INTERIM REPORT FOR THE
FIRST QUARTER OF **2018**

Q1

Post

Highlights Q1 2018

Revenue
- Revenue up 0.4 % to EUR 490.6m
- Parcel growth (+12.9 %) compensated for the mail decline (–3.5 %)

Earnings
- EBIT increase of 4.3 % to EUR 56.7m
- Earnings per share of EUR 0.62 (+3.5 %)

Cash flow and balance sheet
- Increase in reported cash flow due to special payment by BAWAG P.S.K.; operating free cash flow (excl. special effects) of EUR 55.1m at the prior-year level
- Conservative balance sheet structure with low level of financial liabilities

Outlook
- Aiming for stability in revenue and earnings

Key Figures

EUR m	Q1 2017	Q1 2018	Change
INCOME STATEMENT			
Revenue	**488.7**	**490.6**	**0.4%**
EBITDA	77.7	**76.5**	–1.6%
EBITDA margin	15.9%	**15.6%**	–
EBIT	**54.4**	**56.7**	**4.3%**
EBIT margin	11.1%	**11.6%**	–
Earnings before tax	54.2	**58.4**	7.7%
Profit for the period	40.4	**41.8**	3.5%
Earnings per share (EUR)[1]	**0.60**	**0.62**	**3.5%**
Employees (average for the period, full-time equivalents)	20,579	**20,193**	–1.9%
CASH FLOW			
Gross cash flow[2]	74.1	**107.4**	44.9%
Cash flow from operating activities	**61.8**	**175.9**	**>100%**
Investment in property, plant and equipment (CAPEX)	–14.8	**–41.0**	<–100%
Free cash flow	30.2	**134.2**	>100%
Operating free cash flow[3]	**55.2**	**55.1**	**–0.2%**

EUR m	31.12.2017	31.03.2018	Change
BALANCE SHEET			
Total assets	1,674.2	**1,775.6**	6.1%
Equity	698.8	**746.3**	6.8%
Net cash (–)	–10.2	**–145.2**	<–100%
Equity ratio	**41.7%**	**42.0%**	**–**
Capital employed	616.4	**528.1**	–14.3%

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Reclassification of taxes paid – reported separately within cash flow from operating activities
[3] Q1 2018: Free cash flow before acquisitions/securities and Growth CAPEX, excluding special effects of EUR 95.9m as a result of the termination of the cooperation agreement with BAWAG P.S.K.; Q1 2017: Free cash flow before acquisitions/securities and new corporate headquarters

Statement by the Management Board

Ladies and Gentlemen! Dear Shareholders!

In the first quarter of the current financial year, Austrian Post's Group revenue amounted to EUR 490.6m. This represents a slight increase of 0.4 %, with growth in the Parcel & Logistics Division (+12.9 %) compensating for the decline in the Mail & Branch Network Division (–3.5 %).

Significant increases were generated in the parcel business, where Austrian Post is profiting from dynamic market growth driven by the online shopping trend. The related competitive intensity and price pressure remain high. We are optimistic that we will be able to continue maintaining our strong position in this highly competitive market thanks to our outstanding quality of delivery and a broad offering of individual customer solutions. We launched a capacity expansion programme that will enable us to handle the steep increase in parcel volumes in the future. Medium-term sorting capacity should be more than doubled to 100,000 parcels per hour. Moreover, we are continuously expanding our service offering based on self-service and online solutions to make it even easier and more convenient to send or receive parcels.

Austrian Post is also called upon to adapt its service offering in the mail business to current customer requirements. Accordingly, Austrian Post is expanding its product portfolio effective July 1, 2018 by introducing a new letter mail product within the context of universal postal services. In the wake of international trends, the new product and postal rate model offers the option to choose between time-critical and not time-critical mail items.

Group EBIT rose by 4.3 % year-on-year to EUR 56.7m on the basis of good revenue development combined with strict cost discipline. The intensification of logistics synergies between the Mail & Branch Network and Parcel & Logistics divisions also had a positive impact on the company's performance.

A dividend of EUR 2.05 per share was distributed on May 3, 2018. In this way, Austrian Post has once again confirmed its clear capital market positioning as a reliable dividend stock. Reliability and stability towards our shareholders and other stakeholders of our company remain the focal point of our strategic activities, and we want to continue along this path. Accordingly, Austrian Post aims to achieve a stable development in revenue and operating results for the entire year 2018 in line with the previous year.

Vienna, May 7, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer

Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

Business environment and legal framework

— Economic Environment

The global economy is performing well. However, at the same time economists at the International Monetary Fund (IMF) caution that the good growth rates may not be sustainable.

The world economy is expected to expand by 3.9 % in both 2018 and 2019 as compared to 3.8 % in the previous year. However, the forecast is subject to the condition that trade disputes do not escalate. In the long run, the IMF not only considers the increase in protectionism to be a major risk, but also deems the increase in the average age of the population of industrialised countries and thus the related decline in the proportion of working population to be a key problem.

The IMF anticipates 2.4 % GDP growth in the eurozone in 2018 and 2.0 % in 2019 (IMF, April 2018).

Austria also benefits from the current global economic upswing. Favourable international economic conditions lead to stronger exports and higher income is driving consumption, thus positively impacting the job market. The Austrian Institute of Economic Research (WIFO) projects growth of 3.2 % in 2018 and 2.2 % in 2019 (WIFO, April 2018).

The signs also point to growth in the other European markets where Austrian Post operates. The IMF expects economic growth of 2.5 % in Germany in 2018. In the European emerging markets, the IMF forecasts a GDP increase of 4.3 % in 2018 and 3.7 % in 2019 (IMF, April 2018).

— Market Environment

In addition to the overall economic environment, the business development of Austrian Post is impacted mainly by the following international trends which pose risks but also offer new opportunities.

In the mail business, the electronic substitution of traditional letter mail is continuing. This global trend impacts all postal companies and is essentially irreversible. In particular, customers in the public sector as well as banks and insurance companies are trying to reduce mail volumes. As a result, Austrian Post continues to expect an ongoing decline of about 5 % per annum. The business with direct mail items strongly depends on the intensity of advertising activities by companies. In this respect, the market for addressed and unaddressed advertising mail shows a diverging volume development. Several customer segments are under pressure due to increasing activities of online retailers, whereas other segments are generating growth. In addition to online advertising, multi-channel communication and interactive marketing should retain their importance in the future.

Parcel volumes in the private customer segment are further increasing due to the steadily growing importance of online shopping. In particular, there still remains a gap to be filled in the e-commerce segment of the CEE/SEE markets. In turn, this should lead to a more dynamic growth of parcel volumes.

The development of the international parcel and freight business depends largely on general economic trends, international trade flows and related price developments. Competition and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised.

— Legal Framework

The legal framework for Austrian Post's business operations is mainly based on the Austrian Postal Market Act, which took effect on January 1, 2011:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high-quality postal services throughout Austria. As legally stipulated, the regulatory authority (Post Control Commission) carried out an evaluation in 2016 to determine whether other postal companies can provide universal postal services prescribed by law. This is not the case.

- The Universal Postal Service Obligation is limited primarily to mail posted at the legally stipulated access points, i.e. postal service points or letterboxes, based on general terms of trade (not individually negotiated). This safeguards the supply of basic postal services to the Austrian population and economy. Postal services for mail items brought to sorting centres by large customers, with the exception of newspapers, are not considered an integral component of universal postal services.

– A change in the Postal Market Act took effect on November 27, 2015. This enables Austrian Post to offer, in addition to letter mail (with strict delivery time standards), so-called non-priority letter mail within the context of universal postal services. The delivery time of these non-priority letters is allowed to take up to four days on a regular basis. Starting on July 1, 2018, Austrian Post will introduce the new Eco-Letter as part of its universal postal service and further expand its product portfolio. Senders will have the option of choosing between a delivery time of two to three days for not time-critical mail items and the faster PRIO Letter, which will continue to be delivered the day after the letter was posted. This change will be accompanied by an adjustment of postal rates.

Business development and economic situation

— Changes in the Scope of Consolidation

The segment change of Weber Escal d.o.o., Croatia, from the Mail & Branch Network Division to the Parcel & Logistics Division took place on January 1, 2018. The underlying reason for this reclassification is the conversion of the company's business model from a focus on letter mail to parcel distribution. Austrian Post owns a 100 % stake in Weber Escal d.o.o.

— Revenue and Earnings

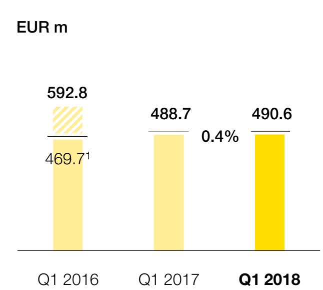
REVENUE DEVELOPMENT

In the first quarter of 2018, Group revenue of Austrian Post improved by 0.4 % to EUR 490.6m. The continuation of trends in the mail and parcel businesses was once again confirmed. Revenue growth of 12.9 % in the Parcel & Logistics Division compensated for the 3.5 % revenue decline in the Mail & Branch Network Division.

The Mail & Branch Network Division accounted for 73.1 % of Group revenue during the period under review. The division's first-quarter drop in revenue can be attributed mainly to three reasons: the fundamental decrease in addressed letter mail as a result of electronic substitution, lower direct mail revenue in the first quarter of 2018 compared to strong advertising business in the first quarter of the previous year and the structurally related decline in the financial services business. Additional revenue of EUR 2.3m generated by elections in the fields of Letter Mail & Mail Solutions, Direct Mail and Media Post increased revenue, whereas there were no revenue contributions from elections in the prior-year period.

The Parcel & Logistics Division generated 26.9 % of total Group revenue in the reporting period with the continuing positive trend. The 12.9 % growth in revenue was primarily driven by organic volume growth in Austria.

REVENUE DEVELOPMENT



[1] Revenue excl. trans-o-flex

REVENUE BY DIVISION

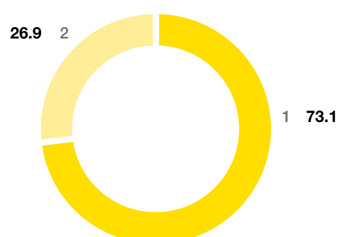
EUR m	Q1 2017[1]	Q1 2018	Change %	Change EUR m
Revenue	**488.7**	**490.6**	**0.4%**	**2.0**
Mail & Branch Network	372.6	**359.6**	–3.5%	–13.0
Parcel & Logistics	117.1	**132.2**	12.9%	15.2
Corporate/Consolidation	–1.0	**–1.2**	–17.3%	–0.2
Calendar working days in Austria	64	**64**	–	–

[1] Adjustment of revenue in segment reporting

With respect to geographical segments, Austrian Post generated 91.9% of its Group revenue in Austria in the first quarter of 2018, whereas South East and Eastern Europe accounted for 5.2% and Germany for 2.9% of Group revenue.

REVENUE BY DIVISION Q1 2018

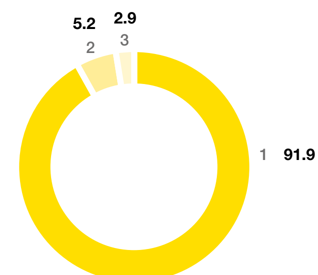
in %



1 – Mail & Branch Network
2 – Parcel & Logistics

REVENUE BY REGION Q1 2018

in %



1 – Austria
2 – South East & Eastern Europe
3 – Germany

REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

			Change	
EUR m	Q1 2017[1]	Q1 2018	%	EUR m
Revenue	**372.6**	**359.6**	**–3.5%**	**–13.0**
Letter Mail & Mail Solutions	206.6	**202.2**	–2.1%	–4.3
Direct Mail	105.9	**100.0**	–5.6%	–6.0
Media Post	31.5	**32.2**	2.2%	0.7
Branch Services	28.6	**25.2**	–12.0%	–3.4
Revenue intra-Group	23.0	**27.2**	18.2%	4.2
Total revenue	**395.6**	**386.8**	**–2.2%**	**–8.8**
thereof revenue with third parties	372.4	**359.3**	–3.5%	–13.2

[1] Adjustment of revenue in segment reporting

Revenue of the Mail & Branch Network Division totalled EUR 359.6m. Of this amount, 56.2% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 27.8% of total divisional revenue. Media Post, i.e. the delivery of newspapers and magazines, had a share of 8.9%. Branch Services generated 7.0% of the division's revenue.

In the first quarter of 2018, Letter Mail & Mail Solutions revenue amounted to EUR 202.2m, a drop of 2.1% from the previous year. The downward volume development as a result of the substitution of letters by electronic forms of communication continued. The basic volume development trend during the period under review was about minus 5%. The segment change of the Croatian subsidiary Weber Escal d.o.o., which has been assigned to the Parcel & Logistics Division since January 1, 2018 as well as the exit from the mail business in South East and Eastern Europe, negatively impacted revenue. In contrast, new services relating to conventional letter mail transport had the opposite effect of increasing divisional revenue. The Mail Solutions business generated increased revenue in the areas of document logistics and output management.

Revenue of the Direct Mail business amounted to EUR 100.0m in the first quarter of 2018. The decline of 5.6% is primarily due to strong performance in the prior-year quarter. As a result of the very early Easter holidays, the weak advertising phase during the Holy Week took place in the first quarter of the current financial year in contrast to the Holy Week in the second quarter of 2017. The exit from the direct mail business in South East and Eastern Europe also had the effect of reducing the revenue.

Media Post revenue improved by 2.2 % year-on-year to EUR 32.2m.

Branch Services revenue fell 12.0 % in the first three months of 2018 to EUR 25.2m. In line with the agreement concluded with the banking partner BAWAG P.S.K., a step-by-step dissolution of the partnership will be essentially completed by the end of 2019. Revenue generated by consulting services will be continuously reduced but the offer of counter transactions will remain unchanged.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	Q1 2017[1]	Q1 2018	Change %	Change EUR m
Revenue	**117.1**	**132.2**	**12.9%**	**15.2**
Premium Parcels	55.3	**61.9**	12.1%	6.7
Standard Parcels	53.1	**57.0**	7.2%	3.8
Other Parcel Services	8.7	**13.3**	53.6%	4.6
Revenue intra-Group	1.3	**1.3**	3.1%	0.0
Total revenue	**118.4**	**133.5**	**12.8%**	**15.2**
thereof revenue with third parties	116.2	**131.3**	13.0%	15.1

[1] Adjustment of revenue in segment reporting

Total revenue of the Parcel & Logistics Division rose by 12.9 % in the first quarter of 2018 to EUR 132.2m from EUR 117.1m in the previous year. The underlying upward revenue trend in the first three months of 2018 continued to exhibit double-digit growth. The segment change of the Croatian subsidiary Weber Escal d.o.o. effective January 1, 2018 increased revenue, due to the fact that the company was still recognised as part of the Mail & Branch Network Division in the prior-year period. Adjusted for Weber Escal d.o.o., divisional revenue was up 10.8 %.

This strong growth in the parcel business resulted mainly from the ongoing e-commerce trend, which led to a substantial increase in private customer parcels. Austrian Post has once again benefitted from this market growth during the reporting period. Intense competition still prevails. At the same time, demands for quality and delivery speed as well as price pressure are increasing.

On balance, the Premium Parcels business (parcel delivery within 24 hours) accounted for 46.9 % of total divisional revenue in the first three months of 2018. This represents a revenue increase of 12.1 % to EUR 61.9m.

Standard Parcels, which constitute mainly shipments to private customers in Austria, contributed 43.1 % to the division's revenue. This business area generated a revenue of EUR 57.0m in the first quarter of 2018, constituting an increase of 7.2 % from the previous year.

Other Parcel Services, which include various additional logistics services, accounted for the revenue of EUR 13.3m in the period under review. This increase can be attributed primarily to the full consolidation of the subsidiary ACL advanced commerce labs GmbH as at November 1, 2017 and the segment change of Weber Escal d.o.o.

From a regional perspective, 80.8 % of total revenue in the Parcel & Logistics Division was generated in Austria in the first three months of 2018 and 19.2 % by subsidiaries in South East and Eastern Europe. The business in Austria showed revenue growth of 13.1 %. Revenue in the highly competitive South East and Easter European region was up 12.3 % during the first three months of 2018, with EUR 2.6m of this increase attributed to the segment change of Weber Escal d.o.o., Croatia.

CONSOLIDATED INCOME STATEMENT

EUR m	Q1 2017	Q1 2018	Change %	Change EUR m
Revenue	**488.7**	**490.6**	**0.4%**	**2.0**
Other operating income	14.8	**34.6**	>100%	19.9
Raw materials, consumables and services used	–99.9	**–103.9**	–4.0%	–4.0
Staff costs	–263.0	**–274.0**	–4.2%	–11.0
Other operating expenses	–62.3	**–70.3**	–12.9%	–8.0
Results from financial assets accounted for using the equity method	–0.5	**–0.6**	–12.5%	–0.1
EBITDA[1]	**77.7**	**76.5**	**–1.6%**	**–1.3**
Depreciation, amortisation and impairment losses	–23.4	**–19.8**	15.5%	3.6
EBIT[2]	**54.4**	**56.7**	**4.3%**	**2.3**
Other financial result	–0.1	**1.7**	>100%	1.8
Earnings before tax	**54.2**	**58.4**	**7.7%**	**4.2**
Income tax	–13.8	**–16.5**	–19.7%	–2.7
Profit for the period	**40.4**	**41.8**	**3.5%**	**1.4**
Earnings per share (EUR)[3]	0.60	**0.62**	3.5%	0.02

[1] Earnings before depreciation, amortisation, impairment losses, other financial result and income tax
[2] Earnings before other financial result and income tax
[3] Undiluted earnings per share in relation to 67,552,638 shares

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (55.8%), raw materials, consumables and services used (21.2%) and other operating expenses (14.3%), which is in contrast to other operating income.

Austrian Post's staff costs amounted to EUR 274.0m in the first quarter of 2018, comprising a year-on-year increase of 4.2%. The included operational staff costs of EUR 247.6m were slightly below the prior-year level. Efficiency improvements and structural changes made it possible to compensate for salary increases mandated by collective wage agreements.

In addition to operational staff costs, staff costs of Austrian Post also include various non-operational costs, for the most part termination benefits and changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post. Non-operational staff costs in the first quarter of 2018 increased from the previous year. Provisions in the amount of EUR 22.1m allocated for the redimensioning of financial services comprised the largest share of these costs.

Raw materials, consumables and services used were up 4.0% to EUR 103.9m, which is primarily related to higher costs for outsourced transport services required to handle the increase in parcel volumes.

Other operating expenses rose by 12.9% to EUR 70.3m. This increase is mainly due to higher maintenance, IT and consulting costs.

Other operating income in the first quarter of 2018 totalled EUR 34.6m, compared to the prior-year figure of EUR 14.8m. This includes one-off income of EUR 20.1m representing a lump sum compensation on the part of the banking partner BAWAG P.S.K. for shortening the duration of the contractual agreement.

The results of the financial assets accounted for using the equity method include proportional profits for the period of joint venture and associated companies and amounted to minus EUR 0.6m in the first three months of 2018.

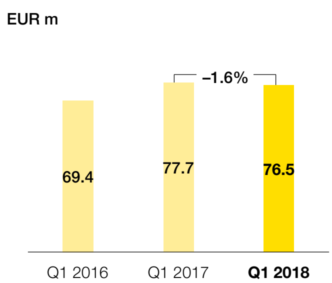
Earnings show a stable to slightly positive development. EBITDA at EUR 76.5m was slightly below the previous year, implying an EBITDA margin of 15.6%.

Depreciation, amortisation and impairment losses amounted to EUR 19.8m, down EUR 3.6m from the previous year. No impairment losses were recognised during the reporting period, in contrast to impairment losses of EUR 5.4m in the prior-year quarter.

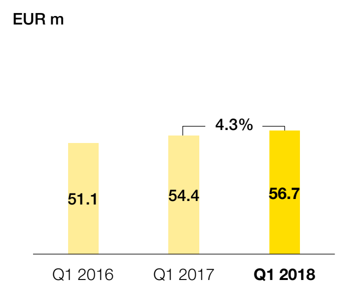
EBIT improved by 4.3% year-on-year to EUR 56.7m, comprising an EBIT margin of 11.6%.

The other financial result of EUR 1.7m included a positive contribution of EUR 3.8m from interest on claims related to non-wage costs paid in previous periods. After deducting income tax of EUR 16.5m, the profit for the period totalled EUR 41.8m, up 3.5% from the first quarter of 2017. Earnings per share amounted to EUR 0.62.

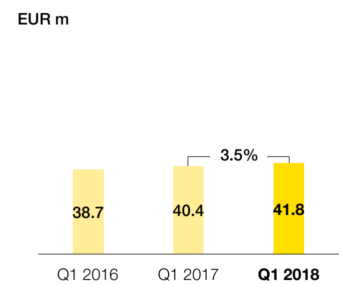
EBITDA



EBIT



PROFIT FOR THE PERIOD



EBITDA AND EBIT BY DIVISION

EUR m	Q1 2017	Q1 2018	Change %	Change EUR m	Margin[1] Q1 2018
EBITDA	**77.7**	**76.5**	**–1.6%**	**–1.3**	**15.6%**
Mail & Branch Network	82.1	**78.6**	–4.3%	–3.5	**20.3%**
Parcel & Logistics	14.7	**13.6**	–7.7%	–1.1	**10.2%**
Corporate/Consolidation	–19.1	**–15.7**	17.6%	3.4	**–**
EBIT	**54.4**	**56.7**	**4.3%**	**2.3**	**11.6%**
Mail & Branch Network	74.0	**73.6**	–0.6%	–0.4	**19.0%**
Parcel & Logistics	9.4	**10.9**	15.6%	1.5	**8.1%**
Corporate/Consolidation	–29.1	**–27.8**	4.5%	1.3	**–**

[1] Margin of the divisions in relation to total revenue

From a divisional perspective, the Mail & Branch Network Division showed only a slight drop in earnings in the first three months of 2018 against the backdrop of a revenue decrease of EUR 13.0m. EBITDA reported by the division amounted to EUR 78.6m (–4.3%), and EBIT in the reporting period totalled EUR 73.6m (–0.6%). Efficiency enhancement measures as well as the increased delivery of parcels and packets by mail logistics had a positive impact on earnings.

The Parcel & Logistics Division achieved growth in light of intense competitive pressure and generated an EBITDA of EUR 13.6m (–7.7%) and EBIT of EUR 10.9m (+15.6%) in the first quarter of 2018.

The core competence of the Corporate Division is the development of new business models and online innovation management. In addition, the Corporate Division provides non-operational services for the purpose of administering and controlling at a Corporate Group level. These services include, among other things, the management of commercial properties owned by the Group, the provision of IT services as well as the administration of the Internal Labour Market of Austrian Post. EBIT of the Corporate Division (incl. Consolidation) improved by 4.5% to minus EUR 27.8m.

— Assets and Finances

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2017	March 31, 2018	Structure March 31, 2018
ASSETS			
Property, plant and equipment	615.7	**630.9**	35.5%
Intangible assets and goodwill	86.7	**86.2**	4.9%
Investment property	85.0	**84.7**	4.8%
Financial assets accounted for using the equity method	8.1	**9.4**	0.5%
Inventories, trade and other receivables	457.8	**410.2**	23.1%
Other financial assets	131.0	**130.2**	7.3%
thereof financial investments in securities	80.6	**79.8**	–
Cash and cash equivalents	290.0	**423.9**	23.9%
	1,674.2	**1,775.6**	**100%**
EQUITY AND LIABILITIES			
Equity	698.8	**746.3**	42.0%
Provisions	563.7	**592.0**	33.3%
Other financial liabilities	6.8	**7.3**	0.4%
Trade and other payables	404.9	**430.0**	24.2%
	1,674.2	**1,775.6**	**100%**

BALANCE SHEET STRUCTURE

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 amount of cash and cash equivalents invested at the lowest possible risk.

The balance sheet total of Austrian Post amounted to EUR 1,775.6m as at March 31, 2018. On the assets side, property, plant and equipment comprised the largest single balance sheet item at EUR 630.9m, whereas intangible assets totalled EUR 24.2m. The goodwill reported for acquisitions at the end of the first quarter of 2018 equalled EUR 62.1m. Receivables at EUR 297.3m comprised one of the largest single balance sheet items in current assets. Moreover, Austrian Post has a high level of cash and cash equivalents equalling EUR 423.9m. On the basis of this strong cash position, Austrian Post distributed a dividend of EUR 138.5m on May 3, 2018.

The equity and liabilities side of the balance sheet is characterised by a high equity ratio, which equalled 42.0 % as at March 31, 2018. This corresponds to equity of EUR 746.3m. Non-current liabilities of EUR 442.2m primarily consist of provisions totalling EUR 399.5m (including provisions for employee under-utilisation of EUR 213.9m). Current liabilities of EUR 587.1m are dominated by trade payables at EUR 152.8m.

An analysis of the financial position of the company shows a high level of current and non-current financial resources in the amount of EUR 503.7m, including cash and cash equivalents totalling EUR 423.9m along with financial investments in securities of EUR 79.8m. Cash and cash equivalents mainly increased in the first quarter of 2018 due to the special payment of EUR 107.0m on the part of BAWAG P.S.K. These financial resources contrast with financial liabilities of only EUR 7.3m.

CASH FLOW

EUR m	Q1 2017	Q1 2018
Gross cash flow[1]	74.1	**107.4**
Cash flow from operating activities	**61.8**	**175.9**
Cash flow from investing activities	–31.6	**–41.7**
thereof Maintenance CAPEX	–7.4	**–24.7**
thereof Growth CAPEX	–7.3	**–16.2**
thereof cash flow from acquisitions/divestments	–2.6	**–0.6**
thereof acquisition/disposal of securities	–15.0	**0.0**
thereof other cash flow from investing activities	0.8	**–0.2**
Free cash flow	30.2	**134.2**
Free cash flow before acquisitions/securities	47.9	**134.8**
Operating free cash flow[2]	**55.2**	**55.1**
Cash flow from financing activities	–0.1	**0.4**
Change in cash and cash equivalents	30.1	**134.6**

[1] Reclassification of taxes paid – reported separately within cash flow from operating activities
[2] Q1 2018: Free cash flow before acquisitions/securities and Growth CAPEX, excluding special effects of EUR 95.9m as a result of the termination of the cooperation agreement with BAWAG P.S.K.; Q1 2017: Free cash flow before acquisitions/securities and new corporate headquarters

CASH FLOW

The gross cash flow totalled EUR 107.4m in the first quarter of 2018, compared to EUR 74.1m in the prior-year period. The cash flow from operating activities amounted to EUR 175.9m in the period under review, up from EUR 61.8m in the previous year. This increase is attributable to a special payment made by BAWAG P.S.K. totalling EUR 107.0m as a result of the termination of the cooperation agreement. After deducting financial services provided during the reporting period at the amount of EUR 11.1m, this results in special cash flow effects of EUR 95.9m and hence a comparable cash flow from operating activities of of EUR 80.0m.

In the first three months of 2018, the cash flow from investing activities reached a level of minus EUR 41.7m, compared to the prior-year figure of minus EUR 31.6m. This increase is due to cash outflows for the acquisition of property, plant and equipment (CAPEX) in the amount of EUR 41.0m in the first quarter of 2018, higher than the prior-year figure of EUR 14.8m. The difference is primarily attributable to payments of EUR 16.2m in the current reporting period in connection with the capacity expansion programme of Austrian Post. Operating free cash flow (excl. special effects) at EUR 55.1m was at the prior-year level.

INVESTMENTS

Additions to property, plant and equipment and intangible assets amounted to EUR 35.6m in the first three months of 2018, clearly above the prior-year figure of EUR 11.7m. First-quarter investments included EUR 33.7m for property, plant and equipment and EUR 1.8m for intangible assets. The lion's share of investments were related to the investment programme designed to expand the parcel logistics infrastructure.

— Employees

The average number of employees at the Austrian Post Group totalled 20,193 full-time equivalents in the first three months of 2018, comprising a year-on-year decline of 386 employees. Most of Austrian Post's staff (17,059 full-time equivalents) is employed by the parent company Österreichische Post AG.

EMPLOYEES BY DIVISION

Average for the period, full-time equivalents	Q1 2017	Q1 2018	Share Q1 2018
Mail & Branch Network	14,946	**14,025**	69.5%
Parcel & Logistics	3,630	**4,046**	20.0%
Corporate	2,003	**2,121**	10.5%
Total	**20,579**	**20,193**	**100%**

Events After the Reporting Period

Austrian Post is not aware of any significant events taking place after the end of the reporting period on March 31, 2018.

Main Risks and Uncertainties

As an international postal and logistics services provider, Austrian Post Group is subject to a variety of operational risks in carrying out its business operations. Austrian Post deals with these risks responsibly. The focus on its core business activities, as well as decades of experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial and technical risks as well as market and competitive risks along with information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2017 of Austrian Post (see the Annual Report 2017, Financial Report, Group Management Report, sections 4 and 5, and the Consolidated Financial Statements, chapter 10.2).

The remaining nine months of the current financial year are also subject to certain risks and uncertainties. Shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and also depend on the economic development of the respective customer segments. Experience has shown that unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail, direct mail and parcel volumes. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus achievable prices for postal services. In addition, traditional letter mail items are being increasingly replaced by electronic forms of communication. The parcel market is positively impacted by the online shopping trend, but at the same time competitors are also increasing their activities in order to participate in this market growth more strongly. The resulting shifts in market share and increased price pressure could negatively impact Austrian Post's earnings situation.

In the branch network, Austrian Post is partly dependent on strategic partners in the field of telecommunication products and financial services. In 2017 the cooperation agreement was terminated by the banking partner BAWAG P.S.K. Talks have been held for some time with potential partners. Specific decisions are expected to be made in the course of the year 2018. If the company does not succeed in implementing a viable alternative solution, the necessary restructuring measures could pose a revenue and cost risk for Austrian Post.

All the above-mentioned risks could lead to a significant volume decrease, and thus, to a corresponding drop in earnings, for example due to various structural measures and restructuring costs, or to valuation adjustments. In addition, performance of subsidiaries or any required impairment losses could affect the earnings of Austrian Post.

Related Party Transactions

There were no major changes in related party transactions in the first quarter of 2018. Information on related party transactions is provided in the Annual Report 2017 of Austrian Post (see the Annual Report 2017, Financial Report, Consolidated Financial Statements, chapter 11.3).

— Outlook 2018

First-quarter developments confirm the assessment made by Austrian Post with respect to the projected business development in 2018. Volume developments in the letter mail, direct mail and parcel segments are expected to be in line with trends prevailing in recent quarters. The company continues to anticipate volume declines of about 5% p.a. in the traditional addressed letter mail business and stronger volatilities in the quarterly developments of direct mail. Parcel volumes are steadily rising. Double-digit growth for private customer parcels is expected, driven by the expansion of online shopping.

All in all, Austrian Post forecasts an ongoing stable revenue development in the 2018 financial year (2017 revenue: EUR 1,938.9m). Current planning assumptions will continue to be valid. In particular, the decline in addressed letter mail is both a national and international trend. A further change in customer needs is the increasing freedom of choice to select among various delivery speeds for letters and parcels. This is already being taken into account in 19 European countries based on a service offering distinguishing between time-critical and not time-critical mail items. Austrian Post will also take advantage of the legal options within the framework of the universal postal service obligation and expand its service offering. The new product and tariff model offers the option to choose between time-critical items (e.g. documents, urgent letters and parcels) and not time-critical items (e.g. telephone invoices and bank statements). For example, if one takes the standard letter weighing 20g, (e.g. a C5 envelope), senders will have three alternatives starting in July 2018: in addition to the PRIO (priority) option for EUR 0.80 featuring next-day delivery, an ECO (economy) delivery will also be offered for EUR 0.70 for delivery within 2-3 days. Moreover, an ECO Business service for EUR 0.65 will be offered above and beyond the universal postal service framework for delivery within 4-5 days.

In the branch network, the dissolution of the financial services partnership with the current banking partner BAWAG P.S.K. will take place over the coming quarterly periods. Consulting services will be gradually redimensioned by the end of 2019, whereas the offering of counter transactions will be maintained. In the medium term, the financial services business will remain an important part of Austrian Post's business operations. Talks are being held with other potential financial services partners.

The company aims to generate double-digit growth in the parcel business. However, as a result of current market growth, more intense competition, stronger price pressure or partial own delivery by individual large-volume customers are expected.

With respect to its earnings development, Austrian Post continues to pursue the goal of generating stable operating earnings in 2018 (2017 EBIT: EUR 207.8m). 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 being used more efficiently through joint delivery of letters and parcels. At the same time, Austrian Post will have to meet the challenges of a redimensioned financial services business.

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 double sorting capacities 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 basic investments in the core business of about EUR 60–70m annually, additional growth investments in the field of parcel logistics are planned for the coming years. The objective is to expand existing sorting capacities as quickly as possible and invest at least EUR 50m for this purpose in 2018. In addition, there is the possibility of expanding existing commercial properties or to acquire new land. 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.

Vienna, May 7, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer

Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

– CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2018

EUR m	Q1 2017	Q1 2018
Revenue	488.7	**490.6**
Other operating income	14.8	**34.6**
Total operating income	**503.4**	**525.2**
Raw materials, consumables and services used	–99.9	**–103.9**
Staff costs	–263.0	**–274.0**
Depreciation, amortisation and impairment losses	–23.4	**–19.8**
Other operating expenses	–62.3	**–70.3**
Total operating expenses	**–448.5**	**–467.9**
Profit from operations	**54.9**	**57.3**
Results from financial assets accounted for using the equity method	–0.5	**–0.6**
Financial income	0.7	**4.6**
Financial expenses	–0.8	**–3.0**
Other financial result	–0.1	**1.7**
Total financial result	**–0.7**	**1.1**
Profit before tax	**54.2**	**58.4**
Income tax	–13.8	**–16.5**
Profit for the period	**40.4**	**41.8**
Attributable to:		
Shareholders of the parent company	40.5	**41.9**
Non-controlling interests	0.0	**0.0**

EARNINGS PER SHARE (EUR)		
Basic earnings per share	**0.60**	**0.62**
Diluted earnings per share	**0.60**	**0.62**

— STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2018

EUR m	Q1 2017	Q1 2018
Profit for the period	**40.4**	**41.8**
Items that may be reclassified subsequently to the income statement:		
Currency translation differences – investments in foreign businesses	0.4	**0.0**
Changes in the fair value of financial assets available for sale	–0.3	**0.0**
Tax effect of changes in the fair value	0.1	**0.0**
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	**0.0**
Total items that may be reclassified	**0.2**	**0.0**
Items that will not be reclassified subsequently to the income statement:		
Revaluation of defined benefit obligations	0.2	**0.4**
Tax effect of revaluation	0.0	**–0.1**
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	**0.0**
Total items that will not be reclassified	**0.1**	**0.3**
Other comprehensive income	**0.3**	**0.2**
Total comprehensive income	**40.7**	**42.1**
Attributable to:		
Shareholders of the parent company	40.8	**42.1**
Non-controlling interests	0.0	**0.0**

— CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

EUR m	Dec. 31, 2017	March 31, 2018
ASSETS		
Non-current assets		
Goodwill	62.1	**62.1**
Intangible assets	24.7	**24.2**
Property, plant and equipment	615.7	**630.9**
Investment property	85.0	**84.7**
Financial assets accounted for using the equity method	8.1	**9.4**
Other financial assets	86.4	**86.4**
Contract assets	0.0	**0.3**
Trade and other receivables	19.0	**16.8**
Deferred tax assets	72.2	**72.9**
	973.1	**987.8**
Current assets		
Other financial assets	44.6	**43.8**
Inventories	22.0	**14.3**
Contract assets	0.0	**7.5**
Trade and other receivables	343.6	**297.3**
Tax assets	1.0	**1.0**
Cash and cash equivalents	290.0	**423.9**
	701.1	**787.8**
	1,674.2	**1,775.6**
EQUITY AND LIABILITIES		
Equity		
Share capital	337.8	**337.8**
Capital reserves	91.0	**91.0**
Revenue reserves	287.7	**335.1**
Other reserves	–18.5	**–18.4**
Equity attributable to the shareholders of the parent company	**697.9**	**745.5**
Non-controlling interests	**0.9**	0.8
	698.8	**746.3**
Non-current liabilities		
Provisions	385.1	**399.5**
Other financial liabilities	3.4	**3.3**
Trade and other payables	39.3	**38.3**
Deferred tax liabilities	1.1	**1.1**
	428.9	**442.2**
Current liabilities		
Provisions	178.6	**192.5**
Tax liabilities	13.2	**17.4**
Other financial liabilities	3.4	**4.0**
Trade and other payables	351.2	**293.3**
Contract liabilities	0.0	**79.9**
	546.5	**587.1**
	1,674.2	**1,775.6**

— CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF 2018

EUR m	Q1 2017 adjusted	Q1 2018
OPERATING ACTIVITIES		
Profit before tax	54.2	**58.4**
Depreciation, amortisation and impairment losses	23.4	**19.8**
Results from financial assets accounted for using the equity method	0.5	**0.6**
Provisions non-cash	–3.1	**27.9**
Other non-cash transactions	–0.9	**0.8**
Gross cash flow[1]	**74.1**	**107.4**
Trade and other receivables	–1.6	**37.7**
Inventories	–0.4	**–0.9**
Contract assets	0.0	**–0.8**
Provisions	17.2	**2.3**
Trade and other payables	–18.4	**–5.3**
Contract liabilities	0.0	**49.1**
Taxes paid[1]	–9.1	**–13.6**
Cash flow from operating activities	**61.8**	**175.9**
INVESTING ACTIVITIES		
Acquisition of intangible assets	–1.9	**–2.5**
Acquisition of property, plant and equipment/investment property	–14.8	**–41.0**
Cash receipts from disposal of assets	2.5	**2.0**
Acquisition of financial assets accounted for using the equity method	–2.6	**–0.7**
Sale of financial assets accounted for using the equity method	0.0	**0.1**
Acquisition of financial investments in securities	–15.0	**–5.0**
Cash receipts from sales of financial investments in securities	0.0	**5.0**
Loans granted	–0.2	**–0.4**
Interest received	0.5	**0.7**
Cash flow from investing activities	**–31.6**	**–41.7**
Free cash flow	**30.2**	**134.2**
FINANCING ACTIVITIES		
Changes of other financial liabilities	–0.1	**0.5**
Interest paid	0.0	**–0.1**
Cash flow from financing activities	**–0.1**	**0.4**
Change in cash and cash equivalents	**30.1**	**134.6**
Cash and cash equivalents at January 1	278.0	**290.0**
Cash and cash equivalents at March 31	**308.1**	**424.6**

[1] Reclassification of taxes paid – reported separately within cash flow from operating activities

— CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF 2017

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: Revaluation of financial instruments	Other reserves: Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
Balance as at January 1, 2017	**337.8**	**91.0**	**257.6**	**–18.3**	**4.2**	**–2.3**	**670.0**	**0.1**	**670.0**
Profit for the period	0.0	0.0	40.5	0.0	0.0	0.0	40.5	0.0	40.4
Other comprehensive income	0.0	0.0	0.0	0.1	–0.3	0.4	0.3	0.0	0.3
Total comprehensive income	**0.0**	**0.0**	**40.5**	**0.1**	**–0.3**	**0.4**	**40.8**	**0.0**	**40.7**
Balance as at March 31, 2017	**337.8**	**91.0**	**298.0**	**–18.2**	**4.0**	**–1.9**	**710.7**	**0.1**	**710.8**

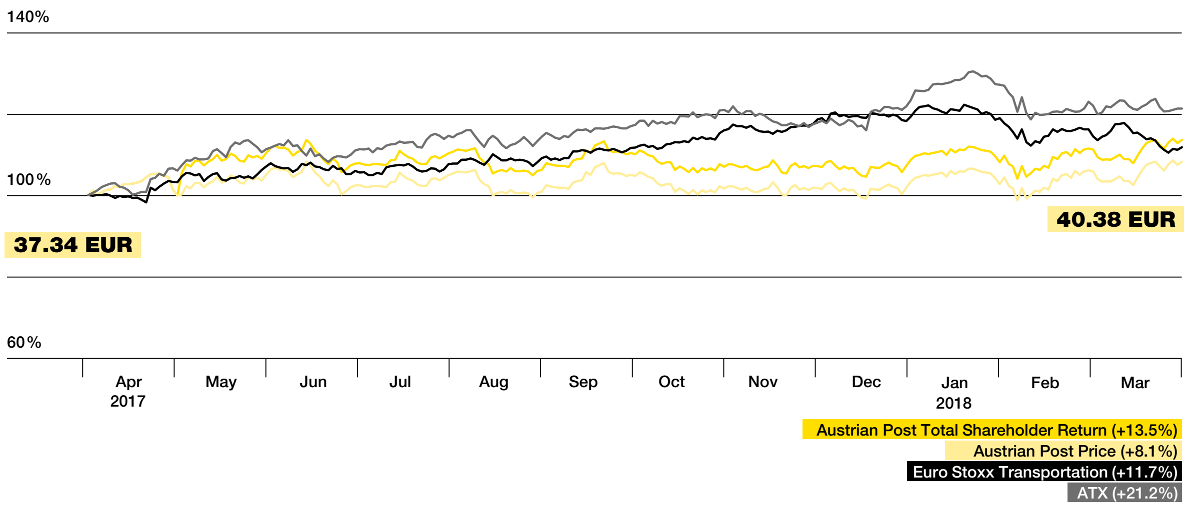
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF 2018

				Other reserves					
EUR m	Share capital	Capital reserves	Revenue reserves	IAS 19 reserve	Revaluation of financial instruments	Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
Balance as at December 31, 2017	**337.8**	**91.0**	**287.7**	**–19.2**	**2.4**	**–1.7**	**697.9**	**0.9**	**698.8**
Adjustment on initial application of IFRS 9 (net of tax)	0.0	0.0	–0.2	0.0	–0.1	0.0	**–0.3**	0.0	**–0.3**
Adjustment on initial application of IFRS 15 (net of tax)	0.0	0.0	5.7	0.0	0.0	0.0	**5.7**	0.0	**5.7**
Adjusted balance at January 1, 2018	**337.8**	**91.0**	**293.2**	**–19.2**	**2.3**	**–1.7**	**703.4**	**0.9**	**704.2**
Profit for the period	0.0	0.0	41.9	0.0	0.0	0.0	**41.9**	0.0	**41.8**
Other comprehensive income	0.0	0.0	0.0	0.3	0.0	0.0	**0.2**	0.0	**0.2**
Total comprehensive income	**0.0**	**0.0**	**41.9**	**0.3**	**0.0**	**0.0**	**42.1**	**0.0**	**42.1**
Balance as at March 31, 2018	**337.8**	**91.0**	**335.1**	**–18.9**	**2.3**	**–1.7**	**745.5**	**0.8**	**746.3**

FINANCIAL CALENDER 2018

May 16, 2018	Interim report for the first quarter 2018, Publication: 07:30–7:40 a.m. CET
August 10, 2018	Half-year Financial Report 2018, Publication: 07:30–07:40a.m. CET
November 15, 2018	Interim report for the first three quarters 2018, Publication: 07:30–7:40 a.m. CET

DEVELOPMENT OF THE POST SHARE (12-MONTH COMPARISON)



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We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This financial report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and thus actual results – to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

This financial report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: May 7, 2018

— CONTACT

Investor Relations,
Group Auditing & Compliance
Harald Hagenauer
T: +43 (0) 577 67 30401
F: +43 (0) 577 67 30409
E: investor@post.at
I: www.post.at/ir

Corporate Communications
Manuela Bruck
T: +43 (0) 577 67 24099
F: +43 (0) 577 67 28039
E: info@post.at
I: www.post.at/pr

Austrian Post on the Web
www.post.at