

AUSTRIAN POST

INVESTOR PRESENTATION FY 2017

Walter Oblin/CFO
Vienna, March 15, 2018



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results 2017

4. Outlook 2018



HIGHLIGHTS 2017



Market: Basic trends continue: 5% drop p.a. in addressed letter mail volumes, dynamic double-digit parcel growth, strong competition



Revenue: 2017 Group revenue increase by 2.3% (excl. trans-o-flex), drop in letter mail (-2.1%) more than compensated by parcel growth (+17.7%)



Earnings: EBIT increase of 2.7% in 2017 to EUR 207.8m on the back of good revenue development and cost discipline

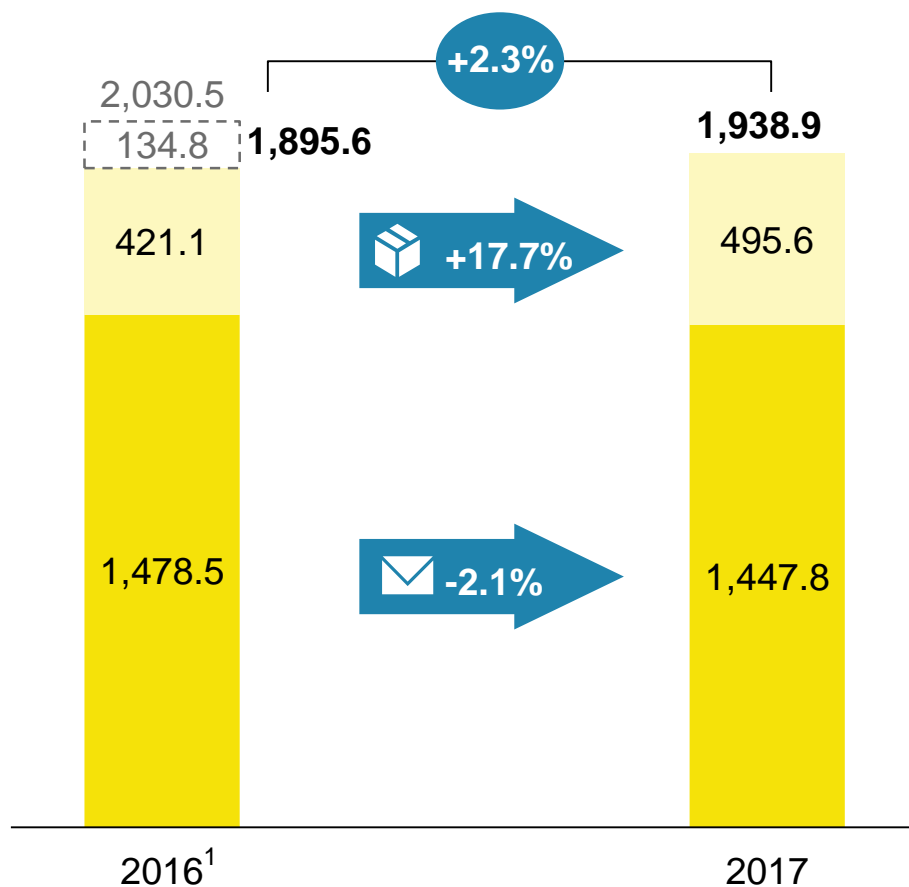


Outlook 2018: Aiming for stable revenue development and operating earnings

REVENUE INCREASE DRIVEN BY DYNAMIC PARCEL GROWTH

REVENUE DEVELOPMENT

EUR m



GROUP: +2.3% (Q4: +2.7%)

- Revenue increase due to strong parcel growth
- Two working days less year-on-year

PARCEL & LOGISTICS: +17.7% (Q4: +17.9%)

- Basic trend in Austria in 2017 of about +12%
- Additional revenue generated in 2017 by:
 - New product structure as at Jan. 1, 2017 (Packet)
 - Segment change of M&BM Express, Bulgaria

MAIL & BRANCH NETWORK: -2.1% (Q4: -1.8%)

- Basic -5% p.a. decline in addressed letter mail
- Positive mix effects from new product structure

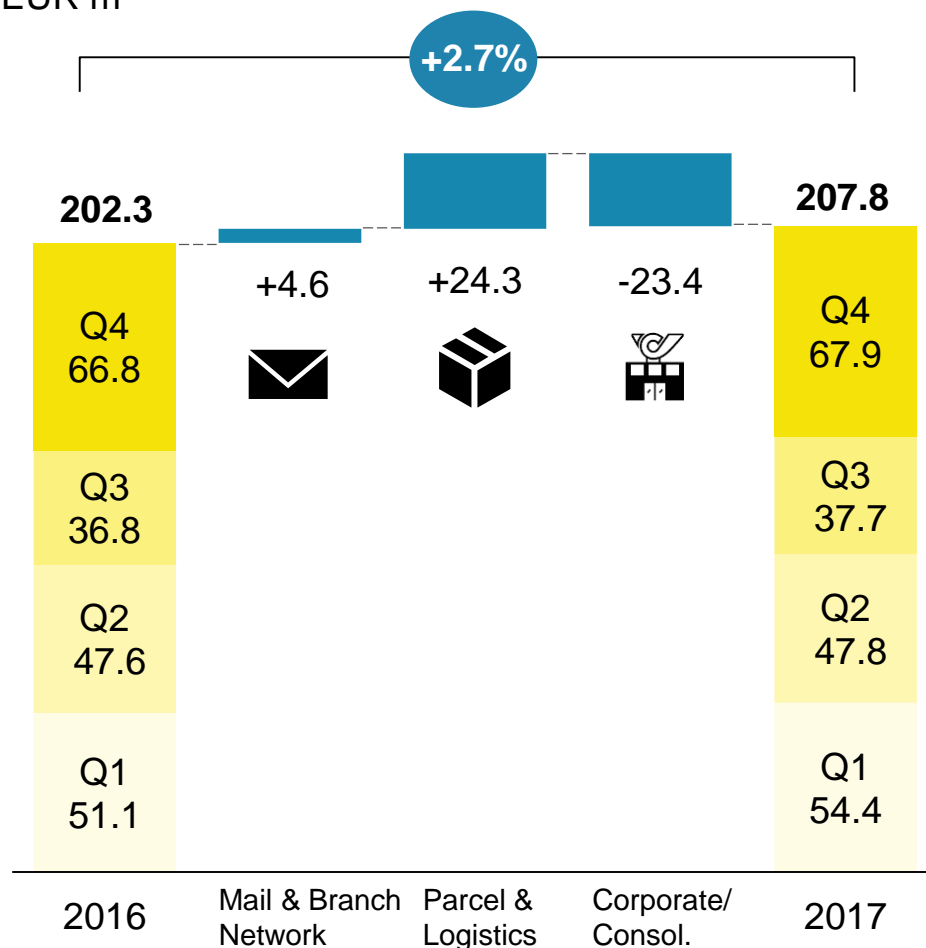
■ Mail & Branch Network
 ■ Parcel & Logistics
 [] trans-o-flex (sale as at April 8, 2016)

¹ Adjustment of revenue in segment reporting

IMPROVED OPERATING EARNINGS (EBIT)

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- EBIT up by EUR 4.6m in 2017 (+ EUR 2.2m in Q4)
- Earnings contribution from positive price/mix effect and increased delivery of packets

PARCEL & LOGISTICS:

- EBIT increase of EUR 24.3m due to good revenue development in 2017
- 2016 results burdened by change in reporting for Aras Kargo (- EUR 16.7m)

CORPORATE:

- EBIT drop of EUR 23.4m in 2017 (- EUR 21.1m in Q4 due to special effects)
- 2016: lower allocation to provisions mainly due to legal changes, 2017: higher need for provisions related to realignment of financial services business

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results 2017

4. Outlook 2018

CLEAR STRATEGIC PRIORITIES

1. DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

Safeguarding 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

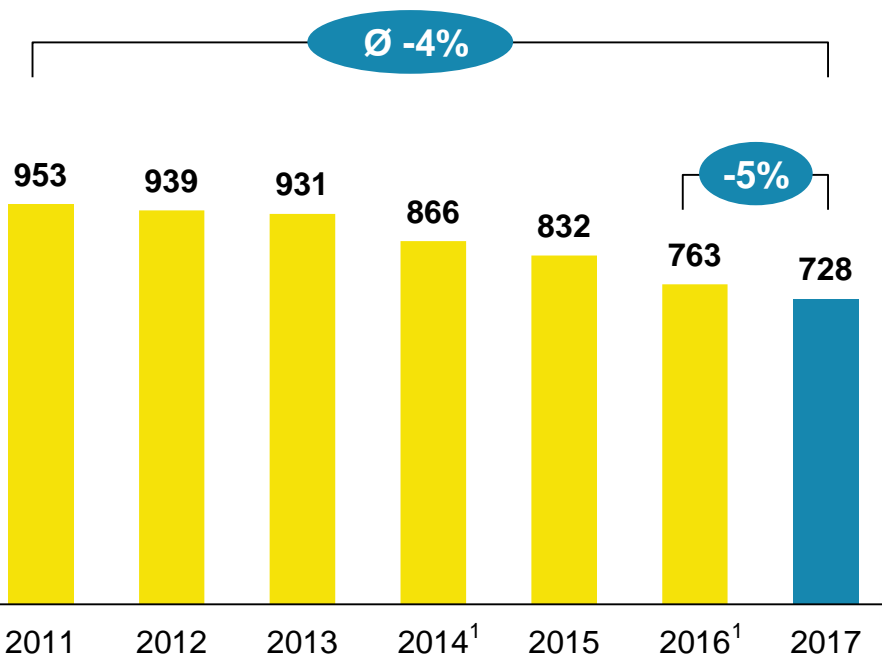
Promotion of self-service solutions and service improvements



1 MAIL VOLUME DEVELOPMENT IN AUSTRIA

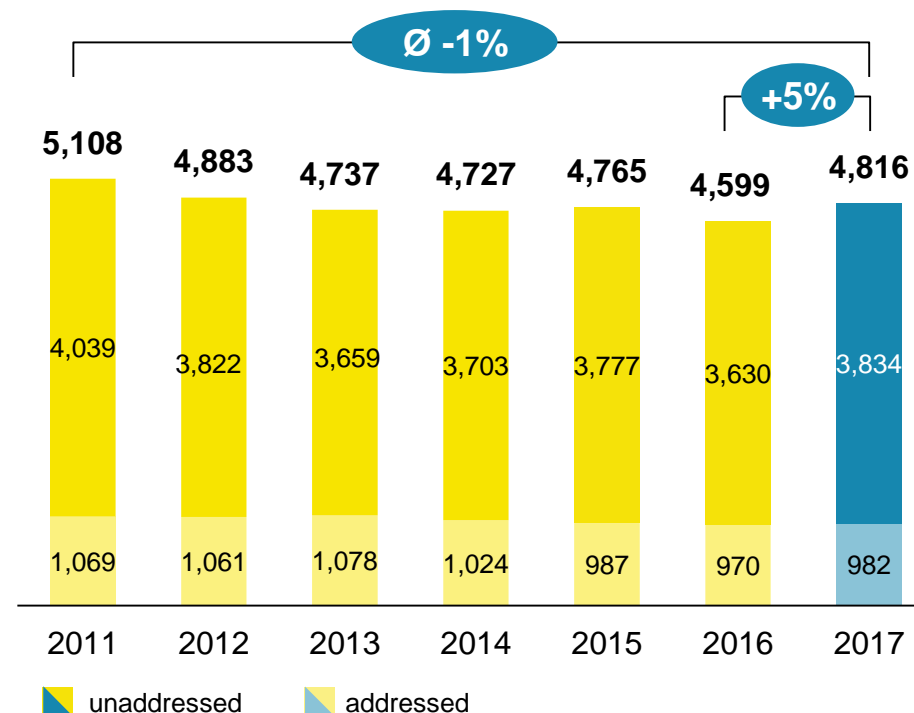
LETTER MAIL (millions of items)

- Basic trend of electronic substitution continues



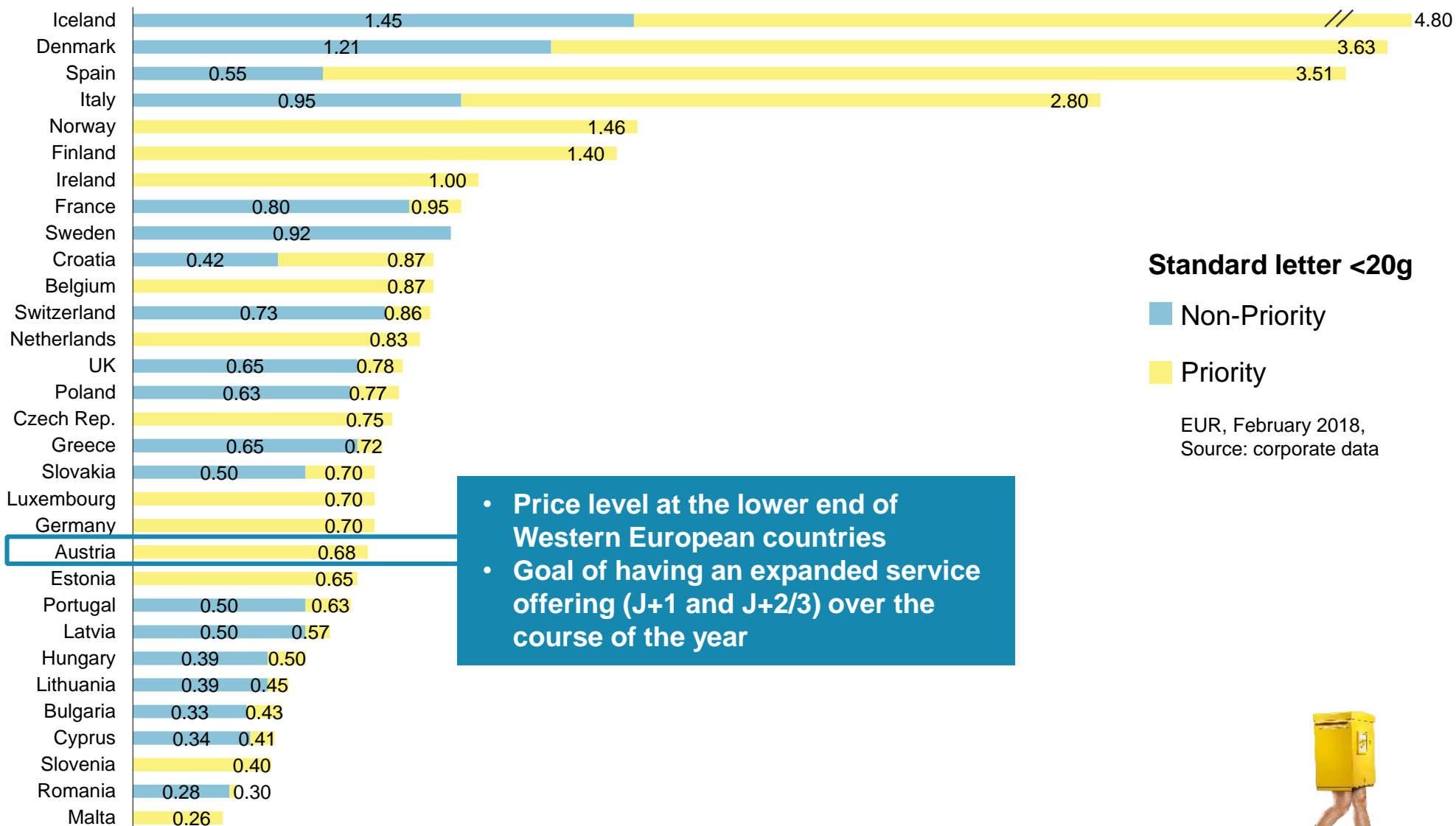
DIRECT MAIL/MEDIA POST (millions of items)

- Good business climate supports advertising
- Positive volume effect from the launch of new, attractive postage pricing models



¹ Adjusted reporting due to automated calculating method

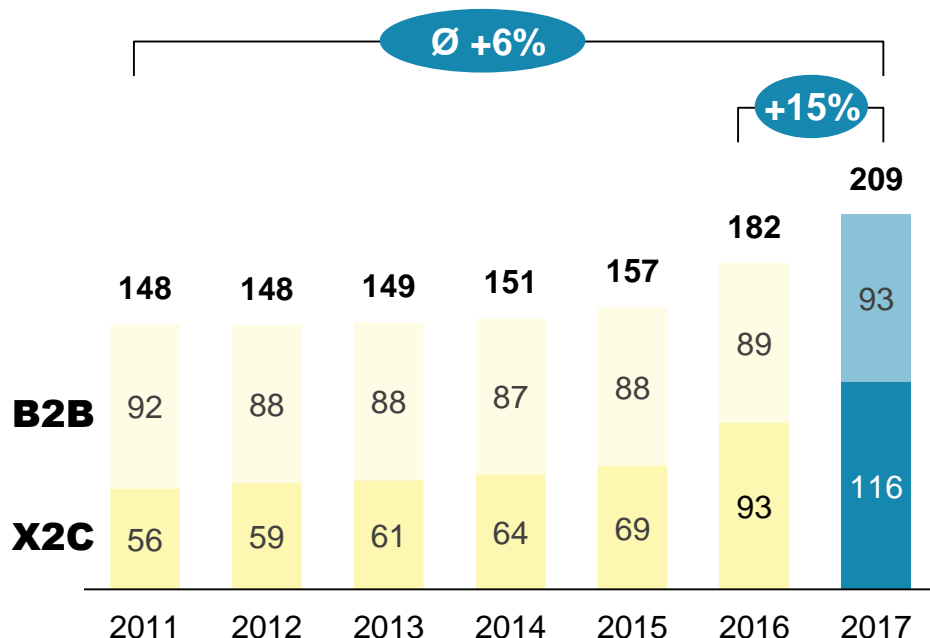
1 INTERNATIONAL TREND: PRIORITY AND NON-PRIORITY POSTAGE RATES IN EUROPE



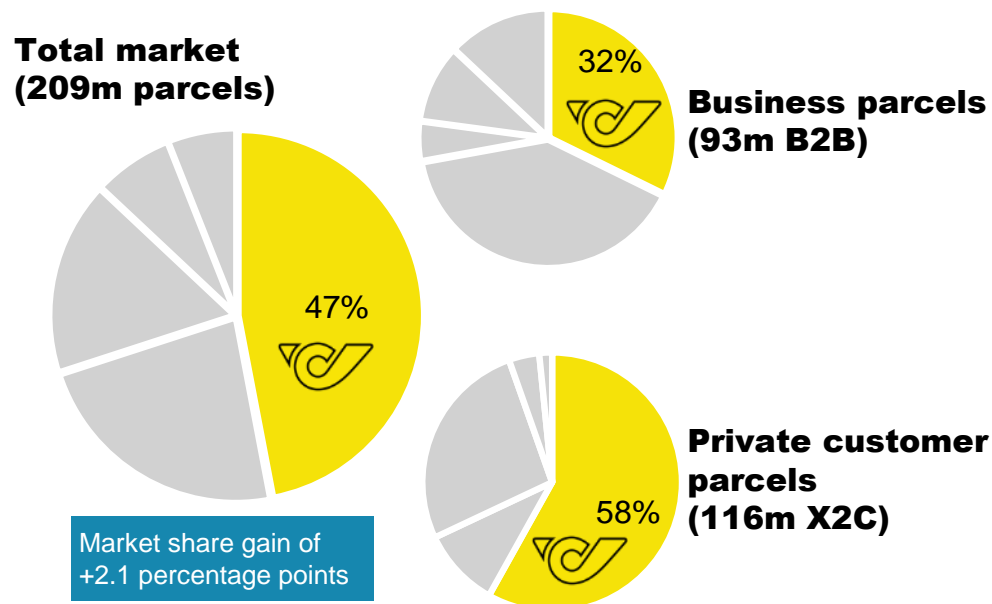
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AUSTRIAN PARCEL MARKET ENVIRONMENT

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



MARKET SHARES BY VOLUME 2017 IN AUSTRIA



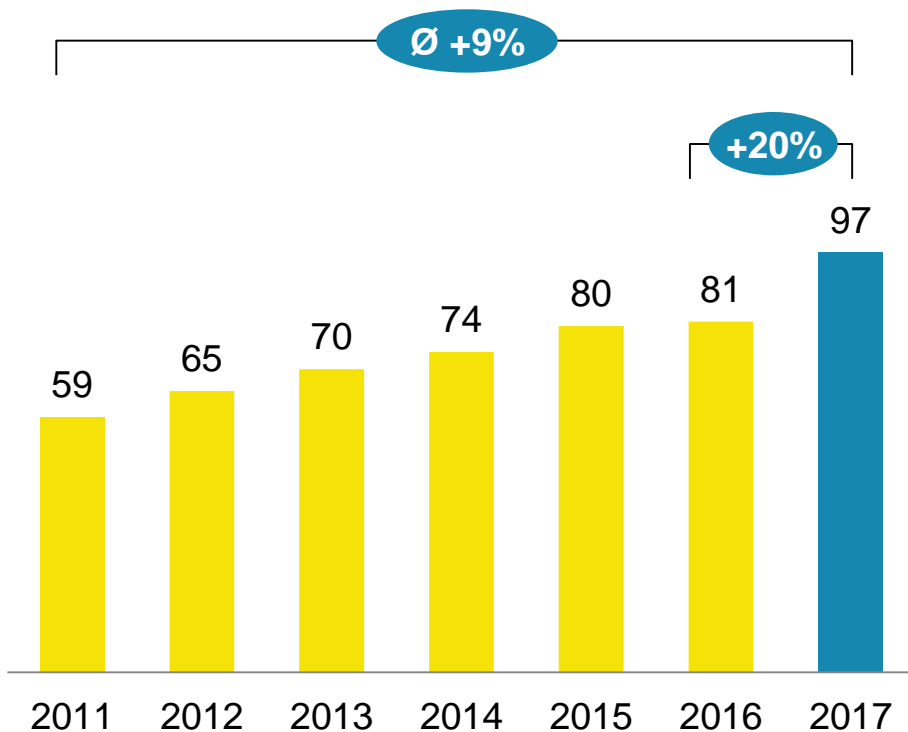
Strong volume growth in the private parcel segment due to online shopping trend. Increase in business parcels along with the economic situation.

Market share gains in both the private parcel and business parcel segments despite strong competition.

Source: BRANCHENRADAR.com Marktanalyse GmbH, February 2018

1 PARCEL & LOGISTICS BUSINESS IN AUSTRIA

PARCEL VOLUMES OF AUSTRIAN POST (millions of parcels)

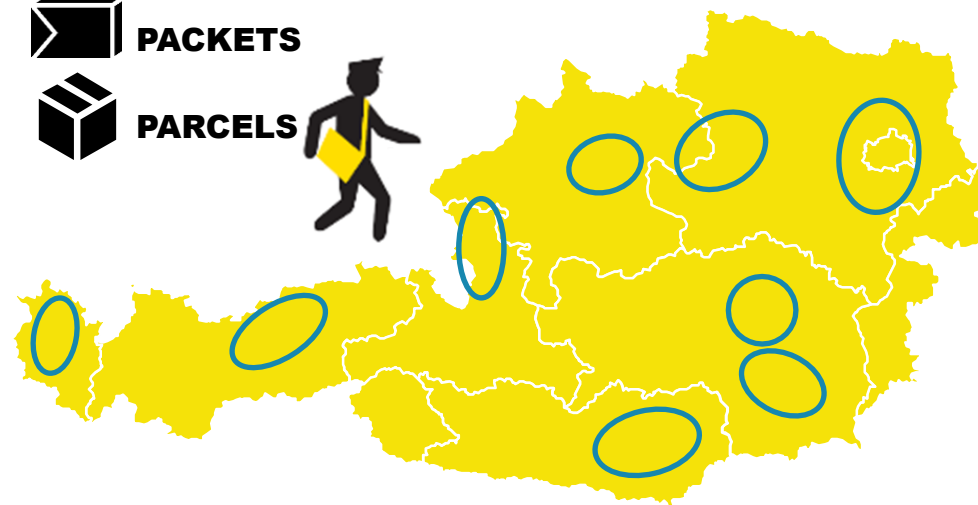


LOGISTICS WITH THE BEST AND MOST EFFICIENT SERVICE

LETTERS

PACKETS

PARCELS



52% of parcels delivered by letter mail logistics

Joint delivery of letters, packets and parcels throughout Austria

Additional parcel delivery by own parcel delivery staff in urban areas

2 BRANCH NETWORK BUSINESS: REALIGNMENT OF FINANCIAL SERVICES

1,800 POSTAL SERVICE POINTS

- **38m CUSTOMER CONTACTS** p.a. in the branch office
- **19m CUSTOMER CONTACTS** p.a. by postal partners



THREE PRODUCT GROUPS WILL CONTINUE TO BE A FIXED PART OF THE PRODUCT OFFERING

POST PRODUCTS

- Acceptance of parcels and letters
- Comprehensive consulting offering for postal services

TELE-COMMUNICATION & RETAIL GOODS

- Telecommunication: revenue increase thanks to good cooperation with A1
- Post Energy Cost Calculator: established on the market, about 27,000 contracts p.a.

FINANCIAL SERVICES

- Termination of cooperation agreement by banking partner BAWAG P.S.K.
- Agreement on step by step dissolution of the partnership for the most part by the end of 2019 incl. compensation payments
- Redimensioning of banking consulting services, counter transactions will remain unchanged
- Talks being held with potential new national and international partners

2 GROWTH IN SELECTED MARKETS

GROWTH FOCUS ON PARCEL & LOGISTICS

GERMANY

Austrian Post International:

- Growth in the international letter mail business with revenue of EUR 51m (+10.8%)

AEP (50% share, consolidated at equity):

- Joint venture in pharmaceutical wholesale
- Revenue in 2017 of circa EUR 360m

AUSTRIA

- Enhancement of vertical integration in e-commerce (Systemlogistik, multichannel enabler ACL)

CEE/SEE

Focus on profitable parcel growth

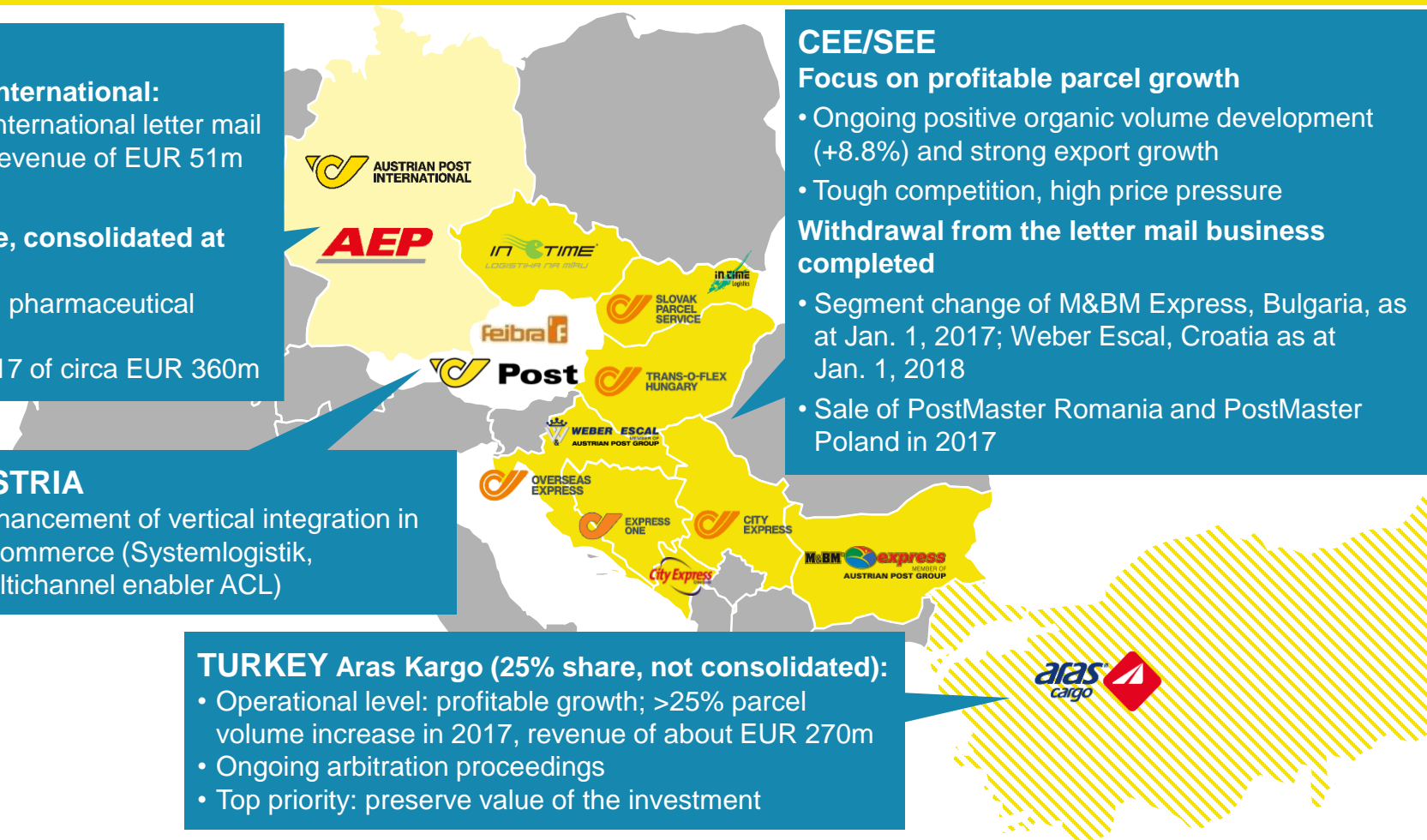
- Ongoing positive organic volume development (+8.8%) and strong export growth
- Tough competition, high price pressure

Withdrawal from the letter mail business completed

- Segment change of M&BM Express, Bulgaria, as at Jan. 1, 2017; Weber Escal, Croatia as at Jan. 1, 2018
- Sale of PostMaster Romania and PostMaster Poland in 2017

TURKEY Aras Kargo (25% share, not consolidated):

- Operational level: profitable growth; >25% parcel volume increase in 2017, revenue of about EUR 270m
- Ongoing arbitration proceedings
- Top priority: preserve value of the investment



3 CAPACITY AND QUALITY DRIVE

PLANNED EXPANSION OF PARCEL LOGISTICS IN AUSTRIA

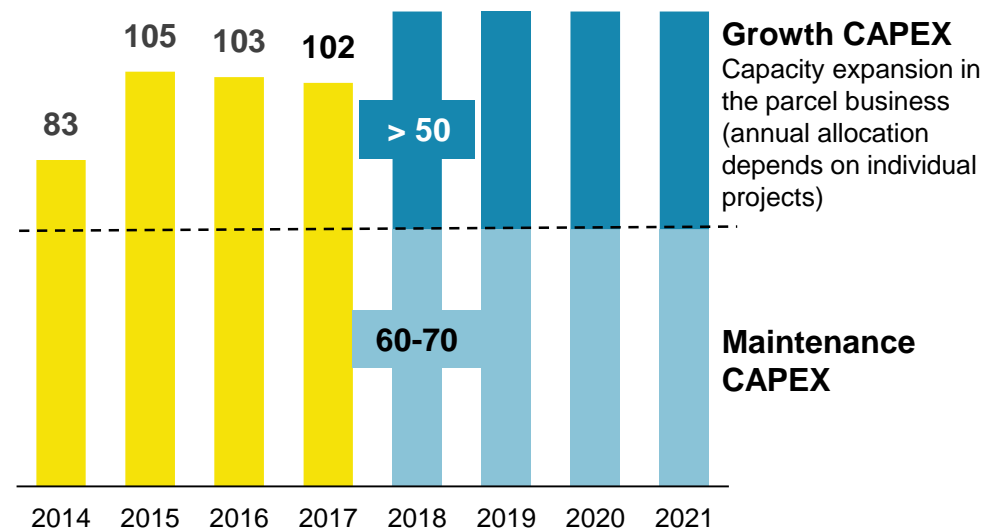
TARGET BY 2021:

- Doubling of sorting capacity to 100,000 parcels/hour
- Volume development from 97m parcels in 2017 to 150m parcels, even in the case of partial own delivery by individual large-volume shippers



➔ Growth investments of > EUR 50m in 2018

CAPEX (EUR m)¹



¹ 2014-2017 incl. CAPEX for the new corporate headquarters

3 CAPACITY AND QUALITY DRIVE

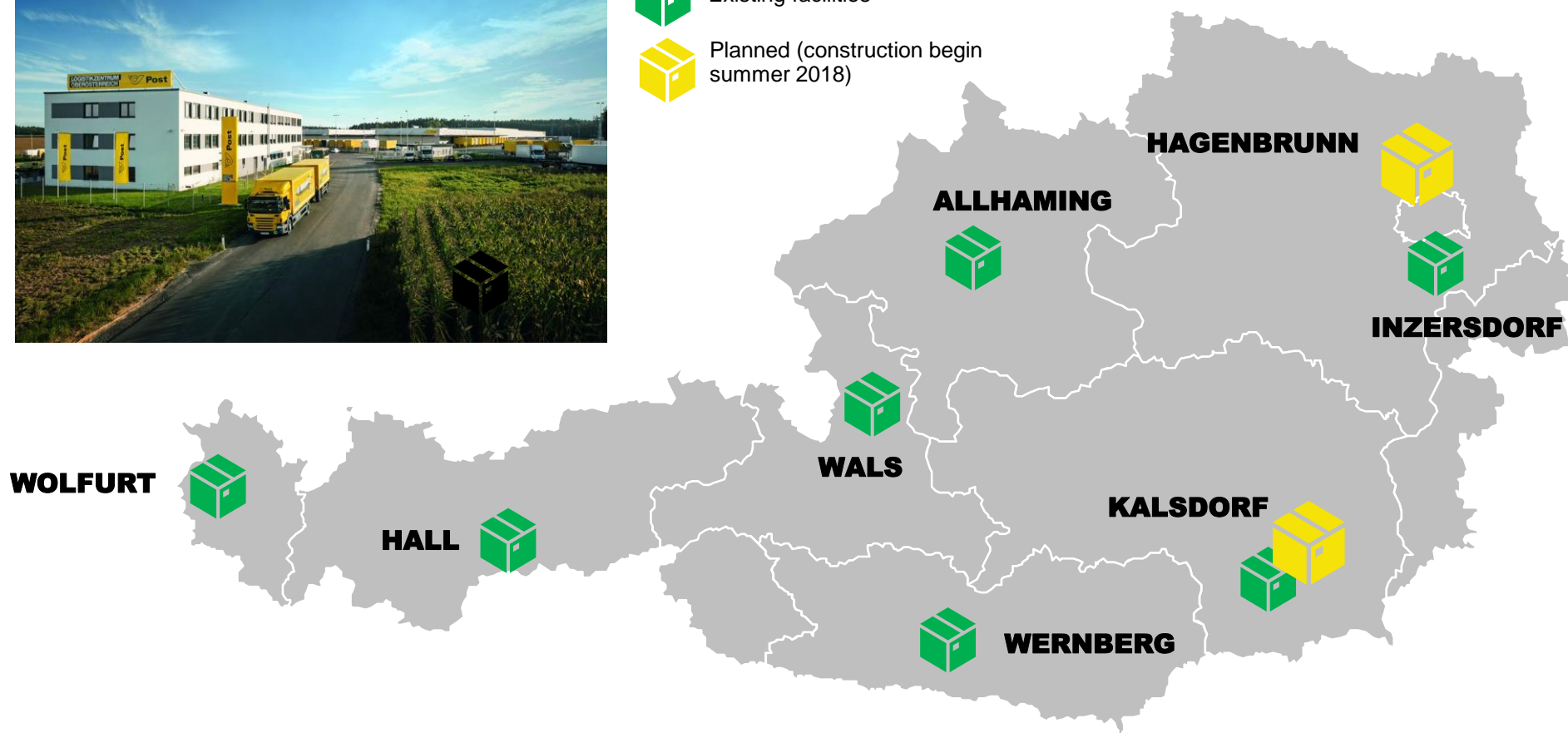
NEW PARCEL DISTRIBUTION CENTRES AND MODIFICATION OR EXPANSION OF EXISTING FACILITIES



Existing facilities

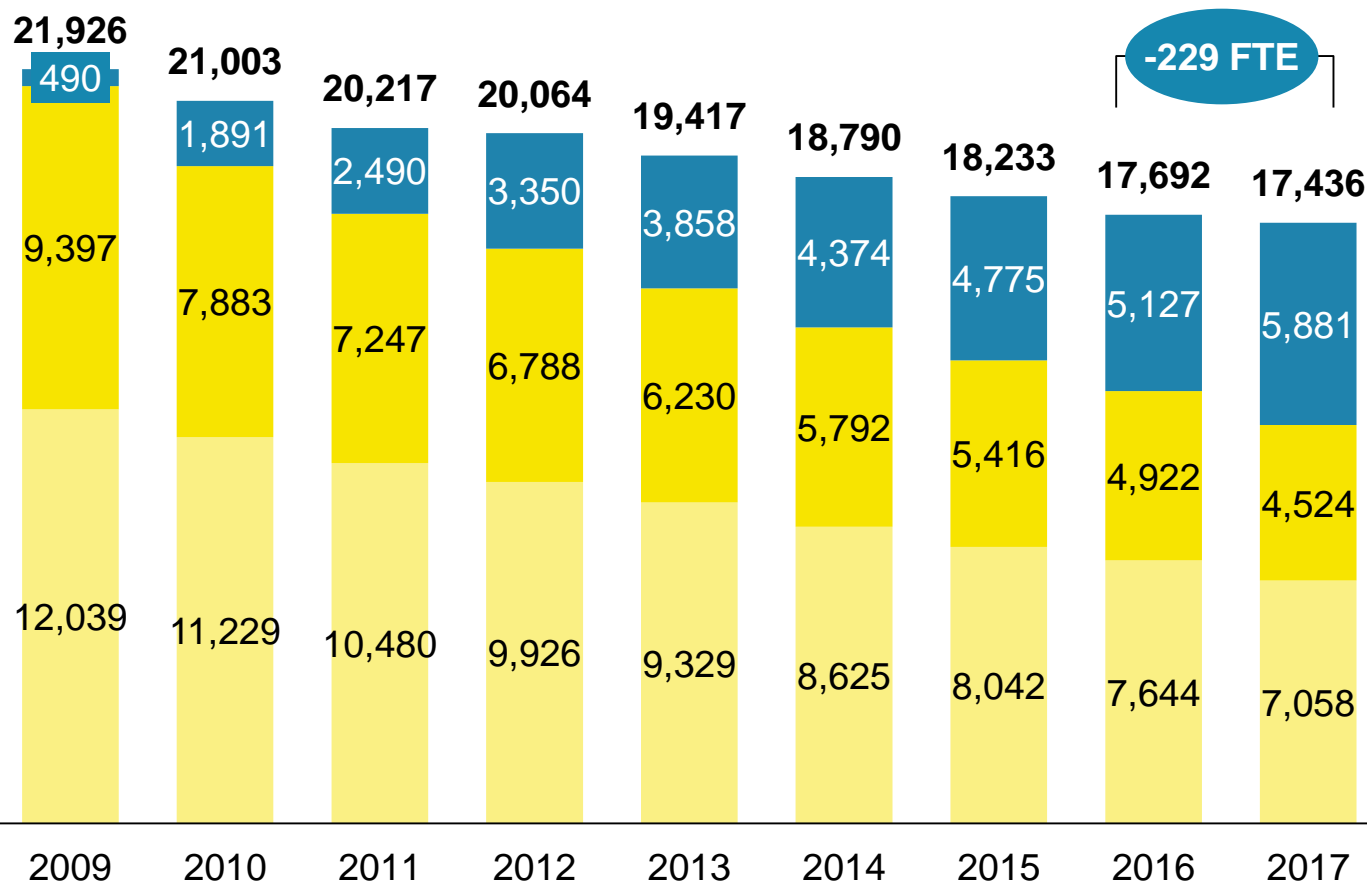


Planned (construction begin summer 2018)



3 STAFF STRUCTURE IN AUSTRIA

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



Change 2016/2017:

- 586 Civil servants
- 398 Employees old CWA
- +754 Employees new CWA

-229 employees

Medium-term trend:
Ongoing structural change

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

4 FURTHER EXPANSION OF SELF-SERVICE CUSTOMER SOLUTIONS

23,662 PICK-UP BOXES

2017: >1.6m items



308 PICK-UP STATIONS

2017: >2.2m items



376 DROP-OFF BOXES

2017: >3.9m items



■ Number of solutions
■ Items/month

MEDIUM-TERM DOUBLING OF NUMBER OF SELF-SERVICE SOLUTIONS

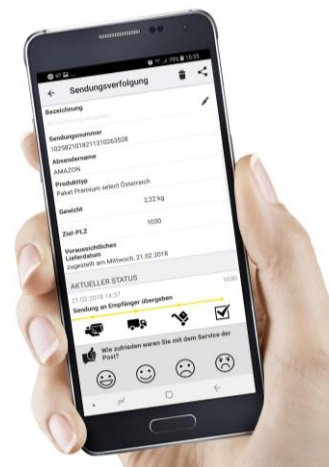
4 NEW OFFERINGS FOR MORE CUSTOMER SERVICE

PICK-UP SERVICE



- Pick-up of postpaid parcels by delivery staff
- In person or from any desired location
- Online bookable for EUR 2.50

SERVICE EVALUATION AND DAMAGE REPORT WITH THE POST APP

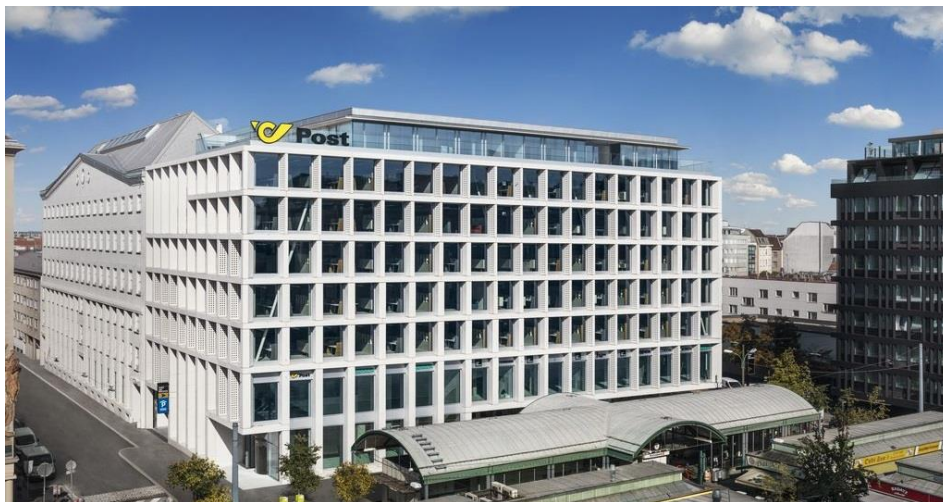


- 4-step evaluation system in the Post App; automatic feedback channel after delivery, direct forwarding to customer service if necessary
- Uncomplicated damage report

ONGOING FURTHER DEVELOPMENT OF THE PRODUCT AND SERVICE OFFERING TO ENHANCE CUSTOMER BENEFITS

INVESTMENTS AND PROJECT DEVELOPMENT IN 2017

NEW CORPORATE HEADQUARTERS, VIENNA



- Relocation completed at the end of 2017
- Implementation “in time & budget“

COTTON RESIDENCE, VIENNA



- Development/expansion of a historic property in Vienna until April 2019 (www.cotton-residence.at)
- More than 60% of the space has already been sold

EVALUATION OF REAL ESTATE PORTFOLIO TO DETERMINE VALUE ENHANCEMENT POTENTIAL AND OWN DEVELOPMENT OF PROPERTIES

1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS 2017

4. Outlook 2018

2017 FINANCIAL HIGHLIGHTS

	2016	2017	
Revenue (EUR m)	2,030.5	1,938.9	Revenue below 2016 due to deconsolidation of trans-o-flex
Revenue excl. trans-o-flex (EUR m)	1,895.6	1,938.9	Revenue up 2.3% on like-for-like basis
EBITDA margin	13.6%	15.2%	Improved EBITDA margin of 15.2%
EBIT margin	10.0%	10.7%	Increased profitability after sale of trans-o-flex
Earnings/share (EUR)	2.26	2.45	Higher YOY Earnings per share
Cash flow (EUR m)	223.6	255.7	Higher YOY Cash flow from operating activities
Equity ratio	43.5%	41.7%	Increase in equity, somewhat lower equity ratio resulting from higher balance sheet total

MAIN ACCOUNTING AND EARNINGS EFFECTS

2017		Earnings effect
CLAIMS RELATED TO NON-WAGE COSTS	Positive net effect from claims related to non-wage costs paid in previous periods	+ EUR 21.0m
IMPAIRMENT LOSSES	Various impairment losses in CEE/SEE and for real estate	- EUR 14.1m
STAFF COSTS (EXCL. TRANS-O-FLEX)	Higher staff costs due to changes in provisions (especially redimensioning of financial services business)	- EUR 8.9m
2016		
ARAS KARGO	Change in reporting for the strategic investment in Aras Kargo (from at-equity consolidation to a financial asset) and thus realisation of currency translation reserves in profit and loss	- EUR 16.7m
STAFF COSTS, REAL ESTATE	Positive effects in staff costs (due to legal changes) and real estate (reversal of impairment)	+ EUR 11.7m

KEY INCOME STATEMENT INDICATORS

EUR m	2016 ¹	2017	%	Δ	Q4 2016 ¹	Q4 2017	
Revenue excl. trans-o-flex	1,895.6	1,938.9	2.3%	43.3	520.1	534.3	Revenue +2.3% driven by parcel growth
Revenue	2,030.5	1,938.9	-4.5%	-91.6	520.1	534.3	Positive net effect from claims related to non-wage costs paid in previous periods (+ EUR 21.0m)
Other operating income	70.1	112.7	60.7%	42.6	20.0	69.5	
Raw materials, consumables and services used	-495.2	-409.9	17.2%	85.2	-111.2	-113.4	
Staff costs	-1,035.2	-1,020.1	1.5%	15.1	-250.4	-275.3	Higher staff costs excl. trans-o-flex due to higher allocation to provisions for non-operational staff costs (- EUR 8.9m)
Other operating costs	-294.1	-325.0	-10.5%	-30.9	-93.9	-118.3	
At equity consolidation	0.9	-1.9	<-100%	-2.9	0.7	-0.8	
EBITDA	277.1	294.6	6.3%	17.5	85.3	95.9	
<i>EBITDA margin</i>	13.6%	15.2%	-	-	16.4%	17.9%	
Depreciation, amortisation and impairment	-74.8	-86.8	-16.1%	-12.0	-18.5	-28.0	Impairment losses totalling EUR 14.1m in CEE/SEE and for real estate
EBIT	202.3	207.8	2.7%	5.5	66.8	67.9	
<i>EBIT margin</i>	10.0%	10.7%	-	-	12.8%	12.7%	
Other financial result	-0.7	12.8	>100%	13.5	0.5	12.2	Positive effect of EUR 11.0m from the sale of shares in BAWAG Group AG
Income tax	-48.8	-55.6	-13.9%	-6.8	-15.0	-20.9	
Profit for the period	152.7	165.0	8.0%	12.3	52.3	59.1	

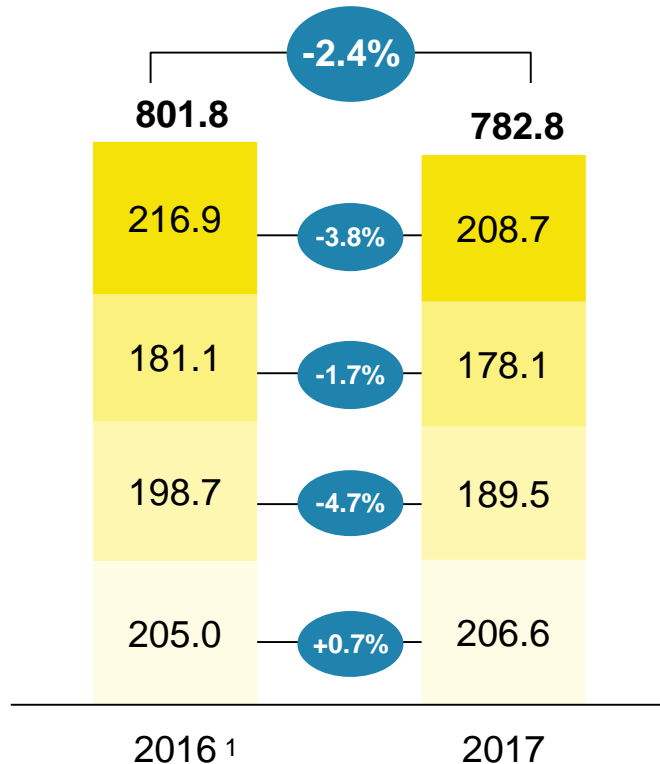
¹ Change in the reporting of gains and losses from the disposal of financial assets accounted for using the equity method, now reported as other operating income or expenses



MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN 2017

LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Drop in letter mail volume of about 5% p.a.
- Positive effect from new product structure in 2017 and selective postal rate adjustments (e.g. letters with advice of receipt)

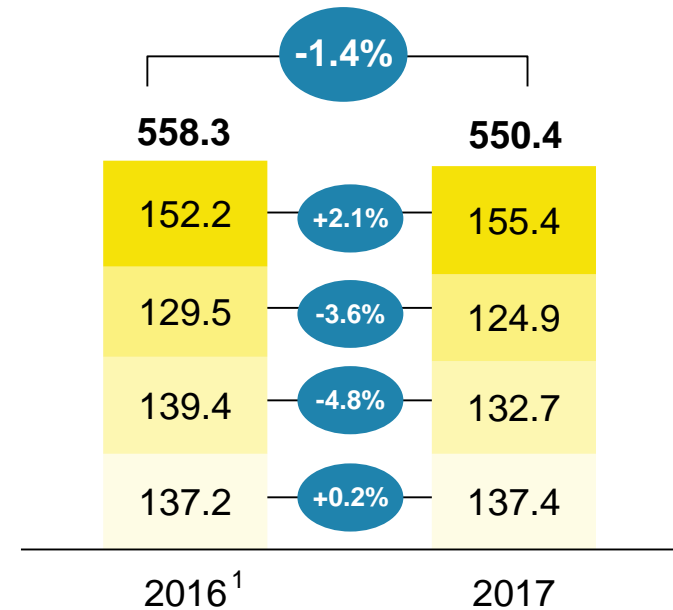


Working days 2016 vs 2017

- Q4 : -1 day
- Q3 : -1 day
- Q2: -2 days
- Q1: +2 days

DIRECT MAIL/MEDIA POST (EUR m)

- Ongoing positive trend for stationary retail market (predominantly food retailers)
- Positive election effects in 2016 and 2017
- Lower revenue and selective market exit in CEE/SEE (- EUR 4.6m)
- Declining business for newspapers/magazines



¹ Adjustment of revenue in segment reporting



MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT

EUR m	2016 ¹	2017	%	Δ	Q4 2016 ¹	Q4 2017	
Revenue	1,478.5	1,447.8	-2.1%	-30.7	399.7	392.5	Positive election effects of EUR 11.6m in 2017 (2016: EUR 19.3m)
• Letter Mail & Mail-Solutions	801.8	782.8	-2.4%	-19.0	216.9	208.7	
• Direct Mail	416.7	413.3	-0.8%	-3.4	112.4	115.0	
• Media Post	141.6	137.1	-3.1%	-4.4	39.8	40.3	
• Branch Services	118.4	114.6	-3.2%	-3.8	30.6	28.5	Structural decline in financial services
Revenue intra-Group	85.1	101.7	19.5%	16.6	24.4	29.8	Additional revenue due to increased delivery of packets and parcels
Total revenue	1,563.6	1,549.5	-0.9%	-14.1	424.2	422.3	
EBITDA	319.7	312.8	-2.1%	-6.8	95.8	95.0	EBIT rise based on cost discipline and synergy effects
<i>EBITDA margin²</i>	<i>20.4%</i>	<i>20.2%</i>	-	-	<i>22.6%</i>	<i>22.5%</i>	
Depreciation, amortisation and impairment	-34.6	-23.2	32.9%	11.4	-8.4	-5.5	
EBIT	285.1	289.6	1.6%	4.6	87.4	89.6	
<i>EBIT margin²</i>	<i>18.2%</i>	<i>18.7%</i>	-	-	<i>20.6%</i>	<i>21.2%</i>	

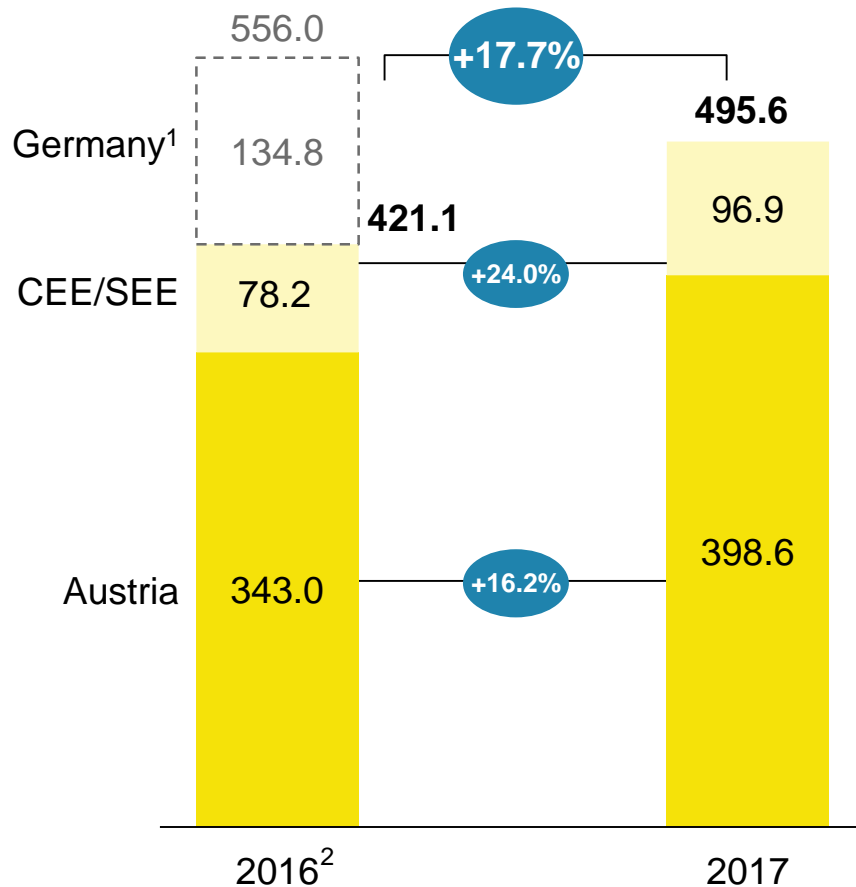
¹ Adjustment of revenue in segment reporting

² EBITDA/EBIT margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT IN 2017

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION:

- Revenue in 2017 up 17.7% following sale of trans-o-flex (+15.3% excl. segment change of M&BM Express)

CEE/SEE: +24.0% (Q4: +22.8%)

- Segment change of M&BM Express (+EUR 9.9m; formerly Mail & Branch Network Division)
- Solid organic revenue growth (+11.3%), high price pressure
- Good revenue development in Hungary and Slovakia

AUSTRIA: +16.2% (Q4: +16.8%)

- Basic revenue trend in 2017 of about +12%; market growth driven by disproportionately high growth of large customers
- Additional revenue from new product structure (Packet)

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

² Adjustment of revenue in segment reporting



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT

EUR m	2016 ¹	2017	%	Δ	Q4 2016 ¹	Q4 2017	
Revenue excl. trans-o-flex	421.1	495.6	17.7%	74.4	121.4	143.1	+15.3% revenue increase excl. segment change of M&BM Express
Revenue	556.0	495.6	-10.9%	-60.4	121.4	143.1	
• Premium	338.1	240.7	-28.8%	-97.5	61.0	69.3	
• Standard	186.1	219.0	17.7%	32.9	53.3	63.5	
• Other Parcel Services	31.7	35.9	13.2%	4.2	7.2	10.3	
Revenue intra-Group	7.8	4.8	-38.1%	-3.0	2.5	1.3	2016: change in reporting for Aras Kargo, burden of EUR 16.7m from currency translation reserves realised in profit and loss
Total revenue	563.8	500.4	-11.2%	-63.4	123.9	144.4	
At equity consolidation	2.2	-0.1	<-100%	-2.3	0.9	-0.4	
EBITDA	29.8	58.1	94.6%	28.2	-3.3	18.6	High profitability due to good capacity utilisation of logistics infrastructure
<i>EBITDA margin²</i>	5.3%	11.6%	n.a.	-	-2.7%	12.9%	
Depreciation, amortisation and impairment	-11.4	-15.2	-34.2%	-3.9	-2.9	-4.7	
EBIT	18.5	42.8	>100%	24.3	-6.3	13.9	
<i>EBIT margin²</i>	3.3%	8.6%	-	-	-5.0%	9.6%	

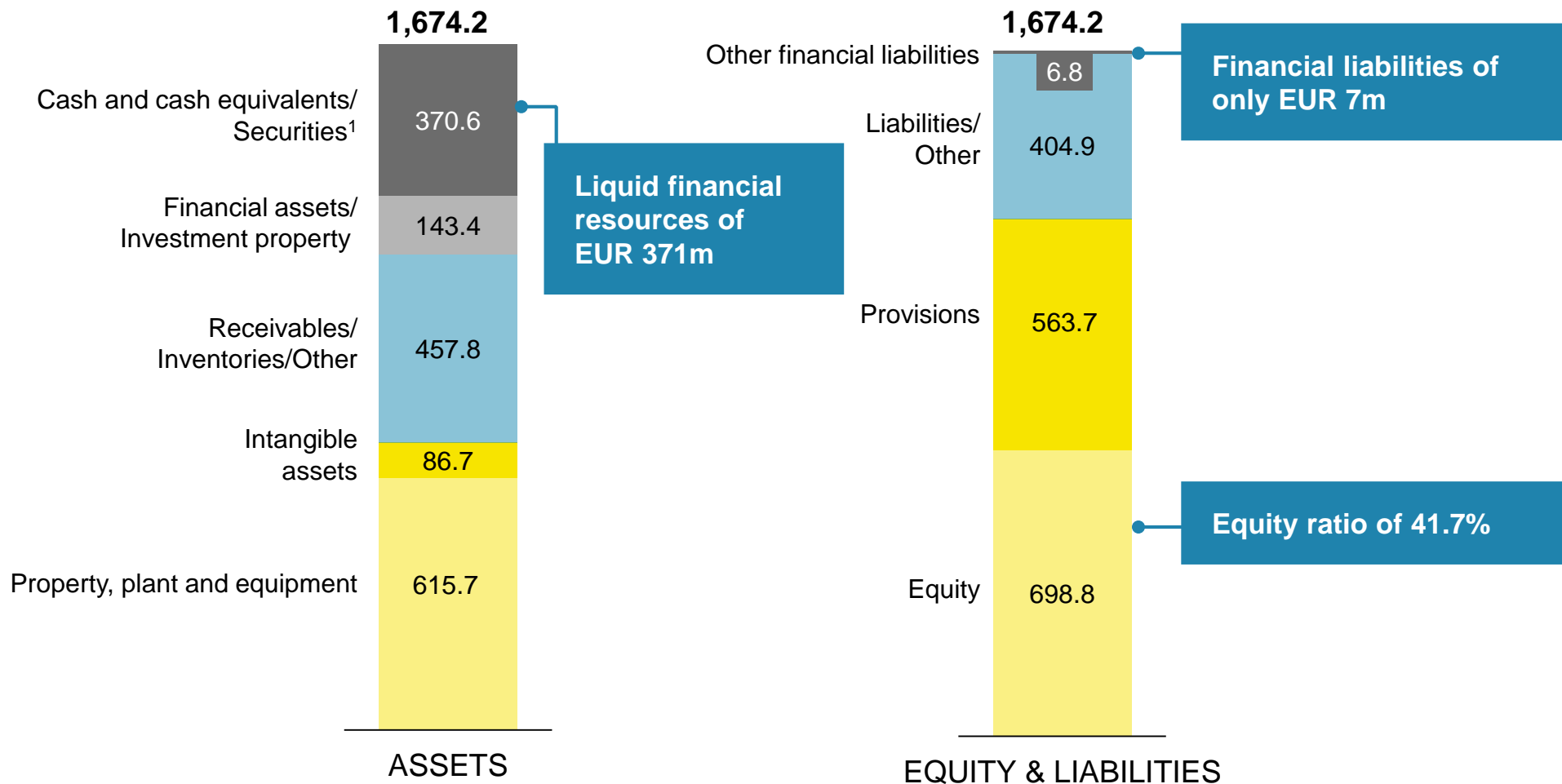
¹ Adjustment of revenue in segment reporting and change in the reporting of gains and losses from the disposal of financial assets accounted for using the equity method, now reported as other operating income or expenses

² EBITDA/EBIT margin in relation to total revenue

SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT DECEMBER 31, 2017

EUR m

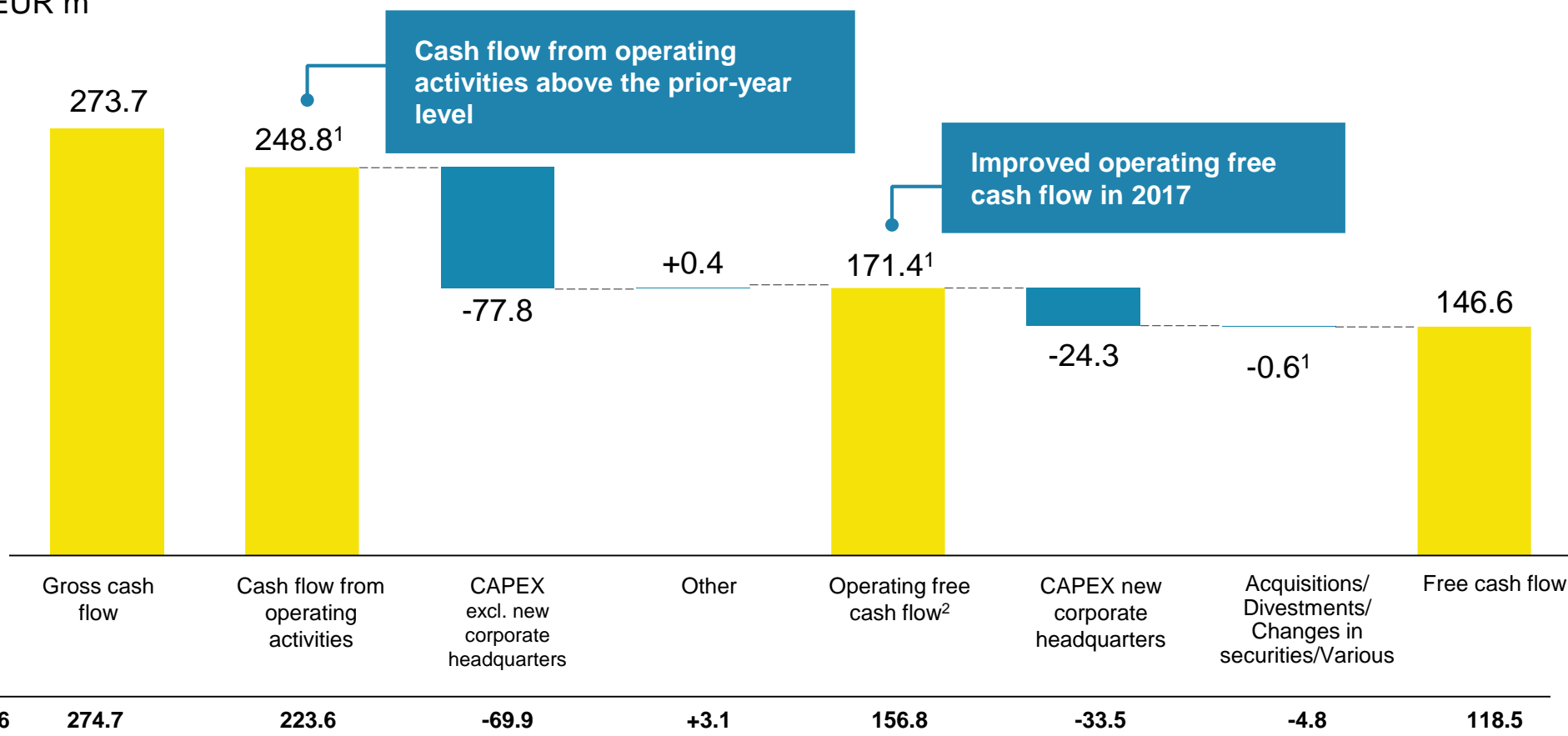


¹ Securities are recognised on the balance sheet under other financial assets.

ROBUST CASH FLOW IN 2017

CASH FLOW DEVELOPMENT

EUR m



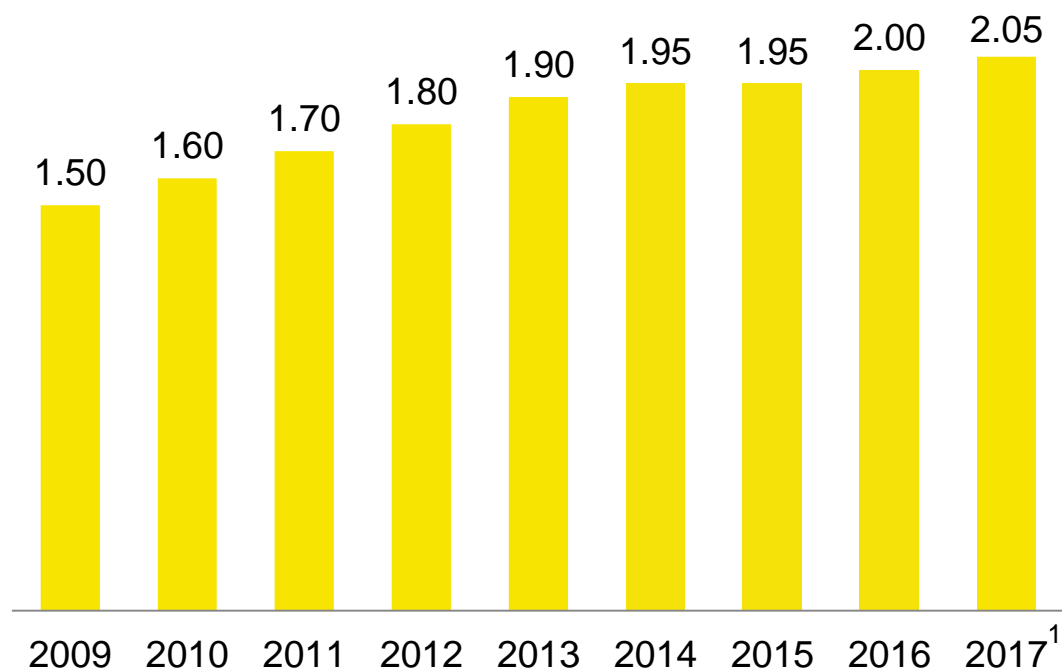
¹ Cash flow from operating activities, operating free cash flow and acquisitions/divestments/changes in securities/various are adjusted for temporary cash holdings belonging to customers but not yet remitted to them.

² Free cash flow before acquisitions/securities and new corporate headquarters

DIVIDEND POLICY

ATTRACTIVE AND PREDICTABLE DIVIDEND POLICY

- Dividend proposal to the Annual General Meeting: EUR 2.05/share
- Dividend yield as at Dec. 31, 2017: 5.5% (share price of EUR 37.42)
- Unchanged dividend policy: distribution of at least 75% of the Group net profit

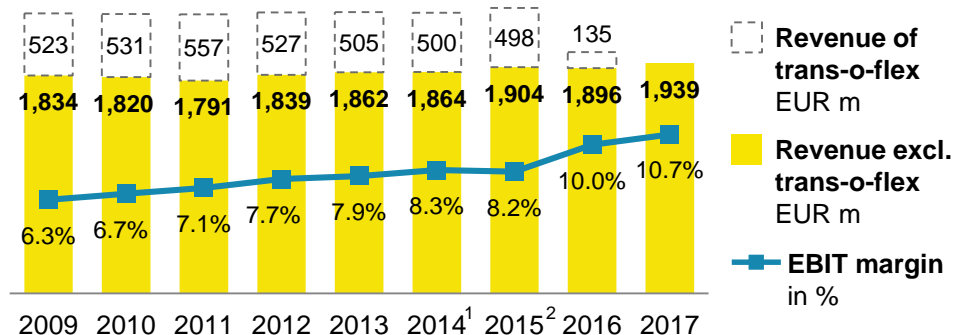


¹ Proposal to the Annual General Meeting on April 19, 2018

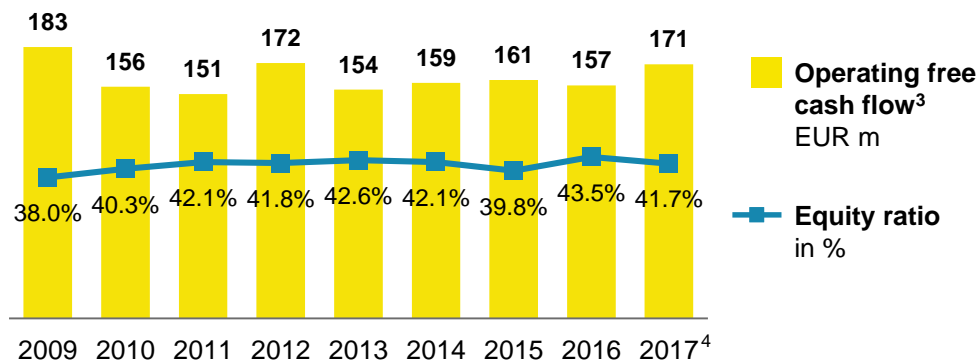


CLEAR AND PREDICTABLE MARKET POSITIONING

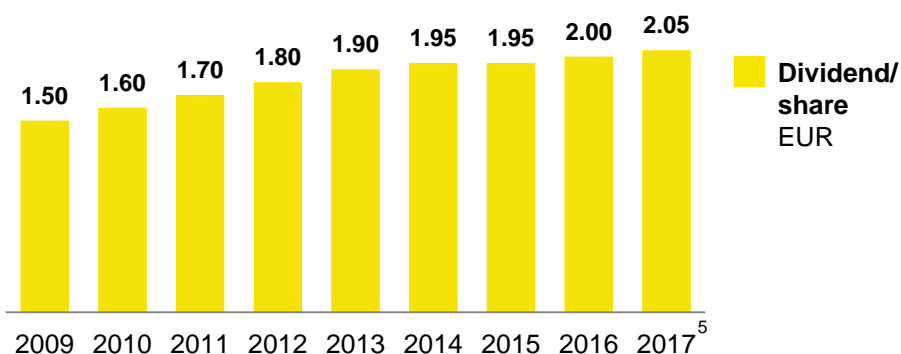
SOLID AND PROFITABLE BUSINESS MODEL



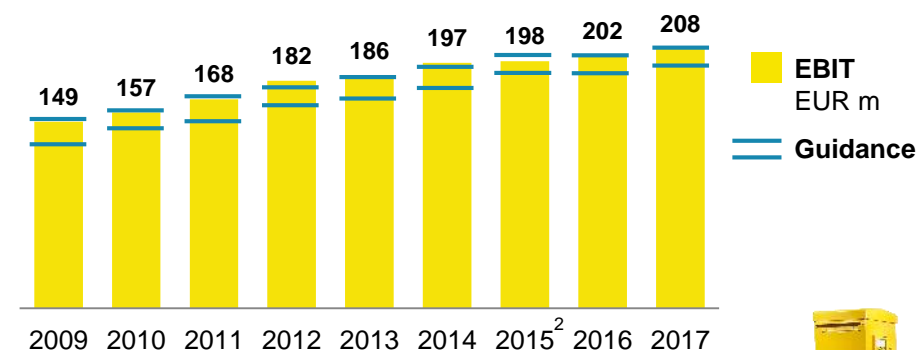
STRONG BALANCE SHEET & SOLID CASH FLOW



ATTRACTIVE DIVIDEND POLICY



RELIABILITY (“PROMISE & DELIVER”)



¹ Adjustment of revenue reporting in the Parcel & Logistics Division. Exported services recognised according to the net method (previously recognised as revenue and expenses for services used)

² EBIT adjusted for special effects

³ Free cash flow before acquisitions/securities and old/new corporate headquarters and adjusted for significant real estate sales

⁴ Excl. change in temporary cash holdings belonging to customers but not yet remitted to them

⁵ Proposal to the Annual General Meeting on April 19, 2018



1. Highlights and Overview

2. Strategy Implementation

3. Group Results 2017

4. OUTLOOK 2018



OUTLOOK 2018

Market environment

- 5% volume decline p.a. of addressed letter mail due to electronic substitution
- Stable development of direct mail thanks to economic upswing
- Double-digit growth on the parcel market thanks to online shopping boom, intense competition

Revenue

- Ongoing stable revenue development expected in 2018
- Mail: Goal of expanded service offering (J+1 and J+2/3)
- Branch network: realignment of financial services (step by step dissolution of current partnership for the most part by the end of 2019)
- Parcel & Logistics: growth in mid single-digit to low double-digit range is possible, depending on market share development

Investments

- Investments in efficiency/service (EUR 60-70m investments p.a. in the core business)
- Good parcel volume development requires growth investments in the coming years (at least EUR 50m in 2018 to expand sorting capacities as quickly as possible, furthermore expansion of existing facilities or property purchases possible)

Earnings

- Objective of achieving stability in operating earnings
- Continued process and structural optimisation

Dividends

- Proposal to distribute a dividend of EUR 2.05/share
- Unchanged target of distributing at least 75% of the Group net profit

CONTACT

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Financial calendar 2018

April 19, 2018

Annual General Meeting

April 30/May 3, 2018

Ex-day/Dividend payment day

May 16, 2018

Interim Report Q1 2018

August 10, 2018

Half-Year Financial Report 2018

November 15, 2018

Interim Report Q1-3 2018

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