Update on Press & FY24 outlook

Chris Peeters, CEO
Philippe Dartienne, CFO

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Update on Press distribution and commercial agreements

Press

Following the government decision in Dec. ’23 to end Press concessions (newspapers and periodicals) from June 30, press editors had to negotiate with distributors. bpost made every effort to retain most of its current volumes and avoid social plan and restructuring costs.

Background

- FY23 Press concession revenues of € 255m (EBIT margin cap of 7.5% imposed by the EC) including a State compensation of € 163m, the remainder being supported by press editors.
- Press concession extended until June 30, with a reduced State compensation of € 75m for 1H24.
- On July 1, press concession ended and press editors had to enter into commercial agreements with the distributors of their choice. bpost will no longer receive direct compensation from the State and the financial support, now reduced to € 50m p.a. until 2026, will now take the form of a tax credit to the editors.

New Press contracts

Newspapers NL (c. 80%)

- Commercial agreement reached on April 26 securing ultimately c. 75% of current volumes
- Gradual transition of volumes from bpost SA/NV to AMP (bpostgroup subsidiary) in 2025/2026. Pilots starting in 3Q24.

Newspapers FR (c. 20%)

- Commercial agreement reached on June 19 securing distribution by bpost SA/NV of current volumes until end 2025
- From 2026 onwards, publishers may eventually gradually transfer distribution to a 3rd party (rendez-vous clause mid-2025)

Periodicals

- New commercial offer presented to the regulator on April 15. USO product, no commercial negotiation involved
- Most large editors (c. 80% of current volumes) confirmed their intent to entrust volumes to bpost. Contracting phase ongoing, including with smaller editors.

Financial impacts[1]

- Social plan avoided; no restructuring cost incurred
- FY24: Besides structural volume decline, c. € 35m y/y lower Press revenues (o/w c. € 30m in 2H24 due to new Press contracts) translating directly into EBIT and one-off indirect impact of c. € -12.5m EBIT from strikes and reorg. delays
- FY25 / FY26: transition years with full-year impact of new Press contracts and progressive cost reduction at bpost SA/NV in line with volume transition
- FY27 onwards: EBIT percentage expected to reconverge towards FY23 level

[1] beyond the financial impact of the structural volume decline, independent of old or new contracts

Financial outlook 2024, pending the closing of Staci acquisition

Outlook FY24

Following Press negotiations, bpost projects € 165-185m adjusted EBIT, including further persisting unfavorable market conditions in North America. Staci expected to contribute to group EBIT starting from August onwards.

Belgium

Slightly lower total operating income notably driven by

- Mail (excl. Press): volume decline of 4-6% offset by price / mix
- c. € 50m lower Press revenues from extended press concession at less favorable conditions (1H24) and new contracts (2H24)
- Parcel: mid-single digit % volume growth and low single digit % price/mix

5-7% adjusted EBIT margin

Lower margin on new Press contracts and higher costs due to salary indexation and inflation, partly offset by continued ambition in productivity gains and cost reductions – despite one-off impacts from Press negotiations

E-Logistics Eurasia

High single digit % growth in total operating income driven by

- Continued growth of Radial Europe and Active Ants
- Continued growth of Cross-Border Commercial activities incl. development of new lanes

6-8% adjusted EBIT margin

Strong productivity gains at Radial Europe and Active Ants and favorable mix effect at Cross-Border, mitigating higher FTEs and cost inflation

E-Logistics N. Am.

Low double digit % decline in total operating income[1] reflecting

- Radial US net volume loss from (i) lagging in-year contribution from new customers and (ii) client churn and client concessions amid adverse market conditions
- Amazon's increased insourcing partially mitigated by new Cross-Border lanes and customer wins at Landmark Global

2.5-4.5% adjusted EBIT margin

Topline pressure mitigated by continued VCM rate improvements and reinforced substantial efforts to further reduce SG&A and other costs

Group

Low single digit % decline in total operating income[1] **and**

Group adj. EBIT between € 165-185m prior to consolidation impact of Staci (avg. monthly EBIT of € 8-9m)

Including EBIT decline at Corporate from discontinuation of building sales and higher opex from compliance and strategic initiatives

Gross capex around € 150m

[1] assuming EUR/USD at 1.09 for 2024

Key contact

Antoine Lebecq

Head of Investor Relations

Email: antoine.lebecq@bpost.be
Direct: +32 (0) 2 276 29 85
Mobile: +32 (0) 471 81 24 77
Address: bpostgroup, Boulevard Anspach 1, 1000 Brussels, Belgium

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