bpost: first quarter 2018 results

First quarter 2018 highlights

- **Operating income (revenues)** at EUR 916.2m (+27.0%) driven by acquisitions and continued strong Parcels growth, partly offset by declining Domestic Mail revenues.
- **Domestic Mail underlying volume trend at -6.6%** (-5.8% for FY17 and -4.7% in 1Q17) driven by a weak quarter in advertising mail and continued e-substitution.
- **Outstanding growth in volumes of Domestic Parcels +28.3%** (+28.2% for FY17), driven by thriving e-commerce and C2C. Price/mix effect of -6.1%, fully mix related.
- **Logistic Solutions up EUR 198.0m**, mainly driven by the consolidation of Radial.
- **Additional Sources of Revenues** (up EUR 6.8m), driven by the acquisition of Imex and M.A.I.L., Inc.
- **Costs** influenced by acquisitions for EUR +212.5m. Organic cost increase mainly in payroll & interim impacted by higher parcels volumes, wage drift and higher absenteeism, as well as in transport, rent and project related costs.
- **EBITDA down EUR 36.8m** to EUR 140.2m in line with guidance.
- **Net profit of bpost SA/NV under BGAAP down EUR 22.1m** to EUR 72.3m.
- **2018 outlook: normalized EBITDA at the low end of the range due to mail volume decline, absenteeism and productivity in parcel sorting; dividend at least € 1.31**

CEO quote

Koen Van Gerven, CEO, commented: *"As anticipated in the guidance our operational results for the first quarter are below last year and are impacted by continued e-substitution and a weak quarter in advertising mail. This was only partly compensated by the price increase on the small user basket items implemented since March 1st. The domestic parcels volume growth was again outstanding driven by the development of e-commerce in Belgium. We are changing the organization to bring dedicated focus on the three key challenges of the company going forward: mail volume decline, parcels growth and Radial. This new organization makes us confident to better respond to the changing customer needs and expectations. Over 2018, we expect to deliver normalized EBITDA at the low end of our guidance range and to pay a dividend at least the same as last year."*

Outlook for 2018

The outlook for 2018 includes the acquisitions of Radial, Bubble Post, Leen Menken Foodservice Logistics, Imex Global Solutions, M.A.I.L., Inc. and Active Ants.

We expect revenues to grow driven by:
- **double digit volume growth** in **Domestic Parcels,** with a price/mix effect between -3% and -6%.
- **continued growth in international parcels** supported by newly acquired businesses.
- stable **Radial** revenues

partly offset by:
- an underlying Domestic Mail **volume decline of up to 7%**, partially compensated by price/mix effect of +4% on average
- continued decline in Banking & Financial revenue

On the cost side, we expect higher costs driven by:
- increase in transport cost reflecting growth in International Parcels & Mail
- consolidation of acquired businesses
- salary indexation expected as of November 2018
- Radial costs impacted by phase out webstore business and higher than expected opex (medical benefits and inflation) not fully compensated by productivity improvements.

partly compensated by:

- continued productivity improvements and optimized FTE mix
- continued cost optimization

This results in our ambition to achieve a **normalized EBITDA at the low end of the range of EUR 560 to 600m and dividend for 2018 at least at the same level as 2017.**

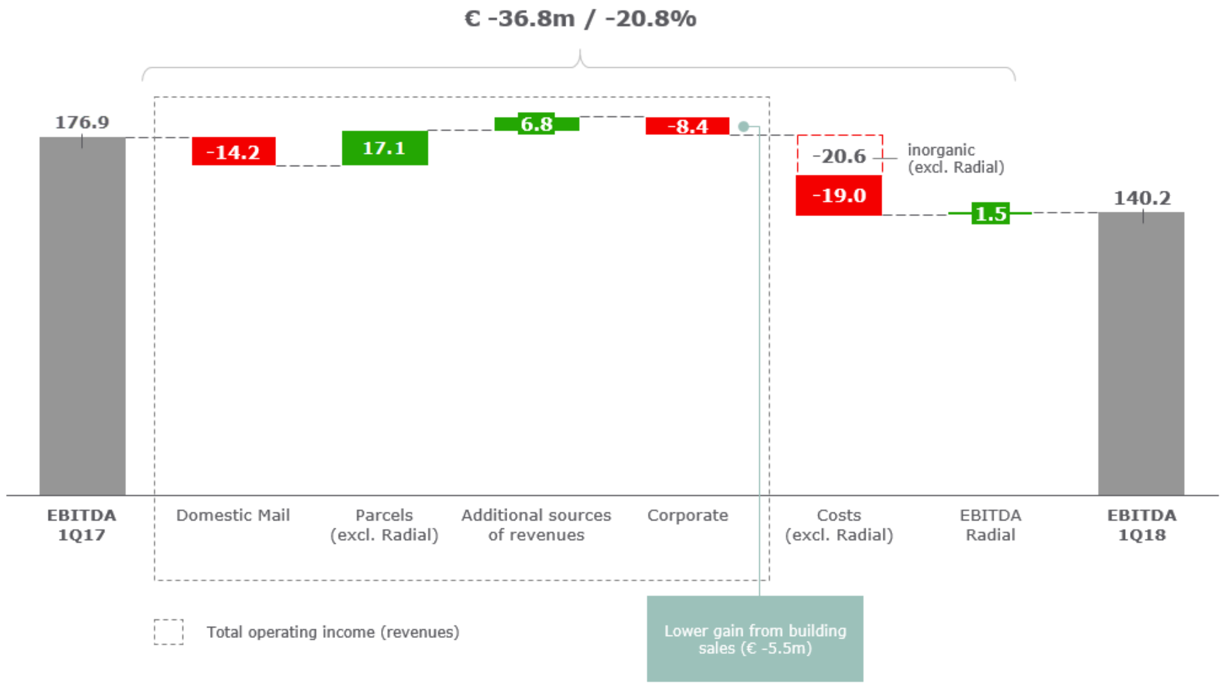
- Gross **capex** is expected to be around **EUR 140.0m** explained by Recurring & Vision 2020 investments and business development investments for new subsidiaries (Radial, Ubiway and Dynagroup)

Key figures

	Reported 1Q17	Reported 1Q18	Normalized 1Q17	Normalized 1Q18	% Δ
Total operating income (revenues)	721.5	916.2	721.5	916.2	27.0%
Operating expenses	544.5	776.1	544.5	776.1	42.5%
EBITDA	**176.9**	**140.2**	**176.9**	**140.2**	**-20.8%**
Margin (%)	*24.5%*	*15.3%*	*24.5%*	*15.3%*	
EBIT	**154.2**	**104.8**	**154.2**	**106.8**	**-30.7%**
Margin (%)	*21.4%*	*11.4%*	*21.4%*	*11.7%*	
Profit before tax	**150.3**	**98.1**	**150.3**	**100.1**	**-33.4%**
Income tax expense	54.2	35.6	54.2	36.1	
Net profit	**96.1**	**62.5**	**96.1**	**64.0**	**-33.3%**
FCF	**166.2**	**151.3**	**166.2**	**151.3**	**-9.0%**
bpost S.A./N.V. net profit (BGAAP)	**94.3**	**72.3**	**94.3**	**72.3**	**-23.4%**
Net Debt/ (Net cash), at 31 March	**(659.1)**	**145.7**	**(659.1)**	**145.7**	

For more information:
Baudouin de Hepcée T. +32 2 276 2228 (media and IR)
Saskia Dheedene T. +32 2 276 7643 (IR only)
corporate.bpost.be/investors
investor.relations@bpost.be

First quarter 2018 - Income Statement



Total operating income increased by EUR 194.8m or 27.0%, to EUR 916.2m. Excluding the impact of Radial (EUR 193.4m), the increase amounted to EUR 1.4m. The increase of Parcels (EUR +17.1m) driven by Domestic Parcels volume growth and Additional Sources of Revenues (EUR +6.8m) was nearly fully offset by the decrease of Corporate (EUR -8.4m) and Domestic mail (EUR -14.2m). The Domestic Mail price increase was fully offset by the anticipated volume decrease and the impact of one working day less.

The costs increased by EUR 231.5m mainly due to the consolidation of the new subsidiaries (EUR 39.6m Radial excluded),. The revenue increase was outpaced by the cost increase, partially explained by lower gains from building sales and the first quarter of 2017 being the best quarter in terms of volume decline for domestic mail, leading to a normalized **EBITDA** and **EBIT** decrease of respectively 20.8% and 30.7%.

Normalized income Tax decreased compared to last year in line with the lower profit before tax, with the effective tax rate standing at 36.0%.

Normalized IFRS group net profit stood at EUR 64.0m. **Belgian GAAP net profit** of the parent company amounted to EUR 72.3m, a decrease of EUR 22.1m partially due to a lower building sales and the dividend of bpost bank received in the first quarter of last year.

Total operating income: group overview

First quarter 2018

In million EUR	1Q17	Δ	1Q18	% Δ	underlying vol. % Δ
Domestic mail	**356.5**	**(14.2)**	**342.4**	**-4.0%**	**-6.6%**
Transactional mail	214.2	(7.9)	206.2	-3.7%	-6.7%
Advertising mail	67.4	(3.9)	63.4	-5.8%	-7.6%
Press	75.0	(2.3)	72.7	-3.1%	-3.3%
Parcels	**139.6**	**210.5**	**350.1**	**150.8%**	
Domestic parcels	52.4	10.9	63.3	20.8%	+28.3%
International parcels	53.3	1.5	54.8	2.9%	
Logistic Solutions	34.0	198.0	232.0	-	
Additional sources of revenues	**211.6**	**6.8**	**218.4**	**3.2%**	
International mail	42.1	13.9	56.0	32.9%	
Value added services	26.0	0.8	26.9	3.3%	
Banking and financial products	46.6	(2.9)	43.7	-6.2%	
Distribution	26.1	(2.6)	23.5	-10.0%	
Retail & Other	70.7	(2.4)	68.4	-3.4%	
Corporate (Reconciling post)	**13.7**	**(8.4)**	**5.3**	**-61.4%**	
TOTAL	**721.5**	**194.8**	**916.2**	**27.0%**	

Total operating income increased by EUR 194.8m, or 27.0%, from EUR 721.5m in the first quarter of 2017 to EUR 916.2m in the same period of 2018.

Revenues from **Domestic mail** decreased by EUR 14.2m to EUR 342.4m. Reported and underlying (corrected for 1 day less on franking machines) volume decline amounted to respectively -6.8% and -6.6% (vs. -5.8% full year 2017 underlying volume decline). This against a tough comparable base with a strong first quarter last year at -4.7% underlying volumes, which was the best quarter of 2017.
Transactional mail, with a reported and underlying volume decline of respectively -7.0% and -6.7% (vs. -8.1% full year 2017 underlying volume decline) continued to be impacted by e-substitution and rationalization. Advertising mail with a reported and underlying volume decrease of -7.6% was mainly impacted by a phasing effect (some campaigns will only take place in the 2nd quarter of 2018) and some one-off campaigns last year. Press volume slightly decreased on a reported and underlying basis by -3.3% compared to -3.7% underlying decrease for 2017, mainly due to periodicals, while newspaper volumes kept up well.
The total mail volume decline impacted revenues by EUR -20.9m along with 1 working day less on franking machines (EUR -0.6m) and was partially compensated by the net improvement in price and mix amounting to EUR 7.3m. Price increase for non-regulated products took place as from January 1, 2018 whereas the price increase for the small user basket took place of as from March 1, 2018.

Parcels increased by EUR 210.5m to EUR 350.1m or excluding the impact of Radial (EUR 193.4m) the increase amounted to EUR 17.1m mainly due to the continued growth in Domestic Parcels (EUR 10.9m) and International Parcels (EUR 1.5m). Domestic Parcels noted another strong quarterly volume growth at +28.3%. E-commerce and the continued growth in C2C parcels (online offering) remained the key drivers. Price increases were fully offset by the evolution of the client and product mix, resulting in a negative price mix effect of -6.1%. Growth in International Parcels was driven by the increase of revenues from the US and Europe, partially offset by lower revenues from Asia.

Logistic Solutions excluding Radial recorded EUR 4.6m additional revenues mainly driven by the consolidation of Leen Menken.

Total operating income from **Additional Sources of Revenues** increased by EUR 6.8m to EUR 218.4m. This increase was mainly driven by acquisitions in International Mail. Lower revenues of Distribution (EUR -2.6 m) are mainly due to the lower pre-paid mobile phone cards sales following a change in regulation (loss of anonymity) and the continued decline in press. Lower revenues of Banking and financial products (EUR -2.9m) are in turn mainly due to the lower revenues from financial transactions managed on behalf of the Belgian State and lower revenues from bpost bank saving accounts due to the low interest environment.

Revenues from **Corporate** decreased by EUR 8.4m, mainly due to the lower gains from buildings sales.

Operating expenses

First quarter 2018

In million EUR	1Q17	1Q18	% Δ
Payroll & interim costs	307.5	401.3	*30.5%*
FTE	*25,694*	*32,716*	
SG&A (excl. interim and transport costs)	101.0	147.7	*46.2%*
Transport costs	71.9	148.8	*106.9%*
Other costs	64.1	78.2	*22.0%*
TOTAL OPERATING EXPENSES	**544.5**	**776.1**	***42.5%***

Total operating expenses amounted to EUR 776.1m and increased by 42.5% or EUR 231.5m. Excluding the consolidation of the new subsidiaries (EUR 212.5m), the operating expenses increased by EUR 19.0m or 3.5% as the increase of SG&A excluding interim and transport costs (14.6m), transport costs (EUR 5.1m) and payroll and interim costs (EUR 9.7m) was only partially compensated by the decrease of other costs (EUR 10.4m).

Payroll and interims costs amounted to EUR 401.3m and showed a net increase of EUR 93.9m compared to the same period of 2017 and was mainly driven by the impact of new subsidiaries.

The reported average year-on-year staff showed an increase of 7,022 FTE and interims, generating extra costs of EUR 91.0m, explained by the integration of FTE and interims from new subsidiaries, higher parcels volumes and absenteeism.

A positive mix effect reduced costs by EUR 3.1m and was mainly driven by the recruitment of auxiliary postmen.

The indexation of salaries combined with the impacts of the CLA and the merit increases, partially compensated by the impact of the tax shift, led to a negative price impact EUR 6.0m.

SG&A excluding transport costs and interims increased by EUR 46.7m mainly explained by the consolidation of the new subsidiaries (EUR 32.1m). Not taking into account the consolidation of these new subsidiaries mainly rent and rental costs (mainly new Brussels soring centre) and project related costs increased.

Transport costs amounted to EUR 148.8m, EUR 76.9m higher compared to previous year (or 106.9%) due to scope change (EUR 71.8m) and the evolution of the international activities.

Other costs amounted to EUR 78.2m, EUR 14.1m higher compared to previous year. Excluding the consolidation of the new subsidiaries (EUR 24.5m), this quarter mainly benefited from the increase of recoverable VAT and lower material costs.

Cash flow statement

First quarter 2018

In the first quarter of 2018, bpost generated EUR 147.4m net cash, a EUR 18.6m decrease compared to the same period last year.

Free cash flow (EUR 151.3m) was EUR 14.9m lower than last year.

Cash flow from operating activities generated a cash inflow of EUR 229.9m (EUR 255.6m in the first quarter of 2017). Results of operating activities decreased by EUR 23.6m in line with normalized EBITDA evolution while working capital evolution was aligned with last year.

Investing activities resulted in a cash outflow of EUR 78.6m in the first quarter of 2018 compared to an outflow of EUR 89.3m for the same period last year mainly due to cash outflows related to acquisitions which were EUR 21.0m lower than last year: DynaGroup acquisition in the first quarter of 2017 versus a contingent consideration payment in the first quarter of 2018 (EUR +8.2m) and Landmark Global shares purchase in the first quarter of 2017 (EUR +31.7m), partially offset by the cash outflows of EUR 19.1m related to the acquisitions of the first quarter of 2018: M.A.I.L. Inc., IMEX Global Solutions, Leen Menken and Active Ants. This was partially offset by lower proceeds from sale of buildings (EUR -8.7m) and higher capex (EUR -1.5m).

The cash outflow relating to **financing activities** increased by EUR 3.6m compared to last year mainly as a consequence of payments related to borrowings and transactions with non-controlling interests.

Key events during the first quarter

On January 1, 2018 bpost acquired the remaining shares in Parcify NV/SA to reach a total of 100% shares

During the first quarter of 2018, bpost acquired the companies Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants

Leen Menken Foodservice Logistics B.V. is a Dutch logistic operator for the transport of refrigerated and frozen products for e-commerce.

Landmark Global acquired 100% of the shares of IMEX Global Solutions, Inc. and M.A.I.L., Inc. Both companies are active in business mail and are being acquired by Landmark Global's Mail Division MSI. IMEX Global Solutions, Inc. is a 3rd party logistics company in the US, active in cross-border publication and mail delivery. M.A.I.L., Inc. is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution.

bpost acquired the Dutch company Active Ants. Active Ants provides e-commerce e-fulfilment services for webshops. They store products, pick, pack and ship them.

On February 22, 2018 the management of bpost and the social partners approved a new collective agreement for 2018
As in the previous collective agreement, arrangements have been made for the possible payment of a non-recurring bonus linked to the results in 2018. A series of measures to improve the remuneration have also been agreed upon.

On March 1, 2018 bpost adjusted its tariff for domestic mail

bpost increased its tariffs on mail products as of March 1, 2018. The average price rise for all domestic mail products was 4.7%. As provided by law, this price rise takes into account the inflation and the annual mail volume decline and allows bpost to guarantee a high-quality affordable universal service throughout Belgium.

Financial calendar

03.05.18 (10.00 CET)	Analyst Conference Call
09.05.18	Ordinary General Meeting of Shareholders
15.05.18	Ex-dividend date
16.05.18	Record date
17.05.18	Payment date of the dividend
21.06.18	Capital Markets Day
09.07.18	Start of quiet period ahead of Q2/2018 results
08.08.18 (17.45 CET)	Announcement Q2/2018 and half-year results
09.08.18 (10.00 CET)	Analyst Conference Call
08.10.18	Start of quiet period ahead of Q3/2018 results
07.11.18 (17.45 CET)	Announcement Q3/2018 results
08.11.18 (10.00 CET)	Analyst Conference Call
03.12.18 (17.45 CET)	Interim dividend 2018 announcement
06.12.18	Ex-dividend date (interim dividend)
07.12.18	Record date (interim dividend)
10.12.18	Payment date of the interim dividend

Unaudited Interim Condensed Consolidated Financial Statements[1]

Interim Consolidated Income Statement (unaudited)

In million EUR	NOTES	Year-to-date 2017	2018
Turnover	6	710.6	910.1
Other operating income		10.9	6.1
TOTAL OPERATING INCOME		**721.5**	**916.2**
Materials cost		(61.5)	(62.1)
Services and other goods	7	(187.1)	(333.2)
Payroll costs		(293.3)	(364.6)
Other operating expenses		(2.6)	(16.1)
Depreciation, amortization		(22.8)	(35.4)
TOTAL OPERATING EXPENSES		**(567.3)**	**(811.5)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**154.2**	**104.8**
Financial income		1.4	2.2
Financial cost		(2.9)	(5.1)
Share of profit of associates		(2.4)	(3.8)
PROFIT BEFORE TAX		**150.3**	**98.1**
Income tax expense		(54.2)	(35.6)
PROFIT OF THE PERIOD		**96.1**	**62.5**
Attributable to:			
Owners of the Parent		95.8	62.7
Non-controlling interests		0.2	(0.2)

EARNINGS PER SHARE

In EUR	Year-to-date 2017	2018
►basic, profit for the year attributable to ordinary equity holders of the parent	0.48	0.31
►diluted, profit for the year attributable to ordinary equity holders of the parent	0.48	0.31

In accordance with IAS 33, diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. In case of bpost, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares.

[1] The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting

Interim Consolidated Statement of Comprehensive Income (unaudited)

In million EUR	As of 31 March 2017	As of 31 March 2018
PROFIT FOR THE YEAR	**96.1**	**62.5**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Net gain/(loss) on hedge of a net investment	0.0	3.2
Exchange differences on translation of foreign operations	(0.3)	(19.3)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(0.3)**	(16.2)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Fair value of OCI financial assets (net of tax)	(23.6)	(8.3)
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(23.6)**	**(8.3)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(24.0)**	**(24.5)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**72.1**	**38.0**
Attributable to:		
Owners of the Parent	71.9	38.2
Non-controlling interest	0.2	(0.2)

Interim Consolidated Statement of Financial Position (unaudited)

In million EUR	NOTES	As of 31 December 2017	As of 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	8	710.3	699.0
Intangible assets	9	910.6	901.3
Investments in associates	10	329.2	257.2
Investment properties		5.7	5.4
Deferred tax assets		31.5	30.7
Trade and other receivables		9.4	10.4
		1,996.6	**1,903.9**
Current assets			
Investment securities		0.0	0.0
Inventories		39.1	40.1
Income tax receivable		1.6	1.6
Trade and other receivables	11	719.4	529.1
Cash and cash equivalents	12	466.0	616.1
Assets held for sale		0.6	1.5
		1,226.7	**1,188.4**
TOTAL ASSETS		**3,223.3**	**3,092.3**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		310.1	351.8
Foreign currency translation		(11.5)	(27.6)
Retained earnings		110.9	62.5
		773.5	**750.6**
Non-controlling interests		4.3	4.6
TOTAL EQUITY		**777.8**	**755.2**
Non-current liabilities			
Interest-bearing loans and borrowings		58.4	58.0
Employee benefits	13	326.9	326.3
Trade and other payables	14	45.2	37.9
Provisions		24.2	22.6
Deferred tax liabilities		12.3	11.7
		467.0	**456.7**
Current liabilities			
Interest-bearing loans and borrowings		699.9	699.2
Bank overdrafts		0.0	4.3
Provisions		21.2	20.1
Income tax payable	15	39.3	60.1
Trade and other payables	16	1,218.2	1,096.8
		1,978.5	**1,880.4**
TOTAL LIABILITIES		**2,445.5**	**2,337.1**
TOTAL EQUITY AND LIABILITIES		**3,223.3**	**3,092.3**

Interim Consolidated Statement of Changes in Equity (unaudited)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
In million EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
PER 1 JANUARY 2017	**364.0**	**(0.0)**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
Profit for the year 2017					95.8	95.8	0.2	96.1
Other comprehensive income			111.9	(0.3)	(135.5)	(24.0)		(24.0)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**111.9**	**(0.3)**	**(39.7)**	**71.9**	**0.2**	**72.1**
Dividends (Pay-out)			0.0		0.0	0.0	0.0	0.0
Other			(0.7)		0.2	(0.5)	(1.1)	(1.5)
AS OF 31 MARCH 2017	**364.0**	**(0.0)**	**385.4**	**2.2**	**96.1**	**847.7**	**2.2**	**849.9**
AS PER 1 JANUARY 2018	**364.0**	**(0.0)**	**310.1**	**(11.5)**	**110.9**	**773.5**	**4.3**	**777.8**
Impact of IFRS 9 on bpost bank			(59.9)			(59.9)		(59.9)
AS PER 1 JANUARY 2018 (Restated)	**364.0**	**(0.0)**	**250.2**	**(11.5)**	**110.9**	**713.6**	**4.3**	**717.9**
Profit for the year 2018					62.7	62.7	(0.2)	62.5
Other comprehensive income			102.6	(16.2)	(110.9)	(24.5)		(24.5)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**102.6**	**(16.2)**	**(48.2)**	**38.2**	**(0.2)**	**38.0**
Dividends (Pay-out)						0.0		0.0
Other			(1.0)		(0.2)	(1.3)	0.5	(0.7)
AS OF 31 MARCH 2018	**364.0**	**(0.0)**	**351.8**	**(27.6)**	**62.5**	**750.6**	**4.6**	**755.2**

Equity decreased by EUR 22.6m, or 2.9%, to EUR 755.2m as of March 31, 2018 from EUR 777.8m as of December 31, 2017. The realized profit (EUR 62.5m) was offset amongst others by the exchange differences on translation of foreign operations, the impact at bpost bank of the transition to IFRS 9 Financial Instruments, which replaced IAS 39 and the fair value adjustment in respect of bpost bank's bond portfolio, respectively for an amount of EUR 19.3m, EUR 59.9m and EUR 8.3m.

Interim Consolidated Statement of Cash Flows (unaudited)

	Year-to-date	
In million EUR	**2017**	**2018**
Operating activities		
Profit before tax	150.3	98.1
Depreciation and amortization	22.8	35.4
Impairment on bad debts	0.3	4.1
Gain on sale of property, plant and equipment	(5.9)	(0.2)
Other non-cash items	(0.3)	0.7
Change in employee benefit obligations	(1.0)	(0.6)
Share of profit of associates	2.4	3.8
Income tax paid	(3.5)	(3.1)
Income tax paid on previous years	(15.0)	(11.8)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**150.1**	**126.3**
Decrease/(increase) in trade and other receivables	105.3	181.8
Decrease/(increase) in inventories	1.5	1.4
Increase/(decrease) in trade and other payables	1.5	(77.1)
Deposits received from third parties	0.0	0.0
Increase/(decrease) in provisions	(2.8)	(2.7)
NET CASH FROM OPERATING ACTIVITIES	**255.6**	**229.9**
Investing activities		
Proceeds from sale of property, plant and equipment	9.0	0.3
Acquisition of property, plant and equipment	(8.8)	(12.4)
Acquisition of intangible assets	(4.1)	(2.6)
Acquisition of other investments	(0.0)	0.5
Acquisition of subsidiaries, net of cash acquired	(85.4)	(64.4)
NET CASH USED IN INVESTING ACTIVITIES	**(89.3)**	**(78.6)**
Financing activities		
Payments related to borrowings and financing lease liabilities	(0.3)	(3.6)
Transactions with minority interests	0.0	(0.3)
NET CASH FROM FINANCING ACTIVITIES	**(0.3)**	**(3.9)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**165.9**	**147.4**
NET FOREIGN EXCHANGE DIFFERENCE	**0.1**	**(1.6)**
Cash and cash equivalent less bank overdraft as of 1st January	538.9	466.0
Cash and cash equivalent less bank overdraft as of 31 March	705.0	611.8
MOVEMENTS BETWEEN 1ST JANUARY AND 31 MARCH	**166.0**	**145.7**

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first three months ended March 31, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on May 2, 2018.

Business activities

bpost and its subsidiaries (hereinafter referred to as 'bpost') provide national and international mail and parcels services comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

bpost, through its subsidiaries and business units, also sells a range of other products and services, including postal, parcels, banking and financial products, e-commerce logistics, express delivery services, proximity and convenience services, document management and related activities. bpost also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State.

Legal status

bpost is a limited-liability company under public law of Belgium. bpost has its registered office at the Muntcentrum-Centre Monnaie, 1000 Brussels.

2. Basis of preparation and accounting policies

Basis of preparation

These interim financial statements have not been subject to review by the independent auditor.

The interim condensed consolidated financial statements for the three months ended March 31, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with bpost's annual financial statements as at December 31, 2017.

The comparative figures presented in these interim condensed financial statements for the three months period ended March 31, 2017 does not reconcile with the figures that were reported for the same period in the interim condensed financial statements of the previous year. During the second quarter of 2017 as a result of the Ubiway acquisition, bpost identified certain accounting policy differences which resulted in the restatements of the reported figures for the three months period ended March 31, 2017. The adjustment related to certain revenue flows of Ubiway, which were reported under the principal model whereas based on bpost's accounting policies and the principles of IAS 18, they should have been reported as agent. Due to this restatement, the amount of revenue and material costs reported for the three months period ended March 31, 2017 has decreased by EUR 42.5m within the MRS operating segment. This reclassification did not have impact on the EBITDA, EBIT or net result.
These revenue flows were also assessed as part of the implementation of IFRS 15 Revenue from Contracts with Customers and bpost concluded that it acts as an agent therefore continued to present on a net basis.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of bpost's annual financial statements for the year ended December 31, 2017, except for the adoption of new standards and interpretations effective as from January 1, 2018.

Apart from **IFRS 9 -** Financial Instruments, the following new standards and amendments, entered into force as from January 1, 2018, don't have any effect on the presentation, the financial performance or position of bpost:

- **IFRS 15 –** Revenue from Contracts with customers. During the first three months of 2018, bpost finalized the assessment of the revenue flows of Radial, which was acquired in November 2017, under its IFRS 15 implementation program. Based on the analysis performed bpost concluded that the adoption of IFRS 15 had no significant impact for bpost.
- **IFRS 2 – Amendments** – Classification and Measurement of Share-based Payment Transactions
- **IAS 40 – Amendments** – Transfers of Investment Property
- **IFRS 4 – Amendments** – Applying IFRS 9 Financial instruments with IFRS 4
- **IFRIC 22** - Foreign Currency Transactions and Advance Consideration
- **Annual Improvements Cycle 2014-2016**

As of January 1, 2018, IAS 39 Financial Instruments: Recognition and Measurement was replaced by IFRS 9 Financial Instruments. bpost applied IFRS 9 retrospectively as of January 1, 2018 without restating the comparatives. IFRS 9 brings together all three aspects of the accounting for financial instruments project: (a) classification and measurement, (b) impairment and (c) hedge accounting. The main impact of IFRS 9 relates to bpost's investment of 50% in bpost bank whose statement of financial position is mainly composed of financial instruments.
The impact of IFRS 9 has been assessed as follow:
(a) Classification & Measurement: classification and measurement of financial assets under IFRS 9 depends on the specific business model in place and the asset's contractual cash flow characteristics. The new requirements have no impact for the financial assets of bpost. However bpost bank at the transition to IFRS 9 reclassified a major part of its bond portfolio from IAS 39 available-for-sale category to IFRS 9 amortised cost category. This resulted in an decrease of bpost bank's equity by EUR 121.4 million and consequently bpost's investment in associates and the relating reserves decreased by 50% of this amount so EUR 60.7 million on the transition date to IFRS 9.
(b) Impairment: IFRS 9 requires recognizing expected credit losses on all of debt instruments, either on a 12-month or lifetime basis. The impact on bpost's trade receivables was not significant. On the other hand bpost bank will apply the general approach thus the IFRS 9 staging which will replace the IAS 39 incurred but not reported (IBNR) provisions, however the impact was not significant (EUR 0.2m).
(c) Hedge accounting: bpost has very limited hedge accounting transactions but has decided to continue applying IAS 39 hedge accounting because bpost bank will continue applying IAS 39 hedge accounting until the macro-hedge project is finalized by the IASB.

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, endorsed but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its interim condensed consolidated financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 16 – Leases	1 January 2019
IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments (*)	1 January 2019
IFRS 9 – Amendments - Prepayment Features with Negative Compensation	1 January 2019
IAS 28 – Amendments - Long-term Interests in Associates and Joint Ventures (*)	1 January 2019

IAS 19 – Amendments - Plan Amendment, Curtailment or Settlement (*)	1 January 2019
IFRS 17 - Insurance Contracts (*)	1 January 2021

(*) Not yet endorsed by the EU as per date of this report

IFRS 16 will replace IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. In accordance with the transition method of the standard, bpost as a lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. Currently, bpost is still in process of investigating the impact of the standard and has not yet decided which transition method it will use. As of today, bpost has scanned its operating expenses and reviewed its operating lease contracts with a focus on the entities with high lease payments. bpost expects mainly an impact for fleet and building commitments in the Belgian companies and to a smaller extent within the foreign entities. bpost is currently working to integrate these data in a calculation engine in order to come to a sustainable solution.

bpost has not early adopted any other standard, interpretation, or amendment that was issued but is not yet effective.

3. Seasonality of Operations

bpost revenue and earnings are affected by a number of seasonal fluctuations.

Pursuant to the 6th management contract, bpost is the provider of certain SGEI. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. In accordance with the Belgian State's commitment to the European Commission, the delivery of newspapers and periodicals is no longer part of the management contract. For the latter the Belgian State decided to award the contract of distribution of newspapers and periodicals after a public consultation of the market to bpost. The compensation on SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The remuneration for the delivery of newspapers and periodicals consists of a flat amount (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration is subject to an ex-post calculation based upon the evolution of the costs basis of bpost. During the year calculations are made for the SGEI and the distribution of newspapers and periodicals to ensure the remuneration is in line with the amounts recorded.

The peak season beginning as of the month of December in Europe and around Thanksgiving in the US has a positive effect on the sales of the Parcels and Logistics segment. For Radial, a leading US player in integrated e-commerce logistics and omnichannel technology, the fourth quarter is traditionally the quarter with the highest revenue and earnings.

4. Business combinations

Acquisition of non-controlling interest Parcify

In January 2018 bpost NV/SA acquired the remaining shares in Parcify NV, to reach a total of 100% shares for an amount of EUR 0.3 million.

Contingent consideration for DynaGroup

In January 2018, bpost NV/SA paid EUR 42.0m in execution of the contingent consideration agreement. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year. The remaining contingent consideration, payable in 2019, is capped at EUR 9.0m (amongst others based upon financial results) and is recorded as a liability.

Contingent consideration for FDM

In February 2018, bpost NV/SA paid AUD 5.0m (EUR 3.3m) in execution of the contingent consideration agreement and based upon the December 2017 performance of Freight Distribution Management Systems Pty Ltd. and FDM Warehousing Pty Ltd. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year.

Acquisitions of the three months ended March 31, 2018

On January 11, 2018 bpost acquired the Dutch company Leen Menken Foodservice Logistics BV. Leen Menken Foodservice Logistics BV is a logistic operator for the transport of refrigerated and frozen products for e-commerce. bpost paid an amount of EUR 0.85m for 100% of the shares and furthermore performed a capital increase of EUR 2.35m. In addition the agreement includes a contingent consideration arrangement and foresees an additional remuneration which can amount up to EUR 1.5 million. The company was consolidated within the P&L operating segment using the full-integration method as from January 2018. The fair value of assets acquired and liabilities assumed at acquisition date could not be assessed yet. Consequently, the determination of the carrying amount of the acquired entity and the purchase price allocation of the acquisition are still under review and will be fully disclosed in 2018.

Furthermore in January 2018, Landmark Global acquired 100% of the shares of IMEX Global Solutions, Inc. and M.A.I.L., Inc. Both companies are active in business mail and are being acquired by Landmark Global's Mail Division MSI. IMEX Global Solutions, Inc. is a 3rd party logistics company in the US, active in cross-border publication and mail delivery and bpost paid an amount of USD 8.0m. M.A.I.L., Inc. is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution and bpost paid an amount of USD 4.0m. These companies were consolidated within the P&L operating segment using the full-integration method as from January 2018. The fair value of assets acquired and liabilities assumed at acquisition date could not be assessed yet. Consequently, the determination of the carrying amount of the acquired entity and the purchase price allocation of the acquisition are still under review and will be fully disclosed in 2018.

In March 2018 bpost acquired 63.6% of the shares of the Dutch companies Anthill BV, which holds 100% of the shares in Active Ants BV. Active Ants provides e-fulfilment and transport services to companies active in e-commerce. Active Ants provides storage services, does the pick & pack activity and ships the products. Anthill solely functions as a holding company. bpost paid an amount of EUR 4.0m for 50% of the shares and performed a capital increase of EUR 3.0m to obtain an additional 13.6% of the shares. Next to that, the agreement foresees a contingent consideration based upon the 2018 sales which can amount up to EUR 0.8 million. The company was consolidated within the P&L operating segment using the full-integration method as from March 2018. The fair value of assets acquired and liabilities assumed at acquisition date could not be assessed yet. Consequently, the determination of the carrying amount of the acquired entity and the purchase price allocation of the acquisition are still under review and will be fully disclosed in 2018.

5. Operating Segments

The table below presents revenue information about bpost's operating segments:

In million EUR	Year-to-date	
	2017	2018
MRS	523.7	503.2
P&L	184.0	407.7
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**707.8**	**910.9**
Corporate (Reconciling category)	13.7	5.3
TOTAL OPERATING INCOME	**721.5**	**916.2**

Revenues attributable to the MRS operating segment decreased by EUR 20.5m compared to the first quarter of 2017, to EUR 503.2m. This decrease is mainly due to the underlying volume decline of Domestic Mail and lower revenues of Retail & Other, Distribution and Banking and financial products partially compensated by the net improvement in price and mix of Domestic Mail.

P&L revenues increased in the first quarter of 2018 by EUR 223.7m to EUR 407.7m. This increase was mainly due to the integration of Radial, another strong quarterly volume growth of Domestic Parcels, which noted a volume growth of +28.3% driven by e-commerce and the continued growth in C2C parcels, along with the increase of International Parcels (revenue growth from Europe and US) and International Mail.

Inter-segment sales are immaterial.

Excluding the compensation received to provide the services as described in the management contract and press concessions (see note 6), no single external customer exceeded 10% of bpost's operating income.

The following table introduces the revenues from external customers attributed to Belgium and to all foreign countries in total from which bpost derives its revenues. The allocation of the revenues of the external customers is based on their location.

In million EUR	Year-to-date	
	2017	2018
Belgium	578.6	588.6
Rest of the World	142.8	327.6
TOTAL OPERATING INCOME	**721.5**	**916.2**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended March 31, 2018 and 2017:

In million EUR	Year-to-date	
	2017	2018
MRS	133.0	106.4
P&L	21.0	11.2
TOTAL EBIT OF OPERATING SEGMENTS	**154.0**	**117.6**
Corporate (Reconciling category)	0.2	(12.8)
TOTAL EBIT	**154.2**	**104.8**

The EBIT of the MRS operating segment decreased by EUR 26.6m to EUR 106.4m in the first quarter of 2018 mainly due to the lower revenues and increased costs.

EBIT attributable to the P&L operating segment decreased by EUR 9.8m to EUR 11.2m in the first quarter of 2018. The revenue increase was outpaced by the cost increase, partially due to the depreciation of Radial that are impacted by the high CAPEX investments from the past.

	Year-to-date	
In million EUR	**2017**	**2018**
MRS	133.0	106.4
P&L	21.0	11.2
TOTAL EAT OF OPERATING SEGMENTS	**154.0**	**117.6**
Corporate (Reconciling category)	(57.9)	(55.1)
TOTAL EAT	**96.1**	**62.5**

Financial income, financial costs, share of profit of associates and income tax expenses are all included in the reconciling category “Corporate”.

The following table provides detailed information on the reconciling category “Corporate”:

	Year-to-date	
In million EUR	**2017**	**2018**
OPERATING INCOME	**13.7**	**5.3**
Central departments (Finance, Legal, Internal Audit, CEO, ...)	(14.2)	(17.2)
Other reconciliation items	0.7	(0.9)
OPERATING EXPENSES	**(13.5)**	**(18.1)**
EBIT CORPORATE (RECONCILING CATEGORY)	**0.2**	**(12.8)**
Share of profit of associates	(2.4)	(3.8)
Financial Results	(1.5)	(2.9)
Income Tax expense	(54.2)	(35.6)
EAT CORPORATE (RECONCILING CATEGORY)	**(57.9)**	**(55.1)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category decreased by EUR 13.0m to EUR -12.8m in the first quarter of 2018 mainly due to lower gains from sales of buildings.

Assets and liabilities are not reported per segment in the company.

6. Turnover

	Year-to-date	
	2017	**2018**
In million EUR		
Turnover excluding the SGEI compensation	642.7	842.4
SGEI compensation	67.9	67.7
TOTAL	**710.6**	**910.1**

7. Operating expenses

In million EUR	Year-to-date 2017	2018	Change %
Rent and rental costs	22.2	37.2	67.2%
Maintenance and repairs	19.6	26.7	36.4%
Energy delivery	10.7	11.2	3.8%
Other goods	4.7	7.2	52.5%
Postal and telecom costs	1.9	4.2	121.5%
Insurance costs	3.1	6.3	101.9%
Transport costs	71.9	148.8	106.9%
Publicity and advertising	2.7	5.6	108.0%
Consultancy	2.0	5.5	178.1%
Interim employees	14.1	36.7	159.3%
Third party remuneration, fees	29.0	34.1	17.5%
Other services	5.1	9.8	92.1%
TOTAL	**187.1**	**333.2**	**78.1%**

8. Property, plant and equipment

In the first quarter of 2018 property, plant and equipment decreased by EUR 11.3m, or 1.6%, to EUR 699.0m as of March 31, 2018. The decrease was mainly due to depreciation of EUR 30.6m and transfers to assets held for sale of EUR 0.9m partially offset by the integration of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 10.4m and the capital expenditures for EUR 12.4m.

9. Intangible assets

Intangible assets decreased by EUR 9.3m in the first quarter of 2018, or 1.0%, to EUR 901.3m as of March 31, 2018. The decrease was mainly due to the depreciation of EUR 5.8m, the decrease of the preliminary goodwill of Radial (EUR 19.1m, mainly due to evolution of the exchange rate) partially compensated by the preliminary goodwill resulting from the acquisition of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 13.8m (note that these goodwill are still provisional as the purchase price allocation is still under review) and the capital expenditures for EUR 2.6m.

10. Investments in associates

Investments in associates decreased by EUR 72.0m, or 21.9%, to EUR 257.2m as of March 31, 2018. This decrease was mainly due to IFRS 9 Financial Instruments which replaced IAS 39 Financial Instruments Recognition and Measurement as of January 1, 2018 at bpost bank. As a result a major part of its bond portfolio has been reclassified from IAS 39 available-for-sale category to IFRS 9 amortised cost category, this led to a decrease of bpost bank's equity by EUR 119.8m and consequently bpost's investment in associates by EUR 59.9m. Furthermore this decrease was due to bpost's share of the loss of bpost bank for EUR 3.8m and the decrease in the unrealized gain on the bond portfolio in the amount of EUR 8.3m, reflecting an average increase of the underlying yield curve by 17 basis points (bps). As of March 31, 2018, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 56.0m, which represented 21.8% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

11. Current trade and other receivables

Current trade and other receivables decreased by EUR 190.3m, or 26.5%, to EUR 529.1m as of March 31, 2018. The decrease was mainly driven by the usual settlement of the SGEI receivable during the first quarter of 2018.

12. Cash and cash equivalents

Cash and cash equivalents increased by EUR 150.1m, or 32.2%, to EUR 616.1m. This increase was mainly due to the normalized free cash flow (EUR 151.3m). This cash flow contains the payment of EUR 263.0m for the SGEI compensation during the first quarter of 2018.

13. Employee benefits

	As of 31 December	As of 31 March
In million EUR	**2017**	**2018**
Post-employment benefits	(50.7)	(50.3)
Long-term employee benefits	(108.2)	(109.6)
Termination benefits	(6.6)	(6.2)
Other long-term benefits	(161.5)	(160.2)
TOTAL	**(326.9)**	**(326.3)**

Employee benefits decreased by EUR 0.6m, or 0.2%, to EUR 326.3m as of March 31, 2018. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 7.1m, which included EUR 0.5m for the payment of early retirement and part-time work benefits.
- Additional service costs (EUR 5.5m) and interest costs (EUR 1.0m)

14. Non-current trade and other payables

Non-current trade and other payables decreased by EUR 7.2m to EUR 37.9m as of March 2018, mainly due to the contingent consideration of DynaGroup transferred to current other payables.

15. Income tax payable

Income tax payable increased by EUR 20.8m, to EUR 60.1m as of March 31, 2018 and was mainly explained by the accrued income taxes partially offset by the income taxes paid which were paid in the first quarter of 2018.

16. Current trade and other payables

Current trade and other payables decreased by EUR 121.5m, or 10.0%, to 1,096.8m as of March 31, 2018. This decrease was due to the decrease of the current trade payables by EUR 131.6m and the social liabilities by EUR 31.1m, partially offset by the increase of the other payables and accruals by EUR 41.3m. The increase of the other payables was mainly due to the advance payment received from the Belgian State in respect of the SGEI compensation (EUR 96.0m) and the transfer of the contingent consideration of DynaGroup to current payables (EUR 9.0m), partially offset by the payment of the contingent consideration of DynaGroup and FDM (EUR 45.4m).

17. Contingent Liabilities and Contingent Assets

The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.30 of bpost's annual financial statements as at December 31, 2017. This interim financial report should be read in conjunction with bpost's annual financial statements as at December 31, 2017.

18. Events After the Reporting Period

No significant events impacting the Company's financial position have been observed after the statement of financial position date.

Other financial information (unaudited)

Reconciliation of Reported to Normalized Financial Metrics

bpost also analyzes the performance of its activities on a normalized basis or before non-recurring items. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is non-recurring and if it is significant enough to be excluded from the reported figures to obtain the normalized ones.

A non-recurring item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are normalized whatever the amount they represent, as well as all non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

The presentation of normalized results is not in conformity with IFRS and is not audited. The normalized results may not be comparable to normalized figures reported by other companies as those companies may compute their normalized figures differently from bpost. Normalized financial measures are presented below.

Income Statement related

OPERATING INCOME

	Year-to-date		
In million EUR	**2017**	**2018**	**Change %**
Total operating income	721.5	916.2	27.0%
NORMALIZED TOTAL OPERATING INCOME	**721.5**	**916.2**	**27.0%**

OPERATING EXPENSES

	Year-to-date		
In million EUR	**2017**	**2018**	**Change %**
Total operating excluding depreciation, amortization	(544.5)	(776.1)	42.5%
NORMALIZED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(544.5)**	**(776.1)**	**42.5%**

EBITDA

	Year-to-date		
In million EUR	**2017**	**2018**	**Change %**
EBITDA	176.9	140.2	-20.8%
NORMALIZED EBITDA	**176.9**	**140.2**	**-20.8%**

EBIT

	Year-to-date		
In million EUR	**2017**	**2018**	**Change %**
Profit from operating activities (EBIT)	154.2	104.8	-32.0%
Non-cash impact of purchase price allocation (PPA) (1)		2.0	
NORMALIZED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**154.2**	**106.8**	**-30.7%**

PROFIT FOR THE YEAR (EAT)

	Year-to-date		
In million EUR	**2017**	**2018**	**Change %**
Profit for the year	96.1	62.5	-35.0%
Non-cash impact of purchase price allocation (PPA) (1)		1.5	
NORMALIZED PROFIT OF THE YEAR	**96.1**	**64.0**	**-33.3%**

(1) In accordance with IFRS 3 and throughout the purchase price allocation (PPA) for de Buren, DynaGroup and Ubiway, bpost recognized several intangible assets (brand names, know-how, customer relationships,…). The non-cash impact consisting of amortization charges on these intangible assets are being normalized.

Cash Flow Statement related

During the first quarter of 2018 and 2017 no non-recurring cash flow statement related items were identified.

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	1st quarter		
In million EUR	**2017**	**2018**	**Change %**
IFRS Consolidated Net Profit	**96.1**	**62.5**	**-35.0%**
Results of subsidiaries and deconsolidation impacts	(13.0)	2.4	-118.3%
Other deconsolidation impacts	5.9	0.4	-92.7%
Differences in depreciation and impairments	1.0	(0.6)	-157.2%
Differences in recognition of provisions	0.2	(0.8)	-429.5%
Effects of IAS19	(3.7)	(1.7)	-53.5%
Depreciation intangibles assets PPA	0.0	2.0	
Deferred taxes	1.7	0.6	-65.2%
Other	6.2	7.4	18.5%
Belgian GAAP unconsolidated net profit	**94.3**	**72.3**	**-23.4%**

bpost's unconsolidated profit after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS profit after taxes in two stages.

The first stage consists of un-consolidating the profit after taxes under IFRS, i.e.:

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- Eliminating any other Income Statement impact the subsidiaries had on bpost (such as impairments) and adding the dividends received from these subsidiaries (in the first quarter of 2017 a dividend of bpost bank was recognized).

The table below sets forth the breakdown of the above mentioned impacts:

	1st quarter	
In million EUR	**2017**	**2018**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(5.0)	(2.6)
Profit of the international subsidiaries (local GAAP)	(3.9)	8.1
Share of results of associates (local GAAP)	(4.1)	(3.2)
Other deconsolidation impacts	5.9	0.4
Total	**(7.2)**	**2.8**

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel be recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's Income Statement under personnel costs or provisions, except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result;

- In accordance with IFRS 3 bpost performed the purchase price allocation (PPA) for de Buren, DynaGroup and Ubiway and recognized several intangible assets (brand names, know-how, customer relationships,…). The depreciation on these intangible assets amounted to EUR 2.0m in 2018. In the first quarter of 2017, there was no impact related to PPA.

- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.

Statement of legal representatives

The bpost Management Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, financial position and results of bpost and of the entities included in the consolidation.

The financial report gives an accurate overview of the information that needs to be disclosed pursuant to article 13 and 14 of the Royal Decree of 14 November 2007.

The bpost Management Committee is represented by Koen Van Gerven, Chief Executive Officer and Henri de Romree, Chief Financial Officer.

Forward Looking Statements

The information in this document may include forward-looking statements[2], which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

[2] as defined among others under the U.S. Private Securities Litigation Reform Act of 1995

Glossary

- **Capex**: total amount invested in fixed assets.
- **EAT:** Earnings After Taxes
- **EBIT**: Earnings Before Interests and Taxes.
- **EBITDA**: Earnings Before Interests, Taxes, Depreciation and Amortization.
- **Effective tax rate**: Income tax expense/profit before tax.
- **Net debt/(net cash)** represents interest and non-interest bearing loans less cash and cash equivalents.
- **Normalized EBITDA/EBIT/EAT/operating free cash flow:** EBITDA/EBIT/EAT/operating free cash flow excluding the non-recurring items. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is non-recurring and if it is significant enough to be excluded from the reported figures to obtain the normalized ones. A non-recurring item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are normalized whatever the amount they represent. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.
- **Operating free cash flow (FCF):** cash flow from operating activities + cash flow from investing activities.
- **Underlying volume:** starts from the reported volume and includes some corrections, for example the impact of the number of working days on the sales of stamps and franking machines and mail volumes related to elections.