

AUSTRIAN POST

INVESTOR PRESENTATION Q1 2016

Georg Pölzl/CEO, Walter Oblin/CFO
Vienna, May 13, 2016



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results Q1 2016

4. Outlook 2016



Q1 2016 AT A GLANCE



AUSTRIAN LETTER MAIL MARKET

Strong e-substitution driven by banks and insurance companies



AUSTRIAN DIRECT MAIL MARKET

Differentiated development of individual customer segments



AUSTRIAN PARCEL MARKET

Increasing competition; growth in online shopping



INTERNATIONAL PARCEL MARKET

Good volume growth but competitive and price pressure

REVENUE

- Revenue down 1.2% to EUR 592.8m
- Mail revenue down 1.9% due to individual effects, stable development in the parcel business

EARNINGS

- EBIT decrease of 5.3% to EUR 51.1m
- Earnings impacted by interest rate effects on staff-related provisions

CASH FLOW

- Cash flow from operating activities slightly up to EUR 60.1m

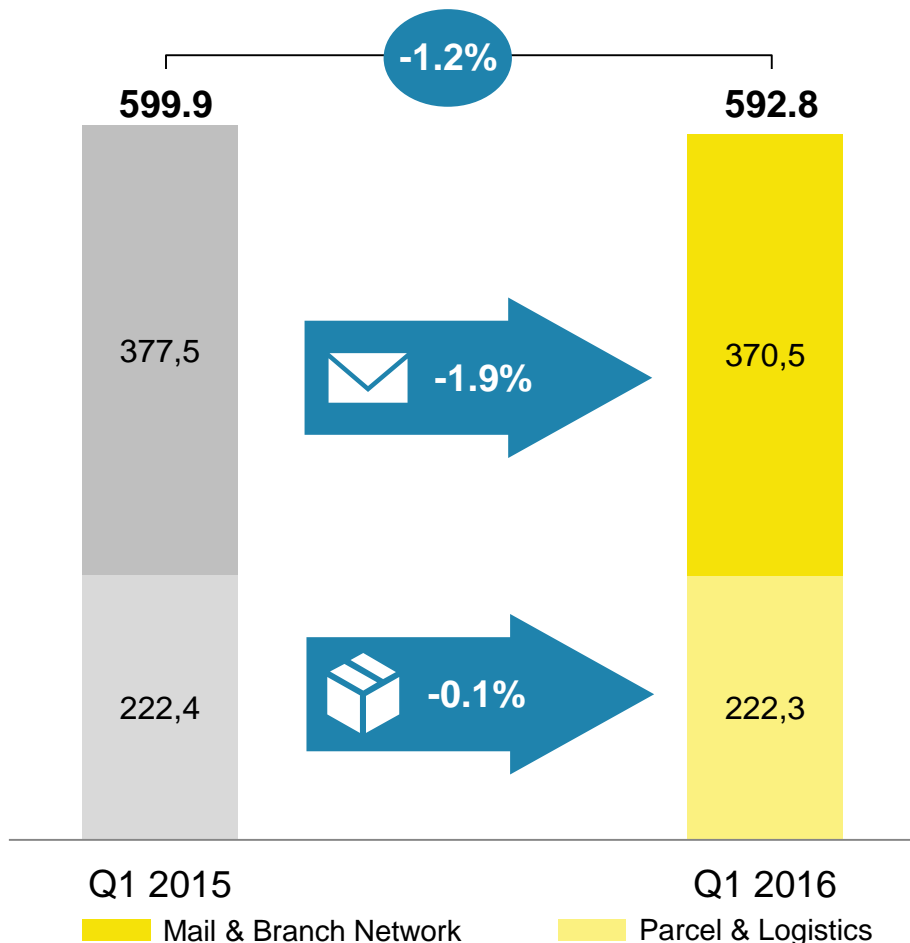
OUTLOOK

- Revenue forecast of EUR 2.0bn (current business portfolio)
- Stable operating earnings (EBIT) targeted

SLIGHT DROP IN REVENUE IN Q1 2016

REVENUE DEVELOPMENT

EUR m



GROUP:

- Revenue down 1.2% from the prior-year quarter

MAIL & BRANCH NETWORK:

- Revenue decrease of EUR 7.0m in Q1 2016
- No election effects in Q1 2016 (+ EUR 3.5m in Q1 2015)
- Change in the invoicing model for mobile products (- EUR 2.3m)

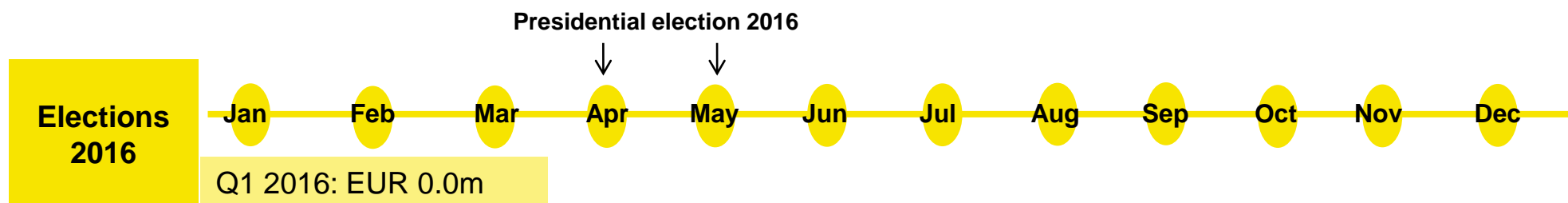
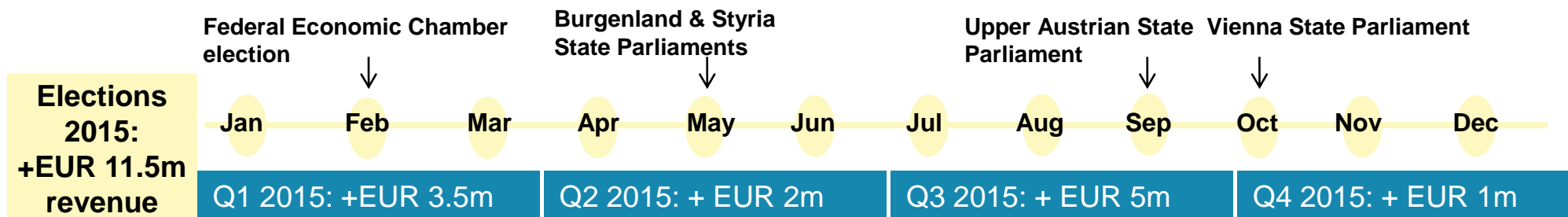
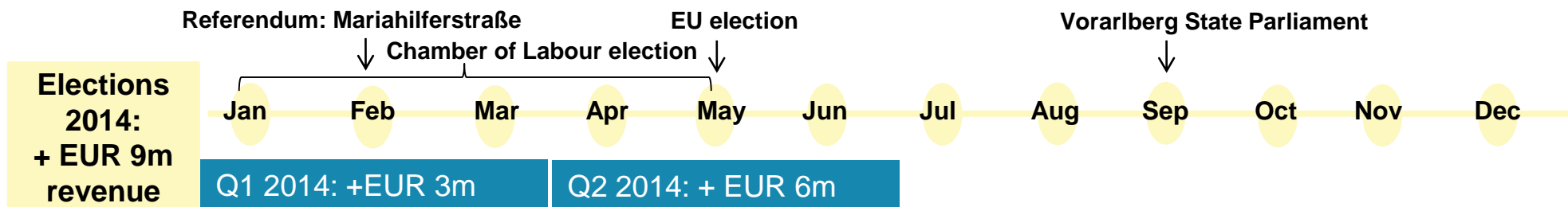
PARCEL & LOGISTICS:

- Growth in Austria and CEE
- Sale of trans-o-flex: revenue contributions reported until closing of transaction (revenue decline in Q1 2016 of EUR 2.7m)

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).



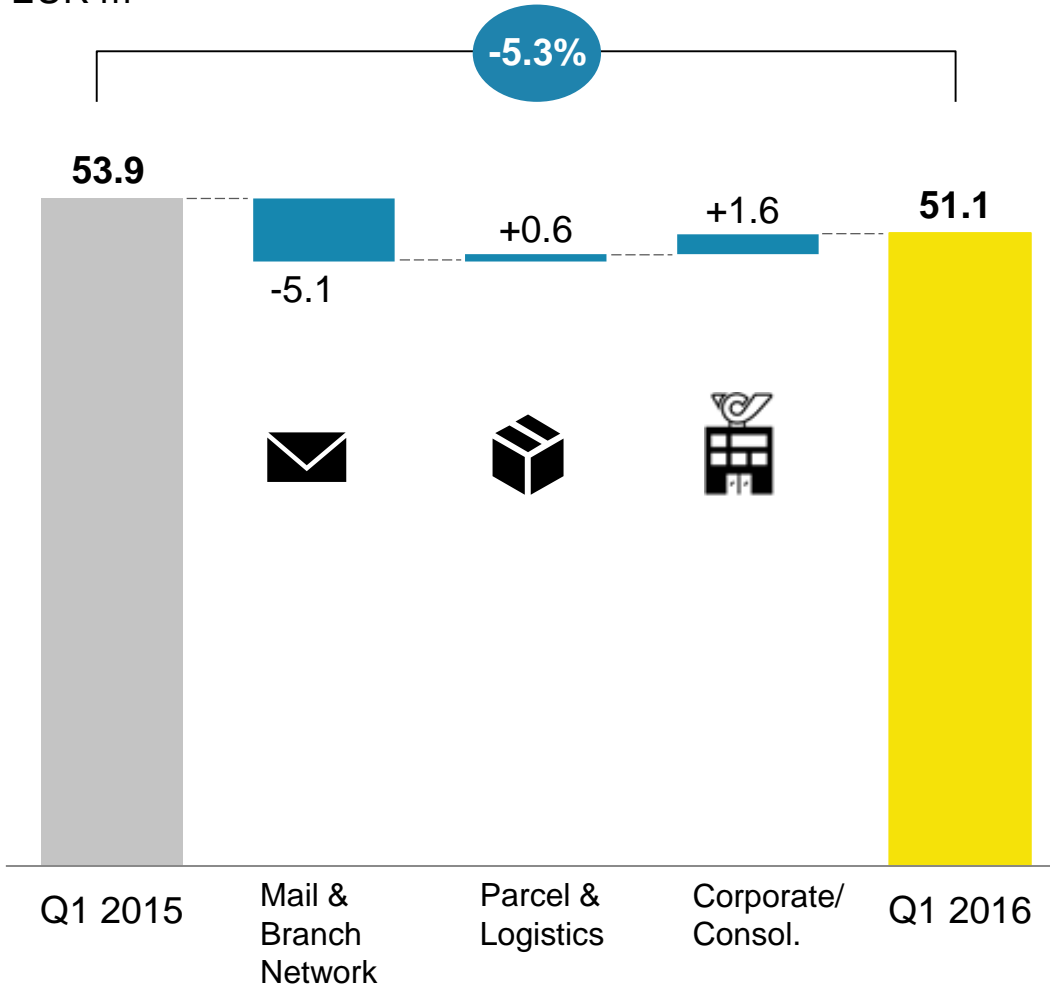
ELECTION EFFECTS EXPECTED TO BE LOWER IN 2016



EBIT NEGATIVELY IMPACTED BY INTEREST RATE EFFECT ON PROVISIONS

EBIT DEVELOPMENT

EUR m



GROUP:

- EBIT down by EUR 2.8m in Q1 2016
- Reduced interest rates lead to higher allocation to provisions (staff-related provision of EUR 9.5m in Q1 2016 vs. EUR 4.8m in Q1 2015)

MAIL & BRANCH NETWORK:

- EBIT drop of EUR 5.1m
- Lack of impetus from elections in Q1 2016
- Earnings negatively impacted by interest rate effects on staff-related provisions

PARCEL & LOGISTICS:

- Earnings improvement of EUR 0.6m in Q1 2016
- Slightly positive accounting effect due to sale of trans-o-flex

CORPORATE:

- Improvement despite negative effect relating to parameter adjustments for interest-bearing provisions

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results Q1 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. MAIL AND PARCEL BUSINESS IN AUSTRIA

LETTER MAIL

Ongoing e-substitution
(banks, insurance companies, public institutions)

➔ Innovative, high quality customer solutions

- Information campaign “Right to a printed Invoice”
- Dual forms of communication
- New Official Mail

DIRECT MAIL

Volatile advertising market (volume growth in unaddressed direct mail, decline in addressed segment)

➔ Direct mail campaign

- SME initiative
- Target group-specific marketing/Address management
- Two-day delivery window

PARCEL BUSINESS

Increased competition on the Austrian parcel market

➔ Number 1 for service offering and quality



- Saturday delivery
- 24/7 solutions
- Same day delivery
- Evening delivery
- Food delivery
- CO₂ neutral delivery
- Front door solution
- Car boot delivery

2. GROWTH IN SELECTED MARKETS

ACTIVE IN 12 MARKETS – GROWTH FOCUS ON PARCEL & LOGISTICS



GERMANY
Disposal of trans-o-flex:

- Signing on March 4, 2016
- Closing on April 8, 2016

CEE/SEE
Parcel subsidiaries:

- Ongoing positive volume development and strong export growth
- Intensive competition and price pressure

Mail subsidiaries:

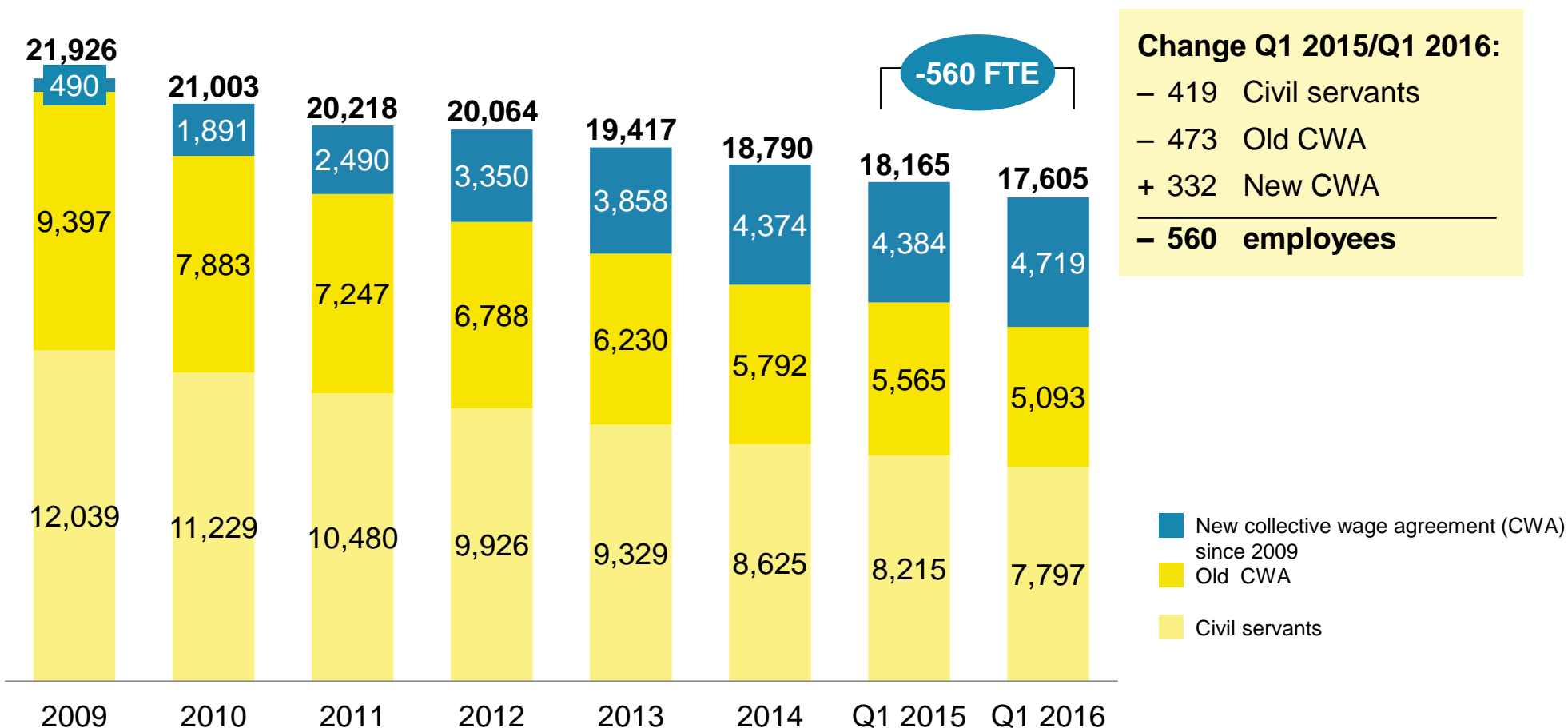
- Difficult market environment
- Focus on markets with profitable growth

TURKEY
Aras Kargo

- 25% stake in the second largest Turkish parcel services provider
- Continuing double-digit growth in local currency in Q1 2016
- Decision on potential increase in Austrian Post's shareholding in Q2 2016

3. STAFF STRUCTURE IN AUSTRIA

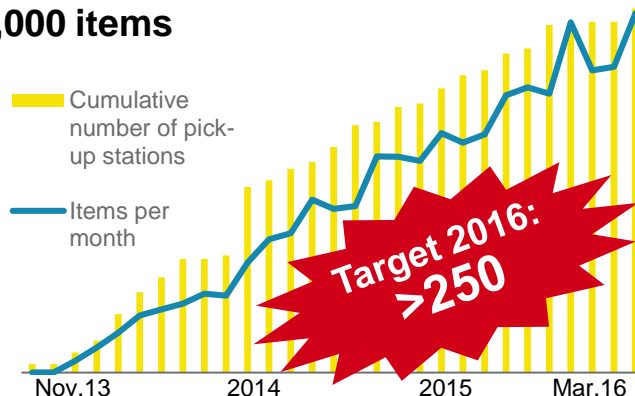
FULL TIME EQUIVALENTS IN THE CORE BUSINESS IN AUSTRIA (average for the period)



4. NEW CUSTOMER SOLUTIONS ARE WELL RECEIVED

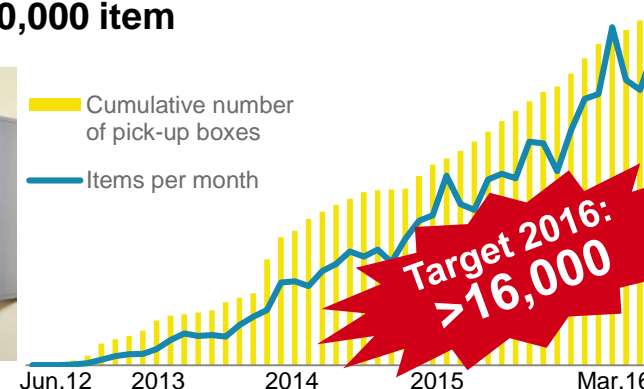
218 PICK-UP STATIONS

Q1 2016: >300,000 items



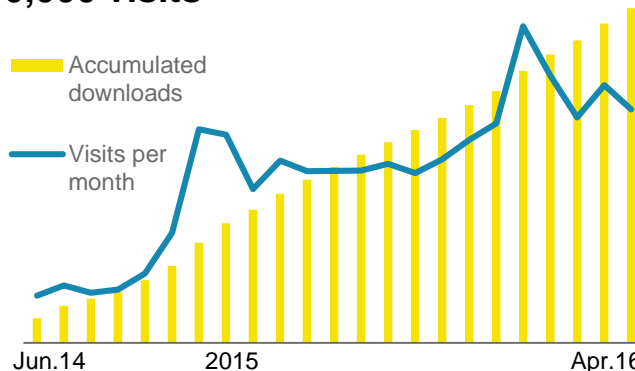
14,494 PICK-UP BOXES

Q1 2016: >220,000 item



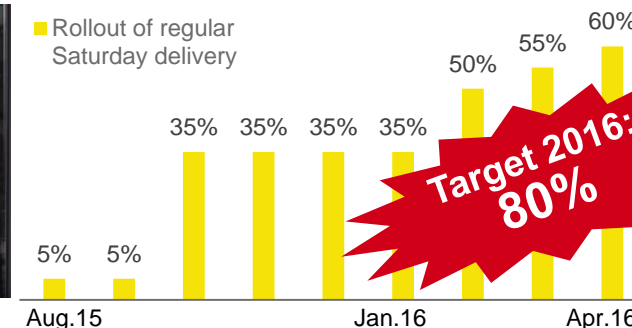
410,000 USE THE POST APP

Q1 2016: >5,000,000 visits



PARCELS IN SATURDAY DELIVERY

60% of Austria covered



1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS Q1 2016

4. Outlook 2016



FINANCIAL INDICATORS Q1 2016 AT A GLANCE

	Q1 2015	Q1 2016	
Revenue (EUR m)	599.9 ¹	592.8	Q1 revenue below the prior-year level (-1.2%)
EBITDA margin	12.5%	11.7%	EBITDA margin of 11.7% within the targeted range
EBIT margin	9.0%	8.6%	Reported EBIT slightly below prior-year level
Earnings/share (EUR)	0.65	0.57	Earnings per share with a special effect in the previous year
Cash flow (EUR m)	59.6	60.1	Rise in cash flow from operating activities
Equity ratio	43.6%	41.2%	Conservative balance sheet structure with low level of debt

¹ 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	Q1 2015 ¹	Q1 2016	Change	
			%	abs.
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
At equity consolidation	-0.6	0.1	>100%	0.7
EBITDA	75.1	69.4	-7.6%	-5.7
<i>EBITDA margin</i>	12.5%	11.7%	–	–
Depreciation, amortisation and impairment	-21.2	-18.4	13.5%	2.9
EBIT	53.9	51.1	-5.3%	-2.8
<i>EBIT margin</i>	9.0%	8.6%	–	–
Other financial result	3.4	-0.2	<-100%	-3.7
Income tax	-13.6	-12.2	10.5%	1.4
Profit for the period	43.8	38.7	-11.7%	-5.1

Interest rate adjustment increases expenses for staff-related provisions by EUR 9.5m (Q1 2015: EUR 4.8m)

Accounting effects related to sale of trans-o-flex

Termination of cross-border leasing led to positive effect of EUR 3.3m in Q1 2015

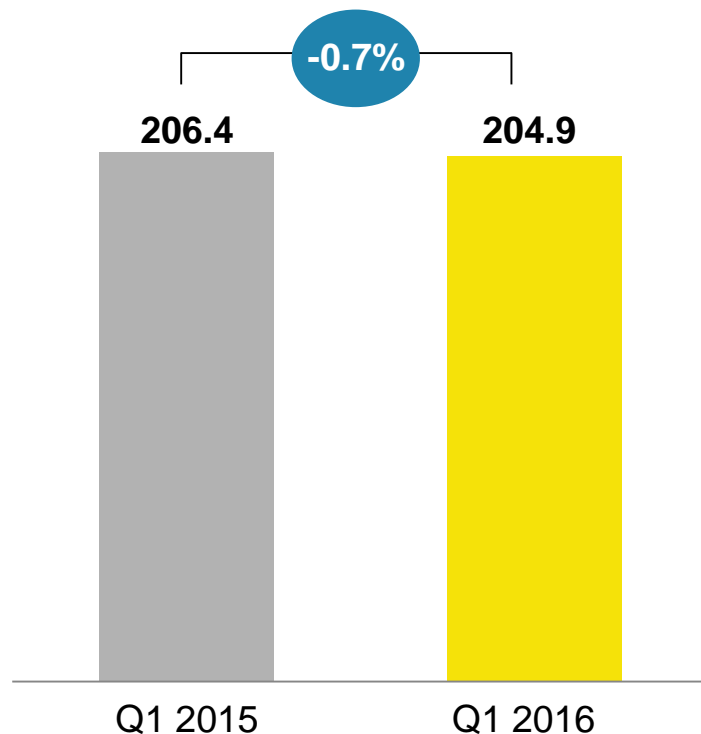
¹ Adjusted reporting for revenue, cost of materials and services used in the P&L Division. Exported services are recognised according to the net method (previously reported as revenue and expenses for services used).



MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN Q1 2016

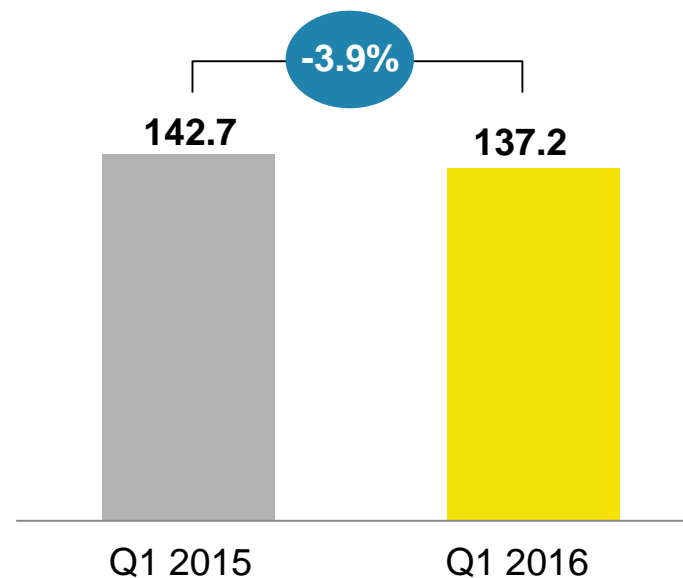
LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Decline in letter mail volume at the upper end of the predicted 3-5% range
- No revenue contributions from elections in Q1 2016
- Termination of various one-off mailings by financial services and insurance providers



DIRECT MAIL/MEDIA POST (EUR m)

- Differentiated development of individual customer segments (negative development of business with mail order houses)
- No revenue contributions from elections in Q1 2016
- Growth in unaddressed direct mail items by large retailers (but reduced weights and thus prices)
- Decrease in CEE due to sale of subsidiaries (- EUR 1.8m)





MAIL & BRANCH NETWORK DIVISION: PROFIT AND LOSS ACCOUNT

EUR M	Q1 2015	Q1 2016	Change		
			%	abs.	
Revenue	377.5	370.5	-1.9%	-7.0	Revenue decline from e-substitution and lack of election effects
• Letter Mail & Mail-Solutions	206.4	204.9	-0.7%	-1.5	Decrease in direct mail: no elections in Q1 2016 and drop in business with mail order houses
• 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	
Total revenue ¹	397.9	391.8	-1.5%	-6.1	Branch network at the prior-year level in spite of change in invoicing model for mobile products ³
At equity consolidation	-0.4	0.1	>100%	0.5	
EBITDA	84.5	79.7	-5.7%	-4.8	
<i>EBITDA margin²</i>	21.2%	20.3%	–	–	
Depreciation, amortisation and impairment	-7.9	-8.2	-3.4%	-0.3	
EBIT	76.6	71.6	-6.6%	-5.1	Lower earnings due to revenue decline
<i>EBIT margin²</i>	19.3%	18.3%	–	–	

¹ Incl. revenue with other segments

² EBIT margin and EBITA margin in relation to total revenue

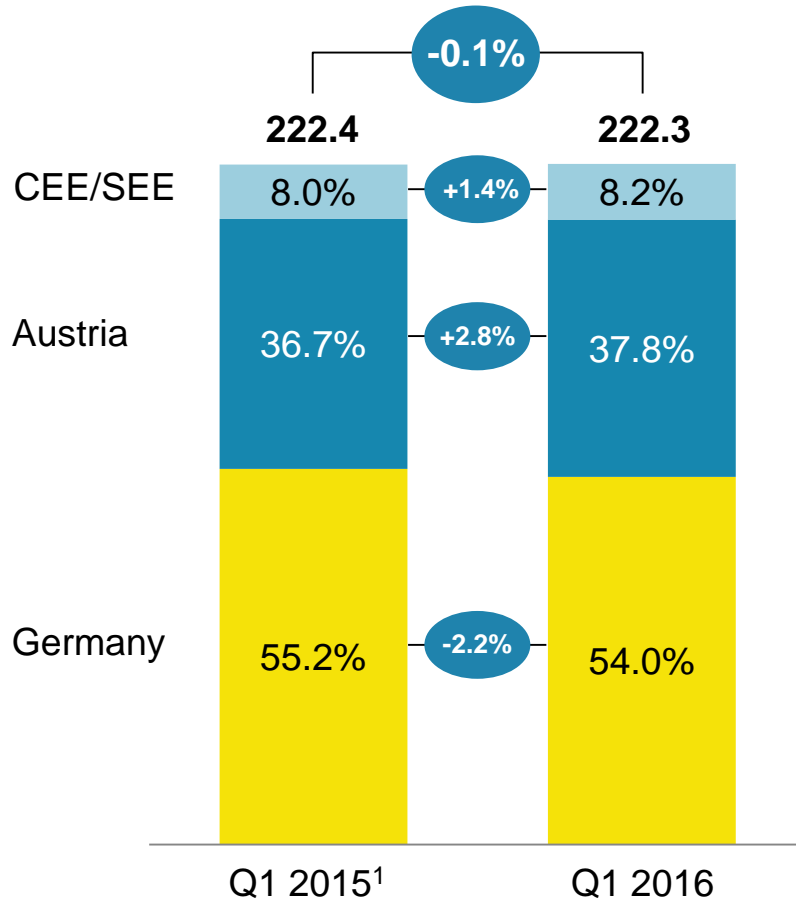
³ Change in the invoicing model for IMEI remuneration; when a mobile product is sold, a discount on the purchase price is now granted instead of a commission





PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT Q1 2016

REVENUE (EUR m), REGIONAL MIX (%)



CEE/SEE: +1.4%

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

AUSTRIA: +2.8%

- Intensified competition on the Austrian parcel market
- Market growth driven by online shopping

GERMANY: -2.2%

- Competitive environment on the German logistics market
- trans-o-flex deconsolidated at of April 8, 2016

¹ Adjusted reporting of revenue. Export services recognised according to the net method (previously reported as revenue and expenses for services used).





PARCEL & LOGISTICS DIVISION: PROFIT AND LOSS ACCOUNT

EUR m	Q1 2015 ¹	Q1 2016	Change		
			%	abs.	
Revenue	222.4	222.3	-0.1%	-0.2	Slight revenue growth in the core business
• Premium	165.2	166.9	1.0%	1.7	
• Standard	48.4	46.0	-5.0%	-2.4	
• Other Parcel Services	8.8	9.3	5.9%	0.5	
Total revenue ²	224.4	225.0	0.3%	0.6	
At equity consolidation	0.4	0.4	-12.5%	-0.1	
EBITDA	12.3	10.5	-14.5%	-1.8	No scheduled depreciation of trans-o-flex assets, as the company was recognised as held for sale
<i>EBITDA margin³</i>	5.5%	4.7%	–	–	
Depreciation, amortisation and impairment	-5.1	-2.8	45.8%	2.4	
EBIT	7.2	7.8	7.8%	0.6	
<i>EBIT margin³</i>	3.2%	3.4%	–	–	

¹ 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).

² Incl. revenue with other segments

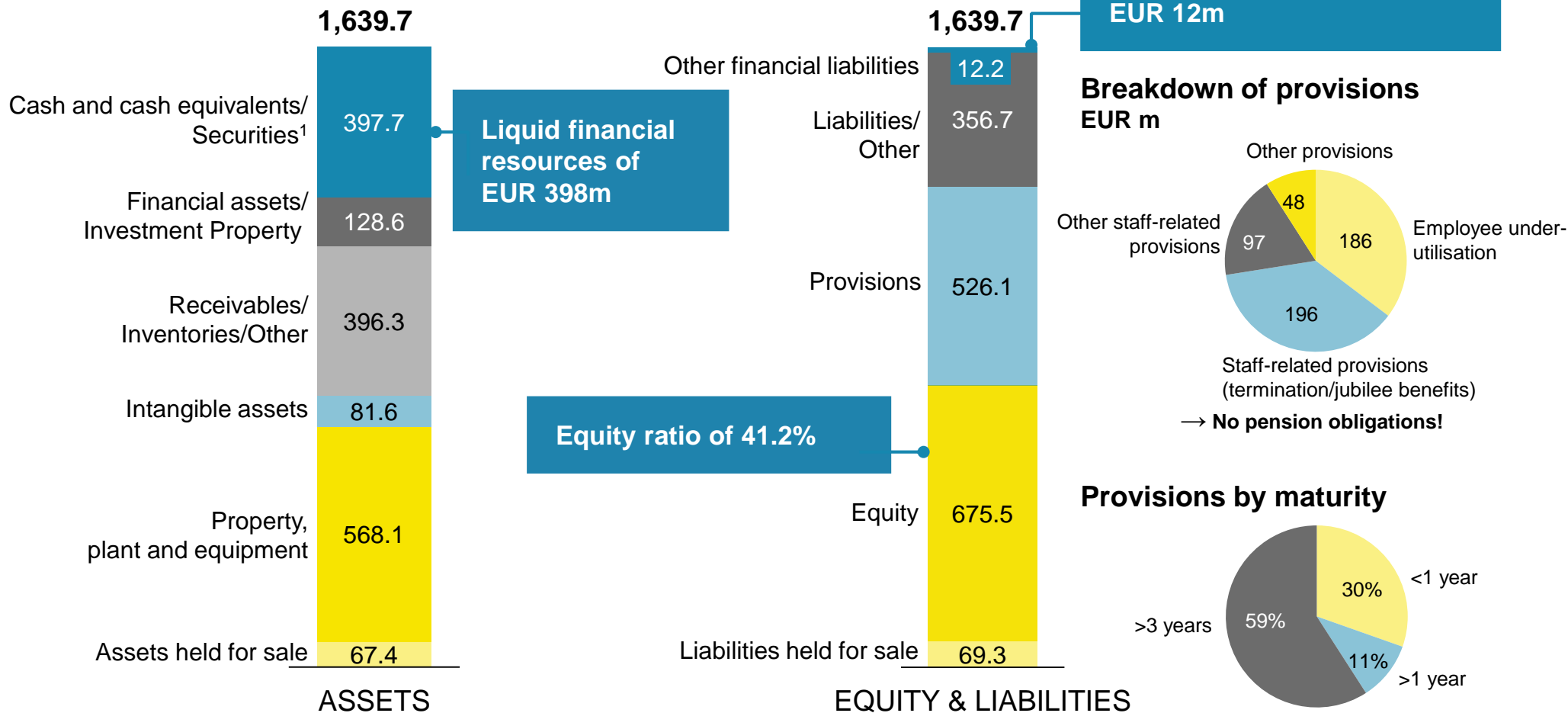
³ EBIT margin/EBITDA margin in relation to total revenue



SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT MARCH 31, 2016

EUR m

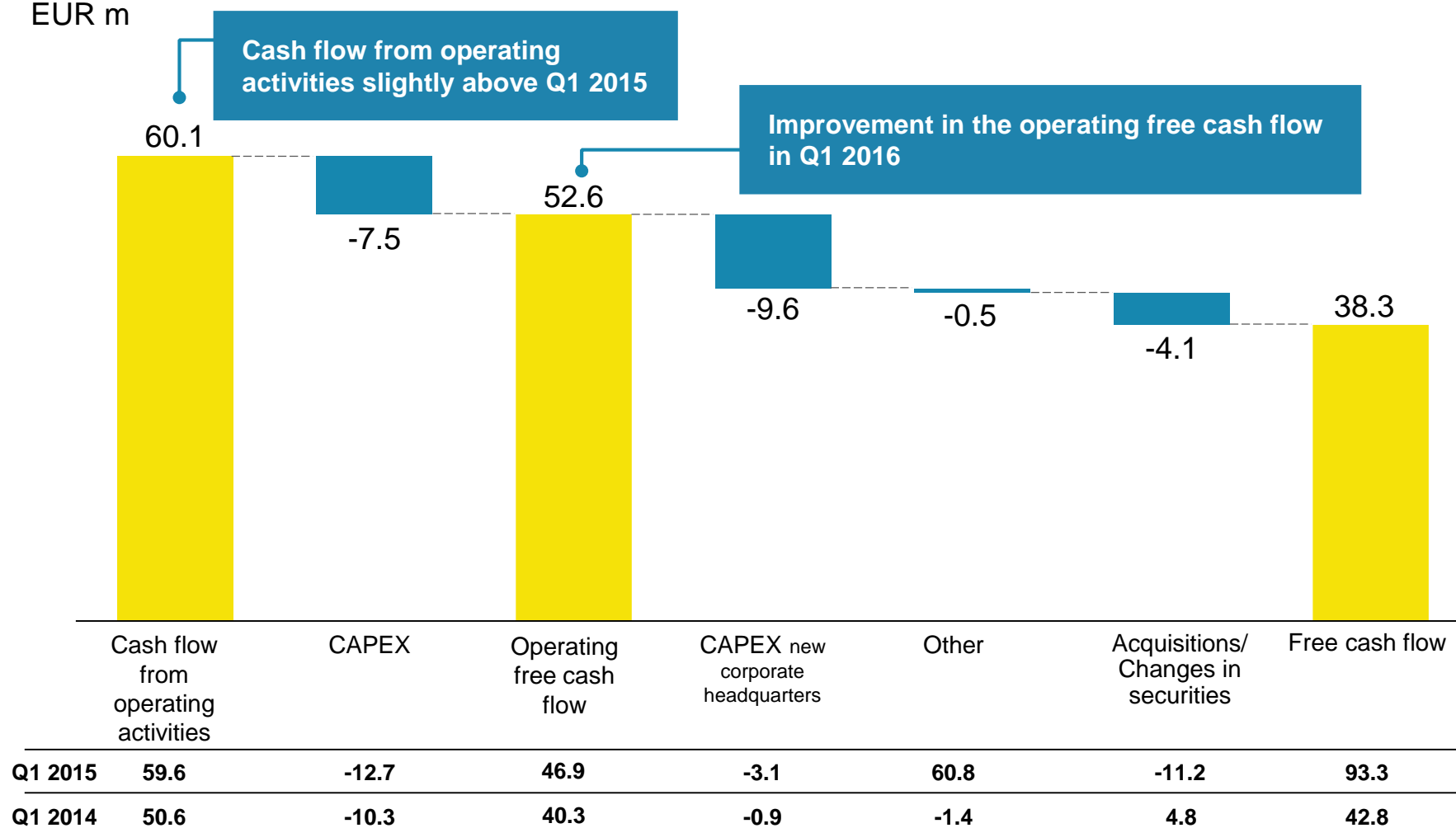


¹ Securities are reported under other financial assets in the balance sheet.

ROBUST CASH FLOW Q1 2016

CASH FLOW DEVELOPMENT

EUR m



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4. OUTLOOK 2016



OUTLOOK 2016

Market environment

- Public sector customers as well as banks and insurance companies are trying to reduce mail volumes
- Volume decline of about 5% expected in the next quarterly periods
- Differentiated trends on the advertising market
- Expanding parcel market featuring intensified competition

Revenue

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

Costs & investments

- Ongoing investments, efficiency increases and structural improvements
- Operating CAPEX¹ of about EUR 80m in 2016

Earnings

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

¹ Operating CAPEX = CAPEX excluding investments in the new corporate headquarters



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 2016

May 13, 2016

Interim report Q1 2016

August 11, 2016

Half-year financial report 2016

November 11, 2016

Interim report Q1-3 2016

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VON 0 BIS 24 UHR SELBST ABHOLEN.

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