



FUND LAUNCHED

2005

FUNDS UNDER MANAGEMENT

£523.5
MILLION

NET ASSET VALUE PER SHARE

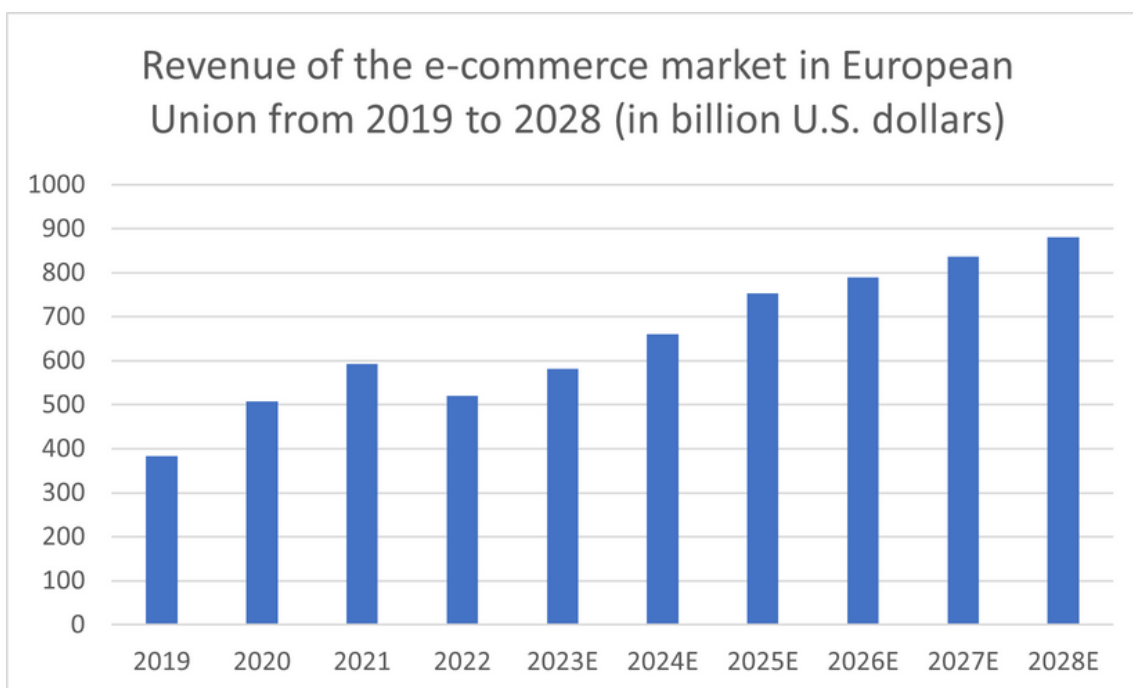
400.8%
SINCE INCEPTION*



InPost S.A. – reshaping e-commerce logistics

December 2023

The ecommerce industry in Europe was estimated at €757bn of sales in 2020¹ and is projected to surpass €1tn by 2027. This accounts for over 3.5% of GDP in the more mature European economies and 18% of enterprise sales in the EU,² growing at low-teens CAGR. Penetration in Western Europe and in Poland is expected to one day approach the levels of mature markets such as the UK and China, 36% and 27%, respectively.³ Most e-commerce packages continue to be delivered to-door by logistics companies, adding significant traffic on the streets and carbon emissions across the supply chain.⁴ However, last-mile logistics are now seeing a shift towards delivery lockers, due to their significant cost and environmental benefits – with up to 97% lower carbon footprint⁵ per parcel.

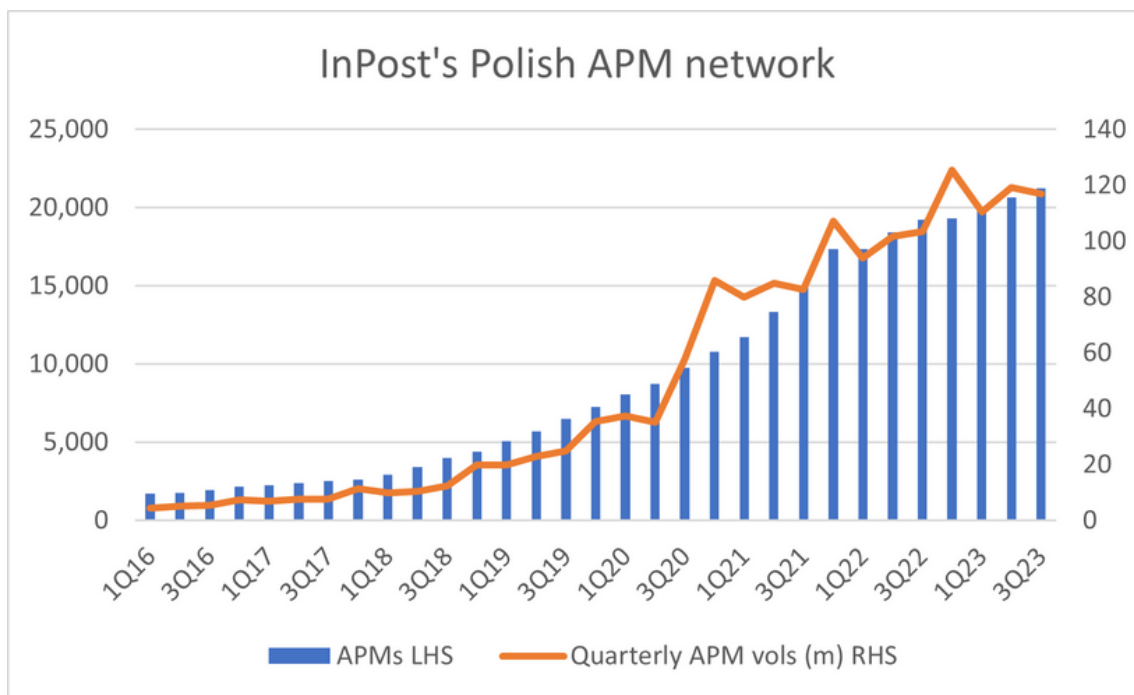


Source: Statista, 2023

InPost is Europe’s biggest operator of automated parcel machines (APMs) and one of the fastest growing e-commerce logistics infrastructure players. An APM is a secure cabinet of lockers, used for B2C and C2C deliveries but also reverse logistics. They can be located inside shopping malls or outside residential blocks, giving 24/7 access. They are an ever-increasing alternative to last-mile delivery, due to being logistically cheaper (up to 25% cheaper than to-door) and less carbon intensive. Moreover, consumers in Poland and other European markets tend to prefer APMs as it is more convenient for receiving and returning and the delivery fee they pay is typically lower due to lower cost.

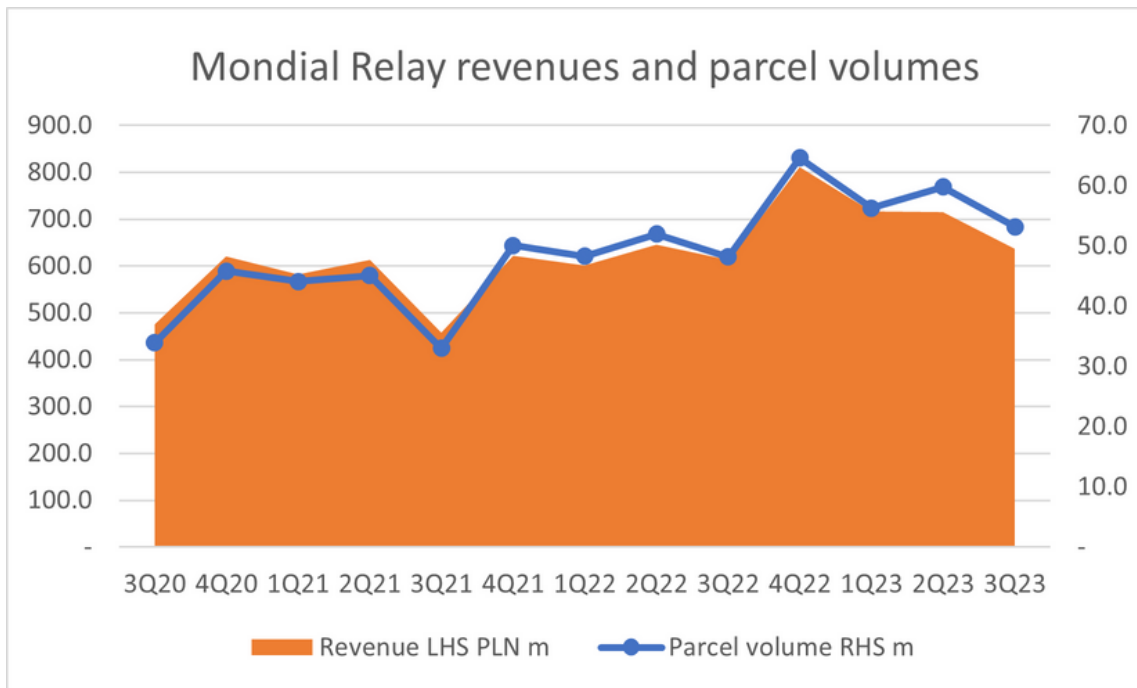
Founded in Poland in 2000, InPost went public on Euronext Amsterdam in 2021. The group boasts an impressive network of 21,000 APMs in Poland, 6,000 in the UK, and 6,000 across Western Europe, as well as having an additional 27,000 pick-up-drop-off points. This expansive infrastructure enabled the delivery of 745 million parcels in 2022, a 22.4% increase from the previous year, generating €1.63bn in sales, €440m in EBITDA, and €105m in profit.

In Poland alone, InPost delivered 508m parcels in 2022, of which 424m were delivered via their APMs on behalf of 50,000 merchants. Since 2017, their Polish parcel volumes grew at a CAGR of +57%, revenues at +54% CAGR only slowing down to mid-teens in 2023 with still plenty of room for organic growth potential. The Polish business accounts for 60% of InPost’s revenues but its European operations are growing at a rapid pace.



Source: InPost, 2023

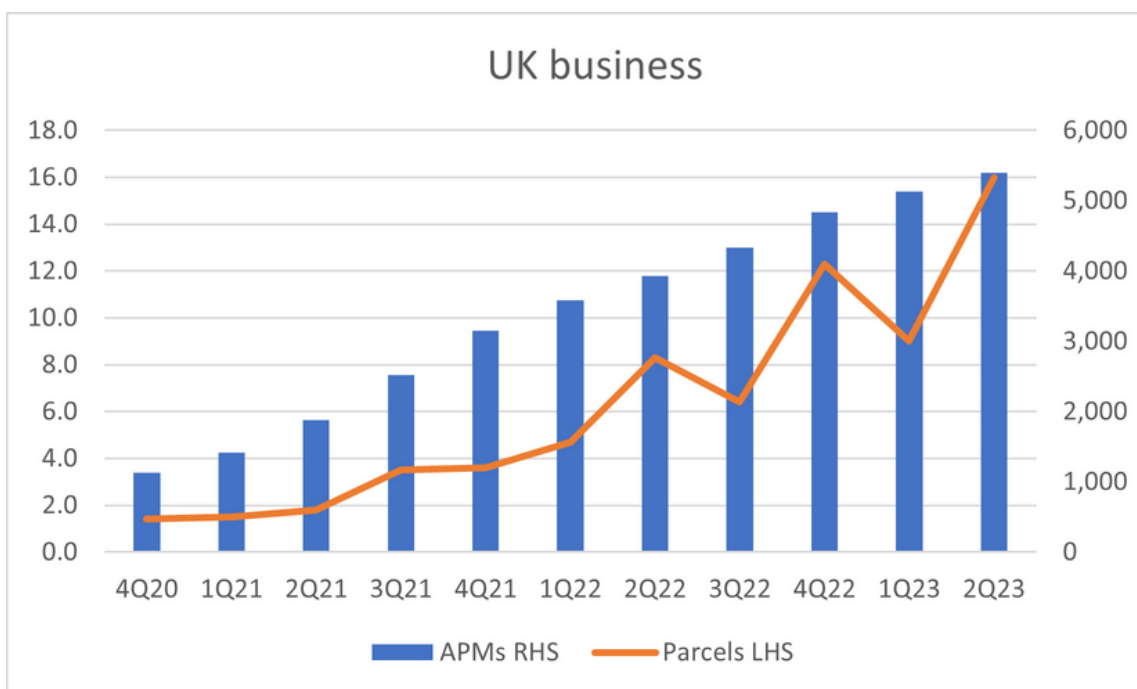
The acquisition of Mondial Relay, a leading French logistics player, in 2021 marked a significant expansion for InPost. Mondial Relay’s extensive network of 12,000 PUDO points (Pick Up Drop Off parcel locations) in France is being enhanced with APM installations, boosting both volumes and customer satisfaction. InPost’s strategic investments in logistics infrastructure with additional depots and sorting hubs across France aims to provide next-day coverage nationwide, tapping into the immense B2C potential of the proposition. This could be a strong driver for ongoing volume growth in the near-term. Mondial Relay also has significant presence in Benelux and Iberia where it plans to grow further. In 2022, it reported 213m deliveries, up +21% year-on-year.



Source: InPost, 2023

In 2021, InPost began its aggressive expansion into the UK, initially targeting the three biggest metropolitan centres of London, Birmingham and Manchester. After initial challenges, InPost recently formed a partnership with logistics player Menzies and bought a minority stake of the company, which has helped solidify its position and execution capabilities. This has quickly resulted in an acceleration of volumes in the second and third quarter this year.

Today, InPost is the biggest operator of delivery lockers in the United Kingdom and 42% of the population of their core cities lives within a 7-minute walk from an InPost locker or PUDO. The business already broke even in operating profit terms in Q3 and should continue to scale rapidly in the medium-term.



Source: UK APMs and parcel volumes, InPost 2023

InPost enjoys a first-mover advantage in a sector where scale and volume are crucial for profitability. The company also boasts an advantage in terms of the quality of their lockers, their software and the scale of their logistics footprint that enables efficient deliveries. Market research (quoted by InPost), forecasts that APM deliveries will constitute 45-50% of all B2C deliveries in Poland by 2024 and while Western European markets are still adapting, early indicators are promising. For reference, UK deliveries amount to 4.2bn parcels per year³ and a 20% market capture would roughly double the group's total volumes and revenues.

Looking ahead, the outlook for InPost is positive thanks to the organic growth of ecommerce in Europe and the increasing preference for locker-based deliveries for a substantial segment of the market. The business generates robust cash flows from their Polish operations at margins that are substantially higher than other logistics players. These cashflows are reinvested in the infrastructure for new target markets with high potential returns. Yet, despite recent share price gains, InPost's valuation remains markedly lower than global e-commerce players and more in-line with traditional low-growth logistics players. This is anomalous, in our view, given the company's competitive position and exposure to structural growth drivers.

InPost is one of UEM's top 20 positions, with a 0.2521% stake in the company.

George Velikov

15 December, 2023

Source Data: ICM Limited

[1] [ecommercenews.eu](https://ecommercenews.eu/european-ecommerce-was-worth-757-billion-euros-in-2020/). (2023, 11 30). European ecommerce was worth 757 billion euros in 2020. Retrieved from <https://ecommercenews.eu/european-ecommerce-was-worth-757-billion-euros-in-2020/>

[2] Eurostat. (2023, 11 30). Turnover from e-sales broken down by web sales and EDI-type sales, 2021.

[3] Statista. (n.d.). Retrieved from <https://www.statista.com/statistics/285978/e-commerce-share-of-retail-sales-in-the-united-kingdom-uk/>

[4] Parcel and Postal Technology International. (n.d.). The future of last-mile delivery in the UK. Retrieved from <https://www.parcelandpostaltechnologyinternational.com/opinion/the-future-of-last-mile-delivery-in-the-uk.html>

[5] InPost S.A. (2023). InPost 101 Investor Presentation 06.2023.

*Total return is calculated based on undiluted Net Asset Value, plus dividends reinvested and adjusted for the exercise of warrants and subscription shares

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