



**LE GROUPE LA POSTE FIRST HALF-YEAR RESULTS 2014**

Today, the Board of Directors of La Poste met under the chairmanship of Philippe Wahl and approved the Group's consolidated financial statements for the first half of 2014.

- Revenue amounted to €10,973 million, up 1.6% (+0.4% at constant scope and exchange rates)
- Operating profit totalled €485 million (after share of net profit(/loss) from companies under joint control<sup>1</sup>), down 2.6% (-3.2% at constant scope and exchange rates)
- Net profit Group share stood at €355 million, down 10.4% (-11.1% at constant scope and exchange rates)
- The economic health indicator<sup>2</sup> remained negative (-€79 million vs. -€176 million in the first half of 2013)
- The net debt<sup>3</sup>/equity ratio came in at 0.44, compared with 0.45 at the end of 2013

Despite the impact of the economic and financial environment, with, in particular, rapidly declining mail volumes and historically low interest rates, the Group's profitability recorded only a limited setback thanks to the first impacts of the development and cost control action plans, in line with the key focus areas defined in the new "La Poste 2020: Conquering the Future" strategic plan. The presentation of this plan on 28 January 2014 was followed by the announcement of the Group's new organisation into five Business Units on 4 April (Services-Mail-Parcels, GeoPost, La Banque Postale, La Poste Network and Digital Services), then the announcement of the Group's financial business plan and each Business Unit's action plans on 26 June. The Group and all of its stakeholders have been ramping up in 2014 to implement this plan, step up the Group's development, and generate positive cash flows to restore its good economic health, guaranteeing its future and that of its employees.

<sup>1</sup> Application of IFRS 11 as at 1 January 2014 (see page 2).

<sup>2</sup> Economic health indicator = Cash flows from operating activities excluding change in cash held at post offices- capital expenditure excluding La Banque Postale + proceeds from vehicles' disposals - interest paid - dividends paid.

<sup>3</sup> Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

## KEY FIGURES as at 30 June 2014

### Le Groupe La Poste

As at 1 January 2014, the new IFRS 10 - Consolidated Financial Statements and IFRS 11 - Joint Arrangements standards went into effect. The entities that were previously consolidated proportionately are now presented in a specific line item in the income statement, based on their share of net profit/(loss) (equity method). The changes resulting from these new standards are essentially:

- Maintaining the "operating profit/(loss)" line item, which includes the operating profit/(loss) of the fully consolidated companies;
- Addition of the "share of net profit/(loss) from companies under joint control" line item;
- Addition of the "operating profit/(loss) after share of net profit/(loss) of companies under joint control" line item, integrating the share of net profit/(loss) of joint companies in the calculation of the Group's operating profit/(loss).

A pro forma income statement was completed as at 30 June 2013. Net debt and equity were also restated.

(€ million)	30/06/2014	30/06/2013 pro-forma	Change	
			Published vs pro forma	At constant scope and exchange rates
<b>Group operational performance</b>				
Operating revenue	10,973	10,802	+1.6%	+0.4%
Operating profit	482	493	-2.3%	-3.0%
Operating profit after share of net profit of companies under joint control	485	498	-2.6%	-3.2%
<i>Operating margin</i>	4.4%	4.6%	-0.2pt	-0.2pt
Net profit Group share	355	396	-10.4%	-11.1%
<i>Net margin</i>	3.2%	3.7%	-0.4pt	-0.4pt
Economic health indicator <sup>2</sup>	-79	-176		

	30/06/2014	31/12/2013 pro forma	
<b>Financial structure</b>			
Net debt <sup>3</sup>	3,795	3,805	-0.3%
<i>Net debt/equity</i>	0.44	0.45	-1.5pt

<b>Key ratios - La Banque Postale</b>			
<i>Common Equity Tier 1 ratio<sup>4</sup></i>	11.0%	11.2%	-0.2pt
<i>Loan/deposit ratio<sup>5</sup></i>	72%	67%	+5pt

<sup>4</sup> Ratio CRDIV-CRR fully loaded. The CRDIV-CRR phased-in ratio amounts to 9.8% at 30 June 2014

<sup>5</sup> Excluding savings centralised at CDC

## Slight growth in revenue

**The consolidated revenue of Le Groupe La Poste** totalled €10,973 million at the end of June 2014, up 1.6% compared with the first half of 2013 (+0.4% at constant scope and exchange rates). Organic growth was driven by the development of all the Business Units. Consolidation scope effects primarily came from the delayed impact of the acquisitions made by GeoPost in 2013 (takeover of Tigers, Hong Kong) and acquisitions made during the first half of 2014 (mainly via GeoPost with the purchase of the Seur Asturias franchise in Spain and the takeover of wnDirect in the United Kingdom).

**Revenue for the Services-Mail-Parcels Business Unit** amounted to €5,781 million, down 2.3% (same change at constant scope and exchange rates). Mail activity recorded a decline in volumes of 5.8%<sup>6</sup>, which was accelerated by a difficult economic climate. The impact of this decline was only partially offset by the price increase that took place on 1 January 2014 as well as by an active innovation policy. Postmen are continuing to be equipped with smartphones (FACTEO), and new services (Porteo, Releveo, Cohesio<sup>7</sup>, etc.) are being rolled out. Parcels activity experienced a decrease in volumes in a sluggish market. Overall, Mail revenue came in at €4,717 million (-2.8%), while Parcels remained stable at €753 million. The subsidiaries, which are leaders in the e-logistics, document management and unaddressed advertisement delivery markets, posted €311 million in revenue, stable over the period.

**GeoPost** continued to grow strongly, generating revenue of €2,311 million, up 12.5%. All of the key markets posted sharp growth in value, particularly the United Kingdom (+21%), Spain (+10%), Benelux (+8%), France (+6%) and Germany (+3%). Excluding scope and exchange rate effects, growth stood at 6.9%, mainly driven by a volume effect (+8.7%). GeoPost is continuing to expand and roll out its service offerings, through interactive delivery solutions, management of return-to-sender items and deploying pick-up and drop-off points in France and in Europe, thereby strengthening its positioning in the BtoB and BtoC markets.

**La Banque Postale Net Banking Income** increased 2.4% to reach €2,854 million during the first half of 2014. At constant scope and exchange rates and excluding the home loan savings provision, NBI recorded 3.1% growth in a savings and credit market suffering from historically low interest rates and weak economic recovery. La Banque Postale's performance was characterised by sustained growth in outstanding loans (+9.4%<sup>8</sup>) and, to a lesser extent, by outstanding savings (+1.6%) driven in particular by sight deposits and life insurance. La Banque benefitted from the development of its offers to private individuals (consumer credit and marked increase in customer equipment) as well as expanding activities with legal entities (including local authorities). The NBI of La Banque Postale also experienced growth in its Asset Management division (+13.6%) and in its Insurance division (+10%), directly correlated to strong commercial performance.

<sup>6</sup> Rolling change.

<sup>7</sup> Porteo: home delivery of medications and cultural products, Releveo: consumption meter reading and installation anomaly alerts, Cohesio: one-time or recurrent visits to elderly and infirm people.

<sup>8</sup> Excluding Sofiap. The increase in outstanding loans is 12.2% overall.

**Revenue for the Digital Services Business Unit** remained stable overall at €212 million. The expansion of new offers (data processing platforms, electronic signature offering in all markets, integrated Advice and Data offers) offset the decline in traditional business activities, notably check processing. The major project to transform and modernise L@Poste online was launched with the redesign of the laposte.net email service in April, which already has more than 3.9 million users, and the online release of the new laposte.fr website early July. The organisation of content and the design were entirely revamped for the convenience of internet users and to develop online sales.

**La Poste Network** reinforced its commercial development initiatives, particularly by increasing synergies with the Business Units and by rolling out a Single Commercial Management Network - La Banque Postale. The Network is also continuing to simplify customer pathways in an environment characterised by decreased counter activity. La Poste Mobile's positioning and innovative offerings have enabled it to continue its development, recording an 18% growth in its portfolio (1,114,000 lines) and a 15% growth in revenue<sup>9</sup> (€81 million) over the half-year.

### **Limited decrease in operating profit due to the first impacts of the "La Poste 2020: Conquering the Future" strategic plan**

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**Consolidated operating profit for the Group** after share of net profit from companies under joint control totalled €485 million for the first half of 2014, down 2.6% (-3.2 % at constant scope and exchange rates).

The **Services-Mail-Parcels** Business Unit posted operating profit<sup>10</sup> of €321 million, a decline of 12.1% (-12.0% at constant scope and exchange rates). Price increases, new services and significant efforts to control costs have strongly eased the impact from lower mail volumes on the Mail operating profit. Mail subsidiaries operating profit remained stable due to difficulties in the unaddressed advertisement market, while the Parcels operating profit saw a significant improvement thanks to the combined effects of price adjustments and effective cost control.

**GeoPost** recorded €127 million in operating profit<sup>10</sup> during the first half of 2014, down €14 million. Excluding one-off items<sup>11</sup>, operating profit increased by more than 20%, and all of the major entities positively contributed to this growth, with a particularly dynamic performance in the United Kingdom and in France (notably Chronopost). GeoPost is reaping the benefits of its strengthened position in the growing European BtoC market as well as from the growth of its international flows, supported by the desire to further increase the interconnexion between its different entities.

**La Banque Postale's** contribution to the Group operating profit<sup>10</sup> amounted to €466 million over the half-year, up 10.8% (+18.8% at constant scope and exchange rates and excluding the home loan savings provision). This increase, due to the combined effect of NBI growth, of the cost of risk control and overall cost control efforts (the

<sup>9</sup> Total revenue, Le Groupe La Poste holds a 51% interest in this entity.

<sup>10</sup> Operating profit/(loss) after share of net profit/(loss) from companies under joint control.

<sup>11</sup> Before taking into account a provision for risk relating to the investigation by the French Competition Authority into various players in the CEP market in France.

bank's own expenses, the Network's costs), resulted in a further improvement of the operating ratio, to 81.5%.

The **Digital Services** Business Unit, created during the second quarter of 2014, posted a slightly operating loss. However, this result is not representative, as it does not yet take into account the compensation of business support and services carried out on behalf of the other Group Business Units.

The net cost of national postal coverage as well as the cost of the headquarters and support departments are deducted from the Business Units' results to obtain the Group's consolidated operating profit.

After taking into account the financial profit(/loss), income tax and the contribution of equity associates (€115 million, mainly CNP Assurances), **net profit Group share stood at €355 million, down by €41 million.**

### **A selective policy of investment and external growth**

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During the first half of 2014, the Group made €449 million in gross investments<sup>12</sup>, primarily to reinforce GeoPost's French and European network (hubs, depots), develop the information systems of all the Business Units, modernise real estate and post offices and equip the Group with vehicles (electric vehicles in particular).

In addition, Le Groupe La Poste has continued its selective external growth and partnership policy throughout the past six months to the further development of its activities and new services. Within the Services-Mail-Parcels Business Unit, the press home delivery companies of Le Groupe La Poste and Groupe Amaury announced their merger into a joint venture called Proximity in April 2014. This joint venture is 25% held by La Poste and 75% held by Groupe Amaury, and aims to strengthen local delivery in Ile-de-France and Oise. Meanwhile, in January, GeoPost signed an agreement with NeoPost to set up a joint venture called PackCity, with the objective of creating and operating secure automated lockers for the delivery and return of parcels in France. In early May, GeoPost also increased its equity investment in the capital of wnDirect (63.5%), a British logistics service provider specialising in international delivery solutions for e-commerce (BtoC). Lastly, on 11 April 2014, GeoPost announced an agreement to purchase 100% of the capital of Siodemka, one of the leading express parcel operators in the Polish market. La Banque Postale, which continued its development in the private individuals market and particularly in property loans, acquired a 66% equity investment in Sofiap from Crédit Immobilier de France and SNCF in May 2014.

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<sup>12</sup> Net of Vehiposte's disposals.

## A financial structure that remains satisfactory

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The Group maintained a sound financial structure over the half-year, with a net debt<sup>3</sup>/equity ratio of 0.44, compared with 0.45 as at 31 December 2013.

The slight improvement in the ratio was due to the rise in equity Group Share to €8,722 million as at 30 June 2014 (+€262 million compared with 31 December 2013) combined with the decrease in net debt<sup>3</sup> of €10 million compared with the pro forma net debt<sup>3</sup> as at 31 December 2013.

## 2014 Outlook

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2014 constitutes the first stage in the Group's new strategic plan: over the second half of the year, even though business activities remain sensitive to the change in mail volumes (expected to be between -6% and -7%), as well as to the historically low interest rates and slow growth, the Group has confirmed its goal of modest organic growth in full-year revenue. Operating profit is expected to decrease by comparison with 2013.

To this end, all of the action drivers in terms of development, performance and cooperation between Business Units will be implemented in line with the strategic focus areas defined in the "La Poste 2020: Conquering the Future" plan.

In 2014 and more generally through 2020, the Group will remain focused on an accelerated development strategy; both in the banking market and in the express market, where it will seek to establish and strengthen its positions while also rolling out new postmen activities and innovative digital products and services. This conquest plan will be accompanied by ongoing negotiations with unions on the social pact and strict control of expenditure and investments to adapt operating expenses to the business.

### Le Groupe La Poste

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La Poste is a limited company in 100% public ownership since 1 March 2010 with a unique corporate model structured around five business units: Mail-Parcels-Home Services, La Banque Postale, The Network La Poste, GeoPost and Digital Services. The Group operates out of 40 countries on 4 continents. La Poste's 17,000 retail outlets make it France's leading local distribution network, each day serving 1.7 million customers. Every year, La Poste delivers 25 billion items worldwide (letters, printed ad media and parcels), 6 days a week. In 2013, Le Groupe La Poste generated €22.08 billion in revenues (17% outside France) and had a headcount of over 266,000. Le Groupe La Poste's strategic plan, "La Poste 2020: Conquering the Future" outlines its ambitious objective of speeding up development in its five business units and expanding into new territories. La Poste puts human considerations and trust at the centre of customer relations. Greater synergies between its networks, accessible to everyone, everywhere, every day, are helping to make life easier for La Poste's customers.