INVESTOR INFORMATION
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AUSTRIAN POST H1 2019:
Very good first half-year 2019: robust mail business with continued strong parcel growth

Revenue

- Revenue increase of 2.7% to EUR 981.1m
- Good parcel growth (+7.8%) and increase in the Mail & Branch Network Division (+1.3%)

Earnings

- EBIT up by 2.5% to EUR 107.7m, EBIT margin of 11.0%
- Earnings per share of EUR 1.17 (+4.6%)

Cash flow and balance sheet

- Operating free cash flow of EUR 99.6m
- Balance sheet total increase to EUR 1,896.9m due to capitalisation of right-of-use assets (leases) pursuant to IFRS 16

Outlook 2019

- Slight increase in revenue forecasted for 2019
- Target of stable operating earnings (EBIT)

Austrian Post can look back at a very good first half-year 2019. Driven by a robust mail business and strong growth in the parcel segment, Austrian Post's Group revenue increased to EUR 981.1m, implying an increase of 2.7%. Both the Mail & Branch Network Division (+1.3%) and the Parcel & Logistics Division (+7.8%) showed a positive development in the reporting period.

The mail business is impacted by the ongoing substitution of traditional letter mail by electronic forms of communication as well as by a structural decrease in the Direct Mail business. The uncertainty related to the General Data Protection Regulation is perceivable in this segment. The financial service business continues to decline as a result of the termination of the cooperation with BAWAG P.S.K. The Mail & Branch Network Division contributed slightly above 70% to the total Group revenue of Austrian Post in the first half of 2019. The new product and postage rate model, additional revenue from the elections and one-off mailings have positively impacted the revenue of the Mail & Branch Network Division, in contrast to the fundamental drop in addressed letter mail volumes and lower Direct Mail revenue.

Austrian Post has benefited from the dynamic market growth in the parcel business attributable to the ongoing online shopping trend, resulting in steady growth of parcel volumes. The related competitive intensity and price pressure remain high. The Parcel & Logistics Division generated close to 30% of Group revenue in the reporting period and continued to show an upward trend. Revenue growth of 7.8% in the parcel business was driven primarily by the trend towards e-commerce and the accompanying parcel volume increase in Austria. Following the competition authorities' approval of the cooperation with Deutsche Post DHL Group, parcels have been delivered by Austrian Post since the beginning of August 2019. Forecasted future parcel volumes provide a strong incentive for Austrian Post to work with high intensity on extensively expanding its parcel logistics capacities in Austria. "Since July 2019 trial operations have been underway at the new parcel logistics centre in

Hagenbrunn in the north of Vienna, which will become fully operational in September 2019 and will increase current capacities by 25%", says Austrian Post CEO Georg Pölzl. Construction of the second parcel logistics centre in Kalsdorf near Graz is proceeding on schedule, with completion expected by mid-2020. In the medium term, both total transport and sorting capacities should be doubled. Moreover, Austrian Post is continuously pressing ahead with the expansion of its service offering of self-service and online solutions, making it even easier and more convenient to send and receive parcels.

EBIT of the Austrian Post Group has increased by 2.5% from the prior-year level to EUR 107.7m on the basis of solid revenue development combined with strict cost discipline. This strong development in the first half of 2019 should enable Austrian Post to remain consistent with its clear capital market positioning as a reliable dividend stock. Earnings per share have increased to EUR 1.17 compared to EUR 1.12 in the prior-year period.

"Reliability and stability towards our shareholders and other stakeholders of our company remain the focal point of our strategic activities, and, going forward, we would like to continue along this path", adds CEO Georg Pölzl. "Austrian Post aims to achieve a slight revenue increase for the entire 2019 financial year and stable operating earnings in line with the previous year", concludes Pölzl.

You can find the complete version of the outlook as well as detailed information (excerpts) from the Interim Report H1 2019 starting on page 4. The entire report is available on the Internet at post.at/ir --> Reporting.

KEY FIGURES

EUR m	H1 2018	H1 2019	Change %	Change EUR m	Q2 2018	Q2 2019
Revenue	**955.2**	**981.1**	**2.7%**	**25.9**	**464.6**	**488.6**
Mail & Branch Network	695.0	**703.9**	1.3%	8.9	335.4	**349.2**
Parcel & Logistics	262.6	**283.0**	7.8%	20.4	130.4	**142.0**
Corporate/Consolidation	–2.4	**–5.8**	–	–3.4	–1.2	**–2.6**
Other operating income	50.9	**42.2**	–17.2%	–8.8	16.3	**21.2**
Raw materials, consumables and services used	–206.2	**–218.7**	–6.1%	–12.5	–102.3	**–108.5**
Staff costs	–516.5	**–507.3**	1.8%	9.2	–242.5	**–255.6**
Other operating expenses	–137.8	**–134.7**	2.3%	3.2	–67.5	**–68.3**
Results from financial assets accounted for using the equity method	–1.3	**–0.5**	64.4%	0.8	–0.7	**0.2**
EBITDA	**144.3**	**162.2**	**12.4%**	**17.9**	**67.9**	**77.6**
Depreciation, amortisation and impairment losses	–39.3	**–54.5**	–38.8%	–15.2	–19.5	**–27.3**
EBIT	**105.1**	**107.7**	**2.5%**	**2.6**	**48.4**	**50.3**
Mail & Branch Network	138.7	**142.3**	2.6%	3.6	65.1	**67.0**
Parcel & Logistics	20.4	**20.4**	0.3%	0.1	9.5	**10.8**
Corporate/Consolidation	–54.1	**–55.1**	–1.8%	–1.0	–26.3	**–27.4**
Other financial result	3.2	**0.8**	–75.1%	–2.4	1.5	**–2.6**
Earnings before tax	**108.2**	**108.5**	**0.2%**	**0.3**	**49.9**	**47.7**
Income tax	–32.3	**–29.1**	9.9%	3.2	–15.8	**–11.6**
Profit for the period	**75.9**	**79.4**	**4.6%**	**3.5**	**34.1**	**36.0**
Earnings per share (EUR)[1]	1.12	**1.17**	4.6%	0.05	0.50	**0.53**
Cash flow from operating activities	**173.4**	**123.6**	**–28.7%**	**–49.7**	**–2.6**	**51.3**
Investment in property, plant and equipment (CAPEX)	**–67.4**	**–70.0**	**–3.8%**	**–2.6**	**–26.4**	**–50.3**
Free cash flow	**104.1**	**26.2**	**–74.8%**	**–77.9**	**–30.1**	**7.2**
Operating free cash flow (Free cash flow before acquisitions/ securities and Growth CAPEX)	**47.7/134.1[2]**	**99.6**	**–25.7%[2]**	**–34.5[2]**	**–16.9**	**38.8**

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Inclusive of BAWAG P.S.K. special effect of EUR 86.5m (special payment BAWAG P.S.K. of EUR 107.0m less financial services rendered of EUR 20.5m)

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EXCERPTS FROM THE GROUP MANAGEMENT REPORT:

REVENUE DEVELOPMENT IN DETAIL

In the first half of 2019, Group revenue of Austrian Post improved by 2.7% to EUR 981.1m. This development was due to the dynamically growing parcel market resulting in a 7.8% increase in parcel revenue as well as a 1.3% increase in revenue in the Mail & Branch Network Division.

The Mail & Branch Network Division accounted for 71.3% of Group revenue. Revenue development in the first half-year reflected the fundamental decline in addressed letter mail volumes as a result of electronic substitution, lower Direct Mail revenue and the gradual redimensioning of the financial services business in 2019. In contrast, the new product structure, growth in the area of Mail Solutions, additional revenue from elections and one-off mailings helped to increase revenue. The Parcel & Logistics Division generated 28.7% of the total Group revenue in the reporting period against the backdrop of an ongoing upward trend. The 7.8% revenue increase was driven primarily by the organic volume growth in Austria.

The revenue of the **Mail & Branch Network Division** totalled EUR 703.9m in the first half of 2019. Of this amount, 58.1% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 26.5% of the total divisional revenue. Media Post had a share of 9.3%. Branch Services generated 6.2% of the division's revenue. In the first half of 2019, **Letter Mail & Mail Solutions** revenue amounted to EUR 408.8m, implying a 4.6% year-on-year increase. The new product structure and additional revenue from elections had a positive impact on revenue. The downward volume development as a result of the substitution of letters by electronic forms of communication continued. The basic volume trend in Austria exhibited a drop of about 3.5% in the first half of 2019. The Mail Solutions business area reported a revenue increase of EUR 1.9m, mainly in the fields of document logistics and output management. The revenue of the **Direct Mail** business fell by 2.5% in the first half of 2019 to EUR 186.3m. Several customers still appear uncertain with respect to addressed mail items as a result of the General Data Protection Regulation. Unaddressed direct mail is influenced primarily by the decline in retail sales and reduced weight of mail items being posted. **Media Post** revenue from the delivery of newspapers and magazines was up slightly by 0.9% from the prior-year period to EUR 65.1m. Revenue in the first half of 2019 was positively impacted by elections. **Branch Services** revenue amounted to EUR 43.7m in the first half of 2019, a drop of 9.9% from the prior-year level. In line with the agreement concluded with the banking partner BAWAG P.S.K., the termination of the partnership will be completed by the end of 2020. Financial services revenue will be continually reduced in 2019.

The revenue of the **Parcel & Logistics Division** improved by 7.8% to EUR 283.0m in the first half of 2019 compared to EUR 262.6m in the previous year. Growth in the parcel business is based on the ongoing e-commerce trend in Austria. Austrian Post was able to participate in this market growth during the period under review despite a large customer's own delivery operations in Vienna. Intense competition and high price pressure continue to prevail. At the same time, demands imposed on quality and delivery speed are increasing. The Austrian parcel market is expected to show upper single-digit growth in the 2019 financial year. On balance, the **Premium Parcels** business (parcel delivery within 24 hours) accounted for 51.8% of the total divisional revenue in the first six months of 2019. This represents a revenue increase of 19.0% to EUR 146.7m in the first half of 2019.

Standard Parcels contributed 38.0 % to the division’s revenue. This business area showed a revenue decline of 3.9 % to EUR 107.4m in the first half of 2019. There is a clear trend towards volume shifts favouring the faster delivery of parcels. Other Parcel Services, which include various additional logistics services, accounted for the revenue of EUR 28.9m in the first six months of 2019, implying a 4.9 % year-on-year increase.

From a regional perspective, 80.0 % of the total revenue in the Parcel & Logistics Division was generated in Austria and 20.0 % by the subsidiaries in South East and Eastern Europe. The parcel business in Austria produced revenue growth of 7.8 % in the first half of 2019. Revenue in the highly competitive South East and Eastern European region was also up by 7.8 % in the first six months of 2019.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post’s Group revenue are staff costs (51.7 %), raw materials, consumables and services used (22.3 %) and other operating expenses (13.7 %).

Austrian Post’s staff costs amounted to EUR 507.3m in the first half of 2019, implying a year-on-year decline of 1.8 % or EUR 9.2m. Operational staff costs remained stable compared to the prior-year period. The Austrian Post Group employed an average of 20,166 people in the first six months of 2019, which represents a 0.6 % year-on-year decline. Steady efficiency improvements and structural changes made it possible to compensate for salary increases mandated by collective wage agreements. The non-operational staff costs of Austrian Post include termination benefits and changes in provisions, which are related primarily to the specific employment situation of civil servants at Austrian Post. Non-operational staff costs declined in the current reporting period, whereas the prior-year period included about EUR 20m of provisions for the redimensioning of financial services.

Raw materials, consumables and services used rose by 6.1 % to EUR 218.7m, which is related primarily to increased expenses for higher transport services required to handle the large parcel volumes.

Other operating expenses fell by 2.3 % to EUR 134.7m. This decrease is mainly due to the elimination of lease expenses related to the first-time application of the accounting standard IFRS 16. This was in contrast to higher IT and consulting costs. Other operating income totalled EUR 42.2m in the first half of 2019, down from EUR 50.9m in the previous year. The first half of 2018 included a one-off income of about EUR 20m, comprising a lump sum compensation by the banking partner BAWAG P.S.K. for shortening the duration of the contractual agreement.

The application of IFRS 16 expands the reporting of lease relationships, which in turn impacts the presentation of Group earnings. The effect on other operating expenses amounted to EUR 16.5m, which correspondingly affected EBITDA. Accordingly, EBITDA equalled EUR 162.2m, a year-on-year increase of EUR 17.9m. This corresponds to an EBITDA margin of 16.5 %. In contrast, depreciation, amortisation and impairment losses related to IFRS 16 rose by EUR 15.7m and the interest expense was up by EUR 2.2m. Group earnings exhibit a stable to slightly positive development. EBIT of EUR 107.7m represented a year-on-year improvement of 2.5 % year-on-year. The EBIT margin equalled 11.0 %. The upward valuation of the stake held in FinTech Group AG in the amount of

EUR 3.3m has positively impacted the Group's other financial result of EUR 0.8m in the first half of 2019. After deducting the income tax of EUR 29.1m, the Group's profit for the period equalled EUR 79.4m (+4.6%). Earnings per share amounted to EUR 1.17, as compared to EUR 1.12 per share in the first half of the previous year.

From a divisional perspective, EBITDA of the Mail & Branch Network Division totalled EUR 153.9m in the first six months of 2019, a year-on-year increase of 3.7%. Divisional EBIT improved by 2.6% to EUR 142.3m. The revenue increase and a high level of cost discipline have positively affected earnings.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure and generated an EBITDA of EUR 28.5m (+10.6%) and an EBIT of EUR 20.4m (+0.3%) in the first half of 2019. EBIT continues to be burdened by higher costs in the logistics network to avoid capacity bottlenecks. Volume and revenue increases are being handled with the support of extensive logistics measures.

The EBIT of the Corporate Division (incl. Consolidation) fell by 1.8% to minus EUR 55.1m, primarily due to higher IT and consulting expenses. The Corporate Division provides non-operational services typically provided for the purpose of managing and control at a Corporate Group level. These services include, amongst others, the management of commercial properties owned by the Group, the provision of IT services, the development of new business models and the administration of the Internal Labour Market of Austrian Post.

CASH FLOW AND BALANCE SHEET

Due to the special payment totalling EUR 107.0m made by BAWAG P.S.K. in the first half-year of 2018, cash flow figures are comparable only to a limited extent. In the first half of 2019, the gross cash flow amounted to EUR 163.5m in contrast to EUR 176.2m in the prior-year period. A one-off income of EUR 20.1m as a lump sum compensation by BAWAG P.S.K. was included in the previous year. The cash flow from operating activities equalled EUR 123.6m in the reporting period compared to the prior-year figure of EUR 173.4m. The first half-year of 2018 included the entire special effect of EUR 86.5m in connection with the termination of the cooperation agreement with BAWAG P.S.K. (EUR 107.0m less services rendered in the first half of 2018 in the amount of EUR 20.5m).

The cash flow from investing activities amounted to minus EUR 97.4m in the first six months of 2019 compared to minus EUR 69.3m in the first half of 2018. This increase in the cash flow resulted primarily from money market investments in the amount of EUR 20.0m during the period under review as well as from higher payments for the acquisition of property, plant and equipment (CAPEX). They amounted to EUR 70.0m in the first half of 2019, up from EUR 67.4m in the previous year.

Operating free cash flow amounted to EUR 99.6m in the current reporting period compared to EUR 47.7m in the first half of the previous year, or EUR 134.1m including the positive special effect related to the termination of the cooperation with BAWAG P.S.K. The cash flow from financing activities consisted mainly of dividend payments, and totalled minus EUR 126.2m in the first six months of 2019.

Austrian Post pursues a conservative balance sheet policy and financing structure. This is demonstrated by the high equity ratio and solid amount of cash and cash equivalents invested at the lowest possible risk. The balance sheet total of Austrian Post was EUR 1,896.9m as at 30 June 2019. Property, plant and equipment increased by EUR 303.9m to EUR 956.7m as at 30 June 2019 due to the capitalisation of right-of-use assets from leases pursuant to IFRS 16 and thus constituted the largest single balance sheet item. Intangible assets totalled EUR 86.8m, with the goodwill contained in this figure amounting to EUR 58.7m as at 30 June 2019. Receivables of EUR 311.9m represented one of the largest single balance sheet items in current assets. The equity and liabilities side of the balance sheet is characterised by a high equity ratio of 33.0% as at 30 June 2019. The decline in equity compared to previous periods is primarily due to the initial application of the accounting standard IFRS 16, which led to a 5.5% drop in the equity ratio as at 30 June 2019. Equity of the Austrian Post Group equalled EUR 625.9m at the balance sheet date. Non-current liabilities totalled EUR 651.8m at the end of the reporting period, whereas current liabilities amounted to EUR 619.2m.

OUTLOOK 2019

The market development of the mail and parcel business in the first half of 2019 confirmed the trends forecasted for the entire financial year. Austrian Post expects a slight revenue increase in 2019. Positive one-off effects from elections and special mailings as well as the growth in the parcel business should ensure a positive trend in spite of declining letter mail volumes. With respect to the partnership agreed with Deutsche Post DHL Group in Austria, the delivery of parcels in Austria by Austrian Post will begin as at 1 August 2019 following the approval by the competition authorities. Furthermore, Austrian Post will take over the majority of the employees and selected logistics sites.

The traditional letter mail business is anticipated to experience volume declines of about 5% per annum in the medium term. The Direct Mail business is subject to a volume decrease, which is also a result of the latest data protection regulations. In contrast, despite the high level of competitive intensity, Austrian Post expects further growth in the parcel business. This is driven by both the expansion of e-commerce as well as by the parcel delivery cooperation with Deutsche Post DHL Group in Austria.

Against the backdrop of the expected volume development in the parcel business, the investment programme to expand capacities is the top priority in the company's further development. The objective is to double parcel sorting capacities and to accelerate the investment effort. As has already been announced, Austrian Post plans growth investments in excess of EUR 50m in 2019 in addition to maintenance investments of about EUR 70m. Moreover, investments in the range of EUR 25m are expected to expand existing properties or acquire new land, as well as EUR 15m for sorting technology in connection with the cooperation with Deutsche Post DHL Group. The full capacity operation of the parcel logistics centre in Hagenbrunn in the north of Vienna starting in September 2019 will increase capacity by 25%. The construction of the second parcel logistics centre in Kalsdorf near Graz is proceeding on schedule, with completion expected in mid-2020. A further logistics centre in Thalgau/Salzburg is under planning.

Austrian Post's target is to achieve stability in the development of its operating earnings. The focus in the core business will clearly be on volume development in the mail and parcel segment as well as on optimising the logistics infrastructure in Austria. The company will continue to press ahead with measures designed to reduce costs and enhance efficiency.

Austrian Post is currently working intensively on developing its own financial services offering. A decision on owner control procedures with the European Central Bank (ECB) through the Austrian Financial Market Authority (FMA) on the 80-20 joint venture of Austrian Post/GRAWE Banking Group is expected by the end of 2019. The offering of new financial services will be launched in the second quarter of 2020. The basis will be a lean business model leveraging the sales and branch network of Austrian Post and offering a risk-minimised product portfolio of proprietary and third-party products. With respect to the development of its new financial services offering, Austrian Post forecasts start-up losses for the first three years, to be followed by positive earnings contributions afterwards.

All in all, Austrian Post targets stable operating earnings in 2019 based on good development in the core business including various start-up costs to develop its financial services business.