



INVESTOR INFORMATION
12 August 2021

AUSTRIAN POST RESULTS IN H1 2021: Improved First Half-Year Revenue and Earnings Development

Setting on a successful strategic course

- Parcel business as strong second pillar of the Group (organic growth and integration of Aras Kargo)
- Important milestone for bank99 with the acquisition of the retail business of ING in Austria

Ongoing high parcel volumes in H1, continuing letter mail decline

- Parcel volumes in Austria +20%, Turkey +24%, CEE +21%
- Letter mail volumes -3%, direct mail items +2%

H1 2021 revenue increase of +28.4% to EUR 1,260.4m (+12.0% excl. Aras Kargo)

- Mail +3.0% to EUR 608.2m
- Parcel & Logistics +70.7% to EUR 628.1m (+27.0% excl. Aras Kargo)
- Retail & Bank +18.9% to EUR 34.0m

Earnings increase driven by parcel growth

- EBITDA +64.3% to EUR 184.5m
- EBIT +114.5% to EUR 103.4m
 - Mail: +12.6% to EUR 82.4m
 - Parcel & Logistics: +EUR 41.5m to EUR 59.7m
 - Retail & Bank: +6.1% to minus EUR 27.0m

Improved cash flow, higher balance sheet total

- Operating free cash flow increase of EUR 45.3m to EUR 139.1m
- Balance sheet total up to EUR 2.8bn due to bank expansion

Positive outlook for 2021

- Expected revenue increase of about 15%
- Targeted earnings (EBIT) increase of at least 20%
- Focus on investment programme to secure performance capacity

Austrian Post continued to be adversely affected by restrictions and consequences related to the COVID-19 pandemic. However, on balance the first half of 2021 still proved to be very successful. First half-year 2021 revenue and earnings increased against the backdrop of a significant impact in the comparable prior-year period. In particular, national and international parcel volumes continued to show good growth rates. In contrast, the structural decline of mail products continued. Pandemic-related restrictions still impacted business activities of several customer segments.

Austrian Post's Group revenue rose by 28.4% in the first half of 2021 to EUR 1,260.4m. The current period clearly demonstrates the structural change with increased importance of the parcel business in a divisional comparison. In the first half-year, the Parcel & Logistics Division reported an ongoing upward



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trend, accounting for 49.4% of total revenue, whereas the Mail Division's share fell to 47.9%. Revenue of the Parcel & Logistics Division increased by 70.7% (+27.0% attributable to organic growth) to EUR 628.1m, also due to the full consolidation of the Turkish company Aras Kargo, and included positive special effects from logistics services. The Mail Division generated revenue of EUR 608.2m in the reporting period (+3.0%). The Retail & Bank Division also reported growth, producing revenue of EUR 34.0m in the first half of 2021. bank99 has been offering its own range of financial services since April 2020. In order to rapidly expand the business, an agreement to acquire ING's retail business in Austria was reached in July 2021. The closing is expected by the end of 2021. "With the acquisition of ING's retail business in Austria, we have taken an extraordinary step forward in accelerating the ramp-up of our financial services", says Georg Pözl, CEO of Austrian Post. "We will work together with the highly professional team of ING in Austria to further develop our bank", Georg Pözl adds.

Austrian Post also achieved a considerable year-on-year earnings improvement in the first half-year 2021. In the light of the prior-year period influenced by the COVID-19 pandemic, Group EBITDA rose by 64.3% to EUR 184.5m, whereas EBIT has more than doubled, increasing by 114.5% year-on-year to EUR 103.4m. The Mail Division generated an EBIT increase of 12.6% to EUR 82.4m, driven by higher letter mail and direct mail revenue following the prior-year period strongly burdened by the COVID-19 pandemic. Letter mail product and postal rate adjustments as well as special mailings also had a positive impact in the current reporting period. EBIT of the Parcel & Logistics Division increased by EUR 18.2m to EUR 59.7m in the first six months of 2021. The earnings improvement is also attributable to the outstanding operating development in all markets, the full consolidation of the Turkish company Aras Kargo and other special effects relating to logistics services. The Retail & Bank Division generated an EBIT of minus EUR 27.0m compared to minus EUR 28.7m in the previous year. The financial services business has a noticeable positive earnings trend. Austrian Post's profit for the period equalled EUR 84.2m in the first half of 2021 compared to EUR 39.1m in the first half of 2020. Earnings per share in the current reporting period was EUR 1.18, up from EUR 0.66 in the prior-year period.

Austrian Post revised its expectations for the full year 2021 upwards based on strong results generated in the first half-year. In spite of the ongoing uncertainty in the letter mail and direct mail business, total Group revenue (including the Turkish subsidiary Aras Kargo) is expected to increase by about 15%. Earnings should also improve from the previous year. A year-on-year increase of at least 20% is targeted (basis 2020 EBIT: EUR 161m). The current parcel volume development confirms the need for Austrian Post's planned capacity expansion programme. The sorting capacity should be expanded by a further 50% from 2020 to 2022.

The complete version of the outlook as well as detailed information (excerpts) from the Group management report for the first half of 2021 can be found starting on page 4. The entire report is available on the Internet under [post.at/ir](https://www.post.at/ir) in the Reporting - Download Centre.



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KEY FIGURES

EUR m	H1 2020 ¹	H1 2021	Change		Q2 2020 ¹	Q2 2021
			%	EUR m		
Revenue	981.9	1,260.4	28.4 %	278.5	479.1	614.3
Mail	590.6	608.2	3.0 %	17.6	273.1	297.3
Parcel & Logistics	367.9	628.1	70.7 %	260.2	193.4	304.4
Retail & Bank	28.6	34.0	18.9 %	5.4	15.5	17.3
Corporate/Consolidation	-5.3	-9.9	-89.2 %	-4.7	-2.8	-4.6
Other operating income	28.4	43.1	51.9 %	14.7	15.0	20.9
Raw materials, consumables and services used	-260.4	-355.0	-36.3 %	-94.6	-133.4	-169.5
Staff costs	-494.7	-587.6	-18.8 %	-92.9	-241.2	-284.1
Other operating expenses	-143.4	-176.8	-23.3 %	-33.4	-73.1	-96.3
Results from financial assets accounted for using the equity method	0.5	0.4	-21.0 %	-0.1	0.5	0.1
EBITDA	112.3	184.5	64.3 %	72.2	46.9	85.5
Depreciation, amortisation and impairment losses	-64.0	-81.1	-26.6 %	-17.0	-32.0	-41.8
EBIT	48.2	103.4	>100 %	55.2	14.9	43.7
Mail	73.2	82.4	12.6 %	9.2	26.3	36.9
Parcel & Logistics	18.2	59.7	>100 %	41.5	9.4	23.8
Retail & Bank	-28.7	-27.0	6.1 %	1.7	-12.3	-8.5
Corporate/Consolidation ²	-14.4	-11.7	18.9 %	2.7	-8.6	-8.6
Financial result	5.1	4.7	-9.2 %	-0.5	4.0	2.3
Profit before tax	53.3	108.1	>100 %	54.7	18.9	45.9
Income tax	-14.2	-23.9	-68.1 %	-9.7	-5.9	-11.7
Profit for the period	39.1	84.2	>100 %	45.0	12.9	34.3
Earnings per share (EUR)³	0.66	1.18	79.2 %	0.52	0.24	0.47
Gross cash flow	117.2	226.1	92.9 %	108.9	45.2	117.2
Cash flow from operating activities	306.9	281.5	-8.3 %	-25.4	210.2	157.5
CAPEX	37.7	47.0	24.5 %	9.2	15.8	28.6
Free cash flow	416.0	267.1	-35.8 %	-148.8	318.3	149.5
Operating free cash flow⁴	45.3	139.1	>100 %	93.7	-12.8	64.7

¹ Adjusted presentation

² Includes the intra-Group cost allocation procedure

³ Undiluted earnings per share in relation to 67,552,638 shares

⁴ Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets

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EXCERPTS FROM THE MANAGEMENT REPORT

REVENUE DEVELOPMENT IN DETAIL

In the first half of 2021, Austrian Post's Group revenue increased by 28.4% year-on-year to EUR 1,260.4m. Without accounting for Aras Kargo, revenue increased by 12.0% on a comparable basis. Growth in the parcel business led to a revenue increase of 70.7% (organic growth of 27.0%), the Mail Division generated a 3.0% revenue increase in the first six months of 2021.

On a divisional basis, developments in the first half of 2021 reflected a major change characterised by the increased importance of the parcel business. The share of the Mail Division as a proportion of total revenue generated by the operating divisions fell to 47.9%. The division reported a slight increase in revenue of 3.0%. The prior-year period was particularly burdened by COVID-19, showing a revenue decline of 10.5%, whereas positive COVID-19 effects were recorded in 2021 due to special mailings. An accelerated decline in traditional letter mail resulting from electronic substitution and the lockdown measures continues to be felt along with a volatile advertising business as the direct effect of the COVID-19 pandemic. A slight recovery in direct mail and media post volumes is perceptible following the considerable decrease in the previous year. The product and postal rate adjustments made on 1 April 2020 have positively impacted the division's revenue development. As a proportion of revenue, the weight of the Parcel & Logistics Division has increased from 37.3% to 49.4% year-on-year in the current reporting period. On the one hand, revenue growth can be attributed to the full consolidation of the Turkish subsidiary Aras Kargo since 25 August 2020, contributing revenue of EUR 160.7m in the first half of 2021. On the other hand, the 70.7% revenue growth in the Parcel & Logistics Division in the first half-year 2021 was also driven by positive organic volume growth from online orders and positive special effects relating to logistics services. The Retail & Bank Division accounted for 2.7% of divisional revenue in the first six months of 2021, generating revenue of EUR 34.0m (+18.9%). bank99 started operating in the market on 1 April 2020.

Revenue of the **Mail Division** totalled EUR 608.2m in the first half of 2021, of which 64.4% can be attributed to the Letter Mail & Business Solutions area. Direct Mail accounted for 25.9% of the total divisional revenue, and Media Post had a 9.7% share.

In the first half-year 2021, **Letter Mail & Business Solutions** revenue amounted to EUR 391.9m, implying an increase of 2.8% year-on-year. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. However, the decrease has slowed down to a low level compared to the lockdown-related weak first half of 2020. Volume development is still negatively affected by the current difficult business environment. In contrast, special mailings relating to COVID-19 measures as well as the product and postal rate adjustments made on 1 April 2020 have positively impacted the revenue. International letter mail produced growth, whereas the Business Solutions area reported a slight year-on-year decline.

Direct Mail revenue increased by 3.1% in the first six months of 2021 to EUR 157.6m compared to an 18.0% drop in the prior-year period. The government-imposed store closings in response to COVID-19 had an extremely negative effect on the advertising business. Currently volatility is high, and the direct mail business will continue to be subject to structural decline.

Revenue from **Media Post**, i.e. the delivery of newspapers and magazines, increased by 3.9% year-on-year to EUR 58.7m. This increase can also be primarily attributed to the weak first half of 2020.



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Revenue of the **Parcel & Logistics Division** improved by 70.7% in the first half of 2021, increasing to EUR 628.1m. Volume growth slowed down to 20% in Austria compared to the high growth of 36% in the comparable period of last year. Amongst other reasons, the excellent revenue development in the parcel business is based on the sustained trend in all markets. Austrian Post has also succeeded in participating in market growth in Austria during this reporting period despite intense competition and price pressure. The uncertainty and restrictions related to the current COVID-19 pandemic continue to provide a boost to the online business. Furthermore, positive effects in the period under review resulted from logistics services. The half-year revenue of the Turkish subsidiary Aras Kargo, recognised as a fully consolidated company in the consolidated financial statements of Austrian Post since 25 August 2020, constituted EUR 160.7m.

The development towards the faster delivery of parcels can be observed as a clear trend. In total, 67.6% of the division's revenue in the first six months of 2021 was generated by the **Premium Parcels** business (next working day delivery). This corresponds to an increase of about 100% to EUR 424.8m in the first half-year 2021.

The **Standard Parcels** business area accounted for 24.5% of the divisional revenue and produced a revenue increase of 25.8% to EUR 153.6m in the first half of 2021.

Other Parcel Services, which encompass various additional logistics services, generated 7.9% of the divisional revenue totalling EUR 49.7m in the first six months of 2021. This represents an increase of 47.2%.

Regional analysis shows that 61.7% of the first-half 2021 Parcel & Logistics Division revenue was generated in Austria. The Austrian parcel business produced a year-on-year revenue growth of 28.6%. 38.3% of divisional revenue can be attributed to the international business of subsidiaries, of which 25.6% in Turkey and 12.7% in South East and Eastern Europe were generated. The revenue increase in the highly competitive region of South East and Eastern Europe equalled 20.1% in the first half of 2021, driven by higher parcel volumes as a result of the COVID-19 pandemic.

Revenue of the **Retail & Bank Division** improved by 18.9% in the first half of 2021 to EUR 34.0m compared to EUR 28.6m in the prior-year period. **Branch Services** revenue fell by 4.4%, from EUR 22.4m to EUR 21.5m in the current reporting period due to the discontinuation of service fees from the former banking partner, included in the previous period. Revenue from retail goods and branch products remained at the same level. The **result from Financial Services** of EUR 12.5m in the first half-year 2021 showed a positive development, as can also be seen from the comparative figures for the second quarter. bank99 was launched on the market on 1 April 2020.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (46.6%), raw materials, consumables and services used (28.2%) and other operating expenses (14.0%). 6.4% can be attributed to depreciation, amortisation and impairment losses. There is only limited comparability of the individual items in the consolidated income statement with the figures from the prior-year period due to the full consolidation of the Turkish company Aras Kargo since 25 August 2020.

Staff costs in the first half of 2021 totalled EUR 587.6m, implying an increase of 18.8% or EUR 92.9m. On a like-for-like basis excluding Aras Kargo, staff costs were up by 11.5% or EUR 56.7m from the previous year. This increase is primarily related to the higher personnel requirements in response to increasing



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parcel volumes. Operational staff costs also rose year-on-year as a consequence of the full consolidation of the Turkish subsidiary Aras Kargo as well as due to increased staffing needs to deal with the higher parcel volumes. The Austrian Post Group employed an average of 27,489 people (full-time equivalents) in the first six months of 2021 compared to the average of 20,443 employees in the prior-year period (+34.5%). This increase can be mainly attributed to the full consolidation of Aras Kargo (+6,445 full-time equivalents) as well as the need for more logistics staff as a consequence of increased parcel volumes. 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-operating staff costs in the first half of 2021 increased due to the need for higher provisions compared to the previous year.

Raw materials, consumables and services used climbed by 36.3% to EUR 355.0m. On a like-for-like basis without Aras Kargo, the increase was 6.9% year-on-year. This is primarily attributable to an increase in transport expenses in response to the enormous parcel volumes.

Other operating income increased by 51.9% to EUR 43.1m in the first half of 2021. On a like-for-like basis excluding Aras Kargo, other operating income was up by 28.7% from the prior-year level. Other operating expenses also rose by 23.3% to EUR 176.8m or 14.3% year-on-year on a like-for-like basis. The higher costs mainly related to IT services and maintenance.

EBITDA equalled EUR 184.5m, up by 64.3% from the prior-year figure of EUR 112.3m. This implies an EBITDA margin of 14.6%. The improvement in EBITDA is attributable to the excellent parcel revenue development in all markets. Depreciation, amortisation and impairment losses amounted to EUR 81.1m, up by 26.6% or EUR 17.0m from the previous year. The increase is mainly due to investments in the new parcel logistics infrastructure and the full consolidation of Aras Kargo since 25 August 2020. Group EBIT increased to EUR 103.4m in the first half of 2021 compared to EUR 48.2m in the previous year. The EBIT margin amounted to 8.2%.

The Group's financial result of EUR 4.7m was EUR 0.5m below the first half of 2020. As a consequence, the profit for the period for the first half year 2021 increase from EUR 39.1m to EUR 84.2m, after deducting the income tax of EUR 23.9m. This implies undiluted earnings per share of EUR 1.18, compared to EUR 0.66 in the prior-year period.

EARNINGS BY DIVISION

The EBIT of the first half of 2021 increased from EUR 48.2m to EUR 103.4m and was driven by an earnings improvement in the Parcel & Logistics Division. Both the national business with higher parcel volumes and positive special effects and the international parcel business have performed very well. The full consolidation of the Turkish company Aras Kargo since 25 August 2020 positively impacts the Group's earnings.

From a divisional perspective, the Mail Division achieved an EBIT of EUR 82.4m in the first six months of 2021. The year-on-year increase of 12.6% can be attributed to the higher letter mail and direct mail revenue following the prior-year period, which was strongly impacted by the COVID-19 pandemic. In contrast, the product and postal rate adjustments made on 1 April 2020 as well as special mailings had a positive effect in the current reporting period.



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The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure, generating an EBIT of EUR 59.7m in the first half of 2021. This corresponds to a year-on-year increase of EUR 41.5m. The earnings improvement driven by the outstanding revenue development was evident in all markets. In particular, the full consolidation of the Turkish subsidiary Aras Kargo as well as special effects relating to logistics services made a positive contribution to the division's earnings.

The Retail & Bank Division recorded an EBIT of minus EUR 27.0m in the first half of 2021, compared to minus EUR 28.7m in the prior-year period. A positive earnings trend has been observed in the financial services business since the launch of bank99. In turn, earnings were negatively affected by staff-related provisions in the first two quarters of 2021.

The EBIT of the Corporate Division (incl. Consolidation) improved from minus EUR 14.4m to minus EUR 11.7m and included positive earnings from the sale of real estate. The Corporate Division provides non-operating services which are typically essential for the purpose of the administration and management of the company. 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 half of 2021 equalled EUR 226.1m, compared to EUR 117.2m in the first half of 2020 (+92.9%). The cash flow from operating activities amounted to EUR 281.5m, below the figure of EUR 306.9m in the prior-year period. In this regard, the change in financial assets and liabilities from financial services (core banking assets) of bank99 in the amount of EUR 119.3m constituted the biggest item. The core banking assets include items resulting from the deposit and investment business of bank99.

The cash flow from investing activities was minus 14.4m in the first six months of 2021, compared to EUR 109.1m in the previous year.

Austrian Post focuses on the key indicator of operating free cash flow to both assess the financial strength of its operating business and to cover the dividend. The operating free cash flow after deducting the change core banking assets totalled EUR 139.1m in the current reporting period compared to EUR 45.3m in the first half of the previous year. The cash flow from financing activities amounted to minus EUR 144.6m in the first six months of 2021, whereas the prior-year figure was minus 144.7m. The cash flow from financing activities mainly consists of the dividend payment equalling EUR 108.1m.

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 2,786.3m as at 30 June 2021. On the asset side, property, plant and equipment at EUR 1,109.7m constitute the largest balance sheet item and included right-of-use assets from leases of EUR 292.1m. Intangible assets totalled EUR 90.9m, whereas goodwill reported for acquisitions equalled EUR 63.9m at the end of the first half of 2021. Receivables totalled EUR 387.4m, including current trade receivables of EUR 318.5m.



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Other financial assets equalled EUR 85.8m as at 30 June 2021. Financial assets from financial services amounted to EUR 749.9m at the end of the first half of 2021, and result from the business activities of bank99.

On the equity and liabilities side of the balance sheet, equity of the Austrian Post Group equalled EUR 622.7m as at 30 June 2021 (implying an equity ratio of 22.3%). Provisions amounted to EUR 643.3m, while trade and other payables totalled EUR 518.0m at the end of June 2021. Financial liabilities from financial services of EUR 679.3m result from business activities of bank99 (deposit and investment business of the customers of bank99).

OUTLOOK FOR 2021

The full financial year 2021 will continue to be affected by the impacts and implications related to the COVID-19 pandemic. Both government-imposed measures as well as various operating restrictions are shaping the business development of several customer groups. This means the situation is marked by increased volatility with respect to short-term revenue and earnings development.

Revenue growth of about 15%

Austrian Post expects its revenue to increase by approx. 15%, primarily driven by the strong revenue development of the national and international parcel business.

Revenue of the Parcel & Logistics Division should increase by about 35% year-on-year based on solid organic growth and the solid development of the international subsidiaries.

The Mail Division is negatively affected by the pandemic and related lockdown measures as well as the possible negative economic impacts felt by various customer groups. In the Letter Mail segment, the volume decline for conventional letters should remain at a level of about 5% in 2021. There are signs of a recovery in the Direct Mail and Media Post areas following the declines in 2020. However, it is unlikely that the pre-COVID-19 level will be reached in 2021. Overall, Austrian Post anticipates a stable or slightly declining revenue development of the Mail Division.

In contrast, the revenue development of bank99 launched in April 2020 should steadily improve in the course of 2021. A closing of the acquisition of the retail business of ING in Austria is expected by the end of 2021.

Higher Group Earnings in 2021

Earnings are expected to increase by at least 20% in the 2021 financial year (basis 2020 EBIT: EUR 161m) due to the successful first half-year results. A stable or slightly declining earnings situation is anticipated in the Mail Division, whereas a 50% rise in Parcel & Logistics Division earnings is expected. Revenue growth in the Retail & Bank Division should also have a positive impact on the division's operating EBIT.

Investments/CAPEX

Parcel growth in 2020 and also in 2021 has shown how important it is to have the required capacities available in a timely manner. Austrian Post succeeded in ensuring good quality service in handling the record parcel volumes of recent quarterly periods. This should also be the case in managing the foreseeable volume increases in the years to come. For this reason, Austrian Post will continue to press ahead with its investment programme. The aim is to increase the company's sorting capacity by a further 50% from 2020 to 2022. Austrian Post's objective is to expand its leading position in Austria in terms of the quality of its services as well as its efficiency and speed.



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More than EUR 60m in growth CAPEX is planned again in Austria in addition to maintenance CAPEX on a current scale of about EUR 70-80m. Moreover, about EUR 20m in investments are expected for expansion measures or land purchases to support the logistics infrastructure along with approx. EUR 20-30m for investments of subsidiaries (CAPEX International).

Austrian Post continues to pursue the objective of combining growth and dividend strength. The growth opportunities that arise will be secured by corresponding structural investments. Furthermore, the cash flow generated from operating activities will continue to be used to finance the necessary basic investments and to ensure an attractive dividend policy.