Q1 2016

INTERIM REPORT FOR THE FIRST QUARTER OF 2016 | AUSTRIAN POST

HIGHLIGHTS Q1 2016

REVENUE

- Revenue decline of 1.2% to EUR 592.8m
- Mail revenue decline attributable to volume decrease and specific effects
- Stable development in the parcel segment

EARNINGS

- EBIT down 5.3% to EUR 51.1m
- Earnings negatively impacted by interest rate effects for staff-related provisions
- Earnings per share of EUR 0.57

CASH FLOW AND BALANCE SHEET

- Increase in the cash flow from operating activities to EUR 60.1m
- Strong cash position and low level of financial liabilities

OUTLOOK 2016

- Revenue forecast of EUR 2.0 bn (current business portfolio)
- Targeted stable development of operating earnings (EBIT)

KEY FIGURES

		Q1 2015[1]	Q1 2016	Change %
Profit and loss account				
Revenue	EUR m	599.9	592.8	–1.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	75.1	69.4	–7.6%
EBITDA margin[2]	%	12.5%	11.7%	–
Earnings before interest and tax (EBIT)	EUR m	53.9	51.1	–5.3%
EBIT margin[2]	%	9.0%	8.6%	–
Earnings before tax (EBT)	EUR m	57.4	50.8	–11.4%
Profit for the period	EUR m	43.8	38.7	–11.7%
Earnings per share (EUR)[3]	EUR	0.65	0.57	–11.6%
Employees (average for the period, full-time equivalents)		23,330	22,952	–1.6%
Cash flow				
Operating cash flow before changes in working capital	EUR m	82.8	70.7	–14.6%
Cash flow from operating activities	EUR m	59.6	60.1	0.8%
Investment in property, plant and equipment (CAPEX)	EUR m	–15.8	–17.1	8.2%
Cash flow from acquisitions/divestments	EUR m	–0.1	0.0	–
Free cash flow before acquisitions/securities	EUR m	104.6	42.4	–59.5%
Balance sheet		**Dec. 31, 2015**	**March 31, 2016**	**Change %**
Total assets[4]	EUR m	1,613.0	1,639.7	1.7%
Equity	EUR m	641.7	675.5	5.3%
Non-current assets	EUR m	909.6	914.8	0.6%
Current assets	EUR m	639.6	657.5	2.8%
Net debt	EUR m	28.1	–9.3	>–100%
Equity ratio	%	39.8%	41.2%	–
Capital employed	EUR m	577.0	571.8	–0.9%

[1] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).
[2] EBIT and EBITDA in relation to total Group revenue
[3] Undiluted earnings per share in relation to 67,552,638 shares
[4] Includes assets held for sale to the amount of EUR 63.8m as at December 31, 2015 and EUR 67.4m as at March 31, 2016.

STATEMENT BY THE MANAGEMENT BOARD

Ladies and Gentlemen!
Dear Shareholders!

Revenue of the Austrian Post Group in the first quarter of 2016 totalled EUR 592.8m, a slight decline from the previous year. The parcel segment showed a stable revenue development, whereas revenue decreased in the mail business, which continues to be impacted by the ongoing substitution of traditional letter mail by electronic forms of communication. In particular, public sector customers as well as banks and insurance companies are trying to reduce mail volumes. Moreover, in general, mail revenue is strongly influenced by election effects. However, no elections took place during the reporting period. Business with direct mail showed a diverging development of individual customer segments. The volume of addressed direct mail items declined in contrast to the rise in unaddressed mail volumes.

The trend towards increased e-commerce is continuing in the parcel segment, leading to further growth of parcel volumes in Austria. At the same time, there has been a perceptible intensification of competition which we are adressing by making ongoing investments at the customer interface. Our service was enhanced to include Saturday and evening delivery. In addition, we offer a range of innovative customer solutions. For example, 306 self-service zones and 218 pick-up stations throughout Austria were available to customers as at the end of March 2016. The market trends positively impacting the business operations of our international subsidiaries in South East and Eastern Europe continued. The German subsidiary trans-o-flex was sold, with the closing and deconsolidation taking place effective April 8, 2016.

EBIT of Austrian Post amounted to EUR 51.1m in the first quarter of 2016, a drop of EUR 2.8m from the prior-year quarter. This development can be mainly attributed to interest rate effects on staff-related provisions. However, these effects could be partially offset by further cost optimisation and enhanced efficiency.

A dividend of EUR 1.95 per share for the past financial year was distributed to shareholders on April 28, 2016. In this way, Austrian Post once again remains committed to its clear capital market positioning as a reliable dividend stock. The focus of our strategic activities is ensuring reliability and consistency on behalf of the company's shareholders and other stakeholders. We intend to continue along this path in the future. Austrian Post is striving to generate revenue of EUR 2.0 bn in 2016 on the basis of its current business portfolio, taking account of the sale and deconsolidation of the German subsidiary trans-o-flex. Furthermore, we aim to achieve a stable development of our operating earnings (EBIT).

Vienna, May 4, 2016

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

The recovery of the global economy is continuing but at an extremely slow pace, and is marked by increasing risks. The International Monetary Fund (IMF) expects a global economic growth rate of 3.2% for 2016, compared to 3.1% in 2015. According to the IMF, a more pronounced economic upswing is being impeded by the ongoing slower growth in China and the recession in other so-called emerging markets, including Russia and Brazil. The IMF anticipates eurozone growth of 1.5% in 2016, whereas the predicted economic expansion of 1.6% in 2017 is the same as generated by the eurozone in 2015. Weakening demand, unsolved problems in dealing with the consequences of the financial crisis, an unfavourable demographic development and low productivity increases inhibit eurozone growth (IMF, April 2016).

The less favourable international business environment is also perceptible in Austria. Following the low growth rate of 2015, the domestic economy is only expected to show restrained growth in 2016. According to forecasts of the Austrian Institute of Economic Research (WIFO), Austria's gross domestic product (GDP) is anticipated to expand by 1.6% in both 2016 and 2017. Corporate investments are only developing sluggishly, while exports are not contributing much to growth. In contrast, consumption is rising. In particular, the increase in expenditures for the basic care and support of refugees and more subsistance benefits should result in a substantial expansion of private and public consumption (WIFO, March 2016). The markets in South East and Eastern Europe which are of importance to the Austrian economy developed somewhat more favourably. The IMF expects economic growth to reach a level of 3.5% in the CEE region in 2016, with growth rates around the 4% threshold in Turkey (+3.8%), Romania (+4.2%) and Poland (+3.6%). The German economy is predicted to expand by 1.5% in 2016 (IMF, April 2016).

MARKET ENVIRONMENT

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

The electronic substitution of traditional letter mail, a global trend which impacts all postal companies, is continuing and the trend is essentially irreversible. In particular, customers in the public sector as well as banks and insurance companies are trying to reduce mail volumes. As a result, Austrian Post continues to expect an ongoing decline in the amount of mail it handles. The business with direct mail items strongly depends on the intensity of advertising activities by companies. The markets for addressed and unaddressed advertising mail show a diverging 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 multi-channel communication and interactive marketing will tend to grow in importance in addition to online advertising.

Parcel volumes in the private customer segment are increasing due to the growing importance of online shopping. In turn, 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. For this reason, international shipments are another important factor impacting the growth of the European courier, express and parcel (CEP) market. Austrian Post subsidiaries in CEE are also profiting from the generally more dynamic overall economic growth in the region and the need to catch up in the field of e-commerce.

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:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria. As legally stipulated, the regulatory authorities began their evaluation in 2016 to determine whether other postal service companies can provide universal postal services.
- 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.
- A change in the Postal Market Act took effect on November 27, 2015. This enables Austrian Post to offer, in addition to letter mail (with strict delivery time standards), so-called non-priority letter mail within the context of universal postal services. The delivery time of these non-priority letters is regularly allowed to take up to four days.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE SCOPE OF CONSOLIDATION

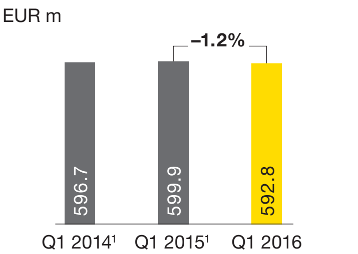
There was no change in the scope of consolidation in the first quarter of 2016.

REVENUE AND EARNINGS

Revenue development

In the first quarter of 2016, Group revenue of Austrian Post decreased by 1.2% from the prior-year level to EUR 592.8m. The Parcel & Logistics Division showed a stable revenue development, whereas the Mail & Branch Network Division reported a revenue decline during the period under review.

REVENUE DEVELOPMENT



[1] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).

REVENUE BY DIVISION

EUR m	Q1 2015[1]	Q1 2016	Change %	Change EUR m
Group revenue	**599.9**	**592.8**	**–1.2%**	**–7.2**
Mail & Branch Network	377.5	370.5	–1.9%	–7.0
Parcel & Logistics	222.4	222.3	–0.1%	–0.2
Corporate	0.0	0.0	–	–
Calendar working days in Austria	62	62	–	–

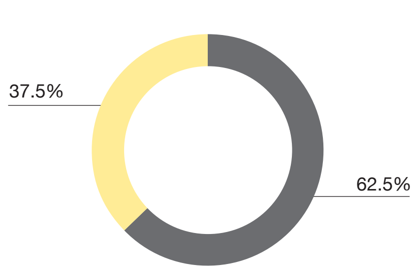
[1] The presentation of revenue of the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).

The Mail & Branch Network Division accounted for 62.5% of total Group revenue in the first three months of 2016. On balance, revenue of the division fell by 1.9% to EUR 370.5m. This decrease can be attributed to the ongoing electronic substitution of letter mail, a change in the invoicing model for mobile products and the sale of two mail companies in Hungary and Slovakia in 2015. In addition, no elections were held in Austria during the reporting period, whereas elections in the first quarter of 2015 accounted for a revenue contribution of EUR 3.5m.

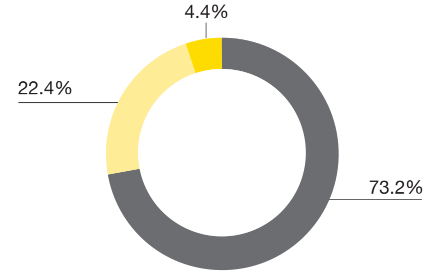
The Parcel & Logistics Division generated 37.5% of revenue in the first quarter of 2016, reporting a stable development at EUR 222.3m, compared to EUR 222.4m in the previous year. From a regional perspective, both the Austrian market and the South East and Eastern European region posted growth. In contrast, revenue declined in Germany.

With respect to its geographical segments, Austrian Post generated 73.2% of its Group revenue in Austria, 22.4% in Germany and 4.4% in South East and Eastern Europe in the first quarter of 2016.

REVENUE BY DIVISION Q1 2016



REVENUE BY REGION Q1 2016



REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	Q1 2015	Q1 2016	Change %	Change EUR m
Revenue with third parties (external)	**377.5**	**370.5**	**–1.9%**	**–7.0**
Letter Mail & Mail Solutions	206.4	204.9	–0.7%	–1.5
Direct Mail	109.1	102.9	–5.7%	–6.2
Media Post	33.6	34.3	2.1%	0.7
Branch Services	28.4	28.4	0.0%	0.0
Revenue with other segments (intra-Group)	20.4	21.3	4.4%	0.9
Total revenue	397.9	391.8	–1.5%	–6.1

Revenue of the Mail & Branch Network Division totalled EUR 370.5m in the first quarter of 2016. Of this amount, 55.3% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 27.8% of total divisional revenue and the field of Media Post, i.e. the delivery of newspapers and magazines, has a 9.3% share. Branch Services accounts for 7.7% of divisional revenue. Generally speaking, revenue development is strongly influenced by election effects in addition to the electronic substitution of letter mail. There were no elections in the period under review, whereas revenue effects from elections in the first quarter of 2015 amounted to EUR 3.5m. Moreover, the revenue decrease is due to a changed invoicing model for mobile products and the disposal of two mail subsidiaries in Hungary and Slovakia.

In the first quarter of 2016, Letter Mail & Mail Solutions revenue at EUR 204.9m represents a drop of 0.7% from the prior-year level. The basic trend towards declining mail volumes related to the substitution of letters by electronic forms of communication continues, with the decrease at the upper end of the predicted range of minus 3–5%. Furthermore, the lack of elections and discontinuation of one-time mailings by various customers in the fields of banking and insurance services had a negative impact on revenue development.

Revenue in the Direct Mail business fell by 5.7% to EUR 102.9m in the first three months of 2016. This decline is mainly attributable to the above-mentioned lack of revenue from elections and the sale of two mail subsidiaries. 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. In particular, the advertising activities of large retailers in the unaddressed direct mail segment developed positively during the period under review. In contrast, the volume of addressed advertising mail decreased, which is due to the reduced advertising activities of individual customer segments.

In the first quarter of 2016, Media Post revenue rose 2.1% year-on-year to EUR 34.3m. This included the annual index-based adjustment. Branch Services revenue at EUR 28.4m remained stable in spite of the changed invoicing model for mobile products.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	Q1 2015[1]	Q1 2016	Change	
			%	EUR m
Revenue with third parties (external)	**222.4**	**222.3**	**–0.1%**	**–0.2**
Premium Parcels	165.2	166.9	1.0%	1.7
Standard Parcels	48.4	46.0	–5.0%	–2.4
Other Parcel Services	8.8	9.3	5.9%	0.5
Revenue with other segments (intra-Group)	2.0	2.8	38.8%	0.8
Total revenue	224.4	225.0	0.3%	0.6

[1] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).

Total revenue of the Parcel & Logistics Division remained stable in the first quarter of 2016 at EUR 222.3m. The Premium Parcels business (parcel delivery within one working day) contributes the largest share of this division at 75.1% of revenue and generated revenue of EUR 166.9m in the first three months of 2016, a rise of 1.0%. In addition to the good development of business parcels in Austria, above-average growth was also achieved in higher value parcels for private customers. In contrast, business in Germany showed a negative development, with revenue down by EUR 2.7m. As already mentioned, the German subsidiary trans-o-flex was sold, with the closing and deconsolidation effective as at April 8, 2016.

Standard Parcels, which mainly involves shipments to private customers in Austria, posted revenue of EUR 46.0m, a drop of 5.0% as a result of intensified competition and the underlying trend towards premium products.

Other Parcel Services, which includes various additional logistics services such as fulfillment, warehousing and cash logistics, accounted for revenue of EUR 9.3m in the period under review, a year-on-year rise of 5.9%.

From a regional perspective, 54% of total revenue in the Parcel & Logistics Division was generated in Germany in the first quarter of the 2016 financial year, compared to 38% in Austria and 8% by the subsidiaries in South East and Eastern Europe. Business in Austria (+2.8%) and the CEE markets (+1.4%) developed very positively, whereas the German trans-o-flex Group reported a revenue decrease of 2.2%.

Earnings development

PROFIT AND LOSS ACCOUNT

EUR m	Q1 2015[1]	Q1 2016	Change %	Change EUR m
Revenue	**599.9**	**592.8**	**–1.2%**	**–7.2**
Other operating income	16.4	23.5	43.4%	7.1
Raw materials, consumables and services used	–182.5	–183.1	–0.4%	–0.7
Staff costs	–281.7	–286.4	–1.7%	–4.7
Other operating expenses	–76.3	–77.3	–1.2%	–0.9
Results from financial assets accounted for using the equity method	–0.6	0.1	>100%	0.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**75.1**	**69.4**	**–7.6%**	**–5.7**
Depreciation, amortisation and impairments	–21.2	–18.4	13.5%	2.9
Earnings before interest and tax (EBIT)	**53.9**	**51.1**	**–5.3%**	**–2.8**
Other financial result	3.4	–0.2	<–100%	–3.7
Earnings before tax (EBT)	**57.4**	**50.8**	**–11.4%**	**–6.5**
Income tax	–13.6	–12.2	10.5%	1.4
Profit for the period	**43.8**	**38.7**	**–11.7%**	**–5.1**
Earnings per share (EUR)[2]	0.65	0.57	–11.6%	–0.1

[1] The presentation of revenue and raw materials, consumables and services used in the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).
[2] Undiluted earnings per share in relation to 67,552,638 shares

Raw materials, consumables and services used were up by 0.4% during the period under review, rising to EUR 183.1m. Although the cost of materials declined, primarily as a consequence of the lower fuel prices, the costs for services used increased, particularly as a consequence of expanded international business volumes.

Austrian Post's staff costs amounted to EUR 286.4m in the first quarter of 2016, implying a rise of 1.7% year-on-year. Against the backdrop of internationally low interest rates, the discount interest rate was adjusted for various staff-related provisions, which in turn led to a negative earnings effect of EUR 9.5m. In the previous year this effect amounted to EUR 4.8m. The operational staff costs for salaries and wages, which are part of total staff costs, remained largely stable compared to the previous year.

In addition to the ongoing operational staff costs, staff costs also encompass 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. In addition to the previously-mentioned adjustment to the parameters for interest-bearing provisions, costs for termination benefits totalled EUR 4.9m during the period under review.

In the first quarter of 2016, other operating income at EUR 23.5m was higher than the prior-year figure due to the positive accounting effect arising as a result of the sale of Austrian Post's subsidiary trans-o-flex. On balance, the net amount of accounting effects in connection with the sale of trans-o-flex offset against the operating earnings of the company in the first quarter of 2016 was slightly positive. Other operating expenses climbed 1.2% to EUR 77.3m, which is due to higher maintenance, repair and consulting expenditures, amongst other factors.

The results of financial assets accounted for using the equity method amounted to EUR 0.1m, up from minus EUR 0.6m in the first three months of 2015. This item includes the positive earnings contribution of the Turkish company Aras Kargo a.s. along with the negative earnings contribution of the German start-up company AEP GmbH.

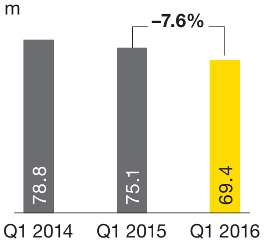
On balance, earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post fell by 7.6% or EUR 5.7m to EUR 69.4m in the first quarter of 2016. This decline is primarily due to the above-mentioned interest rate effect for staff-related provisions as well as the drop in revenue. The corresponding EBITDA margin was 11.7%.

Total depreciation, amortisation and impairments losses in the reporting period amounted to EUR 18.4m, a decrease of 13.5% from the prior-year period. This difference is attributable to trans-o-flex, in light of the fact that the assets of this company were already held for sale. As a result, no scheduled depreciation took place. Accordingly, earnings before interest and tax (EBIT) in the first three months of the 2016 financial year reached a level of EUR 51.1m, down 5.3% or EUR 2.8m from the previous year. The EBIT margin was 8.6%.

The other financial result fell to minus EUR 0.2m, from EUR 3.4m in the prior-year quarter. This development is mainly attributable to interest income arising in March 2015 as a consequence of the early termination of a cross-border leasing transaction for various mail sorting facilities. Accordingly, earnings before tax (EBT) in the first quarter of 2016 were EUR 50.8m, compared to EUR 57.4m in the previous year. The income tax expense amounted to EUR 12.2m, down EUR 1.4m from the first quarter of 2015. After deducting income tax, the Group's profit for the period (profit after tax) amounted to EUR 38.7m, down from the prior-year figure of EUR 43.8m. This corresponds to undiluted earnings per share of EUR 0.57 for the first three months of 2016.

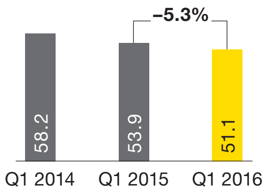
EBITDA

EUR m



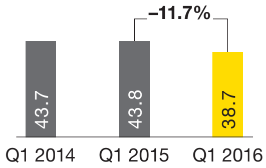
EBIT

EUR m



PROFIT FOR THE PERIOD

EUR m



EBITDA AND EBIT BY DIVISION

EUR m	Q1 2015	Q1 2016	Change %	Change EUR m	Margin[1] Q1 2016
Total EBITDA	**75.1**	**69.4**	**–7.6%**	**–5.7**	**11.7%**
Mail & Branch Network	84.5	79.7	–5.7%	–4.8	20.3%
Parcel & Logistics	12.3	10.5	–14.5%	–1.8	4.7%
Corporate/Consolidation	–21.7	–20.8	–4.0%	0.9	–45.3%
Total EBIT	**53.9**	**51.1**	**–5.3%**	**–2.8**	**8.6%**
Mail & Branch Network	76.6	71.6	–6.6%	–5.1	18.3%
Parcel & Logistics	7.2	7.8	7.8%	0.6	3.4%
Corporate/Consolidation	–29.9	–28.3	5.5%	1.6	–61.4%

[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 79.7m in the first quarter of 2016, implying a decline of 5.7%. Due to the lower revenue contributions described above, EBIT of the division amounted to EUR 71.6m, a drop of 6.6% or EUR 5.1m from the previous year.

EBITDA of the Parcel & Logistics Division in the first three months of 2016 amounted to EUR 10.5m, compared to the prior-year level of EUR 12.3m. EBIT of the division in the reporting period totalled EUR 7.8m, up EUR 0.6m from the previous year.

The Corporate Division (including Consolidation) accounts for all non-allocable expenses for central departments in the Group as well as staff-related provisions assigned to it. Moreover, the division includes innovation management and the development of new business models. EBIT of the Corporate Division improved by EUR 1.6m to minus EUR 28.3m, although the previously-mentioned parameter adjustment for staff-related provisions resulting in expenses of EUR 9.5m reduced divisional earnings by EUR 6.5m.

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 BY ITEM

EUR m	Dec. 31, 2015	March 31, 2016	Structure March 31, 2016
Assets			
Property, plant and equipment	571.9	568.1	34.6%
Intangible assets and goodwill	83.0	81.6	5.0%
Investment property	60.5	63.3	3.9%
Financial assets accounted for using the equity method	53.2	52.4	3.2%
Inventories, trade and other receivables	409.3	396.3	24.2%
Other financial assets	71.8	74.4	4.5%
thereof securities	57.2	61.4	–
Cash and cash equivalents	299.6	336.2	20.5%
Assets held for sale	63.8	67.4	4.1%
	1,613.0	**1,639.7**	**100.0%**
Equity and liabilities			
Equity	641.7	675.5	41.2%
Provisions	516.6	526.1	32.1%
Financial liabilities	12.6	12.2	0.7%
Trade and other payables	372.1	356.7	21.8%
Liabilities classified as held for sale	70.0	69.3	4.2%
	1,613.0	**1,639.7**	**100.0%**

Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,639.7m as of March 31, 2016. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 568.1m, whereas intangible assets amounted to EUR 23.3m. The goodwill reported for acquisitions totalled EUR 58.3m at the end of the first quarter of 2016. Receivables of EUR 273.7m 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 336.2m. On the basis of this high level of cash and cash equivalents, the dividend payment totalling EUR 132.1m for the 2015 financial year took place on April 28, 2016. The assets held for sale of the trans-o-flex Group amounted to EUR 67.4m.

On the equity and liabilities side, the balance sheet of Austrian Post features a high equity ratio, which equalled 41.2% as at March 31, 2016, with equity of EUR 675.5m. Non-current liabilities totalling EUR 394.2m at the end of the reporting period primarily consisted of provisions amounting to EUR 366.4m, including provisions for employee under-utilisation of EUR 185.8m. Current liabilities of EUR 500.7m mainly included liabilities of EUR 341.0m, including trade payables of EUR 158.3m. Liabilities classified as held for sale amounted to EUR 69.3m.

An analysis of the financial position of the company shows a high level of current and non-current financial resources of EUR 397.7m, comprising cash and cash equivalents of EUR 336.2m and financial investments in securities of EUR 61.4m. These financial resources contrast with financial liabilities of only EUR 12.2m.

CASH FLOW

EUR m	Q1 2015	Q1 2016
Gross cash flow	**82.8**	**70.7**
Cash flow from operating activities	**59.6**	**60.1**
Cash flow from investing activities	**33.7**	**–21.8**
thereof CAPEX	–15.8	–17.1
thereof cash flow from acquisitions/divestments	–1.2	0.0
thereof acquisition/disposal of securities	–10.0	–4.1
thereof other cash flow from investing activities	60.8	–0.5
Free cash flow	**93.3**	**38.3**
Free cash flow before acquisitions/securities	**104.6**	**42.4**
Cash flow from financing activities	**–1.1**	**–1.6**
Change in cash and cash equivalents	**92.2**	**36.7**

Cash flow

The gross cash flow totalled EUR 70.7m in the first quarter of 2016, compared to EUR 82.8m in the previous year. The cash flow from operating activities of EUR 60.1m was slightly above the prior-year level of EUR 59.6m. The decline in trade receivables had a positive effect, whereas higher payments led to decrease in provisions.

The cash flow from investing activities reached a level of minus EUR 21.8m in the first three months of 2016, compared to EUR 33.7m in the prior-year period. This development was 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 17.1m in the first quarter of 2016, above the level of EUR 15.8m in the previous year. CAPEX included payments of EUR 9.6m relating to the construction of Austrian Post's new corporate headquarters. A cash flow-reducing effect of EUR 4.1m was reported due to various changes in the securities portfolio, compared to EUR 10.0m in the prior-year period.

In aggregate, free cash flow during the reporting period was EUR 38.3m, down from EUR 93.3m in the previous year. The difference is due to the above-mentioned sale of Austrian Post's former corporate headquarters. Adjusted to take account of this special effect as well as payments for the new corporate headquarters, the operating free cash flow before acquisitions, securities and other cash flow from investing activities amounted to EUR 52.6m in the first quarter of 2016, compared to the prior-year figure of EUR 46.9m.

Investments

In the first three months of 2016, the additions to property, plant and equipment and intangible assets amounted to EUR 17.4m, above the comparable prior-year figure of EUR 13.7m. This included investments of EUR 17.0m in property, plant and equipment and EUR 0.4m in intangible assets. In addition to investments in new equipment, furniture and fittings, expenditures during the reporting period focused on the construction of the new corporate headquarters.

EMPLOYEES

The average number of employees (full-time equivalents) at the Austrian Post Group totalled 22,952 people during the first three months of 2016, comprising a reduction of 378 employees from the prior-year period. Most of Austrian Post's staff or a total of 17,359 full-time equivalents is employed by the parent company Österreichische Post AG.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	Q1 2015	Q1 2016	Share in %
Mail & Branch Network	16,727	16,341	71.2%
Parcel & Logistics	4,732	4,749	20.7%
Corporate	1,870	1,862	8.1%
Total	**23,330**	**22,952**	**100.0%**

EVENTS AFTER THE REPORTING PERIOD

Following the signing at the beginning of March, the closing for the sale of the German trans-o-flex Group took place on April 8, 2016 based on the approval granted by the German Competition Authority. The new owners with equal shares in trans-o-flex are Amberger Familien GbR (sole shareholder of LOXXESS AG) and the Schoeller Group.

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 2015 of Austrian Post (see the Annual Report; Part 2 "Financial Report", pages 46–53 and 119–122).

On the basis of the defined risks, there are also uncertainties for the remaining nine months of the current financial year. Projected shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and 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 in order to participate in this growth market 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 2016

National and international trends prevailing over the last quarterly periods confirm the basic development in the mail and parcel segments. The volume of addressed letter mail continues to decline against the backdrop of cost-savings measures implemented by customers sending large quantities of mail. In contrast, parcel volumes are rising thanks to the steadily growing online business. On the basis of its current business portfolio, Austrian Post is striving to generate revenue of EUR 2.0 bn in the 2016 financial year after its German subsidiary trans-o-flex was sold and deconsolidated as at April 8, 2016.

In the mail business, the substitution of traditional letter mail by electronic forms of communications is expected to continue, with the decline in recent years within a range of minus 3–5%. In particular, public sector customers as well as banks and insurance companies are trying to reduce mail volumes, so that the decrease in the upcoming quarterly periods is likely to be at a level of about 5%. The volume of direct mail will remain volatile and show a differentiated development in the individual customer segments. On balance, the Parcel & Logistics Division is expected to benefit from a growing market, but one which will simultaneously feature intensified competition. Innovative solutions are important to gain market share.

Efficiency enhancement to safeguard earnings

Austrian Post is continuously optimising its structures and processes in order to further enhance efficiency in all the services it provides. In addition to technological improvements and route optimisation measures, the focus in mail logistics is also on nationwide teamwork models in the delivery organisation. In the Parcel & Logistics Division, the emphasis is on further expanding the quality leadership in Austria. Both delivery quality and the improvement of the service offering are guarantees for a high level of customer satisfaction.

The earnings development of Austrian Post in 2016 will be impacted by volume trends in the mail segment, the market development in the parcel business and the success in implementing the planned efficiency enhancement programme. On balance, Austrian Post aims to achieve a stable development in 2016, with operating earnings (EBIT) at the prior-year level.

Continuation of 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. With this in mind, operational capital expenditure (CAPEX) of about EUR 80m is planned in 2016, focusing on sorting technologies, logistics and customer solutions. In addition, Austrian Post is in the process of building its new corporate headquarters in Vienna's third district. The project is expected to be completed in 2017. Austrian Post expects a cash flow development enabling the company to continue its attractive dividend policy.

Vienna, May 4, 2016

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

Austrian Post has adjusted the scope of the interim reports due to the changed requirements of the "Prime Market Rules" of the Vienna Stock Exchange for first and third quarter interim reporting. The adjustment particularly relates to the notes to the consolidated financial statements as required by IAS 34.

Financial information presented in the interim report for the first quarter of 2016 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Austrian Post for the 2015 financial year.

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2016

EUR m	Q1 2015 adjusted[1]	Q1 2016
Revenue	599.9	592.8
Other operating income	16.4	23.5
Total operating income	**616.3**	**616.2**
Raw materials, consumables and services used	–182.5	–183.1
Staff costs	–281.7	–286.4
Depreciation, amortisation and impairments losses	–21.2	–18.4
Other operating expenses	–76.3	–77.3
Total operating expenses	**–561.7**	**–565.2**
Profit from operations	**54.6**	**51.0**
Results from financial assets accounted for using the equity method	–0.6	0.1
Financial income	4.6	1.1
Financial expenses	–1.2	–1.3
Other financial result	3.4	–0.2
Total financial result	**2.8**	**–0.2**
Profit before tax	**57.4**	**50.8**
Income tax	–13.6	–12.2
Profit for the period	**43.8**	**38.7**
Attributable to:		
Shareholders of the parent company	43.7	38.7
Non-controlling interests	0.1	0.0

[1] The changes in the presentation as outlined in the 2015 consolidated financial statements resulted in a reduction of EUR 2.0m each in the items "Revenue" and "Raw materials, consumables and services used" in the consolidated income statement for the first quarter of 2015. The comparative amount for the first quarter of 2016 is minus EUR 2.0m.

EARNINGS PER SHARE

EUR	Q1 2015	Q1 2016
Basic earnings per share	0.65	0.57
Diluted earnings per share	0.65	0.57

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2016

EUR m	Q1 2015	Q1 2016
Profit for the period	**43.8**	**38.7**
Items that may be reclassified subsequently to the income statement:		
Currency translation differences – investments in foreign businesses	1.3	0.4
Changes in the fair value of financial assets available for sale	–0.4	0.0
Tax effect of changes in the fair value	0.1	0.0
Financial assets accounted for using the equity method – share of other comprehensive income	0.8	–0.5
Total items that may be reclassified	**1.8**	**–0.1**
Items that will not be reclassified subsequently to the income statement:		
Revaluation of defined benefit obligations	–3.5	–6.1
Tax effect of revaluation	0.9	1.5
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	–0.2
Total items that will not be reclassified	**–2.6**	**–4.8**
Other comprehensive income	**–0.8**	**–5.0**
Total comprehensive income	**43.0**	**33.7**
Attributable to:		
Shareholders of the parent company	42.9	33.7
Non-controlling interests	0.1	0.0

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

EUR m	Dec. 31, 2015	March 31, 2016
Assets		
Non-current assets		
Goodwill	58.2	58.3
Intangible assets	24.8	23.3
Property, plant and equipment	571.9	568.1
Investment property	60.5	63.3
Financial assets accounted for using the equity method	53.2	52.4
Other financial assets	36.8	42.8
Trade and other receivables	11.4	12.2
Deferred tax assets	92.9	94.4
	909.6	**914.8**
Current assets		
Other financial assets	35.0	31.6
Inventories	15.9	15.6
Trade and other receivables	288.8	273.7
Current tax assets	0.3	0.4
Cash and cash equivalents	299.6	336.2
	639.6	**657.5**
Assets held for sale	**63.8**	**67.4**
	1,613.0	**1,639.7**
Equity and liabilities		
Equity		
Share capital	337.8	337.8
Capital reserves	91.0	91.0
Revenue reserves	238.2	276.9
Other reserves	–25.5	–30.4
Equity attributable to the shareholders of the parent company	**641.5**	**675.2**
Equity attributable to non-controlling interests	**0.2**	**0.3**
	641.7	**675.5**
Non-current liabilities		
Provisions	355.9	366.4
Other financial liabilities	4.5	4.3
Trade and other payables	23.7	22.8
Deferred tax liabilities	0.9	0.8
	384.9	**394.2**
Current liabilities		
Provisions	160.7	159.7
Current tax liabilities	14.4	15.9
Other financial liabilities	8.1	7.9
Trade and other payables	333.2	317.2
	516.3	**500.7**
Liabilities classified as held for sale	**70.0**	**69.3**
	1,613.0	**1,639.7**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF 2016

EUR m	Q1 2015	Q1 2016
Operating activities		
Profit before tax	57.4	50.8
Depreciation, amortisation and impairments losses	21.2	18.4
Results from financial assets accounted for using the equity method	0.6	–0.1
Provisions non-cash	18.9	23.6
Taxes paid	–8.9	–10.7
Other non-cash transactions	–6.4	–11.3
Operating cash flow	**82.8**	**70.7**
Trade and other receivables	–1.5	18.5
Inventories	0.8	0.8
Provisions	–5.3	–12.6
Trade and other payables	–17.2	–17.3
Cash flow from operating activities	**59.6**	**60.1**
Investing activities		
Purchase of intangible assets	–1.0	–1.1
Purchase of property, plant and equipment/investment property	–15.8	–17.1
Cash receipts from disposal of assets	62.0	1.5
Acquisition of subsidiaries	–0.1	0.0
Purchase of financial assets accounted for using the equity method	–1.2	0.0
Acquisition of financial investments in securities	–10.0	–6.0
Cash receipts from sales of financial investments in securities	0.0	1.9
Loans granted	–0.6	–1.5
Interest received	0.4	0.5
Cash flow from investing activities	**33.7**	**–21.8**
Free cash flow	**93.3**	**38.3**
Financing activities		
Changes of other financial liabilities	–0.9	–1.1
Dividends paid	0.0	–0.2
Interest paid	–0.2	–0.2
Cash flow from financing activities	**–1.1**	**–1.6**
Net change in cash and cash equivalents	**92.2**	**36.7**
Cash and cash equivalents at January 1	264.1	300.1
Cash and cash equivalents at March 31	**356.3**	**336.8**

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

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

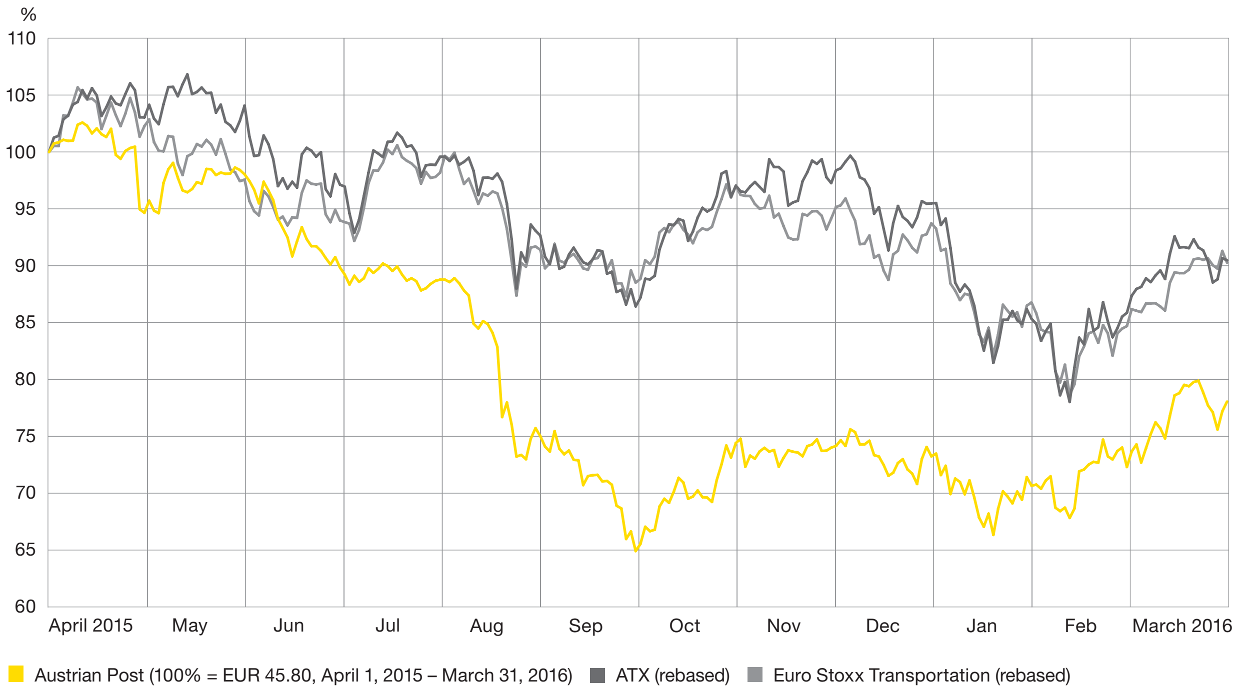
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF 2016

Q1 2016 EUR m	**Share capital**	**Capital re-serves**	**Revenue reserves**	**Other reserves** **Revalua-tion reserves**	**Revalua-tion of financial instruments**	**Currency translation reserves**	**Equity attributable to shareholders of the parent company**	**Non-con-trolling inter-ests**	**Equity**
Balance at January 1, 2016	**337.8**	**91.0**	**238.2**	**–12.5**	**0.2**	**–13.2**	**641.5**	**0.2**	**641.7**
Profit for the period	**0.0**	**0.0**	**38.7**	**0.0**	**0.0**	**0.0**	**38.7**	**0.0**	**38.7**
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
Revaluation of defined benefit obligations	0.0	0.0	0.0	–6.1	0.0	0.0	–6.1	0.0	–6.1
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	–0.2	0.0	–0.5	–0.8	0.0	–0.8
Tax effect	0.0	0.0	0.0	1.5	0.0	0.0	1.5	0.0	1.5
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–4.8**	**0.0**	**–0.2**	**–5.0**	**0.0**	**–5.0**
Total comprehensive income	**0.0**	**0.0**	**38.7**	**–4.8**	**0.0**	**–0.2**	**33.7**	**0.0**	**33.7**
Balance at March 31, 2016	**337.8**	**91.0**	**276.9**	**–17.3**	**0.2**	**–13.3**	**675.2**	**0.3**	**675.5**

FINANCIAL CALENDAR 2016

May 13	Interim report for the first quarter of 2016, announcement: 07:30–07:40 a.m. CET
August 11	Half-year financial report 2016, announcement: 07:30–07:40 a.m. CET
November 11	Interim report for the first three quarters 2016, announcement: 07:30–7:40 a.m. CET

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)



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