AUSTRIAN POST Q1-3 2017:
HIGHER REVENUE AND EARNINGS

Revenue increase driven by dynamic parcel growth

- Revenue up 2.1 % to EUR 1,404.7m (excl. trans-o-flex)
- Mail decline (-2.2 %) more than offset by parcel growth (+17.8 %)

Expansion of service offering and logistics structures

- Extensive Austria-wide capacity expansion in parcel logistics
- Further development of the product and service portfolio in line with current customer needs

Earnings rise driven by the good revenue development

- EBIT increase of 3.3 % to EUR 139.9m
- Increase of earnings per share to EUR 1.57

Outlook 2017 and 2018

- Slight increase in Group revenue expected for 2017 (2016: EUR 1,895.6m)
- Targeted EBIT in 2017 at least at the same level as in the previous year
- Stable revenue and EBIT development also the goal for 2018

In the first three quarters of the current financial year, Austrian Post's Group revenue amounted to EUR 1,404.7m. Adjusted for the subsidiary trans-o-flex sold in April 2016, the revenue increase equals 2.1 %. On the basis of the good revenue development combined with strict cost discipline, operating earnings (EBIT) totalled EUR 139.9m, comprising a year-on-year rise of 3.3 %. "We are very satisfied with the business development in the first nine months, which was mainly driven by dynamic parcel growth. We succeeded once again in asserting our strong market position in this highly competitive market due to the outstanding quality of delivery and the broad offering of individual customer solutions. The solid earnings development is proof that our strategy of more intensively exploiting synergies in our mail and parcel delivery operations is the right approach", comments Austrian Post CEO Georg Pölzl.

DECLINE IN THE MAIL BUSINESS OFFSET BY PARCEL GROWTH

Revenue of the Mail & Branch Network Division totalled EUR 1,054.6m in the period under review, a drop of 2.2 % from the previous year. The downward revenue development in the first nine months of 2017 was primarily attributable to the ongoing trends towards electronic substitution of traditional letter mail. The Direct Mail business showed an increase in unaddressed direct mail in contrast to the decrease in addressed advertising mail. Total revenue of the Parcel & Logistics Division rose by 17.8 % in the first three quarters of the current financial year to EUR 350.0m (excl. trans-o-flex). This strong growth was mainly due to the ongoing e-commerce trend which led to a substantial volume increase for private customer parcels. The basic upward revenue trend in the first nine months of 2017 is estimated to equal more than 10 %. Additional revenue was generated by the launch of a new product structure featuring the "Packet", a special product offering designed to meet the requirements of online orders, which has been well received by customers.

RESOLUTE ORIENTATION TO CUSTOMER NEEDS

Austrian Post is the undisputed market leader in the delivery of letters, direct mail and parcels. “We will have to continuously improve our service offering and work on our high quality standards in order to maintain or expand our competitive edge in the future”, Georg Pölzl states. Austrian Post is profiting from dynamic market growth in the parcel business. The related competitive intensity and price pressure will remain high. At the same time, customer demands for quality and delivery speed are increasing. Accordingly, Austrian Post is continuously pressing ahead with expanding its service offering on the basis of self-service and online solutions making it even easier and more convenient to ship and receive parcels. For example, Austrian Post is planning to more than double the number of self-service solutions in the medium term. The company also has a great deal to do in the field of parcel logistics. “We are preparing an Austria-wide capacity expansion programme to enable us to handle the strong growth in parcel volumes in the future. Sorting capacity should more than double in the medium term to 100,000 parcels per hour”, Georg Pölzl adds.

Austrian Post is also called upon to adapt its offering in the mail business to current customer requirements. The customer demands a wide scope of services with extensive freedom of choice, also with respect to delivery speed. The retail financial services business is facing a structural decline, which makes it even more imperative to define up to date products and services tailored to customer needs. “We are currently evaluating strategic options and potential partnerships in the financial services business in order to design a sustainable offering”, Georg Pölzl says, adding: “We continue to consider financial services to be an integral part of our business operations, in light of the fact that they comprise a valuable and efficient supplement to postal services”, he states.

CLEAR POSITIONING: RELIABILITY AND STABILITY

The solid development in the first nine months of 2017 should enable Austrian Post to continue pursuing its clear capital market positioning as a reliable dividend stock. Austrian Post anticipates a slightly positive revenue development for the entire year 2017, and targets operating earnings to be at least at the same level as achieved in the previous year. “We will also strive to achieve a stable revenue and earnings development in 2018 as well”, Austrian Post CEO Georg Pölzl concludes.

You will find the complete version of the outlook and detailed information (excerpts) in the Interim Report for the First Three Quarters of 2017 starting on page 4. The entire report is available on the Internet at www.post.at/ir --> Reporting.

KEY FIGURES

EUR m	Q1-3 2016	Q1-3 2017	Change %	EUR m	Q3 2016	Q3 2017
Revenue excl. trans-o-flex	**1,375.5**	**1,404.7**	**2.1%**	**29.1**	**439.3**	**451.0**
Revenue	1,510.4	1,404.7	–7.0%	–105.7	439.3	451.0
thereof Mail & Branch Network Division	1,078.3	1,054.6	–2.2%	–23.7	341.6	333.7
thereof Parcel & Logistics Division	432.0	350.0	–19.0%	–82.0	97.7	117.2
Parcel & Logistics Division excl. trans-o-flex	297.2	350.0	17.8%	52.8	97.7	117.2
thereof Corporate	0.0	0.1	–	0.1	0.0	0.1
Other operating income	50.1	40.4	–19.4%	–9.7	14.0	12.7
Raw materials, consumables and services used	–384.0	–296.5	22.8%	87.5	–97.7	–100.2
Staff costs	–784.8	–744.8	5.1%	40.0	–239.5	–230.4
Other operating expenses	–200.2	–206.7	–3.2%	–6.5	–61.1	–80.0
Results from financial assets accounted for using the equity method	0.3	1.7	>100%	1.4	–0.3	2.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**191.8**	**198.7**	**3.6%**	**7.0**	**54.6**	**55.4**
Depreciation, amortisation and impairment losses	–56.3	–58.8	–4.5%	–2.5	–17.8	–17.7
Earnings before interest and tax (EBIT)	**135.5**	**139.9**	**3.3%**	**4.4**	**36.8**	**37.7**
thereof Mail & Branch Network Division	197.6	200.0	1.2%	2.4	54.4	55.1
thereof Parcel & Logistics Division	24.7	28.9	17.0%	4.2	7.8	10.0
thereof Corporate/Consolidation	–86.9	–89.1	–2.5%	–2.2	–25.4	–27.3
Other financial result	–1.3	0.6	>100%	1.9	–0.8	0.7
Earnings before tax (EBT)	**134.2**	**140.6**	**4.7%**	**6.3**	**36.1**	**38.5**
Income tax	–33.8	–34.7	–2.6%	–0.9	–9.4	–8.8
Profit for the period	**100.5**	**105.9**	**5.4%**	**5.4**	**26.7**	**29.7**
Earnings per share (EUR)[1]	1.49	1.57	5.6%	0.08	0.39	0.44
Cash flow from operating activities	**158.9**	**166.5**	**4.8%**	**7.6**	**49.6**	**57.6**
Investment in property, plant and equipment (CAPEX)	**–56.3**	**–49.5**	**12.2%**	**6.8**	**–17.8**	**–21.5**
Operating free cash flow[2]	**131.3**	**135.2**	**3.0%**	**3.9**	**40.1**	**42.1**

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Free cash flow before acquisitions/securities and before new corporate headquarters

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EXCERPTS FROM THE GROUP MANAGEMENT REPORT:

REVENUE DEVELOPMENT IN DETAIL

In the first three quarters of 2017, Group revenue of Austrian Post fell by EUR 105.7m from the prior-year level to EUR 1,404.7m. This revenue decrease is attributable to the sale of the subsidiary trans-o-flex in April 2016. Adjusted for the disposed company trans-o-flex, revenue increased in a year-on-year comparison by 2.1 % or EUR 29.1m. Third-quarter Group revenue rose by 2.7 % from the previous year to EUR 451.0m. Dynamic parcel growth has more than offset the revenue drop in the mail business during the period under review. Moreover, the launch of a simplified product structure on January 1, 2017 with a mailing offering featuring the “Packet” tailored to the requirements of the e-commerce market positively influenced revenue development. This was in contrast to the lower revenue contributions from elections compared to the previous year. Revenue from elections in the third quarter alone was higher in 2017 than in the prior-year quarter due to parliamentary elections. However, no major elections were held in the first half of 2017. As a consequence, revenue generated from elections was lower in the entire period under review than in the first nine months of 2016.

Revenue of the **Mail & Branch Network Division** totalled EUR 1,054.6m. Of this amount, 54.4 % can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 28.3 % of total divisional revenue. Media Post i.e. the delivery of newspapers and magazines had a share of 9.2 %. Branch Services generated 8.2 % of the division’s revenue. In the first three quarters of 2017, Letter Mail & Mail Solutions revenue amounted to EUR 573.4m, a drop of 1.9 % from the previous year. Third-quarter 2017 revenue in this area fell by 1.7 % to EUR 177.8m. Mix effects related to the new product structure and postal rate adjustments for individual products, for example letters with advice of receipt, positively impacted revenue development. Furthermore, there were increased one-off mailings by individual customers in the reporting period, predominantly banks and insurance companies. The segment change of the Bulgarian subsidiary M&BM Express OOD, which has been assigned to the Parcel & Logistics Division since January 1, 2017, had the opposite effect of reducing divisional revenue. Moreover, there was one working day less in the first nine months of 2017 compared to the prior-year period. The decline in letter mail volumes resulting from the substitution of letters by electronic forms of communication continued during the reporting period. Taking these revenue effects into account, there continued to be a basic downward trend in traditional letter mail volumes averaging about minus 5 % during the period under review. In the first nine months of 2017, revenue of the Direct Mail business fell by 2.0 % to EUR 298.3m. Third-quarter revenue from advertising mail was down 3.0 %. A key factor contributing to the revenue drop in the first nine months was the business development in South East and Eastern Europe, where Austrian Post is increasingly focusing on the parcel segment and gradually withdrawing from the mail business. The direct mail revenue decline in South East and Eastern Europe totalled EUR 3.3m, which was primarily related to the deconsolidation of the Romanian company PostMaster s.r.l. The advertising business in Austria showed an increase in unaddressed direct mail (mainly food retailers) in contrast to the decrease in addressed direct mail. On balance, revenue generated from elections during the reporting period was lower than in the previous year, although third-quarter election-related revenue was slightly higher

than in the prior-year quarter. Media Post revenue fell by 4.9 % year-on-year to EUR 96.8m. This development is primarily due to the declining subscription business for newspapers and magazines. The third-quarter decrease in Media Post revenue amounted to 5.3 %. Branch Services revenue at EUR 86.2m was down 1.8 % from the previous year, and third-quarter revenue in this area fell by 0.4 %. Higher sales of retail products were in contrast to the structural decline in revenue from financial services.

Total revenue of the **Parcel & Logistics Division** decreased in the first three quarters of 2017 from EUR 432.0m to EUR 350.0m. Divisional revenue was up 17.8 % excluding the company trans-o-flex which was deconsolidated in April 2016 and contributed revenue of EUR 134.8m in the previous year. The underlying upward revenue trend in the first nine months of 2017 was estimated to equal more than 10 %. Additional revenue during the reporting period was generated by the launch of a simplified product structure featuring the “Packet”, a special new product offering designed to meet the requirements of online orders. Moreover, the segment change of the Bulgarian subsidiary M&BM Express OOD, which was still assigned to the Mail & Branch Network Division in the prior-year period, took place as of January 1, 2017. Revenue of the Parcel & Logistics Division was up 15.3 % when adjusted to take account of M&BM Express OOD. This strong growth resulted mainly from the ongoing e-commerce trend, which led to a substantial increase in private customer parcels. Generally, the Austrian parcel market is developing very dynamically, producing double-digit growth rates. Austrian Post has once again benefitted from this market growth in the first three quarters of 2017. Intense competition still prevails. At the same time, demands on quality and delivery speed as well as price pressure are increasing. From a regional perspective, 80.0 % of total revenue in the Parcel & Logistics Division was generated in Austria in the first three quarters of the 2017 financial year and 20.0 % by the subsidiaries in South East and Eastern Europe. The business in Austria as well as in the CEE/SEE markets showed substantial growth. Revenue rose 16.6 % in Austria in the first nine months of 2017 and 19.2 % in the third quarter. The revenue increase in South East and Eastern Europe in the first nine months totalled 22.8 %, with EUR 7.4m of this increase due to M&BM Express OOD, Bulgaria, which is now assigned to the Parcel & Logistics Division. Revenue in CEE/SEE was up by 9.8 % on a like-for-like basis in the first three quarters of 2017.

EXPENSE AND EARNINGS DEVELOPMENT

Raw materials, consumables and services used fell to EUR 296.5m during the period under review, down from EUR 384.0m in the previous year. However, taking into account the sale of trans-o-flex, this expense item increased, which is due to higher costs for outsourced transport services required to handle parcel volume growth.

Austrian Post’s staff costs amounted to EUR 744.8m in the first three quarters of 2017, comprising a drop of 5.1 %. On a like-for-like basis excluding trans-o-flex, staff costs in the reporting period were also lower than in the previous year. The resolute continuation of measures to enhance efficiency and improve the staff structure succeeded in compensating for annual salary increases and biennial pay rises. As a result, operational staff costs were slightly below the prior-year level. In addition to operational staff costs, staff costs of Austrian Post also include 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. Total non-operational staff costs of EUR 26.3m in the first three quarters of 2017, including changes in provisions relating to the revised discount interest rates, were below the prior-year level. Non-operational staff costs in the reporting period primarily included termination benefits and social compensation. In contrast, a positive earnings effect of EUR 5.5m resulted from the adjustment of discount interest rates for various staff-related provisions against the backdrop of the development of the international interest rate environment.

Other operating expenses amounted to EUR 206.7m during the current reporting period, comprising a significant increase from the prior-year level when adjusted for the disposed subsidiary trans-o-flex. Alongside higher expenses for IT and consulting, this increase can also be attributed to higher expenses in connection with out-of-period non-wage costs. The claims related to non-wage costs paid in previous periods were reassessed, and the corresponding provisions were increased by EUR 8.9m.

On the basis of the solid revenue development, earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 3.6 % or EUR 7.0m in the first nine months of 2017 to EUR 198.7m. This corresponds to an EBITDA margin of 14.1 %. Depreciation, amortisation and impairment losses equalled EUR 58.8m, an increase of EUR 2.5m from the previous year. Impairment losses of EUR 5.4m were recognised in the period under review, compared to EUR 2.0 in the prior-year period. Accordingly, earnings before interest and tax (EBIT) in the first nine months of 2017 were EUR 139.9m, comprising an increase of 3.3 % or EUR 4.4m from the previous year. The EBIT margin equalled 10.0 %.

Earnings before tax totalled EUR 140.6m, compared to the prior-year figure of EUR 134.2m. The income tax expense amounted to EUR 34.7m, up EUR 0.9m from the first nine months of 2016. After deducting income tax, the Group’s profit for the period (profit after tax) was EUR 105.9m, up from EUR 100.5m in the previous year. Accordingly, undiluted earnings per share were EUR 1.57 for the first nine months of 2017 (Q1–3 2016: EUR 1.49 per share).

From a divisional perspective, EBITDA reported by the **Mail & Branch Network Division** totalled EUR 217.8m in the first nine months of 2017, representing a year-on-year decline of 2.7 %. EBIT in the reporting period improved by 1.2 % to EUR 200.0m despite a decrease in revenue. Greater synergies in logistics and the increased delivery of the new “Packet” by mail logistics positively impacted the division’s earnings development during the period under review.

The **Parcel & Logistics Division** generated an EBITDA of EUR 39.5m in the first nine months of 2017, compared to the prior-year level of EUR 33.2m. EBIT in the period under review was EUR 28.9m, representing a year-on-year increase by 17.0 %. The high level of profitability is mainly due to the good capacity utilisation of the logistics infrastructure in the Austrian parcel business.

The **Corporate Division** encompasses all non-allocable expenses for central departments in the Group as well as staff-related provisions assigned to it. In addition, the division also includes innovation management and the development of new business models. EBIT of the Corporate Division (incl. Consolidation) fell by EUR 2.2m to minus EUR 89.1m. The increase in the discount interest rate for interest-bearing provisions had a positive effect on earnings in contrast to the negative effect of higher expenses for social compensation and in connection with non-wage costs from previous periods.

CASH FLOW AND BALANCE SHEET

The cash flow from operating activities amounted to EUR 166.5m in the period under review, up by EUR 7.6m from EUR 158.9m in the previous year. This increase is partly attributable to higher payments in connection with provisions in the first nine months of 2016. Cash outflows for the acquisition of property, plant and equipment (CAPEX) amounted to EUR 49.5m in the first nine months of 2017, below the level of EUR 56.3m in the previous year. The difference is primarily attributable to lower payments for construction of the new corporate headquarters, which totalled EUR 18.8m in the period under review. The operating free cash flow was EUR 135.2m, up from the prior-year level of EUR 131.3m.

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 at the lowest possible risk. Equity of the Austrian Post Group amounted to EUR 648.1m as at September 30, 2017, corresponding to an equity ratio of 43.3 %. The analysis of the company’s financial position shows a high level of liquidity. This includes cash and cash equivalents of EUR 259.4m and securities of EUR 61.0m. These financial resources are in contrast to financial liabilities of only EUR 6.3m.

OUTLOOK 2017 AND 2018

Developments in the first three quarters of 2017 confirm the basic underlying trends in the mail and parcel businesses. The company anticipates volume declines of about 5 % p.a. in the traditional addressed letter mail business, although the volume developments in individual customer segments differ. The direct mail business strongly depends on corporate advertising budgets and the economic environment and is thus subject to fluctuations. Parcel volumes are developing positively as a result of the increase in online shopping. The e-commerce trend should continue to result in double-digit volume growth of private customer parcels. At the same time, customer demand for quality and delivery is rising against the backdrop of increasing price pressure.

Austrian Post anticipates a slight rise in revenue in the 2017 financial year (comparable 2016 revenue excl. trans-o-flex: EUR 1,895.6m). On the basis of the expected revenue development combined with resolute cost discipline, the company targets operating earnings at least at the same level as in the previous year (EBIT 2016: EUR 202.3m). Outside the operating business, opportunities and risks

affected by special effects could either positively or negatively impact the earnings development. On balance, operational capital expenditure (CAPEX) of EUR 70-80m is planned in 2017, primarily in terms of sorting technologies, logistics and customer solutions. Furthermore, construction work on the new corporate headquarters was completed on schedule in the autumn of 2017.

All in all, Austrian Post forecasts an ongoing stable revenue development in the 2018 financial year. The expected business development is based on various planning assumptions, such as a continuation of the basic trends in the mail and parcel businesses. Addressed letter mail volumes will likely continue to decline by about 5 % p.a., whereas direct mail revenue should be sustained by further economic recovery. On a medium-term basis, Austrian Post will be required to adjust its service and product offering in the mail segment to current customer needs. In line with international trends, the company aims to enhance the customer's freedom of choice. In addition to the next-day delivery of mail products, customers should also be offered the choice in the course of 2018 to select delivery within two to three working days in line with the Universal Postal Service Obligation.

In the branch network, structurally related changes in the financial services business are expected to continue. Therefore, the task is to define products and services which are up to date and will also expand the future service offering of the branch network. All strategic options for the period following the end of the cooperation agreement with Austrian Post's current banking partner BAWAG P.S.K. are being evaluated. In accordance with the stipulated notice period, this partnership will be discontinued effective December 31, 2020. The financial services business should continue to be an important part of Austrian Post's business operations, in light of the fact that it represents a valuable supplement to the company's offering of postal services.

Double-digit growth rates are expected in the Austrian parcel market due to the ongoing online shopping boom. This could lead to more intensive competition, stronger price pressure or partial delivery by individual large-volume customers. On the basis of robust market growth and potential market share shifts, growth rates from the mid-single digit to low double-digit range are possible for Austrian Post's parcel business.

With respect to its earnings development, Austrian Post is pursuing the goal of generating stable operating earnings in 2018. Austrian Post is continually optimising its structures and processes in order to further enhance the efficiency of all its services. In spite of declining volumes, the company anticipates good capacity utilisation of its mail logistics infrastructure, which is now more efficiently used due to the joint delivery of letters and parcels. In contrast, Austrian Post is faced with the challenges posed by the structural decline in the traditional banking business and correspondingly adjusts its product offering and capacities. On balance, these measures should contribute to a stable earnings development in 2018.

Austrian Post will continue to resolutely make investments designed to enhance efficiency and service quality at the customer interface. Against the backdrop of ongoing market growth in the private customer parcel segment, measures are being taken to expand relevant capacities and to double sorting capacity within the next four years. As a result, increasing investments in Austrian parcel logistics are being earmarked in the medium term. In addition to the ongoing investments in the core business of about EUR 60m annually, additional growth investments of EUR 40-50m p.a. on average are planned in the coming years. As in the past, the operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable, future-oriented investments. A solid cash flow development continues to be expected, enabling Austrian Post to maintain its attractive dividend policy, distributing at least 75 % of Group net profit to shareholders.