



# bpost strategy & challenges

Koen Beeckmans, CFO

Berenberg European Conference USA 2016

25 May 2016



**bpost at a glance**



## A modern and diversified mail operator

2015 figures, normalized

- One **integrated** domestic distribution **network**
- **International** player

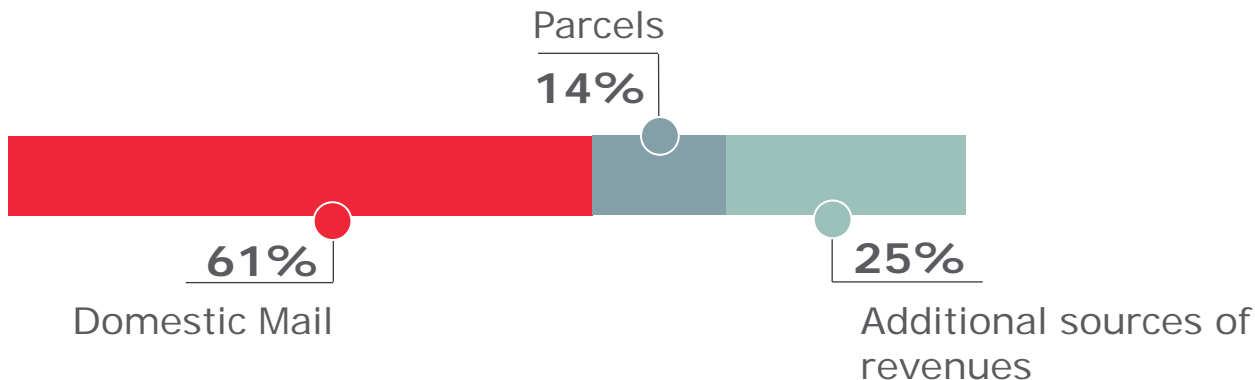
€ 2.4bn  
revenues

€ 583.6m  
24.2%  
EBITDA

€ 494.4m  
20.5%  
EBIT

€ 328.1m  
net profit

24,703  
average  
# FTE &  
interims

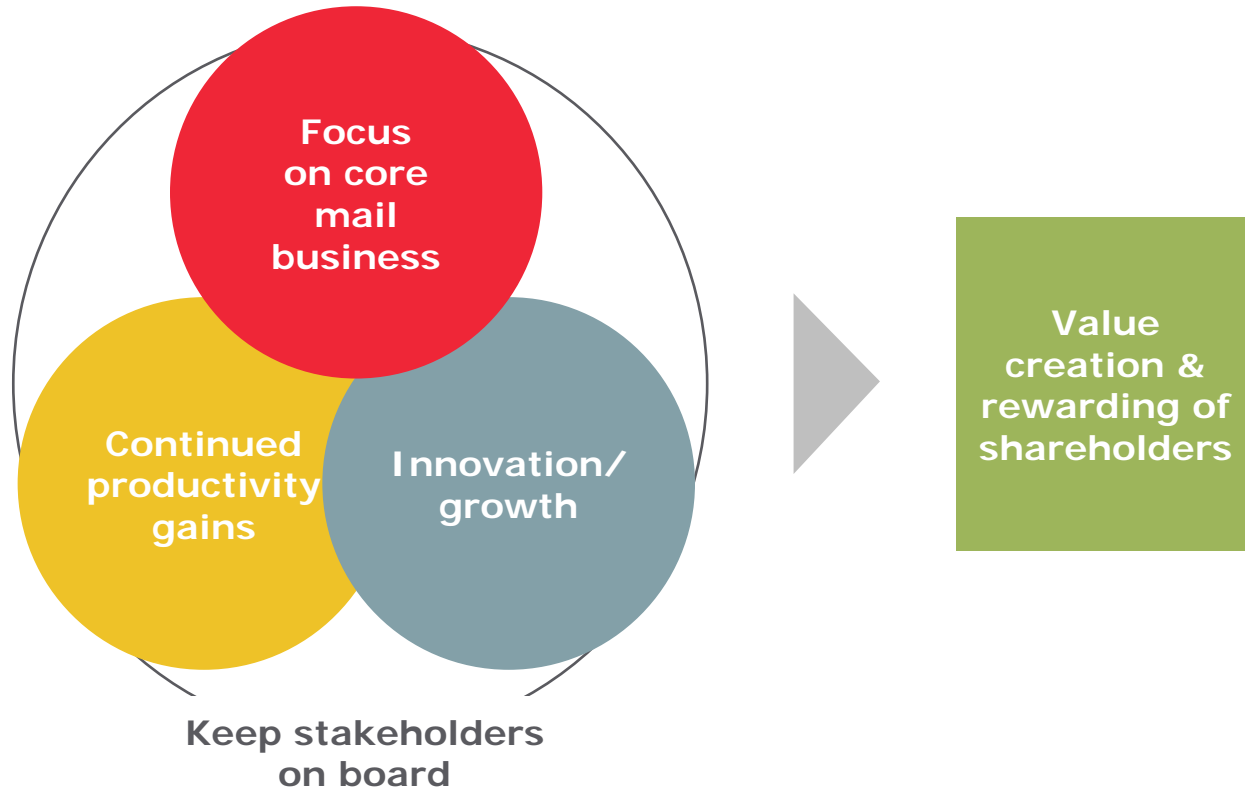


A woman with her hair in a bun, wearing a black and white checkered shirt and a silver cuff bracelet, is reaching up to a white mailbox mounted on a pole. The background is a blurred street scene with buildings and parked cars.

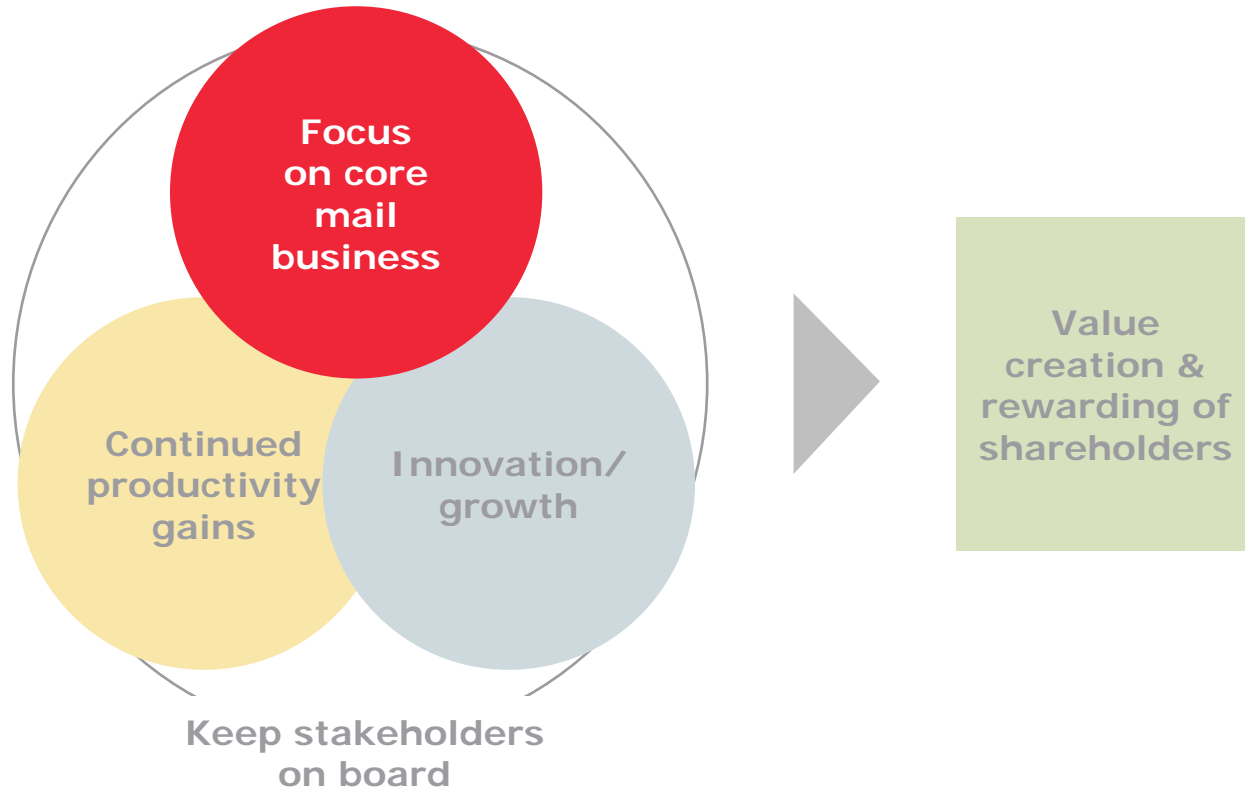
# bpost strategy & challenges



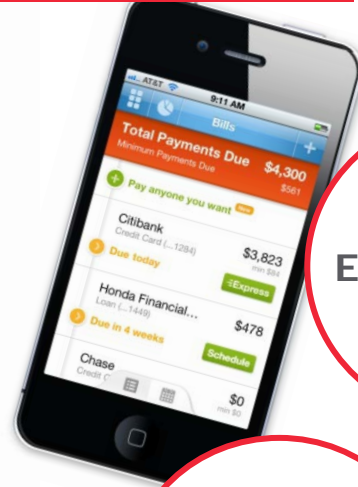
## Our focused and successful strategy in action...



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**Mail volumes remain under pressure,  
partly compensated by a price increase**



**Volumes  
-4.0%  
1Q16**

**E-substitution**


**Cost cutting**

**Switch to  
cheaper  
products**

**+1.5%  
price  
increase  
in 2016**





A woman with dark hair, wearing a light pink dress, is sitting on a set of white marble stairs. She is looking down at a stack of papers or magazines she is holding in her lap. The stairs have a brass handrail on the right side. The background is a light-colored wall.

**Focus on  
6 key  
sectors**

**Strategic  
tests in  
unaddressed  
mail**

**Major  
accounts  
invest in the  
mailbox**

**We succeed to convince customers  
to invest in Advertising**



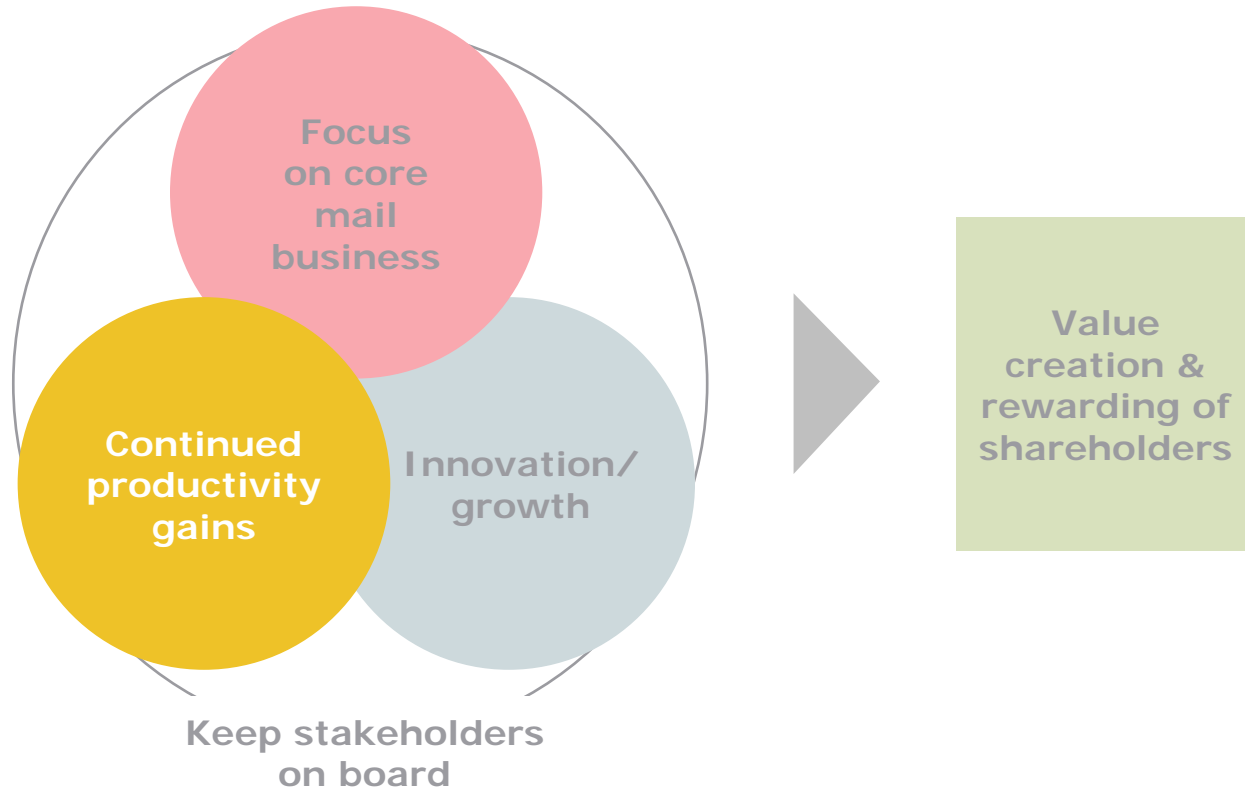
A woman wearing a red cap and a red and navy blue jacket is shown in profile, loading a stack of newspapers into a silver metal mailbox. The background is a blurred green, suggesting an outdoor setting. The image is used as a background for a presentation slide.

## We keep the Government's trust

**Press  
distribution  
secured until  
end 2020**

**6<sup>th</sup>  
management  
contract  
until end  
2020**

## Our focused and successful strategy in action...



# We continue to roll out Vision 2020



**new distribution  
model**

**Full-time  
distribution  
tested and  
validated**



**13 Mixed Sorting  
Machines  
installed**



**4 sorting centre  
extensions  
completed**



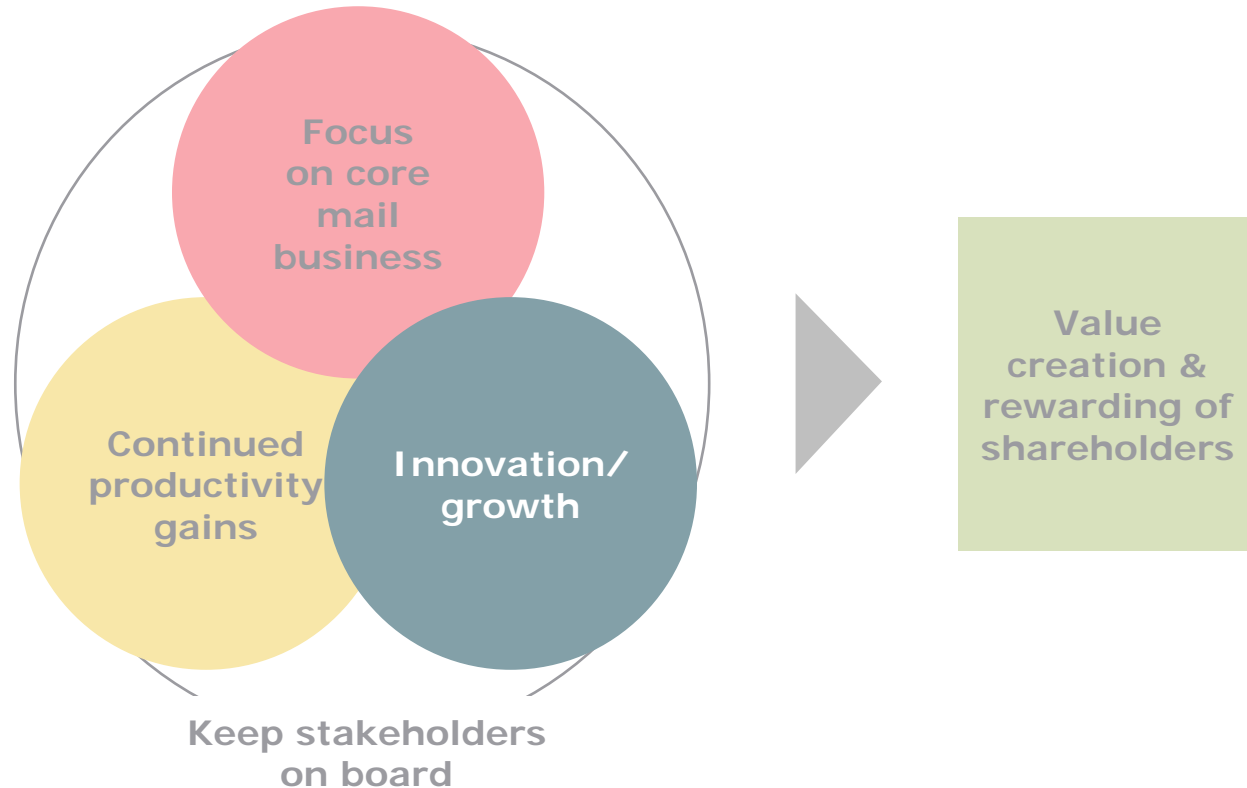
**Central mailbag  
preparation  
in pilot**



**All postmen  
equipped with  
mobile device**

**Implemen-  
tation over  
2016 &  
2017**

## Our focused and successful strategy in action...



## Domestic parcels, we build on our unique selling proposition

1Q16 volumes  
**+14.6%**  
driven by  
e-commerce



Home  
delivery  
7d/7d  
& in  
evening



~ 1,250  
pick-up  
drop-off  
points



~ 145  
parcel  
lockers

"Click &  
Collect" at  
brick-and-  
mortar  
stores



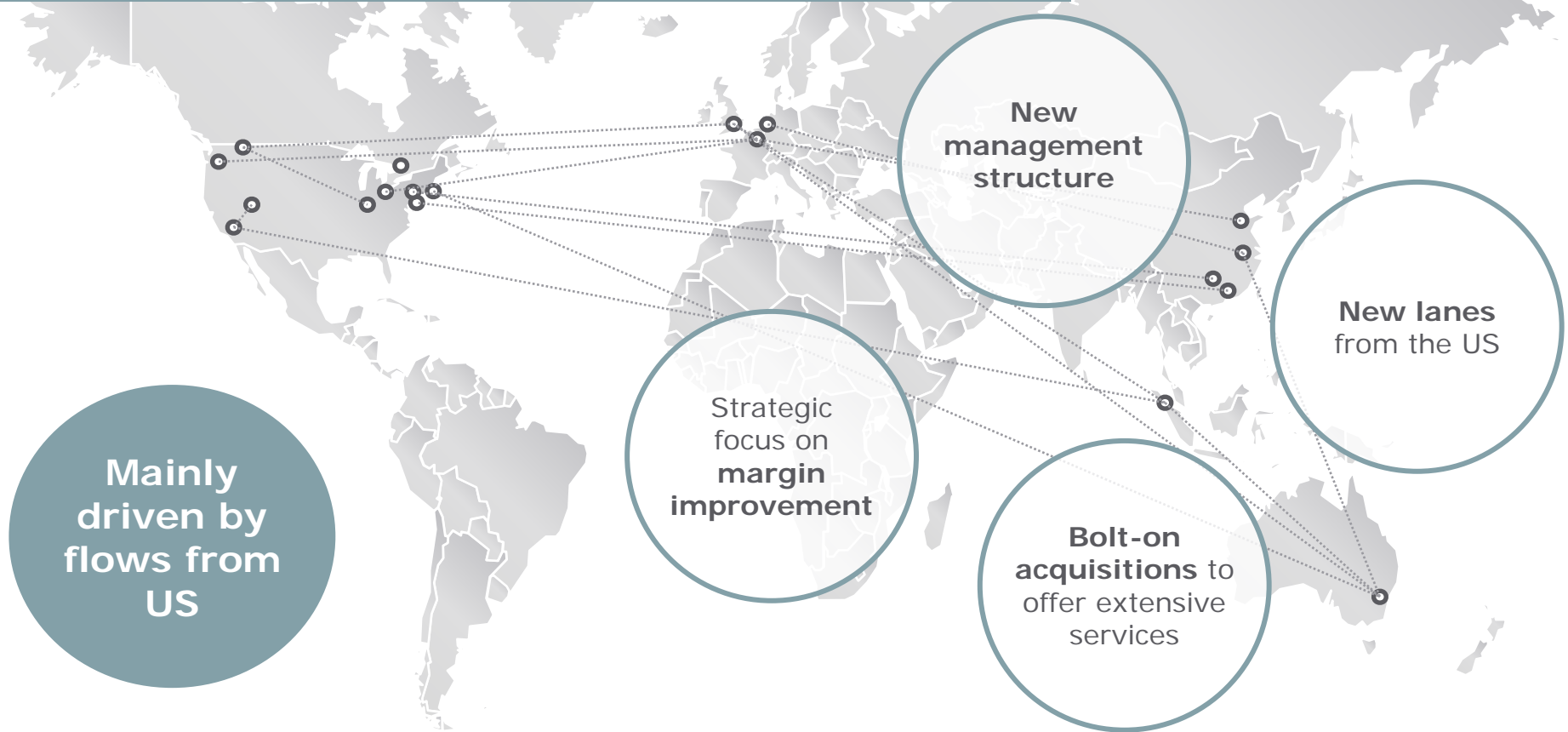
An aerial architectural rendering of a large industrial facility, the New Brussels X parcel sorting facility. The main building is a long, rectangular structure with a grey roof and a large parking lot filled with cars. To the left, there's a curved, modern building with a glass facade. The facility is situated near a canal or river, with a bridge visible in the background. The surrounding area includes other industrial buildings, parking lots, and green spaces.

## Vision 2020 – 1 national parcel sorting facility with double capacity

**New  
Brussels X**  
Construction  
started,  
operational by  
**mid 2017**



## International parcels, we further strengthen our service offering



# New solutions, we continue to innovate and add value

**Sustainable  
urban  
distribution**

**CityLogistics  
and CityDepot  
joined forces in  
May 2015**

**CityDepot**

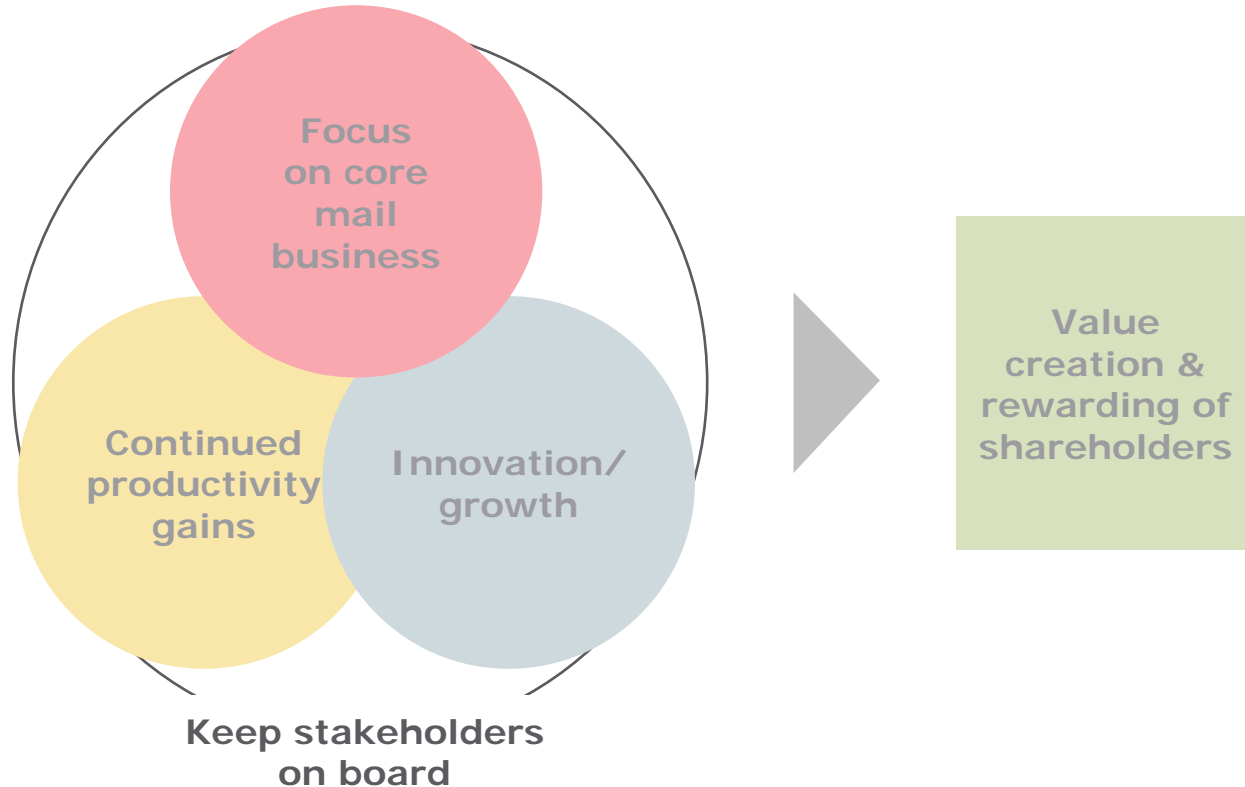
**Operational  
in 7 cities**

**combo**

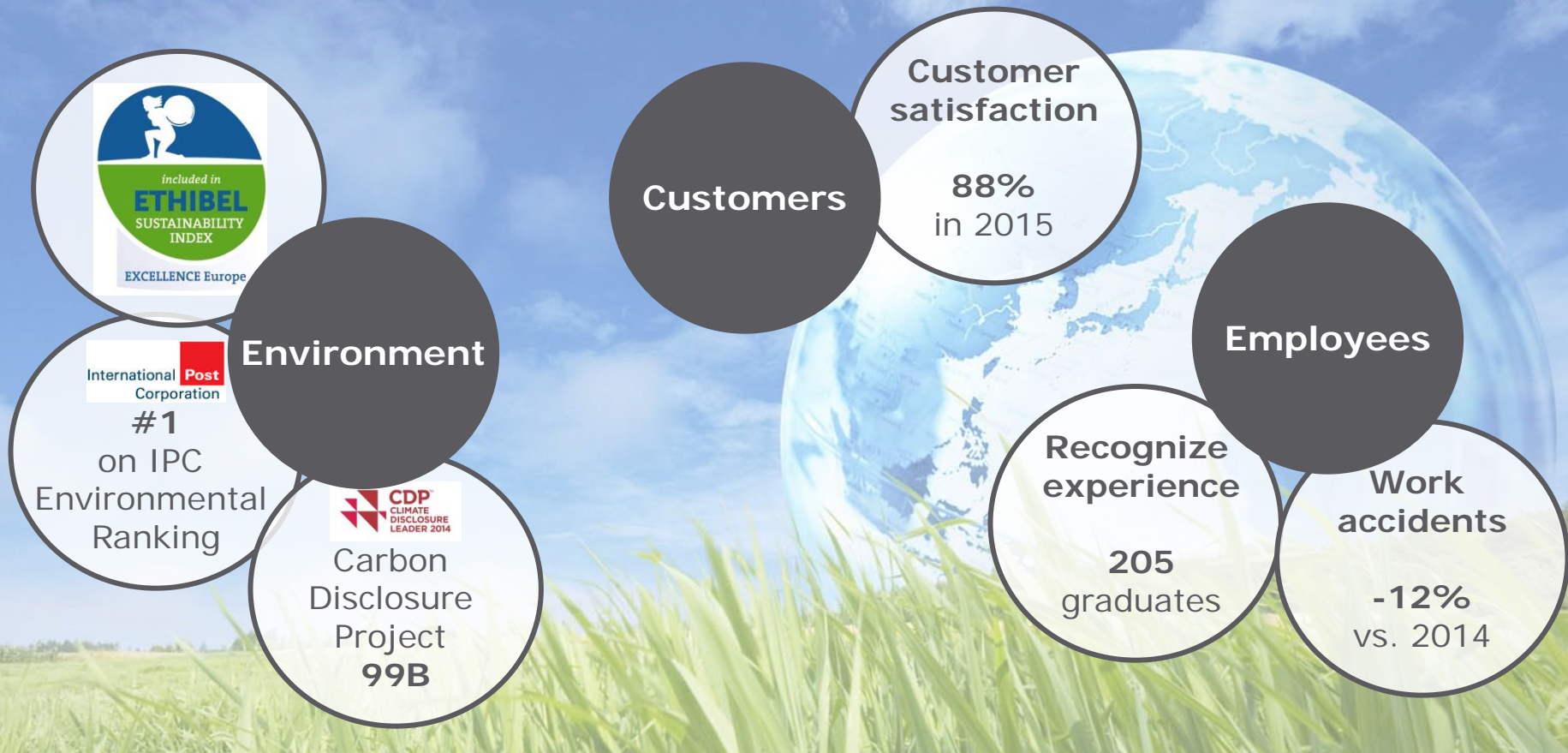
**In Antwerp  
since September  
2015, in Brussels  
since 2014**



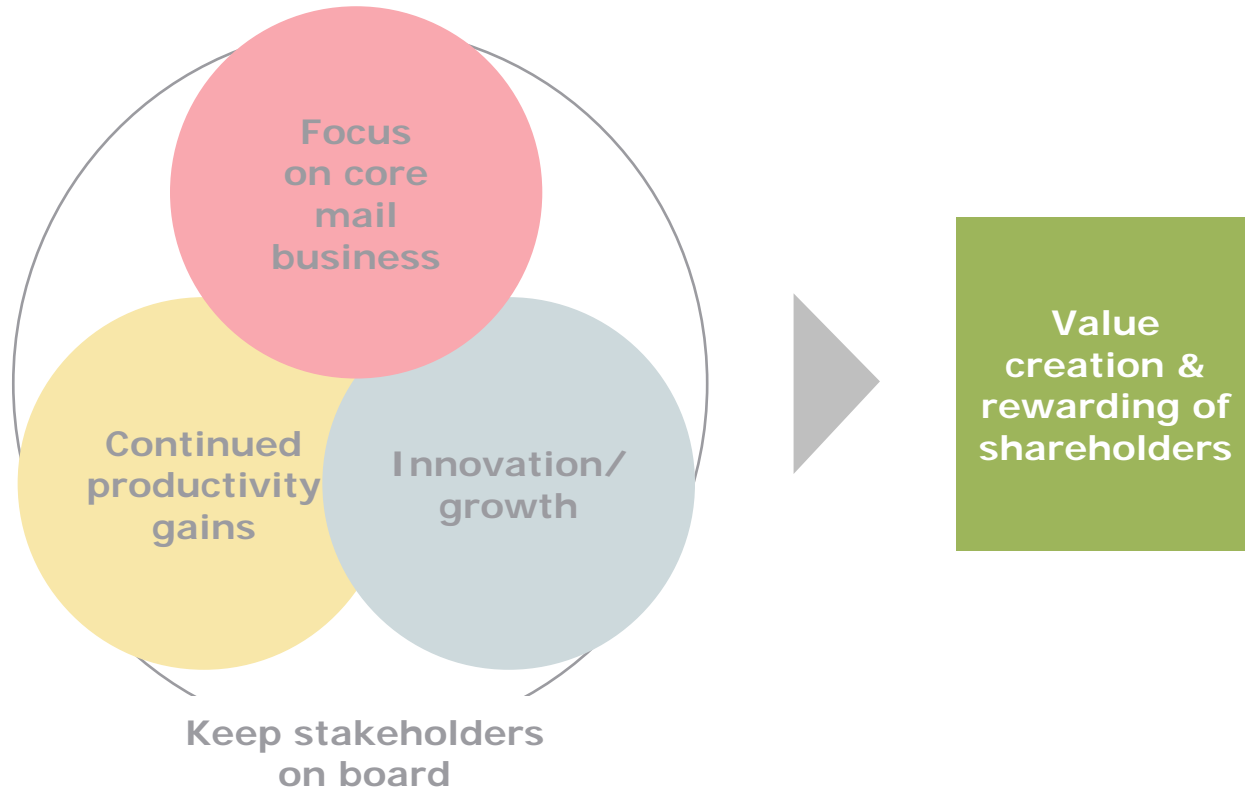
## Our successful and focused strategy in action...



# bpost cares...

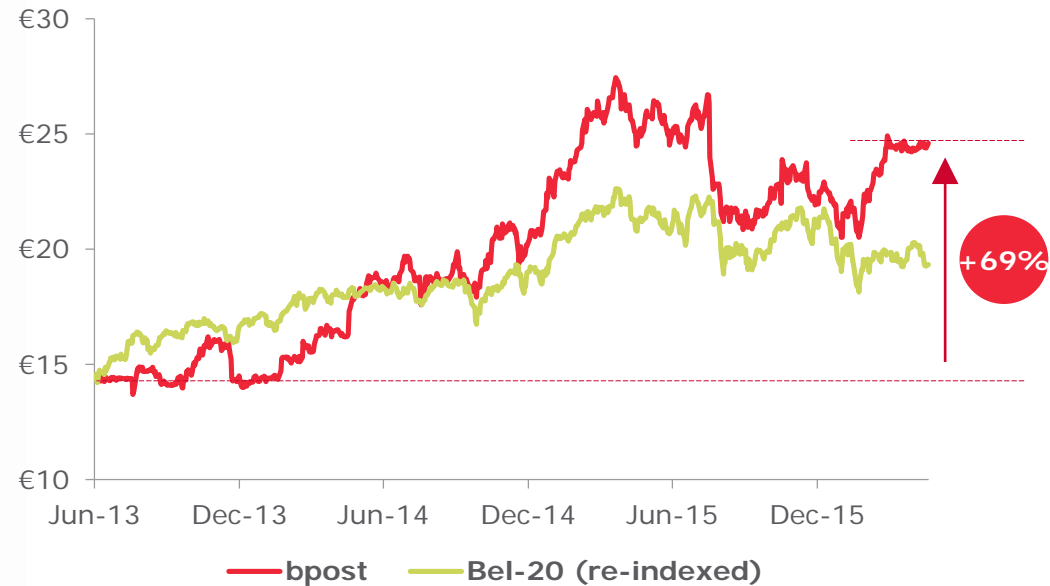


## Our successful and focused strategy in action...



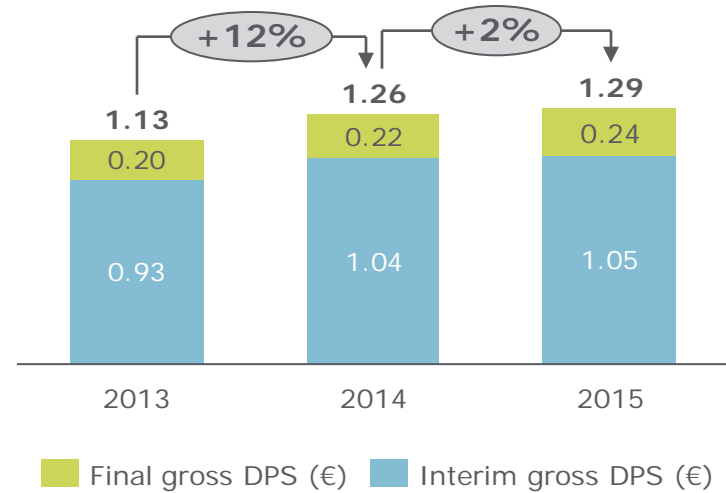
Our share performed well  
since the IPO...

Stock price evolution until 1Q16 announcement





... and we reward our shareholders with a higher dividend



# Financial Results 1Q16



## Highlights of 1Q16



Revenues down 2.0%

€ 604.5m



Improved underlying Domestic Mail evolution

-4.0%



Outstanding domestic parcels performance, slow-down of international due to strong USD

+14.6%

- Domestic parcels
- International parcels

+ € 0.5m



Cost savings on track and delivered on all cost items

- Underlying average FTE reduction of 734 for the quarter

- € 15.2m



EBITDA up € 3.2m, reduced SGEI compensation fully absorbed

€ 175.9m

BGAAP net profit of bpost SA/NV up € 2.6m

€ 90.0m

## Outlook for 2016

(excluding acquisition of Lagardère Travel Retail Belgian activities)

### Top line

- Underlying Domestic Mail **volume decline between 5 and 6%**
- Compensation for SGEI: **€ -26.8m lower** vs. 2015
- Domestic Parcels: **double digit** volume growth
- International Parcels: **continued growth** in flows from the US but at a slower pace mainly due to strong US\$

### Costs

- Productivity improvements: **low end of 800 to 1,200 FTE/year** range
- Strong focus on all cost items and factor cost levers



Recurring EBITDA and dividend payment at the same level as 2015

# We signed an agreement to acquire 100% of the Belgian activities of Lagardère Travel Retail



**Lagardère**  
TRAVEL RETAIL

## Convenience & Proximity

Travel retail



hubiz

Convenience distribution

- Pre-paid services (Alvadis)
- Impulse products (Buronville)



Convenience & Proximity retail

**Press Shop**

## Non-Press

Parcels & Logistic Services



## Press

Logistics to POS



Newspaper



Magazines



International press

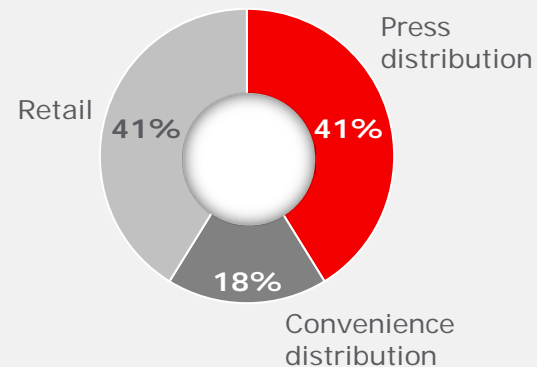
## Key figures

### Sales & EBITDA 2014

Sales: € 440.0m

EBITDA: € 15.6m (3.5% margin)

### Sales split by activity 2014



### # FTE as per 31 Dec. 2015

598



## Strategic rationale for bpost...

Grow  
within core  
competencies

**Diversify** into the **growing retail proximity & convenience distribution** projected at **4-6% growth** annually 2015-20

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

Focus on core  
mail business

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

Generate  
productivity gains

**Synergies** will be considered when and where adding value



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