

BOUNDLESSLY RELIABLE

Annual Report 2013 | Austrian Post | MAGAZINE

STRONG FOUNDATION

Number one in Austria

ENTERING NEW TERRITORY

An eye on growth markets

WITH TRUST COMES RESPONSIBILITY

HOLDING A STEADY COURSE

One can rely on Austrian Post, even in turbulent times. We are resolutely pursuing our path and orient our business operations to reflect our four strategic guidelines. This has enabled us to achieve quite a lot. But our work goes on. We will continue to develop innovative business areas, open up new markets and continually strive to offer even better solutions for the benefit of our customers. Above all, Austrian Post also wants to be one thing in the future: boundlessly reliable...

... for our customers: engaging, trustworthy and secure.

... for our employees: supportive, respectful and fair.

... for our shareholders: solid, predictable and sustainably profitable.

ENTERING NEW TERRITORY AN EYE ON GROWTH MARKETS

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STRONG FOUNDATION NUMBER ONE IN AUSTRIA

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CREATING VALUE
EMBODYING A CULTURE OF RESPECT
Pages 70 to 99

THE CUSTOMER IS KING
MORE SERVICE, NEW SOLUTIONS
Pages 60 to 69

FOCUS: EFFICIENCY
EFFECTIVE, PERFORMANCE-ORIENTED
Pages 50 to 59



MAKING GOOD PROGRESS

The motto of our annual report is not only a catchphrase but the reality we live by. “Boundlessly reliable” puts our philosophy and core belief in a nutshell. Austrian Post is a company one can rely on, everywhere and at any time, – from our customers and shareholders to employees and business partners. It is the recurring theme throughout this annual report. It is built upon our four core strategies which have guided us since 2010 with respect to how we resolutely move ahead on our path.

- Austrian Post is **boundlessly reliable** in its core business i.e. the delivery of letters and parcels throughout Austria and internationally.
- Austrian Post is **boundlessly reliable** when it comes to the ongoing enhancement of its efficiency on the basis of intelligent investments.
- Austrian Post is **boundlessly reliable** because it keeps the promises it makes to shareholders, customers and employees.
- Austrian Post is **boundlessly reliable** in its efforts to make life as easy as possible for our customers.

The last aspect is particularly important to me. This is because, more than anything else, every successful company must have its customers in mind, and give them what they really need and want. Austrian Post lives, practices and embodies a credible focus on customer orientation. In the meantime, the public has also noticed that we are doing a number of things differently here in the company. I mean, we are doing things better – so that we will be able to keep our promise of being boundlessly reliable in the future as well. Naturally, in spite of all our efforts, we cannot prevent mistakes from happening sometimes when it comes to managing the delivery of about 6 bn mail items and having 150m customer contacts each year. However, surveys show that we are clearly on the right path, and have already achieved a lot. And we will never tire of further improving our operations for the benefit of our customers.

Consistent customer orientation goes hand in hand with innovative services in the branch offices as well as clever solutions for business customers. But it equally entails a friendly smile, a honest handshake and speaking frankly. In short, the key is having people that people trust. This is the reason why I enthusiastically supported the election of the “Superpostlers”. The truth of the matter is that we have thousands of such fantastic employees in our company. They deserve to be on such a stage and get so much applause. A positive spirit prevails at Austrian Post. We have done our homework, and are well on track despite a difficult business environment. This is demonstrated by our performance indicators, stable revenue at a high level, increasing profitability and the reliably attractive dividend policy our shareholders have confidence in. This is also shown by our social engagement and achievements when it comes to environmental protection. Austrian Post maintains a constant dialogue with all stakeholders, and has made a name for itself as a serious partner. These are important pre-requisites for our sustainable success, also from a business perspective. On the following pages you will find out how we intend to continue down this success path.

Sincerely yours,



Georg Pölzl,
Chief Executive Officer and Chairman of the
Management Board, Austrian Post

VISION & MISSION

We deliver values – reliably, confidentially and personally. We are the first choice for our customers, partners and employees – yesterday, today and tomorrow. We are the leading postal and logistics provider in Austria. As a successful specialist we are growing in Europe.

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HIGHLIGHTS 2013



RECORD

AUSTRIAN POST DELIVERED 70M PARCELS IN 2013. MORE THAN EVER BEFORE.

3,528

PHOTOVOLTAIC MODULES GENERATE ELECTRICITY FROM SUNLIGHT AT THE VIENNA LOGISTICS CENTRE – THE LARGEST ROOFTOP SOLAR POWER STATION IN AUSTRIA.



EUR 50M

IS THE SUM BEING INVESTED BY AUSTRIAN POST IN ITS NEW ALLHAGING LOGISTICS CENTRE IN UPPER AUSTRIA. THE PLANNED DAILY CAPACITY IS 1.6M LETTERS AND 100,000 PARCELS.

İYİ GÜNLER

„HAVE A NICE DAY!“ – ON JULY 30, 2013, AUSTRIAN POST ACQUIRED A 25% STAKE IN THE TURKISH PARCEL SERVICES PROVIDER ARAS KARGO. THE NEXT GOAL: MARKET LEADERSHIP IN THE PARCEL BUSINESS.



SIGHTSEEING

THE GOLDEN ROOF, THE LINDWURM FOUNTAIN AND HOHENSALZBURG FORTRESS EMBELLISH THE NEW PERMANENT STAMPS ISSUED BY AUSTRIAN POST – SELECTED BY A JURY OF EXPERTS.



431,392

VOTES WERE CAST AT THE FIRST ELECTION TO CHOOSE THE “SUPERPOSTLERS“. A TOTAL OF 42 EMPLOYEES WERE HONOURED.



SENTIMENT INDEX

THE FIRST COMPANY-WIDE EMPLOYEE SURVEY WAS CARRIED OUT FROM JUNE 5-28, 2013. 5,918 POST EMPLOYEES PARTICIPATED.



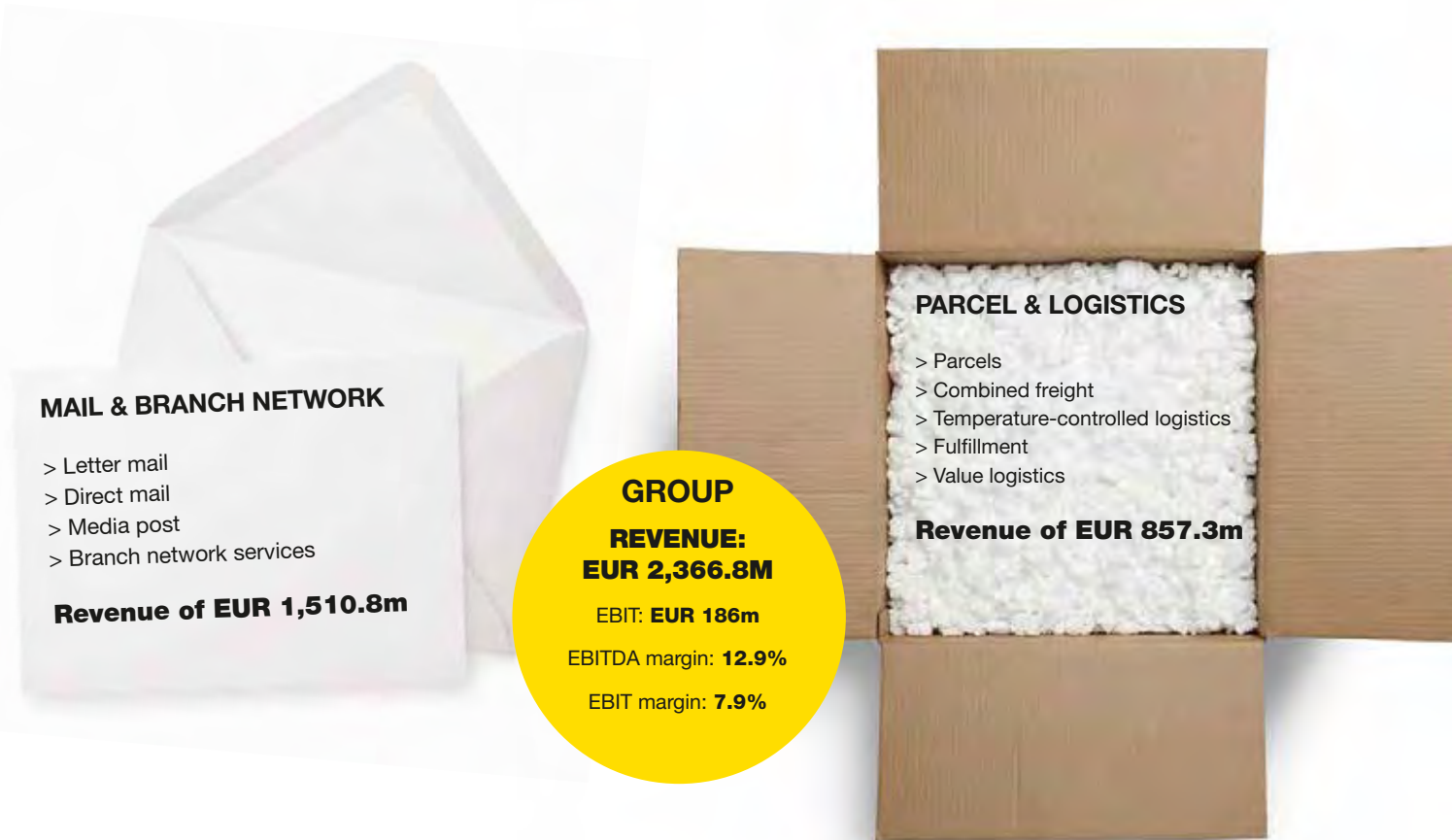
51%

ON APRIL 1, 2013, AUSTRIAN POST INCREASED ITS SHAREHOLDING IN M&BM EXPRESS TO 51%. IT IS THE LEADING ALTERNATIVE PROVIDER OF MAIL SERVICES ON THE BULGARIAN MARKET.

AUSTRIAN POST AT A GLANCE

Austrian Post is an indispensable part of everyday life in Austria.

Austrian Post is the country's leading logistics and postal services provider with annual revenue of EUR 2.4bn and approx. 24,000 employees, and is also excellently positioned internationally. Austrian Post reliably takes care of its job, regardless of whether letters, direct mail and print media are transported and delivered or parcels are stored and shipped. For this purpose it operates a branch network consisting of about 1,900 own or third-party operated postal service points, making it one of the largest private customer networks in Austria.



REVENUE BY SEGMENT

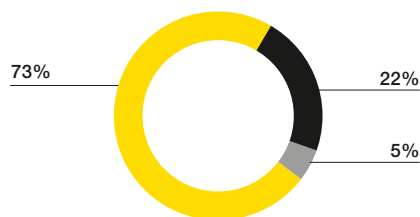
%



■ Mail & Branch Network
 ■ Parcel & Logistics

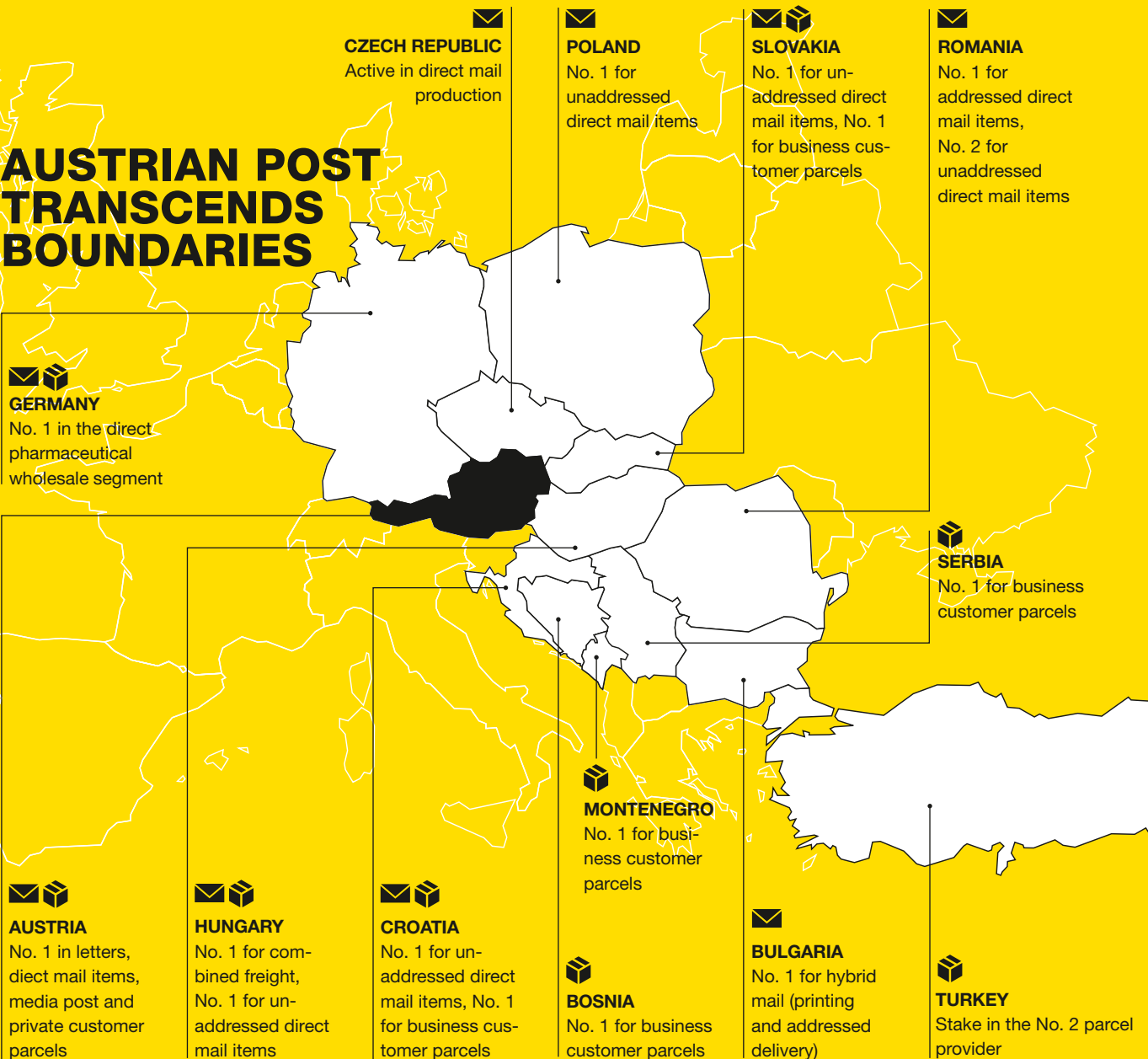
REVENUE BY REGION

%



■ Austria
 ■ Germany
 ■ South East and Eastern Europe

AUSTRIAN POST TRANSCENDS BOUNDARIES



DID YOU KNOW THAT ...?

- about **EUR 100m** was committed to future-oriented investments in 2013, as demonstrated, for example, by the start of construction of the new Allhaming logistics centre?
- more than **100m STAMPS** were sold in the year 2013?
- E-mobility at Austrian Post celebrated its **100th ANNIVERSARY** in 2013?
At present there are 653 electric-powered vehicles in the Austrian Post fleet.
- **100 X 10m LETTERS** or 1 bn letters, were transported by Austrian Post in 2013?

MAIL & BRANCH NETWORK

RANGE OF SERVICES

- Letters
- Addressed and unaddressed direct mail items
- Newspapers and regional media
- Online services
- Branch network services
- Mobile telephony and retail goods
- Self-service zones
- Banking and telecommunications services
- Additional digital mail-related services

DID YOU KNOW THAT ...

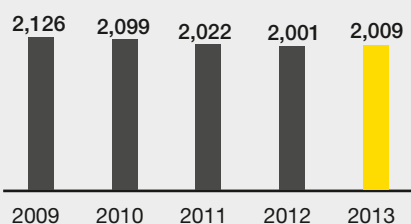
- **5.7bn mail items** were delivered to **4.3m households and companies** in Austria in 2013?
- **301,673,906 of the advertising envelopes “KUVERT“** were delivered in 2013, ensuring greater order in domestic mailboxes?
- **3.5bn mail items** were delivered by the CEE subsidiaries of Austrian Post?
- the branch network now comprises **1,894 postal service points**, including 1,359 postal partners?



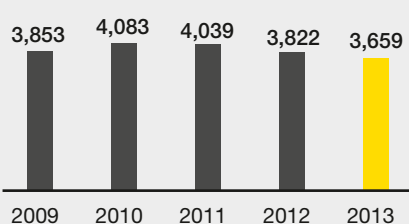
HIGHLIGHTS 2013

- **Revenue growth** in letter mail and direct mail driven by the mega election year 2013
- **Expansion of the service portfolio** for mail solutions, and broad offering of dialogue marketing products
- **World Mail Award“** bestowed on the new branch office design
- **Further extension of the 24/7 offering:** 185 self-service zones already in operation, including franking machines, drop-off boxes etc.
- **Modernisation and efficiency increases in logistics processes:** further investments in distribution facilities e.g. flatsorters
- **Logistics optimisation along the entire delivery chain:** introduction of new working time models, entire delivery staff equipped with new hand-helds
- **Liberalisation** of the letter mail markets in CEE, Austrian Post's stake in the Bulgarian subsidiary M&BM Express raised to 51%

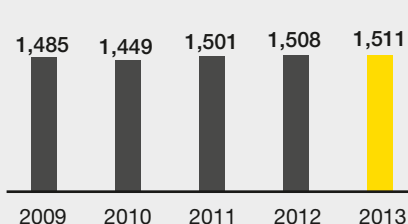
MAIL ITEMS IN AUSTRIA
MILLIONS (ADDRESSED MAIL)



MAIL ITEMS IN AUSTRIA
MILLIONS (UNADDRESSED MAIL)



EXTERNAL SALES¹
EUR M



¹ Values adjusted for the meiller Group

PARCEL & LOGISTICS

RANGE OF SERVICES

- Parcels
- Combined freight
- Express mail
- Temperature-controlled logistics
- Warehousing
- Fulfillment
- Marketing services
- Value added delivery
- Value logistics (national/international)

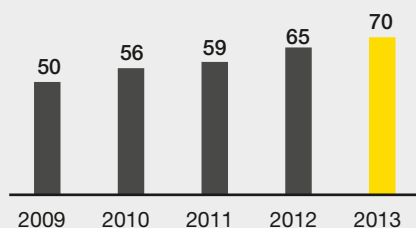
HIGHLIGHTS 2013

- **New record volume** of about 70m parcels delivered in Austria, and further expansion of the company's market share to 25% in the B2B business and 76% in the X2C segment
- **Expansion of self-service offerings** to enhance customer convenience in parcel delivery: 5,000 Pick-up Boxes and new collection stations in Austria, along with 50 parcel machines ("Balikomat") in Slovakia
- **Entry into the Turkish market** based on the acquisition of a 25% interest in the parcel services provider Aras Kargo
- **Focus** on the field of pharmaceutical logistics and founding of the pharmaceutical wholesaler AEP *direkt*
- **Further growth** and positive development of strategic investments in South East and Eastern Europe
- **EU membership of Croatia** in July 2013 results in rising international demand and thus further market growth

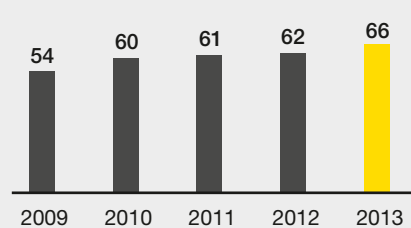
DID YOU KNOW THAT ...

- a total of **429,026 parcels** were delivered on December 17, 2013, a record volume for a single day?
- Austrian Post ensures cross-border delivery **services in 34 European countries** thanks to the EURODIS distribution network?
- **14m parcels and pallets** were delivered in 2013 in the growth markets of South East and Eastern Europe?
- **5,000 Post Pick-up Boxes** had already been installed for the purpose of enhancing customer benefits by 2013, making receiving parcels a much more pleasant experience?

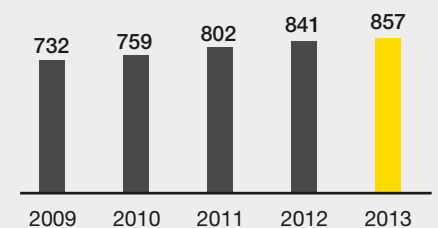
PARCEL VOLUMES IN AUSTRIA
MILLION PARCELS¹



INTERNATIONAL COMBINED FREIGHT¹
MILLION ITEMS (PARCELS & PALLETTS)



EXTERNALS SALES¹
EUR M



¹ Values adjusted for the Benelux subsidiaries

“WE SET AMBITIOUS GOALS – AND ACHIEVED A LOT”

The year 2013 featured good results, entry into the Turkish growth market and attractive dividends once again. The four strategic pillars defined in 2010 continue to point the way forward for Austrian Post.



The four Management Board members of Austrian Post at the Vienna logistics centre: Peter Umundum, Georg Pölzl, Walter Oblin and Walter Hitziger (from l. to r.).



Mr. Pölzl, how was the year 2013 for Austrian Post?

PÖLZL: It was a good year for Austrian Post. We set quite ambitious goals and achieved many of them. In any case, our successes outweigh our failures by far. Against the backdrop of a difficult business environment, we managed to slightly increase revenue and also improve earnings. All in all, we can look back at a positive performance. This is very gratifying to know.

To what extent have the underlying conditions impacting the company's business operations changed?

PÖLZL: The key trends in the logistics and postal services sectors continued over the past year. In particular, three main developments are relevant to our business. We are keeping a close eye on them, and optimally responding to these changes on both a strategic and operational level. First of all, we face ongoing pressure on revenue in the traditional letter mail segment. Due to what is known as e-substitution, this business is simply shrinking as physical mail items are being increasingly replaced by electronic forms of communication. In essence we cannot really do anything to change the trend, but we do want to take countermeasures, for example by offering outstanding quality and additional services. The second trend relates to advertising mail. All direct mail items depend on the development of the advertising industry, which in turn is dependent on the business cycle. The third trend relates to growing parcel volumes for both private and business customers. The market functions very well, but is also characterised by tough competition.

What went particularly well in 2013, and which areas were you not so satisfied with?

PÖLZL: Business on the domestic market developed well. The elections and referendums were growth drivers for our mail activities in Austria, and added impetus to our business. The parcel

market in the country is also doing well. We are successful in our efforts to further expand our market share in this area. In contrast, our international business showed a mixed picture in 2013. I can openly say that we clearly failed to fulfill our expectations in Germany. Here we have to continue focusing on our core business and take efficiency to a higher level. In contrast, all our CEE parcel subsidiaries generated good results. I am especially pleased with our new strategic investment in the Turkish company Aras Kargo. Because in spite of current political turbulences, Turkey is a real growth market, which played an important role in the European economy in the past and I believe will continue to do so in the future, and which also offers enormous potential.

Mr. Oblin, how would you as Chief Financial Officer rate the performance of Austrian Post in the past year?

OBLIN: The bottom line is that our performance in 2013 was clearly positive. The operating result featuring an EBIT of EUR 186m was slightly above the prior-year level, and we did achieve the goal we set with respect to the EBITDA margin. Two important conclusions can be drawn by looking at the results in detail. First, the core business developed very favourably, and we are very satisfied with this. Second, earnings also included balance sheet measures reflecting our strategic investments in the international parcel and logistics business, in particular an impairment loss on goodwill for the trans-o-flex Group. Naturally these balance sheet measures influenced the earnings situation of the Group. However, they were necessary in light of the difficult market situation, and we are happy to have implemented them and still show good results for the year.

How did things go from the perspective of Post shareholders? What can they expect from Austrian Post in the future?

OBLIN: This year at the Annual General Meeting we will propose the distribution of a dividend amounting to EUR 1.90 per share, once again underlining the fact, also to our shareholders, that our performance is in line with our positioning as a reliable and predictable partner. Once again shareholders can benefit from an attractive dividend yield. The sustainable dividend policy is especially important for all long-term oriented investors. Our operational cash flow is strong enough to allow us to pay an attractive dividend to our shareholders and simultaneously continue

to finance forward-looking investments. In concrete terms, this means that we will, of course, press ahead with our extensive investment programme featuring capacity expansion measures, new sorting techniques and information technologies to achieve a higher level of efficiency. On this basis Austrian Post will remain a strong and reliable partner in every conceivable way. Above all, we will continue to offer stability, continuity and reliability.

Mr. Hitzinger, the mail business generated record results this past financial year. How can you explain this?

HITZIGER: Indeed, the mail business turned out to be somewhat better than we expected. This can be particularly attributed to our success in compensating for the basic trend towards e-substitution. We managed to do this with several smaller acquisitions, the positive impetus provided by various elections and referendums in Austria and an ongoing high level of cost discipline in our logistics operations. Thus we boasted a good top line and bottom line performance. The above-mentioned developments served as the basis for the higher revenue and EBIT. However, there will be no change in the fundamental trend of e-substitution. For this reason, we will have to continue working hard – as in the past – to improve the efficiency and attractiveness of our services.

What will the new year bring for Austrian Post's mail business?

HITZIGER: We assume that we will remain the top postal company in Austria. Nevertheless, a new competitive struggle begins every year. For this reason, the focus of our efforts will be on enhancing the service experience and benefits for our customers. This means we are developing new solutions for our customers, both in the branch offices as well as in our delivery processes. We want to make life as easy as possible for people. That is why we continually think outside the box, but not only about conventional mail. Unfortunately the main trend of e-substitution has become a permanent fixture of our business. At the same time we are doing everything in our power to implement new solutions as efficiently as possible. We always have to keep both aspects in mind, namely ensuring high quality for customers and a high level of efficiency in our internal processes. In the postal sector we are always caught up in a never-ending cycle of efficiency and optimisation measures.



THE MANAGEMENT BOARD

- **Georg Pölzl**, born in 1957, Chief Executive Officer (CEO) and Chairman of the Management Board of Austrian Post since October 2009.
- **Walter Oblin**, born in 1969, responsible for the financial management of Austrian Post as Chief Financial Officer (CFO) since July 2012.
- **Walter Hitziger**, born in 1960, Member of the Management Board of Austrian Post since May 2004, with responsibility for the newly merged Mail & Branch Network Division since September 2011.
- **Peter Umundum**, born in 1964, Member of the Management Board and Director of the Parcel & Logistics Division since April 2011.

Which new customer solutions are on the horizon?

HITZIGER: The most noticeable changes for private customers in the near future will take place in the branch offices. The world of post offices will fundamentally change. By the end of the year we will have set up 250 self-service zones featuring franking machines, drop-off boxes and packing stations. These facilities will be available around the clock, and thus considerably enhance customer comfort. We will offer digital solutions in the Mail Solutions Business Area to business customers and new advertising tools to our direct mail customers. We have many new offers up our sleeve, and continuously think about other ways to satisfy new requirements or changed customer needs.

Mr. Umundum, how did the parcel segment develop overall in Austria?

UMUNDUM: In the 2013 financial year we once again achieved record parcel shipment volumes. On balance, we transported a total of 70m parcels. We also posted a new one-day record. We processed 429,026 parcels on a single day, namely December 17, 2013. We were also able to further improve the quality of our operations.

Do the collection stations comprise a special offer to private parcel customers?

UMUNDUM: Actually they are. We are intentionally focusing on parcels, considering that the

parcel market for private customers is continuously expanding. We expect annual growth of three to six percent. As the number one postal services provider in Austria, we want to develop the best and most comfortable solutions for our customers and thus achieve an optimal level of service, also in the parcel business. In the meantime we have already installed 5,000 Pick-up Boxes. The collection stations for parcels, which also be available 24/7, represent an attractive addition to this offering. Some 8,000 Pick-up Boxes and 100 collection stations should be in use by the end of 2014. ▶

“All in all, we can look back at a good year. This is very gratifying to know.”

GEORG PÖLZL

“We continually think outside the box, but not only about conventional mail.”

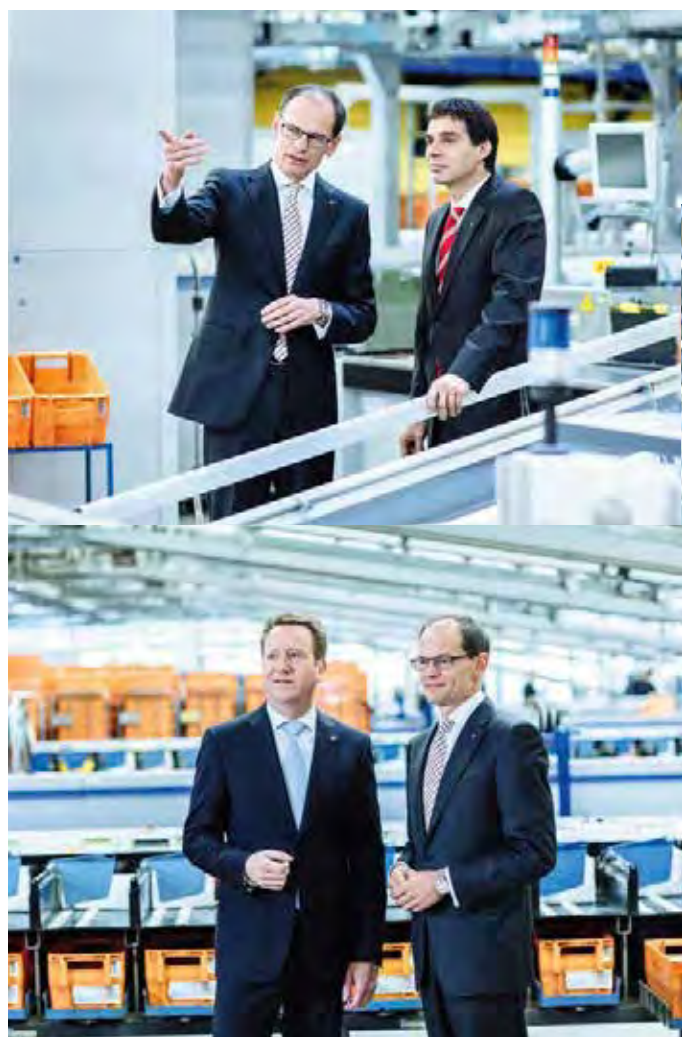
WALTER HITZIGER

You are not quite satisfied with developments in Germany. What are the next steps?

UMUNDUM: In Germany we have to rely on our strengths. This means that in terms of revenue we will clearly focus on pharmaceuticals and healthcare. The experience with ThermoMed has already shown that this strategy works. We consider the new EU-wide regulations on refrigerated pharmaceutical transport to be a major opportunity. We are witnessing greater demand in the industry for customised solutions which are closely attuned to customer needs. We will intensify our efforts to offer these solutions, because we aim to continue being a trailblazer in riding this trend. On the other hand, we will further improve the cost situation by increasingly relying on insourcing and thus carrying out more services ourselves along our own value chain. In this way we will be better able to manage costs, and can more effectively leverage efficiency potential.

One of the main events in 2013 was Austrian Post's entry into the Turkish market.

UMUNDUM: That is true. We are very proud to have successfully carried out this important step. We managed to enter this exciting and promising market thanks to our good and longstanding relationship of trust to our Turkish partners. In the first phase we acquired a 25% stake in the second largest provider on the Turkish parcel market. Aras Kargo is a very well-positioned company, with which we will create added value for both sides by taking a partnership



approach. In the year 2013 we achieved sales growth of about 15%. Together we will shape the growth path of the Turkish market.

CEO Pölzl, it sounds like Austrian Post is embarking on a thrilling future. Which aspects are particularly important for the company?

PÖLZL: More than anything else, one thing is important to me. Success never comes by itself. Our employees comprise the key driving force of our success. We can only practice customer orientation by having motivated and committed employees. A company can only be successful over the long haul if both our customers and employees are satisfied. For this reason, I am confident that we are on the right track on the basis of our staff development efforts, and that they comprise an important step forward. This year we carried out an employee survey for the very first time. This gave us an opportunity to demonstrate that open and honest communication is really crucial for us. The survey showed a high level of satisfaction in many areas, but also pointed out various fields in which we need to take action, where new



“The sustainable dividend policy is especially important for all long-term oriented investors.”

WALTER OBLIN

“We are very proud to have successfully entered the exciting and promising Turkish market”.

PETER UMUNDUM

approaches and new ideas are necessary. Thus we now have a clear idea of the logical next steps. We are permanently striving to further develop Austrian Post as an organisation on the basis of our four strategic pillars. Our objective is to become an even better partner to our customers. We have proceeded resolutely along this path for years. In this respect we attach great importance to really involving all employees on all levels, which is not always an easy task. In other words, we are working on a strategic and operational level to ensure that we remain the trailblazers in our business.

What can be expected from Austrian Post in 2014?

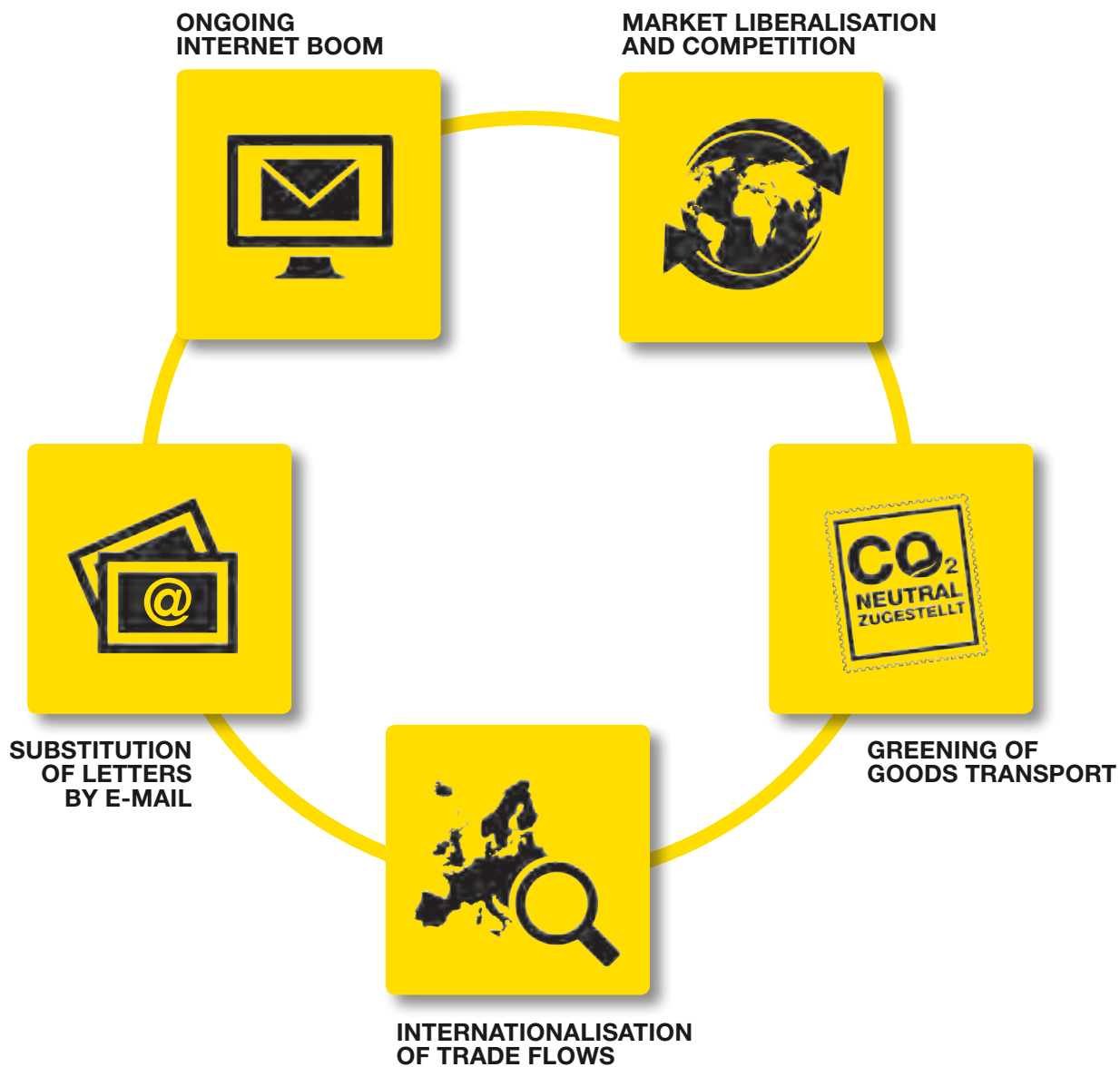
PÖLZL: One can expect consistency and stability again from Austrian Post. We will remain a reliable partner in all aspects of what we do. And we are confident that we will also succeed

in the future in ensuring the sustainable performance and viability of the company along with our ability to pay dividends. We will continue to resolutely implement the four pillars of our strategy.

With respect to the outlook for the year 2014, we will stick to the expectations voiced in the past year. In other words, we assume that revenue will continue to develop in a stable manner, keeping in mind that we will transport fewer letters and more parcels. We confirm the medium-term goal of achieving an EBITDA margin of 10-12% annually. This clearly seems to remain a realistic range for us to target. Specifically we have set ourselves the goal for the 2014 financial year of surpassing the EBIT achieved in 2013. In other words, we aim to continue the steady upward trend and thus maintain the stability, continuity, consistency and predictability of Austrian Post. ■

A MARKET IN TRANSITION

The world of postal and logistics services is changing and posing challenges, but also opening up.



The postal and logistics services segments are impacted by several, partly opposing trends. From a global perspective, several postal companies have managed to effectively adapt to these trends, whereas others have not managed to cope with them at all. “We have done our homework”, says Austrian Post CEO Georg Pözl. “This is the only reason why Austrian Post can call itself a showpiece enterprise.”

E-substitution –

Decline of conventional letter mail

The biggest challenge facing the postal sector is the progressive substitution of conventional letter mail by electronic forms of communication, above all e-mail. In this regard, the decline in Austria is still relatively moderate in comparison to other countries (see chart). The volume of addressed mail fell by an average of only 3.2% in Austria in the period 2008 to 2012, whereas the decline in other European markets such as Denmark was more dramatic at a level of around 10%. However, the downward trend is still continuing, and is essentially unstoppable. Postal companies are responding to this situation with various new offerings. Usually this entails a combination of traditional and digital communications, i.e. the dual delivery of letters. Austrian Post has also positioned itself as a competent provider in the field of digital letter delivery services, for example the so-called e-payslip. One argument in favour of traditional letters is that both private and business customers still clearly prefer the physical delivery of important documents.

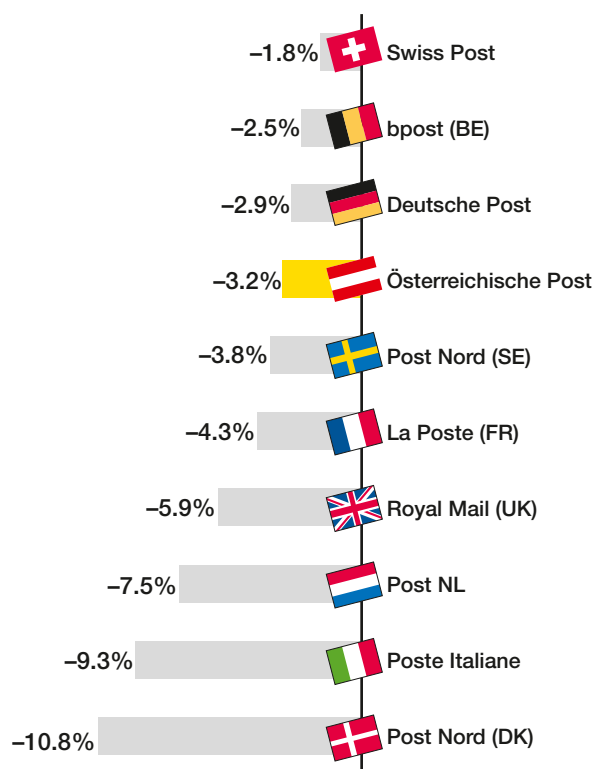
E-commerce –

Boom in parcels for private recipients

Nevertheless, the Internet has also provided an added impetus to the postal and logistics sector. The speedy growth of online shopping has resulted in a strong rise in parcel shipment volumes, especially to private customers. According to a study carried out by EHI and Statista, online sales in Austria climbed by 19% in just one year. 54% of all Austrians between the ages of 16 and 74 shop online. As a consequence, total e-commerce revenue in Austria alone has already reached EUR 2.5bn in 2012. According to experts, online purchases of food, which currently

MARKET ENVIRONMENT IN THE MAIL SEGMENT

ANNUAL GROWTH RATES OF ADDRESSED MAIL VOLUMES (2008–2012)

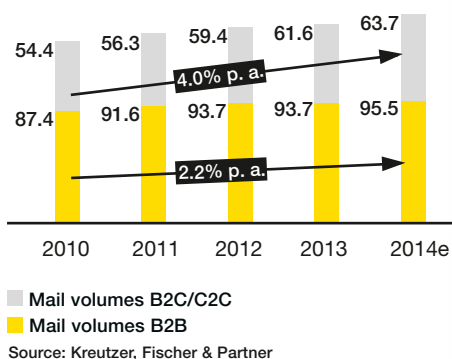


Source: Eurostat, company data

comprise only 2.2% of total e-commerce sales in Austria, could also dramatically increase. In any case, the potential is enormous. Austrian Post is also cautiously testing the waters of this growth field, carrying out the logistics for “KochAbo”. A market analysis carried out by Kreutzer Fischer & Partner came to the conclusion that the entire Austrian parcel market is enjoying robust growth. The X2C segment expanded by 3.7% in 2013, with growth of 3.4% anticipated in 2014, compared to 0.1% growth in the B2B market in 2013 and 1.9% expected in 2014. However, Austrian Post once again increased its market share in the B2B segment to about 25%. ▶

MARKET ENVIRONMENT IN THE PARCEL BUSINESS

MAIL VOLUMES IN MILLIONS OF PARCELS
 AUSTRIA



Liberalisation – Tougher competition, new opportunities

The liberalisation of the European postal markets has led to intensified competition but also new growth opportunities. The last remaining eight domestic letter mail markets in Central and Eastern Europe were completely liberalised in 2013. The Austrian letter mail market has been fully open to competition since January 1, 2011. The Postal Market Act enacted in line with EU guidelines redefined the nature of universal postal services. Austrian Post is still required to guarantee high quality postal services throughout the entire country. Due to steady changes in customer requirements, it stands to reason that an ongoing evaluation of universal postal services and adjustments to new customer demands will take place.

The greening of industry – Higher demands placed on conserving resources

The growing importance of climate protection and growing calls for the resource-saving transport of goods prompted Austrian Post to develop and subsequently launch the CO₂ neutral delivery of mail items in Austria, which avoids any

additional burden on the global climate. Greenhouse gas emissions are reduced, for example by the increased deployment of electric-powered vehicles. The energy required to run these vehicles should be supplied by construction of rooftop photovoltaic facilities.

Internationalisation – Added impetus for the parcel business

Trade flows and services demanded by customers are becoming increasingly globalised. For this reason, international shipments are another important factor driving the growth of the European courier, express and parcel market (in short “CEP”), which as a rule is higher than GDP growth. Austrian Post’s strategic investments in Central and Eastern Europe also profit from the generally more dynamic economic expansion of this region, especially from the need of these markets to catch up in the field of e-commerce. This applies even more to Austrian Post’s strategic investment in Turkey. Per capita parcel revenue amounts to EUR 11 in Turkey, compared to EUR 69 per person in Austria, EUR 116 in Germany and even EUR 233 in Norway. According to recent estimates, parcel revenue in Turkey climbed by an average of 13% in the years 2011 to 2013. These figures underline the enormous growth potential of the Turkish parcel market. “Europe has to be open towards its neighbours, and quickly integrate the Balkan countries in its economic area”, says Karl Aiginger, Head of the Austrian Institute of Economic Research (Wifo). “Only then will Europe be able to grow more strongly, and play a significant role internationally. Austrian Post is doing just the right thing thanks to its commitment to Central and Eastern Europe!”



“Austrian Post is doing just the right thing thanks to its commitment to Central and Eastern Europe”.

KARL AIGINGER, HEAD OF THE AUSTRIAN INSTITUTE OF ECONOMIC RESEARCH



CLEAR TARGETS, CONSISTENT STRATEGY

Clearly-defined objectives serve to safeguard the long-term profitability of Austrian Post and thus the successful future of one of the country's largest domestic companies.

In which direction should Austrian Post go? This is a question to which Austrian Post has provided clear answers since the strategic re-orientation process was concluded at the beginning of 2010. Management's top priority is sustainably safeguarding the profitability of the company. Three business targets were defined in order to secure the company's future:



1. Solid business model: The goal is to achieve medium-term revenue growth of 1-2% annually on a Group level. The volume of addressed mail items is expected to decline further as a consequence of electronic substitution. At the same time, Austrian Post will take advantage of growth opportunities in other business areas, especially the expanding parcel business. At the same time, Austrian Post is also continually developing new service offerings in order to enhance customer benefits and exploit sales potential.



2. High profitability: A solid level of profitability is of considerable importance with respect to the company's future perspectives. That is why Austrian Post is striving to achieve an annual EBITDA margin of 10-12%. For this purpose, the efficiency of all operational processes is being continuously increased, and the cost structure is being made more flexible.



3. Attractive dividends: The attractive dividend policy is an essential element of the corporate philosophy of Austrian Post. Each year Austrian Post strives to distribute at least 75% of the Group net profit to shareholders. The aim is to further develop the dividend payout in line with Group net results. Since the Initial Public Offering in 2006, Austrian Post has generated value growth of close to 150% as measured by the total shareholder return.

STRATEGIC CORNERSTONES AS A RELIABLE COMPASS

In 2010 Austrian Post defined four core strategies which have steered the company on a successful course since then.

1. DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS



3. ENHANCING EFFICI- ENCY AND INCREASING FLEXIBILITY OF THE COST STRUCTURE



Based on the targets described on the previous page, the Management Board of Austrian Post defined four core strategic pillars at the beginning of 2010. Accordingly, the determined implementation of these core strategies continuously serves as a guiding compass for Austrian Post. The overriding core strategies have remained a stable benchmark over the course of time. However, the thematic priorities in implementing these strategies are adapted to the latest developments on an annual basis. The successes in recent years have shown that the strategic path of Austrian Post is taking the company in the right direction.

1. Defending market leadership in the core business

Austrian Post is the undisputed market leader in Austria in both the mail and parcel segments.

An important strategic pillar consists of the company's efforts to maintain or further expand upon its strong market position, especially when it comes to the transport and delivery of parcels. For this reason, Austrian Post attaches great importance to safeguarding the high quality of its services. The subsidiary feibra in its role as an alternative delivery service has proven to be a useful addition to Austrian Post's service portfolio. In the parcel segment Austrian Post has successfully defended or expanded its market share. This positive development should continue, not least thanks to the expansion of fulfillment services offered by the company.

2. Profitable growth in selected markets

Austrian Post will rely on a focused growth strategy as a means of compensating for declining

INFLUENCING AND SUCCESS FACTORS

... IN A CHALLENGING ENVIRONMENT

EXTERNAL

- State of the economy
- E-substitution of addressed mail
- Growth in parcel volumes as a result of the e-commerce boom
- Factor cost increases and the development of staff costs
- Regulatory environment

INTERNAL

- Strong brand awareness and positive value framework
- Products oriented to customer needs
- Customer proximity and nationwide distribution network
- Reliability of services
- Productive and cost-efficient logistics networks (economies of scale)
- International links and logistics networks
- Expansion into promising growth areas



2. PROFITABLE GROWTH IN SELECTED MARKETS



4. CUSTOMER ORIENTATION AND INNOVATION

hancing efficiency in all areas. These efforts are designed to ensure that the company's strategic objective of sustainably high profitability will be achieved in spite of declining mail volumes. Regular investments in modernising the logistics infrastructure, from new sorting facilities to handhelds for the delivery staff, play a significant role here. Moreover, in 2013 construction of a new logistics centre in Allhaming started. Process and staff costs are also being evaluated and optimised on an ongoing basis, focusing on the steady improvement of the network infrastructure (e.g. new construction or modernisation of logistics centres and branch offices). All these measures will allow Austrian Post to provide more services in a shorter period of time, and flexibly adapt costs to the current level of demand.

4. Customer orientation and innovation

Austrian Post will only be successful on a long-term basis with attractive offerings attuned to specific customer requirements. This is the reason why the company is focusing on ongoing product and service innovations designed to consistently increase customer benefits. The lives of private and business customers should be made a whole lot easier, for example by expanding the 24/7 offering and self-service foyers, displaying a new, modern branch office design and making use of the KUVERT, the collective envelope for direct mail items. At the same time, Austrian Post is constantly expanding its offering of online services, relying on targeted measures designed to ensure greater use and thus position Austrian Post as the number one provider of online communications in Austria. ■

addressed letter mail volumes. The priority will be on the parcel and logistics business, in which Austrian Post is taking two different approaches. The first is exploiting growth opportunities in the B2B and B2C parcel segments in neighbouring countries and regions (especially CEE and Turkey). The second strategic thrust is to take advantage of local growth opportunities in the CEE region arising from the liberalisation process in the European postal sector, which has now been completed. In addition, Austrian Post is systematically expanding its services related to physical mail delivery in Austria offered by the Mail Solutions area.

3. Enhancing efficiency and increasing flexibility of the cost structure

Austrian Post is focusing on continually en-

GUIDEPOSTS FOR THE FUTURE

Austrian Post consistently orients its business operations to the three core values contained in its mission statement, thus sustainably securing its profitability.

500 employees
worked on
the mission
statement.



Even if you have a good compass with you, you still need to know how to effectively use it in order to stay on the right path. The same applies to core strategies which comprise the guiding compass for Austrian Post. The question as to how these strategies are to be implemented is answered by the company's mission statement. In a way, the three core values serve as a kind of psychological backdrop for every activity in the company and determine in which way the company will aspire to achieve the specified goals. "Only when the entire staff has a clear idea of where we are going and also why this is the case will everybody really be able to pull in the same direction", says Austrian Post's CEO Georg Pölzl in explaining the importance of the mission statement. This was already developed in a broad-based process back in 2010. Since then, it has impressively proven to be effective as a signpost for the future.

"Automatically future-oriented"

The creation of the mission statement relied on broad-based participation to reach a consensus, involving some 500 employees from all business units in the Group. Nevertheless, the results were clear and precise. The focus was on three value categories: customer orientation, profitability and sustainability as well as appreciation and communication. Sustainable business management will be the natural consequence if the company succeeds in orienting its activities to these three values. "If a company is steered in the right direction when it comes to the fundamental issues underlying its operations, it will more or less automatically act in a future-oriented and thus sustainable manner", CEO Pölzl adds.

As a result Austrian Post has come full circle. Management's top priority is the sustainable success of the company and thus sustainably securing its profitability. In this respect it should be mentioned that sustainable development not only encompasses economic aspects but also the environment, the social environment and naturally the employees. Achieving the far-reaching sustainability targets of Austrian Post and maintaining good relations to all stakeholders will also positively impact the progress made in securing long-term profitability. For more information refer to page 70.

COMPREHENSIVE MANAGEMENT

CONTROL PARAMETERS OF AUSTRIAN POST

A comprehensive management and control system takes into consideration the entire corporate structure. In this regard Austrian Post clearly focuses on the indicators of revenue, EBITDA, EBIT and free cash flow as well as non-financial performance indicators such as customer satisfaction. At the same time, the company attaches considerable importance to the profitability of its investments (ROI) in new facilities and infrastructure as well as its strategic investments in subsidiaries and associated companies.

"This is the only way to ensure that the right decisions can be made at the right time", says Alexander Koch, Head of Group Controlling.

On balance, these steps enable Austrian Post to focus on adherence to unified standards and a clear earnings orientation at a top management level. These parameters are complemented by division-specific productivity and quality indicators. A high level of consistency and the accompanying transparency among the different management units is designed to support the growth of new business segments and focus attention on the issue of cost efficiency in all areas. All in all, Austrian Post not only finances essential investments and acquisitions from its cash flow, but also ensures implementation of an attractive dividend policy.

CLEAR TARGETS

AUSTRIAN POST HAS DEFINED THREE GOALS TO ENSURE ITS SUSTAINABLE PROFITABILITY

FACTS

COMPANY & STRATEGY

5.7BN

MAIL ITEMS WERE DELIVERED BY AUSTRIAN POST IN 2013.

EUR 2.37BN

IN REVENUE WAS GENERATED BY AUSTRIAN POST IN 2013.

EUR 186M

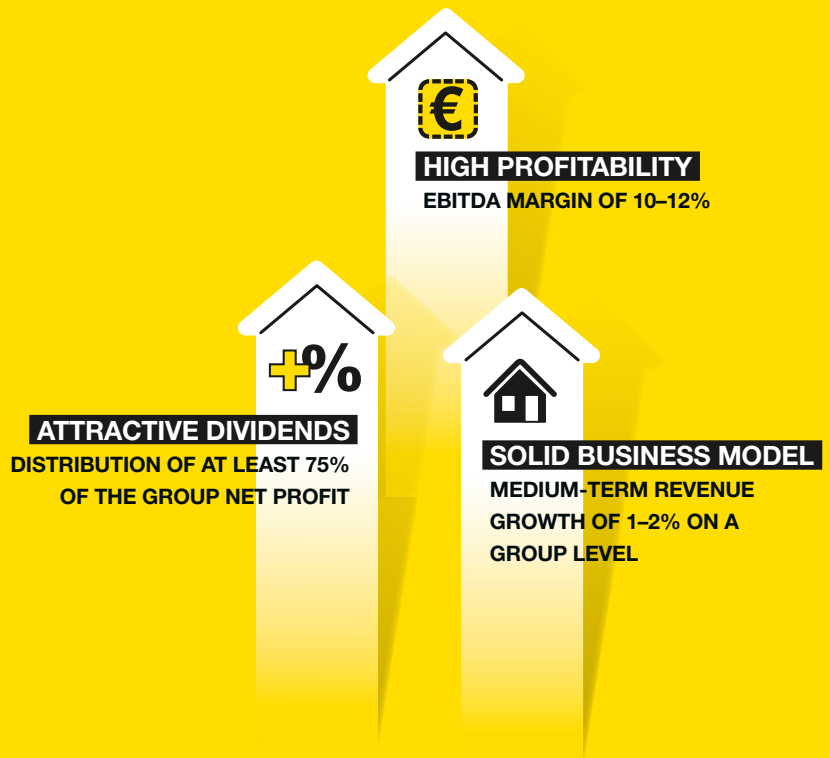
WAS AUSTRIAN POST'S EBIT IN 2013, AN INCREASE OF 2.0%.

EUR 1.90

PER SHARE IS THE DIVIDEND TO BE PROPOSED TO THE ANNUAL GENERAL MEETING.

9.8%

IS HOW MUCH AUSTRIAN POST REDUCED ITS CO₂ EMISSIONS IN 2013.



STRATEGIC CORNER-STONES

FOUR CORE STRATEGIES HAVE SUCCESSFULLY GUIDED AUSTRIAN POST ON ITS GROWTH PATH SINCE 2010.

1.

DEFENDING MARKET LEADERSHIP IN THE CORE BUSINESS

2.

PROFITABLE GROWTH IN SELECTED MARKETS

3.

ENHANCING EFFICIENCY AND INCREASING FLEXIBILITY OF THE COST STRUCTURE

4.

CUSTOMER ORIENTATION AND INNOVATION

A SHARED MISSION STATEMENT LEADS TO SUSTAINABLE DEVELOPMENT

- 1. CUSTOMER ORIENTATION**
EVERYTHING WE DO REVOLVES AROUND OUR CUSTOMERS
- 2. PROFITABILITY AND SUSTAINABILITY**
WE ARE FUTURE-ORIENTED
- 3. COMMUNICATION AND APPRECIATION**
WE ARE ALL PART OF AUSTRIAN POST

ECONOMY
ECOLOGY
SOCIETY
EMPLOYEES



STRONG FOUNDATION

NUMBER ONE IN AUSTRIA

With the Austrian Post delivery staff, your letters and parcels are indeed in good hands – whether during the stressful pre-Christmas season or in the midst of a summer heat wave. And this has become increasingly important thanks to the boom in online shopping. 20,000 employees, 9,000 vehicles and close to 1,900 postal service points comprise the logistics backbone of the country. Austrian Post is at the service of all Austrians throughout the country, and delivers top quality, even in peak periods.



NUMBER ONE NATIONWIDE

Austrian Post safeguards the supply of basic postal services throughout the entire country, providing nationwide service of outstanding quality for the benefit of everyone in a boundlessly reliable manner.



More than half of the approximately 20,000 Austrian Post employees deliver letters and parcels.



For the people in this country, Austrian Post is not just any company, but rather a part of their everyday lives. Only Austrian Post delivers letters and parcels each day to every address and doorstep throughout Austria. Only Austrian Post is able to provide universal postal services to the entire Austrian population. Today Austrian Post operates one of the biggest private customer networks in the country, and thus even boasts a denser presence than any supermarket chain. The former monopolists have to stand their ground against competition. Nevertheless, the company remains the undisputed market leader in most segments. No matter how much customer demands change and Austrian Post tinkers with innovations, launches new products and modernises the look of its branch offices, as it did recently, there are certain things one should still be able to count on in the future. Austrian Post wants to maintain and further expand its strong position on the domestic market and in its core business in the 21st century as well. This is because Austrian Post is boundlessly reliable and will stay that way in the 21st century.

Customers? Fans!

Billions of letters and parcels are delivered throughout Austria every year by Austrian Post. This could not happen without people – quite a few people in fact. Close to 20,000 people work for Austrian Post in Austria, more than half in the delivery staff. These individuals are not simply “letter carriers” or “bringers of parcels”. The personal contact with people is much more important. “Most postal carriers, especially in

“Most postal carriers, especially in rural areas, know their customers personally.”

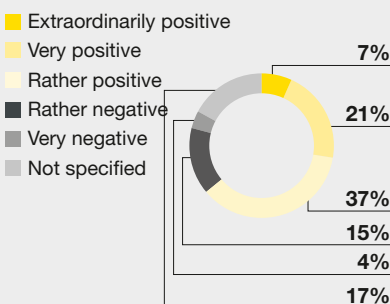
ASTRID KRENN,
HEAD OF MAIL LOGISTICS
FOR WESTERN AUSTRIA



ACCESS TO THE BEST NETWORK

Austrian Post offers reliability in supplying postal services throughout the entire country. The basis for this is the densest private customer network in Austria. 1,894 postal service points ensure regional accessibility. These consist of 535 company-operated branch offices and 1,359 postal partners i.e. food stores, petrol stations, tobacconists and municipal offices which also serve as postal service outlets in addition to their original business activities. The expansion of the postal partner network is the basis for improved opening hours and shorter distances to the outlets. It also strengthens economic structures in rural areas, for example by bringing more customers and sales revenue to the local village shops. The cooperation between Post and BAWAG P.S.K. has also proven its worth. The expanded offering has been very well received by customers.

THE NEW BRANCH NETWORK HAS BEEN WELL RECEIVED
 CUSTOMER ASSESSMENT OF THE BRANCH OFFICES OPERATED JOINTLY BY AUSTRIAN POST AND BAWAG P.S.K.



1,894

POSTAL SERVICE POINTS ENSURE REGIONAL ACCESSIBILITY

476

BRANCH OFFICES ARE JOINTLY OPERATED WITH BAWAG P.S.K.

rural areas, know their customers personally”, says Astrid Krenn, Head of Mail Logistics for Western Austria. The delivery staff are people the customers trust and who they look upon with affection. This was very impressively proven by the “Austrian Post Elects the Super Postperson” campaign. The final tally: some 430,000 votes were cast. This level of participation positively surprised even the responsible managers at corporate headquarters. And about 3,600 Post employees received more than 10 votes from their customers, or one should say, from their

fans. What other company can boast of having such an impressive track record?

Austria's largest fleet

The high popularity ratings for Austrian Post employees are only possible if everything runs smoothly in the background. This is ensured by the high-tech equipment used by the company in all areas, beginning with the highly-innovative nationwide logistics infrastructure with six mail and seven parcel distribution centres. Here the flow of communication and goods in Austria is

Millions of letters and parcels are processed each day by Austrian Post's logistics centres, or a total of 5.7bn mail items annually.



bundled, and the mail items are sorted on a total of 17.5 kilometres of conveyor belts supported by state-of-the-art scanning machines. They are then reliably brought to the recipients by means of Austria's largest vehicle fleet consisting of 9,000 vehicles. Since 2013 the delivery staff has been equipped with modern handheld computers which considerably facilitate their work. Even the precise mileage of the delivery vehicles can be recorded by this device. As a result, red tape and piles of paper have become a relic of the past. Furthermore, regular investments ensure that the company's entire operations are getting better and better, and are at the cutting edge.

Austria's best network

"Customers are also aware of Austrian Post's passion for innovation", says Alexander Frech, Head of Branch Network Sales. At the present time many changes are quite visible. The design is being modernised and an increasing number of branch offices are being upgraded to show the new up-to-date and functional look. At the same time, customer service is being expanded, especially featuring the new self-service zones enabling customers to take care of their postal business around the clock regardless of normal branch office opening hours. In this way Austrian Post is expanding its leading position with respect to quality and service.

Targets exceeded

Austrian Post already has the best network in Austria. As a universal postal provider, Austrian Post is legally required on the basis of prevailing regulations to operate a nationwide branch network of at least 1,650 postal service points. Actually, Austrian Post has gone considerably beyond the minimum statutory level. At the end of 2013 a total of 1,894 postal service points, consisting of 535 company-operated branch offices and 1,359 postal partners, ensured nationwide network access and the highest quality service, also during peak times. The postal partner concept has proven to be a particularly practical, useful, customer-oriented and efficient measure. ▶

"Customers are also aware of Austrian Post's passion for innovation."

ALEXANDER FRECH,
HEAD OF BRANCH NETWORK
SALES



"HIGHEST QUALITY EVERY SINGLE DAY"

dm drogerie markt relies on Austrian Post to deliver its letters and parcels as well as to coordinate the logistics for its new online shop.



Harald Bauer is
Managing Director of
dm drogerie markt.

dm drogerie markt is the largest drugstore chain in Central and Eastern Europe. What factors are particularly relevant to the success of your business?

HARALD BAUER: We want to make shops which feature the best shopping atmosphere and the most competent offers of products and services at an attractive price available to our customers. We orient our communications exclusively to dm brand guidelines, and focus on establishing a very personal dialogue with our regular customers and exploiting the high outreach of conventional advertising.

What role does Austrian Post play in all this?

BAUER: A very fundamental one. Our customer magazine "active beauty" with a circulation of more than one million copies, which appears eleven times a year, is printed, personalised, bound and delivered by Austrian Post. The company does the same for our thematic direct mails, for example on the topics of oral hygiene and dental care. Our flyer "Journal Express" is also distributed by Austrian Post, as are the direct mail items promoting our "dm-babybonus" programme. Here Austrian Post is responsible for delivering the coupon booklets and for the packing of the welcome packs.

What is your experience with your new online shop?

BAUER: It is excellent. About 5,000 of our products can already be ordered online at meindm.at. Austrian Post and its fully owned subsidiary Systemlogistik with its own warehouse in Vienna coordinate the entire logistics. The items listed in the orders placed in the Webshop are picked out, packaged and in most cases delivered directly throughout Austria on the next day by Austrian Post's parcel logistics network. As a customer-oriented company, it is important to us to be able to count on the highest quality service every day. Moreover, it is also essential that Austrian Post adheres to social standards. Finally, we have decided in favour of climate-neutral delivery.

The postal partners are stores or other facilities such as food stores, petrol stations, tobacconists or municipal offices which also serve as postal service points. The additional income and higher customer frequency increase sales and thus strengthen the economic basis of these primarily small-sized businesses. Last but not least, in this manner Austrian Post ensures the availability of functioning economic structures, especially in rural areas. The customers benefit from closer proximity to the postal partner outlets as well as longer opening hours. The cooperation of Austrian Post with its postal partners ranges from regular support and training to offering special, partner-oriented products. Moreover, the cooperation of Austrian Post with BAWAG P.S.K. was also expanded in 2013. In the meantime there are already 476 jointly operated branch offices which provide both postal and banking services under one roof.

Regular customer surveys show high levels of satisfaction with the service offered by Austrian Post. Interestingly enough, this especially applies to the younger population. External assessments confirm the outstanding quality of service. 95.5% of letters in 2013 were delivered one day after they were posted, exceeding the legally stipulated minimum of 95%.

Important partner of the advertising industry

Austrian Post is a boundlessly reliable partner to private as well as business customers. This particularly applies to the advertising industry.“

The advertising leaflet continues to be an extremely important advertising medium in Austria”, says Heinrich Hammerschmidt, Team Manager Direct Mail & Dialogue Marketing. Companies making use of the KUVERT, the collective advertising envelope for direct mail items, reach 3.2m households twice a week. Austrian Post has developed a large dialogue marketing portfolio for the purpose of achieving a multi-channel dialogue with customers, ranging from geo-marketing to profiling and clustering solutions. Today Austrian Post is also focusing its efforts on figuring out how to optimally integrate digital solutions. In the meantime, the company is now the predominant partner for linking physical delivery with the world of electronic communications. Not only advertising customers but all companies which aim to reduce the costs of their business and administrative processes can profit from this approach. Here the Mail Solutions business area of Austrian Post offers innovative solutions for optimising mailroom management and other communications processes.

feibra: successful two-brand strategy

The two-brand strategy of Austrian Post and feibra has proven to be very successful. “Not all customers have the same requirements and want the same product”, says Franz Hausleitner, Managing Director of feibra. “With feibra we can offer an alternative to the well-known services of Austrian Post“. Back in 2004 the company, a subsidiary of Austrian Post, was already active in

The 476 jointly operated branch offices of Austrian Post and BAWAG P.S.K. are well accepted by customers.





The mail and parcel distribution centres bundle the flow of communication and goods in Austria.

the unaddressed direct mail segment. Since 2011 its service offering has been expanded to include addressed direct mail. Postage is up to 15% less expensive for direct mails, newspapers, magazines and letters if the mail items do not have to reach the recipient on the next day. This price advantage is made possible by concentrating on more densely populated areas. feibra delivers 1.2bn mail items each year, operating a network of 26 logistics centres.

Complex logistics solutions

“Booming online shopping would be inconceivable without the logistics solutions provided by Austrian Post”, declares Max Moser, Head of Parcel Logistics Austria. Today Austrian Post is the leading service provider in the country for delivering mail order parcels. The rapid, nationwide delivery of parcels including the continuous tracking and tracing of the shipments is

guaranteed throughout Austria thanks to seven parcel logistics centres and 17 own delivery bases. And if worst comes to worst, Austrian Post puts its money where its mouth is when it comes to the claim of reliability. The company assumes liability of up to EUR 510 for every parcel it transports in Austria and up to EUR 1,500 for every EMS shipment in Austria.

Austrian Post optimally provides all basic services. However, additional services complementing the simple transport of goods from point A to point B will become increasingly important in the future in order to more clearly set itself apart from the competition. In this regard Austrian Post offers different logistics services along the entire value chain through its subsidiary Systemlogistik, from storage, commissioning and packing to shipment and returns management. An extensive portfolio of complementary solutions designed to meet the most diverse customer demands, complementing Austrian Post’s core business of providing traditional postal and logistics services, is an indispensable aspect of the business today. These range from online and self-service solutions for private customers to Webshop programming and professional marketing services for firms. Sometimes one has to change a few things in order to retain what is good. This also applies to Austrian Post’s pole position in its core business.

“Booming online shopping would be inconceivable without the logistics solutions provided by Austrian Post.”

MAX MOSER, HEAD OF PARCEL LOGISTICS AUSTRIA



DRIVING THE ECONOMY

Austrian Post is responsible for 0.5% of the country's GDP and secures 39,000 jobs in Austria and abroad.

Austrian Post is one of the most important companies in the Austrian economy with its workforce of some 20,000 employees. As the top provider of postal and logistics services, it comprises, so to speak, the "backbone" of the economic system, and ensures the seamless exchange of information and goods between companies, public institutions, consumers and citizens.

The hard facts and figures show the relevance of Austrian Post. According to a study carried out by the research institute Economica in 2013, the economic value added generated by Austrian Post in 2012 amounted to EUR 2.1bn, of which EUR 1.4bn was in Austria.

In addition to the value creation of Austrian Post, this figure also includes the economic value added of supplier companies along the entire value chain as well as the so-called income effects triggered by the generated income. "Austrian Post is not only responsible for its own value creation, but also stimulates additional business activity and thus greater income derived by supplier companies", says Anna Kleissner, Senior Researcher at the Economica Institute for Economic Research. The total income generated, which, for ex-

ample, is paid into the salary account of an employee (working for Austrian Post or a supplier) in turn creates additional value because the employee purchases consumer products or invests in a new apartment.

"Austrian Post is a very high value-added company"

The domestic economic added value of EUR 1.4bn generated by Austrian Post comprises 0.51% of the entire Austrian gross domestic product. A more detailed analysis reveals that Austrian Post is deeply integrated in the Austrian economy. About 70% of the company's total expenditures, or approximately EUR 1.5bn, remain in national hands. 65% of expenses are for staff costs. "This is a very high figure compared to the industry average of 49%. It shows that the services provided by Austrian Post in Austria are high value-added services", Kleissner adds. More than 96% of the expenditures create value in Austria, a further indication of how regionally anchored Austrian Post actually is, and the role it plays in generating further economic value added and jobs on a local basis.

A company which generates income also creates jobs. Austrian Post creates and secures about 29,000

jobs in Austria, or 0.68% of all jobs in the country. On a cross-border basis taking account of the company's international activities, Austrian Post even creates sufficient work for 39,000 people.

Monetary value to the Republic of Austria

The financial performance of a company and the money it pays to public authorities are extremely relevant to the economy and taxpayers. The "fiscal contribution" of Austrian Post includes income taxes, social security contributions, corporate taxes, other taxes such as the value added tax (VAT) and dividend payments to the state holding company ÖIAG and thus to the Republic of Austria. If one adds up all these factors, the fiscal contribution of Austrian Post totalled EUR 714m in 2012. In this way the company made a major contribution to a functioning state in Austria, contributing significantly more, for example, than the so-called bank levy. "Over the past decade, Austrian Post has evolved from a company requiring public subsidies to a successful flagship company generating high monetary benefits for the Republic of Austria", explains Austrian Post CEO Georg Pözl. ■

VALUE CREATION OF AUSTRIAN POST

EUR **714M**

FISCAL CONTRIBUTION

This is the amount Austrian Post contributes to the public sector, for example through taxes, social security contributions and dividend payments.

64.8%

STAFF COSTS

Close to two-thirds of the company's expenditures in Austria are for staff costs.

0.68%

SHARE OF EMPLOYMENT IN AUSTRIA

0.68% of all jobs in Austria can be attributed to Austrian Post.

0.51%

SHARE OF AUSTRIAN GDP

Every two hundredth euro in Austria is generated by the "Austrian Post system".

AUSTRIAN POST PROMOTES VOTER PARTICIPATION

The mega election year 2013 with more absentee voters than ever before increased the mail revenue of Austrian Post.



A voter casting his vote: more than 500,000 Austrians already rely on absentee ballots.

“Austrian Post contributes its know-how to ensuring a vibrant democracy.”

NORBERT KOSICAK,
 HEAD OF BRANCH PUBLIC



People eagerly took advantage of the possibility to cast votes in the parliamentary elections 2013. 12% of the votes cast were actually absentee ballots sent in my mail. Voter turnout rose from 65.9% to 74.4% thanks to more than 542,990 postal voters (source: SORA). Austrian Post ensured a secure, reliable and legally compatible voting process on the basis of its mailing competence. Other instances where voters were called to the polls, such as the referendum on military service and the Vienna referendum as well as provincial elections in the federal provinces of Carinthia, Lower Austria, Tyrol and Salzburg, also led to positive revenue effects in the mail segment in 2013. Postal voters could rely on the secure and trustworthy service of Austrian Post in submitting their ballots. Austrian Post also offers a customer-oriented full service package for all types of elections to cities and municipalities in addition to the national and provincial governments. “A vibrant democracy requires active voter participation. Austrian Post contributes to this on the basis of its know-how“, emphasizes Norbert Kosicak, Head of Branch Public. ■

PER KUVERT TO EVERY HOUSEHOLD

Flyers (leaflets) still comprise the most important advertising medium in Austria. And Austrian Post is one of the most important partners of the advertising industry.

Austrian Post has set new standards in audience reach thanks to the KUVERT. The practical collective advertising envelope bundles un-addressed household advertising and reaches about 3.2m households twice a week. The KUVERT itself also serves as an advertising medium, offering

advertisers a variety of advertising tools, from image advertising via entire issues and cover cooperations to advertorials. Regional advertising and tip on cards (TOCs) are also possible. The smart phone application POST alive connects the offline contents of the KUVERT with online offers and thus breathes life into this advertising medium. This service is designed to appeal to companies which want to reach the largest possible nationwide audience in an inexpensive and effective manner. “The innovation KUVERT introduced by Austrian Post is very successful on the advertising market“, confirms Daniela Osond, Head of

Sales Direct Mail Cover. “The year 2013 once again showed that the advertising envelope KUVERT successfully increased its outreach, number of users and recognition, and in combination with the advertising leaflet comprises an extremely important advertising medium”. ■

The collective advertising envelope KUVERT reaches 3.2m households.



“The KUVERT introduced by Austrian Post is very successful on the advertising market.”

DANIELA OSOND, HEAD OF SALES DIRECT MAIL COVER



NEW RECORD IN PARCEL DELIVERIES

The e-commerce boom has triggered strong growth in Austrian Post's parcel business. The company is the undisputed market leader for private customers, and is already number two in the B2B segment.

Austrian Post is already the second biggest player in Austria for shipping parcels to business customers, a segment that used to be dominated by private mail companies. "Our B2B drive has been a huge success", says Thomas Bissels, Head of Marketing & Sales Parcel Logistics Austria. "Since our market entry in 2008, we have increased our market share from 0 to about 25%". How did Austrian Post manage this impressive performance and catch up so quickly? It did so by deliberately playing on its strengths i.e. a high level of reliability, clear customer orientation and a broad product portfolio, ranging from business parcels, express shipments, contract logistics, warehousing and value logistics to fulfillment services offering solutions along the entire value chain, from Webshop design and implementation to order and delivery management.

Growth is continuing ...

Austrian Post achieved a new across-the-board record volume of parcel shipments in 2013. For the first time it transported about 70m parcels. And it also set a new single-day record of close to 430,000 parcels on December 17, 2013. This gratifying development is not least due to the booming Internet business. Every Austrian already spends an average of EUR 378 per year on online shopping. The domestic e-commerce



Austrian Post enables successful online trading to take place on the basis of its logistics services, and also offers its employees fair working conditions.

market will grow even further, and is expected to expand by 9% to about EUR 5bn by the year 2016. In addition to industry giants such as Amazon, an increasing number of established retailers are taking advantage of the opportunity to sell their products via Webstores.

Austrian Post enables online success

Today it is not unusual to sell goods over the Internet. However, in order to be really successful, every online retailer needs a reliable logistics partner. This is because the real high-tech challenge in the field of e-commerce is in perfectly handling logistics, from the acceptance of incoming goods,

storage, commissioning and packing to shipping and returns management. Moreover, Austrian Post also offers various Webshop solutions to its customers. The technical term is fulfillment solutions. "Austrian Post enables successful online trading to take place on the basis of its logistics services. We make it happen!", says Gerald Gregori, Head of Logistics Services.

Fair working conditions

Austrian Post differs from its competitors in one important respect in that the company guarantees fair working conditions. Modern equipment, appropriate pay and intelligent tour planning go down well with employees.

"Austrian Post's B2B drive has been a huge success."

THOMAS BISSELS, HEAD OF
MARKETING & SALES PARCEL
LOGISTICS AUSTRIA



FACTS

CORE BUSINESS IN AUSTRIA

NO.1

AUSTRIAN POST IS THE UNDISPUTED MARKET LEADER IN THE DELIVERY OF LETTERS AND PARCELS IN AUSTRIA.

17.5

KILOMETRES IS THE LENGTH OF THE CONVEYOR BELTS IN AUSTRIAN POST'S LOGISTICS CENTRES.

9,000

VEHICLES COMPRISE THE AUSTRIAN POST'S VEHICLE FLEET.

3.2M

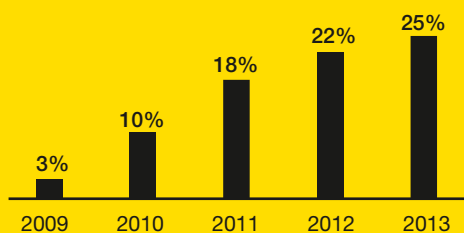
HOUSEHOLDS ARE REACHED TWICE WEEKLY BY THE COLLECTIVE ADVERTISING ENVELOPE "KUVERT".

200,000

KILOMETERS IS THE DISTANCE THE AUSTRIAN POST DELIVERY STAFF TRAVEL EVERY DAY.

B2B OFFENSIVE

In just a few years Austrian Post managed to become the no. 2 in Austria for business customer parcels



■ Market share of Austrian Post

Source: Kreutzer, Fischer & Partner

5 TIMES PER DAY IS THE FREQUENCY WITH WHICH OUR DELIVERY STAFF CIRCLES THE EARTH

AUSTRIAN POST ENSURES THE SUPPLY OF BASIC POSTAL SERVICES IN AUSTRIA



- In six mail and seven parcel logistics centres...
- ... 5.7bn mail items are sorted each year ...
- ... before more than 10,000 mail carriers ...
- ... deliver the mail to 4.3m households and companies in Austria.

THE BEST NETWORK

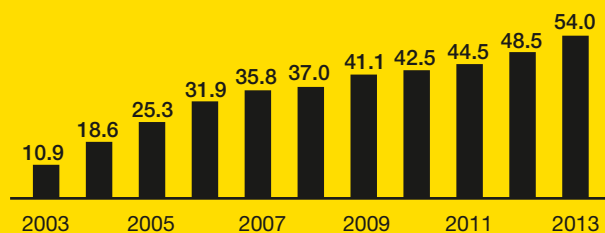
Austrian Post boasts the largest private customer network in the country. 1,894 postal service points, including 1,359 postal partners, ensure the nationwide supply of postal services.

1,894



TREND: ONLINE SHOPPING

Booming e-commerce increases the need for postal and logistics services. More than every second Austrian has parcels sent from Web shops.



■ Online shoppers as a % of the population

Source: Austrian Statistical Office



ENTERING NEW TERRITORY

AN EYE ON GROWTH MARKETS

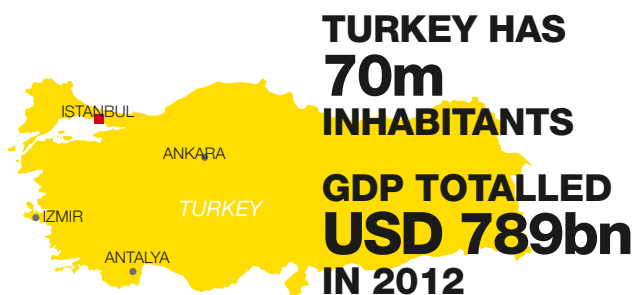
Whoever wants to maintain a top market position must keep his eyes and ears wide open and be constantly prepared to transcend boundaries and overcome barriers, whether geographical or mental. For years the number one postal company in Austria has been taking its know-how to new growth markets, and has already achieved a top market position in numerous countries. In the same regard, innovative postal services are continually tapping into new growth areas. In turn, this opens up new potential for the future.



WWW.PICTUREDESK.COM

GROWTH IN FUTURE MARKETS

Austrian Post is exploiting opportunities in Central and Eastern Europe, and has established itself in the entire region as one of the leading postal service providers and a driving force of quality.



Austrian Post has been successful for many years beyond the country's borders. "Tapping into growth markets has proven to be a very successful strategy for us", states a satisfied Peter Umundum, Member of the Management Board and Director of the Parcel & Logistics Division. The 25 subsidiaries operating primarily in Central and Eastern Europe but also in Germany already account for an impressive 30% of total Group revenue.

Building upon these positive experiences, Austrian Post took another major expansion step and entered the promising Turkish market in the summer of 2013. "This is a milestone in our international corporate development. The Turkish parcel market boasts enormous growth potential", adds Stefan Heiglauer, Head of CEE Parcels. More specifically, Austrian Post acquired a 25% interest in the parcel services provider Aras Kargo. The remaining shares are held by the

- The Turkish parcel market achieved an estimated revenue of **EUR 1.04bn** (estimate by KEP research) in 2013 and features annual growth of about 13%.
- The logistics services company Aras Kargo has a **26% share** of the Turkish parcel market and is thus the number two provider at the present time.
- Annual per capita parcel revenue in Turkey is **EUR 11**, compared to EUR 69 in Austria and even EUR 116 in Germany.

founding family. However, Austrian Post is entitled to increase its stake by an additional 50% to a total of 75% by 2016. "Aras Kargo boasts an outstanding track record on the Turkish parcel market, and features a high level of service", says Martina Supper, Head of Mergers & Acquisitions Parcel & Logistics CEE. "Thus the acquisition fits us perfectly".

"Aras Kargo boasts an outstanding track record on the Turkish parcel market."

MARTINA SUPPER,
HEAD OF MERGERS & ACQUISITIONS
PARCEL & LOGISTICS CEE



Strong revenue growth

Aras Kargo, established in 1979, most recently generated annual revenue of approximately EUR 250m, boasting a 26% market share of the Turkish parcel business. Over the past few years the company has been able to disproportionately profit from the expansion of the parcel market, and post annual revenue growth of 16%. Profitability has also climbed continuously. In 2012 Aras Kargo achieved an EBITDA margin



exceeding 10%. The company operates a nationwide network of about 840 shops, 28 distribution centres and 2,500 delivery vehicles, with a staff of approximately 5,400 salaried employees.

Enormous growth potential

In recent years the Turkish parcel market has grown by an average of 13% per year. And this positive development is far from being over. The parcel sector in Turkey anticipates 27% overall growth by 2015. The reason for this is that average annual per capita parcel revenue is just EUR 11, in contrast to EUR 69 in Austria and EUR 116 in Germany, and even higher in countries such as Norway and Sweden. In other words, strong growth is more or less inevitably bound to happen. Austrian Post now wants to contribute its logistics know-how and the existing European network to the new partnership with Aras Kargo

in order to jointly exploit these growth opportunities and capture market leadership on the Turkish parcel market.

Strong parcel market in CEE

A lot also happened in the CEE region in 2013. Austrian Post once again expanded its top market position in the parcel business. “We are the B2B market leader in Slovakia, Croatia, Bosnia-Herzegovina, Montenegro and Serbia”, states Stefan Heiglauer. Austrian Post is also well under way in the private customer segment. Every fourth X2C parcel shipment is already handled by Austrian Post, in Hungary even every third parcel in this segment. In spite of the difficult conditions such as high inflation in some countries accompanied by ongoing price pressure, Austrian Post’s parcel operations are growing at a faster rate than the region’s econo- ▶

STRONG DEVELOPMENT IN HUNGARY

THE SUBSIDIARY TRANS-O-FLEX HUNGARY INCREASED REVENUE AND SHIPMENT VOLUMES BY 20% IN 2013.

Austrian Post's subsidiary in Hungary can look back at an exceptionally good financial year. Revenue and shipment volumes both rose by about one fifth, whereas the number of international parcels even climbed by 50%. "We are winning over our B2B customers, particularly with our combined freight offering featuring guaranteed delivery dates and expanded storage services", says a pleased Peter Pesztericz, Managing Director of trans-o-flex HU. The private customer segment is also showing an excellent development, with revenue up 25%. This means every third parcel transported by Austrian Post in Hungary is already X2C shipment. These successes can be attributed to a series of important innovations. A new modern warehouse in Budapest and a new depot in Tatabánya increased the capacity for warehousing and distribution. The international service offering was expanded by including the two new destinations of Croatia and Slovenia. A more customer-friendly Website and a new call center have served to enhance efficiency and service quality. As a result, the number of missed incoming calls was reduced by 20%. "We will continue on our path to success by more firmly anchoring the focus on customer orientation in our internal processes and human resources development work", Pesztericz adds.

my as a whole. The basis for this success story is the excellent transnational quality of service, the customer focus and the efficient parcel logistics infrastructure consisting of nine hubs, 69 depots and 900 delivery vehicles setting the highest quality standards.

Modernisation of facilities

"Austrian Post along with its strategic investments in CEE and SEE is a driving force behind service quality in the entire region", explains Andreas Mayr, Head of Strategic Investment Management CEE Parcels. This applies to technical equipment and internal processes as well as human resource

SUCCESSFUL IN BULGARIA

AUSTRIAN POST HAS A MAJORITY STAKE IN THE BULGARIAN MARKET AND QUALITY LEADER M&BM EXPRESS.

Austrian Post has held a 51% shareholding in M&BM Express since the beginning of 2013. In addition to the traditional mail segment, in which the company has a market share of about one-third, M&BM Express is also market leader in the field of hybrid mail. Every month thirteen million pages are printed and enveloped in the company's four fully-equipped printing and enveloping centres. M&BM can quickly and flexibly support customers in the entire country thanks to its decentralised structure and 72 sites it operates.

"Our customers receive comprehensive services from a single source. Our success factors include a professional management team, established structures, a high level of flexibility and naturally longstanding experience", says Silvia Nakova, CFO of M&BM Express. Real-time monitoring as well as customised solutions for business and private customers are further ingredients in M&BM's recipe for success. More than 2,600 people work at M&BM Express, delivering about 70m addressed mail items in more than 130 delivery vehicles.



Every third parcel shipment to private customers in Hungary is already handled by Austrian Post.

standards. In the meantime, all drivers have been equipped with scanners, ensuring tracking and tracing of all parcels. For the most part, data can be transmitted online, which enhances the quality of the data and thus minimises the error rate. The modernisation of facilities also ensures efficient processes and improved working conditions. For example, Austrian Post also makes sure that its CEE subsidiaries make use of state-of-the-art sorting technologies. Similarly, investments are constantly being made to enhance the competence of employees. A comprehensive training programme is being implemented to impart cutting edge know-how to drivers, customer services and logistics employees. The results confirm that the company is on the right track. The indicators for throughput time and the complaint rate are excellent, and underline the consistently high service quality throughout the region.

Croatia's EU membership

Croatia's EU membership in the summer of 2013 will also certainly open up new opportunities. Since 2003 Austrian Post has held a 100% stake in Overseas Express, the top provider on the Croatian B2B parcel market. Further significant growth in parcel volumes is expected due to the simplified procedures resulting from EU accession, for example with respect to customs regulations – not least in the promising field of e-commerce. "The EU Customs Union opens up new revenue potential for us. In order to exploit these possibilities, our sales team already did considerable preliminary work before the country's accession to the EU, such as customer visits, a newsletter and sales pitches per telephone", explains Boris Brkovic, Managing Director of Overseas Express.

Successful networks

All CEE subsidiaries of Austrian Post participate in the B2B network of EURODIS, an association linking leading European transport companies. Together with logistics specialists, for example from Italy, Great Britain and the Netherlands, the network offers an efficient transnational combined freight distribution service for about 140m shipments each year consisting of parcels and pallets. Scheduled transport and delivery services between Vienna and Zagreb are also carried out by EURODIS since Croatia's accession to the EU. Moreover, new links have been established between Slovakia and Croatia or Hungary and Croatia. The transport of parcels and pallets to Bosnia-Herzegovina, Montenegro and Serbia and the required customs formalities are now also handled by Austrian Post's subsidiaries via the EURODIS network.

By the way, the CEE subsidiaries of Austrian Post are gradually being integrated into the Hermes network. Accordingly, since August 2013 parcels from Hermes shops in Germany and Austria have been directly delivered in Slovakia, the Czech Republic and Hungary.

Taking advantage of liberalisation

Austrian Post is also very active in the CEE mail delivery segment. In 2013 the final remaining eight letter mail markets in Central and Eastern Europe were completely liberalised. This means that new growth opportunities are presenting themselves to Austrian Post in addition to its current business operations. "We identified business opportunities in CEE early on and actively exploited them. For this reason, the region has emerged as an important sales market for us in recent years", says Claus Renner, Senior Sales Management CEE. Similar to its operations on the Slovakian market, Austrian Post has also been offering cost-efficient and high quality solutions for the delivery of conventional mail in Croatia and Romania since 2012 through its subsidiaries. "In the first year of service we successfully took advantage of the newly-opened markets and generated significant volumes on the basis of targeted preparations and by meeting various customer requirements", Claus Renner adds. ■

"The CEE region has emerged as an important sales market for Austrian Post."

CLAUS RENNEN, SENIOR SALES MANAGEMENT CEE



"RENAISSANCE OF THE SILK ROAD"

Aras Kargo aims to become one of the leading companies in Turkey with the support of Austrian Post.



Evrim Aras is CEO of Aras Kargo.

Ms. Aras, what do you expect to gain from the partnership with Austrian Post?

EVRYM ARAS: This partnership represents an important further step in our corporate development. Together we want to transform Aras Kargo into one of Turkey's leading companies. Austrian Post is a key player on Europe's parcel market, and enjoys extensive credibility. For

example, we expect Austrian Post to provide valuable impetus with respect to corporate governance, stronger links to international logistics networks as well as European technological standards. And naturally we expect the company's input in the fields of innovation and customer service. All these factors will have a positive impact on our growth.

How will the Turkish market for postal and logistics services develop in the years to come?

ARAS: The Turkish logistics sector features very positive growth prospects for the future, even if considerable progress still has to be made in many areas. Annual parcel revenue per capita in some European countries is 21 times higher than in Turkey. This figure alone shows the extensive growth potential we can and aim to exploit. Moreover, the global trend towards e-commerce also opens up huge opportunities for the Turkish market, especially in the B2C segment. Turkey is very favourably located from a strategic and geographical perspective. Thanks to developments in the global economy, transport routes through Central Asia and the Middle East are gaining immensely in importance. The historical Silk Road is in the midst of a renaissance. And this comprises a major opportunity for Turkey to become a leading business hub along this new Silk Road and thus the logistics interface between East and West.

PHARMACEUTICAL LOGISTICS OFFER GROWTH PROSPECTS

The legal requirements for transporting pharmaceuticals have become more stringent. The German subsidiary trans-o-flex is selectively taking advantage of this growth opportunity.

The ongoing monitoring of temperatures is one of the requirements contained in the new EU guideline.



LEAN, FULLY SORTED AND COMPLETELY NEW

THE PHARMACEUTICAL WHOLESALE COMPANY AEP DIREKT

Austrian Post is successively intensifying its involvement in the strongly growing pharmaceutical and healthcare market on the basis of a new business model. Together with its partners, Austrian Post in its role as the lead investor has developed a completely new concept for the pharmaceutical wholesale trade in Germany, and has founded AEP *direkt*. The company, whose name stands for "Apotheken-Einkaufs-Partner" (Pharmacy Purchasing Partner), supplies all German pharmacies with pharmaceutical goods on a daily basis.

"Ideal complement to the business model"

"The business model of AEP *direkt* ideally complements our business in Germany. Today trans-o-flex already delivers to all German pharmacies", says Carsten Wallmann, Head of Strategy & Group Development. "At AEP the pharmacies directly benefit from clearly defined and favourable terms and conditions of a fully stocked pharmaceutical wholesaler as well as the reliable supply of the required goods every morning by 2,500 trans-o-flex drivers", he adds. The central storage facility operated by AEP *direkt* is located directly next to a network site of trans-o-flex in Alzenau, thus benefitting from the advantageous location in the heart of Germany, in close proximity to Frankfurt. "We can permanently pass on the cost advantages to pharmacies thanks to the lean logistics processes without the need for cost-intensive sales and distribution structures", state Jens Graefe and Markus Eckermann, Managing Directors of AEP *direkt*. "On the basis of these conditions we can clearly differentiate ourselves from conventional pharmaceutical wholesalers in Germany, which are characterised by a lack of transparency due to their confusing and complex discount system and invoicing for pharmacies."

Pharmaceutical logistics is a market niche but one which bears considerable potential. "For years we have been investing in know-how as well as in technical equipment in this area. We are capable of offering the highest quality standards to the pharmaceutical industry", says Oliver Rupp, Chairman of the Management Board of trans-o-flex. "Pharmaceutical logistics is a very attractive business. For this reason we will continue along this path in order to consistently exploit these growth opportunities." The new EU guideline on "Good Distribution Practice" was published in the spring of 2013 and had to be put into practice in all EU member states by September 2013. The underlying objective is to secure and raise standards relating to pharmaceuticals transport. "This is a good thing for consumers, but also good for logistics companies committed to high quality service, as we are", explains Christian Knoblich, Managing Director of trans-o-flex. trans-o-flex fulfilled the most important requirements involving the transport as well as the storage of pharmaceutical products before the new regulations took effect.

Steady increase in demand

For example, the new rules stipulate that specified temperatures must be checked and maintained during the transport process between the sellers and recipients. The business area trans-o-flex ThermoMed offers so-called "active temperature-controlled" logistics solutions for pharmaceutical goods in its own special network. Temperature control in the vehicles and transshipment warehouses ensures operations within the required temperature range. As a result, elaborate temperature-controlled packaging is no longer necessary, which in turn increases security and reliability. Sensitive goods are transported at temperatures at a range of 2 to 8 and 15 to 25 degrees Celsius. "The demand for active temperature-controlled transport is steadily rising", Knoblich adds. The growth rates in the field of pharmaceuticals

THE BIGGEST AUSTRIAN POST SUBSIDIARY

TRANS-O-FLEX OPERATES THROUGH EUROPE

The largest Austrian Post subsidiary has 1,800 employees. Its operations are based on three pillars:

1. trans-o-flex Schnell-Lieferdienst offers a nationwide network in Germany for the transport of parcels and pallets (combined freight). At the same time, trans-o-flex ensures nationwide combined freight transport in 34 European countries via the EURODIS network.
2. The trans-o-flex subsidiary ThermoMed has its own special network featuring active temperature-controlled logistics solutions, transporting temperature-sensitive goods for the pharmaceutical industry, also to 15 other European countries via the EUROTEMP network.
3. Comprehensive logistics services, from warehousing and commissioning to value-added services and continuous process solutions, are offered by the trans-o-flex subsidiary Logistik-Service.

and health care have led trans-o-flex to build a new logistics centre in Alzenau, Lower Franconia. The facility, located only 30 minutes from the international airport in Frankfurt am Main, has offered warehousing and specialised services since it commenced operations at the beginning of 2013. The logistics hub is specially tailored to the needs of the pharmaceutical and health care sectors, from its technical equipment to operating temperatures. For example, the permanent temperature monitoring can be viewed by customers on the Internet at any time. Speed is another key success factor for trans-o-flex. Customer orders processed before 9 p.m. are delivered by the company throughout Germany on the next working day.

Reliable supply even in crisis situations

The field of pharmaceutical logistics is definitely more than just another growth opportunity for Austrian Post. "A well-functioning supply chain for medicines is essential for the entire society", Rupps says. That is why trans-o-flex is the only logistics service provider to participate in the research project SafeMed, which is funded by the German Federal Ministry of Education and Research (funding code 13N11194). ■



"The new EU guidelines are good for logistics companies committed to high quality service."

CHRISTIAN KNOBLICH, MANAGING DIRECTOR OF TRANS-O-FLEX

"A LOGISTICAL TOUR DE FORCE"

Baxter has been relying on trans-o-flex for 15 years to deliver temperature-sensitive pharmaceuticals.



Torsten Czapka,
Director Country
Operations, Baxter
Germany

How do you think the new EU guideline for transporting medicines will affect logistics in the pharmaceutical industry?

TORSTEN CZAPKA: The impact can be observed everywhere. The demands placed on pharmaceutical logistics will increase even more, not only in maintaining specified temperatures but also with respect to hygiene, documentation, staff and the required facilities for interim storage.

You not only entrust trans-o-flex with the task of supplying pharmacies, hospitals and doctors with temperature-sensitive drugs, but also home patients requiring dialysis solutions. What experience have you had with this?

CZAPKA: Temperature-controlled delivery to the residences of private individuals, so-called "free delivery to the point of use" poses an increasingly tough challenge. This is a logistical tour de force for all those involved in the supply chain. But the efforts pay off. Baxter's kidney replacement therapy at home offers patients the greatest flexibility, familiar surroundings and freedom of movement. This approach will steadily gain in popularity in the years to come due to demographic changes.

Generally speaking, what are the strengths of the trans-o-flex Group?

CZAPKA: Over the past 15 years we have developed a relationship characterised by a spirit of partnership which fulfills the highest demands with respect to quality, speed and delivery transparency. Thanks to trans-o-flex we can choose among different solutions in the field of fine distribution, enabling us to bring Baxter products as quickly and securely as possible to those who need them, so that we can save and preserve lives.

NEW SERVICES FOR A NEW CENTURY

Austrian Post is also opening up new growth areas on its domestic market of Austria based on hybrid communications, efficient mailroom management and dialogue marketing services.

Austrian Post does more than just transcend geographical boundaries in order to exploit growth opportunities. Its service portfolio is being continually enlarged. It is a fact that communication is becoming increasingly data- and document-intensive, thus requiring completely new approaches. "Naturally one key measure on the part of Austrian Post is to expand the traditional business by offering digital solutions", says Georg Mündl, Head of Mail Solutions.

Goodbye to piles of paper

The Mail Solutions business area supports customers with professional information management, and offers them an effective interface for both physical and electronic communications. One example is mailroom management. The volume of mail items a company has to process everyday is enormous. For this reason, Austrian Post has assumed responsibility for the entire mailroom management of numerous customers, and frees them from drowning in paperwork thanks to its scanning services. "Outsourcing means leaner administrative processes and greater efficiency. By outsourcing the processing of their mail, companies can reduce their costs in this area by up to 50%", says Martin Ferger, Mailroom Services.

Hybrid thinking

Regular business mail can be digitally sent to Austrian Post, which

"Outsourcing enables companies to reduce their costs by up to 50%."

MARTIN FERGER,
MAILROOM SERVICES



The Mail Solutions business area serves as an interface for physical and electronic communications.

subsequently takes care of all further steps, from packing and enveloping to shipment. When it comes to digital delivery, Austrian Post ensures functioning interfaces, secure transmission and automatic online storage. "At present we are transmitting some 370,000 e-payslips each year on behalf of our customers", says Wolfgang Gschwandtner, Key Account Manager.

Multi-channel dialogue

The multi-channel dialogue services provided by Austrian Post make advertising campaigns really efficient. "Austrian Post is the largest Austrian dialogue market company. We

boast the most extensive experience across all industries", claims Michaela Gruber, who is responsible for project and business development management in the Mail Solutions segment. In this regard, Austrian Post not only guarantees reliable delivery but supports its customers, for example by offering geomarketing as the basis for a precise target group-oriented selection of distribution areas or by providing comprehensive address management services.

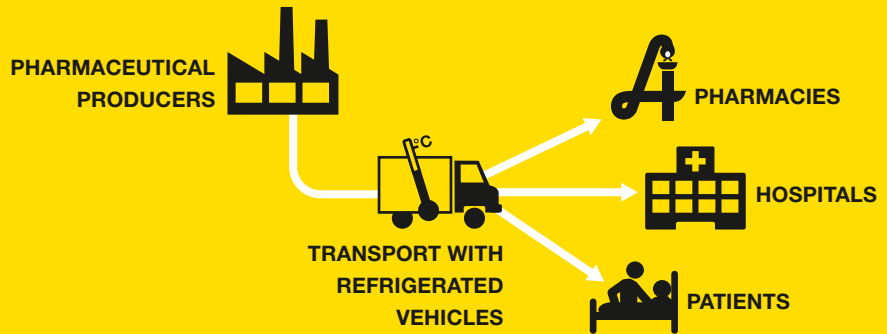
The best addresses

The perfumery market leader Marionnaud relies on the best addresses. The address information is already checked by Austrian Post when the customer data is recorded. The online portal www.addresscheck.at offers further solutions. If a customer has moved, the new address is entered into the system. Renamed addresses are corrected and missing information is added. "At present 1.2m customers have a reward card from Marionnaud. With the help of Austrian Post our direct mailings achieve optimal results with this enormous group of prospective buyers with the added advantage of the lowest possible printing and postage costs", according to Martin Gaber, General Manager of Marionnaud Austria. ■

PHARMACEUTICAL LOGISTICS

A NICHE MARKET WITH EXTENSIVE POTENTIAL

MORE STRINGENT REQUIREMENTS, E.G. "ACTIVE" TEMPERATURE CONTROL, INCREASE DEMAND FOR SERVICE PROVIDERS ABLE TO GUARANTEE HIGH QUALITY.



FACTS

NEW MARKETS

NO. 1

IS THE MARKET POSITION OF AUSTRIAN POST IN DIFFERENT SEGMENTS IN BULGARIA, CROATIA, SLOVAKIA, BOSNIA-HERZEGOVINA AND SERBIA.

13%

IS THE ANNUAL GROWTH RATE OF PARCEL VOLUMES IN TURKEY.

6%

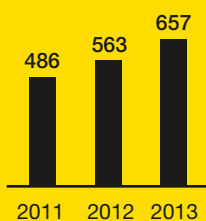
REVENUE GROWTH FOR PARCELS IN CEE.

13

MARKETS ARE PROVIDED WITH INNOVATIVE POSTAL AND PARCEL SERVICES BY AUSTRIAN POST.

9/1, 2013

IS THE DATE WHEN THE EU GUIDELINE "GOOD DISTRIBUTION PRACTICE" TOOK EFFECT. IT DEFINES NEW STANDARDS FOR PHARMACEUTICAL LOGISTICS.



■ Aras Kargo revenue in TRYm

GOING SKY HIGH

PERSPECTIVES FOR THE TURKISH MARKET REMAIN VERY POSITIVE.

HYBRID COMMUNICATIONS

DIGITAL SOLUTIONS ARE GAINING IN IMPORTANCE



AUSTRIAN POST'S MAIL SOLUTIONS BUSINESS AREA OFFERS ITS CUSTOMERS AN INTERFACE FOR PHYSICAL AND ELECTRONIC COMMUNICATIONS – FROM EFFICIENT MAILROOM MANAGEMENT AND SCANNING SERVICES TO EXCLUSIVELY ELECTRONIC MAIL DELIVERY.

STRONG PRESENCE

AUSTRIAN POST IS ACTIVE IN A TOTAL OF 13 COUNTRIES VIA ITS SUBSIDIARIES – FROM ITS DOMESTIC MARKET OF AUSTRIA TO THE PROMISING FUTURE MARKET OF TURKEY.





FOCUS: EFFICIENCY

EFFECTIVE, PERFORMANCE-ORIENTED

Peak performance at peak times? The world of postal and logistics services is subject to constant change and always faces new challenges. That is the reason why Austrian Post has to continuously become more efficient. In turn, this is only possible by leveraging the very best know-how and high-tech. For this purpose Austrian Post is permanently expanding its hard-hitting, high-performance logistics infrastructure. At the same time, it relies on intelligent solutions and good management. The result is the highest quality and maximum efficiency.



TACKLING THE FUTURE WITH INTELLIGENCE AND HIGH-TECH

Austrian Post is investing EUR 300m in the future of the company. The aim is to achieve the highest possible efficiency in all its business processes.

The new inserting machines, so-called "collators", bundle mail items for the collective advertising envelope KUVERT, among other tasks.



Our most important task is to sustainably safeguard the future of Austrian Post”, says Chief Financial Officer Walter Oblin. In accordance with this objective, Austrian Post is carrying out numerous measures designed to ensure the consistently high quality of its services in the most efficient and cost-saving manner possible. The pre-requisites are investments in state-of-the-art technologies which serve as the basis for further capacity and efficiency increases.

Investments of EUR 300m

On balance, the company will invest about EUR 300m in its future in the period 2012–2014.

“This even represents quite a lot of money for a large company as ours”, emphasizes CFO Oblin. “Nevertheless, this amount comprises a healthy level of investment. Austrian Post can finance these investments from its cash flow and neither has to draw upon its own resources nor take out loans.”

A total of six new “flatsorters” were purchased for the Austrian Post logistics centres in Vienna, Graz, Salzburg and Hall as well as for the new logistics centre being built in Allhaming. These high-tech machines can sort and process mail items in a fully automated fashion. The enhanced performance of the new system has resulted in perceptible improvements. The equipment can sort mail items much more quickly than the previous generation. Each of these machines can process close to an unbelievable 38,000 mail items per hour, items of up to a B4 format, a thickness of 3 cm and a maximum weight of 2 kilos per item.

Small letter sorting facilities

This is far from the whole story. In 2014, the planned investments will also focus, amongst other projects, on introducing new small letter sorting facilities. “In January 2014 Austrian Post already began installing the new machines in the logistics centres”, according to Bernward Aspiron, Head of Logistic Centre Processes. They will enable the speedier sorting of small-sized mail. In this regard, the so-called sequencing process

for smaller mail will be carried out mechanically by the newly installed machinery. Supported by the appropriate software, this technology will allow for the mail items to be automatically sorted to the designated delivery routes in the proper sequence, which in turn facilitates the delivery work for this part of the mail.

Up until about EUR 8m has been dedicated to purchasing the new inserting machines known as “collators”. These are machines which can mechanically bundle unaddressed mail items. The collators are being deployed to put together the new KUVERT, the collective envelope for Austrian Post’s advertising mail which was launched on the marketplace in 2012. This measure has also significantly increased efficiency, because in the past the work had to be done manually in a tedious and time-consuming process.

Finally, an investment of the utmost importance is the completely new logistics centre under construction in Allhaming, Upper Austria, which will come on stream in the fall of 2014.

This expansion was necessitated by the growing volume of parcels, which in turn is related to the ongoing boom in e-commerce (for more information refer to page 56). However, the newly-constructed high-performance Parcel Depot Wien Nord which opened in 2012 has also led to a considerable rise in logistics efficiency. In addition, the nationwide adoption of handheld computers for parcel and mail carriers has proven to be extremely successful. They massively reduce administrative work. As a result, mail items are delivered more quickly to customers (refer to page 57). ▶



“In January 2014 Austrian Post already began installing the new small letter sorting machines.”

BERNWARD ASPRION, HEAD OF LOGISTIC CENTRE PROCESSES

BUILDING BLOCKS FOR AUSTRIAN POST'S LONG-TERM SUCCESS

EUR 40m

... has been invested by Austrian Post up until now to modernise its branch offices, giving customers a completely new shopping experience.

EUR 8m

... is the cost of the new inserting machines, the so-called collators, which automatically bundle unaddressed direct mail items, for example for the collective advertising envelope KUVERT.

EUR 20m

... were invested in new flatsorters, which are high-tech machines enabling the fully automatic sorting of mail items. And they work extremely fast. One flatsorter can manage up to 38,000 mail items per second.

EUR 9m

... is the price tag for the new handheld computers Austrian Post purchased for its delivery staff. This means less paperwork, more efficiency and improved interaction with customers.

Austrian Know-how is internationally successful

Of course Austrian Post is also spending a bunch of money on modernizing the business operations of its subsidiaries outside of the country. "We have accumulated excellent know-how", says Stefan Heiglauer, Head of CEE Parcels. "It is just as well that we transfer this expertise abroad, put it to good use and thus extend it further. By doing so we ultimately secure jobs in Austria. Moreover, in the logistics sector one cannot simply think in national terms but must always also see things from an international perspective." Austrian Post is attaching great importance to the field of pharmaceutical logistics, in which it continues to commit its know-how and make investments in technical equipment, especially in Germany. The new logistics centre in Alzenau, Lower Franconia, has offered warehousing and specialised services specifically tailored to the requirements of the pharmaceutical and health care sectors since it commenced operations at the beginning of 2013. This includes the permanent

recording of temperatures as well as documentation on pest control, which customers can view online at any time.

Modern branch offices

Austrian Post has invested EUR 40m over the last three years to modernise its branch network. The result is that the new outlets provide a completely new shopping and service experience. Accordingly, the branch office design has also already gained international recognition. The self-service zones installed in an increasing number of branch offices enhance customer benefits by allowing customers to take care of their postal business around the clock regardless of normal branch office opening hours. The latest innovation – the collection station – was first introduced in November 2013. Here customers can more easily pick up their parcels as well as large-sized or registered mail items, around the clock, seven days a week. 400 such collection stations are planned to be installed for the benefit of customers by 2016. "The entire

A single flatsorter processes up to 38,000 mail items per hour.



spectrum of self-service solutions shortens waiting times in the branch offices and thus increases customer benefits”, according to Eva-Maria Spindler, Head of Branch Network Sales Development.

Austrian Post is continuously investing in the country’s largest vehicle fleet consisting of about 9,000 vehicles. In 2013 it spent more than EUR 10m to make its delivery vehicles – cars and lorries – more modern and environmentally-friendly. For example, 71 new lorries (EEV standard) were put into operation. They are replacing the vehicles complying with the Euro III emission norms. As a consequence, the level of hydrocarbons, carbon monoxide, nitrogen oxide and soot released into the atmosphere is significantly reduced. Another important aspect is the gradual changeover to e-mobility, in which the company invested about EUR 2m in 2013. Austrian Post purchased 381 electric-powered vehicles in the past financial year. On balance, 653 e-vehicles are in operation in the yellow-coloured vehicle fleet.

Optimisation of processes

In addition to the investments in new technologies, all internal processes are subject to a constant analysis to check for potential efficiency improvements. For example, a concept for the optimal layout of a delivery base was developed within the context of the project entitled OPEX (Operational Excellence) being carried out partly in collaboration with the Vienna University of Technology. In turn, the project ARTE has led to a 6% increase in logistics productivity.

The reorientation and concentration of all the purchasing activities in the Group within the context of the “Procurement Excellence” project led to a significant optimisation in this area by exploiting potential cost savings at the “outer edge” of the company. In this regard, Austrian Post carried out more than 150 cost-reduction projects, in part relying on innovative approaches such as e-auctions. “On balance, optimising our procurement has already helped us to achieve cost savings of EUR 30m”, says Horst Ullrich Mooshandl, Head of Group Purchasing. ■

“Procurement optimisation has helped us to already achieve cost savings of EUR 30m.”

HORST ULLRICH MOOSHANDL,
HEAD OF GROUP PURCHASING



“SAVING MONEY BY THINKING THINGS OVER”

Efficiency thanks to brainwork: Austrian Post succeeded in boosting its productivity by 6% over the last two years thanks to the project ARTE.



Martina Toth is Head of Operations Parcel Logistics.

What is at the bottom of the project called ARTE?

MARTINA TOTH: The objective is to improve processes along the logistics chain, and manage to operate with the available resources. In other words, the project did not involve additional investments or changes. The consequence was that the proposed measures could be implemented immediately. The

optimizations were developed by precisely observing processes that are actually carried out in the logistics centres and exploring how efficiency could be improved. On this basis the to-be processes including performance indicators were defined and implemented at the logistics centres.

What impact did the project ARTE have at Austrian Post?

TOTH: Thanks to the project we managed to considerably improve the relevant indicators on a short-term basis. As a consequence, the net machine capacity in the logistics centres was increased by up to 10% and the error rates were significantly reduced. Optimised information processes helped to correspondingly improve our ability to provide relevant information to customers. On balance, the average productivity increase was around 3% per year. This means that it is not absolutely necessary to invest a lot of money in order to achieve improvements. One can also save money through brainwork.

What are the next steps?

TOTH: An important long-term consequence is that a transformation in our corporate culture i.e. the way we do things has been initiated and a change process has been set into motion. The aim now is to embed a continuous improvement process in the company. The conclusions derived from the project have led to the development of a training programme which will be rolled out throughout the Group in 2014.

MORE POST FROM ALLHAMING

Due to rising parcel volumes Austrian Post is expanding its logistics capacities in Upper Austria at a cost of EUR 50m.

In August 2013 Austrian Post launched one of its largest construction projects in recent years. In order to ensure the optimal processing of mail items in Upper Austria, the company initiated construction of a completely new logistics centre in Allhaming, located about 20 kilometres southwest of Linz.

“A totally new logistics centre is being constructed from scratch, which is tailored to our specific needs from one end to the other and equipped with state-of-the-art facilities”, says Wilhelm Paulik, Allhaming Logistics Centre Project Manager.

The new complex will replace the existing logistics centre in Linz, which can no longer cope with growing demands in spite of adap-

tations that were carried out. Simply speaking, its capacity is not sufficient enough to handle the rising parcel volumes, triggered by the e-commerce boom, among other factors. This is especially true at peak times, for example before Christmas. “In particular the quantity of parcels transported from Germany to Austria via Upper Austria is increasing from year to year”, states Josef Kreindl, Regional Manager Parcel Logistics Central Austria.

Automatic sorting facility

Austrian Post is now investing some EUR 50m to construct a modern logistics hub on a 82,000m² commercial property located directly on Austria’s Western Highway. The new site is scheduled to come on stream in September 2014. Its capacity is designed to process 1.6m letters and 100,000 parcels each day. The heart of the logistics centre is the fully automatic sorting and conveyor system ensuring quick processing and error-free distribution of mail items in Upper Austria and parts of Lower Austria.

Three small letter sorting machines have been purchased to automatically process small-sized letters and to sort mail items destined on the one hand for other federal provinces in Austria and on the other hand destined for each of Upper Austria’s delivery entities. This equipment will be complemented by a sorting machine for large letters as well as automatic conveyor and sorting machinery for parcels.

Rooftop solar energy

The new logistics centre is not only a state-of-the-art plant with respect to the sorting machines. A photovoltaic facility will be mounted onto the hall roof, boasting an peak output of about 496 kilowatts, producing approximately 496,000 kilowatts hours of electricity annually. The generated electricity will be primarily used to operate the electric-powered vehicles belonging to the facility’s own vehicle fleet.

Shuttle services will also be available for the workforce of about 650 employees to make their commuting to work as comfortable and convenient as possible.

“The new logistics centre is tailored to our specific needs.”

WILHELM PAULIK,
ALLHAMING LOGISTICS
CENTRE PROJECT MANAGER



The new Allhaming logistics centre is scheduled to be put into operation in September 2014



A quick signature, a scanning of barcodes: new technology ensures state-of-the-art customer service and makes work easier.

WELL INFORMED, QUICKLY DELIVERED

All carriers of mail at Austrian Post are equipped with modern handheld computers. This improves the interaction with customers, among other advantages.

I am not a computer expert, but I did not have any problem learning how to use the handheld computer," says Karl Mandl of the delivery staff serving Judendorf-Straßengel. "You also cannot say that nothing is allowed to change just because I work for Austrian Post." In the meantime, the entire delivery staff at Austrian Post has been equipped with the new modern devices enabling mobile data entry. The new handhelds have been well received. The reactions range from positive to enthusiastic. This is not surprising, given that they make daily work easier. In the past the only employees equipped with such devices were those involved in parcel delivery. Since 2012 the handhelds have also been increasingly deployed in delivering letters, a development which has now been successfully concluded.

"Less paperwork"

If a confirmation of receipt is required for a letter, a separate form had to be filled out up until now for each mail item handed over to the recipient and then manually entered

into the IT system at the end of each delivery round. Now delivery times no longer have to be entered in the clearance process. This makes work easier, and also means less paperwork.

The interaction with customers has also improved thanks to the new technical devices. In the past Austrian Post already developed a series of solutions enabling customers to more flexibly and conveniently receive their mail items, such as the Post Pick-up Box and the new collection stations in the branch offices. If a delivery notification card must be deposited at the delivery address in spite of all these measures and an excellent first-time delivery success rate of 89%, Austrian Post also has solutions at the ready.

"Notification New"

The entire process is considerably simplified thanks to the "Notification New". The delivery notification card now includes a barcode which can be scanned by the delivery staff with the new handheld computer, the same as

with the barcode on the mail item.

Every notified item is scanned in the branch office and automatically assigned a storage place. If the customer comes to the branch office, the mail item can be found much faster than in the past due to the barcode on the delivery notification card. Of course the "scan & sign" process correspondingly reduces waiting times. 520 branch offices and five postal partners are also equipped with a mobile data recording device, a handheld, in order to ensure optimal and efficient storage logistics. And if a mail item happens to be sent to the wrong branch office, it can now be easily tracked. The customer receives useful information about the status of the mail item right away. ■

"The changeover was no trouble at all for me."

KARL MANDL, JUDENDORF-STRASSENGEL DELIVERY STAFF



STRONG IMPETUS IN CEE

The CEE subsidiaries of Austrian Post are committed to consistently modernising their operations, and are jointly developing best practices.

With our quality drive we are setting new standards in Bosnia's logistics sector", says Robert Kovacic, Managing Director of 24VIP LS. The parcel services provider is the B2B market leader in Bosnia-Herzegovina, and has been committed to determinedly modernising business activities since the company was acquired by Austrian Post in 2008. A milestone was achieved in October 2013 when the new logistics centre was opened in Sarajevo. The new hub features highly modern equipment for its vehicle fleet and a semi-automatic roller conveyor. As a consequence, 3,000 parcels can be efficiently and reliably processed each day. The new site is also suitable for warehousing and fulfillment solutions.

Digital real-time tracking

Other innovations introduced by 24VIP LS include a modern notification system using QR codes which significantly improves communication with recipients and consequently enhances customer satisfaction. The launch of the tried and tested logistics software Cargo Net also allows for the comprehensive, digital real-time tracking of a shipment.

The same applies to other markets. All CEE subsidiaries of Austrian Post are clearly focusing on modernisation, leveraging potential synergies and standardisation to strengthen their cross-border business, to name just one goal. Efforts to develop new solutions for partly similar challenges

"The Group creates added value for everyone thanks to the centralised management of innovation processes."

GREGOR HUEBER, BUSINESS DEVELOPMENT CEE



A milestone for the Bosnian subsidiary 24VIP LS: the new logistics centre in Sarajevo was opened in October 2013.

is coordinated within the context of a Group-wide network. The "Business Development Board" brings together top executives from the entire region.

No subsidiary is an island onto itself

This information platform promotes innovative approaches and simultaneously reduces costs for developing them. "No subsidiary is an island onto itself", says Gregor Hueber, Head of Business Development CEE. "The Group creates added value for all those involved thanks to the centralised management of innovation processes." Existing solutions can serve as best practices to be

transferred to other countries. Or else completely new approaches are jointly developed.

This way of working together is also practiced in the letter mail segment. "We can see what is happening in other countries, and can work together to analyse whether these ideas could also be interesting for us", says Rudolf Gartner, Senior Operations Manager Business Development CEE Mail. "And conversely, we support colleagues with the experiences we have had in specific areas. The result is that we learn from each other and together do things better in order to be optimally positioned to meet the challenges posed by the future." ■

FACTS

ENHANCING EFFICIENCY

EUR 300M

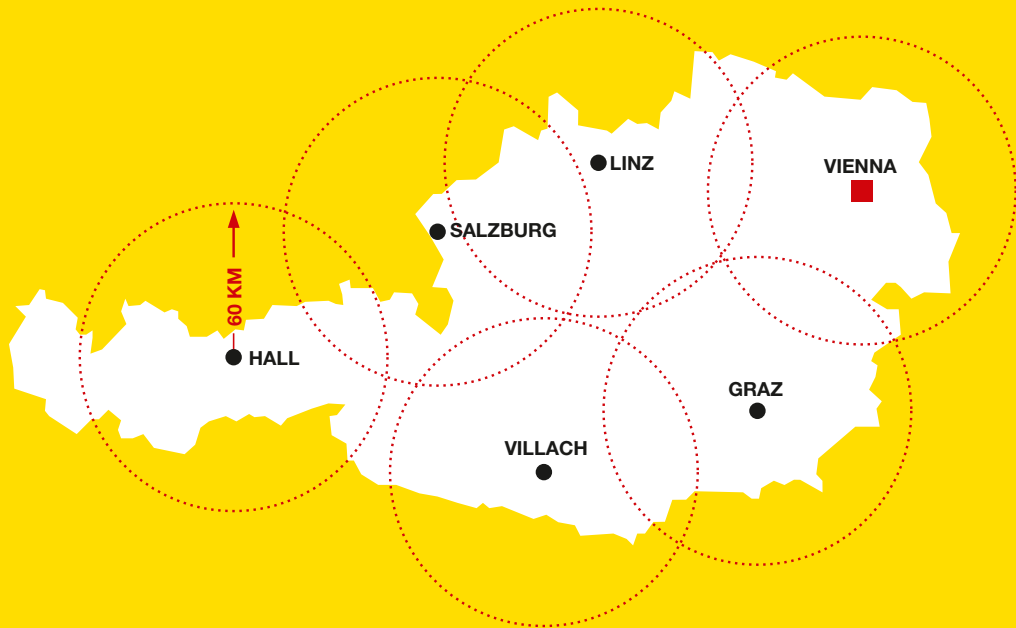
IS THE SUM AUSTRIAN POST IS INVESTING DURING THE PERIOD 2012-2014 TO IMPROVE EFFICIENCY

38,000

MAIL ITEMS ARE SORTED BY A "FLATSORTER" IN JUST ONE HOUR

1.6M

LETTERS WILL BE PROCESSED EACH DAY AT THE ALLHÄMMING LOGISTICS CENTRE, ALONG WITH 100,000 PARCELS



THE MOST HIGH-PERFORMANCE LOGISTICS INFRASTRUCTURE IN AUSTRIA

Each year Austrian Post delivers billions of mail items quickly and reliably. The basis for this is its network of highly innovative logistics centres featuring high-tech equipment.

INVESTMENTS IN 2013 AUSTRIAN POST STRIVES FOR EFFICIENCY AND THE HIGHEST QUALITY IN ALL AREAS

24% CAPACITY EXPANSION IN UPPER AUSTRIA

20% VEHICLE FLEET

17% NEW DISTRIBUTION AND SORTING TECHNOLOGIES

15% NEW OFFICE EQUIPMENT

9% BUILDINGS AND COMMERCIAL PROPERTIES

8% MODERNISATION OF THE BRANCH NETWORK AND SELF-SERVICE ZONES

7% SOFTWARE LICENSES

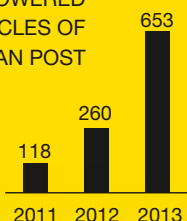


E-VEHICLES ON THE ADVANCE

ENVIRONMENTALLY COMPATIBLE AND ECONOMICAL: AUSTRIAN POST IS COMMITTED TO THE "GREENING" OF ITS VEHICLE FLEET

	2012	2013
Vehicles (total)	9,187	8,959
Bicycles	958	789
thereof electric bicycles	164	439
Mopeds	1,078	904
thereof electric mopeds	80	142
Vehicles up to 3.5t	7,005	7,105
thereof natural gas-driven vehicles	74	71
thereof electric-powered vehicles	18	72
Vehicles over 3.5t	146	161
Total number of kilometres (km million)	119	123

ELECTRIC-POWERED VEHICLES OF AUSTRIAN POST

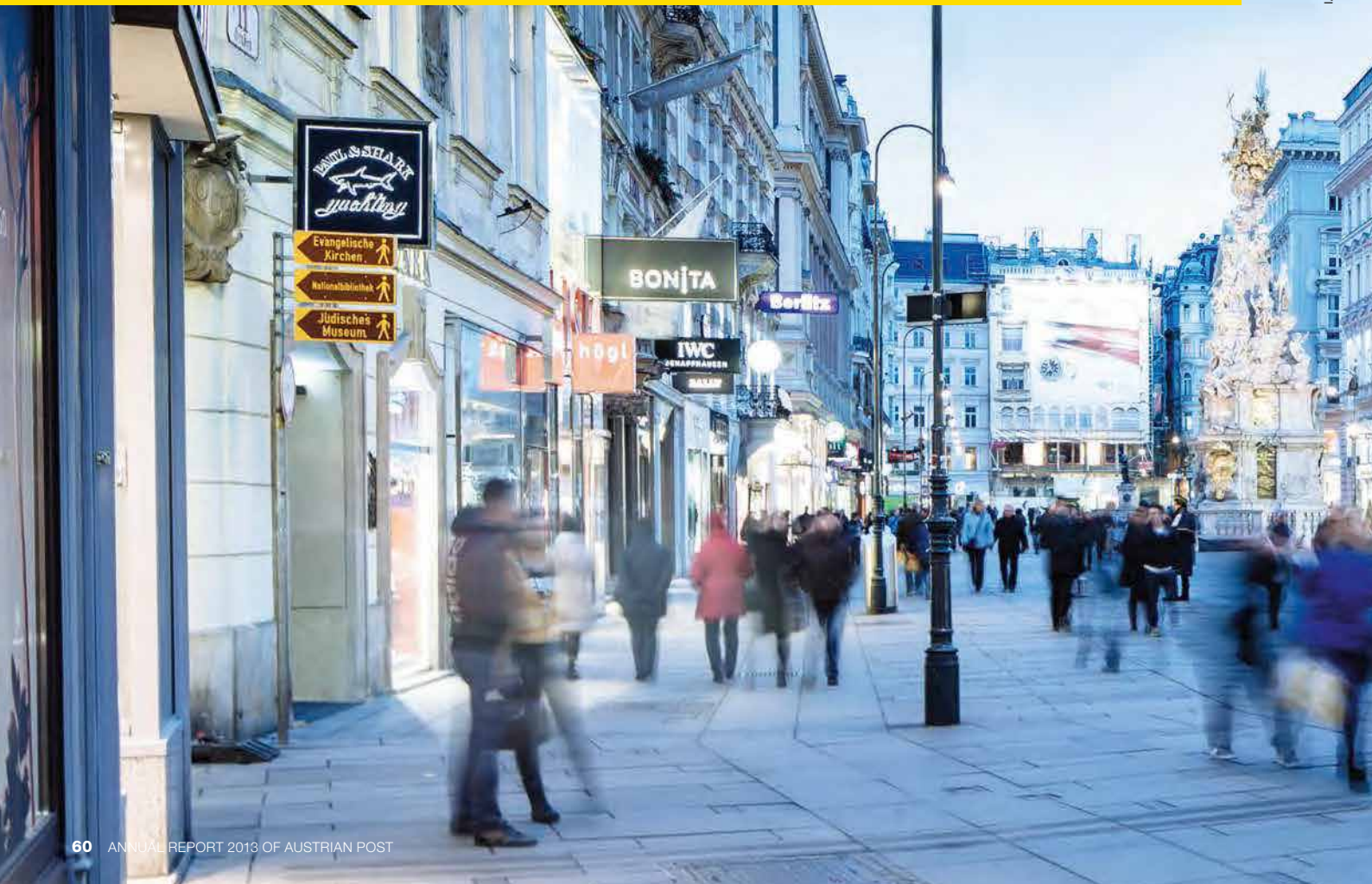


THE CUSTOMER IS KING

MORE SERVICE, NEW SOLUTIONS

What does a customer need? This is the question which permanently drives Austrian Post forward. The result is the ongoing development of new services. Austrian Post aims to make the lives of its customers easier, and help companies to increase their success. Whether it involves self-service zones, online solutions or value added services, a broad product and service portfolio fulfills the differing needs of customers. And more is in the pipeline.

IAN EHM





MAJOR INITIATIVE FOR MORE SERVICE

Austrian Post is continuously developing new solutions to make the lives of its customers easier. The changes which are most conspicuous to private customers are taking place in the branch offices.



The new collection stations were introduced to the public in November 2013.

For Austrian Post one key issue is at the center of its deliberations: what does the customer need? For this reason, new service offerings are continually being developed and tested. “We are constantly thinking about new solutions in order to steadily increase customer benefits”, says Walter Hitziger, Member of the Management Board and Director of the Mail & Branch Network Division. “We want to make our customers’ lives as easy as possible. That is why we create easy-to-understand service offers which can be used flexibly at the same time.”

For private customers the most conspicuous innovations are taking place in the branch offices. In 2013 the new branch office design was even honoured with the “World Mail Award”, considered to be the Oscar of the international postal sector. The new Austrian Post outlets offer a completely refreshing type of shopping and service experience. They feature a modern design, offer many practical advantages and are more strongly oriented to the changing demands of the customers. 180 postal service points have already been refitted to reflect the new look.

People are different, and they want to take care of their postal business at different times. This is precisely what Austrian Post is making possible thanks to its new concepts. “The branch office world is in the midst of a fundamental transformation. By setting up self-service zones, Austrian Post actually makes most postal services available around the clock, independent of normal branch office opening hours”, states Günter Schachl, Sales Manager in the Region Upper Austria. “Moreover, the customer is saved the trouble of queuing up at the counters. This significantly increases comfort and service quality“.

“Austrian Post offers its services through different channels.“

DAHLIA PREZIOSA, HEAD OF ONLINE INNOVATION MANAGEMENT



New service: the collection station

The latest innovation – the collection station – was first introduced to the public in November 2013. Here customers can more easily pick up their parcels as well as large-sized or registered letter mail items. If the recipient is not at home, he will get a delivery notification card (known as the “yellow slip”), just as he did in the past. The mail item is deposited in the collection station located in the self-service zone of the responsible post office, and can be picked up by the customer at any time of day or night with the “yellow slip”. The delivery notification card with its barcode is simply held in front of the reader of the collection station for scanning. In turn, the collection station automatically opens the respective compartment. 400 such collection stations are to be installed across the country by 2016.

“Austrian Post has never been so individualised and flexible as it is now”, says Jörg Pribil, Head of Customer Initiatives and Service.

24/7 service

The collection stations complement the already sizeable self-service portfolio of Austrian Post. The close to 200 franking machines are already being widely used. Here customers can purchase and print stamps, parcel stamps and even registered mail labels regardless of the branch office opening hours. Similarly, the Drop-off Box is also in operation in 200 branch offices, enabling parcels to be deposited 24 hours a day. The parcel is simply put into the box, and the customer receives a printed confirmation of mailing. Beforehand, the parcels can be wrapped properly and securely in the packing stations. The new self-service solutions are particularly popular in the Enns Valley in the federal state of Styria. Every second self-serviceable product at the branch office in Liezen is already dropped off in the automatic machines.

The “online world” of Austrian Post

Austrian Post customers are becoming increasingly diverse – and their needs are becoming more and more individualised. “Thus, it is logical that Austrian Post offers its services on different ▶

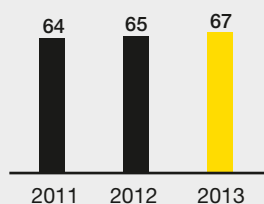
FOCUS ON CUSTOMER SATISFACTION

Austrian Post wants to play it safe, and make sure that it really offers the right services to its customers. That is why it conducts regular surveys on customer satisfaction. The results underline that Austrian Post is on the right track. The highest level of customer satisfaction ever measured was achieved in Q4 2013. The fact that young people ranked among the most satisfied customers came as a surprise.

- 65% of the interviewees “positively” assessed the changes in the branch network.
- Customer satisfaction with the service provided by the delivery staff and branch office employees is exceptionally high.

SATISFIED CUSTOMERS

THE CUSTOMER SATISFACTION INDEX OF AUSTRIAN POST



The index is determined on the basis of customer satisfaction and retention (four times per year).

0–50 points: poor
 51–60 points: fair
 61–70 points: good
 71–80 points: very good
 81–100 points: excellent

n: 1,000

84%

OF THE CUSTOMERS RATE THEIR MAIL CARRIERS AS “EXCELLENT” OR “VERY GOOD”.

79%

OF THE CUSTOMERS RATE THE DELIVERY STAFF BRINGING PARCELS AS “EXCELLENT” OR “VERY GOOD”.



The self-service zones are available 24/7 and reduce waiting times.

levels and through different channels”, concludes Dahlia Preziosa, Head of Online Innovation Management. “We have transported existing services to the digital world and also created new products which link the digital and physical worlds.” One example: if a parcel is shipped, the online “track & trace” service can be accessed at any time to find out where the shipment is at that moment. Moreover, Austrian Post also offers a status notification i.e. an automatically generated e-mail informing customers as soon as the shipment has reached a certain place, for example where it has been deposited following a failed delivery attempt. However, the online world of Austrian Post offers much more. Customers can inform themselves about postal rates or the nearest branch office, apply for the

redirection service, vacation hold mail, a PO box or a notice of absence, or purchase philately or products for shipping such as parcel stamps. 89% of all parcels reach the intended recipient on the first delivery attempt. But Austrian Post offers several innovative solutions in case the customer is not at home. In addition to the above-mentioned brand new collection stations, customers also have the possibility to use the Pick-up Box, which is primarily recommended for residential dwellings consisting of 20 or more apartments. If the recipient is not at home, the mail carrier simply puts the mail item in the Pick-up Box. The parcel is then picked up with the help of a barcode on the notification card.

Innovation at the post office

In addition to these high-tech solutions, Austrian Post is also relying on “soft” innovations. For example, a minor revolution recently occurred in the branch offices of Austrian Post. A single queuing line was introduced for all counters and passed the test with flying colours. “Customers are pleased about shorter waiting times, and can be sure that



„Customers are pleased about shorter waiting times.“

EVA PICHLER,
 BRANCH OFFICE MANAGER IN
 WIENER NEUSTADT

they have chosen the fastest lane”, says Eva Pichler, Branch Office Manager Wiener Neustadt.

More customised interaction

Some of the above-mentioned innovations were just presented to the general public for the first time. In the meantime, the next ideas are already in the development phase and are being tested in pilot projects. “The trend is towards a more individualised interaction with customers in order to be able to more effectively satisfy their specific wishes”, reveals Wolfgang Grausenburger, Marketing Manager Parcel Logistics Austria. For example, the direct delivery in branch offices has been well received, especially if the recipient already knows that he will unlikely be present at home at the projected time of delivery. In this case no “yellow slip” is put into the letterbox. Instead, the recipient is informed per email or SMS that the parcel has arrived in the branch office. This is a relief, for example for working people who can immediately pick up their parcel after work without having to make a detour to go home first. “And we have even more ideas in the pipeline. It is safe to say that in the future life will become even easier and more pleasant for Austrian Post customers”, Grausenburger adds.

Customer focus – also in CEE

Austrian Post also places a special emphasis on customer orientation beyond its borders. In September 2013, the Slovakian subsidiary introduced the Balikomat, its own version of the collection station, to the public. And the Croatian subsidiary has emerged as a downright innovation driver in the CEE region. For example, it gives parcel recipients the option of declaring an alternative delivery address or delivery time. Furthermore, Austrian Post has established the “Customer Orientation Circle”, a company-wide network designed to make sure that the focus on customer orientation is more firmly embedded throughout the Group. “The centralised management of this process ensures know-how transfer among all the markets in which Austrian Post operates”, says Sergeja Mirnik, Organisational Development CEE. ■

“The trend is towards even more individualised interaction with customers.”

WOLFGANG GRAUSENBURGER,
MARKETING MANAGER
PARCEL LOGISTICS AUSTRIA



“AUSTRIAN POST IS PLAYING A PIONEERING ROLE”

The self-service zones of Austrian Post have been used intensively since they were first introduced. Especially online shoppers like to deposit their return parcels here.



Christian Schneider,
Head of Self-Service
Zones, Branch
Network

Austrian Post is constantly expanding its self-service zones. Are the customers reacting positively to this?

CHRISTIAN SCHNEIDER:

Naturally. Personally, I am very delighted about the many positive responses from our customers. Many people simply want to decide by themselves when to take care of their postal business. More than EUR 130,000 worth of postage

stamps were already purchased by customers in 2013 using the franking machines. Close to 200,000 items were deposited in the Post Drop-off Boxes, with return parcels comprising more than 80% of the volume. This high share has to do with the rapidly growing volume of e-commerce parcels. The boom in Internet trading has the effect of acting as a strong driver of self-service solutions, not to mention the similar impact it has on the postal business as a whole. Generally speaking, usage rates are tending to rise. Substantial volumes of parcels are handled here, especially in the weeks before Christmas.

How would you describe Austrian Post’s offering in comparison with that of its competitors?

SCHNEIDER: By now Austrian Post is seen as playing a pioneering role in the field of self-services. This is something we have noticed, not least in our regular exchange of views with other postal companies. The feedback from the rest of the industry is very positive. Austria is literally covered by a network of self-service zones. This is an even more impressive feat if one considers that the first prototype of the franking machine was put into operation by Austrian Post in November 2012, and the actual roll-out first began in April 2013.

SOLUTIONS FOR A COMPLEX (BUSINESS) WORLD

What Austrian Post provides to its customers is reliable service along the entire logistics value chain – including cash management.



Companies can focus on their core business activities by outsourcing their logistics processes to Austrian Post.

The parcel services offered by Austrian Post have long gone beyond traditional transport and professional delivery. So-called fulfillment services encompass the entire logistics value chain and are provided by a single source, namely the Austrian Post subsidiary Systemlogistik. “As part of the Austrian Post Group, we profit from leveraging numerous synergies and can thus offer very flexible and effi-

ent solutions”, says Managing Director Roman Leydolf. Depending on their needs, customers can select from a wide range of both core services and value added services, and thus benefit from customised solutions. One example: advertising materials for Renault, Ford, KIA and Nissan, from folders to pens, are delivered to and stored by Systemlogistik. The individual car dealers order the required goods online. These items are subsequently picked out, packed and shipped via Austrian Post’s reliable network.

Systemlogistik as a competent partner

Since April 2013 Systemlogistik has assumed responsibility for the entire logistics of Ricoh Austria GmbH. After the company’s employees receive and correspondingly configure the devices, qualified delivery staff bring

the products directly to customers and install them so that they are ready for operation at the point-of-use. Then they carry out what is known as a “green button training”.

Austrian Post brings dinner to your doorstep

In the summer of 2013 Austrian Post entered into the promising future market of food logistics in the e-commerce segment. It began to manage the entire storage logistics of KochAbo. The successful idea of KochAbo is to deliver tasty recipes to people at home together with the precise quantity of the required ingredients. The food is delivered to Systemlogistik early in the morning, picked out on the day the order is received and packed into food boxes for transport.

Growth of value logistics

Post.Wertlogistik, the second largest provider in Austria of services relating to the transport of cash and valuables, is also showing gratifying growth. In 2013 the company attracted, for example, prominent food retail chains and banks as new customers. The daily cash receipts are picked up from the outlets in accordance with precisely mapped out routes, and paid into the customer’s account in the fastest possible way. Austrian Post is also responsible for a sufficient supply of change. Every sales outlet can conveniently place an “order” for the required quantities by using a Webtool.

Post.Wertlogistik expanded its business operations beyond the country’s borders over the past financial year. Cash, precious metals, jewelry and diamonds are now transported also internationally in accordance with the highest security standards. ■

“As part of the Austrian Post Group we offer flexible and efficient solutions.”

ROMAN LEYDOLF,
MANAGING DIRECTOR SYSTEMLOGISTIK DISTRIBUTION





Austrian Post helps customers to maximise their advertising success.

**EFFICIENT
BUSINESS
SOLUTIONS
BY AUSTRIAN
POST**



„Direct mails are an extremely important advertising medium in Austria.“

REINHARD SCHEITL,
HEAD OF MARKETING & PRODUCT
MANAGEMENT LETTER MAIL

A LONG-TIME CLASSIC WITH A FUTURE: DIRECT MAIL 2.0

“Pimp My Campaign”: Austrian Post has the best know-how in the field of dialogue marketing.

Direct mails continue to be an extremely important advertising medium and thus a vital element in every marketing mix”, as Reinhard Scheitl, Head of Marketing & Product Management Letter Mail very well knows. “We do not simply send out direct mail, but develop individual solutions together with our customers to maximise the success of the advertising.” The initiative “Pimp My Campaign”, carried out in cooperation with the Austrian Dialogue Marketing Association, can relate numerous success stories. Within this context, innovative approaches in direct customer contact were developed by Austrian Post on behalf of Kastner & Öhler, Leiner and Verbund. The campaign has produced measureable results reflected by significantly higher response rates. Advertising customers really achieve a great deal of success with the flyers, direct mails and similar tools, and the consumers also love them”, Reinhard Scheitl adds. Austrian Post ensures reliable delivery of the direct mail items. In this way, customers reach a wide

audience in an inexpensive and effective manner. “We also see ourselves as a sparring partner for our customers on how to optimally achieve their advertising targets. Austrian Post has the most extensive experience in the field of dialogue marketing,” Scheitl adds. Austrian Post also offers numerous online solutions for the benefit of the advertising industry. For example the

cost-free “Versandmanager” (the mailing list tool literally meaning “Shipping Manager”) provides assistance in putting distribution plans together. Not to mention the “Post Business App“ which not only provides an overview of direct mail products, but also a direct communications channel to customer consultants via smart phone or tablet PC. ■

“THE MOST SUITABLE LOGISTICS PARTNER”

THE RENOWNED AUSTRIAN COMPANY VOSSEN COUNTS ON AUSTRIAN POST WHEN IT COMES TO PARCEL DELIVERIES.



In the middle of the natural preserve Raab-Örség-Goricko in the southeast of Austria, Vossen processes 3,120 tonnes of raw yarn into six million highly exclusive items, featuring products such as high quality towels, bathrobes and bathroom carpets. Since August 2013 Austrian Post has been responsible for the smooth and reliable delivery of products, both within the country and internationally. The annual volume amounts to some 200,000 parcels resulting from orders placed in Vossen’s online shop and B2B deliveries as well. “As a customer-oriented company, the highest possible delivery quality and the necessary flexibility in logistics are particularly crucial for us”, the two Vossen Managing Directors Werner Blohmann and Paul Mohr emphasise. “Austrian Post perfectly meets the different needs of private and business customers, and is thus the optimal logistics partner for us”.

AUSTRIA ELECTS THE “SUPERPOSTLERS“

Employees who are liked and who customers trust are the true “USP” of Austrian Post. In other words: the company’s super postal workers.

It was a mega election year for Austria, and a “super” year of voting at Austrian Post. The campaign “Austria Elects the Superpostlers“ (“Postler“ is the Austrian expression for postal worker) was a major success. The initiative revealed just how popular Austrian Post employees are with the country’s population i.e. with customers. More than 430,000 votes were cast. An impressive 3,600 Post employees received more than ten votes cast either online or per postcard. “The strong level of participation surprised even us. The voting shows that the foundation of success is the confidence people place in our employees”, says Austrian Post CEO Georg Pölzl. Trust and sympathy are qualities one cannot simply buy or command at will. In reality these values comprise the true unique selling proposition of Austrian

Post i.e. the difference to other postal companies, that special something which makes Austrian Post unique.

Great achievements are recognised

On balance, 42 super postal workers were honoured. They rank from delivery staff, branch office employees, postal partners to production employees, for example in the logistics centres. Who are these people, the kind that can prevail against thousands of their colleagues? One example is 39-year-old Kajetan Glantschnig, the employee of a postal partner voted the most popular postal worker in Carinthia in the category “branch network”. His motto could be considered to be the Golden Rule of all Austrian Post employees: “Serve the customers the way you would want to be served yourself.”

Another individual who stands out is Fritz Krammer, the super postperson from Styria, who approaches his job with a sportsmanlike eagerness. “You have to be as fit as a fiddle if you have to jump out of the delivery vehicle up to 200 times per day”, he claims. Martin Reichart from Sigleß in Burgenland, elected Austria’s most popular mail carrier, even won a car as a reward. He attributes his success to the good relations he maintains with his customers. “I know almost all the people personally”. CEO Pölzl adds: “During my many visits to the logistics centres, branch offices or delivery bases, I was aware of the fact that we have close to 20,000 fantastic employees here in the company. Our campaign succeeded in displaying the outstanding performance of these thousands of people!” ■

The three overall winners have every reason to be pleased with their prize, new Opel Adams (yellow-coloured à la Austrian Post) which they may now call their own: Norbert Schmidleitner, Özgür Acer und Martin Reichart.



FACTS

CUSTOMER ORIENTATION

63M

CUSTOMERS VISIT OUR BRANCHES EACH YEAR THROUGHOUT THE COUNTRY.

431,392

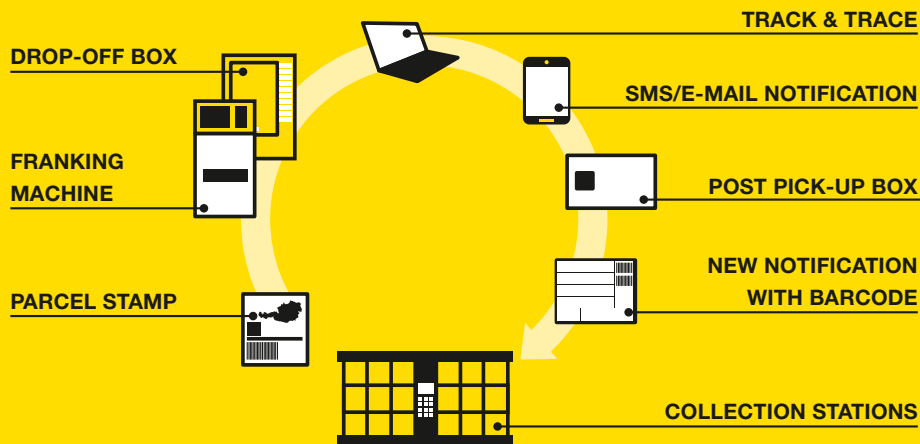
VOTES WERE CAST FOR THE FIRST ELECTION OF THE "SUPERPOSTLER".

3,600

POST EMPLOYEES RECEIVED MORE THAN TEN VOTES.

INNOVATIVE PRODUCTS AND NEW SERVICES

GREATER NUMBER OF SELF-SERVICES



MORE THAN THE MOVEMENT OF MAIL FROM A TO B

THE FULFILLMENT SERVICES OF AUSTRIAN POST ENCOMPASS THE ENTIRE LOGISTICS VALUE CHAIN. AS A RESULT BUSINESS CUSTOMERS CAN MORE EFFECTIVELY FOCUS ON THEIR CORE TASKS.

- 1 Receipt of goods on pallets
- 2 Selection of desired goods according to customer order
- 3 Additional services (greeting cards, gift packaging, creating sets, etc.)
- 4 Transport protection, packaging, labelling
 - 5 Shipment as parcel
 - 6 B2B and B2C delivery



SATISFIED CUSTOMERS, ALSO IN CEE

AUSTRIAN POST CUSTOMERS ARE NOT ONLY VERY SATISFIED IN AUSTRIA. THE SAME APPLIES FOR ITS SUBSIDIARIES IN THE CEE REGION.

88%
SATISFIED CUSTOMERS IN CROATIA



91%
SATISFIED CUSTOMERS IN HUNGARY

97%
SATISFIED CUSTOMERS IN SLOVAKIA



92%
SATISFIED CUSTOMERS IN SERBIA



CREATING VALUE

EMBODYING A CULTURE OF RESPECT

Every single day Austrian Post creates value – for its customers, employees, other stakeholders in society and the environment – and naturally for its shareholders as well. One thing is clear: Whoever creates value and embodies a culture of respect at the same time also grows in value. This is why Austrian Post is proactively committed to sustainable development in all its different dimensions, and how it ultimately safeguards its profitability.





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SUSTAINABLE IN EVERY WAY

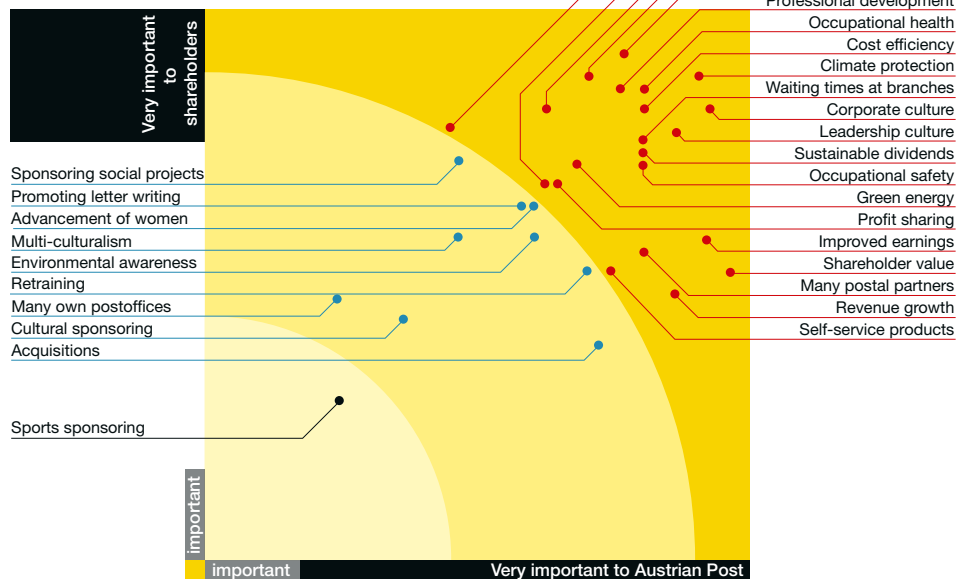
Austrian Post strives for sustainable success, and also measures this on the basis of non-financial indicators.



At Austrian Post's Stakeholder Roundtable, representatives of all interest groups discussed their concerns.



MATERIALITY MATRIX OF AUSTRIAN POST



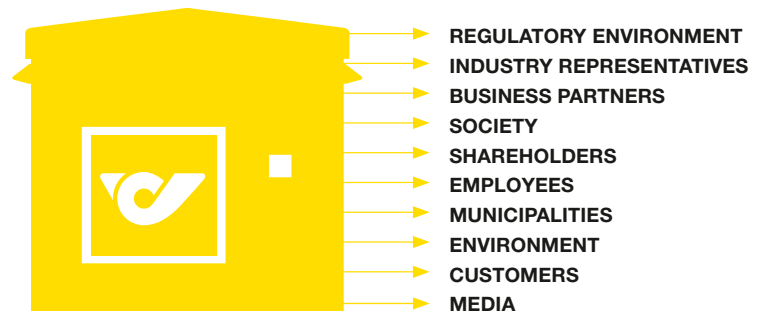
Austrian Post puts great emphasis on a clear strategic orientation and specific targets. However, the extent to which these goals are achieved cannot only be measured on the basis of conventional financial indicators such as revenue, EBIT and equity ratio. The top priority of the management is to generate sustainable economic value added for the benefit of all stakeholders. “Clearly defined objectives are important, but we still have to consider how we want to continue down this path. The journey is often the reward. Therefore every operational measure, no matter how seemingly small in scope, should contribute to the long-term success of our company”, says Austrian Post CEO Georg Pözl.

The key issue is how to measure success if not on the basis of specific financial indicators. “We have to be able to gauge our success by determining the extent to which we create value for our relevant stakeholder groups – employees, customers, shareholders and others – and meet their needs”, Pözl explains. In this respect, it is obvious that different interest groups have different expectations of the company. “For this reason we maintain an ongoing dialogue with our stakeholders, and extend an invitation to them to interact and provide feedback.”

At the same time, the behaviour exhibited by Austrian Post is based on a sound foundation, namely the Group-wide mission statement developed by the company back in 2010. Clearly formulated principles serve as guidelines for the way the company interacts with customers, employees and shareholders and other stakeholder

THE MOST IMPORTANT STAKEHOLDERS

THE CONCERNS OF THESE GROUPS COMPRISE THE BASIS FOR THE SUSTAINABILITY STRATEGY OF AUSTRIAN POST



The main objective of stakeholder management as practised by Austrian Post is to identify opportunities and risks at an early stage as well as to gain specific insights into the expectations of stakeholders. At the same time, the company’s efforts should serve as the basis for establishing and strengthening a good relationship to stakeholders, and to get new impetus for future sustainability activities. In this spirit, Austrian Post organised the 3rd Stakeholder Roundtable which was held on June 20, 2013. Some 30 representatives of different stakeholder groups discussed issues of great relevance to Austrian Post with CEO Georg Pözl and senior executives. The issues and concerns which came to light within the context of this dialogue were subsequently integrated into the materiality matrix of Austrian Post. This reveals at a single glance the specific issues which are of vital importance to Austrian Post as well as its stakeholders. As a yardstick for the relevance of individual issues, they comprise a valuable basis for the orientation and priorities of Austrian Post’s sustainability management.

groups. If the company succeeds in consistently orienting all its activities to the three core values contained in the mission statement, sustainable corporate management will practically arise by itself. This not only encompasses long-term success in business, but the creation of value in all dimensions of sustainability – for the benefit of society, the environment and employees. “Clear values and objectives are required for all these areas to serve as benchmarks”, Georg Pölzl adds. “In this regard the focus must always be on mutual appreciation and respect”.

In order to live up to these aspirations, Austrian Post also counts non-financial performance indicators such as customer satisfaction or customer complaint rates to be among its primary management parameters. The first company-wide employee survey carried out in 2013 also provided additional impetus. The results enabled specific areas of action to be defined in order to improve employee satisfaction. Austrian Post also maintains ongoing contact with its shareholders, thus benefitting from valuable suggestions concerning the long-term strategic orientation of the company.

On the basis of this input and its mission statement, Austrian Post has defined clear objectives and measures in all four areas of its sustainability

strategy: economy (page 75), employees (page 84), society (page 92) and ecology (page 94).

Value creation for all stakeholders

In the year 2013 Austrian Post generated Group revenue and other operating income of EUR 2,436.5m. After deducting advance outlays of EUR 1,128.0m, the total value creation amounted to EUR 1,308.4 m. The most important stakeholder groups of Austrian Post - employees, shareholders and society – profit from this. EUR 1,079.5m was paid to employees in the form of salaries and wages, and EUR 220.1m as auxiliary wage costs. Austrian Post paid income taxes and other duties of EUR 54.5m to the Republic of Austria. Dividend payments to shareholders for the 2013 financial year will amount to EUR 128.4m, including EUR 67.8m distributed to the majority owner ÖIAG (proposal to the Annual General Meeting).

The importance of Austrian Post to the nation's economy is even greater than the calculation of value creation would lead one to believe. According to a study carried out by the research institute Economica in 2013, the gross economic value added generated by Austrian Post in 2012 amounts to more than EUR 2bn. More information can be found on page 36 .

VALUE CREATION OF AUSTRIAN POST

EUR m	2012	2013
Value creation		
Revenue and other operating income	2,438.1	2,436.5
less advance outlays	-1,137.8	-1,128.0
thereof raw materials, consumables and services used	-766.9	-753.3
thereof depreciation and amortisation ¹	-8.8	-83.5
thereof other operating expense	-287.1	-291.3
Value added	1,300.3	1,308.4
Distribution		
to employees	1,098.8	1,079.5
thereof social contributions	228.8	220.1
to shareholders (dividends)	121.6	128.4 ²
thereof ÖIAG	64.3	67.8
to the Republic of Austria (taxes and duties)	36.1	54.5
to creditors (interest)	1.7	2.3
to non-controlling interests	0.0	0.9
Remaining amount	42.2	42.9
Value added	1,300.3	1,308.4

¹ Excl. impairment losses on goodwill and customer relationships (2012: EUR 5.0m, 2013: EUR 35.1m), values adjusted for 2012

² Proposal to the Annual General Meeting on April 24, 2014

TRIED AND TESTED DIVIDEND STOCK

Austrian Post developed very positively in the past financial year – just like the newly structured European “postal sector“ did in 2013.



With respect to stock market listings, postal providers jumped on the proverbial bandwagon during the trading year 2013. Three additional European postal companies took the daring step of being listed on the stock market, thus decisively contributing to creating a real “postal sector”. In addition to Deutsche Post in Germany, Austrian Post and PostNL in the Netherlands, Royal Mail in Great Britain, bpost in Belgium and the Portuguese postal company CTT are now all trading on the stock exchange. Naturally investors and analysts are increasingly focusing on this newly expanded publicly listed European postal sector. In turn, the greater visibility positively impacts the industry’s development.

Against this backdrop, Austrian Post share also showed a solid performance in 2013. It achieved

share price increases, paid a solid dividend for the 2012 financial year and maintained its clearly-defined capital market positioning.

Austrian Post boasts a reliable long-term performance

Accordingly, Austrian Post has continued its uninterrupted successful development. It has been publicly listed on the Vienna Stock Exchange since its Initial Public Offering in May 2006, delivering a solid performance over the past and somewhat turbulent years on global financial markets. In particular, the clear investment story the company has consistently maintained, even in a challenging market environment, has contributed to this success:

Solid, predictable and reliable – this is the way Austrian Post wants to appear to its investors. In ►

It doesn’t matter if the stock markets tend to be “bullish” or “bearish”: in the constant ups and downs of the capital market, Austrian Post offers one thing in particular, and that is stability.

WOLFGANG PINNER

Raiffeisen Capital Management
 Chief Investment Officer – SRI/Sustainable &
 Responsible Investments



I consider the Austrian Post share to be an attractive defensive addition to a sustainable, long-term oriented portfolio. Austrian Post combines the advantages of below-average volatility with good earnings potential. In this regard, the business model of Austrian Post meets the challenges posed by structural growth in the parcel

business accompanied by negative growth in the traditional mail segment. The Management Board has succeeded in facilitating business operations in a sector partly subject to extensive regulations thanks to its active management of stakeholder relations. From a sustainable investor's point of view, Austrian Post recently also put a strong emphasis on ecological business management, for example in the field of climate-neutral delivery. Generally speaking, the company's management has attached increasing importance to ESG criteria i.e. environmental, social and governance-related measures.

recent years, Austrian Post has impressively demonstrated that these attributes do, in fact, apply to the company. The attractive investment profile of Austrian Post is based on four cornerstones – a solid business model (1) featuring a strong balance sheet and a solid cash flow (2), which in turn serve as the basis for an attractive dividend policy (3). On this basis Austrian Post firmly stands behind its clear commitment to keep the promises it makes (4).

These general objectives are backed by a series

of specific targets. For example, Austrian Post is striving to sustainably safeguard its leading market position in the mail and parcel segments in the future and generate medium-term revenue growth of 1–2% annually. The electronic substitution of traditional mail is counteracted by Austrian Post based on its development of modern supplementary products. In addition, interesting growth opportunities in the parcel and logistics segment continue to open up. The main impetus continues to be provided by the sustained boom in internet commerce. In this regard, the focus of all company decisions is always on ensuring an efficient cost structure and a high level of profitability. The overall goal is to generate a sustainable EBITDA margin of 10–12%, which, in conjunction with a solid balance sheet, should enable Austrian Post to distribute an attractive and sustainable dividend each year.

Attractive dividend stock

At its Initial Public Offering, Austrian Post clearly defined its objective of generating sustainable and attractive dividends on the basis of its solid business model. On balance, investors who subscribed to the Austrian Post share at the time of its IPO in May 2006 have been paid dividends totalling EUR 12.50 per share. In relation to the issue price of EUR 19.00, the shareholders have profited from a return on their investments of more than 65.8% just on the basis of the dividend payments.

Austrian Post aims to continue offering attractive dividends to its shareholders. The Management Board will propose a dividend payout to its shareholders of EUR 128.4m for the 2013 financial year to the Annual General Meeting scheduled for April 24, 2014. This corresponds

THE INVESTMENT STORY OF AUSTRIAN POST

THERE ARE MANY REASONS FOR INVESTORS TO ACQUIRE AUSTRIAN POST STOCK.

1. SOLID BUSINESS MODEL

- Stable revenue development based on Austrian Post's leading market position in Austria
- Sustainable earnings strength due to an efficient cost structure (EBITDA margin of 10–12%)

2. STRONG BALANCE SHEET AND SOLID CASH FLOW

- Conservative balance sheet structure – high amount of cash and cash equivalents and low level of financial liabilities
- The solid cash flow serves as the basis for future-oriented investments

3. ATTRACTIVE DIVIDEND POLICY

- Further development of dividends based on strong profitability and a solid cash flow
- Annual dividend payout of at least 75% of the Group net profit planned

4. PROMISED AND DELIVERED

- Cautious and realistic guidance featuring clearly-defined objectives
- Clear commitment to achieving the communicated objectives

to a dividend of EUR 1.90 per share (dividend payment day on May 8, 2014). On the basis of a share price of EUR 34.78 as at the end of December 2013, the dividend yield amounts to 5.5%. Accordingly, Austrian Post ranks among the most attractive dividend stocks on the market, both on the Vienna Stock Exchange trading floor as well as in comparison to its peers in the international postal and logistics sectors.

In the future Austrian Post also plans to achieve a dividend payout ratio of a least 75% of the Group net profit attributable to Austrian Post shareholders. This is based on the assumption that the company continues its successful business development and that no unforeseen circumstances occur. Accordingly, the company strives to distribute a sustainable dividend developing in line with the Group net profit.

If the share price development is taken into account in addition to the dividend payments, the yield for the original shareholders is actually much higher. In this regard, the share price of the Post share rose from EUR 19.00 in May 2006 to EUR 34.78 at the end of December 2013, comprising a rise of more than 83%. On the basis of the issue price as at May 30, 2006, the total shareholder return including dividend payments equalled 148.8% up until the end of 2013.

ONGOING COMMUNICATIONS WITH THE CAPITAL MARKET

Considerable importance attached to transparency

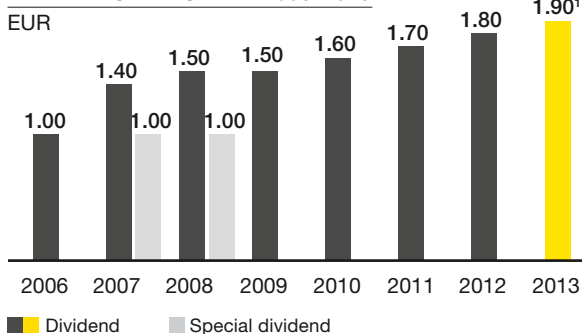
Since its IPO on the Vienna Stock Exchange, Austrian Post has attached considerable importance to active communications with investors

THE 2013 STOCK MARKET YEAR THE POST SHARE RANKED AMONG THE TOP 6 ON THE ATX

The 2013 trading year on the Vienna Stock Exchange was also impacted by the expansionary monetary policy pursued in Europe and the USA. Both the European Central Bank (ECB) and the US Federal Reserve flooded the financial market with cheap money, leading to share price gains on most international stock markets. The Austrian Traded Index ATX, the benchmark index of the Vienna Stock Exchange, did not succeed in keeping pace with international exchanges such as Frankfurt, London, New York and Toronto in 2013, but did manage to generate a modest 6.1% increase in value. One positive aspect was the renewed expansion in trading volume, which in turn points to growing investor interest in Vienna's stock market.

A closer look at developments on the Vienna Stock Exchange shows that Austrian Post once again showed a solid performance. Following the substantial 33.9% share price rise in the year 2012, the Post share registered another 11.5% gain in value in 2013, thus ranking among the top six performers on the ATX. If one also takes the dividend payment of EUR 1.80 in May 2013 into account, investors owning Austrian Post shares even profited from a yield of 17.2%. The Post share closed at EUR 34.78 at the end of trading, corresponding to a market capitalisation of close to EUR 2.3 billion. A total of 12m Austrian Post shares were traded on the Vienna Stock Exchange in 2013, with the total volume of trading reaching a level of about EUR 383m (counted once).

DIVIDENDS PER SHARE 2006–2013



¹ Proposal to the Annual General Meeting on April 24, 2014

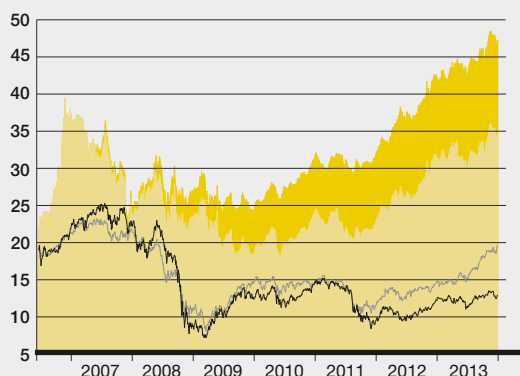
SOLID PERFORMANCE

PROPOSAL TO THE ANNUAL GENERAL MEETING OF EUR

1.90 PER SHARE =
DIVIDEND YIELD¹ OF
5.5%

¹ Basis: Share price as of December 31, 2013 (EUR 34.78)

TOTAL SHAREHOLDER RETURN OF 150% SINCE THE IPO



■ Österreichische Post
Total Shareholder Return +148,8%

■ Österreichische Post
Kurs +83,1%

■ EuroStoxx
Transportation +3,4%

■ ATX -32,0%

Basis: Austrian Post
(Share price: EUR 19.00 as of May 30, 2006)

A share price chart showing the development of the Post share in 2013 can be found in the Financial Report on page 142.

EVA-MARIA SPINDLER

Private shareholder and Austrian Post employee
 Head of Branch Network Sales Development



For me the dividend yield which was considerably higher than the interest paid on savings books was the main argument justifying my investment in the Post share. I consider prospects for future dividends to be very reliable, due to the fact that our majority owner, the Republic of Austria, has to be interested in receiving a high dividend. Furthermore, we regularly generate a strong cash flow which makes correspondingly attractive dividend payments possible. By the way, up until now I have been quite satisfied with my investment, although I did not acquire the share at a very auspicious moment. At that point in time I switched from a real estate fund to the Post share. Unfortunately, I was too late. However, my decision turned out to be the right one, given that real estate stocks are only recovering very slowly and have still failed to reach the same level as in 2007 when I purchased them. I have done much better with the Post share.

and analysts. In addition to numerous visits made by institutional investors and analysts in Vienna, meetings with representatives of the financial community took place again in Austria and in international financial centres such as Frankfurt, London, Zurich, Amsterdam, Paris, Milan, Warsaw, New York and Boston during the year 2013. On balance, the Management Board and the investor relations team carried out an intensive dialogue with some 250 institutional investors at 40 roadshows and investor conferences. The high quality of Austrian Post's reporting was underlined by the recognition granted once again at the Austrian Annual Report Awards of the business magazine "trend". Austrian Post was ranked first in the category "Best Reporting" in 2013 as it was in 2012. The quality of other forms of communications between the company and its shareholders and stakeholders was also evaluated due to the fact that communications take place using various communications channels and on different levels. For example, the Internet presence and sustainability reports are becoming increasingly important. Similarly, greater emphasis is being placed on issues such as corporate social responsibility, sustainability and transparency. Taking all these aspects into account, Austrian Post was given the highest number of points of all the Austrian companies listed on the Vienna Stock Exchange.

SHARE AND DIVIDEND INDICATORS

		2012	2013	Change 2012/2013
Earnings per share	EUR	1.82	1.82	+0.7%
Dividends per share	EUR	1.80	1.90 ¹	+5.6%
Dividend payout	EUR m	121.6	128.4 ¹	+5.6%
Free cash flow per share (before acquisitions/securities)	EUR	2.52	2.28	-10.5%
Dividend yield ²	%	5.8%	5.5%	-
Total shareholder return (annual performance + dividends) ³	%	+41.0%	+17.2%	-
Total shareholder return since the IPO	%	+120.5%	+148.8%	-
Share price performance	%	+33.9%	+11.5%	-
PE (price/earnings) ratio at the end of December	-	12.8	19.1	+49.2%
Share price at the end of December	EUR	31.20	34.78	+11.5%
High/low (closing price)	EUR	31.95/22.77	36.01/29.55	-
Market capitalisation at the end of December	EUR m	2,107.6	2,349.5	+11.5%
Shares in circulation at the end of December	Shares	67,552,638	67,552,638	-
Free float	%	47.2%	47.2%	-

¹ Proposal to the Annual General Meeting on April 24, 2014

² Dividends per share divided by the share price at year-end of the respective financial year

³ Change in the share price year-on-year plus dividend payment in the respective year (excluding reinvestment of the dividends)

Furthermore, Austrian Post was rated first in the category "ATX Award" at the Vienna Stock Exchange Awards in 2013. The ATX Award honors companies which stand out on the capital market due to their financial reporting, investor relations, strategy, corporate management and corporate governance.

Once again, private shareholders made extensive use of Austrian Post's offer to establish a comprehensive two-way dialogue. Numerous private shareholders requested in-depth information about Austrian Post, for example at the "GEWINN" investment fair in Vienna. Moreover, in order to provide information to school pupils who may potentially be future employees or shareholders, Austrian Post was also represented at the "GEWINN InfoDay" for pupils.

Represented in numerous indices

Since September 18, 2006, the Austrian Post share has been listed on the Austrian Traded Index ATX, the benchmark index of the Vienna Stock Exchange. It consists of the 20 Austrian blue-chip companies with the highest trading volume and the largest market capitalisation. At the end of December 2013, the weighting of Post shares in the ATX was 2.8%. In addition to the ATX, Post shares are also represented on ATX Prime and on the Euro Stoxx Transportation. From a capital market perspective, the renewed acceptance of Austrian Post for listing on the Austrian sustainability index VÖNIX of the Vienna Stock Exchange for the period 2012/13 underlines the holistic manner in which Austrian Post operates. On an international level, Austrian Post also scored top marks in the Carbon Disclosure Project (CDP). This is the world's largest database for corporate environmental and climate change information and is extensively used by capital market participants to evaluate potential investments. In 2013, Austrian Post was listed in the Carbon Disclosure Leadership Index for companies in the German-speaking region of Europe, boasting a score of 88A points. This prestigious recognition not only confirms Austrian Post's transparent environmental reporting but also serves as evidence of the quality of the initiated climate protection measures.

Unchanged number of shares

Since the share buy-back programme involving 2,447,362 shares in the year 2008 and the subsequent cancellation of all treasury shares on April 24, 2009, the share capital of Austrian Post continues to be divided into a total of 67,552,638 no-par value bearer shares. This corresponds to a nominal value of EUR 5.00 per share.

PAUL SEVERIN

Erste Asset Management/ERSTE-SPARINVEST
Head of Investment Communications



Generally one distinguishes between three types of shares listing on the stock market. The so-called "cyclicals" refer to stocks whose corporate success and thus share price strongly depend on the development of the business cycle (e.g. steel companies). In contrast, if a company grows quickly and manages to open up new markets, it is considered to be one of the growth stocks (e.g. technology shares). Shares of firms operating in a relatively stable environment which also continually distribute dividends belong to the defensive stocks. The Austrian Post share clearly features defensive characteristics which are highly in demand at the present time. Due to the low prevailing interest rates, investors are looking for investments with higher returns. Since its IPO, Austrian Post has pursued a stable and consistent dividend policy, and thus enjoys the confidence of shareholders. This quality has also been demonstrated by the price development of the Post share up until now.

Extensive research coverage

The recommendations and share price expectations voiced by analysts also play an important role in the decision-making processes of investors in addition to considering the overall business environment and the specific characteristics of a company. At the same time, the analyst reports provide Austrian Post with valuable feedback from experts in the sector concerning the strategy and development of the company. At the end of December 2013, Austrian Post was regularly monitored by a total of 15 investment banks i.e. Bank of America Merrill Lynch, Credit Suisse, Deutsche Bank, Erste Group, Goldman Sachs, HSBC, JPMorgan, Kepler Cheuvreux, Macquarie, MainFirst, Morgan Stanley, Nomura, Raiffeisen Centrobank, Royal Bank of Canada and UBS. An overview of the latest assessments and recommendations of these investment banks can be found on the Internet at www.post.at/ir
>> Our Share >> Analyst Coverage. ■



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CLEAR PRINCIPLES, GOOD RESULTS

Good corporate governance builds and promotes trust between the company and its stakeholders.

Austrian Post considers good corporate governance to be a key challenge and indispensable pre-requisite for sustainably creating value for the benefit of its shareholders and all other stakeholder groups.

The corporate governance structures of a company are subject to various influencing factors. The underlying basis consists of legally binding regulations complemented by rules which the company voluntarily complies with. In particular, the full respect for shareholder interests, an efficient cooperation between corporate bodies and transparent communications are the primary features of good corporate governance.

Austrian Post is at the forefront of excellence in Austria in all these areas. A strong Supervisory Board which protects the interests of shareholders and all other stakeholder groups and a professional management pursuing business with integrity comprise the basis of efficient corporate management.

Austrian Post continually subjects its information and work processes to a critical analysis in the spirit of actively practiced and strictly followed corporate governance. In particular, the mode of operation of the Management Board and Supervisory Board is assessed within the context of regular evaluation processes and adjusted in line with the results. The Management Board and Supervisory Board closely work together in an atmosphere of mutual trust.

An open and consistent information policy is another crucial pillar of good corporate governance. Austrian Post carries out this important communications activity by holding press conferences as well as meetings with investors and analysts, which enable the company to maintain ongoing contact with its stakeholder groups. Naturally the Management Board plays a key role in these efforts.

Absentee voting at the Annual General Meeting

It goes without saying that Austrian Post strives to optimally support shareholders to exercise their rights and provide transparent and comprehensive information. The Austrian Stock Corporation Amendment Act of 2009 (Aktienrechtsänderungsgesetz – ARÄG) enables shareholders who are unable to personally attend shareholders' meetings to cast their votes. One obvious option is voting per mail, especially for a postal service provider. Austrian Post has already been offering this possibility to its shareholders since the year 2011. This measure is designed to strengthen shareholder rights and assist them in more effectively exercising their rights to information and participation.

This initiative by Austrian Post proved to be extremely successful. More shareholders took advantage of absentee voting at the Annual General Meeting held on April 18, 2013 in the



“THE VOTING RESULTS WILL FIRST BE RECORDED in the computer system and confirmed by me then and there at the Annual General Meeting, and are not known beforehand. For this reason, and due to the fact that all the absentee ballots remain in my office, shareholders can rest assured that any manipulation of the final results can be ruled out and complete anonymity is maintained. Thanks to the high level of acceptance for this instrument of shareholder participation rights, I can only recommend that other listed companies in Austria publicly traded take a good look at this approach and, in particular, make it possible for free float shareholders to conveniently exercise their voting rights. The positive experience with Austrian Post over the last three years is a strong argument in favour of this.“

RUPERT BRIX, NOTARY PUBLIC

VOTING BY MAIL

KEY QUESTIONS AND ANSWERS

What are the advantages of voting by mail?

A key advantage is the greater level of comfort. Anyone who has already formed an opinion can conveniently cast votes by mail on the resolutions proposed by the Management Board and Supervisory Board with respect to the items on the agenda. The shareholder can rest assured that his vote will be recorded and taken into account, as if the shareholder himself personally cast his vote at the Annual General Meeting by marking the applicable box. This also applies if the shareholder personally attends the Annual General Meeting but does not want to stay until the end, or until the voting has been completed on all proposed resolutions.

What costs are involved in casting absentee ballots by mail?

Austrian Post will send shareholders all the documents required for absentee voting at no charge. These materials include a pre-stamped return envelope (for posting in

Austria). Thus shareholders will not incur any additional costs for voting by mail. With respect to the issuance of a safe custody receipt pursuant to Section 10a Stock Corporation Act (AktG), the pre-requisite for any form of participation in the Annual General Meeting, the same terms and conditions apply as for people who personally attend.

How will the ballot be taken into account in the voting process?

The filled-out ballot form is sent directly to Rupert Brix, the notary public, who will also certify the results of the voting on resolutions at the Annual General Meeting 2014. The counting of the votes submitted by absentee ballot will take place under his supervision. The notary's office will note on the envelope or on the ballot the precise time in which it was received and ensure that the votes of these shareholders are not made known to the Management Board or Supervisory Board or other shareholders before voting takes place at the Annual General Meeting.

“Absentee voting contributes to expanding democratic decision-making.”

MARTINA KEINRATH,
CORPORATE GOVERNANCE

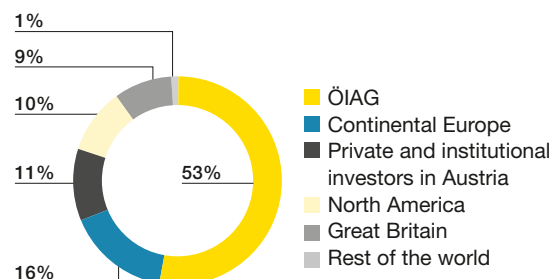


Wiener Stadthalle than personally attended. On balance, 550 shareholders or shareholder representatives and guests were present, whereas an impressive total of 746 shareholders exercised their voting rights per mail, an increase of 40% from the previous year. In accordance with the motto “Because every vote counts”, Austrian Post will continue to promote the instrument of voting by mail in the future. “Offering absentee ballots represents an important contribution towards expanding democratic decision-making in a stock corporation and must be clearly supported for this reason. All shareholders, regardless of their place of residence or where their company is based, should be given the opportunity to conveniently exercise their voting rights without much effort or expense. Mail contributes to expanding democratic decision-making”, explains Martina Keinrath, Head of Corporate Governance at Austrian Post.

SHAREHOLDER STRUCTURE OF AUSTRIAN POST BY COUNTRY

A shareholder ID carried out in January 2014 concluded that, in addition to the main shareholder ÖIAG, 40% of the shares are held by European investors (unchanged compared to the previous analysis of January 2013). All in all, 15.4% of these shares are held by private and institutional investors in Austria (plus 0.6 percentage points), 14.2% in Continental Europe (minus 0.4 percentage points) and 10.4% in Great Britain (plus 0.1 percentage points). A total of 7% of the shares (minus 0.1 percentage points) are currently held by North American investors (USA, Canada), whereas investors in the rest of the world account for much less than 0.2% (unchanged).

SHAREHOLDER STRUCTURE OF AUSTRIAN POST BY COUNTRY, BASE: 67.6 M STOCKS



A PRONOUNCED DEDICATION TO COMPLIANCE

Austrian Post boasts a strong, Group-wide compliance culture, which makes an important contribution to value creation and corporate development.

Austrian Post attaches great importance to ensuring complete compliance with all regulations applying to the company. A comprehensive set of internal rules and a diverse range of measures provide the basis for lawful and proper conduct on the part of the company and its employees. In recent years Austrian Post has resolutely pursued its goal of developing a strong, Group-wide compliance culture. The compliance management system (CMS) in its current form was introduced in 2010 and continually expanded since then. The underlying conviction is that compliance makes an important contribution to the corporate development and value creation. One specific consequence of a vibrant compliance culture is to avoid liability risks or prevent the company and its employees from suffering other detrimental legal repercussions.

In addition, a widespread awareness of which legal or internal rules must be complied with helps all employees to breathe life into the corporate values and further advance the corporate culture. Last but not least, compliance is an important factor for Austrian Post in its efforts to be perceived by its customers, business partners, shareholders as well as the general public as a fair and reliable partner acting in a transparent manner.

Pressing ahead with internationalisation

In the year 2013 Austrian Post press ahead with the continuous integration of the compliance organisation in its subsidiaries, especially in the

CEE region. The focal points were the issues of compliance awareness and anticorruption. The Code of Conduct developed in 2010 was rolled out throughout the Group over the past few years. For this purpose, the code was translated into eleven languages (English, French, Dutch, Slovakian, Czech, Hungarian, Croatian, Romanian, Polish, Russian, and Turkish) and made available to all subsidiaries. The Code of Conduct contains the principles applicable to the behaviour of all people working for the company – the Management Board, executives and all employees.

In order to implement the compliance agenda across the Group, the number of regional compliance representatives supporting the central Compliance Office in its work has increased by eight to a total of 25 in 2013. They are taught and trained within the context of “train the trainer“ on a regular basis, or as warranted. This further strengthens the Group-wide compliance organisation, which offers practical and behaviour-oriented consulting and training to all employees in Austria and in all international business units. Cooperation with the regional compliance officers will be further intensified in 2014, in light of the fact that Austrian Post considers this exchange of views to be the basis and a crucial component of a functioning compliance culture.

Compliance communication intensified

For this purpose Austrian Post uses its own internal communications channels, for example the employee newspaper, Austrian Post's Intranet and information bulletins on specific topics. In addition, specific compliance issues such as Austrian Post's Code of Conduct and the Compliance Help Desk as the contact point for inquiries and tips as to potential violations are communicated both within the company and to external stakeholders.

The Compliance Help Desk of Austrian Post is available to all Austrian Post employees 24/7 via



COMPLIANCE HELPDESK

E-Mail: compliance.helpdesk@post.at
Hotline Austria: T: 0800 202 224
Hotline international: T: 0800 202 224 26
Hotline Serbia: T: +431 577 67 24317
Stephan Buschina, Compliance Officer



No chance for corruption bacteria: Austrian Post is implementing a comprehensive awareness campaign on the issue of compliance.

e-mail and a separate Intranet platform. Moreover, all employees in Austria and abroad can make use of a cost-free hotline. The strong increase in inquiries sent to the Compliance Help Desk confirms that this instrument could be more firmly embedded in the minds of employees thanks to the underlying communications measures.

The communications channels were also complemented during the reporting period by an e-learning tool available in German and English on the issues of compliance awareness and anti-corruption. The relevant content was conveyed on the basis of realistic examples.

Successful compliance campaign

Austrian Post developed a special communications campaign at the end of 2012 to enhance awareness of compliance in the company. It was rolled out at the beginning of 2013 using specially designed posters and folders and distributed to all employees. In particular, the initiative focused on a highly topical issue. Austrian Post employees will find information on gifts, invitations and other advantages compactly summarised in a single folder. The comprehensive communications materials were rounded off by special give-aways dealing with the issue of compliance with a little smile – thus embedding the messages even more strongly in the employees' memories. In addition to the Compliance First Aid Kits, there were also specially designed ponchos featuring the slogan "Compliance won't leave you out in the rain".

International Compliance Day

Due to the huge success of the 1st International Compliance Day in 2012, a further event was held in 2013 which once again aroused extensive interest on the part of Austrian Post employees. In addition to Peter Umundum, Member of the Management Board, participants included the regional compliance representatives, members

of the Compliance Committee and employees responsible for the subsidiaries (especially in the CEE/SEE region). External input was provided by renowned speakers of the International Anti-Corruption Academy (IACA), the University of Lausanne and international companies.

Compliance certification

Within the context of its compliance management system, Austrian Post strives to ensure the ongoing professionalisation and expansion of its compliance organisation. By intensifying the dialogue with several specialised departments, the issue of compliance was also integrated into the M&A process as well as in other company processes, for example various purchasing and sales processes.

In the year 2013 the compliance management system of Austrian Post was successfully subject to an audit by the standard IDW PS 980 as well as the Business Principles for Countering Bribery (Transparency International 2009). The concept, suitability as well as the implementation and effectiveness of every element of the compliance management system was reviewed and confirmed.

EFFECTIVENESS EXAMINED

JÖRG BUSCH, PARTNER PWC AUSTRIA,
ON EFFECTIVE COMPLIANCE



"The key criteria underlying an effective compliance management system are the binding commitment on the part of the management, a strong compliance organisation, extensive communications measures and the embedding of compliance measures in company processes. PwC Wirtschaftsprüfung GmbH has evaluated the appropriateness, implementation and effectiveness of Austrian Post's compliance management system according to an internationally recognised standard."



The basis of Austrian Post's success:
competent and committed employees.
Here at the Vienna letter centre.

EMPLOYEES AS THE BASIS OF SUCCESS

Austrian Post has consistently positioned itself as an attractive employer and is implementing numerous measures – from a leadership culture, training and professional development to occupational health and safety.

As one of the biggest employers in the country, Austrian Post bears a special responsibility. For this reason, it attaches great importance to good working conditions for its employees. Occupational safety, health protection and healthcare play a key role. This is because motivated and productive employees are the basis for corporate success, especially in a service company. Austrian Post aims to create reliable future perspectives for employees and promote their individual professional development against the backdrop of a market environment in which change seems to be the only constant. Austrian Post is not only intensively working on its products and services but also on its corporate and leadership culture. Only clearly-defined and mutually held visions and values enable the company to act in a target-oriented and sustainable manner. At the beginning of 2010, Austrian Post began to focus on developing its new mission statement featuring three value categories and three main principles. They are being implemented and firmly enshrined in the daily work of all employees through a variety of measures. All the measures impacting employees and society are derived from these value categories.

Customer orientation:

Everything we do revolves around our customers

Profitability and sustainability:

We are future-oriented

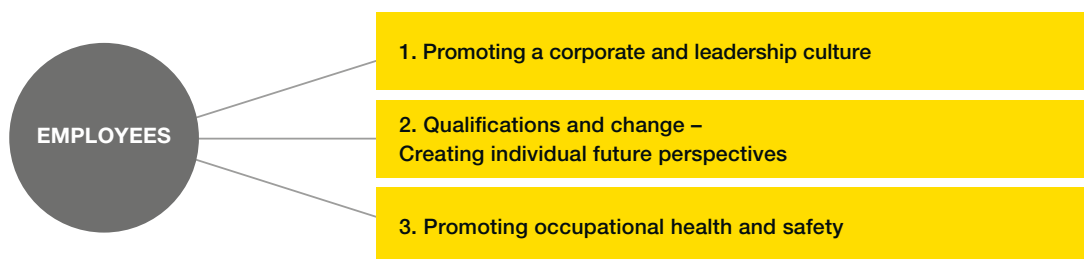
Communication and appreciation:

We are all part of Austrian Post

The value “communication and appreciation” is particularly crucial in the way the company deals with employees. In line with the guiding principle “We are all part of Austrian Post”, every individual employee should be committed to actively shaping the future of Austrian Post. This attitude is taken seriously in the company and is practised in reality. In June 2013 the first company-wide employee survey entitled “Together we will get even better” was carried out at Austrian Post. The objective was to capture the mood of employees as well as to identify relevant issues and improvement potential. The employees had the opportunity to express their opinion on different aspects of the company and evaluate their employer. The results of the survey presented an objective view of where Austrian Post is seen to be at the present time. On this basis four fields of action were identified to which Austrian Post will pay increasing attention, and which will be used to implement specific improvements. ▶

EMPLOYEE OBJECTIVES

GREAT IMPORTANCE IS ATTACHED TO APPRECIATION AND RESPECT



More than 1,000 executives discussed ideas and specific measures relating to these four fields of action at the Post Management Days held in the fall of 2013. These measures are to be successfully implemented in order to ensure optimal employee satisfaction. "For me it is especially important that this project results in tangible improvements and that the employees will really notice them in their day-to-day work", one of the participants at the Post Management Days said.

EXECUTIVE ACADEMY

Austrian Post strives to create reliable future perspectives for all employees and to promote their individual professional development in a market environment in which the demands imposed upon employees are continually subject to change. In this regard executives have a special responsibility i.e. to identify the potential of their employees, expand their skills on the basis of individual career development measures and create productive working conditions enabling employees to optimally unfold their skills and exploit their potential.

For this reason, Austrian Post has been instructing management staff since 2012 within the framework of special executive training programmes. The objective of the "Executive Academy" is to support executives to implement management guidelines within the framework of a customised programme.

All top executives and managers supervising more than three employees take part in special trainings tailored to their specific area of responsibility. Leadership skills are imparted via different modules and with the help of specially trained coaches. The topics include communication and motivation, management styles and instruments or presentation techniques. The so-called "Leadership Workshop" is designed to deepen the knowledge the participants have gained. In the year 2013 some 700 executives participated in the Executive

Academy. The four target group oriented programmes to further develop the skills of company executives will be continued in 2014.

A day visiting customers

Austrian Post attaches considerable importance to customer-oriented thinking and behaviour in the spirit of embedding the mission statement in its daily business operations. This presumes that executives have a good knowledge of the processes and activities taking place every working day "on the front". More than 380 managers were given the opportunity in 2013 to gain an insight into the daily work of their colleagues on the delivery staff, in the branch network or in the customer service department. The managers spent a day for example accompanying a mail carrier and helping out with his or her work in direct contact with customers. Last but not least, this measure provided an opportunity to get a better understanding of the challenges and problems involved in interacting with customers.

The managers of tomorrow: Trainee programme and center of excellence

A trainee programme designed to promote the professional skills of junior staff was launched in September 2013. On balance, a total of 27 trainees will participate in a one-year training programme. The aim of the initiative is to enable them to acquire a thorough knowledge of the company and to engage in cross-divisional networking. They will be employed in the delivery operations, in a branch office and in a logistics centre, among other responsibilities.

Finally Austrian Post decided to provide support for four semesters to students at the Center of Excellence, where the best students at the Vienna University of Economics and Business come together. Austrian Post attaches considerable importance to a mutual exchange of experience and contact with ambitious and talented people. ■

THE EMPLOYEE SURVEY 2013

11 TOPICS, 57 QUESTIONS, NUMEROUS FINDINGS

19,224

QUESTIONNAIRES WERE SENT TO AUSTRIAN POST EMPLOYEES.

5,918

COMPLETED QUESTIONNAIRES WERE RETURNED TO EUCUSA, THE COMPANY CONTRACTED TO IMPLEMENT THE SURVEY.

30.8%

WAS THE THE RESPONSE RATE. THIS MEANS THAT ONE OUT OF EVERY THREE EMPLOYEES TOOK PART IN THE SURVEY.

A HEALTHY WORKPLACE

Austrian Post offers its employees trainings and prevention.

Fit and healthy employees who enjoy their work comprise the decisive success factor for Austrian Post in its role as a service company. A secure and motivating working environment promotes the ability of employees to work, regardless of their age. Of course the employees are personally responsible for maintaining their own health. However, Austrian Post supports their efforts by means of trainings and information materials. Accordingly, trainings focusing on safe and healthy workplace behaviour, the promotion of exercise as well as tobacco and alcohol abuse prevention are among the top priorities. The company also attaches great importance to creating health-promoting and ergonomic working conditions as well as workplaces tailored to the needs of disabled or older employees.

In addition to the ongoing health promotion measures, Austrian Post offered new priority healthcare programmes in 2013:

A healthy heart

This preventive health programme provides all Austrian Post employees with information about general risk factors relating to cardiovascular diseases, their own personal risk situation and measures showing them how to prevent heart disease.

Back training

Since 2011 spinal screenings including posture analyses have been carried out and individual corrective exercises offered in order to ensure that these ergonomic priorities have a lasting

effect. More than 90 events attracting close to 1,700 participants have been held up until now.

The enthusiasm for running

In 2013, Austrian Post and post.sozial supported company employees participating in running events by paying the race entry fees. On balance, more than 1,500 Austrian Post employees took part in nine races throughout Austria. ■

“I LIKE TO BE ON THE PODIUM“

Project manager Andrea Koller strikes a good balance in her life through the sport of running.



Andrea Koller works for the Parcel & Logistics' marketing team of Austrian Post.

Ms. Koller, why did you start running?

ANDREA KOLLER: I was always very athletic. I started running about ten years ago thanks to my boss. He wanted to form a Post team for the Graz Business Run. At first nobody volunteered. The idea that I could surely manage the five kilometres aroused my interest. I succeeded and have been running ever since then.

What is the nice thing about the races?

KOLLER: I was always ambitious in terms of sports. The fact is that I simply enjoy securing a podium finish. At some point I asked myself whether it wouldn't be possible to do the Graz Business Run even faster. So I started to do more and more, and ran a quarter marathon and then a half marathon, and three years later the entire distance.

How you do prepare for the races?

KOLLER: I run first thing in the morning three to four times a week, preferably in the gardens of Vienna's Belvedere Palace. Subsequently I ride to the office by bike. There is hardly a better way to begin a day with more energy than to run early in the morning.

MEASURES FOR BETTER HEALTH

Vaccination campaign	More than 3,200 vaccinations administered
Health Days	Approx. 570 participants
Workplace inspections by safety experts and occupational physicians	More than 3,600
Trainings on safe and healthy behaviour at the workplace	More than 400 trainings
Spinal screening and posture analysis	Approx. 1,700 participants
Occupational health examinations of eyesight working at night or with computer screens	More than 220 examinations

EMBRACING DIVERSITY

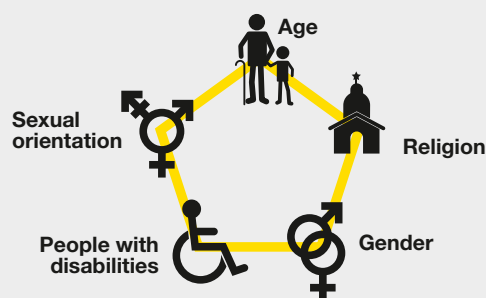
The resolute diversity management pursued by Austrian Post promotes creativity, invigorates the corporate culture and contributes to the company's success.

Austrian Post puts a great deal of emphasis on ensuring sufficient diversity in the company. Appreciation of, respect for and the promotion of diversity have a positive effect on Austrian Post's corporate culture and contribute to its business success. Diversity of the staff means different points of view, which in turn leads to new ideas and the promotion of creative thinking outside the box. Diversity can also contribute to more effective decision making and problem solving.

Diversity and mentoring

Austrian Post signed the Charter of Diversity in 2013 and voluntarily committed itself to promoting greater tolerance, fairness and respect within the context of its diversity management efforts. The second Business Cross Mentoring Programme of Austrian Post was started in January 2013. A total of 32 female employees are participating in this programme designed to promote the advancement of women in the company. The initiative aims to further promote equality of opportunity for success-oriented women as well as to strengthen the mutual exchange of experience and know-how between selected Austrian Post employees and their personal mentors.

FIVE CORE DIMENSIONS OF DIVERSITY MANAGEMENT



- Diversity** attracts new customers.
- Diversity** helps to lure talented employees.
- Diversity** promotes creativity and the capacity for innovation.
- Diversity** helps to open up international markets.
- Diversity** retains employees in the long term and increases efficiency.
- Diversity** improves the image of Austrian Post.

AUSTRIAN POST – EMPLOYEE INDICATORS

	2011	2012	2013
Employees Group (FTE)¹	23,369	23,181	24,211
Employees of the parent company Österreichische Post AG (FTE)¹	19,907	19,534	18,951
thereof women (FTE, %)	29.3%	29.3%	28.9%
Civil servants (FTE)	10,266	9,738	9,146
Salaried employees (FTE)	9,429	9,558	9,548
Full-time employees (persons)	17,785	17,724	17,178
thereof women (%)	23.1%	23.7%	23.4%
Part-time employees (persons)	3,812	3,422	3,388
thereof women (%)	83.3%	85.4%	83.5%
Average tenure of civil servants at Austrian Post (years)	27	28	29
Average tenure of salaried employees at Austrian Post (years)	11	11	11
Employees (FTE) according to age			
Under 30 years	1,600	1,735	1,837
30-50 years	13,210	12,218	11,131
Over 50 years	5,098	5,581	5,982
Fluctuation (%) ²	8.6%	10.1%	10.9%
Sick leave rate for employees (FTE, %)	7.4%	7.4%	8.7%

¹ FTE = Full-time equivalents; ² Employee attrition in relation to permanent staff

“INCREASED MOTIVATION“

In November 2013 Austrian Post was given the “Career and Family” certificate issued by the Federal Ministry of Economy, Family and Youth.

What exactly is the “Career and Family” audit?

EDITH PETER: The audit is designed to further promote the awareness of families and their needs in all relevant areas of the company. More than 300 companies and institutions have already successfully participated in the audit.

Why has Austrian Post carried out the “career and Family” audit?

ISABELLA KAMPTNER: Studies have shown that a family-friendly working environment increases employee motivation, loyalty and commitment. The lower rate of attrition correspondingly reduces the costs for training, substitute and recruitment times, and vital know-how is retained within the company. In this way Austrian Post is able to strengthen its positioning as an attractive employer. In addition to the development of customised measures in collaboration with experts, we also benefit from the exchange of experience with other companies.

Why are measures only being implemented at corporate headquarters for the time being?

KAMPTNER: The employment structures within Austrian Post are quite complex. There are employees who do shift work and whose working hours constantly change. Some employees stand behind the counter, others do not even have a PC at their workplace. The size of teams varies immensely, and local conditions are not the same everywhere. In spite of these differences, measures should be developed to respond to the different needs of employees. For this reason, it was important to focus on one specific area at Austrian Post at the beginning of the audit. The more we can ensure a level playing field when starting out, the easier we will be able to agree on targeted measures for this area. We have defined a series of measures which we intend to implement over the next three years at corporate headquarters



Isabella Kamptner, Human Resources Department of Austrian Post, commissioned to carry out the audit, and Edith Peter, Managing Director of KiBiS Work-Life Management GmbH.

and the overhead functions of the regional offices. If we succeed in obtaining the basic certificate, we will gradually expand the audit to other business areas in the company.

PETER: Many companies deciding to carry out an audit initially begin with a specified business unit. This usually involves individual branch offices or several business areas of the company. If the measures prove their value in practice, they are subsequently expanded to encompass the entire company. There is a simple reason for this. Every target group which is addressed requires a different set of tools. Compared to other companies, the auditing process at Austrian Post surpassed all my expectations. In my role as an auditor, I discovered that Austrian Post offers extensive employee-oriented benefits, and is also implementing an excellent human resources development concept as well as a highly professional mission statement and management development programme.

What further steps are planned?

KAMPTNER: We aim to modernise the working world at Austrian Post on the basis of this audit, and raise awareness of this issue on the part of executives. Specific measures could include, for example, integrating those employees who are on leave in the ongoing information system, or active leave administration supporting people taking time off from work. In any case there are a number of things we intend to do.

EMPLOYEES REINVENT THEMSELVES

The “Internal Labour Market” platform prepares employees for new tasks within the company or elsewhere.

In addition to specific training and further education courses tailored to employees in all business areas and age groups, Austrian Post also offers employees impacted by the restructuring measures the possibility to reposition themselves on the job market within the context of the company’s “Internal Labour Market”. Increasing competition and the liberalisation of the letter mail market in 2011 require the company to implement ongoing efficiency improvements and adjustments to its personnel structure. The “Internal Labour Market” is a platform designed to prepare employees for new jobs inside or outside the company. In 2013 the focus was on the cooperation with PDG, Post Dienstleistungs Gesellschaft mbH, which offers comprehensive services for Austrian Post, such as repairs and maintenance work, the implementation of various construction measures as well as support carrying out administrative activities. Employees belonging to the Internal Labour Market are also deployed to carry out these services, if possible. Some 400 postal partner offices were supported in applying Austrian Post’s corporate design. Furthermore, employees of PDG as well as the Internal Labour Market

were deployed on behalf of the Federal Ministry of Finance to collect soil samples as a means of estimating the value of land throughout Austria.

Success model: Transfer of Post employees to the federal public service

In 2013 civil servants at Austrian Post once again transferred to the federal public service, more specifically to the Federal Ministry of Internal Affairs, the Ministry of Justice and the Ministry of Finance. Numerous applications and visits to information events demonstrate the widespread interest in the programme. By the end of 2013 close to 400 employees had transferred to the federal public service, showing that the competencies acquired at Austrian Post are very much in demand at the ministries. Since the year 2013 the Federal Ministry for Education, Arts and Culture has also offered career opportunities. The positions involved encompass a broad range of responsibilities, from demanding specialist jobs in the ministries to supporting functions in schools.

The Federal Office for Aliens’ Affairs and Asylum (BFA), the new government body created by the Federal Ministry for Internal Affairs, commenced operations at the beginning of 2014 with offices in all the federal provinces. More than 100 applicants from Austrian Post and A1 Telekom Austria have shown their interest in transferring to the new public authority. 18 Austrian Post employees have committed themselves to accepting the new challenge and will strengthen the BFA’s human resources. They have been undergoing training by experienced employees from the Federal Asylum Office and the Aliens Police since November 2013. Upon concluding their instruction, the new employees will have gained a working knowledge of basic administrative procedures, the right to asylum and immigration laws. Subsequently they will be directly supported by team leaders at their workplaces and receive further training. One example: the former Austrian Post employee Dieter Woisetschläger has taken up a new professional challenge, and now serves as a district prosecutor for the Public Prosecutor’s Office in St. Pölten. “I am very satisfied with my new position and grateful for the support I was given during this period of change.” ■

CSR AT SUBSIDIARIES

CONNECTING EMPLOYEES

CEE ACADEMY

The CEE Academy established in 2012 for the company’s strategic investments in the CEE region was expanded in 2013. This initiative is designed to introduce and implement a mutually shared corporate culture derived from the leadership guidelines developed by Austrian Post, and to promote transnational knowledge transfer and networking.

POST.SOZIAL IN CEE & GERMANY

A further project should strengthen the feeling of belonging to the Austrian Post Group on the part of employees in the subsidiaries by giving them the opportunity to take advantage of the services provided by post.sozial. In the initial phase a pilot project was launched in the summer of 2013 involving employees of the Central and Eastern European subsidiaries belonging to the Parcel & Logistics Division. The employees of the trans-o-flex Group in Germany also participated. In order to enhance the attractiveness of the fair.reisen offering for employees, the winter travel brochure was also printed in Serbian, Croatian, Hungarian and Slovakian. Since the 2013/14 winter season employees of Austrian Post’s mail subsidiaries in the CEE region have also been able to take advantage of these travel offers.

MULTIFACETED ASSISTANCE

The association post.sozial supports employees by providing a broad range of social services, including lower-priced tickets for cultural and sporting events.

The joint welfare association “post.sozial” reflects the social responsibility of Austrian Post to its employees based by providing additional social services above and beyond legally stipulated obligations. The non-profit association was established to provide social support to active employees of Austrian Post and its subsidiaries as well as to retired employees, family members and surviving relatives of employees. In addition to financial assistance for employees in emergency situations or in dire need, the association helps employees in many different ways, for example by offering favourably priced holiday deals, discounted tickets for cultural and sports events and child care and day care services during vacations. In addition, post.sozial provides support for health care measures and recreational activities designed to prevent illness. The focus in 2013 was on burn-out prevention.

Quick help for flood victims

People affected by the Austrian-wide flooding in the first half of 2013 could be quickly helped thanks to the speedy and unbureaucratic financial assistance which the association post.sozial put at their disposal.

In order to be able to finance these measures, 1% of the wage bill paid by Austrian Post and its subsidiaries is devoted to funding the association. Total funding for the benefit of employees amounted to EUR 6.4m in 2013. The association is also supported by third-party donations.



POST MUSIC POST EMPLOYEES STRIKE A CHORD

Postmusik Salzburg even performed in the TV programme „Musikantenstadl“.

At the present time Austrian Post is promoting seven Post bands and two Post choirs. These so-called “Post cultural associations” boast approximately 400 active members, including about 150 employees of Austrian Post as well as employees of Post Bus AG, A1 Telekom Austria and private individuals. Several of the highlights in the year 2013: Post and Telekom Musik Vienna took part in the Vienna Festival (“Wiener Festwochen”). Postmusik Graz gave the very first performance of a piece of music commissioned for choir and brass orchestra on the occasion of a celebraton commemorating Peter Rossegger, and held a benefit concert for flood victims. Postmusik Salzburg performed in front of an audience of millions watching the TV programme “Musikantenstadl” in Salzburg, and also went on a concert trip to China. Postmusik Linz appeared at the Gala Night of Sports.

THE ACHIEVEMENTS OF POST.SOZIAL IN 2013

post.sozial	Total funding	EUR 6.4m
fair.reisen	Number of overnight stays	58,856
helfens.wert	Food coupons	EUR 4.3m
	Financial assistance	EUR 974,000
sehens.wert	Number of discounted admission tickets offered	19,122
	Events offered	124
postler.kids	Support for children’s holiday camps	EUR 10,315

A RELIABLE PARTNER

Whether in the context of its business activities or beyond: Austrian Post takes care of essential tasks in society.

Only Austrian Post ensures the supply of basic postal services to the Austrian population.



Austrian Post makes a decisive contribution towards maintaining and further developing the communications infrastructure of the country in a future-oriented manner by reliably providing the entire country with postal services. Each day Austrian Post brings letters and parcels to every address and doorstep throughout Austria, ensuring that basic postal services are available to the Austrian population. In addition to several modern logistics centres and 265 delivery bases, Austrian Post operates a nationwide branch network comprising 1,894 postal service points at the end of 2013. In the light of its importance to the country, Austrian Post is also committed to taking an active part in society. One priority is to get involved in projects which have a direct connection to the core business of the company – its high level of logistics competence and nationwide network of branch offices.

Reliable postal service

Only Austrian Post delivers letters and parcels each day to every address and doorstep throughout Austria, thus ensuring that basic postal services of outstanding quality are provided to the Austrian population. External quality measurements concluded that 95.5% of all letters are delivered to recipients on the next working day, higher than the legally stipulated level of 95%. Conditions in the postal sector are being subject to major changes. For this reason, Austrian Post must continually adapt its services and infrastructure in a customer-oriented manner. A primary focus of the company's efforts is the expansion of the very successful postal partner concept. On balance, a total of 1,359 postal partners as of the end of 2013, including food stores, petrol stations, tobacconists and muni-

cipal authorities, ensured the optimal regional availability and accessibility of Austrian Post and the services it offers.

In 2013 the cooperation between Austrian Post and BAWAG P.S.K. was also intensified. By the end of 2013, a total of 476 branch offices were jointly operated. They offer postal and bank services, retail and telecommunications products under one roof. The strategic advantages of this concept and the combined exploitation of the respective strengths of Austrian Post and BAWAG P.S.K. have consistently proven to be successful, generating extensive synergies. The shared design and expanded offering – like the response to the postal partner concept – have been very well received by customers.

Postal partners in the social sphere

Austrian Post's cooperation with postal partners in the social sector has proven to be particularly successful. For example, the charitable organisation "die Laube" now runs seven postal service points. „Die Laube“ works with mentally stressed people who cannot take part in the normal working world due to their illness. The organisation offers employment via its facilities in Salzburg and Vienna, and also contributes to reintegrating them into the job market. "The great thing about this project is that we can offer our clients meaningful jobs. That is the best training we can give them", says Managing Director Alois Autischer. The challenging work is handled very effectively through teamwork and mutual support. "We are all part of Austrian Post – and are correspondingly held accountable for our work. This is the nicest compliment we could ever get. And the quality we offer is right on target", he adds. ■

SOCIALLY COMMITTED

Austrian Post provides support to numerous social projects on the basis of its core competence in logistics.



In addition to the positive effects of its business activities on society, Austrian Post does its share to help tackle social problems by supporting a series of social projects. In this regard, the company particularly makes an effort to contribute its own core competencies to the partnerships it concludes i.e. the nationwide delivery of mail items and its nationwide distribution network. No other company in this line of business can provide such targeted and efficient assistance as Austrian Post.

The “Ö3 Wundertüte“

For the ninth time, old mobile phones could be converted into cash donations for Austrian families in need within the context of this initiative during the weeks of Advent. A total of 431,000 donated mobile phones resulted in an amount of EUR 670,000 for the emergency aid funds of “Licht ins Dunkel” (“Bring Light into the Darkness”) and the charitable organisation Caritas.

“Play at being the Christ Child”

Austrian Post supported this charitable work by sending the gift packages to the collection points of the Austrian Samaritan Federation at no charge. From there the presents were personally delivered to children in social welfare institutions and disadvantaged families.

“Christmas in a shoe box”

The priority of this gift campaign which was also supported by Austrian Post is to give some joy to needy children around the world. Some 500,000 “gifts of hope” were collected and handed over to children in Romania and Bulgaria just in time for Christmas 2013. Austrian Post’s contribution was to pick up the parcels from the collection points in the Greater Vienna area.

The Post in school

Austrian Post raises awareness of the company as an institution in society, especially among the younger generation, by promoting writing and reading skills. Teaching materials for the third class in primary school called “Die Post macht Schule” were developed. More than 3,700 such “school boxes” were distributed to primary schools throughout Austria in 2013.

SOCIAL COMMITMENT IN CEE PROJECTS IN SOUTH EAST AND EASTERN EUROPE

“FUTUREBAG – A BAG FOR THE FUTURE”

24VIP Logistics Services, the subsidiary of Austrian Post in Bosnia-Herzegovina, joined forces with the Red Cross to sign a cooperation agreement with the association “Futurebag – A bag for the future” in 2013. Futurebag promotes economically disadvantaged children by supplying them with school kits appropriate to their ages (schoolbags and other materials for school). 24VIP Logistics Services handled the entire logistics organisation, from importing, storing and sorting the parcels financed by donations to delivering them to schools and institutions.

“GOOD ANGEL”

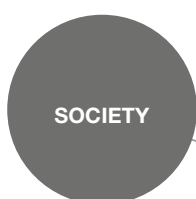
Since 2013 Slovak Parcel Service (SPS) has been supporting the humanitarian organisation “Good Angel”, which supports families which are suffering from financial hardship due to the illness of one of the parents or children. The institution provides regular monthly financial as well as material assistance. In this case the contribution made by Austrian Post in 2013 entailed the free delivery of about 200 care packages.

“OUR CITY”

In 2013, SPS also supported the volunteer project “Our City” created by the Pontis Foundation. More than 6,000 volunteers spent two days in eleven Slovakian towns and seven villages, carrying out 500 different repairs or essential improvements in public parks, schools, kindergartens and other facilities. SPS served as the partner for the nationwide delivery of equipment and working materials for the volunteers.

SOCIAL OBJECTIVES

AUSTRIAN POST BRINGS SOMETHING TO EVERYBODY



1. Reliability of supply – Expansion of reliable, nationwide postal services

2. Service orientation – Ongoing further development of solutions to enhance customer benefits

3. Social engagement – Promoting business-related, socially-relevant projects and activities



The photovoltaic plant on the roof of the Vienna Letter Centre generates electricity for Austrian Post's e-vehicles.

MINIMISING THE ECOLOGICAL FOOTPRINT

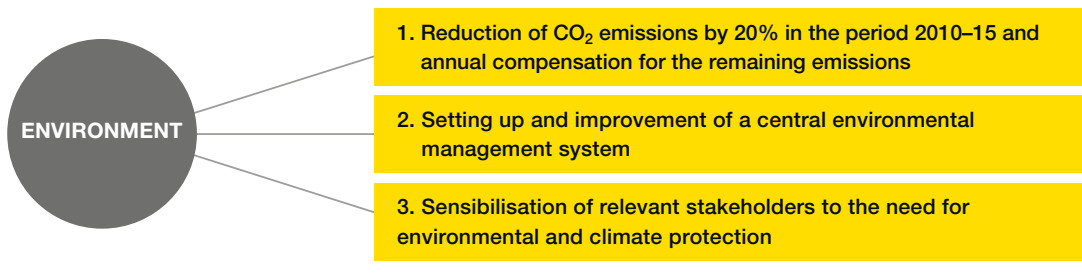
Austrian Post is a trailblazer when it comes to “green logistics” and also pays attention to conserving natural resources in all its business areas.

The challenges of slowing down climate change and minimising the ecological footprint are also becoming increasingly explosive issues in Austria. This naturally applies to Austrian Post in its capacity as the country's largest service company. Austrian Post takes its responsibility seriously, and successfully demonstrates that a company can positively tackle such challenges with a strong commitment. Austrian Post makes a major contribution to climate protection thanks to its initiative CO₂ NEUTRAL DELIVERY, and also serves as a

trailblazer in the field of “green logistics“. In addition, Austrian Post leverages its position in society as one of the most important companies in the country to build awareness among its stakeholders of the importance of environmental and climate protection. One successful example was the campaign “STEP FOR STEP for our climate – We are part of it!” initiated in 2013 to raise awareness on the part of Austrian Post employees. Austrian Post has defined three objectives reflecting its aim to operate in a caring and respectful manner towards the environment:

ENVIRONMENTAL OBJECTIVES

AUSTRIAN POST FOCUSES ON ENVIRONMENTAL PROTECTION



CO₂ neutral delivery – a success story

The target set by Austrian Post in 2010 was an ambitious one. The company hoped to reduce its CO₂ emissions by 20% no later than 2015. This comprised an ambitious goal because the reduction of greenhouse gas emissions is a tricky and delicate task for one of the largest logistics companies in Austria. The company requires about 14m litres of fuel every year for its approximately 9,000 vehicles. Moreover, it needs some 150m kWh of energy for the buildings it operates. However, Austrian Post is well on its way to further reducing the CO₂ emissions resulting from its business operations, as it did by 27% in the period 2008–2012.

On balance, the company's business activities emit about 71,000 tonnes of CO₂ each year. However, these greenhouse gas emissions have been fully compensated since 2011 by Austrian Post's support for climate protection projects, so that all letters, parcels and direct mail items in Austria are delivered in a climate-neutral manner. Accordingly, Austrian Post ranks as a trailblazer in the field of "green logistics" both in Austria and internationally, and in the process also supports its customers in improving their own climate scorecard. Since the beginning of 2012 the climate-neutral delivery of business customer mail has been confirmed by the annual issuing of a certificate. Some 1,200 such certificates were handed over to large customers for the 2011 and 2012 financial years. About 600 certificates will be issued for business customers in 2013 as well.

Verification

The entire initiative CO₂ NEUTRAL DELIVERY is being monitored and assessed by independent experts at TÜV AUSTRIA as a means of ensuring that the targeted positive ecological effects are actually achieved. The initiative is based on three strategies:

1. Avoid emissions and increase efficiency

In buildings:

→ Monitoring energy consumption

→ Efficient lighting concepts

In the vehicle fleet:

→ Optimised route planning

→ Modern vehicle fleet

2. Increasingly use alternative energy sources

In buildings:

→ Conversion of the entire electricity procurement to "green electricity" since 2012 and operation of a rooftop photovoltaic facility with an output of 880 kilowatt peak at the Vienna Letter Centre

In the vehicle fleet:

→ 653 electric-powered vehicles (581 single-track and 72 multi-track)

→ Expansion of the entire fleet of e-vehicles to about 1,300 by 2016

→ 71 environmentally compatible natural gas-powered vehicles

3. Compensation

In spite of exploiting existing potential, it is currently not possible to avoid all emissions.

However, the remaining emissions are completely offset by support for certified climate protection projects. In selecting these projects Austrian Post attaches particular importance to ecological and socio-economic aspects. ■



Austrian Post confirms the climate-neutral delivery for its business customers by issuing a certificate.



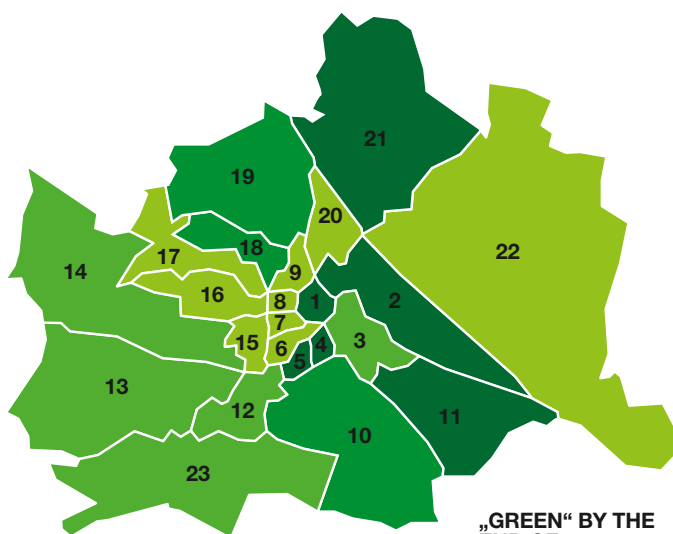
Austrian Post operates its electric-powered vehicle fleet with electricity from renewable energy sources.

AUSTRIAN POST RUNNING ON ELECTRICITY – E-MOBILITY ON THE RISE

By the end of 2016 Austrian Post wants to have more than 1,300 e-vehicles at its disposal, and deliver all letters to Viennese households in an eco-friendly manner.

CONVERSION TO AN E-VEHICLE FLEET

BY 2016 AUSTRIAN POST WILL OFFER THE “GREEN” DELIVERY OF ALL MAIL AND DIRECT MAIL ITEMS FOR PRIVATE CUSTOMERS IN VIENNA.



— 1.053 delivery districts in Vienna:

By foot:	827
By bicycle:	8
By moped:	133
By car:	85

„GREEN“ BY THE END OF ...

- ... 2013
- ... 2014
- ... 2015
- ... 2016

Preserving natural resources is also an important concern of Austrian Post when it comes to its vehicle fleet, one of the biggest in the country. Austrian Post is a pioneer in the field of e-mobility in Austria as demonstrated by the support provided by the klima:aktiv mobil programme as well as the Austrian Climate and Energy Fund. In this regard, with “E-Mobility Post”, Austrian Post has served as one of eight model e-mobility regions of the Climate and Energy Fund of the Austrian Federal Government since 2012. This model region encompasses several areas, but focuses on the Vienna metropolitan area and its suburban sprawl. Within the framework of E-Mobility Post, a total of 309 electric cars, about 300 e-mopeds and 548 electric bicycles will be purchased in the period 2012–2016 in order to test and evaluate their practical use in the mail delivery process. Moreover, drivers will be systematically trained to adapt their driving style as a means of reducing energy consumption. On balance, the delivery fleet of Austrian Post should consist of about 1,300 e-vehicles in the year 2016

More specifically, over the next few years Austrian Post plans to convert its entire letter mail delivery operations to private customers in the Vienna metropolitan area with its 1,053 delivery districts to the use of electric-powered vehicles.

This will require some 90 double-track and 150 single-track e-vehicles. They neither produce particulate matter, nitrogen oxide nor CO₂ emissions, and are far superior to conventional vehicles by reducing the level of noise emissions. If that the energy needed to power the vehicles is derived from renewable energy sources – as is the case at Austrian Post – the environmental scorecard even turns out to be much better. This contributes to improving the quality of life in Austria's capital city.

Austrian Post is also working very closely with other model regions. For example, it is cooperating with the lighthouse project "eMorail" of the Austrian Federal Railways aiming to establish a link between e-mobility and public transportation by means of car sharing. More specifically, Austrian Post is supporting the use of "eMorail" by commuters at two pilot locations in Kaindorf, Styria and Edlitz-Grimmenstein, Lower Austria. The objective is to enable commuters to cover the distances they need to travel to work in an environmentally compatible and climate-neutral manner. The commitment of the company also involves carrying out related research and ongoing monitoring. ■

ELECTROMOBILITY

INNOVATION WITH A LONG TRADITION

Parcels and letters delivered in a 100% environmentally compatible manner with electric-powered vehicles: this sounds like a vision of the future, almost too good to be true. But in fact this is not the case. Austrian Post already committed itself to low-noise, environment-friendly electric drive systems 100 years ago. Unlike today, the main consideration at that time which tipped the scales was cost efficiency and not environment protection.

On June 15, 1913, the former Austrian Imperial Royal Post put the first 29 Daimler-Tudor electric vehicles into operation. These vehicles were driven by two 15 PS wheel hub motors produced by Lohner Porsche, and managed a top speed of 18.5km per hour. The batteries were designed to cover a distance of up to 45km. In the case of longer distances these batteries had to be recharged or replaced. The electric postal car garage was located in Vienna's third district in the former Imperial Riding School near Ungargasse.

During the Second World War electric-powered vehicles were also deployed to transport mail items on congested postal routes between post offices and train stations. After the end of the war the period of slow reconstruction began, and postal services which had practically come to a standstill had to be organised again. Many of the pre-war vehicles were repaired, and some of them even remained in operation until the mid-1970s. The entire story can be read in the brochure "100 Years of E-Mobility at Austrian Post", which was published in cooperation with the Austrian Energy Agency and the Ministry of Life.

“AUSTRIAN POST IS A ROLE MODEL”

Mobility expert Robert Thaler discovered that Austrian Post has been relying on electric-powered vehicles for 100 years.



Robert Thaler is Head of the Department V/5 Traffic, Mobility, Settlement and Noise in the Ministry of Life (Federal Ministry of Agriculture, Forestry, Environment and Water Management).

What role do companies play in promoting e-mobility?

ROBERT THALER: Fleet operators play a key role because they are ideally an active driving force in the development of electro-mobility. As the largest fleet operator in the country, Austrian Post serves as a role model with respect to e-mobility. Austrian Post specialists were involved when the Ministry of Life developed the "E-Mobility Implementation Plan in and from Austria" in collaboration with the Federal Ministry of Economy,

Family and Youth and the Federal Ministry for Transport, Innovation and Technology. One focal point is establishing an incentive system designed to promote the purchase of electric-powered vehicles for company and municipal fleets.

What is the importance of klima:aktiv mobil and the "model regions" of the Climate and Energy Fund?

THALER: With its klima:aktiv mobil initiative, the Ministry of Life offers companies and municipalities an attractive funding and promotion system for all electric-powered vehicles. Thanks to its ambitious project "E-Mobility Post", Austrian Post is an important partner of klima:aktiv mobil and one of the "model regions", or one should say "model fleets". The solar power plants on the roof of the Vienna-Inzersdorf letter centre and in the new Alhaming Logistics Centre are important milestones for innovative, climate-friendly e-mobility in vehicle fleets.

Together with Austrian Post and the Austrian Energy Agency, you published "100 Years of E-Mobility at Austrian Post". Why did you actually do this?

THALER: It was a minor sensation when I looked through old photographs and reviews of postal operations and discovered that 29 electric-powered parcel wagons had been put into service by the Austrian Imperial Royal Post on June 15, 1913. The 100th anniversary which was revealed served as the underlying reason for this publication, which also won the Austrian Solar Prize.

“CLEAN” LOGISTICS CENTRES: WASTE AND ENVIRONMENTAL MANAGEMENT

Austrian Post also pays attention to ensuring the sustainable use of resources in the buildings it operates. This reduces CO₂ emissions as well as energy costs.

The fact that sustainability, environmental and climate protection now rank as key pillars of Austrian Post's business model is also reflected in the buildings Austrian Post operates. Heating systems running on fossil fuels (oil or gas) are being gradually replaced and converted to district heat if possible. Moreover, the building infrastructure is subject to continuous optimisation with a focus on reducing the required space, and energy consumption is closely monitored and managed.

Solar power

Within the context of its model region “E-Mobility Post”, Austrian Post also constructed the largest rooftop photovoltaic facility in Austria. It is located in the Vienna-Inzersdorf letter centre, whose flat roof featuring an area of 30,000m² provides sufficient space to generate clean solar energy. In the course of 2013 a photovoltaic plant with an output of about 880 kilowatt peak was installed



“The roof of the production hall has been greenscaped, which saves a lot of energy.”

GEORG THALER, HEAD OF TECHNICAL PROPERTY MANAGEMENT, VIENNA LETTER CENTRE

and ceremoniously put into operation at the end of September 2013. On balance, the facility contains 3,528 modules, each of which generates 250 W peak of electricity. A second photovoltaic plant on the roof of the Allhaming logistics centre in Upper Austria will come on stream in 2014. Both facilities will produce enough electricity to cover the energy needs of the entire e-mobility fleet of Austrian Post.

Waste = raw materials

Austrian Post is also striving to minimise the environmental impact of its activities when it comes to waste management. At the same time, it aims to create added value for the company. A sophisticated waste and recycling management system is designed to achieve these two targets, especially considering that waste today actually comprises valuable secondary raw materials.

The environmental programme of Austrian Post envisions a further expansion of the company's waste and environmental management activities in the future. Measures include the installation of new LED lighting concepts and different systems of heat recovery, Austrian Post hopes for positive effects on energy costs, CO₂ emissions and last but not least, on employee satisfaction. “Dimmers are used in the lighting for the production area of the Vienna letter centre, whereas fork lift trucks and tractors are equipped with energy-efficient loading systems. The entire roof of the production hall has been greenscaped, which saves a lot of energy in the summer and provides a habitat for insects and other kinds of animals”, says Georg Thaler, Head of Technical Property Management at the Vienna-Inzersdorf letter centre. ■

“GREEN” IN CEE

CROSS-BORDER REDUCTION OF CO₂

ELECTRIC-POWERED VEHICLES IN CROATIA

Emission-free, strong and safe: the first KYBURZ – a three-wheeled electric-powered vehicle produced in Switzerland – has been deployed by Austrian Post in Croatia since December 2012. The commitment to reducing CO₂ emissions does not stop at Austria's borders, and the letter mail subsidiaries of Austrian Post in six Eastern European countries are also doing their share. Additional such vehicles will be purchased in 2014. In daily postal operations the KYBURZ, which has also proven its value even under extreme conditions, can transport and deliver 270 kilogrammes of mail items together with its trailer. This is considerably more than is possible on bicycles or mopeds. Moreover, the three wheels reduce the risk of getting into accidents. The vehicle also does not have to be heaved onto a stand every time the driver gets out thanks to the fully automatic parking brake. On top of everything else, the KYBURZ is much more comfortable.

LIQUID GAS-DRIVEN VEHICLES IN ROMANIA

PostMaster, the Romanian subsidiary of Austrian Post, has launched an initiative to convert 50 gasoline fueled vehicles to liquid gas'. This not only makes sense from an economic perspective but also has extensive positive effects on the environment. In particular, CO₂ emissions are reduced by 20%, and CO₂ emissions per vehicle decline from 169g/km to 135g/km. In addition, the new vehicles reduce pollutant emissions such as benzene and hydrocarbons, whereas sulphur dioxide emissions (responsible for acid rain) are completely eliminated.

GLOBAL COMMITMENT TO MORE ENVIRONMENTAL PROTECTION

On an international level, Austrian Post supports more than 30 projects in the field of climate protection, energy efficiency, photovoltaics and reforestation.

Austrian Post supports environmental and climate protection projects throughout the world within the context of its “CO₂ NEUTRAL DELIVERY” initiative. When Austrian Post defined its ambitious goal of achieving complete CO₂ neutral delivery one thing was clear from the very beginning: it would not be able to fully eliminate all greenhouse gas emissions caused by the company. The solution to this problem was to compensate for the unavoidable emissions by voluntarily supporting national and international climate protection projects. In the meantime, this model has long been considered to be a proven and effective tool to reduce CO₂ emissions.

The climate protection projects supported by Austrian Post in 2013 include the replacement

of obsolete and ecologically harmful heating systems by modern pellet heating or connection to district heating networks. On an international level, Austrian Post is supporting more than 30 certified climate protection projects in the fields of energy efficiency, reforestation, biomass, geothermal energy, photovoltaics, sustainable forest management, hydropower and windpower.

Projects from Siberia to India

One example is the protection the forests along the Bikin River in Siberia from commercial logging, preserving the habitat of the Amur tiger, which is threatened with extinction. In India, the company supports the construction of photovoltaic facilities and thus the generation of climate-neutral energy for the regional electricity grid. ■

ENVIRONMENTAL INDICATORS AUSTRIAN POST

	2011	2012	2013
Consumption of significant quantities of resources (kWh million)	158.0	149.5	-¹
Building space (m²)	1,130,165	1,121,801	1,097,377
thereof owned by Austrian Post	695,840	680,144	669,342
Fuel consumption: petrol, super diesel, natural gas (litre million)	14.6	14.3	14.8
thereof diesel	14.2	13.9	14.4
CO₂ emissions (scope 1–3) according to the Greenhouse Gas Protocol (t)	78,533	70,834	-¹
thereof scope 1 – road transport (own operations)	35,821	35,052	36,184
thereof scope 1 – buildings	9,265	7,986	- ¹
thereof scope 2 – buildings	14,783	7,402	- ¹
thereof scope 3 – partner companies	18,664	20,394	19,951
Vehicles (total)	9,650	9,187	8,959
Bicycles	1,049	958	789
thereof electric bicycles	94	164	439 ²
Mopeds	1,235	1,078	904
thereof electric mopeds	6	80	142 ²
Vehicles up to 3.5 t	7,214	7,005	7,105
thereof natural gas-driven vehicles	77	74	71
thereof electric-powered vehicles	18	18	72 ²
Vehicles over 3.5 t	152	146	161
Total number of kilometres (km million)	119	119	122.8

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used standard for calculating greenhouse gas emissions. www.ghgprotocol.org.

¹ Data not yet available, but will be published in the Sustainability Report 2013.

² Put into operation on January 31, 2014.

FACTS & FIGURES

MAIL & BRANCH NETWORK DIVISION

Letter Mail

- Delivery of about 1bn letters annually to 4.3m households and companies in Austria
- Acceptance of letter mail at approx. 22,500 postal pick-up points in Austria
- Nationwide delivery every day of the highest quality (95.5% of domestic letters are delivered on the next working day after mailing)

Direct Mail and Media Post

- Delivery of about 650m addressed direct mail items annually in Austria
- Delivery of about 3.3bn un-addressed direct mail items annually in Austria
- 301,673,906 KUVERTs (collective advertising envelope for direct mail) delivery in 2013

- Delivery of about 420m print media (newspapers and magazines, and 310m regional media in Austria
- Delivery of about 3.5bn un-addressed direct mail items in Slovakia, Hungary, Croatia, Romania, Poland and Bulgaria

Branch Network

- 60m customer visits in 1,894 company-operated post offices and third-party operated outlets, including 1,359 postal partners
- 105,000 mobile telephony products sold and 60,000 orders for fixed line and Internet products offered by A1 Telekom Austria

PARCEL & LOGISTICS DIVISION Austria

- Delivery of about 70m parcels and EMS items to all households/companies in Austria

- Parcel and EMS service in 220 countries around the world
- Fulfillment services, national and international transport of values

Specialty logistics in Western Europe

- National and cross-border delivery of 52m shipments per year in Germany and 34 countries in Europe via EURODIS
- Transport and delivery of temperature-sensitive pharmaceuticals in Germany and Austria

South East and Eastern Europe

- Delivery of about 22m national and international parcels and pallets annually in CEE
- Delivery of 95m parcels and documents in Turkey
- Installation of a B2C network – already every fourth item is X2C

INTERNATIONAL PRESENCE

COUNTRY	COMPANY/INTEREST ¹	FIELD OF ACTIVITY
AUSTRIA	Österreichische Post AG	Letter mail, parcel delivery, express mail services (EMS), combined freight, addressed direct mail, media post, electronic services
	Österreichische Post AG, feibra GmbH	Unaddressed and addressed direct mail
	Systemlogistik Distribution GmbH	Warehousing, fulfillment
	Post.Wertlogistik GmbH	Value logistics
	Scanpoint GmbH	Scanning/archiving of documents
	D2D GmbH (30%)	Printing and mailing of documents
BULGARIA	M&BM Express OOD (51%)	Unaddressed and addressed direct mail, letter mail, hybrid mail
BOSNIA-HERZEGOVINA	24-VIP d.o.o.	Express and parcel service, combined freight
GERMANY	trans-o-flex Logistics Group GmbH	Combined freight, warehouse logistics, value added services, temperature-controlled logistics
	MEILLERGH (65%)	Direct mail services and production
CROATIA	Overseas Trade d.o.o.	Express and parcel service, combined freight
	Weber Escal d.o.o.	Unaddressed direct mail, hybrid mail, letter mail
MONTENEGRO	City Express Montenegro d.o.o.	Express and parcel service, combined freight
POLAND	PostMaster PL	Unaddressed direct mail
ROMANIA	PostMaster RO	Unaddressed and addressed direct mail, hybrid mail, letter mail
SERBIA	City Express d.o.o.	Express and parcel service, combined freight
SLOVAKIA	Slovak Parcel Service s.r.o. (SPS), In Time s.r.o.	Express and parcel service, combined freight
	Kolos s.r.o.	Unaddressed and addressed direct mail, letter mail, hybrid mail
TURKEY	Aras Kargo a.s.	Express and parcel service, combined freight
HUNGARY	trans-o-flex Hungary Kft.	Express and parcel service, combined freight
	feibra Magyarország	Unaddressed and addressed direct mail, letter mail, hybrid mail

¹ The precise shareholding is only listed if Austrian Post has less than a 100% stake.

GLOSSARY

AUTHORISATION TO RECEIVE MAIL

The right to collect personally addressed mail items such as registered mail, collect on delivery, insured letters, money and certified mail with delivery confirmation can be transferred to another person by means of an authorisation to receive mail (with the exception of letter mail items labelled "Do not deliver to authorised agents" and parcels marked "Personal").

BUSINESS TO BUSINESS (B2B)

refers to business transactions among companies.

BUSINESS TO CONSUMER (B2C)

In B2C, the private customer and end user is the recipient of a mailing from a business.

COMBINED FREIGHT

Joint transport of parcels and pallets in one network.

CONSUMER TO CONSUMER (C2C)

refers to the business relationships among private individuals.

CORPORATE GOVERNANCE

The rules and principles of responsible management and control in the interests of all stakeholders; the standards for Austrian companies are laid out in the Austrian Corporate Governance Code.

DELIVERY BASES

Hubs in a distribution network serving as bases from which delivery staff serve their postal delivery areas.

EMS

Austrian Post's Express Mail Service is a

product designed to quickly and securely transport letters and parcels.

GEOMARKETING

Planning, coordination and monitoring of target group-oriented distribution of mail items based on geographical information systems.

INBOUND LETTER MAIL

Letters transferred to Austrian Post by foreign postal operators for delivery in Austria.

INFOMAIL

The Infomail Business Area, which forms part of the Mail & Branch Network Division, encompasses the acceptance and delivery of addressed direct mail items and un-addressed advertising mail to households in Austria and abroad, as well as direct marketing services (e.g. geomarketing, address management).

LIBERALISATION

The letter mail market has been fully liberalised since the beginning of 2011 (and in some countries since 2013). Accordingly, the Austrian market for letter mail and addressed direct advertising items weighing over 350g was opened to competition on January 1, 1998. The market opening was extended to cover items weighing over 100g and all outbound mail, effective January 1, 2003. The final intermediate liberalisation phase in effect since January 1, 2006 extended free competition to all letters weighing over 50g.

MEDIA POST

The Media Post Business Area, which forms part of the Mail & Branch Network,

operates in the highly specialised print media delivery market.

OUTBOUND LETTER MAIL

Letters transferred to foreign postal operators by Austrian Post for delivery abroad.

POSTAL SERVICE POINTS

Close to 1,900 company-operated branches or partner-operated postal service points ensure nationwide postal service throughout Austria.

POSTAL MARKET ACT

The new Postal Market Act passed at the end of 2009 creates a clearly-defined legal framework and serves as the basis for the fully liberalised letter mail market in Austria since January 1, 2011.

POSTAL PARTNER OFFICES

Postal partner offices operated, for example, by food stores, petrol stations, tobacconists or municipal offices, offer postal and financial services.

UNIVERSAL POSTAL SERVICES

Universal postal services refer to the provision of basic postal services to the Austrian population, including delivery to any address throughout Austria five times per week, and a sufficient network of letter boxes and post offices or postal partner offices.

UNIVERSAL SERVICE ORDINANCE

In addition to the Postal Market Act, the Universal Service Ordinance regulates the basic provision of postal services to the Austrian population. For example, it stipulates that mail items should be delivered to every Austrian five times a week.

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SOLID PERFORMANCE IN 2013

INCOME STATEMENT		2012	2013	Change 2012/2013
EUR m				
	Revenue	2,366.1	2,366.8	0.0%
Revenue excl. Benelux ¹		2,348.9	2,366.8	+0.8%
	Raw materials, consumables and services used	-766.9	-753.3	-1.8%
	Staff costs	-1,091.4	-1,073.5	-1.6%
	Other operating expenses	-294.8	-298.6	+1.3%
	Results of investments consolidated at equity	-13.9	-6.6	+52.7%
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	271.2	304.5	+12.3%
	Depreciation, amortisation and impairment losses	-88.8	-118.5	+33.4%
	Earnings before interest and tax (EBIT)	182.4	186.0	+2.0%
	Earnings before tax (EBT)	151.6	171.2	+12.9%
	Profit for the period	123.2	124.0	+0.7%
	Earnings per share	1.82	1.82	0.0%

Revenue excl. Benelux: Slight revenue rise in both divisions

EBIT: Further earnings improvement despite impairment losses

Cash flow from operating activities: Stable cash flow enables future-oriented investments

Dividends: Attractive dividend yield of 5.5%

CASH FLOW		2012	2013	Change 2012/2013
EUR m				
	Cash flow from operating activities	246.7	246.5	-0.1%
	Investments in property, plant and equipment (CAPEX)	-78.9	-96.4	+18.2%
	Cash flow before acquisitions/divestments	-39.3	-74.5	>100%
	Free cash flow before acquisitions/securities	172.1	153.9	-10.6%
	Dividends	1.80	1.90 ²	+5.6%

SELECTED PERFORMANCE INDICATORS		2012	2013	Change 2012/2013
EUR m				
	EBITDA margin (%)	11.5%	12.9%	-
	EBIT margin (%)	7.7%	7.9%	-
	Equity ratio (%)	41.7%	42.6%	-
	ROE ³ (%)	21.0%	21.1%	-
	Gearing ratio ⁴ (%)	9.7%	16.3%	-
	Capital employed	713.2	755.3	+5.9%
	ROCE ⁵ (%)	25.6%	25.3%	-

EBIT margin: High profitability

Equity ratio: Solid balance sheet structure with low level of debt

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 Proposal to the Annual General Meeting on April 24, 2014, dividend payment on May 8, 2014

³ Return on equity = Profit for the period/equity on January 1 less dividends paid

⁴ Gearing ratio = Net debt/equity

⁵ Return on capital Employed = EBIT/average capital employed

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HIGHLIGHTS 2013

■ HIGHER REVENUE

- Revenue increase of 0.8% (excl. Benelux)
- Slight growth in both the mail and parcel businesses (excl. Benelux)

■ FURTHER EARNINGS IMPROVEMENT

- Slightly higher EBIT of EUR 186.0m despite impairment losses
- Results impacted by special effects

■ STRONG CASH FLOW AND SOLID BALANCE SHEET

- Stable cash flow finances future-oriented investments and dividends
- Solid balance sheet structure with low level of debt

■ ATTRACTIVE DIVIDENDS

- Continuation of attractive dividend policy
- Proposal of EUR 1.90 per share to the Annual General Meeting

■ NEW MARKETS

- Entry into the Turkish parcel market with the acquisition of a 25% stake in Aras Kargo
- Increase in stake held in M&BM Express, Bulgaria, to 51%

■ INVESTMENTS IN THE FUTURE

- Expansion of self-service offering
- Start of construction of the Allhaming logistics centre in Upper Austria

■ OUTLOOK 2014

- Targeted objective of achieving stable revenue development in a challenging market environment
- Goal of achieving an EBITDA margin of 10–12% and improved EBIT

KEY FIGURES AUSTRIAN POST

EUR m		2011	2012	2013	Change 2012/2013
Income statement					
Revenue	EUR m	2,348.7	2,366.1	2,366.8	0.0%
Revenue excl. Benelux subsidiaries	EUR m	2,304.4	2,348.9	2,366.8	0.8%
Earnings before tax, depreciation and amortisation (EBITDA)	EUR m	281.9	271.2	304.5	12.3%
EBITDA margin	%	12.0%	11.5%	12.9%	-
Earnings before interest and tax (EBIT)	EUR m	167.5	182.4	186.0	2.0%
EBIT margin	%	7.1%	7.7%	7.9%	-
Earnings before tax (EBT)	EUR m	162.3	151.6	171.2	12.9%
Profit for the period	EUR m	123.2	123.2	124.0	0.7%
Earnings per share ¹	EUR	1.82	1.82	1.82	0.0%
Employees (average for period, full-time equivalents)		23,369	23,181	24,211	4.4%
Cash flow					
Operating cash flow before changes in working capital ²	EUR m	248.6	276.6	299.4	8.3%
Cash flow from operating activities	EUR m	228.2	246.7	250.4	1.5%
Investment in property, plant and equipment (CAPEX)	EUR m	-73.8	-78.9	-96.4	22.2%
Cash flow from acquisitions/divestments	EUR m	1.1	-39.3	-69.0	75.7%
Free cash flow	EUR m	162.5	131.3	60.6	-53.8%
Free cash flow before acquisitions/securities	EUR m	151.4	172.1	153.9	-10.6%
Balance sheet					
Total assets	EUR m	1,668.3	1,700.8	1,641.6	-3.5%
Equity ³	EUR m	702.0	708.6	699.4	-1.3%
Non-current assets ⁴	EUR m	1,005.1	1,047.6	1,068.3	2.0%
Current assets	EUR m	660.4	653.2	573.3	-12.2%
Net debt	EUR m	-61.5	-68.5	-114.3	66.9%
Net debt/EBITDA		0.22	0.25	0.38	-
Equity ratio	%	42.1%	41.7%	42.6%	-
Return on equity (ROE)	%	21.1%	21.0%	21.1%	-
Gearing ratio	%	8.8%	9.7%	16.3%	-
Capital employed	EUR m	708.9	713.2	755.3	5.9%
Return on capital employed (ROCE)	%	22.7%	25.6%	25.3%	-
Post share					
Share price at the end of December	EUR	23.30	31.20	34.78	11.5%
High/low (closing price)	EUR	24.73/18.93	31.95/22.77	36.01/29.55	-
Dividends per share (for the financial year)	EUR	1.70	1.80	1.90 ⁵	5.6%
Total shareholder return	%	0.7%	41.0%	17.2%	-
Market capitalisation at the end of December	EUR m	1,574.0	2,107.6	2,349.5	11.5%
Shares in circulation at the end of December	Shares	67,552,638	67,552,638	67,552,638	-
Free float	%	47.2%	47.2%	47.2%	-
Revenue by division (external sales)					
Mail & Branch Network Division ⁶	EUR m	1,500.7	1,508.2	1,510.8	0.2%
Parcel & Logistics	EUR m	846.5	858.1	857.3	-0.1%
EBIT by division					
Mail & Branch Network Division ⁶	EUR m	277.1	272.5	281.8	3.4%
Parcel & Logistics	EUR m	-28.2	25.3	-4.9 ⁷	<-100%

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

² Reporting adapted for 2012: In connection with the offsetting of the reclassification of non-current provisions to current provisions and liabilities, the use of non-current provisions was also recognised in the cash flow from changes in net working capital. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.

³ Equity includes non-controlling interests to the amount of EUR 2.3m

⁴ Includes assets held for sale to the amount of EUR 1.9m

⁵ Proposal to the Annual General Meeting on April 24, 2014

⁶ Reporting according to the new segment structure as of January 1, 2012; figures in 2011: pro-forma consolidation

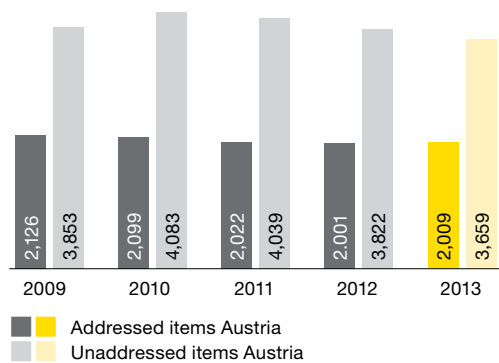
⁷ Earnings take account of an impairment loss on goodwill at the trans-o-flex Group totalling EUR 27.0m



DEVELOPMENT OF KEY INDICATORS

LETTER MAIL/DIRECT MAIL

Items million



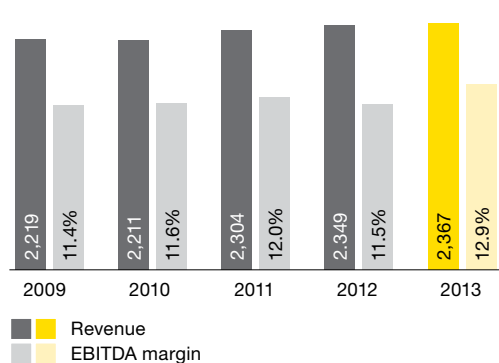
PARCEL SHIPMENTS¹

Items million



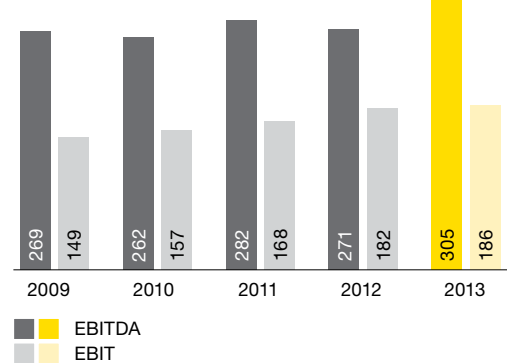
REVENUE AND EBITDA MARGIN²

EUR m, %



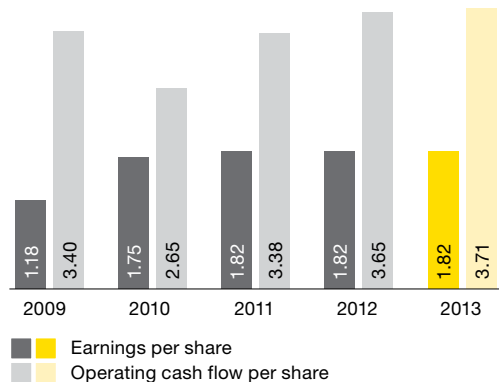
EBITDA AND EBIT

EUR m



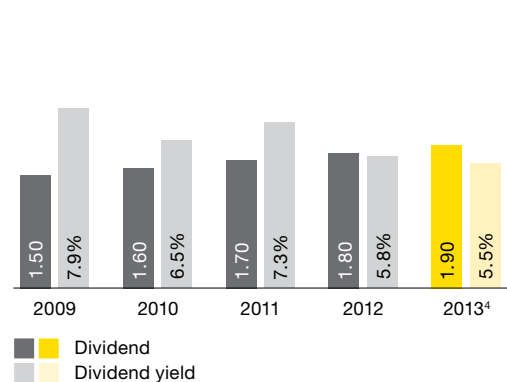
EARNINGS PER SHARE AND OPERATING CASH FLOW PER SHARE

EUR



DIVIDEND AND DIVIDEND YIELD PER SHARE³

EUR, %



¹ Values adjusted for the Benelux subsidiaries (disposal in 2012)

² Revenue adjusted for the Benelux subsidiaries and the meiller Group (the joint venture company MEILLERGH is consolidated at equity as of 2011)

³ Dividend yield in relation to the share price at the end of the respective financial year

⁴ Proposal to the Annual General Meeting on April 24, 2014

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¹ This part was subject to the statutory audit carried out by Deloitte Audit Wirtschaftsprüfung GmbH (except for the chapter "Statement of all legal representatives")

INTRODUCTION BY THE MANAGEMENT BOARD

Ladies and Gentlemen, dear Shareholders!

The business environment faced by Austrian Post in 2013 was extremely challenging. That is why it is all the more gratifying to see that Austrian Post succeeded in once again slightly increasing revenue and further improving earnings during the year under review. The resolute orientation of all our activities to the strategy we defined in 2010 has played a major role in this, and has enabled us to react to the ongoing trends in the postal and logistics sector. We compensated for the substitution of traditional mail by exploiting growth opportunities. The increase in e-commerce and the expansion of our business solutions strengthened our parcel business. At the same time, we are continuously optimising our cost base, not only to make our postal and logistics services more customer oriented, but also to offer them on the marketplace as efficiently as possible.

Good development on the domestic market

In particular, our domestic market developed well over the past financial year. Elections and referendums supported our mail business in Austria. The parcel market also showed growth. Whereas we managed to successfully defend our high market share of 76% in the private customer segment, we once again expanded our share in the business parcel segment to a very good level of 25%.

The international business showed a mixed picture. Earnings in Germany were below our expectations, but in contrast business developed dynamically in South East and Eastern Europe, especially on the part of our parcel subsidiaries. One of the highlights of the year was certainly the entry into the Turkish parcel market, which opens up considerable potential for us in the future.

Revenue of the Austrian Post Group totalled EUR 2,366.8m, slightly above the previous year. Adjusted to take account of the Benelux subsidiaries divested in 2012, we actually increased revenue by 0.8%. Thanks to the above-mentioned positive impetus in Austria, the Mail & Branch Network Division increased revenue by 0.2% to EUR 1,510.8m. In the parcel segment, revenue excluding the Benelux subsidiaries rose by 2.0% to EUR 857.3m. The Austrian market posted the strongest growth, with our business expanding by 7.8%.

We are also satisfied with the company's performance with respect to earnings. Although various special effects were necessary in the 2013 financial year, the operating results showed an EBIT of EUR 186.0m, exceeding the comparable prior-year performance.

Mail business: positive momentum leveraged

Austrian Post increased both revenue and earnings of its mail business, a development which was supported by the previously-mentioned elections and referendums in Austria. Revenue improved by 0.2%, and EBIT climbed 3.4% to EUR 281.8m. This success was based on a continuing high level of cost discipline, but also thanks to the acquisitions made by Austrian Post. At the same time we also worked on enhancing the attractiveness of our services. Austrian Post will continue along this path in 2014. At present major innovations are being implemented, for example in the branch offices. By the end of 2014 more than 250 self-service zones with franking machines, drop-off and packaging stations will have been installed. We also offer new mail solutions to large customers and new direct mail tools for advertising customers.

Parcel business: solid performance impacted by impairment

Austrian Post once again achieved an all-time high in the domestic parcel segment in 2013, transporting a total of 70m parcels. The parcel market for private customers is steadily growing thanks to the online shopping boom, and our activities in the business customer segment could also be expanded. With regard to our international parcel business, the milestone in opening up new growth markets took place in 2013 with the stake acquired in the Turkish parcel services company Aras Kargo. The first step was our purchase of a 25% stake in the number two provider on the Turkish parcel market. In contrast, we had to report an impairment loss on goodwill for the trans-o-flex Group to the amount of EUR 27.0m as well as various write-downs. Although revenue of the Parcel & Logistics Division was up 2.0% (excl. Benelux subsidiaries), these impairment losses considerably burdened the earnings situation. As a result, we reported a negative EBIT for the division.

In 2014 we will further intensify our focus on pharmaceutical logistics in Germany in order to take advantage of growth opportunities in this area. At the same time, potential efficiency improvements should be realised by leveraging synergies in our distribution logistics.

Continuity in the dividend policy

Reliability and predictability are top priorities of Austrian Post. This naturally applies to our dividend policy as well, which remains a stable cornerstone of our corporate policy. Each year at least 75% of the Group net profit should be distributed to our shareholders. The objective is to further develop dividends in line with Group profitability. In this spirit we will propose a dividend of EUR 1.90 per share to the Annual General Meeting. A solid balance sheet structure is the basis for this along with the good business development. In addition to the attractive dividends, our strong operating cash flow also enables us to finance extensive investments in the future of the company. For this reason, we are continuing our investment programme featuring capacity expansion, new sorting



From l. to r.:
Walter Hitziger,
Georg Pözl, Walter Oblin
and Peter Umundum

technologies and innovative solutions to achieve greater efficiency in 2014. On this basis Austrian Post will be able to continue successfully generating value, and thus gain in value itself, as in the past. Since the Initial Public Offering in 2006, the total shareholder return has amounted to almost 150%.

More service, more efficiency, more success

Austrian Post is resolutely continuing on its path, which is steered by our four core strategies. On this basis we have achieved much, but quite a bit of work remains. We will continue to defend our market leadership position in our core business and simultaneously take advantage of opportunities in future markets, from pharmaceutical logistics and hybrid communications to the Turkish parcel market. We will continue to work on our commitment to customer orientation and also put the emphasis on high efficiency in our internal operations in order to exploit potential cost savings and thus safeguard our future profitability.

More specifically, Austrian Post is also striving to achieve a stable revenue development in 2014. The expected revenue decline in the mail business should be compensated by further growth in the parcel segment.

We remain committed to our medium-term goal of an EBITDA margin in the range of 10–12% annually. Above and beyond this, we are also working to further improve EBIT in 2014. We intend to adhere to the basic philosophy of Austrian Post with regard to our earnings development, with the primary focus on reliability, continuity and predictability.

Finally, we would like to thank all our employees for their hard work and dedication. Their commitment made this good business development possible in the first place. On this basis, we look forward to beginning the new financial year 2014 with newfound energy in order to determinedly press ahead on the path we have chosen.

Vienna, February 28, 2014

Georg Pözl
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

CORPORATE GOVERNANCE REPORT 2013 OF AUSTRIAN POST PURSUANT TO SECTION 243 AUSTRIAN COMMERCIAL CODE

This Corporate Governance Report describes the structures, processes and rules which Austrian Post considers to be the basis for well-functioning corporate governance. Austrian law, Austrian Post's Articles of Association and by-laws for corporate bodies of the company as well as the Austrian Corporate Governance Code (ÖCGK) comprise the legal framework for corporate governance at Austrian Post as a publicly listed company.

1 CORPORATE GOVERNANCE CODE

Since its Initial Public Offering in 2006, Austrian Post has been fully committed to complying with the Austrian Corporate Governance Code and its objectives. The Austrian Corporate Governance Code contains a series of rules for good and responsible business management and supervision of the company on the Austrian capital market and meets international standards. The Austrian Corporate Governance Code is designed to ensure a responsible, sustainable management and supervision of the company oriented to the long-term creation of value, and to create a high level of transparency for the benefit of all stakeholders.

The Austrian Corporate Governance Code is publicly available on the Austrian Post Website at www.post.at/ir or on the Website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

The Austrian Corporate Governance Code is based on the principles of self-regulation and voluntary compliance, and goes beyond the legal requirements for stock corporations. This voluntary adherence to the stipulations contained in the code means that Austrian Post must justify non-compliance with C-Rules (Comply or Explain) i.e. those rules which exceed statutory requirements. In accordance with this system as laid down by the Austrian Corporate Governance Code, Austrian Post lists the reasons underlying its non-compliance with C-Rules 39, 41 and 43:

- **Rule 39** (committee to make decisions in urgent cases): In urgent cases, the Supervisory Board is authorised to make decisions by circulation procedure. Moreover, the by-laws of the Supervisory Board stipulate that meetings may be convened in particularly urgent cases without adhering to the specified period of advance notice.
- **Rule 41** (establishing a Nomination Committee): The duties of the Nomination Committee are assumed by the Presidential Committee of the Supervisory Board, so that an appropriate forum is assured.

- **Rule 43** (establishing a Remuneration Committee): The duties of the Remuneration Committee are assumed by the Executive Committee of the Supervisory Board, so that an appropriate forum is assured.

Group auditing, risk management & compliance

The Internal Audit department at Austrian Post performs all important controlling and monitoring functions in the Group as part of an integrated overall system. This department ensures transparency, supplies facts for decision-making processes, presents solutions and promotes their sustainable implementation.

Risk management at Austrian Post enables the Group-wide identification and analysis of risks on the basis of strategic and operational targets. The proper functioning and suitability are evaluated by the auditor pursuant to C-Rule 83 of the Austrian Corporate Governance Code.

Austrian Post's Group-wide internal control system (ICS) makes use of process-integrated measures, mechanisms and controls. The ICS at Austrian Post is based on existing risk management and process structures in the company, encompasses the internal control activities relating to major risks and monitors the internal control implementation process. The Internal Audit department carries out an ex post examination of compliance with relevant regulations. Its findings serve as the basis for determining the effectiveness of the integrated controls and mechanisms.

In the year 2010, Austrian Post launched its compliance management system (CMS), which has been successively expanded since then. The aim is to establish a Group-wide compliance culture in order to avoid liability risks and other legal disadvantages which could negatively impact the company and its employees. The conviction underlying these initiatives is that compliance makes a value-added contribution to the development of the company.

The focal points of the CMS system at Austrian Post are anti-corruption and capital market compliance. Accordingly, the training concept of Austrian Post was tailored to reflect these two topics, and related trainings were intensified. In this connection, Austrian Post also pressed ahead with the ongoing integration of the compliance organisation of its subsidiaries, especially those in the CEE region. Their work also focused on anti-corruption and capital market compliance. Further trainings also took place within the context of the annual two-day "International Compliance Day" held at the Anti-Corruption Academy in Laxenburg. At this year's event, Austrian Post succeeded in attracting renowned representatives of the Anti-Corruption Academy, the Austrian chapter of

Transparency International as well as international companies to lecture there. In addition, the Group-wide implementation of these two priorities within the context of classroom instruction was supported by the launch of a separate e-learning tool in 2013.

The communications campaign initiated by Austrian Post in the year 2012 and featuring specially designed posters and flyers to enhance awareness in the company of the importance of compliance was continued in 2013.

In the 2013 financial year, the internal Audit, Risk Management and Compliance Departments at Austrian Post were subject to an external assessment. Internal Auditing was successfully certified in accordance with the “International Standards for the Professional Practice of Internal Auditing” of the Institute of Internal Auditors (IIA). Risk Management and Compliance were given a positive audit opinion on the basis of the “Enterprise Risk Management – Integrated Framework” of the Committee of Sponsoring Organisations (COSO), and the compliance organisation at Austrian Post was also granted a positive opinion pursuant to IDW PS 980 as well as the “Business Principles for Countering Bribery” of Transparency International.

In accordance with legal regulation and the Austrian Corporate Governance Code (C-Rule 18a), the Management Board informed the Supervisory Board about the precautions being taken to combat potential cases of corruption in the company.

Annual audit

Deloitte Audit Wirtschaftsprüfungs GmbH was appointed by the Annual General Meeting held on April 18, 2013, to serve as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2013 financial year in accordance with the recommendation submitted by the Supervisory Board. The audit fee invoiced by Deloitte Audit Wirtschaftsprüfungs GmbH in the course of the 2013 financial year for auditing the annual financial statements and consolidated annual financial statements of Austrian Post amounted to EUR 99,000 (excl. VAT). A total of EUR 107,900 (excl. VAT) was invoiced for carrying out the audits for Austrian Post subsidiaries. Deloitte Audit Wirtschaftsprüfungs GmbH received a remuneration of EUR 283,293 (excl. VAT) for audit-related and other consulting services.

Shareholders

The share capital of Austrian Post is divided into a total of 67,552,638 non-par value shares. There are no voting rights restrictions or syndicate agreements applying to Austrian Post of which the company is aware. The principle of “one share – one vote” applies without exception. The Republic of Austria holds a 52.8% stake in Austrian Post through the Austrian privatisation and industrial holding company Österreichische Industrie Holding AG (ÖIAG).

Austrian Post attaches considerable importance to ensuring that all shareholders are treated equally and provided with comprehensive information. Above and beyond the legally binding reporting

and disclosure requirements (i.e. annual and quarterly reports, ad-hoc announcements, publication of directors’ dealings), Austrian Post regularly reports about ongoing developments at the company by means of press releases as well as analyst, press and shareholder conferences. This is done in compliance with the principle emphasising the fair and equal treatment of all shareholders. All reports and releases as well as key presentations held at these conferences are available at www.post.at. Austrian Post published six ad-hoc announcements in the year 2013, which, along with the shareholder structure, can be accessed online at www.post.at/ir.

Measures to promote the career advancement of women

Austrian Post aims to continually increase the share of women holding management positions, in order to ensure that they equally share responsibility and decision-making authority in the company. The position of Deputy Chairman of the Supervisory Board is held by a woman, Edith Hlawati. A total of two women are represented on the Supervisory Board, comprising about 29% of the Supervisory Board members elected by the Annual General Meeting. In considering nominations for Supervisory Board positions, the Supervisory Board will evaluate whether suitable candidates are available as a means of raising the share of women serving on the board.

Women comprised about 26% of the senior management positions at Austrian Post. On balance, the share of women working for the company is 29%.

Equal opportunity at work and equal treatment of employees without distinction based on gender are a matter of course at Austrian Post. Particular attention is paid to pursuing a strict equal opportunity policy in the recruiting process. Women have been able to obtain the qualifications required for assuming management functions in numerous business areas. In the past financial year women were once again appointed to several first and second level management positions at Austrian Post.

The company kindergarten set up at the corporate headquarters in Vienna as well as flexible working time models promote the compatibility of family and professional life.

The “Business Cross Mentoring” programme initiated in 2012 continued to be implemented in 2013 as a means of providing further support to diversity management and equality of opportunity at Austrian Post. In this context an experienced executive from another company serves as a mentor for career and professional development issues. A total of 32 female employees of Austrian Post participated in this programme in 2013. The focus is on the further personal and professional development of the mentees as well as on promoting a mutual exchange of experience and internal and external networking with colleagues and mentors.

2 COMPOSITION OF THE MANAGEMENT BOARD

The Management Board of Austrian Post consists of four members. Information on the individual Management Board members including their professional careers and current areas

of responsibility is presented below. The division of responsibilities on the Management Board is defined in the by-laws adopted by the Supervisory Board and amended most recently in the year 2012.

Name (year of birth)	Position	First appointed	Current term of office ends	Additional functions (as at Dec. 31, 2013)
 Georg Pölzl (1957)	Chairman of the Management Board, Chief Executive Officer	Oct. 1, 2009	Sept. 30, 2019 ¹	–
 Walter Oblin (1969)	Member of the Management Board	July 1, 2012	June 30, 2015	Supervisory Board member of BAWAG Holding GmbH and BAWAG P.S.K.
 Walter Hitziger (1960)	Member of the Management Board	May 1, 2004	Dec. 31, 2016	Supervisory Board member of BAWAG P.S.K. Versicherung AG
 Peter Umundum (1964)	Member of the Management Board	April 1, 2011	March 31, 2016	–

¹ Taking account of the extension option

Professional career and areas of responsibility

Georg Pölzl

Georg Pölzl studied and graduated from Montan University of Natural Resources and Applied Life Sciences Austria in Leoben. His professional career started as a corporate consultant for McKinsey & Company. Subsequently, he was appointed to the Management Board of the mechanical engineering and plant building company Binder+Co AG. He then served as Managing Director of T-Mobile Austria, Vienna, for a total of nine years before moving to Germany to assume the position as special deputy of the Management Board of Deutsche Telekom with responsibility for implementing the successful restructuring programme at the company. This was followed by his work as the Spokesman of the Management Board of T-Mobile Germany. In its meeting held on November 13, 2013, the Supervisory Board of Austrian Post reappointed him to the position of Chairman of the Management Board and Chief Executive Officer of Austrian Post. His current term of office expires on September 30, 2019, taking account of the extension option.

In his capacity as Chief Executive Officer, Georg Pölzl is responsible for Strategy and Group Development, Corporate Communications, Investor Relations & Corporate Governance. His responsibilities also include Online Innovation Management, Internal

Auditing, Risk Management & Compliance, Human Resources Management as well as End Customer Initiatives & End Customer Service.

Walter Oblin

Walter Oblin concluded his studies in mechanical engineering and business administration at the Graz University of Technology and also holds a Master of Science in Industrial Administration from Purdue University in Indiana (USA). He worked at McKinsey & Company in Vienna during the period 1994 to 2008, and was appointed to be a managing partner and member of the Management Board in 2000. During this time he primarily consulted international transport, infrastructure and logistics companies in dealing with strategic and operational changes. Following a managing board position with the German technology company SorTech AG, he joined Austrian Post in October 2009, where he was responsible for Strategy and Group Development until his appointment to the Management Board. His current term of office expires on June 30, 2015.

Walter Oblin has management responsibility for Finance and Accounting, Finance of the Mail & Branch Network and Parcel & Logistics Divisions, Controlling and Treasury. In addition, he is also in charge of Information Technology, Central Procurement, Legal and Corporate Real Estate.

Walter Hitziger

Walter Hitziger studied industrial engineering and business administration at the Graz University of Technology before working for the beer company Steirerbrau AG – Steirische Brauindustrie AG (Gösser/Puntigamer) with responsibility for distribution logistics. He served as division manager at both Agiplan Planungsgesellschaft and Econsult Betriebsberatungsgesellschaft in Vienna in the years 1990–1997. From 1997 until his initial appointment to the Management Board of Austrian Post in May 2004, Walter Hitziger served as a member of the Management Board of bauMax Handels AG with responsibility for procurement and logistics. His current term of office expires on December 31, 2016.

Walter Hitziger is Director of the Mail & Branch Network Division and thus has management responsibility for six business areas of the Group – from letter mail and direct mail items, the branch network and distribution to value added services such as online and printing services. On an international level, Walter Hitziger is responsible for the letter mail activities of Austrian Post in the CEE markets as well as direct mail production in Germany (MEILLERGHF).

Peter Umundum

Following degree studies in computer science at the Graz University of Technology, Peter Umundum commenced his professional career in 1988 at Steirerbrau AG, where he assumed managerial responsibility for the Organisation and Computing Department. In 1994, he moved to Styria Medien AG as the head of IT and just two years later was appointed as the CEO of the subsidiary Media Consult Austria GmbH. In 1999, he acted as one of the founders and CEO of redmail. In 2001, Peter Umundum became Managing Director of the daily newspaper “Die Presse” and three years later he joined the executive management of the daily newspaper “Kleine Zeitung”. In 2005, he accepted a position at Austrian Post, where he served as a managing director of the Mail Division with responsibility for production and logistics as well as domestic and international subsidiaries before his appointment to the Management Board effective April 1, 2011. His current term of office expires on March 31, 2016.



Peter Umundum has management responsibility for the Parcel & Logistics Division, which operates its own subsidiaries in nine European countries. Moreover, he is also Chairman of the Supervisory Board of the European transport network EURODIS.







3 COMPOSITION OF THE SUPERVISORY BOARD





As at December 31, 2013, the Supervisory Board consists of a total of eleven members – seven shareholder representatives elected by the Annual General Meeting and four employee representatives elected by the Central Works Council of Austrian Post. The following change in the composition of the Supervisory Board took

place in the 2013 financial year: Edgar Ernst retired from his position on the Supervisory Board effective June 21, 2013.

All shareholder representatives will serve on the Supervisory Board until the end of the Annual General Meeting which will discharge the Management and Supervisory Boards for the 2014 financial year.

Name (year of birth)	Nationality	First appointed	Main job	Mandates in publicly listed companies (as at: Dec. 31, 2013)	Key positions held and focus of work
Shareholder representatives					
 Rudolf Kemler (1956) Chairman	Austrian	Nov. 1, 2012	Chairman of the Managing Board of Österreichische Industrieholding AG	OMV AG (Chairman of the Supervisory Board), Telekom Austria (Chairman of the Supervisory Board),	Managing Director of HP Austria, Chairman of the Management Board of T-Systems Austria and Regional Director for Central and Eastern Europe at Deutsche Telekom, Chairman of the Board of the publicly listed company Stage1.cc Technology Business Incubator AG, Senior Vice President and CIO at GE Capital Corporation (USA), top manage- ment positions at Siemens Nixdorf
 Edith Hlawati (1957) Deputy Chairman	Austrian	April 26, 2007	Lawyer and partner of the law firm Cerha Hempel Spiegelfeld Hlawati		Privatisations, capital market, banking and stock market law, mergers & acquisitions, takeover law, structured finance

Name (year of birth)	Nation- ality	First appointed	Main job	Mandates in publicly listed companies (as at: Dec. 31, 2013)	Key positions held and focus of work
Shareholder representatives					
 Edgar Ernst (1952) (up until June 21, 2013)	German	April 22, 2010	President of the German Financial Reporting Enforcement Panel	DMG Mori Seiki AG (Germany), Deutsche Postbank AG (Germa- ny), TUI AG (Germany), Wincor Nixdorf AG (Germany), Deutsche Annington SE (Germany)	Member of the Management Board (CFO) at Deutsche Bundespost Postdienst/ Deutsche Post DHL AG, Division Head of Planning and Controlling at Deutsche Bundespost Postdienst, Director of Corporate Development at the Quelle Group
 Erich Hampel (1951)	Austrian	April 22, 2010	Management consultant	Zagrebačka banka d.d. (Croatia)	Chairman of the Management Board and Chief Executive Officer at Bank Austria Creditanstalt AG, also Head of the CEE Division at UniCredit, Chairman of the Management Board and Chief Executive Officer at Creditanstalt AG, Governor of Österreichische Postsparkasse
 Günter Leonhartsberger (1968)	Austrian	April 22, 2010	Division Head, Corporate Investment Management and Privatisation at Österreichische Industrieholding AG		Equity fund manager and Director of Corporate Finance/Mergers & Acquisi- tions at Kathrein & Co. Privatgeschäfts- bank AG, analyst and equity fund manager at Constantia Privatbank AG, Capital Management of Tiroler Sparkasse GmbH GiroCredit and Bank der österreichischen Sparkassen AG
 Chris E. Muntwyler (1952)	Swiss	April 22, 2010	CEO of Conlogic AG (Switzerland)	Panalpina World Transport AG (Switzer- land), National Express Group PLC (UK)	Management consulting in the fields of strategy development, change manage- ment, business management and process orientation. CEO of DHL Express (UK) Ltd., London, and CEO of DHL Express Central Europe, Managing Director of DHL Worldwide Express GmbH (Switzerland and Germany) as well as Managing Director of Deutsche Post Express (Germany)
 Markus Pichler (1968)	Austrian	April 28, 2011	Management consultant		Member of the Board of Directors with responsibility for Marketing & Communi- cations at Mc Donald's Germany, Executive Vice President of Red Bull North America, Managing Director of Unibail-Rodamco Austria Management GmbH
 Elisabeth Stadler (1961)	Austrian	April 28, 2011	Chairman of the Executive Board of ERGO Austria International AG		Member of the Management Board of Raiffeisen Versicherung AG and Financelife Lebensversicherung AG, Member of the Management Board of UNIQA Personenversicherung AG and Call Direct Versicherung AG

Name (year of birth)	Nation- ality	First appointed	Main job	Mandates in publicly listed companies (as at: Dec. 31, 2013)	Key positions held and focus of work
Employee representatives					
 Helmut Köstinger (1957)	Austrian	April 14, 2005	Central Works Council (Chairman)		
 Martin Palensky (1963)	Austrian	Feb. 22, 2002	Central Works Council (Deputy Chairman)		
 Andreas Schieder (1976)	Austrian	Oct. 19, 2010	Central Works Council		
 Manfred Wiedner (1963)	Austrian	March 3, 1999	Central Works Council		

Diversity

In selecting members of the Supervisory Board, the main focus is on selecting individuals providing the relevant qualifications and personal competence. In its proposals for the election of new Supervisory Board members, the Supervisory Board will continuously put a strong emphasis on these requirements.

Generally speaking, the Supervisory Board aims to optimally fulfill its supervisory, monitoring and advisory responsibilities based on the diversity of its members. In particular, diversity

encompasses internationality and different professional and personal backgrounds. The share of women serving on the Supervisory Board is also a key aspect of diversity. From the perspective of diversity, it is important to note that three of the eleven Supervisory Board members are under the age of 50, and one member is not an Austrian national. Two women serve as shareholder representatives elected by the Annual General Meeting.

Independence

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of Austrian Post has defined the following criteria to determine the independence of Supervisory Board members, which are compliant with Appendix 1 of the July 2012 version of the Austrian Corporate Governance Code:

1. The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
2. The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest, but not to carrying out functions on corporate bodies. The approval of individual transactions by the Supervisory Board according to L-Rule 48 does not automatically mean the person is qualified as being not independent.
3. The Supervisory Board member shall not have been an auditor of the company, have owned a share in the auditing company or have worked there as an employee over the past three years.
4. The Supervisory Board shall not be a member of the Management Board of another company in which a Management Board member of this company is a Supervisory Board member.
5. The Supervisory Board member shall not serve as a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with a stake in the company or who represent such a shareholder's interests.
6. The Supervisory Board member shall not be a close relative (i.e. direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece or nephew) of a Management Board member or of persons in one of the above-mentioned positions.

All shareholder representatives have submitted written declarations of their independence in accordance with these criteria. Moreover, as at December 31, 2013, the Supervisory Board consists of five representatives who can be considered as independent from the core shareholder of Austrian Post. Accordingly, the majority of the Supervisory Board members do not have any direct relationship to the majority shareholder of the company (C-Rule 54).

There are no contracts between the Supervisory Board members and Austrian Post which would require consent or disclosure pursuant to Rules 48 and 49 of the Austrian Corporate Governance Code.

4 MODE OF OPERATION OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management Board is the managing body of the Austrian Post Group, and is committed to serving the interests of the company and sustainably enhancing shareholder value. The by-laws for the Management Board stipulate the assignment of responsibilities and cooperation within the Management Board. It also defines the information and reporting obligations of the Management Board

as well as a catalogue of measures requiring the formal approval of the Supervisory Board.

The Management Board discusses the current business development at Austrian Post, makes necessary decisions and adopts the required resolutions within the context of meetings held at least every 14 days. The members of the Management Board continually exchange information with each other and with the responsible executives.

A so-called Executive Management Council provides support to the Management Board in running the company. This leadership team consists of approximately 45 top level employees, and plays an advisory and supporting role with respect to all operational and strategic issues affecting Austrian Post.

The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all relevant issues pertaining to business development, including the assessment of the risk situation and risk management at Austrian Post and all key Group subsidiaries. In the spirit of good corporate governance, ongoing consultations take place between the respective chairmen of the Supervisory and Management Boards concerning those matters which fall under the jurisdiction of the Supervisory Board. In particular, this includes discussions on the strategy, business development and risk management at the company.

The Supervisory Board has resolved to establish committees consisting of its own members to carry out specific functions.

The **Executive Committee** is responsible for regulating the relationships between the company and the members of the Management Board, with the exception of the appointment and revocation of a Management Board member, as well as granting options to obtain shares in the company. The Executive Committee also performs the functions of the Remuneration Committee with respect to concluding employment contracts with Management Board members and the policies governing the remuneration paid to the members of the Management Board.

The **Presidential Committee** also serves as the Nomination Committee and deals with issues relating to the appointment of members to the Management Board.

The **Audit Committee** is responsible for auditing and preparing the approval of the company's annual financial statements, the auditing of the consolidated annual financial statements, the proposal on the distribution of profits, the Management Report and the Corporate Governance Report. Considerable importance is attached to monitoring reporting processes and the effectiveness of the internal control, internal audit and risk management systems. Another important task carried out by the Audit Committee is to prepare the proposal of the Supervisory Board for selection of the auditor of the annual accounts, and the monitoring of the independence of the auditor.

	Executive Committee	Presidential Committee	Audit Committee
Rudolf Kemler	✓ (Chairman)	✓ (Chairman)	✓ (Chairman)
Edith Hlawati	✓	✓	
Erich Hampel			
Günter Leonhartsberger			✓
Chris E. Muntwyler			
Markus Pichler (as of Aug. 6, 2013)			✓
Elisabeth Stadler			✓
Edgar Ernst (up until June 21, 2013)			✓
Helmut Köstinger		✓	✓
Martin Palensky			
Andreas Schieder			
Manfred Wiedner			✓

Four meetings of the Supervisory Board were held in the course of the 2013 financial year. The focus of these sessions was the monitoring of ongoing business development of Austrian Post and its subsidiaries as well as various transactions requiring Supervisory Board approval. Ongoing strategic development projects were discussed in detail during all Supervisory Board meetings. The priorities of the work carried out by the Supervisory Board in 2013 are contained in the Report of the Supervisory Board to the Annual General Meeting.

The Audit Committee convened three times. In its meeting on the financial statements and consolidated financial statements of Austrian Post for the 2013 financial year, in which the auditors also took part, the Audit Committee properly carried out its responsibilities pursuant to Section 92 Para. 4a Austrian Stock Corporation Act. Moreover, the Audit Committee intensively dealt with the quarterly (interim) financial statements for the 2013 financial year. The Audit Committee recommended to the Supervisory Board to

propose the selection of Deloitte Audit Wirtschaftsprüfungs GmbH by the Annual General Meeting as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2013 financial year.

The Presidential Committee focused on drawing up a proposal to fill the position of the Management Board position “Member of the Management Board and Chairman of the Management Board”, and on preparing the resolution of the Supervisory Board with respect to the appointment of the Chairman of the Management Board of Austrian Post.

The Executive Committee dealt with the variable remuneration paid to the Management Board. In addition, as appropriate, the Executive Committee carried out ongoing consultations with the Chairman of the Management Board.

Average attendance at Supervisory Board meetings was about 93.5% in the reporting year 2013. No member personally attended fewer than half of the sessions.

An explicit and formal self-evaluation took place during the past financial year in accordance with C-Rule 36 of the Austrian Corporate Governance Code. For this purpose, a questionnaire was prepared which the Supervisory Board members used to assess the efficiency and organization of the Supervisory Board and the Audit Committee. The evaluated results were extensively discussed by the Supervisory Board and were reflected in the ongoing work carried out by the Supervisory Board. An extensive discussion on strategic projects took place on the basis of this evaluation, and a greater distinction was made between the agenda pursued by the Audit Committee and that of the Supervisory Board

5 REMUNERATION

The remuneration report describes the amount and structure of the income received by the members of the Management Board and Supervisory Board of Austrian Post.

MANAGEMENT BOARD REMUNERATION

TEUR	Fixed salary (incl. payment in kind and the employer's share of social security contributions)		Variable salary		Total (incl. payment in kind and the employer's share of social security contributions)	
	2012	2013	2012	2013	2012	2013
Georg Pölzl	572	573	512	550	1,084	1,123
Walter Oblin	177	353	0	165	177	518
Walter Hitziger	462	463	330	440	792	903
Peter Umundum	352	353	247	330	599	683
Retired from the company effective June 30, 2012						
Rudolf Jettmar	209	0	575 ¹	0	784	0

¹ Includes variable salary components for the 2011 and 2012 financial years

Management Board

The Supervisory Board assigned responsibility for determining the remuneration paid to the members of the Management Board to the Executive Committee, which also serves as the Remuneration Committee.

The remuneration system is based on the fundamental idea of taking a three-tiered approach (fixed and variable salary components as well as a Long-Term Incentive Programme). The fixed salary is linked to the salary structure of publicly listed Austrian companies, and takes into account the range of duties and responsibilities assumed by each of the members of the Management Board.

The variable remuneration system is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets. The variable salary component may not surpass the limit of 100% of the total annual fixed salary.

The total cash remuneration paid to the active members of the Management Board in 2013 amounted to TEUR 3,227.

The remuneration of the variable salary components is paid in the following year due to the fact that the extent to which stipulated targets have been achieved can first be determined at the end of the financial year. For this reason, the chart presents the variable salary granted to the Management Board members in 2012 and 2013 for the 2011 and 2012 financial years. The reported fixed salary components include payments in kind and the employer's share of social security contributions.

In case the employment contract of a Management Board member is terminated, the employment contract stipulates that the Management Board member is entitled to severance pay of up to one year's annual salary, in those cases based on the provisions contained in either the Austrian Salaried Employees Act or the Company Employee and Self-Employed Pension Plan Act. All members of the Management Board have concluded a pension fund agreement in accordance with the stipulations contained in model

contracts (BGBl – Federal Law Gazette) under which Austrian Post is required to pay 10% of the individual's fixed annual gross salary into the pension fund each year. The Management Board members do not have any "change of control" clauses in their contracts.

The members of the Management and Supervisory Boards of Austrian Post are insured within the framework of Directors and Officers Liability Insurance with liability coverage to the amount of EUR 40m. The insurance covers judicial and extrajudicial protection against unfounded claims for damages as well as the settlement of such claims which may be considered as legally justified.

Any additional work carried out by a member of the Management Board outside of the company requires the approval of the Executive Committee of the Supervisory Board. This ensures that neither the time involved nor the remuneration granted for this work represents a conflict of interest with the Board member's responsibilities to Austrian Post.

The Long-Term Incentive Programme (LTIP) launched in 2010 for the Management Board takes account of the EU's recommendations on remuneration policies from April 2009, and is based on the performance-based allocation of shares. The underlying objective is to align the interests of company management with those of Austrian Post shareholders to achieve a medium-term to long-term increase in shareholder value. The LTIP is contingent upon each of the Management Board members making their own one-time investment for the duration of three years and a subsequent one-year retention period. The number of shares required for the Management Board member's own investment is calculated on the basis of a pre-defined percentage of the gross fixed salary, divided by the reference average share price in the fourth quarter of the previous year. At the beginning of the programme, target values were defined for key performance indicators (total shareholder return, free cash flow and earnings per share), whereby each indicator is considered to be equally important. The success in achieving the pre-defined objectives is monitored over a three-year observation period. Payment for the LTIP for the years 2010–2012 took place in 2013.

LONG-TERM INCENTIVE PROGRAMME (LTIP) FOR THE YEARS 2010–2012

	LTIP 2010–2012 Own investment			LTIP 2010–2012	
	Required number of shares	Equivalent value in TEUR ¹	Number of shares held up to Dec. 31, 2013	Equivalent value in TEUR ²	Payment in TEUR
Management Board members					
Georg Pölzl	18,210	350	25,254	866	700
Walter Oblin	2,000	38	9,099	312	149 ³
Walter Hitziger	8,585	165	12,100	415	347
Peter Umundum	2,000	38	9,827	337	149 ³
Former Management Board members					
Rudolf Jettmar	10,296	210	13,110	450	429
Herbert Götz	8,585	165	20,000	686	347

¹ Basis: average share price in Q4 2009

² Basis: average share price Q4 2013

³ The programme for 2010 is on the basis of the terms and conditions of the LTIP for Executives

Principles underlying the remuneration for senior management

The principles governing the remuneration paid to the Management Board have also been adapted for the company's senior management. Their salaries contain fixed and variable components based on the achievement of financial and non-financial targets as well as individually defined objectives.

In addition, a Long-Term Incentive Programme exists for senior managers, in which selected members of various management levels of the Group are entitled to participate. The LTIP links pre-defined, measureable, long-term and sustainable criteria (total shareholder return, free cash flow and earnings per share) and is contingent upon participants making their own corresponding investment. The achievement of objectives is monitored over a period of three years.

Supervisory Board

Remuneration of the Supervisory Board for the previous financial year is determined annually by the Annual General Meeting, which also decides on the fee for attending meetings. At present, the fee totals EUR 300 per session. Furthermore, travel expenses incurred by the members are covered. The Annual General Meeting held on April 18, 2013, resolved to grant an annual fixed sum totalling EUR 15,000 for the 2012 financial year applying to each of the members of the Supervisory Board, whereas EUR 25,000 was awarded to the Chairman

of the Supervisory Board and EUR 20,000 to the Deputy Chairman. Remuneration is made on a pro-rata basis if a member did not belong to the Supervisory Board for the entire financial year. Payment is generally made immediately after the Annual General Meeting.

The total remuneration granted to the Supervisory Board in the 2013 financial year (including attendance fees) amounted to EUR 153,600, broken down as follows:

SUPERVISORY BOARD REMUNERATION

EUR	Remuneration granted for 2012 and paid in 2013	Attendance fees
Shareholder representatives		
Rudolf Kemler ¹ , Chairman (as of Nov. 1. 2012)	4,167	2,400
Markus Beyrer ¹ (Chairman, until Oct. 31. 2012)	20,833	0
Edith Hlawati, Deputy Chairman	20,000	1,500
Edgar Ernst (up until June 21, 2013)	15,000	600
Erich Hampel	15,000	1,200
Günter Leonhartsberger ¹	15,000	2,100
Chris E, Muntwyler	15,000	900
Markus Pichler	15,000	1,500
Elisabeth Stadler	15,000	2,100
Employee representatives		
Helmut Köstinger	–	2,400
Martin Palensky	–	1,200
Andreas Schieder	–	1,200
Manfred Wiedner	–	1,500

¹ Supervisory Board remuneration and attendance fees are transferred to Österreichische Industrieholding AG

The employee representatives perform their duties on the Supervisory Board on an honorary basis, and are compensated for their involvement in the works committee in accordance with their respective employment contracts. They are only entitled to receive attendance fees. They may only be discharged of their responsibilities by the Central Works Council, but this may occur at any time.

In accordance with Section 48d Austrian Stock Exchange Act, purchases or sales of shares by Management Board and Supervisory Board members (“Directors’ dealings”) must be reported to the Financial Market Authority (FMA) within five working days after the day in which the transaction was concluded, and published on the FMA Website. At the end of 2013 a total of 58,030 Austrian Post shares were owned by members of the Management Board and Supervisory Board.

SHAREHOLDINGS

Number of shares	Dec. 31, 2012	Purchase	Sale	Dec. 31, 2013
Management Board				
Georg Pölzl	25,254	0	0	25,254
Walter Oblin	9,099	0	0	9,099
Walter Hitziger	12,100	0	0	12,100
Peter Umundum	9,827	0	0	9,827
Supervisory Board				
Markus Pichler	1,150	850	0	2,000

6 EXTERNAL EVALUATION

In accordance with Rule 62 of the Austrian Corporate Governance Code, Austrian Post submits to an external evaluation of its compliance with this code and the accuracy of its related public reporting every three years. The most recent appraisal carried out for the 2013 financial year by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft did not discover any facts which contradict the declaration submitted by the Management Board and Supervisory Board with respect to the company's adherence to the C-Rules and R-Rules of the Austrian Corporate Governance Code. The next external evaluation is scheduled to be carried out in 2016 for the 2015 financial year.

Vienna, February 26, 2014

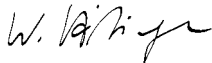
The Management Board



Georg Pözl
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

REPORT OF THE SUPERVISORY BOARD OF AUSTRIAN POST FOR THE 2013 FINANCIAL YEAR

The 2013 financial year turned out to be a good year for Austrian Post. In spite of a difficult business environment, Austrian Post succeeded in slightly increasing revenue and improving earnings. The main trends impacting the field of logistics and postal services still prevailed over the past year. The electronic substitution of conventional mail is continuing unabatedly. Direct mail volumes depend on the cyclical development of the advertising industry and the state of the economy. The parcel market continues to be characterised by strong competition and extensive price pressure. Austrian Post managed to successfully meet the challenges posed during the past financial year, and is well positioned to sustainably safeguard its competitiveness and profitability.

The Supervisory Board convened four times in the 2013 financial year, and was provided with timely and comprehensive information on all relevant issues relating to the business development of Austrian Post, including the risk situation, within the context of regular reporting by the Management Board. As a result of this reporting, the Supervisory Board supervised and supported the management activities of the Management Board on an ongoing basis.

The average attendance rate at the Supervisory Board meetings was 93.5%. None of the members of the Supervisory Board missed more than half of the sessions.

Personnel changes

Edgar Ernst laid down his Supervisory Board mandate effective June 21, 2013. The election of a new Supervisory Board member is scheduled to take place at the Annual General Meeting 2014. The Supervisory Board meeting held on August 6, 2013, appointed Markus Pichler to serve as his successor on the Audit Committee.

The Supervisory Board would like to take this opportunity to sincerely thank Edgar Ernst for his intensive and good cooperation.

Priorities

At every regular meeting, the Supervisory Board was informed about developments with respect to the balance sheet and income statement of Austrian Post. The Supervisory Board also dealt with the quarterly results of Austrian Post subsidiaries as well as important strategic investment projects.

The Supervisory Board meeting held on March 13, 2013, primarily dealt with the annual financial statements and consolidated financial statements of Austrian Post for 2012 along with preparations for the Annual General Meeting. The Supervisory Board also dealt with the results of its self-evaluation carried out in January 2013. This ensures the continuing improvement of the efficiency and effectiveness of the mode of operation of the Supervisory Board.

At its meeting convened on May 16, 2013, the Supervisory Board focused its attention on the acquisition of a 25% stake in the Turkish parcel company Aras Kargo. The Supervisory Board shares the opinion of the Management Board, which considers the entry into the Turkish parcel market to be an integral growth element in the company's overall strategic development.

In light of the fact that the current term of office of Georg Pölzl ends on September 30, 2014, the Supervisory Board session which took place on August 6, 2013, initiated the process of filling the position of Chairman of the Management Board. The Supervisory Board of November 13, 2013, reappointed Georg Pölzl to serve as Chief Executive Officer and Chairman of the Management Board until September 30, 2017, with an extension option for two more years.

Another focal point of the Supervisory Board's meeting on November 13, 2013, was the approval of the budget of Austrian Post for the 2014 financial year. The Supervisory Board was also provided with detailed information about the company's medium-term planning for the period 2015–2017. Moreover, the Supervisory Board dealt in detail with the implementation of the real estate project "Post am Rochus."

In three meetings, the Audit Committee of the Supervisory Board duly carried out the responsibilities assigned to it. It monitored accounting processes, the audit and the effectiveness of the internal control system, the risk management system and the internal audit system. The auditors and the Audit Committee could exchange information also without the presence of the Management Board. The quarterly results were thoroughly analysed. The Supervisory Board was continually provided with information about the results of the Audit Committee meetings. In accordance with Section 270 Para. 1a of the Austrian Commercial Code, Deloitte Audit Wirtschaftsprüfungs GmbH credibly demonstrated its impartiality towards the Audit Committee.

In the 2013 financial year, the Presidential Committee focused on its proposal for filling the position of “Member and Chairman of the Management Board” and preparing the resolution of the Supervisory Board for appointing the Chairman of the Management Board.

Consolidated and annual financial statements for 2013

Deloitte Audit Wirtschaftsprüfungs GmbH was elected by the Annual General Meeting held on April 18, 2013, to serve as the auditors for the annual financial statements and consolidated annual financial statements of Austrian Post for the 2013 financial year.

The annual financial statements and consolidated annual financial statements of Austrian Post as at December 31, 2013, were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and were granted an unqualified auditor’s opinion. The Management Report and Group Management Report are consistent with the company and consolidated annual financial statements. All documentation relating to the annual financial statements, the profit appropriation proposal as submitted by the Management Board, the Corporate Governance Report and the auditor’s report were thoroughly discussed in the Audit Committee together with the auditors and subsequently presented to the Supervisory Board.

March 12, 2014

Rudolf Kemler m. p.
Chairman of the Supervisory Board

The Supervisory Board examined all the documents in accordance with Section 96 of the Austrian Stock Corporation Act, and did not discover any inconsistencies or objections. As a result, it formally approved the results of the audit. The Supervisory Board formally approved the annual financial statements for the 2013 financial year, which are hereby adopted in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act, and declares its acceptance of the IFRS consolidated financial statements, the Management Report, the Group Management Report and the Corporate Governance Report pursuant to Section 245a of the Austrian Commercial Code.

The Supervisory Board concurs with the Management Board’s proposal to distribute a basic dividend of EUR 128,350,012.20 from the net profit amounting to EUR 188,812,943.88 and to carry forward the balance of EUR 60,462,931.68 to the new account.

Finally, the Supervisory Board would like to express its gratitude and appreciation to all the members of the Management Board as well as all employees for their valuable achievements in the past financial year. In particular, special thanks are owed to the customers and shareholders of Austrian Post for their confidence in the company.

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1 GROUP INFORMATION & STRATEGY

1.1 BUSINESS OPERATIONS AND ORGANISATIONAL STRUCTURE

The Austrian Post Group, hereafter referred to as Austrian Post, is the leading logistics and postal services provider in the country, featuring annual revenue of EUR 2.4 bn and about 24,000 employees. It also has a strong position internationally with subsidiaries in 13 European countries. Austrian Post's core business consists of transporting and delivering letters, direct mail items, print media and parcels as well as providing various logistics services. In addition, Austrian Post operates a nationwide branch network encompassing about 1,900 company-operated and third-party operated postal service points, making it one of the largest private customer networks in Austria.

The business activities of Austrian Post are mainly carried out by two divisions, Mail & Branch Network and Parcel & Logistics. The Corporate Division performs services, particularly in the field of Group administration and management. These three divisions correspond to the reportable segments stipulated in IFRS 8.

The core business of the Mail & Branch Network Division ranges from the collection, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items and newspapers to the sale of postal and telecommunications products as well as of

financial services in cooperation with its banking partner BAWAG P.S.K. The service portfolio is complemented by new services for business and advertising mail, such as address and data management, mailroom management, intelligent scanning and response management. A total of 1,894 postal service points are now at the disposal of customers throughout Austria. Each year 5.7bn mail items are delivered in Austria and 3.4bn direct mail items by the company's subsidiaries in South East and Eastern Europe.

The Parcel & Logistics Division provides services in nine European countries. In international markets, this consistently takes place via the company's own subsidiaries. The main business of the division is transporting parcels and EMS (Express Mail Service) items for private and business customers. The product and service portfolio also includes a broad spectrum of specialty logistics solutions, for example so-called combined freight (the joint transport of individual parcels and pallets), temperature-controlled logistics (transport of temperature-sensitive goods in the range of 2 to 8 and 15 to 25 degrees Celsius) and contract logistics. In recent years Austrian Post has further expanded its competencies along the entire logistics value chain, and is now successfully providing a broad range of value-added services. Accordingly, Austrian Post offers customised fulfillment solutions such as warehousing, commissioning, returns management and Webshop logistics, as well as the transport of valuable goods and cash.

AUSTRIAN POST

Corporate		Mail & Branch Network	Parcel & Logistics
Chief Executive Officer Georg Pölzl	Management Board Member Walter Oblin	Management Board Member Walter Hitziger	Management Board Member Peter Umundum
Responsibilities <ul style="list-style-type: none"> • Online Innovation Management • Corporate Communications • Strategy and Group Development • Human Resources Management • Group Auditing, Risk Management & Compliance • Investor Relations & Corporate Governance • End Customer Initiatives, End Customer Service 	Responsibilities <ul style="list-style-type: none"> • Finance and Accounting • Corporate Controlling • Finance of the Mail & Branch Network Division • Finance of the Parcel & Logistics Division • Treasury • Information Technology • Group Procurement • Legal & Regulation Management • Corporate Real Estate 	Responsibilities <ul style="list-style-type: none"> • Collection, sorting and delivery of letter mail, direct mail items and media post in Austria and CEE • Value-added letter mail services • Online services • Product portfolio of the postal service points (branch offices and postal partners) 	Responsibilities <ul style="list-style-type: none"> • Collection, sorting and delivery of parcels in Austria and CEE • Pharmaceutical logistics • Combined freight transport in Germany • Value logistics (cash transport) • Value-added logistical services • Logistics services Parcel • Logistics online services

1.2 SALES MARKETS AND MARKET POSITION

Austrian Post and its Group subsidiaries operate in 13 countries in the fields of letter mail and direct mail as well as in the parcel and logistics business. About 70% of Group revenue is currently generated on the domestic market, where Austrian Post plays a

leading role in the delivery of letter mail, direct mail and newspapers as well as parcels. In particular, Austrian Post has been able to continually increase its share of the growing parcel delivery business in recent years. As a result, the company now boasts a market share of about 76% of parcel volume in the expanding private customer parcel segment thanks to the trend towards

online shopping. In the field of business parcels (B2B), Austrian Post has been able to increase its market share from about 22% in 2012 to about 25% in 2013 (Source: Kreutzer, Fischer & Partner, Business Radar 2014).

On an international level, the Group subsidiaries of Austrian Post also have good market positions. Austrian Post is the market leader in the delivery of unaddressed direct mail items in Croatia, Hungary, Slovakia and Poland, and is also the number one provider in the field of hybrid mail on the Bulgarian market. The Group is No. 1 in Slovakia, Croatia, Serbia and in Bosnia-Herzegovina in the field of business parcels (B2B). In addition, the trans-o-flex Group is the market leader in the direct pharmaceutical wholesale segment in Germany. The newly acquired Stake in the joint venture Aras Kargo a.s., Turkey, is No. 2 in the Turkish parcel delivery sector (Source: internal market estimates).

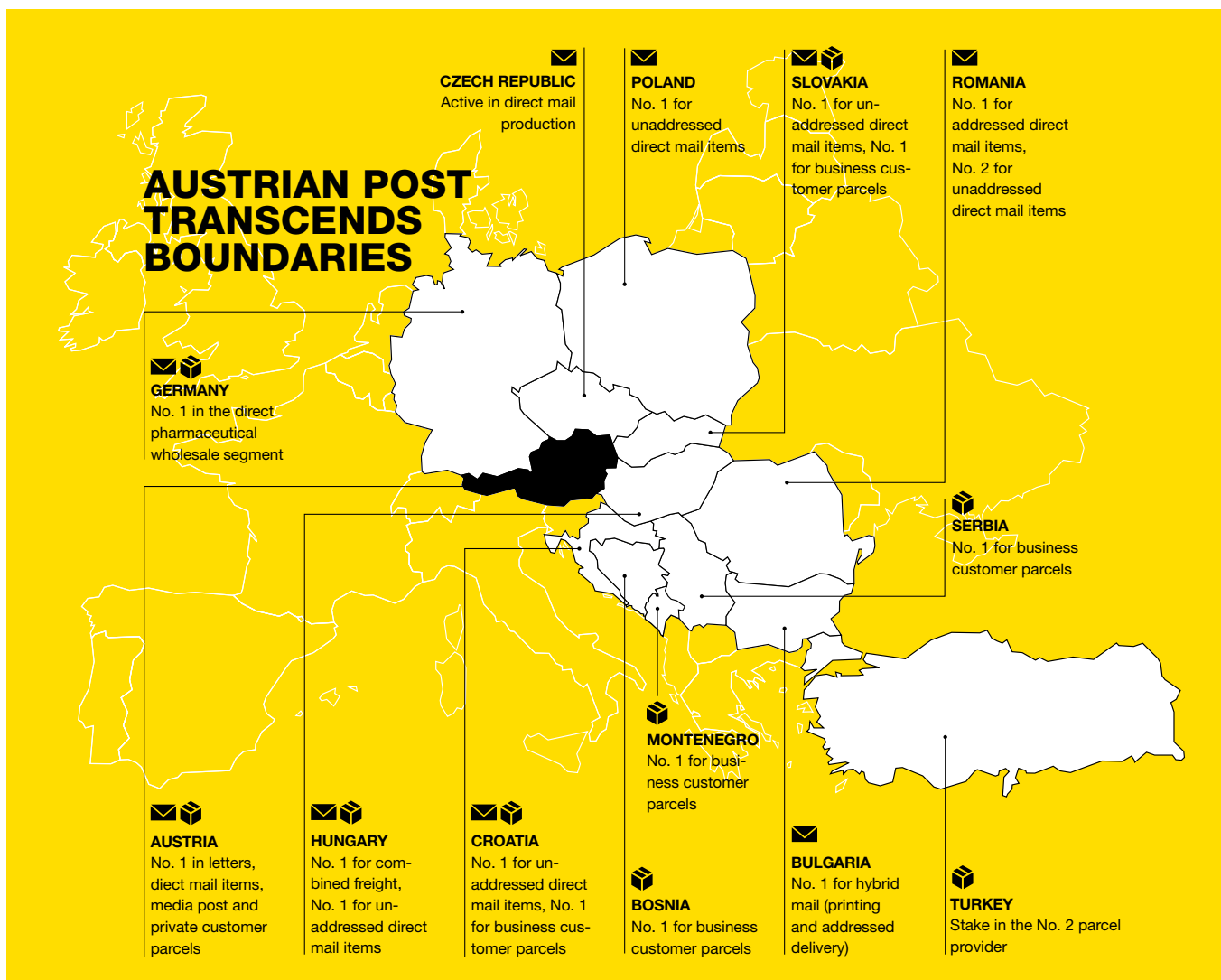
The following illustration provides an overview of Austrian Post's market position in its most important regions:

1.3 GROUP STRATEGY AND MANAGEMENT

1.3.1 Objectives and strategy

Current developments in the international postal and logistics markets pose major challenges to Austrian Post but also open up new opportunities. In 2010 the company defined four strategic pillars, and has resolutely pursued this path on the basis of a large number of initiatives and measures. In this regard Austrian Post focuses its business operations towards achieving three main business targets:

1. Revenue growth: The goal is to achieve medium-term revenue growth of 1–2% annually on a Group level. The volume of addressed mail items is expected to decline further as a consequence of electronic substitution, while Austrian Post will take advantage of growth opportunities in other areas, especially in the growing parcel business. At the same time, Austrian Post is continually developing new service offerings in order to enhance customer convenience and unlock sales potential.



- 2. High profitability:** A sound level of profitability is of considerable importance with respect to the company's future perspectives. That is why Austrian Post is striving to achieve an EBITDA margin of 10–12%. For this purpose the efficiency of all operational processes is being continuously improved and the flexibility of the cost structure is being increased.
- 3. Reliable dividends:** The attractive dividend policy is an essential element of the corporate philosophy. Each year Austrian Post aims to distribute at least 75% of the Group net profit to shareholders. The aim is to further develop the dividend payout ratio in line with the Group's net results. Since the Initial Public Offering in 2006, Austrian Post has generated value growth of close to 150% as measured by the total shareholder return.

Four core strategies were defined based on these targets. The persistent implementation of these core strategies continuously serves as a guiding compass for Austrian Post. They have remained a stable benchmark over the course of time, whereas the thematic priorities for implementation are adapted to the latest developments on an annual basis.

1. Defending market leadership in the core business:

Austrian Post is the market leader in the domestic mail and parcel segments. An important strategic pillar consists of the company's efforts to maintain or further expand this strong position, especially in the field of parcel delivery. For this reason Austrian Post attaches great importance to maintaining the high quality of its services.

- 2. Profitable growth in selected markets:** Austrian Post will rely on a focused growth strategy in order to compensate for declining addressed letter mail volumes. The priority will be on the parcel and logistics business, in which Austrian Post is exploiting growth opportunities mainly in South East and Eastern Europe, and strengthening its activities in the field of pharmaceutical logistics. In the mail business, the company is not only expanding its presence in the CEE region but also its services in the Mail Solutions area.

- 3. Enhancing efficiency and increasing flexibility of the cost structure:** Austrian Post is focusing on continually enhancing efficiency in all areas. Regular investments in modernising the logistics infrastructure, from new sorting facilities to handheld computers for the delivery staff, play a significant role here. Moreover, process and staff costs are being evaluated and optimised on an ongoing basis.

- 4. Customer orientation and innovation:** Austrian Post will only be successful on a long-term basis with attractive offerings fulfilling specific customer requirements. That is why the company is focusing on ongoing product and service innovations to consistently enhance customer convenience and satisfaction.

1.3.2 Management and control

A comprehensive management and control system takes account of the entire corporate structure. In this regard Austrian Post clearly focuses on revenue, EBITDA/EBIT and free cash flow, but also attaches considerable importance to the profitability of its investments (return on investment) in new facilities and infrastructure as well as in its strategic investments. This is the only way to ensure that the right decisions are made at the right time.

In the reporting system of Austrian Post, the monthly and quarterly reports on the latest business developments are crucial components in the decision making process and operational management. These reports summarise relevant indicators for the entire Management Board and senior executives. The control parameters are oriented towards the strategic cornerstones of the Group. With respect to “defending market leadership in the core business” and “profitable growth in selected markets”, revenue and earnings indicators of the divisions are used to monitor the extent to which the company is achieving its targets. When it comes to “enhancing efficiency and increasing flexibility of the cost structure”, the focus is on the biggest expense items and managing the network of postal service points. Non-financial performance indicators such as the number of postal service points, customer satisfaction and new self-service solutions are used as management tools with regard to “customer orientation and innovation.”

All in all, these steps enable Austrian Post to focus on ensuring adherence to unified standards and a clear earnings orientation at the top management level. At other reporting levels, these parameters are complemented by division-specific productivity and quality indicators. A high level of consistency and the resultant transparency among the different management units should support the growth of new business segments and focus attention on the issue of cost efficiency in all areas. In recent years Austrian Post has not only been able to finance required investments and acquisitions from its cash flow, but has also managed to ensure implementation of an attractive dividend policy.

2 BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

2.1 ECONOMIC ENVIRONMENT

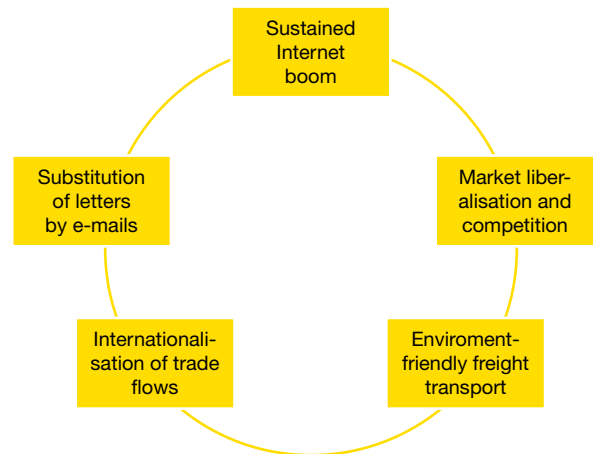
The global economy has been steadily recovering since the middle of 2013. Whereas global economic growth was still at a level of 3.0% in 2013, it is expected to increase to 3.7% in the course of 2014. This development can be primarily attributed to further recovery of the overall economic situation in the industrialised countries. However, risks still exist with respect to the consolidation of public budgets and corresponding fiscal policy measures. There have also been some initial indications of a recovery in Europe since mid-2013. The European economy rose slightly by 0.3% in 2013. In contrast, the eurozone still reported an economic contraction of about 0.4% (International Monetary Fund – IMF, January 2014).

The year 2013 was a somewhat more challenging year for the Austrian economy, as it was for many European nations. Austria's GDP hardly increased, rising by only 0.3%, unemployment was up, and private consumption and real wages stagnated. The economy will continue to recover in 2014. However, the upturn will not be able to match the strength of past upswings due to the persistent structural problems in the eurozone. The Austrian Institute of Economic Research (WIFO) expects GDP growth to reach 1.7% in Austria in 2014 (WIFO, October 2013). The situation is similar in Germany, where the economy expanded by 0.5% in 2013 and should grow by 1.6% in 2014 according to the latest forecasts (IMF, January 2014).

Forecasts for Central and Eastern Europe are more upbeat than for the eurozone. This region already achieved moderate growth in 2013, with an estimated growth rate of 2.5%. The region's economy is expected to expand further, achieving GDP growth of 2.8% in 2014. Countries such as Hungary (+0.2%), Bulgaria (+0.5%) and Slovakia (+0.8%) showed a weaker performance in 2013, but are predicted to post considerably higher GDP growth rates in 2014 (Hungary: +1.3%, Bulgaria: +1.6%, Slovakia: +2.3%). After suffering from an economic contraction of -0.6% in 2013, the Croatian economy is anticipated to expand by 1.5% in the following year. The markets in Poland (+1.3%), Romania (+2.0%), Serbia (+2.0%) and Turkey (+3.8%) developed more favourably in 2013. According to the latest forecasts, all these markets are likely to show GDP growth of over 2% in 2014, with the promising Turkish growth market expected to grow at a disproportionately high rate of 3.5% (IMF, January 2014).

2.2 MARKET ENVIRONMENT

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



The electronic substitution of traditional letter mail is continuing. However, the decline is still relatively moderate in Austria compared to other countries. The volume of addressed mail fell by an average of only 3.2% per year in the period 2008–2012. In contrast, the decline in other European countries was up to 10%. In the year 2013 volume development was positively affected by the elections held in Austria. However, the downward trend is still continuing and is essentially unstoppable. Postal service providers are responding to this situation with new offerings such as the combination of traditional and digital communications (dual delivery of letters). The European postal markets have been liberalised since 2013. In many markets, this process has led to a revised definition of universal postal services in response to constantly changing customer needs.

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 sector expanded in 2013, driven by online, cinema and TV advertising. In contrast, the expenditures on conventional advertising flyers are currently declining. The outlook for addressed direct mail items is somewhat more favourable (Media FOCUS Research, February 2014).

Parcel volumes in Austria are continually increasing due to the growing importance of online shopping. In 2013, private customer parcel volumes rose by 3.7%, whereas the B2B segment showed a relatively stable development, with volumes up by only 0.1% (Kreutzer, Fischer & Partner, Business Radar 2014).

The development of the international parcel and freight business is considerably dependent on general economic trends, international trade flows and related price developments. Competitive intensity and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised. For this reason, international shipments are another important factor impacting the growth of the European courier, express and

parcel (CEP) market. Austrian Post subsidiaries in CEE are also profiting from the more dynamic overall economic growth in the region and the need to catch up with respect to e-commerce.

Another relevant trend is the increasing importance of climate protection and the resultant growing demand for the environment-friendly transport of goods. Austrian Post is meeting these demands by offering the CO₂ neutral delivery of mail items on its domestic market of Austria in order to avoid any further burden on the global climate.

2.3 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. The cornerstones of this law are as follows:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria.

- The newly defined Universal Postal Service Obligation as of 2011 limits the spectrum of basic services to mail posted at the legally stipulated access points i.e. postal service points or letterboxes. Postal services for mail items brought to sorting centres by large customers, with the exception of newspapers, are not considered to be an integral component of universal postal services.

- Austrian Post was required to carry out the conversion of cluster box units and rural drop-off boxes in the years 2011–2013, and had to finance the costs in advance. The costs for exchanging these facilities must be partially refunded to Austrian Post on the basis of a legally prescribed allocation key. However, no compensation has been received up until now.

- Since January 1, 2011, a licence must be obtained conferring the right to carry out postal delivery services for letters weighing up to 50 grams.

- Since January 1, 2011, only those postal services encompassed in the legally prescribed Universal Postal Service Obligation are exempt from Value Added Tax (VAT). Postal services whose terms and conditions are individually agreed upon are subject to Value Added Tax at standard rates.

3 BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

3.1 CHANGES IN THE CONSOLIDATION SCOPE

The following selected acquisitions took place in the 2013 financial year:

- Austrian Post exercised its option to increase its shareholding in M&BM Express OOD, Bulgaria, by 25% to 51% as of April 1, 2013. A further option entitles Austrian Post to acquire an additional 25% stake in M&BM Express OOD by March 31, 2014, and thus increase its total shareholding to a maximum of 76%.

- Austrian Post acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH effective February 1, 2013.

- The acquisition of a 25% stake in the Turkish parcel service provider Aras Kargo a.s. took place on July 30, 2013. Due to the agreement stipulating joint management of the company, it is considered a joint venture pursuant to IAS 31, and is consolidated

at equity in the consolidated financial statements of Austrian Post. Austrian Post also has a call option which it can exercise in 2016, entitling it to acquire an additional 50% of the shares from the Aras family, in which case its stake would rise to a total of 75%.

- On October 14, 2013, Austrian Post acquired a 100% stake in each of four distribution companies in Germany (locations: Hürth near Cologne, Duisburg, Dortmund and Meinerzhagen). These companies are among the most important distribution partners of the trans-o-flex Group, and their four locations serve the North Rhine-Westphalia economic region. The acquisition enables the company to optimise operating costs and exploit synergies in the field of distribution logistics.

The changes in the consolidation scope can be found in the notes to the consolidated financial statements starting on page 64.

3.2 REVENUE AND EARNINGS SITUATION

3.2.1 Revenue development

Austrian Post's reported revenue in the 2013 financial year totalled EUR 2,366.8m, at about the same level as in the previous year. Adjusted to take account of the revenue of EUR 17.3m generated by the disposed subsidiaries in the Benelux region in the first half of 2012, revenue in the 2013 financial year increased by 0.8%.

The Mail & Branch Network Division accounts for 63.6% of total Group revenue, whereas 36.1% can be attributed to the Parcel & Logistics Division. The Corporate Division generates 0.3% of the Group's revenue.

Revenue of the Mail & Branch Network Division rose by 0.2% year-on-year to EUR 1,510.8m. On the one hand, this development can be attributed to the consolidation of new subsidiaries in Poland, Romania and Bulgaria (plus EUR 20.0m). On the other hand, the revenue increase is also due to the positive impetus provided by various elections and referendums held in Austria during the first nine months of 2013. In addition, services offered in the field of Mail Solutions also recorded growth during the reporting period.

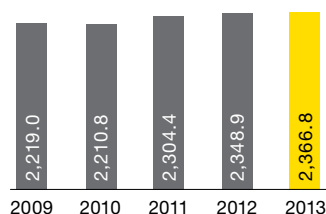
In the Parcel & Logistics Division, revenue in the 2013 financial year, adjusted to take account of the disposed subsidiaries in the Benelux region, rose by 2.0% to EUR 857.3m. From a regional perspective, the Austrian parcel market generated the strongest growth, with revenue up 7.8%, whereas revenue declined in Germany.

External sales of the Corporate Division amounted to EUR 6.2m. Moreover, the division also generated revenue on the basis of business with other divisions, with internal sales reaching EUR 181.0m in 2013. The Corporate Division focuses on providing typical services required to manage a corporate group. These services encompass the management of commercial properties owned by the Group, IT support services, financing and administrative activities as well as the administration of the Internal Labour Market of Austrian Post. The Corporate Division also includes innovation management and development of new business models.

With respect to its geographical segments, Austrian Post generated 72.9% of its revenue in Austria, 21.9% in Germany and 5.2% in South East and Eastern Europe.

REVENUE DEVELOPMENT ADJUSTED¹

EUR m



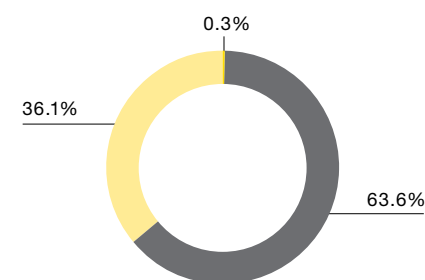
¹ Figures adjusted for the Benelux subsidiaries (divested in 2012) and the meiller Group (the joint venture MEILLERGHIP has been consolidated at equity since 2011).

GROUP REVENUE DEVELOPMENT

EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m
Total revenue	2,348.7	2,366.1	2,366.8	0.0%	0.7
Revenue excl. Benelux subsidiaries¹	2,304.4	2,348.9	2,366.8	0.8%	17.9
Calendar working days in Austria	250	250	251	–	–

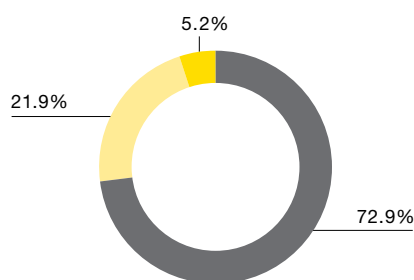
¹ The closing of the disposal of trans-o-flex Nederland B.V. took place as at March 15, 2012, for trans-o-flex Belgium B.V.B.A as at May 31, 2012

REVENUE BY DIVISION 2013



■ Mail & Branch Network
■ Parcel & Logistics
■ Corporate

REVENUE BY REGION 2013



■ Austria
■ Germany
■ South East & Eastern Europe

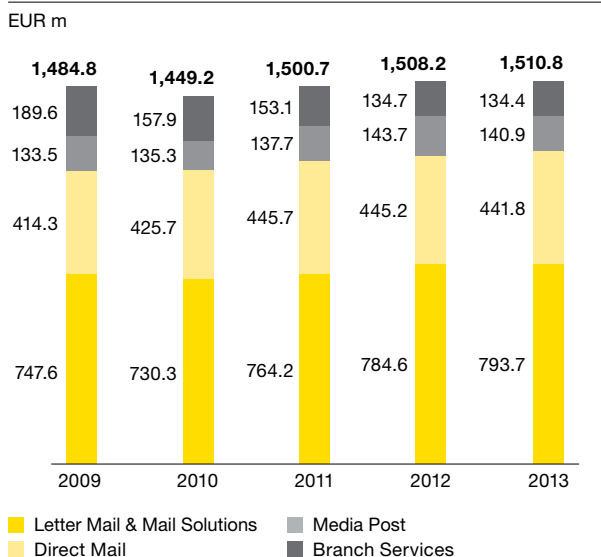
REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	2011 ¹	2012	2013	Change 2012/2013 %	EUR m
External sales	1,500.7	1,508.2	1,510.8	0.2%	2.6
Letter Mail & Mail Solutions	764.2	784.6	793.7	1.2%	9.1
Direct Mail	445.7	445.2	441.8	-0.8%	-3.4
Media Post	137.7	143.7	140.9	-2.0%	-2.8
Branch Services ²	153.1	134.7	134.4	-0.2%	-0.3
Internal sales	76.3	70.6	74.6	5.6%	4.0
Total revenue	1,577.1	1,578.8	1,585.4	0.4%	6.6

¹ Reporting according to the new segment structure as of January 1, 2012; figures for 2011 pro-forma consolidation

² New segment structure leads to assignment of Post.Wertlogistik GmbH to the Parcel & Logistics Division as of January 1, 2012

REVENUE BY PRODUCT GROUP¹



¹ Figures adjusted for the meiller Group. The joint venture MEILLERGHP has been consolidated at equity since 2011. Reporting according to the new segment structure as of January 1, 2012; previous figures: pro-forma consolidation.

The Mail & Branch Network Division generated external revenue of EUR 1,510.8m. Of this amount, 52.5% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 29.2% of total divisional revenue and the field of Media Post, including newspapers and magazines, has a 9.3% share. In addition, Branch Services accounts for 8.9% of divisional revenue. On balance, revenue in the Mail & Branch Network Division was up 0.2% from the prior-year level to EUR 1,510.8m. The first-time consolidation of new Group subsidiaries as well as elections and referendums in Austria had positive effects on business in the fields of Letter Mail and Direct Mail.

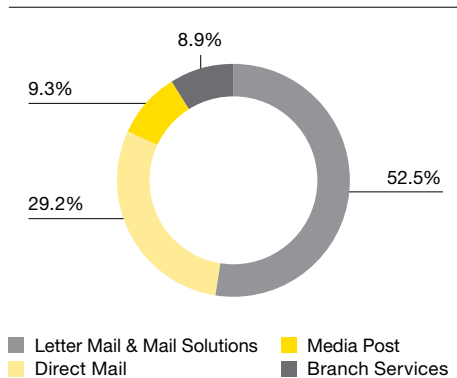
Revenue in the field of Letter Mail & Mail Solutions climbed by 1.2% from the prior-year period, rising to EUR 793.7m. The substitution of letter mail by electronic media is continuing as

before. Such decreases took place, for example, in the telecommunications customer segment and in the public sector. 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. However, the basic trend of declining letter mail volumes remains valid.

Revenue in the Direct Mail business fell by 0.8% in 2013 to EUR 441.8m. This field is particularly impacted by fluctuations in the economy and advertising behaviour. The weaker economy and the pressure exerted by online business on retail stores led to dampened advertising spending on the part of several customers. Moreover, a market consolidation process was perceptible in the retail sector. The year 2013 was generally characterised by declining direct mail volumes, especially in the unaddressed segment, as well as greater volatility of the advertising industry.

Media Post revenue was also down in 2013, decreasing by 2.0% to EUR 140.9m. Branch Services revenue remained nearly unchanged at EUR 134.4m. The higher sales of mobile telephony products came close to compensating for the decline in financial services.

REVENUE BY PRODUCT GROUP 2013



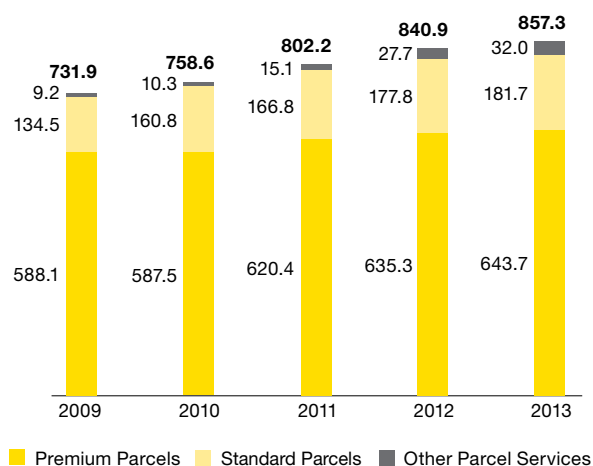
REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	2011	2012	2013	Change 2012/2013 %	EUR m
External sales	846.5	858.1	857.3	-0.1%	-0.8
Premium Parcels	659.9	650.8	643.7	-1.1%	-7.1
Standard Parcels	166.8	177.8	181.7	2.2%	3.9
Other Parcel Services	19.9	29.6	32.0	8.2%	2.4
External sales excl. Benelux subsidiaries¹	802.2	840.9	857.3	2.0%	16.5
Internal sales	24.9	8.8	7.6	-13.5%	-1.2
Total revenue	871.5	867.0	865.0	-0.2%	-2.0

¹ The closing of the disposal of trans-o-flex Nederland B.V. took place as at March 15, 2012, for trans-o-flex Belgium B.V.B.A as at May 31, 2012

REVENUE BY PRODUCT GROUP¹

EUR m



¹ Figures adjusted for the Benelux subsidiaries (divested in 2012)

External sales of the Parcel & Logistics Division fell by 0.1% in 2013 to EUR 857.3m. However, the prior-year period still included the revenue generated by the Benelux subsidiaries disposed of during the first half of 2012. Adjusted to take account of the former Benelux subsidiaries, the division actually achieved a 2.0% revenue increase in a year-on-year comparison.

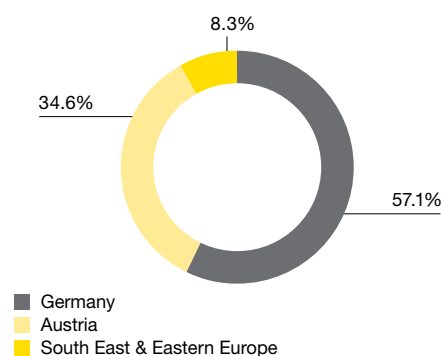
Premium Parcels (parcel delivery within 24 hours), which are mainly used in the business-to-business segment, generated revenue of EUR 643.7m in 2013, a decrease of 1.1% from the previous year. This decline is primarily due to the deconsolidation of the Benelux subsidiaries as well as the downward trend in Germany. Adjusted to take account of the former Benelux subsidiaries, the Premium Parcel business actually posted a 1.3% rise in revenue. Parcel volumes in the business customer and

higher-value private customer segments in Austria showed above-average increases.

Standard Parcels, which mainly involve shipments to private customers in Austria, also posted growth. Revenue rose by 2.2% to EUR 181.7m. Other Parcel Services generated revenue of EUR 32.0m during the period under review, corresponding to an increase of 8.2%. This field includes various additional logistics services such as fulfilment, warehousing and cash logistics.

From a regional perspective, 57.1% of total revenue in the Parcel & Logistics Division was generated in Germany, 34.6% in Austria and 8.3% in South East and Eastern Europe. The Austrian and CEE markets developed very positively, whereas in Germany revenue achieved by the subsidiary trans-o-flex was down by 1.8% due to the challenging competitive environment. At the same time, revenue growth in Austria reached a level of 7.8%, driven by the trend towards online shopping as well as the higher market share in the business parcel segment. On balance, the South East and Eastern European subsidiaries posted growth of 6.2%.

REVENUE BY REGION 2013



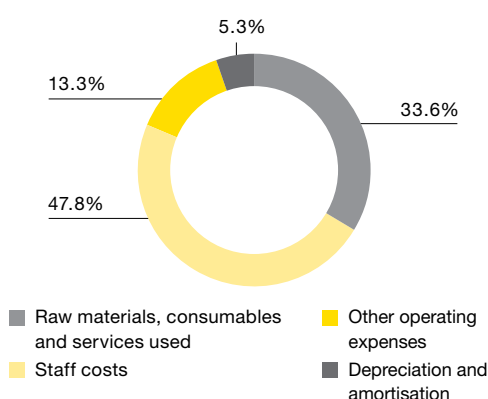
3.2.2 Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	2011	2012	2013	Change 2012/2013 %	EUR m
Revenue	2,348.7	2,366.1	2,366.8	0.0%	0.7
Other operating income	74.6	72.0	69.7	-3.3%	-2.3
Raw materials, consumables and services used	-759.8	-766.9	-753.3	-1.8%	-13.6
Staff costs	-1,050.8	-1,091.4	-1,073.5	-1.6%	-17.9
Other operating expenses	-320.0	-294.8	-298.6	1.3%	3.8
Results of investments consolidated at equity	-10.8	-13.9	-6.6	52.7%	7.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	281.9	271.2	304.5	12.3%	33.3
Depreciation and amortisation	-86.8	-81.6	-83.5	2.3%	1.9
Impairments	-27.6	-7.2	-35.1	>100%	27.8
Earnings before interest and tax (EBIT)	167.5	182.4	186.0	2.0%	3.6
Other financial result	-5.2	-30.8	-14.8	52.0%	16.0
Earnings before tax (EBT)	162.3	151.6	171.2	12.9%	19.6
Income tax	-39.1	-28.4	-47.2	66.1%	18.8
Profit for the period	123.2	123.2	124.0	0.7%	0.9
Earnings per share (EUR) ¹	1.82	1.82	1.82	0.0%	0.00

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

ALLOCATION OF EXPENSES 2013



Staff costs comprise a major factor in the cost structure of Austrian Post. Accordingly, 47.8% of the total operating expenses incurred by Austrian Post in 2013 can be attributed to staff costs. The second largest expense item accounting for 33.6% of operating expenses is raw materials, consumables and services used, of which a large part relates to external transport services. Other operating expenses represent 13.3% of the total costs, and 5.3% is attributable to depreciation and amortisation.

The item raw materials, consumables and services used declined by 1.8% in the reporting period to EUR 753.3m. This development is primarily due to the decrease in costs for external transport services. In particular, in Germany the business model of the trans-o-flex Group was always characterised by a high level of external value creation. This was reduced in 2013 by the acquisition of distribution companies as well as optimisation measures implemented in the network.

Total staff costs of Austrian Post in 2013 were down 1.6% or EUR 17.9m from the prior-year level to EUR 1,073.5m. The decrease is mainly due to lower non-operational staff costs.

Operational staff costs, which mainly consist of salaries, wages, jubilee benefits, bonuses and auxiliary wage costs amounted to EUR 1,043.1m in the reporting period and were at approximately the same level as in the previous year. Persistent efficiency enhancement measures succeeded in balancing regular salary increases. Moreover, the implemented measures also offset the additional staff costs from the newly acquired companies in South East and Eastern Europe as well as the higher staff costs in Germany. On balance, the average number of employees (full-time equivalents) working for Austrian Post amounted to 24,211 people in 2013, compared to a staff of 23,181 employees in 2012.

The non-operational staff costs totalled EUR 30.4m in 2013. In addition to severance payments, this figure also includes changes in provisions which are primarily related to the specific employment situation of civil servants at Austrian Post. Accordingly, provisions were allocated in 2013 for social plans, employee under-utilisation and the voluntary transfer of employees to the federal public service.

Costs for termination benefits amounting to EUR 26.5m in the 2013 financial year were at the prior-year level. In contrast, the expenses for provisions for employee under-utilisation, including the provisions for employees transferring to the federal public service, were reduced by EUR 17.6m in 2013. The fact that several programmes for employees impacted by restructuring measures could be carried out more quickly than originally expected positively impacted the provisions for employee under-utilisation. Similarly, the year 2013 also saw a positive effect with respect to the provision for employees transferring to the federal public service.

This possibility to transfer to the federal public service is based on agreements reached with the Ministry of Internal Affairs in 2009 as well as with the Ministries of Finance and Justice in 2010. All in all, 396 former employees of Austrian Post had transferred to the federal government by the end of 2013. Due to the fact that the existing agreement expired in 2013, the corresponding provision was reduced. However, in October 2013 a new framework agreement was concluded which does not limit the transfer of employees to specified ministries, but generally allows Austrian Post employees to apply for vacant public sector positions. Within the context of this agreement, the staff costs for these employees will be borne by Austrian Post for a specified period of time. As a result, provisions will be set aside when required.

Other operating income was down 3.3% in the reporting period to EUR 69.7m. In contrast, income from rents and leases rose by EUR 2.0m from the prior-year level to EUR 25.6m. Other operating expenses climbed by 1.3% in a year-on-year comparison to EUR 298.6m, particularly as a consequence of impairment losses on receivables to the trans-o-flex Group.

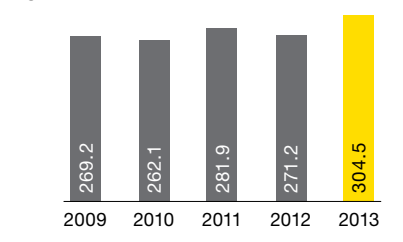
The result of the investments consolidated at equity amounted to minus EUR 6.6m in 2013, compared to minus EUR 13.9m in 2012. This includes the continuing negative earnings contribution of Austrian Post's stake in the German printing services company MEILLERGH, a joint venture in which Austrian Post holds a 65% stake and Swiss Post a 35% interest. Earnings in the 2012 financial year had been negatively impacted by an impairment loss of EUR 9.6m recognised for MEILLERGH.

In the 2013 financial year, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group increased to EUR 304.5m. The rise of EUR 33.3m can be largely attributed to the previously-mentioned positive effect on provi-

sions in non-operational staff costs to the amount of EUR 17.6m. As a consequence of this special effect, the EBITDA margin improved to 12.9%.

EBITDA

EUR m

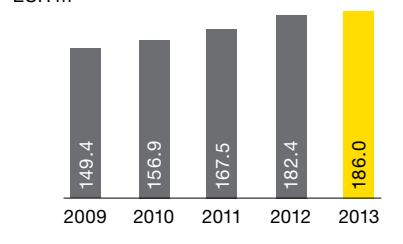


On balance, depreciation, amortisation and impairment losses totalled EUR 118.5m during the period under review. This includes the impairment loss on goodwill for the trans-o-flex Group to the amount of EUR 27.0m, which is related to the intensely competitive market situation and the reduced earnings situation of the company. Other impairment losses totalled EUR 8.1m, slightly above the comparable prior-year figure of EUR 7.2m.

Taking account of the two special effects with respect to staff costs and depreciation, amortisation and impairments, earnings before interest and tax (EBIT) totalled EUR 186.0m, a rise of 2.0% from the previous year. The corresponding EBIT margin was 7.9%.

EBIT

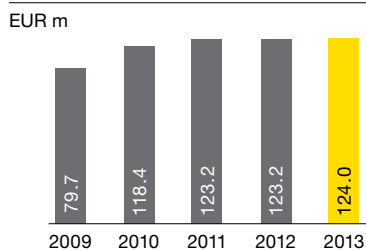
EUR m



The other financial result of Austrian Post amounted to minus EUR 14.8m in 2013. This includes the complete write-down on receivables arising from shareholder loans to the amount of EUR 10.6m from the joint venture MEILLERGH. The underlying reason for this write-down is the current difficult market environment, the uncertain development of the company and the subordinated nature of the loans. The other financial result in 2012 included the write-down of Austrian Post's indirect shareholding in the bank BAWAG P.S.K. to the amount of EUR 28.4m.

The tax burden in 2013 totalled EUR 47.2m. After deducting income tax, the Group net profit (profit after tax for the period) amounted to EUR 124.0m, a rise of 0.7% from the previous year. Thus earnings per share remained constant at EUR 1.82 for the 2013 financial year.

PROFIT FOR THE PERIOD



From a divisional perspective, the company's earnings situation is also impacted by the above-mentioned special effects. The Mail & Branch Network Division generated an EBITDA of EUR 320.7m, a rise of 4.4%, and an EBIT of EUR 281.8m, up 3.4% from the previous year. This improvement can be attributed to the positive revenue effects in the election year 2013 as well as the fact that

earnings in the prior-year period were negatively impacted by an impairment loss of EUR 9.6m recognised for Austrian Post's stake in MEILLERGHP, which is consolidated at equity.

EBITDA of the Parcel & Logistics Division in 2013 amounted to EUR 42.8m, whereas EBIT totalled minus EUR 4.9m. This includes the EUR 27.0m impairment loss on goodwill for the trans-o-flex Group as well as write-downs on receivables to the amount of EUR 7.1m. The efficiency enhancement programme in the trans-o-flex Group includes the reintegration of external services by acquiring selected distribution partners. Four distribution companies in Germany (locations: Hürth near Cologne, Duisburg, Dortmund and Meinerzhagen) were acquired in the fourth quarter of 2013 to ensure that these services comprise part of the company's own value creation. The objective is to optimise operating costs and exploit synergies in the field of distribution logistics.

The Corporate Division basically encompasses all expenses for central departments in the Group as well as staff-related provisions. In addition the Division encompasses innovation management and the development of new business models. The reduced expenses for staff-related provisions in 2013 mentioned above resulted in an improved EBIT of minus EUR 90.9m compared to minus EUR 115.4m in the previous year.

EBITDA AND EBIT BY DIVISION

EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m	Margin 2013
Total EBITDA	281.9	271.2	304.5	12.3%	33.3	12.9%
Mail & Branch Network ¹	312.2	307.2	320.7	4.4%	13.5	20.2%
Parcel & Logistics	12.0	46.6	42.8	-8.3%	-3.9	4.9%
Corporate/Consolidation	-42.4	-82.7	-58.9	28.7%	23.7	-31.4%
Total EBIT	167.5	182.4	186.0	2.0%	3.6	7.9%
Mail & Branch Network ¹	277.1	272.5	281.8	3.4%	9.3	17.8%
Parcel & Logistics	-28.2	25.3	-4.9	<-100%	-30.2	-0.6%
Corporate/Consolidation	-81.4	-115.4	-90.9	21.2%	24.5	-48.7%

¹ Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation

3.3 ASSETS AND FINANCES

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

3.3.1 Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,641.6m as of December 31, 2013. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 615.9m, whereas intangible assets amount to 63.3m. The goodwill reported for acquisitions totalled EUR 160.6m as at December 31, 2013, most of which relates to the trans-o-flex Group. The goodwill reported for the trans-o-flex Group declined to EUR 87.6m as the result of an impairment loss of EUR 27.0m taken in the third quarter of 2013. The major increase in the value of investments consolidated at equity to EUR 50.3m is mainly due to the acquisition of a 25% stake in the Turkish parcel services provider Aras Kargo a.s. in the third quarter of 2013.

The analysis of other assets reveals that Austrian Post boasts a high level of financial resources (cash and cash equivalents) totalling EUR 240.2m as at December 31, 2013. Financial investments in securities amounted to EUR 65.0m at the balance sheet date. The securities owned by Austrian Post feature an investment grade or

BALANCE SHEET AS AT DECEMBER 31, 2013

ASSETS		EQUITY AND LIABILITIES	
	1,642		1,642
Cash and cash equivalents/ securities	305.2	Financial liabilities	21.0
Financial investments	96.0	Payables/other	366.4
Receivables/ inventories/other	398.9	Provisions	554.8
Goodwill/ intangible assets	223.8	Equity ²	699.4
Property, plant and equipment ¹	617.8		
	ASSETS		EQUITY AND LIABILITIES

¹ Including assets held for sale of EUR 1.9m

² The item "equity" includes equity attributable to non-controlling interests of EUR 2.3m

comparable first class credit rating, which is why it is assumed that these assets could be converted into cash in a very short time. Accordingly, the financial resources including securities at the disposal of Austrian Post amounted to EUR 305.2m at the end of 2013. The payment of a dividend in May 2013 of EUR 1.80 per share or a total of EUR 121.6m for the 2012 financial year is already taken into account. In addition, the payment for the acquisition of the 25% stake in Aras Kargo a.s. during the reporting period totalled about EUR 50m.

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Structure Dec. 31, 2013
Assets				
Property, plant and equipment, intangible assets and goodwill	811.3	849.6	839.7	51.1%
Investment property	32.8	37.8	33.5	2.0%
Investments consolidated at equity	17.5	7.1	50.3	3.1%
Inventories, receivables and other	418.6	439.1	398.9	24.3%
Financial investments in securities	34.1	39.9	65.0	4.0%
Other financial assets	40.6	12.2	12.2	0.7%
Cash and cash equivalents	310.6	315.0	240.2	14.6%
Assets held for sale	2.8	0.0	1.9	0.1%
	1,668.3	1,700.8	1,641.6	100%
Equity and liabilities				
Equity ¹	702.0	708.6	699.4	42.6%
Provisions	542.2	554.5	554.8	33.8%
Financial liabilities	29.2	22.9	21.0	1.3%
Payables and other	384.2	414.8	366.4	22.3%
Liabilities held for sale	10.6	0.0	0.0	0.0%
	1,668.3	1,700.8	1,641.6	100%

¹ The item "equity" includes equity attributable to non-controlling interests of EUR 2.3m.

Equity of Austrian Post Group amounted to EUR 699.4m at the end of December 2013, comprising an equity ratio of 42.6%. Equity includes EUR 2.3m in equity attributable to non-controlling interests in M&BM Express OOD, Bulgaria, which was fully consolidated in 2013.

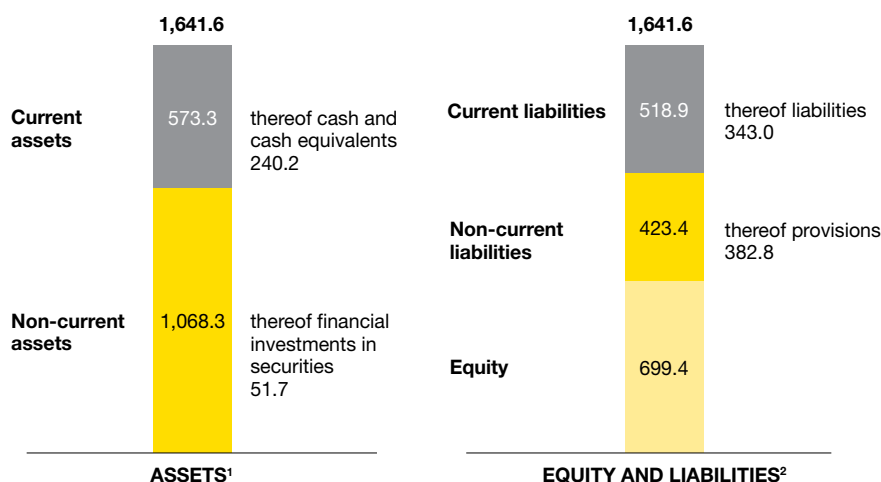
Provisions of EUR 554.8m also rank among the largest items on the equity and liabilities side, making up 33.8% of the balance sheet total. This includes provisions for employee under-utilisation to the amount of EUR 213.4m. Current and non-current liabilities remained at a low level, totalling EUR 21.0m as at December 31, 2013. Due to the fact that the existing financial resources including securities on the balance sheet of EUR 305.2m exceed the financial liabilities of EUR 21.0m by far, Austrian Post does not intend to make use of external funding nor does it require a credit rating at the present time.

The analysis of the balance sheet structure by terms shows that non-current assets predominate on the assets side, accounting for 65.1% of total assets or EUR 1,068.3m. Important non-current asset items are property, plant and equipment and intangible assets and goodwill at EUR 839.7m, and financial investments in securities at EUR 51.7m. The principal current asset items include receivables at EUR 302.7m as well as cash and cash equivalents at EUR 240.2m. The financial resources at the disposal of Austrian Post (including financial investments in securities) amounted to EUR 305.2m as at December 31, 2013.

On the equity and liabilities side, the balance sheet total mainly consists of equity (42.6%), non-current liabilities (25.8%) and current liabilities (31.6%). The non-current liabilities totalling EUR 423.4m largely consist of provisions to the amount of EUR 382.8m. Current liabilities of EUR 518.9m primarily relate to financial liabilities of EUR 343.0m (including trade payables of EUR 218.3m).

BALANCE SHEET STRUCTURE BY TERM

EUR m



¹ Non-current assets include assets held for sale of EUR 1.9m.

² Equity includes equity attributable to non-controlling interests of EUR 2.3m.

3.3.2 Cash flow

In the 2013 financial year, operating cash flow before changes in working capital totalled EUR 299.4m, above the prior-year level. On balance, the changes in net working capital totalled minus EUR 49.0m during the period under review, compared to minus EUR 29.8m in 2012. The difference can be mainly attributed to the reduction in liabilities as well as the use of current provisions. As a result of this development, the cash flow from operating activities amounted to EUR 250.4m, slightly above the comparable prior-year figure.

The cash flow from investing activities of minus EUR 189.9m in 2013 was primarily impacted by higher cash outflows for acquisitions

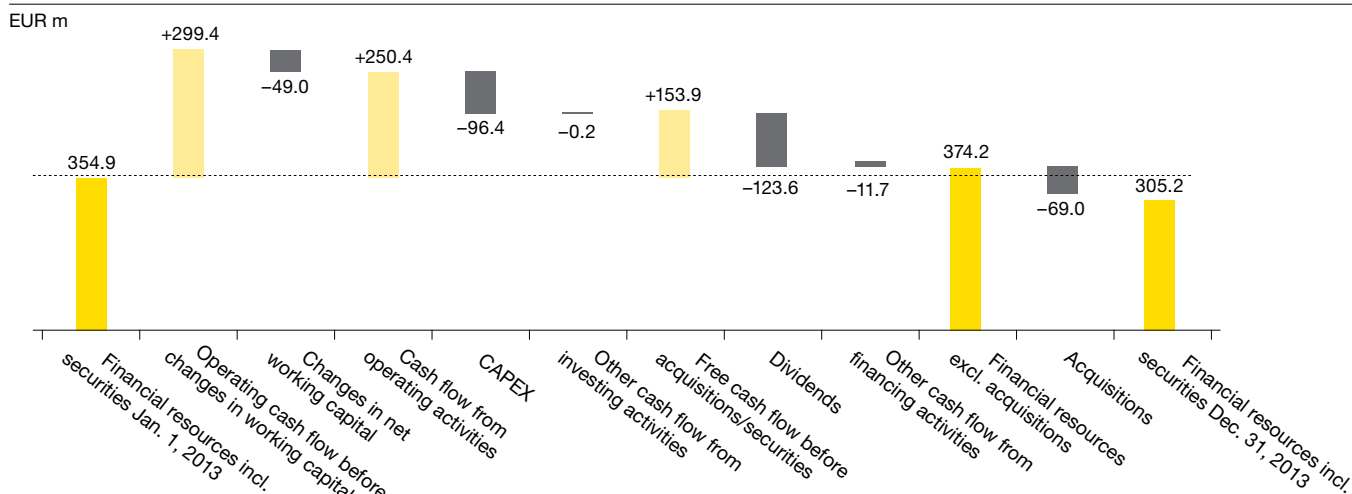
and capital expenditures. Payments for the purchase of property, plant and equipment (CAPEX) totalled EUR 96.4m during the period under review, including investments of EUR 23.4m for property, plant and equipment relating to the new logistics centre in Upper Austria which will be completed by the middle of 2014. In addition, cash outflows of EUR 69.0m related to payments for acquisitions. The main part, approximately EUR 50m, was for the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. Moreover, there was a change of minus EUR 24.3m in the cash flow relating to the securities portfolio, which shifted investments of cash and cash equivalents to securities. On balance, the free cash flow before acquisitions and securities was EUR 153.9m in 2013.

CASH FLOW

EUR m	2011	2012	2013
Operating cash flow before changes in net working capital¹	248.6	276.6	299.4
Cash flow from changes in net working capital ¹	-20.4	-29.8	-49.0
Cash flow from operating activities	228.2	246.7	250.4
Cash flow from investing activities	-65.8	-115.4	-189.9
thereof CAPEX	-73.8	-78.9	-96.4
thereof cash flow from acquisitions/divestments	1.1	-39.3	-69.0
thereof acquisition/disposal of securities	10.0	-1.6	-24.3
thereof other cash flow from investing activities	-3.1	-4.4	-0.2
Free cash flow	162.5	131.3	60.6
Free cash flow before acquisitions/securities	151.4	172.1	153.9
Cash flow from financing activities	-165.0	-126.8	-135.4
thereof dividends	-108.1	-114.8	-123.6
Net change in cash and cash equivalents	-2.5	4.5	-74.8
Net change in cash and cash equivalents before securities	-12.5	6.0	-50.5
Net change in cash and cash equivalents before acquisition/securities	-13.6	45.3	18.5

¹ Reporting adapted for 2012: In connection with the offsetting of the reclassification of non-current provisions to current provisions and liabilities, the use of non-current provisions was also recognised in the cash flow from changes in net working capital. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.

DEVELOPMENT OF FINANCIAL RESOURCES AND SECURITIES IN 2013¹



¹ Financial resources including financial investments in securities as at December 31, 2013 include reversals of impairment losses on securities to the amount of EUR 0.7m. These reversals were reported in other comprehensive income without recognition to profit and loss, and are therefore not included in the cash flow.

The analysis of the development of financial resources incl. financial investments in securities in the year 2013 shows the following: financial resources totalled EUR 354.9m on January 1, 2013. The cash flow from operating activities generated by Austrian Post amounted to EUR 250.4m. After deducting investments, the resulting cash flow before acquisitions and securities was EUR 153.9m. This covered dividends of EUR 123.6m distributed in 2013, as well as surplus resources for acquisitions. In spite of the increased level of acquisitions, especially the stake acquired in Aras Kargo a.s., financial resources including securities still totalled EUR 305.2m at the end of 2013.

3.3.3 Liquidity/net debt

Austrian Post reported a net debt position of EUR 114.3m as at the end of 2013. This is defined as the difference between interest-bearing assets (securities, other financial assets and cash and cash equivalents) amounting to EUR 328.8m and interest-bearing liabilities (financial liabilities and other interest-bearing liabilities, social capital and other provisions) of EUR 443.1m. The increase in the net debt can be attributed to the decline of interest-bearing assets by EUR 64.8m as the result of the enhanced investment activity. This effect was partly compensated by the decrease in interest-bearing liabilities.

LIQUIDITY/NET DEBT

EUR m	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interest-bearing liabilities	-471.6	-462.1	-443.1
thereof interest-bearing financial liabilities	-29.2	-22.9	-21.0
thereof interest-bearing provisions	-437.6	-434.8	-418.2
thereof interest-bearing liabilities	-4.8	-4.3	-3.8
Interest-bearing assets	410.1	393.6	328.8
thereof financial investments in securities	34.1	39.9	65.0
thereof financial assets and interest-bearing receivables	65.4	38.7	23.7
thereof cash and cash equivalents	310.6	315.0	240.2
Net debt	-61.5	-68.5	-114.3
Net debt/EBITDA	0.22	0.25	0.38
Gearing ratio¹	8.8%	9.7%	16.3%

¹ Gearing Ratio = Net debt/capital and reserves

Accordingly, the ratio of net debt to EBITDA rose to 0.38 as at the end of December 2013. The gearing ratio was 16.3% at the end of the reporting period.

On the basis of the existing liquidity and the solid cash flow from operating activities, Austrian Post is able to self-fund its current financing requirements. The company does not plan to make any substantial use of borrowed capital at the present time.

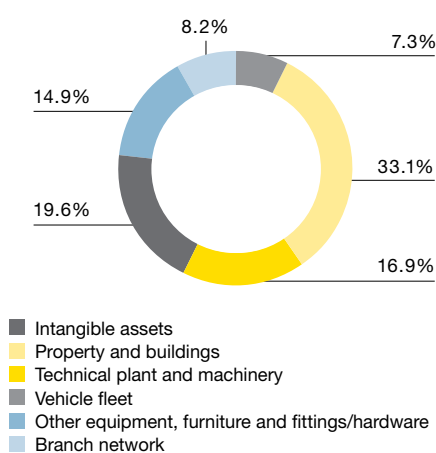
Within the context of its dividend policy, Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit attributable to the shareholders in the coming years, assuming a continuation of its successful business development and that no extraordinary circumstances arise. The company also aims to distribute a sustainable dividend reflecting the earnings development going forward.

3.3.4 Investments and acquisitions

In the 2013 financial year, capital expenditure at Austrian Post reached a level of EUR 98.8m, a rise of EUR 1.5m from the previous year. This includes EUR 91.7m in investments for property, plant and equipment and EUR 7.2m for investments in intangible assets (7.3%), which mainly relate to software licences.

In the 2013 financial year, a high share of the investments related to property and buildings (33.1%), which mainly relates to construction of the new logistics centre in Allhaming, Upper Austria. Moreover, the investment programme implemented during the reporting period in both the mail and parcel segments also focused on new distribution equipment and machinery, encompassing the continuing modernisation of sorting facilities (16.9%). These investments are being made for the purpose of rationalisation and enhancing productivity, but are also necessary to fulfil the high quality demands within Austria (delivery of 95% of all letters on the next working day, and 90% of all parcels within two working days).

INVESTMENTS BY CATEGORY IN 2013



Naturally, replacement investments in the vehicle fleet (19.6%) as well as new equipment, furniture and fittings and hardware (14.9%) also comprise a significant share of the annual investment volume. The branch network pressed ahead with the remodelling and modernisation of the branch offices operated jointly with BAWAG P.S.K., and investments were also made in new self-service solutions (8.2%).

The particular investment measure relating to both new and replacement investments is subject to a detailed analysis. Replacement investments are first made if the newer technology enables increased productivity or a corresponding reduction in costs for the company's own or external personnel or the purchase of transport services, or if the investments come at the optimal time so that the life cycle costs, especially maintenance costs for existing property, plant and equipment exceed those for the newer facilities.

Investments are also subject to an internal approval and authorisation process by a committee during the various planning phases as well as in the procurement phase. This committee consists of area or department managers, one or all members of the Management Board and the Supervisory Board of Austrian Post depending on the total volume involved. In addition to actual and target comparisons, an investment review and evaluation takes place at the end of the investment phase, particularly in the case of large projects.

In addition to the return on investment (ROI), which serves as the main decision-making parameter for investments and acquisitions, the amortisation period and the present value of the investments are taken into consideration, both in the planning phase and in monitoring performance.

The cash outflow for the acquisition and sale of subsidiaries as well as investments consolidated at equity was EUR 74.3m in 2013 (including acquisition of non-controlling interests) of which about EUR 50m related to the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. Furthermore, amongst other projects, Austrian Post's shareholding in M&BM Express OOD, Bulgaria, was increased, and distribution companies were acquired in Germany. Every acquisition presupposes a unified Group-wide selection process. The decision-making basis is a due diligence test followed by an evaluation based on the discounted cash flow method.

3.4 VALUE-ORIENTED INDICATORS

3.4.1 Capital Employed

The capital employed by Austrian Post increased by EUR 42.1m to EUR 755.3m as at the end of 2013. This increase is mainly due to the reduction of non interest-bearing liabilities by EUR 30.9m, in light of the fact that various liabilities were paid in the 2013 financial year relating to the acquisition of property, plant and equipment and Group subsidiaries.

The aim of Austrian Post is to optimise the capital employed in accordance with specific conditions in the postal sector.

Against this backdrop, investments are made extremely selectively and purposefully, primarily to enable productivity increases. Subsidiaries are continually tested for impairment and written down in case there are indications of impairment. Shareholdings held in companies consolidated at equity are affected by the ongoing profits/losses of the related stakes.

The main priority of Austrian Post's receivables management is to continually monitor outstanding receivables. Management is regularly informed about the level of outstanding receivables in order to be able to take appropriate measures if necessary. Payment terms may be switched to advanced payment or payment in cash in case the customer is designated as a risk or a bank guarantee may be demanded.

CAPITAL EMPLOYED

EUR m	2011	2012	2013
+ Intangible assets and goodwill	223.8	249.7	223.8
+ Property, plant and equipment	587.5	599.9	615.9
+ Investment property	32.8	37.8	33.5
+ Investments consolidated at equity	17.5	7.1	50.3
+ Inventories	14.4	16.1	17.1
+ Receivables ¹	324.8	332.7	312.0
+ Non-current assets held for sale	2.8	0.0	1.9
– Non interest-bearing debt	–494.7	–530.1	–499.2
Capital employed	708.9	713.2	755.3

¹ Less interest-bearing receivables

3.4.2 Ratios

The EBITDA margin of Austrian Post climbed from 11.5% in 2012 to 12.9% in 2013. This good development was mainly the result of positive special balance sheet effects with respect to non-operational staff costs. As a consequence, the margin during the reporting period was above the targeted range of 10–12%. The EBIT margin

improved slightly to 7.9%. Due to the stable earnings situation combined with the solid balance sheet structure, the return on equity at 21.1% was at approximately the same level as in the previous year. The return on capital employed at 25.3% was only slightly below the comparable prior-year figure, which can be primarily attributed to the above-mentioned increase in capital employed to EUR 755.3m.

RATIOS

	2011	2012	2013
EBITDA margin ¹	12.0%	11.5%	12.9%
EBIT margin ²	7.1%	7.7%	7.9%
ROE ³	21.1%	21.0%	21.1%
ROCE ⁴	22.7%	25.6%	25.3%

¹ EBITDA margin = EBITDA/revenue

² EBIT margin = EBIT/revenue

³ Return on equity = profit for the period on Jan. 1 less dividends paid

⁴ Return on capital employed = EBIT/average capital employed

4 NON-FINANCIAL PERFORMANCE INDICATORS

4.1 EMPLOYEES

The average number of full-time employees at the Austrian Post Group totalled 24,211 people during the period of review, comprising an increase of 1,030 employees from the prior-year period. This rise can be mainly attributed to the newly acquired subsidiaries in

Bulgaria, Romania, Germany, Austria and Poland, which employed about 1,600 people (full-time equivalents) in the 2013 financial year. Most of Austrian Post's staff (full-time equivalents) is employed by the parent company Österreichische Post AG (a total of 18,951 full-time equivalents). A total of 5,260 people (full-time equivalents) are employed by the subsidiaries.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	2011	2012	2013	Share %
Mail & Branch Network	17,482	17,192	17,955	74.2%
Parcel & Logistics	4,057	4,022	4,191	17.3%
Corporate	1,830	1,968	2,065	8.5%
Total	23,369	23,181	24,211	100.0%

4.1.1 Employee satisfaction

In June 2013, the first company-wide employee survey entitled "Together we will get even better" was carried out by Austrian Post. The objective was to capture the mood of employees as well as to identify relevant issues and improvement potential. The employees had the opportunity to express their opinion on different aspects of the company and evaluate their employer. The results of the survey presented an objective view of where Austrian Post is seen to be at the present time. Four fields of action were identified, namely health at the workplace, performance culture/working conditions, operating supplies and company organisation, and finally information and communication. Austrian Post will pay increasing attention to these areas and is committed to developing specific improvement measures.

4.1.2 Professional training and career development

The target group- and competence-oriented training and professional development of employees comprise an important part of Austrian Post's human resources activities. The measures implemented consist of specialised instruction, continuing education courses as well as coaching and training in all areas of the company. In an initial step, executives are called upon to identify employee potential and enhance their skills on the basis of individual

career development. Accordingly, Austrian Post made it a priority in 2013 to instruct management staff within the framework of the Executive Academy. The topics include, for example, communication and motivation, management styles and instruments or presentation techniques. The so-called "Leadership Workshop" is then designed to deepen the knowledge gained. In addition, more than 400 managers participated in the programme "A day visiting customers" in order to gain a better understanding of what the delivery staff or branch managers actually do.

4.1.3 Health and occupational safety

Occupational safety, health protection and health care comprise key elements of Austrian Post's corporate policy. Motivated and productive employees are the backbone of a logistics concept based on human labour. For this reason, Austrian Post attaches considerable importance to the health and safety of its employees. Training sessions focusing on safe and healthy workplace behaviour, the promotion of exercise as well as tobacco and alcohol abuse prevention are among the top priorities of the company's own multi-faceted health care programme. Among the priorities in the 2013 financial year were the start of a new preventive health programme entitled "A healthy heart" to prevent heart disease as well as the "Back health and wellness" initiative featuring spinal screenings and posture analysis.

4.2 ENVIRONMENT

Austrian Post is aware of its responsibility towards the environment. For this reason, it continually strives to identify optimisation potential in order to minimise its ecological footprint. In the year 2013, Austrian Post once again delivered all letters, parcels and direct mail items in Austria in a CO₂ neutral manner, without exception, as part of its CO₂ NEUTRAL DELIVERY initiative. This initiative is being implemented in a three-phase programme. The top priority is always to avoid emissions in the company's own core processes. This primarily applies to its buildings and the vehicle fleet, and is achieved on the basis of optimised route planning, a modern vehicle fleet, driver training in fuel-saving driving techniques, the monitoring of energy consumption in buildings

and the optimisation of floor space in buildings. In a second step, Austrian Post relies on alternative sources of energy. In this regard, Austrian Post has significantly expanded its fleet of electric-powered vehicles, which already encompassed more than 650 vehicles at the beginning of 2014. Moreover, since 2012 Austrian Post has only been using electricity generated from renewable energy sources, and in 2013 constructed Austria's largest rooftop photovoltaic facility, located on the roof of the Letter Mail Logistics Centre Vienna. Third, all greenhouse gas emissions which cannot be avoided at the present time are compensated by support provided to recognised and certified climate protection projects with a high ecological and socioeconomic value. The entire initiative is verified by independent experts at TÜV AUSTRIA.

ENVIRONMENTAL INDICATORS

	2010	2011	2012	Change 2011/2012	
				%	Nominal
Total CO₂ emissions (t)	87,068	78,533	70,834	-9.8%	-7,699
Total energy consumption (kWh million)	164.7	158.0	149.5	-5.3%	-8.5
Total fuel consumption (litre million)	15.2	14.6	14.3	-2.1%	-0.3

The sustainability reports of Austrian Post are prepared in accordance with the guidelines contained in the Global Reporting Initiative (GRI) and are certified by an auditor. The Sustainability Report 2012 fulfilled the highest application level A+, and was subject to a limited assurance audit by Ernst & Young Wirtschaftsprüfung m.b.H. The environmental indicators published for 2012, i.e. CO₂ emissions, energy consumption and fuel consumption, were also included in its audit. The environmental indicators for the 2013 financial year will be published in the Sustainability Report 2013 scheduled to be issued in September 2014.

4.3 RESEARCH AND DEVELOPMENT/INNOVATION MANAGEMENT

An important success factor in changing markets is the development and market launch of innovative products and the expansion of the existing product portfolio of the core business. In the 2013 financial year, Austrian Post implemented a broad range of such solutions, both in its online and other services.

Austrian Post further developed solutions offered within the context of its mail and parcel services, especially in the field of electronic mail, the online parcel stamp and online shop. The online services of Austrian Post are characterised by a high degree

of security and trustworthiness. The Mail Solutions business is focusing on innovative system solutions to optimise the business and administrative processes of business customers, especially dual shipment and receiving (digital/physical), effective mailroom management, digital document processing and integrated printing services as well as effective CRM applications (geo-marketing, address management, etc.). Furthermore, in the field of logistics services, Austrian Post is continually developing bespoke customer solutions for warehousing and fulfillment as well as various "value added services". These solutions together with innovative online services are designed to ensure greater efficiency and flexibility and generally a more customer-oriented optimisation of communications processes.

In addition to its own development activities, Austrian Post also decided in 2013 to conclude research and development cooperation agreements with prominent Austrian universities and academies of applied sciences. The objective is to further intensify its focus on innovation and carry out sound scientific research.

Accordingly, Austrian Post launched an innovation centre in collaboration with Karl Franzens University Graz, focusing on a two-year research project on the issue of "Last mile logistics and mobile communications". The research project aims to optimise the delivery process in the future and further improve the first-

time delivery success rate. A global monitoring of innovative solutions for last mile logistics will be carried out, sustainable business models featuring new types of technological solutions will be developed and customer acceptance for these solutions will be analysed.

Another research project entitled "Food4all@home" was initiated in cooperation with the Logistics Management and Corporate Networks Department (Logistikum) of the Academy of Applied Sciences Upper Austria in Steyr. In collaboration with partners, the project will clarify how a nationwide home delivery of essential everyday consumer goods could effectively work. In addition to the feasibility study, the goal of the project is also to evaluate the profitability and expected acceptance on the marketplace.

4.4 DELIVERY SPEED

Austrian Post aims to be a provider of high-quality postal services. In particular, strict legal regulations relating to the Universal Postal Service Obligation stipulate the following high standards relating to delivery speed for letters and parcels: delivery of 95% of all letters on the next working day and 90% of all parcels within two working days. In 2013, Austrian Post once again managed to

outperform the minimum legally stipulated standards. In 2013, Austrian Post managed to deliver 95.5% of all letters on the next working day after posting, thus meeting statutory requirements. The delivery speed in 2013 was somewhat below the prior-year level, which is mainly due to the performance in the first quarter of 2013 (e.g. the unfavourable weather conditions and cold temperatures). However, delivery speed continually improved throughout the rest of the year.

Concerning parcel delivery services as defined by the Universal Service Ordinance (primarily private parcels), Austrian Post delivered 94.4% of all parcels within two working days, significantly surpassing the statutory target. Austrian Post also achieved an above-average delivery quality in European comparison with respect to international mail (inbound).

With respect to the first-time delivery success rate for registered letters and parcels, the good performance figures attained in the previous years in both areas could be slightly surpassed. The first-time delivery success rate is a very important factor determining the level of customer satisfaction. Accordingly, 87.9% of registered parcels and 77.4% of registered letters were successfully delivered on the first attempt in 2013.

DELIVERY SPEED¹

	2011	2012	2013
Delivery time			
E+1 letter mail delivery time	96.1%	96.0%	95.5%
E+2 parcel delivery time in Austria	94.3%	93.3%	94.4%
Postal delivery success rate			
First-time delivery success rate for letter mail (registered)	78.5%	77.8%	77.4%
First-time delivery success rate for parcels (E+2)	87.2%	87.5%	87.9%

¹ E = day of posting; E+1 = day of posting + 1 working day; E+2 = Day of posting + 2 working days

4.5 CUSTOMER SATISFACTION

Customer satisfaction with the services of Austrian Post was measured on a quarterly basis during the reporting period. The market research partner on this project was the renowned IFES Institute. By means of a representative survey with a sample size of $n = 1,000$ per wave, the “Customer Satisfaction Index” (CSI) encompassing customer satisfaction and customer loyalty is determined. The average CSI in 2013 was good, at a level of 67 index points, two higher than in the previous year. The index only fluctuated slightly over the course of the year between 65 and 68 points. The highest level of customer satisfaction with Austrian Post ever measured was achieved in the fourth quarter of 2013, with young people ranking among the most satisfied customers. The postal service points and delivery services were given particularly high ratings. In particular, satisfaction with delivery services increased once again in the fourth quarter of the year, and reached 76 index points for letter mail, up 5 percentage points from the prior-year level, and 77 index points for parcels, a rise of 4 index points from the previous year.

Measuring customer satisfaction in accordance with the CSI scale considers 50 index points or less to represent a critical level, 51 to 60 points as moderately content, 61–70 to be good and higher than 71 means very good. An outstanding level of customer satisfaction is for 81 points up to the highest possible score of 100.

Surveys on customer satisfaction were also carried out in Hungary and Serbia in 2013. 92% of the surveyed customers said they are

“very satisfied” or “satisfied” with City Express Serbia, and 91% of the customers interviewed were “very satisfied” or “satisfied” with trans-o-flex Hungary.

4.6 RELIABILITY OF SUPPLY

In addition to its obligation to provide the highest quality postal services for every household throughout Austria at a uniform price, the definition of the Universal Postal Service Obligation in Austria requires Austrian Post to operate a nationwide network of at least 1,650 postal service points. In the spirit of optimally serving its customers, Austrian Post also surpasses the statutory requirements in this respect. On balance, its network encompassed 1,894 postal service points at the end of 2013, making it one of the largest private customer networks in the country. Austrian Post is always in close proximity to its customers.

In light of the fact that the postal sector is continually subject to major changes, the new market conditions require Austrian Post to make customer-oriented adjustments to its business operations in order to ensure that the Austrian population is supplied with postal services on a long-term basis. One important measure is the conversion of the branch network which was resolutely continued also in the past year. A key aspect is the very successful postal partner concept. A total of 1,359 postal partners, including food stores, petrol stations, tobacconists, municipal offices and many others ensure optimal regional accessibility to Austrian Post’s services.

5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

MEILLERGH is a joint venture based in Schwandorf, Germany, in which Austrian Post owns a 65% stake and Swiss Post holds a 35% interest. The ongoing difficult market environment and its negative effects on the business of MEILLERGH make it absolutely essential to fundamentally restructure the company. After various restructuring scenarios were evaluated by the management in consultation with the shareholders, MEILLERGH submitted an

application in Germany to the Regional Court in Amberg on February 7, 2014 for judicial reorganisation proceedings with the debtor in self-administration. These judicial reorganisation proceedings combined with the resolute continuation of restructuring measures should enable MEILLERGH to profitably operate in a highly competitive market in the medium- and long-term.

6 OUTLOOK 2014

Stable revenue targeted

On the basis of the available economic data, the core region of Austrian Post is expected to show a slightly upward economic growth trend in 2014. The prospects are improving for Austria and Germany as well as most countries in South East and Eastern Europe. This should reduce the risk of uncertain business planning for the mail and parcel markets. Nevertheless, the basic trends in the postal sector are set to persist.

Revenue in the mail segment will continue to be impacted by the ongoing volume decline for traditional addressed letter mail due to electronic substitution. In Austria, the new regulations stipulating the obligatory electronic delivery of official government mail are expected to have an impact on the business in 2014. In line with international trends, the decrease in letter mail volume is likely to amount to 3–5%. A one percent rise or decline in electronic substitution results in a revenue effect of about EUR 7m. The market for addressed and unaddressed direct mail items will continue to be subject to a volatile volume development. The reduced weight of shipments in some customer segments, for example in the mail order business, could have a negative effect on revenue. Moreover, there is the risk of losing revenue from individual customers due to market concentration in the retail sector.

The development of the parcel and logistics business is also dominated by two trends. In the private customer parcel segment, growth of 3–6% is anticipated, depending on the region. The steadily growing field of electronic commerce is the driving force behind this increase. The positive development of the business parcel segment depends on a stable economy and the competitive situation. It is crucial to exploit the company's good strategic market position and the resulting revenue potential, especially in the international parcel business.

Following the slight revenue increases in recent years – plus 1.9% in 2012 and plus 0.8% in 2013 excluding the divested Benelux subsidiaries – Austrian Post is striving to achieve an ongoing stable revenue development in the year 2014, in which the decrease in mail revenue can be compensated by higher parcel revenue.

Efficiency enhancement to safeguard earnings

The efficiency of the services provided must always be a key focus in the postal business. For this reason, Austrian Post has defined a series of measures to be implemented in 2014 with the aim of achieving operational excellence. Structures and processes in both mail and parcel logistics will be consistently improved. The new automation and sorting technologies will enable Austrian Post to consistently exploit cost reduction potential. Profitability is the top priority in the company's international business operations, both in terms of concentrating on the core business as well as in ensuring an efficient value chain.

With respect to its earnings development, Austrian Post remains committed to its target of achieving a sustainable EBITDA margin in the range of 10–12%. The company is also striving to improve its earnings before interest and tax (EBIT) in 2014.

Cash flow for future-oriented investments and dividends

The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable efficiency increases, structural measures and future-oriented investments. One priority of the investments being made in 2013 and 2014 is the new logistics centre under construction in Upper Austria. As a result, capital expenditure is expected to reach a level of about EUR 100m again in 2014. Other investments will mainly focus on modernisation, replacement of existing facilities and vehicles and capacity expansion in the parcel segment.

The Management Board will propose to the Annual General Meeting scheduled for April 24, 2014 to approve distribution of a dividend totalling EUR 1.90 per share for the 2013 financial year. Thus, the company is once again continuing its attractive dividend policy on the basis of a solid balance sheet structure and the generated cash flow. Austrian Post aims to distribute at least 75% of the Group net profit to its shareholders. Assuming the company continues its successful business development, the dividend should develop further in line with the Group's net results.

7 OPPORTUNITIES AND RISKS OF THE COMPANY

7.1 MAIN RISKS AND UNCERTAINTIES

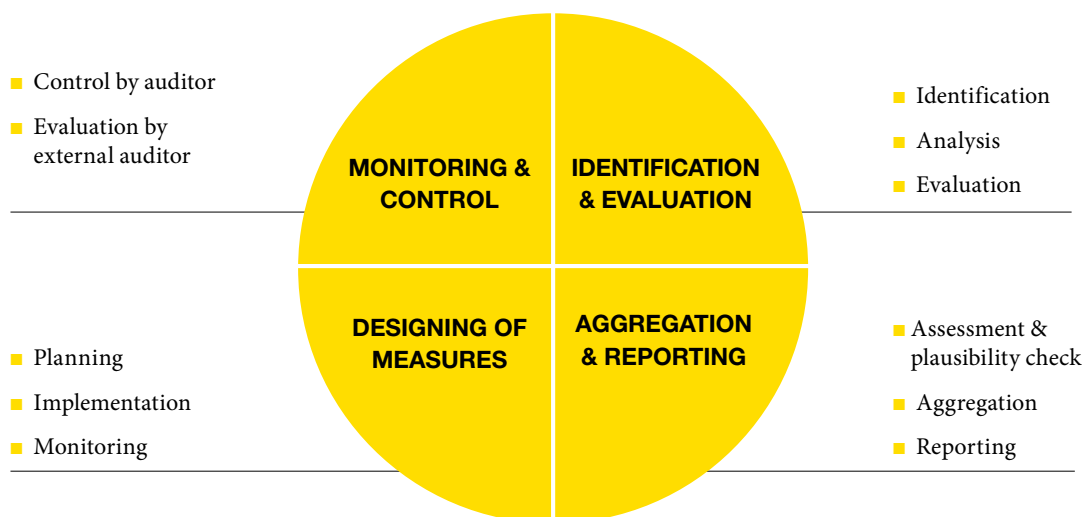
7.1.1 Risk management

Austrian Post operates a comprehensive risk management system integrating all business units and subsidiaries. The objective of risk management is to identify risks at an early stage and manage them by taking appropriate measures designed to minimise any potential deviation from the company's business targets. Risks are

identified, evaluated, monitored and documented in their overall context by a Group-wide risk management system in accordance with uniform principles. The Management Board defines the risk strategy and risk policy of the company and sets out a framework for the risk management system.

The most important steps in the risk management process are presented below:

RISK STRATEGY AND POLICIES



1. Identification and evaluation: Risks are defined as the potential deviation from planned corporate results. The risk manager analyses the risk situation of the respective business area on a quarterly basis. An employee is selected and given responsibility for evaluating, managing and monitoring each identified risk. Risks are quantified to the greatest possible extent with respect to the potential consequences and probability of occurrence. Non-quantifiable risks are evaluated on the basis of pre-defined qualitative criteria. In addition, the central risk management team cyclically examines the risk situation of the individual business areas on the basis of a proactive risk assessment. The results of the identification and evaluation process are documented in the corresponding IT application of the risk management system.

2. Aggregation and reporting: The central risk management team gathers information and reviews the identified and evaluated risks. The financial effects of potential overlapping are taken into account in the aggregation process. Subsequently, the risks are analysed by the Risk Management Committee and subject to a plausibility check. This Risk Management Committee consists of representatives of the controlling, legal, strategy and accounting departments as well as representatives of the operating units. The results are integrated in the quarterly report of the central risk management team to the Management Board focusing on risks and their development. Risks which unexpectedly arise are immediately reported to the Management Board on an ad hoc basis. The Supervisory Board and Audit Committee are also regularly informed about the risk situation.

3. Designing of measures: The control of risks is based on defining appropriate measures aimed to avoid or reduce risks, or else transfer them to third parties. The business areas examine the measures on the basis of a cost-benefit analysis, and subsequently implement them. These measures are monitored and adjusted within the context of a quarterly analysis undertaken by the risk manager.

4. Monitoring and control: In conformity with the Austrian Corporate Governance Code, the reliability and performance of the risk management system is subject to an annual evaluation by the auditor. Moreover, in 2013 the concept, suitability and effectiveness of the risk management system was assessed by an external auditor.

7.2 TOP RISKS

7.2.1 E-substitution

Traditional letter mail is being increasingly replaced by electronic media. The increasing electronic substitution of letter mail, in particular the trend towards electronic mail delivery, was accelerated by the economic crisis in recent years, and will continue in the future. This development, which is being promoted by legislation, could lead to a significant decline in mail volumes and earnings. A one percent decrease in revenue in the letter mail segment leads to a negative revenue effect of about EUR 7m annually, which in turn correspondingly reduces earnings in the short- and medium- term due to the fixed cost structure of the company's operations. The possibility cannot be excluded that a change in legal regulations with regard to the delivery of government mail will put responsibility for delivering some of these mail items in the hands of competitors and not only Austrian Post.

Austrian Post is counteracting the volume decline resulting from the greater use of electronic media by developing new products and services, for example in the direct mail and B2B businesses but above all along the value chain. Diversifying business operations into different markets enables Austrian Post to more effectively spread or minimise risks in individual sectors.

7.2.2 Strategic investments

A key feature of Austrian Post's business strategy is to achieve growth through selective acquisitions and cooperation agreements. In this regard, it is important to identify suitable acquisition targets and to successfully integrate acquired companies. The opportunities and risks relating to strategic investments such trans-o-flex, Aras Kargo a.s. or AEP largely depend on investment requirements, acquisition costs as well as political, economic and legal factors. In

addition, market price risks such as fluctuating foreign currency exchange rates can impact their intrinsic value, for example in the case of Aras Kargo a.s. with respect to the value of the Turkish Lira. The profitability and impairment losses reported for the strategic investments can impact the earnings situation of Austrian Post.

7.2.3 Structure of employment contracts

A large number of Austrian Post employees have the status of civil servants, which means that they are subject to public sector employment laws and all their particular features. This leads to peculiarities with respect to the way these employees are deployed in line with existing labour regulations. For this reason, the prevailing legal regulations do not allow the company to make capacity adjustments for most of its employees in the event of declines in volumes. Similarly, no reductions in wage or salary levels are permitted in the event of less favourable market conditions. Against the backdrop of a liberalised postal market, Austrian Post is increasingly confronted with the limits of its flexibility with regard to making good use of the civil servants it employs. The solution to this problem is the key to the dialogue being carried out with the responsible lawmakers.

Changes made to the Postal Services Structure Act of 1996 and ongoing changes in civil service laws, to the extent that these new regulations do not take the special competitive situation of Austrian Post into account, could result in an additional burden on Austrian Post and unexpected additional costs to be borne by the company over which it has no influence.

7.3 GENERAL AND OTHER RISKS

Similar to other companies, Austrian Post is subject to a series of risks related to the particular sector and market environment in which it operates. These risks are minimised in an economical manner on the basis of state-of-the-art measures but cannot be completely eliminated.

7.3.1 Technical risks

To a significant degree, Austrian Post is dependent upon its complex technical systems. Its postal services rely heavily on the support provided by data processing systems, modern communications media and other technical equipment. Against this backdrop, Austrian Post has made extensive investments in recent years designed to modernise its distribution and delivery network. In this regard, the performance of the company is closely linked with the efficiency of a small number of key operational sites. Should the case arise that technical systems temporarily or permanently fail or unauthorised data access or data manipulation occurs or collective strikes take place for longer periods, these developments could potentially lead to disruptions in Austrian Post's business operations, a loss of reputation, customer defections or additional expenses. A broad range of safety and security measures, processes and guidelines have been developed as a means of dealing with all these technical and operational risks and making provision for the various contingencies in order to ensure smooth business operations. Austrian Post is pursuing an outsourcing strategy to fulfil its computing and data processing requirements. Austrian Post ensures the availability of outsourcing resources by its service level management as well as by concluding appropriate contractual agreements. Contractual partners are required to show proof of relevant and valid certifications.

7.3.2 Regulatory and legal risks

The full-scale liberalisation of the Austrian postal market took place on January 1, 2011 when the new Postal Market Act took effect. This development carries the risk of future shifts in market share. The legal framework for the full-scale liberalisation of the postal sector was defined in this new Postal Market Act. In many cases, this Postal Market Act does not prescribe equal treatment between Austrian Post and its competitors, but places an additional burden on Austrian Post.

The Universal Postal Service Obligation requires Austrian Post to provide a minimum offering of postal services of comparable quality across the country, and ensure a nationwide distribution network of at least 1,650 postal service points. Austrian Post is only allowed to convert company-operated post offices manned by its own staff to postal partner offices following a regulatory approval

process. The possibility that Austrian Post will be required to continue operating unprofitable postal branches, at least in the short term, cannot be excluded.

The Postal Market Act stipulates that Austrian Post is the only postal services provider in Austria required to provide Universal Postal Services. Compensation for the net costs of providing Universal Postal Services will take place on the basis of a public equalisation fund, which will be generally financed on a pro-rata basis corresponding to the market share held by Austrian Post and other licensed postal operators. Only postal providers whose annual revenue derived from their licensed business operations exceeds EUR 1m will be required to contribute to the equalisation fund. Moreover, the net costs of providing Universal Postal Services will only be refunded in case these costs exceed 2% of the entire annual costs incurred by Austrian Post. Assuming that Austrian Post continues to have a significant market share of the postal sector also in the future, it will be obliged to assume the lion's share of the net costs for providing Universal Postal Services and administering the equalisation fund.

The possibility of significant downward pressure on future earnings cannot be excluded if the process of postal sector liberalisation is not accompanied by uniform regulations relating to employment contracts and performance standards applying to both Austrian Post and its competitors in the medium term, and if no adequate compensation for universal postal services is forthcoming.

At present, Austrian Post does not assume that it will be obliged to grant its competitors access to all its services on an unbundled basis. If this did indeed happen, these firms could potentially provide services in segments of the postal market which are particularly lucrative, and rely on partial services provided by Austrian Post at regulated prices in less lucrative business segments. This could also potentially have a significantly negative effect on earnings.

The public relations activities of Austrian Post have made it a priority to engage in an ongoing dialogue with all its stakeholders with respect to the issue of liberalisation. The company considers itself responsible for making people aware of the unresolved issues in connection with compensation for Universal Postal Services, and the problems arising as the result of an asymmetric market liberalisation.

Austrian Post is subject to legal restrictions by regulatory authorities in setting its business terms and conditions (including postal rates) in providing universal postal services. For this reason, the company only has limited flexibility to impose price adjustments for the Universal Postal Services as a means of reacting to market changes. A difference in the definition of the limits to universal postal

services between regulatory authorities and the company could be reflected in the design of the product portfolio and pricing policies.

Beyond the regulatory environment governing the postal market, Austrian Post has to observe quite a few legal restrictions in carrying out its normal business operations. For example, due to competition and public procurement laws, the company only has limited flexibility with regard to its contractual and de facto ability to shape its business environment. In the past, Austrian Post was subject to antitrust investigations and processes evaluating the legitimacy of its agreements and business practices in the light of existing antitrust regulations. Other legal risks may arise as the consequence of unexpected court cases initiated by competitors, customers or suppliers.

In order to optimally avoid as far as possible any potential adverse effects on earnings resulting from regulatory and legal risks, Austrian Post strives to expand its value added chain and product portfolio in its core processes, as a means of offering its customers even better services and achieving an optimisation of service quality. Moreover, Austrian Post intends to generate increased revenue in the already liberalised areas.

According to the Postal Services Structure Act of 1996, changes in civil service laws for civil servants are fundamentally applicable to those civil servants working for Austrian Post. Thus, revisions to civil service laws could have a direct effect on the cost structure of the company. Austrian Post and the Austrian Federal Government have varying interpretations concerning the calculation of the pension contributions to be paid by Austrian Post for civil servants who are still actively working. For this reason, the Austrian Federal Government could potentially demand additional payments on the part of Austrian Post which exceed existing provisions made by the company, and thus lead to higher staff costs in the future. In principle, further risks arising from varying interpretations of the Postal Services Structure Act can also not be excluded.

7.3.3 Financial risks

Financial risks of Austrian Post encompass liquidity risk, credit, counterparty and product risk, interest rate risk, foreign exchange risk as well as organisational risks. The foreign exchange risk, for example in connection with fluctuations in the value of the Turkish Lira, can negatively affect earnings. A more detailed presentation of financial risks is included in the notes to the consolidated financial statements of Austrian Post.

Within the context of its international expansion, Austrian Post has recognised a considerable level of goodwill and non-depreciable assets in the balance sheet. Pursuant to IAS 36, goodwill is

subject to an impairment test at least once annually. If there are indications of impairment, goodwill and non-depreciable trademarks must be written down.

7.3.4 Market and competitive risks

Austrian Post generates most of its revenue in Austria. If current economic growth forecasts have to be revised downwards, this would force a change in the planning assumptions upon which the company operates and thus limit the reliability of its planning.

In addition, the company generates a considerable share of its revenue from a small number of large customers. The sustained and successful existence of these large customers is an important prerequisite in ensuring the stable development of Austrian Post. Accordingly, there is the risk of losing revenue from individual customers due to market concentration, for example in the retail sector. Large customers are not contractually required to have their mail handled by Austrian Post, and could decide on a medium-term basis to contract the delivery of at least part of their mail items to competitors on the postal services market.

The letter mail and parcels business of Austrian Post is subject to increasing competition. In particular, the B2C parcel business, in which Austrian Post has a leading position in the Austrian market, is dependent on the economic development of its customers as well as increased competition, which arises on the basis of market penetration of alternative providers. The possibility of a further decline in revenue cannot be excluded. The company is striving to maintain customer loyalty by offering an attractive range of services.

All the above-mentioned market and competitive risks could lead to significant volume decreases and thus to a corresponding drop in earnings.

7.4 OVERALL VIEW OF THE GROUP'S RISK SITUATION

The above-mentioned risks are continually being monitored by the company. From today's perspective, none of these risks threaten the continuing existence of the company.

7.5 MAIN OPPORTUNITIES

The changes which Austrian Post faces can also lead to positive deviations from the pre-defined business targets. For this reason, risk management also focuses on identifying and managing opportunities which arise. The objective is to show opportunities and exploit potential by implementing suitable measures. The identification, evaluation, management and reporting of opportunities take place in line with the above-mentioned process.

On the one hand, the identification of opportunities is carried out by the planners in the business areas (on a bottom-up basis). On the other hand, opportunities are also verified and supplemented by the Strategy & Group Development business unit. For this reason, Austrian Post implements an ongoing evaluation of opportunities in order to be able to leverage the existing potential. A new strategic project to identify opportunities entitled "Post2016" was launched in 2013. This encompasses various sub-projects aimed at more precisely recognising potential which can be exploited. These projects are also designed to once again point out important opportunities arising for Austrian Post in the light of its four core strategic pillars.

The first strategic thrust – **Defending market leadership in the core business** – considers the expansion and adaptation of

Austrian Post's product portfolio in the Mail & Branch Network Division in accordance with customer requirements to be a major opportunity. Potential is leveraged on the basis of new and more attractive delivery models in the parcel segment which could evolve towards ensuring "same day delivery" or food logistics.

On the basis of the second strategic pillar – **Growth in selected markets** – opportunities arise with respect to Austrian Post's strategic international shareholdings in the growth markets of Central/Eastern Europe as well as Turkey. In Germany the resolute implementation of the Good Distribution Practice (GDP) guideline opens up special business opportunities.

With respect to the third cornerstone of Austrian Post's strategy – **Enhancing efficiency and increasing flexibility of the cost structure** – positive deviations from the company's medium-term planning can be achieved and recognised as opportunities based on projects such as "Operating Excellence" and other procurement initiatives.

The fourth strategic thrust – **Customer orientation and innovation** – enables Austrian Post, for example, to exploit the potential derived from the expansion of its on-line offering, in new e-commerce business models or its range of services by developing new self-service solutions.

8 OTHER DISCLOSURES

8.1 INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT WITH REGARD TO THE ACCOUNTING PROCESS

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

8.1.1 Scope of monitoring

The Group financial accounting system is comprised of the organisation joining the local-level accounting departments of Group companies and of Group Accounting at Austrian Post.

Group companies use the accounting and valuation rules in force in and for the Group as a whole to compile comprehensive and correct IFRS-compatible individual financial statements in a timely manner. The individual financial statements in accordance

with IFRS are the starting point for processing by Group Accounting, which is responsible for compiling the consolidated financial statements. Its duties and responsibilities mainly focus on the structured transfer of the reported data stemming from Group companies, the carrying out of consolidation and elimination measures, the analytical processing of the data compiled in the consolidated accounts and the corresponding preparation of financial reports.

The organisation structuring the preparation of the consolidated accounts is based upon a schedule requiring strict adherence. The deadlines in the schedule are specified and published to cover the entire year. In addition, the Group companies receive an information bulletin issued by the Group on a quarterly basis, containing detailed information and Group guidelines on selected subjects relating to the compilation of quarterly financial statements. Detailed time schedules and work plans are drawn up for both local-level organisational units and Group accounting for the purposes of preparing the financial statements and financial reporting in line with the deadlines established for the compilation and publication of monthly and quarterly financial statements.

8.1.2 Risk assessment

To avoid erroneous depictions of transactions, measures comprised of a hierarchy of individual levels and designed to secure quality have been implemented. Their objective is to ensure the proper reporting of the IFRS accounts compiled for individual companies and incorporated into the consolidated financial statements. These measures include the automatic checks (validations) performed in SAP SEM-BCS as well as the controlling procedures undertaken by staff members working for both subsidiaries and employees at Group Accounting.

Group Accounting takes the financial accounts compiled by the Group companies and subjects them to several levels of comprehensive plausibility and data checks. These measures are designed to ensure that the transactions undertaken by the Group companies have been correctly reported, and are thus suitable for consolidation and for the compilation of the Group's consolidated financial statements.

The carrying out of quality checks at all levels is a prerequisite for the authorisation to publish the Group's consolidated financial statements.

8.1.3 Control measures

The consolidated financial statements of Austrian Post are compiled on a monthly basis and use a simultaneous consolidation method carried out in SAP SEM-BCS. The entering of the notes to the accounts and the calculation of deferred taxes are also performed in SAP SEM-BCS.

The unified methods of accounting and evaluation applied throughout the Group are contained in the Group manual. Revisions to IFRS are monitored by Group Accounting on an ongoing basis and published on a quarterly basis as IFRS updates in the Group information letters. The incorporation of the updates into the Group manual and publication of the updated version of it are carried out once a year.

In addition to the Group manual, there are guidelines and specialised concepts on selected Group processes, particularly changes in the consolidation scope and acquisitions. Centralised processes for data entry and data changes have been defined for the master data area (comprising SAP SEM positions, SAP Group account charts and customer data).

The consolidation processes are described in the consolidation manual, which provides a comprehensive overview of the processes to be employed when using SAP SEM-BCS to compile the Group's consolidated financial statements, of quality assurance measures,

and of the system of reporting used in Group Accounting. The consolidation of business operations forms the basis of the documentation and specification of the methods of consolidation used by Austrian Post.

SAP R/3 is predominantly used to compile the accounts for individual companies according to IFRS. The transition to IFRS is accomplished employing parallel (dual) SAP accounting. The transfer of reporting data in SAP SEM-BCS is undertaken using automatic uploads.

8.1.4 Information and communications

For monitoring and control purposes, the consolidated financial statements are subject to controlling on the basis of EBIT and earnings reconciliation. In this process, reconciliation from individual financial statements to Group financial statements is carried out, taking into account bookings as well as eliminations in the Group.

Top management is provided with preliminary data from the consolidated financial statements to enable them to fulfil their monitoring and control duties.

The following reports are issued in the context of preparing the consolidated financial statements:

- Reports to the Supervisory Board
- Condensed report incl. strategy cockpit
- Interim reports
- Data analysis and evaluation
- Internal reports on the performance of subsidiaries and associates

The quarterly reports to the Supervisory Board are primarily for the benefit of the Management Board and Supervisory Board of Austrian Post.

Other internal reports, further explanations on selected items in the financial statements, earnings reconciliations and performance indicators are also prepared in addition to the Supervisory Board report, the legally required annual financial report, annual report and interim report pursuant to IAS 34.

A key feature of the internal reporting system of the Austrian Post Group is data analysis and evaluation, primarily the calculation of the consolidated cash flow and a detailed evaluation. Reporting also includes earnings, performance and liquidity indicators.

The quarterly and monthly reports provide an overview of key financial and performance indicators of the company. Based on the four strategic areas of action and the related benchmarks, indicators are prepared, especially on sales and staff data. The other internal reporting structure is oriented to these quarterly and monthly reports.

Another important aspect of the internal reporting system of the Austrian Post Group is data analysis and evaluation. This includes calculating the consolidated cash flow as well as the related detailed notes as well as the calculation of key earnings and value-based indicators as well as liquidity figures.

The Controlling Department of Austrian Post prepares monthly internal reports focusing on the business development of Austrian Post subsidiaries and associated companies, which is also made available to the Management Board.

The Investor Relations department is in charge of reporting to shareholders of Austrian Post, in line with the stipulations contained in the Austrian Corporate Governance Code. Communications are carried via the Investor Relations website at www.post.at/ir as well as through direct discussions with investors. Published information is made available to all investors simultaneously. In addition to legally stipulated publications, i.e. the annual financial report and annual report, the interim report for the first quarter, half-year financial report and interim report for the first three quarters, investors are also provided with extensive additional information, including investor presentations, share price information, ad-hoc announcements and the financial calendar.

8.1.5 Monitoring

The focal point of Austrian Post's operational risk management is the identification, evaluation and control of major risks which arise from the company's business operations. This process is coordinated by key managers in the divisions. The division-oriented organisation is structured into two operating divisions as well as central support and advisory service units.

The subsidiaries within Austrian Post are assigned to the various divisions in accordance with the particular focus of their business activities. The major business risks in these operational units are continuously identified and monitored, serving as the basis for determining appropriate risk management measures, e.g. back-ups or emergency plans.

A unified risk management system has been set up for the entire Austrian Post Group, encompassing all organisational units and important subsidiaries and an internal control system for all important processes. This risk management system is basically oriented to the COSO Standard Enterprise Risk Management – Integrated Framework.

Additional key instruments to control and counteract risks include Group-wide guidelines for dealing with major risks, planning and control processes as well as ongoing reporting. These guidelines encompass, for example, the definition of limits and monitoring of adherence to these limits as well as compliance with internal rules designed to limit financial risks and the strict adherence to the principle of having two pairs of eyes oversee all business transactions.

These guidelines represent an integral part of the company's internal control system, and are designed, amongst other things, to ensure proper internal and external financial reporting. The planning and control processes serve as an early warning system, and simultaneously as the basis to evaluate the effectiveness of management procedures. In addition to the report to the Management Board containing the main indicators, there are also monthly performance reviews in the operating units, which continue on a hierarchical manner in line with the integrated planning and reporting processes. In addition to vertical integration, the main feature of the planning and reporting processes is the convergence between internal and external reporting. Moreover, reporting already focuses in the planning phase on the opportunities and risks related to the plausibility of achieving planning targets.

The Internal Control System (ICS) serves as part of the risk management system and encompasses risk-oriented procedures integrated into day-to-day business operations. Accordingly, appropriate measures support project implementation or are carried out within the context of upstream or downstream operations. The ICS is based on precise information on accounting and financial reporting processes and also encompasses upstream processes. Changes in the company's organisation and business processes have direct effects on the ICS, which must be directly adapted to actual conditions. The particular business unit is responsible for carrying out controls. The effectiveness of the ICS is regularly evaluated by Group Auditing.

8.2 INFORMATION PURSUANT TO SECTION 243A AUSTRIAN COMMERCIAL CODE

The share capital of Austrian Post amounts to EUR 337,763,190 and is divided into 67,552,638 non-par value shares with a nominal value of EUR 5 per share. There are no voting rights restrictions or syndicate agreements applying to Austrian Post of which the company is aware.

Through Österreichische Industrieholding AG (ÖIAG), Austria's privatisation and industrial holding company, the Republic of Austria has a 52.8% shareholding in Austrian Post, based on the number of outstanding shares (a total of 67,552,638). Austrian Post is not aware of any other shareholders holding more than 10% of the company's shares.

As far as the company knows, there are no shareholders who possess shares with special controlling interests. Employees who

are shareholders of Austrian Post exercise their voting rights on an individual basis. No regulations exist which can be directly inferred from the law with regards to the appointment or dismissal of members of the Management Board or the Supervisory Board, or as regards changes to be made to the company's Articles of Association.

At present there is neither authorised capital nor conditional capital at Austrian Post.

There are no significant contractual agreements to which the company is a party, which would take effect, cause major changes or expire in the event of a change in ownership resulting from a takeover. No compensation agreements exist between the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

Vienna, February 28, 2014

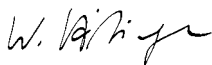
The Management Board



Georg Pözl
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

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CONSOLIDATED INCOME STATEMENT FOR THE 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Revenue	(8.1)	2,366.1	2,366.8
Other operating income	(8.2)	72.0	69.7
Total operating income		2,438.1	2,436.5
Raw materials, consumables and services used	(8.3)	-766.9	-753.3
Staff costs	(8.4)	-1,091.4	-1,073.5
Depreciation, amortisation and impairment losses	(8.5)	-88.8	-118.5
Other operating expenses	(8.6)	-294.8	-298.6
Total operating expenses		-2,241.9	-2,243.9
Profit from operations		196.2	192.5
Results of investments consolidated at equity	(9.5)	-13.9	-6.6
Financial income		6.9	4.1
Financial expenses		-37.7	-18.8
Other financial result	(8.7)	-30.8	-14.8
Total financial result		-44.7	-21.3
Profit before tax		151.6	171.2
Income tax	(9.17)	-28.4	-47.2
Profit for the period		123.2	124.0
Attributable to:			
equity holders of the parent company		123.2	123.2
non-controlling interests		0.0	0.9
EUR			
Basic earnings per share	(8.8)	1.82	1.82
Diluted earnings per share	(8.8)	1.82	1.82
EUR m			
Profit from operations		196.2	192.5
Results of investments consolidated at equity	(9.5)	-13.9	-6.6
Earnings before interest and tax (EBIT)		182.4	186.0
Depreciation, amortisation and impairment losses	(8.5)	88.8	118.5
Earnings before tax, interest, depreciation and amortisation (EBITDA)		271.2	304.5

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Profit for the period		123.2	124.0
Items that will be reclassified subsequently to the income statement:			
Currency translation differences	(9.12)	0.4	-0.6
Currency translation differences of investments consolidated at equity	(9.5)	0.2	-7.7
Revaluation of financial instruments held for sale	(9.12)	4.1	0.7
Deferred taxes	(9.17)	-1.0	-0.2
Total items that will be reclassified		3.6	-7.7
Items that will not be reclassified subsequently to the income statement:			
Revaluation of defined benefit obligations	(9.12)	-5.4	-1.1
Deferred taxes	(9.17)	1.4	0.3
Revaluation of defined benefit obligations		-1.1	-0.1
Total items that will not be reclassified		-5.2	-0.9
Other comprehensive income		-1.6	-8.7
Total comprehensive income		121.5	115.4
Attributable to:			
equity holders of the parent company		121.5	114.5
non-controlling interests		0.0	0.9

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2013

EUR m	Note	Dec. 31, 2012	Dec. 31, 2013
Assets			
Non-current assets			
Goodwill	(9.1)	183.5	160.6
Intangible assets	(9.2)	66.2	63.3
Property, plant and equipment	(9.3)	599.9	615.9
Investment property	(9.4)	37.8	33.5
Investments consolidated at equity	(9.5)	7.1	50.3
Financial investments in securities	(9.6)	39.7	51.7
Other financial assets	(9.7)	12.2	12.2
Receivables	(9.9)	37.2	20.7
Deferred tax assets	(9.17)	63.9	58.3
		1,047.6	1,066.4
Current assets			
Financial investments in securities	(9.6)	0.2	13.3
Inventories	(9.8)	16.1	17.1
Receivables	(9.9)	321.9	302.7
Cash and cash equivalents	(9.10)	315.0	240.2
		653.2	573.3
Non-current assets held for sale	(9.11)	0.0	1.9
		1,700.8	1,641.6
Equity and liabilities			
Equity			
	(9.12)		
Share capital		337.8	337.8
Capital reserves		130.5	130.5
Revenue reserves		125.1	122.3
Revaluation of financial instruments		-1.9	-1.3
Revaluation of defined benefit obligations		-4.5	-5.5
Currency translation reserves		-1.6	-9.9
Profit for the period		123.2	123.2
Equity attributable to the shareholders of the parent company		708.6	697.1
Equity attributable to non-controlling interests		0.0	2.3
		708.6	699.4
Non-current liabilities			
Provisions	(9.13)	393.0	382.8
Financial liabilities	(9.15)	19.8	17.2
Payables	(9.16)	20.2	15.3
Deferred tax liabilities	(9.17)	12.2	8.1
		445.2	423.4
Current liabilities			
Provisions	(9.13)	149.6	157.4
Tax provisions	(9.14)	11.9	14.7
Financial liabilities	(9.15)	3.1	3.9
Payables	(9.16)	382.4	343.0
		547.0	518.9
		1,700.8	1,641.6

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Operating activities			
Profit before tax		151.6	171.2
Depreciation, amortisation and impairment losses	(8.5)	88.8	118.5
Results of investments consolidated at equity	(9.5)	13.9	6.6
Write-ups, write-downs of financial instruments	(9.7)	28.3	0.0
Non-current provisions ¹		59.8	36.3
Gain/loss on the disposal of non-current assets		-3.6	-3.4
Gain/loss on the disposal of financial instruments		-0.1	0.0
Taxes paid		-51.8	-44.4
Net interest received/paid		-4.0	-0.8
Currency translation		0.0	-0.3
Other non-cash transactions	(10.1)	-6.3	15.7
Operating cash flow before changes in working capital		276.6	299.4
Changes in working capital			
Receivables		-3.8	17.6
Inventories		-1.0	0.1
Current provisions ¹		-35.4	-38.5
Payables		10.3	-28.2
Cash flow from changes in working capital		-29.8	-49.0
Cash flow from operating activities		246.7	250.4
Investing activities			
Purchase of intangible assets		-7.3	-10.0
Purchase of property, plant and equipment and investment property		-78.9	-96.4
Proceeds from the disposal of non-current assets		9.3	11.6
Acquisition of subsidiaries	(10.1)	-18.0	-11.7
Disposal of subsidiaries	(10.1)	-15.5	0.0
Acquisition of investments consolidated at equity	(10.5)	-5.8	-57.3
Acquisition of financial investments in securities		-16.8	-27.7
Proceeds from the disposal of financial investments in securities		15.2	3.4
Dividends received from investments consolidated at equity	(10.5)	0.3	0.5
Loans granted		-3.9	-5.3
Interest received		5.8	3.0
Cash flow from investing activities		-115.4	-189.9
Free cash flow		131.3	60.6
Financing activities			
Changes in financial liabilities		-10.2	-4.2
Dividends paid		-114.8	-123.6
Interest paid		-1.8	-2.3
Acquisition of non-controlling interests		0.0	-5.2
Cash flow from financing activities		-126.8	-135.4
Net change in cash and cash equivalents		4.5	-74.8
Cash and cash equivalents at January 1		310.6	315.0
Cash and cash equivalents at December 31		315.0	240.2

¹ Restated presentation, refer to Note 10.1. Cash flow disclosures

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2012 financial year EUR m	Share capital	Capital re- serves	Rev- enue re- serves	Revaluation of defined benefit obligations	Revalua- tion of financial instru- ments ¹	Currency translation reserves	Profit for the period	Equity attributable to share- holders of the parent company	Equity attribut- able to non-con- trolling interests	Total equity
Balance at January 1, 2012	337.8	130.5	116.8	0.7	-5.0	-2.0	123.2	702.0		702.0
Changes in reserves			8.3			-0.1	-8.3	-0.1		-0.1
Dividend paid							-114.8	-114.8		-114.8
Profit for the period							123.2	123.2		123.2
Other comprehen- sive income				-5.2	3.1	0.5		-1.6		-1.6
Total comprehen- sive income	0.0	0.0	0.0	-5.2	3.1	0.5	123.2	121.5	0.0	121.5
Balance at December 31, 2012	337.8	130.5	125.1	-4.5	-1.9	-1.6	123.2	708.6	0.0	708.6

2013 financial year EUR m	Share capital	Capital re- serves	Rev- enue re- serves	Revaluation of defined benefit obligations	Revalua- tion of financial instru- ments ¹	Currency translation reserves	Profit for the period	Equity attributable to share- holders of the parent company	Equity attribut- able to non-con- trolling interests	Total equity
Balance at January 1, 2013	337.8	130.5	125.1	-4.5	-1.9	-1.6	123.2	708.6		708.6
Acquisition of a subsidiary			-4.4					-4.4	3.4	-1.0
Changes in reserves			1.6				-1.6	0.0		0.0
Dividend paid							-121.6	-121.6	-2.0	-123.6
Profit for the period							123.2	123.2	0.9	124.0
Other comprehen- sive income				-0.9	0.6	-8.3		-8.7		-8.7
Total comprehen- sive income	0.0	0.0	0.0	-0.9	0.6	-8.3	123.2	114.5	0.9	115.4
Balance at December 31, 2013	337.8	130.5	122.3	-5.5	-1.3	-9.9	123.2	697.1	2.3	699.4

¹ Available for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2013 FINANCIAL YEAR

1 INFORMATION ON THE COMPANY

Austrian Post and its subsidiaries are logistics and service companies in the letter mail and parcel segments. The core business activities of the Austrian Post Group include the rendering of post and parcel services as well as combined freight and specialised logistics as well as the carrying out of financial transactions in cooperation with BAWAG P.S.K. Moreover, the service offering also encompasses data and output management as well as document collection, digitalisation and processing.

The headquarters of Austrian Post are in Vienna, Austria. The mailing address is Austrian Post, Haidingergasse 1, 1030 Vienna. The company is registered in the company register at the Vienna Commercial Court under the registry number FN 180219d.

2 SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated financial statements of Austrian Post for the 2013 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at December 31, 2013, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and the additional requirements of section 245a (UGB).

The consolidated financial statements of Austrian Post consist of the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements. The consolidated 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 aids.

3 REVISIONS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 Mandatory and early application of new and revised standards

The following new and revised standards were binding or adopted ahead of schedule for the first time during the 2013 financial year:

Mandatory application of new standards		Effective date in the EU ¹
IFRS 13	Fair Value Measurements	Jan. 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013
Mandatory application of revised standards		Effective date in the EU ¹
IFRS 1	First-Time Adoption of International Financial Reporting Standards – Government Loans	Jan. 1, 2013
IFRS 1	First-Time Adoption of International Reporting Standards – Severe Hyperinflation and Derecognition of financial assets and liabilities for First-time Adopters	Dec. 11, 2012
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013
IAS 1	Presentation of Financial Statements – Presentation of Items in Other Comprehensive Income	July 1, 2012
IAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets	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

Early application of revised standards		Effective date in the EU ¹
IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	Jan. 1, 2014

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

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. This new standard resulted in additional disclosures in the consolidated financial statements of Austrian Post.

The new IFRIC 20 deal 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 due to the fact that no relevant cases exist.

The amendments to IFRS 1 deals with the treatment of government loans at an interest rate below the prevailing market rate at the transition date and the prospective application of recognition requirements. The amendment also features the incorporation of rules for all cases of companies not being able to meet all the requirements prescribed by the IFRS due to hyperinflation. These changes do not have any effects on the consolidated financial statements of Austrian Post, due to the fact that Austrian Post is not a first-time adopter.

In connection with the changes to IAS 32, additional disclosures were made in the revised IFRS 7 for financial instruments which were offset enabling the reconciliation of the gross and net risk positions of financial instruments. In the future, these disclosures are also to be made for instruments forming part of comprehensive offsetting or similar agreements, even in cases in which the underlying instruments are not reported in an offsetting manner. The amendment of this standard resulted in additional disclosures in the consolidated financial statements of Austrian Post.

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

In accordance with IAS 12, the recognition of deferred taxes depends on whether the carrying amount of an asset is recovered through the use or disposal of this asset, and thus different income tax rates apply. The amendment to this standard does not have any effects on the consolidated financial statements of Austrian Post, due to the fact that no relevant cases exist.

In the Annual Improvements to IFRSs 2009-2011 minor changes were made to existing standards. These improvements do not have any impact on Austrian Post, due to the fact that they only entail clarifications or minor corrections.

IAS 36 was adjusted in the development of IFRS 13, so that additional disclosures (in particular the recoverable amount) must be made on all significant cash generating units. The revision means that disclosures only have to be made if impairment losses are recognised. Austrian Post already applied this revised standard ahead of schedule in its consolidated financial statements as at December 31, 2013.

3.2 Standards which are published but not yet applied

The following standards have been endorsed or are in the process of endorsement by the European Union. However, mandatory application of these standards is in the future. The future application of these new and revised standards will not likely have any material impact on the consolidated financial statements of Austrian Post:

New standards and interpretations		Endorsed in the EU	Effective date in the EU¹
IFRS 9	Financial Instruments	postponed	postponed
IFRS 10	Consolidated Financial Statements	Dec. 11, 2012	Jan. 1, 2014
IFRS 11	Joint Arrangements	Dec. 11, 2012	Jan. 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	Dec. 11, 2012	Jan. 1, 2014
IFRIC 21	Levies	planned Q2 2014	planned Jan. 1, 2014
Revised standards		Endorsed in the EU	Effective date in the EU¹
IFRS 10–12	Transition Guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12	April 4, 2013	Jan. 1, 2014
IFRS 10, 12, IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Nov. 20, 2013	Jan. 1, 2014
IAS 19	Defined Benefit Plans: Employee Contributions	planned Q3 2014	planned July 1, 2014
IAS 27	Separate Financial Statements	Dec. 11, 2012	Jan. 1, 2014
IAS 28	Investments in Associates and Joint Ventures	Dec. 11, 2012	Jan. 1, 2014
IAS 32	Financial Instruments: Presentation – Offsetting Financial Instruments and Financial Liabilities	Dec. 13, 2012	Jan. 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	Dec. 19, 2013	Jan. 1, 2014
Diverse	Improvements to the International Financial Reporting Standards 2010–2012	planned Q3 2014	planned July 1, 2014
Diverse	Improvements to the International Financial Reporting Standards 2011–2013	planned Q3 2014	planned July 1, 2014

¹ To be applied for the financial year beginning on or after the effective date

The new IFRS 9 is designed to gradually replace IAS 39 “Financial Instruments: Recognition and Measurement”. The current published standard relates to the classification and measurement of financial assets and liabilities. Currently, the chapter on hedge accounting has been revised.

The new IFRS 10 creates a universal definition of the term “control” and establishes a single basis for the proof of the existence of a corporate parent-subsidiary relationship. This, in turn, is associated with the classification of the consolidation scope. IFRS 10 replaces the stipulations for consolidated financial statements contained in IAS 27 (in the amended version of 2008) as well as SIC 12 “Consolidation of Special Purpose Entities”.

The new IFRS 11 regulates the accounting of circumstances in which a company exercises joint control over a joint company or joint operations. IFRS 11 replaces IAS 31 “Interests in Joint Ventures” as well as SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”.

The new IFRS 12 lays down disclosure requirements for companies employing both of the new standards IFRS 10 and IFRS 11.

The interpretation IFRIC 21 clarifies when to recognise a liability for levies which do not fall within the scope of another IFRS.

The amendments to IFRS 10, IFRS 11 and IFRS 12 contain transition guidance on IFRS 10, as well as simplifications to the transition to the new standards, for example that comparative values must only be disclosed for directly preceding reporting periods. “Investment Entities” was published as an amendment to the consolidation standards IFRS 10, IFRS 12 and IAS 27. The revision contains an exceptional provision for investment entities, which will be exempt in the future from having to fully incorporate all the entities in which they have a controlling interest in the consolidated financial statements. Instead, their investments are to be recognized at fair value in profit or loss.

The amendment to IAS 19 clarifies that employee contributions can continue to be deducted from the service cost in the time in which the corresponding period of service is rendered, if the amount of the contributions is not dependent on the number of years of service.

The rules pertaining to separate financial statements continue to be laid down in IAS 27. The remaining parts of IAS 27 are being replaced by IFRS 10.

The publication of IFRS 10, IFRS 11 and IFRS 12 led to subsequent revisions in IAS 28.

An offsetting of financial instruments only remains possible in cases where the conditions contained in IAS 32 are fulfilled. The amendments to IAS 32 solely comprise the incorporation in the application guidance of clarifications of the terms of “at the present time” and “simultaneity”.

Within the context of the amendment to IAS 39, the novation of a hedging instrument to a central counterparty due to legal requirements will not result in the discontinuation of a hedging relationship if certain criteria are met.

In the Annual Improvements to IFRSs 2010–2012 and 2011–2013 minor changes were made to existing standards. These improvements do not have any impact on Austrian Post, due to the fact that they only entail clarifications or minor corrections.

4 CONSOLIDATION SCOPE

4.1 Principles of consolidation

All companies in which Austrian Post has a controlling interest (subsidiaries) are fully consolidated in the consolidated financial statements of Austrian Post. Full consolidation of the subsidiary begins at the point in which Austrian Post gains control, and ends when control is terminated. The first-time inclusion of acquisitions in the consolidated financial statements is carried out in accordance with the acquisition method as stipulated in IFRS 3. In accordance with the acquisition method, the respective acquisition costs correspond to the fair value of the consideration transferred (e.g. cash and cash equivalents, other assets, contingent consideration, equity instruments) which are offset against the fair value of the identifiable assets acquired and liabilities assumed. Positive differences are recognised as goodwill, whereas negative differences are reported in profit and loss. Auxiliary acquisition costs are recognised in profit and loss.

Companies which are jointly managed (joint ventures) as well as companies in which a significant influence can be exercised (associates) are included in the consolidated financial statements using the equity method. Pursuant to the equity method, investments are recognised at cost and subsequently increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. The recognition of further losses will be discontinued if the proportionate share of losses equals or exceeds the interest in the associate or joint venture, unless other long term interest exists (e.g. loans) which in substance form part of the net investment in the associate or joint venture.

Intercompany revenue, other operating income and expenses as well as intercompany receivables and liabilities are eliminated in the consolidation.

4.2 Changes in consolidation scope

In addition to the parent company Österreichische Post AG, a total of 27 domestic subsidiaries (December 31, 2012: 26) and 29 foreign subsidiaries (December 31, 2012: 34), in which Österreichische Post AG directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, 3 domestic companies (December 31, 2012: 3) and 4 foreign companies (December 31, 2012: 5) are consolidated according to the equity method.

The following changes in the consolidation scope of the Austrian Post Group took place in the 2013 financial year:

Company name	Interest from	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% ³	Feb. 1, 2013	Step acquisition
M&BM Express OOD	26.0%	51.0%	April 1, 2013	Increased shareholding
feibra GmbH (FEIPRO Vertriebs GesmbH) ¹	100.0%	–	April 3, 2013	Merger
Weber Escal d.o.o. (Post d.o.o.) ¹	100.0%	–	April 4, 2013	Merger
KOLOS Marketing s.r.o. ⁵	10.0%	–	May 16, 2013	Disposal
Österreichische Post AG (Online Post Austria GmbH) ¹	100.0%	–	July 1, 2013	Merger
Parcel & Logistics				
trans-o-flex Hungary Kft. (trans-o-flex Hungary Kft.) ^{1,2}	100.0%	–	March 1, 2013	Merger
trans-o-flex Admin-Service GmbH (trans-o-flex Accounting Service GmbH) ¹	100.0%	–	June 5, 2013	Merger
trans-o-flex Admin-Service GmbH (trans-o-flex Billing Service GmbH) ¹	100.0%	–	June 5, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Admin-Service GmbH) ¹	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Customer- Service GmbH) ¹	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Transport-Logistik GmbH) ¹	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Linienverkehr GmbH) ¹	100.0%	–	June 13, 2013	Merger
trans-o-flex GmbH (trans-o-flex Schnell-Lieferdienst GmbH & Co. KG) ¹	100.0%	–	July 3, 2013	Merger
trans-o-flex GmbH (trans-o-flex Verwaltungs GmbH) ^{1,4}	100.0%	–	July 3, 2013	Merger
Post 205 Beteiligungs GmbH	–	100.0%	July 20, 2013	Incorporation
Post 206 Beteiligungs GmbH	–	100.0%	July 26, 2013	Incorporation
Aras Kargo a.s.	–	25.0%	July 30, 2013	Acquisition
Geschäftsbetrieb der Distributions GmbH Nürnberg	–	–	Aug. 1, 2013	Acquisition (asset deal)
Distributions GmbH – 31	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Dortmund	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Duisburg	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Meinerzhagen	–	100.0%	Oct. 14, 2013	Acquisition

Company name	Interest from	to	Date of transaction	Explanation
Corporate				
Österreichische Post AG (A4B Business Solutions GmbH) ¹	100.0%	–	Jan. 1, 2013	Merger
ADELHEID GmbH	35.2%	44.4%	April 16, 2013	Increased shareholding
PAG Projektentwicklung Allhaming GmbH	0.0%	100.0%	June 7, 2013	Acquisition
Österreichische Post AG (PAG Projektentwicklung Allhaming GmbH) ¹	100.0%	–	Dec. 5, 2013	Merger
Postgasse 8 Entwicklungs AG & Co OG	0.0%	100.0%	Dec. 12, 2013	Incorporation
OMNITEC Informationstechnologie-Systemservice GmbH	50.0%	50.0%	Dec. 31, 2013	First time consolidation

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.

³ Increase in the share of attributable voting rights including potential voting rights to 76%.

⁴ Following completion of the merger process, trans-flex GmbH was renamed trans-o-flex Schnell-Lieferdienst GmbH effective July 10, 2013.

⁵ Sale to a Group subsidiary of MEILLERGHIP GmbH, Schwandorf

Mail & Branch Network

FEIPRO Vertriebs GesmbH

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

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.2
Customer relations	0.3
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 acquired and liabilities assumed	0.3
Calculation of goodwill	
Total net identifiable assets acquired 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

EUR m	Fair value
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/inflow	-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.

Before the transaction Austrian Post Group and FEIPRO Vertriebs GesmbH were parties to pre-existing relationships. Within the context of these relationships, FEIPRO Vertriebs GesmbH carried out the distribution of non-addressed mail items on behalf of Austrian Post.

The recognised goodwill encompasses the advantages as well as the expected synergies resulting from the subsequent 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.

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.

FEIPRO Vertriebs GesmbH was merged with feibra GmbH as of April 3, 2013.

M&BM Express OOD

On May 2, 2012, Austrian Post acquired 26% of the shares in M&BM Express OOD, Sofia. The company was incorporated in the consolidated financial statements of Österreichische Post AG as an associated company consolidated at equity as of December 31, 2012. The purchase agreement stipulates options for acquiring an additional 25% stake by March 31, 2013 and March 31, 2014 respectively, and thus up to an additional 50% of the shares. Austrian Post waived its right to exercise these options from June 1, 2012 until January 31, 2013, on the basis of a written waiver. Thus these options were to be recognised as potential voting rights that were exercisable as of February 1, 2013, and the share of voting rights in the company attributable to Austrian Post Group rose to 76%. As of this point in time M&BM Express OOD is incorporated as a fully consolidated company in the consolidated financial statements of Austrian Post. On the basis of the actual shares held in M&BM Express OOD, 74% of the total net amount of the identifiable assets and liabilities of the shares were assigned to non-controlling interests.

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 controlling interest in M&BM Express OOD enables Austrian Post to further develop its growth strategy in Central and Eastern Europe.

The fair values of the identifiable assets and liabilities of M&BM Express OOD at the date of acquisition on February 1, 2013, are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.5
Customer relations	3.2
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 acquired 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 revaluation of the fair value of the previously held 26% interest in M&BM Express OOD resulted in an immaterial impact on earnings in the income statements.

The recognised goodwill results from the market entry premium and the related future earnings expectations.

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 11.7m in revenue and EUR 0.7m 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 0.9m and the revenue would have totalled EUR 12.7m.

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.

As of April 1, 2013, the option for acquiring an additional 25% of the shares in M&BM Express OOD was exercised, and the shares were acquired in return for a cash payment of EUR 5.2m. Thus the stake held by Austrian Post increased from 26% to 51%. The total net amount of the identifiable assets and liabilities acquired at the time of acquisition updated by dividend payments and the profit for the period totalled EUR 3.4m as of April 1, 2013. The carrying amount of the non-controlling interests attributable to the additionally acquired shares at this time amounted to EUR 0.9m. In accordance with IAS 27, transactions which led to a change in the equity interest but not to a loss of control are to be recognised as an equity capital transaction. Accordingly, Austrian Post reported a corresponding reduction in equity attributable to non-controlling interests to the amount of EUR 0.9m, and a decline in the revenue reserves to the amount of EUR 4.4m.

The development of the net amount of the identifiable assets acquired and liabilities of M&BM Express OOD and the effects of the changes in the Group's shareholding in M&BM Express OOD are summarised below:

EUR m	Group share	Non-controlling interests	Total
Balance at February 1, 2013	1.5	4.3	5.8
Profit for the period	0.1	0.3	0.4
Dividend paid	-0.7	-2.0	-2.8
Balance at April 1, 2013	0.9	2.5	3.4
Increase in the Group's shareholding	0.9	-0.9	0.0
Profit for the period	0.6	0.6	1.2
Balance at December 31, 2013	2.4	2.3	4.7

Contingent consideration for PostMaster s.r.l.

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.

Parcel & Logistics

Aras Kargo a.s.

On July 30, 2013, Austrian Post acquired a 25% stake in the Turkish parcel service provider Aras Kargo a.s. The company has been operating in the parcel business for more than 30 years, and has a market share of over 25%, making it one of Turkey's leading parcel service providers. The headquarters of Aras Kargo a. s. are located in Istanbul, Turkey. However, the company does business on a nationwide basis, operating 28 distribution centres and about 800 shops. The acquisition of the stake in Aras Kargo a.s. and the resulting entry into the promising Turkish market took place within the context of Austrian Post's clearly defined growth strategy.

Due to joint arrangement concluded with the remaining shareholders, Aras Kargo a.s. qualifies as joint venture in the meaning of IAS 31. Correspondingly, the 25% stake in Aras Kargo a.s. is consolidated under the equity method in the consolidated financial statements of Austrian Post as stipulated in IAS 28. Moreover, Austrian Post has a call option which can be exercised in the period April 1 – June 30, 2016 entitling it to acquire a further 50% stake from the Aras family on the basis of Aras Kargo's business results in 2015/16, in which case Austrian Post's shareholding will increase to 75%.

The purchase price for the acquisition of the 25% stake amounted to TRY 125m, corresponding to EUR 49.0m. Taking account of the incidental acquisition costs totalling EUR 2.2m, the entire carrying amount recognised under investments consolidated at equity amounts to EUR 51.2m

The composition of the fair values of the identifiable assets acquired and liabilities assumed of Aras Kargo a.s. and the reconciliation to the carrying amount of the stake in the jointly controlled entity Aras Kargo a.s. at the date of acquisition on July 30, 2013 is summarised below:

EUR m	Fair value
Non-current assets	122.9
Current assets	42.9
thereof cash and cash equivalents	16.8
Non-current liabilities	-25.6
thereof financial liabilities	-18.8
Current liabilities	-63.6
thereof financial liabilities	-11.9
Total net identifiable assets acquired and liabilities assumed (100%)	76.6
Reconciliation of the carrying amount of the 25% stake in the joint venture	
Pro-rata balance of total net identifiable assets acquired and liabilities assumed	19.2
Goodwill	32.0
Carrying amount of the stake acquired in the joint venture	51.2

Business operations of Distributions GmbH Nürnberg

Austrian Post Group acquired assets, especially movable current assets and the customer base, of the insolvent company Distributions GmbH Nürnberg, Schwarzenbruck directly from the appointed insolvency administrator within the context of an asset deal effective August 1, 2013. In addition, all employees were taken over. Until the beginning of insolvency proceedings on August 1, 2013, the company had provided logistic services for trans-o-flex. As of this date trans-o-flex continued the business operations of the company. The total net identifiable assets and liabilities assumed corresponded to the transferred consideration, and amounted to EUR 0.1m.

Acquisition of four distribution companies by trans-o-flex

On October 14, 2013, Austrian Post acquired a 100% shareholding in four so-called distribution companies in Germany (Distributions GmbH – 31, Hürth close to Köln, Distributions GmbH Duisburg, Distributions GmbH Dortmund and Distributions GmbH Meinerzhagen). Together, they are known as the “Rhine-Ruhr Group”. The companies are included as fully consolidated companies in the consolidated financial statements of Austrian Post as of the day marking the closing of the transaction. These companies are among the most important distribution partners of the trans-o-flex Group, and their four locations serve the North Rhine Westphalia economic region. The acquisition enables trans-o-flex to utilise synergies among their locations. The figures included in the subsequent presentation of the acquisition are aggregated for all four companies.

The fair values of the identifiable assets acquired and liabilities assumed of the four companies at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.1
Customer relations	0.2
Current assets	
Cash and cash equivalents	0.6
Other current assets	5.3
Non-current liabilities	
Provisions and liabilities	-0.6
Current liabilities	
Provisions and liabilities	-8.2
Total net identifiable assets acquired and liabilities assumed	-2.6
Calculation of goodwill	
Total net identifiable assets acquired and liabilities assumed	-2.6
Total amount of consideration transferred	0.6
thereof cash and cash equivalents	0.4
thereof financial liabilities (remaining purchase price liability)	0.2
Goodwill	3.2
Breakdown of cash outflow/inflow	
Cash and cash equivalents acquired	0.6
Total amount of consideration transferred	-0.6
Remaining purchase price liability	0.2
Net cash outflow/inflow	0.2

The conditional purchase price payment depends on the achievement of predefined profit contribution and revenue targets of the four companies in 2013 and 2014, amounting to no more than EUR 0.2m.

Before the transaction took place, Austrian Post Group and the Rhine-Ruhr Group had pre-existing relationships on the basis of a system partner agreement. Within the context of these business relationships, the four companies provided logistics services for the trans-o-flex Group on the basis of a system partner agreement. No earnings effects arose from the effective settlement of this relationship.

The recognised goodwill results from the expected synergies arising from the organisational integration of the four companies in the trans-o-flex Group.

The fair value of the trade receivables amounts to EUR 4.0m, 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, the Rhine Ruhr Group has contributed EUR 1.1m in revenue and EUR 0.3m 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 -1.3m and the revenue would have totalled EUR 8.5m.

The transaction costs amounting to 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.

Corporate

PAG Projektentwicklung Allhaming

On June 7, 2013, Austrian Post Group acquired a 100% stake in PAG Projektentwicklung Allhaming GmbH, St. Florian. The company is included in the consolidated financial statements of Austrian Post as a fully consolidated company. The assets of the acquired company consisted of two commercial properties in Allhaming, Upper Austria, which are planned to be used for the construction of the new Allhaming Distribution Centre. However, the acquired assets do not constitute a business accordingly to IFRS 3 Business Combinations. Correspondingly, the transaction was treated as an asset transaction, recognising the addition of the commercial properties (EUR 6.5m) and the acquisition costs for the shareholding (EUR 0.8m) as a joint acquisition under property and buildings to the amount to EUR 7.3m.

PAG Projektentwicklung Allhaming GmbH was merged with Österreichische Post AG as of December 5, 2013.

ADELHEID GmbH / AEP GmbH

As of April 16, 2013, Austrian Post Group increased its stake in the associated company ADELHEID GmbH from 35.2% to 44.4% within the context of a capital increase. The carrying amount of this investment consolidated at equity thus increased by EUR 6.1m. ADELHEID GmbH holds 100% of the shares of AEP GmbH, Alzenau, Germany, which supplies pharmaceutical products to pharmacies throughout Germany under the trade name "AEP Direkt".

Postgasse 8 Entwicklungs AG & Co OG

Austrian Post established a project company Postgasse 8 Entwicklungs AG & Co OG as of December 12, 2013 to prepare the planned commercial realisation of the property located at Postgasse 8, 1010 Vienna which Austrian Post owns. The real estate was paid into the project company as a contribution in kind. The company is included as a subsidiary in the consolidated financial statements of Austrian Post as of this date.

5 CURRENCY TRANSLATION

The reporting currency of the Austrian Post Group is the Euro. The annual financial statements prepared by Group companies in foreign currencies are translated into euros in accordance with the concept of a functional currency as laid down in IAS 21. The functional currency is determined by the primary economic environment in which the company mainly generates and uses cash and cash equivalents. The Euro is both the functional currency of Group companies located in Austria and in those countries, which are members of the European Economic and Monetary Union. The functional currency of the other companies is the respective local currency.

Business transactions in foreign currencies

Transactions of Group companies in foreign currencies are accounted for using the reference exchange rate at the date of transaction. The monetary assets and liabilities are converted into Euros at the valid European Central Bank reference rate on the balance sheet date. Foreign exchange gains and losses arising at the balance sheet date are reported as a net profit or loss.

Translation to the presentation currency

The modified closing rate method is used in the translation of the financial statements of Group companies in which the Euro is not the functional currency. All balance sheet items with the exception of equity items are translated at the reference rate of the European Central Bank on the balance sheet date, whereas equity items are translated at the prevailing rate on the date of acquisition or formation. Income and expense items are translated at the average reference rates for the financial year in question. The resultant currency translation differences are directly recognised in equity.

The movements in foreign exchange rate against the Euro used in translation were as follows:

1 EUR	Reference rate at balance sheet date		Average annual rate	
	Dec. 31, 2012	Dec. 31, 2013	2012	2013
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Bulgarian Leva	1.9558	1.9558	1.9558	1.9558
Croatian Kuna	7.5575	7.6265	7.5217	7.5786
Polish Zloty	4.0740	4.1543	4.1847	4.1975
Romanian Lew	4.4445	4.4710	4.4593	4.4190
Serbian Dinar	113.7183	114.6421	113.1307	113.1098
Czech Koruna	25.1510	27.4270	25.1491	25.9797
Turkish Lira	2.3551	2.9605	2.3135	2.5335
Hungarian Forint	292.3000	297.0400	289.2494	296.8730

6 ACCOUNTING POLICIES

The annual financial statements of Austrian Post subsidiaries included in the consolidated financial statements are based on uniform accounting and valuation methods. The preparation of the consolidated financial statements is made under the historical cost convention, with the exception of certain items which are reported at their fair value. The balance sheet date of all subsidiaries is December 31, 2013.

6.1 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Contracted services which have not yet been provided by Austrian Post as at the balance sheet date such as postage stamps and franking machine imprints are shown as deferred income.

6.2 Income tax

Deferred taxes are calculated in accordance with the balance sheet liability method for all temporary differences arising between the carrying amounts in the IFRS consolidated financial statements and the corresponding tax values. Furthermore, the probable utilisable tax advantage from existing tax loss carry forwards is included in the calculation. Deferred tax assets are recognised if it is likely that the tax advantage from them can actually be utilised. Deferred taxes on tax loss carry forwards are reported to the extent that taxable income will be available in the foreseeable future. Exemptions from the full recognition of deferred taxes are differences arising from non-tax-deductible goodwill and temporary differences related to shareholdings in as much as these are not reversed in the foreseeable future.

Deferred tax is calculated on the basis of the prevailing tax rates in the individual countries at the balance sheet date or which have been publicly announced as applicable at the point in time in which the deferred tax assets and tax liabilities are realised. For Group companies in Austria, the calculation of deferred taxes is based on a corporate tax rate of 25%.

The following table shows the corporate tax rates applied in calculating deferred taxes for foreign companies:

Country	Tax rate	Country	Tax rate
Belgium	34.0%	Poland	19.0%
Bosnia and Hercegovina	10.0%	Romania	16.0%
Bulgaria	10.0%	Serbia	15.0%
Germany	26.3%–31.0%	Slovakia	23.0%
Croatia	20.0%	Hungary	10.0%
Montenegro	9.0%		

6.3 Earnings per share

The basic earnings per share are calculated on the basis of the profit for the period attributable to the shareholders of Austrian Post divided by the weighted average of the outstanding shares in 2013. Shares repurchased during a specific period are taken into account on a pro rata basis for the period of time in which they are still outstanding shares. A dilutive effect arises from the existing share based payment programmes in Austrian Post. The number of weighted average shares is increased by the expected issue of shares for no consideration. The profit for the period is adjusted to take account for the dilution effects from the share based payment programmes.

6.4 Goodwill an allocation to cash generating units (CGU)

Goodwill is reported as intangible asset at acquisition costs less accumulated impairment losses. Goodwill from the acquisition of a foreign operation will be recognised in its functional currency and translated into the reporting currency using the reference rate of the European Central Bank on the balance sheet date. Impairment tests are carried out in accordance with IAS 36 as described in Note 6.8 Impairment pursuant to IAS 36. Reversals of write-downs are not permitted. Goodwill is allocated to the cash generating units. As a rule, an operating company or group within the Austrian Post Group corresponds to a cash generating unit. In individual cases the allocation of goodwill takes place on the level of business areas within an operating company.

6.5 Intangible assets

Intangible assets acquired in return for payment are reported at cost and are amortised on a straight-line basis over a period of three to ten years, depending on their economic useful lives or the contract period. Trademark rights are usually considered having indefinite useful lives, due to the fact that there is no foreseeable end to their economic benefit. Intangible assets with indefinite lives and goodwill are not subject to amortisation, but are subject to annual impairment testing.

In case of any indication for impairment, intangible assets are tested for impairment in accordance with IAS 36 as described in Note 6.8 Impairment pursuant to IAS 36.

6.6 Property, plant and equipment

Property, plant and equipment assets are carried at historical cost less depreciation and impairment losses. Depreciation rates are linked to the expected useful lives of the particular items.

Depreciation is calculated on a straight-line basis in accordance with the following useful lives which are applied uniformly throughout the company:

Useful lives	Years
Buildings	20–50
Technical plant and machinery	5–10
Vehicle fleet	2–8
IT equipment	3–5
Other equipment, furniture and fittings	5–20

Impairment tests are carried out for property, plant and equipment in accordance with the principles described in Note 6.8 Impairment pursuant to IAS 36 in case there are any indications of impairment.

6.7 Investment property

Investment property is property held to earn rental income and/or for the purpose of capital appreciation, and which could be sold on an individual basis. Recognition of the owner-occupied portion of the property is carried out in accordance with the percentage of use. Investment property is carried in the balance sheet at acquisition cost less accumulated depreciation, which is performed on a straight-line basis, applying useful lives of between 20 and 50 years. The fair values of the investment properties included in the notes to the consolidated financial statements were primarily determined by experts at Austrian Post, using the stipulations contained in IFRS 13. Measurement is carried out on the basis of a profit-oriented valuation approach. As a rule, the income approach was used, while the discounted cash flow method was employed in the event of more complex investment property. The use of comparable transactions in an active market was applied to the valuation of undeveloped property.

6.8 Impairment pursuant to IAS 36

At every balance sheet date the company evaluates whether there are any indications of a potential impairment on the carrying amount of intangible assets, property, plant and equipment and investment property. If such indications exist, an impairment test is carried out. In addition, intangible assets with indefinite lives as well as goodwill are subject to annual impairment tests even if there are no indications for impairment.

Goodwill as well as individual assets whose recoverable amount cannot be separately determined on a stand alone basis, are assigned to cash generating units (CGU) for the purpose of the impairment tests. CGU are groups of assets on the lowest possible level that generate separately identifiable cash flows independent of other assets. As a rule, the lowest level at Austrian Post corresponds to individual operating companies or groups of operating companies. In individual cases the allocation of goodwill takes place on the level of business areas within an operating company.

The recoverable amount of a particular asset or the CGU is determined within the context of an impairment test and compared to the carrying amount. The recoverable amount is the higher amount of the fair value less costs to sell and the value in use. The recoverable amounts are determined by using the net present value method. The discount rate is calculated as the weighted average cost of capital (WACC) in accordance with the capital asset pricing model (CAPM). Country, currency and inflation risks are considered in the discount rate. In case of non-euro cash flows, the recoverable amount is estimated in the respective functional currency and translated into Euro using the reference rate of the European Central Bank on the balance sheet date.

An impairment loss is recognised if the carrying amount is higher than the recoverable amount. If the reasons for impairment no longer apply, then the write-down is reversed (except for goodwill). The increased carrying amount resulting from a reversal of impairment may not exceed amortised historical costs. Impairment losses and reversals of impairment are reported in the income statement under the item depreciation, amortisation and impairment losses.

6.9 Impairment of interests that are accounted for using the equity method

At every balance sheet date the company evaluates whether there are any indications of a potential impairment of net investments in associates and joint ventures in accordance with IAS 39. If such indications exist, an impairment test is carried out pursuant to IAS 36. An impairment loss is recognised if the carrying amount of the net investment is below the recoverable amount. If the recoverable amount subsequently increases, the write-down is reversed up to a maximum of the initial impairment. The pro-rata share of the impairment applying to the carrying amount of the interest in the associates is reported in the income statement under the results of investments consolidated at equity. The recognition of impairment losses on the carrying amounts of other items relating to the net investment depends on the nature of these items.

6.10 Financial leases

If all the major risks and rewards related to the leased assets are transferred to Austrian Post (finance leases pursuant to IAS 17), these assets are capitalised as non-current assets at the lower of their fair value or the present value of the future minimum lease payments. The leased assets are depreciated over the expected useful life or the duration of the lease, if shorter. The future lease payments arising from these leasing agreements are reported under financial liabilities.

6.11 Financial assets

In the Austrian Post Group, financial assets are assigned to the following classes, pursuant to IFRS 7: financial investments in securities, other financial assets, receivables as well as cash and cash equivalents. These financial assets are classified as loans and receivables, held to maturity investments, available for sale financial assets, and financial assets at fair value through profit or loss in accordance with IAS 39.

Loans and receivables are recognised at amortised cost. The valuation is carried out at the fair value when recognised. Any existing difference between the acquisition costs and the repayment amount (e.g. for non-interest bearing or interest deviating from the prevailing market level) is accrued over the term to maturity using the effective interest rate method and included in the financial result. If there are any indications of an impairment, they are written down to the present value of the expected future cash flows. In the Austrian Post Group, the share of irrecoverable receivables is determined on the basis of a maturity analysis, taking the customer and market structure into account. Moreover, impairments are carried out if, on the basis of objective evidence, it is unlikely that the loan or receivable will be recovered. Impairments are generally reported in an impairment account. If the reason for impairment ceases to apply, the write-down is reversed up to the amortised costs.

Available for sale financial assets are carried at fair value. Unrealised gains and losses are separately disclosed in equity under the revaluation of financial instruments until realised, taking account of deferred taxes. The carrying amounts of the available for sale financial assets are evaluated at every balance sheet date to determine if there is objective evidence of impairment. Objective evidence, for example, may comprise considerable financial difficulties on the part of the debtor, default or delay in payments of interest or principal, the discontinuation of an active market, or significant changes in the economic, legal or market-related environment. If the reason for impairment ceases to apply in the case of equity instruments, the impairment loss is reversed and recognised directly in equity, whereas in the case of debt instruments the reversal is included in profit or loss. Sales and purchases are accounted for at the settlement date.

Other financial assets for which no regulated market exists, and whose fair value cannot be reliably measured using established valuation methods, are recognised at acquisition cost. Impairment is reported with recognition to profit or loss but may not be reversed.

6.12 Inventories

Inventories are stated at the lower amount of acquisition costs and net realisable value at the balance sheet date. The measurement of the inventories is implemented in accordance with the moving average cost formula. Any impairments resulting from obsolescence or inviability are taken into account in determining the net realisable value.

6.13 Non-current assets held for sale

Non-current assets are classified as held for sale if the related carrying amount is primarily realised by a disposal transaction and not by continued use. This prerequisite is only fulfilled if the disposal is considered to be highly likely and the non-current asset in its current state is available for immediate sale. The disposal of assets is highly likely, if the manage-

ment has decided upon a plan for the sale of the assets and has actively begun searching for a buyer and implementing the divestment plan, and it can be assumed that the disposal process will be concluded within one year after such a classification.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell.

6.14 Provisions for termination benefits, pensions and jubilee benefits

Provisions for termination benefits

The provisions for termination benefits apply to legal and contractual entitlements on the part of employees. Employees working for Group companies in Austria are entitled to severance pay when they reach the legally stipulated retirement age as well as when their employment contracts are terminated by the employer. Moreover, the interim regulations pursuant to the Pension Harmonisation Act 2003 as well as the step-by-step increase in the legally stipulated retirement age for women must be taken into account. The amount of the severance pay depends on the number of years of service of the affected employees and the relevant salary at the time the employment is terminated. Civil servants normally have no entitlement to termination benefits. The provisions are calculated on an actuarial basis, using the projected unit credit method. Actuarial gains and losses are immediately recognised in other comprehensive income.

Termination benefits in respect to salaried employees who are working for Group companies in Austria and whose employment commenced after December 31, 2002, are fulfilled by regular contributions of the respective amounts to the employee benefit fund. Except for this, there is no other obligation on the part of Austrian Post.

Provisions for pensions

The pension obligations on the part of Austrian Post encompass both a defined contribution plan as well as a defined benefit plan.

There are no pension fund obligations on the part of Austrian Post to civil servants. Pension obligations to civil servants are principally fulfilled by the Republic of Austria. Due to legal regulations, Austrian Post is obliged to pay a pension contribution margin to the Republic of Austria. Since October 1, 2005, these contributions, including the civil servants' own employee contributions, have totalled between 15.8% and 28.3% of the remuneration paid to active civil servants and are reported as staff costs.

Contributions are being made to a pension fund on behalf of members of the Management Board.

Austrian Post has defined benefit obligations to specific employees of the Group. The calculation of provisions for defined benefit pension obligations is based on the projected unit credit method.

Provisions for jubilee benefits

In some cases Austrian Post is obliged to pay jubilee benefits to salaried employees and civil servants to mark service jubilees.

Benefits of two months' salary after 25 years of service and of four months' after 40 years are paid out in Austria. Certain employees with at least 35 years of service at retirement age also receive a jubilee benefit amounting to four months' salary. Employees subject to the collective agreement for Austrian Post employees pursuant to the first part of Section 19 (3) Postal Service Structure Act, valid as of August 1, 2009 (Kollektivvertrag für Bedienstete der Österreichischen Post AG gemäß § 19 Abs. 3 Poststrukturgesetz (PTSG), Erster Teil) are entitled to an additional payment of one months' salary after 20 years of service on behalf of the company, which rises to one and a half months' salary after 25 years, two and a half months' salary after 35 years and three and a half months' salary after 40 years of employment with the company. Employees subject to the second part of the collective agreement are not entitled to any jubilee benefits.

The provisions for jubilee benefits are calculated in a similar manner to the provisions made for termination benefits and pensions, in accordance with the project unit credit method.

The interest expense resulting from provisions for termination benefits, pensions and jubilee benefits is reported in the financial result. Actuarial gains and losses from termination benefit and pension provisions are recognised under other comprehensive income, whereas the actuarial gains and losses from the provisions for jubilee benefits are reported as staff costs. All other changes in the provisions for termination benefits, pensions and jubilee benefits are also reported as staff costs.

The following parameters were used as the basis for calculating provisions for termination benefits, pensions and jubilee benefits at December 31, 2012, and December 31, 2013:

	2012	2013
Interest rate	3.5%	3.5%
Salary increase	3.5%	3.5%
Employee turnover	graduated (2%–8%)	graduated (2%–8%)
Retirement age		
Female employees	60–67	60–67
Male employees	65–67	65–67
Civil servants	65–65	65–65

6.15 Provisions for under-utilisation

Provisions for under-utilisation are made for future staff costs applying to those employees who have tenure (primarily civil servants), and who can only be utilised partially to perform services on behalf of the company, or who cannot be utilised at all anymore.

These employment statuses are onerous contracts pursuant to IAS 37, in which the unavoidable costs to fulfil the contractual obligations are higher than the expected economic benefit.

Provisions for under-utilisation are made for those employees who have been assigned to the Internal Labour Market. Moreover, provisions for under-utilisation are also recognised for employees whose transfer to the Internal Labour Market has been approved, but not yet fully concluded due to internal organisational processes, or whose transfer is not possible at present due to illness or a particular transfer clause in the employment contract.

The provisions for under-utilisation also encompass those employees who are in the process of commencing retirement for reasons of physical disability. Moreover, provisions were allocated for Austrian Post employees who were transferred to various federal ministries. Staff costs of these employees will be refunded by Austrian Post according to the relevant agreements and their provisions are allocated until the expiration of the refund period.

For tenured employees who have been leased to a logistics company, for whom Austrian Post is only contractually remunerated in accordance with the collective labour agreement stipulating salary levels for this particular company, provisions are made for the salary expense surpassing the remuneration accorded to Austrian Post. Provisions are calculated as the current value of the underfunded salary for each particular employee up to retirement.

The provisions are calculated based on the application of a unified average level of under-utilisation, taking into account a turnover reduction. Additionally, a discount rate of 3.5% (2012: 3.5%) and future salary increases of 3.5% (2012: 3.5%) are taken into account. The interest expense is recognized under the personnel expenses.

6.16 Other provisions

In accordance with IAS 37, contingent legal or constructive obligations to third parties resulting from past events, which are likely to require an outflow of economic benefits and which can be reliably estimated are recorded as other provisions. The provisions are recognised at the amounts capable of reliable estimation at the time of preparation of the annual financial statements. Provisions are not recognised in those cases where a reliable estimate is not possible. In the event that the present value of a provision determined on the basis of a market interest rate differs materially from the nominal value, the present value of the obligation is recognised.

Provisions for onerous contracts are recognised, if the unavoidable costs required to fulfil the contractual obligations are higher than the expected economic benefit.

Pursuant to IAS 37, restructuring provisions are recognised upon development of a formal, detailed restructuring plan and the restructuring measures have already begun or the restructuring plan has been publicly announced before the balance sheet date.

6.17 Financial liabilities

At Austrian Post, financial liabilities are classified, pursuant to IAS 39, as financial liabilities recognised at fair value through profit or loss, and those financial liabilities reported at amortised costs. Financial liabilities are stated at the amount actually received less transaction costs, plus or minus a premium/discount. In the recognition of financial liabilities at amortised costs, the difference between the amount received and the amount to be repaid is distributed over the maturity in accordance with the effective rate method and disclosed as part of the financial result.

Trade payables and other liabilities are recognised at amortised costs.

6.18 Share-based incentive programme

In December 2009, the Supervisory Board of Österreichische Post AG (Austrian Post) decided to introduce a share-based payment programme. A share-based payment programme for the members of the Management Board and one for top executives was implemented in the 2010 to 2013 financial years. The basis for participation was the acquisition of a specified number of Austrian Post shares, which had to be held uninterruptedly until the end of the subsequent financial year following the expiration of the performance period (tranche 1: December 31, 2013, tranche 2: December 31, 2014, tranche 3: December 31, 2015, tranche 4: December 31, 2016). The active and former Management Board members Georg Pölzl and Walter Hitzinger are taking part in all share-based incentive programmes, Rudolf Jettmar is taking part in the first three tranches, whereas Herbert Götz is participating in the first two tranches, Peter Umundum in participating in the second, third and fourth tranches and Walter Oblin in the third and fourth tranche of the share-based payment programme. The number of Austrian Post shares required to be purchased by members of the Management Board is oriented to a specified percentage of their gross fixed salaries divided by the reference price of the Austrian Post share for the fourth quarter of the respective year. The number of Austrian Post shares to be acquired by top executives is determined on the basis of the selected investment category in line with the terms and conditions of the share-based payment programme. The sum total of the required own investments for participation in the existing share-based payment programme as at December 31, 2013, amounted to 70,092 shares for members of the Management Board and 168,500 shares for top executives. On the settlement day, the payment is made either in shares or cash. The members of the management board have opted for the payment in shares. The number of bonus shares is linked to achieving pre-defined performance criteria. Target values were defined for key performance indicators at the beginning of each programme. The primary indicators in use are earnings per share (EPS), free cash flow and total shareholder return (TSR), with each indicator considered to be equally important. The achievement of objectives is monitored over a period of three years. The total bonus is oriented to the achievement of the objectives defined on the basis of the previously mentioned parameters as well as the share price development. The total

bonus is due to a certain ceiling. The total bonus for the management board is limited with 225% of the bonus in case of 100% goal achievement. For top executives the bonus is limited with a maximum goal achievement of 200% or 225% (depending on the tranches) or limited depending on the annual salary. In the 2013 financial year, the payment for the first tranche amounted to TEUR 5,437. The arithmetic current values for the tranches 2, 3 and 4 as at December 31, 2013 amounted to TEUR 10,166, TEUR 11,582 and TEUR 10,343 respectively. This was calculated on the basis of a model derived from the expected achievement of performance criteria and the expected share price. The expected costs of the share-based payment programme are allocated over the performance period as a provision. In the 2013 financial year a total of TEUR 3,546m was allocated for tranche 2, TEUR 4,548 for tranche 3 and TEUR 2,478 for tranche 4 of the share-based payment programme. As at the balance sheet date the pro rata provisions amounted to TEUR 10,166 for tranche 2 (December 31, 2012: TEUR 6,620), TEUR 7,042 for tranche 3 (December 31, 2012: TEUR 2,494) and TEUR 2,478 for tranche 4 (December 31, 2012: TEUR 0).

7 ESTIMATES AND FUTURE-ORIENTED ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates in the application of its accounting and valuation policies, and to make assumptions about future developments which materially influence the recognition and measurement of assets and liabilities, the reporting of other obligations at the balance sheet date and the recognition of income and expense for the financial year. In particular, there is a risk that the use of the following assumptions and estimates may lead to adjustments of assets and liabilities in upcoming financial years.

7.1 Provisions for termination benefits, pensions and jubilee benefits

The measurement of provisions for termination benefits, pensions and jubilee benefits (carrying amount as at December 31, 2013: EUR 181.8m; December 31, 2012: EUR 184.0m) is based on assumptions regarding the discount rate, retirement age, life expectancy, employee turnover and future salary increases.

If all other parameters remain constant, a change in the discount rate by +/-1 percentage point, a change in salary increases by +/-1 percentage point and a change in the employee turnover by +/-1 percentage point would have the following effects on the provisions:

EUR m	Discount rate		Salary increases		Employee turnover	
	-1% point	+1% point	-1% point	+1% point	-1% point	+1% point
Termination benefits	13.5	-11.1	-11.1	13.1	0.8	-0.9
Pensions	0.3	-0.3	0.0	0.0	0.0	0.0
Jubilee benefits	8.2	-7.2	-7.2	8.1	0.9	-0.9

7.2 Provisions for under-utilisation

The measurement of the provisions for underutilization (carrying amount as at December 31, 2013: EUR 213.3m; December 31, 2012: EUR 229.1m) is based on assumptions regarding the degree of underutilization, discount rate, future salary increases and employee turnover of the affected employees.

In the 2013 financial year the following parameters and assumptions have been adapted to the current conditions:

The employee turnover rate has been increased because of a shorter length of stay of employees in the internal labour market due to social plan measures. The cost rates for internal labour market employees deployed in other areas have been increased due to a rise in salaries. This has lowered the degree of underutilization. The shortened duration of proceedings of pensions according to civil servants law (§ 14 BDG) has led to an adaption of the graduation of the length of stay of employees. The changes in parameters have led to a positive valuation effect of EUR 20.3m.

If all other parameters remain constant, a change in the degree of under-utilization and employee turnover by +/-10 percentage points, or a change in the discount rate and salary increases by +/-1 percentage points in each case would have the following effects on the provisions:

EUR m	Underutilisation		Discount rate		Salary increases		Employee turnover	
	-10% point	+10% point	-1% point	+1% point	-1% point	+1% point	-10% point	+10% point
Underutilisation	-23.8	23.8	16.3	-14.4	-14.5	16.1	23.9	-23.9

7.3 Assets and liabilities in connection with business combinations

Within the context of acquisitions, estimates and assumptions are required in connection with the estimation of the fair value of the acquired assets and liabilities as well as contingent considerations.

All available information pertaining to the prevailing conditions at the date of acquisition is used for the initial accounting treatment of the acquired assets and liabilities at the end of the reporting period in which the business combination took place. If the available information is not yet complete, preliminary amounts are disclosed. Additional information about the facts and conditions prevailing at the time of acquisition and which become known during the valuation period (up to one year) leads to a retroactive adjustment of the reported preliminary amounts. Changes relating to events after the date of acquisition are not adjustments during the valuation period.

The value of intangible assets is determined on the basis of a suitable valuation method, depending on the type of asset and the availability of information. As a rule, the income approach is used for customer relationships and trademark rights. The fair value of land and buildings is generally determined by independent experts in the Austrian Post Group. These valuations are significantly influenced by the discount rate used in addition to assumptions about the future development of the estimated cash flows.

Similar to the recognition of assets acquired and liabilities assumed, all available information about the underlying conditions at the date of acquisition is also used for the recognition of contingent considerations. In this case, additional information about the facts and conditions prevailing at the time of acquisition and which become known during the valuation period also leads to a retroactive adjustment of the reported preliminary amounts. Changes relating to events after the date of acquisition (for example achieving the desired earnings objectives) are not adjustments made during the valuation period, but lead to an adjustment of the purchase price liability recognized in profit or loss.

7.4 Impairment of intangible assets, goodwill and property, plant and equipment

The assessment of the recoverability of intangible assets, goodwill and property, plant and equipment is based on future-oriented assumptions. The underlying assumptions used to determine the recoverable amount within the context of impairment tests are described in the chapter on income statement disclosures under Note 9.1 Goodwill.

7.5 Financial instruments

Alternative financial valuation methods (i.e. income approach or multiple processes) using uncertain estimates are applied to evaluate the recoverability of equity capital instruments if no active market exists for these financial instruments. The underlying parameters used in the valuation of these financial instruments are partially based on future-oriented assumptions or require a selection of suitable peer group assumptions on their comparability. These equity capital instruments are recognised at amortised cost if a reliable determination of their fair value is not possible. The approach is described in the section on income statement disclosure under Note 10.2.4 Fair Value Hierarchy.

7.6 Income tax

The recognition and subsequent valuation of the current and deferred taxes are subject to uncertainties due to complex tax regulations in different national jurisdictions which are continually being changed. The management of Austrian Post assumes that it has made a reasonable assessment estimate of tax-related uncertainties. However, due to these existing tax uncertainties, there is the risk that deviations between the actual results and the assumptions made could have an effect on the recognised tax liabilities and deferred taxes.

Deferred tax claims to existing tax loss carryforwards are capitalised to the extent of the expected actual utilizability. The recognition of these tax claims is based on planning calculations on the part of the companys management concerning the level of taxable income and the effective utilisability which in turn require discretionary decisions.

8 INCOME STATEMENT DISCLOSURES

8.1 Segment reporting

General information

At Austrian Post, reportable segments are identified around differences in products and services. The reporting segments "Mail & Branch Network", "Parcel & Logistics" and "Corporate" have been determined on the basis of the divisional structure of the internal organisation.

Mail & Branch Network

The core business of the Mail & Branch Network Division consists in the acceptance, sorting and direct and hybrid delivery of letters, advertising and print media. The infrastructure consists of logistics centers, delivery bases, vehicles as well as company-operated and third-party operated postal service points.

There are three kinds of services offered: Letter Mail, Direct Mail and Media Post. Letter Mail encompasses conventional, addressed letters. Direct Mail distinguishes between addressed and unaddressed direct mail items. The Media Post business area focuses on the delivery of addressed and unaddressed print media (newspapers and magazines) and regional media (newspapers).

The service offering is complemented by address management, data management, mailroom management, document scanning and response management. Furthermore, financial services are provided in cooperation with BAWAG P.S.K. as well as an extensive selection of retail and philatelic products.

Parcel & Logistics

The core business of the Parcel & Logistics Division consists in the acceptance, sorting and delivery of standard and express parcels. The transport of parcels takes place via a close-knit distribution network. The infrastructure consists of delivery bases, logistics centers, warehouses and a delivery fleet. The service offering is complemented by temperature-controlled logistics (pharmaceuticals), value logistics (transport and handling of cash), contractual logistics and fulfillment services.

Corporate

The core business of the Corporate Division is to provide services typically rendered for the purpose of managing a corporate group. These services encompass the management of commercial properties owned by the Group, IT support services, financing and administrative activities as well as the administration of the Internal Labour Market of Austrian Post. Furthermore corporate consists of innovation management and the development of new business models.

Consolidation

The elimination of transactions between segments is shown in the Consolidation column. Furthermore, the consolidation column serves as a reconciliation from segment to group figures.

INFORMATION ABOUT PROFIT OR LOSS

2012 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External revenue	1,508.2	858.1	15.4	-15.6	2,366.1
Internal revenue	70.6	8.8	172.6	-252.1	0.0
Total revenue	1,578.8	867.0	188.0	-267.6	2,366.1
Results of investments consolidated at equity	-14.1	0.0	0.3	0.0	-13.9
EBITDA	307.2	46.6	-81.6	-1.0	271.2
Depreciation and amortisation	34.7	21.4	33.2	-0.5	88.8
thereof impairment losses recognised in profit or loss	4.9	0.1	2.1		7.2
EBIT	272.5	25.3	-114.8	-0.6	182.4
Segment investments	48.9	20.1	29.4	-1.0	97.3
<hr/>					
2013 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External revenue	1,510.8	857.3	6.2	-7.5	2,366.8
Internal revenue	74.6	7.6	181.0	-263.2	0.0
Total revenue	1,585.4	865.0	187.1	-270.8	2,366.8
Results of investments consolidated at equity	-6.7	1.8	-1.6	0.0	-6.6
EBITDA	320.7	42.8	-58.9	-0.1	304.5
Depreciation and amortisation	38.8	47.7	32.2	-0.2	118.5
thereof impairment losses recognised in profit or loss	8.1	27.0	0.0	0.0	35.1
EBIT	281.8	-4.9	-91.1	0.2	186.0
Segment investments	38.7	18.6	41.6	-0.1	98.8

Intersegment transactions take place at market-oriented transfer pricing.

External revenue of the Group corresponds to the total of segment revenue with external customers after consolidation of the services provided within the Group. Internal revenue is comprised of revenue derived from internal invoicing with other segments. Depreciation and amortisation result from assets assigned to the same segment. Segment investments include investments in intangible assets and goodwill as well as in property, plant and equipment.

INFORMATION ABOUT GEOGRAPHICAL AREAS

2012 financial year EUR m	Austria	Germany	Other Countries	Group
External revenue	1,720.7	530.0	115.4	2,366.1
Non-current assets other than financial instruments and deferred tax assets	690.4	179.0	48.7	918.1

2013 financial year EUR m	Austria	Germany	Other Countries	Group
External revenue	1,725.5	518.9	122.4	2,366.8
Non-current assets other than financial instruments and deferred tax assets	657.6	162.6	70.9	891.1

Revenue is shown according to the location of the company performing the service.

Compared to the previous year, segment reporting was adapted to the scope of the existing internal reporting structure.

8.2 Other operating income

EUR m	2012	2013
Work performed by the enterprise and capitalised	4.2	3.2
Disposal of property, plant and equipment	5.9	5.9
Leases	23.5	25.6
Unchargeable expenses	4.3	3.5
Damages	1.9	2.0
Other	32.3	29.6
	72.0	69.7

Austrian Post derives lease income – mostly from cancellable operating leases – from some of the investment property held by it. The concluding tenancy agreements are on a medium- to long-term basis and provide for the indexation of rentals. However, the lease income from rents and leases relating to the commercial property in Belgium is derived from non-cancellable operating leases. The future minimum lease payments from non-cancellable operating leases as at the balance sheet date amount to EUR 0.7m for the next financial year and EUR 0.3m in the following year. The income from leases generated in 2013 primarily relates to the parent company Österreichische Post AG (Austrian Post). The corresponding assets are recognised in the balance sheet as at December 31, 2013 with a net carrying amount of EUR 178.9m (December 31, 2012: EUR 186.6m). Other operating income also includes income from currency translation, totalling EUR 0.5m (2012: EUR 0.5m). In addition, the item other operating income includes income from personnel leasing and administration of EUR 5.3m (2012: EUR 5.9m), pallet income totalling EUR 4.6m (2012: EUR 5.4m) and income from contractual penalties of EUR 0.8m (2012: EUR 0.6m).

8.3 Raw materials, consumables and services used

EUR m	2012	2013
Materials		
Fuels	31.7	31.1
Merchandise	24.2	27.0
Stamps	2.3	2.2
Supplies and clothing	20.4	20.3
Spare parts and other raw materials and consumables	1.9	1.5
Remeasurements	0.0	0.3
	80.5	82.5
Services used		
International postal carriers	68.2	68.4
Advertising distributors	38.7	42.5
Energy	18.2	17.9
Transport	514.8	495.1
Other	46.6	46.9
	686.4	670.8
	766.9	753.3

8.4 Staff costs

EUR m	2012	2013
Wages and salaries	827.4	820.4
termination benefits	23.4	24.3
Pensions	0.2	0.2
Statutory levies and contributions	228.8	220.1
Other staff costs	11.6	8.4
	1,091.4	1,073.5

The breakdown of termination benefits is as follows:

EUR m	2012	2013
Management Board	0.1	0.6
Executive staff	0.3	0.3
Other employees	23.0	23.4
	23.4	24.3

In the 2013 financial year, contributions of EUR 2.4m (2012: EUR 2.2m) to the employee benefit fund in respect of defined contribution termination benefit obligations were recognised as an expense.

The average number of employees during the financial year was as follows:

	2012	2013
Blue-collar employees	1,643	3,481
White-collar employees	13,237	13,252
Civil servants	10,102	9,529
Trainees	59	70
Total number	25,042	26,331
Corresponding full-time equivalents	23,181	24,211

8.5 Depreciation, amortisation and impairment losses

EUR m	2012	2013
Impairment losses on goodwill	5.0	32.4
Amortisation of intangible assets		
Scheduled depreciation	9.8	11.0
Impairment losses	0.0	2.7
	9.8	13.7
Depreciation of property, plant and equipment		
Scheduled depreciation	68.3	68.8
Impairment losses	2.2	0.0
	70.5	68.8
Depreciation of investment property		
Scheduled depreciation	3.5	3.6
	3.5	3.6
	88.8	118.5

For an explanation of impairment on goodwill, refer to Note 9.1 Goodwill.

Impairment losses amounting to EUR 2.7m were reported on capitalised customer relations in the Mail & Branch Network Segment in 2013 due to the termination or reduction of sales revenue derived from key customers.

In the financial year 2013 no impairment losses on property, plant and equipment were reported. An impairment loss totalling EUR 2.2m was recognised in the previous year due to technical ageing of buildings in the Corporate segment as well as an impairment loss of EUR 0.1m on buildings in the Parcel & Logistics Segment.

8.6 Other operating expenses

EUR m	2012	2013
IT services	30.3	32.3
Maintenance	45.0	44.9
Leasing and rental payments	82.4	81.3
Travel and mileage	26.8	25.7
Contract and leasing staff	15.0	17.2
Consultancy	11.7	10.7
Waste disposal and cleaning	12.8	12.4
Communications and advertising	17.5	16.1
Telephone	5.0	4.5
Insurance	9.4	9.9
Other taxes (excl. income taxes)	7.7	7.3
Other	31.3	36.3
	294.8	298.6

Other operating expenses include expenses from currency translation of EUR 0.4m (2012: EUR 0.9m) recognised in profit or loss, as well as EUR 8.6m to settle claims for damages (2012: EUR 9.8m), losses from the disposal of property, plant and equipment to the amount of EUR 2.5m (2012: EUR 2.3m), expenditures for training and professional development measures totalling EUR 3.2m (2012: EUR 2.8m) and impairment losses on receivables of EUR 8.0m (2012: EUR 3.9m).

8.7 Other financial result

EUR m	Note	2012	2013
Interest income		5.1	3.3
Income from securities		1.3	0.6
Gains on the disposal of securities and other shareholdings		0.2	0.0
Income from currency translation		0.1	0.1
		6.7	4.1
Interest expense (financial liabilities)		-1.7	-2.3
Interest expense (interest effects of provisions)	(9.13.1)	-7.4	-6.0
Impairment losses on financial instruments held for sale		-28.4	0.0
Impairment losses on receivables from investments consolidated at equity and non-consolidated companies	(9.5.1)	0.0	-10.6
Losses on the disposal of securities and other shareholdings		-0.1	0.0
		-37.6	-18.8
Revaluation of derivative financial instruments	(10.2.5)	0.1	0.0
		-30.8	-14.8

The impairment losses on receivables in the 2013 financial year relate to shareholder loans to the joint venture company MEILLERGHIP consolidated at equity in the consolidated financial statements of Austrian Post. The facts leading to the impairment losses are described in Note 9.5.1 Investments consolidated at equity.

As a result of the stake acquired by a new investor in the 2012 financial year, a recapitalisation of the shareholding structure of BAWAG P.S.K. took place. The related dilution of the indirect stake held in the bank and a revaluation of the fair value of BAWAG P.S.K. led to an impairment loss of EUR 28.4m. The fair value was determined by taking the ratio of the market capitalisation of a comparative group of publicly listed European banks to their equity capital.

8.8 Earnings per share

		2012	2013
Profit for the period attributable to equity holders of the parent company	(EUR m)	123.2	123.2
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	123.2	124.3
Weighted average number of outstanding ordinary shares used in calculating basic earnings per share	(Shares)	67,552,638	67,552,638
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	(Shares)	67,552,638	68,180,816
Basic earnings per share	(EUR)	1.82	1.82
Diluted earnings per share	(EUR)	1.82	1.82

The weighted average number of outstanding ordinary shares used in determining the diluted earnings per share is calculated as follows:

Ordinary shares		2012	2013
Weighted average number of outstanding ordinary shares used in calculating basic earnings per share	(Shares)	67,552,638	67,552,638
Issue of share for no consideration without payment in return:			
Share-based payment – dilutive	(Shares)	0	628,178
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	(Shares)	67,552,638	68,180,816
Share-based payment – potentially dilutive in the future	(Shares)	498,326	0

9 BALANCE SHEET DISCLOSURES

9.1 Goodwill

EUR m	2012	2013
Historical costs		
Balance at January 1	216.3	232.5
Additions arising from acquisitions	23.0	9.4
Disposals arising from final consolidations	6.8	0.0
Currency translation differences	0.0	-0.1
Balance at December 31	232.5	241.8
Impairment losses		
Balance at January 1	50.7	49.0
Additions	5.0	32.4
Disposals arising from final consolidations	6.8	0.0
Currency translation differences	0.0	-0.1
Balance at December 31	49.0	81.2
Carrying amount at January 1	165.5	183.5
Carrying amount at December 31	183.5	160.6

Additions arising from acquisitions in 2013 refer to business combinations pursuant to IFRS 3 in connection with the obtaining of a controlling interest in FEIPRO Vertriebs GesmbH, Gaweinstal and M&BM Express OOD, Sofia, in February 2013 as well as for distribution companies by the trans-o-flex Group (refer to Note 4.1 Scope of consolidation).

The following table shows goodwill by segments and cash generating units:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Mail & Branch Network		
feibra Group	29.1	30.9
PostMaster sp. z o.o. ¹	9.7	9.7
PostMaster s.r.l.	11.8	8.0
Other < EUR 5m ²	8.5	11.2
	59.1	59.9
Parcel & Logistics		
trans-o-flex	111.4	87.6
Slovak Parcel Service. s.r.o & IN TIME, s.r.o.	5.2	5.2
Other < EUR 5m ²	7.8	7.8
	124.5	100.7
	183.5	160.6

¹ Kolportáž Rzetelný sp. z.o.o. was renamed PostMaster sp. z o.o. as of December 17, 2013.

² Goodwill of under EUR 5m is classified as immaterial in relation to the entire carrying amount of goodwill.

The grouping of assets for the purpose of identifying cash generating units changed only slightly in the course of 2013 compared to the previous year. The assets of the former CGU ThermoMed Austria were assigned to the CGU trans-o-flex Germany. The underlying reason is the assumption of operational management and integration of the business of temperature-controlled transport by trans-o-flex. The CGU is reported under the name “trans-o-flex” as of 2013.

The following table shows the additions to the impairment losses on goodwill according to segments and cash generating units:

EUR m	2012	2013
Additions to impairment losses on goodwill		
Mail & Branch Network		
feibra Ungarn Kft	3.9	1.7
PostMaster s.r.l.	0.0	3.7
Online Post Austria GmbH	1.0	0.0
	4.9	5.4
Parcel & Logistics		
trans-o-flex	0.0	27.0
Overseas Trade Co Ltd d.o.o.	0.1	0.0
	0.1	27.0
	5.0	32.4

The annual impairment test to be implemented takes place at Austrian Post in accordance with the value in use concept. In this case, the recoverable amount of the CGU is determined on the basis of the value in use. In order to determine the value in use, the expected future cash flow is discounted to its present value with the help of the discounted cash flow method by using the weighted average cost of capital after tax. In order to determine the weighted average cost of capital after tax groups of comparable companies (peer group) are determined for all the CGU assigned to the same segment. Subsequently the discount rate before tax is determined on the basis of an iterative process.

The cash flow forecasts in the planning period are based on the approved planning for the 2014 financial year and the medium-term business planning for a period of an additional three years (2015–2017). The cash flow forecasts are based on both the company's experience in the past as well as economic data collected outside of the company and sector-specific data if available. The amount starting in the year 2018 is accounted for assuming a perpetual annuity. The maximum amount for the growth rate set for the perpetual annuity is the long-term growth and inflation expectations of the countries and sectors in which the particular CGU generates its cash flow. As a rule, a growth rate of 1.0% (2012: 1.0%) is applied. The main valuation assumptions underlying the determination of the recoverable amount were assumptions by the management about the expected short- and long-term revenue development, the discount rate applied and the expected long-term growth rate.

The following table shows the discount rates applied for the primary individual cash generating units:

	Dec. 31, 2012 Pre-tax WACC	Dec. 31, 2013 Post-tax WACC
Mail & Branch Network		
feibra Group	8.1%	9.1%
PostMaster s.r.l.	10.1%	12.3%
PostMaster sp. z o.o.	9.2%	8.8%
Other < EUR 5m	8.8%–10.7%	9.3%–13.0%
Parcel & Logistics		
trans-o-flex	10.2%	10.1%
Slovak Parcel Service. s.r.o & IN TIME, s.r.o.	11.4%	11.7%
Other < EUR 5m	9.8%–16.6%	10.0%–17.4%

There were already indications of impairment in the CGU trans-o-flex in the third quarter of 2013, and an impairment test was carried out. The CGU trans-o-flex (Parcel & Logistics segment) offers a broad range of European-wide logistics services in the three business areas Schnell-Lieferdienst, ThermoMed and Logistik-Service. Due to the ongoing difficult business environment prevailing on the German combined freight market, the initiated efficiency enhancement measures have not led to the expected improvements up until now, and earnings expectations for 2013 have not been met. Against this backdrop of these indications of an impairment loss, the assets including goodwill assigned to the CGU trans-o-flex were tested for impairment. The impairment test led to recognition of an impairment loss of EUR 27.0m on goodwill which had previously been reported to the amount of EUR 111.4m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

On the basis of the annual impairment test to be carried out on October 31, 2013, the need to recognise an impairment loss was reported for the goodwill of the CGU PostMaster s.r.l. and the CGU feibra Hungary Kft. (both in the Mail & Branch Network segment). An impairment test was carried out once again for the CGU trans-o-flex, due to the fact that the CGU was subject to major changes as a result of the acquisition of the Rhine-Ruhr Group and the related organisational changes. No additional impairment below losses were recognised following the impairment test. Also a change in parameters, as shown in the sensitivity analysis, would not lead to an additional impairment.

The CGU Postmaster s.r.l. ranks among the leading providers of addressed and unaddressed direct mail delivery services in Romania. Due to the ongoing difficult business environment in Romania and the unexpectedly strong competitive pressure, the earnings expectations for the Romanian company could not be completely fulfilled. The impairment test led to recognition of an impairment loss of EUR 3.7m on goodwill which had previously been reported to the amount of EUR 11.8m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

The CGU feibra Hungary Kft. operates on the Hungarian market offering delivery services in the field of unaddressed direct mail. The company applied for a license for the delivery of addressed direct mail. In the meantime the application has been rejected in a second instance decision made by the responsible authorities. Against this backdrop, the earnings expectation related to approval of a license as contained in business planning forecasts of the company have been revised. The impairment test led to recognition of an impairment loss of the entire previously reported goodwill to the amount of EUR 1.7m, which was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

In addition to the impairment test, sensitivity analyses pertaining to the primary valuation assumptions were also carried out for all significant cash generating units. The revenue expectations were reduced by one percentage point in the first sensitivity analysis, whereas the discount rate was raised by one percentage point in the second sensitivity analysis and the growth rate in perpetual annuity was set to zero in the third sensitivity analysis. The following additional impairment losses would arise ceterus paribus for the following significant cash generating units:

EUR m	Revenue expectations -1% point	WACC +1% point	Growth rate 0%
PostMaster s.r.l.	0.7	1.0	0.8
PostMaster sp. z o.o.	0.0	1.4	1.0

9.2 Intangible assets

2012 financial year EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical costs					
Balance at January 1, 2012		65.2	28.7	50.8	144.8
Additions arising from acquisitions		6.8	0.5	0.1	7.4
Additions		0.6	0.0	9.6	10.2
Transfers		0.0	0.0	0.7	0.7
Balance at December 31, 2012		72.7	29.2	61.2	163.1
Depreciation and impairment losses					
Balance at January 1, 2012		48.0	3.1	35.5	86.6
Additions	(8.5)	4.4	0.6	4.7	9.8
Transfers		0.0	0.0	0.7	0.7
Currency translation differences		-0.1	0.0	0.0	-0.1
Balance at December 31, 2012		52.3	3.7	40.9	96.9
Carrying amount at January 1, 2012		17.3	25.6	15.3	58.2
Carrying amount at December 31, 2012		20.4	25.5	20.2	66.2
2013 financial year					
EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical costs					
Balance at January 1, 2013		72.7	29.2	61.2	163.1
Additions arising from acquisitions		3.7	0.0	0.0	3.7
Additions		0.0	0.0	7.1	7.2
Disposals		0.0	0.0	2.1	2.1
Currency translation differences		-0.1	0.0	0.0	-0.2
Balance at December 31, 2013		76.2	29.2	66.3	171.7
Depreciation and impairment losses					
Balance at January 1, 2013		52.3	3.7	40.9	96.9
Additions	(8.5)	8.1	0.1	5.5	13.7
Disposals		0.0	0.0	2.1	2.1
Balance at December 31, 2013		60.3	3.8	44.3	108.5
Carrying amount at January 1, 2013		20.4	25.5	20.2	66.2
Carrying amount at December 31, 2013		15.9	25.4	21.9	63.3

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

Intangible assets contain trademarks with indefinite useful lives amounting to EUR 25.4m (Dec. 31, 2012: EUR 25.4m).

Capitalised customer relationships are amortised on a straight-line basis and show a residual useful life of one to six years.

The following table shows the carrying amounts of the trademarks by segment and CGU as at December 31, 2012 and December 31, 2013:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Parcel & Logistics		
trans-o-flex	25.1	25.1
Other	0.4	0.4
	25.5	25.4

9.3 Property, plant and equipment

2012 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepayments and assets under construction	Total
Historical costs						
Balance at January 1, 2012		775.7	187.2	288.1	16.8	1,267.7
Additions arising from acquisitions		6.9	0.0	1.0	0.0	7.9
Disposals arising from final consolidations		0.0	1.4	0.0	0.0	1.4
Additions		10.6	11.3	53.1	12.2	87.0
Disposals		11.1	9.1	35.1	0.0	55.3
Transfers		2.4	9.6	1.4	-13.5	-0.1
Reclassification pursuant to IAS 40		-22.1	0.0	0.0	0.0	-22.1
Reclassification of held-for-sale assets		4.1	0.0	0.0	0.0	4.1
Currency translation differences		0.0	0.0	-0.2	0.0	-0.2
Balance at December 31, 2012		766.6	197.6	308.2	15.4	1,287.8
Depreciation and impairment losses						
Balance at January 1, 2012		372.2	141.1	166.9	0.0	680.2
Disposals arising from final deconsolidations		0.0	0.3	0.1	0.0	0.4
Additions	(8.5.)	23.8	12.1	34.6	0.0	70.5
Disposals		8.0	8.9	34.0	0.0	51.0
Reclassification pursuant to IAS 40		-12.7	0.0	0.0	0.0	-12.7
Reclassification of held-for-sale assets		1.4	0.0	0.0	0.0	1.4
Currency translation differences		0.0	0.0	-0.2	0.0	-0.2
Balance at December 31, 2012		376.6	144.0	167.3	0.0	687.9
Carrying amount at January 1, 2012		403.6	46.0	121.2	16.8	587.5
Carrying amount at December 31, 2012		390.0	53.6	140.9	15.4	599.9

2013 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepayments and assets under construction	Total
Historical costs						
Balance at January 1, 2013		766.6	197.6	308.2	15.4	1,287.8
Additions arising from acquisitions		0.1	0.1	0.6	0.0	0.7
Additions		14.2	6.0	41.8	29.2	91.2
Disposals		11.0	13.9	33.8	0.0	58.7
Transfers		0.2	5.9	7.9	-14.0	0.0
Reclassification pursuant to IAS 40		-4.8	0.0	0.0	0.0	-4.8
Currency translation differences		-0.1	0.0	-0.1	0.0	-0.2
Balance at December 31, 2013		765.1	195.7	324.7	30.6	1,316.0
Depreciation and impairment losses						
Balance at January 1, 2013		376.6	144.0	167.3	0.0	687.9
Additions	(8.5)	20.4	11.2	37.3	0.0	68.8
Disposals		9.3	13.7	30.2	0.0	53.3
Reclassification pursuant to IAS 40		-3.1	0.0	0.0	0.0	-3.1
Currency translation differences		0.0	0.0	-0.1	0.0	-0.1
Balance at December 31, 2013		384.5	141.5	174.2	0.0	700.2
Carrying amount at January 1, 2013		390.0	53.6	140.9	15.4	599.9
Carrying amount at December 31, 2013		380.6	54.2	150.4	30.6	615.9

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

The net carrying amount of property, plant and equipment pledged as collateral amount to EUR 15.7m (Dec. 31, 2012: EUR 11.7m).

Cross border lease

In the 2002 business year, Österreichische Post AG (Austrian Post) completed a cross-border lease transaction with two U.S. trusts. The company granted these trusts a 99 year usufruct of the mail sorting facilities in Vienna, Graz, Salzburg and Innsbruck, in return for a grant payment of USD 117m. At the same time, a lease agreement was concluded, in which the facilities were leased back to the company for a period of 24 years. The carrying amount of the property, plant and equipment pledged as collateral totalled EUR 15.7m (Dec. 31, 2012: EUR 10.9m). The crossborder lease agreement also accords Austrian Post the right to repurchase the usufruct of the sorting facilities, either at a fixed price (EBO payment amount) on January 1, 2022, or at market value by the end of term of the lease agreement, at least though at the end-of-term purchase option price.

Österreichische Post AG (Austrian Post) has assigned its obligation to pay the lease instalments, including an EBO (expected benefit obligation) payment if made, to two payment undertakers. For this purpose, Österreichische Post AG (Austrian Post) has paid USD 108.3m and the corresponding liabilities to the payment undertakers, who, for their part, have undertaken to pay the requisite amounts at the agreed upon dates on behalf of Österreichische Post AG (Austrian Post). Österreichische Post AG (Austrian Post) is faced with the residual risk of a claim in the event of the insolvency of the payment undertakers. Due to the rating improvement of one payment undertaker additional collateral in the form of securities is not necessary any more.

At the balance sheet date, the rating of the two payment undertakers was as follows:

	Dec. 31, 2012	Dec. 31, 2013
Standard & Poor's	AA- (Stable)/A+(Negative)	AA- (Stable)/A (Stable)
Moody's	A1 (Positive)/A2 (Negative)	Aa3 (Positive)/A2 (Negative)

At December 31, 2013, the outstanding amount to be paid by the payment undertakers totalled EUR 80.6m (December 31, 2012: EUR 85.4m).

The net present value benefit originally accruing to the company is carried under deferred income (December 31, 2013: EUR 3.8m; December 31, 2012: EUR 4.3m) and recognised in profit or loss over the term of the agreement.

Finance leases

Net carrying amounts and useful lives of the leased assets EUR m	Useful lives in years	Carrying amount Dec. 31, 2012	Carrying amount Dec. 31, 2013
Property and buildings	30–43	14.0	13.7
Technical plant and machinery	2–10	1.6	1.2
Other equipment, furniture and fittings	2–8	3.9	3.5

The following table shows the sum total of future minimum lease payments at the balance sheet date and their present value:

EUR m	2012	2013
Minimum lease payments		
Not later than one year	2.9	3.2
Later than one year and not later than five years	8.5	5.6
Later than five years	4.0	5.0
	15.4	13.9
Less:		
Future financing costs	-1.7	-1.3
Present value of the minimum lease payments		
Not later than one year	2.3	2.9
Later than one year and not later than five years	7.8	5.2
Later than five years	3.5	4.5
	13.6	12.6

The criteria underlying the classification as finance leases were primarily the present value and the lease maturity test.

Furthermore, advantageous bargain purchase options existing at the end of the lease period as well as extension and price adjustment clauses were also taken into account.

For part of the lease contracts, payments are linked to a three-month EURIBOR. There were no such payments in connection with lease contracts in the 2013 financial year, as in the previous year.

9.4 Investment property

EUR m	Note	2012	2013
Historical cost			
Balance at January 1		122.5	141.3
Additions		0.0	0.5
Disposals		3.4	3.0
Reclassification from property, plant and equipment in IAS 40		22.1	4.8
Reclassification to "held for sale" in IFRS 5		0.0	-3.4
Balance at December 31		141.3	140.1
Depreciation and impairment losses			
Balance at January 1		89.7	103.5
Additions	(8.5)	3.5	3.6
Disposals		2.4	2.2
Reclassification from property, plant and equipment in IAS 40		12.7	3.1
Reclassification to "held for sale" in IFRS 5		0.0	-1.5
Balance at December 31		103.5	106.6
Carrying amount at January 1		32.8	37.8
Carrying amount at December 31		37.8	33.5

EUR m	Dec. 31, 2012	Dec. 31, 2013
Fair value	186.5	214.4
Rental income	12.2	14.1
Expenses arising from property generating rental income	3.2	3.6
Expenses arising from property not generating rental income	1.0	1.1

The increase in the fair value of investment property held for sale can mainly be attributed to building lease property in which the valuation method was adjusted as part of the Group's efforts in the 2013 financial year to create unified valuation standards for commercial properties.

The income from rents and leases and operating expenses for leased properties only include income and expenses related to third parties. Intercompany expenses and income are not included in the table above.

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

9.5 Joint ventures and associates

9.5.1 Investments consolidated at equity

Composition of carrying amounts EUR m	Interest %	Dec. 31, 2012	Interest %	Dec. 31, 2013
Associates				
ADELHEID GmbH, Berlin	35.2	0.2	44.4	3.8
D2D – direct to document GmbH, Vienna	30.0	0.2	30.0	0.1
Eurodis GmbH, Weinheim	39.8	0.0	39.8	0.1
media.at GmbH, Vienna	20.5	0.8	20.5	0.8
M&BM Express OOD, Sofia	26.0	5.7	0.0	0.0
FEIPRO Vertriebs GesmbH, Gaweinstal	50.0	0.3	0.0	0.0
Joint ventures				
MEILLERGHP GmbH, Schwandorf	65.0	0.0	65.0	0.0
Aras Kargo a.s., Istanbul	0.0	0.0	25.0	45.6
OMNITEC GmbH, Vienna	50.0	0.0	50.0	0.0
Kolos Marketing s.r.o., Nyrary	10.0	0.0	0.0	0.0
		7.1		50.3

MEILLERGHP GmbH, Aras Kargo a.s. and OMNITEC Informationstechnologie-Systemservice GmbH are joint venture companies pursuant to IAS 31. Joint control of these companies was agreed upon with the remaining shareholders on the basis of the respective shareholders' agreements. The interest in Kolos Marketing s.r.o. was sold during the course of the 2013 financial year. All shares in joint venture companies are consolidated at equity in the consolidated financial statements of Austrian Post pursuant to IAS 28.

The balance sheet date of the associated company media.at GmbH, Vienna is June 30, and thus deviates from the balance sheet date of Austrian Post. The company prepared interim financial statements as at December 31, 2013.

Reconciliation of carrying amounts EUR m	2012	2013
Net carrying amount at January 1	17.5	7.1
Additions arising from acquisitions	5.8	51.2
Additions arising from shareholder contribution	0.0	6.1
Disposals arising from business combination in stages	-2.6	-5.8
Impairment loss	-9.6	0.0
Proportionate share of profit for the period	-3.8	0.2
Dividends	-0.3	-1.2
Currency translation differences	0.1	-7.2
Revaluation of defined benefit obligation	0.0	-0.2
Net carrying amount at December 31	7.1	50.3

The addition arising from acquisitions in 2013 results from the purchase of the joint venture company Aras Kargo a.s., Istanbul. The addition arising from shareholder contributions includes contributions of EUR 6.1m to ADELHEID GmbH, Berlin in the 2013 financial year. The disposal arising from business combinations in stages amounting to EUR 5.8m relates to gaining a controlling interest in FEIPRO Vertriebs GesmbH, Gaweinstal and M&BM Express OOD, Sofia, pursuant to IFRS 3. The currency translation differences of minus EUR 7.2m results from the stake acquired in the Turkish company Aras Kargo a.s..

MEILLERGHP

The carrying amount of Austrian Post's shareholding in MEILLERGHP, which is consolidated at equity in the consolidated financial statements, already amounted to zero at the end of 2012. In addition, there are subordinated shareholder loans to the company, which are classified as part of the net investments in MEILLERGHP pursuant to IAS 28 due to their economic substance. The shareholder loans totalled EUR 19.4m as at December 31, 2013 (including accrued interest). Starting in December 2012 the proportionate share of negative earnings to the amount of EUR 8.8m¹ (thereof in 2013 EUR 7.2m and in 2012 EUR 1.6m) was recognised and offset against the outstanding loan. The carrying amount of the loan (including interest) after applying the equity method is EUR 10.6m as at December 31, 2013. In light of the current difficult economic situation, the overall uncertain future prospects of the company as well as the qualified subordination of the shareholders with respect to the shareholder loan, the value of the loan is no longer recoverable. As a result, an impairment loss of EUR 10.6m was recognised on the remaining carrying amount as determined by the equity method². At the present time, no obligations exist towards MEILLERGHP to provide additional financial resources or guarantees.

Aras Kargo

Existing loan agreements of Aras Kargo a.s. contain contractual stipulations (covenants), in particular the achievement of a pre-defined EBITDA to total debt ratio which entails the possibility of limiting the dividend to be distributed. In addition, guidelines agreed upon with the other shareholders which regulate the dividend policy of Aras Kargo a.s. were included in the shareholders' agreement. Accordingly, the distribution of a specified maximum percentage of the annual distributable net profits is stipulated under the following conditions: i) achievement of distributable earnings according to IFRS and local accounting regulations, ii) positive cash flow in the year for which a dividend is to be distributed, iii) the distribution of the dividend may not be financed by additional borrowed capital and iv) no shareholder loans have been taken out.

The shareholders' agreement commits the shareholders of Aras Kargo a.s. to make additional financial resources available to the company under certain circumstances. In case Aras Kargo a.s. can no longer fulfill its financing requirements by external borrowings from third parties to maintain its business operations, Austrian Post is obliged to make a shareholder loan of up to EUR 3.0m available to the company. In order to counter any potential risk of insolvency on the part of Aras Kargo a.s., Austrian Post is also obliged to subscribe to a capital increase of up to EUR 3.0m under predefined conditions.

According to the stipulations of the shareholders' agreement, Austrian Post is required to provide personal guarantees (in the form of a letter of comfort, a guarantee or in another suitable manner as requested by the financing bank) for the benefit of the financing bank in order to redeem liens on assets of Aras Kargo a.s.. The amount of the guarantees is limited to 25% of the required collateral or a maximum of TRY 20.0m (about EUR 6.8m).

The joint venture company Aras Kargo a.s. will likely fall below the legally required equity capital requirements as at December 31, 2013. However, the determination of the equity capital shortfall will first take place on the basis of the audited annual financial statements of Aras Kargo a.s. as at December 31, 2013, which was not yet available at the time in which the consolidated financial statements of Austrian Post were prepared. In order to ensure that a legally compliant equity base is achieved, capital grants of up to TRY 15m (about EUR 5.1m) could be necessary. At present the company and its shareholders are evaluating which measures may be required in case an equity shortfall does in fact arise.

¹ Including the recognised share of currency translation differences and the revaluation of defined benefit obligations to be reported in other comprehensive income.

² The impairment loss was recognised under other financial result in the consolidated income statement.

The following table presents an aggregate report of the proportionate financial information about the associates in the Austrian Post Group:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Assets	8.0	13.7
Liabilities	6.2	6.6
EUR m	2012	2013
Revenue	41.3	31.8
Profit for the period	1.4	-1.6

The following table presents an aggregate report containing proportionate financial information about the joint ventures in the Austrian Post Group:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Non-current assets	28.5	80.5
Current assets	18.5	28.1
Non-current liabilities	10.5	17.7
Current liabilities	38.4	53.1
EUR m	2012	2013
Income	89.4	114.4
Expenses	94.6	118.2

9.5.2 Results of investments consolidated at equity

Results of investments consolidated at equity EUR m	2012	2013
Proportionate share of profit for the period	-4.3	-6.6
Impairment loss for MEILLERGHP GmbH	-9.6	0.0
	-13.9	-6.6

Of the proportionate share of the profit for the period of MEILLERGHP in the 2013 financial year to the amount of EUR -6.6m, a total of EUR -6.8m (previous year: EUR -0.5m) was offset against existing shareholder loans and recognised as part of total net investments.

9.6 Financial investments in securities

December 31, 2012 EUR m	Carrying amount	Recognised in other comprehensive income	Realised gains/losses	Current value		Total
				Due within 1 year	Due in more than 1 year	
Available for sale securities						
Investment funds	0.2	0.0	0.0	0.2	0.0	0.2
Bond issues	39.7	-2.5	0.1	0.0	39.7	39.7
	39.9	-2.5	0.1	0.2	39.7	39.9
December 31, 2013						
EUR m	Carrying amount	Recognised in other comprehensive income	Realised gains/losses	Current value		Total
				Due within 1 year	Due in more than 1 year	
Available for sale securities						
Investment funds	20.2	0.0	0.0	0.3	20.0	20.2
Bond issues	44.7	-1.8	0.0	13.0	31.7	44.7
	65.0	-1.8	0.0	13.3	51.7	65.0

The interest rates for the fixed interest securities are between 1.9% and 3.9% (2012: 3.4%).

In the 2013 financial year, the proceeds from the disposal of available for sale securities amounted to EUR 0.0m (2012: EUR 0.1m).

The securities owned by Austrian Post feature an investment grade or comparable first class credit rating. Austrian Post only participates in investment funds from internationally recognised investment companies.

9.7 Other financial assets

EUR m	Dec. 31, 2012	Dec. 31, 2013
Available for financial instruments		
Strategic and other stakes	12.2	12.2
	12.2	12.2

The carrying amount of the indirect stake in BAWAG P.S.K. contained in other financial assets amounted to EUR 8.0m as at December 31, 2013 (December 31, 2012: EUR 8.0m). The carrying amount in other financial assets of the stake in Wiener Börse AG as at December 31, 2013 amounted to EUR 4.2m (December 31, 2012: EUR 4.2m). The carrying amounts correspond to the market value in each case. Details on determining the market values are presented in Note 10 Other disclosures under 10.2.4 Fair value hierarchy.

9.8 Inventories

EUR m	Dec. 31, 2012	Dec. 31, 2013
Materials and consumables	10.4	10.5
Less impairment losses	-4.8	-4.9
Retail products	13.8	13.8
Less impairment losses	-3.3	-2.3
	16.1	17.1

The carrying amount of inventories recognised at their net realisable value amount to EUR 0.3m (December 31, 2012: EUR 0.3m). Value adjustments were necessary, particularly due to their limited commercial utility or long periods of storage.

9.9 Receivables

The following table shows receivables after impairments:

EUR m	Due within 1 year	Dec. 31, 2012 Due in more than 1 year	Total	Due within 1 year	Dec. 31, 2013 Due in more than 1 year	Total
Trade receivables	262.3	0.0	262.3	251.3	0.0	251.3
Receivables from investments consolidated at equity and non-consolidated companies	1.0	17.3	18.2	1.0	2.3	3.3
Other receivables	58.6	20.0	78.6	50.4	18.3	68.8
	321.9	37.2	359.1	302.7	20.7	323.4

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

The receivables at equity and non-consolidated companies as at December 31, 2012 and December 31, 2013 included receivables from shareholder loans to MEILLERGHIP. The circumstances are explained in the section on balance sheet disclosures under Note 9.5.1 Investments consolidated at equity.

On the basis of the current assessment of recoverability, impairment losses were recognised for outstanding receivables from logistics partners of the trans-o-flex group totalling EUR 7.1m (of which EUR 6.1m applies to the distribution companies).

The following table shows the development of impairments for receivables applying to the 2012 and 2013 financial years:

December 31, 2012 EUR m	Jan. 1, 2012	Additions ¹	Use	Release	Dec. 31, 2012
Impairments on trade receivables	5.4	3.6	-1.7	-0.6	6.7
Impairments on receivables from invest- ments at equity and non-consolidated companies	0.0	1.6	0.0	0.0	1.6
Impairments on other receivables	16.4	1.3	-0.4	-0.5	16.8
December 31, 2013 EUR m	Jan. 1, 2013	Additions ¹	Use	Release	Dec. 31, 2013
Impairments on trade receivables	6.7	4.2	-2.1	-1.5	7.3
Impairments on receivables from invest- ments at equity and non-consolidated companies	1.6	17.8	0.0	0.0	19.4
Impairments on other receivables	16.8	5.4	-3.8	-0.2	18.2

¹ Including recognition of the proportionate negative earnings in the results of investments consolidated at equity.

9.10 Cash and cash equivalents

EUR m	Dec. 31, 2012	Dec. 31, 2013
Bank balances	37.7	23.3
Short-term deposits (demand deposits)	274.8	214.1
Cash on hand	2.5	2.8
	315.0	240.2

The average interest rate for demand deposits was 0.8% at December 31, 2013 (December 31, 2012: 0.8%).

The fair values correspond to the carrying amounts.

9.11 Non-current assets held for sale

In the year 2013 Austrian Post decided upon a plan to dispose of its commercial property in Sint Niklaas, Belgium (Parcel & Logistics segment). The commercial property refers to an operational site (including warehouse) retained by Austrian Post and which previously belonged to the divested disposed trans-o-flex Benelux companies.

The carrying amount of the commercial property is EUR 1.9m. Up until now it was recognised as investment property. At the end of 2013 a purchase agreement subject to conditions precedent was concluded with an interested party. It is anticipated that these conditions will be fulfilled in the financial year 2014. Accordingly, the commercial property was classified as non-current assets held for sale pursuant to IFRS 5, and reported under assets held for sale in the consolidated balance sheet as at December 31, 2013.

9.12 Equity

Equity items

The share capital of Österreichische Post AG (Austrian Post) amounts to EUR 337.8m, which is split into 67,552,638 non-par value bearer shares with voting rights and entitled to participate in profits, and which have a nominal value of EUR 5.0.

The number of shares outstanding which are entitled to dividends developed as follows during the 2013 financial year:

	Shares
Balance at January 1, 2013	67,552,638
Balance at December 31, 2013	67,552,638
Weighted average number of shares in the 2013 financial year	67,552,638

The main shareholder of Österreichische Post AG (Austrian Post) is Österreichische Industrieholding AG (ÖIAG), Vienna, with a 52.8% shareholding.

Austrian Post's capital reserves resulting from capital surplus and contributed capital by shareholders as reported in the consolidated statement of changes in equity correspond to those reported in the company's financial statements of the parent company Österreichische Post AG (Austrian Post).

The revenue reserves of Austrian Post comprise the statutory reserve as well as profits accumulated in previous years less dividend payments.

The item revaluation of financial instruments encompasses the revaluation of available for sale securities as well as the market value of hedging instruments. The item revaluation of available for sale securities encompasses gains and losses on changes in the market value measurements of securities available for sale, which are directly recognised in equity without recognition to profit or loss. The amounts are shown after tax.

The item revaluation of defined benefit obligations is derived from adjustments and changes made to actuarial assumptions, whose effects are shown in other comprehensive income.

The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries and companies consolidated at equity in foreign currencies. In case of disposal of an investment in a subsidiary or an entity consolidated at equity these exchange differences will be recognised in the statement of profit or loss.

The profit for the period in the 2013 financial year amounted to EUR 124.0m (2012: EUR 123.2m). The profit for the period attributable to equity holders of the parent company amounts to EUR 123.2m (2012: EUR 123.2m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of dividends are the annual financial statements of Österreichische Post AG (Austrian Post) at the balance sheet date on December 31, 2013. The profit shown in the balance totalled EUR 188.8m (2012: EUR 133.1m).

The Management Board will propose a dividend for the 2013 financial year totalling EUR 128.4m, corresponding to a basic dividend of EUR 1.90 per share (2012: EUR 121.6m, basic dividend of EUR 1.80 per share).

Capital management

The capital management of Austrian Post aims at ensuring a suitable capital structure to serve as the basis for achieving growth and acquisition targets as well as a sustainable increase in shareholder value.

Within the context of its dividend policy for the upcoming years, on the medium-term basis Austrian Post intends to continue its existing dividend policy based on a solid balance sheet structure and the generation of an appropriate cash flow. Assuming the continuation of the company's successful business development, Austrian Post will distribute at least 75% of the profit attribute to the shareholders of the parent company for the period (Group net profit) to its shareholders. The dividends should develop in line with the Group net profit.

Taking the balance sheet total of EUR 1,641.6m as at December 31, 2013 as a basis (December 31, 2012: EUR 1,700.8m), the equity ratio as at December 31, 2013 amounts to 42.6% (December 31, 2012: 41.7%).

9.13 Provisions

EUR m	Due within 1 year	Dec. 31, 2012 Due in more than 1 year	Total	Due within 1 year	Dec. 31, 2013 Due in more than 1 year	Total
Provisions for termination benefits	1.9	84.1	86.0	2.0	85.8	87.9
Provisions for pensions	0.1	2.4	2.6	0.2	2.4	2.6
Provisions for jubilee benefits	6.3	89.0	95.4	6.2	85.1	91.3
Other employee provisions	88.7	212.4	301.2	93.3	207.2	300.5
Other provisions	52.4	5.0	57.4	55.6	2.2	57.8
	149.6	393.0	542.6	157.4	382.8	540.2

9.13.1 Provisions for termination benefits, pensions and jubilee benefits

2012 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Present value of the obligation at January 1, 2012	80.2	2.4	94.3	176.9
Additions arising from acquisitions	0.1	0.0	0.0	0.1
Current service cost	5.1	0.0	4.7	9.8
Interest expense	3.4	0.1	3.9	7.4
Actuarial gains (-) and losses (+) from the change in demographic assumptions	-0.9	0.0	-6.0	-6.9
Actuarial gains (-) and losses (+) from the change in financial assumptions	6.1	0.3	4.1	10.4
Actual payments	-7.9	-0.2	-5.6	-13.7
Present value of the obligation at December 31, 2012	86.0	2.6	95.4	184.0
<hr/>				
2013 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Present value of the obligation at January 1, 2013	86.0	2.6	95.4	184.0
Additions arising from acquisitions	0.2	0.0	0.3	0.5
Current service cost	5.4	0.1	5.5	10.9
Interest expense	2.9	0.1	3.0	5.9
Actuarial gains (-) and losses (+) from the change in demographic assumptions	0.0	0.0	0.0	0.0
Actuarial gains (-) and losses (+) from the change in financial assumptions	0.0	0.0	0.0	0.0
Experience adjustments	1.1	0.0	-6.6	-5.5
Actual payments	-7.6	-0.2	-6.2	-14.0
Present value of the obligation at December 31, 2013	87.9	2.6	91.3	181.8

Expenses for termination benefits, pensions and jubilee benefits are included in staff costs, with the exception of the interest expense, which is included in the financial result.

Actuarial gains and losses for termination benefits and pensions are recognised in other comprehensive income.

The weighted average (duration) of the defined benefit obligation, which mainly refers to termination benefits, is between 12 and 23 years (2012: between 12 and 22 years). On average, the duration is 16 years (2012: 17 years).

9.13.2 Other provisions for employees

2012 financial year EUR m	Employee underutilisation	Other employee related provisions	Total
Balance at January 1, 2012	239.0	63.6	302.6
Transfer	-11.3	0.0	-11.3
Allocation	65.5	61.6	127.1
Use	-23.8	-48.4	-72.2
Reversals	-47.9	-4.9	-52.9
Accrued interest	7.6	0.2	7.8
Balance at December 31, 2012	229.1	72.1	301.2

2013 financial year EUR m	Employee underutilisation	Other employee related provisions	Total
Balance at January 1, 2013	229.1	72.1	301.2
Change in the consolidation scope	0.0	0.8	0.8
Transfer	-2.4	0.0	-2.4
Allocation	43.0	68.4	111.3
Use	-23.1	-48.9	-71.9
Reversals	-40.0	-5.6	-45.6
Accrued interest	6.8	0.3	7.1
Balance at December 31, 2013	213.4	87.1	300.5

Other employee-related provisions encompass provisions for under-utilisation and other employee-related provisions.

The transfer of EUR 2.4m in the 2013 financial year (2012: EUR 11.3m) refers to a transfer in liabilities for those employees who definitely transferred to the federal public service.

Provisions of EUR 43.0m (2012: EUR 65.5m) were allocated for employee under-utilisation in the 2013 financial year on the basis of ongoing internal organisational processes designed to adjust capacities to changing market conditions. The decline in the allocation to the provision for employee-utilisation is mainly due to the adjustment of the parameters in line with Note 7.2 Provision for under-utilisation. In particular, provisions amounting to EUR 4.2m were allocated for Austrian Post employees who have already agreed to transfer to various federal ministries within the context of the framework agreement concluded with the Austrian Federal Government in October 2013, and whose staff costs will be refunded by Austrian Post for a specified time.

Those employees, who were no longer involved in the working process, continued to take advantage of opportunities offered by Austrian Post (voluntary termination benefits, stop-gap measures in line with the social plan, retirement pursuant to Section 14 Public Sector Employment Law) to leave the company, and a number of employees were reintegrated into the working process once again. On balance, a total of EUR 40.0m (2012: EUR 47.9m) in provisions for employee under-utilisation were reversed.

The other employee-related provisions primarily refer to provisions for employee profit-sharing schemes, other performance-related bonuses and other outstanding employee entitlements. These other employee-related provisions also contain provisions of EUR 3.4m for restructuring, which mainly relate to planned personnel adjustments in the Mail & Branch Network segment to the amount of EUR 1.5m and in the Parcel & Logistics segment to the amount of EUR 1.9m. The EUR 1.3m allocated in the previous financial year to the restructuring provision for personnel adjustments in the branch network were completely used.

The allocation to other employee-related provisions includes EUR 13.8m for the stop-gap measures in line with the social plan.

9.13.3 Other provisions

2012 financial year EUR m	Services not yet rendered	Other	Total
Balance at January 1, 2012	26.0	23.9	50.0
Change in the consolidation scope	0.0	-0.1	-0.1
Allocation	21.6	22.6	44.3
Use	-26.0	-7.8	-33.8
Reversals	0.0	-3.1	-3.1
Accrued interest	0.0	0.1	0.1
Balance at December 31, 2012	21.6	35.8	57.4

2013 financial year EUR m	Services not yet rendered	Other	Total
Balance at January 1, 2013	21.6	35.8	57.4
Change in the consolidation scope	0.0	0.3	0.3
Allocation	22.9	12.1	35.0
Use	-21.6	-6.5	-28.1
Reversals	0.0	-6.7	-6.7
Balance at December 31, 2013	22.9	34.9	57.8

The provisions for services not yet provided encompass revenue recognition for orders for services not yet provided as at December 31, 2013 and for sold stamps and frankings as at December 31, 2013, for which Austrian Post had not yet provided corresponding services as at the balance sheet date.

The item "Other provisions" mainly relate to provisions for legal expenses, auditing and consulting fees as well as provisions for damages. The item 'Other provisions' also includes provisions for uncertain liabilities from levies and contributions amounting to EUR 17.0m.

9.14 Tax provisions

EUR m	2012	2013
Balance at January 1	12.7	11.9
Allocation	1.2	6.8
Use	-2.0	-3.9
Reversals	-0.1	-0.2
Balance at December 31	11.9	14.7

9.15 Financial liabilities

EUR m	Dec. 31, 2012			Dec. 31, 2013		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Borrowings from banks	0.8	7.7	8.5	0.9	7.0	7.9
Finance lease liabilities	2.3	11.3	13.6	2.9	9.7	12.6
Other financial liabilities	0.0	0.7	0.7	0.0	0.5	0.5
	3.1	19.8	22.9	3.9	17.2	21.0

The fair values and principal terms and conditions of the financial liabilities are as follows:

EUR m	Fair value Dec. 31, 2012		Effective interest rate 2012	Fair value Dec. 31, 2013		Effective interest rate 2013
Borrowings from banks						
Fixed interest borrowings	9.4		1.6%–4.9%	8.3		1.0%–5.4%
Variable interest borrowings	0.0		–	0.1		1.9%
	9.4			8.4		
Finance lease liabilities	13.6		1.8%–11.6%	12.6		1.6%–13.0%
Other financial liabilities	0.7		4.9%–7.4%	0.5		0.3%–7.4%
	23.7			21.6		

The fair values were determined by the respective banks, by discounting the future payments and applying the current market interest rate. In the case of variable rate items (money and capital market floaters), fair value was equated to the nominal value.

9.16 Payables

EUR m	Dec. 31, 2012			Dec. 31, 2013		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade payables	229.5	0.4	229.9	218.3	0.2	218.6
Payables to investments consolidated at equity and unconsolidated companies	1.7	0.0	1.7	2.4	0.0	2.4
Payables on unused holidays	47.7	0.0	47.7	45.0	0.0	45.0
Other payables	103.6	19.8	123.4	77.2	15.1	92.3
	382.4	20.2	402.6	343.0	15.3	358.3

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

9.17 Income tax

EUR m	2012	2013
Income tax expense for the current year	39.0	41.3
Tax credits or tax arrears from prior tax years	0.1	4.7
Changes in deferred tax	-10.7	1.1
	28.4	47.2

The effects on the deferred tax reported in the balance sheet of the temporary differences between the amounts shown in the IFRS consolidated statements and those recognised for tax purposes were as follows:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Deferred tax assets arising from temporary differences		
Intangible assets	0.1	0.0
Goodwill	0.1	0.0
Financial assets (write-down to lower going concern value)	32.2	36.6
Receivables	0.6	0.2
Provisions	22.1	20.9
Financial liabilities	0.2	0.1
Liabilities	0.0	1.0
	55.3	58.8
Deferred tax liabilities arising from temporary differences		
Customer relationships	-3.8	-2.6
Trademarks	-7.1	-6.8
Other intangible assets	0.0	-0.3
Property, plant and equipment	-8.5	-8.8
Inventories	-0.1	-0.1
Liabilities	-0.2	0.0
	-19.7	-18.6
Deferred tax arising from tax loss carry-forwards	16.1	10.1
Total net deferred tax	51.7	50.2
Deferred tax assets	63.9	58.3
Deferred tax liabilities	-12.2	-8.1
Total net deferred tax	51.7	50.2

Deferred tax assets on tax loss carry-forwards are only formed if their realisation is probably on the basis of tax planning.

The following deferred tax assets were not recognised:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Deferred tax assets on:		
Unused tax loss carry-forwards	9.3	18.2

The tax loss carry-forwards for which no deferred tax assets have been recognised, apply for an unlimited period of time. For companies incurring losses in the current or previous periods, the reported deferred tax assets exceed the deferred tax

liabilities by EUR 1.9m (December 31, 2012: EUR 4.8m), due to the management assessment in which it is considered probable that sufficient taxable earnings will be available in the future on the basis of the current tax planning.

The development and breakdown of all changes in deferred taxes affecting income or directly recognised in equity are presented in the following table:

EUR m	Deferred tax assets	Deferred tax liabilities
Balance at January 1, 2012	54.6	12.4
Changes affecting net income	8.8	-1.7
Changes recognised directly in equity		
Available for sale securities	-1.0	0.0
Revaluation of defined benefit obligations	1.5	-0.1
Additions arising from acquisitions	0.0	1.6
	0.5	1.5
Balance at December 31, 2012	63.9	12.2
Balance at January 1, 2013	63.9	12.2
Changes affecting net income	-5.7	-4.6
Changes recognised directly in equity		
Available for sale securities	-0.2	0.0
Revaluation of defined benefit obligations	0.4	0.1
Additions arising from acquisitions	0.0	0.4
	0.2	0.5
Balance at December 31, 2013	58.3	8.1

The corporate tax rate for the Group is the relation of the actual income tax expense for the period to the earnings before tax, and corresponded to a rate of 27.5% in the 2013 financial year (2012: 18.7%).

RECONCILIATION OF DEFERRED TAX EXPENSE

EUR m	2012	2013
Profit before tax	151.6	171.2
Expected taxes on income	37.9	42.8
Tax deductions due to		
Write-down of subsidiaries to lower going concern value	-9.0	-15.2
Adjustments to foreign tax rates	-1.5	-0.2
Valuation of receivables	0.0	-4.2
Other tax-reducing items	-3.3	-3.8
	-13.8	-23.3
Tax increase due to		
Impairment losses on goodwill	3.0	8.1
Tax-free dividends and investment income	3.5	1.6
Changes in the consolidation scope	0.4	0.2
Other tax-increasing items	1.4	3.1
	8.3	13.0
Income tax expense for the period	32.4	32.4
Income tax expense/income from prior years	0.1	4.7
Change in unrecognised deferred tax assets arising from tax loss carry-forwards	-4.1	10.0
Current tax expense	28.4	47.2

The item "Valuation of receivables" is related to the impairment loss on the shareholder loan to MEILLERGHP.

10 OTHER DISCLOSURES

10.1 Cash flow disclosures

In accordance with IAS 7, cash and cash equivalents encompass cash in hand and demand deposits and current, liquid financial investments, which can be converted into specified cash amounts at any time, and are only subject to immaterial fluctuations in value. As a rule, financial investments with a remaining time to maturity as calculated from the acquisition date of not more than three months are classified as cash equivalents.

The cash and cash equivalents included in the consolidated cash flow statement contain time deposits redeemable at any time, and which can be converted into cash amounts at any time. They serve to be able to fulfil short-term payment obligations, but they are not held for investment purposes. The primary goal is ongoing cash management or securing the liquidity of the company and not to achieve the highest possible return on investment. Interest rates on matching maturities are used in the case of the premature termination of time deposits.

When making investments considerable importance is attached to the first-class credit ratings of financial institutions. Risks relating to value fluctuations for time deposits do not exist at the present time.

The following additional disclosures to the consolidated cash flow statement are provided:

Regarding the neutralisation of recassification from long-term provisions to short-term provisions also the use of long-term provisions is shown in the cash flow from changes in working capital from the financial year 2013 on. Thus also the cash

flow statement of the financial year 2012 had to be adjusted. Use of long-term provisions (provisions for termination benefits, pensions and jubilee benefits) amounting to EUR 22m is shown in the cash flow from changes in working capital.

Cash payments relating to the acquisition and disposal of subsidiaries

The cash flow arising from the acquisition and disposal of subsidiaries is comprised of the following:

EUR m	2012	2013
Acquisition of subsidiaries		
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	-30.4	-1.3
Outstanding purchase price liability	12.4	0.3
Acquisition date in previous years (remaining purchase price)	-1.5	-13.0
	-19.6	-14.1
Cash and cash equivalents acquired	1.6	2.4
	-18.0	-11.7
Disposals		
Cash outflow for the sale of subsidiaries		
Date of sale in the current financial year (selling price)	-14.2	0.0
	-14.2	0.0
Divested cash and cash equivalents	-1.2	0.0
	-15.5	0.0
Total	-33.5	-11.7

Other non-cash transactions

The other non-cash transactions neutralised in the operating cash flow from changes in working capital are comprised of the following:

EUR m	2012	2013
Results from deconsolidations and change in method of consolidation	-2.4	-1.4
Valuation of loans granted	0.4	10.4
Valuation of receivables	1.3	8.0
Application of IAS 19	-5.4	-1.1
Other	-0.1	-0.3
Total	-6.3	15.7

Sundry non-cash transactions

The initial recognition of assets and financial liabilities resulting from financial lease contracts concluded in the current financial year (December 31, 2013: EUR 2.0m; December 31, 2012: EUR 1.2m) did not lead to any change in the cash flow from investing and financing activities due to the fact that these represent non-cash transactions. The subsequent leasing payments will be reported in the cash flow from financing activities.

10.2 Financial instruments

The financial instruments include financial assets and liabilities (primary financial instruments) as well as derivative financial instruments.

10.2.1 Financial assets

The following table shows the carrying amounts of the financial assets in the 2012 and 2013 financial years:

Financial assets EUR m	Available for sale	Loans and receivables	Carrying amount
December 31, 2012			
Securities	39.9	0.0	39.9
Trade receivables	0.0	262.3	262.3
Receivables from investments consolidated at equity	0.0	18.2	18.2
Other receivables	0.0	32.6	32.6
Strategic stakes and other investments	12.2	0.0	12.2
Cash and cash equivalents	0.0	315.0	315.0
	52.1	628.1	680.2
Other sundry assets			46.0
	52.1	628.1	726.2

Financial assets EUR m	Available for sale	Loans and receivables	Carrying amount
December 31, 2013			
Securities	65.0	0.0	65.0
Trade receivables	0.0	251.3	251.3
Receivables from investments consolidated at equity	0.0	3.3	3.3
Other receivables	0.0	25.7	25.7
Strategic stakes and other investments	12.2	0.0	12.2
Cash and cash equivalents	0.0	240.2	240.2
	77.2	520.5	597.7
Other sundry assets			43.1
	77.2	520.5	640.8

10.2.2 Financial liabilities

The following table shows the carrying amounts of the financial liabilities in the 2012 and 2013 financial years:

Financial liabilities EUR m	Recognised at amortised cost	Carrying amount
December 31, 2012		
Interest-bearing financial liabilities	22.2	22.2
Other non-current financial liabilities	0.7	0.7
Trade payables	229.9	229.9
Liabilities to investments consolidated at equity and non-consolidated companies	1.7	1.7
Other liabilities	24.8	24.8
	279.2	279.2
Other sundry liabilities		146.2
	279.2	425.5

Financial liabilities EUR m	Recognised at amortised cost	Carrying amount
December 31, 2013		
Interest-bearing financial liabilities	20.5	20.5
Other non-current financial liabilities	0.5	0.5
Trade payables	218.6	218.6
Liabilities to investments consolidated at equity and non-consolidated companies	2.4	2.4
Other liabilities	20.3	20.3
	262.3	262.3
Other sundry liabilities		117.0
	262.3	379.3

10.2.3 Offsetting financial instruments

The following table shows netted financial assets and financial liabilities that are set of for the 2012 and 2013 financial years:

December 31, 2012 EUR m	Gross amounts before offsetting	Amounts that are set off	Net amounts presented in the statement of financial position	Other related amounts not netted on the balance sheet	Net amounts
Financial assets					
Receivables from investments consolidated at equity	262.3	0.0	262.3	0.0	262.3
Financial liabilities					
Trade payables	233.5	3.7	229.9	0.0	229.9
December 31, 2013					
EUR m	Gross amounts before offsetting	Amounts that are set off	Net amounts presented in the statement of financial position	Other related amounts not netted on the balance sheet	Net amounts
Financial assets					
Receivables from investments consolidated at equity	253.8	2.5	251.3	0.0	251.3
Financial liabilities					
Trade payables	220.2	1.6	218.6	0.0	218.6

The offsetting refers to trade receivables as well as trade payables with international postal carriers.

10.2.4 Fair value hierarchy

The following table presents financial instruments whose subsequent measurements are to be carried out at fair value. These market-based fair value measurements are classified according to three levels based on the inputs used in the valuation techniques:

Level 1 measurements: Fair value measurements arising from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2 measurements: Fair value measurements based on parameters other than quoted prices included within Level 1 (data) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 measurements: Fair value measurements arising from models using parameters for the valuation of assets or liabilities which are not based on applicable market data (inapplicable inputs).

December 31, 2012	Level 1	Level 2	Level 3	Total
EUR m				
Financial assets in the category "Available for sale"				
Securities	39.9	0.0	0.0	39.9
Strategic stakes and other investments	0.0	0.0	12.2	12.2
December 31, 2013				
EUR m				
Financial assets in the category "Available for sale"				
Securities	65.0	0.0	0.0	65.0
Strategic stakes and other investments	0.0	0.0	12.2	12.2

No transfers between the Levels 1, 2 and 3 took place during the year under review.

The reconciliation of Level 3 measurements at fair value applying to financial assets for the 2012 and 2013 financial years was as follows:

EUR m	Available for sale	
	2012	2013
Opening balance at January 1	40.6	12.2
Total gains and losses		
Recognised through profit or loss under "Other financial result"	-28.4	0.0
Closing balance at December 31	12.2	12.2

The impairment loss of EUR 28.4m in the previous year relates to the indirect strategic stake held in BAWAG P.S.K.

The following table shows assets and liabilities whose measurements are not to be carried out at fair value. Nevertheless, information on the fair values are provided. These are divided into levels 1, 2 and 3, depending on the extent to which the fair value is observable on the market.

December 31, 2012 EUR m	Level 1	Level 2	Level 3	Total
Assets				
Investment property	0.0	0.0	186.5	186.5
Liabilities				
Borrowings from banks	0.0	0.0	9.4	9.4
Finance lease liabilities	0.0	0.0	13.6	13.6
Other liabilities	0.0	0.0	0.7	0.7
December 31, 2013 EUR m				
Assets				
Investment property	0.0	0.0	214.4	214.4
Liabilities				
Borrowings from banks	0.0	0.0	8.4	8.4
Finance lease liabilities	0.0	0.0	12.6	12.6
Other liabilities	0.0	0.0	0.5	0.5

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

Level	Financial instruments	Valuation method	Input factors
Subsequent measurements carried out at fair value			
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
Measurements not carried out at fair value – disclosure of fair value			
3	Investment property	Market approach or net present value approach	Price information from comparable transactions or object-related planning data, interest rate structures and market yields
3	Borrowings from banks	Net present value approach	Payments, interest rate curves and credit spread information related to the financial instruments
3	Receivables	–	Carrying amounts as a realistic estimate of the fair value

Material sensitivities in determining the fair values of Level 3 financial instruments can arise from changes to 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.

10.2.5 Derivative financial instruments

Apart from those instruments reported in note 4.2 Consolidation scope there were no derivative financial instruments held by Austrian Post at the balance sheet date.

10.2.6 Net gains and losses

The following table shows the net gains and losses as contained in the consolidated income statements for the 2012 and 2013 financial years:

EUR m	2012	2013
Available for sale financial assets		
Income from dividends and securities	1.3	0.6
Proceeds from the disposal of securities and other shareholdings	0.1	0.0
Impairment charges	-28.4	0.0
	-27.0	0.6
Financial assets and liabilities recognised at fair value through profit or loss	0.1	0.0
Financial liabilities recognised at amortised cost	-0.9	0.0
Loans and receivables (impairment losses)	-2.7	-16.6
	-3.5	-16.6
	-30.5	-15.9

In the 2012 financial year, the net gains from the disposal of available for sale financial assets amounting to EUR 0.1m were taken from the reserve for the revaluation of held-for-sale financial instruments to income and the net losses of EUR 27.0m were reported directly in the income statement. In the 2013 financial year, the net gains of EUR 0.6m were reported directly in the income statement.

The result of financial assets and liabilities recognised at fair value through profit or loss corresponds to the gains/losses from the valuation and the disposal of derivative financial instruments.

10.2.7 Total interest income and expense

The total interest income and expenses for financial assets and liabilities excluding the financial instruments at fair value through profit or loss are presented as follows:

Interest income and expenses EUR m	2012	2013
Interest income		
Interest income from cash and cash equivalents	3.8	1.7
Other interest income	0.1	0.8
	3.9	2.5
Interest expenses		
Interest expense for loans and borrowings	0.9	1.2
Other interest expense	0.6	1.1
	1.5	2.3

10.3 Risks and risk management

10.3.1 Types of risk

Liquidity risk

The purpose of Austrian Post's liquidity risk management procedures is to maintain the solvency of the Group at all times. The liquidity management system is based on a liquidity plan which is regularly subject to target/performance comparisons and adjusted as necessary. Net interest income is maximised by actively managing payment systems.

The following table shows the maturity dates of the gross payment obligations as at December 31, 2012 and December 31, 2013:

December 31, 2012 EUR m	Carrying amount	Gross cash flow	Term to maturity Within 1 year	1–5 years	More than 5 years
Financial liabilities					
Borrowings from banks (fixed interest)	8.5	9.4	1.5	7.8	0.0
Finance lease liabilities	13.6	16.0	3.5	8.5	4.0
Other financial liabilities (excl. derivatives)	0.7	0.7	0.7	0.0	0.0
	22.9	26.0	5.8	16.3	4.0
Liabilities - financial instruments					
Trade payables	229.9	229.9	229.9	0.0	0.0
Liabilities to investments consolidated at equity and non-consolidated companies	1.7	1.7	1.7	0.0	0.0
Other liabilities – financial instruments	24.8	24.8	23.0	1.8	0.0
	256.3	256.3	254.5	1.8	0.0
Total financial liabilities	279.2	282.4	260.3	18.1	4.0
Other sundry liabilities	146.2	146.2	128.2	18.0	0.0
Total liabilities	425.5	428.6	388.5	36.1	4.0
December 31, 2013 EUR m					
	Carrying amount	Gross cash flow	Term to maturity Within 1 year	1–5 years	More than 5 years
Financial liabilities					
Borrowings from banks (fixed interest)	7.7	8.3	1.0	7.3	0.0
Borrowings from banks (variable interest)	0.1	0.1	0.1	0.0	0.0
Finance lease liabilities	12.6	13.9	7.0	1.9	5.0
Other financial liabilities (excl. derivatives)	0.5	0.5	0.5	0.0	0.0
	21.0	22.9	8.7	9.2	5.0
Liabilities – financial instruments					
Trade payables	218.6	218.6	218.3	0.2	0.0
Liabilities to investments consolidated at equity and non-consolidated companies	2.4	2.4	2.4	0.0	0.0
Other liabilities – financial instruments	20.3	20.3	18.4	1.9	0.0
	241.3	241.3	239.2	2.1	0.0
Total financial liabilities	262.3	264.1	247.8	11.3	5.0
Other sundry liabilities	117.0	117.0	103.9	13.2	0.0
Total liabilities	379.3	381.2	351.7	24.5	5.0

Credit/counterparty/product/payment undertaker risk

The amounts reported on the active side of the balance sheet represent the maximum creditworthiness and default risk, as there are no general netting agreements. The overall risk attached to the receivables is low, as most of the customers pay cash or have agreed to direct debit arrangements. Moreover, most of the outstanding amounts are owed by foreign postal operators, which have excellent credit ratings.

Where there are recognisable default risks in respect to the financial assets, specific provisions are made to account for them. In order to avoid credit risks, financial contracts are only made with contracting parties of the highest creditworthiness. The general credit risk associated with the financial instruments used is therefore regarded as low.

Money market transactions are subject to fixed trading limits. In order to limit the default risk associated with bonds and structured loans, Austrian Post's portfolio is restricted to papers from issuers with at least an investment grade rating or comparable creditworthiness. The security portfolio consists solely of securities on investor grade level. Likewise, as regards OTC transactions or instruments embedded in structured transactions, consideration is only given to contracting parties with first-class credit ratings. Austrian Post only invests in funds managed by internationally reputable investment companies. In the selection of the financial products held, particularly close attention is paid to liquidity and low exposure to settlement.

Within the framework of a cross-border lease transaction, a one-time grant payment was made enabling Austrian Post to assign its obligation to pay the lease instalments, including an EBO payment, to payment undertakers. The selected payment undertakers were financial institutions with top credit ratings (qualified issuer). In the case of the equity payment undertaker, minimum ratings were stipulated. If the ratings fall below these defined levels, the payment undertaker has to contribute securities as additional collateral. In the event that the ratings drop below a certain level, Austrian Post is obliged to change the existing equity payment counterparty. In order to be able to react in a timely manner to the situation of the payment undertaker, a quarterly evaluation of the ratings of the payment undertaker is made as well as the ratings of comparable financial institutions. In addition, at every balance sheet date, the payment undertaker is required to confirm that the transaction has been carried out, as planned and to disclose the remaining payment instalments.

The past due maturity structure for receivables in the 2012 and 2013 financial years is as follows:

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Trade receivables							
Not past due	219.0	218.5	0.5	-1.1	-0.1	-0.9	217.9
Past due for 1–90 days	42.3	41.8	0.5	-0.5	-0.5	-0.1	41.7
Past due for 91–180 days	2.3	1.1	1.1	-1.2	-1.2	0.0	1.0
Past due for in 181–365 days	2.1	1.3	0.8	-0.9	-0.9	0.0	1.2
Past due for more than 1 year	3.3	0.7	2.6	-2.9	-2.9	0.0	0.4
Total	268.9	263.4	5.5	-6.7	-5.6	-1.1	262.3

December 31, 2013 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Trade receivables							
Not past due	207.3	206.9	0.5	-0.4	-0.3	-0.1	206.9
Past due for 1–90 days	41.4	40.8	0.6	-0.4	-0.4	0.0	41.0
Past due for 91–180 days	3.6	0.9	2.7	-2.6	-2.5	0.0	1.0
Past due for in 181–365 days	1.7	0.9	0.7	-0.7	-0.6	-0.1	1.0
Past due for more than 1 year	4.6	1.3	3.3	-3.3	-3.1	-0.1	1.4
Total	258.6	250.9	7.7	-7.3	-7.0	-0.4	251.3

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Proportionate share of earnings	Net carrying amount
Receivables from investments consolidated at equity and non-consolidated companies							
Not past due	19.6	19.6	0.0	-1.6	0.0	-1.6	18.0
Past due for 1–90 days	0.2	0.2	0.0	0.0	0.0	0.0	0.2
Past due for 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for more than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	19.7	19.7	0.0	-1.6	0.0	-1.6	18.1

December 31, 2013 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Proportionate share of earnings	Net carrying amount
Receivables from investments consolidated at equity and non-consolidated companies							
Not past due	22.7	3.3	19.4	-19.4	-10.6	-8.8	3.3
Past due for 1-90 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for 91-180 days	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Past due for in 181-365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for more than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	22.7	3.3	19.4	-19.4	-10.6	-8.8	3.3

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Other receivables							
Not past due	35.8	23.8	12.0	-5.3	-5.3	0.0	30.5
Past due for 1-90 days	1.8	1.1	0.6	-0.2	-0.2	0.0	1.6
Past due for 91-180 days	0.3	0.2	0.0	0.0	0.0	0.0	0.3
Past due for in 181-365 days	1.2	0.0	1.2	-1.1	-1.1	0.0	0.0
Past due for more than 1 year	10.3	0.2	10.2	-10.1	-10.1	0.0	0.2
Total	49.4	25.4	24.0	-16.8	-16.8	0.0	32.6

December 31, 2013 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Other receivables							
Not past due	23.9	21.8	2.1	-0.6	-0.6	0.0	23.3
Past due for 1-90 days	2.1	1.8	0.4	-0.1	-0.1	0.0	2.1
Past due for 91-180 days	0.3	0.0	0.3	-0.3	-0.3	0.0	0.0
Past due for in 181-365 days	1.1	0.1	1.1	-1.0	-1.0	0.0	0.1
Past due for more than 1 year	10.5	0.2	10.3	-10.3	-10.3	0.0	0.2
Total	38.0	23.8	14.2	-12.3	-12.3	0.0	25.7

Interest rate risk

Interest rate risk is the risk of changes in the value of financial instruments, other balance sheet items or interest payment streams as a result of movements in market interest rates. Interest rate risk includes the risk of changes in the present value of fixed interest balance sheet items and the cash flow risk associated with variable risk items.

Exposure to interest rate risk mainly relates to receivables and payables with maturities of more than one year. Such long maturities are not of material importance in the operational area, but do affect financial investments in securities, other financial assets and financial liabilities.

Management of interest rate risk is based on the portfolio approach. Normally, it is not individual positions but the entire portfolio that is managed, taking account of the underlying transactions. For this purpose, selective use is made of derivative instruments such as interest rate swaps and interest rate caps. There were no derivative financial items held by Austrian Post at the balance sheet date. The financial portfolio is compared with the benchmark on a daily basis.

A detailed presentation of Austrian Post's financial investments in securities and other financial assets is found in Notes 9.6 Investments in securities and 9.7 Other financial assets to the consolidated financial statements. Detailed information on financial liabilities is presented in Note 9.15 Financial liabilities.

If all other parameters remained constant, a change in the market interest rate of +/-1 percentage point would have the following effects on the items listed in the table below:

2012 financial year EUR m	Market interest rate	
	+1% point	-1% point
Other financial result	3.4	-3.3

2013 financial year EUR m	Market interest rate	
	+1% point	-1% point
Other financial result	2.7	-2.6

Currency risk

Currency risk refers to potential losses arising from the market changes in connection with fluctuations in exchange rates.

There are no currency risks on the asset side of the balance sheet, as deliveries are almost entirely conducted on a Euro basis. The same is normally true of the other primary financial instruments.

Currency risks primarily relate to the Turkish Lira due to the foreign currency valuation of the Austrian Post's stake in Aras Kargo which is consolidated at equity. The currency translation reserve includes currency translation differences to the amount of EUR 7.2m due to the foreign currency valuation for the stake held in Aras Kargo, which is consolidated at equity in the consolidated financial statements of Austrian Post.

10.3.2 Risk management

The finance and risk management policies of Austrian Post are aimed at hedging profits against financial risks of all kinds. In managing its financial positions, the Group fundamentally takes a strategic approach to portfolio assessment and follows conservative risk policies.

The Austrian Post Group continually monitors potential concentrations of risk. This can arise in the case of financial instruments with similar features, terms and conditions, for example with respect to terms to maturity, counterparty structure and the implementation of the investment strategy. Concentration risks are counteracted, for example, by the investments of time deposits at different banks, the diversification of the securities portfolio and by spreading the maturity profile. No concentration risk was identified at Austrian Post at the balance sheet date.

A standardised reporting system is used to track the current financial situation. In addition, Austrian Post has clearly defined written strategies and operational guidelines for the management of all financial risks.

Risk management is subject to a body of rules developed by the Management Board, which define the relevant objectives, principles, functions and responsibilities. In addition, these rules lay down standardised processes, so as to provide an assurance of reliable internal auditing.

Furthermore, the organisational risks relating to treasury operations are kept to a minimum by structuring the processes involved in an appropriate manner (e.g. keeping the trading and accounting of financial transactions separate, electronic data storage).

10.4 Other commitments

Other financial commitments chiefly arise from operating rental and lease agreements with respect to buildings used in the production or supply of goods and services. There are also operating rental and lease agreements for technical plant and machinery, furniture and fixtures.

The future minimum lease payments in the 2012 and 2013 financial years arising from operating lease and rental agreements which cannot be terminated before the end of the respective maturity period comprise the following:

EUR m	2012	2013
Not later than one year	56.9	55.8
Later than one year and not later than five years	141.4	132.3
Later than five years	152.1	130.5
	350.4	318.6

The main rental and leasing agreements for buildings used in the production or supply of goods and services contain extension and termination clauses, which accord with normal market terms and conditions for business properties. The agreements also provide for the indexation of the leasing prices. In a few cases, lease payments are linked to revenue figures.

In the 2013 financial year, a total of EUR 56.0m (2012: EUR 56.2m) in payments within the context of operating rental and lease agreements were recognised in the income statement. The entire amount relates to minimum lease payments.

Acquisition obligations existed to the amount of EUR 0.2m as at December 31, 2013 (December 31, 2012: EUR 0.3m) for intangible assets. Acquisition obligations for property, plant and equipment totalled EUR 32.5m as at December 31, 2013 (December 31, 2012: EUR 19.3m).

Information on the cross-border lease transaction is provided in Note 9.3 Property, Plant and Equipment and Note 10.3.1 Types of Risk.

Austrian Post assumed financing obligations on behalf of the joint venture MEILLERGHP GmbH and Aros Kargo a.s. which are described in Note 9.5 Investments consolidated at equity.

10.5 Related party transactions

The Republic of Austria holds a 52.8% share in Austrian Post through its privatisation and industrial holding company Österreichische Industrieholding AG (ÖIAG). Subsequently, the Republic of Austria and companies in which it has a controlling interest may be considered to be related parties of Austrian Post. Furthermore, all subsidiaries, joint venture

companies and companies consolidated at equity as well as members of the Management Board and Supervisory Board of Austrian Post, managing directors of Group subsidiaries and senior executives as well as family members are to be considered as related parties.

There is an agreement with BBG Bundesbeschaffung GmbH, Vienna, in the name of and for the account of the federal government, for the delivery of postal items for federal agencies. During the 2013 financial year, delivery services valued at EUR 111.2m (2012: EUR 115.1m) were rendered for the federal agencies stipulated in the agreement. As at December 31, 2013, receivables from individual institutions for which Austrian Post rendered services, including the Austrian Federal Computing Centre were recognised to the amount of EUR 9.2m (December 31, 2012: EUR 9.1m).

Moreover, Austrian Post made use of services provided at prevailing market rates by the ÖBB Group (national railway system) which is owned by the Republic of Austria, in particular Rail Cargo Austria. The expense incurred for services provided by the ÖBB Group amounted to EUR 11.8m in 2013 (2012: EUR 13.7m). As at December 31, 2013, payables from the ÖBB Group totalled EUR 0.4m (December 31, 2012: EUR 0.4m). Receivables recognised to the ÖBB Group totalled EUR 0.5m as at December 31, 2013 (December 31, 2012: EUR 0.6m), whereas the income in the 2013 financial year amounted to EUR 3.5m (2012: EUR 3.2m).

As at December 31, 2013, Austrian Post recognised receivables from A1 Telekom Austria AG of EUR 8.4m (December 31, 2012: EUR 5.4m) and payables amounting to EUR 4.4m (December 31, 2012: EUR 4.8m). In the 2013 financial year, Austrian Post provided services for A1 Telekom Austria AG valued at EUR 63.7m (2012: EUR 72.3m), whereas the expense incurred for services provided by A1 Telekom Austria AG in the 2013 financial year amounted to EUR 38.2m (2012: EUR 31.1m).

At the balance sheet date, Austrian Post recognised payables to OMV Group of EUR 2.8m (December 31, 2012: EUR 2.7m). The expense incurred for services provided by OMV Group for Austrian Post totalled EUR 21.2m in the 2013 financial year (2012: EUR 16.6m), whereas the income for services provided by Austrian Post for OMV Group amounted to EUR 0.4m (2012: EUR 0.4m).

Furthermore, numerous public institutions and agencies as well as companies in which the Republic of Austria has a dominating or controlling interest are direct customers of Austrian Post. These business ties exist based on the portfolio of products and services offered by Austrian Post at prevailing market prices, terms and conditions. The services provided by Austrian Post in the course of these business relationships are not material in terms of the overall revenue of Austrian Post. Any services for which payment has not yet taken place as at December 31, 2013 are reported as trade payables.

There are related-party relationships with joint venture companies in connection with direct marketing services at normal market terms and conditions. At the balance sheet date, receivables from joint venture companies amounted to EUR 0.2m (December 31, 2012: EUR 19.4m), whereas payables totalled EUR 0.9m (December 31, 2012: EUR 0.0m). In the 2013 financial year, expenses amounted to EUR 6.6m (2012: EUR 0.8m) and income was EUR 1.9m (2012: EUR 1.6m).

There are related-party relations with associated companies connected with advertising and public relations work as well as postal transport services, which are provided at normal market terms and conditions. The services provided by associated companies amounted to EUR 7.9m in the 2013 financial year (2012: EUR 10.5m). Revenue from associates accounted for 0.1% of total revenue in the 2013 financial year (2012: 0.1%). At the balance sheet date, receivables from associated companies amounted to EUR 3.1m (December 31, 2012: EUR 0.3m), and liabilities to associates were EUR 1.5m (December 31, 2012: EUR 1.5m).

The following compensation, including changes in provisions, was paid to members of the Management Board and the Supervisory Board as well as to senior executives in the 2012 and 2013 financial years:

2012 financial year EUR m	Supervisory Board	Management Board	Senior executives	Total
Short-term employment benefits	0.2	3.4	17.6	21.2
Post-employment benefits	0.0	0.2	0.4	0.6
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.1	0.2	0.3
Allocation to share-based remuneration programme	0.0	2.9	6.3	9.1
	0.2	6.6	24.4	31.2

2013 financial year EUR m	Supervisory Board	Management Board	Senior executives	Total
Short-term employment benefits	0.2	3.2	15.7	19.1
Post-employment benefits	0.0	0.8	0.2	1.0
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.2	0.2
Allocation to share-based remuneration programme	0.0	3.1	7.4	10.6
	0.2	7.1	23.6	30.9

10.6 Audit fees

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH and its related companies were paid in the 2012 and 2013 financial years:

Services rendered by auditors EUR	2012	2013
Audit		
Separate and consolidated financial statements of the parent company Österreichische Post AG at December 31	99,000.00	99,000.00
Audits of Austrian Post subsidiaries at December 31	118,500.00	107,900.00
Tax consulting services	0.00	14,000.00
Other consulting services	193,907.02	269,293.00
	411,407.02	490,193.00

10.7 Events after the reporting period

The ongoing difficult market environment and its negative effects on the business of MEILLERGHP requires fundamental restructuring of the company. After various restructuring scenarios were evaluated by the management in consultation with the shareholders, MEILLERGHP submitted an application in Germany to the Regional Court in Amberg on February 7, 2014 to initiate so called protective shield proceedings. These protective shield proceedings combined with the resolute continuation of restructuring measures should enable MEILLERGHP to profitably operate in a highly competitive market in the medium- and long-term.

10.8 Austrian Post Group companies

Company and location	Interest %	Method of consolidation
Post 001 Finanzierungs GmbH, Vienna	100.00	FC
Post 002 Finanzierungs GmbH, Vienna	100.00	FC
Post & Co Vermietungs OG, Vienna	100.00	FC
Postgasse 8 Entwicklungs AG & Co OG, Vienna	100.00	FC
Post.Wertlogistik GmbH, Vienna	100.00	FC
Systemlogistik Distribution GmbH, Vienna	100.00	FC
PDG Post Dienstleistungs Gesellschaft mbH, Vienna	100.00	FC
Medien.Zustell GmbH, Vienna	100.00	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	FC
Post Immobilien GmbH, Vienna	100.00	FC
Post 201 Beteiligungs GmbH, Vienna	100.00	FC
Post 202 Beteiligungs GmbH, Vienna	100.00	FC
Post 105 Beteiligungs GmbH, Vienna	100.00	FC
Post 106 Beteiligungs GmbH, Vienna	100.00	FC
Weber Escal d.o.o., Hrvatski Leskovac	100.00	FC
Scanpoint GmbH, Vienna	100.00	FC
Scanpoint Deutschland GmbH, Schwandorf	100.00	FC
Scanpoint Slovakia s.r.o., Nitra	100.00	FC
feibra GmbH, Vienna	100.00	FC
PROWERB Gesellschaft für produktive Werbung GmbH, Vienna	100.00	FC
feibra Magyarorszáig Kft., Budapest	100.00	FC
PS Postservicegesellschaft m.b.H., Vienna	100.00	FC
Overseas Trade Co., Ltd. d.o.o., Hrvatski Leskovac	100.00	FC
Slovak Parcel Service s. r. o., Ivanka pri Dunaji	100.00	FC
IN TIME s.r.o., Ivanka pri Dunaji	100.00	FC
Kolos s.r.o., Ivanka pri Dunaji	100.00	FC
PostMaster Sp.z o.o., Kraków (former Kolportaż Rzetelny sp.z o.o.)	100.00	FC
M&BM Express OOD, Sofia	51.00	FC
PostMaster s.r.l., Bucharest	100.00	FC
trans-o-flex Hungary Kft., Budapest	100.00	FC
City Express d.o.o., Belgrade	100.00	FC
trans-o-flex Austria GmbH, Vienna	100.00	FC
24-VIP d.o.o., Sarajevo	100.00	FC
City Express Montenegro d.o.o, Podgorica	100.00	FC
Post 101 Beteiligungs GmbH, Vienna	100.00	FC
Post 102 Beteiligungs GmbH, Vienna	100.00	FC
Post 103 Beteiligungs GmbH, Vienna	100.00	FC
Post 104 Beteiligungs GmbH, Vienna	100.00	FC
Post 203 Beteiligungs GmbH, Vienna	100.00	FC
Post 204 Beteiligungs GmbH, Vienna	100.00	FC
Post 205 Beteiligungs GmbH, Vienna	100.00	FC
Post 206 Beteiligungs GmbH, Vienna	100.00	FC

Company and location	Interest %	Method of consolidation
trans-o-flex Group		
trans-o-flex Logistics Group GmbH, Weinheim	100.00	FC
trans-o-flex Schnell-Lieferdienst GmbH, Weinheim	100.00	FC
trans-o-flex Logistik Service GmbH, Weinheim	100.00	FC
trans-o-flex IT-Service GmbH, Weinheim	100.00	FC
ThermoMed Verwaltungs GmbH, Weinheim	100.00	FC
trans-o-flex ThermoMed GmbH & Co KG, Weinheim	100.00	FC
trans-o-flex ThermoMed Austria GmbH, Wiener Neudorf	100.00	FC
trans-o-flex Belgium Real Estate B.V.B.A., Turnhout	100.00	FC
LogIn Service d.o.o., Ilidza	100.00	FC
Distributions GmbH – 31, Cologne	100.00	FC
Distributions GmbH Dortmund, Dortmund	100.00	FC
Distributions GmbH Meinerzhagen, Meinerzhagen	100.00	FC
Distributions GmbH Duisburg, Duisburg	100.00	FC
trans-o-flex Netzwerk GmbH, Bergkirchen	100.00	FC
MEILLERGHP		
MEILLERGHP GmbH, Schwandorf ¹	65.00	EM
MEILLERGHP CZ s.r.o., Nyrany ¹	65.00	
MEILLERGHP a.s., Pilsen ¹	65.00	
MEILLERGHP s.a.r.l., Versailles ¹	65.00	
Mailstep a.s., Prague ¹	65.00	
MEILLERGHP AB, Huddinge ¹	65.00	
MEILLERGHP Sp.z.o.o., Wieliczka ¹	65.00	
Kolos Marketing s.r.o., Nyrany ¹	65.00	
D2D – direct to document GmbH, Vienna	30.00	EM
media.at GmbH, Vienna	20.45	EM
Eurodis GmbH, Weinheim	39.80	EM
ADELHEID GmbH, Berlin	44.36	EM
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s., Istanbul	25.00	EM
OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.00	EM

¹ The profit for the period of the company MEILLERGHP GmbH consolidated at equity corresponds to the proportionate profit for the period of the MEILLERGHP Group and includes a proportionate share of the profit for the period of the subsidiaries.

FC = Full consolidation, EM = Equity method

The trans-o-flex companies based in Germany have decided to take advantage of the legally permissible waiver of disclosure requirements pursuant to Sections 264 Para. 3 and 264b German Commercial Code.


The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on December 31, 2013 for transmission to the Supervisory Board on February 28, 2014. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, February 28, 2014

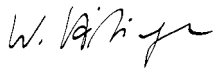
The Management Board



Georg Pözl
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 82 PARA. 4 (3) AUSTRIAN STOCK EXCHANGE ACT

As the legal representatives of Österreichische Post AG we declare, to the best of our knowledge, that the consolidated financial statements for the 2013 financial year, which were prepared in accordance with the applicable financial reporting standard, present a fair and accurate picture, in all material respects, of the profit, asset and financial position of the Group, that the Group Management Report presents the business development, earnings and overall situation of the Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group, and that the Group Management Report also describes the most important risks and uncertainties facing the Group.

Vienna, February 28, 2014

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

INDEPENDENT AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Österreichische Post AG, Vienna, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the notes.

Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB (Austrian Commercial Code). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the management report for the group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 28, 2014

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller m. p.
Certified Public Accountant

Josef Spadinger m. p.
Certified Public Accountant

The publication or dissemination of the consolidated financial statements with our auditor's report is only permissible in the version we have formally approved. This auditor's report exclusively relates to the German language and complete consolidated financial statements including the Group Management Report. For deviating versions refer to Section 281 Para. 2 Austrian Commercial Code.

GLOSSARY/INDEX

GLOSSARY

Capital employed

Intangible assets and goodwill
+ Property, plant and equipment
+ Investment property
+ Investments consolidated at equity
+ Investments in non-consolidated companies
+ Inventories
+ Receivables
+ Non-current asset held for sale
– Non-interest bearing debt
= Capital Employed

Earnings before interest and taxes (EBIT)

Profit from operations plus the share of profit/loss of at equity consolidated companies.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBIT plus depreciation and amortisation.

Earnings before taxes (EBT)

Earnings before taxes.

Earnings per share

Profit for the period divided by the average number of shares.

EBIT margin

Ratio of EBIT to revenue.

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Equity ratio

Ratio of equity to total capital (total assets).

Free cash flow

Cash flow from operating activities plus the cash flow from investing activities: demonstrates how much liquidity is available to service the net debt.

IFRS

International Financial Reporting Standards; international financial accounting guidelines.

Net debt/net cash position

Financial liabilities

+ Other interest-bearing liabilities

+ Social capital

+ Other interest-bearing provisions

= Interest-bearing debt

– Financial investments in securities

– Other financial assets and interest-bearing receivables

– Cash and cash equivalents

= Interest-bearing assets

= Net debt/net cash position

Return on capital employed (ROCE)

Ratio of EBIT to the average capital employed.

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HISTORY OF AUSTRIAN POST

1490	Europe's first standardised postal service between Innsbruck and Mechelen (Belgium)
1750	Regular passenger carrying mail coach services begin in the mid-18th century
1787	First-time use of postmarks bearing precise date and place information
1817	Reorganisation of the postage rates system, introduction of letterboxes
1850	Introduction of postage stamps, advent of mail deliveries by rail
1863	International postal conference held in Paris – guidelines for international postal treaties
1869	First postcards, an Austrian invention, are issued
1874	Founding of the World Postal Association
1875	Invention and start-up of a pneumatic capsule pipeline system in Vienna
1916	First indoor cluster box units installed in Austria
1918	World's first civil air mail service in Austria
1928	Introduction of home letterboxes
1938	Integration into the German Reichspost organisation
1945	Resumption of postal services in Austria Reorganisation and reconstruction of the Austrian postal branch network
1957	Introduction of drop-off mailboxes for rural delivery staff Start-up of a mechanical parcel sorting facility at the Viennese post office 101 (Western Railway Station)
1959	Start-up of a mechanical letter mail sorting and postal pouch conveying system
1966	Introduction of a national system of postal codes
1986	Express Mail Service (EMS) as new service with priority treatment for letters and parcels
1996	Founding of Post und Telekom Austria (PTA)
1999	Austrian Post as legally independent entity (for postal and post bus operations) Targeted investments in modernisation of the logistics infrastructure
2000	Post bus business spun off to the ÖIAG
2001	Acquisition of feibra Austria (unaddressed direct mail)
2002	Acquisition of Slovakian parcel companies Slovak Parcel Service (SPS) and In-Time
2003	Acquisition of Overseas Trade (Croatia)
2005	Purchase of feibra Hungary (unaddressed direct mail) Increase of shareholding in feibra Austria (unaddressed advertising) to 100%
2006	IPO on the Vienna Stock Exchange – 49% free float Acquisition of Kolos (unaddressed advertising/Slovakia); Wiener Bezirkszeitung (Media Post/Austria); Weber Escal (unaddressed advertising/Croatia), trans-o-flex (B2B specialty logistics/Germany)
2007	Further acquisitions and penetration of niche markets: acquisition of Weber Escal (unaddressed advertising/Croatia), Scanpoint Europe (document digitalisation/Germany), Road Parcel Logistics and Merland Expressz (parcels market/Hungary), Scherübl Transport (pharmaceuticals transport/Austria), meiller direct (direct marketing/Germany), VOP and DHL EXPRESS DDS (parcels business/Belgium and Netherlands), ST Media (unaddressed advertising/Croatia), City Express (parcels business/Serbia and Montenegro); purchase of a stake in BAWAG P.S.K.

2008	Integration of existing subsidiaries and selective acquisitions: 24VIP (parcels business, Bosnia-Herzegovina), Cont-Media (direct marketing, Croatia), HSH Holding (parcels business, Belgium)
2009	Austrian Post Act creates the legal framework for the fully liberalised letter mail market starting January 1, 2011. Acquisition of Rhenus Life Science (pharmaceutical logistics), Germany; new collective wage agreement concluded for new employees.
2010	Increase of stake in EBPP Electronic Bill Presentment and Payment GmbH, a leading provider of electronic invoicing, from 40% to 100%. Expansion and intensification of cooperation between BAWAG P.S.K. and Austrian Post. Launch of new online services, for example the e-postcard. Austrian subsidiary meiller direct, a direct mail producer, is part of a joint venture with Swiss Post. Austrian Post owns a 65% shareholding in the newly created firm MEILLERGHP.
2011	Complete liberalisation of the Austrian letter mail market as of January 1, 2011. Renaming of the fully-owned subsidiary EBPP Electronic Bill Presentment and Payment GmbH into Online Post Austria GmbH. Acquisition of a 26% stake in the Romanian firm PostMaster s.r.l.
2012	Acquisition of the Austrian fulfillment specialist Systemlogistik Distribution GmbH and Kolportaż Rzetelny sp. z o.o., the Polish market leader in the field of unaddressed mail items; purchase of a 26% stake in M&BM Express OOD, Bulgaria and increase of the shareholding in PostMaster s.r.l., Romania to 100%; disposal of the trans-o-flex subsidiaries in Belgium and the Netherlands
2013	Acquisition of a 25% stake in the Turkish parcel services company Aras Kargo a.s. with a call option for a further 50% shareholding in the year 2016; increase in the interest held in M&BM Express OOD, Bulgaria, to 51%.

ADDRESSES OF SUBSIDIARIES

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City Express d.o.o.

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City Express Montenegro d.o.o.

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feibra GmbH

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MEILLERGHP GmbH

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M&BM Express OOD

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I: www.mbm-express.com

Overseas Trade Co.Ltd. d.o.o.

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I: www.overseas.hr

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I: www.post-master.pl

PostMaster s.r.l.

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T: +40 (0) 213 353 308
I: www.post-master.ro

Post.Wertlogistik GmbH

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Scanpoint GmbH

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I: www.scanpoint.eu

ThermoMed Austria GmbH

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2351 Wiener Neudorf, Austria
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I: www.thermomed.de

Slovak Parcel Service s.r.o.

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I: www.sps-sro.sk

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trans-o-flex Logistics Group GmbH

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I: www.business.post.at

Private customers

Post customer service¹
T: 0810 010 100

EMS and parcels information¹

T: 0810 010 100

Stamp collector's service¹

T: 0800 100 197
I: www.philatelie.at

Post branches

I: www.post.at/Filialfinder

Personal stamps

I: www.meine-marke.at

Austrian Post Online Annual Report 2013

www.post.at/gb2013

CSR – Sustainability

I: www.post.at/csr
I: www.post.at/co2neutral

If you want to know more about Austrian Post (annual reports, quarterly reports etc.), we would be happy to put you on our distribution list. Please contact:

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E: investor@post.at
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¹ For Austria

OVERVIEW OF KEY INDICATORS 2004–2013

Income statement		2004 ¹ IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS	2010 IFRS	2011 IFRS	2012 IFRS	2013 IFRS
Revenue	EUR m	1,654.4	1,701.6	1,736.7	2,315.7	2,441.4	2,356.9	2,351.1	2,348.7	2,366.1	2,366.8
Other operating income	EUR m	73.0	52.9	58.8	72.6	81.0	89.6	90.5	74.6	72.0	69.7
Raw material, consumables and services used	EUR m	-241.8	-241.9	-258.0	-692.2	-778.2	-766.1	-771.0	-759.8	-766.9	-753.3
Staff costs	EUR m	-1,046.6	-1,064.0	-1,063.0	-1,120.4	-1,119.2	-1,139.3	-1,120.7	-1,050.8	-1,091.4	-1,073.5
Other operating expenses	EUR m	-236.7	-223.5	-243.9	-284.0	-304.5	-277.0	-288.8	-320.0	-294.8	-298.6
Results of investments consolidated at equity	EUR m	0.7	-1.3	1.1	0.9	1.2	5.1	1.0	-10.8	-13.9	-6.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	203.1	223.8	231.7	292.7	321.7	269.2	262.1	281.9	271.2	304.5
EBITDA margin	%	12.3%	13.2%	13.3%	12.6%	13.2%	11.4%	11.1%	11.3%	11.5%	12.9%
Depreciation and amortisation	EUR m	-120.9	-120.8	-108.4	-130.0	-152.2	-119.8	-105.2	-114.4	-88.8	-118.5
Earnings before interest and tax (EBIT)	EUR m	82.2	103.0	123.3	162.8	169.5	149.4	156.9	167.5	182.4	186.0
EBIT margin	%	5.0%	6.1%	7.1%	7.0%	6.9%	6.3%	6.7%	7.1%	7.7%	7.9%
Other financial result	EUR m	-5.4	-2.1	7.2	2.1	-11.3	-24.6	-8.2	-5.2	-30.8	-14.8
Earnings before tax (EBT)	EUR m	76.7	100.9	130.5	164.9	158.2	124.8	148.7	162.3	151.6	171.2
Income tax	EUR m	-29.9	-10.9	-30.8	-42.2	-39.3	-45.1	-30.3	-39.1	-28.4	-47.2
Profit from discontinued operations	EUR m	3.2	9.8	-	-	-	-	-	-	-	-
Profit for the period	EUR m	50.0	99.9	99.8	122.6	118.9	79.7	118.4	123.2	123.2	124.0
Earnings per share ²	EUR	0.71	1.43	1.43	1.75	1.71	1.18	1.75	1.82	1.82	1.82
Employees (average for period, full-time equivalents)		26,342	25,192	24,456	25,764	27,002	25,921	24,969	23,369	23,181	24,211

¹ Adjusted for the insurance arm of Austrian Post (Postversicherung AG)

² Refers to 70,000,000 shares, 2008 to 69,505,601 shares, as of 2009 to 67,552,638 shares

Cash flow		2004¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Operating cashflow before changes in working capital and tax ²	EUR m	250.5	316.9	327.1	328.5	278.3	220.7	196.0	290.6	328.4	343.8
Operating cash flow before changes in working capital ²	EUR m	263.7	283.1	277.6	292.4	237.0	195.8	134.1	248.6	276.6	299.4
Cash flow from operating activities	EUR m	223.8	298.0	238.0	295.9	233.4	230.0	178.9	228.2	246.7	250.4
Cash flow from investing activities	EUR m	-125.5	-92.6	-142.6	-142.4	-23.1	6.9	-25.3	-65.8	-115.4	-189.9
Free cash flow	EUR m	-	-	95.4	153.4	210.3	236.9	153.6	162.5	131.3	60.5
Free cash flow before acquisitions/securities	EUR m	-	-	228.4	168.2	193.0	199.0	156.4	151.4	172.1	153.9
Dividend payout ³	EUR m	40	40	70	168.0	168.9	101.3	108.1	114.8	121.6	128.4 ⁴
Balance sheet											
Total assets	EUR m	1,795.7	1,563.0	1,901.6	2,058.6	1,874.6	1,775.3	1,715.1	1,668.3	1,700.8	1,641.6
Non-current assets	EUR m	1,011.4	997.4	1,272.9	1,361.9	1,252.1	1,141.3	1,067.6	1,005.1	1,047.6	1,066.4
Current assets	EUR m	393.7	542.6	614.9	694.3	622.5	634.0	647.5	660.4	653.2	573.3
Share capital	EUR m	712.5	762.1	821.4	874.3	741.5	673.7	690.8	702.0	708.6	697.1
Non-current liabilities	EUR m	287.5	361.3	564.0	598.0	551.8	514.0	479.4	452.9	445.2	423.4
Current liabilities	EUR m	421.0	439.6	516.2	586.3	581.3	587.6	544.9	502.8	547.0	518.9
Interest-bearing debt	EUR m	293.1	369.1	607.6	711.5	655.9	629.5	540.3	471.6	462.1	443.1
Interest-bearing assets	EUR m	196.6	397.1	433.7	538.1	385.8	398.3	413.7	410.1	393.6	328.8
Net debt	EUR m	-96.5	28.0	-173.9	-173.4	-270.2	-231.2	-126.6	-61.5	-68.5	-114.3
Net debt/EBITDA		0.48	-0.13	0.75	0.59	0.84	0.86	0.48	0.22	0.25	0.38
Equity ratio	%	39.7%	48.8%	43.2%	42.5%	39.6%	38.0%	40.3%	42.1%	41.7%	42.6%
Return on equity (ROE)	%	7.2%	13.6%	13.8%	16.3%	16.8%	13.9%	20.7%	21.1%	21.0%	21.1%
Capital employed	EUR m	796.2	694.3	935.0	992.2	952.5	861.7	767.5	708.9	713.2	755.3
Gearing ratio	EUR m					36.4%	34.3%	18.3%	8.8%	9.7%	16.3%
Return on capital employed (ROCE)	%	10.2%	13.8%	15.1%	16.9%	17.4%	16.5%	19.3%	22.7%	25.6%	25.3%

¹ Adjusted for the insurance arm of Austrian Post (Postversicherung AG)

² Reporting adapted for 2012: In connection with the offsetting of the reclassification of non-current provisions to current provisions and liabilities, the use of non-current provisions was also recognised in the cash flow from changes in net working capital. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.

³ Payment of the dividends in the subsequent year

⁴ Proposal to the Annual General Meeting on April 24, 2014

FINANCIAL CALENDAR 2014

March 13, 2014	Annual results 2013, publication 7.30–7.40 a.m.
April 14, 2014	Record date for participation in the Annual General Meeting
April 24, 2014	Annual General Meeting 2014, Vienna
May 7, 2014	Record Date for dividend payment
May 8, 2014	Ex-dividend day and dividend payment day
May 8, 2014	Interim report for the first quarter of 2014, publication 7.30–7.40 a.m.
August 14, 2014	Half-year financial report 2014, publication 7.30–7.40 a.m.
November 12, 2014	Interim report for the first three quarters of 2014, publication 7.30–7.40 a.m.

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)



KEY SHARE INDICATORS

		2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Share price at December 31		–	–	36.10	23.99	24.10	19.02	24.73	23.30	31.20	34.78
Dividends per share	EUR m	0.57	0.57	1.00	2.40	2.50	1.50	1.60	1.70	1.80	1.90 ²
Total Shareholder Return	%	–	–	90.0%	–30.8%	10.5%	–10.7%	37.9%	0.7%	41.2%	17.2%
Total Shareholder Return since the IPO (issue price of EUR 19.0)	%	–	–	90.0%	31.5%	44.7%	31.2%	69.1%	70.0%	120.5%	148.8%
Market capitalisation at the end of December	EUR m	–	–	2,527.0	1,679.3	1,628.0	1,284.9	1,670.6	1,574.0	2,107.6	2,349.5

¹ Adjusted for the insurance arm of Austrian Post (Postversicherung AG)

² Proposal to the Annual General Meeting on April 24, 2014

BASIC INFORMATION POST SHARE

ISIN	AT0000APOST4
Trading symbol (Vienna Stock Exchange)	POST
Reuters code	POST.VI
Bloomberg code	POST AV
Total outstanding shares as of December 31, 2013	67,552,638 shares
Listing	Vienna Stock Exchange
Issue price	EUR 19.00
First day of trading	May 31, 2006
Minimum trading unit (smallest tradable number of shares)	1
Type of share	Non-par value shares
Stock split	None

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

Editorial deadline: March 12, 2014

