International Post Corporation

Austrian Post reports good business developments in 2018 and optimism for 2019

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The business development of Austrian Post was very satisfactory in the year 2018. Volume developments in the core business of mail and parcel delivery were slightly above the initial forecasts. The decline in addressed letter mail volume was somewhat lower than expected, whereas parcel volumes rose strongly by 11% compared to the previous year. The (preliminary) Group revenue in 2018 was up 1.0% to EUR 1,958m despite the difficult market environment. Revenue growth of +11.5% in the Parcel & Logistics Division to EUR 552m compensated for the revenue decline in the Mail & Branch Network Division (-2.5% to EUR 1,412m). As a result of the good development, the company confirms its positive outlook for 2019. The final results for the 2018 financial year will be published on March 14, 2019.

The fundamental challenges prevailing on the letter mail, direct mail and parcel markets are expected to remain unchanged in 2019. “Our focus for 2019 will be on further developing our core business. We want to further expand our service and quality leadership”, CEO Georg Pölzl states.

In the mail business, the launch of an option to choose between time-critical and not time-critical items (PRIO and ECO letters) in 2018 proved to be a complete success. This product reform as well as combined physical and electronic delivery offerings should continue in 2019 to serve as the basis for enhanced customer value, the stabilisation of revenue and leveraging of further potential in the mail segment.

In spite of own delivery services initiated by a large-volume customer in the Vienna area, further volume growth is anticipated in the parcel business. The top priority is to double Austrian Post’s logistics capacities over the medium-term. The first step of a comprehensive investment programme was already taken with the start of construction of a new logistics centre in Hagenbrunn. It should be completed on schedule in the summer of 2019, enabling additional sorting capacity of approx. 14,000 parcels per hour, which will result in an increase of more than 25% in capacity. A further expansion of sorting capacities is being planned in light of the expected future parcel volume flows.

In addition to the operating performance, particular attention will be paid to the strategic and organisational enhancement of

the Group. Logistics units in the mail and parcel businesses are being merged, enabling the company to leverage additional synergies and further expand its quality leadership position in the Austrian mail and parcel markets. Furthermore, the structural groundwork should be laid in 2019 for the offering of financial services by the Austrian Post branch network as of the year 2020.

Precisely fulfilling customer needs is the key to success. “In the future we want to continue being a reliable and trustworthy partner for our customers and shareholders”, CEO Georg Pölzl states. As already predicted, the company targets a stable development of revenue and operating earnings for 2019 as well. This solid development should serve as the basis for Austrian Post to maintain its clear capital market positioning as a reliable dividend stock.

Source: Austrian Post

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