

Always on the

MOVE



CMD Antwerp – 15 November 2016



WE GROW



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Marc Huybrechts

Director Mail and Retail Solutions



We capitalize on the opportunities of today's open world

Innovation and diversification

Focus on 3 areas

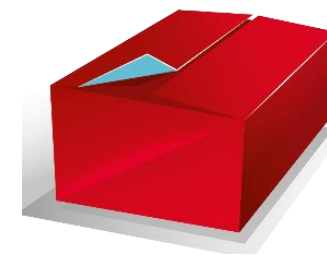
1

Convenience solutions



2

Domestic parcels



3

International parcels



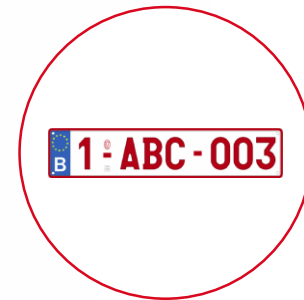
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Convenience solutions



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bpost is innovating close to its core business in convenience solutions



Government solutions

- Cross-border fines management
- Distribution prescription documents and receipts
- Cradle-to-grave for license plates



Customer solutions @ home

- Intervention – e.g., Belgacom decoder swap
- Information – e.g., “Eyes on the street”
- Customer relationship management



Combo and home delivery

- Partnership with Carrefour, Wink, Cora and other small retailers



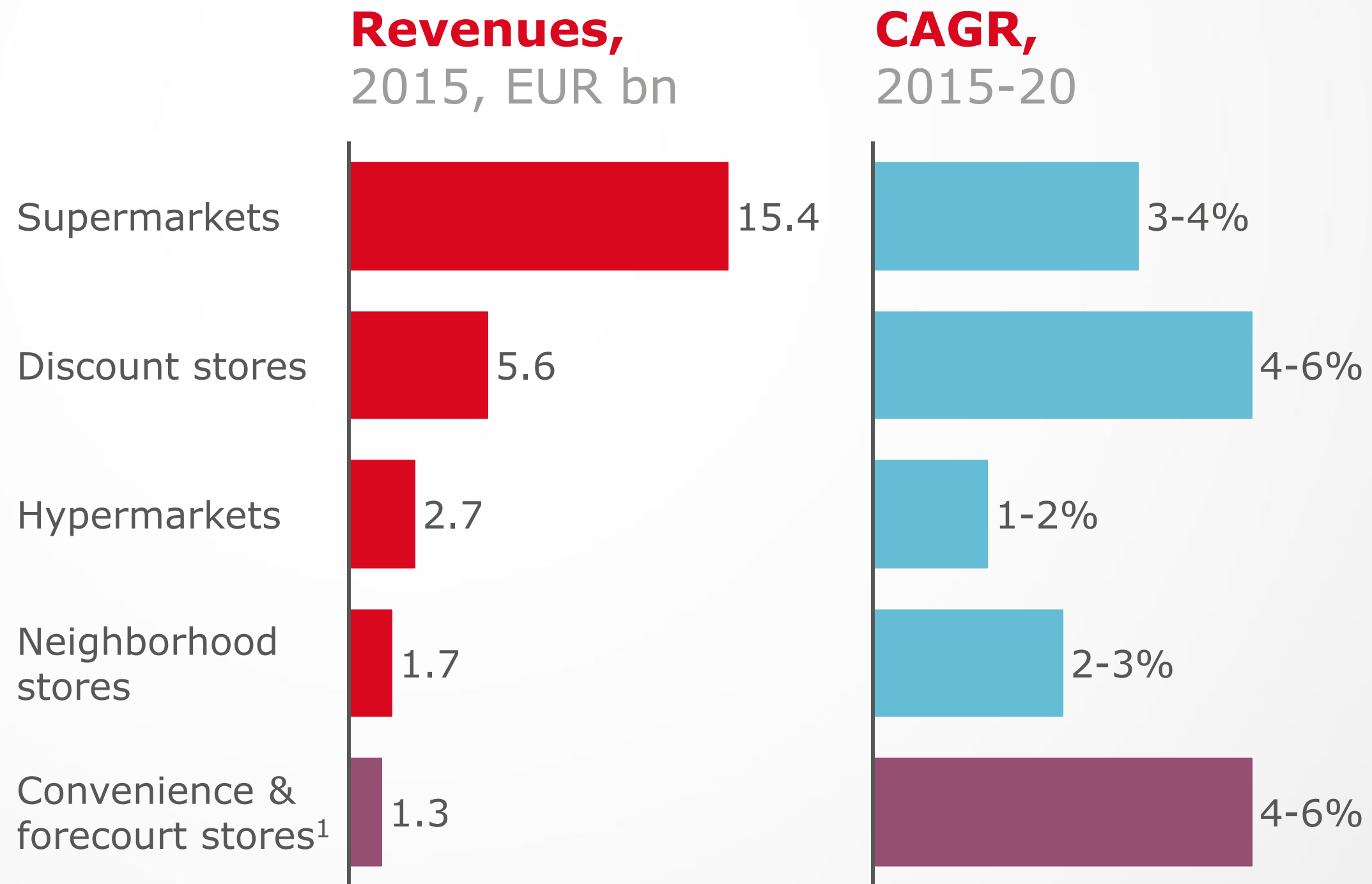
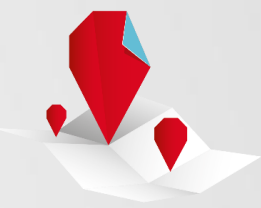
Retail convenience solutions

- Acquisition of Lagardère
- 233 stores selling convenience products, e.g., beverages, tobacco



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Convenience solutions show great growth potential



” I am convinced the convenience segment will continue to grow faster than any other grocery retail segment in Belgium

– Former CFO major Belgian grocery retailer

¹ The convenience and forecourt segment numbers do not include small independent convenience stores

SOURCE: Planet retail



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Acquisition of Lagardère Travel Retail's Belgian activities expected to close in 4Q16



Diversify into the **growing retail proximity & convenience distribution** (+4 to 6% CAGR 2015-20)

Further enable domestic parcels growth strategy by increasing **network coverage** to **over 1,900 points**



Operate a **distribution platform of newspapers and periodicals to proximity stores and shops** all over the country



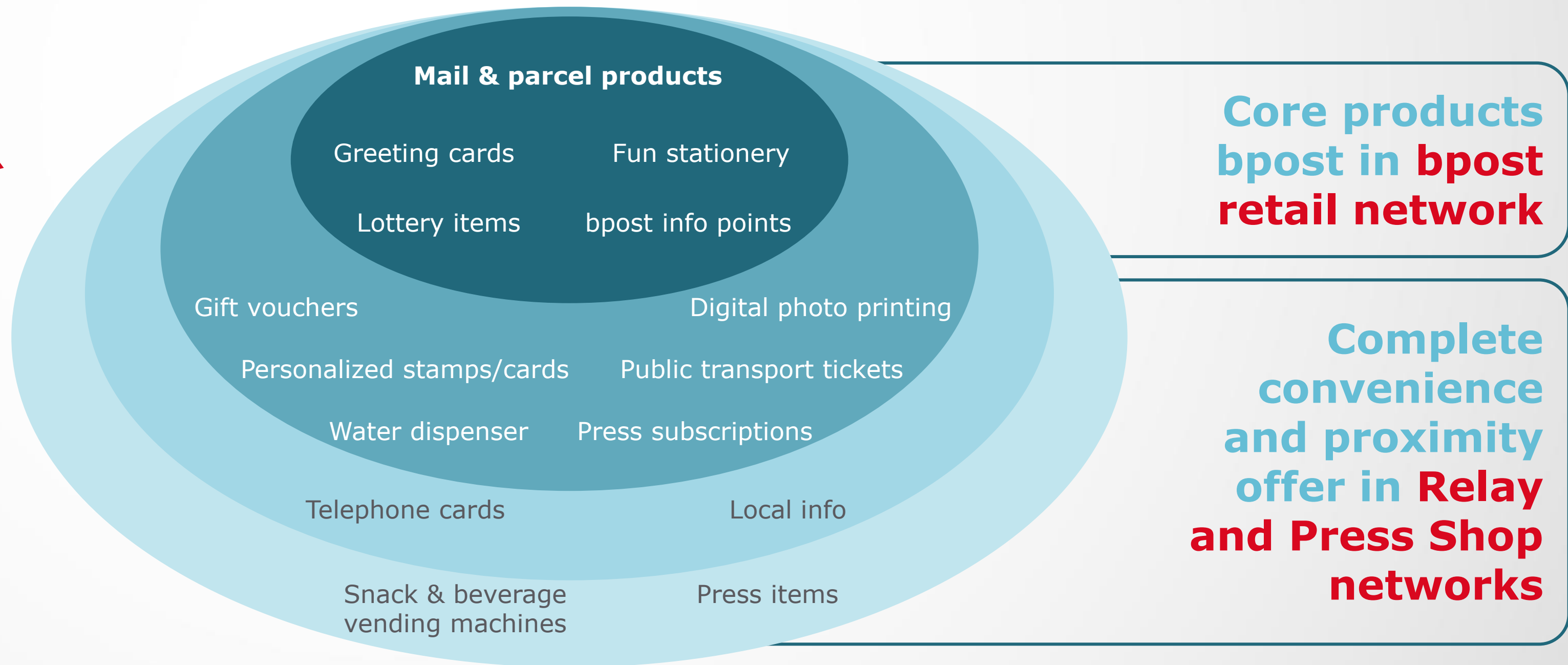
Synergies will be considered when and where adding value

**Strong
strategic
fit**



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We have complementary retail networks



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We will enhance profitability



EUR ~14m
2015
EBITDA
(3.3%
margin)

Target
margin
5-6%

We will accelerate product diversification

- ▶ Shift towards higher margin convenience food

We will expand footprint and remodel existing stores

- ▶ 30 to 45 new stores in the next 3 to 5 years
- ▶ Grow domestic parcels with >1,900 delivery points across Belgium

We expect cost synergies of EUR 4-5m annually after full integration



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Transaction approved subject to the fulfilment of a number of commitments



Commitments regarding Kariboo!

- ▶ **Kariboo!** remains open to other operators

Commitments related to press distribution

- ▶ Maintain **good quality press distribution**

Commitments to non-discrimination of POS

- ▶ bpost will not privilege its own points of sales



Kurt Pierloot

Director Parcels & International



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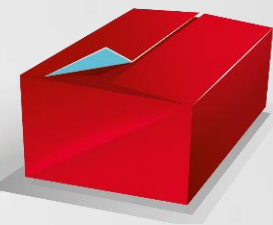
Domestic Parcels



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**Seize e-commerce
growth opportunities**

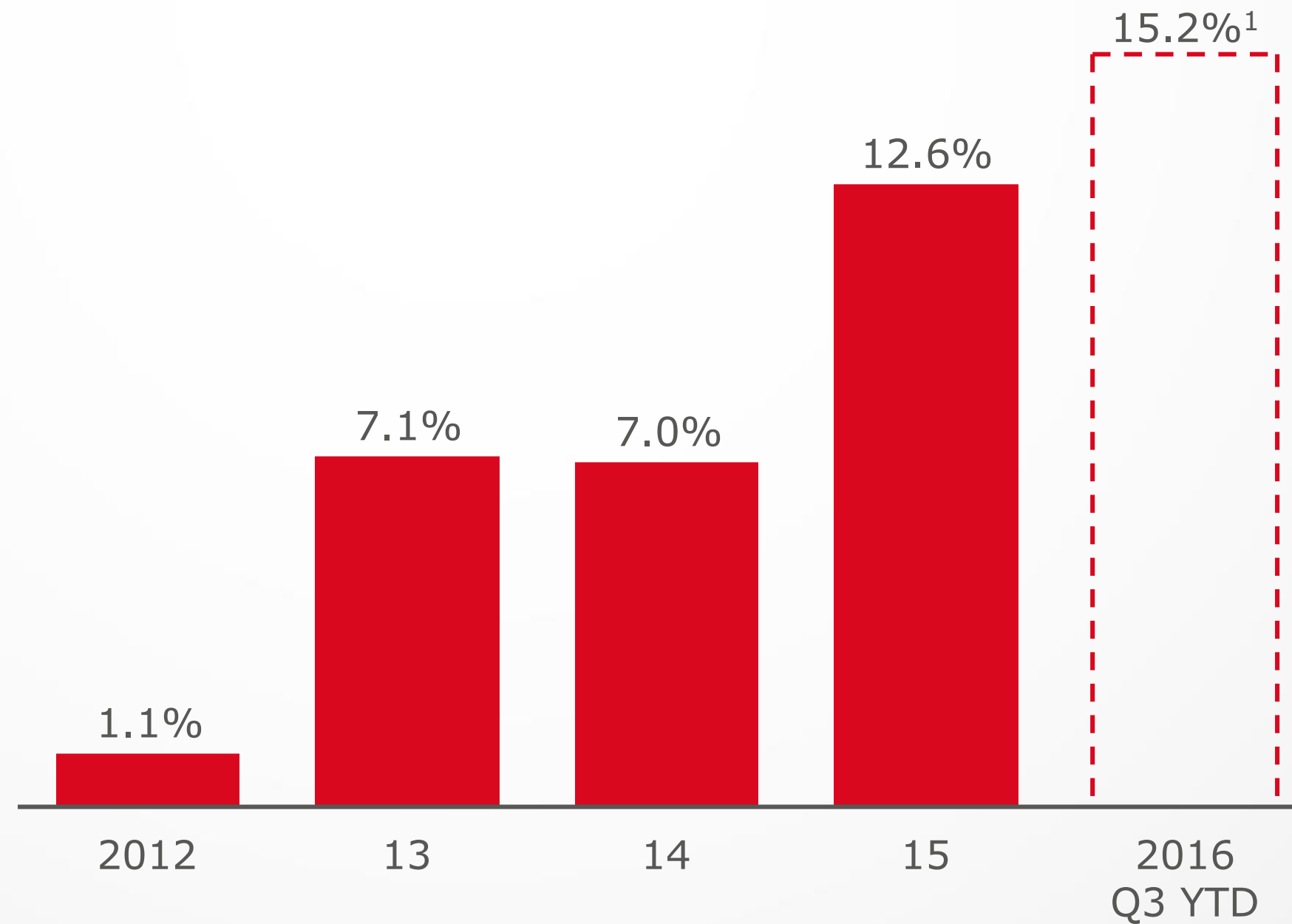




Domestic parcels volume evolution shows accelerated growth rate

Domestic parcels growth rate

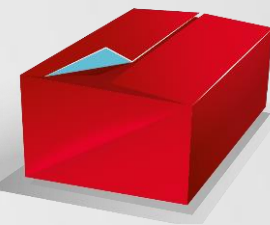
Volume, percent growth



¹ +14.5% when excluding calendar effects



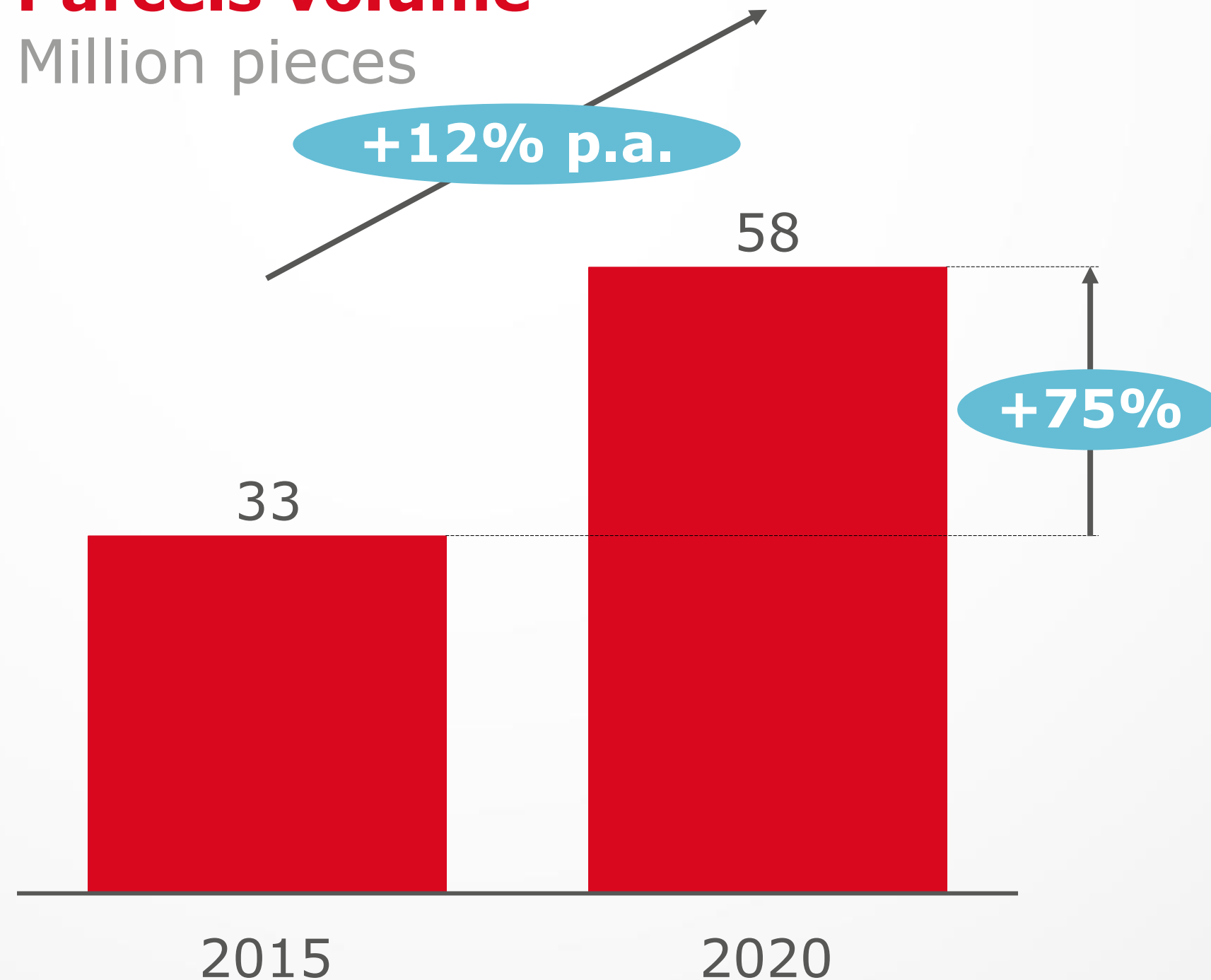
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bpost aspires to continue seizing the e-commerce opportunity with at least 75% more volume

Parcels volume

Million pieces

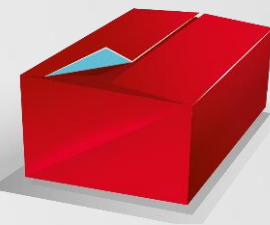


We expect increasing price pressure from competition

Negative mix effect of -2-3%



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Capturing opportunities in all customer segments of the EUR 1+ bn Belgian parcel market

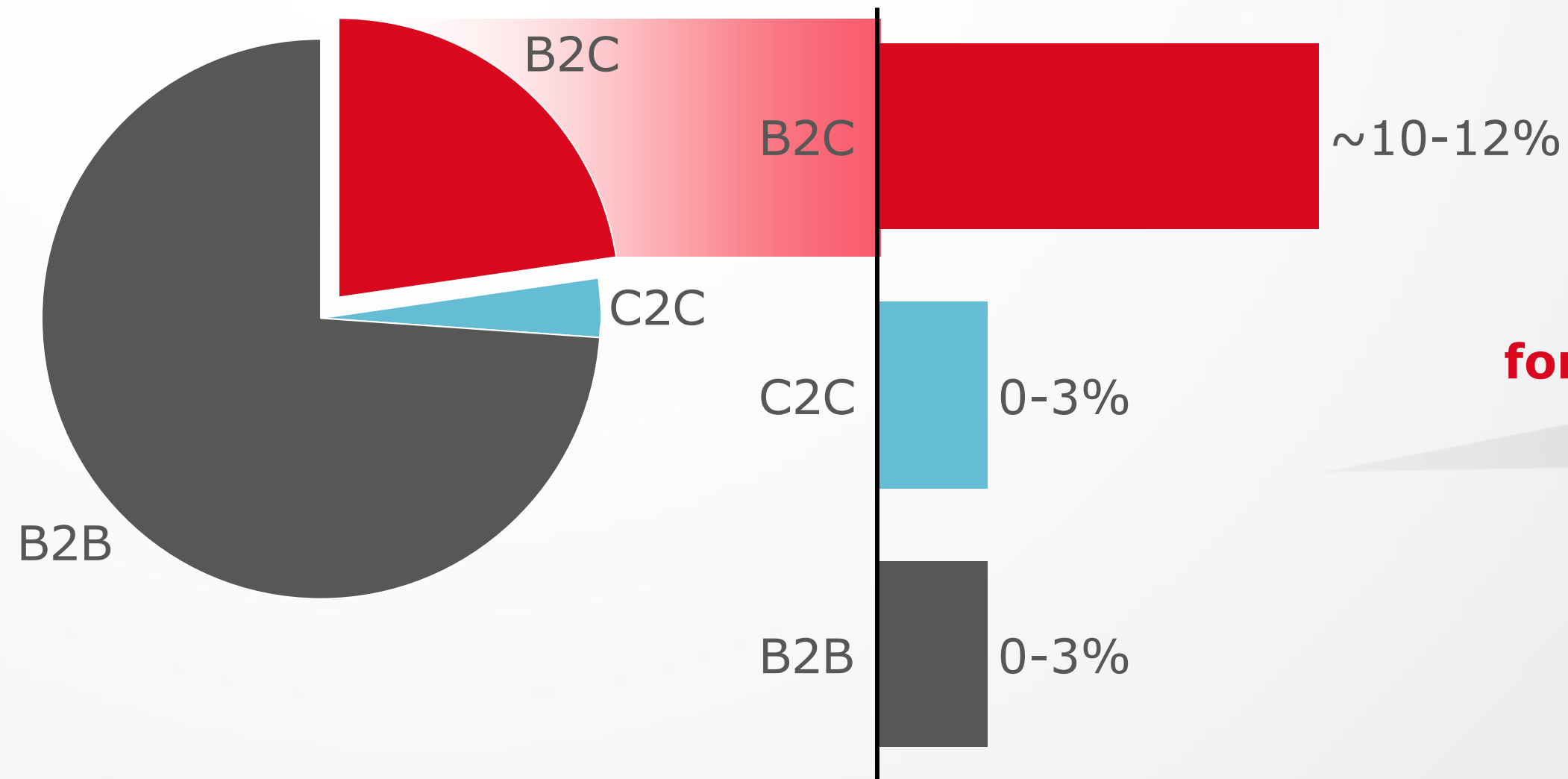
The **domestic market** is worth **EUR 1.1bn** with **up to 12%** growth

Current parcel market

100% = EUR 1,075 million

EUR million

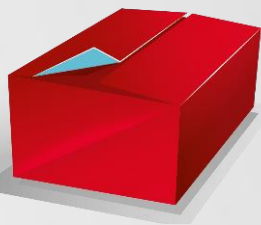
CAGR 2016-20, %



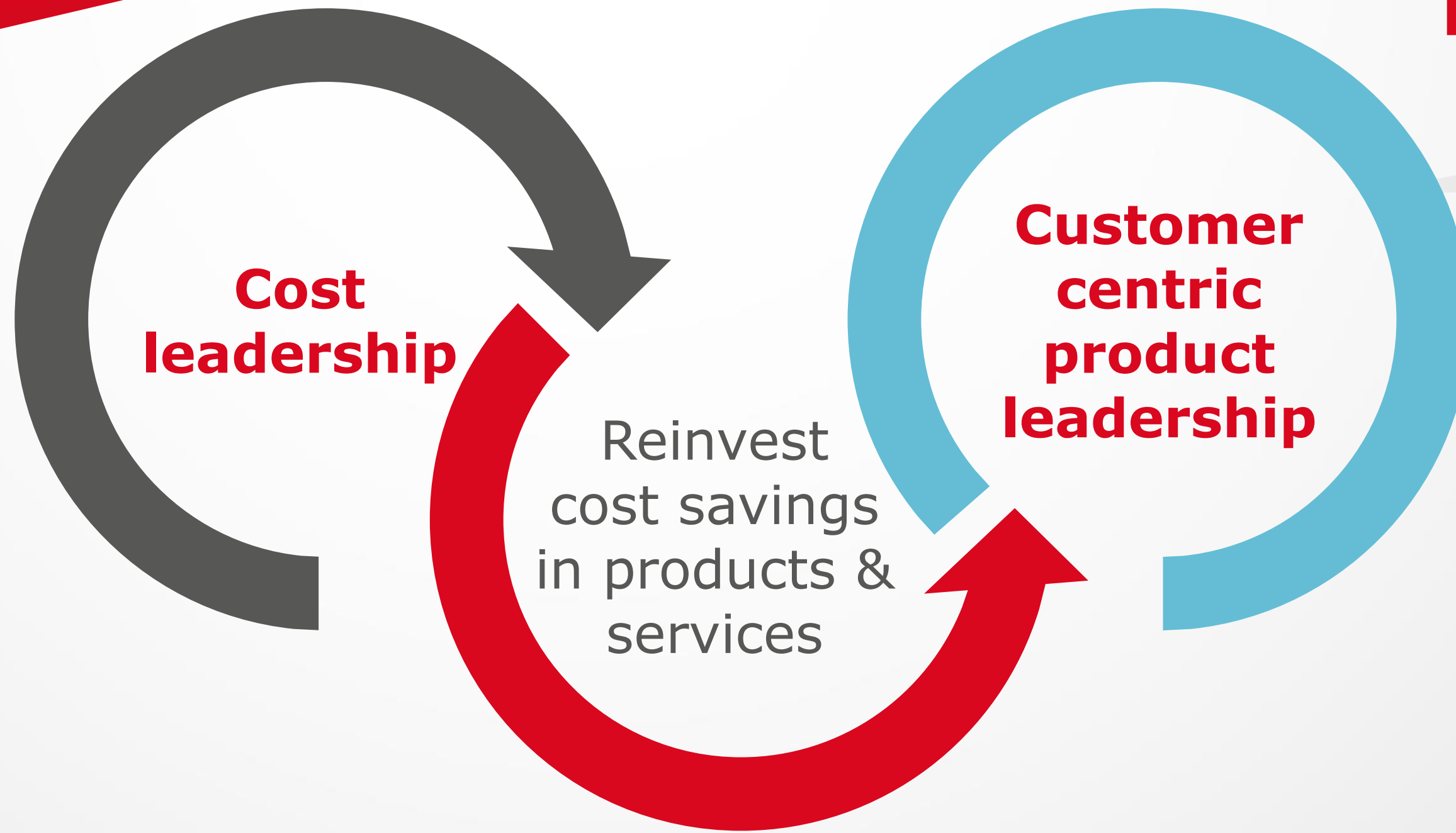
Tailored sales approach for each customer segment



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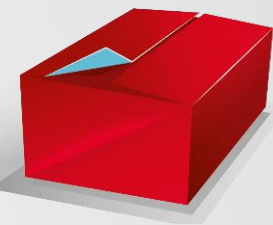
Our strategy is to leverage and strengthen cost leadership and invest in customer centric product leadership



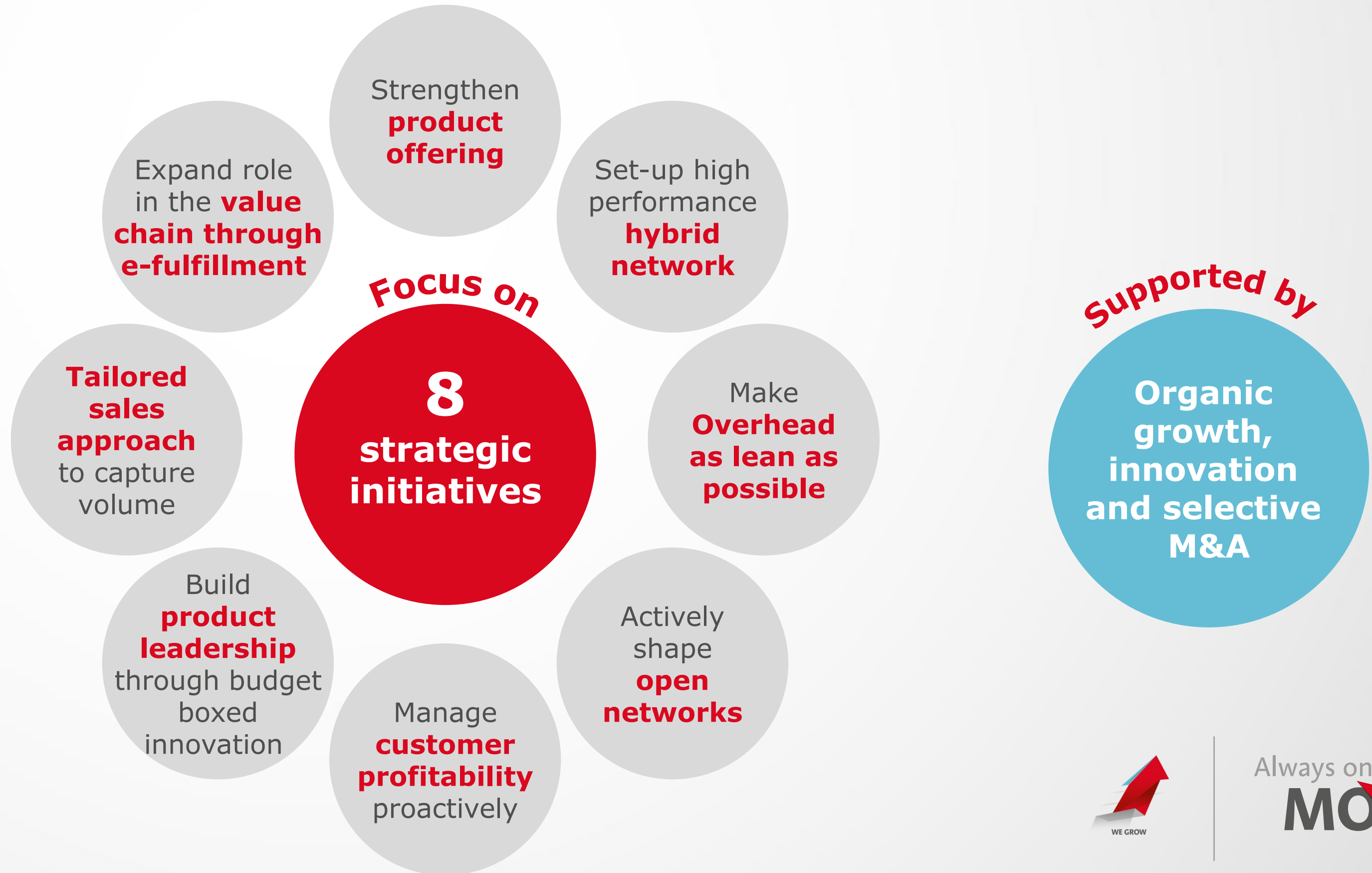
Preferred logistic partner for e-commerce



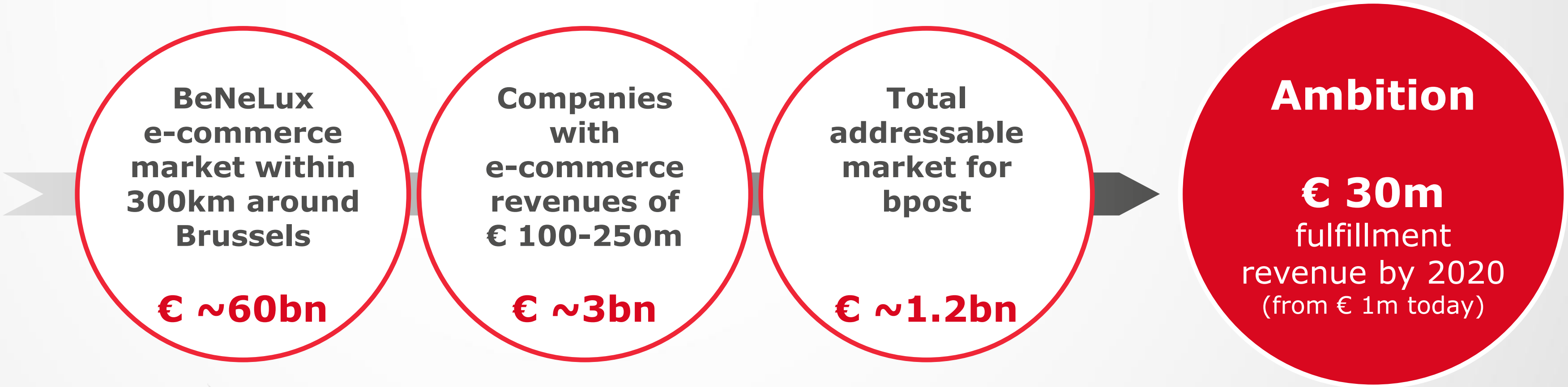
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We aim to grow profitably in a very competitive market



We want to expand our role in the value chain through e-fulfillment solutions



Selective M&A
to realize our ambition



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Set up high performance hybrid network

We will start using an ecosystem of networks in complementary ways



We keep the **bpost strengths** for normal deliveries

- ▶ Every day, we pass all front doors in Belgium

Capitalize on high density and synergy with mail network



We will install **complementary networks**

- ▶ To start up deliveries of any item without density or synergy advantage

Enable delivery of specialized goods & services



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High performance hybrid network

We will play an architect role defining which network is best suited to handle each type of parcel



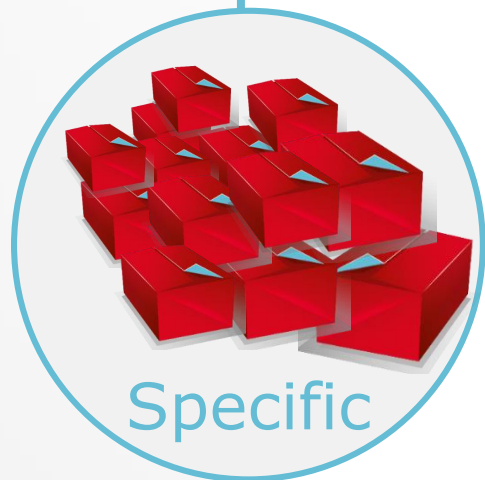
Our integrated mail distribution and retail networks

Home delivery

- Large volume
- weekdays
- Saturday
- standard format

PUDO

- 1,250 bpost points
- 150 bpost parcel lockers
- open networks



bringr

- Highly specific
- Urgent items
- No packaging or label

Citydepot

- City centers
- Mobility
- Green

Parcify

- B/C2Me



External partners

- Sunday delivery
- Evening delivery (6-9pm)
- Urgent items
- Volume peaks
- 2-man delivery, ...

Euro-Sprinter

- Urgent items
- Non-standard format
- Technical intervention



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We will actively shape open networks



No own
content creation



No own
warehouse



No own
accommodation



No
own taxis



The **parcel delivery market** is also **likely** to be **reshaped** in such a way

What
could
an **open
network**
mean?

Last mile delivery network

- ▶ Give access to our last mile network
- ▶ Distribute competitors' parcels in low density areas

Pickup network

- ▶ Open our own postal offices and points to competition?
- ▶ Keep Kariboo! open

Open our parcel lockers to competition



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External growth opportunities are on the radar for multiple strategic initiatives



Strategic initiative

Example external growth

Product offering

- High-end delivery / repair companies

Tailored sales approach



- Regional sprint / express companies

E-fulfillment

- Fulfillment players focused on e-commerce
- Niche fulfillment players

Hybrid network



- Last mile competition in domestic market

Product leadership



Open networks



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International parcels

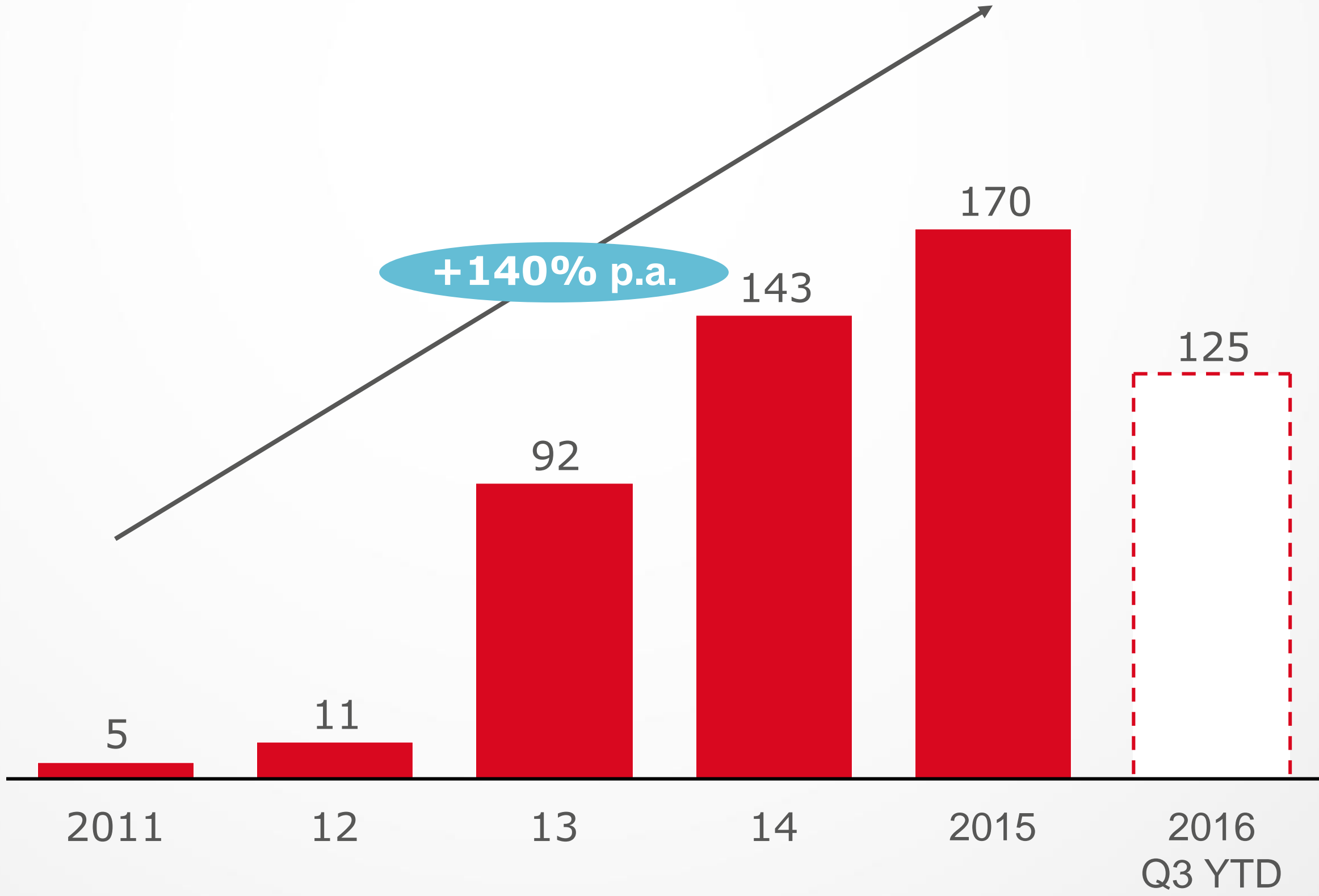


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International parcels sales evolution shows high CAGR

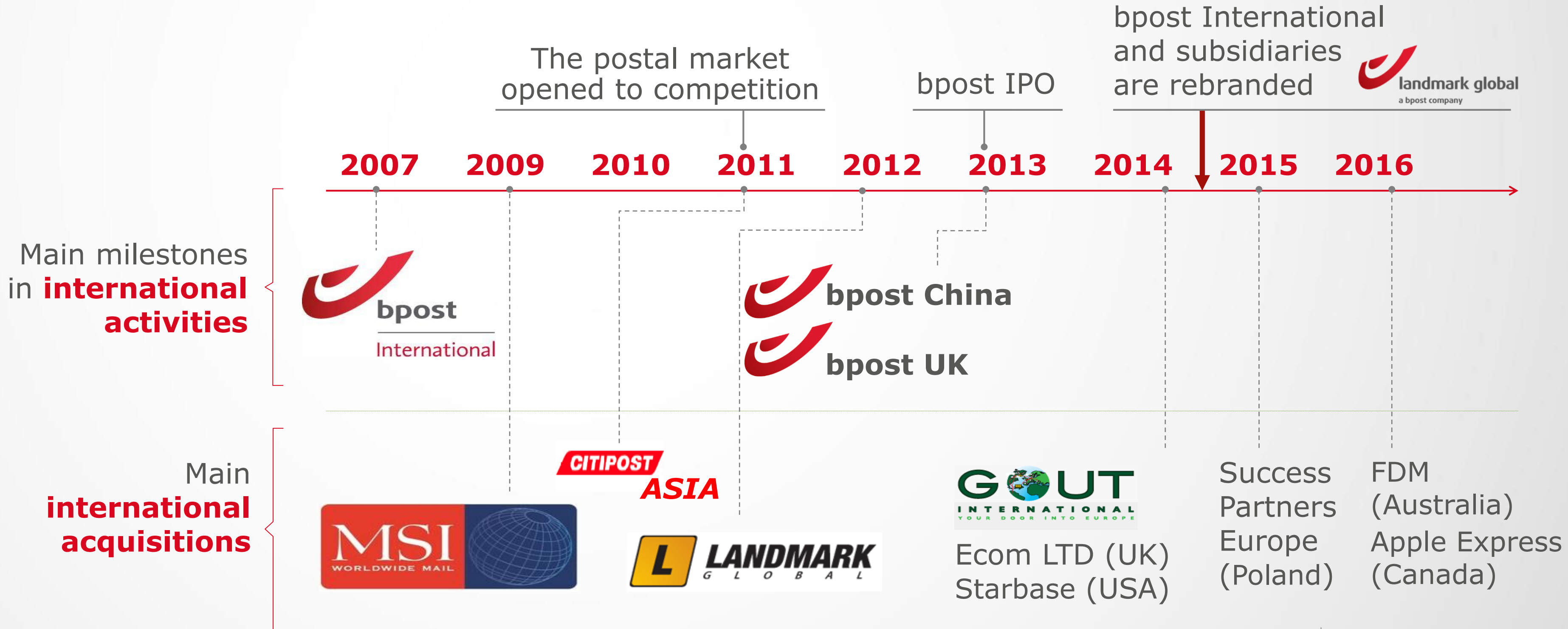
International parcels sales evolution, EUR mln



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International activities are grouped under one brand: "Landmark Global"



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Strong international footprint of Landmark Global



Present
in **11**
countries

25
Physical
strategic
locations

- Seattle
- Calgary
- Salt Lake City
- Santa Barbara
- Los Angeles (2)
- Toronto
- Buffalo
- Sterling
- Columbus
- Chicago

- Groningen / Utrecht
- London
- Brussels
- Warsaw

- Beijing
- Shanghai
- Guangzhou
- Shenzen
- Hong Kong
- Singapore
- Perth
- Sydney (3)
- Auckland



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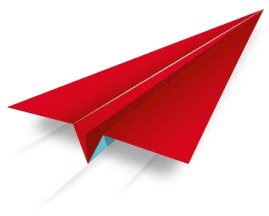
Unique selling proposition



- **Supports mid-sized e-tailers to expand their business beyond the national borders**
- **Provides additional services enabling customers to reach new markets at a reasonable cost without disruption**
 - ▶ Fulfillment services as an absolute differentiator
 - ▶ Full range of e-commerce and end-to-end solutions
- **Offers services to more complex developing markets**



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Competitive positioning: "Faster than postal, cheaper than express"

Logos for shipping companies in North America: UPS i-parcel, POSTES CANADA / CANADA POST, Purolator, bongo INTERNATIONAL, UPS, FedEx CrossBorder, FedEx, UNITED STATES POSTAL SERVICE, global access, DHL GLOBALmail, and pitney bowes.

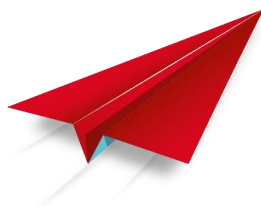
Logos for shipping companies in Europe: Royal Mail, DHL, Hermes, Deutsche Post, Spring Global Mail, B2C Europe WE DELIVER E-COMMERCE, YODEL, wnDirect, GLS, UPS, dpd, PARCEL FORCE WORLDWIDE, ASENDIA BY LA POSTE & SWISS POST, postnl, DHL EXPRESS, and DHL PARCEL.

Logos for shipping companies in Asia and Oceania: SF EXPRESS, UPS, 中国邮政 CHINA POST, 4PX 递四方速递, Spring Global Mail, Singapore POST, DHL GLOBALmail, AUSTRALIA POST, ASENDIA BY LA POSTE & SWISS POST, Hongkong Post 香港郵政, FedEx, and DIRECT LINK Part of PostNord.



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Cross border e-commerce is growing



45%
purchase
abroad

Canada

70%
of consumers
worldwide
shopped on
foreign
websites in the
past year

30%
purchase
abroad

Mexico

41%
purchase
abroad

Brazil

48%
purchase
abroad

UK

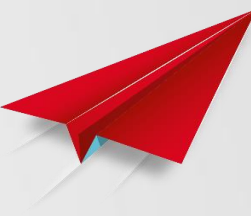
63%
purchase
abroad

Australia



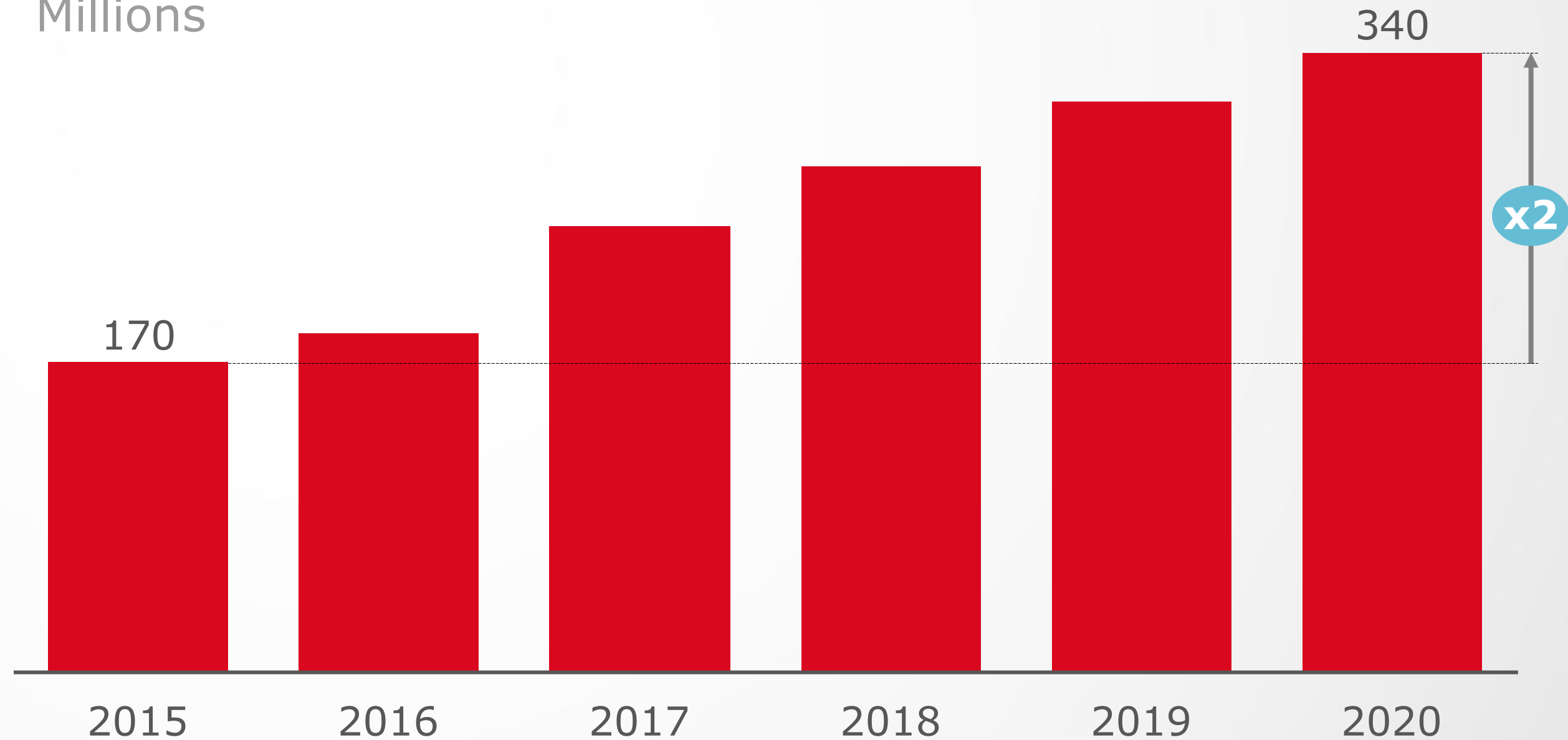
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Ambition to double international parcel revenue over 5 years by 2020 ...



Revenue international parcels

Millions



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... by further pursuing our strategy



**North America
and Australia**
Continue
profitable
growth

Growth

**Main focus
Cross-
Border
Parcels**

Europe
Become a stronger
leader in parcels

Asia
Gain a
substantial
footprint

Opportunistic
**Maintain
profits from
other products
stable**

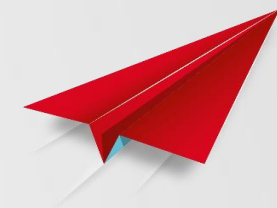
**International
business
mail**

**Terminal
dues from
inbound
mail**



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Global enablers to realize our strategy



Further leverage our state-of-the-art **technology** system **Mercury**

- ▶ Roll out in all countries, including at newly acquired companies
- ▶ Increase development resources

Product management to further broaden the service offering along the e-commerce value chain

- ▶ Bundle services
- ▶ Invest in R&D

In-house custom brokerage for key markets

Foster an **entrepreneurial, lean and agile culture**



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Acquisitions and partnerships are key



Acquisitions

- To further strengthen **fulfillment** in US and Europe
- To develop **trade services offering**

Partnerships

- For last mile, first mile, operations in Asia, local brokers in Asia & Latin America
- We thereby confirm our **asset light strategy**

SUCCESS
PARTNERS EUROPE™



AppleExpress



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