



## Second quarter 2018 results

### Analyst call

Koen Van Gerven, CEO  
Henri de Romrée, CFO

Brussels – August 9, 2018

# Investor presentation - Interim financial report 2Q18

## Financial Calendar

More on [corporate.bpost.be/investors](https://corporate.bpost.be/investors)

**07.11.2018**

(17:45 CET)

Quarterly results 3Q18

**06.12.2018**

Ex-dividend date

**03.12.2018**

(17:45 CET)

Interim dividend 2018  
announcement

**10.12.2018**

Dividend payment date

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## Disclaimer

This presentation is based on information published by bpost in its Second Quarter 2018 Interim Financial Report, made available on August, 8<sup>th</sup> 2018 at 5.45pm CET on [corporate.bpost.be/investors](https://corporate.bpost.be/investors). This information forms regulated information as defined in the Royal Decree of 14 November 2007. The information in this document may include forward-looking statements<sup>1</sup>, which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This material is not intended as and does not constitute an offer to sell any securities or a solicitation of any offer to purchase any securities.

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

## Highlights of 2Q18 – on track towards FY18 guidance

### Total operating income up 32.7%

- Driven by acquisitions and excellent parcels growth

€ 928.4m

### Underlying Domestic Mail volume evolution

- Driven by better Transactional Mail supported by easy comparable base (-9.9% in 2Q17 vs. -3.2% in 2Q18) and specific mailings in the quarter

-4.1%

### Parcels performance in line with guidance

- Domestic: continued double-digit organic volume growth driven by strong growth of e-commerce and C2C; price/mix effect of -6.2% fully mix related
- Logistic Solutions: mainly driven by Radial acquisition (€ +196.1m)

+25.8%

+ € 202.9m

### Phasing of costs in line with FY18 trajectory, organic costs under control

- Opex from acquisitions (€ +221.5m)
- Excluding one-offs (€ +4.5m net), organic cost base impacted by growth of domestic parcels for € +8.3m and transport cost linked to evolution of international activities

+ € 247.7m

### Lower EBITDA as expected impacted by higher organic costs

€ 140.4m

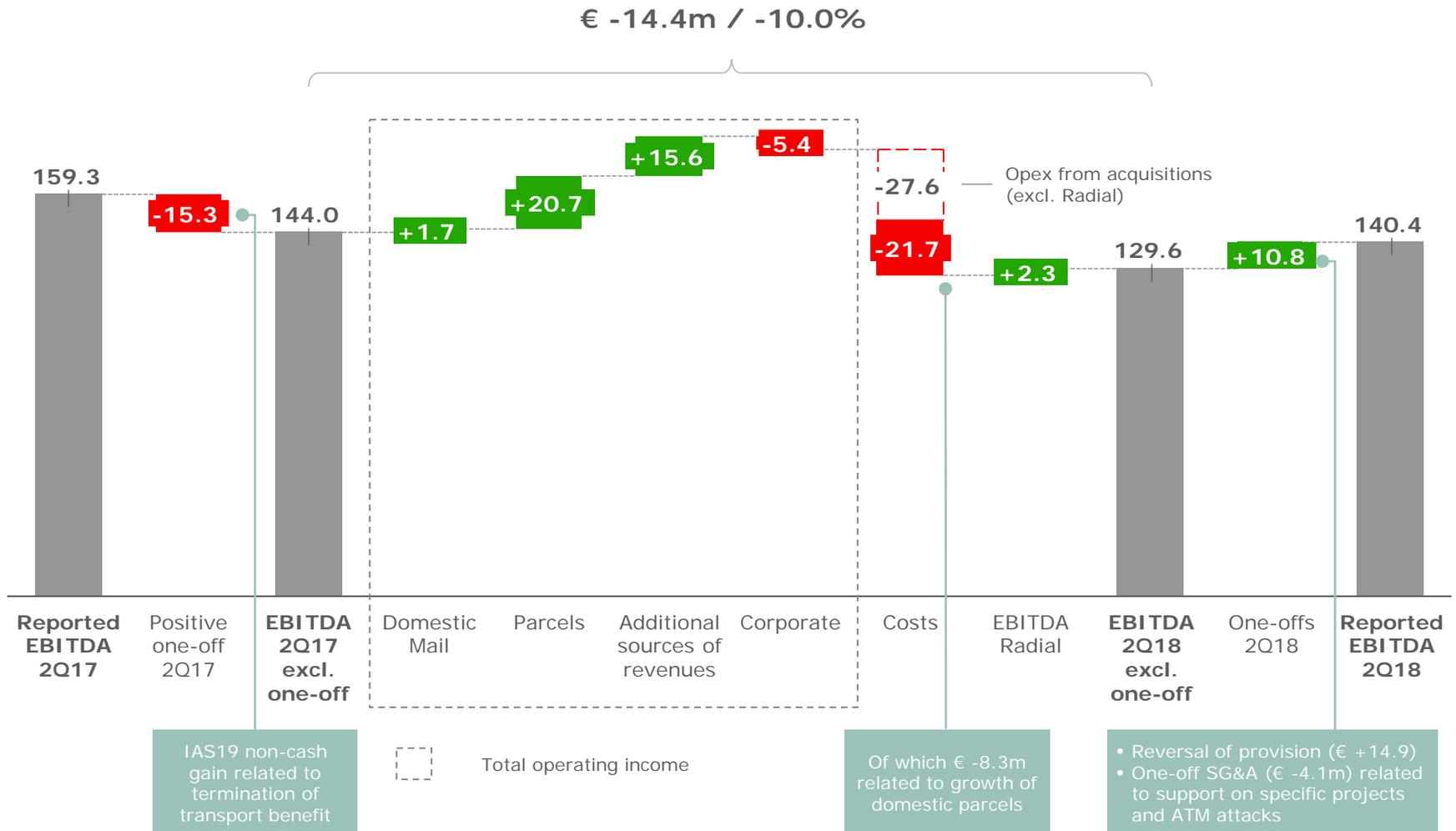
### BGAAP net profit of bpost SA/NV up 8.1%

€ 82.6m

### 2018 outlook and back-loaded trajectory confirmed

## EBITDA impacted by higher organic costs from growth of domestic parcels and international activities

€ million



## Radial's performance in 2Q18 above expectations

- 2Q18 revenues slightly above last year driven by:
  - Fulfilment & Transport revenues up 7.9% vs. 2Q17 partly offset by webstore phase-out; growth mainly from existing customers
  - Growth from existing customers, new business (signed 2018) and clients that signed in 2017 outpaces loss from clients terminating with Radial
- 2Q18 EBITDA better than budget due to higher volume from existing clients, better productivity and tighter control on SG&A spend, but below LY as a result of:
  - Phase-out of (high margin) webstore business
  - Increase in charge backs resulting from increased fraud activity

€ m	Reported <b>2Q18</b>
Total operating income (revenues)	196.1
Operating expenses	193.8
<i>Transport (33%)</i>	<i>64.2</i>
<i>Payroll &amp; interim (40%)</i>	<i>77.7</i>
<i>Other SG&amp;A (30%)</i>	<i>57.9</i>
<i>Other costs (-3%)</i>	<i>(5.8)</i>
<b>EBITDA</b>	<b>2.3</b>
<i>Margin (%)</i>	<i>1.2%</i>

## Summary of key financials 2Q18

€ million

	Reported		Normalized <sup>1</sup>		% Δ
	2Q17	2Q18	2Q17	2Q18	
Total operating income	699.6	928.4	699.6	928.4	32.7%
Operating expenses	540.3	788.0	540.3	788.0	45.8%
<b>EBITDA</b>	<b>159.3</b>	<b>140.4</b>	<b>159.3</b>	<b>140.4</b>	<b>-11.9%</b>
<i>Margin (%)</i>	22.8%	15.1%	22.8%	15.1%	
<b>EBIT</b>	<b>136.0</b>	<b>100.3</b>	<b>136.0</b>	<b>102.6</b>	<b>-24.6%</b>
<i>Margin (%)</i>	19.4%	10.8%	19.4%	11.1%	
<b>Profit before tax</b>	<b>140.1</b>	<b>98.7</b>	<b>140.1</b>	<b>101.0</b>	<b>-27.9%</b>
Income tax expense	40.4	33.2	40.4	33.7	
<b>Net profit</b>	<b>99.7</b>	<b>65.5</b>	<b>99.7</b>	<b>67.3</b>	<b>-32.6%</b>
<b>FCF</b>	<b>0.8</b>	<b>(78.6)</b>	<b>0.8</b>	<b>(78.6)</b>	
<b>bpost S.A./N.V. net profit (BGAAP)</b>	<b>76.5</b>	<b>82.6</b>	<b>76.5</b>	<b>82.6</b>	<b>8.1%</b>
<b>Net Debt/ (Net cash), at 30 June</b>	<b>(596.2)</b>	<b>275.6</b>	<b>(596.2)</b>	<b>275.6</b>	

€ 2.3m linked to amortization on intangible assets (purchase price allocation "PPA" Ubiway, Dynagroup & de Buren)

Tax impact of PPA on amortization of € 0.6m

<sup>1</sup> Normalized figures are not audited

## Total operating income

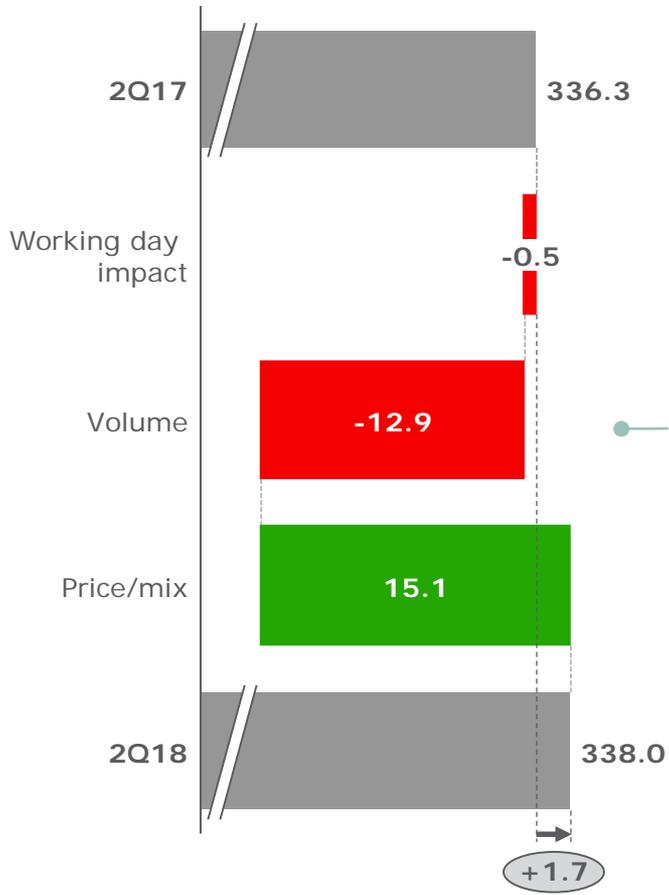
€ million

	2Q17	Δ	2Q18	% Δ	
<b>Domestic mail</b>	Transactional mail	201.6	5.0	206.6	2.5%
	Advertising mail	62.6	-2.5	60.1	-4.0%
	Press	72.1	-0.7	71.3	-1.0%
<b>Parcels</b>	Domestic parcels <sup>1</sup>	54.6	9.6	64.2	17.6%
	International parcels	54.5	4.3	58.8	7.9%
	Logistic solutions	36.4	202.9	239.3	-
<b>Additional sources of revenues</b>	International mail	40.1	21.5	61.5	53.6%
	Value added services	24.9	3.2	28.0	12.7%
	Banking and financial	47.8	-6.9	40.9	-14.4%
	Distribution	24.2	-0.7	23.5	-3.1%
	Retail & Other	71.3	-1.3	70.0	-1.9%
Corporate	9.6	-5.4	4.2	-56.2%	
<b>TOTAL</b>	<b>699.6</b>	<b>228.8</b>	<b>928.4</b>	<b>32.7%</b>	

<sup>1</sup> Defined as domestic and Belgian in- and outbound

## Domestic mail underlying volume trend at -4.1% driven by better transactional mail volumes

Total operating income, € million



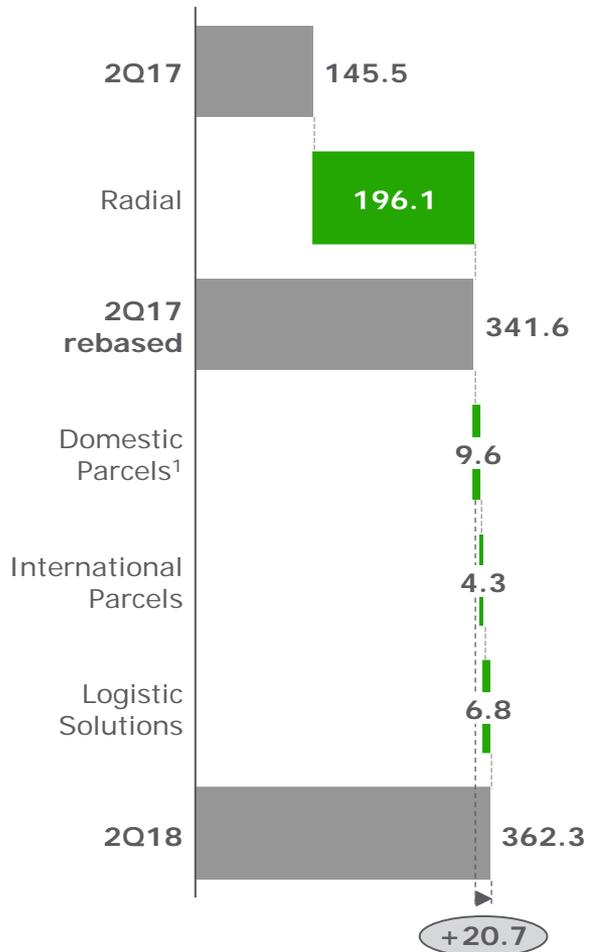
- **Transactional Mail:** support from easy comparable base at -9.9% for 2Q17 and positive impact of specific mailings (e.g. GDPR, MIFID II).
- **Advertising Mail:** continued competitive advertising market, campaigns around World Cup did not materialize, phasing effect towards 3Q18.
- **Press:** in line with previous quarter and supported by easy comparable at -5% for 2Q17 due to 2 working days.

	Reported				Underlying <sup>1</sup>			
	FY17	1Q18	2Q18	1H18	FY17	1Q18	2Q18	1H18
Transactional mail	-8.3%	-7.0%	-3.5%	-5.3%	-8.1%	-6.7%	-3.2%	-5.0%
Advertising mail	1.5%	-7.6%	-7.8%	-7.7%	1.5%	-7.6%	-7.8%	-7.7%
Press	-3.7%	-3.3%	-2.5%	-2.9%	-3.7%	-3.3%	-2.5%	-2.9%
<b>Domestic Mail</b>	<b>-5.9%</b>	<b>-6.8%</b>	<b>-4.3%</b>	<b>-5.6%</b>	<b>-5.8%</b>	<b>-6.6%</b>	<b>-4.1%</b>	<b>-5.4%</b>

<sup>1</sup> 2Q18 had 1 working day less on stamps vs. 2Q17

## Organic parcels growth supplements international acquisitions revenue contribution

Total operating income, € million

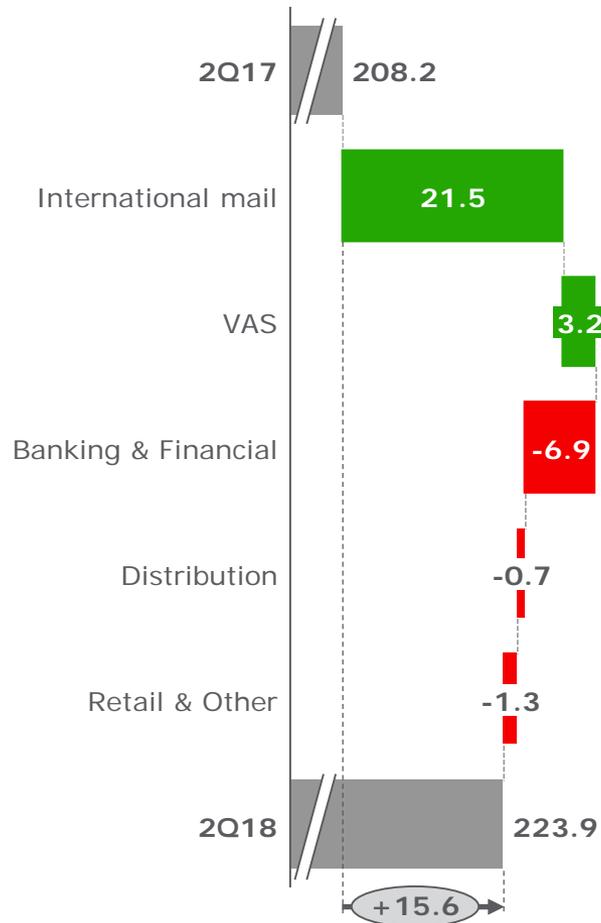


- Consolidation of Radial as of 16 November 2017 (revenues are reported under Logistic Solutions), revenues slightly up vs. 2Q17.
- **Reported organic volume growth of +25.8%** driven by strong e-commerce growth and the online C2C product offering.
- **Price/mix of -6.2%**: price increase fully offset by product & client mix effect.
- Growth driven by higher revenues from US (despite negative FX impact) and Europe.
- Mainly consolidation of Leen Menken and Active Ants.

<sup>1</sup> Defined as domestic and Belgian in- and outbound

## Additional sources of revenues driven by acquisitions

Total operating income, € million

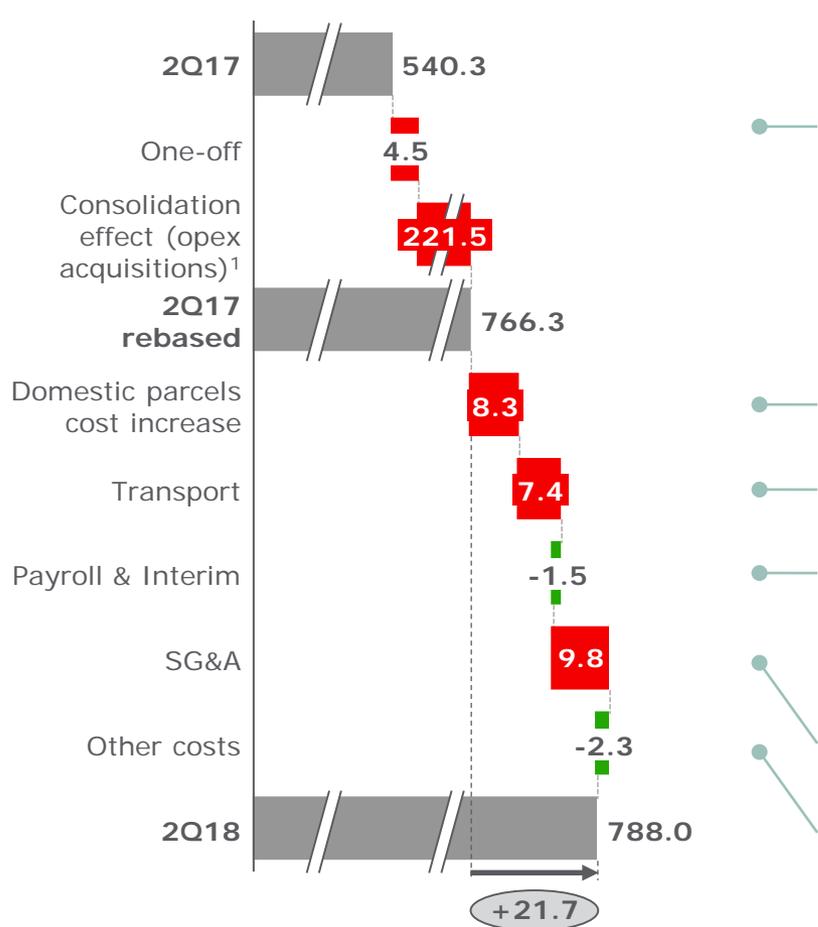


- Driven by consolidation of Imex & M.A.I.L., Inc.<sup>1</sup> as of January 2018 and higher volumes from Asia (mainly registered).
- Driven by management of cross-border fines on behalf of the Belgian State.
- Lower revenues from bpost bank savings accounts due to low interest rate environment; lower revenue from financial transactions managed on behalf of the State.
- Mainly decline of Alvadis due to legislative change on pre-paid mobile phone cards (June 2017).
- Higher sales Ubiway Retail offset by lower sales bpost retail products.

<sup>1</sup> M.A.I.L., Inc. 2Q18 contains March to June 2018.

## Organic cost increase under control and mainly explained by growth of domestic parcels and international activities

Operating expenses excl. depreciation and amortization, € million



- 2Q17 IAS19 non-cash gain related to termination of transport benefit in payroll & interim (€ +15.3m).
- 2Q18 reversal of provision in other costs (€ -12.5m), other SG&A (€ -1.5m) and transport (€ -0.9m).
- One-offs for a total amount of € +4.1m related to (1) support on specific projects in SG&A, which was anticipated, and (2) ATM attacks in other costs.
- Contains additional FTEs for parcels volumes, NBX rent allocated to parcels, additional fleet and related fuel & maintenance, increase in domestic transport cost.
- Increase driven by evolution of the international activities (mail & parcels).
- Negative price effect (mainly indexation & CLA) and absenteeism compensated by better productivity, favourable FTE mix, tax shift and favorable evolution of some payroll provisions.
- Mainly increase in project related costs, insurance, rent & rental (mainly NBX allocated to mail) and energy delivery costs resulting from higher fuel price.
- Decrease mainly driven by lower materials costs.

<sup>1</sup> Opex of Radial, Bubble Post, Leen Menken, Imex, M.A.I.L., Inc., Active Ants (see appendix for more detail)

## FCF<sup>1</sup> mainly impacted by phasing in tax prepayments

€ million	2Q17	2Q18	Delta
⊕ Cash flow from operating activities	+2.8	-61.6	-64.5
⊕ Cash flow from investing activities	-2.0	-17.0	-15.0
<b>⊖ Operating free cash flow</b>	<b>+0.8</b>	<b>-78.6</b>	<b>-79.4</b>
⊕ Financing activities	-49.4	-52.8	-3.4
<b>⊖ Net cash movement</b>	<b>-48.6</b>	<b>-131.5</b>	<b>-82.9</b>
<b>Capex</b>	<b>-18.8</b>	<b>-25.1</b>	<b>-6.2</b>

- Phasing in tax prepayments: € -60.0m (1<sup>st</sup> prepayment in 2Q18 instead of 3Q17)
- bpost bank dividend in 2Q17: € -5.8m

- Total proceeds PPE 1H18 at € 5.3m, we confirm € 100m of combined proceeds for 2018 & 2019 as communicated on CMD of June 21st
- Total capex 1H18 at € 39.5m, we confirm FY18 guidance of € 140m
- Variance mainly explained by investment securities coming at maturity in 2Q17: € -12.0m

- Payments related to borrowings and leasing liabilities: € -3.4m

<sup>1</sup> Operating free cash flow = cash flow from operating activities + cash flow from investing activities

## Outlook for 2018<sup>1</sup> – maintained

**Normalized EBITDA at the low end of the € 560-600m range<sup>2</sup>**  
**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**
- Partly offset by volume decline in **domestic mail<sup>3</sup>** up to -7%, average domestic mail price/mix effect of +4%
- Continued decline in **Banking & Financial** revenue
- **Radial** revenues impacted by client churn

### Operating expenses

Increase driven by:

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

### Capex

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

<sup>1</sup> Outlook for 2018 includes the acquisitions of Radial, Bubble Post, Leen Menken, Imex, M.A.I.L., Inc. and Active Ants

<sup>2</sup> EBIT range of € 400m to € 440m as communicated at CMD of June 21<sup>st</sup>

<sup>3</sup> 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.

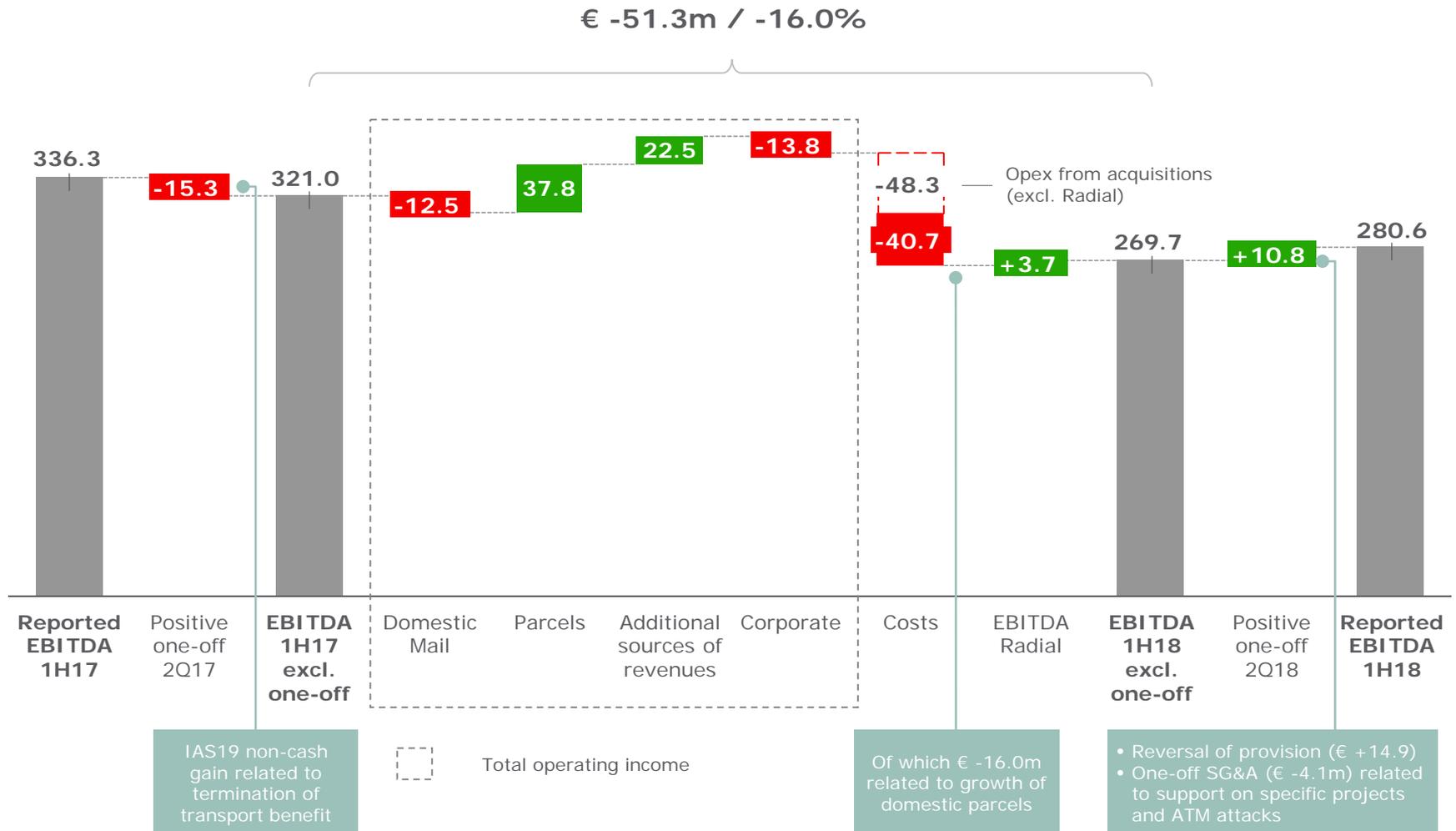


## Half year results 2018

Brussels – August 9, 2018

# EBITDA impacted by higher organic costs from growth of domestic parcels and international activities

€ million



## Summary of key financials 1H18

€ million

	Reported		Normalized <sup>1</sup>		% Δ
	1H17	1H18	1H17	1H18	
Total operating income	1,421.1	1,844.6	1,421.1	1,844.6	29.8%
Operating expenses	1,084.8	1,564.0	1,084.8	1,564.0	44.2%
<b>EBITDA</b>	<b>336.3</b>	<b>280.6</b>	<b>336.3</b>	<b>280.6</b>	<b>-16.6%</b>
<i>Margin (%)</i>	<i>23.7%</i>	<i>15.2%</i>	<i>23.7%</i>	<i>15.2%</i>	
<b>EBIT</b>	<b>290.2</b>	<b>205.1</b>	<b>290.2</b>	<b>209.4</b>	<b>-27.8%</b>
<i>Margin (%)</i>	<i>20.4%</i>	<i>11.1%</i>	<i>20.4%</i>	<i>11.4%</i>	
<b>Profit before tax</b>	<b>290.4</b>	<b>196.8</b>	<b>290.4</b>	<b>201.1</b>	<b>-30.8%</b>
Income tax expense	94.7	68.8	94.7	69.8	
<b>Net profit</b>	<b>195.8</b>	<b>127.9</b>	<b>195.8</b>	<b>131.3</b>	<b>-32.9%</b>
<b>FCF</b>	<b>167.1</b>	<b>72.7</b>	<b>167.1</b>	<b>72.7</b>	
<b>bpost S.A./N.V. net profit (BGAAP)</b>	<b>170.8</b>	<b>154.9</b>	<b>170.8</b>	<b>154.9</b>	<b>-9.3%</b>
<b>Net Debt/ (Net cash), at 30 June</b>	<b>(596.2)</b>	<b>275.6</b>	<b>(596.2)</b>	<b>275.6</b>	

€ 4.3m linked to amortization on intangible assets (purchase price allocation "PPA" Ubiway, Dynagroup & de Buren)

Tax impact of PPA on amortization of € 1.1m

<sup>1</sup> Normalized figures are not audited

## Total operating income

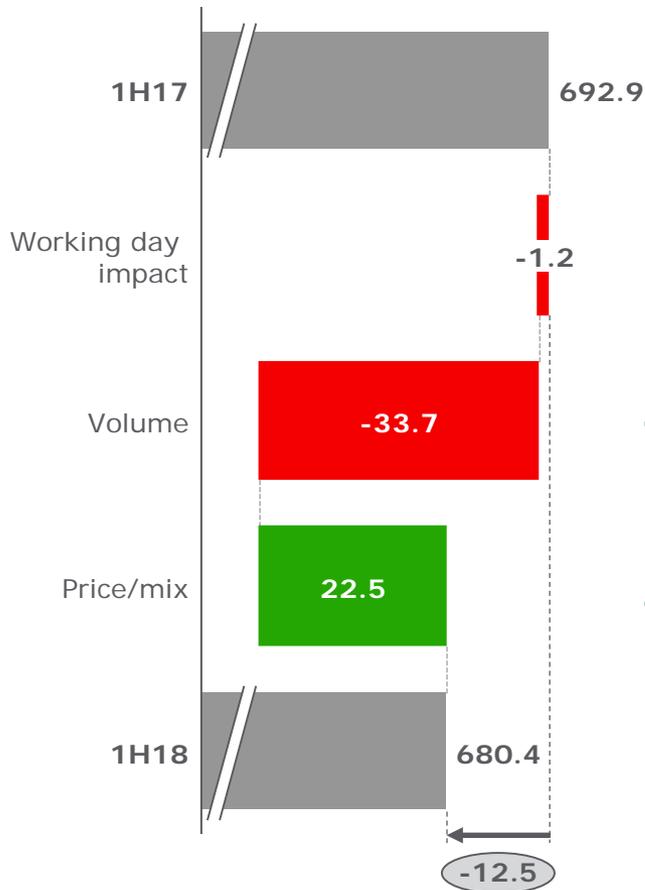
€ million

		1H17	Δ	1H18	% Δ
<b>Domestic mail</b>	Transactional mail	415.8	-3.0	412.8	-0.7%
	Advertising mail	130.0	-6.5	123.5	-5.0%
	Press	147.1	-3.0	144.1	-2.1%
<b>Parcels</b>	Domestic parcels <sup>1</sup>	107.0	20.5	127.5	19.2%
	International parcels	107.8	5.8	113.7	5.4%
	Logistic solutions	70.3	400.9	471.3	-
<b>Additional sources of revenues</b>	International mail	82.2	35.3	117.5	43.0%
	Value added services	50.9	4.0	54.9	7.9%
	Banking and financial	94.4	-9.8	84.6	-10.3%
	Distribution	50.4	-3.3	47.1	-6.5%
	Retail & Other	142.0	-3.8	138.3	-2.7%
	Corporate	23.3	-13.8	9.5	-59.3%
<b>TOTAL</b>		<b>1,421.1</b>	<b>423.5</b>	<b>1,844.6</b>	<b>29.8%</b>

<sup>1</sup> Defined as domestic and Belgian in- and outbound

## Domestic mail underlying volume trend at -5.4% driven by better transactional mail trend

Total operating income, € million



- **Transactional Mail:** 1H18 trend of -5.0% above 1H17 at -8.4% supported by specific mailings (e.g. GDPR, MIFID II).
- **Advertising Mail:** weak 1H18 vs. +3.3% in 1H17 driven by phasing of spend later into the year and fiercer competition.
- **Press:** better than 1H17 at -4.0% which was impacted by fewer distribution days.

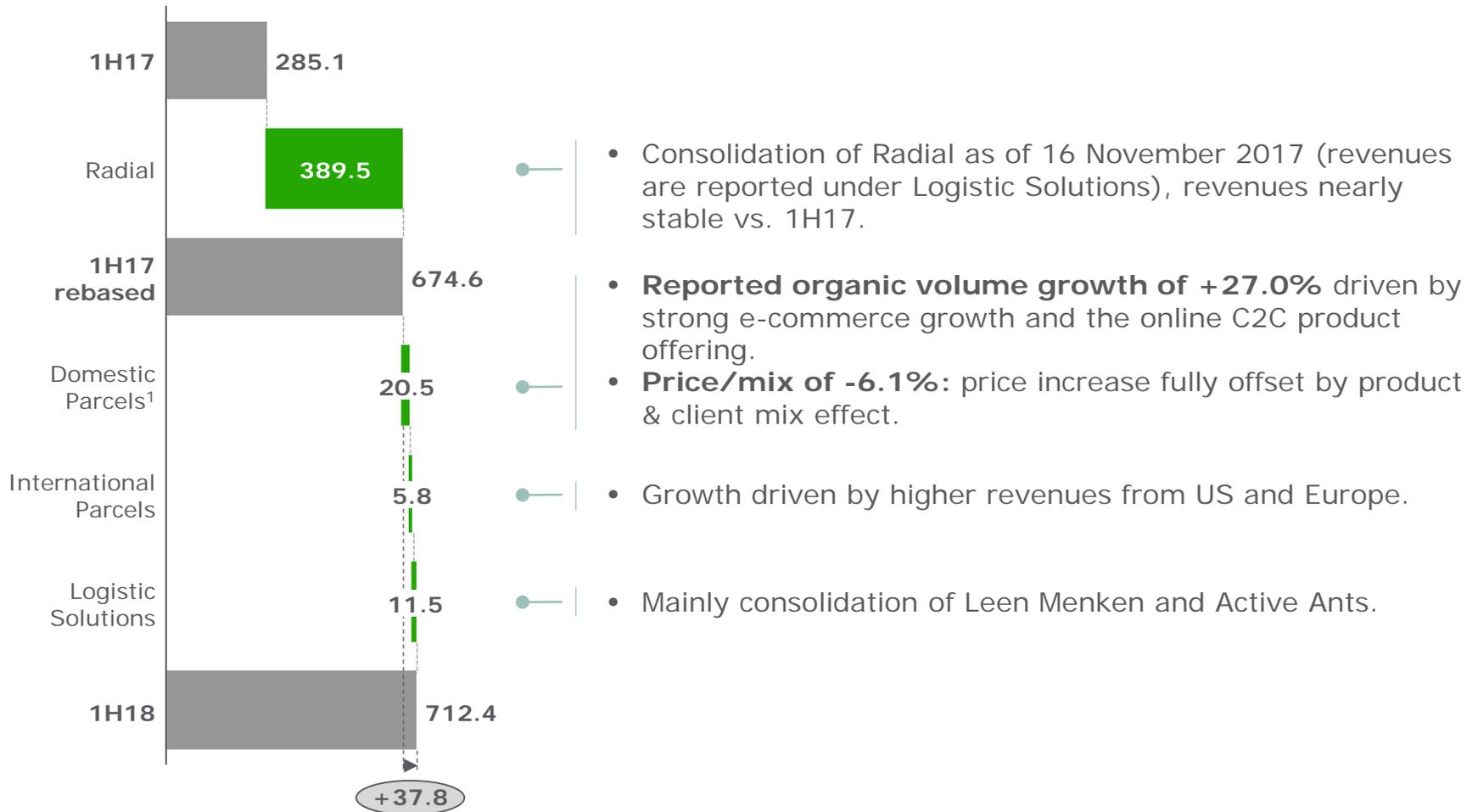
	Reported				Underlying <sup>1</sup>			
	FY17	1Q18	2Q18	1H18	FY17	1Q18	2Q18	1H18
Transactional mail	-8.3%	-7.0%	-3.5%	-5.3%	-8.1%	-6.7%	-3.2%	-5.0%
Advertising mail	1.5%	-7.6%	-7.8%	-7.7%	1.5%	-7.6%	-7.8%	-7.7%
Press	-3.7%	-3.3%	-2.5%	-2.9%	-3.7%	-3.3%	-2.5%	-2.9%
<b>Domestic Mail</b>	<b>-5.9%</b>	<b>-6.8%</b>	<b>-4.3%</b>	<b>-5.6%</b>	<b>-5.8%</b>	<b>-6.6%</b>	<b>-4.1%</b>	<b>-5.4%</b>

- Price increase on non-regulated items as of 1 January (6 months) and SUB as of 1 March (4 months) partly offset by shift towards cheaper products.

<sup>1</sup> 1H18 had 1 working days less vs. 1H17 on both stamps and franking machines.

## Excellent parcels performance, growth in Logistic Solutions driven by Radial

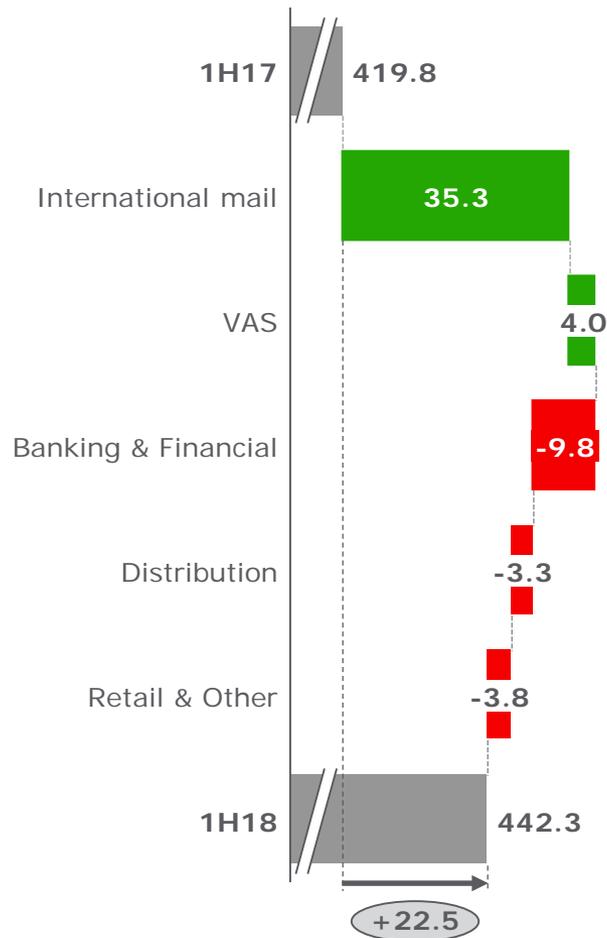
Total operating income, € million



<sup>1</sup> Defined as domestic and Belgian in- and outbound

## Additional sources of revenues driven by acquisitions

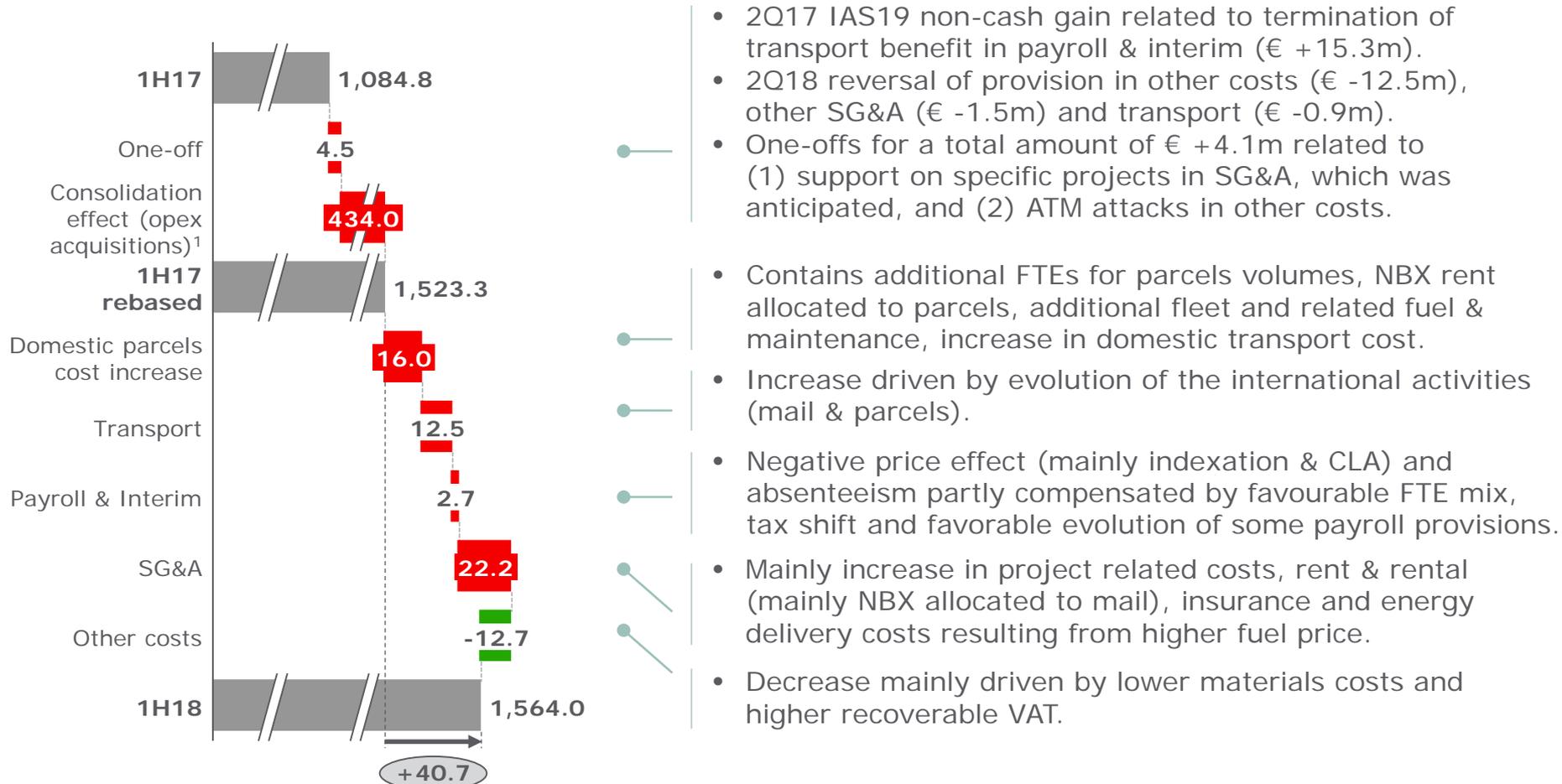
Total operating income, € million



- Driven by consolidation of Imex & M.A.I.L., Inc. as of January 2018 and higher volumes from Asia (mainly registered).
- Driven by management of cross-border fines on behalf of the Belgian State.
- Lower revenues from bpost bank savings accounts due to low interest rate environment; lower revenue from financial transactions managed on behalf of the State.
- Mainly decline of Alvadis due to legislative change on pre-paid mobile phone cards (June 2017).
- Higher sales Ubiway Retail offset by lower bpost retail products.

## Organic cost increase mainly explained by growth of domestic parcels and international activities

Operating expenses excl. depreciation and amortization, € million



<sup>1</sup> Opex of Radial, Bubble Post, Leen Menken, Imex, M.A.I.L., Inc., Active Ants (see appendix for more detail)

## Lower operating FCF<sup>1</sup> mainly due to lower operating results

€ million	1H17	1H18	Delta
<b>+</b> Cash flow from operating activities	+258.4	+168.3	-90.2
<b>+</b> Cash flow from investing activities	-91.4	-95.6	-4.2
<b>= Operating free cash flow</b>	<b>+167.1</b>	<b>+72.7</b>	<b>-94.4</b>
<b>+</b> Financing activities	-49.7	-56.8	-7.1
<b>= Net cash movement</b>	<b>+117.3</b>	<b>+15.9</b>	<b>-101.4</b>
<b>Capex</b>	<b>-31.8</b>	<b>-39.5</b>	<b>-7.7</b>

- Phasing in tax prepayments: € -60.0m (1<sup>st</sup> prepayment in 2Q18 instead of 3Q17)
- bpost bank dividend in 1H17: € -5.8m
- Excluding these elements, lower operating results: € -30.7m

- Lower proceeds from sale of buildings: € -5.4m
- Higher capex: € -7.7m
- Investment securities in 2Q17: € -12.0m
- Cash outflows related to acquisitions: € +20.9m

- Transactions with minorities: € -0.3m
- Payments related to borrowings and leasing liabilities: € -6.8m

<sup>1</sup> Operating free cash flow = cash flow from operating activities + cash flow from investing activities



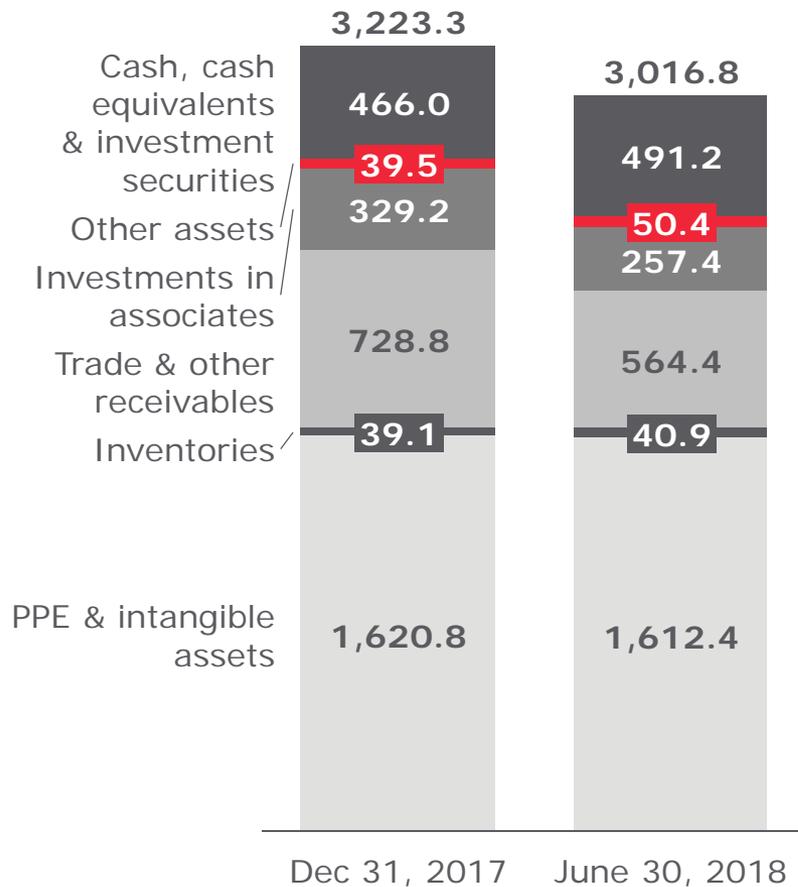
## Appendix

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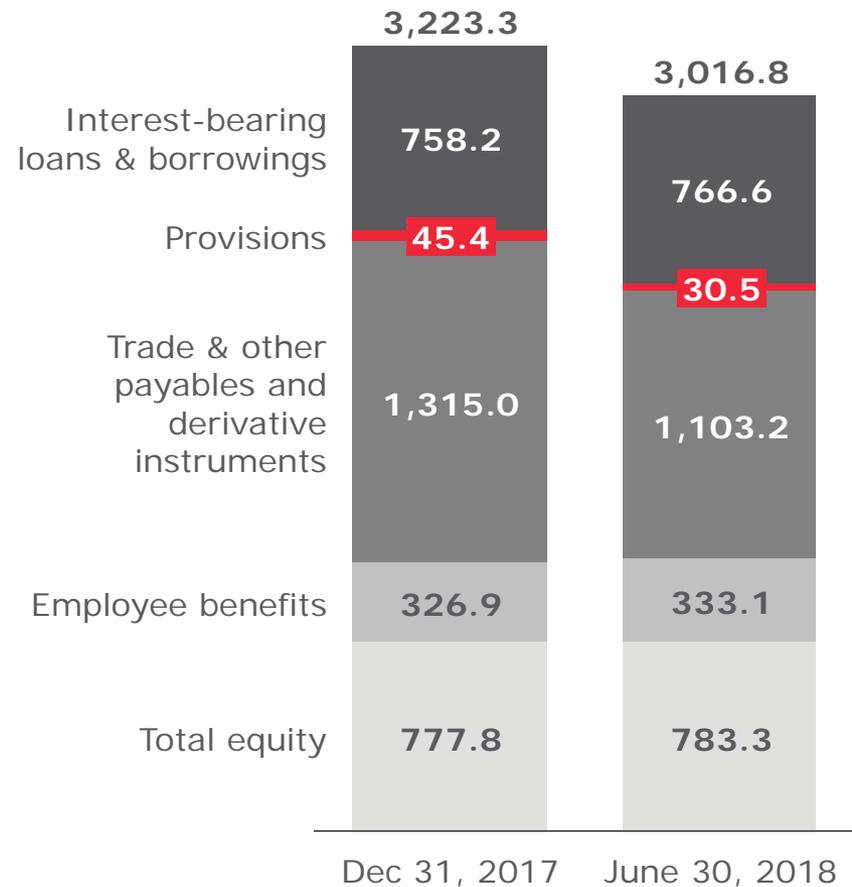
## Strong balance sheet structure

€ million

### Assets

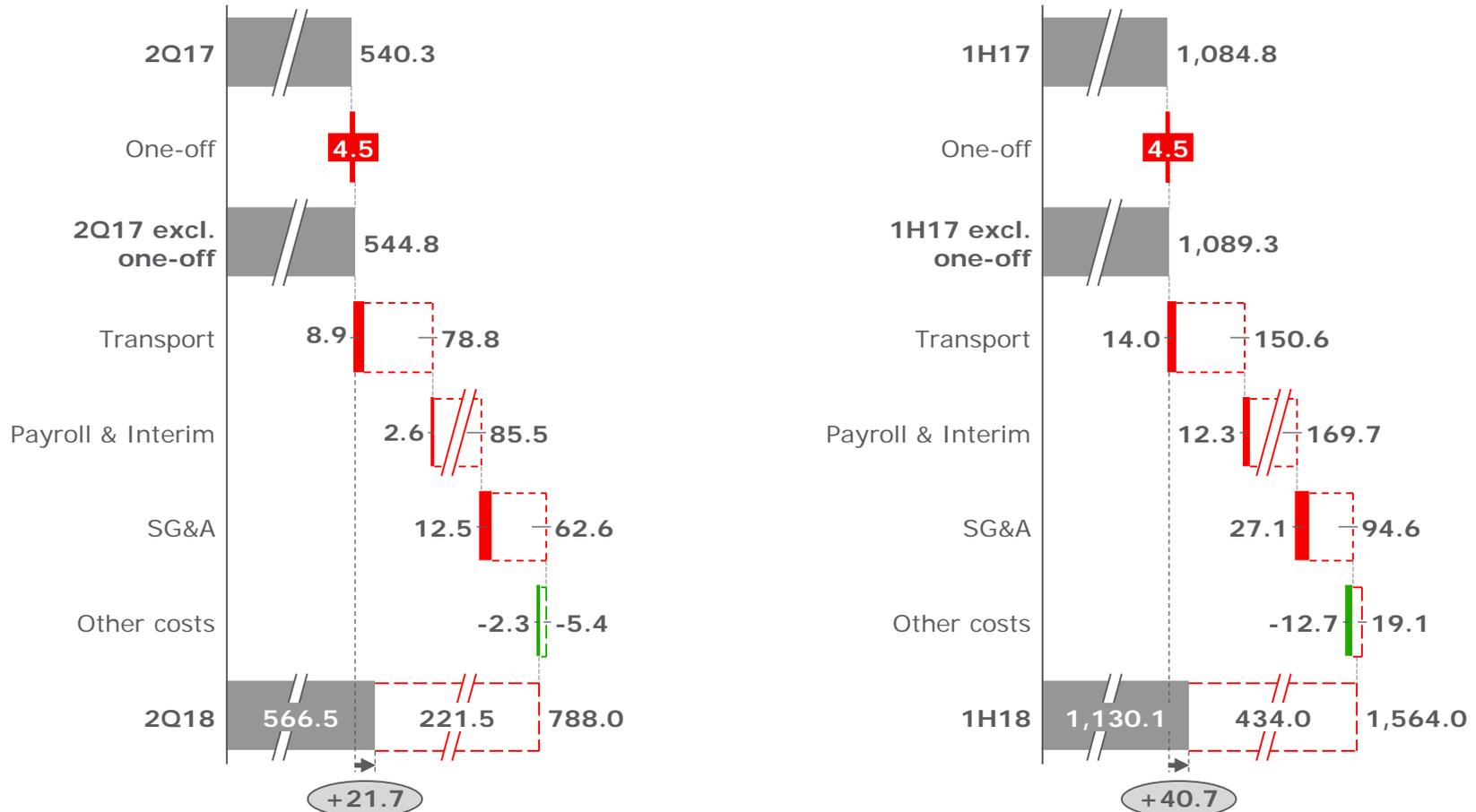


### Equity and liabilities



# Operating expenses excl. depreciation and amortization

€ million



## Key contacts



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