



LE GROUPE LA POSTE

DIRECTION DE LA COMMUNICATION
SERVICE DE PRESSE

PRESS RELEASE

Paris, 20 February 2014

LE GROUPE LA POSTE 2013 ANNUAL RESULTS

- **Consolidated revenue:** €22,084 million up 2 % (+1 % at constant structure and exchange rates)
- **Operating profit:** €770 million, down 5.6 % (-42 % excluding the CICE tax credit impact¹ and at constant structure and exchange rates)
- **Net profit Group share:** €627 million, up 31 % (-30 % excluding the CICE tax credit impact¹ and at constant structure and exchange rates)
- **Economic health indicator**² negative at €(104) million
- **Increase in net debt** (€3,778 million) of €318 million
- **Stability of Group financial structure** with the last €600 million payment for the capital increase subscribed by the French government and Caisse des Dépôts.

2013, a turning point

On Thursday, 20 February 2014 the Board of Directors of La Poste, under the chairmanship of Philippe Wahl, adopted the Group's consolidated financial statements for the year ended 31 December 2013.

On this occasion, the Chairman underlined that 2013 was a turning point for the Group. Consolidated revenue rose 2%, bolstered by the continuing development of La Banque Postale and Parcels and Express activities. The impact of declining mail volumes and reduced customer traffic in post offices continued but were not fully offset by growth in other activities, cost control and pricing measures. On that basis, Group operating profit declined 5.6% (42% excluding the CICE tax credit). Net profit Group share reached €627 million. Excluding CICE, it came to €330 million.

The economic health indicator shifted to negative at €(104) million.

To get the Group in a sustainable development perspective, a new strategic plan "La Poste 2020: Conquering the future" was presented to the Board of Directors on 28 January 2014. Resulting from consultation with customers, employees, elected officials, associations, trade unions and shareholders; this plan aims at accelerating the development of existing activities while expanding into new areas notably digital activities, modernizing public service missions and re-establishing the Group's economic health.

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¹ *Crédit Impôt Compétitivité Emploi*

² Economic health indicator = net cash flow from operating activities (€1,056m) – capital expenditures excluding banking activities (€837m) + proceeds from vehicles disposals (€24m) – interests paid (€172m) – dividends paid (€175m)

Key figures as at 31 December 2013 Le Groupe La Poste

In millions of euros	31/12/2013	31/12/2012	Change reported basis	Change at constant structure and exchange rates and excl. CICE
Revenue	22,084	21,658	+2.0%	+1.0%
Operating profit	770	816	-5.6%	-42%
Operating margin	3.5%	3.8%	-0.3pt	
Net profit, Group share	627	479	+31%	-30%
Net margin	2.8%	2.2%	+0.6pt	
Financial structure				
Net debt ³	3,778	3,460	+€318m	
Equity Group share	8,460	7,470	+€990m	
Net Debt/Equity	0.45	0.46	-0.1pt	
Net Profit/Equity	7.4%	6.4%	+1pt	
Key ratios for La Banque Postale				
Core Tier 1 (Basel 2.5)	11.4%	12.1%		
Loans/Deposits	67%	59%		

[LE GROUPE LA POSTE RESULTS](#)

KEY INDICATORS

Le Groupe La Poste's consolidated revenue reached €22,084 million, up 2% (+1% at constant structure and exchange rates). Declining mail volumes were partially offset by increased mail tariffs and above all good performances of Parcels-Express and La Banque Postale.

Consolidated operating profit amounted to €770 million, down 5.6% on 2012. Excluding the CICE tax credit, operating profit came to €473 million, down 42%.

After net financial expenses €(223) million, income tax €(127) million, share of profit of equity associates (€215 million, mainly from 20.15%-held CNP Assurances), **net profit Group share** came to €627 million. Excluding the CICE tax credit, it totalled €330 million, down 31%.

CAPITAL EXPENDITURE AND ACQUISITIONS

Gross capital expenditures by the Group totalled €997 million, primarily dedicated to renovating post offices, modernising the real estate portfolio and production facilities, reinforcing the European and international Express network as well as electrical vehicles and information systems for all business lines.

³ Group net debt does not take into account banking activities, to which this concept is not relevant.

In addition, €190 million were recorded for **acquisitions**.

Parcels-Express:

- strengthened its European network: acquisition of Seur franchises in Spain,
- expanded its geographical presence outside of Europe: acquisition of a 40% stake in DTDC, positioned in parcels' transportation in India,
- enriched its offering by acquiring 40% of Colizen, specialised in parcel delivery by appointment in France and the acquisition of a controlling interest in Tigers, a global freight forwarder (66% direct stake).

Mail further expanded its international mail activity by acquiring through Asendia:

- Pitney Bowes' international mail business operations in the United Kingdom,
- a 40% stake in eShopWorld, based in Ireland.

La Banque Postale strengthened its offering for high net worth customers in particular through the acquisition of BPE. La Banque Postale innovated with the creation of l'Appui, a platform providing advice and banking/budgeting guidance for financially vulnerable customers.

Finally, Le Groupe La Poste supported La Banque Postale's development by increasing its subsidiary's prudential capital by €1 billion, through a capital increase entailing the in-kind contribution of La Banque Postale's headquarters (€228 million) and the issuance of hybrid securities (€800 million). La Banque Postale's Core Tier 1 ratio was 11.4% at 31 December 2013 and Tier 1 ratio 13.2%.

FINANCIAL STRUCTURE

Equity Group share amounted to €8,460 million at 31 December 2013, increasing thanks to the payment of the last €600 million instalment for the capital increase subscribed by the French government and CDC, the recognition of €627 million in earnings and the 2012 dividend paid to shareholders in 2013.

Net debt⁴ amounted to €3,778 million, up €318 million from 2012. This change reflects the €600 million capital increase that was more than offset by the subscription of La Banque Postale hybrid securities for €800 million and the net operating cash outflow after dividends⁵ of €(104) million.

The Net Debt-to-Equity ratio remained stable at 0.45.

Furthermore, regarding debt management, in November 2013 La Poste repaid a €726 million bond issue and proceeded with a an 11-year €250 million bond issue with a 2.75% fixed coupon by increasing the existing €750 million bond issue of November 2012. The Group is in this way pursuing its objective of active management of its financial resources while optimising costs. On that basis, the cost of debt for 2013 was 3% compared to 4.31% before active management.

⁴ Group net debt does not take into account banking activities, to which this concept is not relevant.

⁵ Net operating cash flow after dividends is the indicator of economic health.

BUSINESS LINE PERFORMANCE

Mail

Mail had revenue of €11,103 million, down 2.7% (-3.5% at constant structure and exchange rates). This decline in large part reflects the drop in volumes (-5.5%) linked to digitisation combined with an unfavourable economic environment for advertising activities. The increase in stamps tariffs that happened in January 2013 offset 50% of these factors.

More specifically, the Mail parent company that includes all marketing and delivery activities relating to addressed mail had revenue of €9,892 million, down 3.7%. Sofipost that includes the Mail division's three wholly-owned subsidiaries (Mediapost Communication for relationship marketing and customer knowledge services, Docapost for desktop publishing, document management processes and secure data exchange and Viapost for logistics) as well as 50%-held joint venture in Asendia (international mail services) created with Swiss Post, positively contributed to revenue with €1,211 million, up 7%, bolstered by contributions from companies acquired in 2012 and 2013.

Total operating profit for Mail came to €471 million, declining 31.1%, as significant product innovation efforts and cost control measures did not succeed in offsetting the decline in volumes. Operating profit of the Mail division parent company amounted to €404 million, significantly down, and Sofipost's contribution came at €67 million, stable compared to 2012.

Parcels-Express

Parcels-Express' revenue amounted to €5,988 million, up 7.3% (+5.9% at constant structure and exchange rates). This performance was driven by growing volumes in France and international markets and the rollout of innovative services (choice of place and time of delivery with the Predict service, development of collection points).

ColiPoste's revenue totaled €1,597 million, up 2.8% from a 3.1% growth in volumes (equivalent working days) driven by buoyant e-commerce activity.

GeoPost had revenue of €4,391 million, up 9.1% (+7.2% at constant structure and exchange rates). This growth was driven by a volume effect (+8.5%) with all countries contributing, including notably, the United Kingdom (+19%), France (+17%) and Russia (+23%).

Parcels-Express reached operating profit of €419 million, up 4.1%. ColiPoste had operating profit of €101 million and GeoPost €319 million, up 8.8% (+9.8% at constant structure and exchange rates) with an operating margin remaining steady at 7.3%. This robust growth reflects good commercial performances and contributions from acquisitions in addition to the rollout of new products and services destined to improve service quality.

Banking activities

La Banque Postale registered net banking income of €5,539 million, up 5.7% (+2.7% at constant structure and exchange rates and excluding home ownership provision and the EIC fine⁶). Lending activity registered significant overall growth of 17.3% in outstanding loans. Local authorities financing registered robust growth with €6 billion in loans granted by La Banque Postale including €3 billion for medium and long-term financing. La Banque Postale created with Caisse des Dépôts La Banque Postale Collectivités Locales⁷ which

⁶ *Echange Image Chèque* (Check Imaging Exchange)

⁷ La Banque Postale Collectivités Locales was created on March 28, 2013, and is 65%-held by La Banque Postale and 35%-held by Caisse des Dépôts.

brings expertise and advice. La Banque Postale also granted nearly €3 billion in loans to the other legal entities. The Asset Management division registered 3.5% growth in outstanding assets under management. The Insurance division also had a good year with portfolio growth of 16% for number of policies. Finally, the percentage of clients subscribing packages of credit cards and services rose from 50.6% in 2012 to 53.1% in 2013.

La Banque Postale's improved its operating ratio from 85.8% in 2012 to 84.9% in 2013 thanks to the combined impact of business development and effective cost control. With a stable cost of risk, the Banking Activities' contribution to Group operating profit was €708 million, up 14%.

La Poste Retail Brand

La Poste Retail Brand registered a good commercial performance in banking services, particularly for property and consumer loans, despite reduced customer traffic in post offices. La Poste Retail Brand represented 18% of Mail's revenue, 27% of Parcels' revenues and 100% of net inflows from retail customers.

For telephony, the year was marked by the rollout of new offerings for retail and professionals and the commercial launch of a broadband offering. This policy enabled La Poste Mobile to service 633,000 new customers in the year and increase its customer portfolio to more than one million in January 2014. Revenue rose 7% to €148 million (at 100%)

Digital activities

2013 was a year that also saw the creation of a Division in charge of digital. Given the scale of the digital revolution, La Poste, as all major companies, sees its businesses change deeply. The mission of the Digital division is to develop innovation and all the related functions for the whole Group, and to foster new activities, in particular around two key ideas: a set of digital services and a postal digital space for data protection.

HUMAN RESOURCES: QUALITY OF LIFE AT WORK AND RESPONSIBLE EMPLOYMENT

The agreement on quality of life at work was signed on 22 January 2013. Among the different measures included under this agreement, La Poste deployed local 1,100 HR managers across the country to support employees in day-to-day activities and career development. Nearly 8 employees out of 10 benefitted from training within the year. A social alarm scheme was set up for trade unions. La Poste and trade unions (FO, CFDT, CGC-UNSA, CFTC and CGT) also concluded an agreement on teleworking. Finally, a cross-generation agreement (*contrat de génération*) was concluded on 22 January 2014 with four trade unions.

After announcing targets for recruiting 15,000 permanent contracts within the parent company over the 2012-2014 period, La Poste fulfilled its commitments: after 5,211 permanent contract recruitments in 2012, 5,298 new employees were recruited under permanent contracts in 2013 including 1,390 employees previously with temporary contracts. Furthermore, in line with its policy promoting the employment of young people, 5,106 work-study contracts were signed and 626 young were recruited within the frame of "contrats d'avenir".

PUBLIC SERVICE MISSIONS: A RENEWED COMMITMENT

La Poste's commitment was renewed in July 2013 with the signature of a new agreement with the French government for 2013-2017. Its postal presence though the territory was also confirmed by the signature in January 2014 of the local postal service coverage agreement for 2014-2016 with the French government and the French Association of Mayors.

OUTLOOK

The year ahead has started with signs of economic recovery in Europe, moderate inflation, economic policies focusing on controlling public spending and long-term interest rates remaining low.

Against this backdrop, the Group has set a target of 1%-2% growth, driven by the development of Parcels, Express and La Banque Postale. Operating profit is expected to decline with impacts from decreasing mail volumes that will not be fully offset.

To return to economic balance for the Group and a trajectory of sustainable growth guaranteeing the deployment of its public service missions, a new strategic plan was proposed at the Board of Directors' meeting of 28 January 2014. This plan establishes as a priority the development of the Group and each business line through innovation, digital transformation and expansion into new fast-developing territories. It relies on a social pact to be built with all employees in order to make them the players and the beneficiaries of La Poste transformation. The control of all costs to adapt them to business trends and reduce head office and structure costs will also allow the Group to restore its sound economic health and to strengthen its development potential.

This is the full meaning of "La Poste 2020: Conquering the future" plan.