

LE GROUPE LA POSTE 2019 RESULTS

- **Increase in revenue across all businesses thanks to the robustness of the multi-activity business model**
- **Stable operating profit in a context of profound transformation**
- **Historic milestone with the strategic equity alliance between Caisse des Dépôts / La Poste and La Banque Postale / CNP Assurances**

Key figures

- **Operating revenue: €25,983** million, up 5.2% (+2.4% at constant scope and exchange rates)
- **Operating profit: €889** million, stable (-10.8% at constant scope and exchange rates, and excluding the impact of IFRS 16)
- **Net profit Group share: €822** million, up 3.0% (-3.6% at constant scope and exchange rates, and excluding the impact of IFRS 16)
- **Free cash flow*: €223** million (vs €9 million in 2018)
- **Net debt**: €6,462** million, of which €2,524 million linked to the application of IFRS 16 (vs €3,442 million at 31 December 2018)
- **Net debt/equity ratio: 0.51** and 0.31 excluding IFRS 16 impact (vs 0.29 at 31 December 2018)

Highlights of the year

- **Strategic equity alliance between La Poste and Caisse des Dépôts**, to create a major public financial group for the benefit of the regions and their citizens
- **Ongoing implementation of the conquest and diversification strategy in expanding markets:**
 - Digital services
 - Home care services and Silver Economy
- **Growing internationalisation of the Group (30% of consolidated revenue, vs 27% in 2018)**
- **Consolidation of the Group's ambitious strategy in relation to the energy transition and Urban Logistics**
- **La Poste becomes the first digital trusted third party** to obtain ANSSI's highest level of security certification, for its digital identify service in January 2020

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 2019 fiscal year. Philippe Wahl, Chairman and Chief Executive Officer of Le Groupe La Poste, said: "*Our transformation strategy and the strength of our multi-business model have enabled us to*

* Free cash flow = Cash and cash equivalents from operating activities – purchases of property, plant and equipment and intangible assets net of disposals – net interest paid - repayment of lease liabilities.

** Group net debt does not take into account the banking activities for which this concept is irrelevant.



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achieve revenue growth of 5.2% this year, across all of our business lines. La Poste has thus demonstrated its robustness in a difficult context within the various markets, considering the accelerated decline in mail volumes, interest rates remaining at historically low levels and pressure on parcel margins throughout Europe.

This has enabled us to continue to invest in our industrial facilities, the diversification of our businesses, our international development and employee training.

La Poste, the only carbon-neutral postal operator since 2012, makes ambitious commitments in terms of its corporate, social and environmental responsibilities.

The year 2019 established a significant basis for the future of our Group, achieving a number of milestones in the strategic equity alliance between La Poste / Caisse des Dépôts and La Banque Postale / CNP Assurances, and the acquisition of BRT, Italy's leading express courier.

All of these results are the fruit of the day-to-day commitment of La Poste employees.

During 2020, Le Groupe La Poste will continue its transformation and has today launched a major participatory initiative with a view to developing its new "La Poste 2030" strategic plan.



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Financial key figures as at 31 December 2019

On 1 January 2019, the IFRS 16 standard on leases came into force, resulting in the recognition of right-of-use assets, depreciated over the term of the lease, under assets, and of lease liabilities, equal to the discounted value of lease payments not yet paid, under liabilities. As Le Groupe La Poste has chosen the transition method known as the "modified retrospective method", the comparative figures for 2018 have not been restated.

The figures for 2019 therefore present separately the estimated impact of IFRS 16 on the 2019 fiscal year, thereby enabling a comparison with the 2018 figures, excluding this normative effect.

All changes observed and explained in this press release shall be assumed to exclude IFRS 16.

(In millions of euros)	31/12/2019	2019 IFRS 16 impact	31/12/2018	Change			
				vs n-1 (excl. IFRS 16)		vs n-1 at constant scope and exchange rates (excl. IFRS 16)	
				in €M	in %	in €M	in %
Operating performance							
Operating revenue	25,983	0	24,699	+1,284	+5.2	+581	+2.4
Operating profit/(loss) (after share of net profit of jointly controlled entities)	889	72	892	-75	-8.4	-96	-10.8
Operating margin	3.4%	-	3.6%	-	-0.5 pts	-	-0.5 pts
Financial profit/(loss)	-225	-60	-186	+21	-11.1	-	-
Income tax	-134	-3	-161	+30	-18.6	-	-
Net profit Group share	822	+9	798	+15	+1.8	-29	-3.6
Net margin	3.2%	-	3.2%	-	-0.1 pts	-	-
Free cash flow	223	-	9	+213	ns	-	-
Financial structure	31/12/2019		31/12/2018				
Net debt ² (ND)	6,462	2,524	3,442	+496	+14.4	-	-
Equity Group Share (E)	12,624	-135	12,014	+744	+6.2	-	-
ND/E	0.51	-	0.29	-	-2.2	-	-
Key ratios	31/12/2019		31/12/2018				
La Banque Postale							
Common Equity Tier One Ratio ³	12.2%	-	11.7%	-	+0.5 pts	-	-
"Loan to Deposit" ratio ⁴	90%	-	86%	-	+3.6 pts	-	-

² Group net debt does not take into account the banking activities for which this concept is irrelevant.

³ Fully loaded CET1 ratio; this ratio is well above the minimum (9.25%) set by the ECB and applicable as at 1 July 2019.

⁴ Excluding centralised savings held by Caisse des Dépôts.



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Operating revenue

(In millions of euros)	31/12/2019	31/12/2018 proforma by segment*	Change			
			vs n-1		vs n-1 at constant scope and exchange rates	
			in €M	in %	in €M	in %
Services-Mail-Parcels	12,376	11,699	+678	+5.8	+10	+0.1
GeoPost	7,768	7,278	+491	+6.7	+471	+6.5
La Banque Postale	5,647	5,570	+77	+1.4	+77	+1.4
Digital Services	697	656	+42	+6.4	+21	+3.2
Other segments and	-506	-503	-4	+0.7	+1	-0.2
OPERATING REVENUE	25,983	24,699	+1,284	+5.2	+581	+2.4

* Proforma covers the segment reclassifications for the Services-Mail-Parcels, GeoPost and Digital Services business units

Le Groupe La Poste consolidated revenue amounted to €25,983 million, up €1,284 million or +5.2%. This increase, which incorporates the full-year impact of the Asendia subsidiary acquired at the end of 2018, was boosted by solid performances across all Group businesses, with growth in the express activities of GeoPost and the Parcel business, the La Banque Postale activity in a challenging environment, and by recent acquisitions in the fields of health, energy transition and digital services.

Restated for scope effects (+€685 million), predominantly within the Services-Mail-Parcels business unit and, to a lesser extent, the Digital Services business unit, as well as positive exchange rate effects (+€18 million, of which €14 million linked to the pound sterling), the Group's organic growth stood at €581 million, up 2.4%.



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Operating profit/(loss)⁵

(In millions of euros)	31/12/2019	2019 IFRS 16 impact in €M	31/12/2018 proforma by segment*	Change			
				vs n-1 (excl. IFRS 16)		vs n-1 at constant scope and exchange rates (excl. IFRS 16)	
				in €M	in %	in €M	in %
Services-Mail-Parcels	410	5	490	-85	-17.4	-101	-20.5
GeoPost	379	46	344	-12	-3.4	-13	-3.9
La Banque Postale	820	0	813	+7	+0.8	+7	+0.8
Digital Services	10	2	7	+2	+30.2	-2	-27.8
Network, other segments and	-730	20	-762	+13	-1.7%	+13	-1.7%
OPERATING PROFIT/(LOSS)	889	72	892	-75	-8.4	-96	-10.8

* Proforma covers the segment reclassifications for the Services-Mail-Parcels, GeoPost and Digital Services business units

The Group's consolidated operating profit amounted to €889 million, stable against 2018. At constant scope and exchange rates and excluding the impact of IFRS 16, this figure decreased by €96 million (-10.8%). It should be noted that there was a negative change in income from disposals made by the Real Estate Division, of €119 million. The operating margin stood at 3.4%.

Net profit

Net profit Group share totalled €822 million, an increase of €24 million, up 3.0%. Restated for scope and exchange rate effects, and excluding the impact of IFRS 16, this figure was down 3.6%. This change was mainly due to the rise in financial profit (up €21 million excluding the impact of IFRS 16) and changes in the Group's tax expense (down €30 million), which partially offset the decrease in operating profit. This was further helped by the rising share of the profits of equity associates compared with 2018.

Free cash flow and change in Net debt

Free cash flow

Free cash flow generated in 2019 was €223 million, an increase of €213 million against 2018. EBITDA, excluding the IFRS 16 impact, also experienced marginal growth. Investments⁶ amounted to €1,207 million, up 3.9%. These were primarily associated with the roll-out of the industrial and IT master plan for the Services-Mail-Parcels business unit, notably developed to boost its parcel handling capacity and transform certain mail platforms into multi-flow platforms. Investments were also allocated to the construction of GeoPost depots and hubs, Digital Services business unit projects linked to digital trust, real estate

⁵ Operating profit/loss (for the Group and business units) is presented after share of net profit/(loss) of companies under joint control

⁶ The investments taken into account in the cash flow generation are investments excluding banking activities, totalling €1,207 million (€294 million invested and financed by La Banque Postale).



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investments and the purchase of vehicles. The upturn in Free cash flow was mainly due to an increase in tax consolidation income.

Net debt

The Group's net debt amounted to €6,462 million at 31 December 2019, recording an impact of €2,524 million linked to the application of IFRS 16 (impact of €2,469 million on opening net debt at 1 January 2019, added to which €54 million for 2019). This increase of €551 million (€496 million excluding IFRS 16 impact) is predominantly linked to the financing of external growth transactions (€486 million⁷).

Financial structure

The net debt/equity ratio stood at 0.51 and 0.31 excluding the impact of IFRS 16, compared with 0.29 at 31 December 2018.

Consolidated equity Group share totalled €12,624 million, up €746 million excluding the impact of IFRS 16 (negative impact of €135 million).

Credit rating

During 2019, rating agency Standard & Poor's confirmed the short and long-term ratings of Le Groupe La Poste.

Rating agency Fitch raised the short-term rating of Le Groupe La Poste from F1 to F1+ on 9 September 2019, and on 24 January 2020 confirmed its short and long-term ratings.

	Long/short-term rating	Outlook	Updated
Standard & Poor's	A/A-1	Positive	30/10/2019
Fitch Ratings	A+/F1+	Stable	24/01/2020

⁷ The external growth figures taken into account for the change in net debt exclude non-banking activities (€397 million invested and financed by La Banque Postale)



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By business unit

Services-Mail-Parcels

Revenue for the **Services-Mail-Parcels** business unit rose 5.8% to €12,376 million. Excluding scope and exchange rate effects associated with the consolidation at the end of 2018 of Asendia and to a lesser extent, of Diadom and EDE, the business unit's revenue was stable (+0.1%). This increase was due to the following:

- **Parcel** revenue rose to €1,875 million, representing organic growth of €102 million (+5.7%), primarily due to the significant increase in Colissimo volumes (+8.7% to 362 million items over an equivalent number of working days), driven by the flourishing e-commerce industry (BtoC flow +10%);
- **Services** and **Mail** revenue totalled €10,501 million, an increase of €601 million (+6.1%). This growth includes a scope and exchange rate effect of +€693 million. Excluding this effect, there were several opposing factors that contributed to this change. The decline in traffic accelerated to -7.8%⁸, partially offset by the price increase on 1 January 2019 (+4.9%⁹). The new services posted growth of €94 million, representing total revenue of €209 million in 2019. The Silver Economy & Health activities generated revenue of €170 million (+€32 million), including a scope effect of €32 million mainly associated with the full-year consolidation of Diadom, acquired in October 2018.

The operating profit of the **Services-Mail-Parcels** business unit amounted to €410 million, a decrease of €85 million year-on-year, excluding the impact of IFRS 16, down 17.4%. This decrease is largely explained by the decline in Mail volumes, combined with the reduction in subsidiary income owing to a revaluation of Asendia shares of €57 million in 2018 and the sale of Viapost Logistique Connectée in 2019. Parcel operating profit continued to grow (+3.6%).

GeoPost

The revenue of the **GeoPost** business unit stood at €7,768 million, an increase of €491 million or +6.7% compared with the end of December 2018. Restated for scope effects (+€4 million) and exchange rate effects (+€16 million, predominantly in relation to the pound sterling), organic growth amounted to €471 million, up 6.5%.

The growth in revenue of the **Express Parcel** segment was driven by an increase in volumes (1,332 million parcels delivered, representing organic growth of 2.8%) and the price increase. The **New Urban Services**¹⁰ segment saw its revenue increase by €36 million, notably thanks to the development of Stuart in the United Kingdom.

GeoPost's operating profit stood at €379 million at the end of December 2019. Restated for scope and exchange rate effects (€2 million) and the impact of IFRS 16 (€46 million), operating profit fell by €13 million. This result fits within the context of Brexit which has impacted the European market, the ongoing tensions regarding delivery and transport costs and the roll-out of the Urban Logistics business.

⁸ Mail volumes were not impacted by a working-day effect in 2019.

⁹ Average based on traffic-generating revenue.

¹⁰ New urban services of urban logistics, Stuart and customised logistics for recipients.



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La Banque Postale

La Banque Postale recorded Net Banking Income (NBI) of €5,647 million, up €77 million or +1.4%, despite the fact that long-term rates continued to fall over the period.

- The NBI of the **Retail Banking** Division, restated for the home savings provision, rose 1.1% against December 2018 (€58 million). The restated net interest margin rose 6% to €2,900 million. Commissions fell by €60 million (-2.5%), reflecting the impact of governmental measures to cap incidental bank charges (negative impact on NBI of nearly €69 million over 2019).
- The NBI of the **Asset Management** Division, at €155 million, represented an increase of €3 million (+1.7%), owing to a market impact and positive effects on turnover commissions.
- The NBI of the **Insurance** Division fell by 4.0% to €251 million. The portfolio of non-life insurance policies stood at 4.6 million policies, up 1.9%, and the portfolio of property and casualty insurance policies grew 4.2% (39% of the portfolio).

The contribution of **La Banque Postale** to Group operating profit was €820 million, an increase of 0.8%, excluding the impact of IFRS 16. Management expenses increased by 1.6%, excluding the impact of IFRS 16, in a context of the ongoing transformation and development programme which has required significant investment and therefore masked the impact of continuous cost control efforts.

The cost-to-income ratio of La Banque Postale stood at 83.8%.

The cost of risk¹¹ rose to €178 million, or 15 basis points compared to outstanding loans (14 bps in 2018).

Digital Services

Digital Services business unit revenue totalled €697 million, up 6.4% (€42 million) and up 3.2% at constant scope and exchange rates.

Revenue generated by the Commercial Activity Division stood at €620 million, an increase of €36 million. The acquisitions completed in 2018 (Voxaly) and 2019 (Brains, Arkhinéo and Icanopée) contributed +€9 million to this growth. Excluding scope and exchange rate effects, **Docaposte** recorded organic growth of €16.2 million year-on-year, linked to the development of digital activities. The revenue of **Mediapost Communication**, the activities of which are based on data and artificial intelligence, increased by 30.2% to €40 million, including a positive scope effect of €11 million mainly related to the acquisition of Marketshot at the beginning of 2019. With regard to laposte.fr sales, these recorded significant growth to €213 million (+6.6%).

The operating profit of the **Commercial Activities** Division rose to €23 million. Furthermore, in its **Transformation and Innovation** Division, the business unit committed investments and expenditure to cross-entity digital projects on behalf of the Group and other business

¹¹ Commercial banking cost of credit risk



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units. Overall, the operating profit of the **Digital Services** business unit amounted to €10 million, of which +€4 million attributable to a scope effect.

The Network

To address changes in customer requirements, **The Network** is itself morphing to adapt to new lifestyles and offer increasing numbers of services, and local services in particular. Particular attention has been given to commercial banking efficiency, notably supported by employee training and a stronger focus on customer relations. The Network also created a sales force dedicated to professional customers and rolled out a range of services that combine both digital and human aspects. This led to the winning over of 70% of the 100,000 new customers of MaFrenchBank, the official commercial launch of which took place in July 2019. La Poste maintained its presence in rural areas, thanks in particular to 501 public service areas, 42 of which were awarded the France Services label at the end of December 2019.

La Poste Mobile continued to implement its commercial growth strategy and attracted 563,300 new customers (including prepaid cards), of which 466,000 new subscribers over the course of the year. The total database of subscribers and prepaid customers grew by 9.5% 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:

- losses on unallocated expenses (-€665 million), largely made up of the net costs of postal coverage (-€518 million) which increased slightly;
- the losses of the Support functions and Head Office Services (-€191 million), which improved thanks to the ongoing pooling which began on 1 January 2019 and the lower running costs as a result of the savings plan;
- real estate profits (€142 million), which fell by €109 million excluding IFRS 16 impact, due to lower income from disposals in 2019 compared to 2018.

2020 Outlook

The year 2020 will see the finalisation of the strategic equity alliance between Caisse des Dépôts and La Poste, as well as between La Banque Postale and CNP Assurances. It will also see the consolidation of new companies, namely BRT, EDE and Softeam.

The economic climate will remain difficult, in the wake of previous years. The priority is still the transformation of the Group, through a plan of conquest, innovation and diversification. Revenues should grow organically and record a higher scope effect with CNP Assurances and other external growth transactions. The Group will continue to follow the savings plan introduced in 2019. And operating profits should increase. Investments and external growth transactions will continue to support the development of the various businesses.

The year 2020 will be the final year of the "La Poste 2020: conquering the future" strategic plan and will see the development of the new La Poste 2030 strategic plan, which will bring together all stakeholders.



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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)

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