FINANCIAL VALUES

HALF-YEAR FINANCIAL REPORT 2012 | AUSTRIAN POST

H1 2012

Sandra Stalder, mail deliverer, Salzburg

REVENUE IMPROVEMENT

POSITIVE REVENUE DEVELOPMENT WITH INCREASE OF 3.1%.

FURTHER EARNINGS GROWTH

EBIT RISE OF 13.5%.

OUTLOOK FOR 2012 CONFIRMED

STABLE OR SLIGHTLY RISING REVENUE.

HIGHLIGHTS H1 2012

- **REVENUE INCREASE**

  – Revenue up 3.1% in the first half of 2012 despite weaker economy
  – Positive half-year development in the mail and parcel segments

- **FURTHER EARNINGS GROWTH**

  – EBITDA increase of 6.5% to EUR 132.9m
  – EBIT rise of 13.5% to EUR 92.2m

- **STRONG CASH FLOW AND SOLID BALANCE SHEET**

  – Operating cash flow before changes in working capital of EUR 112.3m
  – Equity ratio of 40.7%

- **OUTLOOK FOR 2012 CONFIRMED**

  – Stable or slightly rising revenue
  – EBITDA margin within the targeted range of 10–12%, objective of further improving EBIT

OVERVIEW OF KEY INDICATORS

		H1 2011	H1 2012	Change %
Income statement				
Revenue	EUR m	1,137.9	1,173.1	3.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	124.8	132.9	6.5%
EBITDA margin[1]	%	11.0%	11.3%	–
Earnings before interest and tax (EBIT)	EUR m	81.3	92.2	13.5%
EBIT margin[1]	%	7.1%	7.9%	–
Earnings before tax (EBT)	EUR m	79.4	91.3	15.1%
Profit for the period	EUR m	62.0	70.8	14.2%
Earnings per share[2]	EUR	0.92	1.05	14.2%
Employees (average for period, full-time equivalents)		23,250	22,981	–1.2%
Cash flow				
Operating cash flow before changes in working capital	EUR m	93.3	112.3	20.4%
Cash flow from operating activities	EUR m	76.1	103.3	35.8%
Investment in property, plant and equipment (CAPEX)	EUR m	–24.7	–25.5	3.0%
Acquisition/disposal of Group companies	EUR m	3.6	–37.7	–
Free cash flow before acquisitions/divestments	EUR m	65.1	87.4	34.3%
		Dec. 31, 2011	**June 30, 2012**	**Change %**
Balance sheet				
Total assets	EUR m	1,668.3	1,619.1	–2.9%
Capital and reserves	EUR m	702.0	659.7	–6.0%
Non-current assets	EUR m	1,005.1	1,030.8	2.6%
Current assets	EUR m	660.4	585.6	–11.3%
Net debt	EUR m	61.5	131.6	>100%
Equity ratio	%	42.1%	40.7%	–
Capital employed	EUR m	708.9	737.1	4.0%

[1] EBIT and EBITDA in relation to total revenue
[2] In relation to 67,552,638 shares

STATEMENT BY THE MANAGEMENT BOARD

**LADIES AND GENTLEMEN!
DEAR SHAREHOLDERS!**

Against the backdrop of a dampened economic environment, the revenue and earnings figures of the Austrian Post Group developed in line with expectations. On balance, revenue rose 3.1% in the first half of 2012. Revenue of the Parcel & Logistics Division increased by 4.9% and the Mail & Branch Network Division posted a 2.1% rise. Earnings before interest and tax (EBIT) also further improved by 13.5% in the first six months of 2012 to EUR 92.2 million. Both divisions made a positive contribution to this growth.

The economic environment of the postal market continues to be characterised by a structural transformation. The trends towards the electronic substitution of letters and increased parcel volumes related to online shopping are continuing. At the same time, the impact of the challenging economic situation has become apparent. With respect to Austrian Post's current and future business development, it is important that the company continues to advance further on the basis of its strategic cornerstones.

With this in mind, Austrian Post's market leadership in its core business was further expanded by strengthening its foothold on the Austrian parcel market. At the same time, we initiated further efficiency-enhancement measures with a new performance-oriented remuneration model for the delivery staff. The earnings potential of the strategic investments held by the Group was improved thanks to the final disposal of its subsidiaries in the Benelux region and targeted acquisitions. Whereas the growth path in the mail area in South East and Eastern Europe was continued by strategic investments in Poland and Bulgaria, the purchase of a company in Austria expanded Austrian Post's service portfolio in the parcel segment. Consistent customer orientation is a top priority in the further development of the Group. Accordingly, online and self-service solutions were also strongly promoted.

It can be assumed that the entire 2012 financial year will be impacted by a restrained economic environment. Nevertheless, we should succeed in achieving a stable or slightly rising revenue development on a comparable basis. The Group is continuing to strive for an EBITDA margin of 10–12% and an improvement in its earnings before interest and tax (EBIT).

Vienna, August 2, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Walter Oblin
Member of the Management Board
CFO

Walter Hitziger
Member of the Management Board
Mail & Branch Network

Peter Umundum
Member of the Management Board
Parcel & Logistics

BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

ECONOMIC AND MARKET ENVIRONMENT

The development of the global economy continues to be affected by a high level of volatility on international financial markets as well as the sovereign debt crisis in the eurozone. Following a positive development in the first quarter of 2012, global growth momentum weakened slightly in the second quarter of the year. Worldwide economic growth is anticipated to be 3.5% for the entire year 2012. In particular, the eurozone economic region is currently facing major challenges. Due to the public debt crisis and ongoing economic policy reactions, any predictions for this region are clouded by considerable uncertainty. The July forecasts of the International Monetary Fund (IMF) foresee a slight contraction of 0.3% in the eurozone's economic growth in 2012, but the IMF anticipates a growth rate of 0.7% in 2013. This development is mainly attributable to the economic decline in the countries of Southern Europe such as Spain and Italy. In contrast, the German economy, which is expected to expand by 1.0% in 2012, is once again serving as the growth driver in Europe. On balance, South East and Eastern Europe as a whole should post economic growth of 1.9% in 2012, although the individual economies will develop in a very heterogeneous way (IMF).

Despite the difficult conditions, the Austrian economy is expected to expand by 0.6% in 2012. Economic growth should reach a level of 1.3% in the following year, though projections for 2013 are considered to be uncertain. A decline in raw material prices should reduce the inflation rate to 2.3% in 2012 and 1.9% in 2013. Investment and consumer decisions as well as the advertising expenditures of companies are anticipated to be negatively impacted by prevailing economic uncertainty (WIFO – Austrian Institute of Economic Research).

Volumes of direct mail items depend on the intensity of corporate advertising and are thus subject to business cycle fluctuations. In spite of the slight economic growth in Austria, expenditures by Austrian companies on conventional forms of advertising are down slightly according to a study carried out by Focus Media Research in the first half of 2012 (examining the period January to May 2012). This is partly due to increasing investments in new digital advertising channels. Advertising leaflets and flyers as well as addressed direct mails with a share of over 15% comprise one of the most popular advertising channels. In this regard, Austrian Post's intensive efforts to promote cross-media solutions are continually gaining in importance. The mail order shopping segment has been strongly impacted by changing consumer behaviour, thus subjecting the entire industry to a structural transformation. In the traditional mail business, the trend towards the substitution of letter mail by electronic forms of communication is continuing.

Due to the constantly growing importance of online shopping in Austria, parcel shipment volumes in Austria are continuing to rise. Higher volumes can also be observed in the international parcel and freight business, which is largely dependent on the overall economic situation, global trade flows and related price developments. These increases are mainly driven by growing global trade as well as the general expansion of e-commerce. However, competition and price pressure remain intense.

LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is based on the Postal Market Act which took full effect on January 1, 2011. The main cornerstones of this law are as follows:

- Even after full-scale market liberalisation, Austrian Post remains the universal services provider guaranteeing high quality postal services throughout Austria.

- The newly-defined Universal Services Obligation, as of 2011, limits the spectrum of basic services to mail items 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 is legally required to carry out the conversion of cluster box units and rural drop-off boxes and must finance the related costs in advance. The costs for exchanging these facilities will be partially refunded to Austrian Post on the basis of a legally prescribed allocation key.

- 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 Services Obligation are exempt from Value Added Tax (VAT). Universal postal services whose terms and conditions are individually agreed upon are subject to the Value Added Tax at standard rates. Thus, changes have taken place in the VAT treatment of postal items.

As of May 1, 2011, new General Terms and Conditions for letter mail services took effect, defining a simplified, customer-oriented product and service portfolio featuring format-based postal rates. The General Terms and Conditions were extensively evaluated and approved by the regulatory authority.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

CHANGES IN THE CONSOLIDATION SCOPE

Effective March 15, 2012, Austrian Post agreed to dispose of its Dutch and Belgian subsidiaries of the trans-of-flex Group and sell them to PostNL. The closing of the disposal of trans-o-flex Nederland B.V. took place on March 15, 2012, whereas the closing of the divestment of trans-o-flex Belgium B.V.B.A. took effect on May 31, 2012. The companies were deconsolidated at the respective closing date. Moreover, the Parcel & Logistics segment of Austrian Post acquired the Austrian fulfillment specialist Systemlogistik Distribution GmbH. The closing and thus the inclusion of the company in the consolidated financial statements were carried out on May 31, 2012.

Two acquisitions in prospective growth markets in Southeast and Eastern Europe took place in the mail segment. As at May 2, 2012, Austrian Post acquired a 100% stake in Kolportaż Rzetelny sp. z o.o., the Polish market leader in the delivery of unaddressed mail items, and also purchased a 26% interest in the Bulgarian company M&BM Express OOD. Whereas Kolportaż Rzetelny sp. z o.o. is fully included in the scope of consolidation, M&BM Express OOD is recognised in the results of investments consolidated at equity.

REVENUE AND EARNINGS DEVELOPMENT

In the first half of 2012, Austrian Post succeeded in increasing its total revenue by 3.1%, to EUR 1,173.1m. Group revenue developed in line with expectations against the backdrop of an uncertain economic situation.

Revenue in the Mail & Branch Network Division rose by 2.1% to EUR 741.6m. The trend towards declining letter mail volumes caused by electronic substitution along with the prevailing economic uncertainty and the related negative effects on the advertising industry had a dampening effect on overall volume development. In addition, there was a perceptible volume shift from direct mail items to higher quality letter mail products, and shipments in the field of online shopping are increasingly being sent as letter mail items instead of parcels. Moreover, the change in the product portfolio of Austrian Post as of May 1, 2011 led to positive effects in the first four months of the 2012 financial year compared to the prior-year period. New services in the Mail Solutions segment also contributed to growth.

The former Branch Network Division is now encompassed in the business area “Branch Services” in the Mail & Branch Network Division. Revenue and costs in the new management structure developed as planned. On balance, Austrian Post featured a total of 1,889 postal service points as at June 30, 2012, of which 1,283 are third-party operated postal partner offices.

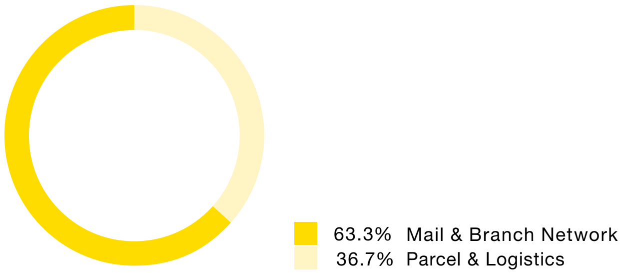
Revenue of the Parcel & Logistics Division rose by 4.9% to EUR 430.8m. From a regional perspective, the Austrian parcel market generated the highest growth, followed by a good revenue development in Germany. In the first half-year, revenue of the disposed Benelux subsidiaries is still partially included in the income statement. The Dutch company was deconsolidated as at March 15, 2012, whereas the Belgian subsidiary was deconsolidated effective May 31, 2012.

REVENUE BY DIVISION[1]

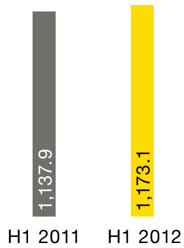
EUR m	H1 2011	H1 2012	%	Change EUR m	Q2 2011	Q2 2012
Total revenue	**1,137.9**	**1,173.1**	**3.1%**	**35.2**	**566.5**	**567.4**
Mail & Branch Network[2]	726.5	741.6	2.1%	15.1	363.9	356.6
Parcel & Logistics	410.9	430.8	4.9%	19.9	202.4	210.1
Corporate	2.5	5.4	>100%	2.8	1.3	4.1
Consolidation[2]	–2.1	–4.7	<–100%	–2.6	–1.1	–3.3
Calendar working days in Austria	124	124	–	–	61	60

[1] External sales of the divisions
[2] Reporting according to the new segment structure as of January 1, 2012; figures for 2011: pro-forma consolidation

REVENUE BY DIVISION %



REVENUE
EUR m



INCOME STATEMENT

EUR m	H1 2011	H1 2012	Change %	Change EUR m	Q2 2011	Q2 2012
Revenue	**1,137.9**	**1,173.1**	**3.1%**	**35.2**	**566.5**	**567.4**
Other operating income	34.9	33.2	–4.9%	–1.7	18.0	15.8
Raw materials, consumables and services used	–360.8	–379.5	5.2%	18.6	–178.1	–188.6
Staff costs	–540.6	–549.5	1.7%	8.9	–273.9	–265.2
Other operating expenses	–143.6	–142.4	–0.8%	–1.2	–77.8	–73.0
Results of investments consolidated at equity	–3.0	–2.0	31.8%	1.0	–0.9	0.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**124.8**	**132.9**	**6.5%**	**8.1**	**53.9**	**57.1**
Depreciation and amortisation	–43.5	–40.6	–6.6%	–2.9	–21.4	–20.6
Earnings before interest and tax (EBIT)	**81.3**	**92.2**	**13.5%**	**10.9**	**32.5**	**36.4**
Other financial result	–1.9	–0.9	53.4%	1.0	–0.9	–0.8
Earnings before tax (EBT)	**79.4**	**91.3**	**15.1%**	**12.0**	**31.6**	**35.7**
Income tax	–17.4	–20.6	18.2%	3.2	–7.0	–6.3
Profit for the period	**62.0**	**70.8**	**14.2%**	**8.8**	**24.6**	**29.4**
Earnings per share (EUR)	0.92	1.05	14.2%	0.13	0.36	0.44

Revenue growth of EUR 35.2m to EUR 1,173.1m also affected operating expenses for raw materials, consumables and services used, which rose by EUR 18.6m to EUR 379.5m. In particular, cost increases were due to higher purchases of external transport services to handle rising parcel volumes, as well as higher commissions for postal partner offices as a consequence of the structural transformation of the branch network.

Staff costs rose by 1.7% year-on-year, or EUR 8.9m, to EUR 549.5m. The operational staff costs included in this figure increased by 1.6% from the first half of 2011. The average number of employees in the Group declined by 269 compared to the prior-year period to 22,981 employees (full-time equivalents).

Non-operational staff costs, which amounted to EUR 30.1m in the first half of 2012, include all investments designed to achieve a sustainable improvement in the cost structure, such as restructuring measures. Accordingly, allocations were made to various provisions relating to employee under-utilisation or employees transferring to the federal public service during the reporting period. All in all, the provisions for employee under-utilisation reported on the balance sheet of Austrian Post, currently at EUR 239.2m, have remained constant for the most part since the beginning of 2012. The cash-related use of these provisions in the first half-year amounted to EUR 13.9m.

Due to internationally low interest rate levels, it was already necessary in the first quarter to reduce the discount interest rate for existing, interest-bearing provisions of Austrian Post by 0.25 percentage points. The lower discount factor led to increased provisioning requirements totalling EUR 8.5m.

Other operating income remained basically unchanged during the period under review, at EUR 33.2m. This encompasses rents and leases of EUR 11.2m and proceeds from the disposal of property, plant and equipment of EUR 3.0m. Other operating expenses fell by 0.8% to EUR 142.4m.

The result of the investments consolidated at equity totalling minus EUR 2.0m is mainly due to the negative earnings contribution of the subsidiary MEILLERGHP, in which Austrian Post holds a 65% stake.

EBITDA BY DIVISION

EUR m	H1 2011	H1 2012	%	Change EUR m	Q2 2011	Q2 2012
Total EBITDA	**124.8**	**132.9**	**6.5%**	**8.1**	**53.9**	**57.1**
Mail & Branch Network[1]	138.6	150.2	8.4%	11.6	70.0	68.4
Parcel & Logistics	22.0	22.0	0.3%	0.1	10.9	9.2
Corporate	–35.8	–39.4	–10.1%	–3.6	–26.8	–20.5

EBIT BY DIVISION

EUR m	H1 2011	H1 2012	%	Change EUR m	Q2 2011	Q2 2012
Total EBIT	**81.3**	**92.2**	**13.5%**	**10.9**	**32.5**	**36.4**
Mail & Branch Network[1]	122.7	135.0	10.1%	12.4	62.0	60.7
Parcel & Logistics	10.3	11.4	10.5%	1.1	5.1	3.8
Corporate	–51.7	–54.2	–4.8%	–2.5	–34.4	–28.0

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

In the first half of 2012, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group improved to EUR 132.9m. Accordingly, the EBITDA margin was 11.3%. Earnings before interest and tax (EBIT) rose by 13.5% to EUR 92.2m, corresponding to an EBIT margin of 7.9%.

From a divisional perspective, both operating divisions improved their operating results during the period under review. EBIT in the Mail & Branch Network Division rose 10.1% in the first half-year to EUR 135.0m, mainly as a consequence of the above-mentioned revenue increase.

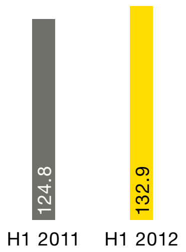
The Parcel & Logistics Division also showed an improvement. EBIT increased to EUR 11.4m. All effects relating to the disposal of Austrian Post's former subsidiaries in Belgium and the Netherlands were integrated in the earnings figures as final transaction costs.

EBIT in the Corporate segment was down to minus EUR 54.2m. Amongst other reasons, this decline can be attributed to the reduction of the discount interest rate for provisions of 0.25 percentage points and the related increase in provisioning requirements.

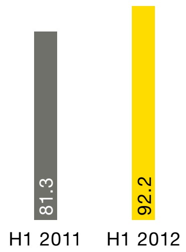
Earnings before tax of the Austrian Post Group rose 15.1% to EUR 91.3m. After deducting income taxes totalling EUR 20.6m, the Group net profit (profit after tax for the period) amounted to EUR 70.8m. This corresponds to earnings of EUR 0.44 per share for the second quarter of 2012 and EUR 1.05 per share for the first half of the year (+14.2%).

EARNINGS INDICATORS

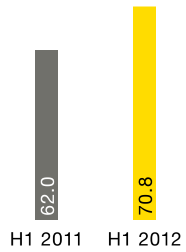
EBITDA
EUR m



EBIT
EUR m



PROFIT FOR THE PERIOD
EUR m



ASSETS AND FINANCES

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

The balance sheet total of Austrian Post amounted to EUR 1,619.1m on the reporting date of June 30, 2012, of which non-current assets account for 63.7% and current assets account for 36.2%. Property, plant and equipment at EUR 582.1m comprised the largest single balance sheet item, followed by intangible assets at EUR 240.8m (including goodwill of EUR 177.0m). Current assets are characterised by a high level of cash and cash equivalents amounting to EUR 237.8m, which was somewhat below the comparable figure at December 31, 2011 as a consequence of the dividend payment in the second quarter totalling EUR 114.8m. Receivables amounted to EUR 326.4m as at June 30, 2012.

On the equity and liabilities side, the balance sheet of Austrian Post features a high equity ratio. On balance capital and reserves amounted to EUR 659.7m on June 30, 2012, which corresponds to an equity ratio of 40.7%. With respect to liabilities, non-current liabilities accounted for 28.3% of the balance sheet total and current liabilities for 30.9%. Liabilities largely include provisions amounting to EUR 542.5m, including the provision for employee under-utilisation of EUR 239.2m. As at the end of June 2012, trade payables amounted to EUR 202.3m.

The analysis of the company's financial position shows a high level of current and non-current financial resources in contrast to a low amount of financial liabilities. Thus cash and cash equivalents and financial investments in securities totalled EUR 271.2m compared to financial liabilities of only EUR 26.4m.

BALANCE SHEET STRUCTURE

EUR m	Dec. 31, 2011	June 30, 2012	Structure June 30, 2012
Assets			
Non-current assets	1,005.1	1,030.8	63.7%
thereof financial investments in securities and other financial assets	62.5	64.8	4.0%
Current assets	660.4	585.6	36.2%
thereof cash and cash equivalents	310.6	237.8	14.7%
Assets held for sale	2.8	2.8	0.2%
	1,668.3	**1,619.1**	**100.0%**
Equity and liabilities			
Capital and reserves	702.0	659.7	40.7%
Non-current liabilities	452.9	458.6	28.3%
thereof provisions	396.7	398.3	24.6%
Current liabilities	502.8	500.9	30.9%
thereof provisions	145.5	144.2	8.9%
Liabilities held for sale	10.6	0.0	0.0%
	1,668.3	**1,619.1**	**100.0%**

CASH FLOW

EUR m	H1 2011	H1 2012
Operating cash flow before changes in working capitals	**93.3**	**112.3**
Cash flow from changes in net working capital	–17.2	–9.0
Cash flow from operating activities	**76.1**	**103.3**
Cash flow from investing activities	–7.5	–53.6
thereof acquisition/disposal of Group companies	3.6	–37.7
Free cash flow	**68.6**	**49.7**
Free cash flow before acquisitions/divestments	**65.1**	**87.4**
Cash flow from financing activities	–117.5	–122.4
Net change in cash and cash equivalents	**–48.9**	**–72.7**

Operating cash flow before changes in working capital amounted to EUR 112.3m in the first six months of 2012, or EUR 19.0m above the comparable prior-year period.

During the period under review, the cash flow from changes in net working capital amounted to minus EUR 9.0m, including the reduction of the cash flow related to the different payment dates of the salaries of civil servants compared to the first half year 2011.

The cash flow from investing activities of minus EUR 53.6m includes cash outflows for the purchase of property, plant and equipment (CAPEX) totalling minus EUR 25.5m, and cash inflows derived from the disposal of property, plant and equipment of EUR 6.2m. Accordingly, free cash flow before acquisitions/divestments amounted to EUR 87.4m, or EUR 22.3m above the comparable figure in the first half of the previous year. All in all, a total of EUR 37.7m in expenditures related to the disposal of Austrian Post's subsidiaries in the Benelux as well as the acquisitions in Poland, Bulgaria and Austria.

INVESTMENTS AND ACQUISITIONS

In the first half of 2012, capital expenditure for property, plant and equipment and intangible assets amounted to EUR 29.6m, down EUR 1.0m from the previous year. This included investments in intangible assets of EUR 4.5m, and EUR 25.1m for property, plant and equipment and investment property. With respect to property, plant and equipment, investments made by Austrian Post Group within the context of its replacement and modernisation programme mainly related to its vehicle fleet as well as office equipment, fixtures and fittings. Payments were made for cluster box units, and investments also took place with respect to the new sorting centre of SPS currently under construction in Žilina, Slovakia.

EMPLOYEES

The average number of full-time employees at the Austrian Post Group totalled 22,981 in the first half of 2012, corresponding to a decline in the workforce by 269 employees from the prior-year period. Most of Austrian Post's labour force is employed by the parent company Österreichische Post AG (a total of 19,407 full-time equivalents).

EMPLOYEES BY DIVISION

Average for the period, full-time equivalents	H1 2011	H1 2012	Share in %
Mail & Branch Network	17,379	16,998	74.0%
Parcel & Logistics	4,060	4,024	17.5%
Corporate	1,811	1,959	8.5%
Total	**23,250**	**22,981**	**100.0%**

MAIN RISKS AND UNCERTAINTIES

As an international postal and logistics services provider, Austrian Post is subject to a variety of operational risks in carrying out its business operations. Austrian Post responsibly 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 these risks at an early stage, evaluate them and quickly take suitable precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks and information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2011 of Austrian Post (see the Annual Report; Part 2, pages 36-42 and 99–102).

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

OUTLOOK FOR 2012

Austrian Post continues to expect revenue to remain stable or rise slightly on a comparable basis in the entire year 2012.

Development of the mail and parcels business is impacted by the dampened economic environment as well as structural changes in the postal and logistics sector. Electronic substitution will lead to a decline in addressed letter mail volumes, whereas increasing e-commerce should result in parcel volume growth. The ongoing economic uncertainties could continue to have a negative effect on the advertising industry and private consumption patterns.

One focal point of the Group will continue to be on enhancing the profitability of the services offered. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10% to 12%. The company is also striving to achieve an improvement in earnings before interest and tax (EBIT) compared to 2011.

The operating cash flow generated by Austrian Post is prudently and purposefully used to finance sustainable efficiency improvements, structural measures and future-oriented investments, and also serves as the basis for an attractive dividend policy. Total capital expenditure (CAPEX) in 2012 is expected to reach a level of about EUR 90m. This will primarily focus on replacement investments in existing facilities as well as on investments to further improve mail and parcel logistics operations.

SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

There were no significant events requiring disclosure after the end of the interim reporting period on June 30, 2012 which had a material impact on the consolidated financial statements of Austrian Post.

PERFORMANCE OF DIVISIONS

MAIL & BRANCH NETWORK DIVISION

EUR m	H1 2011[1]	H1 2012	%	Change EUR m	Q2 2011[1]	Q2 2012
External sales	**726.5**	**741.6**	**2.1%**	**15.1**	**363.9**	**356.6**
Letter Mail & Mail Solutions	364.8	390.3	7.0%	25.4	183.8	185.1
Direct Mail	218.2	213.6	–2.1%	–4.6	108.0	104.0
Media Post	68.4	71.6	4.6%	3.2	35.5	35.9
Branch Services[2]	75.0	66.1	–11.9%	–8.9	36.6	31.7
Internal sales	36.0	33.6	–6.6%	–2.4	17.9	16.8
Total revenue	762.5	775.2	1.7%	12.7	381.8	373.4
EBITDA	**138.6**	**150.2**	**8.4%**	**11.6**	**70.0**	**68.4**
Depreciation and amortisation	–15.9	–15.2	–4.6%	–0.7	–8.0	–7.7
EBIT	**122.7**	**135.0**	**10.1%**	**12.4**	**62.0**	**60.7**
EBITDA margin[3]	18.2%	19.4%	–	–	18.3%	18.3%
EBIT margin[3]	16.1%	17.4%	–	–	16.2%	16.2%
Employees[4]	17,379	16,998	–2.2%	–381	–	–

[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 recognition of value logistics as part of the Parcel & Logistics Division as of January 1, 2012
[3] EBIT and EBITDA in relation to total revenue
[4] Average for the period, full-time equivalents

Since the beginning of the year 2012, the previous Mail Division and the Branch Network Division were merged to create the new Mail & Branch Network Division. The new segment reporting reflects the current organisational, management and reporting structure.

Divisional revenue developed very positively in the first half of 2012, rising to EUR 741.6m. In spite of economic uncertainties and the fundamental trend towards declining addressed letter mail volumes, this solid performance could be achieved due to the fact that positive special effects impacted half-year results.

In the Letter Mail Business Area, revenue improved by 7.0% from the prior-year period to EUR 390.3m. The trend towards slightly decreasing letter mail volumes related to electronic substitution continued. However, this was counteracted by volume shifts from direct mail items to higher quality letter mail products as well as various Internet orders, which are no longer sent as parcels but as letter mail items. In addition, changes in the product portfolio of the Letter Mail Business Area which took effect on May 1, 2011 continued to deliver positive contributions in the first four months of the 2012 financial year.

Revenue of the Direct Mail Business Area fell to EUR 213.6m in the first half-year 2012. This development is attributable to the above-mentioned volume shifts to the Letter Mail Business Area, but also to the current economic uncertainty, which in turn led to a dampening of consumer confidence and a reduction in the volume of direct mail items ordered by companies. In particular, structural related decreases in the business of mail order firms have taken place. In contrast, revenue of the Media Post Business Area improved to EUR 71.6m in the first six months of 2012.

Revenue of the former Branch Network Division, which is now reported in the Mail & Branch Network Division, was down to EUR 66.1m. Half of this decrease is due to the reclassification of the “Wertlogistik” (value logistics) operations as part of the Parcel & Logistics Division, whereas the other half is the result of declining revenue from retail products and financial services.

On balance, EBITDA of the Mail & Branch Network Division increased by 8.4% to EUR 150.2m in the period under review, and EBIT climbed by EUR 12.4m to EUR 135.0m. The former Branch Network Division is included with an improved but still negative earnings contribution.

PARCEL & LOGISTICS DIVISION

EUR m	H1 2011	H1 2012	Change		Q2 2011	Q2 2012
			%	EUR m		
External sales	**410.9**	**430.8**	**4.9%**	**19.9**	**202.4**	**210.1**
Internal sales	12.3	4.5	–63.3%	–7.8	5.9	2.1
Total revenue	423.2	435.3	2.9%	12.2	208.3	212.2
EBITDA	**22.0**	**22.0**	**0.3%**	**0.1**	**10.9**	**9.2**
Depreciation and amortisation	–11.7	–10.7	–8.7%	–1.0	–5.8	–5.4
EBIT	**10.3**	**11.4**	**10.5%**	**1.1**	**5.1**	**3.8**
EBITDA margin[1]	5.2%	5.1%	–	–	5.2%	4.3%
EBIT margin[1]	2.4%	2.6%	–	–	2.5%	1.8%
Employees[2]	4,060	4,024	–0.9%	–35	–	–

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

External sales of the Parcel & Logistics Division climbed 4.9% in the first half of 2012, to EUR 430.8m. As at March 15, 2012, an agreement was signed with PostNL regarding its acquisition of the Austrian Post subsidiaries in the Netherlands and Belgium. The deconsolidation of the Dutch company took place as at March 15, 2012, and the disposal of the Belgian subsidiary took effect on May 31, 2012. Since the beginning of the year the company "Wertlogistik" specialising in value logistics has been a new part of the portfolio offered by the Parcel & Logistics Division, whereas it was previously assigned to Austrian Post's Branch Division. In addition, the firm "Systemlogistik" acquired as at May 31, 2012 expands the range of services offered by the division with respect to warehousing, picking and packing of goods.

The premium parcel segment (parcel delivery within 24 hours), which is mainly used in the business-to-business area, generated a revenue increase of 2.6% in the first half of 2012, to EUR 329.5m. The German subsidiary trans-o-flex, which posted a satisfactory growth rate, accounted for about 60% of this revenue. Parcel volumes of business customers in Austria increased at a disproportionately high rate, whereas intensified price pressure was evident in South East and Eastern Europe.

The standard parcels product segment used mainly for shipments to private customers also posted growth. Revenue rose by 8.8%, to EUR 86.5m.

On balance, EBITDA of the Parcel & Logistics Division improved to EUR 22.0m. EBIT in the first half of 2012 amounted to EUR 11.4m, a rise of 10.5% from the prior-year level. This includes various transaction costs relating to the disposal of the subsidiaries in the Netherlands and Belgium.

Vienna, August 2, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Walter Oblin
Member of the Management Board
CFO

Walter Hitziger
Member of the Management Board
Mail & Branch Network

Peter Umundum
Member of the Management Board
Parcel & Logistics

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2012

EUR m	H1 2011	H1 2012	Q2 2011	Q2 2012
Revenue	1,137.9	1.173.1	566.5	567.4
Other operating income	34.9	33.2	18.0	15.8
Total operating income	**1,172.8**	**1,206.3**	**584.6**	**583.3**
Raw materials, consumables and services used	–360.8	–379.5	–178.1	–188.6
Staff costs	–540.6	–549.5	–273.9	–265.2
Depreciation, amortisation and impairment losses	–43.5	–40.6	–21.4	–20.6
Other operating expenses	–143.6	–142.4	–77.8	–73.0
Total operating expenses	**–1,088.5**	**–1,112.0**	**–551.1**	**–547.4**
Profit from operations	**84.3**	**94.3**	**33.5**	**35.9**
Results of investments consolidated at equity	–3.0	–2.0	–0.9	0.6
Other financial result	–1.9	–0.9	–0.9	–0.8
Total financial result	**–4.9**	**–2.9**	**–1.8**	**–0.2**
Profit before tax	**79.4**	**91.3**	**31.6**	**35.7**
Income tax	–17.4	–20.6	–7.0	–6.3
Profit for the period	**62.0**	**70.8**	**24.6**	**29.4**
Attributable to equity holders of the parent company	62.0	70.8	24.6	29.4
Basic earnings per share (EUR)	**0.92**	**1.05**	**0.36**	**0.44**
Diluted earnings per share (EUR)	**0.91**	**1.04**	**0.36**	**0.43**
Profit from operations	84.3	94.3	33.5	35.9
Share of profit/loss of investments consolidated at equity	–3.0	–2.0	–0.9	0.6
Earnings before interest and tax (EBIT)	**81.3**	**92.2**	**32.5**	**36.4**

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2012

EUR m	H1 2011	H1 2012	Q2 2011	Q2 2012
Profit for the period	**62.0**	**70.8**	**24.6**	**29.4**
Currency translation differences	0.2	0.1	–0.1	–0.2
Revaluation of financial instruments held for sale	0.4	2.3	0.3	–1.1
Deferred taxes	–0.1	–0.6	–0.1	0.3
Other comprehensive income	**0.5**	**1.8**	**0.2**	**–1.0**
Total comprehensive income	**62.5**	**72.6**	**24.8**	**28.4**
Attributable to equity holders of the parent company	62.5	72.6	24.8	**28.4**

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012

EUR m	Dec. 31, 2011	June 30, 2012
Assets		
Non-current assets		
Goodwill	165.5	177.0
Intangible assets	58.2	63.8
Property, plant and equipment	587.5	582.1
Investment property	32.8	31.6
Investments consolidated at equity	17.5	20.5
Financial investments in securities	21.9	24.2
Other financial assets	40.6	40.6
Receivables	26.4	36.8
Deferred tax assets	54.6	54.2
	1,005.1	**1,030.8**
Current assets		
Financial investments in securities	12.3	9.2
Inventories	14.4	12.2
Receivables	323.2	326.4
Cash and cash equivalents	310.6	237.8
	660.4	**585.6**
Non-current assets held for sale	**2.8**	**2.8**
	1,668.3	**1,619.1**
Equity and liabilities		
Capital and reserves		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	116.8	125.8
Revaluation of financial instruments	–5.0	–3.3
Currency translation reserves	–2.0	–2.0
Profit for the period	123.8	70.8
	702.0	**659.7**
Non-current liabilities		
Provisions	396.7	398.3
Financial liabilities	18.6	21.9
Payables	25.2	24.8
Deferred tax liabilities	12.4	13.6
	452.9	**458.6**
Current liabilities		
Provisions	132.8	131.8
Tax provisions	12.7	12.4
Financial liabilities	10.6	4.5
Payables	346.6	352.2
	502.8	**500.9**
Non-current liabilities held for sale	**10.6**	**0.0**
	1,668.3	**1,619.1**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF OF 2012

EUR m	H1 2011	H1 2012
Operating activities		
Profit before tax	79.4	91.3
Depreciation, amortisation and impairment losses	43.5	40.6
Results of investments consolidated at equity	3.0	2.0
Write-ups, write-downs of financial instruments	–0.1	–0.1
Non-current provisions	–2.9	1.5
Gain/loss on the disposal of non-current assets	–2.4	–2.6
Taxes paid	–26.0	–20.5
Net interest received/paid	–1.3	–2.6
Currency translation	0.1	0.0
Other non-cash items	0.0	2.7
Operating cash flow before changes in working capital	**93.3**	**112.3**
Changes in net working capital		
Receivables	–12.0	–11.3
Inventories	–0.6	1.4
Current provisions	0.7	–0.8
Payables	–5.2	1.7
Cash flow from changes in net working capital	**–17.2**	**–9.0**
Cash flow from operating activities	**76.1**	**103.3**
Investing activities		
Purchase of intangible assets	–1.5	–1.8
Purchase of property, plant and equipment and investment property	–24.7	–25.5
Proceeds from the disposal of non-current assets	14.7	6.2
Acquisition/disposal of subsidiaries	0.0	–32.3
Acquisition/disposal of investments consolidated at equity	3.6	–5.4
Acquisition of financial investments in securities	–3.0	0.0
Proceeds from the disposal of financial investments in securities	0.0	3.0
Dividends received from investments consolidated at equity	0.8	0.3
Loans granted	0.0	–1.6
Interest received	2.7	3.5
Cash flow from investing activities	**–7.5**	**–53.6**
Free cash flow	**68.6**	**49.7**
Financing activities		
Changes in financial liabilities	–8.0	–6.7
Dividends paid	–108.1	–114.8
Interest paid	–1.4	–0.9
Cash flow from financing activities	**–117.5**	**–122.4**
Net change in cash and cash equivalents	**–48.9**	**–72.7**
Cash and cash equivalents at January 1	313.1	310.6
Cash and cash equivalents at June 30	**264.2**	**237.8**

SEGMENT REPORTING

Within the context of the strategic realignment of the Austrian Post Group, there are changes in the segment structure and reporting logic as of January 1, 2012. The segments “Mail” and “Branch Network” were merged to create the new segment, “Mail & Branch Network”. At the same time, there was a further breakdown of the existing “Mail & Branch Network”, “Parcel & Logistics” and “Corporate” segments into subsegments. The new segmentation reflects the strategic business areas of the Austrian Post Group, which are the basis for the internal organisational, management and reporting structures.

Whereas reporting reflected the old divisional organisational structure in the 2011 financial year, as subdivided into the divisions “Mail”, “Parcel & Logistics”, “Branch Network” and “Corporate”, the new segment reporting starting in the 2012 financial year breaks down business operations into the “Mail & Branch Network” and “Parcel & Logistics” divisions as well as “Corporate”.

H1 2011 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External sales	726.5	410.9	2.5	–2.1	1,137.9
Internal sales	36.0	12.3	77.7	–125.9	0.0
Total revenue	**762.5**	**423.2**	**80.2**	**–128.0**	**1,137.9**
Profit/loss from operations	126.3	10.3	–52.3	0.0	84.3
Results of investments consolidated at equity	–3.6	0.0	0.6	0.0	–3.0
EBIT	**122.7**	**10.3**	**–51.7**	**0.0**	**81.3**
Segment assets	368.8	410.2	439.4	–1.0	1,217.5
Investments consolidated at equity	23.1	0.1	0.9	0.0	24.0
Segment liabilities	397.0	95.5	419.9	–0.5	912.0
Segment investments	16.4	5.6	8.7	0.0	30.7
Depreciation, amortisation and impairment losses	15.9	11.7	15.9	0.0	43.5
thereof impairment losses	0.0	0.0	0.0	0.0	0.0
Employees[1]	17,379	4,060	1,811	–	23,250

[1] Average for the period, full-time equivalents

H1 2012 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External sales	741.6	430.8	5.4	–4.7	1,173.1
Internal sales	33.6	4.5	83.3	–121.4	0.0
Total revenue	**775.2**	**435.3**	**88.7**	**–126.1**	**1,173.1**
Profit/loss from operations	137.5	11.4	–54.5	0.0	94.3
Results of investments consolidated at equity	–2.4	0.0	0.4	0.0	–2.0
EBIT	**135.0**	**11.4**	**–54.2**	**0.0**	**92.2**
Segment assets	401.0	403.1	438.1	–10.8	1,231.4
Investments consolidated at equity	19.8	0.1	0.7	0.0	20.5
Segment liabilities	410.2	107.9	395.4	–10.8	902.6
Segment investments	12.1	9.0	8.5	0.0	29.6
Depreciation, amortisation and impairment losses	15.2	10.7	14.8	0.0	40.6
thereof impairment losses	0.0	0.1	0.0	0.0	0.1
Employees[1]	16,998	4,024	1,959	–	22,981

[1] Average for the period, full-time equivalents

Q2 2011 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External sales	363.9	202.4	1.3	–1.1	566.5
Internal sales	17.9	5.9	36.7	–60.5	0.0
Total revenue	**381.8**	**208.3**	**38.1**	**–61.6**	**566.5**
Profit/loss from operations	63.4	5.1	–34.9	–0.2	33.5
Results of investments consolidated at equity	–1.4	0.0	0.5	0.0	–0.9
EBIT	**62.0**	**5.1**	**–34.4**	**–0.2**	**32.5**
Depreciation, amortisation and impairment losses	8.0	5.8	7.6	0.0	21.4
thereof impairment losses	0.0	0.0	0.0	0.0	0.0

Q2 2012 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External sales	356.6	210.1	4.1	–3.3	567.4
Internal sales	16.8	2.1	41.5	–60.4	0.0
Total revenue	**373.4**	**212.2**	**45.6**	**–63.7**	**567.4**
Profit/loss from operations	60.3	3.8	–28.2	0.0	35.9
Results of investments consolidated at equity	0.4	0.0	0.2	0.0	0.6
EBIT	**60.7**	**3.8**	**–28.0**	**0.0**	**36.4**
Depreciation, amortisation and impairment losses	7.7	5.4	7.5	0.0	20.6
thereof impairment losses	0.0	0.0	0.0	0.0	0.0

GEOGRAPHICAL SEGMENTS

H1 2011 EUR m	Austria	Germany	Other Countries	Group
External sales	813.1	256.1	68.7	1,137.9
Segment assets	881.2	254.6	81.7	1,217.5
thereof non-current	645.4	185.6	52.3	883.3
Segment investments	25.5	3.6	1.6	30.7

H1 2012 EUR m	Austria	Germany	Other Countries	Group
External sales	844.4	266.8	61.8	1,173.1
Segment assets	903.8	256.4	71.3	1,231.4
thereof non-current	655.3	187.8	48.3	891.3
Segment investments	24.9	2.1	2.6	29.6

Q2 2011 EUR m	Austria	Germany	Other Countries	Group
External sales	405.9	125.4	35.2	566.5

Q2 2012 EUR m	Austria	Germany	Other Countries	Group
External sales	407.9	129.6	30.0	567.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

H1 2011 EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of financial instruments[1]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2011	**337.8**	**130.5**	**106.5**	**–1.8**	**–0.6**	**118.4**	**690.8**
Dividends paid						–108.1	–108.1
Change in reserves			10.3			–10.3	0.0
Profit for the period						62.0	62.0
Other comprehensive income				0.3	0.2		0.5
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.3**	**0.2**	**62.0**	**62.5**
Balance at June 30, 2011	**337.8**	**130.5**	**116.8**	**–1.5**	**–0.4**	**62.0**	**645.2**

H1 2012 EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of financial instruments[1]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2012	**337.8**	**130.5**	**116.8**	**–5.0**	**–2.0**	**123.8**	**702.0**
Dividends paid						–114.8	–114.8
Change in reserves			9.0			–9.0	0.0
Profit for the period						70.8	70.8
Other comprehensive income			0.0	1.7	0.1		1.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**1.7**	**0.1**	**70.8**	**72.6**
Balance at June 30, 2012	**337.8**	**130.5**	**125.8**	**–3.3**	**–2.0**	**70.8**	**659.7**

[1] Held for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2012

1. BASIS OF PREPARATION

The consolidated interim financial statements of Österreichische Post AG (Austrian Post) as at June 30, 2012 were prepared in accordance with the relevant International Financial Reporting Standards (IFRS) valid at June 30, 2012, as issued by the International Accounting Standard Board (IASB) and adopted by the European Union, especially in accordance with IAS 34 Interim Financial Reporting.

The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2011 financial year.

In the first half of 2012, the following revised standard was applicable for the first time:

Revised standards and interpretations		Effective date in the EU[1]
IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	July 1, 2011

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

The amendments in IFRS 7 pertain to the expansion of obligations to make disclosures on the transfer of financial assets. They are intended to enable the parties addressed by the financial statements to understand the relationships between the assets that have been transferred but not totally de-recognised and the corresponding financial liabilities. The derecognised financial assets' link between the nature of the continuing relationship and the risks associated with it is also to be made more transparent. The change does not have any material effects on the consolidated interim financial statements of Austrian Post at the present time.

2. CONSOLIDATION SCOPE

In addition to the parent company Österreichische Post AG (Austrian Post), a total of 26 domestic subsidiaries (December 31, 2011: 25) and 33 foreign subsidiaries (December 31, 2011: 33), in which Österreichische Post AG (Austrian Post) directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, 3 domestic companies (December 31, 2011: 3) and 5 foreign companies (December 31, 2011: 4) are consolidated according to the equity method.

Changes in the consolidation scope
The following changes in the consolidation scope of the Austrian Post Group took place in the first half of 2012:

Company name	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
Post zehn Beteiligungs GmbH	–	100.0%	Feb. 28, 2012	Incorporation
feibra GmbH (feibra West GmbH)[1]	100.0%	–	Jan. 11, 2012	Merger
Kolportaż Rzetelny sp. z o.o.	–	100.0%	May 2, 2012	Acquisition
M&BM Express OOD	–	26.0%	May 2, 2012	Acquisition
Parcel & Logistics				
trans-o-flex Nederland B.V.	100.0%	–	March 15, 2012	Disposal
trans-o-flex Belgium B.V.B.A.	100.0%	–	May 31, 2012	Disposal
trans-o-flex Belgium Real Estate B.V.B.A.[2]	100.0%	100.0%	Feb. 29, 2012	Spin-off
Systemlogistik Distribution GmbH	–	100.0%	May 31, 2012	Acquisition

[1] The Group companies listed in parentheses were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.
[2] trans-o-flex Belgium Real Estate B.V.B.A. has emerged as a spin-off of trans-o-flex Belgium B.V.B.A.

Mail & Branch Network
On May 2, 2012, the Austrian Post Group acquired 100% of the shares in Kolportaż Rzetelny sp. z o.o., Krakow. Kolportaż Rzetelny sp. z o.o. is the market leader in non-addressed mailing in Poland. The purchase of this company represents the consistent further development of Austrian Post's growth strategy in Central and Eastern Europe.

The provisional fair value of the identifiable assets and liabilities of Kolportaż Rzetelny sp. z o.o. at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.0
Customer relations	4.7
Other intangible assets	0.1
Other non-current assets	0.1
Current assets	
Cash and cash equivalents	0.3
Other current assets	2.5
Non-current liabilities	
Provisions and liabilities	–0.9
Current liabilities	
Provisions and liabilities	–1.5
Net assets acquired	**5.3**
Goodwill	9.7
Purchase price	**15.0**
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.3
Cash outflow of cash and cash equivalents	–15.0
Remaining purchase price liability	2.5
thereof contingent consideration	2.2
thereof price adjustments	0.3
Net cash outflow	**–12.2**

The fair value of the trade receivables amounts to EUR 2.5m, 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, Kolportaż Rzetelny sp. z o.o. has contributed EUR 1.4m in revenue and EUR 0.1m 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 0.7m and the revenue would have totalled EUR 4.1m.

The recognised goodwill results from the expected synergies and other advantages arising from the merger of the assets and activities of Kolportaż Rzetelny sp. z o.o. with those of Austrian Post.

The transaction costs of EUR 0.1m were recognised as an expense, and reported as other expenses in the consolidated income statement and in the cash flow from operating activities in the consolidated cash flow statement.

At the acquisition date the sum of EUR 2.2m was recognised for a contingent consideration. This amount is success-oriented and can total a maximum of EUR 2.2m.

On May 2, 2012, Austrian Post acquired a 26% stake in M&BM Express OOD, Sofia. M&BM Express OOD is the Bulgarian market leader among the alternative letter mail service providers as well as in the field of hybrid mail. The purchase agreement stipulates a call option for acquiring an additional 25% stake each in the years 2013 and 2014. The goodwill of EUR 4.7m arising from the purchase price allocation is recognised as part of the share of investments consolidated at equity.

Parcel & Logistics
On May 31, 2012, the Austrian Post Group acquired a 100% stake in Systemlogistik Distribution GmbH, Vienna. The fulfillment specialist operates in the field of contract logistics and offers outsourcing of Web shop logistics, order processing and warehousing. With the acquisition of Systemlogistik Distribution GmbH, Austrian Post is determinedly pursuing its strategy of enhancing its core competence in parcel distribution services along the value chain.

The preliminary fair values of the identifiable assets and liabilities of Systemlogistik Distribution GmbH at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	7.1
Customer relations	0.4
Brand	0.3
Other intangible assets	0.0
Other non-current assets	0.1
Current assets	
Cash and cash equivalents	0.0
Other current assets	1.3
Non-current liabilities	
Provisions and liabilities	–5.0
Current liabilities	
Provisions and liabilities	–2.2
Net assets acquired	**2.0**
Goodwill	1.8
Purchase price	**3.8**
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.0
Cash outflow of cash and cash equivalents	–3.8
Remaining purchase price adjustment	0.1
thereof price adjustments	0.1
Net cash outflow	**–3.7**

The fair value of the trade receivables amounts to EUR 1.1m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

Since the date of acquisition, Systemlogistik Distribution GmbH has not made any material contribution to the revenue and the profit for the period of the Group. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 0.0m and the revenue would have totalled EUR 2.6m.

The recognised goodwill results from the expected synergies and other advantages arising from the merger of the assets and activities of Systemlogistik Distribution GmbH with those of Austrian Post.

3. ASSETS AND LIABILITIES HELD FOR SALE (OR DISPOSAL GROUPS)

In the year 2011, Österreichische Post AG (Austrian Post) determined a plan to dispose of trans-o-flex Nederland B.V., Dordrecht, and trans-o-flex Belgium B.V.B.A., Turnhout, both of which were fully owned subsidiaries of Austrian Post.

Accordingly, the assets and liabilities of the two group companies as at December 31, 2011, which were assigned to the Parcel & Logistics segment, were classified as “Non-current assets held for sale and discontinued operations” in line with the stipulations of IFRS 5. According to the disposal plan, specified fixed assets, cash and cash equivalents, financial liabilities as well as specified liabilities and provisions are excluded from the reclassification.

A liabilities item previously recognised in the liabilities of the disposal group has been discontinued with regard to the negative fair value of the disposal group after taking account of the impairment loss recognised on the non-current and current assets held for sale as at December 31, 2011.

Effective March 15, 2012, Austrian Post disposed of its 100% stake in trans-o-flex Nederland B.V., Dordrecht. The deconsolidation of trans-o-flex Nederland B.V. was carried out on the basis of the final transaction basis at the closing date.

Effective February 29, 2012, the operative business of trans-o-flex Belgium B.V.B.A., Turnhout, was spun off. The remaining company which is exclusively equipped with real estate was renamed trans-o-flex Belgium Real Estate B.V.B.A, Turnhout. Effective May 31, 2012, Austrian Post disposed of its 100% stake in trans-o-flex Belgium B.V.B.A. The derecognition of the assets and liabilities within the context of the deconsolidation of trans-o-flex Belgium B.V.B.A. took place using the final transaction basis at the closing date.

Within the context of the deconsolidation of trans-o-flex Nederland B.V. and trans-o-flex Belgium B.V.B.A., the derecognition of the liability item previously recognised as at December 31, 2011 and the liabilities of the disposal group was carried out. The changed net assets and liability items compared to December 31, 2011 led to a transaction result of EUR 0.9m recognised in profit and loss, which is reported as other operating income.

4. INTEREST-BEARING PROVISIONS

Austrian Post reduced the discount interest rate for all interest-bearing provisions by 0.25 percentage points, from 4.5% as at December 31, 2011 to 4.25% as at June 30, 2012. The change to the interest rate was necessary as a result of internationally low interest rates. The lower discount factor led to increased provisioning requirements at Österreichische Post AG (Austrian Post) of EUR 8.5m.

5. OTHER INFORMATION

As at June 30, 2012, there was no material change in the transactions with related parties and individuals as presented in the consolidated financial statements as at December 31, 2011.

The dividend of EUR 1.70 per share (total dividend payout of EUR 114.8m) resolved upon by the Annual General Meeting held on April 17, 2012 was distributed to shareholders on May 2, 2012.

6. EVENTS AFTER THE REPORTING DATE

All events after the end of the interim reporting period which have a material impact on the valuation and accounting of the consolidated financial statements as at the balance sheet date of June 30, 2012, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosures, have been recognized in the current consolidated interim financial statements.

7. NEGATIVE NOTE

This consolidated interim report of Österreichische Post AG (Austrian Post), Vienna, for the first half of 2012 was neither audited nor subject to an auditor's review.

Vienna, August 2, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Walter Oblin
Member of the Management Board
CFO

Walter Hitziger
Member of the Management Board
Mail & Branch Network

Peter Umundum
Member of the Management Board
Parcel & Logistics

STATEMENT OF ALL LEGAL REPRESENTATIVES PERSUANT TO § 87 SECTION 1 (3) AUSTRIAN STOCK EXCHANGE ACT

As the legal representative of Österreichische Post AG (Austrian Post) we confirm to the best of our knowledge that the interim financial statements as at June 30, 2012 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements as at June 30, 2012 of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, August 2, 2012

The Management Board

Georg Pölzl
Chairman of the Management Board

Walter Oblin
Member of the Management Board
CFO

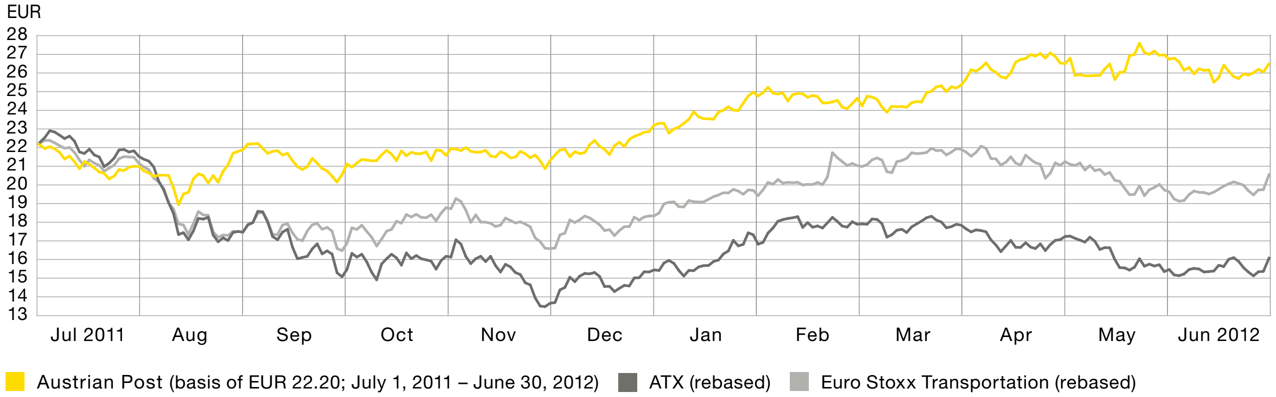
Walter Hitziger
Member of the Management Board
Mail & Branch Network

Peter Umundum
Member of the Management Board
Parcel & Logistics

FINANCIAL CALENDAR 2012

November 16, 2012 Interim report for the first three quarters 2012, publication 7.30 – 7.40 a.m.

DEVELOPMENT OF THE POST SHARE (LAST 12 MONTHS)



IMPRINT

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T: +43 (0) 577 67 0, E: info@post.at, I: www.post.at
FN: 180219d, Commercial Court of Vienna

Concept, design and project coordination
be.public Werbung Finanzkommunikation, Vienna

Printing
Niederösterreichisches Pressehaus, St. Pölten

We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This interim report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report.

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

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

Editorial deadline: August 2, 2012

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