

bpost acquisition of Radial

a great leap forward in realizing
our growth ambition



Analyst call - Brussels, October 9 2017

Forward Looking Statement

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Agenda

What are we announcing today?

Who is Radial?

Rationale of the transaction for bpost

Financial considerations

Key take-aways

Questions and Answers

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bpost has entered into an agreement to acquire 100% of the shares of Radial, a leading integrated e-commerce logistics and omnichannel technology provider, to accelerate and scale the development of its e-commerce logistics business and serve brands, retailers and consumers globally



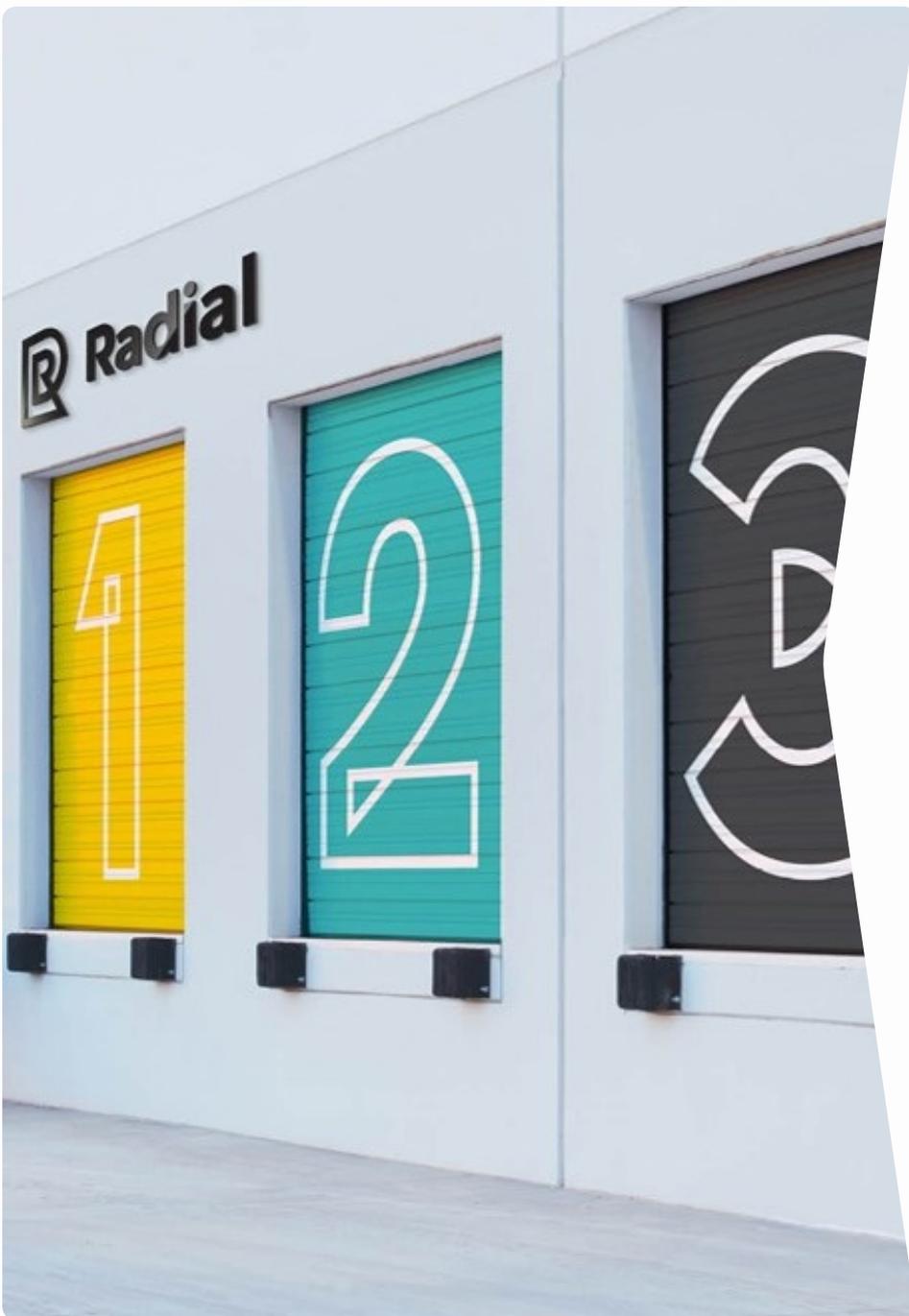
Acquisition of Radial, a leading, integrated e-commerce logistics player

External growth in international e-commerce logistics fits perfectly within bpost's strategic pillar "We Grow", which has been an important part of bpost's 4 strategic priorities since 2016

The acquisition of **Radial** will allow bpost to

- Become a leader in the **advanced US e-commerce logistics industry**, and **reinforce bpost's successful international parcels strategy** with Landmark Global
- Offer a **platform to connect EU and US e-commerce businesses and consumers**, when combined with bpost's capabilities and building blocks in the EU
- Form the **basis for bpost's European end-to-end e-commerce solutions**, providing a "fast mover" advantage through instant scale, credibility and expertise
- Inject a **distinctive set of capabilities** that would otherwise take years to develop





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Who is Radial?

Radial is a **leading integrated e-commerce logistics and omnichannel technology provider**, which supports hundreds of American brands and retailers

It offers the **full suite of e-commerce logistics solutions** from omnichannel technology, payment, tax and fraud protection services, to fulfillment, delivery and customer care services

With clients such as Adidas, Levi's, Estee Lauder, Ralph Lauren and Godiva, Radial is ahead of its peers in terms of **scale, geographic coverage and breadth of services**

HQ in King of Prussia, Pennsylvania (USA)



Radial offers the full suite of e-commerce logistics solutions



Omnichannel technology

optimizing efficiency of order management, ship-from-store and in-store pick up

Payment, tax, & fraud protection services

Warehouse management & fulfillment services

Transport management & last-mile delivery and returns

Customer Care Services & Technology

Current bpost service offering along the logistics value chain



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Radial's key figures



6,700 employees (FTEs)



24 fulfillment centers
(1.2 million sqm)



\$ 6.2 billion in orders
processed



306 million units shipped
(1m/d during peak)



72 million parcels
shipped per year



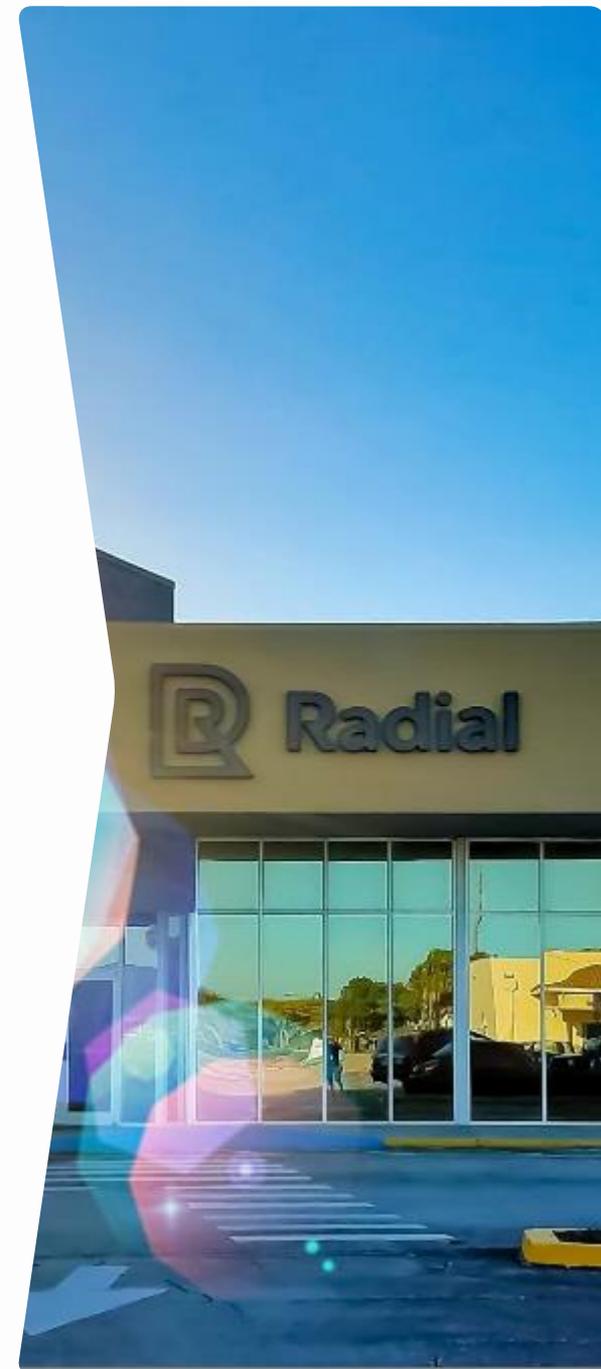
21 million customer care
contacts per year



\$970-1,020 million 2017
expected revenue



\$65-70 million 2017
expected EBITDA





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External growth in international B2C e-commerce perfectly fits within the “We grow” pillar of bpost’s strategic priorities



bpost’s ambition is to:

- Seize the opportunity of **accelerated e-commerce growth**
- Expand through **external growth** to inject the required skills and capabilities along the value chain of e-commerce
- Expand in **international parcels** to address customers’ cross-border needs, achieve required scale, and learn from advanced e-commerce markets

Why integrated e-commerce logistics?

Integrated e-commerce logistics solutions provide access to a large and more attractive profit pool

20%
p.a.

Global e-commerce sector is expected to grow at 20% p.a., with cross-border e-commerce growing at >25% p.a.



Close to bpost's current capabilities (e.g., cross-border trade lanes with Landmark Global, FDM, AppleExpress, return logistics with DynaGroup)



Beyond last mile and cross-border services, offer simple E2E solutions to **mid-market e-commerce players** and an accelerated roll-out/ scale-up of their e-commerce operations



Offer a **seamless and high-quality experience to consumers** and have access to a **larger and more attractive profit pool**

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Why Radial?

Radial brings a distinctive set of capabilities that would otherwise take years to develop



Build a **significant presence** in the **advanced US e-commerce logistics sector** with proven client base, IT and infrastructure



Inject **new expertise and capabilities** along the e-commerce logistics value chain e.g. omnichannel technology, fulfilment, payment, tax & fraud protection and customer care, which are critical to scale the EU e-commerce logistics business



Build on **track record** in successfully stitching together different parts of the e-commerce logistics value chain to accelerate development of e-commerce logistics business



Scale bpost's e-commerce logistics capabilities **in the Benelux and Europe**

Why the US?

Radial offers access to the advanced US e-commerce logistics sector and allows to tap into transatlantic flows



bpost has a **proven track record** of doing business in the US through Landmark Global



The **US is an advanced e-commerce market that will continue to grow fast**, offering the ideal opportunity to accelerate the development in the EU e-commerce logistics market, and gain a competitive edge



A meaningful presence in the US provides a **gateway to a global market**, allowing Belgian consumers to shop online for US brands and retailers, and Belgian companies to benefit from transatlantic trade flows and export globally

20%

Presence in US taps into the **origin of EU e-commerce** as it represents **~20% of export flows**

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Radial has nation-wide coverage in the US and complements bpost's global footprint





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Offer and impact of the transaction

Offer and transaction details

- bpost will acquire 100% of shares of Radial for an EV of \$ 820m
- The EV represents 11.7-12.6x expected normalized EBITDA in 2017
- Closing expected in 4Q17
- bpost will fully finance the transaction with a bridge facility at closing and will refinance afterwards using available cash and new debt at market conditions

Impact of the transaction

- Earnings and dividend accretive as of 2020
- Dividend policy unchanged
- Optimization of the capital structure without any stock dilution
- Maintain strong balance sheet for future transactions

Key assumptions for business development

Annual sales to grow between **6 and 8% p.a.** for the next 5 years

Limited cost synergies between Radial and bpost will be realized but are not really material

Ongoing business integration plans will continue, incurring integration costs mainly in 2018 with a tail in 2019 for an estimated total between **\$35m and \$40m**

EBITDA margin % expected to be **high single digit** as of 2020

Capex investment between **\$35 and \$40 million p.a.**

Losses carried forward impacting **US effective tax rate** in the **next 3 years**





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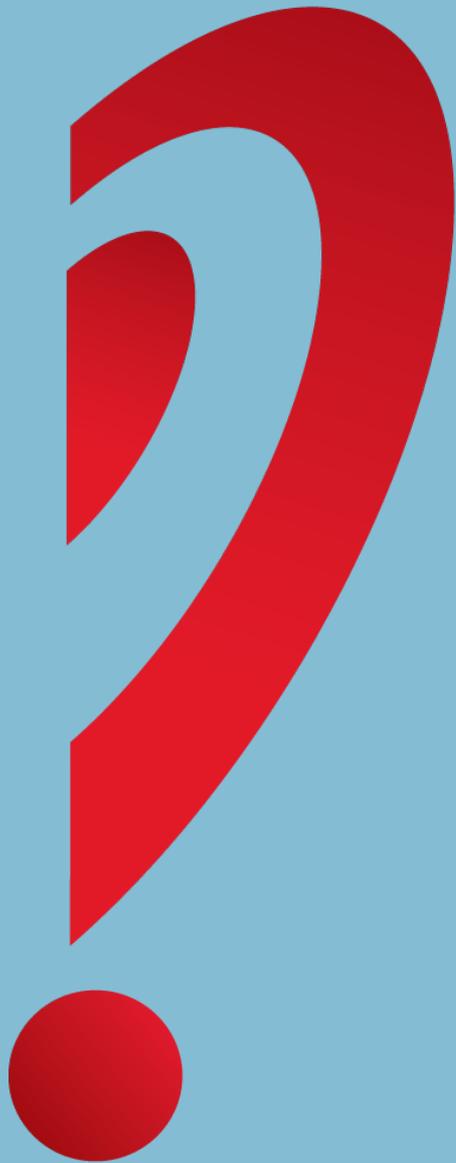
It offers an **integrated suite of e-commerce logistics solutions**, from omnichannel technology, payment, tax services & fraud protection, to fulfilment, transportation and customer care services

The acquisition fits perfectly within bpost's **strategic pillar "We Grow"**, and allows it to:

- Strengthen the **footprint in international parcels** through **Landmark Global**
- Tap into **transatlantic e-commerce** flows
- Inject a **distinctive set of capabilities**

bpost remains a **Belgian Group**, offering **growth and development opportunities** to its employees and having a **lasting impact on Belgian society** at large





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Contact details



Baudouin de Hepcée

*Director External Communication,
Investor Relations & Public Affairs*

Email: baudouin.dehepcee@bpost.be

Direct: +32 (0) 2 276 22 28

Mobile: +32 (0) 476 49 69 58

Address: bpost, Centre Monnaie, 1000 Brussels, Belgium



Saskia Dheedene

Manager Investor Relations

Email: saskia.dheedene@bpost.be

Direct: +32 (0) 2 276 76 43

Mobile: +32 (0) 477 92 23 43

Address: bpost, Centre Monnaie, 1000 Brussels, Belgium
