



bpost

Third quarter
2020 results
Analyst call

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4 November 2020



Investor presentation

Interim financial report 3Q20

3Q20

Financial Calendar

08.12.2020 (10:30 CET)

Strategy update and capital allocation

09.03.2021 (17:45 CET)

Annual results 2020

05.05.2021 (17:45 CET)

Quarterly results 1Q21

12.05.2021

Ordinary General Meeting of Shareholders

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 3Q20

3Q20

Strong e-commerce driven performance in PaLo Eurasia and North America further accelerates the mix shift and drives 2020 outlook upgrade

Group operating income

€ 972.9m
up 10.4%

Group adjusted EBIT

€ 69.5m
up 81.5%
7.1% EBIT margin

Mail & Retail

€ 35.7m
7.7% EBIT margin

- Total operating income at € 463.7m (-4.6%) driven by COVID-19 impact on retail and by deconsolidation of Alvaldis
- Underlying mail volume decline proving resilient at -8.2% and better than pre-COVID-19 guided -9 to -11% range
- Limited adjusted EBIT decline (€ -2.7m) driven by stellar growth in parcel volumes handled through the mail network for PaLo Eurasia

Parcels & Logistics Eurasia

€ 29.7m
11.3% EBIT margin

- Total operating income at € 263.1m (+32.7%) driven by thriving e-commerce both domestically (Parcels BeNe +33.1%) and abroad (Cross-Border +36.0%)
- Parcels B2X organic volumes +49.0% from continued strong e-commerce development
- Adjusted EBIT up € +19.4m and nearly tripling. Strong margin improvement driven by stellar growth in parcel volumes handled through the mail network

Parcels & Logistics N. Am.

€ 8.7m
2.9% EBIT margin

- Total operating income at € 295.9m (+22.6%) driven by continued strong momentum in E-commerce logistics
- Adjusted EBIT increase (€ +14.0m) mainly driven by operating leverage in E-commerce logistics
- Following ransomware attack on Radial NA on Oct. 15th, 2020, Radial has managed to regain sufficient functionality to restart fulfilment operations at all locations

2020 group adjusted EBIT at least € 270m including ransomware attack

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

Note: COVID-19 impacts not separately disclosed as increasingly artificial and less meaningful

Non-financial highlights

3Q20



Ilias Simpson

Radial NA CEO as of December 1st, 2020



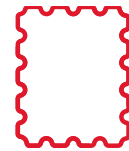
E-commerce investments

2nd site Active Ants, \$ 40m Radial



End of year peak 2020

Ready to service our clients



Mail pricing 2021

+6% increase on average



Sustainability

-30% km by 2030 with double deck trailers



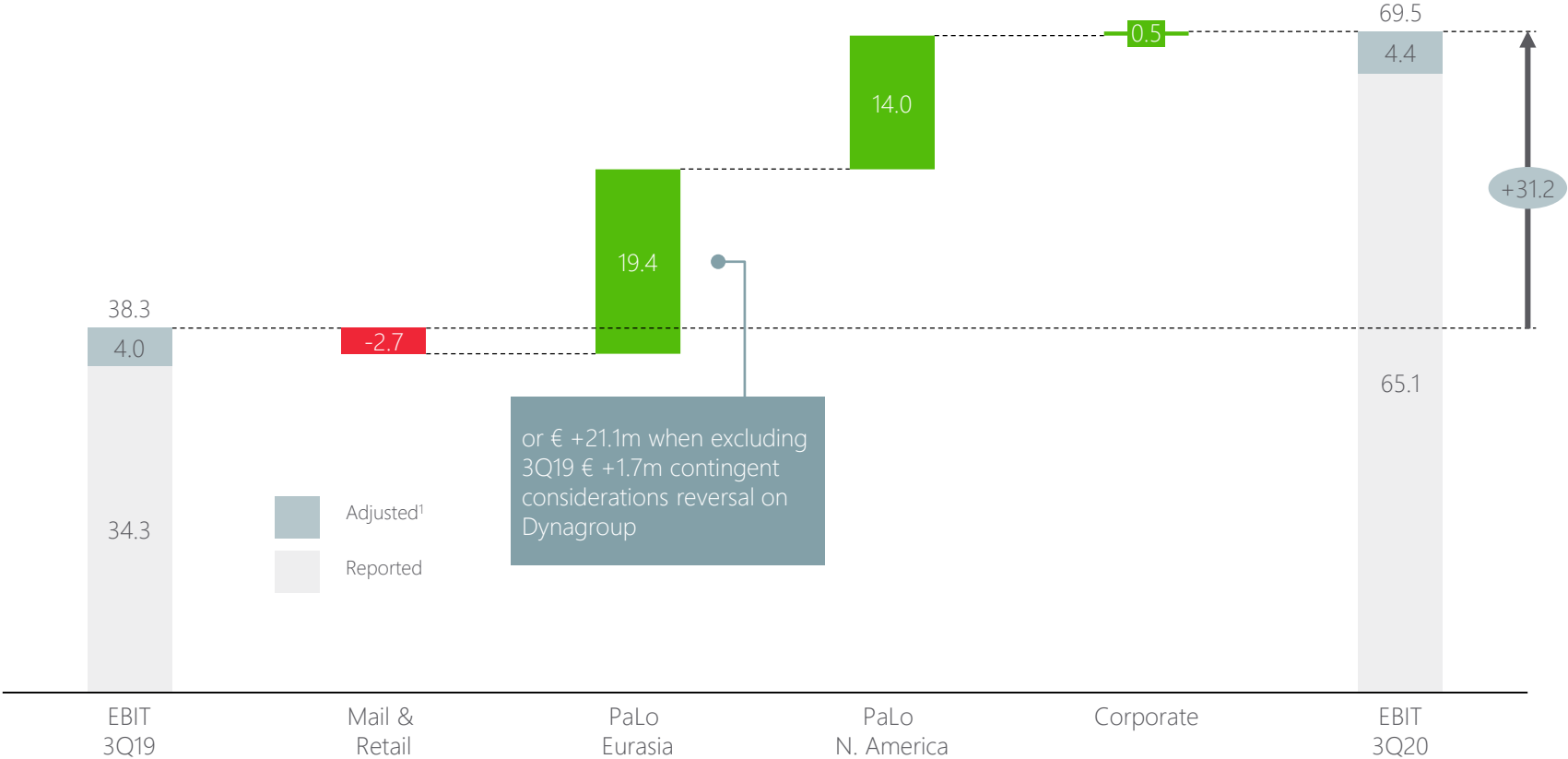
Strategy update

December 8th, 2020

3Q20 EBIT nearly doubles driven by high growth in Parcels & Logistics Eurasia and North America

3Q20

€ 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 3Q20

3Q20

€ million	Reported		Adjusted ¹		% ↑
	3Q19	3Q20	3Q19	3Q20	
Total operating income	1 881.5	972.9	1 880.9	972.9	10.4%
Operating expenses	783.0	840.1	783.0	840.1	7.3%
EBITDA	98.5	132.8	97.9	132.8	35.7%
Depreciation & Amortization	64.2	67.8	59.6	63.3	6.3%
EBIT	34.3	2 65.1	38.3	2 69.5	81.5%
Margin (%)	3.9%	6.7%	4.3%	7.1%	
Financial result	-12.4	-11.5	-12.4	-11.5	
Profit before tax	27.1	59.2	31.1	63.6	104.7%
Income tax expense	13.8	2 14.8	14.0	2 15.1	7.4%
Net profit	13.4	44.4	17.0	48.6	184.8%
FCF	-15.8	3 -9.1	-9.7	3 33.0	-
Net Debt at 30 September	751.3	597.6	751.3	597.6	-20.5%
Capex	47.6	41.1	47.6	41.4	-12.8%
Average # FTEs and interims	34,976	38,274	34,976	38,274	9.4%

1 Adjustment of € -0.6m at operating income level related to the disposal of Alvaldis on August 30, 2019

2 Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ +4.4m) and income tax expense (€ +0.3m)

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

Results by segment 3Q20

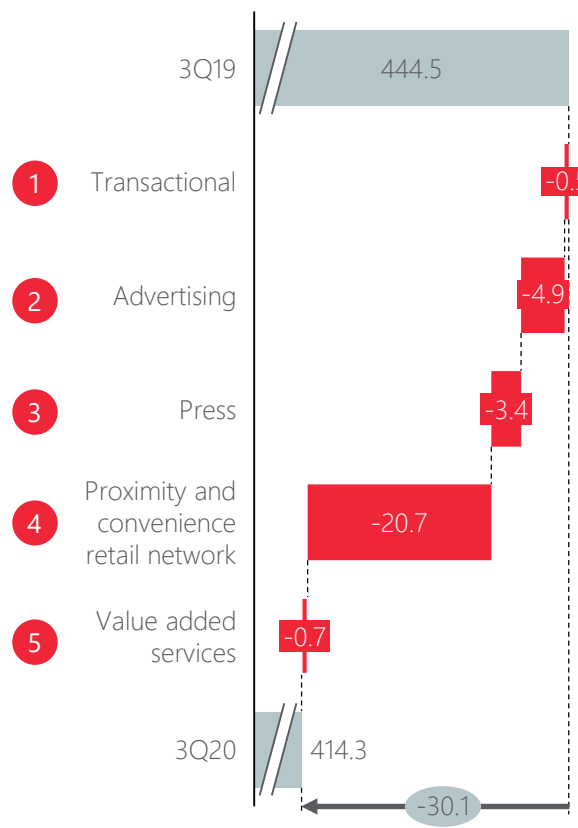
3Q20

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	414.3	259.5	294.9	4.2	0.0	972.9
Intersegment operating income	49.4	3.6	1.0	86.2	-140.2	0.0
Total operating income	463.7	263.1	295.9	90.4	(140.2)	972.9
Operating expenses	405.8	228.2	269.2	77.0	-140.2	840.1
EBITDA	57.8	34.9	26.7	13.4		132.8
Depreciation & Amortization	22.7	5.9	21.1	18.1		67.8
Reported EBIT	35.1	29.0	5.6	-4.7		65.1
Margin (%)	7.6%	11.0%	1.9%	-5.2%		6.7%
Adjusted EBIT	35.7	29.7	8.7	-4.7		69.5
Margin (%)	7.7%	11.3%	2.9%	-5.2%		7.1%

Top-line decline driven by COVID-19 impact on retail and by deconsolidation of Alvaldis

M&R external operating income, € million



Domestic Mail

Operating income decline at € -8.7m i.e. € -20.9m volume (-8.2% underlying volume decline), and € +12.1m price/mix.

1 2 3

Transactional

Good resistance of transactional mail volumes with -8.3% underlying volume decline driven by the known structural trends of 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.

1

Proximity and convenience retail network

Decrease mainly driven by:

- Ubiway retail revenues mainly impacted by reduced footfall from COVID-19, especially in travel environments
- 2-month Alvaldis deconsolidation effect (€ -5.4m) until 31 August 2020
- Decline in banking & finance revenues

4

Advertising

-9.4% underlying volume decline driven by continued recovery in unaddressed advertising mail aimed at driving traffic to the store, while Direct Mail sales is impacted by ongoing limited visibility due to COVID-19 uncertainties.

2

Press

-5.4% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Lower revenues from data and document management partly compensated by higher revenues from European license plates.

5

Limited M&R EBIT decline driven by stellar growth in parcel volumes handled through the mail network for PaLo Eurasia

3Q20 – M&R

€ million

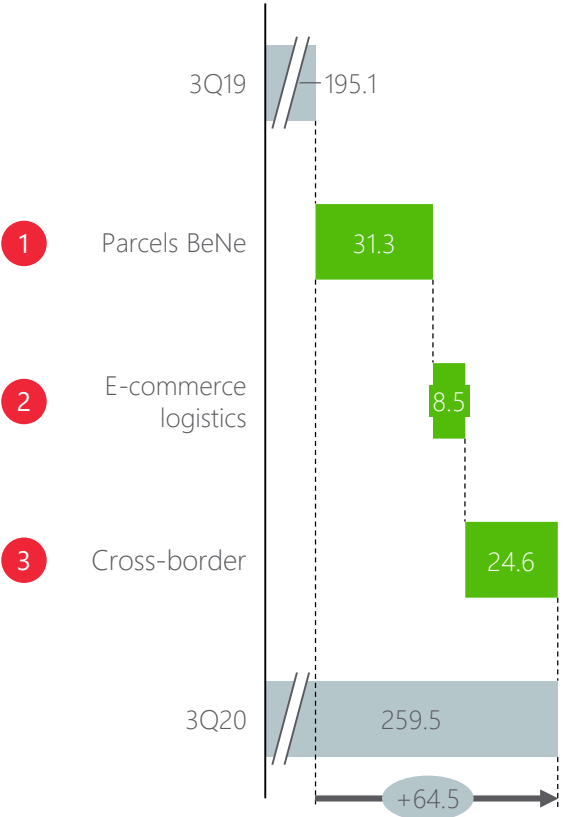
Mail & Retail	3Q19	3Q20	% ↑
External operating income	444.5	414.3	-6.8%
Transactional	168.8	168.3	-0.3%
Advertising	50.8	45.9	-9.7%
Press	82.1	78.7	-4.1%
Proximity and convenience retail network	116.9	96.2	-17.7%
Value added services	25.9	25.2	-2.6%
Intersegment operating income	41.6	49.4	18.8%
Total operating income	486.0	463.7	-4.6%
Operating expenses	426.9	405.8	-4.9%
EBITDA	59.1	57.8	-2.2%
Depreciation & Amortization	20.7	22.7	9.9%
Reported EBIT	38.5	35.1	-8.6%
Margin (%)	7.9%	7.6%	
Adjusted EBIT	38.4	35.7	-7.1%
Margin (%)	7.9%	7.7%	
Average # FTEs and interims	23,070	24,092	4.4%
Additional KPIs			
Underlying Mail volume decline	-7.8%	-8.2%	
Transactional	-9.2%	-8.3%	
Advertising	-6.5%	-9.4%	
Press	-3.4%	-5.4%	

Key takeaways 3Q20

- Total operating income decline of € -22.3m or -4.6% (€ -21.7m adjusted) primarily driven by lower Proximity and convenience retail network revenues and mail volume decline, partly compensated by mail pricing and higher intersegment operating income related to higher parcels volumes.
- Operating expenses (incl. adjusted D&A) declined by € +19.0m (-4.3%):
 - Higher payroll & interim costs driven by (1) increased headcount mainly from higher parcel volumes and absenteeism and (2) higher price from regular salary indexation; together with specific COVID-19 opex (€ 1.6m) incl. bad debt
 - More than compensated by lower material costs from Ubiway retail incl. Alvdavis deconsolidation impact, increased sorting expenses transferred to PaLo Eurasia driven by growth in parcel volumes handled through the mail network, lower project-related costs and lower use of sub-contractors.
- M&R adjusted EBIT declined by € -2.7m to € 35.7m.

PaLo Eurasia revenue driven by thriving e-commerce both domestically and abroad

PaLo Eurasia external operating income, € million



Parcels BeNe

Parcels B2X¹ revenues up 45.3% driven by volume growth of +49.0% fuelled by continued strong e-commerce development accelerated by COVID-19.

Total Parcels BeNe revenues up € 31.3m (+33.1%) or € +32.9m excluding last year's positive effect of the reversal of the contingent consideration of Dynagroup (€ 1.7m). Dilution of the revenue growth % vs. parcels B2X revenue growth is explained by flattish YoY revenue development of business not captured in Parcels B2X, driven among others by LY's closure of non-profitable businesses.

1

E-commerce logistics

Revenue evolution mainly driven by:

- Active Ants growth at existing customers as well as the integration of MCS Fulfilment as from October 1, 2019
- Radial Europe growth of UK sales both from existing and new clients and opening of new fulfilment site in Poland

2

Cross-border

Strong revenue development driven by:

- Continued exponential growth of Asian parcel volumes with revenues more than tripling YoY linked to rail transport of containers as an alternative to air freight
- Partly offset by declining cross-border postal business where growth in inbound parcels could not fully compensate the decline in both inbound & outbound mail volumes

3

¹ Since 3Q20, volume growth % consists of B2X parcels, not including Euro-Sprinters, CityDepot, Future Lab and Dynagroup. Restated 1Q20 and 2Q20 are respectively at +25.2% and +79.3%, leading to 51.5% YTD20.

Stellar growth in parcel volumes handled through the mail network drives steep EBIT margin improvement

3Q20 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	3Q19	3Q20	% ↑
External operating income	195.1	259.5	33.1%
Parcels BeNe	94.4	125.6	33.1%
E-commerce logistics	32.3	40.8	26.5%
Cross-border	68.4	93.0	36.0%
Intersegment operating income	3.2	3.6	11.1%
Total operating income	198.3	263.1	32.7%
Operating expenses	183.5	228.2	24.4%
EBITDA	14.8	34.9	136.2%
Depreciation & Amortization	5.1	5.9	14.8%
Reported EBIT	9.7	29.0	200.2%
Margin (%)	4.9%	11.0%	
Adjusted EBIT	10.4	29.7	187.2%
Margin (%)	5.2%	11.3%	
Average # FTEs and interims	3,230	3,507	8.6%
Additional KPIs			
Parcels volume growth ¹	21.1%	49.0%	

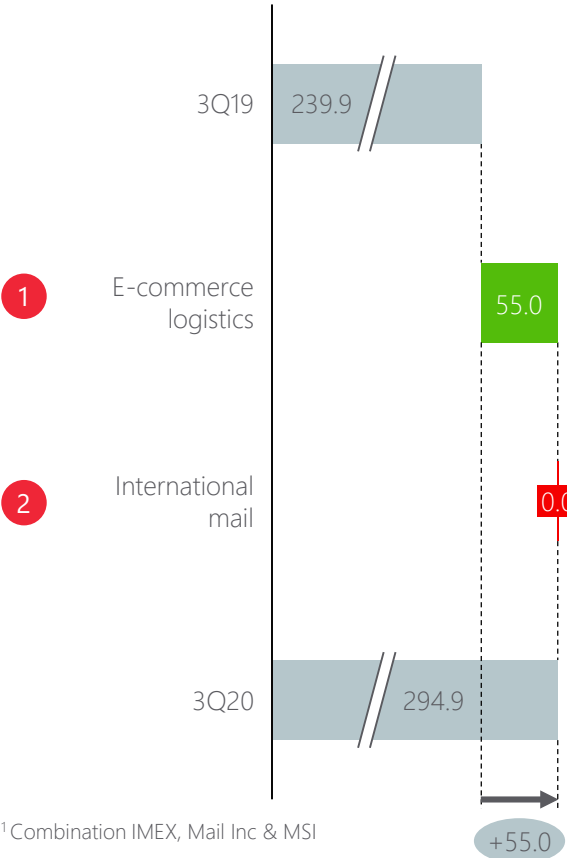
¹ 3Q19 restated to reflect Parcels B2X volume growth

Key takeaways 3Q20

- Total operating income up € +64.8m or +32.7% (€ +66.5m or 33.8% excl. last year's € 1.7m contingent considerations reversal on Dynagroup) driven by positive development in all revenue lines, especially Parcels BeNe (€ +31.3m, +33.1%) and Cross-border (€ +24.6m, +36.0%).
- Operating expenses (incl. adjusted D&A) were up € -45.4m (+24.2%), mainly explained by higher volume-linked variable costs translating into increased payroll, interim and transport costs across all business lines. PaLo EA also recorded higher intersegment operating expenses from M&R driven by solid parcels growth in the integrated last-mile mail & parcels network.
- Adjusted EBIT increased by € +19.4m, nearly tripling to reach € 29.7m. Excluding last year's contingent considerations reversal on Dynagroup, adjusted EBIT was up € +21.0m operationally. The steep margin improvement is explained by stellar growth in parcel volumes handled through the mail network.

Parcels & Logistics North America driven by continued strong e-commerce development

PaLo North America external operating income, € million



¹Combination IMEX, Mail Inc & MSI

E-commerce logistics

YoY increase of +25.2% (+31.6% at constant exchange rate). Revenue increase mainly driven by Radial NA benefitting from changing e-commerce shopping habits due to COVID-19 concerns. Growth mainly driven by existing customers (+34%) as well as customers launched in 2019, slightly offset by client churn.

Cross-border activities (Landmark, Apple Express & FDM) benefitted from new client wins and increased e-commerce business overall, leading to higher sales from existing customers.

International mail

Revenues flat YoY (+5.1% at constant exchange rate) with lower volumes in the business mail segment compensated by higher domestic parcels revenues from new contract wins.



Sharp EBIT uplift driven by Radial North America

3Q20 – PaLo N. Am.

€ million

Parcels & Logistics North America	3Q19	3Q20	% ↑
External operating income	239.9	294.9	22.9%
E-commerce logistics	218.4	273.4	25.2%
International mail	21.4	21.4	0.0%
Intersegment operating income	1.5	1.0	-31.5%
Total operating income	241.4	295.9	22.6%
Operating expenses	229.7	269.2	17.2%
EBITDA	11.6	26.7	129.1%
Depreciation & Amortization	20.2	21.1	4.2%
Reported EBIT	-8.6	5.6	-
Margin (%)	-3.6%	1.9%	
Adjusted EBIT	-5.3	8.7	-
Margin (%)	-2.2%	2.9%	
Average # FTEs and interims	7,059	9,102	28.9%
Additional KPIs, adjusted			
Radial North America revenue, \$m	195.3	261.8	34.1%
Radial North America EBITDA, \$m	5.1	21.2	315.7%
Radial North America EBIT, \$m	-11.2	3.2	

Key takeaways 3Q20

- Total operating income increase of € +54.5m or +22.6% (+28.9% at constant exchange rate) fully driven by e-commerce logistics which continues to benefit from strong momentum.
- Operating expenses (incl. adjusted D&A) increased by € -40.5m (€ -52.6m excl. FX) resulting from volume-driven higher variable labour and transportation costs, higher fixed payroll and benefits, COVID-19 related expenses and increased D&A from additional fulfilment sites. This was partly compensated by higher productivity and benefits from our cost savings program as well as cost containment measures in general.
- Adjusted EBIT up € +14.0m to € 8.7m mainly driven by positive operating leverage in E-commerce logistics, in particular at Radial.

Corporate EBIT slightly above last year driven by higher building sales

3Q20 – Corporate

€ million

Corporate	3Q19	3Q20	% ↑
External operating income	2.2	4.2	92.9%
Intersegment operating income	88.6	86.2	-2.7%
Total operating income	90.8	90.4	-0.4%
Operating expenses	77.8	77.0	-1.0%
EBITDA	13.0	13.4	3.4%
Depreciation & Amortization	18.2	18.1	-0.3%
Reported EBIT	-5.2	-4.7	-
Margin (%)	-5.7%	-5.2%	
Adjusted EBIT	-5.2	-4.7	-
Margin (%)	-5.7%	-5.2%	
Average # FTEs and interims	1,617	1,574	-2.7%

Key takeaways 3Q20

- External revenues up by € +2.0m driven by higher building sales.
- Operating expenses (incl. D&A) decreased by € +0.8m driven by lower demand for services from the different operational Business Units (€ -2.4m intersegment operating income). Net of the intersegment operating income, opex (incl. D&A) increased by € -1.6m mainly driven by higher provisions.
- As a result, adjusted EBIT increased by € +0.5m YoY to € -4.7m.

Increased FCF¹ thanks to strong operating activities

3Q20

Reported - € million

	3Q19	3Q20	Delta
+ Cash flow from operating activities	31.8	28.4	-3.4
out of which CF from operating activities before Δ in WC & provisions	85.6	93.6	8.0
+ Cash flow from investing activities	-47.5	-37.5	10.0
= Free cash flow	-15.8	-9.1	6.6
+ Financing activities	-46.8	-47.2	-0.5
= Net cash movement	-62.5	-56.4	6.1
Capex	-47.6	-41.4	6.1

CF from operating activities

€ +8.0m variance in CF from operating activities before change in working capital and provisions, mainly thanks to higher EBITDA (€ +34.3m) partially offset by higher tax prepayments (€ -19.0m)

Change in working capital and provisions (€ -11.4m) of which :

- More cash outflows relating to collected proceeds due to clients in Radial: € -36.2m, high level of merchandise sales in COVID-19 period
- € +23.1m improvement in working capital evolution: primarily driven by higher settlements of receivables due to increased sales in 2Q20 partially offset by outflow related to social security deferred to 3Q20 and lower supplier balances

CF from investing activities

Disposal of Alvaldis in 3Q19: € -5.9m

M&A activities in 3Q19: € +7.3m (contingent consideration Dyna and purchase AtoZ and MCS)

Capex at € 41.4m decreased by € +6.1m vs 3Q19 and was mainly spent on increased capacity for e-commerce: Radial and Active Ants additional sites and Parcels B2X sorting capacity

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

Balance Sheet

3Q20

€ million

Assets	Dec 31, 2019	Sep 30, 2020
PPE	1,133.6	1,109.6
Intangible assets	898.3	860.8
Investments in associates and joint ventures	239.5	239.1
Other assets	41.8	43.4
Trade & other receivables	759.0	638.1
Inventories	34.7	36.7
Cash & cash equivalents	670.2	856.1
Total Assets	3,777.1	3,783.9

€ million

Equity and Liabilities	Dec 31, 2019	Sep 30, 2020
Total equity	682.6	765.5
Interest-bearing loans & borrowings (incl. Bank overdraft)	1,449.9	1,453.6
Employee benefits	320.6	311.2
Trade & other payables	1,278.5	1,175.1
Provisions	29.8	28.5
Derivative instruments	1.3	0.7
Other liabilities	14.3	49.4
Total Equity and Liabilities	3,777.1	3,783.9

Main balance sheet movements

Trade & other receivables decreased mainly due to the settlement of the SGEI receivable in the first quarter.

Trade & other payables decreased mainly due to the decrease of trade payables and social payables. The decrease of the trade payables was mainly explained by the cost containment actions in 2020, partially offset by the positive impact of extended payment terms in 2Q20 and 3Q20 due to COVID-19.

Total equity increased in line with the realized profit (€ 135.9m), partially offset by the fair value adjustment of bpost bank's bond portfolio (€ 14.0m), the exchange differences on translation of foreign operations (€ 26.4m) 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 (€ 14.6m).

Other liabilities increased due the lower advanced tax payment.

Financing Structure & Liquidity

3Q20

€ million

Available Liquidity	Dec 31, 2019	Sep 30, 2020
Cash & cash equivalents	670.2	856.1
Cash in network	163.6	134.8
Transit accounts	105.8	42.7
Cash payment transactions under execution	-26.7	-7.1
Bank current accounts	377.4	486.6
Short-term deposits	50.0	199.0
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	1,231.1

Liquidity: Cash & Committed credit lines

Total available liquidity at September 30, 2020 consisted out of € 856.1m cash & cash equivalents of which € 685.6m 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	Sep 30, 2020
<i>Long-term</i>		
Long-term bond ¹ (1.25% - 07/2026)	650.0	650.0
Bank loans	183.2	176.2
Amortizing Loan (€ 100m) - 12/2022	18.2	18.2
Term Loan (\$ 185m) - 07/2023	165.0	158.0
<i>Short-term</i>		
Bank loans: Amortizing Loan (€ 100m) - 12/2022	9.1	9.1
Commercial Papers	164.5	165.1
Total External Funding	1,006.8	1,000.4

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

Out of € 1,000.4m external funding on balance sheet at September 30, 2020:

- € 165.1m need to be repaid or will be rolled over between 4Q20 and 1Q21 (i.e. commercial paper with maturity ranging between 1 to 6 months).
- € 9.1m during 4Q20 (i.e. the current portion of the amortizing loan).

¹ € 650m long-term bond with a carrying amount of € 643.3m, the difference being the re-offer price and issuance fees.

2020 group EBIT outlook revised upwards

Outlook FY20

Group

FY20 group adjusted EBIT can be revised upwards to at least € 270m, including the estimated financial impact of the ransomware attack at Radial North America. Due to the second wave of the pandemic and lockdown measures taken, the visibility for 4Q20 is however limited.

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 updated capital allocation framework, including new dividend policy, will be communicated to the market on December 8th, 2020.

COVID-19 disclaimer

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

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