

LA POSTE 2020
**CONQUÉRIR
L'AVENIR**

**Annual results - 2016
Le Groupe La Poste**

Press conference
23 February 2017



LE GROUPE LA POSTE



Agenda

2016 key highlights

Philippe Wahl, CEO

2016 key figures

Yves Brassart, Executive VP in charge of Finance and Development

Outlook

Philippe Wahl, CEO



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2016 key highlights

Philippe Wahl

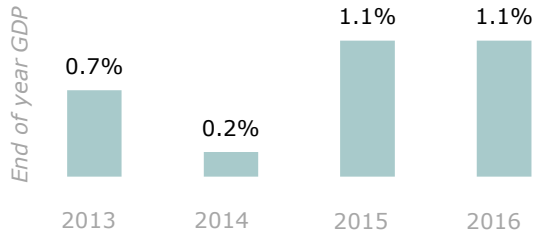


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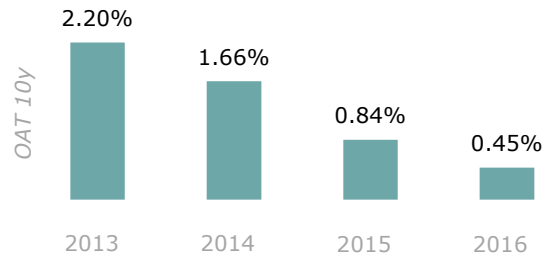


Economic background

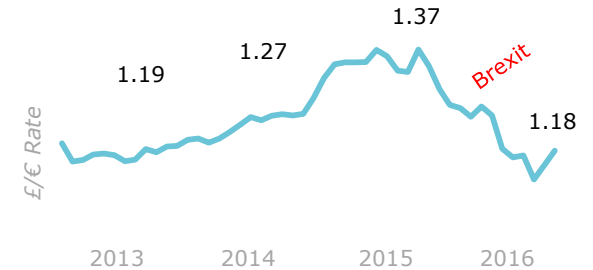
GDP France



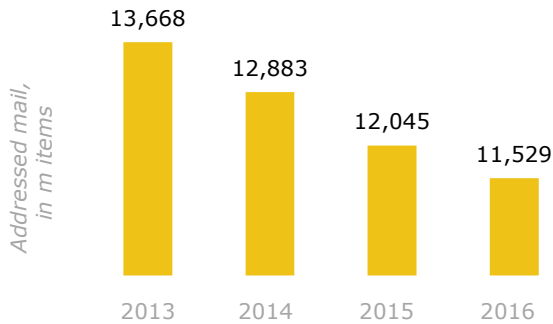
Interest rate¹



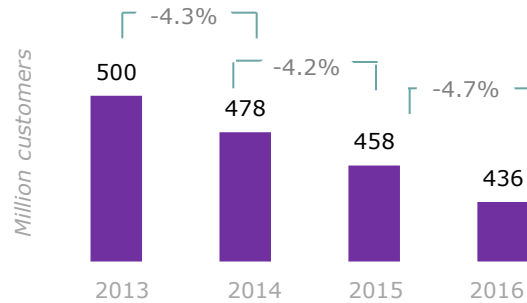
Exchange rate²



Mail volumes

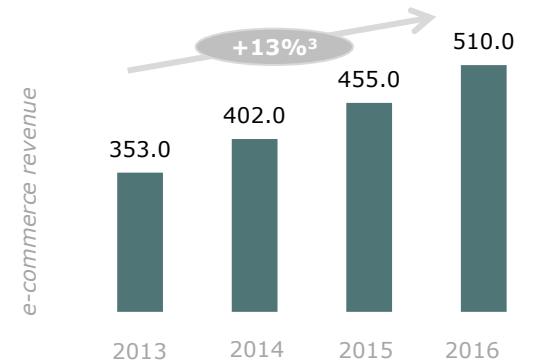


Post offices attendance



E-commerce³

BtoC Europe, in €bn



1) Average annual rate - Source: Banque de France
 2) Data as at 31 December
 3) Source : Report e-commerce Foundation - CAGR



Transformation under way. Good performance in 2016

 **Operating revenue: €23,294 million**

up +1.1%

 **Operating profit¹: €975 million**

up +11.5%

 **Net result Group share: €849 million**

up +33.6%

 **Economic health indicator²: €233 million**

(vs. €498 million in 2015)

 **Net debt³: €3,719 million** up €62 million

(vs. €3,657 million in 2015)

 **Net debt / Equity ratio³: 0.34**

(vs. 0.38 in 2015)

1) Operating profit/(loss) after share of net profit/(loss) of jointly controlled companies.
2) Economic health indicator = Cash flows from operating activities excl. banking - purchases of intangible assets and property, plant and equipment net of vehicle disposals - interests & dividend paid.
3) Group net debt does not take into account La Banque Postale for which this concept is not relevant.



Services-Mail-Parcels: proximity services for everyone, everywhere, every day

A strong year in Parcels

- 293 million parcels: up +7%
- New services easily and instantly accessible
 - Direct returns from personal letterbox
 - Evening delivery in towns >50,000 inhabitants



Proximity services to fulfill all types of needs

- Strong increase in revenue generated from new services: €43 million in 2016 i.e. ~3 times more than in 2014
- Different types of services
 - Services for the elderly
 - Services for individuals
 - Theoretical examination for the Driving license (180,000 exams)
 - Services for companies and local authorities





GeoPost: new countries, new markets, new services

- **Strongly growing volumes¹: +11.2% at 1.119 billion parcels**
- **Active external growth policy focused on extending DPDgroup's multi-domestic network**



● **New market segments towards further development**

- Delivery of fresh products
- Health care



● **Innovative services to offer a full range of delivery services**



1st line by drone



~29,000 Pickup outlets (+7,000 in 2016)



~270 automated lockers (+70 in 2016)

1) +6.5% at constant scope and working days
 2) Creation of DPD Russia, once the acquisition of the remaining 50% shares in Armadillo holding GmbH was completed in January 2016
 3) Operation expected to be completed during H1 2017, after approval of the Russian competition authority (notified in December 2016)



La Banque Postale: commercial development and partnership policy

+9.8% growth in credit outstanding

- o/w: +48% on credit to legal entities

Retail banking: customer relation

- ~220 customer managers dedicated to “Professionals” rolled-out in post offices
- 3 transforming programs targeting tailor-made services



Concerto **excello**

Renewed partnership with CNP Assurances



Strengthened expertise in Asset management

- LBPAM: wider range thanks to the completion of partnerships both with Aegon (that took 25% of capital) and Malakoff Médéric (5% of capital, merger of Fédéris with LBPAM)
- Merger of Ciloger and AEW Europe (BPCE group)



AEGON
Asset Management



CILOGER

AEW EUROPE

Innovative partnership in payments

- Pooling together payment systems with Société Générale





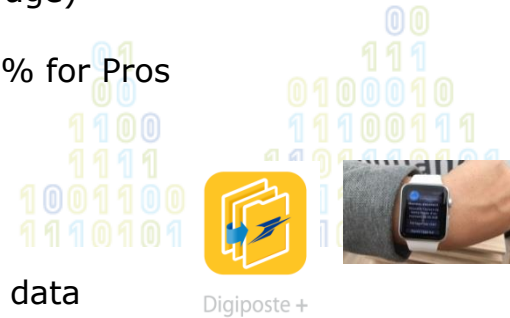
Business unit Digital: making digital easy for everyone

Simplified online customer paths (L@Poste en ligne)

- 12 million unique visitors on www.laposte.fr (monthly average)
- +15% of additional visits on the online retail boutique, +7% for Pros

A trust relationship with everyone

- Digiposte +: the personal digital assistant
- Data Charter: committing to a responsible use of personal data



Marked positioning on IoT



External growth fueling the Group's digital expertise

- Applicam: e-management of subsidies & money management solutions
- CDC Fast: digital trust services
- Probayes: data analysis and predictive solutions

Internal digital transformation under way

- 60,000 employees trained to digital





La Poste Network: transforming postal presence

La Poste Mobile keeps growing

- 1.3 million lines, up 6.5%

7 forms of postal presence, at the heart of cities and territories, o.w.:

- 500 pooled public service areas
- 564 “facteurs guichetiers” (postman-clerkman) active in rural or peri-urban areas
- 131 openings of retail outlets in urban areas



La Poste & Partenaires

Digital accessibility and new offers

- Customer advisors equipped with smartphones in 1,071 post offices and 1,538 retail outlets
- Free Wi-fi access in 750 retail outlets



Explicit banking priority

- New managerial structure so as to facilitate banking advisors' activities
- Nearly 370,000 training days provided in 2016 by the common training school “L'École de la Banque et du Réseau”



Modernizing public service missions

Signature on 11 January 2017 of the 2017-2019 local postal coverage agreement

- Adaptation of postal presence to the needs of population and regional development
- Strengthened digital accessibility

Compensations set until 2019/2020 to support the company

- Regional planning: 2017-2019 compensation set in the local postal coverage agreement signed on 11 January 2017
- Press transportation and delivery mission: 2016-2020 compensation secured by the inter-ministerial decision of 5 September 2016

La Poste and stakeholders deeply attached to the execution and continuity of public service missions

- High-level monitoring committee for public service missions (took place on 30 November 2016)



Social commitment: make each employee a key participant & beneficiary of the Group's development

Recruitment

- 4,463 recruitments in 2016 by La Poste parent company i.e. +25%, and 10,220 by the Group in France

Training and career development

- 76% of employees trained within the year
- 20,00 qualifying courses in 2015 and 2016
- Mobility between Business Units: +28%
- 31,800 professional evolutions within the Group in 2016 (+15%)

Managerial development

- Over 10,000 managers have taken part in the "Institut du Management" programs since its creation

Social dialogue

- 5 national agreements signed in 2016, i.e. a total of 16 signed over the last two years
- 6 other main negotiations initiated in 2016
- 1 agreement signed on 7 February 2017 on postmen and postmen managers' work conditions

Quality of life at work

- La Poste ahead of the law, rolling out "the right to disconnection"
- *Boloco* Program : over 1,100 upgrades of professional buildings/sites during 2016



Societal commitment: giving impetus to everybody

Commit to climate change and air quality

Urban logistics

- 7 cities in which delivery service is operated in green transportation mode (15 projected)

Energy transition

- -16% in greenhouse gas since 2013 (initially a 2020 target)
- 100% of renewable electricity since 1 May 2016 (initially a 2020 target)
- Creation of a JV with CDC on energy retrofiting



Eco-mobility

- New eco-mobility range, to contribute to a low carbon and low emission economy



Commit to local economic development

Support local development

- Over €20m purchases from the disabled/sheltered sector
- Support to entrepreneurship (Start'in post, *les élançais*, Ashoka, Kiss Kiss Bank Bank, Adie)



Help universal access to employment

- Numerous solidarity-oriented projects (2nd chance Schools, etc.)



- Volunteering: over 500 mentor employees





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2016 key figures

Yves Brassart



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Consolidated P&L

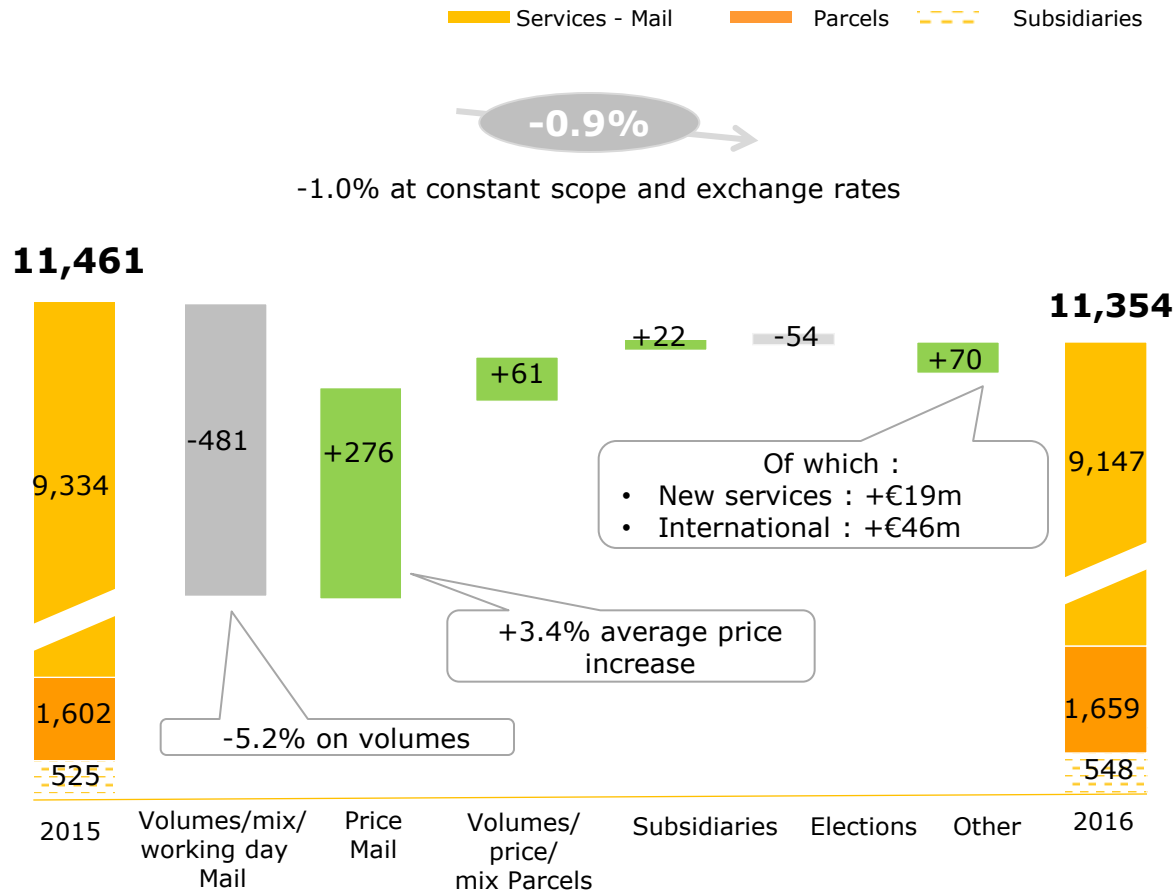
In €m

	2015	2016	Δ in %
Operating revenue	23,045	23,294	+1.1%
Operating profit after share in results of companies under joint control	875	975	+11.5%
<i>Operating margin</i>	3.8%	4.2%	+0.4pt
Financial loss	-154	-169	+10.0%
Income tax	-253	-104	-59.1%
Share in profits of associates	207	191	-7.8%
Net result Group share	635	849	+33.6%

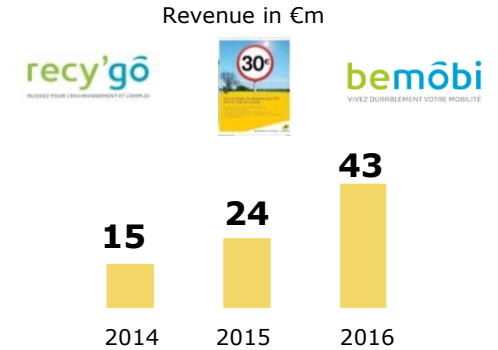


Services-Mail-Parcels: decrease in mail volumes, development of new services, growth in Parcels

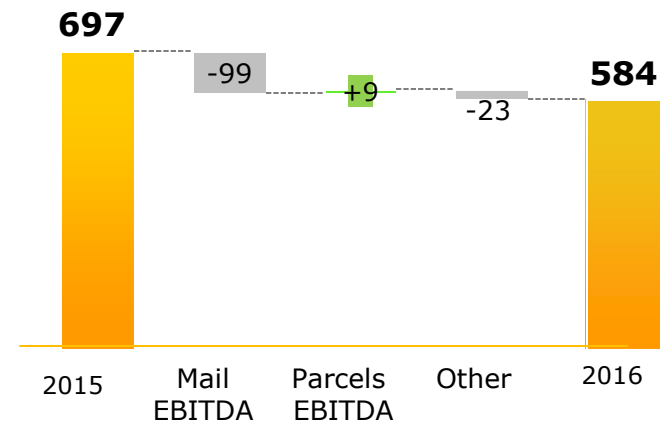
Operating revenue in €m



Dynamic new services¹



Operating profit² in €m

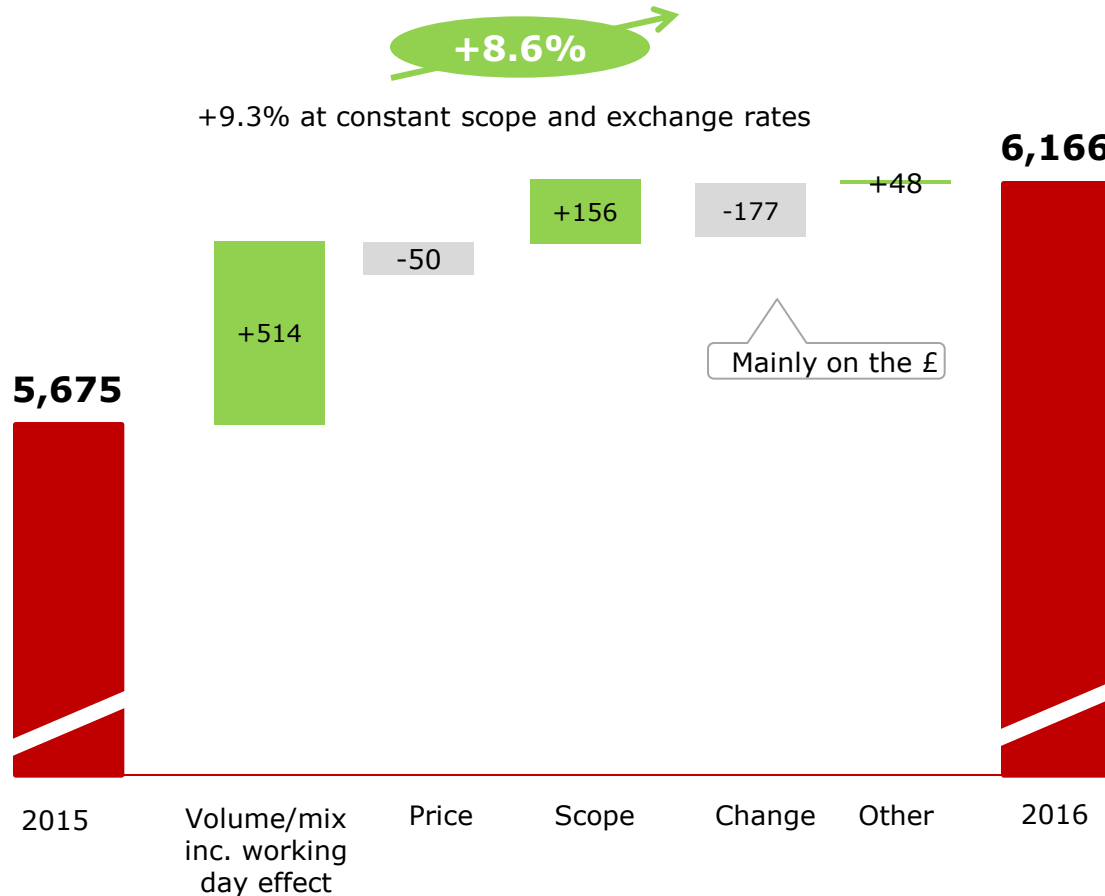


1) Excluding revenue from silver economy generated through subsidiaries
 2) After share of net profit/loss of companies under joint control

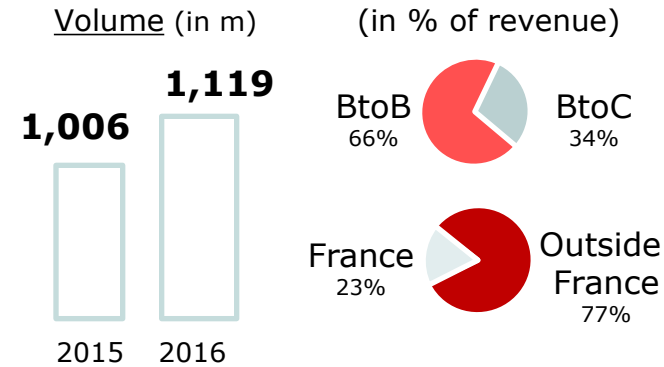


GeoPost: strong growth in volumes, sustained external growth

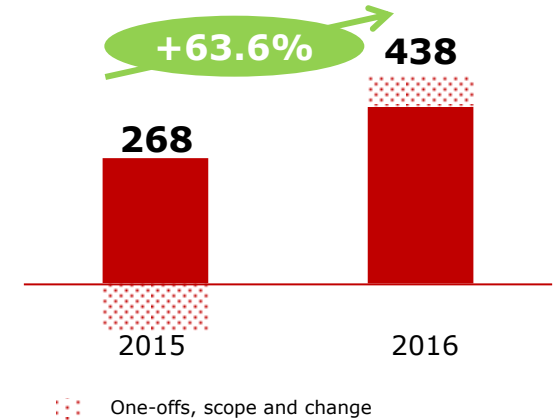
Operating revenue in €m



Commercial momentum



Operating profit¹ in €m



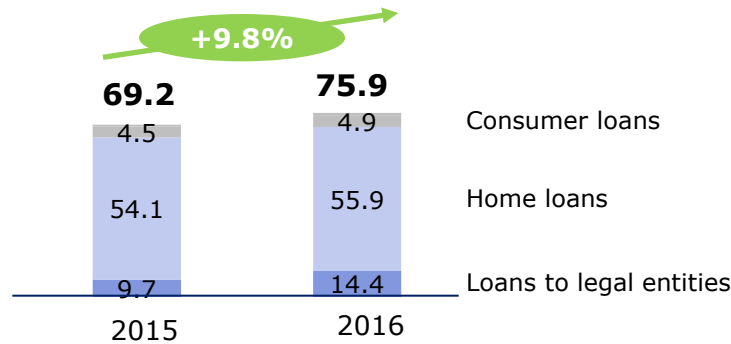
(1) After share in net profit/loss of companies under joint control. 2015 EBIT includes a -€99m fine linked to an investigation of the French competition authority for which an appeal is underway and 2016 EBIT includes a +€60 million securities revaluation after the acquisition by GeoPost of the remaining 50% share of Armadillo (Russia).



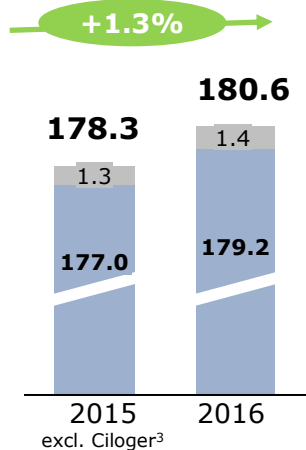
La Banque Postale impacted by the historical low rate environment

Commercial momentum

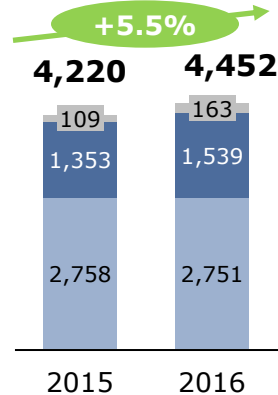
Credit outstanding (€bn)



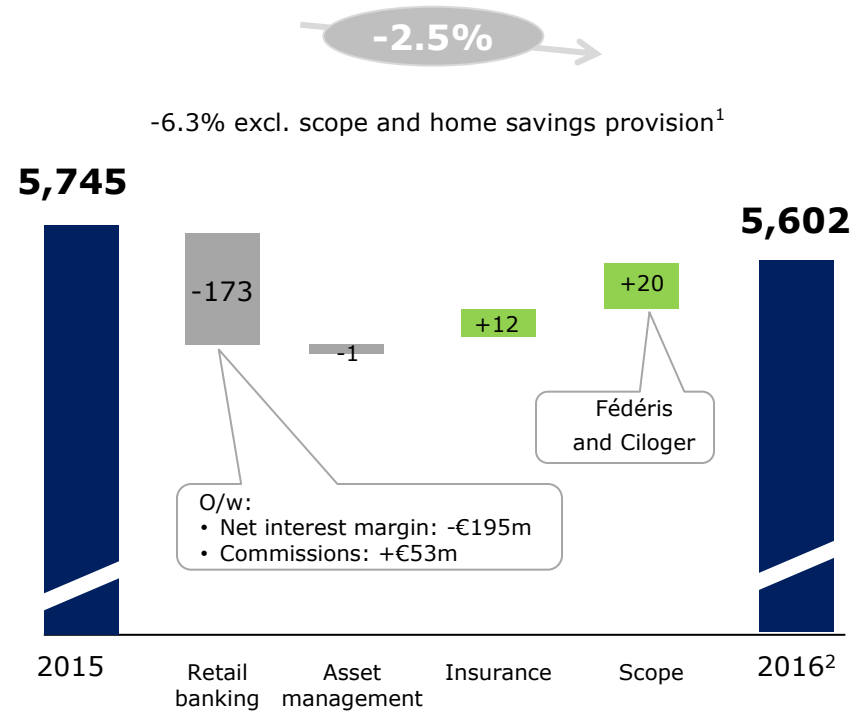
Assets under management (€bn)



Non-life insurance stock (in thousands units)



Net banking income in €m



■ Tocqueville ■ LBPAM/SAM ■ Health ■ Property & casualty ■ Contingency

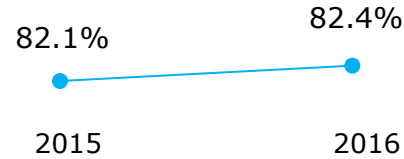
1) Change in home savings provision represents a net reversal of €205m in 2016, i.e. +€142m in 2016, -€63m in 2015
 2) 2016 NBI includes a €107 million capital gain from the sale of Visa Europe securities
 3) Removed from the consolidation scope following its sale to AEW Europe (accounted for by the equity method in 31/12/2016 accounts)



La Banque Postale: control of expenses and of cost of risk

Operational performance

Operating ratio

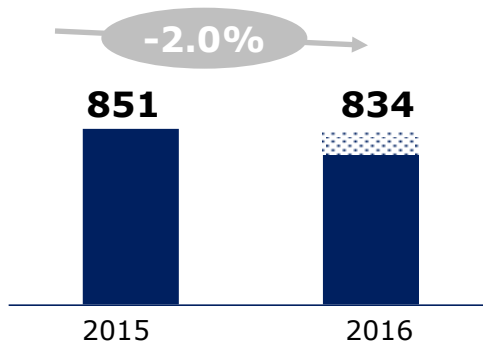


Cost of risk (in €m)



CoR/outstandings¹

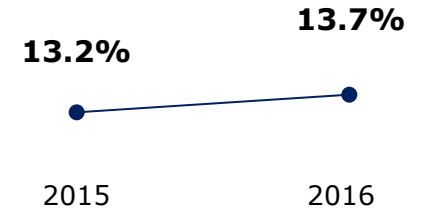
Operating profit (in €m)



One-off⁴

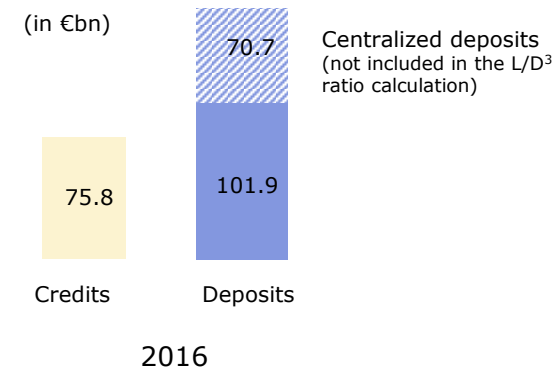
Solvability & capitalization

CET1²



Liquidity position

Loan/Deposit ratio
74,4%

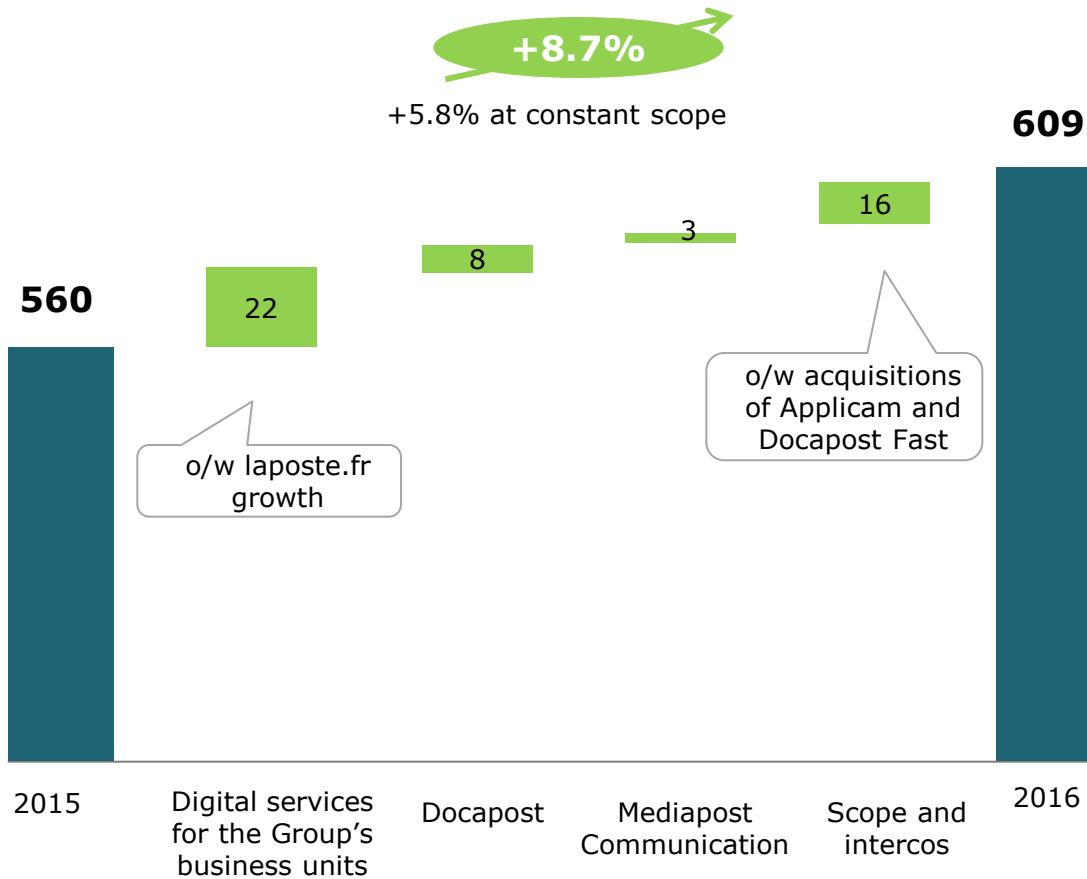


1) CoR : cost of risk of the commercial bank
 2) Largely above the level required following the Supervisory Review and Evaluation Process led by the ECB in 2016 that led to a total CET1 requirement of 7.625% from 1st January 2017
 3) Livret A, LDD and LEP : as from 1st July 2016, LEP outstanding are 50% centralized at CDC (vs 100% beforehand)
 4) includes a €107 million capital gain from the sale of Visa Europe securities



Digital : development of strategic activities

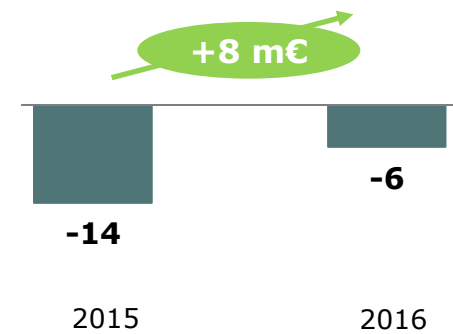
Operating revenue in €m



External growth dynamics



Operating profit¹ in €m



1) After share in net profit/loss of companies under joint control



Consolidated P&L

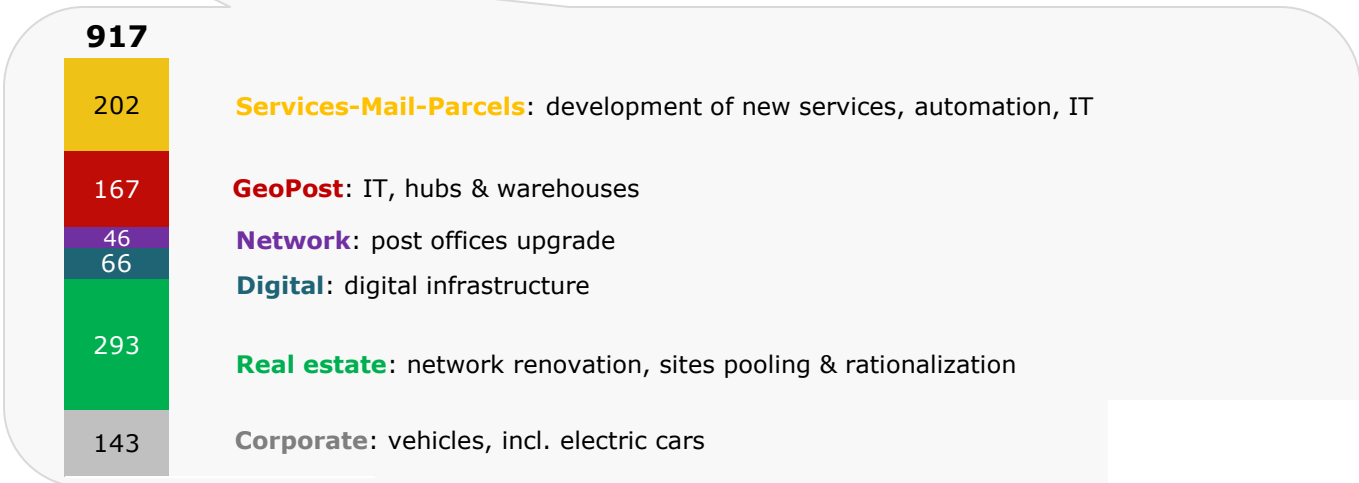
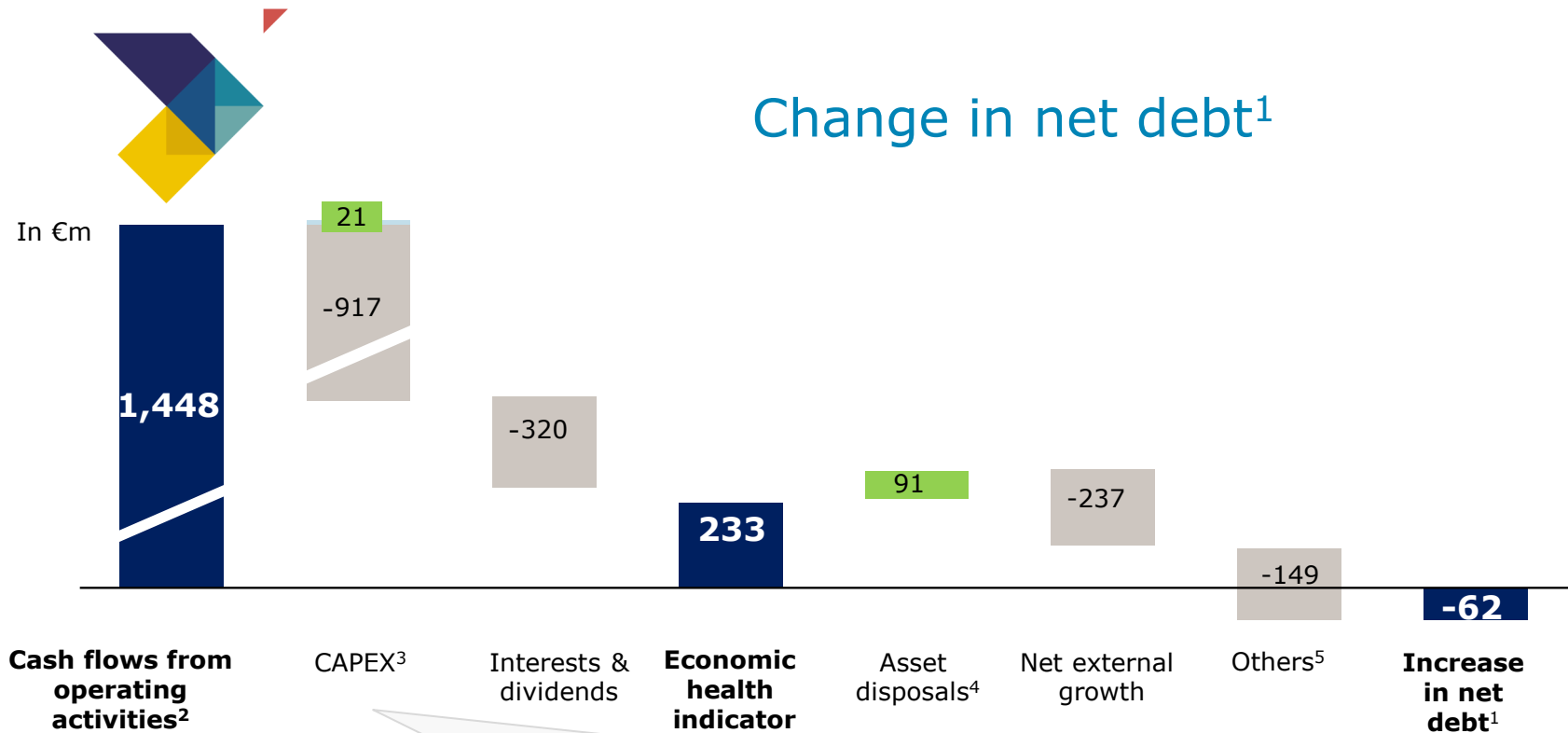
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Share in profits of associates ¹	207	191	-7.8%
Net result Group share	635	849	+33.6%

Mainly linked to change
in fair value of debt and
derivatives

Lower base for tax
calculation
(non taxable products)

Change in net debt¹

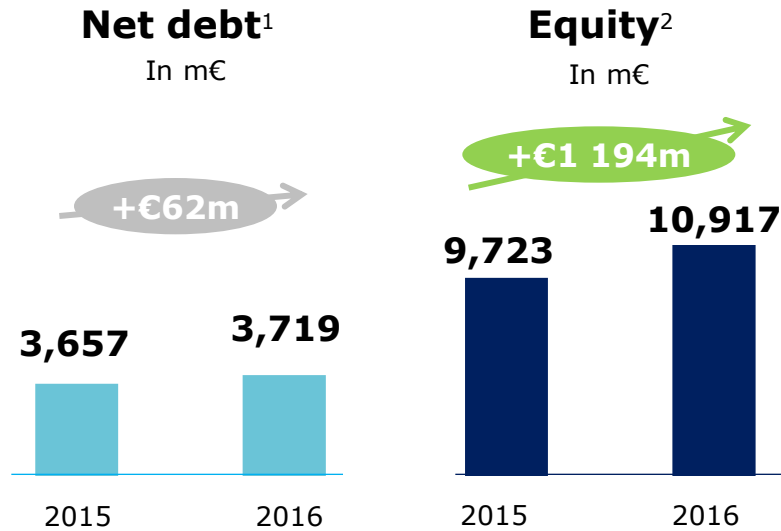


1) Group net debt doesn't take into account La Banque Postale for which this concept is not relevant
 2) Cash flows from operating activities excl. banking, but including dividends paid by La Banque Postale and other equity associates
 3) Gross CAPEX excl. banking (tangible and intangible) by business unit, net of vehicles disposals (€21m), excl. financial investments and external growth
 4) Excl. vehicles disposals
 5) Incl. acquisition of financial assets, net of disposals

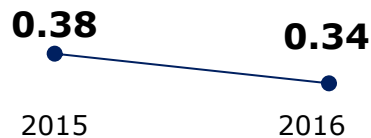


Balance sheet and rating

Net debt¹ / Equity²



Net debt/Equity ratio



Ratings

**STANDARD
& POOR'S**

A / A-1 Stable

Confirmed in October 2016

FitchRatings

A+ / F1 Stable

Confirmed in December 2016



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