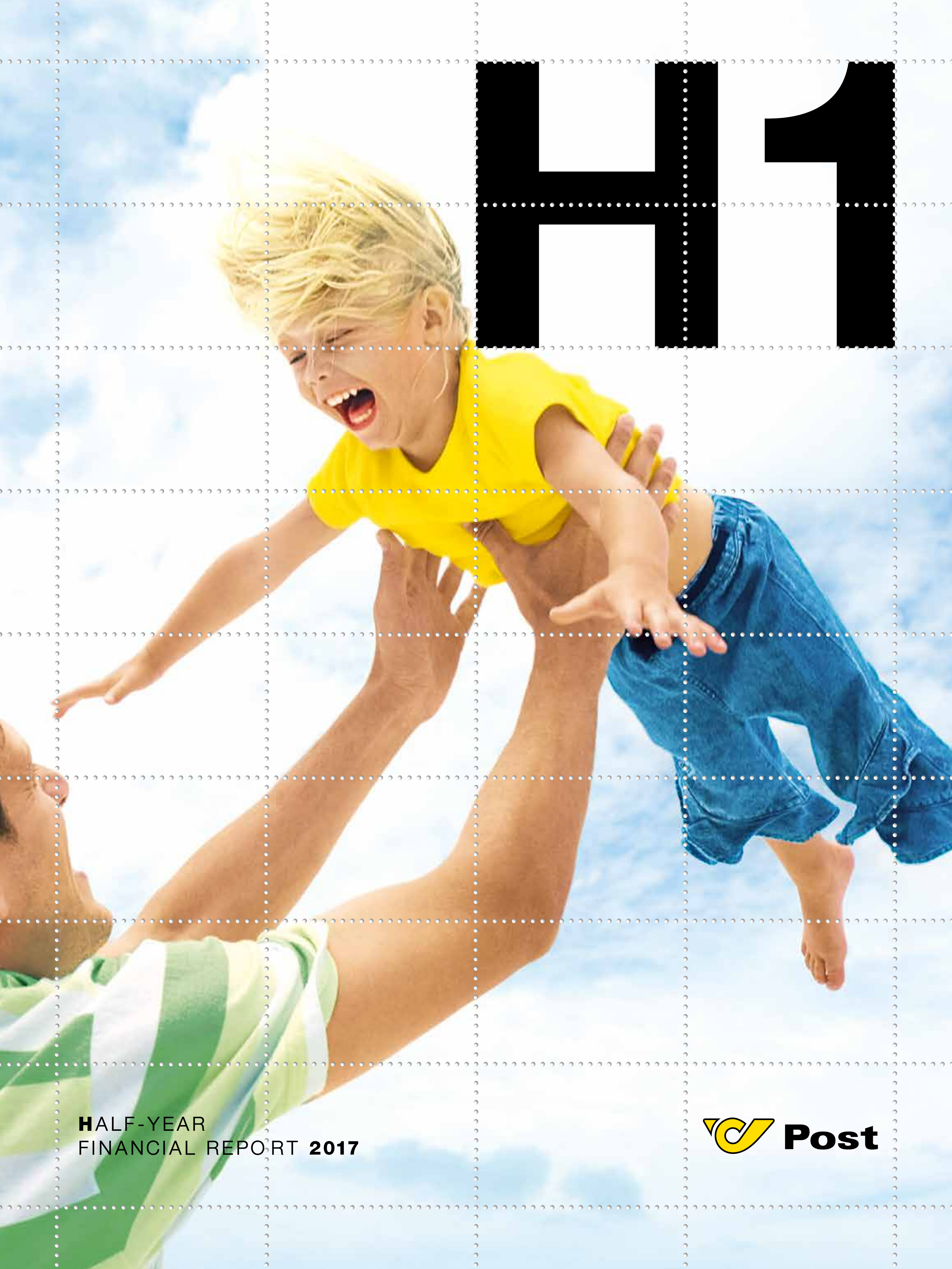


H1

HALF-YEAR
FINANCIAL REPORT **2017**

Post

Highlights H1 2017

— REVENUE

– Revenue up 1.9% to EUR 953.7m (excl. trans-o-flex)
– Mail decline more than offset by parcel growth

— EARNINGS

– EBIT increase of 3.6% to EUR 102.2m
– Continuing focus on efficiency enhancement and cost discipline
– Increase of earnings per share to EUR 1.13

— CASH FLOW AND BALANCE SHEET

– Operating free cash flow at EUR 93.2m above the previous year level
– Conservative balance sheet structure with a low level of financial liabilities

— OUTLOOK 2017

– Stable or slightly higher Group revenue forecast for 2017 (2016: EUR 1.9bn)
– Targeted EBIT at the same level as in the previous year

Key Figures

EUR m	H1 2016	H1 2017	Change
INCOME STATEMENT			
Revenue	1,071.1	**953.7**	–11.0%
Revenue excl. trans-o-flex	**936.3**	**953.7**	**1.9%**
EBITDA	137.2	**143.3**	4.5%
EBITDA margin	12.8%	**15.0%**	–
EBIT	**98.6**	**102.2**	**3.6%**
EBIT margin	9.2%	**10.7%**	–
EBT	98.1	**102.1**	4.0%
Profit for the period	73.8	**76.2**	3.3%
Earnings per share (EUR)[1]	**1.09**	**1.13**	**3.4%**
Employees (average for the period, full-time equivalents)	22,092	**20,390**	–7.7%
CASH FLOW			
Gross cash flow	138.3	**128.2**	–7.3%
Cash flow from operating activities	**109.3**	**108.9**	**–0.4%**
Investment in property, plant and equipment (CAPEX)	–38.5	**–28.0**	27.3%
Operating free cash flow[2]	**91.2**	**93.2**	**2.2%**

EUR m	Dec. 31, 2016	June 30, 2017	Change
BALANCE SHEET			
Total assets[3]	1,541.8	**1,450.0**	–6.0%
Equity	670.0	**614.1**	–8.3%
Net cash (-)/Net debt (+)	–25.7	**11.3**	>100%
Equity ratio	**43.5%**	**42.4%**	**–**
Capital employed	567.9	**549.8**	–3.2%

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Free cash flow before acquisitions/securities and before new corporate headquarters
[3] Includes assets held for sale to the amount of EUR 2.4m as at Dec. 31, 2016 and EUR 0.6m as at June 30, 2017

Statement by the Management Board

Ladies and Gentlemen! Dear Shareholders!

In the first half of the current financial year, Austrian Post's Group revenue amounted to EUR 953.7m. Adjusted for the subsidiary trans-o-flex sold in April 2016, the revenue increase equals 1.9%. Both the Mail & Branch Network Division and the Parcel & Logistics Division showed a satisfactory development. Revenue in the mail business was down only slightly from the prior-year level although the trend towards the electronic substitution of traditional letter mail continued and there was a lack of impetus from elections during the period under review. For its part, the parcel business generated substantial growth. Austrian Post profited from dynamic market growth and the ongoing online shopping trend, which in turn led to a strong increase in e-commerce parcels to private customers. In the first half-year, we have once again succeeded in asserting our strong market position in this highly competitive market due to our outstanding delivery quality and a broad offering of individualised customer solutions. However, we must continue to work on our high quality standards in order to maintain and enhance our competitive edge in the future. Competition and the related price pressure will remain high. The launch of a simplified product structure featuring the new "Packet" – a mailing offering specifically designed to meet the requirements of the e-commerce market – has positively impacted revenue development in both the mail and parcel businesses. This product enables an even more efficient use of synergies in the delivery of letters and parcels. We are continually developing our service portfolio as a means of ensuring our long-term success. Especially with regard to financial services, we are currently evaluating the medium-term orientation of our branch network against the backdrop of a changing retail banking environment.

On the basis of the solid revenue development combined with strict cost discipline, operating earnings (EBIT) totalled EUR 102.2m, comprising a year-on-year rise of 3.6%. Austrian Post continued to press ahead with investments in innovative customer solutions and efficient logistics in the first half of 2017. An extensive, Austrian-wide capacity expansion programme is in the works and will enable us to handle strong growth in parcel volumes in the future and maintain our high quality standards. In addition, our other real estate portfolio is being assessed at the present time with respect to its value enhancement potential, similar to the successful development of our new corporate headquarters which will be completed in the autumn of 2017 as scheduled. Solid development in the first half of 2017 should enable Austrian Post to continue its commitment to a clear capital market positioning as a reliable dividend stock. Reliability and predictability for shareholders and other stakeholders of our company are the focus of our strategic activities, and we aim to continue along this path in the future. Accordingly, Austrian Post anticipates a stable or slightly positive revenue development for the entire year 2017 and targets operating earnings at least at the same level as achieved in the previous year.

Vienna, August 1, 2017

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 ENVIRONMENT

The International Monetary Fund (IMF) slightly raised its growth forecast for the global economy. Due to the renewed momentum in the economic output of Japan, China and Europe as well as rising consumer prices, a 3.5% growth rate is expected for 2017 following 3.2% in the previous year. 3.6% growth is predicted for 2018. Despite the short-term improvement in growth prospects, the IMF sees threats to the world economy due to the increasing risk of geopolitical tensions, the creation of trade barriers and rising interest rates in the USA. The IMF expects the eurozone's economic performance in 2017 to expand by 1.9% and 1.7% in 2017 and 2018 respectively (IMF, July 2017).

The Austrian economy is expected to expand more considerably following the 1.5% GDP increase achieved in 2016. Foreign trade should make a greater contribution to economic growth supported by good domestic demand, which in turn benefits from favourable labour market conditions. The Austrian Institute of Economic Research (WIFO) forecasts 2.4% growth of the Austrian economy in the current year and 2.0% in 2018 (WIFO, July 2017).

According to the available economic data, there are continuing signs of growth in South East and Eastern Europe. The IMF expects the economies of the CEE region to expand by 3.0% in 2017 (e.g. 2.9 % in Bulgaria, Croatia and Hungary and 3.0% in Serbia and Bosnia-Herzegovina). The IMF anticipates a 2.5% GDP increase in Turkey (IMF, April 2017).

— MARKET ENVIRONMENT

In addition to the overall economic environment, the business development of Austrian Post is influenced mainly by the following international trends, which pose risks but also offer new opportunities:

In the mail business, the electronic substitution of traditional letter mail is continuing. This global trend impacts all postal companies and is essentially irreversible. In particular, customers in the public sector as well as banks and insurance companies are trying to reduce mail volumes. As a result, Austrian Post continues to expect a decline of about 5% annually. In contrast, the business with direct mail items strongly depends on the intensity of advertising activities by companies. In this respect, the markets for addressed and unaddressed advertising mail show a diverging volume development. Several customer segments are under pressure due to increasing activities of online retailers, whereas other segments are generating growth. Multi-channel communication and interactive marketing should tend to grow in importance in addition to online advertising.

Parcel volumes in the private customer segment are increasing due to the constantly growing importance of online shopping. In CEE markets there is still a gap to catch up in the e-commerce segment, which should tend to result in a more dynamic growth of parcel volumes.

The development of the international parcel and freight business is largely dependent on general economic trends, international trade flows and related price developments. Competition and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised.

— LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is mainly based on the Austrian Postal Market Act, which took effect on January 1, 2011:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria. As legally stipulated, the regulatory authority (Post Control Commission) carried out an evaluation in 2016 to determine whether other postal service companies can provide universal postal services prescribed by law. This is not the case.
- The Universal Postal Service Obligation is limited primarily to mail posted at the legally stipulated access points, i.e. postal service points or letterboxes, based on general terms of trade (not individually negotiated). This safeguards the supply of basic postal services to the Austrian population and economy. Postal services for mail items brought to sorting centres by large customers, with the exception of newspapers, are not consid-

ered to be an integral component of universal postal services.
- A change in the Postal Market Act took effect on November 27, 2015. This enables Austrian Post to offer, in addition to letter mail (with strict delivery time standards), so-called non-priority letter mail within the context of universal postal services. The delivery time of these non-priority letters is regularly allowed to take up to four days. However, in this respect Austrian Post does not yet offer such a universal postal service product.
- On July 25, 2016, the regulatory authority approved an innovation to the company's product structure effective from January 1, 2017. This includes adjustments to letter mail and parcel products, especially the launch of a new product, the "Packet", designed for lightweight shipments.

Business development and economic situation

– CHANGES IN THE SCOPE OF CONSOLIDATION

The segment change for M&BM Express OOD, Bulgaria from the Mail & Branch Network Division to the Parcel & Logistics Division took place on January 1, 2017. Austrian Post owns a 76% stake in M&BM Express OOD.

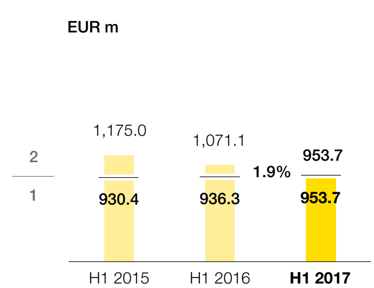
The closing of the sale of the Romanian subsidiary PostMaster s.r.l. occured on April 19, 2017. Austrian Post had held a 100% stake in the company.

– REVENUE AND EARNINGS

REVENUE DEVELOPMENT

In the first half of 2017, Group revenue of Austrian Post fell by EUR 117.4m from the prior-year level to EUR 953.7m. This revenue decrease is attributable to the sale of the subsidiary trans-o-flex in April 2016. Adjusted for the disposed company trans-o-flex, revenue increased in a year-on-year comparison by 1.9% or EUR 17.4m. Second-quarter Group revenue was down 0.3% to EUR 465.0m (excl. trans-o-flex).

REVENUE DEVELOPMENT



1 – Revenue excl. trans-o-flex
2 – trans-o-flex

On the one hand, the diverging quarter-on-quarter revenue development was due to seasonal effects. The first quarter of 2017 featured two additional working days, whereas the second quarter had two fewer working days. On the other hand, second-quarter revenue showed a somewhat weaker development in a year-on-year comparison, in light of the fact that additional revenue was generated from elections in the comparable period of 2016.

In contrast, the launch of a simplified product structure on January 1, 2017 with a mailing offering featuring the "Packet" tailored to the requirements of the e-commerce market has positively influenced revenue development.

REVENUE BY DIVISION

EUR m	H1 2016	H1 2017	Change %	Change EUR m	Q2 2016	Q2 2017
Group revenue	**1,071.1**	**953.7**	**–11.0%**	**–117.4**	**478.3**	**465.0**
Group revenue excl. trans-o-flex	**936.3**	**953.7**	**1.9%**	**17.4**	**466.6**	**465.0**
Mail & Branch Network	736.8	**720.9**	–2.2%	–15.8	366.3	**348.5**
Parcel & Logistics	334.3	**232.7**	–30.4%	–101.6	112.1	**116.5**
Parcel & Logistics excl. trans-o-flex	199.5	**232.7**	16.7%	33.2	100.3	**116.5**
Corporate/Consolidation	0.0	**0.0**	–	0.0	0.0	**0.0**
Calendar working days in Austria	124	**124**	–	–	62	**60**

The Mail & Branch Network accounted for the largest share or 75.6% of Group revenue in the first six months of 2017. On balance, revenue of the division fell by 2.2% to EUR 720.9m during the period under review. The second quarter showed a drop of 4.9%, whereby it had two fewer working days than in the comparable prior-year period. Both 2017 and 2016 had the exact same number of working days in the first half-year.

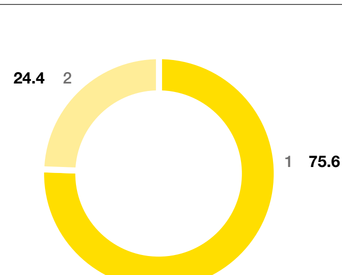
The downward revenue development in the first six months of 2017 was primarily attributable to the ongoing trend towards electronic substitution of traditional letter mail. Direct mail revenue has also decreased in the second quarter mainly due to the lack of impetus from elections. On balance, elections contributed EUR 11.5m in additional Mail & Branch Network revenue in the second quarter of 2016 but had no substantial revenue effect in the respective period of 2017.

The Parcel & Logistics Division contributed 24.4% of Group revenue in the reporting period. Adjusted for the subsidiary trans-o-flex sold in April 2016, the division generated revenue growth of 16.7% in the first half-year 2017 and 16.1% in the second quarter of 2017. The revenue increase in the first six months of 2017 excluding the segment change of the Bulgarian subsidiary M&BM Express OOD, which was still included in the Mail & Branch Network Division in the prior-year period, amounted to 14.1%. This upward revenue development in the division was driven primarily by the ongoing trend towards online shopping as well as additional revenue achieved by the new product structure featuring the "Packet".

With respect to geographical segments, Austrian Post generated 92.0% of its Group revenue in Austria in the first half of 2017, whereas South East and Eastern Europe accounted for 5.6% and Germany for 2.4% of Group revenue.

REVENUE BY DIVISION H1 2017

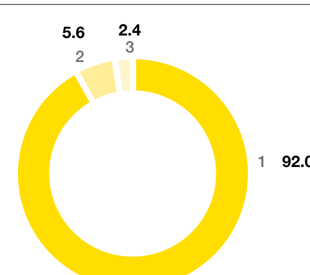
in %



1 – Mail & Branch Network
2 – Parcel & Logistics

REVENUE BY REGION H1 2017

in %



1 – Austria
2 – South East & Eastern Europe
3 – Germany

REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

			Change			
EUR m	H1 2016	H1 2017	%	EUR m	Q2 2016	Q2 2017
Revenue with third parties (external)	**736.8**	**720.9**	**–2.2%**	**–15.8**	**366.3**	**348.5**
Letter Mail & Mail Solutions	403.5	**395.5**	–2.0%	–7.9	198.6	**189.2**
Direct Mail	206.2	**203.1**	–1.5%	–3.1	103.3	**97.2**
Media Post	70.4	**67.1**	–4.7%	–3.3	36.1	**35.6**
Branch Services	56.7	**55.2**	–2.6%	–1.5	28.3	**26.6**
Revenue with other segments (intra-Group)	41.9	**49.3**	17.6%	7.4	20.6	**25.6**
Total revenue	778.7	**770.3**	–1.1%	–8.4	386.9	**374.1**

Revenue of the Mail & Branch Network Division totalled EUR 720.9m. Of this amount, 54.9% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 28.2% of total divisional revenue. Media Post i.e. the delivery of newspapers and magazines had a share of 9.3%. Branch Services generated 7.7% of the division's revenue.

In the first half of 2017, Letter Mail & Mail Solutions revenue amounted to EUR 395.5m, a drop of 2.0% from the previous year. Second-quarter 2017 revenue in this area fell by 4.8% to EUR 189.2m. Mix effects related to the new product structure and postal rate adjustments for individual products, for example letters with advice of receipt, positively impacted revenue development. Furthermore, there were increased one-off mailings in the reporting period on the part of individual customers, predominantly banks and insurance companies. The segment change of the Bulgarian subsidiary M&BM Express OOD, which has been assigned to the Parcel & Logistics Division since January 1, 2017, had the opposite effect of reducing divisional revenue. Moreover, substantial revenue contributions were generated by elections in the second quarter of the previous year. The decline in letter mail volumes resulting from the substitution of letters by electronic forms of communication continued during the reporting period. Taking these revenue effects into account, there continued to be a basic downward trend in traditional letter mail volumes averaging minus 4–5% during the last quarters.

In the first six months of 2017, revenue of the Direct Mail business fell 1.5% to EUR 203.1m. First-quarter revenue from advertising mail increased whereas second-quarter revenue was down 5.9%. This diverging development is primarily attributable to seasonal effects. The number of working days was distributed differently in a quarterly comparison. In addition, the weaker advertising phase occurred in the second quarter due to the late Easter holidays in the reporting period. Furthermore, elections in the second quarter of 2016 increased revenue, whereas there have been no substantial revenue contributions from elections so far in 2017. Generally speaking, the direct mail business benefitted from an increase in unaddressed mailings (mainly food retailers) in contrast to the decrease in addressed direct mail volumes.

Media Post revenue fell by 4.7% year-on-year to EUR 67.1m. This development is primarily due to the declining subscription business for newspapers and magazines. The decrease in Media Post revenue was reduced to 1.4% in the second quarter of 2017.

Branch Services revenue at EUR 55.2m was down 2.6% from the previous year, and second-quarter revenue in this area fell by 6.0%. Higher sales of retail products were in contrast to the structural decline in financial services.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	H1 2016	H1 2017	Change %	Change EUR m	Q2 2016	Q2 2017
Revenue with third parties (external)	334.3	**232.7**	–30.4%	–101.6	112.1	**116.5**
Premium Parcels	227.5	**112.0**	–50.8%	–115.5	60.6	**56.8**
Standard Parcels	90.3	**104.3**	15.6%	14.1	44.2	**51.5**
Other Parcel Services	16.6	**16.4**	–1.2%	–0.2	7.3	**8.2**
Revenue with third parties (external) excl. trans-o-flex	**199.5**	**232.7**	**16.7%**	**33.2**	**100.3**	**116.5**
Revenue with other segments (intra-Group)	5.4	**4.1**	–24.0%	–1.3	2.7	**1.9**
Total revenue	339.8	**236.9**	–30.3%	–102.9	114.7	**118.5**

Total revenue of the Parcel & Logistics Division decreased in the first half-year of 2017 from EUR 334.3m to EUR 232.7m. Divisional revenue was up 16.7% excluding the company trans-o-flex which was deconsolidated in the previous year and contributed revenue of EUR 134.8m in the first half of 2016. The segment change effective January 1, 2017 of the Bulgarian subsidiary M&BM Express OOD, which was still assigned to the Mail & Branch Network Division in the prior-year period, had a positive impact on revenue development. Revenue of the Parcel & Logistics Division was up 14.1% when adjusted to take account of M&BM Express OOD.

This strong growth resulted mainly from the ongoing e-commerce trend, which led to a substantial increase in private customer parcels. Generally, the Austrian parcel market is developing very dynamically, producing double-digit growth rates. Austrian Post once again benefitted from this market growth in the first half of 2017. The basic upward revenue trend in the first six months of 2017 is estimated to equal somewhat more than 10%. Additional revenue was generated through the launch of a simplified product structure featuring the new product, the "Packet", a special product offering designed to meet the requirements of online orders. Intense competition still prevails. At the same time, demand for quality and delivery speed as well as price pressure is increasing.

On balance, the Premium Parcels business (parcel delivery within 24 hours) accounted for 48.1% of total divisional revenue in the first half of 2017. On a like-for-like basis excl. trans-o-flex, revenue rose 16.7% to EUR 112.0m in the first half-year and 15.4% in the second quarter of 2017. Above all, substantial growth rates were achieved by higher value parcels for private customers. The subsidiaries in the CEE/SEE region also reported growth.

Standard Parcels, which mainly constitute shipments to private customers in Austria, contributed 44.8% to the division's revenue. This business area generated revenue of EUR 104.3m in the first half of 2017, comprising a rise of 15.6% from the previous year. The rise in the second quarter was 16.5%. The market launch of the new "Packet" also raised revenue.

Other Parcel Services, which include various additional logistics services, accounted for revenue of EUR 16.4m in the period under review. Revenue in this business area adjusted for trans-o-flex increased by EUR 3.1m, which is attributable to the segment change of M&BM Express OOD, Bulgaria.

From a regional perspective, 80.1% of total revenue in the Parcel & Logistics Division was generated in Austria in the first half of the 2017 financial year and 19.9% by the subsidiaries in South East and Eastern Europe. The business in Austria and in the CEE/SEE markets showed substantial growth. Revenue rose 15.3% in Austria in the first half of 2017 and 15.0% in the second quarter. The revenue increase in South East and Eastern Europe in the first six months totalled 22.6%, with EUR 5.1m of this rise due to M&BM Express OOD, Bulgaria, which is now assigned to the Parcel & Logistics Division. Revenue in CEE/SEE was up by 9.0% on a like-for-like basis in the first half of 2017.

CONSOLIDATED INCOME STATEMENT

EUR m	H1 2016	H1 2017	Change %	Change EUR m	Q2 2016	Q2 2017
Revenue	**1,071.1**	**953.7**	**–11.0%**	**–117.4**	**478.3**	**465.0**
Other operating income	36.2	**27.7**	–23.4%	–8.5	12.7	**13.0**
Raw materials, consumables and services used	–286.3	**–196.3**	31.4%	90.0	–103.1	**–96.4**
Staff costs	–545.3	**–514.4**	5.7%	30.8	–258.8	**–251.4**
Other operating expenses	–139.1	**–126.7**	9.0%	12.5	–61.9	**–64.4**
Results from financial assets accounted for using the equity method	0.6	**–0.8**	<–100%	–1.3	0.5	**–0.2**
EBITDA[1]	**137.2**	**143.3**	**4.5%**	**6.1**	**67.8**	**65.6**
Depreciation, amortisation and impairments	–38.5	**–41.1**	–6.7%	–2.6	–20.2	**–17.7**
EBIT[2]	**98.6**	**102.2**	**3.6%**	**3.5**	**47.6**	**47.8**
Other financial result	–0.5	**–0.1**	81.7%	0.4	–0.3	**0.0**
Earnings before tax	**98.1**	**102.1**	**4.0%**	**3.9**	**47.3**	**47.9**
Income tax	–24.4	**–25.9**	–6.3%	–1.5	–12.2	**–12.1**
Profit for the period	**73.8**	**76.2**	**3.3%**	**2.4**	**35.1**	**35.8**
Earnings per share (EUR)[3]	1.09	**1.13**	3.4%	0.04	0.52	**0.53**

[1] Earnings before interest, tax, depreciation and amortisation
[2] Earnings before interest and tax
[3] Undiluted earnings per share in relation to 67,552,638 shares

EARNINGS DEVELOPMENT

Raw materials, consumables and services used fell to EUR 196.3m during the period under review, down from EUR 286.3m in the previous year. However, taking into account the sale of trans-o-flex, this expense item increased, which is due to higher costs for outsourced transport services to handle parcel volume growth.

Austrian Post's staff costs amounted to EUR 514.4m in the first half of 2017, comprising a drop of 5.7%. On a like-for-like basis excluding trans-o-flex, staff costs in the reporting period were somewhat lower than in the previous year. The resolute continuation of measures to enhance efficiency and improve the staff structure succeeded in compensating for annual salary increases and biennial pay rises. As a result, operational staff costs were slightly below the prior-year level.

In addition to operational staff costs, staff costs also include various non-operational costs such as termination benefits and changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post.

Total non-operational staff costs including changes in provisions relating to the revised discount interest rates in the first half of 2017 totalled EUR 23.4m, down EUR 5.7m from the prior-year level. Non-operational staff costs in the reporting period primarily included termination benefits and social compensation. In contrast, a positive earnings effect of EUR 4.2m resulted from the adjustment of discount interest rates for various staff-related provisions against the backdrop of the development of the international interest rate environment.

Other operating income at EUR 27.7m in the first half of the 2017 financial year was clearly below the previous year. This was in contrast to a reduction of EUR 12.5m in other operating expenses to EUR 126.7m. Adjusted for the disposed subsidiary trans-o-flex, a rise in both other operating income and other operating expenses was recorded. Proceeds from various real estate projects improved earnings, whereas expenses rose for IT services and consulting.

The results of the financial assets accounted for using the equity method amounted to minus EUR 0.8m compared to EUR 0.6m in the first half of 2016. The prior-year figure included a positive earnings contribution from the Turkish company Aras Kargo a.s., which is now recognised as a financial asset.

On the basis of the solid revenue development, earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post rose by 4.5% or EUR 6.1m in the first half of 2017 to EUR 143.3m, corresponding to an EBITDA margin of 15.0%.

Depreciation, amortisation and impairment losses equalled EUR 41.1m in the first half of 2017, an increase of EUR 2.6m from the previous year. The current reporting period included an impairment loss for goodwill recognised for Weber Escal d.o.o., Croatia in the amount of EUR 2.7m whereas an impairment loss on goodwill of EUR 2.0m was reported in the previous year for

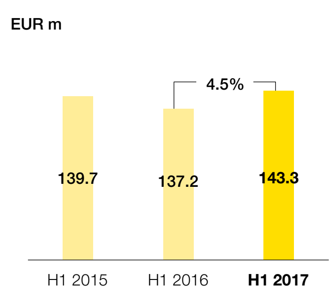
PostMaster s.r.l., Romania. In addition, the first half-year of 2017 included other impairment losses totalling EUR 2.7m.

Accordingly, earnings before interest and tax (EBIT) in the first six months of 2017 were EUR 102.2m, comprising an increase of 3.6% or EUR 3.5m from the previous year. The EBIT margin equalled 10.7%.

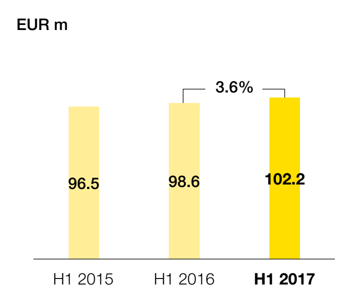
The other financial result amounted to minus EUR 0.1m in the first half-year 2017. As a result, earnings before tax amounted to EUR 102.1m, compared to the prior-year figure of EUR 98.1m. The income tax expense equalled EUR 25.9m, up EUR 1.5m from the first half of 2016.

After deducting income tax, the Group's profit for the period (profit after tax) was EUR 76.2m, up from EUR 73.8m in the previous year. Accordingly, undiluted earnings per share were EUR 1.13 for the first six months of 2017.

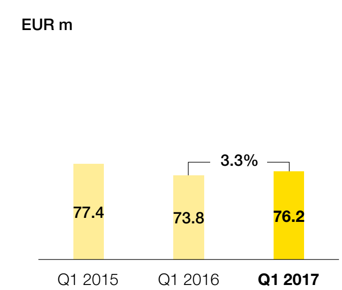
EBITDA



EBIT



PROFIT FOR THE PERIOD



EBITDA AND EBIT BY DIVISION

			Change		Margin		
EUR m	H1 2016	H1 2017	%	EUR m	H1 2017	Q2 2016	Q2 2017
Total EBITDA	**137.2**	**143.3**	**4.5%**	**6.1**	**15.0%**	**67.8**	**65.6**
Mail & Branch Network	161.5	**158.0**	–2.2%	–3.5	**20.5%**	81.8	**75.9**
Parcel & Logistics	22.5	**27.0**	19.9%	4.5	**11.4%**	11.9	**12.2**
Corporate/Consolidation	–46.8	**–41.6**	11.0%	5.2	**–**	–26.0	**–22.5**
Total EBIT	**98.6**	**102.2**	**3.6%**	**3.5**	**10.7%**	**47.6**	**47.8**
Mail & Branch Network	143.2	**145.0**	1.2%	1.7	**18.8%**	71.7	**71.0**
Parcel & Logistics	16.9	**19.0**	12.2%	2.1	**8.0%**	9.2	**9.6**
Corporate/Consolidation	–61.5	**–61.8**	–0.4%	–0.3	**–**	–33.2	**–32.7**

From a divisional perspective, EBITDA reported by the Mail & Branch Network Division totalled EUR 158.0m in the first half of 2017, representing a year-on-year decline of 2.2%. EBIT in the first half-year improved by 1.2% to EUR 145.0m despite a drop in revenue. Negative interest rate effects for staff-related provisions reduced prior-year earnings, in contrast to the positive impact on earnings from the intensified logistics synergies and the increased delivery of the new "Packet" by mail logistics.

The Parcel & Logistics Division generated an EBITDA of EUR 27.0m in the first six months of 2017, compared to the prior-year level of EUR 22.5m. EBIT in the period under review was EUR 19.0m, representing a year-on-year rise of 12.2%. EBIT in the first half of 2016 included a slightly positive accounting effect related to the disposal of trans-o-flex.

The Corporate Division encompasses all non-allocable expenses for central departments in the Group as well as staff-related provisions assigned to it. In addition, the division also includes innovation management and the development of new business models. EBIT of the Corporate Division (incl. Consolidation) fell by EUR 0.3m to minus EUR 61.8m. The increase in the discount interest rate for interest-bearing provisions had a positive effect on earnings in contrast to the negative effect of higher expenses for social compensation.

– ASSETS AND FINANCES

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2016	June 30, 2017	Structure June 30, 2017
Assets			
Property, plant and equipment	597.6	**586.6**	40.5%
Intangible assets and goodwill	77.5	**75.1**	5.2%
Investment property	69.0	**72.1**	5.0%
Financial assets accounted for using the equity method	9.6	**9.0**	0.6%
Inventories, trade receivables and others	385.9	**362.9**	25.0%
Other financial assets	122.0	**136.8**	9.4%
thereof financial investments in securities	60.9	**75.6**	–
Cash and cash equivalents	277.8	**206.9**	14.3%
Assets held for sale	2.4	**0.6**	0.0%
	1,541.8	**1,450.0**	**100%**
Equity and liabilities			
Equity	670.0	**614.1**	42.4%
Provisions	503.3	**469.5**	32.4%
Other financial liabilities	5.6	**5.7**	0.4%
Trade payables and others	361.9	**360.7**	24.9%
Liabilities classified as held for sale	0.9	**0.0**	0.0%
	1,541.8	**1,450.0**	**100%**

BALANCE SHEET STRUCTURE

Austrian Post pursues a conservative balance sheet policy and financing structure. This is demonstrated by the high equity ratio, low financial liabilities and the solid level of cash and cash equivalents invested at the lowest possible risk.

The balance sheet total of Austrian Post amounted to EUR 1,450.0m as at June 30, 2017. On the assets side, property, plant and equipment comprised the largest single balance sheet item at EUR 586.6m, whereas intangible assets totalled EUR 21.4m. The goodwill reported for acquisitions at the end of the first half of 2017 amounted to EUR 53.8m. Receivables at EUR 253.4m comprised one of the largest single balance sheet items in current assets. Moreover, Austrian Post achieved a strong cash position (cash and cash equivalents) totalling EUR 206.9m.

The equity and liabilities side of the balance sheet is characterised by a high equity ratio, which equalled 42.4% as at June 30, 2017. This corresponds to equity of EUR 614.1m. Non-current liabilities of EUR 375.5m primarily consisted of provisions totalling EUR 332.4m (including provisions for employee under-utilisation of EUR 139.9m). Current liabilities of EUR 460.5m are dominated by trade payables at EUR 162.3m.

Analysis of the financial position of the company shows a high level of current and non-current financial resources in the amount of EUR 282.5m, including cash and cash equivalents totalling EUR 206.9m along with financial investments in securities of EUR 75.6m. These financial resources contrast with financial liabilities of only EUR 5.7m.

CASH FLOW

EUR m	H1 2016	H1 2017
Gross cash flow	138.3	**128.2**
Cash flow from operating activities	**109.3**	**108.9**
Cash flow from investing activities	–39.3	**–45.0**
thereof CAPEX excl. new corporate headquarters	–19.4	**–16.9**
thereof CAPEX new corporate headquarters	–19.1	**–11.1**
thereof cash flow from acquisitions/divestments	1.1	**–3.1**
thereof acquisition/disposal of securities	–3.1	**–15.0**
thereof other cash flow from investing activities	1.2	**1.1**
Free cash flow	70.0	**63.9**
Free cash flow before acquisitions/securities	72.1	**82.1**
Operating free cash flow[1]	**91.2**	**93.2**
Cash flow from financing activities	–141.0	**–135.1**
Change in cash and cash equivalents	–71.0	**–71.1**

[1] Free cash flow before acquisitions/securities and before new corporate headquarters

CASH FLOW

The gross cash flow totalled EUR 128.2m in the first half-year 2017, compared to EUR 138.3m in the previous year. The cash flow from operating activities of EUR 108.9m was EUR 0.4m below the prior-year level. Higher payments for provisions in the first half of 2016 were in contrast to the increase in receivables in the period under review, which reduced the cash flow.

In the first six months of 2017, the cash flow from investing activities reached a level of minus EUR 45.0m, compared to the prior-year figure of minus EUR 39.3m. This deviation is mainly attributable to movements in securities totalling minus EUR 15.0m in comparison to minus EUR 3.1m in the previous year. In contrast, cash outflows for the acquisition of property, plant and equipment (CAPEX) amounted to EUR 28.0m in the first half of 2017, below the level of EUR 38.5m in the previous year. This development is due to lower payments for construction of the new corporate headquarters, which totalled EUR 11.1m in the first half of 2017.

The operating free cash flow was EUR 93.2m, up from EUR 91.2m in the first half of 2016.

INVESTMENTS

In the first six months of 2017, additions to property, plant and equipment and intangible assets amounted to EUR 31.3m, below the comparable prior-year figure of EUR 35.8m. This included investments of EUR 27.7m in property, plant and equipment and EUR 3.6m in intangible assets during the period under review. A significant share of investments related to the new corporate headquarters scheduled for completion in the autumn of 2017. Austrian Post's investment programme in the reporting period also focused on expanding the parcel logistics infrastructure. Moreover, investments were made in other equipment, furniture and fittings as well as IT software.

– EMPLOYEES

The average number of employees (full-time equivalents) at the Austrian Post Group totalled 20,390 people in the first six months of 2017, comprising a year-on-year decline of 1,702 employees. This reduction can be mainly attributed to the disposal of the German subsidiary trans-o-flex. Most of Austrian Post's staff (16,963 full-time equivalents) is employed by the parent company Österreichische Post AG.

EMPLOYEE BY DIVISION

Average for the period, full-time equivalents	H1 2016	H1 2017	Share H1 2017
Mail & Branch Network	16,313	**14,738**	72.3%
Parcel & Logistics	3,892	**3,646**	17.9%
Corporate	1,887	**2,007**	9.8%
Total	**22,092**	**20,390**	**100%**

— EVENTS AFTER THE REPORTING PERIOD

Effective July 18, 2017, Austrian Post sold its entire 20.45% stake in media.at GmbH, Vienna. Pursuant to IFRS 5, the shares are recognised as assets held for sale in the consolidated balance sheet as at June 30, 2017.

— MAIN RISKS AND UNCERTAINTIES

As an international postal and logistics services provider, the Austrian Post Group 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, 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 which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks along with information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2016 of Austrian Post (see the Annual Report 2016, Financial Report, Group Management Report, chapters 8 and 9, and the Consolidated Financial Statements, chapter 10.2).

On the basis of the defined risks, there are also uncertainties for the remaining six 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 also depend on the economic development of the respective customer segments. 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. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus achievable prices for postal services. In addition, traditional mail items are being increasingly replaced by electronic forms of communication.

The parcel market is positively impacted by the online shopping trend, but at the same time competitors are also increasing their activities in order to participate in this market growth more strongly. The resulting shifts in market share and increased price pressure could negatively affect Austrian Post's earnings situation.

The product portfolios and pricing policies of various retail goods such as telecommunication products and financial services are determined by Austrian Post's system partners. In turn, this influences the revenue development of the respective product groups in the branch network of Austrian Post. The expiration of cooperation agreements also entails risks, considering that new options have to be evaluated and structural adjustments may have to be implemented. The current agreement with BAWAG P.S.K. can be terminated at the earliest at the end of 2020 if the specified notice periods are adhered to.

All the above-mentioned risks could lead to a volume decrease to a not insignificant extent, and thus, to a corresponding drop in earnings, for example due to various structural measures and restructuring costs, or to valuation adjustments. In addition, the performance of subsidiaries or any required impairment losses could affect the earnings of Austrian Post.

— RELATED PARTY TRANSACTIONS

There were no major changes in related party transactions in the first half of 2017. Information on related party transactions is provided in the Annual Report 2016 of Austrian Post (see the Annual Report 2016, Financial Report, Consolidated Financial Statements, chapter 11.3).

– OUTLOOK 2017

Developments in the first half of 2017 confirm the basic underlying trends in the mail and parcel businesses. The company anticipates volume declines of about 5% p.a. in the traditional addressed letter mail business, although the volume developments in individual customer segments differ significantly. The direct mail business strongly depends on corporate advertising budgets and the economic environment and is thus subject to fluctuations. Moreover, revenue development is also impacted by election effects. Additional revenue was generated from elections in 2016, especially in the second and fourth quarters, whereas election-related revenue contributions are expected in the third quarter of the current financial year due to early parliamentary elections on October 15, 2017.

Parcel volumes are developing positively as a result of the increase in online shopping. The e-commerce trend should continue to enhance strong volume growth of private customer parcels. At present, the parcel market in Austria shows an extremely dynamic development with volume growth of more than 10% p.a. At the same time, customer demand for quality and delivery is rising against the backdrop of increasing price pressure. Austrian Post expects to be able to maintain its leading competitive position and participate in market growth.

Volume trends relevant to the company's business development in recent quarters should continue assuming that the predicted economic upswing persists. On this basis, Austrian Post anticipates a stable or slightly higher revenue development for the entire year 2017 (comparable 2016 revenue excl. trans-o-flex: EUR 1,895.6m).

In order to ensure its long-term success, Austrian Post focuses on strengthening its quality leadership in core markets and further developing postal services to meet current customer requirements. In addition, the company is exploring opportunities in growth markets such as transnational mail volumes. It is also essential to tailor the offering of financial services to meet the challenges posed by the structurally-related decline in retail banking. The contractual agreement with Austrian Post's banking partner BAWAG P.S.K. is valid at least until the end of 2020. With regard to the medium-term future, Austrian Post is currently evaluating how its financial services business can be structured in a rapidly changing retail banking environment.

At the same time, Austrian Post will continue to focus on enhancing efficiency and investments at the customer interface to improve service quality. Against the backdrop of strong market growth for private customer parcels, measures are being taken to correspondingly expand capacities. On balance, operational capital expenditure (CAPEX) of EUR 70-80m is planned in 2017, primarily in the fields of sorting technologies, logistics and customer solutions. Furthermore, construction work on the new corporate headquarters is moving ahead on schedule, and will be concluded in the autumn of 2017. Higher medium-term investments are foreseen in the growth area of parcel logistics in Austria.

Based on the expected revenue development and resolute cost discipline combined with efficient services Austrian Post targets operating earnings at least at the same level as in the previous year (EBIT 2016: EUR 202.3m).

Vienna, August 1, 2017

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

Consolidated interim financial statements

— CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2017

EUR m	H1 2016	H1 2017	Q2 2016	Q2 2017
Revenue	1,071.1	**953.7**	478.3	**465.0**
Other operating income	36.2	**27.7**	12.7	**13.0**
Total operating income	**1,107.3**	**981.4**	**491.0**	**478.0**
Raw materials, consumables and services used	–286.3	**–196.3**	–103.1	**–96.4**
Staff costs	–545.3	**–514.4**	–258.8	**–251.4**
Depreciation, amortisation and impairment losses	–38.5	**–41.1**	–20.2	**–17.7**
Other operating expenses	–139.1	**–126.7**	–61.9	**–64.4**
Total operating expenses	**–1,009.2**	**–878.5**	**–444.0**	**–430.0**
Profit from operations	**98.1**	**102.9**	**47.1**	**48.0**
Results from financial assets accounted for using the equity method	0.6	**–0.8**	0.5	**–0.2**
Financial income	2.0	**1.5**	0.9	**0.8**
Financial expenses	–2.5	**–1.6**	–1.2	**–0.8**
Other financial result	–0.5	**–0.1**	–0.3	**0.0**
Total financial result	**0.1**	**–0.8**	**0.3**	**–0.2**
Profit before tax	**98.1**	**102.1**	**47.3**	**47.9**
Income tax	–24.4	**–25.9**	–12.2	**–12.1**
Profit for the period	**73.8**	**76.2**	**35.1**	**35.8**
Attributable to:				
Shareholders of the parent company	73.8	**76.3**	35.1	**35.8**
Non-controlling interests	0.0	**–0.1**	0.0	**0.0**

EARNINGS PER SHARE (EUR)				
Basic earnings per share	**1.09**	**1.13**	**0.52**	**0.53**
Diluted earnings per share	**1.09**	**1.13**	**0.52**	**0.53**

– STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2017

EUR m	H1 2016	H1 2017	Q2 2016	Q2 2017
Profit for the period	**73.8**	**76.2**	**35.1**	**35.8**
Items that may be reclassified subsequently to the income statement:				
Currency translation differences – investments in foreign businesses	0.2	**0.6**	–0.2	**0.2**
Changes in the fair value of financial assets available for sale	0.5	**–0.3**	0.4	**0.1**
Tax effect of changes in the fair value	–0.1	**0.1**	–0.1	**0.0**
Financial assets accounted for using the equity method – share of other comprehensive income	–0.4	**0.0**	0.1	**0.0**
Total items that may be reclassified	**0.1**	**0.4**	**0.3**	**0.2**
Items that will not be reclassified subsequently to the income statement:				
Revaluation of defined benefit obligations	–13.1	**3.4**	–7.0	**3.3**
Tax effect of revaluation	3.3	**–0.9**	1.7	**–0.8**
Financial assets accounted for using the equity method – share of other comprehensive income	–0.2	**0.0**	0.0	**0.0**
Total items that will not be reclassified	**–10.0**	**2.6**	**–5.2**	**2.5**
Other comprehensive income	**–9.9**	**3.0**	**–5.0**	**2.7**
Total comprehensive income	**63.9**	**79.2**	**30.2**	**38.5**
Attributable to:				
Shareholders of the parent company	63.8	**79.3**	30.1	**38.5**
Non-controlling interests	0.0	**–0.1**	0.0	**0.0**

— CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2017

EUR m	Dec 31, 2016	June 30, 2017
ASSETS		
Non-current assets		
Goodwill	56.3	**53.8**
Intangible assets	21.2	**21.4**
Property, plant and equipment	597.6	**586.6**
Investment property	69.0	**72.1**
Financial assets accounted for using the equity method	9.6	**9.0**
Other financial assets	76.3	**81.4**
Trade and other receivables	14.6	**13.9**
Deferred tax assets	76.4	**75.6**
	921.0	**913.7**
Current assets		
Other financial assets	45.7	**55.4**
Inventories	18.1	**19.7**
Trade and other receivables	276.6	**253.4**
Current tax assets	0.3	**0.3**
Cash and cash equivalents	277.8	**206.9**
	618.4	**535.8**
Assets held for sale	**2.4**	0.6
	1,541.8	**1,450.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	337.8	**337.8**
Capital reserves	91.0	**91.0**
Revenue reserves	257.6	**198.8**
Other reserves	–16.4	**–13.4**
Equity attributable to the shareholders of the parent company	**670.0**	614.1
Non-controlling interests	**0.1**	0.0
	670.0	**614.1**
Non-current liabilities		
Provisions	369.0	**332.4**
Other financial liabilities	3.7	**3.5**
Trade and other payables	21.6	**38.8**
Deferred tax liabilities	0.9	**0.8**
	395.2	**375.5**
Current liabilities		
Provisions	134.3	**137.2**
Current tax liabilities	4.8	**12.7**
Other financial liabilities	1.8	**2.2**
Trade and other payables	334.6	**308.4**
	475.6	**460.5**
Liabilities of disposal groups classified as held for sale	**0.9**	0.0
	1,541.8	**1,450.0**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF OF 2017

EUR m	H1 2016	H1 2017
Operating activities		
Profit before tax	98.1	**102.1**
Depreciation, amortisation and impairment losses	38.5	**41.1**
Results from financial assets accounted for using the equity method	–0.6	**0.8**
Provisions non-cash	43.8	**–0.1**
Taxes paid	–20.3	**–18.1**
Other non-cash transactions	–21.3	**2.5**
Operating cash flow	**138.3**	**128.2**
Trade and other receivables	25.2	**–6.6**
Inventories	1.1	**–1.9**
Provisions	–46.4	**–7.5**
Trade and other payables	–8.9	**–3.3**
Cash flow from operating activities	**109.3**	**108.9**
Investing activities		
Acquisition of intangible assets	–1.8	**–3.8**
Acquisition of property, plant and equipment/investment property	–38.5	**–28.0**
Cash receipts from disposal of assets	2.2	**3.5**
Acquisition of subsidiaries	–0.5	**–1.1**
Disposal of subsidiaries	2.3	**0.8**
Acquisition of financial assets accounted for using the equity method	–0.4	**–2.8**
Sale of financial assets accounted for using the equity method	0.1	**0.0**
Acquisition of other financial instruments	–0.4	**–0.1**
Acquisition of financial investments in securities	–6.0	**–15.0**
Cash receipts from sales of financial investments in securities	2.9	**0.0**
Loans granted	–1.5	**–0.2**
Dividends received from financial assets accounted for using the equity method	0.0	**0.2**
Interest received	2.3	**1.4**
Cash flow from investing activities	**–39.3**	**–45.0**
Free cash flow	**70.0**	**63.9**
Financing activities		
Changes of other financial liabilities	–8.5	**0.1**
Dividends paid	–132.0	**–135.1**
Interest paid	–0.3	**–0.1**
Acquisition of non-controlling interests	–0.2	**0.0**
Cash flow from financing activities	**–141.0**	**–135.1**
Change in cash and cash equivalents	**–71.0**	**–71.1**
Cash and cash equivalents at January 1	300.1	**278.0**
Cash and cash equivalents at June 30	**229.1**	**206.9**

— CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2016

				Other reserves					
EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Revaluation of financial instruments	Currency translation reserves	Equity attributable to share-holders of the parent company	Non-con-trolling interests	Equity
Balance as at January 1, 2016	**337.8**	**91.0**	**238.2**	**–12.5**	**0.2**	**–13.2**	**641.5**	**0.2**	**641.7**
Step acquisition of a subsidiary	0.0	0.0	–0.1	0.0	0.0	0.0	**–0.1**	0.1	**0.0**
Disposal of subsidiaries	0.0	0.0	–0.4	0.4	0.0	0.0	**0.0**	0.0	**0.0**
Dividends paid	0.0	0.0	–131.7	0.0	0.0	0.0	**–131.7**	–0.2	**–132.0**
Profit for the period	**0.0**	**0.0**	**73.8**	**0.0**	**0.0**	**0.0**	**73.8**	**0.0**	**73.8**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	0.2	**0.2**	0.0	**0.2**
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	0.5	0.0	**0.5**	0.0	**0.5**
Revaluation of defined benefit obligations	0.0	0.0	0.0	–13.1	0.0	0.0	**–13.1**	0.0	**–13.1**
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	–0.2	0.0	–0.4	**–0.7**	0.0	**–0.7**
Tax effect	0.0	0.0	0.0	3.3	–0.1	0.0	**3.2**	0.0	**3.2**
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–10.0**	**0.3**	**–0.2**	**–9.9**	**0.0**	**–9.9**
Total comprehensive income	**0.0**	**0.0**	**73.8**	**–10.0**	**0.3**	**–0.2**	**63.8**	**0.0**	**63.9**
Balance as at June 30, 2016	**337.8**	**91.0**	**179.8**	**–22.2**	**0.5**	**–13.4**	**573.5**	**0.1**	**573.7**

– CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2017

				Other reserves					
EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Revaluation of financial instruments	Currency translation reserves	Equity attributable to share-holders of the parent company	Non-con-trolling interests	Equity
Balance as at January 1, 2017	**337.8**	**91.0**	**257.6**	**–18.3**	**4.2**	**–2.3**	**670.0**	**0.1**	**670.0**
Dividends paid	0.0	0.0	–135.1	0.0	0.0	0.0	**–135.1**	0.0	**–135.1**
Profit for the period	**0.0**	**0.0**	**76.3**	**0.0**	**0.0**	**0.0**	**76.3**	**–0.1**	**76.2**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	0.6	**0.6**	0.0	**0.6**
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	–0.3	0.0	**–0.3**	0.0	**–0.3**
Revaluation of defined benefit obligations	0.0	0.0	0.0	3.4	0.0	0.0	**3.4**	0.0	**3.4**
Tax effect	0.0	0.0	0.0	–0.9	0.1	0.0	**–0.8**	0.0	**–0.8**
Other comprehensive income	**0.0**	**0.0**	**0.0**	**2.6**	**–0.2**	**0.6**	**3.0**	**0.0**	**3.0**
Total comprehensive income	**0.0**	**0.0**	**76.3**	**2.6**	**–0.2**	**0.6**	**79.3**	**–0.1**	**79.2**
Balance as at June 30, 2017	**337.8**	**91.0**	**198.8**	**–15.8**	**4.0**	**–1.7**	**614.1**	**0.0**	**614.1**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2017

1 — SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Austrian Post as at June 30, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at June 30, 2017, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and the additional requirements of Section 245a Austrian Commercial Code (UGB).

The consolidated interim financial statements have been prepared on the basis of IAS 34 Interim Financial Reporting. The accounting and valuation methods as well as explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2016 financial year. Please refer to the consolidated financial statements for the 2016 financial year contained in the Annual Report 2016.

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

2 — CHANGES IN ACCOUNTING AND VALUATION METHODS

2.1 MANDATORY APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

No new or revised standards were binding for the first time in the first half of 2017.

2.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS WHICH ARE PUBLISHED BUT NOT YET APPLIED

IFRS 9 FINANCIAL INSTRUMENTS IFRS 9 contains regulations for the recognition, measurement and elimination of financial instruments as well as hedge accounting. In these areas, it replaces the previously applicable standard IAS 39 – Financial Instruments. IFRS 9 is to be applied for the first time in the first reporting period of a financial year beginning on or after January 1, 2018, but the earlier application of this standard is permitted. From today's perspective, Austrian Post intends to apply IFRS 9 for the first time as at January 1, 2018.

The implications of IFRS 9 on the current portfolio of financial instruments were analysed in detail in the first half-year 2017. However, there were no changes compared to the preliminary assessment (see the Annual Report 2016, Financial Report, Notes to the Consolidated Financial Statements, Section 3.1). If applied as at June 30, 2017, neither the new classification requirements for financial instruments nor the revised model applying to impairment losses would have a material effect on the consolidated financial statements of Austrian Post.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS The aim of IFRS 15 is to combine a large number of regulations contained in various standards and interpretations. The core principle of IFRS 15 is that the revenue which is recognised depicts the transfer of promised goods or services to customers as contractually stipulated to an amount that reflects the consideration to which the entity expects to be entitled. This core principle is implemented within the context of a five-step model framework. This model stipulates that the transfer of control (control approach) determines the time or period of realising revenue, replacing the previous risk and reward model (transfer of risks and rewards). In addition, the scope of the required explanatory notes in the consolidated financial statements is expanded. Austrian Post intends to apply IFRS 15 as at January 1, 2018.

A Group-wide project was launched to introduce the standard in which business models and customer contracts are being analysed according to the five-step model framework of IFRS 15. From today's perspective, application of the new standard will not lead to any major changes compared to the previous approach in the main business activities of Austrian Post, i.e. the acceptance, sorting and delivery of letters and parcels. Detailed analyses are being carried out with respect to other business areas (e.g. sale of postal and telecommunication products or financial services in cooperation with business partners or the provision of additional services along the value chain for letters and parcels) as well as regarding the Neutorgasse real estate development project. However, as a whole, the revenue related to these customer contracts are of secondary importance. For this reason, no major effect on the earnings situation is expected.

IFRS 16 LEASES The new IFRS 16 replaces previous regulations contained in IAS 17 and the related interpretations. In particular, the accounting treatment of lease agreements by the lessee is redefined. The lessee now recognises a liability for every leasing relationship to the amount of the future leasing payments. At the same time, the right-of-use asset is capitalised to the present value of future lease payments and subsequently written off as an expense on a straight-line basis. Accordingly, the previous distinction made between the operating and finance lease no longer applies. Moreover, IFRS 16 contains rules on sale and leaseback transactions as well as the required explanatory notes in the consolidated financial statements.

Following initial analysis of the organisational and procedural changes arising as a result of applying IFRS 16, Austrian Post intends to apply IFRS 16 for the first time as at January 1, 2019.

3 — CONSOLIDATION SCOPE

In addition to the parent company Austrian Post, a total of 23 domestic subsidiaries (December 31, 2016: 23) and twelve foreign subsidiaries (December 31, 2016: 13) in which Austrian Post directly or indirectly holds a majority of voting rights are included in the consolidated financial statements. Furthermore, six domestic companies (December 31, 2016: five) and one foreign company (December 31, 2016: one) are consolidated according to the equity method.

CHANGES IN THE CONSOLIDATION SCOPE

The following changes in the consolidation scope took place in the first half of 2017:

Company name	Interest from	Interest to	Date of transaction	Comment
Mail & Branch Network				
PostMaster s.r.l., Bucharest	100.0 %	0.0 %	April 19, 2017	Sale
Parcel & Logistics				
PHS Logistiktechnik GmbH, Graz	0.0 %	26.0 %	Feb. 17, 2017	Foundation

MAIL & BRANCH NETWORK
POSTMASTER S.R.L

As at December 31, 2016, the assets and liabilities of the Romanian subsidiary PostMaster s.r.l., Bucharest, were classified as a disposal group pursuant to IFRS 5 and thus disclosed separately on the balance sheet. A revaluation of the fair value of the assets and liabilities of the disposal group as at March 31, 2017 led to a loss of EUR 0.4m recognised as an impairment loss on non-current assets in the consolidated income statement under the item depreciation, amortisation and impairment losses. 100 % of Austrian Post's shares in the company were sold as at April 19, 2017, thus ending Austrian Post's controlling influence on the subsidiary. The loss of a controlling influence including the renouncement of financing receivables resulted in a gain of EUR 0.3m recognised as other operating income.

The assets of the disposal group as at December 31, 2016 as well as the derecognised assets and liabilities resulting from the loss of a controlling influence as at April 19, 2017 were as follows:

EUR m	31.12.2016	April 19, 2017
Non-current assets		
Intangible assets	0.2	**0.0**
Property, plant and equipment	0.2	**0.0**
Trade receivables and other receivables	0.1	**0.1**
Current assets		
Trade receivables and other receivables	1.6	**1.5**
Cash and cash equivalents	0.2	**0.3**
Assets held for sale	**2.4**	**1.9**
Current liabilitites		
Trade and other payables	0.9	**1.0**
Liabilities classified as held for sale	**0.9**	**1.0**

PARCEL & LOGISTICS

PHS LOGISTIKTECHNIK GMBH

The company PHS Logistiktechnik GmbH, Graz, was established in February 2017, with Austrian Post holding a 26.0 % stake. The firm was classified as an associate pursuant to IAS 28 and is accounted for using the equity method in the consolidated financial statements of Austrian Post. The company aims to launch the so-called "Entladeteppich" on the marketplace. This innovative technology accelerates and simplifies the unloading of lorries. In addition to the founding costs, Austrian Post has committed to contribute EUR 0.4m to finance the company. Austrian Post has been contractually granted the option to increase its stake in the company to up to 51.0 % starting in 2018/19 or 2022.

4 — SEGMENT REPORTING

H1 2016 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	736.8	334.3	0.0	0.0	1,071.1
Revenue with other segments	41.9	5.4	92.4	–139.8	0.0
Total revenue	**778.7**	**339.8**	**92.4**	**–139.8**	**1,071.1**
EBITDA	**161.5**	**22.5**	**–46.8**	**0.0**	**137.2**
EBIT	**143.2**	**16.9**	**–61.5**	**0.0**	**98.6**
Other financial result					–0.5
Profit before tax					**98.1**

H1 2017 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	720.9	232.7	0.0	0.0	**953.7**
Revenue with other segments	49.3	4.1	109.8	–163.3	**0.0**
Total revenue	**770.3**	**236.9**	**109.9**	**–163.3**	**953.7**
EBITDA	**158.0**	**27.0**	**–41.6**	**0.0**	**143.3**
EBIT	**145.0**	**19.0**	**–61.7**	**0.0**	**102.2**
Other financial result					**–0.1**
Profit before tax					**102.1**

5 — GOODWILL

An impairment loss of EUR 2.7m was recognised in the first half of 2017 on goodwill of the cash generating unit (CGU) Weber Escal d.o.o., Hrvatski Leskovac, Croatia (Mail & Branch Network segment) with a carrying amount of EUR 3.7m as at December 31, 2016. The underlying reasons for carrying out an impairment test on goodwill included changed market conditions as well as intensified competition in the addressed and unaddressed mail businesses, in turn leading to margin losses. The impairment loss was recognised in the income statement under the item depreciation, amortisation and impairment losses.

The primary valuation assumptions used in determining the recoverable amount were management forecasts on the expected volume and margin development and the expected long-term growth rate (taking account of the necessary retained earnings).

Parameter	31.12.2016	30.06.2017
Pre-tax discount rate	12.4 %	**12.7 %**
Growth Rate	1.0 %	**1.0 %**

The following table shows the reconciliation of the carrying amounts for goodwill at the beginning and the end of the reporting period:

EUR m	31.12.2016	30.06.2017
Historical costs		
Balance at the beginning of the period	**83.1**	**82.8**
Disposals	0.0	**–11.5**
Currency translation differences	–0.3	**0.6**
Balance at the end of the period	**82.8**	**72.0**
Impairment losses		
Balance at the beginning of the period	**24.9**	**26.5**
Additions	2.0	**2.7**
Disposals	0.0	**–11.5**
Currency translation differences	–0.4	**0.5**
Balance at the end of the period	**26.5**	**18.2**
Carrying amount at the beginning of the period	**58.2**	**56.3**
Carrying amount at the end of the period	**56.3**	**53.7**

The disposals relate to PostMaster s.r.l., Bucharest, which was sold in April 2017 (please refer to Section 3 Consolidation scope).

6 — ASSETS AND LIABILITIES HELD FOR SALE

In May 2017, Austrian Post concluded an agreement to sell its entire shareholding of 20.45 % in the associated company media.at GmbH, Vienna. For this reason, the stake with a carrying amount of EUR 0.6m as at June 30, 2017 is recognised in the consolidated balance sheet as assets held for sale.

The assets and liabilities held for sale which were recognised in the consolidated balance sheet as at December 31, 2016 related to PostMaster s.r.l., Bucharest, and were divested in April 2017 (please refer to Section 3 Consolidation scope).

7 — PROVISIONS

Austrian Post adjusted the parameters applying to interest-bearing provisions against the backdrop of the development of the interest rate landscape. The discount rate equals 2.0 % (December 31, 2016: 1.75 %) for termination benefits and 1.75 % for jubilee benefits (December 31, 2016: 1.5 %). Parameter adjustments led to an actuarial gain of EUR 4.7m in the first half of 2017, of which EUR 3.1m was recognised as other comprehensive income.

The discount rate applied to the provisions for employee under-utilisation ranges between 1.0 % and 1.5 % (December 31, 2016: 1.0 %-1.25 %). Parameter adjustments resulted in a positive effect of EUR 2.5m recognised in staff costs.

8 — FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE The following tables show the carrying amount of financial assets and liabilities measured at fair value according to the valuation categories stipulated by IAS 39 and their classification according to the fair value hierarchy:

Dec. 31, 2016 EUR m	Level	At fair value through profit or loss	Available for sale	Total
Financial assets				
Measurement carried out at fair value				
Securities	1	0.0	60.9	60.9
Other investments	3	0.0	61.1	61.1
		0.0	**122.0**	**122.0**
Financial liabilities				
Measurement carried out at fair value				
Contingent consideration	3	2.1	0.0	2.1
		2.1	**0.0**	**2.1**

June 30, 2017 EUR m	Level	At fair value through profit or loss	Available for sale	Total
Financial assets				
Measurement carried out at fair value				
Securities	1	0.0	75.6	**75.6**
Other investments	3	0.0	61.2	**61.2**
		0.0	**136.8**	**136.8**
Financial liabilities				
Measurement carried out at fair value				
Contingent consideration	3	0.3	0.0	**0.3**
		0.3	**0.0**	**0.3**

No transfers were made between Level 1, Level 2 and Level 3 during the reporting period.

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE In the case of trade and other receivables, cash and cash equivalents as well as trade and other payables, it is assumed that the carrying amounts correspond to their fair values due to the primarily short-term nature of these items.

For other financial liabilities, the following table shows the comparison of the carrying amount and fair value. The fair value is assigned to Level 3 of the fair value hierarchy.

EUR m	31.12.2016 Carrying amount	Fair value	30.06.2017 Carrying amount	Fair value
Other financial liabilities				
Borrowings from banks	1.4	1.4	**1.7**	**1.7**
Finance lease liabilities	4.2	4.2	**4.0**	**4.0**
	5.6	**5.6**	**5.7**	**5.7**

INFORMATION ON DETERMINING FAIR VALUE

The following table shows the valuation methods and input factors used in determining fair value:

Level	Financial instruments	Valuation method	Input factors
Measurement carried out at fair value			
1	Securities	Market approach	Nominal values, stock market prices
3	Strategic stakes and other investments	Market approach or net present value approach	Book value multiples of comparable publicly traded companies and, if available, business plan information
3	Derivative financial instruments	Net present value approach	Planning calculations and the related probability-weighted scenarios, risk-weighted WACC
3	Contingent consideration	Net present value approach	Planning calculations and the related probability-weighted scenarios
Measurement not carried out at fair value			
3	Other financial liabilities	Net present value approach	Payments related to financial instruments, market interest rates of comparable financing

Material sensitivities in determining the fair values of Level 3 financial instruments 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.

9 — OTHER INFORMATION

The dividend of EUR 2.00 per share (EUR 135.1m) approved by the Annual General Meeting held on April 20, 2017 was distributed on May 4, 2017.

A contingent asset exists for Austrian Post pursuant to IAS 37, resulting from repayment claims from pending appeal proceedings in connection with the reclamation of employer contributions related to the payroll accounting of civil servants (please refer to the Annual Report 2016, Financial Report, Notes to the Consolidated Financial Statements, Section 7.4). The outcome of these proceedings is uncertain. In light of the fact that additional information would seriously prejudice Austrian Post's legal position, the company is taking advantage of the safeguard clause stipulated by IAS 37.92 and will refrain from a complete disclosure of information stipulated by IAS 37.84-89. This contingent asset is in contrast to a contingent liability for any compensation payments.

10 — EVENTS AFTER THE REPORTING PERIOD

Effective July 18, 2017, Austrian Post sold its entire stake (20.45 %) in media.at GmbH, Vienna. The shares are recognised in the consolidated balance sheet as at June 30, 2017 as assets held for sale (please refer to Section 6 Assets and liabilities held for sale).

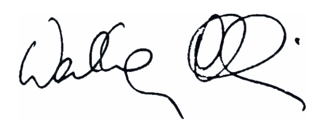
11 — NEGATIVE NOTE

The consolidated interim financial statements of Austrian Post for the first half of 2017 were neither subject to a complete audit nor subject to an auditor's review.

Vienna, August 1, 2017

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

STATEMENT OF ALL LEGAL REPRESENTATIVES PURSUANT TO SECTION 87 PARA. 1 (3) AUSTRIAN STOCK EXCHANGE ACT

As the legal representative of Österreichische Post AG we declare, to the best of our knowledge that the consolidated interim financial statements as at June 30, 2017 provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the half-year group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the consolidated interim financial statements as at June 30, 2017, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, August 1, 2017

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer

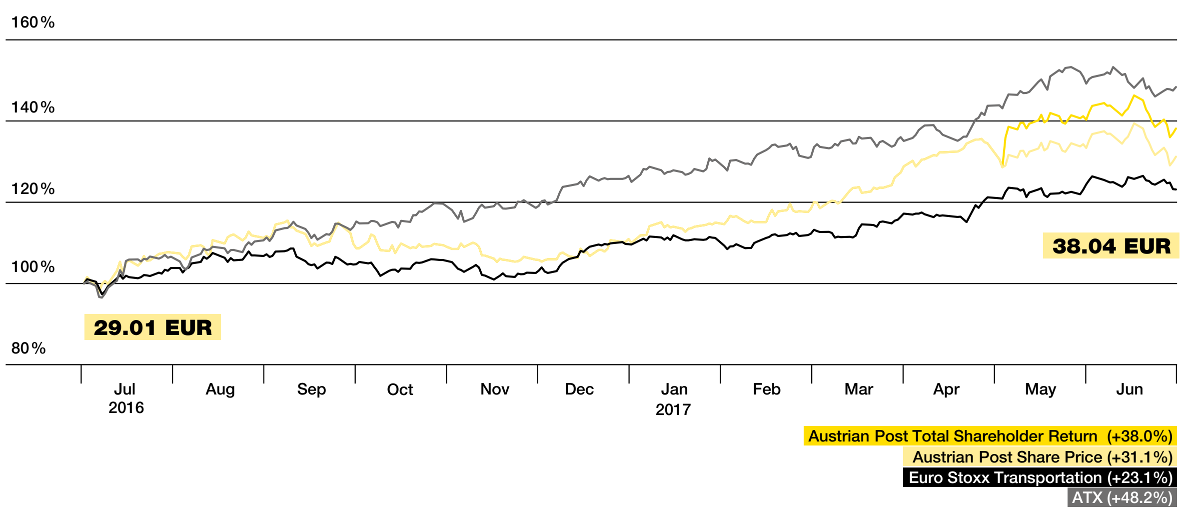
Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

FINANCIAL CALENDER 2017/2018

August 10, 2017	Half-year Financial Report 2017, Publication: 07:30–07:40a.m. CET
November 15, 2017	Interim report for the first three quarters 2017, Publication: 07:30–7:40 a.m. CET
March 15, 2018	Annual Report 2018, Publication: 07:30–07:40 a.m. CET
April 19, 2018	Annual General Meeting 2018, Vienna
April 30, 2018	Ex-date (dividend)
May 2, 2018	Record date (determination of entitled stocks in connection with dividend payments)
May 3, 2018	Dividend payment day
May 16, 2018	Interim report for the first quarter 2018, Publication: 07:30–7:40 a.m. CET
August 10, 2018	Half-year Financial Report 2018, Publication: 07:30–07:40a.m. CET
November 15, 2018	Interim report for the first three quarters 2018, Publication: 07:30–7:40 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: August 1, 2017

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