



Fourth quarter 2019 results Analyst call

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17 March 2020



Investor presentation

Interim financial report 4Q19

4Q19

Financial Calendar

04.05.2020 (17:45 CET)

Quarterly results 1Q20

13.05.2020

Ordinary General Meeting of Shareholders

18.05.2020

Ex-dividend date

20.05.2020

Payment date

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Highlights of FY19

Results in line with guidance

FY19

Topic	Results	Last outlook for 2019	
Group adjusted EBIT	€ 310.8m 8.1% EBIT margin	Adjusted EBIT above € 300m	✓
Mail & Retail	€ 257.4m 12.4% EBIT margin	Adjusted EBIT margin between 11-13%	✓
Parcels & Logistics Eurasia	€ 65.8m 7.9% EBIT margin	Adjusted EBIT margin towards the high end of the 6-8% range	✓
Parcels & Logistics N. Am.	€ -3.0m -0.3% EBIT margin	Adjusted EBIT slightly below break-even	✓
Capex	€ 162.3m	€ 150m - € 185m	✓
Dividend	€ 0.73 gross per share (85% pay-out ratio)	At least 85% of 2019 BGAAP net profit of bpost SA/NV	✓

Final gross dividend of € 0.11/share proposed to AGM to reach a total gross dividend payment of € 0.73/share

FY19

Based on the communicated dividend policy, taking into account the interim dividend paid and subject to Board and Shareholders' meeting approval, the Board of Directors proposes a gross final dividend of € 0.73/share.

€ million

	FY19
bpost S.A./N.V. FY19 net profits after tax	172.6
Total proposed dividend for 2019	146.0
Payout ratio	85%
Interim dividend paid in December 2019 (€, gross per share)	0.62
Proposed final dividend to be paid in May 2020 (€, gross per share)	0.11
Total proposed dividend for 2019 (€, gross per share)	0.73

Highlights of 4Q19

4Q19

4Q19 fully in line with our expectations

Group operating income

€ 1,113.8m

Group adjusted EBIT

€ 69.2m

6.2% EBIT margin

Mail & Retail

€ 51.5m

9.6% EBIT margin

- Total operating income at € 536.8m (-2.3%) resulting from domestic mail decrease and deconsolidation of Alvaldis
- Underlying mail volume decline limited to -5.5% supported by favourable phasing effect in transactional and small growth in advertising mail
- Adjusted EBIT impact (-36.8%) from top-line evolution and higher payroll & project costs

Parcels & Logistics Eurasia

€ 13.9m

5.9% EBIT margin

- Total operating income at € 234.4m. Excluding the net YoY impact of contingent considerations reversals, growth of +8.8% driven by Parcels BeNe (+22.4%)
- Strong organic Parcels BeNe volumes at +24.3% driven by e-commerce growth and DynaLogic
- Adjusted EBIT excluding the elements mentioned above and a goodwill impairment in 4Q18 increased by € 6.6m (+115%) driven by business performance

Parcels & Logistics N. Am.

€ 10.6m

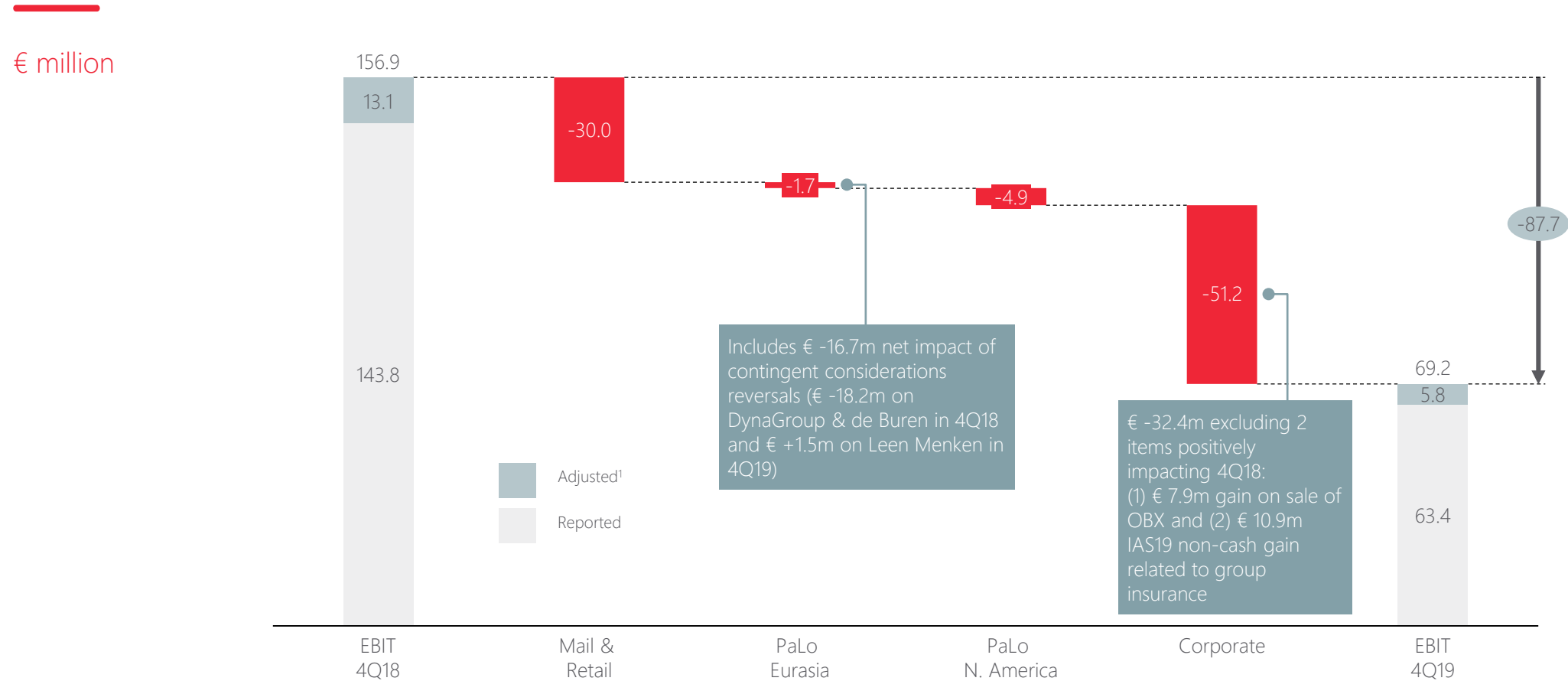
2.7% EBIT margin

- Total operating income at € 395.3m (+3.8%), supported by FX, confirms positive commercial development, partly offset by 2018 customer churn and repricing impact
- TCV at \$ 385m above FY target
- Adjusted EBIT mainly impacted by costs related to new client launches

4Q19 EBIT driven by strong PaLo Eurasia performance

4Q19

offset by 4Q18 positive elements, mail volume decline and higher opex



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 4Q19

4Q19

€ million	Reported		Adjusted ¹		% ↑	4Q19 IFRS16
	4Q18	4Q19	4Q18	4Q19		
Total operating income	1,131.6	1,113.8	1,131.6	1,113.8	-1.6%	
Operating expenses	925.2	987.4	925.2	987.4	6.7%	+28.1
EBITDA	206.4	126.3	206.4	126.3	-38.8%	+28.1
Depreciation & Amortization	62.6	62.9	49.5	57.1		-27.6
EBIT	143.8	63.4 ¹	156.9	69.2 ¹	-55.9%	+0.5
Margin (%)	12.7%	5.7%	13.9%	6.2%		
Financial result	-8.1	-26.7	-8.1	-26.7		-2.6
Profit before tax	140.5	43.0	153.6	48.8	-68.2%	
Income tax expense	35.9	15.2 ¹	38.2	16.5 ¹		
Net profit	104.6	27.8	115.4	32.4	-71.9%	
FCF	221.8	127.2 ²	186.0	83.8 ²	-54.9%	+25.5
bpost S.A./N.V. net profit (BGAAP)	78.1	54.4	78.1	54.4	-30.4%	
Net Debt at 31 December	344.8	779.9	344.8	779.9		+432.3
Capex	48.5	73.2	48.5	73.2	50.9%	
Average # FTEs and interims	39,496	38,730	39,496	38,730		

¹ Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ 5.8m) and income tax expense (€ +0.7m)

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

¹ Unaudited figures

Results by segment 4Q19

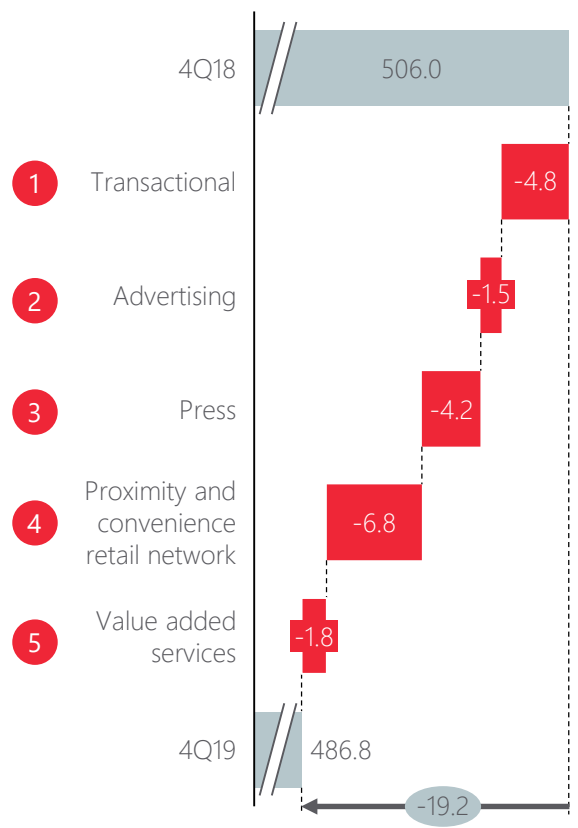
4Q19

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	486.8	229.9	392.5	4.6	0.0	1,113.8
Intersegment operating income	50.0	4.5	2.8	105.7	-163.0	0.0
Total operating income	536.8	234.4	395.3	110.3	(163.0)	1,113.8
Operating expenses	466.4	215.9	369.9	98.3	-163.0	987.4
EBITDA	70.4	18.5	25.4	12.0		126.3
Depreciation & Amortization	20.7	5.4	18.1	18.8		62.9
Reported EBIT	49.7	13.2	7.3	-6.8		63.4
Margin (%)	9.3%	5.6%	1.9%	-6.2%		5.7%
Adjusted EBIT	51.5	13.9	10.6	-6.8		69.2
Margin (%)	9.6%	5.9%	2.7%	-6.2%		6.2%

Mail volume decline and deconsolidation of Alvaldis drove top line decrease

M&R external operating income, € million



Domestic Mail

Operating income decline at € -10.6m i.e.

- € -1.1m working day impact (1 day less in 4Q19 vs. 4Q18)
- € -3.1m elections held in 4Q18
- € -17.0m volume (-5.5% underlying volume decline)
- € +10.6m price/mix

1 2 3

Transactional

-7.2% underlying volume decline supported by phasing of 2020 administrative mailings towards December 2019 ahead of the 2020 price increases.

No change in structural trends: 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

Revenue growth of € +3.5m excluding deconsolidation effect of Alvaldis since September 2019 (€ -10.3m impact on 4Q19) driven by Ubiway and bpost retail.

4

Advertising

+0.5% underlying volume decline (excluding elections).

First visible effects of marketing & sales project aimed at re-boosting advertising mail.

2

Press

-6.5% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Higher revenues from fines management offset by lower revenue from document management and phasing out of e-ID activities.

5

M&R EBIT impacted by top-line evolution and higher payroll & project costs

€ million

Mail & Retail	4Q18	4Q19	% ↑
External operating income	506.0	486.8	-3.8%
Transactional	201.1	196.3	-2.4%
Advertising	65.6	64.1	-2.3%
Press	92.9	88.6	-4.6%
Proximity and convenience retail network	118.9	112.1	-5.7%
Value added services	27.4	25.6	-6.7%
Intersegment operating income	43.5	50.0	15.0%
Total operating income	549.5	536.8	-2.3%
Operating expenses	448.2	466.4	
EBITDA	101.3	70.4	
Depreciation & Amortization	21.5	20.7	
Reported EBIT	79.9	49.7	-37.8%
Margin (%)	14.5%	9.3%	
Adjusted EBIT	81.5	51.5	-36.8%
Margin (%)	14.8%	9.6%	
Average # FTEs and interims	22,551	22,753	

Additional KPIs¹

Underlying Mail volume decline	-5.5%
Transactional	-7.2%
Advertising	0.5%
Press (incl. Ubiway)	-6.5%

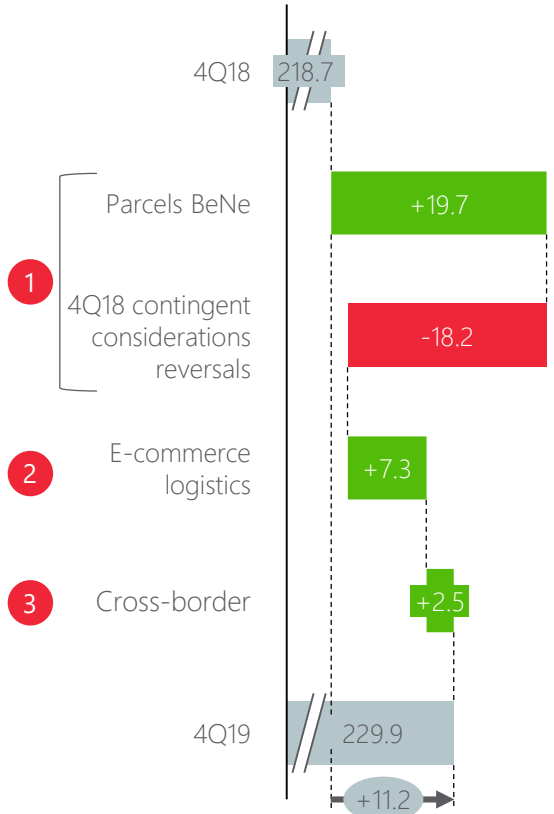
Key takeaways 4Q19

- Total operating income decline of € -12.7m primarily driven by a domestic mail volume decline and deconsolidation of Alvdavis.
- IFRS 16 impact of € +9.7m on operating expenses and € -9.2m on D&A.
- Operating expenses excluding IFRS 16 impact increased by € -27.9m mainly driven by higher payroll (2019-20 CLA), project related costs and last year's unpaid hours related to November 2018 strikes, partly compensated by a favorable evolution of the FTE mix.
- Adjusted D&A excluding IFRS 16 impact decreased by € +10.1m driven by last year's goodwill impairment on Certipost of € 7.9m.
- As a result, adjusted EBIT declined by € -30.0m.

¹ As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: 4Q18 operating income is restated, but not all comparable KPIs for 4Q18 are available

Strong organic Parcels BeNe volume growth and continued positive eCommerce development

PaLo Eurasia external operating income, € million



Parcels BeNe

Reported volume growth of +24.3% (former Domestic Parcels and DynaLogic volumes) driven by e-commerce and good volume development at DynaLogic resulted in Parcels BeNe revenue growth of € +19.7m (+ 22.4%). This was partly offset by contingent considerations reversals in 4Q18 of € 3.6m and € 14.6m on respectively DynaGroup and de Buren.

Negative price/mix fully mix-driven.

E-commerce logistics

Growth coming primarily from new client wins at Radial Europe and Active Ants business development including MCS Fulfilment acquired on October 1, 2019.

Reversal of contingent consideration on Leen Menken for € +1.5m.

Cross-border

Better inbound price/mix and additional revenues in the UK and Asia partly offset by lower parcels revenue from Rest of Europe and Outbound.

EBIT growth driven by parcels volumes partly offset by reversals of contingent considerations in 4Q18

€ million

Parcels & Logistics Europe and Asia	4Q18	4Q19	% ↑
External operating income	218.7	229.9	5.1%
Parcels BeNe	106.3	107.8	1.4%
E-commerce logistics	33.3	40.6	21.7%
Cross-border	79.0	81.5	3.2%
Intersegment operating income	13.7	4.5	-67.0%
Total operating income	232.3	234.4	0.9%
Operating expenses	205.4	215.9	
EBITDA	27.0	18.5	
Depreciation & Amortization	19.4	5.4	
Reported EBIT	7.6	13.2	72.7%
Margin (%)	3.3%	5.6%	
Adjusted EBIT	15.5	13.9	-10.9%
Margin (%)	6.7%	5.9%	
Average # FTEs and interims	3,312	3,481	

Additional KPIs¹

Parcels volume growth 24.3%

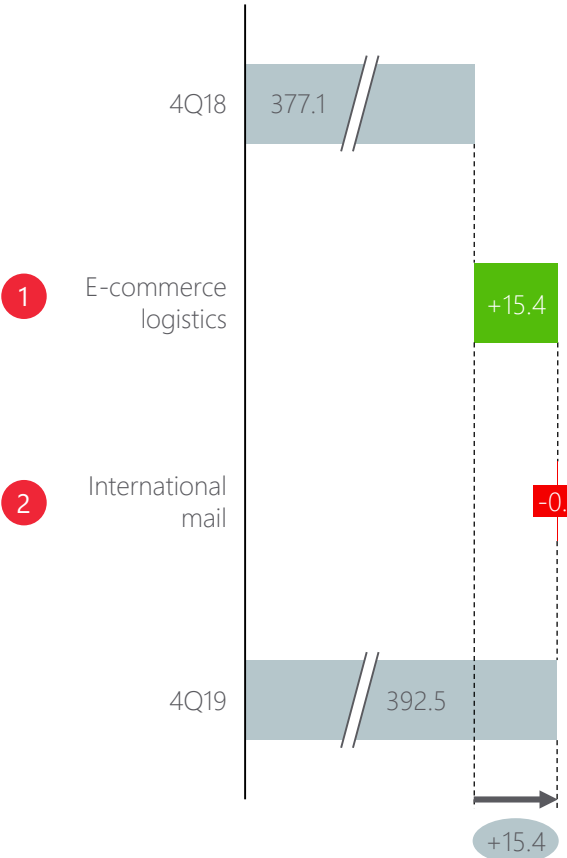
Key takeaways 4Q19

- Excluding € -16.7m net YoY impact of contingent considerations reversals, total operating income increase of € +18.8m (+8.8%) was driven by the positive volume development and client wins in e-commerce logistics.
- IFRS 16 impact of € +2.5m on operating expenses and € -2.4m on D&A.
- Operating expenses excluding IFRS 16 impact increased by 6.3% or € -13.0m as a result of higher intersegment operating expenses from Mail & Retail driven by parcels growth and higher payroll & interim costs driven by e-commerce logistics organic growth & higher parcels volumes.
- Adjusted D&A excluding IFRS 16 impact declined by € +9.2m driven by last year's goodwill impairment on Bubble Post and de Buren of € 8.4m.
- As a result, adjusted EBIT declined by € -1.7m. Excluding the net YoY impact of contingent considerations reversals and goodwill impairments, adjusted EBIT increased by € 6.6m (+115%) operationally.

¹ As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. 4Q18 operating income is restated, but not all comparable KPIs for 4Q18 are available

Parcels & Logistics North America confirms positive commercial momentum

PaLo North America external operating income, € million



E-commerce logistics

YoY increase of +4.4%, +1.4% at constant exchange rate.

Revenues increase at Radial North America driven by new clients launched in 2019, growth from key existing customers and positive FX development. This is partly offset by the 2018 customer churn and repricing.

International mail

Revenues in line with last year supported by positive FX evolution (-3.3% at constant exchange rate).

EBIT mainly impacted by set-up costs from newly onboarded clients

€ million

Parcels & Logistics North America	4Q18	4Q19	% ↑
External operating income	377.1	392.5	4.1%
E-commerce logistics	354.1	369.5	4.4%
International mail	23.1	23.0	-0.3%
Intersegment operating income	3.6	2.8	-22.8%
Total operating income	380.8	395.3	3.8%
Operating expenses	355.9	369.9	
EBITDA	24.8	25.4	
Depreciation & Amortization	12.8	18.1	
Reported EBIT	12.0	7.3	-38.8%
Margin (%)	3.1%	1.9%	
Adjusted EBIT	15.5	10.6	-31.5%
Margin (%)	4.1%	2.7%	
Average # FTEs and interims	11,970	10,850	
Additional KPIs, adjusted			
Radial North America revenue, \$m	348.5	353.2	1.3%
Radial North America EBITDA, \$m	22.2	18.7	
Radial North America EBIT, \$m	12.1	2.1	

Key takeaways 4Q19

- Total operating income increase of € +14.5m or +3.8% (+0.9% at constant exchange rate) mainly driven by new client launches at Radial, strong growth from a few key existing clients and positive FX development partly offset by 2018 customer churn and repricing.
- TCV at Radial reached \$ 385m, well above the initial FY objective and primarily signed in fulfilment.
- IFRS 16 impact of € +8.6m on operating expenses and € -8.5m on D&A.
- Excluding IFRS 16, total adjusted opex (incl. D&A) increased by € -19.5m (€ -8.9m excl. FX) driven by higher volumes and set-up costs related to the onboarding of new clients, partially compensated by lower medical expenses and reduced fraud chargebacks.
- Adjusted EBIT declined by € -4.9m.

€ million

Corporate	4Q18	4Q19	% ↑
External operating income	29.8	4.6	-84.5%
Intersegment operating income	85.5	105.7	23.6%
Total operating income	115.3	110.3	-4.4%
Operating expenses	62.0	98.3	
EBITDA	53.3	12.0	
Depreciation & Amortization	8.9	18.8	
Reported EBIT	44.4	-6.8	
Margin (%)	38.5%	-6.2%	
Adjusted EBIT	44.4	-6.8	
Margin (%)	38.5%	-6.2%	
Average # FTEs and interims	1,663	1,647	

Key takeaways 4Q19

- External revenues down € -25.2m due to lower building sales as 4Q18 included € 7.9m gain on disposal of Old Brussels X.
- IFRS 16 impact of € +7.3m on operating expenses and € -7.4m on D&A.
- Net of intersegment opex increase (€ -20.2m) fully re-invoiced to BUs as intersegment operating income, opex (incl. D&A) was up € -25.8m ex-IFRS 16. This is mainly driven by a € -10.9m IAS 19 non-cash gain from group insurance in 4Q18, higher payroll and higher project-specific costs at corporate level in procurement and communication.
- As a result, adjusted EBIT declined by € -51.2m.

FCF¹ mainly impacted by higher investment outflows and lower building sales

4Q19

Reported - € million

	4Q18	4Q19 (excl. IFRS 16)	IFRS 16	4Q19	Delta
+ Cash flow from operating activities	223.9	192.1	25.5	217.6	-6.3
+ Cash flow from investing activities	-2.1	-90.4		-90.4	-88.3
= Free cash flow	221.8	101.7	25.5	127.2	-94.6
+ Financing activities	-79.1	-137.0	-25.5	-162.4	-83.3
= Net cash movement	142.7	-35.3	0.0	-35.3	-177.9
Capex	(48.5)	(73.2)		(73.2)	(24.7)

CF from operating activities

Transfer of operating leases to financing activities due to IFRS 16 (€ +25.5m)

CF from operating activities before changes in working capital: € -37.7m

Improvement in working capital evolution: € +14.4m

More collected proceeds related to "due to" Radial's clients: € +7.5m

Higher tax prepayments due to phasing: € -16.0m

CF from investing activities

Lower proceeds from sale of buildings (€ -39.1m)

Subordinated loan granted to bpost bank (€ -25.0m)

Higher capex (€ -24.7m), primarily build-out of new fulfilment centres in PaLo North America (capex increased by € 6.8m to € 12.4m), mail centres infrastructure, vehicles, new distribution model and migration of ICT infrastructure to the cloud.

CF from financing activities

Issuance of commercial papers in 4Q18 (€ -165.0m)

Payment of lease liabilities (out of which € 25.5m resulting from IFRS 16 application)

Lower interim dividend (€ +88.0m)

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

Balance sheet

4Q19

€ million

Assets	Dec 31, 2018	Dec 31, 2019
PPE	708.0	1,133.6
Intangible assets	874.9	898.3
Investments in associates and joint ventures	251.2	239.5
Other assets	70.7	41.8
Trade & other receivables	723.2	759.0
Inventories	36.9	34.7
Cash & cash equivalents	680.1	670.2
Total Assets	3,345.1	3,777.1

€ million

Equity and Liabilities	Dec 31, 2018	Dec 31, 2019
Total equity	702.3	682.6
Interest-bearing loans & borrowings	1,024.8	1,449.9
Employee benefits	308.4	320.6
Trade & other payables	1,230.0	1,278.5
Provisions	39.3	29.8
Derivative instruments	0.8	1.3
Other liabilities	39.6	14.3
Total Equity and Liabilities	3,345.1	3,777.1

IFRS 16 impacts

Total assets and liabilities as of 31st Dec. 2019 have increased by € 432.0m compared to 31st Dec. 2018, mainly due to the impact of the initial application of IFRS 16.

The balance of the right-of-use assets and lease liabilities end of December 2019 respectively amounted to € 443.4m and € 449.3m.

Balance sheet of 31st Dec. 2018 is not restated for IFRS 16 impact.

Outlook for 2020

Outlook FY20

Mail & Retail

Total operating income up to -5%

- -9% to -11% underlying Domestic Mail volume decline
- Approved mail pricing impact of +5.1%

8-10% adjusted EBIT margin

Parcels & Logistics Europe & Asia

Low teens % growth in total operating income

6-8% adjusted EBIT margin

Parcels & Logistics North America

Mid-single-digit % growth in total operating income

Adjusted EBIT margin positive up to 2%

Group

Low single-digit % growth in total operating income

Adjusted EBIT between € 240-270m

Gross capex up to € 200m

Dividend

2020 dividend will depend on the long-term capital allocation policy which is being reviewed by the new CEO and the Board

Corona

We are monitoring closely the potential impact of the COVID-19 virus on bpost Group. It cannot be excluded that there could be negative impacts on 2020 Group results. We are currently not in a position to make more concrete assessments.

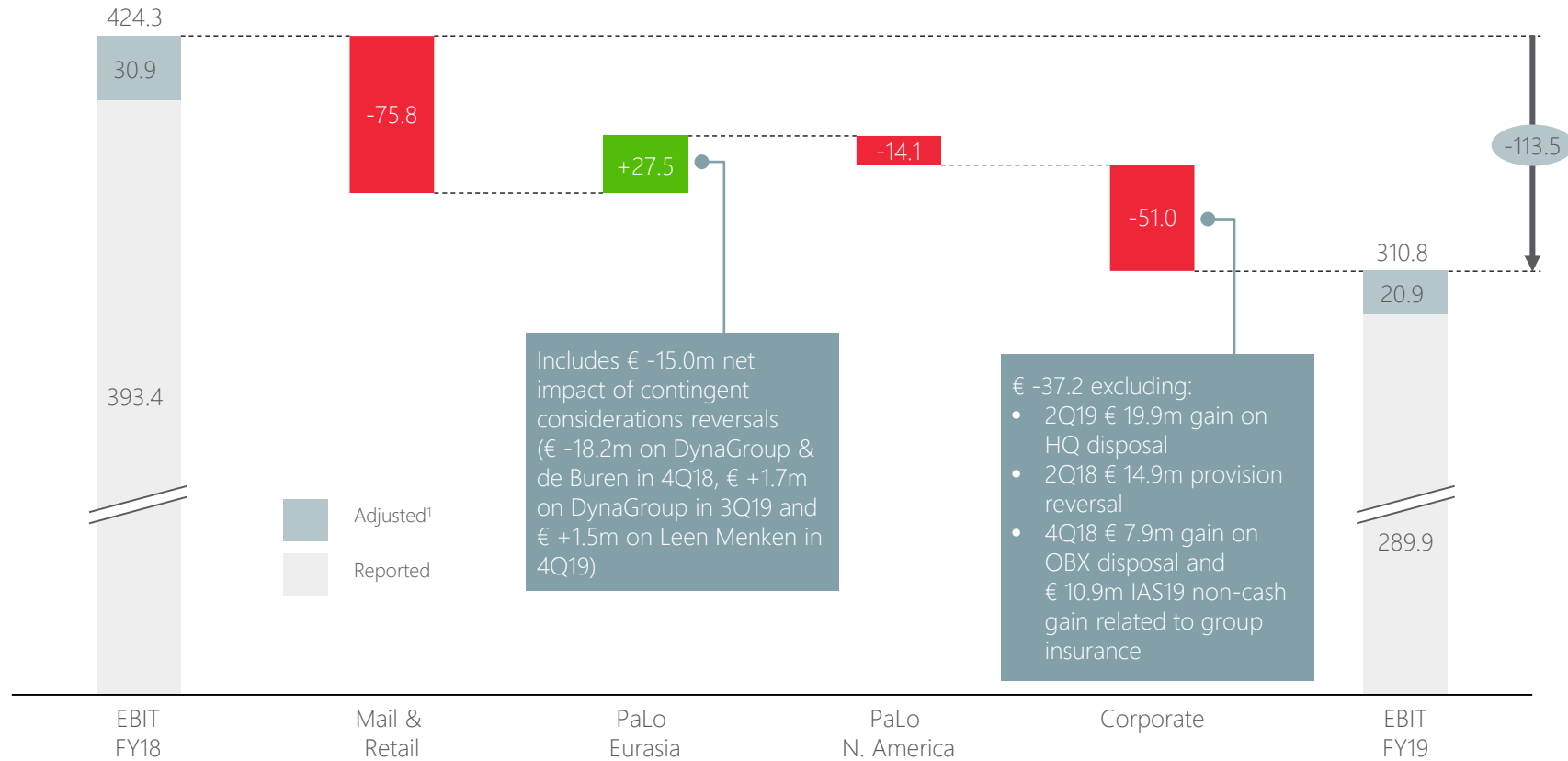
Full year
2019 figures



FY19 EBIT fully in line with guidance

FY19 EBIT was driven by strong PaLo Eurasia performance, offset by accelerated mail volume decline, higher opex in M&R and 2018 positive elements

€ 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 FY19

FY19

€ million	Reported		Adjusted ¹		% ↑	FY19 IFRS16
	FY18	FY19	FY18	FY19		
Total operating income	3,850.2	3,837.8	3,850.2	3,837.2	-0.3%	
Operating expenses	3,279.1	3,300.2	3,279.1	3,300.2	0.6%	+107.6
EBITDA	571.1	537.6	571.1	537.0	-6.0%	+107.6
Depreciation & Amortization	177.7	247.7	146.8	226.2		-105.3
EBIT	393.4	289.9	424.3	310.8	-26.7%	+2.3
Margin (%)	10.2%	7.6%	11.0%	8.1%		
Financial result	-23.8	-61.5	-23.8	-61.5		-9.7
Profit before tax	381.0	244.3	411.9	265.2	-35.6%	
Income tax expense	117.4	89.6	121.4	92.1		
Net profit	263.6	154.7	290.4	173.1	-40.4%	
FCF	241.2	302.0	231.5	288.0	24.4%	+112.3
bpost S.A./N.V. net profit (BGAAP)	262.3	172.6	262.3	172.6	-34.2%	
Net Debt at 31 December	344.8	779.9	344.8	779.9		+432.3
Capex	114.9	162.3	114.9	162.3	41.2%	
Average # FTEs and interims	36,109	35,377	36,109	35,377		

1 Amortization of intangibles recognized during PPA is adjusted, leading to increase in EBIT (€ +21.5m) and income tax expense (€ +1.9m)

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

3 bpost net profit BGAAP excludes Centre Monnaie's profit on disposal: Since the sales price will be reinvested, the profit on disposal and related taxation will be spread throughout the depreciation of these reinvestments This lowers the tax costs on the profit on disposal as the statutory tax rate decreases as from 2020 to 25%

¹ Unaudited figures

Results by segment FY19

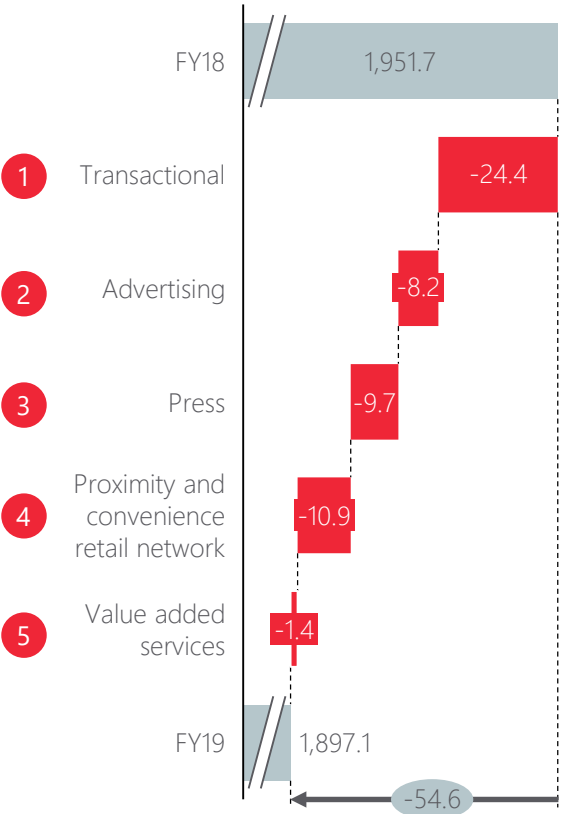
FY19

€ million

	M&R	PaLo Eurasia	PaLo N. Am.	Corp	Eliminations	Group
External operating income	1,897.1	813.2	1,097.5	30.1	0.0	3,837.8
Intersegment operating income	174.7	17.8	6.8	372.0	-571.2	
Total operating income	2,071.7	830.9	1,104.2	402.1	(571.2)	3,837.8
Operating expenses	1,734.2	747.7	1,048.7	340.7	-571.2	3,300.2
EBITDA	337.5	83.2	55.5	61.4		537.6
Depreciation & Amortization	83.7	21.7	71.6	70.8		247.7
Reported EBIT	253.8	61.5	-16.1	-9.3		289.9
Margin (%)	12.3%	7.4%	-1.5%	-2.3%		7.6%
Adjusted EBIT	257.4	65.8	-3.0	-9.3		310.8
Margin (%)	12.4%	7.9%	-0.3%	-2.3%		8.1%

Mail volume decline, mainly in Transactional, drove lower operating income

M&R external operating income, € million



Domestic Mail

Operating income decline at € -42.3m i.e.

- € -1.5m working days impact
- € -1.5m net impact elections
- € -94.2m volume (-7.9% underlying volume decline)
- € +54.9m price/mix

1 2 3

Transactional

-9.2% underlying volume decline led by:

- 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
- A tougher comparable base with Mifid & GDPR mailings positively impacting 2Q18

1

Proximity and convenience retail network

Revenue growth of € +1.2m excluding deconsolidation effect of Alvadis since September 2019 (€ -12.1m impact on FY19) driven by Ubiway and bpost retail.

4

Advertising

-4.7% underlying volume decline (excluding elections).
Improved trend vs. -7.2% in 2018 supported by first benefits of dedicated sales and marketing efforts aimed at re-boosting advertising mail.

2

Press

-6.5% underlying volume decline driven by e-substitution and rationalization.

3

Value added services

Higher revenue from fines management more than offset by the phase-out of e-ID activities and lower revenues from document management.

5



M&R EBIT impacted by top-line evolution and higher payroll costs

FY19 – M&R

€ million

Mail & Retail	FY18	FY19	% ↑
External operating income	1,951.7	1,897.1	-2.8%
Transactional	772.4	748.0	-3.2%
Advertising	244.2	236.0	-3.4%
Press	354.1	344.4	-2.7%
Proximity and convenience retail network	475.7	464.8	-2.3%
Value added services	105.3	103.9	-1.3%
Intersegment operating income	159.6	174.7	9.4%
Total operating income	2,111.3	2,071.7	-1.9%
Operating expenses	1,727.6	1,734.2	
EBITDA	383.6	337.5	
Depreciation & Amortization	54.1	83.7	
Reported EBIT	329.5	253.8	-23.0%
Margin (%)	15.6%	12.3%	
Adjusted EBIT	333.2	257.4	-22.8%
Margin (%)	15.8%	12.4%	
Average # FTEs and interims	22,214	22,435	

Additional KPIs¹

Underlying Mail volume decline	-7.9%
Transactional	-9.2%
Advertising	-4.7%
Press (incl. Ubiway)	-6.5%

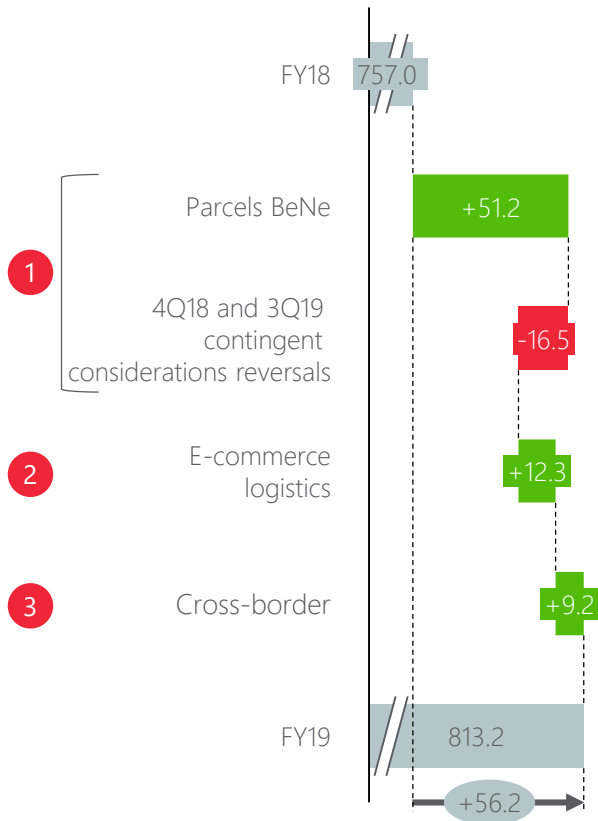
Key takeaways FY19

- Total operating income decline of € -39.5m (€ -40.1m adjusted for Alvaldis profit on disposal) primarily driven by domestic mail volume decline.
- IFRS 16 impact of € +41.1m on operating expenses and € -39.4m on D&A.
- Operating expenses excluding IFRS 16 impact increased by € -47.7m mainly driven by higher payroll (2019-20 CLA and salary indexation, higher headcount) despite a favorable evolution of the FTE mix and the deconsolidation of Alvaldis.
- Adjusted D&A excluding IFRS 16 impact decreased by € +10.4m driven by 4Q18 goodwill impairment on Certipost of € 7.9m.
- As a result, adjusted EBIT declined by € -75.8m.

¹ As of 1Q19 Transactional Mail excludes outbound and Press includes Ubiway press distribution: FY18 operating income is restated, but not all comparable KPIs for FY18 are available

Continued solid organic BeNe parcels volume growth and positive eCommerce development

PaLo Eurasia external operating income, € million



Parcels BeNe

Reported volume growth of +20.0% (former Domestic Parcels and DynaLogic volumes) driven by e-commerce and good volume development at Dynallogic.

Negative price/mix fully mix-driven.

Total Parcels BeNe revenues increased by € 51.2m excluding contingent considerations reversals positively impacting 4Q18 for € 18.2m and 3Q19 for € 1.7m.

1

E-commerce logistics

Growth driven by the integration of Active Ants over FY18 (10 months in FY18) and MCS Fulfilment as from October 1st 2019, organic growth at Active Ants, new clients wins at Radial Europe and reversal of contingent consideration on Leen Menken (€ 1.5m).

2

Cross-border

Driven by Inbound (i.e. terminal dues settlements: € +2.2m in 2Q19) and higher parcels revenues from the UK and Asia partly offset by lower revenues from Rest of Europe and outbound.

3

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

FY19 – PaLo Eurasia

€ million

Parcels & Logistics Europe and Asia	FY18	FY19	% ↑
External operating income	757.0	813.2	7.4%
Parcels BeNe	345.9	380.6	10.0%
E-commerce logistics	120.8	133.1	10.2%
Cross-border	290.4	299.5	3.2%
Intersegment operating income	35.3	17.8	-49.7%
Total operating income	792.3	830.9	4.9%
Operating expenses	735.9	747.7	
EBITDA	56.4	83.2	
Depreciation & Amortization	31.4	21.7	
Reported EBIT	24.9	61.5	
Margin (%)	3.1%	7.4%	
Adjusted EBIT	38.3	65.8	71.8%
Margin (%)	4.8%	7.9%	
Average # FTEs and interims	3,087	3,248	

Additional KPIs¹

Parcels volume growth 20.0%

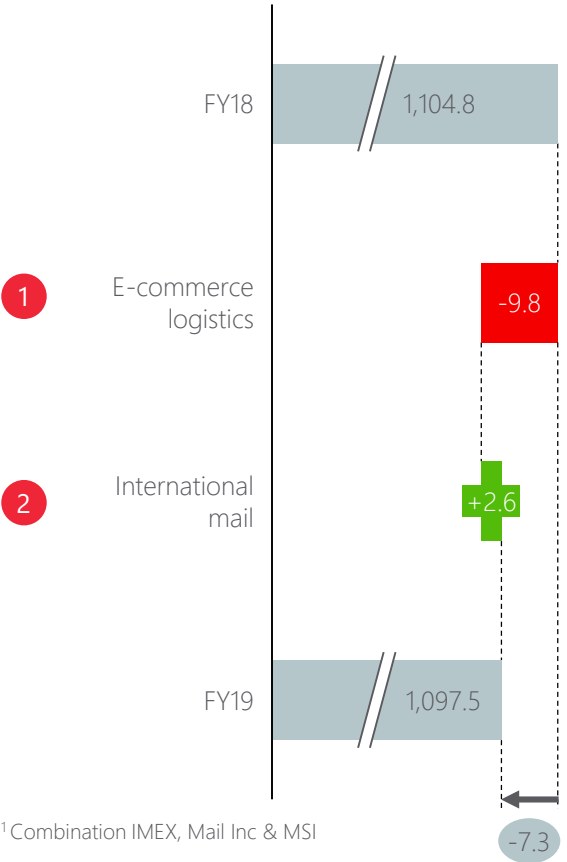
Key takeaways FY19

- Excluding contingent considerations reversals (€ -15.0m net YoY impact), total operating income increased by € +53.6m (6.9%) driven by Parcels volume development and growth in e-commerce logistics.
- IFRS 16 impact of € +8.9m on operating expenses and € -8.6m on D&A.
- Operating expenses ex-IFRS 16 increased by € -20.7m, or 2.8%, as a result of higher intersegment operating expenses from Mail & Retail driven by higher Parcels BeNe volumes, partly compensated by the run-off of non-performing businesses and lower transport costs (positive settlements on terminal dues in 2Q19 and favorable cross-border mix).
- Adjusted D&A excluding IFRS 16 impact declined by € +9.3m driven by last year's goodwill impairment on Bubble Post and de Buren of € 8.4m.
- As a result, adjusted EBIT increased by € +27.5m. Excluding the net YoY impact of contingent considerations reversals and goodwill impairments, adjusted EBIT increased by € +34.1m (+119%) operationally.

¹ As of 1Q19 Parcels BeNe volumes include DynaLogic & former Domestic Parcel volumes. This does not cover the entire Parcels BeNe operating income line. FY18 operating income is restated, but not all comparable KPIs for FY18 are available

Parcels & Logistics North America impacted by 2018 customer churn and repricing at Radial as anticipated

PaLo North America external operating income, € million



E-commerce logistics

YoY decline of -1.0%, -5.6% at constant exchange rate.

Revenues decline within Radial North America mainly driven by the impact of 2018 client churn and repricing. This effect was diminishing through the year but not fully compensated by new business and positive FX development.

1

International mail

Slight increase at The Mail Group¹ due to the timing of the acquisitions of IMEX and Mail Inc in 2018.

2

¹Combination IMEX, Mail Inc & MSI



As expected, EBIT was impacted by client churn & repricing and set-up costs from newly onboarded clients

FY19 – PaLo N. Am.

€ million

Parcels & Logistics North America	FY18	FY19	% ↑
External operating income	1,104.8	1,097.5	-0.7%
E-commerce logistics	1,017.9	1,008.1	-1.0%
International mail	86.8	89.4	3.0%
Intersegment operating income	9.6	6.8	-29.2%
Total operating income	1,114.4	1,104.2	-0.9%
Operating expenses	1,068.3	1,048.7	
EBITDA	46.1	55.5	
Depreciation & Amortization	48.9	71.6	
Reported EBIT	-2.8	-16.1	
Margin (%)	-0.2%	-1.5%	
Adjusted EBIT	11.1	-3.0	
Margin (%)	1.0%	-0.3%	
Average # FTEs and interims	9,093	8,061	
Additional KPIs, adjusted			
Radial North America revenue, \$m	1,003.9	934.9	-6.9%
Radial North America EBITDA, \$m	31.1	29.2	
Radial North America EBIT, \$m	-7.9	-29.2	

Key takeaways FY19

- Total operating income decline of € -10.2m or -0.9% (-5.6% at constant exchange rate) mainly driven by customer churn and repricing at Radial, as anticipated.
- TCV at Radial reached \$ 385m, well above the initial FY objective of \$ 300m. TCV primarily signed in fulfilment.
- IFRS 16 impact of € +30.1m on operating expenses and € -29.5m on D&A.
- Excluding IFRS 16, total adjusted opex (incl. D&A) increased by € -4.5m. Excluding FX this was a decrease of € +50.5m driven by lower fixed costs (mainly payroll), better productivity in fulfilment and reduced fraud chargebacks in PT&F, partly offset by set-up costs from newly onboarded clients.
- Adjusted EBIT declined with € -14.1m.

€ million

Corporate	FY18	FY19	% ↑
External operating income	36.8	30.1	-18.3%
Intersegment operating income	356.0	372.0	4.5%
Total operating income	392.8	402.1	2.4%
Operating expenses	307.8	340.7	
EBITDA	85.0	61.4	
Depreciation & Amortization	43.3	70.8	
Reported EBIT	41.7	-9.3	
Margin (%)	10.6%	-2.3%	
Adjusted EBIT	41.7	-9.3	
Margin (%)	10.6%	-2.3%	
Average # FTEs and interims	1,715	1,633	

Key takeaways FY19

- External operating income decreased by € -6.7m driven by lower rental income and lower building sales, as the sale in 2019 of the HQ building (€ +19.9m gain on disposal) was more than offset by building sales in 2018 (amongst others Old Brussels X).
- IFRS 16 impact of € +27.5m on operating expenses and € -27.7m on D&A.
- Net of intersegment opex increase (€ -16.0m) fully re-invoiced to BUs as intersegment operating income, opex (incl. D&A) was up € -44.1m ex-IFRS 16. This is mainly driven by € -14.9m provision reversal in 2Q18, € -10.9m IAS19 non-cash gain related to group insurance in 4Q18, higher payroll and higher project-related costs in procurement and communication.
- As a result, adjusted EBIT decreased by € -51.0m.

FCF¹ mainly impacted by lower operating results

FY19

Reported - € million

	FY18	FY19 (excl. IFRS 16)	IFRS 16	FY19	Delta
+ Cash flow from operating activities	362.0	311.9	112.3	424.2	62.3
+ Cash flow from investing activities	-120.8	-122.2		-122.2	-1.4
= Free cash flow	241.2	189.7	112.3	302.0	60.8
+ Financing activities	-29.5	-201.9	-112.3	-314.1	-284.6
= Net cash movement	211.7	-12.1	0.0	-12.1	-223.8
Capex	(114.9)	(162.3)		(162.3)	(47.3)

CF from operating activities

Transfer of operating leases to financing activities due to IFRS 16 (€ +112.3m)

CF from operating activities before changes in working capital: € -102.0m

Improvement in working capital evolution: € +10.7m

More cash payments related to "due to" Radial's clients: € +4.3m

Lower tax prepayments : € +37.0m

CF from investing activities

Lower cash outflows related to acquisition of subsidiaries (€ +54.1m) with main investments occurring in 1H18

Higher proceeds from sale of buildings (€ +10.4m, out of which € +56.1m for MCM sale in 1H19)

Sale of Alvaldis for € +5.9m

Higher capex: € -47.3m, primarily buildout of new fulfilment centres in PaLo NA (capex increased by € 25.7m to € 47.7m), mail centres infrastructure, vehicles, capitalization of ICT development costs, new distribution model and migration of ICT infrastructure to the cloud

Subordinated loan granted to bpost bank (€ -25.0m)

CF from financing activities

Payment of lease liabilities from IFRS 16 application (€ -112.3m)

Dividend payment (€ -174.0m)

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

Appendix

IFRS 16: Main impacts 4Q19

€ million

	IFRS 16	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses		+28.1	+9.7	+2.5	+8.6	+7.3
EBITDA		+28.1	+9.7	+2.5	+8.6	+7.3
D&A		-27.6	-9.2	-2.4	-8.5	-7.4
EBIT		+0.5	+0.4	+0.0	+0.1	-0.1
Net financial costs		-2.6	-0.9	-0.1	-1.4	-0.2
CF from operating activities		+25.5				
CF from financing activities		-25.5				
Net debt		+432.3				

IFRS 16: Main impacts FY19

€ million

	IFRS 16	Group	M&R	PaLo Eurasia	PaLo N. Am.	Corporate
Operating expenses		+107.6	+41.1	+8.9	+30.1	+27.5
EBITDA		+107.6	+41.1	+8.9	+30.1	+27.5
D&A		-105.3	-39.4	-8.6	-29.5	-27.7
EBIT		+2.3	+1.7	+0.3	+0.5	-0.2
Net financial costs		-9.7	-3.4	-0.6	-5.0	-0.6
CF from operating activities		+112.3				
CF from financing activities		-112.3				
Net debt		+432.3				

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Questions

