

Interim financial report second quarter 2015

Investor presentation

Koen Van Gerven, CEO



Brussels – August, 7 2015

Investor presentation - Interim financial report 2Q15

Financial Calendar

More on www.bpost.be/ir

05.11.2015

(17:45 CET)

Quarterly results 3Q15

08.12.2015

Ex-dividend date
(interim dividend)

03.12.2015

(17:45 CET)

Results first 10 months 2015

10.12.2015

Payment date of
the interim dividend

Disclaimer

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

Highlights of 2Q15



Revenues down 2.6%

- due to 2014 elections, lower SGEI compensation, management decision to curtail some International Mail activities but also a bad performance in Advertising Mail. However, very strong parcels growth

€ 597.6m



Underlying Domestic Mail volume decline

- due to Advertising Mail

-6.1%



Strong growth in Parcels

- domestic: driven by strong e-commerce growth and continued positive trend in C2C. Negative price/mix effect of -3% but to a lesser extent than 1Q15
- international: driven by organic growth from US, positive FX contribution and good milk powder volumes to China

+12.6%

€ +9.3m



Cost control and strong productivity improvement

- costs (excl. one-offs and transport) down, with average FTE reduction of 829

€ -14.0m

EBITDA down € 3.8m

- of which € -4.6m from elections in 2014 and € -4.2m SGEI compensation, while our operating model continues to work

€ 159.8m

BGAAP net profit of bpost SA/NV down by only € 0.4m

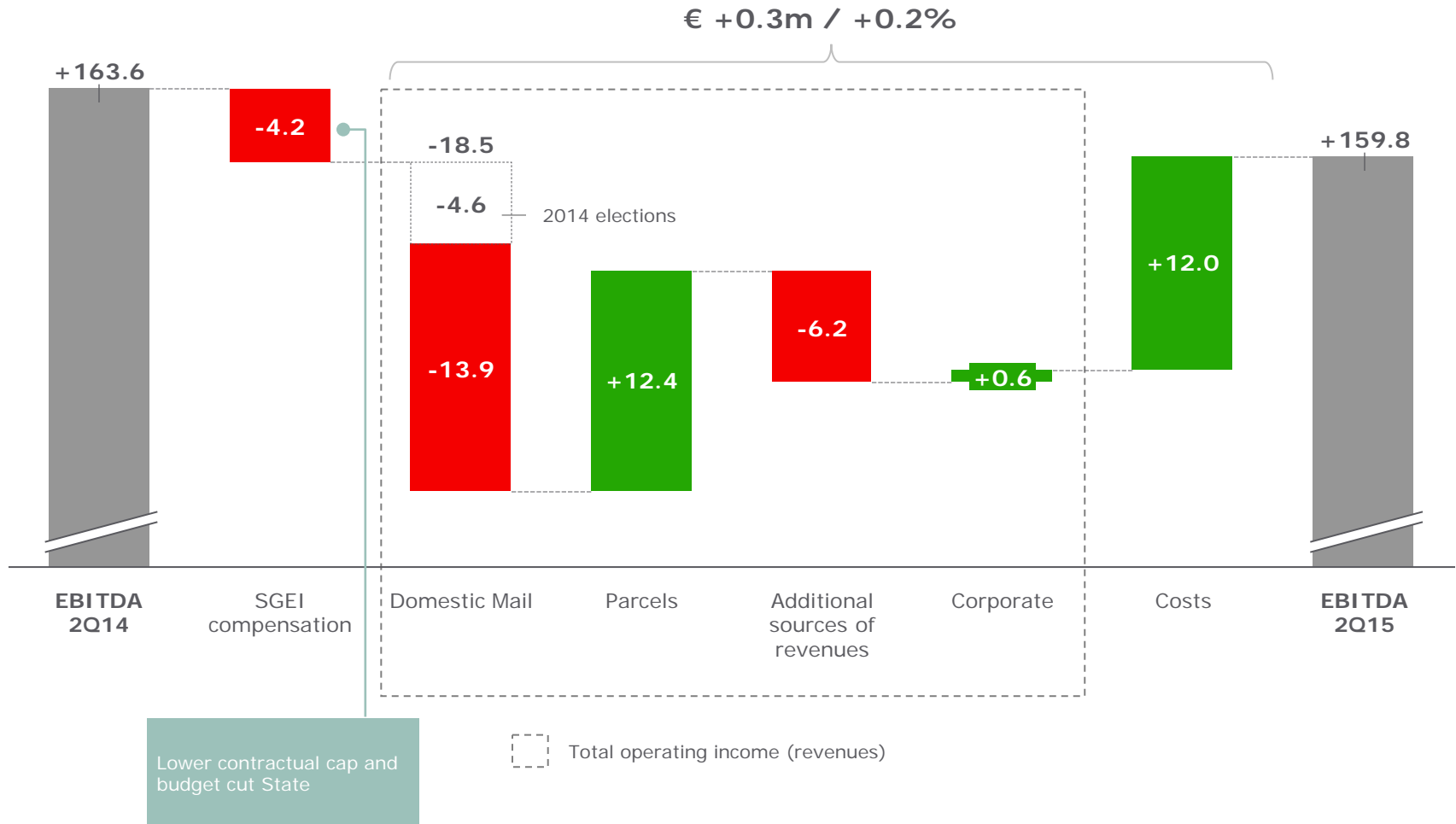
€ 83.8m

Outlook

- ambition confirmed to maintain stable recurring EBIT(DA) and dividend versus high level of 2014

Strong parcels growth & cost control compensated weak domestic mail

€ million



Summary of key financials

€ million

	Reported/Normalized		
	2Q14	2Q15	% Δ
Total operating income (revenues)	613.5	597.6	-2.6%
Operating expenses	449.9	437.9	-2.7%
EBITDA	163.6	159.8	-2.3%
<i>Margin (%)</i>	26.7%	26.7%	
EBIT	142.3	138.3	-2.9%
<i>Margin (%)</i>	23.2%	23.1%	
Profit before tax	135.5	139.2	2.8%
Income tax expense	42.3	48.1	
Net profit	93.2	91.2	-2.1%
FCF	(4.0)	(21.3)	-
bpost S.A./N.V. net profit (BGAAP)	84.2	83.8	-0.4%
Net Debt/ (Net cash), at 30 June	(684.3)	(720.3)	5.3%

Total operating income (revenues) lower by € 11.7m on an organic basis

€ million

		2Q14 reported	Reclassifi- cations ²	2Q14 comparable	SGEI	Organic	2Q15	% Org
Domestic mail	Transactional mail	235.8	0.6	236.5	-	-7.6	228.8	-3.2%
	Advertising mail	71.4	-0.2	71.2	-	-9.8	61.4	-13.7%
	Press	77.9	-	77.9	-3.0	-1.1	73.8	-1.4%
Parcels	Domestic parcels ¹	37.0	-0.9	36.1	-	3.3	39.4	9.3%
	International parcels	30.8	-0.7	30.0	-	9.3	39.4	31.0%
	Special logistics	3.1	-0.3	2.8	-	-0.3	2.5	-11.6%
Additional sources of revenues	International mail	49.6	-1.2	48.4	-	-6.4	42.1	-13.1%
	Value added services	24.1	-0.9	23.2	-	0.2	23.4	0.9%
	Banking and financial	52.0	-0.0	51.9	-0.1	-0.1	51.7	-0.2%
	Other	25.6	3.6	29.2	-1.0	0.0	28.2	0.1%
	Corporate	6.3	-	6.3	-	0.6	6.9	10.2%
TOTAL		613.5	0.0	613.5	-4.2	-11.7	597.6	-1.9%

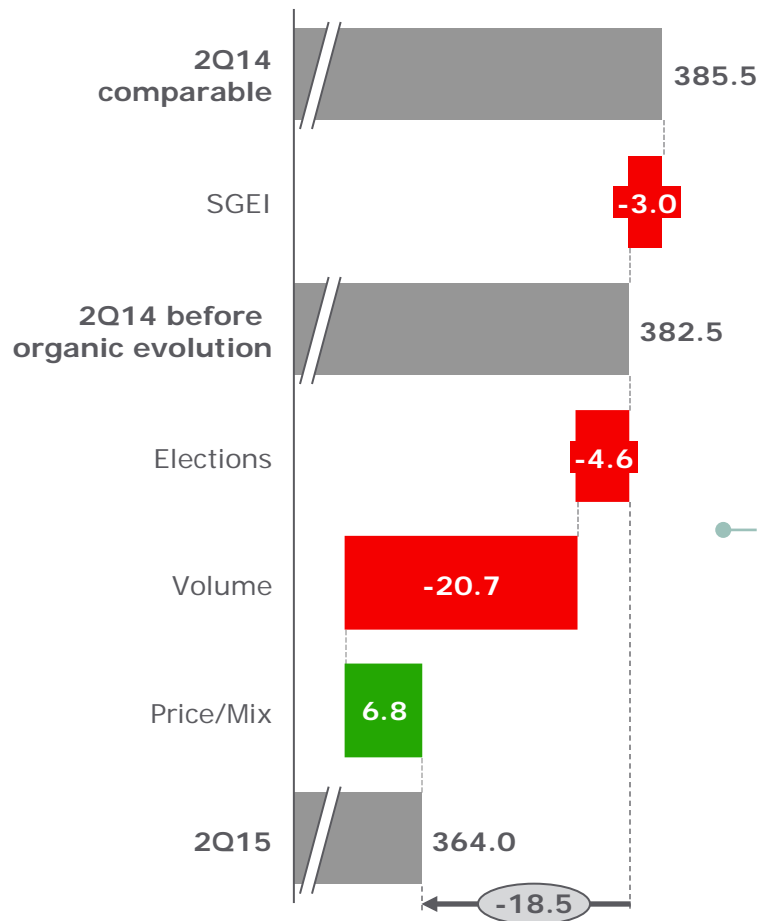
¹ Defined as domestic and Belgian in- and outbound

² Some intercompany eliminations mainly related to international activities previously reported in Other revenues are now being reported under their corresponding product lines.

Following a correction of the allocation of cash sales (stamps and franking machines) to products as of January 1, 2015 some revenues are shifting from Domestic parcels to Transactional mail.

Excluding elections, domestic mail volume decreased by -6.1% driven by bad performance in advertising mail

Total operating income (revenues), € million



- **Underlying volume decline at -6.1%**
- Negative impact of **elections** € -4.6m
- **Transactional mail**: no worsening trend in e-substitution, evolution in line with 1Q15
- **Advertising mail**: bad performance partially due to a sluggish advertising market
- **Press**: slightly higher volume decline mostly due to tough environment for periodicals

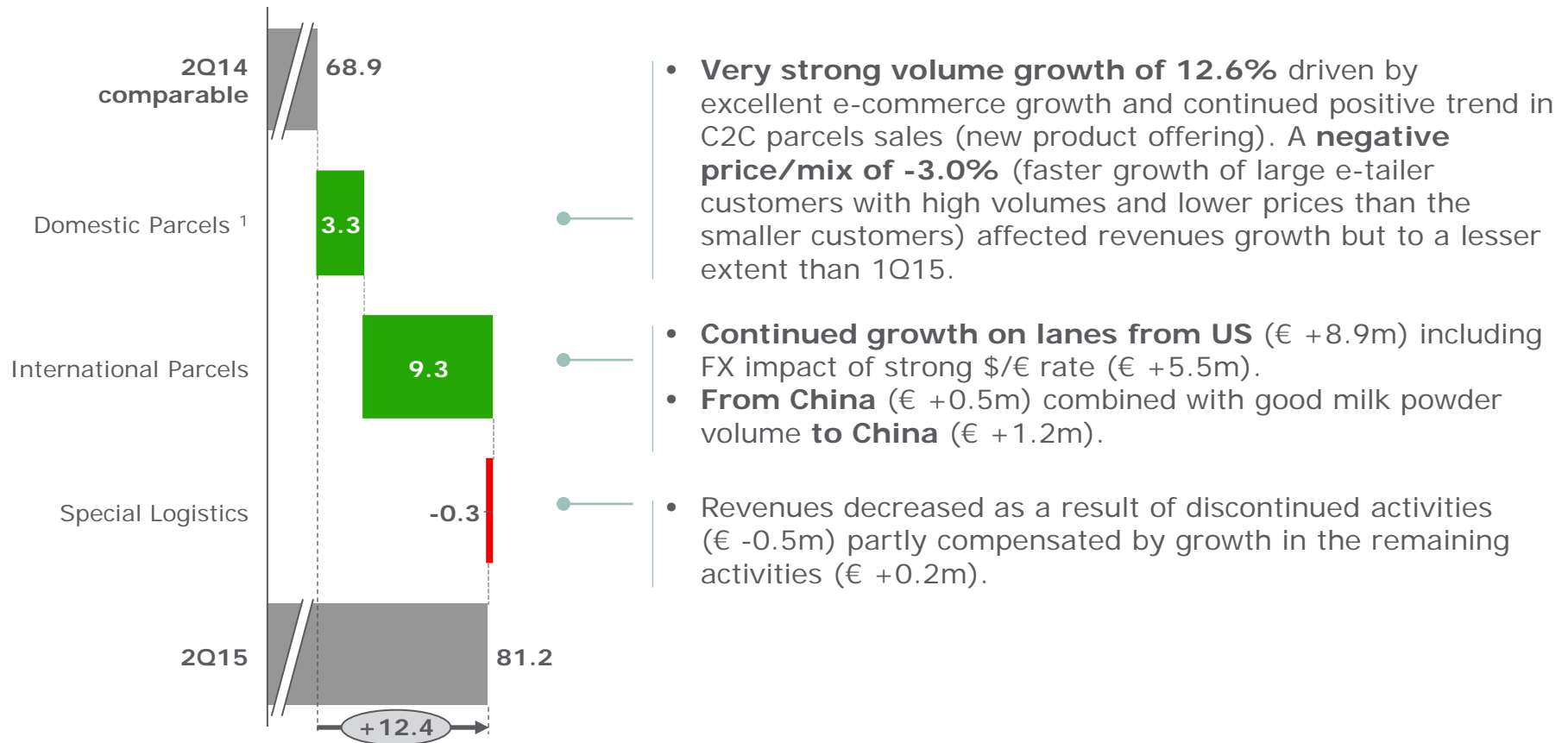
	Reported				Underlying ^{1,2}			
	FY14	1Q15	2Q15	1H15	FY14	1Q15	2Q15	1H15
Transactional mail	-4.7%	-5.0%	-5.8%	-5.4%	-5.0%	-5.3%	-5.3%	-5.3%
Advertising mail	-1.9%	-6.9%	-15.4%	-11.2%	-3.0%	-5.9%	-9.9%	-7.9%
Press	-2.8%	-3.1%	-4.0%	-3.5%	-2.8%	-3.1%	-4.0%	-3.5%
Domestic Mail	-3.9%	-5.3%	-7.6%	-6.5%	-4.4%	-5.3%	-6.1%	-5.7%

¹ In terms of working days for 2015, 1Q15, 2Q15 and 4Q15 will be equal to same quarters of 2014. In 3Q15 will have 1 business working day more.

² Corrected for elections, requalification of advertising mail to administrative mail.

Strong growth in domestic parcels and continued growth of international parcels

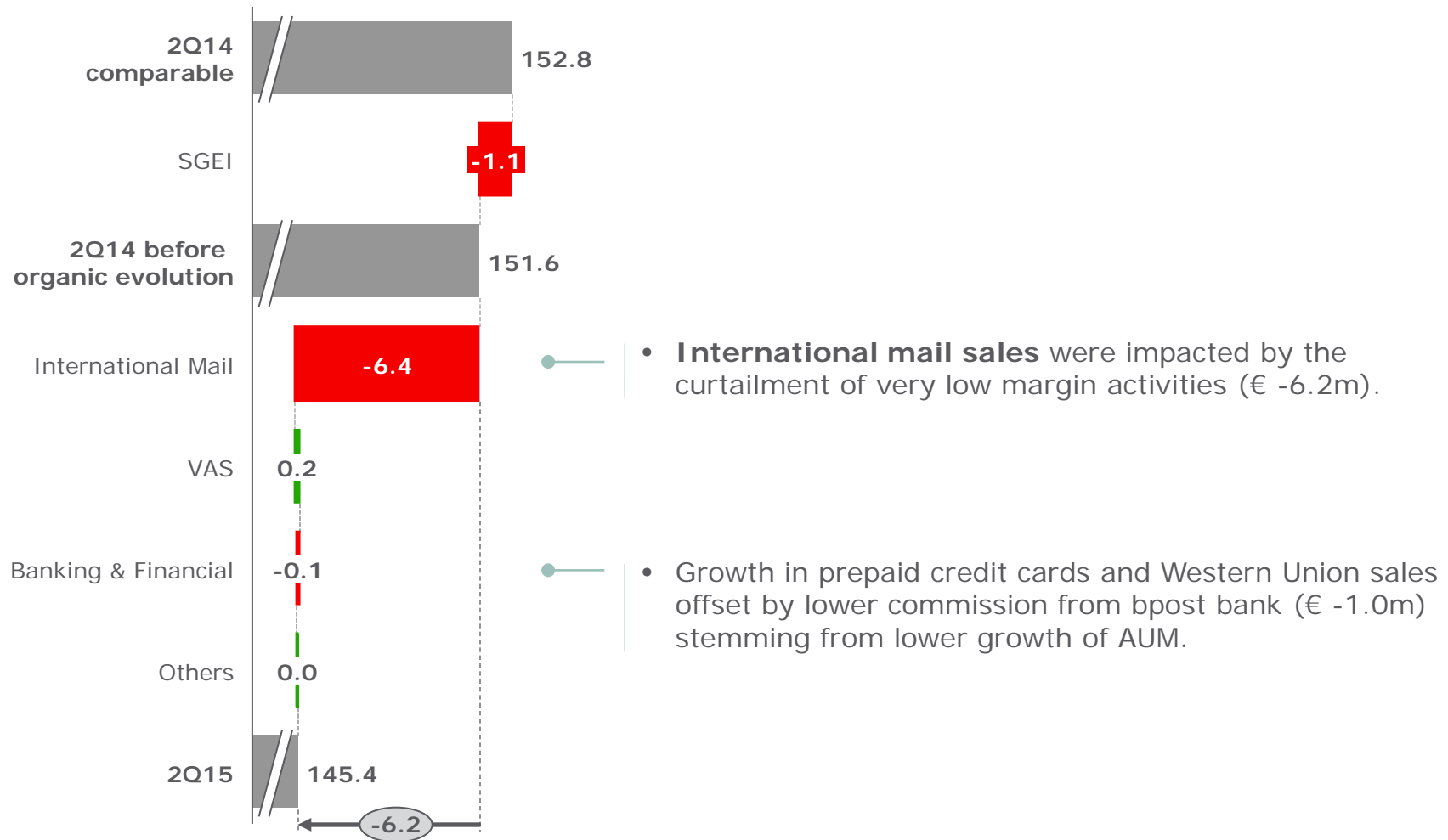
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound

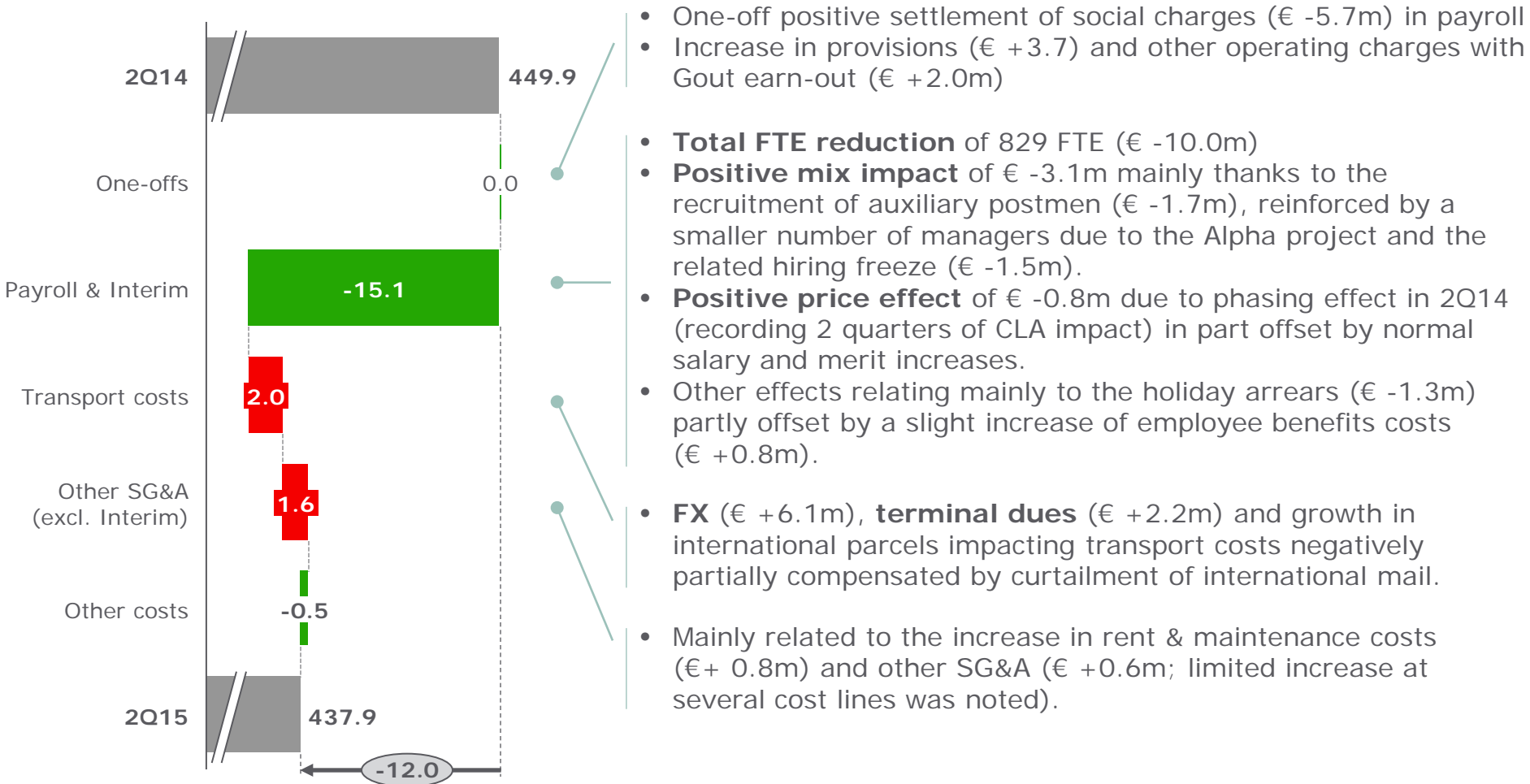
Additional sources of revenue in line with LY, except for the curtailment of low margin international mail activities

Total operating income (revenues), € million



Costs remain perfectly under control with strong productivity improvement

Operating expenses excl. depreciation and amortization, € million



Operating free cash flow¹ of € -21.3m in 2Q15

€ million

€ million	2Q14	2Q15	Delta
+ Cash flow from operating activities	+11.8	-3.3	-15.2
+ Cash flow from investing activities	-15.8	-17.9	-2.1
= Operating free cash flow¹	-4.0	-21.3	-17.3
+ Financing activities	-40.5	-44.2	-3.7
= Net cash movement	-44.5	-65.5	-20.9
Capex	+18.9	+12.3	-6.5

- Lower results from operating activities (€ -3.1m)
- Negative evolution of the working capital vs. 2Q14 (€ -12.1m) influenced by a change in the payment terms for social security charges for statutory personnel (€ -8.6m – phasing element) and a deterioration in payments of State entities (€ -4.2m)

- Deterioration mainly due to Landmark and Gout earn outs paid in 2Q15 (€ -10.9m) partially compensated by less capital expenditure (€ +6.5m) and higher proceeds sale of buildings (€ +2.3m) in 2Q15

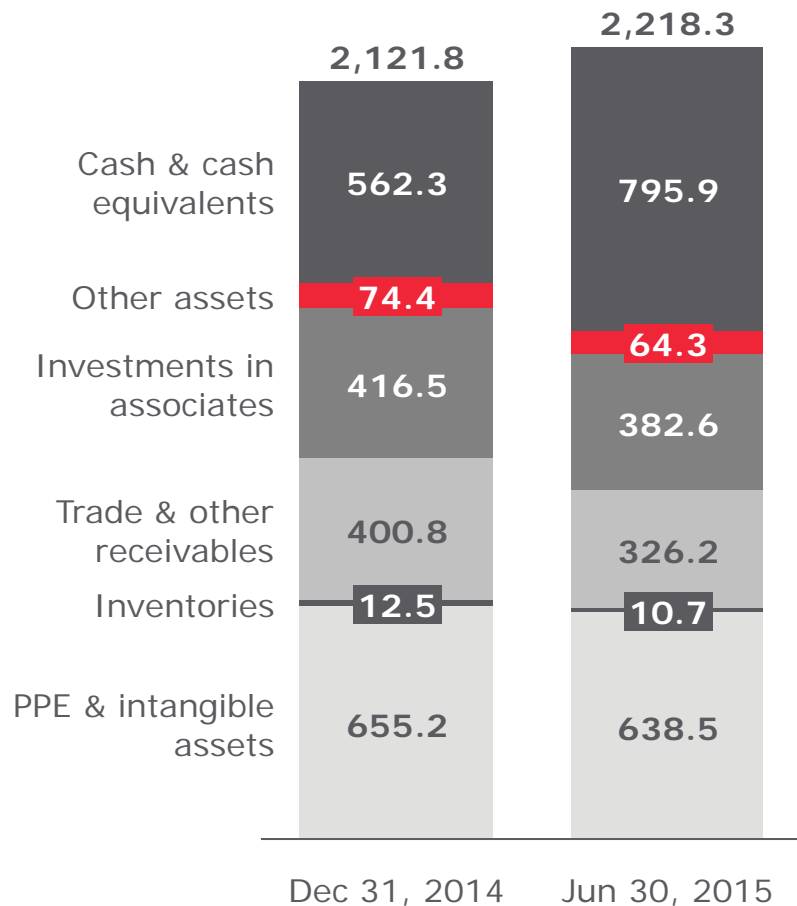
- Higher dividends paid (€ -4.0m)

¹ Operating free cash flow = cash flow from operating activities + cash flow from investing activities

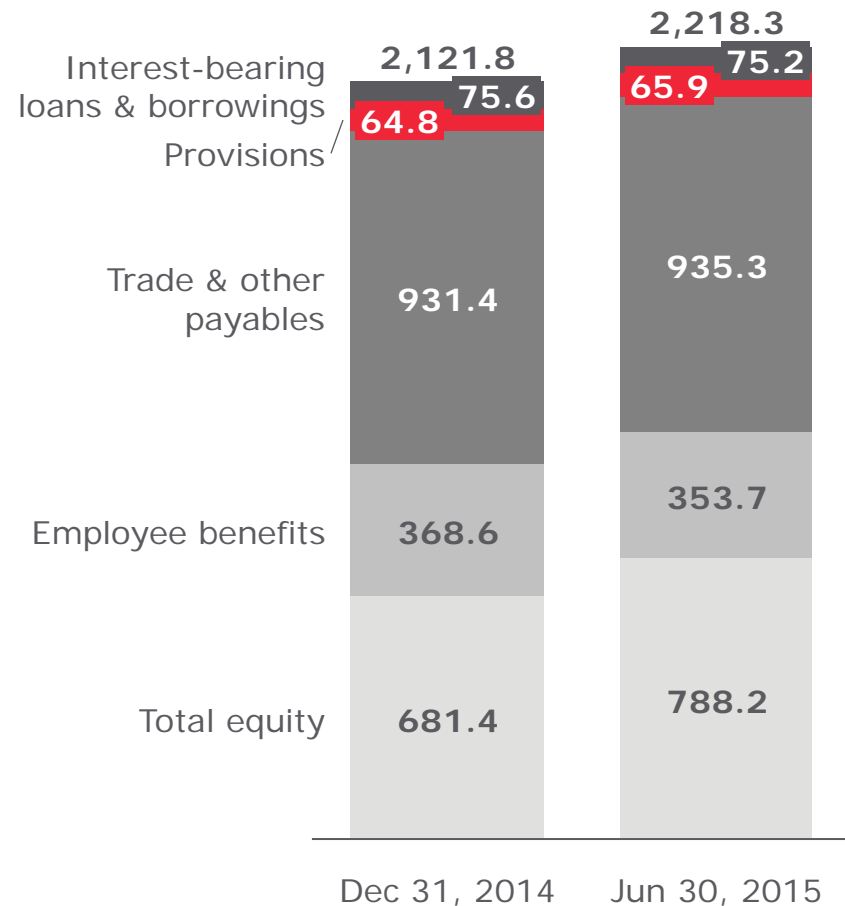
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2015

We expect **mail volumes to remain under substantial pressure**. As a consequence we plan for an underlying Domestic Mail volume decline of **around -6%**.

The **compensation for the SGEI** (management contract) will be **€ 16.5m lower** than in 2014 as the government has decided to reduce the compensation above and beyond the already lower contractual cap.

We now expect **high single digit growth in Domestic Parcels** in spite of the intensification of competition. We also expect **continued growth in the US and Asia** parcels segment.

Productivity improvements are on track and will deliver as expected at the low end of our 800 to 1,200 FTE/year range.

In spite of the lower Domestic Mail volume guidance, we will **maintain recurring EBIT(DA)** at the high level achieved in 2014 thanks to the partial effects of the Alpha plan and a continued focus on costs. **Alpha restructuring cost** should be recorded in 3Q15.

We confirm our ambition to achieve the **same level of dividend payment**.

Cash generation should follow normal seasonality and **net capex** is expected at around € 90m. Working capital evolution will be negatively affected by the favorable phasing on terminal dues payment in 2014 and tax payments relating to 2013.

Interim financial report Half year 2015

Investor presentation

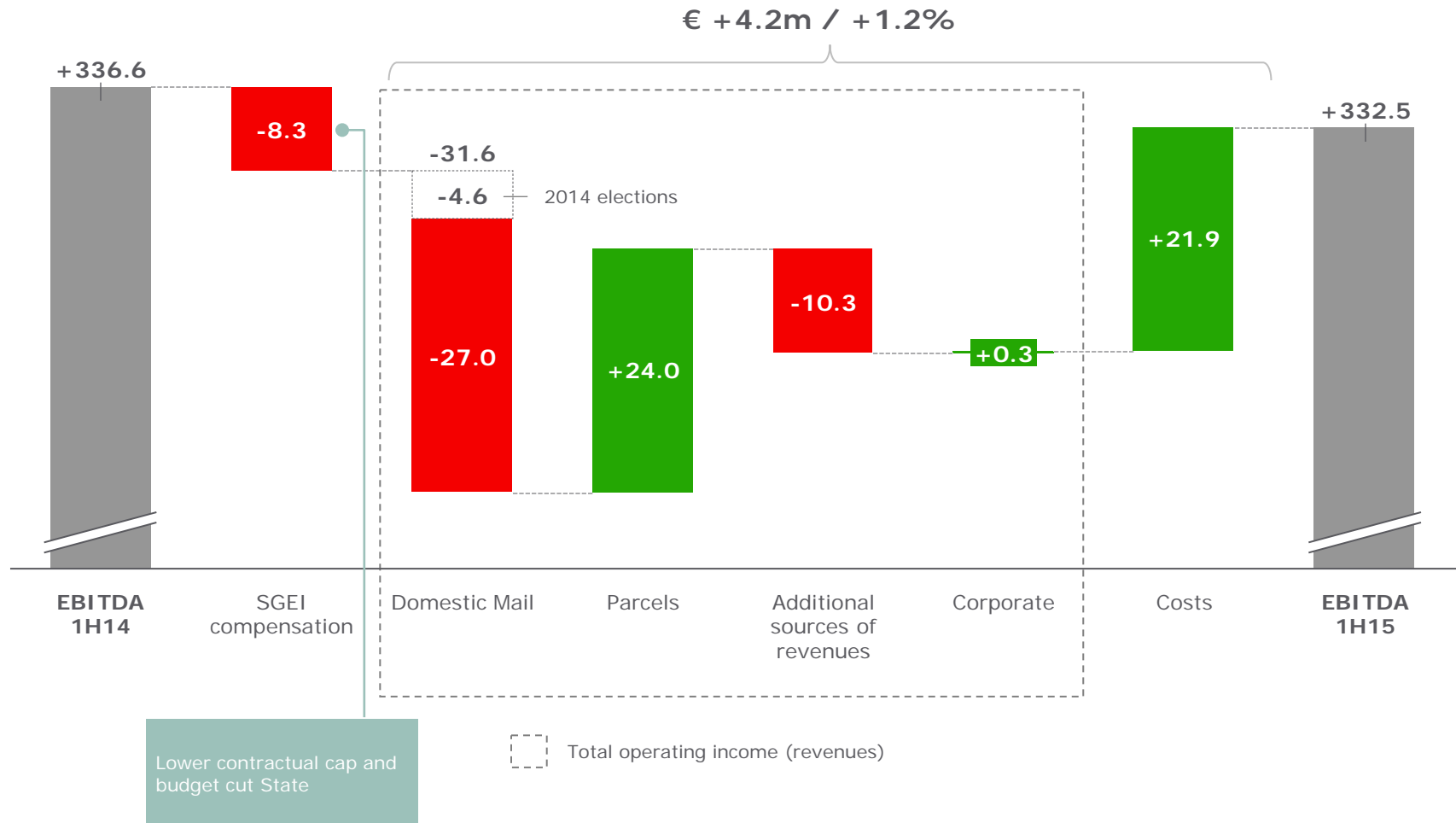
Koen Van Gerven, CEO



Brussels – August, 7 2015

Organic EBITDA increased with € 4.2m thanks to increase in parcels and further cost control, despite the negative impact of 2014 elections. Total EBITDA down € 4.1m due to SGEI reduction

€ million



Summary of key financials

€ million

	Reported/Normalized		
	1H14	1H15	% Δ
Total operating income (revenues)	1,240.2	1,214.2	-2.1%
Operating expenses	903.6	881.7	-2.4%
EBITDA	336.6	332.5	-1.2%
<i>Margin (%)</i>	27.1%	27.4%	
EBIT	294.4	289.8	-1.5%
<i>Margin (%)</i>	23.7%	23.9%	
Profit before tax	289.0	288.2	-0.3%
Income tax expense	97.0	100.5	
Net profit	192.1	187.7	-2.3%
FCF¹	363.4	276.8	-23.9%
bpost S.A./N.V. net profit (BGAAP)	171.5	171.1	-0.2%
Net Debt/ (Net cash), at 30 June	(684.3)	(720.3)	5.3%

¹ In 2014 normalized FCF amounted to € 363.6m

Total operating income (revenues) lower by € 17.7m on an organic basis

€ million

		1H14 reported	Reclassifi- cations ²	1H14 comparable	SGEI	Organic	1H15	% Org
Domestic mail	Transactional mail	474.7	1.5	476.2	-	-14.8	461.4	-3.1%
	Advertising mail	141.6	-0.4	141.2	-	-15.1	126.1	-10.7%
	Press	155.6	-	155.6	-6.1	-1.8	147.7	-1.2%
Parcels	Domestic parcels ¹	75.2	-1.9	73.3	-	5.6	78.9	7.6%
	International parcels	62.2	-1.2	61.0	-	19.6	80.6	32.1%
	Special logistics	6.8	-0.6	6.2	-	-1.2	5.0	-18.8%
Additional sources of revenues	International mail	99.9	-2.1	97.8	-	-10.5	87.3	-10.7%
	Value added services	48.7	-1.8	47.0	-	0.8	47.7	1.6%
	Banking and financial	104.4	-0.1	104.3	-0.2	-0.6	103.4	-0.6%
	Other	53.1	6.6	59.6	-2.0	-0.0	57.6	-0.0%
	Corporate	18.1	-	18.1	-	0.3	18.3	1.5%
TOTAL		1,240.2	-	1,240.2	-8.3	-17.7	1,214.2	-1.4%

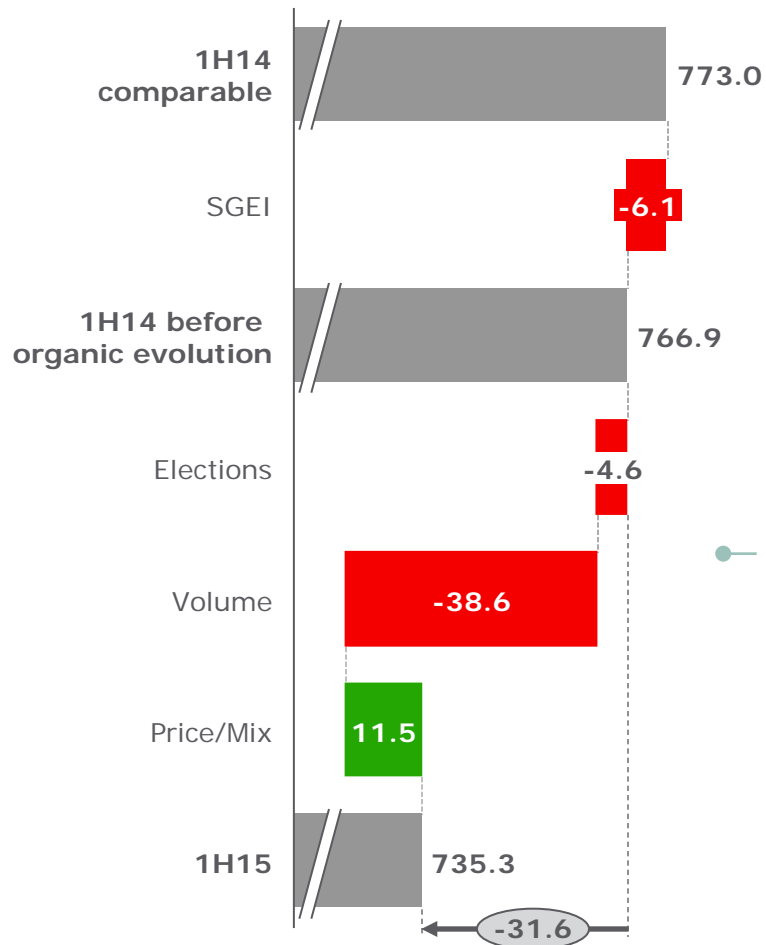
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² Some intercompany eliminations mainly related to international activities previously reported in Other revenues are now being reported under their corresponding product lines.

Following a correction of the allocation of cash sales (stamps and franking machines) to products as of January 1, 2015 some revenues are shifting from Domestic parcels to Transactional mail.

Underlying domestic mail volume down 5.7% driven by bad advertising mail performance

Total operating income (revenues), € million



- **Underlying volume decline at -5.7%**
- Negative impact of **elections** € -4.6m
- **Transactional mail:** no worsening trend in e-substitution observed since 2 quarters
- **Advertising mail:** bad performance mainly from catalogue sellers and banking sector and partially due to a sluggish advertising market
- **Press:** e-substitution and tough environment for periodical

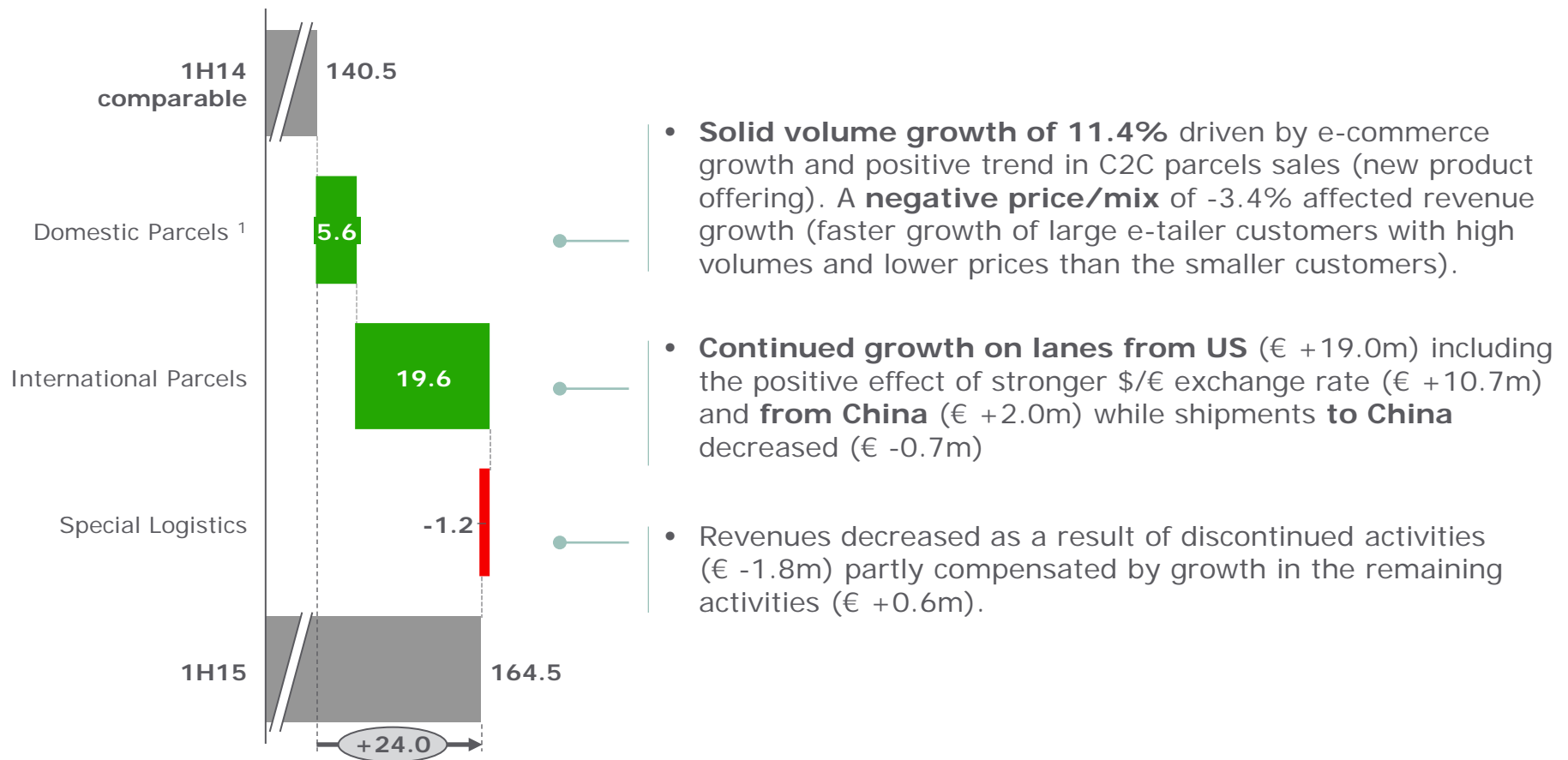
	Reported				Underlying ^{1,2}			
	FY14	1Q15	2Q15	1H15	FY14	1Q15	2Q15	1H15
Transactional mail	-4.7%	-5.0%	-5.8%	-5.4%	-5.0%	-5.3%	-5.3%	-5.3%
Advertising mail	-1.9%	-6.9%	-15.4%	-11.2%	-3.0%	-5.9%	-9.9%	-7.9%
Press	-2.8%	-3.1%	-4.0%	-3.5%	-2.8%	-3.1%	-4.0%	-3.5%
Domestic Mail	-3.9%	-5.3%	-7.6%	-6.5%	-4.4%	-5.3%	-6.1%	-5.7%

¹ In terms of working days for 2015, 1Q15, 2Q15 and 4Q15 will be equal to same quarters of 2014. In 3Q15 will have 1 business working day more.

² Corrected for Elections, Requalification of advertising mail to administrative mail

Solid volume growth in domestic parcels and strong development in international parcels

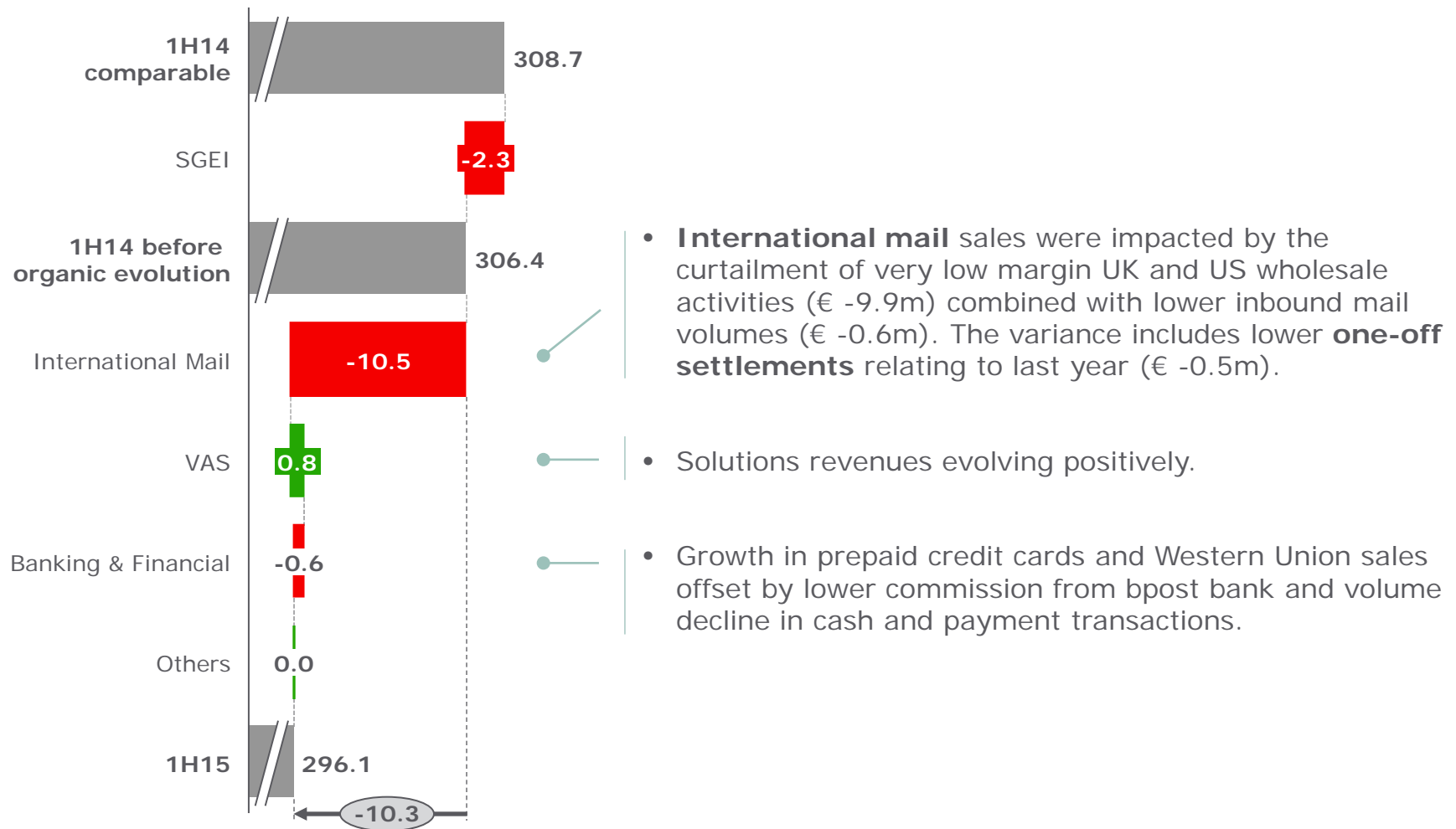
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound

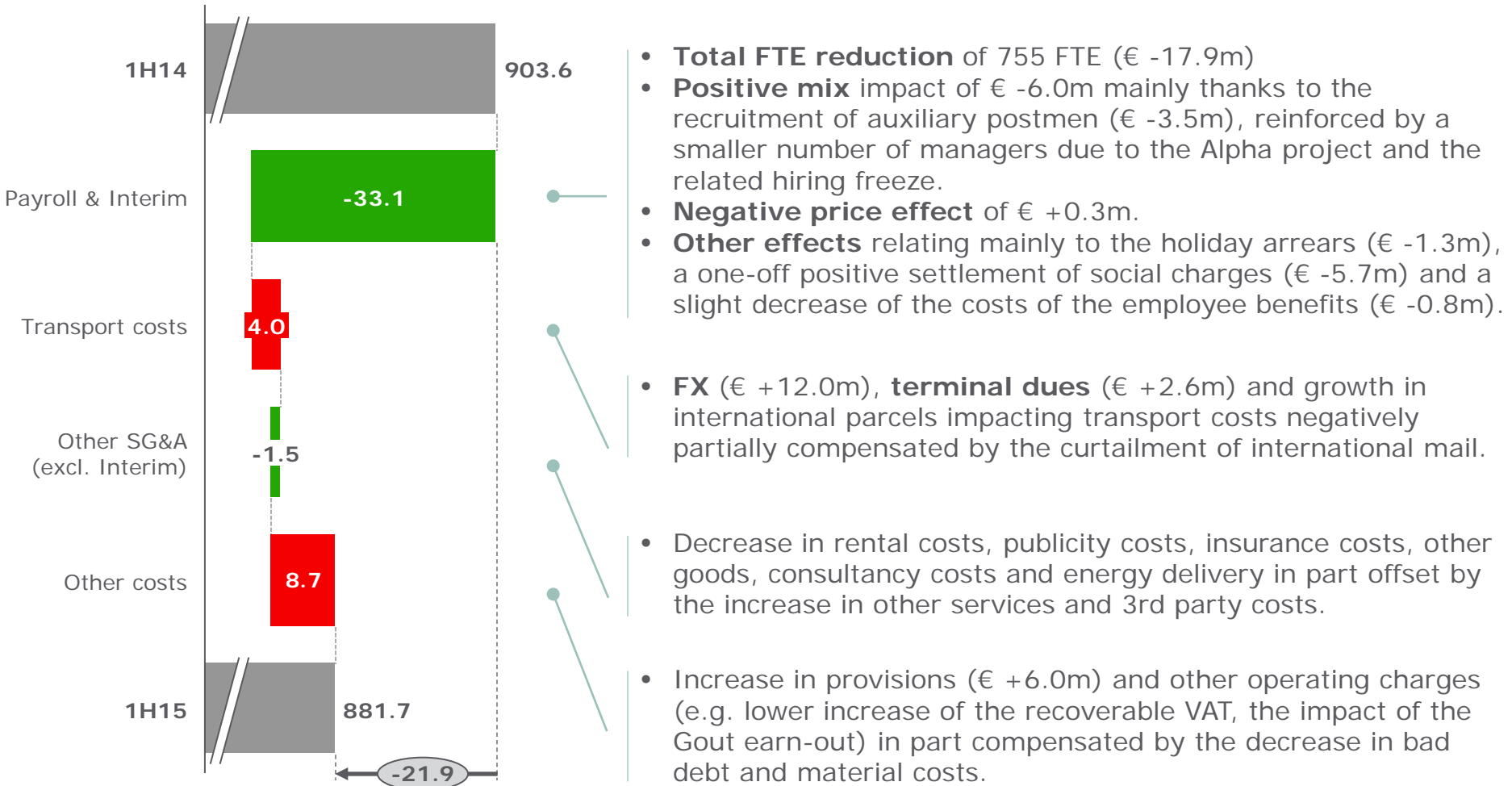
Additional sources of revenue mainly affected by the curtailment of very low margin wholesale international mail activities

Total operating income (revenues), € million



Cost savings thanks to payroll & interim in part offset by the increase in transport costs and other costs

Operating expenses excl. depreciation and amortization, € million



Operating free cash flow¹ of € 276.8m in 1H15

€ million

€ million	1H14	1H15	Delta
+ Cash flow from operating activities	+396.4	+303.2	-93.2
+ Cash flow from investing activities	-33.1	-26.4	+6.6
= Operating free cash flow¹	+363.4	+276.8	-86.5
+ Financing activities	-41.2	-44.4	-3.3
= Net cash movement	+322.2	+232.4	-89.8
Capex	+30.1	+23.7	-6.4

- Lower results from operating activities (€ -3.2m)
- Income taxes paid on 2013 results (€ -42.0m)
- Negative evolution of the working capital vs. 1H14 (€ -48.2m) influenced by terminal dues due to the earlier settlement LY with 2 postal operators (€ -24.8m), due to a change in the payment terms for social security charges for statutory personnel (€ -8.6m – phasing element), due to a lower SGEI compensation (€ -5.4m) and due to a negative phasing impact VAT (€ -4.1m)

- Paid earn outs in 1H15 (€ -10.9m) were partially counterbalanced by LY acquired subsidiaries (€ +8.7m)
- Lower capital expenditure (€ +6.4m) and higher proceeds from sale of buildings (€ +2.5m) in 1H15

- Higher dividends paid (€ -4.0m)

¹ Operating free cash flow = cash flow from operating activities + cash flow from investing activities

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