



First quarter 2020 results Analyst call

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5 May 2020



Investor presentation

Interim financial report 1Q20

1Q20

Financial Calendar

13.05.2020

Ordinary General Meeting of Shareholders

04.08.2020 (17:45 CET)

Quarterly results 2Q20

03.11.2020 (17:45 CET)

Quarterly results 3Q20

More on corporate.bpost.be/investors

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Highlights of 1Q20

1Q20 above expectations excluding COVID-19

1Q20

Group operating income

€ 934.6m

Group adjusted EBIT

€ 75.6m

8.1% EBIT margin

Mail & Retail

€ 65.2m,
13.0% EBIT margin

- Total operating income at € 500.0m (-5.2%) driven by COVID-19 impact on Advertising Mail & on retail and by deconsolidation of Alvaldis
- Underlying mail volume decline at -9.9% driven by cancelled advertising campaigns (COVID-19)
- Adjusted EBIT decline (-29.6%) from COVID-19 mail evolution and additional opex. M&R COVID-19 impact: € -14.4m

Parcels & Logistics Eurasia

€ 16.9m
7.9% EBIT margin

- Total operating income at € 213.5m (+8.5%), mainly driven by Parcels BeNe (+19.8%). Significant negative impact in Cross-border of COVID-19.
- Parcels BeNe organic volumes +20.5%
- Adjusted EBIT, excl. 1Q19 VAT recovery, YoY negative evolution of terminal dues settlements & COVID-19, up € +4.5m (+31%) operationally. PaLo EA COVID-19 impact: € -1.8m

Parcels & Logistics N. Am.

€ -7.4m
-2.8% EBIT margin

- Total operating income at € 261.3m (+14.3%) fully driven by E-commerce logistics, in particular growth at Radial from existing customers and new business signed in 2019
- Adjusted EBIT increase (€ +0.4m) driven by positive evolution of E-commerce logistics (mainly Radial), to a large extent offset by continued margin pressure in International mail. PaLo NA COVID-19 impact: € -0.3m

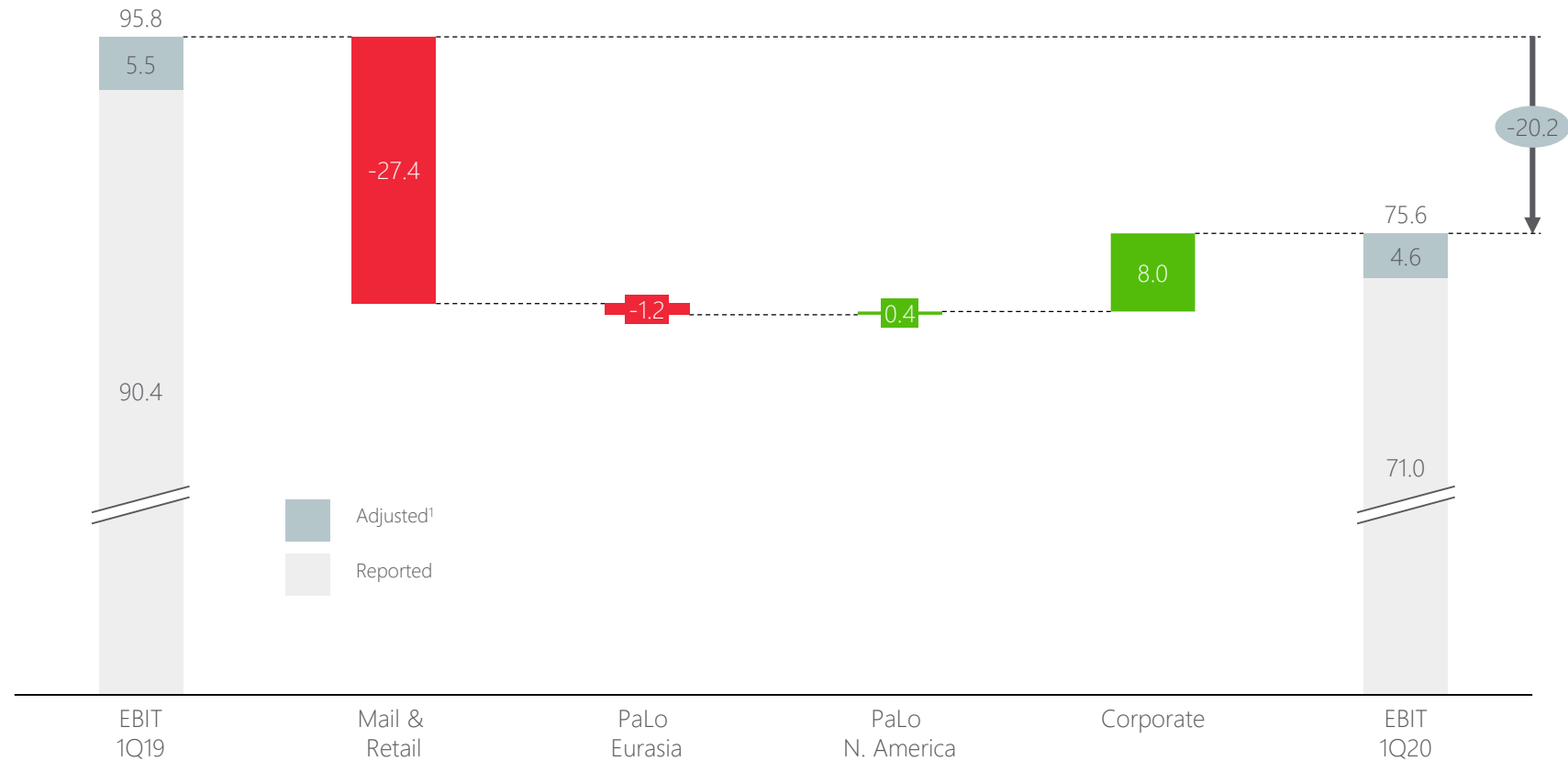
1Q20 COVID-19 impact¹ on Group EBIT estimated at € -16.7m

2020 outlook overruled by COVID-19

¹ All COVID-19 impacts mentioned in this presentation are best effort estimates based on actuals

COVID-19 drove 1Q20 EBIT decline through significant Advertising Mail drop and Group-wide additional costs

€ million



¹ Adjusted previously called Normalized, change of terminology "Adjusted" in order to align the label of this APM to the ESMA guidelines, definition and approach remain unchanged. Adjusted excludes items that are non-recurring in nature and significant (> € 20m). All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been excluded from income are also adjusted whatever the amount they represent.

Key financials 1Q20

1Q20

€ million	Reported		Adjusted		% ↑
	1Q19	1Q20	1Q19	1Q20	
Total operating income	906.8	934.6	906.8	934.6	3.1%
Operating expenses	755.7	797.4	755.7	797.4	5.5%
EBITDA	151.1	137.2	151.1	137.2	-9.2%
Depreciation & Amortization	60.7	66.1	55.3	61.5	11.3%
EBIT	90.4	1 71.0	95.8	1 75.6	-21.0%
Margin (%)	10.0%	7.6%	10.6%	8.1%	
Financial result	-7.5	-4.3	-7.5	-4.3	
Profit before tax	81.5	71.5	86.9	76.1	-12.4%
Income tax expense	31.3	1 23.6	31.8	1 23.8	
Net profit	50.2	47.9	55.1	52.2	-5.1%
FCF	186.1	2 194.2	195.4	2 246.2	26.0%
Net Debt at 31 March	613.1	619.9	613.1	619.9	1.1%
Capex	15.7	20.5	15.7	20.5	31.0%
Average # FTEs and interims	33,966	34,695	33,966	34,695	2.1%

1 Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ +4.6m) and income tax expense (€ +0.2m)

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

Results by segment 1Q20

1Q20

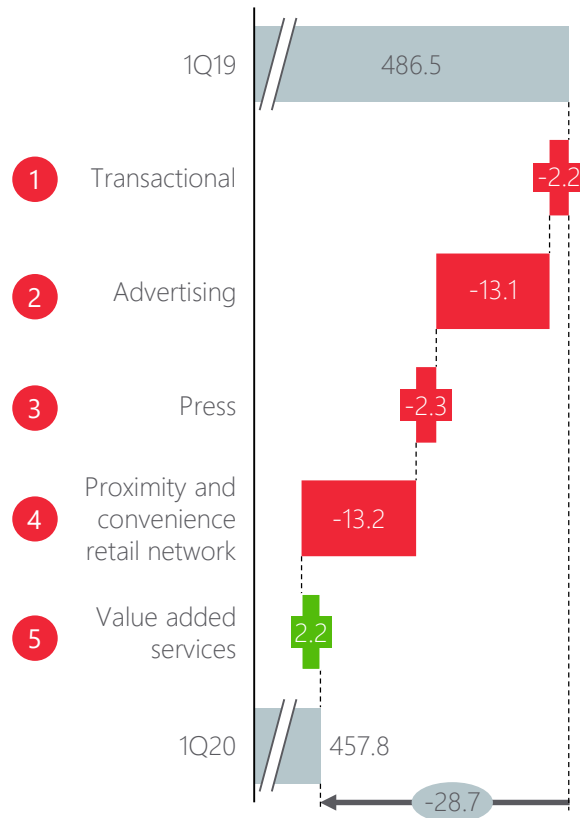
€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	457.8	210.5	259.9	6.4	0.0	934.6
Intersegment operating income	42.2	3.0	1.4	90.4	-137.1	0.0
Total operating income	500.0	213.5	261.3	96.8	(137.1)	934.6
Operating expenses	413.8	192.2	250.9	77.5	-137.1	797.4
EBITDA	86.1	21.3	10.4	19.3		137.2
Depreciation & Amortization	21.6	5.1	21.2	18.3		66.1
Reported EBIT	64.6	16.2	-10.8	1.0		71.0
Margin (%)	12.9%	7.6%	-4.1%	1.1%		7.6%
Adjusted EBIT	65.2	16.9	-7.4	1.0		75.6
Margin (%)	13.0%	7.9%	-2.8%	1.1%		8.1%

Top-line decrease driven by COVID-19 impacts on Advertising Mail and on retail and by deconsolidation of Alवादis

1Q20 – M&R

M&R external operating income, € million



Domestic Mail

Operating income decline at € -17.6m i.e. € +1.0m working days impact, € -29.1m volume (-9.9% underlying volume decline, i.e. -7.1% YTD Feb-20, -15.6% Mar-20), and € +10.5m price/mix.

1 2 3

Transactional

-8.8% underlying volume decline of which:
 -8.1% YTD Feb-20: no change in structural trends, i.e. continued e-substitution by big senders and SMEs, higher acceptance of e-documents at the receivers' side and digitization of C2B communication through smartphone apps.
 -10.2% Mar-20: impact from COVID-19 on smaller administrative mail volumes and registered letters.

1

Proximity and convenience retail network

Decrease mainly driven by:

- the deconsolidation of Alवादis (€ -7.6m) as of September 2019
- COVID-19 impact on Ubiway retail revenues
- Decline in banking & finance revenues from low interest rate environment

4

Advertising

-16.5% underlying volume decline:
 -3.9% YTD Feb-20, better than FY19 at -4.7%, driven by dedicated marketing & sales efforts to re-boost advertising mail.
 -39.4% Mar-20 driven by cancelled campaigns from COVID-19 ban on promotions and enforced closure of all non-essential items stores.

2

Press

-5.2% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Higher revenue from fines and document management.

5

M&R EBIT impacted by COVID-19 mail evolution and additional opex to guarantee continuity of service

1Q20 – M&R

€ million

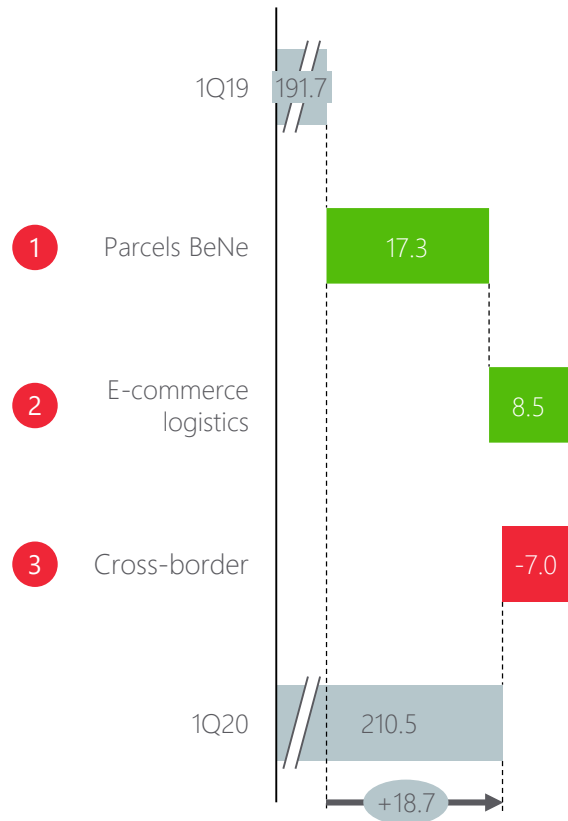
Mail & Retail	1Q19	1Q20	% ↑
External operating income	486.5	457.8	-5.9%
Transactional	195.5	193.3	-1.1%
Advertising	60.9	47.8	-21.5%
Press	88.4	86.1	-2.6%
Proximity and convenience retail network	116.3	103.1	-11.4%
Value added services	25.3	27.5	8.5%
Intersegment operating income	41.1	42.2	2.9%
Total operating income	527.5	500.0	-5.2%
Operating expenses	414.1	413.8	-0.1%
EBITDA	113.4	86.1	-24.0%
Depreciation & Amortization	21.4	21.6	0.9%
Reported EBIT	92.1	64.6	-29.8%
Margin (%)	17.4%	12.9%	
Adjusted EBIT	92.6	65.2	-29.6%
Margin (%)	17.6%	13.0%	
Average # FTEs and interims	21,882	22,175	1.3%
Additional KPIs			
Underlying Mail volume decline	-9.2%	-9.9%	
Transactional	-9.8%	-8.8%	
Advertising	-7.6%	-16.5%	
Press	-8.7%	-5.2%	

Key takeaways 1Q20

- Total operating income decline of € -27.5m primarily driven by domestic mail volume decline and the deconsolidation of Alvaldis. Mainly Advertising Mail was significantly impacted by a ban on promotions during the COVID-19 lockdown that started March 18, 2020.
- Despite COVID-19, operating expenses (incl. adjusted D&A) remained nearly stable (€ +0.1m). Higher payroll costs from a.o. COVID-19 premium and higher absenteeism were fully compensated by the favorable evolution of the FTE mix, the decrease of material costs from Ubiway Retail (incl. Alvaldis deconsolidation impact) and higher recoverable VAT.
- COVID-19 impacted EBIT by an estimated € -14.4m. This is mainly explained by the top-line development on domestic mail as well as additional costs related to a premium for operational staff in duty applicable since March 1st, higher absenteeism and increased health & safety measures.
- M&R adjusted EBIT declined by € -27.4m to € 65.2m.

Parcels BeNe & E-commerce logistics growth partly offset by COVID-19 impact on Cross-border

PaLo Eurasia external operating income, € million



Parcels BeNe

Parcels BeNe volume growth of +20.5%, higher than YTD Feb-20 17.9% growth, driven by increased online sales since the March 18, 2020 lockdown (March 2020 volumes up 26.0%).

Parcels BeNe volumes include continuous positive volume development at DynaLogic with a strong quarter vs 1Q19.

Negative price/mix fully mix-driven.

1

E-commerce logistics

Revenue growth mainly driven by Active Ants organic business development combined with the integration of MCS Fulfilment as from October 1, 2019.

Growth at Radial Europe from new customers gained in 2019.

2

Cross-border

Cross-border revenues impacted by COVID-19 (€ -5.7m). Revenue loss driven by international parcels volume decline and mail volume declines on in- and outbound, with the main impact in March 2020.

Terminal dues settlements showed a negative YoY evolution of € -1.0m.

3

Lower EBIT through COVID-19, 1Q19 additional VAT recovery and YoY unfavourable evolution of terminal dues

1Q20 – PaLo Eurasia

€ million

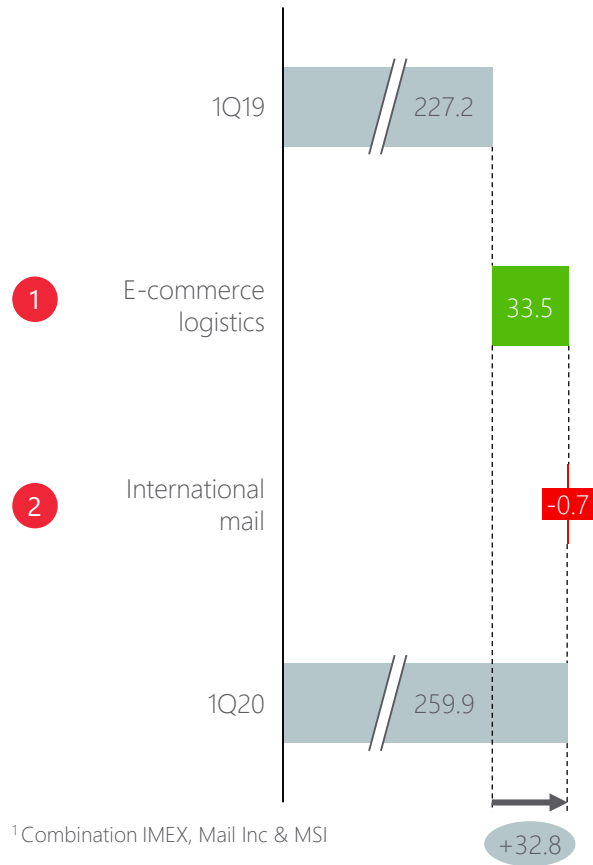
Parcels & Logistics Europe and Asia	1Q19	1Q20	% ↑
External operating income	191.7	210.5	9.8%
Parcels BeNe	87.4	104.7	19.8%
E-commerce logistics	30.8	39.3	27.4%
Cross-border	73.5	66.5	-9.6%
Intersegment operating income	5.1	3.0	-40.7%
Total operating income	196.8	213.5	8.5%
Operating expenses	174.8	192.2	10.0%
EBITDA	22.0	21.3	-3.4%
Depreciation & Amortization	5.7	5.1	-10.4%
Reported EBIT	16.3	16.2	-0.9%
Margin (%)	8.3%	7.6%	
Adjusted EBIT	18.0	16.9	-6.4%
Margin (%)	9.2%	7.9%	
Average # FTEs and interims	3,096	3,435	10.9%
Additional KPIs			
Parcels volume growth	16.9%	20.5%	

Key takeaways 1Q20

- Total operating income € +16.7m (+8.5%) primarily driven by Parcels BeNe (€ +17.3m, +19.8%) and E-commerce logistics partly offset by Cross-border largely impacted by COVID-19 (€ -5.7m) and by the unfavourable evolution of terminal due settlements (€ -1.0m).
- Excluding additional VAT recovery in 1Q19 (€ -2.4m YoY) and the unfavourable evolution of terminal due settlements (€ -0.5m YoY), the operating expenses (incl. adjusted D&A) increased by € -14.9m (+8.1%), mainly from higher payroll, interim and transport costs driven by Parcels BeNe & E-commerce logistics volume growth, COVID-19 premium and increase in absenteeism, and negative channel mix (higher use of subcontractors).
- COVID-19 had an estimated EBIT impact of € -1.8m, mainly from the partial suspension of Cross-border activities, slightly higher Parcels BeNe revenues offset by the aforementioned additional opex, and increased health & safety measures.
- Adjusted EBIT decreased by € -1.2m to € 16.9m. Excluding the impacts of the 1Q19 additional VAT recovery, YoY terminal dues settlements (€ -1.4m) and COVID-19, adjusted EBIT would be up € +4.5m (+31%) operationally.

Parcels & Logistics North America driven by 2019 new business and growth at existing clients

PaLo North America external operating income, € million



¹Combination IMEX, Mail Inc & MSI

E-commerce logistics

YoY increase of +16.4%, or +13.2% at constant exchange rate.

Revenue increase mainly driven by Radial North America recording growth of existing customers as well as new clients launched in 2019 and positive FX development partly offset by client churn.

1

International mail

Declining revenues at The Mail Group¹ (-3.2%) despite positive FX evolution (-6.1% at constant exchange rate).

No material COVID-19 impact in March 2020 yet.

2



Positive EBIT evolution of Radial largely offset by continuing margin pressure in International mail

€ million

Parcels & Logistics North America	1Q19	1Q20	% ↑
External operating income	227.2	259.9	14.4%
E-commerce logistics	204.5	238.0	16.4%
International mail	22.7	21.9	-3.2%
Intersegment operating income	1.4	1.4	-0.4%
Total operating income	228.5	261.3	14.3%
Operating expenses	222.7	250.9	12.7%
EBITDA	5.9	10.4	77.6%
Depreciation & Amortization	16.9	21.2	25.5%
Reported EBIT	-11.0	-10.8	-2.3%
Margin (%)	-4.8%	-4.1%	
Adjusted EBIT	-7.8	-7.4	-4.5%
Margin (%)	-3.4%	-2.8%	
Average # FTEs and interims	7,349	7,445	1.3%
Additional KPIs, adjusted			
Radial North America revenue, \$m	187.2	215.1	14.9%
Radial North America EBITDA, \$m	-1.9	4.1	
Radial North America EBIT, \$m	-15.2	-12.9	

Key takeaways 1Q20

- Total operating income increase of € +32.8m or +14.3% (+11.2% at constant exchange rate) mainly driven by growth at Radial from existing customers and new customers launched in 2019.
- Operating expenses (incl. adjusted D&A) increased by € -32.4m (€ -25.8m excl. FX) driven by higher variable costs from volume growth, a slightly negative client mix effect, higher payroll costs and increased D&A from the 3 new fulfilment centers last year. International mail business impacted by YoY increase in transport costs.
- COVID-19 impacted EBIT by an estimated € -0.3m, mainly related to additional health and safety measures.
- Adjusted EBIT up € +0.4m driven by positive evolution in E-commerce logistics, in particular at Radial. This was largely offset by continuing margin pressure in International mail from higher competition, lower volumes and increased transport costs.

Corporate EBIT increase driven by higher building sales and lower opex

€ million

Corporate	1Q19	1Q20	% ↑
External operating income	1.5	6.4	
Intersegment operating income	84.7	90.4	6.7%
Total operating income	86.2	96.8	12.3%
Operating expenses	76.4	77.5	1.4%
EBITDA	9.8	19.3	97.6%
Depreciation & Amortization	16.7	18.3	9.0%
Reported EBIT	-7.0	1.0	
Margin (%)	-8.1%	1.1%	
Adjusted EBIT	-7.0	1.0	
Margin (%)	-8.1%	1.1%	
Average # FTEs and interims	1,639	1,640	0.1%

Key takeaways 1Q20

- External revenues up € +4.9m driven by higher building sales (€ +5.2m), partly delays from 2019 which materialized in 1Q20. This was partly offset by lower rental income.
- Operating expenses (incl. D&A) increased by € -2.6m driven by higher re invoicing of services to the operational Business Units (€ +5.7m intersegment operating income). Especially for IT-related projects, an increase in demand was noticed. Net of the intersegment operating income, the opex (incl. D&A) was down € +3.1m.
- COVID-19 impacted EBIT by an estimated € -0.2m, mainly related to additional costs for health and safety measures.
- As a result, adjusted EBIT increased by € +8.0m.

Positive evolution of FCF¹ mainly driven by higher cash flow from investing activities through higher building sales

Reported - € million

	1Q19	1Q20	Delta
+ Cash flow from operating activities	202.2	203.6	1.4
+ Cash flow from investing activities	-16.1	-9.4	6.7
= Free cash flow	186.1	194.2	8.1
+ Financing activities	-44.2	-26.6	17.5
= Net cash movement	141.9	167.6	25.7
Capex	(15.7)	(20.5)	(4.9)

CF from operating activities

More cash payments related to "due to" Radial's clients: € -42.6m, mainly phasing

Tax assessments on previous years: € +21.3m YoY variance
(€ +7.5m positive settlement in 1Q20 vs. € -13.8m in 1Q19)

Excluding the above, CF from operating activities: € +22.8m, of which:

- improvement in working capital evolution: € +35.2m, primarily driven by improvement in payables
- partly offset by lower operating results

CF from investing activities

Proceeds from buildings sales: € +11.1m

Higher capital expenditures: € -4.9m

CF from financing activities

Commercial papers issuance: € +15.6m

¹Free cash flow = cash flow from operating activities + cash flow from investing activities

Balance Sheet

1Q20

€ million

Assets	Dec 31, 2019	Mar 31, 2020
PPE	1,133.6	1,120.2
Intangible assets	898.3	904.9
Investments in associates and joint ventures	239.5	234.2
Other assets	41.8	38.8
Trade & other receivables	759.0	583.6
Inventories	34.7	36.8
Cash & cash equivalents	670.2	844.4
Total Assets	3,777.1	3,762.9

€ million

Equity and Liabilities	Dec 31, 2019	Mar 31, 2020
Total equity	682.6	731.9
Interest-bearing loans & borrowings (incl. bank overdrafts)	1,449.9	1,464.2
Employee benefits	320.6	319.6
Trade & other payables	1,278.5	1,174.7
Provisions	29.8	30.7
Derivative instruments	1.3	0.5
Other liabilities	14.3	41.3
Total Equity and Liabilities	3,777.1	3,762.9

Main balance sheet movements

Trade & other receivables decreased due to the settlement of the SGEI receivable and the peak sales of year-end 2019.

Cash and cash equivalents increased mainly due to the settlement of the SGEI compensation.

Trade & other payables decreased due to phasing year-end peak 2019. The decrease was partially offset by the increase of other payables mainly due to the advance payment of the SGEI compensation.

Financing Structure & Liquidity

1Q20

€ million

Available Liquidity	Dec 31, 2019	Mar 31, 2020
Cash & cash equivalents	670.2	844.4
Cash in network	163.6	156.0
Transit accounts	105.8	45.8
Cash payment transactions under execution	-26.7	-10.8
Bank current accounts	377.4	488.4
Short-term deposits	50.0	165.0
Undrawn revolving credit facilities	375.0	375.0
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2024	75.0	75.0
Total Available Liquidity	1,045.2	1,219.4

Liquidity: Cash & Committed credit lines

Total available liquidity at March 31, 2020 consisted out of € 844.4m cash & cash equivalents of which € 653.4m is readily available on bank current accounts and as short-term deposits.

In addition, bpost Group has 2 undrawn revolving credit facilities for a total amount of € 375.0m.

€ million

External Funding	Dec 31, 2019	Mar 31, 2020
<i>Long-term</i>		
Long-term bond ¹ (1.25% - 07/2026)	650.0	650.0
Bank loans	183.2	187.1
Amortizing Loan (€ 100m) EIB - 12/2022	18.2	18.2
Term Loan (\$ 185m) Bank of America - 07/2022	165.0	168.9
<i>Short-term</i>		
Bank loans: Amortizing Loan (€ 100m) EIB - 12/2022	9.1	9.1
Commercial Papers	164.5	165.2
Total External Funding	1,006.8	1,011.3

External Funding & Debt Amortization (excl. IFRS16 lease liabilities)

Out of € 1,011.3m external funding on balance sheet at March 31, 2020:

- € 165.2m needs to be repaid or will be rolled over between 2Q20 and 4Q20 (i.e. commercial paper with maturity ranging between 1 to 9 months)
- € 9.1m during 4Q20 (i.e. the current portion of the EIB loan).

¹ € 650m long-term bond with a carrying amount of € 642.8m, the difference being the re-offer price and issuance fees.

Outlook for 2020 overruled by COVID-19

Outlook FY20

Updated full-year guidance will be issued as soon as the full quantitative impact of COVID-19 can be accurately and reliably estimated. bpost Group is not in position to do so to date.

Outlook as issued on March 17, 2020 excluding and overruled by COVID-19	<h2>Mail & Retail</h2> <p>Total operating income up to -5%</p> <ul style="list-style-type: none"> -9% to -11% underlying Domestic Mail volume decline Approved mail pricing impact of +5.1% <p>8-10% adjusted EBIT margin</p>	<h2>Parcels & Logistics Eurasia</h2> <p>Low teens % growth in total operating income</p> <p>6-8% adjusted EBIT margin</p>	<h2>Parcels & Logistics N. Am.</h2> <p>Mid-single-digit % growth in total operating income</p> <p>Adjusted EBIT margin positive up to 2%</p>	<h2>Group</h2> <p>Low single-digit % growth in total operating income</p> <p>Adjusted EBIT between € 240-270m</p> <p>Gross capex up to € 200m</p>	<h2>Dividend</h2> <p>Current dividend policy of 85% of BGAAP net result is suspended.</p> <p>A new dividend policy will be decided by the Board when the longer term impact of the COVID-19 crisis becomes clear.</p>
	1Q20 COVID-19 impacts observed in March since start of lockdown	<p>Mail volume impact:</p> <ul style="list-style-type: none"> Advertising > -60% Transactional: impacted to lesser extent <p>Additional costs (safety & premium): ~€ 5.0m on a monthly basis</p> <p>bpost Belgium absenteeism doubled at the start of the crisis in March</p>	<p>Parcels BeNe YoY volume growth >20% and strongly trending upwards</p> <p>Cross-border significantly impacted by reduced air freight capacity and closure of international borders</p> <p>Additional costs (safety, premium, absenteeism & transport): ~€ 1.5m on a monthly basis</p>	<p>So far, client volumes met expectations; limited operational disruptions</p> <p>Additional costs for health & safety currently less than ~€ 1m on a monthly basis, might go up</p>	<p>We strive to reduce gross capex by at least € 50m to € 150m maximum</p>

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