

AUSTRIAN POST

Investor Presentation

Q1 2020



Walter Oblin, CFO
Vienna, 14 May 2020





1. HIGHLIGHTS AND OVERVIEW



2. Strategy Implementation

3. Group Results Q1 2020

4. Outlook 2020

AUSTRIAN POST AT A GLANCE

New divisional structure increases transparency



Mail

- Letter mail
- Direct mail
- Newspapers and magazines

Revenue 2019:
EUR 1,320m



Parcel & Logistics

- Parcels, express mail
- Fulfillment & cash transport
- E-commerce services

Revenue 2019:
EUR 632m



Retail & Bank

- Branch services
- Financial services
- Customer services

Revenue 2019:
EUR 80m

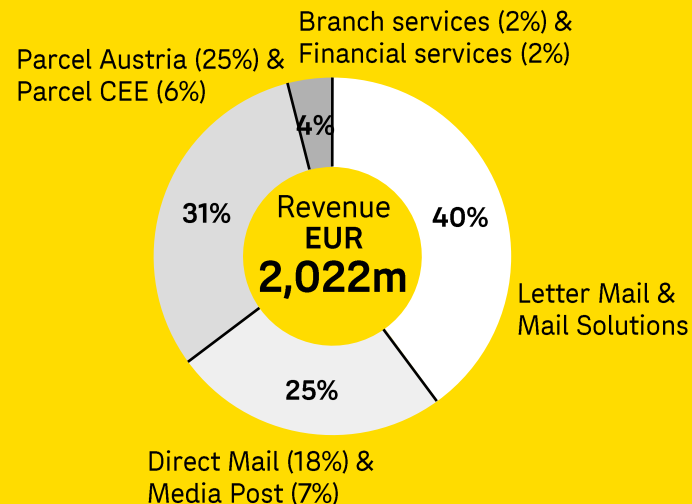


Group

Revenue 2019: EUR 2,022m

EBIT 2019: EUR 201m

Revenue mix 2019



CURRENT FOCUS DUE TO COVID-19



Priorities 2020 redefined: Health/Safety + Maintaining the Level of Service + Profitability



Maintenance of an Austria-wide logistics and branch network, the only physical connection between all Austrian households and businesses during the COVID-19 peak



Maintenance of the universal service in traditional letter mail and parcel services throughout Austria, including in quarantine areas



Provision of critical supply activities

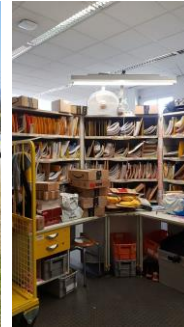
- **Cash logistics** for supplying banks, ATMs and retail
- Delivery and payment of **pensions** and **unemployment benefits**
- Fulfilment and other **system logistics tasks**
- **Printing services**
- **Digitalisation** of processes
- **E-commerce** platform for Austrian retailers and producers

COVID-19 – AUSTRIAN POST AS PART OF AUSTRIA'S CRITICAL INFRASTRUCTURE

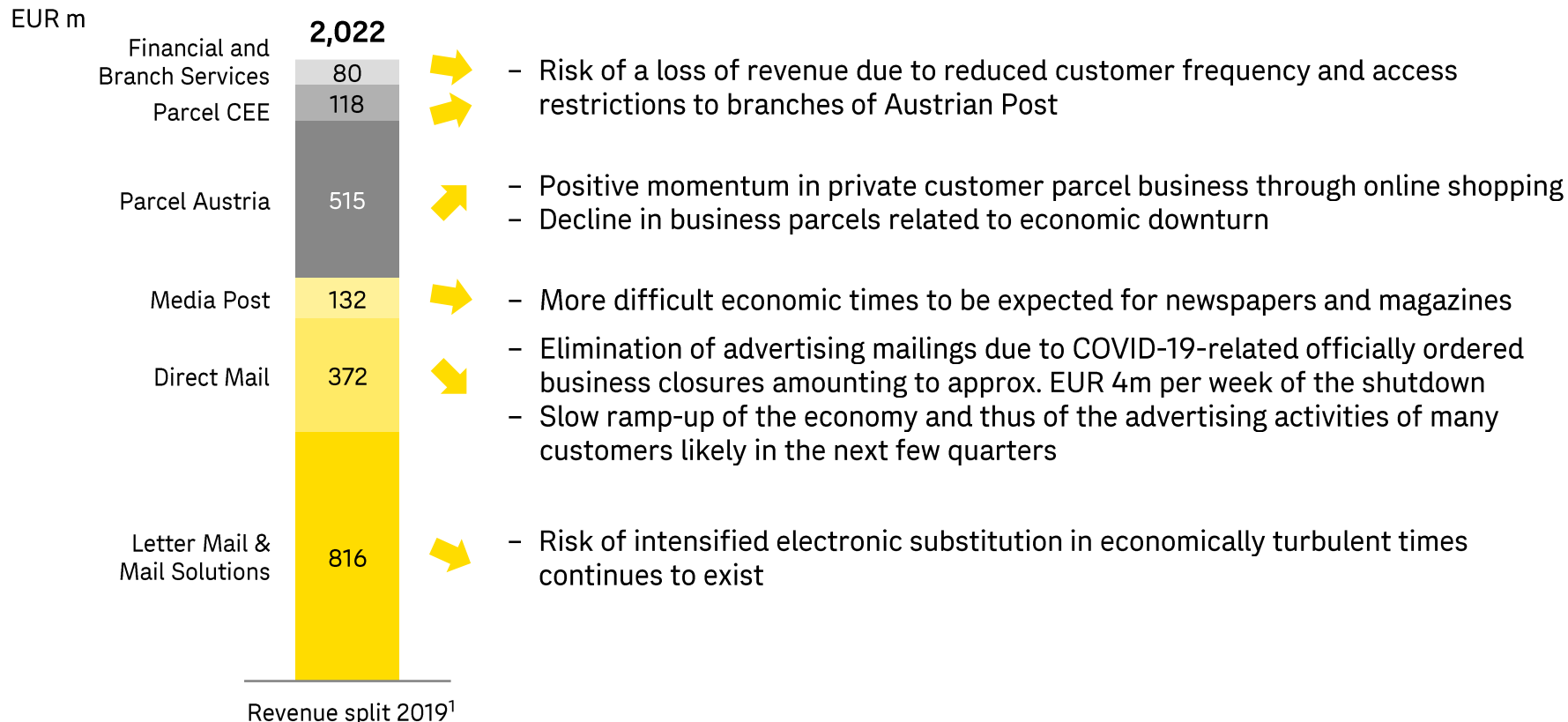


- Security measures and rules of conduct to protect employees and customers
- Ensuring the **nationwide delivery** in Austria
- Austria-wide branch operation of 412 branches maintained across the country
- **9 parcel centres and 282 delivery bases** operate at maximum capacity
- **Outstanding mail and parcel delivery** under difficult conditions (border closings)

Universal service obligations cause significant additional costs in operating expenses



COVID-19 – RISKS OF NEGATIVE IMPACT ON REVENUE



¹Adjusted to the new segment structure since 1 January 2020

HIGHLIGHTS Q1 2020



Mail



Letter Mail

Development in the traditional mail business before COVID-19 pandemic as expected: volume decline due to electronic substitution with first COVID-19 impact; no positive price effects in Q1 2020



Direct Mail & Media Post

Development in Q1 2020 already shaped by the drop in revenue caused by store closings with the exception of the retail food sector since mid-March

Parcel & Logistics



Parcel Austria and Parcel CEE

Revenue growth of 26.7% in Austria driven by

- cooperation with Deutsche Post DHL since August 2019
- a good organic growth in the upper single-digit range



Logistics

Operational business could and can be maintained very well, various COVID-19 related operational additional costs

Retail & Bank



Financial and Branch Services

Successful launch of bank99: more than 20,000 customers in the first six weeks; start-up costs visible in first quarter

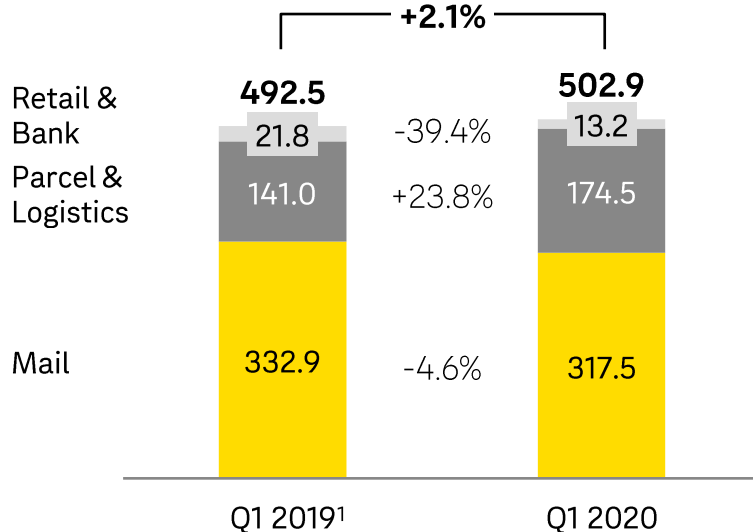
REVENUE INCREASE OF 2.1% IN Q1 2020

Strong parcel growth drives up Q1 revenue



Revenue development

EUR m



Group: +2.1%

Strong revenue increase in the parcel business, typical volume declines in letter mail and direct mail as well as COVID-19 impact as at the second half of March

Retail & Bank: -39.4%

- Discontinuation of service fees from former banking partner of EUR 9.4m in Q1; launch of bank99 in April 2020

Parcel & Logistics: +23.8%

- Ongoing strong online business; surge in growth due to DHL cooperation since August 2019

Mail: -4.6%

- Letter Mail volume drop in Austria of 4-5%, no postage rate and price effects in Q1 2020
- Direct mail business strongly burdened by government-imposed store closures as at the second half of March in response to COVID-19

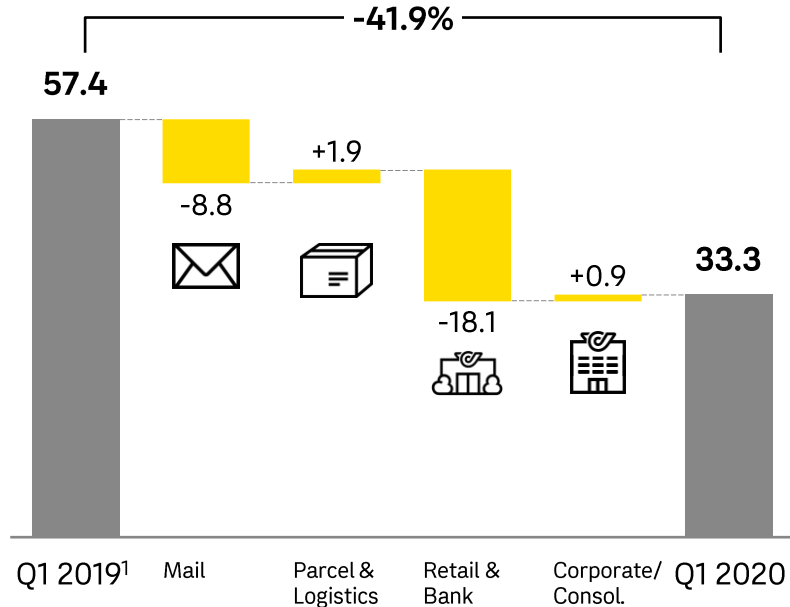
¹Adjusted to the new segment structure since 1 January 2020

REPORTED Q1 2020 EBIT BELOW THE PRIOR-YEAR LEVEL



EBIT development

EUR m



¹Adjusted to the new segment structure since 1 January 2020

INVESTOR PRESENTATION Investor Relations Vienna, 14 May 2020

Mail:

- Drop in letter mail volumes due to electronic substitution
- Decline in direct mail items related to COVID-19 (about EUR 4m per week during lockdown)
- EBIT down from EUR 55.7m to EUR 46.9m

Parcel & Logistics:

- EBIT improvement of EUR 1.9m in Q1 2020 driven by strong revenue growth despite high competitive and margin pressure
- EBIT margin continues to be negatively impacted by additional expenses in the logistics network to avoid capacity bottlenecks

Retail & Bank:

- Discontinuation of service fees from former banking partner in the amount of EUR 9.4m in Q1 2020
- Launch of the new bank99 as at 1 April 2020, the first quarter includes start-up costs for the infrastructure

Corporate/Consolidation:

- Slight EBIT improvement of EUR 0.9m in Q1 2020 based on consistent cost management



1. Highlights and Overview



2. STRATEGY IMPLEMENTATION

3. Group Results Q1 2020

4. Outlook 2020

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



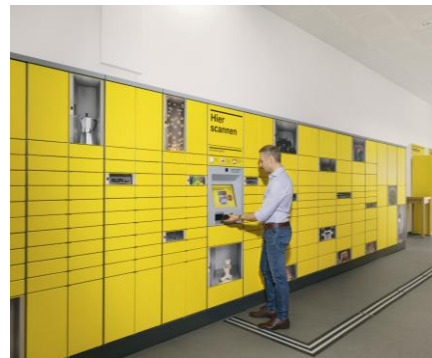
Logistics infrastructure and process optimisation

02 Profitable growth in selected markets



Focusing and performance enhancement

04 Customer orientation and innovation

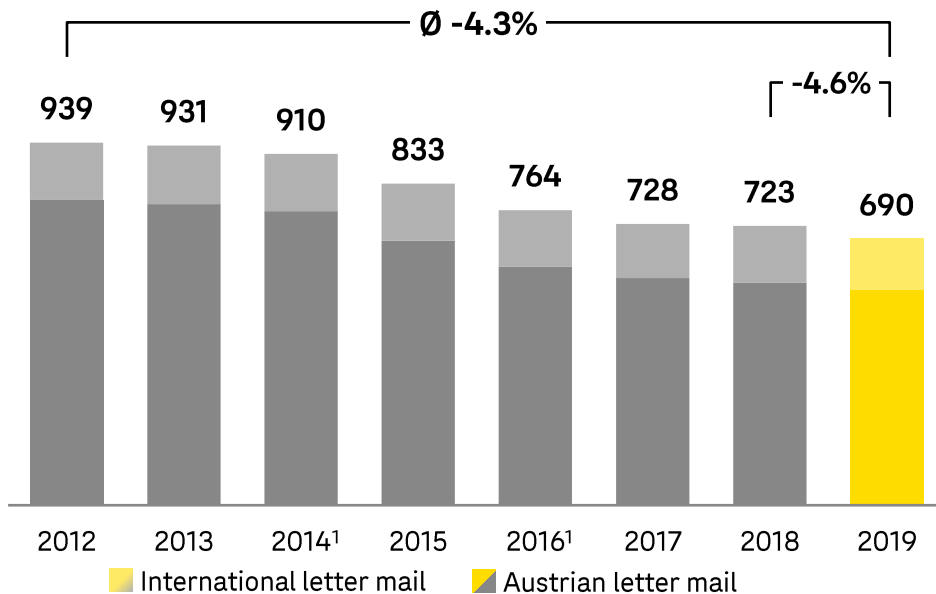


Promotion of self-service solutions and service improvements

01 LETTER MAIL



Letter mail volumes (millions of items)



¹Adjusted reporting due to automated calculation methodology



Current letter mail trends Q1 2020

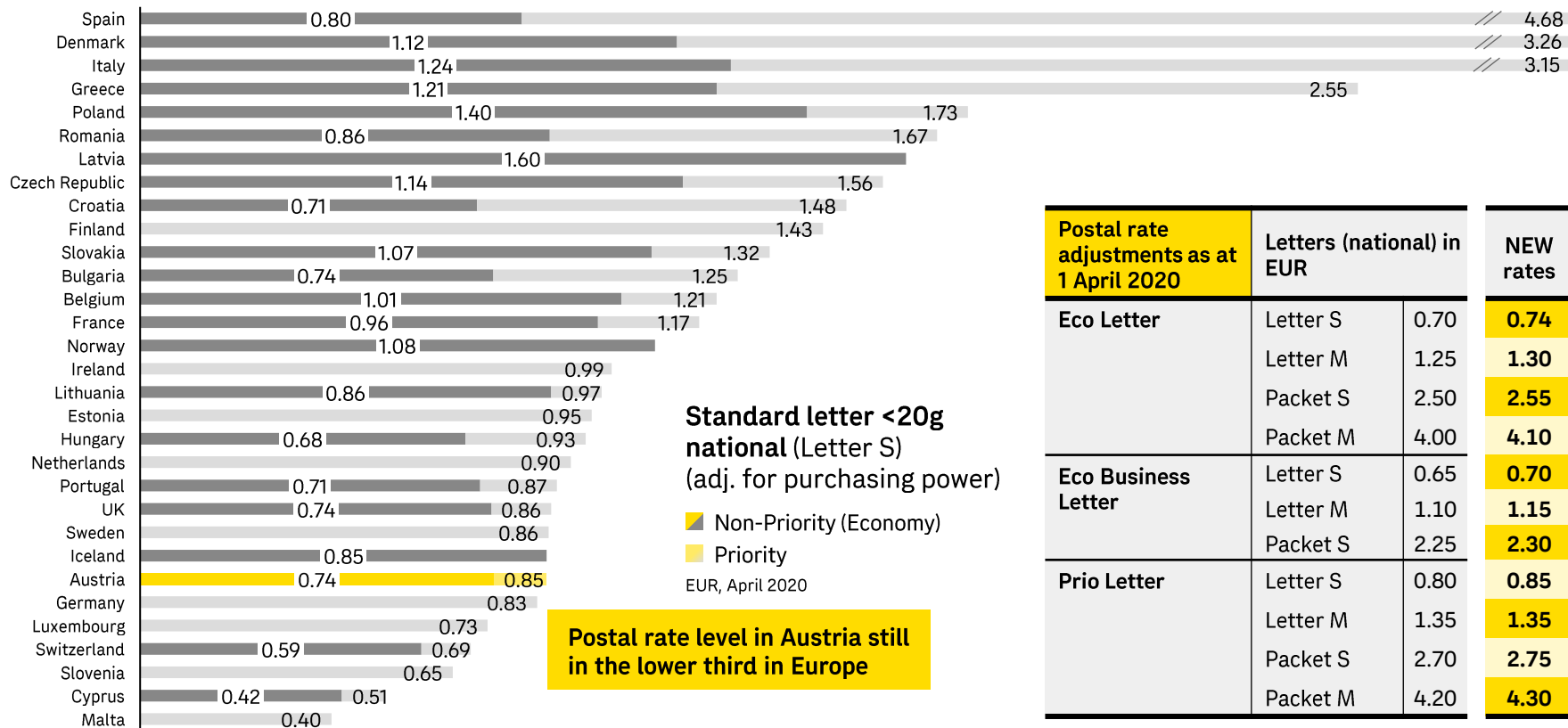
Decline in international letter mail volumes of about 10% in Q1 2020

Further decline in letter mail volumes in Austria due to e-substitution (4-5% in Q1 2020)

Impact COVID-19:

- Letter mail in lockdown period with increased decline
- Reduced volume possible in the course of the year

01 POSTAL RATES OF AUSTRIAN POST AS AT 1 APRIL 2020

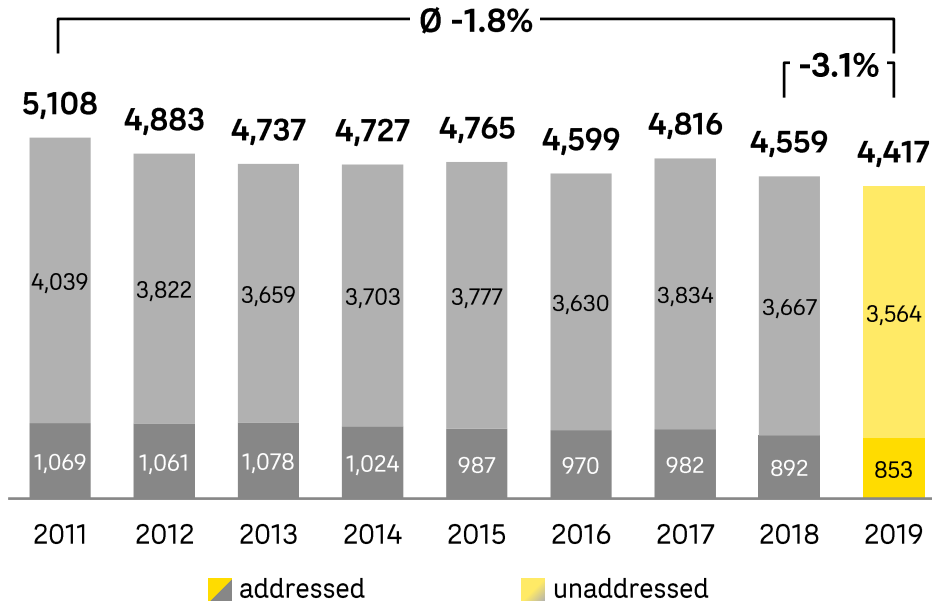


Postal rate adjustments as at 1 April 2020	Letters (national) in EUR		NEW rates
Eco Letter	Letter S	0.70	0.74
	Letter M	1.25	1.30
	Packet S	2.50	2.55
	Packet M	4.00	4.10
Eco Business Letter	Letter S	0.65	0.70
	Letter M	1.10	1.15
	Packet S	2.25	2.30
Prio Letter	Letter S	0.80	0.85
	Letter M	1.35	1.35
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

01 DIRECT MAIL/MEDIA POST IN AUSTRIA



Direct Mail/Media Post (millions of items)



Current Direct Mail/Media Post trends Q1 2020

Unaddressed mail items in Q1 approx. 8% below previous year level

Addressed mail items in Q1 approx. 11% below previous year

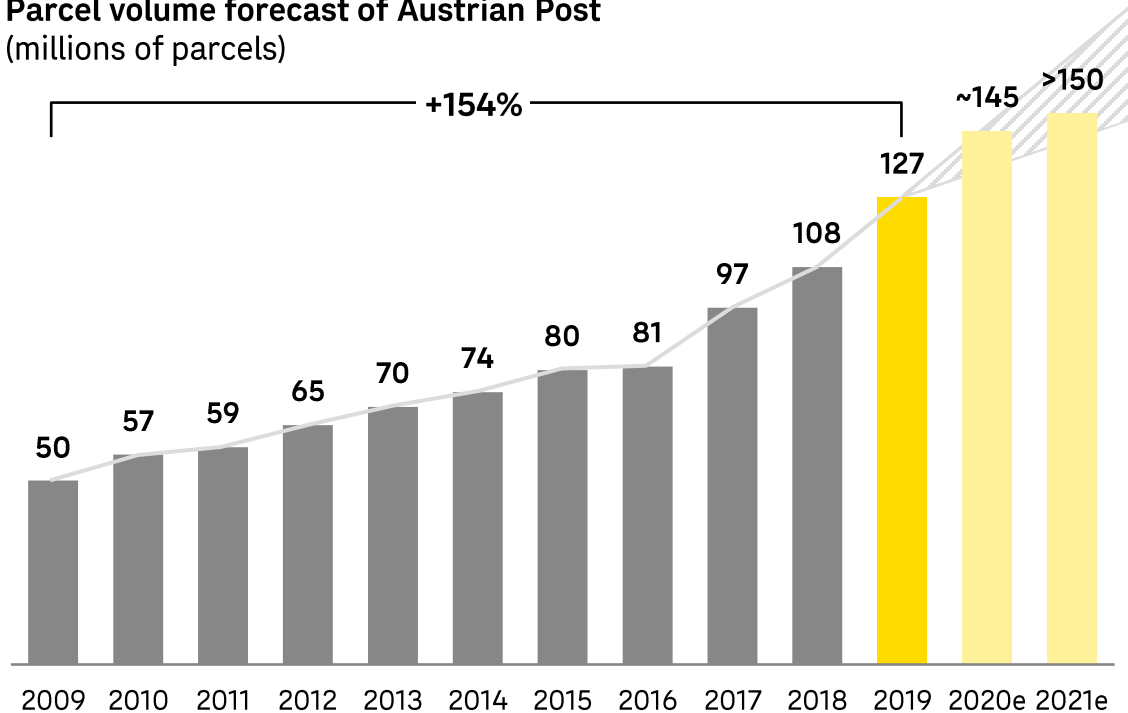
Impact COVID-19:

- Reduced advertising volume in lockdown period since mid-March of 50% (discontinuation of non-food advertising)
- Reduced volumes of Direct Mail/Media Post likely in the course of 2020

01 AUSTRIAN PARCEL BUSINESS: GROWTH FORECAST REMAINS VALID



Parcel volume forecast of Austrian Post
(millions of parcels)



Current Parcel volume trends Q1 2020

- Q1 2020 +28% additional volumes through DHL cooperation since August 2019 and organic volume growth in the upper single-digit range
- Positive impetus from increased online orders since mid-March

02 GROWTH IN SELECTED MARKETS

Growth focus on Parcel & Logistics



DEUTSCHLAND

AEP (51.5% stake, at-equity consolidation)

- Pharmaceutical wholesale joint venture
- Revenue up by 27% in Q1 2020 to EUR 144m
- EBIT break-even achieved

Austrian Post International Deutschland

- Strong competition in the international mail business, Q1 2020 revenue of EUR 15m (+13%)

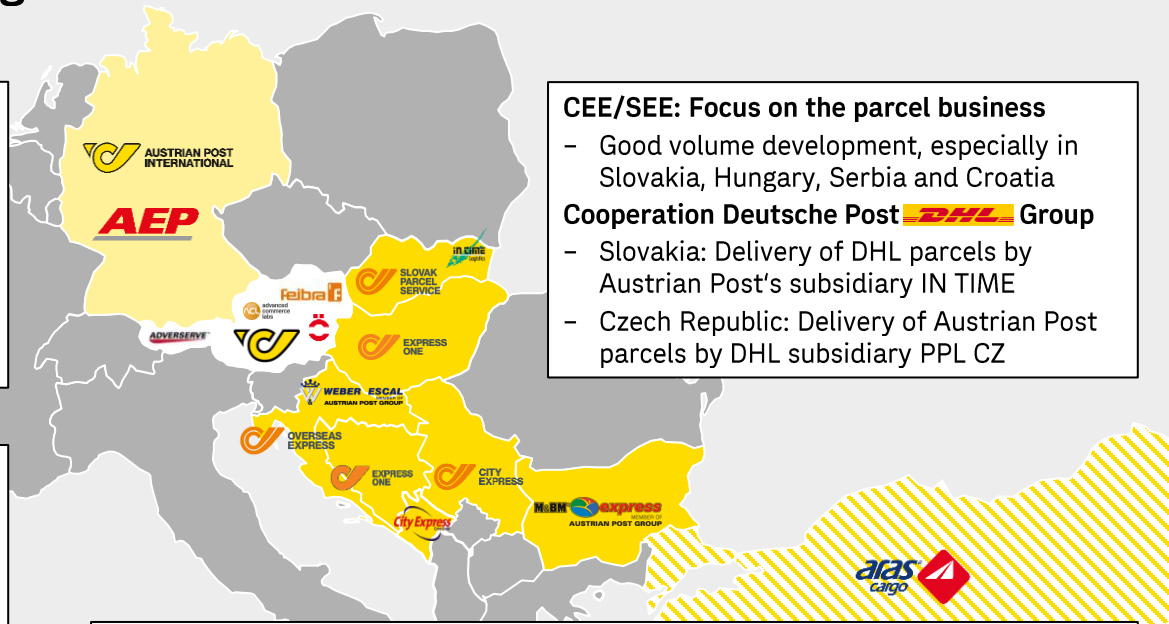
AUSTRIA

ACL advanced commerce labs

- Provider of e-commerce solutions
- Q1 2020 revenue up by 13% to EUR 2m

adverserve

- Expert in the fields of ad technologies and digital advertising
- Q1 2020 revenue: EUR 2m (full consolidation effective 1 August 2019)



CEE/SEE: Focus on the parcel business

- Good volume development, especially in Slovakia, Hungary, Serbia and Croatia

Cooperation 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

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

- Q1 2020 revenue: TRY 426m (+40%), corresponding to approx. EUR 64m (+28%)
- Good business development with a positive result in challenging environment
- Ongoing talks held with the owner family

02 BANK99 – THE NEW BANK OF AUSTRIAN POST SINCE 1 APRIL 2020



Product offering encompasses

- Focused proprietary offering (payment transactions, current accounts, savings products)
- Commission-based partner solutions in preparation (consumer finance, mortgages, insurance products, credit card, pension products)

Major strengths

- Customer proximity with about 1,800 postal service points
- The longest opening hours of all banks

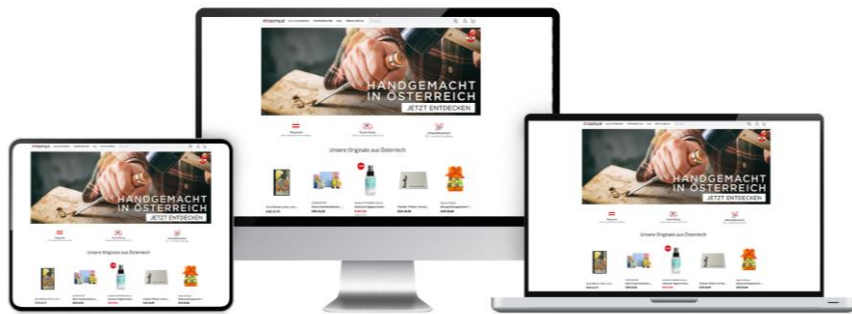
New

- Austria-wide: Cash payments for third parties (e.g. pensions) successfully launched
- Cooperation with Ria Money Transfer for cash transfers



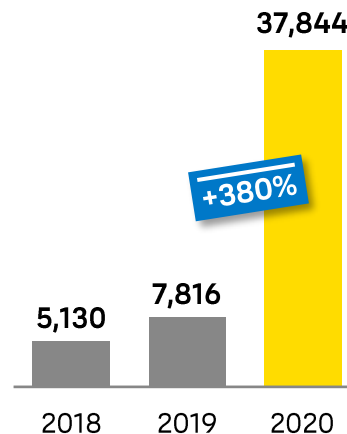
Already
20,000
customers in
6 weeks

02 shopping.at – WITH STRONG GROWTH

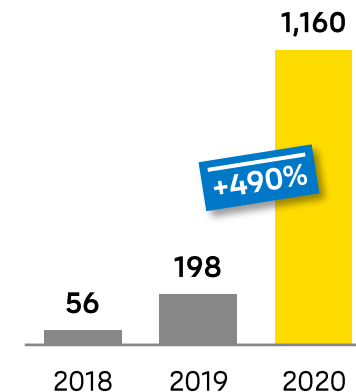


- More than 4,5m visits to Austrian Post's shopping-platform in the period January to April 2020
- Shipping of over 140,000 parcels from January to April 2020
- More than 2m products offered, 700 active retailers
- Increased demand due to COVID-19 measures leads to higher number of orders, retailer and cooperation inquiries

Accesses Jan-Apr
(Ø accesses per day)



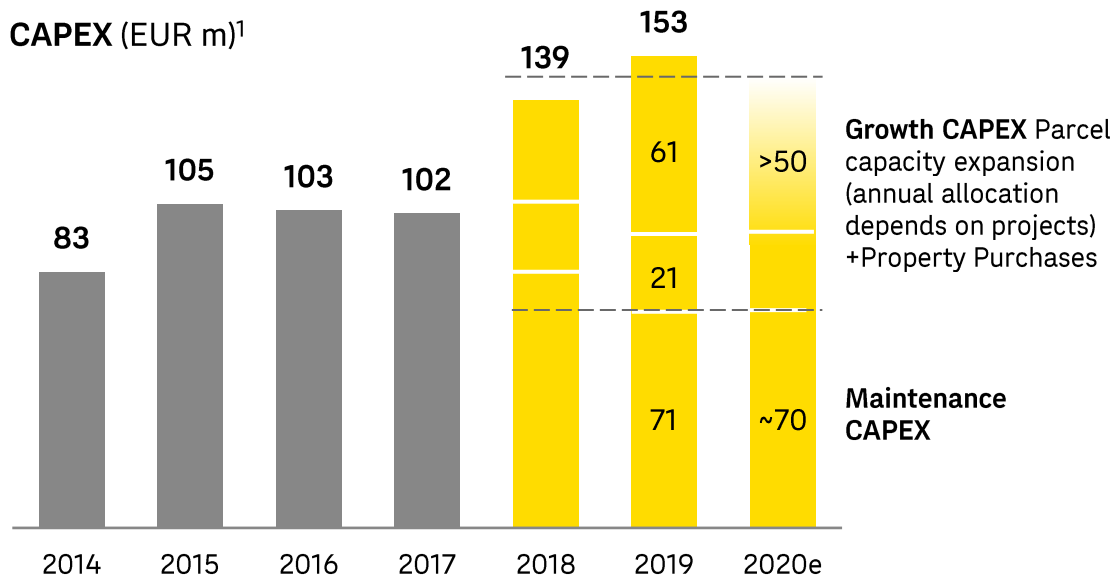
Parcel volumes Jan-Apr
(Ø items per day)



03 CAPACITY DRIVE BASED ON GROWTH FORECASTS



Investment programme will be maintained in 2020 to handle volume growth and enable efficiency improvements in the coming years; CAPEX 2020 remains at a high level



Logistics Centre Lower Austria (Hagenbrunn)

70,000m² property, 13,500 parcels/h



**FULLY OPERATIONAL
SEPTEMBER 2019**

Logistics Centre Styria (Kalsdorf)

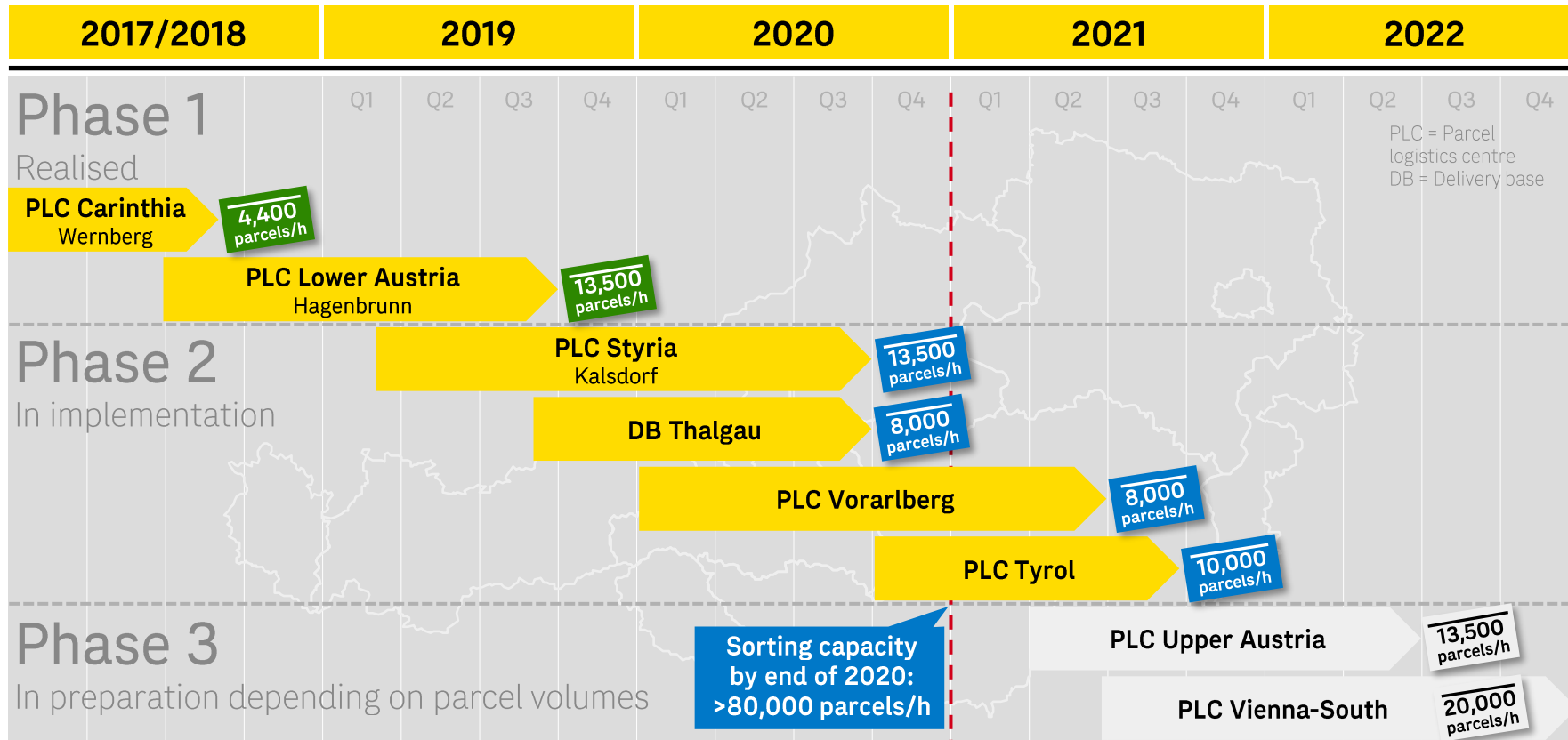
100,000m² property, 13,500 parcels/h



**START-UP
Q3 2020**

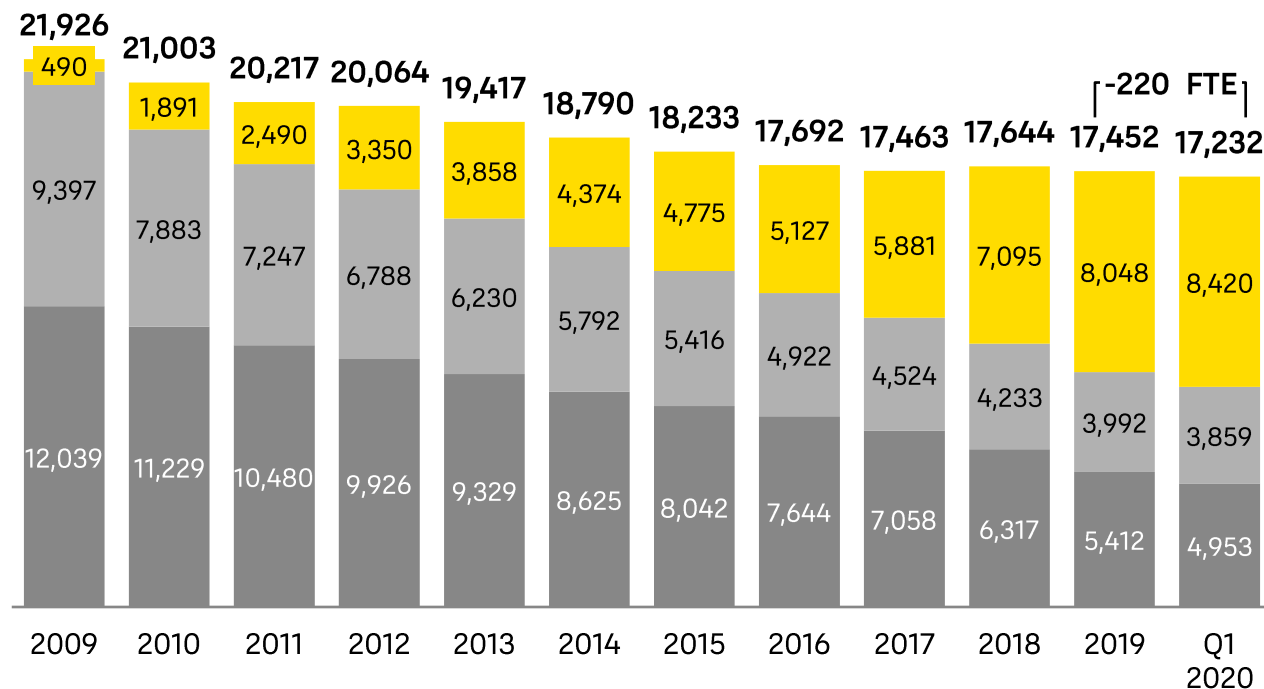
¹ 2014-2017 incl. CAPEX new corporate headquarters

03 EXPANSION OF LOGISTICS INFRASTRUCTURE IN AUSTRIA



03 STAFF STRUCTURE IN AUSTRIA

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



Change FY 2019/Q1 2020

-459	Civil servants
-133	Employees Old CWA
+372	Employees New CWA

-220 Employees

Medium-term trend:

Ongoing structural change to employees under the new collective wage agreement

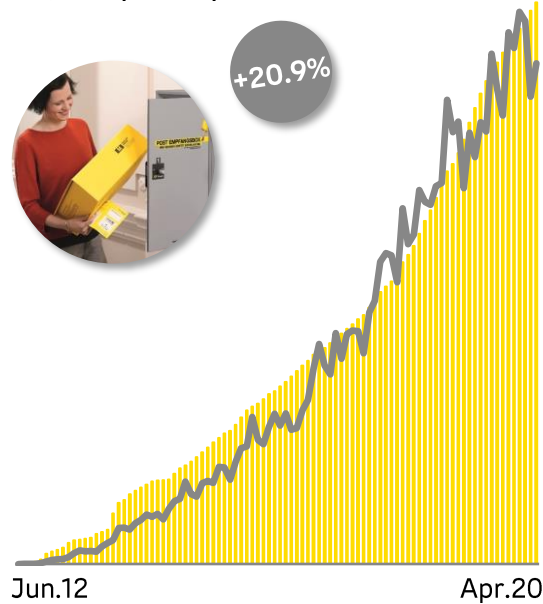
- New collective wage agreement since 2009
- Old CWA before 2009
- Civil servants

04 SELF-SERVICE SOLUTIONS AS A COMPETITIVE ADVANTAGE

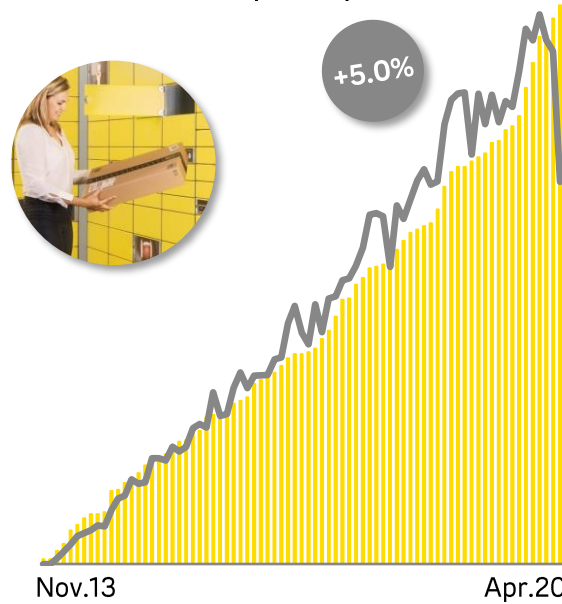


2019 total >13m
items via self-service solutions

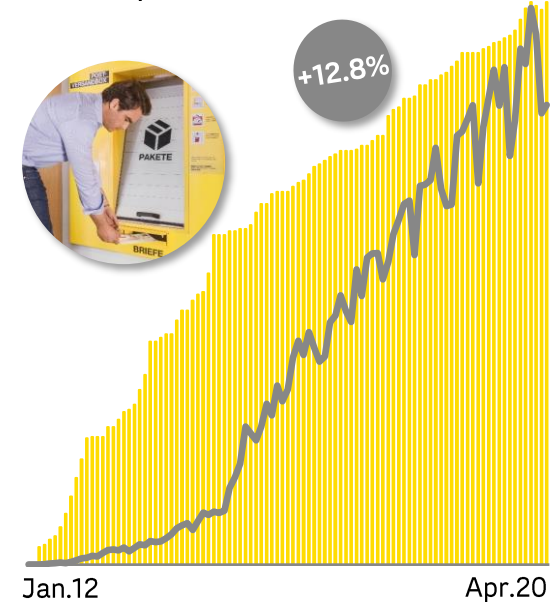
Q1 2020: >886,000 items
47,870 pick-up boxes



Q1 2020: >970,000 items
70,449 boxes at pick-up stations



Q1 2020: >1.6m items
454 drop-off boxes





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1. Highlights and Overview
 2. Strategy Implementation
 - 3. GROUP RESULTS Q1 2020**
 4. Outlook 2020



NEW REPORTING STRUCTURE SINCE 1 JANUARY 2020¹ INCREASES TRANSPARENCY



EUR m	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Revenue	492.5	488.6	481.1	559.3	2,021.6
Mail	332.9	327.3	310.0	349.9	1,320.1
Letter Mail & Mail Solutions	208.2	200.6	195.4	211.7	816.0
Direct Mail	94.0	92.3	85.6	100.1	372.0
Media Post	30.7	34.4	28.9	38.1	132.1
Parcel & Logistics	141.0	142.0	154.2	195.2	632.5
Retail & Bank	21.8	21.9	19.6	17.1	80.5
Corporate/Consolidierung	-3.2	-2.6	-2.7	-2.9	-11.5
EBIT	57.4	50.3	22.3	70.5	200.6
Mail	55.7	47.9	25.5	67.8	196.7
Parcel & Logistics	6.8	8.1	6.5	16.4	37.8
Retail & Bank	1.7	-0.1	-3.5	-2.7	-4.6
Corporate/Consolidierung	-6.8	-5.6	-6.1	-10.9	-29.4

Including EUR 29.3m service fees from the former banking partner

¹2019 adjusted to the new segment structure since 1 January 2020

FINANCIAL INDICATORS AT A GLANCE



	Q1 2019	Q1 2020	
Revenue (EUR m)	492.5	502.9	Revenue up 2.1% thanks to parcel business
EBITDA margin (%)	17.2	13.0	Margin down to 13.0%
EBIT margin (%)	11.7	6.6	EBIT margin below previous year, also burdened by COVID-19
Earnings/share (EUR)	0.64	0.42	Earnings per share of EUR 0.42, below previous year
Cash flow (EUR m)	60.8	60.4	Stable operating free cash flow
Equity ratio (%)	37.2	32.5	Equity ratio reduced due to balance sheet extension

KEY INCOME STATEMENT INDICATORS



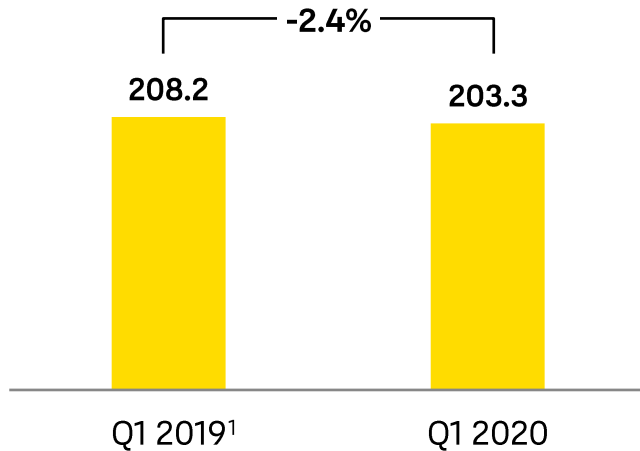
EUR m	Q1 2019	Q1 2020	%	Δ	
Revenue	492.5	502.9	2.1%	10.4	Strong parcel growth compensates decline in Letter Mail and Direct Mail volumes
Other operating income	21.0	13.3	-36.6%	-7.7	
Raw materials, consumables and services used	-110.3	-120.3	-9.1%	-10.0	Proceeds from Neutorgasse apartment sales in the amount of EUR 4.8m included in the previous year
Expenses for financial services	0.0	-0.1	-	-0.1	
Staff costs	-251.7	-253.5	-0.7%	-1.8	
Other operating costs	-66.3	-77.0	-16.1%	-10.7	Initial costs to develop bank99 infrastructure
At equity consolidation	-0.7	0.0	96.8%	0.6	
EBITDA	84.6	65.3	-22.8%	-19.3	
<i>EBITDA margin</i>	17.2%	13.0%	-	-	
Depreciation, amortisation and impairment	-27.2	-32.0	-17.6%	-4.8	Higher scheduled depreciation of property, plant and equipment
EBIT	57.4	33.3	-41.9%	-24.1	EBIT-decline due to bank99 set-up costs and initial impacts of the COVID-19 pandemic
<i>EBIT margin</i>	11.7%	6.6%	-	-	
Other financial result	3.4	1.1	-67.3%	-2.3	
Income tax	-17.5	-8.3	52.8%	9.2	
Profit for the period	43.3	26.2	-39.5%	-17.1	



MAIL DIVISION: REVENUE DEVELOPMENT Q1 2020

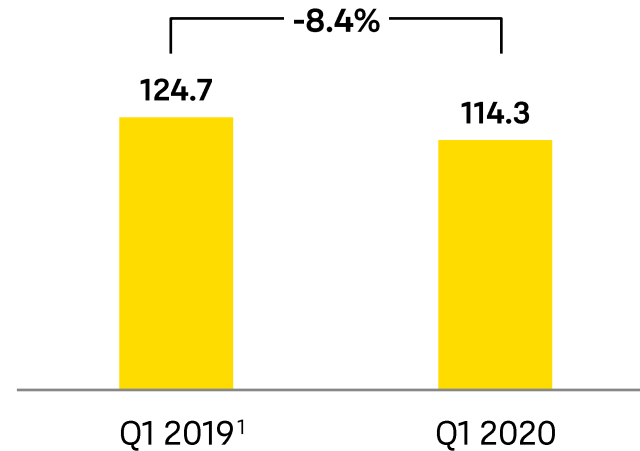
Letter Mail & Mail Solutions (EUR m)

- Revenue down by 2.4%
- Letter Mail decline in Austria of 4–5% in the first quarter



Direct Mail/Media Post (EUR m)

- Volume decline in Austria of about 9% in Q1 2020
- Addressed items: Structural decline in Austria, intensified by COVID-19 measures
- Unaddressed items: positive revenue contributions by food retailers, strong declines among remaining senders (approx. minus EUR 4m per week due to COVID-19-related officially ordered business closures)



¹Adjusted to the new segment structure since 1 January 2020



MAIL DIVISION: KEY INCOME STATEMENT INDICATORS



EUR m	Q1 2019 ¹	Q1 2020	%	Δ
Revenue	332.9	317.5	-4.6%	-15.3
• Letter Mail & Mail-Solutions	208.2	203.3	-2.4%	-4.9
• Direct Mail	94.0	83.8	-10.9%	-10.2
• Media Post	30.7	30.5	-0.6%	-0.2
Revenue intra-Group	0.7	0.7	2.0%	0.0
Total revenue	333.6	318.2	-4.6%	-15.3
EBIT	55.7	46.9	-15.8%	-8.8
<i>EBIT margin²</i>	<i>16.7%</i>	<i>14.7%</i>	-	-

Revenue decrease in Letter Mail and growth in Mail Solutions

Revenue drop for addressed and unaddressed Direct Mail due to COVID-19

Decline in earnings reflects high fixed cost intensity of the Letter Mail business

¹Adjusted to the new segment structure since 1 January 2020

²EBIT margin in relation to total revenue

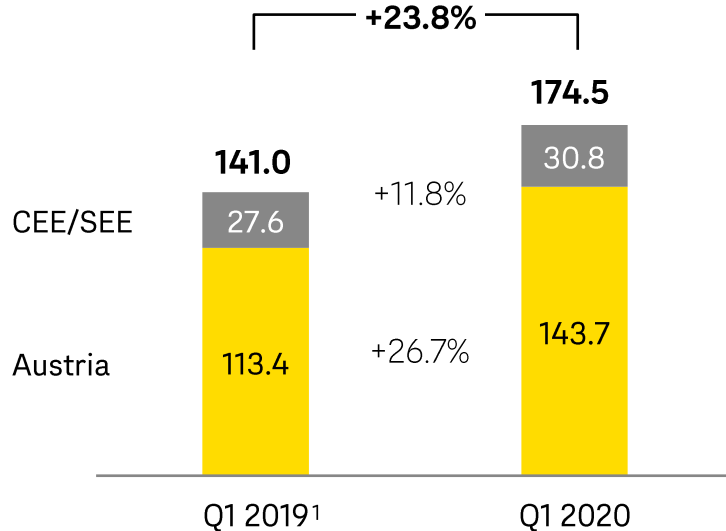


PARCEL & LOGISTICS DIVISION: REVENUE DEVELOPMENT Q1 2020



Revenue development

EUR m



Parcel & Logistics Division: +23.8%

- E-commerce trend and cooperation with DHL ensure further revenue growth

South East/Eastern Europe +11.8%

- Positive revenue development in Slovakia, Hungary, Serbia and Croatia

Austria: +26.7%

- Rise in revenue due to DHL cooperation since August 2019
- Organic growth in the upper single-digit range due to strong online business in spite of own delivery by a large customer in Eastern Austria

¹Adjusted to the new segment structure since 1 January 2020



PARCEL & LOGISTICS DIVISION: KEY INCOME STATEMENT INDICATORS



EUR m	Q1 2019 ¹	Q1 2020	%	Δ
Revenue	141.0	174.5	23.8%	33.5
• Premium	68.9	100.1	45.4%	31.2
• Standard	58.0	56.8	-2.2%	-1.3
• Other Parcel Services	14.1	17.6	25.0%	3.5
Revenue intra-Group	0.2	0.3	42.7%	0.1
Total revenue	141.2	174.8	23.8%	33.6
EBIT	6.8	8.7	28.6%	1.9
<i>EBIT margin²</i>	<i>4.8%</i>	<i>5.0%</i>	-	-

Organic revenue growth supported by cooperation with DHL; increased own delivery by a large customer in Eastern Austria

Improved earnings in the reporting period despite higher expenses in the logistics network to avoid capacity bottlenecks

¹Adjusted to the new segment structure since 1 January 2020

²EBIT margin in relation to total revenue

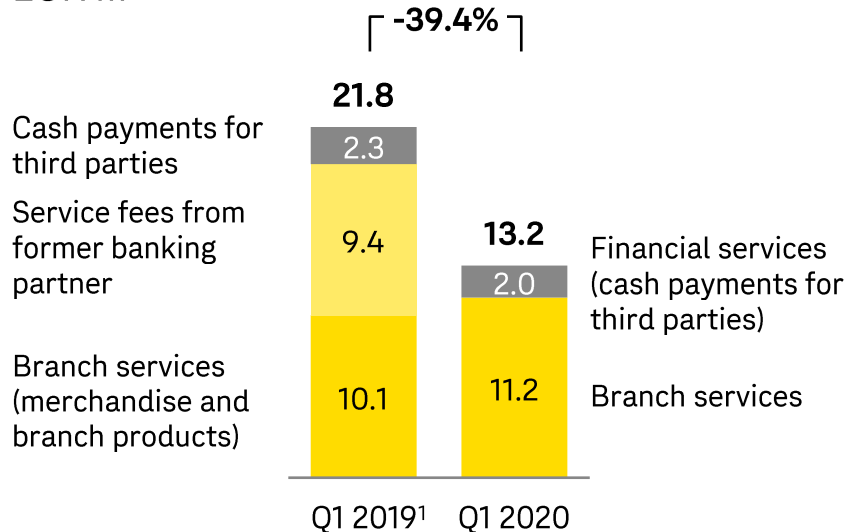


RETAIL & BANK DIVISION REVENUE DEVELOPMENT Q1 2020



Revenue development

EUR m



Retail & Bank Division: -39.4%

- Discontinuation of service fees from former banking partner in Q1 2020
- Launch of bank99 in April 2020

Financial services

- Cash payments for third parties (e.g. pensions) amounting to EUR 2.0m in the first quarter of 2020 (previous year: EUR 2.3m)
- Discontinuation of service fees from former banking partner of EUR 9.4m
- Launch of bank99 in April 2020

Branch services

- Slight increase in retail goods and branch services products

¹Adjusted to the new segment structure since 1 January 2020



RETAIL & BANK REVENUE: KEY INCOME STATEMENT INDICATORS



EUR m	Q1 2019 ¹	Q1 2020	%	Δ	
Revenue	21.8	13.2	-39.4%	-8.6	
• Branch Services	21.8	11.2	-48.6%	-10.6	Q1 2019 included merchandise and branch products amounting to EUR 10.1m
<i>thereof service fees from former banking partner</i>	9.4	-	-	-	
<i>thereof cash payments for third parties (e.g. pensions)</i>	2.3	-	-	-	Cash payments for third parties (e.g. pensions) recognised as financial services starting in Q1 2020
• Financial Services	0.0	2.0	-	2.0	
Revenue intra-Group	44.7	43.8	-2.1%	-1.0	
Total revenue	66.5	57.0	-14.4%	-9.6	
EBIT	1.7	-16.4	<-100%	-18.1	Negative result in Q1 2020 (no sales of the new bank ⁹⁹ yet with initial bank infrastructure development costs)
<i>EBIT margin²</i>	<i>2.6%</i>	-	-	-	

¹Adjusted to the new segment structure since 1 January 2020

²EBIT margin in relation to total revenue

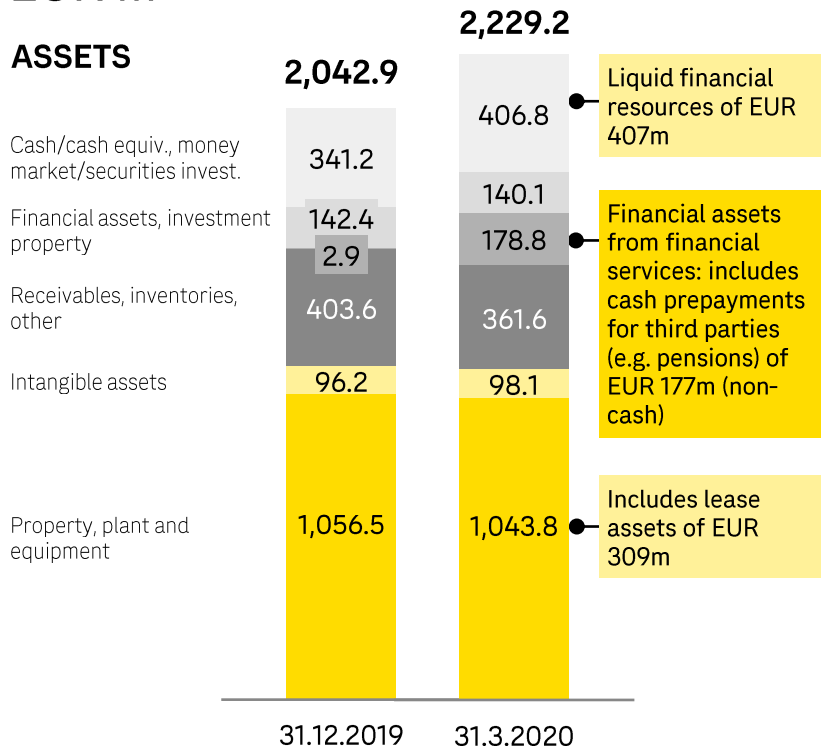
BALANCE SHEET STRUCTURE OF AUSTRIAN POST

Balance sheet as at 31 March 2020

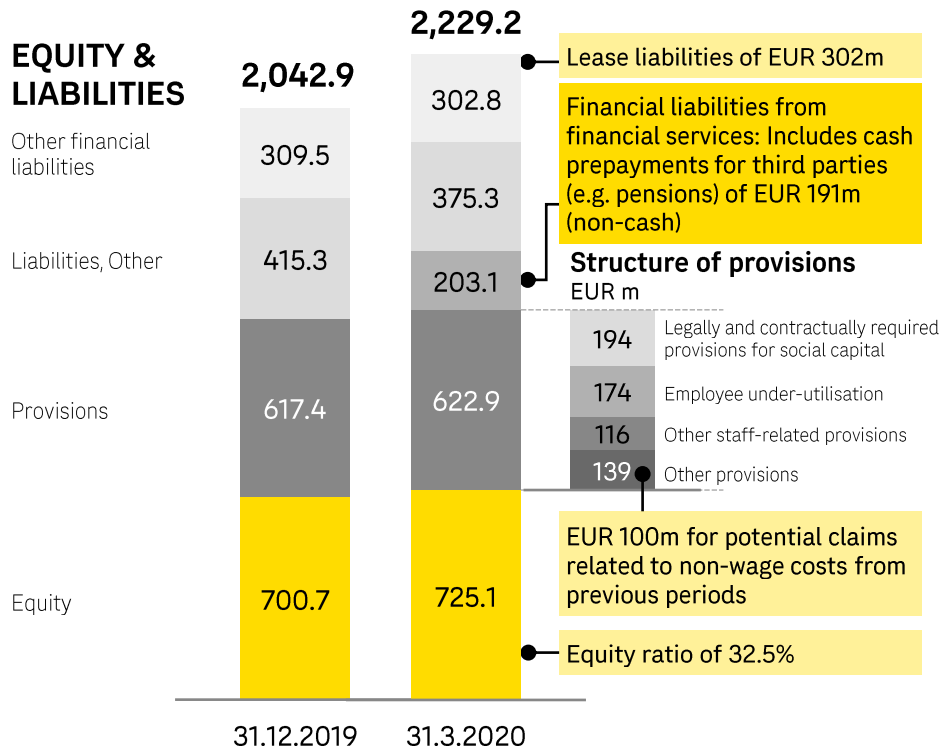
EUR m



ASSETS



EQUITY & LIABILITIES

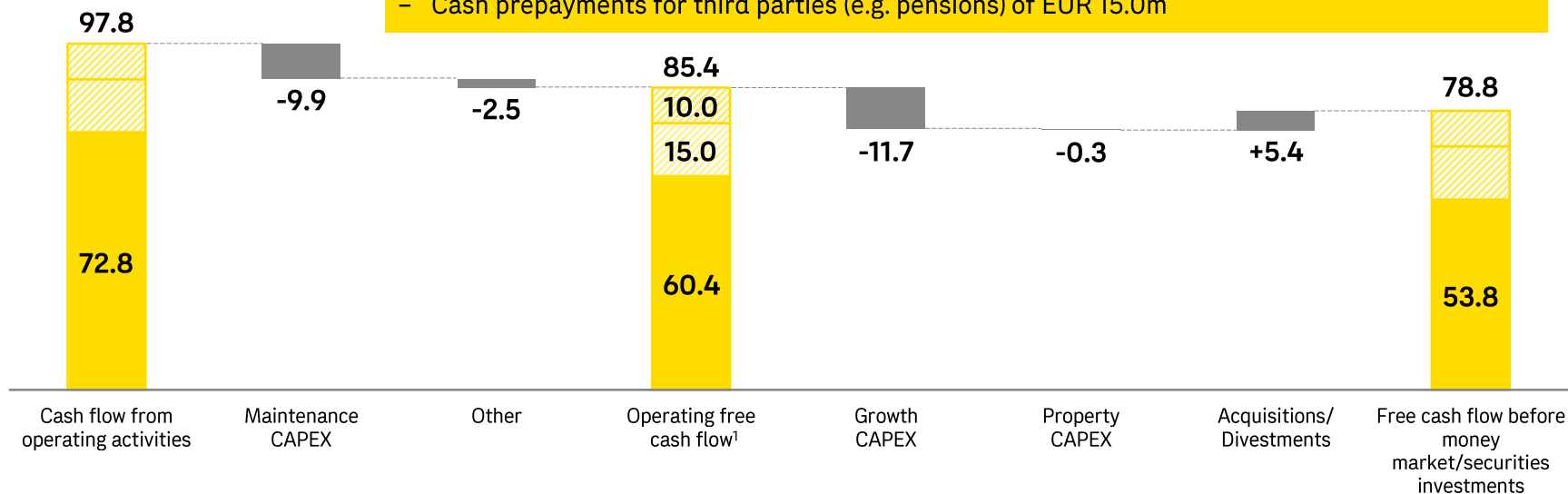


ROBUST CASH FLOW IN Q1 2020

EUR m



Operating free cash flow of EUR 60.4m
 Additional positive special effects:
 - Loan by the joint venture partner GRAWE Banking Group in the amount of EUR 10.0m to bank99
 - Cash prepayments for third parties (e.g. pensions) of EUR 15.0m



Q1 2019	72.3	-9.9	-1.6	60.8	-9.4	-0.4	-2.1	49.0
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¹Free cash flow before acquisitions/securities/money market investments and Growth CAPEX; Q1 2020: excluding the loan of the joint venture partner GRAWE Banking Group amounting EUR 10.0m to bank99 and cash prepayments for third parties (e.g. pensions) amounting EUR 15.0m



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1. Highlights and Overview
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 - 4. OUTLOOK 2020**



OUTLOOK FOR 2020 CANNOT BE PRECISELY PREDICTED



Market environment

- Negative economic environment can sustainably burden Letter Mail and Direct Mail volumes
- Short-term volume decline especially in Direct Mail items (minus 50% during the period of store closings; subsequent gradual ramping up of advertising industry expected)
- Positive impetus for private customer parcels and negative development of business parcels



Revenue

- Austrian Post's objective is to keep revenue as stable as possible
- Revenue decline in the high single-digit range is expected in high-margin Letter Mail and Direct Mail business (depending on duration and subsequent impacts of the crisis)
- Parcel revenue growth of about 15% in 2020 anticipated
- Relaunch of financial services via bank99 since 1 April 2020 (revenue 2019 included corresponding service fees from former banking partner of EUR 29.3m)



Investments/CAPEX

- Investment programme maintained: Securing market leadership and basis for sustainably enhance efficiency
- Investment level as in 2018 and 2019: maintenance CAPEX of about EUR 70m and growth CAPEX of over EUR 50m along with potential property purchases



Earnings

- Detailed earnings forecast is still unpredictable. Decline in earnings in 2020 depends on macroeconomic development and the resulting Letter Mail, Direct Mail and Parcel volumes as well as the ramp-up of financial services during the course of the year
- Targeted 2021 earnings improvement in all divisions again



Dividends

- Proposal to the Annual General Meeting on 17 June 2020 to approve a dividend of EUR 2.08 per share
- Attractive dividend policy will continue: objective of distributing at least 75% of the Group's net profit

CONTACT



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Financial calendar 2020

17 June 2020
29 June/1 July 2020
7 August 2020
13 November 2020

Annual General Meeting
Ex-day/Dividend Payment Day
Half-Year Financial Report 2020
Interim Report Q1-3 2020

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