Austrian Post's economic impact of the Corona crisis cannot be estimated - cost saving measures initiated

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Austrian Post strives to fulfil the mandate of the Austrian Federal Government with the greatest effort, even in these difficult times: the companyâ€™s responsibility is to continue providing its services and thus universal postal services as part of the nationâ€™s critical infrastructure.

Austrian Post's branch offices as well as the majority of postal partners will remain open to the Austrian population where it is officially permitted. The delivery staff continues to visit four million households and companies on a daily basis, despite difficult conditions related to restrictions of public life and border closings. The employees at the distribution centres also continue to be deployed around the clock for the purpose of sorting letters and parcels.

NEGATIVE REVENUE EFFECTS ANTICIPATED

Austrian Post expects a decline in letter mail and particularly in direct mail volumes with respect to its revenue development over the coming months, and thus, for the entire year 2020. With the exception of the retail food sector, advertising mail is strongly affected, the extent of which will depend on the duration of store closures. The limited international movement of goods can also have a negative impact. The crisis has sparked an increased demand in the private customer parcel (B2C) segment in Austria but has also had a negative impact due to the insufficient availability of products. In contrast, a negative volume development is expected at present in the business parcel(B2B) business.

COST REDUCTION MEASURES INITIATED, EARNINGS IMPACT CANNOT YET BE ESTIMATED

Stringent cost savings measures have been initiated to counteract the negative revenue effects. These measures relate to staff costs, including partial short-time work and the reduction of unused vacation time, as well as material costs. Projects, which are not time-critical at present, will be postponed.

The further development of the coronavirus crisis and the measures undertaken by the public authorities in response to it will have a direct impact on economic forecasts. At the moment, however, it is impossible to quantify the scope of the negative earnings impact. In the medium term, the solid balance sheet of Austrian Post with a strong equity ratio and

high liquidity enhances the resilience of the company's business model in the uncertain economic environment.

Source: Austrian Post

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