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memories



AUSTRIAN POST

Interim Report for the First Quarter of 2020



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Highlights Q1 2020

Revenue

- Revenue up by 2.1% to EUR 502.9m
- Good parcel growth (+23.8%) has offset decline in Mail (-4.6%) and Retail & Bank (-39.4%)

Earnings

- Group earnings (EBIT) of EUR 33.3m are negatively impacted by special effects
 - Mail: negatively impacted by COVID-19 by -15.8% to EUR 46.9m
 - Parcel & Logistics: +28.6% to EUR 8.7m
 - Retail & Bank: with negative earnings of EUR 16.4m due to start-up costs of bank99

Cash flow and balance sheet

- Operating free cash flow of EUR 60.4m at the prior-year level
- Increased balance sheet total of EUR 2,229.2m (+9.1%), equity ratio down to 32.5% due to balance sheet extension

Outlook 2020

- Unpredictable revenue and earnings development for 2020 due to the COVID-19 pandemic

Key Figures

EUR m	Q1 2019	Q1 2020	Change
INCOME STATEMENT			
REVENUE	492.5	502.9	2.1%
EBITDA	84.6	65.3	-22.8%
EBITDA margin	17.2%	13.0%	-
EBIT	57.4	33.3	-41.9%
EBIT margin	11.7%	6.6%	-
Profit for the period	43.3	26.2	-39.5%
EARNINGS PER SHARE (EUR)¹	0.64	0.42	-33.9%
Employees (average for the period, full-time equivalents)	20,197	20,231	0.2%
CASH FLOW			
Gross cash flow	86.1	72.0	-16.4%
CASH FLOW FROM OPERATING ACTIVITIES	72.3	97.8	35.2%
Investment in property, plant and equipment (CAPEX)	-19.7	-21.9	-11.3%
Free cash flow	19.0	98.8	>100%
OPERATING FREE CASH FLOW²	60.8	60.4	-0.8%
BALANCE SHEET			
EUR m	31 December 2019	31 March 2020	Change
Total assets	2,042.9	2,229.2	9.1%
Equity	700.7	725.1	3.5%
Net debt/net cash (+/-)	278.5	207.9	-25.3%
EQUITY RATIO	34.3%	32.5%	-
Capital employed	913.4	867.6	-5.0%

¹ Undiluted earnings per share in relation to 67,552,638 shares

² Free cash flow before acquisitions/securities/money market investments and Growth CAPEX; Q1 2020: excluding loan of the joint venture partner GRAWE Banking Group amounting EUR 10.0m to bank99 and cash prepayments for third parties (e.g. pensions) amounting to EUR 15.0m

Statement by the Management Board

Ladies and Gentlemen! Dear Shareholders!

The first quarter of 2020 posed major challenges to Austrian Post. The COVID-19 pandemic and the related negative economic effects have redefined the company's priorities. In spite of the significant deterioration of the business environment and due to the commitment of all its employees, Austrian Post succeeded in providing on a daily basis the high-quality postal services which are so crucial at this time.

Results for the first quarter of 2020 illustrate the two economic challenges faced by the company in 2020. On the one hand, it is important to minimise the negative effects of the pandemic. On the other hand, the objective is to develop bank99, the new bank of Austrian Post. Against the backdrop, the first quarter of 2020 was in line with current expectations. With regard to the presentation of revenue and earnings development, it is worthwhile noting that Austrian Post was enhanced transparency and now reports performance indicators for three operating segments. In addition to the Mail Division and Parcel & Logistics Division, this includes the new Retail & Bank Division where bank99 was launched in April 2020. In the first quarter of 2020, Austrian Post's Group revenue has improved by 2.1% year-on-year to EUR 502.9m. The dynamically growing parcel business achieved an increase of 23.8%, which helped to offset the declines in the Mail Division and the Retail & Bank Division by 4.6% and 39.4% respectively.

The Mail Division showed the expected decline, with revenue down by 4.6%. This is attributable to the accelerated electronic substitution of conventional Letter Mail without being able to book positive price effects. Moreover, the revenue drop is also related to the reduction in Direct Mail items following the government-imposed store closures starting in mid-March 2020 in response to COVID-19. In contrast, revenue in the Parcel & Logistics Division increased by 23.8%, driven by the ongoing positive organic growth from online orders as well as due to the additional parcel volumes generated through the cooperation with Deutsche Post DHL Group since August 2019. The revenue decrease in the new Retail & Bank Division of 39.4% in the first quarter of 2020 can be attributed to the financial services offering first being launched on 1 April 2020, whereas the first quarter of the previous year included the service fees of EUR 9.4m from the previous banking partner.

Group earnings (EBIT) fell to EUR 33.3m in the period under review from the comparable level of EUR 57.4m in the first quarter of 2019. This substantial decline is mainly the result of two special effects. The first quarter of 2020 fully encompasses initial start-up costs for bank99, whereas the first revenue from financial services will be generated in the second quarter of the year. Moreover, burden relating to COVID-19 is noticeable in the Mail Division.

Our more than 20,200 employees, who work tirelessly on a daily basis, provide the foundation for our quality leadership and deserve our sincere thanks. Together Austrian Post will succeed to continue being the preferred partner for our customers.

Vienna, 5 May 2020

The Management Board



GEORG PÖLZL
CEO
Chairman of the
Management Board



WALTER OBLIN
Deputy CEO
Mail & Finance



PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

Group Management Report for the First Quarter of 2020

1. Business Development and Economic Situation

1.1 Segment information

Austrian Post has enhanced its level of transparency thanks to the new organisational structure in 2020. As at 1 January 2020, the company structures its business operations in three operating divisions: Mail, Parcel & Logistics and Retail & Bank. Including the Corporate Division, these represent the four reporting segments of IFRS 8. Mail and parcel logistics were combined into the internal Logistics Network production unit, which provides services to the operating divisions on a cost basis.

1.2 Changes to the scope of consolidation

There were no significant changes to the scope of consolidation in the first quarter of 2020.

1.3 Revenue and Earnings

1.3.1 REVENUE DEVELOPMENT

In the first quarter of 2020, the Group revenue of Austrian Post has improved by 2.1% to EUR 502.9m. The dynamically growing parcel business increased revenue by 23.8% and managed to offset the revenue decline in the Mail Division and the Retail & Bank Division by 4.6% and 39.4%, respectively.

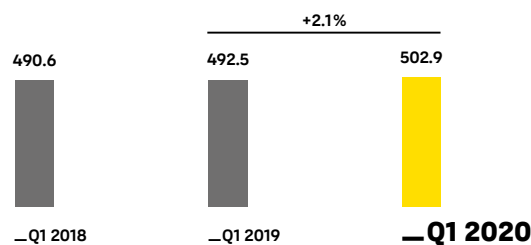
The Mail Division accounted for 62.8% of the Group revenue. The first-quarter revenue decline resulted from the structural decrease in addressed mail volumes caused by electronic substitution as well as from the negative effects on Direct Mail following the government-imposed store closures in response to COVID-19. In contrast, growth in the Mail Solutions business increased revenue.

The Parcel & Logistics Division generated 34.5% of the total Group revenue in the reporting period against the backdrop of an ongoing upward trend. The 23.8% revenue increase was driven primarily by the current cooperation with Deutsche Post DHL Group as well as by organic volume growth in Austria.

The Retail & Bank Division accounted for 2.6% of total first-quarter Group revenue. The new bank of Austrian Post, bank99, started operating in April 2020, whereas service fees from the former banking partner were still included in the prior-year quarter.

Revenue Development

EUR m

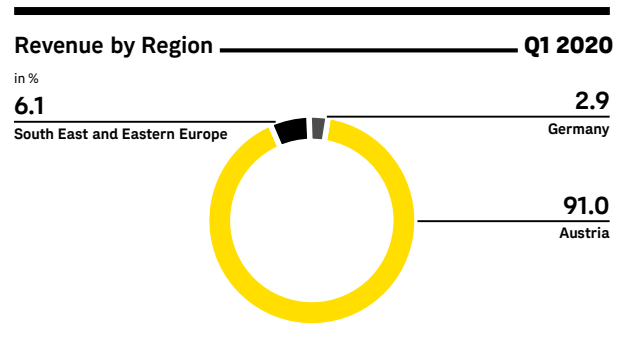
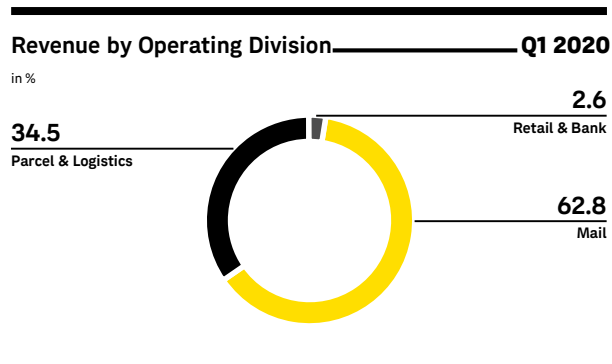


Revenue by Division

EUR m	Q1 2019 ¹	Q1 2020	Change	
			%	EUR m
REVENUE	492.5	502.9	2.1 %	10.4
Mail	332.9	317.5	-4.6 %	-15.3
Parcel & Logistics	141.0	174.5	23.8 %	33.5
Retail & Bank	21.8	13.2	-39.4 %	-8.6
Corporate/Consolidation	-3.2	-2.4	24.7 %	0.8
Working days in Austria	63	63	-	-

¹ adjusted to the new segment structure since 1 January 2020

From a regional perspective, Austrian Post generated 91.0% of its Group revenue in Austria in the first quarter of 2020. South East and Eastern Europe accounted for 6.1% and Germany for 2.9% of the Group revenue.



Revenue Development of the Mail Division

EUR m	Q1 2019 ¹	Q1 2020	Change	
			%	EUR m
REVENUE	332.9	317.5	-4.6 %	-15.3
Letter Mail & Mail Solutions	208.2	203.3	-2.4 %	-4.9
Direct Mail	94.0	83.8	-10.9 %	-10.2
Media Post	30.7	30.5	-0.6 %	-0.2
Revenue intra-Group	0.7	0.7	2.0 %	0.0
TOTAL REVENUE	333.6	318.2	-4.6 %	-15.3
thereof revenue with third parties	331.9	316.4	-4.7 %	-15.5

¹ adjusted to the new segment structure since 1 January 2020

Revenue of the Mail Division totalled EUR 317.5m, of which 64.0% can be attributed to the Letter Mail & Mail Solutions business. Direct Mail accounted for 26.4% of total divisional revenue, and Media Post had a 9.6% share.

In the first quarter of 2020, Letter Mail & Mail Solutions revenue amounted to EUR 203.3m, down by 2.4% from the prior-year quarter. The declining volume trend resulting from the electronic substitution of letters by electronic forms of communication continued. The underlying volume trend in Austria showed a drop of 4–5% in the first quarter of 2020. The Mail Solutions business reported revenue growth of EUR 1.8m, particularly in the

fields of document logistics, output management and digital services.

Direct Mail revenue fell by 10.9% to EUR 83.8m in the first quarter of 2020. The Direct Mail business is partly subject to structural changes. Moreover, the COVID-19 pandemic and the resulting government-imposed store closures had direct negative effects on Direct Mail in the amount of about EUR 4m per week.

Revenue from Media Post, i.e. the delivery of newspapers and magazines, fell slightly by 0.6% year-on-year to EUR 30.5m. This decrease can also be attributed to the COVID-19 pandemic.

Revenue Development of the Parcel & Logistics Division

EUR m	Q1 2019 ¹	Q1 2020	Change	
			%	EUR m
REVENUE	141.0	174.5	23.8%	33.5
Premium Parcels	68.9	100.1	45.4%	31.2
Standard Parcels	58.0	56.8	-2.2%	-1.3
Other Parcel Services	14.1	17.6	25.0%	3.5
Revenue intra-Group	0.2	0.3	42.7%	0.1
TOTAL REVENUE	141.2	174.8	23.8%	33.6
thereof revenue with third parties	138.7	173.1	24.8%	34.4

¹ adjusted to the new segment structure since 1 January 2020

Revenue of the Parcel & Logistics Division improved by 23.8% in the first quarter of 2020 to EUR 174.5m from EUR 141.0m in the previous year. High growth in the parcel business is based on the ongoing e-commerce trend in Austria. Austrian Post also succeeded in sharing market growth during this reporting period despite the own delivery of a major customer in the eastern part of Austria. Intense competition and high price pressure continue to prevail. Positive volume effects on private customer parcels and negative effects on business parcels are noticeable as a consequence of government restrictions designed to combat the COVID-19 pandemic. On balance, the private customer business is predominant in Austrian Post's portfolio, leading to upper single-digit organic growth in the first quarter of 2020. Moreover, the cooperation with Deutsche Post DHL Group in Austria since August 2019 has also made a significant contribution to current growth.

The development towards faster delivery of parcels can be observed as a clear trend. In total, 57.4% of the

division's revenue in the first three months of 2020 was generated in the Premium Parcels business (delivery on the working day after posting). This corresponds to an increase of 45.4% to EUR 100.1m in the first quarter of 2020.

The Standard Parcels business area accounted for 32.5% of divisional revenue and showed a revenue decline of 2.2% to EUR 56.8m in the first quarter of 2020.

Other Parcel Services, which encompasses various additional logistics services, generated 10.1% of divisional revenue totalling EUR 17.6m in the first three months of 2020. This corresponds to an increase of 25.0%.

An analysis by region shows that 82.3% of the revenue in the Parcel & Logistics Division was generated in Austria in the first three months of 2020. The Austrian parcel business produced revenue growth of 26.7%. 17.7% of divisional revenue can be attributed to subsidiaries in South East and Eastern Europe. The revenue increase in this highly competitive region amounted to 11.8% in the first quarter of 2020.

Revenue Development of the Retail & Bank Division

EUR m	Q1 2019 ¹	Q1 2020	Change	
			%	EUR m
REVENUE	21.8	13.2	-39.4 %	-8.6
Branch Services	21.8	11.2	-48.6 %	-10.6
Financial Services	0.0	2.0	-	2.0
Revenue intra-Group	44.7	43.8	-2.1 %	-1.0
TOTAL REVENUE	66.5	57.0	-14.4 %	-9.6
thereof revenue with third parties	21.8	13.2	-39.4 %	-8.6

¹ adjusted to the new segment structure since 1 January 2020

The Retail & Bank Division achieved the revenue of EUR 13.2m in the first quarter of 2020, down from EUR 21.8m in the prior-year quarter. Branch Services in the previous year included service fees from the former banking partner totalling EUR 9.4m and cash payments for third parties (e.g. pensions) of EUR 2.3m. In the current period under review, Branch Services (retail goods and

branch products) amounted to EUR 11.2 in the period under review. Financial Services only included cash payments for third parties (e.g. pensions) amounting to EUR 2.0m for the first three months 2020. Other income from financial services to be offered following the launch of bank99 from April 2020 and corresponding revenues are being generated from the second quarter onwards.

Financial Performance of the Group

EUR m	Q1 2019	Q1 2020	Change	
			%	EUR m
REVENUE	492.5	502.9	2.1 %	10.4
thereof results from financial services	0.0	2.0	-	2.0
Other operating income	21.0	13.3	-36.6 %	-7.7
Raw materials, consumables and services used	-110.3	-120.3	-9.1 %	-10.0
Expenses for financial services	0.0	-0.1	-	-0.1
Staff costs	-251.7	-253.5	-0.7 %	-1.8
Other operating expenses	-66.3	-77.0	-16.1 %	-10.7
Results from financial assets accounted for using the equity method	-0.7	0.0	96.8 %	0.6
EBITDA¹	84.6	65.3	-22.8 %	-19.3
Depreciation, amortisation and impairment losses	-27.2	-32.0	-17.6 %	-4.8
EBIT²	57.4	33.3	-41.9 %	-24.1
Other financial result	3.4	1.1	-67.3 %	-2.3
PROFIT BEFORE TAX	60.8	34.5	-43.3 %	-26.4
Income tax	-17.5	-8.3	52.8 %	9.2
PROFIT FOR THE PERIOD	43.3	26.2	-39.5 %	-17.1
Earnings per share (EUR) ³	0.64	0.42	-34.0 %	-0.22

¹ Earnings before depreciation, amortisation, impairment losses, other financial result and income tax

² Earnings before other financial result and income tax

³ Undiluted earnings per share in relation to 67,552,638 shares

1.3.2 EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (50.4%), raw materials, consumables and services used (23.9%) and other operating expenses (15.3%). 6.4% can be attributed to depreciation, amortisation and impairment losses.

Staff costs in the first quarter of 2020 totalled EUR 253.5m, implying a slight increase of 0.7% or EUR 1.8m. Operational staff costs were down slightly from the prior-year quarter. The Austrian Post Group employed an average of 20,231 people (full-time equivalents) in the first three months of 2020 compared to the average of 20,197 employees in the prior-year period (+0.2%).

In addition to operational staff expenditures, staff costs of Austrian Post also include various non-operating staff-related expenses such as termination benefits and changes in provisions, which are related primarily to the specific employment situation of civil servants at Austrian Post. The first quarter of 2020 showed low non-operating staff costs of about EUR 3m.

Raw materials, consumables and services used increased by 9.1% to EUR 120.3m, which is due primarily to higher transport expenses as a result of increased parcel volumes and the cooperation with Deutsche Post DHL Group launched in August 2019.

Other operating expenses increased by 16.1% to EUR 77.0m, which is related mainly to higher costs for leased staff to handle higher parcel volumes as well as due to initial costs to develop the infrastructure of the new bank99.

Other operating income amounted to EUR 13.3m in the first quarter of 2020, compared to EUR 21.0m in the first quarter of 2019. This change is attributed primarily to income from apartment sales from the Neutorgasse real estate project in the previous year.

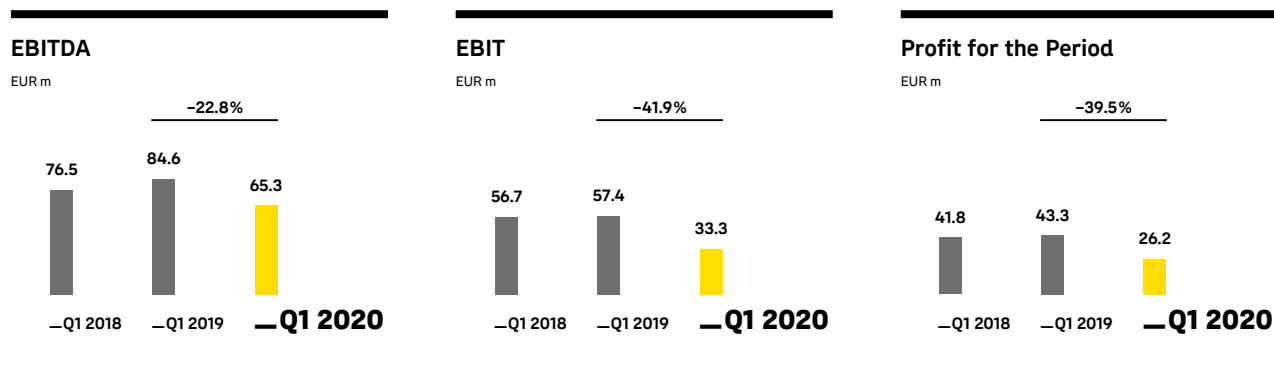
The results from financial assets accounted for using the equity method include the proportionate profits for the period of joint ventures and associates and improved from minus EUR 0.7m to EUR 0.0m in the first quarter of 2020.

EBITDA at EUR 65.3m was EUR 19.3m below the comparable prior-year quarter. The EBITDA margin was 13.0%.

Depreciation, amortisation and impairment losses equalled to EUR 32.0m, up EUR 4.8m from the previous year. The increase is due mainly to the new sites for the parcel logistics infrastructure.

Group earnings (EBIT) fell to EUR 33.3m in the first quarter of 2020, down from EUR 57.4m in the previous year. The EBIT margin amounted to 6.6%.

The Group's other financial result of EUR 1.1m was EUR 2.3m below the quarter of 2019. This development is primarily the consequence of the higher valuation effect of the stake held in flatex AG in the first quarter of 2019. After deducting the income tax of EUR 8.3m, the profit for the period equalled EUR 26.2m (-39.5%). This corresponds to undiluted earnings per share of EUR 0.42, compared to EUR 0.64 in the prior-year period.



EBIT by Division

EUR m	Q1 2019 ¹	Q1 2020	Change		Margin Q1 2020 ²
			%	EUR m	
EBIT	57.4	33.3	-41.9%	-24.1	6.6%
Mail	55.7	46.9	-15.8%	-8.8	14.7%
Parcel & Logistics	6.8	8.7	28.6%	1.9	5.0%
Retail & Bank	1.7	-16.4	<-100%	-18.1	-9.5%
Corporate/Consolidation	-6.8	-5.8	13.5%	0.9	-

¹ adjusted to the new segment structure since 1 January 2020

² Margin of the divisions in relation to total revenue

From a divisional perspective, the Mail Division achieved an EBIT of EUR 46.9m in the first three months of 2020. The year-on-year decline of 15.8% can be attributed to the drop in revenue driven by electronic substitution as well as by the decline in high-margin Direct Mail volumes related to the COVID-19 pandemic.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure, generating an EBIT of EUR 8.7m in the first quarter of 2020. This implies an increase by 28.6% against the same period last year. Revenue increase was driven by organic growth, notably through online shopping, as well as due to the cooperation with Deutsche Post DHL Group since August 2019. The associated integration requirements and additional expenses in the logistics network to avoid current capacity bottlenecks had a negative effect on the division's EBIT. The enormous volume and revenue increases require extensive logistics measures and costs.

The Retail & Bank Division produced an EBIT of minus EUR 16.4m in the first quarter of 2020, compared to

EUR 1.7m in the prior-year quarter. The previous year still included revenue contributions from service fees from the former banking partner totalling EUR 9.4m. In contrast, the first quarter of 2020 included fixed costs and initial costs to develop the infrastructure of bank99. Revenue contributions from financial services, in addition to cash payments for third parties in the first quarter, are expected from the second quarter of 2020 onwards.

EBIT of the Corporate Division (incl. Consolidation) improved from minus EUR 6.8m to minus EUR 5.8m. The Corporate Division provides non-operating services which are essential for the purpose of the administration and financial control of a corporate group. In addition to typical corporate governance tasks, these services include the management and development of commercial properties not required for company operations, the management of key financial investments, the rendering of IT services, the development of new business models and the administration of the Internal Labour Market of Austrian Post.

1.4 Financial Position and Cash Flows

Balance Sheet Structure

EUR m	31 December 2019	31 March 2020	Structure 31 March 2020
ASSETS			
Property, plant and equipment, intangible assets and goodwill	1,152.7	1,142.0	51.2%
Investment property	73.0	72.5	3.3%
Financial assets accounted for using the equity method	11.4	11.6	0.5%
Inventories, trade and other receivables	403.6	361.5	16.2%
Other financial assets	298.7	274.9	12.3%
thereof financial investments in securities/money market investments	240.6	218.9	-
Financial assets from financial services	2.9	178.8	8.0%
Cash and cash equivalents	100.6	187.9	8.4%
Assets held for sale	0.1	0.1	0.0%
	2,042.9	2,229.2	100%
EQUITY AND LIABILITIES			
Equity	700.7	725.1	32.5%
Provisions	617.4	622.9	27.9%
Other financial liabilities	309.5	302.8	13.6%
Trade and other payables	415.3	375.3	16.8%
Financial liabilities from financial services	0.0	203.1	9.1%
	2,042.9	2,229.2	100%

1.4.1 BALANCE SHEET STRUCTURE

Austrian Post relies on a conservative balance sheet and financing structure. This is demonstrated in particular by a sound equity ratio and solid investment of cash and cash equivalents at the lowest possible risk.

Austrian Post's total assets amounted to EUR 2,229.2m as at 31 March 2020. On the asset side, property, plant and equipment at EUR 1,043.8m represent the largest balance sheet item. Intangible assets totalled EUR 37.4m, whereas goodwill reported for acquisitions equalled EUR 60.8m at the end of the first quarter of 2020. Receivables of EUR 255.8m were one of the largest balance sheet items in the current assets. Other current financial assets amounted to EUR 208.9m as at 31 March 2020, including the stake held in Aras Kargo a.s. as well as the interest in flatex AG. Financial assets from financial services at EUR 178.8m as well as financial liabilities from financial services at EUR 203.1m are new balance sheet positions. They largely relate to receivables and liabilities from cash payments for third parties (e.g. pensions) of bank99. When netted this resulted in a liability totalling

EUR 24.3m. Cash payments for third parties (e.g. pensions) will be disbursed after the balance sheet date of 31 March 2020.

Austrian Post held securities and money market investments amounting to EUR 218.9m on 31 March 2020 that are included in other financial assets. The securities and money market investments held by Austrian Post carry an investment grade rating or have a comparable credit quality. For this reason, it can be assumed that these assets can be liquidated in the short term. The balance sheet shows that Austrian Post had cash and cash equivalents in the amount of EUR 187.9m as at 31 March 2020. Including financial investments in securities and money market investments, the portfolio of current and non-current financial resources totalled EUR 406.8m at the end of March 2020.

The liabilities side of the balance sheet is characterised by a sound equity ratio of 32.5% as at 31 March 2020. Equity of the Austrian Post Group equalled EUR 725.1m at the balance sheet date, reflecting the largest balance sheet item on the liabilities side. The year-on-year decline in the equity ratio primarily resulted from the

balance sheet extension to include financial assets and financial liabilities from financial services. The second largest item on the equity and liabilities side of the balance sheet are provisions, which equalled EUR 622.9m at the end of March 2020. Just under 80% of provisions are staff-related provisions. EUR 173.6m can be attributed to provisions for employee under-utilisation. A further EUR 193.7m are related to legally and contractually stipulated provisions for social capital (severance payments and anniversary bonuses) along with EUR 116.3m to other staff-related provisions. Other provisions amounted to

EUR 139.3m and include obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods as well as provisions for data protection procedures. Other financial liabilities amounted to EUR 302.8m and included non-current lease liabilities of EUR 263.6m. Trade payables and other liabilities totalling EUR 347.6m primarily related to current trade payables of EUR 183.2m. Financial liabilities from financial services amounting to EUR 203.1m mainly comprise liabilities for cash payments for third parties (e.g. pensions) of bank99.

Cash Flow

EUR m	Q1 2019	Q1 2020
Gross cash flow	86.1	72.0
CASH FLOW FROM OPERATING ACTIVITIES	72.3	97.8
Cash flow from investing activities	-53.4	1.0
thereof maintenance CAPEX	-9.9	-9.9
thereof growth CAPEX	-9.8	-12.0
thereof cash flow from acquisitions/divestments	-2.1	5.4
thereof acquisition/disposal of securities/money market investments	-30.0	20.0
thereof other cash flow from investing activities	-1.6	-2.5
Free cash flow	19.0	98.8
Free cash flow before acquisitions/securities/money market investments	51.1	73.4
OPERATING FREE CASH FLOW¹	60.8	60.4
Cash flow from financing activities	-11.0	-11.5
Change in cash and cash equivalents	7.9	87.3

¹ Free cash flow before acquisitions/securities/money market investments and Growth CAPEX; Q1 2020: excluding loan of the joint venture partner GRAWE Banking Group amounting EUR 10.0m to bank99 and cash prepayments for third parties (e.g. pensions) amounting to EUR 15.0m

1.4.2 CASH FLOW

The gross cash flow in the first quarter of 2020 equalled EUR 72.0m, compared to EUR 86.1m in the first quarter of 2019. The decline was related to lower earnings before tax. The cash flow from operating activities amounted to EUR 97.8m, up from EUR 72.3m in the prior-year quarter. This included special effects such as the EUR 10.0m loan from the joint venture partner GRAWE Banking Group to bank99 and cash prepayments for third parties (e.g. pensions) of EUR 15.0m which positively affected the cash flow.

The cash flow from investing activities amounted to EUR 1.0m in the first three months of 2020, compared to minus EUR 53.4m in the previous year. The change largely related to money market investments encompassing cash inflows of EUR 10.0m impacting the cash flow in the reporting period in comparison to cash outflows of EUR 30.0m in the prior-year quarter. Furthermore, the

first quarter of 2020 included cash inflows of EUR 10.0m from the sales of securities.

After deducting the above-mentioned special effects of EUR 25.0m, the operating free cash flow was EUR 60.4m in the current reporting period compared to EUR 60.8m in the first quarter of the previous year.

The cash flow from financing activities amounted to minus EUR 11.5m in the first three months of 2020, whereas the prior-year figure was minus EUR 11.0m.

1.4.3 CAPITAL EXPENDITURES

The Austrian Post Group's capital expenditures equalled EUR 22.7m in the first quarter of 2020, of which EUR 3.2m was attributable to the addition of right-of-use assets pursuant to IFRS 16 Leases. Investments included EUR 18.9m for property, plant and equipment and EUR 3.8m for intangible assets. The bulk of investments

related to the capacity expansion programme designed to enlarge the parcel logistics infrastructure.

1.5 Employees

The average number of employees in Austrian Post Group totalled 20,231 full-time equivalents in the first

three months of 2020. This represents an increase in the total number of employees by 34 full-time equivalents. Most of Austrian Post's staff is employed by the parent company Österreichische Post AG (16,940 full-time equivalents in total).

Employees by Division

Average for the period, full-time equivalents	Q1 2019 ¹	Q1 2020	Share Q1 2020
Mail	834	878	4.3%
Parcel & Logistics	2,497	2,648	13.1%
Retail & Bank	2,197	2,108	10.4%
Corporate	1,820	1,550	7.7%
DIVISIONS	7,349	7,184	35.5%
Logistics Network	12,849	13,047	64.5%
GROUP	20,197	20,231	100%

¹ adjusted to the new segment structure since 1 January 2020

1.6 Events After the Reporting Period

No significant events have occurred after the end of the reporting period on 31 March 2020.

1.7 Main Risks and Uncertainties

As an international postal and logistics services provider, Austrian Post Group is subject to a variety of operational risks of its business operations. Austrian Post deals with these risks responsibly. The focus on its core business activities, as well as decades of experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures.

The main risks and uncertainties faced by Austrian Post, such as the structure of employment contracts, regulatory and legal risks, financial and technical risks as well as market and competitive risks together with information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2019 of Austrian Post (see the Annual Report 2019, Group Management Report, sections 4 and 5, and the Consolidated Financial Statements, Note 10.2).

The first quarter of the current financial year developed initially in a way comparable to previous years. Shipment volumes in the Mail Division are subject to

structural declines. All divisions depend on seasonal fluctuations and also on the economic development of the respective customer segments. In March of this year, the global economy was enormously dampened by the COVID-19 pandemic and the related containment measures implemented across the globe. Experience has shown that unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail, direct mail and parcel volumes. Longer-lasting periods of economic weakness could lead to massive cost cutting requirements on the part of large customer groups and thus negatively impact Austrian Post's revenue development. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus achievable prices for postal services.

Traditional letter mail items as well as direct mail are increasingly under pressure by electronic forms of communication. The parcel market is positively impacted by the online shopping trend and restrictions imposed in response to the COVID-19 pandemic. However, at the same time, market participants are intensifying their activities in order to profit from this market growth. The resulting shifts in market share and increased price pressure could negatively impact Austrian Post's earnings situation.

In the Retail & Bank Division, Austrian Post is partly dependent on strategic partners in the field of telecommunication products and financial services. In order to offer financial services in its branch network, Austrian Post entered into a partnership with the GRAWE Banking

Group in April 2019 to establish a focused financial services business in Austria, which commenced operations in April 2020. The objective is essentially to reach break-even in the third year of operation. There is a risk that the ramp-up time for attracting customers is delayed. As a result, revenue and thus earnings could be below expectations. This risk could increase as a consequence of COVID-19 measures.

All the above-mentioned risks, especially those relating to COVID-19 measures, could lead to a significant volume decrease and, thus, to a corresponding drop in earnings, for example due to various structural measures and restructuring costs or following valuation adjustments. In addition, the performance of subsidiaries or any required impairment losses could affect the earnings of Austrian Post.

Furthermore, the business model of Austrian Post is characterised by a high staff cost structure. Deviations

from planned wages and salaries can have adverse effects. Depending on the economic development of customer segments, the number of employees is also subject to fluctuations. In turn, this can negatively impact earnings.

As part of the country's critical infrastructure, Austrian Post is required to maintain postal operations. Additional expenses could arise in this regard, burdening operating earnings.

1.8 Related Party Transactions

There were no major changes in related party transactions in the first quarter of 2020. Information on related party transactions is provided in the Annual Report 2019 of Austrian Post (see the Annual Report 2019, Consolidated Financial Statements, Note 11.2).

1.9 Outlook 2020

Since March of this year, the business environment for many companies around the world has significantly changed. This applies also to postal and parcel service providers. The COVID-19 pandemic and its negative economic impacts have changed Austrian Post's priorities for 2020. In addition to economic challenges, the task at hand is to continue safeguarding the safety and health of the company's employees as well as to ensure the smooth functioning of its services. As part of the country's critical infrastructure, these duties are performed even if the obligation to provide postal services is not fulfilled on a cost-covering basis and additional costs arise from regulations and crisis measures. Revenues and earnings are therefore expected to be impacted in 2020.

Overall, a decline in revenues is expected in the Mail Division during the course of the year. Depending on the duration and economic repercussions of the pandemic, this decline could be in the high single-digit range. The basic assumption made by Austrian Post is a structural volume decline in the range of about 5% p.a. as a consequence of the electronic substitution of letter mail. This decline may intensify during the lockdown phase and in the now foreseeable economically weak quarters. On the other hand, the product and rate adjustments implemented as of 1 April 2020 should have a positive effect.

Clearly negative COVID-19 effects include a decline in Direct Mail revenue, as has already been noticeable since mid of March 2020. As a result of government-imposed store closures, about 50% of Direct Mail items are strongly impacted in this time. The loss in revenue during the lockdown is in the range of about EUR 4m per week. It is difficult to predict how the advertising market will develop when stores are gradually opened. Economic forecasts assume a slow acceleration of the economy. Many of Austrian Post's customers are affected by the crisis. For this reason, limited advertising activities are likely.

Revenue growth of about 15% should be possible in the Parcel & Logistics Division for 2020 as a whole. Volumes are developing above initial assumptions in light of the fact that private customer parcels represent the largest proportion of Austrian Post's parcel shipments. The positive trend driven by increased online orders (B2C) offsets the negative effects on business parcels (B2B). The limited international movement of goods also negatively affects international shipment volumes. In turn, the cooperation with Deutsche Post DHL Group since August 2019 is expected to positively impact revenue development in the course of the year.

The new Retail & Bank Division will make its first positive revenue contribution in 2020. Revenue from branch network services of EUR 80.4m in the 2019 financial year included service fees from the former banking partner in the amount of EUR 29.3m. bank99, the new bank of Austrian Post, commenced operations on 1 April 2020 in order to attract customers by offering various financial services. The bank succeeded in gaining more than 20,000 customers in the first six weeks after the launch. However, Austrian Post does not expect financial services revenue to be comparable to the level generated in the 2019 financial year.

2020 GROUP RESULTS ARE STILL UNPREDICTABLE

A precise forecast for revenue and earnings in the 2020 financial year is not possible at the present time due to the currently uncertain economic situation in many sectors. The further development of the COVID-19 pandemic, the resulting government measures and especially the way and extent to which the economy rebounds will all have a direct impact on the company's further business development in 2020.

In spite of the COVID-19 pandemic, Austrian Post's objective is to maintain revenue development as stable as possible. With respect to earnings, revenue losses in the high-margin Mail Division cannot be offset by increasing parcel revenues. Due to the high level of fixed costs in the logistics business, any decline in revenue has a direct impact on earnings. For this reason, EBIT will decline in the current financial year as a consequence of direct and indirect COVID-19 effects. Hence the earnings situation will depend on macroeconomic developments during the year and the resulting letter mail, direct mail and parcel volumes as well as the level of financial services generated in the upcoming quarters.

In the medium-term, the solid balance sheet of Austrian Post with a sound equity ratio and high level of liquid financial resources will enhance the resilience of the company. Furthermore, Austrian Post is intensively continuing all investments and measures designed to increase capacity and to sustainably enhance efficiency. As in the previous two years, in addition to the regular maintenance investments (maintenance CAPEX) of about EUR 70m more than EUR 50m of growth investments (growth CAPEX) are planned again to be able to continue to guarantee the best quality logistics network in Austria. Moreover, there is a possibility of expanding or newly acquiring real estate property for the logistics infrastructure. Against the backdrop of rising parcel volumes, it is vital to further expand Austrian Post's outstanding market position in terms of quality and quantity. Targeted invest-

ments and measures should contribute to increase earnings at all divisions and thus again improve the Group results for 2021.

ANNUAL GENERAL MEETING ON 17 JUNE 2020

The Annual General Meeting 2020 of Austrian Post will take place as a virtual Annual General Meeting without the physical presence of the shareholders. This will be carried out in accordance with the ordinance issued by the Federal Minister of Justice on the more detailed regulations governing the holding of meetings under company

law without the physical presence of the participants, and the adoption of resolutions by other means (Corporate Law COVID-19 Ordinance - COVID-19-GesV). In spite of the strict but understandable governmental measures, Austrian Post supports stability and consistency, and welcome the measures aiming to stem the spread of the COVID-19 pandemic. The Management Board of Austrian Post will propose to the Annual General Meeting scheduled for 17 June 2020 to approve the distribution of a stable dividend in the amount of EUR 2.08 per share.

Vienna, 5 May 2020

The Management Board



GEORG PÖLZL
CEO
Chairman of the
Management Board



WALTER OBLIN
Deputy CEO
Mail & Finance



PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

16 Consolidated Income Statement for the first Quarter of 2020

EUR m	Q1 2019	Q1 2020
Revenue	492.5	502.9
thereof results from financial services	0.0	2.0
Other operating income	21.0	13.3
TOTAL OPERATING INCOME	513.5	516.2
Raw materials, consumables and services used	-110.3	-120.3
Expenses for financial services	0.0	-0.1
Staff costs	-251.7	-253.5
Depreciation, amortisation and impairment losses	-27.2	-32.0
Other operating expenses	-66.3	-77.0
TOTAL OPERATING EXPENSES	-455.5	-482.8
PROFIT FROM OPERATIONS	58.1	33.4
Results from financial assets accounted for using the equity method	-0.7	0.0
Financial income	6.1	4.5
Financial expenses	-2.7	-3.4
Other financial result	3.4	1.1
TOTAL FINANCIAL RESULT	2.8	1.1
PROFIT BEFORE TAX	60.8	34.5
Income tax	-17.5	-8.3
PROFIT FOR THE PERIOD	43.3	26.2
ATTRIBUTABLE TO:		
Shareholders of the parent company	43.3	28.6
Non-controlling interests	0.0	-2.4
EARNINGS PER SHARE (EUR)		
BASIC EARNINGS PER SHARE	0.64	0.42
DILUTED EARNINGS PER SHARE	0.64	0.42
RECONCILIATION OF GROUP EBIT (EUR M)		
Profit from operations	58.1	33.4
Results from financial assets accounted for using the equity method	-0.7	0.0
EARNINGS BEFORE OTHER FINANCIAL RESULT AND INCOME TAX (EBIT)	57.4	33.3

Consolidated Statement of Comprehensive Income for the first Quarter of 2020

EUR m	Q1 2019	Q1 2020
PROFIT FOR THE PERIOD	43.3	26.2
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:		
Currency translation differences – investments in foreign businesses	-0.1	-1.1
TOTAL ITEMS THAT MAY BE RECLASSIFIED	-0.1	-1.1
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:		
Revaluation of defined benefit obligations	-6.5	0.0
Tax effect of revaluation	1.6	0.0
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED	-4.9	0.0
OTHER COMPREHENSIVE INCOME	-4.9	-1.1
TOTAL COMPREHENSIVE INCOME	38.4	25.1
ATTRIBUTABLE TO:		
Shareholders of the parent company	38.4	27.5
Non-controlling interests	0.0	-2.4

Consolidated Balance Sheet as at March 31, 2020

EUR m	31 Dec. 2019	31 Mar. 2020
ASSETS		
NON-CURRENT ASSETS		
Goodwill	61.1	60.8
Intangible assets	35.1	37.4
Property, plant and equipment	1,056.5	1,043.8
Investment property	73.0	72.5
Financial assets accounted for using the equity method	11.4	11.6
Other financial assets	68.1	66.0
Other receivables	16.9	12.9
Deferred tax assets	65.9	65.5
	1,387.9	1,370.5
CURRENT ASSETS		
Other financial assets	230.6	208.9
Inventories	14.3	14.1
Contract assets	7.1	5.1
Trade and other receivables	296.9	255.8
Tax assets	2.5	8.1
Financial assets from financial services	2.9	178.8
Cash and cash equivalents	100.6	187.9
	654.9	858.7
ASSETS HELD FOR SALE		
	0.1	0.1
	2,042.9	2,229.2
EQUITY AND LIABILITIES		
EQUITY		
Share capital	337.8	337.8
Capital reserves	91.0	91.0
Revenue reserves	303.3	329.9
Other reserves	-41.8	-43.0
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	690.3	715.7
NON-CONTROLLING INTERESTS	10.4	9.4
	700.7	725.1
NON-CURRENT LIABILITIES		
Provisions	359.3	353.8
Other financial liabilities	270.7	263.7
Other payables	27.1	24.7
Deferred tax liabilities	0.8	0.8
	657.8	643.1
CURRENT LIABILITIES		
Provisions	258.1	269.1
Tax liabilities	0.2	0.6
Other financial liabilities	38.8	39.1
Trade and other payables	357.3	322.9
Contract liabilities	29.9	26.3
Financial liabilities from financial services	0.0	203.1
	684.3	861.0
	2,042.9	2,229.2

Consolidated Cash Flow Statement for the first Quarter of 2020

EUR m	Q1 2019	Q1 2020
OPERATING ACTIVITIES		
Profit before tax	60.8	34.5
Depreciation, amortisation and impairment losses	27.2	32.0
Results from financial assets accounted for using the equity method	0.7	0.0
Provisions non-cash	9.8	6.4
Other non-cash transactions	-12.4	-0.9
GROSS CASH FLOW	86.1	72.0
Trade and other receivables	24.8	44.1
Inventories	1.8	0.1
Contract assets	-4.7	2.0
Financial assets from financial services	0.0	-175.9
Provisions	7.3	-0.3
Trade and other payables	-27.2	-30.4
Contract liabilities	-3.9	-3.9
Financial liabilities from financial services	0.0	203.1
Taxes paid	-11.9	-13.1
CASH FLOW FROM OPERATING ACTIVITIES	72.3	97.8
INVESTING ACTIVITIES		
Acquisition of intangible assets	-3.1	-3.8
Acquisition of property, plant and equipment/investment property	-19.7	-21.9
Sale of property, plant and equipment	1.7	1.0
Acquisition of subsidiaries and other business units	0.0	-0.9
Acquisition of financial assets accounted for using the equity method	-2.2	-0.3
Sale of financial assets accounted for using the equity method	0.1	0.0
Sale of other financial instruments	0.0	6.5
Acquisition of financial investments in securities/money market investments	-30.0	-50.0
Sale of financial investments in securities/money market investments	0.0	70.0
Loans granted	-0.6	0.0
Interest received	0.4	0.4
CASH FLOW FROM INVESTING ACTIVITIES	-53.4	1.0
FREE CASH FLOW	19.0	98.8
FINANCING ACTIVITIES		
Repayment of long-term financial liabilities (incl. current maturities of long-term debt)	-7.0	-9.8
Changes of short-term financial liabilities	-2.8	0.2
Dividends paid	0.0	-0.7
Interest paid	-1.2	-1.2
CASH FLOW FROM FINANCING ACTIVITIES	-11.0	-11.5
CHANGE IN CASH AND CASH EQUIVALENTS	7.9	87.3
Cash and cash equivalents at 1 January	310.2	100.6
CASH AND CASH EQUIVALENTS AT 31 MARCH	318.1	187.9

Consolidated Statement of Changes in Equity for the first Quarter of 2019

EUR m	Share capital	Capital reserves	Revenue reserves
BALANCE AS AT 1 JANUARY 2019	337.8	91.0	298.5
Profit for the period	0.0	0.0	43.3
Other comprehensive income	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME	0.0	0.0	43.3
BALANCE AS AT 31 MARCH 2019	337.8	91.0	341.8

Consolidated Statement of Changes in Equity for the first Quarter of 2020

EUR m	Share capital	Capital reserves	Revenue reserves
BALANCE AS AT 1 JANUARY 2020	337.8	91.0	303.3
Profit for the period	0.0	0.0	28.6
Other comprehensive income	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME	0.0	0.0	28.6
Dividends paid	0.0	0.0	0.0
Payments to subsidiaries with non-controlling interests	0.0	0.0	-2.0
TRANSACTIONS WITH OWNERS	0.0	0.0	-2.0
BALANCE AS AT 31 MARCH 2020	337.8	91.0	329.9

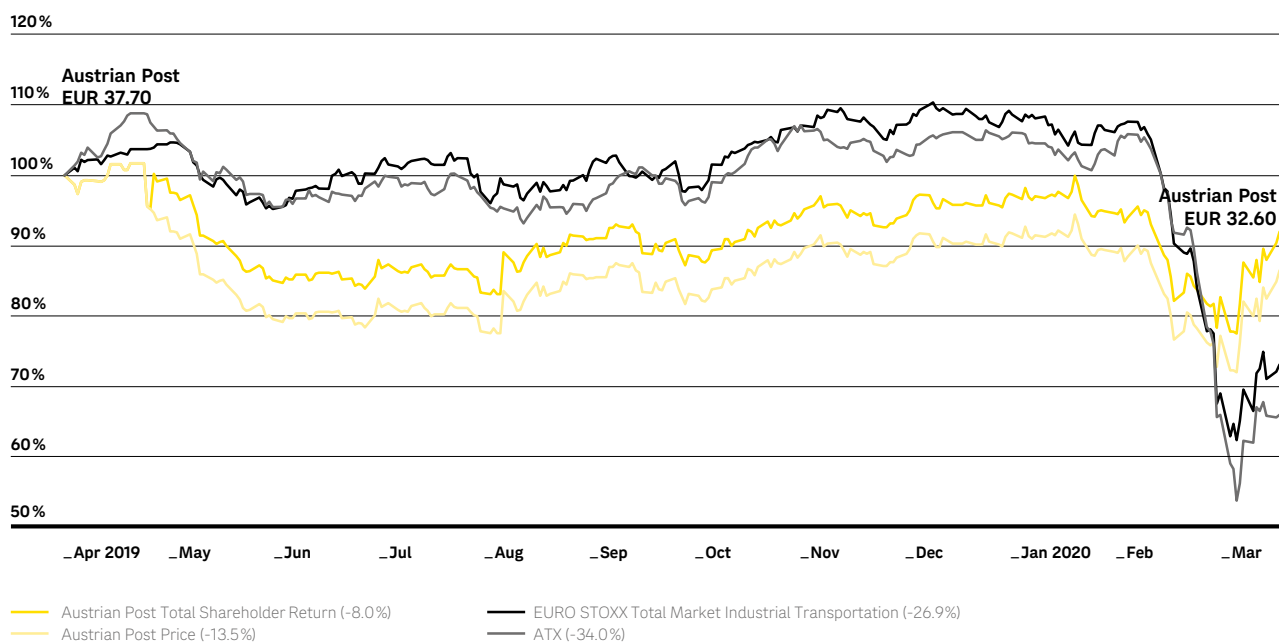
Other reserves				Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
IAS 19 reserve	FVOCI reserve	Currency translation reserve				
-16.1	-12.2	-1.8	697.1	2.0	699.1	
0.0	0.0	0.0	43.3	0.0	43.3	
-4.9	0.0	-0.1	-4.9	0.0	-4.9	
-4.9	0.0	-0.1	38.4	0.0	38.4	
-21.0	-12.2	-1.9	735.5	2.0	737.5	

Other reserves				Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
IAS 19 reserve	FVOCI reserve	Currency translation reserve				
-25.6	-14.2	-2.1	690.3	10.4	700.7	
0.0	0.0	0.0	28.6	-2.4	26.2	
0.0	0.0	-1.1	-1.1	0.0	-1.1	
0.0	0.0	-1.1	27.5	-2.4	25.1	
0.0	0.0	0.0	0.0	-0.7	-0.7	
0.0	0.0	0.0	-2.0	2.0	0.0	
0.0	0.0	0.0	-2.0	1.3	-0.7	
-25.6	-14.2	-3.2	715.7	9.4	725.1	

Financial Calendar 2020

17 June 2020	Annual General Meeting 2020, Vienna
29 June 2020	Ex-date (dividend)
30 June 2020	Record Date (determination of entitled stocks in connection with dividend payments)
1 July 2020	Dividend payment day
7 August 2020	Half-year financial report 2020, publication: 07.30-07.40 a.m. CET
13 November 2020	Interim report for the first three quarters 2020, publication: 07.30-07.40 a.m. CET

Development of the Post Share 12 Month Comparison



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We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This Financial Report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as

“expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and thus actual results – to deviate from the forecasts contained in this report. Statements referring to people are valid for both men and women.

This Financial Report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: 13 March 2020

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