

2019 Annual results Le Groupe La Poste

27 February 2020



LE GROUPE LA POSTE

Agenda

2019 Key Highlights

Philippe Wahl, CEO

2019 Business Performance

Yves Brassart, Executive VP in charge of Finance and Development

Outlook

Philippe Wahl, CEO



2019 Key Highlights

Philippe Wahl, CEO

2019 Key figures

Operating revenue

€25,983 million, **+5.2%**

Operating profit¹

€889 million, **stable**

Net result Group share

€822 million, **+3.0%**

Free Cash Flow²

€223 million (vs €9 million in 2018)

Net debt³

€6,462 million, up €551 million excluding IFRS 16⁴

Net debt/Equity³

0.51 (0.31 excluding IFRS 16 vs 0.29 in 2018)

1) After share in results of companies under joint control

2) Free Cash-flow (excluding banking activities) = Cash flows from operating activities – purchases of tangible and intangible assets net of disposals – interests paid – repayment of lease liabilities

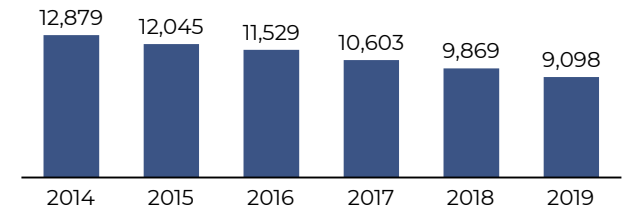
3) The Group net debt does not take into account La Banque Postale for which this concept is not relevant

4) IFRS 16 impact on opening net debt of €2,469m

A challenging environment

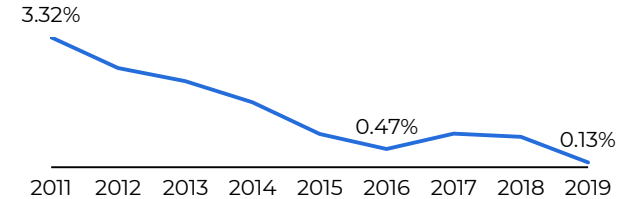
Accelerating decline in mail volumes

Addressed mail volumes
(millions of items)



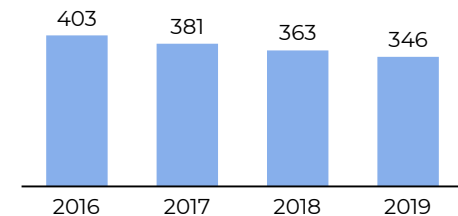
Persistence of low interest rates

French 10-year Treasury bonds
(annual average)



Decrease in post office traffic

customer visits
(millions)



European context is marked by Brexit and tensions on transport and delivery costs observed in certain countries



Strategic equity alliances CDC/La Poste and LBP/CNP Assurances

30 August 2018: announcement by the Minister of Economy and Finance of a strategic equity alliance project between La Poste and Caisse des Dépôts

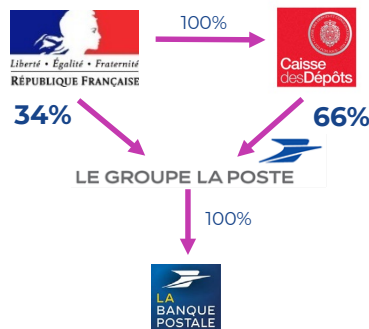
31 July 2019: signing of a binding memorandum of understanding between the French State, Caisse des Dépôts, La Poste and La Banque Postale on the creation of a major public financial unit

March 2020: achievement of all the transactions

Majority takeover of La Poste by CDC

Transfer of both Caisse des Dépôts & the French State stakes in CNP Assurances (c.42%) to La Poste, and then to La Banque Postale

Change in shareholding structure



Five industrial projects

- fight against regional divide
- urban logistics
- energy transition
- services to individuals and Silver economy
- digital transformation

Creation of a large public Bank & Insurance group La Banque Postale / CNP Assurances

Controlling stake in CNP Assurances



CNP Assurances 2019 key figures¹⁾:

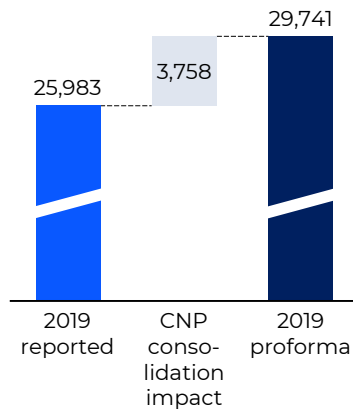
- ✓ #2 in France for life insurance
- ✓ €1,412m of attributable net profit
- ✓ €321bn of net technical reserves

- **Reinforcing both entities** through a complete “bancassurance” business model
- **Strengthening** La Banque Postale’s **equity**
- **Diversification of activities** while keeping and developing CNP Assurances multi-partner and open model

Main financial impacts 2019 proforma⁽¹⁾

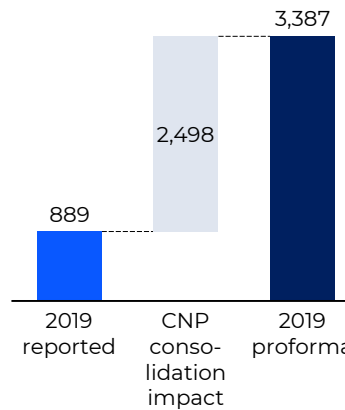
2019 operating revenue

(in € million)



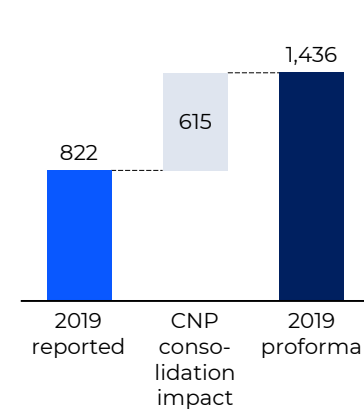
2019 operating profit

(in € million)



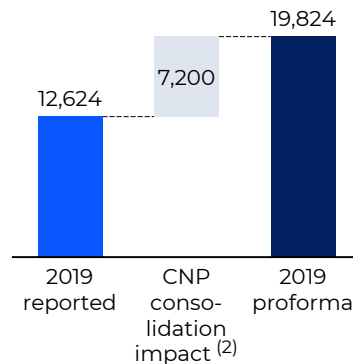
2019 net profit Group share

(in € million)



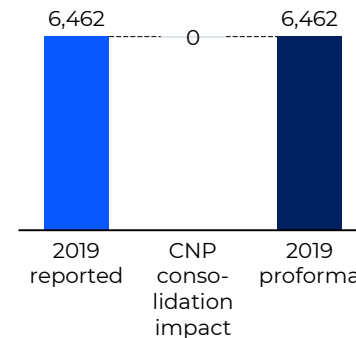
2019 Equity Group share

(in € million)



2019 Net debt

(in € million)



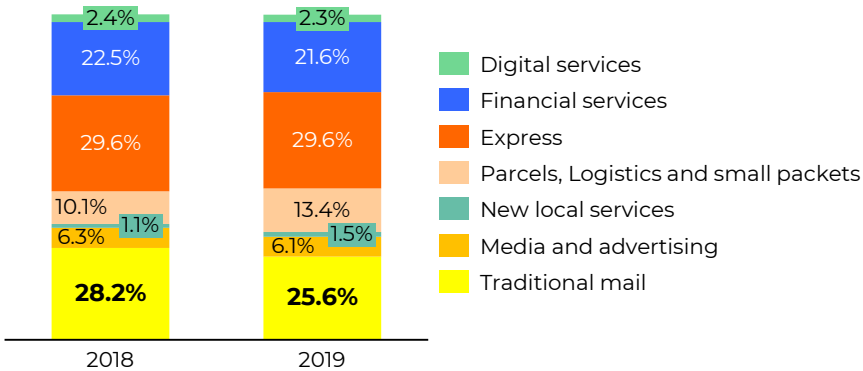
1) These accounts were established on the basis of the LGLP and CNP Assurances 2019 historical financial information, as if the transaction took place on 1 January 2019 regarding the aggregates of the income statement (Operating revenue, Operating profit and Net profit Group share) and as if it was achieved on 31 December 2019 regarding the balance sheet aggregates (Equity group share and Net debt). These data have not been audited by the statutory auditors

2) Before PPA (calculation on the basis of CNP Assurances consolidated equity Group share, excluding subordinated perpetual notes and CNP own goodwill)

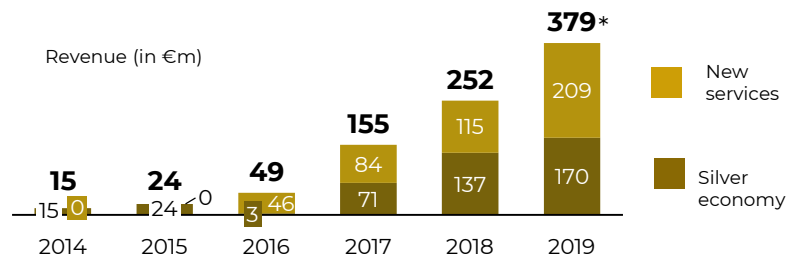
2019 : a year of conquest and innovation

Diversification dynamic well on track

Group revenue breakdown



Services-Mail-Parcels



International expansion stepped-up

GeoPost: various acquisitions, o/w

- **BRT** (Jan. 2020), leading **Italian** express parcel operator (*stake : 85% - 2019 revenue : €1.4bn*)
- **Lenton** (Oct. 2019), expert in international parcel logistics, operating in **Asia** (*stake: 65% - 2019 revenue : €159m*)

Services-Mail- Parcels

- Integration of **Asendia** acquired at the end of 2018 (*stake: 60% - 2019 revenue: €1.2bn*)

International : 30.3% of 2019 Group revenue
(vs. 27.0% in 2018)



Internal source, GeoPost

2019 : a year of conquest and innovation

Developing digital services

Digital Services

- **First digital trusted third-party**
 - ✓ Digital identity: substantial guarantee level granted by ANSSI in January 2020
- **Acquisitions**
 - ✓ **SOFTEAM GROUP** (digital solution – 100% 2019 revenue of €150m)
 - ✓  **icanopée** (health solution and software - 80%)
 - ✓  **brains** (consulting in digital transformation - 100%)

La Banque Postale


-  **Launch of MA FRENCH BANK**, a 100%-digital bank in July 2019: 100,000 customers conquered within four months
- **Continued digitization of the offer**
- **Innovative payment solutions** (Apple Pay, card personalisation)

Committed player in the energy transition

GeoPost

- **Urban logistics through urby network** (11 cities covered in 2019)
- **Chronopost:** delivery of Paris city completely via energy-efficient vehicles since September 2019 (87% reduction in CO₂ emissions)

Services-Mail-Parcels

- Majority stake in **EDE** (energy management service platform for individual - 75% - 2019 revenue of €157m) 
- Continued massive deployment of **electric vehicles** of all kinds (from electric powered assisted vehicles to delivery vans – fleet size: 35,500 units* at the end of 2019)

Group

- Validation by **Science Based Target** of La Poste's carbon emission reduction trajectory by 2025
- Contribution to the creation of the **Low Carbone Label**, the French carbon compensation standard

* Of which 15,500 electric vehicles

Investing to transform the business model

Reinforcing industrial and logistics tools

Services-Mail-Parcels

- **Increase in parcel handling capacity** with the opening of 3 new platforms
- **25 mail sorting and distribution platforms** transformed into multi-flow platforms

GeoPost

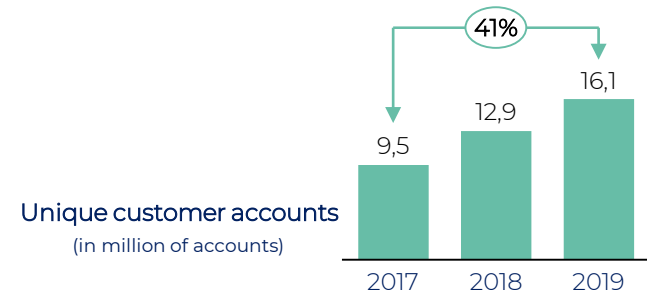


- **Opening of the "green" hub of Eindhoven**, the largest international sorting and distribution parcel center in Europe (88,000 sq. m with possible extension of 36,000 sq. m)

Digital infrastructure to better serve customers

Digital Services

- **Significant increase in unique customer accounts' number**



La Banque Postale

- **€294m mainly invested in digital transformation** (Ma French Bank, financial services' IS and banking CRM)



Social commitment

Huge commitment towards professional development

- **80.3%** of postal workers **trained** in 2019
- **45,000 employees** trained within the two Groups' Institutes, twice as much as in 2018
- **43,600** qualifying courses implemented at year-end 2019 (target of 50,000 between 2015 and 2020)
- **20,191** career development in 2019

Continuous social dialogue

11 new national agreements, including significant commitment towards equal rights:

- **7th Handicap agreement**
 - ✓ with commitment to recruit 650 disabled people of which 260 on permanent contracts
- **4th Gender equality agreement**
 - ✓ Equality index of 94%
 - ✓ Strengthening both share of women in senior management and measures fighting sexism
 - ✓ Launch of a Parity network to strengthen equal rights

Improved quality of life at work

- **Increasing number of teleworkers**
 - ✓ 4,350 people concerned, almost twice 2018 number
- **€1,114** per employee as regards to social activities
- **Development of postal workers' autonomy:**
 - ✓ 2,000 managers trained in animating discussion spaces about work





2019 Business Performance

Yves Brassart, Executive VP in charge of
Finance and Development

Consolidated P&L

In €m	2019	2018	Δ in %
Operating revenue	25,983	24 699	+5.2%
Operating profit after share in results of companies under joint control	889	892	-0.3%
<i>Operating margin</i>	3.4%	3.6%	-0.2 pt
Financial loss	-225	-186	-21.1%
Income tax	-134	-161	-16.8%
Share in profits of associates	305	291	+4.5%
Net result Group share	822	798	+3.0%

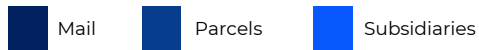
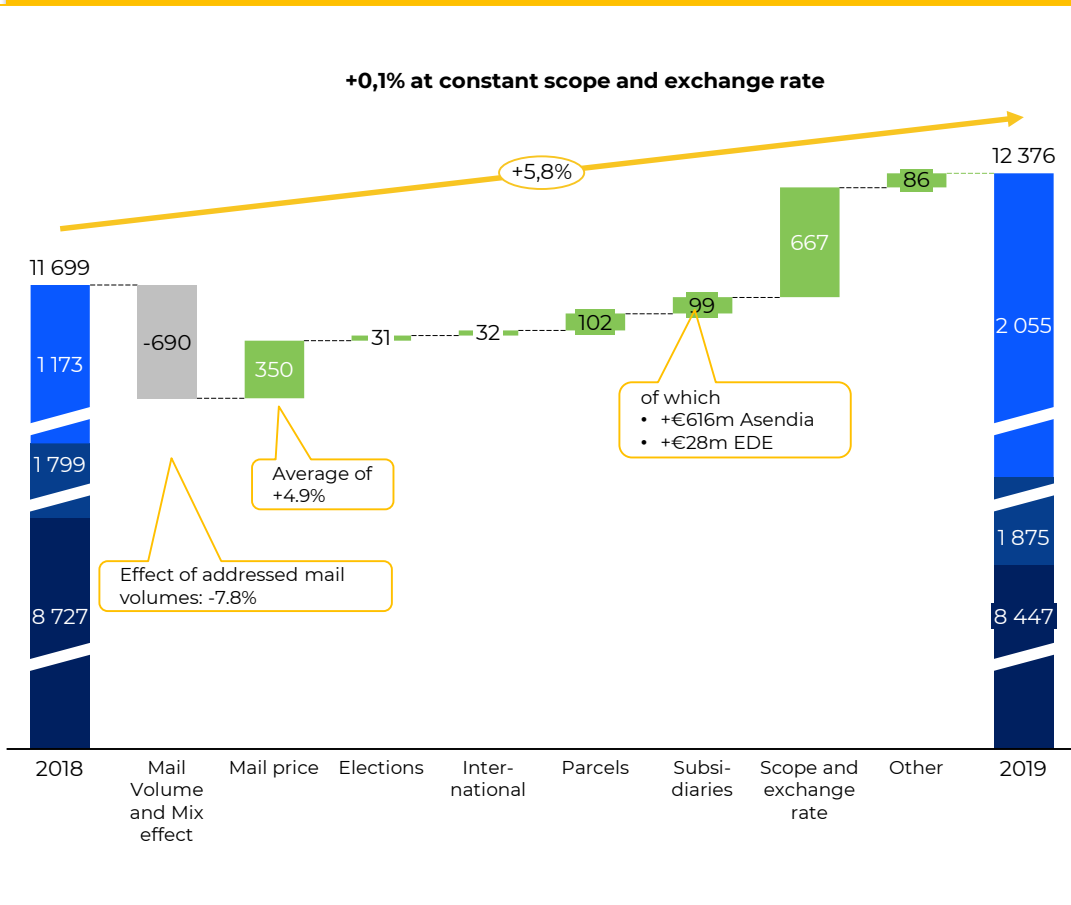
+2.4% at constant scope and exchange rate

-10.8%, excluding IFRS 16 impact, at constant scope and exchange rate

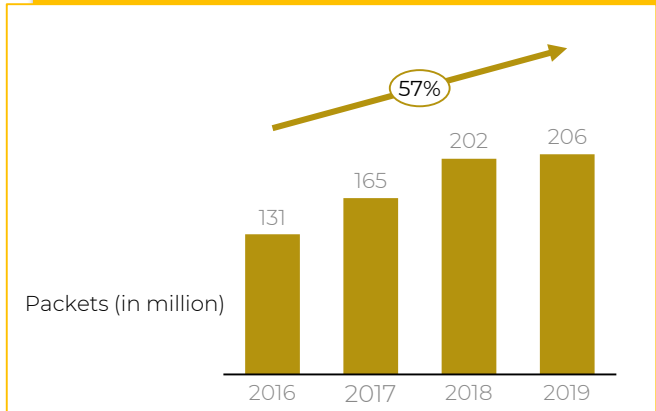


Services-Mail-Parcels

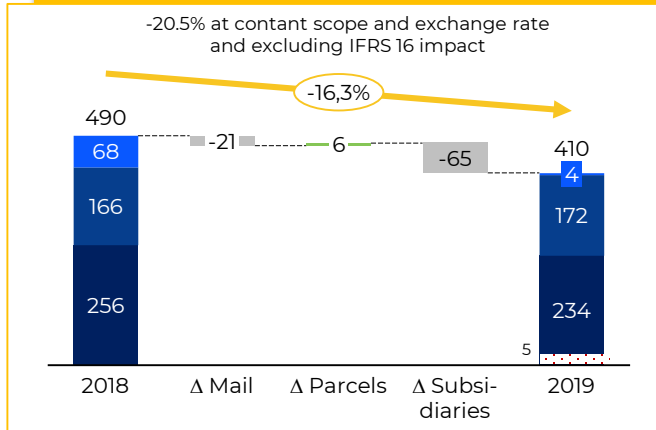
OPERATING REVENUE in €m



STRONG GROWTH OF INTERNATIONAL FLOWS



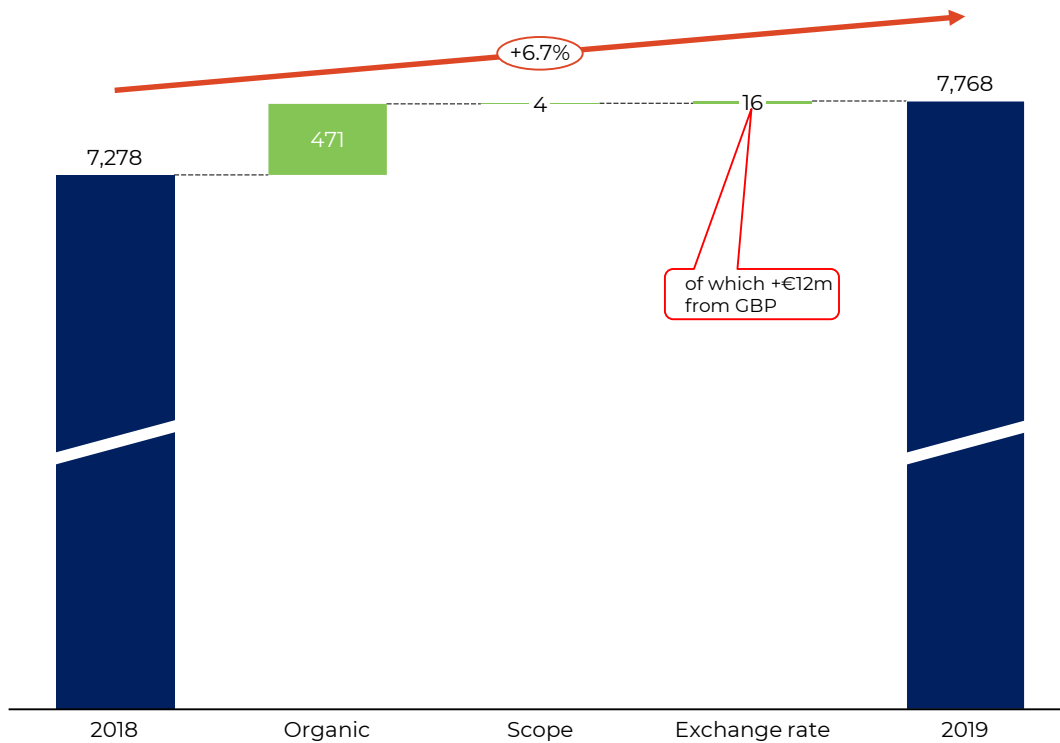
OPERATING PROFIT¹ in €m



€5m of IFRS 16 impact

OPERATING REVENUE in €m

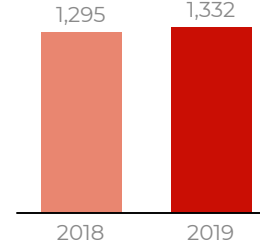
+6.5% at constant scope and exchange rate



COMMERCIAL MOMENTUM

Parcel volume (in m)

+2.8%



(in % volumes)

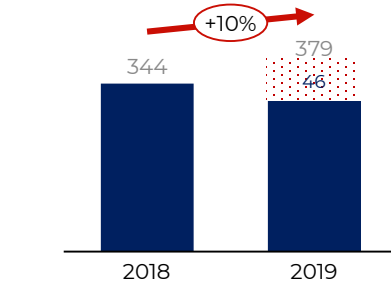


(in % of revenue)



OPERATING PROFIT¹ in €m

-3.9% at constant scope and exchange rate and excluding IFRS 16 impact



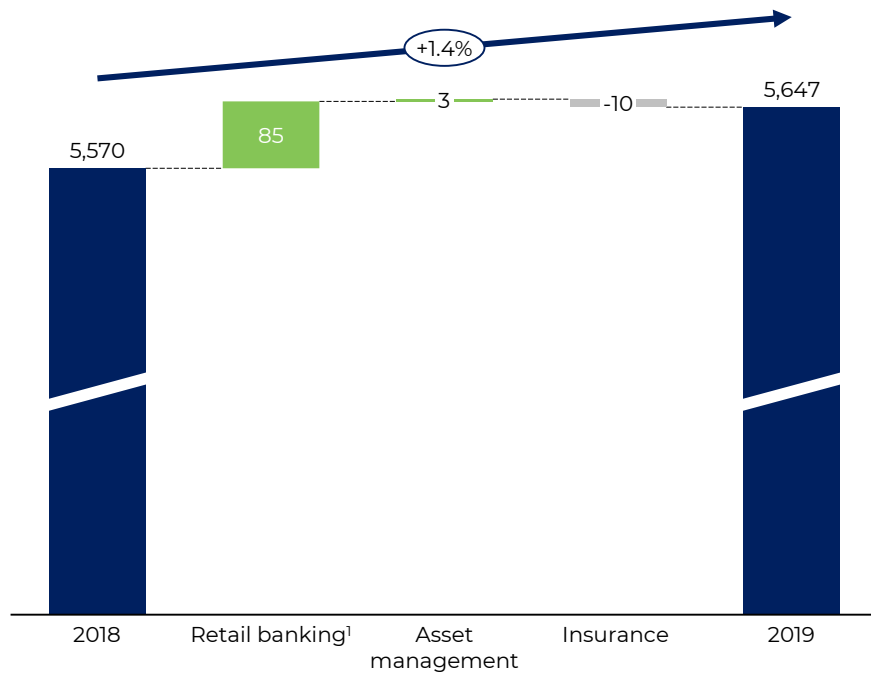
IFRS 16 impact

1) After share of results in companies under joint control



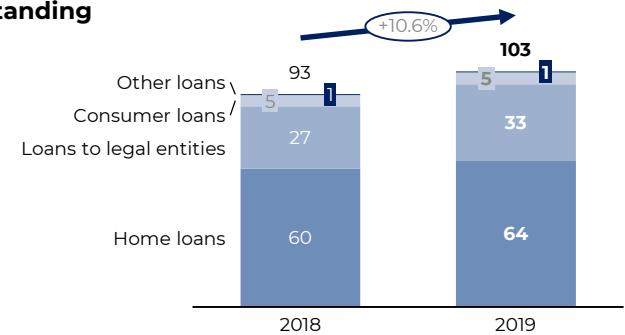
La Banque Postale

NET BANKING INCOME in €m

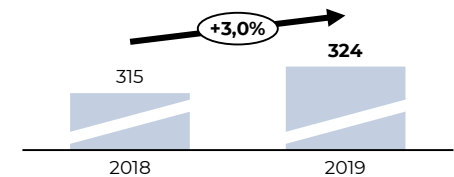


COMMERCIAL MOMENTUM

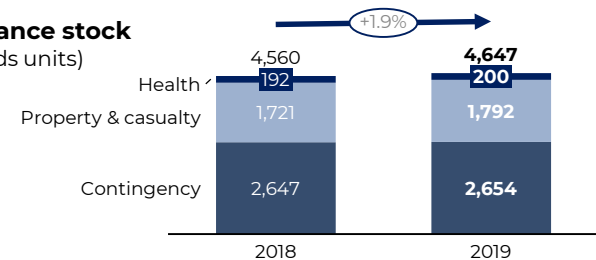
Credit outstanding (€bn)



Client savings (€bn)



Non-life insurance stock (in thousands units)



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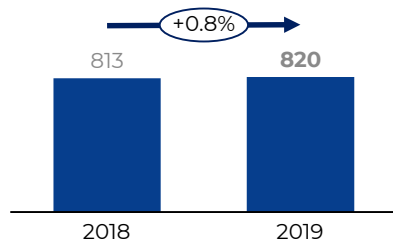
La Banque Postale

OPERATIONAL PERFORMANCE

Operating ratio



Operating profit¹
(€m)



SOLVENCY

CET1 ratio

Fully loaded



CET1 requirement at July 2019: 9.25%

Total capital ratio



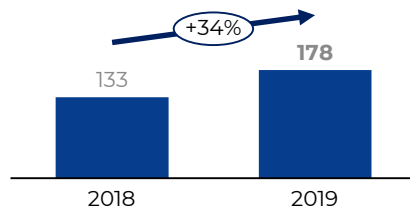
TCR requirement at July 2019: 12.75%

31/12/2018

31/12/2019

COST OF RISK

Cost of risk² (€m)



Cost of risk-to-outstandings ratio

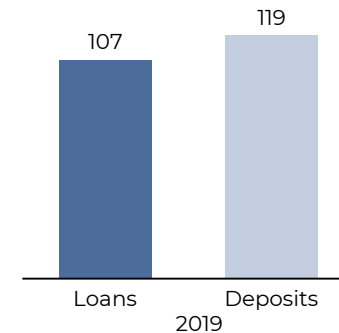


LIQUIDITY POSITION

Loan/Deposit ratio
90%

(excl. deposits centralised by Caisse des Dépôts)

in €bn



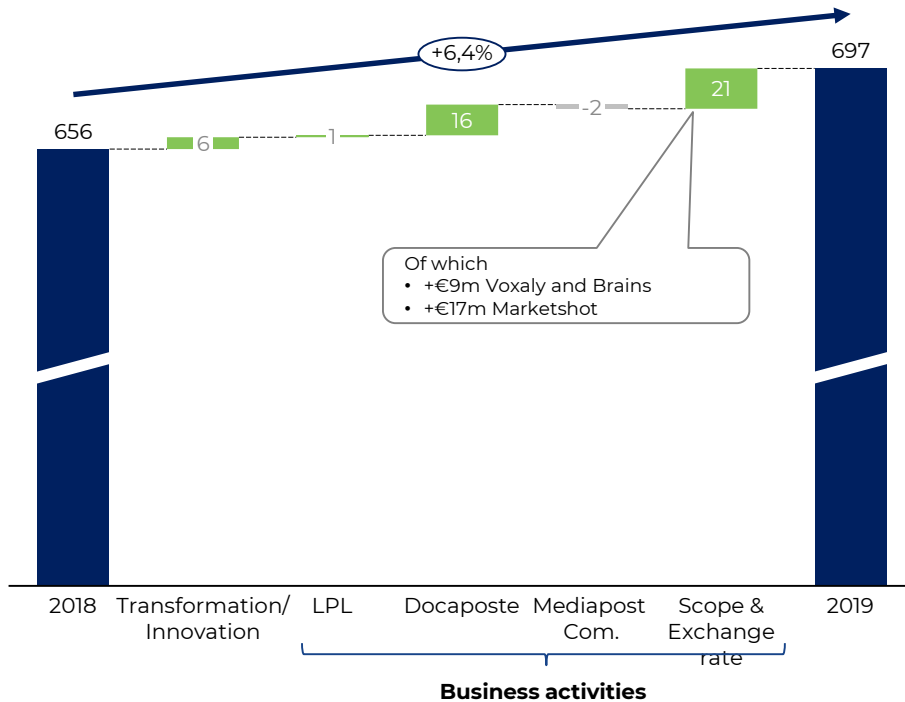
2019

1) After share of results in companies under joint control
2) Cost of risk of the commercial bank loans

Digital services

OPERATING REVENUE in €m

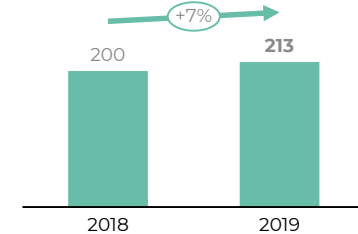
+3.2% at constant scope and exchange rate



COMMERCIAL MOMENTUM

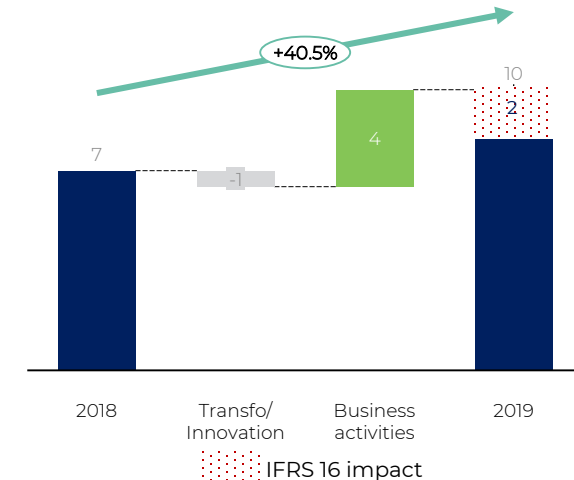
laposte.fr

Revenue (in €m)



OPERATING PROFIT¹ in €m

-27.8% at constant scope and exchange rate and excluding IFRS 16 impact



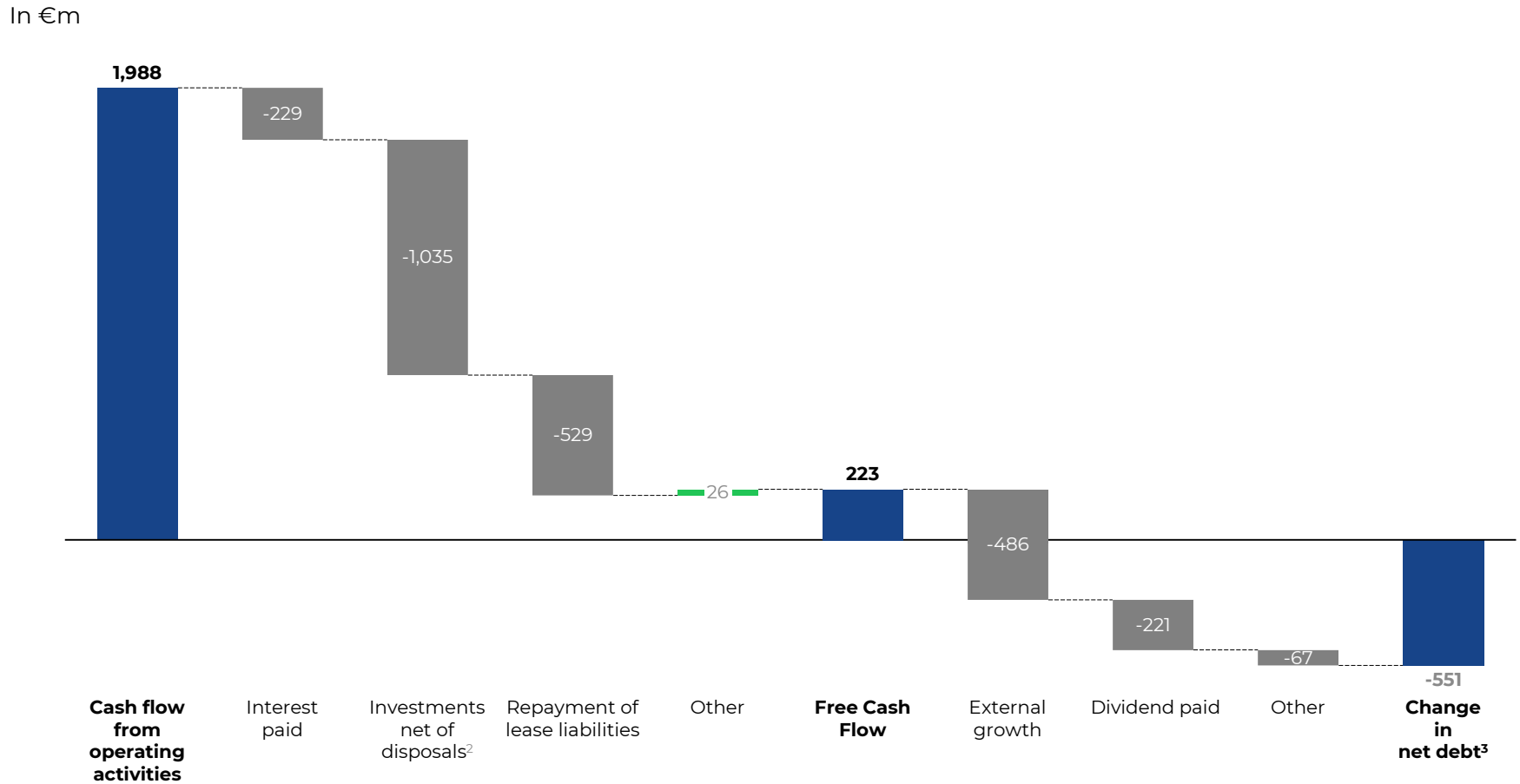
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Share in profits of associates	305	291	+4.5%	Mainly CNP Assurances and BRT
Net result Group share	822	798	+3.0%	-3.6% excl. IFRS 16 impact, at constant scope and exchange rate



Change in net debt¹

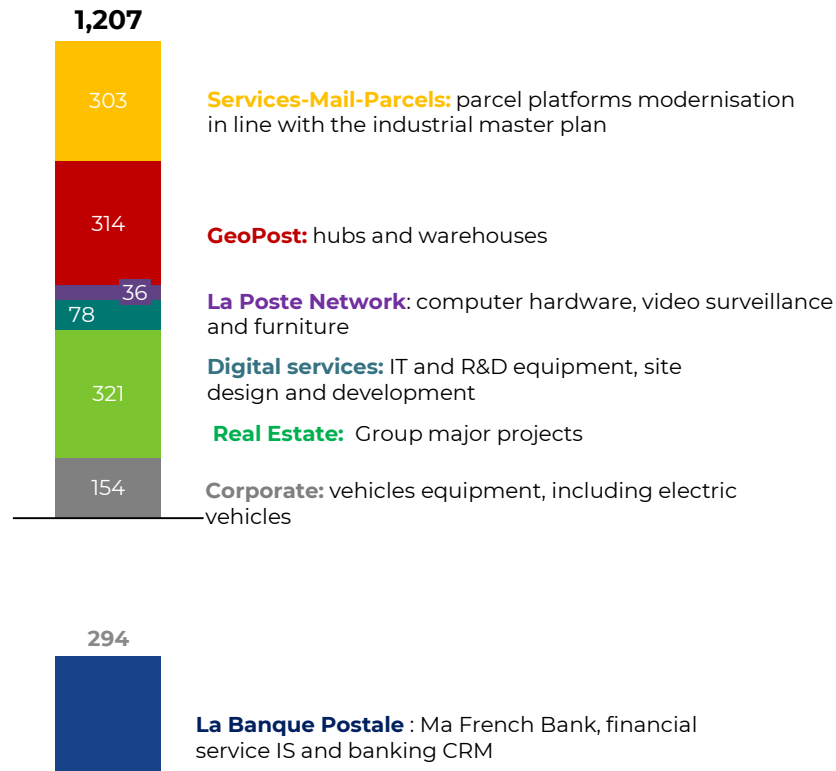


- 1) Group net debt doesn't take into account La Banque Postale for which this concept is not relevant
- 2) Gross tangible and intangible CapEx excl. banking activities : (€1,207m) ; intangible and tangible asset disposals (€172m) ; La Banque Postale investments : €294m
- 3) Change in net debt includes €54m of IFRS 16 impact

Investments and external growth

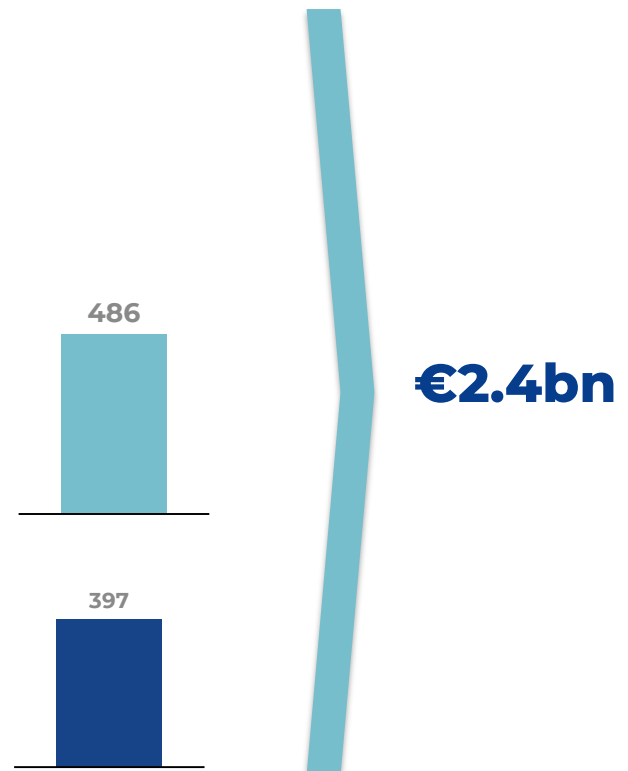
Investments

In €m



External growth

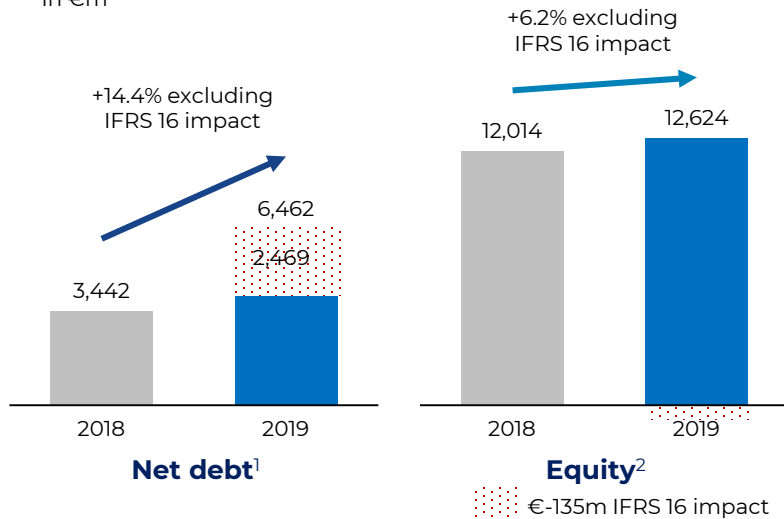
In €m



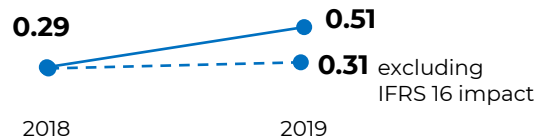
Balance sheet structure and rating

NET DEBT⁽¹⁾/EQUITY⁽²⁾

In €m



Net debt/Equity ratio



RATINGS

S&P Global
Ratings

A / A-1 Positive

Rating confirmed in October 2019

FitchRatings

A+ / F1+ Stable

Short-term rating upgraded in September 2019

Rating confirmed in January 2020



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Outlook

Philippe Wahl, CEO



Appendices

IFRS 16 major impacts on 2019 indicators

In €m

Operating revenue	0
Adjusted EBITDA	+595
Operating profit after share in results of companies under joint control	+72
Financial profit	-60
Net debt	+2,524
Equity (First Time application)	-135



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