

SECOND QUARTER | 2018 | INDUSTRY AVERAGE

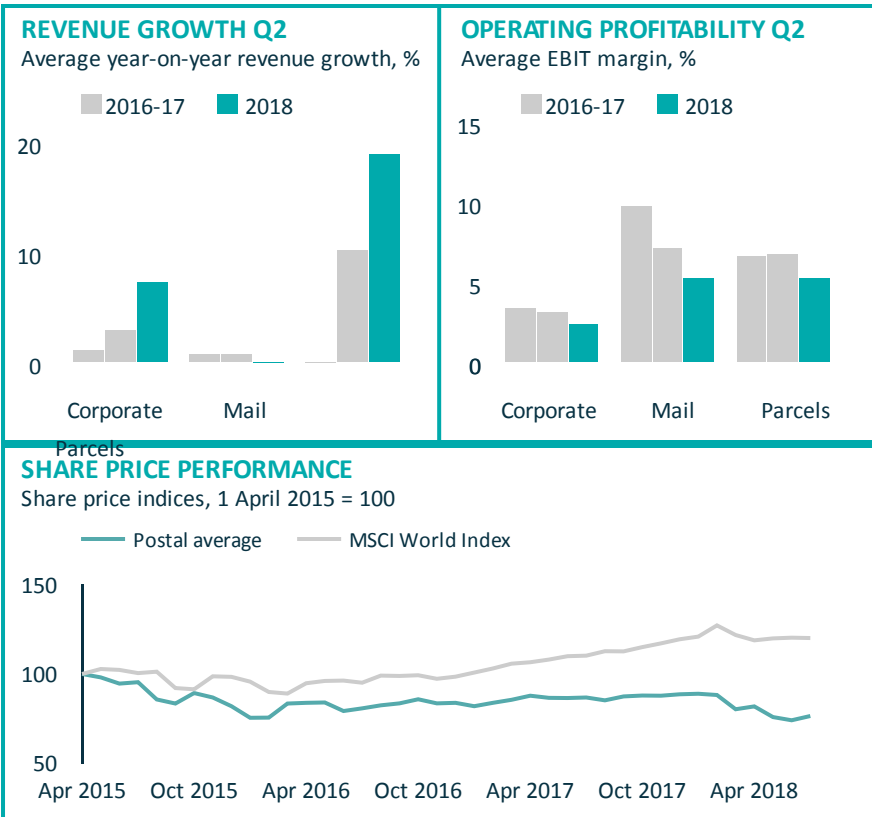
SCOPE
19
POSTAL OPERATORS

CORPORATE
7.5%
REVENUE GROWTH

2.5%
EBIT MARGIN

MAIL
0.0%
REVENUE GROWTH

PARCELS
19.2%
REVENUE GROWTH



PARCELS GROWTH ACCELERATES IN Q2'18

Strong revenue growth: corporate revenue growth accelerated to 7.5% on average in Q2 2018, based on 19 posts reporting public quarterly figures. Acquisitions boosted volumes for bpost, while Latvian Post cited increased international items – especially from China – as driving strong growth. Mail volume declined at a slower rate during the quarter, falling 4.4% on average. The GDPR was a mixed blessing for posts: CTT Portugal Post and Posti Group noted that the new regulation supported volumes, while Österreichische Post reported that sender uncertainty reduced admail volumes.

Mail profitability declines: Average profitability for mail business units declined to 5.4% in Q2'18, the lowest average over 11 quarters. Lower mail volumes – including large customers in finance, telecom and retail sectors reducing admail campaigns – combined with higher labour costs and increased competition in some mail markets reduced profitability. Some posts, including Pos Malaysia, reported accelerated volume declines.

E-commerce driving parcels growth: B2C e-commerce is driving parcels growth for many operators. PostNord reported more than 30% growth in B2C parcel volumes in Q2'18. Volumes grew 13.6% on average during the quarter, based on results from eight posts. Posts have invested in boosting parcel capacity and are making greater use of parcel lockers: Posti recorded a 34% increase in the number of parcels going through parcel lockers in Q2'18. Seven of 10 posts saw growth in capital expenditure in the quarter.

Operator	Latest	CORPORATE							MAIL		PARCELS	
		Revenue €m	Revenue Δ YOY	EBIT €m	EBIT margin	Assets €m	Capex €m	Share price Δ in Q2	Revenue Δ YOY	EBIT margin	Revenue Δ YOY	EBIT margin
*Average	null	null	7.5%	null	2.5%	null	null	null	0.0%	5.4%	19.2%	5.5%
Bpost	Q2'18	928	32.7%	100	10.8%	3,017	25	-26.0%	-0.7%	18.6%	126.7%	0.9%
CTT Portugal Post	Q2'18	178	1.7%	5	2.6%	1,791	4	-2.0%	1.4%	null	14.0%	null
Canada Post	Q2'18	1,461	5.6%	-125	-8.5%	5,843	52	null	-3.4%	null	16.2%	null
Chunghwa Post	Q2'18	2,442	28.6%	145	5.9%	198,5...	null	null	18.9%	null	null	null
Correios Brasil	Q2'18	1,170	6.6%	21	1.8%	3,516	null	null	null	null	null	null
Deutsche Post DHL	Q2'18	15,596	2.1%	747	4.8%	47,392	1,183	-16.0%	3.4%	2.4%	7.9%	12.8%
Japan Post	Q2'18	26,260	-3.4%	1,747	6.7%	2,387...	null	-3.0%	7.9%	3.2%	null	null
Latvian Post	Q2'18	21	31.6%	-0.1	-0.7%	97	null	null	null	null	null	null
Omniva	Q2'18	26	5.2%	-0.1	-0.5%	80	null	null	null	null	null	null
Osterreichische Post	Q2'18	481	0.6%	48	10.1%	1,619	26	2.0%	-3.3%	18.0%	11.1%	7.2%
Pos Malaysia	Q2'18	129	-3.6%	null	null	726	null	22.0%	-10.4%	-17.5%	15.7%	10.0%
PostNL	Q2'18	854	1.8%	10	1.2%	1,040	27	5.0%	-1.7%	-2.1%	21.1%	0.2%

Notes: Latest public quarterly reports used for all operators except Royal Mail, which provides half-yearly reports and therefore excluded from industry averages. Not all operators' financial year matches the calendar year; quarters refer to calendar years. Quarterly figures may be calculated by subtracting prior quarterly results when only cumulative figures are available. Reported figures are unaudited for many operators. Business unit revenue attributed to the most relevant segment based on where the majority of revenues reside. Multiple business units may be allocated to one segment. Share price change calculated over the quarter, using the first day of the first month of the quarter compared with the first day of the subsequent quarter. Close prices for all operators.