First quarter 2017 results

Analyst call

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bpost
takes care of it

Brussels – May 3, 2017

Investor presentation - Interim financial report 1Q17

Financial Calendar

More on corporate.bpost.be/investors

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

07.12.2017
Ex-dividend date (interim dividend)

11.12.2017
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 1Q17

Revenues up 26.4%

- Driven by excellent parcels growth and acquisitions; supported by resilient Domestic Mail

€ 764.0m

Resilient underlying Domestic Mail evolution

- Driven by strong and positive advertising mail volume trend

-4.7%

Excellent parcels performance

- Domestic: double-digit volume growth driven by e-commerce and C2C; price/mix effect of -3.4% fully mix related
- International: positive contribution from acquisitions, increase in flows from China and the US, continued volume loss to China

+24.5%

+ € 11.4m

Organic cost evolution on track

- Opex influenced by acquisitions (€ +153.0m)
- Increase in transport cost in line with positive international business evolution

+ € 158.4m

EBITDA up € 1.1m, fully in line with our guidance

€ 176.9m

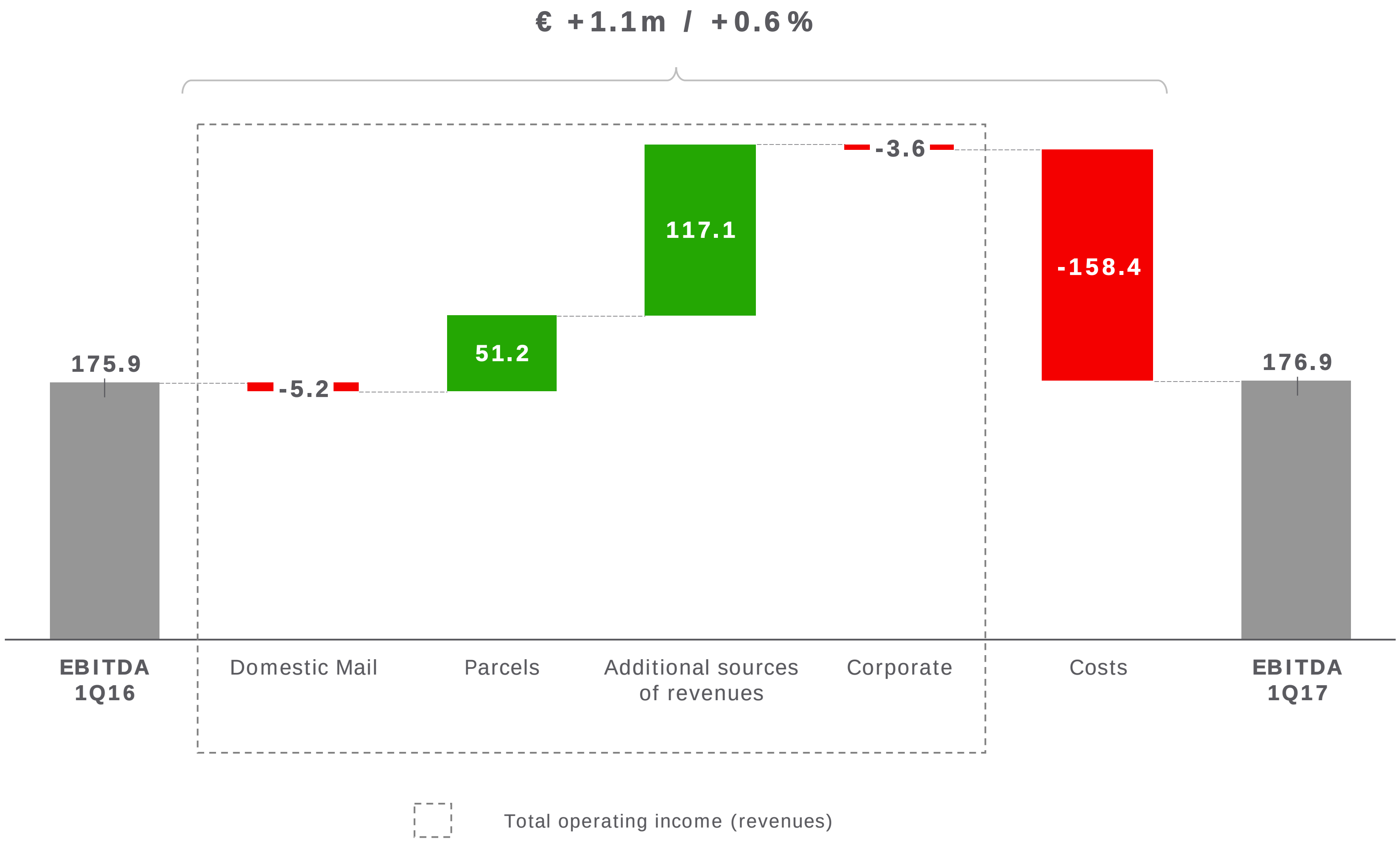
BGAAP net profit of bpost SA/NV up € 4.3m

€ 94.3m

2017 outlook maintained

EBITDA growth driven by excellent parcels performance and supported by acquisitions and resilient mail

€ million



Summary of key financials 1Q17

€ million

	1Q16	1Q17	% Δ
Total operating income (revenues)	604.5	764.0	26.4%
Operating expenses	428.7	587.1	37.0%
EBITDA	**175.9**	**176.9**	**0.6%**
Margin (%)	*29.1%*	*23.2%*	
EBIT	**153.9**	**154.2**	**0.2%**
Margin (%)	*25.5%*	*20.2%*	
Profit before tax	**149.3**	**150.3**	**0.7%**
Income tax expense	53.4	54.2	
Net profit	**95.9**	**96.1**	**0.2%**
FCF	**245.9**	**166.2**	**-32.4%**
bpost S.A./N.V. net profit (BGAAP)	**90.0**	**94.3**	**4.8%**
Net Debt/ (Net cash), at 31 March	**(792.2)**	**(659.1)**	**-16.8%**

Total operating income (revenues)

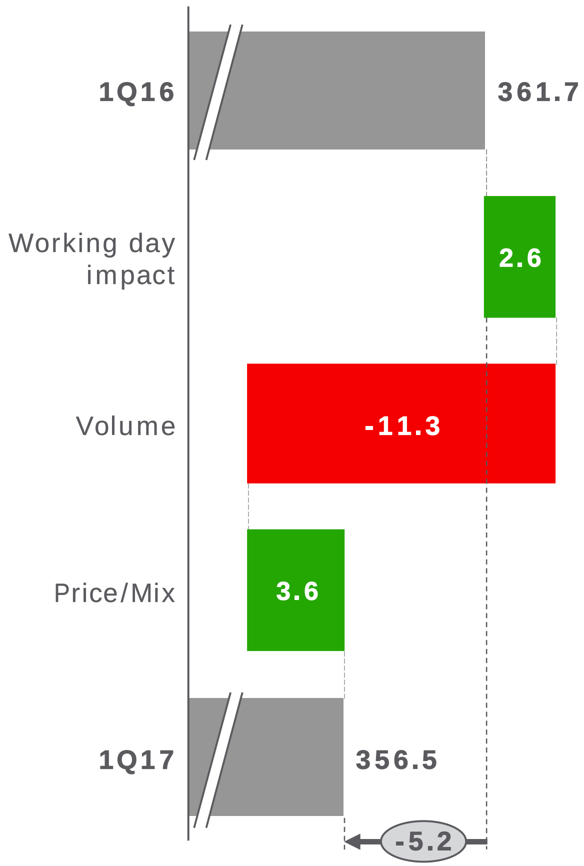
€ million

		1Q16 comparable	Δ	1Q17	% Δ
Domestic mail	Transactional mail	223.7	-9.6	214.2	-4.3%
	Advertising mail	65.1	2.2	67.4	3.4%
	Press	72.9	2.2	75.0	3.0%
Parcels	Domestic parcels[1]	43.9	8.5	52.4	19.4%
	International parcels	41.9	11.4	53.3	27.3%
	Logistic solutions	2.6	31.3	34.0	-
Additional sources of revenues	International mail	39.2	2.9	42.1	7.5%
	Value added services	25.5	0.5	26.0	2.0%
	Banking and financial	48.5	-2.0	46.6	-4.1%
	Distribution	-	68.7	68.7	-
	Retail & Other	23.8	46.9	70.7	197.1%
	Corporate	17.4	-3.6	13.7	-21.0%
TOTAL		**604.5**	**159.5**	**764.0**	**26.4%**

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

Domestic mail underlying volume trend at -4.7% driven by positive advertising mail trend

Total operating income (revenues), € million



- Very good performance against a tough comparable base at -4.0% for 1Q16.
- **Transactional Mail:** shift towards cheaper products and continued e-substitution.
- **Advertising Mail:** strong performance across all focus segments and specific campaigns, positive impact from timing of Christmas holiday and Easter (2Q17 vs. 1Q16).
- **Press:** Slightly lower volume trend mainly due to periodicals.

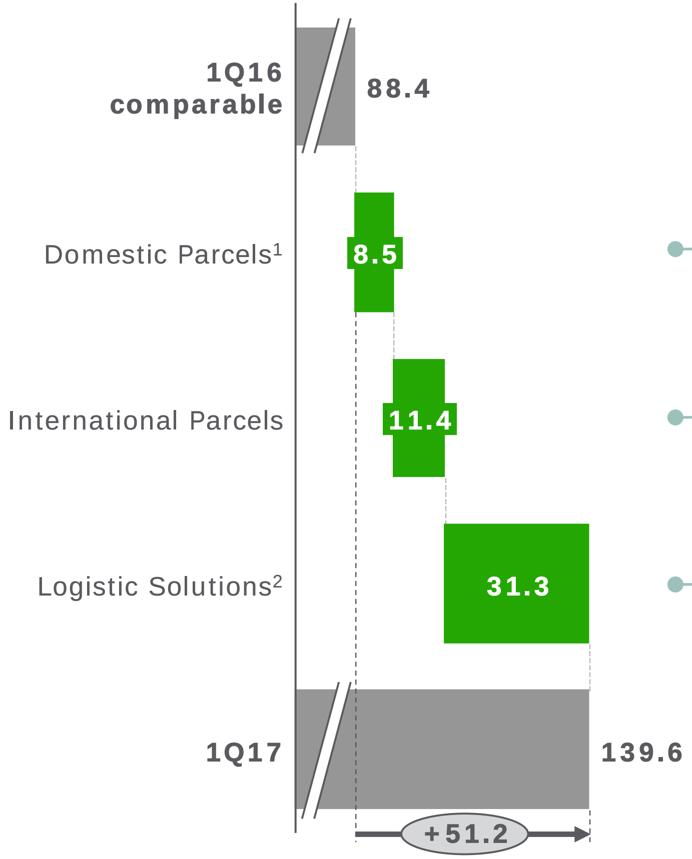
	Reported		Underlying[1]					
	FY16	1Q17	1Q16	2Q16	3Q16	4Q16	FY16	1Q17
Transactional mail	-5.9%	-6.0%	-5.3%	-4.8%	-7.4%	-6.4%	-5.9%	-7.0%
Advertising mail	-3.0%	2.7%	0.1%	-2.2%	-1.2%	-7.8%	-3.0%	2.3%
Press	-2.8%	-3.1%	-2.6%	-0.3%	-4.2%	-4.1%	-2.8%	-3.1%
Domestic Mail	**-5.0%**	**-3.9%**	**-4.0%**	**-3.8%**	**-5.9%**	**-6.4%**	**-5.0%**	**-4.7%**

- Impacted by regulatory decision on small user basket pricing.

1 1Q17 had 2 working days more than 1Q16 for stamps and franking machines.

Excellent parcels performance, growth in Logistic Solutions driven by DynaGroup

Total operating income (revenues), € million



- **Reported volume growth of +24.5%** driven by e-commerce and the online C2C product offering.
- **Price / mix of -3.4%:** price increase fully offset by product & client mix effect.

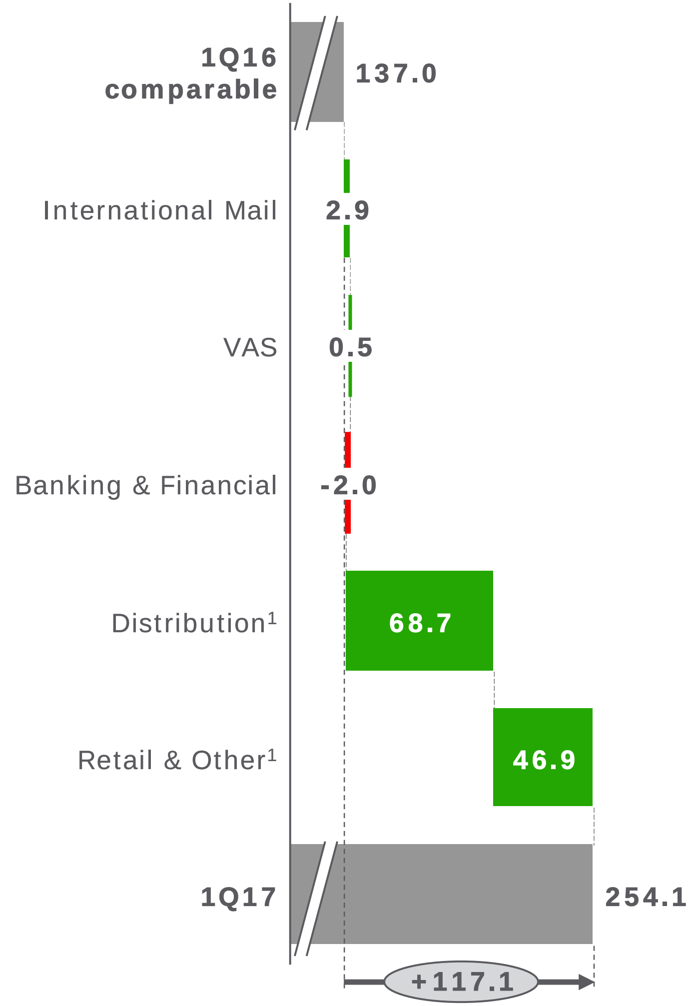
- Growth driven by positive contribution from acquisitions and increase in flows from China and the US, continued volume loss to China.

- Consolidation of DynaGroup as of 1 January 2017.

1 Defined as domestic and Belgian in- and outbound
2 New category, previously called Special Logistics

Additional sources of revenues driven by the acquisition of Ubiway

Total operating income (revenues), € million

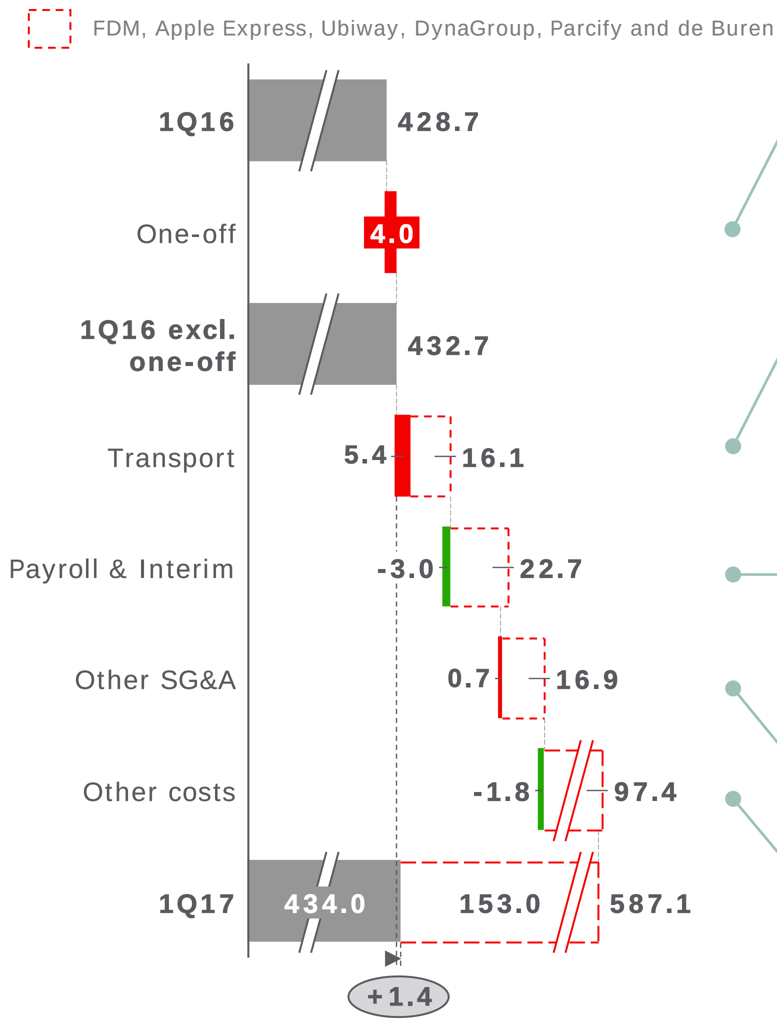


- Positive evolution driven by increased business mail volumes.
- Mainly Speos (document management services).
- Mainly lower revenues from bpost bank a.o. on savings accounts due to the low interest rate environment; partly compensated by Western Union revenues.
- Consists of Ubiway press distribution as well as convenience distribution through Alvadis (pre-paid services) and Burnonville (impulse products).
- Consists of Ubiway proximity and convenience retail as well as other revenues.

[1] New category

Organic cost evolution on track. Opex influenced by acquisitions (€ +153.0m). Increase in transport cost in line with positive international business evolution.

Operating expenses excl. depreciation and amortization, € million



- 2016 benefited from a positive impact from the increase of the recoverable VAT from 2016 vs. 2015 (EUR +4.0m) in other costs.
- Increase driven by acquisitions. Excluding scope change, increase driven by growth in the international business and lower favorable settlements in previous year's terminal dues.
- **Average reported FTE & interim increase** of 1,586 leading to € +20.9m additional costs and explained by the integration of new subsidiaries.
- **Favourable FTE mix** of € -3.9m thanks to the recruitment of auxiliary postmen (€ -2.8m) and the reduction of management level FTE (€ -1.0m).
- **Negative price effect** of € +3.7m explained by salary indexation, CLA and merit increases partly compensated by tax shift.
- Increase driven by acquisitions. Excluding scope change, increase of rent and rental, maintenance and energy costs (linked to increased fuel price), almost compensated by the decrease of consultancy costs and third party remuneration.
- Increase driven by acquisitions.

Decrease in operating FCF[1] mainly driven by acquisitions and phasing in working capital evolution

€ million	1Q16	1Q17	Delta
Cash flow from operating activities	+281.1	+255.6	-25.5
Cash flow from investing activities	-35.1	-89.3	-54.2
Operating free cash flow	**+245.9**	**+166.2**	**-79.7**
Financing activities	-2.1	-0.3	+1.8
Net cash movement	**+243.9**	**+165.9**	**-77.9**
Capex	**-12.4**	**-13.0**	**-0.6**

- Lower income tax paid relating to previous years: **€ +5.9m**
- Alpha pay-outs: **€ +10.9m**
- Excluding the above:
  - Results of operating activities: **€ +0.6m**
  - Working capital evolution: **€ -42.8m**, mainly explained by a negative phasing in suppliers and Social Security payments

Mainly due to:
- Lower proceeds from sale of buildings: **€ -1.2m**
- Purchase of 24.5% remaining shares in LGI: **€ -11.0m**
- DynaGroup acquisition: **€ -50.2m**
- FDM (Australia) acquisition cash outflow in 1Q16 vs. earn-out in 1Q17: **€ +8.6m**

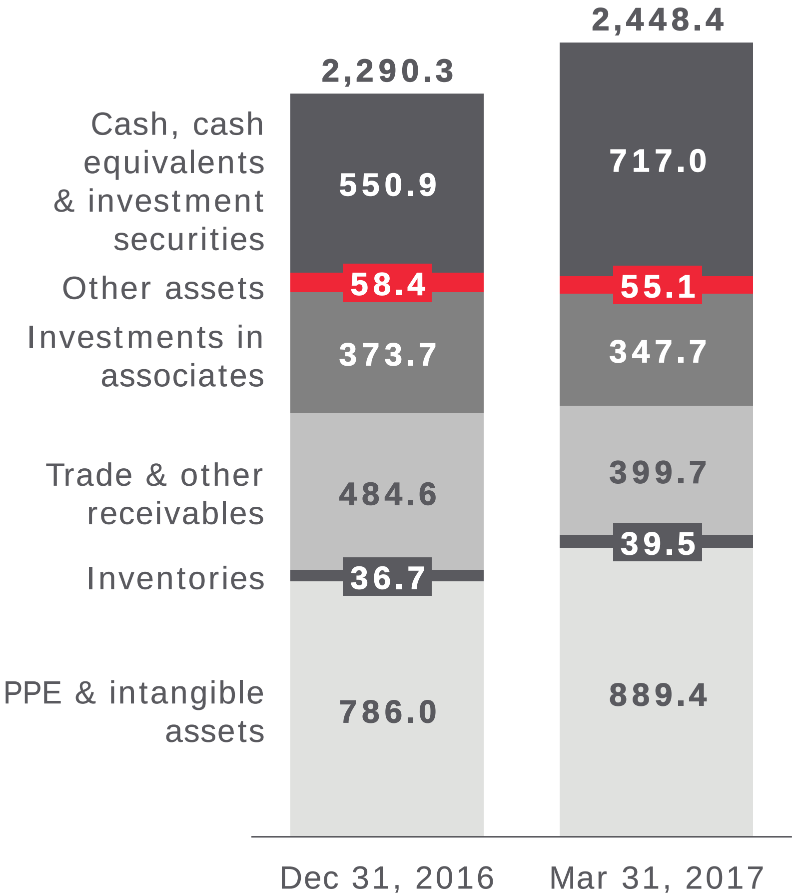
- Payment of a dividend to minority interest in 1Q16: **€ +2.0m**

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

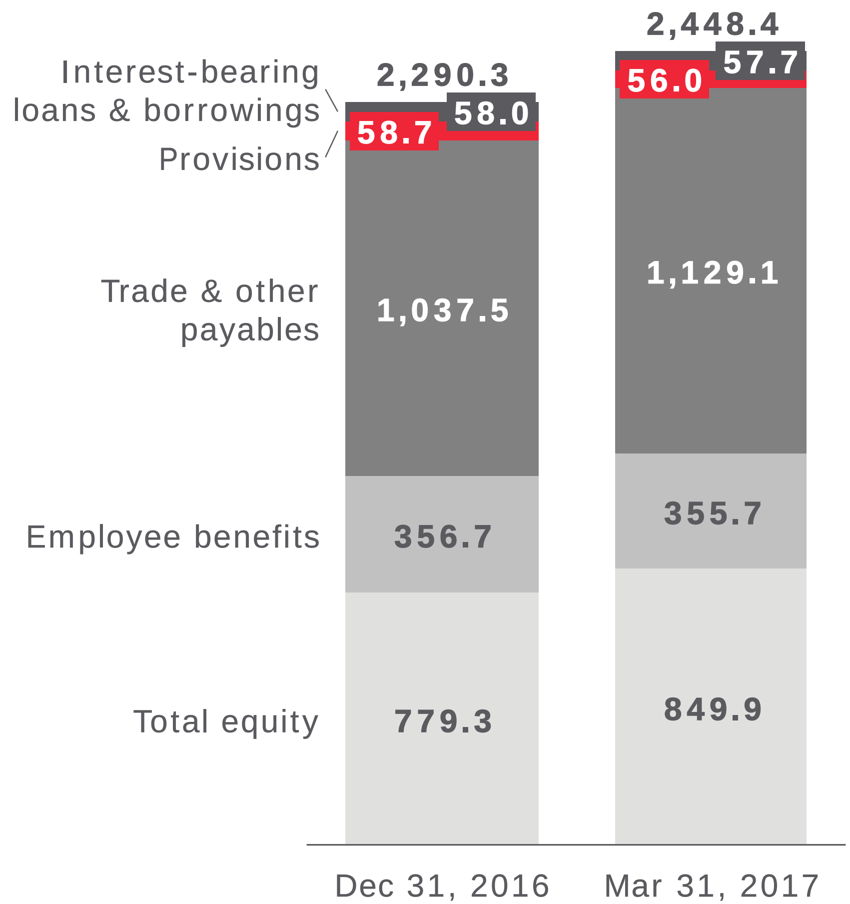
Strong balance sheet structure

€ million

Assets



Equity and liabilities



Outlook for 2017 – maintained

Recurring EBITDA and dividend payment at the same level as 2016

Revenues

Increase driven by:

- Growth in **domestic parcels:** volume double digit, around -3% price/mix effect
- Continued growth in **international parcels** supported by newly acquired businesses
- Growing **Ubiway Retail** revenues
- Partly offset by decrease in **domestic mail**[1]**:** volume between -5% and -6%, average domestic mail price increase of 1.5%

Operating expenses

Increase driven by:

- Increase in transport cost (reflecting growth in International Parcels)
- Integration of acquired businesses
- Salary indexation expected as of July 2017
- Partly compensated by continued productivity improvements and optimized FTE mix, and
- Continued cost optimization

Capex

- Recurring and Vision 2020 investments ~€ 90m
- Business development investments: Ubiway < € 10m

[1] 2Q17 will count 2 working days less, 3Q17 1 less on franking machines and 2 less on stamps and 4Q17 1 less on franking machines and 1 more on stamps vs. the same quarters of 2016.

Overall guidance 2016-2020 as issued at CMD on 15 November 2016

We confirm our long term ambition of at least € 620m[1] EBITDA by 2020

Revenue

Increase driven by:

- Growth in **domestic parcels: volume +75% at least** (vs. 2015), -2 to -3% price/mix effect
- Growth in **international parcels: revenue x2 at least** (vs. 2015)
- Decrease in **domestic mail: volume up to -6%**

Operating expenses

Increase driven by:

- Increase in transport cost (reflecting growth in International)
- Integration of acquired businesses
- Inflation
- Partly compensated by **up to 4% FTE & interim productivity increase p.a.** at current scope and
- Optimized FTE mix

Capex

- Further Vision 2020 investments in **2017-18: ~€ 90m p.a.** excluding Ubiway capex
- Maintenance capex level in **2019-20: ~€ 60m p.a.** excluding Ubiway capex

Maintenance of dividend policy

At least 85% pay-out of BGAAP net profit

M&A on top of overall 2020 EBITDA guidance

Accretive contribution supported by strong balance sheet. Any decision must be evaluated on 5 criteria

[1] including acquisitions of FDM, Apple Express, Ubiway, Parcify and de Buren

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