



Strategy update and capital allocation 2020

Full transcript

Brussels – December, 8th 2020

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Transcript of the live webinar held on December, 8th 2020 10:30am CET

PRESENTATION

Jean-Paul Van Avermaet: Good morning Ladies and Gentlemen. Welcome to all of you and thank you for joining us. I'm pleased to be here to present you bpost group's updated strategy and attuned capital allocation.

I assume you already had the opportunity to read through the materials which we posted on our website this morning. Leen Geirnaerdt, our group CFO, and myself will first walk you through the presentation and will then take your questions.

We are operating in a new, less predictable reality. We have to cope with a number of exogenous factors that we can't control, of which digitization is a major one, offering both opportunities and threats. Mail volume decline is accelerating as a result of this digitization. Excluding COVID-19, we were expecting volume decline for 2020 between -9% and -11% and YTD September we were at -12.2%. Consequently, our adjusted EBIT has declined over the last 3 years, with 2020 also expected below the level of 2019.

At the same time, digitization strongly drives further e-commerce penetration and adoption. Global e-commerce is expected to reach more than € 500bn by 2024 with a projected CAGR of +12% between 2019 and 2024.

We need to accelerate our transformation to further drive our business mix shift. The whole purpose is to be able to compensate the mail volume decline, which is structural, irreversible and becoming less predictable as to speed, by growth in Parcels & Logistics. And the outlook there is promising. Last-mile parcels delivery is a competitive industry, but we have a strong position, and volumes continue to grow as Belgium is still catching-up with European neighbors in terms of e-commerce penetration. In e-commerce logistics, we observe growing demand, which has translated into our numbers as seen in our year-to-date 2020 results.

We embarked on an important multi-year transformation journey to counteract the decline in profitability of our Mail division, due to mail volume declines and despite ongoing adoptions of our delivery model. We are establishing prominent positions in the parcels and e-commerce logistics space. In Europe, we will continue to drive profitable growth in last-mile delivery of Parcels BeNe, and we will further develop our e-commerce logistics activities, with Radial and Active Ants as main pillars. In the US, we are encouraged by the recent developments on Radial's turnaround, and we believe this business is now set to be a growth driver within our group. COVID-19 has indeed boosted e-commerce and our second and third quarter results showed us that an accelerated business transformation looks very promising.

In order to be able to respond to the evolving customer needs and lay strong foundations for a viable future, bpost concluded a comprehensive review of the group's strategic vision. This is aimed at successfully driving the company's business transformation while staying financially disciplined and creating sustainable shareholder value. We want to be "your trusted guide to connect in a changing world".

Our mission statement is the following: "We, the engaged employees of bpost group, take care of relations and transactions in an evolving physical and digital world. We build on our knowledge of society, customers and technologies. We create sustainable value for our worldwide customers and shareholders."

The Mission translates our Purpose: The "connect" component of our purpose refers to our mission to take care of relations and transactions. The "changing world" refers to an evolving physical and digital world. And finally the "trusted guide" refers to our knowledge of society, customers and technologies. As you can see, we have translated our vision into 7 ambitions putting the company at the heart of society while accelerating our omni-commerce activity in Belgium and internationally.

In the following slides, we will explain each of the visions with their milestones together with some concrete projects to realize those. These visions and milestones make the bpost group's strategy concrete: to accelerate its transformation into an omni-commerce group close to society, while remaining an efficient mail provider in Belgium.

The first ambition of our CONNECT 2026 strategy is to be the trusted partner for brands, enabling them to successfully grow their omni-commerce activities through growing omni-commerce revenues and EBIT, growing revenue from digital services in omni-commerce such as Radial Order Management and Payment, Tax & Fraud, serving brands in e-commerce logistics with at least 2 different value chain services and serving leading US brands in Europe, or leading EU brands in the US through a joint vision at Radial North America and Europe.

I want to highlight that we are having a clear focus on brands, besides e-commerce players and platforms.

I'm on slide 7 now where we want to continue turning Radial into a leading omni-commerce service provider with healthy financial performance. Through our service offering, Radial both in North America and Europe is covering all aspects of the e-commerce value chain post the click to purchase. We offer a one-stop shop for our clients and we foster cross-selling between the different services.

Our ambitions are to generate revenue growth by successfully supporting our existing clients' e-commerce growth, increase the share of clients trusting us with multiple services, attract and service new clients that are leaders in their segments.

To succeed, Radial North America will implement 5 initiatives.

First, the functional organization will be transformed into a client centric one that is organized around client accounts. A cross-functional and agile account team will proactively & efficiently resolve issues in a coordinated way. It will also make sure that it's easy for a client to navigate and interface with Radial and finally, the team will generate insights to the benefit of the client's business.

The second initiative concerns targeting the emerging brands segment to optimize available fulfillment space. Currently, Radial has pockets of open space across its fulfilment network and those could fit small brands. We will drive an adapted sales and marketing approach to target those.

The third initiative is about scaling up Radial Order Management for the benefit of all entities of the group. Radial is now working on a go-to-market strategy for ROM building on flexibility to support and scale up or down, based on evolving market conditions & customer behaviors, cross selling of ROM to existing Radial clients using other services and leveraging clients references for building brand recognition.

The fourth initiative concerns modernization and automation of the operations through the use of Robotics. This will lead to productivity gains of over 10% in certain areas. Automation also reduces the risk exposure and costs linked to overall hiring needs. Scalable tech will help Radial to be flexible and well positioned to capture peaks in coming years.

Finally, Radial also wants to leverage synergies between its different entities and further right size the SG&A expenses.

This will be achieved among others through integrating Landmark for all Radial clients into the service offering, streamlining systems and implementing labor management systems for fulfillment and increasing automation in billing process.

I'm now on slide 9 showing our 2 main growth engines of e-commerce logistics in Europe. Radial's business model and service offering is very similar to what we have in the US. So, we are targeting mainly medium to large clients and we are already active in 5 European countries through 6 commercial fulfilment sites. The ambition is to grow mainly organically in the countries where we are already present or in countries marked by flexible and low-cost labor and easy access to Germany. This organic expansion can be complemented by targeted bolt-on M&A.

Active Ants with state of the art technology and a high level of automation has just opened a second site in the Netherlands. We are planning to grow organically by opening 2 new sites per year in other European countries outside the Netherlands to reach 8 international sites by 2026. It was already announced that a new site will open in Germany and Belgium in 2021.

This brings me to slide 10 where we lay out the joint vision by 2026 for e-commerce logistics North America and Europe. Our ambition in both geographies is to implement an organizational structure and governance that facilitates decision-making and execution, to converge the Radial fulfilment model with streamlined operations and KPIs and to improve and align technology to support cross-border development.

For that purpose, several joint working streams have been kicked off. These are about joint client development, commercial effectiveness support where tools, methodologies and pitching & pricing will be adapted for large clients. The transfer and cross-sharing of fulfilment and carrier management methodologies is a third workstream. And finally, our teams on both sides of the Atlantic will jointly develop technologies such as Radial Order Management.

As mentioned already, all these initiatives will support our 2026 ambition to grow omni-commerce revenues and EBIT.

The second ambition of our CONNECT 2020 strategy is to make Belgium a top-notch omni-commerce country through supporting Belgian SME's to embrace e-commerce and increase their online business by offering the best customer experience for senders and receivers.

The expectations of customers and citizens are changing. We continue to respond to these behavioural evolutions through better communication and digital guidance for senders and receivers.

On slide 13, while the Belgian consumer has found his or her way to e-commerce boosted by COVID-19, Belgian e-commerce has a still a historical lag compared to neighbouring countries. We want to be the natural partner for the Belgian economy to set the pace to e-commerce growth. An initiative that already seduced 800 SMEs is "Every Business Online" where we enable small businesses to jump into e-commerce in less than 30 minutes.

The third ambition of our CONNECT 2020 strategy is to be recognized as a new and innovative company offering exciting customer experiences through a fundamental shift from a senders to a receivers perspective, and thus even better serve the sender, creating innovative and exciting customer experiences to increase our Net Promotor Score per business year-on-year, co-creating and testing new solutions and features with clients in a fully operational innovation center and implementing them afterwards and having 5 million users within the Belgian bpost app by the end of 2022.

Historically, our prime focus was on serving B2C customers or senders. With the new digital world, the focus is shifting from a senders perspective to a receivers perspective, to even better serve the sender. In that shift, we need to take into account important societal evolutions. Generations Y, Z and Alpha think mobile, convenience and compare. By conquering their hearts and capturing their thoughts and wishes, we can strengthen our position towards the companies that these generations want a service from. At the same time this will give us the ideas and the creativity to find new services that will allow us to outperform competition. So, our digital transformation strategy is built on knowing better the residential customers. This will result in an attractive value proposition towards our business customers.

I'm now on slide 16. Four innovative tracks will result in creating exciting customer experiences and will lead to higher NPS scores. First, we will build global digital knowledge on our customers be it senders or receivers. By collecting and grouping all fulfillment, cross-border and last mile data we will be able to have superior insights on our customers. By servicing our customers via a global customer engagement center where digital is the first interaction channel, we will offer a complete end-to-end service.

Second, we will make digital the first interaction medium with our customers in Belgium. We want to have 5 million active users within the Belgian bpost app by end of 2022, and we will add a digital component to all our mail products.

Third, technology is inherent part of the day-to-day operational activities and guarantees the right to play for all entities. So an agile innovation center will involve our employees in innovation and our customers in the design of new products and services. Digital twins and Flow control towers will give real-time information on the performance of our operations and provide supply chain solutions for our fulfilment business.

Finally, new digital business lines and opportunities will complement our omni-commerce revenue streams. There, we are currently investigating different solutions.

Besides, an improved and renewed customer experience, these tracks will bring us digital revenues and EBIT within the M&R business unit, as an alternative to declining mail EBIT.

I already mentioned Radial's initiatives in modernizing and automating operations through robotics. Technological innovation plays an important role, not only at Radial but we also clearly see the benefits of state of the art technology at Active Ants for example. Automation reduces the risk exposure and costs linked to overall hiring needs to both bpost group and our clients and it allows to capture additional productivity gains. We are currently piloting robots in the picking process and working with handheld scanners that benefit from user interface enhancements, just to name a few examples of the technological innovations in omni-commerce.

The fourth ambition of our CONNECT 2026 strategic vision concerns our numbers and financial health. We want to create sustainable long-term profitability while ensuring sufficient investments for our business transformation beyond mail. Leen will do a deep-dive on capital allocation later in this presentation, but first I would like to highlight our intentions to re-invent and roll-out the Mail & Parcels Supply Chain in Belgium based on the expected market evolution combining agility, cost and service quality and to decrease overhead of bpost group with 1% per annum on total revenue.

I'm now on slide 19. In 2019 bpost decided to adapt its distribution model towards an alternating distribution model as a next step in mitigating the increasing distribution cost while continuing to maximize the synergies between mail and parcels. Mid-March of this year, all distribution rounds successfully transited towards the half and half model in one "big bang". From March till now, the implementation of the new model has also helped us to absorb the huge parcels volume increase as a result of the COVID-19 crisis. In September 2020, we gradually started reorganizing the mail rounds, distribution office by distribution office. In these reorganizations we are taking volume changes linked to COVID into account, and I'm of course referring to the explosion in parcel volumes, as well as the expected further decline in mail volumes. Due to the COVID-19 crisis we have a slight delay in the implementation of these reorganizations, however, we still expect the full savings to be visible by the end of 2023.

COVID-19 has demonstrated that the drivers behind a further review and finetuning of our operating model are more valid than ever. Indeed, we have seen mail volume decline accelerating, while parcel volumes have exploded. Much of this uplift in parcel volumes is considered to be structural and long term. Next to the changes in volumes, we also need to consider and safeguard profitability where we need to protect our "cash-cow" mail business and work on lifting margins in the parcels business. Also market demand is quickly changing especially in e-commerce where customers are asking more flexibility, such as same day, evening and Sunday delivery for example. Customers are also expanding the range of goods ordered online, impacting size and weight of those, and we also see a clear trend towards more orders during peaks, such as the end of year period. Finally, overall market trends come into the picture as well, and I'm mainly referring to sustainability considerations.

While ADM serves us well now, these aforementioned drivers imply that we might have to implement a new fundamental network redesign as early as 2022-2023.

A project called Delta has been launched in September aiming at defining, agreeing and implementing a new operating model in Belgium covering all parts of the operations and all products based on expected market evolutions, combining agility, cost and service quality. The goal is to maximize EBIT, minimize Capex and increase our asset utilization. We will realize this by taking into account our social responsibility as one of the largest employers in Belgium, bearing in mind constantly evolving customer demands from both senders and receivers and by responding to sustainability and other market and societal trends.

The Delta project team has been asked to develop scenarios from scratch. The objective is to finalize the vision of the future Belgian operating model in the first half of 2021 and prepare the implementation of first pilots as of 2022.

The Mail portfolio is under pressure as a result of accelerating mail volume decline. Our Mail strategy wants to achieve the following objectives: slowing down the Transactional Mail revenue decrease, stabilizing or even increasing Advertising Mail revenue and creating additional revenue compensation through new and mostly "digital" revenue streams.

The strategy consists of three tracks detailed on this slide 20.

First, through several concrete projects, we will position mail in the digital world. Examples include e-registered and digital stamp solutions among others. Besides those, we will become a trustworthy data player in Belgium thereby of course respecting GDPR rules. We are also looking to launch new solutions in the public sector. European licence plates and fines management are examples of successful projects that we implemented in the past.

Second, we are implementing a sales & marketing performance program. With a rejuvenated commercial dynamic, we are organizing regular Top to Top meetings with each of our top customers and plan systematic interactions with the others. Our new value proposition builds on a new sales story to visit advertisers with powerful and tangible examples of campaigns. To enable this, we need to adapt our organization to rework our customer segmentation and targeting so as to focus on maximum growth potential customers. We are reinforcing and training the sales teams accordingly. Performance management will also play an important role in this set up where a new dashboard approach will drive sales performance.

Finally, we will continue to use the price lever especially within Transactional mail, thereby of course respecting the regulatory price cap. At the same time, we will try to slow down the volume decline by building a Preference Management Platform for receivers and pushing for "split billing".

I'm now on slide 21 with Project One that targets group-wide overhead efficiency. The intent is to be able to self-finance our business transformation. As bpost is transforming from a traditional mail company into an omni-commerce player competing against other 3PL players, cost consciousness becomes more than ever important to embed in every layer of our organization. It should not be the one or the other. We need to find a way to do both: building new ways of doing things and abandoning old ones that have lost their value. We need to focus on "value driven spending" as part of our DNA with the ambition to reduce the cost/revenue ratio with ONE percent every year.

As part of our strategy, we have therefore launched project ONE with a focus on simplifying E2E-processes to make bpost a simpler and future proof organization by looking into and adapting end to end processes and encouraging cross-BU cooperation. Cost clearing or

hygienic cost revision. This is where the self-financing comes into the picture. We will re-focus the available resources where possible to support the business transformation. And finally promoting inter-mobility focusses on re-orientation of our staff to jobs with the highest added value thereby limiting external recruitment needs.

The fifth ambition of our CONNECT 2026 strategic vision is to be a reference sustainable & planet-friendly company through being fully active in several Belgian cities with sustainable city logistics for zero emission in city-centers, decreasing the total carbon footprint by 20% in 2030, compared to 2017 at group level, deploying 50% e-vans by 2030 at group level and having an external certification by a reference entity for client and investors.

bpost group is already recognized as one of the forerunners when it comes to sustainability. Sustainability is not only planet at bpost, but we also have a societal role to fulfill when it comes to people and proximity or cohesion in society. And as you can see, our 3 CSR pillars are embedded in the UN Sustainability Development Goals.

We have a clear sustainability roadmap with which we want to continue to play the leading role when it comes to creating value for the planet and society. We have recently launched our materiality assessment exercise to identify those topics related to sustainability that are important for the future of the company and its stakeholders.

When we talk about our leading role in societal responsibility, we are also saying innovation. We are creating a "city blueprint" in order to become the preferred operator for sustainable B2C city delivery. Phase 1, which relates to defining that blue print, has been launched in Mechelen earlier this year. As from 2021, we target to gradually roll out our emission-free last mile model to several other Belgian cities. This will establish bpost's position as the preferred city operator in dense urban areas since we expect to be the only last mile zero emissions deliverer.

The sixth ambition of our CONNECT 2020 strategy is to be an important contributor to social cohesion in society and the preferred partner for public services in a changing world through creating additional paid neighbourhood and proximity services and retaining the existing services to public authorities including modernization of them.

Social cohesion in our society can be fostered through imagining new neighbourhood and proximity services. Our network of post offices offers an unrivalled proximity network of physical presence on the Belgian territory. Building on its strengths, our retail offices can

become more than “just” a post office, in a “leave-no-one-behind” societal approach offering services such as the identification and authentication of people or offering basic banking services to name a few.

A second area where we could play a role is in offering new care and in home services. In our western society the number of elderly people is growing fast. However, people want to live at home as long as possible. To enable this, many services and products will have to be delivered at home 24/7.

These initiatives will bring us solutions revenues and EBIT within the M&R business unit, as an alternative to declining mail EBIT.

I’m now on slide 28 where I will spend some time on the contracts that we have with the state regarding the services of general economic interest, the SGEIs. These are important services to further foster cohesion in our Belgian society. These contracts can be split in two big buckets.

On the one hand, the management contract details a couple of services that we provide for which we get compensated. These include the retail network, cash at counter services, election mail and also cash payment of pensions at home.

On the other hand, we have the 2 press concessions. We have a contract for delivery of newspapers at home and a contract for delivery of magazines at home.

The compensation that we receive for all 3 contracts together amounts to approximately € 270m on an annual basis. Initially, both the management contract as well as the press concessions ran from 2016 until the end of 2020. We are currently discussing with the Minister a 1-year extension of the 6th management contract. Beyond that horizon, it is our wish to engage in a 7th management contract that will include adjustments to and modernization of the services. For example, basic banking services could be strengthened in our post office network and we could also imagine new innovative public services to support isolated, vulnerable or digitally-disadvantaged citizens. The press concessions have already been extended in December 2019 by the Belgian Federal Council of Ministers for a period of 2 years until the end of 2022 at the same conditions as those prevailing in 2020. The notification procedure to the European Commission is still ongoing with no decision expected before the second quarter of 2021. The future of these concessions beyond 2022 will be defined by our new government.

Slide 29 relates to Universal Service Obligation. Today, we don’t get any compensation for being the universal service provider. That would only be the case if and when the USO would become a financial burden on bpost. Today, the USO is granted until the end of 2023 through a management contract. Based on the revised Postal law applicable since February 2018, the management contract stipulates a toolbox of measures which grants a certain flexibility to the

Belgian Government and the universal service provider to avoid the universal service from becoming a net financial burden. In that respect also, project Delta aimed at re-inventing the operating model and launched back in September, will contribute to remaining cost efficient.

The last ambition of our CONNECT 2020 strategy is to be an inclusive organization, offering life-learning experiences through launching bpost academy to up-skill and re-skill bpost employees, developing a human capital and diversity plan at group level and setting up a “One group, one team, one spirit, one bpost group” culture that lives throughout all companies in the bpost group.

With bpost academy, we are launching an ambitious dual learning program. One of our core competencies is the development of our labor force. With this track, we'll be offering this service to other companies.

Leen Geirnaerdts: As promised, I'll do a deep-dive now on capital allocation. In this respect I want to highlight 2 major milestones. We seek to more than compensate the EBIT loss from the declining mail business in the trajectory from 2021 to 2026, and to gear for adjusted EBIT growth of bpost group. Secondly, throughout our capital allocation, our credit rating is our primary consideration. It is our starting point and our goal to remain investment grade.

On page 33, as Jean-Paul indicated at the beginning of this presentation, we can state that we have 2 main businesses. The first one is the traditional mail business, which is structurally declining, and the second one is the growing Parcels and e-commerce logistics business in Europe and North America. These businesses are at different stages of their cycle and, hence, require different levels of investments in the course of the transformation journey. The ultimate goal is to foster long-term sustainable group earnings growth. Fuelled by accelerated investments, Parcels and Logistics will deliver increasingly sizeable EBIT contributions which will more than compensate EBIT decrease from Mail & Retail. The inflection point is a reality, but the exact timing is unpredictable and also partly depends on exogenous factors, such as mail volume decline, cost inflation and e-commerce growth among others. For that reason, we will going forward only give yearly financial guidance rather than long-term group EBIT targets since our business transformation is partly dependent on these unpredictable exogenous factors.

Every company, and bpost group is no exception, has various stakeholders, each with different perspectives. The key to a successful capital allocation policy is to find the right balance to navigate through our business transformation as in the end, the company's and stakeholders' interests are aligned. We want to lay strong foundations for a viable and

sustainable future. This maximizes value creation for all stakeholders over the longer term. We have an important societal role to play in terms of securing long-term employment and guaranteeing quality of service for example. At the same time we need to meet the expectations of our financial counterparties with regards to sustainable returns on their investments in our group. These are just a few examples of all stakeholder perspectives that we have considered in rethinking our capital allocation framework.

Slide 35 shows a schematic representation of our capital allocation framework. Our starting point for capital allocation is to enable bpost's successful business transformation while staying financially disciplined. This means that we strive for an investment grade credit rating from S&P based on internal cash generation, which is currently the case with our reiterated single A rating. Based on S&P's assessment, net debt to EBITDA should be preferably less than 2 times and adjusted Funds from Operations to net debt should be above 30%.

On capital sources, we are looking in first instance at internal financing or in other words by the cash generated by our businesses. In cash-flow from operations, we have 2 main pillars, being EBIT generation and working capital needs. On group EBIT, as mentioned, there are two opposing dynamics at work. The mail business on the one hand where we see EBIT decline, and the Parcels & E-commerce logistics businesses on the other hand with growing EBIT. On working capital, we take higher requirements into account going forward mainly driven by the business transformation from mail into omni-commerce where we move from a prepaid-business (SGEI, stamps, etc) to an invoiced business with normal payment terms like in most businesses. In addition at Radial NA we also note that the business mix is moving away from the payments business and more clients are now on the invoiced side with payment terms of approximately 45 days on average. In order to support and accelerate our business transformation, our capital allocation framework balances investing in growth and returning cash to shareholders while remaining financially disciplined. So, the cash generated from our operations is allocated to serve these purposes.

First, we want to invest in our future to foster further EBIT growth. These investments will be mostly organic investments through Capex, however, we also look into bolt-on M&A to accelerate the further development of Radial Europe. We don't make these investments blindly. Both for Capex and M&A, we have strict investment returns criteria supported by a clear decision-making process.

The next use of cash involves shareholders' reward. Through our attuned capital allocation framework, we want to provide sustainable returns to our shareholders from a cash-flow perspective while growing the long-term value of their investment in bpost group. This ultimately drives durable shareholder returns.

Cash buffer that remains after this primary capital allocation will be used for additional growth Capex and M&A, additional shareholder returns or eventually further debt reduction. I also

want to highlight that we are conducting an active portfolio assessment and management, where non-core assets could be identified and considered for disposal.

With all this in mind, coming to our dividend policy on slide 37, we can say that the dividend policy we had since the IPO of distributing at least 85% of BGAAP net profit served the company well in the past, but is no longer suitable for the new reality of our business and a company in transformation. Therefore, for the future we will move towards a dividend payout ratio between 30 and 50% of IFRS net profit. There will be an annual dividend payment in May after the annual shareholders meeting, this mainly for simplification purposes

On slide 37, we summarize the rationale of that new dividend policy. It is aligned with our vision and strategy, and offers the required flexibility to drive our business transformation, while sharing the benefits of future growth with shareholders. This policy is also linked to group performance and is sustainable from a cash-flow and from a balance sheet perspective as our first priority is financial discipline.

I'm now on slide 38. With regards to our investments, we have a rigorous governance process in place and a consistent and thorough application of return metrics. All investments need to generate returns surpassing WACC by at least 2% while limiting the payback period. Investments will be prioritized based on strategic rationale and on targeted returns, and we will optimize the balance between growth and maintenance Capex. This will guarantee the best use of our generated cash, and will enable us to position bpost group to successfully drive its transformation journey. As a conclusion on the framework presented today, we believe that our attuned capital allocation and new dividend policy strikes the right balance between delivering sustainable shareholder returns, investing in future growth and staying financially disciplined. We are convinced that this will maximize value creation for all stakeholders over the longer-term.

Jean-Paul Van Avermaet: This brings me to the conclusion of this strategy and capital allocation update.

The launch of CONNECT 2026 is a mind shift for our company for at least four main reasons. Firstly, it will allow us to continue to reinvent our company in order to put customer centricity even more at the heart of everything we do. Anticipating the evolving needs of the customers is what drives us and motivates us to create value for them.

Secondly, it will allow us to invest in our omni-commerce logistics activities and accelerate growth. This is our main engine of growth, thanks in particular to the great opportunities

offered by Radial and Active Ants in e-commerce logistics. Active Ants, for example, will be opening a number of new sites per year in European countries, including Belgium.

Thirdly, our new strategic vision more than ever puts the spotlight on our societal role, by underlining our willingness to develop new services and this as a planet-friendly and inclusive organization. As it is mentioned clearly in our CONNECT 2026 vision, bpost group wants to be the trusted guide to connect in a changing world for our customers, employees, citizens, companies, shareholders and governments.

And last but not least, the launch of this ambitious strategic vision sets the guidance of a sustainable future for bpost group and all its employees, who give the best of themselves every single day.

And with this, we are happy to answer your questions. Operator, please open the lines.

QUESTIONS AND ANSWERS

Operator: Thank you. So if you would like to ask a question, please press star one on your telephone keypad. Please ensure your line is unmuted locally as you will be advised when to ask your question. Once again, that's star one if you would like to ask a question. And we do currently have a few questions in the queue. The first question comes from the line of Frank Claassen from Degroof Petercam. Please go ahead.

Frank Claassen (Degroof Petercam): Yes. Good morning all. Three questions please. First of all on your Capex. Do you think that your overall Capex will go up in the coming years due to more investments in PaLo and less in mail? And then could you quantify that maybe related to a sort of percentage of revenues?

And more or less the similar question on your working capital needs. You indicated you anticipate higher working capital needs. Could you quantify that and also maybe give some kind of target what working capital could be as a percentage of revenues?

And then finally a question on your Delta project just to get a bit more understanding. But is it only about redefining your mail networks or does also the parcels networks come into play? And how does that interrelate to each other? Thank you.

Jean-Paul Van Avermaet: Thank you. I will start with the last one and then go to the Capex and then the rest I will leave to Leen.

Well, the Delta project looks to the distribution network to make it clear. And the distribution network means the distribution of all products, so mail and parcel. So it's not a pure project looking only at mail distribution network, but at the combination of the two and to find there the best solution.

With reference to your question on Capex, we had planned Capex up to €200 million for 2020. In view of COVID, we have limited that to – we took action to limit it to €150 million. We did spend, for example, in 2019, €162 million. For the years to come, we believe that we will still need and will still be having Capex needs of around €200 million for the years to come. So this is clear that it will be around that amount for our business transformation. Leen?

Leen Geirnaerd: Yeah. And then the working capital. Perhaps I want to add something to what I said in the presentation on the shorter term. As you know, during this year we have been extremely prudent also on how we manage our working capital. So that means that in the fourth quarter and in the first quarter of 2021, already, we will see unwinding of working capital because of that purpose.

So we had extended payment terms. Also the measures allowed by government to pay later on taxes, etc. We have profited thereof. And I think in total, the amount is quite considerable that we see unwinding. It will be, if I'm not – was not mistaken, about €90 million spread over that period. But you will also see if you look at the September presentation, it's where we were ahead of it.

So if we announce that, that's only because indeed we took that extra breath of air as to speak, to assure that we would have liquidity at start of the crisis. We were not aware what exactly would happen.

Then indeed going forward, there will be the shift in the needs. If we meet the assumptions in our long-term plan, that will take about two years and then it will follow a revenue percentage. So I cannot answer your question on what it will be in the first two years, so probably, but we will be indeed from being paid upfront to normal payment terms, which will be between 30 and 45 days. So, of course, that will also have its impact and also the payment business of Radial. There we will see that it will unwind. I want to remind you that we said, I think, already for two years that the latter would probably be about €50 million, but actually the customers stayed longer with us than expected, so that €50 million is still to come. Also there we expect in part already in the fourth quarter and the rest probably in the course of next year.

Frank Claassen: Okay. Thank you very much.

Leen Geirnaerd: Thank you.

Jean-Paul Van Avermaet: Thank you.

Operator: The next question comes from the line of Marc Zwartsenburg from ING. Please go ahead.

Marc Zwartsenburg (ING Bank): Yeah. Thank you for the presentation and my questions. A couple of questions from my side. First of all on the mail business. You mentioned that there will be some cost savings hitting in as we will see the full effect in 2023. Could you give us a bit of an indication of how much cost savings we should expect for the mail and retail segment?

And connected to mail and retail, also discussing the seventh management contract that should kick in, say, 2022. The slides just mentioned modernization of services. Can you give us some indication what you expect in terms of compensation from stake? Will that go down or will we remain roughly flattish because you want to add more services to it? That on mail and retail.

And then on your EBIT. Not really guidance but also there's a bit of guidance on the inflection point. Should I take it correctly if you say that on average over that 2021 to 2026 period, on average, the EBIT should be higher for the average over that period than the starting point of say in 2020? Is that how we should read it and that the inflection point, that it first go down and then go up over the course of that period and we should have a higher EBIT than what we've seen or expecting currently from consensus on 2020? That would be my first questions. I might come back later with some additional ones. Thank you.

Leen Geirnaerd: Okay. So on the first question perhaps on the savings on the mail business. Also there I tried to be consistent. And indeed we will not give detailed numbers on what the savings will be. I think we explained very well the goal. It is to save cost to be more

efficient. And that efficiency relates to how we work with our people and with our real estate and with all of our capital expenditure. So I think that's the main item.

The alternative distribution model was rolled out this year. That is still ongoing, is delivering its benefits. I think what we said in the past, we are delivering on. The Delta project is actually because we want to be prepared for the next step. We know that mail will continue to decline. We've seen this year very clearly how fast parcels will grow. So the Delta concept goes probably even beyond cost savings. It's about efficiency, but also how we can grow with that growth of parcels while remaining indeed the mail provider in Belgium. The project started in September. I think it's well under way but far too early to give any indications on what exactly it will bring as to terms of cost savings only.

As to the management contract – and sorry, Marc, but your Wi-Fi line is bad. I recall I said it last time too. But I think you talked about the sixth management contract. That your question was what will it do as to numbers. We are still in discussions with government. I think discussions are going well.

Probably you are asking the question because the last time that we negotiated indeed, we lost a part of that income. I think now we're having, indeed, also given our strategy, we have the clear ambition to serve as much as possible within that six management contract. We are looking at modernising it. So actually we do everything it takes to deliver there to the government and to the Belgium state and to the citizens of Belgium what they need. And that may also have a positive impact on the revenues going forward.

Jean-Paul Van Avermaet: And maybe I can add on that that it's not – when the former management contract was negotiated, there was also an evaluation, okay, what are the services that are expected from the state and what is the compensation that links to that service. So we're going to renegotiate a seventh management contract. We have one year for that. And it's clear that you have read in our strategy that we want to look at exploiting or exploring new services, maybe other ones would stop, maybe new ones would come.

Of course, there will be costs linked to that, so it will be – it could be an increasing of revenue. But it's not sure yet. So that's discussions that will be ongoing in the coming months on the seventh management contract. But it's always – it's not just, I would say, revenues. There's always revenues that are linked to specific services we would like to deliver to the citizens of the country. And as far as the EBIT is concerned, I think you made a relatively good evaluation. The purpose is to more than compensate the loss of EBIT from the mail volume decline in the coming years and this to reach a certain level in 2026. It's difficult to predict exactly year-on-year. That's also why we do not do it. We can do that year after year. But that's really what we mentioned and what we want to reach and what the target is: it's to more than compensate on an average for the whole period I would say.

Marc Zwartsenburg: The starting point is 2020.

Leen Geirnaerd: Yes.

Marc Zwartsenburg: And maybe one thing on the management contract. Could it even be that the compensation could go up if you add more services, is that also possible?

Jean-Paul Van Avermaet: Yes.

Marc Zwartsenburg: Thank you very much.

Operator: The next question comes from the line of Marco Limite from Barclays. Please go ahead.

Marco Limite (Barclays): Hi. Good morning. Thanks for your presentation. So my first question is about Radial Europe. And I was wondering if you are still thinking that Radial Europe is a kind of pan-European logistic operator, or with this new strategy you are trying to focus a little bit more on Belgium as well for your fulfilment business in order to provide one-stop service in Belgium, given that clearly you do also last-mile delivery in Belgium?

My second question is about going back little bit on your Delta project. And I was wondering if you have got already in mind a sort of pipeline for sorting centres openings and so if you have got already plan on how much more capacity you pretty much need over the next years?

My third question is a quick one. If you can just confirm if you are not going to pay a dividend in 2020, so the next dividend payment will be in May 2022. And fourth question also very quick one. When you say that you are thinking about the disposal of non-core assets, just wondering what do you refer to? Is it just real estate or also some minor businesses? Thanks.

Jean-Paul Van Avermaet: You take the last two and I take the first two?

Leen Geirnaerd: Yeah. Okay. So indeed on the non-core assets and I realise that in the presentation, I didn't even mention it, whereas I think it's an important item that we do an assessment of our portfolio of assets.

And I realise, Marco, why you say is it the buildings because in the past it has always been the buildings. I think no, it is a strategic update. It's quite obvious that we don't only look at what do we do in the future, but also what do we stop in the future. So that's also why we will be looking at our subsidiaries, the businesses that we do, the different kind of activities. And indeed look, do they fit this strategy, do they deliver EBIT also very important, do they deliver cash. And what does it mean going forward? So indeed we might consider disposing assets and we also mean indeed disposing subsidiaries or activities.

On the dividend, yes, so we reconfirm. We're not planning to pay a dividend on 2020. As you may recall when we announced it, we said due to COVID-19, we want to preserve for the balance sheet and to invest on the longer term with a strategy you now understand that was deliberately chosen because indeed I think for COVID-19, we are managing well to be a bit modest even. But of course, the plans for the future are there. So that also means that being prudent on COVID-19 on the one hand, we also want to be very sure that we can invest in this business transformation. So your interpretation is correct, that would imply that the first dividend would be paid after 2021 after the shareholders meeting of 2022.

Jean-Paul Van Avermaet: Okay. On your question on the Delta project, it was maybe not very clear. The Delta project also includes looking at the sorting centres because that I feel is your question. We did had already sorting centre capacity increase planned in the coming two to three years. This was already decided, I would say, before the end of year peak of this year and the second, I would say, COVID wave here in Belgium with the lockdown of shops.

But we have planned to review that plan beginning of next year also involve our customers and then involve our customer senders to see what their predictions are. It's a little bit difficult now. It's end of year peak. It was end of year peak with the lockdown. So we really want to look at what their previsions are for 2021 and see if the plans we had need to be adapted, brought forward or any other creative solutions that we could develop to make sure that we can even better than this time go for parcel – correct parcel delivery for the end of year peak next year. And who knows, and hopefully not, but for all other lockdowns as we have experienced in 2020. So yes, sorting centres is part of that. There was already a plan of investing in new sorting centres or sorting facilities. Not necessarily new buildings, because we still have space, and that's different to our colleagues, I would say; they most of the times build new buildings, but it would be a little bit wrong usage of Capex if you would start building a new building if we have in existing buildings space that becomes free of, yeah, the lowering mail volume and the sorting of mail.

With respect to Radial Europe and also your question a little bit on that for Belgium, it is clear I think from this strategy and from what we told you that the years to come we will definitely focus on the development of our omni commerce logistics pillar in Europe, be it with Active Ants, where we clearly want to have two new sites per year, or with Radial. It's clear that we focus on Europe here, and that we're going to make a bigger plan that is ready. But we have now – we will now take the time to detail it, to discuss it with the board and to come to a clear plan in the coming months of what we exactly are going to do to reach this target and to make it a bigger, I would say, a bigger business in Europe on e-commerce logistics. And, of course, I mean, if there are opportunities in Belgium, we definitely not pass by. We will definitely also include that because it's our home base, I would say. And as you know, and as I told before, Active Ants is going to open next year in Belgium. So that's already a first stick in the ground, I would say, in our home country.

Marco Limite: Okay, clear. Thank you very much.

Operator: The next question comes from the line of Najet El Kassir from Bank of America. Please go ahead.

Najet El Kassir (Bank of America): Good morning, everyone – two questions for me. First is have you seen an acceleration in the mail volume decline from your previous long-term guidance of 9% that you gave at the last Capital Market Day on the pandemic?

Secondly, with Parcels, what level of parcel growth do you expect and when do you expect the parcel EBIT contribution to surpass mail?

And last but not least, if you can give any colour in terms of what you're seeing since November and early December in terms of mail and parcel volume, please? Thank you.

Jean-Paul Van Avermaet: With respect to the mail volume decline, I think it's very difficult to predict. We gave you the figures until end of September. We think that we will continue to have, yeah, high single-digit mail volume decline in the coming years. But yeah, it's very difficult to predict. But we believe that this will be the case, high-single-digit mail volume decline in the coming years, so a little bit what we had expected also for 2020.

On the parcel growth, well, it's also there, it's much more unpredictable than it was in the past years, I would say, and that has to do with COVID. It has to do with the change also or the shift of consumers going to the online shopping. And we have planned to, as I said before also for our Delta project, we have planned to look together with our customers what do they expect for the coming years with our customers and our senders. And that's really the purpose at the beginning of next year and to get more view on, okay, what is now exactly to be expected. It's clear that we are on a higher curve, as I said before. It's definitely that in Belgium we really caught up versus, I would say, our neighbouring countries and versus the rest of Europe, that's for sure. And we will stay at a certain higher level. And yeah, I believe that that this higher level, it will continue to increase in a normal way. But is there still – and that will be your question, I think – is there still a higher increase than what we normally would expect in the normal evolution of e-commerce? Well, that's very difficult to predict. It depends maybe also on, yeah, what will happen on the physical commerce. Will the physical commerce decrease? Will it further, yeah, what will happen after the COVID crisis? Will more shops be closed? Definitely, not temporarily. And all that kind of stuff. So that's why we want to do that together with the retailers, together with our customers to look, okay, how can we better – and even better than before – predict the future and help them and help also the consumers.

Leen Geirnaerd: And that also answers in part your next question – when will parcels surpass mail. If I take parcels and e-commerce and you look at our third quarter, we were already there. But, of course, 2020 is such a particular year, that we don't know what the future will bring. We've seen that indeed, in the third quarter, actually, mail held up pretty strong, which is, of course, the crux in the entire long-term plan of bpost. So that is something that we cannot predict. We are at a higher curve of e-commerce growth, that we can see. But what will be the new normal? Also, that is difficult to predict. And it makes the fact that we cannot be more precise than what we said that we want to compensate over that time.

And November-December, we discussed, but we decided not to give a trading update. So, I cannot answer your question there, unfortunately. So, we'll have to meet on that one in March.

Najet El Kassir: Thank you very much, very helpful.

Operator: The next question comes from the line of Lotte Timmermans from ABN Amro. Please go ahead.

Lotte Timmermans (ABN Amro): Good morning, all. One question left, please, a question on Project Delta and parcel capacity. More specifically, could you indicate how many parcels you have currently at peak capacity per day and to what number you expect this to increase through the project?

Jean-Paul Van Avermaet: Well, on the second part of the question, it's difficult to say. I answered before that we want to evaluate that together with our customers beginning of 2021. It's clear that we want to increase the capacity year-on-year, and that is also in the press. We have – last week, we have beaten several days' records, and we have been distributing parcels of more than 660,000 in a day, which is very special and impressive. And I would say it did work well. So it's not yet I would say the ultimate limit we can handle, but all systems continue to run and to work well. So that's the current level. Of course, we think we need to increase that level also, definitely, by the end-of-year peak of next year. Nobody can, of course, foresee, and with the vaccine coming on our way, it might be that, yeah, there is not, I would say, a second or a third wave volume that would be at the end of next year together with the end-of-year peak as we have had it today. But the general, regular every year increase, we will start from the 660,000, let's say, which is the highest volume we handle now and with success, and that we add on that another interesting percentage to see that we are sure for the coming years and probably after that as well.

Lotte Timmermans: Could you also say your capacity? So, you said 660,000 was the record high. So in the present date, what is the max capacity you can handle?

Jean-Paul Van Avermaet: Well, I mean, it's difficult to say a number, but I think there is still some room depending on the way you distribute during the day. We distribute now twice a day. As you know that as from next year, we will also do tests. We will do tests and pilots to distribute much more also on Sunday, so all that will increase the capacity. So, I think sorting centres still have some room. There is still some time that we could use during the day to further sort. And we also had a temporary sorting facility put in place next to the two new ones that we had invested in during summer, which you have been informed of, and those two new ones were for 100,000 parcels more or less. In a normal timing, a normal timing for me means a certain time frame during the day. Of course, if you go exploiting that more and further on, this is definitely a possibility to increase even beyond that 660,000.

Lotte Timmermans: Okay. Thanks a lot.

Operator: The next question comes from the line of Sumit Mehrotra from Societe Generale. Please go ahead.

Sumit Mehrotra: Hi. Thanks for taking the questions. So the first one, really the simple one, what do you plan to do with the distributable reserves that were there earlier – used to neutralise exceptional costs?

And then some questions on what exactly are you doing in Project Delta which is different from what could have been done earlier? So some operational details you could provide what exactly are you looking at in Project Delta here?

And lastly, an update on Radial US' future would be good to have. Last year, we had got some idea of what potential earnings contribution from Radial US could be. But now, what do you think about this business now? That's about it, thank you.

Leen Geirnaerdts: You take Delta first, and I take the other two.

Jean-Paul Van Avermaet: Yeah, I will take Delta first. Well, it's a bit difficult to say a lot of details on Delta because there are so many scenarios we ask them to look at. So, I can be here talking for half an hour, I would say, but that's not the purpose. It's definitely, as I said, they have been asked to work on scenarios from scratch, meaning forgetting the way we work today, and forgetting also the way things go today. They also have to take care of, okay, what are customer expectations in number of times your mail is being delivered at home. This is different than what the expectation of a customer is with respect to parcels. It's going to look at how can we, yeah, further optimise the usage of our assets, our buildings, by using more time during the day – buildings or fleet.

Today, we have a certain period of the day that fleet is used, that buildings are used. Can we do there more with the same assets? Can we take other times during the day? As I said before, the Sunday delivery is part of that. Today, Sunday, our fleet and our buildings in the distribution network are not used. So using them also on a Sunday means that this gives certain efficiency on using of our assets.

And yeah, there are also very technical and very detailed operational reviews of, yeah, why would we still do things in a certain way or through a certain channel before it goes to, I would say, the end consumer or before it goes to a pick-up point. Also, there are elements in Delta that have been – that will be looked at. And please do not forget the part which we discussed on sustainability. Also there in the project of Delta, they have to take into account an increase of parcel lockers in cities, which I feel that – and we get a lot of reactions of people being – and I think the future generation will be even more than before – looking at what is now sustainable. And the question could be is home delivery everywhere at every time of the day within very limited timings, is that a sustainable way of doing, yeah, I would say, e-commerce distribution?

I get a lot of reactions of people saying these parcel lockers are sustainable because I pass by them anyway or what we do in Mechelen, for example, we have a very broad network of parcel lockers within walking distance of customers. So – and that's of course for parcels that are not, I would say, the big fridges or ovens or so on, that's another way of delivering at home.

So I think, yeah, Delta is looking at everything and fitting it also within the strategy we have. And making it the combination between mail and parcels. And, yeah, the question from one of your colleagues was also, okay, when – in the volumes, it's also difficult to see and there's still much more letters every day than there are parcels. And – but I always say if we – if we compare it in volume, in physical volume, it's of course different. So also there using our real estate more than once a day as we do now during the end of year peak, it's creating efficiency on that side instead of building or increasing our real estate square metres.

Leen Geirnaerd (CFO, Bpost): And perhaps Radial US. So Capital Markets Day, I have the numbers here in front of me. So then it was announced that the EBITDA goal would be \$100-120 million by 2022. That was pre-IFRS 16. So excluding then the pre-IFRS depreciation of about \$50 million, that would bring us at about \$50-70 million by 2022. Again, we will not give long-term goals precisely, but I think for Radial US it's a good question and the answer is also good. I think we can state that we're on track. So if we look at the results of this year how they accelerated throughout the year, thanks to the growth of e-commerce which is there to stay, we indeed see that we are on track to get to those numbers which were included also in our initial business case. So quite important indeed.

Then your question on distributable reserves, and if I may be a bit educational for everybody listening in, is if indeed we change our dividend policy to IFRS net profit; but you're absolutely right in the end it is bpost NV, the Belgium company, that pays out a dividend. So the size of the distributable reserves is important. If you look at our numbers of end of December 2019, we have ample reserve there indeed to pay those dividends. And also in the trajectory that we have ahead of us, we have taken that into account that we would indeed still build on our distributable reserves to be able to pay out that dividend.

Your question on exceptional costs, I think I may translate that as, what if there are non-cash impacts being it IAS 19, for instance, you can have particular non-cash items. I think since we have provided a range of 30-50%. Indeed we can look or we can remediate that in due course when it would happen because I understand the concern to have some stability in there. And also the Board realises that.

Sumit Mehrotra: So just to be clear, you continue to build on those reserves. They still exist. Yeah?

Leen Geirnaerd: The reserves under BGAAP they exist. They leave us room to pay dividends going forward. And of course with the dividend policy being based on profit, we will also add on distributable reserves. So there should not be an issue.

Sumit Mehrotra: Thanks for being clear. Thank you.

Operator: The next question comes from the line of Henk Slotboom from the IDEA. Please go ahead.

Henk Slotboom (the IDEA): Yeah, good morning, thanks for taking my question. One question with regard to the expansion of Radial and Active Ants in Europe, I can see the unique element of Active Ants, the focus on small/medium-sized web shops. In the case of Radial is it fair to say, what is the big differentiator there vis-à-vis, for example, existing players like Ingram Micro or DHL? Is it the omnichannel thing or – and maybe you can tell something you said in your introduction that you have six different facilities of Radial throughout five European countries in Europe already. Can you give me some background on how the operations there are going? How do you build that up? Do you build it up from scratch? Do you buy an existing operation? How long does it take before it generates a decent return? Perhaps some colour there, please. Yeah, and that's my question. Thank you.

Jean-Paul Van Avermaet: I think the first answer from my side, and Leen, if you want to add go ahead. We explained you a little bit the difference between the model of Radial and the model of Active Ants. The Radial model is much more focused on big customers and big brands. You've seen in our strategy that this is one of our main visions, to be a partner of brands. It's clear that Radial is already in those five countries in six facilities and we are building with bigger brands. And we also have, let's say that salespeople are heavily working on creating a pipeline. So that's the organic growth. And as we said before, we will also be looking in our detailed plan that we are making for that growth of omni-commerce logistics in Europe. We'll also be looking at, yeah, M&A possibilities to further grow that part of our business.

And it's clear that also we further want to increase the cooperation between transatlantic cooperation, as you have seen in the presentation, and this is linked to customers, I would say worldwide brands, bringing US brands which we serve there, also serve them in Europe, and vice versa; if we serve brands in Europe that we also try to serve them in the US as far as those brands of course are, yeah, active in the US. But even if they would not be active we could play a role there. That counts also for, okay, if we would have Belgium brands, helping Belgium companies to export to other countries in Europe.

And last but not least of course we will also look at the technology usage which is already being done today for our customers by Radial in Europe; but to also enhance and even further increase that usage and find the right customers that can be served by this.

Operator: As one last reminder, if you would like to ask a question, please press star one on your telephone keypad. And another question has just come through. This comes from the line of Marc Zwartsenburg from ING. Please go ahead.

Marc Zwartsenburg, (ING): Yeah, a couple of follow-ups, thank you very much. First of all on the acquisitions, the bolt-ons, could you give us an indication of the maximum size in terms of cash out potentially? That's one.

And then on the – coming back again on the – on the SGEIs, you also mentioned there that dependent on the financial burden you will get some compensation from the state. But, yeah, how close are we to USO becoming a financial burden for bpost in that 2021-26 period?

And then maybe onmail and retail a final one. Previously you've given the guidance in terms of savings the 5% on an annual basis on top of the attrition. Is that still a valid target or is that now off the table? That's it for now.

Leen Geirnaerd: Operator, can you open up for Marc to repeat the last question?

Marc Zwartsenburg: Yeah, the last question was about FTEs for mail and retail. On the previous Capital Market Day, you provided this target to reduce the number of mailmen by 750 FTEs, it was around 5% of the 15,000. Is that target still valid or is that let go currently?

Leen Geirnaerd: Perhaps important to say that everything that was said at the former Capital Markets Day is by definition no longer valid, unless we reconfirm it. And I think again I

have to refer to the Project Delta. What we see as to our FTE evolution and also what is included in our strategy, yes, mail will go down but parcels go up. You will understand that if we deliver 660,000 parcels a day, that's done by a lot of people and we also have to hire additional people. So perhaps not for mail but for the parcels. And that's very nice if you look from it from a stakeholder perspective to be able to ensure indeed long-term employment. So I think coming up with a number and disconnecting it with our operations as a whole, that would not be wise. And that's also what makes Delta so particular, that we look at the Belgium operations as a whole, mail and parcels together, and see how we have to install that from an operational side. So indeed we can no longer confirm that. We can only confirm what we set as our financial goal, that we do everything to compensate for the loss in EBIT decline on mail with the other businesses. So, of course, if we install an operating model, it will be one which is sound and which delivers EBIT.

Marc Zwartsenburg: Very clear, thank you.

Jean-Paul Van Avermaet: On M&A, I can say that this is work in progress. As I said before, we have, I would say, a framework where we want to go to and we are currently looking at the market, the European market, in this specific business. And we'll further detail our plans including M&A and that will be discussed with the Board in the first quarter of 2021 before we move forward. But it will definitely – I think our ambition will definitely need M&A to – yeah, to compensate as we said before.

Leen Geirnaerd: And be fast enough. But it will be within the framework of the capital allocation. And then I refer again to the starting point. So it will be as we are able to generate cash ourselves, that we will also do some acquisitions and in first instance it are bolt-ons.

Jean-Paul Van Avermaet: The USO, that's for us the purpose that – yeah, there is no compensation needed in the coming years. That's the purpose on that USO which you also have seen in the – in the presentation, if I'm not wrong. So that's also why we – why we have the Project Delta, for example.

Operator: There are no further questions in the queue, so I'll hand back over to your hosts for any closing remarks.

Leen Geirnaerd: Perhaps if I may go first? Today was an important day for bpost. It was something that we have been working on since Jean-Paul actually arrived. So happy that you can all join us. And it's also a very important day because actually everything which was prepared has been done by Saskia Dheedene and unfortunately it is her last event. I think you will all agree with me that Saskia, Head of our Investor Relations, has done a tremendous job at bpost for the last six years she has been investor relations. So she has lived with you all of those crucial items of a company that was sky-high in EBIT and in dividend, a company that bit by bit has to face the mail volume decline, organised Capital Markets Days, unfortunately come with some profit warnings. But she did it always with her natural style, very precise and very transparent. And I can talk from Jean-Paul and myself, Saskia we will miss you. We wish you all the best in the future and you're very good at what you're doing.

I also want to announce that it's also set I think in the strategy how important we think that within bpost we can promote people. There is a person responsible for Treasury called Antoine Lebecq. He's French-speaking, and in the future he will – in the future – as of 1st January he will take over the responsibility for Investor Relations from Saskia. He's now currently working with the banks so he's already very oriented outside, so already responsible for part of our financial stakeholders. And I think he does it extremely well. So I'm confident that he will also be a very complement to our team and to all of you.

But again Saskia, thanks a lot for the cooperation. I really enjoyed working with you.

Jean-Paul Van Avermaet: Okay, from my side, I can also close. And first of all also thank you to Saskia. And it was also a pleasure for me to work with her and I wish her all the success in her new future. And to all of you, thank you for attending this webcast. Thank you for your valuable and a lot of questions. It's always very nice to hear that and to be able to as much as possible to answer to them. I would say stay safe. Let's talk next year and in the meantime happy holidays.

Leen Geirnaerd: Happy holidays. Thanks a lot. Bye, bye.

[END OF TRANSCRIPT]