Q1 2013

Interim report for the first quarter of 2013 | Austrian Post

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REVENUE IMPROVED
INCREASE IN BOTH DIVISIONS

FURTHER EARNINGS GROWTH
EBIT UP 2.4%

OUTLOOK CONFIRMED
STABLE OR SLIGHTLY RISING REVENUE EXPECTED

Post

HIGHLIGHTS Q1 2013

- **MARKET ENVIRONMENT**
  - Mail business in Austria features positive revenue effects
  - Ongoing growth of the Austrian parcels 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 in the targeted range of 10–12%
  - Goal of further improving EBIT

OVERVIEW OF KEY INDICATORS

		Q1 2012	Q1 2013	Change %
Income statement				
Revenue	EUR m	605.7	602.9	–0.5%
Revenue excl. Benelux subsidiaries[1]	EUR m	594.9	602.9	1.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	78.3	80.0	2.1%
EBITDA margin	%	12.9%	13.3%	–
Earnings before interest and tax (EBIT)	EUR m	58.3	59.7	2.4%
EBIT margin	%	9.6%	9.9%	–
Earnings before tax (EBT)	EUR m	58.2	58.8	1.1%
Profit for the period	EUR m	43.3	46.6	7.8%
Earnings per share (EUR)[2]	EUR	0.64	0.69	7.8%
Employees (average for the period, full-time equivalents)		22,998	23,829	3.6%
Cash flow				
Operating cash flow before changes in working capital	EUR m	86.8	88.6	2.0%
Cash flow from operating activities	EUR m	65.3	49.8	–23.6%
Investment in property, plant and equipment (CAPEX)	EUR m	–10.1	–22.3	>100%
Acquisition/disposal of subsidiaries	EUR m	–6.5	–10.9	68.9%
Free cash flow before acquisitions/securities	EUR m	57.7	28.1	–51.3%

		Dec. 31, 2012	March 31, 2013	Change %
Balance sheet				
Total assets	EUR m	1,700.8	1,719.7	1.1%
Equity	EUR m	708.6	759.0	7.1%
Non-current assets	EUR m	1,047.6	1,060.9	1.3%
Current assets	EUR m	653.2	658.8	0.9%
Net debt	EUR m	68.5	55.9	–18.3%
Equity ratio	%	41.7%	44.1%	–
Capital employed	EUR m	713.2	750.6	5.3%

[1] The closing of the disposal of trans-o-flex Nederland B.V. took place as of March 15, 2012, for trans-o-flex Belgium B.V.B.A as of May 31, 2012
[2] In relation to 67,552,638 shares

Note: Early application of IAS 19 (revised) – adjustment of figures for Q1 2012

STATEMENT BY THE MANAGEMENT BOARD

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS!

The first quarter of the year 2013 proceeded very satisfactorily for Austrian Post. The structural change caused by declining letter mail volumes as a consequence of electronic substitution is continuing. Nevertheless, we achieved growth thanks to positive revenue effects. The Austrian parcels market also showed growth momentum which was mainly driven by the ongoing trend towards online shopping. In addition, we managed to increase our market share in the business parcels segment. In contrast, the international business showed a mixed picture. We succeeded in significantly increasing volumes in South East and Eastern Europe and achieving a slight revenue increase. On the other hand, our revenue declined in Germany, mainly due to strong competition. Accordingly, the focus will be on enhancing the profitability of services rendered, 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 our strictly implemented efficiency enhancement measures. Earnings per share rose by 7.8% to EUR 0.69.

The results of the first quarter of 2013 once again show that we are pursuing the right strategy. For this reason, we will continue to strongly focus on customer orientation, expanding self-service solutions to reflect current customer needs and extending our offering for business customers along the value chain. We will also attach great importance to continually enhancing efficiency and ensuring a greater flexibility of the company's cost structure. Against this backdrop, and based on our first-quarter performance, we confirm our outlook for the entire year 2013. Revenue should remain stable or increase slightly, and we will strive to further increase EBIT.

On the capital market Austrian Post also continues to maintain its clear positioning as a dividend stock. Accordingly, the Annual General Meeting held on April 18, 2013 approved the proposal to distribute a dividend of EUR 1.80 per share which was disbursed starting on May 2, 2013.

Vienna, May 8, 2013

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

ECONOMIC AND MARKET ENVIRONMENT

The economic environment in Europe remains challenging in the year 2013. According to the latest forecast of the International Monetary Fund (IMF), the European economy should return to a growth path in 2013, expanding slightly by 0.3% followed by 1.5% growth in 2014. However, a high level of uncertainty continues to prevail as a consequence of the sovereign debt crisis, particularly in the southern peripheral countries of the eurozone (IMF, April 2013). In contrast, the Austrian market is expected to develop more favourably than the eurozone average. It is assumed that the slowdown of the domestic economy bottomed out at the beginning of 2013. Accordingly, the Austrian Institute of Economic Research (WIFO) once again predicts growth, with the economy expected to expand by 1.0% in the entire year 2013 and even more by 1.8% in 2014 (WIFO, March 2013). In addition to the restrained but solid growth of private consumption, investment activity in particular should expand significantly in 2013.

The two other markets in the eurozone in which Austrian Post operates should also develop in a similarly positive manner. According to the most recent forecasts, Germany should post GDP growth of 0.6% in 2013 (2014: 1.5%), whereas the Slovakian economy is even expected to expand by 1.4% (2014: 2.7%). The outlook for South East and Eastern Europe (2013: 2.2% growth, 2014: 2.8%) is even more favourable than for the eurozone. In particular, the local markets of the recently acquired subsidiaries should develop positively in 2013 (Poland: 1.3%, Romania: 1.6%, Bulgaria: 1.2%), with growth expected to surpass the 2% threshold again in the year 2014. Serbian GDP is predicted to expand by 2.0% in 2013 and 2014, whereas the economic environment in Hungary and Croatia is somewhat more challenging. In 2013 the economies of these countries will either stagnate (Hungary) or contract (Croatia), although GDP growth of 1.2% and 1.5% respectively is anticipated again in 2014 (IMF, April 2013).

In addition to the overall economic situation, the business development of Austrian Post is mainly influenced by several other structural trends. In the letter mail business, the trend towards the electronic substitution of traditional letter mail is continuing. In turn, the volume of direct mail items depends on the intensity of advertising activities by companies. According to Media FOCUS Research, the overall advertising market is still predicted to contract in the first half of 2013, although the volume of direct mail items is expected to subsequently rise slightly again (Forecast January 2013). Parcel volumes in Austria should continue to increase due to the growing importance of online shopping. Shipment volumes are expected to rise in the international parcel and freight business, whose development is considerably dependent on general economic trends, international trade flows and the related price development. These increases are being driven by the growth in international trade and the general expansion of e-commerce. However, competitive intensity and price pressure will remain high.

LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is mainly based on the Postal Market Act which took full effect on January 1, 2011. Even after full-scale market liberalisation, Austrian Post remains the universal service provider guaranteeing high quality postal services throughout Austria. Since the beginning of 2011, the range of universal postal services has been limited to mail items posted at the legally stipulated access points. Moreover, a license must be obtained conferring the right to carry out postal delivery services for letters weighing up to 50 grams.

The Post Survey Ordinance, which will take effect on June 1, 2013, stipulates that Austrian Post, along with all postal service providers, is legally obliged to report certain statistical data to the Austrian Regulatory Authority for Broadcasting and Telecommunications (RTR) on a monthly basis. RTR must be provided with details on shipment volumes and sales of specified products (e.g. domestic/international mail items, domestic/international parcel shipments, registered mail items, official government mail) as well as the number of postal service points and distribution centres, the number of letter mail drop-off boxes and the number of employees and infrastructure investments, amongst other data. Aggregate data supplied by all postal providers must be published, provided that no conclusions can be drawn with respect to the data of individual companies. Fulfilling the obligations stipulated in this ordinance will lead to increased operating expenses and staff costs on the part of Austrian Post.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE CONSOLIDATION SCOPE

As of April 1, 2013, Austrian Post exercised its option to increase its shareholding in M&BM Express OOD, Bulgaria from 26% to 51%. The company was fully consolidated effective February 1, 2013, due to the fact that this option could already be exercised as of February 2013.

In addition, Austrian Post acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH effective February 1, 2013. The company was fully integrated in the consolidated financial statements of Austrian Post as of this date.

With respect to its accounting policies, Austrian Post took advantage of the opportunity to apply the revised standard IAS 19 ahead of schedule. The prior-year figures for staff costs, results of investments consolidated at equity, income tax and the respective earnings items have been adjusted accordingly in the following tables.

REVENUE AND EARNINGS DEVELOPMENT

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 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.

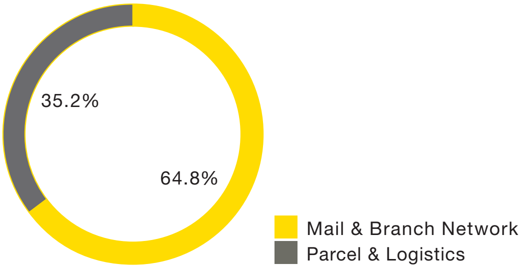
In the Parcel & Logistics Division, revenue in the first quarter of 2013, adjusted to take account of the disposed subsidiaries in the Benelux region, rose by 1.0% to EUR 212.1m. The Dutch company was deconsolidated as of March 15, 2012, whereas the Belgian subsidiary was deconsolidated effective May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

REVENUE BY DIVISION[1]

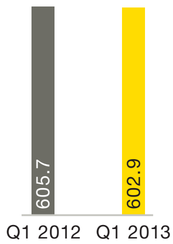
EUR m	Q1 2012	Q1 2013	%	Change EUR m	Structure Q1 2013
Total revenue	**605.7**	**602.9**	**–0.5%**	**–2.8**	**100.0%**
Revenue excl. Benelux subsidiaries[2]	**594.9**	**602.9**	**1.3%**	**8.0**	**–**
Mail & Branch Network	385.0	391.0	1.5%	6.0	64.8%
Parcel & Logistics	220.8	212.1	–3.9%	–8.6	35.2%
Parcel & Logistics excl. Benelux subsidiaries[2]	210.0	212.1	1.0%	2.1	–
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 of March 15, 2012, for trans-o-flex Belgium B.V.B.A as of May 31, 2012

REVENUE BY DIVISION
%



REVENUE
EUR m



INCOME STATEMENT

EUR m	Q1 2012	Q1 2013	%	Change EUR m	Q1 2013 as % of revenue
Revenue	**605.7**	**602.9**	**–0.5%**	**–2.8**	**100.0%**
Other operating income	17.3	17.2	–0.7%	–0.1	2.9%
Raw materials, consumables and services used	–190.9	–187.2	–1.9%	–3.7	–31.0%
Staff costs	–281.8	–280.2	–0.6%	–1.6	–46.5%
Other operating expenses	–69.4	–71.1	2.4%	1.7	–11.8%
Results of investments consolidated at equity	–2.6	–1.7	34.9%	0.9	–0.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**78.3**	**80.0**	**2.1%**	**1.6**	**13.3%**
Depreciation, amortisation and impairments	–20.0	–20.2	1.0%	0.2	–3.4%
Earnings before interest and tax (EBIT)	**58.3**	**59.7**	**2.4%**	**1.4**	**9.9%**
Other financial result	–0.1	–0.9	<–100%	–0.8	–0.2%
Earnings before tax (EBT)	**58.2**	**58.8**	**1.1%**	**0.6**	**9.8%**
Income tax	–14.9	–12.2	–18.2%	–2.7	–2.0%
Profit for the period	**43.3**	**46.6**	**7.8%**	**3.4**	**7.7%**
Earnings per share (EUR)	0.64	0.69	7.8%	0.05	–

Against the backdrop of a stable revenue development of the Group, the revenue decline in Germany in particular led to a reduction of the 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.

Other operating income remained constant at EUR 17.2m during the period under review. This includes income from rents and leases amounting to EUR 6.1m and proceeds from the disposal of property, plant and equipment of EUR 0.8m. Other operating expenses rose by 1.7% to EUR 71.1m.

The result of the investments consolidated at equity improved in a year-on-year comparison from minus EUR 2.6m to minus EUR 1.7m.

EBITDA BY DIVISION

EUR m	Q1 2012	Q1 2013	%	Change EUR m
Total EBITDA	**78.3**	**80.0**	**2.1%**	**1.6**
Mail & Branch Network	83.9	86.3	2.8%	2.3
Parcel & Logistics	13.0	12.4	–4.7%	–0.6
Corporate	–18.6	–18.7	–0.5%	–0.1

EBIT BY DIVISION

EUR m	Q1 2012	Q1 2013	%	Change 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

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%.

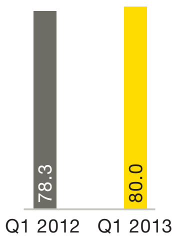
The company shows a stable development from a divisional perspective. The Mail & Branch Network Division generated an EBIT of EUR 79.0m, a rise of 3.3%. This increase is related to positive effects in the division's revenue development as well as the ongoing efficiency improvements in the entire mail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

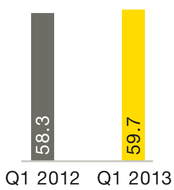
After deducting income taxes totalling EUR 12.2m, the Group net profit (profit after tax for the period) amounted to EUR 46.6m. This corresponds to earnings of EUR 0.69 per share for the first quarter of 2013, an increase of 7.8%.

EARNINGS INDICATORS

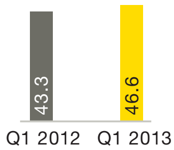
EBITDA
EUR m



EBIT
EUR m



PROFIT FOR THE PERIOD
EUR m



ASSETS AND FINANCES

Austrian Post pursues a risk-averse balance sheet structure. This is demonstrated by the high equity ratio, the low level of financial liabilities and the solid level of cash and cash equivalents invested with the least possible risk.

The balance sheet total of Austrian Post amounted to EUR 1,719.7m as of March 31, 2013, of which non-current assets account for 61.7% and current assets account for 38.3%. The non-current assets of EUR 1,060.9m primarily consist of property, plant and equipment at EUR 594.3m and goodwill of EUR 189.6m. Cash and cash equivalents at EUR 312.5m comprise the single largest balance sheet item in current assets. Receivables totalled EUR 328.5m on the reporting date of March 31, 2013.

On the equity and liabilities side, the balance sheet of Austrian Post features a high equity ratio, which amounted to 44.1% as of March 31, 2013. Equity of the Austrian Post Group amounted to EUR 759.0m at the end of March 2013. Non-current liabilities were EUR 446.0m at the end of the reporting period, and current liabilities amounted to EUR 514.7m. Provisions totalling EUR 571.7m comprise the largest single liabilities item, including the provision for employee under-utilisation of EUR 236.5m (EUR 229.1m as of December 31, 2012). Trade payables amounted to EUR 193.0m as of March 31, 2013.

An analysis of the financial position of the company shows a high level of current and non-current financial resources to the amount of EUR 370.9m (cash and cash equivalents of EUR 312.5m as well as financial investments in securities of EUR 58.4m). These financial resources are in contrast to financial liabilities of only EUR 22.3m.

BALANCE SHEET STRUCTURE

EUR m	Dec. 31, 2012	March 31, 2013	Structure March 31, 2013
Assets			
Property, plant and equipment, intangible assets and goodwill	849.6	852.5	49.6%
Investment property	37.8	36.9	2.1%
Investments consolidated at equity	7.1	1.9	0.1%
Inventories, receivables and other	439.1	445.3	25.9%
Financial investments in securities	39.9	58.4	3.4%
Other financial assets	12.2	12.2	0.7%
Cash and cash equivalents	315.0	312.5	18.2%
	1,700.8	**1,719.7**	**100.0%**
Equity and liabilities			
Equity	708.6	759.0	44.1%
Provisions	554.5	571.7	33.2%
Financial liabilities	22.9	22.3	1.3%
Payables and other	414.8	366.6	21.3%
	1,700.8	**1,719.7**	**100.0%**

CASH FLOW

EUR m	Q1 2012	Q1 2013
Operating cash flow before changes in working capital[1]	**86.8**	**88.6**
Cash flow from changes in net working capital[1]	–21.6	–38.7
Cash flow from operating activities	**65.3**	**49.8**
Cash flow from investing activities	–14.1	–51.1
thereof CAPEX	–10.1	–22.3
thereof cash flow from acquisitions/divestments	–6.5	–10.9
thereof acquisition/disposal of securities	0.0	–18.4
Free cash flow	**51.2**	**–1.3**
Free cash flow before acquisitions/securities	**57.7**	**28.1**
Cash flow from financing activities	–5.3	–1.2
Net change in cash and cash equivalents	**45.9**	**–2.5**

[1] Reporting adapted for 2012: Offsetting of reclassification from non-current provisions to current provisions and liabilities.
From now on, the allocation to or reversal of non-current provisions is recognised in the operating cash flow before changes in working capital, whereas their use is reported as changes in net working capital.

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.

The 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 (purchase of EUR 20.9m in investment-grade bonds and money market products) held by Austrian Post 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.

INVESTMENTS AND ACQUISITIONS

In the first quarter of 2013, capital expenditure for property, plant and equipment and intangible assets rose by EUR 3.5m from the comparable prior-year period to EUR 13.3m, of which EUR 11.6m consisted of investments in property, plant and equipment and EUR 1.7m related to intangible assets. In addition to the ongoing replacement drive for the vehicle fleet, the investment programme carried out during the period under review primarily focused on the modernisation of sorting technologies as well as new mail and parcel distribution facilities. Moreover, for example, various investments were made in security systems as well as in the conversion of cluster box units throughout Austria.

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).

EMPLOYEES BY DIVISION

Average for the period, full-time equivalents	Q1 2012	Q1 2013	Share in %
Mail & Branch Network	16,909	17,733	74.4%
Parcel & Logistics	4,129	4,066	17.1%
Corporate	1,961	2,029	8.5%
Total	**22,998**	**23,829**	**100.0%**

MAIN RISKS AND UNCERTAINTIES

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

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks and information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2012 of Austrian Post (see the Annual Report; Part 2 “Facts & Figures”, pages 36–42 and 104–110).

On the basis of the defined risks, there are also uncertainties for the remaining nine months of the current financial year. Projected shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and depend on the economic development of the respective customer segments. Unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of mail and parcel volumes. Furthermore, a subdued economic situation can also have an impact on the Group‘s competitive position and thus the achievable prices for postal services. Moreover, conventional letter mail is being increasingly replaced by electronic media. All the above-mentioned risks could lead to significant volume decreases and thus to a corresponding drop in earnings.

OUTLOOK 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. the 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. Robust growth in the 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).

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. Austrian Post anticipates total capital expenditure 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.

SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

The Annual General Meeting held on April 18, 2013 agreed with the proposal of the Management Board and Supervisory Board, and resolved to distribute a dividend amounting to EUR 1.80 per share (EUR 121.6m). The payment of the dividend took place starting on May 2, 2013.

Effective April 1, 2013, Austrian Post increased its shareholding in M&BM Express OOD, Bulgaria to 51% from the previous stake of 26%. A further option provides for the possibility of Austrian Post acquiring an additional 25% in M&BM Express in 2014 and thus raising its total shareholding in the company to as much as 76%.

Austrian Post and the owners of the Turkish parcel service provider Aras Kargo signed an exclusive negotiation agreement effective April 15, 2013 on talks relating to Austrian Post’s potential acquisition of a minority stake in the company. 80% of Aras Kargo is currently in the hands of the Aras family, and 20% of the shares are owned by the publicly traded Turkish private equity company Is Girisim. It was agreed to maintain confidentiality on further details pertaining to the ongoing negotiations.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

EUR m	Q1 2012	Q1 2013	%	Change EUR m
External sales	**385.0**	**391.0**	**1.5%**	**6.0**
Letter Mail & Mail Solutions	205.2	209.5	2.1%	4.3
Direct Mail	109.7	112.8	2.8%	3.1
Media Post	35.7	35.3	–1.3%	–0.4
Branch Services	34.4	33.4	–3.1%	–1.1
Internal sales	16.8	18.6	10.7%	1.8
Total revenue	401.8	409.5	1.9%	7.7
EBITDA	**83.9**	**86.3**	**2.8%**	**2.3**
Depreciation, amortisation and impairments	–7.5	–7.3	–2.7%	–0.2
EBIT	**76.5**	**79.0**	**3.3%**	**2.5**
EBITDA margin[1]	20.9%	21.1%	–	–
EBIT margin[1]	19.0%	19.3%	–	–
Employees[2]	16,909	17,733	4.9%	825

[1] EBIT and EBITDA in relation to total revenue
[2] Average for the period, full-time equivalents

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

EUR m	Q1 2012	Q1 2013	Change %	Change EUR m
External sales	**220.8**	**212.1**	**–3.9%**	**–8.6**
Premium Parcel	169.4	158.9	–6.2%	–10.4
Standard Parcel	43.6	45.9	5.2%	2.3
Other Parcel Services	7.8	7.3	–6.0%	–0.5
External sales excl. Benelux subsidiaries[1]	**210.0**	**212.1**	**1.0%**	**2.2**
Internal sales	2.4	2.1	–12.6%	–0.3
Total revenue	223.1	214.2	–4.0%	–8.9
EBITDA	**13.0**	**12.4**	**–4.7%**	**–0.6**
Depreciation, amortisation and impairments	–5.2	–5.0	–3.6%	–0.2
EBIT	**7.8**	**7.4**	**–5.4%**	**–0.4**
EBITDA margin[2]	5.8%	5.8%	–	–
EBIT margin[2]	3.5%	3.4%	–	–
Employees[3]	4,129	4,066	–1.5%	–62

[1] The closing of the disposal of trans-o-flex Nederland B.V. took place as of March 15, 2012, of trans-o-flex Belgium B.V.B.A at at May 31, 2012
[2] EBIT and EBITDA in relation to total revenue
[3] Average for the period, full-time equivalents

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.

Vienna, May 8, 2013

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2013

EUR m	Q1 2012 adjusted[1]	Q1 2013
Revenue	605.7	602.9
Other operating income	17.3	17.2
Total operating income	**623.0**	**620.2**
Raw materials, consumables and services used	–190.9	–187.2
Staff costs	–281.8	–280.2
Depreciation, amortisation and impairment losses	–20.0	–20.2
Other operating expenses	–69.4	–71.1
Total operating expenses	**–562.1**	**–558.7**
Profit from operations	**60.9**	**61.4**
Results of investments consolidated at equity	–2.6	–1.7
Financial income	2.2	1.1
Financial expenses	–2.3	–2.0
Other financial result	–0.1	–0.9
Total financial result	**–2.7**	**–2.6**
Profit before tax	**58.2**	**58.8**
Income tax	–14.9	–12.2
Profit for the period	**43.3**	**46.6**
Attributable to:		
equity holders of the parent company	43.3	46.4
non-controlling interests	0.0	0.3
Basic earnings per share (EUR)	**0.64**	**0.69**
Diluted earnings per share (EUR)	**0.64**	**0.68**
Profit from operations	60.9	61.4
Results of investments consolidated at equity	–2.6	–1.7
Earnings before interest and tax (EBIT)	**58.3**	**59.7**

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2013

EUR m	Q1 2012 adjusted[1]	Q1 2013
Profit for the period	**43.3**	**46.6**
Items that will be reclassified subsequently to the income statement:		
Currency translation differences	0.1	–0.4
Currency translation differences of investments consolidated at equity	0.2	–0.1
Revaluation of financial instruments held for sale	3.3	0.1
Deferred taxes	–0.8	0.0
Total items that will be reclassified	**2.8**	**–0.5**
Items that will not be reclassified subsequently to the income statement:		
Revaluation of defined benefit obligations	–2.5	0.0
Deferred taxes	0.6	0.0
Revaluation of defined benefit obligations of investments consolidated at equity	0.0	0.0
Total items that will not be reclassified	**–1.9**	**0.0**
Other comprehensive income	**0.9**	**–0.5**
Total comprehensive income	**44.2**	**46.1**
Attributable to:		
equity holders of the parent company	44.2	45.8
non-controlling interests	0.0	0.3

[1] Adjusted due to the application of IAS 19; refer to Note 1. Summary of Accounting Principles

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2013

EUR m	Dec. 31, 2012	March 31, 2013
Assets		
Non-current assets		
Goodwill	183.5	189.6
Intangible assets	66.2	68.6
Property, plant and equipment	599.9	594.3
Investment property	37.8	36.9
Investments consolidated at equity	7.1	1.9
Financial investments in securities	39.7	57.2
Other financial assets	12.2	12.2
Receivables	37.2	35.8
Deferred tax assets	63.9	64.3
	1,047.6	**1,060.9**
Current assets		
Financial investments in securities	0.2	1.1
Inventories	16.1	16.7
Receivables	321.9	328.5
Cash and cash equivalents	315.0	312.5
	653.2	**658.8**
	1,700.8	**1,719.7**
Equity and liabilities		
Equity		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	125.1	248.3
Revaluation of financial instruments	–1.9	–1.8
Revaluation of defined benefit obligations	–4.5	–4.5
Currency translation reserves	–1.6	–2.2
Profit for the period	123.2	46.4
Equity attributable to the shareholders of the parent company	**708.6**	**754.4**
Equity attributable to non-controlling interests	**0.0**	**4.6**
	708.6	**759.0**
Non-current liabilities		
Provisions	393.0	396.4
Financial liabilities	19.8	19.2
Payables	20.2	17.7
Deferred tax liabilities	12.2	12.8
	445.2	**446.0**
Current liabilities		
Provisions	149.6	163.2
Tax provisions	11.9	12.1
Financial liabilities	3.1	3.1
Payables	382.4	336.2
	547.0	**514.7**
	1,700.8	**1,719.7**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF 2013

EUR m	Q1 2012 adjusted[1]	Q1 2013
Operating activities		
Profit before tax	58.2	58.8
Depreciation, amortisation and impairment losses	20.0	20.2
Results of investments consolidated at equity	2.6	1.7
Write-ups, write-downs of financial instruments	–0.1	0.0
Non-current provisions[2]	18.0	19.8
Gain/loss on the disposal of non-current assets	–1.4	–0.3
Taxes paid	–8.3	–10.5
Net interest received/paid	–1.4	–0.3
Currency translation	0.1	–0.3
Other non-cash transactions	–0.8	–0.5
Operating cash flow before changes in working capital	**86.9**	**88.6**
Changes in net working capital		
Receivables	–16.1	–5.5
Inventories	–0.6	0.1
Current provisions[2]	2.6	–2.7
Payables[2]	–7.5	–30.6
Cash flow from changes in net working capital	**–21.6**	**–38.7**
Cash flow from operating activities	**65.3**	**49.8**
Investing activities		
Purchase of intangible assets	–1.7	–2.8
Purchase of property, plant and equipment and investment property	–10.1	–22.3
Proceeds from the disposal of non-current assets	4.9	3.9
Acquisition of subsidiaries	0.0	–10.2
Disposal of subsidiaries	–6.5	0.0
Acquisition of subsidiaries consolidated at equity	0.0	–0.8
Acquisition of financial investments in securities	0.0	–20.9
Proceeds from the disposal of financial investments in securities	0.0	2.5
Dividends received from investments consolidated at equity	0.3	0.2
Loans granted	–2.8	–1.2
Interest received	1.9	0.4
Cash flow from investing activities	**–14.1**	**–51.1**
Free cash flow	**51.2**	**–1.3**
Financing activities		
Changes in financial liabilities	–4.8	–0.8
Interest paid	–0.5	–0.4
Cash flow from financing activities	**–5.3**	**–1.2**
Net change in cash and cash equivalents	**45.9**	**–2.5**
Cash and cash equivalents at January 1	310.6	315.0
Cash and cash equivalents at March 31	**356.5**	**312.5**

[1] Adjusted due to the application of IAS 19; refer to Note 1. Summary of Accounting Principles
[2] Reporting adapted for 2012: Offsetting of reclassification from non-current provisions to current provisions and liabilities

SEGMENT REPORTING

Q1 2012 adjusted[1] EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consoli-dation	Group
External sales	385.0	220.8	1.3	–1.4	605.7
Internal sales	16.8	2.4	41.8	–61.0	0.0
Total revenue	**401.8**	**223.1**	**43.1**	**–62.4**	**605.7**
Profit/loss from operations	79.3	7.8	–26.1	0.0	60.9
Results of investments consolidated at equity	–2.8	0.0	0.2	0.0	–2.6
EBIT	**76.5**	**7.8**	**–25.9**	**0.0**	**58.3**
Segment assets	382.2	386.3	439.7	–8.2	1,199.9
Investments consolidated at equity	14.2	0.1	0.5	0.0	14.8
Segment liabilities	403.4	122.4	394.7	–8.2	912.3
Segment investments	3.8	3.3	2.7	0.0	9.8
Depreciation, amortisation and impairment losses	7.5	5.2	7.3	0.0	20.0
thereof impairment losses recognised in profit or loss	0.0	0.1	0.0	0.0	0.1
Employees[2]	16,909	4,129	1,961	–	22,998

Q1 2013 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consoli-dation	Group
External sales	391.0	212.1	3.4	–3.6	602.9
Internal sales	18.6	2.1	43.3	–64.0	0.0
Total revenue	**409.5**	**214.2**	**46.8**	**–67.6**	**602.9**
Profit/loss from operations	80.7	7.4	–26.7	0.0	61.4
Results of investments consolidated at equity	–1.7	0.0	0.0	0.0	–1.7
EBIT	**79.0**	**7.4**	**–26.7**	**0.0**	**59.7**
Segment assets	438.8	398.5	430.1	–7.5	1,259.8
Investments consolidated at equity	0.1	0.0	1.7	0.0	1.9
Segment liabilities	404.1	114.8	407.8	–7.0	919.7
Segment investments	7.2	3.8	2.3	0.0	13.3
Depreciation, amortisation and impairment losses	7.3	5.0	8.0	–0.1	20.2
thereof impairment losses recognised in profit or loss	0.0	0.0	0.0	0.0	0.0
Employees[2]	17,733	4,066	2,029	–	23,829

[1] Adjusted due to the application of IAS 19; refer to Note 1. Summary of Accounting Principles
[2] Average for the period, full-time equivalents

GEOGRAPHICAL SEGMENTS

Q1 2012 EUR m	Austria	Germany	Other Countries	Group
External sales	436.5	137.3	31.9	605.7
Segment assets	872.5	252.5	74.9	1,199.9
thereof non-current	634.9	182.5	43.0	860.4
Segment investments	7.5	1.1	1.1	9.8

Q1 2013 EUR m	Austria	Germany	Other Countries	Group
External sales	443.6	131.2	28.1	602.9
Segment assets	941.3	245.1	73.5	1,259.8
thereof non-current	691.4	177.7	49.5	918.5
Segment investments	11.2	1.5	0.6	13.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q1 2012 adjusted[1] EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of defined benefit obligations	Revaluation of financial instruments[2]	Currency translation reserves	Profit for the period	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling interests	Total equity
Balance at January 1, 2012	**337.8**	**130.5**	**116.8**	**0.7**	**–5.0**	**–2.0**	**123.2**	**702.0**	**0.0**	**702.0**
Change in reserves	0.0	0.0	123.2	0.0	0.0	0.0	–123.2	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	0.0	43.3	43.3	0.0	43.3
Other comprehensive income	0.0	0.0	0.0	–1.9	2.5	0.3	0.0	0.9	0.0	0.9
Total comprehensive income	0.0	0.0	0.0	–1.9	2.5	0.3	43.3	44.2	0.0	44.2
Balance at March 31, 2012	**337.8**	**130.5**	**240.0**	**–1.2**	**–2.4**	**–1.7**	**43.3**	**746.2**	**0.0**	**746.2**

Q1 2013 EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of defined benefit obligations	Revaluation of financial instruments[2]	Currency translation reserves	Profit for the period	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling interests	Total equity
Balance at January 1, 2013	**337.8**	**130.5**	**125.1**	**–4.5**	**–1.9**	**–1.6**	**123.2**	**708.6**	**0.0**	**708.6**
Acquisition of a subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3	4.3
Change in reserves	0.0	0.0	123.2	0.0	0.0	0.0	–123.2	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	0.0	46.4	46.4	0.3	46.6
Other comprehensive income	0.0	0.0	0.0	0.0	0.1	–0.6	0.0	–0.5	0.0	–0.5
Total comprehensive income	0.0	0.0	0.0	0.0	0.1	–0.6	46.4	45.8	0.3	46.1
Balance at March 31, 2013	**337.8**	**130.5**	**248.3**	**–4.5**	**–1.8**	**–2.2**	**46.4**	**754.4**	**4.6**	**759.0**

[1] Adjusted due to the application of IAS 19; refer to Note 1. Summary of Accounting Principles
[2] Available for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2013

1. SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Austrian Post as of March 31, 2013, were prepared in accordance with the relevant International Financial Reporting Standards (IFRS) valid at March 31, 2013, as issued by the International Accounting Standard Board (IASB) and adopted by the European Union.

The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2012 financial year. The consolidated interim financial statements do not contain all the information and disclosures included in the annual report, and should be read in conjunction with the consolidated financial statements for the financial year ending December 31, 2012.

The consolidated financial statements are presented in Euros. Unless otherwise stated, all amounts are stated in millions of Euros (EUR m). Where rounded, amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids.

In the first quarter of 2013 the following new or revised standards and interpretations were binding for the first time:

New and revised standards		Effective date in the EU[1]
IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans	Jan. 1, 2013
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013
IFRS 13	Fair Value Measurements	Jan. 1, 2013
IAS 1	Presentation of Financial Statements – Presentation of Items in Other Comprehensive Income	July 1, 2012
IAS 19	Employee Benefits	Jan. 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013
Diverse	Improvements to the International Financial Reporting Standards (2009–2011)	Jan. 1, 2013

[1] To be applied in the financial year beginning on or after the effective date

The amendment to IFRS 1 deals with the reporting of government loans at an interest rate below the prevailing market rate at the date of transition. This change does not have any effects on the consolidated interim financial statements of Austrian Post as of March 31, 2013.

Additional disclosures are required on the offsetting of financial instruments in accordance with the amendments to IFRS 7. This change does not have any effects on the consolidated interim financial statements of Austrian Post as of March 31, 2013.

The new IFRS 13 standard describes how fair value is to be measured, and expands the disclosures required to be made on it. The objective is the establishment of a unified definition of “fair value” applying to all standards, and of a set of methods universally applicable to this term’s measurement. Disclosures on the current value of financial assets and liabilities as well as on the fair value hierarchy have been made in these consolidated interim financial statements. Refer to Note 3. Fair value disclosures.

In accordance with the revision to IAS 1, the items contained in other comprehensive income shall be classified depending on their nature and grouped into those that, in accordance with other IFRS, will not be reclassified subsequently to the income statement and those that will be reclassified to the income statement. Correspondingly, the presentation of the statement of comprehensive income has been changed, as to group other comprehensive into “Items that will be reclassified subsequently to the income statement” and “Items that will not be reclassified subsequently to the income statement”.

IFRIC 20 deals with the reporting of stripping costs incurred in the production phase of a surface mine. This interpretation does not have any effects on the consolidated interim financial statements of Austrian Post as of March 31, 2013.

Minor changes are made to existing standards within the context of the annual “Improvements to IFRSs”. The improvements to IFRS 2009-2011 relate to IFRS 1, “First-Time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16, “Property, Plant and Equipment”, IAS 32, “Financial Instruments – Presentation” and IAS 34, “Interim Reporting”. These improvements do not have any impact on the Austrian Post Group, due to the fact that they only entail clarifications or corrections.

In accordance with the revisions made to IAS 19, actuarial gains and losses from defined benefit plans are reported in other comprehensive income and thus directly incorporated in equity. Austrian Post applied the revised standard IAS 19 ahead of schedule in its consolidated financial statements as of December 31, 2012. These changes were retrospectively applied in line with IAS 8.

Accordingly, the adjusted amounts of the affected items are presented for the reporting and comparative periods:

Adjustment amounts for the consolidated income statement EUR m	**Q1 2012**	**Q1 2013**
Staff costs	2.5	0.0
Total operating expenses	2.5	0.0
Profit from operations	**2.5**	**0.0**
Profit before tax	**2.5**	**0.0**
Income tax	–0.6	0.0
Profit for the period	**1.9**	**0.0**
Attributable to equity holders of the parent company	1.9	0.0

EUR	**Q1 2012**	**Q1 2013**
Basic earnings per share	**0.03**	**0.00**
Diluted earnings per share	**0.03**	**0.00**

Adjusted amounts for the statement of comprehensive income EUR m	**Q1 2012**	**Q1 2013**
Profit for the period	**1.9**	**0.0**
Revaluation of defined benefit obligations	–2.5	0.0
Deferred taxes	0.6	0.0
Other comprehensive income	**–1.9**	**0.0**

Adjusted amounts for the consolidated balance sheet EUR m	**March 31, 2012**	**March 31, 2013**
Revaluation of defined benefit obligations	–1.2	–4.5
Profit for the period	1.9	0.0
Revenue reserves	–0.7	4.5

Adjusted amounts for the consolidated cash flow statementt EUR m	**Q1 2012**	**Q1 2013**
Profit before income tax	2.5	0.0
Other non-cash transactions	–2.5	0.0

2. CONSOLIDATION SCOPE

In addition to the parent company Österreichische Post AG (Austrian Post), a total of 26 domestic subsidiaries (December 31, 2012: 26) and 34 foreign subsidiaries (December 31, 2012: 34), in which Österreichische Post AG (Austrian Post) directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, 2 domestic companies (December 31, 2012: 3) and 4 foreign companies (December 31, 2012: 5) are consolidated according to the equity method.

Changes in the consolidation scope

The following changes in the consolidation scope of the Austrian Post Group took place in the first quarter of 2013:

Company name	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
FEIPRO Vertriebs GesmbH	50.0%	100.0%	Feb 1, 2013	Step acquisition
M&BM Express OOD	26.0%	26.0%	Feb 1, 2013	Step acquisition
Parcel & Logistics				
trans-o-flex Hungary Kft. (trans-o-flex Hungary Kft.)[1, 2]	100.0%	–	March 1, 2013	Merger
Corporate				
Post AG (A4B Business Solutions GmbH)[1]	100.0%	–	Jan. 1, 2013	Merger

[1] The Group companies listed in parenthesis were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.

[2] trans-o-flex Hungary Kft. was merged with Austrian Post International Ungarn Kft., in which case the acquiring company was renamed trans-o-flex Hungary Kft. at the time of the merger.

Mail & Branch Network

Effective February 1, 2013, Austrian Post acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH, Gaweinstal. FEIPRO Vertriebs GesmbH, a distribution company specialising in the delivery of non-addressed mail items in Northern Lower Austria, had been previously included in the consolidated financial statements of Austrian Post as an associated company consolidated at equity. The acquisition strengthens the market position of Austrian Post in the delivery of non-addressed mail items in Austria.

The preliminary fair values of the identifiable assets and liabilities of FEIPRO Vertriebs GesmbH at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.2
Customer relations	0.3
Other intangible assets	0.0
Other non-current assets	0.0
Current assets	
Cash and cash equivalents	0.1
Other current assets	0.2
Non-current liabilities	
Provisions and liabilities	–0.1
Current liabilities	
Provisions and liabilities	–0.4
Total net identifiable assets and liabilities assumed	**0.3**
Calculation of goodwill	
Total net identifiable assets and liabilities assumed	–0.3
Total amount of consideration transferred	0.8
thereof cash and cash equivalents	0.7
thereof financial liabilities (remaining purchase price liability)	0.1
Fair value of the previously held interest	1.4
Goodwill	**1.9**
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.1
Total amount of consideration transferred	–0.8
Remaining purchase price liability	0.1
Net cash outflow	**–0.5**

The revaluation of the fair value of the existing 50% shareholding of the Group in FEIPRO Vertriebs GesmbH resulted in a profit of EUR 1.4m. The profit is reported in the income statement as other operating income.

The Austrian Post Group and FEIPRO Vertriebs GesmbH were parties to service agreements. Within the context of these business relationships, FEIPRO Vertriebs GesmbH carried out the distribution of non-addressed mail items on behalf of Austrian Post Group.

The recognised goodwill encompasses the advantages of the previously existing business relationship as well as expected synergies resulting from the merger of the assets and activities of FEIPRO Vertriebs GesmbH with those of Austrian Post Group.

The fair value of the trade receivables amounts to EUR 0.1m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

Since the date of acquisition, FEIPRO Vertriebs GesmbH has contributed EUR 0.1m in revenue and EUR 0.0m to the profit for the period of Austrian Post. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 0.0m and the revenue would have totalled EUR 0.3m.

The immaterial transaction costs were recognised as an expense and are reported as other expenses in the consolidated income statement and in the cash flow from operating activities in the consolidated cash flow statement.

On May 2, 2012, Austrian Post acquired 26% of the shares in M&BM Express OOD, Sofia. M&BM Express OOD is the Bulgarian market leader among the alternative letter mail service providers as well as in the field of hybrid mail. The purchase agreement stipulates call options for acquiring an additional 25% stake each up until March 31, 2013 and March 31, 2014 respectively. Austrian Post waived its right to exercise these options before January 31, 2013 on the basis of a written waiver. The stake held in M&BM Express OOD, Sofia was included in the consolidated financial statements of Austrian Post as of December 31, 2012 as an associated company consolidated at equity. As of January 31, 2013, Austrian Post's waiver expired, and the options could be exercised as of February 1, 2013. Thus the share of the voting rights in the company attributable to the Austrian Post Group has increased to 76%. The control of M&BM Express OOD enables Austrian Post to further develop its growth strategy in Central and Eastern Europe.

The preliminary fair values of the identifiable assets and liabilities of M&BM Express OOD at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.5
Customer relations	3.2
Other intangible assets	0.0
Other non-current assets	0.0
Current assets	
Cash and cash equivalents	1.6
Other current assets	2.4
Non-current liabilities	
Provisions and liabilities	–0.1
Current liabilities	
Provisions and liabilities	–1.9
Total net identifiable assets and liabilities assumed	**5.8**
Calculation of goodwill	
Total net identifiable assets and liabilities assumed	–5.8
Non-controlling interests on the basis of the share of the total net amount of identifiable assets and acquired liabilities	4.3
Fair value of the previously held interest	5.7
Goodwill	**4.2**
Breakdown of cash outflow/inflow	
Cash and cash equivalents acquired	1.6
Net cash outflow/inflow	**1.6**

The recognised goodwill results from the market entry premium and other advantages arising from the merger of the assets and activities of M&BM Express OOD with those of Austrian Post Group.

The fair value of the trade receivables amounts to EUR 2.3m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

Since the date of acquisition, M&BM Express OOD has contributed EUR 2.2m in revenue and EUR 0.4m to the profit for the period of the Austrian Post Group. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 0.6m and the revenue would have totalled EUR 3.2m.

The transaction costs of EUR 0.2m were recognised as an expense and are reported as other expenses in the consolidated income statement and in the cash flow from operating activities in the consolidated cash flow statement.

On November 1, 2012, Austrian Post Group acquired the remaining 74% stake in Postmaster s.r.l., Bucharest. Starting at this date, the company has been included in the consolidated financial statements of Austrian Post as a fully consolidated company. The calculation of the final consideration to be paid by Austrian Post is based upon a purchase price formula considering, inter alia, the 2012 earnings of Postmaster s.r.l. At the time of acquisition, the fair value of the total amount of the consideration transferred was estimated to be EUR 11.8m, of which EUR 10.2m related to a contingent consideration (remaining purchase price liability). Due to the changes of the underlying assumptions, the contingent consideration (remaining purchase price liability) rose to EUR 11.3m. The remaining purchase price liability was completely settled in the first quarter of 2013. The adjustment of the contingent consideration to the amount of EUR 1.1m is reported as other operating expenses in the consolidated income statement of Austrian Post.

3. FAIR VALUE DISCLOSURES

Fair value
The following table shows the comparison of the carrying amount and fair value of financial investments in securities and other financial assets as well as financial liabilities as of March 31, 2013:

Financial investments in securities and other financial assets EUR m	March 31, 2013 Carrying amount	 Fair value
Securities	57.2	57.2
Strategic stakes and other investments	12.2	12.2
	69.5	**69.5**

Financial liabilities EUR m	March 31, 2013 Carrying amount	 Fair value
Borrowings from banks	8.4	9.0
Finance lease liabilities	13.3	13.3
Other financial liabilities	0.7	0.7
	22.3	**23.0**

March 31, 2013 EUR m	Level 1	Level 2	Level 3	Total
Financial assets in the category "Available for sale"				
Securities	57.2	0.0	0.0	57.2
Strategic stakes and other investments	0.0	0.0	12.2	12.2

No transfers were made between Level 1, Level 2 and Level 3 during the interim reporting period, and there were no changes in the Level 3 measurements of financial assets at fair value.

The following table shows the valuation method and input factors applied in determining fair values:

Level	Financial instruments	Valuation method	Input factors
1	Securities	Market approach	Nominal values, stock market price
3	Strategic stakes and other investments	Market approach or net present value approach	Book multiples of comparable publicly traded companies and, if available, business plan information

The primary sensitivities in determining fair values can arise from changes in the underlying market data of comparable companies as well as in the input factors (especially discount rates and planning data) applied in determining the net present value.

4. OTHER INFORMATION

As of March 31, 2013, there was no material change in the transactions with related parties and individuals as presented in the consolidated financial statements as of December 31, 2012.

The dividend of EUR 1.80 per share (EUR 121.6m) resolved upon by the Annual General Meeting held on April 18, 2013 was distributed to shareholders on May 2, 2013.

5. EVENTS AFTER THE REPORTING DATE

All events after the end of the interim reporting period which have a material impact on the valuation on May 8, 2013, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosures, have been recognised in the current consolidated interim financial statements.

Effective April 1, 2013, the option has been exercised to acquire an additional 25% of the shares in M&BM Express OOD, acquiring the stake for a cash consideration to the amount of EUR 5.2m. The total net identifiable assets and liabilities assumed amounted to EUR 3.4m at the date of acquisition, of which the carrying amount assigned to the additionally acquired shares totalled EUR 0.9m.

Österreichische Post AG (Austrian Post) and the owners of the Turkish parcel service provider Aras Kargo signed an exclusive negotiation agreement effective April 15, 2013 on talks relating to Austrian Post's potential acquisition of a minority stake in the company. 80% of Aras Kargo is currently in the hands of the Aras family, and 20% of the shares are owned by the publicly traded Turkish private equity company Is Girisim. It was agreed to maintain confidentiality on further details relating to the ongoing negotiations.

6. NEGATIVE NOTE

The consolidated interim report of Austrian Post for the first quarter of 2013 was neither audited nor subject to an auditor's review.

Vienna, May 8, 2013

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

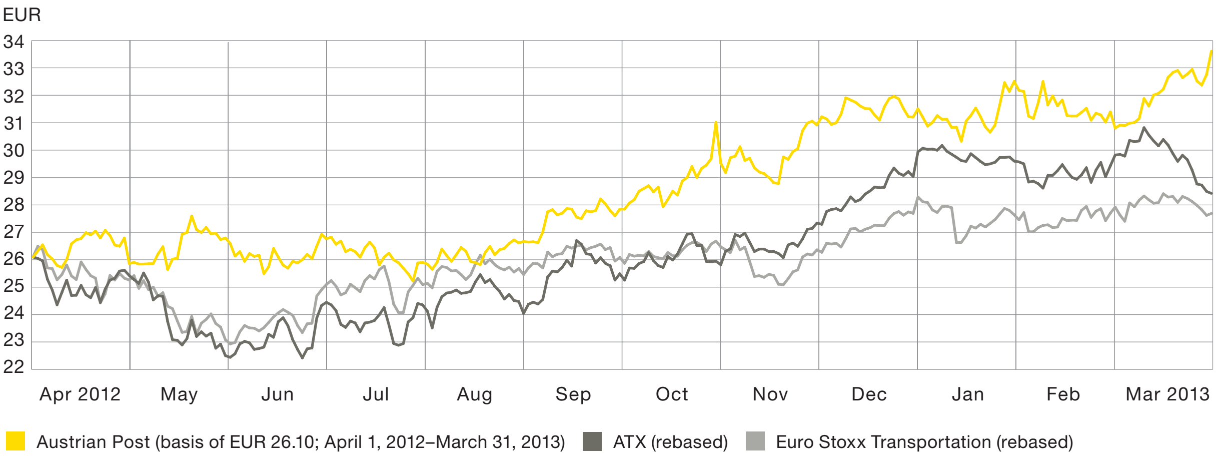
Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

FINANCIAL CALENDAR 2013

May 17, 2013	Interim report for the first quarter of 2013, publication 7.30–7.40 a.m. CET
August 7, 2013	Half-year financial report 2013, publication 7.30–7.40 a.m. CET
November 14, 2013	Interim report first three quarters 2013, publication 7.30–7.40 a.m. CET

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)



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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 interim 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 hence actual results – to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

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

Editorial deadline: May 8, 2013

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