International Post Corporation

Austrian Post Q1 2021 results

12-05-2021

The first quarter of the year 2021 continued to be impacted by the COVID-19 pandemic and the related government-imposed restrictions. Numerous lockdown measures improved the market environment in the parcel business but at the same time, reduced business activities in Letter and Direct Mail. Parcel volumes were about 30 % higher than in the first quarter of 2020 prior to COVID-19. In contrast, letter and direct mail volumes fell by 6 % and 8.5 % respectively. â€œOur focus continues to be on ensuring health and safety of our employees as well as on operating performance of our logistics Groupâ€□, says Austrian Post CEO Georg Pölzl. â€œUnder these circumstances, we are very satisfied with the development of our business activities and the current revenue increaseâ€□, Georg Pölzl adds.

IMPROVED FIRST-QUARTER REVENUE AND EARNINGS DEVELOPEMENT
COVID-19 and lockdowns reinforce general trends

Positive parcel development in Austria, CEE/SEE and Turkey; mail business negatively impacted
Parcel volumes up by 33.5 % in Austria, +39 % in South East and Eastern Europe, +37 % in Turkey
Letter mail volumes –6 %, direct mail –8.5 %Q1 revenue increase of 28.5 % (+12.0 % organic growth) to EUR 646.1m
Structural change: Mail Division and Parcel & Logistics Division now have the same size
Mail –2.1 % to EUR 311.0m
Parcel & Logistics +85.5 % to EUR 323.7m
Retail & Bank +27.3 % to EUR 16.7m
Earnings increase driven by parcel growth
EBITDA +51.5 % to EUR 99.0m
EBIT +79.2 % to EUR 59.8m
Mail –3.0 % to EUR 45.5m
Parcel & Logistics EUR +27.1m to EUR 35.8m
Retail & Bank –12.4 % to minus EUR 18.4m
Improved cash flow
Cash flow from operating activities +28.3 % to EUR 124.1m (+20.5 % to EUR 85.0m before core banking assets)
Operating free cash flow +27.9 % to EUR 74.4m
Positive outlook for 2021
Revenue increase of over 10 % expected
Targeted earnings increase (EBIT) of about 15 %
Focus on investment programme to ensure the company's operating capability
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continues to be on ensuring health and safety of our employees as well as on operating performance of our logistics Group", says Austrian Post CEO Georg Pölzl. "Under these circumstances, we are very satisfied with the development of our business activities and the current revenue increase", Georg Pölzl adds.

Austrian Post's Group revenue increased by 28.5 % in the first quarter of 2021 to EUR 646.1m. This was driven by a solid core business, as parcel growth has sufficiently offset the mail business decline, as well as due to the full consolidation of the Turkish company Aras Kargo. In the period under review, the Parcel & Logistics Division generated revenue of EUR 323.7m, slightly above the Mail Division revenue of EUR 311.0m for the very first time. Consistent implementation of the company's strategy made this structural change possible. The Retail & Bank Division also produced growth, reporting revenue of EUR 16.7m in the first quarter of 2021. bank99 has been offering its own range of financial services since April 2020.

Austrian Post's earnings grew substantially year-on-year. Group EBITDA rose by 51.5 % to EUR 99.0m and EBIT was up by 79.2 % to EUR 59.8m. The Parcel & Logistics Division significantly contributed to earnings improvement, with EBIT increasing from EUR 8.7m to EUR 35.8m year-on-year. This can be attributed to the full consolidation of the Turkish company Aras Kargo as well as to solid parcel volume development and positive special effects relating to logistics services. The Mail Division faced a 3.0 % decline in EBIT to EUR 45.5m. In this case, the lockdown measures accelerated the negative volume trend and the related earnings effect. The Retail & Bank Division reported an EBIT of minus EUR 18.4m compared to minus EUR 16.4m in the prior-year quarter. The positive development of the financial services business was in contrast to a negative one-off effect from a staff-related provision in the branch network. Austrian Post's profit for the period was EUR 49.9m in the first quarter of 2021 compared to EUR 26.2m the year before. Earnings per share equalled EUR 0.71 in the period under review, up from EUR 0.42 in the first quarter of 2020.

This good start to the year confirms Austrian Post's optimistic outlook for the full year 2021. The year should result in a solid revenue and earnings improvement in spite of the reduced visibility in many business areas along with heightened revenue volatility. Revenue is expected to increase by more than 10 %, which should, in turn, lead to about 15 % improvement of targeted earnings in 2021. The growth objective is combined with current capacity expansion measures. The foreseeable medium-term parcel volume increases will continue to be delivered on the basis of excellent logistics quality. "We assure our customers that we will continue to guarantee the highest possible operational capability despite increasing transport volumes", Georg Pölzl concludes.

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