Austrian Post H1 2019

09-08-2019

Austrian Post can look back at a very good first half-year 2019. Driven by a robust mail business and strong growth in the parcel segment, Austrian Postâ€™s Group revenue increased to EUR 981.1m, implying an increase of 2.7%. Both the Mail & Branch Network Division (+1.3%) and the Parcel & Logistics Division (+7.8%) showed a positive development in the reporting period.

The mail business is impacted by the ongoing substitution of traditional letter mail by electronic forms of communication as well as by a structural decrease in the Direct Mail business. The uncertainty related to the General Data Protection Regulation is perceivable in this segment. The financial service business continues to decline as a result of the termination of the cooperation with BAWAG P.S.K. The Mail & Branch Network Division contributed slightly above 70% to the total Group revenue of Austrian Post in the first half of 2019. The new product and postage rate model, additional revenue from the elections and one-off mailings have positively impacted the revenue of the Mail & Branch Network Division, in contrast to the fundamental drop in addressed letter mail volumes and lower Direct Mail revenue.

Austrian Post has benefited from the dynamic market growth in the parcel business attributable to the ongoing online shopping trend, resulting in steady growth of parcel volumes. The related competitive intensity and price pressure remain high. The Parcel & Logistics Division generated close to 30% of Group revenue in the reporting period and continued to show an upward trend. Revenue growth of 7.8% in the parcel business was driven primarily by the trend towards e-commerce and the accompanying parcel volume increase in Austria. Following the competition authorities' approval of the cooperation with Deutsche Post DHL Group, parcels have been delivered by Austrian Post since the beginning of August 2019. Forecasted future parcel volumes provide a strong incentive for Austrian Post to work with high intensity on extensively expanding its parcel logistics capacities in Austria. "Since July 2019 trial operations have been underway at the new parcel logistics centre in Hagenbrunn in the north of Vienna, which will become fully operational in September 2019 and will increase current capacities by 25%", says Austrian Post CEO Georg Pölzl. Construction of the second parcel logistics centre in Kalsdorf near Graz is proceeding on schedule, with completion expected by mid-2020. In the medium term, both total transport and sorting capacities should be

doubled. Moreover, Austrian Post is continuously pressing ahead with the expansion of its service offering of self-service and online solutions, making it even easier and more convenient to send and receive parcels.

EBIT of the Austrian Post Group has increased by 2.5% from the prior-year level to EUR 107.7m on the basis of solid revenue development combined with strict cost discipline. This strong development in the first half of 2019 should enable Austrian Post to remain consistent with its clear capital market positioning as a reliable dividend stock. Earnings per share have increased to EUR 1.17 compared to EUR 1.12 in the prior-year period.

"Reliability and stability towards our shareholders and other stakeholders of our company remain the focal point of our strategic activities, and, going forward, we would like to continue along this path", adds CEO Georg Pölzl. "Austrian Post aims to achieve a slight revenue increase for the entire 2019 financial year and stable operating earnings in line with the previous year", concludes Pölzl.

The entire report is available on the Internet at post.at/ir (Reporting).

Source: Austrian Post

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