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EANS-Adhoc: Österreichische Post AG / EBIT down 11.9%, or EUR 20.1m Strong cash flow and solid balance sheet

annual report/Revenue decline of 3.5%, or EUR 84.5m

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Austrian Post - Annual Results 2009: Revenue decline of 3.5%, or EUR 84.5m; EBIT down 11.9%, or EUR 20.1m Strong cash flow and solid balance sheet

-Difficult market environment in 2009: postal services negatively impacted by the recession -Group revenue down 3.5%, or EUR 84.5m, to EUR 2,356.9m -Successful efficiency and cost reduction measures have a positive impact: savings targets achieved with regard to staff costs and operating expenses -EBIT decline of 11.9%, or EUR 20.1m, to EUR 149.4m -Ongoing strong cash flow and stable balance sheet with increased cash and cash equivalents -Continuation of attractive dividend policy: dividend proposal of EUR 1.50/share in 2009 -Strategic cornerstones and medium-term goals of the Group were defined -Outlook 2010: Revenue down 1-2% from 2009, stable EBITDA margin of 10-12%

Austrian Post: 2009 at a glance The economic crisis did not leave Austrian Post untouched, and placed considerable burdens on the company in 2009. The recession put increasing pressure on letter mail and parcel revenues, due to the fact that many customers also tried to achieve cost savings for postal services. In turn, this had a negative effect on the volume and price development for Austrian Post. Accordingly, the crisis accelerated the trend towards the substitution of letters by electronic media. On balance, total revenue of Austrian Post fell by 3.5%, to EUR 2,356.9m.

Measures were promptly initiated to compensate for the downturn in revenue, in order to sustainably reduce staff costs and operating expenses within the Group. By not filling vacant positions, Austrian Post succeeded in compensating for the strong salary increases for staff in 2009, related to high inflationary pressure in the previous year. The original savings target of EUR 30m was surpassed based on net cost reductions of close to EUR 40m. As a result of the aforementioned developments, earnings before interest and tax (EBIT) fell by 11.9%, to EUR 149.4m.

A further positive consequence of initiatives implemented on the revenue and cost side in 2009 to counteract the recession was the solid balance sheet and financial position of the company. Accordingly, free cash flow improved on the basis of a selective investment policy while the level of cash, cash equivalents and securities on the balance sheet also further increased, from EUR 340.6m to EUR 350.5m in 2009.

Ambitious targets Ambitious medium-term business targets have been set for Austrian Post. With regard to revenue, the aim is to achieve a medium-term growth rate of 1-2% annually, assuming a successful mitigation of losses in the letter mail segment by increased business in the parcel and logistics segment. The high level of profitability should be reflected in a sustainable EBITDA margin of 10-12% made possible by ongoing efficiency improvements and cost reductions. And finally, our goal is to continue the attractive dividend policy, by distributing at least 75% of the Group net profit along with the targeted sustainable annual dividend of EUR 1.50 per share. For the 2009 financial year, EUR 1.50 per share will also be proposed to the Annual General Meeting scheduled for April 22, 2010.

Austrian Post Georg Pölzl expects the difficult market environment to continue in 2010. "We must take advantage of our growth opportunities and decisively make further improvements to our cost structure. We must be able to succeed in maintaining our quality and cost leadership, even more so in a fully liberalised postal market", Pölzl says.

Austrian Post still expects total Group revenue in 2010 to decline by about 1- 2%. Revenue of the Mail Division is expected to decrease, primarily as a result of electronic substitution. In contrast, a rise in revenue of the Parcel & Logistics Division should be possible in the light of the more favourable market environment expected to prevail in 2010. The goal of the company is to achieve a sustainable further reduction in total costs and maintain profitability. Austrian Post will strive to attain an EBITDA margin of 10-12% in 2010 as well.

Business development in 2009 The business development of Austrian Post in 2009 was shaped by the economic downturn in its core markets. The recession led to a severe decline in international volumes for letters and parcels, and also accelerated the trend towards the substitution of letter mail by electronic media. As a result, total revenue of Austrian Post in the 2009 financial year fell 3.5%, or EUR 84.5m, to EUR 2,356.9m.

Consolidated income statement

EUR m	2008	2009	+/- %	Q4 2008	Q4 2009
Revenue	2,441.4	2,356.9	-3.5%	656.8	633.7
EBITDA	321.7	269.2	-16.3%	134.8	100.3
EBIT	169.5	149.4	-11.9%	66.5	55.7
Profit for the period	118.9	79.7	-33.0%	31.3	12.3
Earnings per share (EUR)	1.71	1.18	-31.0%	0.45	0.18

Cost reduction measures were the top priority of Austrian Post in its efforts to counteract the loss of revenue. The aim was to reduce staff costs and also bring operating expenses below the comparable level of the 2008 financial year by at least EUR 30m.

Staff costs comprise the largest operating expense item of Austrian Post and continue to account for close to 50% of total revenue. In 2009, total staff costs rose 1.8%, or EUR 20.1m, to EUR 1,139.3m. This increase is the result of various changes to provisions in 2008 and 2009. Thus direct personnel expenditure was slightly reduced. Savings were achieved as the result of employee attrition, as well as the positive effects of the new collective wage agreement for new employees, which came into effect in August 2009. The number of employees fell by 1,081 year-on-year, to 25,921 persons. However, these savings were in contrast to salary increases based on high inflationary pressure in 2008 resulting in a 3.7% rise as of January 1, 2009. These salary increases were mandatory under the terms of the collective wage agreement.

Savings of EUR 39.6m were realised with regard to operating expenses (i.e. raw materials, consumables and services used as well as other operating expenses). The biggest savings were achieved in purchasing external transport services, expenditure for international postal services as well as for consulting, communications and maintenance expenses.

EBIT by division

EUR m	2008	2009	+/- %	Q4 2008	Q4 2009
Total EBIT	169.5	149.4	-11.9%	66.5	55.7
Mail	254.5	221.1	-13.1%	64.0	56.7
Parcel & Logistics	-25.5	-9.3	63.5%	-32.2	-3.0
Branch Network	14.5	-9.2	---	5.0	-2.5
Other	-74.0	-53.5	27.7%	29.8	4.2
Consolidation	0.0	0.3	---	0.0	0.0

Despite the high level of fixed costs in the business operations of Austrian Post, earnings before interest and tax (EBIT) only decreased by 11.9% or EUR 20.1m in 2009, to EUR 149.4m. The EBIT margin was 6.3%. The biggest savings were reductions in operating expenses as well as in lower depreciation, amortisation and impairment charges. Depreciation in total fell by 21.3% in 2009, to EUR 119.8m. The EBITDA-margin amounted to 11.4%.

In the 2009 financial year, the Mail Division generated a positive EBIT of EUR 221.1m, down EUR 33.4m from 2008, which is related to the overall revenue decline. EBIT of the Parcel & Logistics Division improved to minus EUR 9.3m, but its business operations in 2009 were negatively impacted by price pressure in the industry. In contrast, its core business in Austria and Germany achieved positive earnings in 2009. EBIT of the Branch Network Division was minus EUR 9.2m.

An earnings improvement was achieved in the Other segment, which encompasses non-allocated costs for central departments, expenses in connection with unused properties and for the employee social plan as well as the change in staff-related provisions. EBIT of the Other segment improved to minus EUR 53.5m due to various changes in provisions, as well as an increase in gains from the disposal of property, plant and equipment compared to the previous year.

The other financial result of Austrian Post declined to minus EUR 24.6m, which is related, amongst other reasons, to lower interest rates and a positive one- off effect in 2008. The financial result also includes an impairment loss of EUR 20.0m relating to Austrian Post´s shareholding in the BAWAG PSK consortium, the valuation of which was already revised in 2008 as a result of the international financial crisis. The write-down included in equity in 2008 is now recognised in the consolidated income statement of Austrian Post for the 2009 financial year.

Earnings before tax were EUR 124.8m, a decline of 21.1%. After deducting income taxes totalling EUR 45.1m, the Group net profit (profit after tax for the period) amounted to EUR 79.7m, corresponding to earnings of EUR 1.18 per share for the 2009 financial year.

Solid balance sheet structure Austrian Post takes a risk-averse business approach. This is demonstrated by the high equity ratio, the low level of financial liabilities and the high amount of cash and cash equivalents.

The analysis of the balance sheet of Austrian Post shows a considerable level of financial resources on the assets side. Austrian Post had cash and cash equivalents of EUR 293.8m as at December 31, 2009, and financial investments in securities amounting to EUR 56.7m. Accordingly, the financial resources at the disposal of Austrian Post rose from EUR 340.6m to EUR 350.5m in 2009. The payments of both a basic dividend of EUR 1.50 per share and a special dividend of EUR 1.00 per share (totalling EUR 168.9m) in 2009 were already taken into account.

Strong cash flow In 2009, operating cash flow before changes in working capital amounted to EUR 195.8m, a decline of EUR 41.2m from 2008. The revenue decline had a negative effect on income, which was offset by cost savings and lower income taxes.

The cash flow from changes in working capital amounted to EUR 34.1m in 2009. This change can be mainly attributed to a reduction in receivables, but also an increase in liabilities. On balance, the cash flow from operating activities totalled EUR 230.0m in 2009, compared to EUR 233.4m in 2008.

The cash flow from investing activities was EUR 6.9m in 2009, compared with minus EUR 23.1m in the previous year. This primarily includes the purchase of property, plant and equipment (CAPEX) amounting to EUR 65.6m (2008: EUR 102.9m), proceeds from the disposal of property, plant and equipment of EUR 30.3m (2008: EUR 40.0m), as well as the gain/loss resulting from the acquisition and sale of financial investments in securities, at EUR 37.3m (2008: EUR 47.9m). Accordingly, total free cash flow was EUR 236.9m, EUR 26.6m above the previous year´s level. The free cash flow in 2009 before the acquisition or sale of securities totalled EUR 199.6m, or EUR 37.2m below the previous year´s level.

Employees During the period under review, the average number of full-time employees at Austrian Post fell by 4.0%, or 1,081 persons, to 25,921. The workforce headcount at all divisions declined.

Most of Austrian Post´s labour force (21,598 full-time equivalent employees) is employed by the parent company, Österreichische Post AG. More than 4,300 people are employed by subsidiaries.

Outlook 2010 Austrian Post anticipates an ongoing revenue decline in the Mail Division, primarily attributable to electronic substitution. It is difficult to precisely predict the extent to which revenue will drop, but a contraction of between 3% and 5% would seem to be a realistic estimate based on international experience. On a medium-term basis, the Parcel & Logistics Division can expect annual growth of between 6% and 9% due to an improved business environment. Already in the course of 2010 Parcel revenue is expected to rise according to current economic forecasts. Based on this assumption, Austrian Post forecasts a group revenue decrease of between 1% and 2% in 2010 compared to 2009.

On a medium-term basis, Austrian Post will likely succeed in offsetting the potential volume decline in the Mail Division by taking advantage of growth opportunities. Accordingly, it will aim to achieve a revenue increase of between 1% and 2% per year.

The initiative post@2011 defined a series of strategic business targets and operational measures to take advantage of growth opportunities in order to drive revenue growth and realise cost savings. The goal is to sustainably cut overall costs at Austrian Post, maintain the high level of profitability and achieve a sustainable EBITDA margin of 10-12% annually; also doing so in 2010.

In terms of its financing requirements for 2010, Austrian Post anticipates total capital expenditure (CAPEX) to reach a level of about EUR 80m.

The Management Board of Austrian Post will propose to the upcoming Annual General Meeting scheduled for April 22, 2010 the distribution of a dividend of EUR 1.50 per share for the 2009 financial year. The current attractive dividend policy will continue on a medium-term basis, based on a solid balance sheet structure and cash generation. Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit, assuming a continuation of the company´s successful business development and that no extraordinary circumstances arise, as well as an annual dividend of EUR 1.50 per share.

Performance of divisions Mail Division Year-on-year external sales of the Mail Division fell by 4.3%, or EUR 63.2m, to EUR 1,396.8m. The Letter Mail Business Area suffered the biggest drop, with revenue down 5.4%, or EUR 41.9m, particularly as a consequence of the intensified substitution of letters by electronic media, particularly in the telecommunications segment. International mail volumes also declined.

The revenue generated by the Infomail Business Area (addressed and unaddressed direct mail items) was also lower than in 2008, falling by 3.7%, or EUR 20.0m. This unfavourable development can be primarily attributed to the recession- related decline in advertising expenditures and the lower weight of mail items.

Due to the cyclical downturn in the business volume generated by daily newspapers and weekly magazines, revenue of the Media Post Business Area fell by 1.0%, or EUR 1.4m.

On balance, the Mail Division generated an EBITDA of EUR 271.1m, only 8.7% or EUR 26.0m below the previous year´s level due to the implementation of cost reduction measures. EBIT of the Mail Division was down 13.1% to EUR 221.1m, as the result of higher depreciation, amortisation and impairment losses.

Parcel & Logistics Division External sales of the Parcel & Logistics Division in 2009 fell by 2.2%, to EUR 768.4m, which is attributable to the recession-related price and volume development. This represented a relatively mild decline in international comparison.

The premium parcel service segment (parcel delivery within 24 hours) generated revenue of EUR 623.9m in 2009, down from EUR 659.6m in the previous year. This year-on-year decline of 5.4% is strongly linked to the international freight and express mail business, where the cyclical downturn led to lower average prices. Approximately 81% of total premium parcel service revenue was generated by the trans-o-flex Group in Germany, Belgium and the Netherlands, which even managed to increase parcel volumes in its core markets due to its high quality service. The Austrian market accounted for 10% of revenue, and saw an increase of Austrian Post´s market share in this internationally-oriented business, whereas South East and Eastern Europe generated 9% of revenue, complementing the international orientation of this product segment. The company Rhenus Life Sciences in Germany, specialising in the transport and storage of health care products and in temperature-controlled transport logistics, was acquired effective July 1, 2009.

The standard parcel segment in Austria expanded in contrast to the overall market trend. Revenue climbed substantially, rising 9.1% to EUR 134.4m, based on the ongoing increase in Internet-based orders and new customers during 2009. Austrian Post benefitted from the extremely successful development of its parcel business in Austria, with revenue up 11.5%, to about EUR 200m. At the same time, Austrian Post increased its market share in the private customer parcel (B2C) segment as well as in the business parcel (B2B) segment.

EBIT of the Parcel & Logistics Division amounted to minus EUR 9.3m in 2009, including one-off effects such as integration costs as well as the operating losses of Rhenus Life Sciences acquired per July 1, 2009, totalling approximately EUR 6.0m. The core business in Germany and Austria posted positive results despite the recession-related pressure on prices and parcel volumes.

Branch Network Division External sales of the Branch Network Division fell slightly in 2009, declining by 1.4%, or EUR 2.7m. Sales of financial services and pre-paid mobile telephony products suffered from a similar downward trend.

The structural effect resulting from the reduced importance of the branch network in terms of handling letter mail and parcels was demonstrated by the decrease in internal sales of 10.2%, or EUR 21.1m. The sustainable decline in letter mail and parcel volumes in the branch network is attributable to the recession as well as the fact that letters are increasingly being collected directly from large customers.

A change in customer requirements has necessitated a reorganisation of the branch network. At the beginning of 2009, about 290 unprofitable post offices were identified, which Austrian Post planned to convert to partner-operated postal service points. In 2009 approximately 140 of these branches were converted, whereas the planned replacement of 144 other post offices by postal partner offices was halted by an official ruling issued by the Federal Ministry of Transport, Innovation and Technology. The Postal Market Act contains new regulations, which came into effect in January 2010, establishing the prerequisites to offer more efficient postal services in cooperation with local businesses.

EBIT of the Branch Network Division amounted to minus EUR 9.2m in 2009, compared to a positive EUR 14.5m in the previous year. The originally planned cost savings were only partly realised due to the delay mandated by public authorities in converting small, unprofitable post offices.

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end of announcement   euro adhoc

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