

# REPORT OF THE SUPERVISORY BOARD OF AUSTRIAN POST FOR THE 2014 FINANCIAL YEAR

The 2014 financial year turned out to be a good year for Austrian Post. In spite of a difficult business environment, Austrian Post succeeded in slightly increasing revenue and improving earnings. The main trends impacting the field of logistics and postal services continued over the past year. The electronic substitution of conventional mail is continuing unabatedly. Direct mail volumes depend on the cyclical development of the advertising industry and the state of the economy. The parcel market continues to be characterised by strong competition and extensive price pressure. Austrian Post managed to successfully meet the challenges posed during the past financial year, and is well positioned to sustainably safeguard its competitiveness and profitability.

The Supervisory Board convened five times in the 2014 financial year, and was provided with timely and comprehensive information on all relevant issues relating to the business development of Austrian Post, including the risk situation, within the context of regular reporting by the Management Board. As a result of this reporting, the Supervisory Board supervised and supported the management activities of the Management Board on an ongoing basis.

The average attendance rate at the Supervisory Board meetings was about 90%. None of the members of the Supervisory Board missed more than half of the sessions.

## Personnel changes

Peter E. Krause was elected to the Supervisory Board for the first time by the Annual General Meeting held on April 24, 2014. He succeeds Edgar Ernst, who laid down his Supervisory Board mandate effective June 21, 2013.

## Priorities

At every regular meeting, the Supervisory Board was informed about developments with respect to the balance sheet and income statement of Austrian Post. The Supervisory Board also dealt with the quarterly results of Austrian Post subsidiaries as well as important strategic investment projects. In addition to its advisory functions, the Supervisory Board particularly focuses on the legality and regularity of the management.

The Supervisory Board meeting held on March 12, 2014, primarily dealt with the annual financial statements and consolidated financial statements of Austrian Post for 2013 along with preparations for the Annual General Meeting. The Supervisory Board also focused on the results of its self-evaluation carried out in January

2014. This ensures the continuing improvement of the efficiency and effectiveness of the mode of operation of the Supervisory Board.

At its meeting convened on May 7, 2014, the Supervisory Board focused its attention on real estate projects with respect to the corporate headquarters of Austrian Post, namely the realisation of the "Post at Rochus" project as well as the utilisation of the former corporate headquarters located on Postgasse.

In light of the fact that the term of office of Walter Oblin expires on June 30, 2015, the Supervisory Board meeting held on August 13, 2014 initiated the process to fill the position of Chief Financial Officer. The Supervisory Board session of November 11, 2014 resolved to reappoint Walter Oblin as Chief Financial Officer until June 30, 2018 with an extension option for two additional years.

The Supervisory Board meeting on November 11, 2014 took place within the context of a visit to the new Allhaming Logistics Centre in Upper Austria. The tour provided a good opportunity for the Supervisory Board to get a first-hand impression of the modern sorting technologies and the production processes of Austrian Post. The focal point of the Supervisory Board's meeting was the approval of the budget of Austrian Post for the 2015 financial year. The Supervisory Board was also provided with detailed information about the company's medium-term planning for the period 2016–2018.

In an extraordinary meeting which took place on December 19, 2014, the Supervisory Board discussed the future of the former corporate headquarters in the Postgasse 8–10 location in Vienna's inner city in detail, and approved the sale of the commercial property to the Soravia Group.

In four meetings, the Audit Committee of the Supervisory Board duly carried out the responsibilities assigned to it. It monitored accounting processes, the audit and the effectiveness of the internal control system, the risk management system and the internal audit system. The auditors and the Audit Committee could exchange information also without the presence of the Management Board. The quarterly results were thoroughly analysed. The Supervisory Board was continually provided with information about the results of the Audit Committee meetings. In accordance with Section 270 Para. 1a of the Austrian Commercial Code, Deloitte Audit Wirtschaftsprüfungs GmbH credibly demonstrated its impartiality towards the Audit Committee.

In the 2014 financial year, the Presidential Committee focused on its proposal for filling the position of “Member of the Management Board and Chief Financial Officer” and preparing the resolution of the Supervisory Board for this appointment.

#### **Consolidated and annual financial statements for 2014**

Deloitte Audit Wirtschaftsprüfungs GmbH was appointed by the Annual General Meeting held on April 24, 2014, to serve as the auditor of the company's annual financial statements and consolidated annual financial statements for the 2014 financial year.

The annual financial statements and consolidated annual financial statements of Austrian Post as at December 31, 2014, were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and were granted an unqualified auditor's opinion. The Management Report and Group Management Report are consistent with the company and consolidated annual financial statements. All documentation relating to the annual financial statements, the profit appropriation proposal as submitted by the Management Board, the Corporate Governance Report and the auditor's report were thoroughly discussed in the Audit Committee together with the auditors and subsequently presented to the Supervisory Board.

March 11, 2015

Rudolf Kemler m. p.  
Chairman of the Supervisory Board

The Supervisory Board examined all the documents in accordance with Section 96 of the Austrian Stock Corporation Act, and did not discover any inconsistencies or objections. As a result, it formally approved the results of the audit. The Supervisory Board formally approved the annual financial statements for the 2014 financial year, which are hereby adopted in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act, and declares its acceptance of the IFRS consolidated financial statements, the Management Report, the Group Management Report and the Corporate Governance Report pursuant to Section 245a of the Austrian Commercial Code.

The Supervisory Board concurs with the Management Board's proposal to distribute a basic dividend of EUR 168,619,529.80 from the net profit amounting to EUR 131,727,644.10 and to carry forward the balance of EUR 36,891,885.70 to the new account.

Finally, the Supervisory Board would like to express its gratitude and appreciation to all the members of the Management Board as well as all employees for their valuable achievements in the past financial year. In particular, special thanks are also owed to the customers and shareholders of Austrian Post for their confidence in the company.