

Austrian Post Q1-3

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DECLINE IN THE MAIL BUSINESS OFFSET BY PARCEL GROWTH

Revenue of the Mail & Branch Network Division totalled EUR 1,054.6m in the period under review, a drop of 2.2 % from the previous year. The downward revenue development in the first nine months of 2017 was primarily attributable to the ongoing trends towards electronic substitution of traditional letter mail. The Direct Mail business showed an increase in unaddressed

direct mail in contrast to the decrease in addressed advertising mail. Total revenue of the Parcel & Logistics Division rose by 17.8 % in the first three quarters of the current financial year to EUR 350.0m (excl. trans-o-flex). This strong growth was mainly due to the ongoing e-commerce trend which led to a substantial volume increase for private customer parcels. The basic upward revenue trend in the first nine months of 2017 is estimated to equal more than 10 %. Additional revenue was generated by the launch of a new product structure featuring the "Packet", a special product offering designed to meet the requirements of online orders, which has been well received by customers.

RESOLUTE ORIENTATION TO CUSTOMER NEEDS

Austrian Post is the undisputed market leader in the delivery of letters, direct mail and parcels. "We will have to continuously improve our service offering and work on our high quality standards in order to maintain or expand our competitive edge in the future", Georg Pölzl states. Austrian Post is profiting from dynamic market growth in the parcel business. The related competitive intensity and price pressure will remain high. At the same time, customer demands for quality and delivery speed are increasing. Accordingly, Austrian Post is continuously pressing ahead with expanding its service offering on the basis of self-service and online

solutions making it even easier and more convenient to ship and receive parcels. For example, Austrian Post is planning to more than double the number of self-service solutions in the medium term. The company also has a great deal to do in the field of parcel logistics. “We are preparing an Austria-wide capacity expansion programme to enable us to handle the strong growth in parcel volumes in the future. Sorting capacity should more than double in the medium term to 100,000 parcels per hour”, Georg Pölzl adds.

Austrian Post is also called upon to adapt its offering in the mail business to current customer requirements. The customer demands a wide scope of services with extensive freedom of choice, also with respect to delivery speed. The retail financial services business is facing a structural decline, which makes it even more imperative to define up to date products and services tailored to customer needs. “We are currently evaluating strategic options and potential

partnerships in the financial services business in order to design an up to date and sustainable offering”, Georg Pölzl says, adding: “We continue to consider financial services to be an integral part of our business operations, in light of the fact that they comprise a valuable and efficient supplement to postal services”, he states.

CLEAR POSITIONING: RELIABILITY AND STABILITY

The solid development in the first nine months of 2017 should enable Austrian Post to continue pursuing its clear capital market positioning as a reliable dividend stock. Austrian Post anticipates a slightly positive revenue development for the entire year 2017, and targets operating earnings to be at least at the same level as achieved in the previous year. “We will also strive to achieve a stable revenue and earnings development in 2018 as well”, Austrian Post CEO Georg Pölzl concludes.

Source: [Austrian Post](#)