



Third quarter 2019 results

Analyst call

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Brussels – November 7, 2019

Investor presentation - Interim financial report 3Q19

Financial Calendar

More on corporate.bpost.be/investors

02.12.2019

(17:45 CET)

Interim dividend 2019
announcement

05.12.2019

Ex-dividend date

09.12.2019

Dividend payment date

17.03.2020

(17:45 CET)

Annual results 2019

04.05.2020

(17:45 CET)

Quarterly results 1Q20

13.05.2020

Ordinary General Meeting

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Highlights of 3Q19

Group normalized operating income

€ 880.9m

Group normalized EBIT

€ 38.3m

4.3% EBIT margin

Mail & Retail

- Total operating income at € 486.0m (-1.6%) as mail volume decline was partly compensated by pricing.
- Underlying mail volume decline at -7.8% driven mostly by Transactional mail due to e-substitution.
- EBIT impact (-26.4%) from mail volume decline and wage drift.

€ 38.4m

7.9% EBIT margin

Parcels & Logistics Europe & Asia

- Total operating income at € 198.3m (+6.1%) with Parcels BeNe up 18.8% and organic growth in E-commerce logistics.
- Parcels BeNe volume growth at +20.3% resulted from e-commerce growth and good volume development at Dynalagic.
- Solid EBIT margin improvement thanks to the run-off of non-performing businesses and € 1.7m DynaGroup earn-out reversal.

€ 10.4m

5.2% EBIT margin

Parcels & Logistics North America

- As anticipated, total operating income at € 241.4m (-0.1%) impacted by Radial customer churn and repricing compensated by new business and a positive FX evolution.
- EBIT mainly impacted by top-line development in line with expectations.

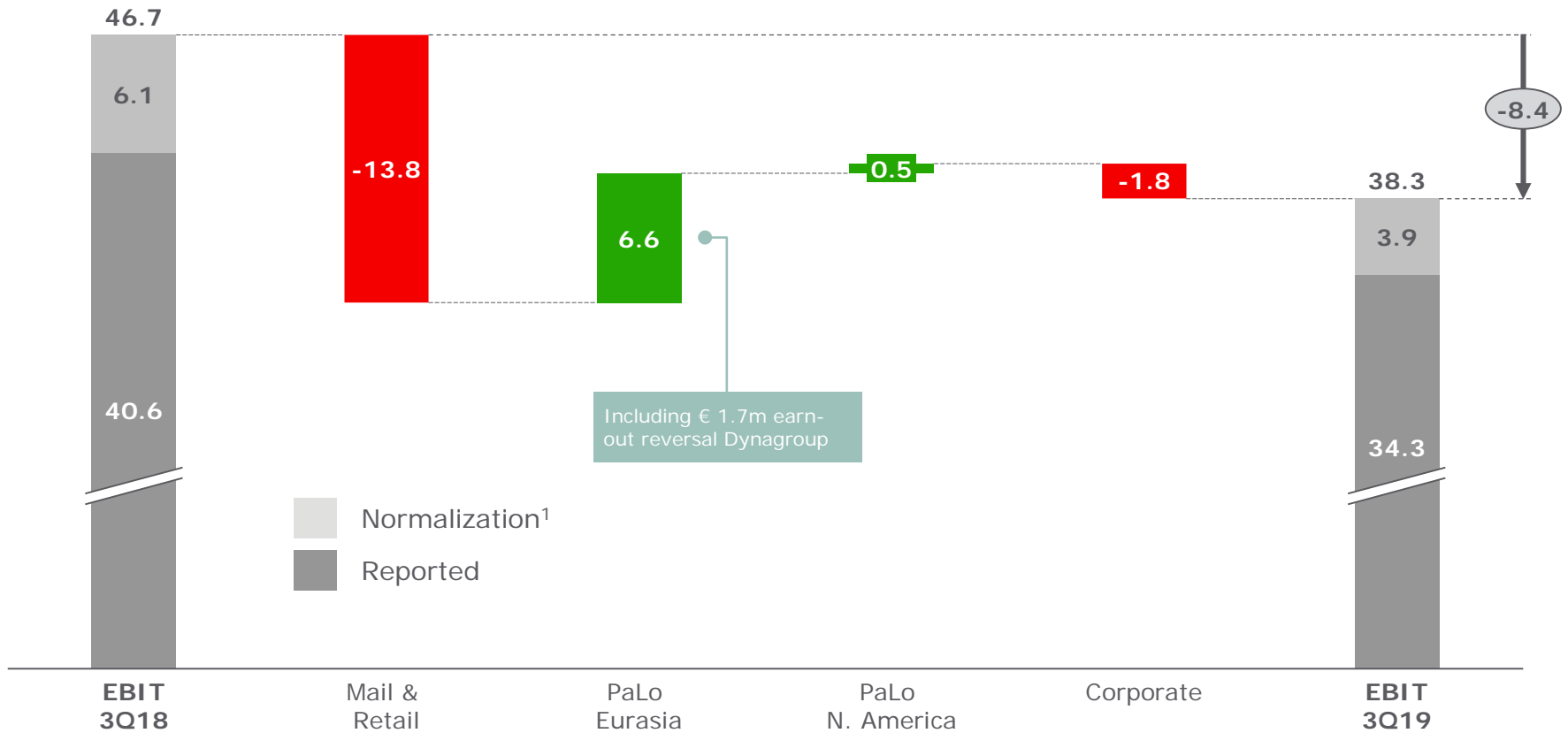
€ -5.3m

-2.2% EBIT margin

3Q19 in line with our expectations, on track for FY outlook

3Q19 EBIT in line with expectations, with mail volume decline and wage drift partly compensated by a solid PaLo Eurasia performance

€ million



¹ 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 3Q19

€ million

	Reported		Normalized ¹		% Δ	IFRS16 impact
	3Q18	3Q19	3Q18	3Q19		
Total operating income	873.7	881.5	873.7	880.9	0.8%	
Operating expenses	794.8	783.0	794.8	783.0	-1.5%	27.5
EBITDA	78.9	98.5	78.9	97.9	24.0%	27.5
Depreciation & Amortization	38.3	64.2	32.2	59.6		-27.9
EBIT	40.6	34.3	46.7	38.3	-18.1%	(0.3)
<i>Margin (%)</i>	4.7%	3.9%	5.3%	4.3%		
Financial result	(6.1)	(12.4)	(6.1)	(12.4)		(2.6)
Profit before tax	39.9	27.1	46.0	31.1	-32.4%	(2.9)
Income tax expense	12.7	13.8	13.4	14.0		0.9
Net profit	27.2	13.4	32.6	17.0	-47.7%	(2.1)
FCF	(53.3)	(15.8)	(45.7)	(9.7)		37.7
bpost S.A./N.V. net profit (BGAAP)	29.3	18.0	29.3	18.0	-38.5%	
Net Debt at 30 September¹	354.1	751.3	354.1	751.3		428.4
Average # FTEs and interims	35,523	34,976	35,523	34,976		

Normalization of € -0.6m at operating income level related to the disposal of Alvdavis

Amortization of intangibles recognized during PPA is normalized, leading to increase in EBIT (€ +4.6m) and income tax expense (€ +0.3m)

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

¹ Unaudited figures

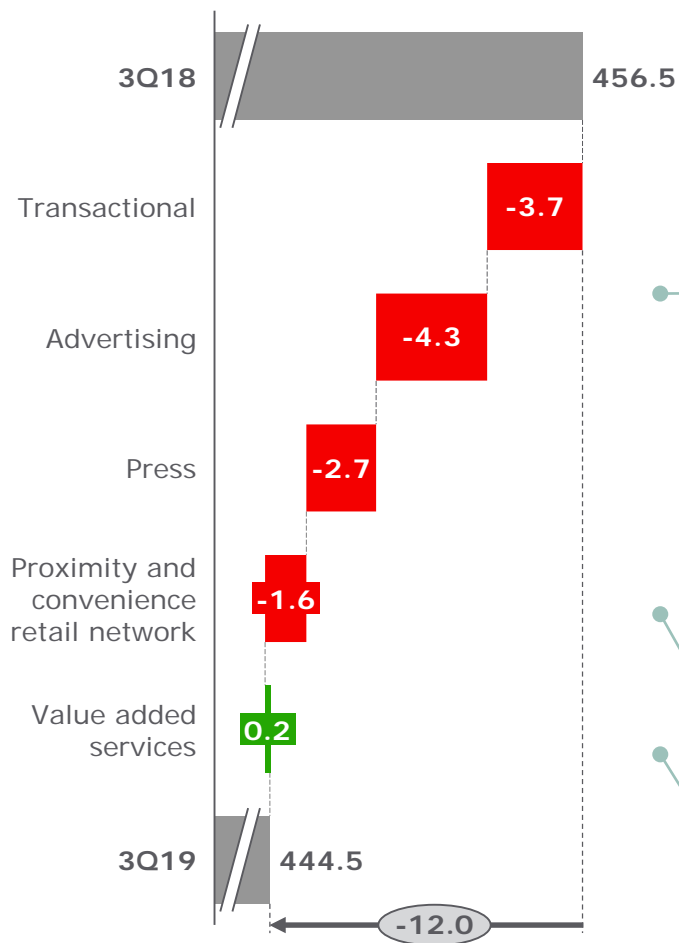
Results by segment 3Q19

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	444.5	195.1	239.9	2.2	-	881.5
Intersegment operating income	41.6	3.2	1.5	88.6	(134.9)	-
Total operating income	486.0	198.3	241.4	90.8	(134.9)	881.5
Operating expenses	426.9	183.5	229.7	77.8	(134.9)	783.0
EBITDA	59.1	14.8	11.6	13.0		98.5
Depreciation & Amortization	20.7	5.1	20.2	18.2		64.2
Reported EBIT	38.5	9.7	(8.6)	(5.2)		34.3
<i>Margin (%)</i>	<i>7.9%</i>	<i>4.9%</i>	<i>-3.6%</i>	<i>-5.7%</i>		<i>3.9%</i>
Normalized EBIT	38.4	10.4	(5.3)	(5.2)		38.3
<i>Margin (%)</i>	<i>7.9%</i>	<i>5.2%</i>	<i>-2.2%</i>	<i>-5.7%</i>		<i>4.3%</i>

M&R operating income reduction caused by mail volume decline

M&R external operating income, € million



Domestic Mail operating income decline of € -10.6m:

i.e. € +1.2m working days impact, € -20.4m volume (-7.8% underlying volume decline), € -2.1m elections and € +10.7m price/mix.

- **Transactional Mail:** -9.2% underlying volume decline resulting from continued e-substitution by big senders and SMEs as well as digitization of C2B communication through smartphone apps.
- **Advertising Mail:** -6.5% underlying volume decline explained by positive development in Unaddressed resulting from dedicated sales efforts and phasing effects between quarters negatively impacting Direct Mail in 3Q19.
- **Press:** -3.4% underlying volume decline benefiting from an easier comparable base. Overall continuation of e-substitution trend.

Deconsolidation of Alvaldis (€ -1.8m) since September 2019.

Mainly additional revenues from fines management partly offset by decline on other solutions.

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

€ million

	3Q18	3Q19	% Δ
External operating income	456.5	444.5	-2.6%
Transactional	172.7	169.0	-2.2%
Advertising	55.1	50.8	-7.7%
Press	84.0	81.3	-3.2%
Proximity and convenience retail network	119.0	117.4	-1.3%
Value added services	25.7	25.9	0.9%
Intersegment operating income	37.4	41.6	11.2%
Total operating income	493.8	486.0	-1.6%
Operating expenses	431.7	426.9	
EBITDA	62.2	59.1	
Depreciation & Amortization	10.6	20.7	
Reported EBIT	51.5	38.5	-25.4%
<i>Margin (%)</i>	<i>10.4%</i>	<i>7.9%</i>	
Normalized EBIT	52.2	38.4	-26.4%
<i>Margin (%)</i>	<i>10.6%</i>	<i>7.9%</i>	
Capex	7.8	9.3	
Average # FTEs and interims	22,741	23,070	

Additional KPIs¹

Underlying Mail volume decline	-7.8%
Transactional	-9.2%
Advertising	-6.5%
Press (incl. Ubiway)	-3.4%

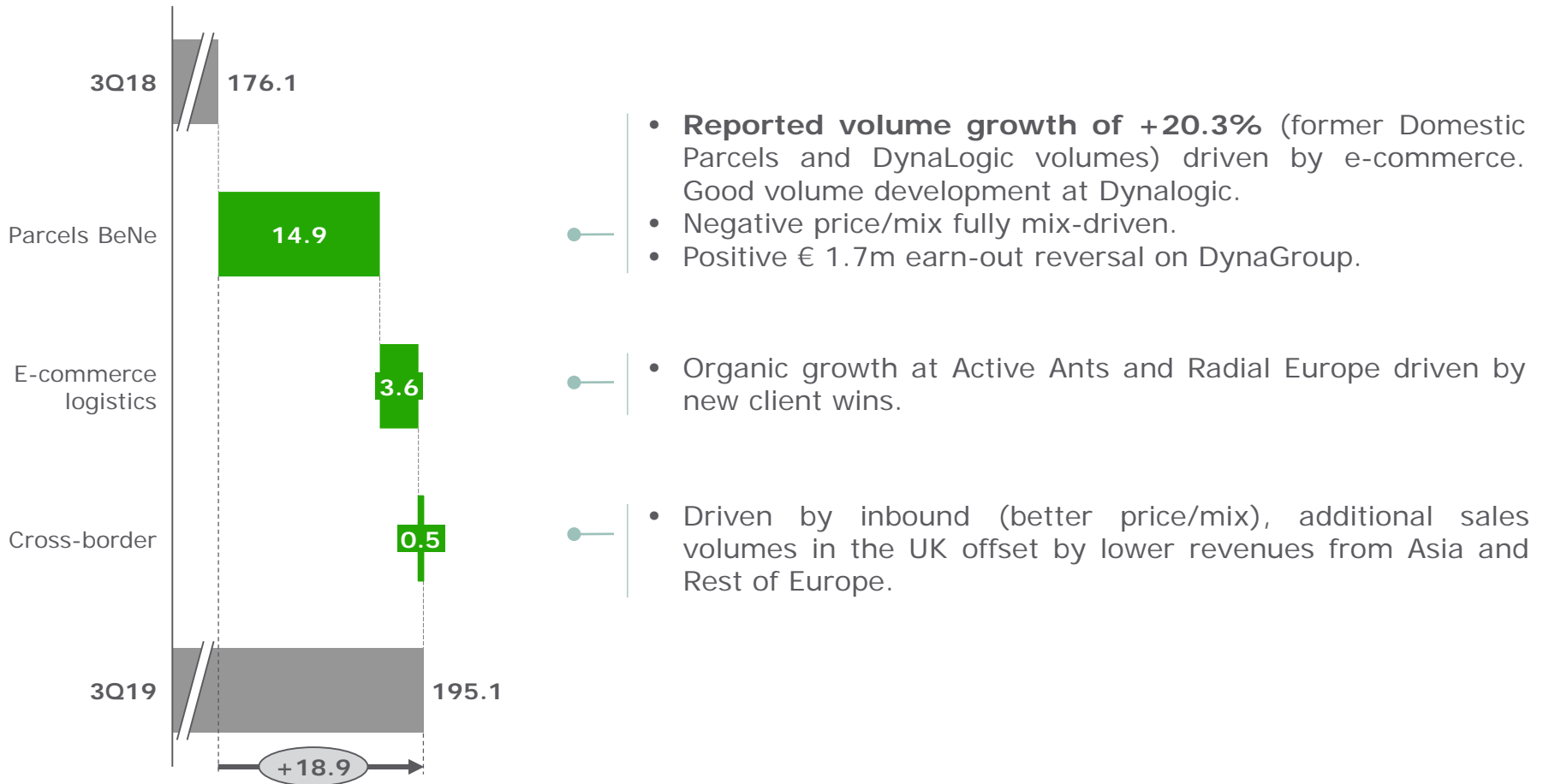
Key takeaways 3Q19

- Total reported operating income decline of € -7.8m (€ -8.4m normalized) primarily driven by domestic mail volume decline, partly compensated by pricing.
- Operating expenses excluding IFRS 16 impact increased by € -5.7m mainly driven by higher payroll (2019-20 CLA and salary indexation) despite (1) a favorable evolution of the FTE mix and (2) the deconsolidation of Alvaldis since September (EBIT impact neutral).
- Normalized D&A excluding IFRS 16 impact decreased by € +0.1m.
- IFRS 16 impact of € +10.5m on operating expenses and € -10.2m on D&A.
- As a result, normalized EBIT declined by € -13.8m.

¹ As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: 3Q18 operating income is restated, but not all comparable KPIs for 3Q18 are available

Organic growth in Parcels BeNe and E-commerce logistics

PaLo Eurasia external operating income, € million



Solid EBIT margin improvement thanks to volume growth and run-off of some non-performing businesses

€ million

	3Q18	3Q19	% Δ
External operating income	176.1	195.1	10.8%
Parcels BeNe	79.4	94.4	18.8%
E-commerce logistics	28.7	32.3	12.4%
Cross-border	67.9	68.4	0.7%
Intersegment operating income	10.7	3.2	-69.8%
Total operating income	186.8	198.3	6.1%
Operating expenses	180.8	183.5	
EBITDA	6.0	14.8	
Depreciation & Amortization	4.7	5.1	
Reported EBIT	1.3	9.7	
<i>Margin (%)</i>	<i>0.7%</i>	<i>4.9%</i>	
Normalized EBIT	3.7	10.4	
<i>Margin (%)</i>	<i>2.0%</i>	<i>5.2%</i>	
Capex	1.4	3.1	
Average # FTEs and interims	3,170	3,230	

Additional KPIs¹

Parcels volume growth 20.3%

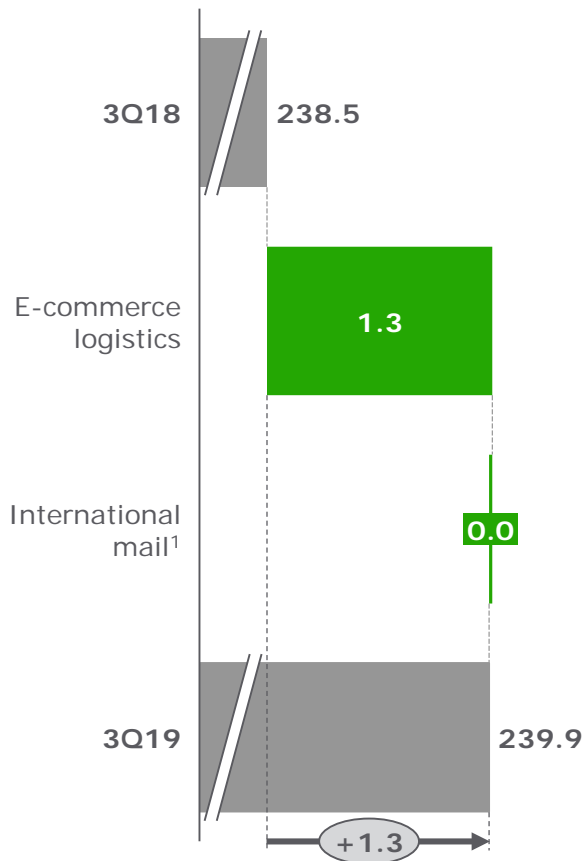
Key takeaways 3Q19

- Total operating income increase of € +11.5m primarily driven by Parcels BeNe (€ +14.9m) resulting from volume growth and a € +1.7m earn-out reversal at Dynagroup. Organic top-line increase in E-commerce logistics.
- Operating expenses excluding IFRS 16 impact increased by € -4.9m, or 2.7%, far less than operating income, as a result of the run-off of non-performing businesses and decrease in transport costs partly related to cross-border mix.
- IFRS 16 impact of € +2.2m on operating expenses and € -2.1m on D&A.
- Normalized EBIT increased by € +6.6m.

¹ As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. 3Q18 operating income is restated, but not all comparable KPIs for 3Q18 are available.

Radial FY18 customer churn and repricing compensated by new business and positive FX development

PaLo North America external operating income, € million



- YoY increase of +0.6%, -3.7% at constant exchange rate. Revenue decline within **Radial North America** form continued impact of FY18 client churn and repricing compensated by new business and positive FX development.

¹ Combination IMEX, Mail Inc & MSI

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

€ million

	3Q18	3Q19	% Δ
External operating income	238.5	239.9	0.6%
E-commerce logistics	217.1	218.4	0.6%
International mail	21.4	21.4	-0.1%
Intersegment operating income	3.1	1.5	-51.5%
Total operating income	241.7	241.4	-0.1%
Operating expenses	239.1	229.7	
EBITDA	2.5	11.6	
Depreciation & Amortization	11.3	20.2	
Reported EBIT	(8.8)	(8.6)	
<i>Margin (%)</i>	<i>-3.7%</i>	<i>-3.6%</i>	
Normalized EBIT	(5.8)	(5.3)	
<i>Margin (%)</i>	<i>-2.4%</i>	<i>-2.2%</i>	
Capex	6.8	22.7	
Average # FTEs and interims	7,946	7,059	

Additional KPIs

Radial North America revenue, \$m	207.9	195.3	-6.1%
Radial North America EBITDA, \$m	-2.0	5.1	
Radial North America EBIT, \$m	-15.2	-11.2	

Key takeaways 3Q19

- Total operating income decline of € -0.3m or -0.1% (-4.4% at constant exchange rate) mainly driven by Radial customer churn and re-pricing compensated by new business and positive FX development.
- Excluding FX and IFRS impact, total expenses decreased by € +11.0m. Decrease mainly at Radial driven by 9% improvement in Fulfilment labor productivity, lower payroll and medical expense, and reduced PT&F chargebacks.
- IFRS 16 impact of € +7.7m on operating expenses and € -8.1m on D&A.
- Normalized EBIT improved by € +0.5m.

Corporate

€ million

	3Q18	3Q19	% Δ
External operating income	2.7	2.2	-18.1%
Intersegment operating income	85.9	88.6	3.2%
Total operating income	88.5	90.8	2.6%
Operating expenses	80.2	77.8	-3.1%
EBITDA	8.3	13.0	57.5%
Depreciation & Amortization	11.7	18.2	
Reported EBIT	(3.4)	(5.2)	
<i>Margin (%)</i>	<i>-3.8%</i>	<i>-5.7%</i>	
Normalized EBIT	(3.4)	(5.2)	
<i>Margin (%)</i>	<i>-3.8%</i>	<i>-5.7%</i>	
Capex	10.8	12.4	
Average # FTEs and interims	1,666	1,617	

Key takeaways 3Q19

- Slightly less real estate disposals than in 3Q18.
- Negative operating expenses development ex-IFRS 16 due to higher project-related costs.
- IFRS 16 impact of € +7.2m on operating expenses and € -7.4m on D&A.

Stable Free Cash Flow¹ generation

REPORTED - € million	3Q18	3Q19 excl IFRS 16	IFRS 16	3Q19	Delta
⊕ Cash flow from operating activities	-30.2	-5.9	+37.7	+31.8	+61.9
⊕ Cash flow from investing activities	-23.1	-47.5		-47.5	-24.4
⊖ Free cash flow	-53.3	-53.5	+37.7	-15.8	+37.5
⊕ Financing activities	+106.4	-9.1	-37.7	-46.8	-153.1
⊖ Net cash movement	+53.1	-62.5	+0.0	-62.5	-115.6
Capex	-26.9	-47.6		-47.6	-20.7

CF from operating activities (€ +61.9m YoY), mainly:

- Transfer of operating leases to financing activities due to IFRS 16: € +37.7m
- CF from operating activities before changes in working capital: € -19.8m
- Increase in working capital needs: € -1.4m
- Collected cash due to Radial's clients: € +1.5m
- Lower tax prepayments: € +44.0m explained by the timing of the prepayments and the lower profit before taxes.

CF from investing activities (€ -24.4m YoY), explained by:

- The increased capex: € -20.7m, primarily investments in new fulfillment centers by PaLo N. America
- M&A activities: € -1.4m, sale Alvdavis, payment contingent consideration Dyna group and acquisition of Vector Invest BV
- Lower sales buildings: € -2.3m

CF from financing activities, in 2019 (€ -46.8m) mainly relates to:

- Cash outflows related to operating lease liabilities: € -37.7m, as a consequence of IFRS 16 application
- Interest on the bond: € -8.1m

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

2019 outlook reiterated: On track to realize group normalized EBIT > € 300m

Mail & Retail

- Low single-digit % decline in total operating income
- Underlying Domestic Mail volume decline up to -9%
- Average price increase of +4.4% in Domestic Mail
- % Normalized EBIT margin between 11-13%

Parcels & Logistics Europe & Asia

- Mid-single-digit % growth in total operating income
- % Normalized EBIT margin towards the high end of the 6-8% range

Parcels & Logistics North America

- Low single-digit % decline in total operating income mainly explained by the FY impact of the 2018 client churn and repricing at Radial
- Slightly below break-even at Normalized EBIT level, driven by higher commercial success than anticipated at Radial which advanced onboarding costs for new clients from 2020 to this year
- Radial North America on track for 2022 guidance as presented at the CMD

Group

- Stable total operating income incl. proceeds from building sales
- Normalized EBIT above € 300m¹
- Gross capex between € 150m and € 185m

Dividend

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

¹ Corporate normalized EBIT is expected to be high single-digit negative driven by lower building sales and higher project-related costs.



Appendix

Brussels – November 7, 2019

Strong balance sheet structure

€ million

Assets			Equity and Liabilities		
	Dec 31, 2018	Sep 30, 2019		Dec 31, 2018	Sep 30, 2019
Intangible assets	874.9	907.1	Total equity	702.3	807.2
PPE	708.0	1,110.3	Interest-bearing loans & borrowings	1,024.8	1,460.5
Investments in associates	251.2	248.6	Employee benefits	308.4	315.3
Other assets	70.6	37.2	Trade & other payables	1,230.0	986.2
Trade & other receivables	723.2	566.7	Provisions	39.5	34.8
Inventories	36.9	36.8	Derivative instruments	0.8	1.1
Cash & cash equivalents	680.1	713.1	Other liabilities	39.5	14.7
Total Assets	3,345.1	3,619.9	Total Equity and Liabilities	3,345.1	3,619.9

IFRS 16 impacts

- Total assets (PPE) as of 30th September 2019 have increased by € 429.9m compared to 31st Dec. 2018 related to IFRS 16.
- Total liabilities as of 30th September 2019 (interest-bearing loans & borrowings) have increased by € 428.4m compared to 31st Dec. 2018 related to IFRS 16.
- Balance sheet of 31st December 2018 is not restated for IFRS 16 impact.

IFRS 16: Main impacts 3Q19

€ million

	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses	+27.5	+10.5	+2.2	+7.7	+7.2
EBITDA	+27.5	+10.5	+2.2	+7.7	+7.2
D&A	-27.9	-10.2	-2.1	-8.1	-7.4
EBIT	-0.3	+0.2	+0.1	-0.4	-0.2
Net financial costs	-2.6	-1.0	-0.1	-1.4	0.0
CF from operating activities	+37.7				
CF from financing activities	-37.7				
Net debt	+428.4				

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