INVESTOR INFORMATION
14 November 2019

AUSTRIAN POST Q1-3 2019: Positive revenue development of +3.2% in the first nine months of 2019

Revenue

- Revenue up by 3.2 % to EUR 1,462.2m
- Good parcel growth (+11.3 %) and slight increase in the Mail & Branch Network Division (+0.6 %)

Earnings

- Positive EBIT development in the core business
- Reported EBIT down by 8.4 % to EUR 130.0m due to provision for data protection in Q3 2019
- Earnings per share of EUR 1.48 compared to prior-year level of EUR 1.56

Cash flow and balance sheet

- Increased operating free cash flow of EUR 153.2m
- Balance sheet total increase to EUR 1,975.4m due to capitalisation of right-of-use assets (leases) pursuant to IFRS 16

Outlook 2019 and 2020

- Austrian Post anticipates the revenue to increase in both 2019 and 2020
- Earnings (EBIT) outlook: Targeted stability in operating earnings in 2019 (before provision for data protection) and also in 2020 (before start-up costs for new financial services)

Austrian Post's Group revenue developed very satisfactorily in the first three quarters of the current financial year, amounting to EUR 1,462.2m. This implies an increase of 3.2% from the prior-year level. Both the Parcel & Logistics Division (+11.3%) and the Mail & Branch Network Division (+0.6%) showed a positive development in the reporting period.

The mail business (+0.6% to EUR 1,033.5m) continues to be characterised by the ongoing substitution of traditional letter mail by electronic forms of communication. Similar to addressed direct mail volumes, it is subject to a structural decline which is also impacted by uncertainty relating to the General Data Protection Regulation. Financial services revenue in the branch offices of Austrian Post is continuously declining as a consequence of the termination of the cooperation with BAWAG P.S.K. The division achieved positive revenue effects in the first half-year on the back of a new product and postal rate structure and, in the course of the year, due to one-off mailings and elections.

In the reporting period, significant volume increases were generated in the parcel business (+11.3% to EUR 437.2m), as Austrian Post capitalised on dynamic market growth resulting from the ongoing online shopping trend. However, the related competitive intensity and price pressure remain high. Parcel revenue growth was driven primarily by the e-commerce trend and the related increase of parcel volumes in Austria. "The partnership with Deutsche Post DHL Group to deliver parcels in Austria had a very good start. Since 1 August 2019, DHL parcels for Austria are delivered by Austrian Post. As a consequence, total monthly transport and delivery volumes are now about 25% higher than in the previous year", says Austrian Post CEO Georg Pölzl.

Against the backdrop of this parcel volume development, Austrian Post is intensifying its parcel logistics capacity expansion drive. Capacities were already substantially increased as of September

2019 when the parcel logistics centre Lower Austria (Hagenbrunn) became fully operational. The next milestones will be the completion of the parcel logistics centre Styria (Kalsdorf) and of the delivery base Thalgau/Salzburg in the middle of next year.

From an earnings perspective, EBIT of the Austrian Post Group showed an upward operating trend in the first nine months of 2019, consistent with the previous two quarters. The reported EBIT of EUR 130.0m was down by 8.4% from the previous year due to the provision for data protection totalling EUR 19.8m, allocated in the third quarter of 2019. Earnings per share equalled EUR 1.48, compared to EUR 1.56 in the first three quarters of 2018.

In addition to the investment programme designed to provide sufficient capacities and quality against the backdrop of parcel growth, Austrian Post's top priority in the upcoming quarterly periods is to further develop its product portfolio and the set-up of the Bank of the Post.
The product portfolio of ECO and PRIO products in the mail business is being adjusted in order to meet customer requirements and counteract declining volumes and cost increases. Starting in April 2020, innovative solutions in the product line will be introduced and postage rates will be increased moderately to compensate the inflation. As part of the universal service, the ECO rate for standard mail items for example will be increased from EUR 0.70 to EUR 0.74 and the PRIO rate from EUR 0.80 to EUR 0.85. The postage rate for small packets (Packet S) will amount to EUR 2.55 compared to the previous cost of EUR 2.50.
A new independent offering of financial services is planned to be launched in the second quarter of 2020. Following the positive decision of the European Central Bank, the goal is to make all the required technical and operational arrangements in order to offer a focused and risk-averse service portfolio, both online and through physical outlets, in just a few months from now. It will be done via Austrian Post's about 1,800 postal services points. The service offering will focus on current accounts and payment transactions, complemented by financial services and insurance products provided by external cooperation partners.

For the full-year 2019, Austrian Post expects an increase in revenue as in previous periods. Based on the good trends in the core business, a stable operating earnings (EBIT) is broadly being targeted, including various start-up costs for setting up the financial services business. This does not include the administrative fine by the Austrian Data Protection Authority. For 2020, Austrian Post also forecasts a stable to slightly higher revenue and plans further broad stability in operating earnings (EBIT). In addition, start-up costs in the process of setting up the new financial services business are expected. "On the back of the high level of liquidity, Austrian Post is in a position to finance on its own targeted growth investments in the logistics infrastructure and new financial services. The generated operating cash flow will continue to be used for investments in the operating business and for maintaining the company's attractive dividend policy", adds CEO Georg Pölzl.

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

KEY FIGURES

EUR m	Q1-3 2018	Q1-3 2019	Change %	Change EUR m	Q3 2018	Q3 2019
Revenue	**1,416.4**	**1,462.2**	**3.2%**	**45.8**	**461.1**	**481.1**
Mail & Branch Network	1,027.3	**1,033.5**	0.6%	6.2	332.3	**329.6**
Parcel & Logistics	392.9	**437.2**	11.3%	44.4	130.2	**154.2**
Corporate/Consolidation	–3.8	**–8.5**	–	–4.7	–1.4	**–2.7**
Other operating income	73.9	**113.9**	54.1%	40.0	22.9	**71.7**
Raw materials, consumables and services used	–313.3	**–333.6**	–6.5%	–20.3	–107.0	**–114.8**
Staff costs	–756.9	**–744.7**	1.6%	12.2	–240.4	**–237.4**
Other operating expenses	–211.3	**–281.6**	–33.3%	–70.3	–73.4	**–146.9**
Results from financial assets accounted for using the equity method	–1.7	**–0.3**	85.6%	1.5	–0.5	**0.2**
EBITDA	**207.1**	**215.9**	**4.2%**	**8.8**	**62.8**	**53.7**
Depreciation, amortisation and impairment losses	–65.2	**–85.9**	–31.8%	–20.7	–25.9	**–31.4**
EBIT	**141.9**	**130.0**	**–8.4%**	**–11.9**	**36.9**	**22.3**
Mail & Branch Network	199.0	**187.1**	–6.0%	–11.9	60.3	**44.8**
Parcel & Logistics	26.6	**27.5**	3.3%	0.9	6.3	**7.1**
Corporate/Consolidation	–83.7	**–84.6**	–1.0%	–0.8	–29.7	**–29.5**
Other financial result	4.2	**13.6**	>100%	9.4	1.0	**12.8**
Profit before tax	**146.2**	**143.6**	**–1.7%**	**–2.5**	**37.9**	**35.1**
Income tax	–40.9	**–43.6**	–6.6%	–2.7	–8.5	**–14.4**
Profit for the period	**105.3**	**100.1**	**–5.0%**	**–5.2**	**29.4**	**20.7**
Earnings per share (EUR)[1]	1.56	**1.48**	–5.0%	–0.08	0.43	**0.31**
Cash flow from operating activities	**252.5**	**228.6**	**–9.5%**	**–23.9**	**79.1**	**105.0**
Investment in property, plant and equipment (CAPEX)	**–86.2**	**–100.1**	**–16.1%**	**–13.9**	**–18.9**	**–30.2**
Free cash flow	**129.6**	**49.8**	**–61.6%**	**–79.8**	**25.6**	**23.6**
Operating free cash flow[2]	**119.6/196.9**	**153.2**	**–**	**–**	**62.8**	**83.9**

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Free cash flow before acquisitions/securities and Growth CAPEX: Q1-3 2019: EUR 153.2m exclusive cash inflow from the „Neutorgasse 7“ real estate development project EUR 30.3m; Q1-3 2018: EUR 196.9m including BAWAG P.S.K. special effect of EUR 77.3m (special payment BAWAG P.S.K. of EUR 107.0m less financial services rendered of EUR 29.7m)

CONTACT

Austrian Post
Ingeborg Gratzer
Head of Press Relations & Internal Communications
Tel.: +43 (0) 57767-32010
ingeborg.gratzer@post.at

Austrian Post
Harald Hagenauer
Head of Investor Relations, Group Auditing & Compliance
Tel.: +43 (0) 57767-30400
harald.hagenauer@post.at

EXCERPTS FROM THE GROUP MANAGEMENT REPORT:

REVENUE DEVELOPMENT IN DETAIL

In the first nine months of 2019, Group revenue of Austrian Post improved by 3.2 % to EUR 1,462.2m. The dynamically growing parcel market resulting in a 11.3 % increase in parcel revenue as well as a slight 0.6 % rise in the Mail & Branch Network Division had a positive impact on revenue development.

The Mail & Branch Network Division accounted for 70.3 % of Group revenue. Revenue development in the first three quarters 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, additional revenue from elections and one-off mailings by banks and insurance companies helped to increase the revenue. The Parcel & Logistics Division generated 29.7 % of the total Group revenue in the reporting period with an ongoing upward trend. The 11.3 % revenue increase was primarily driven by organic volume growth in Austria.

Revenue of the **Mail & Branch Network Division** totalled EUR 1,033.5m in the first three quarters of 2019. Of this amount, 58.5 % can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 26.3 % of the total divisional revenue. Media Post had a share of 9.1 %. Branch Services generated 6.1 % of the division’s revenue. In the first three quarters of 2019, **Letter Mail & Mail Solutions** revenue amounted to EUR 604.3m, implying a year-on-year increase of 3.3 %. The new product structure and additional turnover from elections had a positive impact on revenue. The downward volume development as a consequence of the substitution of letters by electronic forms of communication continued. The basic volume trend in Austria showed a decline of about 3.1 % in the first three quarters of 2019. The Mail Solutions business area reported a revenue increase of EUR 11.3 %, mainly in the areas of document logistics and output management. Revenue of the **Direct Mail** business fell by 2.1 % in the first nine months of 2019 to EUR 271.9m. Several customers still appear uncertain with respect to the 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. In contrast, additional revenue from elections had a positive effect, especially in the second and third quarters of 2019. **Media Post** revenue from the delivery of newspapers and magazines was up slightly by 1.3 % from the prior-year period to EUR 94.0m and was positively impacted by elections in the first three quarters of 2019. **Branch Services** revenue amounted to EUR 63.3m in the first three quarters of 2019, or 11.4 % below the prior-year level. After the termination of the partnership with the banking partner BAWAG P.S.K., the financial services revenue will be continually reduced.

Revenue of the **Parcel & Logistics Division** improved by 11.3 % to EUR 437.2m in the first three quarters of 2019 compared to EUR 392.9m over the same period last year. Growth in the parcel business is based on the ongoing e-commerce trend in Austria. According to the cooperation agreement, Austrian Post has been delivering parcels on behalf of Deutsche Post DHL Group in Austria since August 2019. This development has pushed up parcel volumes by about 25 % since August 2019. Austrian Post has once again participated in 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 (delivery on the working day after drop-off) accounted for 54.8 % of the total divisional revenue in the first nine months of 2019. This represents a 27.2 % revenue increase to EUR 239.5m in the first three quarters of 2019. The **Standard Parcels** business contributed 35.4 % to the division's revenue, with a top-line decline of 5.4 % to EUR 154.7m in the first three quarters 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 9.8 % of the total divisional revenue. This business area generated revenue of EUR 43.1m in the first nine months of 2019, implying a year-on-year increase of 5.0 %. From a regional perspective, 80.6 % of the total revenue in the Parcel & Logistics Division was generated in Austria and 19.4 % by the subsidiaries in South East and Eastern Europe. The parcel business in Austria produced revenue growth of 12.1 % in the first three quarters of 2019. Revenue in the highly competitive South East and Eastern European region was up by 8.1 % in the first nine months of 2019.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (50.9 %), raw materials, consumables and services used (22.8 %) and other operating expenses (19.3 %).

Austrian Post's staff costs amounted to EUR 744.7m in the first three quarters of 2019, implying a year-on-year decline of 1.6 % or EUR 12.2m. Operational staff costs remained stable compared to the previous year. The Austrian Post Group employed an average of 20,367 people in the first nine months of 2019, representing a 1.0 % reduction from the prior-year period. Steady efficiency improvements and structural changes compensated 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. On balance, non-operational staff costs declined in the current reporting period but included higher expenses related to discount rate adjustments. In contrast, the prior-year period included about EUR 20m of provisions for the redimensioning of financial services.

Raw materials, consumables and services used increased by 6.5 % to EUR 333.6m, which is related primarily to higher costs for outsourced transport services required to handle increased parcel volumes. This trend was accelerated by the cooperation with Deutsche Post DHL Group launched in August 2019.

Both other operating expenses and other operating income showed a substantial increase in the reporting period. Other operating income totalled EUR 113.9m, up from EUR 73.9m in the previous year. The latter included claims related to non-wage labour costs paid in previous periods. Netted against any compensation payments reported under other operating expenses, these claims amounted to EUR 4.9m. Other operating expenses equalled EUR 281.6m in the current reporting period, up from EUR 211.3m in the previous year. This was due to compensation payments as well as additional consulting costs and the provision for data protection of EUR 19.8m. Other operating income in the previous year included a one-off income of about EUR 20m comprising 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 leasing relationships, which in turn impacts the presentation of Group earnings. The effect on other operating expenses amounted to EUR 26.3m, which correspondingly affected EBITDA.

Accordingly, EBITDA equalled EUR 215.9m, a year-on-year increase of EUR 8.8m. This corresponds to an EBITDA margin of 14.8 %. In contrast, depreciation, amortisation and impairment losses related to IFRS 16 increased by EUR 24.8m and the net interest expense was up by EUR 3.4m. EBIT fell by 8.4 % year-on-year to EUR 130.0m, implying an EBIT margin of 8.9 %. The increase in value of the stake held in flatex AG (formerly FinTech Group AG) by EUR 10.0m as at 30 September 2019 positively impacted the Group's other financial result of EUR 13.6m. After deducting the income tax of EUR 43.6m, the Group profit for the period totalled EUR 100.1m (–5.0 %). Earnings per share were EUR 1.48, compared to EUR 1.56 per share in the first three quarters of the previous year.

From a divisional perspective, EBITDA of the Mail & Branch Network Division totalled EUR 204.7m in the first nine months of 2019, a year-on-year decline of 4.3 %. Divisional EBIT declined by 6.0 % to EUR 187.1m. The revenue increase and a high level of cost discipline positively affected results, whereas the provision for data protection for a potential fine imposed by the Austrian Data Protection Authority had the opposite effect.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure and generated an EBITDA of EUR 41.9m (+20.5 %) and an EBIT of EUR 27.5m (+3.3 %) in the first three quarters of 2019. Revenue growth was driven by the cooperation with Deutsche Post DHL Group launched in August 2019. EBIT continues to be burdened by higher costs in the logistics network to avoid capacity bottlenecks. Volume and revenue increases are managed with the help of extensive logistics measures.

EBIT of the Corporate Division (incl. Consolidation) fell by 1.0 % to minus EUR 84.6m, primarily due to higher IT and consulting expenses, among others with regards to the development of the new financial services business. EBIT also included a positive net effect of EUR 4.9m from claims related to non-wage labour costs paid in previous periods. The Corporate Division provides non-operational services essentially provided for the purpose of managing and controlling at a Corporate Group level. These services include, amongst others, the management of commercial properties owned by the Group, IT services provided, the development of new business models and the administration of the Internal Labour Market of Austrian Post.

CASH FLOW AND BALANCE SHEET

Cash flow figures are comparable only to a limited extent due to the special payment totalling EUR 107.0m made by BAWAG P.S.K. in the first three quarters of 2018. In the first nine months of 2019, the gross cash flow amounted to EUR 215.3m compared to EUR 251.0m in the prior-year period. A one-off income of about EUR 20m as a lump sum compensation by the banking partner BAWAG P.S.K. was included in the previous year. The cash flow from operating activities equalled EUR 228.6m in the reporting period compared to the prior-year figure of EUR 252.5m. The first three quarters of 2018 included the special effect of EUR 77.3m in connection with the termination of the cooperation agreement with BAWAG P.S.K. (EUR 107.0m less services provided in the first three quarters of 2018 at the amount of EUR 29.7m).

Cash flow from investing activities amounted to minus EUR 178.8m in the first nine months of 2019 compared to minus EUR 122.8m over the same period last year. This increase in the cash flow resulted primarily from money market investments at the amount of EUR 60.0m during the period under review as well as from higher payments for the acquisition of property, plant and equipment (CAPEX). The latter amounted to EUR 100.1m in the first three quarters of 2019, up from EUR 86.2m in the previous year. Operating free cash flow amounted to EUR 153.2m in the current reporting period compared to EUR 119.6m in the first three quarters of the previous year, or EUR 196.9m including the positive special effect related to the termination of the cooperation with BAWAG P.S.K. The amount for the first three quarters excludes the effect from cash inflows of EUR 30.3m relating to apartment sales from the real estate development project Neutorgasse. The cash flow from financing activities included mainly dividend payments as well as the redemption of leasing liabilities, and totalled minus EUR 170.9m in the first nine 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 Austria Post was EUR 1,975.4m as at 30 September 2019. Property, plant and equipment increased by EUR 363.3m to EUR 1,016.2m as at 30 September 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 90.7m as at 30 September 2019, including goodwill reported for acquisitions at EUR 61.1m. Receivables of EUR 315.8m represent 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 32.5% as at 30 September 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 6.1 percentage point reduction in the equity ratio as at 30 September 2019. Equity of the Austrian Post Group equalled EUR 642.2m at the balance sheet date. Non-current liabilities totalled EUR 682.1m at the end of the reporting period, whereas current liabilities equalled EUR 651.1m.

OUTLOOK 2019 AND 2020

Current market developments in the mail and parcel businesses over the last few months confirm forecasts made for upcoming quarterly periods. The core business will continue to be impacted by three current trends. The traditional addressed letter mail business is anticipated to show ongoing volume declines of about 5 % per annum. A continuous drop in volumes is expected, especially against the backdrop of new e-Government solutions. Experience has shown that the advertising business with addressed and unaddressed direct mail items is more volatile and vulnerable to economic cycles. In contrast, growth prospects in the parcel business are clearly positive, driven by the further expansion of e-commerce.

2019 OUTLOOK WITH INCREASING REVENUE AND STABLE RESULT

As was already evident in the revenue development for the first three quarters of 2019, Austrian Post expects an overall increase in the entire 2019 financial year. Despite declining mail volumes, positive one-off effects from elections and one-off mailings as well as the growing parcel business should drive the positive revenue trend. The partnership with Deutsche Post DHL Group to deliver parcels in Austria had a very good start. Since 1 August 2019, DHL parcels for Austria have been delivered by Austrian Post. Total transport and delivery volumes are currently about 25 % higher than in the previous year. Against the backdrop of this parcel volume development, the highest priority is attached to the capacity expansion investment programme. As previously communicated, growth investments in excess of EUR 50m are planned in 2019 in addition to maintenance investments totalling about EUR 70m. Moreover, CAPEX in the year 2019 is expected to include investments in the range of EUR 25m to expand existing properties or acquire new land, as well as EUR 15m to purchase sorting technology in connection with the cooperation with Deutsche Post DHL Group. On balance, Austrian Post targets a stable operating result (EBIT) in 2019 based on the good development in the core business, including various start-up costs to develop its financial services business. This does not include the provision for data protection of EUR 19.8m due to the imposed fine by the Austrian Data Protection Authority for the usage of marketing data. The penalty decision is not legally binding yet, and Austrian Post will appeal against this decision of the first instance.

MILESTONES IN 2020 TO SAFEGUARD LONG-TERM STABILITY

Stability is not only the company’s underlying objective for 2019 but for 2020 as well. This refers to stability in terms of high quality and fast delivery of strongly growing parcel volumes and in securing universal postal services in Austria alongside stability in the service offering of the branch network.

Parcel growth requires the rapid expansion in investment activity

High-quality, fast parcel delivery necessitates the rapid expansion of the company’s infrastructure of sorting and logistics centres. Austrian Post is intensifying its planned Austrian parcel logistics investment programme in parcel distribution centres against the backdrop of the current daily volume growth of about 25 %. This is the guarantee for success in order to continue to provide the qualitatively best network in Austria going forward. Capacities were already significantly increased by 25 % when the parcel logistics centre Lower Austria (Hagenbrunn) became fully operational in September 2019. The next milestones will be the completion of the parcel logistics centre Styria (Kalsdorf) and the delivery base Thalgau/Salzburg in the middle of next year. Accordingly, total CAPEX in the 2020 financial year is expected to match the investments made in 2019.

Further development of the product portfolio and moderate price adjustments

Enhanced service options based on the expansion of the letter mail product portfolio have been well received. The offering features the ECO Letter for not time-critical mail items with a delivery time of two to three days and the PRIO Letter for fast items requiring next-day delivery. At present 60 % of all letters are delivered on the basis of the not time-critical ECO service.

In line with international developments, the challenge is to continuously create innovative solutions and implement product adjustments to counteract the about 5 % annual decrease in mail volumes accompanied by rising factor costs. The aim is to develop new customer solutions while moderately raising various postage rates to compensate for the inflation. Starting on 1 April 2020, several letter mail postage rates will be increased moderately to compensate for inflation. The ECO rate for standard letter mail items as part of the company’s providing universal postal services will be raised from EUR 0.70 to EUR 0.74 and the PRIO rate from EUR 0.80 to EUR 0.85. The postage rate for small packets (Packet S) will equal EUR 2.55 compared to the previous cost of EUR 2.50.

Austrian Post is also working on innovations in its product portfolio, such as easier access to ECO mail items and simplified shipments of valuables and hazardous goods. In this way, Austrian Post will continue to ensure an outstanding service in Austria at favourable rates, especially in an international comparison.

Other innovative solutions will also be developed in the field of private customer parcels. The technical basis for further developing the pick-up service and AllesPost will be launched in 2020. In future, the pick-up service can also be managed via an App and the functions of AllesPost will be further enhanced. Self-service solutions which have already been installed are being put to a very good use and will be significantly expanded. The 10,000 new handhelds for the mail and parcel delivery staff also enable new services.

New financial services business as of Q2 2020

Important milestones were achieved enabling Austrian Post to offer a focused financial services business within the Austrian Post branch network starting in the second quarter of 2020.

The positive decision of the European Central Bank within the context of ownership control procedures laid the foundation for Austrian Post to acquire an 80 % shareholding in Brüll Kallmus Bank AG (GRAWE Banking Group as the former sole shareholder) in the fourth quarter of 2019. Following the recent closing of the transaction, Austrian Post will contribute about EUR 55m for capital increase.

New financial services will be offered as of the second quarter of 2020. The aim is to be present both online and through physical outlets. The Austrian Post network featuring some 1,800 postal service points consisting of company-operated branch offices and postal partners provides an outstanding basis for this. The business model will be focused and risk-adverse, emphasising current account and payment transaction services. Additional financial services and insurance products will be offered via other partners and complement the financial services product portfolio.

STABILITY TARGETED FOR 2020

Stable or slightly higher revenue should serve as the basis for largely achieving stability in the operating result (EBIT) of the core business. However, start-up costs totalling about EUR 40m in the years 2020 and 2021 are expected in order to design a new offering of financial services. Austrian Post expects positive earnings contributions from its financial services business beginning from 2023.

The strong balance sheet makes it possible for Austrian Post to finance its targeted growth investments in the logistics infrastructure and new financial services without raising any equity or dept. Accordingly, the generated operating cash flow will continue to be used for investments in the operating business and for maintaining Austrian Post's attractive dividend policy.