

Fourth quarter 2017 results

Analyst call

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Brussels – March 14, 2018

Investor presentation - Interim financial report 4Q17

Financial Calendar

More on corporate.bpost.be/investors

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

06.12.2018

Ex-dividend date

10.12.2018

Dividend payment date

Disclaimer

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

Highlights of 4Q17

Revenues up 38.3%

- Driven by excellent growth in Parcels and by acquisitions (Radial consolidation as from mid-November) partly offset by lower Domestic Mail revenues

€ 955.1m

Domestic Mail underlying evolution

- Accelerated e-substitution in transactional mail partly compensated by volume growth in advertising mail, full year underlying volume trend in line with guidance

-6.4%

Strong parcels performance

- Domestic: excellent reported volume increase driven by strong e-commerce growth and C2C during year-end peak season; continued price/mix effect of -6.9% fully mix related
- Logistic Solutions: mainly driven by Radial & DynaGroup acquisitions

+30.8%

+ € 237.2m

Cost evolution

- Opex influenced by acquisitions (€ +257.7m) and year-end peak season
- Increase in transport cost in line with international business evolution

+ € 269.9m

EBITDA € +9.9m above last year mainly driven by new acquisitions

€ 151.4m

Proposed total dividend per share equal to last year

€ 1.06 already paid in December 2017 and € 0.25 to be proposed at the Annual General Meeting in May 2018

€ 1.31
gross

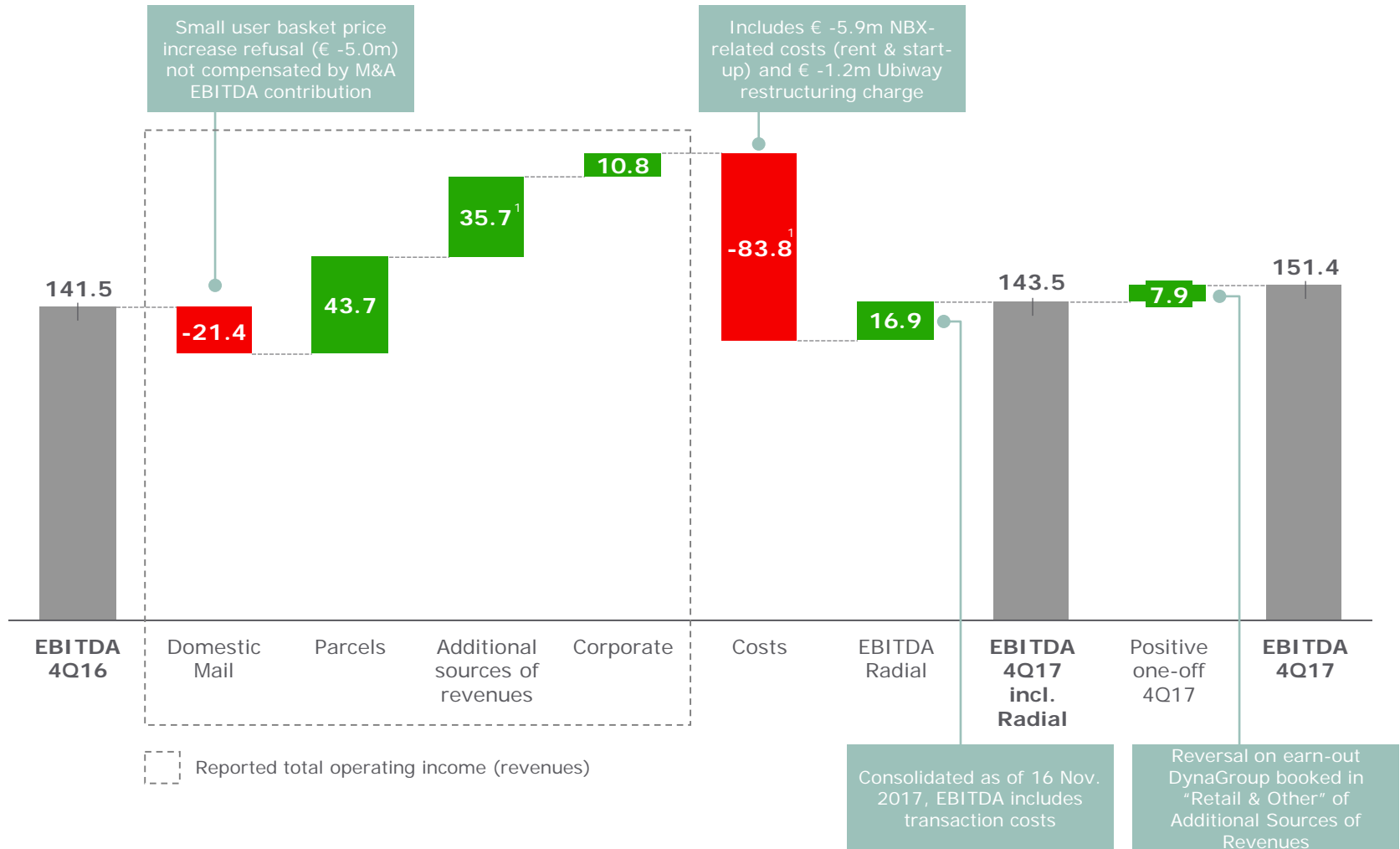
Highlights FY17 – Results slightly below guidance

€ million

Topic	Results	Last outlook for 2017
EBITDA	FY17: € 598.0m (+1.9%, + € 11.1m)	
EBITDA excl. Radial	FY17: € 581.1m (-1.0%, - € 5.8m)	at the same level as 2016
Domestic Mail	FY17: -5.8% (underlying volume)	Between -5% and -6%
Parcels	FY17: +28.2% (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 • Final dividend of € 0.25 	at the same level as 2016 (i.e. € 1.31)

EBITDA impacted by SUB price refusal not compensated by M&A contribution as well as transition to new Brussels sorting centre

€ million



¹ Including € -15.4m accounting restatement on Ubiway Distribution revenue and materials costs in 4Q16

Summary of key financials 4Q17

€ million

	Reported		Normalized ¹		% Δ	
	4Q16	4Q17	4Q16	4Q17		
Total operating income (revenues)	690.7	955.1	690.7	955.1	38.3%	€ 8.7m linked to depreciation on intangible assets (purchase price allocation "PPA" Ubiway, Dynagroup & de Buren)
Operating expenses	549.2	803.7	549.2	803.7	46.3%	
EBITDA	141.5	151.4	141.5	151.4	7.0%	
<i>Margin (%)</i>	20.5%	15.9%	20.5%	15.9%		
EBIT	118.0	115.5	118.0	124.2	5.3%	Tax impact of PPA on depreciation of € 2.5m
<i>Margin (%)</i>	17.1%	12.1%	17.1%	13.0%		
Profit before tax	121.0	106.9	121.0	115.7	-4.4%	
Income tax expense	19.3	39.8	41.5	42.2		
Net profit	101.7	67.1	79.5	73.5	-7.6%	Positive tax impact of Deltamedia liquidation € 22.2m
FCF	34.5	(576.6)	34.5	(576.6)		
bpost S.A./N.V. net profit (BGAAP)	86.8	68.2	64.7	68.2	5.5%	
Net Debt/ (Net cash), at 31 December	(492.7)	292.4	(492.7)	292.4		

¹ Normalized figures are not audited

Total operating income (revenues)

€ million

		4Q16 comparable	Δ	4Q17	% Δ
Domestic mail	Transactional mail	235.1	-20.3	214.8	-8.6%
	Advertising mail	66.2	1.1	67.3	1.7%
	Press	79.9	-2.2	77.7	-2.8%
Parcels	Domestic parcels ¹	53.1	11.7	64.8	22.0%
	International parcels	66.3	-3.3	63.0	-5.0%
	Logistic solutions ²	3.0	237.2	240.2	-
Additional sources of revenues	International mail	43.6	-0.6	43.0	-1.4%
	Value added services	24.8	0.7	25.4	2.6%
	Banking and financial	49.9	-6.5	43.5	-13.0%
	Distribution ³	10.7	15.1	25.8	-
	Retail & Other ³	40.7	36.2	76.9	-
	Corporate	2.0	10.8	12.8	535.7%
TOTAL		675.3	279.8	955.1	41.4%

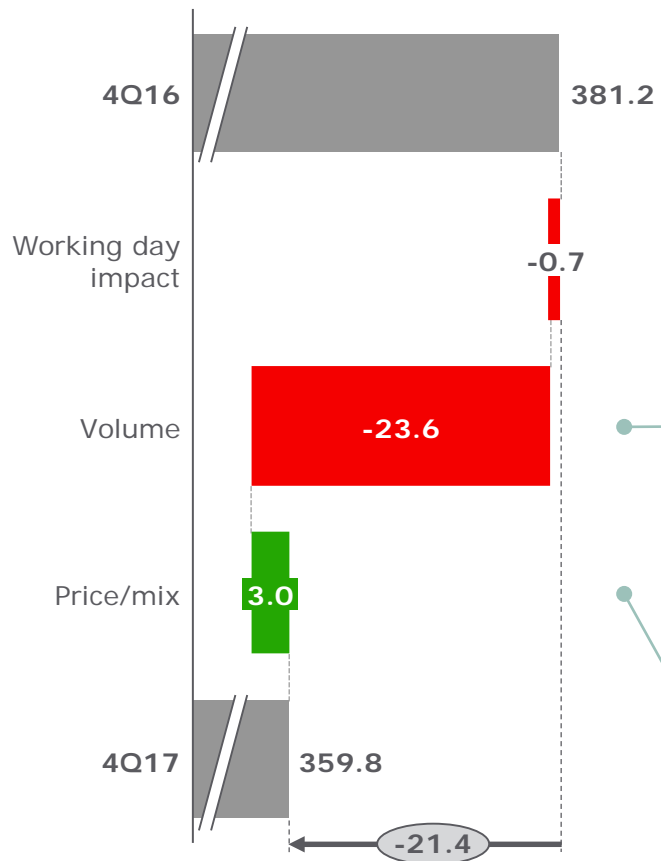
¹ Defined as domestic and Belgian in- and outbound

² Contains Dynagroup consolidated as of 1 January 2017 and Radial consolidated as of 16 November 2017

³ Contains Ubiway consolidated as of 1 December 2016; 4Q16 Ubiway Distribution revenues restated for € 15.4m in order to be in line with the accounting policies of the bpost Group and with IAS 18 "Revenue" and to be comparable with 4Q17

Domestic mail underlying volumes impacted by accelerated e-substitution in Transactional Mail

Total operating income (revenues), € million



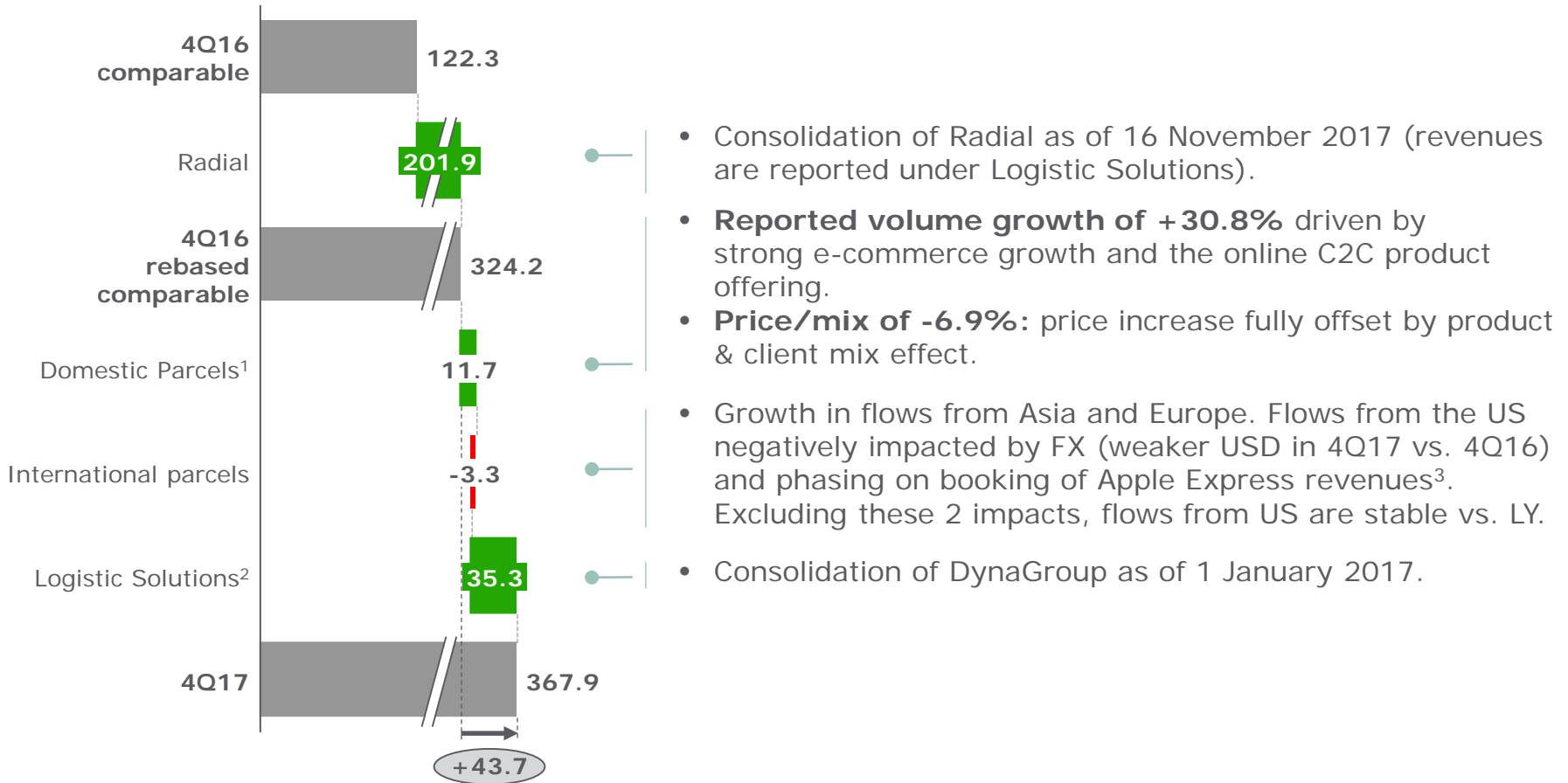
- **Transactional Mail:** accelerated e-substitution mainly in banking and telco sectors combined with growing acceptance of electronic documents by end users.
- **Advertising Mail:** positive volume trend driven by focus on growth segments (especially Retail & Distribution) and indirect channels.
- **Press:** volume trend driven by periodicals benefitting from volume shift from 3Q17 towards 4Q17, newspapers impacted by 2 distribution days less (not corrected in underlying).

	Reported					Underlying ¹				
	1Q17	2Q17	3Q17	4Q17	FY17	1Q17	2Q17	3Q17	4Q17	FY17
Transactional mail	-6.0%	-11.0%	-7.3%	-9.2%	-8.3%	-7.0%	-9.9%	-6.5%	-8.9%	-8.1%
Advertising mail	2.7%	4.5%	-1.6%	0.5%	1.5%	2.3%	4.5%	-1.6%	0.5%	1.5%
Press	-3.1%	-5.0%	-4.3%	-2.6%	-3.7%	-3.1%	-5.0%	-4.3%	-2.6%	-3.7%
Domestic Mail	-3.9%	-7.4%	-5.9%	-6.6%	-5.9%	-4.7%	-6.7%	-5.3%	-6.4%	-5.8%

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

¹ 4Q17 had 1 working day less on franking machines and 1 more on stamps vs. 4Q16

Excellent domestic parcels volume growth driven by year-end peak; Logistic Solutions driven by Radial and DynaGroup



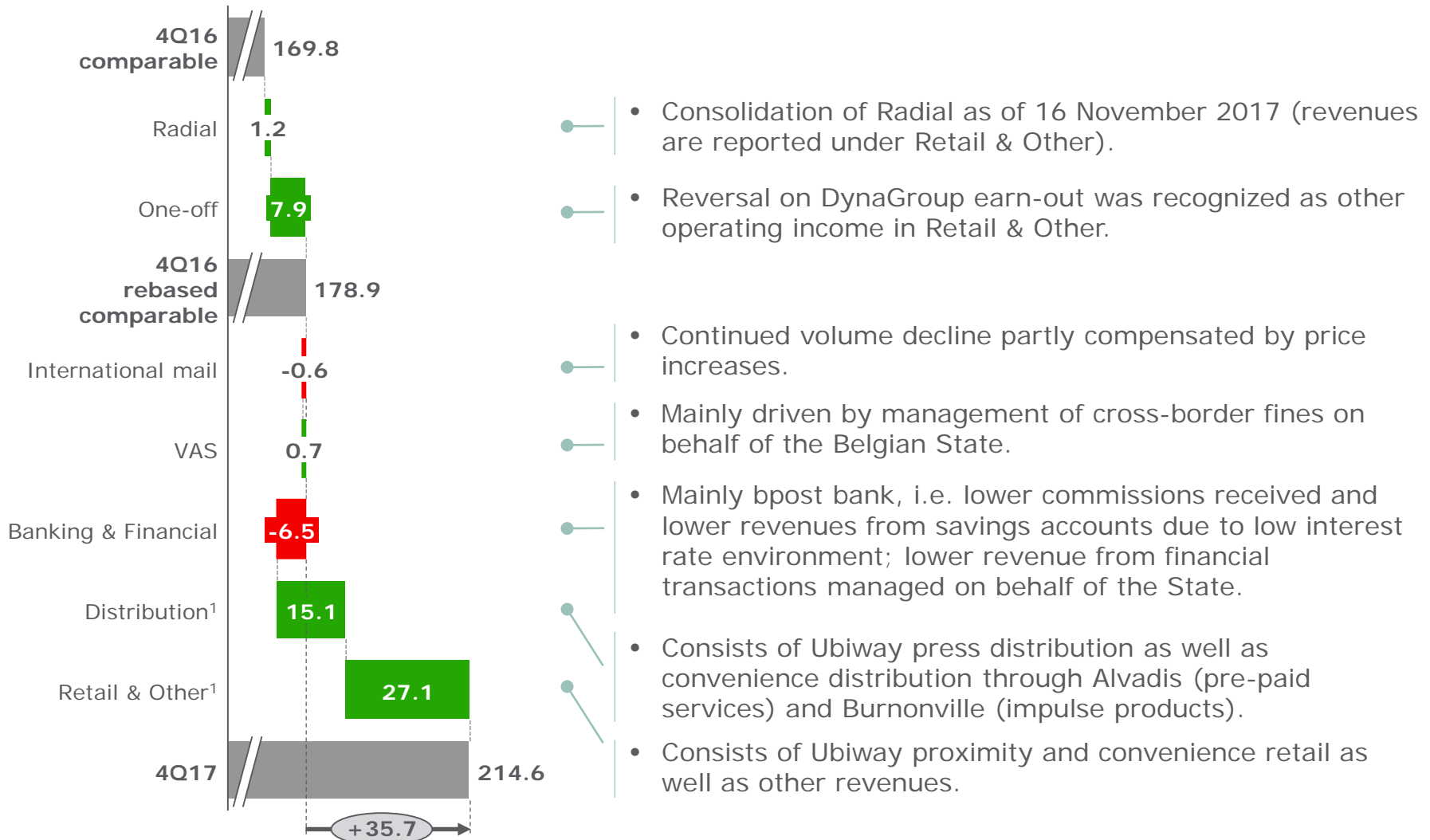
¹ Defined as domestic and Belgian in- and outbound

² New category, previously called Special Logistics

³ In 4Q16 5 months of revenues were booked vs. 3 months in 4Q17.

Additional sources of revenues driven by the acquisition of Ubiway

Total operating income (revenues), € million

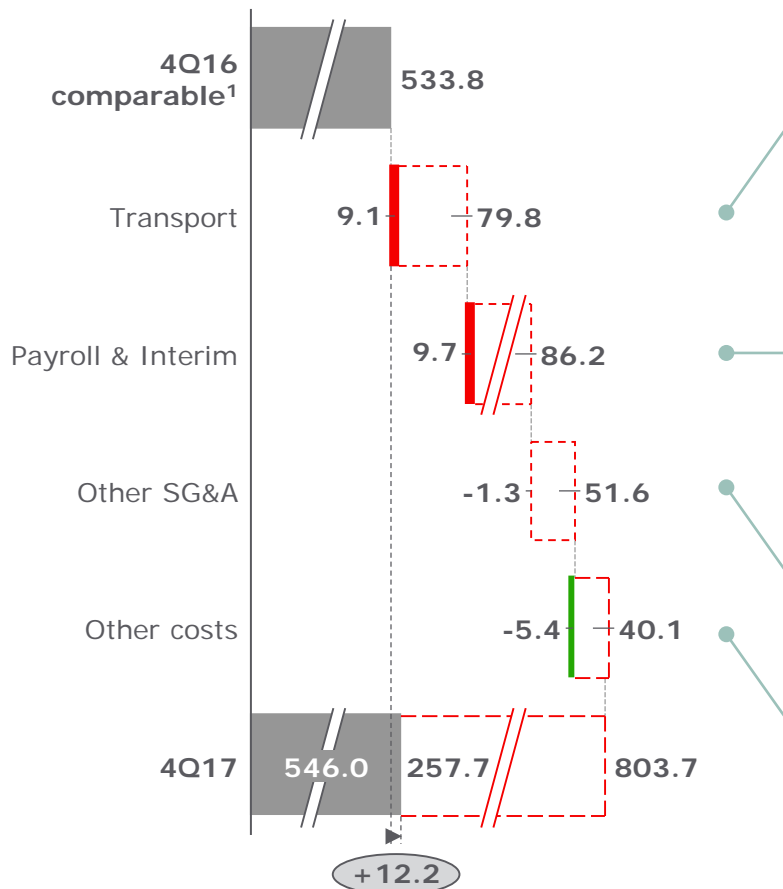


¹ New category, contains Ubiway consolidated as of 1 December 2016

Opex influenced by acquisitions (€ +257.7m) and year-end peak. Increase in transport cost in line with growth in international business.

Operating expenses excl. depreciation and amortization, € million

 FDM, Apple Express, Ubiway, DynaGroup, Parcify, de Buren, Bubble Post, Radial incl. transaction costs



- Excluding scope change, increase driven by growth in the international business.
- **Average reported FTE & interim increase** of 3,654 leading to € +93.5m additional costs explained by the integration of new subsidiaries.
- **Favourable FTE mix** of € -3.0m mainly driven by the recruitment of auxiliary postmen.
- **Negative price effect** of € +5.5m explained by salary indexation, CLA and merit increases.
- Excluding scope change, decrease of third party remuneration fees and maintenance & repairs partly offset by increase in rent and rental costs (new Brussels sorting centre).
- Excluding scope change, phasing on recoverable VAT (increase of rate in 2017 vs. 2016) and decrease of provisions for local and property taxes related to the previous years.

¹ € 533.8m = € 549.2m reported lowered with € 15.4m relating to accounting restatement without EBITDA impact on 4Q16 Ubiway materials costs

Lower operating FCF¹ due to acquisitions and phasing in working capital evolution

€ million	4Q16	4Q17	Delta
⊕ Cash flow from operating activities	+123.5	+46.7	-76.9
⊕ Cash flow from investing activities	-89.0	-623.2	-534.2
⊖ Operating free cash flow	+34.5	-576.6	-611.1
⊕ Financing activities	-220.6	+466.6	+687.2
⊖ Net cash movement	-186.1	-110.0	+76.1
Capex	-42.0	-54.4	-12.4

- Deterioration in working capital as a result of peak sales season at Radial combined with lower outstanding trade payables: € -77.2m

- Proceeds from sale of buildings: € +3.5m
- Investment securities: € +12.0m
- Higher capex: € -12.4m
- Cash outflows related to acquisitions: € -537.3m, out of which
 - Radial: € -581.5m net of cash acquired
 - Ubiway and Apple Express in 4Q16: resp. € +39.9m and € +3.7m

- Bridge loan for Radial acquisition: € +691.6m

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, we propose a gross final dividend of € 0.25/share (same as FY16).
- The pay-out ratio for the total proposed gross dividend was increased to 90.0%.

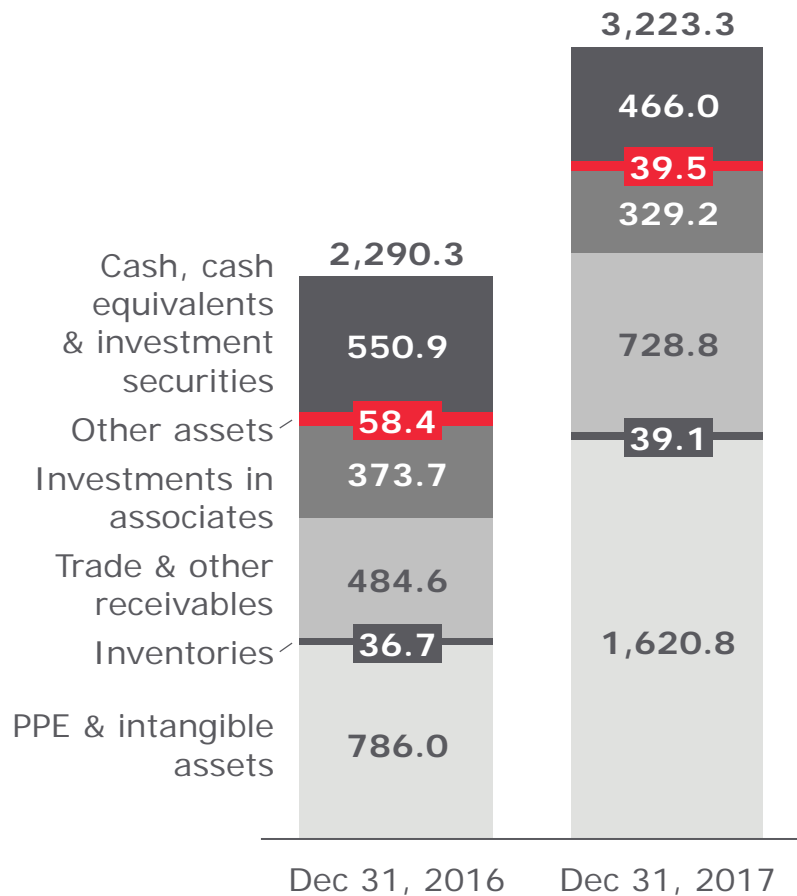
Interim dividend paid in December 2017 (€, gross per share)	€ 1.06
Proposed final dividend payment (€, gross per share)	€ 0.25
Total proposed dividend for 2017	€ 1.31

	Dividend
bpost S.A./N.V. net profits after tax November to December 2017 (BGAAP)	€ 42.1m
Pay-out ratio	119%
Proposed final dividend	€ 50.0m
Dividend payment, € gross per share	€ 0.25

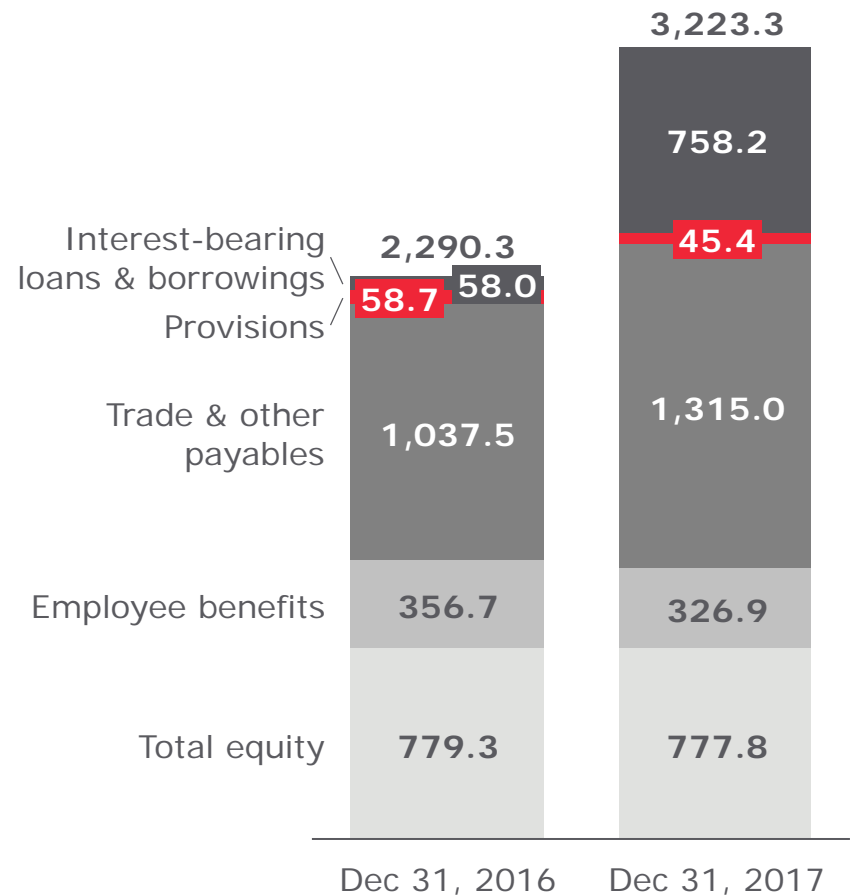
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2018¹

Recurring EBITDA in the range of € 560 to 600m
Dividend payment at least at the same level as 2017

Revenues

Increase driven by:

- Growth in **domestic parcels**: volume double digit, price/mix effect between -3% and -6%
- Continued growth in **international parcels** supported by newly acquired businesses
- Stable **Radial** revenues
- Partly offset by volume decline in **domestic mail**² up to -7%, average domestic mail price/mix effect of +4%
- Continued decline in **Banking & Financial** revenue

Operating expenses

Increase driven by:

- Increase in **transport cost** (reflecting growth in International Parcels & Mail)
- Consolidation of **acquired businesses**
- **Salary indexation** expected as of November 2018
- **Radial costs** impacted by **phase out webstore business** and **higher than expected opex** (medical benefits & inflation) not fully compensated by productivity improvements
- Partly compensated by continued **productivity improvements** and **optimized FTE mix** and
- Continued **cost optimization**

Capex

- Recurring & Vision 2020 investments and business development investments for new subsidiaries (Radial, Ubiway and Dynagroup) for an estimated total amount of ~ € 140m

¹ Outlook for 2018 includes the acquisitions of Radial, Bubble Post, Leen Menken, Imex and Mail Inc.

² 1Q18 will count 1 working day less on franking machines, 2Q18 will count 1 working day less on stamps, 3Q18 will count 1 working day more on franking machines and 2 more on stamps and 4Q18 will count 2 working days more on franking machines vs. the same quarters of 2017.

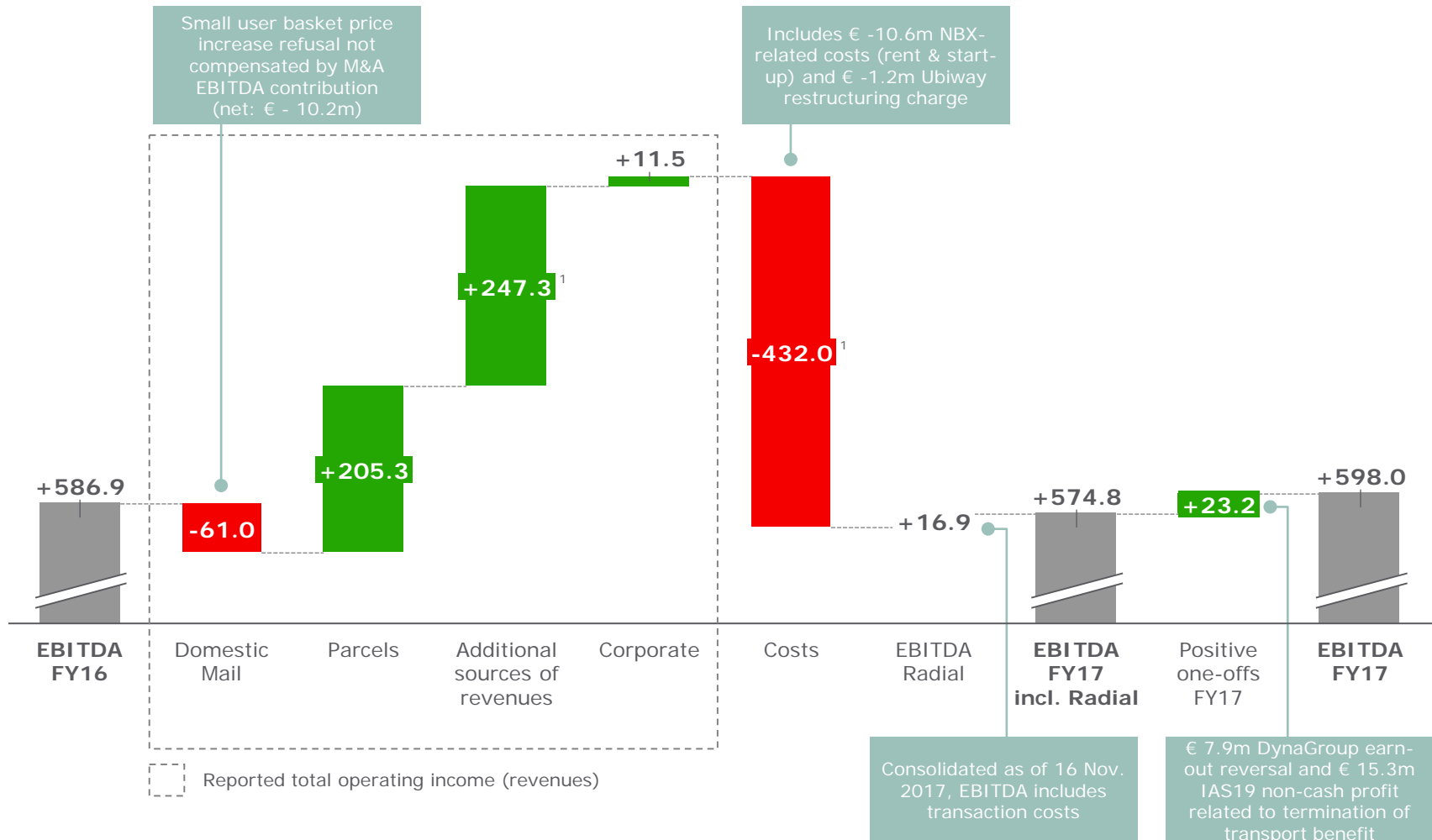
Appendix: Full year 2017 figures



Brussels – March 14, 2018

EBITDA mainly impacted by SUB price refusal not fully compensated by M&A contribution as well as transition to new Brussels sorting centre

€ million



¹ Including € -15.4m accounting restatement on Ubiway Distribution revenue and materials costs in 4Q16

Summary of key financials FY17

€ million

	Reported		Normalized ¹		% Δ	
	FY16	FY17	FY16	FY17		
Total operating income (revenues)	2,425.2	3,023.8	2,425.2	3,023.8	24.7%	€ 8.7m linked to depreciation on intangible assets (purchase price allocation "PPA" Ubiway, Dynagroup & de Buren)
Operating expenses	1,838.4	2,425.9	1,838.4	2,425.9	32.0%	
EBITDA	586.9	598.0	586.9	598.0	1.9%	
<i>Margin (%)</i>	<i>24.2%</i>	<i>19.8%</i>	<i>24.2%</i>	<i>19.8%</i>		
EBIT	496.5	492.9	496.5	501.6	1.0%	Tax impact of PPA on depreciation of € 2.5m
<i>Margin (%)</i>	<i>20.5%</i>	<i>16.3%</i>	<i>20.5%</i>	<i>16.6%</i>		
Profit before tax	489.5	488.7	489.5	497.5	1.6%	
Income tax expense	143.2	165.8	165.4	168.2		
Net profit	346.2	322.9	324.1	329.3	1.6%	Positive tax impact of Deltamedia liquidation € 22.2m
FCF	193.9	(485.8)	193.9	(485.8)		
bpost S.A./N.V. net profit (BGAAP)	308.7	291.0	286.5	291.0	1.6%	
Net Debt/ (Net cash), at 31 December	(492.7)	292.4	(492.7)	292.4		

¹ Normalized figures are not audited

Total operating income (revenues)

€ million

		FY16 comparable	Δ	FY17	% Δ
Domestic mail	Transactional mail	873.3	-65.4	807.9	-7.5%
	Advertising mail	247.8	5.0	252.9	2.0%
	Press	293.2	-0.6	292.6	-0.2%
Parcels	Domestic parcels ¹	185.5	38.7	224.2	20.9%
	International parcels	192.3	30.3	222.6	15.8%
	Logistic solutions ²	11.1	338.1	349.2	-
Additional sources of revenues	International mail	159.2	1.2	160.4	0.8%
	Value added services	101.1	0.4	101.5	0.4%
	Banking and financial	192.4	-9.8	182.6	-5.1%
	Distribution ³	10.7	87.3	98.1	-
	Retail & Other ³	111.7	177.2	288.9	-
	Corporate	31.4	11.5	42.9	36.5%
TOTAL		2,409.8	614.0	3,023.8	25.5%

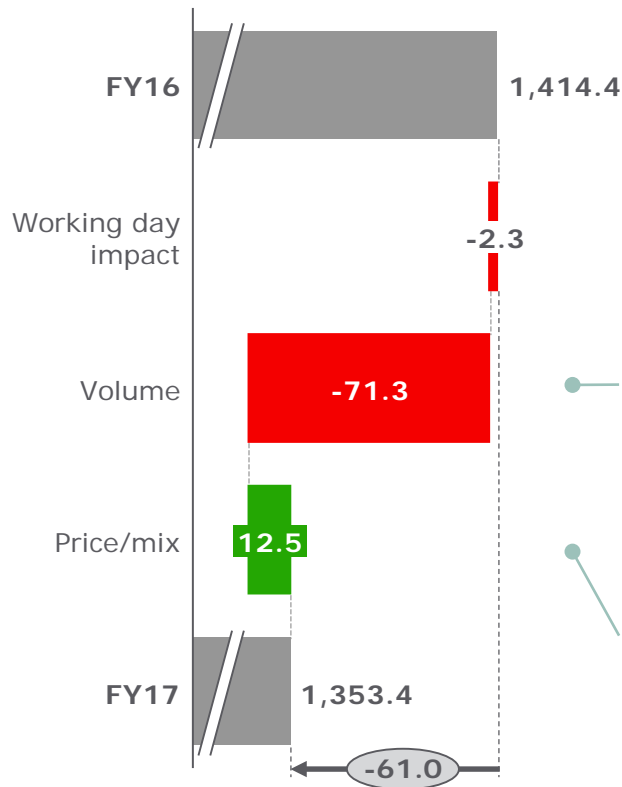
¹ Defined as domestic and Belgian in- and outbound

² Contains Dynagroup consolidated as of 1 January 2017 and Radial consolidated as of 16 November 2017

³ Contains Ubiway consolidated as of 1 December 2016; 4Q16 Ubiway Distribution revenues restated for € 15.4m in order to be in line with the accounting policies of the bpost Group and with IAS 18 "Revenue" and to be comparable with 4Q17

Domestic mail underlying volume trend in line with guidance at -5.8%

Total operating income (revenues), € million



- **Transactional Mail:** increased e-substitution mainly towards the end of the year.
- **Advertising Mail:** volume growth of +1.5% vs. -3.0% for FY16 driven by focus on growth segments and indirect channels.
- **Press:** corrected for distribution days (3 less FY17 vs. FY16) total press volumes decline by 3.3% vs. -2.8% for FY16.

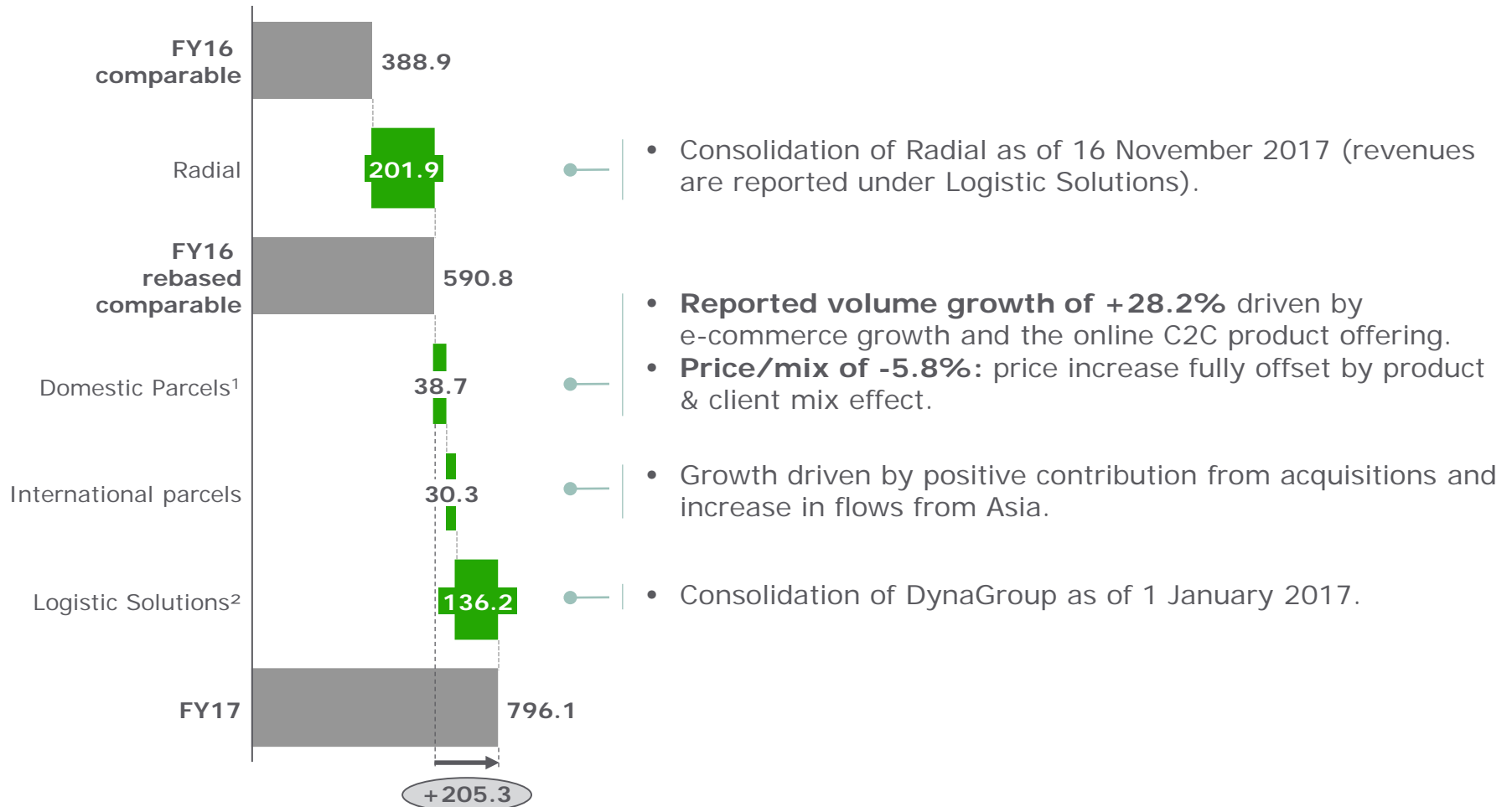
	Reported			Underlying ¹		
	FY16	4Q17	FY17	FY16	4Q17	FY17
Transactional mail	-5.9%	-9.2%	-8.3%	-5.9%	-8.9%	-8.1%
Advertising mail	-3.0%	0.5%	1.5%	-3.0%	0.5%	1.5%
Press	-2.8%	-2.6%	-3.7%	-2.8%	-2.6%	-3.7%
Domestic Mail	-5.0%	-6.6%	-5.9%	-5.0%	-6.4%	-5.8%

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

¹ 1Q17 had 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.

Robust domestic and international parcels performance; Logistic Solutions driven by positive contribution from M&A

Total operating income (revenues), € million

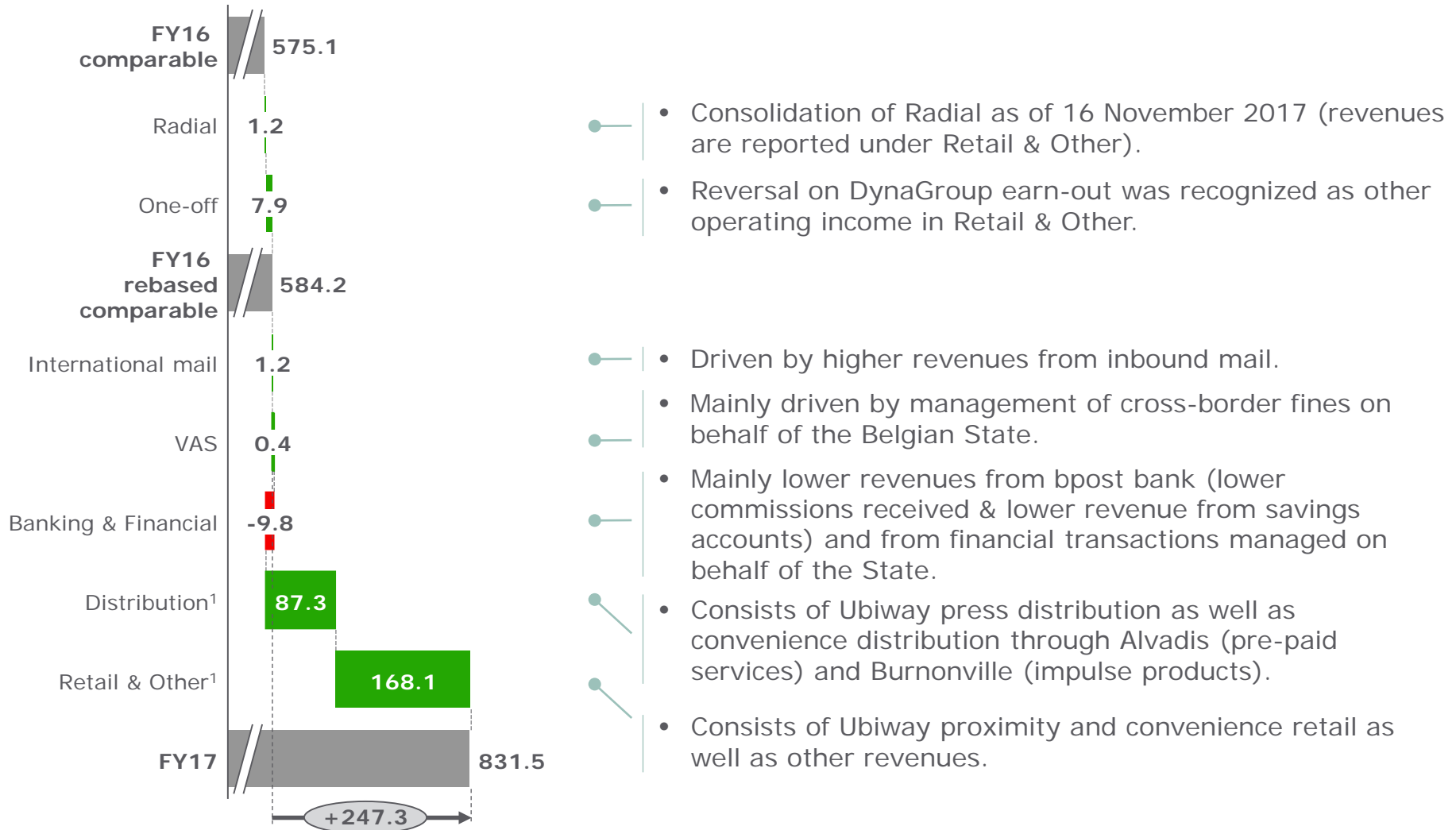


¹ Defined as domestic and Belgian in- and outbound

² New category, previously called Special Logistics

Additional sources of revenues driven by the acquisition of Ubiway

Total operating income (revenues), € million

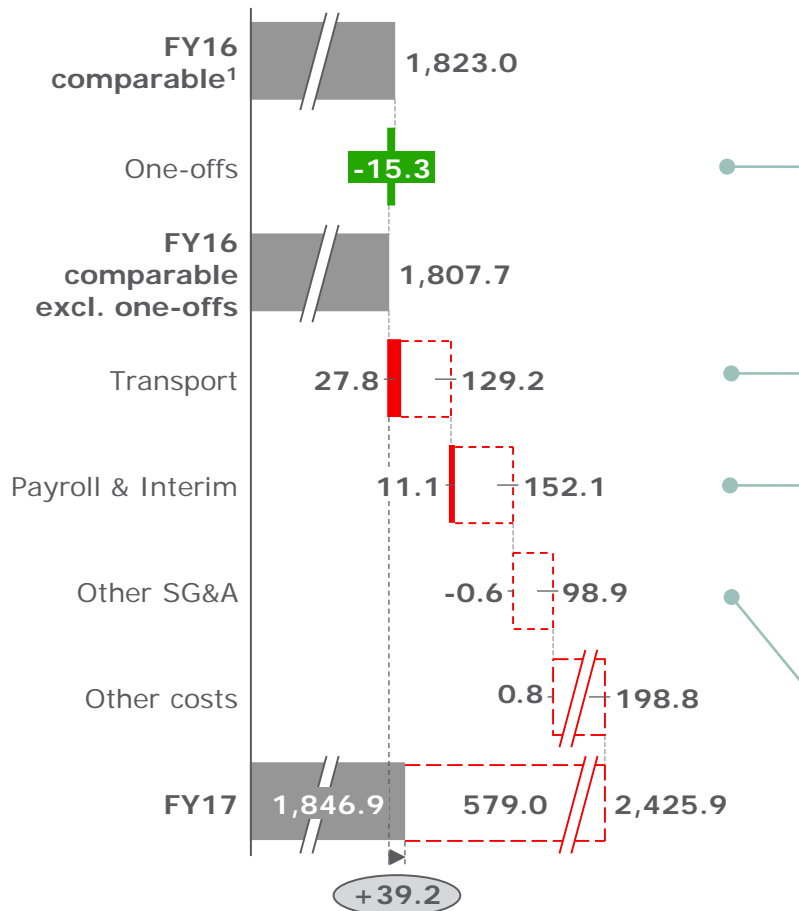


¹ New category, contains Ubiway consolidated as of 1 December 2016

Organic cost evolution on track. Opex influenced by acquisitions (€ +579.0m). Increase in transport cost in line with positive international business evolution.

Operating expenses excl. depreciation and amortization, € million

 FDM, Apple Express, Ubiway, DynaGroup, Parcify, de Buren, Bubble Post, Radial incl. transaction costs



- IAS19 non-cash profit related to termination of transport benefit in payroll & interim.
- Excluding scope change, increase driven by growth in the international business and lower favorable settlement of previous year's terminal dues.
- **Average reported FTE & interim increase** of 2,057 leading to € +155.8m additional costs explained by the integration of new subsidiaries.
- **Favourable FTE mix** of € -13.1m.
- **Price effect** & others for an impact of € +5.2m explained by salary indexation, CLA and merit increases partly compensated by tax shift and employee benefits.
- Excluding scope change, mainly decrease of third party remuneration partly offset by increase in rent and rental (mainly new Brussels sorting centre) and energy costs (increased fuel price & growing fleet).

¹ € 1,823.0m = € 1,838.4m reported lowered with € 15.4m relating to accounting restatement without EBITDA impact on 4Q16 Ubiway materials costs

Decrease in operating FCF¹ mainly driven by acquisitions and phasing in working capital evolution

€ million	FY16	FY17	Delta
+ Cash flow from operating activities	+352.6	+266.1	-86.5
+ Cash flow from investing activities	-158.7	-751.9	-593.2
= Operating free cash flow	+193.9	-485.8	-679.7
+ Financing activities	-270.1	+416.8	+687.0
= Net cash movement	-76.2	-68.9	+7.3
Capex	-85.0	-121.3	-36.3

- Alpha pay-outs: € +18.7m
- Terminal dues payment, phasing in 3Q16: € +16.8m
- Working capital evolution: € -121.1m, mainly driven by peak sales season at Radial combined with lower outstanding trade payables

- Proceeds from sale of buildings: € -3.2m
- Higher capex: € -36.3m
- M&A activities: € -577.7m
- Investment securities: € +24.0m

- Bridge loan for Radial acquisition: € +691.6m

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

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