

## **bpost group presents CONNECT 2026, an updated strategic vision to accelerate its transformation into an omni-commerce group close to society**

- Today, bpost group reveals its new strategic vision CONNECT 2026 to accelerate its transformation into a customer centric and sustainable omni-commerce group close to society, while remaining an efficient mail provider in Belgium
- The rapidly evolving customer needs require additional initiatives so that bpost group can facilitate its customers in its last mile services in a digital world, develop new business opportunities and enhance innovation
- In order to drive the business transformation and create sustainable shareholder value, the Board of Directors has approved an attuned capital allocation framework, where accelerated investments in the business transformation and thus in future growth, aim to result in a dividend pay-out policy of 30 to 50% of IFRS net profit
- The ambition of CONNECT 2026 is to seek to more than compensate the EBIT loss from the declining mail business over the trajectory 2021-2026

These last years, the postal industry is being challenged by ongoing structural change in a less predictable economic reality. Evolving customer needs have led to an acceleration of mail volume decline while e-commerce is making inroads. During these last quarters, the COVID-19 crisis has clearly revealed what an acceleration of the business transformation might look like, with spectacular growth figures in the Parcels & Logistics activity. This new reality, which will continue even after the COVID-19 crisis, requires an acceleration of the multi-year transformation journey in which bpost group is embarked.

In order to be able to respond to the evolving customer needs and lay strong foundations for a viable future, bpost concluded a comprehensive review of the group's strategic vision and capital allocation, aimed at successfully driving the company's business transformation, while staying financially disciplined and creating sustainable shareholder value.

### **bpost group wants to become a "trusted guide to connect in a changing world"**

The new strategic vision CONNECT 2026 is an evolution, not a revolution. Over the past few years, bpost group has already succeeded to turn into an efficient and innovative mail operator in Belgium, while becoming a relevant actor in the parcels and e-commerce logistics space in Belgium, in Europe and in the US. Today, the group is ready to move up a gear and to accelerate its business transformation in order to be able to continue to create long-term sustainable value for its worldwide customers and shareholders in the years to come.

Jean-Paul Van Avermaet, CEO bpost group : *"The launch of CONNECT 2026 is a mind shift for our company for at least four main reasons. Firstly, it will allow us to continue to reinvent our company in order to put customer centricity even more at the heart of everything we do. Anticipating the evolving needs of the customers is what drives us and motivates us to create value from them. Secondly, it will allow us to invest in our omni-commerce logistics activities. This is our main engine of growth, thanks in particular to the great opportunities offered by Radial and Active Ants in e-commerce logistics. Active Ants, for example, will be opening a number of new sites in European countries, including Belgium. Thirdly, our new strategic vision more than ever puts the spotlight on our societal role, by underlining our willingness to develop new services and this as a planet-friendly and inclusive organization. As it is mentioned clearly in our CONNECT 2026 vision, bpost group wants to be the trusted guide to connect in a changing world for our customers, employees, citizens, companies, shareholders and governments. And last but not least, the launch of this ambitious strategic vision sets the guidance of a sustainable future for bpost group and all its employees, who give the best of themselves every single day."*

## The updated strategic vision CONNECT 2026 is built on 7 ambitions

**Be the trusted partner for brands, enabling them to successfully grow their omni-commerce activities through:**

- Growing omni-commerce revenues and EBIT
- Growing revenue from digital services in omni-commerce
- Serving brands in e-commerce logistics with at least 2 different value chain services
- Joint vision Radial NA and Radial EU: Serving leading US brands in Europe, or leading EU brands in the US

**Make Belgium a top-notch omni-commerce country through:**

- Supporting Belgian SME's to embrace e-commerce and increase their online business by offering the best customer experience for senders and receivers

**Be recognized as a new and innovative company offering exciting customer experiences through:**

- A fundamental shift from a sender to a receiver perspective, and thus even better serve the sender
- Creating innovative exciting customer experiences to increase the NPS per business line year-on-year
- Co-creating and testing new solutions and features with clients in a fully operational innovation center and implementing them afterwards
- Having 5 million users within the Belgian bpost app by the end of 2022

**Guarantee sustainable long-term profitability, ensuring investments for business transformation beyond mail:**

- Re-invent and roll-out the Mail & Parcels Supply Chain in Belgium, based on the expected market evolution combining agility, cost and service quality
- Drive further value creation in Mail
- The financial ambition is to seek to more than compensate the EBIT loss from our declining mail business in the trajectory 2021-2026, and gear for adjusted EBIT growth of bpost group.  
Going forward, we will give yearly financial guidance rather than long-term group EBIT targets since our business transformation is partly dependent on exogenous factors which are unpredictable in timing.

**Be a reference sustainable & planet-friendly company through:**

- Being fully active in several Belgian cities with sustainable city logistics for zero emission in city-centers
- Decreasing the total carbon footprint by 20% in 2030, compared to 2017 at group level
- Deploying 50% e-vans by 2030 at group level
- Having an external certification by a reference entity for clients and investors

**Be an important contributor to social cohesion in society and the preferred partner for public services in a changing world through:**

- Creating additional paid neighbourhood and proximity services
- Retaining the existing services to public authorities including modernization of them

**Be an inclusive organization, offering life-learning experiences through:**

- Launching bpost academy to up-skill and re-skill bpost employees
- Developing a human capital and diversity plan at group level
- Setting up a "One group, one team, one spirit, one bpost group" culture that lives throughout all companies in the bpost group

## To drive its renewed strategic vision CONNECT 2026, bpost group sets out an attuned capital allocation framework

In order to support and accelerate the business transformation, the Board of Directors has approved an attuned capital allocation framework which balances investing in growth, reward shareholders and remain financially disciplined:

- **Invest in growth:** To sustainably secure future earnings growth, bpost group is fully committed to countering mail volume decline by investing capex in parcels and e-commerce logistics growth activities. In addition, targeted bolt-on M&A will accelerate the development of Radial Europe. Investment projects must pass strict investment criteria. These consist, among others, of attaining a minimum return surpassing the WACC by at least 2% while limiting the payback period. Rigorous investment governance will further position the group for growth over the medium-term and maximize future shareholders value and returns.
- **Reward shareholders:** bpost group's revised future dividend policy targets to pay out between 30 and 50% of IFRS net profit. This policy allows sufficient flexibility to execute on the strategy while maximizing returns for shareholders and enhancing durable shareholder value creation over the longer term. The timing of the annual dividend payment will be in the month of May after the Annual Shareholders Meeting.
- **Ambition investment-grade credit rating:** Standard & Poor's publicly assigned an investment grade A/A-1 long- and short-term credit rating to bpost group with a stable outlook. Through strong capital discipline, bpost group strives for an investment-grade credit rating, which further underpins sustainable long-term growth.

bpost group is also committed towards active portfolio management where non-core assets could be identified and considered for disposal.

François Cornelis, Chairman of the Board of Directors, comments: *"With this refreshed capital allocation framework, we have considered the perspectives of all our stakeholders. We have an important societal role to play in terms of securing long-term employment and guaranteeing quality of service while at the same time we need to meet the expectations of our financial counterparties with regards to sustainable returns on their investments in our group. Only disciplined capital management will well position bpost group to successfully drive its important transformation journey towards a global omni-commerce player. The new capital allocation policy has sought a fair balance between delivering sustainable shareholder returns and investing in our future through a focus on customers, people and growth. I am confident that the way we will deploy capital going forward will maximize value creation for all stakeholders over the longer term."*

Management will address questions on today's announcement from investors and securities analysts during the Strategy update and Capital Allocation webinar today at 10.30am CET. The webcast link together with the presentation can be found on the company website: <https://corporate.bpost.be/investors/results-reports-and-presentations/capital-markets-day/2020>.

### For more information:

Saskia Dheedene T. +32 2 276 7643 (IR)

[corporate.bpost.be/investors](https://corporate.bpost.be/investors)

[investor.relations@bpost.be](mailto:investor.relations@bpost.be)

Veerle Van Mierlo T. +32 472 92 02 29 (Media)

[veerle.vanmierlo.ext@bpost.be](mailto:veerle.vanmierlo.ext@bpost.be)

Fanny Charpentier T. +32 492 23 93 00 (Media)

[fanny.charpentier@bpost.be](mailto:fanny.charpentier@bpost.be)