

AUSTRIAN POST

INVESTOR PRESENTATION H1 2018

Walter Oblin/CFO
Vienna, August 10, 2018



1. HIGHLIGHTS AND OVERVIEW

2. Strategy Implementation

3. Group Results H1 2018

4. Outlook 2018

HIGHLIGHTS H1 2018



Market: Continuation of basic trends in Austria; approx. 5% drop in addressed letter mail volumes; double-digit parcel growth against tough competition



Revenue: Slight increase of 0.2% in H1 2018 Group revenue; decline in the Mail & Branch Network Division (-3.7%) offset by parcel growth (+12.1%)



Earnings: EBIT increase of 2.8% to EUR 105.1m due to solid revenue development and cost discipline

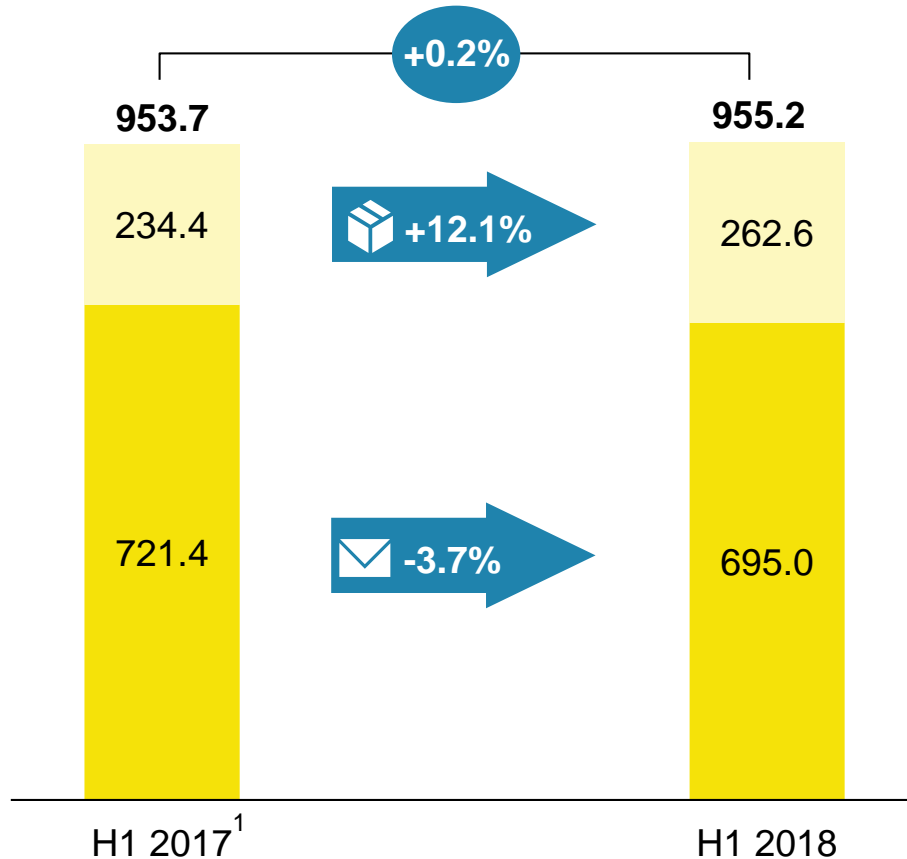


Outlook 2018: Continuing objective of achieving stability in revenue and operating earnings

SLIGHT IMPROVEMENT IN REVENUE THANKS TO PARCEL GROWTH

REVENUE DEVELOPMENT

EUR m



GROUP: +0.2% (Q2: -0.1%)

- Slight revenue increase due to strong parcel growth

PARCEL & LOGISTICS: +12.1% (Q2: +11.2%)

- Continuation of basic double-digit revenue growth trend in Austria in 2018
- Additional revenue related to segment change of Weber Escal, Croatia

MAIL & BRANCH NETWORK: -3.7% (Q2: -3.8%)

- Basic decline of about 5% in addressed letter mail
- Decline in financial services with BAWAG P.S.K. due to step-by-step redimensioning

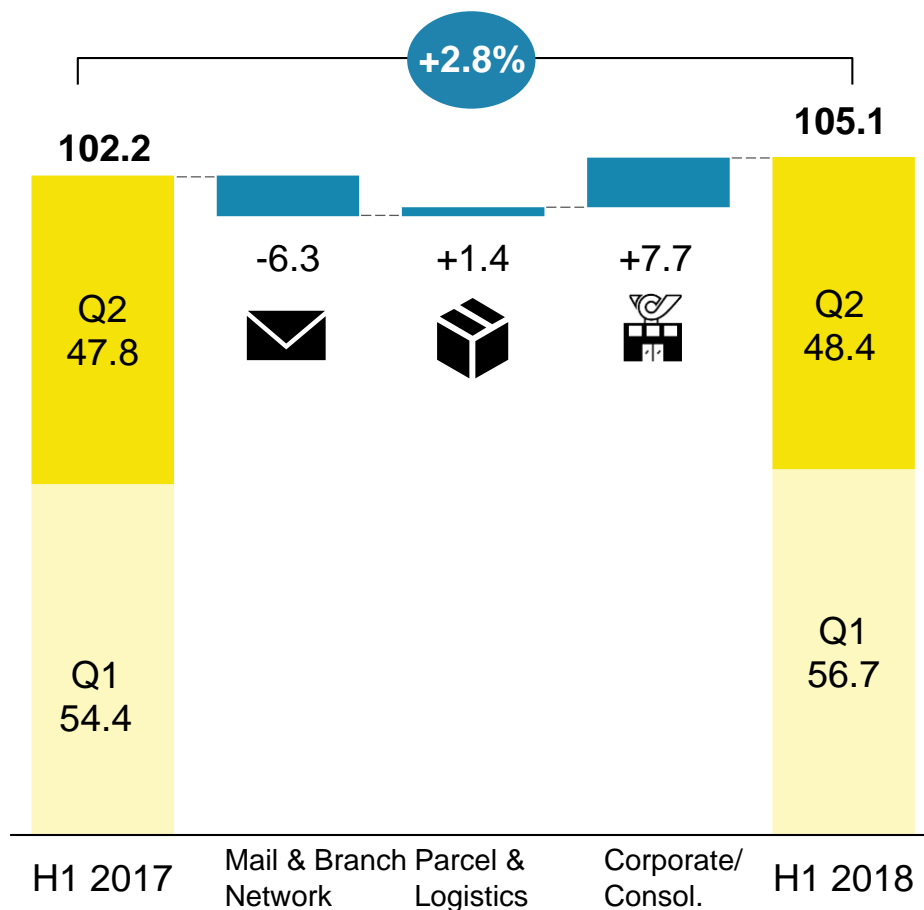
■ Mail & Branch Network ■ Parcel & Logistics

¹ Adjustment of revenue in segment reporting

IMPROVED OPERATING EARNINGS (EBIT)

EBIT DEVELOPMENT

EUR m



MAIL & BRANCH NETWORK:

- EBIT decline of EUR 6.3m in H1 2018 (-EUR 5.8m in Q2)
- Already from Q1 2018: provisions for the redimensioning of financial services (-EUR 21.8m), for the most part compensated by one-off income resulting from the dissolution of the cooperation with BAWAG P.S.K. (+EUR 20.1m)

PARCEL & LOGISTICS:

- EBIT increase of EUR 1.4m in H1 2018, good revenue development and intense competition (-EUR 0.1m in Q2)

CORPORATE:

- EBIT up EUR 7.7m in H1 2018 (+EUR 6.4m in Q2)
- Lower expenditure needs for social plan models

1. Highlights and Overview

2. STRATEGY IMPLEMENTATION

3. Group Results H1 2018

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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 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 LETTER MAIL & DIRECT MAIL/MEDIA POST IN AUSTRIA

LETTER MAIL

- New product structure as of July 1, 2018 is well received on the marketplace
- Customer freedom of choice regarding delivery speed: Prio, Eco, Eco Business

DIRECT MAIL/MEDIA POST

- Perceptible uncertainty in addressed direct mail due to General Data Protection Regulation → Post brings address updates for senders
- Development of unaddressed direct mail depends on sector and advertising behaviour (trend towards lightweight items)

NEW PRODUCT STRUCTURE AS OF JULY 2018

	Previous offering	PRIO Universal service J+1 day	ECO Universal service J+2/3 days	ECO BUSINESS Not part of universal service, J+4/5 days
Letter S	0.68	0.80	0.70	0.65
Letter M	1.25	1.35	1.25	1.10
Packet S	2.50	2.70	2.50	2.25
Packet M	4.00	4.20	4.00	-



Addressed direct mail

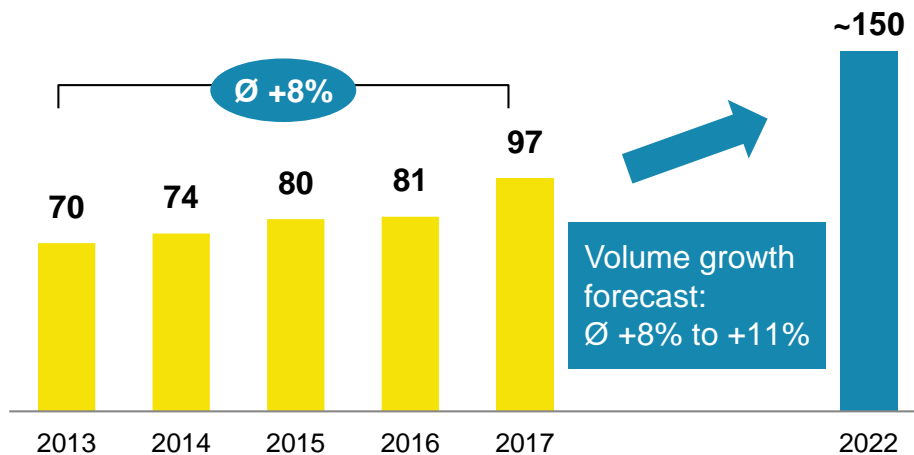


Unaddressed direct mail

1 PARCEL & LOGISTICS BUSINESS IN AUSTRIA

PARCEL VOLUMES OF AUSTRIAN POST

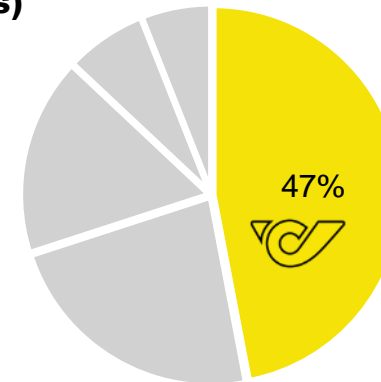
(millions of parcels)



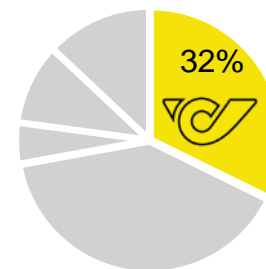
- Ongoing dynamic growth
- Volume forecast from 97m parcels in 2017 to approx. 150m parcels in 2022, annual development depending on the market and own delivery by one large customer
- Launch of growth investments to ensure highest quality standards and level of service

MARKET SHARES BY VOLUME IN 2017

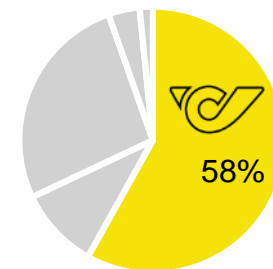
Total Austrian market (209m parcels)



Business parcels (93m B2B)



Private customer parcels (116m X2C)



Source: BRANCHENRADAR.com Marktanalyse GmbH, February 2018

2

BRANCH NETWORK: STABILITY IN THE CORE BUSINESS, REDIMENSIONING OF FINANCIAL SERVICES

1,782 POSTAL SERVICE POINTS

- **38m CUSTOMER CONTACTS** p.a. in the branch offices
- **19m CUSTOMER CONTACTS** p.a. at postal partners



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

POSTAL PRODUCTS

TELECOMMUNICATIONS & RETAIL GOODS

FINANCIAL SERVICES

Redimensioning of financial services

- Agreement on step-by-step dissolution of the cooperation with banking partner BAWAG P.S.K. for the most part by the end of 2019
- Special payment of EUR 107m received in Q1 2018
- Redimensioning initiated for banking consulting services, counter transactions unchanged
- Talks being held with potential new domestic and international partners to enable Austrian Post to continue offering financial services

2 GROWTH IN SELECTED MARKETS

GROWTH FOCUS ON PARCEL & LOGISTICS

GERMANY

Austrian Post International:

- Growth in the international letter mail business, revenue up 8% in H1 2018

AEP (50% stake, consolidated at equity):

- Joint venture in pharmaceutical wholesale
- Revenue in H1 2018 of over EUR 200m



CEE/SEE

Focus on profitable parcel growth

- Ongoing positive organic volume development
- Tough competition and price pressure

Pull-out from the letter mail business completed

AUSTRIA

- Expand vertical integration in e-commerce (Systemlogistik, e-commerce enabler ACL)

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

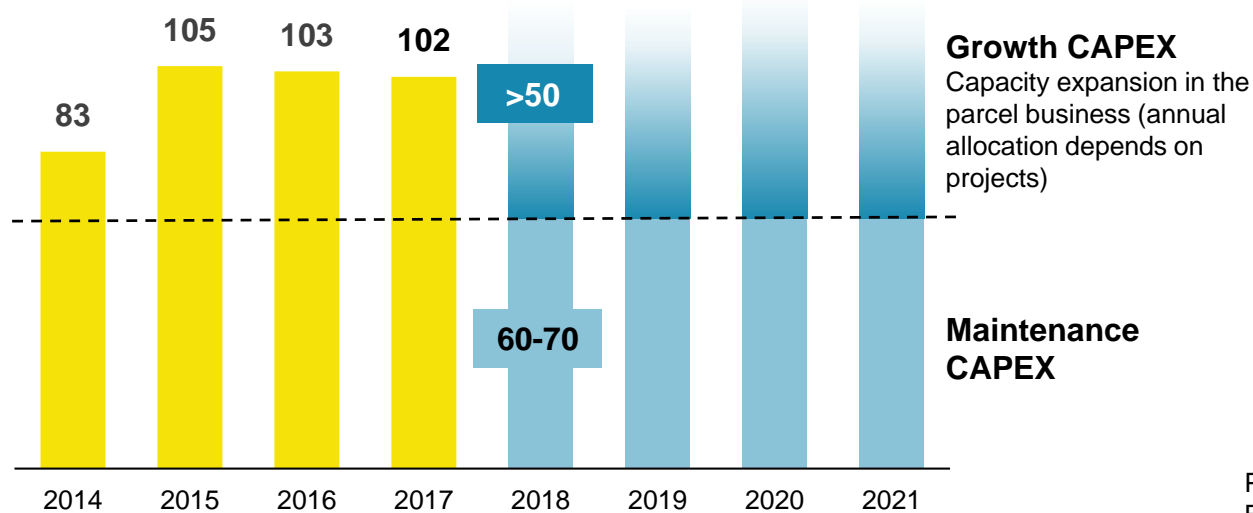
- Operational level: parcel volume rise >20% in H1 2018, revenue of more than EUR 120m
- Ongoing arbitration proceedings along with constructive talks with the family owners regarding an increase in Austrian Post's shareholding



3 CAPACITY AND QUALITY DRIVE

EXPANSION OF PARCEL LOGISTICS IN AUSTRIA

CAPEX (EUR m)¹



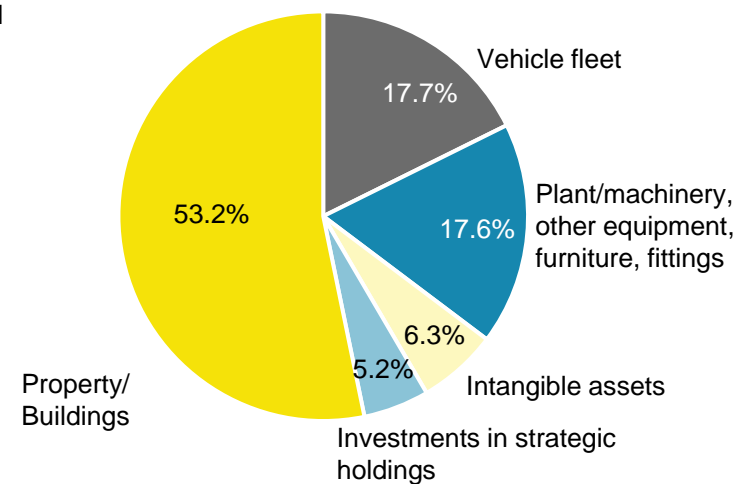
H1 2018:

- Maintenance CAPEX of EUR 38.2m and growth CAPEX of EUR 29.1m
- Ground-breaking ceremony of Vienna North Parcel Centre on July 10, 2018, completion planned in summer 2019

Growth CAPEX
Capacity expansion in the parcel business (annual allocation depends on projects)

Maintenance CAPEX

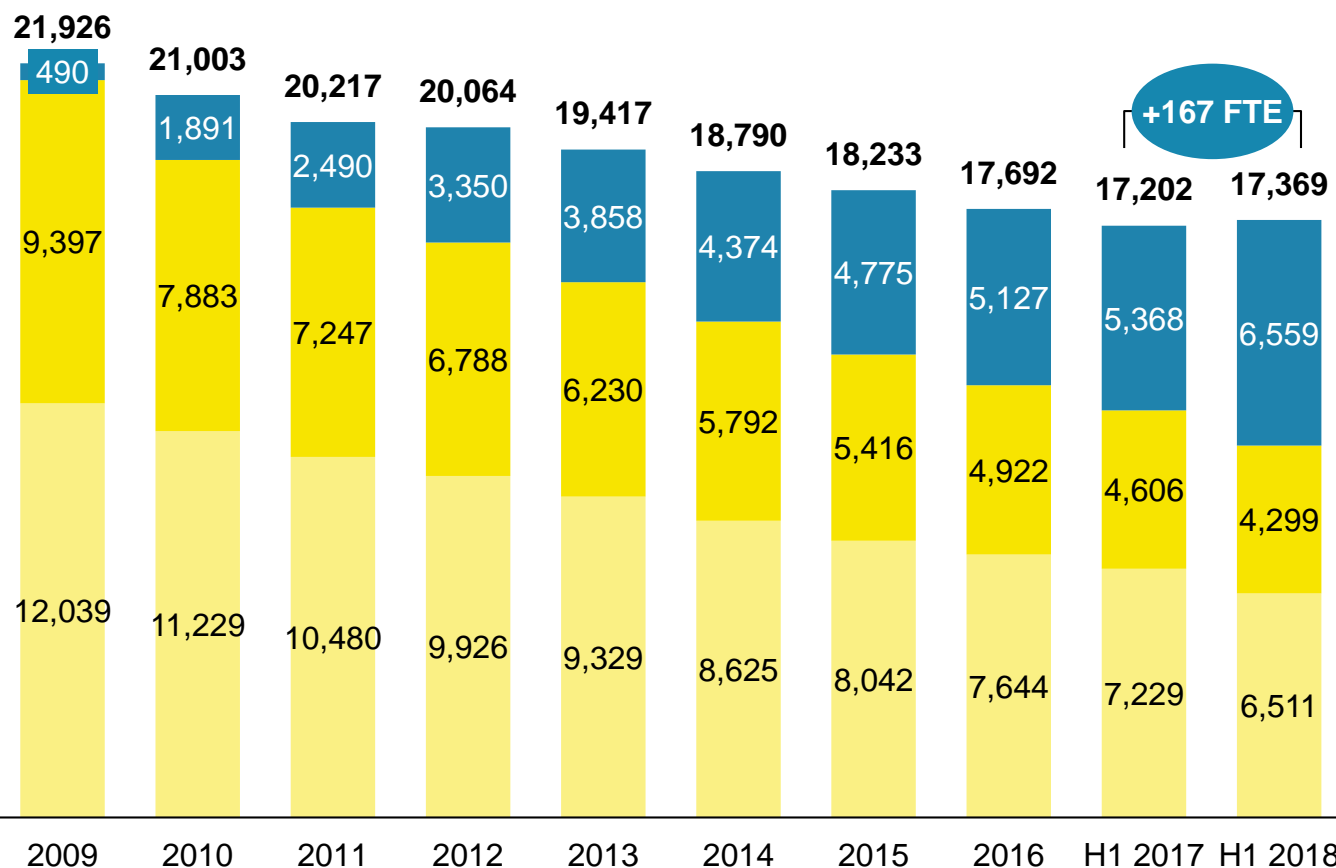
INVESTMENTS H1 2018



¹ 2014-2017 including CAPEX new corporate headquarters

3 STAFF STRUCTURE IN AUSTRIA

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



Change H1 2017 / H1 2018:

- 718 Civil servants
- 307 Employees old CWA
- +1,192 Employees new CWA

+167 Employees

Medium-term trend:

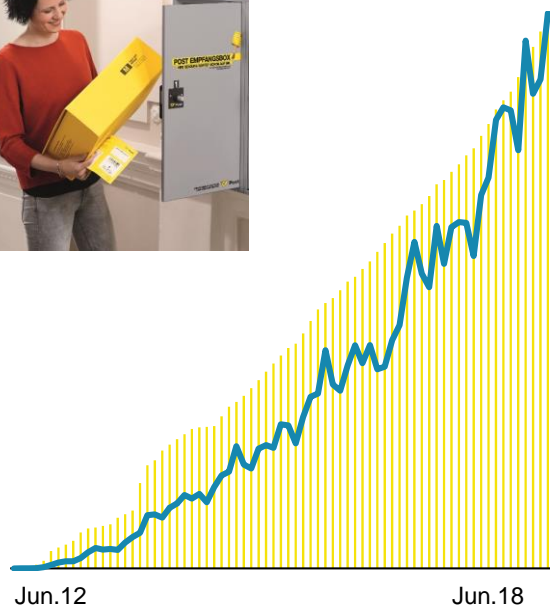
Ongoing structural change to employees with new collective wage agreement

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

4 FURTHER EXPANSION OF SELF-SERVICE CUSTOMER SOLUTIONS

28,159 PICK-UP BOXES

H1 2018: >1.1m items



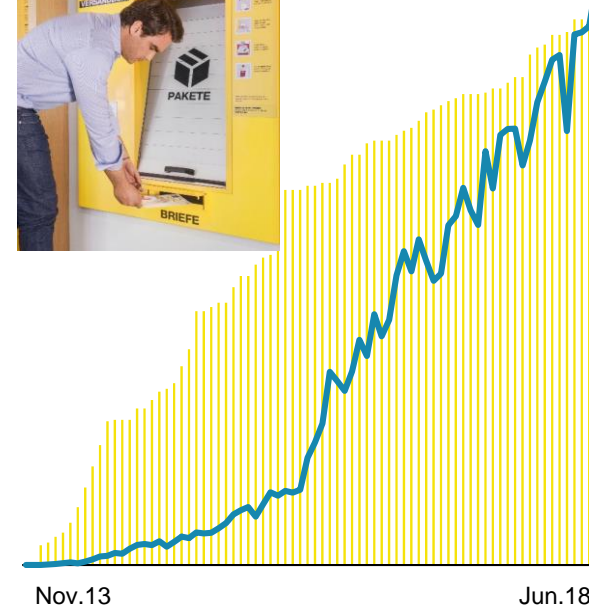
318 PICK-UP STATIONS

H1 2018: >1.4m items



391 DROP-OFF BOXES

H1 2018: >2.4m items



■ Number of solutions
■ Items/month

MEDIUM-TERM GOAL TO DOUBLE THE NUMBER OF SELF-SERVICE SOLUTIONS

4 NEW OFFERINGS FOR MORE CUSTOMER SERVICE

NEW COOPERATION WITH THE RETAIL FOOD CHAIN HOFER (ALDI)

INSTALLATION OF NEW POST PICK-UP STATIONS IN AUSTRIA



1. Highlights and Overview

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3. GROUP RESULTS H1 2018

4. Outlook 2018

H1 2018 FINANCIAL INDICATORS AT A GLANCE

	H1 2017	H1 2018	
Revenue (EUR m)	953.7	955.2	Revenue slightly above previous year (+0.2%)
EBITDA margin	15.0%	15.1%	Stable EBITDA margin of 15.1%
EBIT margin	10.7%	11.0%	Good profitability
Earnings/share (EUR)	1.13	1.12	Earnings per share at the prior-year level
Cash flow (EUR m)	108.9	173.4	Strong increase in the cash flow from operating activities due to special payment by BAWAG P.S.K.
Equity ratio	42.4%	39.2%	Increased equity; but equity ratio lower due to higher balance sheet total

KEY INCOME STATEMENT INDICATORS

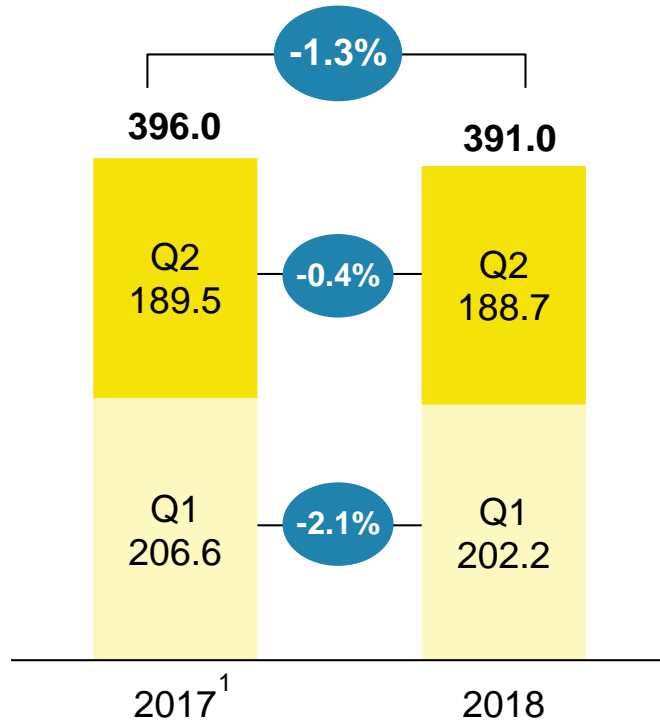
EUR m	H1 2017	H1 2018	%	Δ	Q2 2017	Q2 2018	
Revenue	953.7	955.2	0.2%	1.6	465.0	464.6	+EUR 20.1m one-off income already in Q1 due to dissolution of partnership with BAWAG P.S.K.
Other operating income	27.7	50.9	83.7%	23.2	13.0	16.3	
Raw materials, consumables and services used	-196.3	-206.2	-5.1%	-10.0	-96.4	-102.3	
Staff costs	-514.4	-516.5	-0.4%	-2.1	-251.4	-242.5	Provision of EUR 21.8m for redimensioning of financial services
Other operating costs	-126.7	-137.8	-8.8%	-11.2	-64.4	-67.5	
At equity consolidation	-0.8	-1.3	-69.2%	-0.5	-0.2	-0.7	
EBITDA	143.3	144.3	0.7%	1.0	65.6	67.9	
<i>EBITDA margin</i>	15.0%	15.1%	-	-	14.1%	14.6%	
Depreciation, amortisation and impairment	-41.1	-39.3	4.5%	1.9	-17.7	-19.5	
EBIT	102.2	105.1	2.8%	2.9	47.8	48.4	
<i>EBIT margin</i>	10.7%	11.0%	-	-	10.3%	10.4%	EBIT margin up to 11.0%
Other financial result	-0.1	3.2	>100%	3.3	0.0	1.5	
Income tax	-25.9	-32.3	-24.9%	-6.4	-12.1	-15.8	Higher income tax expense (in part from previous years)
Profit for the period	76.2	75.9	-0.4%	-0.3	35.8	34.1	



MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT H1 2018

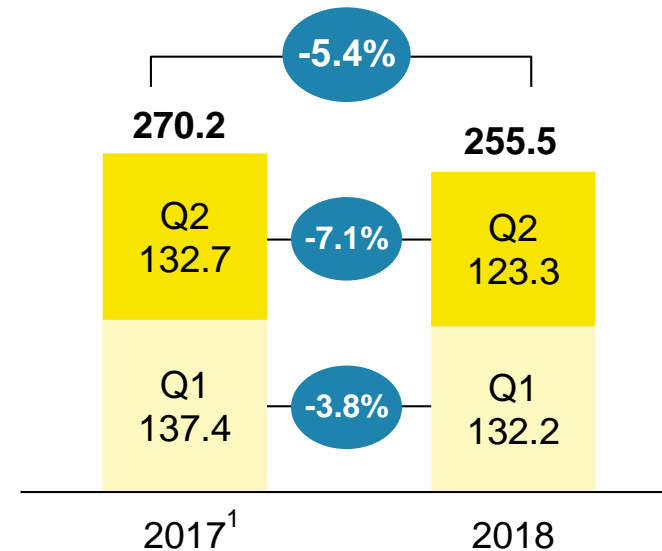
LETTER MAIL & MAIL SOLUTIONS (EUR m)

- Drop in domestic letter mail volumes of about 5%
- Good development of Mail Solutions due to various additional services (+EUR 2.6m)
- Growth based on increased international e-commerce volumes (+EUR 6.4m)



DIRECT MAIL/MEDIA POST (EUR m)

- Operating revenue down by about 2-3%
- Decrease in addressed direct mail (volumes negatively impacted by uncertainty related to GDPR)
- Loss in revenue due to pull-out from CEE/SEE market and changed product assignment (-EUR 9.0m)



¹ Adjustment or revenue in segment reporting



MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT

EUR m	H1 2017 ¹	H1 2018	%	Δ	Q2 2017 ¹	Q2 2018	
Revenue	721.4	695.0	-3.7%	-26.4	348.8	335.4	Market pull-out in CEE/SEE and changed product assignment -EUR 9.0m
• Letter Mail & Mail-Solutions	396.0	391.0	-1.3%	-5.0	189.5	188.7	
• Direct Mail	203.1	190.9	-6.0%	-12.2	97.2	91.0	
• Media Post	67.1	64.5	-3.8%	-2.5	35.6	32.4	Drop in financial services due to dissolution agreement
• Branch Services	55.2	48.5	-12.1%	-6.7	26.6	23.4	
Revenue intra-Group	47.7	53.0	11.1%	5.3	24.7	25.8	Additional services based on increased delivery of packets and parcels
Total revenue	769.0	748.0	-2.7%	-21.1	373.4	361.2	
EBITDA	158.0	148.5	-6.0%	-9.5	75.9	69.9	Earnings down 4.3% yoy as a result of revenue decline
<i>EBITDA margin²</i>	20.5%	19.8%	-	-	20.3%	19.3%	
Depreciation, amortisation and impairment	-13.0	-9.7	25.2%	3.3	-4.9	-4.7	
EBIT	145.0	138.7	-4.3%	-6.3	71.0	65.1	
<i>EBIT margin²</i>	18.9%	18.5%	-	-	19.0%	18.0%	

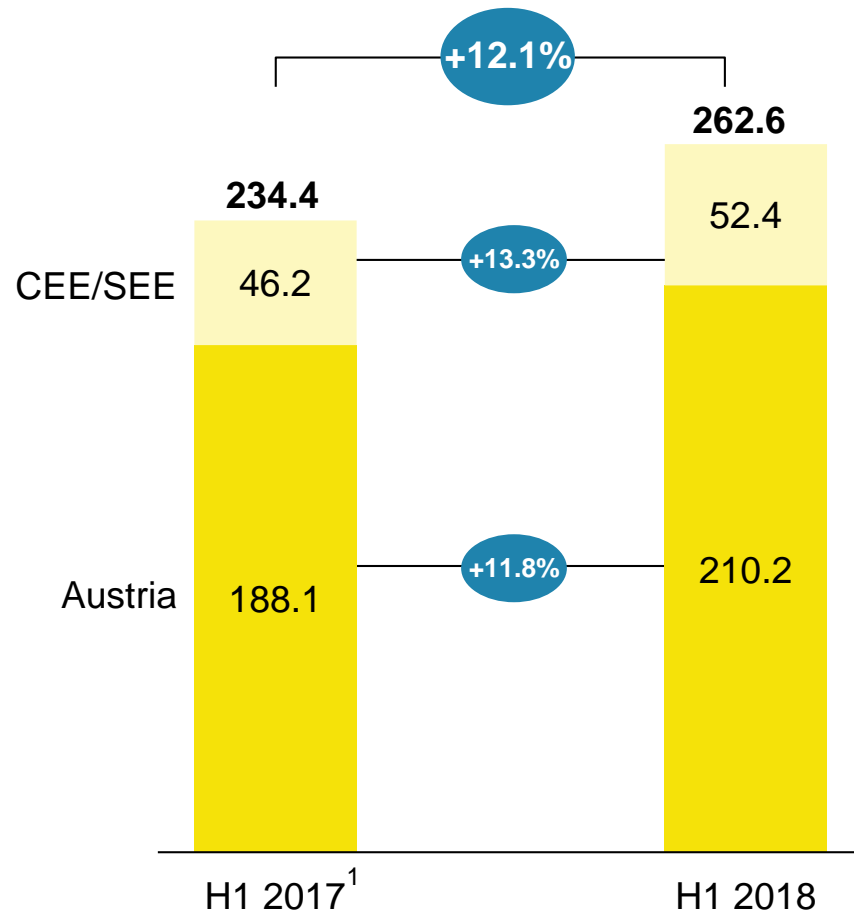
¹ Adjustment of revenue in segment reporting

² EBIT margin/EBITDA margin in relation to total revenue



PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT H1 2018

REVENUE (EUR m)



PARCEL & LOGISTICS DIVISION: +12.1% (Q2: +11.2%)

- Organic revenue growth in H1 2018 excl. segment change of Weber Escal +9.7% (Q2: +8.6%)

SEE/CEE: +13.3% (Q2: +14.2%)

- Stable development of operating revenue, high price pressure
- Segment change of Weber Escal (+EUR 5.6m; previously Mail & Branch Network Division)

AUSTRIA: +11.8% (Q2: +10.4%)

- Basic revenue trend in H1 2018: double-digit increase; market development driven by good growth (especially large customers)
- Full consolidation of e-commerce enabler ACL as at November 1, 2017 (+EUR 2.8m in H1 2018)

¹ Adjustment of revenue in segment reporting



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT

EUR m	H1 2017 ¹	H1 2018	%	Δ	Q2 2017 ¹	Q2 2018	
Revenue	234.4	262.6	12.1%	28.3	117.3	130.4	+9.7% revenue increase excl. segment change of Weber Escal, Croatia
• Premium	112.2	123.3	9.9%	11.1	56.9	61.4	
• Standard	104.9	111.8	6.6%	6.9	51.8	54.8	
• Other Parcel Services	17.3	27.5	59.3%	10.2	8.6	14.2	Segment change of Weber Escal +EUR 5.6m and full consolidation ACL +EUR 2.8m
Revenue intra-Group	2.4	2.5	5.6%	0.1	1.1	1.2	
Total revenue	236.7	265.2	12.0%	28.4	118.4	131.6	
EBITDA	27.0	25.8	-4.3%	-1.2	12.2	12.2	
<i>EBITDA margin²</i>	11.4%	9.7%	-	-	10.3%	9.3%	
Depreciation, amortisation and impairment	-8.0	-5.4	32.2%	2.6	-2.7	-2.7	
EBIT	19.0	20.4	7.4%	1.4	9.6	9.5	EBIT margin of 7.7%, high competitive and margin pressure
<i>EBIT margin²</i>	8.0%	7.7%	-	-	8.1%	7.2%	

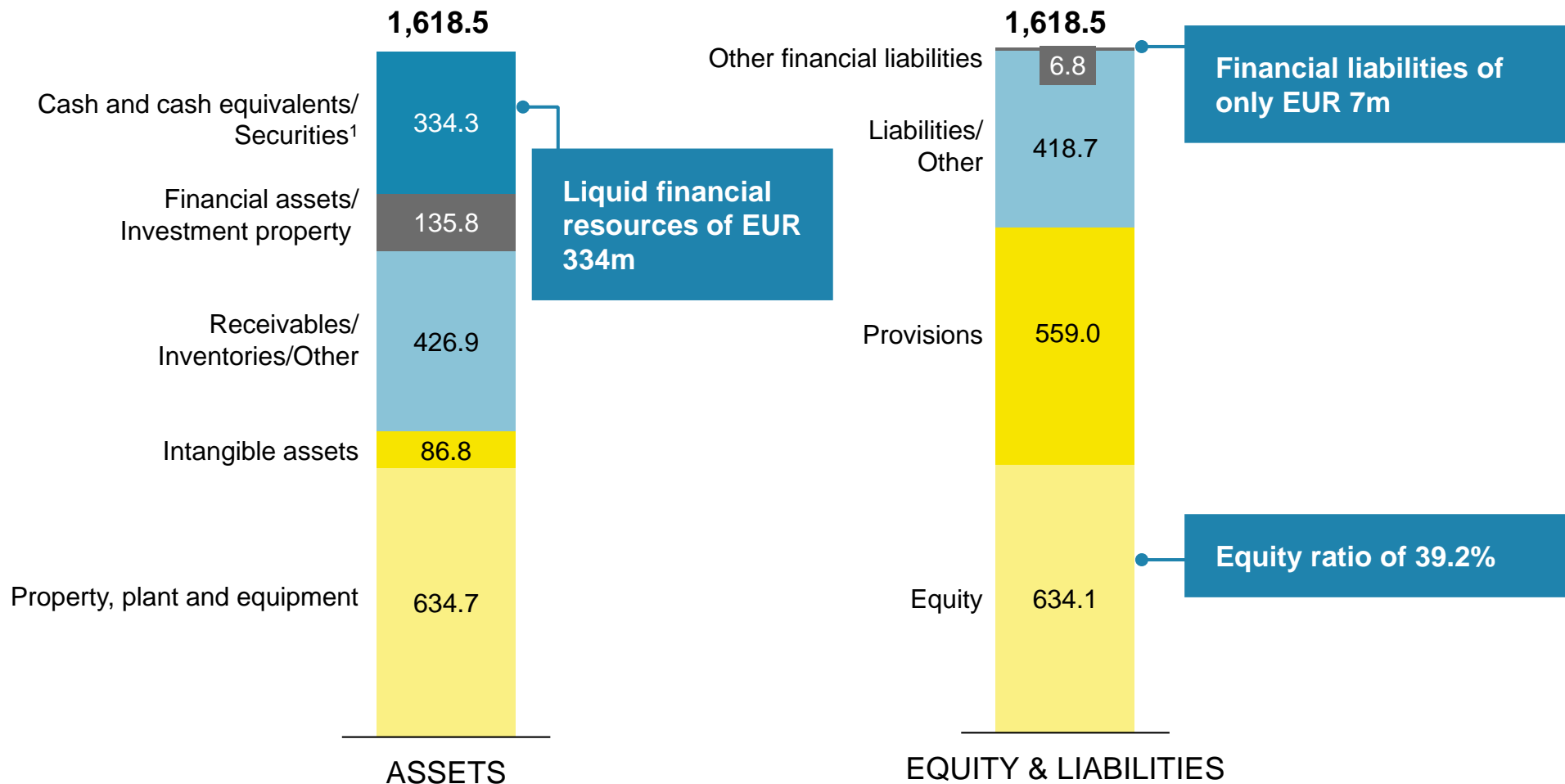
¹ Adjustment of revenue in segment reporting

² EBIT margin/EBITDA margin in relation to total revenue

SOLID BALANCE SHEET STRUCTURE

BALANCE SHEET AS AT JUNE 30, 2018

EUR m



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

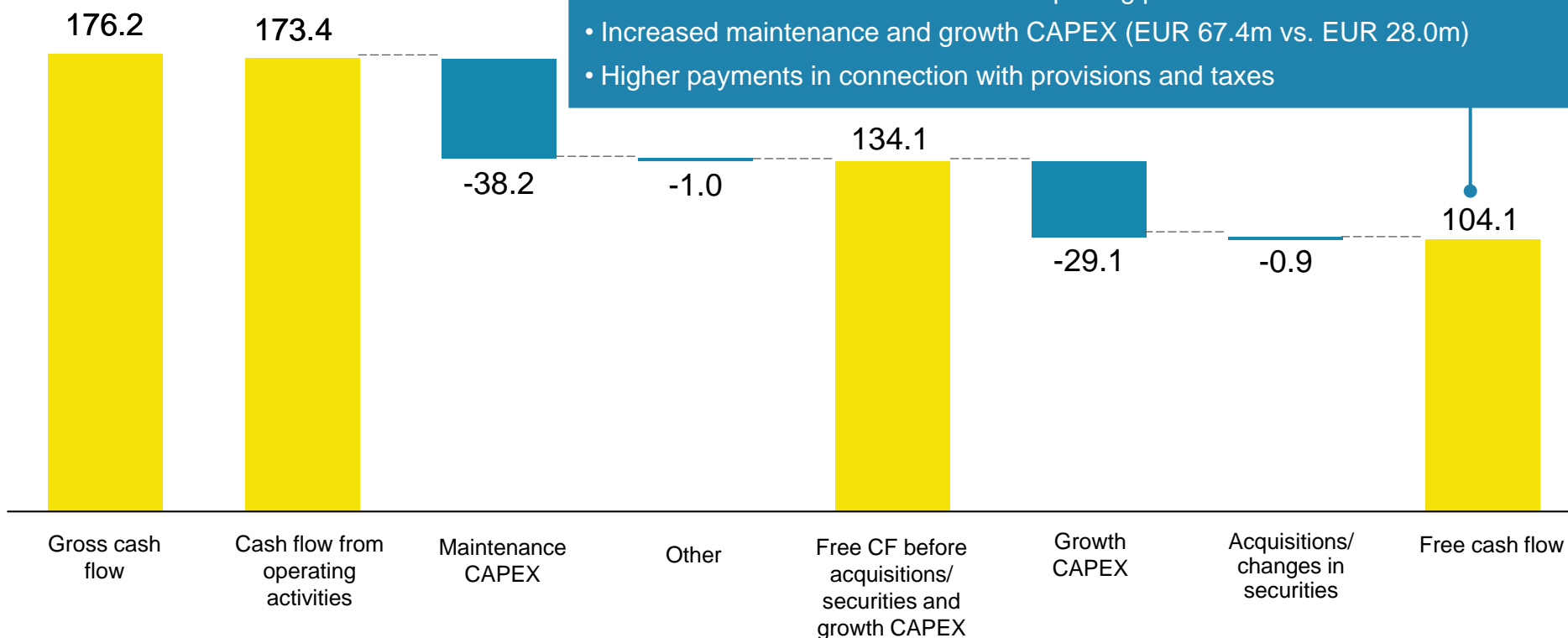
SPECIAL CASH FLOW EFFECTS IN H1 2018

CASH FLOW DEVELOPMENT

EUR m

Free cash flow impacted by special effects:

- Special payment of EUR 107.0m due to termination of cooperation with BAWAG P.S.K. less services rendered in the reporting period to the amount of EUR 20.5m
- Increased maintenance and growth CAPEX (EUR 67.4m vs. EUR 28.0m)
- Higher payments in connection with provisions and taxes



	H1 2017	146.3	108.9	-16.9	+1.1	93.2 ¹	-11.1 ²	-18.1	63.9

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

² CAPEX new corporate headquarters

1. Highlights and Overview

2. Strategy Implementation

3. Group Results H1 2018

4. OUTLOOK 2018



OUTLOOK FOR 2018 UNCHANGED

Market environment

- Approx. 5% volume decline p.a. of addressed letter mail due to electronic substitution
- Volatile direct mail business, negatively impacted by GDPR
- Double-digit growth on the Austrian parcel market, intense competition and partially own delivery by one large customer as of autumn 2018

Revenue

- **Group:** ongoing stable revenue development expected in 2018
- **Mail:** Expanded service offering in letter mail delivery (J+1 and J+2/3) as of July 1, 2018;
- **Branch network:** realignment of financial services business (step-by-step dissolution of current partnership by the end of 2019)
- **Parcel & Logistics:** targeted growth of about 10% depending on the market and market share development

Investments

- Basic investments in the core business of EUR 60-70m p.a.
- 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, beyond that the expansion of existing or purchase of new premises is possible)

Earnings

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

CONTACT

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Financial calendar 2018/2019

November 15, 2018

Interim Report Q1-3 2018

March 14, 2019

Annual Results 2018

April 11, 2019

Annual General Meeting

April 23 /May 25, 2019

Ex-day/Dividend payment day

May 16, 2019

Interim Report Q1 2019

August 9, 2019

Half-Year Financial Report 2019

November 14, 2019

Interim Report Q1-3 2019

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