Österreichische Post AG

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euro adhoc: Österreichische Post AG / quarterly or semiannual financial statement / Austrian Post: Good business development confirms the outlook for 2008: Revenue up +6.0%, EBIT margin of 8.2%

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3-month report

16.05.2008

- Group revenue up 6.0%, to EUR 609.9m based on the consolidation of new subsidiaries - Volume and revenue were impacted in a quarterly year-on-year comparison by one working day less and the timing of Easter already in March 2008 - Expected revenue and earnings reduction due to the loss of two parcels customers in Austria - Other parcel customers were retained; restructuring of the parcels business proceeding as planned - Earnings development in the first quarter confirms forecast for 2008 - EBIT of EUR 49.9m, EBIT margin of 8.2% - Group profit for the period of EUR 41.9m, earnings per share of EUR 0.6 - Operating cash flow before changes in working capital continues to be stable, at EUR 77.0m - Outlook for 2008 confirmed: stable to slight increase in revenue, earnings before interest and tax (EBIT) only slightly below 2007, and then continually rising.

Good business development in the first quarter of 2008 The business operations of Austrian Post developed favourably in the first quarter of the 2008 financial year, thus confirming the original outlook for 2008. On balance, total revenue rose 6.0%, to EUR 609.9m. This increase was due to the initial consolidation of the Group subsidiaries Scherübl, Road Parcel Logistics, Merland Expressz Services, meiller direct, Dedicated Distribution Services (DDS), Van Osselaer-Pieters Colli Service (VOP) and City Express which did not belong to the scope of consolidation in the first quarter of 2007. In a quarterly year-on-year comparison, it is important to note that the first quarter of 2008 was characterised by a lower level of volumes due to one working day less, as well as the timing of Easter already in the first quarter. Against this backdrop, the Mail Division in particular generated growth on the basis of the acquired subsidiaries, but also through organic growth.

As originally predicted at the end of 2007 and now confirmed, this revenue development reflects the lower volume in the Austrian parcel segment due to the loss of two major mail order customers. However, other important parcel service customers could be retained, and revenue from the new premium parcel service increased. The current development in the Parcel & Logistics segment corresponds to the expectations of the company. All in all, revenues of the Mail Division climbed by 8.3% during the first quarter of 2008, whereas revenues of the Parcel & Logistics Division were up 4.5%, and the Branch Network Division posted a decline of 3.4%.

Revenue by division EUR m	Q1 2006	Q1 2007	Q1 2008	Change 2007	Structure Q1 2008
Total revenue	444.3	575.5	609.9	6.0%	100.0%
Mail	335.8	341.8	370.0	8.3%	60.7%
Parcel&Logistics	56.7	182.9	191.2	4.5%	31.3%
Branch Network	50.3	49.7	48.0	-3.4%	7.9%
Other/Consolidation	1.4	1.2	0.7	-39.2%	0.1%

Income Statement EUR m	Q1 2006	Q1 2007	Q1 2008	Change 2007	Margin Q1 2008
Revenue	444.3	575.5	609.9	+6.0%	100.0%
EBITDA	69.4	77.4	75.4	-2.6%	12.4%
EBIT	49.0	55.1	49.9	-9.5%	8.2%
Profit after tax	31.0	42.7	41.9	-2.0%	6.9%
Earnings per share (EUR)	0.53	0.61	0.60	-2.0%	-

In addition to the 6,0% increase in revenue, the consolidated income statement of Austrian Post shows a decline in other operating income, which is primarily related to lower proceeds from the disposal of property, plant and equipment compared to the first quarter of 2007.

In the first three months of 2008, the earnings before interest and tax (EBIT) of Austrian Post decreased by 9.5% year-on-year, to EUR 49.9m, which can be attributed to the described special effects in the first quarter, lower proceeds from the disposal of property, plant and equipment and a changed market environment in the Austrian parcels segment. The EBIT margin amounted to 8.2%.

All operating divisions made a positive contribution to earnings. EBIT at the Mail Division was EUR 74.1m, at the Parcel & Logistics Division EUR 4.7m, and at the Branch Network Division EUR 2.6m.

Profit for the period of Austrian Post only declined by 2.0%, to EUR 41.9m year-on-year. Earnings per share in the first quarter of 2008 were EUR 0.60, compared to EUR 0.61 in the comparable period of the preceding year.

Solid balance sheet structure - equity ratio of 44% The balance sheet structure of Austrian Post reflects the positive development of the company in recent years. Accordingly, the equity ratio amounted to 43.7% as at March 31, 2008.

At present, Austrian Post has a net debt position of EUR 149.7m. This financial figure represents the difference between interest-bearing assets (securities, other financial assets and cash and cash equivalents) amounting to EUR 557.9m, and interest-bearing debt (financial liabilities, social capital and other interest-bearing liabilities and provisions) totalling EUR 707.6m.

In the next 2-3 years, Austrian Post aims to achieve a ratio of net debt to EBITDA of 2.0. One important aspect of this targeted capital structure is an ongoing attractive dividend policy (payout ratio of at least 75% of the total profit for the period). Cash flow remains stable In the period under review, total operating cash flow before changes in working capital amounted to EUR 77.0m, practically unchanged from the level achieved in the first quarter of 2007.

The cash flow from changes in working capital amounted to EUR minus 23.3m in Q1 2008. This is primarily comprised of increased receivables of EUR 17.6m, reduced liabilities of EUR 7.9m, and increased current provisions of EUR 3.2m. On balance, total cash flow from operating activities amounted to EUR 53.7m for the first three months of 2008.

The cash flow from investing activities totalled EUR minus 13.2m, comprising the purchase of property, plant and equipment amounting to EUR 16.8m and the acquisition of the remaining shareholding of Scanpoint for EUR 2.6m. Accordingly, total free cash flow reported in the first quarter of 2008 increased to EUR 40.5m.

Outlook for 2008 All in all, Austrian Post confirms its original forecasts for the 2008 financial year, namely a stable development to a slight increase in its total revenue (up to 3%). This includes the integration of the new subsidiaries acquired during the course of 2007. Despite the adverse effects on the parcels segment, Austrian Post expects earnings before interest and tax (EBIT) in 2008 to be only slightly below the level achieved in the year 2007, and then continually rise in subsequent years. Accordingly, the EBIT margin will be slightly below 7% in 2008, and then reach the targeted range of between 7% and 8% in the following years. Based on a stable cash flow development and a solid balance sheet structure, Austrian Post expects to continue pursuing an attractive dividend policy.

Events after the balance sheet date The Annual General Meeting held on April 22, 2008 approved the distribution of a basic dividend totalling EUR 98m (EUR 1.40 per share). Moreover, it was resolved to distribute a special dividend amounting to EUR 70m (EUR 1.00 per share). The dividend payment date for the basic dividend was May 6, 2008, whereas the special dividend will be paid on September 5, 2008. Furthermore, the resolution authorising the Management Board to buy-back and, if applicable, to withdraw treasury shares at a value of up to 10% of the company´s share capital during a period of 18 months (buy back without purpose) was also approved.

Performance of divisions Mail Division In the first three months of 2008, year-on-year external sales by the Mail Division climbed by 8.3%, compared to the same period of the previous year, to EUR 370.0m. This improvement in revenues in chiefly related to the first-time consolidation of the subsidiaries acquired since the first quarter of 2007, but also includes organic revenue growth.

The Letter Mail Business Area developed very satisfactorily, despite the adverse effects on mail volumes due to one working day less in the first quarter of 2008, as well as the timing of Easter already in March 2008. Revenues of the Mail Division declined by only 1.4% year-on-year. External sales of the Infomail Business Area (addressed and unaddressed advertising) climbed by 25.9% in the first three months of the 2008 financial year, to EUR 134.7m. A considerable contribution was made by the initial consolidation of the direct marketing services provider meiller direct. The revenue increase was also driven by international services for advertising mail. The Media Post Business Area raised its first quarter revenue by 10.8%, which is mainly related to the positive development of regional media, but also the one-off effects of regional elections in Austria. On balance, EBIT of the Mail Division, at EUR 74.1m, came close to matching the previous year´s level.

Parcel & Logistics Division External sales by the Parcel & Logistics Division climbed 4.5% in the first quarter of 2008, to EUR 191.2m. Austrian Post now divides its service portfolio into premium parcels (parcel delivery within 24 hours to private and business customers) and standard parcels. Growth in the premium parcel segment can primarily be attributed to the newly acquired Group companies (Scherübl, Road Parcel, Merland, City Express, DDS, VOP), which did not belong to the consolidation range in the comparable period of 2007. At the same time, higher external sales are also related to the general volume increase of this premium product, in Austria as well as in the international subsidiaries of Austrian Post.

As expected, revenue decreased in the standard parcels segment in Austria. The volume decline forecast by Austrian Post materialised due to the market entry of a German parcel services provider. Comprehensive redimensioning measures designed to increase the profitability of parcels services were already initiated in the Parcel & Logistics Division at the end of 2007. The redimensioning of parcel logistics is proceeding on schedule. In the first three months, earnings before interest and tax (EBIT) of the Parcel & Logistics Division amounted to EUR 4.7m.

Branch Network Division External sales by the Branch Network Division declined by 3.4% in the first three months of 2008 compared to the same period of the preceding year, to EUR 48.0m. One key reason was the decline in mobile telephony sales. In the financial services segment, there was a slight rise due to the growth measures which had been initiated, based on the repositioning of PSK Bank and the sales drive for private customers. The assortment of products and services offered in the branch network was improved, and the sales structures were strengthened. Due to lower mail volumes handled by the branch network, internal sales of the Branch Network Division also fell. Earnings before interest and tax (EBIT) totalled EUR 2.6m in the first three months of the 2008 financial year.

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The interim report of the first quarter is available at www.post.at/ir/en.

end of announcement euro adhoc

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