

2018 Annual results Le Groupe La Poste

21 February 2019



LE GROUPE LA POSTE

Agenda

2018 Key Highlights

Philippe Wahl, CEO

2018 Business Performance

Yves Brassart, Executive VP in charge of Finance and Development

Outlook

Philippe Wahl, CEO



2018 Key Highlights

Philippe Wahl, CEO

2018 Key figures

Operating revenue

€24,699 million, +2.4%

Operating profit¹

€892 million, -11.8%

Net result Group share

€798 million, -6.3%

Economic health indicator²

-€507 million (vs €+436 million in 2017)

Net debt³

€3,442 million, down €378 million

Net debt/Equity³

0.29 (vs 0.34 in 2017)

¹) Operating profit/(loss) after share of net profit/(loss) of jointly controlled companies.

²) Economic health indicator = Cash flows from operating activities excl. banking – purchases of intangible assets and property, plant and equipment net of vehicle disposals – interests & dividend.

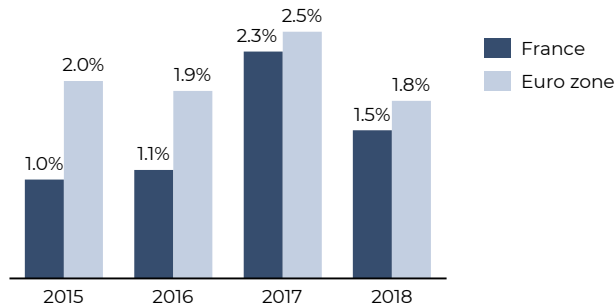
³) The Group net debt does not take into account La Banque Postale for which this concept is not relevant.



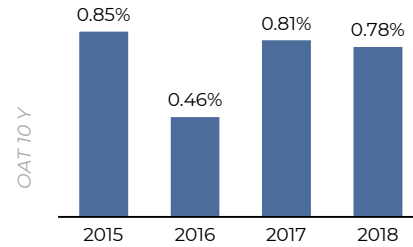
Economic background



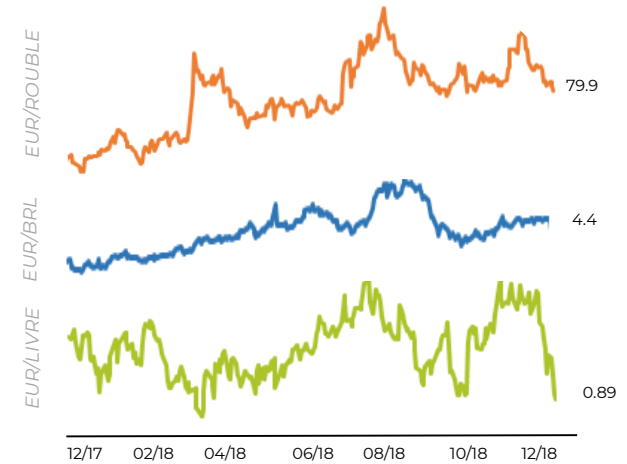
France and Euro Zone GDP¹



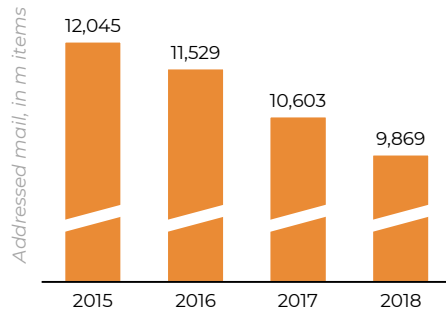
Interest rate²



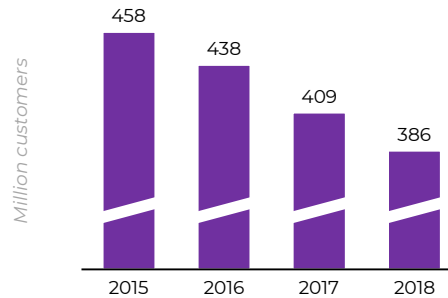
Exchange rates (pound, real, rouble)



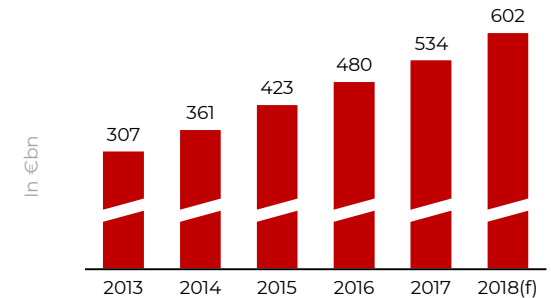
Mail volumes



Post office attendance



E-commerce³ growth in Europe



1) GDP in volume, in terms of annual average. Sources: Insee, Eurostat, LBP.
 2) Average annual rate. Source: Banque de France.
 3) www.ecommerce-europe.com, Ecommerce sales, Europe (2013-2018f). Source e-commerce Foundation, 2018

A Group committed to its transformation and involved in its projects



Project for a strategic equity alliance between La Poste and Caisse des Dépôts



Steady investments serving the development



Increased stake in Asendia



Issue of the Group first Green bond



Acquisitions (Diadom, Eukles, Voxaly, Delifresh, Ninja Van)



Employees development programmes



Launching of new offers and services in all business units



Signature of the 2018-2022 Public Service Agreement

Reaffirmed Public Service Missions

Signature of the 2018-2022 **Public Service Agreement** on January, 16th 2018 (State, La Poste)

- Reinforced postal presence
- New mechanism for monitoring quality of service
- Reaffirmed commitment to citizens

Universal Postal Service **price cap** for the **2019-2022** period

- Annual increase capped at 5%, with a mid-term revision clause

Release in January 2019 of the decision on the compensation allocated by the State regarding the Public Service **Mission** related to the **press transportation and delivery**

- Compatibility of the compensation confirmed for the 2018-2022 period

Project announcement for a strategic equity alliance between La Poste and Caisse des Dépôts

Majority takeover of La Poste by Caisse des Dépôts



Project implementation through the transfer of both Caisse des Dépôts' and the French State's stakes in CNP Assurances to La Poste

Strengthening of territorial cohesion



5 key projects

Creation of a large public Bancassureur



La Banque Postale
/
CNP Assurances

Project announcement for a strategic equity alliance between La Poste and Caisse des Dépôts

This rapprochement would enable to undertake mutual actions serving everyone's interest structured around five key projects:

- **Fighting against regional divide**, with for example the extension of the MSAP (Public Services Areas) scheme;
- **Creating a large public financial unit**, putting general interest and performance at the heart of its model ;
- **Developing urban logistics solutions**, with the establishment of clean last mile delivery solutions;
- **Ensuring the digital transformation of regions**, to improve efficiency of public services and fight against digital exclusion;
- **Promoting services to individuals and the elderly**, to meet the challenges related to demographic evolutions and ageing.

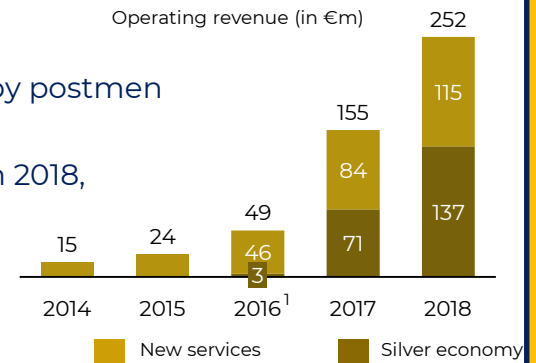
Services-Mail-Parcels

Ongoing expansion

Takeover of **Asendia** (increasing stake from 50% to 60%)
 Acquisition of **Diadom** (100%): strengthening of the **Silver Economy** division

Towards the world of services

10 million « new services » provided by postmen
 (7 million in 2017)
835,000 written driving licence test in 2018,
 (1.8 million since launch)



Increase in international flows

+22%, 202 million items

Colissimo, driver force of the e-commerce

335 million parcels (318 million in 2017)

Transformation of IT and industrial facilities

Investments to increase **parcels processing capacities** (delivery of 3 new parcel platforms in 2019 and one in 2020)
Factéo modernising
16 million of “chronofacteurs” (10 million in 2017)

Steady volumes driven by BtoC flows

1,310 million parcels (+6.7% vs 2017) **43%** BtoC (39% in 2017)

Ongoing external growth operations



Delifresh
(100%)



Ninja Van
(minority share)



SEUR franchises

Strong growth in the food market

chronopostfood

→ Revenue **+80%**

→ ~ 1,950 active customers

Strong international foothold

78% of revenue generated abroad

Investment in hubs in order to support development
(opening in Poland in 2018 and in the Netherlands in 2019)

Expansion of services



Geographic expansion: operating in 90 cities
Delivery volume x2,7
New contracts with mass retail



Creation of the first network of parcel delivery outlets in Singapore



In Russia: opening of 850 pick-up and drop-off points in 530 cities (+60%)

La Banque Postale

Commercial momentum confirmed

Credit outstandings: **93** billion euros, **+9.5 %**
O/w outstanding loans to legal entities¹ (27 billion €) **+27.8%**

Strategy of conquest

Strengthening of the offer of banking and insurance services for **the Corporate customer** segment

45 BPE areas in post offices: growing the **High net worth** customers segment

Digital strategy

Approval received for



Launching of **new online offers**: micro-credit solution, 100% online life insurance contract “EasyVie” and e-credit pro express

A bank that works in the best interest of the community at large

LBPAM : 1st **100% SRI** Asset manager in 2020

Capping of bank charges for financially vulnerable customers

Strategic equity alliance project LBP/CNP Assurances

Creation of a **large public financial unit** for 2020

La Poste Network

Renovated post offices Innovative post offices

Improvement in receiving and dealing with **professional customers**, thanks to performing tools

390 renovated post offices in 2018, 2,000 in total since 2015

Pioneer post offices to improve customer experiences: innovative automated postal machines, tablet bars, specific offers for young people and travellers, screens and hotspot wifi

Strengthening of postal presence

922 postmen-counter clerks (+167 in 2018) in rural zones

503 public service areas

Accessibility and security

Signing of an **agreement regarding socially focused offices (Bureaux à Priorité Sociétale)**, in favour of a policy for the prevention of uncivil behaviors

Training programme

Widened **competences in banking activities: 285,000** training days in 2018¹ at "l'Ecole de la Banque et du Réseau"

La Poste Mobile

Successful launching of the ADSL box under the brand "La Poste Mobile"

1.5 million customers, **+10.3%**

Digital services

Business activities

Docaposte: a major player in the market of digital services platforms

Strengthening of expertise: acquisitions of **Eukles** (EDM¹) and **Voxaly** (platform of secure e-voting)

Involvement in **e-health** with two major **partnerships: Arrow** (leader of e-health digital platforms) and **Elsan** (leader of private clinics)

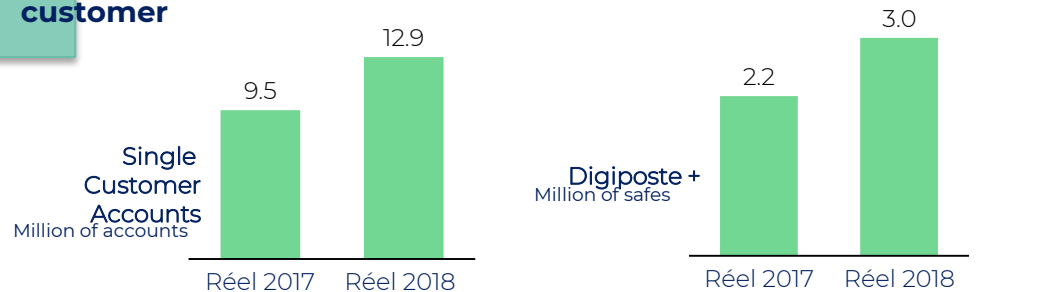
La Poste online performance

Revenue of 200 million euros, **+10%**²
Strong increase in mobile connections

Transformation/innovation

Lever for the business units digital transformation

Deployment of transversal **digital infrastructures** geared towards the **customer**



Social commitment

Huge commitment towards professional development

80.35% of postal workers have benefited from a **training** during the year

20,500 employees trained within the two Groups' Institutes (Management Institute and Institute for Development)

37,000 qualifying courses implemented at year-end 2018 (target of 50,000 between 2015 and 2020)

22,825 career advancements in 2018

Lively and successful social dialogue

13 new national agreements, of which, important agreements for quality of life at work:

- The **Télétravail** (telework) agreement (2,236 teleworkers at the end of 2018, *i.e.* +18%)
- The **Aidants** (caregiver) agreement

Participation rate of **73%** for the election of representatives, making La Poste the leading French public institution

Improving quality of life at work

Continued decrease in the accident at work: nearly fewer 1,000 workplace accidents in 2018.

Frequency rate: **-7.8%** and severity rate: **-2%**

~ 1,400 renovation works in business premises

1,115€ per employee as regards to social activities

11,150 employees helped in accessing housing

Societal commitment

Environmental transition

- **1st postal operator** rated 1 by the independent organism CDP
- Initiated works for a **carbon trajectory** for 2025 (Paris Agreement)
- The electric **vehicle fleet** represents 24% of the total fleet
- Development of innovative **urban logistics** solutions
- Renewed **supply in sustainable energy** contract (100% of the real estate portfolio)
- Deployment of a **Monitoring System for Energy**
- An entirely **carbon neutral** service range¹

Social and territorial cohesion

- **Responsible Brand Label** for the second year in a row
- **549 examination centers** for the driving licence written test
- **Reaffirmed commitment** to the hundred of structures of the social and solidarity-based economy of l'Alliance Dynamique
- **Agreement on the socially focused offices** (~ 2,000)
- Focus on the **Well being at home** and attention to changes related to ageing populations
- Opening of **La Poste Relais outlets in EHPADs²** and in the social and solidarity-based economy.

Responsible and ethical digital

- **Compliance programme** for the General Data Protection Regulation deployed
- Médiapost: 1st certified **ISO 27001** company of its sector
- Roll out of the **“banking inclusion through digital”** plan in 1,000 post offices
- **Training courses** on **personal data protection**
- 3 million **Digiposte** accounts and more than 200,000 digital identities



2018 Business Performance

Yves Brassart, Executive VP in charge of Finance and Development

Consolidated P&L

In €m	2017	2018	Δ in %
Operating revenue	24,110	24,699	+2.4%
Operating profit after share in results of companies under joint control	1,012	892	-11.9%
<i>Operating margin</i>	4.2%	3.6%	-0.6pt
Financial loss	-168	-186	-10.6%
Income tax	-248	-161	+35.3%
Share in profits of associates	297	291	-1.9%
Net result Group share	851	798	-6.3%

+1.2% at constant
scope and change

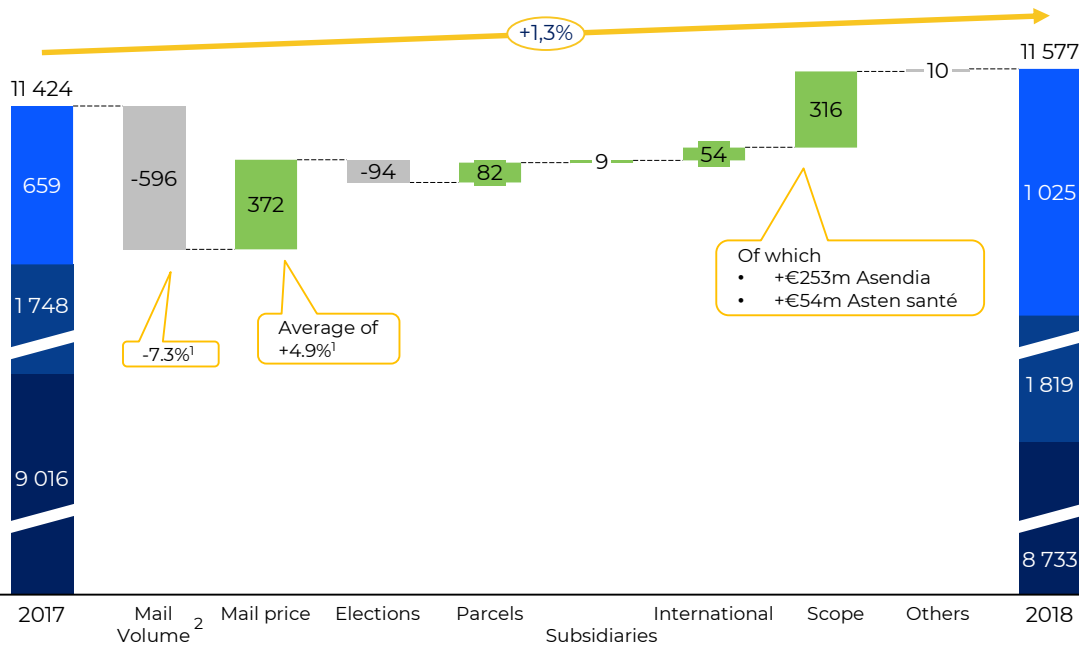
-12.2% at constant
scope and change

-4.2% at constant
scope and change

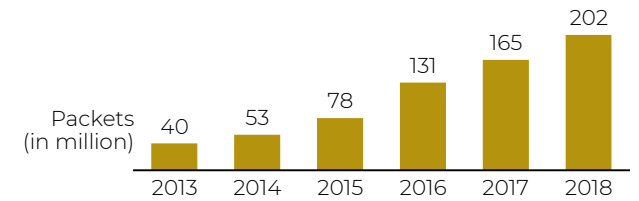
Services-Mail-Parcels

OPERATING REVENUE in €m

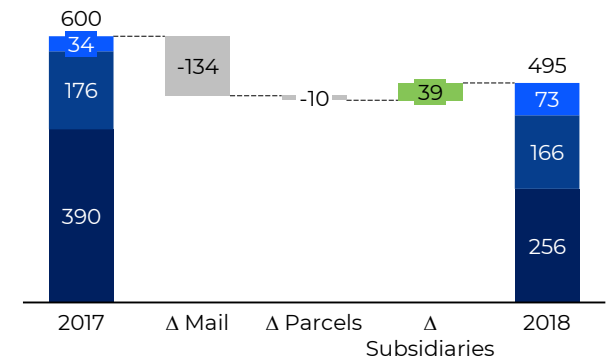
-1.4% at constant scope and change



STRONG GROWTH OF INTERNATIONAL FLOWS



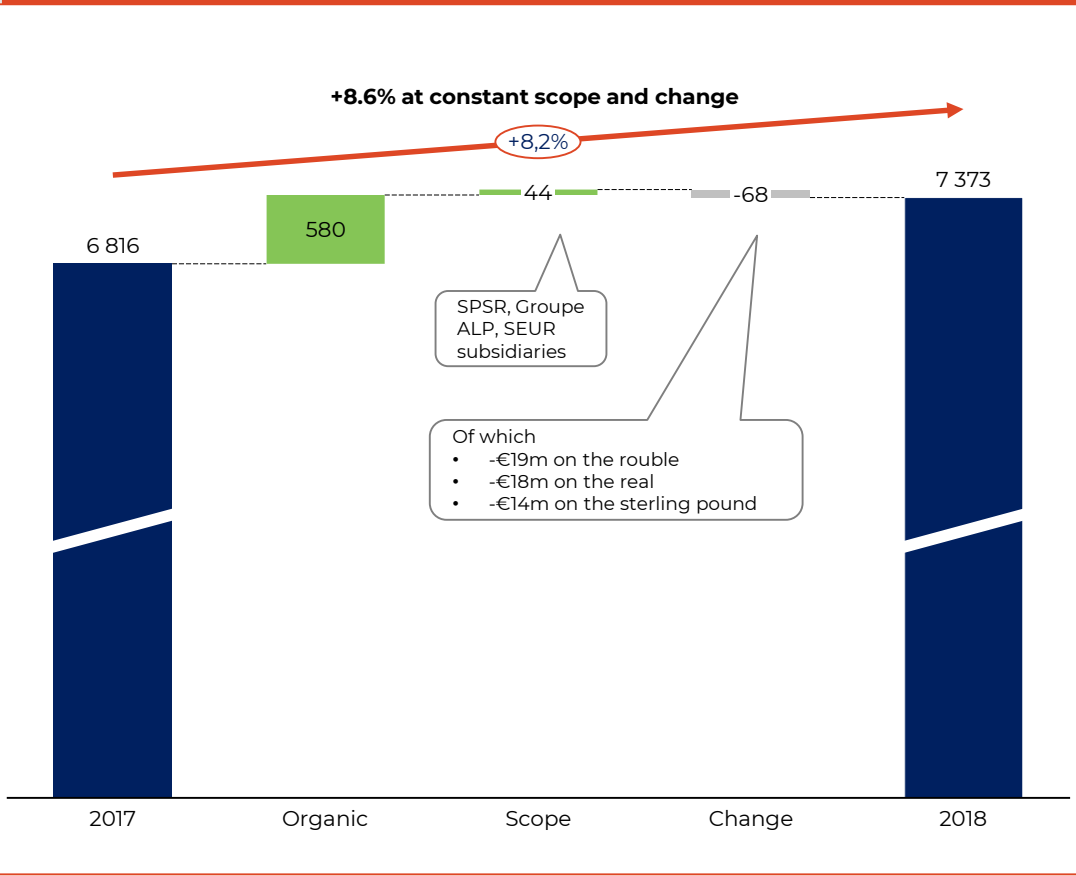
OPERATING PROFIT³ in €m



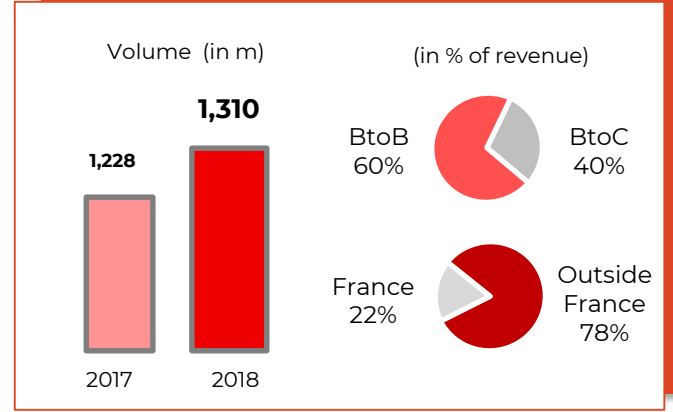
■ Mail ■ Parcels ■ Subsidiaries

1) In equivalent working days
 2) Mix, operating days included
 3) After share of the net profit/loss of companies under joint control

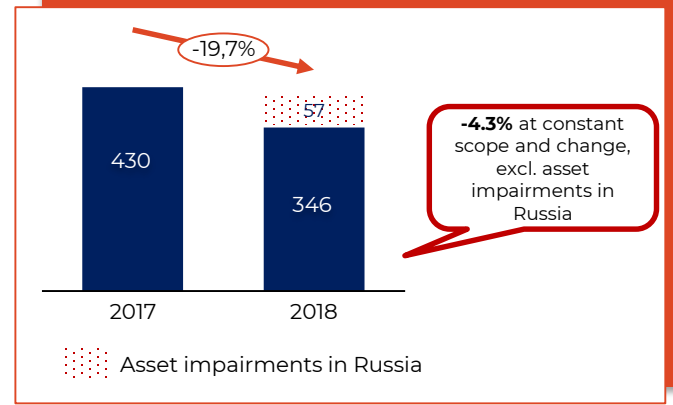
OPERATING REVENUE in €m



COMMERCIAL MOMENTUM



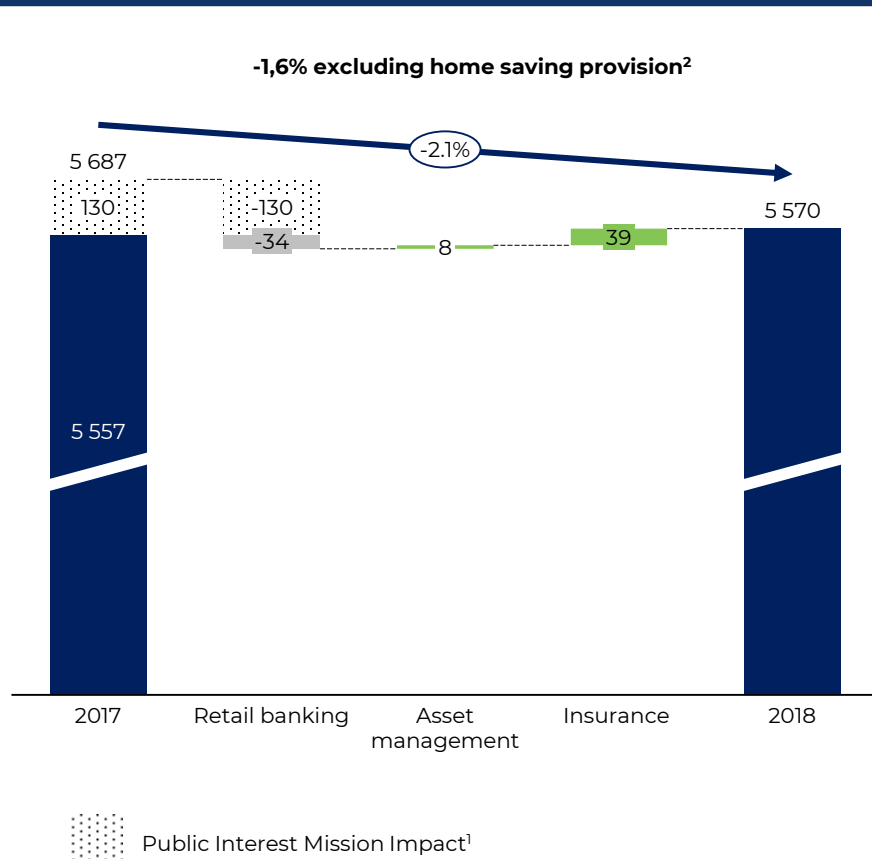
OPERATING PROFIT¹ in €m



1) After share of net profit/(loss) of jointly controlled companies.

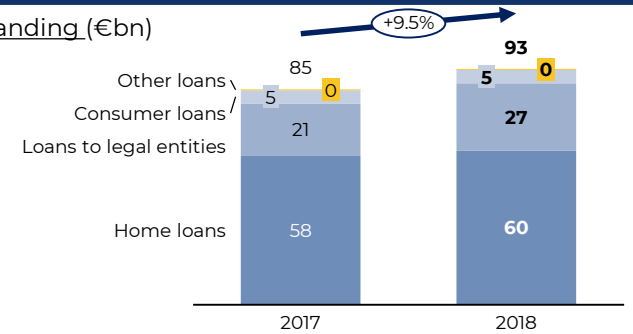
La Banque Postale

NET BANKING INCOME¹ in €m

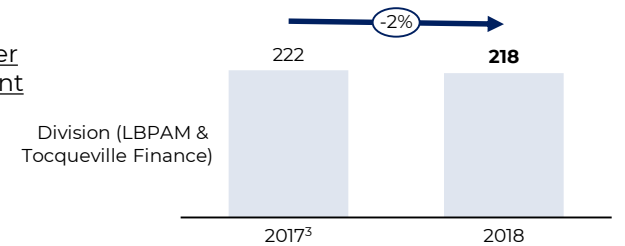


COMMERCIAL MOMENTUM

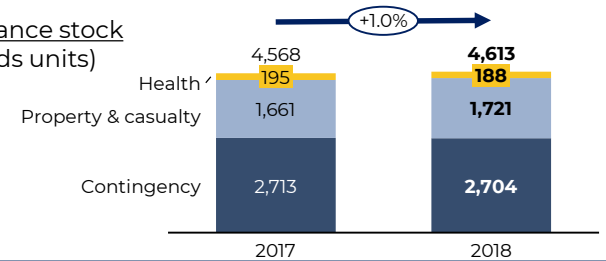
Credit outstanding (€bn)



Assets under management (€bn)



Non-life insurance stock (in thousands units)



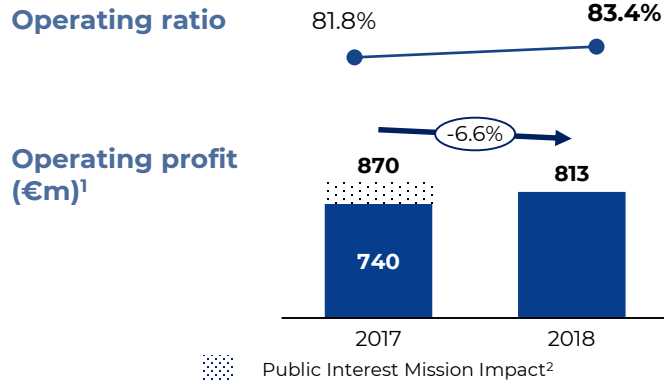
1) The increased compensation of €130million regarding the public interest mission in 2017 was recorded twice in 2017 (a retroactive recognition in respect to 2016 and a recognition for 2017)

1) -€27m (+€42m in 2018 versus +€69m in 2017)

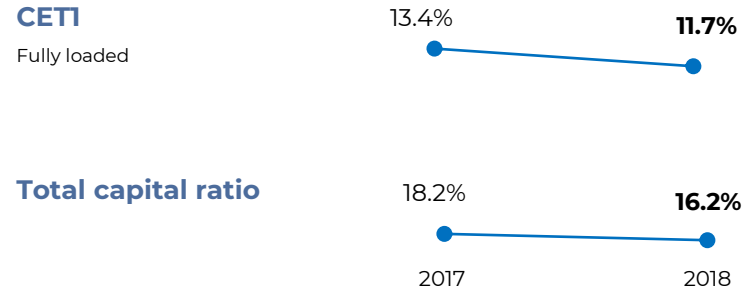
2) Proforma

La Banque Postale

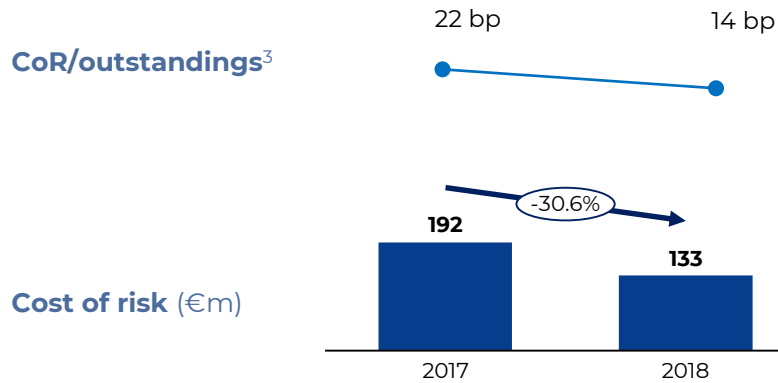
OPERATIONAL PERFORMANCE



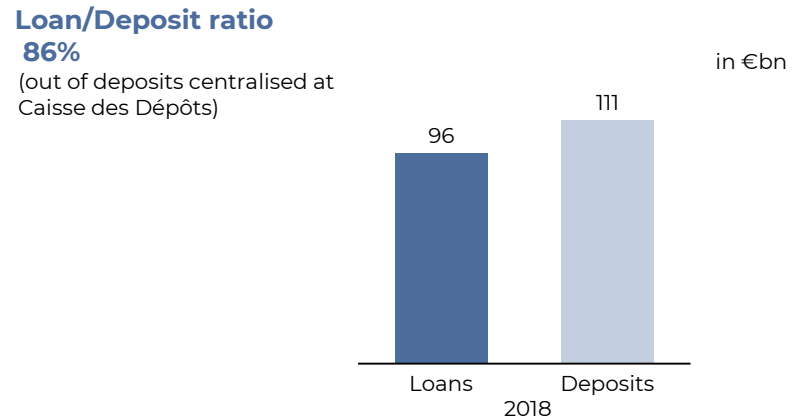
SOLVENCY



COST OF RISK



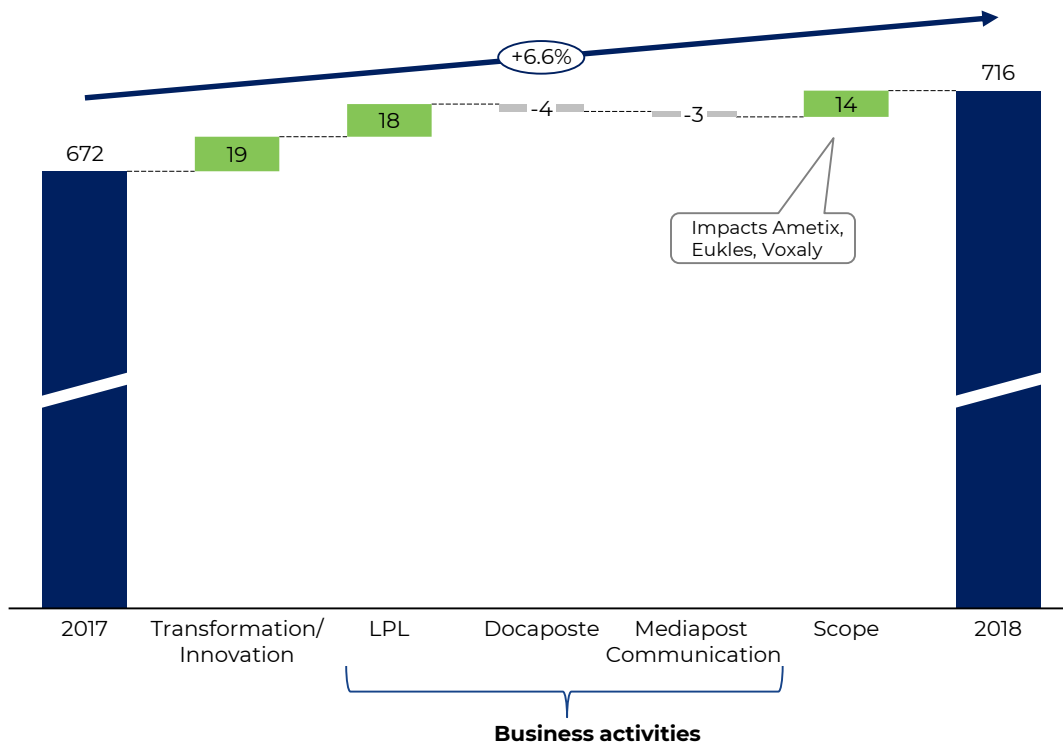
LIQUIDITY POSITION



Digital services

OPERATING REVENUE in €m

+4.5% at constant scope and change

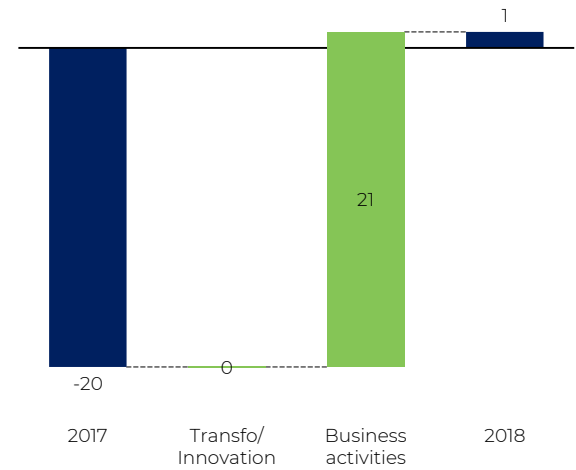


COMMERCIAL MOMENTUM

La Poste online: sales +10%

Mix transfer to digital services, traditional activities declining

OPERATING PROFIT¹ in €m

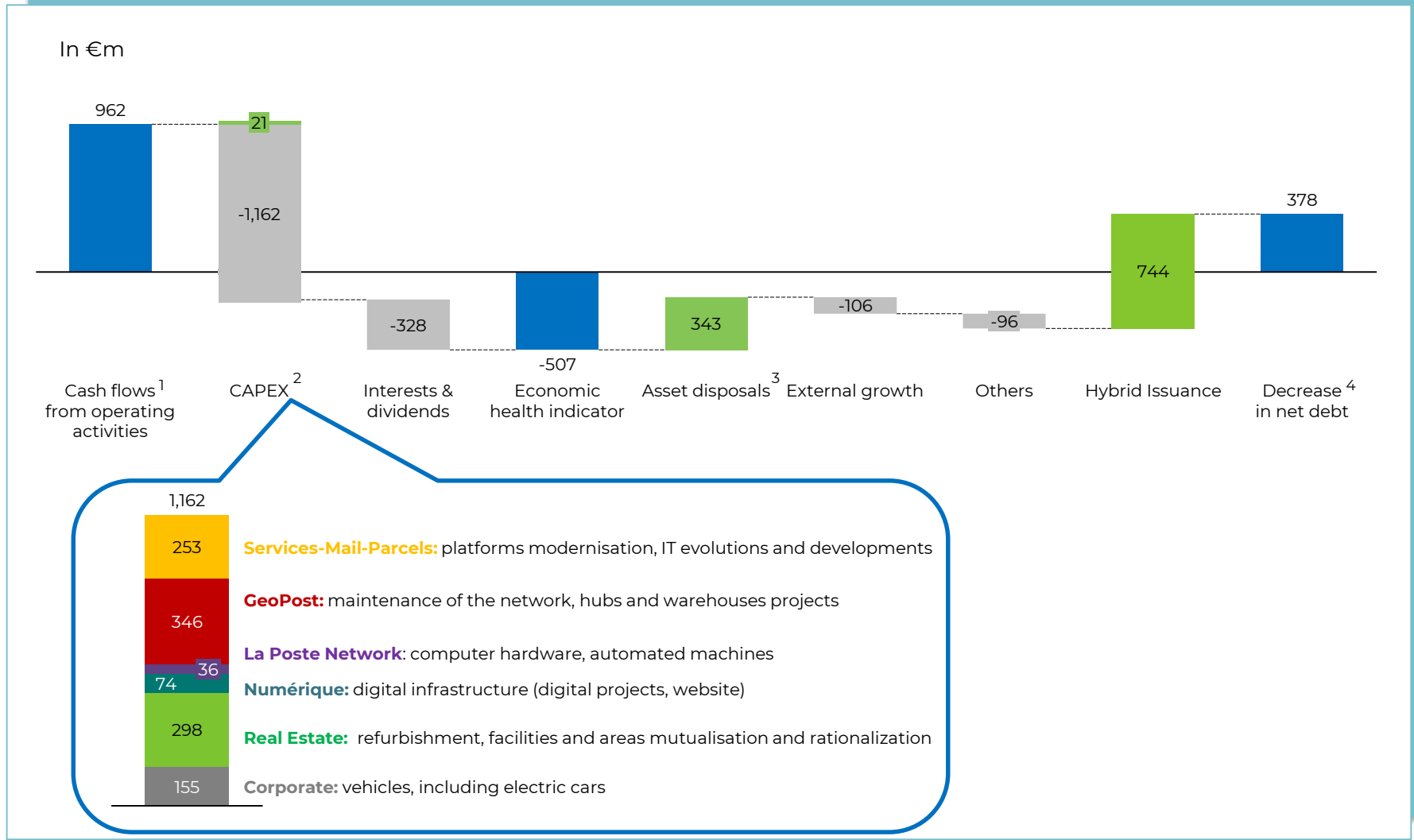


1) After share of the net profit/loss of companies under joint control

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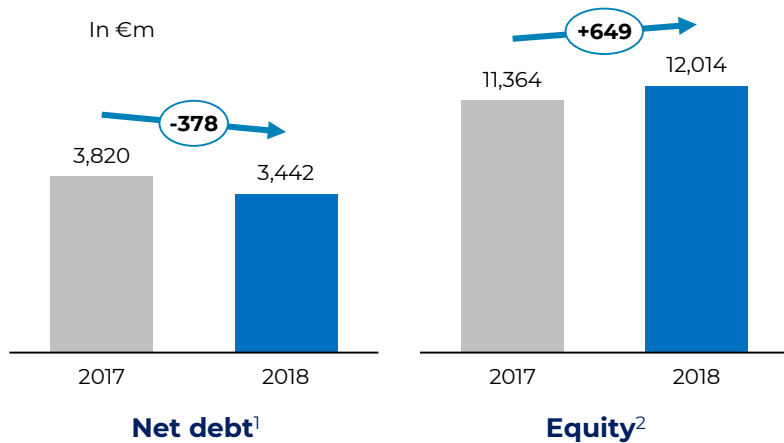
Change in net debt



1) Cash flows from operating activities excl. Banking, but including dividends paid by La Banque Postale and other equity associates
 2) Gross CAPEX excl. Banking (tangible and intangible) disbursed (€1,162m) ; vehicles disposals (€21m). La Banque Postale has invested €331m
 3) Excluding vehicles disposals
 4) Group net debt doesn't take into account La Banque Postale for which this concept is not relevant

Balance sheet and rating

NET DEBT⁽¹⁾/EQUITY⁽²⁾



Net debt/Equity ratio



RATINGS

S&P Global
Ratings

A / A-1 Positive

Outlook revised in October 2018

FitchRatings

A+ / F1 Stable

Confirmed in September 2018



Outlook

Philippe Wahl, CEO

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