

# AUSTRIAN POST

## INVESTOR PRESENTATION H1 2016

Walter Oblin/CFO  
Vienna, August 11, 2016



# 1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results H1 2016

4. Outlook 2016



# H1 2016 AT A GLANCE



## AUSTRIAN MAIL MARKET

Ongoing strong e-substitution driven by banks and the public sector



## AUSTRIAN DIRECT MAIL MARKET

Diverging development by individual advertising customer segments



## AUSTRIAN PARCEL MARKET

Growth in e-commerce, increasing competition



## INTERNATIONAL PARCEL MARKET

Good volume growth but competitive and pricing pressure

## REVENUE

- Reported revenue down from EUR 1,175.0m to EUR 1,071.1m due to the sale of trans-o-flex
- Revenue up 0.6% excl. trans-o-flex

## EARNINGS

- EBIT increase of 2.2% to EUR 98.6m (+11.7% in Q2)
- Earnings negatively impacted by interest rate effects for staff-related provisions

## CASH FLOW

- 1.6% rise in cash flow from operating activities to EUR 109.3m

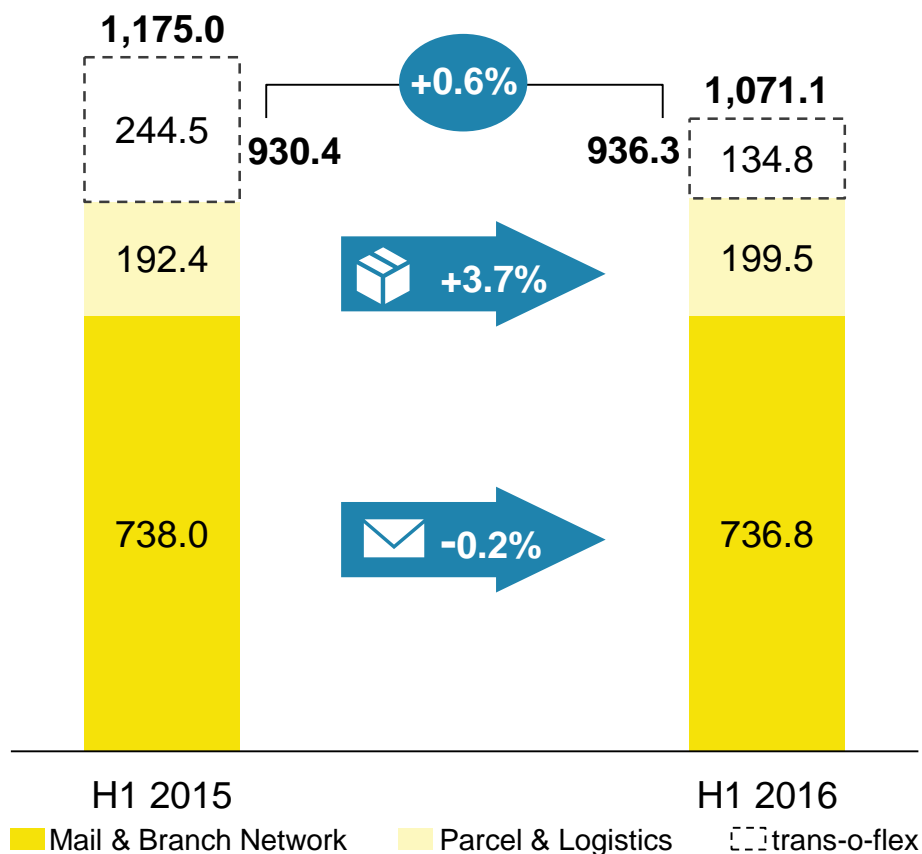
## OUTLOOK

- Revenue forecast of EUR 2.0bn (current business portfolio)
- Stable operating results (EBIT) targeted for both 2016 and 2017

# SLIGHT REVENUE IMPROVEMENT IN THE CORE BUSINESS

## REVENUE DEVELOPMENT

EUR m



### GROUP:

- Revenue development impacted by sale of trans-o-flex (drop from EUR 1,175.0m to EUR 1,071.1m)
- Revenue excl. trans-o-flex up 0.6% from EUR 930.4m to EUR 936.3m (Q2: +2.3%)

### PARCEL & LOGISTICS:

- Revenue in the core business rose 3.7% in H1 2016 (Q2: +4.9%)

### MAIL & BRANCH NETWORK:

- Stable revenue in H1 2016, ongoing e-substitution for addressed letter mail
- Strong revenue in Q2 supported by election effects

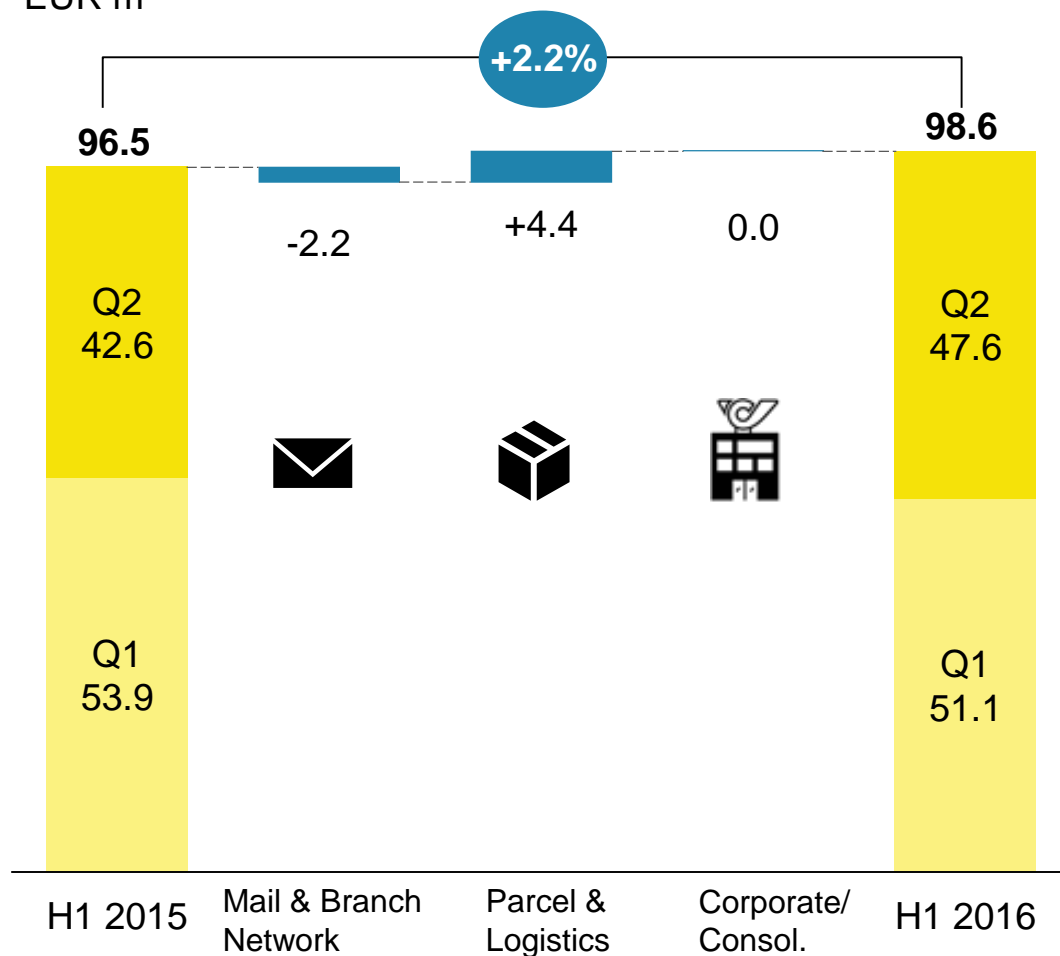
Note: Adjusted revenue reporting in the P&L division. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).



# EBIT INCREASE IN H1 2016

## EBIT DEVELOPMENT

EUR m



### GROUP:

- EBIT rise of 2.2% in H1 2016 (+11.7% in Q2)
- Reduced interest rate level in H1 led to higher allocation to provisions of EUR 14.6m

### MAIL & BRANCH NETWORK:

- EBIT decline of EUR 2.2m in H1 2016 (+ EUR 2.9m in Q2)
- Good financial performance driven by revenue development (elections) and high cost discipline

### PARCEL & LOGISTICS:

- EBIT improvement of EUR 4.4m in H1 2016 (+ EUR 3.9m in Q2) following sale of trans-o-flex

### CORPORATE:

- EBIT at the prior-year level
- EBIT includes negative effects of EUR 9.9m in H1 2016 relating to parameter adjustments for staff-related provisions

1. Highlights and Overview

**2. STRATEGY IMPLEMENTATION**

3. Group Results H1 2016

4. Outlook 2016



# 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

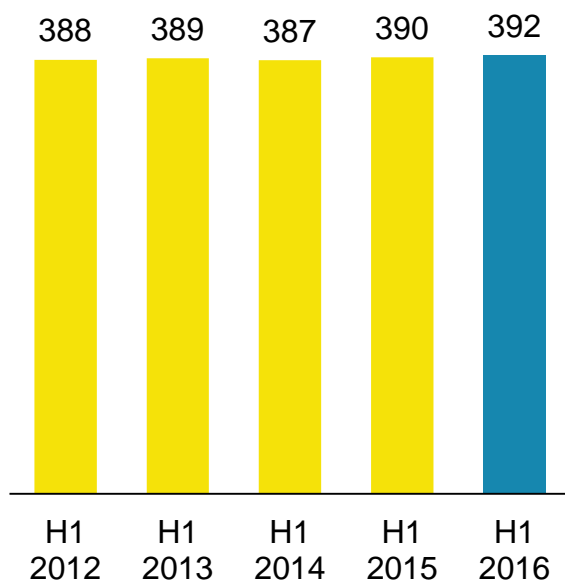


# 1 STABLE CORE BUSINESS IN AUSTRIA

## LETTER MAIL & MAIL SOLUTIONS

- Stable revenue development in spite of volume decline
- Growing international cross-border business

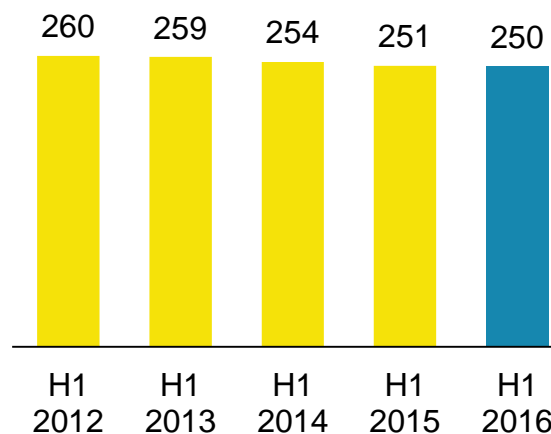
Revenue in EUR m



## DIRECT MAIL/MEDIA POST

- Volatile business environment impacted by cyclical trends
- Growth in unaddressed mail items, decrease in business with addressed mail

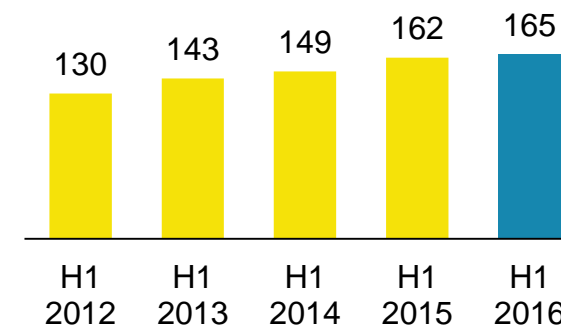
Revenue in EUR m



## PARCEL & LOGISTICS

- Volume increase of 1.9% against the backdrop of intensified competition
- Number 1 for service offering and quality

Revenue in EUR m





# 1 THE NEW “PACKET” WILL FULFILL E-COMMERCE REQUIREMENTS

Growing demand for simple e-commerce shipment options



## “PACKET”

- AS EASY AS A LETTER
- TRACEABLE LIKE A PARCEL

Letter



Packet



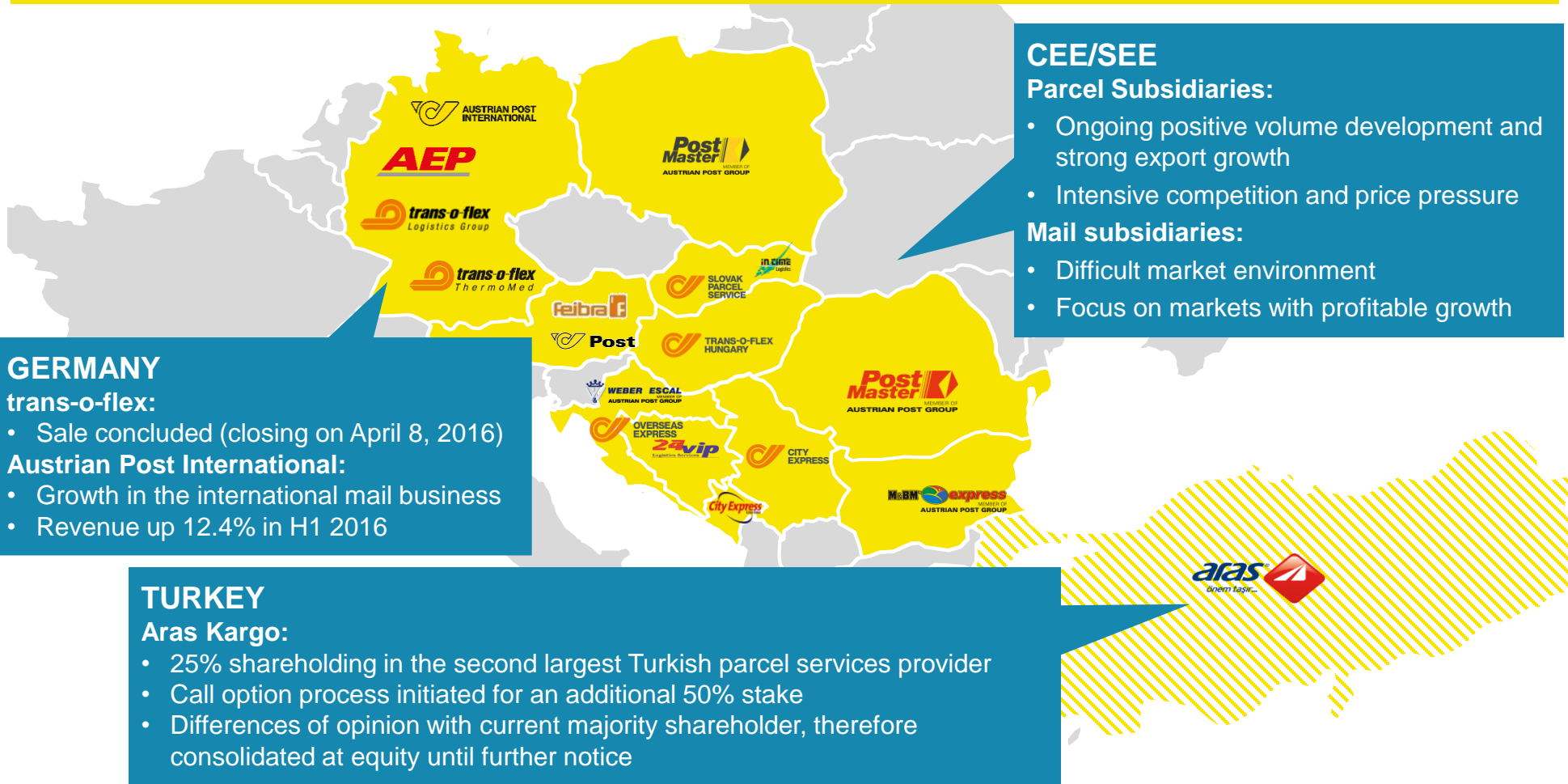
- ✓ Next-day delivery
- ✓ Track & trace
- ✓ Boxable
- ✓ Shipments of up to 2kg

Parcel



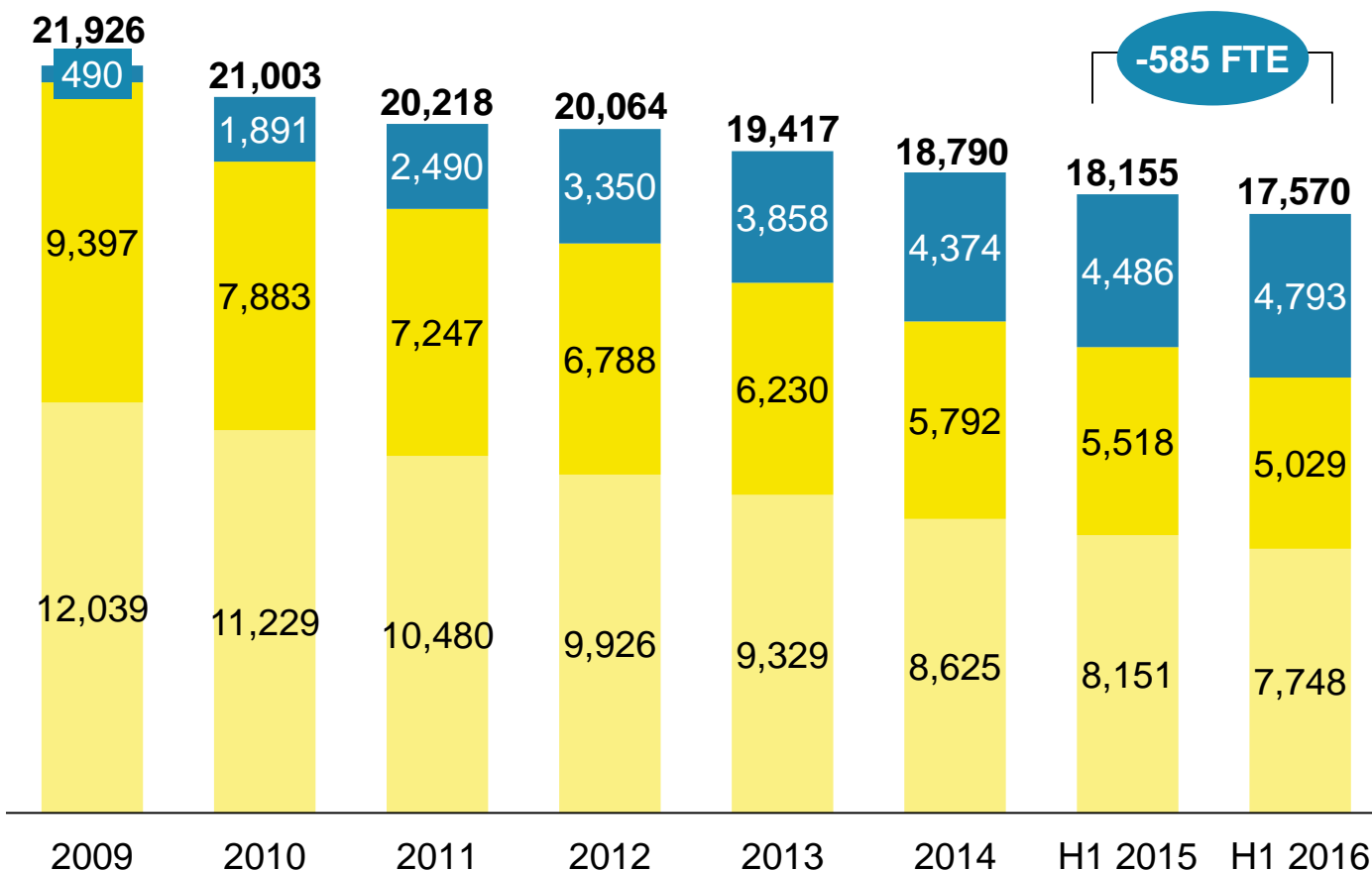
# 2 GROWTH IN SELECTED MARKETS

## ACTIVE IN 12 MARKETS – GROWTH FOCUS ON PARCEL & LOGISTICS



# 3 STAFF STRUCTURE IN AUSTRIA

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



**CHANGE H1 2015/H1 2016:**

- 403 Civil servants
- 489 Old CWA
- + 307 New CWA

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**- 585 employees**

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

# 4 NEW CUSTOMER SOLUTIONS ARE WIDELY ACCEPTED

## INNOVATIVE 24/7 SELF-SERVICE SOLUTIONS

16,000 pick-up boxes



234 pick-up stations



315 drop-off stations



1. Highlights and Overview

2. Strategy Implementation

**3. GROUP RESULTS H1 2016**

4. Outlook 2016

# FINANCIAL INDICATORS H1 2016 AT A GLANCE

	H1 2015 <sup>1</sup>	H1 2016	
<b>Revenue</b> (EUR m)	1,175.0	1,071.1	Revenue below the prior-year level (-8.8%) due to the deconsolidation of trans-o-flex
<b>Revenue excl. trans-o-flex</b> (EUR m)	930.4	936.3	Slight revenue increase (+0.6%) in the core business
<b>EBITDA margin</b>	11.9%	12.8%	Higher EBITDA margin of 12.8%
<b>EBIT margin</b>	8.2%	9.2%	Improved profitability
<b>Earnings/share</b> (EUR)	1.14	1.09	Earnings per share marginally below the previous year (positive one-off effects in H1 2015)
<b>Cash flow</b> (EUR m)	107.7	109.3	Rise in cash flow from operating activities
<b>Equity ratio</b>	40.3%	39.3%	Conservative balance sheet structure with low level of debt

<sup>1</sup> Adjusted revenue reporting in the P&L Division. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).

# KEY PROFIT AND LOSS ACCOUNT INDICATORS

EUR m	H1 2015 <sup>1</sup>	H1 2016	Change				
			%	abs.	Q2 2015 <sup>1</sup>	Q2 2016	
<b>Revenue</b>	<b>1,175.0</b>	<b>1,071.1</b>	<b>-8.8%</b>	<b>-103.9</b>	<b>575.1</b>	<b>478.3</b>	Disposal of trans-o-flex, EUR 244.5m in H1 2015 vs. EUR 134.8m in H1 2016
Other operating income	32.8	36.2	10.4%	3.4	16.4	12.7	
Raw materials, consumables and services used	-360.0	-286.3	20.5%	73.7	-177.5	-103.1	
Staff costs	-551.8	-545.3	1.2%	6.5	-270.1	-258.8	Interest rate adjustment increases expenses for staff-related provisions by EUR 14.6m (H1 2015: EUR 3.0m)
Other operating expenses	-156.0	-139.1	10.8%	16.9	-79.7	-61.9	
At equity consolidation	-0.2	0.6	>100%	0.8	0.4	0.5	
<b>EBITDA</b>	<b>139.7</b>	<b>137.2</b>	<b>-1.8%</b>	<b>-2.6</b>	<b>64.6</b>	<b>67.8</b>	
<i>EBITDA margin</i>	11.9%	12.8%	-	-	11.2%	14.2%	
Depreciation, amortisation and impairment	-43.2	-38.5	10.8%	4.7	-22.0	-20.2	
<b>EBIT</b>	<b>96.5</b>	<b>98.6</b>	<b>2.2%</b>	<b>2.1</b>	<b>42.6</b>	<b>47.6</b>	
<i>EBIT margin</i>	8.2%	9.2%	-	-	7.4%	9.9%	Termination of a cross-border leasing agreement led to a positive effect of EUR 3.3m in Q1 2015
Other financial result	3.4	-0.5	<-100%	-3.9	-0.1	-0.3	
Income tax	-22.5	-24.4	-8.3%	-1.9	-8.9	-12.2	
<b>Profit for the period</b>	<b>77.4</b>	<b>73.8</b>	<b>-4.7%</b>	<b>-3.6</b>	<b>33.6</b>	<b>35.1</b>	

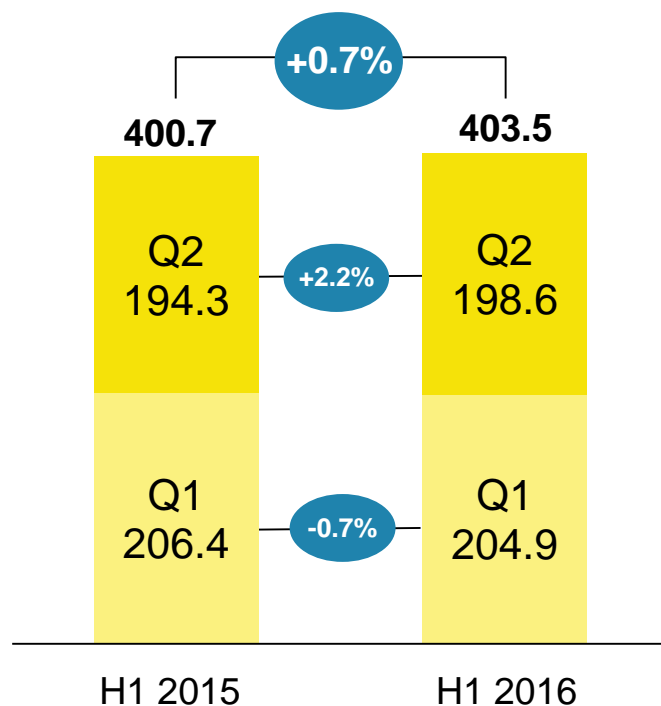
<sup>1</sup> Adjusted reporting for revenue, cost of materials and services used in the P&L Division. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).



# MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN H1 2016

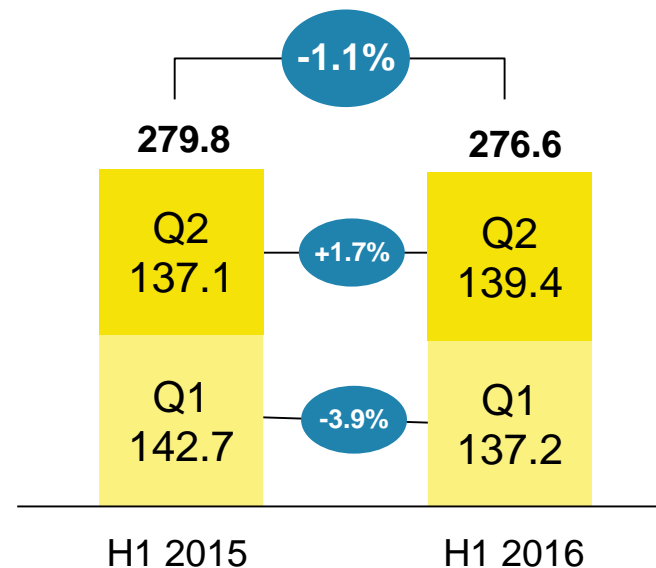
## LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Approx. 5% decline in letter mail volumes
- Positive revenue contribution from elections in Q2 2016



## DIRECT MAIL/MEDIA POST (EUR m)

- Increase in unaddressed mail volumes (mainly retail sector), decline in addressed items
- Positive effects from elections in Austria in Q2 2016
- Decrease in CEE due to sale of subsidiaries (- EUR 2.8m)







# MAIL & BRANCH NETWORK DIVISION: PROFIT AND LOSS ACCOUNT

EUR m	H1 2015	H1 2016	Change		Q2 2015	Q2 2016	
			%	abs.			
<b>Revenue</b>	<b>738.0</b>	<b>736.8</b>	<b>-0.2%</b>	<b>-1.3</b>	<b>360.5</b>	<b>366.3</b>	Positive election effects of EUR 11.5m in H1 2016 vs. EUR 5.5m in H1 2015
• Letter Mail & Mail-Solutions	400.7	403.5	0.7%	2.8	194.3	198.6	
• Direct Mail	210.2	206.2	-1.9%	-4.0	101.1	103.3	
• Media Post	69.6	70.4	1.1%	0.8	36.0	36.1	
• Branch Services	57.5	56.7	-1.5%	-0.9	29.1	28.3	
Total revenue <sup>1</sup>	778.4	778.7	0.0%	0.3	380.5	386.9	
At equity consolidation	-0.4	0.1	>100%	0.5	0.0	0.0	
<b>EBITDA</b>	<b>161.4</b>	<b>161.5</b>	<b>0.1%</b>	<b>0.1</b>	<b>76.9</b>	<b>81.8</b>	
<i>EBITDA margin<sup>2</sup></i>	<i>20.7%</i>	<i>20.7%</i>	-	-	<i>20.2%</i>	<i>21.1%</i>	Impairment loss of EUR 2.0m on goodwill at PostMaster Romania
Depreciation, amortisation and impairment	-16.0	-18.3	-14.2%	-2.3	-8.1	-10.1	
<b>EBIT</b>	<b>145.4</b>	<b>143.2</b>	<b>-1.5%</b>	<b>-2.2</b>	<b>68.8</b>	<b>71.7</b>	Earnings driven by good revenue development, supported by ongoing strict cost discipline
<i>EBIT margin<sup>2</sup></i>	<i>18.7%</i>	<i>18.4%</i>	-	-	<i>18.1%</i>	<i>18.5%</i>	

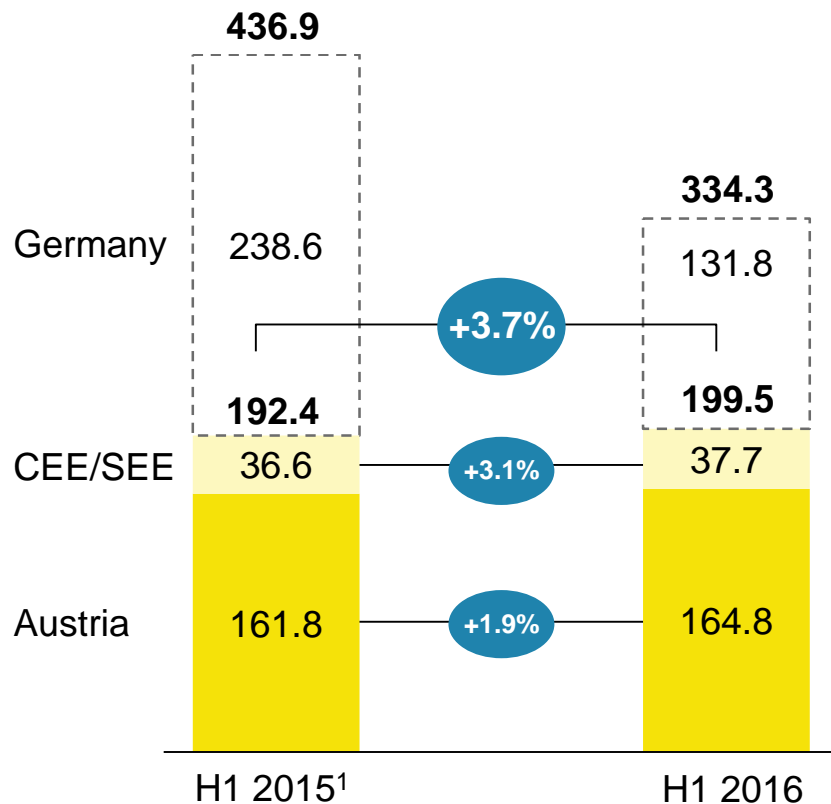
<sup>1</sup> Incl. revenue with other segments

<sup>2</sup> EBIT margin and EBITDA margin in relation to total revenue



# PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT H1 2016

## REVENUE (EUR m)



### PARCEL & LOGISTICS DIVISION:

- Revenue excl. trans-o-flex up 3.7% in H1 2016 (Q2: +4.9%)

### GERMANY:

- Sale of trans-o-flex as at April 8, 2016

### CEE/SEE: +3.1% (Q2: +4.7%)

- Solid revenue growth, high pricing pressure
- Good development in Hungary and Croatia

### AUSTRIA: +1.9% (Q2: +0.9%)

- Intensified competition on the Austrian parcel market
- Market growth driven by e-commerce

<sup>1</sup> Adjusted revenue reporting: exported services are recognised according to the net method (previously reported as revenue and expenses for services used).





# PARCEL & LOGISTICS DIVISION: PROFIT AND LOSS ACCOUNT

EUR m	H1 2015 <sup>1</sup>	H1 2016	Change		Q2 2015 <sup>1</sup>	Q2 2016	
			%	abs.			
<b>Revenue excl. trans-o-flex</b>	192.4	199.5	3.7%	7.1	95.7	100.3	Revenue decline due to sale of trans-o-flex; revenue increase in the core business: shift from standard to premium parcels
<b>Revenue</b>	436.9	334.3	-23.5%	-102.6	214.5	112.1	
• Premium	323.7	227.5	-29.7%	-96.2	158.5	60.6	
• Standard	95.6	90.3	-5.6%	-5.4	47.2	44.2	
• Other Parcel Services	17.6	16.6	-5.7%	-1.0	8.8	7.3	
Total revenue <sup>2</sup>	440.7	339.8	-22.9%	-101.1	216.3	114.7	
At equity consolidation	1.6	1.1	-31.1%	-0.5	1.2	0.7	
<b>EBITDA</b>	23.1	22.5	-2.7%	-0.6	10.8	11.9	
<i>EBITDA margin<sup>3</sup></i>	5.2%	6.6%	-	-	5.0%	10.4%	
Depreciation, amortisation and impairment	-10.6	-5.6	47.6%	5.1	-5.5	-2.8	
<b>EBIT</b>	12.5	16.9	35.4%	4.4	5.3	9.2	EBIT improvement following disposal of trans-o-flex
<i>EBIT margin<sup>3</sup></i>	2.8%	5.0%	-	-	2.4%	8.0%	

<sup>1</sup> Adjustment of revenue reporting, cost of materials and services used: exported services recognised according to the net method (previously reported as revenue and expenses for services used).

<sup>2</sup> Incl. revenue with other segments

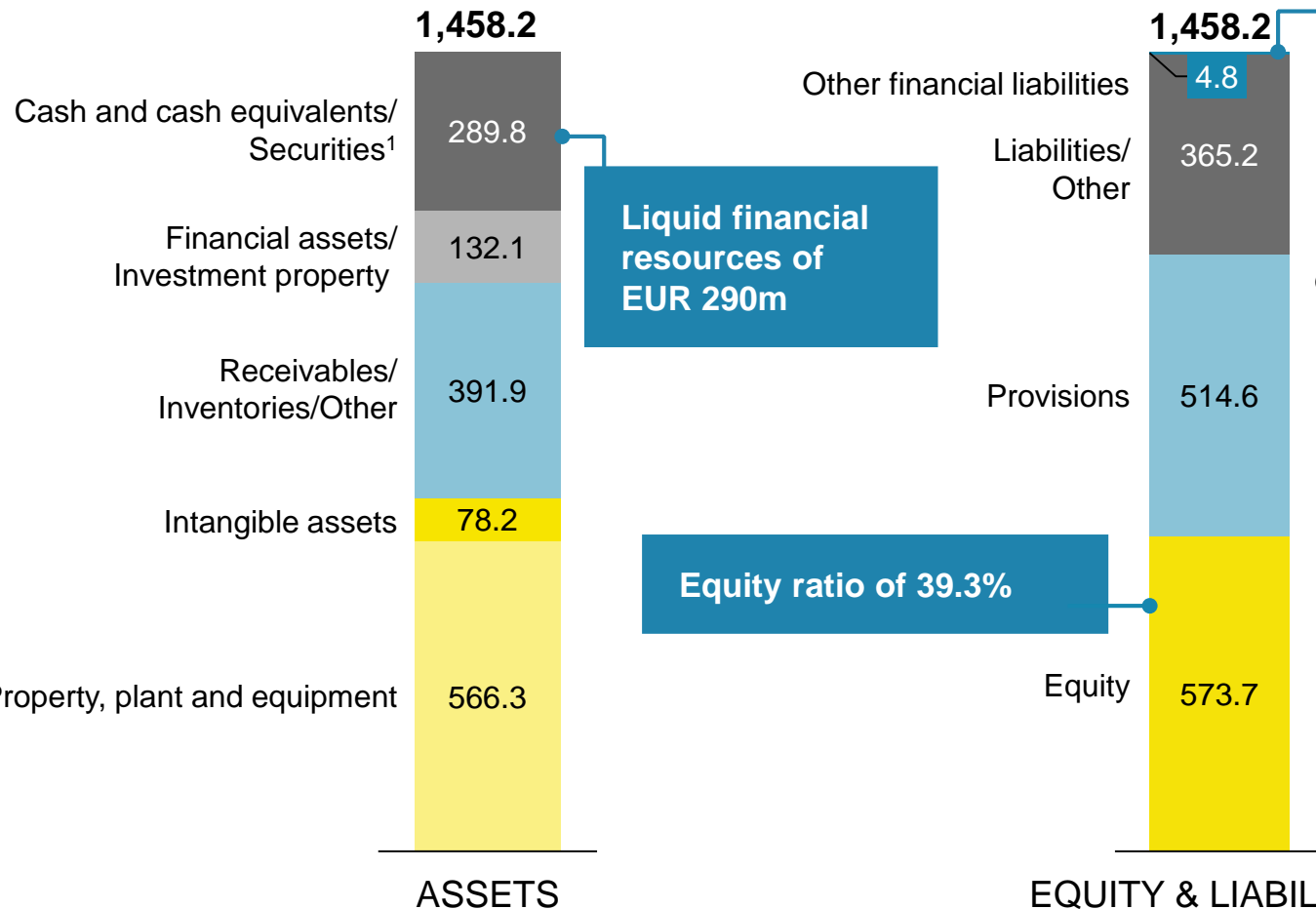
<sup>3</sup> EBIT margin and EBITDA margin in relation to total revenue



# SOLID BALANCE SHEET STRUCTURE

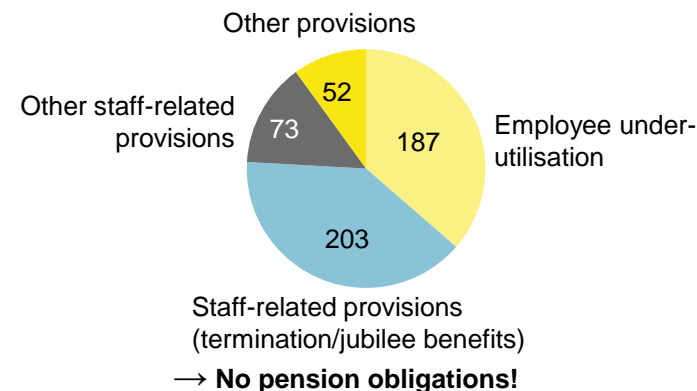
## BALANCE SHEET AS AT JUNE 30, 2016

EUR m

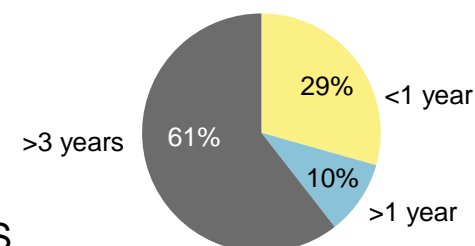


**Financial liabilities of only EUR 5m**

### Structure of provisions EUR m



### Provisions by term

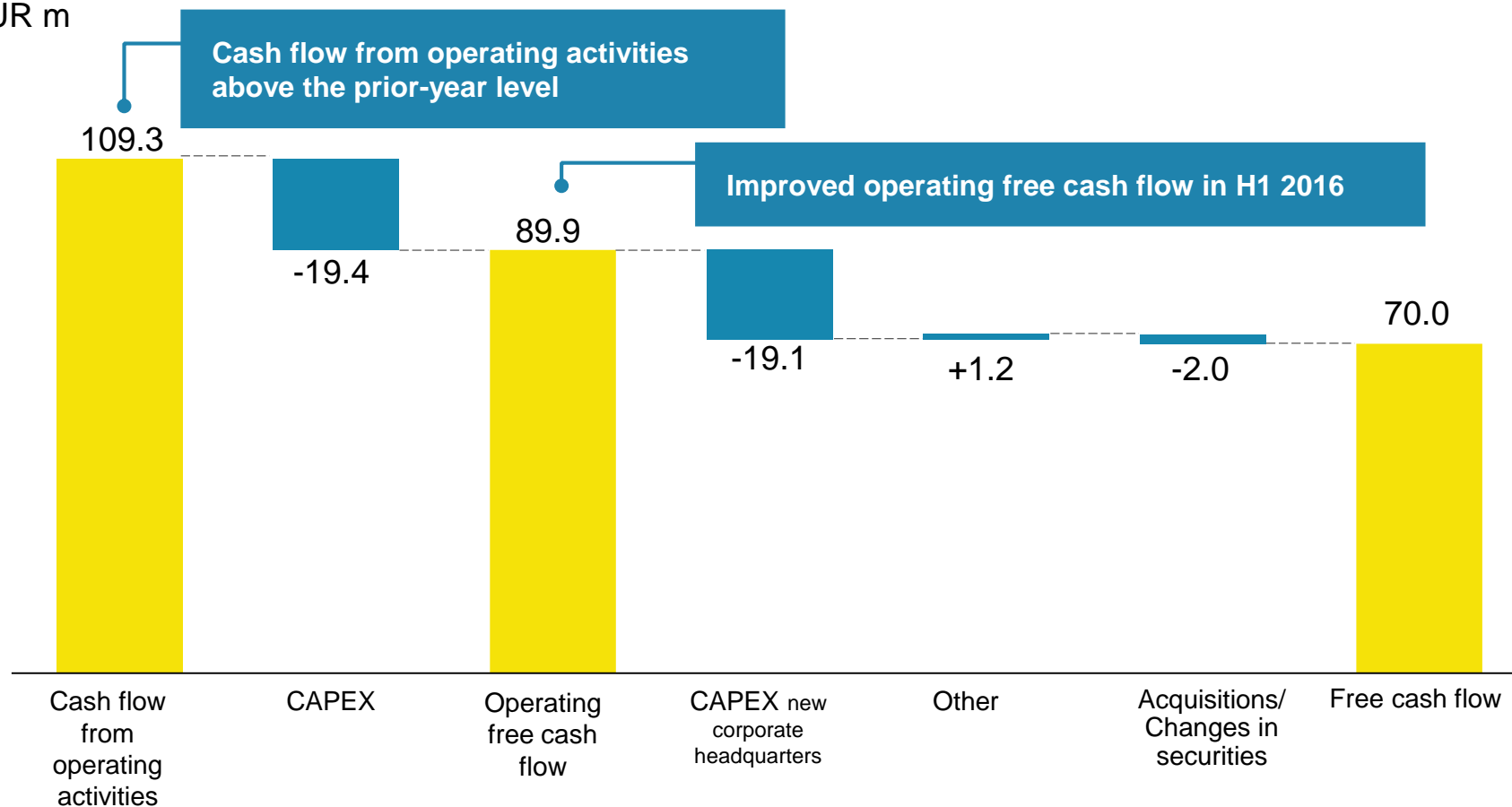


<sup>1</sup> Securities are reported under other financial assets on the balance sheet.

# ROBUST CASH FLOW H1 2016

## CASH FLOW DEVELOPMENT

EUR m



	Cash flow from operating activities	CAPEX	Operating free cash flow	CAPEX new corporate headquarters	Other	Acquisitions/ Changes in securities	Free cash flow
H1 2015	107.7	-20.9	86.8	-11.1	62.1	-13.3	124.4
H1 2016	109.3	-19.4	89.9	-19.1	+1.2	-2.0	70.0



1. Highlights and Overview

2. Strategy Implementation

3. Group Results H1 2016

**4. OUTLOOK 2016**



# OUTLOOK 2016

## Market environment

- Public and financial sector customers are trying to reduce mail volumes, volume decline of about 5% expected in upcoming quarterly periods
- Differentiated trends in the direct mail market
- Expanding parcel market faced with intensified competition

## Revenue

- Disposal and deconsolidation of trans-o-flex as at April 8, 2016
- Revenue forecast of EUR 2.0bn in 2016 (current business portfolio)

## Costs & investments

- Ongoing investments, efficiency increases and structural improvements
- Operating CAPEX<sup>1</sup> of EUR 70-80m in 2016

## Earnings

- Earnings dependent on development of letter mail and parcel volumes as well as the realisation of the efficiency improvement programme
- Objective of generating operating earnings (EBIT) at the prior-year level

## 2017 targets

- Stability with respect to operating results, investment programme and dividend policy remains the primary target for 2017

<sup>1</sup> Operating CAPEX = CAPEX excluding investments in the new corporate headquarters



# CONTACT

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## Financial calendar 2016/2017

November 11, 2016	Interim report Q1-3 2016
March 9, 2017	Annual results 2016
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

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