



Third quarter 2017 results

Analyst call

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Brussels – November 9, 2017

Investor presentation - Interim financial report 3Q17

Financial Calendar

More on corporate.bpost.be/investors

04.12.2017

(17:45 CET)

Interim dividend 2017 announcement

07.12.2017

Ex-dividend date (interim dividend)

11.12.2017

Dividend payment date

13.03.2018

(17:45 CET)

Annual results FY2017

02.05.2018

(17:45 CET)

Quarterly results 1Q18

09.05.2018

Ordinary General Meeting of Shareholders

15.05.2018

Ex-dividend date

17.05.2018

Payment date of the dividend

08.08.2018

(17:45 CET)

Quarterly results 2Q18

07.11.2018

(17:45 CET)

Quarterly results 3Q18

03.12.2018

(17:45 CET)

Interim dividend 2018 announcement

Disclaimer

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

Highlights of 3Q17

Revenues up 20.4%

- Driven by very strong growth in Parcels and acquisitions partly offset by lower Domestic Mail revenues in line with guidance

€ 647.6m

Domestic Mail underlying evolution as expected

- Continued e-substitution but overall underlying volume trend in line with guidance

-5.3%

Very strong parcels performance

- Domestic: very strong reported volume increase driven by strong e-commerce growth and C2C; price/mix effect of -7.1% fully mix related
- International: mainly driven by increase in flows from Asia

+32.8%

+ € 9.1m

Organic cost evolution on track

- Opex influenced by acquisitions (€ +103.3m)
- Increase in transport cost in line with international business evolution

+ € 109.3m

EBITDA perfectly in line with last year and guidance

€ 110.3m

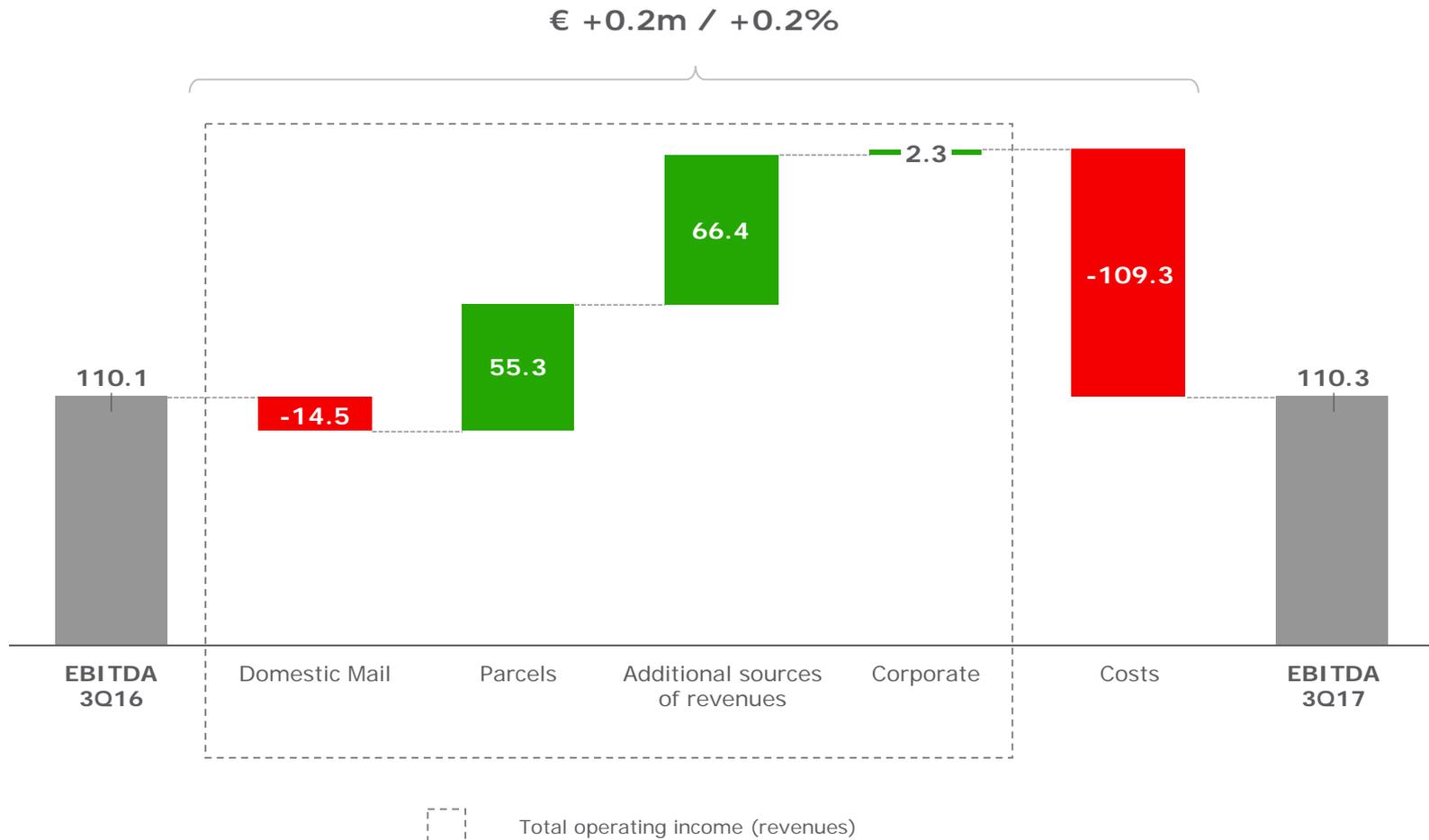
BGAAP net profit of bpost SA/NV up € 1.5m

€ 52.0m

2017 outlook reconfirmed

EBITDA slightly up and driven by very strong Parcels growth and acquisitions

€ million



Summary of key financials 3Q17

€ million

	3Q16	3Q17	% Δ
Total operating income (revenues)	538.1	647.6	20.4%
Operating expenses	428.0	537.3	25.5%
EBITDA	110.1	110.3	0.2%
<i>Margin (%)</i>	<i>20.5%</i>	<i>17.0%</i>	
EBIT	87.8	87.2	-0.7%
<i>Margin (%)</i>	<i>16.3%</i>	<i>13.5%</i>	
Profit before tax	89.0	91.4	2.7%
Income tax expense	28.2	31.4	
Net profit	60.8	60.0	-1.3%
FCF	(71.9)	(76.3)	
bpost S.A./N.V. net profit (BGAAP)	50.5	52.0	3.0%
Net Debt/ (Net cash), at 30 September	(657.7)	(518.6)	-21.1%

Total operating income (revenues)

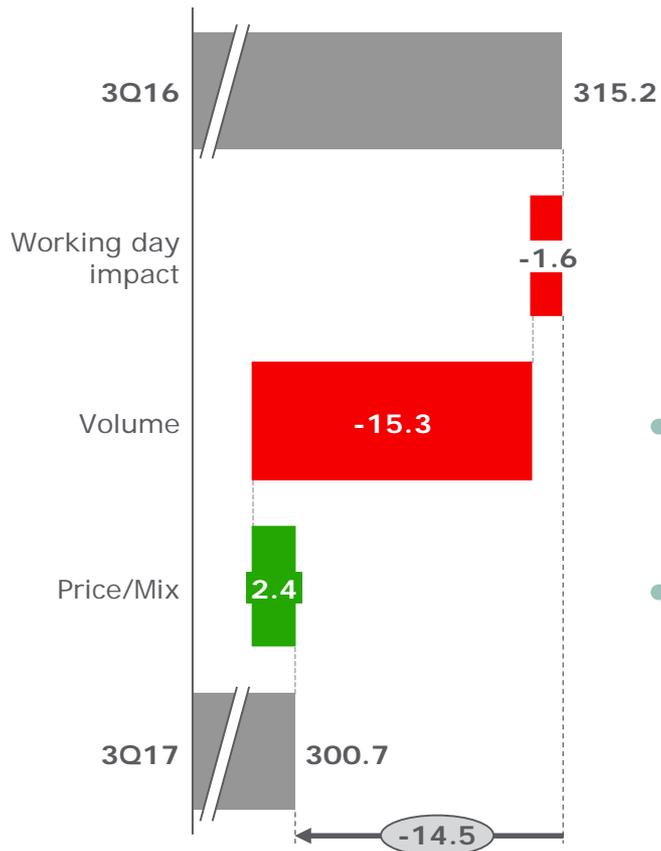
€ million

		3Q16 comparable	Δ	3Q17	% Δ
Domestic mail	Transactional mail	190.6	-13.3	177.4	-7.0%
	Advertising mail	55.7	-0.1	55.6	-0.2%
	Press	68.9	-1.1	67.8	-1.6%
Parcels	Domestic parcels ¹	42.4	10.1	52.5	23.7%
	International parcels	42.7	9.1	51.8	21.4%
	Logistic solutions	2.7	36.0	38.7	-
Additional sources of revenues	International mail	36.7	-1.5	35.3	-4.0%
	Value added services	23.8	1.4	25.2	5.9%
	Banking and financial	46.1	-1.4	44.8	-2.9%
	Distribution	-	21.9	21.9	-
	Retail & Other	23.9	46.0	69.9	192.2%
	Corporate	4.4	2.3	6.7	52.8%
TOTAL		538.1	109.5	647.6	20.4%

¹ Defined as domestic and Belgian in- and outbound

Domestic Mail underlying volume trend at -5.3% in line with guidance

Total operating income (revenues), € million



- **Transactional Mail:** continued e-substitution.
- **Advertising Mail:** continued growth of focus segments in unaddressed, slight decrease in direct mail.
- **Press:** newspapers witness a stable trend vs. 1H17 while periodicals will benefit from volume shift towards 4Q17.

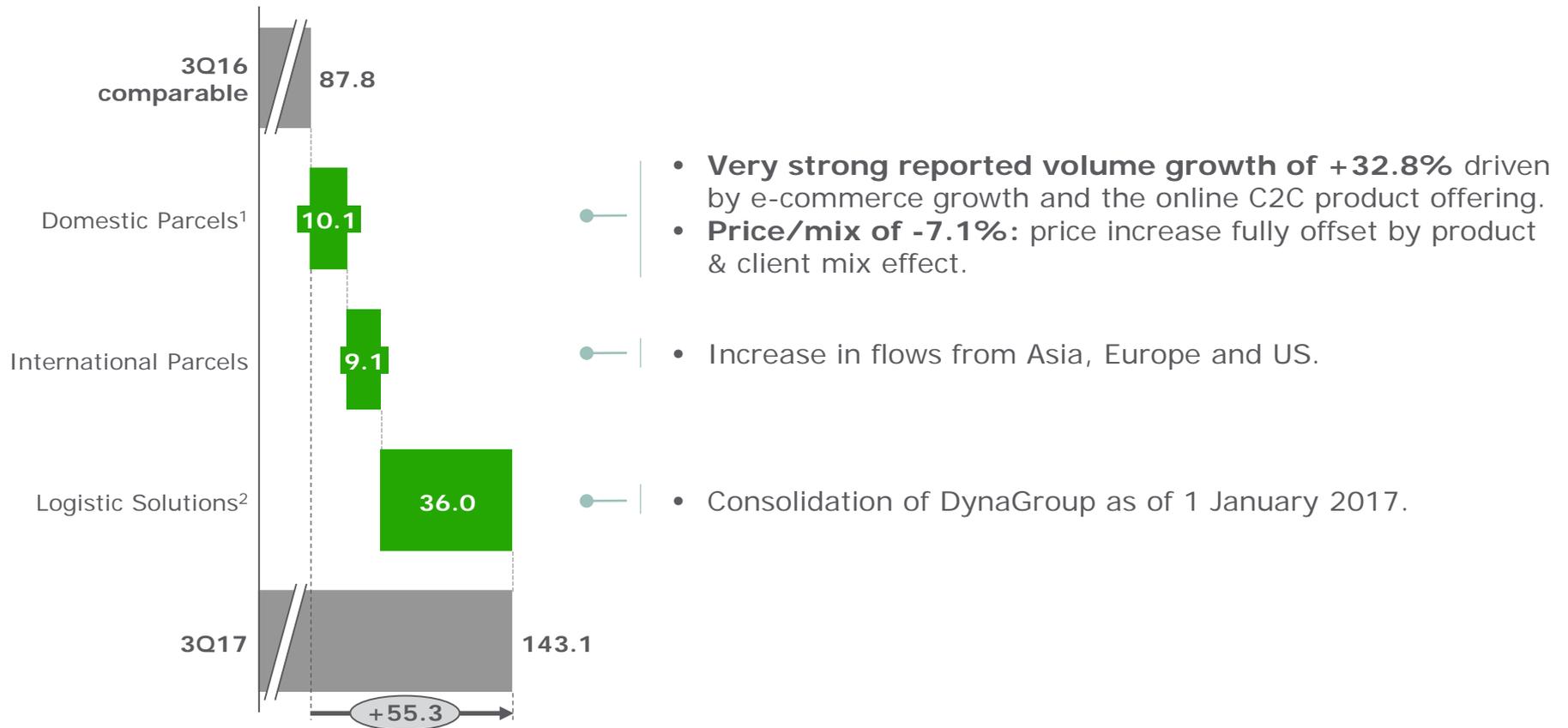
	Reported					Underlying ¹				
	FY16	1Q17	2Q17	3Q17	YTD17	FY16	1Q17	2Q17	3Q17	YTD17
Transactional mail	-5.9%	-6.0%	-11.0%	-7.3%	-7.9%	-5.9%	-7.0%	-9.9%	-6.5%	-7.7%
Advertising mail	-3.0%	2.7%	4.5%	-1.6%	1.8%	-3.0%	2.3%	4.5%	-1.6%	1.8%
Press	-2.8%	-3.1%	-5.0%	-4.3%	-4.1%	-2.8%	-3.1%	-5.0%	-4.3%	-4.1%
Domestic Mail	-5.0%	-3.9%	-7.4%	-5.9%	-5.6%	-5.0%	-4.7%	-6.7%	-5.3%	-5.5%

- Impacted by regulatory decision on small user basket pricing and shift towards cheaper products.

¹ 3Q17 had 1 working day less than 3Q16 for franking machines and 2 less for stamps

Very strong parcels performance, growth in Logistic Solutions driven by DynaGroup

Total operating income (revenues), € million

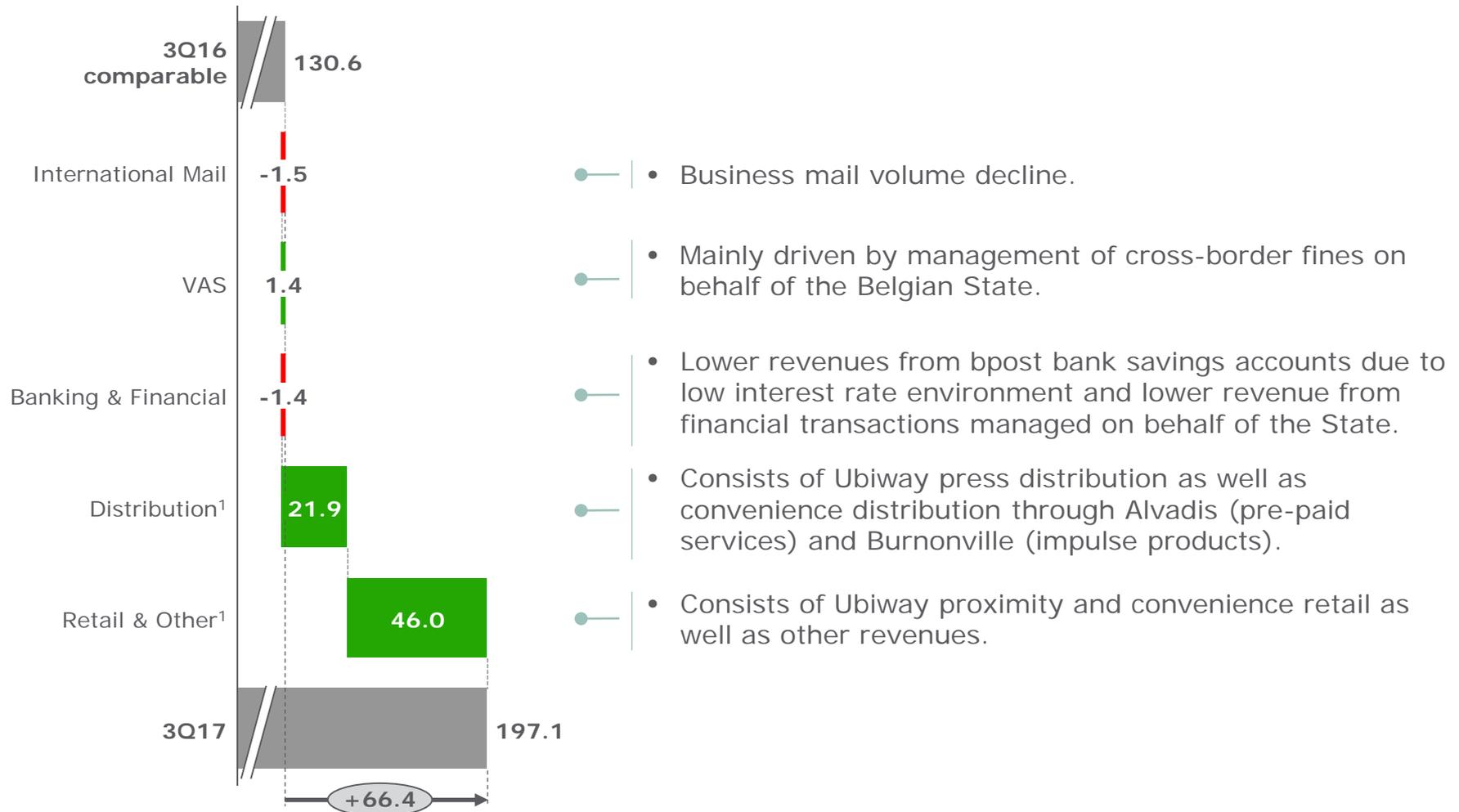


¹ Defined as domestic and Belgian in- and outbound

² New category, previously called Special Logistics

Additional sources of revenues driven by the acquisition of Ubiway

Total operating income (revenues), € million

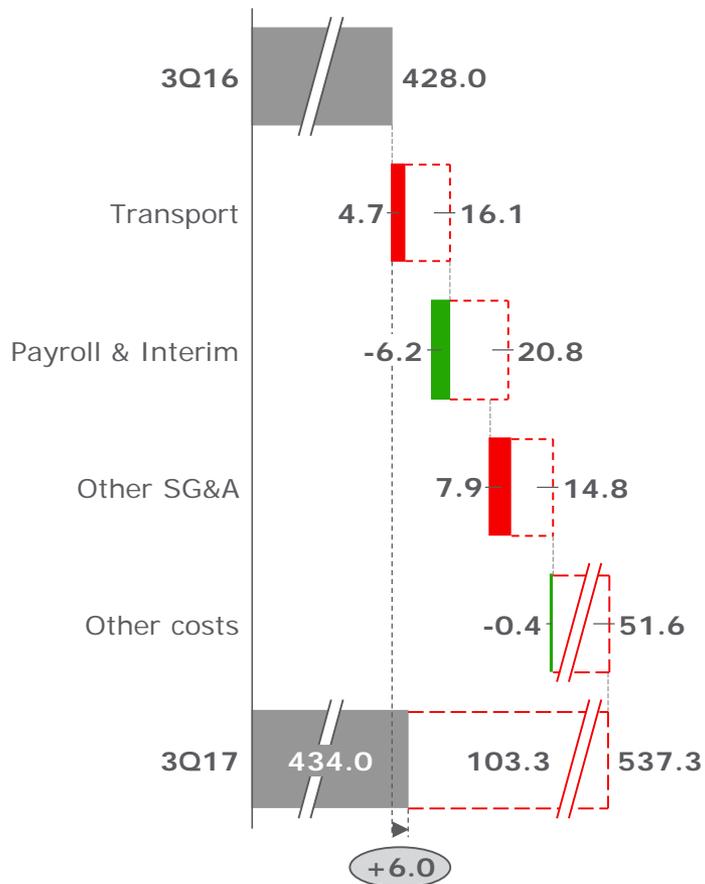


¹ New category

Organic cost evolution on track. Opex influenced by acquisitions (€ +103.3m). Increase in transport cost in line with positive international business evolution.

Operating expenses excl. depreciation and amortization, € million

 FDM, Apple Express, Ubiway, DynaGroup, Parcify and de Buren



- Excluding acquisitions, increase driven by growth in the international business.
- **Average reported FTE & interim increase** of 1,488 leading to € +20.0m additional costs and explained by the integration of new subsidiaries.
- **Favourable FTE mix** of € -2.9m mainly driven by the recruitment of auxiliary postmen.
- **Price effect** & others for an impact of € -2.6m explained by salary indexation, CLA, merit increases, the evolution of provisions and phasing on CLA 2016.
- Excluding acquisitions, mainly increase of rent and rental costs (new Brussels sorting centre), M&A related costs, maintenance and repairs, energy costs and ICT outsourcing.

Lower operating FCF¹ due to higher capex

€ million	3Q16	3Q17	Delta
+ Cash flow from operating activities	-64.2	-38.9	+25.2
+ Cash flow from investing activities	-7.8	-37.3	-29.5
= Operating free cash flow	-71.9	-76.3	-4.3
+ Financing activities	-0.1	-0.1	+0.0
= Net cash movement	-72.0	-76.3	-4.3
Capex	-11.3	-35.1	-23.8

CF from operating activities in line with 3Q16, excluding:

- Terminal dues payment, phasing in 3Q16: € **+16.8m**
- Lower tax prepayment in 3Q17: € **+10.0m**

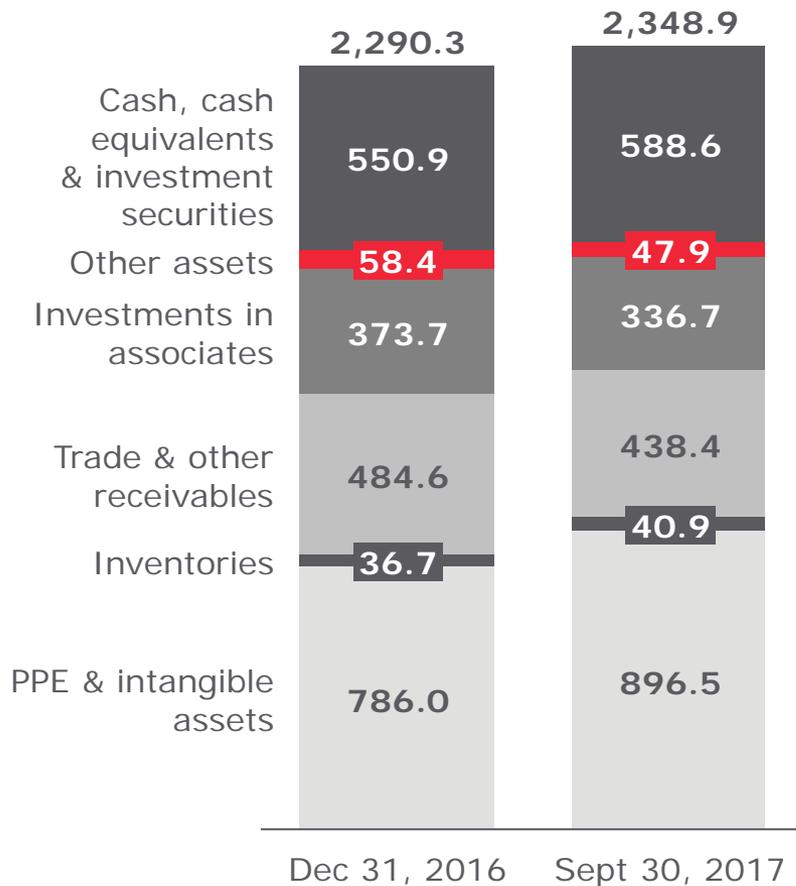
- Proceeds from sale of buildings: € **-3.0m**
- Higher capex: € **-23.8m** mainly explained by Vision 2020
- Cash outflow Apple Express in 2017: € **-2.7m**

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

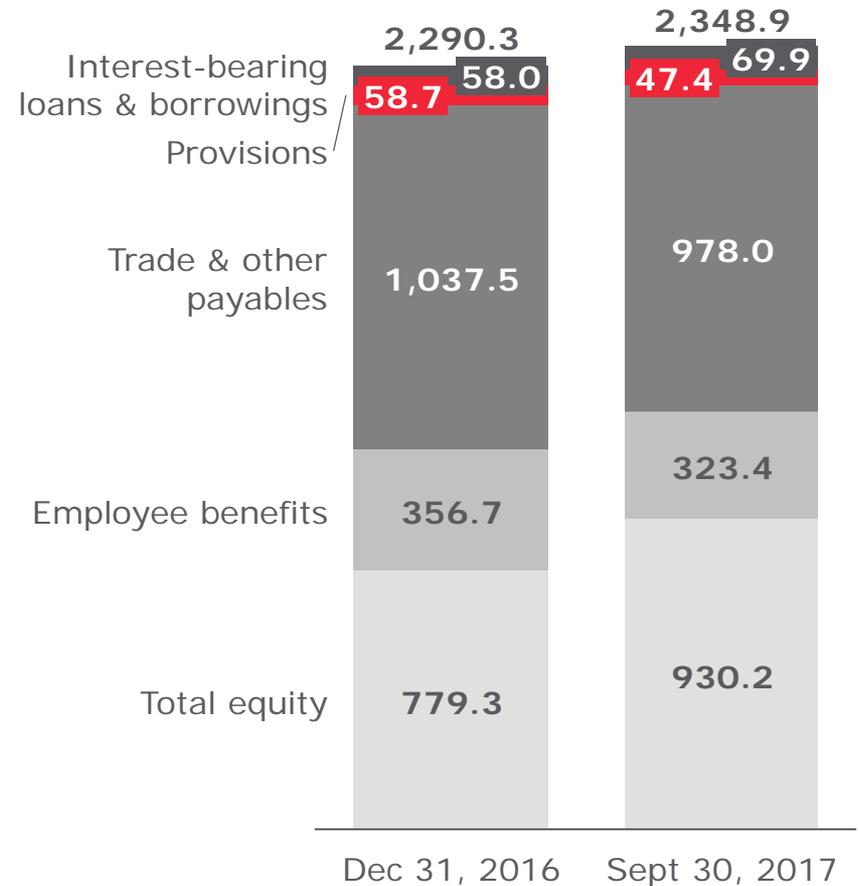
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2017 – reconfirmed

Recurring EBITDA and dividend payment at the same level as 2016

Revenues

Increase driven by:

- Growth in **domestic parcels**: volume double digit, around -5% price/mix effect
- Continued growth in **international parcels** supported by newly acquired businesses
- Growing **Ubiway Retail** revenues
- Partly offset by decrease in **domestic mail**¹: volume between -5% and -6%, average domestic mail price increase of 1.5%

Operating expenses

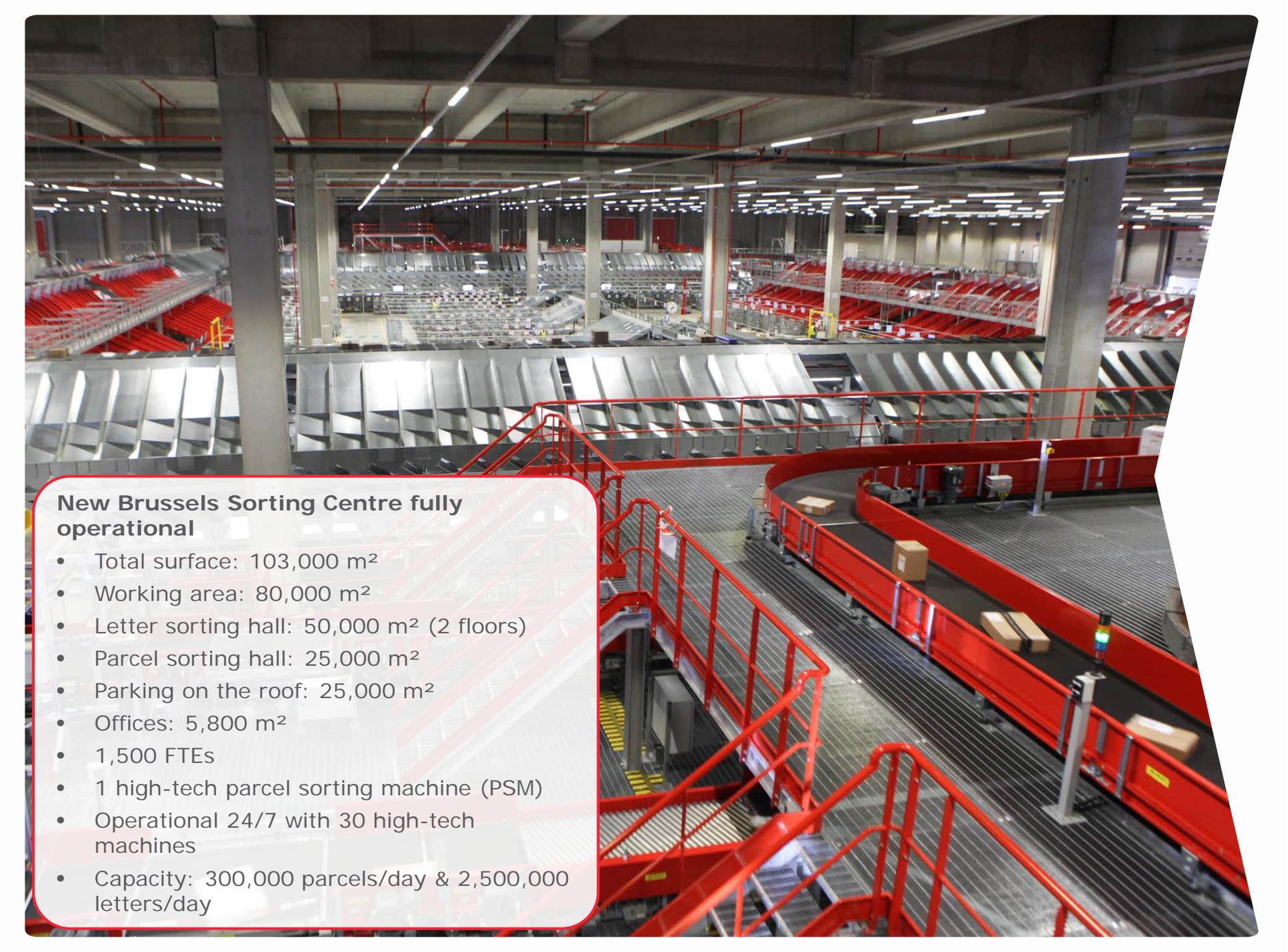
Increase driven by:

- Increase in transport cost (reflecting growth in International Parcels)
- Consolidation of acquired businesses
- Salary indexation confirmed as of July 2017
- Partly compensated by continued productivity improvements and optimized FTE mix, and
- Continued cost optimization

Capex

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

¹ 4Q17 1 less on franking machines and 1 more on stamps vs. the same quarters of 2016



New Brussels Sorting Centre fully operational

- Total surface: 103,000 m²
- Working area: 80,000 m²
- Letter sorting hall: 50,000 m² (2 floors)
- Parcel sorting hall: 25,000 m²
- Parking on the roof: 25,000 m²
- Offices: 5,800 m²
- 1,500 FTEs
- 1 high-tech parcel sorting machine (PSM)
- Operational 24/7 with 30 high-tech machines
- Capacity: 300,000 parcels/day & 2,500,000 letters/day

Appendix:

**Additional information
Radial**



Brussels – November 9, 2017

Radial is offering integrated e-commerce logistics services



Omnichannel technology

Optimizing efficiency of order management, ship-from-store and in-store pick up



Payment, tax, & fraud protection services

Processing global payments, maximizing successful authorization and reconciling tax districts and global duties



Warehouse management & fulfillment services

Adapting warehouse management and parcels preparation to e-commerce with pragmatic automation



Transport management & last-mile delivery and returns

Managing a large network of carriers for a seamless customer experience



Customer Care Services & Technology

Having a single view of customer's history and profile combined with leading self-service tech



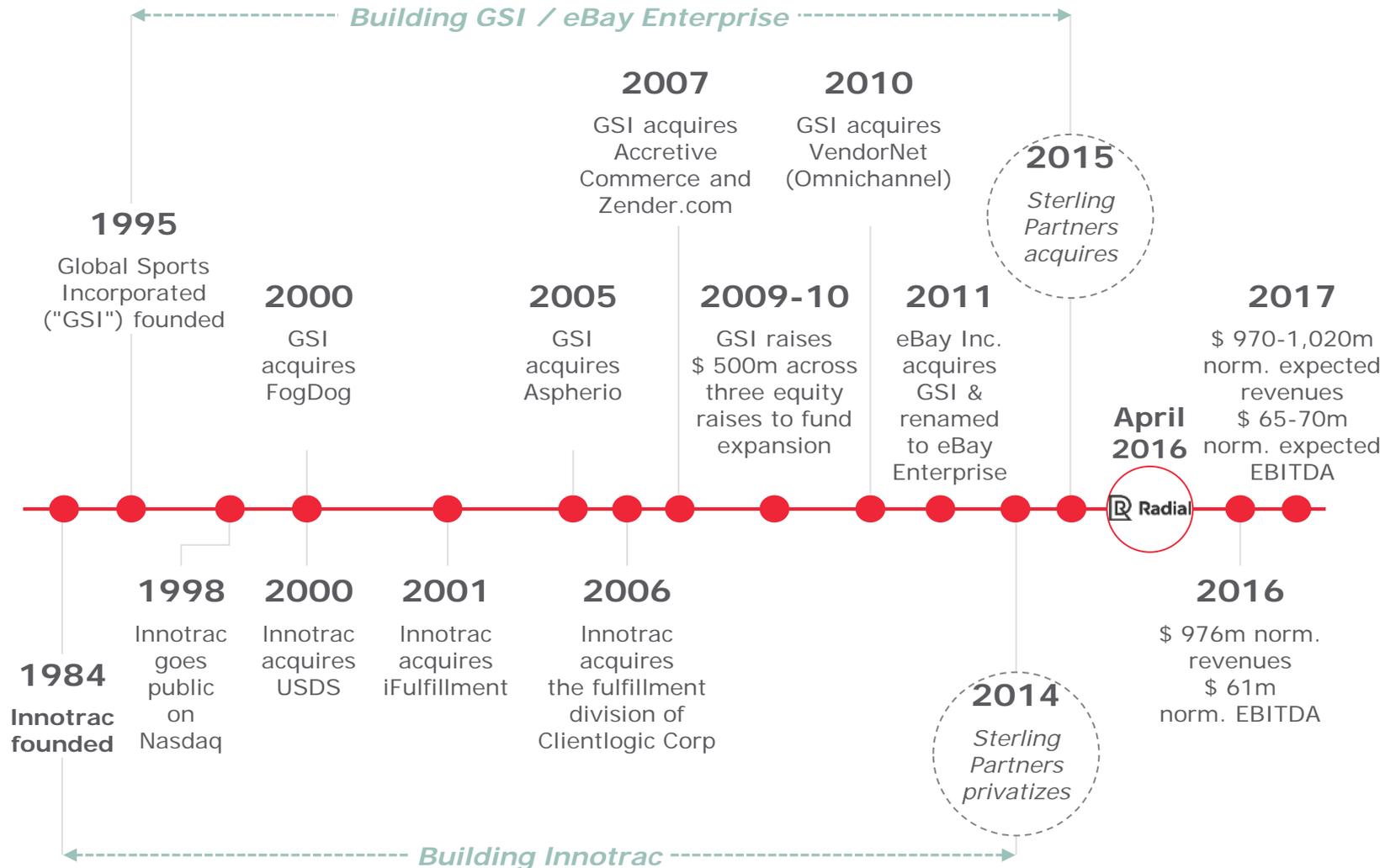
Radial is the product of the 2016 integration of eBay Enterprise (eCommerce) and Innotrac (fulfillment)

**ebay
enterprise**

Specializes in **creating, developing and running** online **shopping sites** for brick and mortar brands and retailers

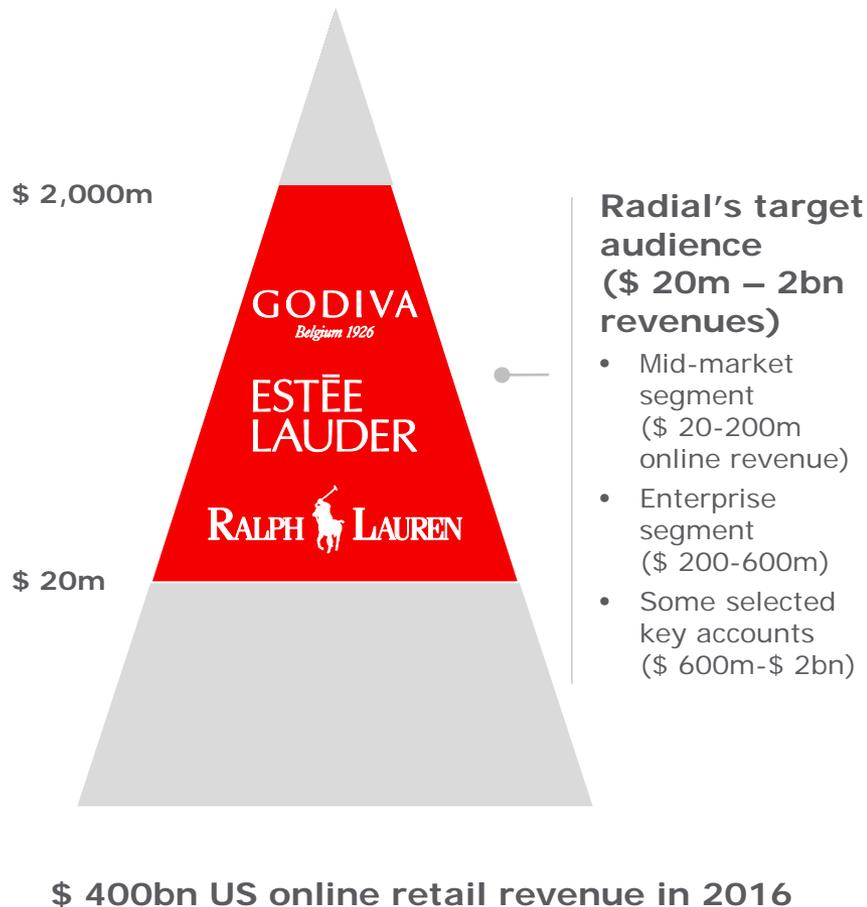
Innotrac

Specialized in order **processing, order fulfillment,** and customer support **contact center services**

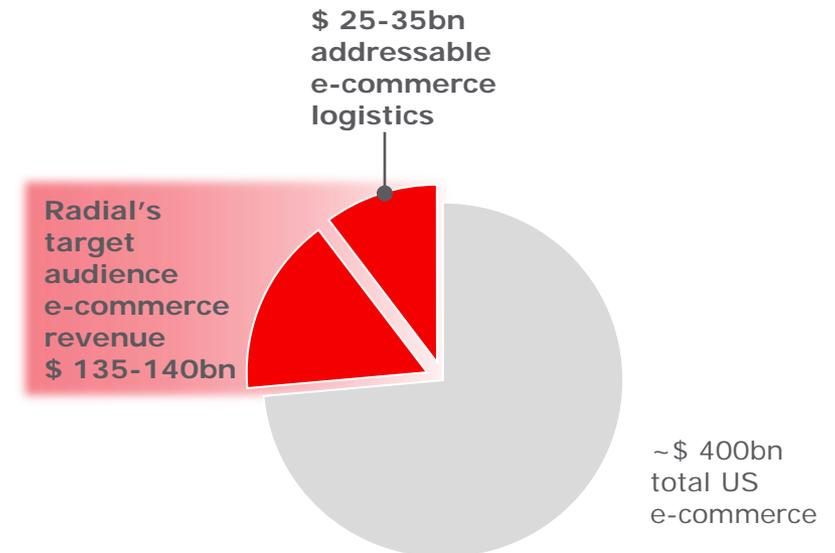


Market dynamics in the US

Online revenue e-tailers, US



Addressable e-commerce logistics sector



- Total US e-commerce logistics sector represents around \$ 400bn
- From this, the target audience of Radial (players with revenues between \$ 20m - \$ 2bn) represents \$ 135-140bn
- As logistics accounts for ~20-25% of the revenues, addressable market represents \$ 25-35bn

Radial's competitive landscape

Type of player	Description	Examples US not exhaustive	Examples EU not exhaustive
	Dominates e-commerce (logistics) sector across entire value chain (incl. market place)		
E2E integrated players	Offers services across the full value chain (including warehousing, fulfillment, payments, claims handling), some focus on 1 specific industry	   	   
Value chain specialists	Focuses on specific parts of the value chain (e.g. only web services & digital marketing or only logistics & customer services)		      
Insourcing	Insources (part of) e-commerce logistics		

How does Radial differentiate itself from Amazon?

- **Product offering**
Some brands and retailers only offer selected products on Amazon and the rest via own webstore
- **Customer relationship**
Retailers/brands increasingly want to own the customer relationship themselves
- **Brand value**
Some brands and retailers do not want to be compared with Amazon's suggestions for other brands
- **Fulfillment**
Some customers want to use Amazon's marketplace but use Radial for fulfillment and warehousing

Background information about the integration plans

Radial is the result of an integration of **Innotrac and eBay Enterprise**. Radial's management has already made significant progress, i.e.

- Operations unified and standardized, operating procedures have been put in place
- IT platforms have been or are in the process of being unified and upgraded
- Product offering and marketing refreshed and refocused
- HR processes and systems have been unified and improved
- Some strategic decisions taken in the past, requiring additional integration costs (e.g. webstore closure)

Ongoing business integration plans will continue, incurring an impact on reported EBIT mainly in 2018 with a tail in 2019 for an **estimated total between \$ 35m and \$ 40m** relating to:

- Elimination of remaining fixed costs and the related implementation costs for closing the webstore business which exit was announced in 2014. This process will be fully completed in 2018.
- One-off program costs to successfully roll-out strategy horizon 2021 related to:
 - Building scale in operations (e.g. scale client onboarding teams, continue technology harmonization)
 - Growing the technology business (growth will come from cross-selling and from developing products that solve certain needs of clients)
 - Enhancing the go to market strategy (strengthening of the sales force, increase focus on mid-market, increase cross-selling)

Key contacts



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