



## Second quarter 2019 results

### Analyst call

Koen Van Gerven, CEO  
Leen Geirnaerd, CFO

Brussels – August 8, 2019



# Investor presentation - Interim financial report 2Q19

## Financial Calendar

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

**06.11.2019**

(17:45 CET)

Quarterly results 3Q19

**02.12.2019**

(17:45 CET)

Interim dividend 2019  
announcement

**05.12.2019**

Ex-dividend date

**09.12.2019**

Dividend payment date

---

## Disclaimer

This presentation is based on information published by bpost in its Second Quarter 2019 Interim Financial Report, made available on August, 7<sup>th</sup> 2019 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 2Q19

### Group operating income

€ 935.7m

### Group normalized EBIT

€ 107.5m

11.5% EBIT margin

### Mail & Retail

- Total operating income at € 521.4m (-1.8%) driven by vigorous underlying mail volume decline partly compensated by elections and pricing
- Underlying mail volume decline at -9.4% driven by Transactional mail due to tougher comparables and e-substitution trend
- EBIT mainly impacted by mail volume decline and wage drift

€ 74.8m

14.4% EBIT margin

### Parcels & Logistics Europe & Asia

- Total operating income at € 201.4m (+5.6%) driven by Parcel BeNe up 11.8% and terminal dues settlements in Cross-border
- Parcel BeNe volume growth at +17.7% driven by e-commerce
- Solid EBIT margin improvement thanks to phasing of settlements on terminal dues and back-end loading of costs towards 2H

€ 23.6m

11.7% EBIT margin

### Parcels & Logistics North America

- As anticipated, total operating income at € 239.0m (-4.7%) impacted by Radial customer churn and repricing
- Good commercial development with TCV above FY target
- EBIT mainly impacted by client churn & repricing in line with expectations

€ -0.5m

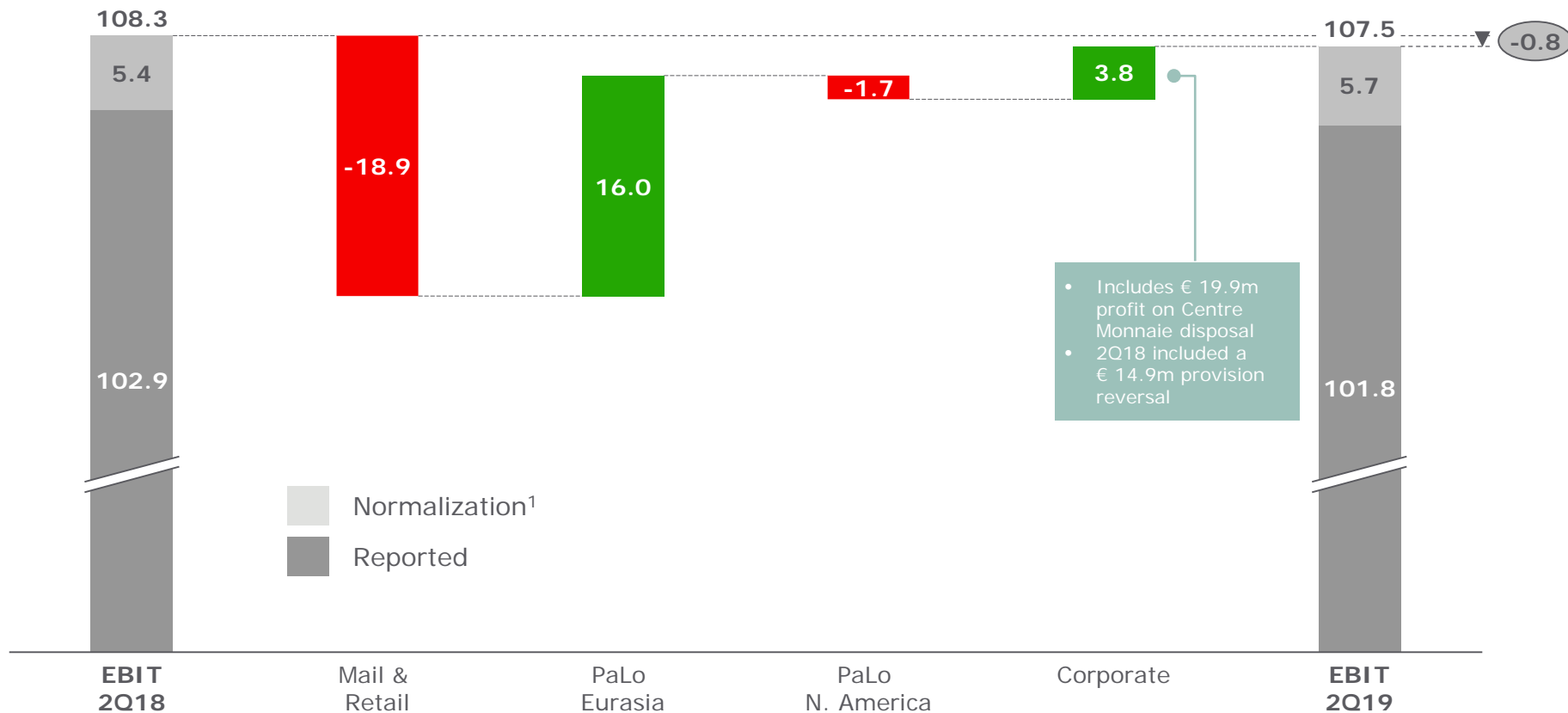
-0.2% EBIT margin

**S&P reaffirms the long- & short-term credit rating at A/A-1, outlook stable**

**2Q19 in line with our expectations, on track for FY outlook**

## 2Q19 EBIT in line with expectations, with mail volume decline and wage drift partly compensated by a solid PaLo Eurasia performance and Centre Monnaie sale

€ million



<sup>1</sup> Normalization excludes items that are non-recurring in nature and significant (> € 20m). All profits or losses on disposal of activities are normalized whatever the amount they represent, as well as the amortization on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions

# Key financials 2019

€ million

	Reported		Normalized <sup>1</sup>			IFRS16 impact
	2Q18	2Q19	2Q18	2Q19	% Δ	
Total operating income	928.4	935.7	928.4	935.7	0.8%	
Operating expenses	785.8	773.9	785.8	773.9	-1.5%	26.6
<b>EBITDA</b>	<b>142.5</b>	<b>161.7</b>	<b>142.5</b>	<b>161.7</b>	<b>13.4%</b>	<b>26.6</b>
Depreciation & Amortization	39.6	59.9	34.3	54.2		-25.6
<b>EBIT</b>	<b>102.9</b>	<b>101.8</b>	<b>108.3</b>	<b>107.5</b>	<b>-0.7%</b>	<b>1.0</b>
<i>Margin (%)</i>	<i>11.1%</i>	<i>10.9%</i>	<i>11.7%</i>	<i>11.5%</i>		
Financial result	(6.7)	(14.8)	(6.7)	(14.8)		(2.5)
<b>Profit before tax</b>	<b>101.3</b>	<b>92.7</b>	<b>106.6</b>	<b>98.4</b>	<b>-7.7%</b>	<b>(1.5)</b>
Income tax expense	33.2	29.3	33.7	29.8		0.4
<b>Net profit</b>	<b>68.1</b>	<b>63.4</b>	<b>72.9</b>	<b>68.6</b>	<b>-5.9%</b>	<b>(1.1)</b>
<b>FCF</b>	<b>(78.6)</b>	<b>4.5</b>	<b>(79.7)</b>	<b>18.5</b>		<b>24.4</b>
<b>bpost S.A./N.V. net profit (BGAAP)</b>	<b>82.6</b>	<b>40.1</b>	<b>82.6</b>	<b>40.1</b>	<b>-51.5%</b>	
<b>Net Debt at 30 June<sup>1</sup></b>	<b>275.6</b>	<b>692.5</b>	<b>275.6</b>	<b>692.5</b>		<b>429.5</b>
Average # FTEs and interims	34,588	33,819	34,588	33,819		

Amortization of intangibles recognized during PPA is normalized, leading to increase in EBIT (€ +5.7m) and income tax expense (€ +0.4m)

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

bpost net profit BGAAP excludes Centre Monnaie's profit on disposal:

- Since the sales price will be reinvested, the profit on disposal and related taxation will be spread throughout the depreciation of these reinvestments
- This lowers the tax costs on the profit on disposal as the statutory tax rate decreases as from 2020 to 25%

<sup>1</sup> Unaudited figures

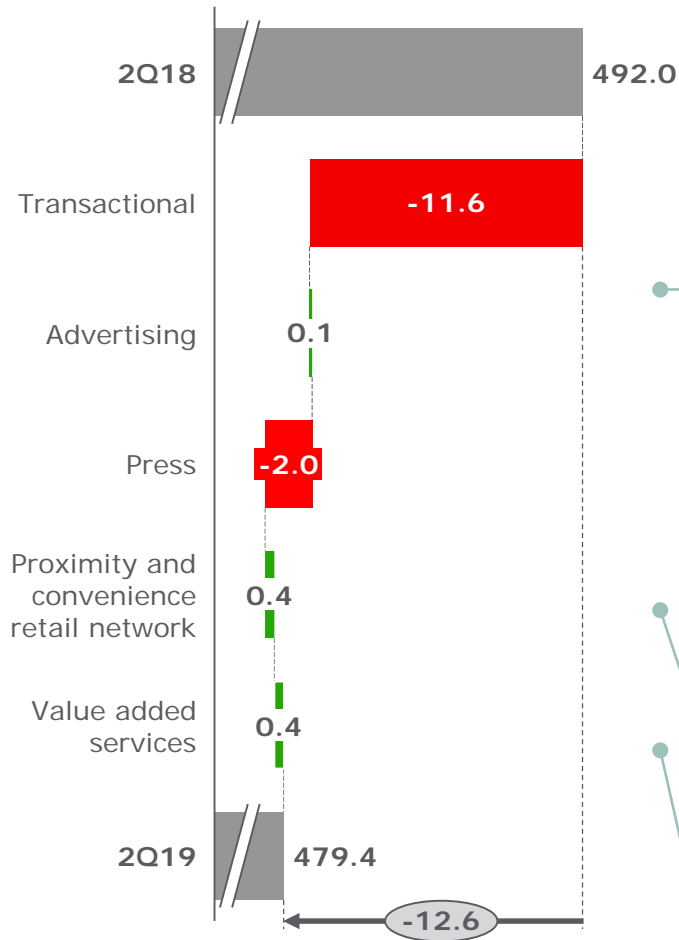
## Results by segment 2019

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	479.4	196.5	238.0	21.8	-	935.7
Intersegment operating income	42.0	4.9	1.1	93.0	(141.0)	-
<b>Total operating income</b>	<b>521.4</b>	<b>201.4</b>	<b>239.0</b>	<b>114.8</b>	<b>(141.0)</b>	<b>935.7</b>
Operating expenses	426.8	173.6	226.5	88.1	(141.0)	774.0
<b>EBITDA</b>	<b>94.6</b>	<b>27.9</b>	<b>12.6</b>	<b>26.7</b>		<b>161.7</b>
Depreciation & Amortization	20.9	5.5	16.4	17.1		59.9
<b>Reported EBIT</b>	<b>73.7</b>	<b>22.3</b>	<b>(3.8)</b>	<b>9.6</b>		<b>101.8</b>
<i>Margin (%)</i>	<i>14.1%</i>	<i>11.1%</i>	<i>-1.6%</i>	<i>8.4%</i>		<i>10.9%</i>
<b>Normalized EBIT</b>	<b>74.8</b>	<b>23.6</b>	<b>(0.5)</b>	<b>9.6</b>		<b>107.5</b>
<i>Margin (%)</i>	<i>14.4%</i>	<i>11.7%</i>	<i>-0.2%</i>	<i>8.4%</i>		<i>11.5%</i>

## Higher than anticipated mail volume decline, mainly in Transactional, has negatively impacted operating income

M&R external operating income, € million



**Domestic Mail** operating income decline at € -13.5m:

i.e. € -0.2m working days impact, € -28.1m volume (-9.4% underlying volume decline), € +3.7m elections (1.2% volume impact) and € +11.1m price/mix.

- **Transactional Mail:** -11.1% underlying volume decline led by:
  - a tough comparison base: specific mailings in 2Q18 (MiFid & GDPR);
  - a continuation of Q1 trend: increased push towards digital; higher acceptance of e-documents at the receivers' side and further volume losses at SMEs driven by digitization.
- **Advertising Mail:** -5.6% underlying volume decline (excluding elections): improvement of the trend in Direct Mail, but deterioration in Unaddressed due to phasing of some campaigns.
- **Press:** -6.7% underlying volume decline driven by e-substitution and rationalization.

Higher **Ubiway Retail** and **Philately** revenues partly offset by a decline in bpost retail. Banking revenues flat YoY thanks to higher production on investment and mortgage loans offset by revenue decline on savings accounts.

**VAS:** Higher revenue from data sale partly offset by lower revenue from document management.



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

€ million

	2Q18	2Q19	% Δ
External operating income	492.0	479.4	-2.6%
Transactional	199.0	187.3	-5.8%
Advertising	60.1	60.2	0.2%
Press	88.5	86.5	-2.3%
Proximity and convenience retail network	117.8	118.3	0.4%
Value added services	26.6	27.1	1.7%
Intersegment operating income	39.0	42.0	7.7%
<b>Total operating income</b>	<b>531.0</b>	<b>521.4</b>	<b>-1.8%</b>
Operating expenses	425.1	426.8	0.4%
<b>EBITDA</b>	<b>105.9</b>	<b>94.6</b>	<b>-10.7%</b>
Depreciation & Amortization	12.8	20.9	
<b>Reported EBIT</b>	<b>93.0</b>	<b>73.7</b>	<b>-20.8%</b>
<i>Margin (%)</i>	<i>17.5%</i>	<i>14.1%</i>	
<b>Normalized EBIT</b>	<b>93.7</b>	<b>74.8</b>	<b>-20.1%</b>
<i>Margin (%)</i>	<i>17.6%</i>	<i>14.4%</i>	
<b>Capex</b>	<b>11.5</b>	<b>6.4</b>	
<b>Average # FTEs and interims</b>	<b>21,798</b>	<b>22,052</b>	

### Additional KPIs<sup>1</sup>

Underlying Mail volume decline	<b>-9.4%</b>
Transactional	-11.1%
Advertising	-5.6%
Press (incl. Ubiway)	-6.7%

### Key takeaways 2Q19

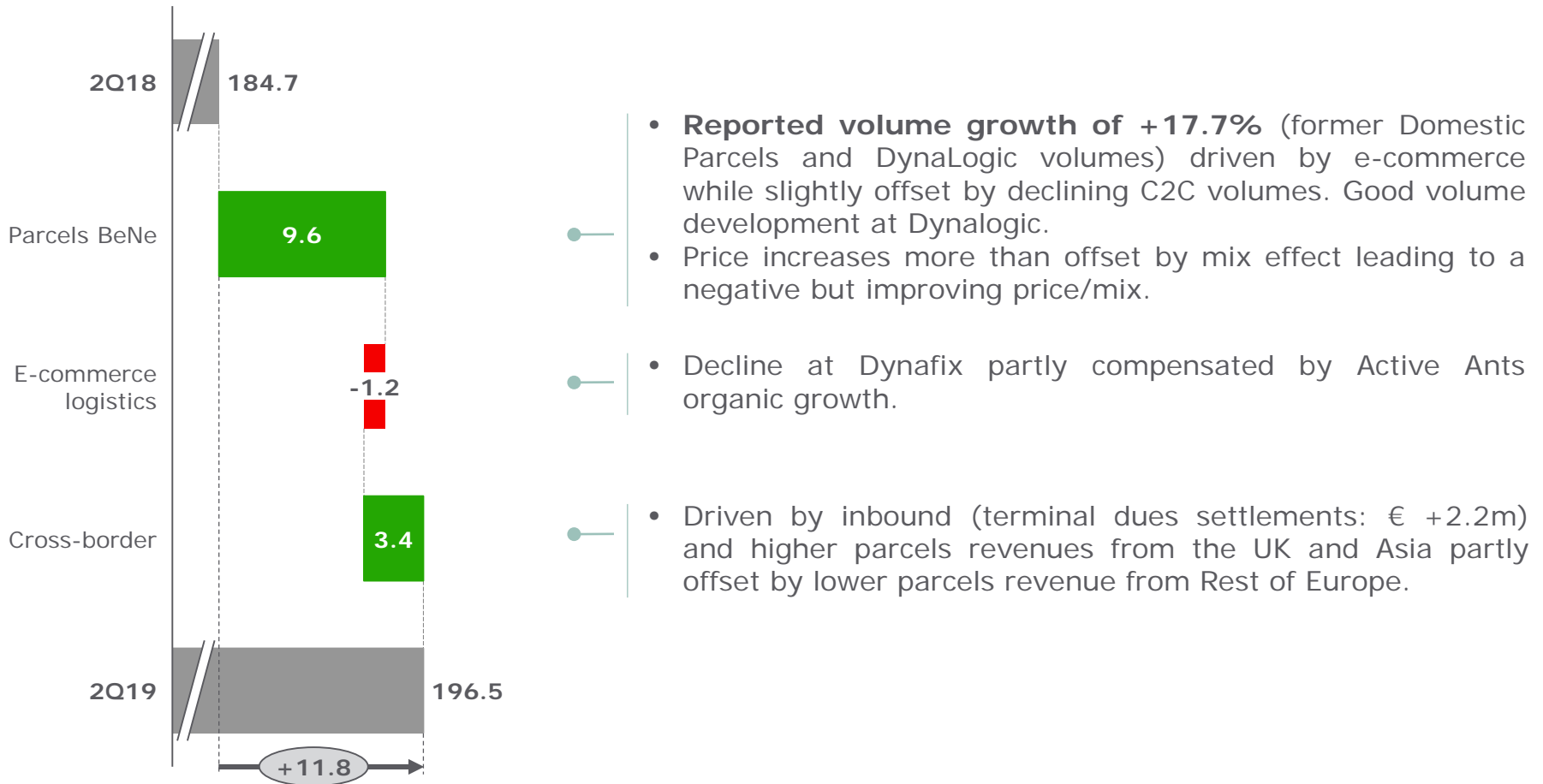
- Total operating income decline of € -9.6m primarily driven by domestic mail volume decline.
- IFRS 16 impact of € +10.2m on operating expenses and € -9.7m on D&A.
- Operating expenses excluding IFRS 16 impact increased by € 11.9m mainly driven by higher payroll (2019-20 CLA and salary indexation) despite a favorable evolution of the FTE mix.
- Normalized D&A excluding IFRS 16 impact decreased by € 2.1m.
- As a result, normalized EBIT declined by € -18.9m.

<sup>1</sup> As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: 2Q18 operating income is restated, but not all comparable KPIs for 2Q18 are available



## Continued solid organic BeNe parcels volume growth and phasing of terminal dues settlements in Cross-border

PaLo Eurasia external operating income, € million



## Solid EBIT margin improvement thanks to volume growth and settlements on terminal dues

€ million

	2Q18	2Q19	% Δ
External operating income	184.7	196.5	6.4%
Parcels BeNe	81.4	91.0	11.8%
E-commerce logistics	30.6	29.4	-4.0%
Cross-border	72.7	76.1	4.7%
Intersegment operating income	6.1	4.9	-18.7%
<b>Total operating income</b>	<b>190.8</b>	<b>201.4</b>	<b>5.6%</b>
Operating expenses	180.8	173.6	-4.0%
<b>EBITDA</b>	<b>10.0</b>	<b>27.9</b>	<b>179.6%</b>
Depreciation & Amortization	4.1	5.5	
<b>Reported EBIT</b>	<b>5.9</b>	<b>22.3</b>	<b>279.5%</b>
<i>Margin (%)</i>	<i>3.1%</i>	<i>11.1%</i>	
<b>Normalized EBIT</b>	<b>7.6</b>	<b>23.6</b>	<b>211.0%</b>
<i>Margin (%)</i>	<i>4.0%</i>	<i>11.7%</i>	
<b>Capex</b>	<b>1.6</b>	<b>2.6</b>	
<b>Average # FTEs and interims</b>	<b>2,985</b>	<b>3,153</b>	

### Additional KPIs<sup>1</sup>

Parcels volume growth 17.7%

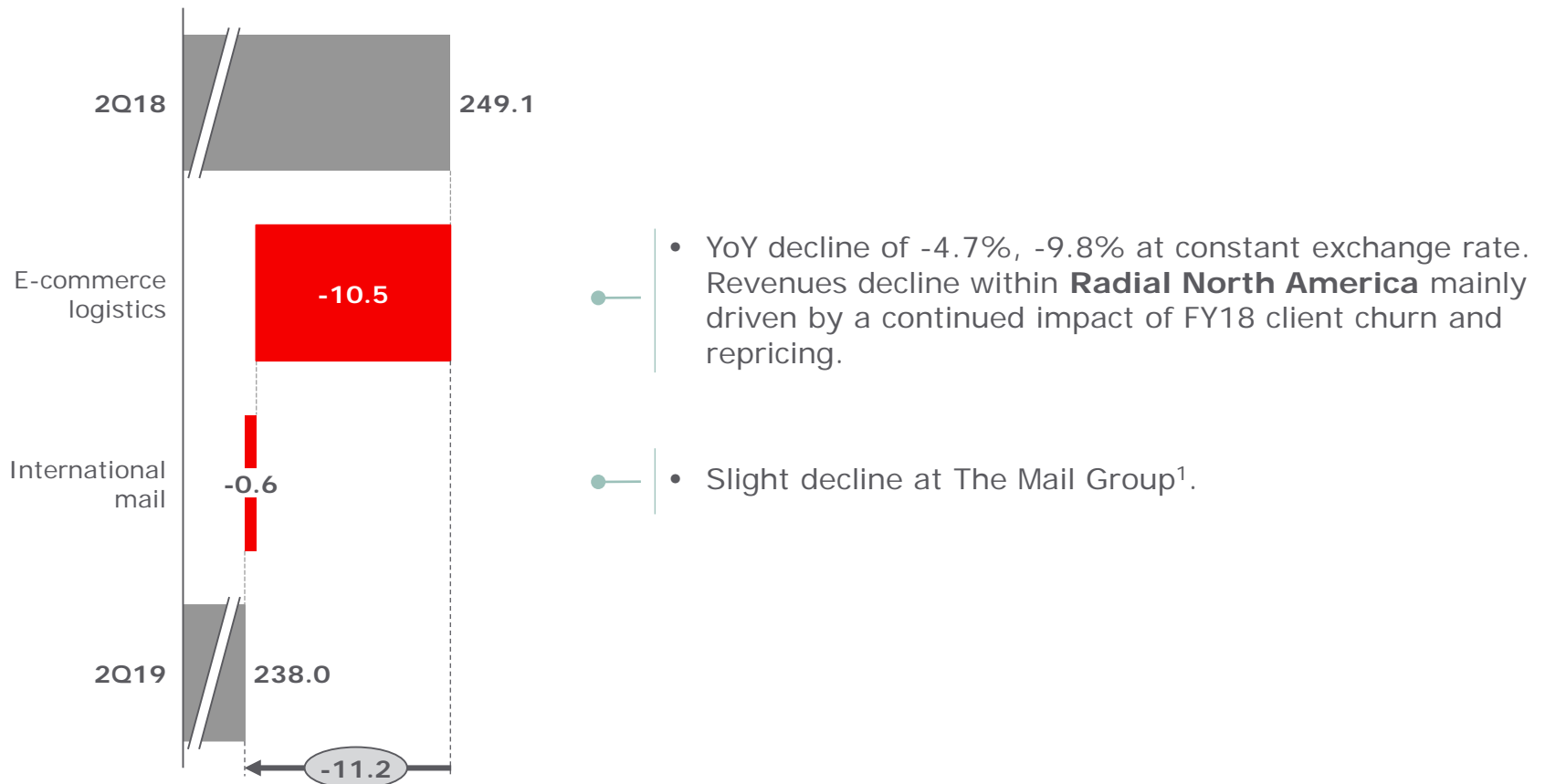
### Key takeaways 2Q19

- Total operating income increase of € +10.6m primarily driven by Parcels BeNe (€ +9.6m) including positive revenue development at DynaLogic, and Cross-border (+€ 3.4m) namely thanks to a positive phasing of settlements on terminal dues for € 2.2m.
- IFRS 16 impact of € +2.1m on operating expenses and € -2.1m on D&A.
- Operating expenses excluding IFRS 16 impact declined by € 5.1m as a result of the closure of non-profitable businesses and positive settlements on terminal dues impacting positively transport costs for € +1.9m. Some costs phasing towards 2H.
- As a result, normalized EBIT increased by € +16.0m.

<sup>1</sup> As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. 2Q18 operating income is restated, but not all comparable KPIs for 1Q18 are available.

## Parcels & Logistics North America impacted by FY18 customer churn and repricing at Radial as anticipated

PaLo North America external operating income, € million



<sup>1</sup> Combination IMEX, Mail Inc & MSI

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

€ million

	2Q18	2Q19	% Δ
External operating income	249.1	238.0	-4.5%
E-commerce logistics	226.2	215.6	-4.7%
International mail	23.0	22.3	-2.7%
Intersegment operating income	1.7	1.1	-36.9%
<b>Total operating income</b>	<b>250.8</b>	<b>239.0</b>	<b>-4.7%</b>
Operating expenses	241.4	226.5	-6.2%
<b>EBITDA</b>	<b>9.4</b>	<b>12.6</b>	<b>33.8%</b>
Depreciation & Amortization	11.2	16.4	
<b>Reported EBIT</b>	<b>(1.9)</b>	<b>(3.8)</b>	
<i>Margin (%)</i>	<i>-0.7%</i>	<i>-1.6%</i>	
<b>Normalized EBIT</b>	<b>1.2</b>	<b>(0.5)</b>	
<i>Margin (%)</i>	<i>0.5%</i>	<i>-0.2%</i>	
<b>Capex</b>	<b>4.6</b>	<b>8.3</b>	
<b>Average # FTEs and interims</b>	<b>8,039</b>	<b>6,986</b>	

### Additional KPIs

Radial North America revenue, \$m	221.8	199.2
Radial North America EBITDA, \$m	5.0	7.3
Radial North America EBIT, \$m	-4.3	-4.9

### Key takeaways 2Q19

- Total operating income decline of € -11.8m or -4.7% (-9.9% at constant exchange rate) mainly driven by customer churn and repricing at Radial, as anticipated.
- Commercial dynamics leads to very strong TCV in Fulfilment signed in 2Q19 at Radial, and pipeline still looking strong for the rest of the year also in the other services.
- IFRS 16 impact of € +7.7m on operating expenses and € -7.2m on D&A.
- Excluding FX, total opex (incl. D&A) decreased by € 24.6m driven by lower fixed costs, mainly payroll and medical expenses; better productivity in fulfilment and reduced fraud chargebacks in PT&F.
- Normalized EBIT declined with € -1.7m.

# Corporate

€ million

	2Q18	2Q19	% Δ
External operating income	2.5	21.8	
Intersegment operating income	92.1	93.0	1.0%
<b>Total operating income</b>	<b>94.6</b>	<b>114.8</b>	<b>21.4%</b>
Operating expenses	77.2	88.1	14.1%
<b>EBITDA</b>	<b>17.3</b>	<b>26.7</b>	<b>54.1%</b>
Depreciation & Amortization	11.5	17.1	
<b>Reported EBIT</b>	<b>5.8</b>	<b>9.6</b>	<b>65.1%</b>
<i>Margin (%)</i>	<i>6.2%</i>	<i>8.4%</i>	
<b>Normalized EBIT</b>	<b>5.8</b>	<b>9.6</b>	<b>65.1%</b>
<i>Margin (%)</i>	<i>6.2%</i>	<i>8.4%</i>	
<b>Capex</b>	<b>7.4</b>	<b>8.5</b>	
<b>Average # FTEs and interims</b>	<b>1,766</b>	<b>1,629</b>	

## Key takeaways 2Q19

- Sale of Centre Monnaie building (€ +19.9m net of IFRS 16 impact).
- IFRS 16 impact of € +6.5m on operating expenses and € -6.7m on D&A.
- Negative opex development due to the € 14.9m 2Q18 provision reversal.

## Positive evolution of FCF<sup>1</sup> driven by Centre Monnaie sale and IFRS 16 initial application

REPORTED - € million	2Q18	2Q19 excl IFRS 16	IFRS 16	2Q19	Delta
⊕ Cash flow from operating activities	-61.6	-51.7	+24.4	-27.3	+34.3
⊕ Cash flow from investing activities	-17.0	+31.8		+31.8	+48.8
⊖ <b>Free cash flow</b>	<b>-78.6</b>	<b>-19.9</b>	<b>+24.4</b>	<b>+4.5</b>	<b>+83.1</b>
⊕ Financing activities	-52.8	-36.4	-24.4	-60.8	-7.9
⊖ <b>Net cash movement</b>	<b>-131.5</b>	<b>-56.3</b>	<b>+0.0</b>	<b>-56.3</b>	<b>+75.2</b>
<b>Capex</b>	<b>-25.1</b>	<b>-25.8</b>		<b>-25.8</b>	<b>-0.8</b>

### CF from operating activities (€ +34.3m), mainly:

- Transfer of operating leases to financing activities due to IFRS 16 (€ +24.4m)
- CF from operating activities before changes in working capital: € -22.6m
- Improvement in working capital evolution (€ +38.7m) primarily explained by:
  - Improvement in suppliers balances
  - Positive impact in payroll partially offset by more payments of Social Security charges (calendar effects)
- More cash payments related to “due to” Radial’s clients: € -15.1m
- Lower tax prepayments : € +9.0m

### CF from investing activities, mainly:

- Proceeds from sale of buildings (€ +52.6m, out of which € +56.1m for MCM sale)
- Cash integration from Active Ants (€ -3.0m) in 2Q18

### CF from financing activities, mainly:

- Commercial papers (€ +15.1m)
- Cash outflows related to operating lease liabilities (€ -24.4m), as a consequence of IFRS 16 application

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

## On track to reach the 2019 outlook despite stronger mail volume decline

### Mail & Retail

- Low single digit % decline in Mail & Retail total operating income
- Underlying Domestic Mail volume decline up to **-9% (from up to -7%)**
- Average price increase of +4.4% in Domestic Mail
- % Normalized 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)
- % Normalized 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 Normalized EBIT level

### Group

- Stable total operating income incl. proceeds from building sales
- Normalized EBIT above € 300m<sup>1</sup>
- Gross capex between **€ 150m and € 185m (from € 150m)**

### Dividend

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

<sup>1</sup> Corporate EBIT is expected to be break-even



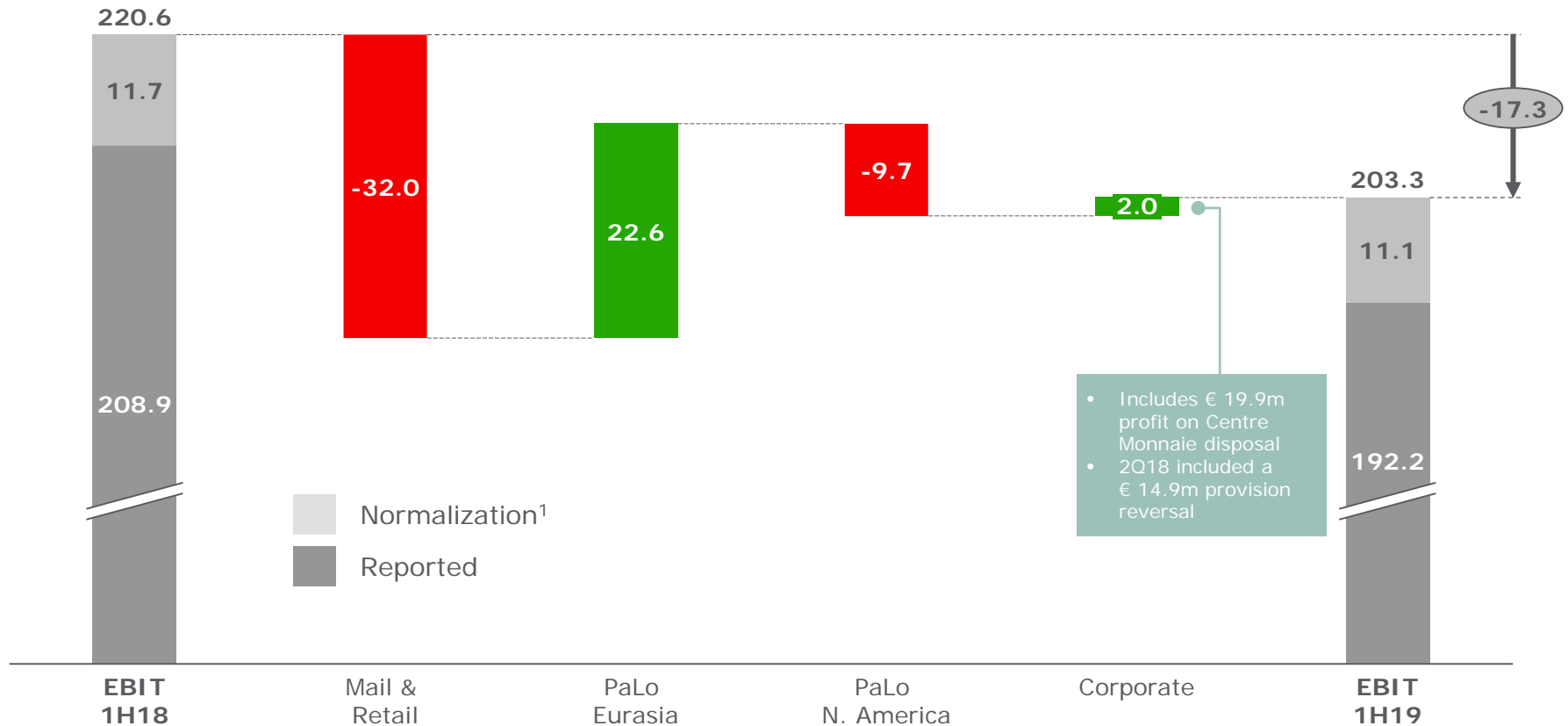


# Half year results 2019

Brussels – August 8, 2019

# 1H19 EBIT in line with expectations, with mail volume decline, wage drift and Radial partly compensated by a solid PaLo Eurasia performance and Centre Monnaie sale

€ million



<sup>1</sup> Normalization excludes items that are non-recurring in nature and significant (> € 20m). All profits or losses on disposal of activities are normalized whatever the amount they represent, as well as the amortization on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions

## Key financials 1H19

€ million

	Reported		Normalized <sup>1</sup>			IFRS16 impact
	1H18	1H19	1H18	1H19	% Δ	
Total operating income	1,844.9	1,842.5	1,844.9	1,842.5	-0.1%	
Operating expenses	1,559.1	1,529.7	1,559.1	1,529.7	-1.9%	52.1
<b>EBITDA</b>	<b>285.7</b>	<b>312.8</b>	<b>285.7</b>	<b>312.8</b>	<b>9.5%</b>	<b>52.1</b>
Depreciation & Amortization	76.8	120.6	65.1	109.5	68.1%	-49.8
<b>EBIT</b>	<b>208.9</b>	<b>192.2</b>	<b>220.6</b>	<b>203.3</b>	<b>-7.8%</b>	<b>2.3</b>
<i>Margin (%)</i>	<i>11.3%</i>	<i>10.4%</i>	<i>12.0%</i>	<i>11.0%</i>		
Financial result	(9.6)	(22.3)	(9.6)	(22.3)		(4.4)
<b>Profit before tax</b>	<b>200.6</b>	<b>174.2</b>	<b>212.3</b>	<b>185.2</b>	<b>-12.7%</b>	<b>(2.1)</b>
Income tax expense	68.8	60.6	69.8	61.6		0.6
<b>Net profit</b>	<b>131.8</b>	<b>113.5</b>	<b>142.5</b>	<b>123.7</b>	<b>-13.2%</b>	<b>(1.5)</b>
<b>FCF</b>	<b>72.7</b>	<b>190.6</b>	<b>91.3</b>	<b>213.9</b>		<b>49.1</b>
<b>bpost S.A./N.V. net profit (BGAAP)</b>	<b>154.9</b>	<b>100.2</b>	<b>154.9</b>	<b>100.2</b>	<b>-35.3%</b>	
<b>Net Debt at 30 June<sup>1</sup></b>	<b>275.6</b>	<b>692.5</b>	<b>275.6</b>	<b>692.5</b>		<b>429.5</b>
Average # FTEs and interims	34,710	33,901	34,710	33,901		

Amortization of intangibles recognized during PPA is normalized, leading to increase in EBIT (€ +11.1m) and income tax expense (€ +1.5m)

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

bpost net profit BGAAP excludes Centre Monnaie's profit on disposal:

- Since the sales price will be reinvested, the profit on disposal and related taxation will be spread throughout the depreciation of these reinvestments
- This lowers the tax costs on the profit on disposal as the statutory tax rate decreases as from 2020 to 25%

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

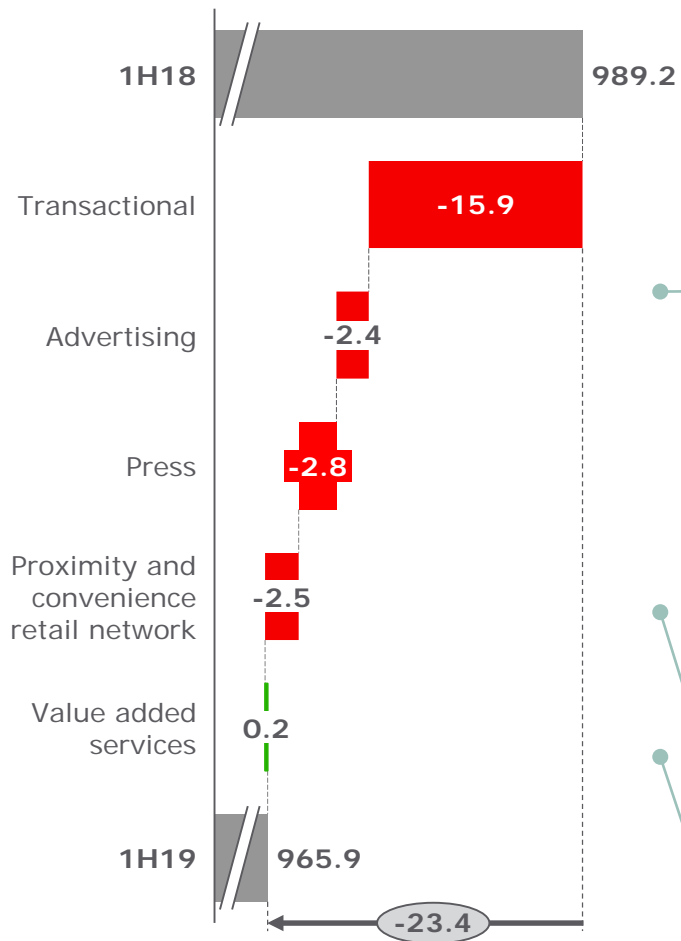
## Results by segment 1H19

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	965.9	388.2	465.1	23.3	-	1,842.5
Intersegment operating income	83.0	10.0	2.5	177.8	(273.2)	-
<b>Total operating income</b>	<b>1,048.9</b>	<b>398.2</b>	<b>467.6</b>	<b>201.0</b>	<b>(273.2)</b>	<b>1,842.5</b>
Operating expenses	840.9	348.3	449.2	164.5	(273.2)	1,529.7
<b>EBITDA</b>	<b>208.0</b>	<b>49.9</b>	<b>18.4</b>	<b>36.5</b>		<b>312.8</b>
Depreciation & Amortization	42.3	11.2	33.2	33.8		120.6
<b>Reported EBIT</b>	<b>165.7</b>	<b>38.7</b>	<b>(14.8)</b>	<b>2.7</b>		<b>192.2</b>
<i>Margin (%)</i>	<i>15.8%</i>	<i>9.7%</i>	<i>-3.2%</i>	<i>1.3%</i>		<i>10.4%</i>
<b>Normalized EBIT</b>	<b>167.4</b>	<b>41.6</b>	<b>(8.3)</b>	<b>2.7</b>		<b>203.3</b>
<i>Margin (%)</i>	<i>16.0%</i>	<i>10.4%</i>	<i>-1.8%</i>	<i>1.3%</i>		<i>11.0%</i>

## Higher than anticipated volume decline has negatively impacted operating income

M&R external operating income, € million



**Domestic Mail** operating income decline at € -21.1m: i.e. € -1.6m working day impact, € -56.8m volume (-9.3% underlying volume decline), € +3.7m elections and € +33.6m price/mix.

- **Transactional Mail:** -10.5% underlying volume decline led by:
  - an increased push towards digital mainly in banking, telco and utilities sectors with higher acceptance of e-documents at the receivers' side
  - volume losses at SMEs driven by digitization
  - A tougher comparison base: specific mailings in 1H18
- **Advertising Mail:** -6.7% underlying volume decline (excluding elections): growth from smaller accounts more than offset by lower volumes from large customers, unaddressed flat over the semester.
- **Press:** -8.0% 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, sale of data and Philately 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

€ million

	1H18	1H19	% Δ
External operating income	989.2	965.9	-2.4%
Transactional	398.6	382.7	-4.0%
Advertising	123.5	121.1	-2.0%
Press	177.2	174.4	-1.6%
Proximity and convenience retail network	237.8	235.3	-1.1%
Value added services	52.1	52.4	0.4%
Intersegment operating income	78.7	83.0	5.5%
<b>Total operating income</b>	<b>1,067.9</b>	<b>1,048.9</b>	<b>-1.8%</b>
Operating expenses	847.8	840.9	-0.8%
<b>EBITDA</b>	<b>220.2</b>	<b>208.0</b>	<b>-5.5%</b>
Depreciation & Amortization	22.0	42.3	
<b>Reported EBIT</b>	<b>198.2</b>	<b>165.7</b>	<b>-16.4%</b>
<i>Margin (%)</i>	<i>18.6%</i>	<i>15.8%</i>	
<b>Normalized EBIT</b>	<b>199.5</b>	<b>167.4</b>	<b>-16.1%</b>
<i>Margin (%)</i>	<i>18.7%</i>	<i>16.0%</i>	
<b>Capex</b>	<b>16.6</b>	<b>10.0</b>	
<b>Average # FTEs and interims</b>	<b>21,783</b>	<b>21,958</b>	

### Additional KPIs<sup>1</sup>

Underlying Mail volume decline	<b>-9.3%</b>
Transactional	-10.5%
Advertising	-6.7%
Press (incl. Ubiway)	-8.0%

<sup>1</sup> As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: 1H18 operating income is restated, but not all comparable KPIs for 1H18 are available

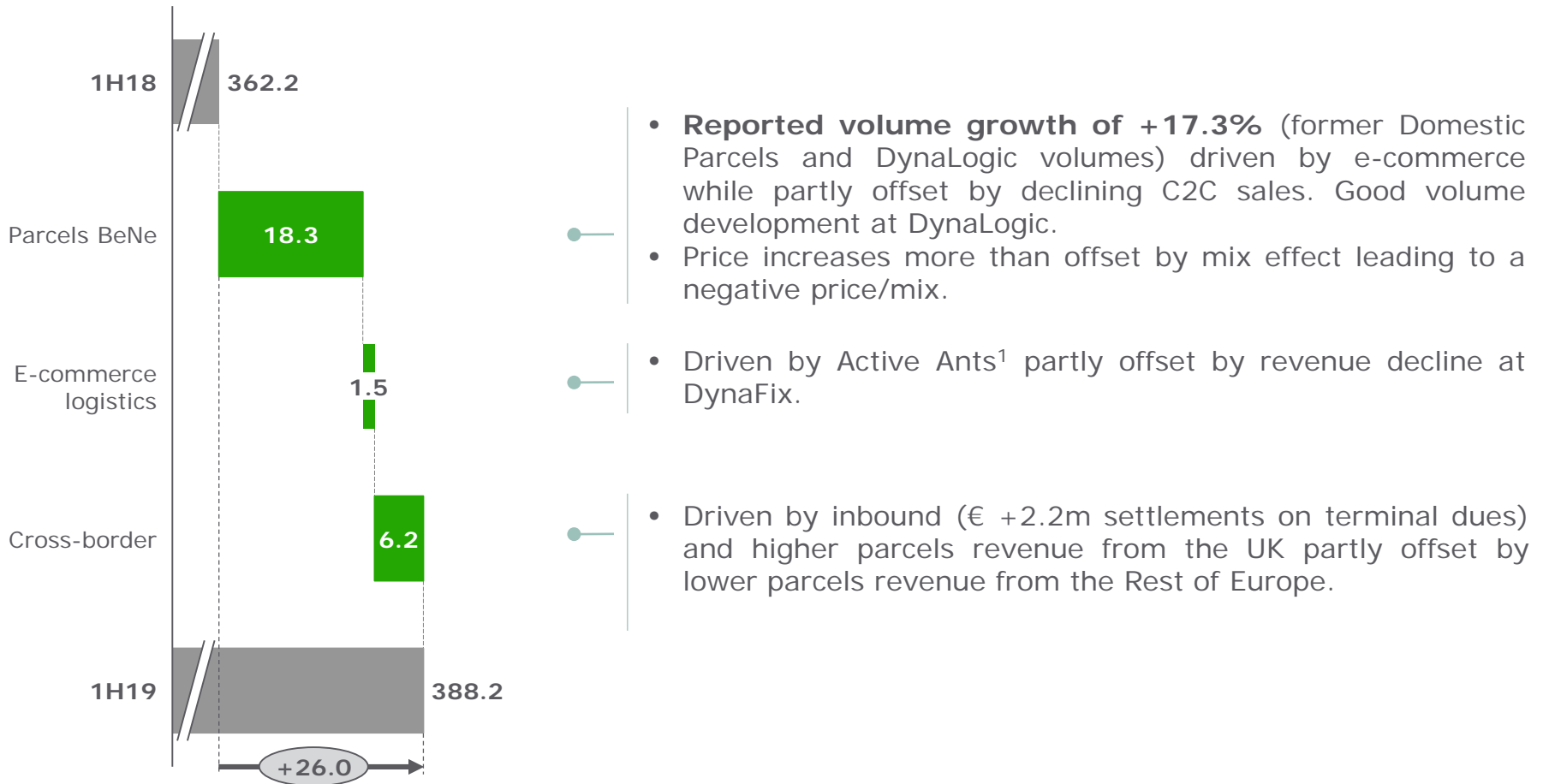
### Key takeaways 1H19

- Total operating income decline of € -19.0m primarily driven by domestic mail volume decline, only partly compensated by price tailwind (6 months of SUB price increase in 1H19 vs. 4 months in 1H18).
- IFRS 16 impact of € +21.0m on operating expenses and € -19.9m on D&A.
- Operating expenses excluding IFRS 16 impact increased by € 14.1m mainly driven by higher payroll (2019-20 CLA and salary indexation) despite a favorable evolution of the FTE mix.
- D&A excluding IFRS 16 impact increased by € 0.4m.
- As a result, normalized EBIT declined by € 32.1m (-16.1% YoY).



## Continued solid organic BeNe & cross-border parcels volume growth helped by terminal dues settlements

PaLo Eurasia external operating income, € million



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



## Solid EBIT margin improvement thanks to volume growth, some operating leverage and settlements on terminal dues

€ million

	1H18	1H19	% Δ
External operating income	362.2	388.2	7.2%
Parcels BeNe	160.1	178.4	11.4%
E-commerce logistics	58.7	60.2	2.5%
Cross-border	143.4	149.6	4.3%
Intersegment operating income	10.9	10.0	-8.1%
<b>Total operating income</b>	<b>373.1</b>	<b>398.2</b>	<b>6.7%</b>
Operating expenses	349.8	348.3	-0.4%
<b>EBITDA</b>	<b>23.4</b>	<b>49.9</b>	<b>113.6%</b>
Depreciation & Amortization	7.4	11.2	
<b>Reported EBIT</b>	<b>15.9</b>	<b>38.7</b>	<b>142.6%</b>
<i>Margin (%)</i>	<i>4.3%</i>	<i>9.7%</i>	
<b>Normalized EBIT</b>	<b>19.0</b>	<b>41.6</b>	<b>118.6%</b>
<i>Margin (%)</i>	<i>5.1%</i>	<i>10.4%</i>	
<b>Capex</b>	<b>1.9</b>	<b>5.7</b>	
<b>Average # FTEs and interims</b>	<b>2,933</b>	<b>3,141</b>	

### Additional KPIs<sup>1</sup>

Parcels volume growth 17.3%

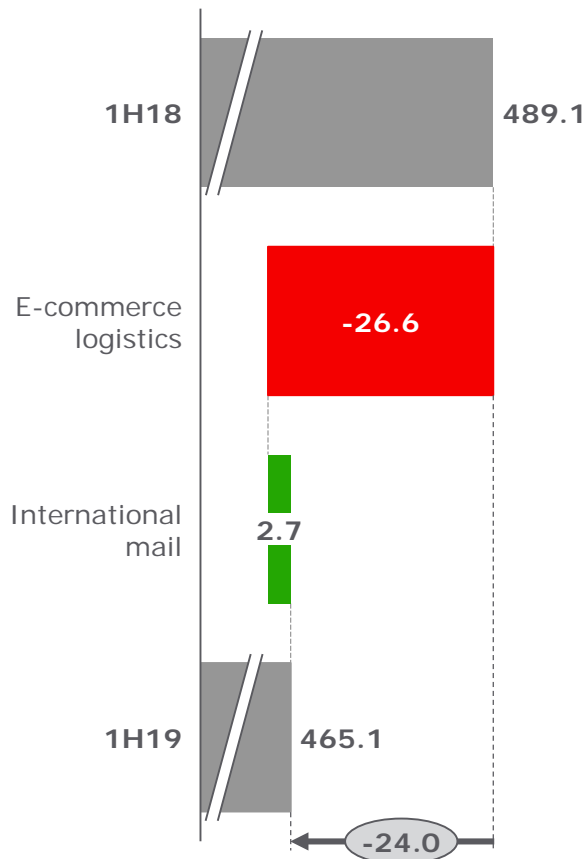
### Key takeaways 1H19

- Total operating income increase of € +25.1m primarily driven by Parcels BeNe (€ +18.3m) including positive revenue development at DynaLogic and a good cross-border performance thanks namely to positive settlements on terminal dues for € 2.2m.
- IFRS 16 impact of € +4.2m on operating expenses and € -4.0m on D&A.
- Operating expenses excluding IFRS 16 impact increased only by € -2.8m explained by some growth operating leverage, closure of non-profitable businesses, and positive settlements on terminal dues impacting positively transport costs for € +1.9m. Some costs phasing towards 2H19.
- As a result, normalized EBIT increased by € +22.6m.

<sup>1</sup> As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. 1H18 operating income is restated, but not all comparable KPIs for 1H18 are available.

## Parcels & Logistics North America impacted by FY18 customer churn and repricing at Radial as anticipated

PaLo North America external operating income, € million



- YoY decline of -6.0% (-11.9% at constant exchange rate). Revenues decline within **Radial North America** mainly driven by a continued impact of FY18 client churn and repricing.
- Mainly driven by The Mail Group<sup>1</sup> due to timing of the acquisitions in 1H18.

<sup>1</sup> Combination IMEX, Mail Inc & MSI

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

€ million

	1H18	1H19	% Δ
External operating income	489.1	465.1	-4.9%
E-commerce logistics	446.8	420.1	-6.0%
International mail	42.3	45.0	6.3%
Intersegment operating income	2.9	2.5	-15.3%
<b>Total operating income</b>	<b>492.0</b>	<b>467.6</b>	<b>-5.0%</b>
Operating expenses	473.2	449.2	-5.1%
<b>EBITDA</b>	<b>18.8</b>	<b>18.4</b>	<b>-1.8%</b>
Depreciation & Amortization	24.7	33.2	
<b>Reported EBIT</b>	<b>(5.9)</b>	<b>(14.8)</b>	
<i>Margin (%)</i>	<i>-1.2%</i>	<i>-3.2%</i>	
<b>Normalized EBIT</b>	<b>1.4</b>	<b>(8.3)</b>	
<i>Margin (%)</i>	<i>0.3%</i>	<i>-1.8%</i>	
<b>Capex</b>	<b>9.6</b>	<b>12.6</b>	
<b>Average # FTEs and interims</b>	<b>8,228</b>	<b>7,168</b>	

### Additional KPIs

Radial North America revenue, \$m	447.4	386.4
Radial North America EBITDA, \$m	10.9	5.4
Radial North America EBIT, \$m	-8.9	-20.1

### Key takeaways 1H19

- Total operating income decline of € -24.4m (-5.0%, -11.0% at constant exchange rate) mainly driven by customer churn and repricing at Radial, as anticipated.
- Investment in growth leads to very strong TCV in Fulfilment signed in 1H19 at Radial, and pipeline still looking strong for the rest of the year also in the other services.
- IFRS 16 impact of € +13.8m on operating expenses and € -12.9m 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.
- As a result, normalized EBIT declined by € -9.7m.

# Corporate

Normalized, € million

	1H18	1H19	% Δ
External operating income	4.3	23.3	
Intersegment operating income	184.7	177.8	-3.7%
<b>Total operating income</b>	<b>189.0</b>	<b>201.0</b>	<b>6.4%</b>
Operating expenses	165.5	164.5	-0.6%
<b>EBITDA</b>	<b>23.4</b>	<b>36.5</b>	<b>55.8%</b>
Depreciation & Amortization	22.7	33.8	
<b>Reported EBIT</b>	<b>0.7</b>	<b>2.7</b>	
<i>Margin (%)</i>	<i>0.4%</i>	<i>1.3%</i>	
<b>Normalized EBIT</b>	<b>0.7</b>	<b>2.7</b>	
<i>Margin (%)</i>	<i>0.4%</i>	<i>1.3%</i>	
<b>Capex</b>	<b>11.4</b>	<b>13.2</b>	
<b>Average # FTEs and interims</b>	<b>1,766</b>	<b>1,634</b>	

## Key takeaways 1H19

- Sale of Centre Monnaie building (€ +19.9m net of IFRS 16 impact).
- IFRS 16 impact of € +13.1m on operating expenses and € -13.0m on D&A.
- Negative opex development ex-IFRS 16 impact due to the € 14.9m 2Q18 provision reversal.

## Positive evolution of FCF<sup>1</sup> supported by lower outflows related to M&A activities, HQ sale and IFRS 16 initial application

REPORTED - € million	YTD 18	YTD 19 exc IFRS 16	IFRS 16	YTD 19	Delta
⊕ Cash flow from operating activities	+168.3	+125.8	+49.1	+174.9	+6.6
⊕ Cash flow from investing activities	-95.6	+15.7		+15.7	+111.3
⊖ <b>Free cash flow</b>	<b>+72.7</b>	<b>+141.5</b>	<b>+49.1</b>	<b>+190.6</b>	<b>+117.9</b>
⊕ Financing activities	-56.8	-55.8	-49.1	-104.9	-48.2
⊖ <b>Net cash movement</b>	<b>+15.9</b>	<b>+85.7</b>	<b>+0.0</b>	<b>+85.7</b>	<b>+69.8</b>
<b>Capex</b>	<b>-39.5</b>	<b>-41.5</b>		<b>-41.5</b>	<b>-2.0</b>

### CF from operating activities (€ +6.6m), mainly:

- Transfer of operating leases to financing activities due to IFRS 16 (€ +49.1m)
- CF from operating activities before changes in working capital: € -44.5m
- Increase in working capital needs (€ -2.3m) primarily explained by
  - Client collection action in 2018
  - More suppliers payments due to higher peak expenses in December 2018 and changes in payment conditions
  - Partly offset by a positive phasing in the payroll related provisions
- More cash payments related to “due to” Radial’s clients: € -4.7m
- Lower tax prepayments : € +9.0m

### CF from investing activities, mainly:

- M&A (€ +60.9m) due to LY cash outflows
- Proceeds from sale of buildings (€ +52.4m, out of which € +56.1m for MCM sale)
- Capex (€ -2.0m)

### CF from financing activities, mainly:

- Cash outflows related to operating lease liabilities (€ -49.1m), as a consequence of IFRS 16 application

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



**bpost**  
takes care of it

## Appendix

Brussels – August 8, 2019



## Strong balance sheet structure

€ million

<b>Assets</b>			<b>Equity and Liabilities</b>		
	<b>Dec 31, 2018</b>	<b>June 30, 2019</b>		<b>Dec 31, 2018</b>	<b>June 30, 2019</b>
PPE	708.0	1,090.4	Total equity	702.3	770.3
Intangible assets	874.9	878.1	Interest-bearing loans & borrowings	1,024.8	1,462.5
Investments in associates	251.2	248.2	Employee benefits	308.4	311.6
Other assets	70.6	45.8	Trade & other payables	1,230.0	1,025.7
Trade & other receivables	723.2	551.7	Provisions	39.5	35.8
Inventories	36.9	34.9	Derivative instruments	0.8	0.6
Cash & cash equivalents	680.1	770.2	Other liabilities	39.5	12.6
<b>Total Assets</b>	<b>3,345.1</b>	<b>3,619.3</b>	<b>Total Equity and Liabilities</b>	<b>3,345.1</b>	<b>3,619.3</b>

### IFRS 16 impacts

- Total assets (PPE) as of 30<sup>th</sup> June 2019 have increased by € 423.4m compared to 31<sup>st</sup> Dec. 2018 related to IFRS 16.
- Total liabilities as of 30<sup>th</sup> June 2019 (interest-bearing loans & borrowings) have increased by € 429.5m compared to 31<sup>st</sup> Dec. 2018 related to IFRS 16.
- Balance sheet of 31<sup>st</sup> December 2018 is not restated for IFRS 16 impact.



## IFRS 16: Main impacts 2Q19

€ million

	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses	+26.6	+10.2	+2.1	+7.7	+6.5
<b>EBITDA</b>	<b>+26.6</b>	<b>+10.2</b>	<b>+2.1</b>	<b>+7.7</b>	<b>+6.5</b>
D&A	-25.6	-9.7	-2.1	-7.2	-6.7
<b>EBIT</b>	<b>+1.0</b>	<b>+0.6</b>	<b>+0.0</b>	<b>+0.5</b>	<b>-1.4</b>
Net financial costs	-2.5	-0.8	-0.1	-1.2	-0.3
CF from operating activities	+24.4				
CF from financing activities	-24.4				
<b>Net debt</b>	<b>+429.5</b>				

## IFRS 16: Main impacts 1H19

€ million

	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses	+52.1	+21.0	+4.2	+13.8	+13.1
<b>EBITDA</b>	<b>+52.1</b>	<b>+21.0</b>	<b>+4.2</b>	<b>+13.8</b>	<b>+13.1</b>
D&A	-49.8	-19.9	-4.0	-12.9	-13.0
<b>EBIT</b>	<b>+2.3</b>	<b>+1.1</b>	<b>+0.2</b>	<b>+0.9</b>	<b>+0.1</b>
Net financial costs	-4.4	-1.4	-0.3	-2.2	-0.5
CF from operating activities	+49.1				
CF from financing activities	-49.1				
<b>Net debt</b>	<b>+429.5</b>				

## 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