



# Second quarter 2021 results Analyst call

Dirk Tirez, CEO  
Leen Geirnaerd, CFO

6 August 2021



# Investor presentation

Interim financial report 2Q21

2Q21

## Financial Calendar

09.11.2021 (17:45 CET)

Quarterly results 3Q21

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This presentation is based on information published by bpost group in its Second Quarter 2021 Interim Financial Report, made available on August 5<sup>th</sup>, 2021 at 5.45pm CET on [corporate.bpost.be/investors](https://corporate.bpost.be/investors). This information forms regulated information as defined in the Royal Decree of November 14<sup>th</sup>, 2007. The information in this document may include forward-looking statements<sup>1</sup>, which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This material is not intended as and does not constitute an offer to sell any securities or a solicitation of any offer to purchase any securities.

<sup>1</sup> as defined among others under the U.S. Private Securities Litigation Reform Act of 1995

# Highlights of 2Q21

2Q21

Compared to 2Q20 COVID lockdown, bpost delivers a strong quarter driven by mail revenues and sustained e-commerce in Europe  
As anticipated, accelerating contribution of new customers at Radial NA did not yet compensate non-recurring COVID lockdown growth of 2Q20

## Group operating income

€ 1,037.9m

## Group adjusted EBIT

€ 106.6m

10.3% EBIT margin

up € +31.6m compared to prior year

## Mail & Retail

€ 71.7m

14.1% EBIT margin

- Total operating income at € 508.1m (+8.5%) driven by
  - volume rebound supported by one-off COVID-19 communication
  - positive mail price impact
  - VAS and Retail profiting from soft comps of last year
- Underlying mail volume growth at +1.4%
- Adjusted EBIT up € +35.7m, doubling YoY

## Parcels & Logistics Eurasia

€ 34.7m

12.2% EBIT margin

- Total operating income at € 283,4m (-3.9%) against high comparable base in 2Q20
  - volume growth of +2.9% in Parcels B2X<sup>1</sup> from sustained online sales,
  - negative P/M of -6.9% of which price impact of -2.8% from COVID-19 surcharges to customers in April and May-20
- Adjusted EBIT up € +2.3m, with margin improvement supported by benefits of operating leverage in the integrated network

## Parcels & Logistics N. Am.

€ 10.8m

3.5% EBIT margin

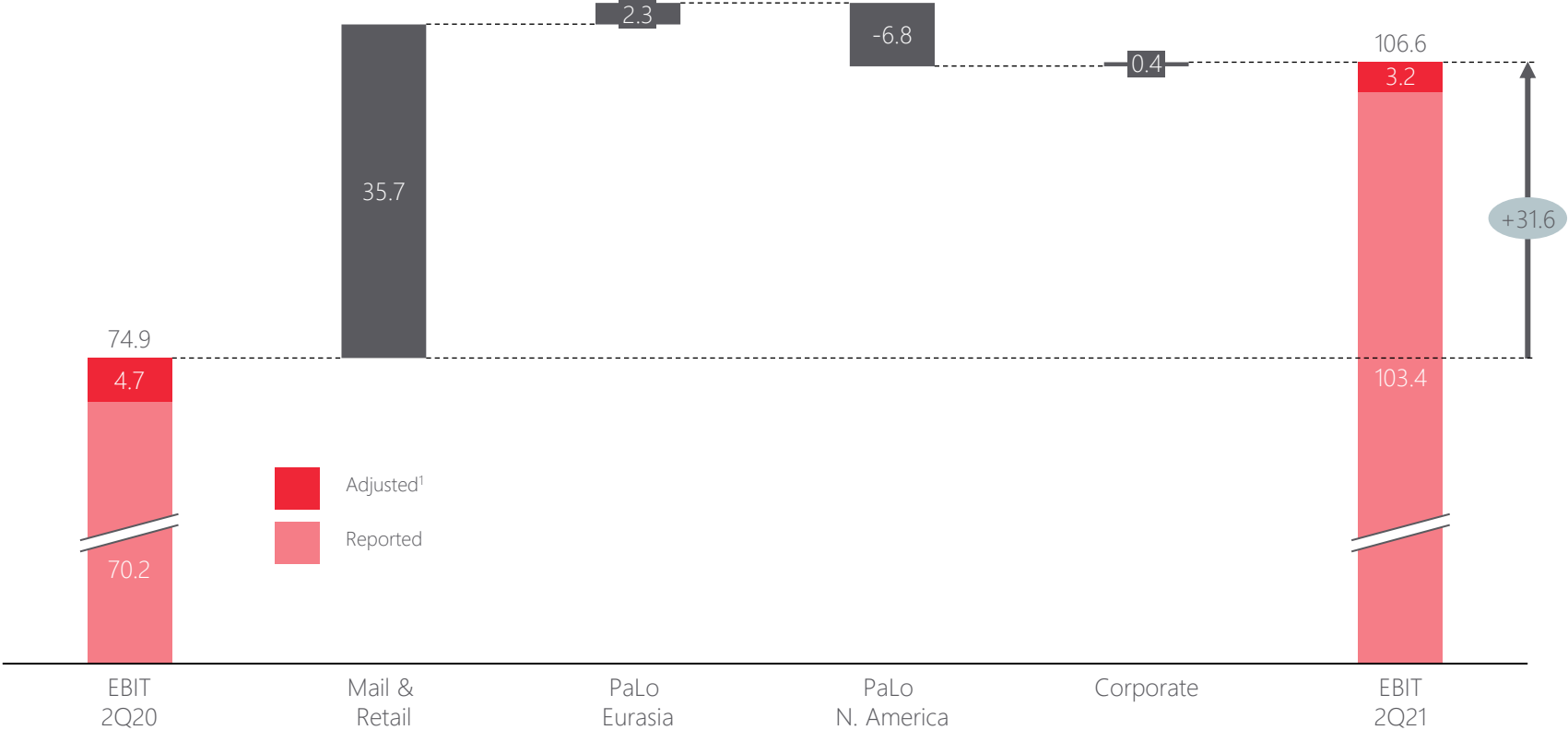
- Total operating income at € 309.8m (-12.5%, or -4.6% at constant exchange rate), reflecting Radial's non-recurring extra volumes of last year's pandemic lockdown
- Adjusted EBIT down € -6.8m to € 10.8m driven by lower operating income at Radial and wage pressure in the U.S.

Updated 2021 guidance raised, group adjusted EBIT expected to be above € 340m

# Strong 2Q21 EBIT, driven by mail evolution and sustained activities at PaLo Eurasia in post-COVID environment

2Q21

€ million



<sup>1</sup> 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 2Q21

2Q21

€ million	Reported		Adjusted <sup>1</sup>		% ↑
	2Q20	2Q21	2Q20	2Q21	
Total operating income	1,052.7	1,037.9	1,052.7	1,037.9	-1.4%
Operating expenses	917.0	866.5	917.0	866.5	-5.5%
EBITDA	135.7	171.4	135.7	171.4	26.2%
Depreciation & Amortization	65.5	68.0	60.8	64.8	6.6%
EBIT	70.2	103.4 <sup>1</sup>	74.9	106.6 <sup>1</sup>	42.2%
Margin (%)	6.7%	10.0%	7.1%	10.3%	
Financial result	-14.0	-4.1	-14.0	-4.1	-70.8%
Profit before tax	59.5	99.3	64.2	102.5	59.7%
Income tax expense	15.9	26.9 <sup>1</sup>	16.1	27.6 <sup>1</sup>	71.1%
Net profit	43.6	72.4	48.0	74.9	55.9%
FCF	113.2	-60.9 <sup>2</sup>	44.1	-60.7 <sup>2</sup>	-
Net Debt at June 30	539.5	489.4	539.5	489.4	-9.3%
Capex	24.9	28.5	24.9	28.5	14.4%
Average # FTEs and interims	37,853	38,221	37,853	38,221	1.0%

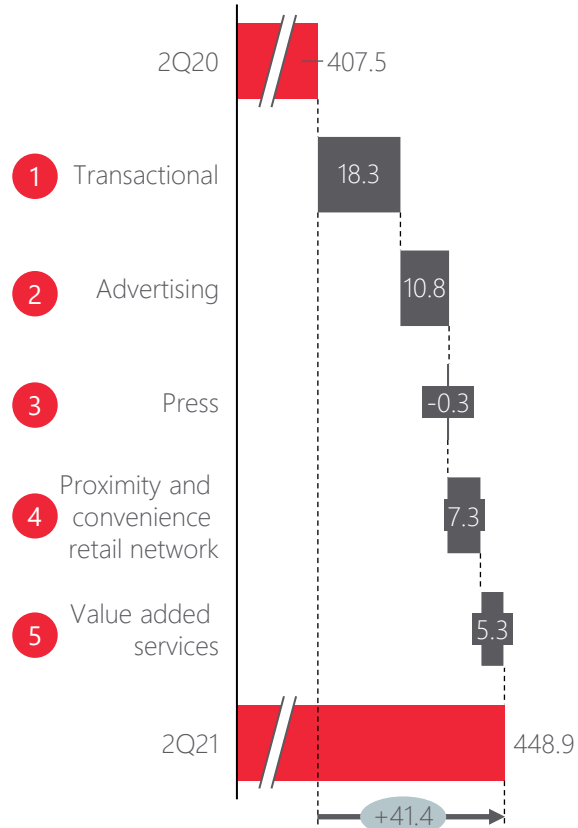
<sup>1</sup> Amortization and impairments of intangibles recognized during PPA are adjusted, leading to increase in EBIT (€ +3.2m) and income tax expense (€ +0.8m)

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

<sup>1</sup> Unaudited figures

# Top-line driven by mail volume rebound and price increase, while retail and VAS also profited from soft comps of LY's lockdown

## M&R external operating income, € million



### Domestic Mail

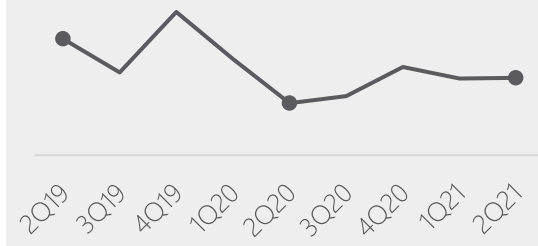
- Operating income up € 28.8m:
- € +1.8m working days impact,
  - € +3.3m volume (+1.4% underlying volume growth against -17.7% in 2Q20)
  - € +23.7m from price and mix impact

#### In Transactional Mail:

- Admin mail supported by COVID-19 communication in 2Q21 (est. about € 8m)
- No change in known structural trends of continued e-substitution

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### Domestic Mail units in perspective



- Domestic Mail units 2Q21:
- in line with 1Q21 volumes
  - volume rebound from last year's 2Q20 lockdown
  - decline against 2Q19 from structural mail volume trend

### Proximity and convenience retail network

Increase in Ubiway retail revenues against lower revenues from reduced footfall in 2Q20

Decline in banking & finance revenues due to the low interest rate environment

4

### Value added services

Higher revenues from fines solution and European licence plates

5



# Doubled EBIT fueled by mail revenues and sustained parcel volumes handled in the mail network

€ million

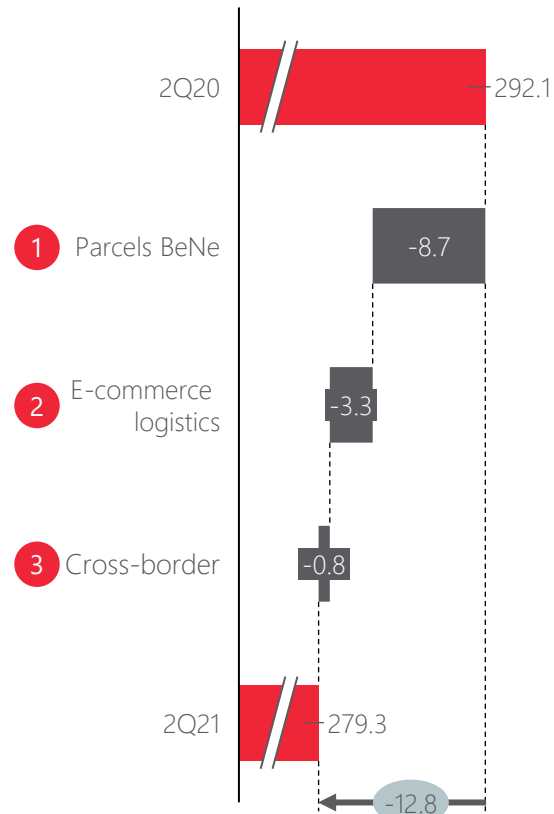
Mail & Retail	2Q20	2Q21	% ↑
External operating income	407.5	448.9	10.2%
Transactional	170.7	188.9	10.7%
Advertising	37.5	48.3	28.9%
Press	85.8	85.4	-0.4%
Proximity and convenience retail network	89.7	97.0	8.1%
Value added services	23.9	29.2	22.3%
Intersegment operating income	60.7	59.2	-2.4%
<b>Total operating income</b>	<b>468.1</b>	<b>508.1</b>	<b>8.5%</b>
Operating expenses	411.2	414.2	0.7%
<b>EBITDA</b>	<b>56.9</b>	<b>93.9</b>	<b>65.0%</b>
Depreciation & Amortization	21.5	22.6	5.4%
<b>Reported EBIT</b>	<b>35.4</b>	<b>71.3</b>	<b>101.1%</b>
Margin (%)	7.6%	14.0%	
<b>Adjusted EBIT</b>	<b>36.0</b>	<b>71.7</b>	<b>99.0%</b>
Margin (%)	7.7%	14.1%	
<b>Additional KPIs</b>			
Underlying Mail volume decline	-17.7%	1.4%	
Transactional	-16.7%	-1.3%	
Advertising	-26.6%	15.6%	
Press	-8.0%	-1.1%	

## Key takeaways 2Q21

- Total operating income up € +39.9m (+8.5%)
- Operating expenses (incl. adjusted D&A) increased by € -4.3m (+1.0%):
  - (1) Higher payroll & interim costs driven by headcount and merit increases, (2) higher material costs at Ubiway and 3<sup>rd</sup> party remuneration from higher VAS and Proximity revenues, together with (3) lower recoverable VAT.
  - Partially compensated by non-repeating COVID-19 specific opex in 2Q20 (incl. premium, health and safety measures, bad debt risk), positive evolution of the FTE wage mix, and increased parcel sorting activities cross-charged to PaLo Eurasia.
- M&R adjusted EBIT nearly doubled (€ +35.7m) to € 71.7m, with a margin of 14.1% in line with 1Q21 (13.9%)

# e-commerce and cross border volumes surpassing last year's spike, offset by anticipated negative P/M in Parcels B2X

## PaLo Eurasia external operating income, € million



## Parcels BeNe

Total Parcels BeNe revenue down € -8.7m (-5.8%) against tough lockdown comparable base in 2Q20.

- Sales at Dyna down YoY, not yet on level of COVID-19 uplift
- Sustained online sales with a Parcels B2X<sup>1</sup> volume growth of +2.9% (+79.3% in 2Q20).

Negative price/mix of -6.9%:  
 (1) price impact of -2.8% from one-off COVID-19 surcharges and  
 (2) mix impact of -4.1% mainly from lower volumes in prepaid products, and contractual top customers growing volumes shares.

1

## Parcels B2X volumes in perspective



Parcels B2X volumes of 2Q21:

- in line with 1Q21 volumes
- +2.9% vs. last year's COVID spike of 2Q20, and
- +84.4% against 2Q19, from structural Parcels B2X growth

## E-commerce logistics

Revenue down € -3.3m (-7.1%):

- Radial Europe and Active Ants revenue growth of +5.7%,
- Offset by decline in revenue at Leen Menken due to loss of contract in Jul-20, compensated at that time by COVID-19 growth.

2

## Cross-border

Flat revenue development (-0.9%) driven by (1) continued revenue growth of commercial sales in UK and RoE, partially compensated by a decline in growth of Asian parcel volumes, and offset by (2) declining postal business.

3

<sup>1</sup> Parcels B2X sales and volumes do not include EuroSprinters and Dynagroup



# EBIT margin supported by benefits of operating leverage in the integrated network

2Q21 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	2Q20	2Q21	% ↑
External operating income	292.1	279.3	-4.4%
Parcels BeNe	149.4	140.8	-5.8%
E-commerce logistics	46.3	43.0	-7.1%
Cross-border	96.3	95.5	-0.9%
Intersegment operating income	2.8	4.2	46.2%
<b>Total operating income</b>	<b>294.9</b>	<b>283.4</b>	<b>-3.9%</b>
Operating expenses	257.8	243.4	-5.6%
<b>EBITDA</b>	<b>37.1</b>	<b>40.0</b>	<b>7.7%</b>
Depreciation & Amortization	5.5	6.0	8.9%
<b>Reported EBIT</b>	<b>31.6</b>	<b>34.0</b>	<b>7.5%</b>
Margin (%)	10.7%	12.0%	
<b>Adjusted EBIT</b>	<b>32.4</b>	<b>34.7</b>	<b>7.1%</b>
Margin (%)	11.0%	12.2%	
<b>Additional KPIs</b>			
Parcels volume growth <sup>1</sup>	79.3%	2.9%	

<sup>1</sup> 2Q20 restated to reflect Parcels B2X volume growth

## Key takeaways 2Q21

- E-commerce and cross-border volumes surpassing last year's spike with the negative price mix in Parcels B2X drove the total operating income down € -11.5m or -3.9%.
- Operating expenses (incl. adjusted D&A) were down € +13.8m (-5.3%), mainly thanks to lower volume-linked transport costs from Asian cross-border activities, non-repeating COVID-19 specific bad debt risk in 2Q20, and overall lower payroll and interim costs from lower variable labor costs at Leen Menken.

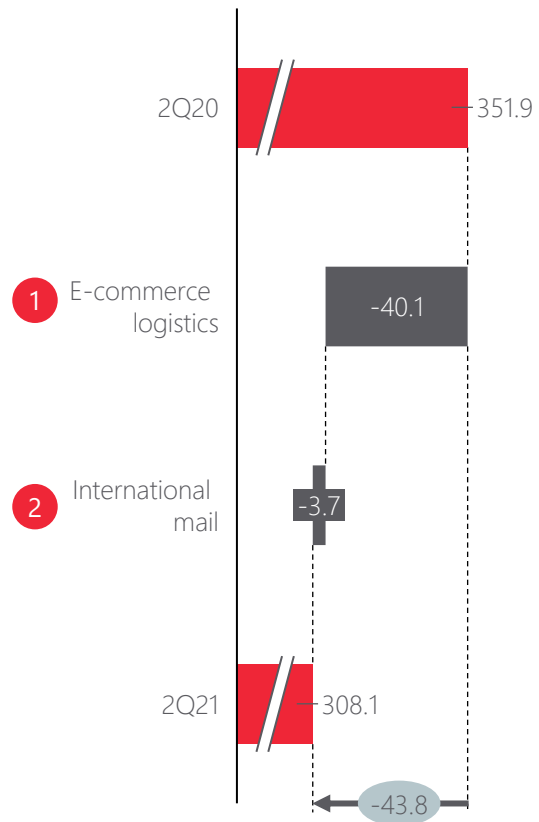
These effects were partially offset by higher costs for E-commerce logistics expansion plan and higher intersegment operating expenses charged by M&R, driven by favourable channel mix evolution in the integrated last-mile mail & parcels network.

- Adjusted EBIT therefore increased by € +2.3m (+7.1%) to € 34.7m with a margin of 12.2% (11.0% in 2Q20)

# Contribution of Radial's new customers started to accelerate in June, not yet compensating the non-recurring extra volumes of 2Q20

2Q21 – PaLo N. Am.

PaLo North America external operating income, € million



## E-commerce logistics

YoY decline of -12.1% is a decrease of -4.3% at constant exchange rate.

Revenue decline driven by Radial:

- lower sales from existing customers (-10.7%) reflecting the non-repeating growth of last year's COVID-19 shutdown
- client churn from terminated contracts; partially offset by
- gradual ramp-up of new customers launched in 2021 and accelerating through June.

Landmark US and Apple Express recorded continued volume growth from higher e-commerce activities and new customers launched last year.

1

## Radial NA revenues in perspective



Radial NA revenues of 2Q21:

- +10% above 1Q21
- -14% vs. last year's COVID spike of 2Q20, and
- +36% against 2Q19, from structural e-commerce logistics growth

2

# Very tough comps of the COVID-19 spike in 2Q20 and wage pressure in the U.S. result in a lower EBIT

2Q21 – PaLo N. Am.

€ million

Parcels & Logistics North America	2Q20	2Q21	% ↑
External operating income	351.9	308.1	-12.4%
E-commerce logistics	331.0	290.9	-12.1%
International mail	20.9	17.2	-17.6%
Intersegment operating income	2.0	1.6	-16.1%
<b>Total operating income</b>	<b>353.9</b>	<b>309.8</b>	<b>-12.5%</b>
Operating expenses	318.2	280.5	-11.8%
<b>EBITDA</b>	<b>35.7</b>	<b>29.2</b>	<b>-18.2%</b>
Depreciation & Amortization	21.5	20.5	-4.5%
<b>Reported EBIT</b>	<b>14.2</b>	<b>8.7</b>	<b>-38.8%</b>
Margin (%)	4.0%	2.8%	
<b>Adjusted EBIT</b>	<b>17.6</b>	<b>10.8</b>	<b>-38.6%</b>
Margin (%)	5.0%	3.5%	
Additional KPIs, adjusted			
Radial North America revenue, \$m	317.3	271.9	-14.3%
Radial North America EBITDA, \$m	30.8	20.6	-33.2%
Radial North America EBIT, \$m	13.6	2.1	-84.3%

## Key takeaways 2Q21

- Total operating income down € -44.1m or -12.5%.  
At constant exchange rate, this is a decline of € -15.1m or -4.6%.
- Operating expenses (incl. adjusted D&A) decreased by € +37.3m (-11.1%, or -3.1% excl. FX). Variable opex evolved in line with the revenue development, except for the labor costs due to current wage rate pressure in the U.S..  
In addition, lower bad debt expenses and cost containment in general also contributed favourably to the opex development.
- Adjusted EBIT down € -6.8m to € 10.8m.  
EBIT margin of 3.5%, growing quarter on quarter (2.9% in 1Q21).

# Corporate EBIT in line with last year

2Q21 – Corporate

€ million

Corporate	2Q20	2Q21	% ↑
External operating income	1.3	1.7	32.2%
Intersegment operating income	85.4	96.9	13.4%
<b>Total operating income</b>	<b>86.7</b>	<b>98.5</b>	<b>13.7%</b>
Operating expenses	80.6	90.2	11.9%
<b>EBITDA</b>	<b>6.0</b>	<b>8.3</b>	<b>37.4%</b>
Depreciation & Amortization	17.0	18.9	10.6%
<b>Reported EBIT</b>	<b>-11.0</b>	<b>-10.6</b>	
Margin (%)	-12.7%	-10.7%	
<b>Adjusted EBIT</b>	<b>-11.0</b>	<b>-10.6</b>	
Margin (%)	-12.7%	-10.7%	

## Key takeaways 2Q21

- External revenues remained flat.
- Net operating expenses (incl. D&A) after intersegment operating income remained globally stable YoY.
- Stable adjusted EBIT at € -10.6m.

# Cash flow from operating activities mainly impacted by tax prepayment and temporary pandemic-related initiatives of 2Q20

Reported - € million

	2Q20	2Q21	Delta	
Cash flow from operating activities before $\Delta$ in WC and provisions	135.2	107.4	-27.8	1
Change in working capital and provisions	-66.0	-139.7	-73.7	2
Cash flow from operating activities	69.2	-32.3	-101.5	
Cash flow related to collected proceeds due to Radial clients	69.0	-0.2	-69.3	3
+ Cash flow from operating activities incl. collected proceeds due to clients	138.3	-32.5	-170.8	
+ Cash flow from investing activities	-25.1	-28.4	-3.3	4
= Free cash flow	113.2	-60.9	-174.1	
+ Financing activities	-24.4	-28.6	-4.3	5
= Net cash movement	88.8	-89.6	-178.4	
Capex	24.9	28.5	3.6	

## CF from operating activities

- Higher EBITDA (€ +35.6m) combined with increased tax prepayments by bpost and Alteris (€ -58.0m).
- € -73.7m primarily driven by the temporary extension of payment terms with some suppliers as initiated during the pandemic in 2Q20.
- Neutral cash flow relating to collected proceeds due to Radial's clients (€ -0.2m), compared to LY's high inflow (€ +69.0m) due to high level of merchandise sales during COVID-19 peak of 2Q20.

## 4 CF from investing activities

Proceeds from building sales: € +0.8m vs 2Q20

Capex at € 28.5m increased by € +3.6m vs 2Q20 and was mainly spent on increased capacity for E-commerce on customer implementations at Radial US, additional sites for Active Ants, Radial Europe scale-up, Parcels B2X sorting equipment and sustainability initiatives for e-fleet infrastructure.

## 5 CF from financing activities

Mainly related to lease liabilities (€ -2.7m) and issuance of commercial papers in 2Q20 (€ -1.6m)

# 2021 group EBIT outlook revised upwards

Outlook FY21

In light of the second quarter results, and based on current assumptions of mail volume trend and normalization for COVID-19 e-commerce activities for the rest of the year, bpost expects the group adjusted EBIT to be above € 340m

## Mail & Retail

Total operating income:

- Underlying Domestic Mail volume decline up to -8%
- Price and mix impact of +7.0%
- Expected post COVID-19 recovery in VAS

8-10% adjusted EBIT margin

## Parcels & Logistics Europe & Asia

High single-digit % growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels

Operating expenses will include investments to grow omni-commerce logistics in Europe

9-11% adjusted EBIT margin

## Parcels & Logistics North America

Mid- to high single-digit % growth in total operating income driven by Radial existing customers growth and new client launches, normalized for 2020 COVID-19 spike

4-5% adjusted EBIT margin

## Group

Low to mid-single-digit % growth in total operating income

Adjusted EBIT above € 340m

Gross capex around € 200-220m, geared towards the strategy to grow omni-commerce logistics

## Dividend

2021 dividend in the range of 30-50% of IRFS net profit and payable in May 2022 after the General Shareholders' Meeting, in accordance with the new dividend policy

# Update on management priorities

## Progress in line with plan

- 2021 priorities from Q1 have all progressed
  - Preparation of the **end of year peak**
  - Cost reduction and operational efficiency in **Mail & Retail Belgium**
  - Reduction in **overhead and headquarters costs**
  - e-commerce logistics on both sides of the Atlantic
  - Active **portfolio management** and **capital allocation** to booming e-commerce business
- These initiatives are the focus of the CEO and executive team for the coming months
- They aim at **improving performance and predictability** of the group

# Negotiation of 7<sup>th</sup> Management Contract

## bpost entrusted again by the Belgian Government

- Compensation for Services of General Economic Interest in the range of € 125-130m on an annual basis, subject to inflation
- Services covered include
  - In line with 6<sup>th</sup> Management contract: Retail Network, distribution of pensions, election materials, etc.
  - New service: digital public services to close the digital gap
- Effective for the 5-years period from 1 January 2022 to 31 December 2026
- Outcome of several months of intense and fruitful collaboration with all stakeholders
- Evidence of alignment of interests of bpost stakeholders
- State Aid compliant



# Preparation of the end of year peak

## Preparation of the end of year (EOY) peak

- Secured distribution and sorting capacity to capture growth vs. 2020 peak (incl. through temporary parcel sorting machinery in 2 sites)
- >50% increase from Dec '20 to Dec '21 of parcels absorption in regular mail rounds to reduce outsourcing to sub-contractors and increase operational leverage
- Fleet optimization measures incl. replacement of 1,000 short-term leases by long-term leases
- Ongoing optimization of 2<sup>nd</sup> distribution wave compared to Q4, 2020

# Other developments

## Cost reduction and operational efficiency in Mail & Retail Belgium

- Ongoing capture of benefits of the Alternating Distribution Model (ADM)
- Productivity gains realized through restored reorganizations of mail offices (77 reorganizations in 2020, more than double planned in 2021)

## Active portfolio management

- Transfer of The Mail Group to Architect Equity was signed and closed on August 5, 2021.

## Parcel operating model optimization

- Launch of operational benchmarking and process optimization against best-in-class operators to further improve our operating model. Objective to translate parcels growth into best-in-class satisfaction and operating performance for profit growth. Appointment of Gerrit Mastenbroek as special advisor to the CEO to support operating model optimisation.

## Sustainability / ESG

- Established an ESG Committee with development of a bpost group ESG roadmap by year-end.
- Ambition for bpost to become one of the greenest postal operators in Europe by 2030. Investments to accelerate this transition are captured within the capex envelope.



# Half year 2021 results

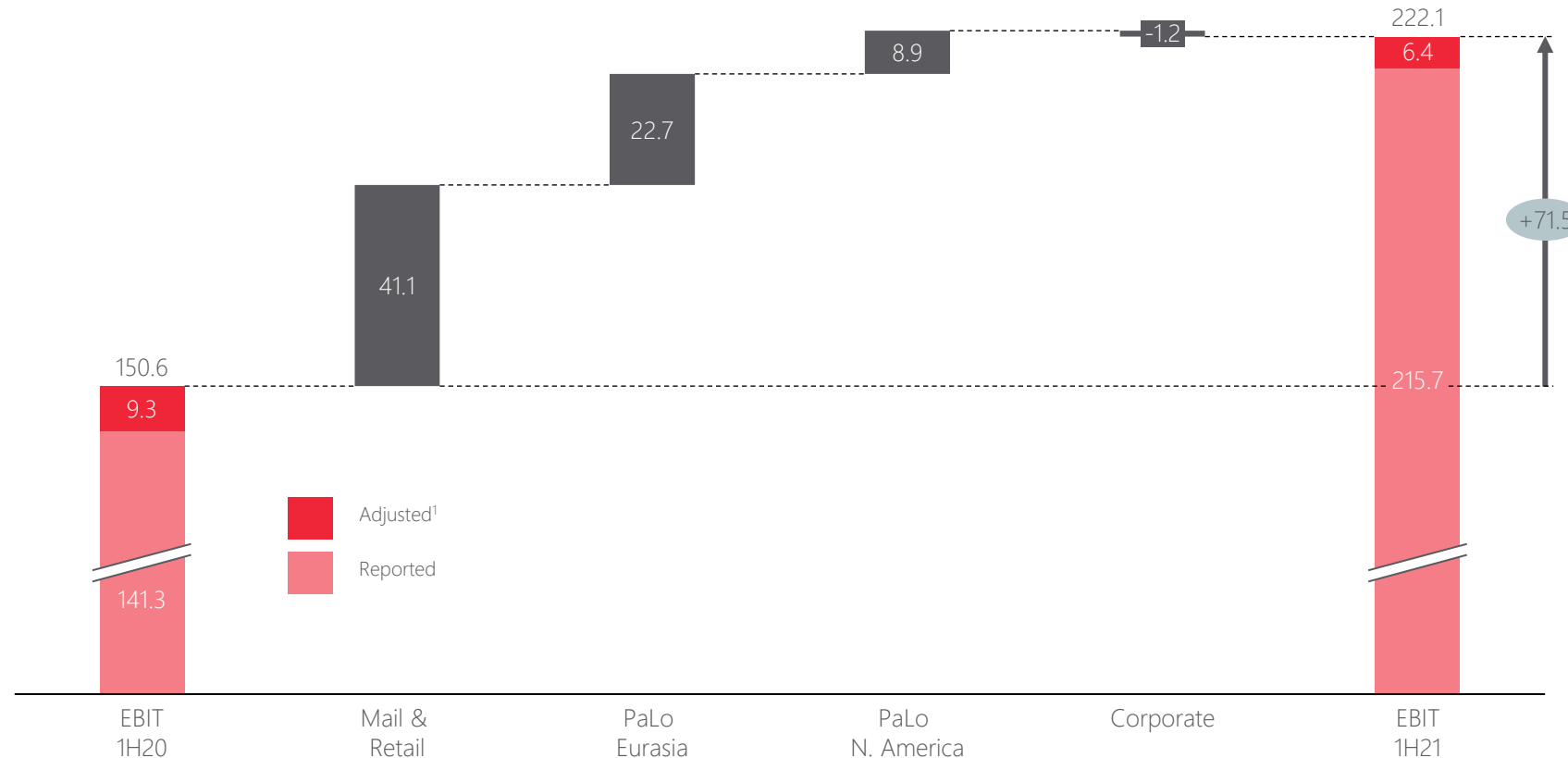
6 August 2021



# Strong 1H21 EBIT, driven by mail evolution and sustained growth in Parcels & Logistics as the pandemic progressively starts to unwind

1H21

€ million



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# Key financials 1H21

1H21

€ million	Reported		Adjusted <sup>1</sup>		% ↑
	1H20	1H21	1H20	1H21	
Total operating income	1,987.3	2,057.8	1,987.3	2,057.8	3.5%
Operating expenses	1,714.4	1,709.2	1,714.4	1,709.2	-0.3%
EBITDA	272.9	348.6	272.9	348.6	27.7%
Depreciation & Amortization	131.6	132.9	122.3	126.5	3.4%
EBIT	141.3	215.7 <sup>1</sup>	150.6	222.1 <sup>1</sup>	47.5%
Margin (%)	7.1%	10.5%	7.6%	10.8%	
Financial result	-18.4	-6.6	-18.4	-6.6	-63.8%
Profit before tax	131.0	209.0	140.2	215.5	53.6%
Income tax expense	39.5	56.0 <sup>1</sup>	40.0	57.6 <sup>1</sup>	44.0%
Net profit	91.5	153.0	100.3	157.9	57.5%
FCF	307.4	86.5 <sup>2</sup>	290.3	99.3 <sup>2</sup>	-65.8%
Net Debt at June 30	539.5	489.4	539.5	489.4	-9.3%
Capex	45.4	48.1	45.4	48.1	6.0%
Average # FTEs and interims	36,274	37,911	36,274	37,911	4.5%

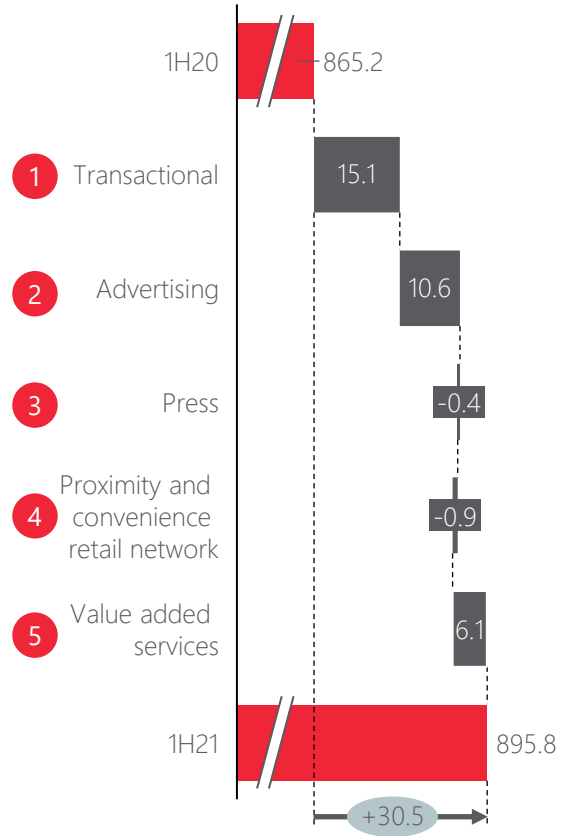
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<sup>1</sup> Unaudited figures

# Top-line driven by mail volume rebound and price increase, while in 2Q21 retail and VAS also profited from soft comps of last year

M&R external operating income, € million



## Domestic Mail

Operating income up € 25.3m:

- € +0.9m working days impact,
- € -18.2m volume (-3.5% underlying volume decline, compared to -13.9% in 1H20)
- € +42.6m from price and mix impact.

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## Transactional

- -5.8% underlying volume decline against -12.8% in 1H20, due to negative impact of COVID-19 lockdown on all product categories in Q2
- Admin mail supported by COVID-19 communication in 1H21 (est. about € 13m).
- No change in known structural trends of continued e-substitution.

1

## Advertising

- +4.1% underlying volume growth against soft comparable base of -22.3% in 1H20 :
  - cancelled campaigns from COVID-19 lockdown of all non-essential retail shops from March 18 through May 10 '20 and
  - ban on promotions through April 3 '20

2

## Press

- -1.0% underlying volume decline against -6.6% in 1H20, benefiting from a good performance in Periodicals.

3

## Proximity and convenience retail network

Slightly lower Ubiway retail revenues,  
Decline in banking & finance revenues due to the low interest rate environment.

4

## Value added services

Higher revenues from fines solution and European licence plates

5

# EBIT increase driven by mail revenue and high parcel volumes handled through the mail network

1H21 – M&R

€ million

Mail & Retail	1H20	1H21	% ↑
External operating income	865.2	895.8	3.5%
Transactional	364.0	379.1	4.2%
Advertising	85.3	95.9	12.5%
Press	171.9	171.5	-0.2%
Proximity and convenience retail network	192.7	191.9	-0.5%
Value added services	51.3	57.4	11.8%
Intersegment operating income	102.9	119.1	15.8%
<b>Total operating income</b>	<b>968.1</b>	<b>1,014.9</b>	<b>4.8%</b>
Operating expenses	825.1	828.7	0.4%
<b>EBITDA</b>	<b>143.0</b>	<b>186.1</b>	<b>30.1%</b>
Depreciation & Amortization	43.0	44.6	3.8%
<b>Reported EBIT</b>	<b>100.0</b>	<b>141.5</b>	<b>41.5%</b>
Margin (%)	10.3%	13.9%	
<b>Adjusted EBIT</b>	<b>101.2</b>	<b>142.3</b>	<b>40.7%</b>
Margin (%)	10.5%	14.0%	
<b>Additional KPIs</b>			
Underlying Mail volume decline	-13.9%	-3.5%	
Transactional	-12.8%	-5.8%	
Advertising	-22.3%	4.1%	
Press	-6.6%	-1.0%	

## Key takeaways 1H21

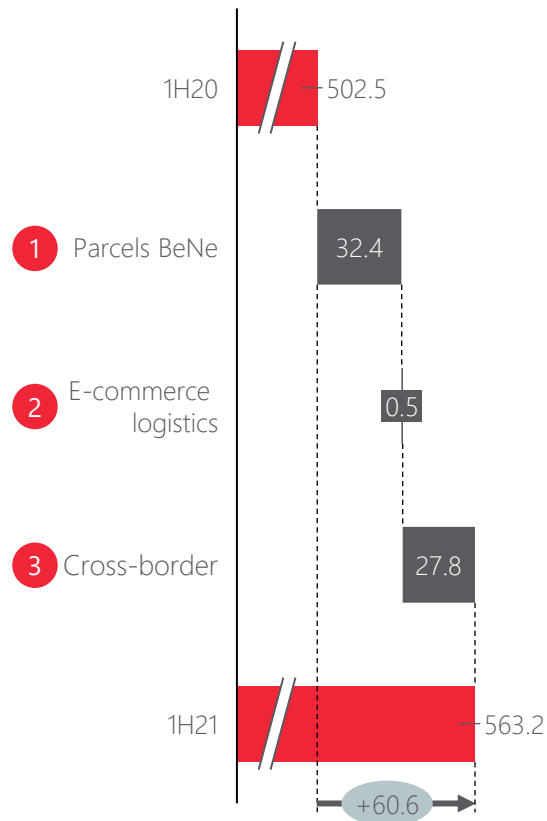
- Total operating income up € +46.7m (+4.8%) driven by (1) price increases, mail volumes bouncing back on soft comps last year and one-off volumes from COVID-19 communication (est. about € +13m), (2) VAS revenues progressively recovering, and (3) higher intersegment income related to higher parcels volumes.
- Operating expenses (incl. adjusted D&A) remained nearly stable (€ - 5.6m or +0.6%):
  - (1) Higher payroll & interim costs driven by headcount from higher parcel volumes, salary indexation, CLA 2021-22 impacts and vaccination;
  - (2) Higher costs for fleet, higher 3<sup>rd</sup> party remuneration from higher VAS revenues, and lower recoverable VAT; were compensated by
  - (3) Non-repeating COVID-19 specific opex in 1H20, favourable evolution of the FTE wage mix, and increased parcel sorting activities cross-charged to PaLo Eurasia.
- M&R adjusted EBIT increased by € +41.1m to € 142.3m



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

1H21 – PaLo Eurasia

PaLo Eurasia external operating income, € million



## Parcels BeNe

Total Parcels BeNe revenues up € 32.4m (+12.7%) driven by growth in Parcels B2X.

Parcels B2X<sup>1</sup> revenues up 17.8% driven by volume growth of +23.5% of which:

- +54.1% in 1Q21 against pre COVID-19 quarter of 1Q20, and
- +2.9% in 2Q21 against tough lockdown comparable base of 2Q20.

Negative price/mix of -5.6% mainly driven by mix impact, and to a smaller extent by price impact from one-off COVID-19 surcharges to customers in April and May-20.

1

<sup>1</sup> Parcels B2X sales and volumes do not include EuroSprinters and Dynagroup

## E-commerce logistics

Revenue up € +0.5m (+0.5%) as a result of:

- Radial Europe and Active Ants revenue growth of +17.4%,
- Partially offset by decline in revenue at Leen Menken due to loss of contract in Jul-20.

2

## Cross-border

Revenue up € +27.8m (+17.1%) driven by:

- Steady revenue growth of cross-border commercial sales in UK and RoE, combined with slightly slower growth of Asian parcel volumes
- Partly offset by declining cross-border postal business.

3

# Strong growth in parcels efficiently handled through the mail network drove EBIT growth and steep margin improvement

1H21 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	1H20	1H21	% ↑
External operating income	502.5	563.2	12.1%
Parcels BeNe	254.1	286.5	12.7%
E-commerce logistics	85.6	86.1	0.5%
Cross-border	162.8	190.6	17.1%
Intersegment operating income	5.9	8.0	37.4%
<b>Total operating income</b>	<b>508.4</b>	<b>571.2</b>	<b>12.4%</b>
Operating expenses	450.0	489.0	8.7%
<b>EBITDA</b>	<b>58.4</b>	<b>82.2</b>	<b>40.8%</b>
Depreciation & Amortization	10.6	11.7	10.1%
<b>Reported EBIT</b>	<b>47.8</b>	<b>70.5</b>	<b>47.6%</b>
Margin (%)	9.4%	12.3%	
<b>Adjusted EBIT</b>	<b>49.3</b>	<b>72.0</b>	<b>46.2%</b>
Margin (%)	9.7%	12.6%	
Additional KPIs			
Parcels volume growth <sup>1</sup>	52.7%	23.5%	

## Key takeaways 1H21

- Total operating income up € +62.8m or +12.4%.
- Operating expenses (incl. adjusted D&A) up € -40.1m (+8.7%) due to higher volume-linked costs : higher transport and higher intersegment operating expenses charged by M&R.

This increase was partially compensated by lower variable labour costs at Leen Menken and non-repeating COVID-19 specific opex in 1H20.

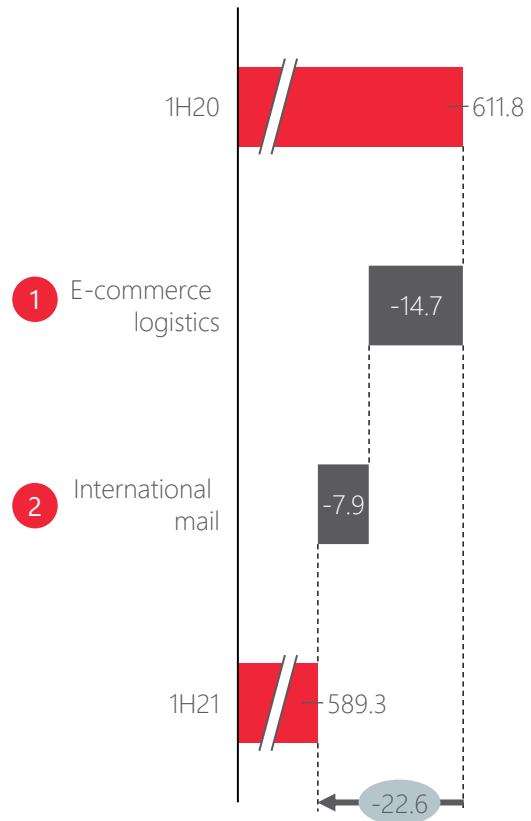
- Adjusted EBIT increased by € +22.7m (+46.2%) to € 72.0m, with a margin of 12.6%.  
Steep margin development thanks to the strong growth in parcels volumes handled through the integrated mail & parcels network with benefits of scale of the existing rounds.

<sup>1</sup> 1H20 restated to reflect Parcels B2X volume growth

# Continued e-commerce development at PaLo NA despite slower growth at Radial against high comps of 2Q20, excluding FX

1H21 – PaLo N. Am.

PaLo North America external operating income, € million



## E-commerce logistics

Decline of -2.6% is a YoY increase of +6.0% at constant exchange rate:

- Radial North America
  - (1) continued growth from existing customers of +3.9%, of which
    - +25.6% in 1Q21 against softer pre-lockdown comparable base of 1Q20 and
    - -10.7% in 2Q21 reflecting the non-recurring extra volumes of 2Q20 lockdown growth,
  - (2) gradual ramp-up of new customers launched in 2021 and accelerating through June; partially offset by
  - (3) client churn from terminated contracts
- Other business lines recording strong volume growth from existing and new customers.

## International mail

Revenue decline of -18.5%, or -10.8% at constant exchange rate.

Lower volumes in the business mail segment, partially compensated by higher domestic parcels revenues.

# Nearly doubling EBIT driven by top-line development, despite slower growth at Radial in 2Q21 and wage pressure in the U.S.

€ million

Parcels & Logistics North America	1H20	1H21	% ↑
External operating income	611.8	589.3	-3.7%
E-commerce logistics	569.0	554.3	-2.6%
International mail	42.8	34.9	-18.5%
Intersegment operating income	3.3	2.6	-22.6%
<b>Total operating income</b>	<b>615.2</b>	<b>591.9</b>	<b>-3.8%</b>
Operating expenses	569.1	537.2	-5.6%
<b>EBITDA</b>	<b>46.1</b>	<b>54.6</b>	<b>18.4%</b>
Depreciation & Amortization	42.7	39.7	-6.8%
<b>Reported EBIT</b>	<b>3.5</b>	<b>14.9</b>	<b>328.1%</b>
Margin (%)	0.6%	2.5%	
<b>Adjusted EBIT</b>	<b>10.1</b>	<b>19.0</b>	<b>88.1%</b>
Margin (%)	1.6%	3.2%	
Additional KPIs, adjusted			
Radial North America revenue, \$m	532.5	519.0	-2.5%
Radial North America EBITDA, \$m	34.8	38.0	9.1%
Radial North America EBIT, \$m	0.7	2.1	196.0%

## Key takeaways 1H21

- Total operating income decline of € -23.3m or -3.8%, which corresponds to a YoY increase of € +26.8 or +4.7% at constant exchange rate.
- Operating expenses (incl. adjusted D&A) decreased by € +32.2m or -5.3%.  
At constant exchange rate, costs increased by € -17.2m, or +3.1%, from higher volume-driven costs and wage rate pressure in the U.S.
- Adjusted EBIT up € +8.9m to € 19.0m.

# Corporate EBIT almost neutral as building sales compensate net costs

1H21 – Corporate

€ million

Corporate	1H20	1H21	% ↑
External operating income	7.6	9.6	25.6%
Intersegment operating income	175.9	199.5	13.4%
<b>Total operating income</b>	<b>183.5</b>	<b>209.1</b>	<b>13.9%</b>
Operating expenses	158.2	183.5	16.0%
<b>EBITDA</b>	<b>25.3</b>	<b>25.6</b>	<b>1.0%</b>
Depreciation & Amortization	35.3	36.8	4.2%
<b>Reported EBIT</b>	<b>-10.0</b>	<b>-11.2</b>	
Margin (%)	-5.4%	-5.4%	
<b>Adjusted EBIT</b>	<b>-10.0</b>	<b>-11.2</b>	
Margin (%)	-5.4%	-5.4%	

## Key takeaways 1H21

- External revenues up € +2.0m driven by higher building sales.
- Net operating expenses (incl. D&A) after intersegment operating income increased by € -3.2m mainly driven by a phasing impact related to long-term employee benefits.
- As a result, adjusted EBIT decreased by € -1.2m YoY to € -11.2m.

# Cash flow from operating activities impacted by SGEI payment calendar, tax prepayment and pandemic-related initiatives of 1H20

1H21

Reported - € million

	1H20	1H21	Delta	
Cash flow from operating activities before Δ in WC and provisions	273.0	272.5	-0.5	1
Change in working capital and provisions	51.8	-135.1	-186.9	2
Cash flow from operating activities	324.8	137.4	-187.4	
Cash flow related to collected proceeds due to Radial clients	17.1	-12.8	-30.0	3
+ Cash flow from operating activities incl. collected proceeds due to clients	341.9	124.6	-217.4	
+ Cash flow from investing activities	-34.5	-38.1	-3.6	4
= Free cash flow	307.4	86.5	-221.0	
+ Financing activities	-51.0	-222.2	-171.2	5
= Net cash movement	256.4	-135.7	-392.1	
Capex	45.4	48.1	2.7	

## CF from operating activities

- 1 € -0.5m mainly due to higher EBITDA (€ +75.7m) amongst others neutralized by increased tax prepayments by bpost and Alteris (€ -58.0m).
- 2 € -186.9m primarily driven by
  - temporarily extended payment terms with some suppliers at the beginning of the pandemic in 2020 (of which € -101.9m relating to transport costs in the US),
  - different payment schedule of SGEI (€ -80.5m received last year in January and paid in July this year).
  - partially offset by increased collections in line with high sales peak in 4Q20.
- 3 € -12.8m compared to LY's inflow (€ +17.1m) due to higher level of merchandise sales from COVID-19 peak of 1H20.

## 4 CF from investing activities

Proceeds from building sales: € -0.3m vs 1H20

Capex at € 48.1m increased by € +2.7m vs 1H20 and was mainly spent on increased capacity for E-commerce on customer implementations at Radial US, additional sites for Active Ants, Radial Europe scale-up, Parcels B2X sorting equipment and sustainability initiatives for e-fleet infrastructure.

## 5 CF from financing activities

Decision not to roll over maturing commercial paper in 2021: € -168.7m

# Additional info



# Balance Sheet

2Q21

€ million

Assets	Dec 31, 2020	Jun 30, 2021
PPE	1,138.0	1,139.7
Intangible assets	771.7	775.0
Investments in associates and joint ventures	0.1	0.1
Other assets	54.1	67.7
Trade & other receivables	826.6	714.9
Inventories	32.7	33.5
Cash & cash equivalents	948.1	815.8
Assets held for sale	103.3	123.7
<b>Total Assets</b>	<b>3,874.5</b>	<b>3,670.3</b>

€ million

Equity and Liabilities	Dec 31, 2020	Jun 30, 2021
Total equity	583.8	759.0
Interest-bearing loans & borrowings	1,443.2	1,305.0
Employee benefits	320.0	309.5
Trade & other payables	1,487.0	1,249.8
Provisions	27.0	23.4
Derivative instruments	0.3	0.7
Other liabilities	13.2	11.2
Liabilities held for sale	0.0	11.9
<b>Total Equity and Liabilities</b>	<b>3,874.5</b>	<b>3,670.3</b>

## Main balance sheet movements

Trade and other receivables : decrease due to the settlement of the SGEI for the delivery of newspapers and periodicals for the year 2020 and the collection of the peak sales of year-end 2020.

The decrease of cash and cash equivalents is due to the closure in the first quarter of 2021 of the commercial paper program and the unwinding of the temporary initiatives set up in the context of the pandemic in 2020.

The increase of assets held for sale and liabilities held for sales is mainly due to the ongoing sale process of The Mail Group (TMG), in the context of bpost's active portfolio management.

Equity increased by the realized profit (€ +153.0m) and the exchange differences on translation of foreign operations (€ +19.9m).

The decrease of interest-bearing loans and borrowings is mainly due to the decision to reimburse the maturing commercial paper during the first quarter 2021 (€ -165.0m), partially compensated by the increase of leases and the unfavorable impact of exchange rates. Net debt decreased by € 5.8m in 1H21, from € 495.2m to 489.4m.

Trade and other payables decreased mainly due to the phasing of year-end peak 2020, the unwinding of some temporary initiatives set up in the context of the pandemic and the decrease of social payables given the payment of the 2020 accruals in the first half 2021.



# Financing Structure & Liquidity

2Q21

€ million

Available Liquidity	Dec 31, 2020	Jun 30, 2021
<b>Cash &amp; cash equivalents</b>	<b>948.1</b>	<b>815.8</b>
Cash in network	167.2	165.8
Transit accounts	32.2	57.7
Cash payment transactions under execution	-30.9	-0.1
Bank current accounts	574.6	411.9
Short-term deposits	205.0	180.5
<b>Undrawn revolving credit facilities</b>	<b>375.0</b>	<b>375.0</b>
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2025	75.0	75.0
<b>Total Available Liquidity</b>	<b>1,323.1</b>	<b>1,190.8</b>

€ million

External Funding	Dec 31, 2020	Jun 30, 2021
<b>Long-term</b>		
Long-term bond <sup>1</sup> (1.25% - 07/2026)	650.0	650.0
Bank loans	159.9	164.8
Amortizing Loan (€ 100m) - 12/2022	9.1	9.1
Term Loan (\$ 185m) - 07/2023	150.8	155.7
<b>Short-term</b>		
Bank loans: Amortizing Loan (€ 100m) - 12/2022	9.1	9.1
Commercial Paper	165.1	0.0
<b>Total External Funding</b>	<b>984.1</b>	<b>823.9</b>

## Liquidity: Cash & Committed credit lines

Total available liquidity on June 30, 2021 consisted out of € 815.8m cash & cash equivalents of which € 592.4m 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.

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

Out of € 823.9m external funding on balance sheet on June 30, 2021:

- € 9.1m need to be repaid in 4Q21 (i.e., the current portion of the amortizing loan)

<sup>1</sup> € 650m long-term bond with a carrying amount of € 644.2m, the difference being the re-offer price and issuance fees.

# Key contact

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## Antoine Lebecq

Head of Investor Relations

Email: [antoine.lebecq@bpost.be](mailto:antoine.lebecq@bpost.be)

Direct: +32 (0) 2 276 29 85

Mobile: +32 (0) 471 81 24 77

Address: bpost group, Centre Monnaie, 1000 Brussels, Belgium