



AUSTRIAN POST Q1–3 2023 RESULTS:

Revenue and earnings improvement vs. prior-year period

Revenue

- Revenue +8.5% to EUR 1,969.3m
- Mail -2.3% to EUR 866.7m
- Parcel & Logistics +16.6% to EUR 1,009.1m
- Retail & Bank +39.3% to EUR 118.6m

Earnings

- EBITDA +9.5% to EUR 282.4m
- EBIT +4.4% to EUR 130.8m
- Earnings per share +4.4% to EUR 1.30

Cash flow and balance sheet

- Operating free cash flow of EUR 177.2m
- Equity of EUR 674.9m as at 30 September 2023

Outlook

- Outlook confirmed, growth in Group revenue in 2023 at least in the mid-single digit range
- Group earnings (EBIT) in 2023 expected to remain at the prior year level
- 2024: Aim to achieve revenue growth and maintain the track record of stability in earnings development

The year 2023 has been marked by challenging conditions. The high inflation accompanied by a weakening economic output has a negative impact on the investment behaviour of consumers and institutions. In particular, stationary trade and e-commerce businesses face declining demand. This development also applies to Austrian Post's mail order and advertising customers. "Against this backdrop, we are very satisfied with the development of Austrian Post", states CEO Georg Pözl. "Growth in the parcel business as well as the increase in financial services managed to offset the decline in letter mail and direct mail items", Pözl continues.

Group revenue improved by 8.5% in the first three quarters of 2023 to EUR 1,969.3m. The Parcel & Logistics Division showed a revenue increase of 16.6% to EUR 1,009.1m based on volume growth in all of Austrian Post's regions: +11% in Austria, +25% in Southeast and Eastern Europe and +11% in Türkiye in the first nine months of 2023. The market but also growth in Türkiye continue to be negatively impacted by high inflation and exchange rate developments. The Mail Division reported a revenue decline of 2.3% in the first three quarters of 2023 to EUR 866.7m, which is related to further decline in the conventional letter mail business as well as to volume decrease in direct mail. The Retail & Bank Division generated strong revenue growth of 39.3% to EUR 118.6m due to the improved interest rate environment for banks.

Despite the ongoing challenges and cost-related inflationary trends, Austrian Post showed an improvement in its earnings indicators for the first three quarters of 2023. EBITDA climbed by 9.5% to EUR 282.4m, and earnings before interest and taxes (EBIT) rose by 4.4% to EUR 130.8m. The Mail



INVESTOR INFORMATION

14 November 2023

Division reported an EBIT of EUR 102.1m in the first three quarters of 2023, a decline of 7.8% from the prior-year level of EUR 110.7m. Declining volumes could only be partially offset by postal rate adjustments. EBIT achieved by the Parcel & Logistics Division equalled EUR 60.7m in the first three quarters of 2023, up by 3.5% from the prior-year result of EUR 58.6m. The Retail & Bank Division showed a strong earnings improvement of 77.5%, resulting in an EBIT of minus EUR 5.6m in the first three quarters of 2023, up from minus EUR 24.8m in the previous year. In this regard, a significant contribution was made by the positive development of the financial services business of bank99 due to the improved interest rate environment. All in all, profit for the period of the Austrian Post Group rose from EUR 84.8m to EUR 90.8m in the first nine months of 2023, resulting in improved earnings per share of EUR 1.30 compared to EUR 1.25 in the prior-year period (+4.4%).

Inflation, consumer behaviour and retail sector developments in the retail sector will continue to be the main challenges in Austrian Post's markets in the upcoming quarters. Leveraging growth opportunities and, at the same time, implementing efficiency enhancement measures will remain the top priority. Accordingly, the company confirmed its outlook and expects growth in 2023 at least in the mid-single-digit range. Forecast fluctuations are particularly due to the inflationary environment in Türkiye as well as the volatile exchange rate of the Turkish Lira. Austrian Post aims to generate earnings (EBIT) in 2023 at last year's level. The target for 2024 is also to achieve revenue growth, especially in the parcel business, to offset cost increases and maintain the track record of stability in earnings development.

The massive investment programme implemented in recent years that allowed to increase the sorting capacity of Austrian parcel logistics by nearly threefold is currently in its final phase, with the new Parcel Logistics Centre Vienna being put into operation. Furthermore, Austrian Post will go ahead with expanding e-mobility to ensure a CO₂-free delivery in Austria by 2030. "Not only do we strive to offer our customers an outstanding quality, but we also want to be in the lead in terms of green logistics," CEO Georg Pölzl concludes.

The complete version of the outlook as well as detailed information (excerpts) from the Group management report for the first three quarters 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.



INVESTOR INFORMATION
14 November 2023

KEY FIGURES

EUR m	Q1-3 2022	Q1-3 2023	Change		Q3 2022	Q3 2023
			%	EUR m		
Revenue	1,815.9	1,969.3	8.5%	153.5	604.1	684.5
Mail	886.9	866.7	-2.3%	-20.2	287.4	268.6
Parcel & Logistics	865.3	1,009.1	16.6%	143.9	293.2	380.7
Retail & Bank	85.2	118.6	39.3%	33.4	31.0	42.1
Corporate/Consolidation	-21.5	-25.2	-16.9%	-3.6	-7.6	-6.9
Other operating income	78.9	77.0	-2.5%	-2.0	19.7	39.0
Raw materials, consumables and services used	-531.2	-597.0	-12.4%	-65.9	-181.7	-222.4
Expenses for financial services	-9.5	-12.0	-25.6%	-2.4	-3.1	-6.1
Staff costs	-845.4	-886.7	-4.9%	-41.3	-273.6	-307.5
Other operating expenses	-250.0	-274.5	-9.8%	-24.5	-84.9	-96.5
Results from financial assets accounted for using the equity method	-0.2	1.5	>100%	1.8	-0.3	0.7
Net monetary gain/ loss	-0.4	4.8	>100%	5.2	-1.6	1.7
EBITDA	258.0	282.4	9.5%	24.4	78.6	93.4
Depreciation, amortisation and impairment losses	-132.7	-151.7	-14.3%	-19.0	-44.2	-57.8
EBIT	125.3	130.8	4.4%	5.5	34.3	35.6
Mail	110.7	102.1	-7.8%	-8.6	27.8	24.5
Parcel & Logistics	58.6	60.7	3.5%	2.0	13.2	24.3
Retail & Bank	-24.8	-5.6	77.5%	19.3	-4.4	-6.7
Corporate/Consolidation ¹	-19.2	-26.5	-37.7%	-7.3	-2.3	-6.6
Financial result	-21.1	-3.5	83.3%	17.6	-7.6	-9.2
Profit before tax	104.2	127.2	22.1%	23.0	26.7	26.3
Income tax	-19.5	-36.5	-87.2%	-17.0	3.2	-14.2
Profit for the period	84.8	90.8	7.1%	6.0	30.0	12.2
Earnings per share (EUR)²	1.25	1.30	4.4%	0.05	0.41	0.17
Gross cash flow	233.9	216.1	-7.6%	-17.8	71.9	59.4
Cash flow from operating activities	-145.5	73.4	>100%	218.9	-190.5	62.0
CAPEX	99.5	97.9	-1.5%	-1.5	40.8	50.3
Free cash flow	-279.9	22.1	>100%	302.0	-225.7	45.1
Operating free cash flow³	147.6	177.2	20.0%	29.6	41.8	61.7

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

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EXCERPTS FROM THE MANAGEMENT REPORT Q1–3 2023

REVENUE DEVELOPMENT IN DETAIL

In the first three quarters of 2023, Austrian Post's Group revenue increased by 8.5 % year-on-year to EUR 1,969.3m. The Parcel & Logistics Division with its Turkish business operations generated strong revenue growth of 16.6% in the first nine months of 2023 and 29.8% in the third quarter. Excluding Parcel Türkiye, the division produced a 9.1 % revenue increase in the first three quarters and 14.0 % in the third quarter.

The share of the Mail Division as a proportion of the total revenue generated by Austrian Post in the first three quarters of 2023 amounted to 43.5 %. While division's revenue of EUR 866.7m is negatively impacted by the structural decline of addressed letter mail volumes as a result of electronic substitution, it benefits from the latest postal rate adjustments. In addition, the advertising environment is subdued in certain sectors.

The Parcel & Logistics Division produced 50.6 % (EUR 1,009.1m) of Group revenue in the reporting period. The parcel business developed very positively in all regions. The Logistics Solution business showed a revenue decrease due to the lack of special pandemic-related logistics services.

The Retail & Bank Division accounted for 5.9% of Group revenue or EUR 118.6m in the first three quarters 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 866.7m in the first three quarters of 2023, of which 63.5 % 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 10.6 % share.

In the first three quarters of 2023, **Letter Mail & Business Solutions** revenue equalled EUR 550.6m, implying a year-on-year decline of 1.2%. 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 adjusted for one-off and special effects showed a decline of 5 % in the first three quarters of 2023. Inflationary pressure on all types of costs led to adjustments in the product and pricing structure as well as to necessary efficiency enhancements of internal processes. International letter mail was impacted by a reduction and/or volume shift to parcel products, whereas the Business Solutions area developed positively.

Direct Mail revenue fell by 6.3% in the first nine months of 2023 to EUR 224.0m. The restrained advertising environment and the structural decline in certain customer segments (e.g., mail order business) could only be partially compensated by price structure adjustments. In addition, there are signs of consolidation in the stationary trade sector (furniture).

Revenue from **Media Post**, i.e., the delivery of newspapers and magazines, rose by 1.9% year-on-year to EUR 92.1m. This increase is related mainly to adjustments in the product and pricing structure.

Revenue of the **Parcel & Logistics Division** increased by 16.6% in the first three quarters of 2023 to EUR 1,009.1m. The parcel business developed very positively in all regions.

Parcel Austria generated 10.3% revenue growth to EUR 565.6m in the reporting period. Parcel volumes showed an upward trend of 11 %, influenced by high customer confidence in the quality leadership of Austrian Post and rising volumes from Asia.



INVESTOR INFORMATION

14 November 2023

Revenue in Türkiye (**Parcel Türkiye**) increased by 45.5% to EUR 259.8m compared to the first nine months of 2022. On the one hand, this high level of growth is due to increasing volumes (+11%). On the other hand, the fluctuations in the increase in the first three quarters of 2023 are strongly influenced by high inflation and the exchange rate (accounting in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies).

The parcel business in Southeast and Eastern Europe (**Parcel CEE/SEE**) continues to generate positive growth rates, with revenue up by 12.0% to EUR 140.0m in the first three quarters of 2023. This region also saw a strong increase in parcel volumes from Asia.

Revenue of the **Logistics Solutions** area (including Consolidation) fell by 10.7% in the reporting period to EUR 43.8m. This decline is mainly related to the discontinuation of special pandemic-related logistics services.

Revenue of the **Retail & Bank Division** increased by 39.3% in the first three quarters of 2023 from EUR 85.2m to EUR 118.6m. **Income from Financial Services** climbed from EUR 56.4m to EUR 89.5m (+58.5%) in the current reporting period. This is mainly attributable to the improved interest rate environment in Europe. **Branch Services** revenue increased by 1.4% to EUR 29.1m in the first three quarters of 2023 as a result of inflation-related price adjustments in the field of retail products/merchandise.

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (45.0%), raw materials, consumables and services used (30.3%) and other operating expenses (13.9%). 7.7% can be attributed to depreciation, amortisation and impairment losses and 0.6% to expenses for financial services.

Staff costs in the first three quarters of 2023 totalled EUR 886.7m, implying a year-on-year increase of 4.9% or EUR 41.3m. 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 27,119 people (full-time equivalents) in the first nine months of 2023 compared to the average of 27,156 employees in the prior-year period (-0.1%). 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 costs were incurred in the first three quarters of 2023.

Raw materials, consumables and services used rose by 12.4% to EUR 597.0m. This development mainly relates to increased transport costs for external freight companies due to higher volumes in all parcel regions.

Other operating income decreased by 2.5% to EUR 77.0m in the first three quarters of 2023. While the current reporting period included a capital gain of EUR 19.3m from the sale of a property, the previous year included COVID-19 reimbursements from the federal government totalling EUR 13.2m and a positive one-off effect in connection with Aras Kargo amounting to EUR 8.8m (option valuation, hyperinflation, goodwill impairment). Other operating expenses rose by 9.8% to EUR 274.5m, related in particular to IT services and maintenance costs.



INVESTOR INFORMATION

14 November 2023

Accounting standard IAS 29 (Financial Reporting in Hyperinflationary Economies) needs to be applied for the Turkish subsidiary. 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 three quarters of 2023, the net monetary gain amounted to EUR 4.8m.

EBITDA equalled EUR 282.4m in the first three quarters of 2023, a year-on-year increase of 9.5% from EUR 258.0m. This implies an EBITDA margin of 14.3%. Depreciation, amortisation and impairment losses amounted to EUR 151.7m in the first nine months of 2023 (+14.3%). The increase is due on the one hand to investments in new parcel logistics infrastructure locations and on the other hand to impairment losses amounting to EUR 10.8m in connection with software and rights of use properties. Group EBIT increased by 4.4% to EUR 130.8m in the first three quarters of 2023 after EUR 125.3m in the same period of the previous year, despite higher depreciation and amortisation. The EBIT margin in the first three quarters of 2023 equalled 6.6%.

The Group's financial result amounted to minus EUR 3.5m compared to minus EUR 21.1m the previous year. The change is due to the fact that the previous year included a valuation effect of minus EUR 16.6m from financial parameters relating to the option liability for the remaining 20% stake in Aras Kargo. Income taxes increased from minus EUR 19.5m to minus EUR 36.5m in the first three quarters of the current reporting period included a deferred tax expense of EUR 8.5m, mainly due to the hyperinflation valuation. This resulted in a profit for the period for the first nine months of 2023 of EUR 90.8m, up from EUR 84.8m in the first three quarters of the previous year. Undiluted earnings per share were EUR 1.30, up by 4.4% from the comparable prior-year figure of EUR 1.25.

EARNINGS BY DIVISION

From a divisional perspective, the Mail Division achieved an EBIT of EUR 102.1m in the first nine months of 2023 compared to EUR 110.7m in the prior-year period (-7.8%). This decrease resulted from the ongoing volume decline and cost increases in all areas which could only be partially offset by postal rate adjustments.

The Parcel & Logistics Division generated an EBIT of EUR 60.7m in the first three quarters of 2023 compared to EUR 58.6m in the prior-year period (+3.5%), which included a positive special effect of EUR 8.9m in the income statement relating to Aras Kargo (mainly option valuation of share increase). From a regional perspective, the operating parcel business in Austria and Türkiye developed well whereas in Southeast and Eastern Europe there have been reduced earnings due to market pressure in some countries. The Türkiye business was positively impacted by inflation and currency translation, especially in the third quarter. The lack of special pandemic-related logistics services also negatively impacted the division's earnings in the current reporting period.

The Retail & Bank Division recorded an EBIT of EUR minus 5.6m in the first three quarters of 2023, compared to minus EUR 24.8m in the previous year, thus showing a strong earnings improvement of EUR 19.3m. The positive development in the financial services business based on higher net interest income made a significant contribution to earnings. IT integration costs of around EUR 7m in connection with the core banking system of bank99 had a negative impact.



INVESTOR INFORMATION

14 November 2023

The EBIT of the Corporate Division (including Consolidation and the intra-Group cost apportionment procedure) changed from minus EUR 19.2m to minus EUR 26.5m, particularly as the result of higher energy costs. The Corporate Division provides non-operating services which are 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 three quarters of 2023 equalled EUR 216.1m, compared to EUR 233.9m in the first three quarters of 2022 (-7.6%). The cash flow from operating activities amounted to EUR 73.4m in the reporting period, compared to the prior-year amount of minus EUR 145.5m. In this regard, the largest effect is attributable to changes in the core banking assets of bank99 totalling minus EUR 138.6m in the first three quarters of 2023, which consist mainly of an increase in receivables from customers (lending) and a higher portfolio of investments (purchase of government bonds). Core banking assets include the change in the balance sheet items Financial assets from financial services and Financial liabilities from financial services, excluding cash, cash equivalents and balances with central banks, and thus encompass the deposit and investment business of bank99. The cash flow from operating activities excluding core banking assets totalled EUR 212.0m in the first three quarters of 2023, up by 8.8% year-on-year from EUR 194.8m. The cash flow from investing activities was minus EUR 51.3m in the first nine months of 2023, compared to minus EUR 134.4m 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 177.2m in the current reporting period compared to EUR 147.6m in the previous year (+20,0%). The increase also includes the proceeds from the sale of a property. The cash flow from financing activities came to minus EUR 130.5m in the first nine months of 2023, compared to minus EUR 87.0m in the previous year. This included the dividend payment of EUR 120.6m as well as a 3- year loan of EUR 75m.

Austrian Post relies on a solid balance sheet and financing structure. Total assets amounted to EUR 5.35bn as at 30 September 2023. On the asset side, property, plant and equipment at EUR 1,334.6m is one of the largest balance sheet items and includes right-of-use assets under leases of EUR 384.7m. In addition, there are intangible assets and goodwill from business combinations, which are reported at the amount of EUR 149.1m as at 30 September 2023. The balance sheet shows receivables of EUR 409.9m, other financial assets amounted to EUR 37.1m as at 30 September 2023. Financial assets from financial services amounted to EUR 3,192.8m at the end of the third quarter of 2023 and result mainly from the business activities of bank99.

On the equity and liabilities side of the balance sheet, the equity of the Austrian Post Group amounted to EUR 674.9m as at 30 September 2023 (equity ratio of 12.4%). The pro forma equity ratio, taking into account bank99 using the equity method, came to 28% at the end of September 2023. Provisions of EUR 591.7m are shown on the equity and liabilities side at the end of September 2023, trade and other payables totalling EUR 538.5m. Financial liabilities from financial services amounting to EUR 3,029.8m result primarily from the business activities of bank99 (deposit and investment business of bank99's customers).



OUTLOOK

The macroeconomic environment is currently impacted by high inflation accompanied by reduced economic output. The purchasing power of consumers and companies' propensity to invest are, therefore, adversely affected. Austrian Post faces these challenges, including the upcoming wages increase in its core Austrian business as of 1 July, and will address it by optimising its processes, cost structure and price adjustments.

Revenue growth in 2023

Based on the Group revenue 2022 of EUR 2.5bn, the company expects growth at least in the mid-single digit range in 2023. Variations in projections are specifically due to the inflationary environment in Türkiye as well as to the Turkish Lira exchange rate.

The Mail Division is confronted with both structural volume decline in conventional letter mail and reduced direct mail and media post volumes. The adapted product portfolio and pricing structure effective from 1 September 2023 comprises an important measure in this regard. All 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. 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. Further growth is expected in Austrian Post's markets despite changing consumer behaviour. Divisional revenue is expected to increase by more than 10%. A more precise assessment, particularly related to the Turkish market, depends on inflation rates as well as exchange rate developments of the Turkish Lira.

Positive development is forecasted for the Retail & Bank Division. Revenue is expected to increase 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 operating break-even level at bank99 in 2024 (before special effects).

Group earnings in 2023 and 2024

Inflation, consumer behaviour and developments in the retail sector will remain a major challenge in Austrian Post's markets in the upcoming quarters. Leveraging growth opportunities and implementing efficiency enhancement measures at the same time will continue to be the top priority. Accordingly, Austrian Post continues to aim to generate the same level of Group earnings in 2023 as last year (EBIT 2022: EUR 188m). The target for 2024 is also to achieve revenue growth, especially in the parcel business, to offset cost increases and maintain the track record of stability in earnings development.

Capital expenditure in 2023

The massive investment programme implemented in recent years aimed to increase the sorting capacity of Austrian parcel logistics by nearly threefold is in its final phase, with the Logistics Centre Vienna being currently put into operation. Furthermore, Austrian Post will move ahead with expanding e-mobility aiming to ensure a CO₂-free delivery in Austria by 2030. For this reason, maintenance CAPEX in Austria and the international subsidiaries will be at the range of EUR 100m in 2023. In addition, growth CAPEX of EUR 60-80m is planned for Austria.