



LA POSTE GROUP 2009 RESULTS

**LA POSTE GROUP DEMONSTRATES ITS RESILIENCE
AT A KEY MOMENT IN ITS HISTORY:**

CONTAINED DECLINE IN REVENUE

IMPROVED COST CONTROL ACROSS ALL BUSINESSES

QUALITY OF SERVICES CONTINUALLY IMPROVING

Today's meeting of the Board of Directors of La Poste, chaired by Jean-Paul Bailly, closed the Group's consolidated financial statements for the 2009 financial year.

At the meeting, Chairman Bailly emphasised that " ... *the diversity of its businesses means that the Group is able to hold up well despite the economic crisis and the breakthrough in digital communications. Revenue and operating profit are down slightly with EBITDA stable, proof that La Poste has been able to control its operating costs while pushing forward with its policy of investing in and improving its services...*".

KEY FIGURES

In € millions	2008*	2009	Change vs. published	Change on a like-for-like basis **
Revenue	20,799	20,527	-1.3%	-2.0%
EBITDA	1,843	1,867	+1.3%	+1%
Operating Profit	866	757	-15%	-13%
Profit for the year attributable to equity holders of the parent	529	531	+0.4%	
Operating margin	4.3%	3.7%	-0.6 point	

* 2008 restated financial statements

** At constant scope and exchange rates; excluding the change in Livret A remuneration mechanism as well as the change in the provision for permanent or material impairment of available-for-sale securities.

CONTAINED DECLINE IN GROUP SALES

Against a difficult economic environment, La Poste Group posted consolidated revenue of €20,527 million, down -1.3% on 2008 (-€272 million) and -2% on a like-for-like basis.

- **Mail business and its subsidiaries posted revenue of €11,665 million, down 4.7% at constant scope and exchange rates.**

The fall-off in traffic already seen in 2008 became more pronounced in 2009. Economic volumes (excluding subsidiaries of the Sofipost holding company) **were down -5.3%**, comprised of a -4.5% decline in volumes and a negative product mix effect of -0.8%.

This performance was not offset by the tariff increases that had an average positive effect of +1.3%.

The structural decline in the mail market was magnified by the economic crisis. All mail categories (business mail, direct marketing and press) have been hit by this trend.

On the other hand, mail delivery performance continues to improve: 84.4% of first class mail was delivered in D+1, a +0.6 point improvement on 2008, representing the best performance ever.

- **Parcels/Express recorded revenue of €4,479 million, down 3.5% at constant scope and exchange rates.**

The economic crisis affected all of GeoPost's markets, the Group's Express subsidiary. GeoPost posted revenue of €3,093 million, down 4.6% at constant scope and exchange rates. The decline was particularly marked in Germany, Spain and the United Kingdom.

In France, where the recession wasn't as severe, and thanks to a policy of product innovation, Chronopost recorded a growth in its volumes.

ColiPoste's business (B to C and C to C in France) saw traffic fall on the back of a decline in mail order sales, partly offset by the dynamism of e-commerce, which was up 16%. Revenue amounted to €1,387 million, down 1.4%.

ColiPoste's D+2 delivery performance was 92.8%, +0.3 points better than in 2008.

- **La Banque Postale continues its development: Net Banking Income rose 4% on a like-for-like basis to €5,019 million.**

Following an exceptional 2008 as a result of a unique combination of interest rate levels and the financial crisis, net new deposits at La Banque Postale declined as expected but remained positive.

The opening up of the distribution of the Livret A did not significantly erode the customer base in 2009. Savings and sight deposits were up 8.1% year-on-year at €277.3 billion at end-2009.

La Banque Postale continues to grow the number of products per customer and is also seeing a sustained rise in its active customer base, which stood at over 9.9 million at year-end.

FY 2009 was also very positive for home loans, with the market share held by La Banque Postale exceeding 8%.

- **Through its 17,107 outlets, the La Poste retail brand plays a key role in distributing to the general public the products offered by the various Group businesses.**

La Poste retail brand represents the front line as regards providing advice and selling the products and services of La Banque Postale and generated over 29% of ColiPoste's revenue, over 18% of Mail's revenue and close to 13% of Chronopost's revenue. In 2009, La Poste retail brand generated €2,525 million in sales for Mail, Parcels/Express and third-party products, down 2.2% while counter activity was down 3.7%.

As part of a major programme to modernise and improve customer service, La Poste retail brand managed to significantly cut average waiting times across its 1,000 largest offices. **Accordingly, on Mail and Parcel drop-offs and pick-ups, which represent close to half of transactions, waiting times went from 6 minutes 50 seconds at the end of 2008 to 4 minutes 30 seconds at the end of 2009.**

COST CONTROL

In light of the difficult trading environment, all La Poste Group entities implemented cost-cutting plans. The Group's operating expenses amounted to €19.77 billion, down €307 million (-1.6%) at constant scope and exchange rates on 2008.

This change firstly reflects the ability of the Group's businesses to bring their costs into line with sales levels and secondly the impact of the cost-cutting plans implemented since the end of 2008 and accentuated in 2009 in terms of overheads and support costs.

PROFIT PERFORMANCE

Given these developments, EBITDA amounted to €1,867 million in 2009 and was stable compared to 2008.

Following depreciation, amortisation, provisions and the lower risk cost, **the Group's operating profit amounted to €757 million. The operating margin thus represented 3.7% of revenue, 0.6 points down on end-2008.**

The Mail segment generated a consolidated operating profit of €179 million in 2009.

The business model of Parcels / Express based on highly variable operating resources and strengthened by the cost-cutting plans has proven to be particularly resilient. Consolidated operating profit amounted to €324 million in 2009, up 3% at constant scope and exchange rates. The operating margin was up 0.5 point at constant scope and exchange rates.

In the case of La Banque Postale, the banking business made a €612 million contribution to the Group's operating profit, on the back both of the sharp rise in Net Banking Income and strong cost control associated with the use of La Poste resources, thereby making it possible to reduce the cost to income ratio.

Including net finance income and expenses, which notably included the temporary impact of the debt reassessment in line with IFRS, and the €186 million contribution of CNP Assurances (+€56 million on 2008), **profit for the year attributable to equity holders of the parent amounted to €531 million. This result means that La Poste can propose a dividend of €105 million to its Annual General Meeting.**

A STABLE FINANCIAL STRUCTURE

Cash flow amounted to €1,395 million at end-2009, up €40 million on 2008.

The Group was able to **make investments of €1,280 million** while slightly bringing down its net debt, which nevertheless remains high at €5.5 billion.

Internal investments accounted for €1,164 million. 18 Industrial Mail Centres were opened, with the new platform now accounting for 70% of flows. 600 La Poste offices were modernised.

€116 million was moreover allocated to **acquisitions** during the year.

Accordingly, the Group's scope now includes:

- Within Sofipost (the holding company for Mail subsidiaries), Mediapost Hit mail in Romania together with Mediapost Spain, comprised of 5 regional companies in Spain operating in direct marketing and the ad-mail market;
- Within GeoPost, 10 new Seur franchises (Spain) as well as the establishment of a joint-venture in India;
- Within La Banque Postale, the Tocqueville Finance Group specialised in collective asset management.

The Group's equity amounted to €4.1 billion thereby helping to improve the **Net Debt / Equity ratio**, which stood at **1.35 at end-2009 compared to 1.75 at end-2008**. Following adjustment for unrealised effects on financial instruments, this ratio stood at 1.5, still significantly out of step with the major European postal operators, just like the coverage ratio (Net Debt / EBITDA), stable at 2.96.

OUTLOOK FOR 2010:

In 2010, La Poste Group will push forward with its modernisation and restructuring efforts. The capital increase scheduled for the year-end thus opens up new opportunities, in an environment that continues to be very fragile. In this context, La Poste Group still aims to stabilise its revenue and to maintain a profit-generation ability.

The structural decline in Mail volumes is expected to continue. The Parcels and Express business on the other hand is expected to see a progressive return to the levels achieved prior to the economic crisis. La Banque Postale will continue its development.

Overall, the contributions of the banking and Parcels / Express businesses should continue to rise, offsetting the decline in the Mail contribution, the goal of which is to remain in the black.

Investment levels will remain high. The Group is thus looking to continue with its strategy of identifying growth drivers and continually improving service quality within each business. These investments will notably include €360 million as part of the economic recovery plan.

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