

A woman with dark hair and bangs, wearing a light-colored trench coat over a pink top, is looking into an open white mailbox. The mailbox is overflowing with various pieces of mail, including newspapers and letters. The scene is set in a doorway with white walls and a wooden floor.

First quarter 2016 results

Analyst call

Koen Van Gerven, CEO
Koen Beeckmans, CFO



Brussels – May 2, 2016

Investor presentation - Interim financial report 1Q16

Financial Calendar

More on corporate.bpost.be/investors

11.05.2016

Ordinary General Meeting
of Shareholders

08.08.2016

(17:45 CET)
Quarterly results 2Q16

08.12.2016

Ex-dividend date (interim
dividend)

17.05.2016

Ex-dividend date

09.11.2016

(17:45 CET)
Quarterly results 3Q16

12.12.2016

Payment date of the interim
dividend

19.05.2016

Payment date of the dividend

05.12.2016

(17:45 CET)
Interim dividend 2016
announcement

Disclaimer

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

Highlights of 1Q16



Revenues down 2.0%

- Resilient Domestic Mail performance and Parcels growth offset by anticipated lower SGEI compensation

€ 604.5m



Improved underlying Domestic Mail evolution

- Driven by advertising mail

-4.0%



Outstanding domestic parcels performance, slow-down of international due to strong USD

- Domestic: double-digit volume growth driven by e-commerce and C2C; price/mix effect of -4.6% fully mix related
- International: US flows hampered by strong USD, continued growth to & from China

+14.6%

+ € 0.5m



Cost savings on track and delivered on all cost items

- Underlying average FTE reduction of 734¹ for the quarter

- € 15.2m



EBITDA up € 3.2m, reduced SGEI compensation fully absorbed

€ 175.9m

BGAAP net profit of bpost SA/NV up € 2.6m

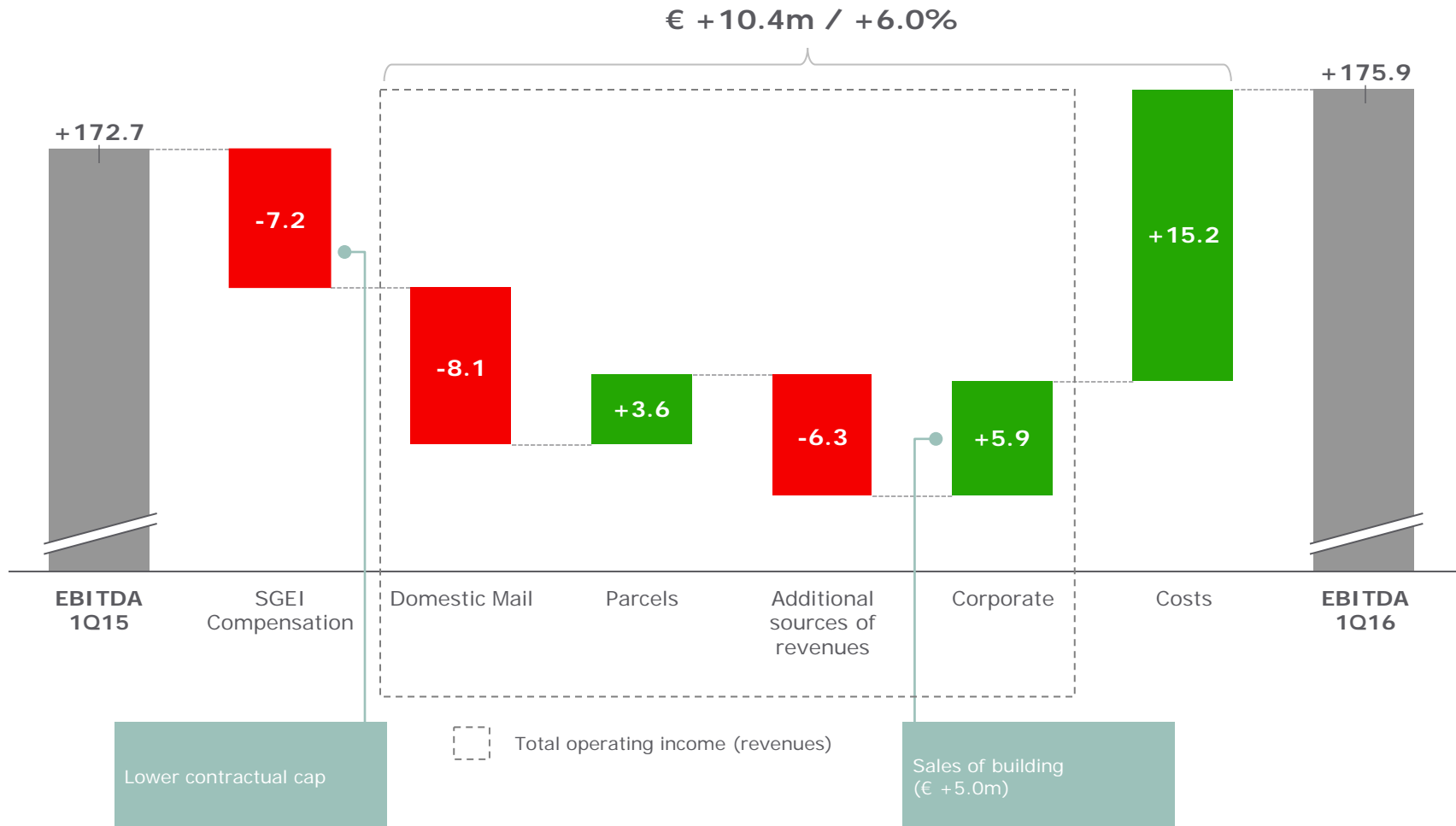
€ 90.0m

Outlook maintained

¹ i.e. excluding 379 additional FTEs and interims for higher parcels & solutions volumes, Deltamedia integration, new subsidiaries and absorption of holidays leading to a reported average reduction of FTEs and interims of 355

Resilient domestic mail trend and parcels growth combined with further cost reductions led to EBITDA uplift of €+3.2m, thereby fully absorbing the lower SGEI compensation on our bottom-line.

Normalized¹, € million



¹ Normalized figures are not audited

Summary of key financials 1Q16

€ million

	Reported		
	1Q15	1Q16	% Δ
Total operating income (revenues)	616.6	604.5	-2.0%
Operating expenses	443.9	428.7	-3.4%
EBITDA	172.7	175.9	1.8%
<i>Margin (%)</i>	<i>28.0%</i>	<i>29.1%</i>	
EBIT	151.6	153.9	1.5%
<i>Margin (%)</i>	<i>24.6%</i>	<i>25.5%</i>	
Profit before tax	149.0	149.3	0.2%
Income tax expense	52.4	53.4	
Net profit	96.6	95.9	-0.7%
FCF	298.1	245.9	-17.5%
bpost S.A./N.V. net profit (BGAAP)	87.3	90.0	3.0%
Net Debt/ (Net cash), at 31 March	(785.1)	(792.2)	0.9%

Total operating income (revenues)

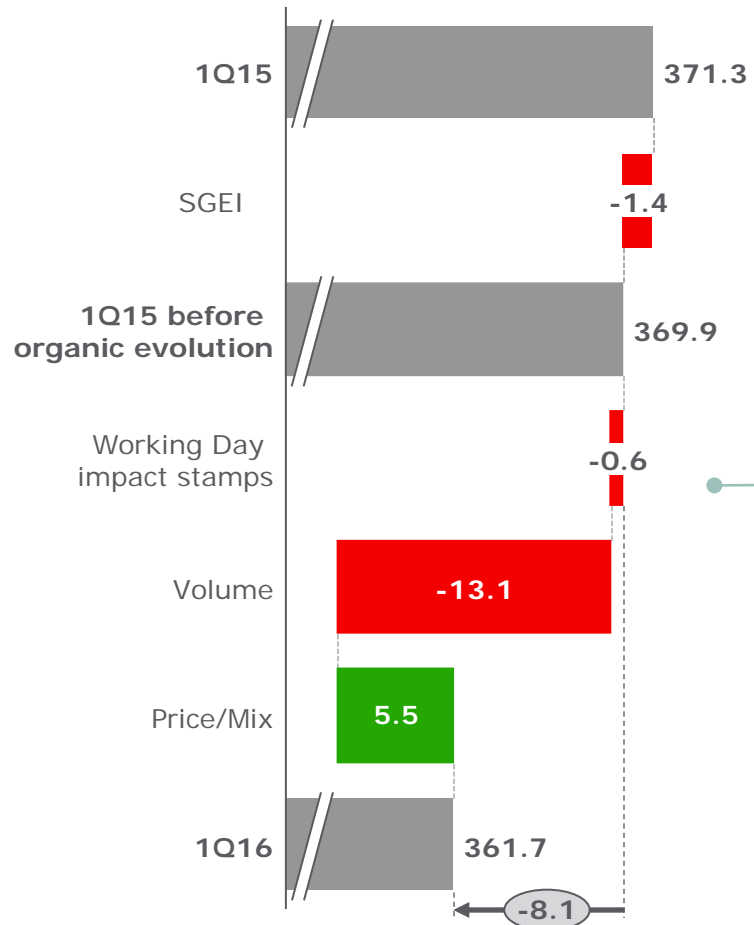
€ million

		1Q15	SGEI	Organic	1Q16	% Org
Domestic mail	Transactional mail	232.6	-	-8.8	223.7	-3.8%
	Advertising mail	64.7	-	0.4	65.1	0.6%
	Press	74.0	-1.4	0.3	72.9	0.4%
Parcels	Domestic parcels ¹	39.5	-	3.6	43.1	9.1%
	International parcels	41.2	-	0.5	41.7	1.2%
	Special logistics	2.6	-	-0.5	2.1	-19.0%
Additional sources of revenues	International mail	45.3	-	-5.9	39.3	-13.1%
	Value added services	24.3	-	1.5	25.8	6.2%
	Banking and financial	51.7	-3.0	-0.2	48.5	-0.4%
	Other	29.4	-2.8	-1.7	24.9	-5.7%
	Corporate	11.4	-	5.9	17.4	51.9%
TOTAL		616.6	-7.2	-4.9	604.5	-0.8%

¹ Defined as domestic and Belgian in- and outbound

Improved domestic mail underlying volume trend of -4.0% driven by advertising mail

Total operating income (revenues), € million



- **Transactional Mail:** continued e-substitution without notable acceleration, shift towards cheaper products (less registered letters).
- **Advertising Mail:** good direct mail performance in focus sectors, and strong quarter in unaddressed.
- **Press:** slightly better volume trend versus FY15, mainly driven by periodicals.

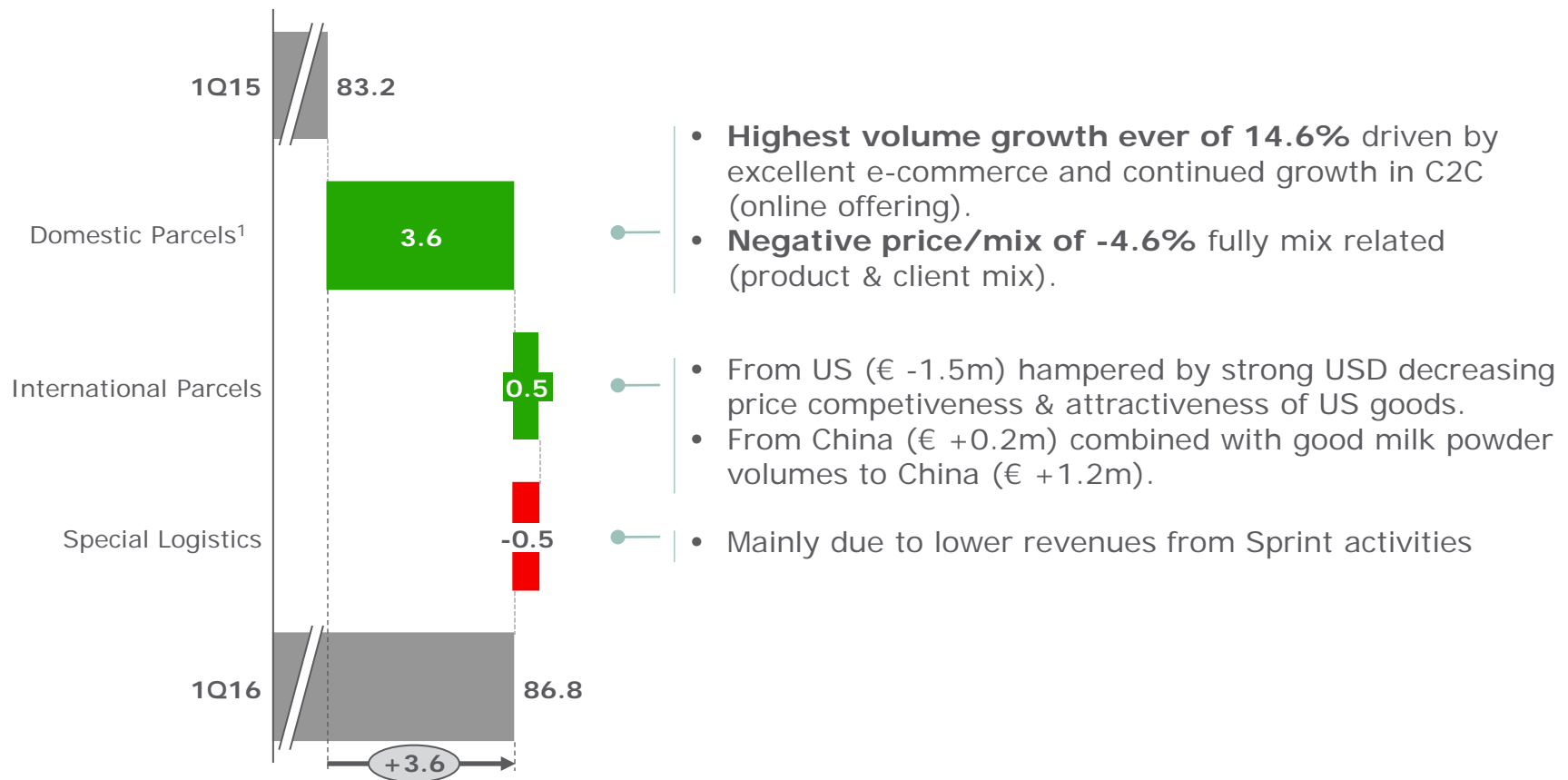
	Reported		Underlying ^{1,2}	
	FY15	1Q16	FY15	1Q16
Transactional mail	-5.1%	-5.6%	-5.3%	-5.3%
Advertising mail	-6.9%	0.1%	-4.9%	0.1%
Press	-2.8%	-2.6%	-2.8%	-2.6%
Domestic Mail	-5.3%	-4.2%	-5.0%	-4.0%

¹ 1Q16 had the same number of business working days as 1Q15 except for stamps which had 1 working day less in 1Q16 vs. 1Q15

² FY15 corrected for requalification of advertising mail to administrative mail.

Excellent growth in domestic parcels but slow-down of international

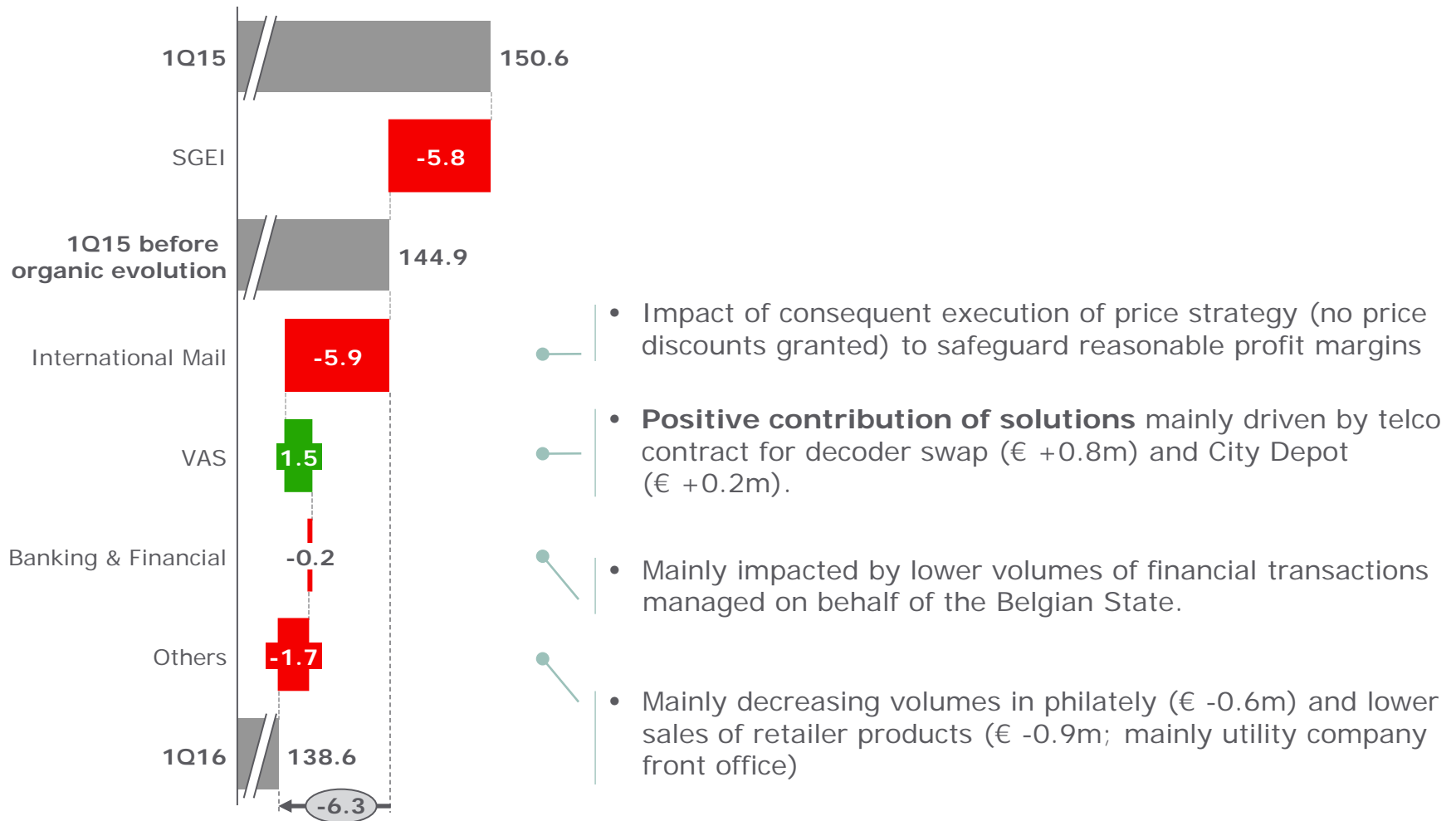
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound

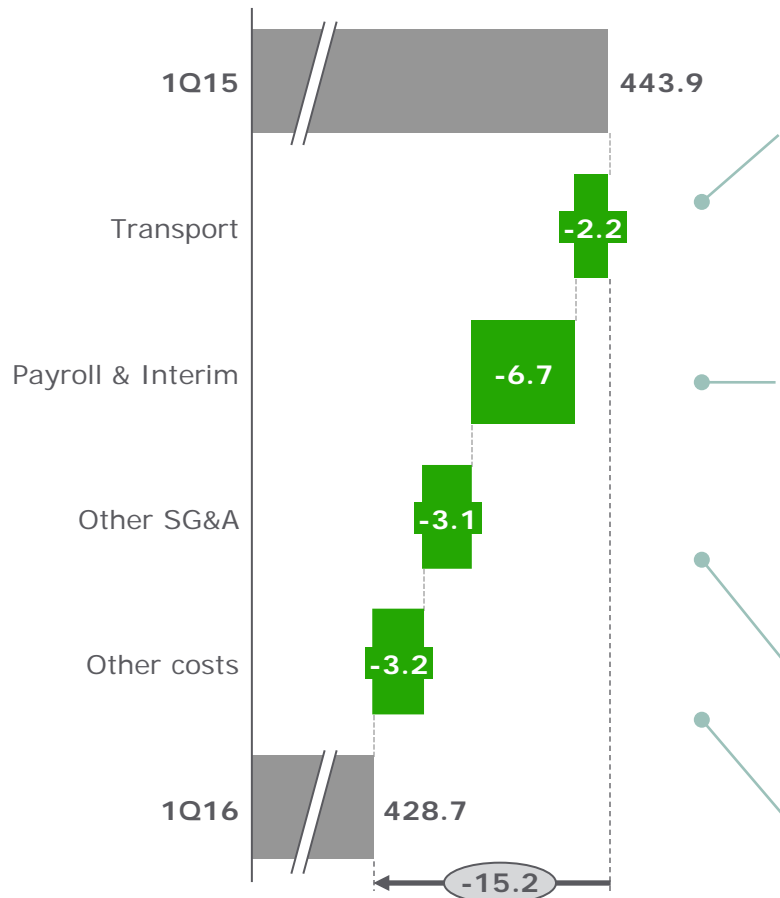
Additional sources of revenues mainly affected by international mail in part compensated by continued growth in solutions

Total operating income (revenues), € million



All cost items contributed to € 15.2m of cost savings

Operating expenses excl. depreciation and amortization, € million



- Decrease in transport costs linked to the evolution of international activities.
- **Average reported FTE reduction of 355 FTE** leading to € -5.2m cost savings, underlying FTE reduction is 734 for the quarter.
- **Favourable FTE mix** of € -4.9m thanks to the recruitment of auxiliary postmen (€ -2.2m) and the reduction of management level FTE (€ -2.6m)
- **Negative price effect** of € +3.1m explained by phasing elements (a.o. holiday pay related Alpha departures) and merit increase
- Mainly lower 3rd party costs (€ -1.3m), maintenance costs (€ -1.2m) and energy costs (€ -1.3m), partly offset by higher other operating costs
- Higher increase of recoverable VAT (from 14% in 2015 to ~19% in 2016) for 1Q16 expenses (€ -0.8m)
- Higher increase of recoverable VAT for costs and capex incurred in previous years (€ -3.0m).

Decrease in operating FCF mainly driven by SGEI, Alpha pay-outs and acquisitions.

€ million	1Q15	1Q16	Delta
⊕ Cash flow from operating activities	+306.6	+281.1	-25.5
⊕ Cash flow from investing activities	-8.5	-35.1	-26.6
⊖ Operating free cash flow¹	+298.1	+245.9	-52.1
⊕ Financing activities	-0.2	-2.1	-1.9
⊖ Net cash movement	+297.9	+243.9	-54.0
Capex	-11.4	-12.4	-1.0

- Lower compensation and changed payment terms for SGEI: € -36.8m
- Lower income tax paid in 1Q16 vs. 1Q15 relating to previous years: € +21.3m
- Alpha pay-outs: € -12.0m
- Excluding the above:
 - Results of operating activities: € +5.7m
 - Working capital evolution: € -3.8m, mainly due to Social Security payment terms

- Proceeds sale of buildings: € +7.3m
- Capex: € -1.0m
- Final payment for acquisition SPE in Poland: € -0.2m
- Acquisition FDM in Australia: € -12.1m
- Purchase 24.5% additional shares in LGI: € -20.7m

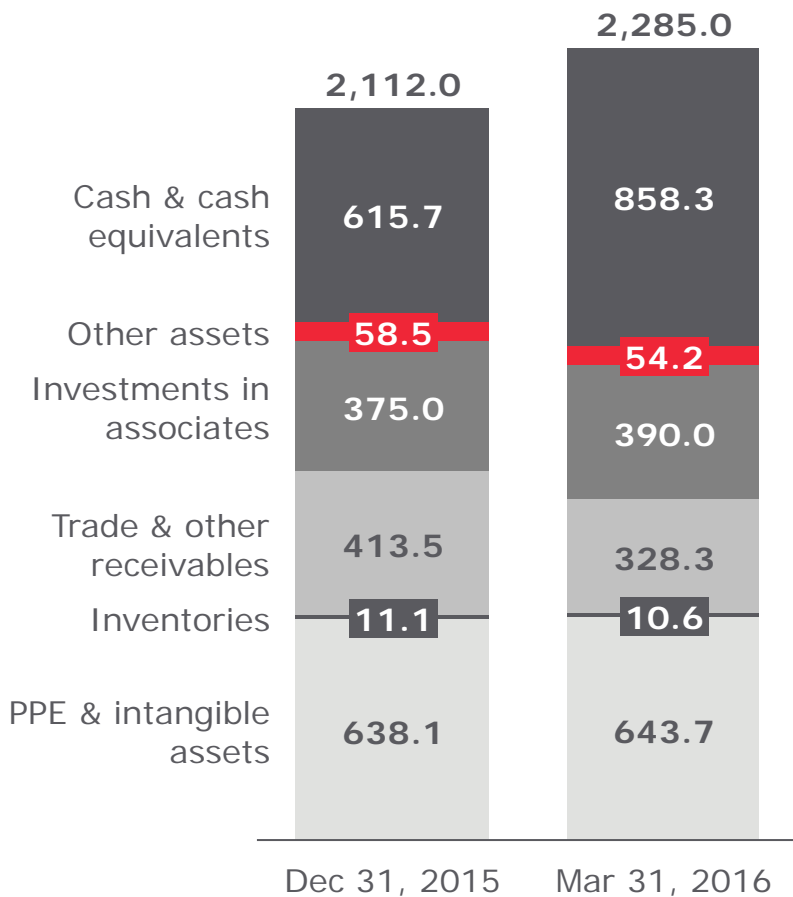
- Payment of a dividend to minority interests: € -2.0m

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

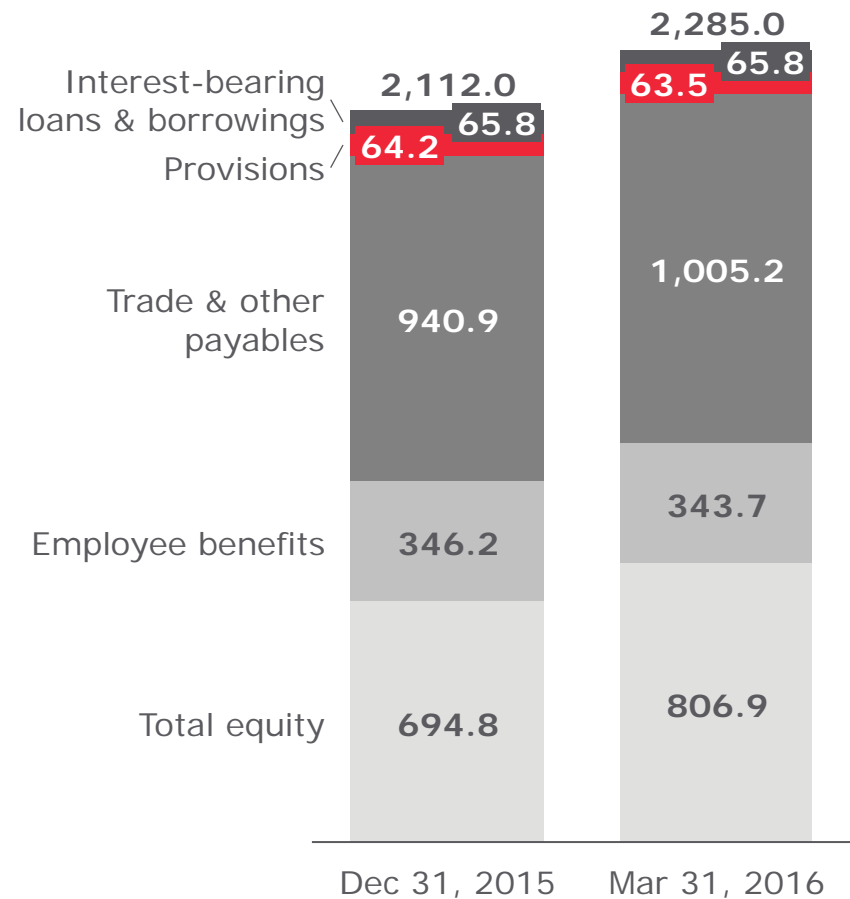
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2016¹

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 but at a slower pace mainly due to strong US dollar

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 2Q16 will count 2 working days more, 3Q16 will count 1 day less (except for stamps which will count the same number of days) and 4Q16 will count 1 day less vs. same quarter of 2015.

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