Annual General Meeting 2009

May 6, 2009
Report of the Management Board

Rudolf Jettmar
### Austrian Post at a glance

#### Mail
- Letter mail
- Addressed and unaddressed direct mail items
- Newspapers/magazines

#### Parcel & Logistics
- Parcels
- Express mail

#### Branch Network
- Postal services
- Financial services
- Telecommunications and retail products

#### Group

<table>
<thead>
<tr>
<th>Mail</th>
<th>Parcel &amp; Logistics</th>
<th>Branch Network</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Mail Image]</td>
<td>![Parcel &amp; Logistics Image]</td>
<td>![Branch Network Image]</td>
<td>![Group Pie Chart]</td>
</tr>
</tbody>
</table>

### External sales 2008

<table>
<thead>
<tr>
<th>Sector</th>
<th>Revenue: EUR</th>
<th>EBITDA margin:</th>
<th>EBIT margin:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail</td>
<td>1,460.0m</td>
<td>19.7%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Parcel &amp; Logistics</td>
<td>785.9m</td>
<td>4.3%</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Branch Network</td>
<td>192.2m</td>
<td>5.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Group</td>
<td>2,441.4m</td>
<td>13.2%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Note: EBITDA and EBIT margin relative to total revenue (external sales plus internal sales)
Key figures 2008

- **Group revenue** up 5.4% to EUR 2,442.4m
  - Mail: Good development in all areas (+ 5.7%), organic growth of 1.3%
  - Parcel & Logistics: revenue increase of 6.4% despite reduced parcel volume in Austrian B2C business; growth primarily due to acquisitions
  - Branch network: good development of financial services
- **Earnings before interest and tax** of EUR 169.5m (+4.1%)
- **Solid balance sheet**: equity ratio of 40%
- **Prudent balance sheet policy**
  - Conservative balance sheet and financing structure, no external borrowing requirements
  - Ongoing evaluation of assets serves to minimise risks
- **Attractive dividend policy**
  - based on strong cash flow and sound balance sheet
**Revenue 2008**

**Revenue (EUR m)**

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<tbody>
<tr>
<td>Growth: 2008: +5.4%</td>
<td>648.4</td>
<td>2,315.7</td>
<td>656.8</td>
<td>2,441.4</td>
</tr>
<tr>
<td>Q4: +1.3%</td>
<td></td>
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</table>

**Regional mix 2008**

- **Austria**: 31.0%
- **International**: 69.0%

**Business mix 2008**

- **Mail**: 7.9%
- **Parcel & Logistics**: 59.8%
- **Branch Network**: 0.1%
- **Other/Consolidation**: 32.2%
Earnings indicators 2006 - 2008

EBITDA (EUR m)
2007/2008: +9.9%

EBIT (EUR m)
2007/2008: +4.1%

Profit for the period (EUR m)
2007/2008: -3.1%

Margin (in % of revenues)
### Key income statement indicators

<table>
<thead>
<tr>
<th>EUR m</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>07 vs. 08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,736.7</td>
<td>2,315.7</td>
<td>2,441.4</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Raw materials, consumables and services used</td>
<td>-258.0</td>
<td>-692.2</td>
<td>-778.2</td>
<td>+12.4%</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td>-1,063.0</td>
<td>-1,120.4</td>
<td>-1,119.2</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-243.9</td>
<td>-284.0</td>
<td>-304.5</td>
<td>+7.2%</td>
</tr>
<tr>
<td>Share of profit/loss of associates</td>
<td>1.1</td>
<td>0.9</td>
<td>1.2</td>
<td>+23.3%</td>
</tr>
<tr>
<td><strong>Earnings before interest, tax, depreciation and amortisation (EBITDA)</strong></td>
<td>231.7</td>
<td>292.7</td>
<td>321.7</td>
<td>+9.9%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-87.3</td>
<td>-97.9</td>
<td>-104.7</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>21.1</td>
<td>-32.1</td>
<td>-47.5</td>
<td>+48.1%</td>
</tr>
<tr>
<td><strong>Earnings before interest and tax (EBIT)</strong></td>
<td>123.3</td>
<td>162.8</td>
<td>169.5</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Other financial result</td>
<td>7.2</td>
<td>2.1</td>
<td>-11.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Earnings before tax (EBT)</strong></td>
<td>130.5</td>
<td>164.9</td>
<td>158.2</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-30.8</td>
<td>-42.2</td>
<td>-39.3</td>
<td>-6.8%</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>99.8</td>
<td>122.6</td>
<td>118.9</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>

Increase includes organic growth of 0.8%

**Exceptional/one-off effects 2008**
- Lower provisions due to reintegration of employees
- Higher social expenses for employees
- Higher transport/fuel costs

**Impairment losses on property, plant and equipment and intangible assets**
- Lower valuation of stake in the BAWAG PSK consortium
Mail Division: Highlights 2008

- Letter Mail: development of national letter mail volumes better than expected (-0.3%)
- Infomail: growth in volume of addressed and unaddressed direct mail items (+2.9% organic)
- Media Post: revenue increase of 3.6%
- Acquisition in Hungary: Cont Media
- Stake acquired in D2D (direct to document) for printing services
- Instalment of scanning services in all sorting centres (incoming mail digitalisation)
Mail Division: New Postal Act

- New Postal Act regulating the postal market expected by the middle of 2009
- Universal postal services must be ensured and compensated for when eliminating the letter mail monopoly

Austrian Post demands fair “level playing field“:
- Compensation for providing universal postal services
- Flexible pricing policy
- Freedom to choose the optimal operating model for postal service points
- Unified and transparent quality standards for all market participants
- Fair labour regulations based on a collective wage agreement for the entire postal sector
Premium Parcel

- High growth rate for B2B in Austria: +70%, market share almost doubled to 8-9%
- High revenue growth in South East/Eastern Europe (organic and due to acquisitions): +50%
- Stable volume development at trans-o-flex

Standard Parcel

- Volume stabilisation following loss of two large parcel customers
- Internet providers as growth drivers of volume in both segments

Acquisitions

- Market entry in Bosnia-Herzegovina with acquisition of 24VIP Logistics Services specialising in parcels and bulk goods
- Belgium: expansion of pharmaceutical logistics based on acquisition of HSH
Parcel & Logistics Division: Next steps

- Product offensive B2B / B2C Premium-Produkt;
  Target: market share in Austrian B2B segment of 20%

- Implementation of large contract from Hermes for B2C parcels in Austria
  - B2C parcels of Hermes will be delivered by Austrian Post as of June 1, 2009
  - Additional volume of several million parcels annually expected
  - Redimensioning of parcels logistics in Austria has proven to be successful

- Continuation of successful restructuring in Austria

- Expansion of division-spanning brand trans-o-flex for Premium products

- Development of B2B/C2C capabilities in South East Europe and Germany
Branch Network Division: Highlights 2008

- Sales mobilisation programme in cooperation with PSK Bank
- After repositioning of PSK Bank
  - Ongoing development of innovative products, high quality banking services
  - Increased level of financial services
- Expansion of successful cooperation with Telekom Austria/mobilkom Austria
- Philately: Focus on UEFA EURO 2008, fastest printing of a postage stamp in the world (Guinness Book of Records)
- Reorganisation according to branch types (postal hubs, regional post offices, standard branches)
Post Partner Concept 2009 – More Post for Austria

1,500 postal service points now of which 200 are Post Partner

Future: 1,650 postal service points (650 Post Partner)

Advantages of Post Partner (post partner offices):

- Longer opening hours
- Increased revenue for local partners (average of EUR 15,000 per year, quality bonus of EUR 3,500 per year)
- Greater frequency for local businesses (+20% customers)
- Lower fixed costs by closing unprofitable, small branches (300 branches with losses of EUR 40,000 per year on average)
Cash generation and use in 2008

Exceptional/one-off effects 2008:
- Integration costs Netherlands/Belgium
- Higher social expenses/termination benefits
- Higher transport/fuel costs
- Loss of two B2C parcels customers in Austria

Change in working capital
- Change in financial assets, interest, other
  - +40.0
  - +70.3
- Disposal of property, plant and equipment
  - -3.5
- Purchase of property, plant and equipment
  - -102.9
- Acquisition of subsidiaries
  - -30.5

Free cash flow as basis for attractive dividend policy

Free cash flow
- Free cash flow before changes in working capital
  - 292.4
  - 237.0
  - -3.5
- Exceptional/one-off effects 2008:
  - Integration costs Netherlands/Belgium
  - Higher social expenses/termination benefits
  - Higher transport/fuel costs
  - Loss of two B2C parcels customers in Austria

210.3

△ EUR 3 per share
Prudent balance sheet policy

- Equity ratio of 40%
- On balance, high liquidity cushion of EUR 340m in cash and cash equivalents and securities → invested at the least possible risk
- Cash position higher than financial liabilities: no credit crunch
- Investments and acquisitions can be financed by Austrian Post’s cash flow.
- Low level of net debt: Net debt/EBITDA = 0.84
- Solid valuation of assets and shareholdings
- Strong cash flow as the basis for an attractive dividend policy
Solid balance sheet structure: assets

Assets shaped by investment policy with lowest possible risk

Of which
EUR 725.9m property, plant and equipment,
EUR 196.5m goodwill,
EUR 79.7m intangible assets

Up-to-date valuation in line with IFRS

Financial assets: including 5% stake in
BAWAG PSK

Investments exclusively in bonds with at least single A type

Short-term investments in the money market

Total of EUR 340m in cash and cash equivalents and securities
### Solid balance sheet structure: equity and liabilities

<table>
<thead>
<tr>
<th>Equity and liabilities: high equity ratio, high level of provisions, no external borrowing requirements</th>
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<tbody>
<tr>
<td>Capital and reserves</td>
<td>874</td>
</tr>
<tr>
<td>Provisions</td>
<td>87</td>
</tr>
<tr>
<td>Liabilities</td>
<td>386</td>
</tr>
<tr>
<td>Other</td>
<td>518</td>
</tr>
<tr>
<td>Interest-bearing provisions</td>
<td>187</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>187</td>
</tr>
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</table>

#### Equity ratio of 40%

- Other staff-related provisions
- Liabilities from trade payables EUR 216m
  - Of which
    - EUR 308m for employee under-utilisation,
    - EUR 91m for jubilee benefits,
    - EUR 69m for termination benefits,
    - EUR 5m for pension obligations
- About 70% through acquisition of trans-o-flex, stable credit conditions
Attractive dividend policy

Strong cash flow and stable balance sheet enable attractive dividend payout

Earnings per share (EUR)\(^1\)

Dividend per share (EUR)\(^2\)

Free cash flow per share (EUR)\(^1\)

1) Calculations based on 70m shares, 2008: 69.5m shares – weighted average
2) Calculations based on 70m shares, 2008: 67.6m shares
3) Proposal to the Annual General Meeting on May 6, 2009

Aug. 20, 2009
May 20, 2009
Against the backdrop of a difficult market environment in 2009, the top priority is securing the future to ensure the success of the business model on a short and long-term basis.

Difficult market environment 2009

- Economic downturn will also burden letter mail and parcel volumes

New Postal Act within the context of upcoming market liberalisation: fair level playing field should apply

- Securing the future: sales offensive and new services as well as measures to increase efficiency and reduce costs

Austrian Post will continue pursuing its cautious and prudent balance sheet strategy
Challenges of the Recessionary Year 2009

Difficult market environment in 2009 will lead to intensified implementation of sales offensive, efficiency improvements and cost reductions

Sales offensive & new services

- Sales offensive to intensify use of direct marketing in corporate advertising
- Promotion of integrated services (mailroom services, printing, post digitalisation)
- Expansion of service quality by search for and launch of new post partner offices

Efficiency improvements & cost reductions

- Ongoing efficiency improvements in the Mail/Parcel & Logistics divisions
- Reduction in the operating expenses (excluding staff costs): targeted savings of about EUR 30m within 12 months
- Reduction of capital expenditures (CAPEX) by 20% in 2009
warning