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Austrian Post

Interim report Q1–3 2009

Highlights Q1–3 2009

- Ongoing difficult market environment – postal services negatively impacted by recession and electronic substitution
- Q1–3 Group revenue down 3.4%, or EUR 61.4m
  - Main trends are recession-related decline in letter mail and parcel volumes and the electronic substitution of letters
  - Positive development based on increased parcel volume on the Austrian market
- Downward trend continues in Q3: Group revenue declines 3.2%, or EUR 18.6m
- Q1–3 earnings before interest and tax (EBIT) decreases by 9.0% to EUR 93.7m, Q3 EBIT down 12.8%
- Operating cash flow before changes in working capital of EUR 128.4m in the first three quarters of 2009 (EUR –33.4m) and free cash flow of EUR 77.0m
- Solid balance sheet structure: surplus of cash and cash equivalents in comparison to financial liabilities
- Efficiency-enhancement and cost reduction measures continue to be the top priority

Overview of key indicators

	EUR m	Q1–3 2007	Q1–3 2008	Q1–3 2009	Change 2008/2009
Income statement	Revenue	1,667.3	1,784.6	1,723.2	–3.4%
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	190.5	186.9	168.9	–9.7%
	EBITDA margin	11.4%	10.5%	9.8%	–
	Earnings before interest and tax (EBIT)	118.3	103.0	93.7	–9.0%
	EBIT margin	7.1%	5.8%	5.4%	–
	Earnings before tax (EBT)	123.4	111.1	91.3	–17.8%
	Profit for the period	96.1	87.5	67.4	–23.0%
	Earnings per share (EUR)	1.37[1]	1.25[2]	1.00[3]	–20.3%
	Employees (average for period, full-time equivalents)	25,522	27,141	26,099	–3.8%
Cash flow	Operating cash flow before changes in working capital	207.8	161.7	128.4	–20.6%
	Cash flow from operating activities	211.3	129.5	112.0	–13.6%
	Investments in property, plant and equipment	70.8	60.9	48.3	–20.8%
	Investment in Group holdings	56.0	5.7	0.3	–95.0%
	Free cash flow before acquisition/sale of securities	32.2	94.0	73.4	–21.9%
		Dec. 31, 2007	**Dec. 31, 2008**	**Sept. 30, 2009**	
Balance sheet	Total assets	2,058.6	1,874.6	1,739.9	–7.2%
	Non-current assets	1,361.9	1,252.1	1,214.8	–3.0%
	Current assets	694.3	622.5	525.1	–15.6%
	Capital and reserves	874.3	741.5	644.6	–13.1%
	Non-current liabilities	598.0	551.8	530.8	–3.8%
	Current liabilities	586.3	581.3	564.6	–2.9%
Key balance sheet indicators	Interest-bearing liabilities	–711.5	–655.9	–631.2	+3.8%
	Interest-bearing assets	538.1	385.8	272.8	–29.3%
	Net debt	–173.4	–270.2	–358.4	–32.6%
	Equity ratio	42.5%	39.6%	37.0%	–

1 In relation to 70.0m shares
2 In relation to 69.9m shares
3 In relation to 67.6m shares

Statement by the Management Board

Developments during the first three quarters of the 2009 financial year show that the economic downturn has had a negative impact on the business operations of Austrian Post, as expected. Letter mail and parcel delivery volumes are dependent on the overall market development, consumption patterns of the population and advertising expenditures of companies.

Many of our customers are trying to counteract declining revenues by reducing their postal costs. In turn, this has negative consequences on delivery volumes and prices. Accordingly, total revenue of Austrian Post fell by 3.4% in the first nine months of the 2009 financial year, to EUR 1,723.2m. Group revenue declined in the third quarter by 3.2%, to EUR 567.3m.

Revenue in the Mail Division decreased considerably, falling 4.5%, which can be attributed to the economic downswing as well as the e-mail substitution of letters. Similarly, the Parcel & Logistics Division also recorded a drop in revenue (minus 2.4%) as a result of recession-related price pressure on an international level. In contrast, the parcel business in Austria developed very positively, registering significant volume growth driven by our new customer Hermes. In the Branch Network Division, lower internal sales reflect the current structural change: prior to market liberalisation, letters are being increasingly picked up from large customers. As a result of these changed customer requirements and the recession-related decrease in delivery volumes, it is absolutely essential to adapt the structure of the branch network and rely more on partner-operated postal service points.

The top priority of Austrian Post is to implement cost reduction measures as a means of counteracting this loss of revenue. Various measures have been initiated in order to sustainably cut staff costs as well as operating expenses. Austrian Post succeeded in compensating for the extensive salary increases in 2009, which were based on the high inflation rate of the previous year, by taking advantage of employee fluctuation and thus reducing its total staff by more than 1,000 employees. Net savings in operating expenses of EUR 12m were also achieved.

In the first three quarters of the 2009 financial year, earnings before interest and tax (EBIT) were down 9.0% from the previous year, to EUR 93.7m. Third-quarter EBIT fell by 12.8%. For the year 2009 as a whole, we expect that the economic downturn will continue to have a negative impact on the letter mail and parcel delivery volumes of Austrian Post. Companies are continuing to carry out cost-cutting measures, leading to a corresponding price and volume pressure on postal services. The downward trend in Austrian Post's revenues is expected to continue. Based on the planned cost reduction measures, Austrian Post will likely generate a Group EBIT in 2009 which is about 10% to 15% below the level achieved in 2008.

We consider the inclusion of fair legal solution in Austria's new Postal Act without the imposition of major unilateral burdens on our company to comprise an important milestone in the development of Austrian Post. A draft bill on this law was approved by the Austrian Federal Government at the end of July 2009, and the Austrian Parliament is expected to make a final decision by the end of the year 2009.

In order to ensure its ongoing profitability, Austrian Post will continue to take all the appropriate measures required to safeguard revenue, improve its cost structure and increase the flexibility of the Group.

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Herbert Götz
Member of the Management Board

Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

Business development Q1–3 2009

Economic and market environment Following the strong contraction of the economy in the first two quarters of 2009, this downward trend has now weakened. Forecasts for the entire year 2009 anticipate negative growth rates of –3.4% (Austrian Institute of Economic Studies, WIFO) or –3.8% (Institute for Advanced Studies, IHS). This downturn in 2009 will be accompanied by a lower inflation rate. Consumer prices in Austria will only rise by 0.5% (WIFO) due to the global decline in crude oil prices (IHS: 0.6%). Despite initial indications of an economic recovery, the unemployment rate will continue to increase. The Austrian economy is only expected to expand by 1.0% in 2010 (WIFO, IHS).

The German economy is expected to contract by minus 5.0% in 2009 (IHS). The situation in South East Europe and Eastern Europe is similar, with forecasts calling for a recession in Slovakia –5.4%, Hungary –6.1%, Croatia –6.2%, Serbia –4.8%, Bosnia-Herzegovina –3.0% (UniCredit CEE Quarterly).

Letter mail and parcel volumes are partially linked to overall market developments and consumer behaviour. The economic downturn has also resulted in a corresponding drop in the total volume of business mail. The electronic substitution of letter mail is a further fundamental trend that is intensifying in Austria. The volume of direct mailings is dependent upon the advertising budgets of companies. However, advertising expenditures are generally reduced or postponed during a pessimistic economic climate. The quarterly forecast of Zenith Optimedia assumes that the advertising sector will continue to be under pressure, and that the downturn in respect to advertising expenditures has not yet bottomed out, as investments in advertising in Western Europe (as well as in North America and Japan) are anticipated to decline. All in all, the advertising market in Germany is expected to contract by –8.5% in 2009, and –3.2% in 2010.

With regard to the EU-wide implementation of the Third Postal Directive, the Austrian Federal Government approved draft legislation on a new Postal Act at the end of July, which in turn is likely to be handled by the Austrian Parliament in the autumn of 2009.

Changes in the consolidation scope At the end of February 2009, Austrian Post sold 49.8% of its stake in Mader Zeitschriftenverlags GmbH, Vienna. The interest held by Austrian Post in Mader, which is still consolidated according to the equity method in the financial statements, now amounts to 25.1%. On April 1, 2009, Austrian Post acquired a 100% stake in feibra Tyrol, which specialises in the delivery of unaddressed direct mail items. On May 31, 2009, Austrian Post acquired a 40% stake in EBPP – Electronic Bill Presentment and Payment, Vienna. The company specialises in the electronic delivery of RSa and RSb letters, i.e. certified (registered) mail accompanied by a delivery confirmation. Effective July 1, 2009, Rhenus Life Science, Germany, was acquired and included in the consolidated financial statements of Austrian Post. The company operates in the field of temperature-controlled transported logistics.

In the comparable period of the previous year, the company 24VIP Bosnia-Herzegovina was not yet included in consolidation in the first three quarters of the previous year.

Business development – earnings The business development of Austrian Post in the first three quarters of 2009 was shaped by the economic downturn in its core markets. The recession led to the intensified decline in business mail volumes for letters and parcels, and also accelerated the trend towards the electronic substitution of letter mail by electronic media. Accordingly, total revenue of Austrian Post during the first three quarters of the 2009 financial year fell 3.4%, or EUR 61.4m, to EUR 1,723.2m. Third-quarter Group revenue was down 3.2%, to EUR 567.3m.

In the first nine months, revenue of the Mail Division was down 4.5% in a year-on-year comparison and fell by 4.6% in the third quarter. All business areas were negatively affected. The most striking trends were the increased electronic substitution of letter mail in several customer segments, the recession-related savings in postal costs by companies and the reduction or delays in advertising expenditures for direct mailings.

In the Parcel & Logistics Division, the current economic development led to a decrease in international parcel delivery volumes. Moreover, price pressure arose in all logistics segments due to excess capacity in the freight and transport sectors. On balance, revenue of the Parcel & Logistics Division was down 2.4% in the first three quarters. Based on revenue growth in Austria supported by the new customer Hermes, third-quarter revenue only fell by 1.2%.

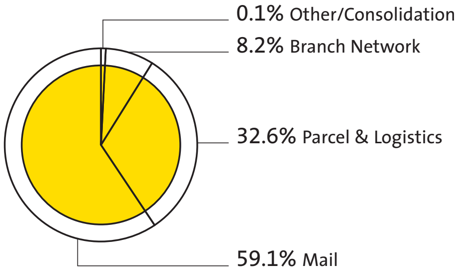
External sales of the Branch Network Division with retail products and financial services products were largely stable in the first three quarters of 2009, rising by 0.6%. In contrast, internal sales were down 9.4%, due to lower letter mail and parcel volumes delivered by the branch network.

Revenue by division[1]

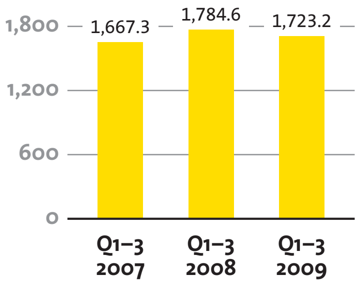
EUR m	Q1–3 2008	Q1–3 2009	Change %	Q3 2008	Q3 2009	Change %
Total revenue	**1,784.6**	**1,723.2**	**–3.4%**	**585.8**	**567.3**	**–3.2%**
Mail	1,066.8	1,018.7	–4.5%	346.3	330.3	–4.6%
Parcel & Logistics	575.2	561.5	–2.4%	192.7	190.3	–1.2%
Branch Network	140.3	141.2	+0.6%	46.3	46.0	–0.7%
Other	2.3	3.2	–	0.5	1.1	–
Consolidation	0.0	–1.4	–	0.0	–0.5	–
Working days in Austria[2]	190	188	–	65	66	–

[1] External sales of the divisions
[2] Calendar working days

Revenue by division (%)



Revenue (EUR m)



Income statement

EUR m	Q1–3 2008	Q1–3 2009	Change %	Q3 2008	Q3 2009
Revenue	**1,784.6**	**1,723.2**	**–3.4%**	**585.8**	**567.3**
Other operating income	53.1	52.5	–1.2%	17.3	16.5
Raw materials, consumables and services used	–564.1	–563.3	–0.1%	–195.2	–195.2
Staff costs	–867.4	–839.8	–3.2%	–286.3	–278.9
Other operating expenses	–219.8	–208.6	–5.1%	–74.6	–67.3
Share of profit/loss of associates	0.5	4.9	–	0.0	0.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**186.9**	**168.9**	**–9.7%**	**47.1**	**42.3**
Depreciation, amortisation and impairment losses	–83.9	–75.2	–10.5%	–26.1	–24.0
Earnings before interest and tax (EBIT)	**103.0**	**93.7**	**–9.0%**	**21.0**	**18.3**
Other financial result	8.1	–2.4	–	1.0	–2.3
Earnings before tax (EBT)	**111.1**	**91.3**	**–17.8%**	**22.0**	**16.0**
Income tax	–23.6	–23.9	+1.5%	–4.7	–4.8
Profit after tax = profit for the period	**87.5**	**67.4**	**–23.0%**	**17.4**	**11.2**
Earnings per share (EUR)	1.25	1.00	–20.3%	0.25	0.17

In order to counteract the loss of revenue, cost reduction measures continue to be the top priority of Austrian Post. Various measures have been initiated in order to sustainably cut staff costs as well as operating expenses.

Staff costs comprise the largest operating expense item of Austrian Post, accounting for close to 50% of total revenue. In the first nine months of 2009, total staff costs could be reduced by 3.2%, to EUR 839.8m. A major contribution was made by the reduction in the total workforce by 1,042 employees in a year-on-year comparison, to 26,099 people, primarily as the result of exploiting employee fluctuation and not filling vacant positions.

These savings were in contrast to salary increases based on the high inflation rate of 2008, and the accompanying 3.7% rise as of January 1, 2009 within the context of the collective wage agreement.

As in previous years, staff costs also include changes to the provision for employee under-utilisation. In the first three quarters of 2009, the provision for employee under-utilisation on the balance sheet declined by a total of EUR 26.5m. In contrast, provisions of EUR 30.6m were allocated for employees who accepted a voluntary social plan (employee redundancy programme) putting them on temporary leave until they reach retirement age.

Savings could be realised in cost of raw materials, consumables and services used as well as other operating expenses. On balance, these net cost reductions in the first nine months of 2009 amounted to EUR 12.0m compared to the preceding year. The biggest savings were achieved in purchasing external transport services, consulting and communications expenses as well as reduced expenditures for international postal services.

Other operating income dropped slightly to EUR 52.5m, including income from rents and leases of EUR 18.9m.

EBITDA by division

EUR m	Q1–3 2008	Q1–3 2009	Change EUR m	Q3 2008	Q3 2009
Total EBITDA	**186.9**	**168.9**	**–18.1**	**47.1**	**42.3**
Mail	216.1	190.6	–25.5	63.6	57.7
Parcel & Logistics	26.6	13.0	–13.6	6.3	3.5
Branch Network	13.9	–2.3	–16.2	4.3	–1.3
Other	–69.7	–32.5	+37.2	–27.1	–17.7

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post amounted to EUR 168.9m in the first nine months of 2009, a drop of 9.7% from the previous year. Accordingly, the EBITDA margin was 9.8%.

In the same period, depreciation, amortisation and impairment losses of Austrian Post decreased by 10.5%, to EUR 75.2m. Impairment losses for the first three quarters totalled EUR 2.0m.

EBIT by division

EUR m	Q1–3 2008	Q1–3 2009	Change EUR m	Q3 2008	Q3 2009
Total EBIT	**103.0**	**93.7**	**–9.3**	**21.0**	**18.3**
Mail	190.5	164.4	–26.1	54.8	49.9
Parcel & Logistics	6.7	–6.3	–13.0	–0.4	–2.9
Branch Network	9.5	–6.7	–16.3	2.8	–2.8
Other	–103.7	–57.6	+46.1	–36.1	–25.8

Earnings before interest and tax (EBIT) of Austrian Post were down 9.0% in the first three quarters of 2009, to EUR 93.7m, which is the result of the decline in revenue and the above-mentioned cost savings. EBIT in the third quarter was EUR 18.3m (–12.8%).

All operating divisions suffered from recession-related reductions in earnings. The Mail Division generated a positive EBIT of EUR 164.4m (minus EUR 26.1m from Q1–3 2008), whereas EBIT at the Parcel & Logistics Division was negative, at EUR –6.3m (change of minus EUR 13.0m), and the Branch Network Division posted an EBIT of EUR –6.7m (change of minus EUR 16.3m). In contrast, an earnings improvement was achieved in the Other segment, which encompasses non-allocated costs for central departments, expenses in connection with unused properties and for the employee social plan as well as the change in staff-related provisions.

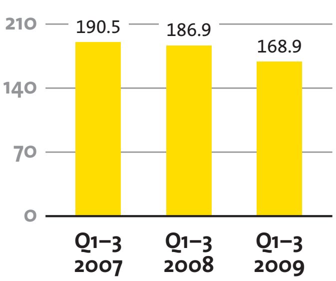
In the first nine months of 2009, an increasing number of employees for whom a provision for employee under-utilisation had been previously allocated could be reintegrated into the company's operations. On balance, the provision for employee under-utilisation could be reduced by EUR 26.5m. In contrast, provisions of EUR 30.6m were allocated for employees who accepted the voluntary social plan putting them on temporary leave until they reach retirement. As a result, EBIT of the Other segment improved to EUR –57.6m also due to the decreased necessity of allocating provisions in comparison to the preceding year.

The financial result of Austrian Post declined to EUR –2.4m in the first nine months of 2009, which is related, amongst other reasons, to lower interest rates and a positive one-off effect in the previous year.

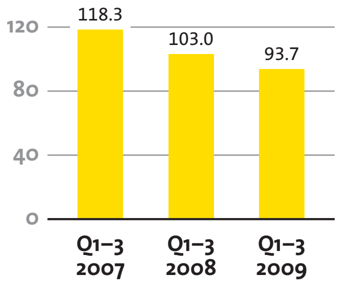
Earnings before tax fell by 17.8%, to EUR 91.3m. After deducting income taxes totalling EUR 23.9m, the net profit for the period (earnings after tax) amounted to EUR 67.4m, corresponding to EUR 1.00 per share for the first three quarters of the 2009 financial year and EUR 0.17 per share for the third quarter.

Earnings figures

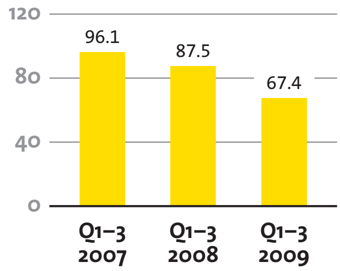
EBITDA (EUR m)



EBIT (EUR m)



Profit for the peroid (EUR m)



Assets and finances

Balance sheet structure by terms

EUR m	Dec. 31, 2008	Sept. 30, 2009	Structure Sept. 30, 2009
ASSETS			
Non-current assets	1,252.1	1,214.8	69.8%
Thereof other financial assets and financial investments in securities	132.2	121.1	7.0%
Current assets	622.5	525.1	30.2%
Thereof cash and cash equivalents	248.1	137.9	7.9%
	1,874.6	**1,739.9**	**100.0%**
EQUITY AND LIABILITIES			
Capital and reserves	741.5	644.6	37.0%
Non-current liabilities	551.8	530.8	30.5%
Thereof provisions	466.2	458.8	26.4%
Current liabilities	581.3	564.6	32.5%
	1,874.6	**1,739.9**	**100.0%**

Austrian Post pursues a risk-adverse business approach. This is demonstrated by the high equity ratio, the relatively low level of financial liabilities and the high amount of cash and cash equivalents.

Non-current assets comprise the largest share of the balance sheet total, accounting for 69.8% or EUR 1,214.8m of the total assets of EUR 1,739.9m. The largest non-current asset items are property, plant and equipment at EUR 709.4m, as well as financial investments in securities and other financial investments totalling EUR 121.1m. The principal current asset items are receivables, at EUR 353.8m, followed by cash and cash equivalents, at EUR 137.9m.

On the equity and liabilities side, the balance sheet total is comprised of capital and reserves (37.0%), non-current liabilities (30.5%) and current liabilities (32.4%). Non-current liabilities of EUR 530.8m largely consist of provisions totalling EUR 458.8m, including the provision for under-utilisation, which amounted to EUR 281.3m in the first three quarters of 2009, down from EUR 307.8m at the end of the 2008 financial year. Current liabilities amounting to EUR 564.6m primarily consist of trade payables, at EUR 228.5m.

All in all, the analysis of the balance sheet of Austrian Post shows a considerable level of current and non-current financial resources on the assets side. Austrian Post had cash and cash equivalents of EUR 137.9m as at September 30, 2009, and financial investments in securities amounting to EUR 89.9m. Accordingly, total liquid financial resources at the disposal of Austrian Post decreased from EUR 340.6m to EUR 227.8m in the first three quarters of 2009, which is related to the payment of the basic dividend of EUR 1.50 per share and the special dividend of EUR 1.00 per share (total dividend payout of EUR 168.9m). As opposed to the total liquid financial resources, the financial liabilities of Austrian Post only amount to EUR 130.1m.

Cash flow

EUR m	Q1–3 2008	Q1–3 2009
Operating cash flow before changes in working capital	**161.7**	**128.4**
± Cash flow from changes in working capital	–32.2	–16.4
= Cash flow from operating activities	**129.5**	**112.0**
± Cash flow from investing activities	–17.4	–35.0
Thereof financial investments in securities	18.1	3.5
= Free cash flow	**112.1**	**77.0**
Free cash flow before acquisitions/sale of securities	**94.0**	**73.4**

Total operating cash flow before changes in working capital amounted to EUR 128.4m, a decline of EUR 33.4m from 2008. The revenue decline had a negative effect on income, which was in part counteracted by cost savings and lower income taxes.

The cash flow from changes in working capital amounted to EUR –16.4m in Q1–3 2009.This change can be mainly attributed to a reduction in liabilities but also increased receivables and reduced provisions. On balance, the cash flow from operating activities totalled EUR 112.0m in the first nine months of 2009, down from EUR 129.5m in the comparable period of 2008.

The cash flow from investing activities at EUR –35.0m includes the purchase of property, plant and equipment (CAPEX) amounting to EUR 48.3m. Free cash flow totalled EUR 77.0m. Compared to the decline in revenue of EUR 61.4m, the free cash flow before the acquisition or sale of securities was only EUR 20.5m below the previous year's level.

Capital expenditure During the first three quarters of 2009, capital expenditure at Austrian Post reached a level of EUR 48.3m. Approximately 50% of total investments related to assets under construction (Zagreb/Croatia, Bratislava/Slovakia). Investments were made in the Mail Division to improve the address reading technology of its letter mail sorting facilities.

About one-third of the total investments were designed for office equipment, fixtures and fittings, in particular sorting tables and shelves, letter boxes, access control systems as well as trucks and trailers for letter mail logistics and an expanded vehicle fleet for the trans-o-flex companies. In the Branch Network Division, the investments focused on new shelves for retail products, post office counter facilities as well as other equipment, fixture and fittings for post office branches. The remaining capital expenditure related to commercial real estate and buildings as well as technical plant and machinery.

Employees During the period under review, the average number of full-time employees at Austrian Post fell by 3.8%, or 1,042 people, to 26,099. This decline can be primarily attributed to the lower number of employees working for the Mail Division. Most of Austrian Post's labour force (21,775 full-time equivalent employees) is employed by the parent company, Österreichische Post AG. The remaining staff of more than 4,300 employees is employed at subsidiaries.

Employees by division[1]

	Q1–3 2008	Q1–3 2009	Structure
Mail	15,966	15,349	58.8%
Parcel & Logistics	4,049	3,953	15.1%
Branch Network	4,962	4,773	18.3%
Other	2,165	2,024	7.8%
Total	**27,141**	**26,099**	**100.0%**

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

Main risks and uncertainties As an international postal and logistics services provider, Austrian Post is subject to a variety of risks in carrying out its business operations. Austrian Post proactively deals with these strategic and operational 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 take suitable precautionary measures. The risk management efforts of Austrian Post, as well as the major risks it is subject to – regulatory and legal risks, market and competitive risks, risks arising from the structure of employment contracts, technical and financial risks – are described in detail in the Group Management Report and in the consolidated financial statements and accompanying notes in the Annual Report 2008 for Austrian Post (see Annual Report 2008, pages 70–74 and 129–133).

On the basis of the above-mentioned risks, there are also uncertainties for the remaining three months of the current financial year. Projected mail volumes in the Mail Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and depend on the economic development of the respective customer segments. The business environment in the regions where Austrian Post operates has significantly deteriorated in recent months. Unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail and parcel volumes. Furthermore, a dampened economic environment can also have an impact on the Group's competitive position and thus the attainable prices for postal services.

Moreover, in a recessionary market environment, Austrian Post may be negatively affected by potential losses of current customers. Earnings from financial services in the Branch Network division are strongly dependent on the market success of Austrian Post's banking partner BAWAG PSK, whereas earnings from telecommunications products are closely linked to the product development success of the company's cooperation partner Telekom Austria. As a logistics company, Austrian Post is fundamentally subject to the risk of rising costs related to higher transport and fuel prices.

Outlook 2009 Developments during the first three quarters of the 2009 financial year show that the economic downturn has also had the expected negative impact on the regions and markets in which Austrian Post operates. The economic downturn – with current forecasts calling for a 3.5% contraction of the Austrian economy in 2009 – will continue to have a negative impact on the letter mail and parcel delivery volumes of Austrian Post.

Large companies are expected to continue the cost-cutting measures they have initiated, leading to on-going pressure on prices and delivery volumes. General economic risks further exist, such as increased competitive instability, price pressure, declining consumer spending and potential loss of customers along with the related negative effects on Austrian Post's letter mail and parcels business. The downward trend in Austrian Post's revenues is expected to continue.

For this reason, the efficiency enhancement and cost reduction programme remains the top priority for Austrian Post. The company expects to counteract the 2009 salary increases by taking advantage of employee fluctuation and not filling vacant positions, thus reducing overall staff costs in 2009. The collective wage agreement valid for new employees as of August 1, 2009 will also positively support these efforts. Further savings in operating costs (excluding staff costs) are also planned. Austrian Post aims to cut the total costs of raw materials, consumables and services used and other operating expenses by at least EUR 30m below the comparable level for 2008. In addition, as already announced, planned capital expenditure (CAPEX) will be cut back by EUR 20m, in 2009 as a whole, to EUR 80m.

Based on the planned cost reduction measures, Austrian Post will likely generate a Group EBIT in 2009 which is about 10% to 15% below the level achieved in 2008.

Significant events after the interim reporting period Effective October 1, 2009, Georg Pölzl assumed his position as Chairman of the Management Board and Chief Executive Officer of Austrian Post. Otherwise, there were no significant events requiring disclosure between the balance sheet date of September 30, 2009 and publication of this interim report.

Performance of divisions

Mail Division

EUR m	Q1–3 2008	Q1–3 2009	Change %	Change m	Q3 2008	Q3 2009
External sales	**1,066.8**	**1,018.7**	**–4.5%**	**–48.1**	**346.3**	**330.3**
Letter Mail	572.3	544.1	–4.9%	–28.3	182.9	173.3
Infomail	395.4	378.7	–4.2%	–16.7	131.9	128.0
Media Post	99.1	95.9	–3.2%	–3.2	31.5	29.0
Internal sales	32.6	34.8	+6.6%	+2.2	10.5	12.6
Total revenue	1,099.4	1,053.5	–4.2%	–45.9	356.8	342.9
EBITDA	**216.1**	**190.6**		**–25.5**	**63.6**	**57.7**
Depreciation, amortisation and impairment losses	–25.6	–26.2		+0.6	–8.8	–7.8
EBIT	**190.5**	**164.4**		**–26.1**	**54.8**	**49.9**
EBITDA margin[1]	19.7%	18.1%		–	17.8%	16.8%
EBIT margin[1]	17.3%	15.6%		–	15.4%	14.5%
Employees[2]	15,966	15,349	–3.9%	–617	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

External sales of the Mail Division fell 4.5% in the first three quarters of 2009 from the comparable period of 2008, to EUR 1,018.7m. Revenue in the third quarter was also down 4.6%, to EUR 330.3m. In addition to the economic slowdown, this development is mainly related to the ongoing electronic substitution of letter mail. Furthermore, business results in the comparable third quarter of 2008 included the positive one-off effect of parliamentary elections in Austria.

Revenue generated by the Letter Mail Business Area in the current financial year was down by 4.9%, or EUR 28.3m. The unfavourable business environment has led many companies to implement massive cost saving measures. Accordingly, the trend towards the substitution of letters by electronic media has intensified, particularly in the telecommunications segment. In contrast, mail volumes in the financial services sector have remained relatively stable. International mail volumes also declined.

The revenue achieved by the Infomail Business Area (addressed and unaddressed direct mail items) was also lower than in Q1–3 2008, decreasing by 4.2%, or EUR 16.7m. This downward trend can be attributed to the general decline in advertising expenditures. In particular, investments in advertising were subject to massive cuts at the beginning of the year, whereas advertising expenditures in the Infomail Business Area were only down by 2.9% in the third quarter of 2009, pointing to a slight weakening of the downward trend.

The number of addressed direct mail items has declined, especially from mail order companies. In contrast, the total volume of unaddressed direct mail items has remained relatively constant. Declining business on the part of mail order companies have also had a negative effect on the revenue development of meiller direct (minus 7.7% in the first nine months of 2009), which specialises in printing services and document management.

Due to the prevailing cyclical downturn in the business volume generated by daily newspapers and weekly magazines, the Media Post Business Area also posted a decline in revenue, which fell 3.2%, or EUR 3.2m, in the first three quarters of 2009.

On balance, the Mail Division generated an EBIT of EUR 164.4m, a decrease of 13.7%, or EUR 26.1m, from the comparable period of the previous year. EBIT of the Mail Division fell 9.0% in the third quarter, to EUR 49.9m.

Parcel & Logistics Division

EUR m	Q1–3 2008	Q1–3 2009	Change %	Change m	Q3 2008	Q3 2009
External sales	**575.2**	**561.5**	**–2.4%**	**–13.7**	**192.7**	**190.4**
Internal sales	23.2	17.8	–23.4%	–5.4	6.3	5.7
Total revenue	598.4	579.3	–3.2%	–19.1	199.0	196.1
EBITDA	**26.6**	**13.0**		**–13.6**	**6.3**	**3.5**
Depreciation, amortisation and impairment losses	–20.0	–19.4		–0.6	–6.8	–6.5
EBIT	**6.7**	**–6.3**		**–13.0**	**–0.4**	**–2.9**
EBITDA margin[1]	4.5%	2.3%		–	3.2%	1.8%
EBIT margin[1]	1.1%	–1.1%		–	–0.2%	–1.5%
Employees[2]	4,049	3,953	–2.4%	–95	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

In the first nine months of 2009, external sales of the Parcel & Logistics Division declined by 2.4%, to EUR 561.5m, which is mainly related to the negative economic growth in core markets. The third quarter revenue decrease corresponded to 1.2%. A recession-related volume decline was perceptible in all markets. Moreover, price pressure arose in all logistics segments due to excess capacity in the freight and transport sectors.

The premium parcel product segment (parcel delivery within 24 hours) generated total revenue of EUR 459.2m in the first three quarters. The revenue decline of 5.4% is strongly linked to the international freight and express mail business, which suffered even more severely from the cyclical downturn. The subsidiary trans-o-flex in Germany accounts for about 75% of the revenue in this segment. This was followed by the growing parcels business in Austria (9%), South East and Eastern Europe (9%) and the trans-o-flex companies in the Netherlands and Belgium (7%). The company Rhenus Life Science in Germany, specialising in the transport and storage of temperature-sensitive goods, was acquired effective July 1, 2009.

Revenue of the standard parcels segment in Austria developed more gratifyingly, rising significantly since June 1, 2009 due to the new customer Hermes. Accordingly, revenue was up 8.4% in Q1–3 2009, to EUR 95.0m, whereas third-quarter revenue growth totalled more than 20%.

EBIT of the Parcel & Logistics Division in the first three quarters of 2009 amounted to EUR –6.3m, and was thus below the comparable level of the previous year. These results can be mainly attributed to the recession-related price and volume pressure, and the resulting negative effects on Group subsidiaries.

The Parcel & Logistics Division achieved a negative EBIT of EUR 2.9m in the third quarter of 2009, which includes integration costs and operational losses of about EUR 3m applying to Rhenus Life Science, acquired as of July 1, 2009. Except for this development, the division posted positive results in the third quarter. Rhenus Life Science is currently being integrated in the temperature-controlled transport logistics of Austrian Post, and should, according to plan, generate a positive EBIT contribution starting in 2010.

Branch Network Division

EUR m	Q1–3 2008	Q1–3 2009	Change %	Change m	Q3 2008	Q3 2009
External sales	**140.3**	**141.2**	**+0.6%**	**+0.9**	**46.3**	**46.0**
Internal sales	151.1	136.8	–9.4%	–14.3	49.2	44.0
Total revenue	291.4	278.0	–4.6%	–13.4	95.4	90.0
EBITDA	**13.9**	**–2.3**		**–16.2**	**4.3**	**–1.3**
Depreciation, amortisation and impairment losses	–4.4	–4.4		+0.1	–1.5	–1.5
EBIT	**9.5**	**–6.7**		**–16.3**	**2.8**	**–2.8**
EBITDA margin[1]	4.8%	–0.8%		–	4.5%	–1.4%
EBIT margin[1]	3.3%	–2.4%		–	2.9%	–3.1%
Employees[2]	4,962	4,773	–3.8%	–189	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

External sales of the Branch Network Division have developed in a stable manner during the current financial year. Revenue was up 0.6% in the first three quarters of 2009, whereas revenue declined slightly (–0.7%) in the third quarter. Sales growth for mobile telephony and fixed line products were in contrast to lower sales of other retail products. Despite the international financial crisis, the development of financial services offered by Austrian Post remained stable.

The change of internal sales of the Branch Network Division, which fell by 9.4%, is attributable to the decrease in philately sales, which climbed in the previous year as a result of positive one-off effects, for example UEFA EURO 2008™, as well as the decline in letter mail and parcel volumes in the branch network. This volume decrease is a structural effect: letters are increasingly being picked up from customers prior to market liberalisation. As a result of these changed customer requirements, it is necessary to reorganise the branch network. At the beginning of the year, about 290 unprofitable post offices were identified which Austrian Post planned to convert to partner-operated postal service points. Approximately 140 of these branches had been converted up until November 2009. However, the conversion of 144 branches has been stopped until the end of December 2009 by a new official ruling handed down by the Federal Ministry of Transport, Innovation and Technology.

EBIT of the Branch Network Division amounted to EUR –6.7m in the first three quarters of 2009, down from EUR 9.5m in the comparable period of 2008. The originally planned cost savings were only partially realised due to the delayed conversion of small, unprofitable post offices by public authorities.

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Herbert Götz
Member of the Management Board

Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

Consolidated interim financial statements

Consolidated income statement

EUR m	Q1–3 2008	Q1–3 2009	Q3 2008	Q3 2009
Revenue	1,784.6	1,723.2	585.8	567.3
Other operating income	53.1	52.5	17.3	16.5
Total operating income	1,837.7	1,775.7	603.1	583.7
Raw materials, consumables and services used	–564.1	–563.3	–195.2	–195.2
Staff costs	–867.4	–839.8	–286.3	–278.9
Depreciation, amortisation and impairment losses	–83.9	–75.2	–26.1	–24.0
Other operating expenses	–219.8	–208.6	–74.6	–67.3
Total operating expenses	–1,735.3	–1,686.9	–582.1	–565.4
Profit from operations	**102.4**	**88.8**	**21.0**	**18.3**
Share of profit/loss of associates	0.5	4.9	0.0	0.0
Other financial result	8.1	–2.4	1.0	–2.3
Total financial result	8.6	2.4	1.0	–2.2
Profit before tax	**111.1**	**91.3**	**22.0**	**16.0**
Income tax	–23.6	–23.9	–4.7	–4.8
Profit for the period	**87.5**	**67.4**	**17.4**	**11.2**
Attributable to:				
Equity holders of the parent company	87.6	67.4	17.4	11.2
Minority interest	–0.1	0.0	0.0	0.0
EUR				
Basic earnings per share	1.25	1.00	0.25	0.17
Diluted earnings per share	1.25	1.00	0.25	0.17
EUR m				
Profit from operations	102.4	88.8	21.0	18.3
Share of profit/loss of associates	0.5	4.9	0.0	0.0
Earnings before interest and tax (EBIT)	**103.0**	**93.7**	**21.0**	**18.3**

Statement of comprehensive income

EUR m	Q1–3 2008	Q1–3 2009	Q3 2008	Q3 2009
Profit for the period	**87.5**	**67.4**	**17.4**	**11.2**
Currency translation differences	1.4	–0.1	0.3	0.2
Revaluation of financial instruments held for sale	–4.8	2.6	–3.5	1.8
Deferred taxes	1.2	–0.6	0.9	–0.4
Revaluation of financial instruments hedging	0.0	3.7	0.0	0.1
Deferred taxes	0.0	–0.9	0.0	0.0
Other comprehensive income	–2.2	4.6	–2.3	1.6
Total comprehensive income	**85.3**	**72.0**	**15.1**	**12.8**
Attributable to:				
Equity holders of the parent company	85.4	72.0	15.1	12.8
Minority interest	–0.1	0.0	0.0	0.0

Consolidated balance sheet

EUR m	Dec. 31, 2008	Sept. 30, 2009
ASSETS		
Non-current assets		
Goodwill	196.5	199.3
Intangible assets	79.7	70.9
Property, plant and equipment	725.9	709.4
Investment property	36.5	36.7
Investments in associates	7.3	8.3
Financial investments in securities	92.3	79.7
Other financial assets	39.9	41.4
Receivables	14.9	11.5
Deferred tax assets	59.2	57.6
	1,252.1	**1,214.8**
Current assets		
Financial investments in securities	0.2	10.2
Inventories	26.3	23.3
Receivables	347.8	353.8
Cash and cash equivalents	248.1	137.9
	622.5	**525.1**
	1,874.6	**1,739.9**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	350.0	337.8
Treasury shares	–12.2	0.0
Capital reserves	130.5	130.5
Revenue reserves	178.2	128.2
Revaluation of financial instruments	–24.5	–19.8
Currency translation reserves	0.7	0.6
Profit for the period	118.9	67.4
	741.5	**644.6**
Non-current liabilities		
Provisions	466.2	458.8
Financial liabilities	45.5	36.9
Payables	15.7	12.7
Deferred tax liabilities	24.3	22.3
	551.8	**530.8**
Current liabilities		
Provisions	106.1	102.8
Tax provisions	13.1	12.2
Financial liabilities	103.1	93.2
Payables	359.0	356.4
	581.3	**564.6**
	1,874.6	**1,739.9**

Consolidated cash flow statement

EUR m	Q1–3 2008	Q1–3 2009
Operating activities		
Profit before tax	111.1	91.3
Depreciation, amortisation and impairment losses	83.9	75.2
Write-downs, write-ups of financial assets	0.0	–1.2
Share of profit/loss of associates	–0.5	–4.9
Non-current provisions	25.2	–7.4
Gain/loss on disposal of non-current assets	–6.2	–1.1
Gain/loss on disposal of financial assets	0.0	0.1
Taxes paid	–38.1	–18.7
Net interest received/paid	–13.6	–4.4
Currency translation	0.0	–0.6
Operating cash flow before changes in working capital	**161.7**	**128.4**
Changes in working capital		
Receivables	–31.3	–0.7
Inventories	–2.4	3.0
Payables	3.9	–14.1
Current provisions	–2.4	–4.6
Cash flow from changes in working capital	**–32.2**	**–16.4**
Cash flow from operating activities	**129.5**	**112.0**
Investing activities		
Purchase of intangible assets	–1.2	–2.0
Purchase of property, plant and equipment	–60.9	–48.3
Acquisition of subsidiaries	0.6	–3.9
Acquisition/disposal of associates	–3.8	3.6
Acquisition of minority interests	–2.6	0.0
Acquisition of financial investments in securities	–5.0	–26.2
Proceeds from the sale of non-current assets	12.1	4.0
Proceeds from the sale of financial investments in securities	23.1	29.8
Dividends received from associates	0.5	0.2
Interest received	19.7	7.8
Cash flow from investing activities	**–17.4**	**–35.0**
Free cash flow	**112.1**	**77.0**
Financing activities		
Changes in financial liabilities	–50.1	–14.9
Dividends paid	–168.0	–168.9
Interest paid	–6.1	–3.4
Acquisition of treasury shares	–21.7	0.0
Cash flow from financing activities	**–245.9**	**–187.2**
Net change in cash and cash equivalents	**–133.8**	**–110.3**
Cash and cash equivalents at January 1st	309.4	248.1
Cash and cash equivalents at September 30th	**175.6**	**137.9**

Segment reporting

Business segments (divisions)

Q1–3 2008

EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consolidation	Group
External sales	1,066.8	575.2	140.3	2.3	0.0	1,784.6
Internal sales	32.6	23.2	151.1	127.3	–334.2	0.0
Total revenue	**1,099.4**	**598.4**	**291.4**	**129.6**	**–334.2**	**1,784.6**
Other operating income	7.5	14.2	2.7	28.7	0.0	53.1
Total operating income	1,106.9	612.6	294.1	158.3	–334.2	1,837.7
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–891.1	–586.0	–280.2	–228.3	334.2	–1,651.4
Share of profit/loss of associates	0.2	0.0	0.0	0.3	0.0	0.5
EBITDA	**216.1**	**26.6**	**13.9**	**–69.7**	**0.0**	**186.9**
Depreciation, amortisation and impairment losses	–25.6	–20.0	–4.4	–34.0	0.0	–83.9
Thereof: impairment losses	0.0	0.1	0.0	6.0	0.0	6.2
EBIT	**190.5**	**6.7**	**9.5**	**–103.7**	**0.0**	**103.0**
Segment assets	498.8	582.4	52.1	493.4	–135.9	1,490.8
Investments in associates	2.9	0.0	0.0	0.6	0.0	3.5
Segment liabilities	346.7	217.6	73.8	489.7	–127.4	1,000.4
Segment investments	34.6	30.8	2.3	12.3	0.0	80.0
Employees[1]	15,966	4,049	4,962	2,165	–	27,141

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

Q3 2008

EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consolidation	Group
External sales	346.3	192.7	46.3	0.5	0.0	585.8
Internal sales	10.5	6.3	49.2	42.1	–108.0	0.0
Total revenue	**356.8**	**199.0**	**95.4**	**42.7**	**–108.0**	**585.8**
Other operating income	2.9	5.1	0.8	8.5	0.0	17.3
Total operating income	359.7	204.0	96.3	51.2	–108.0	603.1
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–296.0	–197.7	–92.0	–78.3	108.0	–556.0
Share of profit/loss of associates	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**63.6**	**6.3**	**4.3**	**–27.1**	**0.0**	**47.1**
Depreciation, amortisation and impairment losses	–8.8	–6.8	–1.5	–9.0	0.0	–26.1
Thereof: impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**54.8**	**–0.4**	**2.8**	**–36.1**	**0.0**	**21.0**

Business segments (divisions)

Q1–3 2009

EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli-dation	Group
External sales	1,018.7	561.5	141.2	3.2	–1.4	1,723.2
Internal sales	34.8	17.8	136.8	126.1	–315.5	0.0
Total revenue	**1,053.5**	**579.3**	**278.0**	**129.3**	**–316.9**	**1,723.2**
Other operating income	5.0	13.6	4.3	30.9	–1.3	52.5
Total operating income	1,058.5	592.9	282.3	160.2	–318.2	1,775.7
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–872.4	–579.9	–284.6	–193.0	318.3	–1,611.7
Share of profit/loss of associates	4.5	0.0	0.0	0.3	0.0	4.9
EBITDA	**190.6**	**13.0**	**–2.3**	**–32.5**	**0.0**	**168.9**
Depreciation, amortisation and impairment losses	–26.2	–19.4	–4.4	–25.2	0.0	–75.2
Thereof: impairment losses	–2.0	0.0	0.0	0.0	0.0	–2.0
EBIT	**164.4**	**–6.3**	**–6.7**	**–57.6**	**0.0**	**93.7**
Segment assets	443.2	591.7	53.1	490.5	–174.3	1,404.1
Investments in associates	7.8	0.0	0.0	0.6	0.0	8.3
Segment liabilities	336.7	255.1	70.4	423.3	–168.9	916.5
Segment investments	18.1	17.2	2.6	17.6	0.0	55.6
Employees[1]	15,349	3,953	4,773	2,024	–	26,099

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

Q3 2009

EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli-dation	Group
External sales	330.3	190.4	46.0	1.1	–0.5	567.3
Internal sales	12.6	5.7	44.0	42.1	–104.3	0.0
Total revenue	**342.9**	**196.1**	**90.0**	**43.2**	**–104.8**	**567.3**
Other operating income	2.0	4.3	0.8	9.9	–0.6	16.5
Total operating income	344.9	200.4	90.8	53.1	–105.4	583.7
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–287.2	–196.8	–92.0	–70.8	105.4	–541.5
Share of profit/loss of associates	0.0	0.0	0.0	0.1	0.0	0.0
EBITDA	**57.7**	**3.5**	**–1.3**	**–17.6**	**0.0**	**42.3**
Depreciation, amortisation and impairment losses	–7.8	–6.5	–1.5	–8.2	0.0	–24.0
Thereof: impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**49.9**	**–2.9**	**–2.8**	**–25.8**	**0.0**	**18.3**

Geographical segments
Q1–3

	Austria		Germany		Other countries		Group	
EUR m	2008	2009	2008	2009	2008	2009	2008	2009
External sales	1,231.0	1,201.9	451.1	419.9	102.5	101.4	1,784.6	1,723.2
Segment assets	1,033.5	982.7	360.2	318.4	97.1	103.1	1,490.8	1,404.1
Segment investments	47.4	33.7	10.5	12.7	22.0	9.2	80.0	55.6

Q3

	Austria		Germany		Other countries		Group	
EUR m	2008	2009	2008	2009	2008	2009	2008	2009
External sales	395.1	388.7	153.0	144.6	37.7	34.0	585.8	567.3

Consolidated statement of changes in equity

					Revaluation of financial instruments						
EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves	Held for sale	Hedging	Currency translation reserves	Profit for period	Total	Minority interest	Consolidated equity
2008 FINANCIAL YEAR											
Balance at January 1, 2008	**350.0**	**0.0**	**212.0**	**188.7**	**–0.5**	**0.0**	**1.0**	**122.5**	**873.7**	**0.6**	**874.3**
Acquisition of treasury shares		–4.4	4.4	–21.7					–21.7		–21.7
Acquisition of minority interests				–2.0					–2.0	–0.6	–2.6
Dividends				–45.5				–122.5	–168.0		–168.0
Profit for the period								87.6	87.6	–0.1	87.5
Other comprehensive income					–3.6	0.0	1.4		–2.2		–2.2
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**–3.6**	**0.0**	**1.4**	**87.6**	**85.4**	**–0.1**	**85.3**
Balance at September 30, 2008	**350.0**	**–4.4**	**216.4**	**119.5**	**–4.1**	**0.0**	**2.4**	**87.6**	**767.3**	**0.0**	**767.3**

					Revaluation of financial instruments						
EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves	Held for sale	Hedging	Currency translation reserves	Profit for period	Total	Minority interest	Consolidated equity
2009 FINANCIAL YEAR											
Balance at January 1, 2009	**350.0**	**–12.2**	**130.5**	**178.2**	**–20.4**	**–4.2**	**0.7**	**118.9**	**741.5**	**0.0**	**741.5**
Withdrawal of treasury shares	–12.2	12.2							0.0		0.0
Dividends				–50.0				–118.9	–168.9		–168.9
Profit for the period								67.4	67.4		67.4
Other comprehensive income					1.9	2.8	–0.1		4.6		4.6
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**1.9**	**2.8**	**–0.1**	**67.4**	**72.0**	**0.0**	**72.0**
Balance at September 30, 2009	**337.8**	**0.0**	**130.5**	**128.2**	**–18.5**	**–1.4**	**0.6**	**67.4**	**644.6**	**0.0**	**644.6**

Notes

1 | Basis of preparation

The interim consolidated financial statements of Austrian Post as at September 30, 2009 were prepared in accordance with the binding International Financial Reporting Standards (IFRS) valid at September 30, 2009, as issued by the International Accounting Standard Board (IASB) and adopted by the European Union. These interim consolidated financial statements correspond to the valid and applicable IFRS as at September 30, 2009, as published by the IASB.

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 2008 financial year.

In the first three quarters of 2009, the following new or revised standards were binding for the first time:

New standards and interpretations		Effective date[1]
IFRS 8	Operating Segments	Jan. 1, 2009
IFRIC 12	Service Concession Arrangements	Jan. 1, 2008
IFRIC 15	Agreements for the Construction of Real Estate	Jan. 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Oct. 1, 2008
Revised standards		
IFRS 1/IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Jan. 1, 2009
IFRS 2	Share-based Payments	Jan. 1, 2009
IAS 1	Presentation of Financial Statements – A Revised Presentation	Jan. 1, 2009
IAS 23	Borrowing Costs	Jan. 1, 2009
IAS 32/IAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation	Jan. 1, 2009
IAS 39	Reclassification of Financial Assets: Effective Date and Transition	July 1, 2008

[1] Applicable for accounting periods beginning on or after the above-mentioned date

The initial application of the revised standards IFRS 1/IAS 27, IFRS 2 and IAS 32/IAS 1, IAS 39 as well as the new interpretations IFRIC 12, IFRIC 15 and IFRIC 16 will not have any material impact on the presentation of the consolidated financial statements of the Austrian Post Group.

In accordance with the new standard IFRS 8 "Operating Segments", segment reporting and segment identification must be prepared on the same basis as the information provided to the main decision-making bodies of the Group for decision-making purposes (management approach). IFRS 8 completely replaces IAS 14 which has previously been used by Austrian Post. The initial application of this standard leads to a separate disclosure of the two items previously encompassed in the reporting category "Other/Consolidation".

The revised IAS 1 "Presentation of Financial Statements" is designed to facilitate the analysis and comparability of IFRS financial statements. Owner-related changes in equity must be separately disclosed from all other transactions leading to changes in equity. At Austrian Post, the amounts previously presented in the consolidated statement of changes in equity which were not recognised in profit or loss are now presented in a statement of comprehensive income.

The amendment to IAS 23 "Borrowing Costs" will lead to a change in the accounting and valuation methods applied by Austrian Post. As of January 1, 2009, borrowing costs which can be classified as being directly related to the acquisition of qualifying assets are recognised as part of the acquisition or production costs. However, application of the revised IAS 23 will not have any material impact on the presentation of the financial position, profit and loss and cash flows of the Austrian Post Group.

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

For more detailed information on the applied accounting and valuation methods, refer to the consolidated financial statements for the 2008 financial year as at December 31, 2008, which serve as the basis for these current interim consolidated financial statements.

2 | Consolidation

In addition to the parent company Austrian Post AG, a total of 21 domestic subsidiaries (December 31, 2008: 19) and 43 foreign subsidiaries (December 31, 2008: 50), in which the company directly or indirectly holds a majority of the voting rights, are included in consolidation. Furthermore, five domestic companies (December 31, 2008: four) are consolidated according to the equity method.

Changes in the consolidation scope

The following business combinations or changes in the interest held by the Group were carried out in the first three quarters of 2009:

Company name	Interest From	Interest To	Date of transaction	Note
Mail				
meiller direct AB (meiller lithorex AB)[1]	–	100.0%	Jan. 1, 2009	Merger
meiller direct (meiller Weiterverarbeitung, lettershop und Dialogservice)[1]	–	100.0%	Jan. 1, 2009	Merger
Feibra Magyarország (Cont-Média Hungary)[1]	–	100.0%	Jan. 2, 2009	Merger
Mader Zeitschriftenverlags GmbH	74.9%	25.1%	Feb. 27, 2009	Disposal of interest
feibra Tirol	–	100.0%	April 1, 2009	Acquisition
Postservice GmbH	–	100.0%	May 4, 2009	Incorporation
EBPP – Electronic Bill Presentment and Payment	–	40.0%	May 31, 2009	Acquisition
Parcel & Logistics				
trans-o-flex Hungary (Merland Expressz)[1]	–	100.0%	Jan. 1, 2009	Merger
VOP (HSH Holding)[1]	–	100.0%	Feb. 1, 2009	Merger
trans-o-flex Belgium (MIT Transport)[1]	–	100.0%	Feb. 1, 2009	Merger
trans-o-flex Belgium (VOP)[1]	–	100.0%	July 1, 2009	Merger
Rhenus Life Sciences Verwaltungs GmbH & Co KG	–	100.0%	July 1, 2009	Acquisition
Rhenus Life Sciences Verwaltungs GmbH	–	100.0%	July 1, 2009	Acquisition

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

At the end of February 2009, Austrian Post sold 49.8% of its stake in Mader Zeitschriftenverlags GmbH, Vienna. The interest held by Austrian Post in Mader, which is still consolidated according to the equity method in the financial statements, now amounts to 25.1%. Proceeds derived from the sale, totalling EUR 4.4m, are reported in the share of profit/loss of associates.
On May 31, 2009, Austrian Post acquired a 40% stake in EBPP – Electronic Bill Presentment and Payment, Vienna, at a purchase price of EUR 2.0m. EBPP is consolidated as an associated company at equity in the consolidated financial statements of Austrian Post. The goodwill of EUR 1.9m arising as a result of the purchase price allocation is reported as part of the investments in associates.
Effective July 1, 2009, Austrian Post acquired a 100% stake in Rhenus Life Sciences Verwaltungs GmbH & Co KG, Holzwickede, and Rhenus Life Sciences Verwaltungs GmbH, Holzwickede. The acquisition price for both companies amounts to EUR 1.3m. The companies specialise in the transport and storage of products for the health care industry, including temperature-sensitive goods.

The following assets and liabilities were assumed by Austrian Post in connection with the acquisition of Rhenus:

EUR m	Fair value	Carrying amount before acquisition
Goodwill	2.7	0.0
Property, plant and equipment	0.6	0.6
Current assets	1.5	1.5
Current provisions and liabilities	–3.6	–3.6
Net acquired assets	**1.3**	**–1.5**

3 | Contingent assets and liabilities

The contingent assets presented in the consolidated financial statements as at December 31, 2008 remained unchanged in the first three quarters of the 2009 financial year. Compared to December 31, 2008, there was no significant change in the level of contingent liabilities.

4 | Other information

Related party transactions: As at September 30, 2009, there was no material change in the transactions with related parties as presented in the consolidated financial statements as at December 31, 2008.

Treasury shares: Within the context of the authorisation provided by the Annual General Meeting held on April 22, 2008, all treasury shares (2,447,362 shares) were withdrawn on April 24, 2009. As a result, the share capital of Austrian Post was reduced by EUR 12.2m, to EUR 337.8m, and is now divided into a total of 67,552,638 no-par value shares (up to April 23, 2009: 70,000,000 no-par value shares).

Dividends paid: The basic dividend of EUR 1.50 per share (EUR 101.3m) as resolved by the Annual General Meeting held on May 6, 2009 was distributed on May 20, 2009, and the special dividend of EUR 1.00 per share (EUR 67.6m) was distributed on August 20, 2009. On balance, the total dividend payout amounts to EUR 168.9m.

5 | Events after the end of the reporting period

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 September 30, 2009, 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 financial statements.

6 | Negative note

The interim report of Austrian Post for the first three quarters of 2009 were neither audited nor subject to an auditor's review.

Vienna, November 3, 2009

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Herbert Götz
Member of the Management Board

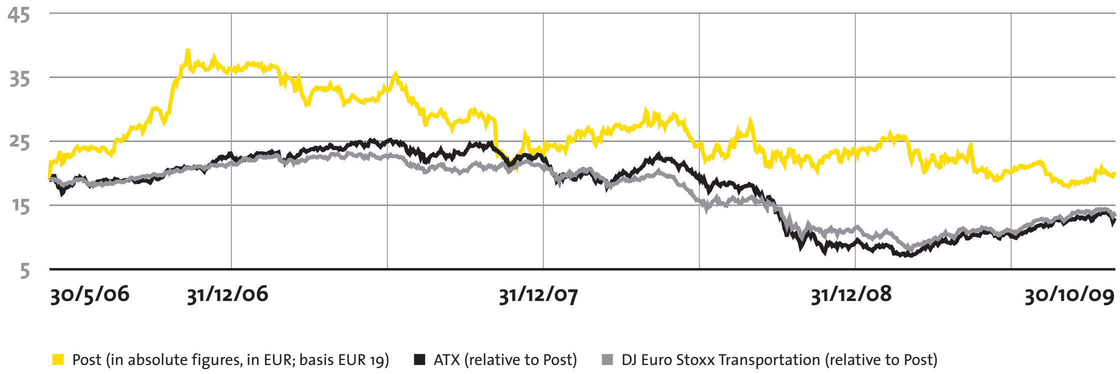
Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

Financial calendar 2010

March 16, 2010	Annual Report 2009
April 22, 2010	Annual General Meeting 2010, Vienna
May 6, 2010	Ex-dividend day and dividend payment day
May 20, 2010	Interim report for the first quarter 2010
August 12, 2010	Half-year financial report 2010
November 17, 2010	Interim report first three quarters 2010

Development of the Post share



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We have prepared this interim 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 assessments and 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 point out 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 prevails.

Editorial deadline: November 3, 2009