Acquisition of Staci by bpostgroup

Conference call transcript

Brussels – April, 8th 2024
Chris Peeters, Group CEO
Philippe Dartienne, Group CFO

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PRESENTATION

Operator: Good day, and welcome to the Presentation of Acquisition of Staci. Throughout today's recorded presentation hosted by Chris Peeters, bpost CEO, and Philippe Dartienne, bpost CFO. All participants will be in a listen-only mode. Later, we'll conduct a question-and-answer session. You may press star one on your telephone keypad at any time to register for questions. At this time, I'd like to hand you over to Mr Chris Peeters, bpost CEO. Please go ahead, sir.

Chris Peeters: Thank you. Good morning, ladies and gentlemen. Welcome to all of you. And thank you for joining us for this presentation on acquisition of Staci. As CEO of bpostgroup, I am very pleased to present you this acquisition together with Philippe Dartienne, our CFO. We announced this acquisition Friday evening just after the transaction was signed, and we also posted the presentation support on our website. We'll walk you through the presentation and we'll then take your questions. Maximum two questions each would ensure everyone gets the chance to be addressed in the upcoming hour. So let's start.

So you see on the first slide that bpost’s current model needs to be transformed, and we have talked about that already several times because bpost faces a number of challenges, notably related to the structural decline of mail activities and the volatile nature of the e-commerce third party logistics market it has recently diversified in. Therefore, we need to accelerate the transformation of bpost by best positioning itself on the logistic value chain going forward. And therefore we developed a new vision. We opened a new area transforming ourselves into a regional leader in the high value flexible logistics services. And if you look at that historically, you see in the next slide that we have transformed us from a traditional mail provider, those activities, into e-commerce logistics. And that had an, of course, impact on the profitability as this sector is much more competitive than the postal sector. And now what we want to do is open a new era by continuing this transformation with aiming now a regional leadership in the high value flexible logistics services, and identify here a path to catch up again with a sustainable growth and an increased profitability going forward.

And so on the next page, you see that this new vision is really capturing fundamental underlying market trends. And that's very important. We always are convinced that strategies need to be based on capturing to the maximum extent favourable trends, and that's what we will do. And of course, as well leverage the strengths and the capabilities of bpost while starting to develop a number of new capabilities that will build this strong position.

If you look at this, we are very, let's say, well positioned for going into this market. You see, on the one hand that there is, let's say, a fundamental increase in the B2C e-commerce. You see that more and more growth is coming in from that side. This is a very competitive market, and we've shown that we have a very, let's say, competitive proposal over there, still absolute market leader in the Belgian market. Secondly, you see that more and more parcelization is happening in the B2B logistics and in that market you see that you need – for similar capabilities, you need to have some new capabilities in that extent, and that's where the deal will come to play. But also, this is the markets where you see that there is a high growth, and that is also a stronger and better margin than what we see in the B2C e-commerce.

And so if you look at the assets and the strengths that we have, you see, of course, that the distribution network we have in Belgium, the already established position and expertise that we have in third party logistics, all will come to play to ensure that we can have a successful entry into the B2B logistics segment going forward.

So if you go to the next page, you see that we have a bpostgroup that in 2023 it has evolved from a traditional postal operator into really international e-commerce and logistics operator. And you see that we have the business now today structured in three distinct non-integrated businesses; the Belgium activities, the E-Logistics North America, and the E-logistics Eurasia. Now, in the new strategy, we will change that on the next page to the new bpostgroup, which will become a regional leader organised along three integrated businesses. The new organisation will allow us to continue building upon Belgium, Netherlands very strong last mile activities, and we focus the international e-logistics activities into dedicated international 3PL activities and also a dedicated global cross border activity. And this is, in our opinion, a very strong value proposition towards clients. And not only that, but also what you will see on the next page, it will provide solid synergies among these different pillars of our strategy. The new businesses that we have defined will feed into each other and will strongly benefit from each other's attributes with the global cross border unit, notably becoming the gateway for mail and parcel flows in and out of Belgium and international 3PL activities, benefiting from cross border services to manage transportation requirements. So you see that all of them benefit from being part of the same group while they will have each individually a very strong focus on the specific part of the value chain that they will operate in.

So then maybe zoom in on why have we done the acquisition of Staci and how does that fit into this strategy. So what is Staci? Staci is a France based leading player in the contract logistics space with an international presence. And it's benefiting from a unique and differentiated positioning in flexible high value logistics. It is active in warehousing, distribution, freight forwarding and value add services in B2B, B2C, D2C and e-commerce, addressing several verticals with growth potential and Staci operates circa 80 logistic hubs providing service for a very diversified client base. They have over 2000 clients today. And you see that on the map as well, geographically, a very strong focus on the region, but also it feeds into the US and into Asia.

The model that they have on the next page is a model that is about industrializing retail multi-reference and single units picking logistics, requiring high flexibility and specific capabilities to address efficiently different types of contracts, successful diversification towards commercial products, representing the majority of revenues today and towards B2B2C and B2C clientele via e-commerce. And you see also on the page that they have quite a diverse portfolio of sectors and focus areas which of course comes very, very unique into the B2B strategy that we are going to develop.

And so on the next page, you see the highlights on the company. It has the unique capabilities and niche positioning that is built around the multiple flow management from various third parties and mutualisation of the resources with multi-client sites, supported by digital solutions and business intelligence tools.

So this makes that they have a really, let's say, unique way, and also when you look at their profitability, they have a unique profitability that they could sustain over time by having this diversified portfolio, and also something which is much less cyclical than what we have seen in the pure e-commerce business so far.

So, you know, the next page, you also see that they have a very strong international footprint; the historical presence was of course Europe and they operate 79 logistic hubs. But they also have extended from their France initial position towards Spain, Italy, Germany, Belgium, the Netherlands and UK, but also follows their clients that have interest towards China, Asia and US over time. And now recently last year they did an acquisition to further reinforce their position in the US following that same strategy. Important in this to say is that they have an asset line business model with all sites lease, allowing them for flexible management of warehouse capacity and have a very high utilisation rate in it.

We then go to the next page. You see that they also have an extreme well-developed expertise in multi-vertical management. So they have a very diversified and fragmented client base. They have blue chip companies, but also SMEs into their client portfolio. And they grow together with their clients and also grow with their clients, thanks to the good quality service into delivering those same clients the same service in new countries for themselves. And so they have typically multi-year service contracts that provide complete service offering. And as a result, you see that they have a very low churn rate on their client portfolio, which also then is an explanation of why you see that the volatility in the figures has been always very, very low over time. They had a continuous growth of their top and bottom line that were very much synchronised, and they were much more robust towards the cycle than what we've seen in the e-commerce space.

Then if you look at the management team, you see that they have a solid organisation that is supported by experienced country leaders. And the management team is led by Thomas Mortier, who's already more than 25 years part of the group, and who really has a very strong track record of successful buildups throughout an efficient integration process. And also the group has an extreme strong DNA focus on margin, focused on the gradual growth of attractive clients into their portfolio.

And from here, I will hand over to Philipe so that he gives some highlights on the financials.

Philippe Dartienne: Thank you very much, Chris. Good morning, everyone. So when it comes to Staci, Staci delivered a strong financial performance. If we look on the historical revenue development, we see that they've been capable to deliver strong organic growth supported by successful active management strategy and commercial successes, but they've also been able to grow with external growth expansion by successful integration of buildups that they've done along the years, some being smaller size, some being more significant, like the last acquisition that has been delivered in 2024 with Amware in the US. Also was mentioning that they demonstrated a strong resilience post-Covid which also give us confidence in their capability of continue growing the top line.

When it comes to the profitability. So, Staci is delivering a high margin. Indeed, they're delivering pre-IFRS 16 14% adjusted EBITDA margin, which is significant and really at the high end of the sector. And on top – and next to it, they're also coming with a strong cashflow generation engine. Indeed, their model is based on the leased warehouses, so meaning that low level of maintenance and expansion CAPEX. They have limited working capital needs since the inventories that they are managing remain property of their customers. So not bringing heaviness on the balance sheet. And they are also operating and asset-light model with a strict cost monitoring and allowing for cash flow generation, heavy cash flow generation.

Why acquiring Staci? Chris already alluded to it, it is a major step in bpost's transformation journey. And what does Staci bring to us? Staci brings to bpost additional capabilities in the field of geographies; typically, they are present in France, obviously because they're a French-based company, but they're also active typically in Spain where bpostgroup is not present.

When you come to the value chain services, they are definitely coming with warehousing fulfilment capabilities, value added services that we have also in the portfolio, but also with specialised logistic, which is not – which is additional to bpost's capabilities.

When it comes to end channel, bpost is mostly D2C and Staci is bringing B2B capabilities and omnichannel. And last but not least, when it comes to verticals, we have some complementarities of verticals, but Staci has a very specific one that they're bringing to bpost which is food and beverage, FMCG, pharma and med-tech and also industrials. So this is in terms of capabilities, of course they will allow us to develop some cross-sell synergies with the existing bpost portfolio and also some cost synergies, namely in terms of asset optimisation. We all know that in this type of business full utilisation of the warehouses is the key to success and being able to move from 90 to 95 to 100% utilisation in terms of profitability, it's really an exponential curve. When matching all the different geographies, we'll be able to improve the portfolio as a whole. Also coming with third party transportation volume consolidation will bring additional synergies, not to mention the typical scale optimisation in terms of procurement and overhead optimization.

When it come to the deal, so bpost will acquire 100% of Staci shares from Ardian and other minority shareholders. Transaction value for Staci is at easy €1.3 billion, representing a pre-

IFRS16 multiple of 12 times. Would we go to a post-IFRS16 multiple, we would be slight – is around 10 times multiples.

How will we finance this transaction? We will use a bridge financing upon closing, and also part of the available cash that we have on the balance sheet. Transaction is expected to close between around September-October timeframe following receipt of typical regulatory approvals.

Chris, I hand over back to you.

Chris Peeters: Yes. Thank you, Philippe. This transaction should not come so much as a big surprise as it fits actually perfectly into the strategy on which we already revealed in previous discussions. So first element, and which we promise to have to you to have a full detailed discussion at the capital market day later this year. So what you see here is that this transaction also will now transform the organisation structure of the group into a new BU structure. And you've seen already that we made a couple of announcements of new additions in that structure recently. So what we know we'll have is we move away from the country-based structure and we move into a fully business-based organisation. And where we have three strong pillars, the Belgium Netherlands Last Mile, the International 3PL, and the Global Cross-Border.

And with Thomas Mortier then joining at the moment of the closing into this management team, you see that we have a team that is fully ready to deliver all this new strategy that we have. And if you look on the next page, you see that what we have more to come into the pipeline, it's not just about the number of transactions, it's also a very clear and very ambitious strategy that we are – have developed and that we will deliver over the coming years. So what we want to do is we want to transform the Belgium entity while expanding it into the B2B parcelized logistics. So it'll not only continue to do traditional mail services and postal services combined with e-commerce, we will also diversify it into a B2B parcelized logistics in the last mile.

Second thing is around integrated logistics solutions for regional leader in Europe with high value flexible logistical services, and of course, the business entity that already delivered for a couple of years now, the cross-border capabilities that we have where we have a unique positioning in several lanes will continue to capture its full potential.

And this transformation that we have launched is focused around four different pillars. First of all, we will step up the quality of all the services that we do. We will be obsessed about the customer, so our products portfolio will match the real customer needs. A lot more digitalisation will happen so that we will have a convergence between the physical delivery but also the support tools that are needed for that. And we will continue to invest in impactful innovation that will further support that strategy.

So if we then come to the next page on the key takeaways, this is a transaction that absolutely will accelerate the transformation to the new bpostgroup as a regional leader in high value flexible logistics with a promising future and opportunities. The evolution of our model is required to address structural changes that you see that most postal operators are struggling with. And we will position the group on more attractive parts that make more growth, are more profitable, and where we can actually leverage the capabilities that we have. And so therefore, the vision that we have will capture the value from the underlying trends that we see in the market. We use the existing strengths of our company, and also with this acquisition, we accelerate our development into the B2B logistics because we bring on board a couple of new capabilities and also a strong discipline in this segment, making sure that we can keep the margin and that we improve the financial performance going forward and build the platform to develop this regional leader.

So I think that this finalises the discussion on this specific acquisition. And I hand over now to the operator to start the Q&A session. And as said at the beginning, we look forward to two questions of each of you, so that everybody has the chance to have their – or their specific questions to be answered. Operator, can you open the lines please?

QUESTIONS AND ANSWERS

Operator: Thank you, Mr Peeters. Ladies and gentlemen, as a reminder to ask a question at this time, please signal by pressing star one on your telephone keypad. If you find that your question has already been answered, you may remove yourself from the queue by pressing star two. Again, it is star one to ask a question.

The first question comes from Michiel Declercq, from KBC Securities. Please go ahead.

Michiel Declercq (KBC Securities): Hi, Chris. Hi Philippe. Thanks for the overview on the acquisition, quite transformative one. You mentioned quite some synergies on slide 19, both in terms of cross-selling and efficiencies. I'm just wondering why has not been a concrete number on what these potential synergies might be? I assume maybe you wait for this, for the capital markets day, but if you can give at least some kind of colour or magnitude, and maybe also how this would be split between the cross-selling and the efficiencies.

And then maybe also following up on this, on the new structure from a country base to a business base. Will this also create additional cost savings?

And then my second question would be, of course, it's quite a big investment which will drive up your leverage, from my estimate that would be close towards three times EBITDA. I'm just wondering what is your targeted capital structure here and how does this affect your dividend policy? Those would be my two questions.

Chris Peeters: Okay. So I will take the first, and I give the second question to Philippe, then. I think first thing to know is that the message that we want to convey today to you is that this is really a strategic deal that we do. Yeah, this is really about accelerating to become a regional leader and to be strong in the B2B space. So you see that today we are very strong in the B2C space in Belgium. There is a high, high growth parcelization happening in the SME market in the region where the margins are much better. However, competition is less given the fact that you need to have specialisation for each of those spaces. And this is exactly what this deal is bringing to the table. So that is important to see that the acquisition is an acquisition which is really spot on in the development of that strategy.

Now, if we then look at what are we doing in terms of organisation towards that strategy, we make focused entities, business-oriented focused entities that can offer the best value to their customers into those spaces. And if you then look, those are spaces where each of them, they can, could almost say, quite independently deliver that value towards it, but they're not fully independent in terms of the dynamic that they have, because volumes flow from the one into the other. So the synergies will come from the fact that you will have volumes coming from cross-border feeding into the Belgium, Netherlands. You will have volumes that you will use from the fulfilment side that also will use the cross-border capabilities, or you will have the B2B development in the logistics and distribution space in Belgium. So the new activities we want to develop around that, which also can then, of course, leverage the fulfilment capabilities that you see coming in from Staci. So that is where those synergies are going to come from.

Obviously, the – what is then the nature of those, the nature of those are transports that we have, and we see there are strong transport synergies available in those deals; space optimisation things, and of course, cross-selling between clients. We see that we have more and more clients that are a client of one business and can be a client in the other business.

But again, we will give the details on these once that we are – after closing on this deal so that the capital markets day will be the perfect day to discuss the details of all this. I think that essence of the message is this deal is about a super-step into, acceleration step into the new space or B2B and meanwhile becoming a regional leader. And that is what I think is the one that I would hope that is your takeaway from this discussion, that that is really what we do with this deal. And then I hand over to Philipe to discuss a little bit in detail how we do the financing.

Philippe Dartienne: Okay. So thank you, Chris. So indeed your maths are good. Correct, we are about three times EBITDA multiple, like it's – so in 2025 on a full year basis targeting to go back two times EBITDA multiple at the end of 2027. When it comes to the dividend, dividend policy remains unchanged. We continue to distribute a dividend according to our policy.

Michiel Declercq: Okay, great. Thank you. Looking forward to the capital markets day.

Chris Peeters: Thank you.

Operator: Thank you. We will now move to our next question from Frank Claassen from Degroof Petercam. Please go ahead.

Frank Claassen (Degroof Petercam): Yes, good morning. Frank Claassen, Degroof Petercam. A question first of all on the IFRS 16 impact. If I understand correctly that the multiple, including IFRS 16, will go down to 10 times; can you help us understand what are the bridges? So what is the impact roughly on the EV and what is roughly the impact on the EBITDA?

And then secondly my question on the organic growth of Staci. You say it's been strong, but could you maybe quantify this? What has roughly been the organic growth of the last two, three years? Thank you.

Philippe Dartienne: So on the IFRS 16, indeed I've mentioned something post-IFRS 16 around ten times. The debt relating to IFRS 16 is between the 200, 250 marks; we'll come back to you with more details again on the capital markets day. But your computation is absolutely – with that, I think you could land with my numbers.

When it comes to organic growth, historically the organic growth of Staci has been around 7%.

Frank Claassen: Sorry, 17, you said?

Philippe Dartienne: Seven, seven.

Frank Claassen: Sorry, seven, okay.

Chris Peeters: High single digit. I think probably, probably important to see here is growth has been coming from a combination of a very steady organic growth. So you see that they have very, let's say, good sticky clients, and they're able to build every year new and new, and their clients keep on being onboarded with them. And then secondly is this is a business where acquisitions, typically small bolt-on acquisitions also put some of the growth forward. And you've seen as well that Staci has been very successful in doing that. So adding sometimes niches by acquiring a niche company in that specific sector, integrating it, having then the same operating standards, driving performance into those companies, and therefore then creating value as well. And so that strategy will continue to be pursued in this.

Frank Claassen: Okay. Thank you. Thank you very much.

Operator: We'll now take our next question from Amy Li from UBS. Please go ahead.

Amy Li (UBS): Hi, morning Chris. Morning Philippe. Thank you for taking my question. Just very briefly, are you able to comment a bit more on the EPS accretion you might expect in the first years, and what the return on capital employed post-tax you would expect? Thank you.

Philippe Dartienne: Sorry, I'm not sure I capture your first part, the first part of your question.

Amy Li: On the EPS accretion you might expect in the first year.

Philippe Dartienne: I think on that one we'll come back to you on the capital markets day, but of course there will be accretion of EPS, definitely.

Amy Li: Thank you.

Chris Peeters: And then the capital employed, Philippe.

Philippe Dartienne: Sorry, ROCE computation we will provide you again at the capital markets day. At this stage, we will stick to what we have communicated. But you have to understand that typically it's a model which is asset light. So de facto it will have a positive impact on the

ROCE of bpostgroup, which is more asset-heavy than the business that we are acquiring, definitely. In terms of depreciation, to have a ballpark estimate, we are around less than 3% [EDIT : less than 2%] depreciation. So, it's really asset-light type of business.

Amy Li: Thank you very much.

Operator: Thank you. We will now move to our next question from Marco Limite from Barclays. Please go ahead.

Marco Limite (Barclays): Hi, good morning. Thanks for taking my question. So the first one is just a follow up on what you just said, that Staci is an asset-light business. So can you just explain how the business model works, because clearly they've got plenty of warehouses around the world. So I mean, I get that those are leased warehouses, but I guess, you know, lease is still a financial debt. So yeah, can you just explain how long are generally these lease liabilities for the warehouses and how the asset-light model works? So this is the first question.

And the second question is on future growth of the platform because my understanding is that the business has grown both organically and inorganically, but clearly the bpostgroup leverage will be somehow stretched and therefore I guess there will be limited firepower for more acquisitions. So just wondering what do you expect from an inorganic growth perspective for the future of the Staci platform?

And the third question, just again a follow up. You said that depreciation is 3% of revenues. Just want to confirm that number. Thank you very much.

Philippe Dartienne: Yes, I'll start with the last one: the answer is yes [EDIT : it is "less than 2%" instead of "less than 3%"]. When it comes to asset light, indeed, they are leasing their warehouses. But also their typical customer is different that is very specific to their type of business. In fact, they have – it's customer that have a limited number of SKUs. So also meaning that in terms of square foot per customer I would say is less than what we could experience in this type – other type of business in warehousing, it's definitely lower. There is also a consequence of the model, which is a very specialised model. So, meaning there is some form of automation, but by far less at what you could see in the typical warehouse industries. Again, it's very consistent with the model that they are offering to their customers.

When it comes to organic and inorganic, yes, the leverage as you have rightly mentioned, Marco, is high at the time, but also as it has been said by Chris, I mean, historically Staci went into inorganic mode, sometimes significant one, typically the one of Base Logistics or the one of Amware are significant one in terms of investment. But they also continuously adding some small acquisition tuck-ins, add-ons, which are in range of 5 to 10 million type of investment with a very high returns, because sometimes they only buy the assets, not even the company. And pulling all that into the warehouse with a higher utilisation rate, the profitability of this type of small acquisition is huge and hence creating a lot of value. So, I mean we will continue going in that direction that will allow us to continue adding value to the business without necessary [inaudible] acquisitions.

Marco Limite: Okay, thank you. Can I just quickly follow up? So when you, when you talk about asset like business model, does that mean that basically the rent or the lease they have got are, you know, less than 12 months?

Chris Peeters: Yes.

Marco Limite: Yeah. Okay.

Chris Peeters: Well, not for 12 months, but yeah – no, they have longer term lease, but they are able to ensure in that way that they don't have to, let's say, own buildings. And the second thing is, of course, that they create flexibility to optimise their network all the time, vis-a-vis their client. You see also that in the Amware acquisition, that's one of the first things that they did, was ensuring that their floor occupation was optimised by closing down two warehouses and opening a new one, concentrating it over there so that they have a very high discipline in making sure that their operational KPIs are always managed very rigorously. And so that is making this business particularly attractive, that you don't have – are stuck to something that you can follow your clients with the assets and as well, adapt your assets to the real volume flows that you have. And many of the clients that they have actually different cycles over the years so that even there have an optimisation element into their warehouses that they sometimes use, depending on the specific niche that they have.

Marco Limite: Okay. That's clear. Thank you very much.

Operator: Henk Slotboom from the IDEA. Please go ahead.

Henk Slotboom (the IDEA): Yeah, good morning. Thanks for taking my questions. I have a few, if I may. First of all, if I look at what happened under the previous, or I should say the current owner, Ardian, when they bought the company, it had sales of around 250 million. It currently has sales of around 770 million according to the data you provided on Friday. You already said organic growth was 7% but there have been quite a number of acquisitions here, Base Logistics, Amware, a couple of others in Germany and in France. Have all the acquisitions been integrated properly or do you still expect having to do some work on that, i.e. integration costs, and that applies to Staci as a whole of course as well.

My second question will be the new business structure. It all seems to make a lot of sense to cluster the activities the way you do it right now. Will that involve one-off costs?

And then, yeah, the question everybody has been avoiding so far is the acquisition price, whether it's ten times EBITDA including IFRS16 or 13 times or – sorry, 12 times excluding, it is quite an amount. Certainly if we – well, when I was digging in my file yesterday, I saw that the speculation half a year ago was that Staci would bring in around 1 billion that the sellers expected a price of around 1 billion. Private equity was not interested according to various media reports. How did this whole process go along? What made you decide to pay the 1.3 billion, that 300 million more than what was earlier suggested in the media after all? Was it purely the strategic importance, what you emphasised in the beginning or were there rivals, potential competitors in this play on the background as well? Those were my questions. Thank you.

Chris Peeters: Okay, good. On the integration costs, they're finalising as we speak the integration of Amware, not fully done, but there's not a big cost lag. So the whole, let's say, move towards optimised warehousing is done. I think they're still working on some of the dimensions of the transport contracting that they're doing, and also there's still a small shift in the leadership that needs to happen that – there. But overall, I think that the most of the Amware integration is done. The smaller companies that they integrate typically are very fast integrated, because they bring them onto their operating standards and practices very fast after that. You see that even an acquisition, which is actually for them for the first time, a transatlantic acquisition, that they do actually in, say, six to eight months, more or less, the majority of the integration agenda was fulfilled by that now. So they have also a very good discipline on that side. So we don't expect important integration costs for the former acquisitions that Ardian has done.

Then in terms of the business segments that we have, the business segments will not generate important additional costs over time. Of course, we hope to get some revenue synergies out of the fact that we organise in a different way, but cost wise, it's not something where we see a big shift neither in the plus, neither in the minus as we speak.

And then if you talk about the acquisition price, I would say this is a market, conform market price that we have paid – maybe Philippe can comment a little bit on that. But what I want to underline before we go there is, if you look at what Staci is and what the announced strategy was for bpostgroup over the last months that I have been in office, what we want to drive or where we want to go, it is very much a specific match with what we wanted to do. And as you know, this is a file that was known. I'm not going to comment on what people put in the press. I think this is a file that was known within the company, and that was one of the requirements that made it such a good match. Let's put it back on the table, because it wasn't inf the fridge at the moment that I arrived. And we went directly to bilateral negotiations with Ardian on this. So we stayed away from a competitive bidding process, and could after those negotiations successfully conclude last Friday in this deal, but I would like Phillippe comment the last elements on the acquisition price.

Philippe Dartienne: Thank you, Chris. So, just a bit also of history. If we look at the multiples, they are nearly identical to the one that Ardian paid at the time of their acquisition. And since then, the journey has been extremely successful in terms of growth on the domestic market but also on the international expansion. Would we look at multiples in line with recent transactions, naming Wincanton and GXO for comparison. While I would remind everyone that Wincanton is a 4% EBIT margin business, which is only based in one country, 100% UK, while Staci is an asset of very high value, high level of diversification; indeed as you mentioned. But less synergetic than it could [for the Wincanton transaction].

Coming back on the high quality of the asset. I would like to come back on the fact that if we look at pre-IFRS, we have a 14% EBITDA margin. When we would look at post-IFRS margin we would be around 20%. The difference [being c. 50 million euro of annual IFRS 16 impacts]. So, implicitly we can see that [inaudible] as we already mentioned it earlier, but also [inaudible] so we believe that the price we pay is a fair price for an asset of high value.

Henk Slotboom: Philippe. Sorry, your answer was not entirely hearable. I'll sure check that with Antoine after the meeting. But if I may add one more question. You're currently operating – Staci is currently operating at a margin of 14%.

Philippe Dartienne: Yes.

Henk Slotboom: Is there room for improvement or does future growth have to come from yeah, basically revenue growth from the top line?

Philippe Dartienne: Both Henk, yeah.

Chris Peeters: Yeah, both, both angles. If you see synergies, we still see in the fact that we can have the combination of transport. So, clearly there we see some advantages coming from. Second thing is, of course, that feeding into the Belgian activity, moving into the B2B space is also where we see an important synergy. And of course, finally what we see is in terms of revenues between those portfolios, there is also probably the most important element of that, and that's why we call this deal more strategic. It's always, let's say, hard to have this goal as a synergy or as a strategic direction. Perhaps we see it more as a strategic direction where we extend our exposure into attractive parts of the value chain and making sure that we integrate it in a way that we can capture that value in the right way. That is what we are doing in this strategy.

Henk Slotboom: Okay. Thank you. I won't further monopolize this meeting and, and I'll put any remainder questions to Antoine. Thank you.

Philippe Dartienne: He is available, as usual.

Operator: Thank you. We'll now move to our next question from Marc Zwartsenburg from ING. Please go ahead.

Marc Zwartsenburg (ING Bank): Yeah, good morning, and thank you for my questions. First of all, I want to come back on the growth expectations. If I'm correctly - what I've heard in the call is that the organic underlying growth of Staci is say, low, mid-single digit, that including the bolt-ons you would get to a high single digit. Is that a bit how we should look at the growth of this business? First question.

Philippe Dartienne: Yes.

Chris Peeters: Yes, yes, absolutely.

Marc Zwartsenburg: That's correct. Okay. And then I have a question about the funding of the deal. You mentioned bridge financing and the excess cash that you're using, but can you already maybe give a bit of extra colour on what we can expect after the bridge financing in terms of funding? Would it be purely with regular debt, or would you consider other instruments? I get the feeling when hearing Philippe, I think they're talking about the reduction in leverage towards 2027 that I can rule out an equity issue. But can you maybe give a bit of colour on the funding after the bridge financing? And also maybe share a bit what you think in terms of interest rate, what we should use for the interest rate lines after the deal.

Philippe Dartienne: Okay. Okay, Marc, thank you for your question. So indeed, it's a bridge financing, which is typical in terms of pricing - derived from the five years tenor on the bond market, Euribor plus margin in terms of quarterly margin step up is less than 1% at the end of the year one. Initial duration is 12 months plus possible extensions. Indeed, in terms of takeout, we are planning to take it out through the insurance of a bond. So not contemplating at this stage equity. And our initial estimation on the annual coupon, it would range between 3.5 and 4%. Just remind you that we still have the 600 [EDIT: 650] million bond outstanding that would be maturing in July 2018 – and – sorry, 2026. 18 was the initial eight-year tenor. So maturing July 2026, enjoying a fixed 1.25% annual rate.

Also we have RCF facilities still in place, amounting to €375 million.

Marc Zwartsenburg: Would you consider also refinancing that very cheap bond or not? I guess not, maybe.

Philippe Dartienne: Sorry?

Marc Zwartsenburg: Would you also consider refinancing that bond immediately when you deal with this one?

Philippe Dartienne: No.

Marc Zwartsenburg: Then on the – I have a question about the integration costs because – because I think Henk referred to integration costs of former acquisitions. Will there be also still integration costs of integrating Staci together with bpost? Is there also a cost that we should take into account?

Philippe Dartienne: I would say rather – go ahead, Chris.

Chris Peeter: Go ahead. No, go ahead.

Philippe Dartienne: No, I mean, when, when it comes to integrating and generating synergies, it's sales synergy, so this one do not require any type of cost attached to it. When we speak about leveraging transportation contract, there is no cost attached to it. When we speak about leveraging on the footprint of both organisations to fully utilise the asset, there might be some some, but they are very limited. And in terms of procurement saving and over overall savings, not much, I would say. So it's not something you should be worried about.

Marc Zwartsenburg: Okay. Okay. Thank you for that. Then another one on value creation, because, of course, I hear you saying about the strategic importance. I fully see that point, but still we're also talking numbers. Could you maybe take me through the value creation that you see from the integration, yeah, from the acquisition of Staci, because in the end there's now 80 million of free cash flow on acquisition of 1.3 billion. We can all do the math. How do you see then value creation? Would that be the first year's negative, and then after a couple of years with the synergies that you foresee that you will be value creative? Can you share with me a bit how you think about the, the value creation for bpost shows?

Philippe Dartienne: But I mean the asset will continue to grow, definitely. We are targeting moderate growth in the first year. But then afterwards it will accelerate. And also, I mean, delivering the synergies, even if they're more targeted towards the second to the third years to be being in impact, it will contribute to the value creation.

Marc Zwartsenburg: So that in the period of two to three years post, so that will be '27, '28, that's the timeframe?

Philippe Dartienne: No, a bit earlier than that. A bit earlier than that.

Marc Zwartsenburg: Okay. 2026 to 2027. Okay. And then also I have a question about the IFRS impact. Because you mentioned the multiple will go down to ten times. I'm wondering how the leases are included in that equation, and can you maybe share a bit the moving parts, how you get from the 12 times to the 10 times with the net debt situation? I heard you say, I think that it will be 200 to 250 million related to IFRS it goes to the debt. I guess that's the leases.

Philippe Dartienne: Yes.

Marc Zwartsenburg: How would you then, and then we have to make the calculation on the EBITDA. Is that how we should look at it?

Philippe Dartienne: It's indeed around 200, 250. And I – sorry, apologies. When I answered to Henk, apparently the connection was not so good. I was referring to a 50 million difference in terms of EBITDA.

Marc Zwartsenburg: 50 million impact on EBITDA.

Philippe Dartienne: So it means that we would be moving also EBITDA from 14% to around 20% post-IFRS.

Marc Zwartsenburg: Okay. Okay. Yeah, it was in indeed inaudible. We now have the numbers. Then a final one. I want to talk about the timing. You announced this deal now ahead of the outcome of the press concession, and that's due, I think the latest is that it will have something in a couple of weeks. Is there any potential impact that could come out of a negative outcome from the press concession, if that would be involving, say, a big provision or a big loss of volumes which would cost you EBITDA and a provision? Have you considered to move the decision over that decision? Or is there a clause in there that – in case of a large negative outcome, that there will be something that you pay less, that you have a lower number for Staci or –

Chris Peeters: I mean, one – yeah, I can, I can share you the line of thinking. Of course not the – not the details of commercial negotiations that are under NDA. But those two processes could be handled completely separately because we don't think there is a meaningful spillover between the two decisions. Yeah. And I think that we look as much forward as you that we can land with the editors on agreements in the coming weeks. A lot had to do not with the fact of us negotiating yes or no, but had to do with the fact, of course, that their subsidy mechanism that was designed by the government had a lot of unclarity, and they waited for those clarity before going into the final stage of negotiation. But we basically say we have to deliver on our strategy. The handling of the press contracts is something that we do – anyhow, that is a process that was ongoing. And so both processes for us have no spillover into each other.

Marc Zwartsenburg: – Yeah. Sorry, go ahead.

Philippe Dartienne: No, and from a pure financial standpoint, and just remind you that when we announced the fourth quarter results for the full year result of the year 2024 [EDIT : 2023], we kept all the provision at the same level as initially stated in Q2 2023. So we don't seem – we confirmed that back then. No change in our position.

Marc Zwartsenburg: Yeah, true. But that could be a provision if you have to lay off staff that's linked to the press concession. It could well be as say, let's say take a number a hundred million; would that not impact your financing will – that kind of stuff. That's what I'm bit referring to.

Chris Peeters: Yeah. Okay. But that is – I mean, I subscribe what Philippe said, we have no reason today to change our forecast on that.

Marc Zwartsenburg: There's enough room to manoeuvre on that front, even in case of a negative outcome. Is that how we should take it? Is that fair?

Chris Peeters: I leave that to you. I mean, I'm not going to speak out of something when it's under NDA.

Marc Zwartsenburg: Okay. Okay. Fair enough. Well, those were my questions. Thank you for giving those details. Very helpful. Thank you very much.

Philippe Dartienne: Thank you Marc.

Operator: Our next question comes from Nikolas Mauder from Kepler Cheuvreux. Please go ahead.

Nikolas Mauder (Kepler Cheuvreux): Hi, good morning. First question is, again, trying to understand a bit the EBITDA and EBIT dynamics in the pre- and post-IFRS environment. So we already learned that the EBITDA you will be reporting is probably in the range of 150 million rather than the 110 flagged this morning as this number probably contains the lease charges as OpEx. Yeah. If you could confirm that, that would be great.

I also heard that there is a 3% depreciation charge, which would give you an EBIT margin of around 11% for the business, which sounds rather large compared to other contract logistics businesses. Maybe some comments there as well. That is the first question.

And the second one would be on, like, the strategic rationale of going into B2B makes a lot of sense. Is there any CAPEX impact now from having heavier and larger parcels moving through your existing network? Thank you very much.

Philippe Dartienne: You start on the B2B.

Chris Peeters: Yeah. I didn't understand what impact you were looking for.

Nikolas Mauder: Do you have to change the setup of the network if there is a higher share of heavier parcels.

Chris Peeters: Okay. Okay. So actually yes and no. And why do I give this kind of answer to it? No, in – of course the – if you look at it from a regional base, we – that they are already operating there and so there is no change to be happened. What is part of the strategy, what we do is we will actually have an integrated view of the totality of the platforms that you have. So, you know that we have DynaGroup, which is focused on heavier platforms as well, sorry heavier parcels as well. We have already sorting capacity in most of our sorting centres also for heavier parcels. So it is more at the logistics side and the delivery side where you see that all experience that we have with Dyna is more than sufficient to compensate for that parcel. So you will have over time a mix for the lighter parcels that will use the distribution capabilities that bpostgroup has, and on the other side – or their contract parties, you know, that we have for the [inaudible] delivery partner for that. And then you see that Dyna, which is operating in both markets, will then deliver the distribution capabilities that we have. And platform-wise we have next to the sorting centres within bpost SA, we also have the sorting capability that is within Dyna. And so we will optimise across those assets going forward to be able to deliver on the B2B strategy.

Nikolas Mauder: All right, so –

Philippe Dartienne: Coming back on the numbers, your EBITDA in the 150-ish mark indeed is confirmed. EBIT percentage is high. Yes. And it's the reason why it's a high value asset. I mean, this business is a business about tailored service to customers. It's not commoditised. As I said, the number of SKUs that customers typically have is lower than you could observe in other parts of the business on the commodity part. So meaning less square footage. Also that translates into lower depreciation on that use of square footage, but also less automation, which is also quite costly. And when you do all that combination, which is a bit a secret sauce of the Staci story, leads to EBIT multiple or EBIT percentage which are indeed on the high end of the market.

Nikolas Mauder: Yeah, totally agree. Thank you very much for the answer.

Operator: Thank you. We'll now take our final question today from Stefano Toffano from ABN AMRO ODDO. Please go ahead, sir.

Stefano Toffano (ABN AMRO): Yes, good morning everybody. Thank you for all the answers. Most of them – of my questions have been answered. A few left. If I can come back, Philippe, to your answer to my colleague's Henk question conform the market price. I could not understand that, the line was very bad. So how did you say you arrived at this conform market price and where – to which transactions did you compare this to? So that will be my first question.

The second question is I didn't quite understand the timing of the restructuring. So when – so presumably, let's say if the deal is done in October, when would you expect everything to be restructured, the deal to be included in the bpost and, you know, all the one-off costs are gone, etcetera?

And the last one is just out of curiosity, when did Staci – the potential deal of Staci get back on the table? Thank you.

Philippe Dartienne: So in terms of market multiples I put forward in fact two elements. The first one in terms of multiple, multiple that we're paying is the same, nearly the same as the one that Ardian has paid back then in 2019. And since then, the company has slightly – sorry - successfully been transformed and growing. And by the way, multiple of the industry as all went up as well. And the recent transaction I was referring to was a Wincanton-GXO transaction, which is in terms of multiple is similar. But I was pointing out that the EBIT margin of that specific business, which is only UK-based is at 4% compared to what we are enjoying with Staci. That was the basis of the reasoning. And I will not come back – I could if you want – but on the high quality of the asset.

And in terms of restructuring, I'm not sure I got your question fully.

Stefano Toffano: The question is on the timing. I did not fully understand when – so let's say that the deal was done in October. When would you say that everything has been restructured and that bpost in the intended model is done?

Philippe Dartienne: And Chris, feel free to chime in, but there is no question of restructuring the business. I mean the business is a very successful business. I would rather – when we talk about Active Ants and Radial it's more a reverse takeover in Europe than transforming or restructuring the Staci business. Staci business is a successful business, which is growing and enjoying very profitable EBITDA and EBIT rate. There is no question of restructuring – to the contrary - we want to keep it growing exactly the same way. But we want to build with the cross-sell, sharing assets, leveraging on transportation synergies and procurement and overhead synergies is the way we see it, not the other way around.

Chris Peeters: You see that also in the structure that we proposed, so Thomas Mortier will become the lead of 3PL International. So he will drive the full business. So that integrates then Active Ants the Radial Europe into the same level of performance, optimise the core space, making sure that the right client is in the right asset that we have at that point of time. So that is part of what he will do. And we start, of course, from day zero, so before the closing, we over already look at how we are going to do that in the best way possible.

I think that if you look at the bigger strategic picture, of course, a lot of the future grow will come once we also have done the transformation of bpost in Belgium on the last mile distribution where it fully needs to enter into the B2B space, where we're now present, but not to the extent that we want to be present; definitely not in the parcel-size logistics there. And so there we have to also reorganise, but that's nothing to do with the takeover that we do, organise distribution structure that we have to have a better coverage also of the B2B space. That is something that we are already working on because that is part of the overall transformation of the Belgium-Netherlands business entity. And of course, once that is done, which will take, let's say, depending on what you would call done, I think that you will see first results in 18 months, something like that, fully done in three to four years. Once you have done that, of course, you have a strong network that you can leverage to fully be a leader into that B2B space from.

Stefano Toffano: Thank you. Maybe the last question was more curiosity. When did the Staci deal get back on the table?

Chris Peeters: Well, as I said before, at my arrival and the definition of what are the key elements of the strategy that is redirecting the company to those parts of the logistics value chain, where there is a good margin to be taken and where we can have a defendable position, so where we combine the different elements. Then I looked at what are the elements, what are the things that the company has in portfolio that we can leverage in the right way. And so, in that revisiting, that was one of the file that I looked at, and I said like, this is a perfect match of what we're going to do. Had done the discussion with Philippe and said, like, how quick can we revive this, because this is a strategy that we want to drive through. And from there, we basically engaged in conversations with Ardian that were left in the fridge close before summer, I think last year. And we basically said, look, we want to put this back on the table because we see a huge strategic interest for that. We – of course, did not say it that way to them, but at least we saw a huge strategic interest for that, and we said like, we are interested to continue the conversation. And so that led to, of course, some additional steps that you've taken, such as steps, the full due diligence done before we could come to conclusion, everything has been checked over and over again to make sure that we missed on none of the points. We also got a better and deeper understanding of some parts of the business that we had. We had also to have a look at the recent acquisition that we didn't look at in the last time that we looked at it. So all these things have been done since then of last year coming down to the conclusion of last Friday that we could transact and that we think that this is really a beneficial deal for bpostgroup going forward.

Stefano Toffano: Thank you very much.

Operator: Thank you. Thank you all for your questions today. With this, I'd like to hand the call back over to Mr Chris Peeters, bpostgroup CEO, for any additional or closing remarks. Over to you, sir.

Chris Peeters: Yeah, thanks a lot. I would especially like to thank you all for your availability in that short time slot that we had for that. I think that as you've seen, this is a major step towards the reorientation of the strategy that is in line with what we have announced before. Staci is a really perfect fit to become this regional leader and to reinforce the position of bpostgroup within the B2B space. That is what this deal is about. And so we look forward to the capital markets day where we will obviously have much more details on all these elements. But before we meet on the capital markets day, there is the announcement of the quarterly results, which we will do in early May – give me the date again, Philippe of the – it's 3rd May that we see each other back for the results of the quarter. And I wish you all a very good week going forward, and see you soon.

Philippe Dartienne: Thank you.

Operator: Thank you. Thank you. This concludes today's conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.

[END OF TRANSCRIPT]