



# Third quarter 2016 results

## Analyst call

Koen Van Gerven, CEO  
Koen Beeckmans, CFO

Brussels – November 10, 2016

# Investor presentation - Interim financial report 3Q16

## Financial Calendar

More on [corporate.bpost.be/investors](http://corporate.bpost.be/investors)

**05.12.2016**

(17:45 CET)

Interim dividend 2016  
announcement

**08.12.2016**

Ex-dividend date  
(interim dividend)

**12.12.2016**

Dividend payment date

**08.03.2017**

(17:45 CET)

Annual results FY2016

**03.05.2017**

(17:45 CET)

Quarterly results 1Q17

**10.05.2017**

Ordinary General Meeting of  
Shareholders

**15.05.2017**

Ex-dividend date

**17.05.2017**

Payment date of the dividend

**07.08.2017**

(17:45 CET)

Quarterly results 2Q17

**08.11.2017**

(17:45 CET)

Quarterly results 3Q17

**04.12.2017**

(17:45 CET)

Interim dividend 2017  
announcement

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## Disclaimer

This presentation is based on information published by bpost in its Third Quarter 2016 Interim Financial Report, made available on November, 9<sup>th</sup> 2016 at 5.45pm CET on [corporate.bpost.be/investors](http://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 statements<sup>1</sup>, 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.

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

## Highlights of 3Q16



### Revenues down 2.3%

- Solid growth in Parcels revenues offset by the anticipated lower SGEI compensation and Domestic Mail

€ 538.1m



### Underlying Domestic Mail volume decline

- Continued strong performance in advertising offset by transactional & press

-5.9%



### Continued growth in both domestic and international parcels

- Domestic: volume growth driven by e-commerce and C2C; improved price/mix effect of -1.8%
- International: positive contribution from acquisitions, continued volume loss to China

+12.7%

+ € 4.1m



### Cost savings on track

- Normalized costs down, fully absorbing salary indexation and new CLA
- Underlying average FTE reduction of 604<sup>1</sup> for the quarter

- € 8.5m



Excluding SGEI, **normalized EBITDA up € 2.9m** demonstrating that our operating model continues to work

€ 110.1m

**Normalized BGAAP result of bpost SA/NV down only € 0.8m**

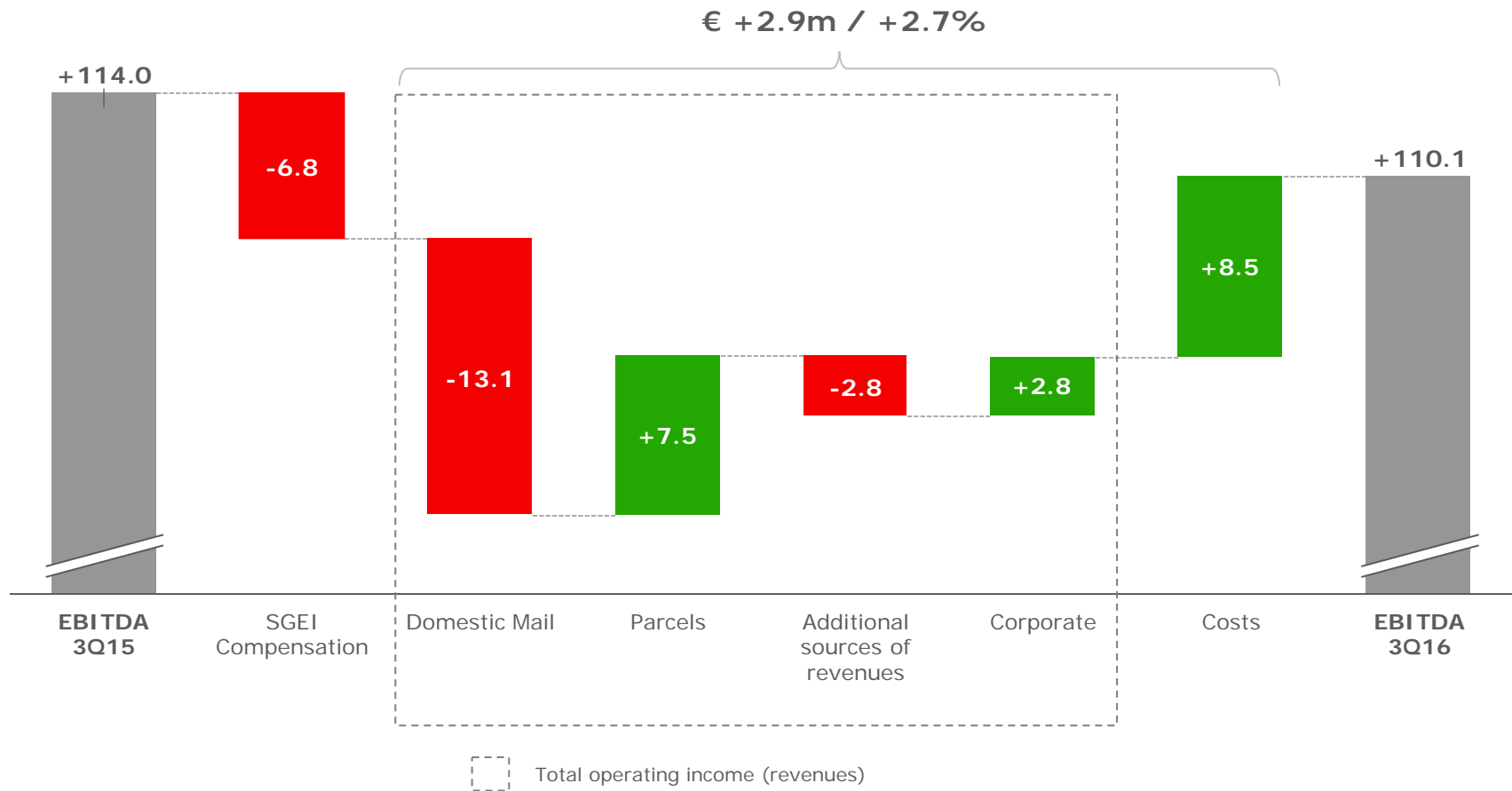
€ 50.5m

**Outlook reconfirmed: on track and confident to deliver our FY guidance**

<sup>1</sup> i.e. excluding 948 additional FTEs and interims for higher parcels & solutions volumes, Deltamedia integration and new subsidiaries leading to a reported average increase of FTEs and interims of 344.

# Parcels growth and cost savings offset by anticipated reduced SGEI compensation and domestic mail

Normalized<sup>1</sup>, € million



<sup>1</sup> Normalized figures are not audited

## Summary of key financials 3Q16

€ million

	Reported		Normalized <sup>1</sup>		
	3Q15	3Q16	3Q15	3Q16	% Δ
Total operating income (revenues)	550.5	538.1	550.5	538.1	-2.3%
Operating expenses	491.0	428.0	436.5	428.0	-2.0%
<b>EBITDA</b>	<b>59.5</b>	<b>110.1</b>	<b>114.0</b>	<b>110.1</b>	<b>-3.4%</b>
<i>Margin (%)</i>	10.8%	20.5%	20.7%	20.5%	-
<b>EBIT</b>	<b>37.1</b>	<b>87.8</b>	<b>91.6</b>	<b>87.8</b>	<b>-4.2%</b>
<i>Margin (%)</i>	6.7%	16.3%	16.6%	16.3%	-
<b>Profit before tax</b>	<b>37.6</b>	<b>89.0</b>	<b>92.1</b>	<b>89.0</b>	<b>-3.4%</b>
Income tax expense	11.6	28.2	30.0	28.2	-
<b>Net profit</b>	<b>26.0</b>	<b>60.8</b>	<b>62.1</b>	<b>60.8</b>	<b>-2.1%</b>
<b>FCF</b>	<b>(29.5)</b>	<b>(71.9)</b>	<b>(29.5)</b>	<b>(71.9)</b>	<b>-</b>
<b>bpost S.A./N.V. net profit (BGAAP)</b>	<b>15.2</b>	<b>50.5</b>	<b>51.3</b>	<b>50.5</b>	<b>-1.6%</b>
<b>Net Debt/ (Net cash), at 30 Sept.</b>	<b>(690.6)</b>	<b>(657.7)</b>	<b>(690.6)</b>	<b>(657.7)</b>	<b>-4.8%</b>

Alpha social plan  
provision of  
€ 54.5m

<sup>1</sup> Normalized figures are not audited

## Total operating income (revenues)

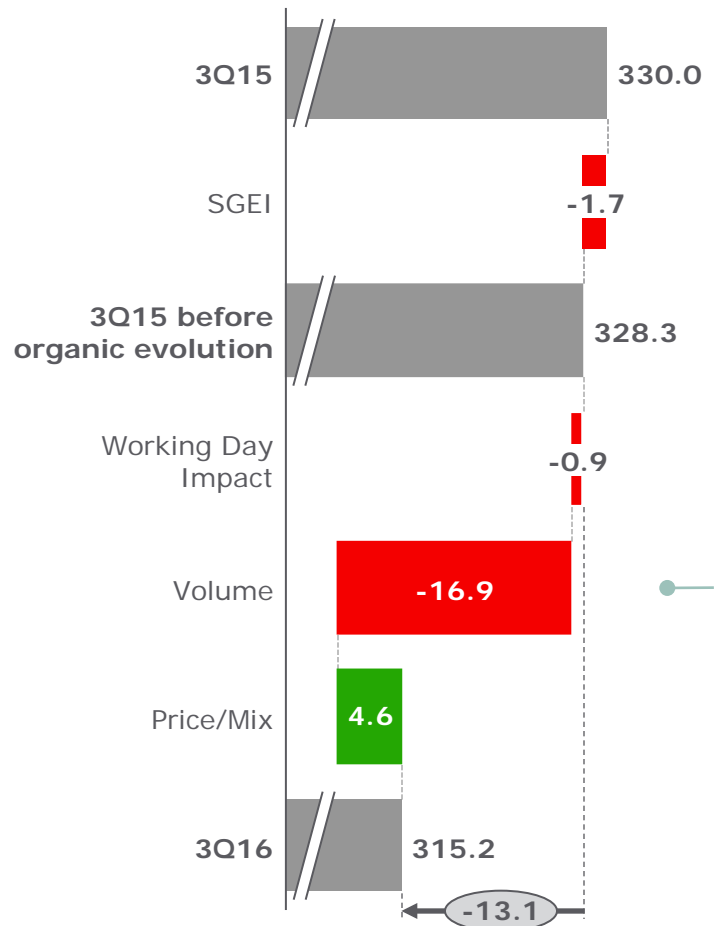
€ million

		3Q15	SGEI	Δ	3Q16	% Δ
<b>Domestic mail</b>	Transactional mail	202.8	-	-12.2	190.6	-6.0%
	Advertising mail	56.1	-	-0.4	55.7	-0.8%
	Press	71.0	-1.7	-0.4	68.9	-0.6%
<b>Parcels</b>	Domestic parcels <sup>1</sup>	37.8	-	3.8	41.6	10.0%
	International parcels	38.1	-	4.1	42.3	10.9%
	Special logistics	2.4	-	-0.5	1.9	-19.1%
<b>Additional sources of revenues</b>	International mail	40.0	-	-2.8	37.2	-7.0%
	Value added services	23.3	-	1.0	24.3	4.2%
	Banking and financial	50.6	-2.9	-1.7	46.1	-3.3%
	Other	26.7	-2.3	0.7	25.1	2.4%
	Corporate	1.6	-	2.8	4.4	167.8%
<b>TOTAL</b>		<b>550.5</b>	<b>-6.8</b>	<b>-5.6</b>	<b>538.1</b>	<b>-1.0%</b>

<sup>1</sup> Defined as domestic and Belgian in- and outbound

## Domestic mail underlying volume trend at -4.5% YTD in line with our full year guidance

Total operating income (revenues), € million



### • Transactional Mail:

- impacted by weaker sales over the summer months especially for franking machines, while 2Q16 benefitted from positive volume impact of social elections and 3Q15 from a specific mailing from the utility sector due to changed VAT rate on electricity.
- continued e-substitution, shift towards cheaper products (less registered).

### • Advertising Mail: continued strong performance driven by focus on growth segments.

- **Press:** low renewal rate on newspaper subscriptions contracted in 3Q15 and periodicals impacted by reduced number of issues and less acquisitions campaigns vs. 3Q15.

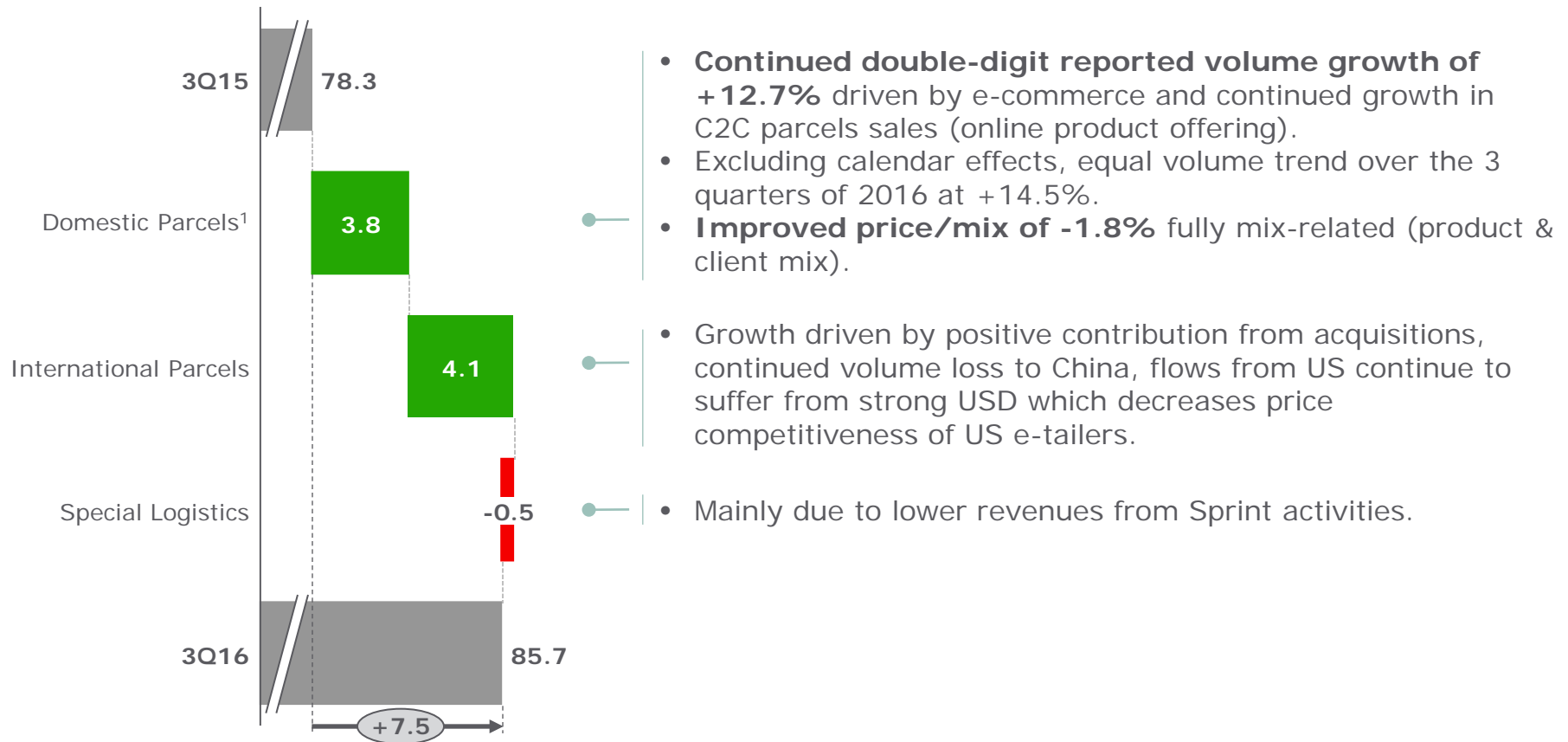
	Reported					Underlying <sup>1, 2</sup>				
	FY15	1Q16	2Q16	3Q16	YTD16	FY15	1Q16	2Q16	3Q16	YTD16
Transactional mail	-5.1%	-5.6%	-3.5%	-7.8%	-5.5%	-5.3%	-5.3%	-4.8%	-7.4%	-5.8%
Advertising mail	-6.9%	0.1%	-2.2%	-1.2%	-1.1%	-4.9%	0.1%	-2.2%	-1.2%	-1.1%
Press	-2.8%	-2.6%	-0.3%	-4.2%	-2.3%	-2.8%	-2.6%	-0.3%	-4.2%	-2.3%
<b>Domestic Mail</b>	<b>-5.3%</b>	<b>-4.2%</b>	<b>-3.0%</b>	<b>-6.1%</b>	<b>-4.4%</b>	<b>-5.0%</b>	<b>-4.0%</b>	<b>-3.8%</b>	<b>-5.9%</b>	<b>-4.5%</b>

<sup>1</sup> 3Q16 had 1 working day less vs. 3Q15 except for stamps which had the same number of business working days as 3Q15

<sup>2</sup> FY15 corrected for requalification of advertising mail to administrative mail

## Continued growth in both domestic and international parcels

Total operating income (revenues), € million

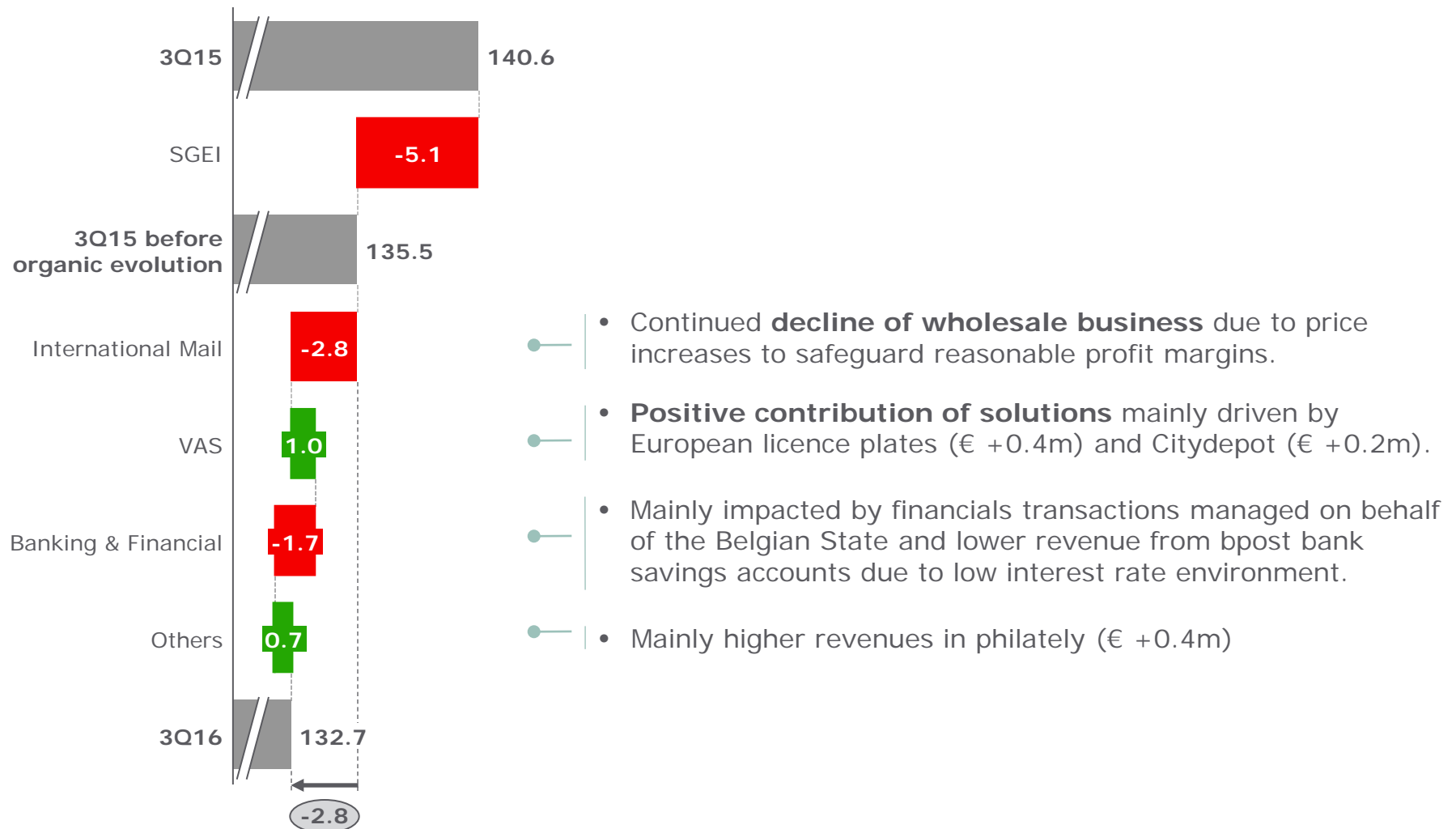


<sup>1</sup> Defined as domestic and Belgian in- and outbound



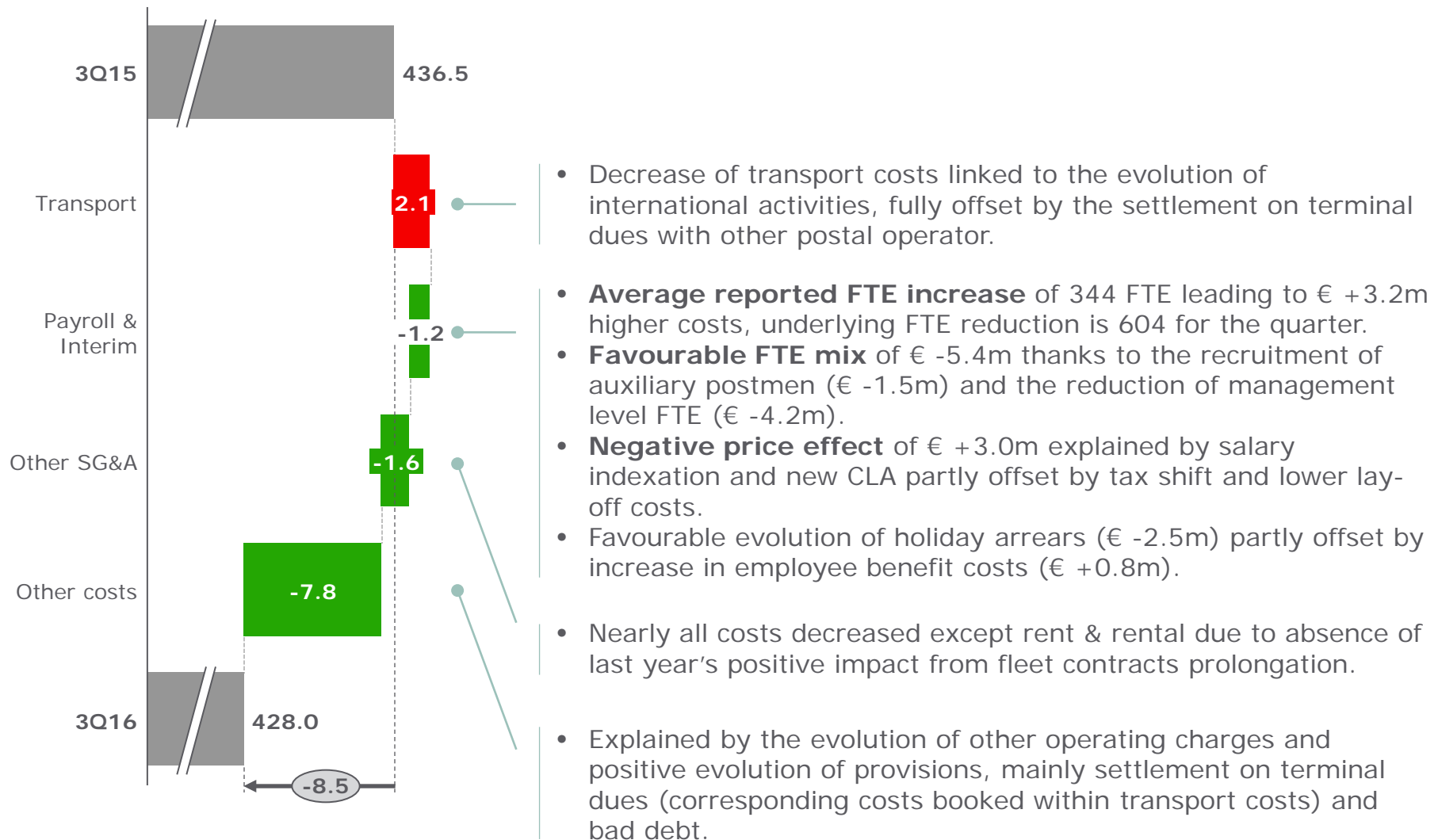
## Additional sources of revenues driven by Value Added Services

Total operating income (revenues), € million



## Cost savings on track

Operating expenses excl. depreciation and amortization, normalized<sup>1</sup>, € million



<sup>1</sup> Normalized figures are not audited

## FCF impacted by terminal dues payment, tax prepayments and negative working capital evolution mainly due to phasing elements

€ million	3Q15	3Q16	Delta
⊕ Cash flow from operating activities	-6.0	-64.2	-58.2
⊕ Cash flow from investing activities	-23.5	-7.8	+15.7
⊖ <b>Operating free cash flow<sup>1</sup></b>	<b>-29.5</b>	<b>-71.9</b>	<b>-42.5</b>
⊕ Financing activities	-0.2	-0.1	+0.2
⊖ <b>Net cash movement</b>	<b>-29.7</b>	<b>-72.0</b>	<b>-42.3</b>
<b>Capex</b>	<b>-24.9</b>	<b>-11.3</b>	<b>+13.6</b>

- Alpha pay-outs: € +2.5m
- Terminal dues payment, mainly phasing as costs were booked in previous years in transport cost: € -16.8m
- Higher tax prepayment in 3Q16 (phasing): € -10.0m
- Excluding Alpha pay-outs/provision<sup>2</sup>, the terminal dues payment and the higher tax prepayment:
  - Results of operating activities: € -4.3m, in line with evolution of normalized EBITDA
  - Working capital evolution: € -29.6m, mainly due to phasing elements: Social Security payments (€ -8.0m), payment of commissions on banking products (€ -7.5m) and evolution in outstanding balances with suppliers

- Higher proceeds sale of buildings: € +2.1m
- Lower capex: € +13.6m

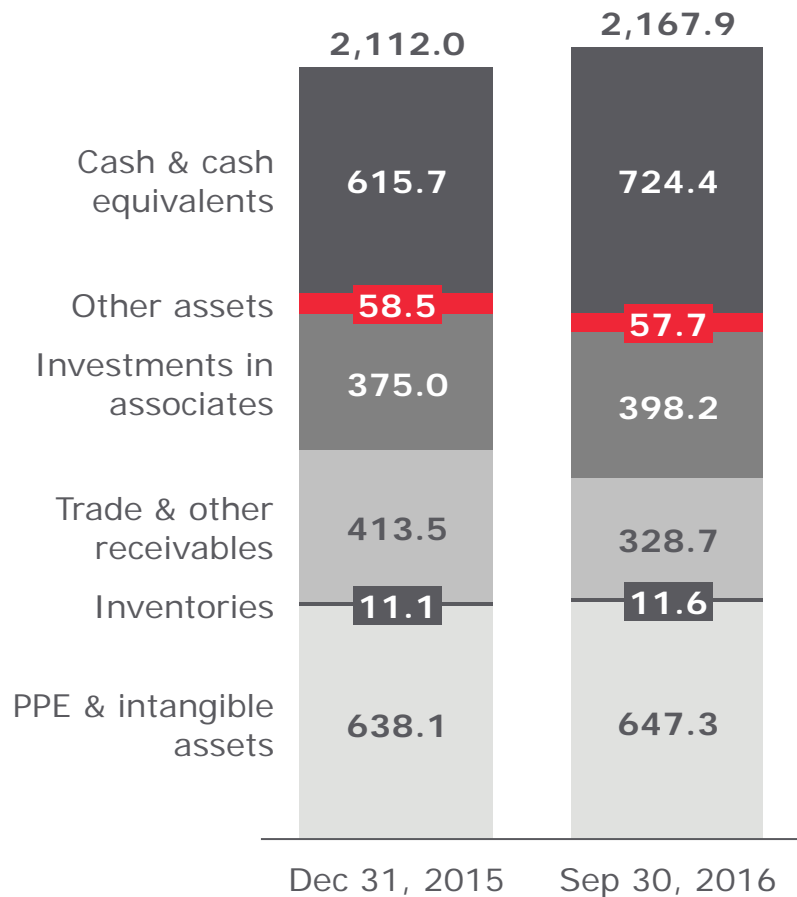
<sup>1</sup> Operating free cash flow = cash flow from operating activities + cash flow from investing activities

<sup>2</sup> 3Q15 Alpha provision amounted to € 54.5m of which € 7.6m was incorporated in 'employee benefits' provisions and € 46.9m in working capital (social debts)

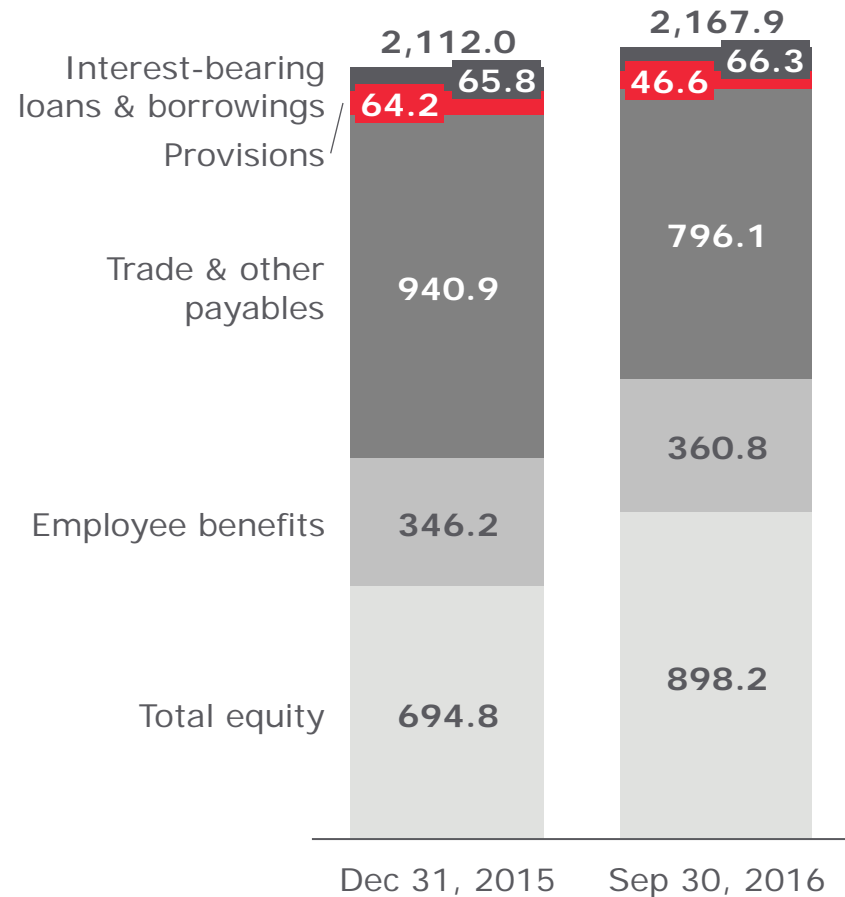
## Strong balance sheet structure

€ million

### Assets



### Equity and liabilities



## Outlook for 2016<sup>1</sup>

### Top line

- Underlying Domestic Mail **volume decline around 5%**<sup>2</sup>
- 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.

<sup>1</sup> Outlook 2016 excludes the impact of the acquisition of the Belgian activities of Lagardère Travel Retail

<sup>2</sup> 4Q16 will count 1 day less vs. same quarter of 2015.

# Key contacts



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