

## LE GROUPE LA POSTE 2020 FIRST-HALF RESULTS

### La Poste has reaped the rewards of its resolute diversification strategy:

- Completion of the transaction between La Poste and Caisse des Dépôts and La Banque Postale and CNP Assurances
- Strengthening of GeoPost activities with the acquisition of BRT, Italy's leading express parcel operator, and in East Europa and Asia
- Consolidation in digital and home healthcare services

**This enables La Poste to reach a net profit group share of €2.3 billion with the positive effects linked to the first-time recognition of CNP Assurances shares (€3.6 billion)**

**Excluding the impact of the first-time recognition of CNP Assurances shares, the net loss group share would amount to €1.2 billion, including the heavy negative impacts of the global health crisis, estimated at €2.2 billion**

### Group performance

- **Operating revenue**<sup>1</sup>: €14.5 billion, up 13.3% and down 1.1% at constant scope and exchange rates
- **Operating profit**<sup>2</sup>: €2.6 billion vs €572 million in H1 2019, of which
  - ✓ Up €3.0 billion from the effect of the initial recognition<sup>3</sup> of the CNP Assurances shares
  - ✓ Negative impact from Covid-19 of €2.0 billion
- **Net profit Group share**: €2.3 billion vs €474 million in H1 2019, of which
  - ✓ Up €3.6 billion from the effect of the initial recognition of the CNP Assurances shares
  - ✓ Negative impact from Covid-19 of €2.2 billion
- **Free cash flow**<sup>4</sup>: -€659 million (vs +€132 million as at 30/06/2019)
- **Net debt**<sup>4</sup>: €8.5 billion (vs €6.5 billion as at 31/12/2019)
- **Net debt/equity ratio**: 0.48 (vs 0.51 as at 31/12/2019)

<sup>1</sup> In all press releases, the term "Operating revenue" traditionally refers to all of the Group's operating revenue, including revenue from industrial and commercial activities, and La Banque Postale's net banking income which itself comprises the net insurance income from CNP Assurances.

<sup>2</sup> After share of the net profit of the jointly controlled entities.

<sup>3</sup> The impact of the initial recognition of the CNP Assurances shares is described in the "Impact of the initial recognition of the CNP Assurances shares" paragraph on page 3.

<sup>4</sup> Definitions presented in the paragraph "alternative performance indicators" in the notes to the press release.



After meeting today under the chairmanship of Philippe Wahl, the Board of Directors of La Poste approved the Group's consolidated financial statements for the first half of 2020.

*“Le Groupe La Poste has had an unprecedented first half in 2020. In January, it took control of BRT, Italy's leading express parcel operator. On 4 March 2020, the historic strategic equity alliance between La Poste and Caisse des Dépôts and between La Banque Postale and CNP Assurances was realised.*

*Le Groupe La Poste has also actively continued to diversify in the Silver economy, digital services, the energy transition and local services, to strengthen our strategic and economic model.*

*Although several transformative projects were completed over the half-year, from mid-March the health crisis caused an acceleration of the decline in mail volumes upsetting the balance of the Universal Postal Service. Even the extremely strong activity recovery of the Parcel business, both in France and worldwide, due to a boom in e-commerce from April, was not enough to offset these severe losses. I would also like to pay tribute to the postal employees who, through their commitment and mobilisation, have made it possible to ensure the continuity of public service and to launch initiatives that are useful to economic players as well as to the most fragile of us<sup>5</sup>.*

*Given the situation, the Group has committed to ambitious action plans to boost its commercial activities and cut costs, in order to mitigate the impacts of the crisis, some of which will be lasting, and continue its transformation plans.*

*Finally, La Poste is continuing to prepare its forthcoming Strategic Plan for 2030 “La Poste 2030”, which will take into account the contributions of all stakeholders and the postal needs identified during the lockdown. With a special emphasis on the role of La Poste towards the French people carrying out our public service missions.”*

### Highlights of the first half of the year

- **The completion of the strategic equity alliance** between La Poste and Caisse des Dépôts and between La Banque Postale and CNP Assurances on **4 March 2020**, leading to the creation of a large public financial pole
- A **major health crisis** which has had a **marked impact on the Mail business**
- **A continuation of the geographical expansion and business diversification strategy:**
  - In **home healthcare services**, with a number of acquisitions including **Nouveal e-santé** (77%)
  - In **express**, with the takeover of the leading Italian parcel operator **BRT** (85%), **Geis Parcel** in the Czech Republic and Slovakia, and **Lenton** (65%) operating in 39 countries
  - In **banking**, with the acquisition of the remaining 35% stake in **La Banque Postale Assurances IARD**
  - In **digital services**, with the acquisition of a majority stake in **AR24** (electronic registered mail)

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<sup>5</sup> Please see on page 12 « La Poste during the crisis ».

- Signing of the **fifth local postal coverage agreement** in February 2020
- Recognition of the Group's societal commitment with **the highest rating** ever awarded globally **by Vigeo** (75/100)
- Success of **the senior bond issue for €1.8 billion** completed in April 2020

## Selected financial information on 30 June 2020

### Impact of the initial recognition of the CNP Assurances shares

The strategic equity alliance between La Poste and Caisse des Dépôts, and between La Banque Postale and CNP Assurances was finalised at the La Poste General Shareholders' Meeting on 4 March 2020 by the transfer by the French State and Caisse des Dépôts to La Poste, and then from La Poste to La Banque Postale, of their respective 1.1% and 40.9% stakes in CNP Assurances.

The reporting of this alliance in the consolidated financial statements is governed by IFRS 3 (Business Combinations), which requires:

- The valuation of the transferred shares at the stock market price on the date of the transaction (€13.97);
- The revaluation/devaluation of the previously held shares based on the same stock market price;
- Recognition of goodwill/badwill equal to the difference between the total equity interest held (62.1%), valued based on the stock market price and the Group share of the net assets of CNP Assurances at fair value on the transaction date.

Furthermore, the unrealised gains and losses of CNP Assurances must be reclassified to the income statement when the transaction completes, based on the Group's previous equity stake of 20.15%.

On the day of its completion, this transaction generated the following impacts on the Group's financial statements for the first half of 2020:

- ① Increase in equity of €4,027 million,
- ② Impairment of the value of securities previously accounted for by the equity method, i.e. €1,571 million,
- ③ Recognition of goodwill of €4,578 million,
  - ▶ i.e. an overall amount (②+③) of €3,007 million recorded under operating profit;
- ④ Group share of the unrealised gains and losses of CNP Assurances reclassified in the income statement, generating an income of €594 million,
  - ▶ i.e. an overall amount (②+③+④) of €3,600 million recorded under net profit Group share.

### Selected financial information on 30 June 2020

CNP Assurances, an equity associate (20.15%) until 4 March 2020, is fully consolidated since that date.

(In millions of euros)

	30/06/2020	30/06/2019	Impact of the initial recognition of CNP Assurances shares	Change vs n-1 (excluding the impact of the contribution of CNP Assurances shares)		Change vs n-1 at constant scope and exchange rates	
				In €m	in %	In €m	in %

#### Operating performance

Operating revenue	14,495	12,795		+1,699	+13.3%	-139	-1.1%
Operating profit (after share of net profit of jointly controlled entities)	2,588	572	3,007	-991	ns	-1,661	ns
Financial profit/(loss)	-112	-124		+12	+9.7%	+17	-
Income tax	-576	-108		-468	ns	-244	-
Net profit/(loss), Group share	2,315	474	3,600	-1,759	ns	-1,896	ns

#### Financial structure

	30/06/2020	31/12/2019			
Net debt (ND)	8,493	6,462	7,034	+2,031	+31.4%
Equity	17,620	12,624		-2,038	-16.1%
Group share (CP) ND/E	48.2%	51.2%		-	-

#### Key ratios – La Banque Postale

CET1 ratio*	17.3%	12.2%		+5.1 pt
Liquidity coverage ratio*	157%	153%		+4.0 pt

(\*) Definitions provided in the “Alternative performance measures” section at the end of the press release.

### Impacts of the health crisis on the Group’s business activity

As of March, the health crisis caused a sudden drop in activity affecting the Group as a whole, followed by a recovery which varied by business unit. The crisis resulted in an €800 million decrease in Group operating revenue. The negative outlook for a short-term recovery in Mail revenue has resulted in an €863 million impairment of Mail assets. This impairment has impacted even further on the Group’s operating profit, which is estimated to have decreased by €2.0 billion due to the Covid-19 crisis. An additional €269 million impairment of the deferred tax assets has increased the negative impact, estimated at

€2.2 billion, of the pandemic on the net profit, group share. The Group has implemented action plans to boost business and cut costs.

## Operating Revenue

**Consolidated operating revenue amounted to €14,495 million**, up 13.3% compared to the end of June 2019. After adjustment for scope effects, i.e. an additional €1,862 million driven primarily by La Banque Postale (€964 million increase), GeoPost (€804 million increase) and Digital Services (€67 million increase), and an exchange rate loss of €24 million, including a €13 million loss on the Brazilian real and a €6 million loss on the Polish zloty, the Group's organic decrease <sup>6</sup> at the end of June 2020 was 1.1%.

(In millions of euros)	30/06/2020	30/06/2019	Change			
			vs n-1		Change vs n-1 at constant scope and exchange rates	
Services-Mail-Parcels	5,510	6,122	-612	-10.0%	-649	-10.6%
GeoPost	5,057	3,730	+1,327	+35.6%	+550	+14.9%
La Banque Postale	3,793	2,850	+943	+33.1%	-21	-0.7%
Digital services	369	339	+30	+8.9%	-37	-11.0%
Other segments and	-235	-245	+11	-4.4%	+17	-7.1%
<b>OPERATING REVENUE</b>	<b>14,495</b>	<b>12,795</b>	<b>+1,699</b>	<b>+13.3%</b>	<b>-139</b>	<b>-1.1%</b>

The consolidated operating revenue for the first half of 2020 is characterised by contrasting trends at business unit level.

- **Services-Mail-Parcels business unit**

Operating revenue for the Services-Mail-Parcels business unit stood at €5,510 million, down 10.0% compared to the end of June 2019. Following adjustment for positive scope and exchange rate effects (€37 million increase) primarily due to the EDE consolidation and VLC disposal<sup>7</sup> at the end of 2019, there was an organic decrease of 10.6% compared to the end of June 2019, which includes the very high impacts of the health crisis.

- **Mail**: Mail operating revenue has seen a steep 19.9% decline compared to the end of June 2019, primarily due to the effect of a 26%<sup>8</sup> decrease in addressed mail volumes (representing a decrease of €950 million). The lockdown also heavily impacted international mail (down €56 million). The mail price increase of 1 January 2020 for an average of 4.8% partially offset these falls, with a positive impact of €174 million.
- The **Parcel** business (Colissimo) increased its operating revenue by 10.4% organically to €981 million due to a boom in e-commerce from April, with a 17.6% increase in parcel volumes to 199 million items delivered.
- The **subsidiaries** posted organic growth of €114 million (up 12.5%). Other than Mediapost's activities, which were heavily impacted by the lockdown (down €97 million), business grew in the other subsidiaries. Asendia, which provides cross-border logistics solutions in e-commerce, achieved operating revenue of €742

<sup>6</sup> Definitions presented in the paragraph "alternative performance indicators" annexed to the press release.

<sup>7</sup> Viapost Logistic Connectée disposed of in full at the end of November 2019 (2019 revenue: €70 million).

<sup>8</sup> In equivalent open days.



million, an increase of 37.5% (36.4% in organic growth), buoyed by the excellent performance of its e-ShopWorld subsidiary specialising in e-commerce logistics from May onwards. La Poste Silver's operating revenue rose by 5.5% (3.2% in organic growth) to €88 million.

- **GeoPost**

GeoPost's operating revenue rose sharply to €5,057 million (up 35.6%). Adjusted for positive scope and exchange rate effects of €804 million from the takeovers of BRT, Lenton and Geis Parcel, and an exchange rate loss of €28 million, organic growth remained high at 14.9% (essentially due to greater volumes).

At the end of June, GeoPost had delivered 850 million parcels compared to the same period of the previous year, driven by the unexpected boom in e-commerce which began in April in countries affected by the Covid-19 health crisis, and the ensuing surge in the BtoC segment (53.4% of volumes at the end of June 2020 vs 43.2% at the end of June 2019).

Most countries delivered higher operating revenue (up 23.2% in the United Kingdom, up 7.8% in Germany, up 10.8% in Spain, up 35.8% in Benelux and up 26.0% in Russia).

Operating revenue from New Urban Services saw organic growth of 9.1% (€2 million), primarily driven by the activity of Stuart.

- **La Banque Postale**

The Net Banking Income (NBI) was up 33.1% at €3,793 million, and down 0.7% excluding scope and exchange rate effects (consolidation of CNP Assurances) compared to the end of June 2019.

- NBI for the **Retail Banking** division stood at €2,602 million, up 2.2%<sup>9</sup> at constant scope and exchange rates compared to the end of June 2019. The net interest margin amounted to €1,481 million (up 3%<sup>9</sup>). Commissions were up by €19 million (up 1.6%) despite the impact of the Covid-19 health crisis. The lockdown impacted on commercial activities, causing a slowdown in new loans and particularly consumer loans and, to a lesser extent, home loans. However, outstanding customer loans were up by 8.8%.
- NBI for the **Asset Management** division stood at €74 million, unchanged compared to the end of June 2019, despite the 2.6% decline in assets under management to €224.1 billion, mainly due to a negative market effect reflecting the volatility in financial markets during the period.
- NBI for the **Insurance** division stood at €1,177 million following the entry of CNP Assurances into the scope of consolidation and at €153 million without this effect. The non-life insurance portfolio was stable at 4.633 million policies, of which 39% were Contingency policies. The portfolio of Contingency policies was up by 2.6%.

- **Digital Services**

The business unit's operating revenue was up 8.9% to €369 million. Adjusted for positive scope and exchange rate effects of €67 million for Docaposte's acquisition of Softeam (January 2020) and of Arkhinéo and Icanopée (end of 2019), the organic change was an 11% decline.

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<sup>9</sup> Adjusted for the home savings provision.



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- Revenue for the **Commercial activities** division, which encompasses Docaposte, Mediapost Communication and the laposte.fr e-commerce website, amounted to €340 million, down €32.4 million (down 10.6%) at constant scope and exchange rates. This was primarily due to the impact of the health crisis on Docaposte's activities (down €32 million at constant scope and exchange rates), which were heavily impacted by customer site closures and a drop in global demand from companies. At €18 million, the operating revenue of Mediapost Communication decreased by 8.4% compared to the end of June 2019, following the suspension of advertising campaigns during the lockdown. However, the laposte.fr website recorded a significant increase in sales to €135 million (up 33.1%).
- The operating revenue of the **Transformation and Innovation** division totalled €29 million, down 14.2% due to cutbacks in cross-functional projects on behalf of the Group.

- **The Network**

At the end of June, the La Poste Network had 17,027 La Poste retail outlets (7,708 post offices and 9,319 partnerships). The Network reduced its operating costs by 2.5% compared to the end of June 2019. This reduction, which includes Covid-19 costs, directly benefits the Group's business units by reducing billing linked to their use of the Network.

La Poste Mobile has adapted its commercial strategy to the health situation, which has enabled it to win 225,300 new customers over the first half-year, including 196,000 new subscribers. The total number of subscribers and prepaid customers grew by 3.8% over the year, to 1.7 million customers.

- **Other Segments**

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

**Operating profit/(loss)<sup>10</sup>**

The consolidated operating profit for the first half of 2020 stands at €2,588 million, including €3,007 million linked to the impact of the contribution of CNP Assurances shares. Excluding this impact and scope and exchange rate effects, the operating profit decreased by €1,661 million. This figure was heavily impacted by the health crisis, with the overall negative impact valued at €2.0 billion.

	30/06/2020	30/06/2019	Impact of the initial recognition of CNP Assurances shares	Change vs n-1 (excluding the impact of the contribution of CNP Assurances shares)		Change vs n-1 at constant scope and exchange rates	
				in €	in %	in €	in %
(In millions of euros)							
Services-Mail-Parcels	-1,177	289	-	-1,466	ns	-1,484	ns
GeoPost	351	193	-	+158	+81.7%	+114	+59.5%
La Banque Postale	3,913	492	+3,007	+414	+84.2%	-196	-39.8%
Digital services	-35	-5	-	-30	ns	-29	ns
Network, other segments and intercompany	-464	-397	-	-67	+17.0%	-67	+16.9%
<b>OPERATING PROFIT/(LOSS)</b>	<b>2,588</b>	<b>572</b>	<b>+3,007</b>	<b>-991</b>	<b>ns</b>	<b>-1,661</b>	<b>ns</b>

- **Services-Mail-Parcels:** The operating loss amounted to €1,177 million, a substantial decrease of €1,466 million compared to the end of June 2019. This decrease is mainly due to the accelerated decline in **Mail** volumes affected by the health crisis, and to an €863 million impairment of Mail assets recorded at the end of June 2020. These two effects were partially offset by the savings made in operating expenses. The operating profit of the **Parcel** business increased very slightly by €1 million, as the network needed to be reinforced to cope with the growth in volumes. Finally, the **Subsidiaries** operating loss decreased by €24 million (or €42 million at constant scope). The marked impact of the suspension of printed advertising during the lockdown period was mitigated by the performances of Asendia and EDE.
- **GeoPost** generated operating profit of €351 million, up a remarkable 81.7% compared to the end of June 2019, against a backdrop of strong e-commerce growth from April which demonstrates its considerable ability to adapt. Adjusted for positive scope and exchange rate effects of €44 million, the operating profit delivered organic growth of €114 million (up 59.5%), despite the additional costs linked to the management of the health crisis.
- **La Banque Postale:** La Banque Postale's contribution to the Group's operating profit amounted to €3,913 million and to €906 million excluding the impact of the contribution of CNP Assurances shares. The change excluding this effect and at constant scope and exchange rates was a decline of 39.8%. Management expenses increased by 15.8%, including a negative scope effect of €363 million linked to the consolidation of CNP Assurances. Excluding this scope effect, management expenses are virtually unchanged and reflect La Banque's continuous cost control efforts while

<sup>10</sup> Operating profit/(loss) (for the Group and business units) is presented after share of net profit/(loss) of jointly controlled entities throughout this press release.





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it continues to implement its transformation plans (integration of CNP Assurances and developing the subsidiaries). The cost of risk stands at €228 million, and incorporates a €141 million impact linked to the health crisis. It stands at a level of 32 basis points as a proportion of outstanding loans.

- **The Digital Services** recorded an operating loss of €35 million, down €30 million. Excluding the negative scope and exchange rate effect of €1 million, the operating loss for Commercial activities stands at €26.5 million, down €27.1 million primarily due to the impacts of the health crisis.

- **Other Segments**

**Other segments'** profits/losses are added to those of the business units to obtain the Group's consolidated operating profit/loss:

- The loss for unallocated expenses (€335 million) includes the costs of the universal postal service accessibility and regional planning mission, the corresponding local tax allowance and the costs associated with end-of-career benefits that are Group cross-entity costs;
- The loss of the Support functions and Head Office Services (€93 million);
- The operating profit for Real Estate (€22 million) is down 35.4% compared to the end of June 2019, due to an unfavourable comparative basis following reversals of provisions applied in the first six months of 2019.

### Net profit

The **net profit/(loss) Group share** amounted to €2,315 million, an increase of €1,841 million compared to the first half of 2019. The impact of the contribution of CNP Assurances shares added €3,600 million (the breakdown is provided in the paragraph: "Impact of the initial recognition of the CNP Assurances shares").

Excluding the impact of this transaction, the net profit/(loss) Group share was -€1,285 million, a decrease of €1,759 million (and of €1,896 million at constant scope and exchange rates). This change is due to a €991 million decrease in the operating profit/loss (down €1,661 million at constant scope and exchange rates). In addition, the half year recorded a €468 million rise (€244 million at constant scope and exchange rates) in the Group's tax expense integrating the €269 million impairment of deferred tax assets of the consolidated tax scope caused by the health crisis. The financial profit/(loss), which represents an overall expense of €112 million, improved by €12 million compared to the first half of 2019, primarily due to the lower net borrowing cost.

### Free cash flow, net debt and financial structure

The free cash flow generated in the first half of 2020 was -€659 million (compared to +€132 million at 30 June 2019, representing a decrease of €791 million). The change is essentially due to a fall in income levels, the absence of La Banque Postale dividend payments (representing a negative impact of €327 million), and a €77 million increase in HR provision expenses (excluding end-of-career benefits), following an increase in the unemployment allowance provision, La Poste acting as its own unemployment insurer.

At the end of June 2020, net debt stood at €8,493 million, up by €2,031 million, of which €3,254 million was covered by lease liabilities. The increase is heavily correlated with the net flows linked to external growth and financial assets (down €667 million), with the

change in finance lease liabilities (up €629 million in line with the external growth), and with the free cash flow used.

The consolidated equity, Group share amounted to €17,620 million, up €7,034 million due to the initial recognition of CNP Assurances shares, resulting in:

- A capital increase of €4,027 million (share capital and issue premiums of €1,968 million and reserves of €2,059 million);
- An income of €3,007 million (net of unrealised gains and losses on financial instruments and translation adjustments).

Consequently, the net debt/equity ratio stands at 0.48 (vs 0.51 at 31/12/2019).

### Ratings

During the first half-year:

- Standard & Poor's confirmed its rating but revised the outlook from positive to stable, to reflect the circumstances of the Covid-19 pandemic.
- Fitch Ratings revised the outlook from stable to negative, following a similar revision concerning the French State on 15 May 2020.

	Long and short-term rating	Outlook	Updated
Standard & Poor's	A/A-1	Stable	27/03/2020
Fitch Ratings	A+/F1+	Negative	22/05/2020

### 2020 Outlook

In the first half of the year, the Group experienced an unprecedented health crisis. Despite the potential for future viral attacks, coupled with an ongoing adverse macroeconomic context, the Group expects its various business units to return to more nominal activity levels.

The Group is planning to implement an ambitious cost savings plan to mitigate the long-term impacts of the crisis, and is committed to ensuring that the balance of the Universal Postal Service is sustainable.

In addition, the Group will focus on the strategic equity alliance between Caisse des Dépôts and La Poste, and between La Banque Postale and CNP Assurances, and on the consolidation of recently acquired companies (BRT, EDE and Softeam).

The second half of 2020 will see the development of the new "La Poste 2030" strategic plan with all stakeholders.



## NOTES

### **Focus: La Poste during the crisis**

The mobilization of La Poste employees enabled La Poste to deliver 860 million letters and 80 million parcels during the eight-week lockdown, which is more than its usual market share. During the two-month lockdown, as each month, La Poste also welcomed more than 1.5 million beneficiary customers receiving social benefits in its post offices across the country. La Banque Postale mobilized from the start of the crisis to support all of its individual customers, businesses and players in the local public sector.

Beyond its traditional activity, and in order to support the most vulnerable people, La Poste has maintained the delivery of meals and medicines 6 days a week and has made free its social interaction service "Watch over my parents" (« *Veiller sur mes parents* ») to break the isolation of seniors. La Poste has also made available, free of charge, to traders and artisans, the online sales platform "*Ma Ville Mon Shopping*" to enable them to carry on their activity remotely.

With the French National Education ("*Education Nationale*"), La Poste has been working to maintain educational continuity with the delivery of IT equipment. Its digital subsidiary Docaposte addressed homework by mail to digitally disconnected students, enabling teachers to correct them online. 500,000 students disconnected from school system have been able to benefit from this initiative.

Docaposte also used its digital expertise for the launch of *MaladieCoronavirus.fr*, the information and referral site for people with Covid-19 symptoms. With more than 10 million users, *MaladieCoronavirus.fr* is the most used e-health application in France. It reduced pressure on the emergency telephone number by eight.

La Poste was also there to prepare for the lockdown release phase. Two new services were launched to support those who must continue to stay at home: collecting mail to be sent from the homes of isolated people and sending registered letters from their personal mailbox, without leaving home. Mailbox shipping has also been developed.

For small businesses and professionals, La Poste implemented a platform of marketing and delivery for 10 million masks, which was launched by the Ministry of the Economy and Finance with the support of CCI France and CMA France. This complete system includes online purchase and payment, order preparation and on-site delivery. Finally, at the request of the Ministry of Solidarity and Health ("*Ministère des solidarités et de la santé*"), La Poste also distributes 50 million masks to people with low wages.

Anchored in local communities, La Poste has mobilized in a difficult context to ensure the continuity of public service while protecting the health of La Poste employees and of its customers.

## Alternative performance measures - Definitions

Change at constant scope and exchange rates (organic change): Change at constant scope and exchange rates refers to the difference between the profit/loss obtained during the period and the profit/loss of a comparative period, following adjustment for any acquisitions or disposals which have been completed over the periods in question. The comparative periods are thus adjusted for identical scopes of consolidation. Currency transactions for the comparative period are valued at the average rate for the reference period.

Free cash flow: It consists of the following components: (i) Adjusted EBITDA, which comprises all operating revenue within the scope of consolidation excluding La Banque Postale, from which are deducted running costs and personnel expenses excluding allocations to end-of-career benefits (in the same scope excluding La Banque Postale), and to which is added the dividends received from equity associates and dividends received from La Banque Postale during the period relating to the previous year's results; (ii) change in working capital requirement; (iii) cash flows on purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets; (iv) cash flows related to taxes (including CICE flows deducted and generated); (v) net interest paid; (vi) repayment of lease liabilities and interest expense on lease liabilities. Each of the free cash flow aggregates is added together for its value in terms of cash flows: positive for cash inflows and negative for cash outflows.

Net debt: Net financial debt includes all current and non-current financial debt, less cash and cash equivalents and derivative instruments linked to Group financing. It also includes financial debt arising from the application of IFRS 16 (Leases), short-term financial investments where there is no significant risk of a change in value, where the original maturity on the subscription date is greater than three months, and the net financial receivable against La Banque Postale.

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

Cost to income ratio: The cost to income ratio is calculated by dividing management expenses by the net banking income adjusted for doubtful interest. Management expenses are the sum of general operating expenses and the net depreciation, amortisation and impairment of property, plant and equipment and intangible assets. This ratio is only calculated for La Banque Postale.

Common Equity Tier 1 ratio: This ratio is the calculation of the proportion of Tier 1 equity (CET 1) in relation to the total risk exposure amount (i.e. total risk-weighted assets - RWA - for the credit and counterparty risk, the market risk and the operational risk).

The CET1 ratio is the information which enables supervisors to determine whether or not a bank is solvent.

This ratio is only calculated for La Banque Postale.

Liquidity coverage ratio (LCR): The LCR is a monthly short-term liquidity ratio which measures the bank's ability to resist a severe degradation of its situation in a context of a



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systemic shock over a 30-day period. The target ratio must be above 100%. This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

This ratio is only calculated for La Banque Postale.

Net debt to equity ratio: The net debt to equity ratio indicates the proportion of the Group's net debt in relation to the Group share of equity.

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**The half-year financial report of Le Groupe La Poste is now available online at <https://www.groupelaposte.com> / Our Financial Information / Publications**

### **About Le Groupe La Poste**

La Poste is a public limited company with public capital, and a subsidiary of Caisse des Dépôts and of the French State. Le Groupe La Poste is divided into five business units: Services-Mail-Parcels, La Banque Postale, La Poste Network, GeoPost and Digital Services. The Group operates in 47 countries spread over four continents. 1.3 million customers visit La Poste's 17,000 retail outlets each day. La Poste has the most extensive local commercial network in France. Every year, La Poste, which has been carbon neutral since 2012, delivers 21.6 billion items (letters, printed advertising and parcels) worldwide, six days a week. In 2019, the Group generated operating revenue of €26 billion (30% internationally) and employed more than 249,000 people. La Poste has set itself the goal of accelerating its transformation and continuing to diversify. La Poste is committed to making life more simple, realised in its ambition of becoming the leading proximity services provider for everyone, everywhere and every day.

### **PRESS CONTACT**

☎: (+33)1 55 44 22 37 - [service.presse@laposte.fr](mailto:service.presse@laposte.fr)

### **INVESTOR CONTACT**

Yasmina Galle – ☎: (+33)1 55 44 17 02 - [yasmina.galle@laposte.fr](mailto:yasmina.galle@laposte.fr)