



First quarter 2019 results

Analyst call

Koen Van Gerven, CEO
Baudouin de Hepcée, CFO a.i.

Brussels – May 3, 2019

Investor presentation - Interim financial report 1Q19

Financial Calendar

More on corporate.bpost.be/investors

08.05.2019

Ordinary General Meeting of Shareholders

07.08.2019

(17:45 CET)
Quarterly results 2Q19

05.12.2019

Ex-dividend date

13.05.2019

Ex-dividend date

06.11.2019

(17:45 CET)
Quarterly results 3Q19

09.12.2019

Dividend payment date

15.05.2019

Payment date of the dividend

02.12.2019

(17:45 CET)
Interim dividend 2019
announcement

Disclaimer

This presentation is based on information published by bpost in its First Quarter 2019 Interim Financial Report, made available on May, 2nd 2019 at 5.45pm CET on 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 statements¹, 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.

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

Highlights of 1Q19

Group operating income

€ 906.8m

Group normalized EBIT

€ 95.8m

10.6% EBIT margin

Mail & Retail

- Total operating income at € 527.5m (-1.8%) driven by vigorous mail volume decline
- Underlying mail volume decline at -9.2% mainly driven by Transactional and Press
- Normalized EBIT mainly impacted by mail volume decline and wage drift

€ 92.6m

17.6% EBIT margin

Parcels & Logistics Europe & Asia

- Total operating income at € 196.8m (+8.0%) driven by Parcel BeNe up 11.1%
- Parcel BeNe volume growth at +16.9% driven by e-commerce
- Solid normalized EBIT margin improvement with volume growth only partly offset by higher costs

€ 18.0m

9.1% EBIT margin

Parcels & Logistics North America

- As anticipated, total operating income at € 228.5m (-5.2%) mainly impacted by Radial customer churn and repricing
- Normalized EBIT mainly impacted by client churn & repricing in line with expectations

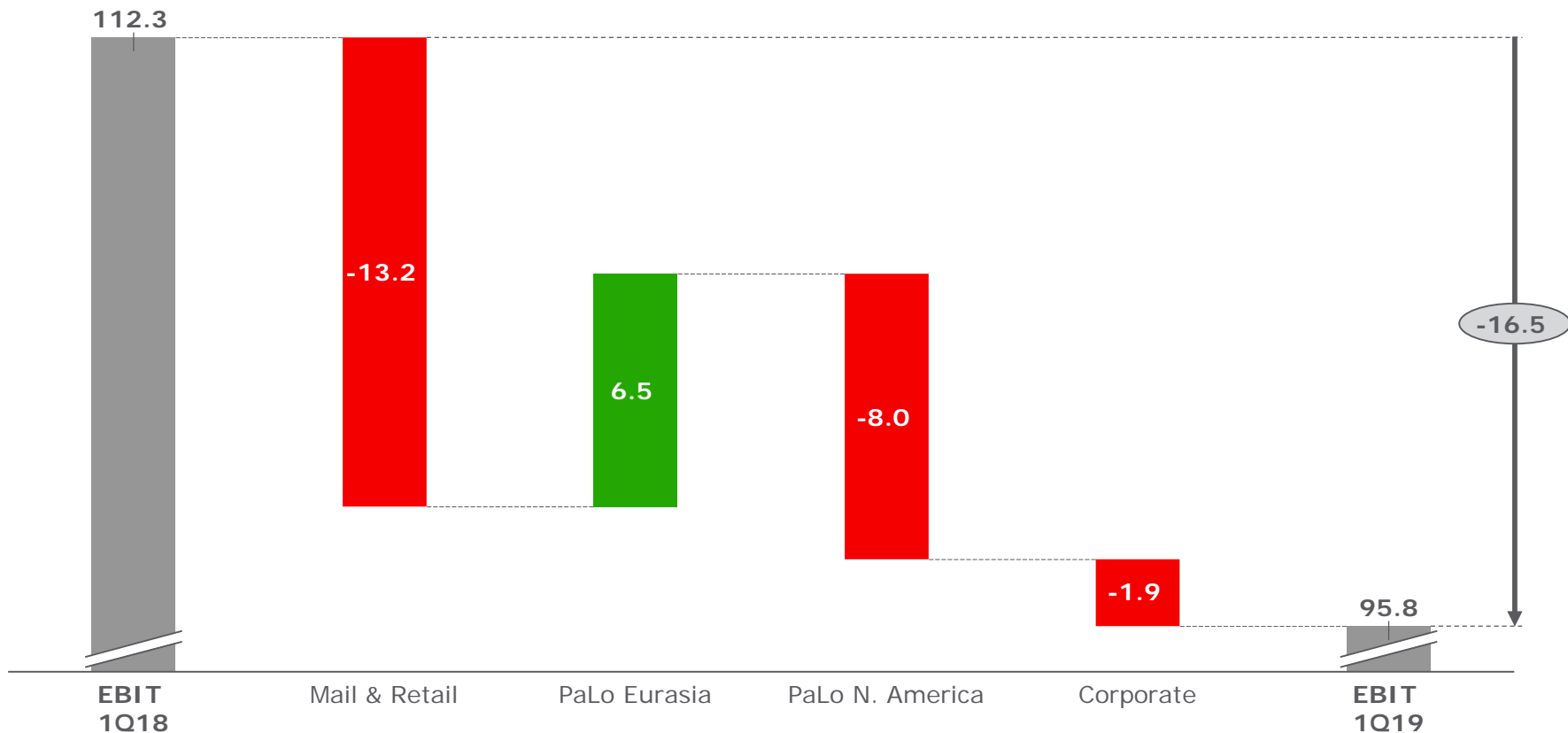
€ -7.8m

-3.4% EBIT margin

1Q19 in line with expectations, on track for 2019 outlook

1Q19 EBIT in line with expectations. Mail volume decline, Radial customer churn & repricing and wage drift drive YoY variance.

Normalized, € million



Key financials 1Q19

€ million

	Reported		Normalized ¹			IFRS16 impact
	1Q18	1Q19	1Q18	1Q19	% Δ	
Total operating income	916.5	906.8	916.5	906.8	-1.1%	
Operating expenses	773.3	755.7	773.3	755.7	-2.3%	25.5
EBITDA	143.2	151.1	143.2	151.1	5.5%	25.5
Depreciation & Amortization	37.2	60.7	30.9	55.3	79.2%	(24.2)
EBIT	106.0	90.4	112.3	95.8	-14.7%	1.3
<i>Margin (%)</i>	<i>11.6%</i>	<i>10.0%</i>	<i>12.3%</i>	<i>10.6%</i>		
Financial result	(2.9)	(7.5)	(2.9)	(7.5)		(2.0)
Profit before tax	99.4	81.5	105.7	86.9	-17.8%	(0.7)
Income tax expense	35.6	31.3	36.1	31.8		0.2
Net profit	63.7	50.2	69.6	55.1	-20.7%	(0.5)
FCF	151.3	186.1	171.0	195.4	14.2%	24.7
bpost S.A./N.V. net profit (BGAAP)	72.3	60.1	72.3	60.1	-16.7%	
Net Debt at 31 March	145.7	613.1	145.7	613.1		425.5
Average # FTEs and interims	34,830	33,966	34,830	33,966		

Amortization of intangibles recognized during PPA is normalized, leading to increase in EBIT (€ +5.4m) and income tax expense (€ +0.5m)

Normalized FCF excludes the cash Radial receives on behalf of its customers for performing billing services

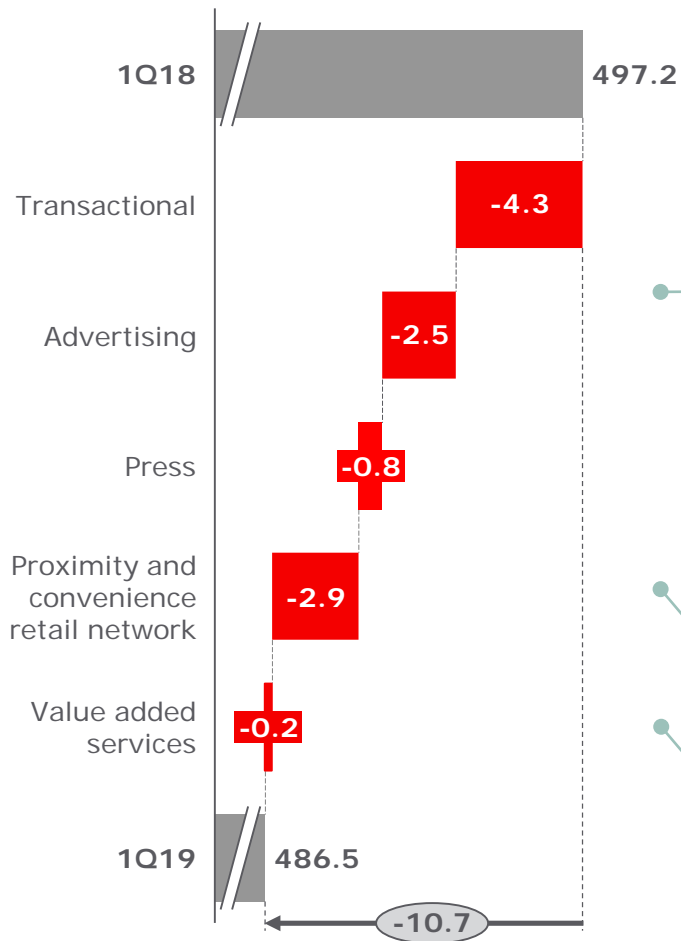
Results by segment 1Q19

Normalized, € million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	486.5	191.7	227.2	1.5	-	906.8
Intersegment operating income	41.1	5.1	1.4	84.7	(132.3)	-
Total operating income	527.5	196.8	228.5	86.2	(132.3)	906.8
Operating expenses	414.1	174.8	222.7	76.4	(132.3)	755.7
EBITDA	113.4	22.0	5.9	9.8		151.1
Depreciation & Amortization	20.8	4.1	13.7	16.7		55.3
EBIT	92.6	18.0	(7.8)	(7.0)		95.8
<i>Margin (%)</i>	<i>17.6%</i>	<i>9.1%</i>	<i>-3.4%</i>	<i>-8.1%</i>		<i>10.6%</i>

Higher than anticipated volume decline across the board has negatively impacted operating income

M&R external operating income, € million



Domestic Mail operating income decline at € -7.6m: i.e. € -1.4m 1 working day less, € -28.8m volume (-9.2% underlying volume decline), € +22.6m price/mix.

- **Transactional Mail:** -9.8% underlying volume decline driven by an increased push towards digital mainly in banking, telco and utilities sectors; higher acceptance of e-documents at the receivers' side and to some extent volume losses at SMEs driven by digitization.
- **Advertising Mail:** -7.6% underlying volume decline; growth from smaller accounts and growth in unaddressed more than offset by lower volumes from large customers.
- **Press:** -8.7% underlying volume decline driven by e-substitution and rationalization mainly in periodicals.
- Decline in banking & finance and bpost retail partly compensated by higher Ubiway Retail revenues.
- Higher revenue from traffic fines management offset by lower revenue from document management and e-ID services due to phase out of current e-ID cards.

M&R EBIT impacted by mail volume decline and wage drift

Normalized, € million

	1Q18	1Q19	% Δ
External operating income	497.2	486.5	-2.2%
Transactional	199.6	195.4	-2.1%
Advertising	63.4	60.9	-4.0%
Press	88.7	87.9	-0.9%
Proximity and convenience retail network	119.9	117.0	-2.5%
Value added services	25.5	25.3	-0.8%
Intersegment operating income	39.7	41.1	3.4%
Total operating income	536.9	527.5	-1.8%
Operating expenses	422.6	414.1	-2.0%
EBITDA	114.3	113.4	-0.8%
Depreciation & Amortization	8.5	20.8	
EBIT	105.8	92.6	-12.5%
<i>Margin (%)</i>	<i>19.7%</i>	<i>17.6%</i>	
Capex	5.1	3.6	
Average # FTEs and interims	21,767	21,882	

Additional KPIs¹

Underlying Mail volume decline	-	-9.2%
Transactional	-	-9.8%
Advertising	-	-7.6%
Press	-	-8.7%

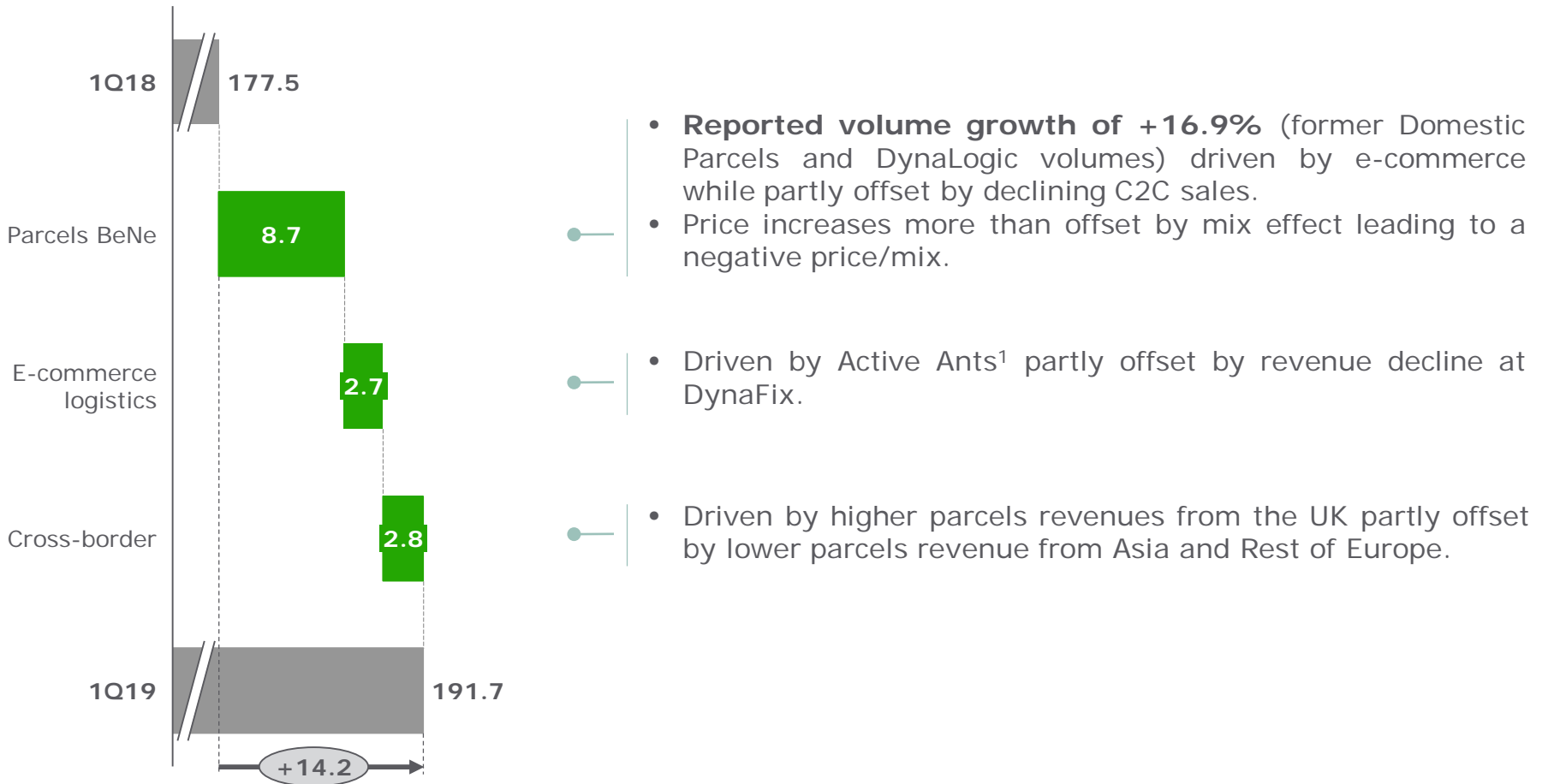
Key takeaways 1Q19

- Total operating income decline of € -9.4m primarily driven by domestic mail volume decline, only partly compensated by price tailwind (3 months of SUB price increase in 1Q19 vs. 1 month in 1Q18).
- IFRS 16 impact of € +10.8m on operating expenses and € -10.2m on D&A.
- Normalized EBIT decline (€ -13.2m) resulting from lower total operating income (€ -9.4m) and higher opex incl. D&A (€ -3.8m), mainly driven by increased depreciation and amortization (€ -2.1m excluding impact of IFRS 16) and higher payroll & interim resulting from the 2019-20 CLA and salary indexation, only partly compensated by less interims and a favorable evolution of the FTE mix.

¹ As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: 1Q18 operating income is restated, but not all comparable KPIs for 1Q18 are available

Continued solid organic BeNe & cross-border parcels volume growth

PaLo Eurasia external operating income, € million



¹ Active Ants included in FY18 as of 1 April 2018 for 10 months, with 4 months in 4Q18.

Solid EBIT margin improvement with volume growth only partly offset by higher costs

Normalized, € million

	1Q18	1Q19	% Δ
External operating income	177.5	191.7	8.0%
Parcels BeNe	78.7	87.4	11.1%
E-commerce logistics	28.1	30.8	9.7%
Cross-border	70.7	73.5	4.0%
Intersegment operating income	4.8	5.1	5.4%
Total operating income	182.3	196.8	8.0%
Operating expenses	168.9	174.8	3.5%
EBITDA	13.4	22.0	64.5%
Depreciation & Amortization	2.0	4.1	
EBIT	11.4	18.0	57.2%
<i>Margin (%)</i>	<i>6.3%</i>	<i>9.1%</i>	
Capex	0.3	3.0	
Average # FTEs and interims	2,880	3,096	

Additional KPIs¹

Parcels volume growth 16.9%

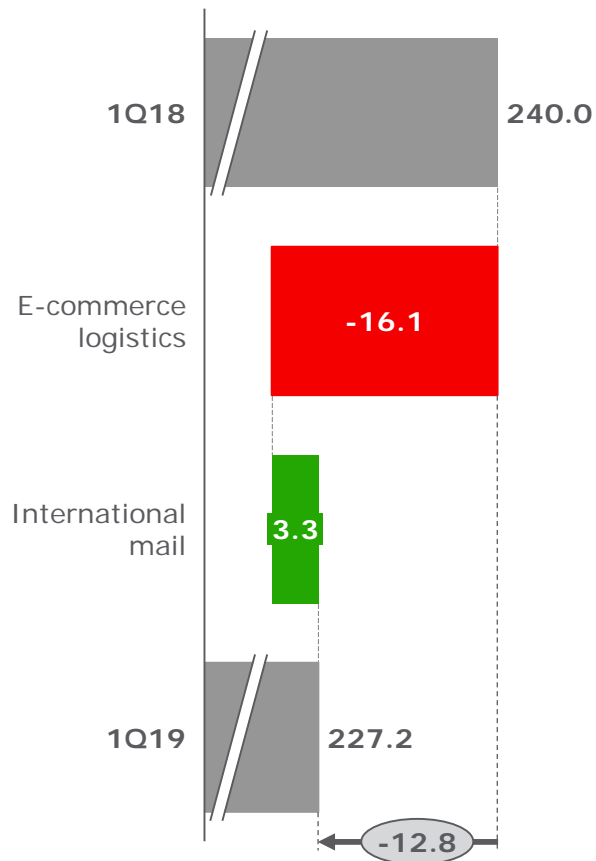
Key takeaways 1Q19

- Total operating income increase of € +14.5m primarily driven by Parcels BeNe (€ +8.7m) including positive revenue development at DynaLogic.
- IFRS 16 impact of € +2.1m on operating expenses and € -1.9m on D&A.
- Normalized EBIT increase (€ +6.5m) resulting from higher total operating income (€ +14.5m) partially offset by higher opex incl. D&A (€ -8.0m) driven by the parcels volume growth, higher transport costs and the integration of Active Ants for 3 months (not included in 1Q18).

¹ As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. 1Q18 operating income is restated, but not all comparable KPIs for 1Q18 are available.

Parcels & Logistics North America impacted by fall-out of FY18 customer churn and repricing at Radial

PaLo North America external operating income, € million



- Revenues decline within **Radial North America** mainly driven by a continued impact of FY18 client churn and repricing, partly compensated by a solid increase within the **cross-border parcels** activity, fuelled by customer expansion and new services.
- Mainly driven by IMEX and M.A.I.L. Inc due to timing of the acquisitions in 1Q18.

EBIT mainly impacted by client churn & repricing in line with expectations

Normalized, € million

	1Q18	1Q19	% Δ
External operating income	240.0	227.2	-5.3%
E-commerce logistics	220.6	204.5	-7.3%
International mail	19.4	22.7	17.0%
Intersegment operating income	1.2	1.4	14.4%
Total operating income	241.2	228.5	-5.2%
Operating expenses	231.8	222.7	-3.9%
EBITDA	9.4	5.9	-37.4%
Depreciation & Amortization	9.1	13.7	49.4%
EBIT	0.2	(7.8)	
<i>Margin (%)</i>	<i>0.1%</i>	<i>-3.4%</i>	
Capex	5.0	4.3	
Average # FTEs and interims	8,418	7,349	

Additional KPIs

Radial North America revenue, \$m	225.7	187.2
Radial North America EBITDA, \$m	5.9	-1.9
Radial North America EBIT, \$m	-4.6	-15.2

Key takeaways 1Q19

- Total operating income decline of € -12.6m (incl. FX effect of € +16.7m) mainly driven by customer churn and repricing at Radial, as anticipated.
- Very strong TCV signed in 1Q19 at Radial with pipeline looking strong for the rest of the year.
- IFRS 16 impact of € +6.1m on operating expenses and € -5.7m on D&A.
- Excluding FX, total opex decrease (incl. D&A) driven by lower fixed costs, mainly payroll and medical expenses; better productivity in fulfilment and reduced fraud chargebacks in PT&F.
- Normalized EBIT decline (€ -8.0m) driven by variable margin decline at Radial following client exits and repricing, more than offsetting cost savings. Cross-border growing at lower margins.

Corporate

Normalized, € million

	1Q18	1Q19	% Δ
External operating income	1.8	1.5	-19.6%
Intersegment operating income	92.7	84.7	-8.6%
Total operating income	94.6	86.2	-8.8%
Operating expenses	88.5	76.4	-13.6%
EBITDA	6.1	9.8	60.0%
Depreciation & Amortization	11.2	16.7	49.3%
EBIT	(5.1)	(7.0)	-36.4%
<i>Margin (%)</i>	<i>-5.4%</i>	<i>-8.1%</i>	
Capex	4.0	4.7	
Average # FTEs and interims	1,765	1,639	

Key takeaways 1Q19

- IFRS 16 impact of € +6.6m on operating expenses and € -6.3m on D&A.
- Normalized EBIT decline (€ -1.9m) driven by the unfavorable evolution of some provisions and local, real estate & other taxes compared to last year.

Positive evolution of FCF¹ supported by lower outflows related to M&A activities and IFRS 16 initial application

REPORTED - € million	1Q18	1Q19 excl IFRS 16	IFRS 16	1Q19	Delta
+ Cash flow from operating activities	+229.9	+177.5	+24.7	+202.2	-27.7
+ Cash flow from investing activities	-78.6	-16.1		-16.1	+62.5
= Operating free cash flow	+151.3	+161.4	+24.7	+186.1	+34.8
+ Financing activities	-3.9	-19.4	-24.7	-44.2	-40.2
= Net cash movement	+147.4	+141.9	+0.0	+141.9	-5.4
Capex	-14.4	-15.7		-15.7	-1.2

CF from operating activities (€ -27.7m) impacted by the transfer of operating leases to financing activities due to IFRS 16 (€ +24.7m)

- CF from operating activities before changes in working capital: € -21.9m in line with EBITDA evolution excl. IFRS 16 impact (€ -17.6m)
- Collected cash due to Radial's clients: € +10.5m
- Working capital evolution: € -41.0m, primarily driven by unfavourable working capital evolution at Radial

CF from investing activities, mainly:

- M&A: € +63.9m, due to LY cash outflows
- Capex: € -1.2m

CF from financing activities, mainly:

- Commercial papers: € -14.8m
- Cash outflows related to operating lease liabilities: € -24.7m, as a consequence of IFRS 16 application

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

Based on 1Q19 figures, bpost is on track to reach the 2019 outlook

Mail & Retail

- Low single digit % decline in Mail & Retail total operating income
- Underlying Domestic Mail volume decline up to -7%
- Average price increase of +4.4% in Domestic Mail
- % EBIT margin between 11-13%

Parcels & Logistics Europe & Asia

- High single digit % growth in Parcels & Logistics Europe & Asia total operating income of which mid-teens for Parcels Belgium-Netherlands (BeNe)
- % EBIT margin between 6%-8%

Parcels & Logistics North America

- Low single digit % decline in Parcels & Logistics North America total operating income mainly explained by the FY impact of the 2018 client churn and repricing at Radial. On track for 2022 guidance as presented at the CMD.
- Break-even at EBIT level

Group

- Stable total operating income incl. proceeds from building sales
- Normalized EBIT above € 300m¹
- Gross capex around € 150m

Dividend

- At least 85% of 2019 BGAAP net profit of bpost SA/NV

¹ Corporate EBIT is expected to be break-even



 **bpost**
takes care of it

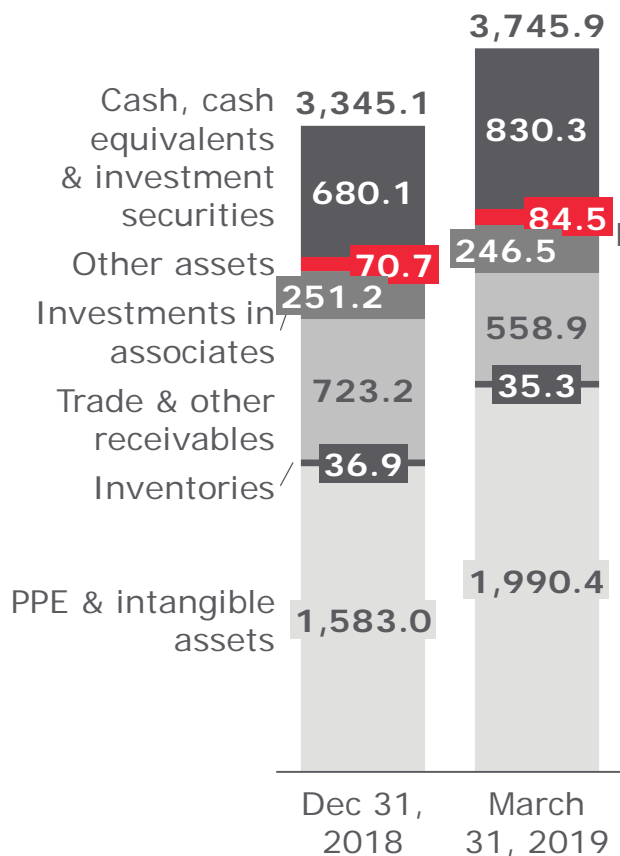
Appendix

Brussels – May 3, 2019

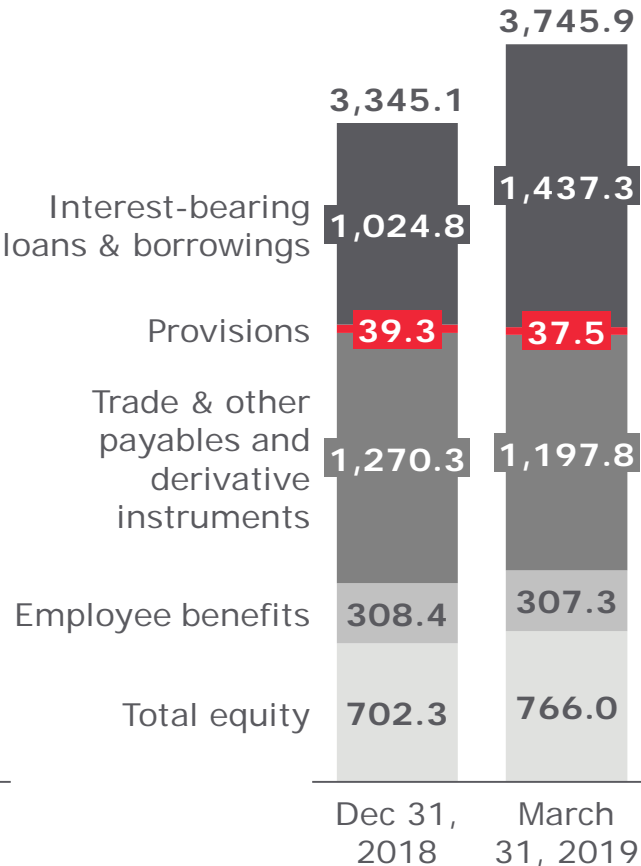
Strong balance sheet structure

€ million

Assets



Equity and liabilities



IFRS 16 impacts

- Total assets (PPE) as of 31st March 2019 have increased by € 423.1m compared to 31st Dec. 2018 related to IFRS 16.
- Total liabilities as of 31st March 2019 (interest-bearing loans & borrowings) have increased by € 425.5m compared to 31st Dec. 2018 related to IFRS 16.
- Balance sheet of 31st December 2018 is not restated for IFRS 16 impact.

IFRS 16: Main impacts 1Q19

€ million

	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses	+25.5	+10.8	+2.1	+6.1	+6.6
EBITDA	+25.5	+10.8	+2.1	+6.1	+6.6
D&A	-24.2	-10.2	-1.9	-5.7	-6.3
EBIT	+1.3	+0.5	+0.1	+0.3	+0.3
Net financial costs	-2.0	-0.6	-0.2	-1.0	-0.2
CF from operating activities	+24.7				
CF from financing activities	-24.7				
Net debt	+425.5				

Key contacts



Saskia Dheedene

Head of Investor Relations

- **Email:** saskia.dheedene@bpost.be
- **Direct:** +32 (0) 2 276 76 43
- **Mobile:** +32 (0) 477 92 23 43
- **Address:** bpost, Centre Monnaie, 1000 Brussels, Belgium



Stéphanie Voisin

Manager Investor Relations

- **Email:** stephanie.voisin@bpost.be
- **Direct:** +32 (0) 2 276 21 97
- **Mobile:** +32 (0) 478 48 58 71
- **Address:** bpost, Centre Monnaie, 1000 Brussels, Belgium