

FIRST QUARTER | 2019 | INDUSTRY AVERAGE

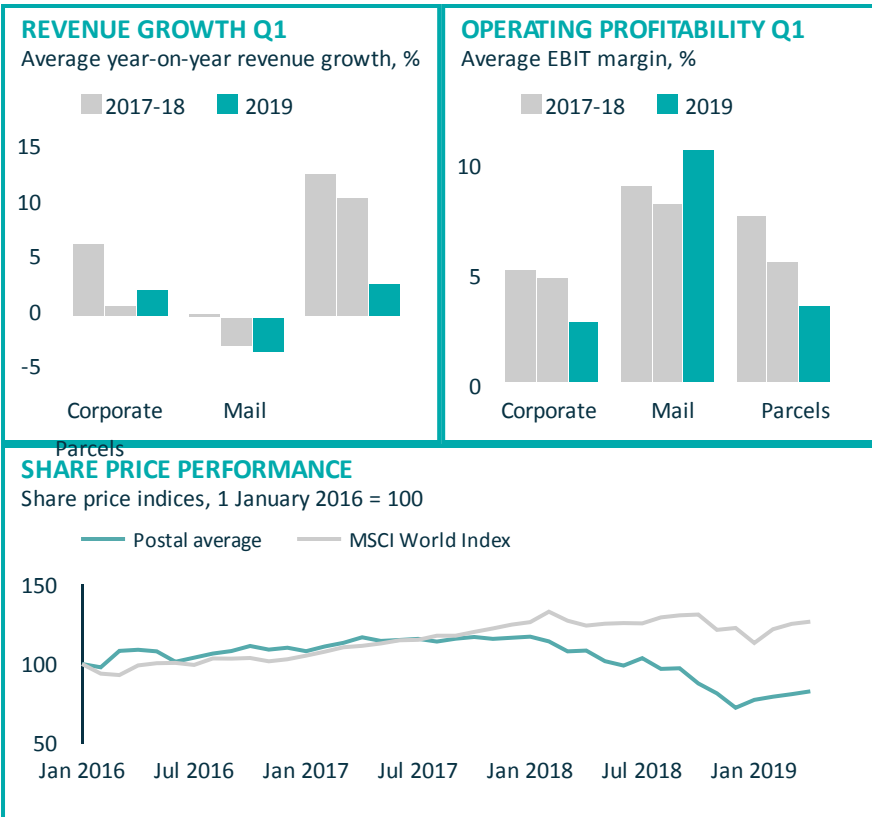
SCOPE
19
POSTAL OPERATORS

CORPORATE
2.2%
REVENUE GROWTH

2.8%
EBIT MARGIN

MAIL
-2.8%
REVENUE GROWTH

PARCELS
2.7%
REVENUE GROWTH



MAIL EBIT REMAINS ROBUST

Slower growth in industry revenue: Total industry revenue increased 2.2% in Q1'19, based on 19 operators. Latvian Post, Omniva and Russian Post recorded strongest revenue growth, with Omniva attributing their growth to the relocation of its logistics center and higher volumes. Corporate profitability declined during the quarter, with EBIT margins averaging 2.8%. However, changes to IFRS 16 supported profits for some operators.

Mail EBIT strong despite revenue decline: Price increases and cost savings measures supported mail profitability during Q1'19. Mail EBIT margins averaged 10.5% with no operator recording a negative EBIT figure. Higher prices were unable to fully offset volume declines, which for some posts were exacerbated by competition, GDPR concerns, and lower volumes from government, financial services and utilities sectors.

Investing in parcel networks: Parcel volume growth slowed to 5.9% in Q1'19, the slowest growth rate over the past 12 quarters. E-commerce is driving B2C growth for many posts; to manage higher volumes, PostNL has opened new depots, while PostNord and Posti have expanded their parcel locker networks. Three posts saw a fall in capital expenditure. PostNL also noted an increased demand for additional services such as evening delivery. Parcels profitability slowed in Q1'19, with an average EBIT margin of 3.5%. Österreichische Post's EBIT was negatively impacted by costs incurred to avoid capacity bottlenecks.

Operator	Latest	CORPORATE						MAIL		PARCELS		
		Revenue €m	Revenue Δ YOY	EBIT €m	EBIT margin	Assets €m	Capex €m	Share price (Δ in Q1)	Revenue Δ YOY	EBIT margin	Revenue Δ YOY	EBIT margin
*Average	null	null	2.2%	null	2.8%	null	null	null	-2.8%	10.5%	2.7%	3.5%
Bpost	Q1'19	907	-1.0%	90	10.0%	3,746	16	30.0%	-1.7%	17.5%	8.0%	8.3%
CTT Portugal Post	Q1'19	177	0.0%	9	4.9%	1,833	6	-17.0%	-3.2%	null	2.0%	null
Canada Post	Q1'19	1,414	0.1%	29	2.1%	6,862	50	null	-4.6%	null	4.1%	null
Chunghwa Post	Q1'19	2,021	-15.2%	102	5.0%	203,095	null	null	-4.1%	null	null	null
Correios Brasil	Q1'19	1,044	1.1%	-3	-0.3%	3,083	null	null	null	null	null	null
Deutsche Post DHL	Q1'19	16,373	7.5%	1,159	7.1%	51,238	1,028	20.0%	0.7%	5.9%	6.0%	8.6%
Japan Post	Q1'19	24,489	0.2%	1,472	6.0%	2,195,470	null	-7.0%	2.7%	6.6%	null	null
Latvian Post	Q1'19	25	22.7%	1	4.0%	113	null	null	null	null	null	null
Omniva	Q1'19	30	21.7%	-0.3	-0.9%	95	null	null	null	null	null	null
Osterreichische Post	Q1'19	514	-2.2%	58	11.3%	1,980	20	17.0%	-0.6%	19.6%	6.4%	6.8%
PostNL	Q1'19	685	1.0%	22	3.2%	1,854	10	2.0%	-6.6%	2.2%	8.2%	5.5%
PostNord	Q1'19	978	3.0%	16	1.7%	2,822	null	null	-4.5%	null	11.1%	null

Notes: Latest public quarterly reports used for all operators except Royal Mail, which provides half-yearly reports and therefore excluded from industry averages. Not all operators' financial year matches the calendar year; quarters refer to calendar years. Quarterly figures may be calculated by subtracting prior quarterly results when only cumulative figures are available. Reported figures are unaudited for many operators. Business unit revenue attributed to the most relevant segment based on where the majority of revenues reside. Multiple business units may be allocated to one segment. Share price change calculated over the quarter, using the first day of the first month of the quarter compared with the first day of the subsequent quarter. Close prices for all operators.