

In ten years, mail volumes have fallen by 50% with the digital revolution, while parcel volumes have risen sharply with the boom in e-commerce. To continue to develop, Le Groupe La Poste has begun its transformation by diversifying its activities and investing in new business lines.



Advances in transformation



Successfully diversifying

OUR OPERATIONS TO KEEP PACE WITH CHANGES IN SOCIETY

Faced with the digital revolution, the Group has carried out a profound transformation of its business model. It is based on the major transitions and changes taking place within the company, and it is reflected in the diversification of the services offered by La Poste.

The digital transition has changed everyone's daily habits. The volume of traditional mail is declining and new services are being developed. As an expert in logistics, Le Groupe La Poste has been able to keep pace with the boom in e-commerce and the sharp increase in parcel volumes that it generates by investing in its industrial and logistics facilities. The Group is also rolling out a digital offering for individual customers, businesses and the public sector.

Demographic change is a major challenge. In 2030, more than 16 million people will be over 65 years old in France. With its strong presence in the territories, the Group is developing new services to respond to this development, such as meal delivery or the "Watch Over My Parents" home visit service provided by postmen. La Poste is positioning itself as a key player in the silver economy and healthcare to promote homecare and meet local needs.

Regional changes are generating an increased need for human proximity across the country. La Poste's network is evolving to make life simpler for its customers and to ensure that services are accessible throughout the country, in both urban and rural areas. La Poste also contributes to the dynamism of local commerce and supports the projects of local authorities with La Banque Postale, which is their main financial partner.

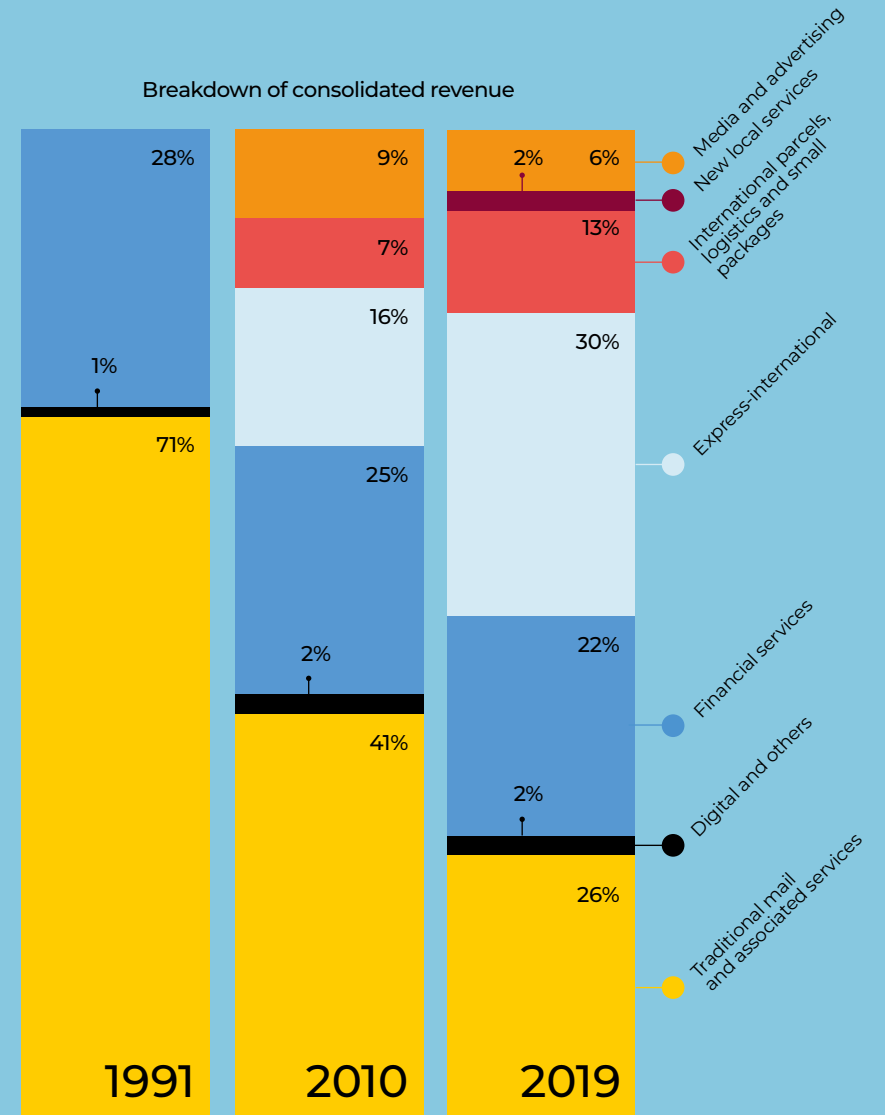
The ecological transition permeates all of the Group's actions, from its internal practices (with the measurement, reduction and offsetting of its GHG emissions) to the services it offers in terms of energy optimisation, recycling and sustainable urban logistics. La Poste was a pioneer in this field with one of the largest fleets of electric vehicles in the world.

Transformation or diversification?

The two are inextricably linked. La Poste must transform itself to meet new challenges. It does so by diversifying its activities, creating new services, acquiring new businesses and expertise. This diversification enables the Group to identify and test new solutions in order to offer them to the greatest number of people.

Changes in the diversification of Le Groupe La Poste's activities between 1991 and 2019

Breakdown of consolidated revenue



FOUR MAJOR PROJECTS
ARE DRIVING
THE TRANSFORMATION



2019 will be remembered as a founding year during which several strategic projects boosted the Group's transformation.

100%

La Poste remains a wholly public-owned company, held by the same two shareholders.

1 Strategic equity alliance of Caisse des dépôts and La Poste: the creation of a major public finance hub

Announced in August 2018 by Bruno Le Maire, Minister of the Economy and Finance, the planned merger between Le Groupe La Poste and Caisse des dépôts moved through a number of stages in 2019, culminating in the creation of a major public finance division in March 2020. A historic step for the Group.

2 Accelerating internationalisation

International development is accelerating. At the beginning of 2020, GeoPost/DPDgroup took a majority stake in BRT, the Italian leader in parcels. This large-scale operation consolidates the Group's European network in express parcel delivery. In Asia, development is intensifying with the acquisition of a majority stake in Lenton in Hong Kong, the deployment of the DPD franchise in China and the development of Ninja Van in Southeast Asia.

30%

of the Group's revenue is now generated internationally.

3 Significant investment in logistics and industrial facilities

€189

million is the amount of the investment made to modernise the Group's logistics facilities in 2019.

The growing volume of parcels and the development of new services have led La Poste to carry out a thorough review of its logistics facilities. Two new Colissimo sorting platforms, in the Hauts-de-France and the Alps, as well as the Viapost hub in New Aquitaine were opened in 2019, and 18 delivery platforms were transformed to prepare and delivery both mail and parcel flows.

4 Significant advances in digital technology

6%

Increase in the revenue growth of the Group's Digital Business Unit.

The year was marked by the launch of Ma French Bank, La Banque Postale's 100% digital bank. Le Groupe La Poste has transformed its e-commerce site to offer a new, simpler and more practical approach to online postal services. La Poste has entered into a partnership with the French Ministry of Education for the lifetime and automatic archiving of qualification certificates in Digiposte, its digital, intelligent and secure mailbox. Dicaposte has acquired Icanopée in the field of e-health and Softeam Group, a company specialising in consulting and services for the banking, finance and insurance sectors.

The major public finance hub

TO SUPPORT REGIONAL PROJECTS

The strategic equity alliance of Caisse des dépôts and La Poste has created a major public finance hub. Three questions to grasp the challenges of a project that marks a historic step in the Group's transformation and development.

Why this strategic equity alliance?

La Poste and Caisse des dépôts have always shared a common culture: that of the public interest and a commitment to serving everyone locally. As local operators serving citizens, businesses and regions, Le Groupe La Poste and Caisse des dépôts will join forces and work together around five major societal challenges: the fight against territorial divisions, urban logistics, the digital transformation of regions, the energy and ecological transition, services to individuals and the silver economy.

How does it materialise?

On the one hand, Caisse des dépôts and the French State contribute to La Poste – which transfers to La Banque Postale – their respective stakes of 40.9% and 1.1% in the capital of CNP Assurances. As a result of this transaction, La Banque Postale now owns 62.1% of the capital of CNP Assurances, France's leading life insurance company. In addition, the State transferred 40% of the capital of Le Groupe La Poste to Caisse des dépôts, which thus increased its stake in the Group's capital from 26% to 66%. Caisse des dépôts becomes the majority shareholder of La Poste, while the State retains 34%.

What are the advantages?

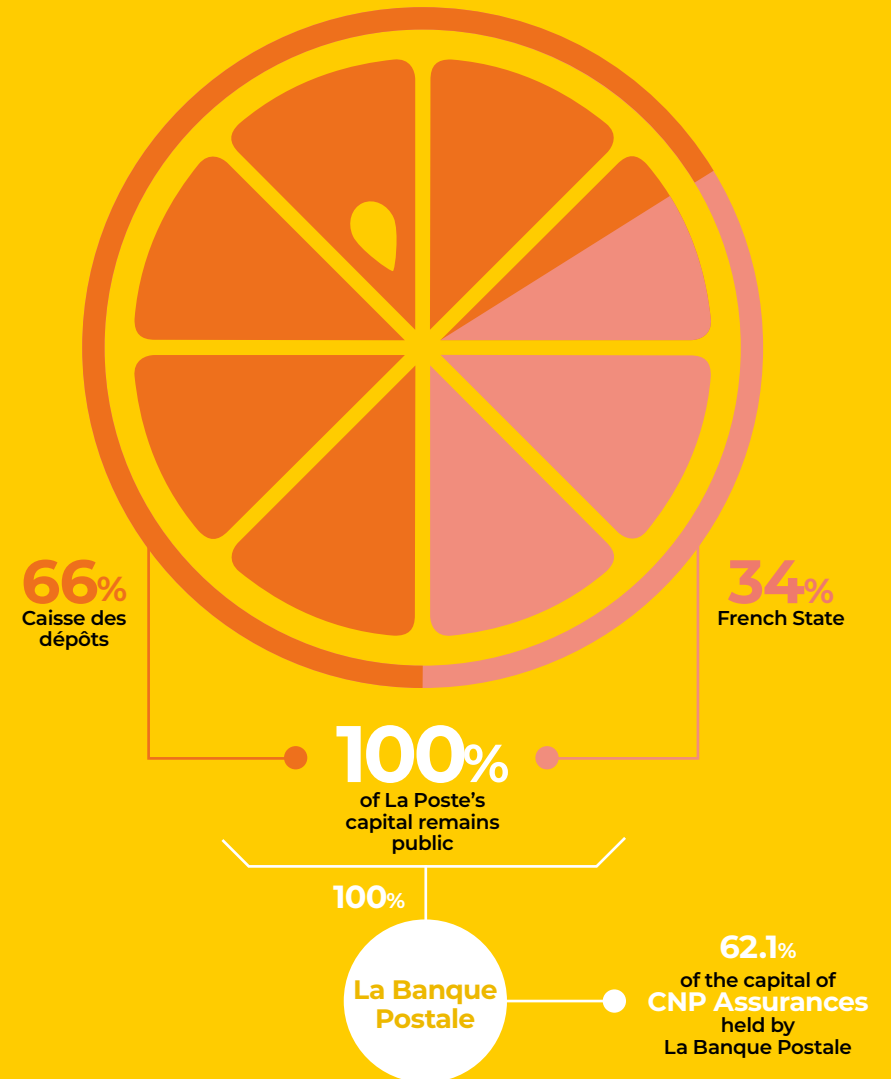
With this transaction, La Poste is reinforced in its strategy for transforming and mitigating the decline in mail volumes. The new entity will mobilise its capacity for action on the ground to support the public policies of the State and local authorities, and to support regional development and planning. It will also be a question of jointly optimising the quality of the funding offered to local and regional authorities to carry out their transformation projects.

“La Poste and Caisse des dépôts are two very powerful levers which together will make it possible to maintain and develop a tight network of public services in our territories.”

Bruno Le Maire,
Minister of the Economy and Finance

Le Groupe La Poste's shareholder structure: a new balance

Caisse des dépôts becomes the main shareholder of La Poste, which remains a wholly public-owned company.



The strategic equity alliance was given the transaction name “Mandarine” (tangerine). It comes from the colours of the logos of La Poste (yellow) and Caisse des dépôts (red). The mixture of the two gives a “tangerine hue”.

A MAJOR EUROPEAN BANKING AND INSURANCE GROUP

62.1%

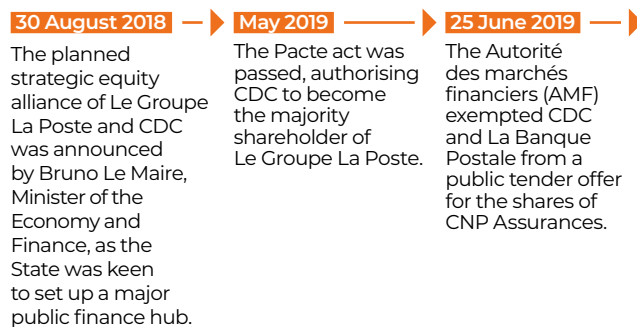
of the capital of
CNP Assurances held
by La Banque Postale,
which becomes the
majority shareholder

The strategic equity alliance with CNP Assurances gives a new dimension to La Banque Postale, which becomes a European-scale banking and insurance group with increased financial resources.

La Banque Postale is a long-standing distributor of CNP Assurances' products in France and one of its key shareholders. This transaction brings the two companies closer together and makes La Banque Postale the main shareholder of CNP Assurances with a 62.1% stake. For its part, CNP Assurances is increasing its visibility and presence on the ground, thanks to La Poste's network throughout France, while preserving its open, multi-partner model.

This strategic equity alliance will enable La Banque Postale and CNP Assurances to develop a global approach to customers to meet all their protection needs at every stage of their lives. A new step that will boost development in banking, insurance and financial services in France and abroad. La Banque Postale group will carry the commitments of the public banking and insurance group in the face of major societal challenges, in particular banking and digital exclusion, and climate emergency.

The key stages in setting up the major public finance hub



“This strategic equity alliance is not a financial transaction, it is an industrial operation aimed at the territories and at the service of the French people.”

● **Éric Lombard**,
CEO of the CDC

“This operation is essential for the future of Le Groupe La Poste and enables us to continue the transformation of La Poste. It also reflects the trust and confidence of our shareholders, the French State and Caisse des dépôts.”

● **Philippe Wahl**,
Chairman and Chief Executive Officer
of Le Groupe La Poste



International development

A LEVER FOR THE GROUP'S
DIVERSIFICATION

The international dimension of Le Groupe La Poste, through the development of its GeoPost/DPDgroup express parcel business, is constantly being strengthened.

2019, a symbolic date

In 2019, GeoPost celebrated its 20th anniversary. By creating this Business Unit in 1999, La Poste demonstrated its ability to identify the growth potential of international e-commerce at an early stage and to make it a key area of development. A decision that gave birth to a unique adventure of international growth and a European leader in logistics that today has revenue of €7.8 billion.

A unique integration model

The Group's development in the express parcel delivery sector in Europe is reaching maturity thanks to a major breakthrough. On 8 January 2020, the acquisition of a majority stake in the capital of Bartolini (BRT), the Italian leader in the parcels market, will consolidate the Group's position among the European leaders in the parcels' sector. The European market now generates 90% of GeoPost/DPDgroup's revenue. Expansion in Asia is also continuing in Hong Kong, China and Southeast Asia.

A twofold challenge: managing volumes in a sustainable way

To guarantee operational excellence and quality of service in the face of growing volumes, the Group is developing its industrial facilities, built around more than 900 hubs and depots around the world. The rise of e-commerce raises the question of sustainable delivery methods. DPDgroup has set up 110 urban depots in 13 European countries and put 900 low-emission vehicles into service with the aim of having 5,000 vehicles by 2025. Its subsidiary Chronopost has already been making deliveries across all of Paris in electric vehicles since the end of 2019 and aims to eventually deliver to most of France in carbon-free vehicles.

2nd

largest parcel delivery network in Europe

GeoPost/DPDgroup location map



47

countries worldwide

Asendia, a partner in cross-border e-commerce

Le Groupe La Poste is also present on the cross-border e-commerce market through its subsidiary Asendia. Specialising in international small parcels and technological services, it operates in 17 countries in three major zones (Europe, America, Asia

and Oceania). With more and more customers ordering online from foreign sites and expecting a customer experience equivalent to that of a domestic service, Asendia is driven by the growth of this market, which is growing by 25% per year.

Innovation and trusted third party

DIGITAL AT THE CORE OF LA POSTE'S DIVERSIFICATION STRATEGY

La Poste is at the heart of physical and digital exchanges. It is developing a range of secure digital services for as many people as possible. These services are based on a digital ecosystem in which the customer has the choice and decides how their personal data will be used.

Being a trusted third party and promote digital inclusion

La Poste is positioning itself as a digital trusted third party, i.e. it guarantees the confidentiality of digital data as it does with mail for its customers. The business model of its digital solutions is not based on the exploitation of user data but on a service that is paid for by companies and free of charge for individual customers. Examples include Digiposte, the smart and secure digital mailbox for storing and managing important documents; L'Identité Numérique, the only electronic identity recommended by the State, that is both proof of identity and a secure universal key for accessing more than 700 services; and the electronic signature.

Trust and confidence are also based on the choice of robust technologies to ensure the security and integrity of data over time. This data is hosted and processed in data centres in Europe.

Faced with 13 million French people struggling with digital technology, the Group is committed to promoting digital inclusion at local level. It helps its customers to appropriate digital tools thanks to the action of mediators, in 400 post offices, who direct them towards training according to their needs.

A major player in e-health

Through its subsidiary Docapost, La Poste is the no. 1 host for health data in France. In association with healthcare institutions, it develops applications to support patients in their care pathway, from diagnosis and hospitalisation to the return home. These applications allow, with the patient's consent, to collect and share data with the medical profession.

Simplifying the daily life of individual and business customers

My account enables 16 million people to connect to all the Group's digital services and to have a personalised and identified relationship with the postman or post office, and with customer services.

Docaposte, the Group's digital solutions subsidiary, is already helping nearly 23,000 companies, including a large number of local authorities, to digitise their processes and set up cutting-edge digital service platforms.

After its redesign, the laposte.fr site provides simple access to all La Poste's services via innovations such as the sending assistant and the customer chatbot.

Stimulating innovation with artificial intelligence and data

Every day, La Poste's teams collect 150 million pieces of anonymised customer information in a dataLake, where artificial intelligence (AI) is used to identify trends, predict tomorrow's services and propose new offers. ProbaYes, a specialist in predictive analysis, industrial process optimisation and image recognition, develops the performance of companies through AI and reinforces the Group's expertise (fraud detection,

forecasting logistics flows, etc.). Docaposte uses AI in its document processing operations (automated reading or recognition, etc.).

La Poste also offers its customers simplified data services via the subsidiaries of Mediapost Communication (Marketshot, Oxeva, Adverline and Optelo).

Ma French Bank

LE GROUPE LA POSTE'S
DIGITAL BANK

The year 2019 will have seen the launch of Ma French Bank, the 100% digital bank. A strategic and operational challenge.

Giving birth to a new banking player... The challenge was considerable and it has now been met. In five months of operation, Ma French Bank, a wholly-owned subsidiary of La Banque Postale, surpassed the 120,000-customer mark. Proof that its digital offer has been able to meet the expectations of its target audience, namely 18-35-year-olds. Today, 60% of the new bank's customers are under 38 years old. Ma French Bank also intends to appeal to customers who want to manage their budget and those who already have accounts but are looking for flexible, responsive and digital services.

Combining digital and proximity

Ma French Bank fits perfectly into La Poste's transformation strategy and the values that have shaped its history: it is thus accessible to all, without any requirement in terms of income. It combines digital and physical, since accounts can be opened online or in 2,000 post offices in France. Since its inception, Ma French Bank has been offering a varied range of savings and credit services.

“By the end of 2019, Ma French Bank had already gained 120,000 customers.”

Accessibility

An all-inclusive rate of €2 per month to access all essential services.

Aim

My French Bank is targeting 1 million customers within five years.

Complementarity

between digital and network: 70% of Ma French Bank's subscriptions are initiated in post offices.

Successful launch

The milestone of 120,000 customers was passed at the end of 2019. In total, 60% of Ma French Bank customers are aged between 18 and 38. Good results in a promising market: only 6.5% of French people have an account in an online bank or neo-bank.

