International Post Corporation

# Austrian Post FY 2019

12-03-2020

Austrian Post has achieved a very satisfactory business development in 2019 despite challenging conditions. Group revenue increased by 3.2 % to EUR 2,021.6m. Strong growth in the Parcel & Logistics Division has sufficiently offset the 0.8 % decline in the Mail & Branch Network Division.

The mail business continues to face the ongoing substitutional of traditional letter mail by electronic forms of communications. Similar to addressed direct mail volumes, letter mail is subject to a structural decline and is negatively impacted by the uncertainty related to the General Data Protection Regulation. Positive revenue effects were achieved further to the new product and postage rate model as well as due to special mailings and elections in the course of 2019.

The Parcel & Logistics Division achieved revenue increases in Austria (+15.9 %) as well as in the subsidiaries of South East and Eastern Europe (+8.7 %). The national and international parcel market is characterised by market growth driven by the expansion of private online shopping and is impacted by ongoing competitive intensity and price pressure. “The partnership between Austrian Post and Deutsche Post DHL Group in Austria launched on 1 August 2019 has started off very well. From a logistics perspective, Austrian Post has effectively managed the major challenge of coping with increased daily delivery and transport volumes since then”, says CEO Georg Pölzl.

An important milestone in the growth-related expansion of sorting capacities in 2019 was the operational launch of the new Parcel Logistics Centre Lower Austria in Hagenbrunn. Capacities will be increased in 2020 further to the start-up of the Parcel Logistics Centre Styria in Kalsdorf and the Thalgau/Salzburg Delivery Base. In addition to this capacity expansion drive, the top priority for 2020 is the development of Austrian Post’s new financial services business through the Post subsidiary bank99. “Starting in April 2020, financial services will be offered both online and at physical outlets via Austrian Post’s network of own branch offices and postal partners”, adds Pölzl.

In terms of earnings, Austrian Post achieved a good performance in 2019. EBITDA improved by 4.3 % to EUR 318.7m, whereas the reported EBIT of EUR 200.6m was 4.9 % below the prior-year level due to one-off effects such as special provisions for data protection.

Earnings per share totalled EUR 2.17 in 2019, compared to EUR 2.13 in the previous year. On the basis of the good earnings, strong cash flow and solid balance sheet, a proposal will be made to the Annual General Meeting scheduled for 16 April 2020 to approve the payout of a stable dividend of EUR 2.08 per share.

Various initiatives are also planned for 2020 to offset adverse trends in the postal market and help Austrian Post generate a stable or slightly higher revenue. Achieving the defined objectives for Austrian Post's letter mail, direct mail and parcel operations as well as for the branch network and financial services is an important prerequisite in this regard. In terms of earnings, stability and predictability are also important targets of Austrian Post. In 2019, the reported EBIT of EUR 200.6m was below the comparable number for 2018 primarily due to one-off effects. However, operating earnings in 2019 were slightly above the EUR 211m for 2018. Subject to a stable economic environment in Austria, this stability is also targeted for 2020. Moreover, altogether start-up costs of at least EUR 40m are expected in 2020 and 2021 in connection with the development of a new financial services offering. Positive earnings contributions from the financial services business are expected from 2023.

"The basis for our quality leadership are the more than 20,300 employees who work tirelessly day in and day out, and they deserve our sincere thanks. Together we will succeed in remaining the preferred partner for our customers", concludes CEO Georg Pölzl.

Source: Austrian Post


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