

AUSTRIAN POST

Investor Presentation

Q1-3 2019



Walter Oblin, CFO
Vienna, 14 November 2019





1. HIGHLIGHTS AND OVERVIEW



2. Strategy Implementation
3. Group Results Q1-3 2019
4. Outlook 2019 and 2020

HIGHLIGHTS Q1-3 2019



Core operating business

- Good operating mail and parcel business
- Elections as positive special effect
- DHL cooperation with a very good start since August 2019
- Total daily parcel volumes now up by about 25%



Revenue and earnings Q1-3 2019

- Revenue +3.2% to EUR 1,462.2m
- Good parcel revenue of +11.3% and stability in mail +0.6%
- Positive EBIT development in the underlying business; reported EBIT down by 8.4% to EUR 130.0m due to provision for data protection



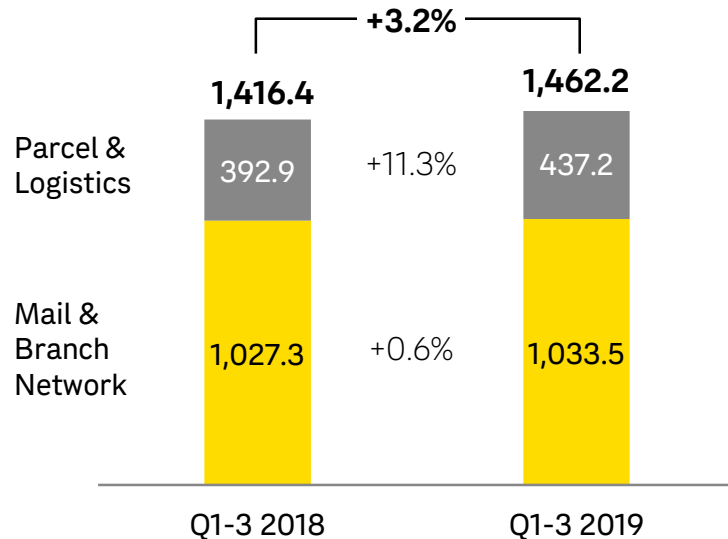
Outlook 2019 and 2020

- 2019 with increasing revenue and stable operating earnings (EBIT) before provision for data protection
- 2020: Stable or slightly higher revenue and stable operating earnings (EBIT) before start-up costs to develop an own financial services business

Q1-3 2019 REVENUE UP BY 3.2% (+4.3% IN Q3) THANKS TO ROBUST MAIL BUSINESS AND STRONG PARCEL GROWTH



Revenue development EUR m



Group: +3.2% (Q3: +4.3%)

- Strong Parcel & Logistics revenue growth, stable development in the Mail & Branch Network

Parcel & Logistics: +11.3% (Q3: +18.4%)

- Ongoing positive e-commerce trend
- Cooperation with DHL proceeding very well since August 2019
- Rise in revenue despite own delivery by a large customer in Vienna

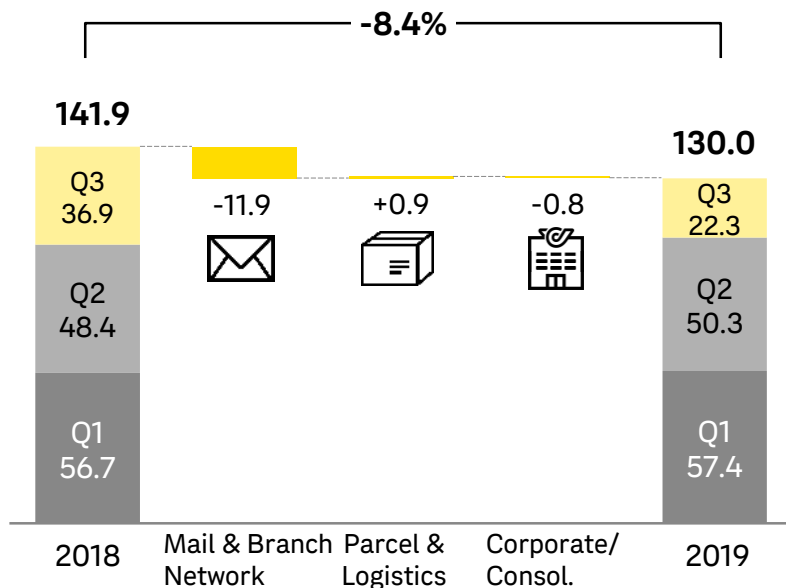
Mail & Branch Network: +0.6% (Q3: -0.8%)

- Sustained letter mail volume decline
- Positive effects from elections: European elections (Q2) and Austrian parliamentary elections (Q3)
- Continuing decrease in addressed and unaddressed direct mail
- Decline in financial services revenue due to gradual redimensioning in 2019

REPORTED EBIT REDUCED BY -8.4% IN Q1-3 2019



EBIT development EUR m



Mail & Branch Network:

- Good operating performance
- Provision for data protection in Q3 at EUR 19.8m
- As a result EBIT decrease of EUR 11.9m in Q1-3 2019 (-25.7% in Q3)

Parcel & Logistics:

- EBIT up by EUR 0.9m in Q1-3 2019 (+13.2% in Q3) thanks to revenue growth and despite of high competitive and margin pressure
- EBIT negatively impacted by additional expenses in the logistics network to avoid capacity bottlenecks

Corporate/Consolidation:

- EBIT slightly down by EUR 0.8m due to higher IT and consulting expenses (including start-up costs of new financial services)
- Positive net effect from claims related to non-wage labour costs paid in previous periods (+EUR 4.9m)



1. Highlights and Overview



2. STRATEGY IMPLEMENTATION

3. Group Results Q1-3 2019

4. Outlook 2019 and 2020

CLEAR STRATEGIC PRIORITIES



01 Defending market leadership in the core business

Safeguarding market position in a competitive environment



02 Profitable growth in selected markets

Focusing and performance enhancement

03 Enhancing efficiency and flexibilisation of the cost structure

Logistics infrastructure and process optimisation



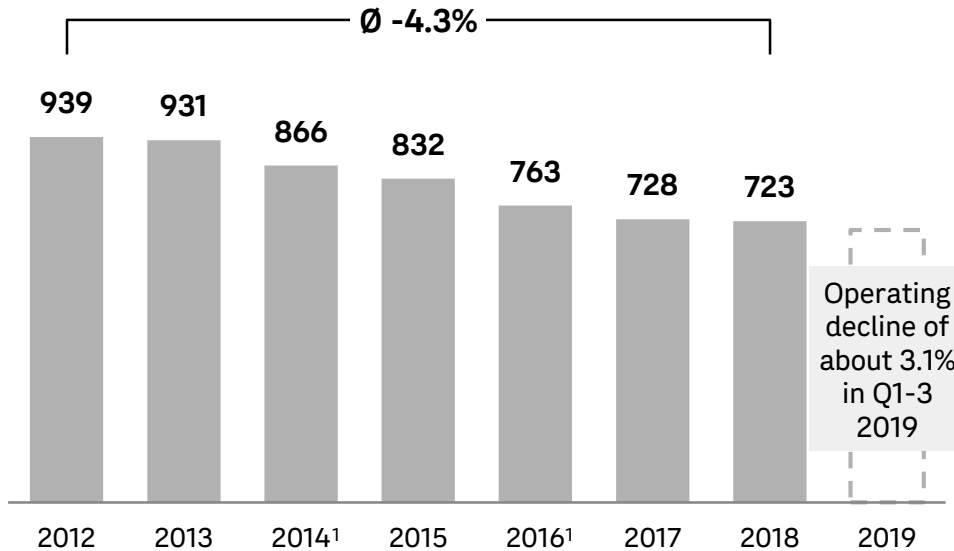
04 Customer orientation and innovation

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 Q1-3 2019

- Declining volumes based on e-substitution (operating decline of about 3.1%)
- 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 Q1-3 2019 due to elections and one-off mailings (banks, utility companies)

01 FURTHER DEVELOPMENT OF PRODUCT PORTFOLIO AND MODERATE PRICE INCREASE IN 2020 AS PART OF AN INFLATION ADJUSTMENT



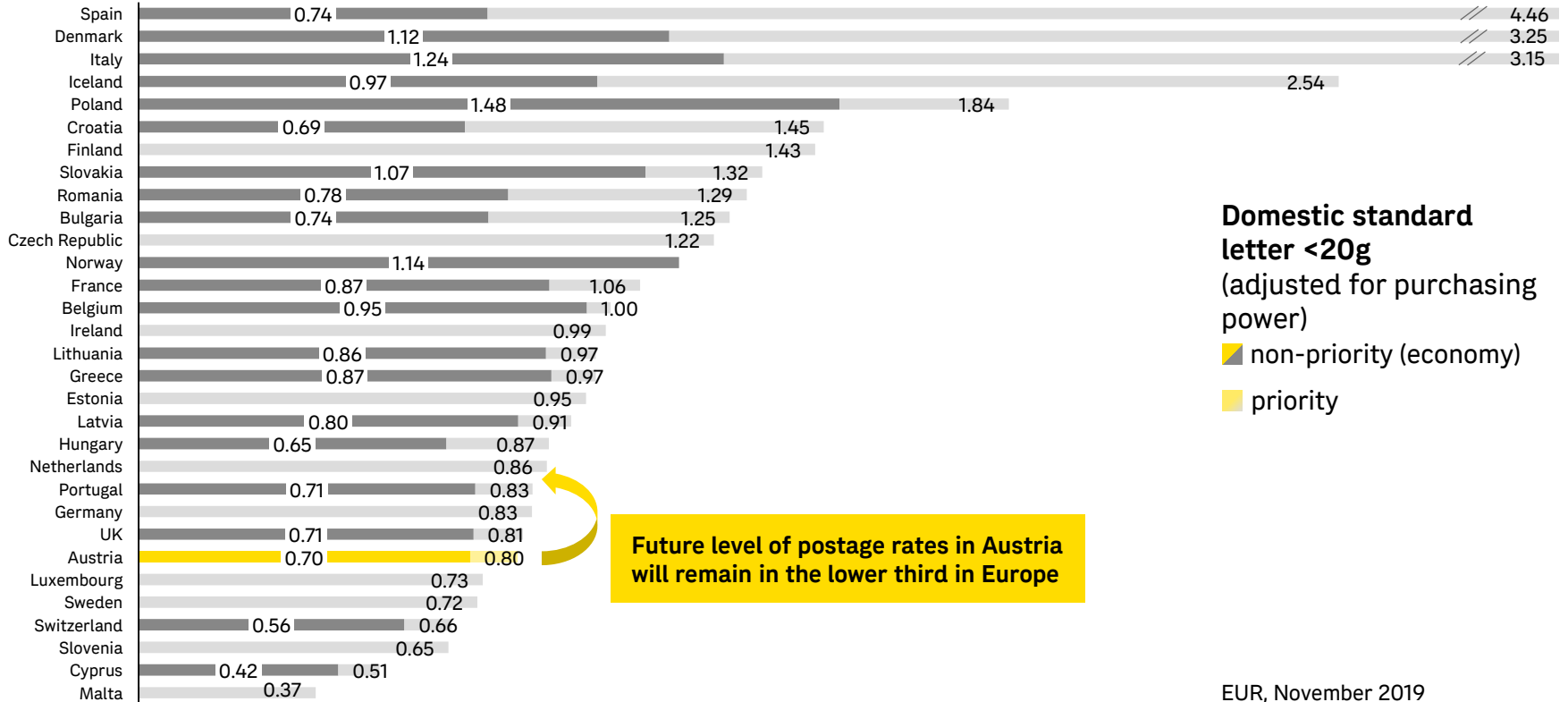
New features of product portfolio

- PRIO/ECO choice has been well received; easier access to ECO items
- Simplification of shipments for valuables and hazardous goods
- Further development of pick-up service
- Upgrade of parcel-receiving service "AllesPost"
- Additional features in the Post App thanks to new handhelds for letter and parcel carriers



Postal rate adjustments as at 1 April 2020	Domestic letters in EUR		NEW rates
Eco Letter	Letter S	0.70	0.74
	Letter M	1.25	1.30
	Packet S	2.50	2.55
	Packet M	4.00	4.10
Eco Business Letter	Letter S	0.65	0.70
	Letter M	1.10	1.15
	Packet S	2.25	2.30
Prio Letter	Letter S	0.80	0.85
	Letter M	1.35	1.35
	Packet S	2.70	2.75
	Packet M	4.20	4.30

01 INTERNATIONAL COMPARISON: PRIORITY AND NON-PRIORITY RATES IN EUROPE

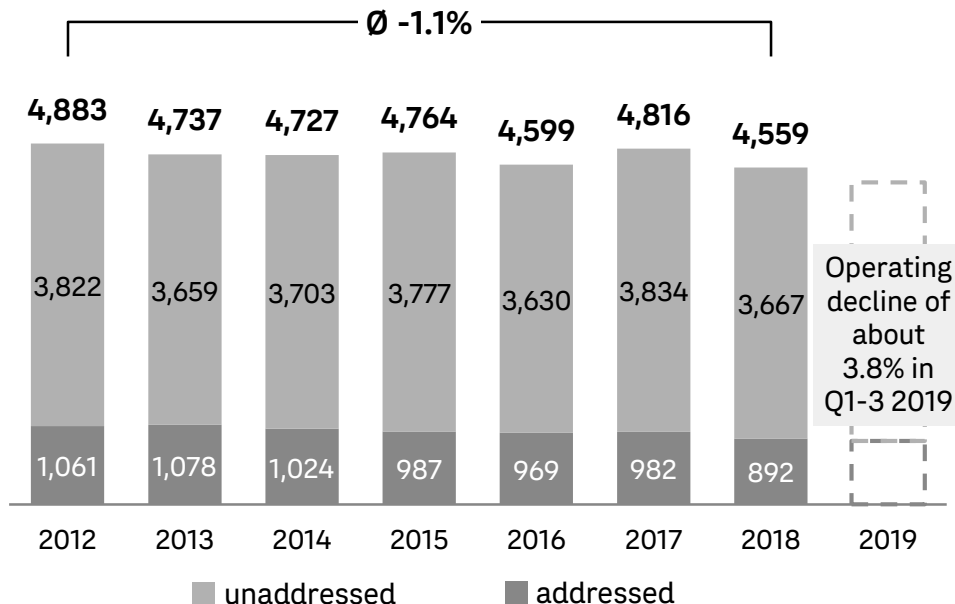


EUR, November 2019

01 DIRECT MAIL/MEDIA POST IN AUSTRIA



Direct Mail/Media Post (millions of items)



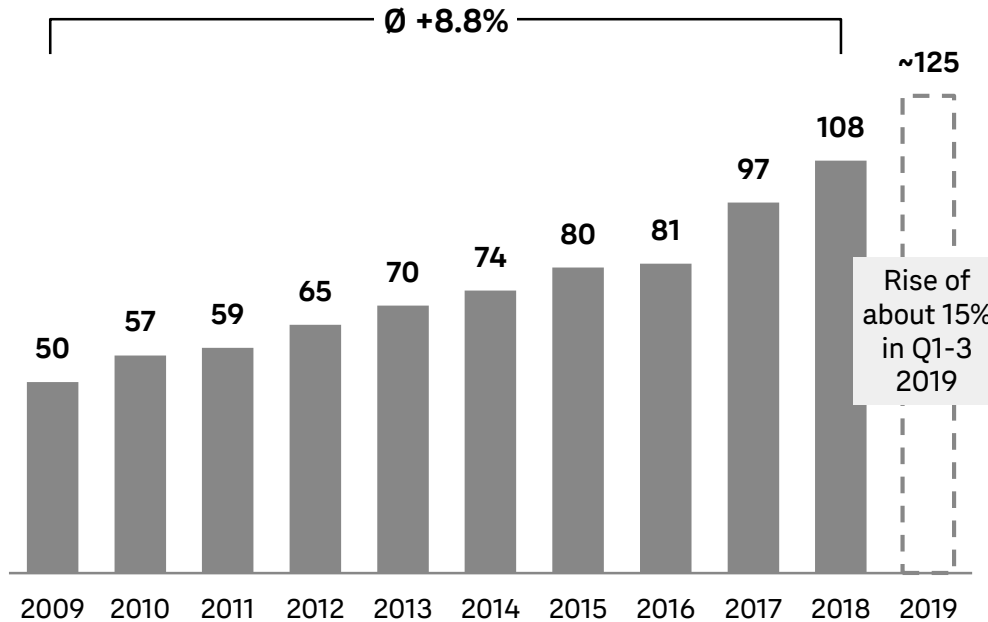
Current Direct Mail/Media Post trends Q1-3 2019

- Operating volume decline in Austria of about 3.8%
- Structural decrease in addressed volumes (negatively impacted by GDPR)
- Decline in unaddressed direct mail, particularly in the retail sector and due to a general reduction in mailing weights

01 CURRENT TRENDS IN AUSTRIAN PARCEL BUSINESS Q1-3 2019



Parcel volumes of Austrian Post
(millions of parcels)



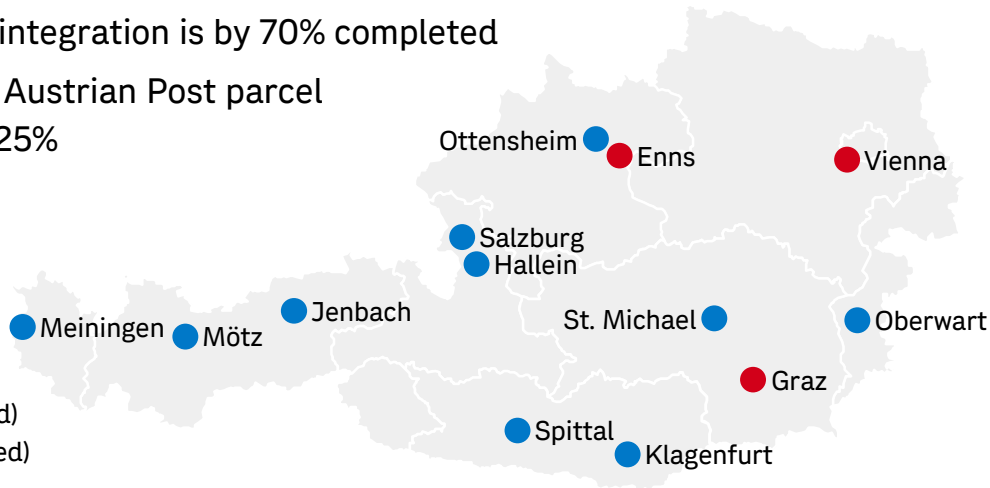
Current trends in Austrian parcel business Q1-3 2019

- Good operating parcel growth and cooperation with DHL since August 2019 have actually led to a growth rate of about +25%
- Intense competition, own delivery by a large customer in Vienna
- High demands with respect to delivery speed, noticeable increase in E+1 (next day delivery) parcel delivery

01 COOPERATION BETWEEN AUSTRIAN POST AND DEUTSCHE POST DHL GROUP STARTED WELL



- Partnership of Austrian Post and Deutsche Post DHL Group in place since 1 August 2019
- Taking over about 140 employees
- Integration of 3 logistics centres in Vienna, Enns and Graz completed on schedule (investments in sorting technology of about EUR 15m)
- Last mile delivery integration is by 70% completed
- Current growth of Austrian Post parcel volumes of about 25%



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



Enns LC



Graz LC



South Vienna LC

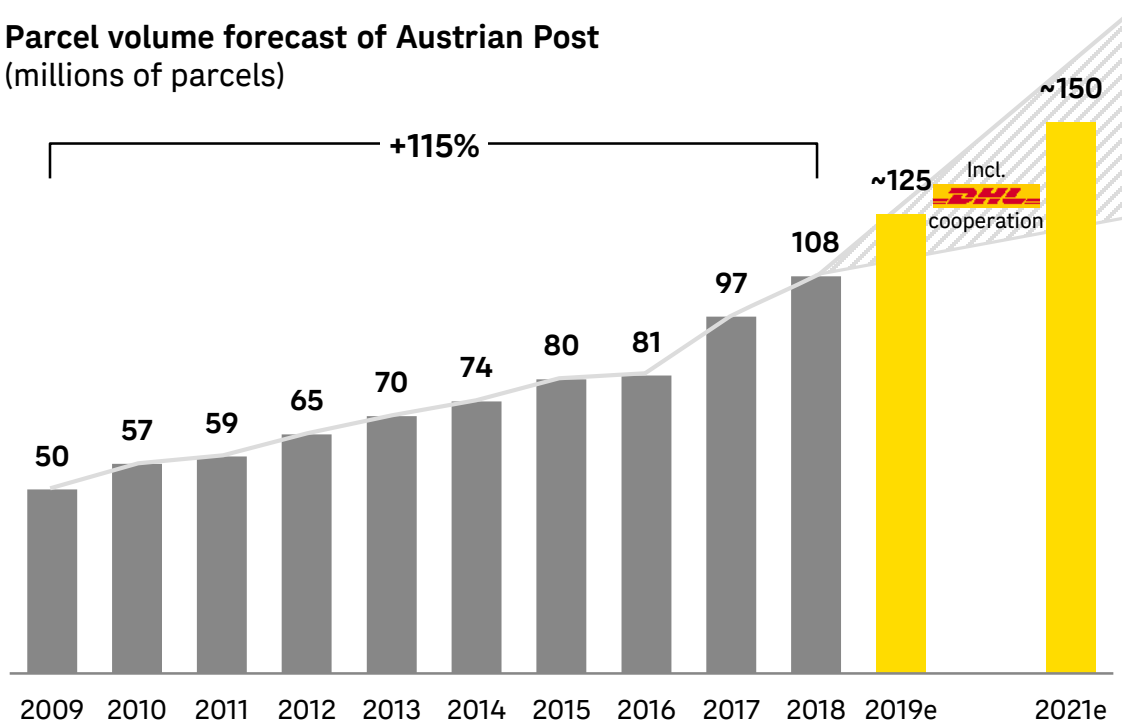
01 AUSTRIAN PARCEL BUSINESS: GROWTH FORECAST CONFIRMED



Volume forecasts of Austrian Post

- Rise of the actual parcel volumes up to about 800,000 parcels per day due to good organic growth and DHL-cooperation
- 2021 target: 150m parcels p.a.
- Medium-term goal: doubling of the volumes and sorting capacity
- CAPEX investment programme is essential to expand quality leadership
- Service Commitment: E+1 (next day delivery) delivery throughout Austria

Parcel volume forecast of Austrian Post
(millions of parcels)



02 GROWTH IN SELECTED MARKETS

Growth focus on Parcel & Logistics



GERMANY

AEP (51.5% stake, at-equity consolidation)

- Pharmaceutical wholesale joint venture
- Revenue +15% in Q1-3 2019 to about EUR 360m

Austrian Post International Germany

- Strong competition in the international mail business, revenue of EUR 37m (-8%) in Q1-3 2019

AUSTRIA

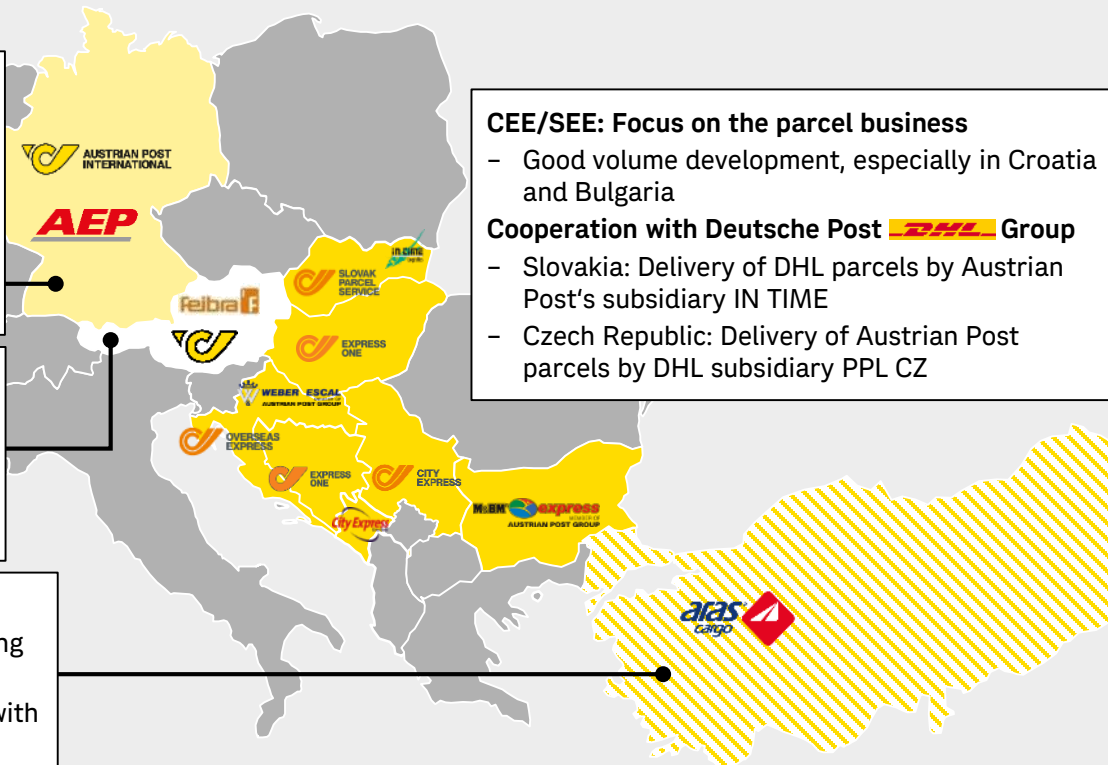
- Expansion of vertical integration in e-commerce

ACL advanced commerce labs

- Provider of e-commerce solutions
- Q1-3 2019 revenue +28% to EUR 6m

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

- Revenue Q1-3 2019: TRY 936m (+6%), corresponding to about EUR 145m
- Ongoing arbitration proceedings and discussions with family owners



CEE/SEE: Focus on the parcel business

- Good volume development, especially in Croatia and Bulgaria

Cooperation with Deutsche Post **DHL** Group

- Slovakia: Delivery of DHL parcels by Austrian Post's subsidiary IN TIME
- Czech Republic: Delivery of Austrian Post parcels by DHL subsidiary PPL CZ

02 DEVELOPMENT OF A NEW FINANCIAL SERVICES BUSINESS



Q3/Q4 2019

Q1 2020

Q2 2020

- ✓ ECB approval
 - ✓ Closing of Bank of the Post
 - ✓ Implement core IT system
 - ✓ Completion of bank organisation
- Finalise brand identity
 - Selection of product partners
 - Client/Customer approach
 - Trial operation "Family & Friends"
- Market launch of Bank of the Post
 - Product launch concept
 - Current account
 - Debit card
 - Credit Card

80/20
Joint Venture



Product offering

Focused proprietary offering
(Payment transactions, current account, savings products)

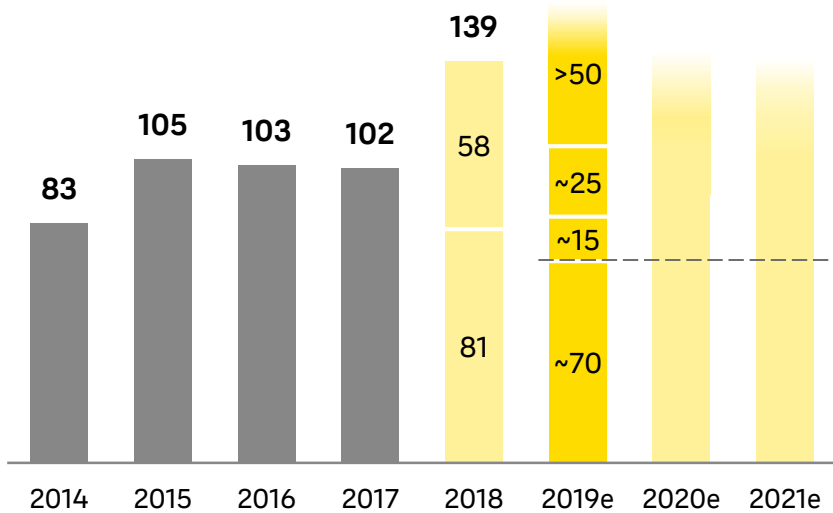
Commission-based partner solutions
(Consumer finance, mortgages, insurance products, credit card, pension products)

03 CAPACITY DRIVE

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 through DHL cooperation – about EUR 15m



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

Maintenance CAPEX

¹ 2014-2017 incl. CAPEX new corporate headquarters



PARCEL CENTRE LOWER AT (HAGENBRUNN)



**FULLY OPERATIONAL
 SEPTEMBER 2019**

PARCEL CENTRE STYRIA (KALSDORF)



**IN OPERATION
 MID-2020**

03 EXPANSION OF LOGISTICS INFRASTRUCTURE IN AUSTRIA

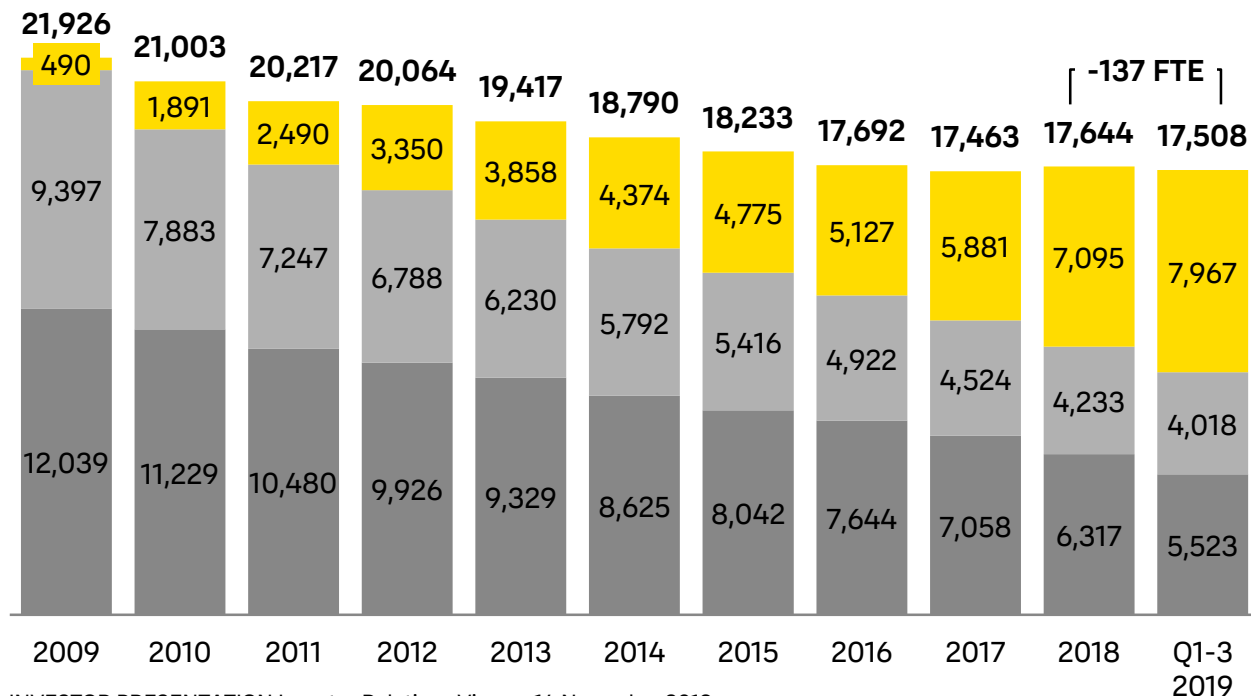


PC = Parcel centre
DB = Delivery base

03 STAFF STRUCTURE IN AUSTRIA

Full-time equivalents in the Austrian core business

(average for the period)



Change FY '18/Q1-3 '19

-794 Civil servants
 -215 Employees old CWA
 +872 Employees new CWA

-137 Employees

Medium-term trend:

Further structural transition to staff members employed under the new collective wage agreement

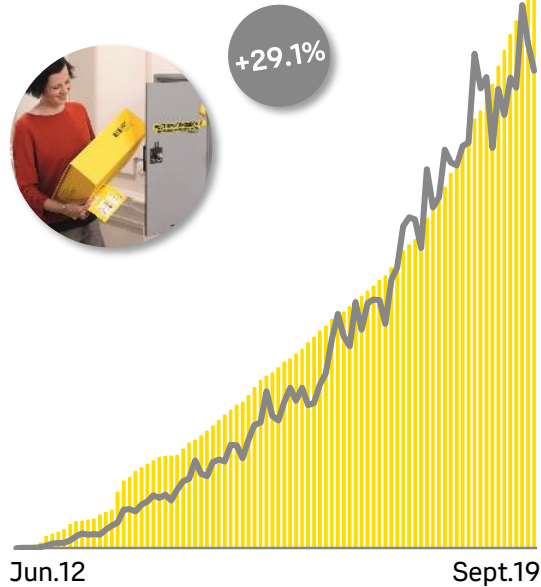
- New collective wage agreement since 2009
- Old CWA before 2009
- Civil servants

04 SELF-SERVICE SOLUTIONS AS A COMPETITIVE ADVANTAGE

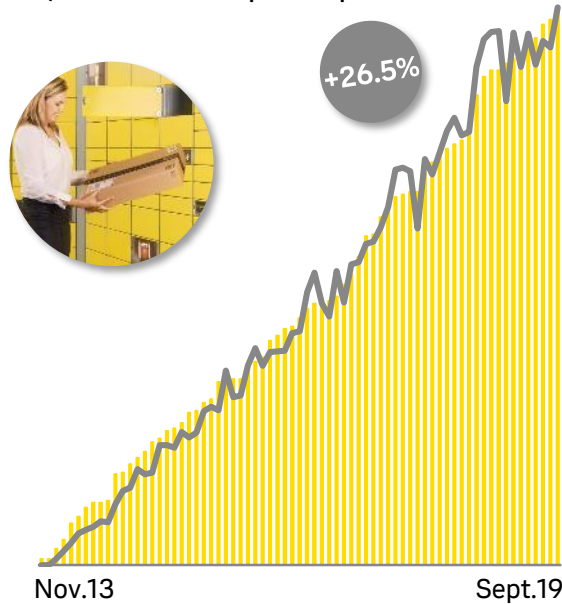


Steady increase in use

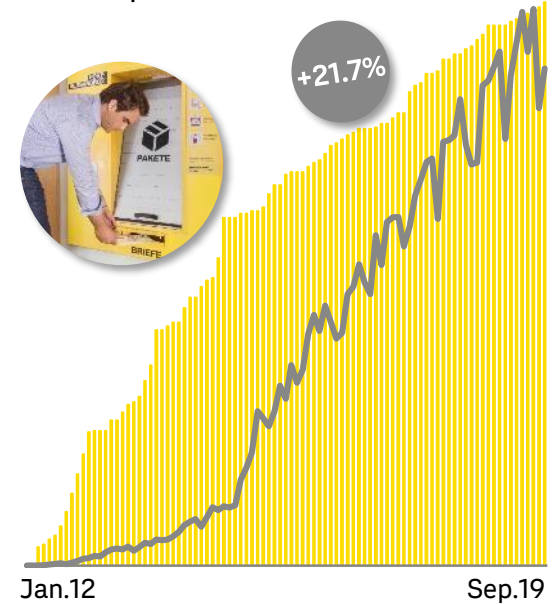
Q1-3 2019: >2.3m items
43,587 pick-up boxes



Q1-3 2019: >2.8m items
56,479 boxes at pick-up stations



Q1-3 2019: >4.4m items
431 drop-off boxes





1. Highlights and Overview

2. Strategy Implementation

3. GROUP RESULTS Q1-3 2019

4. Outlook 2019 and 2020



FINANCIAL INDICATORS AT A GLANCE



	Q1-3 2018	Q1-3 2019	
Revenue (EUR m)	1,416.4	1,462.2	Revenue increase of 3.2%
EBITDA margin (%)	14.6	14.8	Stable margin due to IFRS 16 (shift from expenses to depreciation/amortisation)
EBIT margin (%)	10.0	8.9	EBIT margin below the previous year due to provision for data protection
Earnings/share (EUR)	1.56	1.48	Earnings per share reduced by EUR 0.08
Cash flow (EUR m)	119.6/196.9 ¹	153.2	Operating free cash flow above prior year
Equity ratio (%)	39.6	32.5	Lower equity ratio due to IFRS 16 (balance sheet extension)

¹Including BAWAG P.S.K. special effect

KEY INCOME STATEMENT INDICATORS



EUR m	Q1-3 2018	Q1-3 2019	%	Δ	IFRS 16 effects	Q3 2018	Q3 2019	
Revenue	1,416.4	1,462.2	3.2%	45.8	-	461.1	481.1	Strong parcel growth and stable mail revenue
Other operating income	73.9	113.9	54.1%	40.0	-	22.9	71.7	Positive net effect from claims related to non-wage labour costs paid in previous periods (+EUR 4.9m)
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	Operational staff costs at a constant level; lower allocation of provisions than in the prior year
Other operating costs	-211.3	-281.6	-33.3%	-70.3	+26,3	-73.4	-146.9	
At equity consolidation	-1.7	-0.3	85.6%	1.5	-	-0.5	0.2	
EBITDA	207.1	215.9	4.2%	8.8	+26,3	62.8	53.7	
<i>EBITDA margin</i>	<i>14.6%</i>	<i>14.8%</i>	-	-	-	<i>13.6%</i>	<i>11.2%</i>	Provision for data protection (EUR 19.8m)
Depreciation, amortisation and impairment	-65.2	-85.9	-31.8%	-20.7	-24,8	-25.9	-31.4	
EBIT	141.9	130.0	-8.4%	-11.9	+1,5	36.9	22.3	
<i>EBIT margin</i>	<i>10.0%</i>	<i>8.9%</i>	-	-	-	<i>8.0%</i>	<i>4.6%</i>	Valuation effect as at 30 Septmeber 2019 – shareholding in flatex AG (formerly FinTech Group AG) +EUR 10m
Other financial result	4.2	13.6	>100%	9.4	-3,4	1.0	12.8	
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	-1,9	29.4	20.7	

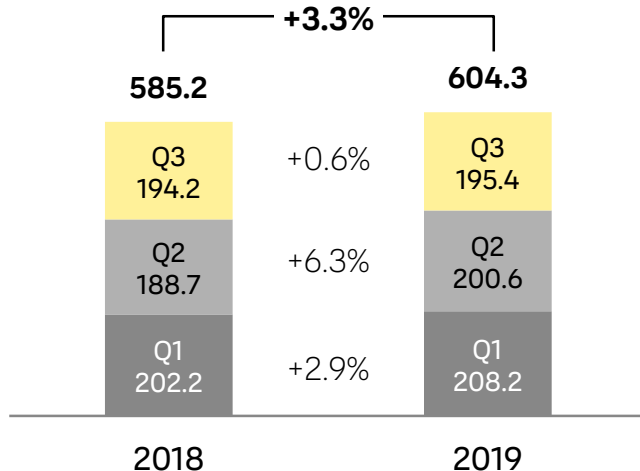


MAIL & BRANCH NETWORK DIVISION: REVENUE DEVELOPMENT Q1-3 2019



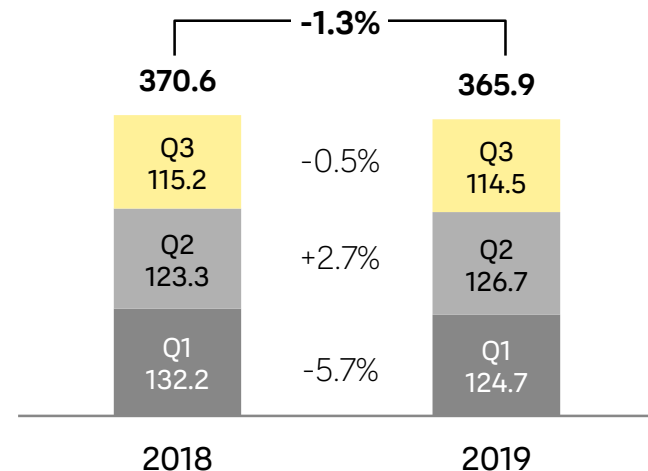
Letter Mail & Mail Solutions (EUR m)

- Operating volume decline of Letter Mail in Austria of about 3.1%
- Revenue increase in Q1-3 2019 due to new product/rate structure and positive effects (elections, one-off mailings)



Direct Mail/Media Post (EUR m)

- Operating volume decline in Austria of about 3.8%
- Volume decrease in addressed direct mail in Austria, negatively impacted by GDPR
- Decline in unaddressed direct mail in the retail sector
- Positive election effects in Q1-3 2019



MAIL & BRANCH NETWORK DIVISION: INCOME STATEMENT



EUR m	Q1-3 2018	Q1-3 2019	%	Δ	Q3 2018	Q3 2019	
Revenue	1,027.3	1,033.5	0.6%	6.2	332.3	329.6	Positive effects from elections in Q2 (European elections) and Q3 (Austrian parliamentary elections) and new product/rate structure
• Letter Mail & Mail-Solutions	585.2	604.3	3.3%	19.1	194.2	195.4	
• Direct Mail	277.9	271.9	-2.1%	-6.0	86.9	85.6	Uncertainty due to GDPR and decline in the retail sector, positive election effects
• Media Post	92.8	94.0	1.3%	1.2	28.2	28.9	
• Branch Services	71.5	63.3	-11.4%	-8.2	22.9	19.6	Gradual redimensioning of the financial services offering in 2019
Revenue intra-Group	79.7	91.6	14.9%	11.9	26.7	32.8	
Total revenue	1,107.1	1,125.1	1.6%	18.0	359.1	362.4	
EBITDA	214.0	204.7	-4.3%	-9.3	65.5	50.8	
<i>EBITDA margin¹</i>	<i>19.3%</i>	<i>18.2%</i>	-	-	<i>18.3%</i>	<i>14.0%</i>	
Depreciation, amortisation and impairment	-14.9	-17.6	-17.9%	-2.7	-5.2	-6.0	
EBIT	199.0	187.1	-6.0%	-11.9	60.3	44.8	Reduced earnings due to provision for data protection at EUR 19.8m
<i>EBIT margin¹</i>	<i>18.0%</i>	<i>16.6%</i>	-	-	<i>16.8%</i>	<i>12.4%</i>	

¹EBIT-Marge/EBITDA-Marge: In Bezug auf Umsatzerlöse gesamt

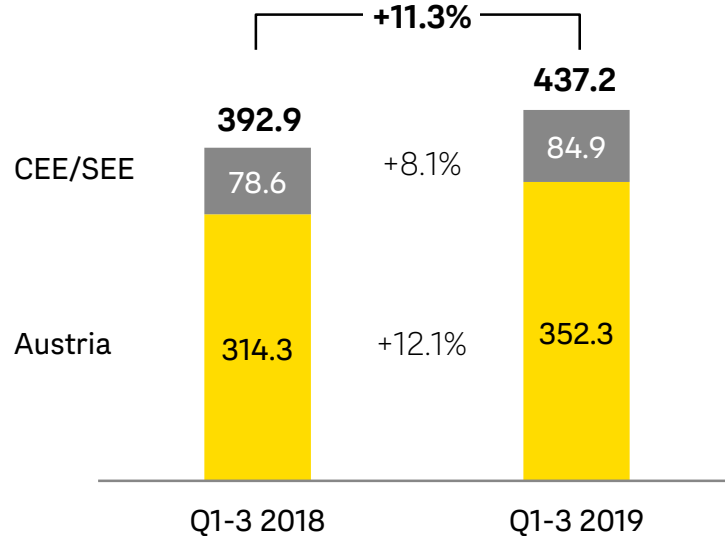


PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT Q1-3 2019



Revenue development

EUR m



Parcel & Logistics Division: +11.3% (Q3: +18.4%)

- E-commerce trend and cooperation with DHL produce a further revenue increase

South East/Eastern Europe +8.1% (Q3: +8.6%)

- Positive revenue development in Slovakia, Hungary and Croatia

Austria: +12.1% (Q3: +20.9%)

- Good revenue growth despite own delivery by a large customer in Vienna
- Organic growth and cooperation with DHL since August 2019 currently yield about +25% parcel volume growth
- Positive growth from existing customers and acquisition of new customers



PARCEL & LOGISTICS DIVISION: INCOME STATEMENT



EUR m	Q1-3 2018	Q1-3 2019	%	Δ	Q3 2018	Q3 2019
Revenue	392.9	437.2	11.3%	44.4	130.2	154.2
• Premium	188.4	239.5	27.2%	51.1	65.1	92.8
• Standard	163.5	154.7	-5.4%	-8.8	51.7	47.2
• Other Parcel Services	41.0	43.1	5.0%	2.0	13.5	14.2
Revenue intra-Group	3.7	3.0	-17.0%	-0.6	1.1	1.0
Total revenue	396.5	440.3	11.0%	43.8	131.4	155.2
EBITDA	34.8	41.9	20.5%	7.1	9.0	13.4
<i>EBITDA margin¹</i>	<i>8.8%</i>	<i>9.5%</i>	-	-	<i>6.9%</i>	<i>8.6%</i>
Depreciation, amortisation and impairment	-8.2	-14.4	-76.6%	-6.3	-2.8	-6.3
EBIT	26.6	27.5	3.3%	0.9	6.3	7.1
<i>EBIT margin¹</i>	<i>6.7%</i>	<i>6.3%</i>	-	-	<i>4.8%</i>	<i>4.6%</i>

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

Improved results in the reporting period and in the quarter despite additional costs in the logistics network to avoid capacity bottlenecks

¹EBITDA/EBIT margin in relation to total revenue

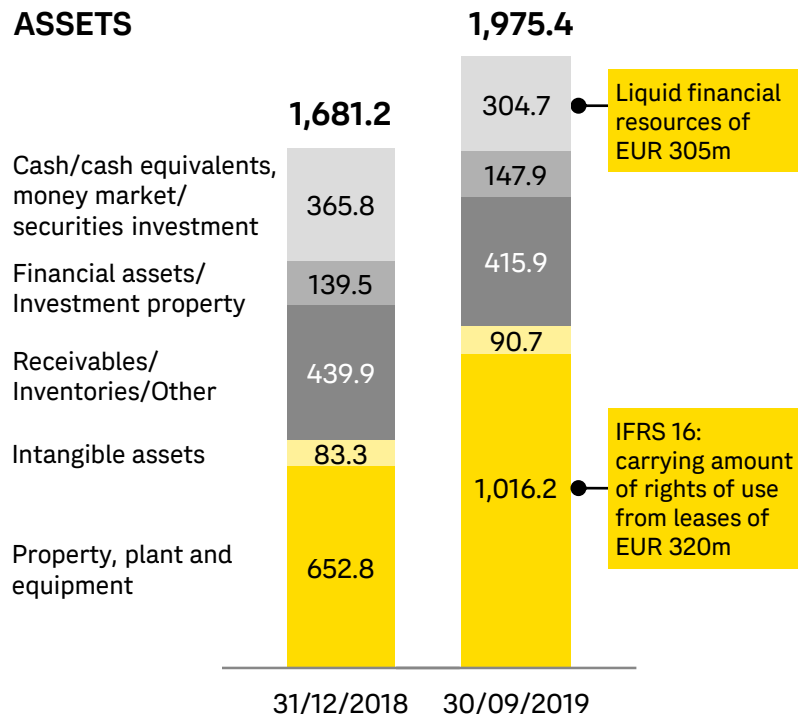
CHANGE IN THE BALANCE SHEET STRUCTURE DUE TO IFRS 16



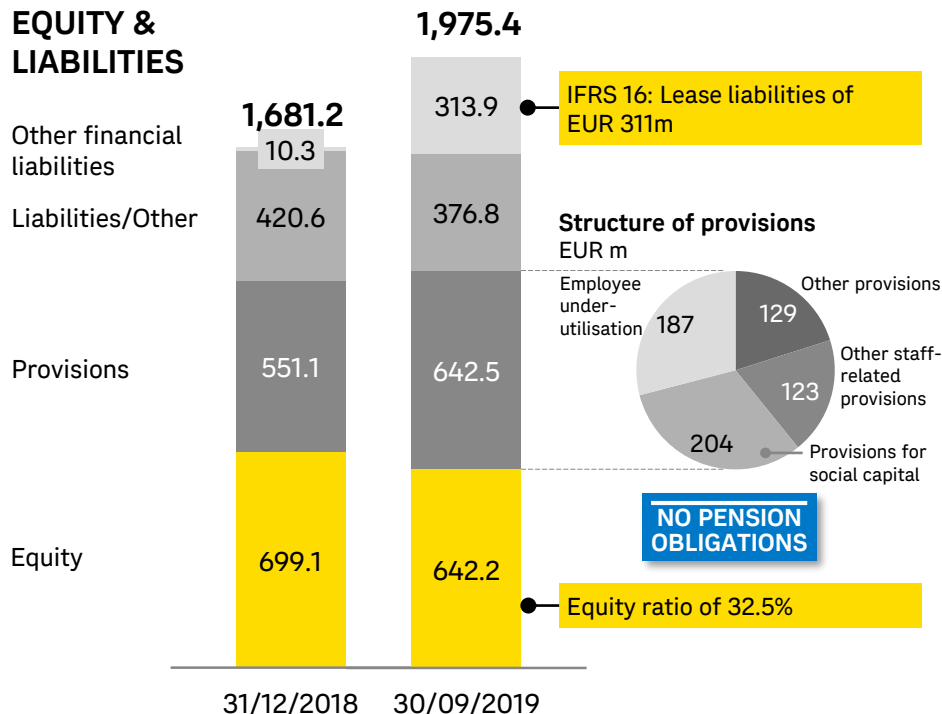
Balance sheet as at September 30, 2019

EUR m

ASSETS



EQUITY & LIABILITIES



ROBUST CASH FLOW Q1-3 2019

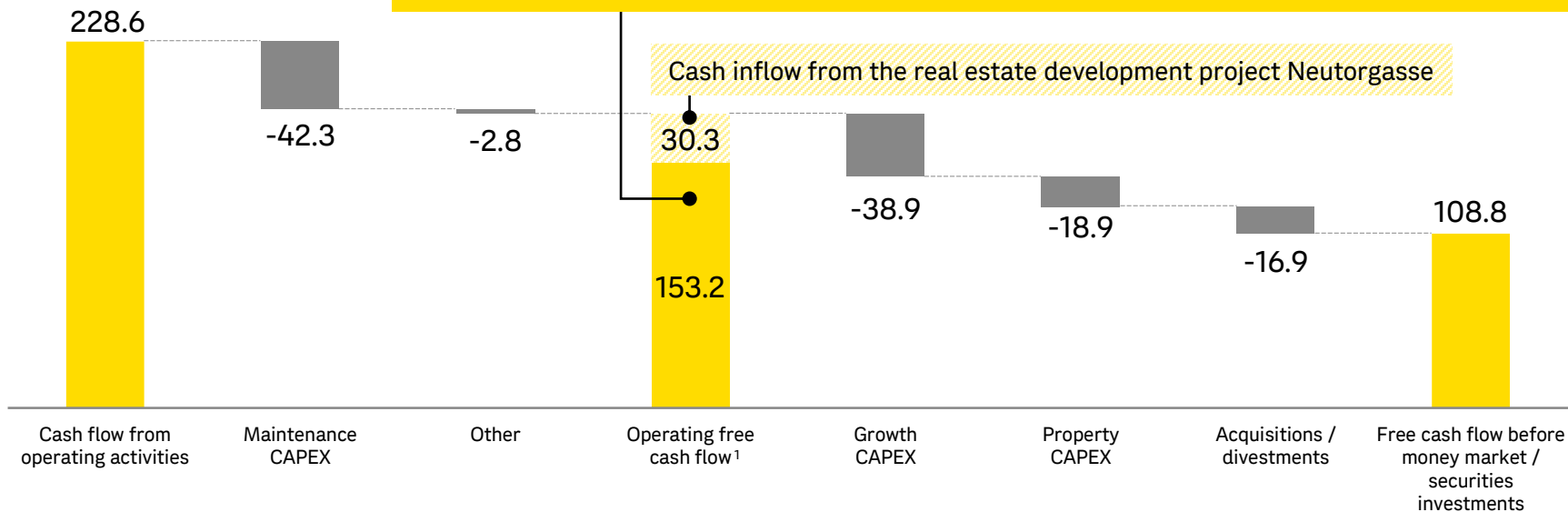
EUR m



Operating free cash flow of EUR 153.2m

- Financial services compensation of EUR 20.5m for Q1-3 2019 already in the 2018 cash flow
- IFRS 16 effect: EUR 26.3m expense in the cash flow from financing activities

Cash inflow from the real estate development project Neutorgasse



YOY	175.2/252.5 ²	-56.9	1.4	119.6/196.9 ²	-0.3	-29.1	-37.9	52.4/129.7 ²
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¹ Free cash flow before acquisitions/securities and Growth CAPEX: Q1-3 2019: EUR 153.2m exclusive cash inflow from the real estate development project Neutorgasse 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)

² Including BAWAG P.S.K. special effect



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 - 4. OUTLOOK 2019 AND 2020**



OUTLOOK 2019 AND 2020



Market environment

- In the medium-term, a decline of 5% in the traditional addressed mail business is further expected, especially against the backdrop of new e-Government solutions
- Direct mail volumes are more volatile and vulnerable to economic cycles
- Ongoing growth expectations in the parcel business driven by further e-commerce growth



Revenue

- Increasing revenue 2019 due to positive one-off mail effects (e.g. elections) and new cooperation with DHL to deliver parcels in Austria
- Stable to slightly higher revenue anticipated for 2020; launch of the financial services business in Q2 2020



Investments/CAPEX

- Parcel growth requires increased investments: fast expansion of sorting and distribution infrastructure
- Growth CAPEX of over EUR 50m, additional property purchases (EUR 25m) and investments in sorting technology (EUR 15m) in excess of the cooperation with DHL
- Basic investments (maintenance CAPEX) of about EUR 70m
- CAPEX 2020 planned at 2019 level



Earnings

- Forecast of stable operating result (EBIT) for 2019 confirmed – excluding provision for data protection
- 2020: target of largely stable operating result (EBIT) in the core business (before start-up costs totalling of EUR 40m in 2020 and 2021 to develop the new financial services business, positive earnings contributions from financial services planned starting in 2023)

CONTACT



Austrian Post

Investor Relations

Rochusplatz 1, 1030 Vienna

Website: www.post.at/ir

E-mail: investor@post.at

Telephone: +43 57767-30401

Financial calendar 2020

12 March 2020

16 April 2020

28/30 April 2020

14 May 2020

7 August 2020

13 November 2020

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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