

## LE GROUPE LA POSTE 2018 RESULTS

Growth in operating revenue thanks to the robustness of the multi-business model  
Progress of the transformation  
Priority given to investment and development

### Key figures

- **Operating revenue:** €24,699 million, up 2.4% (+1.2% at constant scope and exchange rates)
- Of which weight of "traditional" mail<sup>1</sup>: 28% (31% in 2017)
- **Operating profit:** €892 million, down 11.8% (-12.2% at constant scope and exchange rates)
- **Net profit Group share:** €798 million, down 6.3% (-4.2% at constant scope and exchange rates)
- **Economic health indicator:** -€507 million (€436 million at 31 December 2017)
- **Net debt:** €3,442 million (€3,820 million at 31 December 2017)
- **Net debt/equity ratio:** 0.29 (0.34 at 31 December 2017)

### Highlights of the year

- **Announcement of the strategic equity alliance project between La Poste and Caisse des Dépôts**, with a view to creating a major state-owned financial unit
- **Take-over of Asendia** (international mail and parcel)
- **Further acquisitions** in logistics, the silver economy and digital services
- **Ongoing investments** in industrial facilities and **professional development programmes** for Group employees
- **Issue of the Group's first Green Bond**
- **Signing of the 2018-2022 Public Service Agreement with the French State**

The Board of Directors of La Poste, which met today under the chairmanship of Philippe Wahl, approved the Group's consolidated financial statements for the 2018 fiscal year.

Philippe Wahl, Chairman and Chief Executive Officer of Le Groupe La Poste, said: "The robustness of our multi-business model has enabled us to continue our development in accordance with our strategic plan. The year 2018 was a challenging one for La Poste's various markets: decreasing mail volumes, historically low interest rates and pressure on parcel margins throughout Europe have led to a decline in our profits. We made the

<sup>1</sup> The weight of traditional mail is one of the Group's transformation indicators. It assesses the sensitivity of traditional mail through the relative proportion of its revenue within the Group; it includes postage, pick-up/delivery services and election-related operations. It represented 37% in 2013.



## LE GROUPE LA POSTE

choice to continue to invest in our industrial and logistics facilities so as to support the growth in the parcel market and to pursue our external growth transactions. This will enable us to prepare efficiently for our Group's future and ensure its successful transformation. We have also introduced a number of professional development programmes for La Poste employees.

In 2019, we will continue to make our customers' lives easier and innovate to meet their needs in terms of local services, this is La Poste's raison d'être, the main focus of our business, and how we ensure we remain useful to millions of people.

The year 2019 will see an important milestone in the strategic equity alliance between La Poste and Caisse des Dépôts. This transaction will enable us, through equity investment, to accelerate our development for the benefit of our customers and local communities."

### Financial key figures as at 31 December 2018

<i>(In millions of euros)</i>	<b>31/12/2018</b>	31/12/2017	Change published	at constant scope and exchange rates
<b>Group operating performance</b>				
Operating revenue	<b>24,699</b>	24,110	+2.4%	+1.2%
Operating profit/(loss) <i>(after share of net profit/(loss) of jointly controlled entities)</i>	<b>892</b>	1,012	-11.8%	-12.2%
Operating margin	<b>3.6%</b>	4.2%	-0.6pt	-0.6pt
Financial profit/(loss)	<b>(186)</b>	(168)	-10.6%	-9.9%
Income tax	<b>(161)</b>	(248)	+35.3%	+37.1%
Net profit Group share	<b>798</b>	851	-6.3%	-4.2%
Net margin	<b>3.2%</b>	3.5%	-0.3pt	-0.2pt
Economic health indicator <sup>2</sup>	<b>(507)</b>	436	-€943m	
<b>Financial structure</b>				
Net debt (ND)	<b>3,442</b>	3,820	-€378m	
Equity Group Share (E)	<b>12,014</b>	11,364	+€649m	
ND/E	<b>28.7%</b>	33.6%	-5.0pt	
<b>Key ratios – La Banque Postale</b>				
Common Equity Tier One Ratio <sup>3</sup>	<b>11.7%</b>	13.4%	-1.7pt	
"Loan to Deposit" ratio <sup>4</sup>	<b>86%</b>	81%	-5.0pt	

<sup>2</sup> Economic health indicator = Cash flows from operating activities excluding LBP (€962 million) – purchases of intangible assets and property, plant and equipment excluding LBP (€1,162 million) + vehicle disposals (€21 million) – net interest paid (€156 million) – dividends paid (€173 million). In 2017, the amounts were, respectively: €1,827 million, €1,075 million, €18 million, €173 million, and €162 million.

<sup>3</sup> Fully loaded CET1 ratio

<sup>4</sup> Excluding centralised savings held by Caisse des Dépôts



# LE GROUPE LA POSTE

## Operating revenue

**Le Groupe La Poste's consolidated operating revenue** totalled €24,699 million, up 2.4% (+1.2% at constant scope and exchange rates). The positive scope effect of +€361 million, essentially from the Services-Mail-Parcels business unit<sup>5</sup> and, to a lesser extent, the GeoPost and Digital Services business units, was affected by an unfavourable exchange rate impact of -€68 million, largely attributable to the Russian rouble, Brazilian real and the Pound sterling.

(In millions of euros)	31/12/2018	31/12/2017	Change	
			Published	at constant scope and exchange rates
Services-Mail-Parcels	11,577	11,424	+1.3%	-1.4%
GeoPost	7,373	6,816	+8.2%	+8.6%
La Banque Postale	5,570	5,687	-2.1%	-2.1%
Digital Services	716	672	+6.6%	+4.5%
Network, other segments and intercompany	(536)	(489)	-9.6%	-6.8%
<b>OPERATING REVENUE</b>	<b>24,699</b>	<b>24,110</b>	<b>+2.4%</b>	<b>+1.2%</b>

## Operating profit/(loss)<sup>6</sup>

**Group consolidated operating profit** totalled €892 million, representing an 11.8% drop of €120 million (-12.2% at constant scope and exchange<sup>7</sup> rates).

Efforts by all business lines to rein in expenses have not managed to fully offset the accelerating decline in mail volumes, the costs linked to the growth of parcel activity in France, and Europe-wide pressure on express parcel margins, in Germany in particular.

It should be noted that the 2018 figures include the impact of new regulatory and tax provisions<sup>8</sup> introduced in 2017 and 2018, as well as the allocation of exceptional bonuses to Group employees, following the French President's end-of-year speech, representing an impact on results of €144 million.

<sup>5</sup> Impact of Asendia consolidation since October 2018 : €240 million

<sup>6</sup> Operating profit/loss (for the Group and business units) is presented after share of net profit/(loss) of companies under joint control

<sup>7</sup> Exchange rate effect of -€4 million

<sup>8</sup> Mainly:

- the reduction in the CICE rate from 7% in 2017 to 6% in 2018;
- offsetting the increase in the CSG (Contribution Sociale Généralisée - social security contribution) of 1.7 point: this reform increasing the CSG aimed to increase employees' net compensation as it was accompanied by a decrease in unemployment and social security contributions for employees. As La Poste is its own provider of unemployment insurance and it employs civil servants, its employees could only benefit in a very limited way from these reductions in contributions. The reform for them represented a net loss in compensation that La Poste has decided to offset.



# LE GROUPE LA POSTE

(In millions of euros)	31/12/2018	31/12/2017	Change	
			Published	at constant scope and exchange rates
Services-Mail-Parcels	495	600	-17.6%	-19.0%
GeoPost	346	430	-19.7%	-17.7%
La Banque Postale	813	870	-6.6%	-6.6%
Digital Services	1	(20)	n.s	+88,5%
Network, other segments and intercompany	(762)	(870)	+12,3%	+12,3%
<b>OPERATING PROFIT/(LOSS)</b>	<b>892</b>	<b>1,012</b>	<b>-11.8%</b>	<b>-12.2%</b>

## Net profit

**Net profit Group share** amounted to €798 million, down 6.3%. This decrease is due to a combination of the following items:

- a fall in operating profit;
- a marginal decline in financial profit of -€186 million (-€168 million in 2017), owing primarily to the change in fair value of the debt; while the net interest expense has decreased as a result of lower interest expenses on financing transactions;
- income tax of -€161 million (-€248 million in 2017);
- the stability of the share in profits of equity associates, which totalled €291 million (€297 million in 2017), 20.15% from CNP Assurances and 37.5% from BRT mainly.

## Cash flows and changes in net debt

### Economic health indicator

The economic health indicator measures the cash flow from Group operations after financing investments (excluding banking activities) and the compensation of capital providers (interest and dividends). It stood at -€507 million for 2018, compared with +€436 million at the end of 2017. This change is mainly attributable to:

- the fall in EBITDA (excluding banking activities), associated in particular with the Services-Mail-Parcels business unit;
- the lower amount of CICE tax credit receivable (€298 million in 2018 versus €533 million in 2017);
- ongoing investments in the Group's development and transformation. Le Groupe La Poste invested €1,162<sup>9</sup> million over the course of the year, with a focus on modernising its IT systems, upgrading its mail/parcel industrial facilities in France, and increasing its parcel handling capacity in Europe to harness the growth in e-commerce. The Group also continued to invest in real estate, renovate its network of post offices and purchase new vehicles, notably electric ones.

<sup>9</sup> Excluding banking activities



## LE GROUPE LA POSTE

### Net debt

Net debt fell by €378 million to €3,442 million. This favourable change is mainly due to the issue of €750 million of perpetual hybrid subordinated notes in April 2018, classified as equity due to their being undated, with no impact on gross debt, and simultaneously generating a cash inflow. Added to this positive trend were real estate disposals totalling €299 million.

### Financial structure

The Group's financial structure is solid, as illustrated by a net debt/equity ratio which improved to 0.29 (compared to 0.34 at 31 December 2017).

Consolidated equity Group share totalled €12,014 million, up €649 million. This notably includes the positive effect of the recording in equity of the revenue from the perpetual hybrid subordinated notes issued in April 2018, while the effect of the first-time application of IFRS 9 had a negative impact of €144 million.

### Ratings

During 2018, rating agencies Standard & Poor's and Fitch confirmed the short and long-term ratings of Le Groupe La Poste.

Standard & Poor's upgraded the outlook from "Stable" to "Positive" on 30 October 2018; this upgrade arose in the context of the proposed strategic equity alliance involving La Poste, Caisse des Dépôts, La Banque Postale and CNP Assurances.

	Long and short-term rating	Outlook	Updated
Standard & Poor's	A / A-1	Positive	30/10/2018
Fitch	A+ / F1	Stable	11/09/2018



## By business unit

### Services-Mail-Parcels

The revenue of the **Services-Mail-Parcels** business unit rose 1.3% to €11,577 million. This increase is driven notably by external growth transactions and the consolidation of Asendia. Excluding the scope and exchange rate impacts, the business unit's revenue dropped by 1.4%. There were a number of contributing factors to this change:

- the decline in **Mail** revenue to €8,733 million reflected the ongoing streamlining of mailings of addressed mail (volumes down 7.3%<sup>10</sup>), particularly in the banking, public and telephony industries and addressed advertising mail. Combined with an unfavourable mix effect, this decline amounted to -€596 million. Furthermore, the presidential and legislative elections generated additional revenue in 2017 (impact of -€94 million). These effects were partially offset by the 4.9%<sup>11</sup> average tariff increase implemented on 1 January 2018 (impact of +€372 million) and the rise in international flows (+€54 million);
- **Local services** recorded strong performance<sup>12</sup>, driven on the one hand by growth in the Silver Economy (impact of +€66 million including Asten Santé for €54 million), and on the other hand, by the increasing contributions of new services (especially the new postman services and Recy'go's recycling solutions), representing an increase of €31 million;
- the **Parcels** revenue rose €82 million<sup>13</sup> (+4.7%) to €1,819 million, as a result of the continued increase in volumes (+4.8%<sup>14</sup>) to 335 million parcels, benefiting from the growth in e-commerce (mainly domestic B2C flows).

Operating profit for the **Services-Mail-Parcels** business unit decreased by 17.6% to €495 million (down 19.0% at constant scope and exchange rates). This decline, mainly attributable to the Mail activity impacted by lower volumes and the effect of the 2017 elections, was partly mitigated by the increase in profits of the new services and of acquired subsidiaries, despite the higher expenses incurred as part of their development. Operating profit for the Parcels activity fell marginally due to additional costs generated by saturated production capacities.

Confronted with a decline in its historic markets, the Services-Mail-Parcels business unit has been implementing its strategy to conquer new services and international flows with a view to gradually desensitizing to the traditional mail market.

It has chosen to continue to invest in profitable development with a new industrial and logistical organisation (industrial master plan) which aims to adapt its Mail and Parcel handling capacities, modernise its IT systems and improve the efficiency of its organizations.

---

<sup>10</sup> In equivalent working days.

<sup>11</sup> As a percentage of traffic-generating revenue.

<sup>12</sup> Local services operating revenue amounted to €252 million

<sup>13</sup> Organic growth

<sup>14</sup> In equivalent working days.



## LE GROUPE LA POSTE

### GeoPost

Revenue for the **GeoPost**<sup>15</sup> business unit increased by €557 million to €7,373 million, up 8.2%. This change included a scope effect of +€44 million<sup>16</sup> and an exchange rate effect of -€68 million, representing growth of 8.6% at constant scope and exchange rates. It was driven by a 6.7% growth in volumes<sup>17</sup> compared with 2017 to 1,310 million parcels delivered across all countries, notably in the United Kingdom (+7.7%), France (+7.9%), Benelux (+14.2%), and Poland (+14.7%). The positive impact of the fuel surcharge also contributed to this growth.

The operating profit of **GeoPost** fell by 19.7% (-17.7% at constant scope and exchange rates) to €346 million, affected by an adverse cost environment, notably in Germany. This result was also affected by asset impairment in Russia totalling €57 million. Excluding impairment and at constant scope and exchange rates, the change stood at -4.3%.

Number 2 in the European parcel<sup>18</sup> market, GeoPost, "last mile" delivery specialist, implements its strategy to consolidate its European positions and gain presence in the main international markets.

Harnessing the growth in national and international e-commerce through its innovative services and its European-wide coverage, GeoPost is opening new hubs every year to continue to increase its handling capacity. With a keen awareness of societal issues, GeoPost is developing expertise, solutions and exchanges with all stakeholders and towns in Europe in the field of responsible urban logistics.

### La Banque Postale

**La Banque Postale** reported a Net Banking Income (NBI) of €5,570 million, down 2.1% (-1.6% after restating the home savings provision<sup>19</sup>).

- **Retail banking:**

Commercial dynamism resulted in a 9.5% rise in outstanding loans, including a 27.8% increase in loans to legal entities, a 1.9% increase in consumer loans and growth of 3.4% in home loans. Outstanding customer savings were stable, with a sustained rise in sight deposits; a rise in ordinary savings; and a decline in UCITS and life insurance outstandings. Of note is the good development of the bank on the high net-worth customer market with a rise in BPE savings outstandings (+6.4%).

In terms of financial profit/loss, Retail banking recorded NBI of €5,156 million, down 3.1% (-2.6% excluding home savings provision). The €130 million increase in compensation associated with the General Interest Mission (MIG), recognised twice in 2017 (once retroactively with respect to 2016 and once with respect to 2017), was a contributing factor to this change. Excluding this effect and adjusted for the home savings provision, the Retail banking NBI is nearly stable.

---

<sup>15</sup> GeoPost operates under the DPD, Chronopost and Seur brands.

<sup>16</sup> SPSR in 2017, Groupe ALP (Delifresh, 360° Services, Freshlog) and SEUR franchises in 2018

<sup>17</sup> +6.2% organic

<sup>18</sup> CEP market (Courier Express Parcel), internal annual GeoPost study

<sup>19</sup> A reversal of €42 million at 31 December 2018, versus a reversal of €69 million at 31 December 2017, i.e. a change in the amount of -€27 million



## LE GROUPE LA POSTE

The net interest margin adjusted for the home savings provision and the MIG fell by 2%, affected by the continued decline in yields from home loans in a context of low rates, which has masked the strong performance of loans to legal entities. Commissions rose by 0.6%.

- The NBI of the **Asset Management** division rose 5.2% to €153 million. Outstandings at the end of 2018 totalled €218 billion, a decline of 2% due to a market effect.
- Lastly, the NBI of the **Insurance** division rose 17.6% to €261 million, driven by strong growth in Contingency insurance (+22.7%) and IARD (+23.1%).

**La Banque Postale's** contribution to Group operating profit dropped by 6.6% to €813 million. When adjusted for MIG compensation effect, it posts marginal growth. Efforts to rein in expenses resulted in a 1.1% decline in management expenses as part of the development of the bank's activities and the transformation of its IT systems and processes. The cost to income ratio reached 83.4%. Cost of risk stood at €133 million, -30.6% on 2017; compared to outstandings, it was at a very low level of 14 basis points. The ACPR's decision on 24 December 2018 in relation to La Banque Postale's LCB-FT procedures<sup>20</sup>, was recorded as operating profit/loss in the amount of €50 million.

As a bank whose mission is to work in the best interest of the community, La Banque Postale is actively committed to its development and transformation projects. It is working to strengthen its sales organisation, accelerate its digital transformation to better serve customers, and prepare for the imminent launch of its fully digital bank "Ma French Bank". The year 2019 will also be dedicated to the execution of the project between La Banque Postale and CNP Assurances as part of the major strategic equity alliance project between La Poste and Caisse des Dépôts.

### The Digital Services business unit

Revenue for the Digital Services business unit increased 6.6% to €716 million (up 4.5% at constant scope<sup>21</sup> and exchange rates).

This revenue reflects the two activities of the Digital Services business unit. On the one hand, activity relating to the modernisation and digital transformation of the Group in direct collaboration with the other business units generated revenue of €71 million (services carried out on their behalf), representing growth of 35.3%. On the other hand, commercial activity via its specialist digital subsidiaries, Docaposte (the largest), Mediapost Communication and e-commerce portal [laposte.fr](http://laposte.fr). Revenue from this commercial activity rose 4% to €645 million. Within this division, **Docaposte** (with 2018 revenue of €501 million, +2.3%) benefited from the Ametix, Eukles and Voxaly acquisitions, thus pursuing its transformation towards digital activities which now represent 52% of its revenue (47% in 2017). **Mediapost Communication's** business dropped 3.2% to €92 million. The increase in advertising revenue of the Media business line was not enough to offset the fall in sales of the historic offerings of the Advisory business line. Lastly, [laposte.fr](http://laposte.fr) sales were up 10%. Within the modernisation and digital transformation division, the rise in revenue was mainly linked to the development of the "digital trust" business, combined with the increase in Digiposte+ customer numbers (3 million customers) and the acceleration of digital projects carried out for the benefit of all Group business units.

<sup>20</sup> The fight against money laundering and the financing of terrorism

<sup>21</sup> Ametix in 2017 and Eukles and Voxaly in 2018





## LE GROUPE LA POSTE

Operating profit for the **Digital Services** business unit amounted to €1 million, an improvement of €21 million, driven by the growth in digital activities.

Driver of the Group's internal transformation, online service operator and provider of digital services for the general public and for businesses, the Digital Services business unit has intensified its efforts to become the preferred digital partner of French people and market leader in the development of private and public ecosystems.

### The Network

Over the course of the year, the **Network** business unit continued to support the commercial development of the other business units, thanks to its sales teams (8,000 banking advisors and 22,000 customer service managers), world-class service and the ability to make its customers' lives simpler. To this end, it receives assistance from the Group's digital transformation, which improves the customer experience by bringing human and digital resources together in its post offices. Improving customer experience, digitising points of contact and providing up-to-date formats are still the main priorities of the Network, as part of efforts to adapt to new customer uses and habits. Over the year La Poste has also strengthened the reach of the 503 public service areas created and is working on developing these.

La **Poste Mobile**<sup>22</sup> continued to grow on a mature and yet competitive market. It had a total database of 1.5 million customers at 31 December 2018, an increase of 10.3%. Its commercial strategy enabled La Poste Mobile to acquire 616,000 customers (including prepaid customers), 512,000 of which were new subscribers during the year. In parallel to its mobile telephony offering, it has continued to broaden its range of landline services with a 42% increase in "Landline" sales, expanding its Very High Speed Modem offering.

### Other Segments

"**Other segments and intercompany**" notably includes Real Estate and Supports & Structures, primarily internal within the Group.

Other sectors' profits/losses are deducted from those of the business units to obtain the Group's consolidated operating profit/loss:

- unallocated expenses (-€625 million) including the net costs of the postal coverage (-€507 million);
- profits/losses of the Support functions and Head Office Services (-€216 million);
- rising Real Estate profit (€232 million) up €106 million due to the increase in proceeds from disposals associated with the sale of the Boétie site.

---

<sup>22</sup> La Poste Mobile is a brand operated by La Poste Telecom, a joint venture between Le Groupe La Poste (51%) and SFR (49%).



## La Poste and Caisse des Dépôts strategic equity alliance project

The second half of the year was marked by the announcement on 30 August of the strategic equity alliance project between Le Groupe La Poste and Caisse des Dépôts (CDC) who share a common culture as public bodies for the benefit of everyone. The implementation of this project would result in CDC acquiring a majority stake in La Poste. CDC is already a La Poste shareholder, alongside the French State. This operation would be achieved through the transfer of both CDC's and the French State's stakes in the capital of CNP Assurances to La Poste which would then transfer them to La Banque Postale. The existing commercial partnership between La Banque Postale and CNP Assurances would thus be strengthened, while preserving CNP Assurances' open and multi-partner business model. This project requires the completion of a number of stages, both legal and regulatory. The first stage began in October 2018 with the vote at first reading of Article 54 of the PACTE law (Action Plan for the Growth and Transformation of Businesses), adopted by the Senate on 12 February 2019.

This project will also be subject to an information and consultation procedure with the relevant staff representatives, before final agreements. The effective completion of the transaction, subject to obtaining the necessary authorisations from the relevant French and/or European independent administrative authorities, would come into force at the end of the current CNP Assurances shareholders' agreement, set for 31 December 2019, or earlier, if all parties agree on premature termination.

This project would promote the creation of a large public financial unit, set in local communities and representing the general interest and able to offer banking services that meet the needs of local communities, companies and individuals.

## 2019 Outlook

The year 2019 is set to follow the path set by 2018, through a strained economic environment and persistently challenging markets (declining mail volumes in the same order of magnitude, still-low interest rates affecting banking activities, pressure on parcel margins in Europe). In this context, Le Groupe La Poste is expecting moderate organic growth in its operating revenue in addition to the impact of 2018 acquisitions (notably Asendia<sup>23</sup>) and in its operating profit as a reflection of its development and cost savings. Investments and external growth transactions will continue to support the development of the business units.

Le Groupe La Poste remains fully pledged to the implementation of its ambitious transformation plan. Its commitment to serving public action priorities and local authorities, and more generally society as a whole, remains intact. 2019 will also be dedicated to implementing the preliminary work for the Caisse des Dépôts strategic equity alliance project.

---

<sup>23</sup> 2018 annual operating revenue: €957 million



## LE GROUPE LA POSTE

---

The consolidated financial statements of Le Groupe La Poste are available online at [https://www.groupelaposte.com/Our Financial Information / Publications](https://www.groupelaposte.com/Our-Financial-Information/Publications)

### **PRESS RELATIONS**

Virginie GUEIDIER  
Tel: +33 (0) 1 55 44 22 41  
[virginie.queidier@laposte.fr](mailto:virginie.queidier@laposte.fr)

Jacques GOURIER  
Tel: +33 (0) 1 55 44 22 43  
[jacques.gourier@laposte.fr](mailto:jacques.gourier@laposte.fr)

### **INVESTOR RELATIONS**

Yasmina GALLE  
Tel: +33 (0) 1 55 44 17 02  
[yasmina.galle@laposte.fr](mailto:yasmina.galle@laposte.fr)