

LA POSTE GROUPE FIRST-HALF 2023 RESULTS

La Poste steers through a difficult first half of the year, limiting the impact on its results

- Revenue up 4% to €17.1bn
- Attributable net profit steady, at €0.5bn, and at €0.7bn excluding material non-recurring items

Consolidated financial performance

- **Revenue¹: €17.1bn**
 - ✓ up 4.0% vs first-half 2022 restated for IFRS 17²
 - ✓ up 3.1% vs first-half 2022 restated for IFRS 17 at constant scope and exchange rates (like for like)
- **Operating profit³:**
 - ✓ **€1,166m** vs €235m in first-half 2022 restated for IFRS 17
 - ✓ **€1,447m** excl. material non-recurring items^(a), up €167m like for like vs first-half 2022
- **Attributable net profit:**
 - ✓ **€461m** vs €919m in first-half 2022 restated for IFRS 17
 - ✓ **€663m** excl. material non-recurring items^(b), down €185m like for like vs first-half 2022
- **Free cash flow⁴: €(128)m**
 - vs €1,130m in first-half 2022, which included €1,256m relating to a catch-up on dividends for previous years by La Banque Postale (LBP)
- **Capex (excluding LBP): €638m**
 - vs €498m in first-half 2022
- **Attributable equity: €22.3bn**
 - vs €21.4bn at 31/12/2022 restated for IFRS 17
- **Net debt⁴: €11.3bn**
 - vs €10.2bn at 31/12/2022
- **Net debt/adjusted EBITDA^{4,5}: 4.9**
 - vs 2.8 at 31/12/2022 restated for IFRS 17

^(a) Excluding the impact of material non-recurring items on operating profit (€1,069 million negative impact in first-half 2022 and €281 million negative impact in first-half 2023).

^(b) Excluding the impact of material non-recurring items on attributable net profit (€166 million positive impact in first-half 2022 and €202 million negative impact in first-half 2023).

¹ Throughout the press release, "revenue" refers to all of the group's top line earnings, comprising revenue from industrial and commercial activities plus La Banque Postale's net banking income (which in turn includes net revenue from CNP Assurances).

² The comparative figures for the six months ended 30 June 2022 for income statement and cash flow statement data, and at 31 December 2022 for balance sheet data, have been restated by applying IFRS 17 in order to provide meaningful comparisons with the financial information for the six months ended 30 June 2023, which was prepared after the effective date for IFRS 17. Details of the impacts of IFRS 17 on the group's comparative financial information are provided in Appendix 1 to this press release.

³ Operating profits and losses for the group and business lines are presented after the share in net profit/(loss) of jointly-controlled companies throughout this press release.

⁴ Definition presented in Appendix 3 to this press release.

⁵ Adjusted EBITDA calculated over a rolling 12-month period.

Significant events in first-half 2023

- **The first half of 2023 was marked by persistently high inflation, weak growth in Europe and the rest of the world, and further rises in interest rates.** Against this backdrop:
 - the structural decline in **Mail** volumes continued (down 9.7% on first-half 2022);
 - year on year, overall volumes of **Parcel** deliveries remained more or less stable in first-half 2023, decreasing just 0.9% to 1.2 billion, **Geopost** volumes edged down 1.6%, and **Colissimo** volumes increased 2.6%;
 - business at **La Banque Postale** was resilient in contrasting markets in France and abroad.
- **The group continued to implement its strategic plan, by:**
 - **Consolidating its core historical activities and public service missions**
 - Since 1 January, La Poste has revamped its Mail range in order to respond to changing customer behaviours, reduce its carbon footprint and future-proof the universal postal service.
 - After receiving clearance from the European Commission, the new agreement on press delivery – entered into between the French State, press trade associations, Arcep and La Poste – came into force in January.
 - **Accelerating the development of growth drivers**
 - **Within logistics:**
 - ✓ To help meet the goals and challenges of the food and healthcare sectors, Chronopost now has the largest temperature-controlled network of all of France's transportation carriers, having opened four new hubs in June (€22 million invested). Consequently, **Chronofresh** and **Chronopost Healthcare** are seeking to double their volumes within five years.
 - ✓ Signing of a **memorandum of understanding** with CMA CGM in June, aimed at harnessing both groups' complementary **supply chain strengths in the international market** (outside France) and reducing their carbon emissions.
 - ✓ Announcement in May of the creation of **DPD Argentina** through a joint venture with TASA Logistica, which operates in a large number of South American countries.
 - ✓ Strategic review of **Stuart** and **Urby** business models.
 - **Within Bancassurance:**
 - ✓ CNP Assurances became a full-service insurer, with the formation of a dedicated hub bringing together all of the group's insurance activities under the umbrella of **CNP Assurances Holding**, which is wholly owned by **La Banque Postale**.
 - ✓ Strengthening of the asset management business, with the acquisition, completed in July, of **Financière de l'Échiquier**, one of France's leading entrepreneurial asset management companies, and the extension of the partnership between La Banque Postale and Aegon Asset Management until 2035.
 - ✓ Continued expansion of **CNP Assurances** in Brazil, with the completion of acquisitions (purchase of (i) Caixa Seguridade's stake in CNP Participações and (ii) ICATU's stake in CNP Capitalização S.A. – "CNP Cap"), raising its interests in these entities to 100%, and creation of the **CNP Seguradora** brand to market the entities' products under an open model (i.e., via long-term partnerships, such as with Brazilian postal operator Correios).
 - **Laying the foundations for future growth** in digital services, through Docaposte's acquisitions early in the year of Maincare (98%), a specialist in digital solutions for hospitals, and Thiqa (80%), an expert in consulting, integration and operation of solutions in the field of digital trust.
- **Signing in June of the 2023-2027 public service agreement between La Poste and the French State**, future-proofing the group's four public service missions.
- **Successful €1.5 billion bond issue in June**, comprising a €650 million tranche and an €850 million tranche with respective maturities of 7 and 12 years.

Meeting today under the chairmanship of Philippe Wahl, the Board of Directors of La Poste authorised the issue of the group's consolidated financial statements for the first half of 2023.

"The first-half results reported today for La Poste Groupe demonstrate the ability of La Poste and its multi-business model to stay the course in the face of adverse events affecting its businesses and today's difficult macro-economic environment. Thanks to the commitment of its postal workers and the support of its shareholders, Caisse des Dépôts and the French State, La Poste Groupe has managed to limit the impact on its results of high inflation, which is weighing heavily on its costs; the economic crisis, which is hampering growth in e-commerce and therefore parcel flows; and the interest rate rise for Livret A savings accounts in the past year, which La Banque Postale is feeling particularly keenly. These challenges mean that we must be even more vigilant in managing our costs and more agile in responding to changes in our environment.

Despite these headwinds, the group is continuing its transformation. Parcels are holding up well in France despite the slowdown in consumer spending, but less so internationally, where volumes are down slightly. La Banque Postale, which is now a major public bancassurance group, continues to expand in asset management with the acquisition of La Financière de l'Echiquier and in the international market with CNP Assurances. Following the incorporation of La Banque Postale's non-life businesses, CNP Assurances has also seen its strategic model evolve, becoming a full-service insurer. And La Poste is gaining ground in its role as trusted third party, both in the physical world with new postal carrier services and in the digital world with 3 million Digital Identities and 10 million Digiposte digital safes.

Lastly, thanks to La Poste's commitment to serving society as a whole, the group has maintained its non-financial leadership, once again being ranked number one during the period by Moody's ESG Solutions – not only in its sector, but in all sectors combined."

First-half 2023 summary financial information

Financial performance (in €m or as a %)	First-half 2023	First-half 2022 IFRS 17	Change			
				/restated	/restated LFL ^(a)	
Revenue	17,086	16,436	650	+4.0%	509	+3.1%
Operating expenses	(15,929)	(16,221)	292	-1.8%	455	-2.8%
Operating profit	1,166	235	931	n.m.	955	n.m.
Operating profit excluding material non-recurring items^(b)	1,447	1,304	143	+11.0%	167	-
Net financial expense	(111)	(101)	(10)	+9.6%	(4)	+3.9%
Income tax benefit/(expense)	(455)	962	(1,418)	n.m.	(1,419)	n.m.
Attributable net profit	461	919	(458)	-49.9%	(553)	-60.8%
Attributable net profit excluding material non-recurring items^(c)	663	753	(90)	-12.0%	(185)	-
Free cash flow ^(d)	(128)	1,130	(1,258)	n.m.		

(a) Like for like, i.e., at constant scope and exchange rates (convention used throughout this press release).

(b) Excluding the impact of material non-recurring items on the year-on-year change in operating profit (€1,069 million negative impact in first-half 2022 and €281 million negative impact in first-half 2023).

(c) Excluding the impact of material non-recurring items on the year-on-year change in attributable net profit (€166 million positive impact in first-half 2022 and €202 million negative impact in first-half 2023).

(d) Definition presented in Appendix 3 to this press release.

Analysis of the group's consolidated results

Consolidated revenue amounted to €17,086 million, up 4.0% on the first-half 2022 figure restated for IFRS 17⁶, against a backdrop of rising interest rates and high inflation.

Scope effects added €174 million to revenue, resulting primarily from Geopost (€120 million positive impact). The currency effect was unfavourable, reducing revenue by €33 million (including a €54 million adverse impact from pound sterling and a €12 million positive effect from the Mexican peso). Excluding these scope and currency effects, consolidated revenue rose 3.1% on first-half 2022 restated for IFRS 17, reflecting various developments among the business lines (see "Detailed analysis by activity" below).

Consolidated operating profit totalled €1,166 million, up €931 million on the first-half 2022 figure restated for IFRS 17.

Excluding scope and currency effects (€24 million negative impact), the like-for-like⁷ increase in operating profit was €955 million.

Material non-recurring items had the following impacts on the change in consolidated operating profit:

- in first-half 2022: a €1,069 million unfavourable impact (breaking down as a €912 million negative impact from impairment of Mail assets and a €157 million negative impact from impairment of DPD Russia);
- in first-half 2023: a €281 million unfavourable impact (breaking down as a €341 million negative effect related to Geopost and a €60 million positive effect from other items^{8,9}).

Adjusted for these material non-recurring items, consolidated operating profit came in at €1,447 million, up €167 million on a like-for-like basis (see "Detailed analysis by activity" below).

Attributable net profit amounted to €461 million, down €458 million on the first-half 2022 figure restated for IFRS 17.

Excluding scope effects (positive €103 million, mainly related to the takeover of CNP Assurances by La Banque Postale) and currency effects (negative €9 million), attributable net profit fell by €553 million.

At €111 million, net financial expense was €10 million higher than in first-half 2022.

In addition, certain material non-recurring items had the following impacts on the change in attributable net profit:

- in first-half 2022: a €166 million positive impact (breaking down as a €682 million negative effect related to Services-Mail-Parcels and a €157 million negative effect related to Geopost and, at group level, a €1,005 million positive effect from the recognition of deferred tax assets);
- in first-half 2023: a €202 million negative impact (breaking down as a €317 million negative effect related to Geopost and a €115 million positive effect from other items^{8,10}).

Adjusted for these material non-recurring items, attributable net profit was €663 million, down €185 million on a like-for-like basis.

⁶ See Appendix 1 to this press release for details of the main accounting impacts for La Poste Groupe of its first-time application of IFRS 17.

⁷ See definition presented in the appendix on alternative performance measures.

⁸ Reversal of a €33 million provision relating to a cheque image dispute, which became irrelevant following a 28 June 2023 ruling by France's Court of Cassation (*Cour de cassation*).

⁹ Impacts on operating profit:

- 2023 French pension reform estimated at a negative €266 million for the group;
- reversal in 2023 of a provision of €293 million following the elimination of a post-employment benefit for La Poste retirees.

¹⁰ Impacts on attributable net profit:

- 2023 French pension reform estimated at a negative €197 million for the group;
- reversal in 2023 of a provision of €279 million following the elimination of a post-employment benefit for La Poste retirees.

Consolidated free cash flow generated in first-half 2023 was a negative €128 million (versus a positive €1,130 million in first-half 2022, which included a €1,256 million payment by La Banque Postale corresponding to a catch-up on dividends for previous years).

The group's capital expenditure and external-growth spending (excluding LBP) **amounted to an aggregate €1,071 million for first-half 2023** (3.8% lower than in first-half 2022), breaking down as follows:

- capital expenditure¹¹: €638 million (up 28.1%);
- external growth spending¹²: €433 million (down 29.6%).

Net debt and financial structure (in €m or as a %)	30 June 2023	31 Dec. 2022 IFRS 17	Change	
Net debt ^(a)	11,314	10,191	+1,124	+11.0%
Net debt/adjusted EBITDA ^{(a)(b)}	4.9	2.8	-	-
Attributable equity	22,305	21,381	+923	+4.3%
Net debt/equity	50.7%	47.7%	-	+3.1 pts

^(a) Definition presented in Appendix 3 to this press release.

^(b) Adjusted EBITDA is calculated over a rolling 12-month period.

Net debt¹³ includes €3,919 million worth of lease liabilities. The increase in net debt reflects the €128 million negative free cash flow and the €433 million net cash outflow used to finance external growth, and in the first half of 2023 was impacted by the elimination of the balance of HR provisions excluding end-of-career benefits (representing a €354 million negative impact) included in the calculation of free cash flow.

Attributable equity increased by €923 million compared with 31 December 2022 restated for IFRS 17, including a €316 million capital increase to pay part of the dividends due for 2022 in the form of shares.

Credit ratings	Long term/ short term	Outlook	Last revised
S&P Global	A+/A-1	Negative	7/12/2022
Fitch Ratings	A+/F1+	Stable	5/12/2022
Non-financial ratings			
Moody's ESG Solutions	No. 1 worldwide, across all sectors 77/100		10/2021
CDP	Leader in intermodal transport & logistics CDP Climate Change A List Top 1%		12/2022
Ecovadis	Platinum as a Top 1% supplier 78/100		10/2022

¹¹ Purchases of property, plant and equipment and intangible assets (see details by business line in the "Analysis by activity" section).

¹² Net balance of cash flows related to external growth and financial assets.

¹³ Excluding La Banque Postale, for which this concept is not relevant.

Detailed analysis by activity

The contribution of the business lines to consolidated revenue and operating profit is a result of contrasting trends at business level and can be analysed as follows:

(in €m or as a %)	First-half 2023	First-half 2022 IFRS 17	Change			
				/restated	LFL	
Revenue	17,086	16,436	650	+4.0%	509	+3.1%
o/w Services-Mail-Parcels	4,953	5,090	(137)	-2.7%	(150)	-3.0%
o/w Geopost	7,639	7,485	154	+2.1%	71	+1.0%
o/w La Banque Postale	3,864	3,138	726	+23.1%	719	+22.9%
o/w Retail Customers & Digital Services	3,370	3,279	91	+2.8%	69	+2.1%
o/w Other segments and intercompany	(2,739)	(2,556)	(183)	+7.2%	(199)	+7.8%
Operating profit	1,166	235	931	n.m.	955	n.m.
o/w Services-Mail-Parcels	135	(699)	834	n.m.	+840	n.m.
o/w Geopost	19	296	(277)	-93.7%	(258)	-89.3%
o/w La Banque Postale	1,326	705	622	+88.2%	621	+88.2%
o/w Retail Customers & Digital Services	136	203	(67)	-33.0%	(68)	-33.5%
o/w Other segments and intercompany	(450)	(270)	(180)	+66.5%	(180)	-
Operating profit excluding material non-recurring items^(a)	1,447	1,304	143	+11.0%	167	-

(a) Excluding the impact of material non-recurring items on operating profit (€1,069 million negative effect in first-half 2022 and €281 million negative effect in first-half 2023)

Services-Mail-Parcels¹⁴

Revenue for this business line came to €4,953 million, down €137 million, or 2.7%, on first-half 2022. Excluding scope effects (€13 million positive impact, mainly due to the first-time consolidation of Happytal), revenue declined by €150 million, or 3.0%, on a like-for-like basis.

- o **Mail** revenue amounted to €3,414 million, down €186 million, or 5.2%, like for like. This change is mainly due to:
 - a 9.2% erosion in volumes at equivalent working days, resulting in a €229 million negative volume and product mix effect, partly offset by a favourable price effect of €120 million arising from the 5.3% average price increase introduced on 1 January 2023¹⁵; and
 - a €78 million reduction in election-related billings (the first half of 2022 included four electoral rounds).

The revenue figure includes €150 million¹⁶ in compensation for the universal postal service, although this public service mission remains in deficit.

- o **Colissimo** generated revenue of €1,045 million, up €51 million, or 5.2% as reported and like for like, reflecting a 4.1% rise in parcel volumes¹⁷ at equivalent working days (198 million parcels sold in first-half 2023) and price increases.

¹⁴ See Appendix 2 of this press release for further details of the business lines' activities.

¹⁵ Based on traffic-generating revenue in the "Business" customer scope.

¹⁶ €260 million was recognised mid-year for the €520 million annual compensation in respect of 2023, allocated between the Services-Mail-Parcels, Retail Customers & Digital Services and Other business lines.

¹⁷ Services-Mail-Parcel scope.

- o Revenue reported by **Subsidiaries** totalled €493 million, representing a like-for-like decrease of €16 million, or 3.2%, primarily attributable to:
 - a like-for-like contraction in revenue generated by the **Mediapost division** (direct marketing and data marketing), mainly due to the impact of the market slowdown on Mediapost France's Printed Advertising business;
 - like-for-like revenue growth in the **Health & Autonomy division**, driven mainly by Asten's business development.

At group level, revenue generated from **New Local Human Services** continued to grow, rising by 4.0% to €334 million¹⁸.

Operating profit for the business line amounted to €135 million, an increase of €834 million compared with first-half 2022 (including a negative €7 million impact due to scope and currency effects).

Excluding material non-recurring items (€912 million in impairment of Mail assets at 30 June 2022), **operating profit for the business line decreased by €71 million on a like-for-like basis**.

This decrease is due to:

- o a €59 million like-for-like decline in operating profit for the **Mail** business, reflecting the fall in revenue of this business and the impact of inflation, partially offset by efforts to reduce operating costs;
- o a €5 million, or 5.8%, like-for-like rise in operating profit for **Colissimo**, fuelled by the increase in volumes handled, resulting in a stable operating margin;
- o an €18 million like-for-like decrease in operating profit for the **Subsidiaries**, chiefly due to the revenue contraction recorded by Mediapost France.

Capital expenditure by the business line totalled €115 million, up €21 million on first-half 2022.

Geopost

Geopost recorded €7,639 million in revenue, up €154 million, or 2.1%, on first-half 2022. Excluding (i) scope effects (€120 million positive impact due to the first-time consolidations of Scalefast and C Chez Vous) and (ii) currency effects (an aggregate €37 million unfavourable effect, mainly including a €54 million negative impact from pound sterling and a €12 million positive impact from the Mexican peso), like-for-like growth was €71 million, or 1.0%, and can be analysed as follows:

- o Revenue from fast and express parcel services in France and abroad came to €6,387 million, more or less on a par with first-half 2022 on a like-for-like basis (up €17 million, or 0.3%), with price increases and fuel surcharges partially offsetting the effects of lower volumes (1.0 billion parcels delivered over the period, down 2% on first-half 2022). This slight downward volume trend was observed in both the BtoB and BtoC segments, against an adverse macro-economic backdrop (inflation, slower growth and reduced consumer spending).

Revenue generated in the main European countries (France, United Kingdom, Germany and Italy) accounted for almost 56% of the business line's total revenue figure. Some countries saw their revenue increase on a like-for-like basis, particularly France¹⁹ (up 2.6%), Italy (up 5.4%), Poland (up 4.1%) and Spain (up 4.2%), while others recorded like-for-like revenue declines, such as the United Kingdom (down 1.8%), Germany (down 4.9%) and Benelux (down 1.9%).

- o Driven by the strong momentum of international e-commerce, **Asendia** recorded €1,234 million in revenue, up €129 million, or 11.7%, year on year. Excluding scope effects (€68 million positive impact) and currency effects (€11 million positive impact), like-for-like growth was €50 million, or 4.5%, mainly driven by the Logistics business.

¹⁸ Of which €28 million managed by the Retail Customers & Digital Services business line.

¹⁹ Change in cumulative revenue for Chronopost France and DPD France.

The business line generated operating profit of €19 million, down €277 million, or 93.7%. After adjusting for a negative €20 million in scope and currency effects, the like-for-like decrease was €258 million, or 89.3%.

Material non-recurring items had the following impacts on the business line's operating profit:

- in first-half 2022: €157 million in impairment of DPD Russia's assets; and
- in first-half 2023: a €162 million provision relating to ongoing legal proceedings at an Italian subsidiary²⁰, €134 million in impairment charged against Stuart's assets²¹, and €45 million in impairment of assets and recognition of provisions for contingencies relating to Urby²².

Excluding material non-recurring items, the business line's operating profit decreased by €73 million on a like-for-like basis, essentially reflecting the slowdown in the parcels and express delivery businesses due to the adverse macro-economic environment.

The business line's capital expenditure amounted to €188 million (up €5 million on first-half 2022). Capex projects were focused on extending delivery processing capacity (construction of new depots in the United Kingdom), expanding the distribution network (roll-out of pick-up lockers in France and Poland), and developing new services.

La Banque Postale

Net banking income (NBI) totalled €3,864 million, up €726 million, or 23.1%, on the first-half 2022 figure restated for IFRS 17, driven by the improvement in financial markets, amid an inflationary environment and fast-rising interest rates.

Excluding scope and currency effects (€7 million positive impact), total NBI for La Banque Postale's businesses grew by €743 million, or 21.4%, versus first-half 2022 restated for IFRS 17.

NBI can be analysed by business line as follows:

- **Bancassurance France** NBI (70% of total NBI) amounted to €2,955 million, up 25.5% like for like on first-half 2022 restated for IFRS 17, spurred by the performance of insurance activities in France. Resilient commercial activity drove a 7.4% rise in outstanding loans (including a 6.9% rise in home loans and an 8.2% rise in consumer finance). *Livret A* savings deposits, on which the interest rate was raised from 2.0% on 1 August 2022 to 3.0% on 1 February 2023, were up 3.8% versus first-half 2022. Business contracted slightly in life insurance, although gross new money grew by 14.5%, thanks to improved unit-linked sales (which lifted the unit-linked weighting by 3.1 points to 35.3% versus first-half 2022).
- **International Bancassurance** NBI (15% of total NBI) was €656 million, up 45.5% like for like versus first-half 2022 restated for IFRS 17, led in particular by favourable market trends.
- **Corporate and Investment Banking** NBI (11% of total NBI) amounted to €455 million, down 13.6% on the first-half 2022 figure restated for IFRS 17, notably reflecting a lower net interest margin due to the impact of applying a government cap on the interest rate (usury rate) charged to local public sector customers and a rise in the cost of funds.
- **Wealth and Asset Management** NBI (4% of total NBI) stood at €165 million, up 7.6% like for like on first-half 2022 restated for IFRS 17, boosted by the sales momentum triggered by the ramp-up of the private banking business as well as by a favourable market environment.

²⁰ Relating to income and payroll taxes on subcontracting services.

²¹ Due to accumulated losses since Stuart was acquired, and the fact that the company is not expected to make a financial recovery within a reasonable timeframe.

²² Due to a significant delay in the introduction of low-emission zones, rendering it impossible to envisage a return to positive results for Urby in the short term and in the company's current configuration.

Lastly, the **Corporate Centre** includes accounting items not directly related to the business lines²³.

La Banque Postale's contribution to consolidated operating profit was €1,326 million, up €622 million, or 88.2%, on the first-half 2022 figure restated for IFRS 17. Scope and currency effects were not material.

Operating expenses rose by a contained 0.2% (stable like for like), thanks to tightly controlled costs in an inflationary environment and the support for the expansion and diversification of La Banque Postale's business.

The cost-income ratio was 63.8% in the first half of 2023 (down 14.3 points on first-half 2022 restated for IFRS 17). Excluding scope and currency effects, the cost-income ratio was 65.5% (down 12.5 points on first-half 2022 restated for IFRS 17).

Cost of risk amounted to €101 million, €20 million higher than for first-half 2022 restated for IFRS 17, in what remained an uncertain economic environment. The cost of risk/outstanding loans ratio was low, at 12 basis points²⁴, reflecting La Banque Postale's limited exposure to the sectors hardest hit by the current macro-economic environment, as well as careful risk management.

Key ratios	30 June 2023	31 Dec. 2022 IFRS 17	Change
La Banque Postale			
CET1 ratio ^(a)	18.3%	17.9%	+0.4 pts
NSFR ratio ^(a)	134%	129%	+5 pts
Liquidity coverage ratio ^(a)	153%	147%	+6 pts
CNP Assurances			
SCR coverage ratio ^{(a)(b)}	259%	233%	+26 pts

(a) Definitions presented in the appendix on alternative performance measures to this press release.

(b) Ratio calculated at the level of the holding company now hosting all La Banque Postale insurance activities.

The 26 point rise in the SCR coverage ratio mainly reflects higher stock prices.

Retail Customers & Digital Services

Revenue generated by the Retail Customers & Digital Services business line totalled €3,370 million, up €91 million, or 2.8%, year on year. After adjusting for scope effects (€21 million positive impact mainly deriving from the first-time consolidation of Maincare), revenue for the business line advanced like for like by €69 million, or 2.1%.

Revenue from the **commercial activities division** retreated by €65 million, or 3.8%, to €1,632 million as reported, and by €86 million, or 5.1%, on a like-for-like basis. This decrease can be analysed as follows:

- o a like-for-like decline in the **Retail Customer Mail-Parcels business** (decreases of €115 million and €8 million, respectively), due to (i) a 10% erosion of Mail volumes and (ii) a 4% drop in Parcel volumes reflecting the reduction in items sent by individuals;
- o €29 million like-for-like revenue growth for **Digital Services**²⁵, mostly deriving from Docaposte, particularly due to the development of digital trust solutions and digital services.

The revenue figure includes €94 million in compensation for the universal postal service, although this public service mission nevertheless remains in deficit.

Operating profit for the business line came to €136 million, down €67 million, or 33.0%, and representing a like-for-like decrease of €68 million, or 33.5%. This year-on-year decline

²³ These include PPAs, contributions to the SRF/FGDR, La Poste management fees and ALM HTC capital gains.

²⁴ Cost of commercial banking credit risk divided by outstanding loans at the beginning of the period.

²⁵ Docaposte, LP11 and La Poste Service à la Personne.

is primarily attributable to a narrower profit margin, stemming from the contraction in Mail and Parcels revenue.

Capital expenditure by the business line totalled €75 million, up €30 million on first-half 2022. The investments made were in line with the strategic plan, relating to digital technologies and solutions (innovations in data, digital identity and healthcare concepts) and to post offices modernisation.

Other segments and intercompany

- At €441 million, revenue generated by the Real Estate segment in first-half 2023 was 4.7% higher year on year, spurred in particular by the acquisition of Multiburo, whereas operating profit retreated by €17 million, mainly due to an unfavourable difference in provisions.
- Revenue from the Support & Corporate segment²⁶ increased by 4.7% to €670 million in first-half 2023, as a result of the continued pooling of support services provided by the group to the business lines, while the operating loss rose by €23 million, reflecting the group's commitment to digital transformation.
- Lastly, unallocated expenses²⁷ rose by €139 million to €340 million in first-half 2023, chiefly due to the increase in expenses relating to end-of-career benefits.

Outlook

In the light of the current geopolitical situation, the global economic outlook remains uncertain. Some indicators nevertheless seem to be steadying, especially inflation, which is beginning to fall, and interest rates, which have stopped soaring. However, the consequences of events in 2022 will continue to be felt in the economy throughout the rest of 2023.

Against this backdrop, the group will press ahead with its strategic plan, “La Poste 2030, committed for you”, with a view to achieving profitable and responsible growth both in France and internationally. The plan's levers of action are as follows:

- defend the group's core historical businesses through consolidation and adaptation efforts (Mail, Network, and public service missions);
- accelerate the group's growth drivers – logistics and bancassurance – by adapting to market trends and maximising financial performance;
- lay the foundations for future growth based on digital trust and local human services;
- step up our profitability drive and achieve critical mass by leveraging business development and seizing external growth opportunities when appropriate.

In 2023, La Poste Groupe will continue its transformation for the good of the whole community and remain a socially engaged group, serving global trends and addressing society's needs as it navigates the environmental and energy, digital, demographic and social transitions ahead.

²⁶ Corresponding to the costs of the head office, shared departments and services, vehicle fleet management and the Support and Maintenance Department.

²⁷ Corresponding in particular to (i) the costs of the universal postal service and regional development missions, (ii) expenses related to group-wide end-of-career benefits, and (iii) the portion of the universal postal service compensation not allocated to the business lines.

Appendices

Appendix 1: First-time application of IFRS 17 – Insurance Contracts²⁸

The new international financial reporting standard IFRS 17 applicable to insurance contracts was adopted by the European Union on 19 November 2021. The objective of IFRS 17 is to improve the transparency, traceability and comparability of financial information. It replaces IFRS 4 and is applicable for accounting periods beginning on or after 1 January 2023 (with a transition date of 1 January 2022).

The new standard has introduced a fundamental change in the valuation of insurance liabilities, which are now measured using the fair value model in the same way as financial assets. Application of this model to liabilities has a major impact on the presentation of insurance companies' published financial information.

As the sole shareholder of La Banque Postale, which wholly owns CNP Assurances, La Poste is directly concerned by the new standard's application.

Key points

Nature of the impact on CNP Assurances

CNP Assurances' fundamentals are unchanged – while equity is less volatile under IFRS 17, earnings are more volatile due to the recognition of mark-to-market adjustments through profit or loss.

IFRS 17 introduces a new presentation of insurance liabilities, based on market variables at the reporting date and the company's own experience, with a projection period of 50 years. Under IFRS 17, insurance contract liabilities comprise **three components**:

- Best Estimate (**BE**), corresponding to an estimate of future cash flows from insurance contracts;
- Contractual Service Margin (**CSM**), corresponding to the pool of future profits;
- Risk Adjustment (**RA**), representing a provision for non-financial risks recorded to reflect the uncertainty about the future cash flows used to calculate the Best Estimate.

Liabilities are measured at fair value and future profits are accumulated in liabilities and released to profit over the life of the contract.

Main accounting impacts for La Poste Groupe of the application of IFRS 17 for comparison purposes

For the transition to IFRS 17, the group has applied:

- the Full Retrospective Approach (FRA), in particular for La Banque Postale Assurances IARD;
- the Fair Value Approach (FVA), based on market transaction prices at 1 January 2022, for the majority of insurance contracts issued by CNP Assurances, particularly savings and pensions contracts;
- the Modified Retrospective Approach (MRA), for La Banque Postale Prévoyance.

²⁸ More detailed information on the transition to IFRS 17 is presented in the notes to the consolidated financial statements for the six months ended 30 June 2023, namely Note 1.3 "First-time application of IFRS 17", Note 2.1.1 "Standards and amendments applied by the group from 1 January 2023", Note 2.3 "First-time application of IFRS 17" and Note 28 "Insurance contracts".

Under IFRS 17, subject to certain conditions, changes in the fair value of insurance liabilities may be recognised directly in equity (through other comprehensive income), instead of through profit or loss. The group applies this option by mirroring the recognition in other comprehensive income of gains and losses on the underlying assets representing insurance obligations.

Main adjustments to La Poste Groupe's consolidated balance sheet

- Cancellation of intangible insurance assets such as portfolios of insurance contracts acquired and investment contracts with a discretionary participation feature. These items are now included in the projected future cash flows from insurance contracts (€797 million negative impact at 31 December 2022)
- Discontinuation of the overlay approach permitted by IFRS 4 and chosen at the time of first-time application of IFRS 9
- Reclassification of equity instruments available for sale at fair value through other comprehensive income not reclassifiable to profit or loss (€15.9 billion negative impact at 31 December 2022)
- Measurement at fair value through profit or loss, in accordance with the option offered by IAS 40 (as amended following the publication of IFRS 17), of investment property held as the underlying assets for savings and pensions contracts only (€529 million positive impact at 31 December 2022)

Balance sheet impacts

	31 Dec. 2022 reported	Transition effects	First-half 2022 restated
TOTAL ASSETS	773,123	(27,398)	745,725
of which:			
<i>Non-current assets</i>	26,824	(1,453)	25,371
Assets specific to banking and insurance activities	734,206	(25,967)	708,238
of which:			
Financial assets at fair value through profit or loss	222,722	(15,877)	206,845
Financial assets at fair value through OCI	194,534	15,874	210,408
Insurance contracts issued	0	1,506	1,506
Insurance contracts held	0	8,221	8,221
Other financial assets and accruals	35,847	(26,529)	9,318
Deferred participation	9,692	(9,692)	0
TOTAL EQUITY AND LIABILITIES	773,123	(27,398)	745,725
of which:			
Equity attributable to owners of the parent	17,546	3,835	21,381
Non-controlling interests	7,767	320	8,087
Consolidated equity	25,313	4,155	29,468
<i>Non-current liabilities</i>	16,269	777	17,045
Liabilities specific to banking and insurance activities	717,469	(32,373)	685,095
of which:			
Insurance contracts issued and reinsurance contracts held	0	364,613	364,613
Banking and insurance activity technical provisions	383,763	(383,656)	107
Other financial liabilities and accruals	19,810	(13,331)	6,480

Main restatements and reclassifications applicable to the income statement

Income and expenses relating to insurance and reinsurance contracts held are presented separately under net banking income (NBI), as follows:

- expenses relating to insurance contracts and those incurred by the bank for insurance product distribution are presented by category as a deduction from NBI (impacts: €777 million in first-half 2022; €1,504 million in full-year 2022);

- the cost of credit risk on financial investments of insurance activities is presented on a separate line as an insurance item in NBI (impacts: €7 million negative impact in first-half 2022; €136 million positive impact in full-year 2022).

(in € millions)	First-half 2022 reported	<i>Restatements – IFRS 17</i>	First-half 2022 restated
Revenue	17,481	(1,044)	16,436
Operating expenses	(17,053)	833	(16,221)
Operating profit	428	(212)	216
Share in net profit of jointly-controlled companies	17	1	20
Operating profit after share in net profit of jointly-controlled companies	445	(210)	235
Net financial expense	(101)	0	(101)
Profit before income tax	344	(210)	134
Income tax benefit	737	225	962
Share in net loss of other equity-accounted companies	(33)	0	(33)
Consolidated net profit	1,048	15	1,063
Net profit attributable to owners of the parent	883	36	919
Non-controlling interests	165	(21)	144

Appendix 2: Analysis of revenue and operating profit by operating segment

On 1 July 2021, La Poste Groupe was restructured into four main business lines:

- **Services-Mail-Parcels**
 - La Poste SA's Business Mail activity, the e-PAQ business²⁹ and New Local Services;
 - La Poste SA's Parcels activity (France and international);
 - diversification activities (Mediapost³⁰, Viapost³¹, Health & Autonomy³² and New Services³³).
- **Geopost**, consisting of:
 - fast and express parcel delivery in France and in international markets;
 - Asendia (cross-border mail solutions);
 - Urby (urban logistics);
 - Alturing (parcel IT expertise for group entities).
- **La Banque Postale**, made up of La Banque Postale and its subsidiaries and the resources shared by La Poste and La Banque Postale.
- **Retail Customers & Digital Services**³⁴, split into two divisions:
 - commercial activities, i.e., Mail-Parcels, Digital Subsidiaries, Dicaposte, LP11 and La Poste Services à La Personne;
 - activities and services carried out for third parties (network re-billing and cross-business projects led by the Digital Department).

Services-Mail-Parcels (in €m or as a %)	First-half 2023	First-half 2022 reported	<i>Change</i>			
			<i>/reported</i>		<i>LFL^(a)</i>	
Revenue	4,953	5,090	(137)	-2.7%	(150)	-3.0%
o/w Mail revenue	3,414	3,600	(186)	-5.2%	(186)	-5.2%
o/w Parcels revenue	1,045	994	51	+5.2%	51	+5.2%
o/w Subsidiaries revenue	493	496	(3)	-0.6%	(16)	-3.2%
Operating expenses	(4,818)	(5,789)	971	-16.8%	991	-17.1%
Operating expenses excluding material non-recurring items	(4,818)	(4,877) ^(b)	+61	-1.2%	-	-
Operating profit/(loss)	135	(699)	834	n.m.	840	n.m.
Operating profit excluding material non-recurring items	135	213^(b)	(78)	-36.7%	(71)	-33.5%

(a) Like for like, i.e., at constant scope and exchange rates.

(b) Excluding impairment of Mail assets for €912 million.

²⁹ Previously called "small import packages".

³⁰ Subsidiary specialising in direct marketing and data marketing.

³¹ Subsidiary offering logistics and e-logistics solutions.

³² Division encompassing home healthcare and independence services.

³³ Division encompassing energy efficiency and circular economy activities.

³⁴ At 1 July 2021 with retroactive effect from 1 January 2021.

Geopost (in €m or as a %)	First-half 2023	First-half 2022 reported	Change			
			/reported		LFL ^(a)	
Revenue	7,639	7,485	154	+2.1%	71	+1.0%
o/w express parcels	6,387	6,365	21	+0.3%	17	+0.3%
o/w Asendia	1,234	1,105	129	+11.7%	50	+4.5%
o/w Urby	14	11	4	+35.7%	4	+35.7%
o/w Alturing	3	4	n.m.	n.m.	n.m.	n.m.
Operating expenses	(7,619)	(7,190)	(429)	+6.0%	(326)	+4.6%
Operating expenses excluding material non-recurring items	(7,278) ^(b)	(7,033) ^(c)	(245)	+3.5%	-	-
Operating profit	19	296	(277)	-93.7%	(258)	-89.3%
Operating profit excluding material non-recurring items	360	453	(93)	-20.6%	(73)	-16.5%

(a) Like for like, i.e., at constant scope and exchange rates.

(b) Excluding material non-recurring items (€341 million negative impact).

(c) Excluding material non-recurring items (€157 million negative impact).

La Banque Postale (in €m or as a %)	First-half 2023	First-half 2022 IFRS 17	First-half 2022 reported	Change			
				/restated		/restated	LFL ^(a)
Net banking income	3,864	3,138	4,182	726	+23.1%	719	+22.9%
o/w Bancassurance France	2,955	2,354	3,232	601	+25.5%	598	-
o/w International Bancassurance	656	446	774	210	+46.9%	205	-
o/w Corporate and Investment Banking	455	526	526	(72)	-13.6%	(72)	-
o/w Wealth and Asset Management	165	154	154	12	+7.6%	12	-
Operating expenses	(2,403)	(2,398)	(3,221)	(5)	+0.2%	0	0.0%
Cost of risk	(101)	(81)	(90)	(20)	+25.3%	(20)	+25.3%
Operating profit	1,326	705	915	622	+88.2%	621	+88.2%

(a) Like for like, i.e., at constant scope and exchange rates.

Retail Customers & Digital Services (in €m or as a %)	First-half 2023	First-half 2022 reported	Change			
			/reported		LFL ^(a)	
Revenue	3,370	3,279	91	+2.8%	69	+2.1%
o/w commercial activities	1,632	1,697	(65)	-3.8%	(86)	-5.1%
o/w activities and services for third parties	1,738	1,582	156	+9.8%	156	+9.8%
Operating expenses	(3,241)	(3,078)	(163)	+5.3%	(143)	+5%
Operating profit	136	203	(67)	-33.0%	(68)	-33.5%

(a) Like for like, i.e., at constant scope and exchange rates.

Appendix 3: Definition of alternative performance measures

Adjusted EBITDA comprises all operating revenue within the scope of consolidation excluding La Banque Postale (LBP), less general operating expenses and personnel expenses, excluding additions to end-of-career benefits for the same scope excluding LBP. To this is added dividends received from equity-accounted companies and dividends received from LBP during the period in respect of the prior year.

Change at constant scope and exchange rates (like-for-like change) refers to the difference between the profit/loss for the reporting period and the profit/loss of a comparative period, following adjustment for any subsequent acquisitions or disposals completed in each of these periods. The two periods may then be compared based on the same scopes of consolidation. Currency transactions for the comparative period are remeasured using the average rate for the reporting period.

Free cash flow comprises the following components : adjusted EBITDA + change in working capital requirement + cash flows from purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets + cash flows from taxes + net interest paid + repayment of lease liabilities and interest expense on lease liabilities. The value used for each of the free cash flow aggregates is determined in terms of cash flows (positive for cash inflows and negative for cash outflows).

Net debt comprises all current and non-current debt less cash and cash equivalents and derivative instruments linked to group financing. It also includes liabilities arising from the application of IFRS 16 – Leases, short-term financial investments with no significant risk of a change in value but whose original maturity on the subscription date was greater than three months, and the net financial receivable from LBP.

Groupe La Poste net debt does not take into account LBP, for which this concept is not relevant.

The **net debt/equity** ratio is calculated by dividing the group's net debt by attributable equity.

The **net debt/adjusted EBITDA** ratio is calculated by dividing the group's net debt by adjusted EBITDA.

Ratios calculated solely for La Banque Postale

The **cost-income ratio** is calculated by dividing operating expenses by net banking income adjusted for doubtful interest. Operating expenses represent the sum of general operating expenses, net depreciation and amortisation, and impairment of property, plant and equipment and intangible assets.

The **Common Equity Tier 1 (CET1) ratio** is calculated by dividing CET1 capital by total risk exposure (i.e., total risk-weighted assets – RWA – for credit and counterparty risk, market risk and operational risk). The CET1 ratio is used by supervisory authorities to assess banks' solvency.

The **Liquidity Coverage Ratio (LCR)** is a monthly short-term liquidity ratio which measures a bank's capacity to withstand a severe deterioration in its financial situation for up to 30 days in a systemic shock environment. Target LCR must be greater than 100%. This ratio is calculated by dividing the sum of unencumbered, high-quality liquid assets by the liquidity requirement in a stress environment over a 30-day period.

The **Net Stable Funding Ratio (NSFR)**³⁵ corresponds to the amount of available stable funding in relation to required stable funding. This ratio should be at least 100% at any time.

³⁵ The NSFR guarantees that banks have sufficient stable resources (i.e., resources with an initial maturity of more than one year) to fund their activities.

Ratio calculated solely for CNP Assurances

The [Solvency Capital Requirement \(SCR\) coverage ratio](#) is calculated by dividing eligible own funds held to cover the SCR by the SCR. It is an indicator of an insurer's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses.

La Poste Groupe's results for the first half of 2023 were authorised for issue by the Board of Directors on 2 August 2023. The Statutory Auditors are currently finalising their review of the consolidated financial statements for the six months ended 30 June and will issue their report shortly.

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