AUSTRIAN POST Q1–3 2020: PARCEL GROWTH OFFSETS DECLINE IN LETTER MAIL AND DIRECT MAIL

2020 impacted by COVID-19 – but improved trends in the third quarter

- Improvement in the Letter Mail and Direct Mail business compared to Q2; however, volatility and uncertainty lead to decline above long-term trend
- Parcel growth driven by strong online business, increases in Eastern Europe and through full consolidation of Turkish company Aras Kargo

Revenue increased

- Group revenue Q1–3 2020 up by 2.4 % to EUR 1,497.9m (+7.3 % to EUR 516.0m in Q3 2020)
- Good parcel growth (+31.9 %) offsets decline in Letter Mail and Direct Mail (–9.0 %)
- Initial revenue contribution of Aras Kargo equalling EUR 23.9m included

Earnings with COVID-19 effect and start-up costs for bank99

- EBIT of the logistics business (excl. Retail & Bank Division) Q1–3 2020 of EUR 118.7m (–10.0 %)
  - Earnings of the Mail Division down by EUR 22.2m (–17.2 %)
  - Parcel & Logistics Division showed earnings rise of EUR 11.3m (+52.9 %)
- Group EBIT Q1–3 2020 down by –37.4 % to EUR 81.4m (+48.5 % to EUR 33.2m in Q3 2020)
  - Loss of EUR 37.3m in the Retail & Bank Division due to start-up costs for bank99

Cash flow and balance sheet

- Operating free cash flow of EUR 94.6m below the prior-year level (–38.3 %)
- Increased balance sheet total of EUR 2,427.4m (+18.8 %) due to launch of bank99 and full consolidation of Aras Kargo

Outlook 2020

- Revenue rise in FY 2020 of >3 % (incl. subsidiary Aras Kargo) expected
- EBIT of the logistics business (excl. Retail & Bank Division) in FY 2020 of about EUR 170m following full consolidation of Aras Kargo; Group EBIT negatively affected by launch of bank99
- Earnings in 2021: Targeted EBIT growth in all divisions

The year 2020 presents major challenges to many companies across the globe, including Austrian Post. In particular, the second quarter of 2020 led to major economic challenges on the back of government-imposed lockdown measures and restrictions. The market conditions have noticeably improved in the third quarter, although the uncertainty and volatility in some segments remained high. The nationwide supply of mail, parcel and financial services was secured, even if this was accompanied by additional costs for logistics and crisis measures. "We succeeded in maintaining the safety and health of our employees as well as the performance of our company", says CEO Georg Pölzl. "Regarding the current circumstances, we are satisfied with our third quarter results", Georg Pölzl continues. In the first nine months of 2020, the Group revenue of Austrian Post has increased by 2.4 % to EUR 1,497.9m. Growth in the parcel business, supported by the full consolidation of the Turkish company Aras Kargo, compensated for the decline in the Mail and Retail & Bank Divisions.

Business development of the Mail Division improved after reaching its lowest point in the second quarter. On balance, revenue fell by 9.0 % to EUR 883.3m in the first nine months 2020. Following the lockdown-related loss in Letter Mail and Direct Mail items mostly in April 2020, the volatility and uncertainty have increased in the third quarter, with the volume of addressed mail items remaining below the long-term trend in particular.

The Parcel & Logistics Division reported a revenue increase of 31.9 % to EUR 576.6m in the first nine months of 2020. This is a result of high organic parcel growth, especially under COVID-19 conditions, which is also supported by higher volumes due to the cooperation with Deutsche Post DHL Group since August 2019. The full consolidation of the Turkish company Aras Kargo as at 25 August 2020 has also contributed EUR 23.9m to the good revenue development of the division.

The diverging development in the Mail and Parcel business had a negative effect on earnings due to the high level of fixed costs in the mail business. Earnings of the Mail Division fell by EUR 22m in contrast to the EUR 11m increase in the Parcel & Logistics Division in the first three quarters of 2020. In total, EBIT of the logistics business (excl. Retail & Bank Division) was down by 10.0 % to EUR 118.7m in the first three quarters of 2020.

The launch of bank99 is an important milestone and, thus, also a major special effect financially in the year 2020. The new bank99 has been operating on the market since April 2020 and is developing a focused offering of financial services. The bank has already succeeded in attracting more than 54,000 customers until the end of October 2020 and generated initial financial services revenues. The objective is to expand the financial services business in the upcoming quarterly periods by adding new products and generate positive earnings contributions by 2023. The Retail & Bank Division achieved a negative result of EUR 37.3m due to the start-up costs of bank99 and the impact related to COVID-19. Accordingly, the reported Group EBIT fell from EUR 130.0m in the first three quarters of 2019 to EUR 81.4m in the period under review. EBIT of the third-quarter 2020 improved from EUR 22.3m to EUR 33.2m, whereas negative special effects were included in the previous year. Earnings per share equalled EUR 1.03 in the first three quarters of 2020 compared to EUR 1.48 in the previous year.

The earnings situation of Austrian Post in the full year 2020 will depend on the further development of the COVID-19 pandemic. Assuming that current trends continue over the next few months and wide-ranging business impeding lockdown can be avoided, Group revenue growth is expected to exceed 3 %. The contribution of the Turkish company Aras Kargo is partly responsible for this. In the baseline scenario of avoiding lockdown situations in the retail sector, EBIT of the logistics business (excl. Retail & Bank Division) in 2020 should be around EUR 170m, including the expected positive contribution of the Turkish company Aras Kargo. This is in contrast to other scenarios which could lead to negative earnings effects as a result of regional or industry-specific lockdowns.

Reported Group earnings (EBIT) for the full year 2020 will include a negative contribution of the Retail & Bank Division. The key component of this are costs of the launch of bank99. The earnings position of Austrian Post's new bank should improve year by year and is expected reach the break-even point in 2023.

Austrian Post will continue to intensively pursue investments and measurements that lead to an extension of capacities and to sustainable efficiency enhancement. "We are determined to effectively handle the expected parcel volumes based on the expansion of our logistics centres and the organisational preparations for the fourth quarter", Georg Pölzl concludes. Targeted investments and measures should contribute to an earnings improvement in all divisions and will therefore increase the Group earnings in 2021.

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 2020 starting on page 5. The entire report is available on the Internet under post.at/ir in the Reporting-Download Centre.

KEY FIGURES

EUR m	Q1–3 2019	Q1–3 2020	Change %	Change EUR m	Q3 2019[1]	Q3 2020
Revenue	**1,462.2**	**1,497.9**	**2.4%**	**35.7**	**481.1**	**516.0**
Mail[1]	970.2	883.3	–9.0%	–86.9	310.0	292.7
Parcel & Logistics[1]	437.2	576.6	31.9%	139.4	154.2	208.7
Retail & Bank[1]	63.4	45.7	–27.8%	–17.6	19.6	17.1
Corporate/Consolidation[1]	–8.6	–7.8	9.3%	0.8	–2.7	–2.5
Other operating income	113.9	44.0	–61.3%	–69.8	71.7	15.6
Raw materials, consumables and services used	–333.6	–378.3	–13.4%	–44.7	–114.8	–130.8
Staff costs	–744.7	–746.2	–0.2%	–1.5	–237.4	–251.6
Other operating expenses	–281.6	–238.8	15.2%	42.8	–146.9	–82.5
Results from financial assets accounted for using the equity method	–0.3	1.4	>100%	1.7	0.2	0.9
EBITDA	**215.9**	**179.9**	**–16.7%**	**–36.0**	**53.7**	**67.6**
Depreciation, amortisation and impairment losses	–85.9	–98.5	–14.7%	–12.6	–31.4	–34.5
EBIT	**130.0**	**81.4**	**–37.4%**	**–48.6**	**22.3**	**33.2**
Mail[1]	129.0	106.7	–17.2%	–22.2	25.5	33.5
Parcel & Logistics[1]	21.4	32.6	52.9%	11.3	6.5	14.5
Retail & Bank[1]	–1.8	–37.3	<-100%	–35.5	–3.5	–8.6
Corporate/Consolidation[1]	–18.4	–20.7	–12.0%	–2.2	–6.1	–6.2
Other financial result	13.6	3.9	–71.3%	–9.7	12.8	–1.2
Profit before tax	**143.6**	**85.3**	**–40.6%**	**–58.3**	**35.1**	**32.0**
Income tax	–43.6	–20.8	52.2%	22.7	–14.4	–6.6
Profit for the period	**100.1**	**64.5**	**–35.6%**	**–35.6**	**20.7**	**25.4**
Earnings per share (EUR)[2]	**1.48**	**1.03**	**–30.2%**	**–0.45**	**0.31**	**0.37**
Cash flow from operating activities	**228.6**	**518.5**	**>100%**	**289.9**	**105.0**	**211.6**
Investment in property, plant and equipment (CAPEX)	–100.1	–61.6	38.4%	38.5	–30.2	–23.9
Free cash flow	**49.8**	**581.0**	**>100%**	**531.1**	**23.6**	**165.0**
Operating free cash flow[3]	**153.2**	**94.6**	**–38.3%**	**–58.6**	**72.0**	**49.2**

[1] Adjusted to the new segment structure since 1 January 2020
[2] Undiluted earnings per share in relation to 67,552,638 shares
[3] Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets; Q1–3 2019: EUR 153.2m exclusive cash inflow from the real estate development project Neutorgasse of EUR 30.3m (Q3 2019: EUR 11.9m)

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EXCERPTS FROM THE MANAGEMENT REPORT

REVENUE DEVELOPMENT IN DETAIL

In the first three quarters of 2020, Group revenue of Austrian Post improved by 2.4 % year-on-year to EUR 1,497.9m. The dynamically growing parcel business has managed to offset the revenue declines in the Mail and Retail & Bank Divisions.

The Mail Division accounted for 58.7 % of the Group revenue. As a result of the expected declines, the revenue of the division was down by 9.0 %. On the one hand, this is attributable to the accelerated decrease in Letter Mail volumes from the substitution of letters by electronic forms of communication as well as due to the lockdown of many public authorities and companies. On the other hand, the revenue decline is due to the reduction in Direct Mail items as a direct consequence of government-imposed store closures in the second quarter in response to COVID-19.
The Parcel & Logistics Division generated 38.3 % of the total Group revenue in the reporting period against the backdrop of an ongoing upward trend. The 31.9 % revenue increase was primarily driven by the organic volume growth from online orders as well as by higher volumes arising due to cooperation with Deutsche Post DHL Group since August 2019. Further revenue growth was generated by the full consolidation of the Turkish company Aras Kargo as at 25 August 2020.
The Retail & Bank Division accounted for 3.0 % of the total Group revenue in the first nine months of 2020. The revenue decline of 27.8 % in the newly created Retail & Bank Division can be attributed to the fact that bank99 was launched in the market on 1 April 2020, whereas the first three quarters of 2019 still included EUR 25.4m service fees from the former banking partner.

Revenue of the **Mail Division** totalled EUR 883.3m, of which 64.1 % can be attributed to the Letter Mail & Mail Solutions business. Direct Mail accounted for 26.4 % of the total divisional revenue, and Media Post had a 9.5 % share. In the first three quarters of 2020, **Letter Mail & Mail Solutions** revenue amounted to EUR 566.2m, down by 6.3 % from the prior-year period. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. In particular, the revenue declined in the second quarter of 2020 as a consequence of the lockdown measures and economic restrictions affecting government offices and companies. The volume decline was less pronounced in the third quarter of the year but continues to be negatively affected by the current difficult conditions. Volume development of classical Letter Mail in Austria in the upcoming quarterly periods is expected to exceed the historical trend of –5 %. The year under review and the previous year were both positively impacted by election effects. International Letter Mail was positively influenced by the German subsidiary AUSTRIAN POST International Deutschland GmbH. The Mail Solutions business area reported a slight revenue decline compared to the prior-year period. **Direct Mail** revenue fell by 14.4 % to EUR 232.8m in the first three quarters of 2020. The government-imposed store closures in response to COVID-19 had particularly strong effects on the advertising business in the second quarter of 2020. Current visibility is limited. A volatile advertising business can be observed due to the economic development of revenues. Revenue from **Media Post**, i.e. the delivery of newspapers and magazines, fell by 10.3 % year-on-year to EUR 84.3m. This decrease can also be predominantly attributed to the COVID-19 pandemic.

Revenue of the **Parcel & Logistics Division** improved by 31.9 % in the first three quarters of 2020 to EUR 576.6m from EUR 437.2m in the previous year. High growth in the parcel business is based, among other things, on the positive development resulting from the ongoing e-commerce trend in

Austria. Austrian Post also succeeded in participating in market growth during this reporting period despite the own delivery by a major customer in the eastern part of Austria. Intense competition and high price pressure continue to prevail. Accordingly, parcel volumes in Austria showed growth of close to 30% in the first three quarters of 2020. The prevailing uncertainty and restrictions continue to keep e-commerce at a high level. In addition, the cooperation with Deutsche Post DHL Group launched in August 2019 has made a significant contribution to the current growth. Furthermore, revenue of EUR 23.9m generated by the Turkish company Aras Kargo, recognised as a fully consolidated company in the consolidated financial statements of Austrian Post since 25 August 2020, is also included. The development towards faster delivery of parcels can be observed as a clear trend. In total, 59.5% of the division's revenue in the first nine months of 2020 was generated in the **Premium Parcels** business (delivery on the first working day after posting). This corresponds to an increase of 43.3% to EUR 343.1m in the first three quarters of 2020. The **Standard Parcels** business area accounted for 31.6% of the divisional revenue and produced a revenue increase of 18.0% to EUR 182.5m in the first three quarters of 2020. **Other Parcel Services**, which encompasses various additional logistics services, generated 8.9% of the divisional revenue totalling EUR 51.1m in the first nine months of 2020. This corresponds to an increase of 18.6%. An analysis by region shows that 78.3% of the revenue in the Parcel & Logistics Division was generated in Austria in the first nine months of 2020. The Austrian parcel business produced revenue growth of 28.2% compared to the prior-year period. 21.7% of divisional revenue can be attributed to subsidiaries in South East and Eastern Europe and Turkey. The revenue increase in this highly competitive region driven by higher parcel volumes as a result of the COVID-19 pandemic equalled 47.3% in the first three quarters of 2020.

Revenue of the **Retail & Bank Division** reached a level of EUR 45.7m in the first three quarters of 2020, down from EUR 63.4m in the prior-year period. Financial services in the previous year included service fees from the former banking partner totalling EUR 25.4m. In the current reporting period, **Branch Services** revenue (retail goods and branch products) amounted to EUR 33.3m, positively impacted in the areas of packaging materials and writing utensils by the COVID-19 pandemic. **Income from financial services** in the first three quarters of 2020 amounting to EUR 12.4m also included cash payments for third parties (e.g. pensions). bank99 was launched on 1 April 2020 and had already over 54,000 customers at the beginning of November.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (49.8%), raw materials, consumables and services used (25.3%) and other operating expenses (15.9%). 6.6% can be attributed to depreciation, amortisation and impairment losses.

Staff costs in the first three quarters of 2020 totalled EUR 746.2m, representing a slight increase of 0.2% or EUR 1.5m. Despite the full consolidation of the Turkish company Aras Kargo as at 25 August 2020, operating staff costs increased only slightly year-on-year. The Austrian Post Group employed an average of 21,407 people (full-time equivalents) in the first nine months of 2020 compared to the average of 20,367 employees in the prior-year period (+5.1%). In addition to operational staff costs, staff costs of Austrian Post also include various non-operating staff-related expenses such as severance payments and changes in provisions, which are primarily related to the specific employment situation of civil servant employees at Austrian Post. Non-operational staff costs in the first three quarters of 2020 included lower expenses compared to the prior-year period.

Raw materials, consumables and services used increased by 13.4 % to EUR 378.3m, which is primarily due to higher transport expenses as a result of increased parcel volumes.

Other operating income was down by 61.3 % to EUR 44.0m. The prior-year period showed a substantial increase in both other operating income and other opera-ting expenses. Other operating income in the first three quarters of 2019 included claims relating to non-wage labour costs paid in previous periods. Adjusted by compensation payments reported under other operating expenses in the previous year, these claims totalled EUR 4.9m. Other operating expenses fell by 15.2 % to EUR 238.8m. The reporting period was burdened by higher costs for leased staff to handle increased parcel volumes and also included initial costs to develop the infrastructure of the new bank99.

EBITDA at EUR 179.9m has declined by 16.7 % from the prior-year figure of EUR 215.9m. It was impacted by negative effects relating to the COVID-19 pandemic. The EBITDA margin was 12.0 %. Depreciation, amortisation and impairment losses equalled EUR 98.5m, up by EUR 12.6m from the previous year. The increase is mainly due to the new logistics sites for the parcel logistics infrastructure. Reported Group EBIT fell to EUR 81.4m in the first three quarters of 2020, down from EUR 130.0m in the previous year. The EBIT margin amounted to 5.4 %. EBIT of the logistics business (excl. Retail & Bank Division) reached a level of EUR 118.7m in the first three quarters of 2020, corresponding to an EBIT margin of 8.2 %.

The Group's other financial result of EUR 3.9m was EUR 9.7m below the first three quarters of 2019. This development is primarily a consequence of the recognition of interest income in the first three quarters of 2019 from claims relating to non-wage labour costs paid in previous periods. After deducting the income tax of EUR 20.8m, the profit for the period equalled EUR 64.5m (–35.6 %). Undiluted earnings per share amounted to EUR 1.03, compared to EUR 1.48 in the prior-year period.

The EBIT of EUR 81.4m (–37.4 %) generated in the first three quarters of 2020 was negatively influenced by the COVID-19 pandemic and the launch of the new bank99. The good parcel business and the full consolidation of the Turkish company Aras Kargo had a positive effect. Third quarter EBIT was EUR 33.2m. This is an increase to the EBIT of the previous year of EUR 22.3m, which was influenced by a data protection provision. EBIT of the logistics business (excl. Retail & Bank Division) fell by 10.0 % from the prior-year period to EUR 118.7m.

From a divisional perspective, the Mail Division achieved an EBIT of EUR 106.7m in the first nine months of 2020. The year-on-year decline of 17.2 % can be attributed to the loss of revenue from Letter and Direct Mail business as a consequence of the COVID-19 pandemic. The revenue decline has a strong impact on earnings due to the high level of fixed costs in the Letter Mail business. In turn, a data protection provision was recognised in the third quarter of the previous year.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure, generating an EBIT of EUR 32.6m in the first three quarters of 2020. This represents an increase of 52.9 % from the previous year. The full consolidation of the Turkish company Aras Kargo since 25 August 2020made a positive contribution to earnings.

The Retail & Bank Division showed an EBIT of minus EUR 37.3m in the first three quarters of 2020, compared to minus EUR 1.8m in the prior-year period. The drop in earnings can be attributed to the 27.8 % revenue decline. The new bank99 was launched in April of this year, whereas the first three quarters of the previous year still included service fees from the former banking partner totalling EUR 25.4m. Moreover, earnings were also negatively impacted by COVID-19 by start-up costs of bank99.

EBIT of the Corporate Division (incl. Consolidation) fell from minus EUR 18.4m to minus EUR 20.7m. The Corporate Division provides non-operating services which are essential for the purpose of the administration and financial control of a corporate group. In addition to conventional corporate governance tasks, these services include the management and development of commercial properties not required for company operations, the management of key financial investments, the rendering of IT services, the development of new business models and the administration of the Internal Labour Market of Austrian Post.

CASH FLOW AND BALANCE SHEET

The gross cash flow in the first three quarters of 2020 equalled EUR 191.8m, compared to EUR 215.3m in the first three quarters of 2019. The decline was related to the lower earnings before tax, amongst other reasons. The cash flow from operating activities amounted to EUR 518.5m, up from EUR 228.6m in the prior-year period. In this regard the core banking assets of bank99 at EUR 375.8m comprised the biggest item. The core banking assets include items resulting from the deposit and investment business of bank99 since the beginning of April 2020.

The cash flow from investing activities was EUR 62.5m in the first nine months of 2020, compared to minus EUR 178.8m in the previous year. The change largely related to securities and money market investments encompassing cash inflows of EUR 100.2m in the reporting period (in contrast to cash outflows of EUR 59.0m in the prior-year period). Furthermore, the first three quarters of 2020 included cash inflows of EUR 38.0m from the disposal of Austrian Post’s stake in flatex AG. The free cash flow before securities, money market investments and core banking assets equalled EUR 105.0m in the first three quarters of 2020. The operating free cash flow, after deducting core banking assets, totalled EUR 94.6m in the current reporting period, compared to EUR 153.2m in the first three quarters of the previous year. The cash flow from financing activities, which primarily consisted of the dividend payments, amounted to minus EUR 154.5m in the first nine months of 2020, whereas the prior-year figure was minus EUR 170.9m.

Austrian Post relies on a conservative balance sheet and financing structure. This is demonstrated in particular by the high level of liquid financial resources and solid investment of cash and cash equivalents at the lowest possible risk. Austrian Post’s total assets amounted to EUR 2,427.4m as at 30 September 2020. On the asset side, property, plant and equipment at EUR 1,075.1m constitute the largest balance sheet item, including right-of-use assets from leasing contracts of EUR 316.7m. Intangible assets totalled EUR 99.3m, whereas goodwill reported for acquisitions equalled EUR 60.8m at the end of the first three quarters of 2020. Receivables totalled EUR 315.5m, including current trade receivables of EUR 304.1m. Other financial assets equalled EUR 145.6m on 30 September 2020. Financial assets from financial services at EUR 450.6m are now reported separately. They largely relate to the deposit and investment business of bank99 as well as to the handling of cash payments for third parties (e.g. pensions). On the liabilities side of the balance sheet, equity of the Austrian Post Group equalled EUR 608.4m on 30 September 2020 (equity ratio of 25.1 %). Provisions amounted to EUR 614.5m and trade and other payables liabilities to EUR 490.8m. Financial liabilities from financial services of EUR 387.5m are now reported as a separate item in equity and liabilities. They mainly relate to the deposit and investment business of bank99 as well as to the handling of cash payments for third parties (e.g. pensions).

OUTLOOK 2020

The business development in the first nine months of 2020 was strongly affected by the COVID-19 pandemic, the related restrictions and the resulting economic consequences. Current developments and forecasts show that no quick return to normality is to be expected in the next quarterly periods. A modest recovery was perceptible in many customer segments of Austrian Post following the extremely difficult second quarter. At the same time, this was accompanied by an increased volatility in the company's business and a reduced ability to make accurate predictions for the coming months. The various scenarios relating to the development of the pandemic result in a broader risk range for revenue and earnings.

Revenue in 2020 above the previous year
The economic development of large mail customers and retailers is of great importance to Austrian Post. Assuming that current trends continue over the next few months and wide-ranging business impeding lockdown can be avoided, Group revenue growth is expected to exceed 3%. This is partially due to the contribution of the Turkish company Aras Kargo, fully consolidated since 25 August 2020.

The Parcel & Logistics Division should generate a revenue increase of more than 30% based on the growth of subsidiaries and strengthened by organic growth as well as the integration of parcel volumes in Austria due to the cooperation with Deutsche Post DHL Group.

In contrast, the Mail Division will likely face an upper single-digit revenue decline in the course of the year. The underlying trend has improved following the strong drop in Letter Mail and Direct Mail volumes of about 13% and about 25%, respectively, in the second quarter of 2020 as a consequence of the lockdown measures. The original basic assumption of a decline in Letter Mail in the range of about 5% p.a. due to the electronic substitution will be exceeded. An accelerated rate of decline can be anticipated for both conventional Letter Mail as well as Direct Mail due to the digitalisation initiatives and the worse economic situation of many customer groups.

The new Retail & Bank Division will generate a lower revenue contribution in 2020 than in the previous year. 2019 still included the service fees of the former banking partner amounting to EUR 29.3m. It is planned to increase revenues from the financial services business of bank99 in the years to come on the basis of a steadily expanding offering of in-house and third-party products.

Group Results 2020
The earnings situation of Austrian Post in 2020 will depend on the further development of the COVID-19 pandemic. In the baseline scenario of avoiding lockdown situations in the retail sector, EBIT of the logistics business (excl. Retail & Bank Division) in 2020 should be around EUR 170m. This includes the expected positive contribution of the Turkish subsidiary Aras Kargo, in contrast to other scenarios which could lead to significant negative earnings effects as a result of regional or industry-specific lockdowns.

Reported Group earnings (EBIT) in 2020 will include the negative earnings contribution of the Retail & Bank Division. This is mainly attributed to start-up costs for bank99. The earnings situation of

Austrian Post's new bank launched in April 2020 should improve year by year and reach the break-even point in 2023.

Targeted Investments

In the medium-term, the solid balance sheet of Austrian Post with a high level of liquid financial resources will strengthen the resilience of the company. Furthermore, Austrian Post is intensively continuing all investments and measures designed to expand capacities and sustainably enhance efficiency. Similar to the past two years, more than EUR 50m in growth investments (growth CAPEX) are planned in order to be able to continue to guarantee the best-quality network in Austria. This will complement the typical maintenance investments (maintenance CAPEX) of about EUR 70m. Moreover, there is the possibility of expanding or newly acquiring commercial properties for the logistics infrastructure at a cost of about EUR 20m. Against the backdrop of rising parcel volumes, it is imperative to further expand Austrian Post's excellent market position in terms of quality and quantity. Targeted investments and measures should contribute to improving earnings in all divisions, thus ensuring that Group earnings increase once again in 2021.