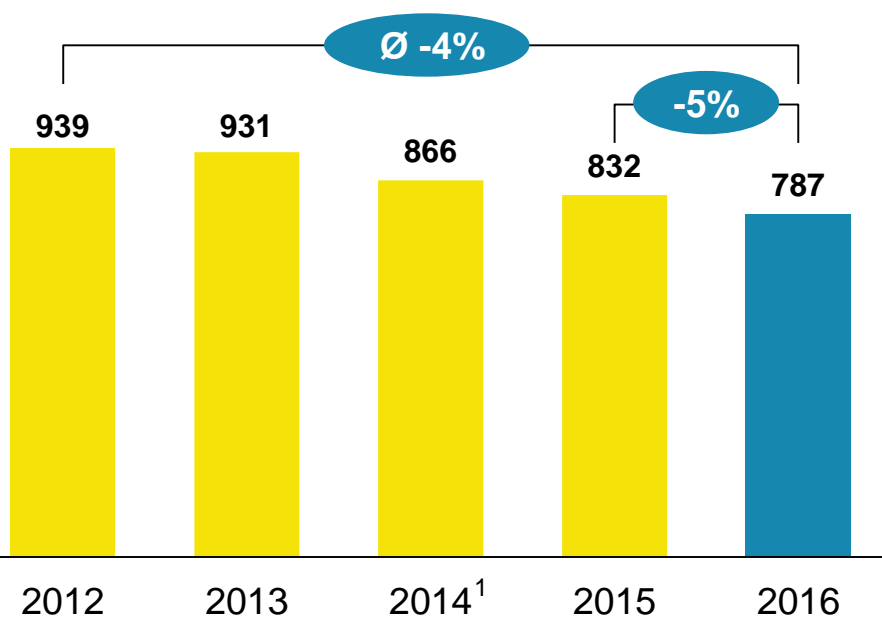
Promotion of self-service solutions and service improvements



1 MAIL VOLUME DEVELOPMENT IN AUSTRIA

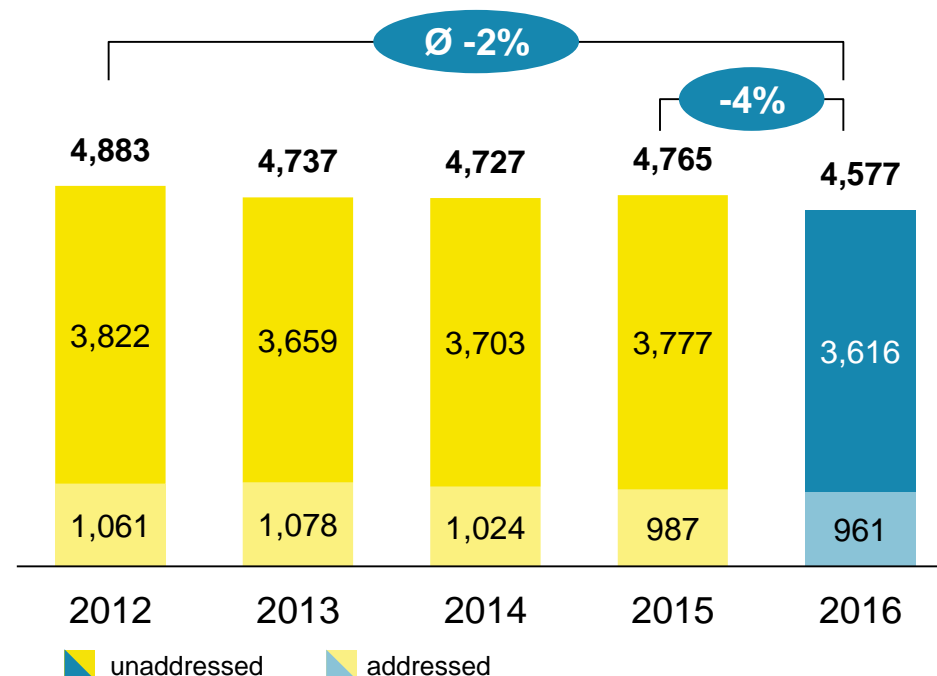
LETTER MAIL (items in millions)

- Continuation of basic trend of e-substitution



DIRECT MAIL/MEDIA POST (items in millions)

- Subdued economic situation with pressure on advertising market; bankruptcies (Zielpunkt, Baumax)
- Diverging advertising activities of individual customer groups

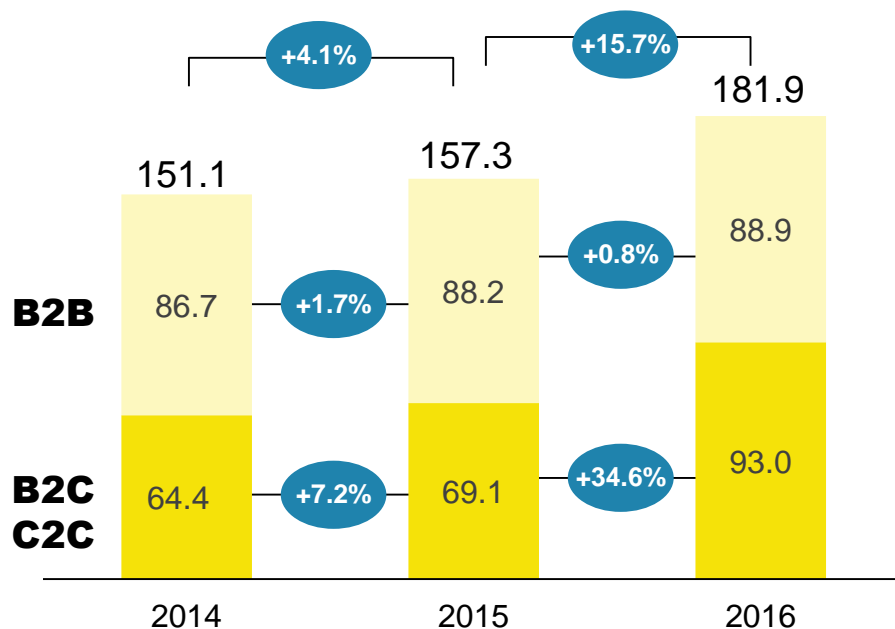


¹ Adjusted presentation due to automated counting

1 AUSTRIAN PARCEL MARKET ENVIRONMENT

VOLUME DEVELOPMENT ON THE ENTIRE AUSTRIAN MARKET (millions of parcels)

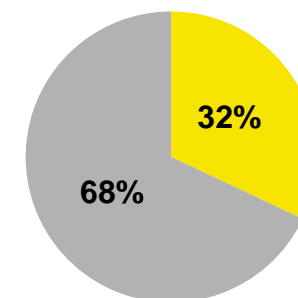
Reported data contained in a Kreuzer Fischer & Partner study



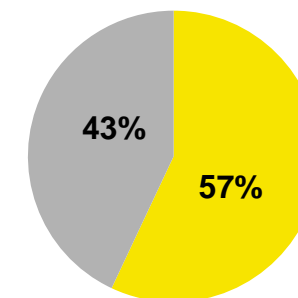
- Strong volume growth in the private parcel business due to the online shopping trend
- Hardly any impetus from the B2B segment

MARKET SHARES BY VOLUME IN 2016

B2B (89m parcels)



B2C/C2C (93m parcels)



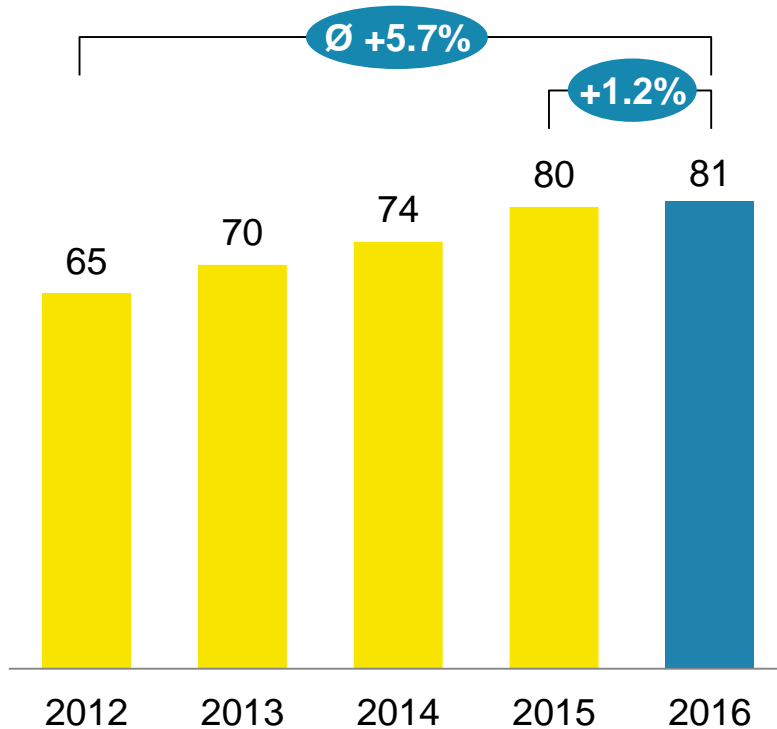
■ Austrian Post
■ Competitors

- Market leadership in the private customer business with a 57% market share, increasing competition
- Ongoing rise in market share for business parcels to 32% in 2016

1 PARCEL & LOGISTICS BUSINESS IN AUSTRIA

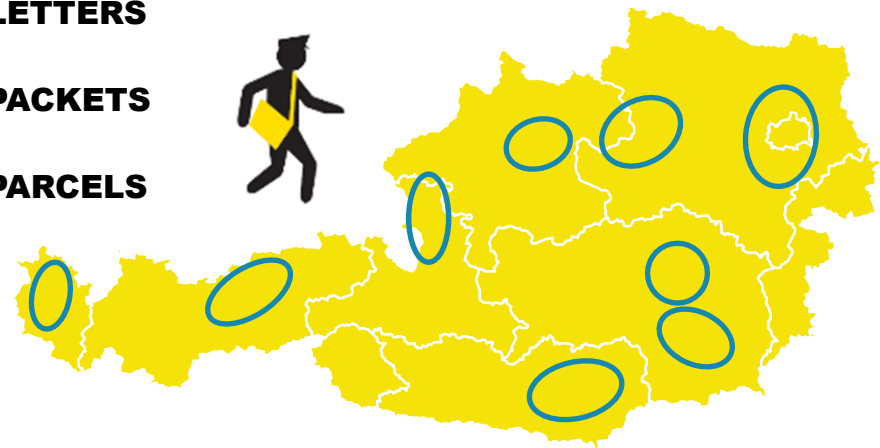
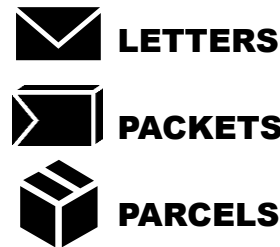
AUSTRIAN POST PARCEL VOLUMES

(millions of parcels)



2016: Logistics advantage due to joint mail and parcel delivery by mail carriers

2017: Greater synergies – even more parcels and packets delivered by mail carriers



Joint delivery of letters/packets and parcels throughout Austria

Additional parcel delivery in urban areas by own parcel delivery staff

2 GROWTH IN SELECTED MARKETS

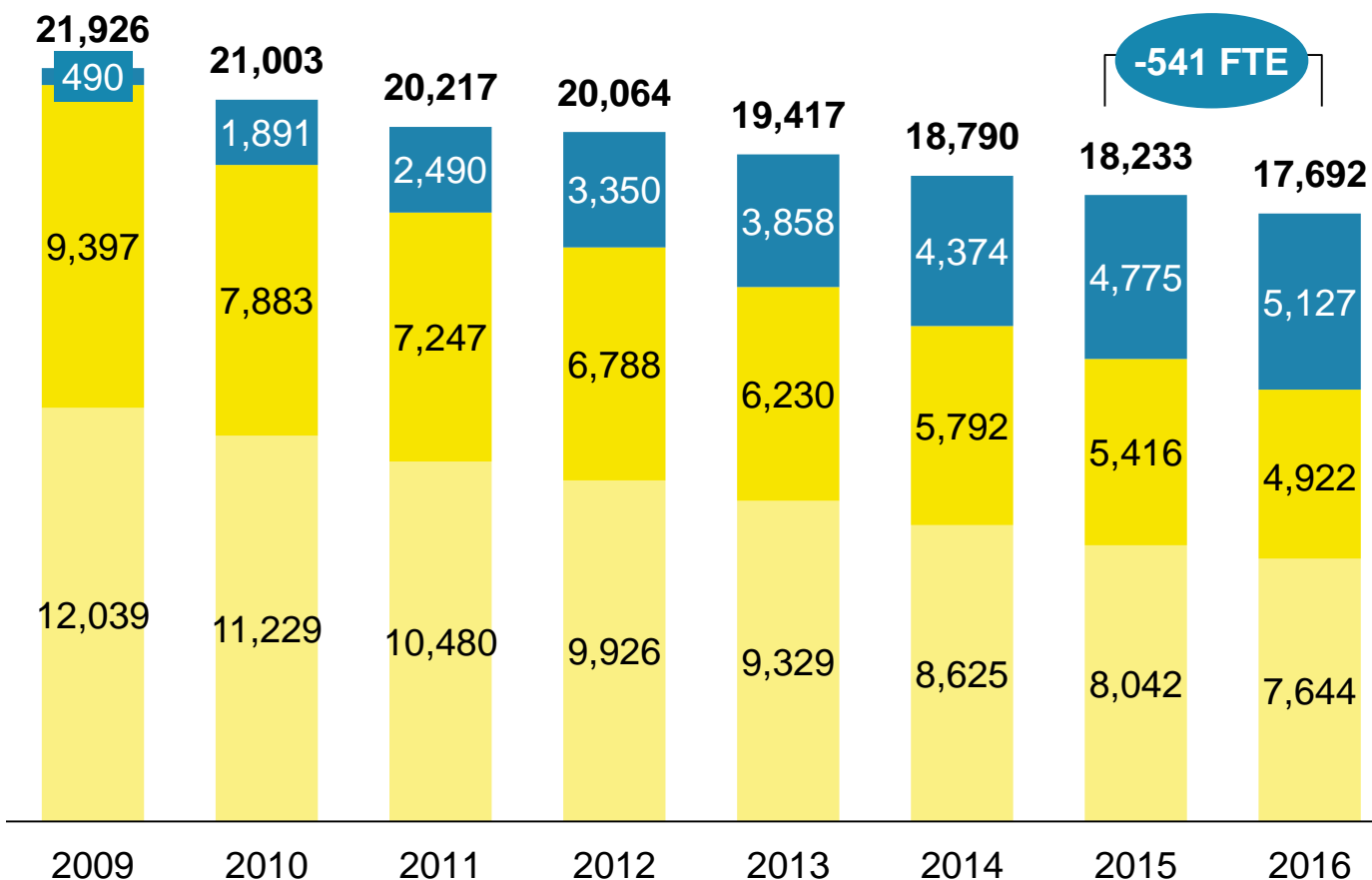
GROWTH FOCUS ON PARCEL & LOGISTICS



¹ The assets and liabilities of PostMaster s.r.l, Romania are held for sale as at December 31, 2016.

3 STAFF STRUCTURE IN AUSTRIA

FULL TIME EQUIVALENTS IN THE CORE BUSINESS IN AUSTRIA (average for the period)



Change 2015/2016:

- 398 Civil servants
- 494 Old CWA
- + 352 New CWA

- 541 Employees**

- New collective wage agreement (CWA) since 2009
- Old CWA
- Civil servants

4 NEW CUSTOMER SOLUTIONS ARE WELL RECEIVED

INNOVATIVE 24/7 SELF-SERVICE SOLUTIONS

18,000 pick-up boxes



260 pick-up stations



335 drop-off boxes



1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS 2016

4. Outlook 2017

FINANCIAL INDICATORS 2016 AT A GLANCE

	2015	2016	
Revenue (EUR m)	2,401.9	2,030.5	Revenue below the previous year due to deconsolidation of trans-o-flex
Revenue excl. trans-o-flex (EUR m)	1,903.9	1,895.6	Stable revenue (-0.4%) in the core business
EBITDA margin	12.6%	13.6%	Improved EBITDA margin of 13.6%
EBIT margin	3.7%	10.0%	Higher profitability following sale of trans-o-flex
Earnings/share (EUR)	1.06	2.26	Earnings per share above the previous year (negative special effects in 2015)
Cash flow (EUR m)	216.2	223.6	Increase in cash flow from operating activities
Equity ratio	39.8%	43.5%	Conservative balance sheet structure with a low level of debt, higher equity ratio

MAIN ACCOUNTING AND EARNINGS EFFECTS 2016

		Earnings effect
ARAS KARGO	Change in reporting for stake held in Aras Kargo (from at equity to a financial asset) and the related realisation of currency translation reserves at profit and loss	- EUR 16.7m
STAFF COSTS, PROPERTIES	Positive effects in staff costs (due to legal changes) and properties (reversal of impairment losses)	+ EUR 11.7m

KEY INCOME STATEMENT INDICATORS

EUR m	2015	2016	%	Δ	Q4 2015	Q4 2016	
Revenue	2,401.9	2,030.5	-15.5%	-371.5	655.4	520.1	Disposal of trans-o-flex: EUR 498.1m in 2015 vs. EUR 134.8m in 2016
Other operating income	99.2	70.1	-29.3%	-29.1	48.8	20.0	
Raw materials, consumables and services used	-749.6	-495.2	33.9%	254.4	-203.6	-111.2	
Staff costs	-1,106.0	-1,035.2	6.4%	70.8	-292.3	-250.4	Positive development due to efficiency increase and reduced staff costs following legal changes
Other operating expenses	-344.0	-277.3	19.4%	66.7	-106.1	-77.1	
At equity consolidation	1.1	-15.8	<-100%	-17.0	1.3	-16.1	
EBITDA	302.7	277.1	-8.5%	-25.7	103.4	85.3	
<i>EBITDA margin</i>	12.6%	13.6%	-	-	15.8%	16.4%	
Depreciation, amortisation and impairment	-213.7	-74.8	65.0%	138.9	-149.6	-18.5	
EBIT	89.0	202.3	>100%	113.2	-46.2	66.8	
Operating EBIT	198.0¹	202.3	2.2%	4.3	62.8¹	66.8	2.2% rise in operating EBIT
<i>EBIT margin</i>	3.7%	10.0%	-	-	-	12.8%	
Other financial result	2.0	-0.7	<-100%	-2.7	-0.6	0.5	Termination of a cross-border leasing agreement in 2015 led to a positive effect of EUR 3.3m
Income tax	-19.5	-48.8	<-100%	-29.3	14.3	-15.0	
Profit for the period	71.6	152.7	>100%	81.2	-32.5	52.3	
Earnings per share	1.06	2.26	>100%	1.20	-0.48	0.62	

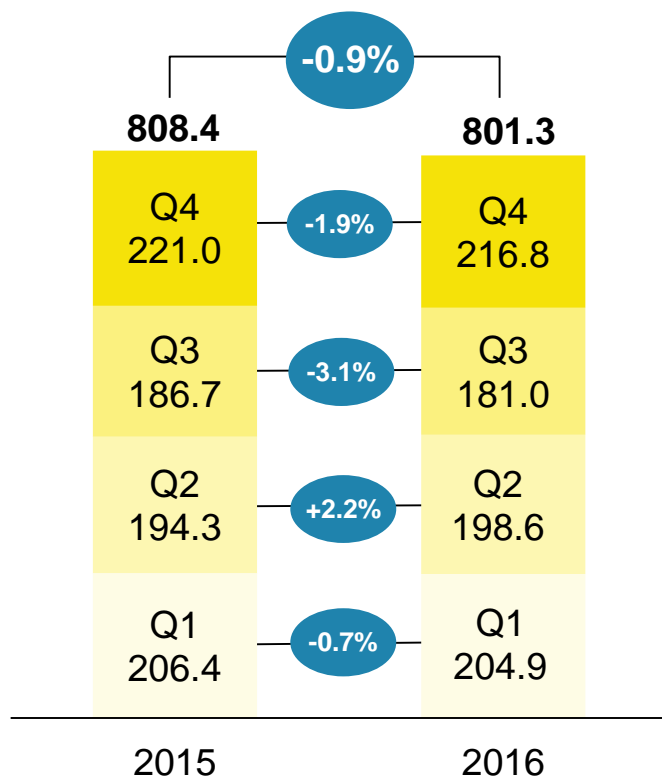
¹ Excl. special effects (Impairment losses on goodwill and assets (trans-o-flex, PostMaster Romania) -EUR 131.9m; claims related to non-wage costs paid in previous periods +EUR 23.0m)



MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN 2016

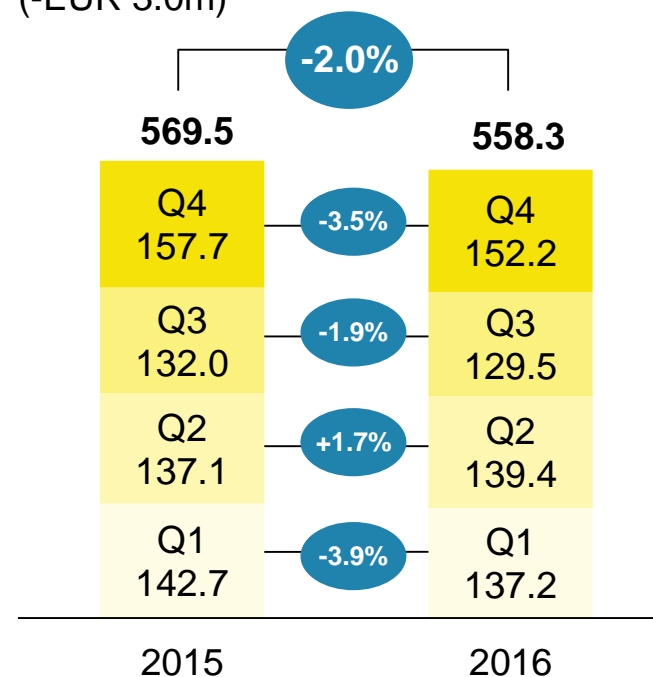
LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Decline in letter mail volume of about 5%
- Positive revenue contribution from elections and international e-commerce shipments



DIRECT MAIL/MEDIA POST (EUR m)

- Diverging development of advertising activities on the part of individual customer groups; bankruptcies (Zielpunkt, Baumax)
- Positive effect from international mail items
- Decline in CEE due to sale of subsidiaries (-EUR 3.0m)





MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT

EUR m	2015	2016	%	Δ	Q4 2015	Q4 2016	
Revenue	1,501.7	1,478.0	-1.6%	-23.7	412.2	399.6	Revenue held at a solid level despite negative volume development
• Letter Mail & Mail-Solutions	808.4	801.3	-0.9%	-7.1	221.0	216.8	
• Direct Mail	428.7	416.7	-2.8%	-12.0	117.4	112.4	
• Media Post	140.8	141.6	0.6%	0.8	40.3	39.8	
• Branch Services	123.8	118.4	-4.4%	-5.4	33.5	30.6	
Total revenue ¹	1,585.8	1,565.8	-1.3%	-20.0	435.6	424.7	Positive development for mobile products overshadowed by change in the invoicing model (-EUR 8.6m)
At equity consolidation	-0.5	0.0	>100%	0.5	-0.1	0.0	
EBITDA	322.9	319.7	-1.0%	-3.3	90.4	95.8	Impairment for PostMaster Romania of EUR 6.1m in 2015 vs. EUR 2.0m in 2016
<i>EBITDA margin²</i>	20.4%	20.4%	-	-	20.8%	22.6%	
Depreciation, amortisation and impairment	-38.2	-34.6	9.5%	3,6	-14,3	-8.4	
EBIT	284.7	285.1	0.1%	0.3	76.1	87.4	Stable earnings on the back of strict cost discipline
<i>EBIT margin²</i>	18.0%	18.2%	-	-	17.5%	20.6%	

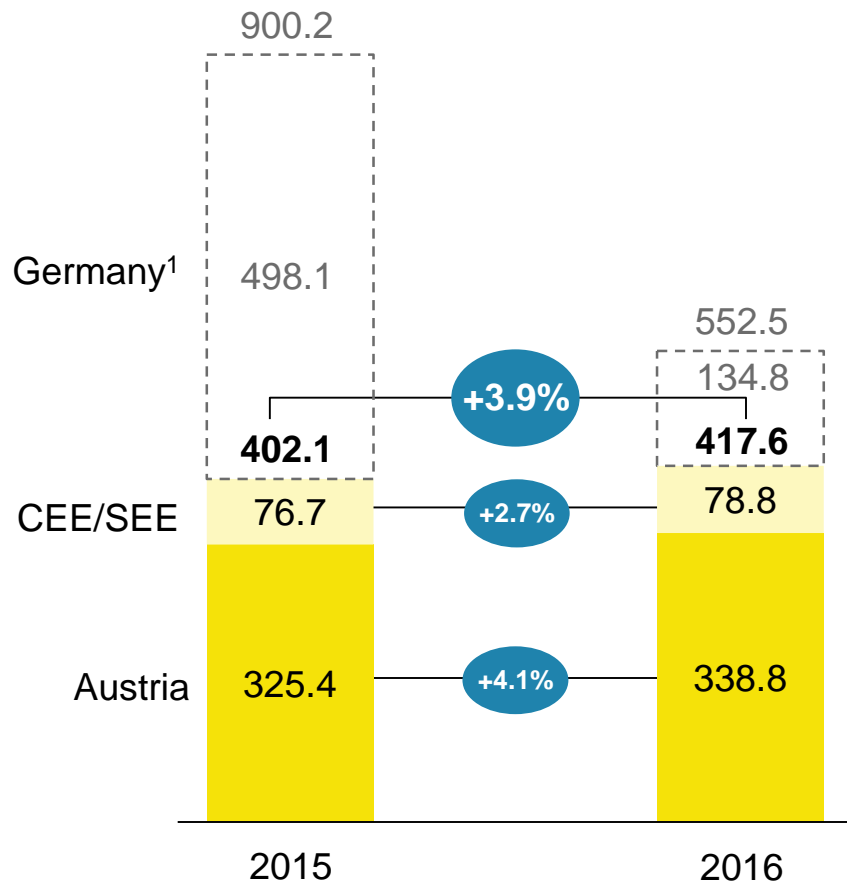
¹ Incl. revenue with other segments

² EBIT margin, EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT 2016

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION:

- Comparative revenue in 2016 up 3.9% following sale of trans-o-flex (Q4: +4.8%)

GERMANY:

- Sale of former subsidiary trans-o-flex as at April 8, 2016 (EUR 498.1m in 2015; EUR 134.8m in 2016)

CEE/SEE: +2.7% (Q4: +3.0%)

- Solid revenue growth, high price pressure
- Good development in Hungary and Serbia

AUSTRIA: +4.1% (Q4: +5.2%)

- Intensified competition in the Austrian parcel market
- Double-digit market growth due to e-commerce

¹ Incl. revenue of trans-o-flex ThermoMed Austria GmbH



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT

EUR m	2015	2016	%	Δ	Q4 2015	Q4 2016	
Revenue excl. trans-o-flex	402.1	417.6	3.9%	15.5	114.9	120.5	Comparative revenue up 3.9%, positive development despite intense competition
Revenue	900.2	552.5	-38.6%	-347.7	243.2	120.5	
• Premium	668.4	337.8	-49.5%	-330.7	178.3	60.9	
• Standard	195.4	184.9	-5.4%	-10.5	55.4	52.9	Change in reporting for Aras Kargo and realisation of currency translation reserves in profit and loss to the amount of -EUR 16.7m
• Other Parcel Services	36.4	29.8	-18.1%	-6.6	9.4	6.7	
Total revenue ¹	908.4	564.0	-37.9%	-344.4	245.7	124.0	
At equity consolidation	3.9	-14.6	<-100%	-18.5	1.7	-15.9	EBIT 2015 impacted by impairment loss for trans-o-flex of EUR 125.8m
EBITDA	37.9	29.8	-21.2%	-8.0	5.4	-3.3	
<i>EBITDA margin²</i>	<i>4.2%</i>	<i>5.3%</i>	-	-	<i>2.2%</i>	-	
Depreciation, amortisation and impairment	-143.3	-11.4	92.1%	131.9	-127.3	-2.9	
EBIT	-105.4	18.5	>100%	123.9	-121.9	-6.3	
<i>EBIT margin²</i>	-	<i>3.3%</i>	-	-	-	-	

Operating EBIT improved from EUR 20.4m to EUR 35.2m after sale of trans-o-flex



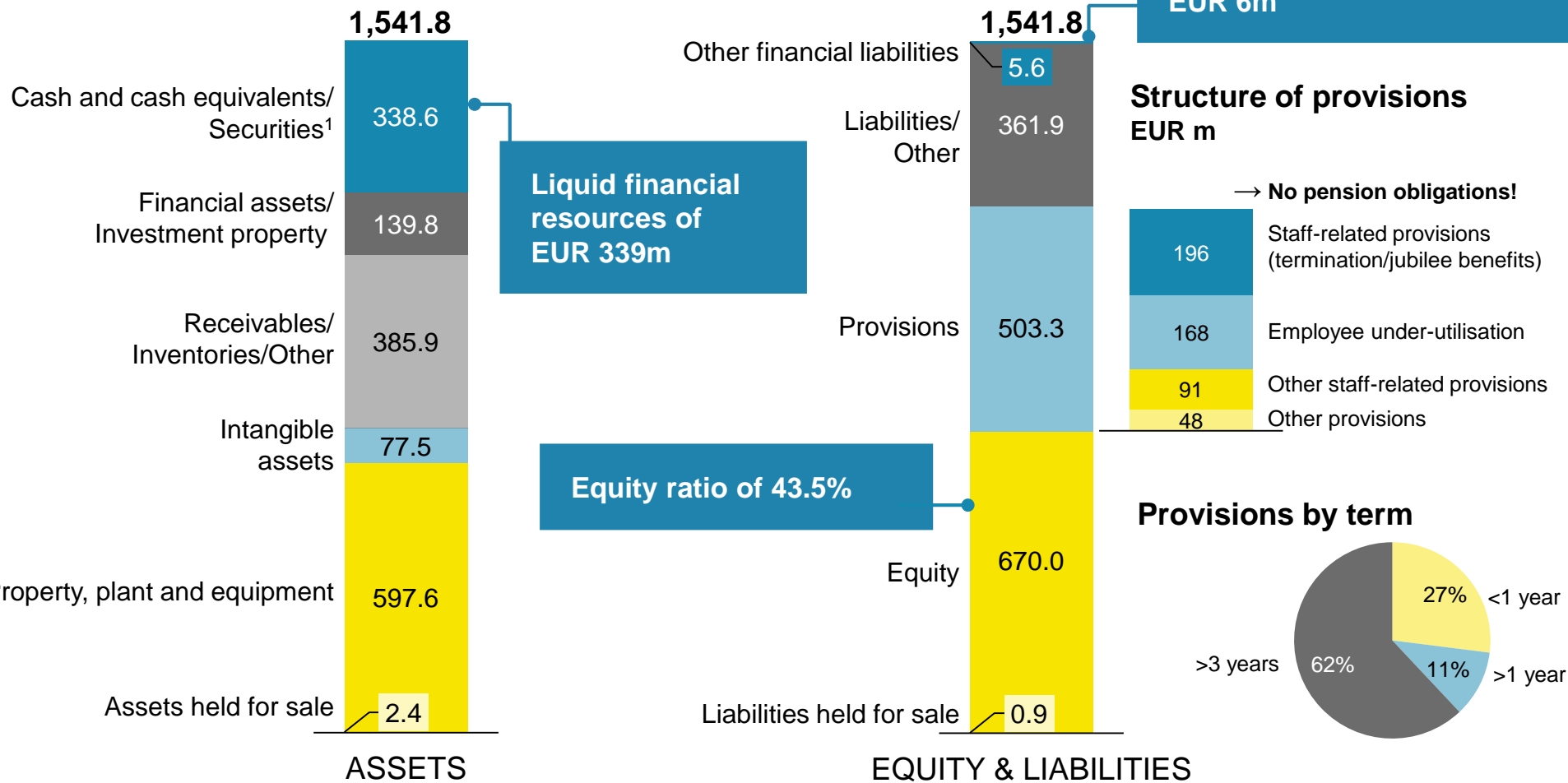
¹ Incl. revenue with other segments

² EBIT margin/EBITDA margin in relation to total revenue

SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT DECEMBER 31, 2016

EUR m

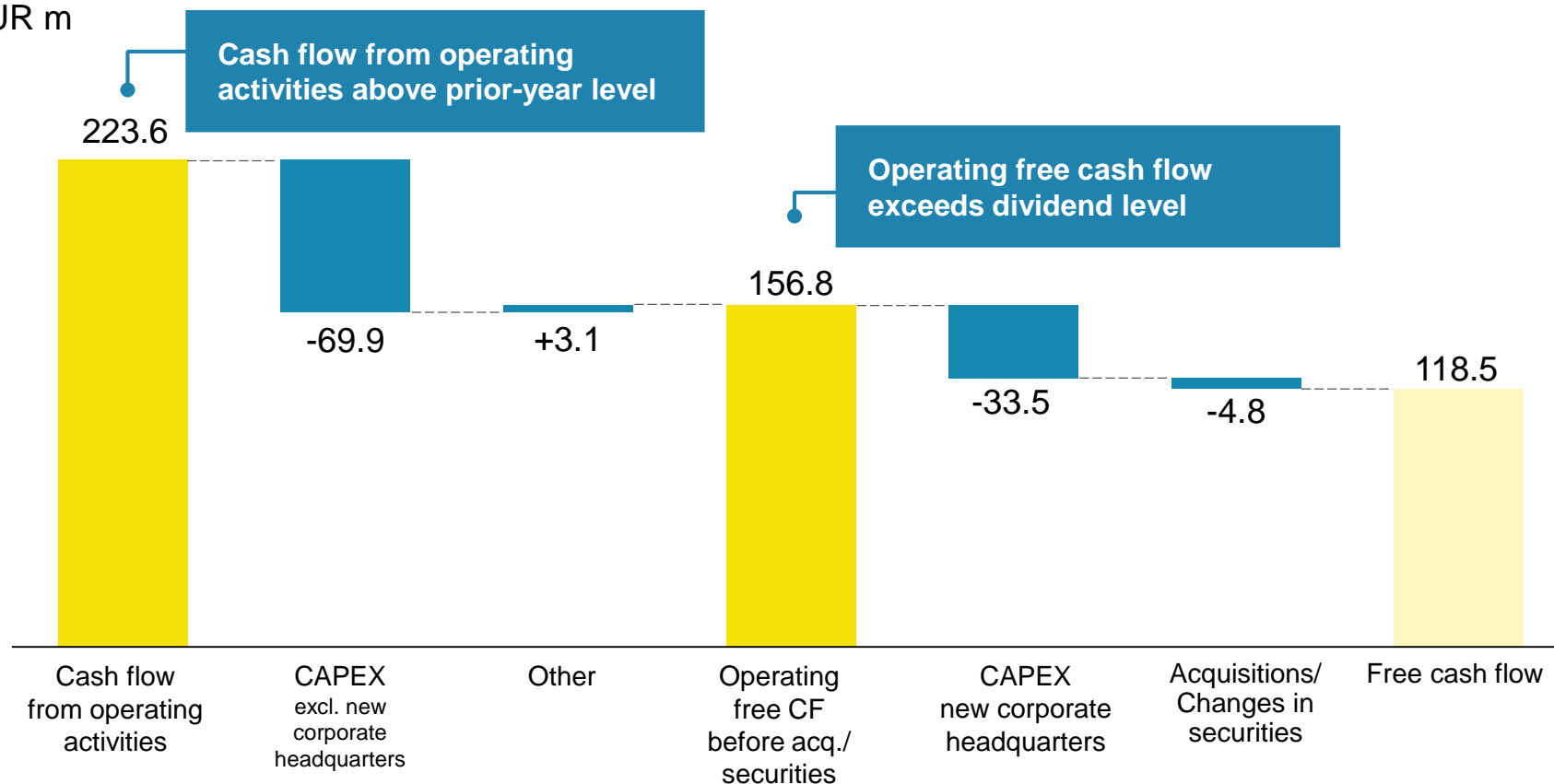


¹ Securities are reported under other financial assets in the balance sheet

ROBUST CASH FLOW 2016

CASH FLOW DEVELOPMENT

EUR m



2015 216.2

-71.9

+6.9

160.5¹

+27.1²

-11.1

167.2

2014 232.2

-75.8

+2.1

158.5

-6.7

+11.0

162.8

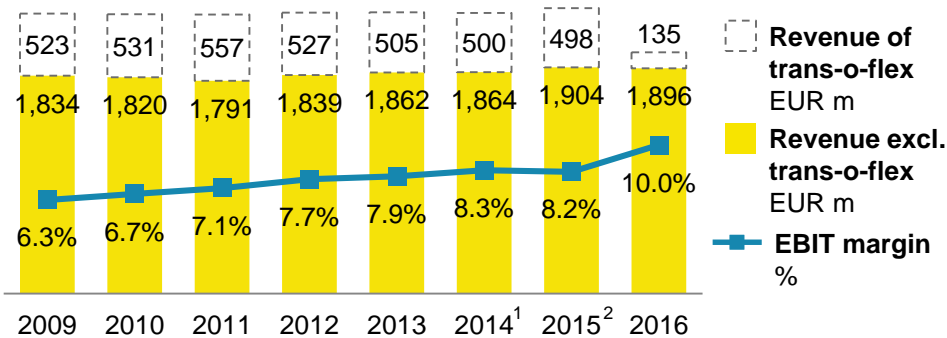
¹ Excl. tax payments of EUR 9.2m in connection with the sale of former corporate headquarters

² Incl. remaining purchase price old corporate headquarters (EUR 60m)

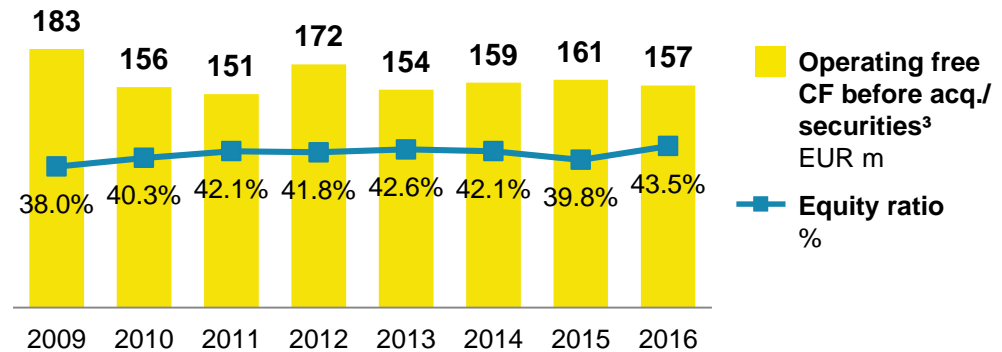


CLEAR CAPITAL MARKET POSITIONING CONFIRMED ONCE AGAIN IN 2016

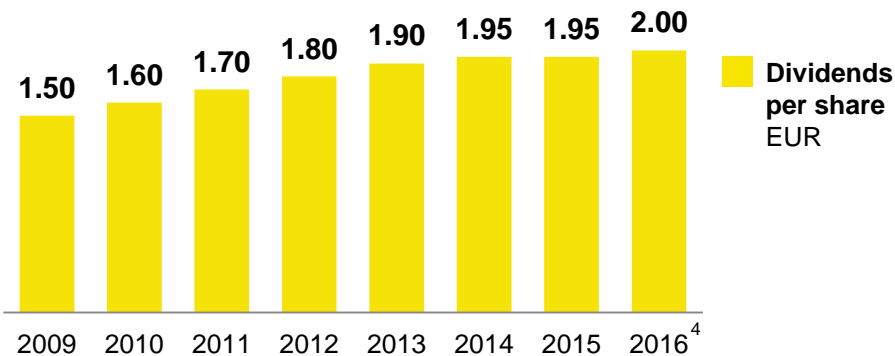
BUSINESS MODEL WITH A DEFENSIVE CHARACTER



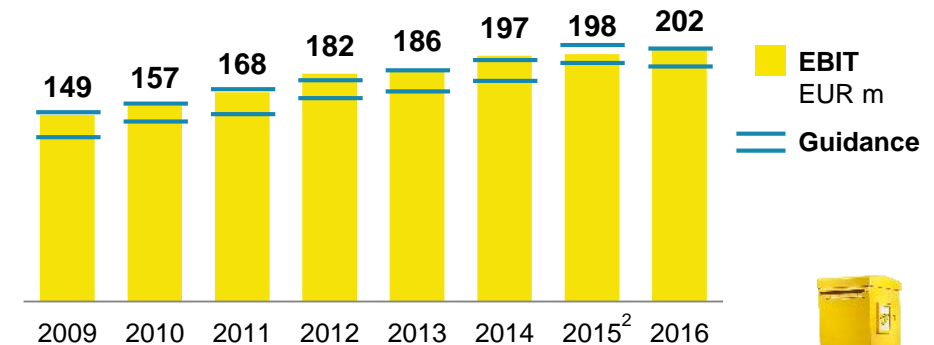
STRONG BALANCE SHEET & SOLID CASH FLOW



ATTRACTIVE DIVIDEND POLICY



RELIABILITY ("PROMISE & DELIVER")



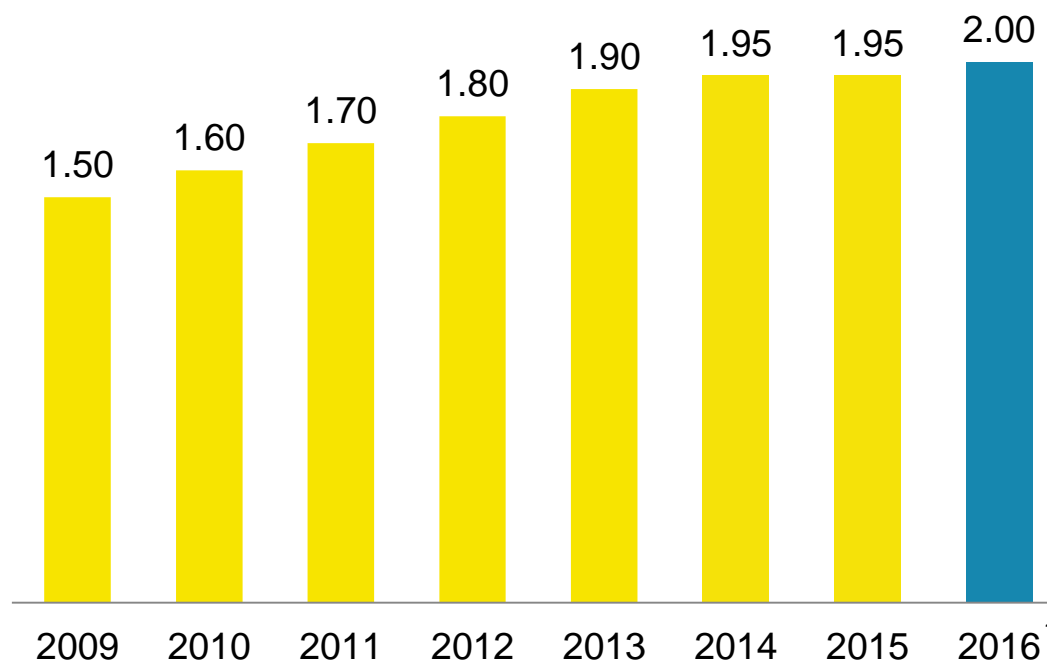
¹ Adjustment in the presentation of revenue in the Parcel & Logistics Division. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).
² EBIT adjusted for special effects
³ Before old/new corporate headquarters and adjusted for significant property sales
⁴ Proposal to the Annual General Meeting on April 20, 2017



DIVIDEND POLICY

ATTRACTIVE AND PREDICTABLE DIVIDEND POLICY

- Dividend proposal to the Annual General Meeting: EUR 2.00/share
- Dividend yield as at Dec. 31, 2016: 6.3% (share price of EUR 31.89)
- Unchanged dividend policy: distribution of at least 75% of the Group net profit



¹ Proposal to the Annual General Meeting on April 20, 2017



1. Highlights and Overview

2. Strategy Implementation

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4. OUTLOOK 2017

TOP PRIORITIES 2017/2018



MAIL

- Best logistics performance in Austria for letters and direct mail items as well as e-commerce orders
- Promotion of international and transnational shipment volumes
- Cost discipline in logistics and delivery



PARCEL

- Further strengthening of quality leadership on the core markets
- Expansion of service offering (same-day delivery, desired delivery in a specified time slot)
- Uniform level of service in the international network



INFRASTRUCTURE

- Make the branch network more viable for the future: definition of future postal and financial services
- CAPEX investments: enhance sorting efficiency for increasing parcel volumes
- Property portfolio: Optimisation of efficiency and profitability in 900,000m² of logistics and office space

INVESTMENTS AND PROJECT DEVELOPMENT 2017

NEW CORPORATE HEADQUARTERS

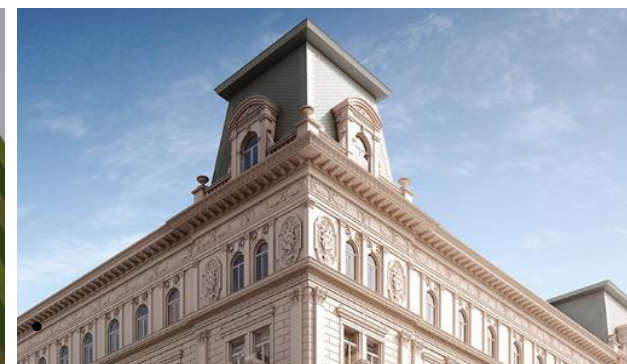
- Completion Q3 2017
- 49,300 m² total floor space;
26,000 m² office space;
5,500 m² shopping and catering space
- Implementation
“in time & under budget”

SORTING CENTRE VIENNA NORTH

- New parcel logistics centre to handle growing parcel volumes in Austria
- Location: Langenzersdorf (north of Vienna)
- 100,000m² property area
- Construction in 2017/18

PROJECT DEVELOPMENT NEUTORGASSE

- Development/expansion of an historic property in Vienna’s 1st district in its current state
- Apartments with a total floor area of 4,400m²
- Sale of 25 units started in October 2016
- www.cotton-residence.at



OUTLOOK 2017

Market environment

- 5% volume decline p.a. of traditional letter mail due to electronic substitution expected
- Advertising business with diverging development of product/customer groups
- Growing parcel volumes due to online shopping, intensified competition

Revenue

- The objective is to maintain 2017 revenue at a stable level (2016 revenue of EUR 1.9bn excl. trans-o-flex)
- Improved services on the basis of current customer requirements (e.g. value-added physical/electronic services, “Packet“)

Investments

- Investments in efficiency increases, service improvement and capacity expansion
- Operating CAPEX of about EUR 70-80m planned in 2017

Earnings

- Further process and structural optimisation
- Target of achieving stable operating EBIT at the level of 2016 (EBIT 2016 of EUR 202.3m)

Dividends

- Proposal to the Annual General Meeting of EUR 2.00/share
- Maintain the objective of distributing at least 75% of the Group net profit

CONTACT

Austrian Post

Investor Relations

Haidingergasse 1, 1030 Vienna

Website: www.post.at/ir

E-mail: investor@post.at

Telephone: +43 57767-30401

Fax: +43 57767-30409

Financial calendar 2017

April 20, 2017

Annual General Meeting

May 2/4, 2017

Ex-dividend day/Dividend payment date

May 12, 2017

Interim Report Q1 2017

August 10, 2017

Half-Year Financial Report 2017

November 15, 2017

Interim Report Q1-3 2017

Disclaimer

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