

AUSTRIAN POST Investor Presentation H1 2019



Walter Oblin, CFO
Vienna, 9 August 2019





1. HIGHLIGHTS AND OVERVIEW



2. Strategy Implementation

3. Group Results H1 2019

4. Outlook 2019

VERY GOOD FIRST HALF-YEAR 2019:

Robust mail business, good growth in the parcel segment



Revenue

- Revenue up 2.7% to EUR 981.1m
- Good parcel growth of 7.8% and 1.3% increase in mail revenue



Earnings

- EBIT increase of 2.5% to EUR 107.7m based on solid revenue development and cost discipline



Investment programme 2018-2021

- The parcel logistics centre in Hagenbrunn fully operational in September 2019
- The Kalsdorf/Graz parcel logistics centre scheduled for completion by mid-2020
- Planning underway for parcel logistics centre in Thalgau



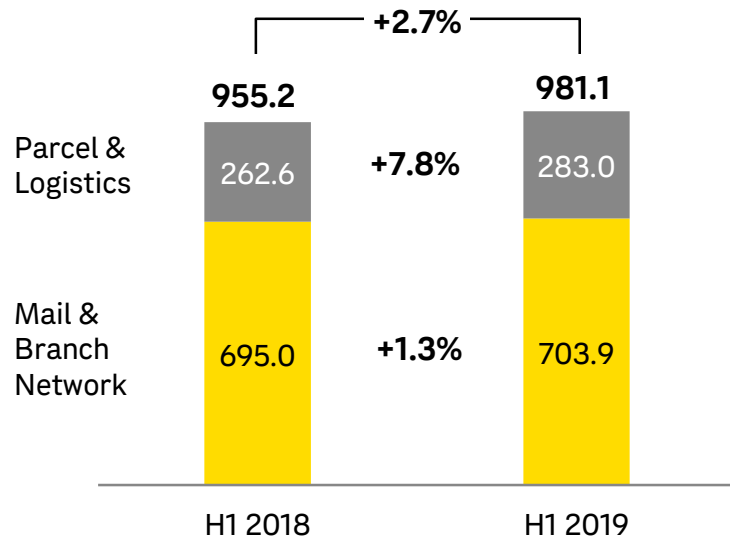
Outlook for 2019

- Slight rise in 2019 revenue
- Target of stable operating result (EBIT)
- Start of the Austrian Post cooperation with Deutsche Post DHL Group in August 2019

REVENUE IMPROVEMENT BY +2.7% (+5.2% IN Q2) THANKS TO ROBUST MAIL BUSINESS AND STRONG PARCEL GROWTH



Revenue development EUR m



Group: +2.7% (Q2: +5.2%)

- Revenue increase in both divisions

Parcel & Logistics: +7.8% (Q2: +8.9%)

- Ongoing positive e-commerce trend, growth in revenue despite own delivery by a large customer in Vienna

Mail & Branch Network: +1.3% (Q2: +4.1%)

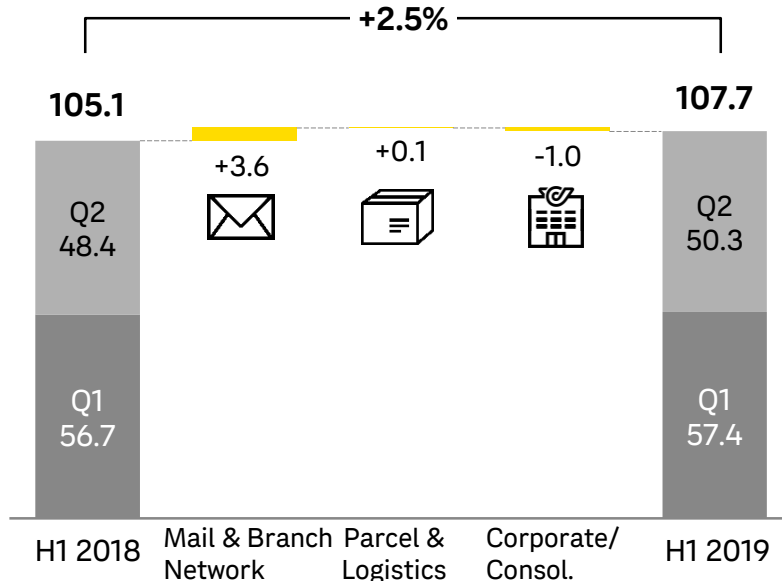
- Continuing letter mail volume decline
- Positive effects from elections and new product/rate structure
- Ongoing decrease in addressed/unaddressed direct mail
- Decline in financial services revenue due to gradual redimensioning in 2019
- Increase in Mail Solutions mainly in the fields of document logistics and output management

OPERATING RESULT (EBIT) IMPROVED BY 2.5% IN H1 2019 – INCREASE OF 4.0% IN Q2



EBIT development

EUR m



Mail & Branch Network:

- EBIT increase of EUR 3.6m in H1 2019 based on revenue growth and high cost discipline

Parcel & Logistics:

- Revenue growth despite high competition and margin pressure
- EBIT negatively impacted by additional expenses in the logistics network to avoid capacity bottlenecks

Corporate/Consolidation:

- EBIT slightly down by EUR 1.0m due to higher IT and consulting expenses



1. Highlights and Overview



2. STRATEGY IMPLEMENTATION

3. Group Results H1 2019

4. Outlook 2019

CLEAR STRATEGIC PRIORITIES



01 Defending market leadership in the core business

Safeguarding market position in a competitive environment



03 Enhancing efficiency and flexibilisation of the cost structure

Logistics infrastructure and process optimisation



02 Profitable growth in selected markets

Focusing and performance enhancement



04 Customer orientation and innovation

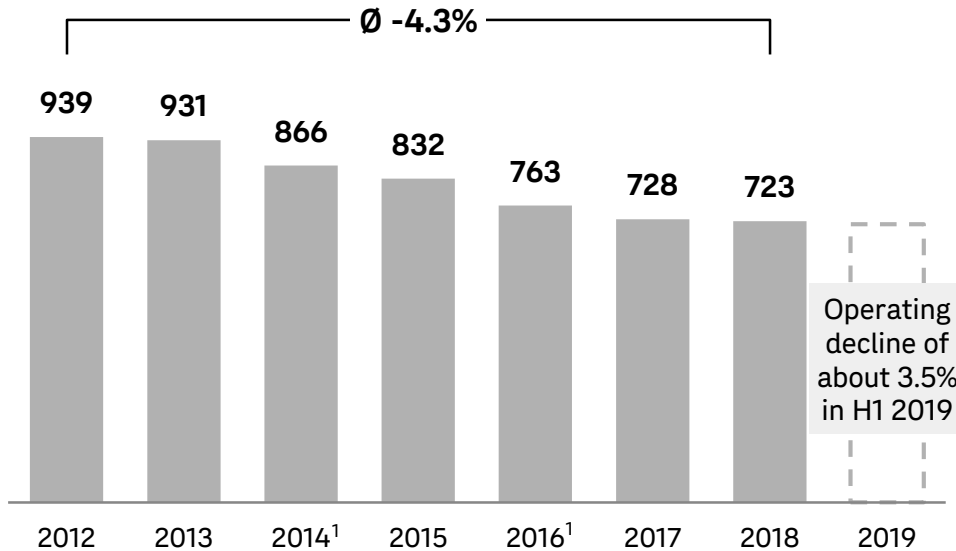
Promotion of self-service solutions and service improvements



01 LETTER MAIL IN AUSTRIA



Letter Mail (millions of items)



¹Adjusted reporting due to automated calculation methodology



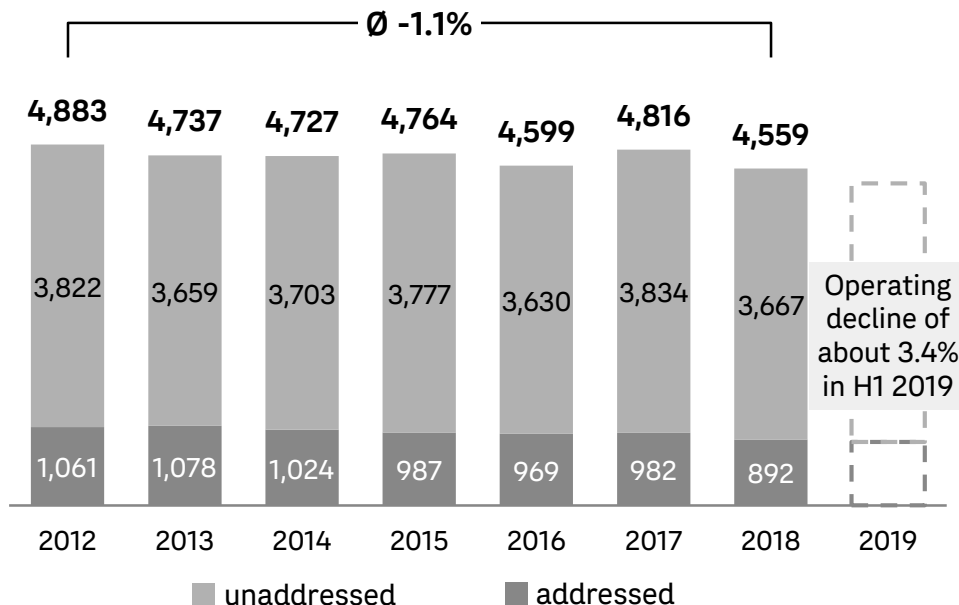
Current Letter Mail trends H1 2019

- Declining volumes based on e-substitution (operating decline of about 3.5%)
- New product structure as at 1 July 2018 has been well received – Volume split 40:60 PRIO (next day delivery) vs. ECO (delivery within 2-3 days)
- Positive special effects in H1 2019 due to elections and one-off mailings (banks, utility companies)

01 DIRECT MAIL/MEDIA POST IN AUSTRIA



Direct Mail/Media Post (millions of items)



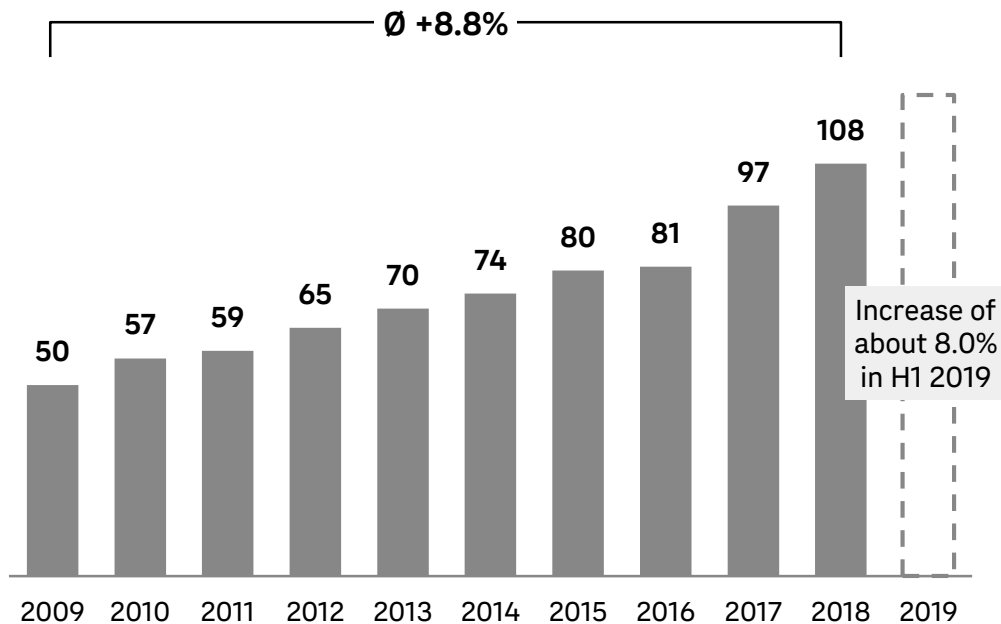
Current Direct Mail/Media Post trends H1 2019

- Volume decline in Austria of about 3.4%
- Structural decrease in addressed volumes (negatively impacted by GDPR)
- Unaddressed direct mail particularly impacted by the decline in the retail sector and a general reduction in mailing weights

01 CURRENT TRENDS IN AUSTRIAN PARCEL BUSINESS H1 2019



Parcel volumes of Austrian Post
(millions of parcels)



Current trends in Austrian parcel business H1 2019

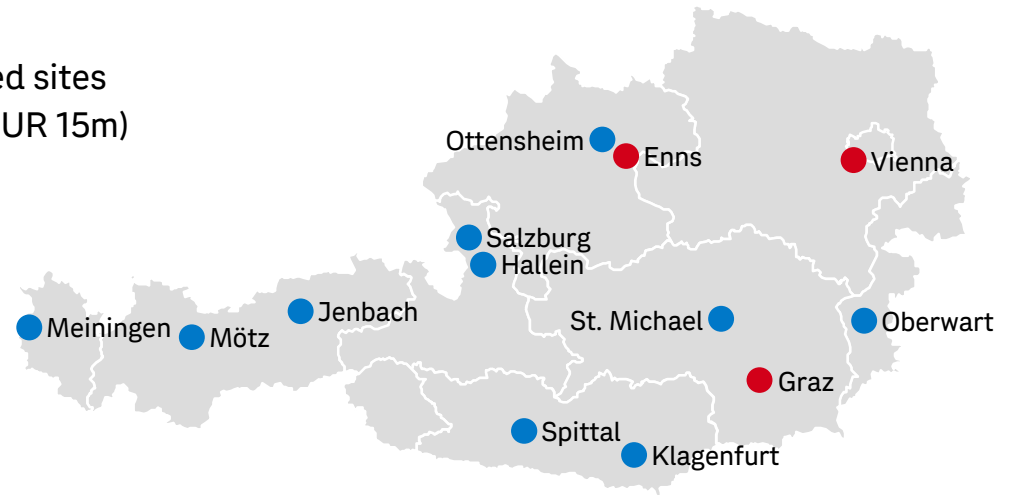
- Good operating parcel growth
- Intense competition, ongoing own delivery by a large customer in Vienna
- High demands with respect to delivery speed: increase in E+1 (next day delivery) parcel delivery

01 AUSTRIAN POST AS A DELIVERY PARTNER OF DEUTSCHE POST DHL GROUP



- Cooperation between Austrian Post and Deutsche Post DHL Group came into effect: approval of planned takeover of sites by competition authorities of both countries
- Austrian Post is the delivery partner of Deutsche Post DHL Group in Austria as at **August 2019**
- Takeover of about 150 employees and selected sites (investments in sorting technology of about EUR 15m)

- 10 delivery bases (leased)
- 3 logistics centres (leased)



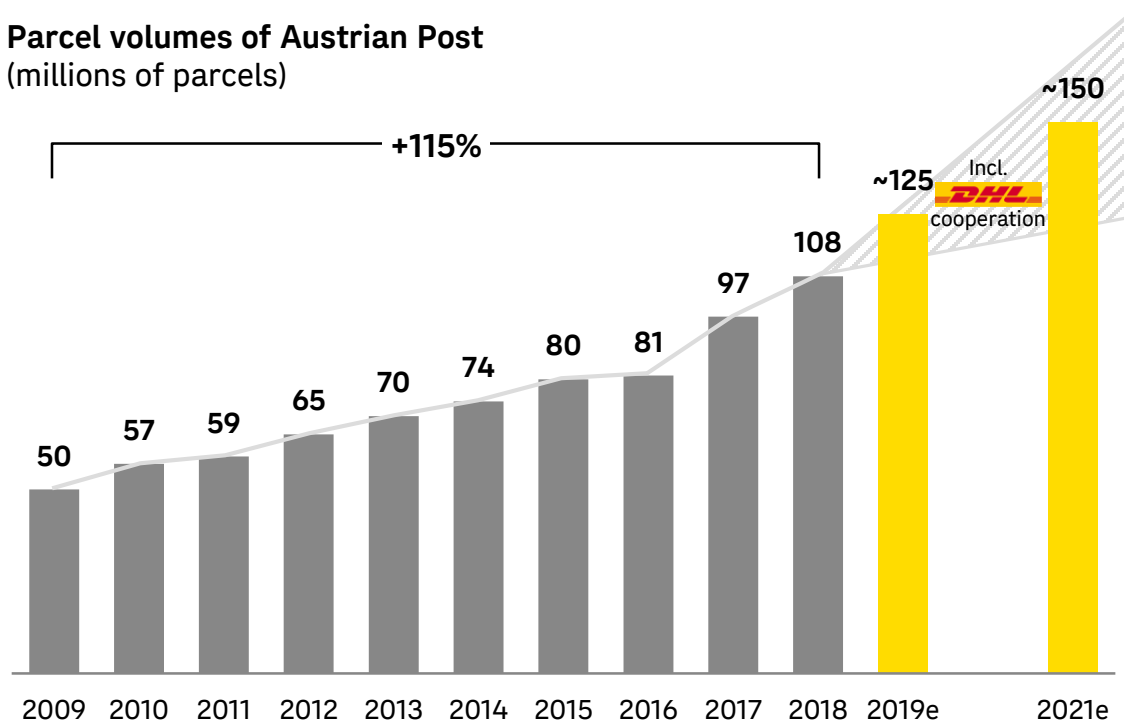
01 PARCEL BUSINESS IN AUSTRIA: GROWTH FORECAST



Volume forecasts for Austrian Post

- Target 2021: 150m parcels p.a.
- Medium-term target: doubling of volumes and sorting capacity
- CAPEX investment programme is essential to strengthen quality leadership
- Service commitment: E+1 (next day delivery) delivery throughout Austria

Parcel volumes of Austrian Post
(millions of parcels)



02 GROWTH IN SELECTED MARKETS

Growth focus on Parcel & Logistics



GERMANY

AEP (51% stake, at-equity consolidation)

- Pharmaceutical wholesale joint venture
- Revenue up by 12.9% in H1 2019 to EUR 233.3m

Austrian Post International Deutschland

- Intense competition in the international mail business, revenue of EUR 24.4m in H1 2019

AUSTRIA

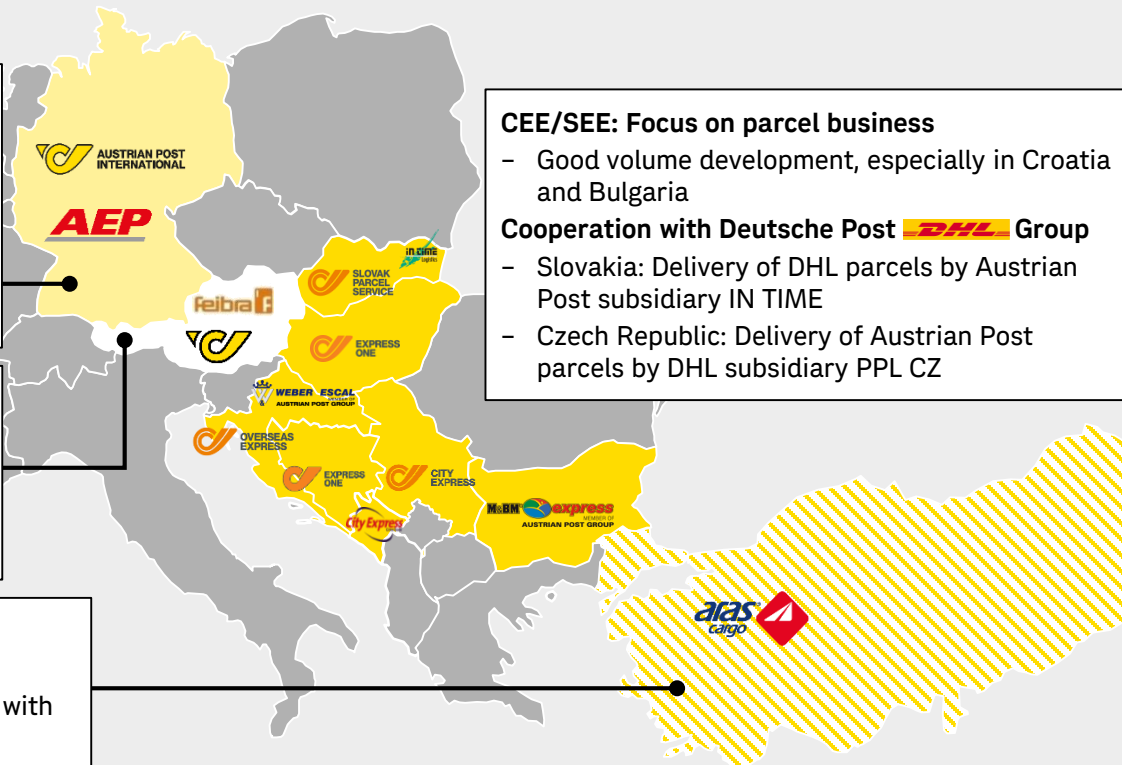
- Expansion of vertical integration in e-commerce

ACL advanced commerce labs

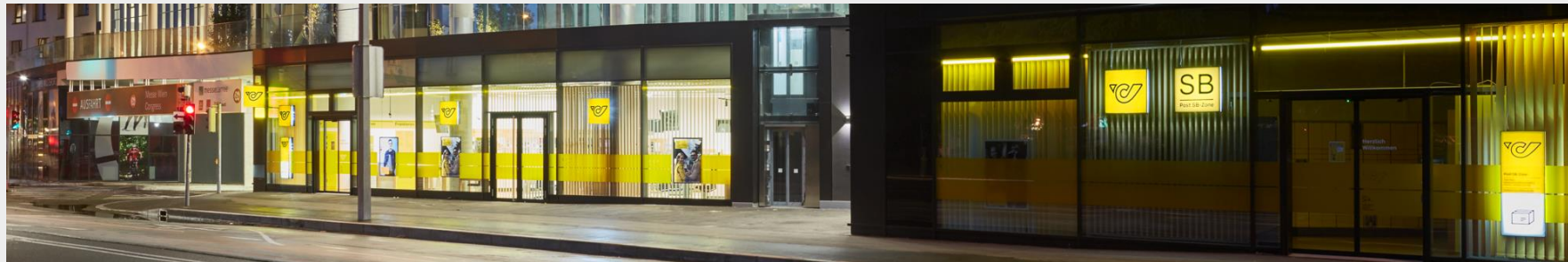
- Supplier of e-commerce solutions
- Revenue up by 27.7% in H1 2019 to EUR 3.7m

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

- Revenue H1 2019: TRY 610.5m/EUR 96.1m
- Ongoing arbitration proceedings and discussions with family owners about increased shareholding



02 NEW FINANCIAL SERVICES BUSINESS



Development of the company's own financial services business

- 80/20 joint venture of Austrian Post with the GRAWE Banking Group – ECB/FMA (Austrian Financial Market Authority) decision regarding owner control procedures is expected by the end of 2019
- Launch of new financial services planned for Q2 2020
- Focused business model leveraging the sales and branch network of Austrian Post
- Risk-minimised product portfolio of proprietary and third-party products (commission-based)

Proprietary offering

- Payment transactions
- Current account
- Savings products

Offering via partners (commission-based)

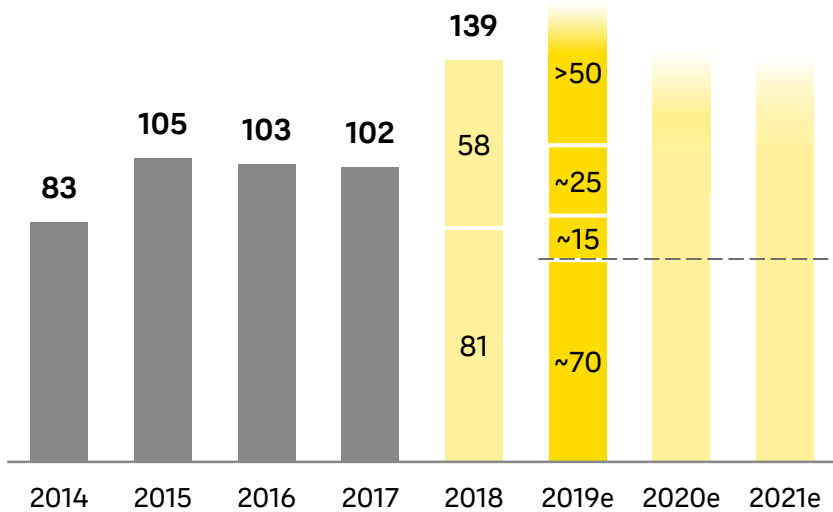
- Consumer finance
- Mortgage finance
- Insurance products
- Credit card
- Pension products

03 CAPACITY DRIVE 2018-2021

Forecasted parcel volume growth leads to accelerated investment programme

CAPEX (EUR m)¹

2019: Growth CAPEX of over EUR 50m planned
 + properties – about EUR 25m
 + sorting technology due to DHL cooperation – about EUR 15m



Growth CAPEX
 Parcel capacity expansion (annual allocation depends on projects)

Maintenance CAPEX

HAGENBRUNN PARCEL CENTRE (LOWER AT)



**FULLY OPERATIONAL
 SEPTEMBER 2019**

KALSDORF PARCEL CENTRE (STYRIA)



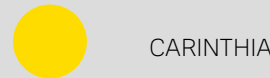
**IN OPERATION
 MID-2020**

¹ 2014-2017 incl. CAPEX new corporate headquarters

03 EXPANSION OF LOGISTICS INFRASTRUCTURE IN AUSTRIA



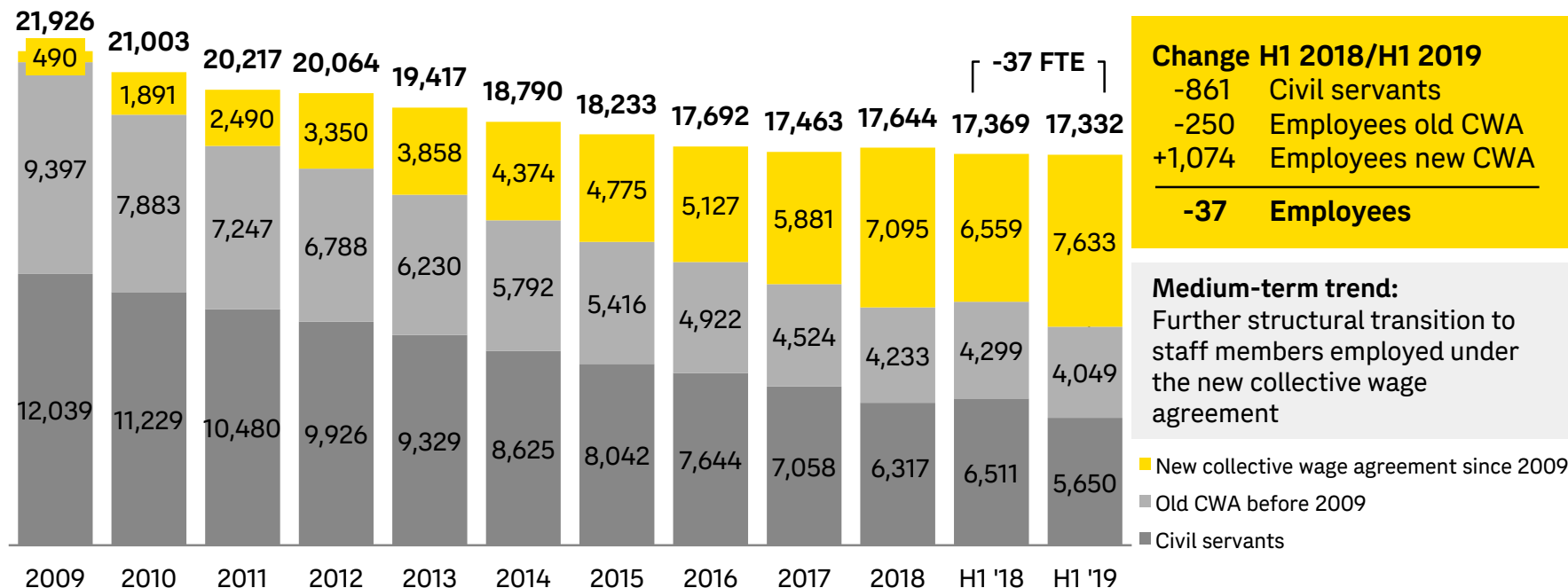
- Existing sites
- New sites/expansion



LC = Logistics centre

03 STAFF STRUCTURE IN AUSTRIA

Full-time equivalents in the Austrian core business (average for the period)

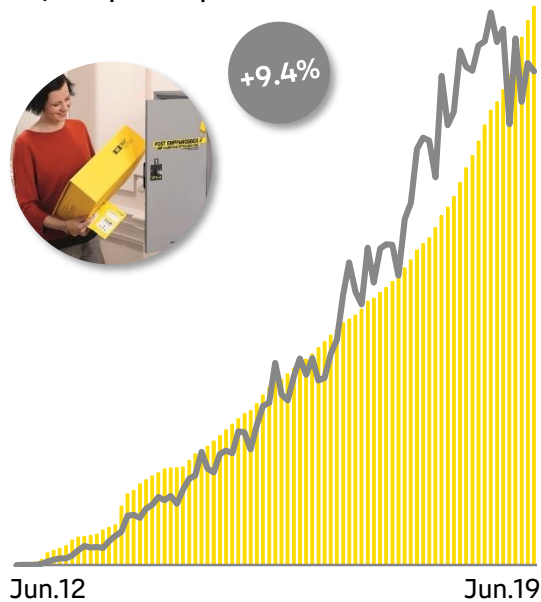


04 SELF-SERVICE AS A COMPETITIVE ADVANTAGE

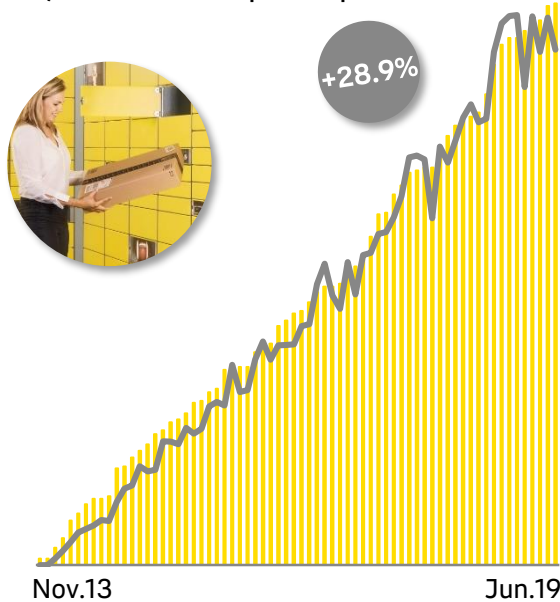
Steady increase in use



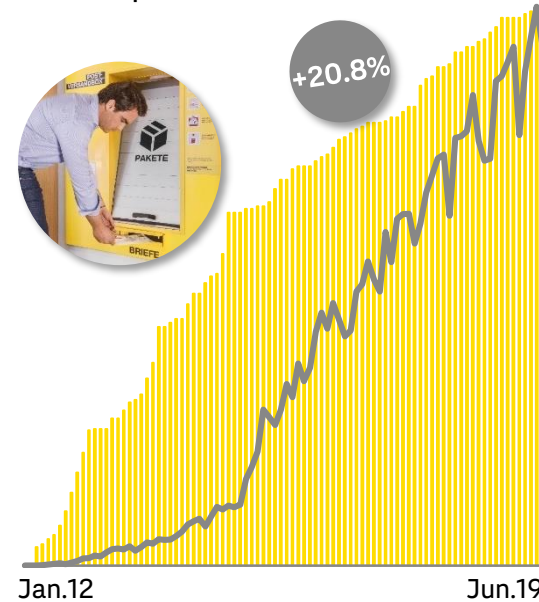
H1 2019: >1.3m items
41,159 pick-up boxes



H1 2019: >1.8m items
53,353 boxes at pick-up stations



H1 2019: >2.9m items
422 drop-off boxes



04 THE WORLD'S FIRST BLOCKCHAIN STAMP: CRYPTO STAMP



The stamp becomes digital

- Issue date: 11/6/2019
- Number of stamps: 150,000
- Already sold out

Crypto Stamp: Bis zu 10.000 Euro für Blockchain-Briefmarke der Post

futurezone.at 25/6/2019

Crypto-Stamp von der Post: Eine teure Briefmarke für Sammler

diepresse.com 11/6/2019



Post bringt weltweit erste Blockchain-Briefmarke

Kurier 12/6/2019

Briefmarke um 10.000 Euro gehandelt

Tiroler Tageszeitung 27/6/2019

10.000-Euro-Briefmarke

Tiroler Tageszeitung 27/6/2019

Crypto stamp: Post bringt erste Blockchain-Briefmarke

Marke mit einem Nennwert von 6,90 Euro wird 150.000 Mal aufgelegt

derstandard.at 11/6/2019



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1. Highlights and Overview
 2. Strategy Implementation
 - 3. GROUP RESULTS H1 2019**
 4. Outlook 2019



FINANCIAL INDICATORS AT A GLANCE



	H1 2018	H1 2019	
Revenue (EUR m)	955.2	981.1	Revenue increase of 2.7%
EBITDA margin (%)	15.1	16.5	Higher margin due to IFRS 16 (shift from expenses to depreciation/amortisation)
EBIT margin (%)	11.0	11.0	Stable profitability
Earnings/share (EUR)	1.12	1.17	Improved earnings per share
Cash flow (EUR m)	47.7/134.1 ¹	99.6	Operating free cash flow of EUR 99.6m
Equity ratio (%)	39.2	33.0	Lower equity ratio due to IFRS 16 (balance sheet extension)

¹Inclusive 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)

KEY INCOME STATEMENT INDICATORS



EUR m	H1 2018	H1 2019	%	Δ	Q2 2018	Q2 2019	IFRS 16 effects	
Revenue	955.2	981.1	2.7%	25.9	464.6	488.6	-	Strong parcel growth and rise in mail revenue
Other operating income	50.9	42.2	-17.2%	-8.8	16.3	21.2	-	Q1 2018: EUR 20m one-off income from termination of cooperation with BAWAG P.S.K.
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	-	Operational staff costs at a constant level, lower allocation of provisions than in H1 2018
Other operating costs	-137.8	-134.7	2.3%	3.2	-67.5	-68.3	+16.5	
At equity consolidation	-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	+16.5	
<i>EBITDA margin</i>	<i>15.1%</i>	<i>16.5%</i>	-	-	<i>14.6%</i>	<i>15.9%</i>	-	IFRS 16 effect: Drop in rents/leases of EUR 16.5m, increased depreciation and amortisation of EUR 15.7m, interest expense of EUR 2.2m
Depreciation, amortisation and impairment	-39.3	-54.5	-38.8%	-15.2	-19.5	-27.3	-15.7	
EBIT	105.1	107.7	2.5%	2.6	48.4	50.3	+0.8	
<i>EBIT margin</i>	<i>11.0%</i>	<i>11.0%</i>	-	-	<i>10.4%</i>	<i>10.3%</i>	-	
Other financial result	3.2	0.8	-75.1%	-2.4	1.5	-2.6	-2.2	
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	-1.4	Profit for the period up by 4.6%

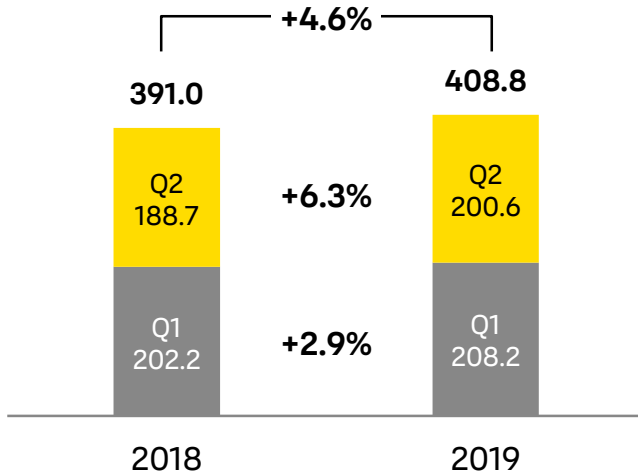


MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT H1 2019



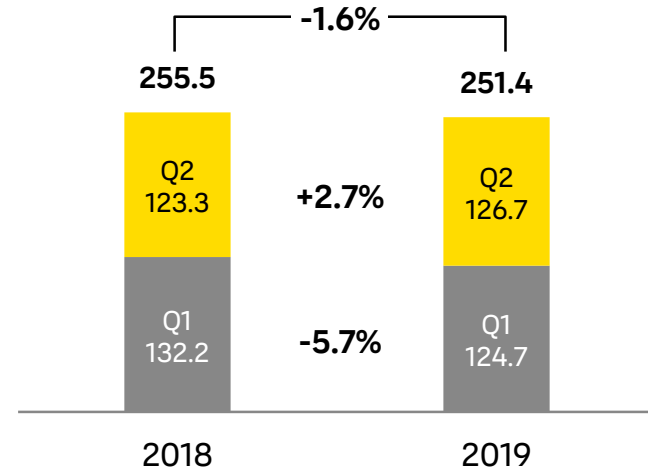
Letter Mail & Mail Solutions (EUR m)

- Operating volume decline Letter Mail in Austria of about 3.5%
- Revenue increase in H1 2019 thanks to new product/rate structure and positive effects (elections)



Direct Mail/Media Post (EUR m)

- Volume decline in Austria of about 3.4%
- Volume decrease in addressed direct mail, negatively impacted by GDPR
- Decline in unaddressed direct mail, especially in the retail sector





MAIL & BRANCH NETWORK: INCOME STATEMENT



EUR m	H1 2018	H1 2019	%	Δ	Q2 2018	Q2 2019	
Revenue	695.0	703.9	1.3%	8.9	335.4	349.2	Positive effects from elections and new product/rate structure
• Letter Mail & Mail-Solutions	391.0	408.8	4.6%	17.8	188.7	200.6	
• Direct Mail	190.9	186.3	-2.5%	-4.7	91.0	92.3	Uncertainty due to GDPR and decline especially in the retail sector
• Media Post	64.5	65.1	0.9%	0.6	32.4	34.4	
• Branch Services	48.5	43.7	-9.9%	-4.8	23.4	21.9	Gradual redimensioning of financial services offering in 2019
Revenue intra-Group	53.0	58.8	11.0%	5.8	25.8	29.1	
Total revenue	748.0	762.7	2.0%	14.7	361.2	378.3	
EBITDA	148.5	153.9	3.7%	5.4	69.9	72.8	
<i>EBITDA margin¹</i>	<i>19.8%</i>	<i>20.2%</i>	-	-	<i>19.3%</i>	<i>19.2%</i>	
Depreciation, amortisation and impairment	-9.7	-11.6	-19.1%	-1.9	-4.7	-5.8	
EBIT	138.7	142.3	2.6%	3.6	65.1	67.0	Higher EBIT through cost discipline and synergy effects from integrated delivery
<i>EBIT margin¹</i>	<i>18.5%</i>	<i>18.7%</i>	-	-	<i>18.0%</i>	<i>17.7%</i>	

¹EBITDA/EBIT margin in relation to total revenue

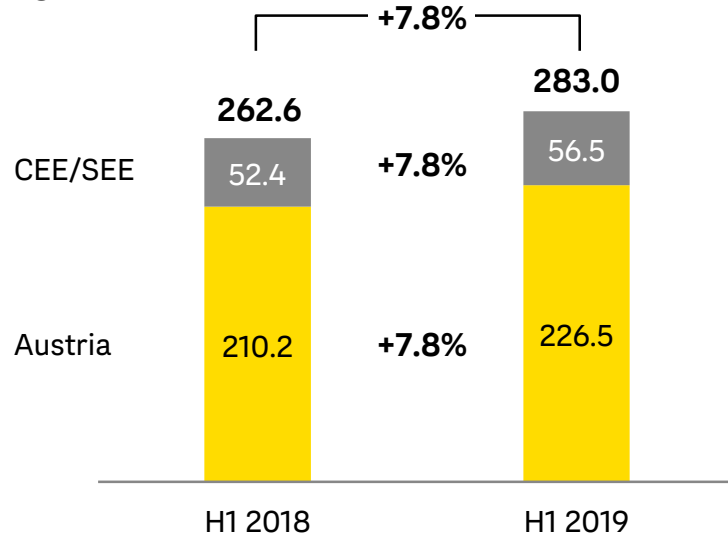


PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT H1 2019



Revenue development

EUR m



Parcel & Logistics Division: +7.8% (Q2: +8.9%)

- E-commerce trend drives further revenue increase

South East/Eastern Europe +7.8% (Q2: +7.0%)

- Positive revenue development in Slovakia, Hungary and Croatia

Austria: +7.8% (Q2: +9.4%)

- Good revenue growth despite own delivery by a large customer in Vienna
- Good development with existing customers and new customer acquisition



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT



EUR m	H1 2018	H1 2019	%	Δ	Q2 2018	Q2 2019
Revenue	262.6	283.0	7.8%	20.4	130.4	142.0
• Premium	123.3	146.7	19.0%	23.4	61.4	77.9
• Standard	111.8	107.4	-3.9%	-4.4	54.8	49.4
• Other Parcel Services	27.5	28.9	4.9%	1.3	14.2	14.7
Revenue intra-Group	2.5	2.0	-18.9%	-0.5	1.2	1.0
Total revenue	265.2	285.1	7.5%	19.9	131.6	143.0
EBITDA	25.8	28.5	10.6%	2.7	12.2	14.8
<i>EBITDA margin¹</i>	<i>9.7%</i>	<i>10.0%</i>	-	-	<i>9.3%</i>	<i>10.4%</i>
Depreciation, amortisation and impairment	-5.4	-8.1	-49.3%	-2.7	-2.7	-4.1
EBIT	20.4	20.4	0.3%	0.1	9.5	10.8
<i>EBIT margin¹</i>	<i>7.7%</i>	<i>7.2%</i>	-	-	<i>7.2%</i>	<i>7.5%</i>

Revenue growth despite own delivery by a large customer in Vienna; trend towards higher quality (delivery speed)

Good quarterly and half-year results despite additional costs in the logistics network to avoid capacity bottlenecks

¹EBITDA/EBIT margin in relation to total revenue

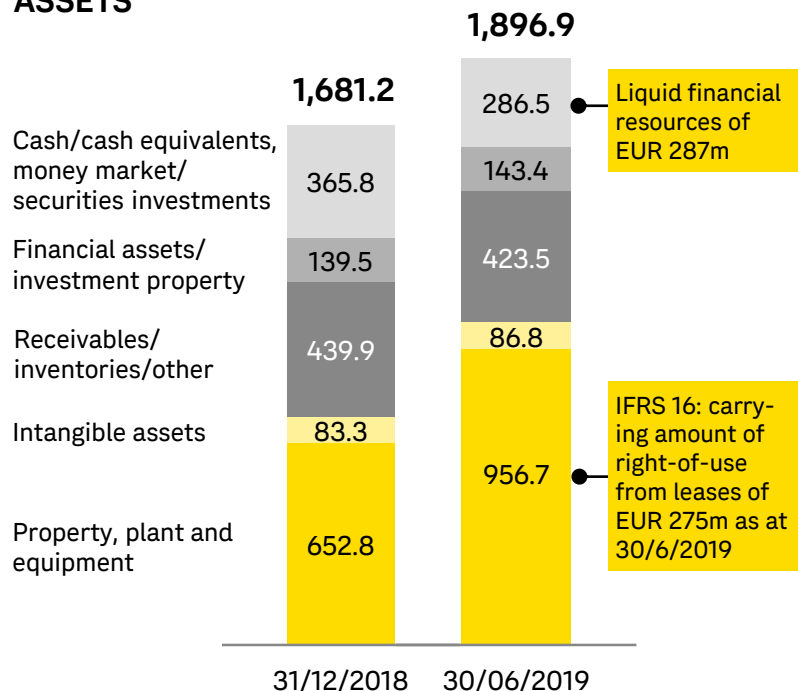
CHANGE IN THE BALANCE SHEET STRUCTURE DUE TO IFRS 16



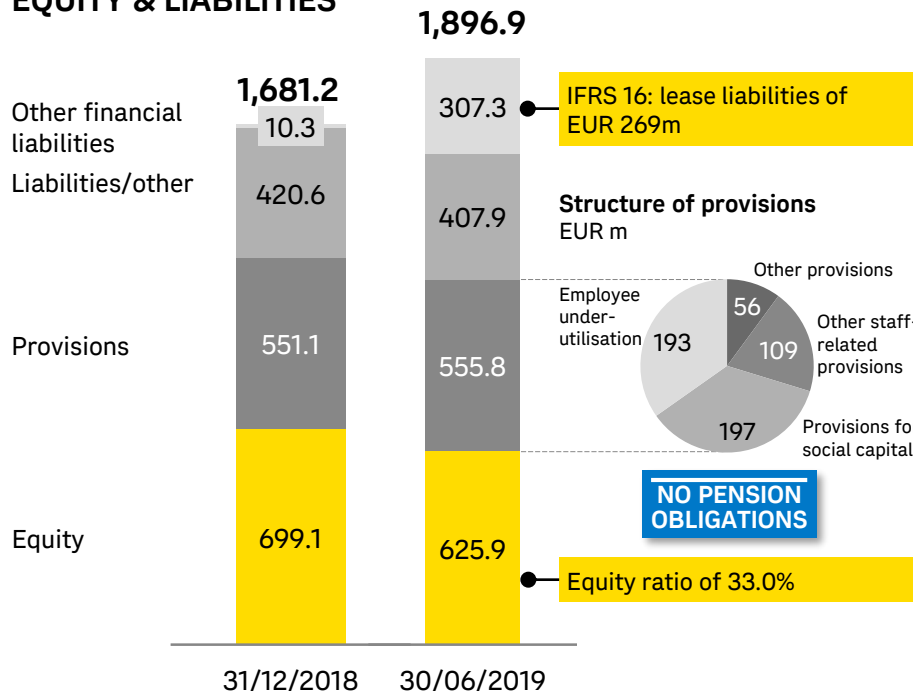
Balance sheet as at June 30, 2019

EUR m

ASSETS



EQUITY & LIABILITIES



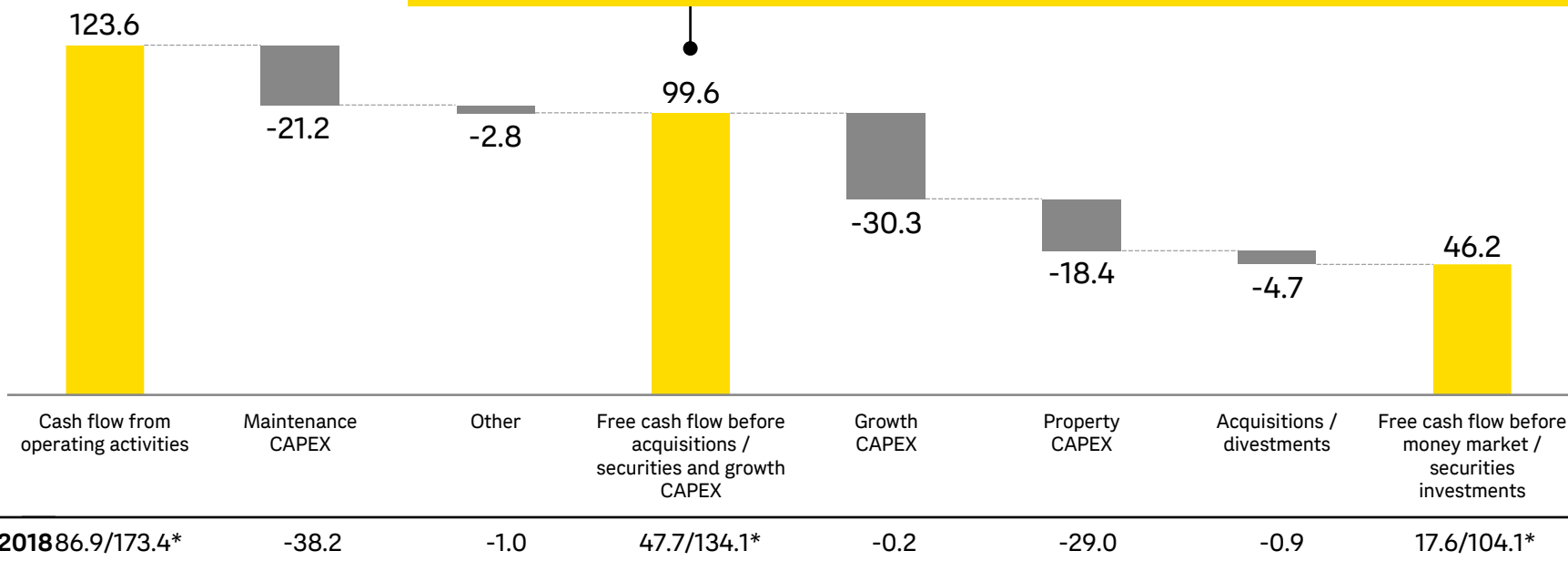
ROBUST CASH FLOW H1 2019

EUR m



Operating free cash flow of EUR 99.6m

- Financial services compensation of EUR 15.5m for H1 2019 already included in the 2018 cash flow
- IFRS 16 effect: EUR 16.5m expense included in the cash flow from financing activities



* 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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OUTLOOK 2019



Market environment

- Positive momentum for Letter Mail volumes 2019 due to elections and one-off mailings; medium-term decline of 5% p.a.
- Structural decrease in Direct Mail volumes, impacted by data protection regulations
- Growth in the parcel market against the backdrop of intense competition and high quality demands; ongoing own delivery by a large customer in Vienna; additional parcel volumes from the cooperation with Deutsche Post DHL Group



Revenue

- Slightly higher revenue expected for 2019
- Assumption of a further increase in parcel revenue and reduction in mail revenue



Investments/CAPEX

- Parcel volume forecast leads to acceleration of growth investments
- Growth CAPEX in excess of EUR 50m, expected additional property purchases (EUR 25m) and investments in sorting technology (EUR 15m) as a result of the cooperation with DHL
- Basic investments (maintenance CAPEX) of about EUR 70m
- First step in the development of the future financial services business: EUR 56m capital increase following regulatory approval (by end of 2019)



Earnings

- Target of stable operating result (EBIT), incl. start-up costs to develop the financial services business

CONTACT



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Financial calendar 2019/2020

14 November 2019

12 March 2020

16 April 2020

28/30 April 2020

14 May 2020

7 August 2020

13 November 2020

Interim Report Q1-3 2019

Annual Results 2019

Annual General Meeting

Ex-day/Dividend payment day

Interim Report Q1 2020

Half-Year Financial Report 2020

Interim Report Q1-3 2020

Disclaimer

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