



Fourth quarter 2016 results

Analyst call

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Koen Beeckmans, CFO

Brussels – March 9, 2017

Investor presentation - Interim financial report 4Q16

Financial Calendar

More on corporate.bpost.be/investors

03.05.2017

(17:45 CET)

Quarterly results 1Q17

07.08.2017

(17:45 CET)

Quarterly results 2Q17

07.12.2017

Ex-dividend date (interim dividend)

10.05.2017

Ordinary General Meeting of Shareholders

08.11.2017

(17:45 CET)

Quarterly results 3Q17

11.12.2017

Payment date of the interim dividend

15.05.2017

Ex-dividend date

04.12.2017

(17:45 CET)

Interim dividend 2017 announcement

17.05.2017

Payment date of the dividend

Disclaimer

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¹ as defined among others under the U.S. Private Securities Litigation Reform Act of 1995

Highlights of 4Q16



Normalized revenues up 7.4%

- Excellent Parcels revenues and positive impact of consolidation of Ubiway (1 month) compensating Domestic Mail evolution

€ 690.7m



Underlying Domestic Mail volume decline

- Tough comparables for transactional and advertising mail against very strong 4Q15. Stable full year trend at -5.0%.

-6.4%



Excellent parcels performance driven by end of year sales

- Domestic: driven by e-commerce, very strong trend in the online C2C and first visible results of non-exclusive DPDHL B2C partnership; price/mix effect of -3.4%
- International: positive contribution from acquisitions, increase in flows from US, continued volume loss to China

+21.7%

+ € 13.1m



Costs slightly down and well under control

- Productivity improvement of 699¹ FTE & interims for the quarter

- € 0.4m



Normalized EBITDA up € +4.4m

€ 141.5m



Proposed total dividend per share up 1.6%

€ 1.06 already paid in December 2016 and € 0.25 to be proposed at the Annual General Meeting in May 2017

€ 1.31
gross

¹ i.e. reported average increase of FTEs and interims is 675 including 1,375 additional FTEs and interims for higher parcels & solutions volumes, Deltamedia integration and new subsidiaries.

Highlights FY16 – Results in line with expectations

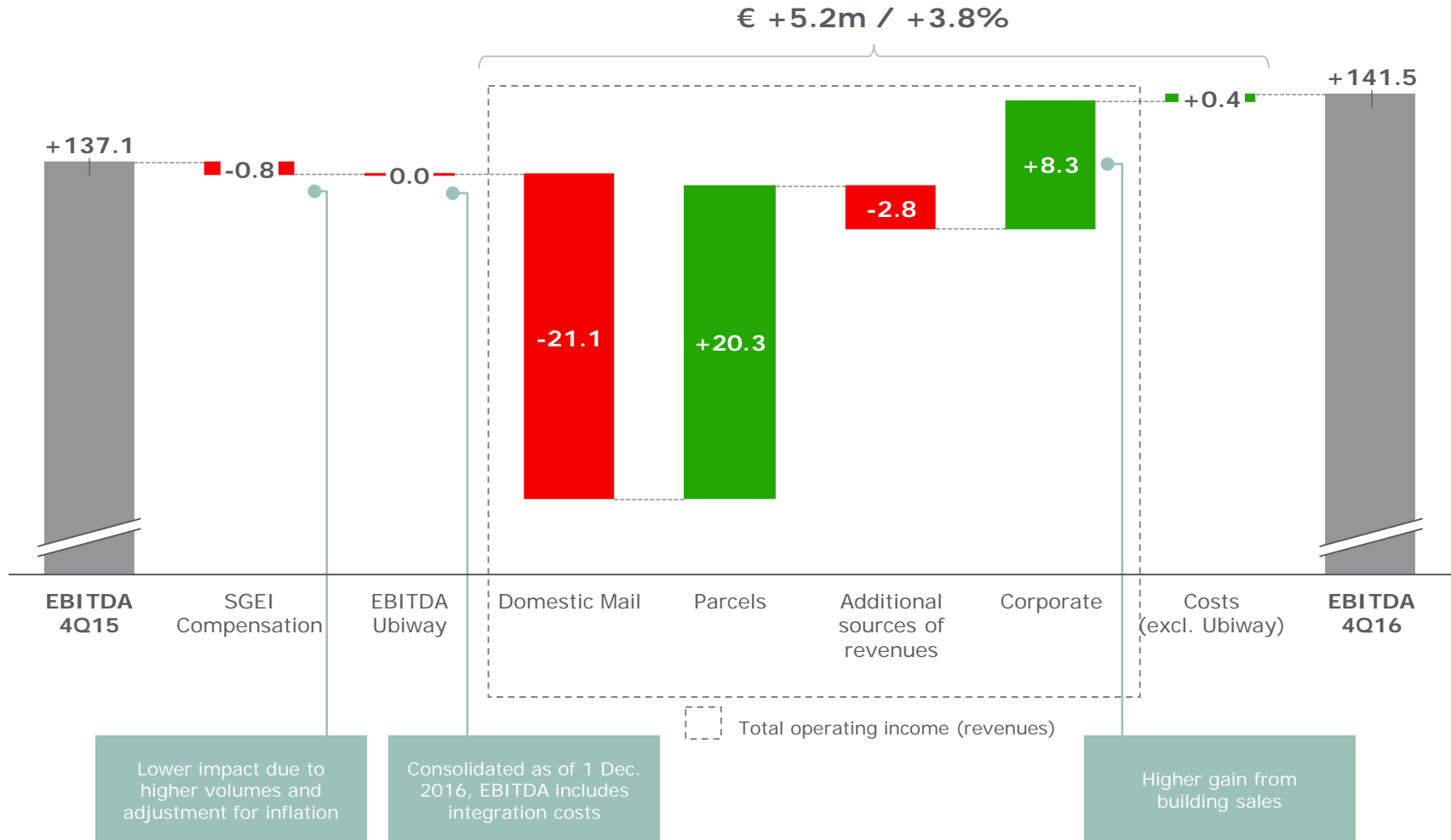
Normalized¹, € million

Topic	Results	Last outlook for 2016	
EBITDA	FY16: € 586.9m (+0.6%, + € 3.3m)	at least at the same level as 2015	
EBIT	FY16: € 496.5m (+0.4%, + € 2.1m)		
Domestic Mail	FY16: -5.0% (underlying volume)	Around -5%	
Parcels	FY16: +17.1% (domestic volumes)	Double digit	
Dividend	Total gross dividend of € 1.31 per share proposed <ul style="list-style-type: none"> • Interim dividend already paid: € 1.06 (+ € 0.01) • Final dividend of € 0.25 (+ € 0.01) 	at least € 1.29	

¹ Normalized figures are not audited

EBITDA uplift of € +4.4m driven by excellent parcels performance compensating domestic mail volume decline

Normalized¹, € million



¹ Normalized figures are not audited

Summary of key financials 4Q16

€ million

	Reported		Normalized ¹		% Δ	
	4Q15	4Q16	4Q15	4Q16		
Total operating income (revenues)	669.0	690.7	642.9	690.7	7.4%	Gain from sale of sizeable building € 26.1m
Operating expenses	505.8	549.2	505.8	549.2	8.6%	
EBITDA	163.2	141.5	137.1	141.5	3.2%	
<i>Margin (%)</i>	24.4%	20.5%	21.3%	20.5%		
EBIT	139.1	118.0	113.0	118.0	4.5%	
<i>Margin (%)</i>	20.8%	17.1%	17.6%	17.1%		
Profit before tax	144.8	121.0	118.7	121.0	2.0%	
Income tax expense	49.3	19.3	40.4	41.5		Positive tax impact of Deltamedia liquidation € 22.2m
Net profit	95.6	101.7	78.3	79.5	1.5%	
FCF	68.6	34.5	68.6	34.5	-	
bpost S.A./N.V. net profit (BGAAP)	101.4	86.8	81.1	64.7	-20.3%	
Net Debt/ (Net cash), at 31 December	(549.5)	(492.7)	(549.5)	(492.7)	-10.3%	

¹ Normalized figures are not audited

Total operating income (revenues)

Normalized¹, € million

		4Q15	SGEI	Δ	4Q16	% Δ ³
Domestic mail	Transactional mail	253.4	-	-18.3	235.1	-7.2%
	Advertising mail	68.6	-	-2.4	66.2	-3.6%
	Press	76.9	3.4	-0.4	79.9	-0.5%
Parcels	Domestic parcels ²	44.5	-	7.5	52.0	16.8%
	International parcels	51.3	-	13.1	64.4	25.6%
	Special logistics	2.2	-	-0.3	2.0	-11.7%
Additional sources of revenues	International mail	48.4	-	-2.9	45.5	-6.0%
	Value added services	25.2	-	0.3	25.5	1.2%
	Banking and financial	51.0	-1.6	0.5	49.9	1.0%
	Other (Incl. Ubiway)	27.7	-2.6	43.2	68.3	156.0%
	Corporate	-6.3	-	8.3	2.0	-
TOTAL		642.9	-0.8	48.6	690.7	7.6%

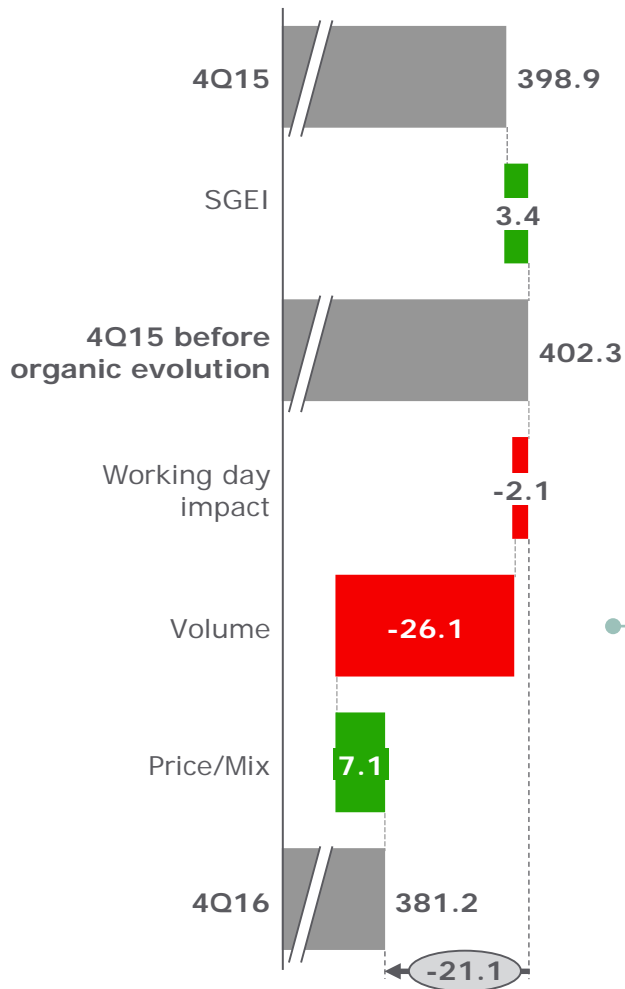
¹ Normalized figures are not audited

² Defined as domestic and Belgian in- and outbound

³ % Δ excluding SGEI impact

FY16 domestic mail underlying volume trend in line with guidance at -5.0%

Total operating income (revenues), € million



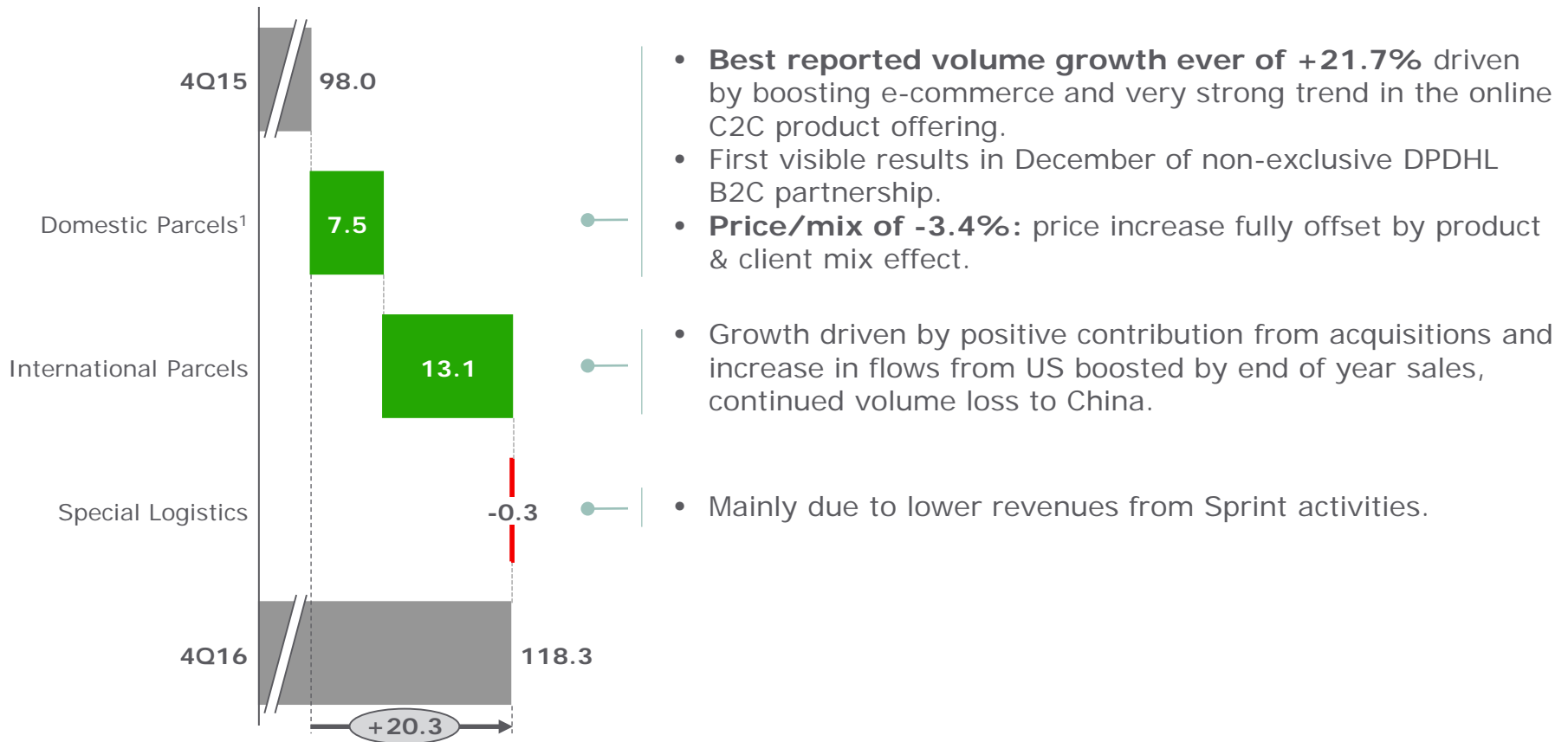
- Tough comparables for transactional (-4.7% 4Q15) and advertising mail (-1.2% 4Q15) against best quarter of 2015.
- Transactional: shift towards cheaper products and continued e-substitution
- Advertising: continued good performance in unaddressed; front-loaded spend in 2016 (more campaigns in 1H16 vs. 2H16) and phasing impact towards 1Q17 (due to timing of Christmas holiday).
- Press: periodicals keeping up well, low renewal rate on newspaper subscriptions contracted in 2H15.

	Reported					Underlying ¹				
	1Q16	2Q16	3Q16	4Q16	FY16	1Q16	2Q16	3Q16	4Q16	FY16
Transactional mail	-5.6%	-3.5%	-7.8%	-7.2%	-5.9%	-5.3%	-4.8%	-7.4%	-6.4%	-5.9%
Advertising mail	0.1%	-2.2%	-1.2%	-7.8%	-3.0%	0.1%	-2.2%	-1.2%	-7.8%	-3.0%
Press	-2.0%	-0.3%	-4.2%	-4.1%	-2.8%	-2.0%	-0.3%	-4.2%	-4.1%	-2.8%
Domestic Mail	-4.1%	-3.0%	-6.1%	-7.0%	-5.0%	-3.9%	-3.8%	-5.9%	-6.4%	-5.0%

¹ 4Q16 had 1 working day less vs. 4Q15

Excellent domestic and international parcels performance driven by end of year sales

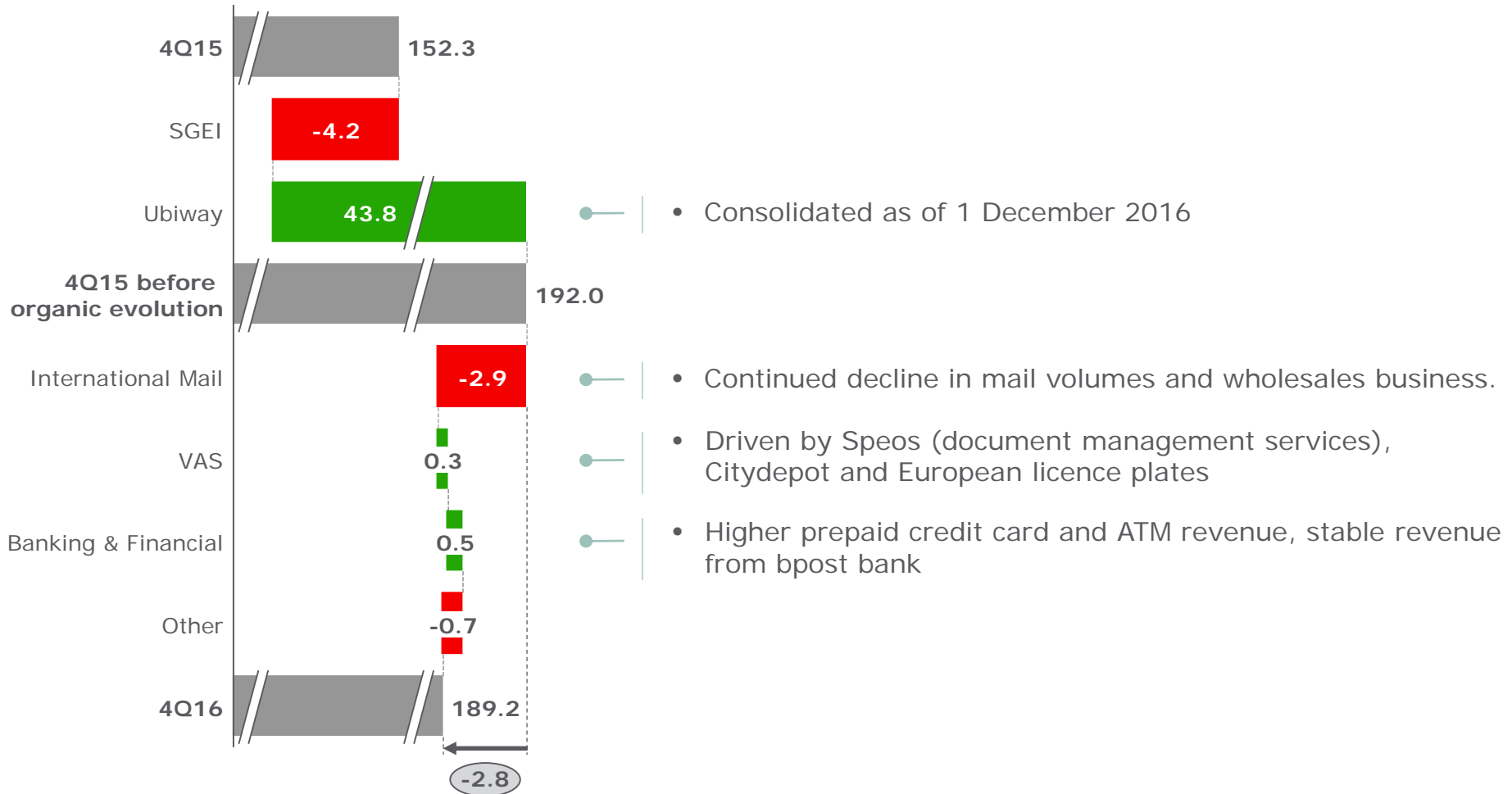
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound


Additional sources of revenues driven by VAS and financial revenues

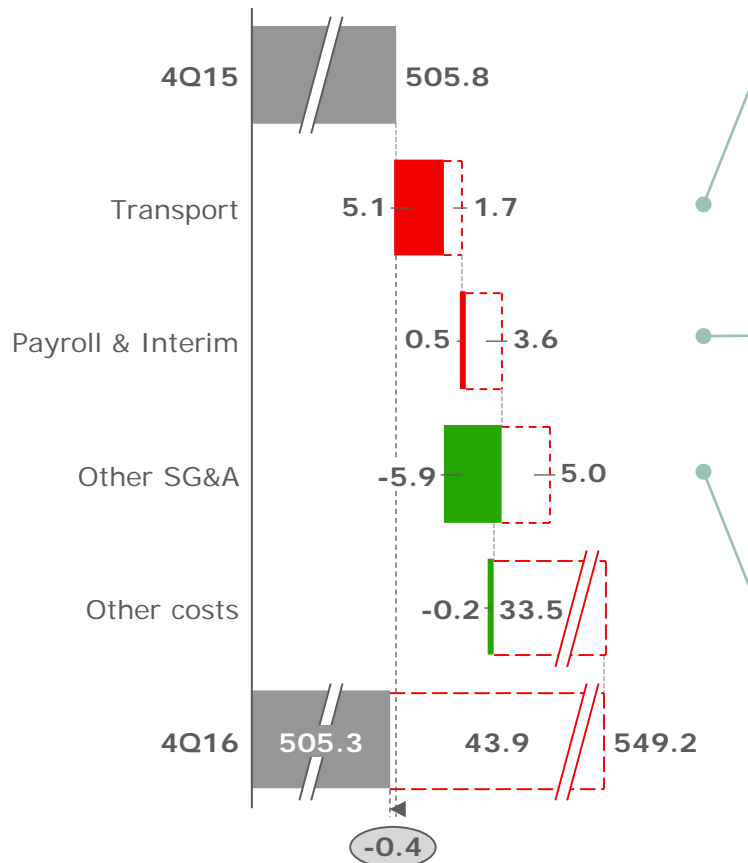
Total operating income (revenues), € million



Costs (excluding Ubiway) slightly down and well under control

Operating expenses excl. depreciation and amortization, € million

 Ubiway operating expenses including integration costs



- Excluding Ubiway, increase in transport costs is linked to growth in international parcels
- **Average reported FTE & interim increase** of 675 leading to € +9.2m higher costs, productivity improvement is 699.
- **Favourable FTE mix** of € -4.4m thanks to the recruitment of auxiliary postmen (€ -2.8m) and the reduction of management level FTE (€ -2.1m).
- **Negative price effect** of € +3.8m explained by salary indexation and new CLA partly offset by tax shift, lower lay-off costs and lower provisions for bonuses.
- Positive settlement of social charges (€ -3.3m) partially offset by increase in employee benefit costs (€ +1.6m).
- Excluding Ubiway, mainly driven by decrease in third party (€ -2.2m), publicity (€ -2.2m), other services (€ -2.0m) and maintenance & repair costs (€ -1.7m), partly offset by increased consultancy costs (€ +1.5m)

FCF generation mainly impacted by Ubiway acquisition

€ million	4Q15	4Q16	Delta
⊕ Cash flow from operating activities	+63.8	+123.5	+59.7
⊕ Cash flow from investing activities	+4.8	-89.0	-93.8
⊖ Operating free cash flow	+68.6	+34.5	-34.1
⊕ Financing activities	-219.1	-220.6	-1.4
⊖ Net cash movement	-150.6	-186.1	-35.5
Capex	-32.3	-42.0	-9.7

- Additional SGEI compensation following indexation in 4Q16: € +0.9m
- Alpha pay-outs € +7.4m lower than amount paid out in 4Q15
- Lower tax prepayment in 4Q16: € +20.0m
- bpost bank dividend received in 4Q15 (phasing): € -5.0m
- Excluding these elements:
 - Results of operating activities: € +3.4m, in line with evolution of normalized EBITDA
 - Working capital evolution: € +33.0m, mainly due to the phasing in Social Security payments (€ +29.3m)

- Lower proceeds from sale of buildings: € -30.5m (4Q15 includes sale of a major building for € 37.4m)
- Higher capex in 4Q16: € -9.7m
- Investment securities in 4Q16: € -12.0m
- Acquisition of the Polish subsidiary in 4Q15 (€ +2.7m) vs. Ubiway in 4Q16 (€ -39.9m, subject to changes) and first earn-out paid for Apple Express Canada in 4Q16 (€ -3.7m)
- Investment in the Citeie digital platform in 4Q16 (€ -0.8m)

- Higher interim dividend in 4Q16: € -2.0m

¹ Operating free cash flow = cash flow from operating activities + cash flow from investing activities

Final gross dividend of € 0.25/share will be proposed to reach a total gross dividend payment of € 1.31/share

Based on the communicated dividend policy, taking into account the interim dividend paid and subject to Board and Shareholders' meeting approval

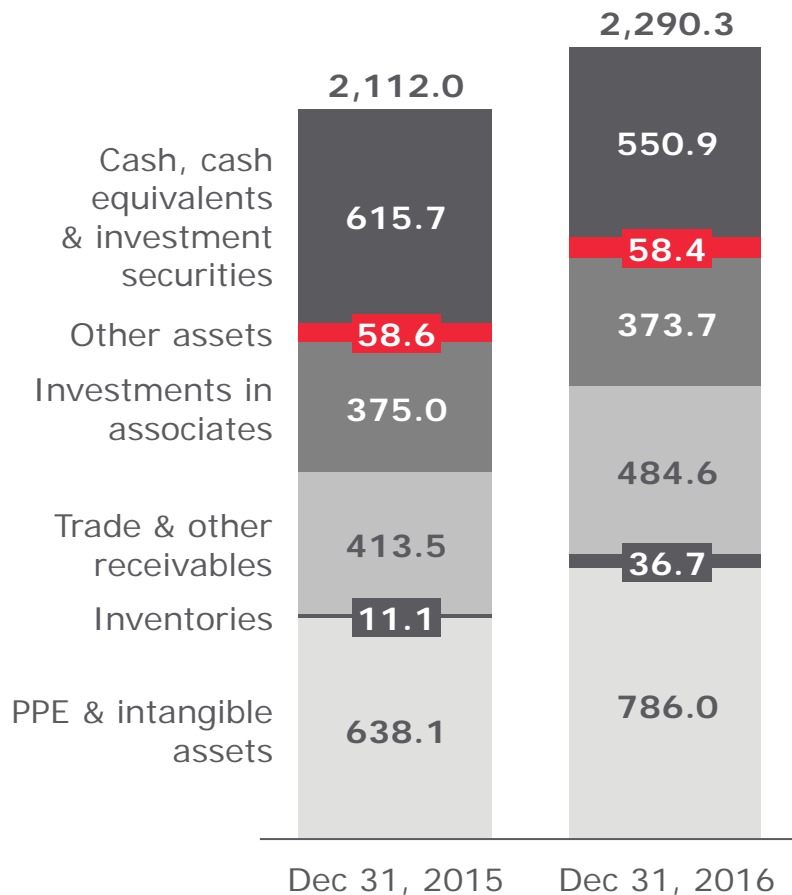
Interim dividend paid in December 2016 (€, gross per share)	EUR 1.06
Proposed final dividend payment (€, gross per share)	EUR 0.25
Total proposed dividend for 2016	EUR 1.31

	Dividend
bpost S.A./N.V. net profits after tax November to December 2016 (BGAAP)	EUR 60.4m
Pay-out ratio	x 85%
Proposed final dividend	EUR 51.4m
Dividend payment, € gross per share	EUR 0.25

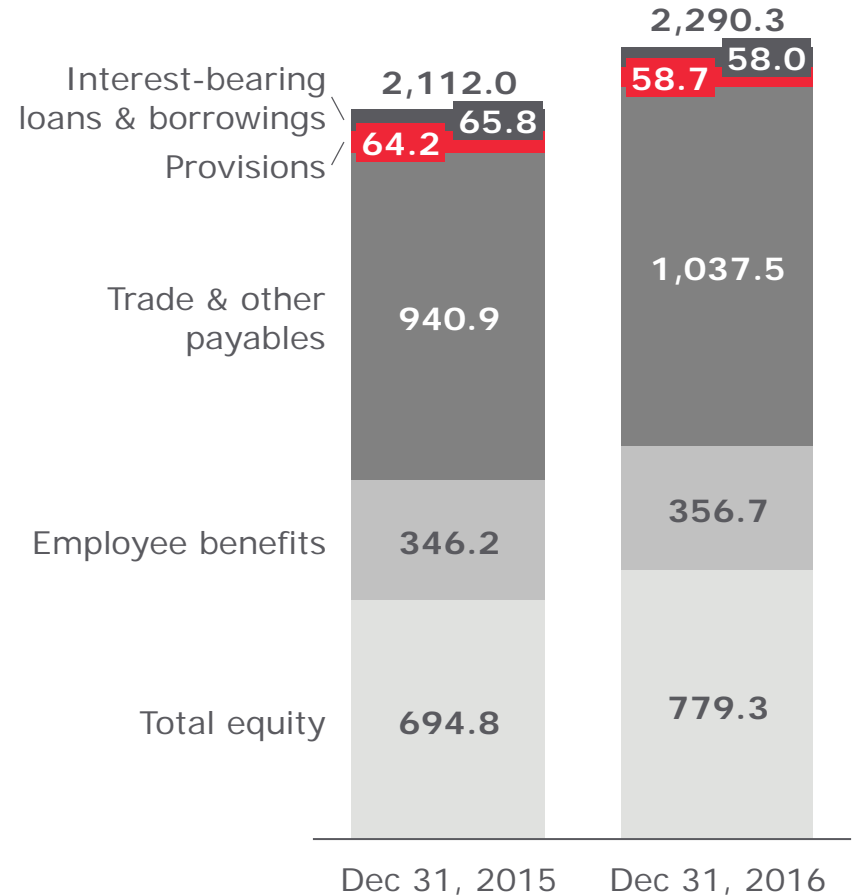
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2017

Recurring EBITDA and dividend payment at the same level as 2016¹

Revenues

Overall slight increase driven by:

- Growth in **domestic parcels**: volume double digit, around -3% price/mix effect
- Continued growth in **international parcels** supported by newly acquired businesses
- Growing **Ubiway Retail** revenues
- Decrease in **domestic mail²**: volume between -5% and -6%, price increase small user basket uncertain

Operating expenses

Slight increase, driven by:

- Increase in transport cost (reflecting growth in International Parcels)
- Continued productivity improvements and optimized FTE mix
- Salary indexation expected as of July 2017
- Integration of acquired businesses
- Continued cost optimization

Capex

- Recurring and Vision 2020 investments ~€ 90m
- Business development investments: Ubiway < € 10m

¹ including acquisitions of FDM, Apple Express, Ubiway, DynaGroup, Parcify and de Buren

² 1Q17 will count 2 working days more, 2Q17 2 less, 3Q17 1 less on franking machines and 2 less on stamps and 4Q17 1 less on franking machines and 1 more on stamps vs. the same quarters of 2016.

Overall guidance 2016-2020 as issued at CMD on 15 November 2016

We confirm our long term ambition of at least € 620m¹ EBITDA by 2020

Revenue

Overall slight increase driven by:

- Growth in **domestic parcels: volume +75%** (vs. 2015), -2 to -3% price/mix effect
- Growth in **international parcels: revenue x2** (vs. 2015)
- Decrease in **domestic mail: volume up to -6%**

Operating expenses

Slight increase, driven by:

- Increase in transport cost (reflecting growth in International)
- **Up to 4% FTE & interim productivity increase p.a.** at current scope
- Optimized FTE mix
- Integration of acquired businesses
- Inflation

Capex

- Further Vision 2020 investments in **2017-18: ~€ 90m p.a.** excluding Ubiway capex
- Maintenance capex level in **2019-20: ~€ 60m p.a.** excluding Ubiway capex

Maintenance of dividend policy

At least 85% pay-out of BGAAP net profit

M&A on top of overall 2020 EBITDA guidance

Accretive contribution supported by strong balance sheet. Any decision must be evaluated on 5 criteria

¹ including acquisitions of FDM, Apple Express, Ubiway, Parcify and de Buren

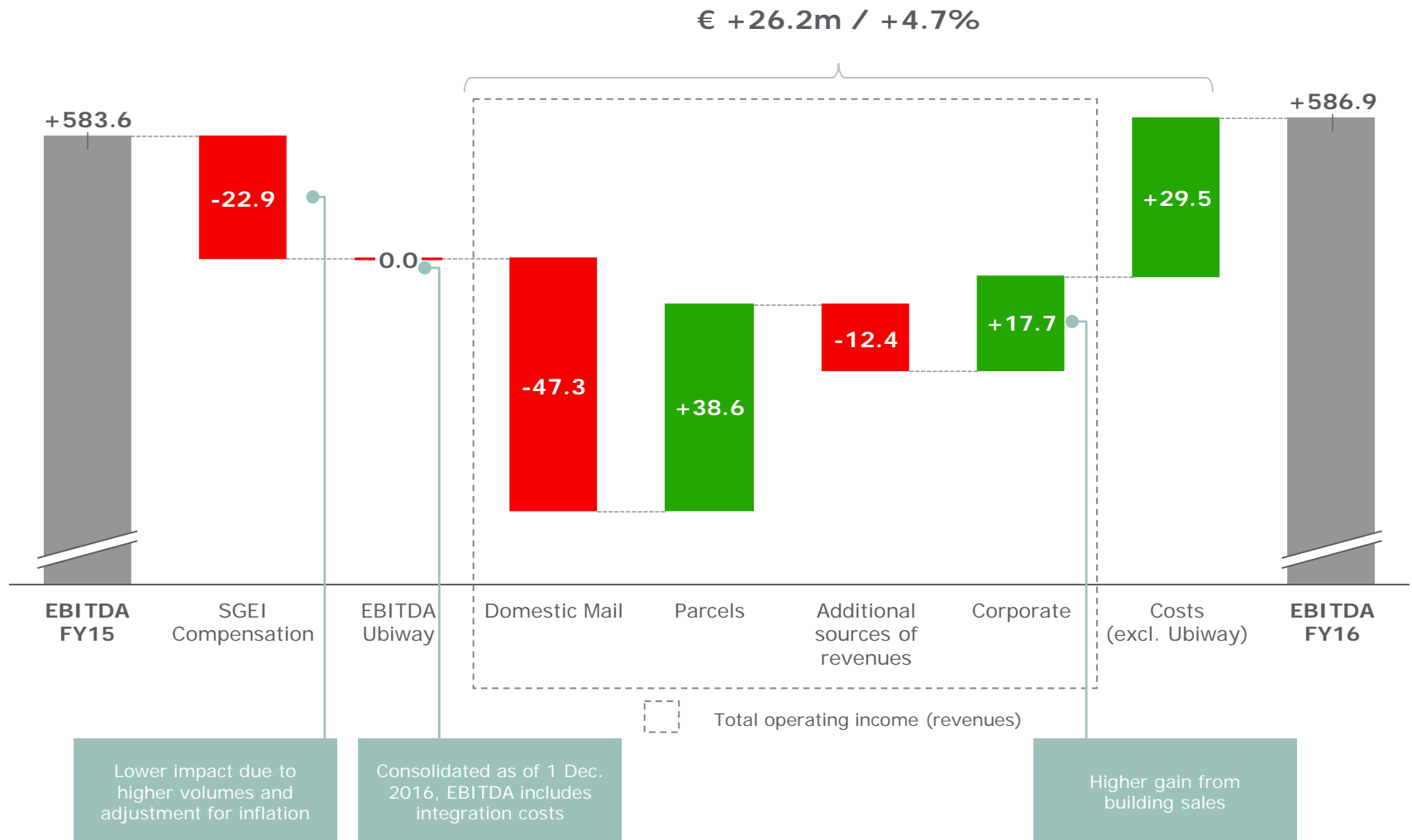


Appendix: Full year 2016 figures

Brussels – March 9, 2017

EBITDA increased € 3.3m thanks to strong parcels growth and cost savings

Normalized¹, € million



¹ Normalized figures are not audited

Summary of key financials FY16

€ million

	Reported		Normalized ¹		% Δ	
	FY15	FY16	FY15	FY16		
Total operating income (revenues)	2,433.7	2,425.2	2,407.6	2,425.2	0.7%	Gain from sale of sizeable building € 26.1m
Operating expenses	1,878.5	1,838.4	1,824.0	1,838.4	0.8%	
EBITDA	555.2	586.9	583.6	586.9	0.6%	Alpha social plan provision of € 54.5m
<i>Margin (%)</i>	22.8%	24.2%	24.2%	24.2%		
EBIT	466.1	496.5	494.4	496.5	0.4%	Positive tax impact of Deltamedia liquidation € 22.2m
<i>Margin (%)</i>	19.2%	20.5%	20.5%	20.5%		
Profit before tax	470.6	489.5	499.0	489.5	-1.9%	
Income tax expense	161.4	143.2	170.9	165.4		
Net profit	309.3	346.2	328.1	324.1	-1.2%	
FCF	315.9	193.9	315.9	193.9	-	
bpost S.A./N.V. net profit (BGAAP)	287.7	308.7	303.6	286.5	-5.6%	
Net Debt/ (Net cash), at 31 December	(549.5)	(492.7)	(549.5)	(492.7)	-10.3%	

¹ Normalized figures are not audited

Total operating income (revenues)

Normalized¹, € million

		FY15	SGEI	Δ	FY16	% Δ ³
Domestic mail	Transactional mail	917.6	-	-44.3	873.3	-4.8%
	Advertising mail	250.9	-	-3.1	247.8	-1.2%
	Press	295.6	-2.5	0.1	293.2	0.0%
Parcels	Domestic parcels ²	161.2	-	20.7	181.8	12.8%
	International parcels	170.0	-	19.5	189.5	11.5%
	Special logistics	9.6	-	-1.6	8.0	-16.3%
Additional sources of revenues	International mail	175.7	-	-13.7	162.0	-7.8%
	Value added services	96.2	-	6.8	103.1	7.1%
	Banking and financial	205.1	-10.3	-2.4	192.4	-1.2%
	Other (Incl. Ubiway)	112.0	-10.1	40.8	142.6	36.4%
	Corporate	13.7	-	17.7	31.4	129.4%
TOTAL		2,407.6	-22.9	40.5	2,425.2	1.7%

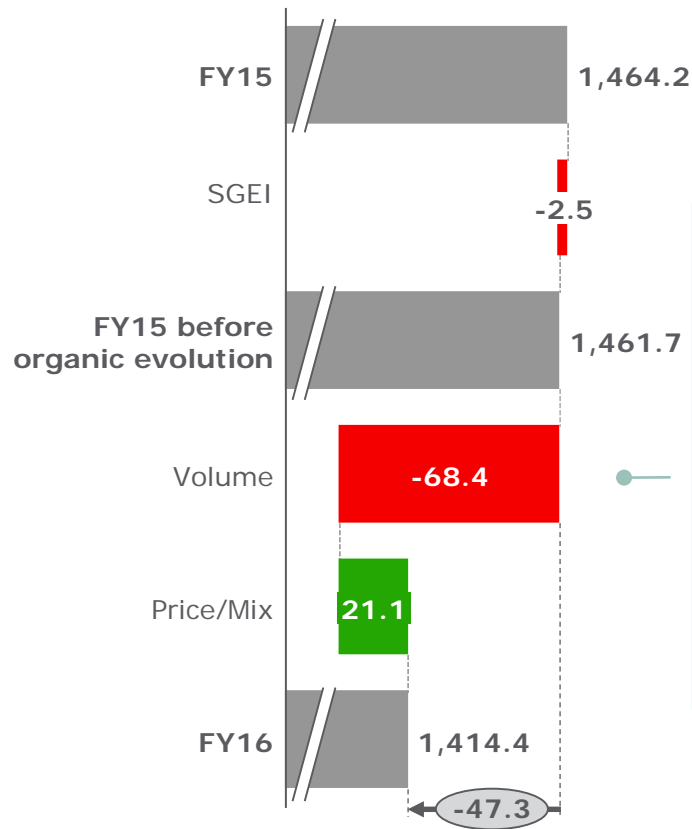
¹ Normalized figures are not audited

² Defined as domestic and Belgian in- and outbound

³ % Δ excluding SGEI impact

Domestic mail underlying volume trend in line with guidance at -5.0%

Total operating income (revenues), € million



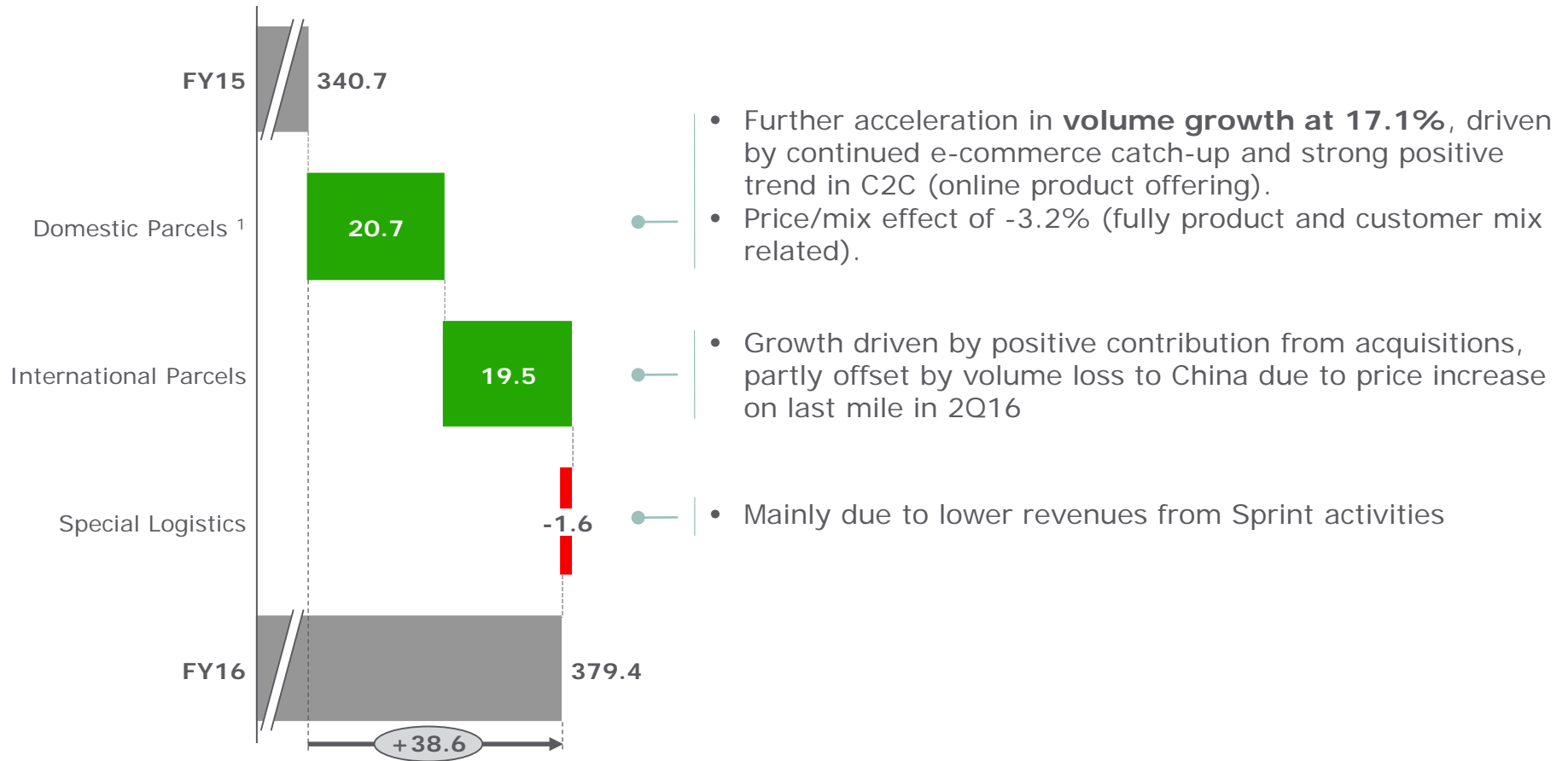
- **Underlying volume decline at -5.0%.**
- **Transactional Mail:** continued e-substitution and shift towards cheaper products
- **Advertising Mail:** significantly improved trend from -4.9% for FY15 to -3.0% driven by focus on growth segments. Advertising spend was front-loaded towards 1H16 due to Euro 2016 in June.
- **Press:** stable volume trend at -2.8%, identical to FY14 and FY15.

	Reported					Underlying ¹				
	1Q16	2Q16	3Q16	4Q16	FY16	1Q16	2Q16	3Q16	4Q16	FY16
Transactional mail	-5.6%	-3.5%	-7.8%	-7.2%	-5.9%	-5.3%	-4.8%	-7.4%	-6.4%	-5.9%
Advertising mail	0.1%	-2.2%	-1.2%	-7.8%	-3.0%	0.1%	-2.2%	-1.2%	-7.8%	-3.0%
Press	-2.0%	-0.3%	-4.2%	-4.1%	-2.8%	-2.0%	-0.3%	-4.2%	-4.1%	-2.8%
Domestic Mail	-4.1%	-3.0%	-6.1%	-7.0%	-5.0%	-3.9%	-3.8%	-5.9%	-6.4%	-5.0%

¹ 4Q16 had 1 working day less vs. 4Q15

Accelerated domestic parcels growth and positive contribution from M&A in international parcels

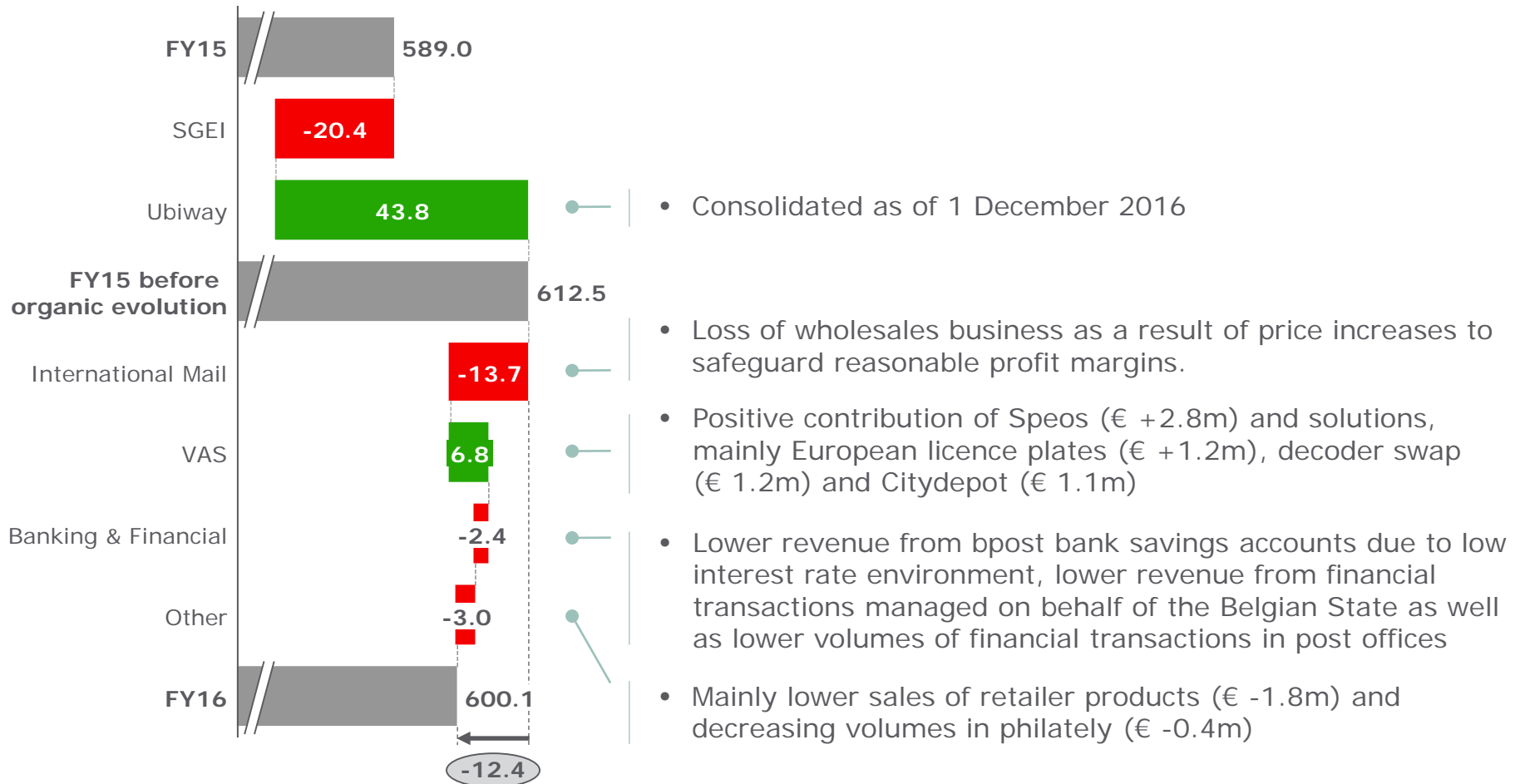
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound


Additional sources of revenues impacted by international mail, but partly compensated by growth in VAS

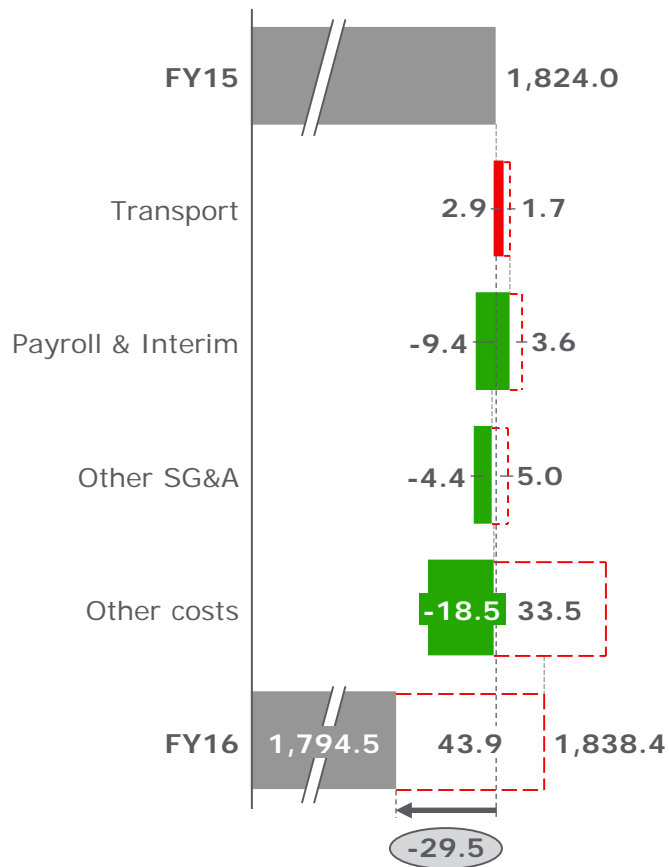
Total operating income (revenues), € million



Cost savings on track and delivering € 29.5m

Operating expenses excl. depreciation and amortization, normalized¹, € million

 Ubiway operating expenses including integration costs



- Excluding Ubiway, increase in transport costs is linked to growth in international parcels
- **Average reported FTE & interim increase** of 147 leading to € +5.7m higher costs, productivity improvement is 686.
- **Favourable FTE mix** of € -19.7m thanks to the recruitment of auxiliary postmen (€ -8.0m) and the reduction of management level FTE (€ -12.2m).
- **Negative price effect** of € +4.9m explained by salary indexation and new CLA partly offset by tax shift, lower lay-off costs and lower provisions for bonuses.
- Positive settlement of social charges was higher in 2015 (€ +1.0m) and increase in employee benefit costs (€ +4.1m).
- Excluding Ubiway, decrease of all expenses except rental, consultancy and other goods
- Excluding Ubiway, positive evolution of provisions, mainly settlement on terminal dues; absence of last year's earn-out for Gout (€ -2.0m) and higher increase of recoverable VAT (from 14% in 2015 to ~19% in 2016) for 2016 expenses (€ -3.0m)

¹ Normalized figures are not audited

Operating free cash flow¹ of € 193.9m in 2016

€ million	FY15	FY16	Delta
+ Cash flow from operating activities	+361.1	+352.6	-8.4
+ Cash flow from investing activities	-45.1	-158.7	-113.6
= Operating free cash flow	+315.9	+193.9	-122.0
+ Financing activities	-263.8	-270.1	-6.3
= Net cash movement	+52.1	-76.2	-128.4
Capex	-81.0	-85.0	-4.0

- Lower SGEI compensation: € -35.9m
- Alpha pay-outs: € -8.3m
- Terminal dues payment, mainly phasing as costs were booked in previous years in transport cost: € -16.8m
- bpost bank dividend received in 4Q15 (phasing): € -5.0m
- Lower tax prepayment: € +10.0m and lower income tax paid relating to previous years: € +21.1m
- Excluding these elements:
 - Results of operating activities: € +16.1m
 - Working capital evolution: € +10.3m

- Lower proceeds from sale of buildings: € -22.2m (FY15 included sale of a major building for € 37.4m)
- Higher capex: € -4.0m
- Investment securities in FY16: € -12.0m
- Acquisition of subsidiaries and earn-outs: € -75.4m

- Higher final and interim dividends: resp. € -4.0m and € -2.0m
- Dividend to minority interests: € -2.0m

¹ Operating free cash flow = cash flow from operating activities + cash flow from investing activities

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