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Second quarter 2020 results Analyst call

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5 August 2020

Investor presentation

2Q20

Interim financial report 2Q20

Financial Calendar

03.11.2020 (17:45 CET)
Quarterly results 3Q20

More on corporate.bpost.be/investors

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

Highlights of 2Q20

2Q20

Net negative impact of COVID-19, mainly in M&R, is compensated by growth in Parcels and E-commerce logistics next to targeted cost containment actions and cost phasing towards 2H20

Group operating income

€ 1,052.7m

Group adjusted EBIT

€ 74.9m

7.1% EBIT margin

Mail & Retail

€ 36.0m

7.7% EBIT margin

- Total operating income at € 468.1m (-10.2%) driven by COVID-19 impact on mail volumes & on retail and by deconsolidation of Alvadis
- Underlying mail volume decline at -17.7% driven by COVID-19 lockdown with visible catch-up in June
- Adjusted EBIT decline (-51.9%) from mail evolution amplified by COVID-19.
- M&R COVID-19 impact[1]: € -37.0m

Parcels & Logistics Eurasia

€ 32.4m

11.0% EBIT margin

- Total operating income at € 294.9m (+46.4%) driven by positive COVID-19 development in all revenue lines, especially Parcels BeNe (+64.2%)
- Parcels BeNe organic volumes +78.4%
- Adjusted EBIT, excl. YoY negative evolution of terminal dues settlements, up € +13.0m (+67%) operationally.
- PaLo EA COVID-19 impact[1]: € +13.1m

Parcels & Logistics N. Am.

€ 17.6m

5.0% EBIT margin

- Total operating income at € 353.9m (+48.0%) driven by E-commerce logistics, in particular growth at Radial from existing customers and new business signed in 2019
- Adjusted EBIT increase (€ +18.1m) driven by positive evolution of E-commerce logistics (mainly Radial), partially offset by margin pressure in International mail.
- PaLo NA COVID-19 impact[1]: € +16.5m

2Q20 COVID-19 impact[1] on Group EBIT estimated at € -9.5m

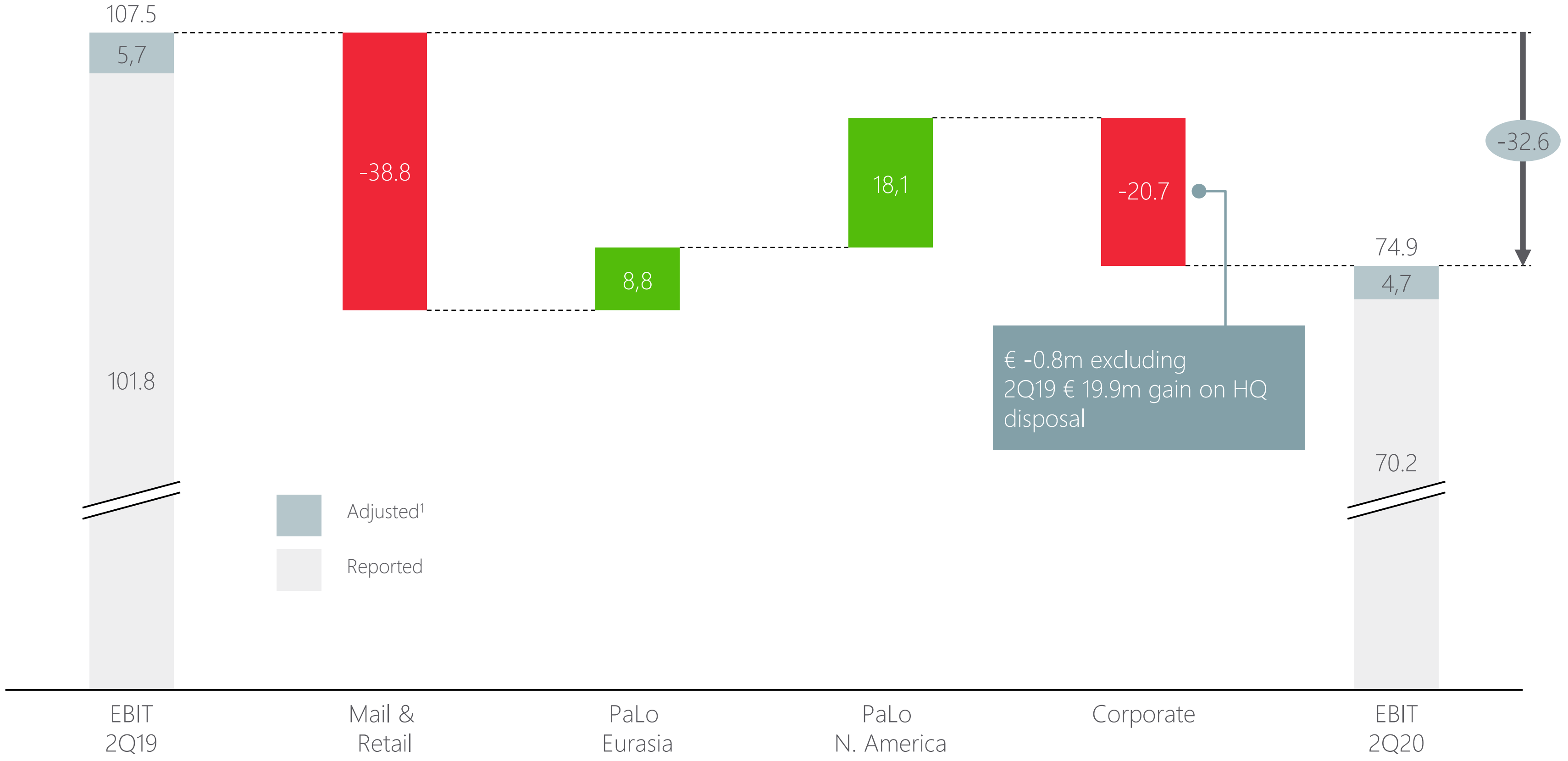
[1] All COVID-19 impacts mentioned in this presentation are best effort estimates based on actuals and are net results of both positive and negative impacts. Group impact includes € -2.0m at Corporate.

Initial 2020 Group adjusted EBIT guidance range can be reconfirmed

Net negative COVID-19 impact, mainly in M&R, is compensated by growth in PaLo's next to targeted cost containment actions and cost phasing towards 2H20

2Q20

€ 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 2Q20

2Q20

€ million	Reported		Adjusted[1]		
	2Q19	2Q20	2Q19	2Q20	% ↑
Total operating income	935.7	1,052.7	935.7	1,052.7	12.5%
Operating expenses	773.9	917.0	773.9	917.0	18.5%
EBITDA	161.7	135.7	161.7	135.7	-16.1%
Depreciation & Amortization	59.9	65.5	54.2	60.8	12.2%
EBIT	101.8	(1) 70.2	107.5	(1) 74.9	-30.3%
Margin (%)	10.9%	6.7%	11.5%	7.1%	
Financial result	-14.8	-14.0	-14.8	-14.0	
Profit before tax	92.7	59.5	98.4	64.2	-34.8%
Income tax expense	29.3	(1) 15.9	29.8	(1) 16.1	
Net profit	63.4	43.6	68.6	48.0	-30.0%
FCF	4.5	(2) 113.2	18.5	(2) 44.1	-
Net Debt at 30 June	692.5	539.5	692.5	539.5	-22.1%
Capex	25.8	24.9	25.8	24.9	-3.5%
Average # FTEs and interims	33,819	37,853	33,819	37,853	11.9%

1. Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ +4.7m) and income tax expense (€ +0.3m)

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

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Results by segment 2Q20

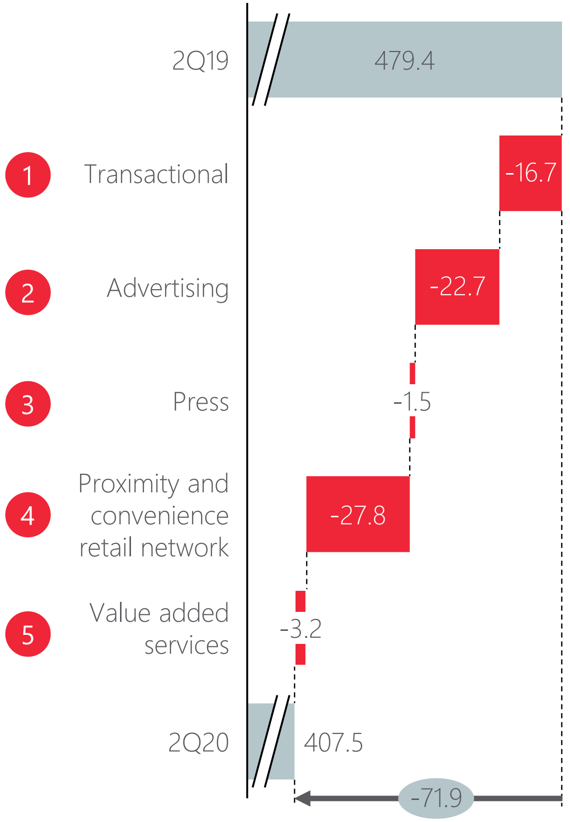
2Q20

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	407.5	292.1	351.9	1.3	0.0	1,052.7
Intersegment operating income	60.7	2.8	2.0	85.4	-150.9	0.0
Total operating income	468.1	294.9	353.9	86.7	(150.9)	1,052.7
Operating expenses	411.2	257.8	318.2	80.6	-150.9	917.0
EBITDA	56.9	37.1	35.7	6.0		135.7
Depreciation & Amortization	21.5	5.5	21.5	17.0		65.5
Reported EBIT	35.4	31.6	14.2	-11.0		70.2
Margin (%)	7.6%	10.7%	4.0%	-12.7%		6.7%
Adjusted EBIT	36.0	32.4	17.6	-11.0		74.9
Margin (%)	7.7%	11.0%	5.0%	-12.7%		7.1%

Top-line decrease driven by COVID-19 impacts on mail and on retail and by deconsolidation of Alvadis

M&R external operating income, € million



Domestic Mail

Operating income decline at € -40.9m i.e. € +0.4m working days impact, € -3.7m elections 2Q19, € -51.0m volume (-17.7% underlying volume decline, i.e. -22.3% QTD May-20, -6.6% Jun-20), and € +13.5m price/mix.

1 2 3

Transactional

Overall good resistance of volumes with underlying decline at -16.7% of which:

-19.0% QTD May-20: all product categories negatively impacted by COVID-19 lockdown.

-8.9% Jun-20 driven by an overall catch-up in volumes post COVID-19 lockdown, particularly visible in smaller administrative mail volumes and registered letters.

1

Proximity and convenience retail network

Decrease mainly driven by:

- the deconsolidation of Alvadis (€ -7.8m) as of September 2019
- Ubiway retail revenues impacted by partial COVID-19 related closure of the network and reduced footfall
- Decline in banking & finance revenues from less traffic in post offices and less ATM transactions

4

Advertising

-26.6% underlying volume decline:

-37.0% QTD May-20 driven by COVID-19 lockdown of all non-essential retail until May 10 included. Gradual recovery in food retail advertising as of second half of April and certain other sectors as of May.

-4.2% Jun-20: strong volume recovery in certain sectors due to a catch up.

2

Press

-8.0% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Mainly lower revenues from phasing out of e-ID activities, document management and European license plates.

5

M&R EBIT impacted by mail evolution amplified by COVID-19

2Q20 – M&R

€ million

Mail & Retail	2Q19	2Q20	% ↑
External operating income	479.4	407.5	-15.0%
Transactional	187.4	170.7	-8.9%
Advertising	60.2	37.5	-37.7%
Press	87.2	85.8	-1.7%
Proximity and convenience retail network	117.5	89.7	-23.7%
Value added services	27.1	23.9	-11.8%
Intersegment operating income	42.0	60.7	44.5%
Total operating income	521.4	468.1	-10.2%
Operating expenses	426.8	411.2	-3.6%
EBITDA	94.6	56.9	-39.8%
Depreciation & Amortization	20.9	21.5	2.7%
Reported EBIT	73.7	35.4	-51.9%
Margin (%)	14.1%	7.6%	
Adjusted EBIT	74.8	36.0	-51.9%
Margin (%)	14.4%	7.7%	
Average # FTEs and interims	22,052	23,004	4.3%
Additional KPIs			
Underlying Mail volume decline	-9.4%	-17.7%	
Transactional	-11.1%	-16.7%	
Advertising	-5.6%	-26.6%	
Press	-6.7%	-8.0%	

Key takeaways 2Q20

- Total operating income decline of € -53.2m primarily driven by domestic mail volume decline, Ubiway retail decline and the deconsolidation of Alvadis. Until end of May, mail volumes were significantly impacted by COVID-19 with a visible catch-up as of June, partly compensated by higher intersegment operating income related to higher parcels volumes.
- Operating expenses (incl. adjusted D&A) declined by € +14.4m:
  - Higher payroll & interim costs driven by (1) headcount from higher parcel volumes & absenteeism and (2) price from COVID-19 premium & salary indexation; together with specific COVID-19 opex
  - Fully compensated by lower material costs from Ubiway Retail incl. Alvadis deconsolidation impact, higher recoverable VAT, cost containment actions and cost phasing towards 2H20 (e.g. holidays).
- COVID-19 impacted EBIT by an estimated € -37.0m, explained by the top-line development on domestic mail and retail as well as additional costs like the COVID-19 premium, health & safety measures, increase in absenteeism and additional bad debt risk.
- M&R adjusted EBIT declined by € -38.8m to € 36.0m.

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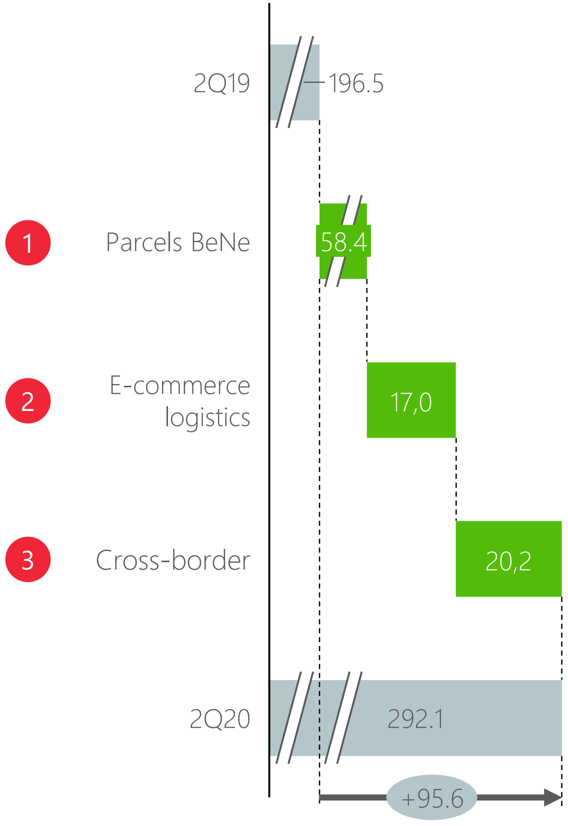
Favourable COVID-19 revenue development across the board in PaLo Eurasia

2Q20 – PaLo Eurasia

PaLo Eurasia external operating income, € million



Parcels BeNe

Parcels BeNe volume growth of +78.4%[1] driven by thriving online sales during COVID-19 lockdown (QTD May-20 volumes up +80.6%, Jun-20 +74.3%).

COVID-19 revenue impact is estimated at € +44.2m.

[1] Parcels volume growth is composed of former Domestic Parcels (i.e. pre new segment reporting since 2019) and Dynalogic volumes. This does not cover the full scope of Parcels BeNe since not all revenues included in Parcels BeNe can be expressed in volumes.

1

E-commerce logistics

Revenue growth mainly driven by positive COVID-19 impact (€ +11.3m) at Radial Europe, Active Ants & DynaFresh.

Further revenue growth driven by the integration of MCS Fulfilment (part of Active Ants) as from October 1, 2019, contributing € 2.9m.

2

Cross-border

Net favourable revenue impact from COVID-19 (€ +15.4m) driven by:

- a gradual ramp-up in Asian parcel volumes since May, evolving exponentially through June, resulting from rail solution as an alternative to air freight
- partly offset by COVID-19 linked revenues losses on other international parcels volumes and lower in- and outbound mail volumes

Excluding COVID-19, growth in commercial business with Asia as main driver.

Unfavourable YoY evolution of terminal dues settlements (€ -2.2m).

3

Strong EBIT development from positive COVID-19 volume impacts across all business lines

2Q20 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	2Q19	2Q20	% ↑
External operating income	196.5	292.1	48.7%
Parcels BeNe	91.0	149.4	64.2%
E-commerce logistics	29.4	46.3	57.8%
Cross-border	76.1	96.3	26.5%
Intersegment operating income	4.9	2.8	-42.2%
Total operating income	201.4	294.9	46.4%
Operating expenses	173.6	257.8	48.5%
EBITDA	27.9	37.1	33.2%
Depreciation & Amortization	5.5	5.5	-0.2%
Reported EBIT	22.3	31.6	41.5%
Margin (%)	11.1%	10.7%	
Adjusted EBIT	23.6	32.4	37.2%
Margin (%)	11.7%	11.0%	
Average # FTEs and interims	3,153	3,845	21.9%
Additional KPIs			
Parcels volume growth	17.7%	78.4%	

Key takeaways 2Q20

- Total operating income € +93.5m (+46.4%) driven by positive development in all revenue lines, especially Parcels BeNe (€ +58.4m, +64.2%). Total positive COVID-19 revenue impact stood at € +70.9m. Excluding COVID-19 and the unfavourable YoY evolution of terminal dues (€ -2.2m), revenues were up € +24.8m.
- Excluding the unfavourable YoY evolution of terminal dues settlements (€ -2.0m), operating expenses (incl. adjusted D&A) were up € -82.7m (+46.0%), mainly explained by higher volume-linked variable costs translating into increased payroll, interim and transport costs across all business lines. Specific COVID-19 opex also contributed to the YoY cost increase and includes the premium, increase in absenteeism, health and safety measures and additional bad debt provisions.
- COVID-19 had an estimated EBIT impact of € +13.1m from COVID-19 driven revenue increase in all business lines partly offset by the aforementioned specific COVID-19 additional opex.
- Adjusted EBIT increased by € +8.8m (+37.2%) to € 32.4m. Excluding the YoY terminal dues settlements (€ -4.2m), adjusted EBIT was up € +13.0m (+67%) operationally.

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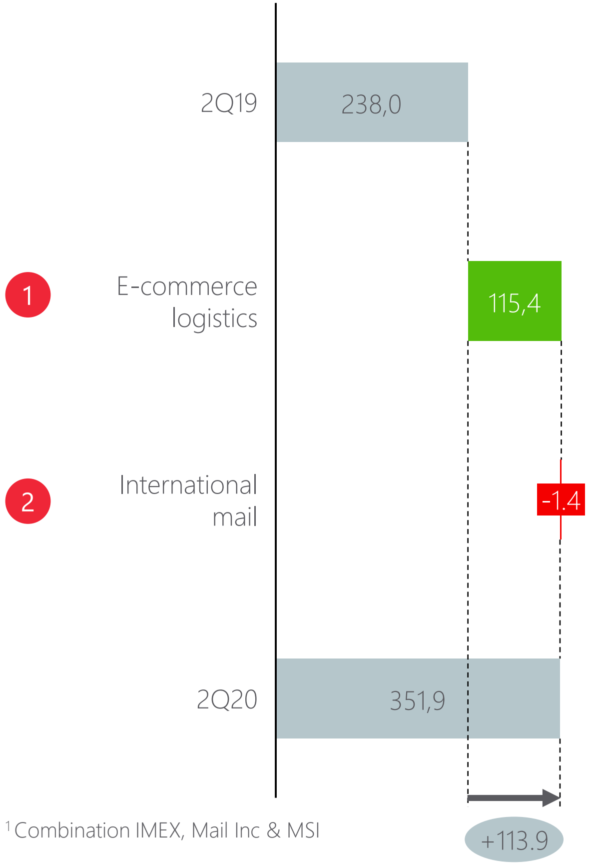
Parcels & Logistics North America driven by significant growth at existing clients and by 2019 new business

PaLo North America external operating income, € million



[1] Combination IMEX, Mail Inc & MSI

E-commerce logistics

YoY increase of +53.5% (+50.7% at constant exchange rate).

Revenue increase mainly driven by Radial NA recording significant growth of existing customers (+49%), as well as customers launched in 2019 slightly offset by customer churn. Landmark also recorded higher sales from new and existing customers.

COVID-19 related closures of customers' brick and mortar stores increased volume through E-commerce logistics. Total revenue impact is estimated at € +92.0m.

1

International mail

Declining revenues at The Mail Group[1] (-6.5%) despite positive FX evolution (-8.5% at constant exchange rate).

Significant drop-off in business mail segment as a result of COVID-19.

COVID-19 revenue impact is estimated at € -2.0m with the main negative impact seen in April 2020 and improving month by month thereafter.

2

Strongly positive EBIT evolution driven by e-commerce Logistics, especially Radial

2Q20 – PaLo N. Am.

€ million

Parcels & Logistics North America	2Q19	2Q20	% ↑
External operating income	238.0	351.9	47.9%
E-commerce logistics	215.6	331.0	53.5%
International mail	22.3	20.9	-6.5%
Intersegment operating income	1.1	2.0	85.4%
Total operating income	239.0	353.9	48.0%
Operating expenses	226.5	318.2	40.5%
EBITDA	12.6	35.7	184.4%
Depreciation & Amortization	16.4	21.5	31.4%
Reported EBIT	-3.8	14.2	
Margin (%)	-1.6%	4.0%	
Adjusted EBIT	-0.5	17.6	
Margin (%)	-0.2%	5.0%	
Average # FTEs and interims	6,986	9,399	34.5%
Additional KPIs, adjusted			
Radial North America revenue, $m	199.2	317.3	59.3%
Radial North America EBITDA, $m	7.3	30.8	
Radial North America EBIT, $m	-4.9	13.6	

Key takeaways 2Q20

- Total operating income increase of € +114.8m or +48.0% (+45.3% at constant exchange rate) mainly driven by growth at Radial from existing customers and customers launched in 2019. Total net COVID-19 revenue impact for North America is estimated at € +90.0m
- Operating expenses (incl. adjusted D&A) increased by € -96.7m (€ -92.3m excl. FX) driven by higher variable costs from volume growth (primarily at Radial) and bad debt impact, as well as higher payroll costs, increased D&A related to the 3 new fulfilment centers, and COVID-19 additional expenses. International Mail was impacted by YoY increase in transport costs.
- COVID-19 impacted EBIT by an estimated € +16.5m, mainly related to additional e-commerce logistics volumes, partly offset by additional health and safety measures, increased transport costs relating to International Mail and bad debt.
- Adjusted EBIT up € +18.1m to € 17.6m driven by positive operating leverage in E-commerce logistics, in particular at Radial. This was partly offset by continuing margin pressure in International mail.

Corporate EBIT decline driven by headquarters profit on disposal in 2Q19

2Q20 – Corporate

€ million

Corporate	2Q19	2Q20	% ↑
External operating income	21.8	1.3	-94.3%
Intersegment operating income	93.0	85.4	-8.2%
Total operating income	114.8	86.7	-24.5%
Operating expenses	88.1	80.6	-8.5%
EBITDA	26.7	6.0	-77.5%
Depreciation & Amortization	17.1	17.0	-0.3%
Reported EBIT	9.6	-11.0	
Margin (%)	8.4%	-12.7%	
Adjusted EBIT	9.6	-11.0	
Margin (%)	8.4%	-12.7%	
Average # FTEs and interims	1,629	1,605	-1.5%

Key takeaways 2Q20

- External revenues down by € -20.5m driven by lower building sales (gain on headquarter sale of € 19.9m in 2Q19) and slightly lower rental income.
- Operating expenses (incl. D&A) decreased by € +7.6m driven by lower demand for services from the operational Business Units (€ -7.6m intersegment operating income) namely due to lower demand for IT-related projects. Net of the intersegment operating income, the opex (incl. D&A) was flat as YoY negative VAT recovery impact (€ -1.7m) and COVID-19 related costs were offset by lower project costs at corporate level, i.e. cost containment.
- COVID-19 impacted EBIT by an estimated € -2.0m, mainly related to additional costs for health and safety measures.
- As a result, adjusted EBIT decreased by € -20.7m YoY.

Increased FCF[1] thanks to payment terms in payables

2Q20

No bpost NV / SA tax prepayment in current quarter compensates LY's proceeds from HQ building sale

Reported - € million

		2Q19	2Q20	Delta
+	Cash flow from operating activities	-27.3	138.3	165.6
+	Cash flow from investing activities	31.8	-25.1	-56.9
=	Free cash flow	4.5	113.2	108.7
+	Financing activities	-60.8	-24.4	36.4
=	Net cash movement	-56.3	88.8	145.1
	Capex	(25.8)	(24.9)	0.9

CF from operating activities

More cash flows relating to collected proceeds due to Radial's clients: € +83.1m, high level of merchandise sales in COVID-19 period

Absence of tax prepayment in 2Q20 (vs. € 51.0m in 2Q19)

Excluding the above, CF from operating activities: € +31.5m, of which:

- € +30.3m improvement in working capital evolution: primarily driven by extended payment terms during COVID-19 period partly offset by higher receivables due to increased sales

CF from investing activities

Proceeds from buildings sales: € -57.1m (Sale of HQ building Centre Monnaie in 2Q19)

Capex at € 24.9m decreased by € +0.9m vs 2Q19 and was mainly spent on increased capacity (Radial, Parcels B2C and Active Ants mainly)

CF from financing activities

Absence of dividend payment in 2Q20 (vs. € 50.0m in 2Q19)

Commercial papers issuance: € -12.1m

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

Balance Sheet

2Q20

€ million

Assets	Dec 31, 2019	Jun 30, 2020
PPE	1,133.6	1,105.1
Intangible assets	898.3	890.4
Investments in associates and joint ventures	239.5	235.6
Other assets	41.8	39.2
Trade & other receivables	759.0	638.6
Inventories	34.7	36.1
Cash & cash equivalents	670.2	925.4
Total Assets	3,777.1	3,870.2

€ million

Equity and Liabilities	Dec 31, 2019	Jun 30, 2020
Total equity	682.6	749.5
Interest-bearing loans & borrowings (incl. bank overdrafts)	1,449.9	1,464.8
Employee benefits	320.6	315.3
Trade & other payables	1,278.5	1,261.4
Provisions	29.8	28.3
Derivative instruments	1.3	0.4
Other liabilities	14.3	50.6
Total Equity and Liabilities	3,777.1	3,870.2

Main balance sheet movements

PPE decreased due to the depreciation (€ 108.6m) and the transfer to assets held for sale (€ 7.8m), partially offset by capex (€ 31.5m) and right of use assets recognized (€ 54.7m).

Trade & other receivables decreased due to the usual settlement of the SGEI receivable during the first quarter of the year.

Total equity increased in line with the realized profit (€ 91.5m), partially offset by the fair value adjustment of bpost bank's bond portfolio (€ 11.9m) and the net impact of the integration of Active Ants International comprising the non-controlling interests and the recognition of the contingent consideration for the purchase of the remaining shares (€ 14.7m).

Interest-bearing loans & borrowings recorded an increase mainly linked to the increase of the lease liabilities for IFRS 16.

Other liabilities increased due the income tax payable, as no prepayments were done in 2020 yet.

Financing Structure & Liquidity

2Q20

€ million

Available Liquidity	Dec 31, 2019	Jun 30, 2020
Cash & cash equivalents	670.2	925.4
Cash in network	163.6	130.9
Transit accounts	105.8	90.4
Cash payment transactions under execution	-26.7	-14.5
Bank current accounts	377.4	658.5
Short-term deposits	50.0	60.0
Undrawn revolving credit facilities	375.0	375.0
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2025	75.0	75.0
Total Available Liquidity	1,045.2	1,300.4

€ million

External Funding	Dec 31, 2019	Jun 30, 2020
Long-term		
Long-term bond[1] (1.25% - 07/2026)	650.0	650.0
Bank loans	183.2	183.4
Amortizing Loan (€ 100m) - 12/2022	18.2	18.2
Term Loan ($ 185m) - 07/2023	165.0	165.2
Short-term		
Bank loans: Amortizing Loan (€ 100m) - 12/2022	9.1	9.1
Commercial Papers	164.5	168.1
Total External Funding	1,006.8	1,010.6

Liquidity: Cash & Committed credit lines

Total available liquidity at June 30, 2020 consisted out of € 925.4m cash & cash equivalents of which € 718.5m 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.

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

Out of € 1,010.6m external funding on balance sheet at June 30, 2020:

- € 168.1m commercial paper outstanding with maturity ranging between 1 to 6 months. In July, bpost Group seized the opportunity of favorable market conditions to issue € 100m of commercial paper with a maturity of 7 months (until Jan-21) and thus secured a major part of the short-term funding until the collection of the SGEI payment in January 2021.
- € 9.1m during 4Q20 (i.e. the current portion of the EIB loan).

[1] € 650m long-term bond with a carrying amount of € 643.1m, the difference being the re-offer price and issuance fees.

Initial 2020 Group EBIT outlook reconfirmed

Outlook FY20

Based on the current situation and facts, bpost Group reconfirms adjusted EBIT guidance for 2020 in the range of € 240-270m.

Group

Assuming no second national or important local lockdown in 2020, nor any event deriving from COVID-19 uncertainties, the adjusted EBIT between € 240-270m can be reconfirmed.

Contribution per Business Unit will differ from the initial outlook issued in March.

Gross capex of € 150m maximum (vs. up to € 200m pre-COVID-19)

Dividend

The Board will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of FY20 to shareholders.

bpost Group remains fully committed to delivering sustainable shareholder returns.

Given the high level of uncertainty that still remains in light of COVID-19 and its impact on the overall economy, bpost Group's priority is in the current circumstances the strength of bpost's balance sheet, cash reserves and capacity to invest on the long term.

A new dividend policy going forward will be decided by the Board when the longer term impact of the COVID-19 crisis becomes more clear.

COVID-19 disclaimer

Given ongoing limited visibility about the duration and severity of the pandemic and its different impacts across the globe, the reconfirmed outlook could still be impacted by these uncertainties or any event deriving thereof.

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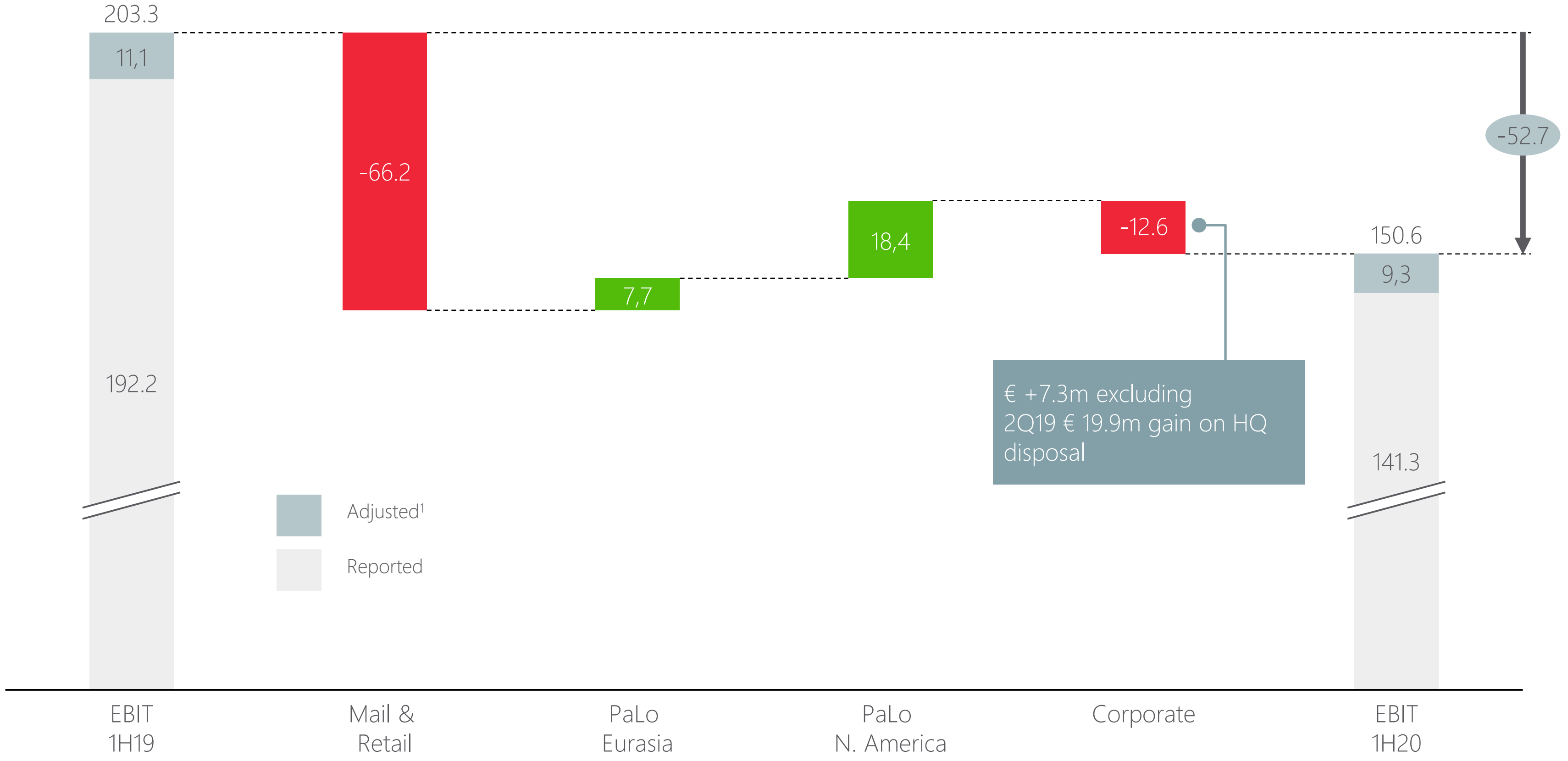
Half year 2020 results

5 August 2020

1H20 EBIT impacted by significant COVID-19 related mail volume decline, partly compensated by strong PaLo performance

1H20

€ 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 1H20

1H20

1H20 COVID-19 impact on Group EBIT estimated at € -26.2m

€ million	Reported		Adjusted[1]		
	1H19	1H20	1H19	1H20	% ↑
Total operating income	1,842.5	1,987.3	1,842.5	1,987.3	7.9%
Operating expenses	1,529.7	1,714.4	1,529.7	1,714.4	12.1%
EBITDA	312.8	272.9	312.8	272.9	-12.8%
Depreciation & Amortization	120.6	131.6	109.5	122.3	11.7%
EBIT	192.2	(1) 141.3	203.3	(1) 150.6	-25.9%
Margin (%)	10.4%	7.1%	11.0%	7.6%	
Financial result	-22.3	-18.4	-22.3	-18.4	
Profit before tax	174.2	131.0	185.2	140.2	-24.3%
Income tax expense	60.6	(1) 39.5	61.6	(1) 40.0	
Net profit	113.5	91.5	123.7	100.3	-18.9%
FCF	190.6	(2) 307.4	213.9	(2) 290.3	35.7%
Net Debt at 30 June	692.5	539.5	692.5	539.5	-22.1%
Capex	41.5	45.4	41.5	45.4	9.5%
Average # FTEs and interims	33,901	36,274	33,901	36,274	7.0%

1. Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ +9.3m) and income tax expense (€ +0.5m)
2. Adjusted FCF excludes the cash Radial receives on behalf of its customers for performing billing services

[1] Unaudited figures

Results by segment 1H20

1H20

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	865.2	502.5	611.8	7.6	0.0	1,987.3
Intersegment operating income	102.9	5.9	3.3	175.9	-287.9	0.0
Total operating income	968.1	508.4	615.2	183.5	(287.9)	1,987.3
Operating expenses	825.1	450.0	569.1	158.2	-287.9	1,714.4
EBITDA	143.0	58.4	46.1	25.3		272.9
Depreciation & Amortization	43.0	10.6	42.7	35.3		131.6
Reported EBIT	100.0	47.8	3.5	-10.0		141.3
Margin (%)	10.3%	9.4%	0.6%	-5.4%		7.1%
Adjusted EBIT	101.2	49.3	10.1	-10.0		150.6
Margin (%)	10.5%	9.7%	1.6%	-5.4%		7.6%

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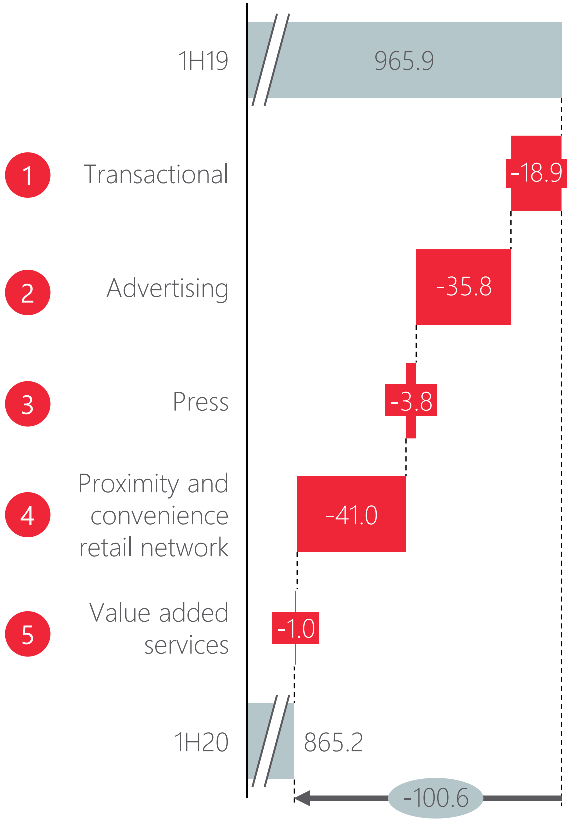
Top-line decrease driven by COVID-19 impacts on Domestic Mail and on retail and by deconsolidation of Alvadis

1H20 – M&R

M&R external operating income, € million



Domestic Mail

Operating income decline at € -58.5m i.e. € +1.4m working days impact, € -3.7m elections 2Q19, € -80.1m volume (-13.9% underlying volume decline, with March to May-20 at -20.1% due to COVID-19), and € +24.0m price/mix.

1 2 3

Transactional

-12.8% underlying volume decline of which:

-16.7% March to May-20: COVID-19 lockdown negatively impacted all mail categories, in particular smaller administrative mail volume and registered letters.

Excluding COVID-19, underlying mail volumes are subject to ongoing e-substitution and digitization.

1

Proximity and convenience retail network

Decrease mainly driven by:

- the deconsolidation of Alvadis (€ -15.3m) as of September 2019
- COVID-19 impact on Ubiway retail revenues from partial closure of the network and reduced footfall
- Decline in banking & finance revenues

4

Advertising

-22.3% underlying volume decline of which:

-36.2% March to May-20 mainly impacted by cancelled campaigns from COVID-19 lockdown of all non-essential retail from March 18 through May 10 and ban on promotions through April 3.

2

Press

-6.6% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Lower revenues from phasing out of e-ID activities, European license plates and document management partly compensated by higher revenue from fines management.

5

M&R EBIT impacted by COVID-19 mail evolution despite a good recovery in June and lower opex

1H20 – M&R

€ million

Mail & Retail	1H19	1H20	% ↑
External operating income	965.9	865.2	-10.4%
Transactional	382.9	364.0	-4.9%
Advertising	121.1	85.3	-29.6%
Press	175.7	171.9	-2.2%
Proximity and convenience retail network	233.8	192.7	-17.6%
Value added services	52.4	51.3	-2.0%
Intersegment operating income	83.0	102.9	23.9%
Total operating income	1,048.9	968.1	-7.7%
Operating expenses	840.9	825.1	-1.9%
EBITDA	208.0	143.0	-31.2%
Depreciation & Amortization	42.3	43.0	1.8%
Reported EBIT	165.7	100.0	-39.6%
Margin (%)	15.8%	10.3%	
Adjusted EBIT	167.4	101.2	-39.6%
Margin (%)	16.0%	10.5%	
Average # FTEs and interims	21,958	22,590	2.9%
Additional KPIs			
Underlying Mail volume decline	-9.3%	-13.9%	
Transactional	-10.5%	-12.8%	
Advertising	-6.7%	-22.3%	
Press	-8.0%	-6.6%	

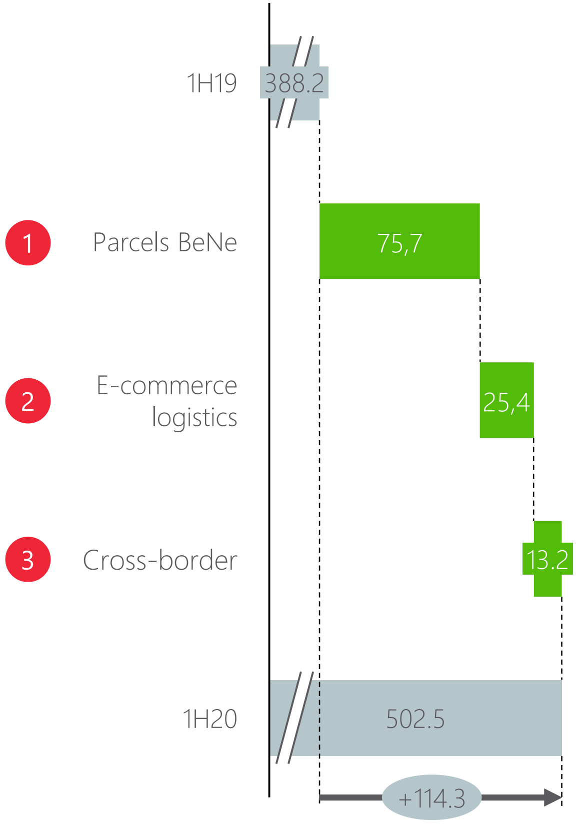
Key takeaways 1H20

- Total operating income decline of € -80.7m primarily driven by domestic mail volume decline (€ -58.5m), lower Ubiway retail revenue and the deconsolidation of Alvadis partly compensated by higher intersegment operating income related to higher parcels volumes.
- Operating expenses (incl. adjusted D&A) decreased by € +14.5m. Higher payroll & interim costs and specific COVID-19 opex were more than compensated by lower material costs from Ubiway Retail (incl. Alvadis deconsolidation impact), higher recoverable VAT, cost containment actions and cost phasing towards 2H20.
- COVID-19 impacted EBIT by an estimated € -51.4m. This is explained by the top-line development on domestic mail and retail as well as additional costs: COVID-19 premium, health & safety, increase in absenteeism, additional bad debt risk.
- M&R adjusted EBIT declined by € -66.2m to € 101.2m.

PaLo Eurasia significantly positively impacted by COVID-19 across the board

1H20 – PaLo Eurasia

PaLo Eurasia external operating income, € million



Parcels BeNe

Parcels BeNe volume growth of +50.0%[1], driven by thriving online sales during COVID-19 lockdown (March to May volumes up by 63.2%).

COVID-19 revenue is estimated at € +44.7m.

[1] Parcels volume growth is composed of former Domestic Parcels (i.e. pre new segment reporting since 2019) and Dynalogic volumes. This does not cover the full scope of Parcels BeNe since not all revenues included in Parcels BeNe can be expressed in volumes.

1

E-commerce logistics

Revenue growth of € +25.4m mainly driven by positive COVID-19 impact (€ +11.3m, all in 2Q20) at Radial Europe, Active Ants & DynaFresh.

Further revenue growth driven by the integration of MCS Fulfilment (part of Active Ants) as from October 1, 2019, contributing € +5.2m YTD, and growth at Radial Europe from new customers gained in 2019.

2

Cross-border

Net favourable revenues impact from COVID-19 (€ +9.7m) driven by:

- a gradual ramp-up in Asian parcel volumes since May, evolving exponentially through June, resulting from rail solution as an alternative to air freight
- partly offset by COVID-19 linked revenues losses on other international parcels volumes (UK and Rest of Europe) and lower in- and outbound mail volumes

Excluding COVID-19, growth in commercial business with Asia as main driver.

Unfavourable YoY evolution of terminal dues settlements (€ -3.1m).

3

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Strong EBIT development from positive COVID-19 volume impacts across all business lines

1H20 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	1H19	1H20	% ↑
External operating income	388.2	502.5	29.4%
Parcels BeNe	178.4	254.1	42.4%
E-commerce logistics	60.2	85.6	42.3%
Cross-border	149.6	162.8	8.8%
Intersegment operating income	10.0	5.9	-41.5%
Total operating income	398.2	508.4	27.7%
Operating expenses	348.3	450.0	29.2%
EBITDA	49.9	58.4	17.1%
Depreciation & Amortization	11.2	10.6	-5.4%
Reported EBIT	38.7	47.8	23.6%
Margin (%)	9.7%	9.4%	
Adjusted EBIT	41.6	49.3	18.5%
Margin (%)	10.4%	9.7%	
Average # FTEs and interims	3,141	3,640	15.9%
Additional KPIs			
Parcels volume growth	17.3%	50.0%	

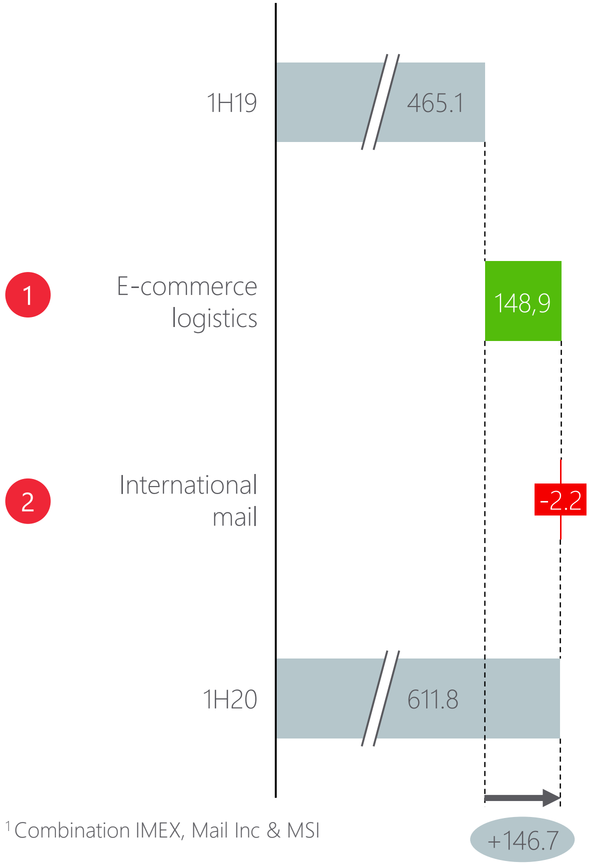
Key takeaways 1H20

- Total operating income € +110.2m (+27.7%) driven by positive development in all revenue lines, especially Parcels BeNe (€ +75.7m, +42.4%). Total positive COVID-19 revenue impact stood at € +65.7m. Excluding COVID-19 and the unfavourable YoY evolution of terminal dues (€ -3.1m), revenues were up € 47.6m.
- Excluding the unfavourable impact of terminal dues settlements (€ -2.5m) and YoY VAT recovery impact (€ -2.5m), the operating expenses (incl. adjusted D&A) increased by € -97.6m (+26.9%), mainly from higher payroll, interim and transport costs driven by volume growth across all business lines and specific COVID-19 opex, being: the premium, increase in absenteeism, health and safety measures, additional bad debt provisions, higher use of subcontractors.
- COVID-19 had an estimated EBIT impact of € +11.3m, from COVID-19 driven revenue increase in all business lines partly offset by the aforementioned specific COVID-19 additional opex.
- Adjusted EBIT increased by € +7.7m to € 49.3m. Excluding YoY additional VAT recovery and terminal dues settlements (together € -8.1m), adjusted EBIT was up € +15.7m (+47%) operationally.

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

1H20 – PaLo N. Am.

PaLo North America external operating income, € million



[1] Combination IMEX, Mail Inc & MSI

E-commerce logistics

YoY increase of +35.4% (+32.4% at constant exchange rate).

Revenue increase mainly driven by Radial North America recording significant growth of existing customers (+31%) driven by COVID-19 as well as new clients launched in 2019, slightly offset by client churn.

COVID-19 estimated impact on revenues: € +92.0m

1

International mail

Declining revenues at The Mail Group[1] (-4.8%) despite positive FX evolution (-7.2% at constant exchange rate).

Significant drop-off in business mail segment as a result of COVID-19.

COVID-19 estimated impact on revenues at € -2.0m with the main negative impact seen in April 2020 and improving month by month thereafter.

2

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Strongly positive EBIT evolution of Radial partly offset by continuing margin pressure in International mail

1H20 – PaLo N. Am.

€ million

Parcels & Logistics North America	1H19	1H20	% ↑
External operating income	465.1	611.8	31.5%
E-commerce logistics	420.1	569.0	35.4%
International mail	45.0	42.8	-4.8%
Intersegment operating income	2.5	3.3	36.7%
Total operating income	467.6	615.2	31.6%
Operating expenses	449.2	569.1	26.7%
EBITDA	18.4	46.1	150.4%
Depreciation & Amortization	33.2	42.7	28.4%
Reported EBIT	-14.8	3.5	
Margin (%)	-3.2%	0.6%	
Adjusted EBIT	-8.3	10.1	
Margin (%)	-1.8%	1.6%	
Average # FTEs and interims	7,168	8,422	17.5%
Additional KPIs, adjusted			
Radial North America revenue, $m	386.4	532.5	37.8%
Radial North America EBITDA, $m	5.4	34.8	
Radial North America EBIT, $m	-20.1	0.7	

Key takeaways 1H20

- Total operating income increase of € +147.6m or +31.6% (+28.5% at constant exchange rate) mainly driven by growth at Radial from existing customers and customers launched in 2019. COVID-19 impact on revenues is estimated at € 90.0m.
- Operating expenses (incl. adjusted D&A) increased by € -129.2m (€ -118.1m excl. FX) driven mainly by higher variable costs from volume growth (primarily at Radial) and bad debt impact, as well as increased D&A related to the 3 new fulfilment centers and COVID-19 additional expenses. International Mail was impacted by YoY increase in transport costs.
- COVID-19 impacted EBIT by an estimated € +16.2m, mainly related to additional e-commerce logistics volumes, partly offset by additional health and safety measures, increased transport costs relating to International Mail and bad debt.
- Adjusted EBIT up € +18.4m driven by positive operating leverage in E-commerce logistics, in particular at Radial. This was partially offset by continuing margin pressure in International mail.

Corporate EBIT decrease mainly driven by lower building sales

1H20 – Corporate

€ million

Corporate	1H19	1H20	% ↑
External operating income	23.3	7.6	-67.2%
Intersegment operating income	177.8	175.9	-1.1%
Total operating income	201.0	183.5	-8.7%
Operating expenses	164.5	158.2	-3.9%
EBITDA	36.5	25.3	-30.6%
Depreciation & Amortization	33.8	35.3	4.3%
Reported EBIT	2.7	-10.0	
Margin (%)	1.3%	-5.4%	
Adjusted EBIT	2.7	-10.0	
Margin (%)	1.3%	-5.4%	
Average # FTEs and interims	1,634	1,623	-0.7%

Key takeaways 1H20

- External revenues are down by € -15.7m driven by lower building sales: the gain on headquarter sale of € 19.9m in 2Q19 was partly offset by higher building sales in 1Q20.
- Operating expenses (incl. D&A) decreased by € +4.8m driven by lower demand for services from the operational Business Units (€ -1.9m intersegment operating income), especially due to lower demand for IT-related projects. Net of the intersegment operating income, the opex (incl. D&A) was down due to lower project costs at corporate level (cost containment) more than offsetting negative YoY VAT recovery impact (€ -1.7m) and additional COVID-19 related costs.
- COVID-19 impacted EBIT by an estimated € -2.3m, mainly related to additional costs for health and safety measures.
- As a result, adjusted EBIT decreased by € -12.7m.

Positive evolution of FCF[1] mainly driven by payment terms in payables and lower tax related cash flows

1H20

Reported - € million

		1H19	1H20	Delta
+	Cash flow from operating activities	174.9	341.9	167.1
+	Cash flow from investing activities	15.7	-34.5	-50.2
=	Free cash flow	190.6	307.4	116.8
+	Financing activities	-104.9	-51.0	53.9
=	Net cash movement	85.7	256.4	170.7
	Capex	(41.5)	(45.4)	(3.9)

CF from operating activities

Higher collected proceeds due to Radial's clients: € +40.5m, high level of merchandise sale in COVID-19 period

Absence of tax prepayment in 1H20 (vs. € -51.0m in 1H19)

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: € +54.3m, of which:

- € +65.4m improvement in working capital evolution: primarily positive impact of extended payment terms in payables, partly offset by negative impact of clients balance evolution
- Partly offset by lower operating results

CF from investing activities

Proceeds from buildings sales: € -46.1m

Capex: € -3.9m (€ 45.4m 2Q20 vs € 41.5m LY). Main investments in 1H20 include increased capacity at Radial, Parcels B2C and Active Ants, and ICT projects

CF from financing activities

Absence of dividend payment in 1H20: € +50.0m

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

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