HALF-YEAR FINANCIAL REPORT 2018

H1

Post

Highlights H1 2018

– Revenue

– Slight revenue increase of 0.2 % to EUR 955.2m
– Parcel growth (+12.1 %) compensated for the decline in Mail & Branch Network (–3.7 %)

– Earnings

– EBIT up 2.8 % to EUR 105.1m
– Earnings per share of EUR 1.12 (–0.5 %)

– Cash flow and balance sheet

– Higher cash flow due to special payment of BAWAG P.S.K.
– Conservative balance sheet structure with low level of financial liabilities

– Outlook

– Targeted stability in revenue and earnings

Key Figures

EUR m	H1 2017	H1 2018	Change
INCOME STATEMENT			
Revenue	**953.7**	**955.2**	**0.2 %**
EBITDA	143.3	**144.3**	0.7 %
EBITDA margin	15.0 %	**15.1 %**	–
EBIT	**102.2**	**105.1**	**2.8 %**
EBIT margin	10.7 %	**11.0 %**	–
Earnings before tax	102.1	**108.2**	6.0 %
Profit for the period	76.2	**75.9**	–0.4 %
Earnings per share (EUR)[1]	**1.13**	**1.12**	**–0.5 %**
Employees (average for the period, full-time equivalents)	20,390	**20,284**	–0.5 %
CASH FLOW			
Gross cash flow[2]	146.3	**176.2**	20.4 %
Cash flow from operating activities	**108.9**	**173.4**	**59.1 %**
Investment in property, plant and equipment (CAPEX)	–28.0	**–67.4**	<–100 %
Free cash flow	63.9	**104.1**	62.8 %
Free cash flow before acquisitions/securities and growth CAPEX[3]	**93.2**	**134.1**	**44.0 %**

EUR m	Dec. 31, 2017	June 30, 2018	Change
BALANCE SHEET			
Total assets	1,674.2	**1,618.5**	–3.3 %
Equity	698.8	**634.1**	–9.3 %
Net cash (–)/net debt (+)	–10.2	**23.6**	>100 %
Equity ratio	**41.7 %**	**39.2 %**	**–**

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Reclassification of taxes paid – reported separately within cash flow from operating activities – refer to Note 2.2 of the consolidated financial statements
[3] H1 2017: Free cash flow before acquisitions/securities and new corporate headquarters

Statement by the Management Board

Ladies and Gentlemen! Dear Shareholders!

Austrian Post's Group revenue in the first half of the current financial year amounted to EUR 955.2m. This represents a slight increase of 0.2 %, with growth in the Parcel & Logistics Division (+12.1 %) compensating for the decline in the Mail & Branch Network Division (-3.7 %).

Significant increases were generated in the parcel business, where Austrian Post is profiting from dynamic market growth driven by the continuing online shopping trend. The implied competition and price pressure remain high. We are optimistic that we will be able to continue maintaining our strong position in this highly competitive market due to our outstanding delivery quality and a broad offering of individual customer solutions. We launched a capacity expansion programme to enable us to handle the steep increase in parcel volumes in the future. The ground-breaking ceremony for the new parcel centre in Hagenbrunn to the north of Vienna took place on July 10, 2018. Medium-term sorting capacity should be more than doubled to 100,000 parcels per hour. Furthermore, we are steadily pressing ahead with an expansion of our service offering based on self-service and online solutions to make it even easier and more convenient to send or receive parcels.

Austrian Post is also being called upon to adapt its service offering in the mail business to current customer requirements in order to ensure its sustainable success. Austrian Post expanded its product portfolio effective July 1, 2018 by introducing a new letter mail product within the context of universal postal services. In line with international trends, the new product and postal rate model offers the option to choose between time-critical and not time-critical items.

Group EBIT rose by 2.8 % year-on-year to EUR 105.1m on the basis of the good revenue development combined with strict cost discipline. The solid development in the first half of 2018 should enable Austrian Post to remain faithful to its clear capital market positioning as a reliable dividend stock. Reliability and stability towards our shareholders and other stakeholders of our company remain the focal point of our strategic activities, and we want to continue along this path. Accordingly, Austrian Post aims to achieve a stable development in revenue and operating results for the entire year 2018 in line with the previous year.

Vienna, August 1, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Executive Officer

Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

Business Environment and Legal Framework

– Economic Environment

At present, global economic growth has apparently peaked, according to economists at the International Monetary Fund (IMF). At the same time, they warn that growth is becoming increasingly uneven, posing greater risks for the overall outlook.

The world economy is expected to expand by 3.9 % in both 2018 and 2019 compared to 3.8 % in the previous year. However, a possible escalating spiral in trade tariffs could threaten worldwide production. If the new customs duties announced by the USA and its trading partners take effect in addition to the existing costs, global GDP could be reduced by about half a percentage point by the year 2020. For this reason, it is important that the countries do not pursue a nationalist path but fight against protectionism and pursue joint, multilateral approaches to trade. The IMF anticipates eurozone GDP growth of 2.2% in 2018 and 1.9 % in 2019 (IMF, July 2018).

The Austrian economy is also expected to expand by 3.2 % in 2018 following a high growth rate in the previous year. This development is driven by domestic demand and foreign trade. However, indicators point to a slowdown of growth. Accordingly, the Austrian Institute of Economic Research (WIFO) projects growth of 2.2 % in 2019 (WIFO, July 2018).

Current signs also point to growth in the other European markets where Austrian Post operates. The IMF forecasts economic growth of 2.2 % in Germany in 2018 and 2.1 % in 2019. In the European emerging markets, the IMF expects GDP to expand by 4.3 % in the year 2018 and by 3.6 % in 2019 (IMF, July 2018).

– Market Environment

In addition to the overall economic environment, the business development of Austrian Post is impacted mainly by the following international trends which pose risks but also offer new opportunities.

In the mail business, electronic substitution of traditional letter mail is continuing. This global trend impacts all postal companies and is essentially irreversible. In particular, customers in the public sector as well as banks and insurance companies are trying to reduce mail volumes. As a result, Austrian Post continues to expect an ongoing decline of about 5 % per annum. Business with direct mail items strongly depends on the economic situation, the particular sector and the intensity of advertising activities by companies. The market development for addressed and unaddressed advertising mail is currently rather subdued. In particular, senders have displayed uncertainty with regard to addressed direct mail as a consequence of the General Data Protection Regulation coming into effect.

Parcel volumes in the private customer segment are increasing due to the steadily growing importance of online shopping. In particular, there is still a need to catch-up in the e-commerce segment of the CEE/SEE markets. In turn, this should lead to a more dynamic growth of parcel volumes.

The development of the international parcel and freight business depends largely on general economic trends as well as international trade flows and related price developments. Competition and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised.

– Legal Framework

The legal framework for Austrian Post's business operations is mainly based on the Austrian Postal Market Act, which took effect on January 1, 2011:

- Austrian Post remains the universal service provider in Austria even after the full-scale market liberalisation, guaranteeing high-quality postal services throughout Austria. As legally stipulated, the regulatory authority (Post Control Commission) carried out an evaluation in 2016 to determine whether other postal companies can provide universal postal services defined by law. This is not the case.

- The Universal Postal Service Obligation is limited primarily to mail posted at the legally stipulated access points, i.e. postal service points or letterboxes, based on general terms of trade (not individually negotiated). This safeguards the supply of basic postal services to the Austrian population and economy. Postal services for mail items brought to sorting centres by large customers, with the exception of newspapers, are not considered an integral component of universal postal services.

- A change in the Postal Market Act took effect on November 27, 2015. This enables Austrian Post to offer, in addition to letter mail (with strict delivery time standards), so-called non-priority letter mail within the context of universal postal services. The delivery time of these non-priority letters is allowed to take up to four days on a regular basis. Since July 1, 2018, Austrian Post has offered the new Eco Letter within the context of its universal postal services and correspondingly expanded its product portfolio. Senders have the option of choosing between a delivery time of two to three days for not time-critical mail items and the quicker PRIO Letter, which will continue to be delivered the day after the letter was posted. This change was accompanied by an adjustment of postal rates.

Business Development and Economic Situation

– Changes in the Scope of Consolidation

The segment change of Weber Escal d.o.o, Croatia from the Mail & Branch Network Division to the Parcel & Logistics Division took place as at January 1, 2018. The underlying reason for this realignment is a change in the company's business model from letter mail to parcel distribution. Austrian Post holds a 100 % stake in Weber Escal d.o.o.

– Revenue and Earnings

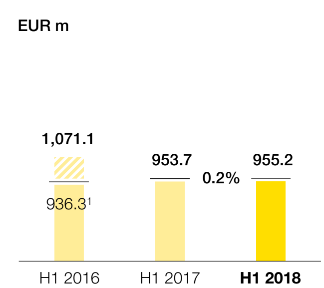
EARNINGS DEVELOPMENT

In the first half of 2018, Group revenue of Austrian Post improved by 0.2 % to EUR 955.2m. The consistency of trends in the mail and parcel businesses was once again confirmed. Revenue growth of 12.1 % in the Parcel & Logistics Division compensated for the 3.7 % revenue decline in the Mail & Branch Network Division.

The Mail & Branch Network Division accounted for 72.6 % of Group revenue during the period under review. The drop in divisional revenue in the first half-year was the result of the fundamental decrease in addressed letter mail as a result of electronic substitution, lower direct mail revenue compared to the previous year and the structurally-related decline in the financial services business. Growth in Mail Solutions, additional revenue from elections and growth due to higher international e-commerce volumes pushed up the revenue.

The Parcel & Logistics Division generated 27.4 % of total Group revenue in the reporting period against the backdrop of an ongoing upward trend. The 12.1 % revenue increase was primarily driven by organic volume growth in Austria.

REVENUE DEVELOPMENT



[1] Revenue excl. trans-o-flex

REVENUE BY DIVISION

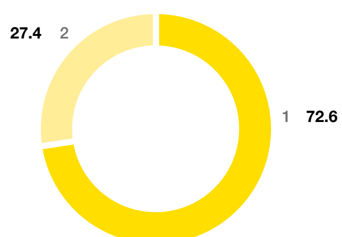
EUR m	H1 2017[1]	H1 2018	Change %	Change EUR m	Q2 2017[1]	Q2 2018
Revenue	**953.7**	**955.2**	**0.2 %**	**1.6**	**465.0**	**464.6**
Mail & Branch Network	721.4	**695.0**	–3.7 %	–26.4	348.8	**335.4**
Parcel & Logistics	234.4	**262.6**	12.1 %	28.3	117.3	**130.4**
Corporate/Consolidation	–2.0	**–2.4**	–16.9 %	–0.3	–1.0	**–1.2**
Calendar working days in Austria	124	**124**	–	–	60	**60**

[1] Adjustment of revenue in the segment report – refer to Note 2.2 of the consolidated financial statements

With respect to geographical segments, Austrian Post generated 91.8 % of its Group revenue in Austria in the first half of 2018, whereas South East and Eastern Europe accounted for 5.5 % and Germany for 2.8 % of Group revenue.

REVENUE BY DIVISION H1 2018

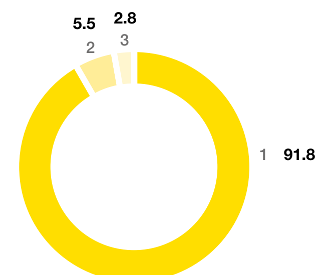
in %



1 – Mail & Branch Network
2 – Parcel & Logistics

REVENUE BY REGION H1 2018

in %



1 – Austria
2 – South East & Eastern Europe
3 – Germany

REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

			Change			
EUR m	H1 2017[1]	H1 2018	%	EUR m	Q2 2017[1]	Q2 2018
Revenue	**721.4**	**695.0**	**–3.7 %**	**–26.4**	**348.8**	**335.4**
Letter Mail & Mail Solutions	396.0	**391.0**	–1.3 %	–5.0	189.5	**188.7**
Direct Mail	203.1	**190.9**	–6.0 %	–12.2	97.2	**91.0**
Media Post	67.1	**64.5**	–3.8 %	–2.5	35.6	**32.4**
Branch Services	55.2	**48.5**	–12.1 %	–6.7	26.6	**23.4**
Revenue intra-Group	47.7	**53.0**	11.1 %	5.3	24.7	**25.8**
Total revenue	**769.0**	**748.0**	**–2.7 %**	**–21.1**	**373.4**	**361.2**
thereof revenue with third parties	720.9	**694.3**	–3.7 %	–26.6	348.5	**335.0**

[1] Adjustment of revenue in the segment report – refer to Note 2.2 of the consolidated financial statements

Revenue of the Mail & Branch Network Division totalled EUR 695.0m in the first half of 2018. Of this amount, 56.3 % can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounted for 27.5 % of total divisional revenue. Media Post i.e. the delivery of newspapers and magazines had a share of 9.3 %. Branch Services generated 7.0 % of the division's revenue.

In the first half of 2018, Letter Mail & Mail Solutions revenue amounted to 391.0m, a drop of 1.3 % from the previous year. Second-quarter 2018 revenue was down 0.4 % to EUR 188.7m. The downward volume development as a consequence of the substitution of letters by electronic forms of communication continued. The basic volume development trend during the period under review was about minus 5 % in Austria. The segment change of the Croatian subsidiary Weber Escal d.o.o. assigned to the Parcel & Logistics Division since January 1, 2018 as well as the exit from the mail business in South East and Eastern Europe negatively impacted revenue. In contrast, new services relating to conventional letter mail transport had the opposite effect of increasing divisional revenue. Mail Solutions generated growth of EUR 2.6m mainly in the fields of document logistics and output management. Moreover, the Letter Mail & Mail Solutions business area reported additional revenue of EUR 6.4m from increased international e-commerce volumes.

Revenue of the Direct Mail business amounted to EUR 190.9m in the first six months of 2018, representing a year-on-year decline of 6.0 %. Second-quarter 2018 revenue decreased by 6.4 %. This decline is related to a 2–3 % drop in operating revenue and a changed product assignment of international mail items. Customers displayed uncertainty with respect to addressed mail items as a consequence of the new General Data Protection Regulation. Similarly, the exit from the direct mail business in South East and Eastern Europe also reduced revenue.

Media Post revenue was down 3.8 % to EUR 64.5m in a year-on-year comparison. Revenue in the second quarter of 2018 decreased by 9.0 %. This development is mainly attributable to the declining subscription business for newspapers and magazines.

Branch Services revenue fell 12.1 % in the first half of 2018 to EUR 48.5m. Second-quarter 2018 revenue was down to the same extent by 12.1 %. In line with the agreement concluded with the banking partner BAWAG P.S.K., a step-by-step dissolution of the partnership is to take place for the most part by the end of 2019. Revenue generated by consulting services will be continuously reduced but the offer of counter transactions will remain unchanged.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

			Change			
EUR m	H1 2017[1]	H1 2018	%	EUR m	Q2 2017[1]	Q2 2018
Revenue	**234.4**	**262.6**	**12.1 %**	**28.3**	**117.3**	**130.4**
Premium Parcels	112.2	**123.3**	9.9 %	11.1	56.9	**61.4**
Standard Parcels	104.9	**111.8**	6.6 %	6.9	51.8	**54.8**
Other Parcel Services	17.3	**27.5**	59.3 %	10.2	8.6	**14.2**
Revenue intra-Group	2.4	**2.5**	5.6 %	0.1	1.1	**1.2**
Total revenue	**236.7**	**265.2**	**12.0 %**	**28.4**	**118.4**	**131.6**
thereof revenue with third parties	232.7	**260.9**	12.1 %	28.1	116.5	**129.6**

[1] Adjustment of revenue in the segment report – refer to Note 2.2 of the consolidated financial statements

Total revenue of the Parcel & Logistics Division rose by 12.1 % in the first half of 2018 to EUR 262.6m from EUR 234.4m in the previous year. The segment change of the Croatian subsidiary Weber Escal d.o.o. effective January 1, 2018 increased the revenue, in light of the fact that the company was still recognised as part of the Mail & Branch Network Division in the prior-year period. Adjusted for Weber Escal d.o.o., divisional revenue was up by 9.7 %.

This strong growth in the parcel business resulted mainly from the ongoing e-commerce trend in Austria. Austrian Post has once again benefitted from this market growth during the reporting period, with national revenue showing double-digit growth in the first half of 2018. Intense competition still prevails. At the same time, demand for quality and delivery speed as well as price pressure are increasing.

On balance, the Premium Parcels business (parcel delivery within 24 hours) accounted for 47.0 % of total divisional revenue in the first six months of 2018. This represents a revenue increase of 9.9 % to EUR 123.3m in the first half of 2018. Revenue was up 7.8 % in the second quarter of 2018.

Standard Parcels, which mainly constitute shipments to private customers in Austria, contributed 42.6 % to the division's revenue. This business area generated revenue of EUR 111.8m in the first half of 2018, comprising an increase of 6.6 % from the previous year. Revenue climbed 5.9 % in the second quarter.

Other Parcel Services, which include various additional logistics services, accounted for the revenue of EUR 27.5m in the first six months of 2018. This increase can be primarily attributed to the full consolidation of the subsidiary ACL advanced commerce labs GmbH since November 1, 2017 and the segment change of Weber Escal d.o.o.

From a regional perspective, 80.0 % of total revenue in the Parcel & Logistics Division was generated in Austria in the first half-year 2018 and 20.0 % by the subsidiaries in South East and Eastern Europe. The business in Austria showed revenue growth of 11.8 % in the first half of 2018. Revenue in the highly competitive South East and Eastern European region was up 13.3 % during the first six months of 2018, with EUR 5.6m of this increase due to the segment change of Weber Escal d.o.o., Croatia.

CONSOLIDATED INCOME STATEMENT

EUR m	H1 2017	H1 2018	Change %	Change EUR m	Q2 2017	Q2 2018
Revenue	**953.7**	**955.2**	**0.2 %**	**1.6**	**465.0**	**464.6**
Other operating income	27.7	**50.9**	83.7 %	23.2	13.0	**16.3**
Raw materials, consumables and services used	–196.3	**–206.2**	–5.1 %	–10.0	–96.4	**–102.3**
Staff costs	–514.4	**–516.5**	–0.4 %	–2.1	–251.4	**–242.5**
Other operating expenses	–126.7	**–137.8**	–8.8 %	–11.2	–64.4	**–67.5**
Results from financial assets accounted for using the equity method	–0.8	**–1.3**	–69.2 %	–0.5	–0.2	**–0.7**
EBITDA[1]	**143.3**	**144.3**	**0.7 %**	**1.0**	**65.6**	**67.9**
Depreciation, amortisation and impairment losses	–41.1	**–39.3**	4.5 %	1.9	–17.7	**–19.5**
EBIT[2]	**102.2**	**105.1**	**2.8 %**	**2.9**	**47.8**	**48.4**
Other financial result	–0.1	**3.2**	>100 %	3.3	0.0	**1.5**
Earnings before tax	**102.1**	**108.2**	**6.0 %**	**6.2**	**47.9**	**49.9**
Income tax	–25.9	**–32.3**	–24.9 %	–6.4	–12.1	**–15.8**
Profit for the period	**76.2**	**75.9**	**–0.4 %**	**–0.3**	**35.8**	**34.1**
Earnings per share (EUR)[3]	1.13	**1.12**	–0.5 %	–0.01	0.53	**0.50**

[1] Earnings before depreciation, amortisation, impairment losses, other financial result and income tax
[2] Earnings before other financial result and income tax
[3] Undiluted earnings per share in relation to 67,552,638 shares

EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (54.1 %), raw materials, consumables and services used (21.6 %) and other operating expenses (14.4 %), which is in contrast to other operating income.

Austrian Post's staff costs amounted to EUR 516.5m in the first half of 2018, representing a year-on-year increase by 0.4 %.

The included operational staff costs of EUR 490.5m were at the prior-year level. Steady efficiency improvements and structural changes made it possible to compensate for salary increases mandated by collective wage agreements.

In addition to operational staff costs, staff costs of Austrian Post also include various non-operational costs such as termination benefits and changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post. Non-operational staff costs of EUR 26.0m in the first half of 2018 were somewhat higher than in the previous year. Provisions in the amount of EUR 21.8m allocated for the redimensioning of financial services constituted the largest share of these costs. In contrast, lower expenses for social plan models had the opposite effect.

Raw materials, consumables and services used were up by 5.1 % to EUR 206.2m, which is primarily related to higher costs for outsourced transport services required to handle the increase in parcel volumes.

Other operating expenses increased by 8.8 % to EUR 137.8m. This increase is mainly due to higher maintenance, IT and consulting costs.

Other operating income amounted to EUR 50.9m in the first half-year 2018, compared to the prior-year level of EUR 27.7m. This includes one-off income of EUR 20.1m representing a lump sum compensation on the part of the banking partner BAWAG P.S.K. for shortening the duration of the contractual agreement.

The results of the financial assets accounted for using the equity method include proportional profits for the period of joint ventures and associated companies and amounted to minus EUR 1.3m in the first six months of 2018.

Earnings show a stable to slightly positive development. EBITDA at EUR 144.3m was slightly above the previous year, corresponding to an EBITDA margin of 15.1 %.

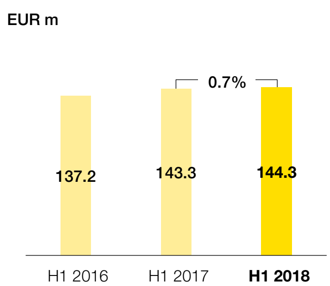
Depreciation, amortisation and impairment losses amounted to EUR 39.3m, down by EUR 1.9m from the previous year. No impairment losses were recognised during the reporting period, in contrast to impairment losses of EUR 5.4m recognised in the first half of 2017.

EBIT improved by 2.8 % year-on-year to EUR 105.1m, implying an EBIT margin of 11.0 %.

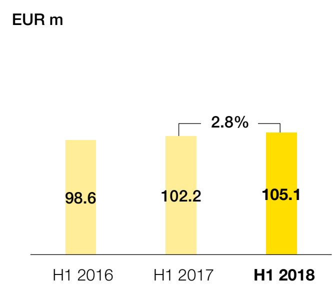
The other financial result of EUR 3.2m included a positive contribution of EUR 6.1m from interest on claims related to non-wage costs paid in previous periods. Income tax rose by EUR 6.4m compared to the first half of 2017 due to higher tax expenses from previous years.

After deducting income tax, the profit for the period totalled EUR 75.9m, comprising a drop of 0.4 % year-on-year. Earnings per share equalled EUR 1.12.

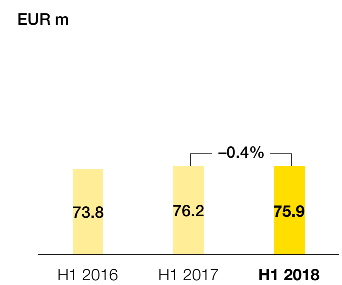
EBITDA



EBIT



PROFIT FOR THE PERIOD



EBITDA AND EBIT BY DIVISION

			Change		Margin[1]		
EUR m	H1 2017	**H1 2018**	%	EUR m	**2018**	Q2 2017	**Q2 2018**
EBITDA	**143.3**	**144.3**	**0.7 %**	**1.0**	**15.1 %**	**65.6**	**67.9**
Mail & Branch Network	158.0	**148.5**	–6.0 %	–9.5	**19.8 %**	75.9	**69.9**
Parcel & Logistics	27.0	**25.8**	–4.3 %	–1.2	**9.7 %**	12.2	**12.2**
Corporate/Consolidation	–41.6	**–29.9**	28.1 %	11.7	**–**	–22.5	**–14.2**
EBIT	**102.2**	**105.1**	**2.8 %**	**2.9**	**11.0 %**	**47.8**	**48.4**
Mail & Branch Network	145.0	**138.7**	–4.3 %	–6.3	**18.5 %**	71.0	**65.1**
Parcel & Logistics	19.0	**20.4**	7.4 %	1.4	**7.7 %**	9.6	**9.5**
Corporate/Consolidation	–61.8	**–54.1**	12.5 %	7.7	**–**	–32.7	**–26.3**

[1] Margin of the divisions in relation to total revenue

From a divisional perspective, EBITDA of the Mail & Branch Network Division totalled EUR 148.5m, a drop of 6.0 % from the prior-year period. Divisional EBIT was down 4.3 % to EUR 138.7m. This decline is mainly attributable to the weaker revenue development.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure and generated an EBITDA of EUR 25.8m (–4.3 %) and EBIT of EUR 20.4m (+7.4 %) in the first half of 2018.

EBIT of the Corporate Division (incl. Consolidation) improved by 12.5 % to minus EUR 54.1m. The Corporate Division provides non-operational services for the purpose of managing and controlling at a Corporate Group level. These services include, among other things, the management of commercial properties owned by the Group, the provision of IT services, the development of new business models as well as the administration of the Internal Labour Market of Austrian Post.

– Assets and Finances

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2017	June 30, 2018	Structure June 30, 2018
ASSETS			
Property, plant and equipment	615.7	**634.7**	39.2 %
Intangible assets and goodwill	86.7	**86.8**	5.4 %
Investment property	85.0	**84.7**	5.2 %
Financial assets accounted for using the equity method	8.1	**9.1**	0.6 %
Inventories, trade and other receivables	457.8	**426.9**	26.4 %
Other financial assets	131.0	**121.5**	7.5 %
thereof financial investments in securities	80.6	**79.6**	–
Cash and cash equivalents	290.0	**254.6**	15.7 %
	1,674.2	**1,618.5**	**100 %**
EQUITY AND LIABILITIES			
Equity	698.8	**634.1**	39.2 %
Provisions	563.7	**559.0**	34.5 %
Other financial liabilities	6.8	**6.8**	0.4 %
Trade and other payables	404.9	**418.7**	25.9 %
	1,674.2	**1,618.5**	**100 %**

BALANCE SHEET STRUCTURE

Austrian Post pursues a conservative balance sheet policy and financing structure. This is demonstrated by the high equity ratio, low financial liabilities and the solid amount of cash and cash equivalents invested at the lowest possible risk.

The balance sheet total of Austrian Post amounted to EUR 1,618.5m as at June 30, 2018. On the assets side, property, plant and equipment comprised the largest single balance sheet item at EUR 634.7m, whereas intangible assets totalled EUR 24.9m. The goodwill reported for acquisitions at the end of the first half of 2018 equalled EUR 62.0m. Receivables at EUR 306.7m comprised one of the largest single balance sheet items in current assets. Moreover, Austrian Post has a high level of cash and cash equivalents equalling EUR 254.6m.

The equity and liabilities side of the balance sheet is characterised by a high equity ratio, which equalled 39.2 % as at June 30, 2018. This corresponds to equity of EUR 634.1m. Non-current liabilities of EUR 426.0m primarily consist of provisions totalling EUR 383.6m (including provisions for employee under-utilisation of EUR 207.8m). Current liabilities of EUR 558.5m are dominated by trade payables at EUR 165.8m.

An analysis of the financial position of the company shows a high level of current and non-current financial resources in the amount of EUR 334.3m, including cash and cash equivalents totalling EUR 254.6m along with financial investments in securities of EUR 79.6m. These financial resources contrast with financial liabilities of only EUR 6.8m.

CASH FLOW

EUR m	H1 2017	H1 2018
Gross cash flow[1]	146.3	**176.2**
Cash flow from operating activities	**108.9**	**173.4**
Cash flow from investing activities	–45.0	**–69.3**
thereof maintenance CAPEX	–16.9	**–38.2**
thereof growth CAPEX[2]	–11.1	**–29.1**
thereof cash flow from acquisitions/divestments	–3.1	**–0.9**
thereof acquisition/disposal of securities	–15.0	**0.0**
thereof other cash flow from investing activities	1.1	**–1.0**
Free cash flow	63.9	**104.1**
Free cash flow before acquisitions/securities	82.1	**105.0**
Free cash flow before acquisitions/securities and growth CAPEX[3]	**93.2**	**134.1**
Cash flow from financing activities	–135.1	**–139.2**
thereof dividends	–135.1	**–138.8**
Change in cash and cash equivalents	–71.1	**–35.1**

[1] Reclassification of taxes paid – reported separately within cash flow from operating activities – refer to Note 2.2 of the consolidated financial statements
[2] H1 2017: CAPEX new corporate headquarters
[3] H1 2017: Free cash flow before acquisitions/securities and new corporate headquarters

CASH FLOW

The cash flow in the first half of 2018 was impacted by various special effects. A special payment of EUR 107.0m from BAWAG P.S.K. in connection with the termination of the cooperation agreement with Austrian Post less the financial services provided at the amount of EUR 20.5m in the reporting period resulted in a positive special cash flow effect of EUR 86.5m. Higher maintenance CAPEX and growth CAPEX equalling EUR 67.4m, higher than the prior-year figure of EUR 28.0m, had the opposite effect. Higher payments related to provisions and the income tax expense also tended to reduce the cash flow.

The gross cash flow totalled EUR 176.2m in the first half-year 2018, compared to EUR 146.3m in the prior-year period. The cash flow from operating activities amounted to EUR 173.4m in the period under review, up from EUR 108.9m in the previous year.

In the first six months of 2018, the cash flow from investing activities reached a level of minus EUR 69.3m, compared to the prior-year figure of minus EUR 45.0m. This increase is due to cash outflows for the acquisition of property, plant and equipment (CAPEX). The difference is primarily attributable to payments totalling EUR 29.1 in the current reporting period for investments made as part of the parcel logistics capacity expansion programme.

The free cash flow before acquisitions/securities and growth CAPEX totalled EUR 134.1m in the first half-year 2018, compared to EUR 93.2m in the previous year.

INVESTMENTS

Additions to property, plant and equipment and intangible assets amounted to EUR 60.9m in the first six months of 2018, clearly above the prior-year figure of EUR 31.3m. Investments included EUR 56.0m for property, plant and equipment and EUR 4.8m for intangible assets during the reporting period. The lion's share of investments was related to the investment programme designed to expand the parcel logistics infrastructure.

— Employees

The average number of employees at the Austrian Post Group totalled 20,284 full-time equivalents in the first six months of 2018, comprising a year-on-year decline of 106 employees. Most of Austrian Post's staff (17,130 full-time equivalents) is employed by the parent company Österreichische Post AG.

EMPLOYEES BY DIVISION

Average for the period, full-time equivalents	H1 2017	H1 2018	Share H1 2018
Mail & Branch Network	14,738	**14,042**	69.2 %
Parcel & Logistics	3,646	**4,099**	20.2 %
Corporate	2,007	**2,143**	10.6 %
Total	**20,390**	**20,284**	**100 %**

Main Risks and Uncertainties

As an international postal and logistics services provider, the Austrian Post Group is subject to a variety of operational risks in carrying out its business operations. Austrian Post deals with these risks responsibly. The focus on its core business activities, as well as decades of experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, regulatory, legal risks, financial and technical risks as well as market and competitive risks along with information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2017 of Austrian Post (see the Annual Report 2017, Financial Report, Group Management Report, sections 4 and 5, and the Consolidated Financial Statements, Note 10.2).

On the basis of the defined risks, there are also uncertainties for the remaining two quarters of the current financial year. Shipment volumes in the Mail & Branch Network Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and also depend on the economic development of the respective customer segments. Experience has shown that unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail, direct mail and parcel volumes. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus achievable prices for postal services. Traditional letter mail items as well as advertising mail are increasingly under pressure by electronic forms of communication.

The parcel market is positively impacted by the online shopping trend, but at the same time competitors are also increasing their activities in order to participate in this market growth more strongly. The resulting shifts in market share and increased price pressure could negatively impact Austrian Post's earnings situation.

In the branch network, Austrian Post is partly dependent on strategic partners in the field of telecommunication products and financial services. In 2017 the cooperation agreement was terminated by the banking partner BAWAG P.S.K. Talks have been held for some time with potential partners. Specific decisions are expected to be made over the course of the year 2018. If the company does not succeed in implementing a viable alternative solution, the necessary restructuring measures could pose a revenue and cost risk for Austrian Post.

All the above-mentioned risks could lead to a significant volume decrease, and thus, to a corresponding drop in earnings, for example due to various structural measures and restructuring costs, or due to valuation adjustments. In addition, performance of subsidiaries or any required impairment losses could affect the earnings of Austrian Post.

Related Party Transactions

There were no major changes in related party transactions in the first half of 2018. Information on related party transactions is provided in the Annual Report 2017 of Austrian Post (see the Annual Report 2017, Financial Report, Consolidated Financial Statements, Note 11.3).

– Outlook 2018

Developments in the first half-year confirm the forecasts made by Austrian Post with respect to the projected business development in 2018, and the outlook for the entire year 2018 remains unchanged.

Volume developments in the letter mail, direct mail and parcel segments are expected to be in line with trends prevailing in recent quarters. The company continues to anticipate volume declines of about 5% p. a. in the traditional letter mail business. Addressed and unaddressed direct mail is under pressure due to market and sector-specific conditions. Parcel volumes are steadily rising. Double-digit growth for private customer parcels is expected, driven by the expansion of online shopping.

Austrian Post continues to forecast an ongoing stable revenue development in the 2018 financial year (2017 revenue: EUR 1,938.9m). Current planning assumptions remain valid. In particular, the decline in addressed letter mail is a prevailing international trend. A further trend in Europe is to increase the freedom of choice and enable customers to select among various delivery speeds for letters and parcels. Effective July 1, 2018, Austrian Post adapted its service offering correspondingly. The new product and postal rate model distinguishes between time-critical mail items (e.g. documents, urgent letters and parcels) and not time-critical items (e.g. telephone invoices, bank account statements). For example, senders now have three options for a standard letter weighing 20g (e.g. C5 envelope) as of July 2018. In addition to the PRIO (priority) option for next-day delivery at a rate of EUR 0.80, ECO (economy) delivery within 2–3 days is offered for EUR 0.70 within the context of the universal service obligation. Furthermore, an ECO BUSINESS service is available for EUR 0.65 for delivery within 4–5 days outside the universal postal service framework.

In the branch network, the dissolution of the financial services partnership with the current banking partner BAWAG P.S.K. is currently under way. Consulting services will be gradually redimensioned by the end of 2019, whereas the offering of counter transactions will be maintained. In the medium term, the financial services business will remain an important part of Austrian Post's business operations. Talks are being held with other potential financial services partners.

The company aims to generate a 10% growth in the parcel business. However, as a result of the current market growth, more intense competition, stronger price pressure and partial delivery by an individual large-volume customer starting in the fall of 2018 are expected.

With respect to its earnings development, Austrian Post continues to pursue the goal of generating stable operating earnings in 2018 (2017 EBIT: EUR 207.8m). In spite of declining volumes, the company anticipates good capacity utilisation of its mail logistics infrastructure, which is now being used more efficiently through the joint delivery of letters and parcels. At the same time, Austrian Post will have to meet the challenges of a redimensioned financial services business.

Austrian Post will continue making investments in efficient structures and processes as well as in enhancing the service quality of letters and parcels. Against the backdrop of ongoing market growth in the private customer parcel segment, the objective is to expand the company's quality leadership. Accordingly, Austrian Post is investing in efficient delivery services, and is successively expanding its offering of options for customers to drop off mail items. Moreover, hourly sorting capacities are to be doubled in the medium term.

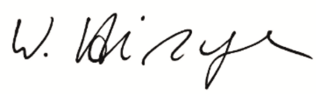
In addition to the ongoing basic investments in the core business of about EUR 60–70m annually, additional growth investments in the field of parcel logistics are planned for the coming years. The objective is to expand existing sorting capacities as quickly as possible and invest at least EUR 50m for this purpose in 2018. In addition, there is a possibility of expanding existing commercial properties or to acquire new land. As in the past, the operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable, future-oriented investments.

Vienna, August 1, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer



Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

Consolidated interim financial statements

– Consolidated income statement for the first half of 2018

EUR m	H1 2017	H1 2018	Q2 2017	Q2 2018
Revenue	953.7	**955.2**	465.0	**464.6**
Other operating income	27.7	**50.9**	13.0	**16.3**
Total operating income	**981.4**	**1,006.2**	**478.0**	**481.0**
Raw materials, consumables and services used	–196.3	**–206.2**	–96.4	**–102.3**
Staff costs	–514.4	**–516.5**	–251.4	**–242.5**
Depreciation, amortisation and impairment losses	–41.1	**–39.3**	–17.7	**–19.5**
Other operating expenses	–126.7	**–137.8**	–64.4	**–67.5**
Total operating expenses	**–878.5**	**–899.8**	**–430.0**	**–431.9**
Profit from operations	**102.9**	**106.3**	**48.0**	**49.0**
Results from financial assets accounted for using the equity method	–0.8	**–1.3**	–0.2	**–0.7**
Financial income	1.5	**7.7**	0.8	**3.1**
Financial expenses	–1.6	**–4.5**	–0.8	**–1.6**
Other financial result	–0.1	**3.2**	0.0	**1.5**
Total financial result	**–0.8**	**1.9**	**–0.2**	**0.8**
Profit before tax	**102.1**	**108.2**	**47.9**	**49.9**
Income tax	–25.9	**–32.3**	–12.1	**–15.8**
Profit for the period	**76.2**	**75.9**	**35.8**	**34.1**
Attributable to:				
Shareholders of the parent company	76.3	**75.9**	35.8	**34.0**
Non-controlling interests	–0.1	**0.0**	0.0	**0.1**

EARNINGS PER SHARE (EUR)				
Basic earnings per share	**1.13**	**1.12**	**0.53**	**0.50**
Diluted earnings per share	**1.13**	**1.12**	**0.53**	**0.50**

– Statement of comprehensive income for the first half of 2018

EUR m	H1 2017	H1 2018	Q2 2017	Q2 2018
Profit for the period	**76.2**	**75.9**	**35.8**	**34.1**
Items that may be reclassified subsequently to the income statement:				
Currency translation differences – investments in foreign businesses	0.6	**–0.2**	0.2	**–0.2**
Changes in the fair value of financial assets available for sale	–0.3	**–8.7**	0.1	**–8.6**
Tax effect of changes in the fair value	0.1	**0.0**	0.0	**0.0**
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	**0.0**	0.0	**0.0**
Total items that may be reclassified	**0.4**	**–8.8**	**0.2**	**–8.8**
Items that will not be reclassified subsequently to the income statement:				
Revaluation of defined benefit obligations	3.4	**0.5**	3.3	**0.2**
Tax effect of revaluation	–0.9	**–0.1**	–0.8	**0.0**
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	**0.0**	0.0	**0.0**
Total items that will not be reclassified	**2.6**	**0.4**	**2.5**	**0.1**
Other comprehensive income	**3.0**	**–8.4**	**2.7**	**–8.7**
Total comprehensive income	**79.2**	**67.5**	**38.5**	**25.4**
Attributable to:				
Shareholders of the parent company	79.3	**67.4**	38.5	**25.3**
Non-controlling interests	–0.1	**0.0**	0.0	**0.1**

– Consolidated balance sheet as at June 30, 2018

EUR m	Dec. 31, 2017	June 30, 2018
ASSETS		
Non-current assets		
Goodwill	62.1	**62.0**
Intangible assets	24.7	**24.9**
Property, plant and equipment	615.7	**634.7**
Investment property	85.0	**84.7**
Financial assets accounted for using the equity method	8.1	**9.1**
Other financial assets	86.4	**77.8**
Contract assets	0.0	**0.3**
Trade and other receivables	19.0	**17.6**
Deferred tax assets	72.2	**74.8**
	973.1	**985.8**
Current assets		
Other financial assets	44.6	**43.8**
Inventories	22.0	**15.9**
Contract assets	0.0	**10.9**
Trade and other receivables	343.6	**306.7**
Tax assets	1.0	**0.9**
Cash and cash equivalents	290.0	**254.6**
	701.1	**632.7**
	1,674.2	**1,618.5**
EQUITY AND LIABILITIES		
Equity		
Share capital	337.8	**337.8**
Capital reserves	91.0	**91.0**
Revenue reserves	287.7	**231.8**
Other reserves	–18.5	**–27.0**
Equity attributable to the shareholders of the parent company	**697.9**	**633.5**
Non-controlling interests	**0.9**	**0.6**
	698.8	**634.1**
Non-current liabilities		
Provisions	385.1	**383.6**
Other financial liabilities	3.4	**3.2**
Trade and other payables	39.3	**38.2**
Deferred tax liabilities	1.1	**1.0**
	428.9	**426.0**
Current liabilities		
Provisions	178.6	**175.4**
Tax liabilities	13.2	**18.3**
Other financial liabilities	3.4	**3.6**
Trade and other payables	351.2	**293.2**
Contract liabilities	0.0	**68.0**
	546.5	**558.5**
	1,674.2	**1,618.5**

– Consolidated cash flow statement for the first half of 2018

EUR m	H1 2017 adjusted	H1 2018
OPERATING ACTIVITIES		
Profit before tax	102.1	**108.2**
Depreciation, amortisation and impairment losses	41.1	**39.3**
Results from financial assets accounted for using the equity method	0.8	**1.3**
Provisions non-cash	–0.1	**30.0**
Other non-cash transactions	2.5	**–2.6**
Gross cash flow[1]	**146.3**	**176.2**
Trade and other receivables	–6.6	**24.9**
Inventories	–1.9	**–2.4**
Contract assets	0.0	**–4.2**
Provisions	–7.5	**–31.9**
Trade and other payables	–3.3	**4.3**
Contract liabilities	0.0	**37.2**
Taxes paid[1]	–18.1	**–30.7**
Cash flow from operating activities	**108.9**	**173.4**
INVESTING ACTIVITIES		
Acquisition of intangible assets	–3.8	**–4.5**
Acquisition of property, plant and equipment/investment property	–28.0	**–67.4**
Cash receipts from disposal of assets	3.5	**3.4**
Acquisition of subsidiaries	–1.1	**0.0**
Disposal of subsidiaries	0.8	**0.0**
Acquisition of financial assets accounted for using the equity method	–2.8	**–1.0**
Sale of financial assets accounted for using the equity method	0.0	**0.1**
Acquisition of other financial instruments	–0.1	**0.0**
Acquisition of financial investments in securities	–15.0	**–5.0**
Cash receipts from sales of financial investments in securities	0.0	**5.0**
Loans granted	–0.2	**–1.2**
Dividends received from financial assets accounted for using the equity method	0.2	**0.0**
Interest received	1.4	**1.3**
Cash flow from investing activities	**–45.0**	**–69.3**
Free cash flow	**63.9**	**104.1**
FINANCING ACTIVITIES		
Changes of other financial liabilities	0.1	**0.0**
Dividends paid	–135.1	**–138.8**
Interest paid	–0.1	**–0.3**
Cash flow from financing activities	**–135.1**	**–139.2**
Change in cash and cash equivalents	**–71.1**	**–35.1**
Cash and cash equivalents at January 1	278.0	**290.0**
Cash and cash equivalents at June 30	**206.9**	**254.9**

[1] Adjustments see Note 2.2 Changes in the presentation of the consolidated interim financial statements and adjustments to prior-year figures

– Consolidated statement of changes in equity for the first half of 2017

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: Revaluation of financial instruments	Other reserves: Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
Balance as at January 1, 2017	**337.8**	**91.0**	**257.6**	**–18.3**	**4.2**	**–2.3**	**670.0**	**0.1**	**670.0**
Profit for the period	0.0	0.0	76.3	0.0	0.0	0.0	76.3	–0.1	76.2
Other comprehensive income	0.0	0.0	0.0	2.6	–0.2	0.6	3.0	0.0	3.0
Total comprehensive income	**0.0**	**0.0**	**76.3**	**2.6**	**–0.2**	**0.6**	**79.3**	**–0.1**	**79.2**
Dividends paid	0.0	0.0	–135.1	0.0	0.0	0.0	–135.1	0.0	–135.1
Transactions with owners	**0.0**	**0.0**	**–135.1**	**0.0**	**0.0**	**0.0**	**–135.1**	**0.0**	**–135.1**
Balance as at June 30, 2017	**337.8**	**91.0**	**198.8**	**–15.8**	**4.0**	**–1.7**	**614.1**	**0.0**	**614.1**

– Consolidated statement of changes in equity for the first half of 2018

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: Revaluation of financial instruments/ FVOCI reserves	Other reserves: Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
Balance as at December 31, 2017	**337.8**	**91.0**	**287.7**	**–19.2**	**2.4**	**–1.7**	**697.9**	**0.9**	**698.8**
Adjustment on initial application of IFRS 9 (net of tax)	0.0	0.0	1.0	0.0	–0.1	0.0	**0.9**	0.0	**0.9**
Adjustment on initial application of IFRS 15 (net of tax)	0.0	0.0	5.7	0.0	0.0	0.0	**5.7**	0.0	**5.7**
Adjusted balance at January 1, 2018	**337.8**	**91.0**	**294.4**	**–19.2**	**2.3**	**–1.7**	**704.6**	**0.9**	**705.4**
Profit for the period	0.0	0.0	75.9	0.0	0.0	0.0	**75.9**	0.0	**75.9**
Other comprehensive income	0.0	0.0	0.0	0.4	–8.6	–0.2	**–8.4**	0.0	**–8.4**
Total comprehensive income	**0.0**	**0.0**	**75.9**	**0.4**	**–8.6**	**–0.2**	**67.4**	**0.0**	**67.5**
Dividends paid	0.0	0.0	–138.5	0.0	0.0	0.0	**–138.5**	–0.3	**–138.8**
Transactions with owners	**0.0**	**0.0**	**–138.5**	**0.0**	**0.0**	**0.0**	**–138.5**	**–0.3**	**–138.8**
Balance as at June 30, 2018	**337.8**	**91.0**	**231.8**	**–18.8**	**–6.3**	**–1.9**	**633.5**	**0.6**	**634.1**

Notes to the consolidated interim financial statements for the first half of 2018

1 — Summary of Accounting Principles

The consolidated financial statements of Austrian Post as at June 30, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at June 30, 2018, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and the additional requirements of Section 245a of the Austrian Commercial Code (UGB).

These consolidated interim financial statements have been prepared on the basis of IAS 34 Interim Financial Reporting. The consolidated interim financial statements do not include all the notes usually contained in the financial statements for the entire financial year. Accordingly, these consolidated interim financial statements should be read in connection with the consolidated financial statements for the 2017 financial year. The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2017 financial year with the exception of the initial application of new and revised standards as explained below.

The consolidated interim financial statements are presented in Euros. Unless otherwise noted, all amounts are stated in millions of Euros (EUR m). When aggregating rounded amounts and percentages, rounding differences may occur due to the use of automated calculation aids.

2 — Changes in Accounting and Valuation Methods

2.1 Changes to International Financial Reporting Standards

2.1.1 MANDATORY APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new and revised standards were applied for the first time in the first half of 2018:

Mandatory application of new standards/interpretations		Effective date[1]
IFRS 9	Financial instruments	Jan. 1, 2018
IFRS 15	Revenue from contracts with customers	Jan. 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan. 1, 2018

Mandatory application of revised standards		Effective date[1]
Miscellaneous	Improvements to IFRSs (2014–2016)	Jan. 1, 2018
IFRS 2	Classification and Measurement of Share-Based Payment Transactions	Jan. 1, 2018
IFRS 4	Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts	Jan. 1, 2018
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	Jan. 1, 2018
IAS 40	Transfers of Investment Property	Jan. 1, 2018

[1] To be applied in the financial year beginning on or after the effective date.

A number of new or revised standards took effect in the current reporting period. The first-time application of the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers resulted in changes to the accounting methods used by the Austrian Post Group. The effects of the initial application of these two standards are subsequently described in Note 2.3 Significant changes based on the initial application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Revisions to other standards have not had any effects on the accounting methods of the Austrian Post Group.

2.1.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS WHICH ARE PUBLISHED BUT NOT YET APPLIED

The following standards have been endorsed or are in the process of endorsement by the European Union. However, mandatory application of these standards will only take place in the future.

New standards/interpretations not yet applied		Endorsement EU	Effective date[1]
IFRS 16	Leases	Oct. 31, 2017	Jan. 1, 2019
IFRS 17	Insurance Contracts	to be decided	planned Jan. 1, 2021
IFRIC 23	Uncertainty over Income Tax Treatments	planned Q3 2018	planned Jan. 1, 2019

Revised standards/interpretations not yet applied		Endorsement EU	Effective date[1]
Miscellaneous	Improvements to IFRSs (2015–2017)	planned 2018	planned Jan. 1, 2019
Miscellaneous	Changes in references to IFRS framework in IFRS standards	planned 2019	planned Jan. 1, 2020
IFRS 9	Prepayment Features with Negative Compensation	March 22, 2018	Jan. 1, 2019
IAS 19	Plan changes, reductions or compensations	planned 2018	planned Jan. 1, 2019
IAS 28	Long-term interests in associates and joint ventures	planned 2018	planned Jan. 1, 2019

[1] To be applied in the financial year beginning on or after the effective date.

IFRS 16 LEASES IFRS 16 Leases replaces the previous regulations contained in IAS 17 and the related interpretations. In particular, the accounting treatment of lease agreements by the lessee is redefined. The lessee now recognises a liability for every leasing relationship in the amount of the future lease payments. At the same time, the right-of-use asset is capitalised as the present value of future lease payments and is subsequently written off as an expense on a straight-line basis. As a result, the previous distinction made between operating lease and finance lease agreements no longer applies. Furthermore, IFRS 16 contains further rules on sale and lease-back transactions as well as the related notes.

The most important cases of application identified in the Austrian Post Group relate to property lease agreements for logistics sites, branch offices and administrative buildings of the company as the lessee. All existing agreements are being systematically collected and analysed at this time within the context of conversion to IFRS 16. At the same time, the technical and organisational pre-requisites for introducing the new standards are being created. Only approximate estimates of the effects arising from the application of IFRS 16 on the reported assets and liabilities of the Austrian Post Group have been made so far.

The Austrian Post Group will apply IFRS 16 starting on January 1, 2019. The selection of a transitional approach has not yet been made.

2.2 Changes in the presentation of the consolidated interim financial statements and adjustments to prior-year figures

CONSOLIDATED CASH FLOW STATEMENT The recognition of taxes paid in the consolidated cash flow statement was adjusted in the first half of 2018. Until now, taxes paid were disclosed separately within the context of the reconciliation of the profit before tax to the gross cash flow. Now taxes paid are stated after the gross cash flow within the context of calculating the cash flow from operating activities.

The change in recognition has the following effect on the consolidated cash flow statement:

EUR m	H1 2017 (previous presentation)	H1 2017 (new presentation)	H1 2018 (previous presentation)	H1 2018 (new presentation)
Taxes paid	–18.1	0.0	–30.7	**0.0**
Gross cashflow	**128.2**	**146.3**	**145.5**	**176.2**
Taxes paid	0.0	–18.1	0.0	**–30.7**
Cashflow from operating activities	**108.9**	**108.9**	**173.4**	**173.4**

DEVELOPMENT OF GROUP EQUITY The development of Group equity has been presented in condensed form since the 2017 financial year. The presentation of the development of Group equity was correspondingly adjusted for the first half of 2017. Please refer to the Annual Report 2017 for further details.

SEGMENT REPORTING Changes in the internal reporting in the 2017 financial year led to an adjustment of the presentation of revenue in segment reporting.

The allocation of revenue now takes place according to revenue (segments) and revenue intra-Group (formerly revenue with third parties and revenue with other segments). Revenue (segments) encompasses revenue with companies outside of the Austrian Post Group and with Group companies outside of the respective segment. Revenue intra-Group shows revenue derived within the context of business operations from the provision of services encompassing different segments within Austrian Post Group. Revenue previously recognised as revenue with other segments which do not relate to the operating activities of Austrian Post is now classified as other operating income.

Accordingly, the reconciliation of the effects on the presentation of revenue in segment reporting is as follows:

H1 2017

EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties (previous presentation)	720.9	232.7	0.0	0.0	953.7
Revenue with Group companies in other segments	0.5	1.6	0.0	–2.1	0.0
Revenue (segments) (new presentation)	**721.4**	**234.4**	**0.0**	**–2.1**	**953.7**
Revenue with other segments (previous presentation)	49.3	4.1	109.8	–163.3	0.0
Revenue with Group companies in other segments	–0.5	–1.6	0.0	2.1	0.0
Non-operational revenue from segment activities	–1.2	–0.1	–102.3	103.6	0.0
Revenue intra-Group (new presentation)	**47.7**	**2.4**	**7.5**	**–57.6**	**0.0**

H1 2018

EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties (previous presentation)	694.3	260.9	0.1	0.0	955.2
Revenue with Group companies in other segments	0.7	1.8	0.0	–2.5	0.0
Revenue (segments) (new presentation)	**695.0**	**262.6**	**0.1**	**–2.5**	**955.2**
Revenue with other segments (previous presentation)	54.6	4.4	117.0	–176.0	0.0
Revenue with Group companies in other segments	–0.7	–1.8	0.0	2.5	0.0
Non-operational revenue from segment activities	–0.9	–0.1	–108.9	110.0	0.0
Revenue intra-Group (new presentation)	**53.0**	**2.5**	**8.1**	**–63.6**	**0.0**

2.3 Significant changes based on the initial application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers

Austrian Post applied IFRS 9 and IFRS 15 for the first time effective January 1, 2018. Comparative information for previous periods was not adjusted. Impacts on profit and loss resulting from the application of the new standards were recognised in revenue reserves as at January 1, 2018. For this reason, reclassifications and adjustments arising as a consequence of new rules on impairment losses are not recorded on the balance sheet as at December 31, 2017 but on the opening balance sheet as at January 1, 2018.

The following chart shows necessary adjustments on the level of individual balance sheet items. The individual adjustments will be subsequently explained in detail for each new standard.

EUR m	Dec. 31, 2017	Adjustments IFRS 9	Adjustments IFRS 15	Jan. 1, 2018
ASSETS				
Non-current assets				
Goodwill	62.1			**62.1**
Intangible assets	24.7			**24.7**
Property, plant and equipment	615.7			**615.7**
Investment property	85.0			**85.0**
Financial assets accounted for using the equity method	8.1			**8.1**
Other financial assets	86.4			**86.4**
Contract assets	0.0		0.3	**0.3**
Trade receivables and other receivables	19.0			**19.0**
Deferred tax assets	72.2	0.3		**72.4**
	973.1	**0.3**	**0.3**	**973.6**
Current assets				
Other financial assets	44.6			**44.6**
Inventories	22.0		–8.8	**13.3**
Contract assets	0.0		6.6	**6.6**
Trade receivables and other receivables	343.6	0.8	15.2	**359.6**
Tax assets	1.0			**1.0**
Cash and cash equivalents	290.0	–0.1		**289.8**
	701.1	**0.7**	**13.1**	**714.9**
	1,674.2	**0.9**	**13.4**	**1,688.5**

EUR m	Dec. 31, 2017	Adjustments IFRS 9	Adjustments IFRS 15	Jan. 1, 2018
EQUITY AND LIABILITIES				
Equity				
Share capital	337.8			**337.8**
Capital reserves	91.0			**91.0**
Revenue reserves	287.7	1.0	5.7	**294.4**
Other reserves	–18.5	–0.1		**–18.6**
Equity attributable to shareholders of the parent company	**697.9**	**0.9**	**5.7**	**704.6**
Non-controlling interests	**0.9**			0.9
	698.8	**0.9**	**5.7**	**705.4**
Non-current liabilities				
Provisions	385.1			**385.1**
Other financial liabilities	3.4			**3.4**
Trade and other payables	39.3			**39.3**
Deferred tax liabilities	1.1		1.0	**2.2**
	428.9	**0.0**	**1.0**	**430.0**
Current liabilitites				
Provisions	178.6			**178.6**
Tax liabilities	13.2			**13.2**
Other financial liabilities	3.4			**3.4**
Trade and other payables	351.2		–24.2	**327.0**
Contract liabilities	0.0		30.9	**30.9**
	546.5	**0.0**	**6.6**	**553.2**
	1,674.2	**0.9**	**13.4**	**1,688.5**

2.3.1 IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments contains regulations for the recognition, classification, measurement and elimination of financial instruments and replaces the previously applicable standard IAS 39 – Financial Instruments.

The first-time application of IFRS 9 as at January 1, 2018 led to an adjustment of the accounting and valuation methods and an adjustment of the amounts recognised in the consolidated financial statements up to December 31, 2017. The application of the new standard took place in accordance with the modified retrospective approach pursuant to IFRS 9.7.2.15. Accordingly, there was no adjustment of comparative information for previous periods but rather an accumulated adjustment of impacts on profit and loss in equity as at January 1, 2018.

Effects on equity

The initial application of IFRS 9 Financial Instruments led to the following adjustments in equity as at January 1, 2018:

EUR m	Comment	Revaluation of financial instruments	FVOCI reserve	Revenue reserves	Equity
Balance at December 31, 2017 (IAS 39)		**2.4**	**–**	**287.7**	**698.8**
Classification					
Reclassification of securities from held for sale to FVTPL	A)	–0.1	0.0	0.1	**0.0**
Reclassification of other investments from held for sale to FVOCI	C)	–2.2	2.2	0.0	**0.0**
Reclassification of securities from held for sale to FVOCI	B)	–0.1	0.1	0.0	**0.0**
		–2.4	**2.3**	**0.1**	**0.0**
Impairment					
Expected credit losses securities FVOCI	B)	0.0	0.0	0.0	**0.0**
Expected credit losses receivables measured at amortised cost	F)	0.0	0.0	0.7	**0.7**
Deferred tax on expected credit losses		0.0	0.0	0.3	**0.3**
		0.0	**0.0**	**0.9**	**0.9**
Balance at January 1, 2018 (IFRS 9)		**0.0**	**2.3**	**288.7**	**699.7**

The adjustments had no effect on non-controlling interests.

Classification and valuation of financial assets

On the basis of the initial application of IFRS 9 Financial Instruments as at January 1, 2018, the Austrian Post Group assessed which business models are valid for the financial assets held by the Group and assigned the financial instruments to IFRS 9 measurement categories. The impacts of the related reclassification are as follows:

EUR m	Comment	At fair value through profit or loss (FVTPL)	Available for sale	At fair value through other comprehensive income (FVOCI)	Recognised at amortised cost	Total
Financial assets at December 31, 2017 (IAS 39)		**0.1**	**130.8**	**0.0**	**547.9**	**678.8**
Reclassification securities	A), B)	60.1	–80.6	20.5	0.0	**0.0**
Reclassification Other investments	C)	0.0	–50.2	50.2	0.0	**0.0**
Reclassification of inventories to other receivables (first-time application IFRS 15)	D)	0.0	0.0	0.0	4.3	**4.3**
Reclassification of receivables for services not yet provided to contract liabilities (first-time application IFRS 15)	E)	0.0	0.0	0.0	10.9	**10.9**
Adjustments of revaluation for IFRS 9 transition	F)	0.0	0.0	0.0	0.7	**0.7**
Financial assets at January 1, 2018 (IFRS 9)		**60.3**	**0.0**	**70.7**	**563.8**	**694.7**

There were no changes in financial liabilities compared to the classification as at December 31, 2017.

A) RECLASSIFICATION OF SECURITIES Securities (shares in investment funds and debt instruments) with a carrying amount of EUR 60.1m were reclassified from the category "available for sale" to the category "at fair value through profit or loss". The cash flow criteria for these securities was not fulfilled due to the fact that generated cash flows do not represent payments of principal and interest pursuant to IFRS 9. Adjustments to fair value in the revaluation reserve were reclassified in the revenue reserves.

B) RECLASSIFICATION OF SECURITIES Securities (debt instruments) with a carrying amount of EUR 20.5m were reclassified from the category "available for sale" to the category "at fair value through other comprehensive income". In this case, the securities fulfil the cash flow criteria and are held within the context of a business model whose objective is the collection of contractual cash flows as well as the sale of financial assets. Adjustments at fair value recorded in the revaluation reserve were reclassified to the FVOCI reserve. Immaterial amounts relating to expected credit losses as at January 1, 2018 were also reported in the FVOCI reserve.

C) RECLASSIFICATION OF OTHER INVESTMENTS Other investments (equity instruments) with a carrying amount of EUR 50.2m were reclassified from available for sale to at fair value through other comprehensive income. In light of the fact that these investments are exclusively held for strategic reasons, the so-called FVOCI option was exercised pursuant to IFRS 9.4.1.4. Adjustments to fair value in the revaluation reserve were reclassified to the FVOCI reserve.

D) RECLASSIFICATION FROM INVENTORIES TO OTHER RECEIVABLES (FIRST-TIME APPLICATION OF IFRS 15) With regards to the reclassification of inventories to other receivables (first-time application of IFRS 15): in connection with the sale of A1 hardware and other products, contractual prepayments are to be made which were recognised as inventories as at December 31, 2017. These sales activities are to be considered as comprising the rendering of intermediary services pursuant to IFRS 15. For this reason, prepayments made in the amount of EUR 4.3m were reported as financing receivables under trade and other receivables as at January 1, 2018.

E) RECLASSIFICATION FROM TRADE RECEIVABLES FOR SERVICES NOT YET PROVIDED TO CONTRACT LIABILITIES (FIRST-TIME APPLICATION OF IFRS 15) Up until December 31, 2017, the portion of an already invoiced but not yet fulfilled service obligation was deducted from trade and other receivables (net reporting). Following the reclassification of these circumstances pursuant to IFRS 15, there is an unconditional entitlement to receiving a payment. For this reason, the amount previously deducted from the trade receivable is now recognised within contract liabilities (gross reporting).

F) ADJUSTMENT OF FINANCIAL LOSSES ON FINANCIAL ASSETS IN THE TRANSITION TO IFRS 9 The transition of existing impairment losses to the impairment losses for expected credit defaults as at December 31, 2017 pursuant to the stipulations contained in IFRS 9 led to a change in the carrying amount. This effect was recognised in the revenue reserves.

The Austrian Post Group has the following categories of financial assets and contract assets subject to the new model of expected credit defaults pursuant to IFRS 9:

- Securities in the category FVOCI
- Trade receivables
- Other receivables
- Receivables due from banks
- Contract assets

Austrian Post correspondingly adjusted its valuation methods for the recognition of impairment losses in line with the stipulations of IFRS 9. On balance, the adjustment made totalled EUR 0.7m.

FVOCI SECURITIES A low default risk exists for all securities classified as FVOCI, and impairment losses were recognised in the amount of the expected twelve-month credit default. A low default risk will continue to be assumed as long as investment grade ratings are maintained. The impairment losses represented immaterial amounts as at January 1, 2018 and June 30, 2018.

TRADE RECEIVABLES The Austrian Post Group uses simplified approach pursuant to IFRS 9 to determine expected credit losses. Accordingly, impairment losses are recognised for trade receivables in the amount of the expected credit losses over the term. In order to assess expected losses, trade receivables are structured on the basis of common credit risk characteristics and days overdue (impairment matrix).

On this basis, impairment losses for trade receivables as at January 1, 2018 were calculated as follows:

		Overdue			
EUR m	Not overdue	1–30 days	31–90 days	More than 90 days	Total
Gross carrying amount	169.4	47.4	3.9	4.1	**224.7**
Expected loss rate in %	1.1 %	0.3 %	3.3 %	36.4 %	**1.6 %**
Revaluation	**1.9**	**0.2**	**0.1**	**1.5**	**3.7**

The impairment loss on trade receivables as at December 31, 2017 is carried over to the value of the impairment loss as at January 1, 2018 as follows:

EUR m	Trade receivables
Balance at December 31, 2017 (IAS 39)	**7.1**
Adjustment revaluation	**–0.6**
Derecognition	**–2.8**
Balance at January 1, 2018 (IFRS 9)	**3.7**

As at January 1, 2018, trade receivables already in a state of insolvency are derecognised in the amount of the still expected cash inflow within the context of insolvency proceedings. These receivables were already completely written off as at December 31, 2017 in the amount of the derecognition.

In the period up to June 30, 2018, the impairment losses on trade receivables fell by EUR 0.9m to EUR 2.8m.

OTHER RECEIVABLES The calculation of expected credit losses for other receivables takes place in accordance with the general approach pursuant to IFRS 9. Practical expedients are applied due to the type and scope of other receivables in line with IFRS 9.B5.5.35. To measure the expected credit losses, other receivables are subdivided into receivables from claims for damages and other sundry receivables as well as days overdue (impairment matrix).

The impairment loss on other receivables as at December 31, 2017 is carried over to the value of the impairment loss as at January 1, 2018 as follows:

EUR m	Other receivables
Balance at December 31, 2017 (IAS 39)	**13.7**
Adjustment revaluation	**–0.2**
Derecognition	**–7.2**
Balance at January 1, 2018 (IFRS 9)	**6.3**

As at January 1, 2018, fully impaired other receivables from claims for damages in the amount of EUR 7.2m were fully or partially derecognised. This is due to the fact that a reasonable assessment led to the assumption that the receivables can no longer be recovered.

In the six-month period up to June 30, 2018, impairment losses on other receivables decreased by EUR 4.7m to EUR 1.6m. The underlying reason was the derecognition of disputed receivables from BAWAG P.S.K. for which impairment losses had already been recognised as at December 31, 2017.

RECEIVABLES FROM BANKS Receivables from banks encompass bank deposits and short-term investments (time deposits). The calculation of expected credit losses takes place in accordance with the general approach pursuant to IFRS 9 in the amount of the expected credit losses, taking into account the actual remaining term of the receivables. On the basis of the transition to IFRS 9, impairment losses were recognised for receivables from banks for the first time. In spite of the immaterial amounts, impairment losses totalling EUR 0.1m were recognised.

CONTRACT ASSETS In case of contract assets, the amount of the recorded contingent receivables are deposited on a fiduciary basis and, thus, these receivables are completely collateralised. For this reason, no impairment losses were recognised.

2.3.2 IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers replaces the previous regulations on revenue recognition pursuant to IAS 18 Revenue and IAS 11 Construction Contracts as well as the related interpretations. The new standard sets as uniform the basic principles that must be used to determine when and in which amount or over what period the revenue is to be recognised. For this purpose, the standard offers a principle-based five-step model framework applicable to all categories of revenue transactions with customers falling within the scope of IFRS 15. Revenue is recognised when the customer is given control of the goods or services.

The first-time application of IFRS 15 as at January 1, 2018 led to an adjustment of the accounting and valuation methods as well as the amounts reported in the consolidated financial statements up to December 31, 2017. The application of the new standard took place according to the modified retrospective approach pursuant to IFRS 15.C. Accordingly, there was no adjustment of comparative information for previous periods, but rather the accumulated adjustment of impacts on profit and loss in equity as at January 1, 2018.

Impacts on equity

The following adjustments in equity were made as at January 1, 2018 due to the initial application of IFRS 15 Revenue from Contracts with Customers.

EUR m	Comment	Revenue reserve
Balance at January 1, 2018 (IAS 18 – after IFRS 9 adjustment)		**288.7**
Over-time revenue recognition of core business	G)	**2.6**
Over-time revenue recognition of property project	J)	**3.9**
Contract costs	K)	**0.3**
Increase of deferred tax liabilities	J), K)	**–1.0**
Total effect (IFRS 15)		**5.7**
Balance at January 1, 2018 (IFRS 9 and IFRS 15)		**294.4**

Impacts on the balance sheet

To summarise, the following adjustments were made to the amounts reported on the balance sheet as at December 31, 2017 at the time of the initial application (January 1, 2018):

EUR m	Comment	Dec. 31, 2017 (IAS 18)	Reclassification	Revaluation	Jan. 1, 2018 (IFRS 15)
ASSETS					
Non-current assets					
Contract assets	K)	0.0		0.3	**0.3**
Current assets					
Inventories	J), L)	22.0	–8.8		**13.3**
Contract assets	I), J)	0.0	2.8	3.9	**6.6**
Trade receivables and other receivables	H), L)	343.6	15.2		**358.8**

EUR m	Comment	Dec. 31, 2017 (IAS 18)	Reclassification	Revaluation	Jan. 1, 2018 (IFRS 15)
EQUITY AND LIABILITIES					
Equity					
Revenue reserves		287.7		5.7	**293.4**
Non-current liabilities					
Deferred tax liabilities	J), K)	1.1		1.0	**2.2**
Current liabilitites					
Trade and other payables	I)	351.2	–24.2		**327.0**
Contract liabilities	G), H), I)	0.0	33.4	–2.6	**30.9**

G) PERIOD-RELATED REALISATION OF REVENUE IN THE CORE BUSINESS Only minor adjustments are required with respect to the main business activities of Austrian Post, i.e. the acceptance, sorting and delivery of letters and parcels. This was the consequence of the fact that such services are fulfilled over time pursuant to IFRS 15, whereas before the service was considered to have been provided when the mail item was handed over to the addressee. Accordingly, there is a minor bringing forward with respect to when the revenue is realised. As a result, the approach to determining deferred income at the balance sheet dates has been adjusted. The effect from this adjustment in the amount of EUR 2.6m was recognised under revenue reserves and led to a reduction of contract liabilities for the same amount.

H) CONTRACT LIABILITIES The acceptance of a mail item at a Post drop-off point (i.e. at the beginning of the service obligation) leads to invoicing and thus to the related recognition of revenue as well as recognition of a trade receivable. At this point in time, only a part of the service obligation has already been provided. For this reason, IAS 18 had stipulated that services, which were not yet provided, were recognised as deferred income and the receivables were correspondingly reduced. According to IFRS 15, a receivable is to be cancelled once an unconditional claim on receiving payment exists. By accepting a mail item in a Post drop-off point, the Group is obliged to provide a service within a short time, and is simultaneously entitled to issue an invoice and to receive a payment from the customer. As at January 1, 2018, that portion of the service obligation which has not yet been provided is reported as a contract liability instead of a reduction in trade receivables. In turn, this leads to an increase in trade receivables on the asset side and a corresponding recognition of a contract liability in the amount of EUR 10.9m.

I) CONTRACT LIABILITIES Prepayments received for services not yet provided, especially in connection with postage stamps and revenue from senders using franking machines, were previously reported on the balance sheet as deferred income under other liabilities. The Austrian Post Group is obliged to provide a service when it receives the prepayment. For this reason, a reclassification to contract liabilities totalling EUR 24.2m was carried out as at January 1, 2018. Of this amount, EUR 1.6m of prepayments received in connection with the Neutorgasse 7 real estate development project were netted against the short-term contract assets.

J) PERIOD-RELATED REVENUE RECOGNITION OF A REAL ESTATE PROJECT Fundamental changes arose for the Neutorgasse 7 real estate development project with respect to the recognition of revenue pursuant to IFRS 15. Instead of a realisation of revenue related to a specific point in time pursuant to IAS 18 e.g. the handing over of an apartment, IFRS 15 stipulates contract-related revenue realisation over the period of building the housing units. The benchmark for determining the progress made is the degree of completion on the basis of the proportion of costs incurred to the entire expected production cost (cost-to-cost method). As a result, progress made previously recognised as inventories in the amount of EUR 4.4m was reclassified as contract assets. Netted against the already existing contract liabilities as at January 1, 2018 in the form of prepayments received in the amount of EUR 1,6m, the total of reclassification amount to EUR 2,8m. Furthermore, contract assets were capitalised in the amount of the pro rata revenue to be recognised of EUR 3.9m. This led to an increase in the deferred tax liabilities of EUR 1.0m.

K) COSTS FOR INITIATING A CONTRACT Up until now, within the context of initiating and concluding a contract on the sale of housing units in the Neutorgasse 7 real estate development project, additional costs relating to brokerage fees were recognised as expenses in light of the fact that they do not fulfil the valuation criteria of an asset. These costs are to be capitalised pursuant to IFRS 15 and depreciated over the duration of the contract. As a result, these costs were recognised as at January 1, 2018, taking account of the depreciation of contract costs to be carried out against the revenue reserves in the amount of EUR 0.3m as well as an increase in the deferred tax liabilities of EUR 0,1m. The asset is subsequently depreciated on a straight line basis over the contract duration.

L) INVENTORIES Adjustments were necessary with respect to sales services provided in the branch network, especially relating to telecommunications products. This was the result of the changed stipulations contained in IFRS 15 compared to IAS 18 on the evaluation of the principal versus agent consideration. Accordingly, individual contracts would have to be classified as providing intermediary services, which is why revenue in the amount of the commissions received (net method) is recognised as of January 1, 2018 instead of revenue from the sale of products (gross method). With respect to calculating the amount of these products, contractually stipulated prepayments are to be made which were recognised as inventories as at December 31, 2017. These sales activities are to be considered as intermediary services pursuant to IFRS 15. For this reason, prepayments made in the amount of EUR 4.3m were recognised as financing receivables under trade and other receivables as at January 1, 2018.

3 — Consolidation Scope

In addition to the parent company Austrian Post, a total of 24 domestic subsidiaries (December 31, 2017: 23) and eleven foreign subsidiaries (December 31, 2017: eleven) are included in the consolidated interim financial statements. Furthermore, five domestic companies (December 31, 2017: five) and two foreign companies (December 31, 2017: two) are consolidated according to the equity method.

3.1 Changes in the consolidation scope

The following changes in the consolidation scope took place in the first half of 2018:

	Interest			
Company name	from	to	Date of transaction	Comment
Mail & Branch Network				
Weber Escal d.o.o., Hrvatski Leskovac	100.0 %	0.0 %	Jan. 1, 2018	Segment change
Parcel & Logistics				
Weber Escal d.o.o., Hrvatski Leskovac	0.0 %	100.0 %	Jan. 1, 2018	Segment change
Corporate				
Verteilzentrum Hagenbrunn Vermietungs GmbH, Vienna	0.0 %	100.0 %	Apr. 9, 2018	Acquisition

Parcel & Logistics

WEBER ESCAL D.O.O. The segment change of Weber Escal d.o.o, Croatia from the Mail & Branch Network Division to the Parcel & Logistics Division took place as at January 1, 2018. The underlying reason for this realignment is a change in the company's business model from letter mail to parcel distribution.

Corporate

VERTEILZENTRUM HAGENBRUNN VERMIETUNGS GMBH On April 9, 2018, the Austrian Post Group acquired a 100 % stake in Verteilzentrum Hagenbrunn Vermietungs GmbH (formerly Kara LogWiNo GmbH), Vienna. As of this point in time, the company is included in the consolidated financial statements as a fully consolidated subsidiary.

The assets and liabilities of this company were primarily a property as well as assets under construction earmarked for construction of a new distribution centre. The acquired assets and liabilities do not entail business operations in line with IFRS 3 Business Combinations. Accordingly, the addition was recognised as the acquisition of assets. The entire consideration totalling EUR 16.6m was assigned to the acquired property and assets under construction.

4 — Accounting and Valuation Methods

4.1 Income tax

The Austrian Post Group calculates the income tax expense for the period applying the prevailing tax rate to the total amount of the expected revenue.

4.2 Financial assets and liabilities

Classification

As at January 1, 2018, the Austrian Post Group classifies its financial assets using the following valuation categories:

- At fair value through other comprehensive income (FVOCI) – debt instruments
- At fair value through other comprehensive income (FVOCI) – equity instruments
- At fair value through profit or loss (FVTPL)
- Measured at amortised cost

The classification of debt instruments at the time of their initial recognition is contingent upon the business model of the company in the light of managing the financial assets and contractually stipulated cash flows.

The existing securities portfolio of Austrian Post is held within the context of a business model whose objective is the collection of contractual cash flows as well as the sale of financial assets. Adjustments at fair value recorded in the revaluation reserve were reclassified to the FVOCI reserve. There is a classification either as FVOCI (fulfilled) or FVTPL (not fulfilled) depending upon the cash flow criteria.

Trade and other receivables as well as receivables from banks are held by Austrian Post within the context of a business model whose objective is the collection of contractual cash flows. The cash flow criteria is fulfilled in the case of this instrument. Correspondingly, these receivables are classified as being measured at amortised cost.

With respect to investments in equity instruments (which are not held for trading purposes), the classification depends on whether the Group irrevocably decided to recognise the equity instruments at fair value through other comprehensive income at the time of their initial recognition. If the so-called FVOCI option is not exercised pursuant to IFRS 9.4.1.4, the instruments are assigned to the category “at fair value through profit or loss” (FVPTL). As a rule, equity instruments held for strategic purposes at Austrian Post are classified as FVOCI on the basis of the company exercising the FVOCI option.

Derivative financial instruments (outside of hedge accounting) must be assigned to the category of measured “at fair value through profit or loss” (FVTPL).

Measurement at initial recognition

At initial recognition, the Austrian Post Group measures a financial asset at fair value which, as a rule, coincides with the transaction price. In the case of a financial instrument which is not measured at fair value through profit or loss (FVTPL), recognition also entails the transaction costs directly relating to the acquisition of this asset. Recognition of trade receivables is oriented to the stipulations on revenue recognition contained in IFRS 15.

Subsequent measurement and presentation

Debt instruments measured at fair value through other comprehensive income are recognised at fair value at the balance sheet date. With the exception of foreign currency valuation reported in the income statement, changes in fair value are recognised in other comprehensive income (OCI) or in the FVOCI reserve. In case of the disposal of debt instruments, the amounts reported in other comprehensive income are reclassified to the income statement. Current income and impairments are directly recognised in the income statement.

Debt instruments measured at amortised cost are measured at amortised cost using the effective interest rate method. Similar to current income and impairments, profits or losses from their disposal are recognised directly in the income statement.

Equity instruments recognised at fair value through other comprehensive income are recognised at fair value at the respective balance sheet date. Changes in fair value, including foreign currency valuation, are recognised in other comprehensive income (OCI) or in the FVOCI reserve. In the case of the disposal of equity instruments, no reclassification takes place of the amounts reported in other comprehensive income to the income statement, but as a reclassification from the FVOCI reserve to the revenue reserves. Current income is directly recognised in the income statement.

Financial instruments measured at fair value through profit or loss (FVTPL): all changes of the carrying amount as well as current income are directly recognised in the income statement.

The presentation of the carrying amounts of financial instruments assigned to the individual categories takes place within the context of IFRS 9 Financial Instruments. Furthermore, gains and losses resulting from the disposal of trade receivables in the category "measured at amortised cost" pursuant to IAS 1.82 as well as impairment expenses pursuant to IFRS 9 are to be listed as separate items in the income statement. Due to the immateriality of the amounts at Austrian Post, the related amounts are shown as follows:

EUR m	Jan. 1 – June 30, 2018
Impairment losses according to IFRS 9	0.6
Losses from derecognition	1.2

Impairment losses

Debt instruments of the following valuation categories are subject to the new impairment model of IFRS 9 as of January 1, 2018:

– Measured at fair value through other comprehensive income (FVOCI) – debt instruments
– Measured at amortised cost

Furthermore, contract assets according to IFRS 15 are subject to the new impairment model at Austrian Post.

As of January 1, 2018, the Austrian Post Group recognises impairment losses on a future-oriented basis in the amount of the expected credit defaults. The specific impairment loss method is contingent upon the class of debt instruments and also whether there is a significant increase in the credit risk.

TRADE RECEIVABLES In case of trade receivables, impairment losses are recognised in the amount of the expected credit losses over their term. From a methodological perspective, Austrian Post applies the permissible simplified approach pursuant to IFRS 9 to determine the expected credit losses in the form of an impairment matrix. By means of this matrix, impairment losses are recognised on the basis of historically observed default rates calibrated according to maturities and credits which are overdue. Trade receivables with a carrying amount of more than EUR 0.1m are also individually assessed with respect to the recognition of expected credit defaults over their term. The calculation of expected credit losses takes place separately for domestic and foreign customers as well as for international postal service companies.

OTHER DEBT INSTRUMENTS For all other debt instruments subject to the impairment model, impairment losses are fundamentally recognised in the amount of the expected twelve-month credit losses. However, if a significant increase in credit loss is determined, impairment losses are recognised in the amount of the expected credit losses over their term. The Austrian Post Group assumes that a significant increase in credit risk exists when a trade receivable is more than 30 days overdue.

In case of trade receivables measured at amortised cost whose creditworthiness is negatively affected, the effective interest rate is to be applied at amortised cost (i.e. after deducting impairment losses) instead of the gross carrying amount. The Austrian Post Group considers the creditworthiness of a debtor to be negatively affected if the following factors exist:

– The individual receivable is overdue > 90 days
– Insolvency proceedings have been initiated

In methodological terms, the calculation of expected credit losses for securities and receivables from banks takes place in accordance with the so-called loan loss provisioning model. The expected credit loss and the probability weighted value are determined based on the probability of default (PD) and the loss given default (LGD). The company primarily relies on issuer-specific data supplied by Bloomberg to calculate the probability of default. To simplify things, global default rates published by Standard & Poor's or Moody's are taken into account. However, total expected credit losses are considered to be immaterial.

For other receivables, Austrian Post decided to apply practical expedients in line with IFRS 9.B5.5.35 due to the type and scope of the receivables, and similar to trade receivables, to methodically determine impairment losses by using an impairment matrix. The derivation of loss rates takes place in part on the basis of historical empirical values and in part on the basis of reasonable estimates. Receivables with a carrying amount of more than EUR 0.1m are also individually assessed with respect to the recognition of expected credit defaults over their term. The calculation of expected credit losses takes place separately for claims for damages and other sundry receivables.

4.3 Revenue from contracts with customers

Revenue from contracts with customers is realised when the customer is given control of the goods or services. Information on the type, amount, timeframe and uncertainty relating to income and cash flows for the main product groups of the Austrian Post Group is provided hereafter.

Letter Mail, Direct Mail and Media Post

On balance, the existing contracts or services to be provided in this business area are characterised by uniformity and very short processing times in providing the services. As a universal service provider, Austrian Post is fundamentally required to accept and deliver every mail item. As a rule, a value-added service (e.g. registered mail) is classified as a service which is not separately identifiable in the contractual context and is thus bundled with the mail item and treated as a single service obligation. As a rule, overseas mail items are delivered to the recipients abroad in cooperation with international postal operators.

Statistical empirical values are used to measure the progress of the service provided, including regularly implemented processing time measurements. The amount of the revenue to be realised is determined on the basis of the proportion of previously incurred costs to the total costs involved in the delivery of letter mail, direct mail and print media (cost-to-cost method).

The acceptance of a mail item at a Post drop-off point (i.e. at the beginning of the service obligation) leads to invoicing and thus to the related recognition of revenue as well as recognition of a trade receivable. According to IFRS 15, a receivable is to be cancelled once an unconditional claim on receiving a payment exists. By accepting a mail item at a Post drop-off point, the Group is obliged to provide a service within a short time, and is simultaneously entitled to issue an invoice and receive a payment from the customer. The portion of the service obligation which has not yet been provided is considered as deferred income and reported as a contract liability.

The payment of the transaction price takes place either on the basis of a prepayment of the contracted transport service (sale of postage stamps or postage paid at the branch office), a payment is made subsequently in case of business customers with an average term of payment of one or two months. As a rule, such receivables do not involve any significant financing components at Austrian Post.

With respect to prepayments received for services not yet provided in connection with postage stamps and revenue from senders using franking machines, the service to be performed by the Group is recognised as a deferral under contract liabilities. Calculating the service to be performed takes place on the basis of empirical values (in the case of postage stamps) or by transferring historical data within the context of the loading process (franking machines used by senders).

With respect to the sale of letter mail, direct mail and print media to business customers, retrospectively effective volume discounts are often granted based on the revenue of a financial year. These are to be classified as variable consideration pursuant to IFRS 15. Revenue from these sales is recognised in the amount of the price stipulated in the contract less the estimated volume discount. The estimate of expected volumes is based on empirical values and is updated at every balance sheet date. Necessary adjustments take place on an accumulated basis in the period in which the estimate is revised.

Mail Solutions

Services in the field of Mail Solutions encompass the electronic delivery of mail items, data management, document scanning and mailroom management.

These service obligations are primarily fulfilled over time, in which case revenue is realised after the passage of time. The period of time in which the service is provided is generally less than one month. As a rule, payment is made subsequently with an average term of payment of one or two months.

Branch Services

The services provided by the branch network include the sale and placement of various retail goods as well as postal and telecommunications products and services within the context of Austrian Post's cooperation with BAWAG P.S.K.

Revenue from the sale of retail goods is recognised at a specific point in time i.e. when the goods are handed over to the customer. The payment of the transaction price is due immediately as soon as the customer purchases a retail good.

Furthermore, Austrian Post provides intermediary services, especially with respect to telecommunications contracts and products for its business partner A1 Telekom Austria AG. Accordingly, this revenue is recognised at the time the intermediary service is provided (e.g. signing of a telecommunications contract by the A1 customer or the handover of a mobile telephone to the A1 customer) in the amount of the commissions received (net method). Contractually stipulated prepayments are to be made in connection with the placement of these products which are reported as financing receivables under other receivables.

A longstanding partnership with BAWAG P.S.K. existed for the sale of financial products, counter transactions and the joint use of infrastructure (branch offices) within the context of a cooperation agreement. The signing of a change agreement at the end of 2017 and the termination agreement dated February 21, 2018 stipulates the amicable and gradual dissolution of the cooperation agreement for the most part by the end of 2019. The agreement on dissolving the partnership defined the modalities of terminating the cooperation and the extent of and remuneration for services to be provided until the end of 2019 retroactively as of January 1, 2018. Services to be provided will continue to include the sale of financial products, the carrying out of counter transactions and supplying of a branch office infrastructure which are to be classified as individual service commitments. The entire remuneration stipulated in the dissolution agreement includes a lump sum payment of EUR 20.1m for the premature termination of the cooperation agreement, which does not fall under the scope of application of IFRS 15 as well as remuneration for services yet to be provided within the scope of application of IFRS 15. The allocation of the entire remuneration in a lump-sum compensation and reimbursement for services on the one hand and the individual service commitments on the other hand took place on the basis of the relative individual sale price. The fulfilment of the service obligations and thus the recognition of revenue takes place for all three types of services in the 2018 financial year on the basis of a given time period and after the end of the period. The underlying reason for this classification is the type of remuneration, which largely foresees lump-sum payments, and the type of the service provided, which to a large extent consists of providing capacities. At the beginning of 2018, BAWAG P.S.K. made a prepayment of the entire expected remuneration in the amount of EUR 76m. The additional agreed upon payments are accounted for and paid on an annual basis. Determining the amount of the lump-sum payment as well as the compensation for the individual service commitments require judgments to be made, especially with respect to the expected amount of the relative individual sales price and the expected scope of the services which will actually be provided. Similarly, revenue recognition requires judgements to be made with respect to the type of the services to be provided.

Parcel & Logistics

The Austrian Post Group performs the pick-up, acceptance, sorting and delivery of various parcel and express mail items. According to IFRS 15, such service obligations are fulfilled over time. A high level of standardisation, tracking services and short processing times characterise the services performed in this business area. As a rule, a value-added service (e.g. cash on delivery) is classified as a service which is not separately identifiable in the contractual context and is thus bundled with the parcel item and treated as a single service obligation. Austrian Post makes use of subcontractors and freight companies which assume responsibility for part of the delivery process. As a rule, overseas parcel items are delivered to the recipients abroad in cooperation with international postal operators or parcel service providers.

Data from shipment tracking for each parcel is used to measure the progress of the degree of completion of the service provided. The amount of the revenue to be realised is determined on the basis of the relation of previously incurred costs to the total costs involved in the delivery of parcels (cost-to-cost method).

The acceptance of parcel at a Post drop-off point (i.e. at the beginning of the service obligation) leads to invoicing and thus to the related recognition of revenue as well as recognition of a receivable. According to IFRS 15, a receivable is to be cancelled once an unconditional claim on receiving a payment exists. By accepting a parcel item in a Post drop-off point, the Group is obliged to provide a service within a short time and is simultaneously entitled to issue an invoice and receive a payment from the customer. That portion of the service obligation which has not yet been provided is considered as deferred income and reported as a contract liability.

With respect to the sale of parcels to business customers, retrospectively effective volume discounts are frequently granted based on revenue of a financial year. These are to be classified as variable consideration pursuant to IFRS 15. Revenue from these sales is recognised in the amount of the price stipulated in the contract less the estimated volume discount. The estimate of expected volumes is based on empirical values and is updated at every balance sheet date. Necessary adjustments take place in the period in which the estimate is revised.

Other operating income

Revenue from contracts with customers from the Neutorgasse 7 real estate development project is reported under other operating income. The Neutorgasse 7 Projektentwicklungs AG & Co OG develops and sells housing units in Vienna. By concluding a purchase agreement for a specified apartment, the possibility of using it for alternative purposes no longer exists. Accordingly, the result is contract-related revenue realisation over the period of building the housing units.

The benchmark for determining the progress made is the degree of completion on the basis of the proportion of costs incurred to the expected construction costs (cost-to-cost method). The recognised contract assets are netted against the previously received payments.

Brokerage fees incurred within the context of initiating and concluding a contract for sale of housing units in the Neutorgasse 7 real estate development project are capitalised and depreciated over the term of the contract.

5 — Segment Reporting

The following table shows segment disclosures for the reportable segments in the first half of 2017 and the first half of 2018:

H1 2017 adjusted[1] EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue (segments)	721.4	234.4	0.0	–2.1	953.7
Revenue intra-Group	47.7	2.4	7.5	–57.6	0.0
Total revenue	**769.0**	**236.7**	**7.6**	**–59.7**	**953.7**
thereof revenue with third parties	720.9	232.7	0.0	0.0	953.7
EBITDA	**158.0**	**27.0**	**–41.6**	**0.0**	**143.3**
EBIT	**145.0**	**19.0**	**–61.7**	**0.0**	**102.2**
Other financial result					–0.1
Profit before tax					**102.1**

[1] Adjustment in the segment report – refer to Note 2.2 Changes in the presentation of the consolidated interim financial statements and adjustments to prior-year figures

H1 2018 EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue (segments)	695.0	262.6	0.1	–2.5	**955.2**
Revenue intra-Group	53.0	2.5	8.1	–63.6	**0.0**
Total revenue	**748.0**	**265.2**	**8.2**	**–66.1**	**955.2**
thereof revenue with third parties	694.3	260.9	0.1	0.0	955.2
EBITDA	**148.5**	**25.8**	**–30.0**	**0.0**	**144.3**
EBIT	**138.7**	**20.4**	**–54.1**	**0.0**	**105.1**
Other financial result					**3.2**
Profit before tax					**108.2**

6 — Contracts with customers

6.1 Revenue from contracts with customers

The following table provides a breakdown of revenue from contracts with customers by reportable segments (businesses of the segments) and product groups as well as the timeframe of revenue recognition:

EUR m	H1 2017	H1 2018
Revenue with third parties		
Letter Mail	375.1	**367.2**
Mail Solutions	20.4	**23.0**
Direct Mail	203.1	**191.0**
Media Post	67.1	**64.5**
Branch Services	55.2	**48.5**
Mail & Branch Network	**720.9**	**694.3**
Timing for revenue recognition:		
at a certain point in time	39.7	**35.3**
over a certain period of time	681.2	**659.1**
Premium Parcels	112.0	**123.2**
Standard Parcels	104.3	**111.3**
Other Parcel Services	16.4	**26.4**
Parcel & Logistics	**232.7**	**260.9**
Timing for revenue recognition:		
at a certain point in time	0.0	**0.0**
over a certain period of time	232.7	**260.9**
Corporate	**0.0**	**0.1**
Total revenue with third parties	**953.7**	**955.2**
Revenue Neutorgasse 7 real estate development project (segment Corporate)	**0.0**	**4.9**
Revenue from contracts with customers	**953.7**	**960.2**

6.2 Presentation of assets and liabilities from contracts with customers

The following table contains the status of trade receivables, contract assets and contract liabilities from contracts with customers pursuant to IFRS 15 as at January 1, 2018 and June 30, 2018.

EUR m	Jan. 1, 2018	June 30, 2018
Trade receivables	221.0	**230.8**
Contract assets	6.6	**10.9**
Contract liabilities	30.9	**68.0**

The contract assets of the Austrian Post Group result from the entitlement to receive a consideration in exchange for the already fulfilled part of the service obligation of the Neutorgasse 7 real estate development project (refer to Note 2.3.2 IFRS 15 Revenue from Contracts with Customers, J). Contract assets are reclassified to trade receivables as soon as an unconditional claim to a consideration exists at the time of completion and handover of the housing unit.

Contract liabilities as at June 30, 2018 relate to prepayments as described in Note 2.3.2 IFRS 15 Revenue from Contracts with Customers, H and I, within the context of mail and parcel delivery services as well as the prepayment received in connection with the termination agreement with BAWAG P.S.K. (refer to Note 7 Termination of the Cooperation with BAWAG P.S.K.).

Of the contract liabilities reported as at January 1, 2018, a total of EUR 29.4m was recognised as revenue.

7 — Termination of the Cooperation with BAWAG P.S.K.

Effective November 9, 2017, BAWAG P.S.K. informed Austrian Post in writing that the cooperation agreement of the two companies would be terminated as at December 31, 2020. Austrian Post has had a longstanding partnership with BAWAG P.S.K. in selling financial products as well as counter transactions and the joint use of infrastructure (branch offices) on the basis of a cooperation agreement. Subsequently, the contractual parties entered into negotiations with respect to a premature termination of the cooperation. An agreement ("change agreement") was reached at the end of 2017 relating to a fundamental change in the selling of financial products. On the basis of the termination agreement concluded on February 21, 2018, Austrian Post and BAWAG P.S.K. agreed upon an amicable and step by step dissolution of the entire cooperation to be largely concluded by the end of 2019. Up until the end of the partnership, Austrian Post will continue to perform services relating to the sale of financial products, carrying out of counter transactions and the joint use of infrastructure (branch offices). However, the scope of services will be gradually reduced, and the possibility exists to further cut back on individual services in the course of 2019 or to stop providing these services completely. In essence, the termination agreement stipulates a lump-sum payment for services which are still to be provided. In addition, Austrian Post already received a prepayment of EUR 76m in the first quarter of 2018. With respect to the accounting treatment of the termination agreement pursuant to IFRS 15, refer to Note 4.3 Revenue from Contracts with Customers, Branch Services.

8 — Provisions

Austrian Post adjusted the parameters for the provisions for employee under-utilisation against the backdrop of prevailing interest rates. The range of the discount rate used in the provisions for employee under-utilisation is 0.50–1.50 % (December 31, 2017: 0.25–1.25 %). The parameter adjustments made in the first half of 2018 led to a positive effect of EUR 0.3m recognised under staff costs.

The discount rate applied in provisions for termination and jubilee benefits did not change in the first half of 2018.

Provisions totalling EUR 21.8m were allocated in connection with the termination of the cooperation with BAWAG P.S.K. The restructuring involves the planned downsizing of the workforce in the branch network.

9 — Financial Instruments

This note contains an update of the assessments and estimates used in determining the fair value of financial instruments since the last consolidated annual financial statements. Austrian Post assigns its financial instruments to the three levels prescribed within the context of its accounting principles in order to ensure the reliability of the input factors used in determining fair value. An explanation of these levels is included below in the following tables.

9.1 Financial assets and liabilities measured at fair value

The following table shows the financial assets and liabilities measured at fair value as at December 31, 2017 and June 30, 2018:

Dec. 31, 2017 EUR m	Level	At fair value through profit or loss	Available for sale	Total
Financial assets				
Measurement carried out at fair value				
Securities	1	0.0	80.6	80.6
Other investments	3	0.0	50.2	50.2
Derivative financial assets	3	0.1	0.0	0.1
		0.1	**130.8**	**131.0**
Financial liabilities				
Measurement carried out at fair value				
Contingent consideration	3	3.5	0.0	3.5
		3.5	**0.0**	**3.5**

June 30, 2018 EUR m	Level	At fair value through profit or loss	At fair value through other comprehensive income	Total
Financial assets				
Measurement carried out at fair value				
Securities	1	64.2	15.5	**79.6**
Other investments	3	0.0	50.2	**50.2**
Derivative financial assets	3	0.3	0.0	**0.3**
		64.5	**65.7**	**130.1**
Financial liabilities				
Measurement carried out at fair value				
Contingent consideration	3	3.5	0.0	**3.5**
		3.5	**0.0**	**3.5**

No transfers between the Levels 1, 2 and 3 took place during the reporting period between January 1, 2018 and June 30, 2018.

With respect to the Austrian Post stake held in Aras Kargo a.s., the fair value at the balance sheet date fell by EUR 8.6m to EUR 36.0m. This decline is particularly due to the significant drop in value of the Turkish Lira compared to December 31, 2017. The adjustment took place in other comprehensive income without impacting profit or loss.

9.2 Financial assets and liabilities not measured at fair value

With respect to these financial instruments, the fair values do not differ from the carrying amounts in most cases, in light of the fact that interest receivables or interest liabilities come close to corresponding to prevailing market rates or the instruments are current.

Due to the primarily short-term nature of trade and other receivables, cash and cash equivalents and trade and other payables, it is assumed that the carrying amounts largely correspond to the fair values.

For other financial liabilities, the following table shows the comparison of the carrying amount and fair value. The fair value is assigned to Level 3 of the fair value hierarchy.

		Dec. 31, 2017		June 30, 2018
EUR m	Carrying amount	Fair value	Carrying amount	Fair value
Other financial liabilities				
Borrowings from banks	3.1	3.1	**3.2**	**3.2**
Finance lease liabilities	3.8	3.8	**3.6**	**3.6**
	6.8	**6.8**	**6.8**	**6.8**

9.3 Information on determining fair values

The following table shows the valuation method and input factors used in determining fair values:

Level	Financial instruments	Valuation method	Input factors
MEASUREMENT CARRIED OUT AT FAIR VALUE			
1	Securities	Market approach	Nominal values, stock market price
3	Other investments	Market approach or net present value approach	Multiples of comparable companies; Business plans and related probability-weighted scenarios; risk-weighted discount rates (WACC)
3	Derivative financial assets	Net present value approach	Business plans and related probability-weighted scenarios; risk-weighted discount rates (WACC)
3	Contingent consideration	Net present value approach	Business plans and related probability-weighted scenarios; discount rates
MEASUREMENT NOT CARRIED OUT AT FAIR VALUE			
3	Trade receivables and other receivables	–	Carrying amounts as realistic estimates of fair value
3	Other financial liabilities	Net present value approach	Payments related to financial instruments, market interest rates of comparable financing
3	Trade and other payables	–	Carrying amounts as realistic estimates of fair value

Material sensitivities in determining the fair values of Level-3-financial instruments can arise from changes to the underlying market data of comparable companies as well as in the input factors (especially discount rates and planning data) applied in determining the net present value.

10 — Other Information

The dividend of EUR 2.05 per share (EUR 138.5m) approved by the Annual General Meeting held on April 19, 2018 was distributed on May 3, 2018.

The external tax audit carried out by Austrian financial authorities for the years 2011–2014 was concluded in the first half of 2018. The income tax expense arising from this external audit amounts to EUR 3.3m (of which EUR 2.1m was already recognised in the 2017 financial year).

11 — Negative Note

The consolidated financial statements of Austrian Post for the first half of 2018 were neither subject to a complete audit nor subject to an auditor's review.

Vienna, August 1, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Exeuctive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer

Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

Statement of All Legal Representatives pursuant to Section 125 Para. 1 (3) Austrian Stock Exchange Act 2018

As the legal representatives of Österreichische Post AG, we declare, to the best of our knowledge, that the consolidated interim financial statements as at June 30, 2018, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture, in all material respects, of the profit, asset and financial position of the Group, that the Half-Year Group Management Report presents the business development, earnings and overall situation of the Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group with respect to the most important events occurring during the first six months of the financial year and its impacts on the consolidated interim financial statements as at June 30, 2018 and also describes principal risks and uncertainties facing the Group for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, August 1, 2018

The Management Board

Georg Pölzl
Chairman of the Management Board –
Chief Executive Officer

Walter Oblin
Member of the Management Board –
Chief Financial Officer

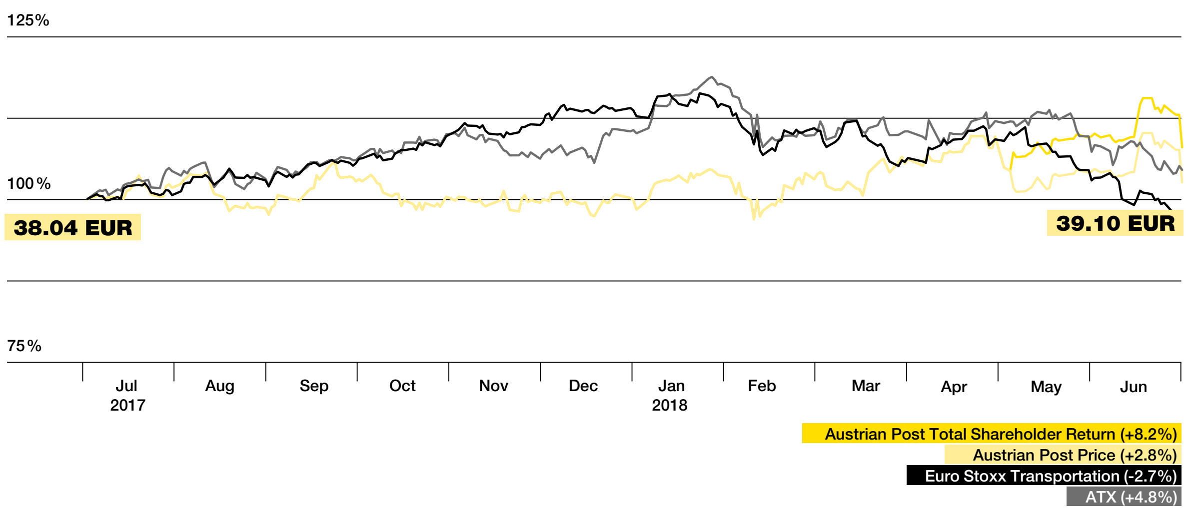
Walter Hitziger
Member of the Management Board –
Mail & Branch Network Division

Peter Umundum
Member of the Management Board –
Parcel & Logistics Division

FINANCIAL CALENDAR 2018/2019

August 10, 2018	Half-year Financial Report 2018, Publication: 07:30–07:40 a.m. CET
November 15, 2018	Interim report for the first three quarters 2018, Publication: 07:30–7:40 a.m. CET
March 14, 2018	Annual Report 2018, Publication: 07:30–07:40 a.m. CET
April 11, 2019	Annual General Meeting 2019, Vienna
April 23, 2019	Ex-date (dividend)
April 24, 2019	Record date (determination of entitled stocks in connection with dividend payments)
April 25, 2019	Dividend payment day
May 16, 2019	Interim report for the first quarter 2019, Publication: 07:30–7:40 a.m. CET
August 9, 2019	Half-year Financial Report 2019, Publication: 07:30–07:40 a.m. CET
November 14, 2019	Interim report for the first three quarters 2019, Publication: 07:30–7:40 a.m. CET

DEVELOPMENT OF THE POST SHARE (12-MONTH COMPARISON)



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We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This financial report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan” or “calculate”. We wish to note that a wide variety of factors could cause actual circumstances – and thus actual results – to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

This financial report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: August 1, 2018

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