



## ENGLISH TRANSLATION OF THE FRENCH PRESS RELEASE

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### **2020, a year revealing the strengths of POST Luxembourg and its strategy**

- **In 2020, POST Luxembourg ensured the continuity of its public and universal service missions while taking on new tasks related to the COVID-19 crisis**
- **Group turnover increases slightly to EUR 864 million for 2020, an increase of 0.3% compared to 2019**
- **EBITDA and net profit for 2020 decrease by 16% and 5% respectively compared to the previous year**
- **Capital expenditure of EUR 138 million, up 17% compared to 2019**
- **POST Luxembourg Group has 4,697 employees of almost 50 different nationalities**
- **Signature of a new Collective Labour Agreement**

At a press conference on 18 May 2021, Serge Allegrezza, Chairman of the Board of Directors, and Claude Strasser, Managing Director, presented the POST Luxembourg Group's 2020 results.

In order to provide a global overview and thus allow for a better understanding of the entire scope of POST's activities, the design and drafting of the Integrated Report 2020 confirms POST Luxembourg Group's desire to adopt a new approach in the presentation of its results in line with its Corporate Social Responsibility strategy. The extra-financial performance of the group has been assessed and presented at the same level of importance and granularity as the economic and financial indicators.

In 2020, despite a particular context, deeply marked by the COVID-19 crisis, POST ensured the continuity of its missions and achieved its annual objectives while assuming additional tasks related to the health crisis. The **POST Luxembourg Group** recorded a slight increase in turnover of EUR 2.5 million to EUR 864.4 million, an increase of 0.3% compared to 2019. It should be noted that 2020 was exceptional on two levels as all three POST business lines, namely postal and telecommunication services as well as postal financial services, managed to achieve their annual targets while assuming the daily management of the crisis.

Operating profit (EBITDA) falls by 16% to EUR 153.4 million compared to a higher result in 2019. Net profit is EUR 36.2 million, a decrease of 5%.

*"Because of our special status, we invest the money we earn in the infrastructure and technology needed for the country's development. For 2020 these investments amount to 138 million euros. Our aim is to generate value, without aiming for excessive profitability. POST is always looking for a balance between its public service and universal service missions and profitability",* explained Serge Allegrezza, Chairman of the Board of Directors of POST Luxembourg.

2020 revealed how the modernisation of POST and the investments made over several years, particularly in POST's telecommunication networks as well as in parcel management and distribution, proved invaluable during the health crisis and confirmed the relevance of its' strategy *'Mir sinn d'POST'*.

Driven by changes in consumption, with a strong propensity for online shopping since the first containment, parcel volumes in 2020 exceeded the 6.1 million mark, an increase of 47% compared to 2019. At the same time, the **postal business** continued to be influenced by the evolution of digitalisation leading to a decline in mail volumes.

Claude Strasser, Managing Director of POST Luxembourg, said: *"The health crisis has accelerated this digitalisation process, which is also reflected in the evolution of mail volumes. If we exclude the approximately 6 million letters sent in 2020 as part of the Large Scale Testing, the number of letters is down by more than 12% in one year. This has to be taken into account in our projections and we are aware that this trend will continue in the years to come. "*

POST Luxembourg's **logistics activities**, initially specialised in the management of parcels from Asia destined for the European market, were expanded in 2020 to the local level. In addition to handling 14 million parcels from Asia at Findel for delivery throughout Europe, POST's logistics department managed the logistics centre at corona.letzshop.lu for storage and order picking in the context of the health crisis and coordinated the packaging and distribution of masks to businesses and part of the population.

*"We aim to develop our value-added logistics services for local shops and companies of all sizes active in e-commerce. POST has the strengths to handle the storage, packaging and shipping of items to the end customer, as well as the management of returns",* explained Claude Strasser.

With a turnover of 190.7 million euros, the postal business managed to compensate for the -6.9% drop in the volume of letters at national level (60 million euros in turnover) by increasing the volume of logistics (+7.5% to 44 million) and parcels (+47% to 20.5 million).

With EUR 479.7 million (+3.4% compared to 2019), the **telecommunications sector** accounts for almost 60% of the POST Group's turnover.

In structural decline for several years, due to containment and teleworking, fixed voice business volume is stable for 2020, with a significant increase at the beginning of the crisis as many calls from workstations were diverted to mobiles across the border. The limitation of travel for health reasons led to a drop in *roaming in* turnover of one million euros, while overall consumption for 2020 remained stable.

On the other hand, companies put their major infrastructure projects on hold. POST had to respond to urgent requests from business and residential customers and simultaneously maintain its internal operations. During the first few weeks of the lock-down, POST teams worked seven days a week to meet demands and enable businesses to maintain their operations. Despite the unforeseen challenges related to the health crisis, POST Telecom managed to launch new products and services, including WIFI POWER and eSIM, a new generation SIM card.

The pandemic has accelerated the digitalisation of the economy, creating new types of risks that require enhanced support from cyber security experts. The recent regrouping of all the Group's skills in this area within a single team called "**POST Cyberforce**" has enabled POST to react quickly to the evolution of the cyber threat in times of health crisis. *"It is, among other things, thanks to the synergy of the group's skills that POST is now known and recognised for its expertise, services and infrastructure at national and international level"*, summarised Claude Strasser.

Following the ILR's auction of the frequencies needed for the 5G rollout, POST was the first operator to launch its **5G mobile network** on 16 October 2020 and to introduce 5G in its mobile packages, with no increase in rates. By the end of 2020, POST had commissioned ten sites to provide coverage in Luxembourg City, which has already been extended to other regions. *"Our goal is to achieve 5G coverage for 90% of the population of the Grand Duchy by 2023. POST is also continuing to invest heavily in its 'Network of the Future' and more specifically in the switchover to All-IP and the continuation of the FTTH programme,"* said Claude Strasser.

This modernisation of POST's **telecommunication networks** is planned according to projections over the next 7 to 9 years, assuming an average traffic increase of 30% each year. The architecture of these networks allows flows to be redirected to one path or another depending on consumption, in order to avoid saturation. With more than 250 million invested in telecommunications networks in five years, POST is one of the main players in the digitalization of the Grand Duchy. In order to accelerate the deployment of ultra high-speed broadband in general, and in rural areas in particular, POST Luxembourg has decided to increase the multi-annual budget for investments in the fixed network by 50 million euros in 2020. Substantial investments now allow almost 73% of the population to be connected to an Internet access with up to 1 Gbit/s.

As a result of the low interest rates on the financial markets and the decline in commission income, the turnover of the **Finance business line** fell by 3.5 million (12.8%) to 24 million euros. The new ebanking solution "*eboo*" found its audience during the COVID-19 crisis, which was marked by a significant increase in the use of digital tools. As POST Finance's vocation is not to offer the whole range of usual banking services, the future ambition will be to combine innovation and financial inclusion for all and to continue to simplify the customer journey by adding new functionalities thanks to a solid technological base. The creation of the start-up *I-Hub* and the increase of POST's stake in LUXTRUST are part of this logic.

A true **ecosystem of companies**, the POST Luxembourg Group invests in niche markets with growth potential and consists of about twenty companies in 2020, divided into 3 main sectors of activity and a multitude of skills. POST's ultimate goal is to take advantage of the diversity and synergies of expertise between its subsidiaries to increase its capacity to respond rapidly to new market needs and to offer high-performance products and services with high added value to its customers.

As the **largest employer in Luxembourg**, the POST Luxembourg Group employed an average of 4,697 people of 50 different nationalities in 2020. The signing of the new collective labour agreement was an important moment in 2020, including the upgrading of certain careers. Another priority is the development of skills and maintaining the employability of its employees. In 2020, this ambition was reflected in the launch of the POSTalents programme, in which almost 250 employees signed up with the common objective of broadening their horizons within the Group and thus supporting their wishes for development. Claude Strasser added: *"It is the collective strength of the POST employees that contributes, day after day, to making the company's raison d'être a reality. Their commitment and agility ensured that 2020 was the year in which POST's strengths were revealed, thanks to the exemplary management of the health crisis. In recent months, customers have been taking a new look at POST and through it at all our employees. "*

Serge Allegrezza concluded: *"In 2020, the POST Luxembourg group has demonstrated its vision of 'sustainable' growth, which benefits a significant part of the population. Growth that is not only measured in terms of turnover but also in terms of impact and response to human and economic needs at the local level. In this same context, a reflection on the social and environmental impacts will have to be carried out at all levels, leading us gradually to a transition from our business models oriented towards profitability objectives to business models integrating responses to the social and environmental challenges of our society. The integration of a CSR by design approach in the development of POST's products and services, the protection of architectural heritage and the sustainable construction of new buildings, as well as the responsible production and reuse of our employees' clothing are just a few concrete examples. "*

(Source : Groupe POST Luxembourg, 18 May 2021)

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