

AUSTRIAN POST

INVESTOR PRESENTATION H1 2017

Walter Oblin/CFO
Vienna, August 10, 2017



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results H1 2017

4. Outlook 2017



HIGHLIGHTS H1 2017



Market: Basic trends continue: about 4-5% drop in addressed letter volumes, dynamic parcel growth >10% but tough competition



Revenue: H1 Group revenue up 1.9% (excl. trans-o-flex), decline in mail revenue more than offset by parcel growth



Earnings: 3.6% EBIT increase in H1 based on solid revenue development and cost discipline

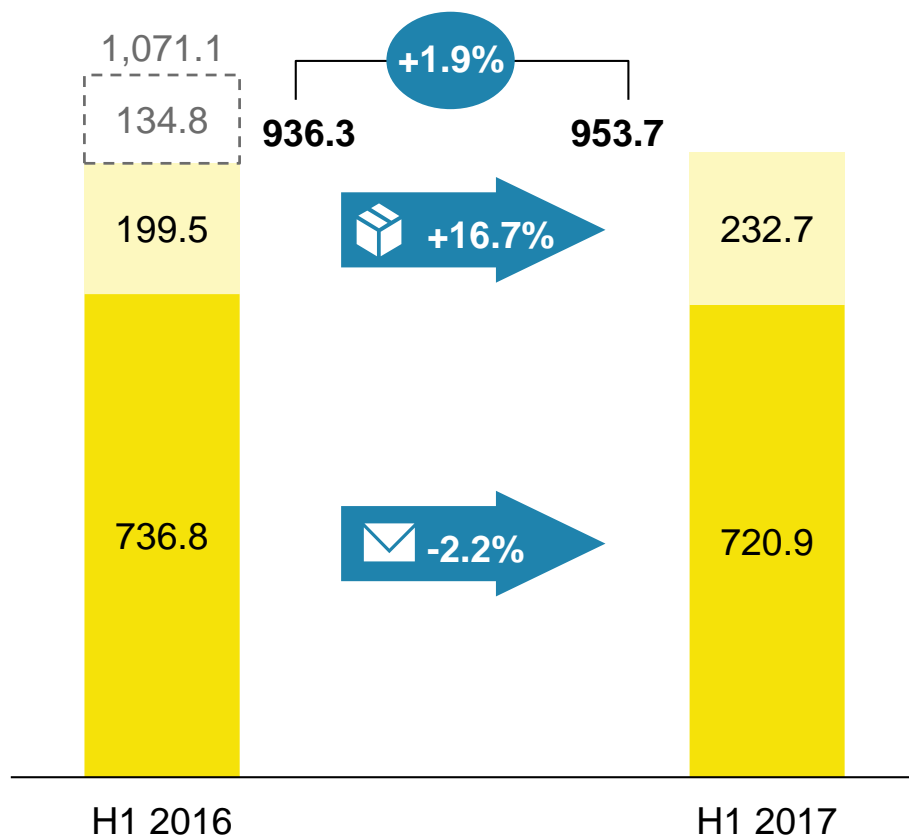


Outlook 2017: Targeted stable or slightly positive development of revenue and operating earnings at least at the prior-year level

REVENUE INCREASE DRIVEN BY DYNAMIC PARCEL GROWTH

REVENUE DEVELOPMENT

EUR m



GROUP: +1.9% (Q2: -0.3%)

- Quarterly development impacted by seasonal effects (Q1: +2 working days; Q2: -2 working days)

PARCEL & LOGISTICS: +16.7% (Q2: +16.1%)

- Basic H1 2017 revenue trend in Austria slightly >10%
- Additional revenue in H1 2017 due to:
 - New product structure (Packet)
 - Segment change of M&BM Express, Bulgaria

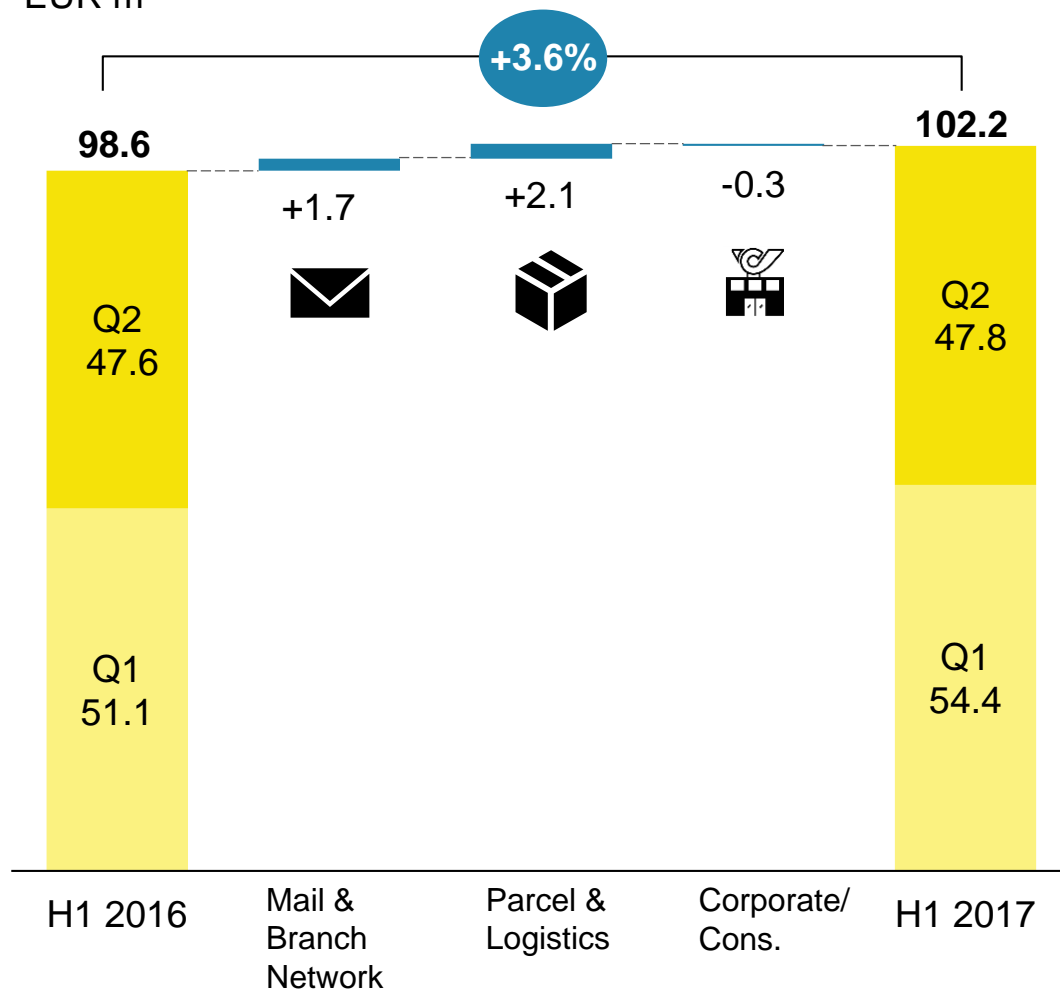
MAIL & BRANCH NETWORK: -2.2% (Q2: -4.9%)

- Basic trend in letter mail volumes about minus 4-5%
- New product structure leads to positive mix effects
- Volatile development of direct mail business, elections in Q2 2016

IMPROVED OPERATING RESULT (EBIT)

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- EBIT rise of EUR 1.7m in H1 (EUR -0.7m in Q2)
- Negative interest rate effect in 2016 for staff-related provisions
- Additional earnings contribution from increased delivery of packets (intensified logistics synergies)

PARCEL & LOGISTICS:

- EBIT increase of EUR 2.1m in H1 (EUR +0.4m in Q2)
- Slightly positive prior-year balance sheet effects from sale of trans-o-flex

CORPORATE:

- EBIT decline of EUR 0.3m in H1 (EUR +0.6m in Q2)
- Positive effect from interest rate adjustment, higher costs for social compensation

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results H1 2017

4. Outlook 2017

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 QUALITY LEADERSHIP IN AUSTRIA

MAIL & BRANCH NETWORK



- Basic trend in mail volumes about minus 4-5%
- Volatile business in direct mail and media post, individualised solutions demanded by customers
- Structural change in the branch network

PARCEL & LOGISTICS



- Dynamic parcel growth >10% but tough competition
- Highest quality standards and level of service
- Enhanced delivery speed, especially for e-commerce shipments

MEASURES OF AUSTRIAN POST

1 Product portfolio: Further development in line with current customer requirements

- Successful implementation of the product “Packet” for e-commerce customers
- Higher service level in parcel delivery (shorter delivery times, high initial delivery success rate etc.)
- Expansion of online service portfolio



shopping.at

2 Logistics: Efficiency gains and capacity adjustments

- Optimisation of delivery synergies
- Capacity expansion in parcel logistics



2 GROWTH IN SELECTED MARKETS

GROWTH FOCUS ON PARCEL & LOGISTICS

GERMANY

Austrian Post International:

- Growth in the international mail business to EUR 25.2m in revenue (+11.4%)

AEP:

- Pharmaceutical wholesale joint venture

CEE/SEE

Focus on profitable parcel business growth

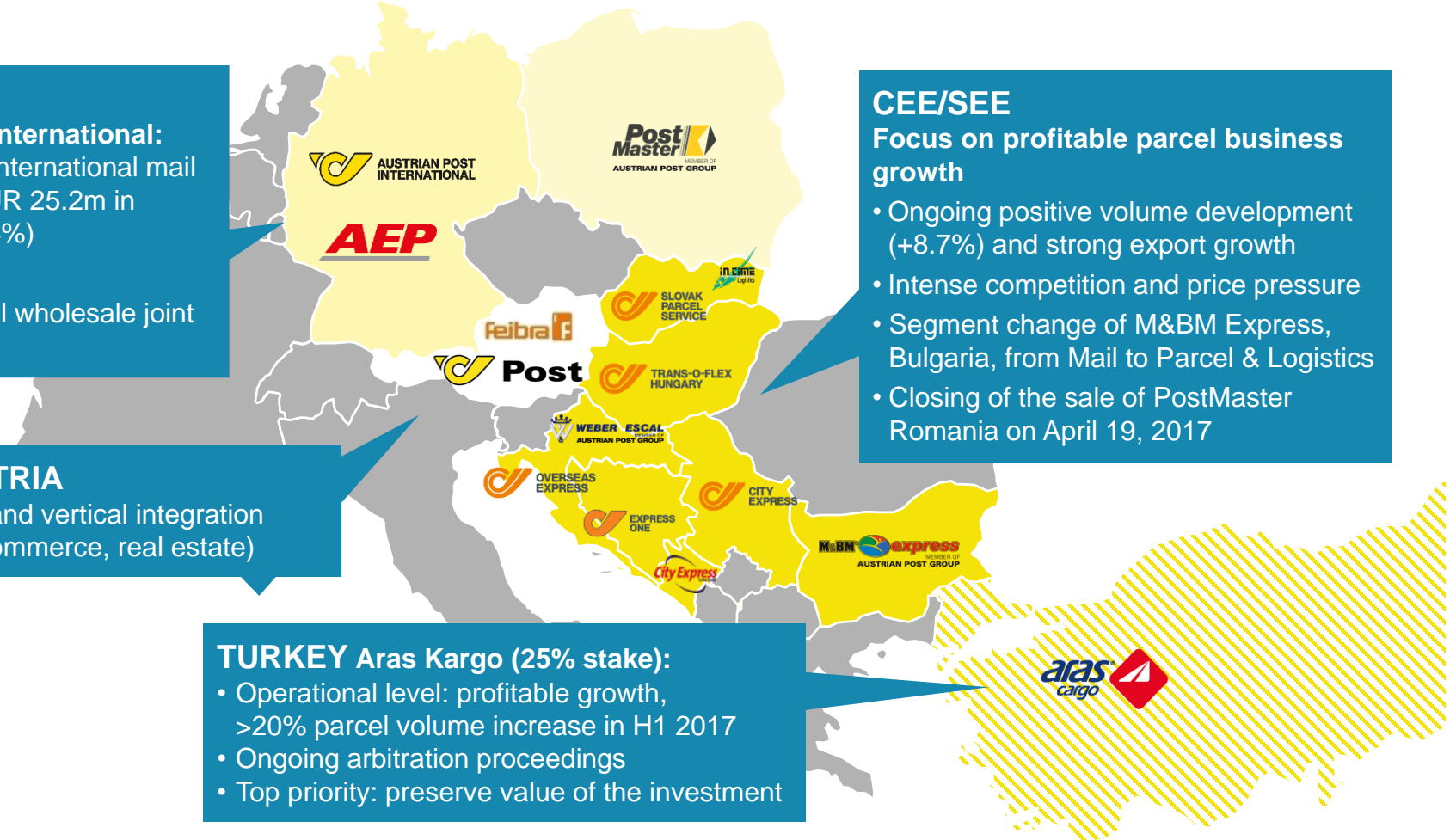
- Ongoing positive volume development (+8.7%) and strong export growth
- Intense competition and price pressure
- Segment change of M&BM Express, Bulgaria, from Mail to Parcel & Logistics
- Closing of the sale of PostMaster Romania on April 19, 2017

AUSTRIA

- Expand vertical integration (e-commerce, real estate)

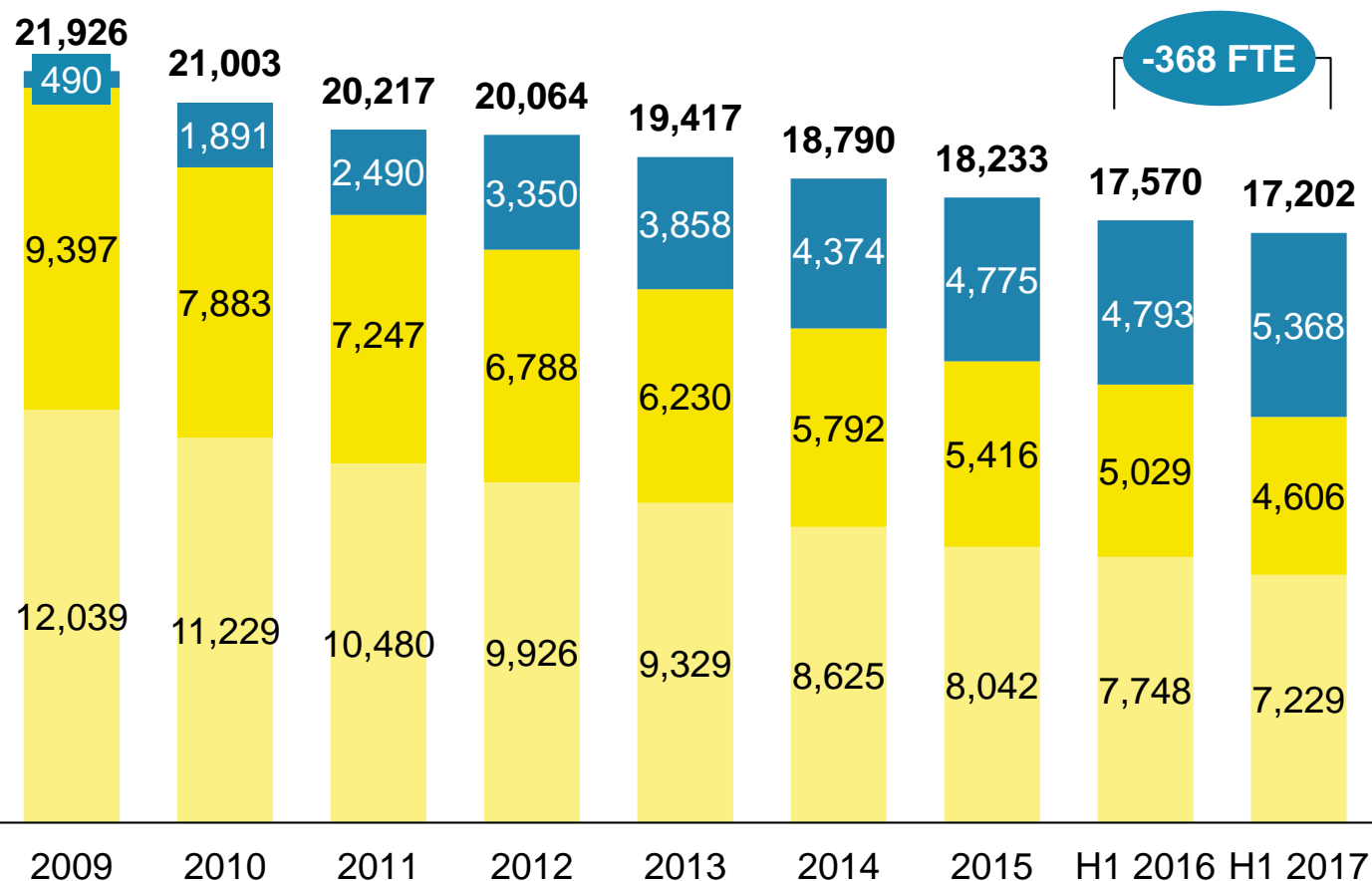
TURKEY Aras Kargo (25% stake):

- Operational level: profitable growth, >20% parcel volume increase in H1 2017
- Ongoing arbitration proceedings
- Top priority: preserve value of the investment



3 STAFF STRUCTURE IN AUSTRIA

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



Change H1 2016/2017:

- 519 Civil servants
- 424 Employees old CWA
- + 575 Employees new CWA

- 368 Employees

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

4 ONGOING DEVELOPMENT OF NEW CUSTOMER SOLUTIONS


CURRENT

OUTSTANDING CUSTOMER SATISFACTION

- Record high customer satisfaction index
- Quality of mail delivery and speed of parcel delivery are important drivers of satisfaction
- Positive image trend

EXPANSION OF 24/7 SELF-SERVICE SOLUTIONS

- 280 pick-up stations **+43%**
- 20,425 pick-up boxes **+57%**
- 342 drop-off boxes **+39%**

 Increase in items H1 2016/ 2017



LOGISTICS 4.0

NEW TECHNOLOGIES AND INNOVATIONS

- Largest e-vehicle fleet in Austria with more than 1,400 electric-powered vehicles
- Autonomous delivery systems being tested : drones in mountain areas; e-vehicle “Jetflyer” in urban areas



1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS H1 2017

4. Outlook 2017

H1 2017 FINANCIAL INDICATORS AT A GLANCE

	H1 2016	H1 2017	
Revenue (EUR m)	1,071.1	953.7	Revenue down YOY due to deconsolidation of trans-o-flex
Revenue excl. trans-o-flex (EUR m)	936.3	953.7	Revenue increase of 1.9%
EBITDA margin	12.8%	15.0%	Improved EBITDA margin of 15.0%
EBIT margin	9.2%	10.7%	Enhanced profitability following sale of trans-o-flex
Earnings/share (EUR)	1.09	1.13	Earnings per share above the previous year
Cash flow (EUR m)	109.3	108.9	Cash flow from operating activities at H1 2016 level
Equity ratio	39.3%	42.4%	Conservative balance sheet structure with low financial liabilities and high equity ratio

KEY INCOME STATEMENT INDICATORS

EUR m	H1 2016	H1 2017	%	Δ	Q2 2016	Q2 2017	
Revenue excl. trans-o-flex	936.3	953.7	1.9%	17.4	466.6	465.0	Revenue increase driven by strong parcel growth
Revenue	1,071.1	953.7	-11.0%	-117.4	478.3	465.0	
Other operating income	36.2	27.7	-23.4%	-8.5	12.7	13.0	Higher transport expenses (excl. trans-o-flex)
Raw materials, consumables and services used	-286.3	-196.3	31.4%	90.0	-103.1	-96.4	
Staff costs	-545.3	-514.4	5.7%	30.8	-258.8	-251.4	Staff costs (excl. trans-o-flex) down slightly YOY, lower non-operational staff costs (interest rate adjustments)
Other operating costs	-139.1	-126.7	9.0%	12.5	-61.9	-64.4	
At equity consolidation	0.6	-0.8	<-100%	-1.3	0.5	-0.2	
EBITDA	137.2	143.3	4.5%	6.1	67.8	65.6	
<i>EBITDA margin</i>	12.8%	15.0%	-	-	14.2%	14.1%	
Depreciation, amortisation and impairment	-38.5	-41.1	-6.7%	-2.6	-20.2	-17.7	
EBIT	98.6	102.2	3.6%	3.5	47.6	47.8	
<i>EBIT margin</i>	9.2%	10.7%	-	-	9.9%	10.3%	EBIT margin up to 10.7% following sale of trans-o-flex
Other financial result	-0.5	-0.1	81.7%	0.4	-0.3	0.0	
Income tax	-24.4	-25.9	-6.3%	-1.5	-12.2	-12.1	
Profit for the period	73.8	76.2	3.3%	2.4	35.1	35.8	



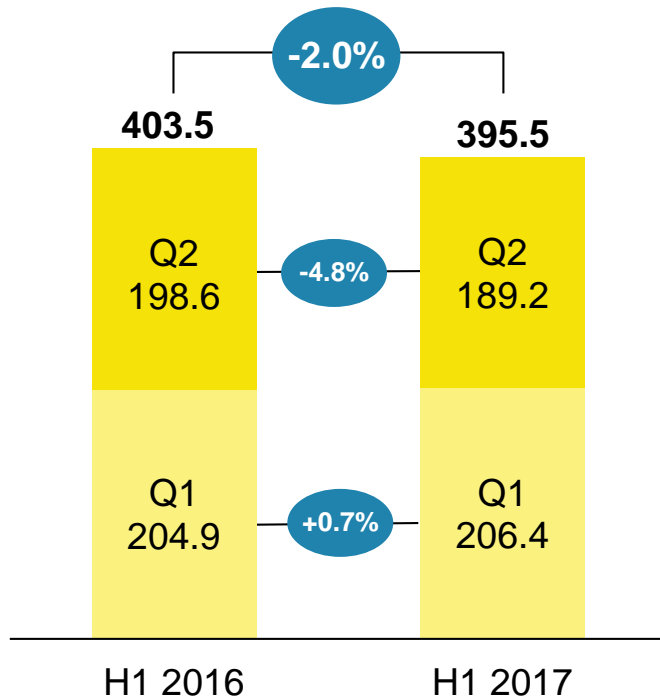
MAIL & BRANCH NETWORK DIVISION: H1 2017 REVENUE DEVELOPMENT

LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Mail volumes down 4-5% on average in recent quarters
- Positive effects from new product structure, selective postal rate adjustments (e.g. letters with advice of receipt), one-off mailings (mainly banking, insurance)

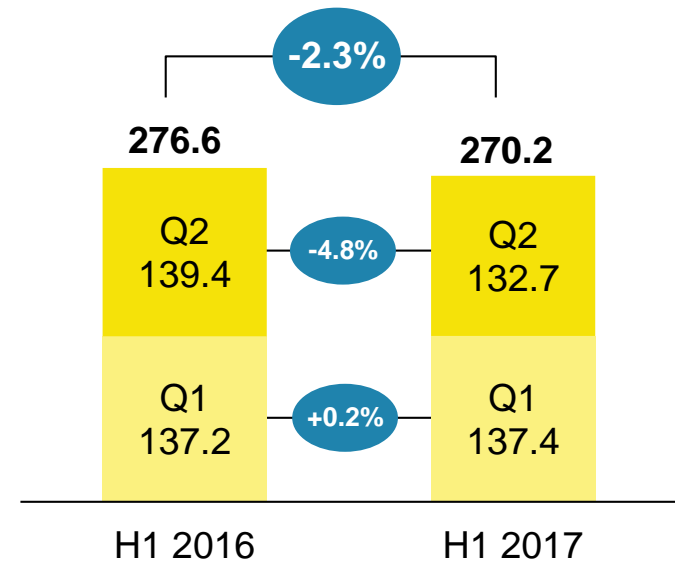
DIRECT MAIL/MEDIA POST (EUR m)

- Seasonal fluctuations: strong Q1 direct mail business (Easter), lower direct mail revenue in Q2
- Ongoing positive trend for stationary retail segment (mainly food retailers)
- Positive election effects in Q2 2016



Working days 2016/2017

- Q2: -2 days
- Q1: +2 days





MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT INDICATORS

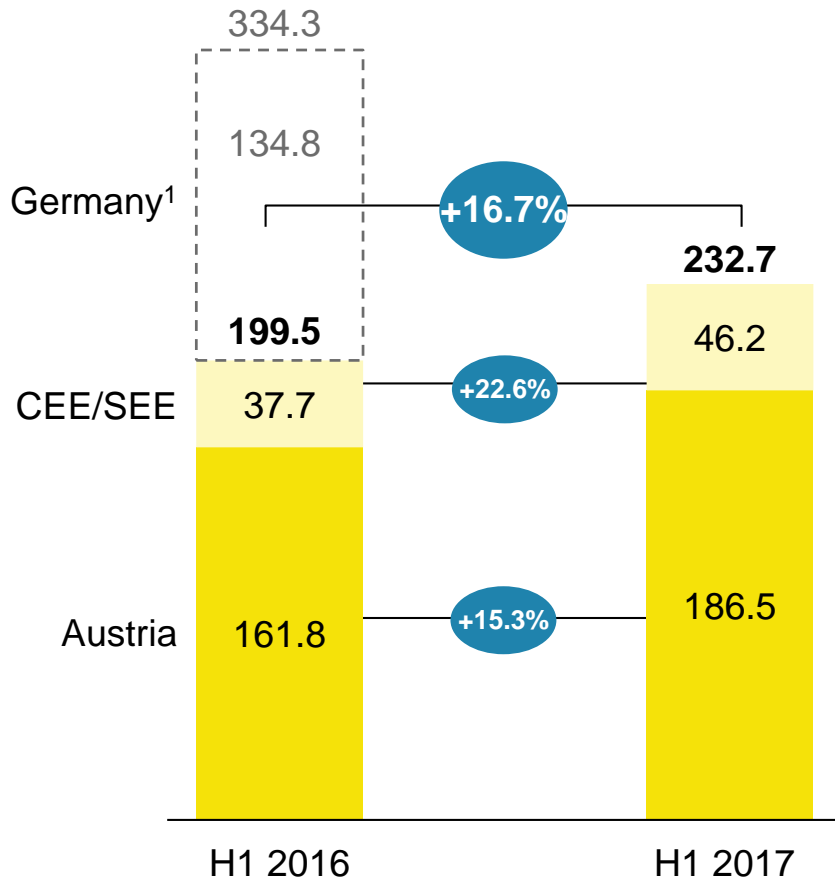
EUR m	H1 2016	H1 2017	%	Δ	Q2 2016	Q2 2017	
Revenue	736.8	720.9	-2.2%	-15.8	366.3	348.5	Positive election effects of EUR 11.5m in Q2 2016
• Letter Mail & Mail-Solutions	403.5	395.5	-2.0%	-7.9	198.6	189.2	
• Direct Mail	206.2	203.1	-1.5%	-3.1	103.3	97.2	
• Media Post	70.4	67.1	-4.7%	-3.3	36.1	35.6	
• Branch Services	56.7	55.2	-2.6%	-1.5	28.3	26.6	Structural decline in financial services
Revenue intra-Group	41.9	49.3	17.6%	7.4	20.6	25.6	Additional revenue from increased delivery of packets and parcels
Total revenue	778.7	770.3	-1.1%	-8.4	386.9	374.1	
At equity consolidation	0.1	0.1	62.7%	0.1	0.0	0.1	
EBITDA	161.5	158.0	-2.2%	-3.5	81.8	75.9	
EBITDA margin ¹	20.7%	20.5%	-	-	21.1%	20.3%	
Depreciation, amortisation and impairment	-18.3	-13.0	28.8%	5.3	-10.1	-4.9	EBIT improvement due to cost discipline and synergy effects
EBIT	143.2	145.0	1.2%	1.7	71.7	71.0	
EBIT margin ¹	18.4%	18.8%	-	-	18.5%	19.0%	

¹ EBIT margin, EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: H1 2017 REVENUE DEVELOPMENT

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION:

- H1 2017 revenue up 16.7% following sale of trans-o-flex (+14.1% excl. M&BM Express segment change)

CEE/SEE: +22.6% (Q2: +20.9%)

- Segment change of M&BM Express (EUR +5.1m; formerly Mail & Branch Network Division)
- Solid organic revenue growth (+9.0%), high price pressure
- Good revenue development in Hungary and Slovakia

AUSTRIA: +15.3% (Q2: +15.0%)

- Basic H1 2017 revenue trend slightly >+10%; double-digit market growth driven by e-commerce, increasing price pressure
- Additional revenue from new product structure (Packet)

¹ Inc. Revenue of trans-o-flex ThermoMed Austria GmbH



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT INDICATORS

EUR m	H1 2016	H1 2017	%	Δ	Q2 2016	Q2 2017	
Revenue excl. trans-o-flex	199.5	232.7	16.7%	33.2	100.3	116.5	+14.1% revenue increase excl. segment change M&BM Express
Revenue	334.3	232.7	-30.4%	-101.6	112.1	116.5	
• Premium	227.5	112.0	-50.8%	-115.5	60.6	56.8	
• Standard	90.3	104.3	15.6%	14.1	44.2	51.5	
• Other Parcel Services	16.6	16.4	-1.2%	-0.2	7.3	8.2	
Total revenue ¹	339.8	236.9	-30.3%	-102.9	114.7	118.5	
At equity consolidation	1.1	0.2	-85.9%	-1.0	0.7	0.2	
EBITDA	22.5	27.0	19.9%	4.5	11.9	12.2	
<i>EBITDA margin²</i>	6.6%	11.4%	-	-	10.4%	10.3%	EUR 2.7m impairment loss in Croatia in Q1 2017
Depreciation, amortisation and impairment	-5.6	-8.0	-43.4%	-2.4	-2.8	-2.7	
EBIT	16.9	19.0	12.2%	2.1	9.2	9.6	EBIT margin of 8.0% in H1 2017
<i>EBIT margin²</i>	5.0%	8.0%	-	-	8.0%	8.1%	

¹ Incl. revenue intra-Group

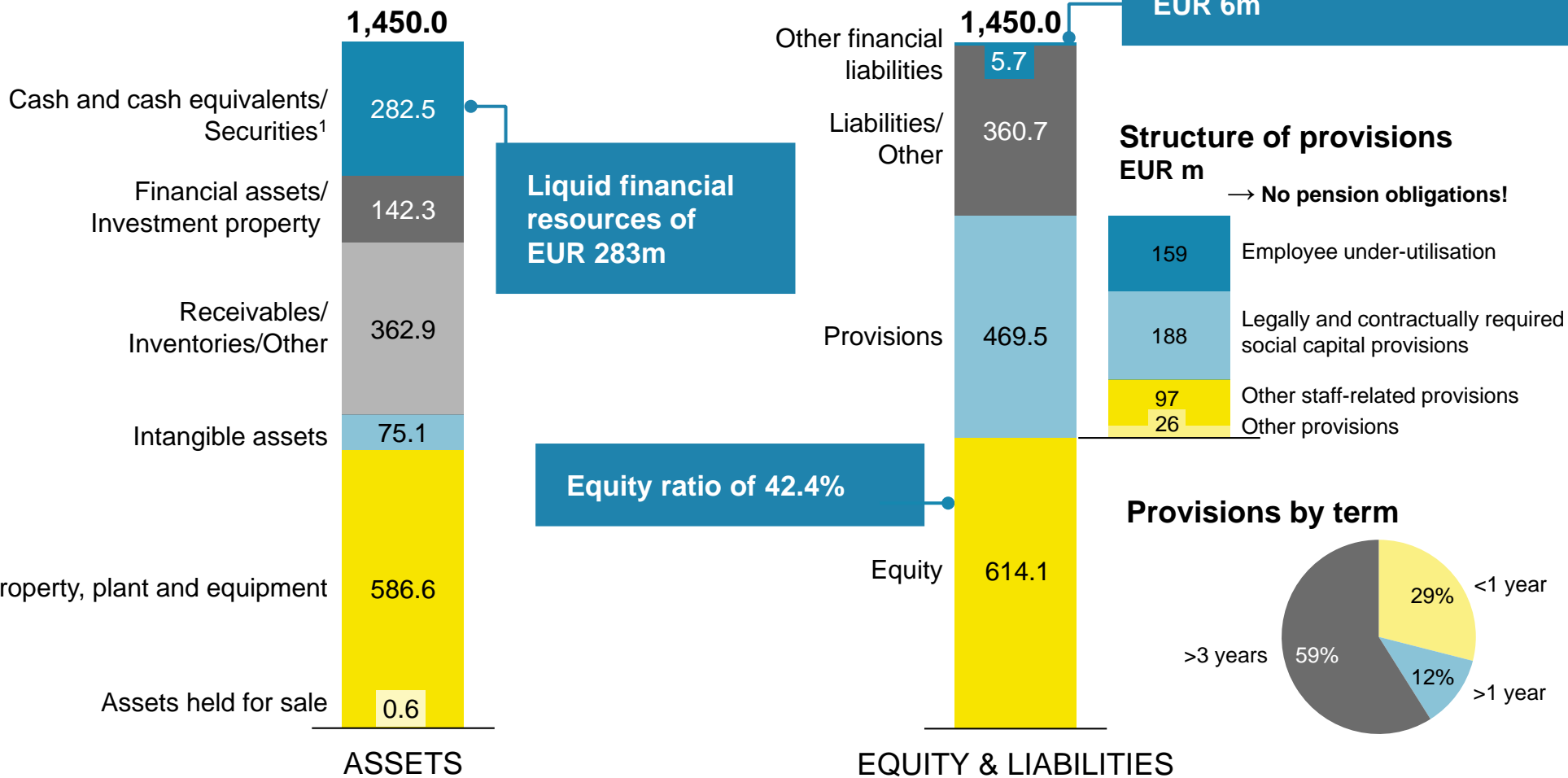
² EBIT margin, EBITDA margin in relation to total revenue



SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT JUNE 30, 2017

EUR m

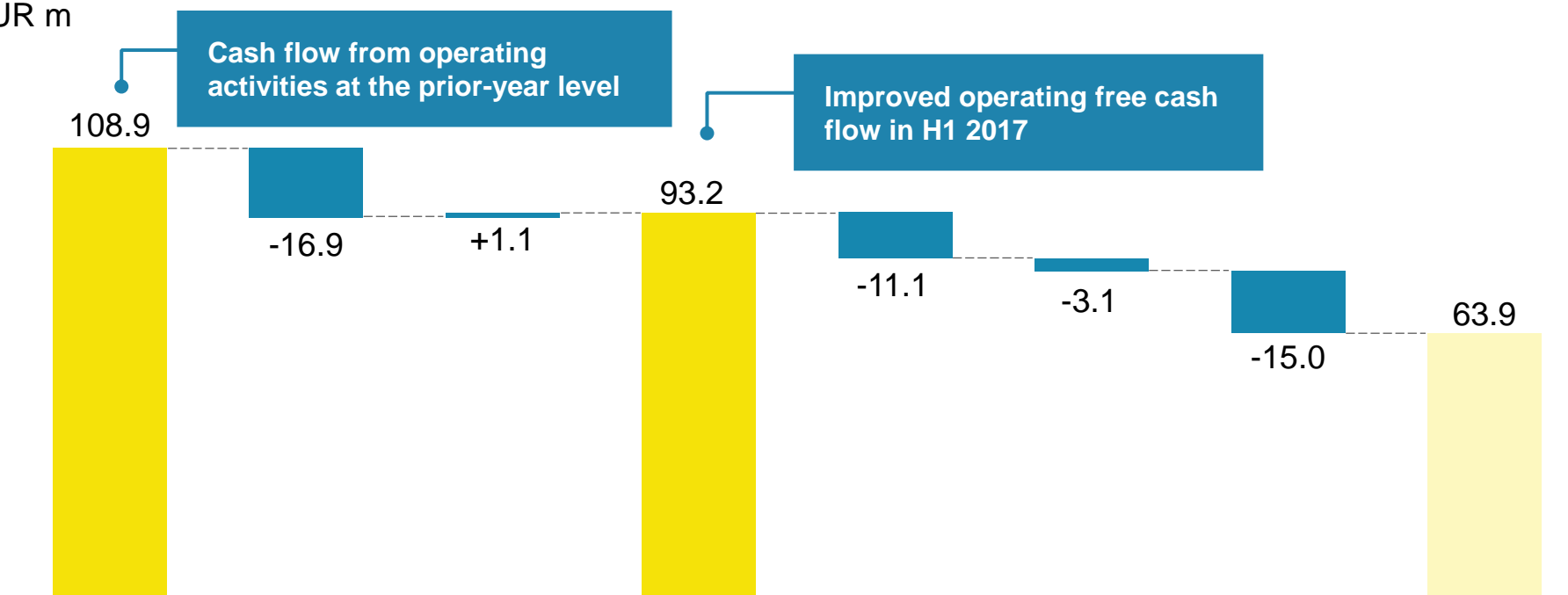


¹ Securities are recognized in the balance sheet under other financial assets.

ROBUST CASH FLOW IN H1 2017

CASH FLOW DEVELOPMENT

EUR m



	Cash flow from operating activities	CAPEX excl. new corporate headquarters	Other	Operating free cash flow ¹	CAPEX new corporate headquarters	Acquisitions/divestments	Changes in securities	Free cash flow
H1 2016	109.3	-19.4	+1.2	91.2	-19.1	+1.1	-3.1	70.0
H1 2015	107.7	-20.9	+2.1	98.1 ²	+48.9 ³	-3.3	-10.0	124.4 ³

¹ Free cash flow before acquisitions/securities and the new corporate headquarters

² Excl. Tax payments of EUR 9.2m in connection with the sale of the former corporate headquarters

³ Incl. remaining purchase price for the former corporate headquarters (EUR 60m)

INVESTMENTS AND PROJECT DEVELOPMENT IN 2017

CURRENT INFRASTRUCTURE PROJECTS



- Opening of the Wernberg Parcel Centre in Carinthia
- Fully operational since June 2017



- New parcel centre planned in Northern Vienna
- Scheduled to be put into operation in 2019

PREPARATIONS UNDERWAY FOR EXTENSIVE NATIONWIDE PARCEL LOGISTICS CAPACITY EXPANSION PROGRAMME

REAL ESTATE PROJECT DEVELOPMENT



- New corporate headquarters: completion Q3 2017, relocation Q4 2017
- Implementation “in time & budget”



- Development/expansion of an historic property in Vienna (www.cotton-residence.at)
- 12 of 25 flats already sold

ASSESSMENT OF VALUE POTENTIAL IN OUR REAL ESTATE PORTFOLIO – IN-HOUSE DEVELOPMENT OF OWN PROPERTY

1. Highlights and Overview

2. Strategy Implementation

3. Group Results H1 2017

4. OUTLOOK 2017

OUTLOOK FOR 2017

Market

- 5% volume decline p.a. of addressed letter mail due to electronic substitution
- Volatile direct mail depending on advertising budgets and economic environment
- Steady increase in parcel volumes against the backdrop of intense competition

Revenue

- Stable or slightly higher revenue forecast for 2017 (2016 revenue of EUR 1.9bn excl. trans-o-flex)
- Focus on quality leadership and further developing service portfolio
- Evaluation of mid-term financial services offering (current cooperation at least until 2020)

Investments

- Investments in efficiency enhancement, service improvement and capacity expansion
- Operating CAPEX of about EUR 70-80m planned in 2017; increasing growth investments in the medium term due to good parcel volume development

Earnings

- Further process and structural optimisation
- Target of achieving operating EBIT at least at prior-year level (EBIT 2016 of EUR 202.3m)

CONTACT

Austrian Post

Investor Relations

Haidingergasse 1, 1030 Vienna

Website: www.post.at/ir

E-mail: investor@post.at

Telephone: +43 57767-30401

Fax: +43 57767-30409

Financial calendar 2017/2018

November 15, 2017

Interim report Q1-3 2017

March 15, 2018

Annual results 2017

April 19, 2018

Annual General Meeting

April 30/ May 3, 2018

Ex-dividend day/Dividend payment date

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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