Fourth quarter 2015 results

Analyst call

Koen Van Gerven, CEO
Koen Beeckmans, CFO

bpost
takes care of it

Brussels – March 10, 2016

Investor presentation - Interim financial report 4Q15

Financial Calendar

More on www.bpost.be/ir

02.05.2016
(17:45 CET)
Quarterly results 1Q16

11.05.2016
Ordinary General Meeting of Shareholders

17.05.2016
Ex-dividend date

19.05.2016
Payment date of the dividend

08.08.2016
(17:45 CET)
Quarterly results 2Q16

09.11.2016
(17:45 CET)
Quarterly results 3Q16

05.12.2016
(17:45 CET)
Interim dividend 2016 announcement

08.12.2016
Ex-dividend date (interim dividend)

12.12.2016
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 4Q15 – Excellent results

Normalized revenues down 1.9%

- Better Domestic Mail trend and strong parcels performance, despite lower SGEI compensation and curtailment of international mail since 1Q15

€ 642.9m

Improved Domestic Mail underlying volume trend

- Driven by better performance in transactional and advertising mail

-3.9%

Excellent parcels performance

- Domestic: driven by e-commerce, positive evolution from catalogue sellers, C2C and particularly strong December at +15.7%; improved price/mix effect of -2.3%
- International: mainly driven by lanes from the US, supported by peaking December sales and positive FX contribution

+13.9%

+ € 6.4m

Cost savings continued to deliver

- average FTE reduction of 704[1] for the quarter

- € 18.5m

Normalized EBITDA up (€ +6.1m).

Reported EBITDA (€ +32.2m) positively impacted by gain on sale of sizeable property of € 26.1m.

€ 137.1m

Proposed total dividend per share up 2.4%

€ 1.05 already paid in December 2015 and € 0.24 to be proposed at the Annual General Meeting in May 2016

€ 1.29 gross

[1] i.e. excluding 224 additional FTEs and interims for peaks in parcels volume and new solutions leading to an average reduction of FTEs and interims for 4Q15 of 480

Highlights FY15 – Excellent results, all financial targets met

Normalized[1], € million

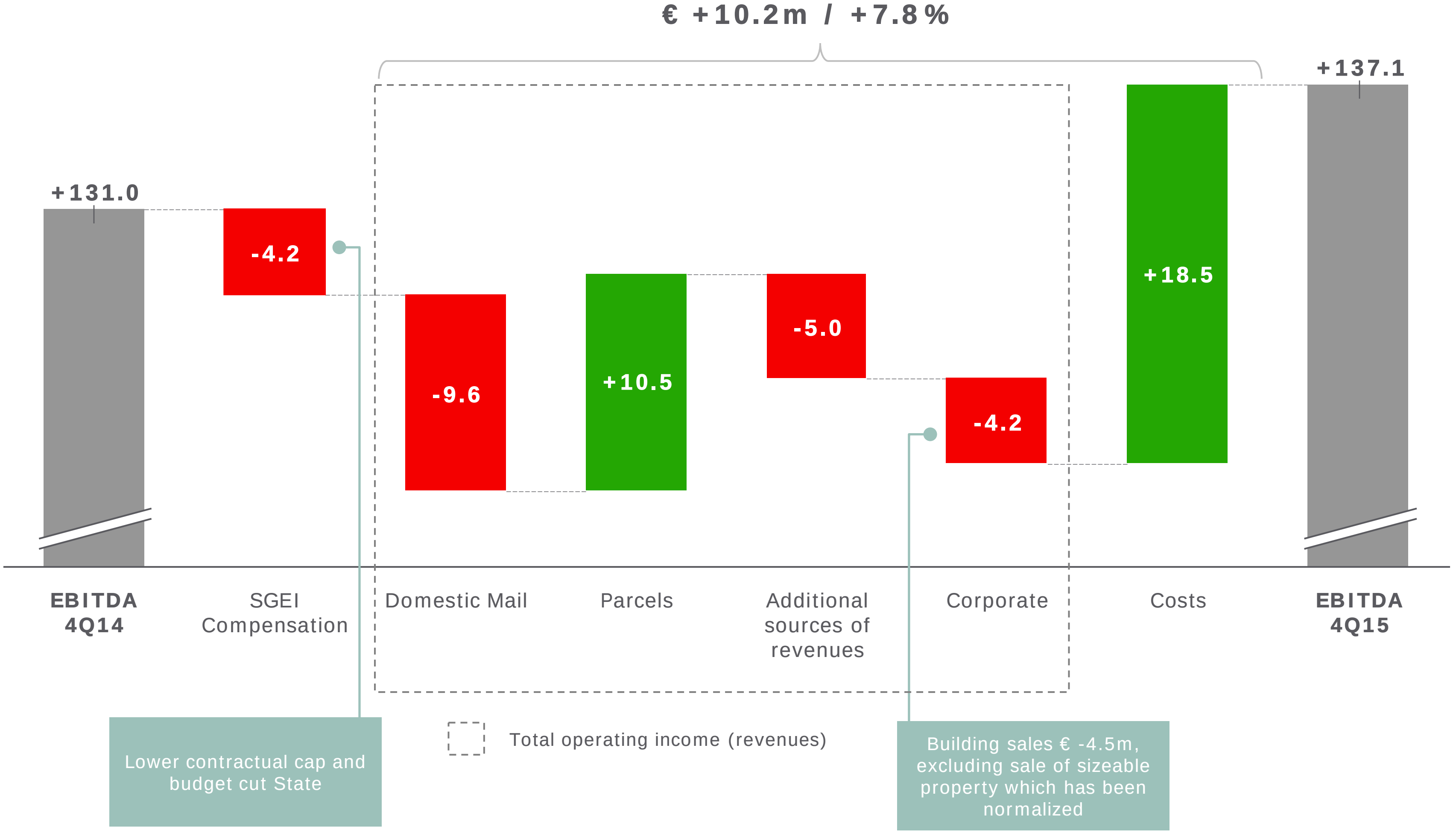
Topic	Results	Last outlook for 2015
EBITDA	FY15: **€ 583.6m** (+2.0%, + € 11.5m)	at least at the high levels achieved in 2014 ✔
EBIT	FY15: **€ 494.4m** (+3.0%, + € 14.3m)	
Domestic Mail	FY15: **-5.0%** (underlying volume)	< -6% ✔
Parcels	FY15: **+12.6%** (domestic volumes)	Double digit ✔
Productivity	FY15: **-885 FTE**[2]	Low end of 800 to 1,200 range ✔
Dividend	Total gross dividend of € 1.29 per share proposed • Interim dividend already paid: € 1.05 • Final dividend of € 0.24 (+ € 0.02 vs. LY)	at least € 1.26 ✔

1 Normalized figures are not audited

2 i.e. excluding 174 additional FTEs and interims for peaks in parcels volume and new solutions leading to an average reduction of FTEs and interims for FY15 of 711

Strong EBITDA uplift (€ +6.1m) driven by excellent parcels performance and improved mail volume trend at -3.9% supported by continued cost control

Normalized[1], € million



1 Normalized figures are not audited

Summary of key financials 4Q15

€ million

	Reported		Normalized[1]		
	4Q14	**4Q15**	**4Q14**	**4Q15**	**% Δ**
Total operating income (revenues)	655.3	669.0	655.3	642.9	-1.9%
Operating expenses	524.3	505.8	524.3	505.8	-3.5%
EBITDA	**131.0**	**163.2**	**131.0**	**137.1**	**4.7%**
Margin (%)	*20.0%*	*24.4%*	*20.0%*	*21.3%*	
EBIT	**102.8**	**139.1**	**102.8**	**113.0**	**9.9%**
Margin (%)	*15.7%*	*20.8%*	*15.7%*	*17.6%*	
Profit before tax	**85.3**	**144.8**	**85.3**	**118.7**	**39.1%**
Income tax expense	34.7	49.3	34.7	40.4	
Net profit	**50.7**	**95.6**	**50.7**	**78.3**	**54.6%**
FCF	**48.4**	**68.6**	**48.4**	**68.6**	**41.8%**
bpost S.A./N.V. net profit (BGAAP)	**78.8**	**101.4**	**78.8**	**81.1**	**3.0%**
Net Debt/ (Net cash), at 31 Dec.	**(486.2)**	**(549.5)**	**(486.2)**	**(549.5)**	**13.0%**

Gain from sale of sizeable building € 26.1m

[1] Normalized figures are not audited

Scope change: acquisition of 100% of SPE (Poland) in November 2015, contributing € 0.6m to revenues in December 2015.

Total operating income (revenues)

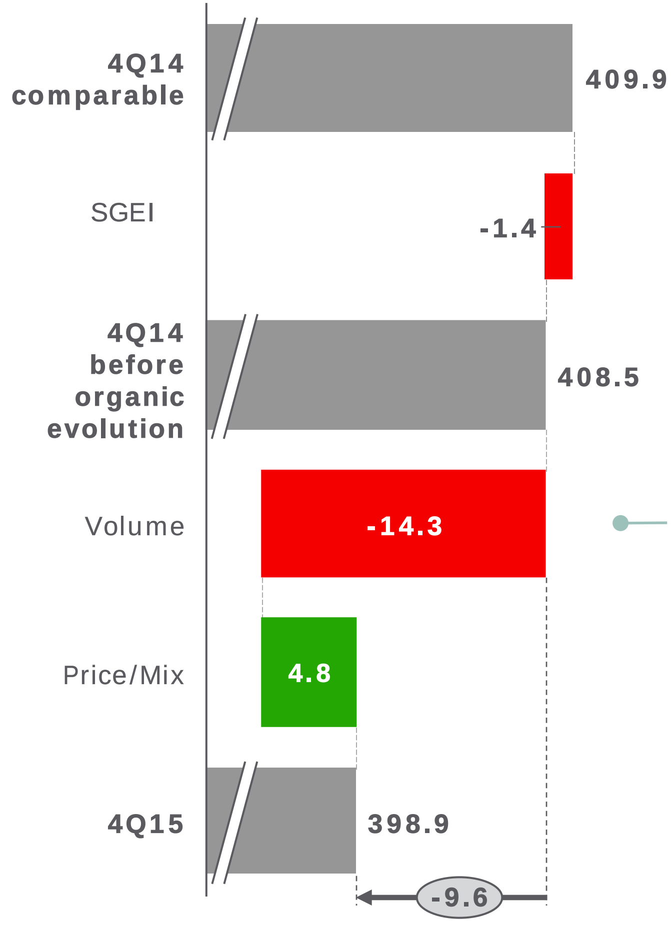
Normalized[1], € million

		4Q14 reported	Reclass[3]	4Q14 comparable	SGEI	Organic	4Q15	% Org
Domestic mail	Transactional mail	259.2	0.7	259.9	-	-6.5	253.4	-2.5%
	Advertising mail	71.5	-	71.5	-	-2.9	68.6	-4.0%
	Press	78.5	-	78.5	-1.4	-0.2	76.9	-0.2%
Parcels	Domestic parcels[2]	40.9	-0.9	40.0	-	4.5	44.5	11.3%
	International parcels	46.3	-1.4	44.9	-	6.4	51.3	14.2%
	Special logistics	2.9	-0.3	2.6	-	-0.4	2.2	-14.7%
Additional sources of revenues	International mail	55.3	-1.6	53.8	-	-5.3	48.4	-9.9%
	Value added services	23.7	-1.1	22.6	-	2.5	25.2	11.2%
	Banking and financial	52.6	-	52.5	-1.3	-0.2	51.0	-0.4%
	Other	26.5	4.7	31.2	-1.5	-2.0	27.7	-6.5%
	Corporate[4]	-2.1	-	-2.1	-	-4.2	-6.3	-
TOTAL		**655.3**	-	**655.3**	**-4.2**	**-8.3**	**642.9**	**-1.3%**

1 Normalized figures are not audited
2 Defined as domestic and Belgian in- and outbound
3 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.
4 Negative figures in Corporate 4Q15 due to stamps revenue recognition.

Improved domestic mail underlying volume at -3.9% driven by transactional and advertising

Total operating income (revenues), normalized, € million



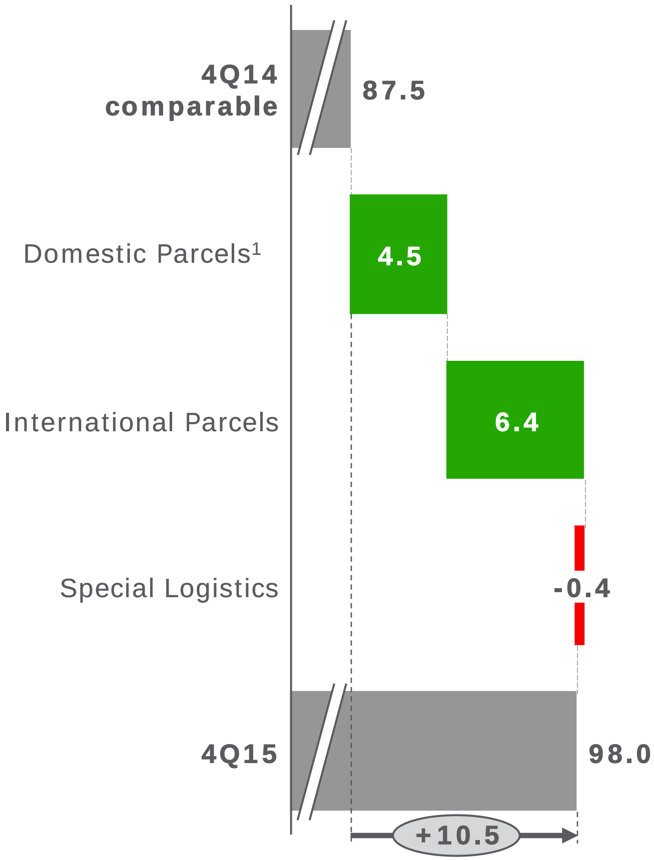
- **Underlying volume decline at -3.9%.**
- **Transactional Mail:** no worsening trend in e-substitution, strong end of year stamp sales.
- **Advertising Mail:** strong performance across all sectors in unaddressed, direct mail trend stable vs. 3Q15.
- **Press:** trend in line with 1H15, driven by positive trend in newspapers.

	Reported					Underlying [1, 2]				
	1Q15	**2Q15**	**3Q15**	**4Q15**	**FY15**	**1Q15**	**2Q15**	**3Q15**	**4Q15**	**FY15**
Transactional mail	-5.0%	-5.8%	-5.3%	-4.6%	-5.1%	-5.3%	-5.3%	-5.9%	-4.7%	-5.3%
Advertising mail	-6.9%	-15.4%	-3.2%	-1.5%	-6.9%	-5.9%	-9.9%	-2.4%	-1.2%	-4.9%
Press	-3.1%	-4.0%	-0.1%	-3.6%	-2.8%	-3.1%	-4.0%	-0.1%	-3.6%	-2.8%
Domestic Mail	**-5.3%**	**-7.6%**	**-4.4%**	**-3.9%**	**-5.3%**	**-5.3%**	**-6.1%**	**-4.7%**	**-3.9%**	**-5.0%**

1 4Q15 has the same number of business working days as 4Q14.
2 Corrected for requalification of advertising mail to administrative mail.

Strong growth in domestic and international parcels driven by December sales

Total operating income (revenues), normalized, € million



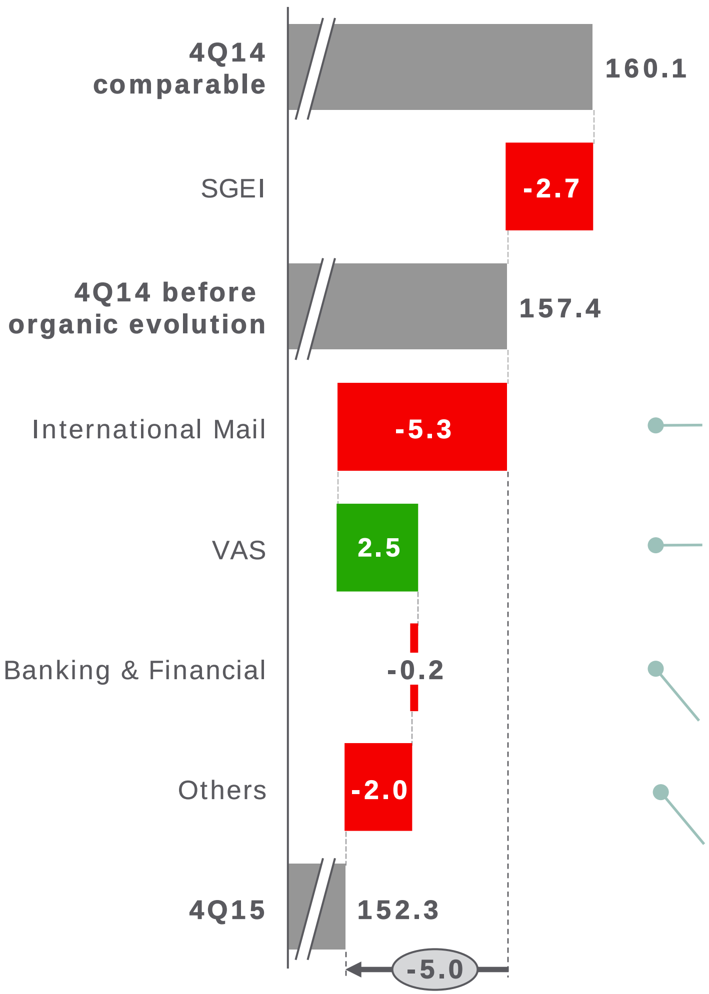
- **Excellent volume growth of 13.9%** driven by e-commerce, positive evolution from catalogue sellers and continued growth in C2C (new product offering).
- **Negative price / mix of -2.3%** (faster growth of large e-tailers with high volumes and lower prices than the smaller customers).
- **December** particularly strong at **15.7%**, slightly up from last year (15.6%).

- From US: € +6.3m (including positive FX impact of € +3.9m), driven by peaking December sales.

[1] Defined as domestic and Belgian in- and outbound

Additional sources of revenues driven by new solutions but remain impacted by the curtailment of international mail

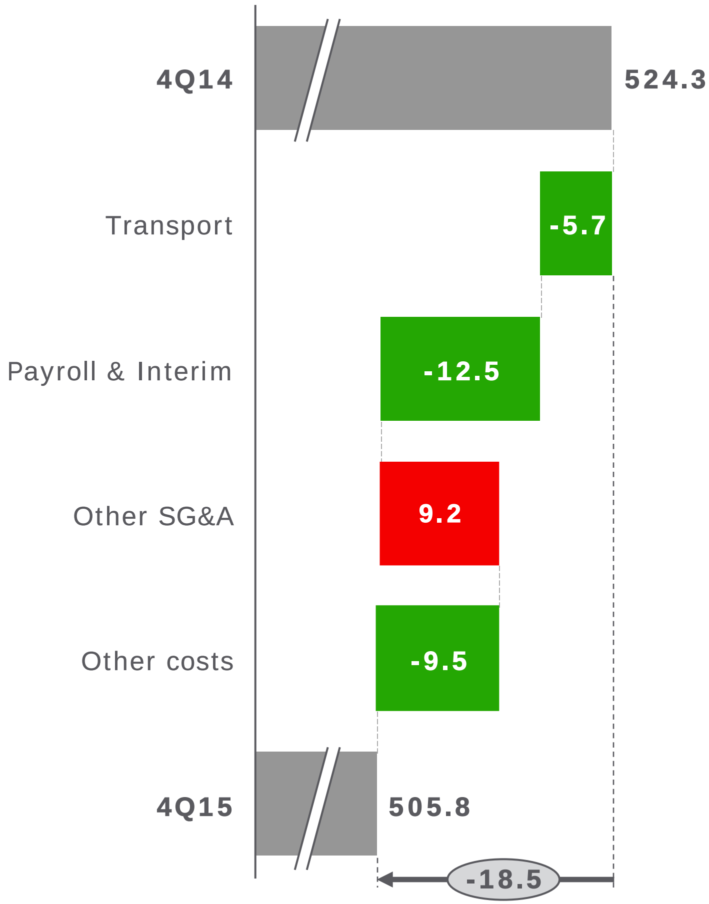
Total operating income (revenues), normalized, € million



- Impacted by continued curtailment (since 1Q15) of low margin activities (€ -4.0m) which positively contributes to overall profitability.
- **Positive contribution of solutions** mainly driven by telco contract for decoder swap (€ +0.9m), e-ID (€ +0.4m), City Depot (€ +0.3m) and European license plates (€ +0.3m).
- Positive trend on prepaid cards and Western Union transactions offset by volume decline in cash and payment transactions.
- Mainly decreasing volumes in philately (€ -1.3m).

Costs remained well under control and were down € 18.5m

Operating expenses excl. depreciation and amortization, normalized, € million



- Cost increase due to FX (€ +3.9m), terminal dues (€ +0.9m) and growth in international parcels compensated by decrease due to the curtailment of international mail.

- **Total FTE reduction of 480 FTE** (€ -6.5m), including 224 additional FTE (parcels and new solutions related).
- **Positive mix impact** of € -4.6m thanks to the recruitment of auxiliary postmen (€ -2.2m) and reduction of management level FTE (€ -2.4m).
- Less **restructuring** cost (€ -2.5m) excluding Alpha lay-off costs (being used against the 3Q15 provision).
- Other (€ +0.5m): increase in employee benefits partly compensated by positive settlement of social charges.

- Higher third party costs (€ +6.5m) linked to corporate, mail and parcels projects and higher ICT maintenance costs (€ +2.3m).

- Mainly lower provisions for € -8.3m.

Proceeds from sale of buildings contributed to a positive FCF of € 68.6m despite Alpha pay-outs

€ million	4Q14	4Q15	Delta
Cash flow from operating activities	+71.8	+63.8	-8.0
Cash flow from investing activities	-23.4	+4.8	+28.2
Operating free cash flow[1]	**+48.4**	**+68.6**	**+20.2**
Financing activities	-217.6	-219.1	-1.5
Net cash movement	**-169.3**	**-150.6**	**+18.8**
Capex	**-34.0**	**-32.3**	**+1.6**

- Minor changes in results of operating activities (€ -1.3m).
- Alpha pay-outs of € -10.7m.
- Excluding Alpha pay-outs, working capital evolution improved by € 4.1m driven by positive impact of phasing elements in social debts due to change in payment terms for social security (€ 22.1m) which more than compensated the evolution of settlements and advances on terminal dues (€ -9.0m) and the access fee received in 4Q14 from a partner in financial services (€ -5.0m).

- Acquisition of the Polish subsidiary (€ -2.7m) in 4Q15.
- Lower capital expenditures (€ +1.6m) and higher proceeds from sale of buildings (€ +29.2m) in 4Q15.

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

Final gross dividend of € 0.24 / share will be proposed to reach a total gross dividend payment of € 1.29 / share

- The pay-out ratio for the gross interim dividend at € 1.05/share (up € 0.01 vs. LY) was increased to 99.5% in order to compensate for the after-tax Alpha provision booked in 3Q15.
- Subject to Board and Shareholders' meeting approval, we propose a gross final dividend of € 0.24/share (up € 0.02 vs. LY).

Interim dividend paid in December 2015 (€, gross per share)	EUR 1.05
Proposed final dividend payment (€, gross per share)	EUR 0.24
Total proposed dividend for 2015	**EUR 1.29**

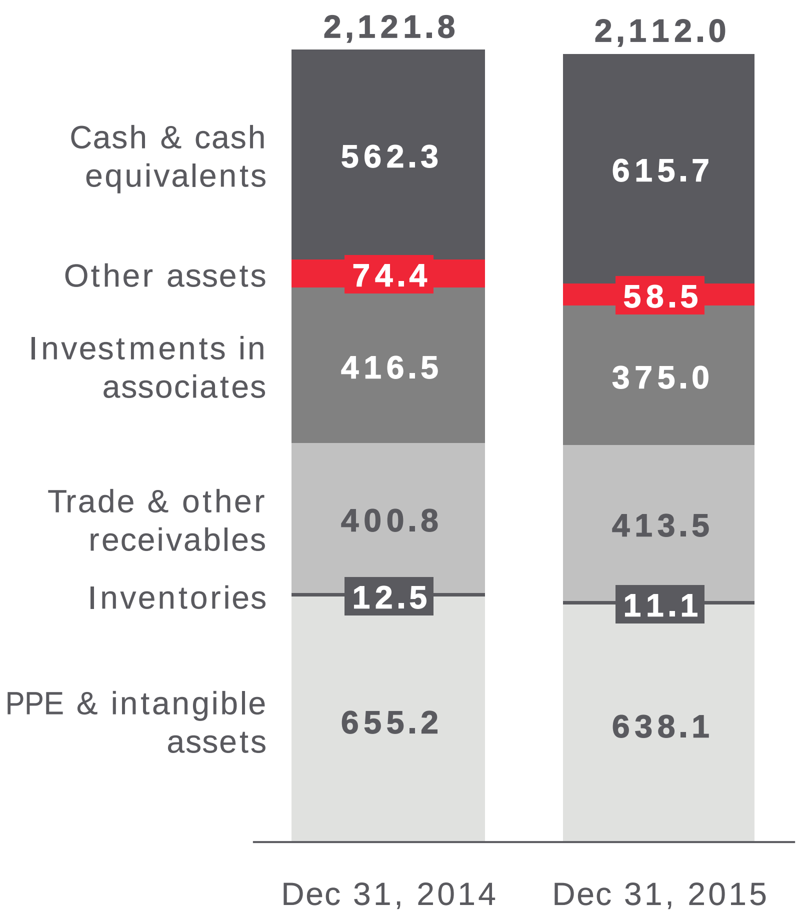
	Dividend
bpost S.A./N.V. net profits after tax November to December 2015 (BGAAP, normalized)	EUR 56.4m
Pay-out ratio	x 85%[1]
Proposed final dividend	EUR 48.0m
Dividend payment, € gross per share	**EUR 0.24**

1 Pay-out ratio for FY15 stands at 89.7% of reported BGAAP net income.

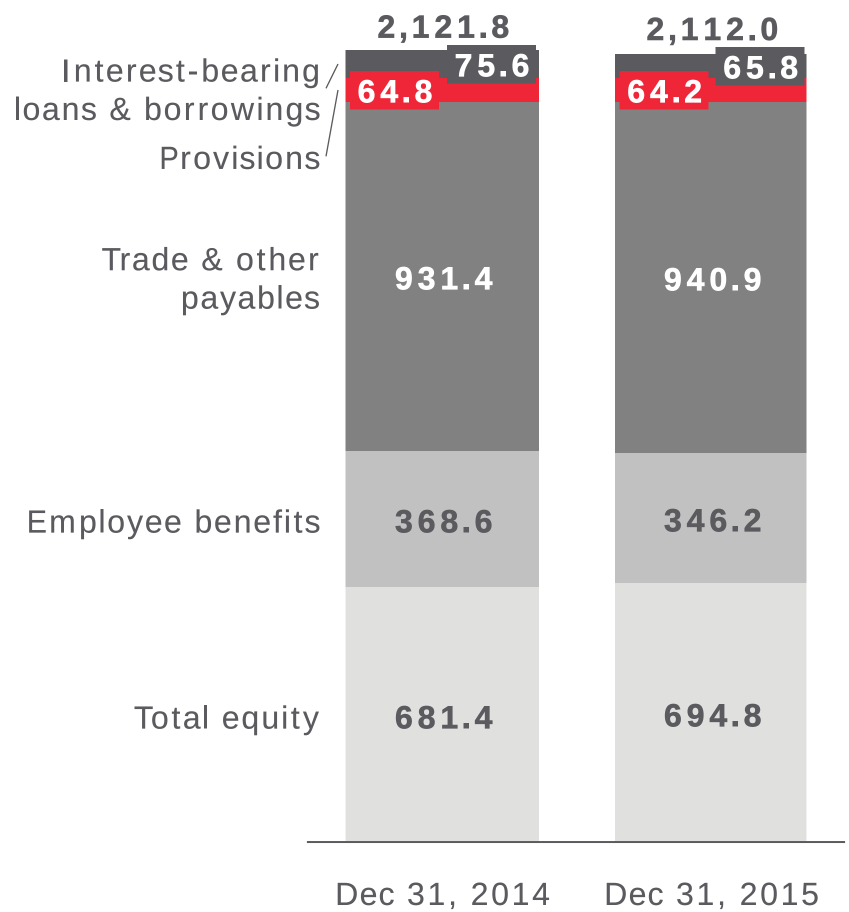
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2016[1]

Top line

- Underlying Domestic Mail **volume decline between 5 and 6%**[2]
- Compensation for SGEI: **€ 26.8m lower** than in 2015 excluding inflation and volume impact
- Domestic Parcels: **double digit** volume growth
- International Parcels: **continued growth** in flows from the US

Costs

- Productivity improvements: **low end of 800 to 1,200 FTE/year** range excluding impact of Deltamedia integration.
- Strong focus on all cost items and factor cost levers (e.g. abolishment of Saturday compensation, tax shift).

Recurring EBITDA and dividend payment at the same level as 2015

FCF

- Gross capex: c. **€ 80.0m**
- Cash generation from operating activities will be negatively impacted by lower compensation and changed payment terms for SGEI (€ -36.8m), the Alpha pay-outs and a settlement on terminal dues with another postal operator.

[1] Outlook 2016 excludes the impact of the acquisition of the Belgian activities of Lagardère Travel Retail

[2] Number of working days for 1Q16 will be equal to 1Q15, 2Q16 will count 2 working day more, while 3Q16 and 4Q16 will count 1 day less vs. same quarters of 2015.

Acquisition agreement for the Belgian activities of Lagardère Travel Retail

Topic	Comments
Transaction summary	• On 4 February 2016, bpost signed an SPA to **acquire 100% of** the registered share capital of **Lagardère Travel Retail Belgian's activities**[1] • Build further on **revenue diversification** and **growth in parcels**
Key figures & synergies	• 2014: € 440.0m sales, € 15.6m EBITDA (3.5% margin) • Synergies: preliminary estimate of €4-5m annually after full integration
Impact on bpost	• **Full consolidation** after closing (after clearance from competition authorities) • **Fully accretive as of 2017**
Financing	• The acquisition will be **fully cash financed**
Expected closing	• **Closing** of the transaction is expected **in the following months**
Conditions precedent to closing	• **Merger control clearance** from the Belgian Competition Authority ("BCA")

[1] AMP SA and LS Distribution Benelux SA

Business overview and rationale for the transaction

Lagardère Travel retail in Belgium

Convenience & Proximity Retail

Retail (220 shops)

Convenience distribution

- Pre-paid services (Alvadis)
- Impulse products (Buronville)

Non-Press Logistics

Parcels & Logistic Services
(735 pick-up drop-off points)

Press Logistics

Press distribution to 5,345 POS

Newspaper Magazines International press

Sales 2014: € 440.0m

- Retail: 41% (€ 180.0m)
- Convenience distribution: 18% (€ 80.0m)
- Press distribution: 41% (€ 180.0m)

EBITDA 2014: € 15.6m (3.5% margin)

Rationale for bpost

Diversify into the growing proximity & convenience distribution

- Convenience & proximity retail is expected to **grow by 4 to 6% annually** between 2015 and 2020 and we expect to grow at least in line with the market
- Invest in **footprint expansion** (30 to 45 new stores in the next 3 to 5 years) and **remodeling** of existing stores
- Accelerate **product diversification** in order to respond to changing consumer behaviors and to enhance profitability

Further enable our growth strategy in domestic parcels

- Improve delivery options and increase footprint in terms of PUDO coverage (network of **> 1,900 points** across Belgian territory)

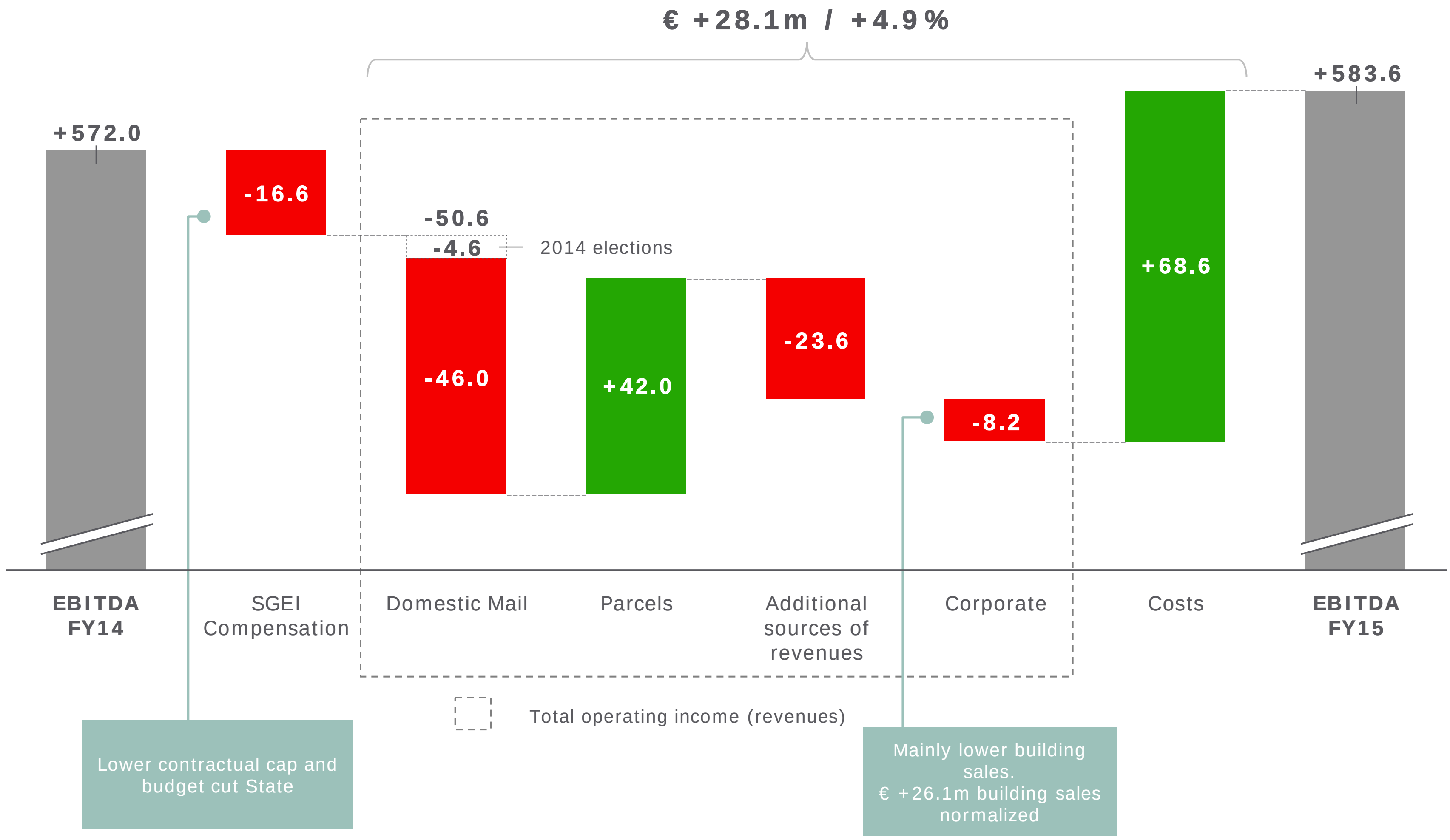
Total capex planned: < € 10m/year

Appendix: Full year 2015 figures

Brussels – March 10, 2016

EBITDA increased € 11.5m thanks to parcels growth and strong cost savings

Normalized[1], € million



[1] Normalized figures are not audited

Summary of key financials FY15

€ million

	Reported		Normalized[1]		
	FY14	**FY15**	**FY14**	**FY15**	**% Δ**
Total operating income (revenues)	2,464.7	2,433.7	2,464.7	2,407.6	-2.3%
Operating expenses	1,892.6	1,878.5	1,892.6	1,824.0	-3.6%
EBITDA	**572.0**	**555.2**	**572.0**	**583.6**	**2.0%**
Margin (%)	*23.2%*	*22.8%*	*23.2%*	*24.2%*	
EBIT	**480.2**	**466.1**	**480.2**	**494.4**	**3.0%**
Margin (%)	*19.5%*	*19.2%*	*19.5%*	*20.5%*	
Profit before tax	**454.1**	**470.6**	**454.1**	**499.0**	**9.9%**
Income tax expense	158.6	161.4	158.6	170.9	
Net profit	**295.5**	**309.3**	**295.5**	**328.1**	**11.0%**
FCF	**373.3**	**315.9**	**373.5**	**315.9**	**-15.4%**
bpost S.A./N.V. net profit (BGAAP)	**296.9**	**287.7**	**296.9**	**303.6**	**2.3%**
Net Debt/ (Net cash), at 31 Dec.	**(486.2)**	**(549.5)**	**(486.2)**	**(549.5)**	**13.0%**

Gain from sale of sizeable building € 26.1m

Alpha social plan provision of € 54.5m

1 Normalized figures are not audited

Total operating income (revenues)

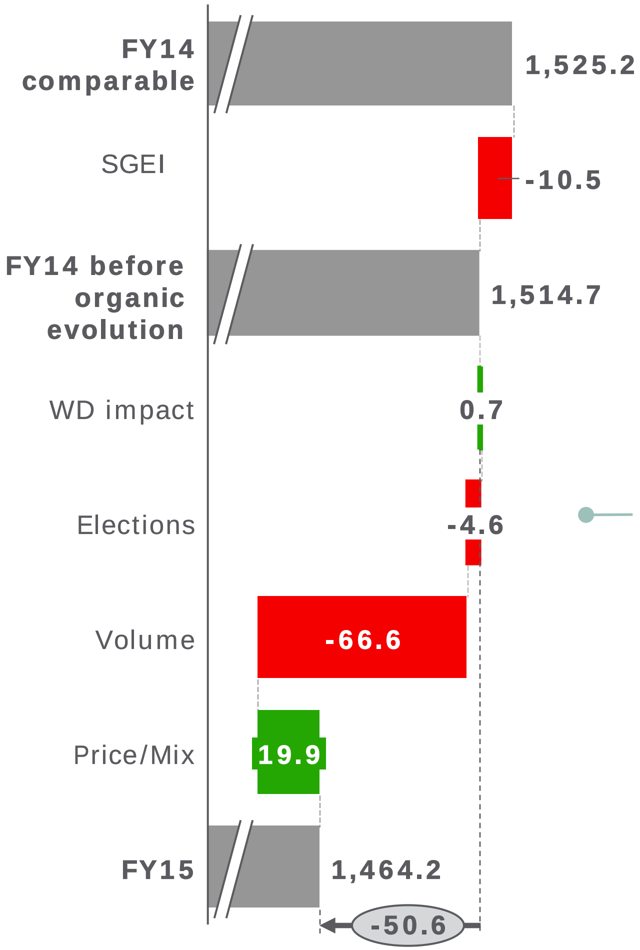
Normalized[1], € million

		FY14 reported	Reclass[3]	FY14 comparable	SGEI	Organic	FY15	% Org
Domestic mail	Transactional mail	943.2	2.8	946.1	-	-28.5	917.6	-3.0%
	Advertising mail	271.4	-0.6	270.8	-	-19.9	250.9	-7.3%
	Press	308.4	-	308.4	-10.5	-2.2	295.6	-0.7%
Parcels	Domestic parcels[2]	151.3	-3.7	147.7	-	13.5	161.2	9.2%
	International parcels	143.3	-3.5	139.8	-	30.2	170.0	21.6%
	Special logistics	12.6	-1.3	11.3	-	-1.8	9.6	-15.4%
Additional sources of revenues	International mail	203.7	-4.6	199.1	-	-23.4	175.7	-11.8%
	Value added services	95.4	-3.7	91.6	-	4.6	96.2	5.0%
	Banking and financial	207.5	-0.2	207.3	-1.6	-0.6	205.1	-0.3%
	Other	106.0	14.7	120.7	-4.5	-4.3	112.0	-3.5%
	Corporate	21.9	-	21.9	-	-8.2	13.7	-37.6%
TOTAL		**2,464.7**	**-**	**2,464.7**	**-16.6**	**-40.5**	**2,407.6**	**-1.6%**

1 Normalized figures are not audited
2 Defined as domestic and Belgian in- and outbound
3 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.

Domestic mail underlying volume decline at -5.0%

Total operating income (revenues), normalized, € million



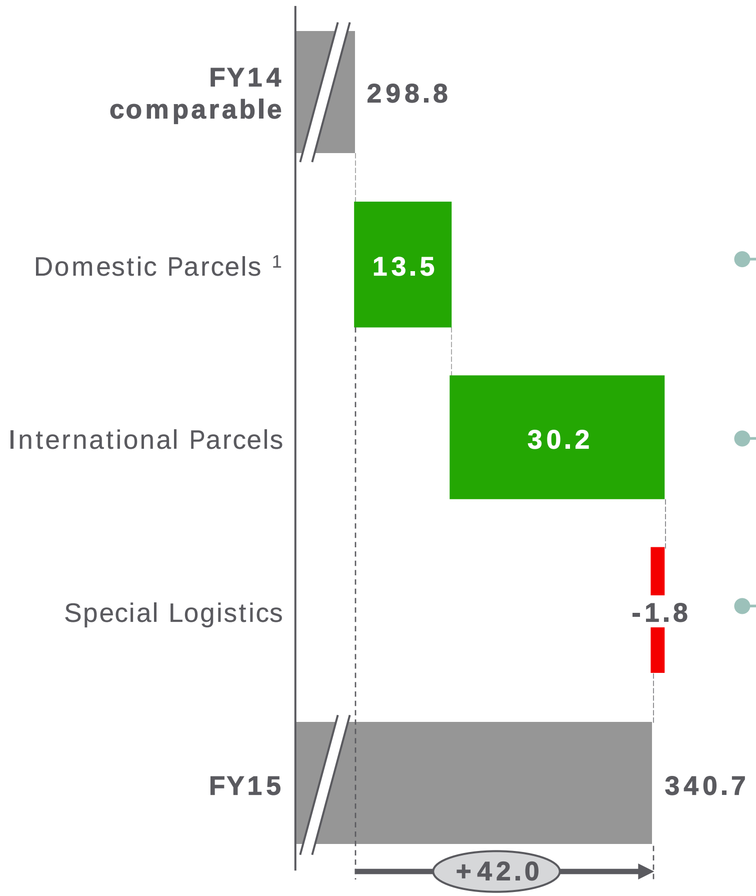
- **Underlying volume decline at -5.0%.**
- Negative impact of **elections** € -4.6m.
- **Transactional Mail:** stable e-substitution trend (1H15 -5.3%, 2H15 -5.3%).
- **Advertising Mail:** despite good 2H15, FY remains below 2014 with a volume trend of -4.9% versus -3.0% in 2014, losses mainly in the Telecom, Handlers and Banking sector. Unaddressed impacted by media mix change.
- **Press:** overall press volume trend identical to LY at -2.8%.

	Reported					Underlying [1, 2]				
	1Q15	**2Q15**	**3Q15**	**4Q15**	**FY15**	**1Q15**	**2Q15**	**3Q15**	**4Q15**	**FY15**
Transactional mail	-5.0%	-5.8%	-5.3%	-4.6%	-5.1%	-5.3%	-5.3%	-5.9%	-4.7%	-5.3%
Advertising mail	-6.9%	-15.4%	-3.2%	-1.5%	-6.9%	-5.9%	-9.9%	-2.4%	-1.2%	-4.9%
Press	-3.1%	-4.0%	-0.1%	-3.6%	-2.8%	-3.1%	-4.0%	-0.1%	-3.6%	-2.8%
Domestic Mail	**-5.3%**	**-7.6%**	**-4.4%**	**-3.9%**	**-5.3%**	**-5.3%**	**-6.1%**	**-4.7%**	**-3.9%**	**-5.0%**

1 4Q15 has the same number of business working days as 4Q14.
2 Corrected for requalification of advertising mail to administrative mail.

Accelerating growth of domestic parcels while international parcels growth is slowing down

Total operating income (revenues), normalized, € million



- Accelerated **volume growth of 12.6%**, driven by e-commerce and positive trend in C2C (new product offering).
- Price/mix effect of -3.0% (faster growth of large customers with high volumes and lower prices than smaller customers).

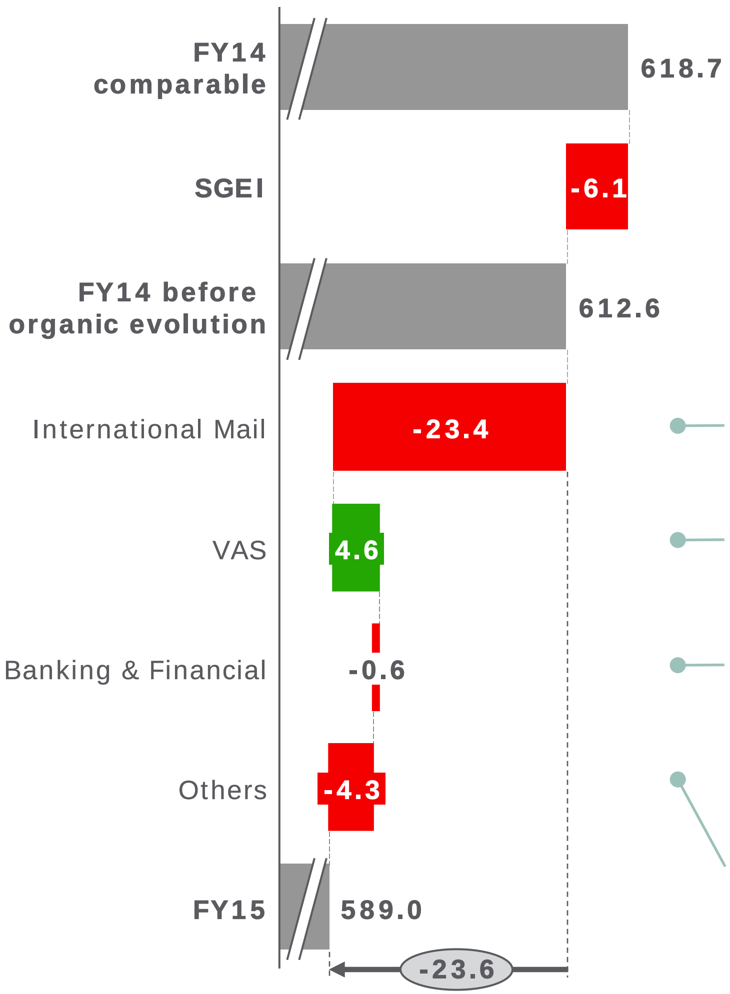
- Continued growth, although slower than last year: **from US € +30.5m** (including positive FX of € +18.3m), **from China € +2.3m** and **to China € +0.8m**.

- Revenues decreased as a result of discontinuing the activities in distribution & warehousing.

[1] Defined as domestic and Belgian in- and outbound

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

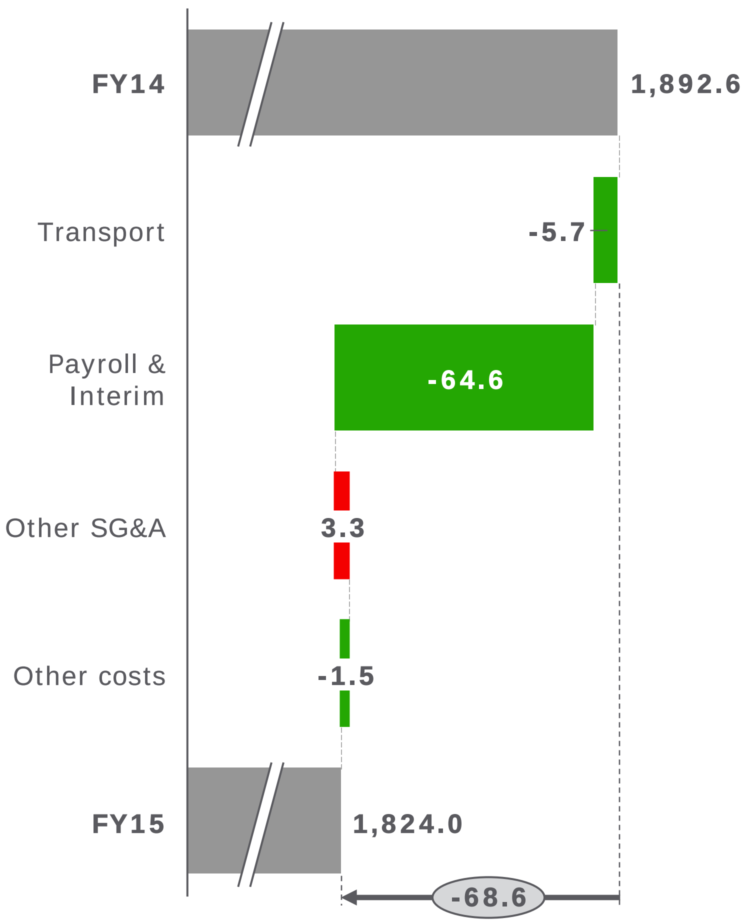
Total operating income (revenues), normalized, € million



- Impacted by the **curtailment of very low margin UK and US wholesale activities** (€ -19.6m), with positive contribution to EBIT.
- **Contribution of solutions** thanks to e-ID, a telco contract for decoder swap, European license plates and CityDepot.
- **Growth in financial products** like prepaid cards and Western Union and **higher assets under management** offset by **negative mix on saving accounts, lower insurance production** and **lower volumes of financial transactions** managed on behalf of the Belgian state.
- **Decreasing volume trend in philately** (€ -2.0m) and **retailer products** (€-2.3m) mainly affected by termination of retail telecom offering.

Important cost savings driven by payroll reduction

Operating expenses excl. depreciation and amortization, normalized, € million



- Cost increase due to FX (€ +20.3m), terminal dues (€ +5.0m) and growth in international parcels compensated by cost decrease due to curtailment of international mail.

- **FTE reduction of 711 FTE** (€ -34.0m).
- **Positive mix impact** of € -14.8m mainly through the recruitment of auxiliary postmen (€ -8.1m) and reduction of management level FTE (€ -7.2m).
- Negative **price effect** of € +0.3m, mainly due to merit and salary increases.
- Positive settlement of social charges (€ -6.9m).
- Other effects relating mainly to lower restructuring charges (€ -6.0m) affected by the normalisation of Alpha costs, higher employee benefits (€ +1.0m).

- Mainly **increase** in **third party remuneration and maintenance** partly offset by **decrease in consultancy, publicity and rental costs**.

- Decrease in bad debts (€ -2.2m), lower provisions (€ -1.2m) and decrease in materials cost (€ -0.8m) partly offset by increased local and real estate taxes (€ +2.1m).

Operating free cash flow[1] of € 315.9m in 2015

€ million	FY14	FY15	Delta
Cash flow from operating activities	+451.5	+361.1	-90.4
Cash flow from investing activities	-78.2	-45.1	+33.1
Operating free cash flow[1]	**+373.3**	**+315.9**	**-57.3**
Financing activities	-259.3	-263.8	-4.6
Net cash movement	**+114.0**	**+52.1**	**-61.8**
Capex	**-90.9**	**-81.0**	**+10.0**

Alpha provision[2] excluded:

- Better results of operating activities (€ +9.9m).
- Income taxes paid on 2013 results (€ -42.0m).
- Alpha pay-outs (€ -14.3m) impact working capital in 2015.
- Excluding Alpha pay-outs, working capital evolution deteriorated by € -44.0m, mainly due to phasing and non-recurring items: terminal dues € -34.4m (out of which € -18.3m relates to the earlier settlement of another postal operator in 2014), access fee received in 4Q14 from a partner in financial services (€ -5.0m), phasing due to change in payment terms for social security charges (€ -3.7m).

- Earn outs paid in 2015 (€ -11.0m) and acquisition of the Polish subsidiary (€ -2.7m) were partially counterbalanced by LY acquired subsidiaries (€ +9.2m).
- Lower capital expenditures (€ +10.0m).
- Higher proceeds sale of buildings in 2015 (€ +27.6m) in 2015, thanks to the sale of a sizeable property in December 2015 (€ 37.4m).

- Higher dividends paid (€ -2.0m interim dividend, € -4.0m final dividend) partly compensated by lower payments related to borrowings and finance lease liabilities (€ +1.4m).

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

[2] Alpha provision amounts to € 54.5m of which € 7.6m is incorporated in 'employee benefits' provisions and € 46.9m in working capital (social debts)

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