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EANS-Adhoc: AUSTRIAN POST Q1 2013: Revenue growth (+1.3%) as well as earnings improvement (EBIT +2.4%) in Q1,Outlook confirmed for 2013

Financial Figures/Balance Sheet/3-month report
17.05.2013

- Market environment
  - Mail business in Austria features positive revenue effects
  - Ongoing growth of the Austrian parcel market
  - Strong competition in the international parcel business
- Higher revenue
  - Revenue increase of 1.3% (excl. Benelux)
  - Slight growth in both the mail and parcel businesses
- Further earnings growth
  - EBIT rise of 2.4% to EUR 59.7m
  - Earnings per share up 7.8% to EUR 0.69
- Outlook for 2013 confirmed
  - Stable or slightly rising revenue expected
  - EBITDA margin within the targeted range of 10-12%
  - Goal of further improving EBIT

OVERVIEW OF AUSTRIAN POST

The first quarter 2013 proceeded very satisfactorily for Austrian Post. The trends prevailing in the last few quarters were confirmed. In particular, the mail segment developed in a very encouraging way in the reporting period. Although the structural change of declining letter mail volumes caused by electronic substitution is continuing, growth has been achieved on the basis of positive revenue effects. The Austrian parcels market also showed growth momentum at the beginning of 2013, which was mainly driven by the ongoing trend towards online shopping. In addition, Austrian Post increased its market share in the business parcels segment. In contrast, the international business showed a mixed picture. The company succeeded in significantly increasing volumes in South East and Eastern Europe and also achieved a slight revenue increase. On the other hand, revenue declined in Germany, mainly due to strong competition. Accordingly, the focus will be on enhancing the profitability of the services provided, and the efficiency improvement programme will be decisively continued in 2013.

Group revenue climbed 1.3% on a comparable basis to EUR 602.9m in the first three months of 2013. The Mail & Branch Network Division generated a 1.5% revenue increase due to acquisitions and positive one-off items (elections and referendums), whereas the Parcel & Logistics Division achieved a 1.0% rise in revenue. On balance, earnings before interest and tax of Austrian Post improved by 2.4% to EUR 59.7m, which is not least attributable to the strictly implemented efficiency enhancement measures. Earnings per share rose by 7.8% to EUR 0.69.

"The results of this quarter show that we are right on track with our strong focus on customer orientation. We want to extend our offering for business customers along the value chain, and further expand the range of self-service solutions for private customers", says Georg Pölzl, CEO of Austrian Post. "By the end of 2013 we will put 200 franking machines, 200 Post Drop-off Boxes as well as 5,000 Pick-up Boxes and 100 Pick-up Walls into operation", Pölzl adds. At the same time, Austrian Post is paying great attention to continually enhancing efficiency and ensuring a greater flexibility of the company's cost structure. Against this backdrop, and based on the first-quarter performance, the outlook for the entire year 2013 is confirmed. Revenue should remain stable or increase slightly, and the company is striving to achieve a further EBIT increase.

REVENUE DEVELOPMENT IN DETAIL

In the first quarter of 2013, Austrian Post slightly increased its total revenue to EUR 602.9m in line with expectations. Adjusted to take account of the revenue of EUR 10.8m generated by the disposed and deconsolidated subsidiaries in the Benelux region in the first quarter of 2012, the revenue increase in the first quarter of 2013 amounted to 1.3%.

REVENUE BY DIVISION1

EUR m	Q1 2012	Q1 2013	Change %	Change EUR m	Structure Q1 2013
Total revenue	605.7	602.9	-0.5%	-2.8	100.0%
Revenue excl. Benelux subsidiaries2	594.9	602.9	1.3%	8.0	-
Mail & Branch Network	385.0	391.0	1.5%	6.0	64.8%
Parcel & Logistics	220.8	212.1	-3.9%	-8.6	35.2%
Parcel & Logistics excl. Benelux subsidiaries2	210.0	212.1	1.0%	2.2	-
Corporate	1.3	3.4	>100%	2.1	0.6%
Consolidation	-1.4	-3.6	<-100%	-2.2	-0.6%
Calendar working days in Austria	64	63	-	-	-

1 External sales of the divisions

2 The closing of the disposal of trans-o-flex Nederland B.V. took place as at March 15, 2012, for trans-o-flex Belgium B.V.B.A as at May 31, 2012

Revenue of the Mail & Branch Network Division rose by 1.5%, or EUR 6.0m, to EUR 391.0m. On the one hand, this gratifying development can be attributed to the consolidation of new subsidiaries in Poland, Romania and Bulgaria (plus EUR 6.2m). On the other hand, the revenue increase is also due to the positive impetus provided by elections and referendums held in Austria during the first quarter of 2013. In addition, services offered in the field of Mail Solutions also posted growth.

In the Parcel & Logistics Division, revenue in the first quarter of 2013, adjusted to take account of the disposed subsidiaries in the Benelux region, rose by 1.0% to EUR 212.1m. The Dutch company was deconsolidated as at March 15, 2012, whereas the Belgian subsidiary was deconsolidated effective May 31, 2012. From a regional perspective, the Austrian parcel market generated the highest growth, whereas revenue declined in Germany.

INCOME STATEMENT

Against the backdrop of a stable revenue development of the Austrian Post Group, the decline in turnover in Germany in particular led to a reduction of operating expenses for raw materials, consumables and services used, which fell by 1.9% to EUR 187.2m. In particular, purchases of external transport services were reduced.

Staff costs decreased slightly year-on-year to EUR 280.2m. This figure encompasses all operational staff costs as well as non-operational staff costs in the Group, which are primarily designed to enable a sustainable improvement in the cost structure. On balance, non-operational staff costs in the first quarter of 2013 amounted to about EUR 16m, which encompass severance payments, restructuring measures and provisions. For example, staff-related expenses of EUR 8.3m arose for the provisions for employee under-utilisation.

In the first quarter of 2013, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group improved by 2.1%, to EUR 80.0m. Accordingly, the EBITDA margin was 13.3%. Earnings before interest and tax (EBIT) rose by 2.4% to EUR 59.7m, corresponding to an EBIT margin of 9.9%.

From a divisional perspective, the company showed a stable development. The Mail & Branch Network Division generated an EBIT of EUR 79.0m, a rise of 3.3%. This increase is related to positive effects in the division's revenue development as well as the ongoing efficiency improvements in the entire mail logistics

operations. EBIT of the Parcel & Logistics Division in the first quarter of 2013 amounted to EUR 7.4m, slightly below the level achieved in the prior-year period. The EBIT margin of 3.4% is within the targeted range for the entire year 2013.
After deducting income taxes totalling EUR 12.2m, the Group net profit (profit after tax for the period) amounted to EUR 46.6m. This corresponds to earnings of EUR 0.69 per share for the first quarter of 2013, an increase of 7.8%.

EBIT BY DIVISION

			Change	
EUR m	Q1 2012	Q1 2013	%	EUR m
Total EBIT	58.3	59.7	2.4%	1.4
Mail & Branch Network	76.5	79.0	3.3%	2.5
Parcel & Logistics	7.8	7.4	-5.4%	-0.4
Corporate	-25.9	-26.7	-2.9%	-0.7

CASH FLOW
In the first three months of 2013, operating cash flow before changes in working capital totalled EUR 88.6m, slightly above the prior-year level, in which case the adapted reporting of changes in provisions between the operating cash flow before changes in working capital and the changes in net working capital is applied. On the basis of this adapted reporting of changes in provisions, the allocation to or reversal of non-current provisions is now recognised in the operating cash flow before changes in working capital, whereas their use is reported in changes in net working capital.
On balance, the changes in net working capital totaled minus EUR 38.7m, of which about EUR 23m can be attributed to the payment of customer bonuses. Furthermore, a cash-related reduction in liabilities took place, for example for employees transferring to the federal public service.
Cash flow from investing activities of minus EUR 51.1m includes cash outflows for the purchase of property, plant and equipment (CAPEX) totalling EUR 22.3m and EUR 10.9m for acquisitions. In addition, the change in the securities portfolio based on the purchase of investment-grade bonds and money market products led to a cash outflow of EUR 18.4m. On balance, free cash flow before acquisitions and securities amounted to EUR 28.1m in the first quarter of 2013.

EMPLOYEES
The average number of full-time employees at the Austrian Post Group totalled 23,829 people in the first quarter of 2013. This comprises an increase of 831 employees from the prior-year quarter, 1,400 of whom can be attributed to the newly acquired subsidiaries in Poland, Bulgaria and Romania. Most of Austrian Post's labour force is employed by the parent company Österreichische Post AG (a total of 18,867 full-time equivalents).

OUTLOOK FOR 2013
Austrian Post maintains its original outlook for the entire year 2013. A stable or slightly positive revenue development is expected. The medium-term revenue growth target of 1-2% per year defined by Austrian Post remains unchanged. The primary macro trends, i.e. electronic substitution of letter mail, the development of the advertising industry and the development of domestic and international parcel volumes remain unchanged. Austrian Post expects an ongoing volume decline in traditional addressed letter mail items in the amount of 3-5% p.a., reflecting international trends.
In contrast, there could be a stabilisation in direct mail volumes in 2013 following the drop in advertising mail volumes in the previous financial year. A robust advertising industry and positive volume effects caused by various elections should contribute to this development. In the parcel segment, Austrian Post continues to anticipate growth in its business with private customers, whereas the intensive level of competition in the business customer segment is likely to continue.
Enhancing the profitability of the services offered will continue to be a key focal point of the Group's activities. In particular, Austrian Post will maintain its efforts to promote efficiency increases in its parcel and logistics business. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10-12% for the Group. The company is also striving to achieve a further improvement in its earnings before

interest and tax (EBIT) compared to 2012.
The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable efficiency improvements, structural measures and future-oriented investments. Total capital expenditure is expected to reach a level of about EUR 90m in 2013. This will primarily focus on replacement investments in existing facilities as well as their continuous modernisation and efficiency enhancement. Domestic and international acquisitions which aim to round off and safeguard Austrian Post's core business are possible.

PERFORMANCE OF DIVISIONS
MAIL & BRANCH NETWORK DIVISION
Divisional revenue developed very positively in the first quarter of 2013, increasing by 1.5% to EUR 391.0m. This development can be attributed to the first-time full consolidation of new Group subsidiaries (plus EUR 6.2m) and the positive effects of various elections and referendums in Austria in the first quarter of 2013.
Letter Mail revenue improved by 2.1% from the prior-year period to EUR 209.5m. The substitution of letter mail by electronic media is continuing as before. Such decreases took place, for example, in the telecommunications customer segment. In contrast, various elections provided added impetus, due to the fact that the possibility of voting by absentee ballot has emerged as a popular instrument of direct democracy. New services offered in the field of Mail Solutions also posted growth.
Revenue in the field of Direct Mail also increased in the first quarter of 2013, climbing by 2.8% to EUR 112.8m. The rise here was also due to the newly consolidated subsidiaries and the positive effects of elections on the business.
On the other hand, Media Post revenue was down by 1.3% in the first three months of 2013 to EUR 35.3m. Branch Services revenue also fell by 3.1% to EUR 33.4m, which is mainly related to the decline in financial services.
On balance, EBIT of the Mail & Branch Network Division improved by 3.3% to EUR 79.0m, which can be attributed to the good revenue development as well as the ongoing efficiency enhancement measures.

PARCEL & LOGISTICS DIVISION
External sales of the Parcel & Logistics Division decreased by 3.9% to EUR 212.1m in the first quarter of 2013. However, the prior-year quarter still included the revenue achieved by the Benelux subsidiaries disposed of during the first half of 2012. The deconsolidation of the Dutch company took place as of March 15, 2012, and the disposal of the Belgian subsidiary took effect on May 31, 2012. Adjusted to take account of the former Benelux subsidiaries, the division actually achieved a 1.0% revenue increase on a year-on-year comparison. This growth was driven by increases in Austria and in South East and Eastern Europe. In contrast, revenue declined in Germany.
Premium Parcels (parcel delivery within 24 hours), which are mainly used in the business-to-business segment, generated revenue of EUR 158.9m in the first quarter of 2013, a drop of 6.2% from the previous year. This decline is primarily due to the deconsolidation of the Benelux subsidiaries as well as the downward trend in Germany. Parcel volumes of business customers increased at an above-average rate in Austria.

Standard Parcels, which mainly involve shipments to private customers, also posted growth. Revenue rose by 5.2% to EUR 45.9m.
Earnings of the Parcel & Logistics Division featured an EBIT of EUR 7.4m, comparable to the prior-year level. The EBIT margin of 3.4% is within the targeted range for the entire year 2013.

The interim report for the first quarter of 2013 is available on the Internet at www.post.at/ir/en --> Publications --> Financial Reports

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