

A photograph of a large industrial facility, likely a refinery or chemical plant, at night. The scene is illuminated by numerous lights, creating a complex network of bright points against a dark blue sky. Several tall, cylindrical distillation columns are prominent, along with a dense network of pipes, walkways, and structural steel. The overall atmosphere is one of industrial activity and complexity.

# **Privatisation in Austria: The example of Austrian Post**

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**Tallinn Stock Exchange Conference  
22 May 2008**

## 26 July 1946      Passing of First Nationalisation Act

- Reason for Nationalisation Act:
  - Soviet Union started to confiscate German-owned companies in their occupation zone
  - All industrial enterprises were regarded as German-owned companies / German property ...
    - ... regardless if founded by Third Reich, i.e. Nazi-Germany ...
    - ... or former nationalised Austrian companies that were incorporated into German Reich or German companies
- In response to the dismantling of enterprises in Austria, the Austrian Parliament decided to nationalise all German companies
- “German property” accounted for one fifth of Austrian GDP

### What was being nationalised?

- Steelworks in Linz, founded by the German Reich ...
  - which subsequently became VÖEST, today voestalpine
- DDSG, the Danube shipping company
- Three largest banks: Länderbank, Creditanstalt, Österr. Creditinstitut
- The entire coal and metal mining industry
- All mineral oil extraction and processing facilities
- All important companies in heavy industry sector

- Nationalised industry was directly administered by the government
  - first by Ministry of Asset Protection and Economic Planning, then by ...
  - ... Ministry of Transport and the Federal Chancellery
- At the end of the post-war period, nationalised industry staggered from one crisis to another
- Reasons for the crisis
  - direct political influence
  - appointments of management were politically motivated
  - political background often more important than qualifications
  - use of nationalised industry as a political vehicle to ensure employment

## **1967** First reforms in response to these crises

- Administration of majority of nationalised companies was transferred to newly founded Österreichische Industrieverwaltungs GesmbH (ÖIG) (a state owned investment company)
- Restructuring of companies: cutting of about 20,000 jobs

## **1970s** Transformation of ÖIG into a public limited company (Aktiengesellschaft) → ÖIAG

- Formation of a large conglomerate with about 100,000 employees
  - ... as a reaction to revenue decrease due to oil price shock and international steel crisis;
  - conglomerate was designed to absorb other nationalised companies that had got into difficulties
  - nationalised industry also had the function as an employment policy instrument in the recession of the late 1970s

**1980s**

Described crises led ÖIAG companies to report growing losses from the beginning of the 1980s on.

**1985**

## **VÖEST was virtually bankrupt**

- Subsidies required by individual companies already exceeded their employment costs

**1986**

## **Another restructuring of ÖIAG**

(now Österreichische Industrieholding AG)

- complicated conglomerates formed in the 1970s were broken up ...
- ... and grouped together in new industry holdings.

**1987-  
1993**

## **2 additional restructuring steps (Austrian Industries)**

**1980 -  
1992**

Austrian Government paid EUR 4.4bn in subsidies to offset losses

- ... at the same time 55,000 jobs were cut
- ... this resulted in dissolving industry holdings

**1993**

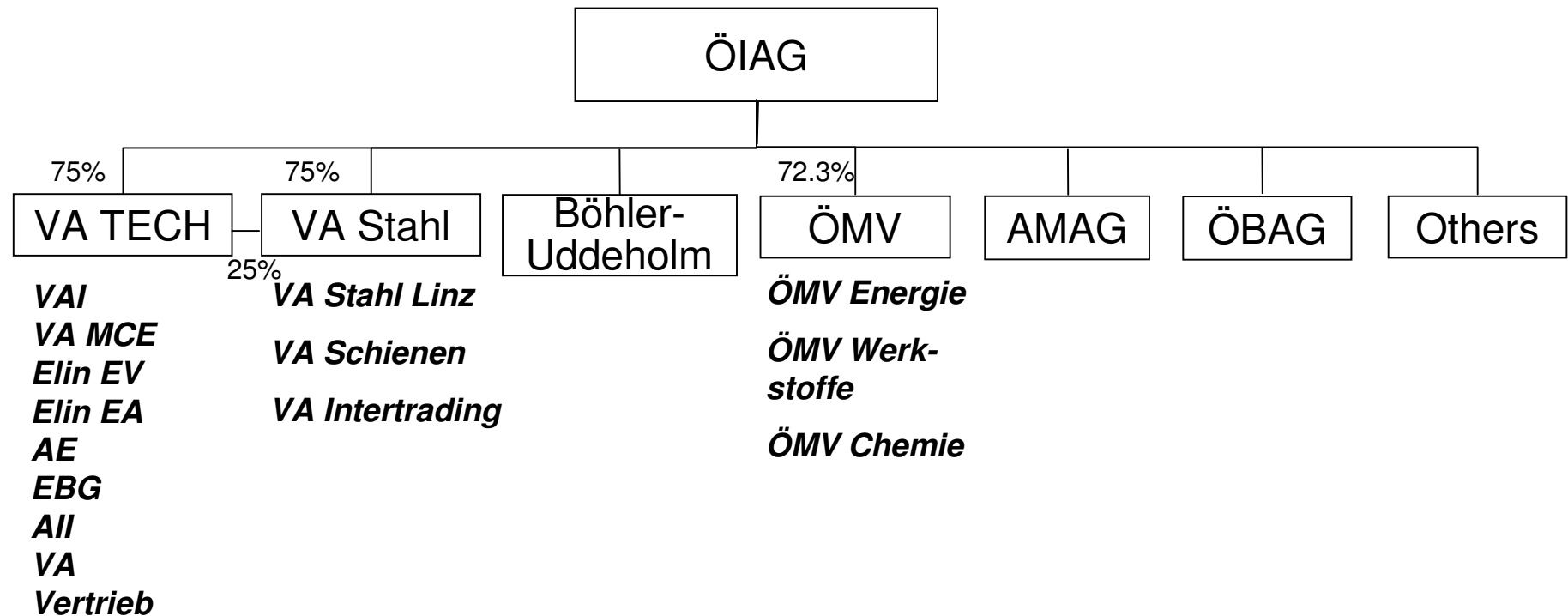
## **Amendment to ÖIAG Act**

- ÖIAG should sell, within a reasonable period of time, a majority interest in its directly owned holdings of industrial enterprises
- Individual companies or direct holdings, especially those not belonging to the companies' core business areas, could be disposed of separately
- Consideration had to be given to ensure Austrian industrial enterprises and industrial added value should be maintained

**→ ÖIAG began its successful course as a privatisation agency**



# New structure of ÖIAG as of December 1993





**2000**

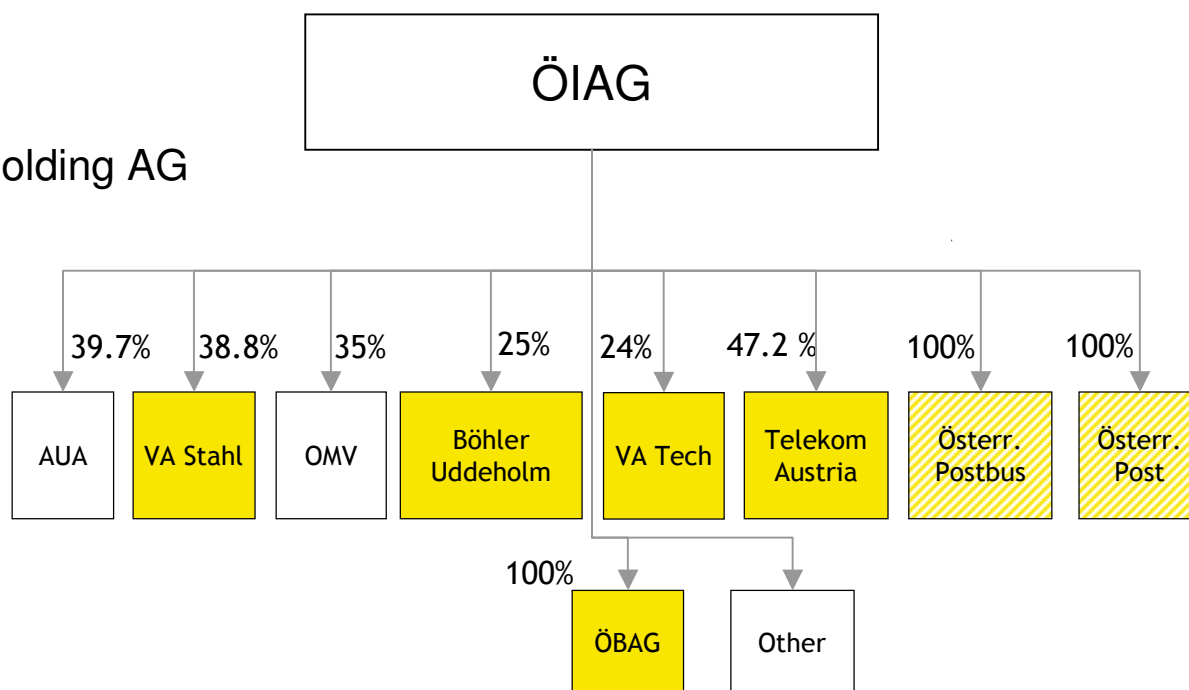
## Amendment to ÖIAG Act

- Privatisation mandate
- ÖIAG is required to transfer 100% of 7 companies or interests in companies ...
  - ... to completely new shareholders
  - ... to strategic partners or
  - ... to the general public
    - Österreichische Staatsdruckerei GmbH (printing)
    - Dorotheum GmbH (auction house)
    - Print Media Austria AG
    - Flughafen Wien AG (Vienna airport)
    - Österreichische Postsparkasse AG (savings bank)
    - Telekom Austria AG
    - Austria Tabak AG (tobacco company)
- ÖIAG must obtain the maximum revenue possible, taking into consideration the companies' and Austria's interests
- A second phase will involve examining the possibility of further privatisations

## 2003: Further privatisation mandates

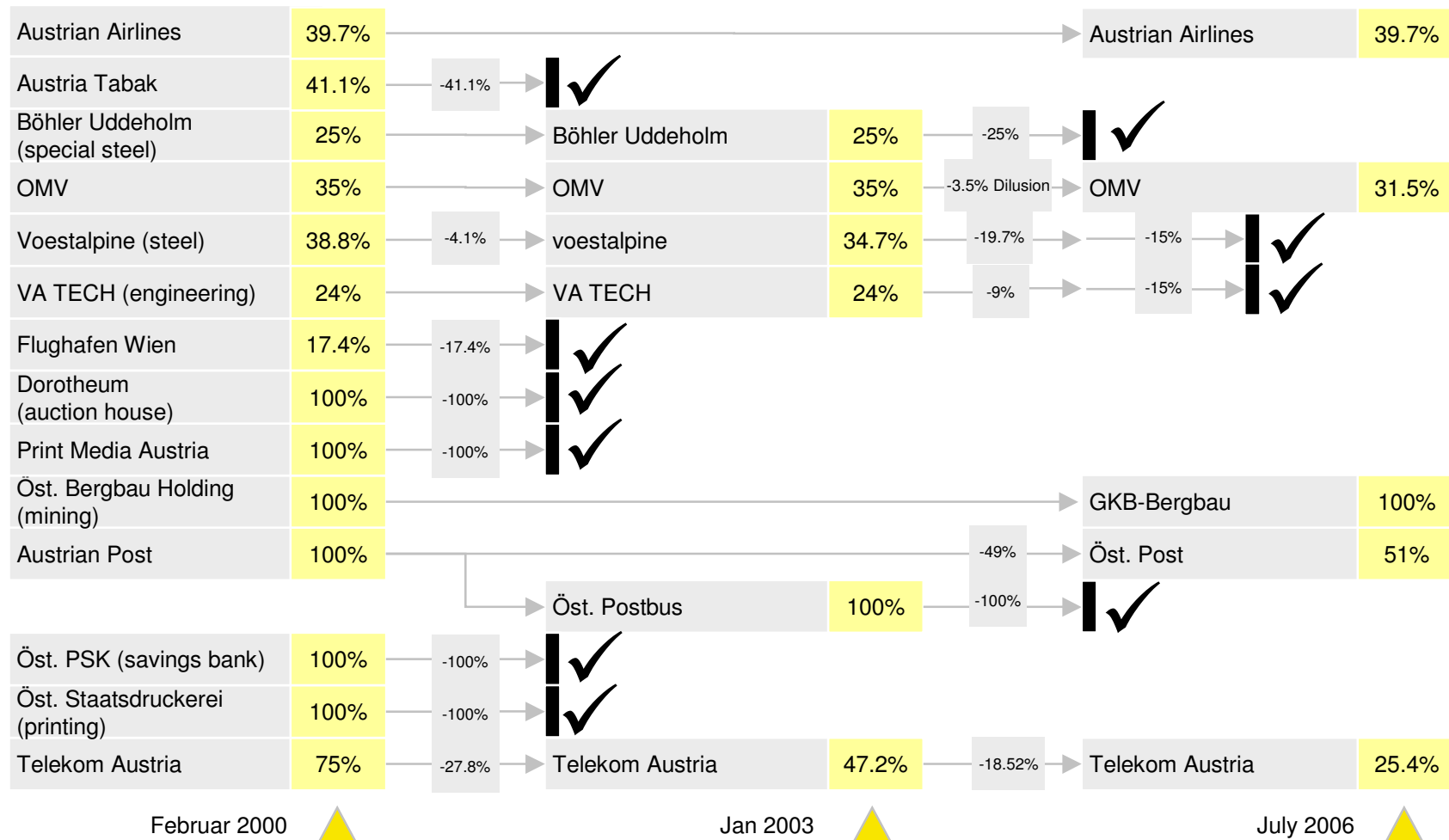
### Privatisation of 100% of:

- Telekom Austria AG
- Böhler-Uddeholm AG
- VA Technologie AG
- VA Stahl AG
- Österreichische Bergbauholding AG

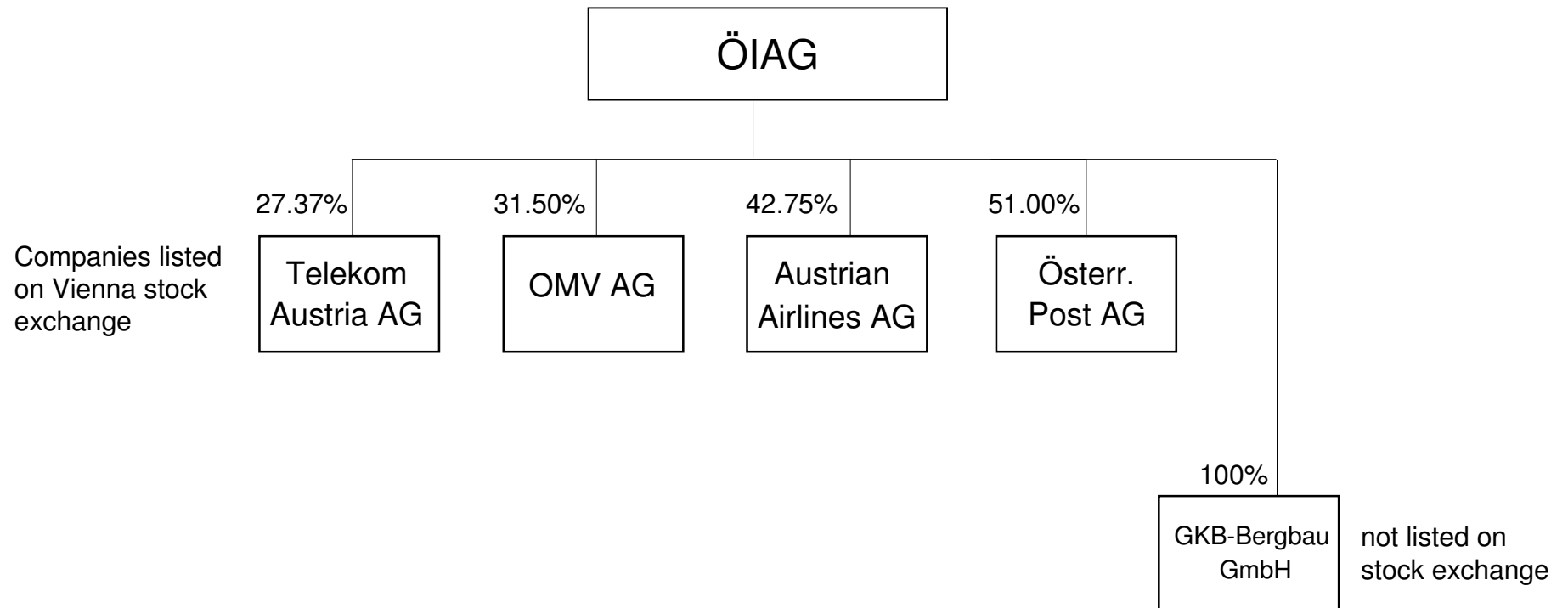


- **Searching for a strategic partner for Österreichische Post AG**
- 100% of Österreichische Postbus AG transferred to Austrian Federal Railways

# Privatisation in Austria 2000-2006



# ÖIAG today



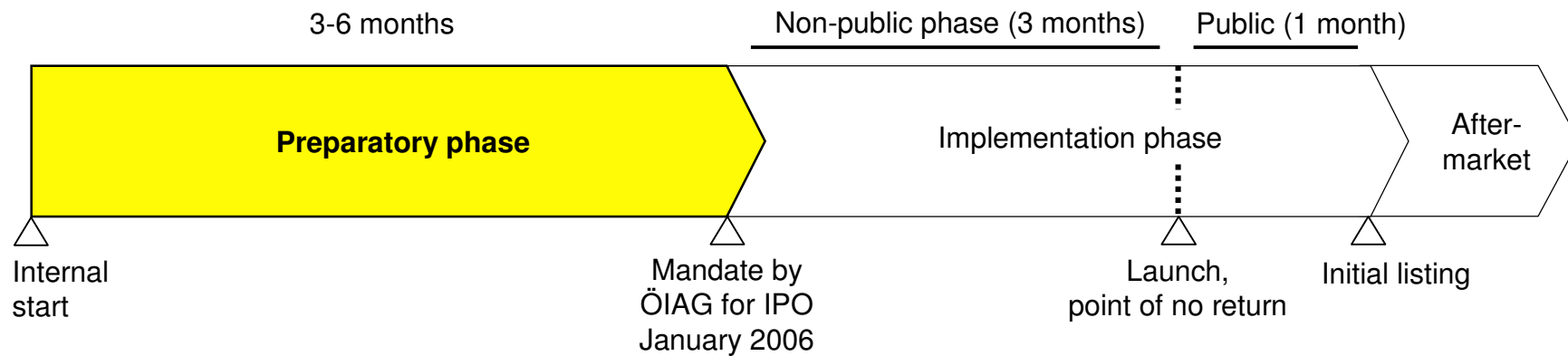
# IPO process of Austrian Post



**12 January 2006** Green light for preparation of IPO for Austrian Post

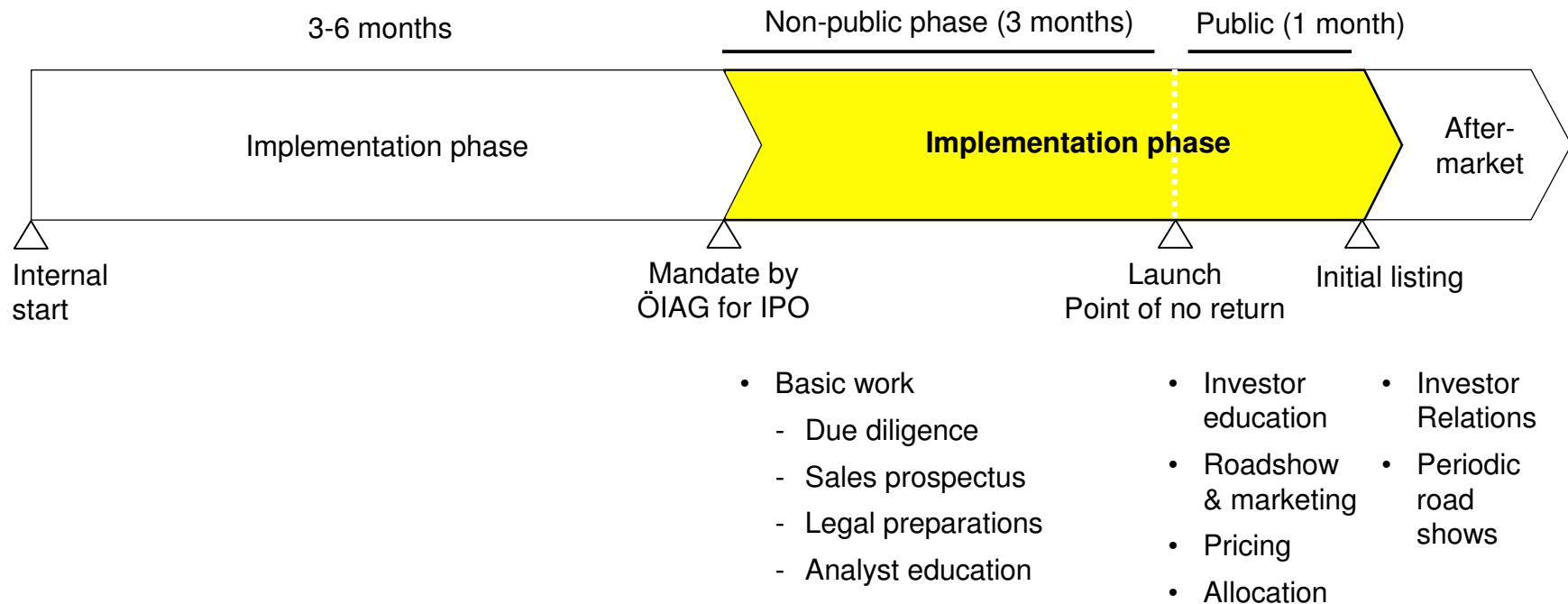


# Phases of the Initial Public Offering (1)



- Setting up of project organisation
- Fitness check
- Development of a project master plan
- Implementation of preparatory work

# Phases of the Initial Public Offering (2)

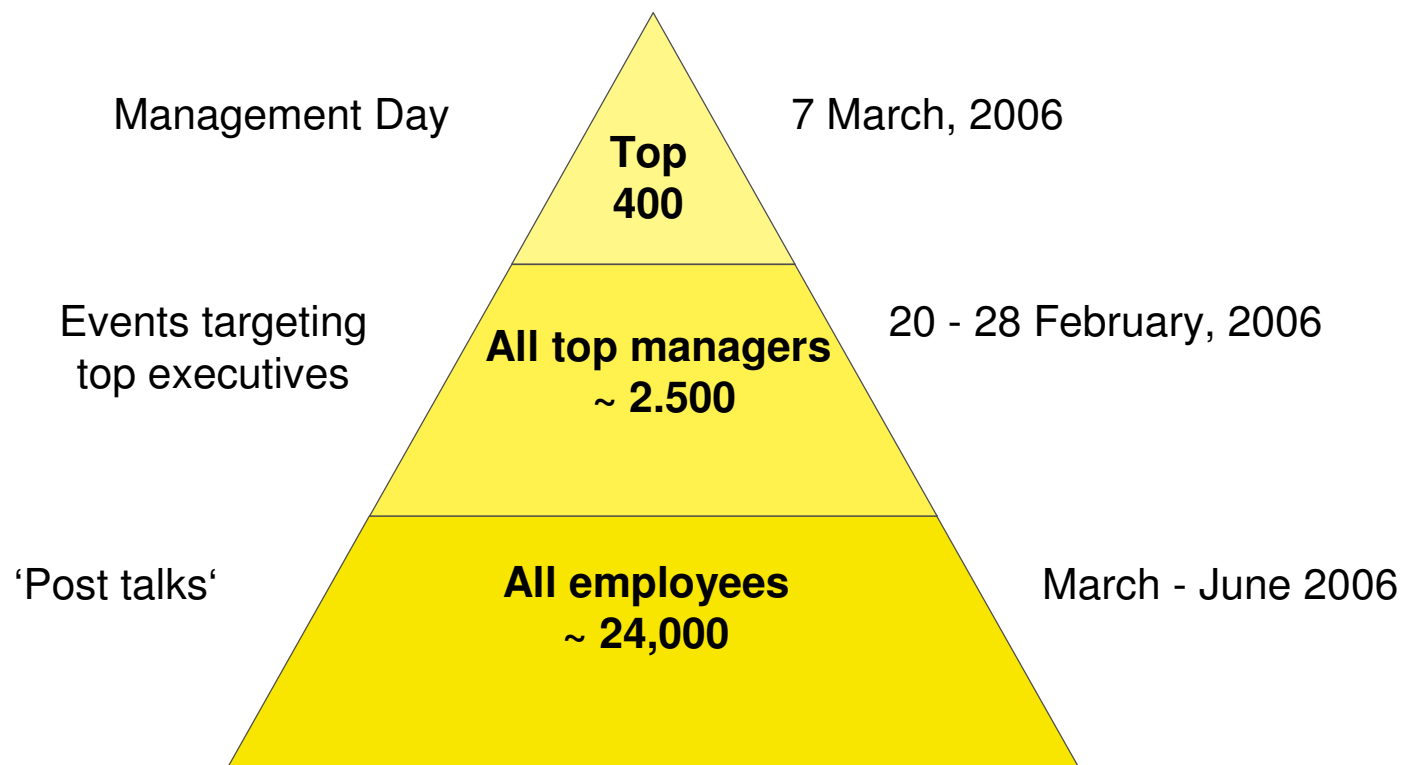




# Advertising measures accompanying the IPO

<b>PHASE 1</b> Teaser	<b>PHASE 2</b> Soft selling	<b>PHASE 3</b> Hard selling	<b>PHASE 4</b> After sales
<b>Arouse curiosity</b>  1 week (24.4.-30.4.)	<b>Convey image and facts</b>  2 weeks (1.5.-15.5.)	<b>Subscribe now!</b>  2 weeks (16.5.-29.5.)	<b>Success of the IPO</b>  1 week

# Internal communications with top managers and employees about the IPO



# Start of IPO sales campaign on 15 May, 2006

- 09:30 Press conference
- 12:30 Investor lunch
- 15:00 Start of investor meetings
- 19:00 Start of roadshow for private investors in Vienna



# Offering of Austrian Post



## Price range

- EUR 17 – EUR 19 per share (issue price was EUR 19)

## Offer size

- Up to 31.5m shares plus 2.8m greenshoe from ÖIAG
- Total of 34.3m shares → total proceeds of EUR 651.7m for ÖIAG

## Offer structure

- Public offering in Austria
- Institutional private placement including 144A offering in the US

## Free float

- Up to 45% excluding greenshoe and up to 49% including greenshoe

## Listing

- Vienna Stock Exchange (Prime Market Segment)

## Lock-up period

- 6 months for ÖIAG and Austrian Post

## Joint bookrunners and joint lead managers

- Goldman Sachs, Erste Bank (institutional investors)
- Raiffeisen Centrobank, Erste Bank (private investors)

## Co-lead manager

- Deutsche Bank

# Impressions of the road show for private investors





# 12 day road show for institutional investors



## **Institutional roadshow facts**

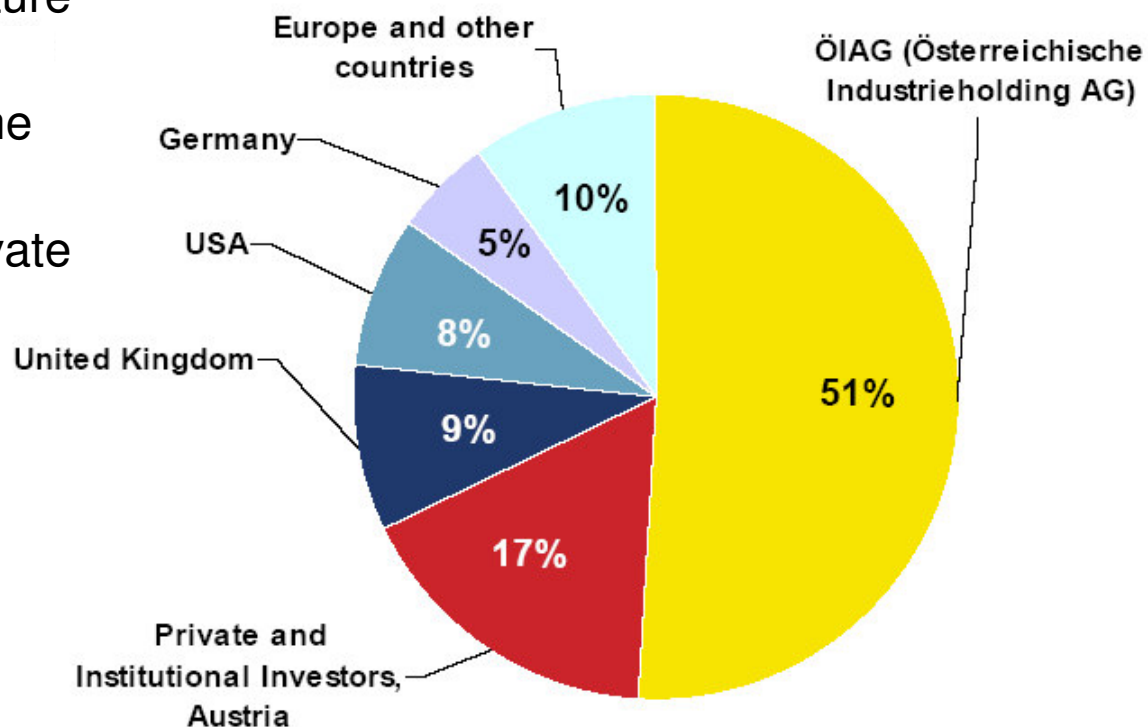
70 individual meetings in 12 cities, contact with more than 200 institutional investors  
→ 70% success rate in orders placed after individual meetings

## **Private investors roadshow facts**

4 events in Vienna, Linz, Graz and Innsbruck for approx. 3,500 private investors  
→ 45,000 private shareholders (incl. 13,400 employees)

## Successful IPO: Third listed European postal provider

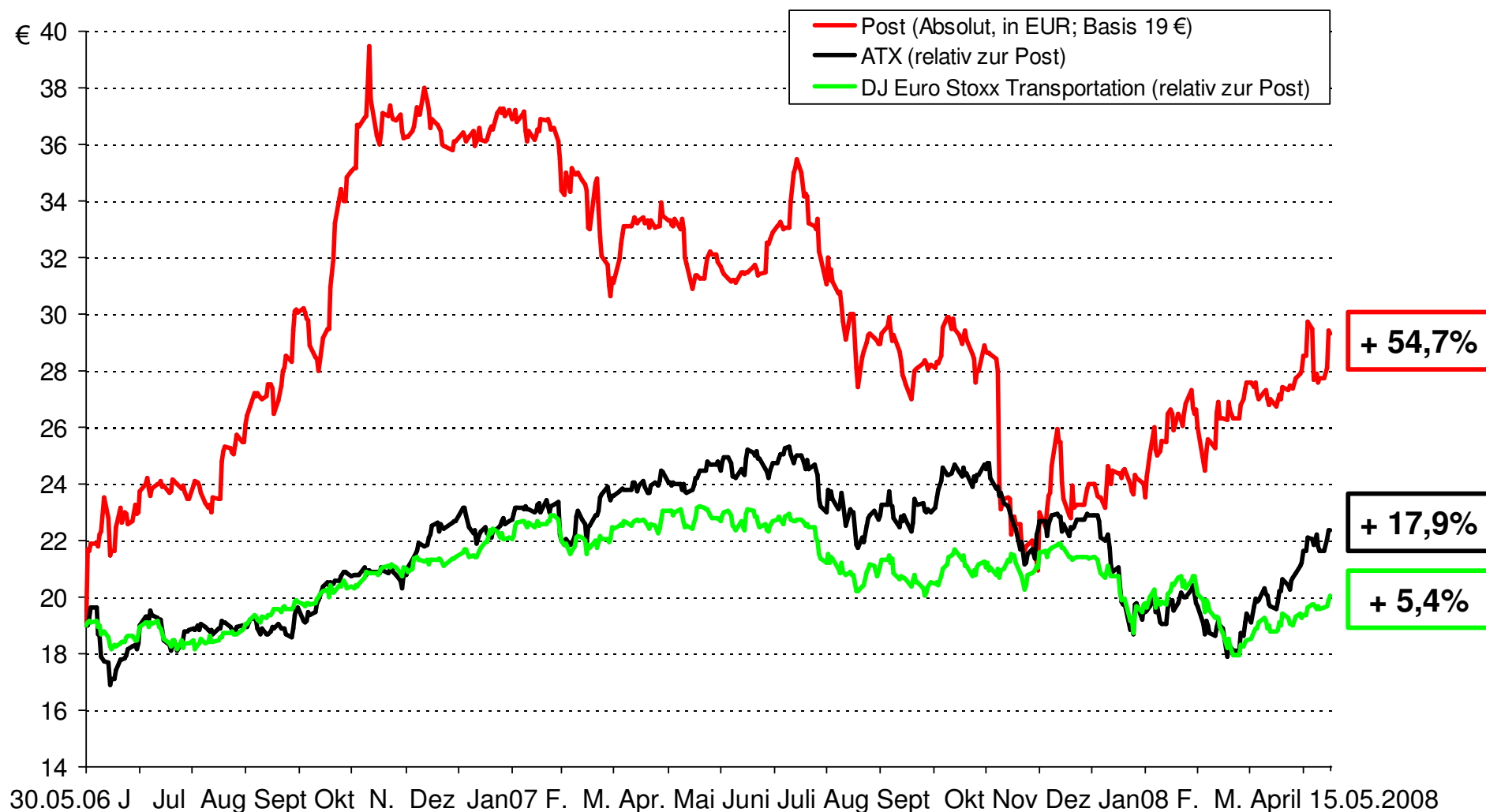
- Eight times subscribed
- Total of 34.3 million shares sold by ÖIAG
- 1/3 in Austria, 2/3 international
- Balanced shareholder structure
- 13,500 employees  
(= 51% of workforce) became shareholders
- Total of 45,000 Austrian private shareholders



Shareholder structure after allocation



# Development of Austrian Post since issue of shares in May 2006



# Comments on Austrian Post IPO

Post share: the launch was brilliant

Wirtschaftsblatt

Post employees as shareholders - a success model

Die Presse

Good stock market launch of Austrian Post / Government rejoices  
about its debut

Der Standard

Advancement to the Champions League

Wiener Zeitung

Successful privatisation of Austrian Post

Neue Züricher Zeitung

Best Austrian companies: Austrian Post reached the top 100 for  
the first time: rated 45th

(interview of 450 top Austrian executives) Business magazin 'Gewinn'

## Which challenges have to be met to have a successful IPO?

1. Create the pre-requisites ensuring the company is “ready for the stock market”
  - Economically sound basis
  - Corporate governance
  - Ability to fulfil disclosure requirements (IFRS)
2. Willingness to accept new ownership structures
3. Willingness to implement a far-reaching change in the corporate culture
4. Development of a sustainable investment story
5. Management must be able to communicate the investment story in a credible manner
6. Willingness to ensure open and ongoing communications – in economically favourable as well as in difficult periods

# What has changed as a result of the IPO?

- **Greater transparency:**  
business development, key performance figures, management
- **Large-scale interest on the part of the media:**  
quarterly results, acquisitions, Management Board, etc.
- **Messages / reports:**  
direct effect on media coverage, with analysts as well as on the share price
- **Upbeat, optimistic mood is perceptible**
- **Compiling of experiences** in regards to dealing with and understanding the logic of the capital market
- **Increased pressure** to raise profitability and implement required measures at a faster pace
- **Valuable information about the market and competition** is derived from the communications process with analysts and investors
- Publicly listed companies are committed to achieve growth

# Today's investment highlights of Austrian Post

**Austrian Post addresses the interests of the company and its investors:**

- 1 Mail Division - strong core business and important value driver**
- 2 Proactive shaping of the liberalisation process**
- 3 Parcel & Logistics in Austria - repositioning and restructuring**
- 4 Selective growth in CEE and attractive niche segments**
- 5 High cash generation / attractive dividends and optimisation of capital structure**