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CMD Antwerp – 15 November 2016

bpost
takes care of it

WE ARE MAIL

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takes care of it

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Marc Huybrechts

Director Mail and Retail Solutions

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Mail is still important … and resilient

More than 60% of our revenues

Cash generating business

Further investments planned

Press Distribution until end 2020

6th Management contract until end 2020

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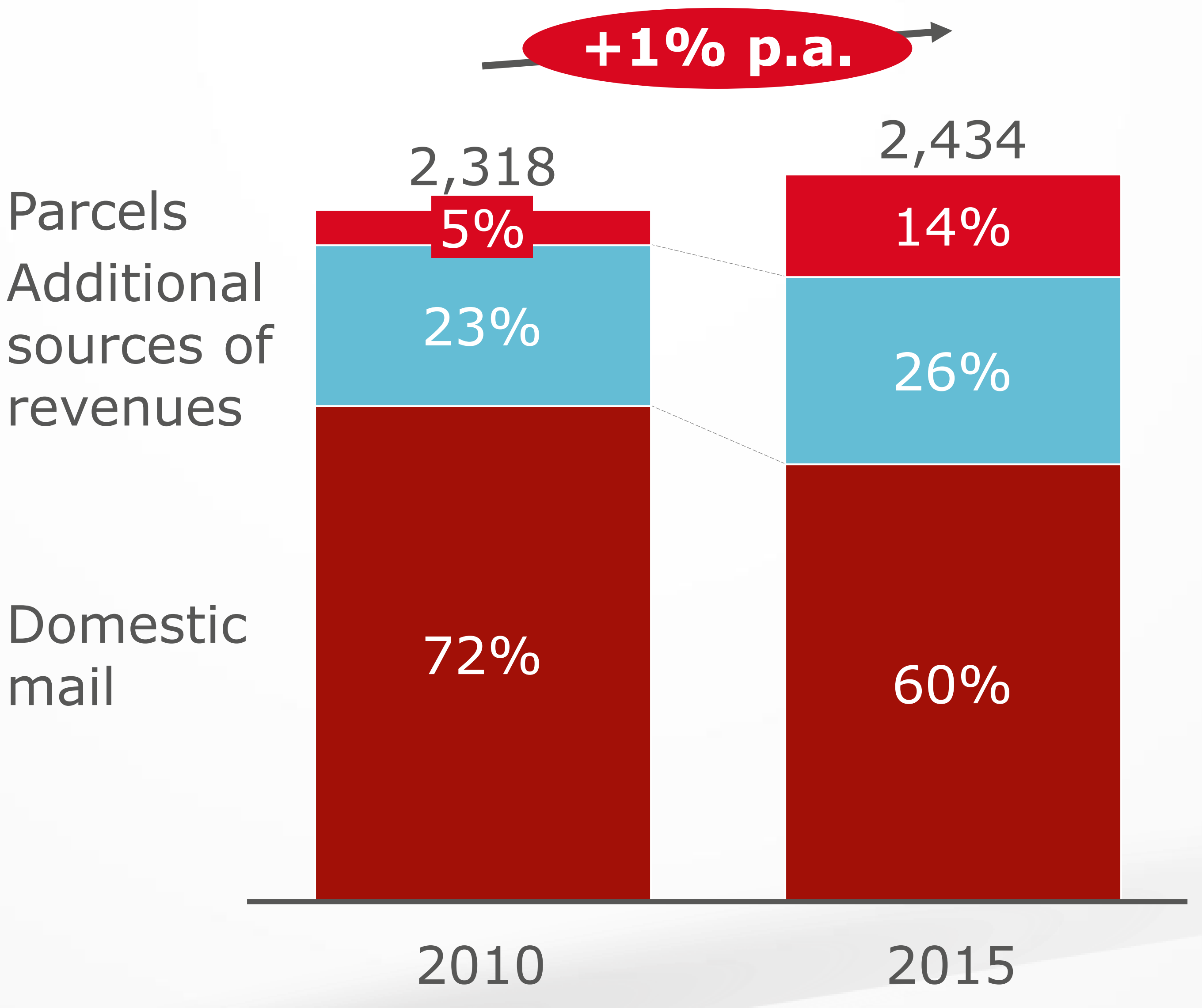
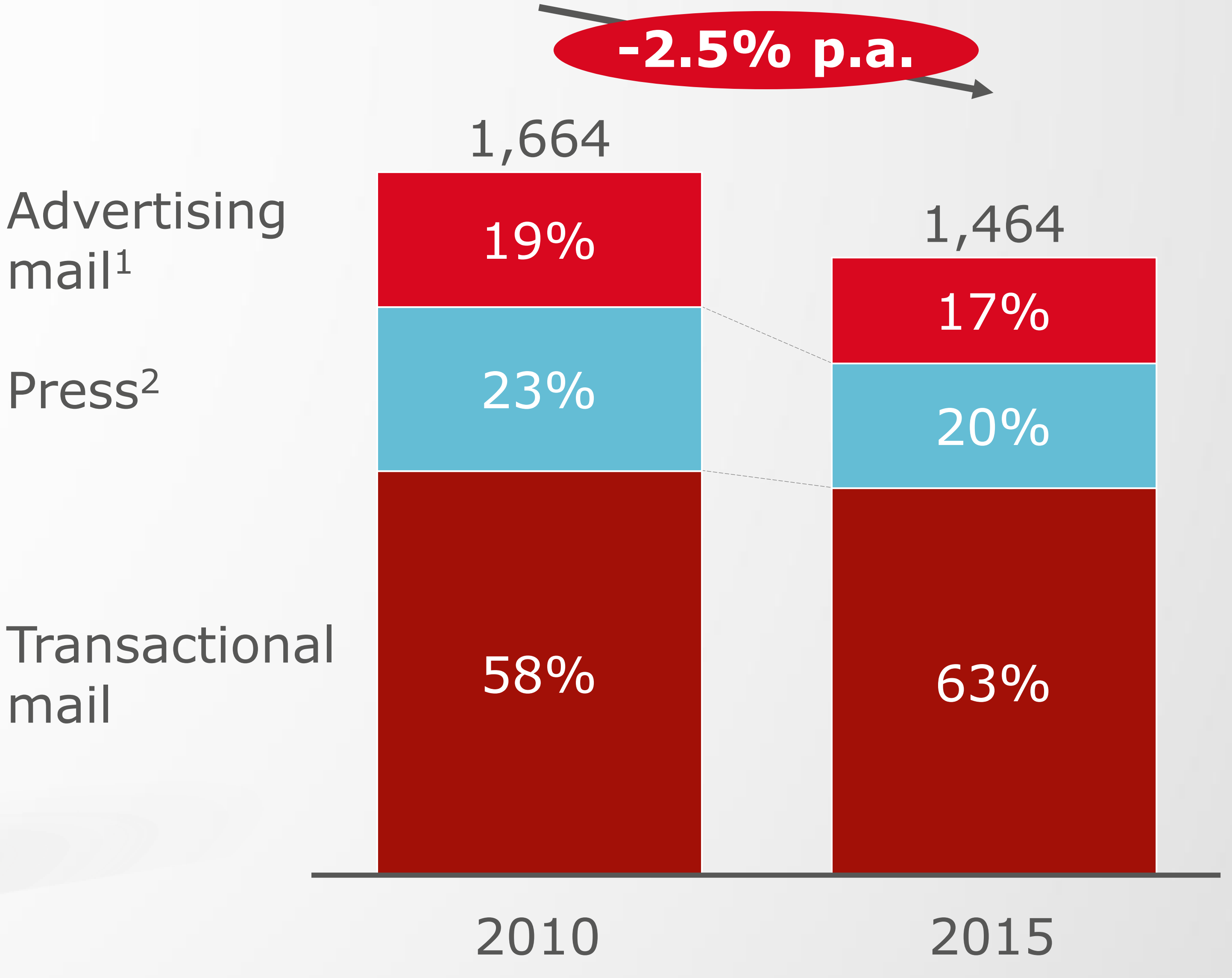
bpost is diversifying with domestic mail still representing 60% of total revenue

EUR million

Operating income breakdown by revenue source



Domestic mail income breakdown by product



1 Includes Direct Mail and Unaddressed Advertising Mail
2 Includes Invoice to the State (ITTS)

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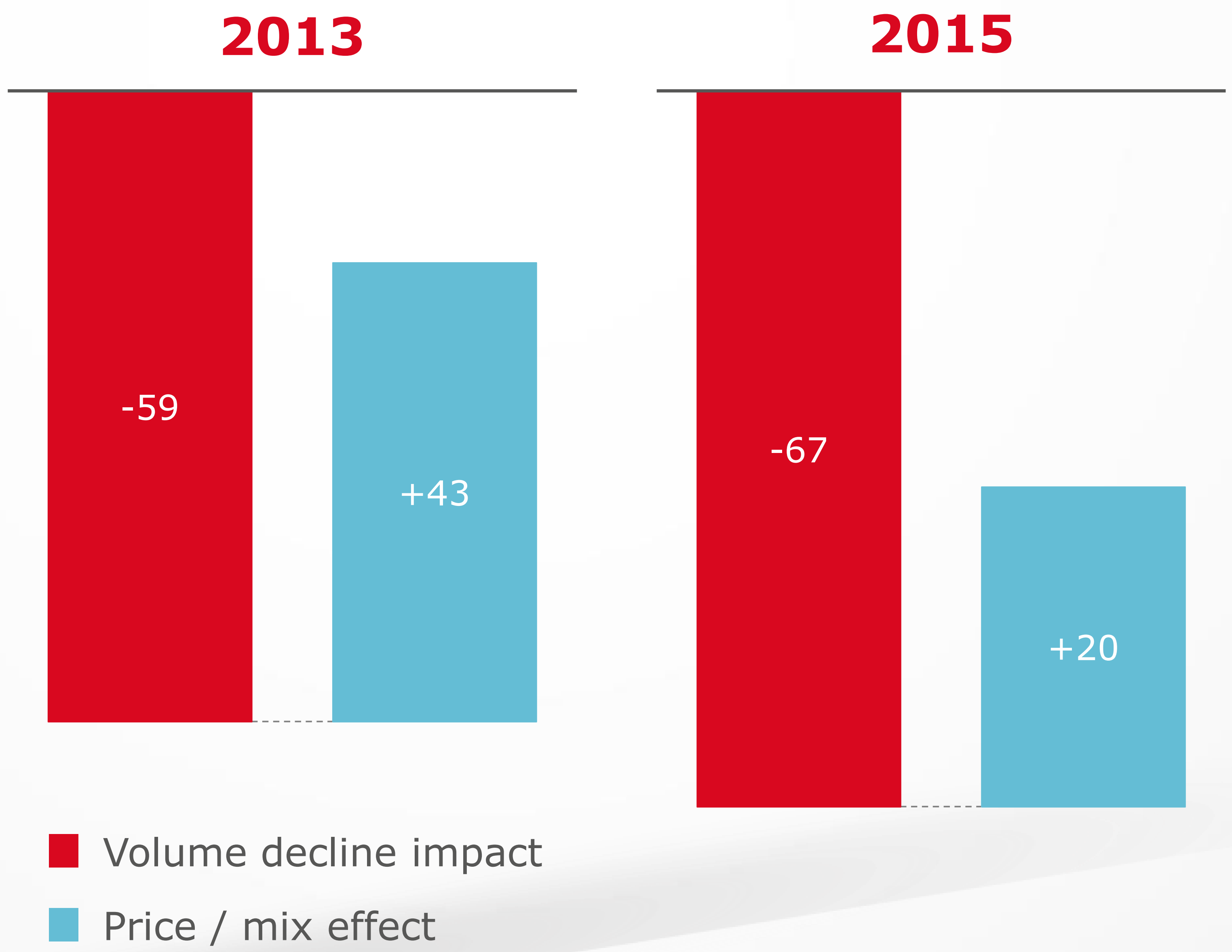
Our ability to compensate volume decline through price/mix is an ongoing feature

EUR million

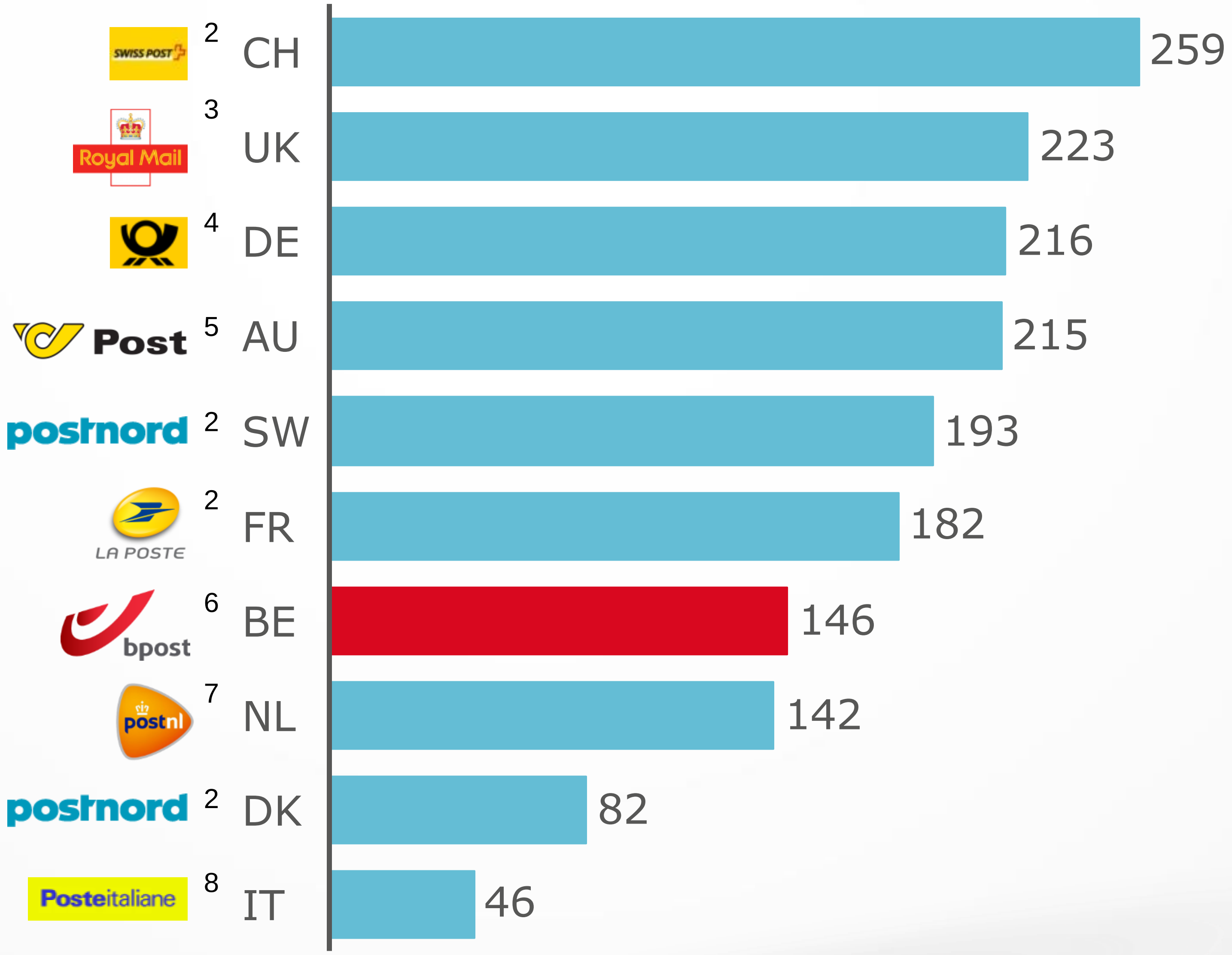


We will update our price strategy

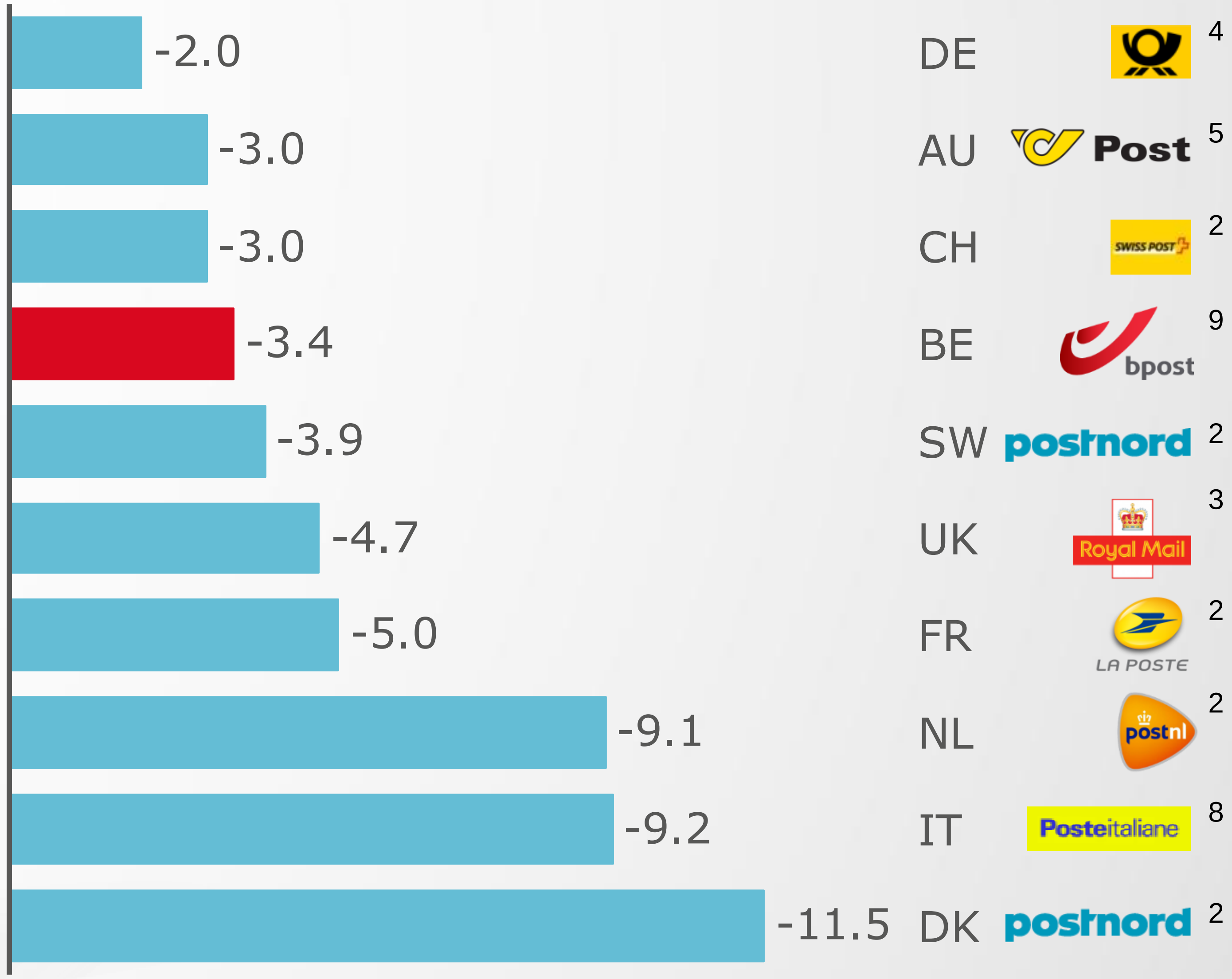
1. Claiming a **quality bonus** (taking into account remaining head room from accrued bonuses from last years)
2. Increasing prices …
3. … with a more **differentiated approach by product categories**

We benefit from a relatively resilient mail market vs. other countries

Addressed mail volume per capita 2015
Operator level[1]



2008-15 CAGR for addressed mail volumes
As reported by major incumbent EU postal operators, percent



Note: definition of addressed mail may differ by operator

1 Excludes domestic competitors
2 Includes addressed mail
3 Includes inland addressed mail, limited to 2014
4 Includes mail communication and dialogue marketing
5 Includes letter mail and addressed direct mail / media post
6 Includes addressed mail excluding press
7 Includes all mail
8 Includes addressed mail (publishers services excl.), limited to 2014
9 Includes all domestic mail

SOURCE: Annual reports; Investor presentations; IPC; Eurostat

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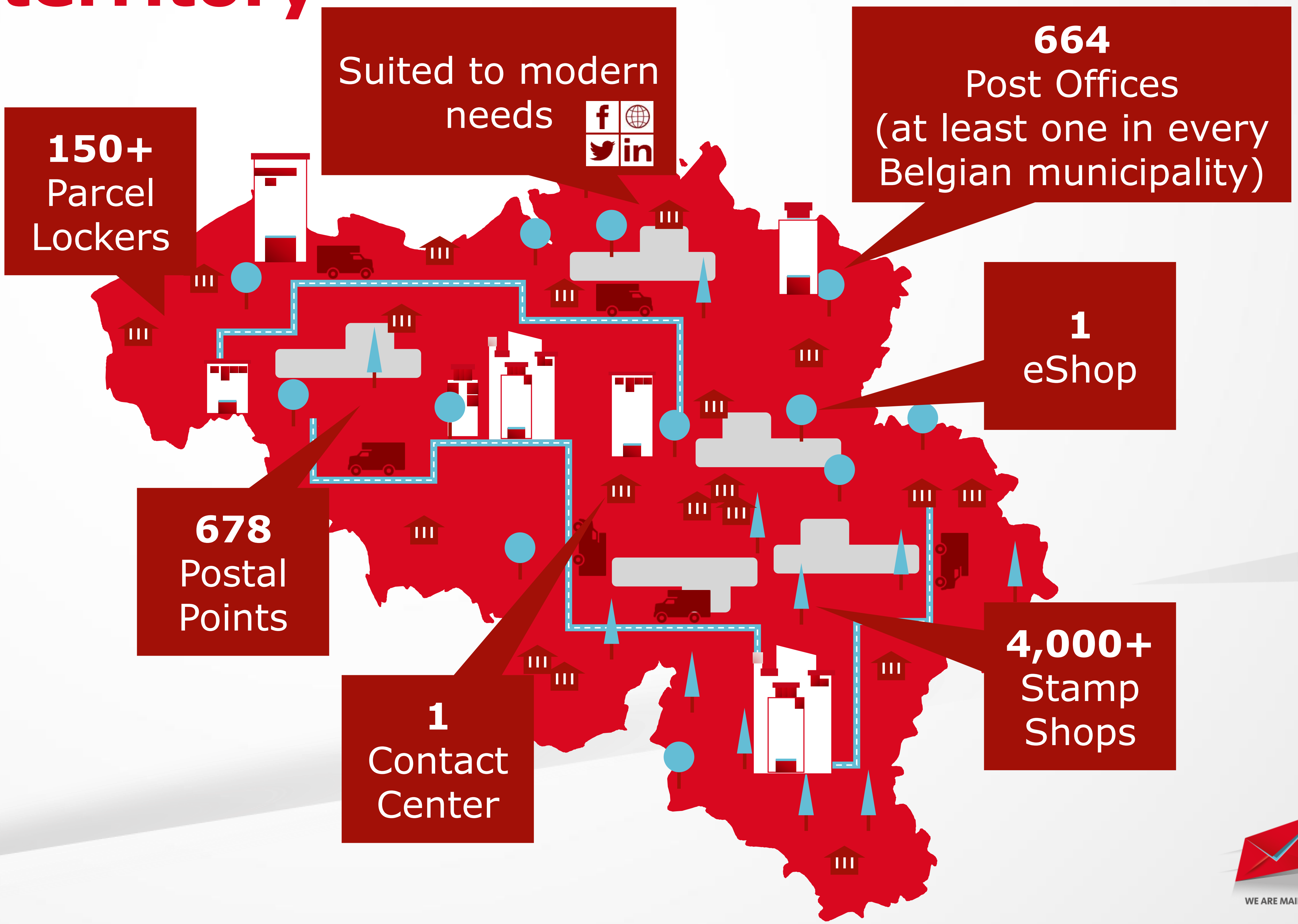
bpost, the largest mail and parcels network in Belgium, covers 100% of the territory



Every day, our postmen visit all houses and businesses all over the country

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We operate within a balanced regulatory framework

USO provider until end 2018

- **There is a legal framework in place for USO compensation**
- No compensation to this date
- Post-2018 USO requirements and selection process are still to be released

Licensing conditions

- **Uniform pricing across territory**
- Cover 80% of territory within 5 years
- Deliver 2x/week within 2 years

Postal Law 2

- **A stable and clarified regulatory framework is to be guaranteed**
- Market entry is encouraged further (incl. review of licensing conditions)
- USO conditions, scope and cost to be revised

Two different product dynamics in mail

Perspective on Transactional Mail

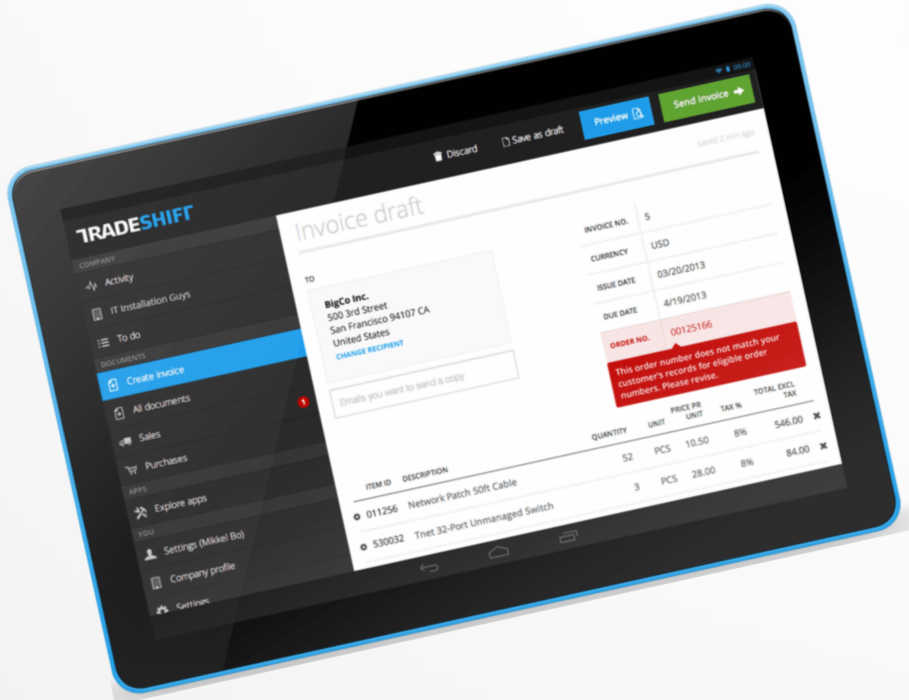
- **Consumer preference** for paper declining but still high
- **e-substitution** continues, but we do not see a cliff
- Management will focus on **selective initiatives** to defend its financial contribution

Perspective on Advertising Mail

- **Competition** from new digital media
- But advertising mail is complementary with digital and has its place in **media mix**
- Management will develop this core business by focusing on **growth segments** and leveraging **indirect sales channels** to reach new potential users

Transactional Mail

e-substitution continues …



Irreversible forces of e-substitution

Customer Acceptance

Complex Digital Agenda

Cost Reduction

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We fight declining transactional mail volume on 5 key dimensions

Quality

We offer high quality compared to European peers, leading to high customer satisfaction

Customer knowledge

We have an extensive experience in serving our customers with relevant products, in a context of high internet penetration

Shape USO

Based on our knowledge of customer preferences and service requirements, **we are uniquely positioned to shape the future of USO** in a digital society

Innovative offer

We innovate on products and solutions in **adjacent businesses and hybrid solutions when convenient for our customers**

Pricing

We adjust prices with a more **differentiated approach by product categories**

Claiming a **quality bonus** (remaining head room from accrued bonuses from last years)

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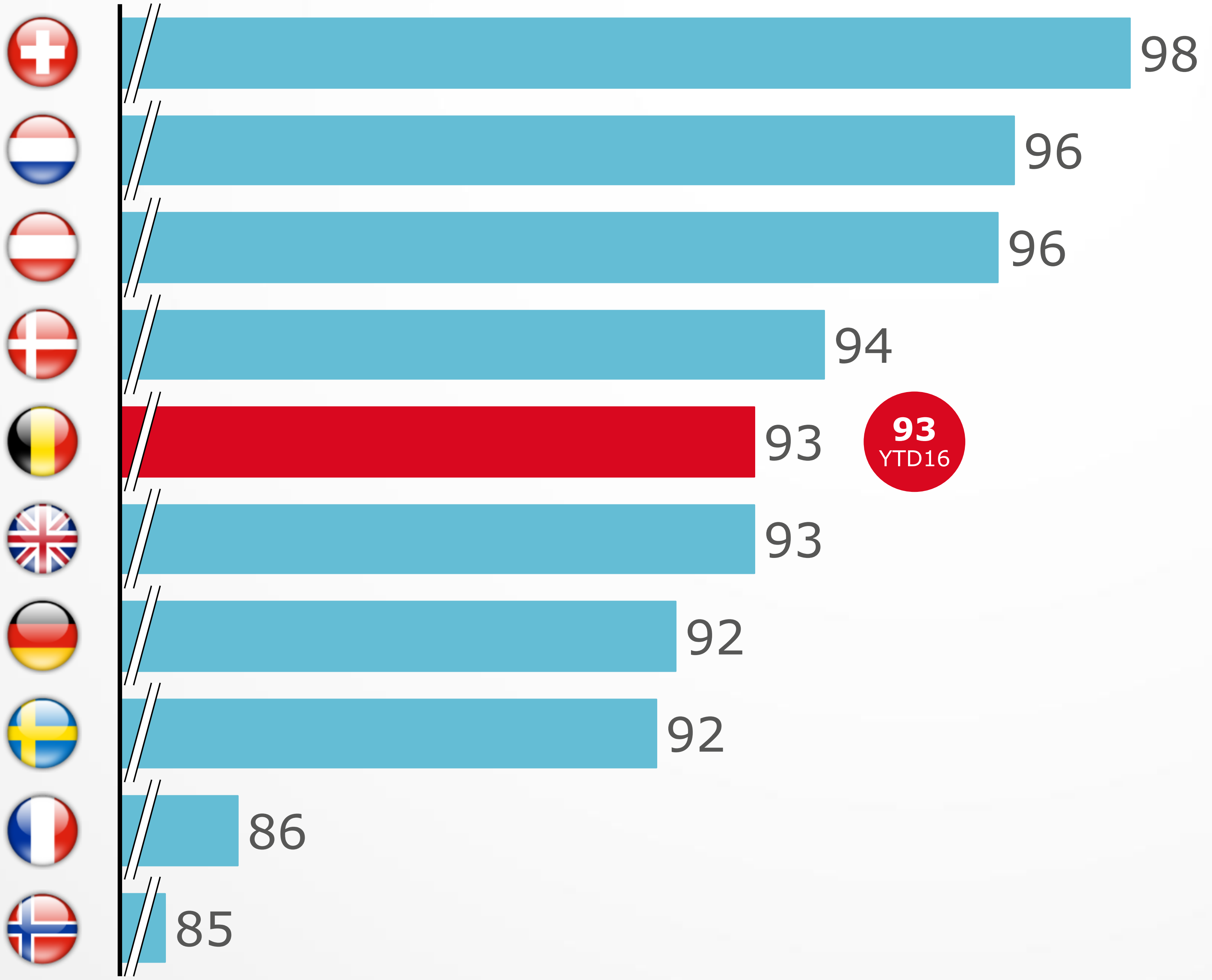
We offer high quality compared to European peers, leading to high customer satisfaction

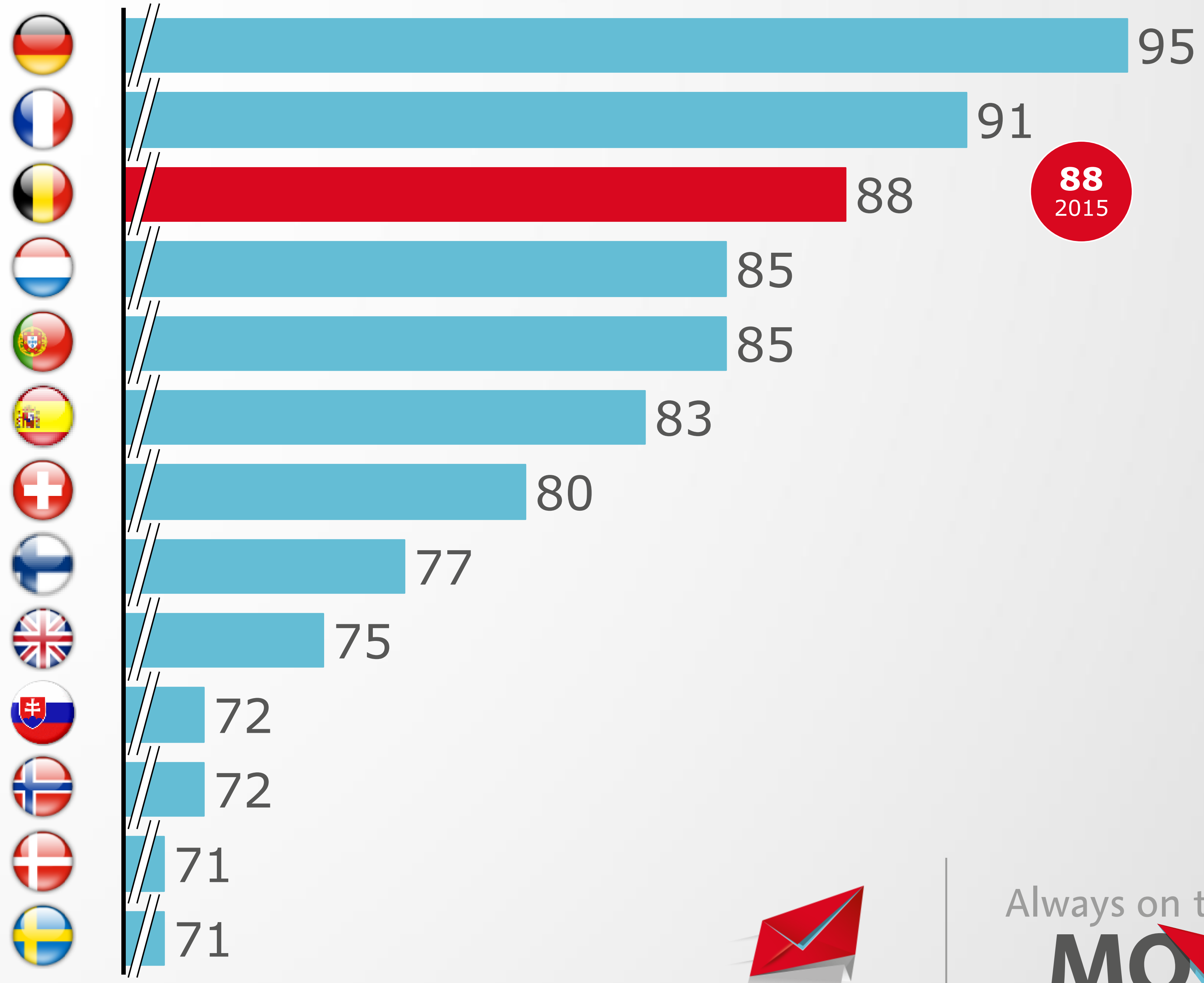
bpost ranks among best in class in terms of delivery reliability

D+1 delivery rate, average 2014-15



bpost ranks among the best in class in terms of customer satisfaction

Customer satisfaction, 2014



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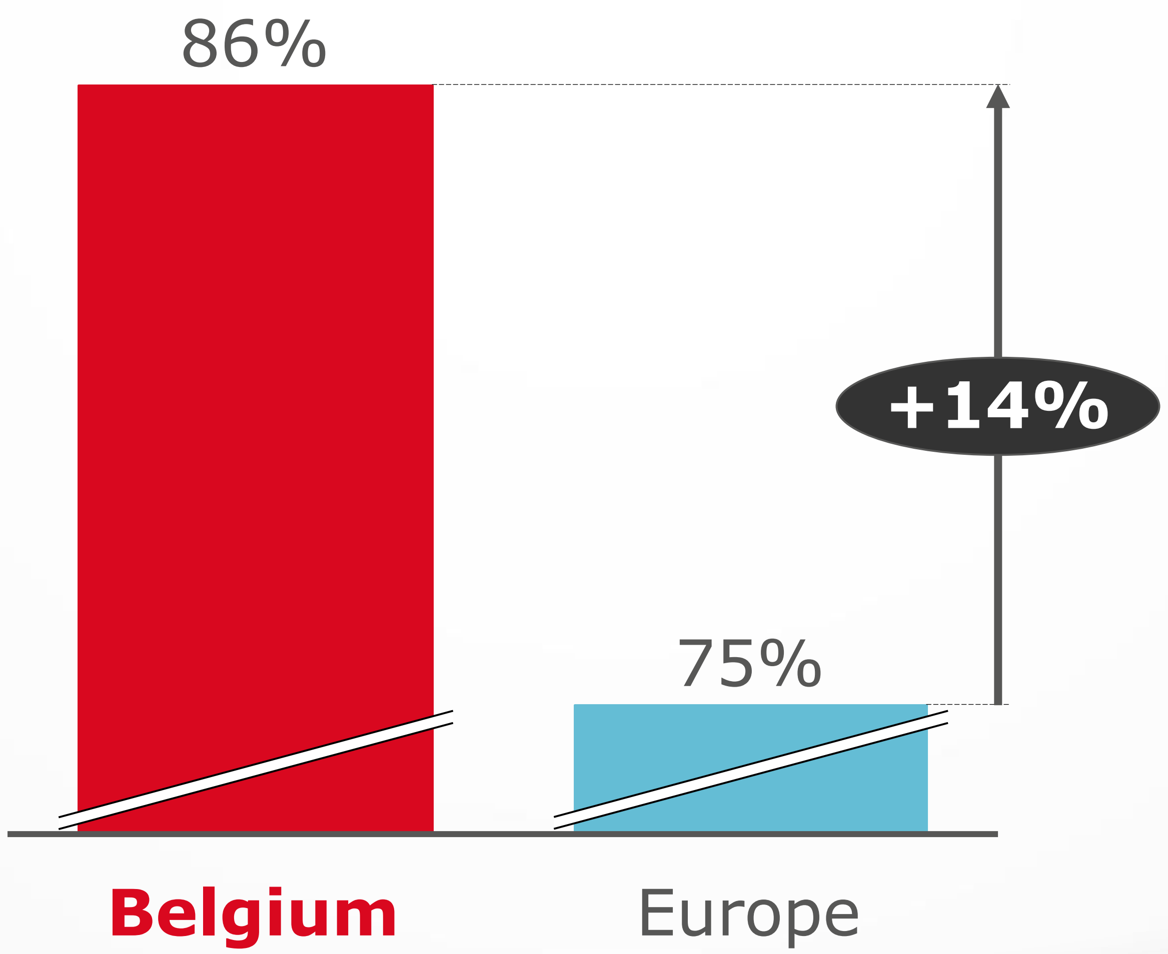
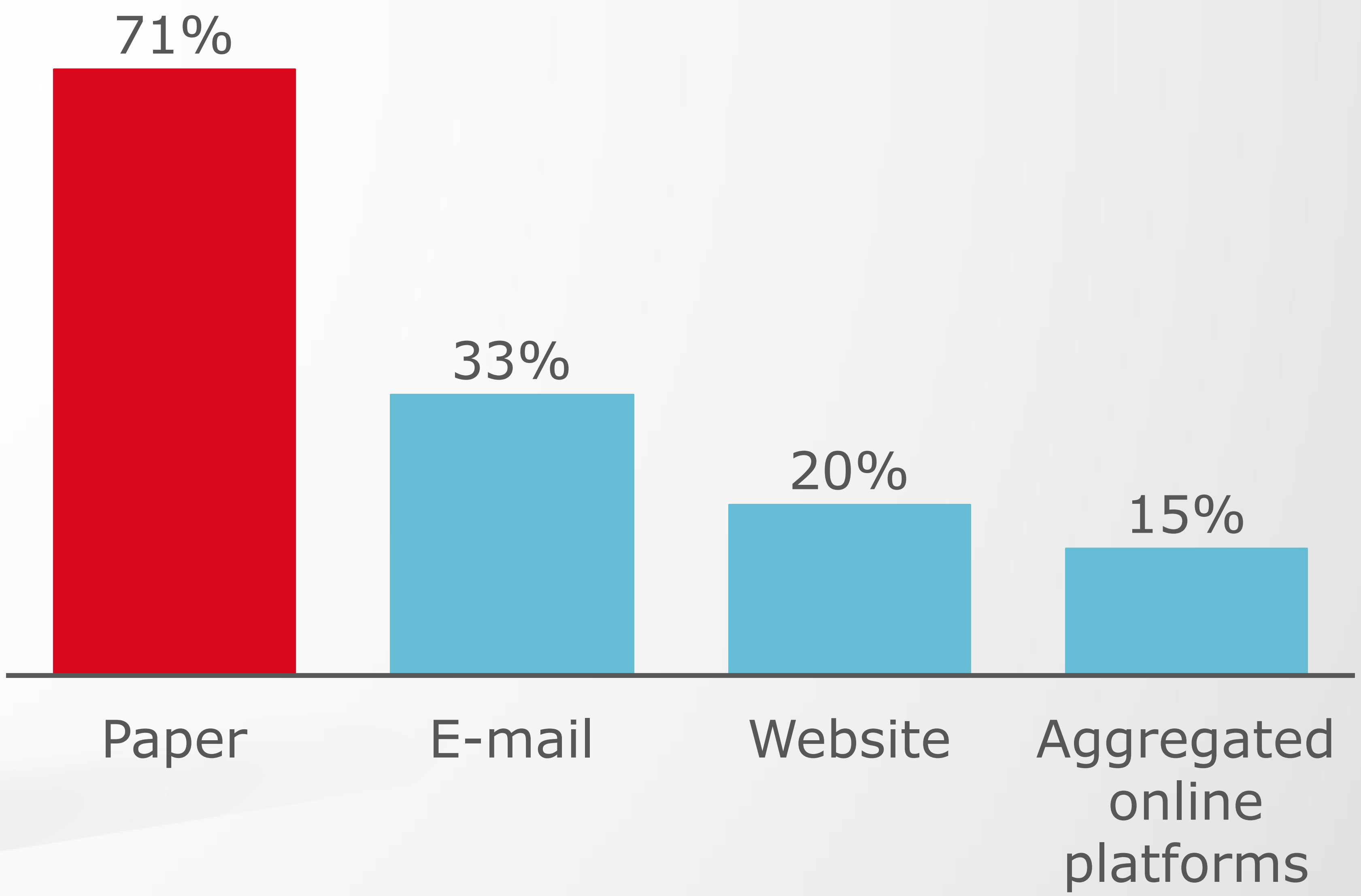
Though internet penetration is high, many consumers still prefer mail over digital

Percent, 2016

Households having access to broadband internet



71% of consumers prefer paper for administrative information



SOURCE: Eurostat; bpost commissioned market research 2016 (1,015 face to face interviews)

bpost's strategy in digital is focused on adjacent businesses when convenient for our customers

	Description
Adopt defensive stance	▪ Reactive ▪ Focus on adjacent businesses only and invest in **hybrid solutions** (paper mail & digital) ▪ No or very limited cannibalization risk (only few "arbitrage cases" between bpost and its subsidiaries)
Plant seeds	▪ Low cost development of new products and offerings in case of uncertain successes (e.g., for SME segment, where history shows reaching profitability)
Buy if relevant	▪ Acquire existing capabilities on the market where relevant, e.g., Speos
Dispose where unsuccessful	▪ Disposal of loss-making businesses where bpost lacked scale vs. European or global players e.g., SEPA
Ensure management attention (on both sides)	▪ Operate digital through dedicated subsidiaries, maintaining focus on mail within bpost (requires different skills, systems, people; with union implications etc.), yet dedicated management attention, reporting, etc. on digital (in line with bpost product strategy)

Progressive digitalization of registered mail offer

Example of **targeted investment** in **user friendliness** and in **transactional mail efficiency**

1 — 2016-17

QuickStamp

Delivery and management of registered mail **without having to go to the post office** thanks to digital preparation

2 — 2017-18

QuickStamp hybrid

E2P registered mail **hybrid**: **user friendly** and 100% **digital** for the **sender**, on **paper** for the **recipient**

3 — …

e-registered mail

100% **digital solution**

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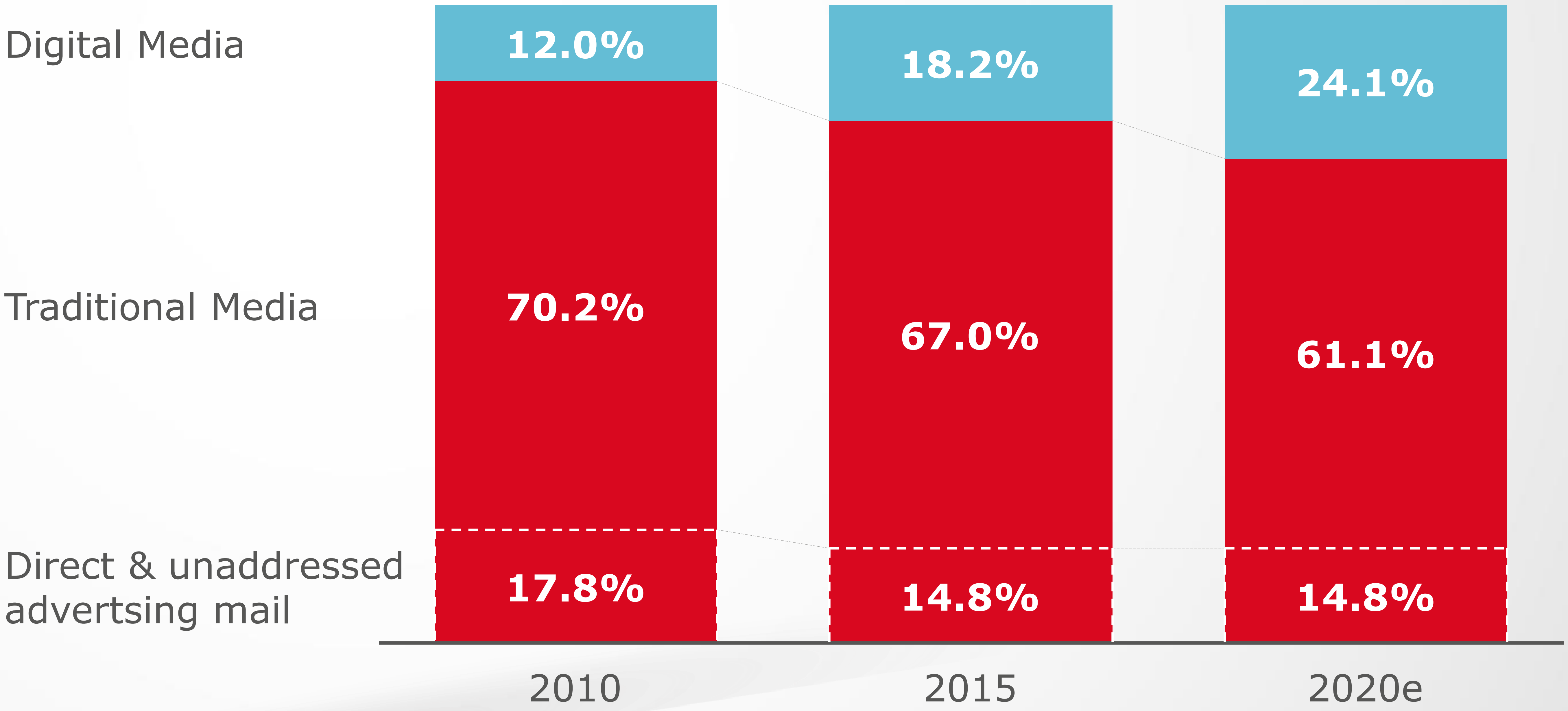
Advertising Mail

e-substitution is expected to continue, with no impact on paper advertising mail



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SOURCE: Nielsen–MDB; Group M estimates; Letterbox: bpost figures and estimates BD

Advertising Mail

Our three-pillar approach

1. **Focus Growth Segments**

   Several sectors still show growth potential, including **SMEs and 5 priority corporate segments**

2. **Channel approach**

   While Post Offices remain key, **other channels** will be activated (e.g., digital, telesales, etc.), **including indirect channels** through resellers and prescribers

3. **Innovative Solutions**

   Innovation to **extend the current offer** in advertising mail and solutions, potentially through **inorganic growth**

We will focus on SME's and 5 priority growth segments

Focusing on 5 priority segments

We have identified

- FMCG
- Retail and distribution (food and non-food)
- Automotive
- Fashion
- Travel and leisure

Targeting SME's

Advertising players tend to serve large companies (TV, radio, digital, …), leaving SMEs underserved

We will develop

- CRM, targeted campaigns,
- New SME loyalty program
- New products

1

Focus growth segments

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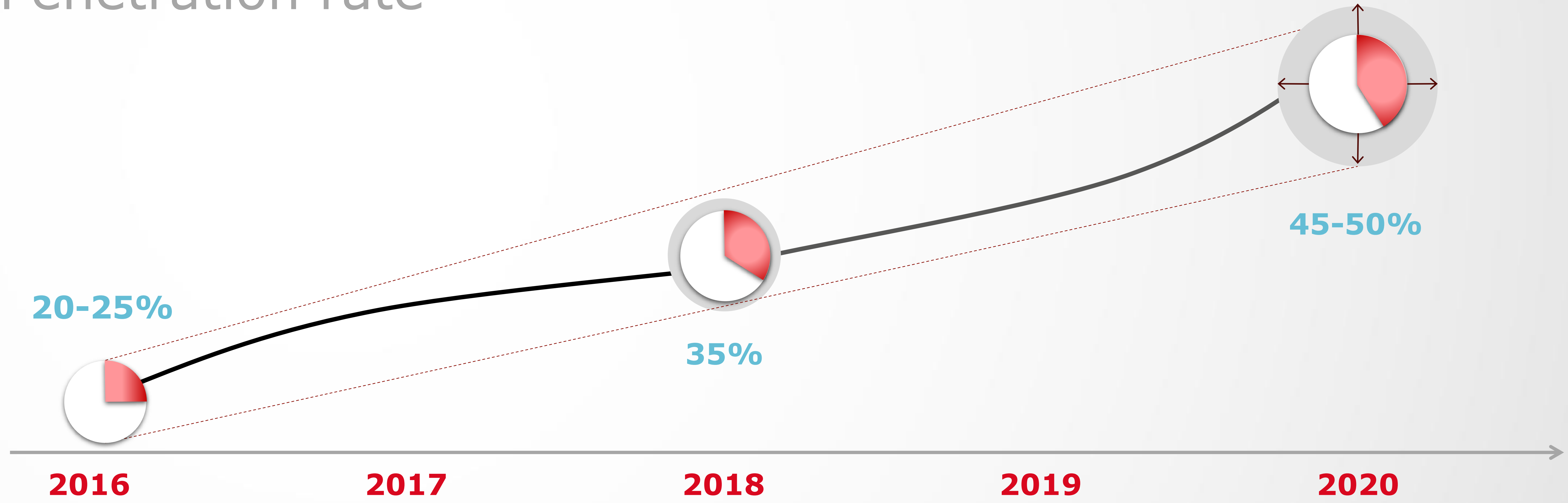
We will increase our SME advertising paper mail business in 2 phases

Penetration rate



Grow phase

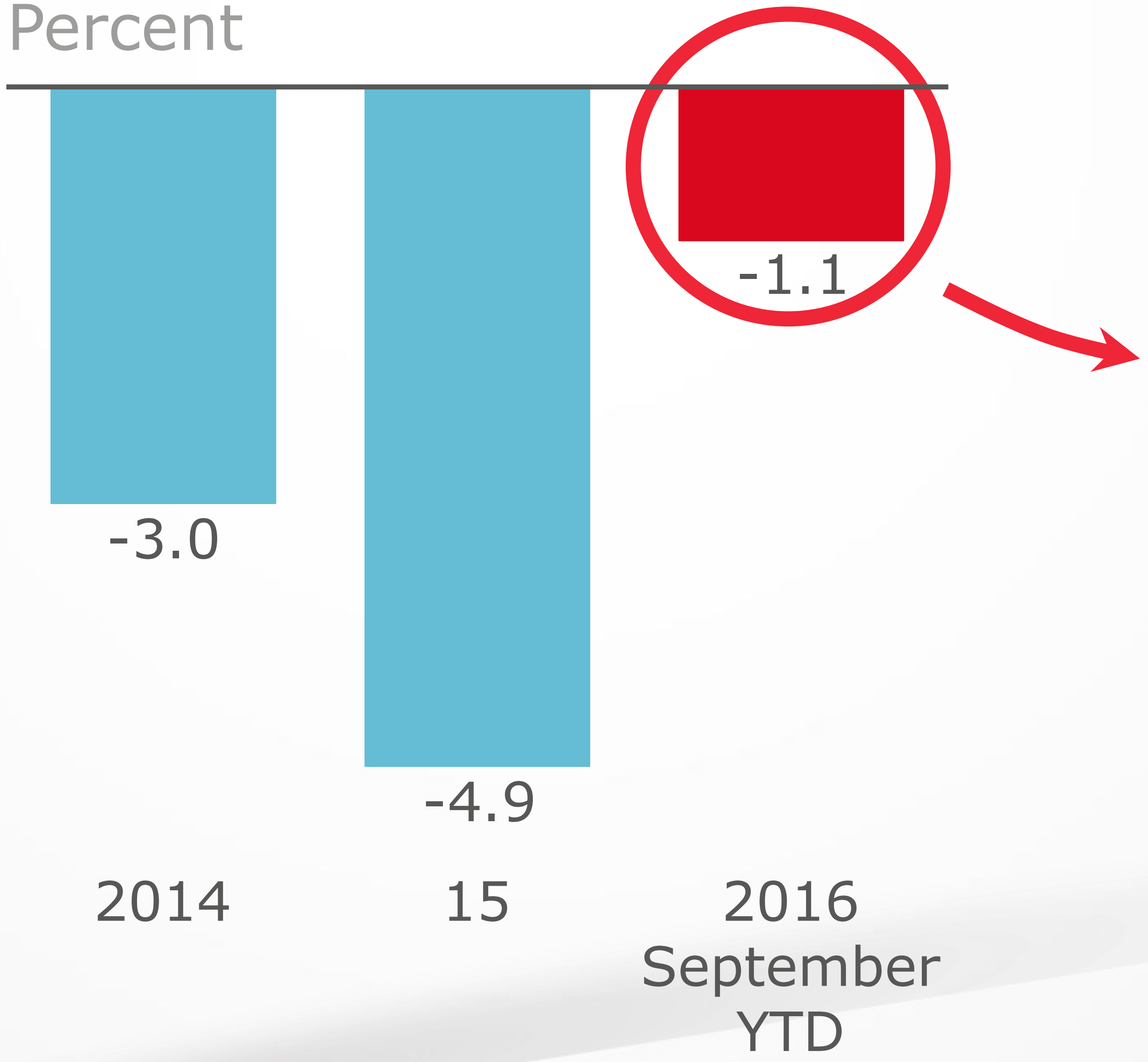
- Build **basic offer for key sectors** (e.g., retail, fashion) via one-stop-shop portal
- Build **multi-channel**, CRM & loyalty plan
- Develop segmentation
- Proximity platform (Citie)

Expand phase

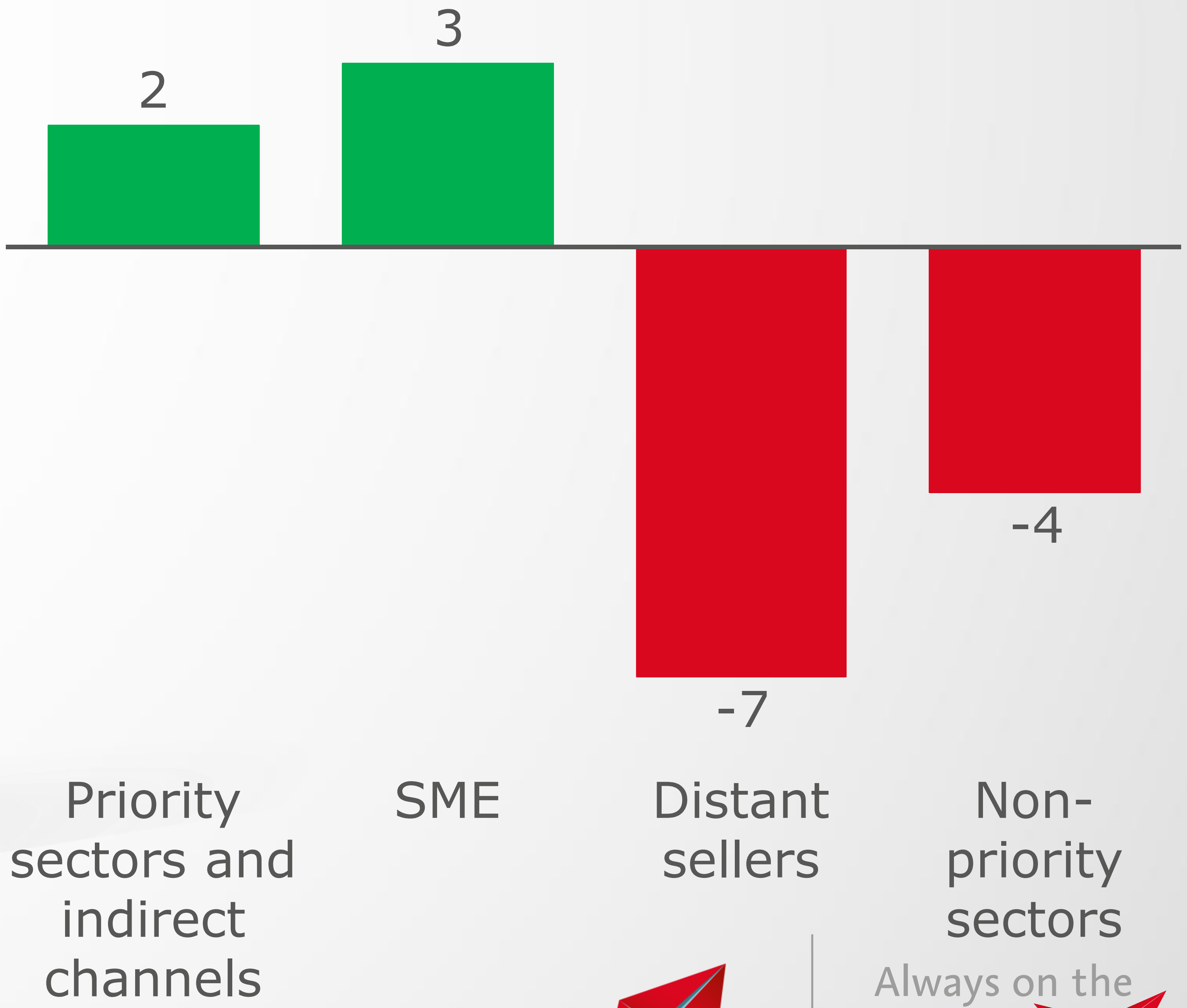
- **Expand and diversify** the offer
- **Steered channel** optimization and deployment
- Adjust segmentation
- Partnerships

First results of this focused approach are encouraging

Volume evolution of advertising paper mail
Percent



Growth by segment
Percent, 2016 September YTD



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To tap these pockets of growth, direct and indirect channels need to be mobilized

Direct channels

- **Account management** for large accounts and priority prospects
- **Mass-market** (e.g., post office, tele-sale, web), **omni-channel towards SMEs**
- **"Welcome Media"** (subsidiary) as a reseller of advertising mail to media agencies

Right channel approach to **maximize reach** and **minimize cost of sales**

Indirect channels

- **Enablers** form an ecosystem that makes advertising mail easier to produce for an advertiser (e.g., graphical designers, printers, etc.)
- **Prescribers** influence advertisers' decision on media mix (e.g., creative and media agencies)

2

Channel approach

3

Innovative solutions

- More and better **data**
- Hybrid **solutions**

Simple and integrated solution for SME

3

ALL-IN-ONE

Service van a tot z door bpost

Een postkaart ontwerpen en de verzenddatum kiezen, veel meer hoeft u niet te doen.
De rest laat u gewoon aan ons over. We zorgen zelfs voor de database als u die niet hebt.

	Dit doet u	Dit doet bpost
Database aanleveren	✓	✓
Postkaart ontwerpen	✓	
Verzenddatum kiezen	✓	
Postkaarten drukken		✓
Postkaarten frankeren		✓
Postkaarten verzenden		✓

Mailing Maker
reaching out has never been easier

- effective
- user-friendly
- all-in-one
- cost-efficient

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New solution for Media agencies

OptiTouch
the right audience in just a few clicks

- efficient
- targeted reach
- user-friendly
- best cost/ useful contact

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As well as other innovations

NON EXHAUSTIVE

Online retail platform

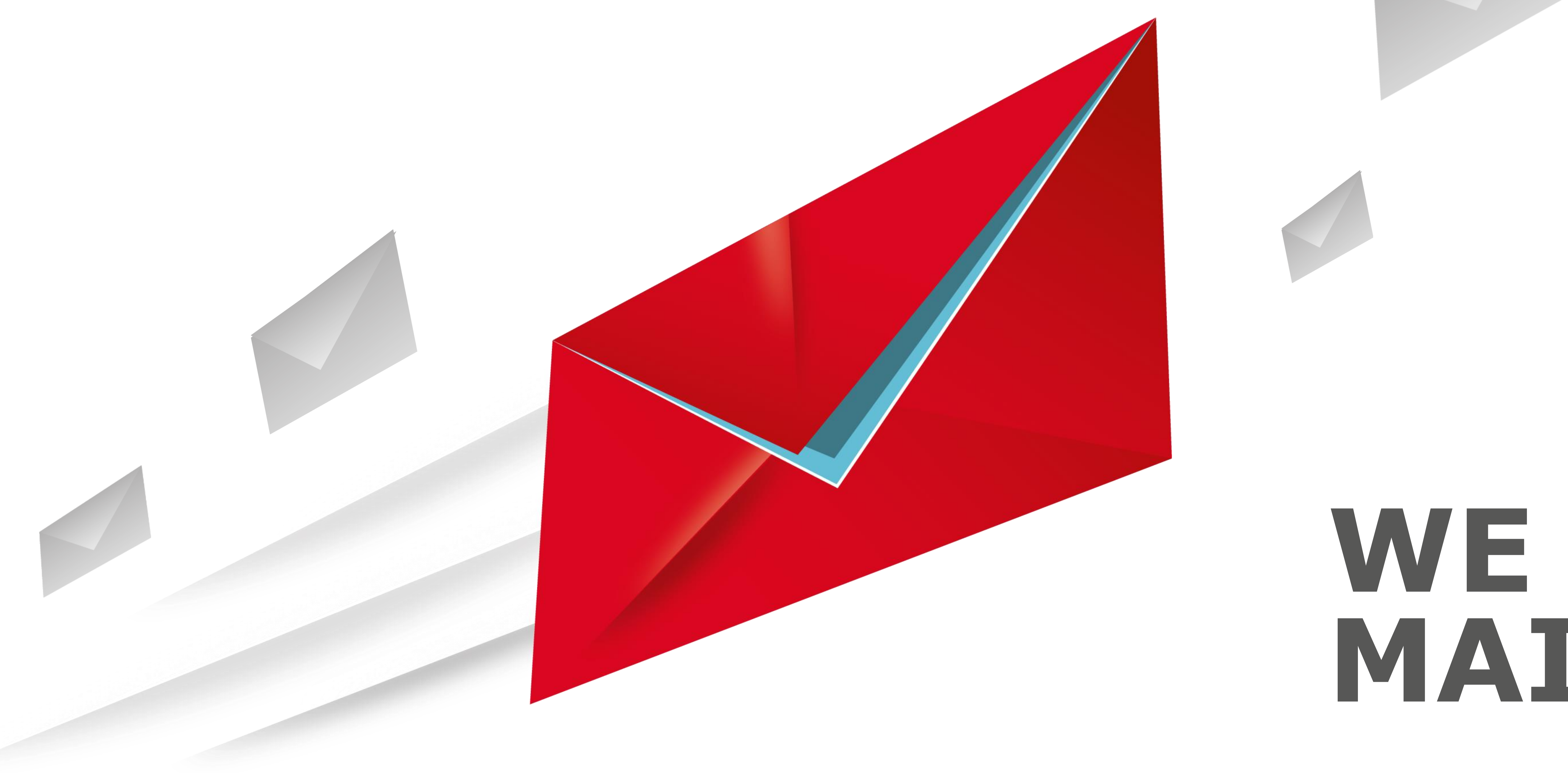
- Leverage trend of local marketing by **offering solutions to companies with a network of (franchisee) stores or branches**
- Plan to partner with key market players, with **first pilot in progress** (Delhaize)

Target ability

- Enable **access** to rich, relevant, affordable and actionable **consumer data**, through internal solutions (e.g., Select Post, DoMyMove) and external solutions (partnership with Bisnode)
- **Extend bpost data offering** (e.g., cleaning of customer files, enriching data, prospects), in partnership with Bisnode and other data experts

Marketing campaign automation

- Coordinate different channels, e.g., consumer's online action triggers **automatic sending** of Direct Mail
- Plan to work with key stakeholders (solution vendors, app developer, implementator) to **include advertising mail as a channel**



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