



Second quarter 2016 results

Analyst call

Koen Van Gerven, CEO
Koen Beeckmans, CFO



Brussels – August 9, 2016

Investor presentation - Interim financial report 2Q16

Financial Calendar

More on corporate.bpost.be/investors

09.11.2016

(17:45 CET)

Quarterly results 3Q16

08.12.2016

Ex-dividend date (interim dividend)

15.11.2016

Capital Markets Day

12.12.2016

Payment date of the interim dividend

05.12.2016

(17:45 CET)

Interim dividend 2016 announcement

Disclaimer

This presentation is based on information published by bpost in its Second Quarter 2016 Interim Financial Report, made available on August, 8th 2016 at 5.45pm CET on corporate.bpost.be/investors. This information forms regulated information as defined in the Royal Decree of 14 November 2007. The information in this document may include forward-looking statements¹, which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This material is not intended as and does not constitute an offer to sell any securities or a solicitation of any offer to purchase any securities.

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

Highlights of 2Q16



Revenues down 1.0%

- Resilient Domestic Mail and excellent Domestic Parcels volumes offset by anticipated lower SGEI compensation

€ 591.9m



Resilient underlying Domestic Mail volume evolution

- Driven by good performance in the different portfolios

-3.8%



Excellent domestic parcels volumes, continued growth from international parcels

- Domestic: double-digit volume growth driven by e-commerce and C2C; price/mix effect of -3.0% fully mix related
- International: Positive contribution from acquisition strategy, lower volumes from and to China

+18.3%

+ € 1.8m



Cost savings on track

- Costs (excl. exceptionals) down
- Underlying average FTE reduction of 707¹ for the quarter

- € 6.6m



EBITDA in line with last year, fully absorbing the reduced SGEI compensation

€ 159.4m

BGAAP net profit of bpost SA/NV down € 2.4m

€ 81.4m

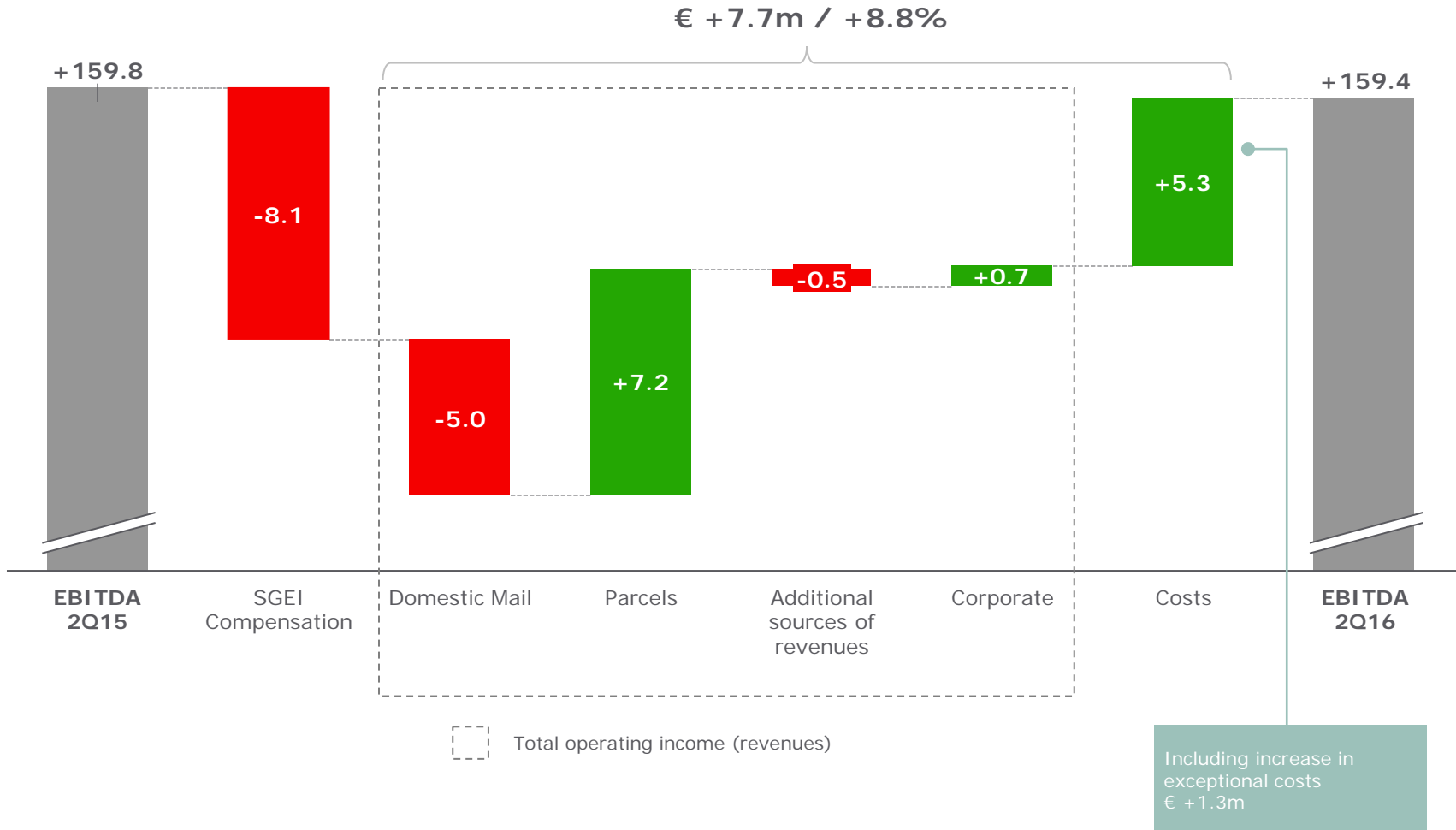
Outlook

- Ambition for recurring EBITDA and dividend payment **at least** at the same level as 2015

¹ i.e. excluding 630 additional FTEs and interims for higher parcels & solutions volumes, Deltamedia integration and new subsidiaries leading to a reported average reduction of FTEs and interims of 77

Excellent parcels performance combined with resilient domestic mail and costs savings offset the SGEI reduction

€ million



Summary of key financials 2Q16

€ million

	Reported		% Δ
	2Q15	2Q16	
Total operating income (revenues)	597.6	591.9	-1.0%
Operating expenses	437.9	432.5	-1.2%
EBITDA	159.8	159.4	-0.2%
<i>Margin (%)</i>	26.7%	26.9%	
EBIT	138.3	136.8	-1.1%
<i>Margin (%)</i>	23.1%	23.1%	
Profit before tax	139.2	130.2	-6.5%
Income tax expense	48.1	42.3	
Net profit	91.2	87.9	-3.6%
FCF	(21.3)	(14.6)	-
bpost S.A./N.V. net profit (BGAAP)	83.8	81.4	-2.9%
Net Debt/ (Net cash), at 30 June	(720.3)	(729.9)	1.3%

Total operating income (revenues)

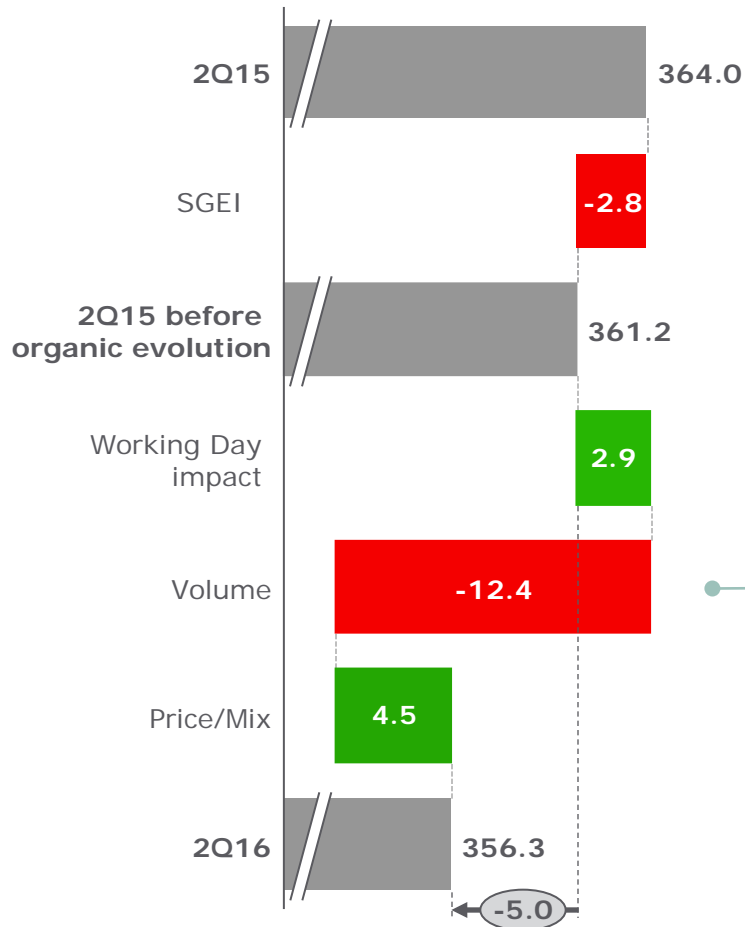
€ million

		2015	SGEI	Δ	2016	% Δ
Domestic mail	Transactional mail	228.8	-	-4.9	223.9	-2.2%
	Advertising mail	61.4	-	-0.6	60.8	-1.0%
	Press	73.8	-2.8	0.6	71.6	0.8%
Parcels	Domestic parcels ¹	39.4	-	5.8	45.2	14.7%
	International parcels	39.4	-	1.8	41.2	4.5%
	Special logistics	2.5	-	-0.4	2.1	-15.0%
Additional sources of revenues	International mail	42.1	-	-2.1	40.0	-4.9%
	Value added services	23.4	-	4.0	27.4	17.1%
	Banking and financial	51.7	-2.9	-1.1	47.8	-2.0%
	Other	28.2	-2.4	-1.4	24.4	-5.0%
	Corporate	6.9	-	0.7	7.6	9.9%
TOTAL		597.6	-8.1	2.4	591.9	0.4%

¹ Defined as domestic and Belgian in- and outbound

Resilient domestic mail underlying volume trend at -3.8%

Total operating income (revenues), € million



- **Transactional Mail:** continued e-substitution without notable acceleration.
- **Advertising Mail:** improved performance of direct mail from focus sectors and strong unaddressed mail trend.
- **Press:** mainly driven by periodicals.

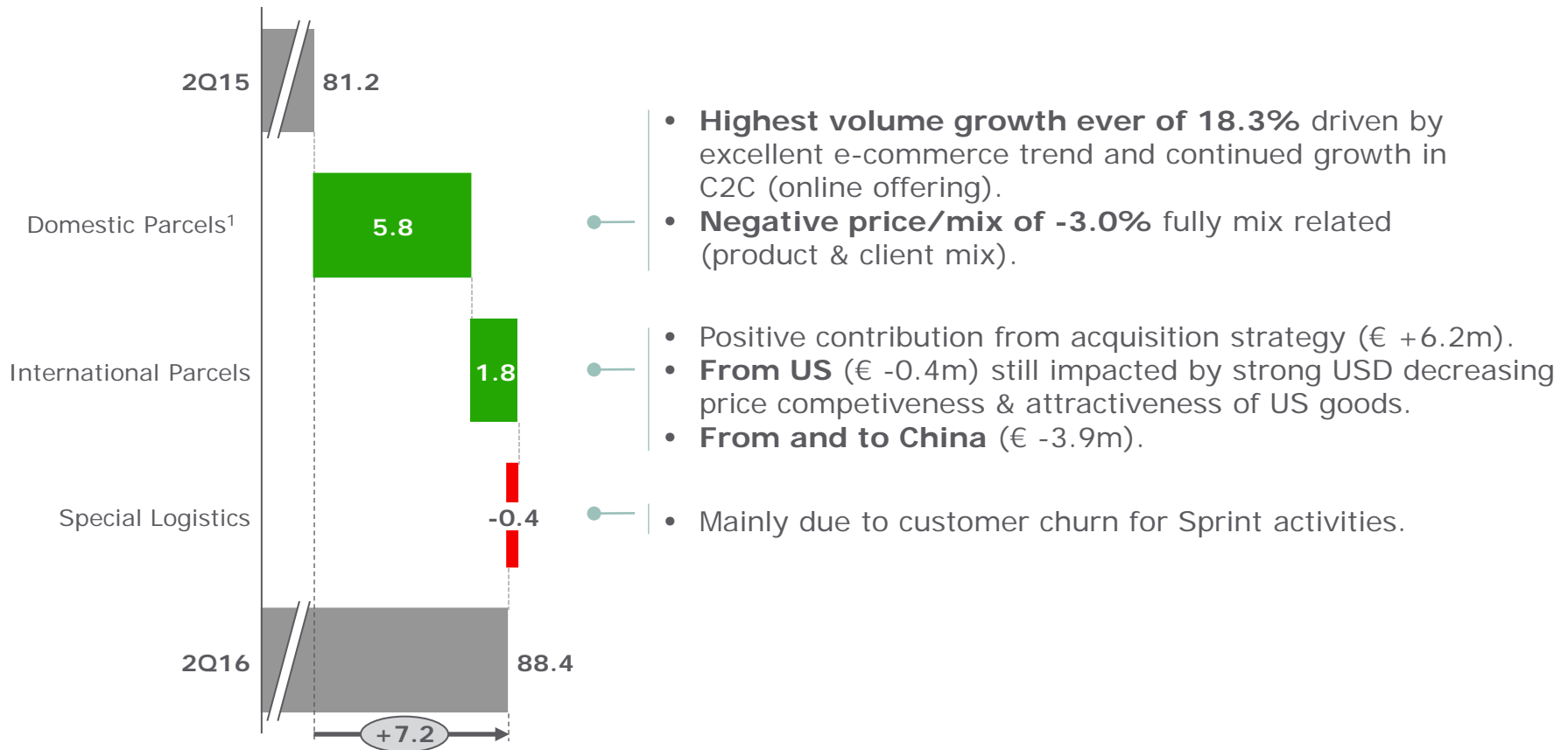
	Reported				Underlying ^{1, 2}			
	FY15	1Q16	2Q16	1H16	FY15	1Q16	2Q16	1H16
Transactional mail	-5.1%	-5.6%	-3.5%	-4.6%	-5.3%	-5.3%	-4.8%	-5.1%
Advertising mail	-6.9%	0.1%	-2.2%	-1.0%	-4.9%	0.1%	-2.2%	-1.0%
Press	-2.8%	-2.6%	-0.3%	-1.2%	-2.8%	-2.6%	-0.3%	-1.2%
Domestic Mail	-5.3%	-4.2%	-3.0%	-3.6%	-5.0%	-4.0%	-3.8%	-3.9%

¹ 2Q16 counted 2 working days more vs. 2Q15.

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

Excellent domestic parcels performance and continued growth in international parcels

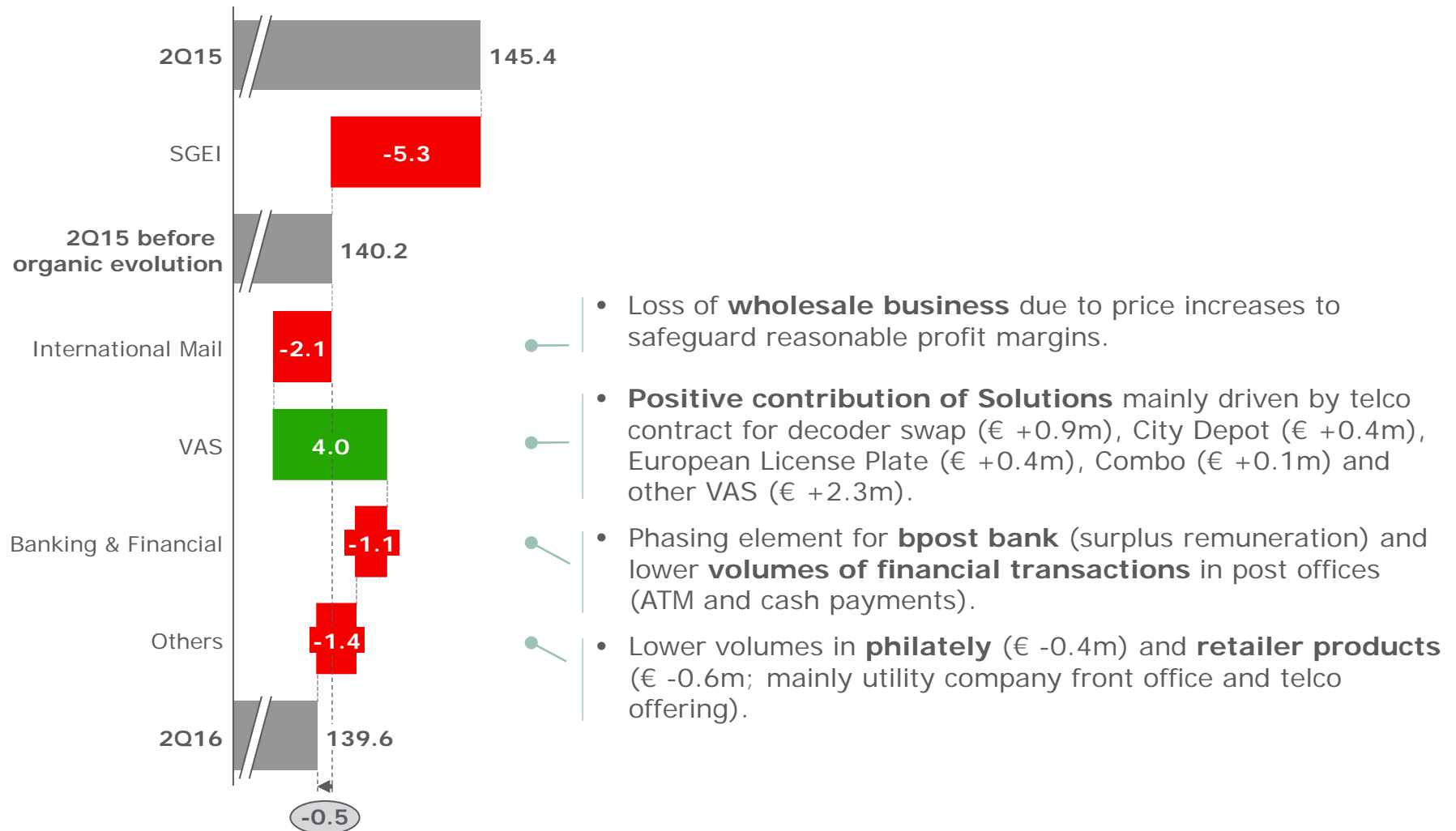
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound

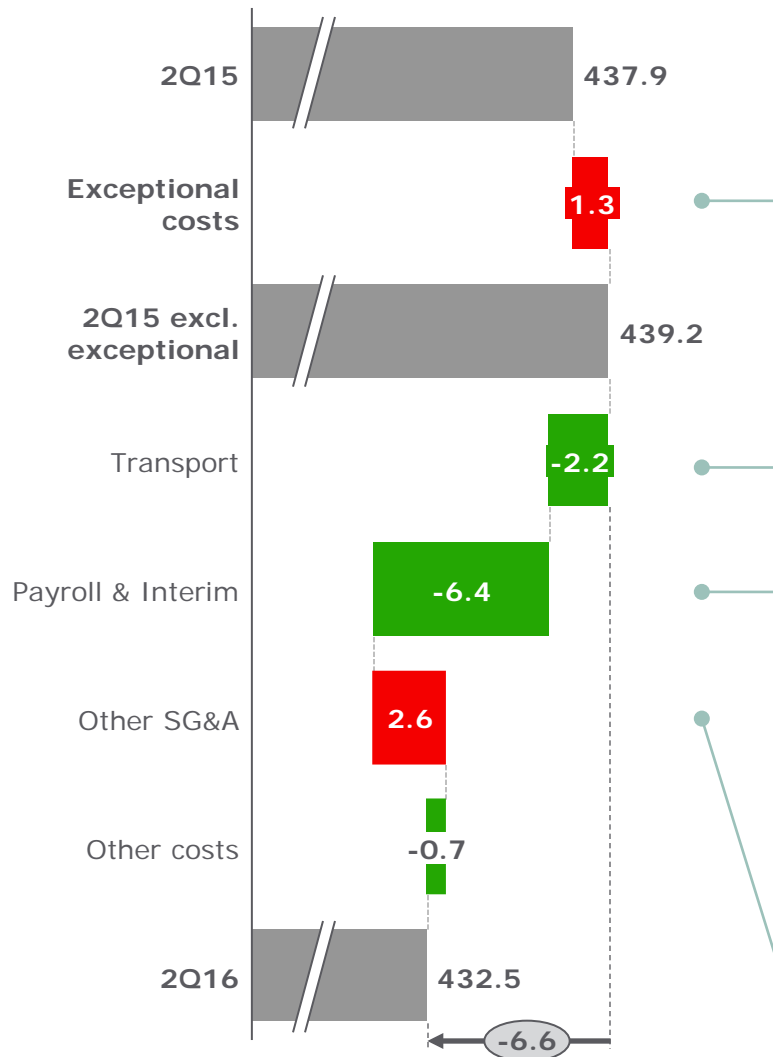
Additional sources of revenues mainly driven by good performance in Solutions

Total operating income (revenues), € million



Cost savings on track

Operating expenses excl. depreciation and amortization, € million



- Positive one-off settlement of social charges last year (net negative impact in 2016 € +4.3m) in payroll.
- Strategic corporate project costs (€ +3.6m) in SG&A.
- Positive evolution of provisions (€ -4.6m) and absence of last year's earn-out for Gout (€ -2.0m) in other costs.
- Decrease in transport costs linked to the evolution of international activities, partially offset by lower favourable settlements in previous year's terminal dues (€ +0.5m).
- **Average reported FTE reduction** of 77 FTE leading to € -1.5m cost savings, underlying FTE reduction is 707 for the quarter.
- **Favourable FTE mix** of € -4.9m thanks to the recruitment of auxiliary postmen (€ -1.5m) and the reduction of management level FTE (€ -3.3m).
- **Positive price effect** of € -5.0m explained by the impact of the tax shift and lower lay-off costs.
- Unfavourable evolution of holiday arrears (€ +2.3m) and increase in employee benefit costs (€ +1.6m).
- Mainly increased publicity and advertising costs (€ +1.1m) and maintenance and repairs (€ +1.1m).

Increase in operating FCF mainly driven by results of operating activities

€ million	2Q15	2Q16	Delta
⊕ Cash flow from operating activities	-3.3	+12.2	+15.6
⊕ Cash flow from investing activities	-17.9	-26.8	-8.9
⊖ Operating free cash flow¹	-21.3	-14.6	+6.6
⊕ Financing activities	-44.2	-47.4	-3.2
⊖ Net cash movement	-65.5	-62.0	+3.4
Capex	-12.3	-19.3	-7.0

- Alpha pay-outs: € -6.3m
- Excluding Alpha:
 - Results of operating activities: € +11.1m
 - Working capital evolution: € +10.7m, mainly due to positive phasing in payment of commissions on banking and insurance products (€ +7.7m) combined with the higher recoverable VAT (€ +3.4m)

- Proceeds sale of buildings: € -1.2m
- Capex: € -7.0m
- Acquisitions and additional payments in 2016 for Apple Express Canada, City Depot & FDM Australia € -11.7m, partially offset by outflows in 2015 for Gout (€ +4.0m) and LGI (€ +7.0m)

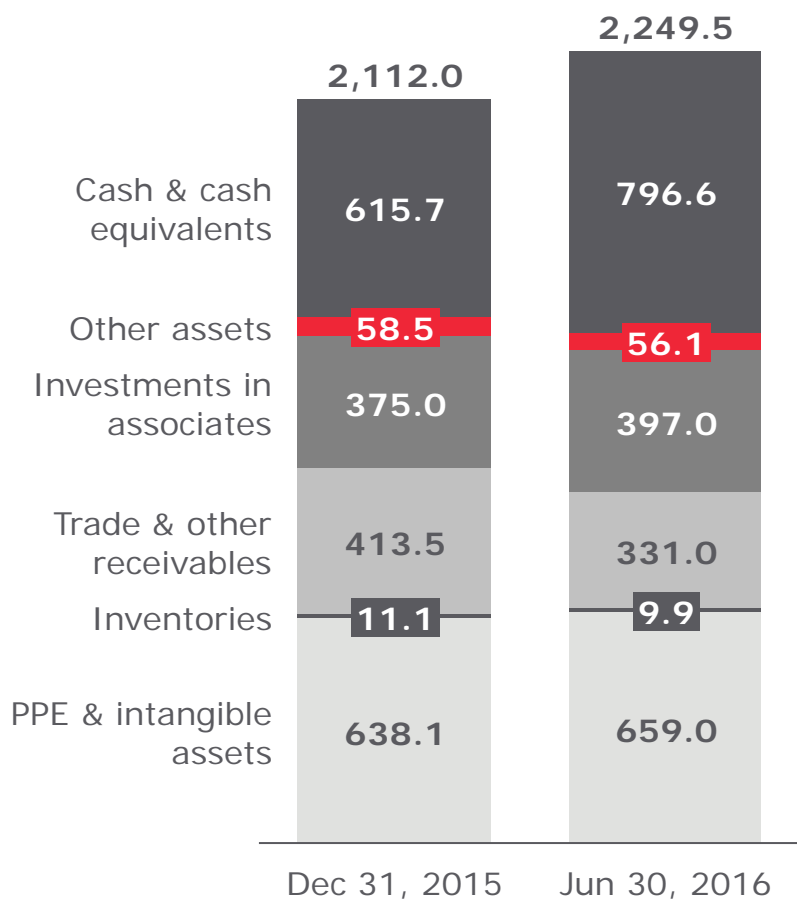
- Higher dividend: € -4.0m

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

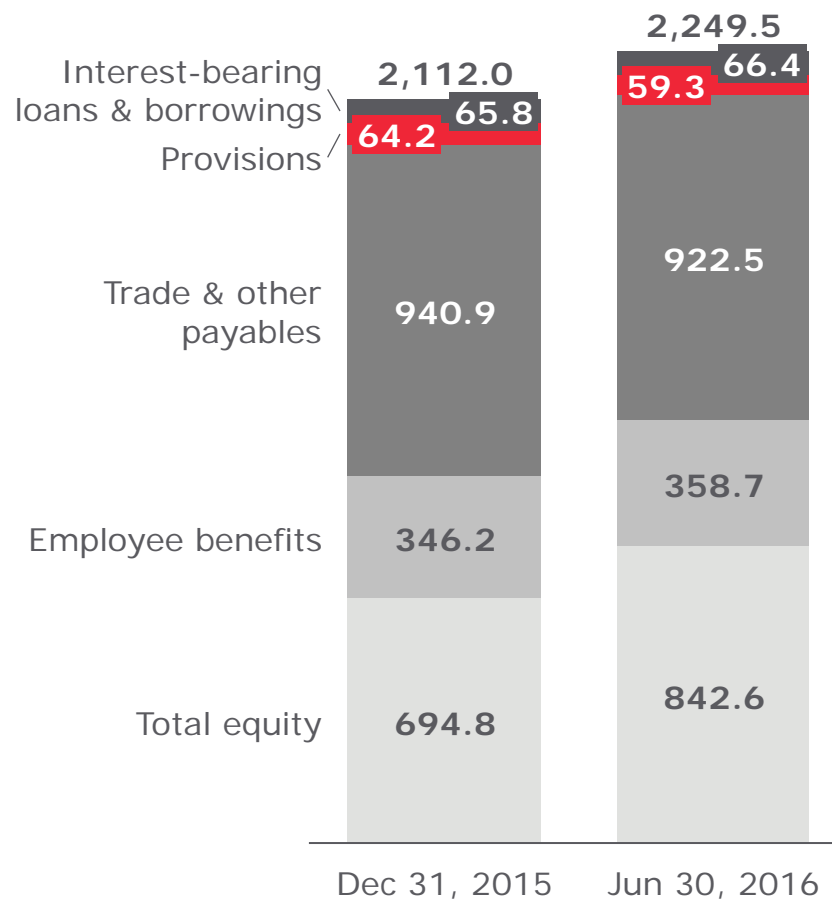
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2016¹

Top line

- Underlying Domestic Mail **volume decline around 5%**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** supported by acquisitions

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 least 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 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.



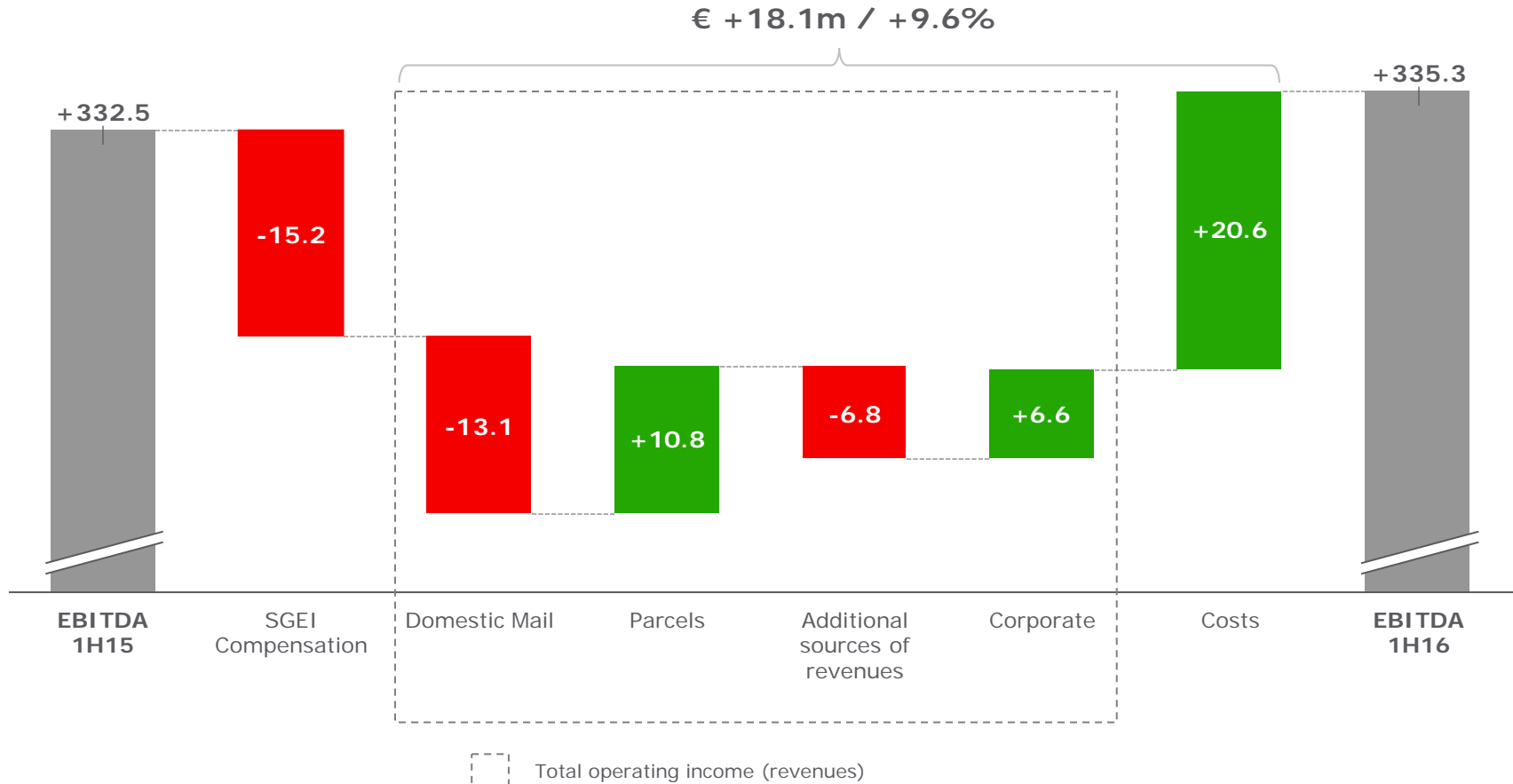
Half year results 2016



Brussels – August 9, 2016

Resilient domestic mail combined with excellent performance in parcels and cost savings offset the reduction in SGEI remuneration

€ million



Summary of key financials 1H16

€ million

	Reported		% Δ
	1H15	1H16	
Total operating income (revenues)	1,214.2	1,196.5	-1.5%
Operating expenses	881.7	861.2	-2.3%
EBITDA	332.5	335.3	0.8%
<i>Margin (%)</i>	<i>27.4%</i>	<i>28.0%</i>	
EBIT	289.8	290.7	0.3%
<i>Margin (%)</i>	<i>23.9%</i>	<i>24.3%</i>	
Profit before tax	288.2	279.5	-3.0%
Income tax expense	100.5	95.7	
Net profit	187.7	183.7	-2.1%
FCF	276.8	231.3	-16.4%
bpost S.A./N.V. net profit (BGAAP)	171.1	171.4	0.1%
Net Debt/ (Net cash), at 30 June	(720.3)	(729.9)	1.3%

Total operating income (revenues)

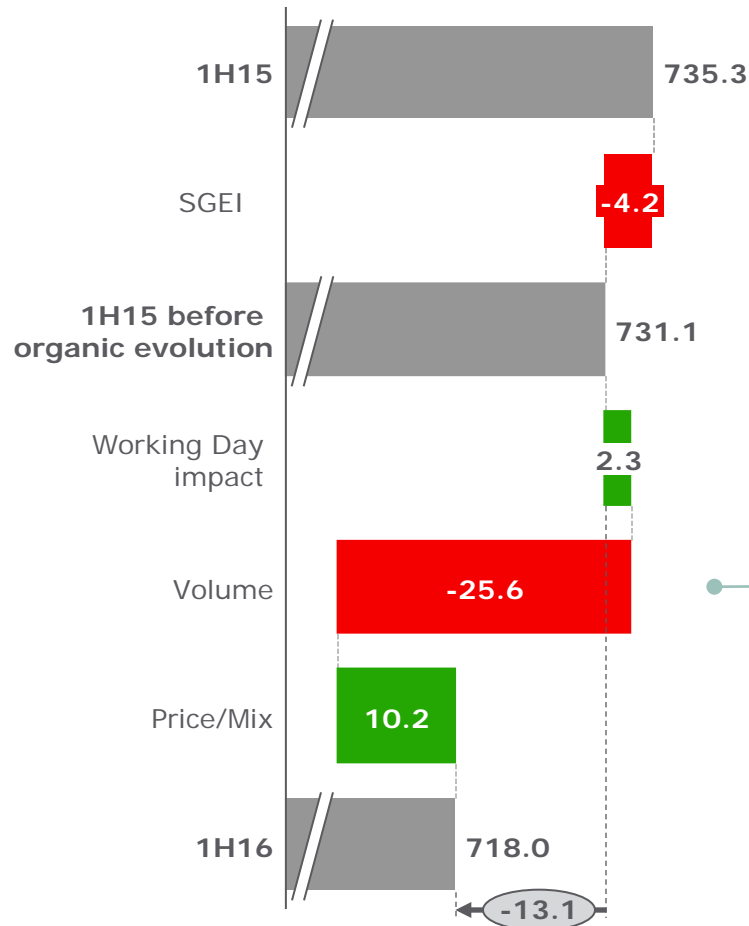
€ million

		1H15	SGEI	Δ	1H16	% Δ
Domestic mail	Transactional mail	461.4	-	-13.8	447.7	-3.0%
	Advertising mail	126.1	-	-0.2	125.9	-0.2%
	Press	147.7	-4.2	0.9	144.4	0.6%
Parcels	Domestic parcels ¹	78.9	-	9.4	88.3	11.9%
	International parcels	80.6	-	2.3	82.9	2.8%
	Special logistics	5.0	-	-0.9	4.2	-17.1%
Additional sources of revenues	International mail	87.3	-	-8.0	79.3	-9.2%
	Value added services	47.7	-	5.5	53.3	11.6%
	Banking and financial	103.4	-5.8	-1.3	96.3	-1.2%
	Other	57.6	-5.2	-3.1	49.3	-5.3%
	Corporate	18.3	-	6.6	25.0	36.1%
TOTAL		1,214.2	-15.2	-2.5	1,196.5	-0.2%

¹ Defined as domestic and Belgian in- and outbound

Resilient domestic mail driven by all product portfolios

Total operating income (revenues), € million



- **Transactional Mail:** continued e-substitution without notable acceleration.
- **Advertising Mail:** good performance of direct mail from focus sectors and strong unaddressed mail.
- **Press:** mainly driven by periodicals.

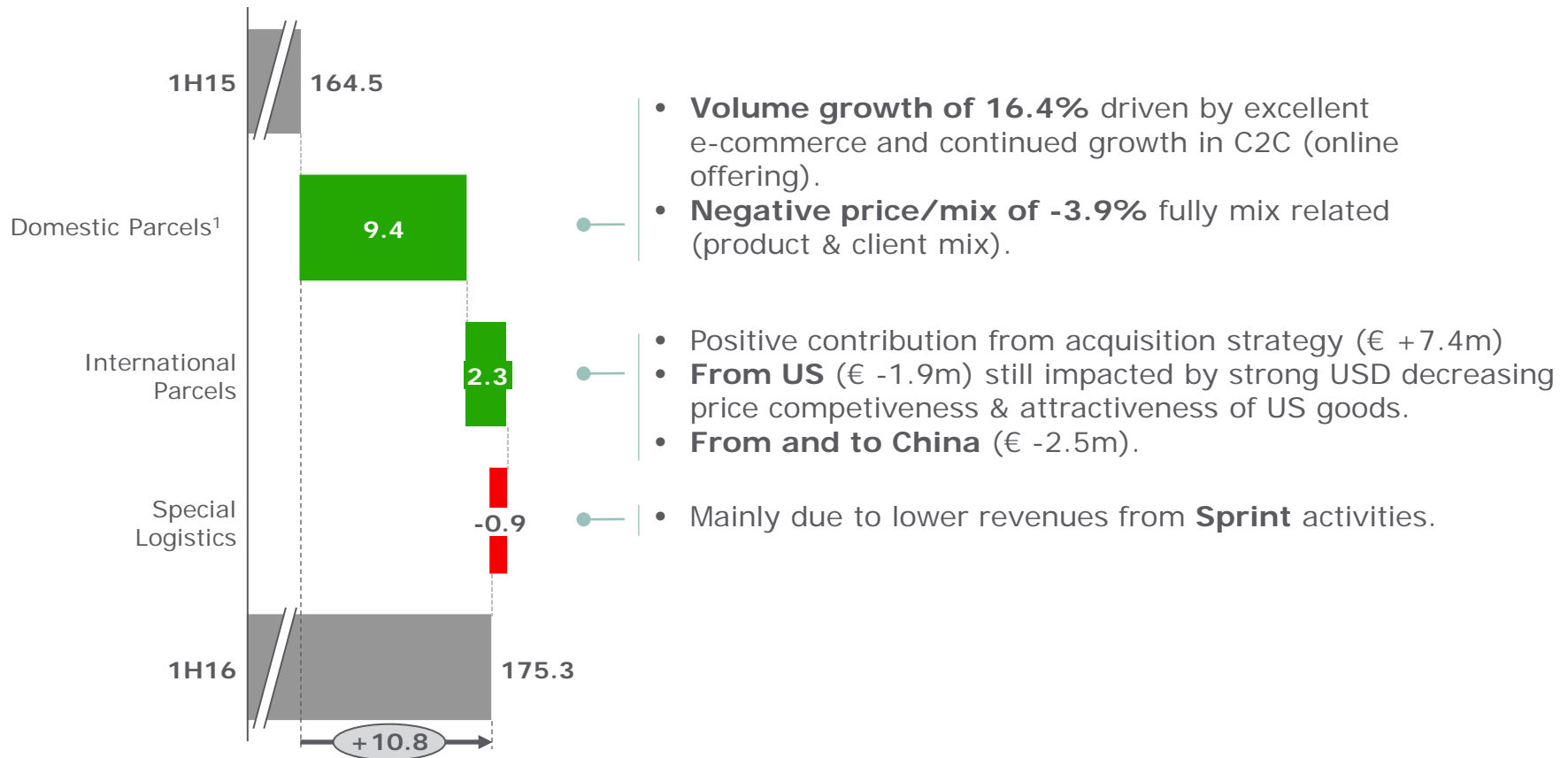
	Reported				Underlying ^{1, 2}			
	FY15	1Q16	2Q16	1H16	FY15	1Q16	2Q16	1H16
Transactional mail	-5.1%	-5.6%	-3.5%	-4.6%	-5.3%	-5.3%	-4.8%	-5.1%
Advertising mail	-6.9%	0.1%	-2.2%	-1.0%	-4.9%	0.1%	-2.2%	-1.0%
Press	-2.8%	-2.6%	-0.3%	-1.2%	-2.8%	-2.6%	-0.3%	-1.2%
Domestic Mail	-5.3%	-4.2%	-3.0%	-3.6%	-5.0%	-4.0%	-3.8%	-3.9%

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. 2Q16 counted 2 working days more vs. 2Q15.

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

Excellent performance in domestic parcels and continued growth from international

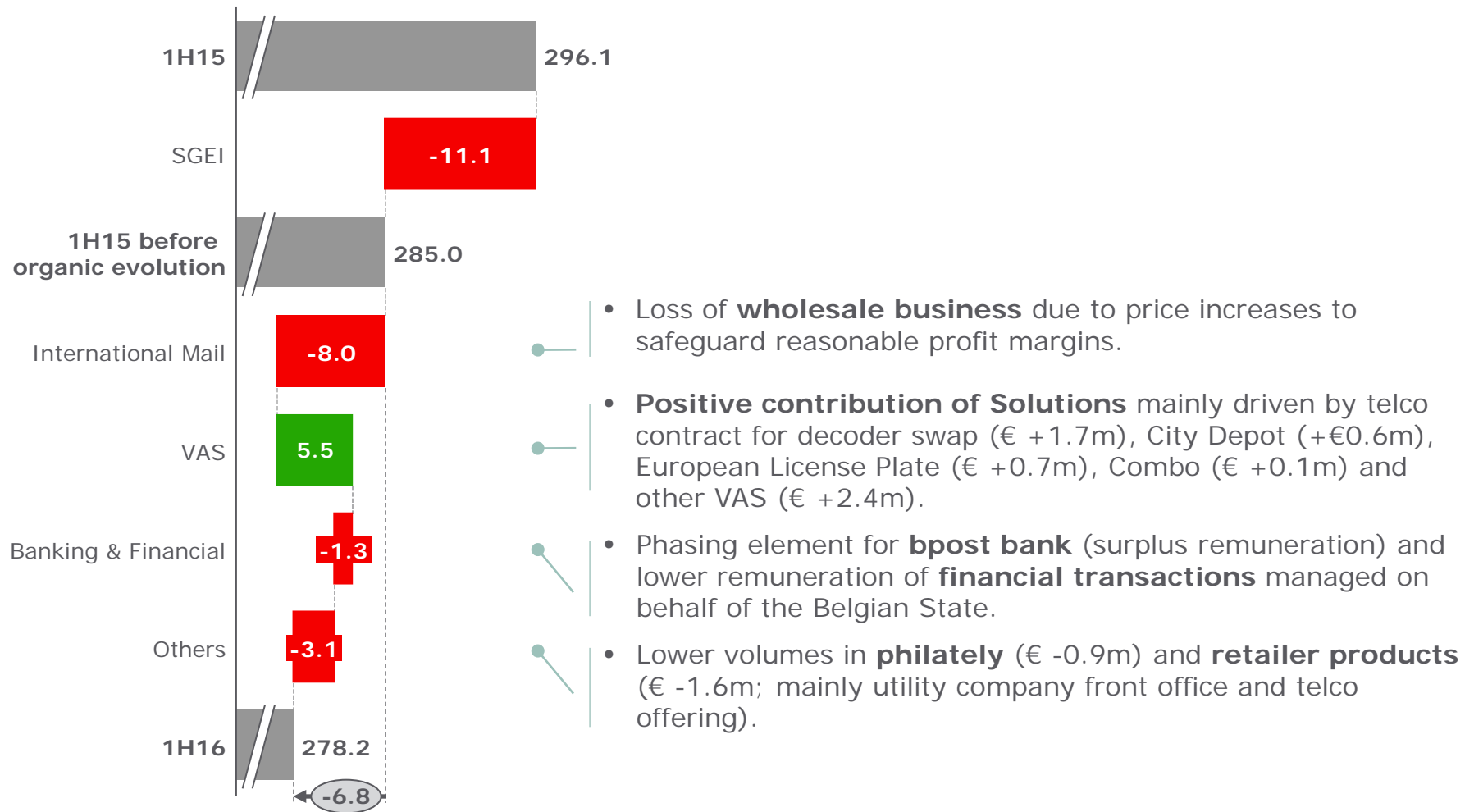
Total operating income (revenues), € million



¹ Defined as domestic and Belgian in- and outbound

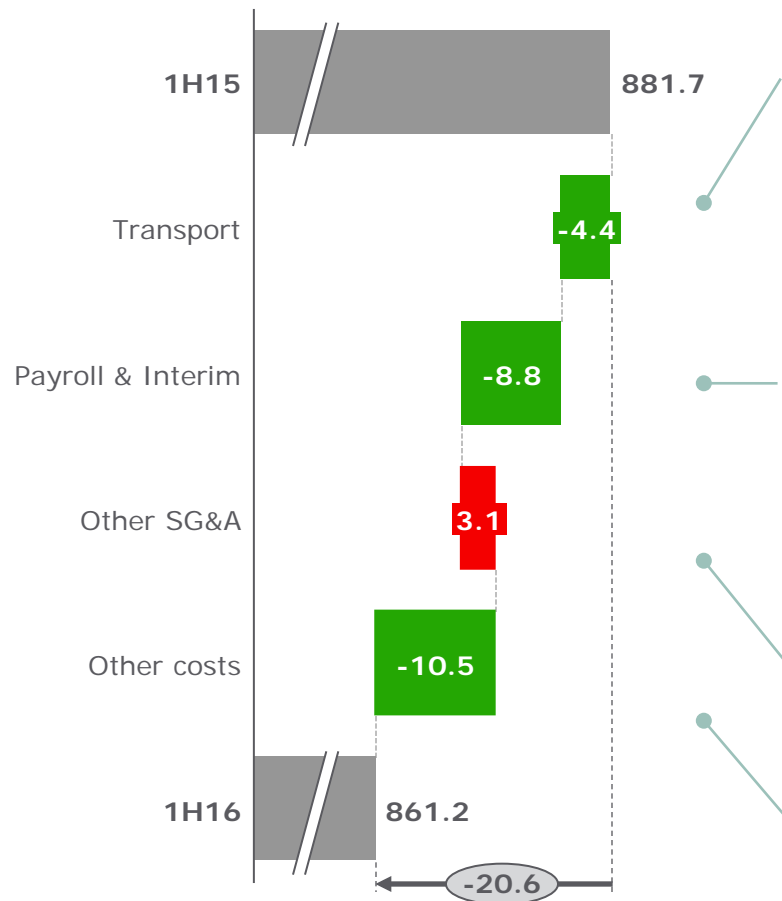
Additional sources of revenues mainly impacted by the loss of wholesale business and partly compensated by good performance in Solutions

Total operating income (revenues), € million



Cost savings on track

Operating expenses excl. depreciation and amortization, € million



- Decrease in transport costs linked to the evolution of international activities, partially offset by lower favourable settlements in previous year's terminal dues (€ +0.6m).
- **Average reported FTE reduction** of 216 FTE leading to € -6.7m cost savings, underlying FTE reduction is 721
- **Favourable FTE mix** of € -9.8m thanks to the recruitment of auxiliary postmen (€ -3.7m) and the reduction of management level FTE (€ -5.9m)
- **Positive price effect** of € -1.9m
- Holiday arrears (€ +1.7m) and increase of the costs of employee benefits (€ +1.7m).
- **One-off settlement** of social charges (net impact in 2016 € +4.3m)
- Mainly increased other costs related to strategic corporate projects.
- Mainly positive evolution of provisions (€ -5.9m), last year's earn-out for Gout (€ -2.0m) and higher increase of recoverable VAT (€ -3.0m: from 13% in 2014 to 14% in 2015 to 18.79% in 2016).

Lower SGEI compensation, Alpha pay-outs and acquisitions are the key drivers for the lower net cash generation

€ million	1H15	1H16	Delta
⊕ Cash flow from operating activities	+303.2	+293.3	-10.0
⊕ Cash flow from investing activities	-26.4	-62.0	-35.5
⊖ Operating free cash flow	+276.8	+231.3	-45.5
⊕ Financing activities	-44.4	-49.5	-5.1
⊖ Net cash movement	+232.4	+181.8	-50.6
Capex	-23.7	-31.7	-7.9

- Lower compensation and changed payment terms for SGEI: € -36.8m
- Lower income tax paid in 2016 vs. 2015 relating to previous years: € +21.1m
- Alpha pay-outs: € -18.3m
- Excluding the above:
 - Results of operating activities: € +17.1m
 - Working capital evolution: € +6.9m, mainly phasing elements

- Proceeds sale of buildings: € +6.1m
- Capex: € -7.9m
- 1H16 acquisitions & earn-outs: € -44.7m (final payment for SPE € -0.2m, FDM Australia € -12.1m, purchase 24.5% additional shares in LGI € -20.7m, City Depot € -0.2m, Apple Express Canada € -11.4m (subject to changes))
- Partially compensated by 1H15 outflows for Gout (€ +4.0m) and LGI (€ +7.0m)

- Dividend to minority interests: € -2.0m and higher dividend: € -4.0m

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

Key contacts



Baudouin de Hepcée

*Director External Communication,
Investor Relations & Public Affairs*

- **Email:** baudouin.dehepcee@bpost.be
- **Direct:** +32 (0) 2 276 22 28
- **Mobile:** +32 (0) 476 49 69 58
- **Address:** bpost, Centre Monnaie, 1000 Brussels, Belgium



Saskia Dheedene

Manager Investor Relations

- **Email:** saskia.dheedene@bpost.be
- **Direct:** +32 (0) 2 276 76 43
- **Mobile:** +32 (0) 477 92 23 43
- **Address:** bpost, Centre Monnaie, 1000 Brussels, Belgium