

AUSTRIAN POST

INVESTOR PRESENTATION Q1-3 2017

Walter Oblin/CFO
Vienna, November 15, 2017



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results Q1-3 2017

4. Outlook 2017/2018



HIGHLIGHTS Q1-3 2017



Market: Basic trends continue: approx. 5% decline in letter volumes, dynamic parcel growth of more than 10% but tough competition



Revenue: Q1-3 rise in Group revenue of 2.1% (excl. trans-o-flex), decline in mail revenue more than offset by parcel growth



Earnings: EBIT increase of 3.3% in Q1-3 on the back of good revenue development and cost discipline

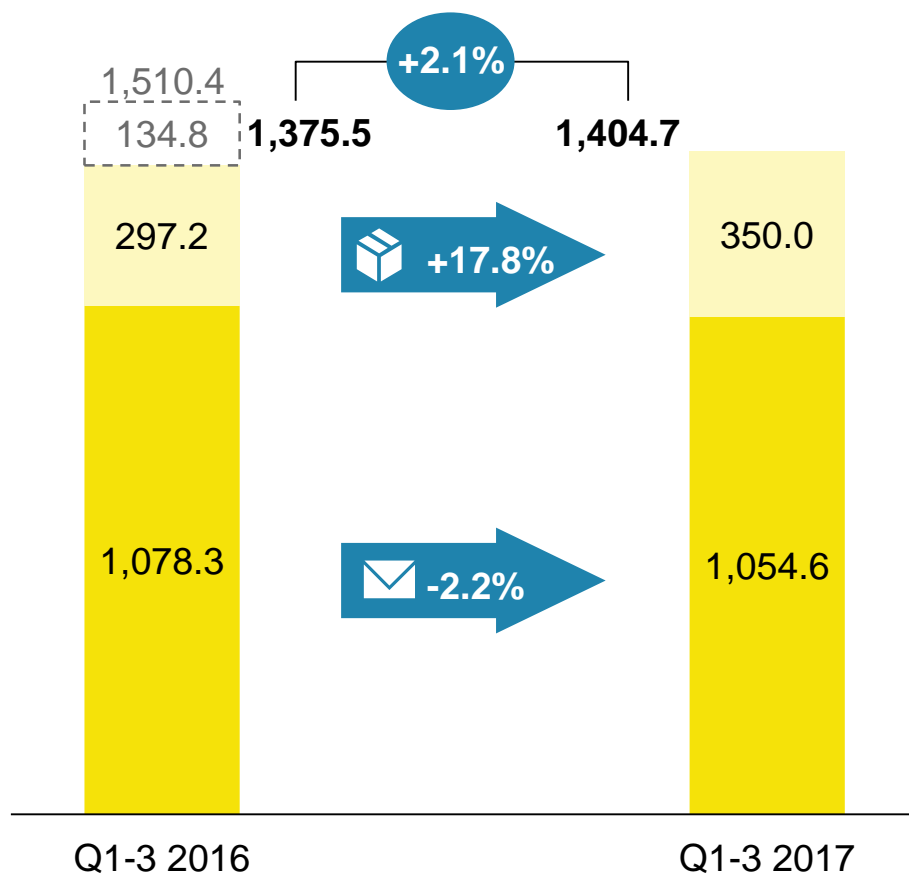


Outlook 2017: Slight revenue increase and operating earnings at least at the prior-year level

REVENUE INCREASE DRIVEN BY DYNAMIC PARCEL GROWTH

REVENUE DEVELOPMENT

EUR m



GROUP: +2.1% (Q3: +2.7%)

- Q3 revenue increase due to higher contributions from elections and stronger parcel growth
- One working day less in Q3 year-on-year

PARCEL & LOGISTICS: +17.8% (Q3: +20.0%)

- Basic revenue trend in Austria of over 10% in Q1-3
- Additional Q1-3 revenue due to:
 - New product structure (Packet)
 - Segment change of M&BM Express, Bulgaria

MAIL & BRANCH NETWORK: -2.2% (Q3: -2.3%)

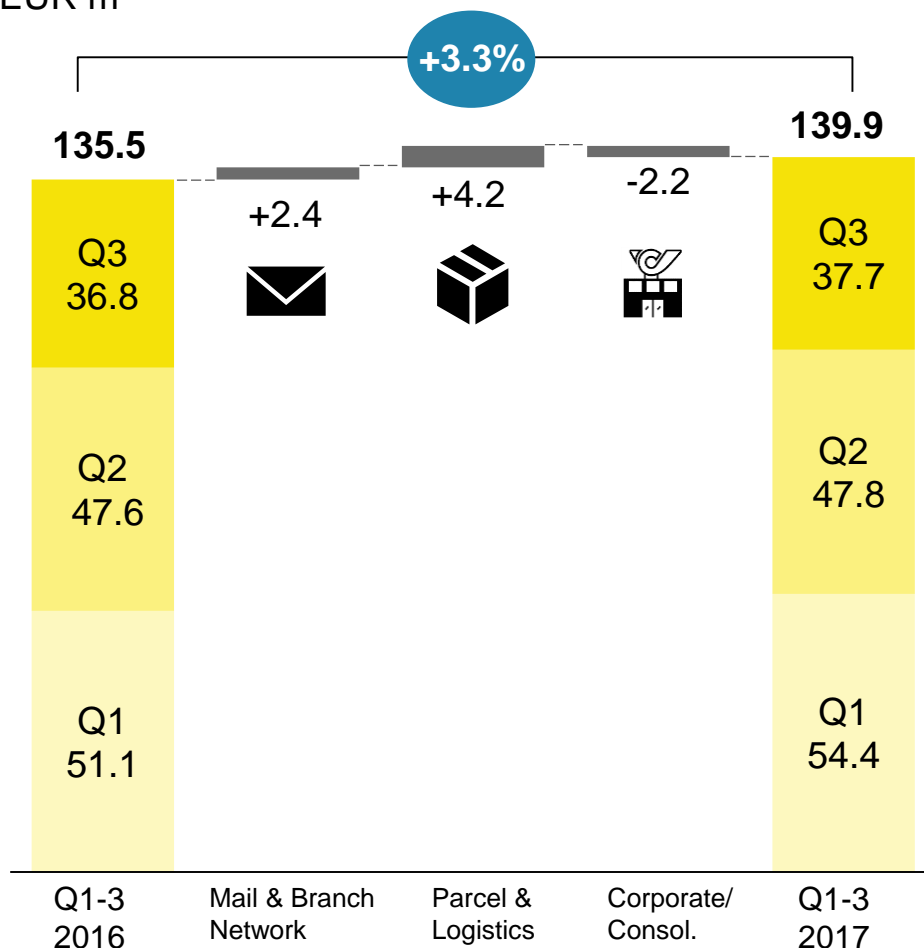
- Basic addressed letter mail volume trend approx. minus 5%
- Positive mix effects resulting from new product structure
- In Q3 additional revenue contributions due to 2017 parliamentary elections

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

IMPROVED OPERATING RESULTS (EBIT)

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- EBIT rise of EUR 2.4m in Q1-3 (+ EUR 0.7m in Q3)
- Earnings contributions from the positive price/mix effect and the increased delivery of packets

PARCEL & LOGISTICS:

- EBIT rise of EUR 4.2m in Q1-3 (+ EUR 2.2m in Q3)
- Earnings increase due to the good capacity utilisation of the logistics infrastructure

CORPORATE:

- EBIT decline of EUR 2.2m in Q1-3 (minus EUR 1.9m in Q3)
- Positive effect from interest rate adjustment; higher expenses in connection with out-of-period non-wage labour costs and social compensation

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results Q1-3 2017

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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 on 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



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POSTAL BUSINESS: ONGOING IMPROVEMENT OF THE PRODUCT PORTFOLIO

LETTER MAIL



PARCELS



DIRECT MAIL



FREEDOM OF CHOICE FOR CUSTOMERS

PRODUCT PORTFOLIO 2017

- Letter S
- Letter M
- Packet S
- Packet M
- Parcel

E-LETTER



Already
>121,000
activations

ABSENTEE VOTING



14%
absentee
ballots in the
2017 parlia-
mentary
elections

TARGETS 2018

Letter mail:

Expanded offering in line with international trends

- Prio Product – Next day
- Eco Product – 2/3 days

Parcels:

Expansion of pick-up service planned in 2018

Direct mail items:

Focus on enhancing attractiveness and outreach

1

LOGISTICS WITH THE BEST AND MOST EFFICIENT SERVICE

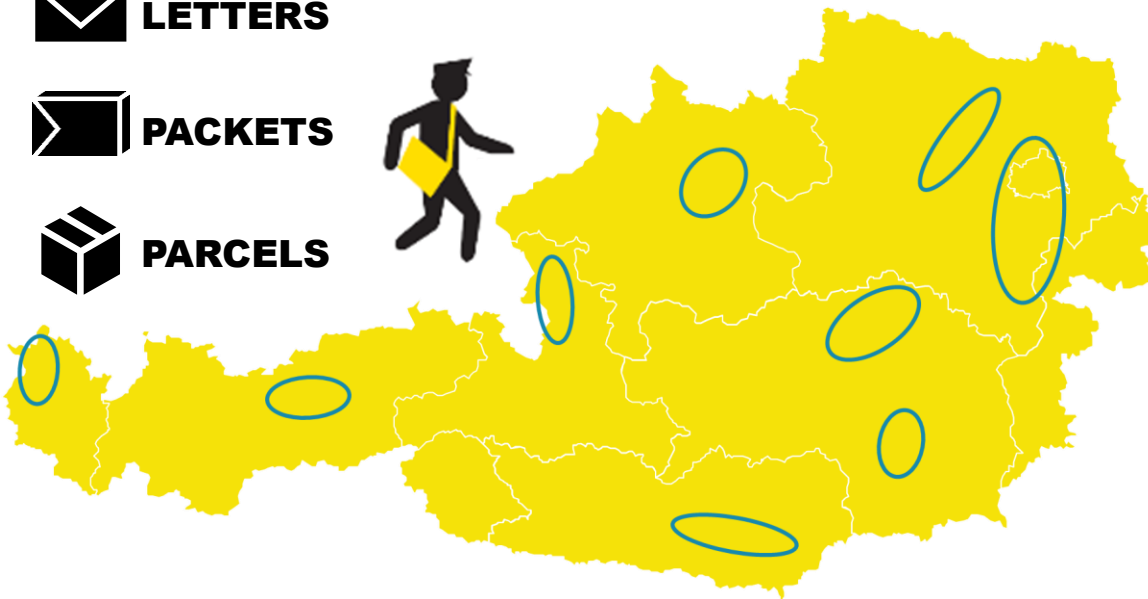
ALREADY THE MOST EFFICIENT AND HIGH QUALITY DELIVERY NETWORK IN AUSTRIA

Mail carriers deliver more than 50% of all parcels


 **LETTERS**

 **PACKETS**

 **PARCELS**



 Joint delivery of letters/packets and parcels

 Additional parcel delivery by own parcel delivery staff in densely populated areas




TARGETS 2018

Mail logistics:

Further increase in mail and parcel delivery synergies

Parcel logistics:

Significant enhancement of service quality :

-  Speed
-  Delivery on first attempt
-  Pick-up stations

IT infrastructure:

New solutions for 9,000 mail carriers in Austria

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BRANCH NETWORK OFFERING IS STEADILY ADAPTED TO CUSTOMER NEEDS



POST PRODUCTS



- Acceptance of parcels and letters
- Comprehensive consulting for postal services
- 449 postal branches, 1,346 postal partners
- 38m customer contacts p.a. in postal branches, postal partners with 19m customer contacts p.a.

TELECOMMUNICATION & RETAIL GOODS



- Telecommunications: revenue increase based on good cooperation with A1
- Post energy cost calculator: established on the market, about 30,000 contracts per year
- Pilot: sales partnership with the Austrian Federal Railways (ÖBB)

FINANCIAL SERVICES



- Agreement with banking partner BAWAG P.S.K.: termination of cooperation effective December 31, 2020
- Structural decline in the financial services business (slightly above EUR 50m at present)
- Talks with potential international and national partners

THE THREE BUSINESS AREAS WILL REMAIN AN INTEGRAL PART OF OUR OFFERING

2 GROWTH IN SELECTED MARKETS

GROWTH FOCUS ON PARCEL AND LOGISTICS

GERMANY

Austrian Post International:

- Growth in the international mail business to EUR 37m in revenue (+9.5%)

AEP (50% share, consolidated at equity):

- Pharmaceutical wholesale joint venture
- Q1-3 2017 revenue about EUR 250m



AUSTRIA

- Enhancement of vertical integration in the field of e-commerce (system logistics, multichannel enabler ACL)

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

- Operating business: profitable growth, Q1-3 volume rise >25%, revenue about EUR 200m in Q1-3 2017
- Ongoing arbitration proceedings
- Top priority: preserve value of the investment

CEE/SEE

Focus on profitable parcel business growth

- Ongoing positive organic volume development (+8.6%) and strong export growth
- Intense competition and price pressure
- Acquisition of a 31.5% stake in the Czech parcel services provider IN TIME on Aug. 18, 2017

Withdrawal from the mail business

- Segment change of M&BM Express, Bulgaria, as of 2017; Weber Escal, Croatia, as of 2018
- Closing of the sale of PostMaster Romania on April 19, 2017 and PostMaster Poland on Oct. 18, 2017

3 CAPACITY AND QUALITY DRIVE

PLANNED EXPANSION OF PARCEL LOGISTICS IN AUSTRIA

TARGETS 2021:

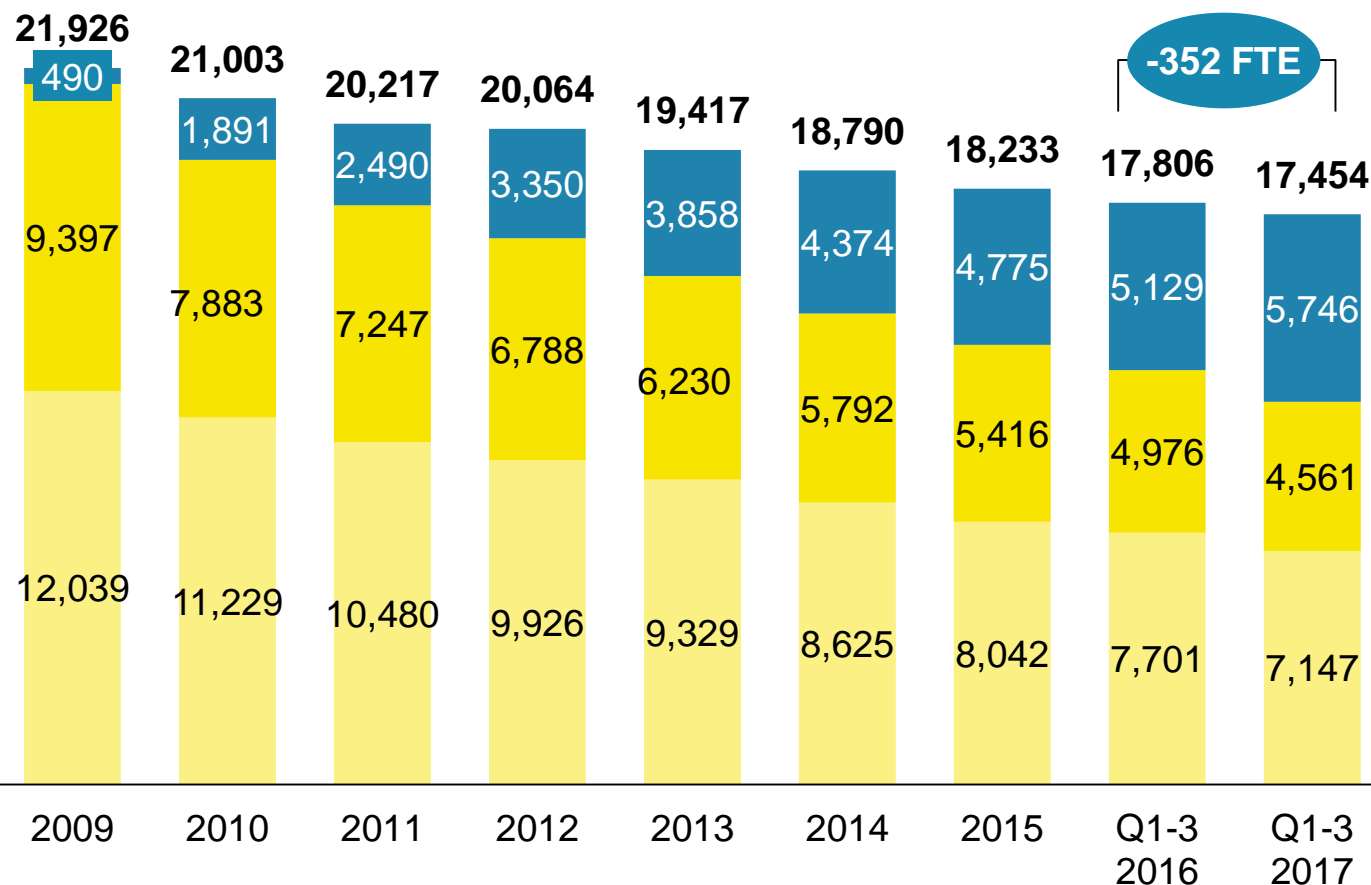
- Doubling of sorting capacity to 100,000 parcels/hour
- Volume increase from 81m parcels in 2016 to 150m parcels, also in the case of partial own delivery by individual large-volume customers
- “Next day” and “same day” parcel services

➔ Growth investments of EUR 40-50m p.a. until 2021



3 STAFF STRUCTURE IN AUSTRIA

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



Change Q1-3 2016/2017:

- 554 Civil servants
- 415 Employees old CWA
- + 617 Employees new CWA

- 352 Employees

Medium-term trend:

Ongoing structural transformation, slight decline in overall capacity

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

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FURTHER EXPANSION OF CUSTOMER SELF-SERVICE SOLUTIONS

21,860 PICK-UP BOXES

Q1-3 2017: >1.2m items



298 PICK-UP STATIONS

Q1-3 2017: >1.6m items



362 DROP-OFF BOXES

Q1-3 2017: >2.8m items



■ Number of self-service solutions
■ Items/month

NUMBER OF CUSTOMER SELF-SERVICE SOLUTIONS TO DOUBLE IN THE MEDIUM TERM

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3. GROUP RESULTS Q1-3 2017

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Q1-3 2017 FINANCIAL INDICATORS AT A GLANCE

	Q1-3 2016	Q1-3 2017	
Revenue (EUR m)	1,510.4	1,404.7	Revenue down YOY due to deconsolidation of trans-o-flex
Revenue excl. trans-o-flex (EUR m)	1,375.5	1,404.7	Revenue up 2.1% on a like-for-like basis
EBITDA margin	12.7%	14.1%	Improved EBITDA margin of 14.1%
EBIT margin	9.0%	10.0%	Higher profitability after sale of trans-o-flex
Earnings/share (EUR)	1.49	1.57	Earnings per share above the prior-year level
Cash flow (EUR m)	158.9	166.5	Higher YOY Cash flow from operating activities
Equity ratio	40.0%	43.3%	Conservative balance sheet structure with low financial liabilities and high equity ratio

KEY INCOME STATEMENT INDICATORS

EUR m	Q1-3 2016	Q1-3 2017	%	Δ	Q3 2016	Q3 2017	
Revenue excl. trans-o-flex	1,375.5	1,404.7	2.1%	29.1	439.3	451.0	Revenue increase due to strong parcel growth
Revenue	1,510.4	1,404.7	-7.0%	-105.7	439.3	451.0	
Other operating income	50.1	40.4	-19.4%	-9.7	14.0	12.7	Reduced staff costs (excl. trans-o-flex); negative prior-year effects from interest rate adjustments
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	Expenses for provisions in connection with out-of-period non-wage labour costs
At equity consolidation	0.3	1.7	>100%	1.4	-0.3	2.4	
EBITDA	191.8	198.7	3.6%	7.0	54.6	55.4	
<i>EBITDA margin</i>	12.7%	14.1%	-	-	12.4%	12.3%	
Depreciation, amortisation and impairment	-56.3	-58.8	-4.5%	-2.5	-17.8	-17.7	
EBIT	135.5	139.9	3.3%	4.4	36.8	37.7	EBIT margin up to 10.0% after disposal of trans-o-flex
<i>EBIT margin</i>	9.0%	10.0%	-	-	8.4%	8.4%	
Other financial result	-1.3	0.6	>100%	1.9	-0.8	0.7	
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	



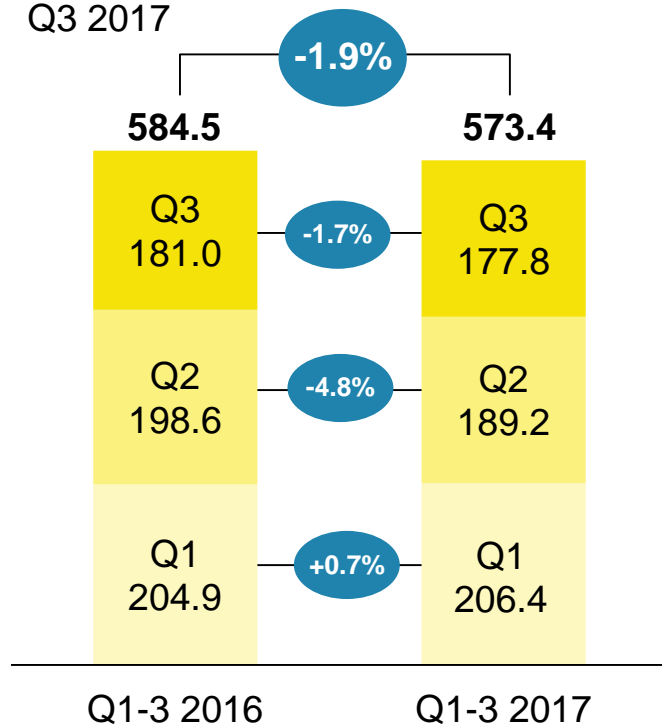
MAIL & BRANCH NETWORK DIVISION: Q1-3 2017 REVENUE DEVELOPMENT

LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Mail volume decline of about 5%
- Positive effect of new product structure, selective postal rate adjustments (e.g. letters with advice of receipt)
- Revenue contributions from parliamentary elections in Q3 2017

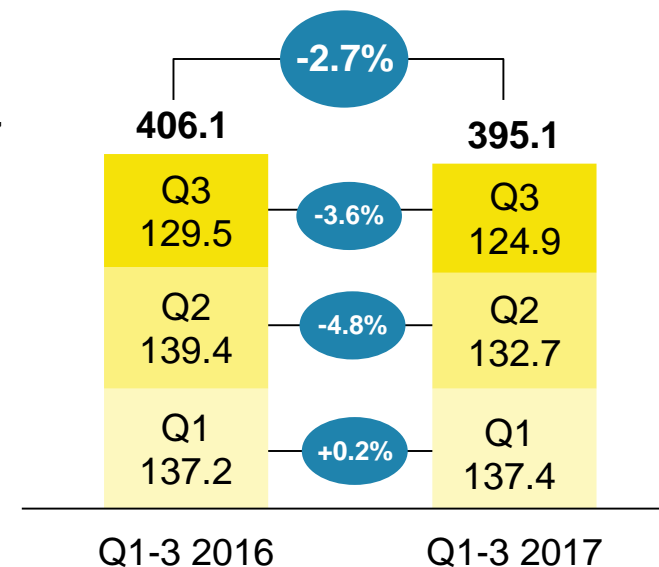
DIRECT MAIL/MEDIA POST (EUR m)

- Ongoing positive trend for stationary retail segment (mainly food retailers)
- Higher positive revenue effects from elections in 2016
- Lower revenue and selective market exit in CEE/SEE (down by EUR 3.3m)
- Declining business for newspaper/magazine subscriptions



Working days 2016/2017

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





MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT INDICATORS

EUR m	Q1-3 2016	Q1-3 2017	%	Δ	Q3 2016	Q3 2017	
Revenue	1,078.3	1,054.6	-2.2%	-23.7	341.6	333.7	Positive election effect of EUR 13.5m in Q1-3 2016, EUR 5.6m this year
• Letter Mail & Mail-Solutions	584.5	573.4	-1.9%	-11.1	181.0	177.8	
• Direct Mail	304.3	298.3	-2.0%	-6.1	98.1	95.2	
• Media Post	101.8	96.8	-4.9%	-5.0	31.4	29.7	
• Branch Services	87.8	86.2	-1.8%	-1.6	31.1	31.0	
Revenue with other segments (intra-Group)	62.8	74.2	18.1%	11.4	20.9	24.9	Additional revenue due to increased delivery of packets and parcels
Total revenue ¹	1,141.2	1,128.8	-1.1%	-12.4	362.5	358.6	
EBITDA	223.9	217.8	-2.7%	-6.1	62.4	59.8	
<i>EBITDA margin²</i>	19.6%	19.3%	-	-	17.2%	16.7%	EBIT increase due to cost discipline and synergy effects
Depreciation, amortisation and impairment	-26.2	-17.8	32.3%	8.5	-8.0	-4.8	
EBIT	197.6	200.0	1.2%	2.4	54.4	55.1	
<i>EBIT margin²</i>	17.3%	17.7%	-	-	15.0%	15.4%	

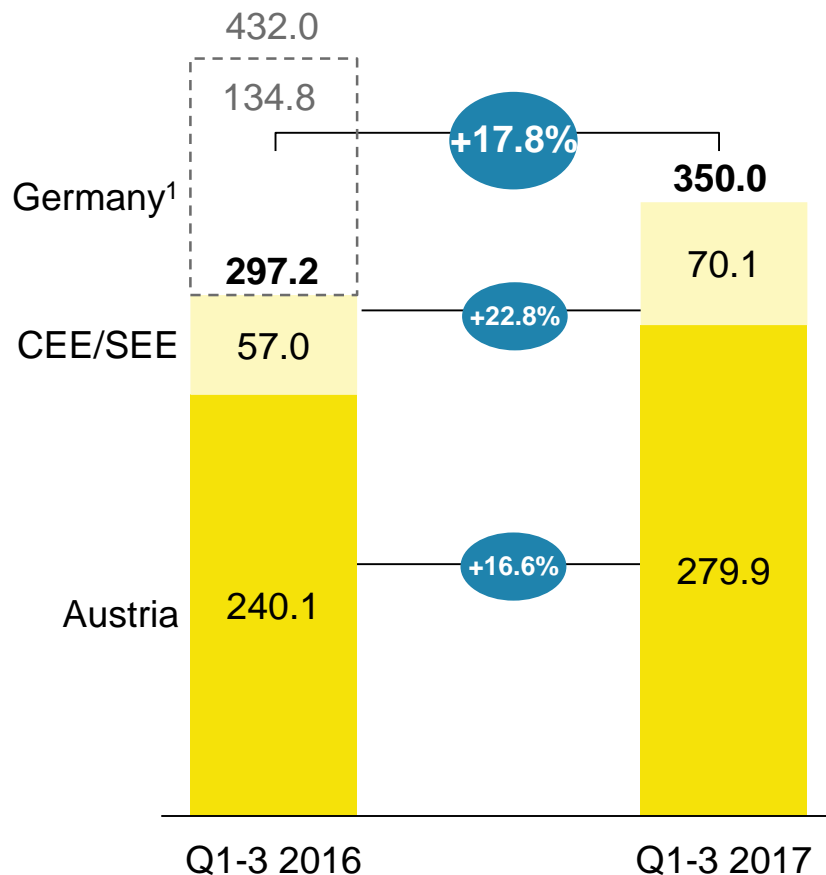
¹ Incl. revenue with other segments

² EBIT margin/EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: Q1-3 2017 REVENUE DEVELOPMENT

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION:

- Q1-3 revenue after disposal of trans-o-flex up 17.8% (excl. segment change M&BM Express +15.3%)

CEE/SEE: +22.8% (Q3: +23.3%)

- Segment change of M&BM Express (+ EUR 7.4m; previously Mail & Branch Network Division)
- Solid organic revenue growth (+9.8%), high price pressure
- Good revenue development in Hungary and Slovakia

AUSTRIA: +16.6% (Q3: +19.2%)

- Basic revenue trend in Q1-3 2017 of more than +10%; double-digit market growth driven by disproportionately high growth from large customer accounts
- Additional revenue due to new product structure (Packet)

¹ Including revenue of trans-o-flex ThermoMed Austria GmbH



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT INDICATORS

EUR m	Q1-3 2016	Q1-3 2017	%	Δ	Q3 2016	Q3 2017
Revenue excl. trans-o-flex	297.2	350.0	17.8%	52.8	97.7	117.2
Revenue	432.0	350.0	-19.0%	-82.0	97.7	117.2
• Premium	276.9	171.1	-38.2%	-105.8	49.4	59.1
• Standard	132.0	154.7	17.2%	22.7	41.7	50.4
• Other Parcel Services	23.1	24.2	4.6%	1.1	6.6	7.8
Total revenue ¹	440.0	356.1	-19.1%	-83.9	100.3	119.3
At equity consolidation	1.3	0.2	-82.0%	-1.0	0.2	0.1
EBITDA	33.2	39.5	19.0%	6.3	10.7	12.5
<i>EBITDA margin²</i>	7.5%	11.1%	-	-	10.7%	10.5%
Depreciation, amortisation and impairment	-8.4	-10.5	-24.9%	-2.1	-2.9	-2.6
EBIT	24.7	28.9	17.0%	4.2	7.8	10.0
<i>EBIT margin²</i>	5.6%	8.1%	-	-	7.8%	8.4%

15.3% revenue increase excl. segment change of M&BM Express

Impairment losses of EUR 2.7m in Croatia in Q1 2017

High profitability due to good capacity utilisation of logistics infrastructure

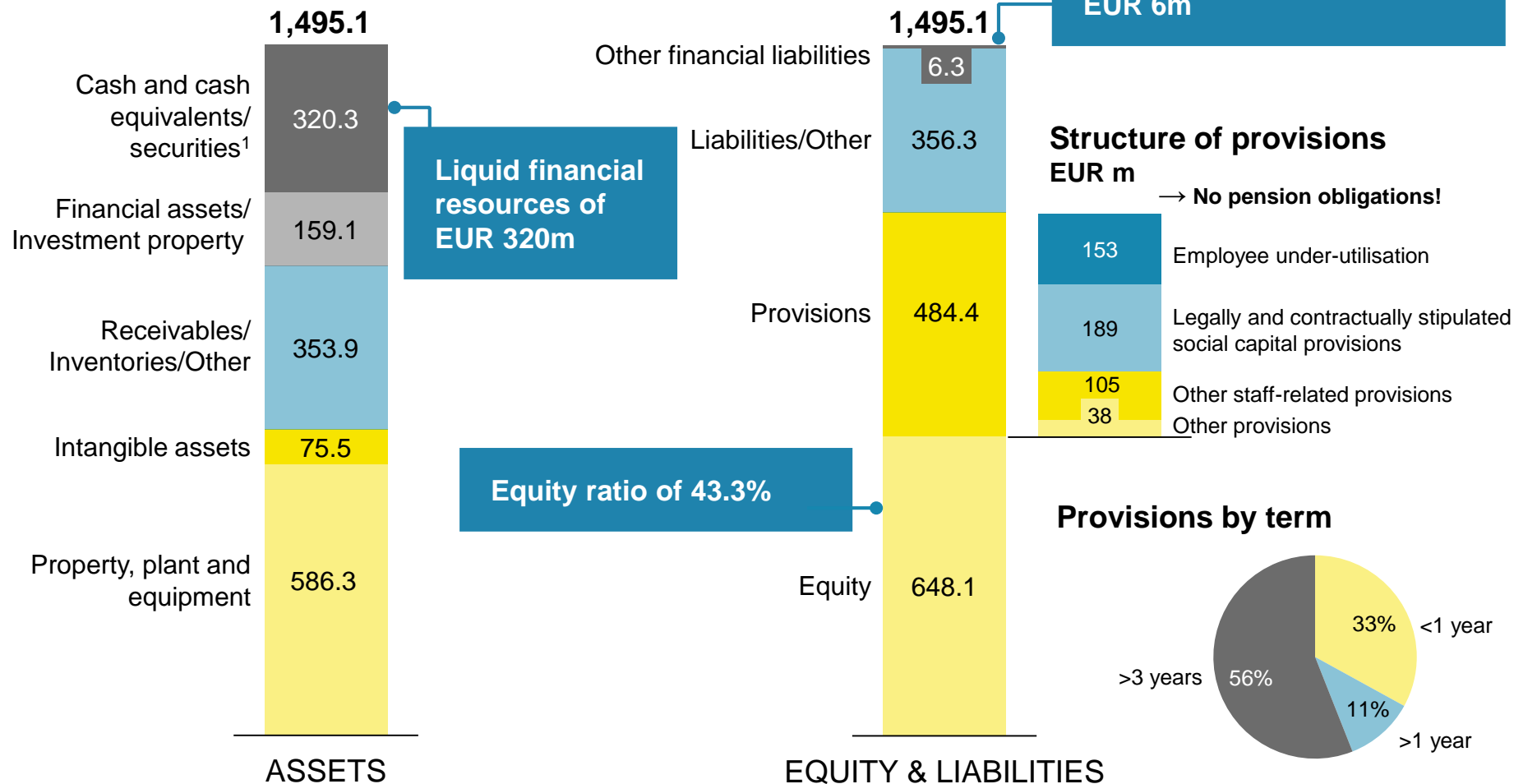
¹ Incl. revenue with other segments

² EBIT margin/EBITDA margin in relation to total revenue

SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT SEPTEMBER 30, 2017

EUR m

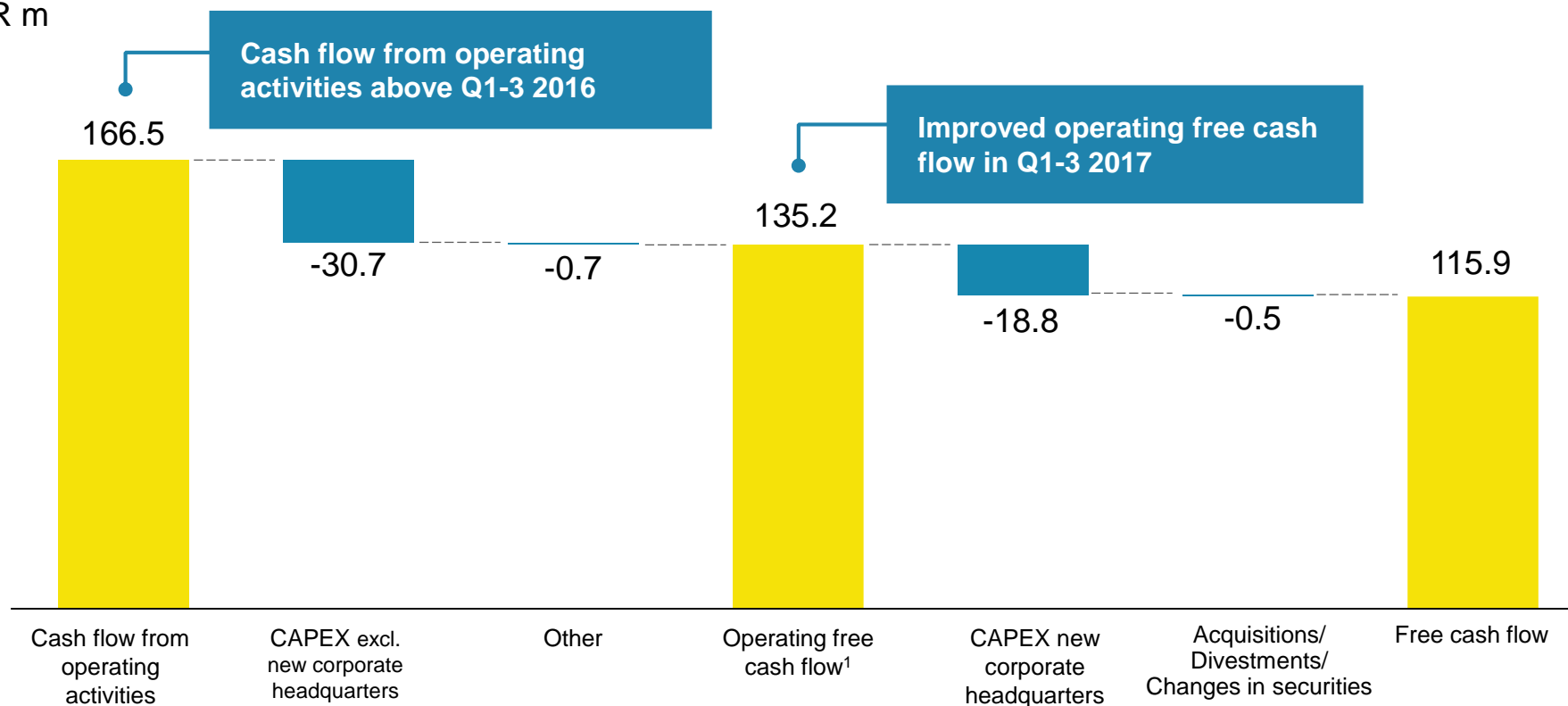


¹ Securities recognised on the balance sheet under other financial assets.

ROBUST CASH FLOW Q1-3 2017

CASH FLOW DEVELOPMENT

EUR m



	Q1-3 2016	Q1-3 2017
Cash flow from operating activities	158.9	153.6
CAPEX excl. new corporate headquarters	-30.1	-41.6
Other	+2.5	+6.1
Operating free cash flow ¹	131.3	127.3 ²
CAPEX new corporate headquarters	-26.3	+40.2 ³
Acquisitions/Divestments/Changes in securities	-3.0	-6.4
Free cash flow	102.0	152.0 ³

¹ Free cash flow before acquisitions/securities and before 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

NEW CORPORATE HEADQUARTERS, VIENNA



- Opening of shopping centre on Sept. 20, 2017
- Move to new headquarters concluded by end of 2017
- Implementation “in time & budget”

COTTON RESIDENCE, VIENNA



- Development/expansion of historical property in Vienna by the end of 2018 (www.cotton-residence.at)
- 50% of apartments already sold

EVALUATION OF REAL ESTATE PORTFOLIO TO ANALYSE VALUE ENHANCEMENT POTENTIAL – IN-HOUSE DEVELOPMENT OF OWN PROPERTY

1. Highlights and Overview

2. Strategy Implementation

3. Group Results Q1-3 2017

4. OUTLOOK 2017/2018

OUTLOOK 2017 & 2018

2017

2018

Market environment

- Approx. 5% letter mail decline due to electronic substitution
- Unaddressed direct mail supported by economic activity
- Rising parcel volumes >10% but tough competition

Revenue

- Slight revenue increase forecast for 2017 (2016 revenue: EUR 1,895.6m)
- Evaluation of future financial services offering (current cooperation until end of 2020)
- Ongoing stable revenue development expected in 2018
- Mail: Target of further enhancing the customer-oriented service offering (J+1 and J+2/3)
- Parcel: growth in the mid-single digit or low double-digit range possible, depending on market share development

Investment and cash flow

- Investments in efficiency and service improvements
- Operating CAPEX 2017 of about EUR 70-80m
- Operating free cash flow as good basis for 2017 dividends
- In addition to EUR 60m in annual investments in the core business, the good parcel development requires medium-term growth investments averaging EUR 40-50m p.a.
- Solid cash flow and continuation of dividend policy

Earnings

- Target of achieving operating earnings (EBIT) at least matching the previous year (2016 EBIT: EUR 202.3m)
- Target of achieving stable operating earnings
- Steady process and structural optimisation

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Financial calendar 2018

March 15, 2018

Annual results 2017

April 19, 2018

Annual General Meeting 2018

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

Disclaimer

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