

Third quarter 2022 results Analyst call

November 10th, 2022

 **bpostgroup**
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Investor presentation

Interim financial report 3Q22

3Q22

Financial Calendar

23.02.2023 (17:45 CET)

Quarterly results 4Q22

16.03.2023

Annual report 2022

04.05.2023 (17:45 CET)

Quarterly results 1Q23

10.05.2023

Ordinary General Meeting of Shareholders

More on bpostgroup.com/investors

Disclaimer

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

Highlights of 3Q22

3Q22

Results continue to track towards guidance range in seasonally softer quarter, driven by underlying parcels volume growth and pricing measures, mail price increase offsetting volume decline and continued efforts to mitigate unfavorable macro headwinds

Group operating income

€ 1,021.9m

Group adjusted EBIT

€ 26.0m

2.5% EBIT margin

down -33.5% compared to prior year

Belgium

€ 18.9m

3.7% EBIT margin

- Total operating income at € 507.2m (+1.6%¹)
 - underlying mail volume decline of -7.7% nearly offset by positive price/mix impact
 - parcels volumes -3.8% (or +7.8% excl. Amazon impact) and price/mix impact of +4.7%
- OPEX¹ increase driven by (i) 5 recent salary indexations mitigated by FTEs reduction, and (ii) higher energy costs

E-Logistics Eurasia

€ 4.4m

2.8% EBIT margin

- Total operating income at € 155.3m (+12.9%)
 - continued expansion of Radial EU and Active Ants (+22.3%)
 - cross-border sales increase supported by IMX integration
- OPEX increase (+12.2%) from (i) higher transport costs in line with volume development and IMX integration and (ii) higher payroll costs

E-Logistics N. Am.

€ 10.5m

2.8% EBIT margin

- Total operating income at € 376.5m (+20.2%², or +2.9% at constant exchange rate), reflecting normalisation of Radial' sales post recent customer onboardings
- EBIT improvement (+19.6%) when excluding last year's cyber insurance recovery

¹ Excluding impact of Ubiway Retail (UBR) sold on February 28th, 2022
When including deconsolidation impact: -5.3% in Total operating income (UBR 3Q21: €36.5m) and -3.5% in OPEX (UBR 3Q21: €33.2m)

² Excluding impact of The Mail Group (TMG) sold on August 5th, 2021
When including deconsolidation impact: +17.5% in Total operating income (TMG 3Q21: €7.2m)

Key financials 3Q22

3Q22

€ million	Reported		Adjusted ¹		% ↑
	3Q21	3Q22	3Q21	3Q22	
Total operating income	977.6	1,021.9	976.2	1,021.9	4.7%
Operating expenses	871.6	923.6	871.6	923.6	6.0%
EBITDA	106.0	98.3	104.6	98.3	-6.1%
Depreciation & Amortization	68.7	¹ 75.5	65.5	¹ 72.3	10.3%
EBIT	37.3	22.8	39.1	26.0	-33.5%
Margin (%)	3.8%	2.2%	4.0%	2.5%	
Financial result	-8.7	6.3	-2.4	6.3	
Profit before tax	28.6	29.1	36.7	32.3	-12.1%
Income tax expense	12.5	¹ 4.4	13.3	¹ 5.2	-61.1%
Net profit	16.1	24.7	23.4	27.1	15.7%
FCF	99.0	² -32.1	125.8	² 3.9	-96.9%
Net Debt at Sept 30	457.8	670.9	457.8	670.9	46.6%
Capex	31.4	47.0	31.4	47.0	49.8%
Average # FTEs and interims	40,495	38,768	40,495	38,768	-4.3%

¹ Amortization and impairments of intangibles recognized during PPA are adjusted, leading to increase in EBIT (€ +3.2m) and income tax (€ +0.8m)

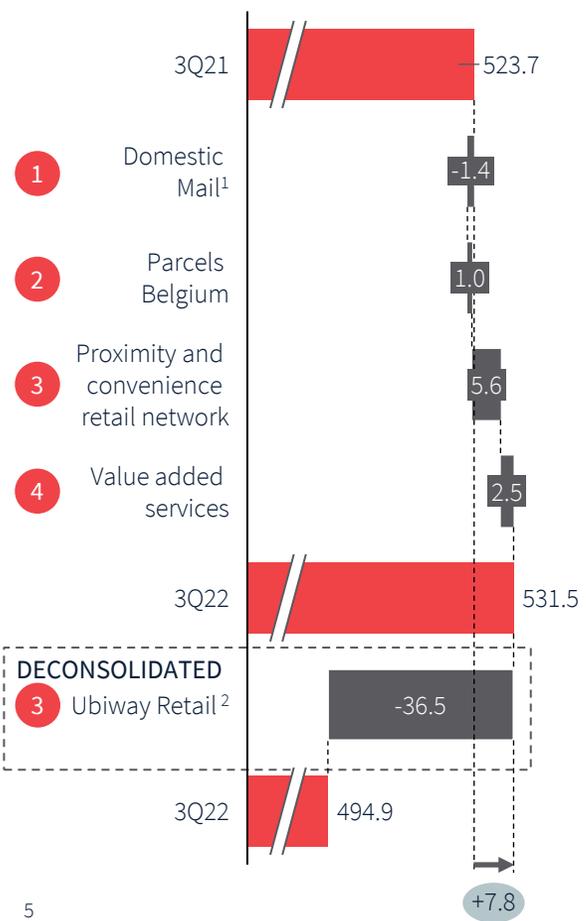
² Adjusted FCF excludes the cash Radial receives on behalf of its customers for performing billing services

¹ Unaudited figures

Belgium pricing levers in both Mail and Parcels

Strong parcel volume and price/mix development excluding Amazon

Belgium external operating income, € million



Domestic Mail

Stable operating income from:

- € -18.9m volume (-7.7% underlying volume decline against -7.5% in 3Q21)
- € +18.3m price/mix impact
- € -0.7m working days impact

In Transactional Mail:

- Admin mail supported by COVID-19 communication in 3Q22 (est. € 5m vs. € 4.5m in 3Q21)
- No change in known structural trends of continued e-substitution

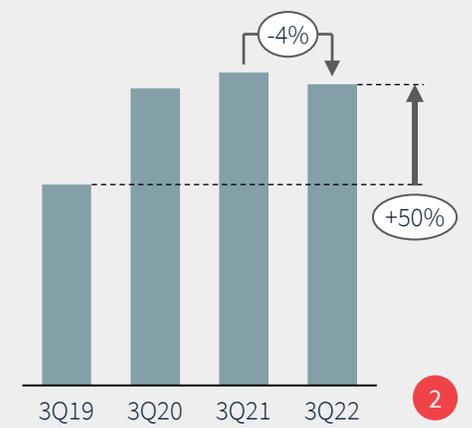
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Parcels Belgium

Parcels Belgium revenue up € +1.0m (+0.9%):

- Improved price/mix of +4.7%
- Parcels volume decline of -3.8%

Underlying Parcels volume growth of +7.8% excl. Amazon's insourcing (-50.5%) vs. -8.1% and -2.9% in 1Q/2Q22



2

Proximity and convenience retail network

Revenue up € +5.6m (+8.9%) mainly from new Management Contract, excl. deconsolidation of Ubiway²

3

Value added services

Higher revenues from fines solution

4

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

² deconsolidation impact of Ubiway Retail as of March 1st, 2022 (3Q21: €36.5m)

FTE reduction and resilient volumes partly mitigate inflation of energy and payroll costs

3Q22 – Belgium

€ million

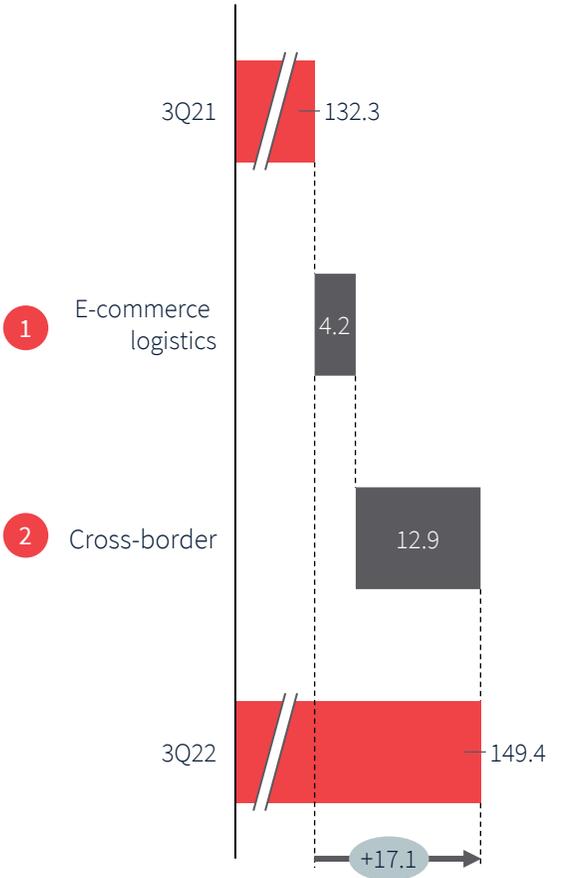
Belgium	3Q21	3Q22	% ↑
External operating income	523.7	494.9	-5.5%
Transactional	167.6	169.7	1.3%
Advertising	47.1	42.9	-8.9%
Press	79.5	80.3	0.9%
Parcels Belgium	102.2	103.2	0.9%
Proximity and convenience retail network	99.7	68.8	-31.0%
Value added services	27.6	30.1	9.1%
Intersegment operating income	12.1	12.2	1.4%
Total operating income	535.8	507.2	-5.3%
Operating expenses	485.1	468.0	-3.5%
EBITDA	50.7	39.2	-22.6%
Depreciation & Amortization	22.5	20.5	-8.9%
Reported EBIT	28.2	18.7	-33.6%
Margin (%)	5.3%	3.7%	
Adjusted EBIT	28.7	18.9	-34.1%
Margin (%)	5.3%	3.7%	
Additional KPIs			
Underlying Mail volume trend	-7.5%	-7.7%	
Transactional	-9.5%	-6.2%	
Advertising	-2.9%	-11.1%	
Press	-3.4%	-10.5%	
Parcels B2X volume trend	+8.9%	-3.8%	

Key takeaways 3Q22

- Total operating income up € +7.9m (+1.6%) excluding Ubiway Retail (UBR) deconsolidation
- Operating expenses (incl. adjusted D&A) excluding UBR deconsolidation increased by € 17.1m (+3.6%):
 - higher payroll cost per FTE (5 recent salary indexations of +2% and change in Night shift regulation) partially compensated by less FTEs (~ -930 FTEs y/y or -3.6%, excl. UBR) from continued execution of dedicated management actions
 - higher energy cost and subcontractor costs
- No significant EBIT impact from UBR deconsolidation in Feb. '22

Accelerated growth in Radial and Active Ants and higher cross-border revenue from IMX integration

E-Logistics Eurasia external operating income, € million



E-commerce logistics

Revenue up € +4.2m (+6.7%):

- Radial Europe and Active Ants revenue growth of +22.3% from improving sales of existing customers and recent customer onboardings
- Decline in revenue at DynaLogic due to lower consumer confidence and less devices to be repaired at DynaFix/Sure

Cross-border

Revenue up € +12.9m (+18.6%) mainly from:

- IMX consolidation as from July '22
- Growth in EU sales from new customer wins offsetting normalizing Asian sales still affected by supply chain disruptions in China

Asia cross-border



Asian cross-border sales of 3Q22 trending slightly above 3Q21

EBIT improvement as top-line momentum mitigates inflation

3Q22 – E-Log, Eurasia

€ million

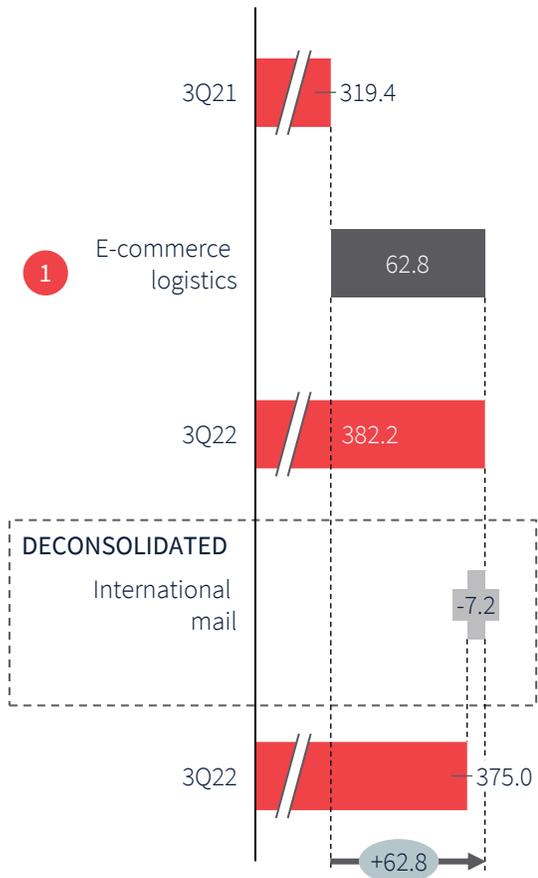
E-Logistics Eurasia	3Q21	3Q22	% ↑
External operating income	132.3	149.4	12.9%
E-commerce logistics	63.1	67.3	6.7%
Cross-border	69.1	82.0	18.6%
Intersegment operating income	5.3	5.9	11.7%
Total operating income	137.5	155.3	12.9%
Operating expenses	128.8	144.6	12.2%
EBITDA	8.7	10.7	22.7%
Depreciation & Amortization	5.8	7.0	20.5%
Reported EBIT	2.9	3.7	27.2%
Margin (%)	2.1%	2.4%	
Adjusted EBIT	3.6	4.4	21.7%
Margin (%)	2.6%	2.8%	

Key takeaways 3Q22

- Total operating income up € +17.7m (+12.9%)
- Operating expenses (incl. adjusted D&A) increased by € 16.9m (+12.7%), mainly explained by:
 - higher transport costs in line with higher Fulfilment and Cross-border activities and IMX integration
 - higher payroll costs from inflation and recent sites openings in Fulfilment, in line with expansion and strategic development initiatives; partially offset by
 - lower material costs, lower interims and transport costs in line with lower volumes at Dyna

Organic growth supported by Landmark US and Apple Express as Radial sales normalize post customer implementations

E-Logistics N. America external operating income, € million



E-commerce logistics

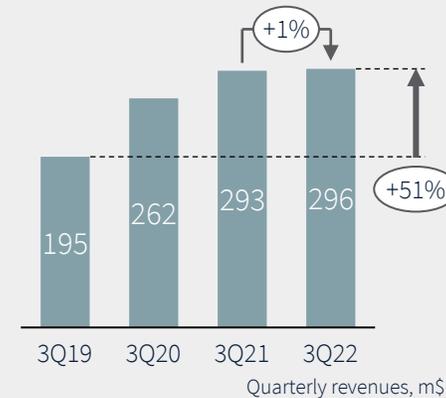
YoY increase of +20.1% (+2.9% at constant exchange rate).

Landmark US and Apple Express recorded continued volume growth from existing customers and new customers won in 2021

Normalizing sales at Radial (+0.9%) as the new customers launched in 2021 are now fully implemented

1

Radial NA revenues (m\$) in perspective



Radial NA revenues of 3Q22:

- stable vs. 3Q21,
- +13% vs. 3Q20,
- +51% against 3Q19, from structural e-commerce logistics growth and expansion plan

Continued underlying EBIT improvement

3Q22 – E-Log, N. Am.

€ million

E-Logistics North America	3Q21	3Q22	% ↑
External operating income	319.4	375.0	17.4%
E-commerce logistics	312.2	375.0	20.1%
International mail	7.2	0.0	-
Intersegment operating income	1.0	1.5	42.8%
Total operating income	320.5	376.5	17.5%
Operating expenses	286.3	339.6	18.6%
EBITDA	34.2	36.8	7.9%
Depreciation & Amortization	22.0	28.7	30.3%
Reported EBIT	12.1	8.1	-32.8%
Margin (%)	3.8%	2.2%	
Adjusted EBIT	12.8	10.5	-17.9%
Margin (%)	4.0%	2.8%	
Additional KPIs, adjusted			
Radial North America revenue, \$m	293.2	295.9	0.9%
Radial North America EBITDA, \$m	25.6	21.1	-17.6%
Radial North America EBIT, \$m	5.8	(0.8)	-

Key takeaways 3Q22

- Total operating income up € +63.2m (+20.2%, +2.9% at CER) reflecting TMG deconsolidation in July '21
- Operating expenses (incl. adjusted D&A) increased by € 59.7m (+19.5%, or +2.3% excl. FX), resulting from:
 - higher variable opex, in line with revenue development, including labor costs partially mitigated by higher productivity
 - higher costs from new site openings and consulting fees for strategic projects
- 3Q underlying EBIT impacted by:
 - provision of € 7.1m in 3Q22 reflecting dispute with terminated customer
 - € +4.0m EBIT uplift from cyber insurance recovery in 3Q21

Corporate EBIT reflects continued overhead reduction and investments to support the group transformation

€ million

Corporate	3Q21	3Q22	% ↑
External operating income	2.2	2.7	20.4%
Intersegment operating income	102.2	98.2	-3.9%
Total operating income	104.4	100.8	-3.4%
Operating expenses	91.9	89.3	-2.9%
EBITDA	12.5	11.5	-7.4%
Depreciation & Amortization	18.4	19.3	4.9%
Reported EBIT	-5.9	-7.7	
Margin (%)	-5.7%	-7.7%	
Adjusted EBIT	-5.9	-7.7	
Margin (%)	-5.7%	-7.7%	

Key takeaways 3Q22

- External revenues € +0.5m higher than last year.
- Slightly higher net operating expenses (incl. D&A) after intersegment (€ 2.3m) from consultancy costs to support the transformation of bpost group and inflationary impacts on payroll costs partially offset by continued efforts on overhead reduction (-5.8% FTEs)
- Adjusted EBIT down € -1.8m at € -7.7m

Stable Cash Flow from Operating activities

3Q22

€ million - Adjusted

	3Q21	3Q22	Delta
Cash flow from operating activities before Δ in WC and provisions	94.5	91.7	-2.7
Change in working capital and provisions	54.5	-40.6	-95.1
Cash flow from operating activities	149.0	51.1	-97.8
Cash flow from investing activities	-23.1	-47.2	-24.0
Free cash flow	125.8	3.9	-121.9
Cash flow from financing activities	-45.9	-50.5	-4.6
Net cash movement	80.0	-46.5	-126.5
Capex	31.4	47.0	15.6

Adjusted vs. Reported Cash Flow Statement in appendix

CF from operating activities

- 1 Stable Cash flow from operating activities before change in working capital and provisions
- 2 € -95.1m change in working capital & provisions mainly driven by:
 - Different payment schedule of SGEI compensation (€ 80.5m received in July '21 vs.€ 99.1m in Oct. '22)
 - Lower supplier balances

3 CF from investing activities

Portfolio management and M&A (€ -8.3m) resulting from disposal of TMG in 3Q21 (€ 6.5m) and acquisition of Aldipress in 3Q22 (€ 1.8m)

Capex at € 47.0m directed towards e-commerce logistics growth of Radial (US/EU) and Active Ants, and optimization of the Belgium network.

4 CF from financing activities

Mainly driven by payments related to lease liabilities

2022 group EBIT outlook revised upwards to €265-300m

Outlook FY22

bpostgroup today revises its full-year EBIT outlook to €265-300m, reflecting the 3Q22 outperformance and current expectations for 4Q22.

The previously identified downside risk is reduced to €15 million (from <€40m at Q1 and <€25m at Q2) reflecting the measures taken regarding price and costs and our commercial efforts against persisting macro conditions.

In the continued unfavorable macro-economic environment, headwinds and uncertainty on the 4Q22 results persist

- Uncertainty on volumes trend and phasing of volumes for the end-of-year peak in Belgium and internationally

Persisting record-low consumer confidence and lower spending power from record-high inflation in Belgium to be mitigated by additional volumes from existing and new customers, pricing measures and optimal peak preparation

- Continued higher energy and payroll costs (e.g. higher Belgian payroll costs from premium paid to employees to alleviate pressure on purchasing power and a fifth salary indexation in December vs. four previously)

Management actions to phase and mitigate adverse impacts remain in place

Additional info



Adjusted vs. reported Cash Flow Statement

3Q22

€ million	Reported			Adjusted		
	3Q21	3Q22	Delta	3Q21	3Q22	Delta
Cash flow from operating activities before Δ in WC and provisions	94.5	91.7	-2.7	94.5	91.7	-2.7
Change in working capital and provisions	27.6	-76.6	-104.2	54.5	-40.6	-95.1
Cash flow from operating activities	122.1	15.1	-107.0	149.0	51.1	-97.8
Cash flow from investing activities	-23.1	-47.2	-24.0	-23.1	-47.2	-24.0
Free cash flow	99.0	-32.1	-131.0	125.8	3.9	-121.9
Cash flow from financing activities	-45.9	-50.5	-4.6	-45.9	-50.5	-4.6
Net cash movement	53.1	-82.5	-135.6	80.0	-46.5	-126.5
Capex	31.4	47.0	15.6	31.4	47.0	15.6

Adjustments

1 Change in working capital:

Cash outflow related to collected proceeds due to Radial's clients was € 9.2m higher (€ 36.0m outflow in 3Q21 against outflow of € 26.9m in 3Q21)

Balance Sheet

3Q22

€ million

Assets	Dec 31, 2021	Sept 30, 2022
PPE	1,263.5	1,397.2
Intangible assets	797.0	909.8
Investments in associates and joint ventures	0.0	0.1
Other assets	53.1	58.5
Trade & other receivables	936.3	962.4
Inventories	20.7	27.4
Cash & cash equivalents	907.5	832.8
Assets held for sale	163.3	0.8
Total Assets	4,141.3	4,189.1

€ million

Equity and Liabilities	Dec 31, 2021	Sept 30, 2022
Total equity	885.3	1,055.9
Interest-bearing loans & borrowings	1,377.7	1,503.6
Employee benefits	298.2	263.9
Trade & other payables	1,504.3	1,334.2
Provisions	25.8	23.2
Derivative instruments	0.3	0.2
Other liabilities	10.1	8.1
Liabilities held for sale	39.7	0.0
Total Equity and Liabilities	4,141.3	4,189.1

Main balance sheet movements

Property, plant and equipment increased as the capital expenditure, the increase in the right-of-use assets and the evolution of the FX rate outpaced the depreciation.

Intangible assets increased driven by the capital expenditure, the provisional goodwill (purchase price allocation to be finalized) related to the purchase of IMX and Aldipress and the evolution of the exchange rate – mainly impacting the goodwill in USD, partially offset by the depreciation.

Equity increase mainly explained by the realized profit and the exchange differences on translation of foreign operations, partially offset by the payment of the dividend in May (€ 98.0m).

Cash & cash equivalents decreased amongst others following the dividend payment. Interest-bearing loans and borrowings increased mainly due to higher lease liabilities and negative FX impact on USD debt and lease liabilities.

The decrease of employee benefits was mainly caused by the increased discount rates triggering actuarial financial gains.

The decrease of trade and other payables was mainly due to phasing, given the peak season at year-end, the decrease of social payables as 2021 full year social accruals (holiday pay, bonuses,...) have been paid in 1H22, and the repayment of the € 12.0m working capital facility to bpost bank.

The assets held for sale and liabilities held for sale should be reviewed together, the net decrease was explained by sale of bpost bank and Ubiway Retail in 2022.

Financing Structure & Liquidity

3Q22

€ million

Available Liquidity	Dec 31, 2021	Sept 30, 2022
Cash & cash equivalents	907.5	832.8
Cash in network	149.9	155.1
Transit accounts	44.9	50.8
Cash payment transactions under execution	-28.4	-3.1
Bank current accounts	578.6	399.1
Short-term deposits	162.6	230.9
Undrawn revolving credit facilities	375.0	375.0
Syndicated facility - 10/2024	300.0	300.0
Bilateral facility - 06/2025	75.0	75.0
Total Available Liquidity	1,282.5	1,207.8

€ million

External Funding	Dec 31, 2021	Sept 30, 2022
Long-term	813.3	650.0
Long-term bond ¹ (1.25% - 07/2026)	650.0	650.0
Bank loans - Term Loan (\$ 185m) - 07/2023	163.3	0.0
Bank loans - Amortizing Loan (€ 100m) - 12/2022	0.0	0.0
Short-term	9.1	198.9
Bank loans - Term Loan (\$ 185m) - 07/2023	0.0	189.8
Bank loans - Amortizing Loan (€ 100m) - 12/2022	9.1	9.1
Commercial Paper	0.0	0.0
Total External Funding	822.4	848.9

Liquidity: Cash & Committed credit lines

Total available liquidity on September 30, 2022 consisted out of € 832.8m cash & cash equivalents of which € 630.1m is readily available on bank current accounts and as short-term deposits.

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

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

Out of € 848.9m external funding on balance sheet on September 30, 2022:

- € 9.1m needs to be repaid in 4Q22 (i.e. current portion of the amortizing loan)
- € 189.8m (\$ 185m) needs to be repaid in 3Q23

¹ € 650m long-term bond with a carrying amount of € 645.7m, the difference being the re-offer price and issuance fees.

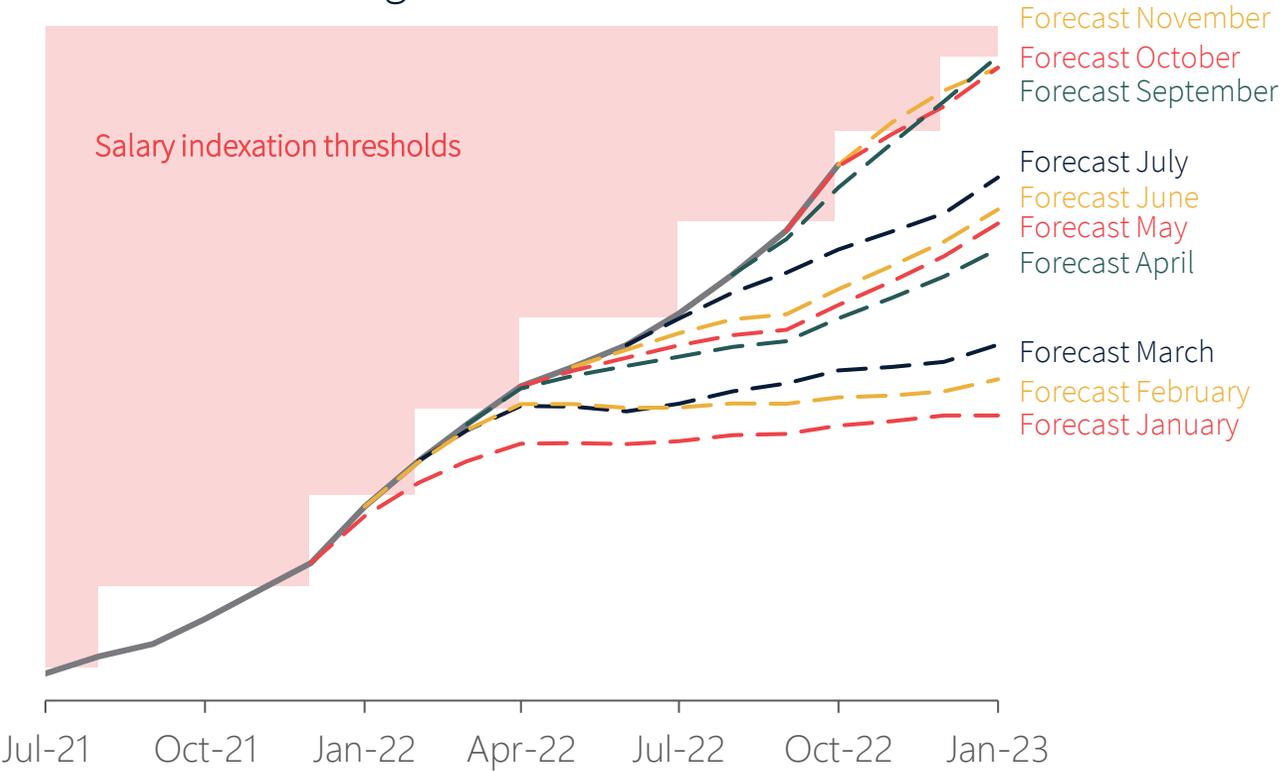
Belgian payroll costs: fifth salary indexation in Dec. '22 to cause € 3.5m additional cost (€ ~28m total impact vs. initial guidance)

Belgian salary indexations

- Under the Belgian social security system, **salaries are automatically indexed to inflation**; leading all Belgian employers to face automatic and mandatory pay raises.
- For bpost, out of CLA scope, public wages and social benefits are adjusted to the higher costs of living with a +2% indexation two months after every time the Smoothed Health Index reaches the Salary indexation (Pivot Index) threshold
- Based on November monthly forecast¹, a fifth indexation will occur in **December '22** (vs. a total of four in 2022 as previously foreseen), and next ones are expected to follow in **January and July'23**, adding to the ones of **November '21, February, April, June and September '22**.

Should inflation further accelerate, anticipated indexations could occur earlier in 2023 but not in 2022 anymore

Federal Planning Bureau Inflation forecasts



¹ Monthly forecast of the Federal Planning Bureau publicly available at https://www.plan.be/databases/17-en-consumer_price_index_inflation_forecasts

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