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EANS-Adhoc: Österreichische Post AG / Austrian Post Aims to Grow Again in the Medium-Term and Continues its Group Transformation Decisively CEO Georg Pölzl focuses on customer-orientation and innovation

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Company Information

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Georg Pölzl, Chairman of the Management Board and Chief Executive Officer of Austrian Post, introduced medium-term plans and new strategies today which are designed to make the Group fit for the future in the light of the upcoming liberalisation of the Austrian postal market. The four strategic cornerstones provide a clear orientation for further development of Austrian Post. In addition to defending its market leadership in the letter mail and parcels segments in Austria, Austrian Post also wants to exploit future growth opportunities. Pölzl is increasingly focusing on innovation and customer orientation. "We have set ambitious goals for ourselves. In order to achieve this, the entire company and particularly our domestic business operations will have to undergo a far-reaching reorientation, placing much more emphasis on consumer-friendly services. We will decisively confront the risks arising from e-substitution and liberalisation and persistently exploit our growth opportunities," says CEO Georg Pölzl.

The future postal market opens up new opportunities but poses challenges. Current developments in international postal and logistics markets indicate potential challenges to Austrian Post but also new opportunities. The most important changes are the upcoming market liberalisation effective January 1, 2011 as well as the substitution of letters by electronic media. International estimates forecast that these trends could result in a 3-7% annual decline in letter mail volumes. In contrast, the internationalisation of trade flows and the ongoing surge in Internet shopping will drive future growth in the parcels segment. Apart from major changes in the market, customer requirements are also further developing. On the one hand, the new digital opportunities are raising customer expectations in respect to online convenience. On the other hand, increasing importance is being attached to values such as confidentiality, data security and reliability of services.

Austrian Post aims to leverage existing strengths "Austrian Post is a company with a long-standing tradition, which stands for confidentiality, reliability and efficiency. These are values which will be more in demand than ever before", says Austrian Post CEO Georg Pölzl. In his view, there is absolutely no doubt that the company's product and service offering will have to emphasize these values more strongly. "Who else if not us can combine a high level of data security and privacy protection with speed, convenience and easy accessibility? Precisely this apparent contradiction opens up new opportunities for us", Georg Pölzl adds. For this reason, Austrian Post aims to leverage existing competencies and operate as the undisputed number one in respect to sending or receiving postal items and information, whether physically or electronically. In this regard, CEO Pölzl intends to further expand the offering for private and business customers and more strongly exploit modern technologies.

For Austrian Post, innovation means customer orientation, product simplification and online activities. Austrian Post's declared goal is to increasingly prioritise customer preferences and requirements by launching a service offensive for all its products and services. The primary aim is to make the service offering clearer and easier to use, reduce complexity and offer customers all services under one roof, whether physical delivery of mail or in the form of electronic services.

"In the future, the customer will be able to receive his mail items through the online portal of Austrian Post, enjoying the same protected private sphere as in his own living room", Pölzl explains, underlying the company's increasing emphasis on online activities. In an initial step in this direction, Austrian Post is offering customers, effective immediately, the opportunity to conveniently and securely request various postal services from their own homes, for example mail forwarding or vacation hold mail.

"But this is only the first step", Pölzl states. "Our future portfolio will be more individually tailored to specific customer requirements. For example, the sender will be able to freely choose whether his mail is to be printed and enveloped or sent as an electronic file. Customers will also be able to configure parcel delivery options online, from packaging to the electronic parcel stamp. The recipient can decide how and where he wants to get his personal mail - to his own residence, place of work, to his preferred post office or from parcel "dispensers". Alternatively, mail could be sent directly to a secure online portal of Austrian Post. In this way, Austrian Post offers its customers the highest possible level of convenience.

Four strategic cornerstones of Austrian Post In the last few months, Austrian Post has intensively re-viewed its strategy and defined four strategic cornerstones for the Group.

1. Defending market leadership in the core business Austrian Post is the undisputed market leader in Austria, both in the letter mail segment as well as in the transport and delivery of parcels, particularly to private recipients. In 2009, Austrian Post gained additional market share in both segments despite the recession and tough competition. The Group aims to defend its strong position in the future, especially in the letter mail market, which will be fully liberalised in 2011.

2. Growing in selected markets In addition to defending its core business, Austrian Post will pursue growth in selected segments. The priority will be on the Parcel and Logistics Division, focusing on further expanding Austrian Post's business in the combined freight temperature-controlled logistics and B2B/B2C parcel segments in Austria and Germany as well as in South/ Eastern Europe. Moreover, Austrian Post is expanding its service offering for letter mail customers.

3. Enhancing efficiency and increasing flexibility of the cost structure Austrian Post plans to further significantly increase its logistics and delivery efficiency to maintain its clear cost leadership in Austria. Key measures include the ongoing improvement of the distribution network, further expansion of the branch network while integrating more entrepreneurial models, and targeting cost reduction in administration costs and sourcing volumes.

4. Strengthening customer orientation and innovation Austrian Post will only be successful in the longterm if it can adapt its service offering to the changing needs of its customers. For this reason, the company will develop innovation throughout its business system and drive forward a broad-based service campaign. This includes an online initiative designed to increase the convenience of conventional postal services and new digital products in the field of electronic services.

Austrian Post has defined ambitious medium-term business targets:

Revenue: Medium-term growth of 1-2% annually The goal is to achieve annual growth of 6-9% p.a. in the parcels segment, particularly focusing on international subsidiaries, in the light of a potential annual 3-5% revenue decline in the letter mail business.

High profitability: Sustainable EBITDA margin of 10-12% Austrian Post will strive to further increase efficiency in all its operational processes, in order to secure long-term earnings and cash flow.

Dividends: Continuation of attractive dividend policy Austrian Post intends to continue its current dividend policy i.e. a dividend payout of at least 75 percent of the Group net profit and a targeted sustainable dividend of EUR 1.50 per share.

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