


***Annual Report 2009***  
*Austrian Post*

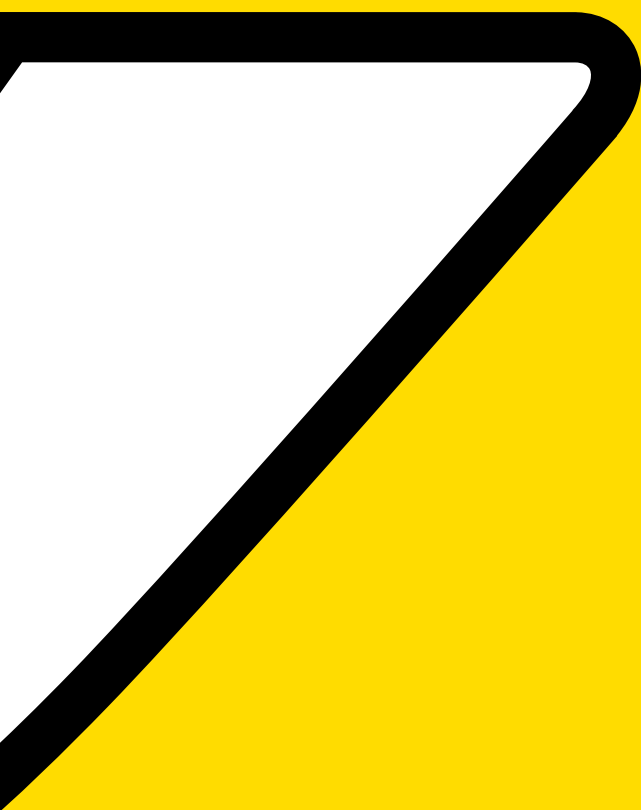


***What really counts  
is the recipient.***



## Highlights of 2009

- **Difficult market environment in 2009:** Postal services negatively impacted by the recession
  - **Mail Division:** Economic downturn accelerates electronic substitution
  - **Parcel & Logistics Division:** International price pressure but market share gains in the core markets of Austria and Germany
  - **Branch Network Division:** Lower letter mail volumes lead to structural changes
- **Group revenue down 3.5% or EUR 84.5m, to EUR 2,356.9m**
- **Successful efficiency and cost reduction measures have a positive impact:**  
Savings targets achieved with regard to staff costs and operating expenses
- **EBIT down 11.9% or EUR 20.1m, to EUR 149.4m**
- **Ongoing high cash flow and stable balance sheet**
- **Continuation of attractive dividend policy:** Dividend proposal of EUR 1.50/share in 2009
- **Strategic cornerstones and medium-term goals of the Group were defined**
- **Outlook 2010:** Revenue down 1–2% from 2009, stable EBITDA margin of 10–12%



# Austrian Post – key figures

		2007	2008	2009	Change 2008/2009
<b>Income statement</b>					
Revenue	EUR m	2,315.7	2,441.4	2,356.9	-3.5%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	292.7	321.7	269.2	-16.3%
EBITDA margin	%	12.6%	13.2%	11.4%	-
Earnings before interest and tax (EBIT)	EUR m	162.8	169.5	149.4	-11.9%
EBIT margin	%	7.0%	6.9%	6.3%	-
Earnings before tax (EBT)	EUR m	164.9	158.2	124.8	-21.1%
Profit for the period	EUR m	122.6	118.9	79.7	-33.0%
Earnings per share	EUR	1.75	1.71 <sup>1</sup>	1.18 <sup>2</sup>	-31.0%
Employees (average for period, full-time equivalents)		25,764	27,002	25,921	-4.0%
<b>Cash flow</b>					
Operating cash flow before changes in working capital	EUR m	292.4	237.0	195.8	-17.4%
Cash flow from operating activities	EUR m	295.9	233.4	230.0	-1.5%
Investment in property, plant and equipment	EUR m	96.8	102.9	65.6	-36.3%
Investment in Group holdings	EUR m	71.0	30.5	1.1	-96.5%
Free cash flow	EUR m	153.5	210.3	236.9	12.6%
Free cash flow before the acquisition/disposal of securities	EUR m	96.3	162.4	199.6	22.9%
<b>Balance sheet</b>					
Total assets	EUR m	2,058.6	1,874.6	1,775.3	-5.3%
Capital and reserves	EUR m	874.3	741.5	673.7	-9.1%
Non-current assets	EUR m	1,361.9	1,252.1	1,141.3	-8.9%
Current assets	EUR m	694.3	622.5	634.0	1.9%
Net debt	EUR m	-173.4	-270.2	-231.2	-14.4%
Net debt/EBITDA		0.59	0.84	0.86	2.3%
Equity ratio	%	42.5%	39.6%	38.0%	-
Return on equity (ROE)	%	16.3%	16.8%	13.9%	-
Capital employed	EUR m	992.2	952.5	861.7	-9.5%
Return on capital employed (ROCE)	%	16.9%	17.4%	16.5%	-
<b>Post share</b>					
Share price at the end of December	EUR	23.99	24.10	19.02	-21.1%
High/low (closing price)	EUR	37.25/20.95	29.75/20.44	26.14/18.00 <sup>3</sup>	-
Dividend per share (for the financial year)	EUR	1.40	1.50	1.50	0.0%
Special dividend per share	EUR	1.00	1.00	-	-
Market capitalisation at the end of December	EUR m	1,679.3	1,628.0	1,284.9	-21.1%
Number of shares at the end of December	Shares	70,000,000	67,552,638	67,552,638	-
Free float	%	49.0%	47.2%	47.2%	-
<b>Revenue by division (external sales)</b>					
Mail Division	EUR m	1,381.0	1,460.0	1,396.8	-4.3%
Parcel & Logistics Division	EUR m	738.6	785.9	768.4	-2.3%
Branch Network Division	EUR m	192.1	192.2	189.6	-1.4%
<b>EBIT by division</b>					
Mail Division	EUR m	274.3	254.5	221.1	-13.1%
Parcel & Logistics Division	EUR m	12.8	-25.5	-9.3	63.5%
Branch Network Division	EUR m	13.6	14.5	-9.2	-

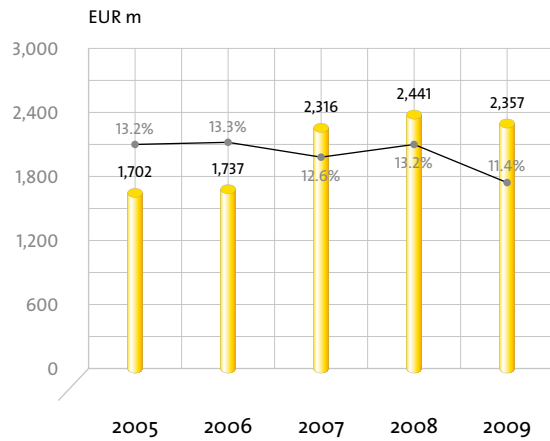
<sup>1</sup> In relation to 69,505,601 shares

<sup>2</sup> In relation to 67,552,638 shares

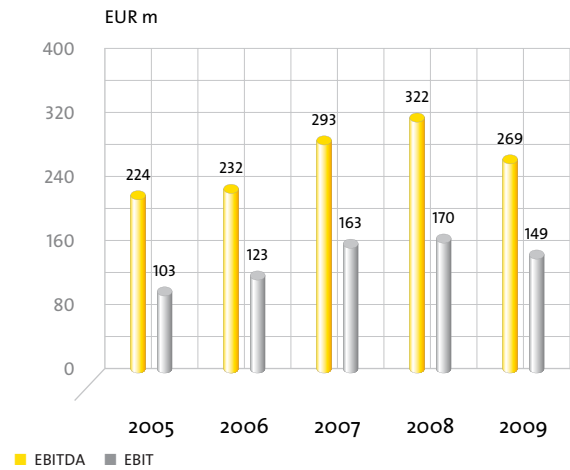
<sup>3</sup> Proposal to the Annual General Meeting on April 22, 1010

# Austrian Post – key figures

## Revenue and EBITDA margin

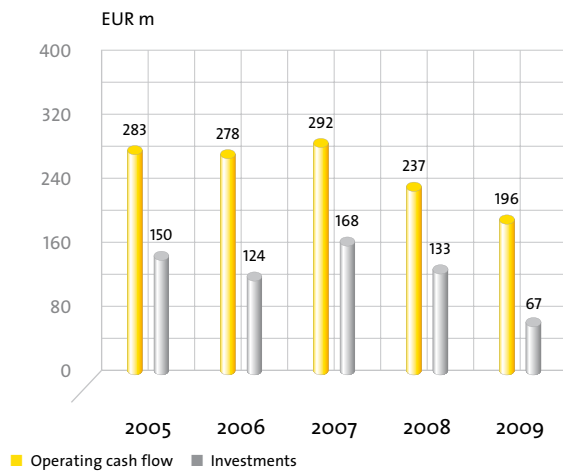


## EBITDA and EBIT



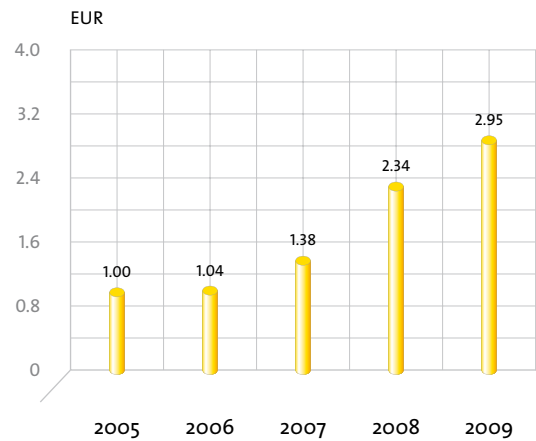
## Operating cash flow

before changes in working capital/investments<sup>1</sup>



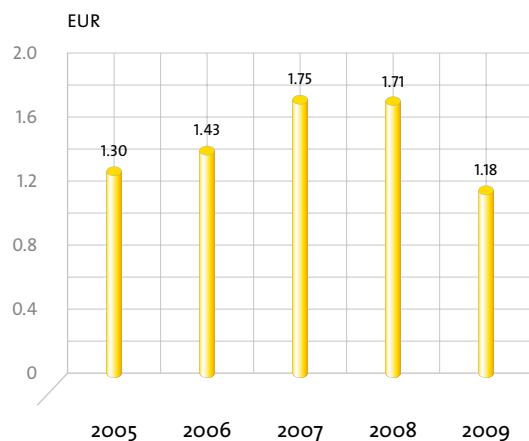
<sup>1</sup>Investments in property, plant and equipment and associates

## Free cash flow per share<sup>1</sup>

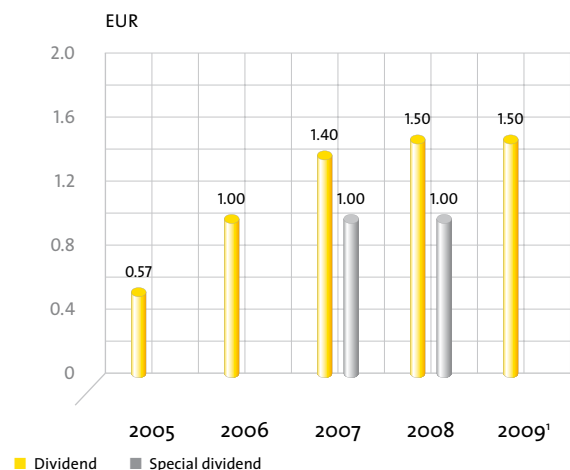


<sup>1</sup> Before acquisition/sale of financial investments in securities

## Earnings per share



## Dividend per share



<sup>1</sup> Proposal to the Annual General Meeting on April 22, 2010

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# The Austrian Post investment story

## Austrian Post an attractive dividend-paying stock – and will remain so

At its Initial Public Offering in early 2006, Austrian Post presented its business model tailored to offer **attractive and sustainable dividends** to shareholders of the company. At that time, Austrian Post's goal was to safeguard its existing and sound core business in the mail and parcels segments based on its leading market position, and to carry out acquisitions designed to complement and expand these activities. In particular, against the backdrop of stagnating or declining letter mail volumes, Austrian Post aimed to exploit growth opportunities in the significantly more dynamic domestic and international parcels market in order to ensure the ongoing high profitability of the company.

### Successful expansion in the parcels business

In the course of implementing this strategy, Austrian Post succeeded in raising revenues from its parcels business over the last few years, not only by promoting organic growth but also by means of targeted acquisitions. Accordingly, parcel revenues rose from about EUR 200m to almost EUR 800m.

In this way, Austrian Post successfully established an even stronger foothold in a segment which continues to show structural growth qualities while gaining impetus for additional sustainable growth due to increasing online sales. These positive perspectives for the future are in general not diminished by the current financial and economic crisis, which has negatively impacted in the short term both parcel volumes and attainable prices in the parcels business, particularly in the B2B segment.

### Volume decline in the letter mail business

The substitution of letters by electronic media is expected to lead to a persistent annual revenue decline in the letter mail business. The full-scale liberalisation of the European letter mail market prescribed by the EU as of the year 2011 will pose an additional challenge. Accordingly, Austrian Post will have to carry out structural reforms, adapt its service offering and press ahead determinedly with the development of new services.

## “post@2011” strategy provides the basis for further development

Against this backdrop, Austrian Post initiated a strategic development process at the end of 2009 entitled post@2011, which is designed to define the strategic cornerstones of the company's business operations, as well as initiate Group-wide measures in addition to the initiatives undertaken by the individual divisions.

## Clearly-defined business targets

- **Revenue: medium-term increase of 1–2% annually**  
Austrian Post should be able to more than compensate for the potential annual 3–5% revenue decline in the Mail Division by taking advantage of growth opportunities, such as the 6–9% annual growth expected in the parcels business. This growth will be supported by new service offerings, innovative approaches to customer service and retention as well as greater product differentiation based on an optimal price-performance ratio.
- **High profitability: sustainable EBITDA margin of 10–12%**  
Austrian Post also aims to maintain its high level of profitability in a liberalised postal market. For this reason, it is essential to further enhance the efficiency of all operational processes. Services will be more closely tailored to provide customer value, and logistics operations will be optimally streamlined in order to sustainably safeguard earnings and cash flow.
- **Dividends: continuation of attractive dividend policy**  
As communicated to investors at the time of the IPO, Austrian Post aims to offer attractive yields on the capital invested by shareholders. For this reason, Austrian Post will continue its current dividend policy, i.e. a dividend payout ratio of at least 75% of net profit for the period. The goal is to distribute a sustainable dividend of EUR 1.50 per share. Based on the share price of about EUR 19 at the end of 2009, this would mean a dividend yield of close to 8%.

## Clearly-defined goals

- **Growth:** Medium-term revenue increase of 1–2% annually
- **High profitability:** Sustainable EBITDA margin of 10–12%
- **Attractive dividend policy:** Payout ratio of 75%, targeted sustainable dividend of at least EUR 1.50 per share

## Four cornerstones of Group strategy to ensure ongoing profitability

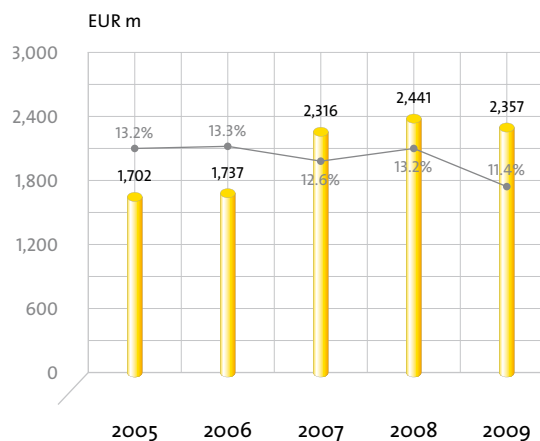
Based on the aforementioned business targets, the four cornerstones of Austrian Post's strategy have been defined and will be explained in greater detail in the "Business model and strategy" section of this annual report.

### Four cornerstones of the Austrian Post strategy

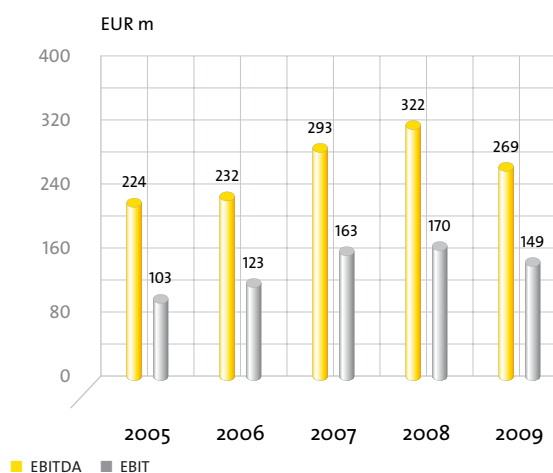
1. Defend leadership in the core business
2. Grow in selected markets
3. Enhance efficiency and increase flexibility of the cost structure
4. Strengthen customer-orientation and innovation

All these measures have one goal in mind: to successfully develop the company in the interests of shareholders, employees, customers and business partners and to successfully lead it into the future. The company's motto will apply even after full market liberalisation in 2011: **We deliver for you.**

## Revenue and EBITDA margin



## EBITDA and EBIT



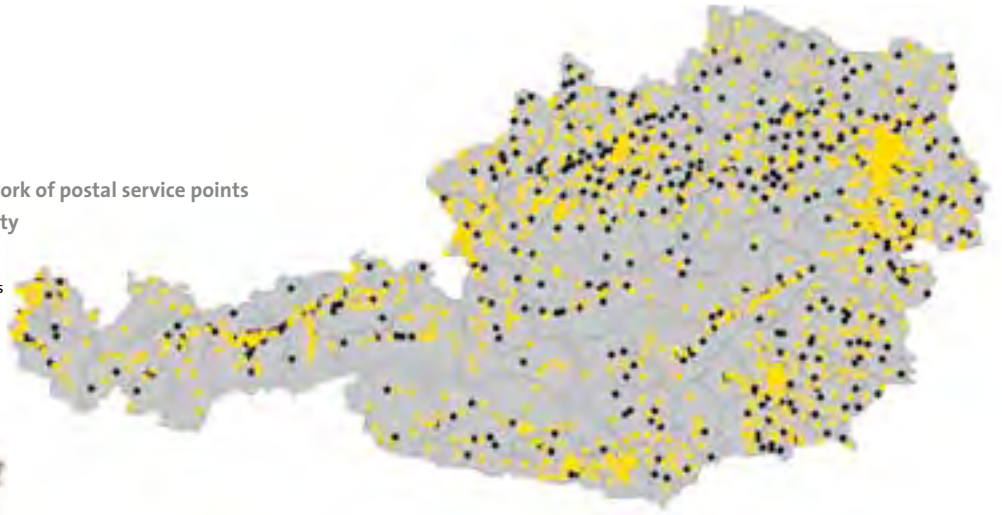
## Dividend per share



<sup>1</sup> Proposal to the Annual General Meeting on April 22, 2010

A dense distribution network of postal service points ensures customer proximity

- Company-operated post offices
- Postal partner offices





### Mail Division

- Mail is delivered daily to 4.2m households and companies
- 22,000 pick-up points for letter mail in Austria

### Parcel & Logistics Division

- 50m parcels delivered annually in Austria
- Our delivery staff drives more than 40,000 km daily

### Branch Network Division

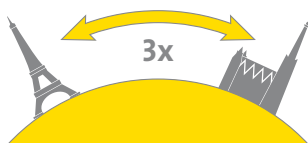
- 64m customers visit our branch offices each year
- 900,000 PSK bank customers

96% of letters are already delivered on the next working day and 95% of parcels are delivered two working days later.

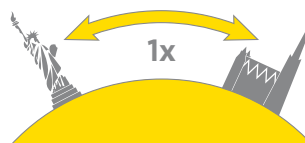
# What really counts is proximity to recipients.

EVERY DAY, EVERY DOOR! Statistically speaking, Austrian Post delivers two mail items each day to every household and company in Austria. In European comparison, Austrian Post offers very high delivery quality at comparatively low costs. Thus Austrian Post is not only a reliable logistics provider, but is one of the country's most important companies, boasting one of Austria's largest retail customer networks.

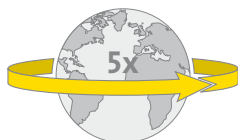
225,000 km daily on behalf of customers



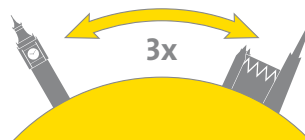
The Austrian Post delivery staff walks about 6,000 km daily (or three times the distance Vienna – Paris – Vienna each day)



Mopeds drive 14,000 km daily (Vienna – New York – Vienna)

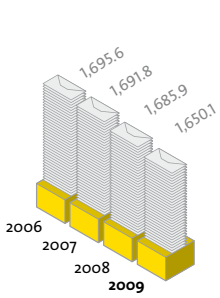


6,000 motor vehicles and transporters operated by Austrian Post travel 200,000 km daily (five times the earth's circumference)

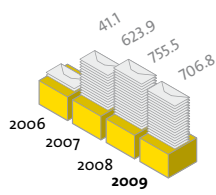


Bicycles account for about 7,000 km daily (three times Vienna – London – Vienna)

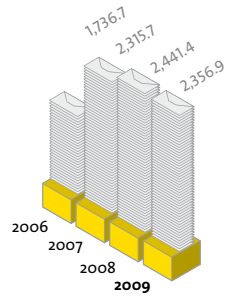




Revenue development (Austria) in EUR m



Revenue development (International) in EUR m



Group revenue development in EUR m

## Positioning

**Austrian Post is market leader in Austria and a successful specialist in Europe.**

- The goal is to achieve market leadership on the domestic market of Austria for the transport and delivery of letters and parcels and for related postal services.
- Its international business target is to achieve a leading market position in selected segments (e.g. combined freight, temperature-controlled logistics) and regions (e.g. South East and Eastern Europe) with high growth potential.

Efficient letter mail logistics and growth with new business services



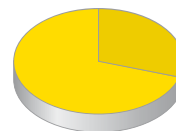
Specialised logistics provider in selected European markets





# What really counts is a top position.

MARKET LEADERSHIP ENSURES GROWTH AS WELL AS QUALITY AND SERVICE RELIABILITY FOR CUSTOMERS. Austrian Post is number one in Austria in transporting letter mail and parcels as well as for related postal services. Austrian Post also has numerous top market positions in selected European countries in the fields of direct mail and specialised logistics services such as combined freight and temperature-controlled logistics.



About 30% of total revenue is generated outside of Austria.

## Excellent position in attractive markets



### No. 1 in numerous markets

#### Austria

- No. 1 for letters
- No. 1 for addressed direct mail items
- No. 1 for unaddressed direct mail items
- No. 1 for parcels to private customers
- No. 1 for media post

#### Germany

- No. 1 distribution network for pharmaceutical shipments
- No. 1 for combined freight
- No. 1 in the production of direct mail

#### Slovakia

- No. 1 for parcels to business customers
- No. 1 for unaddressed direct mail items

#### Croatia

- No. 1 for parcels to business customers
- No. 1 for unaddressed direct mail items

#### Hungary

- No. 1 for unaddressed direct mail items

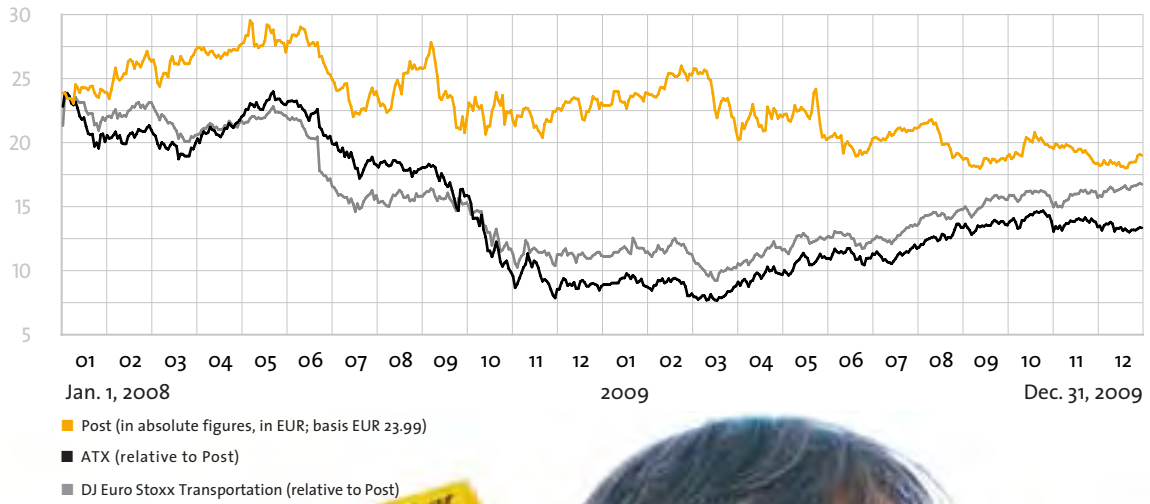
#### Serbia

- No. 1 for parcels to business customers

#### Bosnia

- No. 1 for parcels to business customers

Good performance despite the economic crisis: the Austrian Post share

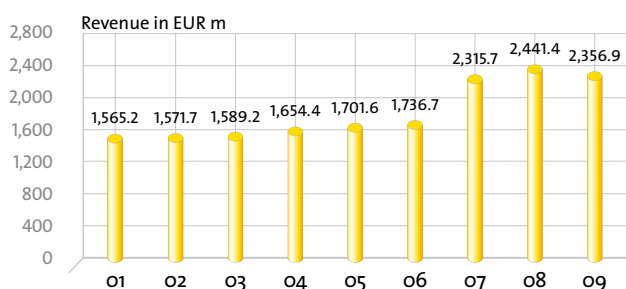




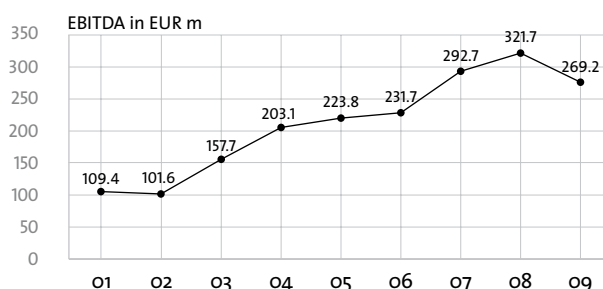
# What really counts is a sustainable profit.

AUSTRIAN POST GENERATES A PROFIT – AND EVEN MORE. Austrian Post is profit-oriented, an approach ensuring sustainable profitability and shareholder value, the will to innovate and the flexibility needed to react quickly to new trends. All our customers, employees, and the entire country benefit from this. We guarantee that everyone has access to communication, the economy and public authorities, and safeguard everyone’s personal comfort. Only a profitable company can optimally fulfil the needs of stakeholders.

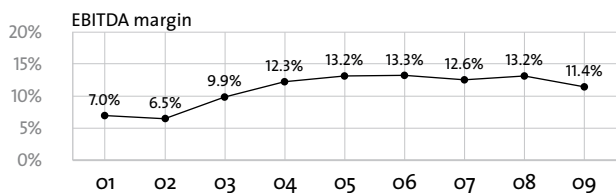
## Increased revenue



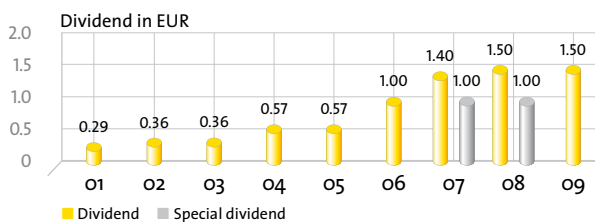
## Solid profitability



## Earnings margin at a high level



## Shareholder-friendly dividend policy



The business strategy of Austrian Post is based on clearly-defined initiatives on a division and Group level, ensuring sustainable profitability.



### Scanning and printing

Austrian Post not only assumes responsibility for the digitalisation of existing archives on behalf of our customers but incoming mail as well. On request, letters and documents are printed and delivered after being conveyed electronically.

### e-Services

Conveniently and easily authorise postal services from one's own home: mail forwarding, vacation hold mail, authorisation to receive mail, selection of preferred post office to pick up registered mail (notification via SMS or e-mail).

### Premium Parcel Austria

B2B parcel delivery within 24 hours: quickly, securely and reliably, thanks to the logistics professionals of Austrian Post. Parcel pick-up, standardised second delivery attempt, Track & Trace to monitor delivery status, customer service with hotline.

### Business.Cockpit

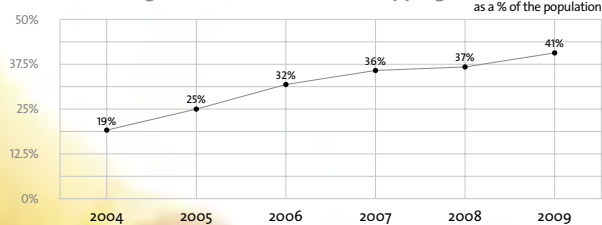
All information on the latest status of business mail: choose and define item-related queries and evaluations as desired, item filters can be combined as requested. Track & Trace data export and much more.

### Post.24 parcel dispenser



Pick up parcels at any time, day or night, at no additional charge: notification per SMS that parcels can be picked up from parcel dispensers, pick-up via code.

Increasing trend towards online shopping





# What really counts is ongoing innovation.

INNOVATION BRINGS NEW SOLUTIONS AND SERVICES. We already began years ago to intensively explore the issue of innovation – to more efficiently design processes, reduce costs and offer new services. We are continually developing new solutions and services.

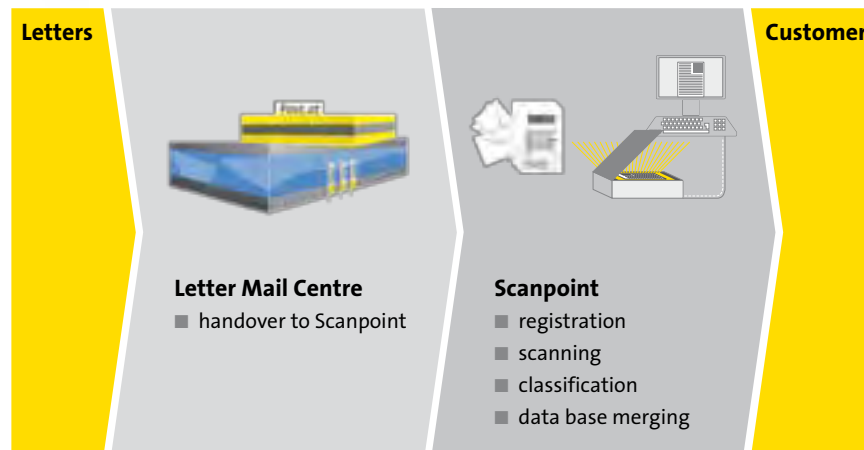
That's how we make Austrian Post even better.

## Scanning/digitalisation

The digital post office: preparation and scanning of incoming mail items according to customer specifications. The optimally recorded data is digitally transferred to any IT system.

This service also makes it possible to transform existing paper-based archives into digital archives.

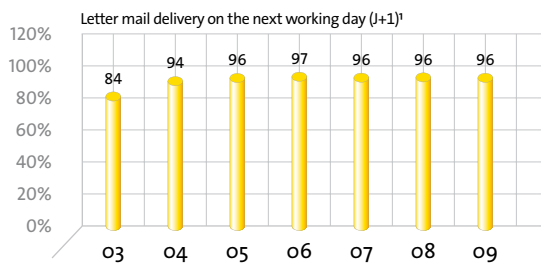
## Digital inbox



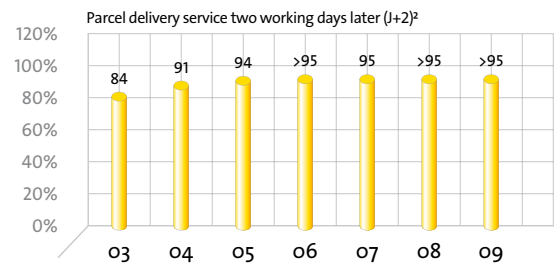
# What really counts are efficiency and performance-culture.

FASTER, HIGHER, FURTHER. We at Austrian Post have the same athletic ambition to continuously improve our performance. That is why we are always evaluating every movement, every single step in the entire process chain. And so we have achieved significant efficiency improvements in recent years.

## Delivery speed at a high level

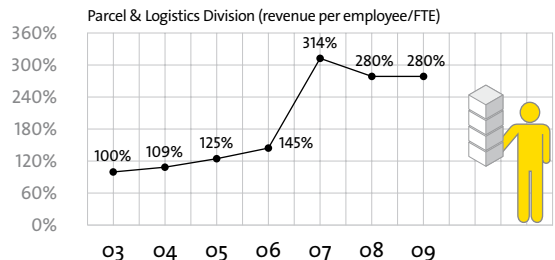
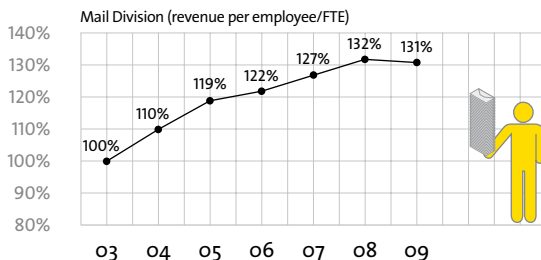


<sup>1</sup> Standard letters as defined by the Universal Service Obligation

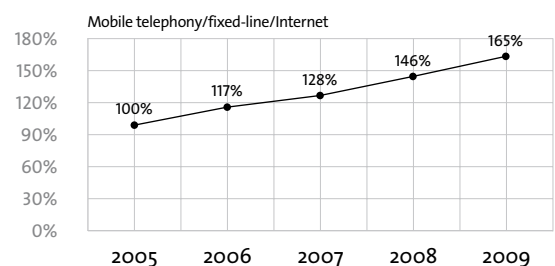
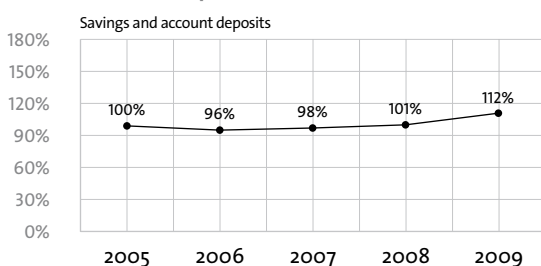


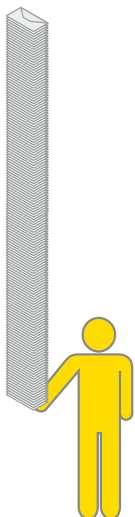
<sup>2</sup> Standard parcels as defined by the Universal Service Obligation

## Revenue productivity has improved since 2003



## Positive volume development in the Branch Network Division





Every member of the delivery staff delivers 926 letter mail items daily on average.



**With complete dedication:**

A normal sight to behold: the Austrian Post delivery staff – on the go, day in and day out – with bicycles, mopeds and delivery vehicles.

But in Damüls (Vorarlberg), one of the snowiest regions of Austria, mail is delivered in a very special way. In the Bregenz Forest, at an altitude of 1,600 metres, skis are strapped on in the winter season to bring mail to every inhabitant who lives on the ski slopes. In any weather.



**KÄLTOD ENTRONNEN** / Seniore lag bei Bretterstein hilflos auf Straße. Courageierter Mann barg ihn. von 1

# Ein Postler als Lebensretter

**SAN SCHNEIDER** / Ein 76-jähriger Herrgenossen stürzte auf einen Wildbreitenstein. Er half wegen der Kälte mit dem Leben sichern abgeschlossen

Sources: Bezirksrundschau  
OÖ, Niederösterreichische  
Nachrichten, Kleine Zeitung,  
post.inside



# What really counts are reliable and motivated employees.

MORE THAN JUST POST. Our employees are not simply logistics providers, but people. They do their work with dedication and enthusiasm. And they go out of their way to help customers, if worst comes to worst. And that is something we are particularly proud of.

## Kräuber ging mit Knüppel auf sein Opfer los

Tankstellenüberfall in Feldkirchen scheiterte. Briefträger kam 70-jähriger Tankwartin zu Hilfe.

### NANN BEI DER WARTUNG

Es waren fleischliche Sinne, die sich gegen ihn in Feldkirchen bei Graz abspielten. Die hundertfünfzigjährige Tankwartin, eine 70-jährige rechte Tankwartin, ein maskierter Räuber und ein Briefträger, der zu Hilfe rief. Der Überfall wurde durch den Tankwart ohne Schaden für die Frau verhindert.

8.18 Uhr, Innsbrucker Str. Ein neuer Film, möglichlicherweise ein Golf über den Besonderen. Mit vor der Tankstelle an der Lenker steigt aus. Er ist maskiert, legte sich an die Tankstelle an. Der Briefträger, der zu Hilfe rief, ist ein Mann, der vor ihm steht. Der Briefträger, der zu Hilfe rief, ist ein Mann, der vor ihm steht.

Der Täter konnte auf die Frau zu, mit einem Knüppel in der Hand will er auf sie einschlagen. „Mein Geld bekommen du nicht“, schreit das Opfer und wirft die Geldtasche auf eine Zaphodie. Dann rennt sie im Kreis, der maskierte Räuber hinter ihr her. Briefträger versucht es, auf die Tankwartin, er versucht die Opfer über sich.

In der Zwischenzeit ist der Briefträger auf das Geschehen aufmerksam geworden. Als er sieht, dass der Mann maskiert ist, greift er ihn fest. Es handelt sich um einen Räuber. Kräftig drückt der Postbote auf die Hand seines Armes und über auf die Tankwartin zu. Der Täter versucht es und ist gezwungen, ohne Beute zu

## Postbeamter rettete Mann vor dem sicheren Kältetod!

Ein 76-jähriger Heizungsarbeiter stürzte auf einer Waldstraße in Brennstock. Er hatte wegen der Kälte mit dem Leben schon abgeschlossen, doch Postbeamter rettete Mann vor dem sicheren Kältetod!

Der 76-jährige Heizungsarbeiter stürzte auf einer Waldstraße in Brennstock. Er hatte wegen der Kälte mit dem Leben schon abgeschlossen, doch Postbeamter rettete Mann vor dem sicheren Kältetod!

## UNFALL Briefträger rettet Mann

Ein Mann stürzte auf einer Waldstraße in Brennstock. Er hatte wegen der Kälte mit dem Leben schon abgeschlossen, doch Postbeamter rettete Mann vor dem sicheren Kältetod!



Der Postbote Fritz Kersch rettete den gestürzten Mann vor dem sicheren Kältetod.



Der Postbote Fritz Kersch rettete den gestürzten Mann vor dem sicheren Kältetod.

## Die gelben Schutzengel

Die Geschichte von drei engagierten Kollegen, die mit Herz, Hirn und Mut für kleine Wunder sorgen.

Die Geschichte von drei engagierten Kollegen, die mit Herz, Hirn und Mut für kleine Wunder sorgen.

## „Es ist normal zu helfen“

Postbeamter rettete Mann vor dem sicheren Kältetod!

Postbeamter rettete Mann vor dem sicheren Kältetod!



Postbeamter rettete Mann vor dem sicheren Kältetod!

Postbeamter rettete Mann vor dem sicheren Kältetod!

## *Management Board*

The Management Board of Austrian Post is comprised of five members. The following changes in the composition of the Management Board took place in the 2009 financial year: on February 19, 2009, Anton Wais resigned his position as Chief Executive Officer and Member and Chairman of the Management Board of Austrian Post, effective March 31, 2009. Rudolf Jett-

mar assumed the responsibilities of the CEO on an interim basis in the period April 1, 2009 – September 30, 2009.

On June 15, 2009, Georg Pölzl was appointed a Member and Chairman of the Management Board effective October 1, 2009 for the period ending September 30, 2014.





From left to right:

**Walter Hitziger**

Member of the Management Board, Mail Division

**Rudolf Jettmar**

Deputy Chairman of the Management Board,  
Chief Financial Officer

**Carl-Gerold Mende**

Member of the Management Board,  
Parcel & Logistics Division

**Georg Pözl**

Chairman of the Management Board,  
Chief Executive Officer

**Herbert Götz**

Member of the Management Board,  
Branch Network Division



# Introduction by the Management Board

## **Ladies and Gentlemen! Dear shareholders!**

The economic crisis did not leave Austrian Post untouched, and placed considerable burdens on the company in 2009. The recession put increasing pressure on our letter mail and parcels revenues, due to the fact that many of our customers responded to their own declining revenue by intensifying their cost reduction efforts. At the same time, the crisis accelerated the trend towards the substitution of letters by electronic media. On balance, total revenue of Austrian Post in 2009 fell by 3.5%, to EUR 2,356.9m.

### **Successful cost savings**

We promptly initiated measures to compensate for the downturn in revenue, in order to sustainably reduce staff costs and operating expenses in the Group. By taking advantage of the process of natural attrition, we succeeded in compensating for the strong salary increases of our staff in 2009 related to the high inflation rate in 2008. We even surpassed our original savings target of EUR 30m by achieving net cost reductions of close to EUR 40m. As a result of the above-mentioned developments, earnings before interest and tax fell by 11.9%, to EUR 149.4m.

### **Increased financial strength**

A further positive consequence of our initiatives implemented on the revenue and cost side in 2009 to counteract the recession was the clearly solid balance sheet and financial situation of our company. Accordingly, we improved the free cash flow based on a restrictive investment policy and positive one-off effects, and the level of cash and cash equivalents on the balance sheet further increased as well.

### **Mail Division:**

#### **Economic crisis accelerates electronic substitution**

In past years, the electronic substitution of letter mail could be effectively countered by opposing trends, such as the growth in direct marketing. However, the recession significantly accelerated the decrease in letter mail volumes. At the end of 2008, business customers already intensified their use of electronic media, or reduce the weight of their mail items to reduce postage costs. In the advertising sector, the trend towards the growing use of direct mail items continues unabatedly, but prices perceptibly declined as a result of the crisis. Accordingly, total revenue of the Mail Division was down 4.3% in 2009.

### **Parcel & Logistics Division: International price pressure**

The parcel and logistics sector suffered even more than the letter mail business from the economic downturn, which not only led to a decrease in transport volumes, but also put downward pressure on prices. Against this backdrop, Austrian Post performed relatively well, and was only confronted with a 2.2% drop in the division's revenue. This can be attributed to growth on the Austrian market and the relatively good transport volumes in Germany. We were able to further increase our market share in these core markets and generate positive earnings. The acquisition of the German company Rhenus Life Sciences, specialising in the transport and storage of products for the health care market as well as in temperature-controlled logistics significantly improved our position in this important segment.

### **Branch Network Division: Structural transformation initiated**

Significantly different demands are posed upon the branch network of Austrian Post in the light of the changing needs of business and private customers. Thus letters are being increasingly picked up directly from large customers, and new services and product offerings are changing the role of locations with regard to the services being provided. The recession-related decline in letter mail and parcel volumes also creates additional challenges. In this environment, a fundamental structural transformation is essential and has already been initiated. At the end of February 2010, the 1,667 postal service points in Austrian Post's distribution network in Austria included a total of 535 external postal partners. This business model offers advantages for consumers on the basis of longer opening hours, and contributes to ensuring continued nationwide postal service.

### **The postal market of the future means opportunities and challenges**

Current developments in international postal and logistics markets indicate potential challenges to Austrian Post, but also new opportunities. The upcoming market liberalisation and electronic substitution are projected to result in a decline in international letter mail volumes. In contrast, the ongoing internationalisation of trade flows and surge in Internet shopping will drive further growth in the parcel and logistics segment. The new Postal Market Act has at least provided legal certainty in the light of the full market liberalisation of Austria's postal sector as of the year 2011.



**Four core strategies defined**

In order to make our company fit against the backdrop of this challenging business environment, we have defined four strategic cornerstones in the last few months, offering a clear orientation to guide the future development of the Group. In addition to defending our market leadership position in the letter mail and parcel segments in Austria, we also want to actively exploit future growth opportunities. The priority will be on the Parcel and Logistics Division, in which we have already been able to solidly position ourselves in special niche markets such as combined freight and temperature-controlled logistics. A further important strategic focus will be on achieving further efficiency improvements and increasing the flexibility of our cost structure. In addition, we are increasingly relying on innovation, reducing the complexity of new services and developing a combination of physical and electronic solutions.

**Ambitious medium-term business targets**

Based on our core strategies, we have defined ambitious medium-term business targets for Austrian Post. With regard to revenue, we aim to achieve a medium-term growth of 1–2% annually, assuming a successful compensation of losses in the letter mail segment by increased business in the parcel and logistics segment. The aim is to ensure Austrian Post's high level of profitability, reflected in a sustainable EBITDA margin of 10–12% made possible by ongoing efficiency improvements and cost reductions. And finally, we want to continue our attractive dividend

policy, by distributing at least 75% of the Group net profit along with the targeted sustainable annual dividend of EUR 1.50 per share, which we will also propose for the 2009 financial year to the Annual General Meeting scheduled for April 22, 2010.

**Outlook for 2010:  
 Stable earnings margin planned**

From a short-term perspective, we still anticipate a decline in Group revenue of 1–2% for 2010. Revenue of the Mail Division will also decrease, primarily as the result of electronic substitution. In contrast, a rise in revenue of the Parcel & Logistics Division should be possible in the light of the projected friendlier market environment prevailing in 2010. The goal of the company is to achieve a sustainable further reduction in total costs and maintain profitability. Austrian Post will also strive to post an EBITDA margin of 10–12% in 2010 as well.

Finally, we would like to sincerely thank all our employees who made a decisive contribution to the solid development of our company in the difficult 2009 financial year. We would also like to thank our shareholders for their ongoing interest and loyalty. And last but not least, we are extremely grateful to Anton Wais, who resigned his position on the Management Board effective March 21, 2009, for his achievements. He left his imprint on the company for a decade, and played an important role promoting the transformation process of Austrian Post towards its current positioning as a modern service provider.

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

Austrian Post

# Corporate Governance Report

Austrian Post is a joint stock company which is listed on the Vienna Stock Exchange. In accordance with the Austrian Stock Corporation Act, the Management Board has sole responsibility for managing the company for the benefit of the enterprise itself, taking account of the interests of the shareholders and employees as well as the public interest. The Supervisory Board monitors the management of the company and supports the Management Board on making important decisions.

## Corporate Governance Code

Austrian Post is committed to adhering to the Austrian Corporate Governance Code in the spirit of ensuring a responsible and transparent management of the company. The current and valid version of the Austrian Corporate Governance Code dated January 2009, which is of relevance for this annual report, contains 83 rules for good corporate governance, which are divided into three categories:

- Rules based on mandatory legal requirements (Legal Requirement)
- Rules based on accepted international standards; non-compliance with these rules must be explained and the reasons stated in order to ensure behaviour in compliance with the code (Comply or Explain)
- Rules which comprise recommendations; non-compliance requires neither disclosure nor explanation (Recommendation)

The Austrian Corporate Governance Code is available on the Austrian Post Website at [www.post.at/ir](http://www.post.at/ir) as well as on the Website of the Austrian Working Group for Corporate Governance at [www.corporate-governance.at](http://www.corporate-governance.at).

Austrian Post adheres to all “L-Rules” (Legal Requirement) as well as all “C-Rules” (Comply or Explain) with the exception of the rules specified below:

■ **Rule 31 (disclosure of Management Board remuneration):** The fixed and variable remuneration components granted to each member of the Management Board are not disclosed individually in the Corporate Governance Report but jointly as a sum total. This takes account of the principle of the confidentiality of protectable information with regards to each Management Board member and the company.

■ **Rule 39 (decision-making in urgent cases):** In urgent cases, the Supervisory Board is authorised to make decisions by circulation procedure. Moreover, the by-laws of the Supervisory Board stipulate that meetings may be convened in particularly urgent cases without adhering to the specified period of advance notice.

■ **Rule 41 (establishing a nomination committee):** The duties of the nomination committee are assumed by the presidential committee, so that an appropriate forum is assured.

■ **Rule 43 (establishing a remuneration committee):** The duties of the remuneration committee are assumed by the executive committee of the Supervisory Board, so that an appropriate forum is assured.

The articles of association and the by-laws for both the Management Board and the Supervisory Board correspond to the rules stipulated in the Austrian Corporate Governance Code.

Austrian Post has introduced binding, Group-wide compliance guidelines in line with current Austrian capital market regulations in order to prevent insider dealing. Compliance with these rules is continuously monitored and ensured by a Compliance Officer. The awareness and understanding of compliance requirements are promoted by regular training given to the employees to whom such requirements apply.

Directors’ dealings are always disclosed publicly at [www.post.at/ir](http://www.post.at/ir), in accordance with legal regulations and the rules contained in the Austrian Corporate Governance Code (C-Rule 73).



## Audit, internal controlling system and risk management

In the 2009 financial year, Deloitte Audit Wirtschaftsprüfungs GmbH was chosen to audit the financial statements and consolidated financial statements of Austrian Post as the best bidder in a Europe-wide tender. The Annual General Meeting of Austrian Post held on May 6, 2009 accepted the proposal of the Supervisory Board and approved the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH to audit the annual financial statements and consolidated annual financial statements for the 2009 financial year. The audit fee invoiced by Deloitte Audit Wirtschaftsprüfungs GmbH, comprising the total costs for auditing the annual financial statements and the consolidated annual financial statements of Austrian Post and carrying out the audits for Austrian Post subsidiaries, amounted to EUR 273,500 (excl. VAT) in the 2009 financial year. For related consulting services, Deloitte Audit Wirtschaftsprüfungs GmbH received a remuneration of EUR 131,941 (excl. VAT).

Austrian Post's group-wide internal control system (ICS) uses process-integrated measures, mechanisms and controls. A uniform platform has been created for the ICS of Austrian Post which identifies the most important business processes. Operating activities are documented in a comprehensible manner and supplemented with risk assessment and internal control documentation. The ICS, based on the company's existing risk management and process structures, encompasses the internal control activities relating to major risks and monitors the internal control implementation process. The Internal Audit department carries out an ex post examination of compliance with relevant regulations, which, in turn, serves as the basis for determining the effectiveness of integrated controls and mechanisms.

## Shareholders

Austrian Post attaches considerable importance to ensuring that all shareholders are treated equally and provided with comprehensive information. Above and beyond the legally binding reporting and disclosure requirements (i.e. annual and quarterly reports, ad-hoc announcements, publication of directors' dealings), Austrian Post regularly reports about ongoing developments at the company by means of press releases as well as analyst, press and shareholder conferences. This is done in compliance with the prin-

iple advocating the fair and equal treatment of all shareholders. All reports and releases as well as key presentations held at these conferences are available at [www.post.at](http://www.post.at). Austrian Post published nine ad-hoc announcements during the year 2009, which can be accessed online at [www.post.at/ir](http://www.post.at/ir).

## Management Board

### Composition of the Management Board

The Management Board of Austrian Post is comprised of five members. The following changes in the composition of the Management Board took place in the 2009 financial year: on February 19, 2009, Anton Wais resigned his position as Chief Executive Officer and Member and Chairman of the Management Board of Austrian Post, effective March 31, 2009. Rudolf Jettmar assumed the responsibilities of the CEO on an interim basis in the period April 1, 2009 – September 30, 2009. On June 15, 2009, Georg Pölzl was appointed a Member and Chairman of the Management Board and Chief Executive Officer effective October 1, 2009 for the five-year period ending September 30, 2014.

The Supervisory Board expressed its thanks to the outgoing CEO Anton Wais for his successful work and extensive dedication on behalf of the company.

### Georg Pölzl

**Chairman of the Management Board and Chief Executive Officer, first appointed October 1, 2009 (current term of office expires September 30, 2014). Born 1957** Georg Pölzl studied and graduated from Montana University, Leoben, Austria. He started his professional career as a corporate consultant for McKinsey & Co. Subsequently, he was appointed to the Management Board of the mechanical engineering and plant building company Binder & Co. AG. He served as Managing Director of T-Mobile Austria for a total of nine years before moving to Germany to assume the position as special deputy of the Management Board of Deutsche Telekom with responsibility for implementing the successful restructuring programme at the company. Georg Pölzl most recently served as the Spokesman of the Management Board of T-Mobile Germany. Effective October 1, 2009, he assumed responsibility as Chairman of the Management Board and Chief Executive Officer of Austrian Post.

### **Rudolf Jettmar**

**Deputy Chairman of the Management Board, Chief Financial Officer, first appointed August 1, 1999 (current term of office expires June 30, 2012). Born 1947** Rudolf Jettmar studied law at the University of Vienna and business administration at the Vienna University of Economics before working for various tax consultancies. In 1979, he gained his professional qualifications as a chartered accountant and in 1982 as an auditor. From 1982 to 1999, he served as a member of the Management Board of Österreichische Verkehrskreditbank. In August 1999, Rudolf Jettmar was appointed as the Chief Financial Officer and Deputy Chairman of the Management Board of Austrian Post. He served as the Chairman of the Management Board and Chief Executive Officer of Austrian Post on an interim basis from April 1, 2009 to September 30, 2009.

Additional functions: Supervisory Board of BAWAG PSK Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft and BAWAG Holding GmbH.

### **Herbert Götz**

**Member of the Management Board, Head of the Branch Network Division, first appointed March 1, 2004 (current term of office expires December 31, 2011). Born 1963** Herbert Götz specialised in mechanical engineering at the Technical University of Vienna before serving as an employee at the Austrian Foreign Trade Office in Los Angeles, an assistant professor at the Institute for Robotics and Cybernetics at the Technical University of Vienna and department sub-head for industrial policies at the Association of Austrian Industrialists. He spent several years working as an economic consultant and cabinet chief of Vice Chancellor Erhard Busek and continued his career by joining Siemens AG Austria in 1995. Herbert Götz served as head of the Information and Communication Networks Division until his appointment as a Member of the Management Board of Austrian Post in March 2004.

Additional functions: Supervisory Board of BAWAG PSK Versicherung AG, Third Deputy Chairman of the Supervisory Board of Omnimedia Werbegesellschaft m.b.H., Supervisory Board of the Vienna Technical Museum and Austrian Media Center.

### **Walter Hitziger**

**Member of the Management Board, Head of the Mail Division, first appointed May 1, 2004 (current term of office expires December 31, 2011). Born 1960** Walter Hitziger studied industrial engineering and business administration at the Technical University of Graz before working for the beer company Steirerbrau AG – Steirische Brauindustrie AG (Gösser/Puntigamer) with responsibility for distribution logistics. He served as division manager at Agiplan Planungsgesellschaft and Econsult Betriebsberatungsgesellschaft in Vienna in the years 1990–1997. In 1997, Walter Hitziger was named a member of the Management Board of Bau-Max Handels AG with responsibility for procurement and logistics before being named a Member of the Management Board of Austrian Post in May 2004.

### **Carl-Gerold Mende**

**Member of the Management Board, Head of the Parcel & Logistics Division, first appointed June 15, 2008 (current term of office expires June 14, 2013). Born 1956** After working briefly at Frankfurt Airport, Carl-Gerold Mende started his professional career at DHL in Germany before serving at Federal Express Europe Inc. starting in 1985, most recently as a member of the German management with responsibility for the “Central District”. He simultaneously concluded his studies in business administration at the University of Applied Sciences in Rendsburg. Carl-Gerold Mende was named to the management board of General Parcel Logistics in 1993 and later Senior Vice President of GLS Holding, Amsterdam from 2001 to 2004 before joining Royal Mail in London as its International Director. In June 2008, he was appointed a Member of the Management Board of Austrian Post.

### **Anton Wais**

**Chairman of the Management Board, first appointed July 1, 1999, Chief Executive Officer until March 31, 2009. Born 1948** Anton Wais took office as Chairman of the Management Board of Austrian Post in July 1999, a position he held until his resignation effective March 31, 2009.



## Mode of operation of the Management Board

The Management Board discusses the current business development at Austrian Post, makes necessary decisions and adopts the required resolutions within the context of meetings held at least every 14 days. The Members of the Management Board continually exchange information with each other, division managers and heads of central business units.

The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all relevant issues pertaining to business development, including the assessment of the risk situation and risk management at Austrian Post and all key Group subsidiaries. In the spirit of good corporate governance, open discussions take place between the Management Board and the Su-

pervisory Board and within these two bodies. Furthermore, the Chairman of the Supervisory Board maintains regular contact to the Chairman of the Management Board, discussing the strategic business development and risk management of the company with him.

## Measures to promote the career advancement of women

Austrian Post has adapted its policies with regard to the professional advancement of women and active maternity leave management to reflect changes in the living and working environments.

The company aims to continually increase the number of women serving in top management positions, in order to ensure that men and women equally share responsibility and decision-making competencies.

## Organisational structure and Management Board responsibilities

(Status: December 31, 2009)

	Divisions	Central/Group functions	Coordination areas
<b>Georg Pözl</b>		Compliance/Corporate Governance and Corporate Office, Corporate Communications, Strategy and Group Development, Human Resources Management, Communications Strategy, Investor Relations, Risk Management, Internal Auditing	Country cooperation
<b>Rudolf Jettmar</b>		Finance and Accounting, Corporate Controlling, Treasury, Information Technology, Central Procurement, Legal Department, Corporate Real Estate	
<b>Herbert Götz</b>	Branch Network incl. Philately		Advertising coordination Austria
<b>Walter Hitziger</b>	Mail incl. forwarding of goods		Logistics coordination
<b>Carl-Gerold Mende</b>	Parcel & Logistics incl. customs		Sales coordination

## Supervisory Board

### Composition of the Supervisory Board

(Status: December 31, 2009)

#### Shareholder representatives

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<b>Peter Michaelis</b> Chairman	Independent, first elected on May 18, 2001. Born in 1946. Member of the Management Board of Österreichische Industrieholding AG, Chairman of the Supervisory Board of Telekom Austria AG, OMV AG and APK-Pensionskasse AG
<b>Rainer Wieltsch</b> Deputy Chairman	Independent, first elected on May 6, 2002. Born in 1944. Consultant, Managing Director of Aabar Automotives GmbH, Aabar Europe Holdings GmbH, IPIC Ferrostaal Holdings GmbH, IPIC Gamma Holdings GmbH and NOVA Chemicals Holding, Deputy Chairman of the Supervisory Board of OMV AG and Telekom Austria AG
<b>Dieter Bock</b>	Independent, first elected on May 18, 2001. Born in 1948. Self-employed management consultant
<b>Horst Breitenstein</b>	Independent, first elected on January 1, 2003. Born in 1941. Consultant
<b>Edith Hlawati</b>	Independent, first elected on April 26, 2007. Born in 1957. Partner of the law firm Cerha Hempel Spiegelfeld Hlawati (CHSH) Deputy Chairman of the Supervisory Board of Telekom Austria AG
<b>Gerhard Roiss</b>	Independent, first elected on April 26, 2007. Born in 1952. Deputy Chairman of the Executive Board of OMV AG and Managing Director of Refining & Marketing GmbH, Chairman of the Supervisory Board of Borealis AG, Chairman of the Supervisory Board of NOVA Chemicals (USA), Deputy Chairman of the Supervisory Board of Petrom SA, Deputy Chairman of the Supervisory Board of several OMV AG subsidiaries
<b>Karl Stoss</b>	Independent, first elected on April 4, 2006. Born in 1956. Chairman of Casinos Austria AG, Managing Director of Casinos Austria International Holding GmbH, Österreichische Lotterien Gesellschaft m.b.H. and Entertainment Glücks- und Unterhaltungsspiel GmbH, Chairman of the Supervisory Board of Congress Casino Baden Betriebsgesellschaft m.b.H. and Österreichische Sportwetten GmbH, Member of the Supervisory Board of Burgtheater GmbH, Deputy Chairman of the Supervisory Board of Kathrein & Co. Privatgeschäftsbank AG and First Deputy Chairman of the Supervisory Board of Omnimedia WerbegmbH
<b>Hans Wehsely</b>	Independent, first elected on August 31, 1999. Born in 1943. Member of the Supervisory Board of HABAU Hoch- und Tiefbaugesellschaft m.b.H.

All shareholder representatives have been elected for the period which is terminated at the end of the Annual General Meeting resolving upon the discharging of the Management and Supervisory Boards for the 2009 financial year.



## Employee representatives

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<b>Gerhard Fritz</b>	Member since September 5, 2001. Born in 1960. Chairman of the Central Works Council of Austrian Post
<b>Martin Palensky</b>	Member since February 22, 2002. Born in 1963. Deputy Chairman of the Central Works Council of Austrian Post
<b>Helmut Köstinger</b>	Member since April 14, 2005. Born in 1957. Member of the Central Works Council of Austrian Post
<b>Manfred Wiedner</b>	Member since March 3, 1999. Born in 1963. Member of the Central Works Council of Austrian Post

## Committees of the Supervisory Board

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<b>Executive committee</b>	Peter Michaelis (Chairman), Rainer Wieltsch
<b>Presidential committee</b>	Peter Michaelis (Chairman), Rainer Wieltsch, Gerhard Fritz
<b>Audit committee</b>	Peter Michaelis (Chairman), Rainer Wieltsch, Karl Stoss, Hans Wehsely, Gerhard Fritz, Manfred Wiedner
<b>Monitoring committee</b>	Peter Michaelis (Chairman), Rainer Wieltsch, Karl Stoss, Hans Wehsely, Gerhard Fritz, Manfred Wiedner

In addition to supervising the work of the Management Board, the Supervisory Board considers its responsibility to be the support provided to the Management Board within the framework of the latter's management functions, in particular as regards decisions of fundamental importance. The Supervisory Board of Austrian Post is neither comprised of former Management Board members nor former top managers. So-called "cross shareholding arrangements" do not exist. No loans were granted to members of the Supervisory Board.

## Independence of the Supervisory Board

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board has enacted guidelines to determine the independence of Supervisory Board members as follows:

- The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest, but nor for carrying out functions on corporate bodies. The approval of individual transactions by the Supervisory Board according to L-Rule 48 does not automatically mean the person is qualified as being not independent.
- The Supervisory Board member shall not have been auditor of the company, have owned a share in the auditing company or have worked there as an employee over the past three years.
- The Supervisory Board member shall not be a member of the Management Board of another company, in which a Management Board member of this company is a Supervisory Board member.
- The Supervisory Board member shall not serve as a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with a stake in the company or who represent such a shareholder's interests.
- The Supervisory Board member shall not be a close relative (i.e. direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the above-mentioned positions.

The members of the Supervisory Board elected by the Annual General Meeting have taken the initiative to evaluate their own independence, concluding that there is a sufficient number of Supervisory Board members who can be qualified as independent, both on the Supervisory Board itself as well as on all committees. Moreover, the Supervisory Board consists of eight representatives who can be considered as independent from the core shareholder of Austrian Post. Accordingly, the majority of the Supervisory Board members do not have any direct relationship to the majority shareholder of the company.

## Mode of operation of the Supervisory Board

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

- The **executive committee** is responsible for regulating the relationships between the company and the members of the Management Board, with the exception of the appointment and revocation of the Management Board members, as well as granting options to obtain shares in the company. The executive committee also performs the functions of the remuneration committee as regards the remuneration to be paid to the members of the Management Board.
- The **presidential committee** also serves as the nomination committee.
- The **audit committee** is responsible for auditing and preparing the approval of the company's annual financial statements, the auditing of the consolidated annual financial statements, the proposal on the appropriation of profits, the Management Report and the Corporate Governance Report. Considerable importance is attached to monitoring reporting processes, the effectiveness of the internal control, internal audit and risk management systems. Furthermore, the audit committee is responsible for preparing the proposal of the Supervisory Board for selection of the auditor of the annual accounts, and monitoring the independence of the auditor.
- The **monitoring committee** was set up on the occasion of the legislative process relating to the new Postal Market Act in order to monitor the development and impact of the new law.



### Number and agenda of meetings

The Supervisory Board and Management Board intensively discussed the strategic orientation and business development in all areas of the company within the context of six Supervisory Board meetings, seven meetings of the audit committee and four meetings of the monitoring committee. The key issues discussed at the Supervisory Board meetings held during the 2009 financial year were the effects of the economic and financial crisis on the company's business operations, support provided to the efficiency enhancement and cost reduction programme, the new Postal Market Act and the upcoming liberalisation of the postal market in 2011.

In addition, the executive committee convened when required, discussing, amongst other issues, the negotiations and conclusion of the employment contract with Georg Pözl.

In 2009, the presidential committee dealt with preparing the request for applications to fill the position of the new "Member and Chairman of the Management Board" and with the resolution of the Supervisory Board in respect to the selection of the Chairman of the Management Board of Austrian Post.

The audit committee intensively dealt with the selection of the auditors of the annual accounts for the 2009 financial year. Within the context of a European-wide tender, Deloitte Audit Wirtschaftsprüfungs GmbH was chosen as the best bidder. The audit committee recommended to the Supervisory Board to propose Deloitte Audit Wirtschaftsprüfungs GmbH as the auditor of the annual accounts of Austrian Post for the 2009 financial year. In its meeting on the financial statements and consolidated financial statements of Austrian Post for the 2008 financial year, in which the auditors (KPMG Austria GmbH) took part, the audit committee properly carried out its responsibilities as stipulated by law. Moreover, the audit committee intensively dealt with the quarterly (interim) financial statements for the 2009 financial year.

The monitoring committee convened four times in order to deal with the legislative process in connection with the new Postal Market Act as well as the impact of the new law on Austrian Post.

All Supervisory Board members were present at three of the six Supervisory Board meetings. Average attendance was 95%. No Supervisory Board member took part in less than 50% of all Supervisory Board meetings.

## Remuneration report

The Remuneration report summarises the principles applied in determining the remuneration of the Management Board of Austrian Post, and describes the amount and structure of the income received by the members of the Management Board. Moreover, the Remuneration report also presents the principles and amount of remuneration paid to the members of the Supervisory Board, as well as information disclosing the shareholdings of the Management Board and Supervisory Board.

### Management Board

The remuneration system encompasses fixed and variable salary components. The fixed salary is linked to the salary structure of publicly-listed Austrian companies, and takes into account the range of responsibilities assumed by each of the members of the Management Board.

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

The total cash remuneration paid to the Members of the Management Board in the 2008 and 2009 financial year is comprised of the following:

<b>Cash remuneration in EUR'000s<sup>1</sup></b>	<b>2008</b>	<b>2009</b>
Fixed	1,591	1,765
Variable	770	1,670
<b>Total remuneration</b>	<b>2,361</b>	<b>3,435</b>

<sup>1</sup> Figures include the changes in the Management Board 2009.

Variable remuneration components are based on individual achievement of pre-defined targets in the previous financial year.

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

All members of the Management Board also receive payment-in-kind. In the event of employment contract termination, members of the Management Board are entitled to severance pay of up to one year's annual salary, based on the provisions contained in either the Austrian Salaried Employees Act or the Company Employee and Self-Employed Pension Plan Act. All members of the Management Board have concluded a pension fund agreement, under which Austrian Post is required to pay 10% of the individual's fixed annual gross salary into the pension fund each year.

The members of the Management Board of Austrian Post are insured within the framework of Directors and Officers Liability Insurance (D&O), which covers judicial and extrajudicial protection against unfounded claims for damages as well as the settlement of such claims which may be considered as legally justified.

**Long-Term-Incentive Programme (LTIP) for the Management Board** Salaries of the Management Board include fixed and variable salary components. In December 2009, the Supervisory Board approved a Long-Term Incentive Programme (LTIP) for the Management Board applying to the 2010–2012 financial years, which takes account of the EU recommendation on remuneration policies dated April 30, 2009. The aim is to align the interests of company management with those of Austrian Post shareholders to achieve a medium-term to long-term increase in shareholder value. LTIP links pre-defined, measurable, long-term and sustainable criteria (total shareholder return, free cash flow and earnings per share) and is contingent upon participants making own investments.

### Supervisory Board

Remuneration of the Supervisory Board for the previous financial year is determined each year by the Annual General Meeting, which also decides on the fee for attending meetings. At present, the fee totals

EUR 300 per session. Furthermore, travel expenses incurred by the members are covered. The Annual General Meeting held on May 6, 2009 resolved to grant an annual fixed sum totalling EUR 15,000 for the 2008 financial year applying to each of the members of the Supervisory Board, whereas EUR 25,000 was awarded to the Chairman of the Supervisory Board and EUR 20,000 to the Deputy Chairman. Payment is generally made immediately after the Annual General Meeting.

The total remuneration granted to the Supervisory Board in the 2009 financial year (including attendance fees, as well as travel expenses of EUR 1,700) amounted to EUR 158,000.

#### Supervisory Board remuneration (including attendance fees) in EUR

Peter Michaelis, Chairman	28,900
Rainer Wieltsch, Deputy Chairman	23,900
Dieter Bock	16,500
Horst Breitenstein	16,800
Edith Hlawati	16,800
Gerhard Roiss	16,200
Karl Stoss	18,600
Hans Wehsely	18,600
<b>Total</b>	<b>156,300</b>

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

### Directors' Dealings

Sales and acquisitions of Austrian Post shares made by members of the Management Board and Supervisory Board of Austrian Post are reported to the Austrian Financial Market Authority within five days after the transactions have been concluded, and published on the Website of the Austrian Financial Market Authority, in accordance with § 48d Austrian Stock Exchange Act. The following shareholdings were reported to the Austrian Financial Market Authority during the period under review:



Shares owned	Dec. 31, 2008	Purchase	Sale	Dec. 31, 2009
<b>Management Board</b>				
Georg Pözl	0	12,254		12,254
Rudolf Jettmar	9,110			9,110
Herbert Götz	28,684			28,684
Walter Hitziger	7,000			7,000
Carl-Gerold Mende	0			0
Anton Wais	12,000	1,900		13,900
<b>Supervisory Board</b>				
Peter Michaelis	600			600
Rainer Wieltsch	1,200		1,200	0
<b>Total</b>	<b>58,594</b>	<b>14,154</b>	<b>1,200</b>	<b>71,548</b>

## External evaluation

Austrian Post regularly submits to an external evaluation of its compliance with the C-Rules and R-Rules of the Austrian Corporate Governance Code. The most recent appraisal carried out by KPMG Austria GmbH for the period January 1, 2008 – December 31, 2008

concluded that the public declaration on the part of Austrian Post relating to its observance of the Austrian Corporate Governance Code corresponds to its actual business practices. The evaluation reports are available at [www.post.at/ir](http://www.post.at/ir). The next evaluation is planned for the 2010 financial year.

Georg Pözl  
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

# Company overview



## Mail Division

The Mail Division encompasses three business areas, namely Letter Mail, Infomail and Media Post. The division's core business consists of the acceptance, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items, newspapers and regional media. Approximately 6bn mail items are delivered each year. Thus the Mail Division of Austrian Post is the largest logistics provider in the country, bringing mail to 4.2 million delivery points every working day.

In addition to traditional postal services, many new services are offered under one roof, ranging from target-group oriented analysis, consulting and planning of advertising campaigns, professional address management, recording of customer responses to questionnaires or customer loyalty card applications and the management of mailroom services to the production of personalised and individualised mailings as well as the printing and enveloping of business and direct mail.

These services are complemented by scanning services, i.e. the digitalisation of incoming mail and archive scanning to ensure paperless offices and the electronic invoice reading of invoices and forms, thus supporting the efforts undertaken by customers to improve efficiency.



## Parcel & Logistics Division

The Parcel & Logistics Division is represented in by its own subsidiaries in 10 countries or in 25 countries via the EURODIS network. All business areas i.e. parcels (B2B and B2C), combined freight and temperature-controlled logistics were further expanded in 2009. Market share in respect to volume increased, particularly in Germany.

The acquisition and integration of Rhenus Life Sciences in the temperature-sensitive transport network in Germany further extended Austrian Post's service offering in the field of temperature-controlled logistics, complementing the existing temperature range of 2°C to 8°C by adding the services in the range 15°C to 25°C.

Austrian Post and its subsidiaries have achieved an outstanding market position in each of these markets, which is attributable to the availability of a nationwide infrastructure and a spectrum of high value services.



## Branch Network Division

The Branch Network Division operates a high performance and nationwide distribution network throughout Austria, consisting of 1,667 postal service points<sup>1</sup>. The product and service portfolio primarily encompasses postal services, banking services and a broad spectrum of retail products.

Moreover, Austrian Post operates two mobile post offices and four philately shops.

<sup>1</sup> Status: March 1, 2010



## Letter Mail

- Acceptance of letter mail at approx. 22,000 postal pick-up points in Austria
- Every day, every door: daily, nationwide delivery of the highest quality (96% of domestic letters are delivered on the next working day)
- Production: letters are printed, enveloped and prepared for mailing
- Delivery of an average of 1bn letters annually to 4.2m households and companies in Austria
- On-time delivery and pick-up of business mail by a preferred deadline for about 3,200 companies
- Mailroom services: processing of mail for approx. 80 corporate customers

## Infomail

- Delivery of about 770m addressed direct mail items annually in Austria (including Sponsoring.Post)
- Delivery of approx. 2.2bn unaddressed direct mail items annually in Slovakia, Hungary and Croatia
- Delivery of roughly 3.8bn unaddressed direct mail items annually in Austria (including regional media)
- Preparation of geomarketing distribution plans according to geographic, socio-demographic and socio-economic criteria
- Production: flyers, envelopes, catalogues etc. are printed, individualised, personalised, bound, wrapped and enveloped

## Media Post

- Delivery of about 640m print media (newspapers and magazines) throughout Austria
- Subscription marketing and related services: subscription packages for publishing companies with readership profile analysis, etc.

## Domestic market of Austria

- 50m parcel shipments annually
- 13 own delivery bases
- 7 own sorting centres

## Specialty logistics market of Western Europe

- 50m shipments per year
- 49 trans-o-flex locations
- 44 ThermoMed/Scherübl locations
- 3 countries: Germany, Belgium, Netherlands
- 5 logistics warehousing locations

## B2B market in South East and Eastern Europe

- 9m shipments annually
- 76 logistics locations
- 6 countries: Slovakia, Hungary, Serbia, Montenegro, Bosnia-Herzegovina, Croatia

## Postal services

Handling of the products and services of the Mail Division and the Parcel & Logistics Division (e.g. PO boxes, holiday mail holding service and franking),

Branch Network Division products, customer care services for SMEs and the sale of philatelic products (commemorative stamps).

## Retail products

A broad range of telecommunications products (e.g. mobile, fixed line and Internet) as well as post-related retail

products and services, such as paper, stationery, office products, IT and entertainment products (CDs, DVDs), and lottery products.

## Banking services

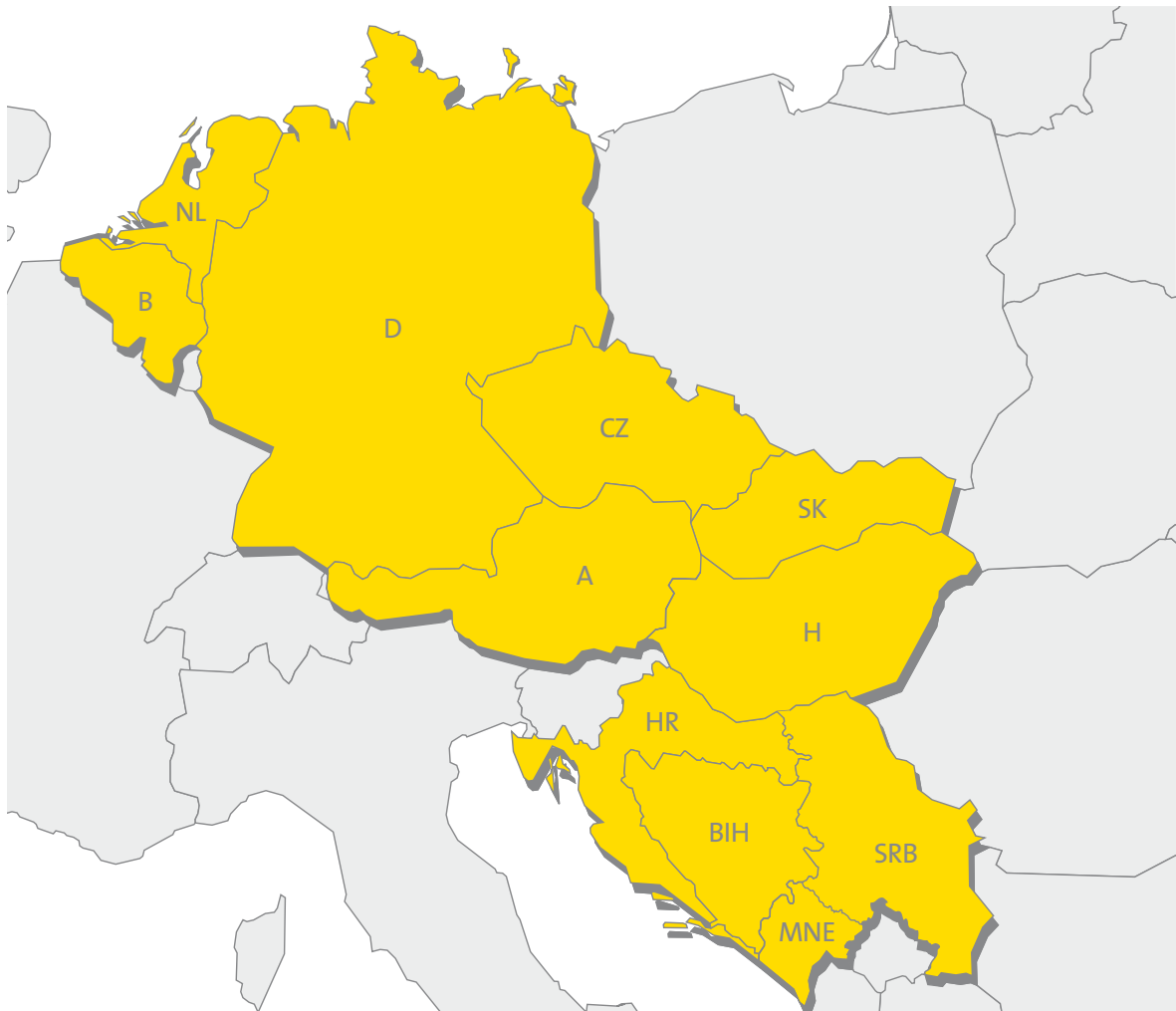
Sale of PSK BANK banking services in the following fields: savings accounts,

loans, private retirement plans, insurance, securities and home loan savings products.

## *Focus on segments and regions with growth potential*

Since 2001, Austrian Post has been focusing on the on-going optimisation and expansion of its core business in its domestic market of Austria as well as the targeted expansion in neighbouring countries in South East and Eastern Europe as well as in Western Europe. The top priority has been to penetrate markets with which Austria has extensive trading ties, focusing on providing services in the fields of parcel logistics and advertising mail.

**Numerous subsidiaries in the parcels, direct mail and postal services segments** Austrian Post is represented in the Belgian, Bosnian, German, Croatian, Montenegrin, Dutch, Serbian, Slovakian and Hungarian markets with parcel service companies, in the advertising markets of Hungary, Croatia and Slovakia. In addition, Austrian Post has set up its own sales subsidiary in Germany, Austrian Post International, which provides advisory services in developing international postal dispatch solutions, particularly to German firms.





### Selective acquisition strategy in attractive markets

Austrian Post has 19 subsidiaries operating in the letter mail and parcels segments in 11 countries.

Country	Company <sup>1</sup>	Field of activity			
Austria	Österreichische Post AG	Letter Mail			
		Addressed direct mail items			
		Media Post			
		Express and parcel			
		Combined freight			
Austria	Österreichische Post AG, feibra	Financial services			
		Document production			
		Unaddressed direct mail items			
		Temperature-controlled logistics			
		Document scanning/archiving			
Austria	Scherübl Transport, 74.9%	Valuable goods transport			
		Germany	Scanpoint	trans-o-flex and trans-o-flex ThermoMed	Combined freight
					Speciality logistics
					Temperature logistics
					meiller direct
Austrian Post International Deutschland	International Mail				
Belgium	trans-o-flex Belgium	Express			
		Combined freight			
Netherlands	trans-o-flex Nederland	Express			
		Combined freight			
Slovakia	Kolos	Unaddressed direct mail items			
		Slovak Parcel Service (SPS), In Time	Express		
			Combined freight		
Czech Republic	Scanpoint	Document scanning/archiving			
		meiller direct	Direct marketing services provider		
Hungary	feibra Magyarország	Unaddressed direct mail items			
		trans-o-flex Hungary	Express and parcel		
Serbia	City Express	Combined freight			
		Express and parcel			
Montenegro	City Express Montenegro	Express and parcel			
		Combined freight			
Bosnia-Herzegovina	24VIP	Express and parcel			
		Combined freight			
Croatia	Weber Escal	Unaddressed direct mail items			
		Overseas Trade	Express and parcel		
		Combined freight			

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

# Interview with Georg Pölzl



**Mr. Pölzl, Austrian Post is a company with one of the longest traditions in Austria. It is about to confront the upcoming liberalisation of the letter mail market, one of the biggest challenges it has ever faced: How will the company deal with this new situation?**

As a matter of fact, we are witnessing major changes. The letter mail business is declining throughout Europe. Statistically speaking, European postal companies are losing 3–7% of their letter mail volumes per year. This is an ongoing trend or rather a structural change. Naturally the liberalisation of the postal market represents a threat to us in Austria. But we are prepared and we will defend our clear market leadership position on the domestic market of Austria. Liberalisation will also open up new opportunities for us in South East and Eastern Europe.

**Does this mean Austrian Post will persist in its expansion drive, particularly in Germany and in South East and Eastern Europe, or will the company focus more on its domestic business?**

Austrian Post will continue its foreign operations, which already account for about 30% of total Group revenue. This is because we anticipate significant growth on the part of our foreign subsidiaries, especially in South East and Eastern Europe, and above all in the Parcel & Logistics growth market. Our target in Austria is to remain the market and quality leader.

**How are you dealing with the fact that letter and postcards are being increasingly replaced by electronic media?**

Each of us knows how media consumption is changing and will continue to change. The volume of private letters is declining, and a growing amount of information is being downloaded online. But the online mail order business is still only in a state of infancy. I am convinced that physical mail items will continue to play a major role in the future. But I also believe that here at Austrian Post we will not be able to turn

a blind eye to this online trend. We are the undisputed number one in delivering mail items, why not also the market leader for online services and electronic post?

**Why would a traditional postal company be equipped for such services in the first place?**

We believe we have the right pre-requisites for this business precisely because we are a company with a longstanding tradition. For centuries Austrian Post has stood for high trust, reliability and efficiency. The digital world has aroused high expectations on the part of customers in respect to convenience, but also increasingly when it comes to security. Who else if not us can combine a high level of data security and privacy protection with speed, convenience and easy accessibility? Precisely this apparent contradiction opens up new opportunities for us. For this reason, we want to leverage our existing competencies even more, and operate as the clear-cut number one in respect to sending or receiving postal items and information, whether physically or electronically.



**However, if there is a downward trend in letter mail volumes despite all efforts to the contrary, doesn't this development mean that Austrian Post will lose revenue in the future?**

No. We anticipate a medium-term growth of 1–2% annually, if declining letter mail revenue can be compensated by increased revenue from the parcels segment. We will achieve this by expanding the parcels business of our foreign subsidiaries. On the Austrian market, we will benefit from the boom in online shopping and the forecasted increase in business parcels, i.e. parcel shipments between business customers. We are talking about 6–9% annual growth in the parcels segment in contrast to a potential letter mail revenue decline of 3–5% per year.

**So does your strategy involve compensating for the losses in the letter mail segment by intensifying your activities in the parcels business?**



Well, that is a part of our strategy. We have defined four strategic cornerstones of our overall strategy, for example defending our market leadership in our core business or growing in selected markets such as combined freight or temperature-controlled logistics. Third, we have to enhance efficiency and the flexibility of our cost structure. And the fourth important pillar of our strategy is to strengthen customer orientation and innovation. Austrian Post can only be successful in the long term if it can adapt its service offering to the changing needs of its customers. For this reason, in addition to reducing complexity, we are focusing on targeted innovations throughout the business system and a broad-based service campaign.



**What is actually more important, fundamentally restructuring the company or realising growth plans?**

We will have to do both. Austrian Post has evolved from a state-owned company to a leading logistics and service Group, particularly over the last ten years. This transformation process must be further continued. At the same time, it is vital to take advantage of growth opportunities and further strengthen innovation and customer orientation.

**What can the customer expect from Austrian Post in the future?**

In the first place, we have to simplify our service offering – which sometimes lacks transparency – and make it clearer and easier to use. In addition, we must expand our service portfolio for private and business customers. In doing this, we will rely on new technologies and services in the medium-term. A further building block are online services and electronic mail.

**Talking about electronic services: which ones does Austrian Post already offer?**

In the initial phase, customers will be able to conveniently and securely authorise various postal servi-

ces from their own homes, for example mail forwarding, vacation hold mail, authorisation to receive mail or pick-up of mail items from the post office of their choice. And that is only the beginning. Our future portfolio will be more individually tailored to specific customer requirements. For example, the sender will be able to freely choose whether his mail is to be printed and enveloped or sent as an electronic file. Customers will also be able to configure parcel delivery options online, from packaging to the electronic parcel stamp. The recipient can decide how and where he wants to get his personal mail – to his own residence, place of work, to his preferred post office or from parcel “dispensers”. Alternatively, mail could be sent directly to a secure online portal of Austrian Post. In this way, Austrian Post offers its customers the highest possible level of convenience.

**How will the changes caused by market liberalisation and electronic communications affect the branch network of Austrian Post?**

We want to provide the Austrian population with nationwide postal services, above all on a sustainable basis. Our customers desire good accessibility and better opening hours of postal service points. We can fulfil these wishes by further expanding our postal partner concept. That is why we are making an offer to every municipality in Austria, namely to set up a postal service point in every community. This would bring advantages for everyone involved, above all for our customers – even more service, shorter distances, and even better opening hours.



**One last question which would primarily be of interest to shareholders. What will the future dividend policy of Austrian Post be like?**

We want to continue the current attractive dividend policy, and are striving to ensure a dividend payout of at least 75% of the Group net profit, as well as a sustainable dividend of EUR 1.50 per share.

# The European postal market

The European postal market traditionally encompasses three segments:

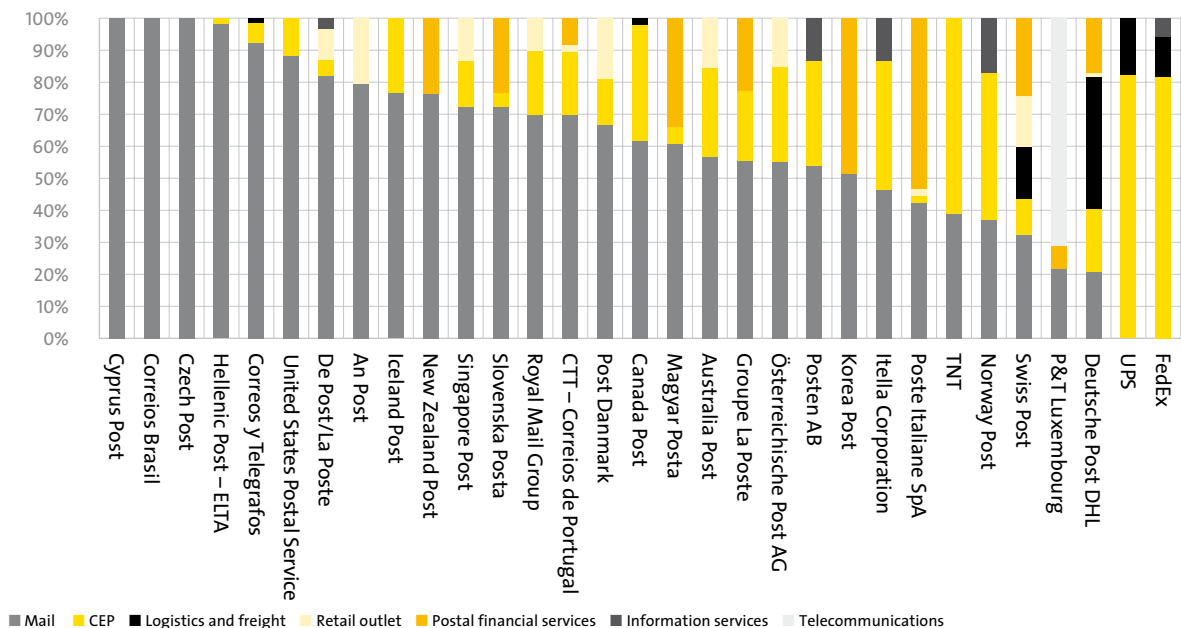
- **Communications** (Transport and delivery of letters, direct mail and print media),
- **Logistics** (Parcel delivery, express mail and logistics/freight services) and
- **Retail** (Branch network business with postal and banking services, retail products).

Each of these segments operates in a different market environment and appeals to different target

groups. Depending on the historical development and specific market conditions, the composition and weighting of these three business areas varies considerably from one postal market or postal provider to the next. The primary focus of postal companies ranges from traditional letter mail delivery to exclusive provision of parcel services. In the light of a changing market environment, postal companies are diversifying away from the traditional letter mail business and striving to establish a foothold and grow their business in the parcels, logistics, retail products or financial services segments.

## Trend towards integrated product offering

Revenue composition of European postal companies according to business areas 2008 (%)



Source: IPC Global Postal Industry Report 2009

## Current trends – Challenges and opportunities

The business environment in Austrian Post's three longstanding core markets, i.e. communications, logistics and retail, are subject to major changes. The increasing digitalisation of communications and business processes, the liberalisation of the letter mail market, the global economic crisis as well as fundamental structural transformations pose new challenges to postal companies. They also represent an opportunity to successfully grow and further develop the business. Several trends stand out:

**1. Substitution of letters by e-mail** For years, volumes for traditional letter mail products around the world have been stagnating if not decreasing. The main reason is the increased use of electronic media. The intensified cost pressure resulting from the economic crisis has recently accelerated the growing preference for electronic communications.

A market study carried out on behalf of the European Commission ("The Evolution of the European Postal Market since 1997", ITA Consulting and WIK-Consult) concludes that the trend towards declining postal volumes will continue, particularly in Western European markets.

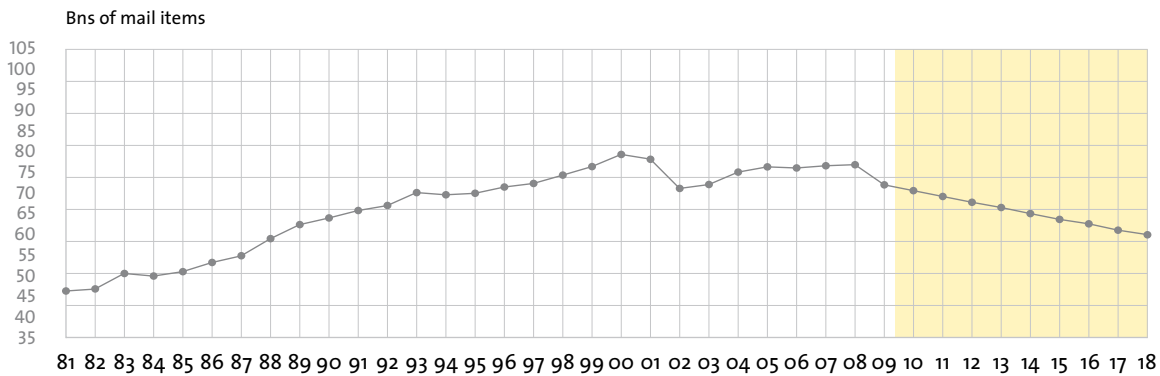


In contrast, the intact market for direct marketing and the ongoing increase in the number of households, which traditionally correlates with mail volumes, tend to provide positive impetus for growth. For example, there is a constant rise in the number of one-person and multi-person households, a trend which is expected to persist in upcoming years.

In a European comparison, Austria ranks in the middle of the pack, with 207 letters and addressed direct mail items annually per capita. Whereas the Austrian letter mail market partly defied the international trend and posted ongoing growth, volumes and revenue fell in 2009 for the first time, a development expected to continue in the years ahead.

### Downward trend in letter mail volumes

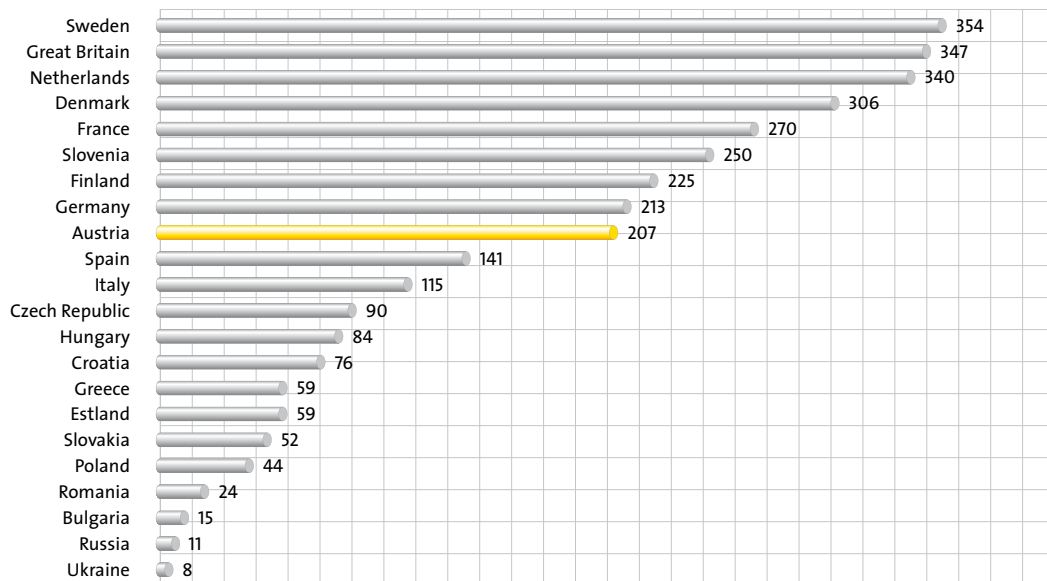
Development of addressed mail items in the five largest European markets



Source: Boston Consulting Group

### Letters and addressed direct mail per capita/year

Country comparison of addressed direct mails (no. of mail items)



Source: IPC Global Postal Industry Report 2009

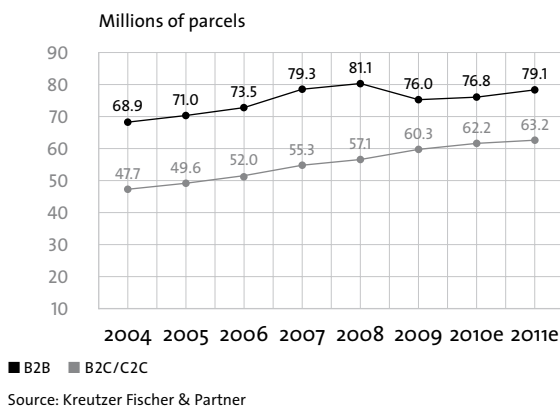
## 2. Full liberalisation of the European letter mail market

The prescribed full liberalisation of the European letter mail market as of 2011, described in detail in the “Liberalisation” section of this annual report, will intensify the pressure on postal companies.

The development of other sectors (e.g. telecommunications or utilities) has demonstrated that former monopolies generally lose market share in the course of the liberalisation process. In the postal sector, market share losses strongly depend on the particular regulatory environment and competitive situation. National postal providers usually maintain a high market share in their respective domestic markets (about 90% in Germany and Sweden). This is due to the high fixed costs incurred by alternative postal operators when entering a new postal market, both in terms of investments and operating expenses. In Austria, the elimination of the last existing monopoly for mail items weighing up to 50 grams as of January 1, 2011 will open up the entire mail business to competitors.

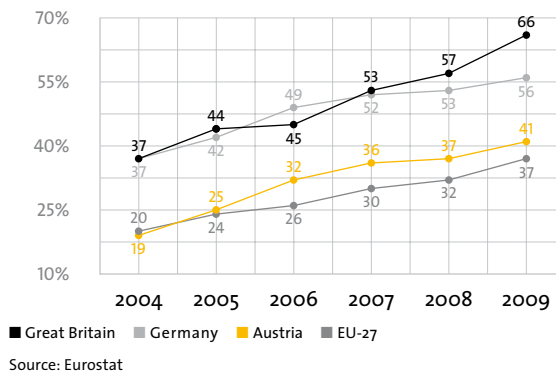
**3. Ongoing boom in online shopping** The continuing dynamic growth in distance commerce, particular via online channels, has added further impetus to the postal sector. In particular, the B2C parcels business, i.e. the delivery of parcels from companies to private recipients, has posted ongoing growth thanks to the boom in online shopping. The latest figures supplied by the Austrian Statistical Office conclude that 41% of people aged 16–74 purchased products or services on the Internet in 2009, double the comparable level in 2004. 62% of the 25–34 age group already make use of the Internet for shopping purposes.

### Significant growth in the Austrian parcels business



## Boom in online shopping shows ongoing growth

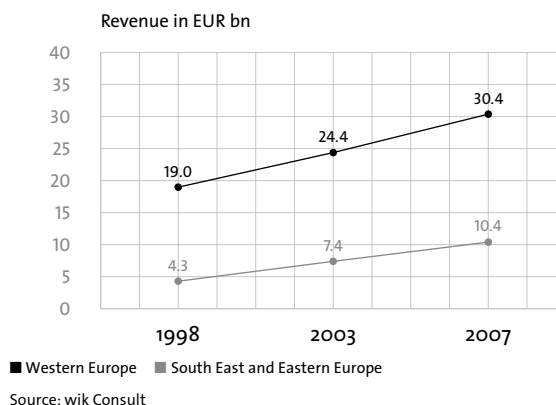
Online buyers as a % of population aged 16–74 over the last 12 months



Further growth in parcels volumes is expected in the light of the increasing popularity of the Internet for ordering goods and services. In addition, the Internet is radically changing customer expectations and behaviour. Even more importance is being attached to immediate availability and binding high speed delivery and reliability.

**4. Internationalisation of trade flows** Whereas the B2C parcels business profits from online shopping, the increasing internationalisation of trade flows has stimulated the B2B segment (parcel shipments between companies). The economic crisis in 2009 negatively affected parcel volumes and prices, due to the fact that the subdued investment climate, particularly for industrial companies, had an unfavourable impact on transport volumes. However, experts already anticipate a slight increase in parcel volumes in 2010. Generally, the cross-border transport of goods will boast perceptibly more dynamic growth. Further more, growth in the CEE region is expected to exceed the comparable level in Western Europe.

### Increased international trade flows





**5. Customers demand enhanced convenience** In the light of increasing customer demands, postal companies are confronted with growing challenges as respects service and convenience. E-commerce, with its high demands on availability and service as well as delivery speed and precision, has transformed customer expectations. The key issues for transport and warehouse logistics are now reliability, efficiency and customer-friendly services. At the same time, trends such as outsourcing have created new needs, but also opportunities for postal and logistics companies to extend the value chain in all directions. As a result, postal and logistics providers are emerging as service companies providing added value to their customers by offering numerous new products and services. For postal companies, new and demand-oriented products and services are gaining in importance.

**6. Ecologicalisation of goods transport** The growing clamour for postal companies to also do their utmost to counteract climate change has led to changes in processes and logistics. Stakeholders expect postal and logistics providers to offer more ecologically-oriented products and services. Naturally, efforts to fulfil these demands are primarily concerned with reducing energy consumption and waste gas emissions. Climate-friendly business operations involve the minimisation of transport and delivery stops, the optimisation and joint use of transport and logistics networks, improved capacity utilisation or the ecological optimisation of vehicle fleets and logistics centres.

## Key success factors and influences on the postal sector

### External factors

The postal market is subject to external factors which, in turn, can only be indirectly influenced by individual companies. In addition to the aforementioned market trends, these factors include overall population growth, the economy, the inflation rate and higher costs for staff, energy and fuel, as well as the development of the advertising market. Moreover, the domestic and international regulatory environment define the “rules of the game” and the level of flexibility enjoyed by postal providers.

#### External influences

- Substitution by electronic media (e-mail)
- Development of online shopping
- Population growth, number of households
- GDP growth
- Inflation rate and staff costs
- Development of the advertising market
- Regulatory environment

### Internal success factors

A postal provider can influence or optimise success factors such as the extent to which it tailors the product offering to customer needs, establishing a strong brand based on a solid foundation of trust displayed by customers, customer proximity achieved on the basis of a nationwide network of branch offices and sales partners as well as a high level of cost efficiency, reliability and productivity demonstrated by a strong and well utilised logistics network. Austrian Post has gone a long way towards fulfilling these criteria.

#### Internal success factors

- Strong brand: high brand awareness, associated with positive values
- Attractive products oriented to customer requirements
- Customer proximity and nationwide distribution network
- Service reliability
- Productive, cost-efficient logistics networks
- Competitive consequences of direct and indirect processes

# Liberalisation of the European postal market

The EU's Third Postal Directive stipulates the complete opening up of Europe's national postal markets in currently "reserved areas". The aim of this liberalisation is to open up the postal market in all EU member states to free competition, and to abolish existing monopolies if necessary.

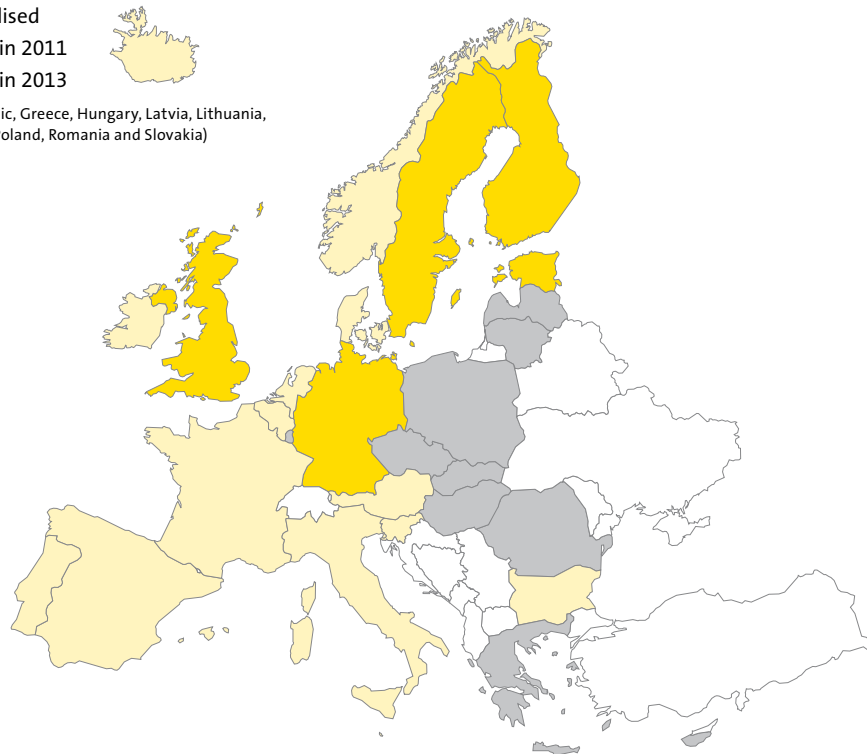
Accordingly, the member states are required to establish the legal framework underlying a full liberalisation of their postal markets as of January 1, 2011. Exceptions have been granted to the Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Romania and Slovakia. In these cases, the deadline for implementing the Third Postal Directive has been extended to December 31, 2012. The status of the liberalisation efforts varies considerably among the individual EU member states. Some countries have not even managed to prepare draft laws governing the conversion of the EU Postal Directive into national regulations, whereas some postal markets have already been fully liberalised.

Following intensive public discussions, the new Postal Market Act was passed by Austria's Parliament. It will go into effect on January 1, 2011, with the exception of those legal regulations affecting the branch network of Austrian Post which became legally effective as of December 5, 2009.

The most important changes are:

**Elimination of the letter mail monopoly** The last existing monopoly of Austrian Post for letter mail items weighing up to 50 grams, which ensures the same high quality delivery throughout Austria, will be abolished on December 31, 2010. At the same time, as of January 1, 2011, Austrian Post will no longer receive any indirect compensation for the costs of fulfilling the universal service obligation, i.e. providing guaranteed, nationwide and high quality postal services for the benefit of the entire population.

## Multi-phased liberalisation timetable



As EEA members, Iceland, Norway and Liechtenstein also implement EU postal regulations.



**Universal service obligation and compensation for net costs** Austrian Post will remain Austria's universal postal services provider and guarantees "every day, every door" service in Austria. In order to ensure basic services, the newly-defined universal service obligation as of 2011 is primarily limited to individual mail items posted by retail customers and SMEs at post offices or letter boxes. Accordingly, postal services for mail items brought to sorting centres by large customers are not classified as universal postal services.

Compensation for the net costs of providing universal postal services will take place on the basis of a public equalisation fund, which will be financed on a pro-rata basis corresponding to the market share held by Austrian Post and other licensed postal operators. Only postal providers whose annual revenue derived from their licensed business operations exceed EUR 1m will be required to contribute to the equalisation fund.

Moreover, the net costs of providing universal postal services will only be refunded if they comprise an excessively heavy financial burden in case these costs exceed 2% of the entire annual costs incurred by Austrian Post.

**Cluster box units and rural letter boxes** The Postal Market Act stipulates the replacement of existing cluster box units and rural letter boxes without mail slots with newer ones containing mail slots. In its role as a universal services provider, Austrian Post is required to implement this conversion by the end of 2012. 90% of the costs to be shared by Austrian Post and the other licensed postal providers will be based on market share, and 10% will be related to the actual number of licensed postal operators.

**Licensing obligation for postal services** As of January 1, 2011, the right to carry out postal delivery services for letters weighing up to 50 grams (including unopened direct mail) will necessitate obtaining a license.

**Network of postal service points** The Postal Market Act prescribes a minimum of 1,650 postal service points. For the first time in history, lawmakers have also legally stipulated the nationwide density of postal service points. Austrian Post must ensure that all municipalities with over 10,000 inhabitants as well as 90% of the people living in the urban areas of all provincial capitals must have access to a postal service point within a radius of two kilometres. In all other regions, the prescribed maximum distance to a postal service point is ten kilometres. Austrian Post attaches considerable importance to ensuring nationwide postal services, which are customer-oriented, efficient and based on sustainable structures.

Austrian Post is only authorised to convert company-operated post offices manned by its own staff to postal partner offices following an approval process in which it must demonstrate that the post offices affected by the restructuring will remain unprofitable on a long-term basis. Moreover, it must show that setting up alternative postal service points will ensure that the population continues to be provided with area-wide universal postal services. In addition, the affected communities must be informed in a timely manner about the planned structural changes in the branch network.

Austrian Post welcomes the clearly-defined legal framework for providing postal services established by the new law. The licensing obligation for delivery of letter mail weighing up to 50 grams at least partially ensures that alternative providers will not gain a competitive advantage based on cost savings which are legally forbidden for Austrian Post to implement.

However, Austrian Post is more critical of the regulations governing compensation from the equalisation fund. This poses a major challenge to Austrian Post, which must assume the lion's share of the financial burden involved in fulfilling the universal service obligation and thus ensuring high quality, nationwide universal postal services for the benefit of the population. Similarly, the obligation imposed on Austrian Post to convert cluster box units and rural letter boxes without slots must be seen in the same light. The prescribed regulations allocating costs hardly suffices to ensure that alternative postal operators make a financial contribution which comes close to the advantages they stand to gain once this project has been completed.

# Business model and strategy

## Market leader in Austria, successful specialist in Europe

Austrian Post is the undisputed number one in delivering letters, direct mail items and parcels to private customers in Austria. The population considers it to be much more than just an ordinary company. Austrian Post boasts more than 67 million customer contacts in the post offices and its delivery staff bring mail to 4.2 million households and firms every day. Accordingly, it is seen as an integral part of everyday life in the country. Austrian Post is also a leader in the transport and delivery of parcels to companies. The outstanding quality of service is the basis for the solid foundation of trust customers have in Austrian Post. The reliable, top-quality postal services provided to the Austrian population and business community throughout Austria enables Austrian Post to make an important contribution to maintaining and safeguarding the communications and logistics infrastructure of the country.

Innovative solutions and the ongoing extension of the service portfolio along the postal value chain characterise the high performance culture embodied in the business model of Austrian Post. Services and capacities have been systematically tailored and optimised to meet customer requirements in order to be able to offer products and services at competitive prices. In the light of the liberalisation of Austria's letter mail market, increasing efficiency and profitability will remain top priorities of Austrian Post's business operations in the coming years.

At the same time, Austrian Post has developed a focused business portfolio in Central and Eastern Europe in the parcel & logistics and mail segments. In this regard, Austrian Post has actively exploited the dynamic transformation of Europe's postal sector to successfully position itself as a provider of specialised postal services in attractive market niches, such as specialty logistics focusing on combined freight and temperature-controlled logistics, as well as in geographical growth markets such as those in South East and Eastern Europe.

### Vision

Current developments in international postal and logistics markets pose major challenges to Austrian Post, but also open up new opportunities.

In addition to the marketplace, customer requirements have further developed and changed. On the one hand, the new digital opportunities are raising customer expectations with regard to online convenience. On the other hand, increasing importance is being attached to values such as confidentiality, data security and reliability of services.

#### Our Vision:

- We are the first choice in our markets for shipping and receiving mail items and information, physically as well as electronically.
- We offer our senders and recipients confidentiality, reliability and efficiency.
- We are further expanding our service offering for private and business customers using state-of-the-art technologies.

### Positioning

Austrian Post is market leader in Austria and successful specialist in Europe.

- **The goal on the domestic market of Austria is market leadership** in the transport and delivery of letters and parcels and post-related services.
- **Internationally, the goal is to achieve leading market positions in selected segments** (e.g. combined freight and temperature-controlled logistics) **and regions** with high growth potential (e.g. South East and Eastern Europe)

The core business is the implementation of communications (letter mail) or fulfilment (parcel) activities. The online product offering based on the values and competencies of this core business will ensure customer loyalty and enable Austrian Post to exploit growth potential.

Integrity and trust, reliability and customer-orientation along with productivity and efficiency comprise the unalterable principles underlying this performance commitment to our customers.



**Positioning of Austrian Post: Market leadership in Austria and successful specialist in Europe**



Austrian Post

**Clearly-defined business targets**

At the end of 2009, Austrian Post launched a strategic development process entitled **post@2011**, designed to define the strategic cornerstones of the company's business operations, as well as initiate Group-wide measures in addition to the initiatives undertaken by the individual divisions. Three main business targets were set:

- **Revenue: Medium-term growth of 1-2% annually**  
 Austrian Post should be able to more than compensate for the potential annual 3-5% revenue decline in the Mail Division by taking advantage of growth opportunities, such as the 6-9% annual growth expected in the parcels business. This growth will be supported by new service offerings, innovative approaches to customer service and retention as well as greater product differentiation based on an optimal price-performance ratio.
- **High profitability: Sustainable EBITDA margin of 10-12%**  
 Austrian Post also aims to maintain its high level of profitability in a liberalised postal market. For this reason, it is essential to further enhance the efficiency of all operational processes. Services will

be even more closely tailored to provide customer value, and logistics operations will be optimally streamlined in order to sustainably safeguard earnings and cash flow.

- **Dividends: Continuation of attractive dividend policy**  
 As communicated to investors at the time of the IPO, Austrian Post aims to offer attractive yields on the capital invested by shareholders. For this reason, Austrian Post will continue its current dividend policy, i.e. a dividend payout ratio of at least 75% of the net profit for the period. The goal is to distribute a sustainable dividend of EUR 1.50 per share. Based on the share price of about EUR 19 at the end of 2009, this would mean a dividend yield of close to 8%.

**Clearly-defined goals**

- **Growth:** Medium-term revenue increase of 1-2% annually
- **High profitability:** Sustainable EBITDA margin of 10-12%
- **Attractive dividend policy:** Payout ratio of at least 75%, targeted sustainable dividend of EUR 1.50 per share

## Four core strategies

Based on these business targets, Austrian Post has defined four core strategies:

### 1. Defending market leadership in the core business

Austrian Post is the undisputed market leader in Austria for letters and direct mail as well as the transport and delivery of parcels, particularly to private recipients. In 2009, Austrian Post gained additional market share in both segments despite the recession and tough competition. The Group aims to defend its strong position in the future, especially in the letter mail market, which will be fully liberalised in 2011.

### 2. Growing in selected markets

In addition to defending its core business, Austrian Post will pursue growth in selected segments. The priority will be on the Parcel and Logistics Division, focusing on further expanding Austrian Post's business in the combined freight, temperature-controlled logistics and B2B/B2C parcels segments in Austria and Germany as well as in South East and Eastern Europe. In the Mail Division, Austrian Post will primarily concentrate on providing added value services along the value chain, and further expanding its activities in South East and Eastern Europe. Moreover, Austrian Post is also expanding its service offering for letter mail customers.

### 3. Enhancing efficiency and increasing flexibility of the cost structure

Austrian Post plans a further significant efficiency enhancement in respect to its logistics and delivery processes in order to consolidate its clear cost leadership in Austria. Key measures include the ongoing improvement of the distribution network, the further expansion of the branch network while integrating more entrepreneurial models, the development of new business models and targeted cost reductions in respect to administration costs and operating expenses.

### 4. Strengthening customer orientation and innovation

Austrian Post will only be successful in the long term if it can adapt its service offering to fulfil the changing needs of customers. For this reason, the company will not only rely on reducing complexity but on developing innovation throughout its business systems and driving forward a broad-based service campaign. This includes an online initiative designed to increase the convenience of conventional postal services and offer new digital products in the field of electronic postal services.

## Four core strategies

1. Defend leadership in the core business
2. Grow in selected markets
3. Enhance efficiency and increase flexibility of the cost structure
4. Strengthen customer-orientation and innovation

## Implementation based on numerous initiatives on a Group and division level

Austrian Post has developed various packages of measures and initiated a series of projects in order to implement these four core strategies. The portfolio encompasses both Group-wide initiatives as well as specific projects in each division.

## Group-wide initiatives

At Group level, Austrian Post is relying on innovation and service and the maximum exploitation of synergies as the basis for implementing its strategy:

### Optimisation of the service offering and business models

The Postal Market Act approved by the Austrian Parliament in 2009 creates a new legal framework for universal postal services and the competitive environment in the Austrian postal sector. The service offering and business model of Austrian Post in its domestic market will be modernised in line with the new legislation. The objective is to design a customer-oriented product and service portfolio based on significantly reduced and variable cost structures.

### Marketing campaign

Innovations in the product offering will contribute to preserving revenues. The enhanced and restructured product offering aims to support customers and partners in their core business, and thus enable them to actively expand their own business volumes. Initiatives will range from letter mail, direct mail items and parcels to philately products and retail sales offerings in the branch network. Examples include the new service packages in the fields of customer relations management and direct marketing or new sales concepts developed for the branch network.



Austrian Post

**Integrated online strategy** The digital world will be reflected in three approaches adapted by Austrian Post: **e-Services** comprise traditional postal services which can be used online; **e-Post** enables digital and dual delivery as well as an electronic letter box; and **e-Shop**, which not only offers postal products and financial services, but also serves as a platform with links to partner shops and mail order companies.

**Purchasing and administrative costs initiative** Alongside specific measures implemented by the individual divisions to improve production and logistics, an ongoing challenge will be to optimise administrative costs. The focus will be on exploiting synergies, a cost-benefit analysis evaluating the value of all activities, consistent process simplification and complexity reduction. Savings in operating expenses will be achieved by creating a central procurement department.

**Competitive staff structure and performance culture** Finally, Austrian Post will determinedly press ahead with completing the transformation of the company's corporate culture, from its earlier work as a "public office" to a customer- and performance-oriented service provider boasting competitive structures on the basis of streamlined and flexible work processes. This further development also entails a cultural change. The new performance culture will embody competence, responsibility, transparency, trust, achievement and customer-orientation, which will be more strongly embedded in the organisation by means of targeted communications, leadership, and the professional development of employees and executives

## Division-specific measures

The particular measures implemented by each division within the context of the Group strategy will be outlined in the following section which presents the individual divisions and relevant market trends.

# Mail Division

## Business operations

The Mail Division encompasses three business areas, namely Letter Mail, Infomail and Media Post. The division's core business consists of the acceptance, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items, newspapers and regional media. The delivery staff, consisting of about 11,000 people (full-time employees), deliver mail every day to a total of 4.2m households and companies. This range of services is complemented by new business services along the value chain for business and advertising mail, including address and data management, mailroom services, intelligent scanning and response management.

## Highlights 2009

- **Post and Raiffeisen Informatik as trend-setters for electronic letter mail delivery:** Austrian Post is developing the electronic post office for letter mail in cooperation with Raiffeisen Informatik. For this reason, it acquired a 40% stake in EBPP Electronic Bill Presentment and Payment GmbH in September 2009. The aim is to give customers three options, i.e. receiving their mail in their letter boxes, on their computer screens or both.
- **Digital incoming mail for UNIQA:** Since May 2009, the Austrian Post Scanpoint has been digitalising, classifying and distributing about 6,000 mail items daily to the nine provincial headquarters or to the appropriate departments and employees at the company. The new system saves the customer waiting time normally involved in the physical distribution of letter mail. The customer receives the data digitally via a secure interface.
- **Two letter mail sorting centres honoured for excellence:** The letter mail centres in Vienna and Hall, Tyrol, were among the distinguished group of only 25 logistics centres worldwide whose performance in respect to management and processing international mail items was rated "excellent."
- **Reorganisation of distribution:** The national sales and distribution activities of the Mail Division were restructured in September 2009. On the one hand, the reorientation of the two organisational sales units for letter mail and dialogue communications enables the optimisation of internal processes related to the ongoing expansion of Austrian Post's service and product portfolio. On the other hand, it ensures a customer-oriented market development and increased proximity to customers, also to medium-sized companies.
- **New collective wage agreement for new Austrian Post employees as of August 1, 2009:** The reformed collective wage agreement applying to new Austrian Post employees is oriented to the main stipulations of the collective wage agreement for the commerce and transport sectors. The newly-reformed wage structure represents an important step forward in increasing Austrian Post's competitiveness, because it defines minimum wage standards for all licensed postal providers and thus prevents wage dumping.
- **E-services platform:** In 2009, Austrian Post began making postal services available online. For example, requests for mail forwarding, vacation hold mail or authorisation to receive mail can be simply and conveniently processed via a secure Internet service. A new service will be to forward registered mail items to the desired post office, in which case notification is sent by e-mail or SMS. The only thing necessary is online registration and one-time identification at a postal brand office.



## Trends

The market environment for letter mail, ranging from letters and addressed mail items to magazines, was very difficult in 2009. A key factor underlying this development was the overall recession leading to a decline in mail volumes. In addition, the recession accelerated the ongoing trend towards electronic substitution.

From a medium- and long-term perspective, the letter mail market is being shaped by the following trends:

- **Decline in letter mail, stable direct mail volumes:** Business with traditional letter mail is suffering from the trend towards electronic substitution, whereas direct mail is proving to be an indispensable element in the communications mix of many companies, even if the unfavourable economic situation results in increasing budget and price pressures.
- **New services are gaining ground:** New services are continually being created along the value chain, from digital incoming mail, letter and archive scanning to address management and printing.
- **Legal framework clarified by Postal Market Act:** The new Austrian Postal Market Act passed in 2009 clarified the legal framework for the letter mail business after market liberalisation is completed in the year 2011.
- **TNT (Redmail) focus on newspaper delivery:** The Dutch group TNT announced that its Austrian subsidiary redmail would concentrate on the delivery of newspapers in the future.
- **Efficiency enhancement and cost reductions:** In respect to the distribution, sorting and transport of letters, opportunities to increase efficiency are constantly being identified and exploited in the core Letter Mail business area. Further cost reductions were achieved again in 2009. At the same time, improvements in the sorting and distribution process support the company's preparations ahead of the fully-liberalised letter mail market. The new collective wage agreement applicable to all new employees since August 1, 2009 is also making a positive contribution to cutting costs.
- **Two-brand positioning:** Whereas competitors primarily concentrate on heavily-populated urban areas and on addressed mail delivery services, Austrian Post will continue to deliver addressed and unaddressed letter mail and direct mail items throughout the country. The brand post.at stands for the utmost quality in handling addressed direct mail. At the same time, the Group subsidiary feibra Austria has been able to position itself as the leading alternative provider for unaddressed direct mail items. Feibra is continually expanding its business model. Accordingly it has also been delivering unaddressed direct mail items in Salzburg and Tyrol since 2009.
- **Growth with business services:** In addition to traditional postal services, Austrian Post is also successfully offering more extensive services in the fields of production, address and response management as well as business process outsourcing. These new services are made possible by the subsidiaries meiller direct (direct marketing), Scanpoint (scanning solutions), D2D (printing, enveloping and data transfer) as well as the expansion of the sorting centres. In particular, Austrian Post plans to further accelerate the development of its address management, dialogue marketing and hybrid delivery services (printing and delivery of electronic mail or digitalisation and internal distribution of mail items) in the future.
- **Growth in South East and Eastern Europe:** Today Austrian Post subsidiaries are already market leaders in the delivery of unaddressed mail items in Croatia, Hungary and Slovakia. Austrian Post not only aims to maintain and expand its market position but take advantage of its strength to enter the market for the delivery of addressed direct mail items.

## Strategic measures

Austrian Post's top priority in its letter mail business is to ensure profitability in the face of declining mail volumes. For this reason, four main strategic measures were defined for the Mail Division:

# Parcel & Logistics Division

## Business operations

The Parcel & Logistics Division of Austrian Post is represented in ten countries with its own subsidiaries. With the exception of Austria, the service offering focuses on business customers. However, the boundaries between the private and business customer segments are becoming increasingly blurred. Austrian Post relies on nationwide service and a strong market position as the basis for offering efficient logistics and additional services to its customers which are tailored to the needs of the respective market.

Austrian Post provides services in the following segments:

	B2B	Com- bined freight	Temperature- controlled logistics	B2C C2C
Austria	■	■	■	■
Germany	■	■	■	
Belgium	■	■	■	
Netherlands	■	■	■	
Slovakia	■	■		■
Hungary	■	■		■
Serbia	■	■		■
Montenegro	■	■		
Bosnia- Herzegovina	■	■		
Croatia	■	■		■

**International combined freight network EURODIS**  
Standardised parcel and pallet transport and delivery services throughout Europe are provided by the EURODIS network, which relies on the area-wide logistics networks of several partners. The Parcel & Logistics Division of Austrian Post, with almost 4,000 employees at 163 locations supported by delivery staff and long-distance lorry drivers, is one of the leading partners of this European network.

## Highlights 2009

■ **Hermes relies on Austrian Post's parcel services:**  
A large contract confirmed the successful restructuring of the parcels business. As of June 1, 2009, Austrian Post assumed responsibility for delivering parcels to the end customers of Hermes. The total volume amounted to about 6m parcels in 2009.

■ **Recognised quality leadership in Germany and Austria:**  
The additional parcel volume of 9m parcels, pushing the annual total to 50m parcels, was successfully integrated into the Austrian Post network without forfeiting quality. In Germany, the high quality of service in the traditionally strong pre-Christmas period ensured high customer satisfaction.

■ **Customer acquisition and expansion of market share by trans-o-flex Germany:**  
trans-o-flex succeeded in preventing the loss of existing customers, and also attracted additional customers, by maintaining its focus on selected branches and expanding its customer retention efforts. In this manner, it managed to expand its combined freight offering (integrated transport of parcels and pallets in one network) to new customer groups, thus ensuring volume growth in defiance of prevailing market trends.

■ **Expansion of service offering for temperature-controlled transport:**  
Austrian Post further consolidated its market leadership position for the active temperature-controlled transport of pharmaceuticals in 2009. This success was based on the acquisition of Rhenus Life Sciences, which was integrated into the network of trans-o-flex ThermoMed, an extended product portfolio based on offering two temperature ranges, namely 2°C to 5°C as well 15°C to 25°C as well as the expansion of the distribution network to the Benelux markets.

■ **Offering of a new CO<sub>2</sub> neutral parcel shipment service:**  
More than 650,000 parcels and EMS (Express Mail Service) items were transported in Austria by Austrian Post during the pre-Christmas period in a CO<sub>2</sub>-neutral manner, at no extra cost to customers. The related transport emissions were fully compensated by support of recognised external climate protection projects. In Germany, where the "co<sub>2</sub>de green" offering was first developed, the CO<sub>2</sub>-neutral shipment of parcels will be offered throughout the country starting in January 2010. trans-o-flex has already been compiling a CO<sub>2</sub> scorecard since 2007.

■ **Partnership with UPS expanded to Croatia:**  
Austrian Post has extended its cooperation with UPS beyond the Slovakian market to also include Croatia since May 1, 2009. The expansion of this longstanding successful partnership is an important step forward in Austrian Post's efforts to build up its international business.



- **Start-up of new sorting centre in Slovakia:** The new Slovakian sorting centre in Ivanka was put into operation in December 2009. On the basis of this investment, Austrian Post can process increasing mail volumes with the utmost quality and productivity, and is thus well positioned to exploit ongoing growth in the region.

## Trends

Austrian Post was also confronted with a challenging market environment in its parcels business in 2009. It managed to achieve gratifying volume growth despite the pressure on parcel volumes and prices arising as a consequence of the economic crisis.

- **Declining trade flows create price pressure:** A significant drop in international trade in the year 2009 also led to a corresponding reduction in B2B parcel volumes. The market reacted by increasing price pressure so that it could still utilise capacity.
- **Changing competition:** Initial changes in the behaviour of market participants were perceived against the drop of a difficult economic environment in 2009. For example, this was demonstrated by the cooperation of Hermes with Austrian Post in delivery parcels to end customers, or the revival of strategic alliances, for example the European network EURODIS, or DHL's pullback from Great Britain and France.
- **Growth in B2C parcel volumes:** The dynamic development of e-commerce and the Internet-based mail order business provides the basis for the ongoing increases of B2C parcel volumes, which will benefit Austrian Post primarily in its domestic Austrian market.
- **Ecologicalisation in transporting goods:** Political decision makers, senders and recipients are demanding ecologically compatible solutions in the logistics sector. This can be demonstrated by the successful offer of "co<sub>2</sub>de green". Austria transported more than 650,000 parcels in a CO<sub>2</sub>-neutral manner during the pre-Christmas period.

## Strategic measures

A primary goal of Austrian Post is to profitably continue its growth in the parcel and logistics business exceeding prevailing market trends. Several packages of strategic measures were defined for the Parcel & Logistics Division to serve as the basis for achieving this goal:

- **Cost and process optimisation:** The cost and process optimisation drive will be continued in all areas of Austrian Post's parcel and logistics business to lay the groundwork for profitable growth. The aim is to achieve both cost and market leadership. On the basis of the new collective wage agreement for new employees in Austria, Austrian Post is working to test and implement improved management models.
- **Further expansion of European network (EURODIS):** The European network EURODIS is to be further expanded in cooperation with additional national network partners. It serves as the basis for the combined transport of pallets and parcels (combined freight) throughout Europe.
- **Profitable growth of combined freight:** Austrian Post will become one of the very few logistics companies to offer combined freight (joint transport of parcels and pallets in one distribution network) throughout the entire European continent. The product will be marketed via all subsidiaries.
- **Profitable growth in B2B and B2C:** In addition to combined freight, Austrian Post will offer B2B and B2C solutions tailored to specific market conditions with the goal of achieving a 20% market share in the Austrian B2B segment. Austrian Post will further expand its strong position in the B2B markets of South East and Eastern Europe and also increase its B2C business in the region.
- **Integration and product harmonisation:** Processes and IT systems are being standardised at all Group subsidiaries to ensure the same high quality of products and solutions offered by the entire Group. The rollout of the trans-o-flex brand to other Group companies is another measure designed to ensure a unified service offering.

# Branch Network Division

## Business operations

The branch network of Austrian Post ranks among the largest retail networks in the country, offering high quality postal, banking and communications products and services to its customers throughout Austria.

The branch network ensures nationwide customer proximity featuring 1,667 company-operated branches and third-party operated outlets<sup>1</sup> at present with over 4,700 employees. In addition, more than 500 PSK banking consultants stationed in the branches and approximately 100 mobile consultants provide competent advice on financial issues.

## Highlights 2009

- **Modernisation and expansion of the branch network:** Austrian Post is continually optimising its network by renovating and modernising its post offices. In 2009, 14 post offices were expanded and modernised, whereas two philately shops were set up along with 20 consultation areas for banking services. At the same time, the branch network was expanded by 210 external postal partners. Investments totalled about EUR 6.5m.
- **Dynamic growth in banking services:** Despite the difficult market environment, Austrian Post very successfully marketed its financial products. 40,000 accounts were opened for our customers, sales of securities rose to EUR 352m and some 21,000 home-building savings contracts were concluded. Austrian Post maintained the previous volume of high quality savings products despite the historically low interest rates. Sales of corporate and apartment bonds also developed very gratifyingly.
- **High quality service confirmed once again:** In addition to ongoing optimisation, for example based on extensive training and professional development of its employees, Austrian Post relies on objectivity and transparency to ensure service and consulting quality. In 2009, an independent testing institute analysed the company's adherence to high service standards. On the basis of mystery shopping, 36 quality criteria were evaluated within the context of more than 3,000 anonymous trial visits. The results demonstrate that the overwhelmingly majority of post offices provide a very good level of service.

From a sectoral perspective, the post offices are ranked in the upper midrange of banks and in the top ranks of telecommunications providers.

- **Successful cooperation with partners in the telecommunications and travel industries:** The high quality consulting provided by Austrian Post employees was also demonstrated by the growing sales of telecommunications and most recently, tourism products. Thus the number of high speed Telekom Austria Internet connections sold by post offices rose to about 85,000 during the year under review. Austrian Post also managed to achieve almost double-digit growth in the highly-competitive mobile telephony market, proving its value as a successful sales partner to mobilkom austria and A1. Austrian Post also supplemented its retail portfolio in April 2009 by marketing specially designed travel offers at highly attractive prices in cooperation with the tour operator Reisefalke GmbH, the direct marketing arm of TUI Austria. The new products were well received by customers.
- **Philately products remain an important focus:** Austrian Post was also successful in 2009 again with its traditionally popular philately products. The series of stamps offered in 2009 included new stamp issues on art, celebrities, endangered animal species, the Vienna State Opera House and numerous joint stamp issues together with Spain, Japan, Slovakia, Germany and Hungary.

## Trends

The market environment for the branch network of Austrian Post is impacted by numerous competitors in different fields, for example banks or specialised retailers for communications and office products. On balance, the Branch Network Division faces major challenges but also opportunities. Four main aspects must be emphasised:

- **Postal Market Act prescribes network density but enables choice of operating model:** The Austrian Postal Market Act passed in 2009 prescribes, for the very first time, the total number of postal service points and their precise locations. However, Austrian Post was granted greater flexibility than in the past to select the optimal operating model. Thus Austria has emulated a time-tested, market-proven approach.

<sup>1</sup> Status: March 1, 2010



- **International trend towards establishing partnerships:** There is an increasing tendency around the globe to conclude strategic partnerships to build up or operate branch networks. The growing cooperation among different providers also applies to the product portfolio. For example, Austrian Post operates one of Austria's largest banking networks in cooperation with BAWAG PSK and has achieved a leading market position in the sale of telecommunications products thanks to its cooperation with the Telekom Austria Group.
- **Growing market saturation for telecommunications products:** Stagnating sales of telecommunication products and telephone connections are counteracted by the intensified sale of additional applications (e.g. package deals, unlimited high-speed Internet links or digital TV) as well as mobile Internet offers. In this regard, more than 12,000 aonTV connections were sold by Austrian Post's branch network in 2009.
- **High competition intensity in retail banking, trend towards simple, secure products:** Simply structured, user-oriented financial products have proven to be successful, also under difficult market and competitive conditions. The year 2009 particularly confirmed that a sensible price-performance ratio not only secures business but enables volume growth, even in a difficult business environment.
- **Fine-tuning the product offering:** The entire portfolio of products and services will be more clearly structured, standardised and automated whenever possible, in order to further enhance customer convenience and sharpen the company and brand profile of Austrian Post. This approach encompasses the suitable positioning of innovative new products and services.
- **Growth of financial services:** The business of financial services will be expanded by means of ongoing improvements in the product portfolio and know-how, sales structure and sales know-how and the intensified implementation of customer retention activities and cross-selling. One example was the creation of a sales head office for loans in 2009, whose mobile financial specialists support loan sales, especially in smaller branches. Innovative and easily understandable products boasting an attractive price-performance ratio are also constantly being developed in the telecommunications segment, for example package deals.
- **Service campaign:** In addition to specific product design innovations, the customer service level must be expanded and further improved. The optimisation of post office opening hours more effectively tailored to customer needs is one way this can be done. Further aspects are enhanced self-service and the automation of products at the point of sale, an overall reduction in the complexity of products and services and the exploitation of new sales channels.

## Strategic measures

The four packages of measures described below are designed to ensure optimal service orientation to the benefit of our customers and customer-oriented opening hours in rural areas, even after the full liberalisation of the postal sector in 2011:

- **Optimisation of the distribution network:** The aim of the strategic reorientation and stronger differentiation with respect to the particular types of postal service points is to more effectively orient the branch network structure to fulfil customer needs and market requirements. Whereas the density of the branch network will increase or remain the same, the number of company-operated branches will be reduced and replaced by more entrepreneurial models. In particular, the concept of post partner offices has proven to be very successful.

# Share and Investor Relations

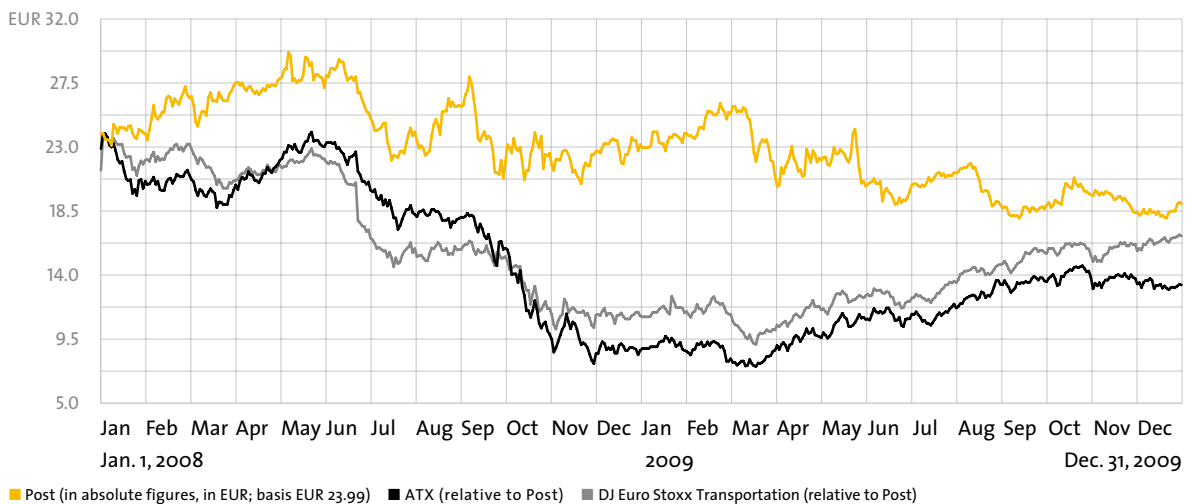
## Capital markets impacted by the financial and economic crisis

2009 was not a very easy year for global capital markets. The first quarter of 2009 was characterised by a further downturn in share prices. The Austrian benchmark index ATX declined by close to 20%, and fell to its lowest closing level of the year on March 9, 2009. From this point in time, the ATX index registered a 75% gain in value until the year's end. This recovery in Austria and other countries can be attributed to the performance of cyclical shares and financial stocks. Investors focused on these shares and less on dividend-paying stock such as the Austrian Post share.

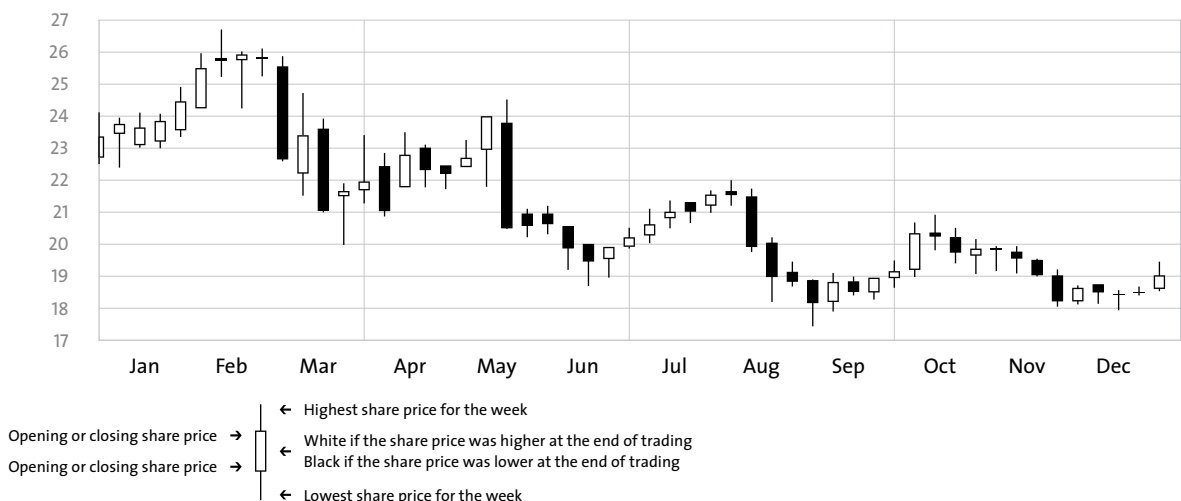
## Stable dividends

Austrian Post continues to pursue its clearly-defined goal of offering an attractive dividend and Total Shareholder Return to its shareholders. The Management Board will propose the distribution of a dividend of EUR 101.3m or EUR 1.50 per share for the 2009 financial year to the Annual General Meeting scheduled for April 22, 2010. On the basis of a share price of EUR 19.02 per share as at the end of December 2009, the dividend yield amounts to 7.9%. Since the IPO, shareholders have been paid a total dividend of EUR 5.90 per share. Taking account of the dividend payments in this period and calculated on the basis of an issue price of EUR 19.00 (May 30, 2006), the yield (Total Shareholder Return) has been 31.2%.

Development of the Post share in the economic crisis 2008/2009 (January 1, 2008 – December 31, 2009)



Development of the Post share (January 2009–December 2009)





Austrian Post aims to achieve a dividend payout ratio of at least 75% of the net profit and a sustainable dividend of EUR 1.50 per share in the upcoming years, assuming a continuation of the company's positive business development and an unchanged solid financial performance.

### Share price development and trading

Austrian Post has been listed on the Vienna Stock Exchange since May 31, 2006 as Europe's third postal company to be publicly traded on the stock market. Whereas the Austrian Post share registered a 21.1% decline in value in 2009, the Austrian Traded Index ATX rose by 42.5%, and the DJ Euro Stoxx Transportation Index, which is of relevance to Austrian Post, increased by 32.5%. A closer look at the entire cycle of the economic crisis from the beginning of 2008 to the end of 2009 presents a more favourable picture: the Austrian Post share was down 20.7% in this period, outperforming the ATX index, which posted a 44.7% decrease in value.

Market capitalisation totalled close to EUR 1.3bn based on the EUR 19.02 share price at the end of 2009. More than 41 million Austrian Post shares were traded on the Vienna Stock Exchange in 2009, and the total volume of trading reached a level exceeding EUR 850 million (counted once).

No ratings are available for Austrian Post, due to the fact that it has not issued any corporate bonds.

### Represented in numerous indices

Since September 18, 2006, the Austrian Post share has been listed on the Austrian Traded Index ATX, the benchmark index of the Vienna Stock Exchange. It consists of the 20 Austrian companies with the highest trading volume and the largest market capitalisation. At the end of December 2009, the weighting of the Post share in the ATX was 1.8%. In addition to the ATX, the Post share is also represented on ATX Prime, on VÖNIX, the Austrian Sustainability Index, and on the DJ Euro Stoxx Transportation Index.

### Shareholder structure

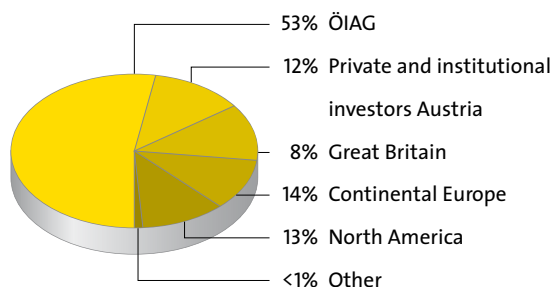
As a consequence of the Initial Public Offering in 2006, the shareholding held by the Austrian state holding company Österreichische Industrieholding AG (ÖIAG) in the share capital of Austrian Post decreased from a 100% stake to 51%, or a total of 35.7m of the outstanding 70m shares. Due to the share buy-back programme, the number of outstanding shares declined to a total of 67,552,638. Nevertheless, ÖIAG continues to own 35.7m shares, or a 52.8% stake in

the company, and thus remains the majority shareholder of Austrian Post. Austrian Post is not aware of any other investors who own more than 5% of the total share capital in the company.

A shareholder ID carried out in January 2010 concluded that, in addition to the main shareholder ÖIAG (52.8%), 34% of the shares are held by European investors (minus 1% compared to the previous analysis of January 2009). Free float in Europe includes 12% private and institutional investors in Austria (plus 1%), 14% in Continental Europe (plus 3%) and 8% in Great Britain (minus 4%). A total of 13% (plus 2%) of the shares are currently held by North American investors (USA, Canada), whereas investors in the rest of the world account for much less than 1% (minus 1%). Private investors in Austria also include Austrian Post employees, who have a combined stake of about 2.6%.

### Shareholder structure by countries January 2009

Basis: 67.6m shares



### Investor Relations

Austrian Post attaches considerable importance to communications with investors and analysts. In addition to the many visits made by institutional investors and analysts in Vienna, the Management Board as well as the investor relations team continually holds meetings with the financial community in Austria and in international financial centres such as Frankfurt, London, Milan, Paris, Copenhagen, Stockholm, New York and Boston. The intensive dialogue with the capital market was underlined by 40 roadshows and investor conferences with about 250 institutional investors.

The successful efforts of the Investor Relations team were recognised by its first place award at the Vienna Stock Exchange Prize 2009 as well as for the Prize for Excellence in Corporate Governance and Transparency at the Austrian Annual Report Awards of the business magazine "trend".



Private investors also made extensive use of Austrian Post's offer to establish a comprehensive two-way dialogue. For example, numerous private shareholders requested in-depth information about Austrian Post, for example at the "GEWINN" investment fair in Vienna.

## Research coverage

In addition to considering the overall business environment and the specific characteristics of a company, the recommendations and share price expectations voiced by analysts also play an important role in the decision-making process of investors. At the same time, the analyst reports provide Austrian Post with valuable feedback from experts in the branch concerning the strategy and development of the company. In the year 2009, three investment banks, Macquarie, Morgan Stanley and UBS, initiated coverage of Austrian Post. As at the end of February 2010, the Austrian Post share is regularly monitored by a total of twelve investment banks: CA Cheuvreux, Deutsche Bank, Erste Bank, Goldman Sachs, Kepler Capital Markets, Macquarie, Main-First Bank, Morgan Stanley, Raiffeisen Centrobank, Sal. Oppenheim, UBS and UniCredit. An overview of their latest recommendations can be found on the Internet at [www.post.at/ir](http://www.post.at/ir) >> Our share >> Analyst coverage.

## Key Post share and dividend indicators

		2007	2008	2009	Change 2008/2009
Earnings per share	EUR	1.75	1.71	1.18	-31.0%
Dividends per share <sup>1</sup>	EUR	1.40	1.50	1.50 <sup>2</sup>	-
Special dividends per share <sup>1</sup>	EUR	1.00	1.00	-	-
Total dividend payout	EUR m	168.0	168.9	101.3	-40.0%
Free cash flow per share <sup>3</sup>	EUR	1.38	2.34	2.95	26.1%
Dividend yields <sup>4</sup>	%	10.0%	10.4%	7.9%	-
Total shareholder return					
(Annual performance incl. dividends <sup>5</sup> )	%	-26.9%	+10.5%	-10.7%	-
Total shareholder return since the IPO	%	31.5%	44.7%	31.2%	-
Share price performance	%	-33.5%	+0.5%	-21.1%	-
PE (price-earnings) ratio at the end of December	-	13.7	14.1	16.1	-
Share price at the end of December	EUR	23.99	24.10	19.02	-21.1%
High/low (closing price)	EUR	37.25/20.95	29.75/20.44	26.14/18.00	-
Market capitalisation at the end of December	EUR m	1,679.3	1,628.0	1,284.9	-21.1%
Shares in circulation at the end of December	shares	70,000,000	67,552,638	67,552,638	-
Free float	%	49.0%	47.2%	47.2%	-

<sup>1</sup> For the financial year <sup>2</sup> Proposal to the Annual General Meeting on April 22, 2010

<sup>3</sup> Free cash flow before the acquisition/disposal of securities

<sup>4</sup> Dividends per share divided by the share price at the end of December of the respective financial year

<sup>5</sup> Change in the share price in a year-on-year comparison plus dividend payout (excl. reinvestments of dividends)

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Online Annual Report 2009: [www.post.at/ir/gb2009](http://www.post.at/ir/gb2009)



# Corporate Social Responsibility

## Responsibility and sustainable development

As one of the largest companies in the country, Austrian Post is aware of its responsibility towards its stakeholders and the social environment. For this reason, the company has committed itself to appropriately considering the interests of all target groups when formulating its business strategies and carrying out its business operations. In doing so, Austrian Post orients its activities to the principles of the UN Global Compact, to which the company has belonged since 2007. Ten fundamental principles contained in the Global Compact define minimum ecological and social standards. These tenets comprise the primary demands of the international community represented in the United Nations relating to sustainable business management in the interests of all stakeholders.

## CSR principles

### Orientation to business success

The top priority for Austrian Post's management is to ensure profitability on a sustainable basis. Only a profitable company can seriously assume its corporate social responsibility on a long-term basis, and make an appropriate contribution to fulfilling social needs. Accordingly, corporate structures are continually subject to evaluation in order to exploit optimisation potential and maintain the competitiveness of Austrian Post, thus securing its targeted long-term corporate success.

### Social responsibility

Austrian Post is one of the country's largest employers. It also aims to offer attractive jobs in the future. Moreover, it is actively promoting career advancement for women and part-time work. Ongoing optimisation measures and process improvements are essential to maintain the company's competitiveness. Accordingly, the total number of employees must be continually adjusted to current requirements, paying strict attention to social aspects and by taking advantage of the process of natural attrition.

### Occupational health and safety

Occupational safety, health protection and health care comprise key elements of Austrian Post's corporate policy. This is because motivated and productive employees are the basis for the company's tried and tested logistics concept ensuring daily delivery of mail items to customers. An indispensable pre-requisite is ensuring a healthy and safe working environment.

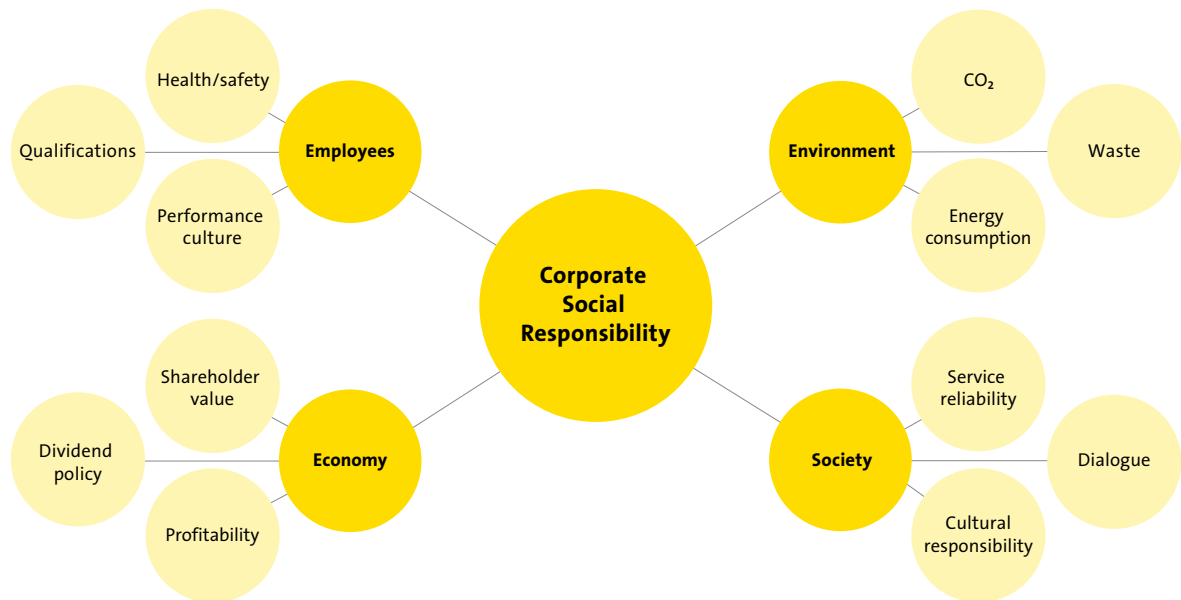
### Economically successful and protecting the environment

Austrian Post also attaches great importance to the efficient use of natural resources, as demonstrated by numerous projects such as the participation in the Greenhouse Gas Reduction Programme of PostEurop. Austrian Post is committed to achieving a 10% reduction in greenhouse gas emissions caused by the company in the period 2008–2012.

## Austrian Post as a partner to its stakeholders

<b>For customers:</b>	Nationwide postal services at a fair price-performance ratio
<b>For shareholders:</b>	Attractive dividends
<b>For employees:</b>	A popular employer whose focus is on actively promoting the professional development of its staff
<b>For business partners:</b>	A fair and reliable business partner
<b>For the environment:</b>	Numerous initiatives to conserve natural resources and avoid waste
<b>For communities:</b>	Nationwide postal services are provided by a minimum of 1,650 company-operated and partner-operated postal service points, ensuring comprehensive services in rural areas.
<b>In the regulatory environment:</b>	The clearly-defined legal framework created by the Postal Market Act lays the groundwork for the future.
<b>For society:</b>	One of the most important employers in the country guarantees access to top quality postal services.

Further information on the sustainability-oriented policies of Austrian Post can be found in the Corporate Social Responsibility Report on the Internet at [www.post.at/sustainability](http://www.post.at/sustainability). The report was prepared in line with the Global Reporting Initiative.



## CSR priorities of Austrian Post

In the light of Austrian Post's responsibility to its stakeholders, the company has defined four pillars of its sustainability policies. In addition to economy, these policies encompass corporate social responsibility, the environment and the company's own employees.

## Society

### Social targets:

- Maintaining nationwide postal services
- Intensifying the dialogue with stakeholders
- Cultural responsibility: involvement at a local level

### Commitment to nationwide service

Year after year, Austrian Post is the fastest deliverer of mail items throughout the country: at least 95% of all letters are delivered on the next working day after the mail item was posted. This puts Austria in the top ranks of all European postal companies. This impressive performance is only possible due to state-of-the-art logistics and the personal commitment of employees in the letter mail and parcel logistics segments.

For years, a combination of company-owned branches and partner-operated postal service points has proven its value in ensuring that nationwide postal services are maintained on behalf of the Austrian population. In particular, the concept of the post partner offices, in which local tobacconists, retail sales people and also municipal offices cooperate with Austrian Post, has been successful. Through their expanded offering, postal partner offices strengthen the local availability of essential services.

Austrian Post in its role as a universal services provider attaches particular importance to carrying out an ongoing dialogue with political decision makers, in particular cities and municipalities. Communities serve as important partners to Austrian Post in all issues relating to securing the long-term provision of postal services for the Austrian population. Against the backdrop of changes in the market environment, Austrian Post pays particular attention to carrying out joint initiatives with the goal of ensuring "More Post for Austria". The cooperation with municipal representatives in Austria comprises an important pillar of Austrian Post's active dialogue with its stakeholders.

A stakeholder survey carried out in 2009 showed the broad range of expectations Austrian Post faces and reflects the area of tension in which it operates. On the one hand, Austrian Post is a publicly listed company with an explicit profit orientation. On the other hand, it is a service provider which is legally required to provide universal postal services throughout Austria.



## Social und Cultural Responsibility

**Society** In 2009, Austrian Post supported the “Ö3-Wundertüte“ (Ö3 radio station showbags) campaign for the fifth time by assuming responsibility for the entire logistical organisation. This drive is designed to collect old mobile phones and convert them into cash (through re-sale or recycling) in order to help families in need. Austrian Post also provided support to the “Ein Funken Wärme“ (A Spark of Warmth) campaign in which the charity Caritas cooperated with the daily newspaper “Kronen Zeitung” to collect donations for needy families.

In addition, many private wells were flooded by storms in Austria in early 2009. Working together with the Austrian Research Centre Seibersdorf and Aqua Quality Austria, Austrian Post enabled 100 owners of private wells contaminated by floodwaters to get cost-free water checks.

**Sports** Football continued to be an important part of Austrian Post’s sponsoring activities even after the end of UEFA EURO 2008™. The main sponsor Austrian Post cooperated with the Ministry of Education and the Austrian Football Association (ÖFB) to enable 104 schools throughout the country to take part in the “Postliga Mädchenfußball“ (Austrian Post league for girl’s football), which was organised for the first time. The significance of sports to the company was also underlined by its participation in the “Day of Sports 2009”.

**Culture** In terms of promoting cultural activities, Austrian Post sponsored the opening concert of the Haydn Festival on the occasion of the Haydn commemorative year, and also continued the tried and tested cooperation with the Salzburg Jazz Autumn. In the field of fine arts, Austrian Post cooperated with the Albertina Museum and the Essl Museum.

## Economy

### Economic targets

- Medium-term revenue growth of 1–2% p.a.
- Sustainable EBITDA margin of 10–12%
- Attractive dividend policy

Austrian Post is a publicly listed company which has successfully and impressively evolved in recent years. In order to continue achieving its clearly-defined business targets, Austrian Post is oriented to the wishes of its customers as well as the needs of its employees and shareholders.

The focus of Austrian Post’s corporate behaviour is the trust of mail recipients and the wishes of the company’s customers. Based on innovative solutions along the entire value chain, from letter mail delivery and return mail processing, Austrian Post increases its efficiency and generates additional services which ensure that primary distribution structures operate at full capacity.

Social and above all technical developments are accelerating the structural change in postal services, pointing to a future featuring an electronic mail delivery system for letters. In order to effectively deal with this change, Austrian Post is also offering new and attractive services to its customers in the field of electronic data transmission.

### Value added analysis

The total revenue (including other operating income) of EUR 1,290.4m generated by Austrian Post in the 2009 financial year contrasted with external costs of EUR 1,156,0m, which included expenses for raw materials, consumables and services used totalling EUR 766.1m as well as other operating expenses of EUR 270.2m. The resulting value added of Austrian Post to the amount of EUR 1,290.4m was primarily distributed directly to employees in the form of salaries and wages and indirectly in the form of social contributions. Shareholders will be paid EUR 101.3m in dividends for 2009. The Republic of Austria holds a 52.8% stake, and will thus be paid a dividend of EUR 53.5m. Income taxes totalled EUR 45.1m.

## Value added analysis for all stakeholders

EUR m	2008	2009
<b>Value added formation</b>		
Revenue and other operating income	2,522.4	2,446.5
Less advance outlays	-1,234.9	-1,156.0
thereof raw materials and consumables use	-778.2	-766.1
thereof other operating expenses	-304.5	-270.2
Value added	1,287.5	1,290.4
<b>Distribution</b>		
to employees (wages, salaries, social contributions)	1,126.8	1,154.1
to shareholders (dividends)	168.9	101.3
to the Republic of Austria (taxes)	39.3	45.1
to creditors (interest)	9.6	4.6
to minority interests	0.0	0.0
Remaining amount	-57.1	-14.8
Value added	1,287.5	1,290.4

## Environment

### Environmental targets:

- 10% reduction in energy consumption by 2012
- Reduce CO<sub>2</sub> emissions by 10% in the years 2008–2012
- Reduction of residual waste

Austrian Post seriously and actively assumes responsibility for the environment. In this respect, it strives to keep the environmental impact of its business operations to a minimum by applying environmentally-friendly technologies and by promoting the efficient use of natural resources.

Within the context of its climate protection initiative, Austrian Post launched “co<sub>2</sub>de green”, in which it purchases CO<sub>2</sub> offset certificates for 650,000 parcels and EMS (Express Mail Service) items to support a climate-neutral project in Thailand. Subsequently, customers who post their parcels at Austrian Post branches are given this “co<sub>2</sub>de green” for free.

### Higher ecological efficiency in transport

Transport operations, a very important component of Austrian Post’s business activities, are carried out in the most environmentally-compatible manner. On the one hand, this is achieved on the basis of optimal route planning (avoidance of empty runs, consistent optimisation of vehicle capacity utilisation, reduction in total transport). On the other hand, use of a modern vehicle fleet, regular maintenance and ongoing driver training enhance the ecological efficiency of the company’s transport activities. In one pilot project, Austrian Post’s own “eco-trainers” provided training to about 150 drivers in fuel-efficient driving techniques.

### Natural gas and electric driven delivery vehicles

Austrian Post is pursuing an innovative and environmentally-compatible approach in its mail delivery operations. A pilot project was started using natural gas-driven delivery vehicles in cooperation with the Utility Vehicles Division of Volkswagen, and supported by the “klima:aktiv mobil” (climate compatible mobility) campaign coordinated by the Federal Ministry of Agriculture, Forestry, Environment and Waste Management. Austrian Post currently uses a total of 77 natural gas-powered delivery vehicles along with 20 electric mopeds and electric bicycles.



## Participation in the international climate protection programme

Austrian Post has also committed itself on an international basis to complying with the principles of sustainable corporate management. For example, Austrian Post is one of 16 European postal companies taking part in the “Greenhouse Gas Reduction Programme“, the European-wide initiative coordinated by PostEurop, the European association of public postal operators. Based on jointly developed measurement tools and approaches to collecting data, this programme will systematically gather information on the CO<sub>2</sub> emissions of postal companies in their transport and vehicle fleet operations for the first time and then compare the data. In addition, the participants have also defined the ambitious goal of achieving a 10% reduction in greenhouse gas emissions between the start of the initiative in 2007 and the year 2012.

Austrian Post has also become a member of the “Environmental Measurement and Monitoring System (EMMS)” developed on the basis of the “Greenhouse Gas Protocol”, a project coordinated by the International Postal Cooperation, an association of 24 postal companies in Europe, North America, Australia and New Zealand. This system and its conclusions laid the groundwork for the presentation of the very first global sustainability report of the postal sector at the end of December 2009 at the same time as the United Nations Climate Change Conference held in Copenhagen.

As a services provider, Austrian Post primarily uses resources in its vehicle fleet and buildings. Other material consumption such as metal is not of material importance.

## Austrian Post: Environmental indicators

	2007	2008	2009
<b>Consumption of significant quantity of resources (kWh/mill.)</b>			
<b>Total</b>	<b>164.6</b>	<b>178.1</b>	<b>170.7</b>
Natural gas	38.0	37.6	33.6
Heating oil	10.3	15.4	11.3
District heat	37.0	36.3	37.2
Electricity	79.3	88.9	88.6
<b>Building space (m<sup>2</sup>)</b>	–	1,284,000	1,220,988
thereof owned by Austrian Post	–	817,000	766,045
<b>Fuel consumption: petrol, super, diesel, natural gas (l)</b>	<b>15,483,191</b>	<b>15,525,409</b>	<b>15,289,178</b>
thereof diesel	15,073,299	15,112,978	14,899,709
<b>CO<sub>2</sub> emissions (t) according to the Greenhouse Gas Protocol (total)</b>	<b>77,620</b>	<b>80,996</b>	<b>78,609</b>
Road transport	41,349	41,477	40,868
Buildings and stationary processes	36,271	39,519	37,741
<b>Vehicle fleet (total)</b>	<b>8,650</b>	<b>8,322</b>	<b>8,192</b>
Bicycles	975	967	973
Mopeds	1,240	1,095	1,082
Vehicles up to 3.5t	7,219	7,031	6,925
Vehicles > 3.5t	191	196	185
thereof gas-driven vehicles	12	77	77
thereof electric-powered vehicles	–	6	6
<b>Total number of kilometres (mill.)</b>	<b>124</b>	<b>126</b>	<b>123</b>
<b>Paper (t)</b>	<b>437.7</b>	<b>484.4</b>	<b>426.4</b>

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international standard for calculating greenhouse gas emissions. [www.ghgprotocol.org](http://www.ghgprotocol.org)

## Employees

### Employee targets

- Qualifications and performance culture
- Occupational safety: lowering of accident rate
- Health: reduction in sick leave

As one of the biggest employers in the country, Austrian Post is aware of its responsibility to all its employees. A service company must attach considerable importance to the role of employees as a key success factor. Based on numerous initiatives and projects, Austrian Post clearly structures its business operations to:

- motivate its employees in a performance-oriented manner,
- ensure that they gain the qualifications required to adapt to changes on the labour market and
- promote their health and safety.

### Changing market conditions

Competition in the postal sector is continually increasing, not to mention preparations for the complete liberalisation of the letter mail market in 2011. In turn, this requires ongoing adjustments to the company's personnel structure. In February 2009, Austrian Post and the works council representatives agreed upon a social plan offering targeted support to affected employees until the end of 2010.

### Regional employment foundations

Employees wishing to re-position themselves professionally have the opportunity to be admitted into an external employment foundation offering training and continuing education measures lasting for up to three years and upon completion of these courses, supporting employees in their efforts to find suitable new jobs.

### Career and Development Centre

In addition, the Career and Development Centre, the new placement unit of Austrian Post, supports and accompanies employees trying to reposition themselves professionally as a result of restructuring measures. The 2009 financial year was characterised by a reduction in the number of employees. 60 employees decided for the "bridging model to early retirement". Within the context of systematic career counselling, 40 employees found permanent jobs in another division or business unit. Approximately 250 employees are involved in long-term work, for example replacing hardware or software in the IT services unit, mailroom management or the digitalisation of a customer's incoming mail or archives.

In the long run, Austrian Post has succeeded in reducing the number of externally leased employees. The company intends to intensively pursue the strategy of opening up new career perspectives for people losing their jobs, just as it will strive to promote their transfer to other areas in the public sector. At the end of 2009, the pre-requisites were established to enable up to 1,000 civil servants employed by Austrian Post and Telekom Austria to voluntarily transfer to the Austrian Ministry of Internal Affairs in the years to come.

### Women and the family

Austrian Post's own internal programme for the professional advancement of women supports the compatibility of family and career, and ensures equal opportunities for women in hiring and in their professional careers. The active management of parental leave is designed to facilitate the employee's re-entry to the job market after a career interruption.

In 2009, Austrian Post successfully took part in the Vienna Daughter's Day event for the second time as a targeted measure designed to encourage young women to enter technical or technically-related fields. The company offered an insight into the work of employees in the letter mail and parcel centres as well as in the field of freight transport.



## Health and safety

Within the context of its occupational health care services, Austrian Post's programme launched in 2008 called "Correct movement is a benefit for everybody" was successfully concluded in 2009. More than 13,200 top executives and employees at the delivery bases took part in more than 400 information lectures about the right posture and exercise at the workplace.

In addition to the nationwide vaccination drive providing free flu vaccinations to employees, Austrian Post also once again offered low-cost TBE, tetanus, diphtheria, polio and hepatitis vaccinations in 2009. It also organised occupational health examinations for night shift employees and those working with computer monitors and screens.

An existing pandemic response plan was updated in the light of the dangers posed to the company by a potential pandemic. In addition, employees were provided with targeted information in the form of up-to-date tips, instructions, checklists and a hotline number on a dedicated Intranet page in order to minimise the risk of infection.

## Training and professional development

**Focused investments in human resources** The target group and competence-oriented training and professional development of employees and executives continued to be a top priority in 2009. The spectrum of courses offered ranged from training sessions in the Mail Division (centre of competence, sales training, process management) and in the Branch Network Division (direct marketing, telephone training, special courses for the philately business) to activities in the Parcel & Logistics Division (sales, time management and quality management).

Each specialised area invested in deepening and broadening the competencies of its employees. For example, the training programme encompassed IT skills, labour legislation, special IT coaching, preparation for the European Computer Driving Licence, certified internal auditor courses and internal control system trainings.

Against the background of Austrian Post's international business ties, great importance was attached to further developing the language skills and cultural awareness on the part of employees.

**Work placement foundation** Austrian Post launched a trend-setting cooperation with a work placement foundation in order to counteract the lack of skilled employees in some industries and regions. The objective of the foundation is to ensure the demand-oriented and job-related qualifications of future employees, and to retain specialised staff trained in the company on a long-term basis.

**Training of bank apprentices** Responsibility for young people is particularly important in economically challenging times. For this reason, Austrian Post and BAWAG PSK have joined forces to train 20 bank apprentices within the context of a three-year dual education programme (vocational school and on-the-job training) starting in September 2009. The bank apprentices will be initially deployed at post offices in Vienna and Lower Austria (Vienna region), and throughout the country at a later date.

**Motivation** As in the past, the tried and tested "Austrian Post and Management Talk Series" was continued in the Mail Division. These discussions led by top executives provided employees with the opportunity to enter into a personal dialogue with top and middle management and directly get feedback to specific questions.

Furthermore, the outstanding achievements of employees in different areas were recognised by the "Logistics Award" as well as the "Vertriebselite.club" (sales elite club).

Regular management events for executives from different countries were initiated in the Parcel & Logistics Division in 2009, serving as a platform to communicate the strategic orientation of the Group to a larger group of managers and jointly work on pressing issues affecting the division.

Moreover, permanent cross-border working groups for integration and sales were established to further promote know-how exchange in the Parcel & Logistics division.

**Motivation through profit sharing** A majority of employees are also shareholders of the company, which is due to the stock market listing of Austrian Post. For years, an additional motivation for all employees of Austrian Post has been the voluntary profit sharing bonus scheme. Within the context of this programme, which is unique among Austria's large-sized companies, 10% of the EBIT generated by Austrian Post in 2009 will be directly distributed to its employees for the eighth straight year. In 2009, a total of EUR 648 for the 2008 financial year was distributed to each employee of Austrian Post in connection with the profit-sharing scheme.

**Social services, post.sozial** The joint welfare association "post.sozial" reflects the social responsibility of Austrian Post to its employees based on additional social services above and beyond legally stipulated obligations. These services range from financial support to employees faced with unusually high costs arising as a result of illness or natural disasters along with discounted tickets for cultural events to child care and day care services during vacations which are provided at particularly favourable rates. Furthermore, support is provided for health care measures and recreational activities contributing to maintaining the health of employees.

#### Austrian Post: Employee indicators

	2007	2008	2009
<b>Total number of employees (FTE)</b>	<b>23,045</b>	<b>22,667</b>	<b>21,598</b>
thereof women (FTE in%)	28.93%	29.50%	29.59%
Civil servants (FTE)	12,819	12,514	11,803
Salaried employees (FTE)	9,957	9,536	9,306
Full-time employees (total)	20,862	20,513	19,498
Part-time employees (total)	4,172	4,163	4,075
Average tenure of civil servants at Austrian Post (years)	24	25	26
Average tenure of salaried employees at Austrian Post (years)	11	11	11
<b>Age of employees (FTE)</b>			
<30 years	2,097	1,976	1,805
31-50 years	16,924	16,157	15,161
>51 years	4,023	4,533	4,631
Fluctuation (%)	8.6%	10.9%	12.6%
Sick leave rate for employees (FTE, %)	6.70%	7.34%	7.31%
Average number of working days lost per accident	19.7	17.2	16.4
Number of occupational accidents (incl. commuting)	1,029	1,043	1,050



# Group Management Report 2009 of Austrian Post

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# 1. Business development and overall business framework

## 1.1. Economic and market environment

The global financial and economic crisis delivered its full impact in 2009. Western industrialised nations in particular suffered from collapsing demand in several industries. In contrast, the growing economies of China, India, Brazil and Russia were not as seriously affected. Growth in these countries was supported by increasingly strong domestic markets and demand for natural resources. Austria was also hit hard by the crisis. The Austrian Institute of Economic Studies (WIFO) expects data to show a 3.4% contraction of the Austrian economy in 2009, slightly better than the average negative growth rate of 3.9% for the eurozone.

The expected economic recovery in Austria in 2010 is still quite weak and subject to various risks such as low capacity utilisation and the cautious attitude of many companies, which is dampening investment activity. The international business environment also carries some risks, which could impede the economic recovery. Several European countries are expected to post negative growth rates in 2010 as well, Hungary (-0.6%), Croatia (-1.5%) and Serbia (-0.7%) being examples. In contrast, economic expansion is predicted in Poland (+1.8%) and the Czech Republic (+1.4%) in 2010 (UniCredit Research). The anticipated growth in Germany (+1.4%, Institute for Advanced Studies, IHS) is also fraught with uncertainty. Against this backdrop, the economy recovery in Austria is likely to be quite moderate, ranging from 1.3% (IHS) to 1.5% (WIFO).

The recovery forecast for 2010 is not strong enough to sustainably reduce unemployment. As a consequence of the government's economic stimulus package and the slump in tax revenues, the budget deficit in Austria is expected to climb to 5.2% of GDP in 2010. Accordingly, Austria could join EU-wide efforts to cut public spending. Consumer prices are forecast to rise by 0.5% in 2009 and 1.3% in 2010.

Population development and the increase in the number of households in a country are important factors impacting the development of the letter mail and parcel markets. The Austrian population expanded slightly in 2009, growing by 0.3% (Austrian Statistical Office).

The fundamental trend towards electronic substitution of letter mail will continue. In particular telecommunication and utility companies are trying to reduce physical mail volumes. The new Postal Market Act created a legal framework for Austria's future postal market. The prevailing economic development has also changed the advertising market, which in turn affects Austrian Post's transport volumes. In contrast to other advertising channels, ongoing growth in direct communications is expected. Direct mailings to consumers will maintain their importance in the overall communications mix.

Parcel volumes are continuously rising due to the growing importance of online shopping. In contrast, the freight and express mail business declined as a result of the recession. International parcel and freight volumes are considerably dependent on the economic situation and trade flows, as also is the related price development.

Sources: IHS, Austrian Statistical Office, UniCredit Research, WIFO

## 1.2. 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 remains consolidated according to the equity method in the financial statements, now amounts to 25.1%. 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 mail items to a secure account. As of July 1, 2009, Austrian Post acquired Rhenus Life Science, Germany, and included the company through consolidation. Rhenus Life Sciences specialises in the transport and storage of health care products and temperature-controlled transport logistics.



## 1.3. Business development in 2009

### 1.3.1 Revenue

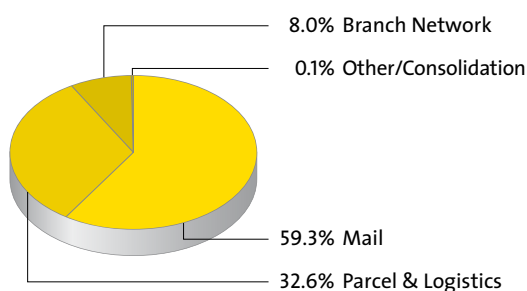
The business development of Austrian Post in 2009 was shaped by the economic downturn in its core markets. The recession led to a severe decline in international volumes for letters and parcels, and also accelerated the trend towards the substitution of letter mail by electronic media. As a result, total revenue of Austrian Post in the 2009 financial year fell 3.5%, or EUR 84.5m, to EUR 2,356.9m.

Revenue of the Mail Division was down 4.3% year-on-year. All business areas were negatively affected. The most striking trends seen in 2009 were the increased electronic substitution of letter mail, as well as the recession-related cutbacks in advertising expenditure and the accompanying price pressure in the direct mail segment.

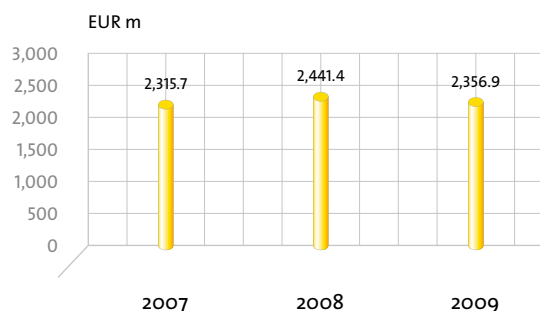
In the Parcel & Logistics Division, the current state of the global economy resulted in lower international parcel delivery volumes. Moreover, price pressure arose in all logistics segments due to excess capacity in the freight and transport sectors. Overall, revenue of the Parcel & Logistics Division was down 2.3% in 2009.

External sales of the Branch Network Division (whose products include financial services, telecommunications and retail products) were down 1.4%. Internal sales fell by 10.2% due to a decrease in letter mail and parcel volumes delivered by the branch network.

Revenue by division (%)



Revenue



Revenue by division<sup>1</sup>

EUR m	2007	2008	2009	Change 2008/2009 %	Change 2008/2009 EUR m	Structure 2009 in %
<b>Total revenue</b>	<b>2,315.7</b>	<b>2,441.4</b>	<b>2,356.9</b>	<b>-3.5%</b>	<b>-84.5</b>	<b>100.0%</b>
Mail	1,381.0	1,460.0	1,396.8	-4.3%	-63.2	59.3%
Parcel & Logistics	738.6	785.9	768.4	-2.3%	-17.5	32.6%
Branch Network	192.1	192.2	189.6	-1.4%	-2.6	8.0%
Other	4.1	3.2	4.4	37.5%	1.2	0.1%
Consolidation	0.0	0.0	-2.2	-	-	-
Working days in Austria	250	253	251	-	-	-

<sup>1</sup> External sales of the division

### 1.3.2 Consolidated income statement

EUR m	2007	2008	2009	Change 2008/2009 in %	Structure 2009 in %
<b>Revenue</b>	<b>2,315.7</b>	<b>2,441.4</b>	<b>2,356.9</b>	<b>-3.5%</b>	<b>100.0%</b>
Other operating income	72.6	81.0	89.6	10.6%	3.8%
Raw materials, consumables and services used	-692.2	-778.2	-766.1	-1.6%	32.5%
Staff costs	-1,120.4	-1,119.2	-1,139.3	1.8%	48.3%
Other operating expenses	-284.0	-304.5	-277.0	-9.0%	11.8%
Share of profit/loss of associates	0.9	1.2	5.1	-	0.2%
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>292.7</b>	<b>321.7</b>	<b>269.2</b>	<b>-16.3%</b>	<b>11.4%</b>
Depreciation, amortisation and impairment losses	-130.0	-152.2	-119.8	-21.3%	5.1%
thereof impairment losses	32.1	47.5	22.4	52.8%	1.0%
<b>Earnings before interest and tax (EBIT)</b>	<b>162.8</b>	<b>169.5</b>	<b>149.4</b>	<b>-11.9%</b>	<b>6.3%</b>
Other financial result	2.1	-11.3	-24.6	117.7%	1.0%
<b>Earnings before tax (EBT)</b>	<b>164.9</b>	<b>158.2</b>	<b>124.8</b>	<b>-21.1%</b>	<b>5.3%</b>
Income tax	-42.2	-39.3	-45.1	14.7%	1.9%
<b>Profit after tax = Profit for the period</b>	<b>122.6</b>	<b>118.9</b>	<b>79.7</b>	<b>-33.0%</b>	<b>3.4%</b>

Cost reduction measures were the top priority of Austrian Post in its efforts to counteract the loss of revenue. The aim was to reduce staff costs and to reduce operating expenses below the comparable level of the 2008 financial year by at least EUR 30m.

Staff costs comprise the largest operating expense item of Austrian Post and continue to account for close to 50% of total revenue. In 2009, total staff costs rose 1.8%, or EUR 20.1m, to EUR 1,139.3m. This increase is the result of various changes to provisions in 2008 and 2009. Whereas staff costs were positively impacted in 2008, for example due to the reduction in the provision for employee under-utilisation by EUR 23.1m, employee provisions in 2009 remained relatively constant on balance, taking reclassifications into account.

Thus direct personnel expenditures were slightly reduced. Savings were achieved as the result of employee attrition, as well as the positive effects of the new collective wage agreement for new employees, which came into effect in August 2009. The number of employees was down by 1,081 year-on-year, to 25,921 people. However, these savings were in contrast to salary increases based on the high inflation rate of 2008 in the form of a 3.7% rise as of January 1, 2009. These salary increases were mandatory under the terms of the collective wage agreement.

In addition to direct personnel expenditures, staff costs of Austrian Post also include payments within the context of a social plan and changes in staff-related provisions. The latter includes the provision for employee under-utilisation, which in turn contains the provisions for civil servants who are likely to be transferred to the police force in 2010 to carry out administrative duties, as well as provisions for employees who accepted the social plan.

The provision for employee under-utilisation in the 2009 financial year declined by a total of EUR 22.2m, to EUR 285.6m (use of EUR 25.7m). This includes provisions for tenured employees who cannot be integrated at all or only partly into normal business operations, along with provisions for employees who transfer to the police force to carry out administrative duties there.

In principle, the allocation of the provision for employee under-utilisation is based on determining the average under-utilisation for all staff costs, taking into account a deduction for staff attrition, up to retirement or early termination of employment as long as the surplus capacity cannot be reduced for tenured employees. If the average level of under-utilisation is reduced in subsequent years, or if employees are reintegrated into normal business operations, this leads to a release of the provision allocated in previous pe-



riods. Provisions are completely released if employees leave the company. Organisational measures enabled Austrian Post to reintegrate an increasing number of employees into the company's operations in 2009.

Provisions of EUR 41.5m were allocated for the first time for employees who voluntarily accept to transfer to the police force (Ministry of Internal Affairs) to carry out administrative duties. In 2009, Austrian Post concluded an agreement with the Ministry of Internal Affairs allowing employees to transfer to the police force. Staff costs will be borne by Austrian Post until June 2014, making it necessary to allocate such provisions to cover these costs until the middle of 2014.

Provisions were also allocated in 2009 for those employees who accepted a voluntary social plan (employee redundancy programme) putting them on temporary leave until they reach retirement age. This provision amounts to EUR 35.8m (2008: EUR 6.0m). Payments made within the context of the social plan totalled EUR 22.3m in 2009 (2008: EUR 21.3m).

Savings of EUR 39.6m were realised with regard to operating expenses (i.e. raw materials, consumables and services used as well as other operating expenses). The biggest savings in the item raw materials, consumables and services used were achieved in purchasing external transport services as well as reduced expenditure for international postal services. The item other operating expenses included savings for consulting, communications and maintenance expenses.

In this context, the largest operating expense items are the purchase of external transport services (EUR 477.1m), leasing and rental payments (EUR 73.4m) and expenditures for international postal services (EUR 65.2m).

During the period under review, other operating income rose by EUR 8.6m, including income from rents and leases of EUR 25.2m and proceeds from the disposal of property, plant and equipment of EUR 24.0m.

#### EBITDA by division

EUR m	2007	2008	2009	Change 2008/2009 in %
<b>Total EBIT</b>	<b>292.7</b>	<b>321.7</b>	<b>269.2</b>	<b>-16.3%</b>
Mail	308.6	297.1	271.1	-8.7%
Parcel & Logistics	46.5	34.8	20.5	-41.1%
Branch Network	19.1	20.5	-3.3	-
Other	-81.5	-30.7	-19.4	36.7%
Consolidation	0.0	0.0	0.3	-

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post amounted to EUR 269.2m in 2009, a drop of 16.3% from the previous year. Accordingly, the EBITDA margin was 11.4%.

Depreciation, amortisation and impairment losses of Austrian Post fell by 21.3% in 2009, to EUR 119.8m. Depreciation, amortisation and impairment

losses are comprised of depreciation and amortisation of EUR 97.4m (thereof EUR 81.8m for property, plant and equipment) as well as impairment losses of EUR 22.4m (thereof EUR 17.6m for goodwill and EUR 4.4m for customer relationships). The need to recognise impairment losses is attributable to the significant economic downturn and dampened market expectations.

## EBIT by division

EUR m	2007	2008	2009	Change 2008/2009 in %
<b>Total EBIT</b>	<b>162.8</b>	<b>169.5</b>	<b>149.4</b>	<b>-11.9%</b>
Mail	274.3	254.5	221.1	-13.1%
Parcel & Logistics	12.8	-25.5	-9.3	63.5%
Branch Network	13.6	14.5	-9.2	-
Other	-137.9	-74.0	-53.5	27.7%
Consolidation	0.0	0.0	0.3	-

Despite the high level of fixed costs in the business operations of Austrian Post, earnings before interest and tax (EBIT) only decreased by 11.9% or EUR 20.1m in 2009, to EUR 149.4m. The EBIT margin was 6.3%.

The efficiency enhancement and optimisation measures implemented in 2009 were designed to optimally counteract the revenue decline of EUR 84.5m. The biggest savings were reductions in both operating expenses and lower depreciation, amortisation and impairment losses.

Capacity of the sorting centres is designed to ensure compliance with regulatory stipulations relating to delivery speed in Austria (delivery of 95% of all letters on the next working day, and 90% of all parcels within two working days). At peak times, particularly the Christmas season, transported mail volumes generally rise by up to 50%.

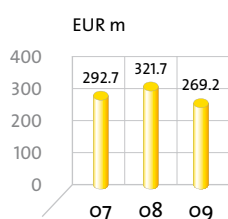
In the 2009 financial year, the Mail Division generated a positive EBIT of EUR 221.1m, down EUR 33.4m from 2008 as a result of the revenue decline. EBIT of the Parcel & Logistics Division improved to minus EUR 9.3m, but its business operations in 2009 were negatively impacted by price pressure in the industry. Its core business in Austria and Germany achieved positive earnings in 2009. EBIT of the Branch Network Division was minus EUR 9.2m.

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. EBIT of the Other segment improved to minus EUR 53.5m due to various changes in provisions as well as an increase in gains from the disposal of property, plant and equipment compared to the previous year.

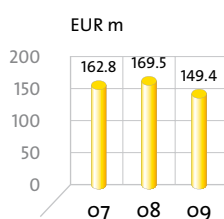
The other financial result of Austrian Post declined in 2009 to minus EUR 24.6m, which is related, amongst other reasons, to lower interest rates and a positive one-off effect in 2008. The financial result also includes an impairment loss of EUR 20.0m relating to Austrian Post's shareholding in the BAWAG PSK consortium – the valuation of which was already revised in 2008 as a result of the international financial crisis. The write-down included in equity in 2008 is now recognised in the consolidated income statement of Austrian Post for the 2009 financial year.

Earnings before tax were EUR 124.8m, a decline of 21.1%. After deducting income taxes totalling EUR 45.1m, the Group net profit (profit after tax for the period) amounted to EUR 79.7m, corresponding to earnings of EUR 1.18 per share for the 2009 financial year.

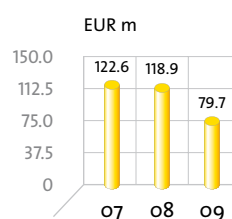
### EBITDA



### EBIT



### Profit for the period





### 1.3.3 Assets and finances

Austrian Post takes a risk-averse business approach. This is demonstrated by the high equity ratio, the low level of financial liabilities and the solid investment of cash and cash equivalents at the lowest possible risk.

The value of Austrian Post's assets is continually subject to evaluation. Dampened market expectations resulted in impairment losses on intangible assets and financial investments.

#### Balance sheet structure by items

EUR m	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Structure Dec. 31, 2009 in %
<b>Assets</b>				
Property, plant and equipment and intangible assets and goodwill	1,038.7	1,002.1	944.3	53.2%
Investment property	36.6	36.5	37.0	2.1%
Investments in associates	3.5	7.3	8.3	0.5%
Inventories, receivables and other assets	441.0	448.2	393.8	22.2%
Financial investments in securities	147.0	92.5	56.7	3.2%
Other financial assets	79.9	39.9	41.4	2.3%
Cash and cash equivalents	309.4	248.1	293.8	16.5%
Non-current assets held for sale	2.4	0.0	0.0	0.0%
	<b>2,058.6</b>	<b>1,874.6</b>	<b>1,775.3</b>	<b>100.0%</b>
<b>Equity and Liabilities</b>				
Capital and reserves	874.3	741.5	673.7	38.0%
Provisions	604.3	585.4	604.4	34.0%
Financial liabilities	187.0	148.6	126.8	7.1%
Payables and other liabilities	393.0	399.1	370.4	20.9%
	<b>2,058.6</b>	<b>1,874.6</b>	<b>1,775.3</b>	<b>100.0%</b>

The analysis of the balance sheet of Austrian Post shows a considerable level of financial resources on the assets side. Austrian Post had cash and cash equivalents of EUR 293.8m as at December 31, 2009, and financial investments in securities amounting to EUR 56.7m. Accordingly, the financial resources at the disposal of Austrian Post rose from EUR 340.6m to EUR 350.5m in 2009. The payment of a basic dividend of EUR 1.50 per share and a special dividend of EUR 1.00 per share (totalling EUR 168.9m) in 2009 for the 2008 financial year was already taken into account. The investment policy of Austrian Post is based on the lowest possible risk.

The largest asset items are property, plant and equipment, intangible assets and goodwill of EUR 944.3m.

On the equity and liabilities side, the main items are capital and reserves (38.0%) and provisions (34.0%), the latter including provisions for employee under-utilisation of EUR 285.6m. The majority of the current and non-current financial liabilities amounting to EUR 126.8m related to additions arising through acquisitions made in recent years.

Due to the fact that the existing liquidity on the balance sheet exceeds financial liabilities, Austrian Post does not intend to make use of external funding nor does it require a credit rating at the present time.

## Balance sheet structure by terms

EUR m	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Structure Dec. 31, 2009 in %
<b>Assets</b>				
Non-current assets	1,361.9	1,252.1	1,141.3	64.3%
thereof other financial assets and financial investments in securities	211.7	132.2	97.9	5.5%
Current assets	694.3	622.5	634.0	35.7%
thereof cash and cash equivalents	309.4	248.1	293.8	16.5%
Non-current assets held for sale	2.4	0.0	0.0	0.0%
	<b>2,058.6</b>	<b>1,874.6</b>	<b>1,775.3</b>	<b>100.0%</b>
<b>Equity and liabilities</b>				
Capital and reserves	874.3	741.5	673.7	38.0%
Non-current liabilities	598.0	551.8	514.0	29.0%
thereof provisions	487.7	466.2	453.4	25.5%
Current liabilities	586.3	581.3	587.6	33.1%
thereof provisions	116.7	119.2	150.9	8.5%
	<b>2,058.6</b>	<b>1,874.6</b>	<b>1,775.3</b>	<b>100.0%</b>

Total assets of Austrian Post amounted to EUR 1,775.3m. Non-current assets predominate on the assets side, accounting for 64.3% of total assets, or EUR 1,141.3m. The largest non-current asset items are property, plant and equipment, totalling EUR 695.7m, as well as financial investments in securities and other financial assets at EUR 97.9m. The principal current asset items are receivables, at EUR 317.7m, and cash and cash equivalents, at EUR 293.8m.

On the equity and liabilities side, the main items are capital and reserves, which make up 38.0% of the balance sheet total, followed by non-current liabilities (29.0%) and current liabilities (33.1%). Non-current liabilities of EUR 514.0m largely consist of provisions totalling EUR 453.4m. Current liabilities amounting to EUR 587.6m primarily relate to trade payables, at EUR 212.7m.

## 1.4. Financial and non-financial performance indicators

### 1.4.1 Liquidity

EUR m	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009
<b>Interest-bearing liabilities</b>			
thereof financial liabilities	-187.0	-148.6	-126.3
thereof interest-bearing provisions	-517.7	-501.1	-497.3
<b>Interest-bearing assets</b>			
thereof financial investments in securities	147.0	92.5	56.7
thereof cash and cash equivalents	309.4	248.1	293.8
<b>Net debt</b>	<b>-173.4</b>	<b>-270.2</b>	<b>-231.2</b>
<b>Net debt/EBITDA ratio</b>	<b>0.59</b>	<b>0.84</b>	<b>0.86</b>
<b>Gearing Ratio<sup>1</sup></b>	<b>19.8%</b>	<b>36.4%</b>	<b>34.3%</b>

<sup>1</sup> Gearing Ratio = Net debt/capital and reserves

At the end of 2009, Austrian Post had a net debt position of EUR 231.2m. This is defined as the difference between interest-bearing assets (securities, other financial assets, and cash and cash equivalents) amounting

to EUR 398.3m, and interest-bearing liabilities (financial liabilities and other interest-bearing liabilities, social capital and other interest-bearing provisions) of EUR 629.5m. The ratio of net debt to EBITDA is 0.86.



On the basis of existing liquidity and the solid cash flow from operating activities, Austrian Post is able to self-fund its current financing requirements. The company does not plan to make use of borrowed capital at the present time.

Within the context of its dividend policy, Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit attributable to shareholders of the parent company in coming years, assuming a continuation of the company's successful business development and that no extraordinary circumstances arise. The company also aims to distribute a sustainable dividend of EUR 1.50 per share.

### 1.4.2 Cash flow

EUR m	2007	2008	2009
<b>Operating cash flow before changes in working capital</b>	<b>292.4</b>	<b>237.0</b>	<b>195.8</b>
± Cash flow from changes in working capital	3.5	-3.5	34.1
<b>= Cash flow from operating activities</b>	<b>295.9</b>	<b>233.4</b>	<b>230.0</b>
± Cash flow from investing activities	-142.4	-23.1	6.9
<b>= Free Cash flow</b>	<b>153.5</b>	<b>210.3</b>	<b>236.9</b>
± Cash flow from financing activities	-73.5	-271.6	-191.2
<b>= Net change in cash and cash equivalents</b>	<b>80.0</b>	<b>-61.2</b>	<b>45.7</b>

In 2009, operating cash flow before changes in working capital amounted to EUR 195.8m, a decline of EUR 41.2m from 2008. The revenue decline had a negative effect on income, which was offset by cost savings and lower income taxes.

The cash flow from changes in working capital amounted to EUR 34.1m in 2009. This change can be mainly attributed to a reduction in receivables, but also increased liabilities. On balance, the cash flow from operating activities totalled EUR 230.0m in 2009, compared to EUR 233.4m in 2008.

The cash flow from investing activities was EUR 6.9m in 2009, following minus EUR 23.1m in the previous year. This primarily includes the purchase of property, plant and equipment (CAPEX) amounting to EUR 65.6m (2008: EUR 102.9m), proceeds from the disposal of property, plant and equipment of EUR 30.3m (2008: EUR 40.0m), as well as the gain/loss resulting from the acquisition and sale of financial investments in securities, at EUR 37.3m (2008: EUR 47.9m). Accordingly, total free cash flow was EUR 236.9m, EUR 26.6m above the previous year's level. The free cash flow before the acquisition or sale of securities totalled EUR 199.6m in 2009, or EUR 37.2m above the previous year's level.

### 1.4.3 Capital expenditure

Capital expenditure at Austrian Post reached a level of EUR 65.6m in 2009. Close to 25% of all total investments related to commercial real estate, buildings and assets under construction, including a sorting centre in Bratislava (EUR 6m) as well as buildings in Austria (EUR 9m).

Investments in technical plant and machinery (11% of total investments) mainly involved labelling and enveloping machines for the meiller companies, conveyor and sorting facilities for the trans-o-flex companies as well as letter mail and parcel conveyor equipment in Austria.

The largest single item was office equipment, fixture and fittings, which accounted for close to 35% of total capital expenditure. Investments primarily focused on purchasing sorting tables, trucks and trailers, the replacement of delivery vehicles in the Mail Division, vehicle investments and office equipment, fixture and fittings for the trans-o-flex companies and post office branches as well as other equipment, fixture and fittings.

In the 2009 financial year, the cash outflow for the acquisition/sale of subsidiaries and associates was EUR 1.0m.

#### 1.4.4 Earnings and performance indicators

As at the balance sheet date of December 31, 2009, the capital employed by Austrian Post amounted to

EUR 861.7m, compared to EUR 952.5m at the end of 2008. During the year under review, the return on capital employed fell from 17.4% to 16.5%.

Earnings indicators	2007	2008	2009
EBITDA margin <sup>1</sup>	12.6%	13.2%	11.4%
EBIT margin <sup>2</sup>	7.0%	6.9%	6.3%
ROE <sup>3</sup>	16.3%	16.8%	13.9%
ROCE <sup>4</sup>	16.9%	17.4%	16.5%
Capital Employed (EUR m)	992.2	952.5	861.7

<sup>1</sup> EBITDA margin = EBITDA/revenue

<sup>2</sup> EBIT margin = EBIT/revenue

<sup>3</sup> Return on equity = Profit for the period/capital and reserve on January 1<sup>st</sup> less dividends paid

<sup>4</sup> Return on capital employed = EBIT/average capital employed

#### Capital employed

EUR m	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009
+ Intangible assets and goodwill	322.1	276.2	248.5
+ Property, plant and equipment	716.7	725.9	695.7
+ Investment property	36.6	36.5	37.0
+ Investments in associates	3.5	7.3	8.3
+ Investments in not consolidated companies	0.8	0.8	0.8
+ Inventories	25.6	26.3	22.3
+ Receivables <sup>1</sup>	357.3	356.7	321.1
+ Non-current assets held for sale	2.4	0.0	0.0
- Non interest-bearing debt	-472.9	-477.1	-472.1
	<b>992.2</b>	<b>952.5</b>	<b>861.7</b>

<sup>1</sup> Less interest-bearing receivables

#### 1.4.5 Delivery speed

Austrian Post aims to be a provider of high quality postal services. In particular, prevailing legal regulations stipulate high standards relating to delivery speed for letters and parcels. In 2009, Austrian Post managed to deliver 96.0% of all letters on the next working day, above the 95.0% level stipulated by law. With regard to parcel deliveries as defined by in the Universal Service Obligation (primarily private parcels), Austrian Post also delivered 95.5% of all parcels within two working days, surpassing the statutory target of 90.0%.

#### 1.4.6 Employees

During the period under review, the average number of full-time employees at Austrian Post fell by 4.0%, or 1,081 people, to 25,921. The workforce at all divisions declined.

Most of Austrian Post's labour force (21,598 full-time equivalent employees) is employed by the parent company, Österreichische Post AG. More than 4,300 people are employed by subsidiaries.

Employees by division <sup>1</sup>	2007	2008	2009	Share in %
Mail	15,593	15,835	15,232	58.8%
Parcel & Logistics	3,410	4,066	3,976	15.3%
Branch Network	5,069	4,931	4,719	18.2%
Other	1,692	2,170	1,994	7.7%
<b>Total</b>	<b>25,764</b>	<b>27,002</b>	<b>25,921</b>	<b>100.0%</b>

<sup>1</sup> Annual average, full-time equivalents



**1.4.7 Ongoing professional training and career development** The target group and competence-oriented training and professional development of employees and executives continued to be a top priority in 2009. The spectrum of courses offered ranged from training in the Mail Division (centre of competence, sales training, process management) and in the Branch Network Division (direct marketing, telephone training, special philately courses) to activities in the Parcel & Logistics Division (sales, time management and quality management).

For example, training focused on IT skills, labour issues, special IT coaching, preparation for the European Computer Driving Licence, certified internal auditor courses and internal control system training. In order to promote the expansion of financial services at postal branches with the support of young, motivated employees, Austrian Post and BAWAG PSK have cooperated on training bank apprentices since 2009.

(More information is available at: <http://www.post.at/csr>)

#### **1.4.8 Health and occupational safety**

Job safety, health protection and the promotion of occupational health care are key components of Austrian Post's corporate policies. Motivated employees also comprise the basis for a logistics concept based on human manpower, designed to provide optimal customer service. A healthy and safe working environment is an indispensable prerequisite. For this reason, Austrian Post is striving to ensure that occupational health care and job safety are embedded in the corporate culture, serving as an integral component of all activities carried out in the company. The company is also committed to its corporate social responsibility with regard to the well-being of its employees.

(More information is available at: <http://www.post.at/csr>)

#### **1.4.9 Environmental protection**

Within the context of its corporate social responsibility, Austrian Post is committed to contributing to a prudent use of natural resources. Environmental protection measures and initiatives designed to limit the consumption of natural resources are implemented wherever they are technically possible and economically feasible. This can be demonstrated, for example, by the optimisation of Austrian Post's transport logistics, accompanied by a reduction in the environmental impact of its business operations and transport costs. At the end of 2009, Austrian Post used a total of 77 natural gas-powered delivery vehicles along with 20 electric vehicles. Based on their lower fuel consumption, this in

turn led to a corresponding reduction in CO<sub>2</sub> emissions. Moreover, the centralised collection and recycling of reusable materials (e.g. waste paper, cardboard packaging, plastics) reduced waste disposal costs.

More than 650,000 parcels and EMS (Express Mail Service) items were transported in Austria by Austrian Post during the pre-Christmas period in a CO<sub>2</sub>-neutral manner, at no extra cost to customers. The related transport emissions were fully compensated by support of recognised external climate protection projects. In Germany, where the "co<sub>2</sub>de green" offering was first developed, the CO<sub>2</sub>-neutral shipment of parcels will be offered throughout the country starting in January 2010.

(More information is available at: <http://www.post.at/csr>)

#### **1.4.10 Significant events after the balance sheet date**

There were no significant events requiring disclosure after the balance sheet date.

## **2. Research and development/ Innovation management**

As a pure service company, Austrian Post does not carry out any designated research and development activities. Product innovations arise on the basis of an ongoing analysis of market and customer requirements.

An important success factor in changing markets is the development and market launch of innovative products fulfilling customer needs. Austrian Post implemented a broad range of innovative solutions in the 2009 financial year.

Business customers are increasingly demanding innovations with respect to the digitalisation of mail items. Accordingly, the Austrian Post subsidiary Scanpoint is now digitalising all the incoming letters on behalf of the insurance company UNIQA Versicherungen AG in Austria. In 2009, Austrian Post also launched the Business.Cockpit solution, an online quality tool for the Parcel & Logistics Division, enabling business customers to carry out an analysis of delivery speed and to develop statistical data concerning the volume and weight of mail items, amongst other applications. A further example of new services offered in the Branch Network are Austrian Post's travel services offered in the postal branches and on the Internet in cooperation with the tour operator Reisefalke.

In addition, Austrian Post realised significant savings on the basis of the ongoing improvement of its equipment and operating facilities. It also further optimised the everyday work life of employees in respect to their comfort and health.

## 3. Performance of divisions

### 3.1. Mail Division

#### 3.1.1 Market environment in 2009

Compared to previous years, the market environment of the Mail Division was subject to a far-reaching transformation. In the past, declining mail volumes caused by the substitution of letters by electronic media could be compensated by opposing trends. In

the meantime, the recession already led business customers in particular to initiate measures at the end of 2008 designed to cut costs, a trend that gained momentum over the course of 2009. In addition to the recession-related volume decline, many companies also had an incentive to accelerate the use of electronic media or to reduce the weight of mail items in order to lower shipping costs.

The number of addressed and unaddressed direct mail items from mail order companies decreased. However, the fundamental trend towards using direct mail as a more efficient communications tool continues unabatedly. On balance, the development of the Mail Division in 2009 was impacted by a recession-related price reduction in all advertising and communications channels.

#### Business development in 2009

EUR m	2007	2008	2009	Change 2008/2009 % EUR m	
<b>External sales</b>	<b>1,381.0</b>	<b>1,460.0</b>	<b>1,396.8</b>	<b>-4.3%</b>	<b>-63.2</b>
Letter Mail	786.2	783.7	741.9	-5.4%	-41.9
Infomail	464.7	541.5	521.4	-3.7%	-20.0
Media Post	130.1	134.8	133.5	-1.0%	-1.4
Internal sales	48.8	45.3	50.1	10.7%	4.8
Total revenue	1,429.8	1,505.3	1,446.9	-3.9%	-58.4
<b>EBITDA</b>	<b>308.6</b>	<b>297.1</b>	<b>271.1</b>	<b>-8.7%</b>	<b>-26.0</b>
Depreciation and amortisation	30.1	34.6	32.1	-7.2%	-2.5
Impairment losses	4.2	8.0	17.9	-	9.9
<b>EBIT</b>	<b>274.3</b>	<b>254.5</b>	<b>221.1</b>	<b>-13.1%</b>	<b>-33.4</b>
EBITDA margin <sup>1</sup>	21.6%	19.7%	18.7%	-	-
EBIT margin <sup>1</sup>	19.2%	16.9%	15.3%	-	-
Employees <sup>2</sup>	15,593	15,835	15,232	-3.8%	-

<sup>1</sup> Relative to total revenue

<sup>2</sup> Average for the period, full-time equivalents

Year-on-year external sales of the Mail Division fell 4.3%, or EUR 63.2m, to EUR 1,396.8m.

The Letter Mail Business Area suffered the biggest drop, with revenue down 5.4%, or EUR 41.9m. The unfavourable business environment led many companies to implement cost reduction measures and to intensify the substitution of letters by electronic media, particularly in the telecommunications segment. International mail volumes also declined.

The revenue generated by the Infomail Business Area (addressed and unaddressed direct mail items) was also lower than in 2008, falling by 3.7%, or EUR 20.0m. This unfavourable development can be attributed to

the recession-related decline in advertising expenditures and the lower weight of mail items. Revenue decreased despite relatively stable delivery volumes. Only the mail order business was subject to a downward tendency in mail volumes.

Declining business on the part of mail order companies also had a negative effect on meiller direct, the Austrian Post subsidiary specialising in printing services and document management, where revenue was down 7.2% in 2009.

Due to the cyclical downturn in the business volume generated by daily newspapers and weekly magazines, revenue of the Media Post Business Area fell 1.0%, or EUR 1.4m.



On balance, the Mail Division generated an EBITDA (earnings before interest, tax, depreciation and amortisation) of EUR 271.1m, only 8.7% or EUR 26.0m below the previous year's level due to the implementation of cost reduction measures. EBIT of the Mail Division was down 13.1% to EUR 221.1m, as the result of higher depreciation, amortisation and impairment losses.

## 3.2. Parcel & Logistics Division

### 3.2.1 Market environment in 2009

The parcel and logistics industry was disproportionately impacted by the economic downturn in 2009. Declining international trade flows in the B2B segment had a two-fold detrimental effect, namely the related decrease in transport volumes as well as price reductions on the part of all providers. Parcel and freight

companies tried to bolster their transport volumes by offering price discounts to avoid unused logistics capacity. Increasing market pressure ultimately led to consolidation effects and the increased cooperation of logistics service providers.

In contrast, the private customer (B2C) segment continued its uninterrupted positive growth trend in 2009. E-commerce and the Internet-based mail order business remain the drivers of ongoing volume growth. The health care/pharmaceutical sector as well as small and medium-sized companies increasingly require integrated solutions, for example the specialty product "combined freight" offered by Austrian Post (parcels and pallets in one network). Business development in the South East and Eastern Europe markets of Austrian Post varied considerably, similar to overall trends.

### Business development in 2009

EUR m	2007	2008	2009	Change 2008/2009 % EUR m	
<b>External sales</b>	<b>738.6</b>	<b>785.9</b>	<b>768.4</b>	<b>-2.2%</b>	<b>-17.6</b>
Internal sales	31.4	30.1	24.2	-19.4%	-5.8
Total revenue	770.0	816.0	792.6	-2.9%	-23.4
<b>EBITDA</b>	<b>46.5</b>	<b>34.8</b>	<b>20.5</b>	<b>-41.1%</b>	<b>-14.3</b>
Depreciation and amortisation	23.0	26.9	25.7	-4.4%	-1.2
Impairment losses	10.7	33.4	4.1	-87.7%	-29.3
<b>EBIT</b>	<b>12.8</b>	<b>-25.5</b>	<b>-9.3</b>	<b>63.5%</b>	<b>16.2</b>
EBITDA margin <sup>1</sup>	6.0%	4.3%	2.6%	-	-
EBIT margin <sup>1</sup>	1.7%	-3.1%	-1.2%	-	-
Employees <sup>2</sup>	3,410	4,066	3,976	-2.2%	-

<sup>1</sup> Relative to total revenue

<sup>2</sup> Average for the period, full-time equivalents

External sales of the Parcel & Logistics Division in 2009 fell by 2.2%, to EUR 768.4m, which is attributable to the recession-related price and volume development. This is a relatively mild decline in international comparison. All parcel and logistics markets also suffered from a decrease in business volume caused by the recession.

The premium parcel service segment (parcel delivery within 24 hours) generated revenue of EUR 623.9m in 2009, down from EUR 659.6m in the previous year. This year-on-year decline of 5.4% is strongly linked to the international freight and express mail business, where the cyclical downturn led to lower average prices. Approximately 81% of total premium parcel service revenue was generated by the trans-o-flex Group

in Germany, Belgium and the Netherlands, which even managed to increase parcel volumes in its core markets due to its high quality service. The Austrian market accounted for 10% of revenue, and saw an increase of Austrian Post's market share in this internationally-oriented business, whereas South East and Eastern Europe generated 9% of revenue from the premium parcel business. The company Rhenus Life Sciences in Germany, specialising in the transport and storage of health care products and in temperature-controlled transport logistics, was acquired effective July 1, 2009.

The standard parcel segment in Austria expanded in contrast to the overall market trend. Revenue climbed substantially, rising 9.1% to EUR 134.4m, based on the

ongoing increase in Internet-based orders and the new customer Hermes acquired as of June 1, 2009. Austrian Post benefitted from the extremely successful development of its parcel business in Austria, with revenue up 11.5%, to about EUR 200m. At the same time, Austrian Post increased its market share in the private customer parcel (B2C) as well as in the business parcel (B2B) segments.

EBIT of the Parcel & Logistics Division amounted to minus EUR 9.3m in 2009, including one-off effects such as integration costs as well as the operating losses of Rhenus Life Sciences acquired per July 1, 2009, totalling approximately EUR 6.0m. The core business in Germany and Austria posted positive results despite the recession-related pressure on prices and parcel volumes.

### Business development in 2009

EUR m	2007	2008	2009	Change 2008/2009	
				%	EUR m
<b>External sales</b>	<b>192.1</b>	<b>192.2</b>	<b>189.6</b>	<b>-1.4%</b>	<b>-2.7</b>
Internal sales	203.4	206.3	185.2	-10.2%	-21.1
Total revenue	395.5	398.5	374.8	-6.0%	-23.7
<b>EBITDA</b>	<b>19.1</b>	<b>20.5</b>	<b>-3.3</b>	<b>-</b>	<b>-23.9</b>
Depreciation and amortisation	5.5	6.0	5.9	-2.7%	-0.1
Impairment losses	0.0	0.0	0.0	0.0%	0.0
<b>EBIT</b>	<b>13.6</b>	<b>14.5</b>	<b>-9.2</b>	<b>-</b>	<b>-23.7</b>
EBITDA margin <sup>1</sup>	4.8%	5.1%	-0.9%	-	-
EBIT margin <sup>1</sup>	3.4%	3.6%	-2.5%	-	-
Employees <sup>2</sup>	5,069	4,931	4,719	-4.3%	-

<sup>1</sup> Relative to total revenue

<sup>2</sup> Average for the period, full-time equivalents

External sales of the Branch Network Division fell slightly in 2009, declining by 1.4%, or EUR 2.7m. Sales of financial services and pre-paid mobile telephony products suffered from a similar downward trend.

The structural effect resulting from the reduced importance of the branch network in terms of handling letter mail and parcels is demonstrated by the decrease in internal sales of 10.2%, or EUR 21.1m. The sustainable decline in letter mail and parcel volumes in the branch network is attributable to the recession as well as the fact that letters are increasingly being picked up directly from large customers.

A change in customer requirements has necessitated a reorganisation of the branch network. At the beginning of 2009, about 290 unprofitable post offices were

## 3.3. Branch Network Division

### 3.3.1 Market environment in 2009

The market environment for the branch network of Austrian Post is influenced by numerous competitors in different fields, for example banks or specialised retailers for communications and office products.

Telecommunications products are confronted with increasing market saturation. Stagnating sales of telecommunications products and telephone connections are counteracted by the intensified marketing of additional applications as well as mobile internet offers. The retail banking segment, which sells financial products offered by Austrian Post's banking partner BA-WAG PSK, is characterised by high competition intensity and a trend towards simple and secure products.

identified, which Austrian Post planned to convert to partner-operated postal service points. In 2009 approximately 140 of these branches were planned converted, whereas the replacement of 144 other post offices by postal partner offices was halted by an official ruling issued by the Federal Ministry of Transport, Innovation and Technology. The Postal Market Act contains new regulations, which came into effect in January 2010, establishing the prerequisites to offer more efficient postal services in cooperation with local businesses.

EBIT of the Branch Network Division amounted to minus EUR 9.2m in 2009, compared to a positive EUR 14.5m in the previous year. The originally planned cost savings were only partially realised due to the delay mandated by public authorities in converting small, unprofitable post offices.



## 4. Expected business development/Outlook and risks of the company

### 4.1. Outlook for 2010

Developments over the year 2009 showed that the economic crisis significantly burdened the business operations of Austrian Post. On the one hand, this was due to the recession-related pressure on letter mail and parcel revenues. On the other hand, the crisis served as a catalyst accelerating the existing trend towards the substitution of letters by electronic media. This downward trend in mail volumes is expected to continue.

Austrian Post anticipates an ongoing revenue decline in the Mail Division, primarily attributable to electronic substitution. It is difficult to precisely predict the extent to which revenue will drop, but a contraction of between 3% and 5% would seem to be a realistic estimate based on international experience. On a medium-term basis, the Parcel & Logistics Division can expect annual growth of between 6% and 9% due to an improved business environment. Parcel revenue is expected to rise according to current economic forecasts. Based on this assumption, Austrian Post forecasts a group revenue decrease of between 1% and 2% in 2010 compared to 2009.

On a medium-term basis, Austrian Post will likely succeed in offsetting the potential volume decline in the Mail Division by taking advantage of growth opportunities. Accordingly, it will aim to achieve a revenue increase of between 1% and 2% per year.

The initiative post@2011 defined a series of strategic business targets and operational measures to take advantage of growth opportunities in order to drive revenue growth and realise cost savings. The goal is to sustainably cut overall costs at Austrian Post, maintain the high level of profitability and achieve a sustainable EBITDA margin of 10–12% annually, also in 2010.

In terms of its financing requirements for 2010, Austrian Post anticipates total capital expenditure (CAPEX) to reach a level of about EUR 80m.

The priority in Austrian Post's international business will be to further integrate and expand existing networks and improve the operating results of its subsidiaries. As of 2010, Austrian Post's subsidiaries are expected to generate a sustained positive earnings contribution. Further acquisitions are only planned in the core business areas of Austrian Post, and only for companies with growth-oriented business models. No major acquisitions are expected at the present time.

The Management Board of Austrian Post will propose to the upcoming Annual General Meeting scheduled for April 22, 2010 the distribution of a dividend of EUR 1.50 per share. The current attractive dividend policy will be continued on a medium-term basis, based on a solid balance sheet structure and cash generation. Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit, assuming a continuation of the company's successful business development and that no extraordinary circumstances arise, as well as an annual dividend of EUR 1.50 per share.

### 4.2. Main risks and uncertainties

#### 4.2.1 Structure of employment contracts

A large number of Austrian Post employees have the status of civil servants, which means that they are subject to public sector employment laws and all their particular features. This leads to complications in respect to existing labour regulations. For this reason, the prevailing legal regulations do not allow the company to make capacity adjustments for most of its employees in the event of declines in mail volumes. Moreover, no reductions in wage or salary levels are permitted in the event of less favourable market conditions. Accordingly, laws governing the employment of civil servants generally lead to considerably reduced flexibility in terms of costs. Within the context of its preparations for a liberalised postal market, Austrian Post is increasingly confronted with the limits of its flexibility with regard to making good use of the civil servants it employs. The solution to this problem is the key to the discussions being held with political decision makers.

Changes made to the Postal Services Structure Act of 1996 (Poststrukturgesetz) and ongoing changes in civil service laws, to the extent that these new

regulations do not take the special competitive situation of Austrian Post into account, could result in additional burdens on Austrian Post and additional costs to be borne by the company over which it has no influence.

Austrian lawmakers take the view that the applicability of the pension fund agreement concluded for civil servants in 2008 extends to the civil servants working for Austrian Post. This could lead to higher staff costs on the part of Austrian Post if in fact the company is obliged to implement the stipulations contained in this agreement.

In accordance with the Postal Services Structure Act of 1996, any changes in public sector employment laws must be applied to the civil servants working for the company. For this reason, in respect to earnings, changes in public sector employment laws could have a direct impact on the cost structure of the company. In the same way, further risks cannot be excluded on the basis of different interpretations of the Postal Services Structure Act. However, based on the information available at the present time, it is likely that no further claims can be made against Austrian Post.

Comprehensive measures have been taken to improve the qualifications of Austrian Post's employees. Above and beyond this initiative, a special company agreement has been reached with employees to cushion the effects of restructuring measures. Austrian Post deals with related employment issues by promoting more flexible working processes and working time models.

Similar to practices commonly used in the newspaper delivery and advertising distribution businesses, companies belonging to the Austrian Post Group also make use of self-employed subcontractors to distribute direct mail items, who sometimes come from other EU member states. The qualification of the activities of subcontractors as independent service providers depends on the specific circumstances prevailing in the individual cases, which is evaluated by taking account of the overall context.

It can not be excluded that the responsible courts and administrative authorities may determine the unacceptability of this form of employment in individual cases, and subsequently impose administrative penalties and/or other administrative or commercial sanctions.

#### **4.2.2 Technical risks**

To a significant degree, Austrian Post is dependent upon its complex technical systems. Its postal services rely heavily on the support provided by data processing systems, modern communications media and other technical equipment. Austrian Post pursues an outsourcing strategy to fulfil its computing and data proceeding requirements. Against this backdrop, Austrian Post has made extensive investments in recent years, designed to modernise its branch and distribution network. In this regard, the performance of the company is closely linked with the efficiency of a small number of key operational sites. Furthermore, it is hard to predict whether the planned restructuring measures to be implemented as part of the company's preparations for the liberalised market will lead to short-term or long-term collective work stoppages by Austrian Post staff. Should the case arise that technical systems temporarily or permanently fail, this could potentially lead to disruptions in Austrian Post's business operations, a loss of reputation, customer defections or additional expenses. A broad range of safety and security measures, processes and guidelines have been developed as a means of dealing with all these technical and operational risks, making provision for the various contingencies in order to ensure smooth business operations. Austrian Post ensures the availability of outsourcing resources by its service level management as well as by concluding appropriate contractual agreements. Contractual partners are required to show proof of relevant and valid certifications.

#### **4.2.3 Regulatory and legal risks**

Austrian Post generates a considerable portion of its revenues in the reserved area of postal services. The full-scale liberalisation of the Austrian postal market is scheduled to take effect on January 1, 2011. This development carries the risk of future shifts in market share. The legal framework for the full-scale liberalisation of the postal sector was defined in the new Postal Market Act passed in December 2009, which for the most part will come into effect on January 1, 2011. In many cases, this Postal Market Act does not prescribe equal treatment between Austrian Post and its competitors, but places additional burdens on Austrian Post.

The universal postal obligation requires Austrian Post to provide standardised postal services of comparable quality across the country, and ensure a nationwide distribution network of at least 1,650 postal service



points. Austrian Post is only allowed to convert company-operated post offices manned by its own staff to postal partner offices following a regulatory approval process. The possibility that Austrian Post will be required to continue operating unprofitable postal branches cannot be excluded, at least in the short-term.

Austrian Post was granted the reserved service sector as a form of compensation for this cost-intensive universal service obligation. The Postal Market Act stipulates that once the “reserved area” has been completely abolished on December 31, 2010, Austrian Post will be the only postal services provider in Austria required to provide universal postal services. Compensation for the net costs of providing universal postal services will take place on the basis of a public equalisation fund, which will be financed on a pro-rata basis corresponding to the market share held by Austrian Post and other licensed postal operators. Only postal providers whose annual revenue derived from their licensed business operations exceed EUR 1m will be required to contribute to the equalisation fund. Moreover, the net costs of providing universal postal services will only be refunded if they comprise an excessively heavy financial burden in case these costs exceed 2% of the entire annual costs incurred by Austrian Post. Assuming that Austrian Post continues to have a significant market share even after the full liberalisation of the postal sector, it will be obliged to assume the lion’s share of the net costs for providing universal postal services and administering the equalisation fund.

The Postal Market Act also requires Austrian Post to convert existing cluster box units in the period January 1, 2011 to December 31, 2012 in order to make them accessible to competitive postal providers. 90% of the costs to be shared by Austrian Post and other licensed postal providers will be based on market share, and only 10% will be related to the actual number of licensed postal operators. Assuming that Austrian Post maintains a high market share, it will also be required to bear the burden of financing the entire conversion of the cluster box units.

Significant downward pressure on future earnings cannot be excluded, if the process of postal sector liberalisation is not accompanied by uniform regulations relating to employment contracts and performance standards applying to both Austrian Post and its competitors, and if no adequate compensation for universal postal services is forthcoming.

The public relations activities of Austrian Post have made it a priority to engage in an ongoing dialogue with all its stakeholders with respect to the issue of liberalisation. The company considers itself responsible for making people aware of the unresolved issues in connection with compensation for universal postal services, and the problems arising as the result of an asymmetric market liberalisation.

At present, Austrian Post does not assume that it will be obliged to grant its competitors access to all its services on an unbundled basis. If this indeed happened, these firms could potentially provide services in segments of the postal market which are particularly lucrative, and rely on partial services provided by Austrian Post in less lucrative business segments. This could also potentially lead to adverse effects on earnings.

In the light of the relevant decisions adopted by the European Court of Justice, it is expected that the Value-Added Tax exemption enjoyed by Austrian Post in connection with providing universal postal services could be partially revoked. In this case, the company would try to adapt its price rates for customers, although it is by no means certain that it could implement such changes on the postal market. This could result in a loss of revenue, particularly from customer groups which are not entitled to a VAT deduction. However, Austrian Post would benefit from a considerable increase in deductions for the value-added tax paid by the company (pretax allowance).

The increasing liberalisation of the postal market could force Austrian Post retroactively to apply for permits for existing operating facilities.

Austrian Post is subject to legal restrictions in setting prices for providing universal postal services, including the reserved services sector. The fees paid for services provided by Austrian Post require prior approval by the regulatory authorities, or are subject to subsequent price controls. For this reason, the company only has limited flexibility to impose price adjustments as a means of reacting to market changes.

As of January 1, 2008, the Telecom-Control Commission and the Austrian Regulatory Authority for Broadcasting and Telecommunications assumed responsibility as the regulatory authorities for Austrian Post as stipulated in the 2006 Amendment to the Post Office

Act, taking over these functions from the Federal Ministry for Transport, Innovation and Technology. The remit of the regulatory authority has remained unchanged. However, differences could arise relating to current practices within the context of implementing the major provisions of the Postal Act. Austrian Post is currently in the midst of a legal conflict on the remit of the Telecom Control Commission in respect to the granting of discounts, due to the fact that the commission interprets its authority more broadly than the Federal Ministry for Transport, Innovation and Technology. The outcome of this legal dispute could potentially limit the ability of Austrian Post to autonomously grant discounts.

In the European postal business, the account settlement system known as the "Agreement for the Remuneration of Mandatory Deliveries of Cross-Border Mails" (REIMS III) is replacing the former system adopted by the Universal Postal Union. REIMS III is an agreement governing terminal dues for cross-border postal services, which only 23 European postal companies are committed to complying with. At present, the signatories to REIMS III assume that this agreement will be exempted from antitrust regulations stipulated in Art. 81 (3) of the EU Treaty.

Invoicing of cross-border postal services with postal companies in other EU countries presumes the existence of bilateral or multi-lateral agreements.

Above and beyond the regulatory environment governing the postal market, Austrian Post has to observe quite a few legal restrictions in carrying out its normal business operations. Due to competition law, the company only has limited flexibility with regard to its contractual and de facto ability to shape its business environment. In the past, Austrian Post was subject to antitrust investigations and processes evaluating the legitimacy of agreements and business practices on the part of Austrian Post in the light of existing antitrust regulations. Other legal risks may arise as the consequence of unexpected court cases initiated by competitors or customers.

In order to optimally avoid as far as possible any potential adverse effects on earnings resulting from regulatory and legal risks, Austrian Post strives to expand its value added chain in its core processes, as a means of offering its customers even better services and achieving an optimisation of service quality.

Moreover, Austrian Post intends to generate greater revenue in liberalised areas of the postal sector.

#### **4.2.4 Financial risks**

Financial risks of Austrian Post encompass liquidity risk, credit, counterparty and product risk, interest rate risk, foreign exchange risk as well as organisational risks. A more detailed presentation of financial risks is included in the Notes to the consolidated financial statements of Austrian Post.

Within the context of its international expansion, Austrian Post has recognised a considerable level of goodwill and limited-life assets in the balance sheet. Pursuant to IAS 36, goodwill is subject to an impairment test at least once annually. If there are indications of impairment, the goodwill must be written down.

#### **4.2.5 Market and competitive risks**

Austrian Post generates most of its revenue in Austria. If economic growth decelerates further in Austria, this could lead to a weakening of demand. If current economic growth forecasts had to be revised downwards, this would force a change in the planning assumptions upon which the company operates.

In this case, the business model would no longer be based on the reliability of its planning forecasts. In addition, the company generates a considerable share of its revenue from a small number of customers. The sustained and successful existence of these large customers is an important prerequisite in ensuring the stable development of Austrian Post. Large customers are not contractually required to have their mail handled by Austrian Post, and could decide to contract the delivery of at least part of their mail items to competitors within the postal services market.

Traditional letter mail could be increasingly replaced by e-mail or other electronic media. The increasing electronic substitution of letter mail and the trend towards electronic mail delivery were intensified by the economic crisis in recent years, and will likely continue in the future. This development could lead to a significant decline in mail volumes and earnings.



The letter mail and parcels business of Austrian Post is subject to increasing competition. In particular, the B2C (business-to-consumer) parcels segment, in which Austrian Post has a leading position on the Austrian market, is dependent on the economic development of this customer segment as well as the increased competition which arises on the basis of the market penetration of alternative providers. The possibility of a further decline in revenue cannot be excluded. The company is working hard to maintain customer loyalty by offering an attractive range of services.

Austrian Post has taken steps to counteract the decline in mail volumes resulting from the greater use of e-mails by developing new products and services, for example in the Infomail Business Area or in the B2B (business-to-business) segment, but above all, along the value chain. The possibility cannot be excluded that a change in legal regulations with regard to the delivery of government mail will put responsibility for delivering some of these mail items in the hands of competitors and not only Austrian Post. Diversifying business operations into different markets enables Austrian Post to more effectively spread or minimise risks in individual segments.

A key feature of Austrian Post's business strategy is to achieve growth through acquisitions and co-operation agreements. In this regard, it is important to identify suitable acquisition targets and to successfully integrate acquired companies. The future profitability of these projects depends, to a large extent, on investment requirements, acquisition costs as well as political, economic and legal factors. For this reason, all investments must be made in accordance with strict financial criteria.

In the Branch Network Division, earnings from financial services depend on the market success of Austrian Post's co-operation partner BAWAG PSK, whereas its success in the communications segment is closely linked to the market success of its co-operation partner Telekom Austria.

Lower economic growth could have a negative impact on the volume and market development of letter mail, direct mail (advertising mail) and parcels, potentially causing the economic development of the company to lose momentum.

## 5. Internal controlling system and risk management with regard to the accounting process

As an international postal and logistics services provider, Austrian Post is subject to a variety of risks in carrying out its business operations. The company proactively deals with 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.

### 5.1. Scope of monitoring

The Group financial accounting system is comprised of the organisation joining the local-level accounting departments of Group companies and of Group Accounting at Austrian Post.

Group companies use the accounting and valuation rules in force in and for the Group as a whole to compile comprehensive and correct IFRS-compatible individual financial statements in a timely manner. These are then processed by Group Accounting.

Group Accounting is responsible for the compilation of the consolidated financial statements. Primarily entailed in this is the monitoring of the transfer of the reporting data stemming from Group companies, the carrying out of consolidation and elimination measures, the processing and the preparing for analysis of the data compiled in the consolidated accounts, and the corresponding preparation of financial reports.

The organisation structuring the preparation of the consolidated accounts is based upon a schedule requiring strict adherence. The deadlines in the schedule cover the entire year. Their publication is accompanied by the Group companies' receipt of an information bulletin issued by the Group on a quarterly basis, containing detailed information and Group guidelines on selected subjects pertaining to the compilation of quarterly accounts. The deadlines established for the compilation and publication of monthly and quarterly accounts determine the schedules of and resource planners for the compilation of accounts and for the preparation of reports undertaken by both local-level organisational units and by Group Accounting.

## 5.2. Risk assessment

To avoid erroneous depictions of transactions, measures comprised of a hierarchy of individual levels and designed to secure quality have been implemented. Their objective is to ensure the proper reporting of the IFRS accounts compiled for individual companies and incorporated into consolidated financial statements. These measures include the automatic checks (validations) performed in SAP SEM-BCS as well as the controlling procedures undertaken by staff members working for both subsidiaries and for Group Accounting.

Group Accounting takes the financial accounts compiled by the group companies and subjects them to several levels of comprehensive plausibility and data checks. These are designed to ensure that the data depicting the transactions undertaken by the Group companies have been correctly reported and are thus suitable for consolidation and for the compilation of the Group's consolidated financial statements.

This multiple-phase verification of the data contained in the accounts involves the analysis of the Group companies' accounts on the pre-consolidation level (the one on which the group companies operate) and on those used in reporting balance sheet items and segment and Group results. The centralised analysis of data comprises the verification of the eliminations required to be carried out, the depiction of segments in accordance with IFRS 8 as well as alterations in reporting methods affecting the Group.

The carrying out of quality checks on all levels is a prerequisite for the authorisation of the Group's consolidated financial statements.

## 5.3. Control measures

The consolidated financial statements of Austrian Post are compiled on a monthly basis and use a simultaneous consolidation method carried out in SAP SEM-BCS. The entering of the notes to the accounts and the calculation of deferred taxation are also performed in SAP SEM-BCS.

The unified methods of accounting and evaluation applied throughout the Group are contained in the Group manual. Alterations in IFRS are monitored by Group Accounting on an ongoing basis and published on a quarterly basis as IFRS updates to the Group manual. The incorporation of the updates into the Group manual and publication of the updated version of it are carried out once a year.

In addition to the Group manual, there are guidelines on and specialised approaches to such consolidated processes as alterations in the range of companies consolidated into the group and as takeovers. Centralised processes of entering and alterations have been defined for the master data area (which comprises SAP SEM items, SAP Group account charts and customer data).

The consolidation manual provides a comprehensive overview of the processes to be employed when using SAP SEM-BCS to compile the Group's consolidated financial statements, of quality ensuring measures, and of the system of reporting used in Group Accounting. The rules applied to the consolidation of business operations form the basis of the documentation and specification of the methods of consolidation used by Austrian Post.

SAP R/3 is predominantly used to compile the accounts for individual companies according to IFRS. The transition to IFRS is accomplished employing parallel (dual) SAP accounting. The transfer of reporting data in SAP SEM-BCS is undertaken using automatic uploads.

## 5.4. Information and communications

For monitoring and control purposes, the consolidated financial statements are controlled on the basis of EBIT and earnings reconciliation. Reconciling individual and consolidated financial statements is carried out on the basis of invoices and intra-Group eliminations.

Top management is provided with preliminary data from the consolidated financial statements to enable them to fulfil their monitoring and control duties.

The following reports are issued in the context of preparing the consolidated financial statements:

- Reports to the Supervisory Board
- Interim reports
- Data analysis and evaluation
- Internal reports on the performance of subsidiaries and associates

The interim reports and quarterly reports to the Supervisory Board are primarily for the Management Board and Supervisory Board of Austrian Post.



In addition to the reports for the Supervisory Board and the legally stipulated notes and interim financial reports pursuant to IAS 34, additional interim reports are prepared containing detailed comments on selected financial statement items, earnings reconciliations and performance indicators.

A key feature of the internal reporting system of the Austrian Post Group is data analysis and evaluation, primarily the calculation of the consolidated cash flow and detailed comments. Reporting also includes earnings, performance and liquidity indicators.

The controlling department of Austrian Post prepares internal reports for the Management Board focusing on the business development of Austrian Post subsidiaries and associated companies.

The Investor Relations department is in charge of reporting to shareholders of Austrian Post, in line with the stipulations of the Austrian Corporate Governance Code. Communications is carried out on the Investor Relations Website at [www.post.at/ir](http://www.post.at/ir) as well as via direct discussions with investors. Published information is made available to all investors simultaneously. In addition to legally stipulated publications, i.e. the interim report for the first quarter, half-year financial report, interim report for the first three quarters and annual report, investors are also provided with extensive additional information, including investor presentations, share price information, ad hoc announcements and the financial calendar.

## 5.5. Monitoring

The focal point of Austrian Post's operational risk management is the identification, evaluation and control of major risks, which arise from the company's business operations. This process is coordinated by key managers in the various divisions and business areas. The division-oriented organisation is structured into three operative divisions and five business areas, as well as in central support and advisory service units.

The subsidiaries within Austrian Post are assigned to the various divisions and business areas in accordance with the particular focus of their business activities. The major business risks in these operational units are continuously identified and monitored, serving as the basis for determining appropriate risk management

measures, e.g. backups or emergency plans. Reporting on major risk areas is carried out by the responsible executives within the framework of regular planning and performance discussions.

A unified risk management system has been set up for the entire Austrian Post Group, encompassing all organisational units and important subsidiaries and an internal control system for important processes.

The Management Board of Austrian Post has installed a comprehensive, systematic and efficient Enterprise-Risk Management (ERM) system, primarily oriented to COSO Standard "Enterprise Risk Management – Integrated Framework".

Additional key instruments to control and counteract risk include Group-wide guidelines for dealing with major risks, planning and control processes as well as ongoing reporting. These guidelines encompass, amongst others, the definition of limits, the monitoring of adherence to these limits and the compliance with internal rules designed to limit financial risks, along with the strict adherence to the principle of having two pairs of eyes oversee all business transactions.

These guidelines represent an integral part of the company's internal control system, and are designed, amongst other things, to ensure proper internal and external financial reporting. The planning and control processes serve as an early-warning system, and simultaneously as the basis to evaluate the effectiveness of management procedures.

The Internal Control System (ICS) serves as part of the risk management system, and encompasses risk-oriented procedures integrated into day-to-day business operations. Accordingly, appropriate measures support project implementation or are carried out within the context of upstream or downstream operations. The Internal Control System is based on precise information on accounting and financial reporting processes, and also encompasses upstream processes.

The annual internal audit schedule is approved by the Management Board and encompasses compliance with legal regulations, internal guidelines and processes throughout the Group.

## 6. Information pursuant to § 243a Austrian Commercial Code

The share capital of Austrian Post amounts to EUR 337,763,190 and is divided into 67,552,638 non-par value shares. There are no voting rights restrictions or syndicate agreements applying to Austrian Post of which the company is aware.

Through Österreichische Industrieholding AG (ÖIAG), Austria's privatisation and industrial holding company, the Republic of Austria holds a 52.8% shareholding in Austrian Post, based on the number of outstanding shares (a total of 67,552,638 following the withdrawal of all treasury stock totalling 2,447,362 shares on April 24, 2009). Austrian Post is not aware of any other shareholders holding more than 10% of the company's shares.

As far as the company knows, there are no shareholders who possess shares with special controlling interests. Employees who are shareholders of Austrian Post exercise their voting rights on an individual basis. No regulations exist which can be directly inferred from the law with regards to the appointment or dismissal of members of the Management Board or the Supervisory Board, or as regards changes to be made in the company's Articles of Association.

Authorised capital: pursuant to § 5 of the Articles of Association of Austrian Post, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to EUR 175,000,000 by issuing up to 35,000,000 new non-par

bearer shares against cash contributions within a period of five years after registration of an amendment to the Articles of Association into the commercial register, as well as to determine the issue price and issue conditions. The modification of the Articles of Association was entered into the commercial register on March 18, 2006.

Conditional capital: pursuant to § 5 of the Articles of Association of Austrian Post, the Management Board is authorised to issue interest-bearing convertible bonds, involving conversion or subscription rights of up to 35,000,000 new bearer shares with a total value of up to EUR 175,000,000 within a period of up to five years after registration of the amendment to the Articles of Association into the commercial register. To this purpose, the share capital of the company was raised conditionally by up to EUR 175,000,000 by issuing up to 35,000,000 non-par bearer shares with voting rights. The modification of the Articles of Association was entered in the commercial register on April 21, 2006.

There are no significant contractual agreements to which the company is a party, which would take effect, cause major changes or expire in the event of a change in ownership resulting from a takeover.

No compensation agreements exist between the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

Vienna, March 1, 2010



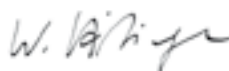
Georg Pölzl  
Chairman of the Management Board




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



# IFRS consolidated financial statements 2009 of Austrian Post

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## Consolidated income statement for the 2009 financial year

EUR m	Notes	2008	2009
Revenue	(6)	2,441.4	2,356.9
Other operating income	(7)	81.0	89.6
<b>Total operating income</b>		<b>2,522.4</b>	<b>2,446.5</b>
Raw materials, consumables and services used	(8)	-778.2	-766.1
Staff costs	(9)	-1,119.2	-1,139.3
Depreciation, amortisation and impairment losses	(10)	-152.2	-119.8
Other operating expenses	(11)	-304.5	-277.0
<b>Total operating expenses</b>		<b>-2,354.1</b>	<b>-2,302.2</b>
<b>Profit from operations</b>		<b>168.3</b>	<b>144.3</b>
Share of profit/loss of associates	(18)	1.2	5.1
Other financial result	(12)	-11.3	-24.6
<b>Total financial result</b>		<b>-10.1</b>	<b>-19.5</b>
<b>Profit before tax</b>		<b>158.2</b>	<b>124.8</b>
Income tax	(29)	-39.3	-45.1
<b>Profit for the period</b>		<b>118.9</b>	<b>79.7</b>
Attributable to: Equity holders of the parent company		118.9	79.7
<b>EUR</b>			
<b>Basic earnings per share</b>	(13)	<b>1.71</b>	<b>1.18</b>
<b>Diluted earnings per share</b>	(13)	<b>1.71</b>	<b>1.18</b>
<b>EUR m</b>			
Profit from operations		168.3	144.3
Share of profit/loss of associates	(18)	1.2	5.1
<b>Earnings before interest and tax (EBIT)</b>		<b>169.5</b>	<b>149.4</b>



# Statement of comprehensive income for the 2009 financial year

EUR m	Notes	2008	2009
<b>Profit for the period</b>		<b>118.9</b>	<b>79.7</b>
Currency translation differences	(24)	-0.4	-0.5
Revaluation of financial instruments held for sale	(24)	-26.5	23.2
Deferred taxes	(29)	6.6	-5.8
Revaluation of financial instruments hedging	(24)	-5.6	6.0
Deferred taxes	(29)	1.4	-1.5
<b>Other comprehensive income</b>		<b>-24.4</b>	<b>21.4</b>
<b>Total comprehensive income</b>		<b>94.5</b>	<b>101.1</b>
Attributable to: Equity holders of the parent company		94.5	101.1

# Consolidated balance sheet as at December 31, 2009

EUR m	Notes	Dec. 31, 2008	Dec. 31, 2009
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	(14)	196.5	181.8
Intangible assets	(15)	79.7	66.7
Property, plant and equipment	(16)	725.9	695.7
Investment property	(17)	36.5	37.0
Investments in associates	(18)	7.3	8.3
Financial investments in securities	(19)	92.3	56.5
Other financial investments	(20)	39.9	41.4
Receivables	(22)	14.9	10.5
Deferred tax assets	(29)	59.2	43.2
		<b>1,252.1</b>	<b>1,141.3</b>
<b>Current assets</b>			
Financial investments in securities	(19)	0.2	0.2
Inventories	(21)	26.3	22.3
Receivables	(22)	347.8	317.7
Cash and cash equivalents	(23)	248.1	293.8
		<b>622.5</b>	<b>634.0</b>
		<b>1,874.6</b>	<b>1,775.3</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
	(24)		
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	-2.6
Currency translation reserves		0.7	0.2
Profit for the period		118.9	79.7
		<b>741.5</b>	<b>673.7</b>
<b>Non-current liabilities</b>			
Provisions	(25)	466.2	453.4
Financial liabilities	(27)	45.5	32.3
Payables	(28)	15.7	12.8
Deferred tax liabilities	(29)	24.3	15.4
		<b>551.8</b>	<b>514.0</b>
<b>Current liabilities</b>			
Provisions	(25)	106.1	117.0
Tax provisions	(26)	13.1	33.9
Financial liabilities	(27)	103.1	94.5
Payables	(28)	359.0	342.1
		<b>581.3</b>	<b>587.6</b>
		<b>1,874.6</b>	<b>1,775.3</b>



# Consolidated cash flow statement for the 2009 financial year

EUR m	Notes	2008	2009
<b>Operating activities</b>			
Profit before tax		158.2	124.8
Depreciation, amortisation and impairment losses	(10)	152.2	119.8
Write-downs, write-ups of financial assets		20.0	20.0
Share of profit/loss of associates	(18)	-1.2	-5.1
Non-current provisions		-21.5	-12.8
Gain/loss on disposal of non-current assets		-14.5	-21.9
Gain/loss on disposal of financial assets		0.2	0.1
Taxes paid		-41.4	-24.9
Net interest received/paid		-15.2	-4.0
Currency translations		0.1	-0.2
<b>Operating cash flow before changes in working capital</b>		<b>237.0</b>	<b>195.8</b>
<b>Changes in working capital</b>			
Receivables	(22)	-9.2	39.9
Inventories	(21)	-0.6	4.0
Payables	(28)	2.5	-19.4
Current provisions	(25)	3.7	9.7
<b>Cash flow from changes in working capital</b>		<b>-3.5</b>	<b>34.1</b>
<b>Cash flow from operating activities</b>		<b>233.4</b>	<b>230.0</b>
<b>Investing activities</b>			
Purchase of intangible assets	(15)	-3.6	-3.4
Purchase of property, plant and equipment	(16)/(30)	-102.9	-65.6
Acquisition of subsidiaries	(30)	-24.2	-4.4
Acquisition/disposal of associates		-3.8	3.4
Acquisition of minority interests		-2.6	0.0
Acquisition of financial investments in securities		-5.0	-26.3
Proceeds from the sale of non-current assets		40.0	30.3
Proceeds from the sale of financial investments in securities		52.9	63.6
Dividends received from associates		1.1	0.7
Interest received		24.9	8.7
<b>Cash flow from investing activities</b>		<b>-23.1</b>	<b>6.9</b>
<b>Free cash flow</b>		<b>210.3</b>	<b>236.9</b>
<b>Financing activities</b>			
Changes in financial liabilities		-37.1	-17.6
Dividends paid		-168.0	-168.9
Interest paid		-9.7	-4.7
Acquisition of treasury shares		-56.7	0.0
<b>Cash flow from financing activities</b>		<b>-271.6</b>	<b>-191.2</b>
<b>Net change in cash and cash equivalents</b>		<b>-61.2</b>	<b>45.7</b>
Cash and cash equivalents at January 1 <sup>st</sup>		309.4	248.1
<b>Cash and cash equivalents at December 31<sup>st</sup></b>		<b>248.1</b>	<b>293.8</b>

# Consolidated statement of changes in equity

EUR m	Revaluation of financial instruments							Profit for the period	Total	Minority interest	Consolidated equity
	Share capital	Treasury shares	Capital reserves	Revenue reserves	Held for sale	Hedging	Currency translation reserves				
<b>2008 financial year</b>											
<b>Balance at January 1, 2008</b>	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		-12.2	-24.5	-20.0					-56.7		-56.7
Acquisition of minority interests				-2.0					-2.0	-0.6	-2.6
Changes in reserves			-57.0	57.0					0.0		0.0
Dividends				-45.5				-122.5	-168.0		-168.0
Profit for the period								118.9	118.9		118.9
Other result					-19.9	-4.2	-0.4		-24.4		-24.4
<b>Total recognised income and expense</b>	0.0	0.0	0.0	0.0	-19.9	-4.2	-0.4	118.9	94.5	0.0	94.5
<b>Balance at December 31, 2008</b>	350.0	-12.2	130.5	178.2	-20.4	-4.2	0.7	118.9	741.5	0.0	741.5

EUR m	Revaluation of financial instruments							Profit for the period	Total	Minority interest	Consolidated equity
	Share capital	Treasury shares	Capital reserves	Revenue reserves	Held for sale	Hedging	Currency translation reserves				
<b>2009 financial year</b>											
<b>Balance at January 1, 2009</b>	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								79.7	79.7		79.7
Other result					17.4	4.5	-0.5		21.4		21.4
<b>Total recognised income and expense</b>	0.0	0.0	0.0	0.0	17.4	4.5	-0.5	79.7	101.1	0.0	101.1
<b>Balance at December 31, 2009</b>	337.8	0.0	130.5	128.2	-3.0	0.3	0.2	79.7	673.7	0.0	673.7



# Notes to the consolidated financial statements for the 2009 financial year

## Summary of accounting policies

Austrian Post and its subsidiaries are logistics and service companies in the letter mail and parcel segments. Austrian Post's core business activities include post and parcel services, combined freight and specialised logistics, as well as the processing of financial transactions in cooperation with the bank BAWAG P.S.K. Moreover, the range of services encompasses data and output management as well as document collection, digitalization and processing.

The headquarters of Austrian Post are in Vienna, Austria. The mailing address is Austrian Post, Postgasse 8, 1010 Vienna. The company is registered in the company register at the Vienna Commercial Court under the registry number FN 180219d.

### 1. Basis of preparation

The consolidated financial statements of Austrian Post for the 2009 financial year have been prepared in accordance with the binding International Financial Reporting Standards (IFRS) valid as at December 31, 2009, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. These consolidated financial statements of Austrian Post correspond to the valid and applicable IFRS as at December 31, 2009, as published by the IASB.

In the 2009 financial year, the following new or revised standards and interpretations were binding for the first time:

New standards and interpretations		Effective date <sup>1</sup>
IFRS 8	Operating Segments	Jan. 1, 2009
IFRIC 12	Service Concession Agreements	Jan. 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 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
IFRIC 18	Transfer of Assets from Customers	July 1, 2009
Revised standards and interpretations		
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
IFRS 7	Financial Instruments: Disclosures	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
diverse	Annual Improvements to IFRS 2008	Jan. 1, 2009

<sup>1</sup> Applicable for financial years beginning on or after the above mentioned date

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 company for decision-making purposes (management approach). IFRS 8 completely replaces IAS 14 which had 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" and reconciliation of the required segment figures to Group figures. Required adjustments based on the initial application of IFRS 8 have been included in the consolidated financial statements of Austrian Post for the 2009 financial year.

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 recognized 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 initial application of the revised standards IFRS 1/IAS 27, IFRS 2, IFRS 7, IAS 32/IAS 1, IAS 39 and the annual “Improvements to IFRS” as well as the application of the new interpretations IFRIC 12, IFRIC 13, IFRIC 15, IFRIC 16 and IFRIC 18 will not have any material impact on the presentation of the consolidated financial statements as well as on the financial position, profit and loss and cash flows of Austrian Post.

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

## 2. Consolidation

In addition to the parent company, a total of 21 domestic subsidiaries (December 31, 2008: 19) and 41 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

### Changes in the consolidation scope

The following business combinations or changes in the interest held by the Group were carried out in the 2009 financial year:

Company name	Interest		Date of transaction	Note
	from	to		
<b>Mail</b>				
PS Postservicegesellschaft m.b.H.	-	100.0%	May 4, 2009	Incorporation
feibra Tirol GmbH	-	100.0%	May 5, 2009	Incorporation
meiller direct AB (meiller lithorex AB) <sup>1</sup>	-	100.0%	Jan. 1, 2009	Merger
meiller direct (further processing, letter shop and dialogue service) <sup>1</sup>	-	100.0%	Jan. 1, 2009	Merger
Feibra Magyarország (Cont-Média Hungary) <sup>1</sup>	-	100.0%	Jan. 2, 2009	Merger
Mader Zeitschriftenverlags GmbH	74.9%	25.1%	Feb. 27, 2009	Disposal of interest
EBPP – Electronic Bill Presentment and Payment	-	40.0%	May 31, 2009	Acquisition
<b>Parcel &amp; Logistics</b>				
Road Parcel (Merland Expressz) <sup>1</sup>	-	100.0%	Jan. 1, 2009	Merger
VOP (HSH Holding) <sup>1</sup>	-	100.0%	Feb. 1, 2009	Merger
trans-o-flex Belgium (MIT Transport) <sup>1</sup>	-	100.0%	Feb 1, 2009	Merger
trans-o-flex Belgium (VOP) <sup>1</sup>	-	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
TTL Tour Trans Log Service GmbH (TTV) <sup>1</sup>	-	100.0%	Nov. 1, 2009	Merger
tof Schn-Lief GmbH & Co KG (EBUR) <sup>2</sup>	-	100.0%	Nov. 30, 2009	Accretion

<sup>1</sup> The Group subsidiaries listed in parenthesis were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.

<sup>2</sup> Accretion of the company EBUR GmbH & Co KG listed in parenthesis to the limited partner due to the withdrawal of the general partner EBUR GmbH which is not included in the consolidation scope.



## Mail

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 4.5m, 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.

## Parcel & Logistics

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 acquisitions carried out by the Parcel & Logistics Division in the 2009 financial year:

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
<b>Net acquired assets</b>	<b>1.3</b>	<b>-1.5</b>

Since their inclusion in the consolidated financial statements of Austrian Post, the new subsidiaries acquired in the course of the 2009 financial year have generated revenue of EUR 1.4m and a negative EBIT of EUR 6.0m, which are reported in the consolidated income statement for 2009.

If these acquisitions and the related initial consolidation had already taken place on January 1, 2009, it would have added EUR 5.5m to Austrian Post's total revenue, and an EBIT of EUR -14.4m to Austrian Post's total EBIT.<sup>1</sup>

<sup>1</sup> The pro-forma information is only for comparative purposes, and does not necessarily depict the precise results which would have arisen if the transaction had actually been carried out as at January 1, 2009. The information provided is not to be considered as an indicator of future events.

### **3. Accounting policies**

#### **(a) Consolidation policies**

Subsidiaries are included in the consolidated financial statements starting from the time at which Austrian Post gains a controlling interest in the company. The capital consolidation for companies included in the consolidated financial statements for the first time is carried out in accordance with the purchase method. In this case, the acquisition costs are allocated to the identifiable acquired assets and liabilities including contingent liabilities.

The value of intangible assets is determined on the basis of an earnings-oriented valuation method (income approach), depending on the type of asset and the availability of information. For the valuation of customer relationships (customer list), the multi-period excess earnings method is used, which measures the current value of the cash flows resulting exclusively from the intangible assets. In determining the relevant incremental cash flow, estimated payments for the contributory asset charges are taken into account, based on the assumption that the intangible assets in question can only generate cash flow together with other tangible and intangible assets. The valuation of a trademark is carried out on the basis of the relief from royalty method, in which the value of the intangible asset is determined as a fictive current value for the respective license payments, based on the assumption that the corresponding asset is owned by a third party.

Any remaining capitalised difference on the asset side between the acquisition costs and the value of the identifiable and revalued net assets is reported as goodwill. Any remaining capitalised difference on the liabilities side will be immediately recognised in profit or loss following the repeated valuation of the identifiable and revalued assets, liabilities, contingent liabilities and acquisition costs.

Shareholdings in companies in which a significant influence can be exercised (investments in associates), generally involving an interest of between 20% and 50%, as well as jointly managed companies, are accounted for using the equity method. Shareholdings in companies in which a controlling interest is not possible due to contractually stipulated minority shareholder rights are also accounted for using the equity method.

Pursuant to the equity method, shareholdings are first reported at the cost of acquisition, and later increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. The goodwill of an associated company is part of the carrying amount of the investment and is accounted for, in accordance with IFRS 3.

Receivables and liabilities, income and expenses arising from the intra-group exchange of deliveries and services as well as intra-group profit and losses are eliminated, unless they are not of immaterial importance.

#### **(b) Currency translation**

The consolidation financial statements are presented in euros. The euro is both the functional currency and the reporting currency of Group companies located in Austria, and in the European Economic and Monetary Union. The functional currency of the foreign subsidiaries and associated companies is the respective local currency, as they conduct their operations independently in financial, economic and organisational terms.

#### **Business transactions in foreign currencies**

Transactions of Group companies in foreign currencies are accounted for using the reference exchange rate at the date of transaction. The monetary assets and liabilities are converted into euros at the valid European Central Bank reference rate on the balance sheet date. Foreign exchange gains and losses arising at the balance sheet date are reported as a net profit or loss.



### Translation of individual accounts in foreign currencies

The modified closing rate method is used in the translation of the financial statements of Group companies in which the euro is not the functional currency. All balance sheet items with the exception of capital and reserves items are translated at the reference rate of the European Central Bank on the balance sheet date, whereas the capital and reserves items are translated at the prevailing rate on the date of acquisition or formation. Income and expense items are translated at the average reference rates for the financial year in question. The resultant currency translation differences are directly recognised in equity without being reported as a profit or loss.

The movements in foreign exchange rates against the euro used in translation were as follows:

1 EUR	Reference rate at balance sheet date		Annual average rate	
	Dec. 31, 2008	Dec. 31, 2009	2008	2009
British Pound	0.9525	0.8881	0.7963	0.8909
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Croat Kuna	7.3555	7.3000	7.2239	7.3400
Swedish Krona	10.8700	10.2520	9.6152	10.6191
Serbian Dinar	88.6010	95.8888	81.7127	94.0364
Slovak Koruna	30.1260	n.a.	31.2617	n.a.
Czech Koruna	26.8750	26.4730	24.9463	26.4349
Hungarian Forint	266.7000	270.4200	251.5121	280.3270

### (c) Recognition of revenue and expense

The recognition of revenue and other operating income is generally reported when the particular service has been rendered, the level of the revenue can be reliably measured, and it is likely that the economic benefit from the transaction will flow to the entity. Contracted services which have not yet been rendered by Austrian Post as at the balance sheet date, as well as outstanding customer prepayments for stamps and frankings, are designated as deferred income.

Operating expenses are recognised when the service is utilised or when the expenses are incurred.

### (d) Earnings per share

The earnings per share are calculated on the basis of the profit for the period attributable to the shareholders of Austrian Post divided by the weighted average of the outstanding shares in 2009. Shares repurchased during a specific period are taken into account on a pro rata temporis basis for the period of time in which they are still outstanding shares. There were no dilutive effects in the 2009 financial year. Accordingly, there is no difference between basic and diluted earnings per share.

### (e) Goodwill

Goodwill arises as the excess of the purchase price over (the pro rata share of) the net assets of the acquired company recognised at their fair value. Goodwill is subject to annual impairment tests. In case particular events or changes take place which would point to a potential impairment, then the impairment test is to be carried out more frequently. Impairment tests are carried out in accordance with the principles described in section (i) Impairment.

#### **(f) Intangible assets**

Intangible assets acquired in return for payment are reported at acquisition cost, and are amortised on a straight line basis over a period of three to ten years, depending on their economic useful lives or the contract period. When there are indications that an asset is impaired, and if the recoverable amount is lower than the amortised costs, the asset is written down to the recoverable amount. If the reasons for impairment cease to apply, then the write-downs are reversed.

Trademark rights are usually considered to have indefinite useful lives, due to the fact that there is no foreseeable end to their economic benefit.

Intangible assets with indefinite lives are not subject to amortisation, but are subject to annual impairment tests. This also applies when there is no reasonable assumption that an impairment is necessary. In case particular events or changes take place which would point to a potential impairment, then impairment tests will also be carried out if necessary.

Impairment tests in connection with intangible assets are carried out in accordance with the principles described in section (i) Impairment.

#### **(g) Property, plant and equipment**

Property, plant and equipment is carried at acquisition or production cost less depreciation and impairment losses. Depreciation rates are linked to the expected useful lives of the particular items.

Depreciation is calculated on a straight-line basis in accordance with the following useful lives which are applied uniformly throughout the company:

<b>Useful lives</b>	<b>Years</b>
Buildings	20–50
Plant and machinery	5–10
Vehicle fleet	2–8
IT equipmen	3–5
Other equipment, furniture and fittings	5–20

Impairment tests are carried out for property, plant and equipment for which there are indications of impairment in accordance with the principles described in section (i) Impairment.

#### **(h) Investment Property**

Investment property is property held to earn rental income and/or for the purposes of capital appreciation, and which could be sold in separate portions. Recognition of the owner occupied portion of the property is carried out in accordance with the percentage of use. Investment property is carried in the balance sheet at acquisition cost less accumulated depreciation, which is performed on a straight-line basis, applying useful lives of between 20 and 50 years. The fair values of the investment properties included in the notes to the consolidated financial statements were largely determined by experts at an Austrian Post subsidiary, using generally accepted valuation methods. Measurement is carried out on the basis of an earnings valuation approach. As a rule, the income approach was used, and the discounted cash flow method in the event of more complex investment property. The sales comparison approach using comparable transactions in an active market was applied to the valuation of undeveloped property.



### **(i) Impairment**

Pursuant to IAS 36, the company is required to evaluate whether there are indications of a potential impairment of assets. If such indications exist, an impairment test is carried out. Intangible assets with indefinite lives as well as goodwill are subject to annual impairment tests, even if there are no indications for impairment. In case particular events or changes take place which would point to a potential impairment, then impairment tests will also be carried out during the period.

The recoverable amount of a particular asset is determined within the context of an impairment test. The recoverable amount corresponds to the higher of the fair value and the value in use.

If the recoverable amount cannot be determined for an individual asset, assets are assigned to cash generating units (CGU) for the purpose of impairment tests. CGU are groups of assets on the lowest possible level that generate separately identifiable cash flows and which are monitored for internal management purposes. Accordingly, impairment tests are carried out on the level of sub-segments or Group companies.

In the course of an impairment test, the property, plant and equipment and intangible assets of a CGU, including the assets and liabilities assigned to it pursuant to IAS 36, is compared to the recoverable amount of the CGU. If the carrying amount is higher than the recoverable amount, a write-down amounting to the difference between the two is carried out. If the reasons for an impairment no longer apply, then the write-down is reversed (except goodwill). The recoverable amount of a CGU is determined by using the discounted cash flow method (DCF). This calculation is based on the business planning for the year 2010, the medium-term planning for a period of three years (2011–2013), and a permanent return, which takes account of the expected long-term growth rates for the individual CGU representing up to 1.0%. Capital costs are calculated according to the weighted average cost of capital (WACC) formula in accordance with the capital asset pricing model (CAPM) and in line with the individual conditions of the CGU. During the period under review, the weighted average cost of capital in the Eurozone ranged from 6.9% to 8.6%, and in other countries from 9.2% to 19.0%.

Pursuant to IAS 36, property, plant and equipment for which there are indications that a specific asset is impaired or if the reasons which led to an impairment in earlier reporting periods no longer apply, are subject to an impairment test at the balance sheet date. If the recoverable amount is less than amortised cost, the asset is written down. If the reasons for an earlier impairment no longer apply, then the write-down is reversed. The higher carrying amount resulting from the reversal of the write-down may not exceed the amortised costs.

### **(j) Finance leases**

If the major risks and rewards related to the leased assets are transferred to Austrian Post (finance leases pursuant to IAS 17), these assets are capitalised as non-current assets at the lower of their fair value or the present value of the future minimum lease payments. The leased assets are depreciated over the expected useful life or the duration of the lease, if shorter. The future lease payments arising from these leasing agreements are reported under financial liabilities.

### **(k) Financial assets**

At Austrian Post, financial assets are assigned to the following classes, pursuant to IFRS 7: financial investments in securities, other financial assets, receivables as well as cash and cash equivalents. These financial assets are classified as loans and receivables, held to maturity investments, available for sale financial assets, and financial assets at fair value through profit or loss in accordance with IAS 39.

Loans and receivables are recognised at amortised cost. The valuation is carried out at the fair value when recognised. Any existing difference between the acquisition cost and the repayment amount (premium or discount) is amortised over the term to maturity using the effective interest rate method and included in the financial result. If there are indications of an impairment applying to these loans and receivables, they are written down to the present value of the expected future cash flows. At Austrian Post, the share of irrecoverable receivables is determined on the basis of a maturity analysis, taking the customer and market structure into account. Moreover, impairments are carried out if, on the basis of objective evidence, it is unlikely that the loan or receivable will be recovered. Impairments are generally reported in an impairment account. If the reason for impairment ceases to apply, the write down is reversed (up to amortised cost).

Available for sale financial assets are carried at fair value. Unrealised gains and losses are separately disclosed under revaluation of securities until realised, taking account of deferred taxes. The carrying amounts of the available for sale financial assets are evaluated at every balance sheet date to determine if there is objective evidence of impairment. Objective evidence, for example, may comprise financial difficulties on the part of the debtor, default or delay in payments of interest or principal, the discontinuation of an active market, or significant changes in the economic, legal or market-related environment. If the reason for impairment ceases to apply, in the case of equity instruments the impairment loss is reversed and directly recognised in equity, and in that of debt instruments the reversal is included in the net profit or loss. Sales and purchases are accounted for at the settlement date.

Other financial assets for which there is no regulated market and whose fair value cannot be reliably measured using established valuation methods are recognised at cost. Impairment is reported with recognition to profit or loss. Any reversals of write-downs are not recognised in the income statement.

### **(l) Inventories**

Inventories are stated at the lower of cost or net realisable value at the balance sheet date. The measurement of the inventories is implemented in accordance with the moving average cost formula. Any impairments resulting from obsolescence or unsaleability are taken into account in determining the net realisable value. Work in progress is carried at the lower of cost or net realisable value.

### **(m) Non-current assets held for sale**

Non-current assets held for sale are measured at the lower of the carrying amount or fair value less costs to sell. Non-current assets are classified as non-current assets held for sale, when the carrying amount will be recovered through a sales transaction, and not through continuing use. This principally applies only in those cases when the sale is highly probable, and the asset in its current state is available for sale.

### **(n) Provisions for termination benefits, pensions and jubilee benefits**

#### **Provisions for termination benefits**

The provisions for termination benefits apply to legal and contractual entitlements on the part of employees. Employees working for Group companies in Austria are entitled to severance pay when they reach the legally stipulated retirement age, as well as when their employment contracts are terminated by the employer. The amount of the latter depends on the number of years of service of the employees in question, and the operative salary at the time the employment is terminated. Civil servants normally have no entitlement to termination benefits. The provisions are calculated on an actuarial basis, using the projected unit credit method. All actuarial gains and losses are immediately recognised in profit or loss.



Termination benefits in respect to salaried employees who are working for Austrian Group companies and started after December 31, 2002 are fulfilled by regular contributions of the respective amounts to the employee benefit fund. In addition to this, there is no other obligation on the part of Austrian Post.

### Provisions for pensions

The pension obligations on the part of Austrian Post encompass both a defined contribution plan as well as a defined benefit plan.

There are no pension fund obligations to civil servants. Pension obligations for civil servants are principally fulfilled by the Republic of Austria. Contributions are being made to a pension fund on behalf of members of the Management Board. Due to legal regulations, Austrian Post is obliged to pay a pension contribution margin to the Republic of Austria to fund post-employment benefits. Since October 1, 2005, these contributions, including the civil servant's own employee contributions, have totalled between 15.8% and 28.3% of the remuneration paid to active civil servants, depending on age and the contribution assessment base, and are reported as staff costs.

Austrian Post has performance-based pension obligations to specified employees of the Group. The calculation of provisions for defined benefit pension obligations is based on the projected unit credit method. Actuarial gains and losses are immediately recognised in profit or loss.

### Provisions for jubilee benefits

Austrian Post is in some cases obliged to pay jubilee benefits to salaried employees and civil servants to mark service jubilees.

Benefits of two months' salary after 25 years of service and four months after 40 years are paid out in Austria. Employees with at least 35 years of service at retirement age also receive a jubilee benefit amounting to four months' salary.

The provisions for jubilee benefits are calculated in a similar manner to the provisions made for termination benefits and pensions, in accordance with the project unit credit method.

With the exception of the interest expense, all changes in the provisions for termination benefits, pensions and jubilee benefits are reported under staff costs. The interest effect is recognised under the financial result.

The following parameters were used as the basis for calculating provisions for termination benefits, pensions and jubilee benefits at December 31, 2008 and December 31, 2009:

	2008	2009
Interest rate	5.0%	5.0%
Salary or pension increases	graduated (0%–4%)	graduated (0%–4%)
Staff turnover reduction	graduated (0%–20%)	graduated (0%–20%)
<b>Retirement age</b>		
Female employees	55–67	55–67
Male employees	60–67	60–67
Civil servants	60–65	60–65

#### **(o) Provisions for under-utilisation**

Provisions for under-utilisation are made for future staff costs applying to those employees who have tenure (primarily civil servants), but who are not capable of working on a full-time basis or at all.

These cases refer to onerous contracts pursuant to IAS 37, in which the unavoidable costs to fulfil the contractual obligations are higher than the expected economic benefit.

The provisions for under-utilisation apply to those members of the staff who have already been transferred to the Career and Development Centre. Moreover, the provisions for under-utilisation are also recognised for employees whose transfer to the Career and Development Centre has been approved, but not yet fully concluded due to internal organisational processes, or whose transfer is not possible at present due to illness or a particular transfer clause in the employment contract.

The provisions are calculated based on the application of a unified average level of under-utilisation, taking account of a staff turnover reduction. Moreover, the measurement of the provisions for under-utilisation was based on annual salary increases of 4.0% and a discount rate of 5.0%, as in the previous financial year.

The provisions for under-utilisation also encompass those employees, who are in the process of being sent into retirement for reasons of invalidity. Moreover, provisions were allocated in the 2009 financial year for Austrian Post employees who transfer to the Austrian Ministry of Internal Affairs. The staff costs of these employees will be refunded by Austrian Post for a specified period of time.

For tenured employees who have been leased to a logistics company, for whom Austrian Post is only contractually remunerated in accordance with the collective labour agreement stipulating salary levels for this particular company, provisions are made for the salary expense surpassing the remuneration accorded to Austrian Post, including attributable administrative costs. Provisions are calculated as the current value of the underfunded salary for each particular employee up to retirement, based on annual salary increases of 4.0% and a discount rate of 5.0% as in the previous year. These provisions were reported as other provisions in the previous year.

#### **(p) Other provisions**

In accordance with IAS 37, contingent legal or constructive obligations to third parties which result from past events are likely to require an outflow of economic benefit, the amount of which can be reliably estimated, is carried under other provisions. The provisions are recognised at the amounts capable of reliable estimation at the time of preparation of the annual financial statements. Provisions are not recognised in those cases where a reliable estimate is not possible. In the event that the present value of a provision determined on the basis of a market interest rate differs materially from the nominal value, the present value of the obligation is recognised.

Provisions for onerous contracts are recognised, if the unavoidable costs required to fulfil the contractual obligations are higher than the expected economic benefit.

For tenured employees who have been leased to a logistics company, for whom Austrian Post is only contractually remunerated in accordance with the collective labour agreement stipulating salary levels for this particular company, provisions were reclassified as provisions for under-utilisation in 2009 (see (o)).

Pursuant to IAS 37, restructuring provisions are recognised upon development of a formal, detailed restructuring plan and the restructuring measures have already begun or the restructuring plan has been publicly announced before the balance sheet date.



### (q) Financial liabilities

At Austrian Post, financial liabilities are classified as financial liabilities and payables, pursuant to IAS 39. Financial liabilities are stated at the amount actually received less transaction costs, plus or minus a premium/discount. The difference between the amount received and the amount to be repaid is distributed over the maturity in accordance with the effective rate method and disclosed under the financial result.

Liabilities resulting from trade payables, services rendered or other payables are measured at amortised cost.

### (r) Income tax

The income tax expense reported for the year under review comprises the income tax calculated for individual Austrian Post companies on the basis of taxable income and the applicable tax rates in the countries concerned (current tax) as well as the change in the deferred tax.

Deferred tax is calculated in accordance with the balance sheet liability method for all temporary differences arising between the IFRS balance sheet items and their amounts for tax purposes. Furthermore, the probable tax advantage from existing tax loss carry forwards is included in the calculation. Exemptions from the full recognition of deferred tax are differences arising from non tax-deductible goodwill and temporary differences related to shareholdings in as much as these are not reversed in the foreseeable future. Deferred tax assets are recognised if it is likely that the tax advantage from them can actually be utilised. Deferred tax assets on tax loss carry forwards are reported to the extent that taxable income will be available in the foreseeable future.

Deferred tax is calculated on the basis of the prevailing tax rates in the individual countries at the balance sheet date or which have been publicly announced as applicable at the point in time in which the deferred tax claims and tax liabilities are realised. For Austrian Group companies, the calculation of deferred taxes is based on a corporate tax rate of 25%.

The following table shows the corporate tax rates applied in calculating deferred taxes for foreign companies:

Country	Tax rate	Country	Tax rate
Belgium	34.0%	Netherlands	25.5%
Bosnia and Herzegovina	10.0%	Sweden	26.3%
Germany	28.1%–32.3%	Serbia	10.0%
France	33.3%	Slovakia	19.0%
Great Britain	28.0%	Czech Republic	20.0%
Croatia	20.0%	Hungary	19.0%
Montenegro	9.0%		

### (s) Derivative financial instruments

Derivative financial instruments are utilised as a means of hedging interest rate fluctuations and raw material price change risks.

All derivative financial instruments are reported as assets or liabilities on the balance sheet. Derivative financial instruments and embedded derivatives, which are an integral part of specified contracts and which must be reported separately, are recognised at fair value at the time of acquisition and in subsequent periods. Unrealised valuation gains or losses from derivative financial transactions are reported as a net profit or loss.

Derivative financial instruments (hedging transactions) used to hedge assets and liabilities contained in the balance sheet, are reported at their fair value. Valuation gains and losses are immediately recognized in profit or loss. Derivative financial instruments (hedging transactions) used to hedge future cash flow fluctuations in respect of assets and liabilities which are not reported in the balance sheet are also recognised at their fair value. The effective part of the profit or loss is directly recognised in a separate item under capital and reserves. Any ineffective part is recognised in the financial result.

#### **(t) Share-based payments**

The Management Board and Supervisory Board of Austrian Post decided to introduce a share-based remuneration programme for top executives in conjunction with the Initial Public Offering carried out in 2006. Members of the Management Board and selected top executives are entitled to participate in the programme, provided they acquire a certain number of Post shares in accordance with pre-defined guidelines, and maintain this shareholding over the entire duration of the programme. On the basis of the 2006 share-based remuneration programme, the participants have been granted appreciation rights with a term of three years, and appreciation rights with a term of two years on the basis of the 2007 share-based remuneration programme.

The changes in the number of appreciation rights granted for the 2008 and 2009 financial years are presented in the following table:

	2008	2009
<b>Outstanding as of January 1</b>	<b>109,124</b>	<b>106,928</b>
Granted	0	0
Exercised	0	0
Expired/forfeited	2,196	106,928
Outstanding as of December 31	106,928	0

At the end of the designated period, the participants in the programme are compensated with a cash payment amounting to the value of the allocated appreciation right. This value is calculated as the average of the Post share price in the 60 trading days prior to expiry of the term, and then multiplied by a specific factor which depends on the aggregate return of the company's shares.

No further share-based payments were introduced after the end of the terms of both share-based remuneration programmes in the 2009 financial year.

#### **4. Estimates and future-oriented assumptions**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates in the application of its accounting and measurement policies, and to make assumptions about future developments which materially influence the recognition and valuation of assets and liabilities, the reporting of other obligations at the balance sheet date, and that of income and expense for the business year. In particular, there is a risk that the use of the following assumptions and estimates may require adjustments of assets and liabilities in upcoming business years:

##### **(a) Provisions for termination benefits, pensions and jubilee benefits**

The valuation of the existing provisions for termination and jubilee benefits as well as pensions (carrying amount as at December 31, 2009: EUR 171.9m; December 31, 2008: EUR 165.8m) is based on assumptions as to the discount rate, retirement age, life expectancy, fluctuation rate, and future salary increases.

If all other parameters remained constant, a change in the assumed rate of interest by +/-1 percentage point as well as a change in salary or pension increases by +/-1 percentage point would have the following effects on the provisions listed in the table below:



EUR m	Assumed rate of interest		Salary or pension increases	
	-1% point	+1% point	-1% point	+1% point
Termination benefits	10.9	-10.9	-10.9	10.7
Pensions	0.7	-0.7	-0.6	0.5
Jubilee benefits	9.1	-8.3	-9.1	8.4

### (b) Provisions for under-utilisation

The measurement of provisions for under-utilisation of individual organisational units (carrying amount as at December 31, 2009: EUR 285.6m; December 31, 2008: EUR 307.8m) is based on assumptions regarding the degree of capacity utilisation per employee. The future level of capacity utilisation can turn out to be higher or lower, depending upon the actual development of the capacity utilisation of these employees, and the success of the occupational retraining measures implemented by Austrian Post. If the average capacity utilisation of all employees taken into account as at December 31, 2009 were, for example, 10 percentage points lower (higher) than the measurement actually recorded, the required provisions would comprise an additional EUR 32.8m (or lesser provisions amounting to EUR 34.1m).

The calculation of the provisions made for under-utilisation is also based on assumptions made about fluctuation rate, retirement age, the discount rate and future salary increases. The increase (decrease) of the assumed interest rate by, for example, a single percentage point would subsequently lead to a decline of the provisions to be made by EUR 19.5m (or rise of EUR 22.2m). The increase (decrease) of the assumed salary increase by, for example, a single percentage point would lead to a rise of the provisions to be made by EUR 21.8m (or a decline of EUR 19.5m).

### (c) Assets and liabilities in connection with business combinations

Within the context of acquisitions, estimates and assumptions are required to be made in connection with the determination of the fair value of the acquired assets and liabilities. The value of intangible assets is determined on the basis of a suitable valuation method, depending on the type of asset and the availability of information. (Refer to point 3. "Consolidation principles" contained in chapter (a) "Consolidation policies"). As a rule, the fair value of buildings and property is determined by independent experts.

### (d) Impairment on intangible assets, goodwill and property, plant and equipment

The valuation of impairment on intangible assets, goodwill and property, plant and equipment is based on future-oriented assumptions. The underlying assumptions used to determine the recoverable amount within the context of impairment tests are described in section 3. (i) "Impairment".

### (e) Financial instruments

Alternative valuation methods are applied to evaluate the value of financial instruments if no active market exists for these financial instruments. The underlying parameters used to determine the fair value of these financial instruments are partially based on future-oriented assumptions, which are described in the corresponding sections of the notes to the consolidated financial statements.

## 5. Standards which are published but not yet applied

In the 2009 financial year, Austrian Post did not apply ahead of time the following standards, interpretations and revisions to existing standards published by IASB:

New standards and interpretations		Effective date <sup>1</sup>	Endorsed in EUR
IFRS 9	Financial Instruments	Jan. 1, 2013	–
IFRIC 17	Distribution of Non-cash Assets to Owners	July 1, 2009	Nov. 09
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	–
Revised standards and interpretations			
IFRS 1	First-Time Adoption of IFRS	July 1, 2009	Nov. 09
IFRS 1	Additional exemptions for the First-Time Adoption of IFRS	Jan. 1, 2010	–
IFRS 1	Adjustments based on amendments to IFRS 7	July 1, 2010	–
IFRS 2	Share-based Payment	Jan. 1, 2010	–
IFRS 3/IAS 27	Business Combinations Consolidated and Separate IFRS Financial Statements	July 1, 2009	June 09
IAS 24	Related Party Disclosures	Jan. 1, 2011	–
IAS 32	Financial Instruments: Classification of Rights Issues	Feb. 1, 2010	Dec. 09
IAS 39	Financial Instruments: Recognition and Measurement – Permissible transactions within the context of hedging relationships	July 1, 2009	Sept. 09
IAS 39/IFRIC 9	Financial Instruments – Embedded Derivatives	July 1, 2009	Nov. 09
IFRIC 14	Voluntary Prepaid Contributions Under a Minimum Funding Requirement	Jan. 1, 2011	–
diverse	Annual Improvements to IFRS 2009	mostly Jan. 1, 2010	–

<sup>1</sup> To be applied in the financial year beginning on or after the effective date.

The newly published standard IFRS 9 “Financial Instruments” regulates the measurement and presentation of financial instruments, and is designed to gradually replace IAS 39: “Financial Instruments: Recognition and Measurement”. The first project phase to replace IAS 39, published in November 2009, refers to the classification and measurement of financial instruments. Austrian Post continually evaluates publications in connection with IFRS 9 with regard to their applicability and potential effects on the Austrian Post Group.

The revised version of IFRS 2 “Share-based Payment” primarily defines the accounting for share-based remuneration in the form of a cash settlement within the Group in the individual financial statements of subsidiaries. The changes encompass guidelines in IFRS 2, which were previously contained in IFRIC 8 “Scope of IFRS 2” and IFRIC 11 “IFRS 2 – Group and Treasury share Transactions”. The application of the revised version of IFRS 2 will not lead to changes in the presentation of the consolidated financial statements of Austrian Post.

The changes undertaken in IFRS 3 “Business Combinations” alter the treatment of the acquisition costs and the accounting of step acquisitions and changes in interests held, with loss or retention of control. The revised standard features a greater scope of application and an option as to the choice of approach to the valuation of goodwill and an alteration in the accounting of contingent consideration. The amendments also affect reacquired rights, contingent liabilities, claims for indemnification, intangible assets and produce a new approach to measuring the assets and liabilities acquired with a company, with this entailing their recognition and classification. IFRS 3 joins the updated IAS 27 “Consolidated and Separate Financial Statements” in governing the revamped measurement of partial disposals of subsidiaries as well as that of stakes in NCIs (non-controlled interests). The Group does not expect the application of the amendments to IFRS 3 to have a material impact on the profit, asset and financial position of the Group or the presentation of the consolidated financial statements of Austrian Post.



At the present time, the Austrian Post Group does not expect the application of IAS 24, which more precisely defines related parties and simplifies the disclosure requirements of publicly owned companies, to have a material effect on the presentation of the consolidated financial statements of Austrian Post.

The revised version of IAS 32 includes, amongst other changes, the accounting for appreciation rights, options and warrants in relation to the acquisition of a fixed number of equity instruments from the issuer in a different currency from the functional currency. The revised reporting guidelines contained in IAS 32 do not have any effect on the profit, asset and financial position of the Group at the present time.

Based on the guidelines contained in IAS 19.58, assets derived from a defined benefit plan can only be recognised if a future economic benefit is to be expected from claims to reduce or refund payment contributions. IFRIC 14 clarifies when such future advantages can be considered to be available. Changes to IFRIC 14 will not have any material effect on the consolidated financial statements of Austrian Post.

The new interpretations IFRIC 17 and IFRIC 19, the revised standards IFRS 1 and IAS 39 and the revised interpretation IFRIC 9 do not have a material impact on the consolidated financial statements of Austrian Post at the present time.

Small-scale adjustments were made to existing standards and interpretations within the context of the annual "Improvements to IFRS". Austrian Post is currently evaluating their potential impact, but does not expect them to have any material effect on the consolidated financial statements of Austrian Post.

## Income statement disclosures

### 6. Revenue and segment reporting

Austrian Post distinguishes among the following primary segments classified by their divisional structure, which reflects the different services offered by the company.

#### Mail

The core business of the Mail Division consists of the acceptance and delivery of letters and other mail items in Austria and forwarding these mail items abroad. Its business activities also encompass the acceptance and delivery of addressed and unaddressed direct mail items, newspapers and regional media as well as a broad spectrum of complementary services in the field of direct marketing. Services along the value chain (data and output management, document scanning, as well as the conception and production of documents and direct mailings) complement the product offering.

#### Parcel & Logistics

The Parcel & Logistics Division offers parcel, express and logistics services in Austria, Germany as well as in South East and Eastern Europe. Logistics services primarily focus on the fields of combined freight, the transport of pharmaceutical products and temperature-controlled transport as well as B2B and B2C parcel services.

#### Branch Network

The Branch Network Division operates one of the largest nationwide retail networks in Austria. The service and product portfolio encompasses postal services, financial services in cooperation with BAWAG P.S.K. as well as an extensive selection of retail and philatelic products.

#### Other

Activities not attributable to divisions are reported in the Other column. These include the property and IT services operations, as well as the Career and Development Centre unit.

#### Consolidation

Intra-Group eliminations are shown in the Consolidation column.

EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consolidation	Group
<b>2008 financial year</b>						
External sales	1,460.0	785.9	192.2	6.6	-3.3	2,441.4
Internal sales	45.3	30.1	206.3	172.3	-454.0	0.0
<b>Total revenue</b>	<b>1,505.3</b>	<b>816.0</b>	<b>398.5</b>	<b>178.9</b>	<b>-457.3</b>	<b>2,441.4</b>
Profit/loss from operations	253.8	-25.5	14.5	-74.5	0.0	168.3
Share of profit/loss from associates	0.6	0.0	0.0	0.5	0.0	1.2
<b>EBIT</b>	<b>254.5</b>	<b>-25.5</b>	<b>14.5</b>	<b>-74.0</b>	<b>0.0</b>	<b>169.5</b>
Segment assets	441.7	474.3	54.1	455.8	-0.5	1,425.4
Investments in associates	7.1	0.0	0.0	0.2	0.0	7.3
Segment liabilities	339.1	143.1	75.6	388.0	-5.4	940.4
Segment investments	42.0	52.1	4.5	29.0	0.0	127.5
Depreciation, amortisation and impairment losses	42.6	60.3	6.0	43.2	0.0	152.2
thereof impairment losses recognised in profit or loss	8.0	33.4	0.0	6.0	0.0	47.4
Employees <sup>1</sup>	15,835	4,066	4,931	2,169	0	27,002
<b>2009 financial year</b>						
External sales	1,396.8	768.4	189.6	4.4	-2.2	2,356.9
Internal sales	50.1	24.2	185.2	169.1	-428.6	0.0
<b>Total revenue</b>	<b>1,446.9</b>	<b>792.6</b>	<b>374.8</b>	<b>173.4</b>	<b>-430.8</b>	<b>2,356.9</b>
Profit/loss from operations	216.5	-9.3	-9.2	-54.0	0.3	144.3
Share of profit/loss from associates	4.6	0.0	0.0	0.5	0.0	5.1
<b>EBIT</b>	<b>221.1</b>	<b>-9.3</b>	<b>-9.2</b>	<b>-53.5</b>	<b>0.3</b>	<b>149.4</b>
Segment assets	368.1	424.1	54.7	485.2	-1.0	1,331.1
Investments in associates	8.1	0.0	0.0	0.3	0.0	8.3
Segment liabilities	310.8	107.4	75.3	436.3	-4.7	925.1
Segment investments	23.1	22.8	3.3	25.1	0.0	74.3
Depreciation, amortisation and impairment losses	50.0	29.8	5.9	34.0	0.0	119.8
thereof impairment losses recognised in profit or loss	17.9	4.1	0.0	0.4	0.0	22.4
Employees <sup>1</sup>	15,232	3,976	4,719	1,994	0	25,921

<sup>1</sup> Annual average, full-time equivalents

## Notes to the segment reporting by divisions

Internal and external accounting policies are harmonised in the Austrian Post Group. There are no differences between the measurement of segment results, segment assets and segment liabilities and those of the Group.

External revenue corresponds to the total of segment revenue with external customers after consolidation of services rendered within the Group. Internal sales are revenue derived from transactions with other segments. In addition to revenue derived from specific services provided, the Mail Division provides remuneration to the Branch Network Division in the form of an infrastructure contribution, to compensate for the expenses arising from the Universal Service Obligation.

Segment assets consist of non-current assets (excluding financial investments in securities and other financial assets, investments in associates and deferred tax), and current assets (excluding financial investments in securities and other financial assets, cash and cash equivalents and tax receivables as well as interest accruals).



Non-current liabilities (excluding financial liabilities and deferred tax) and current liabilities (excluding financial liabilities and liabilities as well as tax provisions and liabilities from accrued interest) are shown as segment liabilities.

Segment investments include investments in intangible assets and goodwill, and in property, plant and equipment.

Depreciation, amortisation and impairment losses relate to the assets attributed to the respective divisions.

The figures for employees are the full-time equivalents of the average segment headcounts for the respective financial years.

## Reconciliation

The reconciliation of segment assets and liabilities to the corresponding Group figures is presented as follows:

### Reconciliation of assets

EUR m	2008	2009
<b>Segment assets</b>	<b>1,425.4</b>	<b>1,331.1</b>
Investments in associates	7.3	8.3
Assets not assigned to segments:		
Securities and other financial assets	132.4	98.1
Deferred tax	59.2	43.2
Cash and cash equivalents	248.1	293.8
Other interest and tax receivables	2.2	0.7
<b>Group assets</b>	<b>1,874.6</b>	<b>1,775.3</b>

### Reconciliation of liabilities

EUR m	2008	2009
<b>Segment liabilities</b>	<b>940.4</b>	<b>925.1</b>
Liabilities not assigned to segments:		
Non-current and current financial liabilities	148.6	126.8
Deferred tax	24.3	15.4
Income tax provisions	13.1	33.9
Other interest and tax liabilities	6.7	0.4
<b>Group liabilities</b>	<b>1,133.1</b>	<b>1,101.6</b>

## Notes to the geographical segment reporting

Austrian Post distinguishes between the following geographical segments:

Revenue is presented according to the location of the company performing the service.

EUR m	Austria	Germany	Other countries	Group
<b>2008 financial year</b>				
External sales	1,685.9	610.0	145.5	2,441.4
Segment assets	997.1	328.9	99.5	1,425.5
thereof current assets	749.5	235.0	69.0	1,053.5
Segment investments	74.3	17.4	35.8	127.5
<b>2009 financial year</b>				
External sales	1,650.1	566.3	140.5	2,356.9
Segment assets	920.8	309.7	100.7	1,331.1
thereof current assets	693.6	228.6	69.6	991.8
Segment investments	46.5	15.8	11.9	74.3

Segment assets and investments are reported according to the location of the assets.

### Information about important customers

Austrian Post is not dependent on any important customers which require disclosure pursuant to IFRS 8.

## 7. Other operating income

EUR m	2008	2009
Work performed by the enterprise and capitalised	3.2	2.5
Disposal of property, plant and equipment	16.0	24.0
Rents and leases	23.9	25.2
Unchargeable expenses	3.1	5.9
Damages	2.4	2.8
Other	32.5	29.3
	<b>81.0</b>	<b>89.6</b>

Austrian Post derives rental income – mostly under terminable operating leases – from some of the investment property held by it. The concluded tenancy agreements are on a medium to long-term basis and provide for the indexation of rentals.

The income from rents and leases in 2009 primarily relates to Österreichische Post AG. The corresponding assets are recognised on the balance sheet with a net carrying amount of EUR 233.0m.

Other operating income also includes income from currency translation, totalled EUR 0.8m in 2009 (2008: EUR 2.0m) recognised in profit or loss.



## 8. Raw materials, consumables and services used

EUR m	2008	2009
<b>Material</b>		
Transportation and heating fuel	28.2	29.4
Retail products	51.1	50.8
Stamps	3.7	3.3
Tools, equipment and clothing	19.5	20.8
Spare parts and sundry raw materials and consumables	2.5	2.1
Industrial paper	21.9	19.3
Remeasurement	1.2	1.0
	<b>128.2</b>	<b>126.7</b>
<b>Services used</b>		
International postal carriers	72.1	65.2
Advertising distributors	30.8	31.9
Energy	20.1	24.0
Transport	492.0	477.1
Other	35.1	41.2
	<b>650.0</b>	<b>639.4</b>
	<b>778.2</b>	<b>766.1</b>

## 9. Staff costs

EUR m	2008	2009
Wages and salaries	859.3	877.2
Termination benefit expense	24.5	21.3
Post-employment benefit expense	0.5	0.2
Expense for statutory levies and contributions	227.7	229.2
Other staff costs	7.3	11.5
	<b>1,119.2</b>	<b>1,139.3</b>

In the 2009 financial year, contributions of EUR 1.5m (2008: EUR 1.4m) to the employee benefit fund in respect to defined benefit termination obligations were recognised as an expense.

The breakdown of the termination benefit expense is as follows:

EUR m	2008	2009
Management Board	0.2	0.1
Executive staff	0.9	1.1
Other employees	23.3	20.1
	<b>24.5</b>	<b>21.3</b>

The pension contributions made to the Republic of Austria for the 2009 financial year (less the employee contributions by civil servants) amounted to EUR 65.9m, the same as in 2008.

The average number of employees during the financial year was as follows:

	2008	2009
Non-salaried staff	2,126	2,127
Salaried staff	14,153	13,763
Civil servants	12,991	12,260
Apprentices	56	59
	<b>29,326</b>	<b>28,209</b>
<b>Corresponding full-time equivalents</b>	<b>27,002</b>	<b>25,921</b>

## 10. Depreciation, amortisation and impairment losses

EUR m	2008	2009
<b>Impairment losses on goodwill</b>	<b>24.8</b>	<b>17.6</b>
<b>Intangible assets</b>		
Depreciation	14.3	12.2
Impairment losses	16.0	4.4
	<b>30.3</b>	<b>16.6</b>
<b>Property, plant and equipment</b>		
Depreciation	87.1	81.8
Impairment losses	6.7	0.0
	<b>93.8</b>	<b>81.8</b>
<b>Investment property</b>		
Depreciation	3.3	3.3
Impairment losses	0.0	0.4
	<b>3.3</b>	<b>3.7</b>
	<b>152.2</b>	<b>119.8</b>

The impairment tests carried out as at December 31, 2009 resulted in an impairment loss on goodwill amounting to EUR 17.6m, of which EUR 15.9m was assigned to the Mail Division and EUR 1.7m was assigned to Parcel & Logistics Division. EUR 1.3m of the recognised impairment loss on goodwill in the Parcel & Logistics Division was assigned to the Bosnian parcel subsidiary 24VIP, and EUR 0.4m to trans-o-flex Hungary. The impairment loss on goodwill in the Mail Division exclusively relates to the cash generating unit meiller.

The impairment loss of EUR 4.4m on intangible assets is for customer relationships, of which EUR 2.0m was assigned to the Mail Division and EUR 2.4m to the Parcel & Logistics Division.

In both segments, impairment on goodwill and customer relationships was the result of the significant economic downturn, whose short-term consequences impact the transport sector and its most important consumers. It is expected that the cyclical downswing will negatively affect demand beyond the year 2010.



## 11. Other operating expenses

EUR m	2008	2009
IT services	28.8	26.4
Maintenance	46.7	43.0
Leasing and rental payments	70.5	73.4
Travel and mileage	27.1	26.0
Contract and leasing staff	20.0	14.9
Consultancy	19.0	11.1
Waste disposal and cleaning	15.4	14.5
Communications and advertising	17.0	9.6
Telephone	6.5	6.5
Insurance	9.1	9.1
Other taxes (excl. income taxes)	7.7	8.0
Other	36.7	34.4
	<b>304.5</b>	<b>277.0</b>

Other operating expenses included expenses from currency translation of EUR 0.9m (2008: EUR 1.7m) recognised in profit or loss.

## 12. Other financial result

EUR m	Note	2008	2009
Interest income		13.8	5.0
Income from securities		10.6	3.1
Gains on the disposal of securities		0.2	0.3
		<b>24.6</b>	<b>8.4</b>
Interest expense (financial liabilities)		-9.6	-4.6
Interest expense (interest effects of provisions)	(25)	-7.6	-8.0
Impairment on financial instruments held for sale		-20.0	-20.0
Losses on the disposal of securities		-0.4	-0.4
		<b>-37.6</b>	<b>-33.1</b>
Revaluation of derivative financial instruments	(31(a))	1.7	0.1
		<b>-11.3</b>	<b>-24.6</b>

As in the previous year, Austrian Post carried out a valuation of the fair value of its stake in the consortium acquiring BAWAG P.S.K. reported as other financial assets.

On the basis of the new valuation, the write-down of EUR 20.0m included in equity in 2008 was now recognised in profit or loss under the item other financial result.

## 13. Earnings per share

		2008	2009
Profit for the period attributable to the equity holders of the parent company	EUR m	118.9	79.7
Weighted average number of shares outstanding	Shares	69,503,072	67,552,638
<b>Basic earnings per share</b>	EUR	<b>1.71</b>	<b>1.18</b>
<b>Diluted earnings per share</b>	EUR	<b>1.71</b>	<b>1.18</b>

## Balance sheet disclosures

### 14. Goodwill

EUR m	2008	2009
<b>Historical costs</b>		
<b>At January 1</b>	<b>225.3</b>	<b>230.7</b>
Additions arising from acquisitions	7.4	3.1
Disposals	2.0	0.2
<b>At December 31</b>	<b>230.7</b>	<b>233.5</b>
<b>Impairment losses</b>		
<b>At January 1</b>	<b>9.3</b>	<b>34.1</b>
Additions	24.8	17.6
<b>At December 31</b>	<b>34.1</b>	<b>51.7</b>
<b>Net carrying amount on January 1</b>	<b>216.0</b>	<b>196.5</b>
<b>Net carrying amount on December 31</b>	<b>196.5</b>	<b>181.8</b>

Disposals amounting to EUR 0.2m relate to the retroactive adjustment of the variable purchase price component in connection to the acquisitions of subsidiaries in previous financial years.

The following table shows the goodwill at December 31, 2008 and December 31, 2009 by segments:

EUR m	Dec. 31, 2008	Dec. 31, 2009
<b>Mail</b>		
meiller	15.9	0.0
Other	37.9	38.1
	<b>53.8</b>	<b>38.1</b>
<b>Parcel &amp; Logistics</b>		
trans-o-flex	127.5	129.9
Other	15.3	13.8
	<b>142.7</b>	<b>143.7</b>
	<b>196.5</b>	<b>181.8</b>



## 15. Intangible assets

EUR m	Note	Customer relationship	Trademarks	Other intangible assets	Total
<b>2008 financial year</b>					
<b>Historical costs</b>					
<b>At January 1, 2008</b>		<b>73.6</b>	<b>30.0</b>	<b>52.7</b>	<b>156.3</b>
Additions arising from acquisitions		0.7	0.0	0.0	0.7
Additions		0.0	0.0	3.6	3.6
Disposals		0.0	0.0	0.1	0.1
Currency translation differences		-0.5	0.0	0.1	-0.3
<b>At December 31, 2008</b>		<b>73.8</b>	<b>30.0</b>	<b>56.3</b>	<b>160.1</b>
<b>Amortisation and impairment losses</b>					
<b>At January 1, 2008</b>		<b>9.6</b>	<b>0.0</b>	<b>40.6</b>	<b>50.2</b>
Additions	(10)	23.5	1.8	5.0	30.3
Disposals		0.0	0.0	0.1	0.1
Currency translation differences		-0.1	0.0	0.1	0.0
<b>At December 31, 2008</b>		<b>33.1</b>	<b>1.8</b>	<b>45.6</b>	<b>80.5</b>
<b>Net carrying amount on January 1, 2008</b>		<b>64.0</b>	<b>30.0</b>	<b>12.1</b>	<b>106.1</b>
<b>Net carrying amount on December 31, 2008</b>		<b>40.8</b>	<b>28.2</b>	<b>10.7</b>	<b>79.7</b>
<b>2009 financial year</b>					
<b>Historical costs</b>					
<b>At January 1, 2009</b>		<b>73.8</b>	<b>30.0</b>	<b>56.3</b>	<b>160.1</b>
Additions		0.6	0.0	3.5	4.1
Disposals		0.4	0.0	19.3	19.8
Transfers		0.0	0.0	-0.2	-0.2
Currency translation differences		-0.3	0.0	0.0	-0.3
<b>At December 31, 2009</b>		<b>73.8</b>	<b>30.0</b>	<b>40.2</b>	<b>144.0</b>
<b>Impairment losses</b>					
<b>At January 1, 2009</b>		<b>33.1</b>	<b>1.8</b>	<b>45.6</b>	<b>80.5</b>
Additions	(10)	11.6	0.4	4.6	16.6
Disposals		0.4	0.0	19.2	19.6
Transfers		0.0	0.0	-0.1	-0.1
Currency translation differences		-0.1	0.0	0.0	-0.1
<b>At December 31, 2009</b>		<b>44.2</b>	<b>2.2</b>	<b>30.9</b>	<b>77.3</b>
<b>Net carrying amount on January 1, 2009</b>		<b>40.8</b>	<b>28.2</b>	<b>10.7</b>	<b>79.7</b>
<b>Net carrying amount on December 31, 2009</b>		<b>29.6</b>	<b>27.8</b>	<b>9.4</b>	<b>66.7</b>

Intangible assets contain trademarks with indefinite useful lives amounting to EUR 26.5m (2008: EUR 26.5m).

Trademarks amounting to EUR 1.3m, which were originally not subject to amortisation due to their indefinite lives, will be subject to amortisation over a period of four years starting in the 2009 financial year due to the decision made in December 2008 to successively replace trademarks acquired within the context of acquisitions in South East and Eastern Europe by the trans-o-flex brand.

No external borrowing costs were capitalised in the 2009 financial year (2008: EUR 0.0m).

## 16. Property, plant and equipment

EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepayments and assets under construction	Total
<b>2008 financial year</b>						
<b>Historical costs</b>						
<b>At January 1, 2008</b>		<b>829.8</b>	<b>182.9</b>	<b>276.2</b>	<b>6.4</b>	<b>1,295.3</b>
Additions arising from acquisitions		7.2	0.2	3.4	0.0	10.9
Additions		25.8	11.5	43.1	25.6	106.0
Disposals		10.6	1.2	35.4	0.0	47.2
Transfers		5.1	1.1	1.2	-7.4	0.0
Reclassification pursuant IAS 40		-5.4	0.0	0.0	0.0	-5.4
Currency translation differences		0.0	0.0	0.1	0.0	0.0
<b>At December 31, 2008</b>		<b>852.0</b>	<b>194.5</b>	<b>288.5</b>	<b>24.6</b>	<b>1,359.6</b>
<b>Depreciation and impairment losses</b>						
<b>At January 1, 2008</b>		<b>341.3</b>	<b>100.5</b>	<b>136.8</b>	<b>0.0</b>	<b>578.6</b>
Additions	(10)	34.9	17.6	41.3	0.0	93.8
Disposals		3.0	0.7	32.4	0.0	36.2
Transfers		0.0	0.1	-0.1	0.0	0.0
Reclassification pursuant IAS 40		-2.6	0.0	0.0	0.0	-2.6
Currency translation differences		0.0	-0.1	0.2	0.0	0.1
<b>At December 31, 2008</b>		<b>370.5</b>	<b>117.4</b>	<b>145.7</b>	<b>0.0</b>	<b>633.7</b>
<b>Net carrying amount on January 1, 2008</b>		<b>488.5</b>	<b>82.4</b>	<b>139.5</b>	<b>6.4</b>	<b>716.7</b>
<b>Net carrying amount on December 31, 2008</b>		<b>481.4</b>	<b>77.1</b>	<b>142.8</b>	<b>24.6</b>	<b>725.9</b>
<b>2009 financial year</b>						
<b>Historical costs</b>						
<b>At January 1, 2009</b>		<b>852.0</b>	<b>194.5</b>	<b>288.5</b>	<b>24.6</b>	<b>1,359.6</b>
Additions arising from acquisitions		0.0	0.0	0.6	0.0	0.6
Additions		15.5	7.3	22.8	20.6	66.2
Disposals		19.4	9.3	26.7	0.8	56.3
Transfers		17.3	-1.1	3.7	-19.7	0.2
Reclassification pursuant IAS 40		-13.6	0.0	0.0	0.0	-13.6
Currency translation differences		0.2	0.1	-0.3	0.0	0.0
<b>At December 31, 2009</b>		<b>851.9</b>	<b>191.6</b>	<b>288.5</b>	<b>24.7</b>	<b>1,356.8</b>
<b>Depreciation and impairment losses</b>						
<b>At January 1, 2009</b>		<b>370.5</b>	<b>117.4</b>	<b>145.7</b>	<b>0.0</b>	<b>633.7</b>
Additions	(10)	26.8	16.4	38.7	0.0	81.8
Disposals		15.2	8.7	22.7	0.0	46.6
Transfers		0.0	-1.2	1.2	0.0	0.0
Reclassification pursuant IAS 40		-7.9	0.0	0.0	0.0	-7.9
Currency translation differences		0.0	0.0	-0.1	0.0	-0.1
<b>At December 31, 2009</b>		<b>374.2</b>	<b>123.9</b>	<b>162.9</b>	<b>0.0</b>	<b>661.0</b>
<b>Net carrying amount on January 1, 2009</b>		<b>481.4</b>	<b>77.1</b>	<b>142.8</b>	<b>24.6</b>	<b>725.9</b>
<b>Net carrying amount on December 31, 2009</b>		<b>477.7</b>	<b>67.6</b>	<b>125.6</b>	<b>24.7</b>	<b>695.7</b>

No external borrowing costs were capitalised in the 2009 financial year (2008: EUR 0.0m).

The net carrying amount of property, plant and equipment used as collateral was EUR 37.4m (2008: EUR 46.1m).



### Cross Border Lease

In the 2002 business year, Austrian Post completed a cross-border lease transaction with two U.S. trusts. The company granted these trusts a 99 year usufruct of the mail sorting facilities in Vienna, Graz, Salzburg and Innsbruck, in return for a grant payment of USD 117m. At the same time, a lease agreement was concluded, in which the facilities were leased back to the company for a period of 24 years. The net carrying amount of the property, plant and equipment used as collateral totalled EUR 20.8m (2008: EUR 26.1m). The cross-border lease agreement also accords Austrian Post the right to repurchase the usufruct of the sorting facilities, either at a fixed price (EBO payment amount) on January 1, 2022, or at the higher of the end-of-term purchase option price or the market value at the end of the term of the lease agreement.

Austrian Post has assigned its obligation to pay the lease instalments, including an EBO (expected benefit obligation) payment if made, to payment undertakers. For this purpose, Austrian Post has paid USD 108.3m and the corresponding liabilities to the payment undertakers, who, for their part, have undertaken to pay the requisite amounts at the agreed upon dates on behalf of Austrian Post. Austrian Post is faced with the residual risk of a claim in the event of the insolvency of the payment undertakers. Austrian Post provided additional collateral in the form of securities due to the lower credit rating assigned to the payment undertakers.

At the balance sheet date, the rating of the two payment undertakers was as follows:

	Dec. 31, 2008	Dec. 31, 2009
Standard & Poor's:	AA– (Stable) and AA– (Negative)	A+ (Stable) and AA– (Negative)
Moody's:	Aa2 and Aa1 (Negative)	A1 (Negative) and Aa3 (Stable)

At December 31, 2009, the outstanding amount to be paid by the payment undertakers totalled EUR 79.1m (December 31, 2008: EUR 82.3m).

The net present value benefit originally accruing to the company is carried under deferred income (December 31, 2009: EUR 5.8m; December 31, 2008: EUR 6.2m) and recognised in profit or loss over the term of the agreement.

## Finance leases

### Net carrying amount and useful lives of the leased assets

EUR m	Useful lives in years	Carrying amount	
		Dec. 31, 2008	Dec. 31, 2009
Property and buildings	31–43	23.1	22.6
Plant and machinery	5–10	4.5	3.5
Other equipment, furniture and fittings	2–20	21.4	8.4

The following table shows the sum total of future minimum lease payments at the balance sheet date and their present value:

EUR m	2008	2009
<b>Minimum lease payments</b>		
Not later than one year	15.1	8.1
Later than one year and not later than five years	22.5	15.4
Later than five years	4.3	3.0
	<b>42.0</b>	<b>26.5</b>
Less:		
<b>Future finance costs</b>	<b>-4.5</b>	<b>-3.4</b>
<b>Present value of the minimum lease payments</b>		
Not later than one year	13.4	7.0
Later than one year and not later than five years	20.3	13.3
Later than five years	4.1	2.9
	<b>37.8</b>	<b>23.2</b>

The criteria underlying the classification as finance leases were primarily the present value and the lease maturity test. Furthermore, there are bargain purchase options existing at the end of the lease period, as well as extension and price adjustment clauses.

For part of the lease contracts, payments are linked to a three month EURIBOR. There were no such payments in connection with lease contracts during the 2009 financial year (2008: EUR 1.7m).



## 17. Investment Property

EUR m	Note	2008	2009
<b>Historical cost</b>			
<b>At January 1</b>		<b>91.1</b>	<b>95.8</b>
Additions		0.7	0.5
Disposals		1.3	4.2
Transfers		5.4	13.6
<b>At December 31</b>		<b>95.8</b>	<b>105.7</b>
<b>Depreciation and impairment losses</b>			
<b>At January 1</b>		<b>54.4</b>	<b>59.3</b>
Additions	(10)	3.3	3.7
Disposals		1.1	2.3
Transfers		2.6	7.9
<b>At December 31</b>		<b>59.3</b>	<b>68.7</b>
<b>Net carrying amount on January 1</b>		<b>36.6</b>	<b>36.5</b>
<b>Net carrying amount on December 31</b>		<b>36.5</b>	<b>37.0</b>
<b>EUR m</b>			
		<b>Dec. 31, 2008</b>	<b>Dec. 31, 2009</b>
Fair value		116.5	117.2
Rental income		11.3	12.2
Expenses arising from property which generated rental income		3.2	3.5
Expenses arising from property which did not generate rental income		1.2	1.1

No external borrowing costs were capitalised in the 2009 financial year (2008: EUR 0.0m).

The income from rents and leases and operating expenses for leased properties only include income and expenses related to third parties. Intra-Group expenses and income are not included in the table above.

## 18. Investments in associates

EUR m	Interest in %	Dec. 31, 2008	Interest in %	Dec. 31, 2009
D2D – direct to document GmbH, Vienna	30.0	3.8	30.0	3.8
EBPP – Electronic Bill Presentment and Payment GmbH, Vienna	0.0	0.0	40.0	2.9
FEIPRO Vertriebs GesmbH, Gaweinstal	50.0	0.2	50.0	0.2
Mader Zeitschriftenverlagsgesellschaft m.b.H., Vienna	74.9	3.1	25.1	1.2
OmniMedia Werbegesellschaft m.b.H., Vienna	21.0	0.2	21.0	0.3
		<b>7.3</b>		<b>8.3</b>
<b>EUR m</b>				
		<b>2008</b>		<b>2009</b>
<b>Net carrying amount on January 1</b>		<b>3.5</b>		<b>7.3</b>
Additions arising from acquisitions		3.8		3.3
Disposals from the sale of investments in associates		0.0		-2.2
Profit for the period		1.2		0.6
Dividends		-1.1		-0.7
<b>Net carrying amount on December 31</b>		<b>7.3</b>		<b>8.3</b>

The proceeds from investments in associates amounting to EUR 5.1m include the sale of part of Austrian Post's stake in Mader Zeitschriftenverlagsgesellschaft m.b.H., amounting to EUR 4.5m, along with the annual results from investments in associates of EUR 0.6m.

The following table presents an aggregate report containing financial information about associated companies of Austrian Post:

EUR m	Dec. 31, 2008	Dec. 31, 2009
Assets	14.3	16.3
Liabilities	7.0	6.9
<b>EUR m</b>	<b>2008</b>	<b>2009</b>
Revenue	28.2	24.5
Profit for the period	1.2	0.5

## 19. Financial investments in securities

EUR m	Amortised cost	Unrealised gains/losses	Realised gains/losses	Fair value		Total
				Due within 1 year	Due in more than 1 year	
<b>At December 31, 2008</b>						
<b>Available for sale securities</b>						
Investment funds	0.3	0.0	0.0	0.2	0.1	0.2
Fixed interest securities	92.2	-5.3	-0.2	0.0	92.2	92.2
	<b>92.5</b>	<b>-5.4</b>	<b>-0.2</b>	<b>0.2</b>	<b>92.3</b>	<b>92.5</b>

EUR m	Amortised cost	Unrealised gains/losses	Realised gains/losses	Fair value		Total
				Due within 1 year	Due in more than 1 year	
<b>At December 31, 2009</b>						
<b>Available for sale securities</b>						
Investment funds	0.3	0.0	0.0	0.0	0.3	0.3
Fixed interest securities	56.4	-4.0	-0.1	0.0	56.4	56.4
	<b>56.7</b>	<b>-4.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>56.7</b>	<b>56.7</b>

The interest rates for the fixed interest securities were between 0.0% and 7.0% (2008: 0.0% and 6.0%).

A reversal of the write-downs for fixed interest securities amounting to EUR 1.0m was recognised in profit or loss during the year under review.

In the 2009 financial year, the loss on the disposal of available for sale securities amounted to minus EUR 0.1m (2008: EUR -0.2m).



## 20. Other financial assets

EUR m	Dec. 31, 2008			Dec. 31, 2009		
	Term to maturity within 1 year	Term to maturity more than 1 year	Total	Term to maturity within 1 year	Term to maturity more than 1 year	Total
<b>Available for sale financial instruments</b>						
Strategic stakes	0.0	39.1	39.1	0.0	40.6	40.6
<b>Financial instruments valued at the cost of acquisition</b>						
Other stakes	0.0	0.8	0.8	0.0	0.8	0.8
	<b>0.0</b>	<b>39.9</b>	<b>39.9</b>	<b>0.0</b>	<b>41.4</b>	<b>41.4</b>

BAWAG P.S.K. carried out a capital increase in 2009. Austrian Post received shares in the company. On balance, the carrying amount of the strategic stake in BAWAG P.S.K. recognised as other financial assets as at December 31, 2009 was EUR 36.4m.

## 21. Inventories

EUR m	Dec. 31, 2008	Dec. 31, 2009
Materials and consumables	13.5	12.3
Less write-downs	-4.3	-4.5
Unfinished goods	1.8	2.1
Retail products	18.7	14.9
Less write-downs	-3.5	-2.6
Services not yet invoiced	0.1	0.0
	<b>26.3</b>	<b>22.3</b>

The carrying amount of inventories recognised at net realisable value amounted to EUR 3.1m (2008: EUR 3.7m). Value adjustments were necessary, particularly due to their limited commercial utility or long periods of storage.

## 22. Receivables

The following table shows receivables after impairments:

EUR m	Dec. 31, 2008			Dec. 31, 2009		
	Term to maturity within 1 year	Term to maturity more than 1 year	Total	Term to maturity within 1 year	Term to maturity more than 1 year	Total
Trade receivables	284.3	0.0	284.3	261.7	0.0	261.7
Receivables from associates	2.1	1.1	3.2	2.6	0.0	2.6
Other receivables	61.4	13.8	75.1	53.4	10.5	63.9
	<b>347.8</b>	<b>14.9</b>	<b>362.7</b>	<b>317.7</b>	<b>10.5</b>	<b>328.3</b>

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

The following table shows the development of impairments for receivables applying to the 2008 and 2009 financial years:

EUR m	2008	2009
<b>At January 1</b>	<b>14.5</b>	<b>16.1</b>
Change	1.6	1.4
<b>At December 31</b>	<b>16.1</b>	<b>17.5</b>

### 23. Cash and cash equivalents

EUR m	Dec. 31, 2008	Dec. 31, 2009
Bank balances	113.8	33.9
Short-term deposits (demand deposits)	131.7	257.7
Cash on hand	2.7	2.2
	<b>248.1</b>	<b>293.8</b>

The average interest rate for demand deposits was 0.9% at December 31, 2009 (December 31, 2008: 4.2%). The fair values correspond to the carrying amounts.

### 24. Capital and reserves

**Capital and reserve items** The share capital of Austrian Post is EUR 337.8m, which is split into 67,552,638 no par value shares with voting rights and entitled to participate in profits.

The Annual General Meeting of Austrian Post held on April 22, 2008 authorised the Executive Board to repurchase treasury shares up to a maximum of 10% of the company's share capital in accordance with the stipulations contained in the Austrian Stock Corporation Act and the Austrian Stock Exchange Act, pursuant to § 65 Sect. 1 (8) Austrian Stock Corporation Act, and to withdraw the treasury shares pursuant to § 192 Austrian Stock Corporation Act for the purpose of reducing the total share capital of the company.

The share buy-back programme which commenced on August 19, 2008 was concluded on December 31, 2008. A total of 2,447,362 treasury shares were acquired at a nominal value of EUR 12.2m.

Treasury shares to the amount of 2,447,362 shares were completely withdrawn on April 24, 2009. As a result, the share capital was reduced by the nominal value of the treasury shares, EUR 12.2m, from EUR 350.0m to EUR 337.8m.

The number of shares outstanding which are entitled to dividends developed as follows during the year under review:

	Shares
At January 1, 2009	67,552,638
<b>At December 31, 2009</b>	<b>67,552,638</b>
<b>Weighted average of shares in the 2009 financial year</b>	<b>67,552,638</b>

The main shareholder of Austrian Post is Österreichische Industrieholding AG, Vienna, the privatisation and industrial holding company, with a 51% shareholding. Based on the number of outstanding shares, Österreichische Industrieholding AG owns a 52.8% stake in Austrian Post.



Austrian Post's capital reserves resulting from capital surplus and contributed capital by shareholders as reported in the consolidated statement of changes in equity correspond to those reported in the company statements of the parent company.

The revenue reserves of Austrian Post comprise the statutory reserve as well as profits accumulated in previous years less dividend payments.

The item revaluation of financial instruments encompasses the revaluation of available for sale securities as well as the market value of hedging instruments for assets and liabilities which are not recognised on the balance sheet. The item revaluation of available for sale securities encompasses gains and losses on changes in the market value measurements of available for sale securities which are directly recognised in equity without recognition to profit or loss. The amounts are shown after tax. The item revaluation of revaluation of hedging transactions recognises the effective portion of the gains or losses derived from hedging transactions for assets and liabilities not recognised on the balance sheet.

The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries in foreign currencies.

The profit for the period in the 2009 financial year amounted to EUR 79.7m (2008: EUR 118.9m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of dividends is the annual financial statements of Austrian Post at the balance sheet date on December 31, 2009. The profit shown in the balance totalled EUR 119.7m (2008: EUR 170.2m).

The Management Board will propose a dividend for the 2009 financial year totalling EUR 101.3m (2008: EUR 168.9m) comprised of a dividend of EUR 1.50.

### Capital management

The capital management of Austrian Post aims at ensuring a suitable capital structure to serve as the basis for achieving growth and acquisition targets, as well as a sustainable increase in shareholder value.

Austrian Post's dividend policy for the upcoming years is based on achieving a dividend payout ratio of at least 75% of the profit for the period assigned to Austrian Post shareholders, assuming a continuation of the company's successful business development and assuming that no unusual circumstance arise. Austrian Post also aims to distribute a dividend of at least EUR 1.50 per share. If maintaining a suitable capital structure is considered to be purposeful, a dividend payout ratio above and beyond the 75% level will be taken in to consideration. Austrian Post also reserves the right to take additional measures in order to improve its capital structure.

The economic capital corresponds to the capital and reserves which are reported in the consolidated balance sheet. Taking the balance sheet total of EUR 1,775.3m as at December 31, 2009 as a basis (December 31, 2008: EUR 1,874.6m), the equity ratio as at December 31, 2009 amounts to 38.0% (December 31, 2008: 39.6%).

## 25. Provisions

EUR m	Dec. 31, 2008			Dec. 31, 2009		
	Term to maturity within 1 year	Term to maturity more than 1 year	Total	Term to maturity within 1 year	Term to maturity more than 1 year	Total
Provisions for termination benefits	0.0	69.0	69.0	0.0	72.9	72.9
Provisions for pensions	0.0	5.3	5.3	0.0	5.4	5.4
Provisions for jubilee benefits	0.0	91.4	91.4	0.0	93.7	93.7
Other employee provisions	68.4	279.1	347.5	83.9	276.3	360.2
Other provisions	37.6	21.4	59.0	33.2	5.2	38.4
	<b>106.1</b>	<b>466.2</b>	<b>572.3</b>	<b>117.0</b>	<b>453.4</b>	<b>570.5</b>

### Provisions for termination benefits, pensions and jubilee benefits

EUR m	Termination benefits	Pensions	Jubilee benefits	Total
<b>2008 financial year</b>				
<b>Present value of the obligation at January 1, 2008</b>	<b>68.6</b>	<b>5.4</b>	<b>92.5</b>	<b>166.5</b>
Additions arising from acquisitions	0.0	0.0	0.1	0.2
Current service cost	5.7	0.2	4.5	10.4
Interest expense	3.2	0.1	4.3	7.6
Actuarial gains/losses	-2.1	-0.1	-5.2	-7.4
Actual payments	-6.5	-0.3	-4.7	-11.5
<b>Present value of the obligation at December 31, 2008</b>	<b>69.0</b>	<b>5.3</b>	<b>91.4</b>	<b>165.8</b>

EUR m	Termination benefits	Pensions	Jubilee benefits	Total
<b>2009 financial year</b>				
<b>Present value of the obligation at January 1, 2009</b>	<b>69.0</b>	<b>5.3</b>	<b>91.4</b>	<b>165.8</b>
Additions arising from acquisitions	0.0	0.0	0.0	0.0
Current service cost	5.2	0.1	5.1	10.4
Interest expense	3.4	0.2	4.4	8.0
Actuarial gains/losses	1.5	0.0	-1.4	0.1
Actual payments	-6.2	-0.3	-5.9	-12.4
<b>Present value of the obligation at December 31, 2009</b>	<b>72.9</b>	<b>5.4</b>	<b>93.7</b>	<b>171.9</b>

Expenses for termination benefits, pensions and jubilee benefits are included in staff costs, with the exception of the interest expense, which is included in the financial result.

The following table shows the current value of provisions for termination benefits, pensions and jubilee benefits over the last five years:

EUR m	Termination benefits	Pensions	Jubilee benefits	Total
December 31, 2005	60.7	0.0	88.8	149.5
December 31, 2006	66.8	2.3	92.4	161.5
December 31, 2007	68.6	5.4	92.5	166.5
December 31, 2008	69.0	5.3	91.4	165.8
December 31, 2009	72.9	5.4	93.7	171.9

The following table shows the adjustments in percentage points of the present value of the obligation for termination benefits, pensions and jubilee benefits for the 2006–2009 financial years as at December 31, 2009:

EUR m	2006	2007	2008	2009
Termination benefits	2.0%	-0.1%	1.6%	2.1%
Pensions	-	-2.8%	1.5%	0.0%
Jubilee benefits	-1.4%	-1.3%	-3.3%	-1.5%



## Other provisions for employees

EUR m	Employee under-utilisation	Sundry provisions for employees	Total
<b>2008 financial year</b>			
<b>At January 1, 2008</b>	<b>331,0</b>	<b>33,0</b>	<b>364,0</b>
Allocation	132,1	39,6	171,7
Use	-27,3	-30,5	-57,8
Reversals	-142,0	-2,5	-144,5
Accrued interest	14,1	0,0	14,1
<b>At December 31, 2008</b>	<b>307,8</b>	<b>39,7</b>	<b>347,5</b>

EUR m	Employee under-utilisation	Sundry provisions for employees	Total
<b>2009 financial year</b>			
<b>At January 1, 2009</b>	<b>307,8</b>	<b>39,7</b>	<b>347,5</b>
Additions arising from acquisitions	0,0	1,1	1,1
Reclassification	15,9	1,6	17,5
Allocation	67,1	71,4	138,5
Use	-25,7	-35,9	-61,6
Reversals	-94,2	-3,3	-97,5
Accrued interest	14,7	0,0	14,7
<b>At December 31, 2009</b>	<b>285,6</b>	<b>74,5</b>	<b>360,2</b>

Other provisions for employees encompass provisions for under-utilisation and sundry provisions for employees. The reclassification of EUR 15.9m in the 2009 financial year from other provisions to the provisions for under-utilisation related to provisions for onerous contracts in connection with tenured employees leased to a logistics company (see Point 3 (o)).

Provisions of EUR 67.1m were allocated for employee under-utilisation on the basis of ongoing internal organisational processes designed to adjust capacities to changing market conditions. In particular, provisions amounting to EUR 41.5m were allocated for Austrian Post employees who transfer to the Austrian Ministry of Internal Affairs. The staff costs of these employees will be refunded by Austrian Post for a specified period of time.

Some employees who were no longer involved in the working process took advantage of opportunities offered by Austrian Post (voluntary termination benefits, stop-gap measures in line with the social plan, retirement pursuant to §14 Public Sector Employment Law) to leave the company, and a number of employees were reintegrated into the working process. As a result, a total of EUR 94.2m in provisions for employee under-utilisation were reversed. The sundry provisions for employees largely relate to provisions for employee profit sharing schemes, other performance related bonuses and other outstanding employee entitlements.

The allocations to sundry provisions for employees include provisions totalling EUR 34.1m for the stop-gap measures in line with the social plan.

Sundry provisions for employees also include provisions of EUR 3.8m for restructuring for meiller direct GmbH, Schwandorf, Germany. In April 2009, Meiller direct GmbH presented a detailed concept to restructure the Schwandorf facility, determining and announcing the planned reduction in the workforce. The planned measures were implemented starting in the 2009 financial year, and are expected to be completed in 2010.

## Other provisions

EUR m	Services not yet rendered	Post employment benefits	Other	Total
<b>2008 financial year</b>				
<b>At January 1, 2008</b>	<b>25.4</b>	<b>2.9</b>	<b>31.1</b>	<b>59.5</b>
Reclassification	0.0	0.0	0.4	0.4
Allocation	23.5	0.2	9.3	33.0
Use	-25.4	-0.3	-5.8	-31.6
Reversals	0.0	0.0	-3.2	-3.2
Accrued interest	0.0	0.1	0.8	0.9
<b>At December 31, 2008</b>	<b>23.5</b>	<b>3.0</b>	<b>32.5</b>	<b>59.0</b>

EUR m	Services not yet rendered	Post employment benefits	Other	Total
<b>2009 financial year</b>				
<b>At January 1, 2009</b>	<b>23.5</b>	<b>3.0</b>	<b>32.5</b>	<b>59.0</b>
Reclassification	0.0	0.0	-16.1	-16.1
Allocation	21.2	0.1	6.9	28.2
Use	-23.5	-0.3	-6.4	-30.2
Reversals	0.0	0.0	-2.7	-2.7
Accrued interest	0.0	0.1	0.0	0.1
<b>At December 31, 2009</b>	<b>21.2</b>	<b>3.0</b>	<b>14.2</b>	<b>38.4</b>

The provisions for services not yet rendered relate to the elimination of orders for services not yet rendered as at December 31, 2009, as well as outstanding customer prepayments for stamps and frankings as at December 31, 2009, for which Austrian Post had not yet rendered corresponding services as at the balance sheet date.

The reclassification applying to the item other provisions in the 2009 financial year primarily related to provisions for onerous contracts in connection with tenured employees leased to a logistics company (see Point 3 (o)). The provisions were reclassified as provisions for under-utilisation.

The item other provisions mainly relates to provisions for legal expenses, legal, auditing and consulting fees as well as provisions for damages.

## 26. Tax provisions

EUR m	2008	2009
<b>At January 1</b>	<b>14.4</b>	<b>13.1</b>
Allocation	11.9	22.9
Use	-12.8	-1.9
Reversals	-0.4	-0.1
<b>At December 31</b>	<b>13.1</b>	<b>33.9</b>



## 27. Financial liabilities

EUR m	Dec. 31, 2008			Dec. 31, 2009		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Borrowings from banks	34.5	15.3	49.8	46.9	11.8	58.7
ABCP programme liabilities	49.5	0.0	49.5	41.3	0.0	41.3
Finance lease liabilities	13.4	24.4	37.8	6.2	16.9	23.2
Derivative financial instruments	5.7	1.2	6.8	0.0	0.0	0.0
Other financial liabilities	0.0	4.7	4.7	0.2	3.5	3.6
	<b>103.1</b>	<b>45.5</b>	<b>148.6</b>	<b>94.5</b>	<b>32.3</b>	<b>126.8</b>

The fair values and principal terms and conditions of the financial liabilities to banks are as follows:

EUR m	Fair value Dec. 31, 2008	Effective interest rate 2008	Fair value Dec. 31, 2009	Effective interest rate 2009
Borrowings from banks				
Fixed interest rate borrowings	16.1	3.4–4.6%	13.7	3.7–4.5%
Variable interest rate borrowings	33.8	3.2–5.1%	46.5	1.7–3.4%
	<b>49.9</b>		<b>60.2</b>	
ABCP programme liabilities	49.5	4.3–6.0%	41.3	2.1–2.2%
Finance lease liabilities	34.0	4.5–9.5%	23.8	4.7–7.4%
Derivative financial instruments	6.8	5.0–5.4%	0.0	n.a.
Other financial liabilities	4.7	5.4%	3.2	2.4–3.5%
	<b>144.9</b>		<b>128.5</b>	

The fair values were determined by the respective banks, by discounting the future payments and applying the current market interest rate. In the case of variable rate items (money and capital market floaters), fair value was equated to the nominal value.

Of reported borrowings from banks, EUR 5.8m are guaranteed by the federal government under § 20 (1) Postal Service Structure Act.

In 2006, Austrian Post assumed an Asset Backed Commercial Paper (ABCP) programme in the course of an acquisition of a company. As part of this programme with a maturity of five years and a maximum limit of EUR 51.6m, existing and future trade payables amounting to EUR 41.8m will be sold to a special purpose entity not affiliated with Austrian Post. In the consolidated financial statements, the sold and assigned trade receivables will continue to be reported as trade receivables due to the remaining economic risk. The amounts stipulated in the ABCP programme totalling EUR 41.3m are reported as current liabilities.

## 28. Payables

EUR m	Dec. 31, 2008			Dec. 31, 2009		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade payables	215.9	0.1	216.0	212.7	0.0	212.8
Payables to associates	0.8	0.0	0.8	1.3	0.0	1.3
Payables on unused holidays	50.8	0.0	50.8	48.6	0.0	48.6
Other payables	91.7	15.6	107.3	79.6	12.8	92.4
	<b>359.0</b>	<b>15.7</b>	<b>374.8</b>	<b>342.1</b>	<b>12.8</b>	<b>355.0</b>

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

## 29. Income tax

EUR m	2008	2009
Income tax expense for the financial year	46.4	45.1
Tax credits or tax arrears from prior tax years	-0.3	0.3
Changes in deferred tax	-6.8	-0.2
	<b>39.3</b>	<b>45.1</b>

The effects on the deferred tax reported in the balance sheet of the temporary differences between the amounts shown in the IFRS consolidated statements and those recognised for tax purposes were as follows:

EUR m	Dec. 31, 2008	Dec. 31, 2009
<b>Deferred tax assets arising from temporary differences</b>		
Intangible assets	0.2	0.0
Goodwill	1.5	0.5
Financial assets	24.9	14.3
Provisions	23.8	22.1
Financial liabilities	10.1	5.8
Payables	0.1	0.3
	<b>60.7</b>	<b>42.9</b>
<b>Deferred tax liabilities arising from temporary differences</b>		
Customer relationships	-10.7	-7.9
Trademarks	-7.6	-7.6
Other intangible assets	-0.1	-0.2
Property, plant and equipment	-15.0	-12.8
Inventories	-0.1	-0.1
Receivables	-4.3	-1.0
	<b>-37.9</b>	<b>-29.6</b>
<b>Deferred tax arising from tax loss carry-forwards</b>	<b>12.1</b>	<b>14.5</b>
<b>Total net deferred tax</b>	<b>34.9</b>	<b>27.8</b>
Deferred tax assets	59.2	43.2
Deferred tax liabilities	-24.3	-15.4
<b>Total net deferred tax</b>	<b>34.9</b>	<b>27.8</b>



The following deferred tax assets were not recognised:

EUR m	Dec. 31, 2008	Dec. 31, 2009
<b>Deferred tax assets on:</b>		
Unused tax loss carry-forwards	15.4	15.2
Unused income tax credits	0.6	0.0
Unrecognised shares in subsidiaries	1.3	1.1

The development and the breakdown of the entire changes in deferred taxes affecting income or directly recognised in equity are presented in the following table:

EUR m	Deferred tax assets	Deferred tax liabilities
<b>At January 1, 2008</b>	<b>55.5</b>	<b>33.2</b>
<b>Changes affecting net income</b>	<b>-4.4</b>	<b>-11.2</b>
<b>Changes recognised directly in equity</b>		
Available for sale securities	6.6	0.0
Hedging	1.4	0.0
Additions arising from acquisitions	0.0	2.3
	<b>8.0</b>	<b>2.3</b>
<b>At December 31, 2008</b>	<b>59.2</b>	<b>24.3</b>

EUR m	Deferred tax assets	Deferred tax liabilities
<b>At January 1, 2009</b>	<b>59.2</b>	<b>24.3</b>
<b>Changes affecting net income</b>	<b>-8.6</b>	<b>-8.9</b>
<b>Changes recognised directly in equity</b>		
Available for sale securities	-5.8	0.0
Hedging	-1.5	0.0
	<b>-7.3</b>	<b>0.0</b>
<b>At December 31, 2009</b>	<b>43.2</b>	<b>15.4</b>

### Reconciliation of deferred tax expense

EUR m	2008	2009
<b>Profit before tax</b>	<b>158.2</b>	<b>124.8</b>
<b>Expected taxes on income</b>	<b>39.5</b>	<b>31.2</b>
<b>Tax deductions due to</b>		
Tax-free dividends and investment income	-0.4	-1.3
Impairment losses (subsidiaries)	-9.7	0.0
Adjustments for foreign tax rates	-1.0	-0.3
Other tax reducing items	-4.0	-2.6
	<b>-15.0</b>	<b>-4.1</b>
<b>Tax increase due to</b>		
Impairment losses (goodwill)	6.2	4.3
Impairment losses / future reversals	0.0	3.6
Other tax increasing items	4.4	9.8
	<b>10.6</b>	<b>17.6</b>
<b>Income tax expense for the period</b>	<b>35.1</b>	<b>44.7</b>
Income tax expense/income for prior years	-0.3	0.3
Change in unrecognised deferred tax assets arising from carry forwards	4.5	0.1
<b>Current tax expense</b>	<b>39.3</b>	<b>45.1</b>

## Other disclosures

### 30. Cash flow disclosures

Cash and cash equivalents encompass cash on hand and demand deposits. Cash equivalents correspond to current, extremely liquid financial investments, which can be converted into specified cash amounts at any time and are only subject to immaterial fluctuations in value.

The following additional disclosures to the consolidated cash flow statement are provided:

#### Cash flow from the acquisition of subsidiaries

The cash flow arising from the acquisition of subsidiaries is comprised of the following:



EUR m	2008	2009
<b>Acquisitions of subsidiaries</b>		
Purchase prices		
Acquisition date in the current financial year	-6.8	-1.3
Outstanding purchase price liabilities	2.5	0.0
Acquisition date in previous years	-20.8	-3.2
	<b>-25.1</b>	<b>-4.5</b>
Cash and cash equivalents acquired	0.9	0.1
	<b>-24.2</b>	<b>-4.4</b>

#### Non-cash transactions

The assets and financial liabilities resulting from finance lease contracts first concluded in the 2009 financial year amounting to EUR 1.4m (2008: EUR 3.8m) did not lead to any change in the cash flow from investing activities or the cash flow from financing activities, due to the fact that these represent non-cash transactions. Subsequent leasing payments will be reported in the cash flow from financing activities.

### 31. Financial instruments

The financial instruments include financial assets and liabilities as well as derivative financial instruments.

The following table shows a comparison of the carrying amounts and fair values of the financial assets in the 2008 and 2009 financial years:

#### Financial assets

EUR m	Available for sale (fair value)	Available for sale (at cost)	Loans and receivables	Hedging	Cash and cash equivalents	Carrying amount
<b>Financial assets</b>						
<b>At December 31, 2008</b>						
Securities	92.5	0.0	0.0	0.0	0.0	92.5
Trade receivables	0.0	0.0	284.3	0.0	0.0	284.3
Receivables from associates	0.0	0.0	3.2	0.0	0.0	3.2
Other receivables	0.0	0.0	30.1	0.0	0.0	30.1
Strategic stakes and other investments	39.1	0.8	0.0	0.0	0.0	39.9
Cash and cash equivalents	0.0	0.0	0.0	0.0	248.1	248.1
	<b>131.6</b>	<b>0.8</b>	<b>317.7</b>	<b>0.0</b>	<b>248.1</b>	<b>698.2</b>
Other sundry assets						45.0
	<b>131.6</b>	<b>0.8</b>	<b>317.7</b>	<b>0.0</b>	<b>248.1</b>	<b>743.2</b>
<b>At December 31, 2009</b>						
Securities	56.7	0.0	0.0	0.0	0.0	56.7
Trade receivables	0.0	0.0	261.7	0.0	0.0	261.7
Receivables from associates	0.0	0.0	2.6	0.0	0.0	2.6
Derivative financial assets	0.0	0.0	0.0	0.5	0.0	0.5
Other receivables	0.0	0.0	23.7	0.0	0.0	23.7
Strategic stakes and other investments	40.6	0.8	0.0	0.0	0.0	41.4
Cash and cash equivalents	0.0	0.0	0.0	0.0	293.8	293.8
	<b>97.3</b>	<b>0.8</b>	<b>288.0</b>	<b>0.5</b>	<b>293.8</b>	<b>680.4</b>
Other sundry assets						39.8
	<b>97.3</b>	<b>0.8</b>	<b>288.0</b>	<b>0.5</b>	<b>293.8</b>	<b>720.2</b>

The following table shows the carrying amounts of financial liabilities for the 2008 and 2009 financial year:

EUR m Financial liabilities	Loans and payables	Residual carrying amount	Finance leases	Hedging	Other derivative financial instruments	Carrying amount
<b>At December 31, 2008</b>						
Financial liabilities	49.8	49.5	37.8	0.0	0.0	137.0
Other non-current financial liabilities	0.0	4.7	0.0	0.0	0.0	4.7
Trade payables	0.0	216.0	0.0	0.0	0.0	216.0
Liabilities to associates	0.0	0.8	0.0	0.0	0.0	0.8
Derivative financial liabilities	0.0	0.0	0.0	5.7	1.2	6.8
Other liabilities	0.0	28.6	0.0	0.0	0.0	28.6
	<b>49.8</b>	<b>299.6</b>	<b>37.8</b>	<b>5.7</b>	<b>1.2</b>	<b>394.0</b>
Other sundry liabilities						129.4
	<b>49.8</b>	<b>299.6</b>	<b>37.8</b>	<b>5.7</b>	<b>1.2</b>	<b>523.4</b>
<b>At December 31, 2009</b>						
Financial liabilities	58.7	41.5	23.2	0.0	0.0	123.3
Other non-current financial liabilities	0.0	3.5	0.0	0.0	0.0	3.5
Trade payables	0.0	212.8	0.0	0.0	0.0	212.8
Liabilities to associates	0.0	1.3	0.0	0.0	0.0	1.3
Derivative financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	18.8	0.0	0.0	0.0	18.8
	<b>58.7</b>	<b>277.7</b>	<b>23.2</b>	<b>0.0</b>	<b>0.0</b>	<b>359.6</b>
Other sundry liabilities						122.2
	<b>58.7</b>	<b>277.7</b>	<b>23.2</b>	<b>0.0</b>	<b>0.0</b>	<b>481.8</b>

#### (a) Derivative financial instruments

The following table shows the base value and the fair value of the different derivative financial instruments:

EUR m	Dec. 31, 2008		Dec. 31, 2009	
	Nominal value (basis value)	Fair value	Nominal value (basis value)	Fair value
<b>Hedging transactions</b>				
Raw material hedges	17.8	-5.6	5.0	0.3
<b>Other derivative financial instruments</b>				
Structured interest rate swaps	5.0	-0.1	7.4	0.5
Embedded derivatives	0.0	-1.2	0.0	0.0
		<b>-1.3</b>		<b>0.5</b>
		<b>-6.8</b>		<b>0.8</b>

Austrian Post has concluded interest rate swaps with an average term to maturity of 9.8 years as a means of reducing the interest rate risk of fixed interest securities and financial liabilities.



The fixed interest rates ranged between 3.0% and 4.7% as at December 31, 2009 (December 31, 2008: 5.0% and 5.4%). The variable interest rates are linked to interbank interest rates. The average variable interest rates which may be subject to significant changes during the terms of the swap contracts are reported at the rates prevailing at the balance sheet date.

The market values of the interest rate swaps and embedded derivatives correspond to the amount that Austrian Post would receive or be obliged to pay if the transactions were settled at the balance sheet date. Account has been taken of current market conditions such as current interest rate levels, as well as the creditworthiness of the swap counterparties.

In the 2009 financial year, Austrian Post concluded a hedging transaction with a bank, as it did in 2008, to safeguard against fuel price fluctuations, amounting to 16,500 metric tons (equal to 8m litres), which will be invoiced monthly as of January 2010 on the basis of the specified fuel quantities and the average monthly price on the spot market between the bank and Austrian Post.

The ineffective part of the hedging transaction for fuel amounting to EUR 0.4m was recognised in the 2009 financial year in profit or loss and reported in the financial result.

#### (b) Net gains and losses

The total interest income and interest expense for financial assets and liabilities, with the exception of those recognised at their fair value as a profit or loss, are presented in the following table:

EUR m	2008	2009
<b>Available for sale financial assets</b>		
Income from dividends and securities	10.6	2.1
Proceeds from the disposal of securities	-0.2	-0.1
Reversals of impairment losses	0.0	1.0
Impairment losses	-20.0	-20.0
	<b>-9.6</b>	<b>-17.0</b>
Financial assets and liabilities recognised at fair value through profit or loss	1.7	0.1
	<b>-7.9</b>	<b>-17.0</b>

The net losses resulting from the disposal of financial assets available for sale totalling EUR 17.0m (2008: net gains of EUR 9.6m) were taken from the provisions for the revaluation of available for sale financial instruments and recognised in profit or loss to the amount of EUR 20.0m (2008: EUR 0.2m). The net gains of EUR 3.0m (2008: net losses of EUR 9.8m) were reported directly in the income statement.

The fair value of financial assets and liabilities recognised as a profit or loss corresponds to the gains/losses from the disposal of derivative financial instruments.

### (c) Total interest income and expense

The total interest income and interest expense for financial assets and liabilities, with the exception of those recognised at their fair value as a profit or loss, are presented in the following table:

EUR m	2008	2009
Interest income from cash and cash equivalents	11.6	3.5
Other interest income	0.5	0.0
	<b>12.1</b>	<b>3.5</b>
Interest expense for loan and borrowings	5.4	1.9
Other interest expense	3.3	2.2
	<b>8.7</b>	<b>4.1</b>

## 32. Risks and risk management

### (a) Types of risk

#### Liquidity risk

The purpose of Austrian Post's liquidity risk management procedures is to maintain the solvency of the Group at all times. The liquidity management system is based on a liquidity plan which is regularly subjected to target/performance comparisons and adjusted as necessary. Net interest income is maximised by actively managing payment systems.

The following table shows the maturity dates of the gross payment obligations on the part of Austrian Post as at December 31, 2008 and December 31, 2009:

EUR m	Carrying amount	Gross cash flow	Term to maturity		
			within 1 year	1–5 years	more than 5 years
<b>At December 31, 2008</b>					
<b>Financial liabilities</b>					
Borrowings from banks (fixed interest)	16.0	17.8	6.3	4.2	7.3
Borrowings from banks (variable interest)	33.8	34.2	28.0	6.2	0.0
ABCP programme liabilities	49.5	49.5	49.5	0.0	0.0
Finance lease liabilities	37.8	39.0	14.1	20.8	4.1
Other financial liabilities (excl. derivatives)	4.7	4.7	0.6	3.6	0.5
	<b>141.8</b>	<b>145.1</b>	<b>98.5</b>	<b>34.7</b>	<b>11.9</b>
<b>Liabilities – financial instruments</b>					
Trade payables	216.0	216.0	215.9	0.1	0.0
Liabilities to associates	0.8	0.8	0.8	0.0	0.0
Other liabilities – financial instruments	28.6	28.6	25.8	0.0	2.9
	<b>245.4</b>	<b>245.4</b>	<b>242.4</b>	<b>0.1</b>	<b>2.9</b>
Derivative financial liabilities	6.8	6.8	5.7	0.0	1.2
<b>Total financial liabilities</b>	<b>394.0</b>	<b>397.4</b>	<b>346.5</b>	<b>34.9</b>	<b>15.9</b>
Other liabilities (excl. financial instruments)	129.4	65.3	51.2	10.7	3.4
<b>Total liabilities</b>	<b>523.4</b>	<b>462.7</b>	<b>397.8</b>	<b>45.6</b>	<b>19.3</b>



EUR m	Carrying amount	Gross cash flow	Term to maturity		
			within 1 year	1–5 years	more than 5 years
<b>At December 31, 2009</b>					
<b>Financial liabilities</b>					
Borrowings from banks (fixed interest)	13.4	13.9	11.7	2.2	0.0
Borrowings from banks (variable interest)	45.3	46.5	35.6	3.8	7.1
ABCP programme liabilities	41.3	41.3	41.3	0.0	0.0
Finance lease liabilities	23.2	26.1	7.1	18.9	0.2
Other financial liabilities (excl. derivatives)	3.6	3.6	2.1	1.5	0.0
	<b>126.8</b>	<b>131.4</b>	<b>97.8</b>	<b>26.4</b>	<b>7.2</b>
<b>Liabilities – financial instruments</b>					
Trade payables	212.8	212.8	212.7	0.0	0.0
Liabilities to associates	1.3	1.3	1.3	0.0	0.0
Other liabilities – financial instruments	18.8	18.8	17.3	0.0	1.5
	<b>232.8</b>	<b>232.8</b>	<b>231.3</b>	<b>0.0</b>	<b>1.5</b>
Derivative financial liabilities	0.0	0.0	0.0	0.0	0.0
<b>Total financial liabilities</b>	<b>359.6</b>	<b>364.2</b>	<b>329.1</b>	<b>26.4</b>	<b>8.7</b>
Other liabilities (excl. financial instruments)	122.2	65.3	54.0	11.4	0.0
<b>Total liabilities</b>	<b>481.8</b>	<b>429.6</b>	<b>383.1</b>	<b>37.8</b>	<b>8.7</b>

### Credit/counterparty/product/payment undertaker risk

The amounts reported on the asset side of the balance sheet represent the maximum creditworthiness and default risk, as there are no general netting agreements. The overall risk attached to the receivables is low, as most of the customers pay cash or have agreed to direct debit arrangements. Moreover, most of the outstanding amounts are owed by foreign postal operators, which have excellent credit ratings.

Where there are recognisable default risks in respect to the financial assets, specific provisions are made to account for them. In order to avoid credit risks, financial contracts are only made with contracting parties of the highest creditworthiness. The general credit risk associated with the financial instruments used is therefore regarded as low.

Money market transactions are subject to fixed trading limits. In order to limit the default risk associated with bonds and structured loans, Austrian Post's portfolio is restricted to papers from issuers with at least a single A rating (Moody's or S&P equivalent), or comparable creditworthiness. Likewise, as regards OTC transactions or instruments embedded in structured transactions, consideration is only given to contracting parties with first-class credit ratings. Austrian Post only invests in funds managed by internationally reputable investment companies. In the selection of the financial products held, particularly close attention is paid to liquidity and low exposure to settlement

Within the framework of a cross-border lease transaction, a one-time grant payment was made enabling Austrian Post to assign its obligation to pay the lease instalments, including an EBO payment, to payment undertakers. The selected payment undertakers were financial institutions with top credit ratings. In the case of the equity payment undertaker, minimum ratings were stipulated. If the ratings fall below these defined levels, the payment undertaker has to contribute securities as additional collateral. In the event that the ratings drop below a certain level, Austrian Post is obliged to change the existing equity payment counterparty. In order to be able to react in a timely manner to the situation of the payment undertaker, a quarterly evaluation of the ratings of the payment undertaker is made, as well as the ratings of comparable financial institutions. In addition, at every balance sheet date, the payment undertaker is required to confirm that the transaction has been carried out, and to disclose the remaining payment instalments.

The delinquency structure for receivables in the 2008 and 2009 financial years is as follows:

EUR m	Note	Not overdue	Overdue within 1 year	Overdue in more than 1 year	Total
<b>At December 31, 2008</b>					
<b>Carrying amount before impairment (Financial instruments)</b>		<b>282.3</b>	<b>39.9</b>	<b>11.6</b>	<b>333.8</b>
less: individual valuation allowances		1.7	2.1	11.2	15.1
less: collective valuation allowances		0.9	0.1	0.0	1.0
<b>Carrying amount after impairment (financial instruments)</b>		<b>279.6</b>	<b>37.7</b>	<b>0.4</b>	<b>317.7</b>
<b>Carrying amount of other receivables (excl. financial instruments)</b>					<b>45.0</b>
	(22)				<b>362.7</b>
<b>At December 31, 2009</b>					
<b>Carrying amount before impairment (Financial instruments)</b>		<b>253.0</b>	<b>37.3</b>	<b>15.4</b>	<b>305.8</b>
less: individual valuation allowances		2.8	2.7	10.9	16.4
less: collective valuation allowances		0.9	0.1	0.0	1.0
<b>Carrying amount after impairment (financial instruments)</b>		<b>249.4</b>	<b>34.6</b>	<b>4.5</b>	<b>288.5</b>
<b>Carrying amount of other receivables (excl. financial instruments)</b>					<b>39.8</b>
	(22)				<b>328.3</b>

A hedging transaction was concluded with a bank in 2009, as in the previous year, to hedge against fuel price fluctuations. The consequence of a change in the market price of +/- 10 percentage points is shown in the following table:

EUR m	Market price	
	+10% points	-10% points
<b>2008</b>		
Revaluation of hedging instruments (capital and reserves)	1.1	-1.1
<b>2009</b>		
Revaluation of hedging instruments (capital and reserves)	0.8	-0.8

Any changes in the cash flow resulting from hedging transactions are compensated by payments from the stipulated fuel quantities.

#### Interest rate risk

Interest rate risk is the risk of changes in the value of financial instruments, other balance sheet items or interest payment streams as a result of movements in market interest rates. Interest rate risk includes the risk of changes in the present value of fixed interest balance sheet items and the cash flow risk associated with variable risk items.

Exposure to interest rate risk mainly relates to receivables and payables with maturities of more than one year. Such long maturities are not of material importance in the operational area, but do affect financial investments in securities, other financial assets and financial liabilities.



Management of interest rate risk related to Austrian Post's financial assets is based on the portfolio approach.

Normally, it is not individual positions but the entire portfolio that is managed, taking account of the underlying transactions. For this purpose, selective use is made of derivative instruments such as interest rate swaps. The financial portfolio is compared with the benchmark on a daily basis.

A detailed presentation of Austrian Post's financial investments in securities and other financial assets is found in Note 19 and Note 20. Detailed information on financial liabilities is presented in Note 27.

If all other parameters remained constant, a change in the actual market interest rate of +/- 1 percentage point would have the following effects on the items listed in the table below:

EUR m	Market interest rate	
	+1% point	-1% point
<b>2008</b>		
Other financial result	2.0	-1.9
Revaluation of securities available for sale (capital and reserves)	0.0	0.0
<b>2009</b>		
Other financial result	2.7	-2.6
Revaluation of securities available for sale (capital and reserves)	0.0	0.0

### Foreign exchange risk

Foreign exchange risk refers to potential losses arising from the remarket changes in connection with fluctuations in exchange rates.

There are no foreign exchange risks on the assets side of the balance sheet, as deliveries are almost entirely conducted on a euro basis. The same is normally true of the other underlying financial instruments.

### (b) Risk management

The risk management policies of Austrian Post are aimed at hedging profits against financial risks of all kinds. In managing its financial positions, the Group takes a strategic approach to portfolio assessment and follows conservative policies.

A standardised reporting system is used to track the current financial situation. In addition, Austrian Post has clearly-defined, written strategies and operational guidelines for the management of all financial risks.

Risk management is subject to a body of rules developed by the Management Board, which define the relevant objectives, principles, functions and responsibilities. In addition, these rules lay down standardised processes, so as to provide an assurance of reliable internal auditing.

Furthermore, the organisational risks relating to treasury operations are kept to a minimum by structuring the processes involved in an appropriate manner (e.g. keeping the trading, accounting and electronic data storage functions separate).

### 33. Other commitments

Other financial commitments chiefly arise from operating lease agreements in respect to buildings used in the production or supply of goods or services. There are also operating lease agreements for plant and equipment, furniture and fixtures.

The future minimum leasing payments in the 2008 and 2009 financial years arising from operating lease and rental agreements which are interminable before end of the respective maturity period comprise the following:

EUR m	2008	2009
Not later than one year	44.9	48.6
Later than one year and not later than five years	133.8	138.5
Later than five years	193.5	179.1
	<b>372.2</b>	<b>366.1</b>

The main rental and leasing agreements for buildings used in the production or supply of goods or services contain extension and termination clauses which accord with normal market terms and conditions for business properties. The agreements also provide for the indexation of the leasing instalments. In a few cases, lease payments are linked to revenue figures. All the related sub-tenancies are terminable.

In the 2009 financial year, a total of EUR 23.4m (2008: EUR 24.7m) in payments within the context of operating lease agreements were recognised in the income statement. The entire amount related to minimum lease payments.

Austrian Post entered into acquisition obligations in the 2009 financial year for intangible assets amounting to EUR 0.4m (2008: EUR 0.2m). Purchases of items of property, plant and equipment led to commitments of EUR 3.7m in 2009 (2008: EUR 3.4m).

Information on the cross-border lease transaction is provided in Note 16), Property, Plant and Equipment and Note 32 a), Types of risk.

### 34. Related party transactions

The Republic of Austria holds a 52.8% shareholding in Austrian Post through its privatisation and industrial holding company Österreichische Industrieholding AG (ÖIAG). Subsequently, the Republic of Austria and companies in which it has a controlling interest may be considered to be related parties of Austrian Post. Furthermore, all subsidiaries and associated companies as well as the members of the Management Board and Supervisory Board of Austrian Post, the managing directors of Group subsidiaries and senior executives are to be considered as related parties.

There is an agreement with BBG Bundesbeschaffung GmbH, Vienna, in the name of, and for the account of the federal government, for the delivery of postal items for federal agencies. During the 2009 financial year, delivery services valued at EUR 97.1m (2008: EUR 99.8m) were rendered for the federal agencies stipulated in the agreement. As at December 31, 2009, receivables from the BBG Bundesbeschaffung GmbH amounting to EUR 8.9m (December 31, 2008: EUR 8.9m) were recognised.

Revenue relating to services rendered by Austrian Post on behalf of the Federal Computing Centre of Austria totalled EUR 27.8m in 2009 (2008: EUR 28.2m). As at December 31, 2009, receivables from the Federal Computing Centre of Austria amounting to EUR 1.9m (December 31, 2008: EUR 1.7m) were recognised.

Furthermore, numerous public institutions and agencies as well as companies in which the Republic of Austria has a dominating or controlling interest are direct customers of Austrian Post. These business ties exist based on the portfolio of products and services offered by Austrian Post at prevailing market prices, terms and conditions. The services rendered by Austrian Post in the course of these business relationships are not material in terms of the overall revenue of Austrian Post. Any services for which payment has not yet taken place as at December 31, 2009 are reported as trade payables.



Moreover, Austrian Post made use of services provided at prevailing market rates by the ÖBB Group (national railway system) which is fully owned by the Republic of Austria, in particular Rail Cargo Austria. The expense incurred for services provided by the ÖBB Group amounted to EUR 19.7m in 2009 (2008: EUR 19.2m). As at December 31, 2009, receivables from the ÖBB Group totalling EUR 0.2m (December 31, 2008: EUR 0.2m) as well as income in 2009 amounting to EUR 1.3m (2008: EUR 1.1m) were recognised.

As at December 31, 2009, Austrian Post recognised receivables from Telekom Austria AG of EUR 7.7m (December 31, 2008: EUR 8.7m) and payables amounting to EUR 3.1m (December 31, 2008: EUR 2.5m). From January to December 2009, Austrian Post rendered services on behalf of Telekom Austria AG valued at EUR 72.2m (2008: EUR 63.0m), whereas the expense incurred for services provided by Telekom Austria AG in 2009 amounted to EUR 59.6m (2008: EUR 62.9m).

At the balance sheet date, Austrian Post recognised payables to the OMV Group of EUR 2.1m (December 31, 2008: EUR 2.2m). The expense incurred for services provided by the OMV Group on behalf of Austrian Post totalled EUR 12.1m in 2009 (2008: EUR 15.4m), whereas the income for services rendered by Austrian Post for the OMV Group amounted to EUR 0.3m (2008: EUR 0.3m).

There are related party relationships with associated companies connected with advertising and public relations work, as well as postal transport services, which are rendered at normal market terms and conditions. The services rendered by associated companies amounted to EUR 4.9m in 2009 (2008: EUR 4.4m). Revenue with associates accounts for 0.8% of total revenue (2008: 0.3%). At the balance sheet date, receivables from associated companies amounted to EUR 2.3m (2008: EUR 3.2m), and liabilities to associates of EUR 0.9m (2008: EUR 0.8m).

The following remuneration, including changes in provisions, was paid to members of the Management Board and the Supervisory Board, as well as to senior executives in the 2008 and 2009 business years:

EUR m	Supervisory Board	Management Board	Senior executives	Total
<b>2008 financial year</b>				
Short-term employment benefits	0.2	2.4	13.5	16.1
Post-employment benefits	0.0	0.4	0.0	0.4
Other long-term employment benefits	0.0	0.3	0.0	0.3
Termination benefits	0.0	0.0	1.2	1.2
	<b>0.2</b>	<b>3.2</b>	<b>14.7</b>	<b>18.0</b>
<b>2009 financial year</b>				
Short-term employment benefits	0.2	3.0	12.5	15.6
Post-employment benefits	0.0	0.0	0.0	0.0
Other long-term employment benefits	0.0	0.0	0.0	0.1
Termination benefits	0.0	0.6	1.1	1.7
	<b>0.2</b>	<b>3.6</b>	<b>13.7</b>	<b>17.5</b>

In addition, business relationships existed in the 2009 financial year with top executives, amounting to EUR 0.1m (2008: EUR 0.2m).

### 35. Audit fees

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH were paid in the 2009 financial year:

Services rendered by auditors in EUR	2009
Audit of individual and consolidated financial statements of Austrian Post as at December 31, 2009	148,500.00
Audit of financial statements of subsidiaries of Austrian Post as at December 31, 2009	125,000.00
Other valuation and certification services	0.00
Tax consulting services	0.00
Other consulting services	131,941.00
	<b>405,441.00</b>

### 36. Austrian Post companies

Company and location	Interest in %	Capital and reserves at Dec. 31, 2009 EUR m	Profit for the period 2009 EUR m	Method of consolidation
feibra GmbH, Vienna	100.00	12.2	8.5	FC
PROWERB Gesellschaft für produktive Werbung GmbH, Vienna	100.00	0.1	0.1	FC
feibra Tirol GmbH, Vienna	100.00	0.0	0.0	FC
Medien.Zustell GmbH, Vienna	100.00	0.2	0.1	FC
Feibra Magyarorszáig Kft, Budapest	100.00	2.3	0.7	FC
PS Postservicegesellschaft m.b.H., Vienna	100.00	0.0	0.0	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	1.2	1.1	FC
Post Paket Service GmbH, Vienna	100.00	-30.9	0.0	FC
Post International Beteiligungs GmbH, Vienna	100.00	-1.1	0.6	FC
Slovak Parcel Service s. r. o., Bratislava	100.00	6.5	1.2	FC
In Time s.r.o., Bratislava	100.00	0.9	0.3	FC
Overseas Trade Co Ltd d.o.o., Zagreb	100.00	-1.5	0.7	FC
Post.Wertlogistik GmbH, Wien	100.00	2.7	0.6	FC
Post & Telekom Immobiliengesellschaft mbH, Vienna	100.00	-7.4	0.1	FC
PTI Immobilienvermittlung GmbH, Vienna	100.00	-0.1	0.1	FC
Post & Co Vermietungs OEG, Vienna	100.00	5.2	2.7	FC
Post.Maintain Management Objektverwaltungs- und -instandhaltungs GmbH, Vienna	100.00	2.5	-0.4	FC
A4 Business Solutions GmbH, Vienna	100.00	0.1	0.1	FC
Kolos s.r.o., Bratislava	100.00	0.0	-0.4	FC
Kolos Marketing s.r.o., Praha	100.00	0.1	0.0	FC
Post Eins Beteiligungs GmbH, Vienna	100.00	0.0	0.0	FC
Post Zwei Beteiligungs GmbH, Vienna	100.00	-22.6	0.0	FC
Post Drei Beteiligungs GmbH, Vienna	100.00	0.0	0.0	FC
Post Vier Beteiligungs GmbH, Vienna	100.00	-23.5	-18.6	FC
Post Fünf Beteiligungs GmbH, Vienna	100.00	10.0	2.8	FC
trans-o-flex Germany				
trans-o-flex Logistics Group GmbH, Weinheim	100.00	-8.9	0.0	FC
trans-o-flex GmbH, Weinheim	100.00	-5.8	0.1	FC
trans-o-flex Verwaltung GmbH, Weinheim	100.00	0.0	0.0	FC
trans-o-flex Schnell-Lieferdienst GmbH & Co. KG, Weinheim	100.00	-10.6	-10.5	FC
trans-o-flex Transport Logistik GmbH, Weinheim	100.00	1.2	1.8	FC
trans-o-flex Customer-Service GmbH, Weinheim	100.00	0.0	0.0	FC



Company and location	Interest in %	Capital and reserves at Dec. 31, 2009 EUR m	Profit for the period 2009 EUR m	Method of consolidation
trans-o-flex Linienverkehr GmbH, Weinheim	100.00	-0.1	0.6	FC
trans-o-flex Logistik Service GmbH, Weinheim	100.00	-0.2	0.0	FC
trans-o-flex Admin-Service GmbH, Weinheim	100.00	0.1	0.0	FC
trans-o-flex IT-Service GmbH, Weinheim	100.00	0.1	0.1	FC
ThermoMed Verwaltungs GmbH, Herborn	100.00	-0.5	-0.2	FC
Rhenus Life Sciences GmbH & Co. KG, Holzwickede	100.00	-7.1	-7.1	FC
Rhenus Life Sciences Verwaltungs GmbH, Holzwickede	100.00	0.0	0.0	FC
trans-o-flex ThermoMed GmbH & Co. KG, Köln	100.00	0.8	1.7	FC
TTL Tour-Trans Logistic Services GmbH, Kerpen	100.00	-0.9	0.5	FC
Eurodis GmbH, Weinheim	80.00	-0.6	0.0	FC
trans-o-flex Accounting Service GmbH, Weinheim	100.00	0.0	0.0	FC
trans-o-flex Billing Service GmbH, Weinheim	100.00	0.0	0.0	FC
trans-o-flex Nederland B.V., Dordrecht	100.00	-7.0	-2.3	FC
trans-o-flex Belgium B.V.B.A., Sint Niklaas	100.00	-5.9	-2.1	FC
trans-o-flex Austria GmbH, Vienna	100.00	-0.3	-0.3	FC
Scherübl Transport GmbH, Frankenburg/a.H. <sup>1</sup>	74.90	-1.5	0.4	FC
eurodisnet GmbH, Weinheim <sup>2</sup>	100.00	-1.7	0.0	FC
Weber Escal d.o.o., Zagreb	100.00	0.7	0.2	FC
Scanpoint Europe Holding GmbH, Vienna	100.00	-0.3	0.9	FC
Scanpoint Deutschland GmbH, Schwandorf	100.00	-1.9	0.0	FC
Scanpoint Slovakia s.r.o., Brezno	100.00	0.0	0.0	FC
Austrian Post International Ungarn Kft., Gyal	100.00	-2.7	-0.9	FC
trans-o-flex Hungary Kft., Gyal	100.00	-1.0	-0.4	FC
24VIP d.o.o., Sarajevo	100.00	-0.8	-0.6	FC
City Express d.o.o., Beograd	100.00	-4.4	-2.8	FC
City Express Montenegro d.o.o., Podgorica	100.00	0.0	0.0	FC
meiller direct GmbH, Schwandorf	100.00	-8.3	-5.4	FC
meiller direct s.r.o., Nyrany	100.00	-0.1	0.5	FC
meiller direct sarl, Versailles	100.00	0.2	0.0	FC
meiller direct LTD., Kent	100.00	0.0	0.0	FC
meiller direct AB, Landskrona	100.00	0.1	0.1	FC
Omnimedia Werbegesellschaft mbH, Vienna	21.00	0.0	0.0	EM
FEIPRO Vertriebs GesmbH, Gaweinstal	50.00	0.0	0.0	EM
Mader Zeitschriftenverlags GmbH, Vienna	25.10	0.0	0.0	EM
D2D – direct to document GmbH, Vienna	30.00	0.0	0.0	EM
EBPP – Electronic Bill Presentment and Payment GmbH, Vienna	40.00	0.0	0.0	EM
OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.00	0.0	0.0	NC

<sup>1</sup> 100% of the shares of Scherübl Transport GmbH were consolidated on the basis of the put option of the minority shareholders, and thus no minority interest is shown in equity. The full amount of goodwill is recognised.

<sup>2</sup> In the process of being liquidated

FC – Full consolidation, EM – Equity method, NC – no consolidation due to immateriality

The trans-o-flex companies as well as meiller direct GmbH based in Germany have decided to take advantage of the legally permissible waiver of disclosure requirements pursuant to §§ 264 Sect. 3, 264 b German Commercial Code.

### **37. Significant events after the balance sheet date**

All material events after the balance sheet date, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosure, have been recognised to the extent known to the company.

The Management Board of Austrian Post approved the audited consolidated financial statements for the business year ending on December 31, 2009 for transmission to the Supervisory Board on March 1, 2010. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, March 1, 2010

The Management Board

Georg Pölzl m.p.  
Chairman of the Management Board,

Rudolf Jettmar m.p.  
Deputy Chairman of the Management Board,

Herbert Götz m.p.  
Member of the Management Board

Walter Hitziger m.p.  
Member of the Management Board

Carl-Gerold Mende m.p.  
Member of the Management Board



# *Statement of all legal representatives pursuant to §82 Section 4 (3) Austrian Stock Exchange Act*

As the legal representatives of Austrian Post, we certify, to the best of our knowledge, that the consolidated annual financial statements for Austrian Post as at December 31, 2009 give a true and fair view assets, liabilities, financial position, and profit or loss of the Group required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, March 1, 2010

The Management Board

Georg Pölzl m.p.  
Chairman of the Management Board,  
Chief Executive Officer

Rudolf Jettmar m.p.  
Deputy Chairman of the Management Board,  
Chief Financial Officer

Herbert Götz m.p.  
Member of the Management Board  
Director of the Branch Network Division

Walter Hitziger m.p.  
Member of the Management Board  
Director of the Mail Division

Carl-Gerold Mende m.p.  
Member of the Management Board  
Director of the Parcel & Logistics Division

# *Independent Auditor's report*

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Österreichische Post Aktiengesellschaft, Vienna ("the Group") for the financial year from 1 January 2009 to 31 December 2009. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009, the consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 31 December 2009 and the notes.

## **Management's Responsibility for the Consolidated Financial Statements and the Accounting Records**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of the Group as of 31 December 2009 and of its financial performance and its cash-flows for the financial year from 1 January 2009 to 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU.

## Conclusion on Management Report for the Group

Laws and regulations require us to perform audit procedures to determine whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group. The auditor's report has to state whether the consolidated management report for the Group is consistent with the consolidated financial statements and whether the disclosures according to section 243a of the Austrian Commercial Code apply.

In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements. The disclosures according to section 243a of the Austrian Commercial Code apply.

Vienna, 1 March 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Walter Müller m.p.  
Certified Public Accountant

Mag. Josef Spadinger m.p.  
Certified Public Accountant

# *Report of the Supervisory Board*

The business development of Austrian Post in the 2009 financial year was negatively affected by the economic downturn in the company's core markets. The recession intensified the decline in mail volumes and accelerated the trend towards electronic substitution. Austrian Post is counteracting these developments by implementing measures to enhance efficiency and reduce costs.

The Supervisory Board and Management Board intensively discussed the economic situation and strategic development of the company at six Supervisory Board meetings and seven sessions of the audit committee. The monitoring committee met four times to discuss the legislative process relating to the new Postal Market Act and to monitor its effects on the business operations of Austrian Post.

In 2009, the presidential committee focused on preparing the request for applications to fill the position of a new Chairman of the Management Board and CEO of Austrian Post. In addition, the executive committee convened when required to discuss, amongst other issues, the negotiations and conclusion of the employment contract with Georg Pölzl. Following the retirement of Anton Wais effective March 31, 2009, the Supervisory Board appointed Rudolf Jettmar to assume the position of CEO on an interim basis and authorised the presidential committee to make all the necessary preparations to appoint a new CEO. At the Supervisory Board meeting held on June 15, 2009, Georg Pölzl was named a member of the Management Board and CEO effective October 1, 2009. The Supervisory Board of Austrian Post would like to extend its special thanks to Anton Wais. During his term of office, he was responsible for managing the legal spin-off of Austrian Post in 1999, overseeing the restructuring and modernisation of the company and laying the groundwork for the international expansion of the Group and the successful IPO in early 2006.

Important issues discussed and resolved upon by the Supervisory Board in the 2009 financial year were the proactive structural transformation of the branch network (postal partner office concept), the development of new delivery models, the acquisition strategy as well as necessary adjustments in the work force, based on the transfer of Austrian Post employees to government offices (currently Ministry of Internal Affairs). Furthermore, the Supervisory Board approved the new collective wage agreement for all new employees starting work at Austrian Post as of August 1, 2009.

In its seven meetings, the audit committee dealt with its expanded competencies as stipulated in the Corporate Law Amendment Act 2008. In early 2009, the tender for an auditor for the annual financial statements was carried out, and the bids were closely reviewed by the audit committee, leading to a well-founded recommendation to the Supervisory Board. The Annual General Meeting held on May 6, 2009 appointed Deloitte Audit Wirtschaftsprüfungs GmbH to serve as the auditors for the annual financial statements and consolidated annual financial statements of Austrian Post for the 2009 financial year. Quarterly results were also discussed by the audit committee. The Supervisory Board was continually provided with information about the results of the audit committee meetings.



The Supervisory Board was well informed about the business development, financial position, profit and loss and cash flows of the company, the personnel situation as well as investment projects as part of ongoing reporting and in all meetings. The Management Board regularly provided the Supervisory Board with timely and comprehensive information, both written and oral, on all relevant issues pertaining to the business development of Austrian Post and its principal subsidiaries, including the risk situation and risk management. As a result of this reporting, the Supervisory Board supervised and supported the management activities of the Management Board on an ongoing basis.

The annual financial statements and consolidated annual financial statements of Austrian Post as at December 31, 2009 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and were granted an unqualified auditor's opinion. The Management Report and Group Management Report are consistent with the company and consolidated annual financial statements. All documentation pertaining to the annual financial statements, the proposal for the distribution of the dividend as submitted by the Management Board, the Corporate Governance Report and the auditor's report, were discussed by the auditors and the audit committee and subsequently presented to the Supervisory Board. The Supervisory Board examined all the documents in accordance with § 96 of the Austrian Stock Corporation Act, and did not discover any inconsistencies or objections and thus formally approved the results of the audit. The Supervisory Board formally approved the annual financial statements for the 2009 financial year, which are hereby adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act, and declares its acceptance of the IFRS consolidated financial statements, the Management Report, the Group Management Report and the Corporate Governance Report pursuant to § 245a of the Austrian Commercial Code.

The Supervisory Board concurs with the Management Board's proposal to distribute a basic dividend of EUR 101,328,957.00 on May 6, 2010 from the net profit amounting to EUR 120,759,087.23, to allocate EUR 15,000,000.00 to the free revenue reserve, and to carry forward the balance of EUR 4,430,130.23 to the new account.

Finally, the Supervisory Board would like to express its sincere thanks to the members of the Management Board as well as to all employees for their commitment and dedicated work performed in the 2009 financial year. The Supervisory Board would also like to extend special thanks to the customers and shareholders of Austrian Post for their confidence in the company.

March 15, 2010

Peter Michaelis m.p.  
Chairman of the Supervisory Board

## *Glossary of general terms*

### **Authorisation to receive mail**

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

### **Business to Business (B2B)**

B2B refers to business transactions between companies.

**Business to Consumer (B2C)** In B2C, the private customer is the recipient of a mailing from a business.

**Consumer to Consumer (C2C)** C2C refers to the business relationship between private individuals.

### **Corporate Governance**

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

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

**EMS** Austrian Post’s Express Mail Service, a product designed to quickly and securely transport letters and parcels.

### **Geomarketing**

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



**Inbound letter mail** Letters transferred to Austrian Post by foreign postal operators for delivery in Austria.

**Infomail** The Infomail Business Area, which forms part of the Letter Mail Division, encompasses the acceptance and delivery of addressed and unaddressed advertising mail to households in Austria and abroad, as well as direct marketing services (e.g. geomarketing, address management) and the management of mailroom services for large customers.

## Liberalisation

The full-scale liberalisation of the letter mail market by 2011 and in some countries by 2013 has been prescribed by the EU. In the first phase of deregulation, the Austrian market for letter mail and addressed direct advertising items weighing over 350g was opened to competition on January 1, 1998. The market opening was extended to cover items weighing over 100g and all outbound mail, effective January 1, 2003. The final intermediate liberalisation phase, which came into force on January 1, 2006, was the extension of free competition to all letters weighing over 50g.

**Mailroom services** Austrian Post operates the mailroom services of a company or organisation (internal distribution, mail dispatching, delivery).

**Media Post** The Media Post Business Area, which forms part of the Mail Division, operates in the highly specialised print media delivery market.

**Outbound letter mail** Letters transferred to foreign postal operators by Austrian Post for delivery abroad.

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

# Postal partner offices

Chiefly operated by retailers, local businesses, but also communities and tourist boards, the postal partner offices offer postal and financial services.

## Postal service points

More than 1,650 company-operated branches or partner-operated postal service points ensure nationwide postal service throughout Austria.

## Redirection (forwarding mail)

Upon request, mail items are delivered by Austrian Post for the time being to another address.

## Sponsoring.Post

Sponsoring.Post are mail items sent at lower rates on behalf of associations, community service organisations, religious institutions and other non-profit organisations.

## Third Postal Directive

The Austrian postal market will be completely liberalised on the basis of the Third Postal Directive. This means that as of 2011, other companies will be legally permitted to deliver letters weighing up to 50g (see Liberalisation).

# Universal postal services

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

## Universal Service Ordinance

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

# Vacation hold mail

Secure and discrete storage of mail by Austrian Post during one's absence. The mail items can be picked up after the vacation is over or delivered on a pre-arranged date.



## *Glossary of business terms*

### **Capital Employed**

Intangible assets and goodwill  
+ Property, plant and equipment  
+ Investment property  
+ Investments in associates  
+ Inventories  
+ Receivables  
– Non-interest bearing debt  

---

= Capital employed

### **Earnings before Interest and Taxes (EBIT)**

Profit from operations plus the share of profit/loss of associates.

### **Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)**

EBIT plus depreciation and amortisation

### **Earnings per share**

Profit for the period divided by the average number of shares.

### **EBIT margin**

Ratio of EBIT to revenue.

### **EBITDA margin**

Ratio of EBITDA to revenue.

### **Equity ratio**

Ratio of equity to total capital (total asset).

### **Free cash flow**

Cash flow from operating activities plus the cash flow from investing activities; demonstrates how much liquidity is available to service the net debt.

### **IFRS**

International Financial Reporting Standards; international financial accounting guidelines.

### **Net debt/net cash position**

Financial liabilities  
+ Other interest-bearing liabilities  
+ Social capital and other interest-bearing provisions  
= Interest bearing debt  
– Financial investments in securities  
– Loans  
– Cash and cash equivalents  

---

= Net debt/net cash position

### **Return on capital employed (ROCE)**

Ratio of EBIT to average capital employed.

### **Return on equity (ROE)**

Ratio of profit after tax to equity (excluding discontinued business operations) at January 1st, less dividends paid: measures the earnings performance of a company.

# History of Austrian Post

**1490**

Europe's first standardised postal service, between Innsbruck and Mechelen (Belgium)

**1750**

Regular passenger carrying mail coach services begin in the mid-18th century

**1787**

First-time use of postmarks bearing precise date and place information

**1817**

Reorganisation of the postage rates system, introduction of letterboxes

**1850**

Introduction of postage stamps, advent of mail deliveries by rail

**1863**

International postal conference held in Paris – guidelines for international postal treaties

**1869**

First postcards, an Austrian invention, are issued

**1874**

Founding of the World Postal Association

**1875**

Invention and start-up of a pneumatic capsule pipeline system in Vienna

**1916**

First indoor cluster box units installed in Austria

**1918**

World's first civil air mail service in Austria

**1928**

Introduction of home letterboxes

**1938**

Integration into the German Reichspost organisation

**1945**

Resumption of postal services in Austria /  
Reorganisation and reconstruction of the Austrian postal branch network

**1957**

Introduction of drop-off mailboxes for rural delivery staff  
Start-up of a mechanical parcel sorting facility at the Viennese post office 101 (Western Railway Station)

**1959**

Start-up of a mechanical letter mail sorting and postal pouch conveying system

**1966**

Introduction of a national system of postal codes



## 1986

Express Mail Service (EMS) as new service with priority treatment for letters and parcels

## 1996

Founding of Post und Telekom Austria (PTA)

## 1999

Austrian Post as legally independent entity (for postal and post bus operations)

Targeted investments in modernisation of the logistics infrastructure

## 2000

Post bus business spun off to the ÖIAG

## 2001

Acquisition of feibra Austria (unaddressed direct mail)

## 2002

Acquisition of Slovakian parcel companies Slovak Parcel Service (SPS) and In Time

## 2003

Acquisition of Overseas Trade (Croatia)

## 2005

Purchase of feibra Ungarn (unaddressed direct mail)

Increase of shareholding in feibra Austria (unaddressed advertising) to 100%

## 2006

IPO on the Vienna Stock Exchange – 49% free float

Acquisition of Kolos (unaddressed advertising/Slovakia), Wiener Bezirkszeitung (Media Post/Austria)

Weber Escal (unaddressed advertising/Croatia), trans-o-flex (B2B specialty logistics/Germany)

## 2007

Further acquisitions and penetration of niche markets: Acquisition of Weber Escal (unaddressed advertising/Croatia), Scanpoint Europe (document digitalisation/Germany), Road Parcel Logistics and Merland Expressz (parcels market/Hungary), Scherübl Transport (pharmaceuticals transport/Austria), meiller direct (direct marketing/Germany), VOP and DHL EXPRESS DDS (parcels business/Belgium and Netherlands), ST Media (unaddressed advertising/Croatia), City Express (parcels business/Serbia and Montenegro).

Purchase of a 5% stake in BAWAG PSK

## 2008

Integration of existing subsidiaries and selective acquisitions: 24VIP (parcels business/Bosnia-Herzegovina),

Cont-Média (direct marketing/Croatia), HSH Holding (parcels business/Belgium)

## 2009

Austrian Post Act creates the legal framework for the fully liberalised letter mail market starting January 1, 2011; acquisition of Rhenus Life Sciences (pharmaceutical logistics/Germany); new collective wage agreement concluded for new employees

## 2009 at a glance

January

Austrian Post expands its delivery of “Weekend Magazin“ from Vienna/Lower Austria/Burgenland and Vorarlberg to the editions targeting Carinthia, Salzburg, Styria and Tyrol, which had previously been delivered by competitive postal providers

March

Austrian Post announces that 450 new postal partner offices will replace 300 small, unprofitable company-operated post offices. Thus the Austrian branch network will expand from 1,500 to a total of 1,650 postal service points.

Anton Wais resigns his position as Chairman of the Management Board of Austrian Post for health reasons, effective March 31, 2009.

April

Hermes Austria decides to use the parcel logistics services of Austrian Post starting June 2009. Accordingly, Austrian Post will once again deliver Hermes' parcels in the mail order segment. Launch of Post-Reisen: as of April 20, 2009, the post offices in Vienna will offer special travel offers developed for Austrian Post customers in cooperation with the company Reisefalke/TUI Austria.

June

The Austrian Ministry of Transport, Innovation and Technology rescinded the ordinance stopping the conversion of 193 small, unprofitable company-operated branches into partner-operated postal service points.

July

Austrian Post acquires Rhenus Life Sciences, Germany, effective July 1, 2009. The company specialises in temperature-controlled logistics.

August

The collective wage agreement negotiated for all new postal employees starting work as of August 1, 2009 stipulates binding minimum standards for all postal providers.



## September

Austrian Post and Raiffeisen Informatik lay the groundwork for the electronic delivery of letter mail – the future of letter mail in electronic mail.

The Austrian Ministry of Transport, Innovation and Technology rules that 144 loss-making branches may not be closed and cannot be converted to partner-operated postal service points.

Austrian Post begins training bank apprentices.

## October

The Austrian subsidiary Scanpoint digitalises incoming mail (approx. 6,000 letter mail items daily) for the insurance company UNIQA Versicherungen AG.

## November

The new Postal Market Act creates a clearly-defined legal framework for postal services in Austria, ensuring a continuation of universal postal services supplied by Austrian Post on behalf of the Austrian population.

Austrian Post concludes an agreement with the federal government in respect to the pre-requisites for civil servants to transfer to the police force on a voluntary basis. They will be exclusively assigned to carry out administrative duties for the police, similar to the 35 civil servants who have already taken this step.

## December

As part of its climate protection drive, Austrian Post launches “co<sub>2</sub>de green”, an initiative featuring the purchase of CO<sub>2</sub> offset certificates by Austrian Post to support a climate-neutral project in Thailand. Subsequently, customers who post their parcels at Austrian Post branches are given this “co<sub>2</sub>de green” for free.

TNT announces that its subsidiary redmail will concentrate on the delivery of newspapers.

# Addresses of subsidiaries

## **Austrian Post Headquarters**

Postgasse 8, 1010 Vienna, Austria  
☎ +43 (0) 57767-0  
www.post.at

## **A4 Business Solutions GmbH**

Wipplingerstr. 23, 1010 Vienna, Austria  
☎ +43 (1) 24777-0  
www.a4b.at

## **Austrian Post International**

**Deutschland GmbH**  
Rheinwerkallee 2, 53227 Bonn, Germany  
☎ +49 (228) 932949-0  
www.austrianpost.de

## **City Express d.o.o.**

Kumodraška 240, 11000 Belgrade, Serbia  
☎ +381 (11) 3093 009  
www.cityexpress.rs

## **City Express Montenegro d.o.o.**

Sergeja Jesenjina 7, 81000 Podgorica, Crna Gora, Montenegro  
☎ +382 (20) 641 166  
www.cityexpress.rs

## **Feibra GmbH**

Altmannsdorfer Straße 329, 1230 Vienna, Austria  
☎ +43 (1) 66 130-0  
www.feibra.at

## **Feibra Magyarország Kft.**

Váci út 95, 1139 Budapest, Hungary  
☎ +36 (1) 340 9921  
www.feibra.hu

## **In Time s.r.o.**

Senecká cesta 1, 90028 Ivanka pri Dunaji, Slovakia  
☎ +421 (2) 48 707 226  
www.intime.sk

## **Kolos s.r.o.**

L' Fullu 9A, 841 05 Bratislava, Slovakia  
☎ +421 (2) 6531 6504  
www.kolos.sk

## **meiller direct GmbH**

Gutenbergstraße 1-5, 92421 Schwandorf, Germany  
☎ +49 (9431) 620-0  
www.meillerdirect.com

## **Overseas Trade d.o.o.**

Zastavnice 38a, 10251 Hrvatski Leskovac, Croatia  
☎ +385 (1) 460 70 01  
www.overseas.hr/

## **Post & Telekom Immobiliengesellschaft m.b.H.**

Postgasse 8, 1010 Vienna, Austria  
☎ +43 (0) 57780-0  
www.postimmobilien.at

## **Post.Maintain Management**

**Objektverwaltungs- und Instandhaltungs GmbH.**  
Postgasse 8, 1010 Vienna, Austria  
☎ +43 (0) 57767-23881

## **Post.Wertlogistik GmbH**

Neutorgasse 7/ Stiege 2/ 1. Stock  
1010 Vienna, Austria  
☎ +43 (0) 57767-26713



**Scanpoint Europe Holding GmbH**

Postgasse 8, 1010 Vienna, Austria  
☎ 43 (1) / 512 21 21-0  
www.scanpoint.eu

**Scherübl Transport GmbH**

Hondastraße 1, 2351 Wiener Neudorf,  
Austria  
☎ +43 (2236) 677-194  
www.scheruebl.com

**Slovak Parcel Service s.r.o.**

Senecká cesta 1, 90028 Ivanka pri Dunaji,  
Slovakia  
☎ +421 (2) 48 707 211  
www.sps-sro.sk

**trans-o-flex Belgium B.V.B.A.**

Hoofdkantoor Sint Niklaas, Industriepark West 65  
9100 Sint Niklaas, Belgium  
☎ +32 (3) 7600 500  
www.trans-o-flex.be

**trans-o-flex Hungary Kft.**

Heltai Jenő út 73, 2360 Gyál, Hungary  
☎ +36 (29) 887 154  
www.roadparcel.hu

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Germany  
☎ +49 (6201) 988-0  
www.trans-o-flex.de

**trans-o-flex Nederland B.V.**

Hoofdkantoor Dordrecht, Jacobus Lipsweg 46  
3316 BP Dordrecht, Netherlands  
☎ +31 (78) 655 18 18  
www.trans-o-flex.nl

**Weber Escal d.o.o.**

Zastavnice 38a, 10 251 Hrvatski Leskovac, Croatia  
☎ +385 (1) 6175 111  
www.weber-escal.com

**24VIP Logistics Services d.o.o.**

Tresnje 1, 71000 Sarajevo, Bosnia-Herzegovina  
☎ +387 (33) 76 44 39  
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I: [www.post.at/ir](http://www.post.at/ir)

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Ina Sabitzer

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F: +43 (0) 577 67-28039  
E: [info@post.at](mailto:info@post.at)  
I: [www.post.at/pr](http://www.post.at/pr)

## **Business customers (for Austria)**

T: 0800 212 212  
[www.business.post.at](http://www.business.post.at)

## **Private customers**

Post customer service  
(for Austria)

T: 0810 010 100

## **EMS and parcels information (for Austria)**

T: 0810 010 101

## **Stamp collector's office (for Austria)**

T: 0800 100 197  
I: [www.philatelie.at](http://www.philatelie.at)

## **Post branches**

T: +43(0) 57767.xxxx<sup>1</sup>  
I: [www.post.at/postfilialen](http://www.post.at/postfilialen)  
I: [www.xxxx.post.at](http://www.xxxx.post.at)<sup>1</sup>

## **Personal stamps**

I: [www.meine-marke.at](http://www.meine-marke.at)

## **Austrian Post Online Annual Report 2009**

[www.post.at/ir/gb/2009](http://www.post.at/ir/gb/2009)

## **CSR sustainability**

[www.post.at/csr](http://www.post.at/csr)

**If you want to know more  
about Austrian Post (annual  
reports, quarterly reports, etc.),  
we would be happy to put you  
on our distribution list.  
Please contact:**

T: +43 (0) 57767-30401  
E: [investor@post.at](mailto:investor@post.at)  
I: [www.post.at/ir](http://www.post.at/ir)

<sup>1</sup> Please insert the desired  
postal code of the post branch  
office instead of „xxxx“ and you  
will be connected directly.



# *Imprint*

**Concept, design and project coordination:** Scholdan & Company, Vienna

**Photo:** Suzy Stöckl, Vienna (Management Board); Robert Marksteiner, Vienna (cover); Stefanie J. Steindl, Vienna (page 10); Austrian Post AG

**Druck:** Ueberreuter Print GmbH, Korneuburg

We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors can not be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This annual report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report.

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

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

Editorial deadline: March 1, 2010

# Overview of key indicators

		2001 <sup>1</sup>	2002 <sup>1</sup>	2003 <sup>2</sup>	2004 <sup>2</sup>	2005	2006	2007	2008	2009
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>Income statement</b>										
<b>Revenue</b>	EUR m	<b>1,565.2</b>	<b>1,571.7</b>	<b>1,585.2</b>	<b>1,654.4</b>	<b>1,701.6</b>	<b>1,736.7</b>	<b>2,315.7</b>	<b>2,441.4</b>	<b>2,356.9</b>
Other operating income	EUR m	69.5	57.4	71.7	73.0	52.9	58.8	72.6	81.0	89.6
Raw material, consumables and services used	EUR m	-190.9	-198.4	-228.8	-241.8	-241.9	-258.0	-692.2	-778.2	-766.1
Staff costs	EUR m	-1,023.8	-1,015.0	-1,020.7	-1,046.6	-1,064.0	-1,063.0	-1,120.4	-1,119.2	-1,139.3
Other operating expenses	EUR m	-257.8	-254.2	-250.6	-236.7	-223.5	-243.9	-284.0	-304.5	-277.0
Share of profit/loss of associates	EUR m	3.6	1.0	0.9	0.7	-1.3	1.1	0.9	1.2	5.1
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	EUR m	<b>109.4</b>	<b>101.6</b>	<b>157.7</b>	<b>203.1</b>	<b>223.8</b>	<b>231.7</b>	<b>292.7</b>	<b>321.7</b>	<b>269.2</b>
Depreciation and amortisation	EUR m	-103.3	-108.1	-129.6	-120.9	-120.8	-108.4	-130.0	-152.2	-119.8
<b>Earnings before interest and tax (EBIT)</b>	EUR m	<b>15.1</b>	<b>4.1</b>	<b>28.1</b>	<b>82.2</b>	<b>103.0</b>	<b>123.3</b>	<b>162.8</b>	<b>169.5</b>	<b>149.4</b>
Other financial result	EUR m	19.5	4.7	-2.5	-5.4	-2.1	7.2	2.1	-11.3	-24.6
<b>Earnings before tax (EBT)</b>	EUR m	<b>6.1</b>	<b>-6.6</b>	<b>25.6</b>	<b>76.7</b>	<b>100.9</b>	<b>130.5</b>	<b>164.9</b>	<b>158.2</b>	<b>124.8</b>
Income tax	EUR m	-8.1	-0.7	-10.8	-29.9	-10.9	-30.8	-42.2	-39.3	-45.1
Profit from discontinued operations	EUR m	-	-	2.1	3.2	9.8	-	-	-	-
<b>Profit for the period</b>	EUR m	<b>17.5</b>	<b>-2.5</b>	<b>16.9</b>	<b>50.0</b>	<b>99.9</b>	<b>99.8</b>	<b>122.6</b>	<b>118.9</b>	<b>79.7</b>
EBITDA margin	%	7.0%	6.5%	9.9%	12.3%	13.2%	13.3%	12.6%	13.2%	11.4%
EBIT margin	%	1.0%	0.3%	1.8%	5.0%	6.1%	7.1%	7.0%	6.9%	6.3%
Earnings per share	EUR	0.24	-0.06	0.21	0.71	1.43	1.43	1.75	1.71	1.18
Total shareholder return (annual performance plus dividends)		-	-	-	-	-	+90.0%	-30.8%	+10.5%	-10.7%
Employees (average for period, full-time equivalents)		30,357	29,558	27,713	26,342	25,192	24,456	25,764	27,002	25,921
<b>Cash flow</b>										
Operating cash flow before changes in working capital	EUR m	100.3	121.2	127.6	263.7	283.1	277.6	292.4	237.0	195.8
Cash flow from operating activities	EUR m	49.6	76.3	145.0	223.8	298.0	238.0	295.9	233.4	230.0
Cash flow from investing activities	EUR m	25.5	-153.8	-44.4	-125.5	-92.6	-142.6	-142.4	-23.1	6.9
Free cash flow	EUR m	75.2	-76.6	100.6	98.3	205.4	95.4	153.5	210.3	236.9
Total dividend distribution	EUR m	29.0	36.0	36.0	40.0	40.0	70.0	168.0	168.9	101.3
Dividend per share	EUR	0.41	0.51	0.51	0.57	0.57	1.00	2.40	2.50	1.50
<b>Balance sheet</b>										
<b>Balance sheet</b>	EUR m	<b>1,601.7</b>	<b>1,631.8</b>	<b>1,617.9</b>	<b>1,795.7</b>	<b>1,563.0</b>	<b>1,901.6</b>	<b>2,058.6</b>	<b>1,874.6</b>	<b>1,775.3</b>
Non-current assets	EUR m	1,223.2	1,287.6	1,021.7	1,011.4	997.4	1,272.9	1,361.9	1,252.1	1,141.3
Current assets	EUR m	378.6	344.1	287.4	393.7	542.6	614.9	694.3	622.5	634.0
Share capital	EUR m	749.7	718.9	698.9	712.5	762.1	821.4	874.3	741.5	673.7
Non-current liabilities	EUR m	400.6	426.3	218.2	287.5	361.3	564.0	598.0	551.8	514.0
Current liabilities	EUR m	451.5	486.6	405.2	421.0	439.6	516.2	586.3	581.3	587.6
Interest-bearing debt	EUR m	-	-	-	293.1	369.1	607.6	711.5	655.9	629.5
Interest-bearing assets	EUR m	-	-	-	196.6	397.1	433.7	538.1	385.8	398.3
Net debt	EUR m	-	-	-	-96.5	28.0	-173.9	-173.4	-270.2	-231.2
Net debt/EBITDA		-	-	-	0.48	-0.13	0.75	0.59	0.84	0.86
Equity ratio	%	46.8%	44.1%	43.2%	39.7%	48.8%	43.2%	42.5%	39.6%	38.0%
Return on equity (ROE)	%	2.2%	-0.3%	2.5%	7.2%	13.6%	13.8%	16.3%	16.8%	13.9%
Capital employed	EUR m	-	-	-	796.2	694.3	935.0	992.2	952.5	861.7
Return on capital employed (ROCE)	%	-	-	-	10.2%	13.8%	15.1%	16.9%	17.4%	16.5%

<sup>1</sup> Including the insurance arm of Austrian Post (Postversicherung AG)

<sup>2</sup> Adjusted for the insurance arm of Austrian Post (Postversicherung AG)

<sup>3</sup> Refers to 67,552,638 shares

<sup>4</sup> Proposal to the Annual General Meeting on April 22, 2010

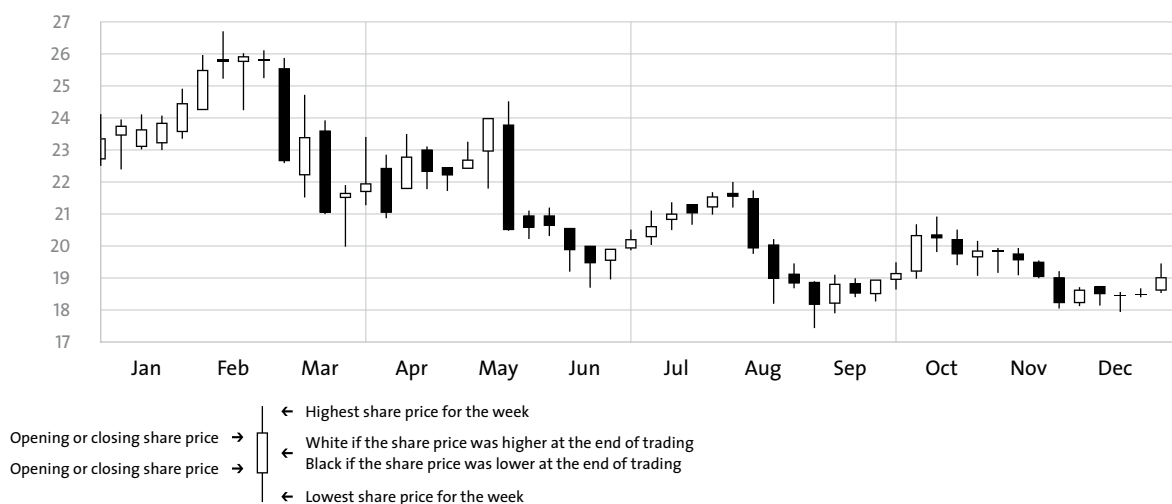
# Shareholder information

## Financial calendar 2010

<b>March 16, 2010</b>	Annual Report 2009, for release at 8:00 a.m.
<b>April 12, 2010</b>	Record date, deadline for submitting proof of shareholder status to participate in the AGM
<b>April 22, 2010</b>	Annual General Meeting 2010, Vienna
<b>May 6, 2010</b>	Ex-dividend day and dividend payment day for dividend of EUR 1.50 per share <sup>1</sup>
<b>May 20, 2010</b>	Interim report for the first quarter of 2010, for release at 8:00 a.m.
<b>August 12, 2010</b>	Half-year financial report 2010, for release at 8:00 a.m.
<b>November 17, 2010</b>	Interim report for the first three quarters of 2010, for release at 8:00 a.m.

<sup>1</sup> Proposal to the Annual General Meeting on April 22, 2010

## Development of the Post share (January 2009–December 2009)



## Basic information Post share

ISIN	AT0000APOST4
Trading symbol (Vienna Stock Exchange)	POST
Reuters Code	POST.VI
Bloomberg Code	POST AV
Total shares issued as of December 31, 2009	67,552,638
Listing	Vienna Stock Exchange
Issue price	EUR 19.00
First day of trading	May 31, 2006
Minimum trading unit (smallest tradable number of shares)	1
Type of share	No-par value shares
Stock split	None

***“What really counts are committed employees who are fully dedicated to serving our customers.”***

*Georg Pölzl*

