Second quarter 2023 results Analyst call

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Investor presentation

Interim financial report 2Q23

2Q23

Financial Calendar

09.11.2023 (17:45 CET)
Quarterly results 3Q23

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

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Highlights of 2Q23

2Q23

Performance again exceeding plan. Strong parcels volumes in Belgium and Cross-Border, along with resilient mail revenues, allow delivery of a solid quarter despite challenging market conditions and impacts of the compliance review.

Group operating income

€ 1,027.6m

-0.8% vs. 2Q22

Group adjusted EBIT

€ 68.7m

6.7% EBIT margin

-16.8% vs. 2Q22

Belgium

€ 56.8m

10.2% EBIT margin

- Total operating income at € 557.9m (+4.9%)
  - underlying mail volume decline of -8.3% offset by positive price/mix impact
  - parcels volumes +7.8% and price/mix impact of +5.3%
  - € -6.25m revenue impact from preliminary findings of compliance review of services provided to the Belgian State[1]
- OPEX increase (+6.9%) driven by salary indexations and lower recoverable VAT

E-Logistics Eurasia

€ 8.9m

5.5% EBIT margin

- Total operating income at € 163.3m (+15.3%)
  - continued expansion of Radial EU and Active Ants (+17.9%)
  - cross-border sales increase supported by recent customer wins in Asia and IMX integration
- OPEX increase (+13.9%) from (i) higher transport costs in line with volume development and IMX integration and (ii) higher payroll costs

E-Logistics N. Am.

€ 11.2m

3.4% EBIT margin

- Total operating income at € 330.0m (-12.8% or -10.7% excl. FX), reflecting lower volumes at Radial and Landmark US (Amazon insourcing)
- Lower OPEX (-12.9% or -10.6% excl. FX) from continued strong variable labor management and productivity gains

  EBIT margin dilution from ongoing pressure at Landmark

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

[1] similar to 1Q23 impact – see disclosure

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Key financials 2Q23

2Q23

€ million	Reported		Adjusted[1]		
	2Q22	2Q23	2Q22	2Q23	Δ %
Total operating income	1,035.5	1,027.6	1,035.5	1,027.6	-0.8%
Operating expenses	884.8	884.7	884.8	884.7	0.0%
EBITDA	150.7	142.9	150.7	142.9	-5.2%
Depreciation & Amortization	71.2	(1) 77.3	68.1	(1) 74.2	8.8%
EBIT	79.5	65.5	82.6	68.7	-16.8%
Margin (%)	7.7%	6.4%	8.0%	6.7%	
Financial result	14.2	(2) -7.5	14.2	(2) -7.5	-
Profit before tax	92.6	58.0	96.8	61.2	-36.9%
Income tax expense	24.7	(1) 14.8	25.5	(1) 15.6	-38.8%
Net profit	67.8	43.2	71.4	45.6	-36.2%
FCF	-141.3	(3) -50.6	-137.9	(3) -50.4	-63.4%
Net Debt at June 30	572.8	420.8	572.8	420.8	-26.5%
Capex	39.5	23.8	39.5	23.8	-39.6%
Average # FTEs and interims	38,086	37,514	38,086	37,514	-1.5%

1. Amortization and impairments of intangibles recognized during PPA are adjusted, leading to increase in EBIT (€ +3.2m) and income tax (€ +0.8m)
2. Higher financial costs from non-cash financial charges related to IAS 19 employee benefits (one-off steep increase in discount rates LY) and FX impacts
3. Adjusted FCF excludes the cash Radial receives on behalf of its customers for performing billing services

[1] Unaudited figures

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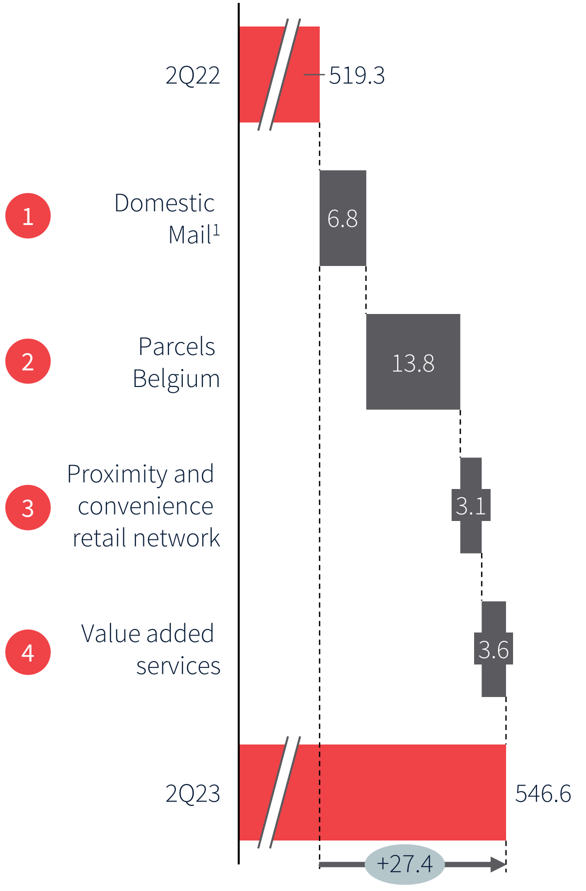
Topline driven by strong parcel volumes and resilient mail revenues

2Q23 – Belgium

Belgium revenues, € million



Domestic Mail

Revenues up € +6.8m (+2.2%):

- € -25.4m volume (-8.3% underlying volume decline against -7.5% in 2Q22)
- € +27.8m price/mix impact
- € +4.5m from integration of Aldipress[2] on Sept. 30, 2022

1

Parcels Belgium

Parcels Belgium revenues up € +13.8m (+13.2%):

- Parcels volume growth of +7.8%, reflecting (i) successful Commercial Hunting Plan 2022 and (ii) no further Amazon's insourcing impact
- Price/mix of +5.3%

2

Proximity and convenience retail network

Revenues up € +3.1m (+4.6%) mainly from indexation of Mgt. Contract

3

Value added services

Higher revenues from fines solution

4

[1] Domestic mail is the sum of Transactional, Advertising and Press

[2] Aldipress impact excluded from volume trend

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Strong revenues offset inflationary pressure on costs

2Q23 – Belgium

€ million

Belgium	2Q22	2Q23	Δ %
Transactional	182.6	190.4	4.3%
Advertising	47.4	44.4	-6.4%
Press	85.3	87.4	2.4%
Parcels Belgium	105.1	118.9	13.2%
Proximity and convenience retail network	68.8	72.0	4.6%
Value added services	30.0	33.6	11.8%
Intersegment and other	12.5	11.2	-10.0%
Total operating income	531.8	557.9	4.9%
Operating expenses	448.9	479.9	6.9%
EBITDA	82.9	78.0	-5.9%
Depreciation & Amortization	20.2	21.3	5.1%
Reported EBIT	62.6	56.7	-9.5%
Margin (%)	11.8%	10.2%	
Adjusted EBIT	62.8	56.8	-9.5%
Margin (%)	11.8%	10.2%	
Additional KPIs			
Underlying Mail volume trend	-7.5%	-8.3%	
Transactional	-8.2%	-8.5%	
Advertising	-2.4%	-14.8%	
Press - excl. Aldipress	-10.8%	-3.7%	
Parcels volume trend	-12.9%	+7.8%	

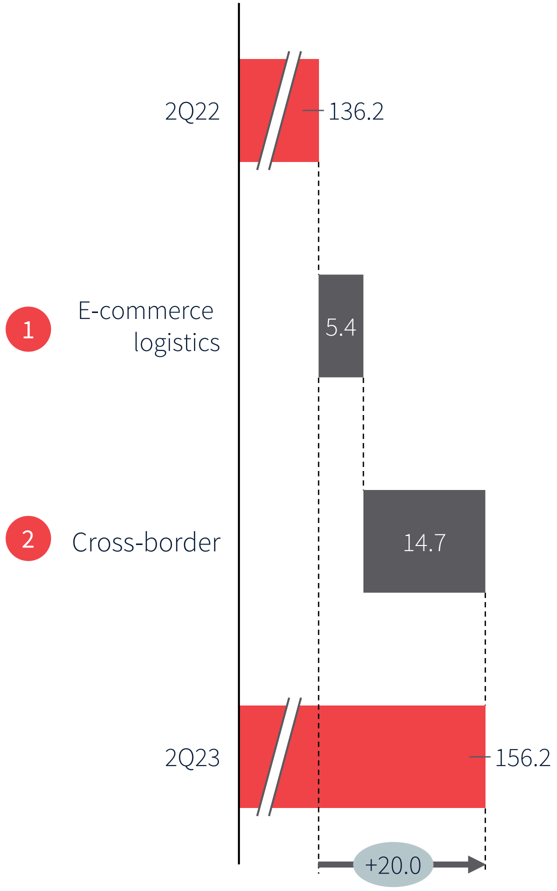
Key takeaways 2Q23

- Higher intersegment revenues from inbound cross-border volumes handled in the domestic network, offset by € -6.25m impact (other revenue) reflecting preliminary findings of compliance review of services provided to the State
- Operating expenses (incl. adjusted D&A) increased by € 32.1m (+6.8%):
  - higher payroll cost per FTE (+7.5% from 5 salary indexations) and stable FTEs (higher parcel volumes offset by continued focus on productivity)
  - lower recoverable VAT
- Stable EBIT when excluding compliance review impact

Strong cross-border revenue growth fueled by recent customer wins and IMX integration, and continued momentum in e-com fulfilment

2Q23 – E-Log. Eurasia

E-Logistics Eurasia revenues, € million



E-commerce logistics

Revenues up € +5.4m (+8.2%):

- Radial Europe and Active Ants revenue growth of +17.9% reflecting higher sales from existing customers and new customer onboardings
- Lower volumes at DynaLogic mitigated by price indexations across all Dyna lines

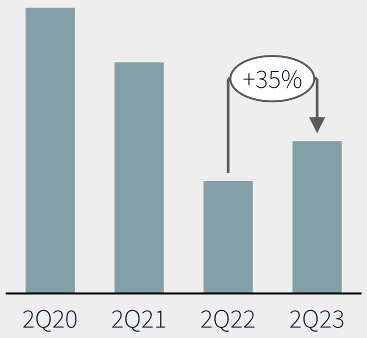
1

Cross-border

Revenues up € +14.7m (+20.7%) mainly from:

- IMX consolidation as from July '22
- Recent customer wins in Asia

Asia cross-border



Quarterly revenues, m€

- 2Q20: COVID spike (rail solution as an alternative to air freight)
- July '21: new VAT regulation

2

Continued margin recovery supported by higher revenues

2Q23 – E-Log. Eurasia

€ million

E-Logistics Eurasia	2Q22	2Q23	Δ %
E-commerce logistics	65.3	70.7	8.2%
Cross-border	70.8	85.5	20.7%
Intersegment and other	5.5	7.1	29.5%
Total operating income	141.7	163.3	15.3%
Operating expenses	128.8	146.7	13.9%
EBITDA	12.8	16.6	29.6%
Depreciation & Amortization	6.4	8.5	33.7%
Reported EBIT	6.4	8.1	25.5%
Margin (%)	4.5%	4.9%	
Adjusted EBIT	7.1	8.9	24.9%
Margin (%)	5.0%	5.5%	

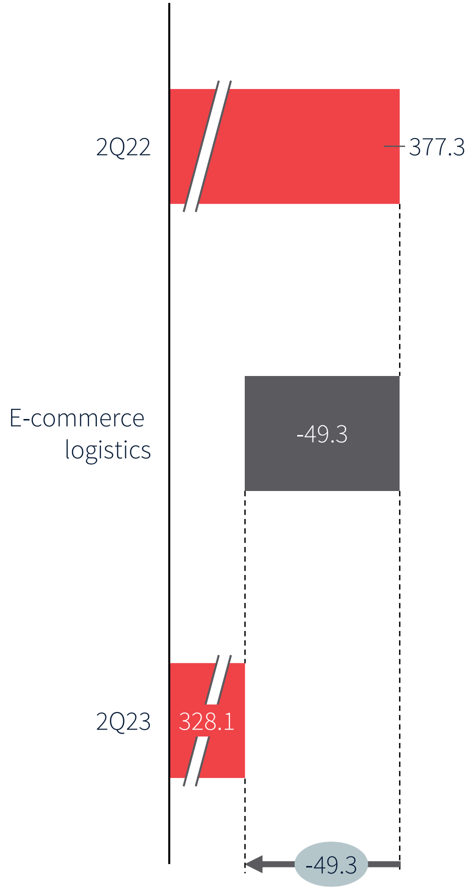
Key takeaways 2Q23

- Total operating income up € +21.7m (+15.3%)
- Operating expenses (incl. adjusted D&A) increased by € 19.9m (+14.8%), mainly explained by:
  - higher transport costs in line with higher E-commerce logistics and Cross-border activities (incl. IMX integration and intersegment opex charged by Belgium)
  - higher payroll costs from inflation and higher volumes

Revenue development impacted by ongoing economic softness, market over-capacity and Amazon insourcing

2Q23 – E-Log. N. Am.

E-Logistics N. America revenues, € million



E-commerce logistics

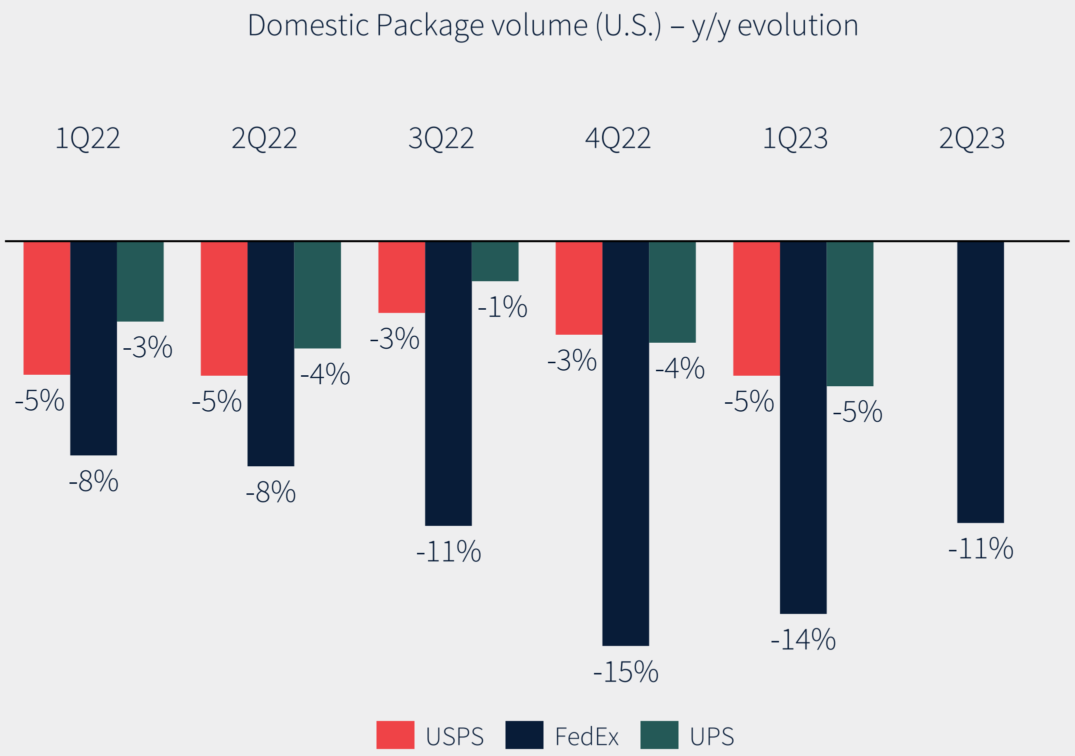
Revenues down € -49.3m (-13.1% or -10.9% at constant exchange rate)

Lower revenues at Radial (-9.9% excl. FX) resulting from:

- contribution of new customer launches, more than offset by
- slightly lower sales from existing customers and revenue churn from terminated contracts announced in 2022

Lower revenues at Landmark US reflecting Amazon's insourcing and general competitive pressure

U.S. domestic market trend



Productivity gains defend margins against challenging market conditions and revenue pressure at Landmark

2Q23 – E-Log. N. Am.

€ million

E-Logistics North America	2Q22	2Q23	Δ %
E-commerce logistics	377.3	328.1	-13.1%
Intersegment and other	1.2	2.0	59.0%
Total operating income	378.6	330.0	-12.8%
Operating expenses	336.3	293.0	-12.9%
EBITDA	42.2	37.0	-12.4%
Depreciation & Amortization	26.3	27.9	6.2%
Reported EBIT	15.9	9.0	-43.2%
Margin (%)	4.2%	2.7%	
Adjusted EBIT	18.1	11.2	-38.2%
Margin (%)	4.8%	3.4%	
Additional KPIs, adjusted			
Radial North America revenue, $m	321.2	289.4	-9.9%
Radial North America EBITDA, $m	28.5	29.4	3.1%
Radial North America EBIT, $m	6.9	6.2	-10.0%

Key takeaways 2Q23

- Total operating income down € -48.6m (-12.8%, or -10.7% excl. FX)
- Operating expenses (incl. adjusted D&A) down € -41.6m (-11.5% or -9.2% excl. FX) resulting from:
  - lower variable opex in line with revenue development
  - continuous strong variable labor management and productivity gains, resulting in improved (+3% y/y) variable contribution margin
- Lower EBIT and margin dilution mainly reflecting revenue pressure at Landmark and lower fixed cost coverage, partly mitigated by productivity improvement at Radial

Continued FTE reduction mitigates the cost pressures

2Q23 – Corporate

€ million

Corporate	2Q22	2Q23	Δ %
External operating income	2.7	1.6	-41.7%
Intersegment and other	96.4	110.3	14.4%
Total operating income	99.1	111.9	12.8%
Operating expenses	86.3	100.5	16.4%
EBITDA	12.8	11.4	-11.2%
Depreciation & Amortization	18.3	19.6	7.1%
Reported EBIT	-5.5	-8.2	
Margin (%)	-5.5%	-7.3%	
Adjusted EBIT	-5.5	-8.2	
Margin (%)	-5.5%	-7.3%	

Key takeaways 2Q23

- External revenues down € -1.1m mainly from building sales
- Higher operating expenses (€ +15.4m or +14.8%, incl. D&A) reflecting amongst others (i) inflationary pressure on payroll costs (+7.5% from 5 salary indexations) mitigated by continued efforts on overhead reduction (-6.5% FTEs) and (ii) compliance related costs
- Adjusted EBIT down € -2.7m at € -8.2m

Improved Free cash flow reflects lower tax prepayment, lower capex and return to normal seasonality of working capital

2Q23

€ million - Adjusted

	2Q22	2Q23	Δ
Cash flow from operating activities before Δ in WC and provisions	106.1	121.5	15.4 (1)
Change in working capital and provisions	-201.9	-148.8	53.0 (2)
Cash flow from operating activities	-95.7	-27.3	68.4
Cash flow from investing activities	-42.2	-23.1	19.1 (3)
Free cash flow	-137.9	-50.4	87.5
Cash flow from financing activities	-132.6	-121.7	10.9 (4)
Net cash movement	-270.5	-172.1	98.4
Capex	39.5	23.8	-15.6

Adjusted vs. Reported Cash Flow Statement in appendix

CF from operating activities

1 Lower EBITDA compensated by lower prepayment of corporate income taxes (€ +22.4m)

2 € +53.0m variation in working capital evolution and provisions mainly driven by higher supplier balances

Change in working capital in 2Q23 in line with normal seasonality of social liabilities and SGEI payment schedule

3 CF from investing activities

Lower M&A activities (€ +5.9m y/y mainly reflecting IMX acquisition last year)

CAPEX of € 23.8m in 2Q23 (€ -15.6m y/y) mainly spent on e-commerce logistics expansion (NL/US) and on domestic fleet and parcels capacity

4 CF from financing activities

Lower cash outflow from financing activities mainly from lower dividend payment (€ -18m y/y)

Lease liabilities and interests on borrowings (€ -7.1m)

Update on Press tender and Compliance reviews

Summarized version –full detail in Contingent Liability disclosure in press release

Press tender	The Belgian Government launched earlier this year a new tender for 2024-2028, with a reduced budget of € c.125m and adapted specifications • Bids application closed on 8 June, 2023 • bpost submitted a bid for the two lots (Newspapers and Periodicals) • At least two other participants: Belgian distributor PPP (Newspapers only) and French distributor Proximy (Newspapers and Periodicals) • Award decision timing unclear
Compliance review - Press	• Internal compliance review is closed • The progress made on the ongoing investigation of the BCA did not change bpost's assessment of the risk of a fine, which is currently assessed as possible but not probable

Compliance reviews - Services to the State (679, ELP, Fines)	• Internal compliance reviews, which are being finalized, reaffirmed preliminary findings and need for an in-depth economic assessment of the remuneration paid by the Belgian State. This assessment is ongoing, with the assistance of independent firm of economists and other state aid experts
	• Whilst the analysis and initial conclusions diverge per service, bpost deems it at this time probable that the preliminary results will be confirmed upon completion of the economic assessment and will probably result in a material adverse effect on the company's financial results or financial position:
	    • regarding the performance of the services in 2023: current findings from the assessment do not allow at this time to further narrow the € 25-50m range. The 1H23 results include the lower end of this range (i.e. an aggregate of € -12.5m revenues at Belgium level).
	    • regarding the period before 2023: if and to which extent there was any overcompensation varies per service and depends on many factors, e.g. the applicable legal and regulatory frameworks for each contract over the various periods, the absence of the pre-determined margins acceptable under applicable laws, the relevant methodologies, the revenues and the duration of the relevant services, as well as relevant lookback period. This assessment may result in different outcomes and can vary by year.
	• Due to this large number of factors impacting the outcome of the analysis, the approach applied to arrive at a preliminary estimate for 2023 cannot be applied to determine the historic impact as it does not result in any meaningful range of outcomes.

Management priorities 2023

Management

In line with group ambition to be a global e-commerce & logistics service provider, with a sustained Belgian anchor, and recognized as a reference in sustainability

Achievements of 1H23

Strong financial results despite ongoing turmoil

Belgium

- Management and social partners concluded a CLA for ’23-24, with a focus on well-being and job attractiveness
- Reached symbolic milestone of 1,000 e-vans in our domestic fleet and added new Ecozone in Hasselt bringing total to 13 Ecozones

E-Logistics Eurasia and North America

- Opening of a cutting-edge fulfilment center in Groningen for Radial NL, official launch of a state-of-the-art robotized site for Active Ants UK and investment in additional capacity at Active Ants BE
- Cross-border: Development of the Asia-Canada lane with volume impact as from 2H23 and improvement of lead-times in UK-NA lanes
- Ongoing productivity and service improvement at Radial NA, matching labor to uncertain demand patterns from clients

Group: reinforcement of compliance programs

Focus and priorities for 2H23

Continued focus on operational performance and execution of strategy

Belgium

- Press concessions: aim to secure attribution of press concessions but also prepare for future under different scenarios
- Prepare and execute the year-end-peak

E-Logistics Eurasia and North America

- Cross-border: roll-out of strategic growth plan leveraging synergies of the group geographical presence and last-mile strengths
- Commercial efforts and pipeline development despite current weakness of retail environment
- Year-end peak preparation at Radial NA has started: focus on agility to manage ongoing demand volatility in inflationary environment

Group: provide clarity on impacts from compliance reviews

Outlook 2023 – Update of underlying parameters

Outlook FY23

Group EBIT guidance pending ongoing analysis of financial impacts of compliance review

Impacts of the compliance reviews, including the negative EBIT impact of € 25-50m (see 1Q23 Financial report), are excluded from this **parameters update**

Belgium

excl. impacts of compliance review

4-6% growth[1] in total operating income, notably driven by

- Mail: volume decline of 8-10% offset by price increase and mix impacts
- **Parcel**: mid to high single digit % volume growth and mid single digit % price/mix

7-9% adjusted EBIT margin

Higher payroll costs from full-year impact of **salary indexations of 2022-23**[2], higher energy costs, partly mitigated by efficiency gains in operations and continued cost reduction initiatives

E-Logistics Eurasia

Low double digit % growth in total operating income driven by

- Continued growth of Radial Europe and Active Ants
- Growing Commercial Cross-Border activities incl. development of new lanes, more than offsetting structural decline in Postal

3-5% adjusted EBIT margin

Reflecting negative mix effect at Cross-Border and including scale-up of sales organization and start-up costs of new customers at Radial Europe and Active Ants

E-Logistics N. Am.

Low double digit % decline in total operating income[3] reflecting

- Amazon's insourcing at Landmark Global and general price pressure
- Lower growth momentum at Radial in current market conditions, and overcapacity leading to price pressures

4-6% adjusted EBIT margin

Tighter labor costs & management and costs measures offsetting price pressures and higher opex and incremental D&A from new sites

[1] excluding deconsolidation of Ubiway Retail

[2] next +2% salary indexation is expected to occur in January '24, adding to the ones of February, April, June, September, December '22 and January '23. Monthly forecast of the Federal Planning Bureau is available here

[3] assuming EUR/USD at 1.08 on average for FY23

Additional info

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Adjusted vs. reported Cash Flow Statement

2Q23

€ million	Reported			Adjusted		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Cash flow from operating activities before Δ in WC and provisions	106.1	121.5	15.4	106.1	121.5	15.4
Change in working capital and provisions	-205.3	-149.0	56.2	-201.9	-148.8	53.0 (1)
Cash flow from operating activities	-99.1	-27.6	71.6	-95.7	-27.3	68.4
Cash flow from investing activities	-42.2	-23.1	19.1	-42.2	-23.1	19.1
Free cash flow	-141.3	-50.6	90.7	-137.9	-50.4	87.5
Cash flow from financing activities	-132.6	-121.7	10.9	-132.6	-121.7	10.9
Net cash movement	-273.9	-172.3	101.6	-270.5	-172.1	98.4
Capex	39.5	23.8	-15.6	39.5	23.8	-15.6

Adjustments

1 Change in working capital:

Cash outflow related to collected proceeds due to Radial’s clients was € 3.2m lower (€ 3.4m outflow in 2Q22 against outflow of € 0.2m in 2Q23)

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Balance Sheet

2Q23

€ million

Assets	Dec 31, 2022	Jun 30, 2023
Property, Plant and Equipment	1,398.9	1,391.2
Intangible assets	855.8	827.0
Investments in associates and joint ventures	0.1	0.1
Other assets	52.7	25.8
Trade & other receivables	974.3	809.9
Inventories	24.5	23.7
Derivative instruments	0.0	0.0
Cash & cash equivalents	1,051.0	1,052.9
Assets held for sale	1.0	0.6
Total Assets	4,358.3	4,131.2

€ million

Equity and Liabilities	Dec 31, 2022	Jun 30, 2023
Total equity	1,065.4	1,062.1
Interest-bearing loans & borrowings	1,488.2	1,473.5
Employee benefits	244.2	247.1
Trade & other payables	1,520.3	1,317.3
Provisions	26.7	25.0
Derivative instruments	-0.3	0.1
Other liabilities	13.9	6.1
Liabilites held for sale	0.0	0.0
Total Equity and Liabilities	4,358.3	4,131.2

Main balance sheet movements

Property, plant and equipment slightly decreased as the depreciation and the decrease in the right-of-use assets and leases outpaced the capital expenditure.

Intangible assets decreased driven by the evolution of the exchange rate (mainly impacting the goodwill in USD) and the depreciation, partially offset by the capital expenditure.

Trade and other receivables decreased driven by the settlement of the press concessions for 2022 and the peak sales of year-end 2022.

Equity slightly decreased mainly explained by the exchange differences on translation of foreign operations and the payment of the dividend, partially offset by the realized profit.

Cash & cash eq. remained stable. Interests-bearing loans and borrowings slightly decreased due to lower lease liabilities and positive FX impact on USD debt.

The decrease of Trade & other payables was mainly due to the decrease of social and trade payables, partially offset by the advance payment received for the SGEI compensation and the press concessions. The decrease of the trade payables was mainly a phasing element given the peak season at year-end, whereas the decrease of the social payables was mainly due to the unwinding of the deferred payment of withholding taxes on payroll, a measure granted by the Belgian government in the context of the energy crisis in the fourth quarter of 2022 and the payment of the FY22 social accruals in 1H23.

Financing Structure & Liquidity

2Q23

€ million

Available Liquidity	Dec 31, 2022	Jun 30, 2023
Cash & cash equivalents	*1,051.0*	*1,052.9*
Cash in network	143.9	147.5
Transit accounts	65.8	42.6
Cash payment transactions under execution	-24.0	-14.4
Bank current accounts	680.6	521.4
Short-term deposits	184.7	355.7
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	1,426.0	1,427.9

€ million

External Funding	Dec 31, 2022	Jun 30, 2023
Long-term	*650.0*	*650.0*
Long-term bond[1] (1.25% - 07/2026)	650.0	650.0
Short-term	*173.4*	*170.3*
Bank loans - Term Loan ($ 185m) - 12/2023	173.4	170.3
Total External Funding	823.4	820.3

Liquidity: Cash & Committed credit lines

Total available liquidity on June 30, 2023 consisted out of € 1,053m cash & cash equivalents of which € 877m 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 € 375m.

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

Out of € 820.3m external funding on balance sheet, € 170.3m ($ 185m) needs to be repaid within twelve months

[1] € 650m long-term bond with a carrying amount of € 646.5m, the difference being the re-offer price and issuance fees.

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