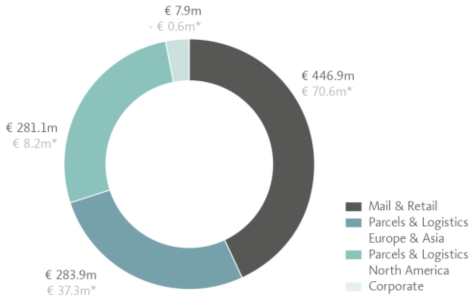
bpost first quarter 2021 results: Strong start to the year driven by continued growth in Parcels & Logistics and lower than expected impact of mail volume decline

First quarter 2021 highlights

- Group operating income at EUR 1,019.9m, +9.1% compared to last year's pre COVID-19 first quarter, driven by Parcels BeNe and E-commerce logistics growth in both Parcels & Logistics Europe & Asia and North America.
- Group adjusted EBIT at EUR 115.5m (margin of 11.3%), up EUR 39.9m compared to prior year. Group reported EBIT at EUR 112.3m.
- Mail & Retail
    - Total operating income at EUR 506.8m (+1.4%) driven by higher volume driven intersegment income related to parcels volumes, partially compensated by lower revenues in Retail and lower than expected impact of mail volume decline supported by a positive price/mix impact.
    - Underlying mail volume decline at -7.8%.
    - Adjusted EBIT at EUR 70.6m (13.9% margin), up by +8.4%. Reported EBIT at EUR 70.2m.
- Parcels & Logistics Europe & Asia
    - Total operating income at EUR 287.8m (+34.8%) mainly driven by thriving e-commerce both domestically (Parcels BeNe +39.2%) and abroad (Cross-border +43.1%).
    - Operating income Parcels B2X increased by +51.0% driven by organic Parcels B2X volumes at +54.1% from continued momentum in e-commerce development.
    - Adjusted EBIT at EUR 37.3m (13.0% margin), up EUR 20.4m (+121.2%). Reported EBIT at EUR 36.6m. More than doubling EBIT, with margin improvement driven by elevated proportion of parcels volume handled through the integrated network.
- Parcels & Logistics North America
    - Total operating income at EUR 282.1m (+7.9%, +17.4% at constant exchange rate), driven by continued strong growth at Radial from existing customers and new business signed in 2020.
    - Adjusted EBIT at EUR 8.2m (2.9% margin), up EUR 15.7m. Reported EBIT at EUR 6.2m. EBIT improvement driven by growth in operating income and operating leverage at Radial.
- COVID-19: Effective as of March 27, the Belgian government imposed a national lockdown (including the closure of non-essential stores, available by appointment only) to attempt to curb a spike in coronavirus cases. Stores reopened on April 26.
- Outlook for 2021 is revised upwards. In light of the strong first quarter results, and based on current assumptions of normalization for COVID-19 volumes for the rest of the year, bpost now expects the group adjusted EBIT to be above EUR 310m.

First Quarter 2021 Key Figures



bpost group operating income

€ 1,019.9m

Change vs. 2020 : +9.1%

* Adjusted EBIT

€ 115.5m

Change vs. 2020 : +52.8%

Adjusted EBIT margin

11.3%

Parcels B2X volume growth	Underlying mail volume decline in Belgium	E-commerce logistics Europe & Asia operating income	E-commerce logistics North America operating income
+54.1%	-7.8%	+9.6%	+10.7%

CEO quote

Dirk Tirez, CEO a.i. of bpost group: *"Our 36,000 employees can be proud of the group's achievements in this first quarter as bpost continues to progress at pace on its transformation journey as a sustainable postal and omni-commerce logistic company. A resilient mail market combined with a strong e-commerce activity during this first quarter allows bpost to deliver results above expectations with strong improvements compared to last year's pre-pandemic Q1. This puts the group in a position to upgrade its full year guidance which is to deliver "above EUR 310m" EBIT.*

"The management team focuses on clear priorities to enable high transformation momentum and deliver results. At the shareholder's meeting on May 12, the Board governance will be strengthened."

Management priorities

Preparation of the end of year (EOY) peak

Adopt measures to improve margin and capacity against last year's EOY peak performance, for instance increasing parcel capacity of the mail delivery network, combined with budgeted investments in additional capacity, all as included in our updated guidance.

Focus on cost reduction and operational efficiency in mail and retail Belgium

Given the mail volume decline, prepare structural initiatives, including the alternating distribution model and the new operating model. The alternating distribution model or ADM offers the opportunity to generate structural cost savings by better adapting our delivery model to actual client expectations. Capturing those gains will be done gradually and in the context of a constructive social dialogue leveraging the distribution office re-organization process.

The alternating distribution model will gradually evolve into a new and dynamic distribution model operational in the medium term. This model will recognize the different delivery and experience requirements of our products similarly to what has already been done in other regions. The base assumption is that we will design a model that responds more to customer needs for non-priority products, next to a very dynamic parcel delivery network that may include specific mail products.

Reduce overhead and headquarters costs

In the medium term, reduce overhead and HQ costs in line with the industry benchmark. It will be done through finding structural saving opportunities and embedding within our overhead functions a "lean philosophy" for simplification and elimination of waste.

Grow e-commerce logistics on both sides of the Atlantic

Through Radial Europe and Active Ants, further expand e-commerce logistics in Europe through a dedicated scale-up effort. Progress Radial US with a continued focus on operations efficiency to further improve the bottom line and also to grow the business.

Conduct active portfolio management and allocate capital to booming e-commerce business

The active portfolio management strategy is designed to divest non-core assets or non-performing assets, so as to allocate capital to the fast growing e-commerce logistics market and to invest further in the opportunity of e-commerce logistics. There is a continued evaluation to divest subsidiaries whose activities are not aligned with bpost vision in order to generate additional financial flexibility within bpost and invest in activities aligned with bpost's ambition in omni-commerce logistics.

Corporate governance

Accelerated selection of the CEO

bpost confirms the professional process of hiring the new CEO is accelerating, with the assistance of Korn Ferry, and expects to onboard the new CEO during the summer.

The Board of Directors of bpost further strengthens its governance and proposes three new directors to be appointed by the Ordinary General Meeting of Shareholders.

The Board of Directors of bpost NV/SA is following a professional process under the leadership of its Remuneration and Nomination Committee to further strengthen its governance.

In accordance with its nomination right under Article 14, §2 of the Articles of Association, the Belgian State proposes to the Ordinary General Meeting of Shareholders to appoint Ms. Audrey Hanard as non-executive director for a term of 4 years. As communicated on April 8th 2021, the Belgian State also proposes to renew the mandate of Mr. Jos Donvil as director for a term of 4 years and to appoint Mr. Mohssin El Ghabri as director for a term of 4 years.

Upon recommendation of the Remuneration and Nomination Committee, the Board of Directors of bpost NV/SA proposes to the Ordinary General Meeting of Shareholders of May 12, 2021 to appoint Mr. Jules Noten and Ms. Sonja Rottiers as independent directors for a term of 4 years. The information available to the Company shows that these candidates meet the general independence criterion laid down in Article 7:87 of the Belgian Code of Companies and Associations and the specific independence criteria laid down in Article 3.5 of the Corporate Governance Code.

The Ordinary General Meeting of Shareholders will be requested to deliberate and resolve upon the appointment of these candidates.

These international and diverse executive profiles offer a great opportunity to further strengthen the overall bpost governance, support the execution of bpost's strategy and transformation, while creating value for shareholders and society.

Audrey Hanard
Associate Partner at Dalberg Global Advisors, president of Be education, former president of the Friday Group, former manager at Telos Impact

Jules Noten
Independent director at Sioen, Port of Antwerp, LRM and Ardo. Former CEO of a.o. Vandemoortele Group

Sonja Rottiers
CEO Lloyd's Europe, board member for Kinepolis NV Group and Matexi NV, board member Women on Board, former Chief Financial and Data Officer and executive board member AXA Belgium

If she is appointed as director, the Board of Directors proposes that Audrey Hanard be appointed as Chairperson immediately after the Ordinary General Meeting of Shareholders.

The documents relating to the Ordinary General Meeting of Shareholders (such as the forms for voting by correspondence, forms for voting by proxy and CV of Board candidates) have been completed accordingly and are available on the website: (http://corporate.bpost.be/investors/shareholders-meetings/2021).

The Board wishes to thank Ms. Anne Dumont, Ms. Bernadette Lambrechts Ms. Philly Texeira and Ms. Saskia Van Uffelen – whose mandate will end with effect from the Ordinary General Meeting of Shareholders of May 12, 2021 – and Mr. François Cornelis – who resigned as director and chairperson on March 31st 2021 – for their commitment and dedication to bpost.

Outlook for 2021

In light of the quarterly results, and based on current assumptions of normalization for COVID-19 volumes for the rest of the year, bpost raises its outlook for the current year 2021.

The group total operating income for 2021 is expected to increase by a low- to mid-single-digit percentage compared to 2020, while group adjusted EBIT is now expected to be above EUR 310m.

For Mail & Retail and Parcels & Logistics Europe & Asia, the outlook is revised as follows:

Mail & Retail:

- Total operating income evolution to result from an underlying Domestic Mail volume decline expected up to -8%, an approved mail pricing of +6.0%, and an expected post COVID-19 recovery in Value added services.
- 7-9% adjusted EBIT margin.

Parcels & Logistics Europe & Asia:

- High-single-digit percentage growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels observed in 2020.
- Operating expenses will include investments to grow omni-commerce logistics in Europe.
- 9-11% adjusted EBIT margin.

For Parcels & Logistics North America, the outlook remains unchanged:

- Mid- to high-single-digit percentage growth in total operating income driven by Radial existing customers growth and new clients launches, normalized for 2020 COVID-19 spike.
- 4-5% adjusted EBIT margin.

Gross capex is still expected to be around EUR 200-220m, geared towards the strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2021 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2022 after the General Shareholders' Meeting, in accordance with the new dividend policy.

For more information:
Antoine Lebecq T. +32 2 276 2985 (IR) corporate.bpost.be/investors
investor.relations@bpost.be
Veerle Van Mierlo T. +32 472 920229 (Media) veerle.vanmierlo.ext@bpost.be

Key figures[1]

1st quarter (in million EUR)	Reported		Adjusted		
	2020	2021	2020	2021	% Δ
Total operating income	934.6	1,019.9	934.6	1,019.9	9.1%
Operating expenses (excl. D&A)	797.4	842.7	797.4	842.7	5.7%
EBITDA	137.2	177.2	137.2	177.2	29.2%
Depreciation and amortization	66.1	64.9	61.5	61.7	0.3%
EBIT	71.0	112.3	75.6	115.5	52.8%
Margin (%)	7.6%	11.0%	8.1%	11.3%	
Result before tax	71.5	109.8	76.1	113.0	48.5%
Income tax expense	23.6	29.2	23.8	29.9	25.6%
Net result	47.9	80.6	52.2	83.0	59.0%
FCF	194.2	147.4	246.2	160.0	-35.0%
Net debt/(Net cash) at 31 March	619.9	388.3	619.9	388.3	-37.4%
Capex	20.5	19.6	20.5	19.6	-4.2%
Average FTE & Interims	34,695	37,602	34,695	37,602	8.4%

[1] Adjusted figures are not audited.

Group overview

First quarter 2021

Compared to last year, total external operating income increased by EUR +85.4m to EUR 1,019.9m.

- Mail & Retail external operating income declined by EUR -10.8m mainly as a result of the COVID-19 impact on Ubiway Retail and the mail volume decline of -7.8% almost offset by the price/mix impact.
- The external operating income increase of Parcels & Logistics Europe & Asia (EUR +73.4m) was mainly driven thriving e-commerce both domestically (Parcels BeNe +39.2%) and abroad (Cross-border +43.1%). Parcels B2X organic volumes +54.1% benefit from continued momentum in e-commerce development.
- Parcels & Logistics North America external operating income increased by EUR +21.2m, driven by E-commerce logistics, in particular growth from existing customers and new business signed in 2020 at Radial.
- Corporate external revenues slightly increased by EUR +1.6m, driven by building sales.

Operating expenses including depreciation and amortization increased by EUR -44.1m, mainly driven by higher payroll, interims and transport costs driven by volume growth at Parcels & Logistics Europe & Asia and North America and the lower recoverable VAT, partially offset by the lower material costs from Ubiway Retail. As a result, reported EBIT increased by EUR +41.3m compared to last year.

Net financial result increased by EUR 1.8m compared to last year mainly due to the positive impact of exchange results.

Share of results of associates and joint ventures decreased by EUR -4.7m compared to last year and was mainly explained by the classification of the investment in bpost bank as assets held for sale as of the last quarter of 2020.

Income tax expense amounted to EUR 29.2m and increased by EUR 5.6m compared to last year, mainly due to the higher profit before tax. The effective tax rate is 26.6%.

Group net profit stood at EUR 80.6m and increased by +32.7m compared to last year.

Adjusted contribution of the different business units for 2021 amounted to:

In million EUR (adjusted)	1st quarter Total operating income	EBIT	Margin (%)
Mail & Retail	506.8	70.6	13.9%
Parcels & Logistics Europe & Asia	287.8	37.3	13.0%
Parcels & Logistics North America	282.1	8.2	2.9%
Corporate	110.6	(0.6)	-0.6%
Eliminations	(167.3)		
Group	1,019.9	115.5	11.3%

Evolution of the EBIT contribution of the different business units was as follows:

Business Unit performance: Mail & Retail

Mail & Retail In million EUR	1st quarter 2020	 2021	 Change %
External operating income	457.8	446.9	-2.4%
Transactional mail	193.3	190.2	-1.6%
Advertising mail	47.8	47.6	-0.4%
Press	86.1	86.0	-0.1%
Proximity and convenience retail network	103.1	94.9	-7.9%
Value added services	27.5	28.2	2.7%
Intersegment operating income	42.2	59.9	41.8%
TOTAL OPERATING INCOME	500.0	506.8	1.4%
Operating expenses	413.8	414.6	0.2%
EBITDA	86.1	92.2	7.1%
Depreciation, amortization (reported)	21.6	22.0	2.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	64.6	70.2	8.7%
Margin (%)	*12.9%*	*13.9%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	65.2	70.6	8.4%
Margin (%)	*13.0%*	*13.9%*	

Total operating income in the first quarter 2021 amounted to EUR 506.8m and showed an increase of EUR +6.8m or +1.4% compared to the same period of 2020. The increase of the - higher volume driven - intersegment operating income (EUR +17.6m) to PaLo Eurasia was partially compensated by lower Ubiway retail revenues and lower than expected impact of mail volume decline combined with mail price increases and mix impact. Overall external operating income only decreased by EUR -10.8m or -2.4%.

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) decreased by EUR -3.4m to EUR 323.8m, with an underlying volume decline of -7.8%. Transactional mail noted an underlying volume decline of -9.6% compared to -8.8% in the first quarter 2020 slightly supported by some COVID-19 communication in March 2021. No change in known structural trends of continued e-substitution, higher acceptance of e-documents at the receiver's side and digitization of C2B communication through mobile apps. Advertising mail realized an underlying volume decrease of -5.4% for the quarter. Year-to-date February 2021 underlying volume decline amounted to -22.4% against tough comparable base in 2020 of -3.9% from pre-COVID-19 months. March 2021 underlying volume increase amounted to +41.1% compared to March 2020 at -39.4%, last year impacted by the ban on promotions and non-essential retail closure during the lockdown in March 2020. Press volume decreased on an underlying basis by -1.0%, benefiting from a good performance from periodicals.
Total Domestic mail volume decline and working days impacted revenues respectively by EUR -21.5m and EUR -1.0m and was almost offset by the net improvement in price and mix amounting to EUR +19.1m.

Mail & Retail Evolution underlying Mail volumes	1Q 20	2Q 20	3Q 20	4Q 20	FY 20	1Q 21
Domestic mail	-9.9%	-17.7%	-8.2%	-11.8%	-11.8%	-7.8%
Transactional mail	-8.8%	-16.7%	-8.3%	-10.8%	-10.8%	-9.6%
Advertising mail	-16.5%	-26.6%	-9.4%	-20.4%	-18.8%	-5.4%
Press	-5.2%	-8.0%	-5.4%	-2.7%	-5.3%	-1.0%

Proximity and convenience retail network decreased by EUR -8.2m to EUR 94.9m. This decrease was mainly driven by reduced footfall from COVID-19 impacting Ubiway Retail, especially in travel environments and lower banking & finance revenues from the low interest rate environment as well as less ATM transactions.

Value added services amounted to EUR 28.2m and showed an increase of EUR 0.7m versus last year driven by higher revenues from fines solutions which were negatively impacted during lockdown of March 2020.

Operating expenses (including D&A) remained nearly stable (EUR -1.2m or -0.3%). Higher payroll and interim costs were driven by (1) headcount from higher parcel volumes and (2) price impact amongst other from salary indexation, merit increases and phasing holidays; together with higher costs for fleet and lower recoverable VAT. Compensated by the favourable evolution of the FTE wage mix, the decrease of material costs from Ubiway retail and increased sorting activities cross-charged to PaLo Eurasia driven by growth in parcel volumes handled through the mail network.

As a result of the high parcel volumes handled through the mail network and the lower than expected impact of domestic mail decline, reported EBIT amounted to EUR 70.2m with a margin of 13.9% and showed an increase of EUR +5.6m compared to the same period of 2020. Adjusted EBIT amounted to EUR 70.6m also with a margin of 13.9% and showed an increase of EUR +5.5m compared to previous year.

Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia In million EUR	2020	1st quarter 2021	Change %
External operating income	210.5	283.9	34.9%
Parcels BeNe	104.7	145.7	39.2%
E-commerce logistics	39.3	43.1	9.6%
Cross-border	66.5	95.1	43.1%
Intersegment operating income	3.0	3.9	29.0%
TOTAL OPERATING INCOME	213.5	287.8	34.8%
Operating expenses	192.2	245.5	27.8%
EBITDA	21.3	42.3	98.5%
Depreciation, amortization (reported)	5.1	5.7	11.3%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	16.2	36.6	126.1%
Margin (%)	*7.6%*	*12.7%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	16.9	37.3	121.2%
Margin (%)	*7.9%*	*13.0%*	

Total operating income increased by EUR +74.3m or +34.8%, driven by the increase of the external operating income. External operating income in the first quarter 2021 amounted to EUR 283.9m and showed an increase of EUR +73.4m or +34.9% compared to the same period of 2020.

Parcels BeNe increased by EUR +41.0m (or +39.2%) to EUR 145.7m driven by growth in Parcels B2X and strong quarter at Dynalogic. Parcels B2X revenues increased by 51.0% driven by volume growth of +54.1% fueled by thriving online sales. Price/mix was negative (-3.1%) fully mix-driven.

Parcels & Logistics Europe & Asia	1Q 20	2Q 20	3Q 20	4Q 20	FY 20	1Q 21
Evolution Parcels B2X volume	+25.5%	+79.3%	+49.0%	+67.4%	+56.2%	+54.1%

E-commerce logistics operating income in the first quarter 2021 amounted to EUR 43.1m, an increase of EUR +3.8m (+9.6%) compared to the same period of 2020 mainly driven by strong organic growth at Active Ants from existing customers and positive impact of lockdown and closure of non-essential retail shops in the Netherlands. Furthermore Radial Europe growth driven by UK and the new fulfilment site in Poland which opened in the third quarter of 2020 and the third site opened in Germany in February 2021.

Cross-border operating income increased by EUR +28.6m (+43.1%) to EUR 95.1m driven by Asian parcel volumes via rail transport of containers as an alternative to air freight, while COVID-19 reduced air freight capacity and COVID-19 closure of international borders had a negative impact in the first quarter 2020. Continued growth in UK business driven by new customers and higher custom services revenues in light of Brexit, partly offset by declining cross-border postal business where growth in inbound parcels could not fully compensate the decline in both inbound and outbound mail volumes.

Operating expenses (including D&A) increased by EUR -53.9m (-27.4%), mainly explained by higher volume-linked variable costs translating into transport and parcels insurance costs across all the business lines. PaLo Eurasia therefore recorded higher intersegment operating expenses charged by M&R driven by strong parcels volumes growth in the integrated last-mile mail & parcels network.

Adjusted EBIT and reported EBIT in the first quarter 2021 more than doubled compared to the same period of 2020 and respectively amounted to EUR 37.3m and EUR 36.6m. The steep margin development was explained by the strong growth in parcels volumes handled through the integrated network with benefits of scale of the existing rounds.

Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America In million EUR	1st quarter 2020	 2021	 Change %
External operating income	259.9	281.1	8.2%
E-commerce logistics	238.0	263.5	10.7%
International mail	21.9	17.7	-19.4%
Intersegment operating income	1.4	0.9	-31.8%
TOTAL OPERATING INCOME	261.3	282.1	7.9%
Operating expenses	250.9	256.7	2.3%
EBITDA	10.4	25.4	143.7%
Depreciation, amortization (reported)	21.2	19.2	-9.2%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(10.8)	6.2	-
Margin (%)	*-4.1%*	*2.2%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(7.4)	8.2	-
Margin (%)	*-2.8%*	*2.9%*	

Total operating income increased by EUR +20.8m or +7.9% (+17.4% at constant exchange rate), fully driven by robust and profitable e-commerce fulfilment growth at PaLo North America.
External operating income in the first quarter 2021 amounted to EUR 281.1m and showed an increase of EUR 21.2m or +8.2% (+17.7% at constant exchange rate) compared to the same period of 2020.

E-commerce logistics increased by EUR +25.5m to EUR 263.5m or +10.7% (+20.4% at constant exchange rate). Revenues increase mainly driven by Radial North America recording continued high growth from existing customers (+25.6%) and of new clients launched in 2020, partly offset by some client churn. The activities of Landmark US, Apple Express and FDM recorded strong volumes from existing and new customers fuelled by e-commerce development year-over-year.

Radial North America (*) In million USD (Adjusted)	1st quarter 2020	 2021
Total operating income	215.1	247.1
EBITDA	4.1	17.4
Result from operating activities (EBIT)	(12.9)	0.0

(*) Business unit performance expressed in USD of the consolidated Radial entities held by bpost North America Holdings Inc.

International mail in the first quarter 2021 amounted to EUR 17.7m, a decrease of EUR -4.3m compared to the same period of 2020 or -19.4% (-11.8% at constant exchange rate) driven by lower volumes in the business mail segment, partially compensated by higher domestic parcels revenues.

Operating expenses (including D&A) increased by EUR -3.8m (or +1.4% or +10.4% at constant exchange rate) resulting from higher, mainly volume-driven variable labour costs, transport costs and credit card fees. These effects were partly compensated by reduced fraud chargebacks, productivity gains in fulfilment and cost containment in general.

As the revenue increase driven by E-commerce logistics outpaced the cost increase and given the operating leverage at Radial, **reported EBIT and adjusted EBIT of PaLo N. Am.** increased respectively by EUR +16.9m and EUR +15.7m and respectively amounted EUR 6.2m and EUR 8.2m.

Business Unit performance: Corporate

Corporate In million EUR	1st quarter 2020	 2021	 Change %
External operating income	6.4	7.9	24.3%
Intersegment operating income	90.4	102.6	13.5%
TOTAL OPERATING INCOME	96.8	110.6	14.2%
Operating expenses	77.5	93.3	20.3%
EBITDA	19.3	17.3	-10.3%
Depreciation, amortization (reported)	18.3	17.9	-1.7%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	1.0	(0.6)	-
Margin (%)	1.1%	*-0.6%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	1.0	(0.6)	-
Margin (%)	1.1%	*-0.6%*	

External operating income in the first quarter 2021 increased by EUR +1.6m to EUR 7.9m due to higher building sales.

Net operating expenses (including D&A) after Intersegment operating income increased by EUR +3.2m mainly driven by a phasing impact related to long-term employee benefits.

Reported EBIT and Adjusted EBIT showed a decrease of EUR -1.7m to EUR -0.6m.

Cash flow statement

	1st quarter		
	2020	2021	Change
Cash flow from operating activities	203.6	157.1	(46.6)
out of which CF from operating activities before Δ in WC &provisions	137.7	165.1	27.4
Cash flow from investing activities	(9.4)	(9.7)	(0.3)
Free cash flow	194.2	147.4	(46.8)
Financing activities	(26.6)	(193.5)	(166.9)
Net cash movement	167.6	(46.1)	(213.7)
Capex	(20.5)	(19.6)	0.9

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Free cash flow amounted to EUR 147.4m, whereas the adjusted free cash flow amounted to EUR +160.0m (i.e. when adjusting the free cash flow for the collected proceeds "due to clients" in Radial, which amounted to EUR -12.6m in the first quarter 2021).

Cash flow from operating activities decreased by EUR -46.6m to EUR 157.1m.
Cash flow from operating activities before change in working capital and provisions rose EUR 27.4m driven by the higher EBITDA (EUR +40.1m) partially offset by increased tax prepayments (EUR -11.4m).
Outflow related to collected proceeds due to Radial's clients was EUR 39.3m lower (EUR -12.6m outflow in the first quarter 2021 compared to EUR -51.9m in the same period last year).
The variance in change in working capital and provisions (EUR -113.2m) was mainly explained by the expected unwinding of extended payment terms with some suppliers as initiated at the beginning of the pandemic (EUR -59.2m), combined with a different payment schedule of SGEI (EUR -80.5m received last year in January and which is now scheduled in July this year). This was partially offset by increased collections in line with high sales peak in the fourth quarter 2020.

Investing activities resulted in a cash outflow of EUR -9.7m in the first quarter 2021, compared to a cash outflow of EUR -9.4m for the same period last year.
Capital expenditures stood at EUR 19.6m in the first quarter 2021 and was mainly spent on increased capacity for e-commerce on customer implementations at Radial US, additional sites for Active Ants, Parcels B2X sorting equipment and sustainability initiatives for e-fleet infrastructure. A great majority of first quarter 2021 capex is invested in e-commerce and parcels activities.

In 2021 the cash outflow relating to financing activities amounted to EUR -193.5m or EUR 166.9m lower than in the first quarter 2020 as it was decided not to roll over the maturing commercial paper in 2021 (EUR -165.7m).

As a result the net cash flow decreased compared to the same period last year by EUR 213.7m to EUR -46.1m.

Key events during the first quarter

In March 2021, Jean-Paul Van Avermaet, who covered the position of CEO, left bpost group and Dirk Tirez has been appointed as CEO ad interim.

The Board of Directors of bpost SA/NV decided to terminate the collaboration with Mr. Jean-Paul Van Avermaet in his function of CEO of bpost group and unanimously decided to appoint Dirk Tirez as CEO ad interim. The Board of Directors asked Dirk Tirez to continue to implement the company's strategy unabatedly and to maintain the social dialogue. Moreover, the Board of Directors has invited the Group Executive Committee to focus on achieving the results for the Mail & Retail, Parcels & Logistics Europe-Asia and North America business units.

On March 31, 2021 François Cornelis resigned as independent director.

François Cornelis resigned as bpost independent director with effect from March 31, 2021. Until the appointment of a new chairman by the Board of Directors following the Annual Shareholders' Meeting on May 12, 2021, the Board of Directors has appointed Mr. Ray Stewart (independent director) as chairman of the Board of Directors and Mr. Mike Stone (independent director) as chairman of the Strategic Committee.

bpost and BNP Paribas Fortis agreed to a new seven-year commercial partnership.

Following the announcement of a new partnership model in December 2020, bpost and BNP Paribas Fortis signed on March 31, 2021 an agreement whereby BNP Paribas Fortis would acquire bpost's 50% holding in bpost bank at the end of this year to become its sole shareholder. Furthermore the agreement foresees a seven-year partnership, in which bpost will continue to provide financial services across its post office network. Nothing will change for bpost bank customers: they can continue to expect the same outstanding service in the familiar and trusted post office setting. The whole transaction will be finalized by the end of 2021.

Financial calendar

05.05.2021 (17.45 CET)	Announcement 1Q21 results
06.05.2021 (10.00 CET)	Analyst Conference Call
12.05.2021	Ordinary General Meeting of Shareholders
07.07.2021	Start of quiet period ahead of 2Q21 results
05.08.2021 (17.45 CET)	Announcement 2Q21 and half-year results
06.08.2021 (10.00 CET)	Analyst Conference Call
11.10.2021	Start of quiet period ahead of 3Q21 results
09.11.2021 (17.45 CET)	Announcement 3Q21 results
10.11.2021 (10.00 CET)	Analyst Conference Call

Unaudited Interim Condensed Consolidated Financial Statements[2]

Interim Condensed Consolidated Income Statement (unaudited)

In million EUR	Notes	1st quarter 2020	1st quarter 2021
Revenue	5	921.2	1,007.4
Other operating income		13.3	12.5
TOTAL OPERATING INCOME		934.6	1,019.9
Material costs		(51.8)	(45.0)
Services and other goods	6	(366.4)	(399.1)
Payroll costs		(380.5)	(391.3)
Other operating expenses		1.3	(7.2)
Depreciation, amortization and impairment		(66.1)	(64.9)
TOTAL OPERATING EXPENSES		(863.5)	(907.6)
RESULT FROM OPERATING ACTIVITIES (EBIT)		71.0	112.3
Financial income		2.4	3.7
Financial costs		(6.7)	(6.2)
Share of results of associates and joint ventures		4.7	0.0
RESULT BEFORE TAX		71.5	109.8
Income tax expense		(23.6)	(29.2)
RESULT FOR THE PERIOD		47.9	80.6
Attributable to:			
Equity holders of the parent		47.8	80.7
Non-controlling interests		0.1	(0.1)

EARNINGS PER SHARE

In EUR	1st quarter 2020	1st quarter 2021
►Basic, result for the period attributable to ordinary equity holders of the parent	0.24	0.40
►Diluted, result for the period attributable to ordinary equity holders of the parent	0.24	0.40

In accordance with IAS 33, diluted earnings per share amounts have to be calculated by dividing the net result 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 period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As far as bpost is concerned, no effects of dilution affect the net result attributable to ordinary equity holders and the weighted average number of ordinary shares.

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

Interim Condensed Consolidated Statement of Other Comprehensive Income (unaudited)

	1st quarter	
In million EUR	2020	2021
RESULT OF THE PERIOD	47.9	80.6
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Change of other comprehensive income of associates	(10.0)	-
Gross change of other comprehensive income of associates	*(15.0)*	-
Income tax effect	*5.0*	-
Net gain/(loss) on hedge of a net investment	(3.2)	(5.4)
Net gain/(loss) on cash flow hedges	0.5	0.5
Gain/(loss) on cash flow hedges	*0.6*	*0.6*
Income tax effect	*(0.2)*	*(0.2)*
Exchange differences on translation of foreign operations	14.3	33.5
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	1.5	28.5
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gain/(losses) on defined benefit plans	-	-
Gross gain/(loss) on defined benefit plans	-	-
Income tax effect	-	-
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	-	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD NET OF TAX	1.5	28.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX	49.4	109.1
Attributable to:		
Equity holders of the parent	49.2	109.2
Non-controlling interests	0.1	(0.1)

Interim Condensed Consolidated Statement of Financial Position

In million EUR	As at Notes	31 December 2020 (audited)	31 March 2021 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	7	1,138.0	1,145.9
Intangible assets	8	771.7	790.4
Investments in associates and joint ventures		0.1	0.1
Investment properties		3.3	3.0
Deferred tax assets		45.6	45.7
Trade and other receivables		16.6	19.4
		1,975.2	2,004.6
Current assets			
Inventories		32.7	31.6
Income tax receivable		5.2	3.0
Trade and other receivables	9	810.0	651.4
Cash and cash equivalents	10	948.1	911.2
		1,796.0	1,597.2
Assets held for sale	11	103.3	100.5
TOTAL ASSETS		3,874.5	3,702.3
Equity and liabilities			
Issued capital		364.0	364.0
Reserves		249.8	231.2
Foreign currency translation		(17.6)	10.5
Retained earnings		(19.2)	80.6
Reserves of non-financial assets held for sale		5.6	5.6
Equity attributable to equity holders of the parent		582.5	691.8
Equity attributable to non-controlling interests		1.3	1.1
TOTAL EQUITY		583.8	692.9
Non-current liabilities			
Interest-bearing loans and borrowings	12	1,165.0	1,184.5
Employee benefits	13	320.0	318.4
Trade and other payables		48.6	48.8
Provisions		13.3	13.7
Deferred tax liabilities		6.8	6.6
		1,553.6	1,571.9
Current liabilities			
Interest-bearing loans and borrowings	14	278.2	114.8
Bank overdrafts		-	0.2
Provisions		13.7	10.6
Income tax payable		6.4	27.0
Derivative instruments	17	0.3	0.3
Trade and other payables	15	1,438.4	1,284.7
		1,737.1	1,437.5
TOTAL LIABILITIES		3,290.7	3,009.3
TOTAL EQUITY AND LIABILITIES		3,874.5	3,702.3

Interim Condensed 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
AS AT 1 JANUARY 2020	364.0	-	252.3	34.0	30.7	680.9	1.7	682.6
Result for the period 2020	-	-	-	-	47.8	47.8	0.1	47.9
Other comprehensive income	-	-	21.1	11.0	(30.7)	1.5	-	1.5
TOTAL COMPREHENSIVE INCOME	-	-	21.1	11.0	17.1	49.2	0.1	49.4
Dividends (Pay-out)	-	-	-	-	-	-	-	-
Other	-	-	(0.2)	-	0.1	-	-	-
AT 31 MARCH 2020	364.0	-	273.3	45.0	47.9	730.1	1.8	731.9
AS AT 1 JANUARY 2021	364.0	-	255.4	(17.6)	(19.2)	582.5	1.3	583.8
Result for the period 2021	-	-	-	-	80.7	80.7	(0.1)	80.6
Other comprehensive income	-	-	(18.8)	28.1	19.2	28.5	-	28.5
TOTAL COMPREHENSIVE INCOME	-	-	(18.8)	28.1	99.9	109.2	(0.1)	109.1
Dividends (Pay-out)	-	-	-	-	-	-	-	-
Other	-	-	0.2	-	(0.1)	0.1	(0.1)	-
AT 31 MARCH 2021	364.0	-	236.8	10.5	80.6	691.8	1.1	692.9

Equity increased by EUR 109.1m, or 18.7%, to EUR 692.9m as of March 31, 2021 from EUR 583.8m as of December 31, 2020. The realized profit amounts to EUR 80.6m, the exchange differences on translation of foreign operations EUR 28.1m and the effective part of a cash-flow hedge entered into in 2018 in order to pre-hedge the interest rate risk of the bond EUR 0.5m. The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

	1st quarter	
In million EUR	2020	2021
Operating activities		
Result before tax	71.5	109.8
Depreciation and amortization	66.1	64.9
Impairment on bad debts	1.0	(0.6)
Gain on sale of property, plant and equipment	(4.9)	(7.1)
Other non-cash items	6.2	7.5
Change in employee benefit obligations	(1.0)	(1.6)
Share of results of associates and joint ventures	(4.7)	(0.0)
Dividends received	-	-
Income tax paid	(3.8)	(7.6)
Income tax paid on previous years	7.5	(0.1)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	137.7	165.1
Decrease/(increase) in trade and other receivables	170.9	168.2
Decrease/(increase) in inventories	(2.1)	1.1
Increase/(decrease) in trade and other payables	(51.7)	(161.9)
Increase/(decrease) in collected proceeds due to clients	(51.9)	(12.6)
Increase/(decrease) in provisions	0.8	(2.9)
NET CASH FROM OPERATING ACTIVITIES	203.6	157.1
Investing activities		
Proceeds from sale of property, plant and equipment	11.1	10.0
Acquisition of property, plant and equipment	(15.0)	(16.7)
Acquisition of intangible assets	(5.5)	(2.9)
Acquisition of subsidiaries, net of cash acquired	(0.0)	-
NET CASH USED IN INVESTING ACTIVITIES	(9.4)	(9.7)
Financing activities		
Proceeds from borrowings	298.2	60.0
Payments related to borrowings	(298.6)	(225.7)
Payments related to lease liabilities	(26.2)	(27.8)
NET CASH FROM FINANCING ACTIVITIES	(26.6)	(193.5)
NET INCREASE IN CASH AND CASH EQUIVALENTS	167.6	(46.1)
NET FOREIGN EXCHANGE DIFFERENCE	1.8	9.0
Cash and cash equivalents less bank overdraft as of 1 January	669.7	948.1
Cash and cash equivalents less bank overdraft as of 31 March	839.0	911.0
MOVEMENTS BETWEEN 1ST JANUARY AND 31 MARCH	169.4	(37.1)

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, 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 5, May 2021.

Business activities

bpost NV/SA 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 NV/SA, 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 NV/SA is a limited liability company under public law. bpost has its registered office at Muntcentrum-Centre Monnaie, 1000 Brussels. bpost shares are listed on the NYSE-Euronext Brussels since June 21, 2013 (share ticker BPOST).

2. Basis for preparation and accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the three months ended March 31, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. bpost has prepared the financial statements on the basis that it will continue to operate as a going concern as there are no material uncertainties and there are sufficient resources to continue operations for the next 12 months.

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, 2020.

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, 2020, except for the adoption of new standards and interpretations effective as from January 1, 2021.

The following amendments to existing standards apply for the first time as from 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments – phase 2 - Interest Rate Benchmark Reform

These amendments had no impact on the interim condensed consolidated financial statements.

Standards and Interpretations issued but not yet applied by bpost

The following standards, interpretations, amendments and revision issued 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
Annual Improvements to IFRS Standards 2018-2020 (*)	1 January 2022
IFRS 3 - Amendments (*) - Reference to the Conceptual Framework	1 January 2022
IAS 16 - Amendments (*) - Proceeds before Intended Use	1 January 2022
IAS 37 - Amendments (*) - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 1 – Amendments (*) - Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 - Insurance Contracts (*)	1 January 2023
IAS 1 – Amendments – Disclosure of Accounting Policies	1 January 2023
IAS 8 – Amendments – Definition of Accounting Estimates	1 January 2023

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

bpost has not early adopted any other standard, interpretation, or amendment that was issued but is not yet effective. The amendments are not expected to have a material impact on bpost's consolidated financial statements.

3. Seasonality of Operations

bpost revenue and earnings are affected by several seasonal fluctuations.

Pursuant to the 6th-management contract (extended from the 1st January 2021 until the entry into force of a new 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 Parcels BeNe and E-commerce logistics. For Radial North-America part of the Parcels and Logistics North America segment, 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. Operating Segment

bpost operates through three business units and support units providing services to these business units:

The business unit Mail & Retail ("M&R") oversees the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail and printed documents, in Belgium and offers these operational activities for parcels to other business units of bpost and oversees the activities related to:

- Transactional and Advertising mail;

- Press: regrouping the distribution of newspapers and periodicals to newsstands, distribution of newspapers and periodicals to addressees;
- Value added services: document management and related activities; and
- Proximity and convenience retail network: offering proximity and convenience retail through its retail network in Belgium composed out of post offices, postal points and the Ubiway retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance.

The business unit also carries out SGEI on behalf of the Belgian State.

The business unit Parcels & Logistics Europe & Asia ("PaLo Eurasia") oversees:
- Parcels BeNe: the commercial activities related to last-mile delivery and express delivery in Belgium and Netherlands and combines the last mile parcels delivery of bpost NV/SA and DynaLogic;
- E-commerce logistics Europe & Asia operating in fulfilment, handling, distribution and return management and combines Radial Europe, Anthill, DynaFix and Landmark entities in Europe and Asia; and
- Cross-border providing inbound, outbound and import services (custom duties) for parcels in Europe, Asia and for international mail worldwide.

The business unit runs several operations centers across Europe including, fulfillment and sorting centers.

The business unit Parcels & Logistics North America ("PaLo N. Am.") is in charge of the commercial and operational activities related to:
- E-commerce logistics North America: operating in fulfilment, handling and distribution, return management, customer service and value-added technology services in North America (Radial and Apple Express) and Australia (FDM) and cross-border parcels services (Landmark US); and
- International mail: as full-service mail delivery provider in North America and combines MSI, IMEX and M.A.I.L. (The Mail Group).

Corporate and Support units ("Corporate") consist out of the 3 support units and the corporate unit. The support units offer business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary. The EBIT generated by the support units is recharged to the business units as OPEX while the depreciation remains in Corporate. Revenues generated by the Support Units, including sales building are disclosed in Corporate.

As bpost identifies its CEO as the chief operating decision maker ("CODM"), the operating segments are based on the information provided to the CEO. bpost computes its profit from operating activities (EBIT) at the segment level and is measured consistently with the financial statements' accounting guidelines (IFRS). Assets and liabilities are not reported per segment to the CODM.

No operating segments have been aggregated to form the above reportable operating segments.

Services and products offered between legal entities are at arm's length whereas the service and products offered between business units of the same legal entity are generally based on incremental costs. Services provided by support units to business units of the same legal entity are based on full cost.

Corporate treasury, associates, joint ventures and tax are centrally managed for the group. The net financial result, income tax and share of results of associates and joint ventures are only disclosed at the level of the group.

The following tables present an overview of the segment results:

	M&R		PaLo Eurasia		PaLo N. Ame		Corporate		Eliminations		Group	
In million EUR	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21
External operating income	457.8	446.9	210.5	283.9	259.9	281.1	6.4	7.9			934.6	1,019.9
Intersegment operating income	42.2	59.9	3.0	3.9	1.4	0.9	90.4	102.6	(137.1)	(167.3)	0.0	0.0
TOTAL OPERATING INCOME	500.0	506.8	213.5	287.8	261.3	282.1	96.8	110.6	(137.1)	(167.3)	934.6	1,019.9
Operating expenses	413.8	414.6	192.2	245.5	250.9	256.7	77.5	93.3	(137.1)	(167.3)	797.4	842.7
Depreciation, amortization	21.6	22.0	5.1	5.7	21.2	19.2	18.3	17.9			66.1	64.9
RESULT FROM OPERATING ACTIVITIES (EBIT)	64.6	70.2	16.2	36.6	(10.8)	6.2	1.0	(0.6)	0.0	0.0	71.0	112.3
Share of results of associates and joint ventures											4.7	0.0
Financial results											(4.3)	(2.5)
Income tax expenses											(23.6)	(29.2)
RESULT OF THE PERIOD (EAT)	64.6	70.2	16.2	36.6	(10.8)	6.2	1.0	(0.6)	0.0	0.0	47.9	80.6

The tables presented below provide an overview of the entity wide disclosures and covers also the IFRS 15 disclosure requirements.

Year-to-date	Total operating income			Revenue		
In million EUR	2020	2021	Change %	2020	2021	Change %
Mail & Retail	457.8	446.9	-2.4%	454.6	444.0	-2.3%
Transactional mail	193.3	190.2	-1.6%	193.3	189.9	-1.7%
Advertising mail	47.8	47.6	-0.4%	47.8	47.6	-0.4%
Press	86.1	86.0	-0.1%	84.5	84.6	0.1%
Proximity and convenience retail network	103.1	94.9	-7.9%	101.6	93.7	-7.8%
Value added services	27.5	28.2	2.7%	27.4	28.2	2.7%
Parcels & Logistics Europe & Asia	210.5	283.9	34.9%	210.4	283.7	34.9%
Parcels BeNe	104.7	145.7	39.2%	104.7	145.7	39.2%
E-commerce logistics	39.3	43.1	9.6%	39.2	43.0	9.7%
Cross border	66.5	95.1	43.1%	66.5	95.0	42.9%
Parcels & Logistics North America	259.9	281.1	8.2%	256.2	279.6	9.1%
E-commerce logistics	238.0	263.5	10.7%	234.3	262.0	11.8%
International mail	21.9	17.7	-19.4%	21.9	17.7	-19.4%

Corporate & Supporting functions	6.4	7.9	24.3%	0.0	0.0	-22.3%
Total	934.6	1,019.9	9.1%	921.2	1,007.4	9.4%

The geographical split of total operating income (excluded intersegment operating income) and the non-current assets is attributed to Belgium, rest of Europe, United States of America and the rest of the world. The allocation per geographical location is based on the location of the entity generating the income or holding the net asset. Other operating income is allocated to several line items.

	1st quarter		
In million EUR	2020	2021	Change %
Belgium	599.1	647.0	8.0%
Rest of Europe	72.3	81.2	12.4%
USA	249.8	265.5	6.3%
Rest of world	13.3	26.2	96.6%
Total operating income	934.6	1,019.9	9.1%

	As of 31 December	As of 31 March	
In million EUR	2020	2021	Change %
Belgium	885.8	871.6	-1.6%
Rest of Europe	194.7	191.9	-1.4%
USA	805.7	850.1	5.5%
Rest of world	43.5	45.2	4.1%
Total non-current assets	1,929.6	1,958.8	1.5%

Total non-current assets consist out of property, plant and equipment, intangible assets, investment properties and trade and other receivables (> 1year).

Excluding the compensation received from the Belgian federal government to provide the services as described in the management contract and press concessions, included in the Mail and Retail segment, no single external customer exceeded 10% of bpost's operating income.

5. Revenue

	1st quarter	
In million EUR	2020	2021
Revenue excluding the SGEI remuneration	852.7	937.5
SGEI remuneration	68.5	69.9
Total revenue	921.2	1,007.4

SGEI remuneration is disclosed under Press and Proximity and convenience retail network in the Mail and Retail segment.

6. Services and other goods

The table below presents a breakdown of services and other goods:

	1st quarter		
In million EUR	2020	2021	Change %
Rent and rental costs	16.3	21.1	29.0%
Maintenance and repairs	27.4	27.7	1.0%
Energy delivery	11.9	11.9	0.4%
Other goods	8.8	8.3	-6.2%
Postal and telecom costs	4.9	5.3	9.1%
Insurance costs	6.1	7.4	22.1%
Transport costs	171.0	187.1	9.4%
Publicity and advertising	6.1	5.5	-10.3%
Consultancy	7.6	2.9	-61.4%
Interim employees	44.0	50.9	15.5%
Third party remuneration, fees	38.1	46.8	22.8%
Other services	24.1	24.3	0.6%
Total services and other goods	366.4	399.1	8.9%

Services and other goods increased by EUR 32.7m, or 8.9% to EUR 399.1m as of March 31, 2021. This increase was mainly explained by:

- The increased number of interim employees and increased transport costs resulting from higher volumes of parcels, the increased international activities contributed as well to the increase of the transport costs;
- Higher rent and rental costs due to higher fleet rent costs for short term leases in order to manage higher volumes of parcels;
- Additional third party remuneration fees explained by some additional project related costs to develop business;
- Partially compensated by lower consultancy costs in line with increased projects executed by bpost employees and cost containment.

7. Property, plant and equipment

Property, plant and equipment increased by EUR 8.0m, or 0.7%, to EUR 1,145.9m as of March 31, 2021. The increase was mainly explained by capital expenditures of EUR 16.7m, right of use asset recognised for EUR 32.6m and the evolution of the exchange rate partially offset by the depreciation for EUR 54.7m (including EUR 28.9m related to IFRS 16 right of use assets).

8. Intangible assets

Intangible assets increased by EUR 18.7m, or 2.4%, to EUR 790.4m as of March 31, 2021. The increase was mainly due to the capital expenditures of EUR 2.9m and the evolution of the exchange rate, partially offset by the depreciation for EUR 10.2m.

At reporting date there were no indications, as defined by IAS 36, that goodwill may be impaired. There were no indications that the key assumption, the discount rate and the long-term growth rate used to calculated the value in use, taken into consideration the actual performance of the CGU's, the long term interest, other market rates and the uncertainties of the short and long term impact of the recent developments would be materially different than applied in latest annual consolidated financial statements.

9. Current trade and other receivables

Current trade and other receivables decreased by EUR 158.6m or 19.6% to EUR 651.3m as of March 31, 2021. The decrease was mainly driven by the settlement of the SGEI for the delivery of newspapers and periodicals for the year 2020 and the peak sales of year-end 2020.

10. Cash and cash equivalents

Cash and cash equivalents decreased by EUR 36.9m to EUR 911.2m as of March 31, 2021 mainly due to the closure in the first quarter of 2021 of the commercial paper program and of the temporary initiatives set up in the context of the pandemic in 2020

11. Assets held for sale

In million EUR	As of 31 December 2020	As of 31 March 2021
Property, plant and equipment	3.3	0.5
bpost bank	100.0	100.0
Total assets held for sale	103.3	100.5

In 2020 the investment in bpost bank has been transferred from investment in associates and joint ventures to assets held for sale at fair value less costs to sell given the agreement between bpost and and BNP Paribas Fortis (BNPPF) to sell bpost's 50% participation in bpost bank to BNPPF by the end of 2021.

Assets held for sale slightly decreased by EUR 2.8m to EUR 100.5m compared to last year mainly due to the sale of some buildings in 2021.

12. Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 19.5m to EUR 1,184.5m mainly due to increase of leases and the impact of the exchange rates.

13. Employee benefits

In million EUR	As of 31 December 2020	As of 31 March 2021
Post-employment benefits	26.8	26.4
Other long-term benefits	283.4	282.9
Termination benefits	9.8	9.1
Total employee benefits	320.0	318.4

Employee benefits decreased by EUR 1.6m, or 0.5%, to EUR 318.4m as of March 31, 2021. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 7.6m, partly offset by;
- Service costs for EUR 5.7m and interest costs for EUR 0.3m.

14. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings decreased by EUR 163.4m to EUR 114.8m mainly due to the decision of reimbursement of the maturing commercial paper during the first quarter 2021, in order to optimise our treasury.

15. Current trade and other payables

Current trade and other payables decreased by EUR 153.7m or 10.7% to EUR 1,284.7m as of March 31, 2021. This decrease was due to the decrease of the trade payables by EUR 133.7m and the social payables by EUR 17.6m, partially offset by the increase of other payables by EUR 2.4m. The decrease of the trade payables was mainly a phasing element given the peak season at year end. The unwinding of some of the temporary initiatives set up in the context of the pandemic was offset by the advance payment received from the Belgian State in respect of the SGEI compensation for the delivery of newspapers and periodicals, hence the other payables slightly increased.

16. Financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per March 31, 2021:

In million EUR As at 31 March 2021	Carrying amount	Fair value categorized: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable input (Level 3)
Financial assets measured at amortized cost				
Non-Current				
Financial assets	14.1	0.0	14.1	0.0
Current				
Financial assets	1,561.3	0.0	1,561.3	0.0
Total financial assets	1,575.4	0.0	1,575.4	0.0
Financial liabilities measured at amortized cost (except for derivatives):				
Non-Current				
Long-term bond	643.9	672.4	0.0	0.0
Financial liabilities	589.3	0.0	589.3	0.0
Current				
Derivatives instruments - forex swap	0.3	0.0	0.3	0.0
Derivatives instruments - forex forward	0.0	0.0	0.0	0.0
Financial liabilities	1,399.5	0.0	1,399.5	0.0
Total financial liabilities	2,633.0	672.4	1,989.0	0.0

The fair value of the non-current and current financial assets measured at amortised cost and the non-current and current financial liabilities measured at amortised cost, approximate their carrying amounts. As they are not measured at fair value in the statement of financial position their fair value should not be disclosed.

During the period there was no transfer between fair value hierarchy levels and there were no changes in the valuation techniques and inputs applied.

At the end of the first quarter 2021 the main financial liabilities consisted of:

- EUR 650.0m bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%.

- USD 185.0m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and it has been extended in 2020 to July 2023.
- EUR 18.2m EIB (European Investment Bank) loan which has an yearly reimbursement of EUR 9.1m.
- The outstanding balance of liabilities related to leases amounted to EUR 479.1m.

bpost has two undrawn revolving credit facilities for a total amount of EUR 375.0m. The syndicated facility amounts to EUR 300.0m, which expires in October 2024 whereas the bilateral facility of EUR 75.0m, which expires in June 2025 and allows for EUR and USD drawdowns. The interest rate of EUR 300.0m revolving credit facility changes according to bpost's sustainability rating as determined by an external party.

17. Derivative financial instruments and hedging

Derivative instruments

bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries.

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of EUR 600.0m. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.
In July 2018, bpost issued a EUR 650.0m 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of EUR 21.5m split between an effective part EUR 20.0m and an ineffective part EUR 1.5m. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (EUR 20.0m) has been recognized in other comprehensive income (amount net of tax is EUR 14.8m) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2021 a net amount of EUR 0.5 m has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to USD 143.0m, whereas the carrying amount converted into Euro amounted to EUR 122.0m. At March 31, 2021 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to EUR 5.4m. There was no ineffectiveness in 2021.

18. Contingent Liabilities and Contingent Assets

The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.32 of bpost's annual financial statements as at December 31, 2020. This interim financial report should be read in conjunction with bpost's annual financial statements as at December 31, 2020.

19. Events after the reporting period

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

Alternative Performance Measures (unaudited)

bpost also analyses the performance of its activities in addition to the reported IFRS figures with alternative performance measures ("APMs"). The definitions of these alternative performance measures can be found below.

Alternative performance measures (or non-GAAP measures) are presented to enhance an investor's understanding of the operating and financial performance, to aid in forecasting and to facilitate meaningful comparison of the result between periods.

The presentation of alternative performance measures is not in conformity with IFRS and the APMs are not audited. The APMs may not be comparable to the APMs reported by other companies as those companies may compute their APMs differently from bpost.

The calculation of the adjusted performance measure and adjusted operating free cash flow can be found below the definitions. Given the new dividend policy, i.e. dividend pay-out ratio between 30-50% of IFRS net profit instead of a minimum of 85% of BGAAP net profit of bpost NV/SA unconsolidated, bpost will not report "bpost NV/SA net profit under BGAAP" anymore as an APM. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions:

Adjusted performance (adjusted operating income/adjusted EBITDA/adjusted EBIT/adjusted EAT): bpost defines the adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to EUR 20.0m or more. All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the year-to-date amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been adjusted are also adjusted whatever the amount they represent. The reconciliation of the adjusted performance is available below the definitions.

bpost's management believes this measure provides the investor a better insight and comparability over time of the economic performance of bpost.

Constant exchange rate: bpost excludes in the performance at constant exchange rate the impact of the different exchange rates applied in different periods for the segment Parcels & Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

bpost's management believes that the performance at constant exchange rate provides the investor an understanding of the operating performance of the entities part of the Parcels & Logistics North America segment.

Capex: capital expenditure for tangible and intangible assets including capitalised development costs, excluding right of use assets.

Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA): bpost defines EBITDA as earnings from operating activities (EBIT) plus depreciations and amortizations and is derived from the consolidated income statement.

Net debt/(Net cash): bpost defines Net debt/(Net cash) as the non-current and current interest-bearing loans and borrowings plus bank overdrafts minus cash and cash equivalents and is derived from the consolidated statement of financial position.

Operating free cash flow (FCF) and adjusted Operating free cash flow: bpost defines FCF as the sum of net cash from operating activities and net cash used in investing activities and is derived from the consolidated statement of cash flows. Adjusted operating free cash flow is the operating free cash flow as defined excluding working capital impact of "the collected proceeds due to clients". The reconciliation is available below the definitions. In some cases, Radial performs the billing and receiving of payments on behalf of their customers. Under this arrangement, Radial routinely remits billed amounts back to the client, and performs periodical settlements with the client on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Adjusted operating free cash flows excludes the cash Radial received on behalf of their customers as Radial has no or little impact on the amount or the timing of these payments.

Evolution Parcels B2X volume: bpost defines the evolution of Parcels B2X as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the B2X parcels processed by bpost SA/NV in the last mile delivery.

Radial North America Performance in USD: bpost defines the performance of Radial North America as the total operating income, EBITDA and EBIT expressed in USD following the consolidation of the group of Radial entities held by bpost North America Holdings Inc. Transactions between the group of Radial entities and other bpost group entities are not eliminated and are part of the total operating income, EBITDA and EBIT.

bpost's management believes this measure provides the investor a better insight in the performance of Radial and the scale up of its US presence and the expanding of its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology.

Underlying volume (Transactional mail, Advertising mail and Press): bpost defines underlying mail volume as the reported mail volume including some corrections, for example the impact of the number of working days and mail volumes related to elections.

Reconciliation of reported to adjusted financial metrics

OPERATING INCOME

	1st quarter		
In million EUR	2020	2021	Change %
Total operating income	934.6	1,019.9	9.1%
ADJUSTED TOTAL OPERATING INCOME	934.6	1,019.9	9.1%

OPERATING EXPENSES

	1st quarter		
In million EUR	2020	2021	Change %
Total operating expenses excluding depreciation and amortization	(797.4)	(842.7)	5.7%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION AND AMORTIZATION	(797.4)	(842.7)	5.7%

EBITDA

In million EUR	1st quarter 2020	2021	Change %
EBITDA	137.2	177.2	29.2%
ADJUSTED EBITDA	137.2	177.2	29.2%

EBIT

In million EUR	1st quarter 2020	2021	Change %
Result from operating activities (EBIT)	71.0	112.3	58.1%
Non-cash impact of purchase price allocation (PPA) (1)	4.6	3.2	-30.1%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	75.6	115.5	52.8%

RESULT FOR THE PERIOD (EAT)

In million EUR	1st quarter 2020	2021	Change %
Result for the period	47.9	80.6	68.3%
Non-cash impact of purchase price allocation (PPA) (1)	4.3	2.5	-43.5%
ADJUSTED RESULT OF THE PERIOD	52.2	83.0	59.0%

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

Reconciliation of reported free cash flow and adjusted free cash flow

In million EUR	1st quarter 2020	2021	Change %
Net Cash from operating activities	203.6	157.1	-22.9%
Net Cash used in investing activities	(9.4)	(9.7)	2.9%
FREE CASH FLOW	194.2	147.4	-24.1%
Collected proceeds due to clients	51.9	12.6	-75.8%
ADJUSTED FREE CASH FLOW	246.2	160.0	-35.0%

Statement of legal representatives

The CEO declares that to the best of his knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), as accepted by the European Union, 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 of the Royal Decree of 14 November 2007.

Forward Looking Statements

The information in this document may include forward-looking statements[3], 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.

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

Glossary

- ADM: Alternating Distribution Model
- Capex: total amount invested in fixed assets
- Constant Exchange Rate: The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period
- CMD: Capital Markets Day
- D&A: Depreciation and amortization
- 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
- M&R: Mail and Retail business unit
- PaLo Eurasia: Parcels & Logistics Europe & Asia
- PaLo N, America: Parcels & Logistics North America
- TCV: Total Contract Value