

AUSTRIAN POST

INVESTOR PRESENTATION Q1 2017

Walter Oblin/CFO
Vienna, May 12, 2017



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results Q1 2017

4. Outlook 2017



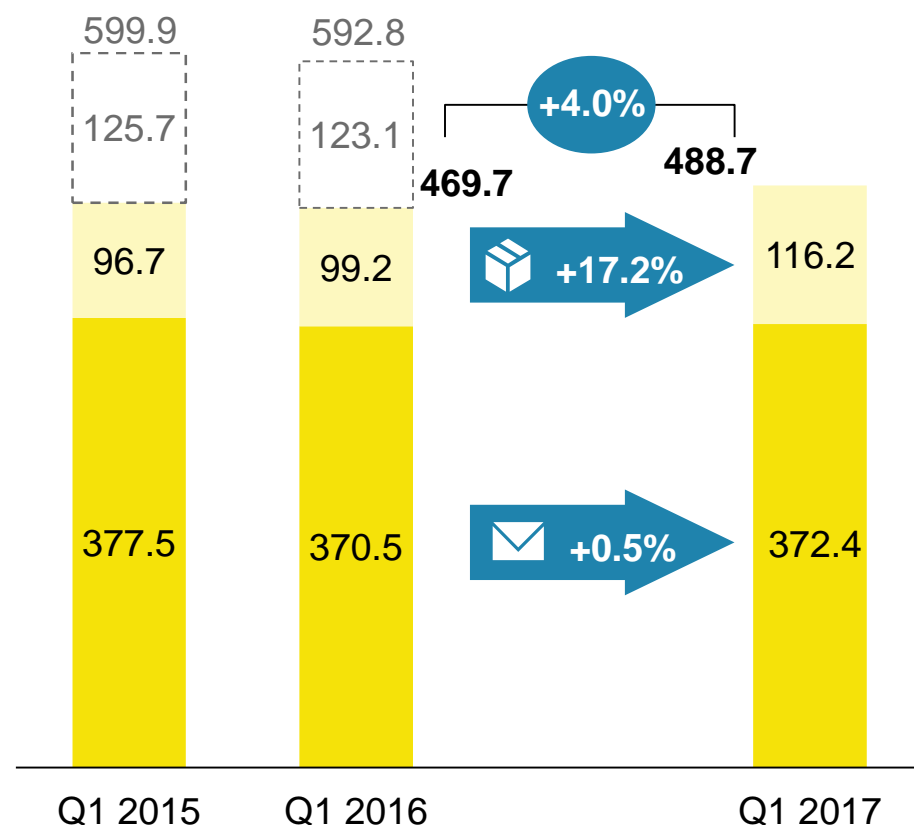
Q1 2017 OVERVIEW

REVENUE	Revenue above the previous year <ul style="list-style-type: none">• Basic trends continue: Letter volumes decline by about 5%, Direct Mail and Media Post remain volatile while Parcel volumes up by about 10%• Q1 2017 revenue impacted by seasonal effects: Two extra working days, strong Easter business until the end of March• Revenue effect due to the new product structure featuring the Packet• Mail & Branch Network Division +0.5%, Parcel & Logistics (excl. trans-o-flex) +17.2%
EARNINGS	Improved earnings <ul style="list-style-type: none">• EBIT rise of 6.4% due to the good revenue development• Ongoing focus on efficiency enhancement and stringent cost discipline
CASH FLOW/ BALANCE SHEET	Conservative balance sheet structure <ul style="list-style-type: none">• Equity ratio of 45.1%• Operating free cash flow above the prior-year level
OUTLOOK	Outlook for 2017 remains unchanged <ul style="list-style-type: none">• Targeted stability in revenue and operating earnings• Volatile revenue development over quarterly periods expected in 2017 (elections effects mainly in Q2/Q4 2016)

GROWTH SUPPORTED BY POSITIVE SEASONAL EFFECTS

REVENUE DEVELOPMENT

EUR m



■ Mail & Branch Network
 ■ Parcel & Logistics
 □ trans-o-flex (sold as at April 8, 2016)

GROUP:

Seasonal effects increased Group revenue:

- Two working days more than in Q1 2016
- Substantial volume rise for direct mail items and parcels due to strong business in the weeks ahead of Easter (late Easter holidays in 2017 imply weaker phase in Q2 only)

PARCEL & LOGISTICS:

- Basic underlying trend in volume development of +10%; good development in the mail order business
- Revenue increase supported by the new product structure (Packet)
- Segment change of M&BM Express, Bulgaria (formerly assigned to the Mail & Branch Network Division)

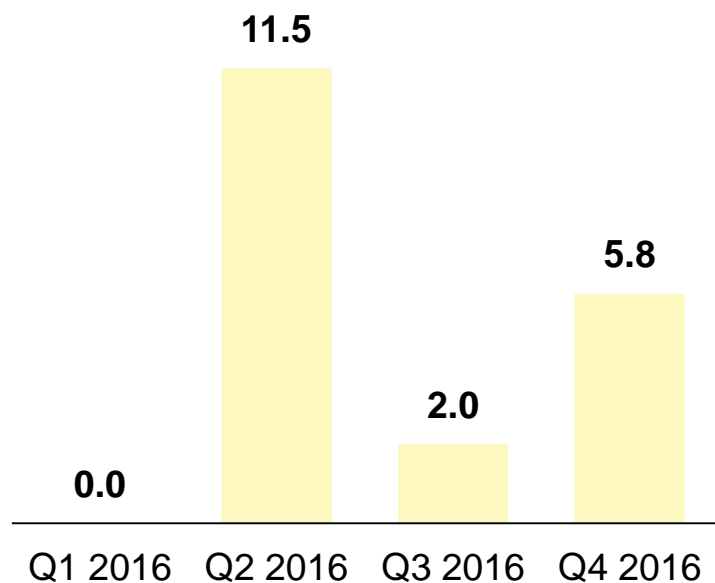
MAIL & BRANCH NETWORK:

- Ongoing downward trend in letter volumes of about -5%
- Positive effect due to the new product structure and adjustment of postal rates of individual products (e.g. letters with confirmed receipt)
- Increased advertising activities by stationary retail segment

REVENUE FLUCTUATIONS EXPECTED AT A QUARTERLY COMPARISON

ELECTION EFFECTS IN 2016

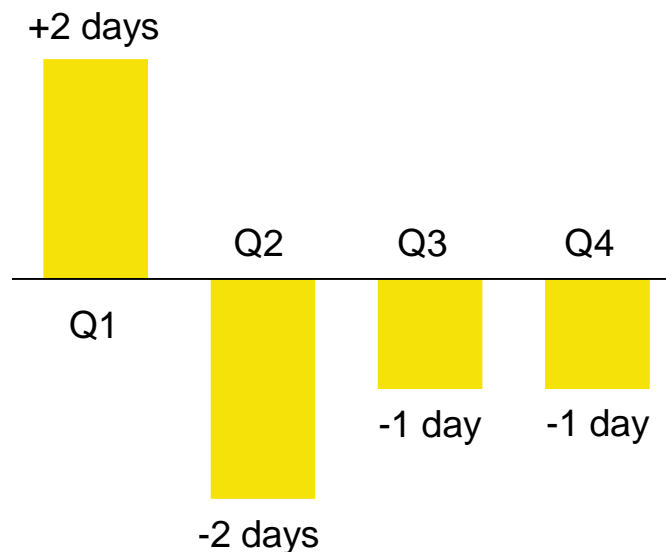
EUR m



REVENUE CONTRIBUTION FROM ELECTIONS: EUR 19.3M IN 2016

WORKING DAYS (2016/2017)

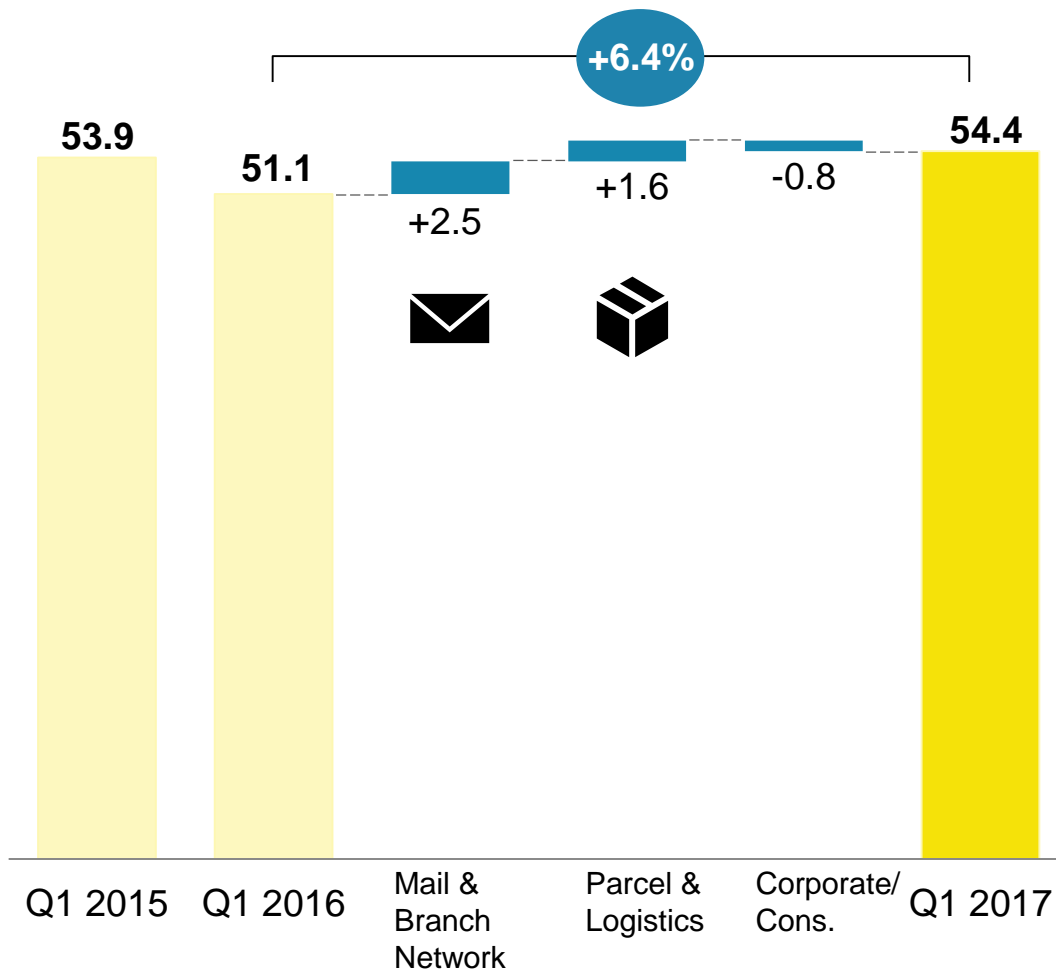
ENTIRE YEAR 2016/2017: -2 WORKING DAYS



IMPROVED OPERATING EBIT

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- EBIT EUR 2.5m higher than in Q1 2016
- Good top line development, further efficiency increases and stringent cost discipline

PARCEL & LOGISTICS:

- EBIT up EUR 1.6m in Q1 2017 to EUR 9.4m
- In the previous year slightly positive accounting effect due to sale of trans-o-flex

CORPORATE:

- Positive effect related to rise of the discount interest rate for staff-related provisions
- This being offset by increased costs for social plan models

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results Q1 2017

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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



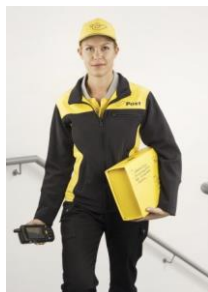
1 QUALITY LEADERSHIP IN AUSTRIA

CONSISTENT FOCUS ON CUSTOMER NEEDS



LETTER MAIL/DIRECT MAIL:

- New product structure suitable for e-commerce
- Expansion of digital service portfolio for business customers



PARCELS:

- Best service compared to competitors (e.g. six-day delivery)
- Customers acquired outside of Austria



BRANCH NETWORK:

- Expansion of offered services
- Development of postal and financial services of the future

EFFICIENCY IN LOGISTICS AND DELIVERY



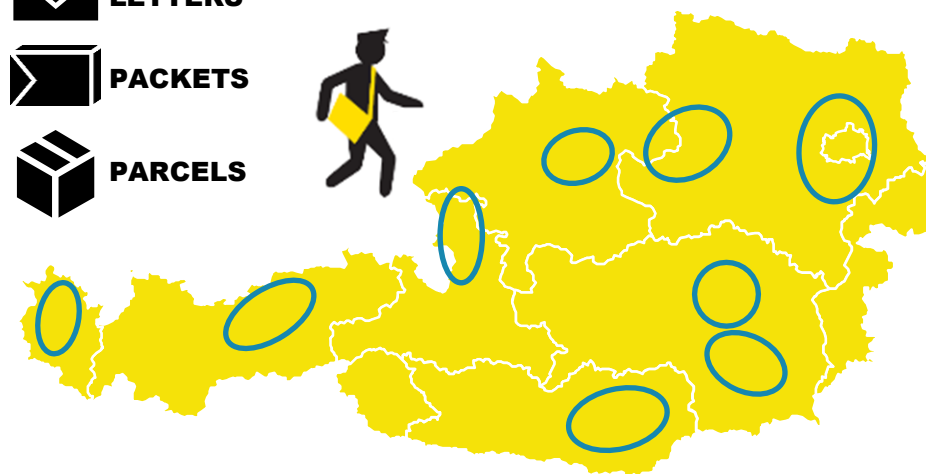
LETTERS



PACKETS



PARCELS



Joint delivery of letters/packets and parcels throughout Austria

Additional parcel delivery in urban areas by own parcel delivery staff

- Optimisation of synergies in the delivery process
- Highest quality standards (>95% E+1 for letters, first delivery success rate for parcels of >92%)

2 GROWTH IN SELECTED MARKETS

GROWTH FOCUS ON PARCEL & LOGISTICS

GERMANY

Austrian Post International:

- Growth in the international mail business to EUR 13.5m (+7.2%)

AEP:

- Pharmaceutical wholesale joint venture



CEE/SEE

Focus on profitable growth in the parcel business

- Ongoing positive volume development (+9.6%) and strong export growth
- Intense competition and price pressure
- Segment change of M&BM Express, Bulgaria from Mail to Parcels
- Closing on the sale of PostMaster Romania on April 19, 2017

AUSTRIA

- Expand vertical integration (parcel logistics, online services, infrastructure)



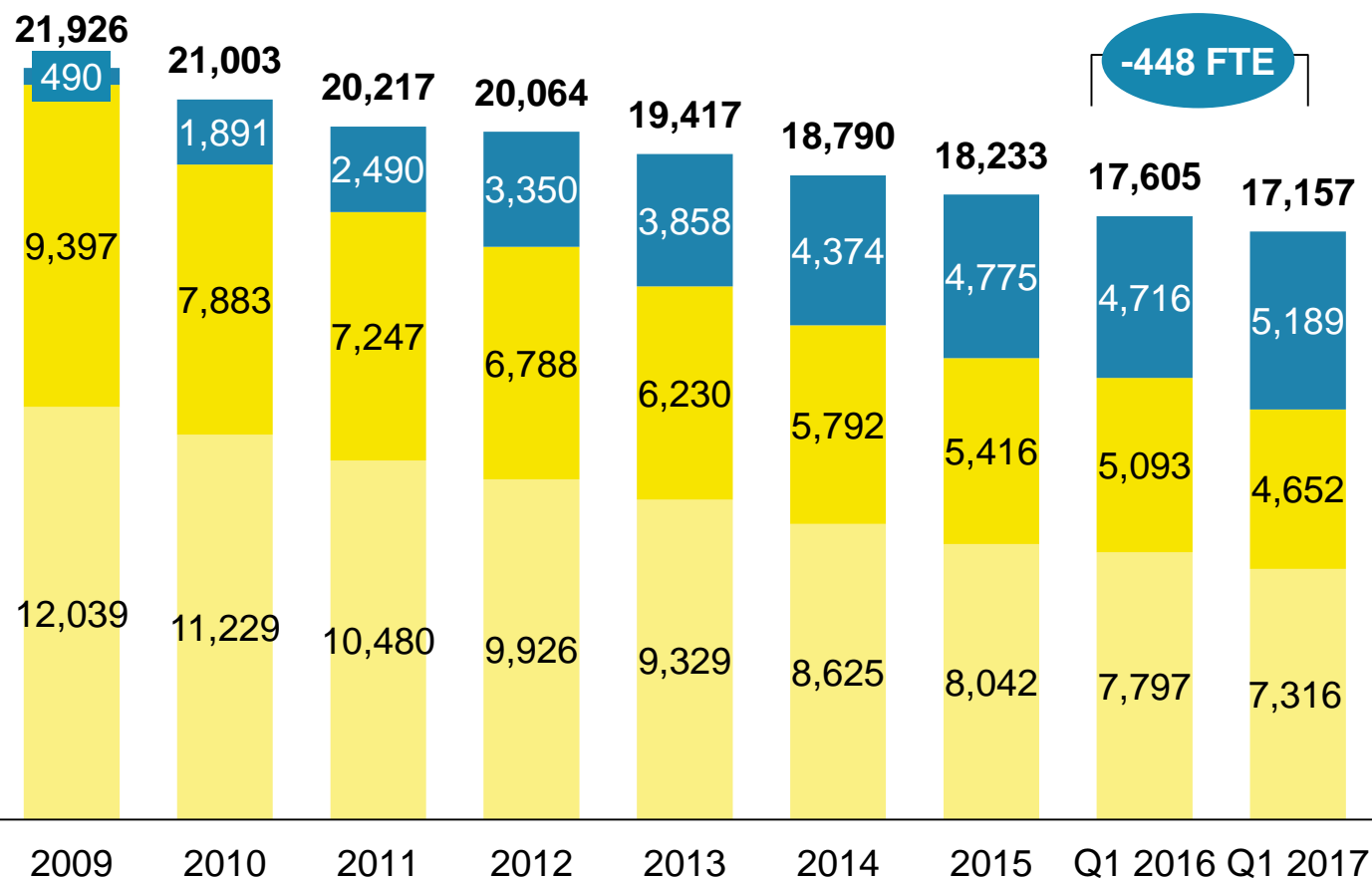
TURKEY Aras Kargo (25% stake):

- Ongoing arbitration proceedings
- Top priority: preserve value of the investment
- Operational level: parcel volume rise in Q1 >20%



3 STAFF STRUCTURE IN AUSTRIA

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



Change
Q1 2016/Q1 2017:
 – 481 Civil servants
 – 440 Old CWA
 + 474 New CWA

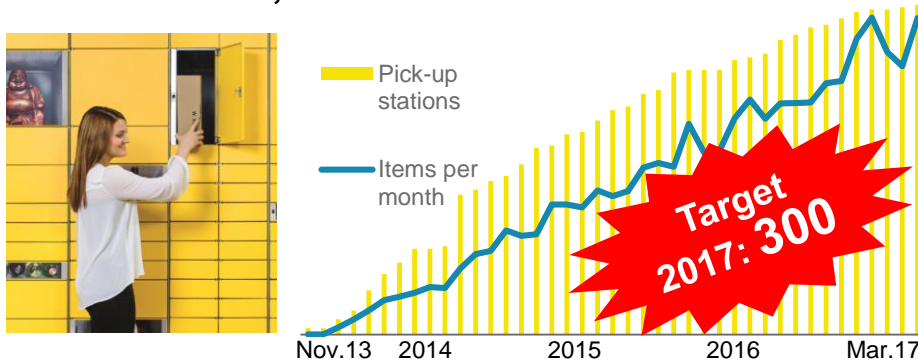
– 448 Employees

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

4 NEW CUSTOMER SOLUTIONS ARE WELL RECEIVED

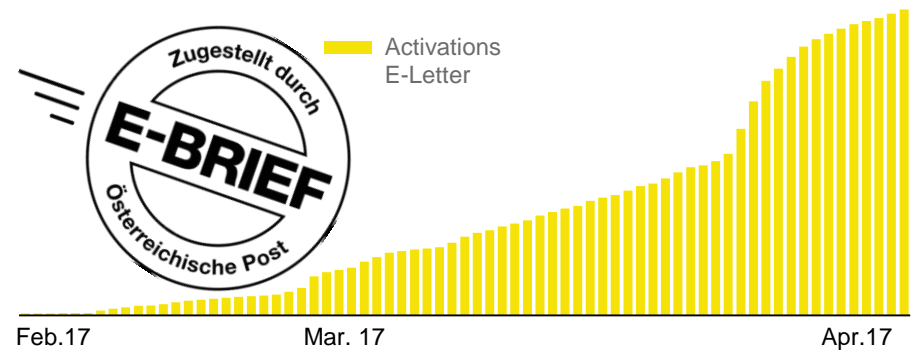
262 PICK-UP STATIONS

Q1 2017: >480,000 mail items



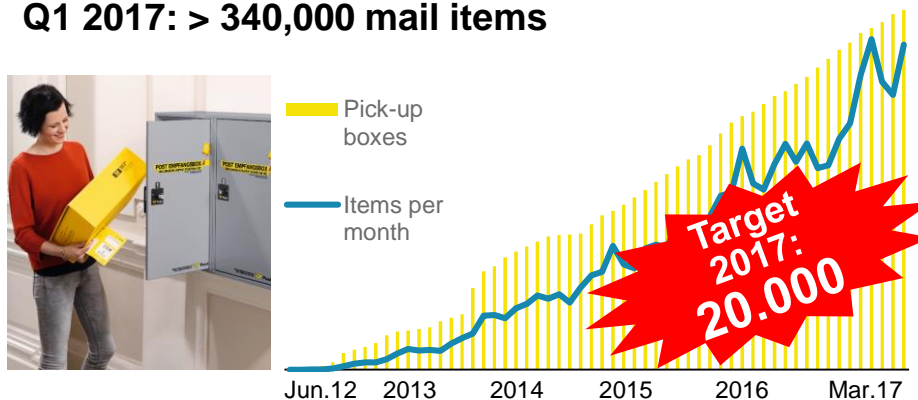
INCREASING INTEREST IN THE E-LETTER

About 90,000 activations already



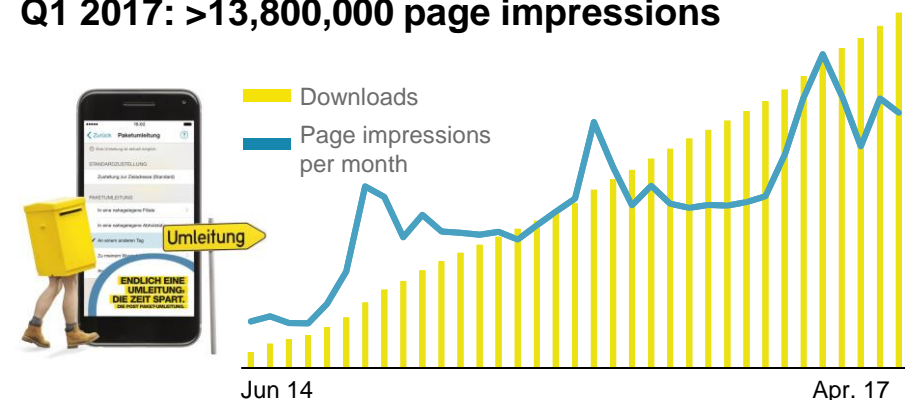
19,414 PICK-UP BOXES

Q1 2017: > 340,000 mail items



660,000 USE THE POST APP

Q1 2017: >13,800,000 page impressions



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3. GROUP RESULTS Q1 2017

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OVERVIEW OF Q1 2017 FINANCIAL HIGHLIGHTS

	Q1 2016	Q1 2017	
Revenue (EUR m)	592.8	488.7	Revenue below the previous year due to deconsolidation of trans-o-flex
Revenue excl. trans-o-flex (EUR m)	469.7	488.7	Revenue increase of 4.0% includes seasonal effects
EBITDA margin	11.7%	15.9%	Improved EBITDA margin of 15.9%
EBIT margin	8.6%	11.1%	Rise in profitability following sale of trans-o-flex
Earnings/share (EUR)	0.57	0.60	Earnings per share above the prior-year level
Cash flow (EUR m)	60.1	61.8	Increase in the cash flow from operating activities
Equity ratio	41.2%	45.1%	Conservative balance sheet structure with low level of financial liabilities and high equity ratio

KEY ITEMS OF INCOME STATEMENT

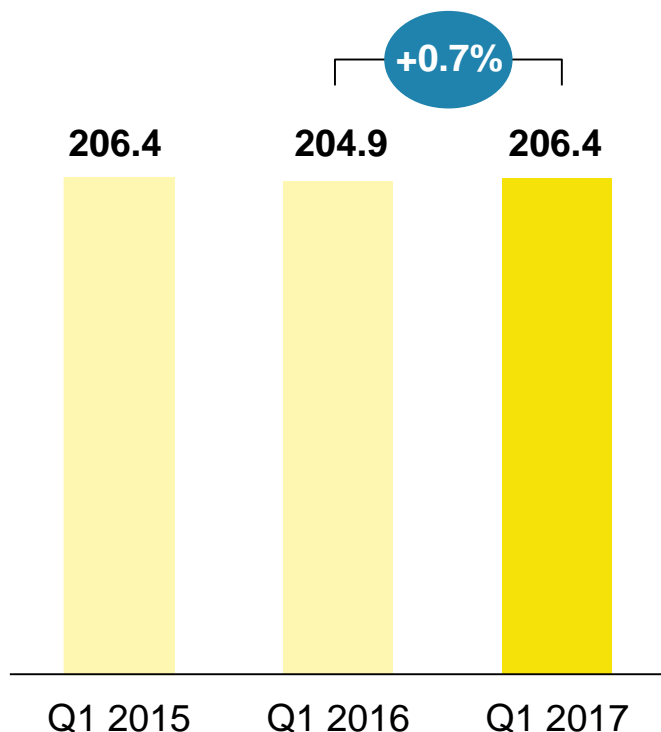
EUR m	Q1 2016	Q1 2017	%	Δ	
Revenue excl. trans-o-flex	469.7	488.7	4.0%	19.0	Positive revenue effects: Easter business, two more working days, new product structure
Revenue	592.8	488.7	-17.6%	-104.1	
Other operating income	23.5	14.8	-37.2%	-8.7	
Raw materials, consumables and services used	-183.1	-99.9	45.5%	83.3	
Staff costs	-286.4	-263.0	8.2%	23.5	Stable staff costs: positive effect from interest rate adjustment, increased costs of social plan models
Other operating expenses	-77.3	-62.3	19.4%	15.0	
At equity consolidation	0.1	-0.5	<-100%	-0.6	
EBITDA	69.4	77.7	12.0%	8.3	
<i>EBITDA margin</i>	11.7%	15.9%	-	-	
Depreciation, amortisation and impairment	-18.4	-23.4	-27.3%	-5.0	
EBIT	51.1	54.4	6.4%	3.3	Improvement of EBIT margin to 11.1% following sale of trans-o-flex
<i>EBIT margin</i>	8.6%	11.1%	-	-	
Other financial result	-0.2	-0.1	46.7%	0.1	
Income tax	-12.2	-13.8	-13.6%	-1.7	
Profit for the period	38.7	40.4	4.5%	1.7	



MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT IN Q1 2017

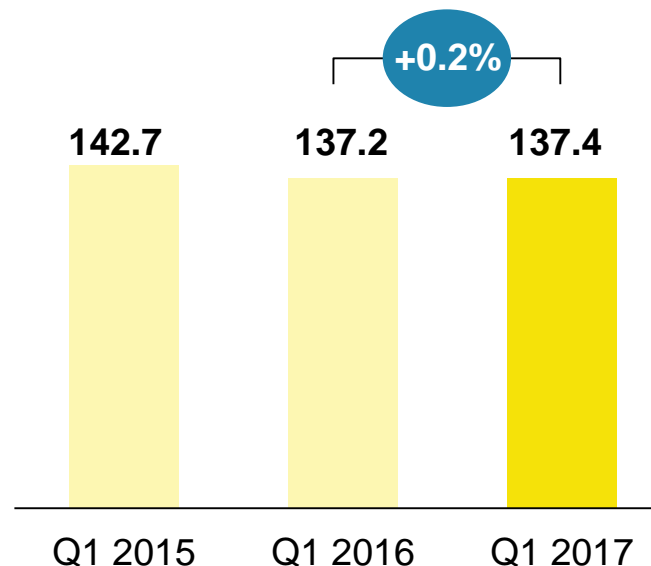
LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Decline in letter mail volume of about 5%
- Two working days more than in Q1 2016
- New product structure and selective adjustments in postal rates (e.g. letters with confirmed receipt)



DIRECT MAIL/MEDIA POST (EUR m)

- Intensified advertising activities before Easter in Q1 (weaker advertising phase in the Holy Week shifted to the second quarter)
- Positive trend for stationary retail segment
- Declining subscription business for newspaper and magazines





MAIL & BRANCH NETWORK DIVISION: KEY ITEMS OF INCOME STATEMENT

EUR m	Q1 2016	Q1 2017	%	Δ	
Revenue	370.5	372.4	0.5%	1.9	Improved revenue due to seasonal effects (Easter, two more working days)
• Letter Mail & Mail-Solutions	204.9	206.4	0.7%	1.5	
• Direct Mail	102.9	105.9	2.9%	3.0	
• Media Post	34.3	31.5	-8.2%	-2.8	
• Branch Services	28.4	28.6	0.8%	0.2	
Total revenue ¹	391.8	396.2	1.1%	4.4	
At equity consolidation	0.1	0.0	-46.8%	0.0	
EBITDA	79.7	82.1	3.0%	2.4	EUR 2.7m impairment loss on goodwill for Weber Escal, Croatia
<i>EBITDA margin²</i>	20.3%	20.7%	-	-	
Depreciation, amortisation and impairment	-8.2	-8.1	1.2%	0.1	
EBIT	71.6	74.0	3.4%	2.5	Higher earnings related to positive revenue development and high cost discipline
<i>EBIT margin²</i>	18.3%	18.7%	-	-	

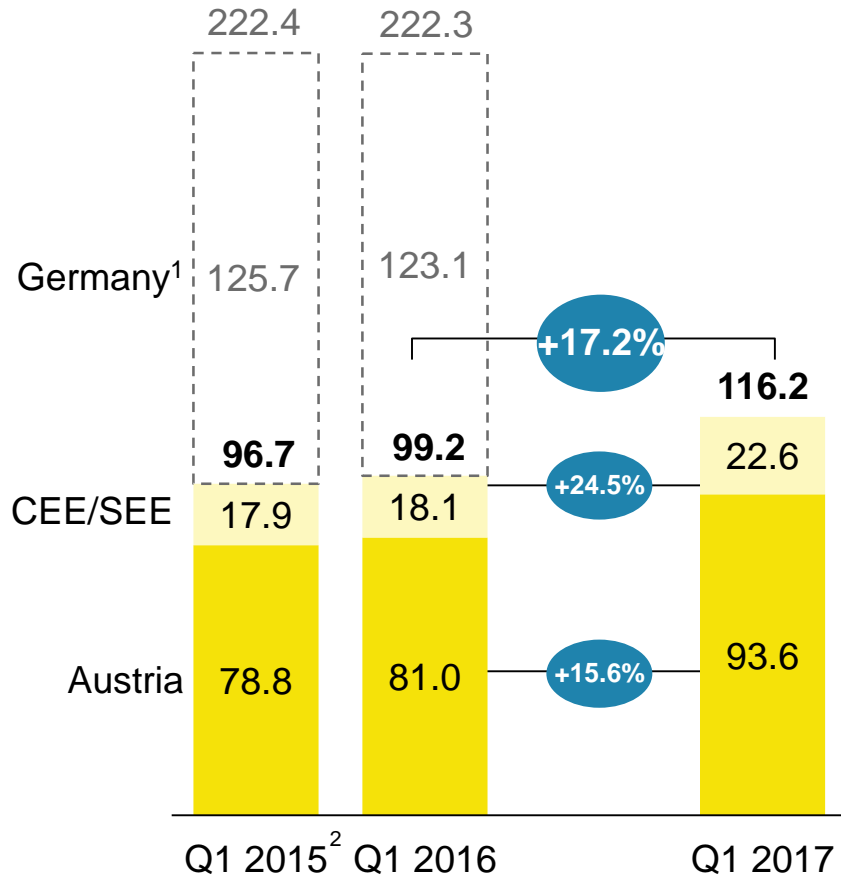
¹ Incl. revenue with other segments

² EBIT margin, EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT IN Q1 2017

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION:

- Revenue in Q1 2017 up by 17.2% following sale of trans-o-flex (excl. M&BM Express +14.5%)

SOUTH EAST/EASTERN EUROPE: +24.5%

- Segment change of M&BM Express (+ EUR 2.6m; previously Mail & Branch Network Division)
- Solid organic revenue growth (+9.9%), high price pressure
- Positive revenue development in Hungary and Slovakia

AUSTRIA: +15.6%

- Double-digit market growth due to e-commerce (basic underlying trend in volume development of +10%)
- Strong business before Easter and two additional working days
- Increase due to new product structure (Packet)

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

² The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services are recognised according to the net method (previously recognised as revenue and expenses for services used)



PARCEL & LOGISTICS DIVISION: KEY ITEMS OF INCOME STATEMENT

EUR m	Q1 2016	Q1 2017	%	Δ	
Revenue excl. trans-o-flex	99.2	116.2	17.2%	17.0	Revenue growth of 14.5% excl. M&BM Express, Bulgaria
Revenue	222.3	116.2	-47.7%	-106.1	
• Premium	166.9	55.2	-66.9%	-111.7	
• Standard	46.0	52.8	14.7%	6.8	
• Other Parcel Services	9.3	8.2	-11.6%	-1.1	
Total revenue ¹	225.0	118.4	-47.4%	-106.6	
At equity consolidation	0.4	0.0	<-100%	-0.4	
EBITDA	10.5	14.7	39.7%	4.2	
<i>EBITDA margin²</i>	4.7%	12.4%	-	-	Impairment loss of EUR 2.7m in Croatia
Depreciation, amortisation and impairment	-2.8	-5.3	-91.4%	-2.5	
EBIT	7.8	9.4	21.2%	1.6	EBIT margin of 7.9% in Q1 2017
<i>EBIT margin²</i>	3.4%	7.9%	-	-	

¹ Incl. revenue with other segments

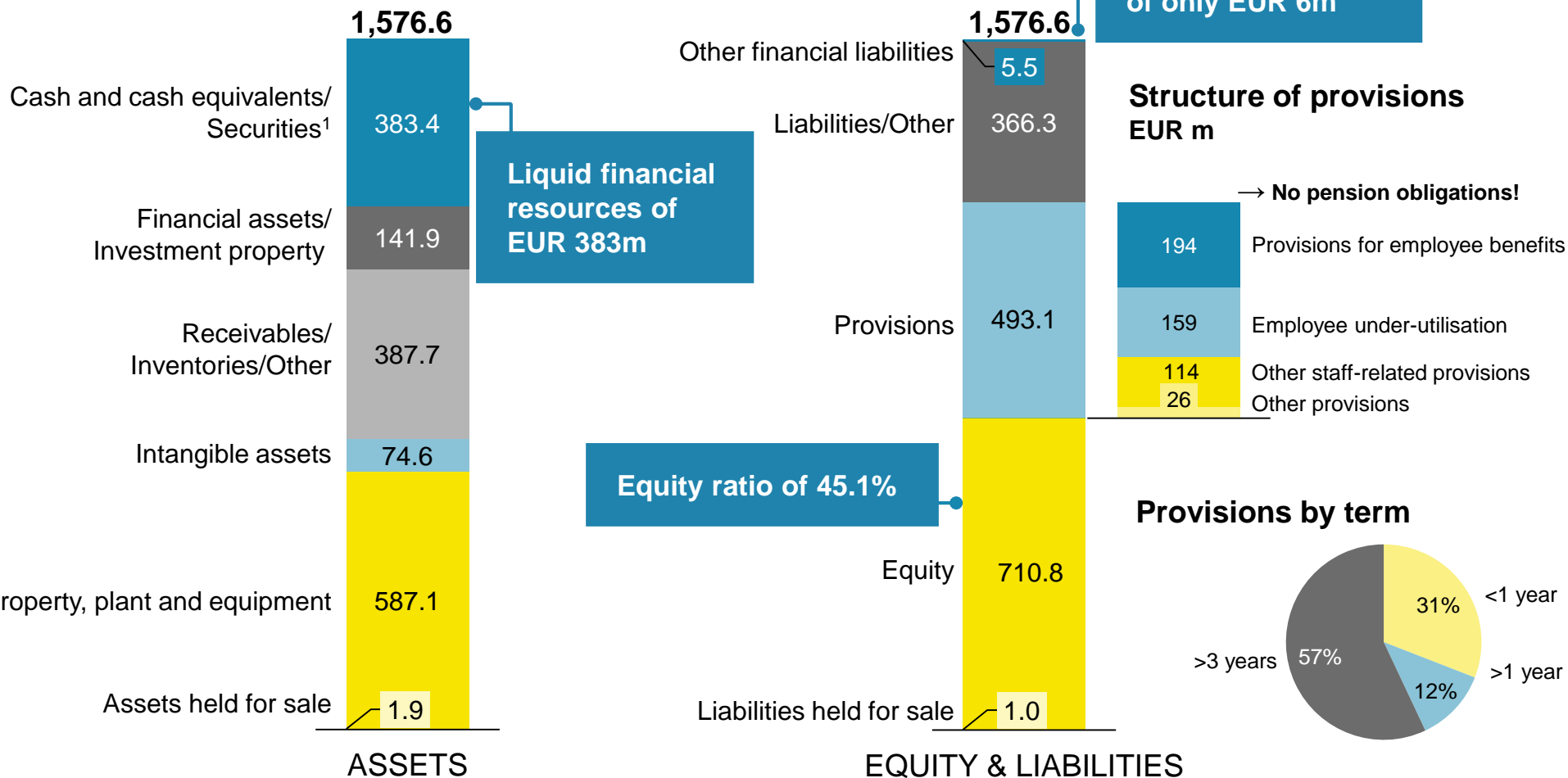
² EBIT margin, EBITDA margin in relation to total revenue



SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT MARCH 31, 2017

EUR m

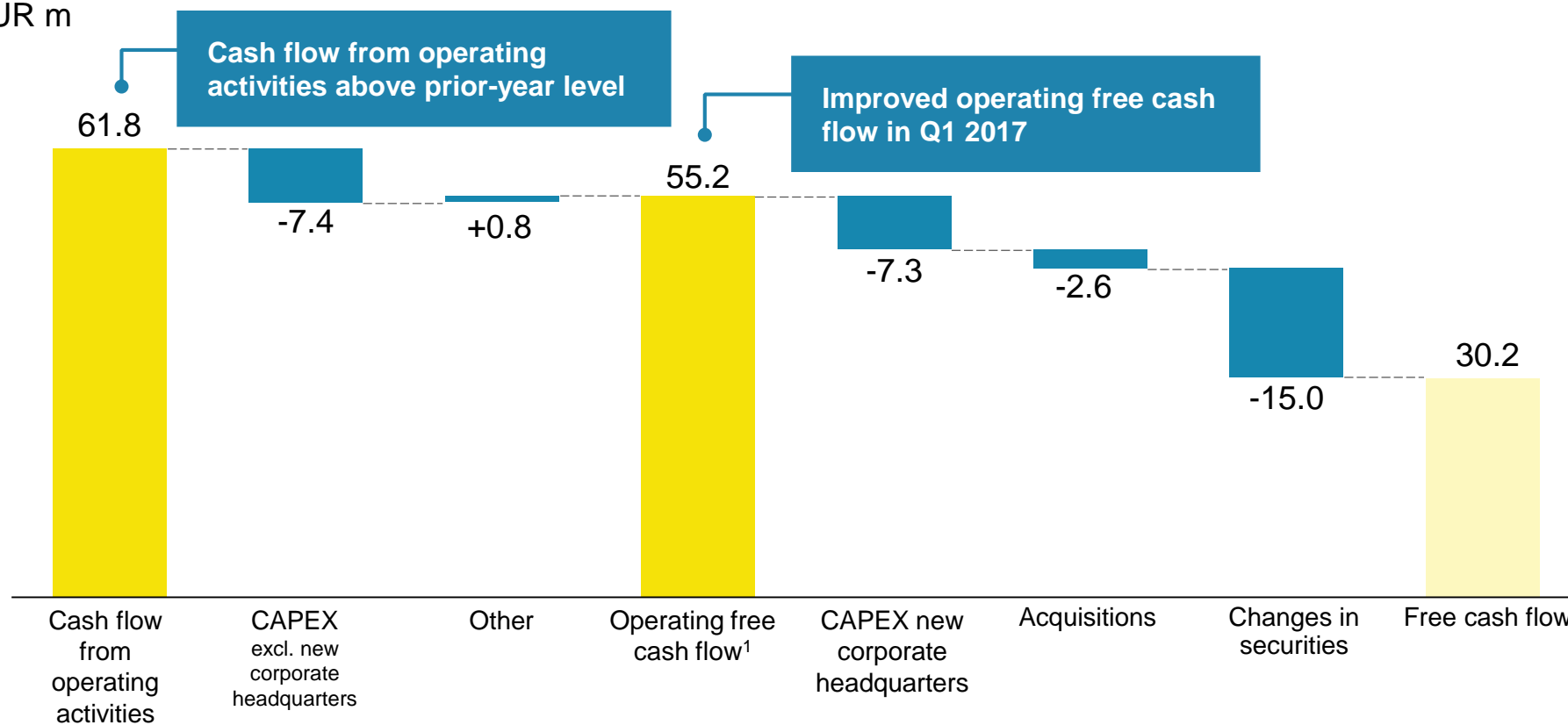


¹ Securities are recognised in the balance sheet under other financial assets.

ROBUST CASH FLOW IN Q1 2017

CASH FLOW DEVELOPMENT

EUR m



Q1 2016	60.1	-7.5	-0.5	52.0	-9.6	0.0	-4.1	38.3
Q1 2015	59.6	-12.7	+0.8	56.9 ²	+56.9 ³	-1.2	-10.0	93.3

¹ Before CAPEX for the new corporate headquarters, acquisitions and securities

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)

INVESTMENT AND PROJECT DEVELOPMENT IN 2017

NEW CORPORATE HEADQUARTERS

- Completion Q3 2017 and relocation in Q4 2017
- 49,300 m² total floor space; 26,000 m² office space; 5,300 m² shopping/catering space
- Implementation “in time & budget”



SORTING CENTER IN THE NORTH OF VIENNA

- New parcel logistics centre to handle growing parcel volumes in Austria
- Location: Langenzersdorf (north of Vienna)
- 100,000m² land area
- Construction planned for 2017/18



PROJECT DEVELOPMENT NEUTORGASSE

- Development/expansion of an historic property currently owned by Austrian Post in Vienna's first district
- Apartments with a total living space of 4,400m²
- Sale of 25 units launched in October 2016, already 34% sold
- www.cotton-residence.at



1. Highlights and Overview

2. Strategy Implementation

3. Group Results Q1 2017

4. OUTLOOK 2017

UNCHANGED OUTLOOK FOR 2017

Market environment

- 5% volume decline p.a. of traditional letter mail due to electronic substitution
 - Volatile advertising business during the course of the year
 - Growing parcel volumes due to online shopping, intense competition
-

Revenue

- Target is to maintain 2017 revenue at a stable level (2016 revenue of EUR 1.9bn excl. trans-o-flex)
 - Focus on strengthening quality leadership and further developing postal and financial services on the basis of current customer needs
-

Investments

- Investments in efficiency increases, service improvement and capacity expansion
 - Operating CAPEX of about EUR 70-80m planned in 2017
-

Earnings

- Further process and structural optimisation
- Target of achieving stable operating EBIT at the same level as in 2016 (EBIT 2016 of EUR 202.3m)

CONTACT

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Financial calendar 2017

August 10, 2017 Half-Year Financial Report 2017

November 15, 2017 Interim Report Q1-3 2017

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