



Third quarter 2018 results

Analyst call

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Brussels – November 8, 2018



Investor presentation - Interim financial report 3Q18

Financial Calendar

More on corporate.bpost.be/investors

03.12.2018

(17:45 CET)

Interim dividend 2018 announcement

06.12.2018

Ex-dividend date (interim dividend)

10.12.2018

Dividend payment date

19.03.2019

(17:45 CET)

Annual results FY18

02.05.2019

(17:45 CET)

Quarterly results 1Q19

08.05.2019

Ordinary General Meeting of Shareholders

13.05.2019

Ex-dividend date

15.05.2019

Payment date of the dividend

07.08.2019

(17:45 CET)

Quarterly results 2Q19

06.11.2019

(17:45 CET)

Quarterly results 3Q19

02.12.2019

(17:45 CET)

Interim dividend 2019 announcement

Disclaimer

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

Highlights of 3Q18

Total operating income up 34.9%

- Driven by acquisitions, excellent domestic parcels growth and stable domestic mail revenues

€ 873.7m

Underlying Domestic Mail volume evolution

- Impacted by continued e-substitution, rationalization and competitive advertising market; increased monthly volatility

-6.4%

Continued strong parcels growth and Radial in line with expectations

- Domestic: continued double-digit organic volume growth driven by strong e-commerce development; price/mix effect of -5.5% fully mix related
- Logistic Solutions: mainly driven by Radial acquisition (€ +184.2m) in line with expectations. Preliminary PPA of Radial is included in the financial statements

+25.5%

+ € 188.8m

Organic costs impacted by growth and cost inflation

- Opex from acquisitions (€ +212.2m)
- Excluding one-offs (€ +17.2m), organic cost base impacted by growth of domestic parcels (€ +8.5m), transport cost (€ +11.2) linked to evolution of international activities and cost inflation (€ +8.3m) in core business

+ € 257.5m

Lower EBITDA as expected impacted by higher organic costs

€ 78.9m

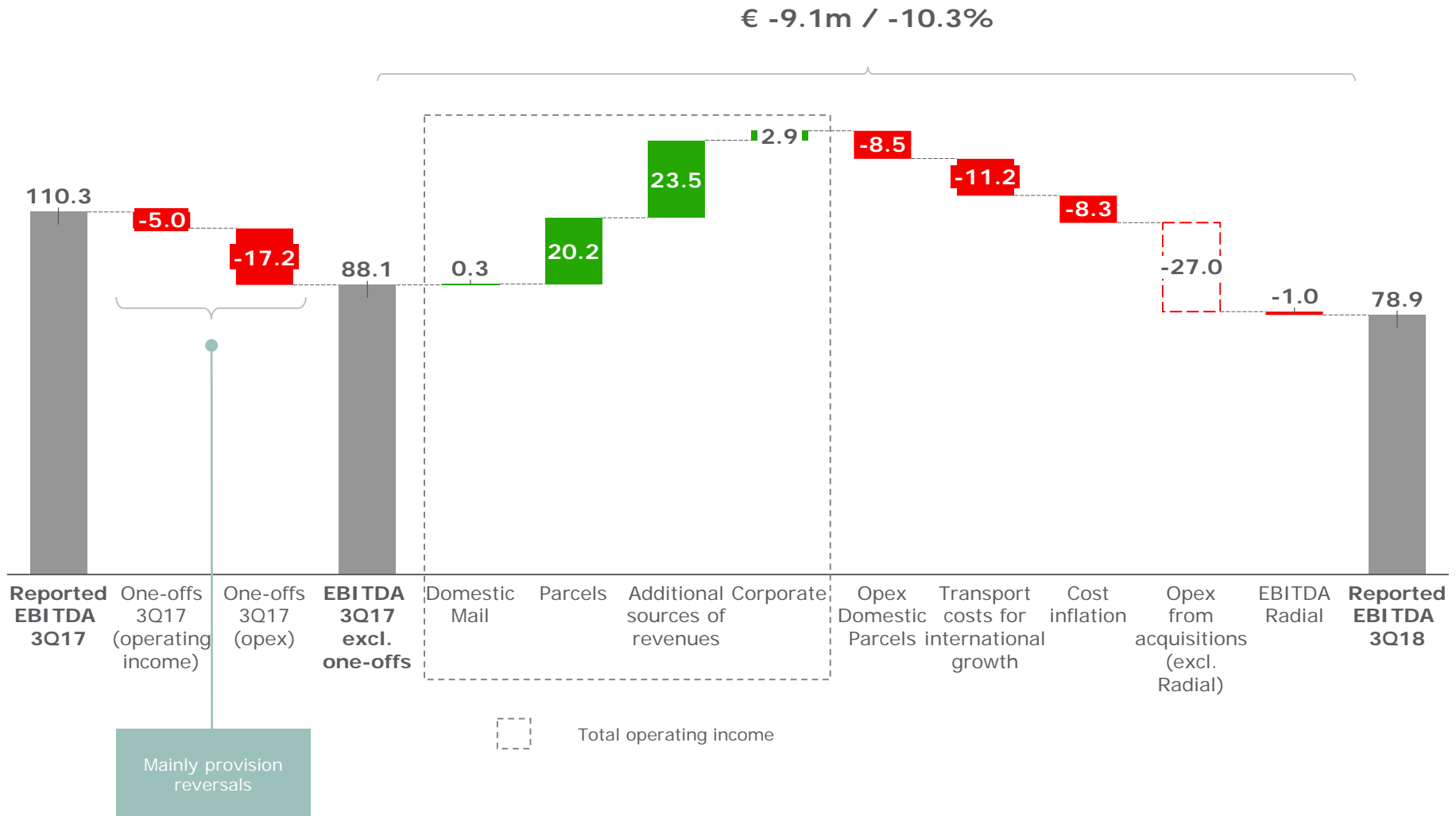
BGAAP net profit of bpost SA/NV

€ 29.3m

2018 outlook, dividend and back-loaded trajectory confirmed

EBITDA impacted by growth activities and core business cost inflation

€ million



Radial's performance in line with expectations

- 3Q18 revenues below last year driven by:
 - Growth from new and existing customers does not compensate clients terminating with Radial
 - Webstore phase-out and expected client churn in Fulfilment & Transport
- 3Q18 EBITDA in line with expectations but below last year driven by:
 - Growth from existing clients, better productivity and tighter control on SG&A spend
 - Offset by phase-out of (high margin) webstore business and impact of customer churn in Fulfilment & Transport

€ m	Reported 3Q18
Total operating income	184.2
Operating expenses	185.2
<i>Transport</i>	57.6
<i>Payroll and interim</i>	80.1
<i>Other SG&A</i>	39.1
<i>Other costs</i>	8.4
EBITDA	(1.0)
<i>Margin (%)</i>	<i>-0.6%</i>

Purchase Price Allocation of Radial has been reviewed

- Preliminary Purchase Price Allocation results in reviewed Radial opening balance sheet for fair value adjustments by external independent accounting firm as per IFRS 3 practice.
- Initial goodwill has been reduced by \$ 155.7m (€ 132.3m) to amount to \$ 516.0m (€ 438.4m) following:
 - the fair value adjustment (prolongation of useful life) of fixed assets for \$ 43.8m (€ 37.2m)
 - Radial reported D&A decreased by € 9.5m for 9M18 (1Q18 and 2Q18 restated for respectively € 2.5m and € 3.5m, € 3.5m in 3Q18) following the fair value adjustment (prolongation of useful life) of fixed assets
 - the recognition of intangible assets for \$ 132.3m (€ 112.4m) consisting of customer relationships, in-house developed technology and tradename
 - Radial reported D&A increased by € 10.2m for 9M18 (1Q18 and 2Q18 restated for respectively € 4.3m and € 3.0m, € 2.9m in 3Q18) following the recognition of intangible assets.
 - This D&A impact is normalized.
 - partially offset by the fair value adjustments of other assets and liabilities for \$ 20.4m (€ 17.3m).
 - Radial reported EBITDA impacted positively by € +7.8m for 9M18 (1Q18 and 2Q18 restated for respectively € +3.0m and € +2.2m, € +2.7m in 3Q18)
- Audit to confirm the full year impact.

Summary of key financials 3Q18¹

€ million

	Reported		Normalized		
	3Q17	3Q18	3Q17	3Q18	% Δ
Total operating income	647.6	873.7	647.6	873.7	34.9%
Operating expenses	537.3	794.8	537.3	794.8	47.9%
EBITDA	110.3	78.9	110.3	78.9	-28.4%
<i>Margin (%)</i>	17.0%	9.0%	17.0%	9.0%	
EBIT	87.2	40.6	87.2	46.7	-46.4%
<i>Margin (%)</i>	13.5%	4.7%	13.5%	5.3%	
Profit before tax	91.4	39.9	91.4	46.0	-49.7%
Income tax expense	31.4	12.7	31.4	13.4	
Net profit	60.0	27.2	60.0	32.6	-45.7%
FCF	(76.3)	(53.3)	(76.3)	(45.7)	
bpost S.A./N.V. net profit (BGAAP)	52.0	29.3	52.0	29.3	-43.6%
Net Debt/ (Net cash), at 30 September	(518.6)	354.1	(518.6)	354.1	

€ 6.1m linked to amortization on intangible assets (purchase price allocation "PPA" Radial, Ubiway, Dynagroup & de Buren)

Tax impact of PPA on amortization of € 0.8m

Normalized FCF excludes the cash Radial receives on behalf of its customers for performing billing services. Radial routinely remits this cash back to its customers with some delay

¹ 3Q18 figures are not audited

Total operating income

€ million

		3Q17	Δ	3Q18	% Δ
Domestic mail	Transactional mail	177.4	1.6	178.9	0.9%
	Advertising mail	55.6	-0.5	55.1	-0.8%
	Press	67.8	-0.8	67.0	-1.2%
Parcels	Domestic parcels ¹	52.5	9.7	62.2	18.5%
	International parcels	51.8	6.0	57.8	11.5%
	Logistic solutions ²	38.7	188.8	227.5	-
Additional sources of revenues	International mail ³	35.3	22.5	57.7	63.7%
	Value added services	25.2	1.9	27.1	7.5%
	Banking and financial	44.8	-3.6	41.2	-8.0%
	Distribution	21.9	1.8	23.7	8.3%
	Retail & Other	69.9	1.0	70.9	1.4%
	Corporate ⁴	6.7	-2.1	4.6	-31.2%
TOTAL		647.6	226.2	873.7	34.9%

¹ Defined as domestic and Belgian in- and outbound

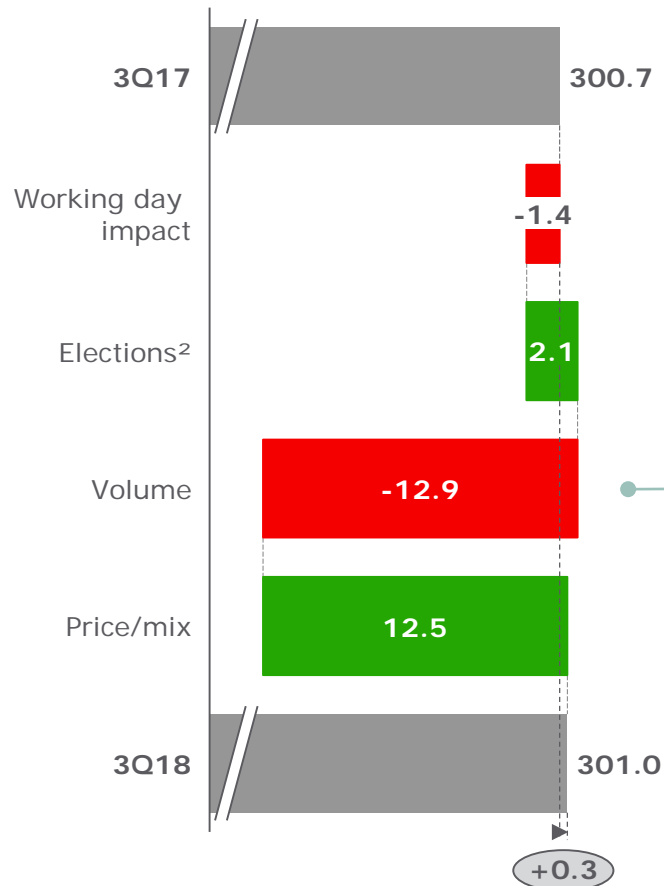
² Including scope changes: Radial, Leen Menken, BubblePost, Active Ants

³ Including scope changes: Imex, M.A.I.L. Inc.

⁴ Including one-off 3Q17 operating income

Domestic mail underlying volume trend at -6.4% in line with full year guidance of up to -7.0%

Total operating income, € million



- **Elections:** local elections took place on October 14th, 2018 impacting advertising mail for € 2.1m (+3.5% volume impact). 4Q18 will also be positively impacted by election mail.
- **Transactional Mail:** continued e-substitution and rationalization.
- **Advertising Mail:** excluding elections, unfavorable media mix evolution in Direct Mail and higher competition in Unaddressed.
- **Press:** newspapers trend in line vs. LY excluding impact of 1 distribution day less; periodicals hit by increased digitization and further rationalization.

	Reported					Underlying (excl. elections) ¹				
	FY17	1Q18	2Q18	3Q18	YTD18	FY17	1Q18	2Q18	3Q18	YTD18
Transactional mail	-8.3%	-7.0%	-3.5%	-5.3%	-5.2%	-8.1%	-6.7%	-3.2%	-6.1%	-5.3%
Advertising mail	1.5%	-7.6%	-7.8%	-3.4%	-6.5%	1.5%	-7.6%	-7.8%	-6.9%	-7.5%
Press	-3.7%	-3.3%	-2.5%	-7.1%	-4.1%	-3.7%	-3.3%	-2.5%	-7.1%	-4.1%
Domestic Mail	-5.9%	-6.8%	-4.3%	-5.1%	-5.4%	-5.8%	-6.6%	-4.1%	-6.4%	-5.7%

¹ 3Q18 had 1 working day more on franking machines and 2 more on stamps vs. 3Q17.

² Advertising addressed and unaddressed volumes related to elections are neutralized in the calculation of the underlying volume trend.

Continued strong organic parcels growth

Total operating income, € million

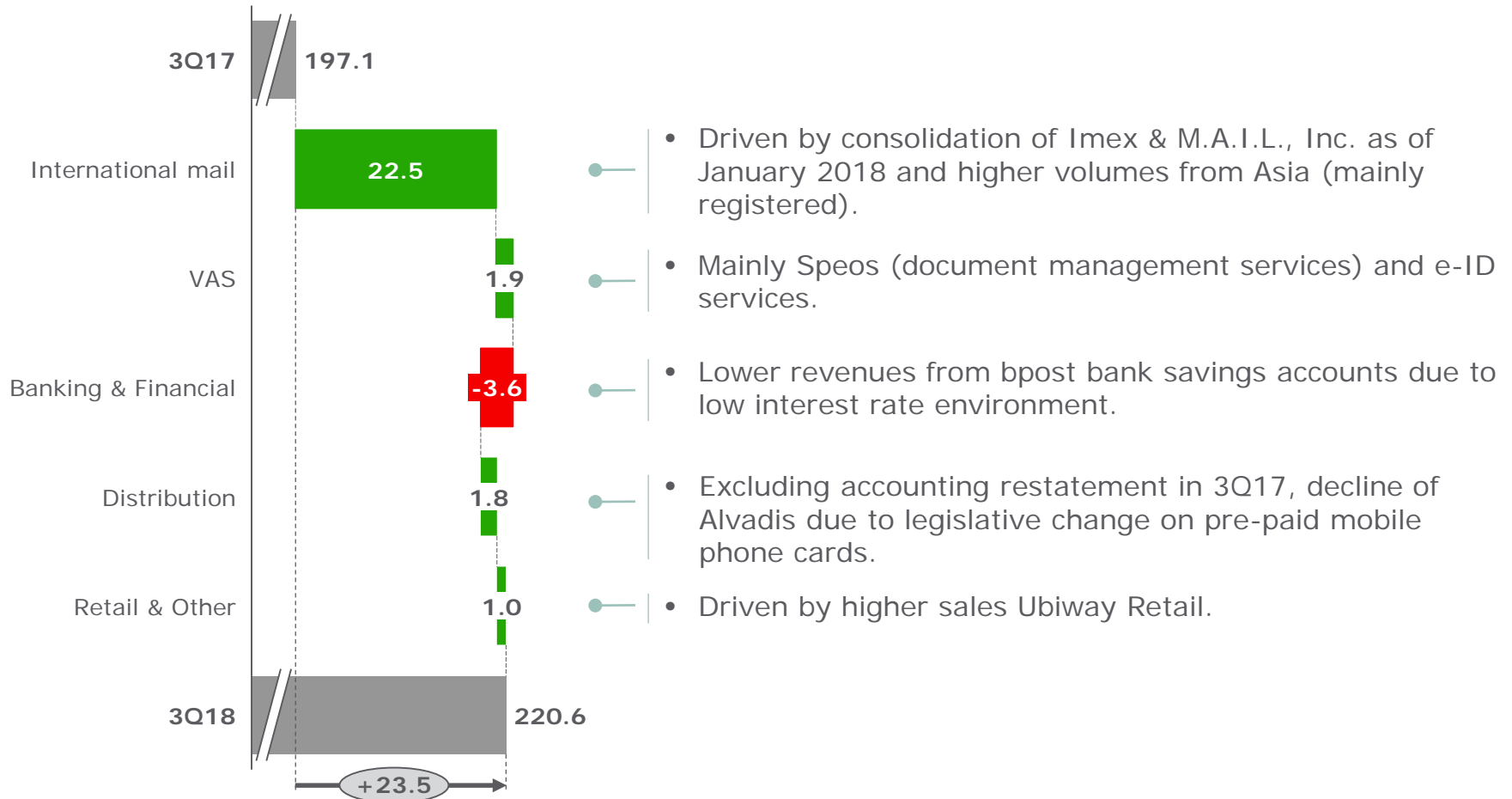


- Consolidation of Radial as of 16 November 2017 (revenues are reported under Logistic Solutions), revenues impacted by webstore phase-out and customer churn.
- **Reported organic volume growth of +25.5%** driven by strong e-commerce growth.
- **Price/mix of -5.5%:** price increase more than offset by product & client mix effect.
- Growth driven by US and Europe.
- Driven by consolidation of Leen Menken and Active Ants.

¹ Defined as domestic and Belgian in- and outbound

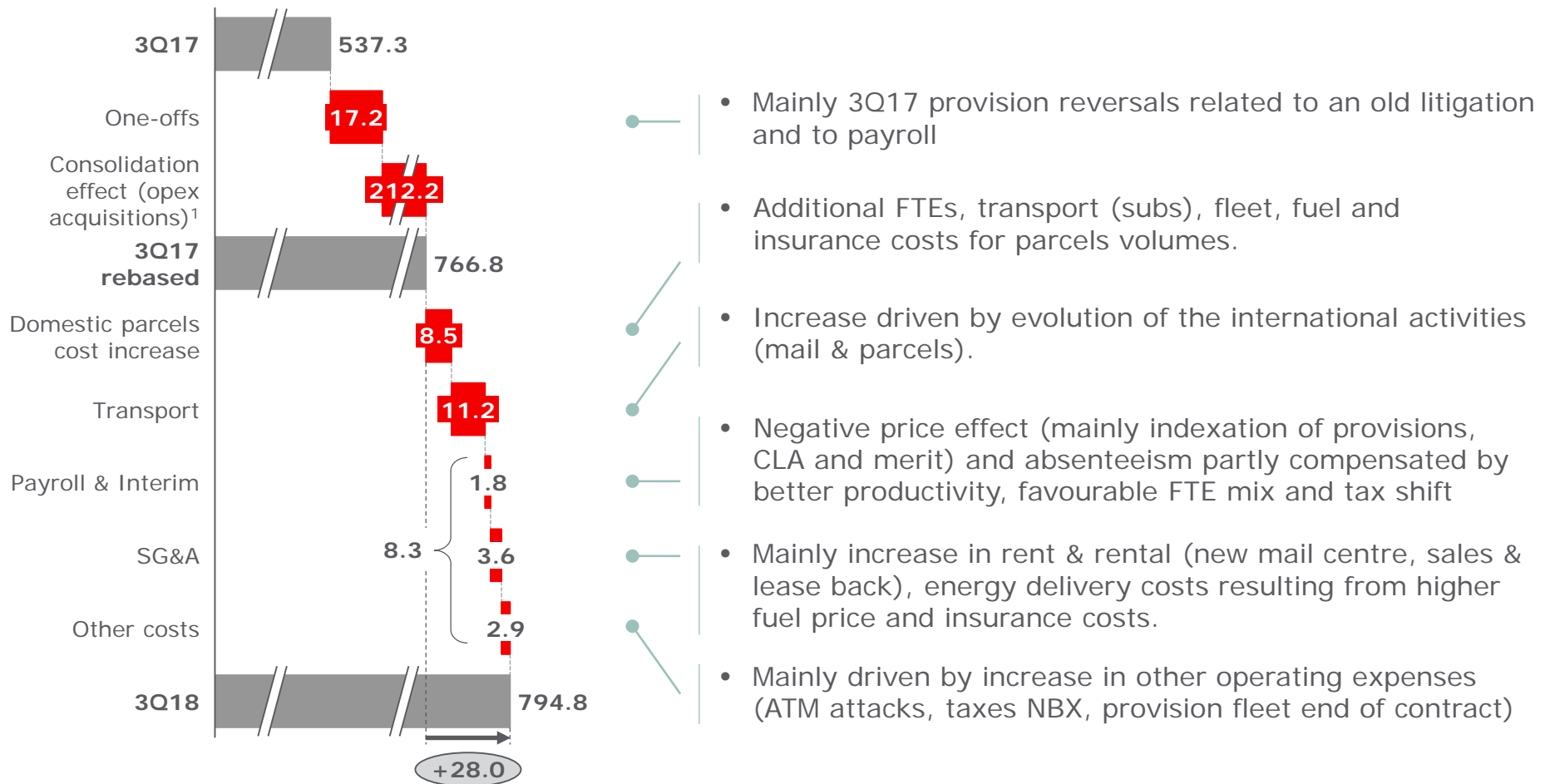
Additional sources of revenues driven by acquisitions

Total operating income, € million



Organic costs impacted by growth and cost inflation in core business

Operating expenses excl. depreciation and amortization, € million



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

Cash inflow in line with refinancing activities

€ million	3Q17	3Q18	Delta
+ Cash flow from operating activities	-38.9	-30.2	+8.8
+ Cash flow from investing activities	-37.3	-23.1	+14.2
= Operating free cash flow¹	-76.3	-53.3	+23.0
+ Financing activities	-0.1	+106.4	+106.4
= Net cash movement	-76.3	+53.1	+129.4
Capex	-35.1	-26.9	+8.2

- Tax prepayments: € +10.0m

- Proceeds from sale of buildings: € +3.3m
- Lower capex: € +8.2m
- Apple Express Earn-out paid in 3Q17: € +2.7m

- Bond issuance (€ +650.0m) and commercial papers (€ +20.0m) offset the reimbursement of the bridge loan for Radial acquisition and related costs

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

Outlook for 2018¹ as issued on May 2, 2018 – maintained

Normalized EBITDA at the low end of the € 560-600m range²
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**³ 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** effective 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

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

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

³ 4Q18 will count 2 working days more on franking machines vs. the same quarter of 2017.



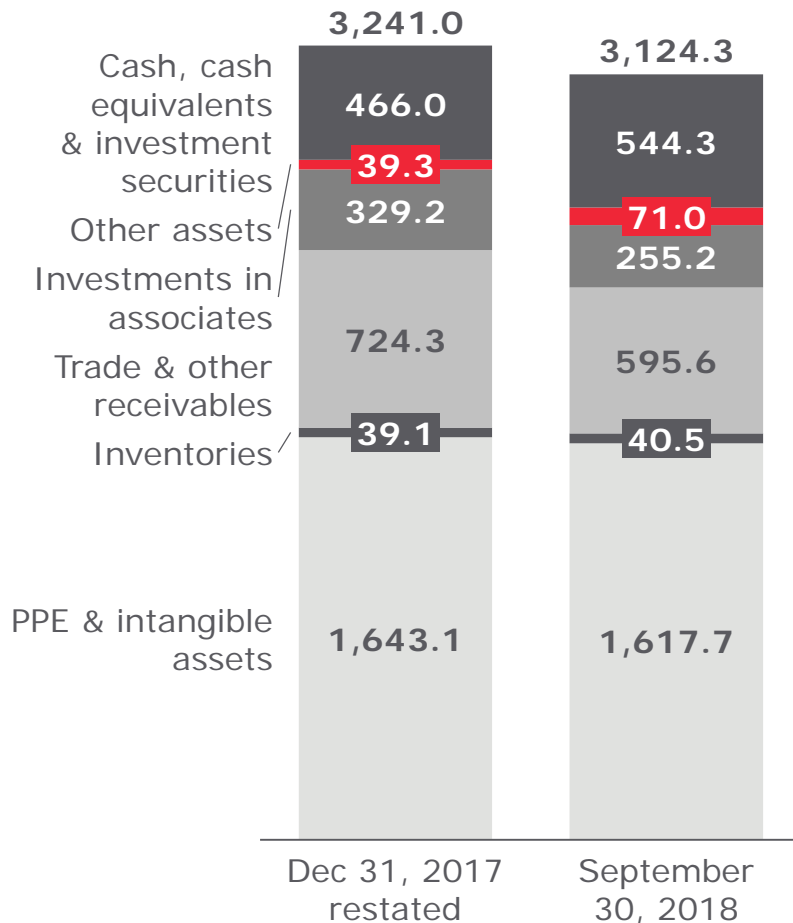
Appendix

Brussels – November 8, 2018

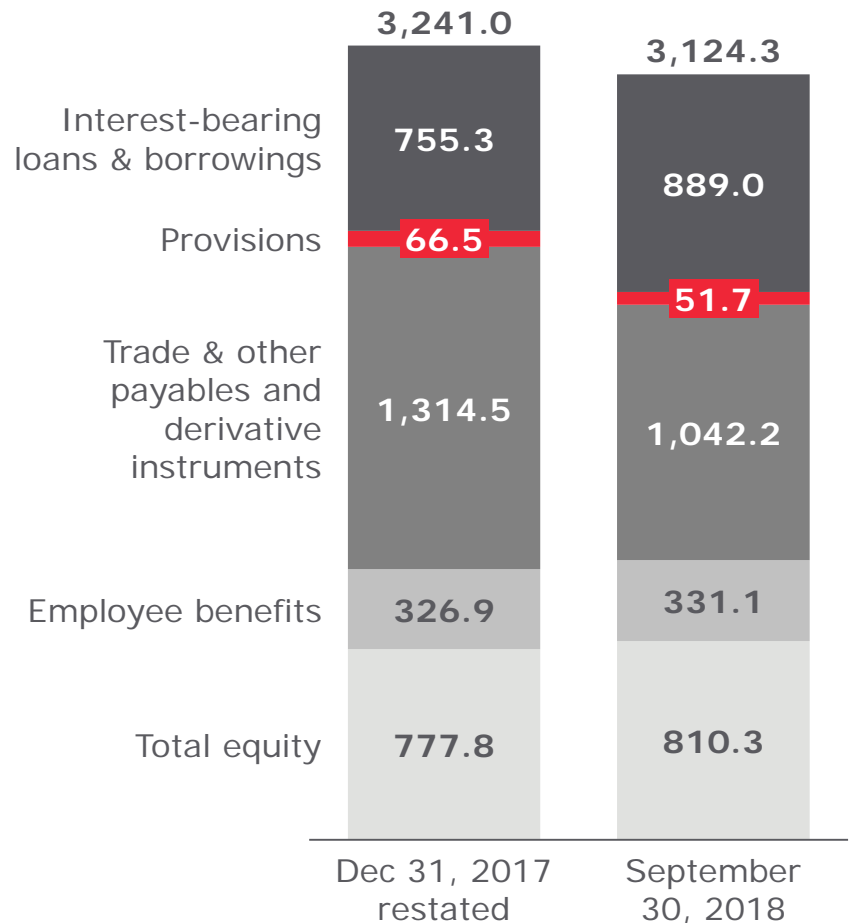
Strong balance sheet structure

€ million

Assets

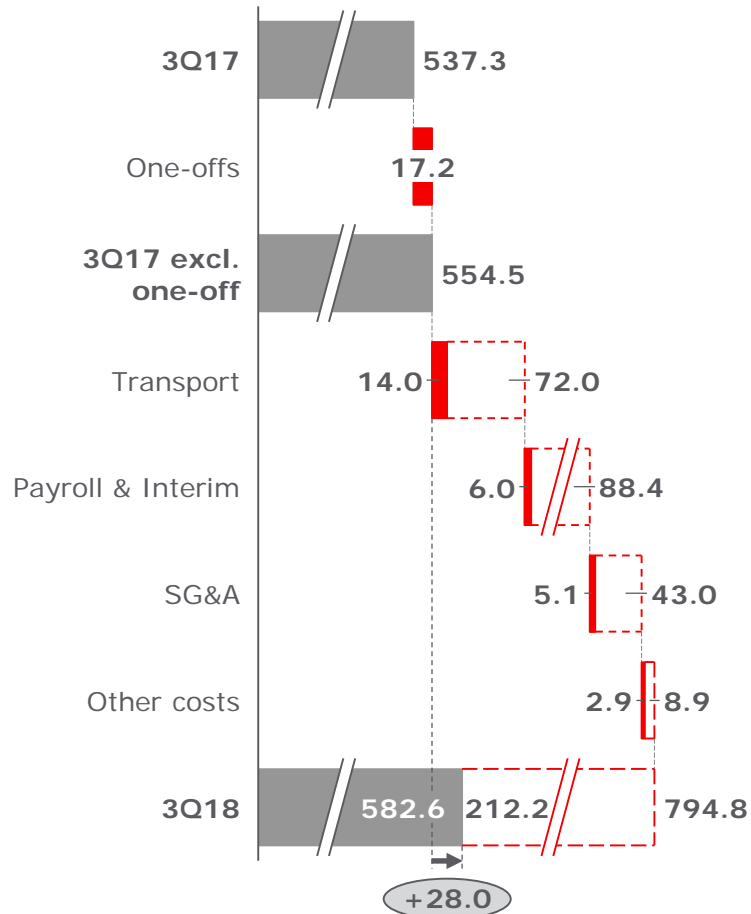


Equity and liabilities



Operating expenses excl. depreciation and amortization

€ million



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