AUSTRIAN POST H1 2023 RESULTS:
Revenue and earnings increase in the first half of 2023

H1 revenue growth in Parcel & Logistics and Retail & Bank

- Revenue +6.0% to EUR 1,284.8m
- Mail –0.2% to EUR 598.1m
- Parcel & Logistics +9.9% to EUR 628.4m
- Retail & Bank +41.3% to EUR 76.5m

H1 Group earnings with strong improvement in Retail & Bank

- EBITDA +5.3% to EUR 189.0m
- EBIT +4.6% to EUR 95.2m
- Earnings per share +36.0% to EUR 1.13

Cash flow and balance sheet

- H1 operating free cash flow of EUR 115.5m
- Total assets as at 30 June including bank99 of EUR 5.3bn

Outlook for 2023

- Targeted Group revenue growth in the mid-single-digit range
- Earnings (EBIT) target remains close to the prior year level

The first half of 2023 was characterised by challenging conditions. Economic developments and the ongoing high inflation rate continue to impact Austrian Post's business model. This applies particularly to higher costs for energy and purchased services as well as increased staff costs alongside a weaker economic environment as reflected in the subdued consumer confidence. "Our performance in the first half year is in line with our expectations," says CEO Georg Pölzl. "However, we succeeded in growing revenue as well as earnings thanks to the necessary cost and price discipline," he added.

Group revenue totalled EUR 1,284.8m in the first half of 2023, implying a rise of 6.0%. The Parcel & Logistics Division showed a 9.9% revenue increase to EUR 628.4m. Business in Türkiye continued to be negatively impacted by inflation and currency effects. Nevertheless, the company managed to generate higher revenue in all regions. The Mail Division reported a slight revenue decline of 0.2% to EUR 598.1m in the first half year 2023, with the rise in conventional letter mail in contrast to a decrease in the direct mail business. The Retail & Bank Division generated strong revenue growth of 41.3% to EUR 76.5m due to the improved interest rate environment for banks. Austrian Post's Group revenue in the first and second quarters of 2023 was considerably affected by the exchange rate of the Turkish Lira. Accordingly, the first quarter benefited with revenue increasing by 10.5%, whereas the second quarter was negatively impacted, showing an increase of only 1.6% mainly due to currency effects in line with hyperinflationary accounting.

Despite the ongoing challenges, Austrian Post reported an improvement in its key financial indicators for the first half of 2023. EBITDA increased by 5.3% to EUR 189.0m and earnings before interest and taxes (EBIT) rose 4.6% from EUR 91.0m to EUR 95.2m. EBIT reported by the Mail Division totalled EUR 77.6m in the first half of 2023 compared to EUR 82.9m in the previous year. The earnings reduction is attributable to the ongoing volume decline and cost increases in all areas which could be only partially offset by postal rate increases. EBIT achieved by the Parcel & Logistics Division equalled EUR 36.3m in the first half of 2023 compared to the prior-year figure of EUR 45.5m. This decrease can be attributed to positive special effects amounting to EUR 10.9m in the previous year in connection with Aras Kargo (in particular the option valuation relating to the increase in Austrian Post's stake in the company). The Retail & Bank Division showed a strong earnings improvement, recording an EBIT of EUR 1.1m in the first half of 2023, up from minus EUR 20.4m in the prior-year period. In this regard, a significant contribution was made by the positive development of the financial services business of bank99 based on the improved interest rate environment. All in all, second-quarter EBIT of the Austrian Post Group was down from EUR 51.4m to EUR 48.2m due to the above-mentioned positive special effects of EUR 10.9m in the second quarter of 2022. The profit for the period climbed from EUR 54.8m to EUR 78.6m in the first half-year 2023, corresponding to improved earnings per share of EUR 1.13 in contrast to EUR 0.83 per share in the previous year.

In the second half of 2023, the economic environment in Europe will continue to be characterised by high inflation, restrained consumer behaviour and a limited investment activity. Austrian Post will adapt its product and pricing portfolio for conventional letter mail items effective 1 September 2023. Both business and private customers will be able to choose between the cheaper ECO letter with two to three working days delivery and the faster PRIO letter with next working day delivery. In turn, this will enhance freedom of choice and ensure reliable delivery quality. The Group maintains its performance targets for the 2023 financial year and expects to achieve revenue growth in the mid-single-digit range and earnings (EBIT) at about the same level as last year.

The investment programme of Austrian Post to ensure sustainability and growth is also a top priority in 2023. The focus is on expanding parcel logistics capacities in Austria as well as the sustainable vehicle fleet to enhance e-mobility. Austrian Post is very well positioned to maintain delivery quality and speed for parcels in Austria at a high level even in the case of increasing volumes due to the scheduled completion of the Logistics Centre Vienna in the autumn of this year. "In the interest of customer orientation, the performance of our services and our leading role in sustainable logistics are at the centre of our actions," CEO Georg Pölzl concludes.

The complete version of the outlook as well as detailed information (excerpts) from the Group management report for the first quarter of 2023 can be found starting on page 4. The entire report is available on the Internet under post.at/investor in the Result Centre.

KEY FIGURES

EUR m	H1 2022	H1 2023	Change %	Change EUR m	Q2 2022	Q2 2023
Revenue	**1,211.8**	**1,284.8**	**6.0 %**	**73.0**	**610.4**	**620.2**
Mail	599.5	598.1	–0.2 %	–1.5	300.7	289.5
Parcel & Logistics	572.0	628.4	9.9 %	56.4	288.9	301.3
Retail & Bank	54.2	76.5	41.3 %	22.4	27.7	39.1
Corporate/Consolidation	–14.0	–18.2	–30.5 %	–4.3	–6.9	–9.7
Other operating income	59.2	38.0	–35.9 %	–21.2	30.8	19.4
Raw materials, consumables and services used	–349.4	–374.7	–7.2 %	–25.2	–173.8	–177.1
Expenses for financial services	–6.4	–5.8	8.4 %	0.5	–3.2	–3.9
Staff costs	–571.8	–579.2	–1.3 %	–7.4	–283.9	–279.4
Other operating expenses	–165.1	–177.9	–7.8 %	–12.8	–83.2	–86.6
Results from financial assets accounted for using the equity method	0.1	0.8	>100 %	0.8	–0.1	0.8
Net monetary gain	1.1	3.1	>100 %	1.9	1.1	0.7
EBITDA	**179.4**	**189.0**	**5.3 %**	**9.6**	**98.2**	**93.9**
Depreciation, amortisation and impairment losses	–88.4	–93.8	–6.1 %	–5.4	–46.8	–45.7
EBIT	**91.0**	**95.2**	**4.6 %**	**4.2**	**51.4**	**48.2**
Mail	82.9	77.6	–6.3 %	–5.2	41.8	36.7
Parcel & Logistics	45.5	36.3	–20.0 %	–9.1	28.0	19.7
Retail & Bank	–20.4	1.1	>100 %	21.5	–9.7	0.3
Corporate/Consolidation[1]	–16.9	–19.9	–17.6 %	–3.0	–8.7	–8.4
Financial result	–13.5	5.7	>100 %	19.2	–14.6	9.1
Profit before tax	**77.5**	**100.9**	**30.2 %**	**23.4**	**36.8**	**57.3**
Income tax	–22.7	–22.3	1.8 %	0.4	–12.5	–10.6
Profit for the period	**54.8**	**78.6**	**43.5 %**	**23.8**	**24.3**	**46.6**
Earnings per share (EUR)[2]	**0.83**	**1.13**	**36.0 %**	**0.30**	**0.38**	**0.67**
Gross cash flow	**161.9**	**156.7**	**–3.2 %**	**–5.3**	**84.0**	**76.9**
Cash flow from operating activities	**45.0**	**11.4**	**–74.7 %**	**–33.6**	**65.6**	**62.3**
CAPEX	58.7	47.6	–18.9 %	–11.1	35.1	23.5
Free cash flow	**–54.2**	**–23.0**	**57.5 %**	**31.2**	**–15.8**	**83.8**
Operating free cash flow[3]	**105.8**	**115.5**	**9.2 %**	**9.7**	**33.7**	**40.4**

[1] Includes the intra-Group cost allocation procedure
[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

CONTACTS

Austrian Post
Ingeborg Gratzer
Head of Media Relations & Internal Communications
Tel.: +43 (0) 57767-32010
presse@post.at

Austrian Post
Harald Hagenauer
Head of Investor Relations, Group Auditing & Compliance
Tel.: +43 (0) 57767-30400
investor@post.at

Vienna, 10 August 2023

EXCERPTS FROM THE MANAGEMENT REPORT H1 2023

REVENUE DEVELOPMENT IN DETAIL

In the first half of 2023, Austrian Post's Group revenue increased by 6.0% year-on-year to EUR 1,284.8m. All operating divisions developed in a very satisfactory way in the first six months. Revenue of the Parcel & Logistics Division climbed by 9.9% and Retail & Bank Division revenue was up by 41.3%. Only the Mail Division reported a slight revenue decline of 0.2% from the previous year.

The share of the Mail Division as a proportion of the total revenue generated by Austrian Post in the first half of 2023 amounted to 45.9%. The division's revenue of EUR 598.1m is negatively impacted by the structural decline of addressed letter mail volumes as a result of electronic substitution, but also benefits from postal rate adjustments implemented last year. Moreover, a subdued advertising environment is evident in certain sectors.
The Parcel & Logistics Division accounted for 48.2% of Group revenue or EUR 628.4m in the reporting period. The parcel business developed very positively in all regions. The Logistics Solutions business had a decrease in revenue due to the lack of special pandemic-related logistics services of preceding years.
The Retail & Bank Division accounted for 5.9% of Group revenue or EUR 76.5m in the first half of 2023. Interest rate developments over the past months made a positive contribution to the division's revenue.

Revenue of the **Mail Division** totalled EUR 598.1m in the first half of 2023, of which 63.3% can be attributed to the Letter Mail & Business Solutions area. Direct Mail accounted for 26.0% of the total divisional revenue, and Media Post had a 10.7% share.
In the first half of 2023, **Letter Mail & Business Solutions** revenue amounted to EUR 378.7m, implying a year-on-year increase of 0.9%. Letter mail volumes continue to show a downward trend resulting from the substitution of letters by electronic forms of communication. Conventional letter mail volumes in Austria fell by 6% in the first half-year 2023, which is also related to positive special effects in the prior-year period (energy bonus mailing). In contrast, postal rate adjustments implemented in the previous year had a positive effect on revenue in the current reporting period. Inflationary pressures on all types of costs led to adjustments in the product and pricing structure as well as to necessary efficiency increases in internal processes. International letter mail was impacted by a reduction or volume shift to parcel products, whereas the Business Solutions area developed positively.
Direct Mail revenue fell by 4.0% in the first half of 2023 to EUR 155.3m. The current restrained advertising behaviour as well as the structural decline in certain customer segments (e.g. mail order business) could be partially offset by adjustments to the price structure. Furthermore, consolidation in stationary retail is ongoing.
Revenue from **Media Post**, i.e., the delivery of newspapers and magazines, rose by 2.4% year-on-year to EUR 64.1m. This increase is related mainly to adjustments in the product and pricing structure.

Revenue of the **Parcel & Logistics Division** increased by 9.9% in the first half of 2023 to EUR 628.4m. The parcel business developed very positively in all regions.
Parcel Austria generated 8.8% revenue growth to EUR 373.9m in the reporting period. Parcel volumes showed an upward trend of 9%, influenced by high customer confidence in the quality leadership of Austrian Post and rising volumes from Asia.

Revenue in Türkiye (**Parcel Türkiye**) increased by 22.9 % to EUR 133.0m compared to the first six months of 2022. This high level of growth is due to increasing volumes (+11 %). Growth in the first and second quarter of 2023 varied as a result of currency exchange developments. A revenue contribution of EUR 83.6m was generated in the first quarter of 2023, whereas second-quarter Parcel Türkiye revenue was EUR 49.5m. Second quarter included a currency effect from first-quarter revenue of minus EUR 22m (IAS 29 Hyperinflation valuation).
The parcel business in Southeast and Eastern Europe (**Parcel CEE/SEE**) continues to generate positive growth rates, with revenue up by 7.1 % to EUR 91.7m in the first half of 2023. This region also saw a strong increase in parcel volumes from Asia.
Revenue of the **Logistics Solutions** area (including Consolidation) fell by 13.8 % in the reporting period to EUR 29.8m. This decline is related to the lack of special pandemic-related logistics services provided in previous years.

Revenue of the **Retail & Bank Division** improved by 41.3 % in the first half-year 2023, increasing to EUR 76.5m from EUR 54.2m in the prior-year period. Income from **Financial Services** climbed from EUR 35.4m to EUR 56.6m in the current reporting period (+59,9 %). This is mainly attributable to the improved interest rate environment in Europe. **Branch Services** revenue increased by 6.2 % to EUR 19.9m as a result of higher revenue generated in the field of retail products/merchandise.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (45.1 %), raw materials, consumables and services used (29.2 %) and other operating expenses (13.8 %). 7.3 % can be attributed to depreciation, amortisation and impairment losses and 0.5 % to expenses for financial services.

Staff costs in the first half of 2023 totalled EUR 579.2m, implying a year-on-year increase of 1.3 % or EUR 7.4m. The change includes collective wage salary adjustments in operational staff costs, which are countered by a high level of cost discipline. Austrian Post Group employed an average of 26,950 people (full-time equivalents) in the first six months of 2023 compared to the average of 27,144 employees in the prior-year period (–0.7 %). Non-operating staff costs refer to severance payments and changes in provisions, which are primarily related to the specific employment situation of civil servant employees at Austrian Post. In contrast to the previous year's period, no significant extra charges were incurred in the first half of 2023.

Raw materials, consumables and services used rose by 7.2 % to EUR 374.7m. Fuel and energy costs as well as transport costs for external freight companies increased the costs.

Other operating income decreased by 35.9 % to EUR 38.0m in the first half of 2023. This development can be attributed to the lack of COVID-19 related reimbursements paid in the previous year as well as to the positive valuation effect for the remaining 20 % stake in Aras Kargo in the previous year. Other operating expenses increased by 7.8 % to EUR 177.9m, particularly for IT services and maintenance costs.

EBITDA equalled EUR 189.0m in the first half of 2023, an increase of 5.3 % from the comparable figure of EUR 179.4m in the previous year. This implies an EBITDA margin of 14.7 %.

Depreciation, amortisation and impairment losses amounted to EUR 93.8m in the first six months of 2023, constituting a year-on-year increase of 6.1 % or EUR 5.4m. The increase is mainly due to investments in new parcel logistics infrastructure locations.
For the Turkish subsidiary, the accounting standard IAS 29 (Financial Reporting in Hyperinflationary Economies) has to be applied. Accordingly, all items in the income statement as well as the non-monetary items were adjusted using a general price index (refer to the Annual Report 2022, Consolidated Financial Statements, Note 3.3). The profit or loss from net monetary items is presented as a separate item in the income statement. In the first half of 2023, the net monetary gain amounted to EUR 3.1m.
Group EBIT totalled EUR 95.2m in the first half-year 2023, up from EUR 91.0m in the previous year. The prior-year figure included a positive special effect of EUR 10.9m in connection with Aras Kargo (mainly option valuation of share increase). The EBIT margin in the first half of 2023 equalled 7.4 %.

The Group's financial result amounted to EUR 5.7m compared to minus EUR 13.5m in the previous year. Whereas the second quarter of 2022 still included a valuation effect of minus EUR 12.3m from financial parameters relating to the option liability for the remaining 20 % stake in Aras Kargo, the current second quarter showed a positive effect of EUR 7.1m. As a consequence, after deducting the income tax of EUR 22.3m, the profit for the period for the first six months of 2023 equalled EUR 78.6m, up from EUR 54.8m in the first half of 2022. Undiluted earnings per share were EUR 1.13, up by 36.0 % from the comparable prior-year figure of EUR 0.83.

EARNINGS BY DIVISON

From a divisional perspective, the Mail Division achieved an EBIT of EUR 77.6m in the first six months of 2023 compared to EUR 82.9m in the prior-year period (–6.3 %). This decline resulted from the ongoing volume decline and cost increases in all areas which could only be partially offset by postal rate effects.

The Parcel & Logistics Division generated an EBIT of EUR 36.3m in the first half-year 2023, down by 20.0 % from EUR 45.5m in the prior-year period which included a positive special effect of EUR 10.9m in the income statement relating to Aras Kargo (mainly option valuation of share increase). The parcel business in Austria and Türkiye improved whereas earnings declined at several Southeast and Eastern European subsidiaries. The lack of special pandemic-related logistics services also negatively impacted the division's earnings.

The Retail & Bank Division recorded an EBIT of EUR 1.1m in the first half of 2023, compared to minus EUR 20.4m in the previous year. Accordingly, the earnings improvement equalled EUR 21.5m. The positive development in the financial services business based on higher net interest income made a significant contribution to earnings.

The EBIT of the Corporate Division (including Consolidation and the intra-Group cost apportionment procedure) changed from minus EUR 16.9m to minus EUR 19.9m, particularly as the result of higher energy costs. The Corporate Division provides non-operating services which are typically essential for the purpose of the administration and financial control of the company. 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 provision 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 2023 equalled EUR 156.7m, compared to EUR 161.9m in the first half-year 2022 (–3.2%). The cash flow from operating activities amounted to EUR 11.4m in the reporting period, compared to the prior-year figure of EUR 45.0m. In this regard, the largest effect is attributable to changes in the core banking assets of bank99 totalling minus EUR 128.5m in the first half of 2023, which consist mainly of an increase in receivables from customers (lending) and a higher portfolio of investments (purchase of government bonds). The cash flow from operating activities excluding core banking assets totalled EUR 139.9m in the first half of 2023, up by 4.2% from EUR 134.3m in the first half of 2022. The cash flow from investing activities was minus EUR 34.4m in the first six months of 2023, compared to minus EUR 99.2m in the prior-year period.
Austrian Post relies on operating free cash flow as a key metric 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 115.5m in the current reporting period compared to EUR 105.8m in the first half of 2022. The cash flow from financing activities came to minus EUR 99.0m in the first six months of 2023, compared to minus EUR 66.2m in the previous year.

Austrian Post relies on a solid balance sheet and financing structure. Total assets amounted to EUR 5.3bn as at 30 June 2023. On the asset side, property, plant and equipment at EUR 1,324.3m is one of the largest balance sheet items and and included right-of-use assets in connection with leases of EUR 404.4m. In addition, there were intangible assets and goodwill from company acquisitions, which were reported at the amount of EUR 148.4m as at 30 June 2023. The balance sheet showed receivables totalling EUR 387.2m, other financial assets amounted to EUR 46.8m as at 30 June 2023. Financial assets from financial services totalled EUR 3,101.2m at the end of the first half of 2023 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 652.7m as at 30 June 2023 (implying an equity ratio of 12.3%). The pro forma equity ratio (bank99 accounted for using the equity method) equalled 28% at the end of June 2023. Provisions of EUR 591.4m are shown on the equity and liabilities side at the end of June 2023, trade and other payables totalling EUR 498.7m. Financial liabilities from financial services amounting to EUR 2,943.2m result primarily from the business activities of bank99 (deposit and investment business of bank99's customers).

OUTLOOK FOR 2023

The European macroeconomic environment will continue to be impacted by high inflation and the resulting effects on the purchasing power of consumers and the willingness of companies to invest. The upward adjustment of wages and salaries at Austrian Post as stipulated by collective labour agreements takes place annually at the Austrian core business on the 1st of July. For this reason, Austrian Post has to continually adapt its product portfolio to incorporate the changes in energy and staff costs.

Revenue growth in 2023

Based on the Group revenue 2022 of EUR 2.5bn, the company expects growth in the mid-single-digit range in 2023.

The Mail Division is confronted with a structural volume decline in conventional letter mail as well as reduced direct mail and media post volumes. This development relates to the weaker economic situation of many customers as well as cost pressures arising from higher prices of energy and paper. Austrian Post will introduce an adapted product portfolio and pricing structure effective 1 September 2023. In this case, both business and private customers will be able to choose between the more favourably priced Economy letter with delivery times of two to three working days and the faster Priority letter with next working day delivery. This offering ensures the freedom of choice and reliable delivery quality. On balance, the Mail Division expects a slight decrease in revenue in 2023.

The Parcel & Logistics Division continues to expect growth in the 2023 financial year. Although the economic environment and consumer behaviour are challenging in Austrian Post's operating markets, the Parcel & Logistics Division aims to generate growth in the upper single-digit range. However, developments are fraught with uncertainty. In particular, the contribution of the Turkish subsidiary in the second quarter was heavily impacted by the exchange rate development of the Turkish Lira, and this is expected to continue.

The Retail & Bank Division is forecasted to develop positively. Revenue is expected to increase significantly in 2023 against the backdrop of an improved interest rate environment. The company maintains its objective of further expanding its financial services business, pressing ahead with IT integration and reaching the break-even point at bank99 in 2024.

Group earnings in 2023

The high level of inflation and the resulting constant upward pressure on costs have proven to be challenging conditions in the core markets. Increases in energy, transport and staff costs must be counteracted by efficiency enhancement measures, while also taking into account in designing products and setting prices as much as possible. In the Austrian market, staff cost increases will take effect in the second half of 2023. Nevertheless, Austrian Post still aims to generate earnings (EBIT) in 2023 at the same level as last year.

Investment programme in 2023

The massive investment programme implying a close to threefold increase in sorting capacities in Austrian parcel logistics is entering its final phase, as reflected in the expansion of the Logistics Centre Vienna. Furthermore, Austrian Post will move ahead with expanding e-mobility with the aim of ensuring 100% CO_2-free delivery in Austria by 2030. In 2023, maintenance CAPEX in Austria and the international subsidiaries will be at the range of EUR 100m. Furthermore, growth CAPEX of EUR 60m-80m is planned in Austria. Positive effects from divestments of non-operating real estate assets are possible.