

bpost fourth quarter 2020 results in line with expectations

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Thereby delivering on full year 2020 guidance through strong development in Parcels & Logistics and supported by solid last mile operations in Belgium.

Fourth quarter 2020 highlights

- Group operating income at EUR 1,194.4m, +7.2% compared with the same period last year, fully driven by continued strong performance in Parcels & Logistics Europe & Asia and North America.
- Group adjusted EBIT at EUR 60.5m (margin of 5.1%). Group reported EBIT at EUR -5.7m, due to EUR 62.1m of impairment charges on Press and Retail and International Mail.
- Business mix shift is further evidenced through combined adjusted EBIT contributions of the Parcels & Logistics businesses (EUR 36.4m) exceeding Mail & Retail adjusted EBIT (EUR 34.3m) for the third consecutive quarter.
- Mail & Retail adjusted EBIT at EUR 34.3m (6.5% margin), down by -33.3% from COVID-19 impacts on Advertising Mail and Proximity and convenience retail. Reported EBIT at EUR -15.5m, impacted by EUR 49.1m of impairment charges on Press and Retail. Underlying mail volume decline at -11.8% driven by less advertising campaigns due to non-essential retail lockdown in November 2020.
- Parcels & Logistics Europe & Asia adjusted EBIT at EUR 22.4m (7.1% margin), up EUR 8.6m. Reported EBIT at EUR 21.7m. Positive EBIT margin development is driven by elevated parcels volumes handled through the mail network. Parcels B2X volumes up +67.4% year-over-year, positively impacted by the November 2020 lockdown and end-of-year peak.
- Parcels & Logistics North America adjusted EBIT at EUR 13.9m (3.3% margin), up EUR 3.3m is fully driven by E-commerce logistics. Excluding the EBIT impact of the ransomware attack (EUR -9.2m), adjusted EBIT would have more than doubled to amount to EUR 23.1m, fully driven by operating leverage in E-commerce logistics and cost containment. Reported EBIT at EUR -1.7m, impacted by EUR 13.0m of impairment charges on International Mail (The Mail Group). Full year 2020 Total Contract Value (TCV) stood at USD 1,188.4m, largely exceeding the full year target.
- Adjusted group net profit for the full year came in at EUR 200.9m. Reported group net profit stood at EUR -19.2m, due to the impairment loss recognized on the remeasurement to fair value

less costs to sell of bpost bank (EUR 141.6m) and impairment charges on Press, Retail and International Mail (EUR 62.1m).



Active Ants will open two new highly automated fulfilment centres in 2021 (in Belgium and in Germany) and Radial Europe is opening a third site in Kassel (Germany) in March.

Further digitalisation in processes & post offices

In the context of the modernization of our post offices in Belgium, bpost is progressively implementing different modules of its new IT system NeRo (New Retail Office). This allows for a more efficient and better customer experience in the retail offices. As an illustration, clients of our new flagship post office in Brussels (De Brouckère) are now assisted by customer coaches equipped with smart devices in order to reduce waiting times, and they also have access to Self-service kiosks where they can quickly scan and drop off their parcels.

Activity update: Putting CONNECT 2026 into action

CONNECT 2026 aims to accelerate bpost group's transformation into a customer centric and sustainable omni-commerce group close to society, while remaining an efficient mail provider in Belgium. In 2021, bpost group will take significant steps to implement and concretize the CONNECT 2026 strategy, as demonstrated by the non-exhaustive list of initiatives below:

Customer centric: be the trusted partner for brands, enabling them to successfully grow their omni-commerce activities

Omni-commerce growth in Europe

New & Innovative experience: be recognized as a new and innovative company offering exciting customer experiences

Innovation centre

A new central innovation centre will be opened in Mechelen in the second half of 2021, which will serve as a laboratory to test innovations in a real live situation, in cooperation with customers and users. This innovation centre will become a platform where all bpost employees can prototype ideas that bring new experiences to all stakeholders.



My bpost app

We record over 1 million downloads in 2020, with a growth of approximately 8 to 10k downloads on a weekly basis and additional features to be developed this year.

Earth & people friendly: be a reference sustainable & planet-friendly company

Materiality matrix

In the second half of 2020, bpost has initiated a new materiality assessment for the group. This new materiality assessment is the next step in our evolution as a sustainable company. The first phase consisted of reaching out to more than 2.500 of our stakeholders inquiring which ESG topics are important to them. With over 50% response rate, this exercise will help us to ensure our sustainable strategy is focused in the right areas and tackles every aspects of the evolving sustainability landscape. The methodology and the results of the new materiality assessment will be published on our website in the course of 2021.

Ecozone

Ecozone Mechelen enters a new test phase in which 65 diesel vehicles will be replaced by electric ones in the coming weeks. This way the city centre is evolving into a completely emission-free distribution network. By the end of 2021, 5 to 10 other Belgian city centres will also be supplied emission-free.

bpost group continues to explore ways to make city deliveries more car-free by increasing the use of electric and cargo bicycles or bike trailers and by further developing its network of parcel lockers.

Cohesion in society: be an important contributor to social cohesion in society and the preferred partner for public services in a changing world

bpost bank

In view of active portfolio management, bpost bank has announced on December 23, 2020 that bpost and BNP Paribas Fortis signed a non-binding agreement on the future long-term partnership of bpost bank: bpost would sell its 50% stake to BNPPF and – in view of bpost' strategy to be an important contributor to social cohesion in society – bpost will continue to provide banking services through its physical network of post offices, thus ensuring high-quality service.

Together inclusive @life learning: be an inclusive organization, offering life-learning experiences

bpost boost

As Belgium's largest employer, bpost group wants to contribute in reducing the imbalance between the high number of inactive young people and long-term vacancies. "bpost boost", an umbrella

initiative to be launched in 2021, aims to raise the level of education of its participants over the next five years while helping them to find sustainable employment. In 2021, more than 500 candidates throughout Belgium will complete the training course to become multi-purpose postal workers, thereby acquiring digital skills and technical competences specific to the logistics sector.

Outlook for 2021

With its strategic vision CONNECT 2026, bpost group wants to accelerate its transformation into a customer centric and sustainable omni-commerce group close to society, while continuing to be an efficient mail provider in Belgium.

The group total operating income for 2021 is expected to increase by a low-single-digit percentage, while group adjusted EBIT is expected to range between EUR 265 and 295m, broadly in line with the EBIT of 2020 which benefited from a net positive COVID-19 effect.

For the business units, bpost group expects:

Mail & Retail:

Total operating income evolution to result from an underlying Domestic Mail volume decline expected between -9% to -11%, an approved mail pricing increase of +6.0%, and an expected post COVID-19 recovery in Value added services and Proximity and convenience retail.

6-8% adjusted EBIT margin.

Parcels & Logistics Europe & Asia:

Mid-single-digit percentage growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels observed in 2020.

8-10% adjusted EBIT margin.

Operating expenses will include investments to grow omni-commerce logistics in Europe.

Parcels & Logistics North America:

Mid- to high-single-digit percentage growth in total operating income driven by Radial existing customers growth and new clients launches, normalized for 2020 COVID-19 spike.

4-5% adjusted EBIT margin.

Gross capex is expected to be around EUR 200-220m, geared towards the priorities as stipulated in the CONNECT 2026 strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2021 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2022 after the General Shareholders' Meeting, in accordance with the new dividend policy.

Due to the continued COVID-19 uncertainties, visibility going forward remains limited and may impact the 2021 outlook.

Source: [bpost](#)

