

Rating object	Rating information	
<b>Le Groupe La Poste</b>  Creditreform ID: 400981250 Incorporation: July 1990 Based in: Paris (France) Main (Industry): Postal and courier activities CEO: Philippe Wahl  <u>Rating objects:</u> Long-term Corporate Issuer Rating: Test AG Long-term Local Currency (LT LC) Senior Unsecured Issues	Corporate Issuer Rating: <b>A+ / negative</b>	Type: Initial rating Unsolicited Public rating
	LT LC Senior Unsecured Issues: <b>A+ / negative</b>	Other: <b>n.r.</b>
	Rating date: 18 January 2022 Monitoring until: withdrawal of the rating Rating methodology: CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Government Related Companies" CRA "Rating Criteria and Definitions" Rating history: <a href="http://www.creditreform-rating.de">www.creditreform-rating.de</a>	

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## Analysts

Sabrina Mascher de Lima  
Lead Analyst  
S.Mascher@creditreform-rating.de

Christian Konieczny  
Co-Analyst  
C.Konieczny@creditreform-rating.de

Neuss, Germany

## Summary

### Company

Le Groupe La Poste, hereinafter also referred to as La Poste or the Company, headquartered in Paris (France), is a public postal operator with diversified business segments, including Service-Mail-Parcel in France, express parcels across Europe as well as financial and digital services. The Group is a strategic asset to the government of France, with the entirety of its equity being state-owned: 34% held by French State and 66% held by Caisse des Depots, a public financial institution under the oversight of French Parliament.

The Company was incorporated in July 1990 and has pursued a diversification strategy over the past decades, with the creation of GeoPost in 1999, a wholly-owned subsidiary focused on express activities, and the creation of La Banque Postale in 2006. In 2018, the Company concluded the equity alliance between La Banque Postale and CNP Assurance, further diversifying into the insurance sector. Currently, the Company employs approx. 249,000 people in over 49 countries, with over 3,400 processing centers, hubs and delivery platforms. In 2020, the Company generated consolidated net revenues of EUR 31,185 million (2019: EUR 25,983 million) and reported profit of EUR 2,660 million (2019: EUR 835 million).

### Rating result

The current unsolicited corporate issuer rating of **A+** attests La Poste's good level of creditworthiness, representing a low default risk. To assess the overall performance of the Group, we have analysed the key operating segments separately, using internal quantitative banking criteria to evaluate the performance of La Banque Postale, and the corporate rating methodology to assess the Company's non-financial business segments.

We factor into the ratings La Poste's dominant market position in France as the national provider of mail services and leading player in the parcel business with a market share of over 60%. The Company has also been successful in its strategy to diversify its business model, reducing its reliance on the mail segment and expanding its geographic footprint – the share of international revenues nearly doubled over the 2015-2020 period, and currently represents 40% of the total. Additional supporting factors are positive momentum for e-commerce activities, which will continue to drive volume growth in the parcel and express segments, and the Company's comfortable liquidity profile owing to its conservative financial policies and ample access to debt capital markets. Lastly, we also take into consideration the Company's close linkages with the French

State due to the social impact of its public mission obligations and, since we assume government willingness to provide financial support in the event of a liquidity squeeze, we have granted 4 notches uplift to La Poste's standalone credit quality. The current sovereign rating for the French Republic is **AA** with a **negative** outlook (18.05.2021).

On the other hand, we see the Company's ratings constrained by the significant increase in debt levels over the last years, mostly driven by higher investments in business transformation and numerous M&A activities over recent years. Additional challenges faced by La Poste are the secular decline in mail volumes, with material losses recorded during the COVID-19 health crisis, and the increased competition from large online retailers as they are developing their own delivery system. In our view, a further intensification of competition and higher reliance on main players in e-commerce would have a dampening effect on the rating.

Balance sheet and profits have been extraordinarily affected by recent CNP acquisition and severe deterioration in mail business during the covid-19 crisis. We will monitor the overall performance of the Group closely in the coming year, considering normalized operations and full integration of new businesses.

### Outlook

Although the Company seeks strategic inorganic growth in the coming years (M&A), which normally leads to temporary higher capital requirements and increased debt levels, we also expect that La Poste will maintain a prudent financial management during the execution of its business transformation plans. Despite our expectation that La Poste will continue to show good operating performance in the coming year, the **negative** outlook mirrors the outlook in our sovereign rating of the French Republic.

### Relevant rating factors

Table 1: Financials | Source: Le Groupe La Poste, Annual Report 2020, standardized by CRA

Le Groupe La Poste Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, etc.)	CRA standardized figures <sup>1</sup>	
	2019	2020
Sales (million EUR)	25,983	31,185
EBITDA (million EUR)	2,580	5,104 <sup>2</sup>
EBIT (million EUR)	914	3,009 <sup>2</sup>
EAT (million EUR)	835	2,660 <sup>2</sup>
Total assets (million EUR)	287,065	752,988
EBITDA margin (%)	9.93	16.37
Equity ratio (%)	4.01	4.87
Net profit margin (%)	3.21	8.53

<sup>1</sup> For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

<sup>2</sup> Includes the EUR 3,007 non-recurring impact from the takeover of CNP assurance

#### Reference:

The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations of the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used are specified in the section "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

#### Excerpts from the financial key figures analysis 2020:

- + Strong growth in parcel volumes
- + Increased diversification and geographic expansion
- + Strengthened business model after CNP acquisition
- + Comfortable liquidity position
  
- Increased debt levels
- Higher investment needs
- Declining mail volumes and higher competition on the parcel segment

We are aware that the above key figures are negatively influenced by the Company's banking and insurance business when applying our corporate rating method, due to the different business models and accounting standards. For a more specific analysis, we have, on the one hand, approximately separated the banking and insurance business from the Group figures for purely internal purposes, while on the other hand we have applied internal models and bank evaluation criteria without, however, applying the full bank-rating method. This results in a significantly improved overall picture of La Poste's business areas and key figures.

#### General rating factors

- + Government-related company strategic to the French Republic
- + Leading market position in France in all key operating segments
- + Strengthened business model due to diversification into other essential services and to its geographic expansion
- + Highly favoured by the positive trend on e-commerce
- + Benchmark company in terms of ESG
  
- Continuous shrinking of mail demand
- Increased competition
- Ongoing business transformation leads to higher investment needs and M&A activities

#### Current rating factors

- + Recovery in Services-Mail-Parcel segment during HY 1 2021, largely driven by the strong growth in parcel and express volumes
- + Reduced uncertainties related to COVID-19 and its impact on operations
- + CNP Assurance has high credit quality and weighs positively on the Group's performance
- + Comfortable liquidity position
- + Confirmation of the unsolicited sovereign rating of the French Republic at AA / negative on 18 May 2021
  
- Significant increase in debt levels, partly due to numerous business acquisitions
- Material deterioration in the mail segment with recognition of EUR 900 million asset impairment in 2020
- Financial compensation from the French State does not fully cover increasing losses on most of its public service obligations
- Low-interest-rate environment will last a little longer and continue to affect La Banque Postale's profitability
- Financial position and profits have been extraordinarily affected by recent CNP acquisition and severe deterioration in mail business during the covid-19 crisis. We will monitor the overall performance of the Group closely in the coming year, considering normalized operations and full integration of new businesses.

#### Prospective rating factors

- + Parcel volumes will increase and offset declining mail demand, resulting in stable earnings
- + CNP acquisition will bring synergies and will result in higher dividend payments to the parent La Poste S.A., where the majority of the Group's debt lies
- + Cost savings plans will support La Poste's profitability

**General rating factors** summarize the key issues that – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

**Current rating factors** are the key factors that, in addition to the underlying rating factors, have an impact on the current rating.

**Prospective rating factors** are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or a weakening or negative effect (-) on future ratings, if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

- We do not expect La Poste to reduce debt levels in the near term, as we believe the focus will be on executing its strategic plan in order to accelerate its business transformation
- La Poste will maintain its external growth strategy and could embark on further acquisitions
- La Banque Postale's profitability will remain challenged by a low-interest-rate environment over the next 12 months

### ESG-factors

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Le Groupe La Poste we have not identified any ESG factor with significant influence.

The postal and parcel sector is experiencing a fast-paced transformation and has increasingly affected society and the environment. The rapid growth in digital trends is causing structural shifts in consumer behavior, and the surge in e-commerce sales results in more parcel deliveries, which translates into more demand for freight transportation and higher risks related to GHG emission. Unlike other large market players such as Deutsche Post DHL Group, La Poste does not maintain its own fleet of aircraft for international transport services, but relies on partner companies. Hence, this has a positive effect on greenhouse gases emitted directly by La Poste (Scope 1). Even considering Scope 2 and 3, La Poste has much lower greenhouse gas emission than main peers.

La Poste is a benchmark company concerning ESG practices, being carbon neutral since 2019 through initiatives to offset its GHG emission (its Services-Mail-Parcel segment has been carbon neutral since 2012). La Poste is committed to achieving a 30% reduction in its GHG emissions by 2025. To mitigate its impact on the environment, the Company has built 50 photovoltaic installations in addition to several other energy projects (total generation capacity of 6GWh) and has increased the share of electric vehicles in its fleet (currently 24% of total). The Company also engages in services that will support the transition to a more sustainable economy, such as integration of reverse logistics, waste recycling, carbon-free logistics solutions, and more. La Banque Postale is also putting in place a decarbonisation strategy by committing to stop loans and services to the oil and gas industry by 2030 and increasing financing for renewable projects.

Through its public service mission, La Poste provides essential services and takes innumerable initiatives to promote social inclusion (e.g. integration of young people into the labor market, home care services for seniors). The Company executes regional planning to ensure that most of the population will have access to its services (96% of all population live less than 5km away from a retail outlet) and foster economic development of SMEs (81% of total suppliers). The Company offers frequent training and guarantees equal opportunities to its employees, as 50% of the Company's total workforce - as well as half of its executives - are women, and a considerable share of its staff is over 55 years old. With 249 thousand employees, La Poste is the third-largest employer in France.

La Poste has undergone external sustainability assessments, according to which the Company is a benchmark company in its sector. We also have a positive assessment of the Group's ESG practices and assume that this will have a stabilizing effect on the future development of the Company.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

**ESG factors** are factors related to environment, social issues and, governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

**Best-case scenario: A+**

In our best-case scenario for the next 12-24 months, we assume a rating of A+. In this scenario, we expect that La Poste is able to reduce significantly its exposure to the mail business by increasing its offering of essential services with better growth prospects. Additionally, the continuous implementation of cost-saving initiatives, and the successful integration of recently acquired business, in particular with the optimization of synergies between La Banque Postale and CNP Assurance, will have a positive impact on the Group's ratings. We also expect La Poste to sustain a solid liquidity position and credit metrics while executing its inorganic growth strategy. Lastly, an upgrade on France's sovereign rating could trigger an upgrade on La Poste's ratings. Due to the negative outlook in our unsolicited sovereign rating, however, we consider this less likely for the upcoming year.

**Worst-case scenario: A**

In our worst-case scenario for the next 12-24 months, we assume a rating of A. In this scenario, La Poste's mail segment continues to weigh heavily on the Company's overall operating performance. Profitability could be impaired if the Company is unable to integrate the new businesses successfully. Negative pressure could arise if there is a deterioration in the operating environment, due to either a new lockdown requirements or a slowdown in e-commerce activity, weakening La Poste's financial key indicators and liquidity in the coming years. A downgrade on France's unsolicited sovereign rating could trigger a downgrade on La Poste's ratings.

**Business development and outlook**

La Poste's businesses have grown through numerous acquisitions, equity agreements and partnerships over recent years. It has also been investing to expand its geographical footprint and increase the capacity of segments with more positive industry fundamentals, namely parcels and express. In the twelve months up to June 2021, consolidated net revenues increased by 7.6% compared to the 2020 fiscal year, amounting to EUR 33.5 billion, and operating margin increased to 5.1% from 0.5% in 2020 (excluding the non-recurring effect of the takeover of CNP Assurance). The strong momentum in e-commerce and partial recovery of the segments more severely impacted by the pandemic explains this positive development.

The Service-Mail-Parcel segment has been facing structural reduction in mail demand, with volumes falling sequentially over recent years (from 18 billion in 2008 to 7.5 billion in 2020), but partially offset by a mail tariff increase. The Company's Parcel business, as mentioned above, has shown strong volume growth due to the boom in e-commerce, a trend that has been exacerbated during the COVID-19 pandemic, and it is expected to account for over 60% of this segment by 2025 (compared to a current share of 20%). Accordingly, net revenues remained relatively stable during 2019-2020 at around EUR 12 billion, but operating income decreased to EUR -1,137 million in 2020 from EUR 410 a year earlier, mainly as a result of the material deterioration in mail activity which led to the recognition of a EUR 900 million asset impairment. In the first half of 2021, this segment already showed some recovery and operating income reverted to positive, with a mild result of EUR 187 million and margin of 2.9% - much higher than the negative margin of 21.4% seen in the first half 2020 and still slightly below pre-pandemic levels of 3-4%. In the coming years, the Company will continue to make investments to expand its parcel delivery capacity and will likely make strategic acquisitions with the aim of entering new market segments and diversifying its service offering.

The GeoPost segment has shown very positive results since the start of the COVID-19 pandemic, with both revenues and volumes growing by nearly 40% in 2020 and by 20% in HY1 2021 compared to same period of the previous year, and operating margin increasing to 8.6% in HY1 2021, compared to 4.8% prior to the outbreak of the coronavirus. There has also been a significant expansion of sales internationally following several business acquisition in Europe and overseas – the share of international revenue share of this segment increased to 83% in 2020 from 77% one year earlier.

La Banque Postale became a major public financial institution after the takeover of CNP Assurance in the first quarter 2020, which was consolidated into La Poste's financial statements from 4<sup>th</sup> March onwards. Excluding the EUR 3 billion positive impact of the CNP Assurance consolidation and EUR 1.4 billion related to scope effects from this transaction, this segment's operating income declined to EUR 51 million in 2020 from EUR 810 million a year earlier, and continued to fall during the first half of 2021 to EUR 755 million from EUR 906 million in 1HY 2020 in the context of persistently low interest rates and negative impacts of the Covid-19 crisis. Despite tougher market conditions, La Banque Postale has been able to increase outstanding loans steadily over the last few years, from EUR 76 billion in 2016 to EUR 110 billion at the end of June 2021. In December 2021, La Banque Postale concluded the acquisition of a minority stake in CNP Assurance for EUR2.4 billion, increasing its ownership to 78.9% from the previous 62.8% and emphasizing the relevance of this business to the Group.

The rating object itself does not publish any information on expected business development. We assume that operational performance of the traditional mail segment will further decline. A continued shift in revenue from mail business to parcel services is expected. In addition, we expect growth in the Group's banking and insurance business, through potential synergy effects and additional business acquisitions. Therefore, we see a stable business and earnings development going forward.

Table 2: The development of business of Le Groupe La Poste in 2021 | Source: Half-year report 2021, reported information

Le Groupe La Poste		
In million EUR	HY1 2020	HY1 2021
Sales	14,495	16,857
EBIT	2,588 <sup>2</sup>	1,145
EBITDA	4,639 <sup>2</sup>	2,385
EBT	2,476 <sup>2</sup>	1,037
EAT	2,532 <sup>2</sup>	731

Table 3: The development of corporate divisions in HY 1 2021 | Source: Half-year 2021, reported information

Le Groupe La Poste according to individual key corporate divisions in HY1 2021			
in million EUR	Services-Mail-Parcels	GeoPost	La Banque Postale
Sales	6,532	6,171	3,974
EBIT	187	533	755
EBIT margin %	2.86	8.64	19.00

## Structural risk

The parent company of the Group is La Poste SA, incorporated in July 1990 and headquartered in Paris (France). As parent company of the Group, La Poste centralizes all strategic decisions and provides funding for its subsidiaries, with the exception of La Banque Postale, which has its own management team and supervisory board. Nearly all of the Group's financial debt is held at the parent company, and cash flows are generated mostly by its subsidiaries.

Even though the various operating units work together, we understand that the Group's banking business is separated structurally and financially from the rest of the Group (ring-fenced), partly due to regulatory aspects, which has been taken into account in the rating of La Poste.

La Poste is fully owned by the government of France, through 66% indirect share capital from Caisse des Depots, a public financial institution, and 34% direct share capital from French State. From this, we consider strong links with government and a high degree of systemic importance, given its strategic business model and relevant market position, which weigh positively on our rating decision.

The Board of Directors currently consists of 24 members, of which two represent the French State, with 11 represent Caisse des Depots, seven employee representatives, three representatives of users and municipalities, and one is government commissioner. Furthermore, the Company relies on five additional specialized committees, namely Audit, Quality and sustainable development, Compensation and governance, Strategic and investment, Public service mission.

At the end of 2020, La Poste's operating activities were spread over 49 countries and consisted of over 3,400 processing centers, hubs and delivery platforms and around 17,000 retail outlets plus 50,000 pick-up/drop-off points. Concerning geographic diversification of La Poste's revenue base, 60% is generated in France, 23% in other European countries and 17% outside Europe.

As mentioned above, the company has strong linkages with the French State, being entrusted with four public missions aiming to serve the general interests of society. These public missions include: (i) a universal postal service with a 15-year task assignment period (starting in 2011), (ii) regional planning: ensuring access to La Poste's services through its retail outlets across all French territory, (iii) affordable press transportation and delivery, and (iv) banking accessibility. The French State provides partial financial compensation for losses related to these activities, which supports our rating decision.

La Poste's business model comprises five operating segments:

**Services-Mail-Parcel** (38% of total revenues<sup>1</sup>): This is La Poste's core business segment and includes the traditional mail and parcel deliveries as well as other services related to territorial efficiency, logistics and local transportation, circular economy, energy efficiency, health care and supporting activities to elderly.

**GeoPost** (35% of total revenues<sup>1</sup>): It is focused on express parcel activities in France and internationally, and operates under several brands (DPDGroup, Chronopost, BRT, SEUR and Jadlog).

**La Banque Postale** (25% of total revenues<sup>1</sup>): is a wholly-owned subsidiary of Le Groupe La Poste, bringing together the Company's retail banking, insurance and asset management activities. In the first quarter of 2020, La Banque Postale concluded the takeover of CNP Assurance, a top provider of life insurance and supplementary pensions in France.

Other segments from La Poste represent only 2% of consolidated revenues and include **Network business** (retail outlets and post offices in France) and **Digital Services**.

## Business risk

The fundamentals for the postal and parcel industry have been changing rapidly amid the digital influence on consumer behaviour, which intensified during the COVID-19 pandemic, resulting in a secular decline in mail demand and a boom in e-commerce. Over the 2015-2020 period, La Poste's mail volumes declined from 12.5 billion to 7.5 billion (representing a fall of 40%), while parcel volumes grew from 274 million to 471 million (72% growth).

The mail sector in France is highly regulated by ARCEP, a public authority that grants license agreements and establishes price caps for the universal postal services in France. La Poste currently operates through a 15-year license contract, valid from 2011 to 2026, and has to comply with a price cap of 5% annual increase in tariff during 2019-2022. Despite the implementation of price increase according to ARCEP's regulation, the Company still records material losses on this business and receives financial compensation from the French State.

In the parcel segment, significant risks are associated with the increased competition from large online retailers, as these are developing their own delivery systems. Amazon is currently its largest customer and tried to buy Colis Privé a few years ago, a main competitor in B2C delivery. Nevertheless, the Company will remain strongly positioned in the parcel sector in France (one of the Top 10 largest market for e-commerce globally), holding over 60% market share through its three subsidiaries: Colissimo, Chronopost and DPD. In our view, the company also benefits from its wide market capillarity and efficient operations, being able to cover the entire national territory within 48 hours.

Concerning La Poste's "bancassurance activities", the main factors influencing the business environment are economic growth in France and its impact on financial markets, as well as monetary policies adopted by the European Central Bank. In 2020-2021, La Banque Postale profitability was adversely affected by a lower interest rate environment, a trend that will likely continue in the years ahead despite the current surge in inflation. As a counterbalancing factor, La Banque Postale has a close relationship with the French State, carrying out affordable banking operations as part of its public service mission. The European Commission has approved a compensation payment of EUR 1.8 billion for its mission during the 2021-2026 period.

## Financial risk

We assess La Poste's financial risk profile as low. Primarily because we see it as very likely that the French government will provide financial support if necessary, given the strong importance of La Poste's activities and its positive impact on society. Additionally, the Company will continue to benefit from positive industry fundamentals in the parcel and express segments, as we believe that e-commerce activities will remain heated in the years ahead, increasing its ability to fund itself from internal cash generation.

At the end of June 2021, La Poste's consolidated total financial debt amounted to EUR 14.1 billion, of which 14.6% is due within one year and 85.4% is non-current. The Company's financial gross debt more than doubled over recent years, from EUR 6.2 billion in 2018 to EUR 14.1 billion at the end of June 2021, both as a result of IFRS 16 implementation and new debt issuance to fund its external growth plans. Despite higher debt levels, La Poste has sustained a low net financial debt to equity ratio over time – below 0.5 times on a reported basis.

La Poste's main external financing sources are bonds (67.7% of total financial debt) and lease liabilities (25.6%), with the remaining debt comprised of commercial paper and other borrowings (6.7%). The majority of the bonds are part of the EMTN program, with a volume of EUR



12,000 million and a total outstanding amount of EUR 9.5 billion, traded on the Luxembourg and Paris stock exchanges. The Company also has EUR 3.6 billion in lease liabilities and subordinated bonds with a total outstanding amount of EUR 419 million. In January 2021, La Poste issued EUR 1.75 billion notes with partial maturities in 2029 and 2036 and fixed interest rates of 0%-0.625%.

The Company's liquidity position is robust considering its cash and cash equivalent reserves of EUR 3.9 billion at the end of June 2021 and its fully available long-term credit lines of EUR 1.4 billion (maturity in 2023 and 2025). This headroom, according to our estimates, is sufficient to cover all of its bond maturities until 2027 year-end. An additional supporting factor is the improvement in cash flow generation in the non-financial activities of the Company, mainly driven by a more favorable operating environment. In view of the excellent capital market accessibility, we also consider that La Poste has sound financial stability.

## Issue rating

### Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by La Poste S.A. and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued within the framework of the Euro Medium Term Note (EMTN) program, of which the latest base prospectus dates from 31 May 2021 with the latest supplement dated 8 November 2021. This EMTN programme amounts to EUR 12 bn. The notes issued under this programme are senior unsecured and rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer. Additionally, the notes benefit from a negative pledge provision, a change of ownership clause and a cross default mechanism.

### Result corporate issue rating

We derive the unsolicited corporate issue ratings of euro-denominated bonds from the unsolicited corporate issuer rating of La Poste S.A. (A+ / negative). The rating of the issues is therefore set equal to the corporate rating of the issuer. The rating result is A+ with negative outlook. For the issue ratings we have applied our rating methodology for corporate issues.

### Overview

Table 3: Overview of CRA Ratings | Source: CRA

Rating Category	Details	
	Date	Rating
La Poste S.A.	17.01.2022	A+ / negative
Long-term Local Currency (LC) Senior Unsecured Issues	17.01.2022	A+ / negative
Other	--	n.r.

Table 4: Overview of Euro Medium Note Programme I Source: Base Prospectus dated 31.05.2021

Overview of 2021 EMTN Programme			
Volume	EUR 12,000,000,000	Maturity	Depending on respective bond
Issuer / Guarantor	La Poste S.A.	Coupon	Depending on respective bond
Arranger	Deutsche Bank A.G.	Currency	Depending on respective bond
Credit enhancement	None	ISIN	Depending on respective bond

All future LT LC senior unsecured Notes issued by La Poste S.A. which have similar conditions to the current EMTN programme, denominated in euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN programme. Notes issued under the programme in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. For the time being, other emission classes or programs (such as the Commercial Paper Programme) and issues that do not denominate in euro, will not be assessed.

## Financial ratio analysis

Table 4: Financial key ratios | Source: La Poste S.A. (parent company's key financial indicators); annual report, structured by CRA

	2017	2018	2019	2020
<b>Asset structure</b>				
Fixed asset intensity (%)	72,52	70,88	71,36	73,01
Asset turnover	0,66	0,64	0,61	0,52
Asset coverage ratio (%)	76,96	76,90	77,19	74,91
Liquid funds to total assets	12,13	13,43	14,94	14,00
<b>Capital structure</b>				
Equity ratio (%)	36,05	38,14	35,28	32,44
Short-term debt ratio (%)	33,96	34,59	29,21	32,83
Long-term debt ratio (%)	19,76	16,37	19,80	22,25
Capital lock-up period (in days)	27,03	29,58	29,38	37,76
Trade-accounts payable ratio (%)	4,88	5,01	4,73	4,96
Short-term capital lock-up (%)	27,81	33,02	26,93	40,47
Gearing	1,44	1,27	1,41	1,65
Leverage	2,92	2,69	2,73	2,96
<b>Financial stability</b>				
Cash flow margin (%)	6,06	2,06	2,38	-11,40
Cash flow ROI (%)	4,00	1,28	1,42	-5,54
ROCE (%)	-3,10	-7,52	-7,39	-9,19
<b>Profitability</b>				
Gross profit margin (%)	90,21	89,64	79,35	75,19
Ratio of personnel costs to total costs (%)	73,83	75,24	74,82	74,47
Ratio of material costs to total costs (%)	10,40	11,19	21,60	25,75
Cost income ratio (%)	100,84	105,41	107,07	116,09
Return on investment (%)	3,68	0,35	-0,20	-6,96
Return on equity (%)	10,66	1,04	-1,20	-22,08
Net profit margin (%)	5,57	0,61	-0,72	-14,32
Operating margin (%)	-0,31	-5,58	-7,21	-17,88
<b>Liquidity</b>				
Cash ratio (%)	25,50	29,84	39,61	36,50
Quick ratio (%)	72,22	77,55	96,34	80,22
Current ratio (%)	80,92	84,18	98,04	82,21

## Appendix

### Rating history

The rating history is available under <https://www.creditreform-rating.de/en/ratings/published-ratings.html>.

Table 7: Corporate Issuer Rating of La Poste S.A.

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	18.01.2022	www.creditreform-rating.de	Withdrawal of the rating	A+ / negative

Table 9: LT LC Senior Unsecured Issues issued by La Poste S.A.

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	18.01.2022	www.creditreform-rating.de	Withdrawal of the rating	A+ / negative

### Regulatory requirements

The rating<sup>3</sup> was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating, that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

The rating was conducted based on the following information.

List of documents
<b>Accounting and controlling</b>
<ul style="list-style-type: none"> <li>Le Groupe La Poste Universal Registration Document 2020</li> <li>Interim Report HY 1 2021</li> </ul>
<b>Finance</b>
<ul style="list-style-type: none"> <li>EMTN Base Prospectus 31.05.2021</li> </ul>
<b>Additional documents</b>
<ul style="list-style-type: none"> <li>Company's presentation</li> <li>Material Facts / Press Releases</li> <li>Corporate Sustainability Report</li> </ul>

<sup>3</sup> In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

A management meeting did not take place within the framework of the rating process.

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
<a href="#">Corporate Ratings</a>	2.3	29.05.2019
<a href="#">Government-related Companies</a>	1.0	19.04.2017
<a href="#">Non-financial Corporate Issue Ratings</a>	1.0	October 2016
<a href="#">Rating Criteria and Definitions</a>	1.3	January 2018

The documents contain a description of the rating categories and a definition of default. We used internal banking assessment criteria to estimate the creditworthiness of La Banque Postale and its impact on the overall Group's results and credit rating.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Sabrina Mascher de Lima	Lead-analyst	S.Mascher@creditreform-rating.de
Christian Konieczny	Analyst	C.Konieczny@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Stephan Giebler	PAC	S.Giebler@creditreform-rating.de

On 18 January 2022, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 19 January 2022. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

### ESG-factors

Whether ESG factors were relevant to the rating can be seen in the upper section of this rating report in the section "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

### Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

### Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

#### Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

#### Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the [ESMA website](#).

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

### Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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Creditreform Rating AG

### Contact information

Creditreform Rating AG

Europadamm 2-6  
D-41460 Neuss

Phone: +49 (0) 2131 / 109-626  
Telefax: +49 (0) 2131 / 109-627

E-Mail: [info@creditreform-rating.de](mailto:info@creditreform-rating.de)  
Web: [www.creditreform-rating.de](http://www.creditreform-rating.de)

CEO: Dr. Michael Munsch  
Chairman of the Board: Michael Bruns

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