



## **AUSTRIAN POST IN Q1 2022:**

**Q1 2022 revenue and earnings below prior year as expected**

**Parcel division in consolidation phase after lockdown momentum of previous years – trend shift expected in H2**

**2022 earnings in the range of the last two years forecasted**

### **Revenue**

- Revenue decline of 7.1% year-on-year to EUR 601.4m (-2.4% excl. Parcel Turkey)
  - Mail -3.9% to EUR 298.9m
  - Parcel & Logistics -12.5% to EUR 283.1m (-3.4% excl. Parcel Turkey)
  - Retail & Bank +49.3% to EUR 26.4m

### **Earnings**

- EBITDA -17.9% to EUR 81.2m
- EBIT -33.7% to EUR 39.6m
- Earnings per share down from EUR 0.71 to EUR 0.46

### **Cash flow and balance sheet**

- Operating free cash flow of EUR 72.1m
- Balance sheet total incl. bank99 of EUR 4.9bn
- Stable equity position of EUR 693.5m

### **Outlook 2022**

- Targeted revenue level of the previous year (2021 revenue: EUR 2.5bn)
- H1 below high comparatives of the previous year, targeting for catch-up in H2
- EBIT 2022 expected in the range between 2021 (EUR 205m) and 2020 (EUR 161m)

As previously announced, Austrian Post achieved a revenue and earnings development in the first quarter of 2022 below the prior-year level. Revenue in the first three months of 2022 amounted to EUR 601.4m, implying a decline of 7.1% from the first quarter of 2021. This decrease is primarily attributable to the sharp depreciation of the Turkish lira. Excluding the Turkish parcel business (subsidiary Aras Kargo), the revenue decline equalled 2.4%. Revenue of the Mail Division fell by 3.9% to EUR 298.9m, in part due to the structural reduction of addressed letter mail volumes but also as a result of the discontinuation of positive COVID-19 effects from special mailings in the previous year. Revenue of the Parcel & Logistics Division was down by 12.5% to EUR 283.1m, which can be mainly attributed to the depreciation of the Turkish lira. Excluding the business in Turkey, divisional revenue was down by 3.4%. The Retail & Bank Division developed positively, reporting a revenue increase of 49.3% to EUR 26.4m.

The negative revenue development, inflationary trends as well as the pressure on the Turkish lira have also negatively impacted earnings. EBITDA in the first quarter of 2022 fell from EUR 99.0m to EUR 81.2m (-17.9%) whereas earnings before interest and tax (EBIT) declined from EUR 59.8m to EUR 39.6m



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(-33.7%). The Mail Division reported an EBIT of EUR 41.1m compared to EUR 45.5m in the prior-year quarter, whereas the Parcel & Logistics Division generated an EBIT of EUR 17.4m, down from EUR 35.8m in the previous year, primarily related to the exchange rate development of the Turkish lira. The Retail & Bank Division showed an EBIT of minus EUR 10.7m in the period under review, compared to minus EUR 18.4m in the first quarter of 2021 (+41.8%).

The war in Ukraine indirectly impacts the business model of Austrian Post as a consequence of intensifying inflation resultant from price increases for energy and raw materials, as well as due to disrupted supply and value chains. Inflationary pressure leads to increases in operating staff and energy costs and also negatively affects consumer behaviour. "Austrian Post is striving to making letter mail and parcel delivery services as cost-efficient as possible by implementing extensive countermeasures. Inflation adjustments will be made on the revenue side," comments Austrian Post CEO Georg Pölzl.

As 2022 progresses, deviation from the prior-year performance is expected particularly in the first half of the year. Positive special effects of 2021 caused by lockdowns imply high benchmarks. A catch-up is targeted in the second half of 2022. In spite of the difficult environment, Austrian Post aims to achieve the highest possible level of revenue stability in 2022 (2021 revenue: EUR 2.5bn). However, the underlying prerequisite for this forecast remains broad energy related as well as economic and currency stability in the company's markets. It is likely that inflationary trends will set in not only in the short term but in the long-term as well. From today's perspective, Group EBIT should lie in the range of the results reported in the last two years (EBIT 2021: EUR 205m, EBIT 2020: EUR 161m). The ambition of the company is to get close to the level of 2021.

The planned investment programme with focus on capacity expansion and sustainability of Austrian Post will be continued. Individual investments will be assessed in order to ensure meeting all profitability targets. "We would like to assure our customers that we will be able to maintain our highest level of operational performance and our outstanding service," CEO Georg Pölzl adds. "In this regard, the conversion of logistics processes to enable climate-neutral delivery plays an important role," CEO Pölzl concludes.

*You can find the complete version of the outlook as well as detailed information (excerpts) from the Interim Report for the First Quarter of 2022 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	Q1 2021 <sup>1</sup>	Q1 2022	Change	
			%	EUR m
<b>Revenue</b>	<b>647.0</b>	<b>601.4</b>	<b>-7.1 %</b>	<b>-45.7</b>
Mail	311.0	298.9	-3.9 %	-12.1
Parcel & Logistics	323.7	283.1	-12.5 %	-40.5
Retail & Bank	17.7	26.4	49.3 %	8.7
Corporate/Consolidation	-5.3	-7.0	-33.2 %	-1.8
Other operating income	22.2	28.4	27.8 %	6.2
Raw materials, consumables and services used	-185.6	-175.6	5.4 %	10.0
Expenses for financial services	-1.0	-3.2	<-100 %	-2.2
Staff costs	-303.5	-288.0	5.1 %	15.5
Other operating expenses	-80.5	-81.9	-1.8 %	-1.4
Results from financial assets accounted for using the equity method	0.2	0.2	-38.1 %	-0.1
<b>EBITDA</b>	<b>99.0</b>	<b>81.2</b>	<b>-17.9 %</b>	<b>-17.7</b>
Depreciation, amortisation and impairment losses	-39.2	-41.6	-6.2 %	-2.4
<b>EBIT</b>	<b>59.8</b>	<b>39.6</b>	<b>-33.7 %</b>	<b>-20.2</b>
Mail	45.5	41.1	-9.7 %	-4.4
Parcel & Logistics	35.8	17.4	-51.3 %	-18.4
Retail & Bank	-18.4	-10.7	41.8 %	7.7
Corporate/Consolidation <sup>2</sup>	-3.1	-8.2	<-100 %	-5.1
Financial result	2.4	1.1	-54.0 %	-1.3
<b>Profit before tax</b>	<b>62.2</b>	<b>40.7</b>	<b>-34.5 %</b>	<b>-21.5</b>
Income tax	-12.3	-10.2	16.8 %	2.1
<b>Profit for the period</b>	<b>49.9</b>	<b>30.5</b>	<b>-38.9 %</b>	<b>-19.4</b>
<b>Earnings per share (EUR)<sup>3</sup></b>	<b>0.71</b>	<b>0.46</b>	<b>-35.9 %</b>	<b>-0.26</b>
<b>Gross cash flow</b>	<b>109.5<sup>4</sup></b>	<b>77.9</b>	<b>-28.8 %</b>	<b>-31.6</b>
<b>Cash flow from operating activities</b>	<b>124.1</b>	<b>-20.6</b>	<b>&lt;-100 %</b>	<b>-144.6</b>
CAPEX	18.3	23.6	28.8 %	5.3
<b>Free cash flow</b>	<b>117.6</b>	<b>-38.4</b>	<b>&lt;-100 %</b>	<b>-156.0</b>
<b>Operating free cash flow<sup>5</sup></b>	<b>74.4</b>	<b>72.1</b>	<b>-3.0 %</b>	<b>-2.2</b>

<sup>1</sup> The presentation of financial services in the consolidated income statement has been adjusted. Income from financial services is recognised under revenue, while expenses from financial services are reported separately (previously, income and expenses from financial services were presented net under revenue).

<sup>2</sup> Includes the intra-Group cost allocation procedure

<sup>3</sup> Undiluted earnings per share in relation to 67,552,638 shares

<sup>4</sup> The presentation of the provision of financial services has been adjusted. Interest from financial services were reported separately as part of cash flows from operating activities.

<sup>5</sup> Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets

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## EXCERPTS FROM THE MANAGEMENT REPORT Q1 2022

### REVENUE DEVELOPMENT IN DETAIL

In the first quarter of 2022, Austrian Post's Group revenue decreased by 7.1% year-on-year to EUR 601.4m. Without accounting for the Turkish business (Parcel Turkey), the revenue decline amounted to 2.4%. The Mail Division reported a drop in revenue of 3.9% in the first three months of 2022, whereas revenue of the Parcel & Logistics Division was down by 12.5% or 3.4% excluding the business in Turkey. In contrast, the Retail & Bank Division developed positively, showing a 49.3% revenue increase to EUR 26.4m in the first three months of 2022.

The Mail Division has generated 49.1% of total Austrian Post's revenue in the first quarter of 2022. The 3.9% revenue decrease can be attributed to structural decline of addressed letter mail volumes due to electronic substitution, as well as to the discontinuation of positive COVID-19 effects from special mailings in the first quarter of the previous year. Furthermore, the advertising business continues to be volatile. Direct mail and media post volumes returned to normal in the current period under review, whereas the prior-year quarter was negatively impacted by COVID-19 measures including store closings ordered by government authorities.

The Parcel & Logistics Division accounted for 46.5% of Group revenue in the reporting period. The parcel business in Austria and particularly in Turkey was marked by a revenue decline, compared to further growth achieved in Southeast and Eastern Europe. The Logistics Solutions business showed an increase in revenue, which relates to a change in the reporting.

The Retail & Bank Division accounted for 4.4% of divisional revenue in the first three months of 2022, generating revenue of EUR 26.4m (+49.3%). In December 2021 the retail business of ING in Austria was acquired, which in turn led to positive effects in the interest and commission income of bank99.

Revenue of the **Mail Division** totalled EUR 298.9m in the first quarter of 2022, of which 62.8% can be attributed to the Letter Mail & Business Solutions area. Direct Mail accounted for 27.2% of the total divisional revenue, and Media Post had a 10.0% share.

In the first quarter of 2022, **Letter Mail & Business Solutions** revenue amounted to EUR 187.6m, implying a year-on-year decrease of 8.7%. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. Letter mail volumes in the prior-year quarter were impacted by lockdown measures. Letter mail volumes fell by 4% in the first quarter of 2022, so within the range of the last years. Further development will also be impacted by the difficult circumstances. Negative revenue effect is the discontinuation of special mailings relating to COVID-19 measures. International letter mail also showed a volume decline, whereas the Business Solutions area reported a stable development.

**Direct Mail** revenue increased by 6.3% to EUR 81.5m in the first three months of 2022, compared to a decline of 8.6% in the prior-year period. The government-imposed store closings in response to COVID-19 had an extremely negative effect on the advertising business in the previous year. Increased volatility remains present.

Revenue from **Media Post**, i.e., the delivery of newspapers and magazines, increased by 3.4% year-on-year to EUR 29.8m. This increase can also be primarily attributed to the weak first quarter of 2021 (-5.5%).



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Revenue disclosure in the **Parcel & Logistics Division** has been adjusted. The revenue breakdown in parcel logistics now incorporates revenue presentation on a regional basis along with additional logistics services. First-quarter 2021 figures were adjusted accordingly.

Revenue of the Parcel & Logistics Division fell by 12.5% in the first quarter of 2022 to EUR 283.1m. This sharp decrease is mainly attributable to the parcel business in Turkey (**Parcel Turkey**), which fell by 39.1% from the prior-year period to EUR 50.4m. In addition, a 19% volume decline compared to a strong first quarter of 2021, pressure on the Turkish lira has negatively impacted Turkish parcel revenue in the Group currency (euro).

**Parcel Austria** has also experienced a 6.8% revenue decline in the first quarter of 2022. Parcel volumes have now entered a phase of consolidation following extraordinarily strong volume growth of 36% in the prior-year quarter.

The parcel business in Southeast and Eastern Europe (**Parcel CEE/SEE**) continues to generate positive growth rates, with revenue up by 3.8% to EUR 42.4m in the first three months of 2022.

Revenue of the **Logistics Solutions** area (incl. Consolidation), which performs special logistics services such as the transport of COVID-19 test kits, climbed by 16.0% to EUR 19.5m in the period under review. This increase is due to a change in reporting. The positive special effects relating to logistics services were down slightly in the current reporting period.

Revenue of the **Retail & Bank Division** improved by 49.3% in the first quarter of 2022 to EUR 26.4m from EUR 17.7m in the prior-year period. **Branch Services** revenue fell by 14.3%, from EUR 10.5m in the first three months of 2021 to EUR 9.0m in the current reporting period. **Income from Financial Services** at the amount of EUR 17.4m in the first quarter of 2022 showed a strong increase due to the acquisition of the retail business of ING in Austria. As of the beginning of May 2022, bank99 already has 245,000 customers.

## EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (47.9%), raw materials, consumables and services used (29.2%) and other operating expenses (13.6%). 6.9% can be attributed to depreciation, amortisation and impairment losses and 0.5% to expenses for financial services.

Staff costs in the first quarter of 2022 totalled EUR 288.0m, implying a decline of 5.1% or EUR 15.5m. Operational staff costs remained stable compared to the prior-year period. The Austrian Post Group employed an average of 27,239 people (full-time equivalents) in the first three months of 2022 compared to the average of 27,541 employees in the prior-year period (-1.1%). 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-operating staff costs in the first quarter of 2022 contained a lower level of expenses than in the comparable prior-year quarter.

Raw materials, consumables and services used were down by 5.4% to EUR 175.6m. This decline is mainly due to the currency translation of the Turkish lira, which resulted in lower expenses in euro year-on-year. At the same time, higher fuel and energy costs as well as transport services performed by external service providers had the opposite effect.



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Other operating income increased by 27.8% to EUR 28.4m and is mainly attributed to COVID-19 related reimbursements from the Austrian Federal Government in connection with sick leaves of employees. Other operating expenses increased by only 1.8% to EUR 81.9m.

EBITDA amounted to EUR 81.2m in the first quarter of 2022, comprising a decrease of 17.9% year-on-year from EUR 99.0m. This implies an EBITDA margin of 13.5%. Depreciation, amortisation and impairment losses amounted to EUR 41.6m in the first three months of 2022, implying an increase of 6.2% year-on-year or EUR 2.4m. The increase is mainly due to investments in new sites for the parcel logistics infrastructure. Group EBIT amounted to EUR 39.6m in the first quarter of 2022, compared to EUR 59.8m in the previous year. The EBIT margin amounted to 6.6%.

The Group's financial result of EUR 1.1m was below the prior-year figure of EUR 2.4m. As a consequence, after deducting the income tax of EUR 10.2m, the profit for the period for the first three months of 2022 fell to EUR 30.5m from EUR 49.9m in the first quarter of 2021. This implies undiluted earnings per share of EUR 0.46 compared to EUR 0.71 in the prior-year period.

## EARNINGS BY DIVISION

Group EBIT in the first quarter of 2022 declined from EUR 59.8m to EUR 39.6m and was influenced by less favourable volume developments following the positive special effects in the previous year. In particular, negative macroeconomic factors such as the pressure on the Turkish lira impacted earnings in the first quarter of 2022.

From a divisional perspective, the Mail Division achieved an EBIT of EUR 41.1m in the first quarter of 2022, down from EUR 45.5m in the previous year. The revenue decline in the period under review could be partially offset by countermeasures on the cost side.

The Parcel & Logistics Division generated an EBIT of EUR 17.4m in the first quarter of 2022, down from EUR 35.8m in the prior-year quarter. This corresponds to a year-on-year decrease of EUR 18.4m. Due to an extraordinary tailwind in the parcel business in the first quarter of 2021 as well as lockdowns, parcel volumes in Austria has increased by more than 70% from the first quarter of 2019 to the first quarter of 2021. For this reason, a consolidation effect was already expected, as reflected in the 9% decline year-on-year in parcel volumes in the first quarter of 2022. The sharp depreciation in value of the Turkish lira in the second half of 2021 also impacted earnings and led to lower revenue and earnings contribution of the Turkish subsidiary in euro. Although revenue of the still profitable Turkish subsidiary increased by 7.1% when denominated in the local currency (TRY), its conversion into euro has resulted in a 39.1% decrease.

The Retail & Bank Division recorded an EBIT of minus EUR 10.7m in the first quarter of 2022, compared to minus EUR 18.4m in the previous year. Accordingly, the earnings amounted to 41.8% or EUR 7.7m. Supported by the acquisition of the ING retail business in Austria, the financial services business is on a positive earnings trend.

The EBIT of the Corporate Division (incl. Consolidation and intra-Group cost allocation procedure) changed from minus EUR 3.1m to minus EUR 8.2m. The Corporate Division provides non-operating services which are essential for the purpose of administration and financial control of the company. In



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In addition to conventional corporate governance tasks, these services include the management and development of commercial properties not required for operations, the management of significant 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

Austrian Post relies on operating free cash flow as a key indicator to assess the financial strength of its operating business and to cover the dividend for the financial year. Excluding the change in core banking assets, the operating free cash flow totalled EUR 72.1m in the current reporting period compared to EUR 74.4m in the first quarter of 2021. Cash flow from financing activities came to minus EUR 85.2m in the first three months of 2022, compared to minus EUR 42.1m in the previous year.

Austrian Post relies on a solid balance sheet and financing structure. Total assets amounted to EUR 4,885.1m as at 31 March 2022. On the asset side, property, plant and equipment at EUR 1,202.2m constitute one of the largest balance sheet items and included right-of-use assets in connection with leases of EUR 329.0m. In addition, there were intangible assets and goodwill from company acquisitions, which were reported at EUR 138.0m as at 31 March 2022. The balance sheet showed receivables totalling EUR 379.5m, other financial assets amounted to EUR 32.9m as at 31 March 2022. Financial assets from financial services totalled EUR 2,831.0m at the end of the first quarter of 2022 and result primarily from the business activities of bank99.

On the equity and liabilities side of the balance sheet, equity of Austrian Post Group amounted to EUR 693.5m as at 31 March 2022 (implying an equity ratio of 14.2%). The pro forma equity ratio (bank99 accounted for using the equity method) equalled 32% at the end of March 2022. Provisions of EUR 683.1m are shown on the equity and liabilities side at the end of March 2022, trade and other payables totalling EUR 500.8m. Financial liabilities from financial services of EUR 2,675.7m result from business activities of bank99 (deposit and investment business of bank99 customers).

## OUTLOOK FOR 2022

The beginning of 2022 confirmed the emerging trends. Supply bottlenecks and delays in the global value chain took place. In turn, this laid the foundation for rising inflation and restrained consumer behaviour. The acts of war in Ukraine have now aggravated international economic challenges due to increased raw materials' prices, especially for energy. Further bottlenecks in the supply and delivery chains raised pressure on inflation and led to increases in operational staff and production costs in industrial and service companies. For this reason, the above-mentioned challenging economic conditions are expected to prevail in 2022.

### Targeted revenue stability in 2022

Despite the difficult economic environment, Austrian Post aims to achieve the highest possible level of revenue stability in 2022. In particular, revenue generated in the previous year by positive special effects represents a high comparative benchmark in the first half of 2022. The prior-year performance should be more easily matched in the second half of the year. However, the underlying prerequisite for this forecast remains broad energy-related as well as economic and currency stability in the company's markets. A modest decline in the Mail Division revenue is expected in 2022. The volatile development in recent years triggered by various pandemic-related restrictions will generally diminish. Traditional letter mail



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volumes will likely continue to suffer from a structural decline in the range of about 5% as before. Price adjustment will attempt to offset the inflationary cost increases. For example, within the context of its universal service obligation, the rate for the Eco-letters featuring delivery within 2–3 days will be raised from EUR 0.74 to EUR 0.81 effective 1 July 2022. Volatile trends in the direct mail and media post areas are also anticipated due to of the advertising spending restraint.

Revenue in the Parcel & Logistics Division has risen sharply over the past few years. This was also driven by COVID-19 related lockdowns which, in turn, boosted additional parcel volumes in the field of e-commerce. For this reason, a certain degree of consolidation is foreseeable in 2022 as well as the steady increase in own delivery services carried out by a large customer in Austria. There are other challenges in the parcel market due to reduced need for logistics services related to COVID-19 as well as due to currency exchange uncertainties on the Turkish market. Service processes are being further optimised and moderate adjustments for inflation are being implemented to minimise the revenue decline in the current financial year.

Revenue development of the Retail & Bank Division should continue to improve in 2022. The focus in 2022 will be on the integration of the ING retail business into bank99 as well as on the further ramp-up of customers and the expansion of the product portfolio.

### **Group earnings 2022**

The current economic environment complicates the earnings forecast for Austrian Post in 2022. It is highly likely that inflation trends will set in not only in the short term but also in the long term as well. This could not only impact the cost situation but also the purchasing power and consumer sentiment. From today's perspective, Group EBIT should lie in the range of the results reported in the last two years, namely EUR 205m in 2021 and EUR 161m in 2020. The ambition of the company is to get close to the level of 2021.

### **Continuation of investment programme**

In essence, the planned investment programme of Austrian Post will be continued. Individual investments are being assessed to ensure meeting all profitability targets. Maintenance CAPEX in Austria, Southeast and Eastern Europe and Turkey totalling about EUR 100m, comprise the basis of the company's investment activities in 2022. Furthermore, growth CAPEX of about EUR 80m is planned in Austria in 2022. The conversion of logistics processes to enable climate-neutral delivery plays an important role in all investment projects.