

**EANS-Adhoc: ÖSTERREICHISCHE POST AG (AUSTRIAN POST) IN Q1-3 2011:
Good development in the first nine months; 3.5%-4% revenue increase forecast for
2011 depending upon the overall economic situation**

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- Revenue growth on a comparable basis Q1-3
 - Revenue stable year-on-year, up 4.1% on a comparable basis (excl. meiller Group)
 - New products and services well received by the market
- Focus on a sustainable financial future
 - Investments in new sorting facilities and solutions to enhance customer satisfaction
 - Investments in structural measures to improve the cost structure consistently
- Improved earnings and cash flow Q1-3
 - EBIT up 15.4% to EUR 109.5m
 - Operating cash flow before changes in working capital rises 26.9% to EUR 146.0m
- Outlook for 2011
 - Current economic slowdown may impact consumer behaviour, revenue growth in 2011 of +3.5-4% depending on the overall economic development
 - EBITDA margin at the upper end of the targeted range of 10-12%

AN OVERVIEW OF DEVELOPMENTS AT AUSTRIAN POST

"The first three quarters of the 2011 financial year proceeded very satisfactorily for Austrian Post", says CEO Georg Pölzl. "The revenue increase achieved in the mail and parcel segments once again demonstrates that our strategic positioning is right and the implementation of our business strategy is progressing well. Declining volumes for addressed letter mail were more than compensated by positive effects as well as growth in the parcels business and direct mail items".

Group revenue in the first three quarters of 2011 at EUR 1,709.9m was at the same level of the reported revenue of EUR 1,713.2m in the prior-year period. For better comparability, revenue in 2010 was adjusted to take account of the meiller companies deconsolidated at the end of 2010. Accordingly, Group revenue improved on a comparable basis from EUR 1,642.1m by 4.1%. The Parcel & Logistics Division generated a 6.0% and the Mail Divisions a 4.1% revenue increase, whereas revenue of the Branch Network Division fell by 4.1% as a result of the far-reaching structural transformation taking place in this segment. New services and self-service products have been well received by the market and have provided a positive impetus to revenue.

The underlying basis of Austrian Post's business operations is the consistent customer orientation with the purpose of promoting innovative products with self-service features. Another key challenge is to more efficiently organise operational processes in order to be prepared for market challenges. The ongoing substitution of addressed letter mail items by electronic forms of communication is anticipated along with the potential of an economic slowdown. Therefore, the focus is on the sustainable financial future of the company. Investments designed to improve service quality and the operating performance have priority. In the past reporting period investments with the objective of further enhancing efficiency and sustainably improving the cost structure were carried out. The persistent focus on efficiency improvements is reflected in the earnings. EBIT of Austrian Post rose 15.4% to EUR 109.5m. This includes operating improvements in all divisions, but also higher allocations for provisions relating to structural optimisation measures. On this basis, the operating cash flow before changes in working capital climbed 26.9%, to EUR 146.0m.

Taking account of this development, Austrian Post expects Group revenue in 2011 as a whole to rise by 3.5% to 4%, depending on the overall economic situation. With respect to the development of earnings at Austrian Post, the objective of generating a sustainable EBITDA margin of 10% to 12% remains valid. An EBITDA margin at the upper end of the targeted range is anticipated for the entire year 2011.

REVENUE DEVELOPMENT IN DETAIL

In order to enable a consistent analysis of Austrian Post's revenue development, revenue in 2010 was adjusted for the meiller companies deconsolidated as of December 20, 2010. The deconsolidation of these companies reduced the comparable revenue of the Mail Division by EUR 71.1m in the first nine months of 2010. The joint venture MEILLERGHP established at the end of 2010, in which Austrian Post has a 65% stake, is not fully consolidated in 2011 but consolidated at equity instead.

Revenue on a comparable basis increased to EUR 1,709.9m in the first three quarters of 2011, a rise of 4.1%. Revenue growth was generated in the Parcel & Logistics Division (+6.0%) and the Mail Division (+4.1%). In contrast, revenue of the Branch Network Division fell by 4.1% in the same period. In the first three quarters of 2011 there were 189 calendar working days, the same number as in the prior-year period.

In the Mail Division on the basis of the published revenue amounting to EUR 1,011.2m in the first three quarters of 2010 revenue was down by 3.3%. However, adjusted for the revenue share of the meiller companies (pro forma consolidation), revenue in the Mail Division was up 4.1% on a comparable basis to EUR 978.3m. The ongoing substitution of letters by electronic media was in contrast to the positive effects related to the new franking systems for small and medium-sized firms and additional revenue generated in the field of "Mail Solutions" as well as the new product portfolio and regular stamps. A shift of volumes took place to the Mail Division with respect to international e-commerce shipments. Moreover, the growth in revenue from addressed and unaddressed direct mail items clearly shows the enhanced activity of the advertising industry during the period under review, whose campaigns to attract new customers provided a positive impetus to business growth.

Revenue in the Parcel & Logistics Division climbed by 6.0% in the first three quarters of 2011 to EUR 618.1m, due to rising volumes and against the backdrop of ongoing price pressure. Growth was generated in Austria as well as in the regions Germany/Benelux and South East and Eastern Europe.

The organisational structure of the Branch Network Division is currently undergoing change. Over the last 12 months, the number of third-party operated postal partner offices has risen from 898 to 1,239 as at September 30, 2011. This change has affected the division's revenue and cost structure as well as the redefined partnership with BAWAG P.S.K.. Since January 1, 2011, revenue from the financial services business has been subject to a new cost-based compensation plan. Thus the division's external sales were down 4.1% to EUR 112.8m.

INCOME STATEMENT

The revenue growth of 4.1% or EUR 67.8m on a comparable basis also affected the cost structure of the Group. Higher revenue and parcel volumes increased the purchase of external transport services carried out by parcel logistics subcontractors. As a consequence, operating expenses for raw materials, consumables and services used rose 8.0% on a comparable basis, to EUR 548.7m. Staff costs on a comparable basis remained constant at EUR 817.0m, although operational staff costs even declined by EUR 18.8m to EUR 749.8m. Savings in operational staff costs were achieved by taking advantage of voluntary employee departures. On a comparable basis, the average number of employees fell by 747 to 23,486 employees (full-time equivalents). Most of Austrian Post's labour force, namely 20,058 full-time equivalents, is employed by the parent company Österreichische Post AG.

Non-operational staff costs, which amounted to EUR 67.2m in the first nine months of this year, include all investments designed to achieve a consistent improvement in the cost structure, such as expenses for structural measures and provisions for employee under-utilisation. In the reporting period, expenses of EUR 21.7m were reported for employees who transfer to the federal public service, mainly resulting from the allocation of a provision for an additional 208 employees. Furthermore, a provision of EUR 20.0m was allocated for structural measures relating to the Parcel & Logistics Division.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post improved to EUR 175.5m in the first three quarters of 2011. Accordingly, the EBITDA margin was 10.3%. EBIT rose 15.4% to EUR 109.5m, corresponding to an EBIT margin of 6.4%.

All divisions improved their operating results during the period under review. EBIT of the Mail Division rose by 21.9%. The Branch Network Division continued

its restructuring efforts, increasing EBIT by 60% in the first nine months of this year.

EBIT of the Parcel & Logistics Division before provision for structural measures climbed 59.2%. In order to further improve the profitability of this division, revenue and cost-related measures designed to consistently enhance performance were initiated. The objective of the entire division is to keep logistics systems as lean as possible and increase capacity utilisation. Moreover, Austrian Post is evaluating alternatives for the Benelux region in order to be able to offer the most sustainable and efficient logistics solution. The aim is to maintain the supply of services, streamline the network and make a structural decision by the end of the year with respect to strategic partnerships and outsourcing. A provision amounting to EUR 20.0m for structural measures relating to the Parcel & Logistics Division was established and reported in the balance sheet.

The issues of provisions and future investments also shaped the Corporate segment. EBIT of this segment declined by 32.8%, which can be attributed to the increased allocation of provisions during the reporting period for employees who are likely to transfer to the federal public service.

Earnings before tax of the Group rose 19.3% to EUR 105.8m. After deducting income taxes totalling EUR 26.9m, the Group net profit (profit for the period) amounted to EUR 78.9m. This corresponds to earnings of EUR 1.17 per share for the first nine months of 2011, compared to the prior-year level of EUR 1.01, and EUR 0.25 per share for the third quarter of 2011, up from EUR 0.21 in the previous year.

CASH FLOW

In the first three quarters of 2011, the operating cash flow before changes in working capital amounted to EUR 146.0m, a rise of EUR 31.0m from the prior-year level. The cash flow from changes in net working capital declined by EUR 18.9m during the period under review. This development is largely due to the increased level of receivables, mainly resulting from the new Value Added Tax regulation applicable since the beginning of 2011 as well as different payment dates for the salaries of civil servants on a year-on-year comparison. The cash flow from investing activities of minus EUR 13.2m includes cash outflows for the purchase of property, plant and equipment (CAPEX) amounting to minus EUR 43.4m as well as the cash inflow derived from the disposal of property, plant and equipment of EUR 19.8m. The total free cash flow was EUR 113.8m, compared to EUR 79.2m in the first nine months of the previous year.

OUTLOOK FOR 2011

Austrian Post expects the long-term macro trends prevailing on the postal market to continue for the entire 2011 financial year. However, the short-term economic development is likely to be negatively impacted by the current sovereign debt crisis in Europe. The current economic slowdown may impact consumer behaviour. Electronic substitution of letters will also reduce letter mail volumes in Austria by 3-5% p.a., reflecting international trends. The market for parcels and direct mail items may be impacted by the weakening economy, but should prove to be largely robust.

Based on developments to date, the Management Board expects the total Group revenue of Austrian Post to improve by 3.5%-4% for the year 2011 as a whole, depending upon the overall economic development. The Mail Division will generate revenue growth on a comparable basis in contrast to the revenue decline in the Branch Network Division. Revenue is also expected to develop positively in the Parcel & Logistics Division. Austrian Post will clearly focus on enhancing the profitability of the services offered. With respect to the earnings development of the Group, Austrian Post confirms its objective of achieving a sustainable EBITDA margin between 10% and 12%. An EBITDA margin at the upper end of the targeted range is expected for the entire year 2011.

The operating cash flow generated by Austrian Post will continue to be primarily used to finance future-oriented investments and dividend payments. The financial planning of Austrian Post foresees total capital expenditure of about EUR 80-90m in 2011. This will primarily involve replacement investments in existing facilities as well as in new and more efficient sorting technology. Moreover, investments in structural measures to improve the operating cost structure will have priority.

The interim report for the first three quarters of 2011 is available in the internet: www.post.at/ir/en --> Publications --> Financial Reports

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