Interim financial report
first quarter 2014

Investor presentation

Brussels – May, 8th 2014

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bpost
takes care of it

Disclaimer

This presentation is based on information published by bpost in its Half-Year Financial Report, 3Q-13 interim report and “4Q-13 Trading Update”. The latter has been published on February, 11th after market accompanied by a press release available on www.bpost.be/ir. This information forms regulated information as defined in the Royal Decree of 14 November 2007.

Financial figures contained the “4Q-13 Trading Update” are unaudited and the annual financial statements 2013 have not yet been submitted the Board of Directors nor approved by the Shareholders Meeting.

The final consolidated results for the full year ended December 31, 2013, audited by bpost’s statutory auditors, will be published on March 26th, 2014.

The information in this document may include forward-looking statements[1], which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This material is not intended as and does not constitute an offer to sell any securities or a solicitation of any offer to purchase any securities.

Financial calendar (more on www.bpost.be/ir)

14.05.2014	Shareholders' meeting
19.05.2014	Ex-dividend date (Final dividend)
06.08.2014 (after market close)	2Q14 and half-year results
03.11.2014 (after market close)	Quarterly results 3Q14
04.12.2014 (after market close)	Financial results 10 first months
08.12.2014	Ex-dividend date (interim dividend)

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

Highlights of 1Q14

- Total operating income **(revenues) increased by € 8.6 millions (of which 6.5 millions was organic growth)** to reach € 626.7 millions in the first quarter. Scope effects relate to recent acquisitions and amount € 2.1 millions.

- The **Domestic Mail volume** decline of -4.6% was below the -5.0% planning assumption for 2014.

- **Continuing good performance in parcels with an organic revenue growth of € 15.8 millions.** Domestic parcels volumes up by +5.6% on an underlying basis, slightly short of expectations. The quarter was negatively impacted by the loss of one customer which cost 1% in growth. International parcels growing strongly (€ 14.5 millions), with growth in the US and in our lanes from and to China.

- **Other sources of revenues are back to modest growth.**

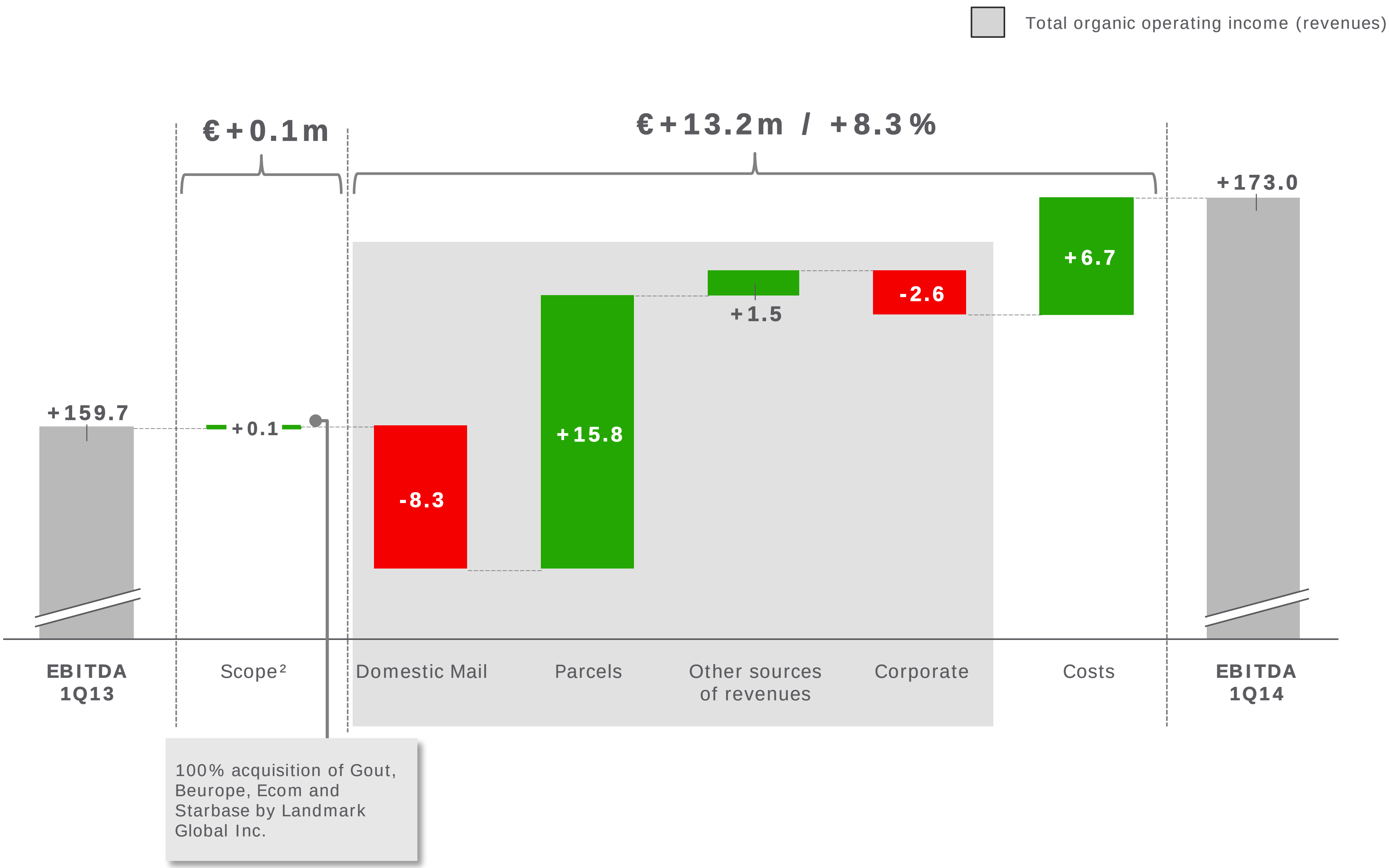
- **Costs were better than expected** with a further organic operating expenses reduction of € 6.7 millions and an average FTE reduction of 1,037 FTE quarter on quarter.

- **EBITDA margin for the quarter improving to 27.6% (+1.8 percentage points versus 1Q13)** to reach € 173.0 millions (+ € 13.3 millions versus 1Q13) on a normalized basis; EBIT came in at € 152.0 millions for the quarter (+ € 13.1 millions versus 1Q13).

- **Ongoing negotiations with unions** regarding the collective labor agreement **progressing well.**

Strong 1Q14 EBITDA performance thanks to parcels growth and cost savings. Domestic mail volume decline at -4.6%.

EBITDA, Normalized[1], EUR million



[1] Normalized figures are neither audited nor have been subject to a limited review
[2] €+2.1m operating income and €-2.1m operating expenses, as detailed on next slide

Scope elements affecting results - small bolt-on acquisitions relating to international parcels activities

Changes in scope

Topic	Description	High-level impact
Acquisition of Gout International BV and BEurope	▪ Landmark Global Inc. acquired 100% of the shares of Gout and B-Europe (Jan. 2014 – based in the Netherlands) ▪ Activities of import services for customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery	▪ Additional operating income of €1.5m and additional operating expenses of €1.2m in 1Q14.
Acquisition of Ecom	▪ Landmark Global Inc. acquired 100% of the shares of Ecom Ltd in February 2014 ▪ Provides import services for goods in UK	▪ Additional operating income of €0.3m and additional operating expenses of €0.5m in 1Q14.
Acquisition of Starbase	▪ Landmark Global Inc. acquired 100% of the shares of Starbase in February 2014 (based in US) ▪ Provides import services for goods in the US	▪ Additional operating income of €0.3m and additional operating expenses of €0.3m in 1Q14.

Summary of key financials 1Q14

Solid improvement of the margin and bpost's net profit

EUR million

1Q14, EUR millions	Reported		Normalized[1]		
	2013	2014	2013	2014	% change
Total operating income (revenues)	632.7	626.7	618.1	626.7	1.4%
Operating expenses	458.4	453.7	458.4	453.7	1.0%
EBITDA	**174.3**	**173.0**	**159.7**	**173.0**	**8.3%**
Margin (%)	*27.5%*	*27.6%*	*25.8%*	*27.6%*	
EBIT	**153.5**	**152.0**	**138.9**	**152.0**	**9.4%**
Margin (%)	*24.3%*	*24.3%*	*22.5%*	*24.3%*	
Profit before tax	**154.4**	**153.6**	**139.8**	**153.6**	**9.9%**
Income tax expense	55.0	54.7	55.0	54.7	
Net profit	**99.4**	**98.9**	**84.8**	**98.9**	**16.6%**
FCF[2]	**169.3**	**367.4**	**258.2**	**367.6**	**42.4%**
bpost S.A./N.V. net profit (BGAAP)	**70.1**	**87.3**	**70.1**	**87.3**	**24.5%**

2013: sale of the electronic document exchange activities of Certipost as of January 2013 (€14.6m).

[1] Normalized figures are neither audited nor have been subject to a limited review
[2] Operating free cash flow = cash flow from operating activities + cash flow from investing activities

Total operating income (revenues) of € 626.7m in 1Q14, increase of €+6.5m on an organic basis

Normalized[1], EUR million

		2013	Scope[2]	Organic	2014	% Org
Domestic mail	Transactional mail	244,3	-	-5,4	238,9	-2,2%
	Advertising mail	71,5	-	-1,2	70,2	-1,7%
	Press	79,4	-	-1,7	77,7	-2,1%
Parcels	Domestic parcels[3]	36,4	-	1,8	38,2	5,0%
	International parcels	15,2	1,7	14,5	31,5	95,5%
	Special logistics	4,2	-	-0,5	3,7	-11,7%
Additional sources of revenue and retail network	International mail	52,1	-	-1,9	50,2	-3,6%
	Valued added services	22,4	-	2,2	24,6	10,0%
	Banking and financial	52,0	-	0,4	52,4	0,7%
	Others	26,2	0,4	0,8	27,4	3,0%
Corporate		14,4		-2,6	11,8	-17,9%
TOTAL		**618,1**	**2,1**	**6,5**	**626,7**	**1,1%**

[1] Normalized figures are neither audited nor have been subject to a limited review
[2] Scope including Gout International BV, Beurope, Ecom and Starbase
[3] Domestic Parcels including parcels from Domestic, Inbound & Solutions

1Q14 domestic mail volumes decline at -4.6%, in line with FY expectations

Normalized[1] total operating income (revenues), EUR million

- **Volume decline² at -4.6%** (€ -15.8m) in 1Q14.
- Transactional mail impacted by decline in Registered Mail.
- Advertising mail -2.7% thanks to lower decrease in addressed direct mail and strong quarter in unaddressed.

	FY 13	Q1-14
Transactional mail	-3,7%	-5,3%
Advertising mail	-9,1%	-2,7%
Press	-3,0%	-3,2%
Domestic Mail	-4,7%	-4,6%
Domestic Mail underlying trend²	-4,2%	-4,6%

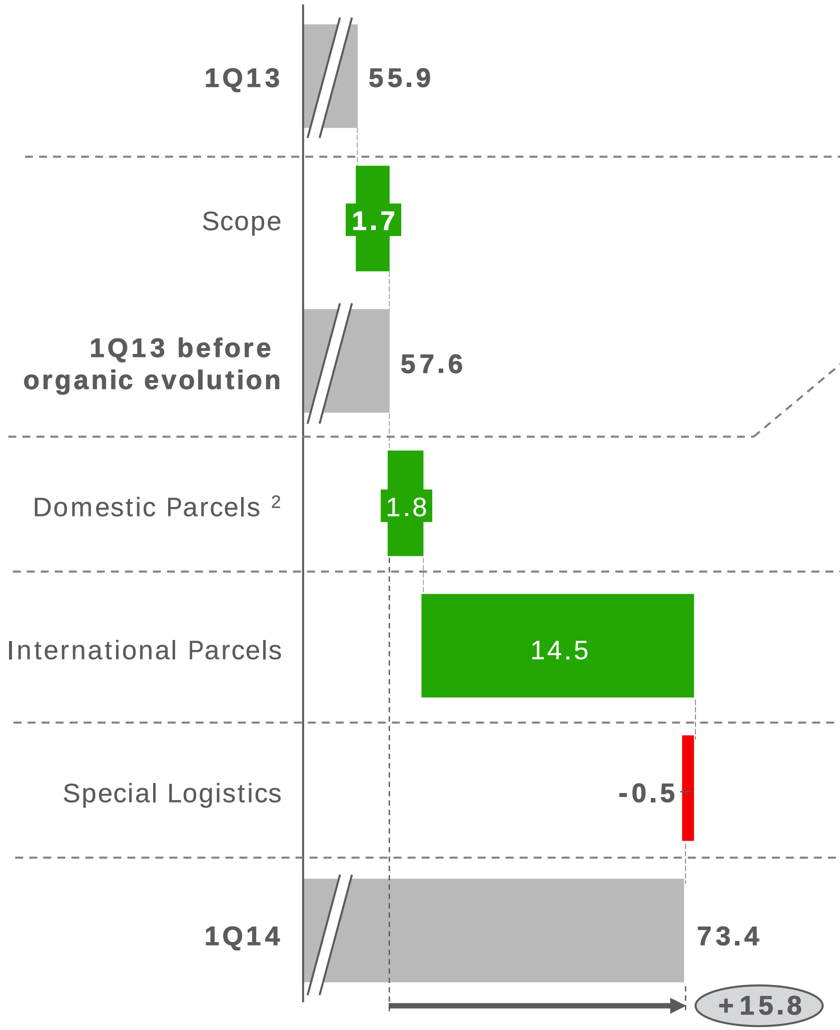
- No measurable impact of elections in 1Q14.
- **Overall price increase** in line with policy.

[1] Normalized figures are neither audited nor have been subject to a limited review

[2] Q1 2014 no working day nor election effect. In terms of working days, 1Q-14 and 2Q-14 will be equal to same quarters of 2013. In 3Q-14 we will have 1 business working day less and in Q4-14 we will have 1 business working day more than in 2013. In both cases, the number of working days in the post offices is equal in 2014 and 2013.

Sustained growth in parcels thanks to international parcels

Normalized[1] total operating income (revenues), EUR million



- Increase of € 1.7m related to new acquired entities.

- Reported volume increase of +4.4% impacted by phasing effects in accounting of revenues in 1Q13 that will reverse next quarter. Hence, **underlying volume increase in 1Q14 of +5.6%** still growing but slightly behind last year's performance and negatively impacted by the loss of one customer (1 percentage point impact on growth).

- **Strong growth from US** activities (€+5.6m), **China outbound** (€+4.9m) **& inbound** (€+2.5m) growth.

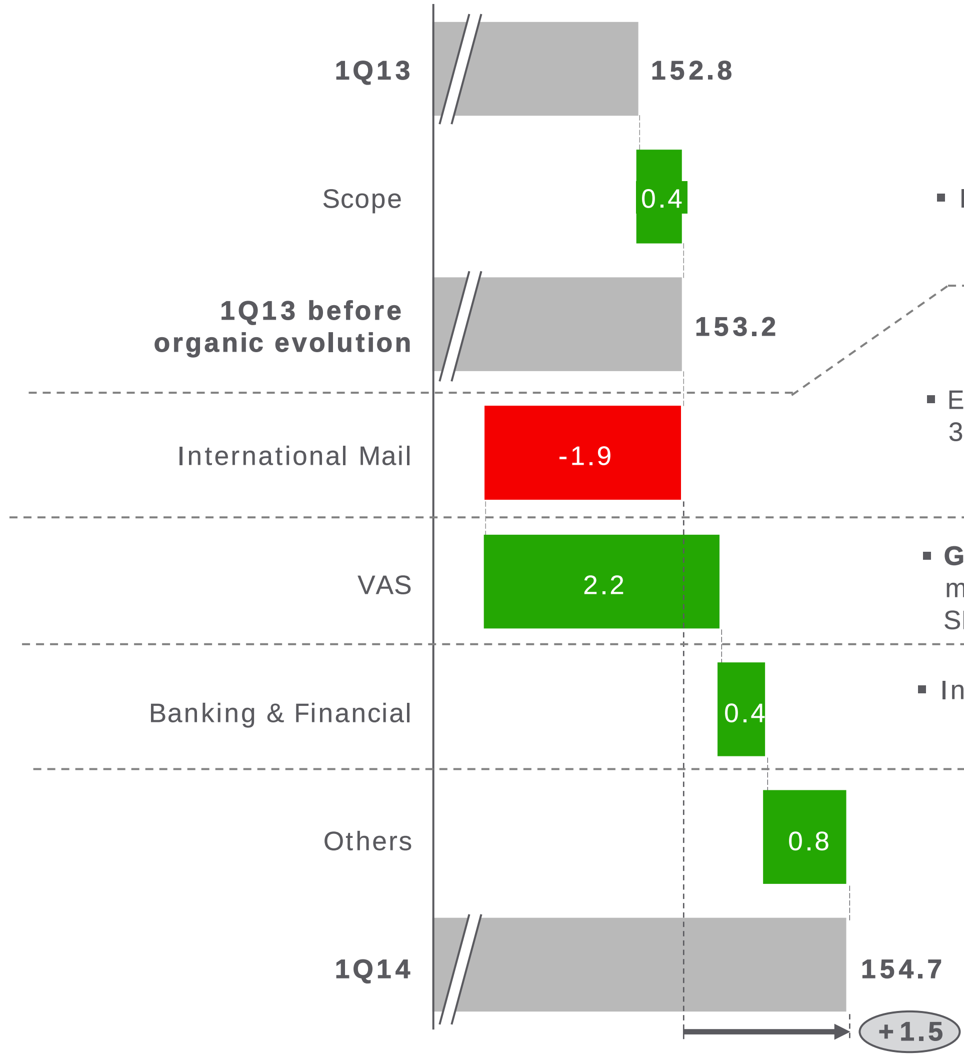
- **Turnaround of activities on-going:** focus on continuity of profit-making activities (Sprinter and Special Transport Solutions) while phasing out of Distribution and Warehousing.

[1] Normalized figures are neither audited nor have been subject to a limited review

[2] Including Domestic Parcels, Inbound Parcels & Solutions

Other sources of revenues back to modest growth

Normalized[1] total operating income (revenues), EUR million

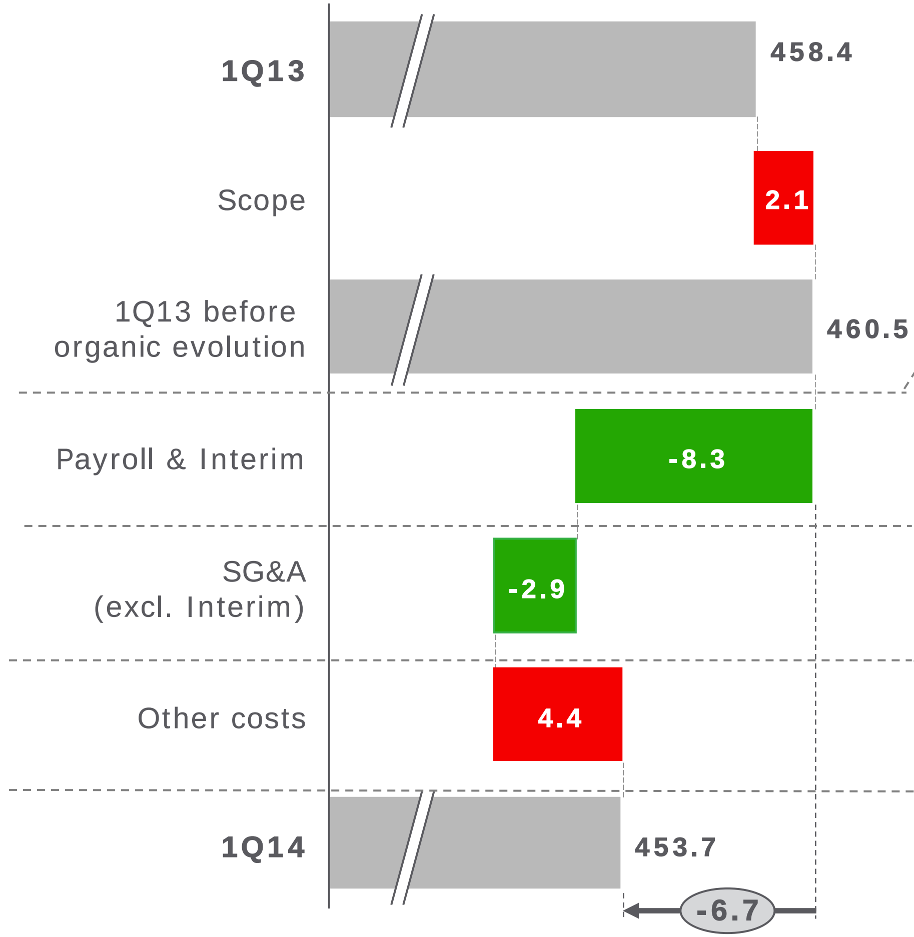


- Increase of € 0.4m related to new acquired entities
- Excluding lower one-off settlements relating to last year (€-3.2m), **better underlying revenues**.
- **Good performance of solutions** mainly digital printing of magazines, European License Plates, Car Registration Cards and SEPA.
- Increase driven by prepaid cards (bpaid)

[1] Normalized figures are neither audited nor have been subject to a limited review

Costs were better than expected with a further organic decline of € 6.7 millions

Operating expenses excl. depreciation and amortization, Normalized[1], EUR million



- Increase of costs related to new acquired entities.

- **FTE reduction of 1,037 FTE²** (€-13.6m) and positive **mix** impact of €-0.9m due to more auxiliary postmen in part compensated by a **price impact** (€+2.6m – merit increases, no inflation impact) and higher **accruals for the 5% profit share** (€+1.1m) due to higher results.

- Lower **discretionary** costs and **energy** costs in part compensated by higher transport costs.

- Increase of other operating charges mainly due **to lower increase of VAT deductibility**, **real estate and local taxes³** and net impact of provision movements.

[1] Normalized figures are neither audited nor have been subject to a limited review
[2] Includes 35 additional FTE's relating to scope entities
[3] Phasing effect as LY new local taxes were provisioned in Q3 for the fist 9 months of the year.

Positive operating free cash flow[1] of EUR 367.6 million in 1Q14

Normalized[1], EUR million

	1Q13	1Q14	Delta
+ **Cash flow from operating activities**	285.3	384.9	+99.6
+ ***Cash flow from investing activities***	-27.1	-17.3	+9.8
= **Operating free cash flow[2]**	258.2	367.6	+109.4
+ ***Financing activities[3]***	-89.1	-0.9	+88.2
= **Net cash movement**	+169.1	+366.7	+197.7
Capex	7.8	11.2	+3.4

CF from operating activities improved as a result of:
- LY payment related to the competition claim fine (€+37.4m).
- Improved working capital performance (e.g. from terminal dues due to the earlier reception of 2 settlements with postal operators) (€+42.3m).
- Improved results of operating activities (€+19.9m)

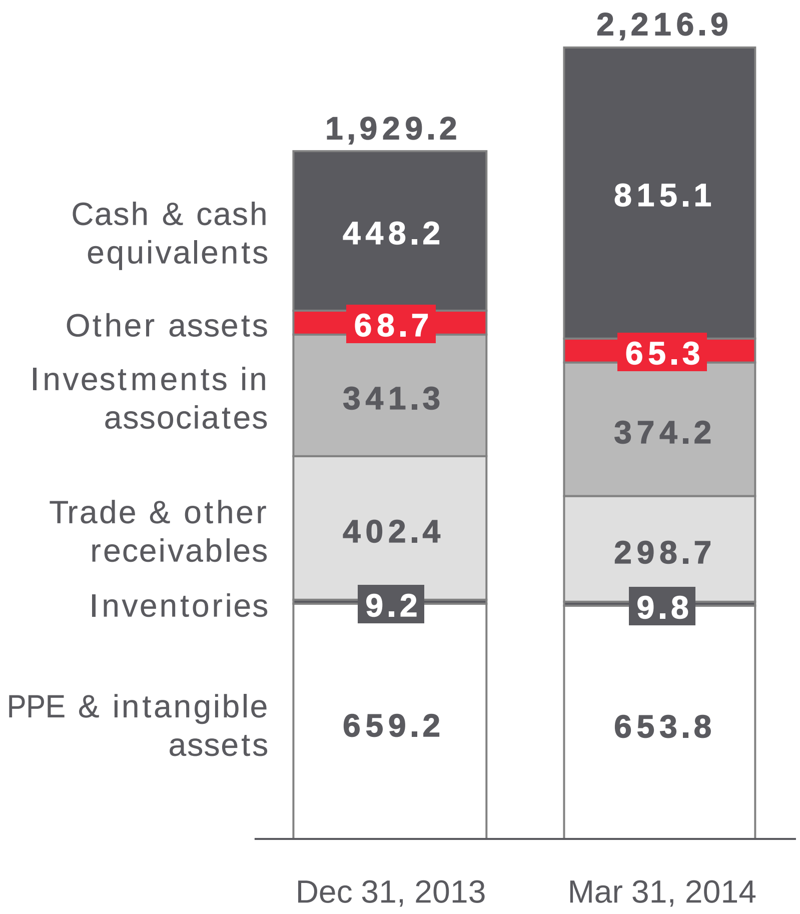
CF from investing activities improved as a result of:
-LY capital increase of bpost bank (€+37.5m) in part compensated by LY sale of Certipost (€-15.1m) and new acquired subsidiaries in 2014 (€-8.7m).
-**CF from financing activities** improved as a result of LY repayment of SGEI overcompensation (+€88.9m)

[1] Normalized figures are neither audited nor have been subject to a limited review
[2]Operating free cash flow = cash flow from operating activities + cash flow from investing activities; excludes the impact of the 2013 repayment of prior compensation, following the 2012 EU ruling and deposits received from third parties

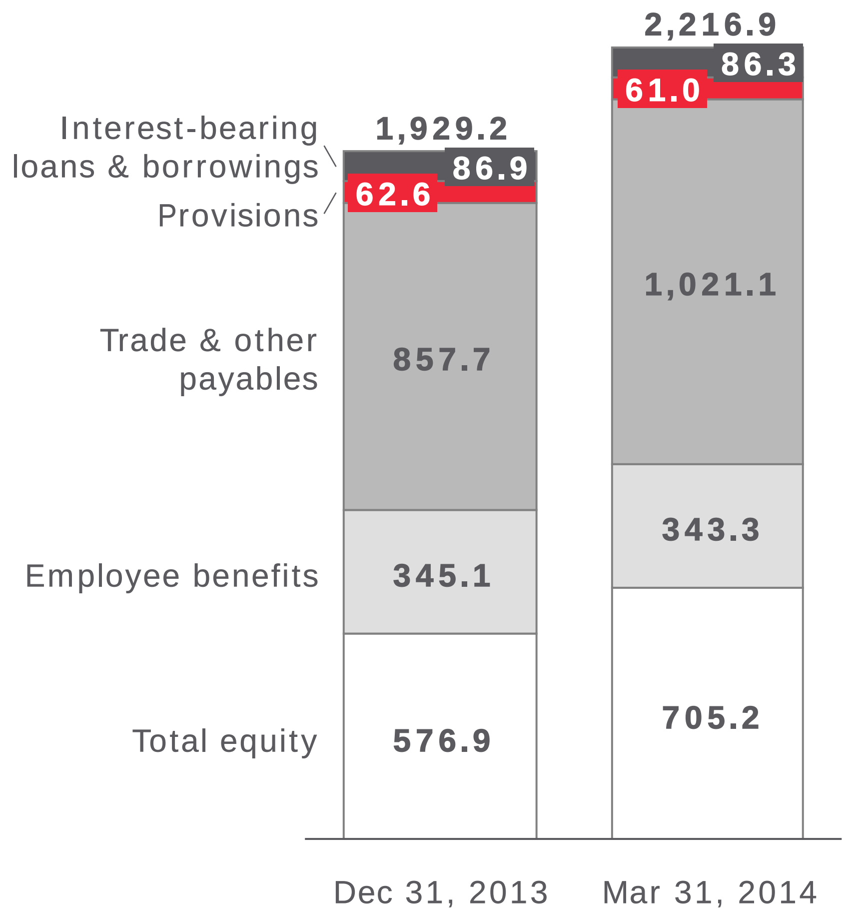
Strong balance sheet structure

EUR million

Assets



Equity and liabilities



Outlook for 2014 confirmed

- Our plans prudently take a volume decline of **Domestic Mail** of 5.0% into account

- **Parcels volumes growth** should be above the 2013 performance

- Taking the phasing of the **productivity improvement initiatives** into account, the FTE reduction for 2014 is expected to be at the low end of the reference range of 800 to 1200 FTE/year

- We are confident to be able to **at least maintain operating results (EBITDA and EBIT)** on a normalized basis

- We do not anticipate any material exceptional cash outflows during the year which means that **cash generation should follow the normal seasonality. Net capex is expected at € 90m**

Comments on two decisions on the agenda of the General Meeting of Shareholders of May 14th 2014

- **Approval of the remuneration report for the financial year closed on December 31, 2013**

- **Appointment of two new Directors:** upon proposal of the Board of Directors and recommendation by the Remuneration and Nomination Committee, the General Meeting of Shareholders, **with the exception of the Belgian State and the SFPI/FPIM**, will be invited to approve the appointment of Ray Stewart and Michael Stone as members of the Board of Directors of the Company for a renewable six year term ending after the Ordinary General Meeting of 2020.

bpost's management incentivization is aligned with shareholders interests

- All members of the Group Executive Committee are **shareholders of bpost** as part of a specific employee offering at IPO and subject to a lock-up provision of 2 years starting at IPO

- **The remuneration package** of all members of the Group Executive Committee includes a **variable pay of 30% of the fixed base salary** for the on target realization of objectives computed as follows

(EBIT target 70% + Customer Loyalty target 30%) x Personal objectives

- **The amount payable when targets are exceeded is capped to 45%**[1]

[1] Cap for the members of the Group Executive Committee. For the CEO, the variable pay is capped at the "on target" level agreed upon contractually

The articles of association of bpost provide for a balanced representation of shareholders in the Board of Directors

- In accordance with the **Law of March 21st, 1991**, in limited liability companies of public law:
  - the number of directors composing the Board is set by the shareholders' meeting
  - The Belgian State appoints a number of directors in function of the level of its shareholding (e.g. half of members if stake of 50%)

- **The Articles of Association**[1] provide that the **Board of Directors of** bpost consists of **up to 12 members** and composed as follows
  - **The Belgian State appoints up to six directors** including the chairperson of the Board;
  - **Three independent directors**[2,3] are elected by all shareholders of the Company other than the Belgian State;
  - **To the extent no director is appointed by CVC**[4]**, two other directors are elected by all shareholders of the Company other than the Belgian State**

- The above mentioned Board of Directors composition is **compliant with the recommendations of the Belgian Code Corporate Governance** (March 12, 2009) that the Company uses as reference

[1] as approved by the Shareholders' Meeting on May 27, 2013
[2] within the meaning set out in Article 526ter of the Belgian Companies Code (the "BCC")
[3] those independent directors were appointed by the shareholders' meeting of May 27, 2013
[4] CVC (Post Invest Europe Sàrl) was entitled to appoint up to 2 directors post IPO as long as it has a certain participation in bpost

The sale by CVC[1] of substantially all its stake on December 16th, 2013 triggered the search of two new directors

- As a consequence of the sale and in accordance with bpost's articles of association, **Mr. KB Pedersen and Mr. Bjarne Wind, directors appointed by and representing CVC[1]**, have tendered their resignation as board members effective as from their replacement by the shareholders' meeting

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- **The Remuneration and Nominations Committee** (composed of 5 members of which 3 are independent directors) selected **Korn Ferry** to assist the Company to identify candidates for the function of board member of bpost.

- **Two profiles were established** and approved by the Remuneration and Nomination Committee and the Board on January 22, 2014. The search focused on **an operational profile** and **a finance, audit and accounting profile**.

- **The candidates profiles submitted have been carefully assessed** by the Remuneration and Nomination Committee and by the Board of Directors in light of
  - the **detailed competence profile** established for both candidates and approved unanimously by the Remuneration and Nomination Committee and the Board,
  - **possible conflicts of interest** and **independence** of candidates.

[1] Post Invest Europe Sàrl

The process led to the unanimous proposal by the Remuneration and Nomination Committee and the Board of Directors of two candidates

- **Ray Stewart** was proposed for the financial, audit and accounting profile
  - M. Stewart has extensive knowledge and track record in the fields of finance, accounting, risk management and audit matters in large and complex organizations. He held several positions as CFO and gained broad experience internationally including in listed companies. He has a Master in Business Administration Finance and in Business Accounting. He is currently CFO and member of the Management Committee at Belgacom. He is also non-executive director at Nyrstar since 2007 (chairing the Audit Committee) and director at Telindus Group since 2006. From his experience at Belgacom, he also has a deep understanding on regulations applicable to public enterprises in Belgium.

- **Michael Stone** was proposed for the operational profile
  - M. Stone has strategic and operational expertise in the parcel business. He held several high-ranking position both regionally and globally in parcels delivery at Deutsche Post/DHL. His recent experiences at DX Group and thereafter at Neopost Ltd – where he is currently Managing Director UK – have fostered his outside perspective on the parcel business whilst providing for deep insight in the dynamics and challenges of the traditional postal businesses.

[1] Post Invest Europe Sàrl

The independence of both candidates can be confirmed according to criteria of the Belgian law[1]

- They have never
  - been **member of the Board or Management** of the Company
  - exercised any **mandate as non-executive director** in the Board of the Company
  - been a **senior management employee of the Company** nor have been, for a period of 3 years before appointment, a senior management employee of an affiliate or related person within meaning of Article 11 of the BCC[2].
- They have **not received any remuneration or other pecuniary benefits** from the Company or an affiliate.
- They **do not hold 10 % of the Company's shares** whether individually or in concert with other parties nor represent a shareholder having such shareholding.
- They did **not have significant business relations** with the Company in the preceding year[3].
- They were **not partner or employee of the last external auditor** in the 3 years before appointment.
- They have **no ties with executive directors as a result of functions in other companies**
- They have **no close family ties with a member of the Board or Management** of the Company.

[1] Article 526ter of the Belgian Companies Code
[2] With respect to Ray Stewart, the sole fact that he is CFO of another public enterprise (Belgacom), does not affect this independence criteria given that Belgacom does not qualify as affiliate of the Company within meaning of Article 11 BCC. Furthermore, M. Stewart announced his retirement from Belgacom as of April, 30 2015.
[3] What constitutes "significant business relationship" is not defined in the law nor in the Corporate Governance Code. This is to be assessed on a case by case basis by the Remuneration and Nomination Committee and ultimately by the Board. The sole fact that such contracts, for example a contract between bpost and Belgacom for telecommunication services, may amount a certain thresholds in euro does not suffice to affect the independence of a candidate, especially when contracts are entered into at standard contractual terms and full arms-length conditions. Furthermore bpost is bound to strict public procurement rules.

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