

Third quarter 2023 results Analyst call

November 10th, 2023

 **bpostgroup**
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Investor presentation

Interim financial report 3Q23

3Q23

Financial Calendar

23.11.2023

Special General Meeting of Shareholders

29.02.2024 (17:45 CET)

Quarterly results 4Q23

21.03.2024

Annual report 2023

02.05.2024 (17:45 CET)

Quarterly results 1Q24

More on bpostgroup.com/investors

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¹ as defined among others under the U.S. Private Securities Litigation Reform Act of 1995

Highlights of 3Q23

3Q23

Group underlying performance exceeding plan in seasonally softer quarter marked by continued adverse conditions. Resilient Belgium backed by strong parcel volumes, along with improved profits in Eurasia, mitigates N. Am. revenue pressure.

Group operating income

€ 978.5m (€ -43.4m)

-4.2% vs. 3Q22

Group adjusted EBIT

€ 28.1m (€ +2.1m)

2.9% EBIT margin

or € 23.1m (2.4%) excl.
€ 5m provision reversal¹

-11.2% vs. 3Q22

Belgium

€ 25.9m (€ +7.1m)

4.8% EBIT margin

- Total operating income at € 538.4m (+6.2%)
 - underlying mail volume decline of -8.2% nearly offset by positive price/mix impact
 - parcels volumes +5.5% and price/mix impact of +6.6%
 - € +5.0m provision reversal related to 2023 State services repricing¹
- Adjusted OPEX increase (+4.7%) mainly driven by salary indexations

E-Logistics Eurasia

€ 7.9m (€ +3.5m)

5.2% EBIT margin

- Total operating income at € 151.6m (-2.4%)
 - continued expansion of Radial EU and Active Ants (+11%)
 - lower cross-border sales reflecting adverse UK market conditions, and softer growth from recent customer wins in Asia
- Lower OPEX (-6.8%) from (i) lower transport costs in line with volume development and mix, (ii) stable payroll costs

E-Logistics N. Am.

€ 4.5m (€ -6.0m)

1.5% EBIT margin

- Total operating income at € 310.3m (-10.8% excl. FX), reflecting lower volumes at Radial and Landmark US (Amazon insourcing)
- Lower OPEX (-8.9% excl. FX) operationally from lower variable costs including continued strong labor management and productivity gains

or -10.8% excl. FX when accounting for the € 7.1m bad debt provision of 3Q22

¹ See [disclosure](#) "Update on bpostgroup compliance reviews", dated 22 September 2023

Key financials 3Q23

3Q23

€ million	Reported		Adjusted ¹		Δ %
	3Q22	3Q23	3Q22	3Q23	
Total operating income	1,021.9	978.5	1,021.9	978.5	-4.2%
Operating expenses	923.6	¹ 948.0	923.6	¹ 873.0	-5.5%
EBITDA	98.3	30.5	98.3	105.5	7.3%
Depreciation & Amortization	75.5	² 80.6	72.3	² 77.4	7.1%
EBIT	22.8	-50.1	26.0	28.1	8.0%
Margin (%)	2.2%	-5.1%	2.5%	2.9%	
Financial result	6.3	³ 3.5	6.3	³ 3.5	-44.5%
Profit before tax	29.1	-46.6	32.3	31.6	-2.2%
Income tax expense	4.4	10.1	5.2	12.0	133.2%
Net profit	24.7	-56.7	27.1	19.5	-28.0%
FCF	-32.1	⁴ -23.3	3.9	⁴ -31.9	-
Net Debt at Sept 30	670.9	507.9	670.9	507.9	-24.3%
Capex	47.0	26.4	47.0	26.4	-43.8%
Average # FTEs and interims	38,768	37,474	38,768	37,474	-3.3%

¹ € 75.0m provision for the repayment to the Belgian State towards overcompensation over the past years²

² Amortization and impairments of intangibles recognized during PPA are adjusted, leading to increase in EBIT (€ +3.2m) and income tax (€ +0.8m)

³ Decrease in financial results reflecting development of non-cash financial results related to IAS 19 employee benefits (one-off steep increase in discount rates LY), partially offset by a gain on contingent liability (purchase of remaining share of Active Ants in Sept. '23)

⁴ Adjusted FCF excludes the cash Radial receives on behalf of its customers for performing billing services

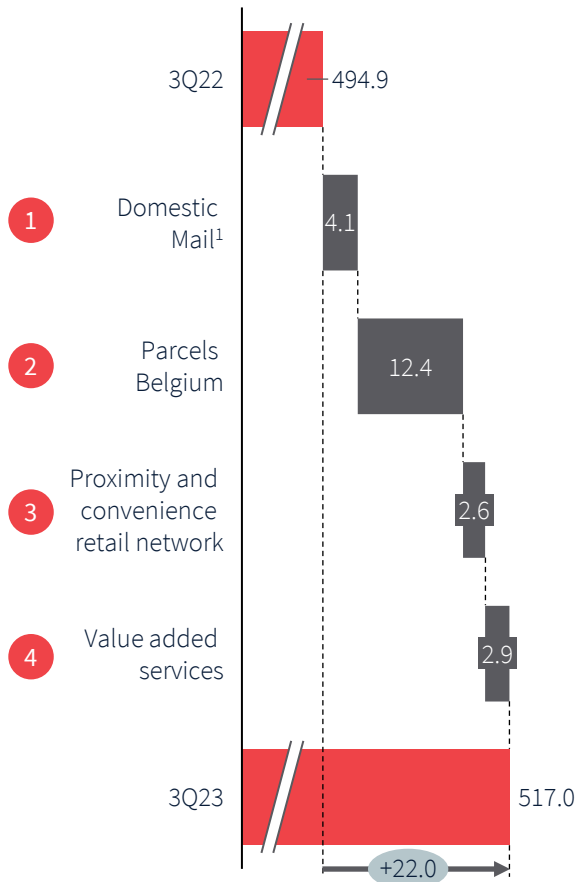
¹ Unaudited figures

² See [disclosure](#) "Update on bpostgroup compliance reviews", dated 22 September 2023

Parcel volume growth and beneficial Price Mix across mail and parcels

3Q23 – Belgium

Belgium
revenues, € million



Domestic Mail

Revenues up € +4.1m (+1.4%):

- € -23.2m volume (-8.2% underlying volume decline against -7.7% in 3Q22)
- € +22.4m price/mix impact
- € +4.9m from integration of Aldipress² on Sept. 30, 2022 and est. € -5m of COVID-19 communication in 3Q22

1

Parcels Belgium

Parcels Belgium revenues up € +12.4m (+12.1%):

- Parcels volume growth of +5.5%, mainly reflecting successful Commercial Hunting Plan 2022.

Weak apparel sales momentum from warmer weather patterns in September.

- Price/mix of +6.6%

2

Proximity and convenience retail network

Revenues up € +2.6m (+3.8%) mainly from indexation of Mgt. Contract

3

Value added services

Higher revenues from fines solution

4

¹ Domestic mail is the sum of Transactional, Advertising and Press

² Aldipress impact excluded from volume trend

Strong revenues offset inflationary pressure on costs

3Q23 – Belgium

€ million

Belgium	3Q22	3Q23	Δ %
Transactional	169.7	172.1	1.4%
Advertising	42.9	40.7	-5.3%
Press	80.3	84.3	5.0%
Parcels Belgium	103.2	115.6	12.1%
Proximity and convenience retail network	68.8	71.4	3.8%
Value added services	30.1	32.9	9.5%
Intersegment and other	12.2	21.5	75.4%
Total operating income	507.2	538.4	6.2%
Operating expenses	468.0	565.2	20.8%
EBITDA	39.2	-26.7	-
Depreciation & Amortization	20.5	22.4	9.5%
Reported EBIT	18.7	-49.2	-
Margin (%)	3.7%	-9.1%	
Adjusted EBIT	18.9	25.9	37.5%
Margin (%)	3.7%	4.8%	

Additional KPIs

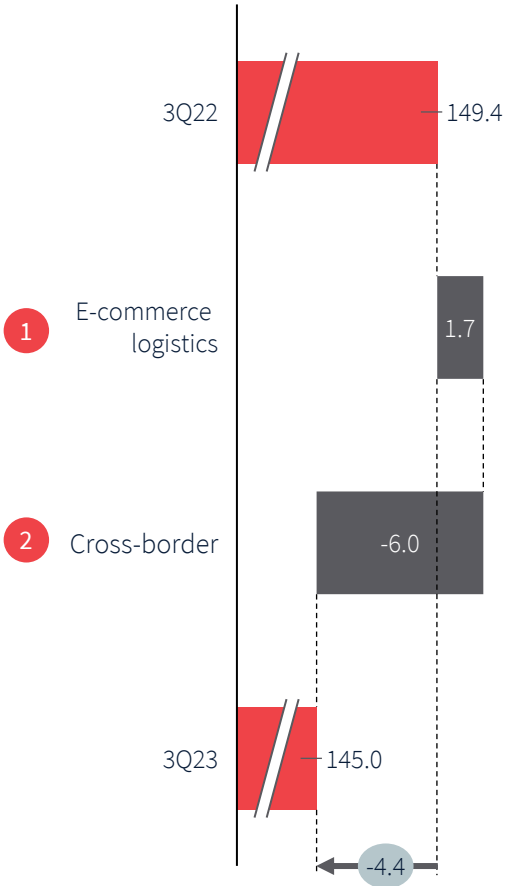
Underlying Mail volume trend	-7.7%	-8.2%
Transactional	-6.2%	-9.2%
Advertising	-11.1%	-12.3%
Press - excl. Aldipress	-10.5%	-7.9%
Parcels volume trend	-3.8%	+5.5%

Key takeaways 3Q23

- Higher intersegment revenues from inbound cross-border volumes handled in the domestic network, and € +5.0m reversal (other revenue) from downward revision of 2023 impact of repricing the services to the State
- Reported operating expenses (incl. D&A) increased by € 92.2m reflecting the € 75.0m provision for the repayment to the Belgian State towards overcompensation over the past years
- Adjusted operating expenses (incl. D&A) increased by € 24.2m (+5.0%) mainly driven by higher payroll cost per FTE (+5.4% from 3 salary indexations) and stable FTEs despite higher parcel volumes.
- Improved underlying EBIT when excluding compliance review impacts

Mixed revenue development across businesses results in stable topline operationally

E-Logistics Eurasia revenues, € million



E-commerce logistics

Revenues up € +1.7m (+2.5%):

- Radial Europe and Active Ants revenue growth of +11% reflecting higher sales from (i) existing customers and (ii) new customer onboardings from international expansion
- Lower volumes across all Dyna lines, only partially mitigated by price indexations

1

Cross-border

Revenues down € -6.0m (-7.4%) mainly from:

- Adverse UK market conditions
- IMX consolidation (4 months of revenue in 3Q22 after acquisition on May 31, 2022); partially offset by
- Continuous growth from recent customer wins in Asia, though at a slower pace than in previous quarters

2

Improved profitability in Eurasia

3Q23 – E-Log, Eurasia

€ million

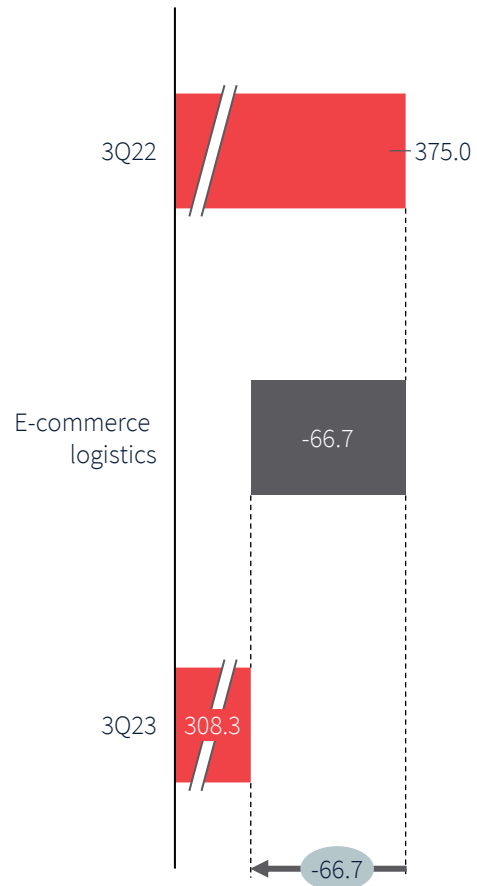
E-Logistics Eurasia	3Q22	3Q23	Δ %
E-commerce logistics	67.3	69.0	2.5%
Cross-border	82.0	76.0	-7.4%
Intersegment and other	5.9	6.6	11.3%
Total operating income	155.3	151.6	-2.4%
Operating expenses	144.6	134.7	-6.8%
EBITDA	10.7	16.9	58.0%
Depreciation & Amortization	7.0	9.8	39.9%
Reported EBIT	3.7	7.1	92.6%
Margin (%)	2.4%	4.7%	
Adjusted EBIT	4.4	7.9	80.6%
Margin (%)	2.8%	5.2%	

Key takeaways 3Q23

- Total operating income down € -3.7m (-2.4%)
- Operating expenses (incl. adjusted D&A) decreased by € 7.2m (-4.8%), mainly explained by:
 - lower transport costs in line with lower Cross-border activities overall and favorable mix, offsetting higher intersegment opex charged by Belgium
 - stable payroll costs reflecting inflationary pressures balanced by lower FTEs

Revenue pressure in a North American market that remains difficult

E-Logistics N. America revenues, € million



E-commerce logistics

Revenues down € -66.7m (-17.8% or -11.0% at constant exchange rate)

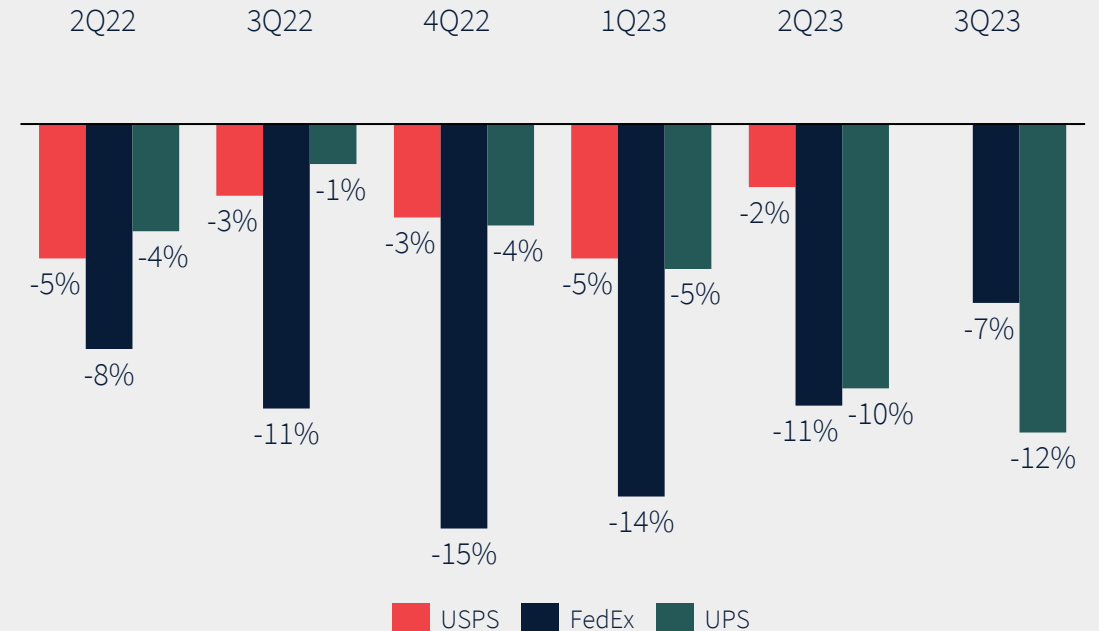
Lower revenues at Radial (-10.1% excl. FX) resulting from:

- contribution of new customer launches, more than offset by
- lower sales from existing customers and accelerating revenue churn from terminated contracts announced in 2022 and 2023

Lower revenues at Landmark US reflecting Amazon's insourcing and general competitive pressure

U.S. domestic market trend

Domestic Package volume (U.S.) - y/y evolution



Productivity gains at Radial partly mitigate topline pressures

3Q23 – E-Log, N. Am.

€ million

E-Logistics North America	3Q22	3Q23	Δ %
E-commerce logistics	375.0	308.3	-17.8%
Intersegment and other	1.5	2.0	33.9%
Total operating income	376.5	310.3	-17.6%
Operating expenses	339.6	279.5	-17.7%
EBITDA	36.8	30.7	-16.7%
Depreciation & Amortization	28.7	28.4	-1.2%
Reported EBIT	8.1	2.3	-71.3%
Margin (%)	2.2%	0.8%	
Adjusted EBIT	10.5	4.5	-57.0%
Margin (%)	2.8%	1.5%	
Additional KPIs, adjusted			
Radial North America revenue, \$m	295.9	265.9	-10.1%
Radial North America EBITDA, \$m	21.1	20.8	-1.2%
Radial North America EBIT, \$m	(0.8)	(2.6)	-

Key takeaways 3Q23

- Total operating income down € -66.2m (-17.6%, or -10.8% excl. FX)
- Operating expenses (incl. adjusted D&A) down € -60.2m (-16.5% or -9.5% excl. FX) resulting from:
 - lower variable opex in line with revenue development
 - continued strong variable labor management and productivity gains, leading to variable contribution margin improvement
 - provision of € 7.1m in 3Q22 reflecting dispute with exiting customer
- Lower underlying EBIT and margin dilution mainly reflecting revenue pressure at Landmark and lower fixed cost coverage, partly mitigated by productivity improvement at Radial

Continued FTE reduction mitigates the cost pressures

3Q23 – Corporate

€ million

Corporate	3Q22	3Q23	Δ %
External operating income	2.7	1.9	-30.0%
Intersegment and other	98.2	101.0	2.9%
Total operating income	100.8	102.8	2.0%
Operating expenses	89.3	93.3	4.5%
EBITDA	11.5	9.5	-17.3%
Depreciation & Amortization	19.3	19.9	3.4%
Reported EBIT	-7.7	-10.4	
Margin (%)	-7.7%	-10.1%	
Adjusted EBIT	-7.7	-10.4	
Margin (%)	-7.7%	-10.1%	

Key takeaways 3Q23

- External revenues down € -0.8m mainly from building sales
- Higher operating expenses (€ +4.7m or +4.3%, incl. D&A) reflecting amongst others (i) inflationary pressure on payroll costs (+5.4% from 3 salary indexations) mitigated by continued efforts on overhead reduction (-4.4% FTEs) and (ii) compliance reviews related costs
- Adjusted EBIT down € -2.7m at € -10.4m

Stable Cash Flow from Operating activities negatively impacted by working capital development

€ million - Adjusted

	3Q22	3Q23	Δ
Cash flow from operating activities before Δ in WC and provisions	91.7	25.1	-66.6
Change in working capital and provisions	-40.6	-20.8	19.9
Cash flow from operating activities	51.1	4.4	-46.7
Cash flow from investing activities	-47.2	-36.3	10.9
Free cash flow	3.9	-31.9	-35.8
Cash flow from financing activities	-50.5	-58.1	-7.6
Net cash movement	-46.5	-90.0	-43.5
Capex	47.0	26.4	-20.6

Adjusted vs. Reported Cash Flow Statement in appendix

CF from operating activities

- 1 Lower EBITDA (incl. € -75.0 provision) and lower payment of corporate income taxes (€ +10.4m)
- 2 € +19.9m variation in working capital evolution and provisions mainly driven by
 - increase in provision with € +75.0m related to the repayment to the Belgian State towards overcompensation over the past years
 - € -60.1m Change in working capital in 3Q23 from lower supplier balances

3 CF from investing activities

- Higher M&A activities (€ +9.2m y/y mainly reflecting purchase of remaining shares of Active Ants in Sept. '23)
- CAPEX of € 26.4m in 3Q23 (€ -20.6m y/y) mainly spent on international e-commerce logistics and on domestic fleet, mail infrastructure and parcels capacity

4 CF from financing activities

- Mainly driven by payments related to lease liabilities and interests on borrowings

2023 group EBIT outlook

Outlook FY23

Despite North American market headwinds and compliance reviews impacts, bpost expects the group adjusted EBIT to be above € 240m

Belgium

incl. € -10.0m of repricing services to the State

4-5% growth¹ in total operating income, notably driven by

- Mail: volume decline of 8-9% offset by price increase and mix impacts
- Parcel: mid to high single digit % volume growth and mid single digit % price/mix

7-9% adjusted EBIT margin

Higher payroll costs from full-year impact of salary indexations of 2022-23², higher energy costs and compliance reviews related costs, partly mitigated by efficiency gains in operations and continued cost reduction initiatives

E-Logistics Eurasia

Low double digit % growth in total operating income driven by

- Continued growth of Radial Europe and Active Ants
- Growing Commercial Cross-Border activities incl. development of new lanes

3-5% adjusted EBIT margin

Negative mix effect at Cross-Border and including scale-up of sales organization and start-up costs of new customers at Radial Europe and Active Ants

E-Logistics N. Am.

Low double digit % decline in total operating income³ reflecting

- Amazon's insourcing at Landmark Global and general price pressure
- Lower growth momentum at Radial in current market conditions, overcapacity leading to price pressures and ongoing churn

4-6% adjusted EBIT margin

Tighter labor costs & management and costs measures offsetting price pressures and higher opex and incremental D&A from new sites

Group

Low single-digit % decline^{1,3} in total operating income

Adjusted EBIT above € 240m

Including higher payroll costs at Corporate level, opex to support the ongoing group transformation and impacts from compliance reviews

Gross capex around € 170m

Reflecting capex discipline in difficult market

¹ excluding deconsolidation of Ubiway Retail

² next +2% salary indexation will occur in December '23, adding to the ones of February, April, June, September, December '22 and January '23. Monthly forecast of the Federal Planning Bureau is available [here](#)

³ assuming EUR/USD at 1.08 for 2023

Additional info



Adjusted vs. reported Cash Flow Statement

3Q23

€ million	Reported			Adjusted		
	3Q22	3Q23	Δ	3Q22	3Q23	Δ
Cash flow from operating activities before Δ in WC and provisions	91.7	25.1	-66.6	91.7	25.1	-66.6
Change in working capital and provisions	-76.6	-12.2	64.4	-40.6	-20.8	19.9
Cash flow from operating activities	15.1	12.9	-2.2	51.1	4.4	-46.7
Cash flow from investing activities	-47.2	-36.3	10.9	-47.2	-36.3	10.9
Free cash flow	-32.1	-23.3	8.7	3.9	-31.9	-35.8
Cash flow from financing activities	-50.5	-58.1	-7.6	-50.5	-58.1	-7.6
Net cash movement	-82.5	-81.4	1.1	-46.5	-90.0	-43.5
Capex	47.0	26.4	-20.6	47.0	26.4	-20.6

Adjustments

- Change in working capital:
Cash inflow related to collected proceeds due to Radial's clients was € 44.6m higher (€ 36.0m outflow in 3Q22 against inflow of € 8.6m in 3Q23)

Balance Sheet

3Q23

€ million

Assets	Dec 31, 2022	Sept 30, 2023
Property, Plant and Equipment	1,398.9	1,392.0
Intangible assets	855.8	835.5
Investments in associates and joint ventures	0.1	0.1
Other assets	52.7	31.1
Trade & other receivables	974.3	823.6
Inventories	24.5	25.5
Derivative instruments	0.0	0.0
Cash & cash equivalents	1,051.0	973.7
Assets held for sale	1.0	0.6
Total Assets	4,358.3	4,082.2

€ million

Equity and Liabilities	Dec 31, 2022	Sept 30, 2023
Total equity	1,065.4	1,022.8
Interest-bearing loans & borrowings	1,488.6	1,481.5
Employee benefits	244.2	245.5
Trade & other payables	1,520.3	1,217.2
Provisions	26.7	102.7
Derivative instruments	-0.3	0.3
Other liabilities	13.5	12.3
Liabilities held for sale	0.0	0.0
Total Equity and Liabilities	4,358.3	4,082.2

Main balance sheet movements

Property, plant and equipment slightly decreased as the capital expenditure and the new right-of-use assets were offset by the depreciation.

Intangible assets decreased due to the depreciation, partially offset by capital expenditures.

The decrease of Trade and other receivables was mainly driven by the settlement of the press concession for the year 2022 and the peak sales of year-end 2022.

Cash & cash equivalents decreased amongst others due to the payment of dividends (€ 80.3m).

The decrease of equity was mainly explained by payment of dividends (€ 80.3m), partially offset by the realized profit and the exchange differences on translation of foreign operations.

The decrease of Trade and other payables was mainly due to the reversal of the liability related to the remaining shares of Active Ants and the decrease of social and trade payables. The decrease of trade payables was mainly a phasing element given the peak season at year-end, whereas the decrease of social payables was mainly due to the unwinding of the deferred payment of withholding taxes on payroll, a measure granted by the Belgian government in the context of the energy crisis in 4Q22, and the payment of the FY22 social accruals in 1H23.

The increase of provisions is due to the provision of € 75.0m for the three compliance reviews (traffic fines, 679 accounts and licence plates), this constitutes bpost's assessment of the overcompensation - to be repaid to the Belgian State - over the past years for the three contracts.

Financing Structure & Liquidity

3Q23

€ million

Available Liquidity	Dec 31, 2022	Sept 30, 2023
Cash & cash equivalents	1,051.0	973.7
Cash in network	143.9	136.0
Transit accounts	65.8	63.3
Cash payment transactions under execution	-24.0	(10.0)
Bank current accounts	680.6	447.7
Short-term deposits	184.7	336.8
Undrawn revolving credit facilities	375.0	375.0
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2025	75.0	75.0
Total Available Liquidity	1,426.0	1,348.7

€ million

External Funding	Dec 31, 2022	Sept 30, 2023
Long-term	650.0	650.0
Long-term bond ¹ (1.25% - 07/2026)	650.0	650.0
Short-term	173.4	174.6
Bank loans - Term Loan (\$ 185m) - 12/2023	173.4	174.6
Total External Funding	823.4	824.6

Liquidity: Cash & Committed credit lines

Total available liquidity on September 30, 2023 consisted out of € 974m cash & cash equivalents of which € 784m is readily available on bank current accounts and as short-term deposits.

In addition, bpost group has 2 undrawn revolving credit facilities for a total amount of € 375m.

External Funding & Debt Amortization (excl. IFRS16 lease liabilities)

Out of € 824.6m external funding on balance sheet, € 174.6m (\$ 185m) needs to be repaid within twelve months

¹ € 650m long-term bond with a carrying amount of € 646.8m, the difference being the re-offer price and issuance fees.

Key contact



Antoine Lebecq

Head of Investor Relations

Email: antoine.lebecq@bpost.be

Direct: +32 (0) 2 276 29 85

Mobile: +32 (0) 471 81 24 77

Address: bpostgroup, Boulevard Anspach 1, 1000 Brussels, Belgium