

# First quarter 2024 results Analyst call

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May 3<sup>rd</sup>, 2024

 **bpostgroup**  
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# Investor presentation

Interim financial report 1Q24

1Q24

## Financial Calendar

08.05.2024

Ordinary General Meeting of Shareholders

15.05.2024

Ex-dividend date

17.05.2024

Payment date

02.08.2024 (07:00 CET)

Quarterly results 2Q24

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## Disclaimer

This presentation is based on information published by bpost group in its First Quarter 2024 Interim Financial Report, made available on May 3<sup>rd</sup>, 2024 at 07.00am CET on [bpostgroup.com/investors](https://bpostgroup.com/investors). This information forms regulated information as defined in the Royal Decree of November 14<sup>th</sup>, 2007. The information in this document may include forward-looking statements<sup>1</sup>, which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This material is not intended as and does not constitute an offer to sell any securities or a solicitation of any offer to purchase any securities.

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

# Highlights of 1Q24

1Q24

Domestic and cross-border parcels volume and continued focus on productivity mitigate challenging market conditions.

## Group operating income

€ 993.0m (€ -55.9m)

-5.3% vs. 1Q23

## Group adjusted EBIT

€ 62.1m (€ -15.5m)

6.2% EBIT margin

Including € 7.7m of M&A costs at Corporate level

## Belgium

incl. € -4.8m of lower State compensation for press concessions

€ 59.4m (€ -4.3m)

10.5% EBIT margin

- Total operating income at € 565.8m (-0.1%)
  - underlying mail volume decline of -6.7% mitigated by price/mix impact of +3.9%
  - parcels volumes +2.9% and price/mix impact of +1.3%
- Nearly stable OPEX (+0.7%) mainly driven by salary indexation and stable FTEs

## E-Logistics Eurasia

€ 12.0m (€ +4.2m)

7.1% EBIT margin

- Total operating income at € 169.4m (+2.1%)
  - continued expansion of Radial EU and Active Ants (+13.0%)
  - higher cross-border sales reflecting growth from existing and recent customer wins in Asia
- Lower OPEX (-1.3%) from (i) lower SG&A and material costs offsetting (ii) higher transport costs in line with volume development and mix

## E-Logistics N. Am.

€ 8.8m (€ -6.2m)

3.1% EBIT margin

- Total operating income at € 282.5m (-15.5% excl. FX), reflecting lower volumes at Radial and Landmark US
- Lower OPEX (-15.9% excl. FX) from lower variable costs including continued labor management and productivity gains

# Key financials 1Q24

1Q24

€ million	Reported		Adjusted <sup>1</sup>		Δ %
	1Q23	1Q24	1Q23	1Q24	
Total operating income	1,048.9	993.0	1,048.9	993.0	-5.3%
Operating expenses	898.1	855.8	898.1	855.8	-4.7%
EBITDA	150.8	137.2	150.8	137.2	-9.0%
Depreciation & Amortization	76.4	<sup>1</sup> 78.0	73.2	<sup>1</sup> 75.2	2.7%
EBIT	74.4	59.2	77.6	62.1	-20.0%
Margin (%)	7.1%	6.0%	7.4%	6.2%	
Financial result	-9.6	<sup>2</sup> 1.0	-9.6	<sup>2</sup> 1.0	-
Profit before tax	64.9	60.2	68.0	63.1	-7.3%
Income tax expense	19.0	18.7	19.8	19.4	-2.0%
Net profit	45.9	41.6	48.3	43.7	-9.4%
FCF	176.3	<sup>3</sup> 222.9	216.0	<sup>3</sup> 258.3	19.6%
Net Debt at Mar 31	304.3	<sup>4</sup> 210.0	304.3	<sup>4</sup> 210.0	-31.0%
Capex	56.4	13.6	56.4	13.6	-75.8%
Average # FTEs and interims	36,768	35,289	36,768	35,289	-4.0%

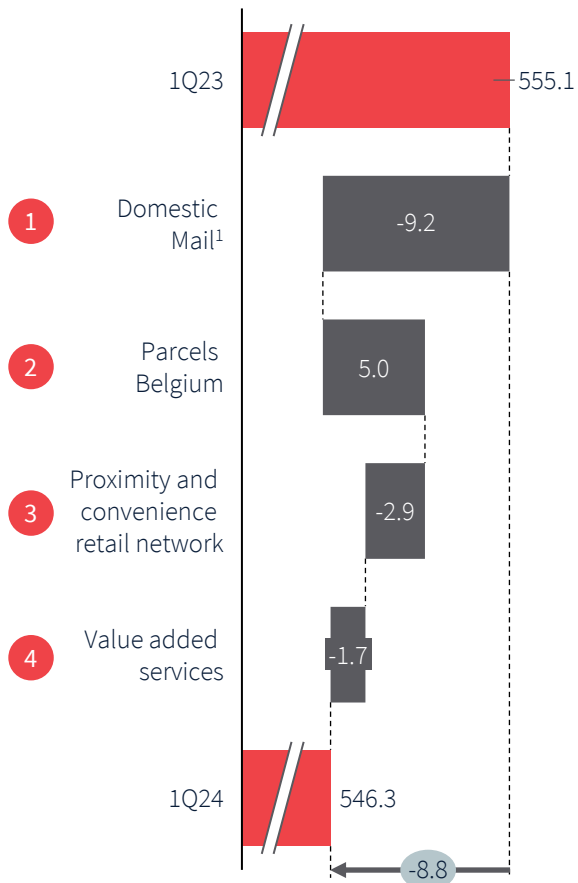
- <sup>1</sup> Amortization and impairments of intangibles recognized during PPA are adjusted, leading to increase in EBIT (€ +2.9m) and income tax (€ +0.7m)
- <sup>2</sup> Increase in financial results reflecting (i) favorable FX (ii) higher income on cash and cash equivalents and (iii) lower interests on loans
- <sup>3</sup> Adjusted FCF excludes the cash Radial receives on behalf of its customers for performing billing services
- <sup>4</sup> Including € 634.2m of lease liabilities

<sup>1</sup> Unaudited figures

# Parcel volume growth and lower mail revenues from reduced State compensation for press distribution

1Q24 – Belgium

Belgium  
revenues, € million



## Domestic Mail

Revenues down € -9.2m (-2.8%):

- € -21.4m volume (-6.7% underlying volume decline against -8.8% in 1Q23)
- € +12.2m (+3.9%) price/mix impact

of which € -4.8m from reduced governmental compensation for extended Press concessions

Excluding Press:

- Underlying volume decline of -7.4%
- Price/mix impact of +6.3%

1

## Parcels Belgium

Parcels Belgium revenues up € +5.0m (+4.2%):

- Parcels volume growth of +2.9% against high comps of 1Q23
- Delay in anticipated additional volumes from existing customer
- Price/mix of +1.3%

2

## Proximity and convenience retail network

Indexation of Management Contract offset by lower banking revenues

3

## Value added services

Higher operational revenues from fines solution and document management, more than offset by negative repricing impact now reported under VAS (vs. Other revenue in FY23)

4

<sup>1</sup> Domestic mail is the sum of Transactional, Advertising and Press

# Domestic and inbound parcels mitigate impact of lower Press revenues and inflation of payroll costs

1Q24 – Belgium

€ million

Belgium	1Q23	1Q24	Δ %
Transactional	195.1	192.0	-1.6%
Advertising	45.3	45.6	0.7%
Press	88.8	82.4	-7.2%
Parcels Belgium	120.8	125.8	4.2%
Proximity and convenience retail network	72.6	69.7	-4.0%
Value added services	32.5	30.8	-5.3%
Intersegment and other	11.4	19.5	71.8%
<b>Total operating income</b>	<b>566.4</b>	<b>565.8</b>	<b>-0.1%</b>
Operating expenses	481.8	485.0	0.7%
<b>EBITDA</b>	<b>84.7</b>	<b>80.8</b>	<b>-4.6%</b>
Depreciation & Amortization	21.2	21.6	1.9%
<b>Reported EBIT</b>	<b>63.5</b>	<b>59.3</b>	<b>-6.7%</b>
Margin (%)	11.2%	10.5%	
<b>Adjusted EBIT</b>	<b>63.7</b>	<b>59.4</b>	<b>-6.7%</b>
Margin (%)	11.2%	10.5%	
<b>Additional KPIs</b>			
Underlying Mail volume trend	-8.8%	-6.7%	
Transactional	-9.9%	-8.3%	
Advertising	-11.8%	-3.8%	
Press	-9.5%	-10.3%	
Parcels volume trend	+9.1%	+2.9%	

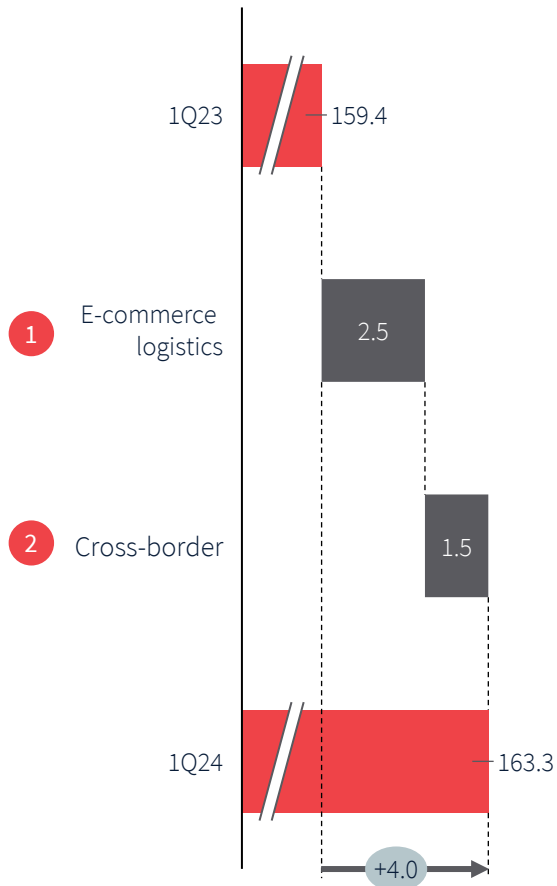
## Key takeaways 1Q24

- Higher intersegment revenues from inbound cross-border volumes handled in the domestic network, and € 6.25m higher other revenue tied to last year's impact of State services repricing (now booked under VAS in FY24)
- Operating expenses (incl. adjusted D&A) remained nearly stable (€ +3.6m or +0.7%) mainly driven by higher salary cost per FTE (+2.0% from 1 salary indexation y/y) and nearly stable FTEs

# Continued momentum in e-com fulfilment and strong Asian cross-border revenue growth offset adverse UK market conditions

1Q24 – E-Log, Eurasia

## E-Logistics Eurasia revenues, € million



### E-commerce logistics

Revenues up € +2.5m (+3.4%):

- Radial Europe and Active Ants revenue growth of +13.0% reflecting higher sales from international expansion (new customer onboardings) and upselling from existing customers
- Lower revenues at Dyna reflecting (i) higher volumes at Dynalogic offset by (ii) less devices to be repaired at DynaFix/Sure

1

### Cross-border

Revenues up € +1.5m (+1.7%) mainly from:

- New customers and continued growth from recent customer wins in Asia; partly offset by
- Continued adverse UK market conditions

2

# Improved profitability supported by favorable mix at cross-border and lower SG&A

€ million

E-Logistics Eurasia	1Q23	1Q24	Δ %
E-commerce logistics	71.9	74.4	3.4%
Cross-border	87.4	88.9	1.7%
Intersegment and other	6.6	6.1	-7.1%
<b>Total operating income</b>	<b>165.9</b>	<b>169.4</b>	<b>2.1%</b>
Operating expenses	150.8	148.8	-1.3%
<b>EBITDA</b>	<b>15.1</b>	<b>20.6</b>	<b>35.9%</b>
Depreciation & Amortization	8.2	9.2	11.7%
<b>Reported EBIT</b>	<b>6.9</b>	<b>11.4</b>	<b>64.7%</b>
Margin (%)	4.2%	6.7%	
<b>Adjusted EBIT</b>	<b>7.8</b>	<b>12.0</b>	<b>53.8%</b>
Margin (%)	4.7%	7.1%	

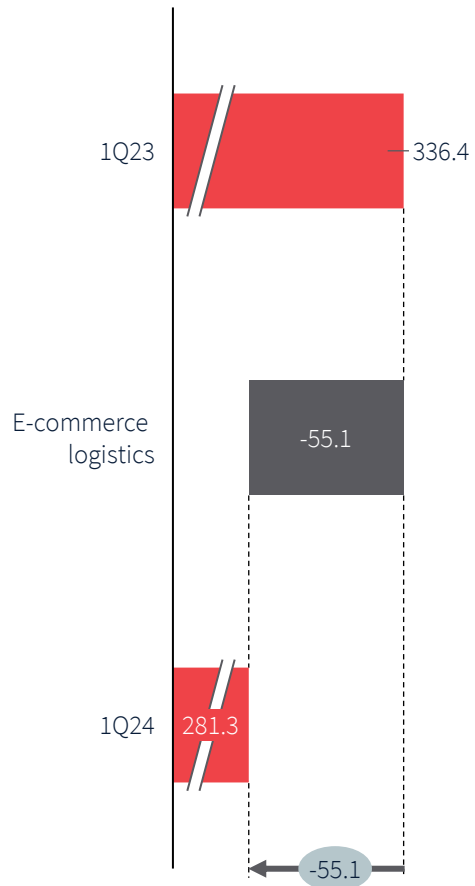
## Key takeaways 1Q24

- Total operating income up € +3.5m (+2.1%)
- Operating expenses (incl. adjusted D&A) remained nearly stable (€ -0.7m or -0.4%), reflecting:
  - lower material costs in line with lower volumes at DynaFix/Sure and lower SG&A
  - stable salary costs, with inflationary pressures offset by lower FTEs, offsetting
  - higher volume driven transport costs with favorable mix tied to volumes with destination Belgium



# Revenue pressure in a challenging North American market

## E-Logistics N. America revenues, € million



### E-commerce logistics

Revenues down € -55.1m (-16.4% or -15.3% at constant exchange rate, against limited decline of -5.8% in 1Q23)

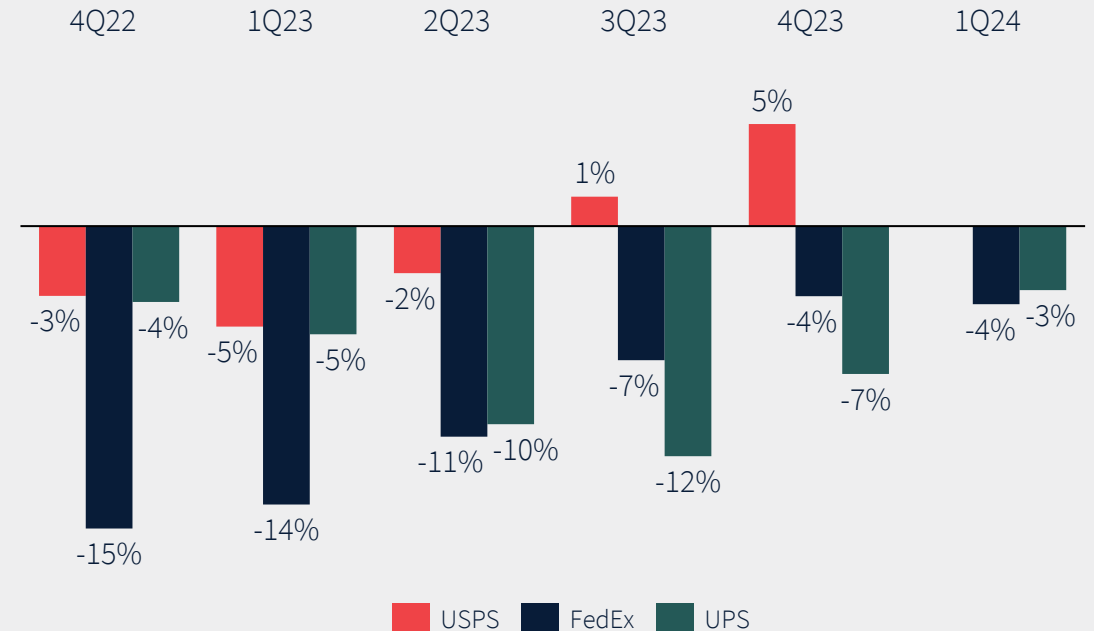
Lower revenues at Radial (-19.1% excl. FX) resulting from:

- lower sales from existing customers, and
- contribution of new customers partially mitigating revenue churn from terminated contracts announced in 2023

Lower revenues at Landmark US reflecting Amazon's insourcing

### U.S. domestic market trend

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



# Continued focus on productivity gains helps mitigate impacts of difficult demand environment

1Q24 – E-Log, N. Am.

€ million

E-Logistics North America	1Q23	1Q24	Δ %
E-commerce logistics	336.4	281.3	-16.4%
Intersegment and other	2.2	1.2	-
<b>Total operating income</b>	<b>338.6</b>	<b>282.5</b>	<b>-16.6%</b>
Operating expenses	298.6	247.9	-17.0%
<b>EBITDA</b>	<b>40.0</b>	<b>34.6</b>	<b>-13.6%</b>
Depreciation & Amortization	27.2	27.9	2.9%
<b>Reported EBIT</b>	<b>12.9</b>	<b>6.7</b>	<b>-48.2%</b>
Margin (%)	3.8%	2.4%	
<b>Adjusted EBIT</b>	<b>15.1</b>	<b>8.8</b>	<b>-41.3%</b>
Margin (%)	4.4%	3.1%	
<b>Additional KPIs, adjusted</b>			
Radial North America revenue, \$m	294.7	238.5	-19.1%
Radial North America EBITDA, \$m	31.2	26.9	-13.8%
Radial North America EBIT, \$m	9.2	3.7	-59.4%

## Key takeaways 1Q24

- Total operating income down € -56.1m (-16.6%, or -15.5% excl. FX)
- Operating expenses (incl. adjusted D&A) down € -49.9m (-15.4% or -14.3% excl. FX) reflecting:
  - lower variable opex in line with revenue development
  - continued strong variable labor management and productivity gains, resulting in variable contribution margin improvement at Radial
- Lower EBIT and margin dilution reflecting revenue pressure and lower fixed cost coverage, partly mitigated by productivity improvement at Radial

# Lower EBIT reflects M&A costs and absence of building sales

1Q24 – Corporate

€ million

Corporate	1Q23	1Q24	Δ %
External operating income	2.5	1.1	-58.7%
Intersegment and other	107.3	104.8	-2.3%
Total operating income	109.8	105.9	-3.6%
Operating expenses	98.8	104.6	5.9%
EBITDA	11.0	1.3	-88.5%
Depreciation & Amortization	19.8	19.3	-2.5%
Reported EBIT	-8.9	-18.1	-
Margin (%)	-8.1%	-17.1%	-
Adjusted EBIT	-8.9	-18.1	-
Margin (%)	-8.1%	-17.1%	-

## Key takeaways 1Q24

- External revenues down € -1.5m from building sales
- Higher net operating expenses (€ +7.7m, incl. D&A) after intersegment, reflecting:
  - € 7.7m M&A costs tied to the acquisition of Staci
  - inflationary pressure on payroll costs (+2.0% from 1 salary indexation) and stable overhead y/y
- Adjusted EBIT down € -9.2m at € -18.1m

# Free cash flow driven by lower Capex reflecting last year's purchase of logistics sites for Radial US

1Q24

€ million - Adjusted

	1Q23	1Q24	Δ
Cash flow from operating activities before Δ in WC and provisions	149.9	155.8	5.9
Change in working capital and provisions	120.4	116.2	-4.2
Cash flow from operating activities	270.3	272.0	1.7
Cash flow from investing activities	-54.3	-13.6	40.6
Free cash flow	216.0	258.3	42.3
Cash flow from financing activities	-34.0	-33.6	0.4
Net cash movement	182.0	224.7	42.7
Capex	56.4	13.6	-42.8

Adjusted vs. Reported Cash Flow Statement in appendix

## CF from operating activities

- 1 Lower EBITDA offset by favorable corporate tax settlements (€ +14.6m)
- 2 € -4.2m variation in working capital evolution and provisions mainly from:
  - last year's deferral into 1Q23 of the 4Q22 payments of the withholding tax on payroll (€ +30.6m), as granted by the Belgian government in the context of the energy crisis
  - offset by lower State compensation for Press (€ -34.6m)

## 3 CF from investing activities

CAPEX of € 13.6m in 1Q24 (€ -42.8m y/y reflecting the purchase of two logistics sites for Radial US in 1Q23).

Spending on international e-commerce logistics and on domestic fleet, operational infrastructure and parcels capacity

## 4 CF from financing activities

Higher payments related to lease liabilities offset by lower interests on borrowings

# Update on future Press distribution and commercial negotiations

Press

Following the government announcement in Dec. '23 to end Press concessions (newspapers and periodicals) from June 30, press editors now have to negotiate with distributors. bpost is making every effort to retain most of its current volumes and avoid a social plan.

## Background

- FY23 Press concession revenues of € 255m (EBIT margin cap of 7.5% imposed by the EC) including a State compensation of € 163m, the remainder being supported by press editors.
- Press concession extended until June 30, with a reduced State compensation of € 75m for 1H24.
- As of July 1, press concession will end and press editors will enter into commercial agreements with the distributors of their choice. bpost will no longer receive direct compensation from the State and the financial support, now reduced to € 50m p.a. until 2026, will now take the form of a tax credit to the editors, with the terms and conditions set by the government on March 20.

## Update on commercial negotiations

### Newspapers NL (c. 80%)

- Setup: gradual transition to AMP (bpostgroup subsidiary) to maintain quality and meet editor's pricing expectations
- Commercial agreement reached on April 26 securing c. 75% of our current volumes

### Newspapers FR (c. 20%)

- AMP setup not approved
- Ongoing negotiations with unions and French-speaking editors
- Estimated timeline: min. 4 weeks before an agreement can be concluded

### Periodicals

- New commercial offer presented to the regulator on April 15
- USO product, no commercial negotiation involved
- Ongoing commercial presentations to customers

Social plan avoided in Flanders, no restructuring cost to be incurred. Discussions still ongoing for Wallonia.

## Strikes

bpost was impacted by social unrest during negotiations regarding the future press distribution. Sorting and distribution activities were affected from April 22 to April 25, mainly in Brussels and in Wallonia.

# Additional info



# Adjusted vs. reported Cash Flow Statement

1Q24

€ million	Reported			Adjusted		
	1Q23	1Q24	Δ	1Q23	1Q24	Δ
Cash flow from operating activities before Δ in WC and provisions	149.9	155.8	5.9	149.9	155.8	5.9
Change in working capital and provisions	80.7	80.8	0.1	120.4	116.2	-4.2
Cash flow from operating activities	230.6	236.6	6.0	270.3	272.0	1.7
Cash flow from investing activities	-54.3	-13.6	40.6	-54.3	-13.6	40.6
Free cash flow	176.3	222.9	46.6	216.0	258.3	42.3
Cash flow from financing activities	-34.0	-33.6	0.4	-34.0	-33.6	0.4
Net cash movement	142.3	189.3	47.1	182.0	224.7	42.7
Capex	56.4	13.6	-42.8	56.4	13.6	-42.8

## Adjustments

- Change in working capital:  
Cash outflow related to collected proceeds due to Radial's clients was € 4.3m lower (€ 39.7m outflow in 1Q23 against outflow of € 35.4m in 1Q24)

# Balance Sheet

1Q24

€ million

Assets	Dec 31, 2023	Mar 31, 2024
Property, Plant and Equipment	1,372.0	1,345.5
Intangible assets	810.9	815.8
Investments in associates and joint ventures	0.1	0.1
Other assets	38.0	43.7
Trade & other receivables	1,001.2	801.6
Inventories	25.4	21.8
Derivative instruments	0.0	0.0
Cash & cash equivalents	870.6	1,071.8
Assets held for sale	0.6	0.6
<b>Total Assets</b>	<b>4,118.8</b>	<b>4,100.8</b>

€ million

Equity and Liabilities	Dec 31, 2023	Mar 31, 2024
Total equity	1,026.5	1,086.4
Interest-bearing loans & borrowings	1,291.0	1,281.6
Employee benefits	249.8	249.9
Trade & other payables	1,432.5	1,316.9
Provisions	106.0	105.8
Derivative instruments	0.2	0.4
Other liabilities	12.8	59.9
Liabilities held for sale	0.0	0.0
<b>Total Equity and Liabilities</b>	<b>4,118.8</b>	<b>4,100.8</b>

## Main balance sheet movements

Property, plant and equipment decreased as the depreciation outpaced the capital expenditure and the increase in the right-of-use assets.

Intangible assets increased driven by the evolution of the exchange rate (mainly impacting goodwill in USD) and the capital expenditures, partially offset by the depreciation.

Trade and other receivables decreased driven by the settlement of the press concession for 2023 and the peak sales of year-end 2023.

The increase in cash and cash equivalents was mainly due to the free cash flow generation of € 222.9m, partially offset by the net cash outflow of financing activities (€ 33.6m).

Equity increased mainly explained by the realized profit and the exchange differences on translation of foreign operations.

The decrease of trade & other payables was mainly due to the decrease of social and trade payables, partially offset by the advance payment received for the SGEI compensation and the press concessions. The decrease of the trade payables was mainly a phasing element given the peak season at year-end.



# Financing Structure & Liquidity

1Q24

€ million

Available Liquidity	Dec 31, 2023	Mar 31, 2024
<b>Cash &amp; cash equivalents</b>	<b>870.6</b>	<b>1,071.8</b>
Cash in network	122.5	149.3
Transit accounts	79.1	57.4
Cash payment transactions under execution	-28.5	-16.3
Bank current accounts	447.0	447.9
Short-term deposits	250.6	433.4
<b>Undrawn revolving credit facilities</b>	<b>375.0</b>	<b>375.0</b>
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2025	75.0	75.0
<b>Total Available Liquidity</b>	<b>1,245.6</b>	<b>1,446.8</b>

€ million

External Funding	Dec 31, 2023	Mar 31, 2024
<b>Long-term</b>	<b>650.0</b>	<b>650.0</b>
Long-term bond <sup>1</sup> (1.25% - 07/2026)	650.0	650.0
<b>Short-term</b>	<b>0.0</b>	<b>0.0</b>
<b>Total External Funding</b>	<b>650.0</b>	<b>650.0</b>

## Liquidity: Cash & Committed credit lines

Total available liquidity on March 31, 2024 consisted out of € 1,072m cash & cash equivalents of which € 881m 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)

The debt portfolio now consists solely of the € 650m bond (maturity July 2026)

Non-current and Current lease liabilities amount to € 634.2m.

<sup>1</sup> € 650m long-term bond with a carrying amount of € 647.4m, the difference being the re-offer price and issuance fees.

# Key contact

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