

bpost Group's fourth quarter and full year 2019 fully in line with guidance

Jean-Paul Van Avermaet, CEO of bpost Group: *"Belgium is going through an unprecedented crisis. During this exceptional and difficult period, the presence of bpost close to the citizens takes on its full meaning. From the newspaper delivered every morning to the payment of pensions, the services provided at our counters up to the card or the letter carried to isolated people: each mission that bpost carries out creates links between people and breaks the isolation of the most vulnerable. Today, these missions are vital."*

"Many measures have been put in place to guarantee the health of our employees and our customers, which must be the first priority for each of us."

"Solidarity flows through the veins of bpost and its employees. The results that we are presenting today are those of our thousands of employees who, yesterday as today and tomorrow, get up every morning to provide exceptional service to all citizens. It's with great pride that I am now part of the bpost family."

Fourth quarter 2019 highlights

- **Group operating income** at EUR 1,113.8m, -1.6% compared with the same period last year and driven by mail volume decline and lower building sales
- **Group reported EBIT at EUR 63.4m. Adjusted EBIT at EUR 69.2m** (margin of 6.2%)
- **Mail & Retail**
 - Total operating income at EUR 536.8m (-2.3%) resulting from domestic mail decrease and deconsolidation of Alvadis, the telecom card business.
 - Underlying mail volume decline limited to -5.5% supported by favourable phasing effect in transactional and small growth in advertising mail.
 - Reported EBIT at EUR 49.7m. Adjusted EBIT at EUR 51.5m (9.6% margin), down by -36.8% from top-line evolution and higher payroll & project costs.
- **Parcels & Logistics Europe & Asia**
 - Total operating income at EUR 234.4m (+0.9%). Excluding the net year over year impact of contingent considerations reversals, growth of +8.8% driven by Parcels BeNe (+22.4%).
 - bpost remains operational partner of choice for the delivery of parcels in Belgium with strong organic Parcels BeNe volumes at +24.3% driven by e-commerce growth and DynaLogic, bpost Group's specialized logistics company.
 - Reported EBIT at EUR 13.2m. Adjusted EBIT at EUR 13.9m (5.9% margin). Adjusted EBIT excluding the impact of the contingent considerations mentioned above and a goodwill impairment in 4Q18 (EUR 8.4m) increased by EUR 6.6m (+115%) driven by business performance.
- **Parcels & Logistics North America**
 - Total operating income at EUR 395.3m (+3.8%), supported by FX, confirms positive commercial development partly offset by 2018 customer churn and repricing impact.
 - Total Contract Value ("TCV") at USD 385m above full year target.
 - Reported EBIT at EUR 7.3m, adjusted EBIT at EUR 10.6m (2.7% margin) mainly impacted by costs related to new client launches.
- In line with guidance to pay at least 85% of the BGAAP net profit of bpost SA/NV as dividend on the results of full year 2019, the Board of Directors proposed a total dividend per share of EUR 0.73 gross. This represents a pay-out ratio of 85%. The dividend is composed of an interim dividend of EUR 0.62 (paid in December 2019) and a final proposed dividend of EUR 0.11, subject to the approval of shareholders.

Chairman & CEO quote

François Cornelis, Chairman of the Board of Directors, commented: *"2019 results are fully in line with expectations. bpost Group has delivered on its promises with full-year adjusted EBIT above EUR 300m, at EUR 310.8m. The contributions by business unit are also as anticipated. It was a challenging year characterized by pressure on our traditional mail business and the turnaround process at our North American activities, while our domestic parcels volumes continued to grow significantly.*

Delivery on results was achieved thanks to the daily effort and enthusiasm of our employees, who adapt to these challenges and turn them into success.

I also want to thank Koen Van Gerven who ended his mandate at the end of February for having laid the foundations of a significant transformation for bpost Group. I wish him all the best in his future projects. I welcome Jean-Paul Van Avermaet at bpost Group who has started on March 2nd as Group CEO. With his experience and stakeholder management skills, he's committed to write the next chapter of bpost Group."

Jean-Paul Van Avermaet, CEO of bpost Group: *"In a digitizing world, with many other societal challenges, we can only be successful by focusing on future-proof customer services, engaged and empowered employees and healthy financial results. bpost Group is a beautiful company with a solid foundation of which every employee can be proud and this is what we want to remain in the future. Therefore we will continue to transform the company by investing in a culture of customer care and innovation while playing our important societal role close to our stakeholders."*

Outlook for 2020

While remaining an efficient mail operator in Belgium, bpost Group is establishing a prominent position in the parcels and e-commerce logistics space in Europe and the US. It requires time and investments for the European and North American Parcels and Logistics businesses to reach critical scale. Therefore bpost Group doesn't yet expect the effects of structural mail volume decline to be fully compensated by the Parcels & Logistics growth activities at the adjusted EBIT level in 2020.

Group total operating income for 2020 is expected to increase by a low single-digit percentage, while Group adjusted EBIT is expected to range between EUR 240 and 270m.

For the business units, bpost Group expects:

Mail & Retail:

- Total operating income decline up to -5% with underlying Domestic Mail volume decline expected between -9% to -11% the effect of which will be partly compensated by an approved mail pricing increase of +5.1%.
- 8-10% adjusted EBIT margin

Parcels & Logistics Europe & Asia:

- Low teens % growth in total operating income
- 6-8% adjusted EBIT margin

Parcels & Logistics North America:

- Mid-single-digit % growth in total operating income
- Adjusted EBIT margin positive up to 2%

Gross capex is expected to amount up to EUR 200m.

The dividend relative to the results of the financial year 2020 will depend on the long-term capital allocation policy, which is being reviewed by the new CEO and the Board of Directors.

We are monitoring closely the potential impact of the COVID-19 virus on bpost Group. It cannot be excluded that there could be negative impacts on 2020 Group results. We are currently not in a position to make more concrete assessments.

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Key figures¹

4th quarter (in million EUR)					
	Reported		Adjusted		% Δ
	2018	2019	2018	2019	
Total operating income	1,131.6	1,113.8	1,131.6	1,113.8	-1.6%
Operating expenses (excl. D&A)	925.2	987.4	925.2	987.4	6.7%
EBITDA	206.4	126.3	206.4	126.3	-38.8%
Depreciation and amortization	62.6	62.9	49.5	57.1	15.4%
EBIT	143.8	63.4	156.9	69.2	-55.9%
Margin (%)	12.7%	5.7%	13.9%	6.2%	
Profit before tax	140.5	43.0	153.6	48.8	-68.2%
Income tax expense	35.9	15.2	38.2	16.5	
Net profit	104.6	27.8	115.4	32.4	-71.9%
FCF	221.8	127.2	186.0	83.8	-54.9%
bpost SA/NV net profit (BGAAP)	78.1	54.4	78.1	54.4	-30.4%
Net Debt/ (Net cash) at 31 December ²	344.8	779.9	344.8	779.9	126.2%
CAPEX	48.5	73.2	48.5	73.2	50.9%

Full year (in million EUR)					
	Reported		Adjusted		% Δ
	2018	2019	2018	2019	
Total operating income	3,850.2	3,837.8	3,850.2	3,837.2	-0.3%
Operating expenses (excl. D&A)	3,279.1	3,300.2	3,279.1	3,300.2	0.6%
EBITDA	571.1	537.6	571.1	537.0	-6.0%
Depreciation and amortization	177.7	247.7	146.8	226.2	54.0%
EBIT	393.4	289.9	424.3	310.8	-26.7%
Margin (%)	10.2%	7.6%	11.0%	8.1%	
Profit before tax	381.0	244.3	411.9	265.2	-35.6%
Income tax expense	117.4	89.6	121.4	92.1	
Net profit	263.6	154.7	290.4	173.1	-40.4%
FCF	241.2	302.0	231.5	288.0	24.4%
bpost SA/NV net profit (BGAAP)	262.3	172.6	262.3	172.6	-34.2%
Net Debt/ (Net cash) at 31 December ²	344.8	779.9	344.8	779.9	126.2%
CAPEX	114.9	162.3	114.9	162.3	41.2%

¹ Adjusted (previously called "Normalized") figures are not audited. Change of terminology "Adjusted" in order to align the label of this APM to the ESMA guidelines, definition and approach remain unchanged.

² Impact initial application IFRS 16 caused net debt to increase by EUR 432.3m.

Group overview

Fourth quarter 2019

Compared to last year, **total external operating income** slightly decreased by EUR -17.8m to EUR 1,113.8m.

- The revenue increase of Parcels & Logistics Europe & Asia (EUR +11.2m) was mainly driven by organic volume growth of 24.3% of Parcels BeNe, which grew revenues by EUR 19.7m, partly offset by the unfavorable net year over year evolution of the contingent considerations for EUR -16.7m.
- Parcels & Logistics North America external operating income increased by EUR +15.4m, driven by new business and the favorable exchange rate.
- Mail & Retail external operating income declined by EUR -19.2m mainly as a result of Domestic Mail volume decline.
- Corporate revenues also declined by EUR -25.2m, driven by lower building sales.

Operating expenses including adjusted depreciation and amortization increased by EUR -69.9m, mainly driven by last year's non-cash gain related to IAS19 group insurance (EUR -10.9m within Corporate), higher payroll and transport costs and higher project-specific costs. As a result **adjusted EBIT** decreased by EUR -87.7m compared to last year.

The initial application of IFRS 16 had a positive impact of EUR 28.1m on **EBITDA** compared to last year.

Net financial result decreased by EUR 18.6m mainly due to the increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in discount rates, the fair value adjustment of the purchase of the remaining shares of Anthill and the first application of IFRS 16.

Adjusted income tax expense decreased by EUR 21.8m compared to last year mainly due to the lower profit before tax.

Adjusted IFRS group net profit stood at EUR 32.4m. **Belgian GAAP net profit** of the parent company amounted to EUR 54.4m.

Full year 2019

Compared to last year **total external operating income** slightly decreased by EUR -12.4m to EUR 3,837.8m, or EUR -13.1m to 3,837.2m excluding the adjusted gain on the sale of Alvadis.

- The revenue increase of Parcels & Logistics Europe & Asia of EUR +56.2m comes mainly from organic volume growth of 20.0% of Parcels BeNe translating into EUR 51.2m external operating income growth partly offset by an unfavorable net year over year evolution of the contingent considerations for EUR -15.0m.
- This was offset by Domestic Mail volume decline impacting overall Mail & Retail revenues by EUR -54.6m.
- Overall Parcels & Logistics North America external operating income declined by EUR -7.3m as the continued impact of the full year 2018 client churn and repricing offset the new business at Radial North America and the favorable exchange rate evolution.
- Revenues declined within Corporate by EUR -6.7m driven by lower rental income and lower building sales, as the sale of the headquarters in 2Q19 (EUR +19.9m gain on disposal) was more than offset by building sales in 2018 (amongst others Old Brussels X).

Adjusted operating expenses including last year's non-cash gain related to IAS 19 group insurance (EUR -10.9m) and last year's reversal of a provision (EUR -14.9m) increased by EUR -100.4m. As a result, **adjusted EBIT** decreased by EUR -113.5m compared to last year.

The initial application of IFRS 16 had a positive impact of EUR 107.6m on **EBITDA** compared to last year.

Net financial result decreased by EUR 37.6m mainly due to the increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in discount rates and the first application of IFRS 16.

Adjusted income tax expense decreased by EUR 29.4m compared to last year mainly due to the lower profit before tax.

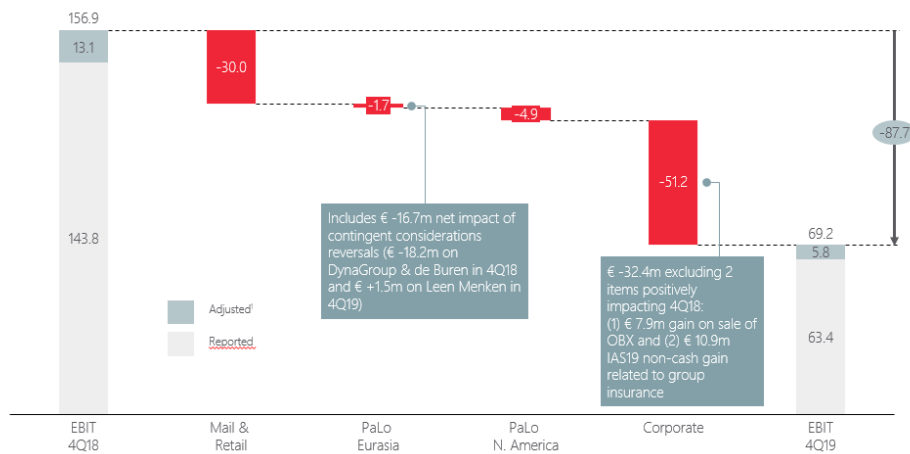
Adjusted IFRS group net profit stood at EUR 173.1m. Belgian GAAP net profit of the parent company amounted to EUR 172.6m.

Adjusted contribution of the different business units for 2019 amounted to:

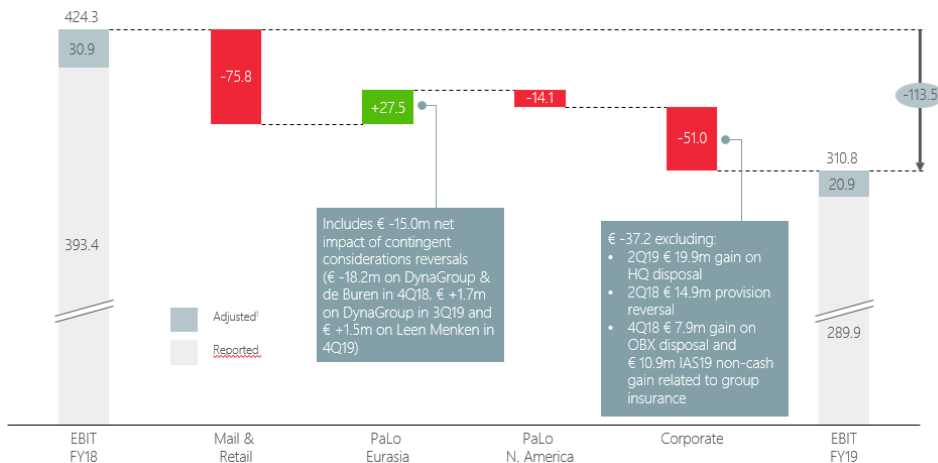
In million EUR (adjusted)	Full year			4th quarter		
	Total operating income	EBIT	Margin (%)	Total operating income	EBIT	Margin (%)
Mail & Retail	2,071.1	257.4	12.4%	536.8	51.5	9.6%
Parcels & Logistics Europe & Asia	830.9	65.8	7.9%	234.4	13.9	5.9%
Parcels & Logistics North America	1,104.2	(3.0)	-0.3%	395.3	10.6	2.7%
Corporate	402.1	(9.3)	-2.3%	110.3	(6.8)	-6.2%
Eliminations	(571.2)			(163.0)		
Group	3,837.2	310.8	8.1%	1113.8	69.2	6.2%

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

4th quarter:



Full year:



Business Unit performance: Mail & Retail

Mail & Retail In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
External operating income	1,951.7	1,897.1	-2.8%	506.0	486.8	-3.8%
Transactional mail	772.4	748.0	-3.2%	201.1	196.3	-2.4%
Advertising mail	244.2	236.0	-3.4%	65.6	64.1	-2.3%
Press	354.1	344.4	-2.7%	92.9	88.6	-4.6%
Proximity and convenience retail network	475.7	464.8	-2.3%	118.9	112.1	-5.7%
Value added services	105.3	103.9	-1.3%	27.4	25.6	-6.7%
Intersegment operating income	159.6	174.7	9.4%	43.5	50.0	15.0%
TOTAL OPERATING INCOME	2,111.3	2,071.7	-1.9%	549.5	536.8	-2.3%
Operating expenses	1,727.6	1,734.2		448.2	466.4	
EBITDA	383.6	337.5		101.3	70.4	
Depreciation, amortization	54.1	83.7		21.5	20.7	
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	329.5	253.8	-23.0%	79.9	49.7	-37.8%
Margin (%)	15.6%	12.3%		14.5%	9.3%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	333.2	257.4	-22.8%	81.5	51.5	-36.8%
Margin (%)	15.8%	12.4%		14.8%	9.6%	
Average FTE & Interims	22,214	22,435	1.0%	22,551	22,753	0.9%

Fourth quarter 2019

External operating income in the fourth quarter 2019 amounted to EUR 486.8m and showed a decrease of EUR -19.2m or -3.8% compared to the same period of 2018.

Revenues from **Domestic Mail** (i.e. Transactional, Advertising and Press combined) decreased by EUR -10.6m to EUR 349.1m. Underlying volume³ decline amounted to -5.5%. Transactional mail noted an underlying volume decline of -7.2% supported by phasing of 2020 administrative mailings towards December 2019 ahead of the 2020 price increases. There is however no change in the structural trends with continued e-substitution by big senders and SMEs, higher acceptance of e-documents at the receivers' side and digitization of C2B communication through smartphone apps. Advertising mail realized an underlying volume³ increase of 0.5% for the quarter, explained by the first visible effects of a marketing and sales project aimed at re-boosting advertising mail. Press volume³ decreased on an underlying basis by -6.5% driven by e-substitution and rationalization.

Total Domestic Mail volume decline impacted revenues by EUR -17.0m, elections in fourth quarter 2018 by EUR -3.1m and one less working day by EUR -1.1m. These effects were only partly compensated by the net improvement in price and mix amounting to EUR 10.6m.

³ New scope as of January 1, 2019 based on the business unit structure includes press revenue from Ubiway and excludes outbound. Operating income 2018 is restated but not all comparable KPI's for 2018 (quarterly and full year) are available.

Mail & Retail	Full year	4th quarter
Evolution underlying Mail volumes	2019	2019
Domestic mail	-7.9%	-5.5%
Transactional mail	-9.2%	-7.2%
Advertising mail	-4.7%	0.5%
Press	-6.5%	-6.5%

Proximity and convenience retail network decreased by EUR -6.8m to EUR 112.1m. This decrease was mainly driven by the deconsolidation of Alvadis (EUR -10.3m) as of September 2019 partly compensated by higher retail revenue from Ubiway Retail and bpost.

Value added services amounted to EUR 25.6m and showed a slight decrease of EUR -1.8m versus last year driven by phasing out of e-ID activities and lower revenues from document management partly compensated by fines management.

Due to **the initial application of IFRS 16** rent and rental costs decreased by EUR 9.7m and depreciation and amortization increased by EUR -9.2m.

Reported EBIT amounted to EUR 49.7m with a margin of 9.3% and showed a decrease of EUR -30.2m compared to the same period of 2018. The decrease of the reported EBIT was mainly driven by lower total operating income (EUR -12.7m) and higher total operating expenses (including D&A, EUR -17.5m). The increase of total operating expenses (including D&A) was mainly driven by higher payroll resulting from the 2019-2020 CLA, higher project related costs and last year's unpaid hours related to November 2018 strikes. These effects were partly compensated by last year's goodwill impairment on Certipost (EUR 7.9m) and the favourable evolution of the FTE mix. **Adjusted EBIT** amounted to EUR 51.5m with a margin of 9.6% and showed a decrease of EUR -30.0m compared to previous year.

Full year 2019

External operating income amounted to EUR 1,897.1m and showed a decrease of EUR -54.6m or -2.8% compared to 2018.

Revenues from **Domestic Mail** (i.e. Transactional, Advertising and Press combined) decreased by EUR -42.3m to EUR 1,328.4m. Underlying volume⁴ decline amounted to -7.9%. Transactional mail noted an underlying volume decline of -9.2% for the year driven by continued e-substitution by big senders and SMEs, higher acceptance of e-documents at the receivers' side and digitization of C2B communication through smartphone apps. In addition, we faced a tougher comparable base with Mifid & GDPR mailings positively impacting the second quarter of 2018. Advertising mail realized an underlying volume⁴ decrease of -4.7% for the year vs. -7.2% in 2018, supported by first benefits of dedicated sales and marketing efforts aimed at re-boosting advertising mail. Press volume⁴ decreased on an underlying basis by -6.5% driven by e-substitution and rationalization.

Total Domestic Mail volume decline impacted revenues by EUR -94.2m, elections by EUR -1.5m on a net basis and working days differences by EUR -1.5m. These effects were only partly compensated by the net improvement in price and mix amounting to EUR 54.9m.

Proximity and convenience retail network decreased by EUR -10.9m to EUR 464.8m or excluding the impact of the deconsolidation of Alvadis as from September 2019 (EUR -12.1m) the increase amounted to EUR +1.2m driven by higher retail revenues from Ubiway Retail and bpost.

Value added services amounted to EUR 103.9m and showed a slight decrease of EUR -1.4m versus last year driven by the phase-out of the current e-ID activities provided by Certipost and lower revenues from document management partly compensated by fines management.

⁴ New scope as of January 1, 2019 based on the business unit structure includes press revenue from Ubiway and excludes outbound. Operating income 2018 is restated but not all comparable KPI's for 2018 (quarterly and full year) are available.

Due to the **initial application of IFRS 16** rent and rental costs decreased by EUR 41.1m and depreciation and amortization increased by EUR -39.4m.

Reported EBIT amounted to EUR 253.8m with a margin of 12.3% and showed a decrease of EUR -75.7m compared to 2018. The decrease of the reported EBIT was mainly driven by lower total operating income (EUR -39.5m) and higher total operating expenses (including D&A, EUR -36.2m). The increase of total operating expenses (including D&A) was mainly driven by higher payroll resulting from higher headcount, the 2019-2020 CLA and salary indexation as well as higher project related costs despite a favourable evolution of the FTE mix and the deconsolidation of Alvaldis. Furthermore last year's goodwill impairment on goodwill of Certipost had an impact of EUR 7.9m. **Adjusted EBIT** amounted to EUR 257.4m with a margin of 12.4% and showed a decrease of EUR -75.8m compared to previous year.

Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
External operating income	757.0	813.2	7.4%	218.7	229.9	5.1%
Parcels BeNe	345.9	380.6	10.0%	106.3	107.8	1.4%
E-commerce logistics	120.8	133.1	10.2%	33.3	40.6	21.7%
Cross-border	290.4	299.5	3.2%	79.0	81.5	3.2%
Intersegment operating income	35.3	17.8	-49.7%	13.7	4.5	-67.0%
TOTAL OPERATING INCOME	792.3	830.9	4.9%	232.3	234.4	0.9%
Operating expenses	735.9	747.7		205.4	215.9	
EBITDA	56.4	83.2		27.0	18.5	
Depreciation, amortization	31.4	21.7		19.4	5.4	
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	24.9	61.5	-	7.6	13.2	72.7%
Margin (%)	3.1%	7.4%		3.3%	5.6%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	38.3	65.8	71.8%	15.5	13.9	-10.9%
Margin (%)	4.8%	7.9%		6.7%	5.9%	
Average FTE & Interims	3,087	3,248	5.2%	3,312	3,481	5.1%

Fourth quarter 2019

External operating income in the fourth quarter 2019 amounted to EUR 229.9m and showed an increase of EUR 11.2m or 5.1% compared to the same period of 2018.

Parcels BeNe operating income grew by EUR 19.7m (or +22.4%) resulting from consistent organic parcels volume⁵ growth of 24.3% (former Domestic Parcels combined with DynaLogic volumes) driven by e-commerce and good volume development at Dynalogic. This effect was almost fully offset by the reversals of the contingent consideration in 2018 of DynaGroup (EUR 3.6m) and de Buren (EUR 14.6m), resulting in an external operating income growth of EUR 1.5m to EUR 107.8m. Price/mix was negative, fully driven by the client mix effect.

Parcels & Logistics Europe & Asia	Full year 2019	4th quarter 2019
Evolution Parcels BeNe volume	20.0%	24.3%

E-commerce logistics in the fourth quarter 2019 amounted to EUR 40.6m, an increase of EUR 7.3m compared to the same period of 2018 mainly driven by Radial Europe with new clients wins, Active Ants business development with the integration of MCS Fulfilment as from October 1st and a reversal of the contingent consideration of Leen Menken (EUR 1.5m).

Cross-border increased by EUR 2.5m to EUR 81.5m driven by higher inbound revenues (better price/mix), additional revenues in the UK and Asia partly offset by lower parcel revenue from rest of Europe and Outbound.

⁵ New scope as of January 1, 2019 based on the business unit structure. Parcels BeNe volumes include former domestic parcels and DynaLogic volumes. Operating income 2018 is restated but not all comparable KPI's for 2018 (quarterly and full year) are available.

Due to the **initial application of IFRS 16** rent and rental costs decreased by EUR 2.5m and adjusted depreciation and amortization increased by EUR -2.4m.

Reported EBIT in the fourth quarter 2019 amounted to EUR 13.2m and showed an increase of EUR 5.5m compared to the same period of 2018. The reported EBIT increase was driven by higher total operating income (EUR +2.1m) and lower operating expenses (including D&A, EUR +3.4m). Operating expenses (including D&A) decreased as a result of the run-off of non-performing businesses, last year's impairment of goodwill of Bubble (EUR 4.2m) and de Buren (EUR 4.2m), last year's impairment of intangible assets originating from the purchase price allocation of de Buren (EUR 5.6m, excluded from adjusted EBIT) and lower transport costs partly related to the cross-border mix partly offset by higher intersegment operating expenses from Mail & Retail driven by higher Parcels BeNe volume and higher payroll & interim costs driven by e-commerce logistics organic growth and higher parcels volumes. **Adjusted EBIT** in the fourth quarter 2019 amounted to EUR 13.9m and showed a decrease of EUR -1.7m compared to the same period of 2018. Excluding the net year over year impact of contingent considerations reversals and goodwill impairments, adjusted EBIT increased by EUR 6.6m (+115%) operationally.

Full year 2019

External operating income amounted to EUR 813.2m in 2019 and showed an increase of EUR 56.2m or 7.4% compared to 2018.

Parcels BeNe increased by EUR 51.2m driven by the consistent organic volume⁶ growth of parcels of 20.0%. This increase was driven by e-commerce and good volume development at Dynalogic, and was partly offset by the higher reversal of contingent considerations in 2018 for DynaGroup (EUR 3.6m) and for de Buren (EUR 14.6m) compared to the reversal in 2019 for DynaGroup (EUR 1.7m). As a result of these effects, external operating income grew by EUR 34.7m to EUR 380.6m. Price/mix was negative, fully driven by the client mix effect.

E-commerce logistics amounted to EUR 133.1m, an increase of EUR 12.3m compared to 2018 mainly driven by the integration of Active Ants as from April 1st 2018 and MCS as from October 1st 2019, organic growth of Active Ants, Radial Europe with new clients wins and the reversal of the contingent consideration on Leen Menken (EUR 1.5m).

Cross-border increased by EUR 9.2m to EUR 299.5m driven by higher inbound revenues (namely terminal dues settlements in the second quarter of 2019, EUR 2.2m), higher parcels revenues from the UK and from Asia partly offset by lower revenues from the rest of Europe and outbound.

Due to the **initial application of IFRS 16** rent and rental costs decreased by EUR 8.9m and adjusted depreciation and amortization increased by EUR -8.6m.

Reported EBIT amounted to EUR 61.5m and showed an increase of EUR 36.6m (+147%) compared to 2018. The reported EBIT increase was mainly driven by higher total operating income (EUR +38.6m, excluding the reversals of the contingent considerations EUR +53.6m), slightly offset by higher total operating expenses (including D&A, EUR -2.0m). Operating expenses increased far less than operating income as a result of the run-off of non-performing businesses, an impairment on intangible assets and goodwill in 2018 on de Buren (EUR 9.8m) and Bubble (EUR 4.2m), lower transport costs partly related to the cross-border mix and positive settlements on terminal dues in the second quarter of 2019, partly offset by higher intersegment operating expenses from Mail & Retail driven by higher Parcels BeNe volume. **Adjusted EBIT** amounted to EUR 65.8m and showed an increase of EUR 27.5m compared to 2018. Excluding the net year over year impact of contingent considerations reversals and goodwill impairments, adjusted EBIT increased by EUR 34.1m (+119%) operationally.

⁶ New scope as of January 1, 2019 based on the business unit structure. Parcels BeNe volumes include former domestic parcels and Dynalogic volumes. Operating income 2018 is restated but not all comparable KPI's for 2018 (quarterly and full year) are available.

Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
External operating income	1,104.8	1,097.5	-0.7%	377.1	392.5	4.1%
E-commerce logistics	1,017.9	1,008.1	-1.0%	354.1	369.5	4.4%
International mail	86.8	89.4	3.0%	23.1	23.0	-0.3%
Intersegment operating income	9.6	6.8	-29.2%	3.6	2.8	-22.8%
TOTAL OPERATING INCOME	1,114.4	1,104.2	-0.9%	380.8	395.3	3.8%
Operating expenses	1,068.3	1,048.7		355.9	369.9	
EBITDA	46.1	55.5		24.8	25.4	
Depreciation, amortization	48.9	71.6		12.8	18.1	
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	(2.8)	(16.1)	-	12.0	7.3	-38.8%
Margin (%)	-0.2%	-1.5%		3.1%	1.9%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	11.1	(3.0)	-	15.5	10.6	-31.5%
Margin (%)	1.0%	-0.3%		4.1%	2.7%	
Average FTE & Interims	9,093	8,061	-11.4%	11,970	10,850	-9.4%

Fourth quarter 2019

External operating income in the fourth quarter 2019 amounted to EUR 392.5m and showed an increase of EUR 15.4m or +4.1% (+1.1% at constant exchange rate⁷) compared to the same period of 2018.

E-commerce logistics increased by EUR 15.4m to EUR 369.5m or 4.4% (+1.4% at constant exchange rate). Not taking into account the favourable evolution of the USD, operating income increased through new business and key existing clients only partly offset by the full year 2018 client churn and repricing at Radial North America.

Radial North America (*) In million USD (Adjusted)	Full year		4th quarter	
	2018	2019	2018	2019
Total operating income	1,003.9	934.9	348.5	353.2
EBITDA	31.1	29.2	22.2	18.7
Profit from operating activities (EBIT)	(7.9)	(29.2)	12.1	2.1

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

International mail is in line with last year supported by a positive FX evolution and amounted to EUR 23.0m (-3.3% at constant exchange rate).

Due to **the initial application of IFRS 16** rent and rental costs decreased by EUR 8.6m and adjusted depreciation and amortization increased by EUR -8.5m.

Reported EBIT in the fourth quarter 2019 amounted to EUR 7.3m with a margin of 1.9% and showed a decrease of EUR -4.7m compared to the same period of 2018. The reported EBIT decrease was mainly driven by the higher operating expenses (including D&A, EUR -19.2m), partly offset by the increase of the total operating income by EUR 14.5m or 3.8% (+0.9% at

⁷ 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.

constant exchange rate). The increase of the expenses was mainly driven by higher volumes and set-up costs related to the onboarding of new clients, partially compensated by lower medical expenses and reduced fraud chargebacks. **Adjusted EBIT** in the fourth quarter 2019 amounted to EUR 10.6m and showed a decrease of EUR -4.9m, compared to the same period of 2018.

Full year 2019

External operating income amounted to EUR 1,097.5m and showed a slight decrease of EUR -7.3m or -0.7% (-5.4% at constant exchange rate⁷) compared to 2018.

E-commerce logistics slightly decreased by EUR -9.8m or -1.0% to EUR 1,008.1m (-5.6% at constant exchange rate). Operating income decreased – as anticipated – mainly driven by the impact of 2018 client churn and repricing at Radial North America. This effect was diminishing through the year but not fully compensated by new business and positive FX development. TCV at Radial reached USD 385m, well above the initial full year 2019 objective of USD 300m. TCV was primarily signed in fulfilment.

International mail amounted to EUR 89.4m an increase of EUR 2.6m or +3.0% (-2.5% at constant exchange rate⁶), due to the timing of the acquisition of IMEX and Mail in 2018.

Due to the **initial application of IFRS 16** rent and rental costs decreased by EUR 30.1m and adjusted depreciation and amortization increased by EUR -29.5m.

Adjusted EBIT amounted to EUR -3.0m, a decrease of EUR -14.1m compared to 2018, and was impacted by set-up costs from newly onboarded clients. **Reported EBIT** includes EUR 13.1m of amortization of intangible assets originating from the purchase price allocation and therefore amounted to EUR -16.1m with a margin of -1.5%. This is a decrease of EUR -13.3m compared to 2018. The decrease of the reported EBIT was driven by decrease of the total operating income (EUR -10.2m) and higher operating expenses (including D&A, EUR -3.1m). The better operational performance of EUR +52.6m driven by lower fixed costs (mainly payroll), better productivity in fulfilment and reduced fraud chargeback in PT&F was fully offset by the foreign exchange impact (-55.7m).

Business Unit performance: Corporate

Corporate In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
External operating income	36.8	30.1	-18.3%	29.8	4.6	-84.5%
Intersegment operating income	356.0	372.0	4.5%	85.5	105.7	23.6%
TOTAL OPERATING INCOME	392.8	402.1	2.4%	115.3	110.3	-4.4%
Operating expenses	307.8	340.7		62.0	98.3	
EBITDA	85.0	61.4		53.3	12.0	
Depreciation, amortization	43.3	70.8		8.9	18.8	
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	41.7	(9.3)	-	44.4	(6.8)	-
Margin (%)	10.6%	-2.3%		38.5%	-6.2%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	41.7	(9.3)	-	44.4	(6.8)	-
Margin (%)	10.6%	-2.3%		38.5%	-6.2%	
Average FTE & Interims	1,715	1,633	-4.8%	1,663	1,647	-1.0%

Fourth quarter 2019

External operating income in the fourth quarter 2019 decreased by EUR -25.2m to EUR 4.6m due to lower building sales, amongst others fourth quarter of 2018 included the gain on disposal of Old Brussels X (EUR 7.9m).

Due to **the initial application of IFRS 16** rent and rental costs decreased by EUR 7.3m and adjusted depreciation and amortization increased by EUR -7.4m.

Reported EBIT and **Adjusted EBIT** showed a decrease of EUR -51.2m and was driven by lower external operating income (EUR -25.2m) and higher operating expenses (including D&A, EUR -25.9m) net of the increase in intersegment operating expenses (EUR -20.2m) fully re-invoiced to the operating business units as intersegment operating income. Higher operating expenses (EUR -25.9m) were driven by last year's IAS 19 non-cash gain related to group insurance (positive impact in 2018 of EUR 10.9m), higher payroll and higher project-specific costs in procurement and communication.

Full year 2019

External operating income slightly decreased by EUR -6.7m to EUR 30.1m driven by lower rental income and lower sales buildings, as the sale in 2019 of the headquarters (Centre Monnaie building EUR 19.9m gain on disposal) was more than offset by the sales of buildings in 2018 (amongst others Old Brussels X).

Due to **the initial application of IFRS 16** rent and rental costs decreased by EUR 27.5m and adjusted depreciation and amortization increased by EUR -27.7m.

Reported EBIT and **Adjusted EBIT** showed a decrease of EUR -51.0m and was driven by lower external operating income (EUR -6.7m) and higher operating expenses (including D&A, EUR -44.3m) net of the increase in intersegment operating expenses (EUR -16.0m) fully re-invoiced to the operating business units as intersegment operating income. Higher operating expenses (EUR -44.3m) were driven by last year's reversal of a provision (positive impact in 2018 of EUR 14.9m) and IAS 19 non-cash gain related to group insurance (positive impact in 2018 of EUR 10.9m), higher payroll and higher project-related costs in procurement and communication.

Cash flow statement

In million EUR	Full year		4th quarter	
	2018	2019	2018	2019
Net cash from operating activities	362.0	424.2	223.9	217.6
Net cash used in investing activities	(120.8)	(122.2)	(2.1)	(90.4)
Net cash from financing activities	(29.5)	(314.1)	(79.1)	(162.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS	211.7	(12.1)	142.7	(35.3)
Free cash flow	241.2	302.0	221.8	127.2

Fourth quarter 2019

In the fourth quarter 2019, the net cash flow decreased compared to the same period last year by EUR 177.9m to EUR -35.3m.

Free cash flow amounted to EUR 127.2m

Cash flow from operating activities compared to the same period last year decreased by EUR 6.3m to EUR 217.6m while the impact of the IFRS 16 initial application amounted to EUR +25.5m. Higher collected proceeds due to Radial's clients (EUR +7.5m) are more than offset by a higher tax prepayment (EUR -16.0m) due to the timing of the prepayments, and lower operating results.

Investing activities resulted in a cash outflow of EUR 90.4m in the fourth quarter 2019, compared to a cash outflow of EUR 2.1m for the same period last year. The evolution was mainly due to lower proceeds from sale of buildings (EUR -39.1m), the subordinated loan granted to bpost bank (EUR -25.0m) combined with higher capital expenditure (EUR -24.7m, primarily buildout of new fulfilment centres in Parcels & Logistics North America).

Capital expenditures in the fourth quarter of 2019 mainly related to the build-out of new fulfilment centres in North America, the mail centres infrastructure, vehicles, the new distribution model and the migration of ICT infrastructure to the cloud.

In 2019 the cash outflow relating to **financing activities** amounted to EUR -162.4m compared to -79.1m last year, mainly related to the issuance of commercial papers in 4Q18 (EUR -165.0m), payments of lease liabilities (out of which EUR -25.5m resulting from IFRS 16 application) partially compensated by the lower interim dividend (EUR +88.0m).

Full year 2019

In 2019, the net cash flow decreased compared to the same period last year by EUR 223.8m to EUR -12.1m.

Free cash flow amounted to EUR 302.0m.

Cash flow from operating activities compared to the same period last year increased by EUR 62.3m to EUR 424.2m, mainly explained by the impact of the IFRS 16 initial application (EUR +112.3m) and lower tax prepayments (EUR +37.0m), partially offset by lower operating results.

Investing activities resulted in a cash outflow of EUR 122.2m in 2019, compared to a cash outflow of EUR 120.8m last year. The evolution was mainly due to lower cash outflows related to acquisition of subsidiaries (EUR +54.1m) with main investments occurring in the first half 2018, the higher proceeds from sale of buildings (EUR +10.9m which is primarily explained by the sale of the headquarters (Centre Monnaie building) in the first half 2019) and the sale of Alvadis (EUR +5.9m), partially offset by higher capital expenditures (EUR -47.3m) and the subordinated loan granted to bpost bank (EUR -25.0m).

In 2019 capital expenditures mainly related to the build-out of new fulfilment centres in North America, mail centres infrastructure, vehicles, capitalisation of ICT development costs, the new distribution model and the migration of ICT infrastructure to the cloud.

The cash outflow relating to **financing activities** amounted to EUR -314.1m compared to EUR -29.5m last year. In 2018 the issuance of the bond and commercial paper, along with the loans entered into during the third quarter of 2018 was more than offset by the reimbursement of the bridge loan for the Radial acquisition, the unwinding of the pre-hedge interest rate swap related to the bond and the dividends. In 2019 the cash outflow is primarily explained by payments of lease liabilities from IFRS 16 initial application (EUR -112.3m) and dividends (EUR -174.0m).

Key events during the fourth quarter

On November 6, 2019 it was announced that Jean-Paul Van Avermaet would be appointed bpost Group CEO to succeed Koen Van Gerven.

bpost Group CEO Koen Van Gerven's mandate has ended on February 26, 2020. As of then he is succeeded by Jean-Paul Van Avermaet, previously Managing Director at G4S.

On December 9, 2019 bpost reached an agreement on the sale of the CityDepot activities to BD myShopi.

bpost Group continues its transformation with a focus on the sustainable delivery of parcels to consumers. Since CityDepot combines deliveries to businesses and traders on behalf of haulers and logistics companies, it was no longer an area of development for bpost and bpost has decided to transfer its activities to a new owner. The transfer was effective on December 31, 2019.

On December 6, 2019 the Belgian Federal Council of Ministers decided to extend the press concessions.

The Belgian Federal Council of Ministers has decided to extend the current press concessions with bpost for a period of two years at the same conditions, as specified in the current concessions. The decision will be notified to the European Commission.

Events after the statement of financial position date

The current outbreak of the COVID-19 may negatively affect economic conditions regionally as well as globally, disrupt operations, affect supply chains or otherwise impact our businesses. Given the uncertainties and ongoing developments bpost Group cannot accurately and reliably estimate the quantitative impact.

Financial calendar

18.03.20 (10.00 CET)	Analyst Conference Call
04.04.20	Start of quiet period ahead of Q1/2020 results
04.05.20 (17.45 CET)	Announcement Q1/2020 results
05.05.20 (10.00 CET)	Analyst Conference Call
13.05.20	Ordinary General Meeting of Shareholders
18.05.20	Ex-dividend date
19.05.20	Record date
20.05.20	Payment date of the dividend
05.07.20	Start of quiet period ahead of Q2/2020 results
04.08.20 (17.45 CET)	Announcement Q2/2020 and half-year results
05.08.20 (10.00 CET)	Analyst Conference Call
04.10.20	Start of quiet period ahead of Q3/2020 results
03.11.20 (17.45 CET)	Announcement Q3/2020 results
04.11.20 (10.00 CET)	Analyst Conference Call
01.12.20 (17.45 CET)	Interim dividend 2020 announcement
03.12.20	Ex-dividend date (interim dividend)
04.12.20	Record date (interim dividend)
07.12.20	Payment date of the interim dividend

Audited Condensed Consolidated Financial Statements⁸

The joint statutory auditors, EY Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Mr. Romuald Bilem and PVMD Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Ms. Caroline Baert, have issued an unqualified audit opinion on the consolidated financial statements and confirmed that the financial information included in the press release does not contain material differences with the consolidated financial statements.

Consolidated Income Statement

In million EUR	Full year		4th quarter	
	2018	2019	2018	2019
Revenue	3,774.4	3,779.4	1,078.2	1,101.0
Other operating income	75.8	58.4	53.4	12.7
TOTAL OPERATING INCOME	3,850.2	3,837.8	1,131.6	1,113.8
Material costs	(257.5)	(245.9)	(69.5)	(62.4)
Services and other goods	(1,556.2)	(1,525.0)	(500.4)	(521.0)
Payroll costs	(1,455.6)	(1,505.1)	(353.0)	(394.1)
Other operating expenses	(9.8)	(24.2)	(2.2)	(9.8)
Depreciation, amortization	(177.7)	(247.7)	(62.6)	(62.9)
TOTAL OPERATING EXPENSES	(3,456.8)	(3,547.9)	(987.8)	(1,050.4)
PROFIT FROM OPERATING ACTIVITIES (EBIT)	393.4	289.9	143.8	63.4
Financial income	6.1	8.3	1.4	3.1
Financial costs	(29.9)	(69.7)	(9.5)	(29.8)
Share of results of associates and joint ventures	11.5	15.8	4.8	6.4
PROFIT BEFORE TAX	381.0	244.3	140.5	43.0
Income tax expense	(117.4)	(89.6)	(35.9)	(15.2)
PROFIT OF THE PERIOD	263.6	154.7	104.6	27.8
Attributable to:				
Owners of the Parent	264.8	154.2	104.9	27.7
Non-controlling interests	(1.2)	0.5	(0.3)	0.1

EARNINGS PER SHARE

In EUR	Full year		4th quarter	
	2018	2019	2018	2019
► basic, profit for the year attributable to ordinary equity holders of the parent	1.32	0.77	0.52	0.14
► diluted, profit for the year attributable to ordinary equity holders of the parent	1.32	0.77	0.52	0.14

⁸ A full set of consolidated financial statements and notes on full year 2019 is available in the 2019 Annual Report at corporate.bpost.be/investors

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.

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

Consolidated Statement of Other Comprehensive Income

In million EUR	Full year		4th quarter	
	2018	2019	2018	2019
PROFIT FOR THE YEAR	263.6	154.7	104.6	27.8
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Change of other comprehensive income of associates	(25.5)	(22.6)	(4.8)	(10.6)
<i>Gross change of other comprehensive income of associates</i>	<i>(61.7)</i>	<i>(33.5)</i>	<i>(6.8)</i>	<i>(14.1)</i>
<i>Income tax effect</i>	<i>36.2</i>	<i>10.9</i>	<i>2.0</i>	<i>3.5</i>
Net gain/(loss) on hedge of a net investment	(5.7)	(2.4)	(1.6)	4.0
Net gain/(loss) on cash flow hedges	(14.0)	1.8	0.4	0.4
<i>Gain/ (loss) on cash flow hedges</i>	<i>(18.8)</i>	<i>2.5</i>	<i>0.6</i>	<i>0.6</i>
<i>Income tax effect</i>	<i>4.8</i>	<i>(0.7)</i>	<i>(0.2)</i>	<i>(0.2)</i>
Exchange differences on translation of foreign operations	29.8	23.7	7.2	(23.2)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(15.3)	0.4	1.2	(29.2)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (losses) on defined benefit plans	4.6	2.7	4.1	1.6
<i>Gross gain/ (loss) on defined benefit plans</i>	<i>5.8</i>	<i>3.2</i>	<i>5.0</i>	<i>1.8</i>
<i>Income tax effect</i>	<i>(1.1)</i>	<i>(0.6)</i>	<i>(0.9)</i>	<i>(0.1)</i>
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	4.6	2.7	4.1	1.6
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(10.7)	3.0	5.4	(27.6)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	252.9	157.7	109.9	0.2
Attributable to:				
Owners of the Parent	254.1	157.2	110.2	0.1
Non-controlling interest	(1.2)	0.5	(0.3)	0.1

Consolidated Statement of Financial Position

In million EUR	As of 31 December 2018	As of 31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	708.0	1,133.6
Intangible assets	874.9	898.3
Investments in associates and joint ventures	251.2	239.5
Investment properties	18.7	5.0
Deferred tax assets	31.5	27.3
Trade and other receivables	11.2	41.5
	1,895.7	2,345.1
Current assets		
Inventories	36.9	34.7
Income tax receivable	5.7	8.1
Trade and other receivables	712.0	717.6
Cash and cash equivalents	680.1	670.2
	1,434.7	1,430.5
Assets held for sale	14.7	1.4
TOTAL ASSETS	3,345.1	3,777.1
Equity and liabilities		
Issued capital	364.0	364.0
Reserves	271.4	252.3
Foreign currency translation	12.7	34.0
Retained earnings	51.6	30.7
Equity attributable to equity holders of the Parent	699.7	680.9
Equity attributable to non-controlling interests	2.5	1.7
TOTAL EQUITY	702.3	682.6
Non-current liabilities		
Interest-bearing loans and borrowings	849.1	1,176.8
Employee benefits	308.4	320.6
Trade and other payables	17.5	27.7
Provisions	22.6	16.2
Deferred tax liabilities	7.3	7.0
	1,204.8	1,548.2
Current liabilities		
Interest-bearing loans and borrowings	175.7	272.7
Bank overdrafts	0.0	0.5
Provisions	16.8	13.7
Income tax payable	21.4	7.3
Derivative instruments	0.8	1.3
Trade and other payables	1,212.5	1,250.9
	1,427.3	1,546.3
Liabilities directly associated with assets held for sale	10.8	0.0
TOTAL LIABILITIES	2,642.9	3,094.5
TOTAL EQUITY AND LIABILITIES	3,345.1	3,777.1

Consolidated Statement of Changes in Equity

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 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					264.8	264.8	(1.2)	263.6
Other comprehensive income			76.1	24.2	(110.9)	(10.7)		(10.7)
TOTAL COMPREHENSIVE INCOME	0.0	0.0	76.1	24.2	153.9	254.1	(1.2)	252.9
Dividends (Pay-out)			(50.0)		(212.0)	(262.0)	0.0	(262.0)
Other			(4.8)		(1.2)	(6.0)	(0.5)	(6.6)
AS OF 31 DECEMBER 2018	364.0	0.0	271.4	12.7	51.6	699.7	2.5	702.3
AS PER 1 JANUARY 2019	364.0	0.0	271.4	12.7	51.6	699.7	2.5	702.3
Profit for the year 2019					154.2	154.2	0.5	154.7
Other comprehensive income			33.4	21.3	(51.6)	3.0		3.0
TOTAL COMPREHENSIVE INCOME	0.0	0.0	33.4	21.3	102.6	157.2	0.5	157.7
Dividends (Pay-out)			(50.0)		(124.0)	(174.0)	0.0	(174.0)
Other			(2.5)		0.5	(2.0)	(1.4)	(3.4)
AS OF 31 DECEMBER 2019	364.0	0.0	252.3	34.0	30.7	680.9	1.7	682.6

Consolidated Statement of Cash Flows

In million EUR	Year-to-date		4 th quarter	
	2018	2019	2018	2019
Operating activities				
Profit before tax	381.0	244.3	140.5	43.0
Depreciation and amortization	177.7	247.7	62.6	62.9
Impairment on bad debts	10.5	5.2	3.0	2.6
Gain on sale of property, plant and equipment	(30.0)	(25.6)	(26.1)	(4.0)
Gain on disposal of subsidiaries	0.0	(0.6)	0.0	0.0
Other non-cash items	(4.2)	31.9	(13.6)	15.4
Change in employee benefit obligations	(12.8)	15.5	(17.7)	7.1
Share of results of associates and joint ventures	(11.5)	(15.8)	(4.8)	(6.4)
Dividend received	4.0	5.0	4.0	5.0
Income tax paid	(126.1)	(88.4)	(5.5)	(19.9)
Income tax paid on previous years	(11.8)	(13.8)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	376.8	405.3	142.3	105.8
Decrease/(increase) in trade and other receivables	14.7	(52.1)	(136.7)	(144.7)
Decrease/(increase) in inventories	0.3	3.7	(0.3)	2.0
Increase/(decrease) in trade and other payables	(10.9)	63.2	195.6	215.9
Increase/(decrease) in collected proceeds due to clients	9.7	14.0	35.8	43.3
Increase/(decrease) in provisions	(28.6)	(9.8)	(12.9)	(4.7)
NET CASH FROM OPERATING ACTIVITIES	362.0	424.2	223.9	217.6
Investing activities				
Proceeds from sale of property, plant and equipment	55.6	66.5	46.5	7.3
Disposal of subsidiaries, net of cash disposed of	0.0	5.9	0.0	0.0
Acquisition of property, plant and equipment	(88.9)	(119.8)	(36.5)	(54.7)
Acquisition of intangible assets	(26.5)	(42.4)	(12.0)	(18.5)
Acquisition of other investments	0.5	(0.0)	0.0	(0.0)
Loan to associate	0.0	(25.0)	0.0	(25.0)
Acquisition of subsidiaries, net of cash acquired	(61.4)	(7.4)	0.0	0.5
NET CASH USED IN INVESTING ACTIVITIES	(120.8)	(122.2)	(2.1)	(90.4)
Financing activities				
Proceeds borrowings and lease liabilities	994.0	861.5	165.1	282.6
Payments related to borrowings and lease liabilities	(739.7)	(1,001.6)	(32.2)	(321.1)
Payments for derivative instruments	(21.5)	0.0	0.0	0.0
Transactions with minorities	(0.3)	0.0	0.0	0.0
Interim dividend paid to shareholders	(212.0)	(124.0)	(212.0)	(124.0)
Dividends paid	(50.0)	(50.0)	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	(29.5)	(314.1)	(79.1)	(162.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS	211.7	(12.1)	142.7	(35.3)
NET FOREIGN EXCHANGE DIFFERENCE	2.5	1.7	(3.1)	(4.3)
Cash and cash equivalent less bank overdraft as of 1st January	466.0	680.1		
Cash and cash equivalent less bank overdraft as of 31 December	680.1	669.7		
MOVEMENTS BETWEEN 1ST JANUARY AND 31 DECEMBER	214.1	(10.4)		

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 the result on an Adjusted basis replaces the Normalized basis to align the label of the APM to the ESMA guidelines on Alternative Performance Measures. As the definition and the approach remained unchanged management did not have to report comparable figures. The Adjusted basis provides a better insight and comparability over time to analyze and forecast the performance for investors.

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, Adjusted operating free cash flow and the bpost SA/NV Net Profit (BGAAP) can be found below the definitions. 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 internal reporting and 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 20m 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.

bpost SA/NV net profit (BGAAP): bpost defines bpost SA/NV net profit (BGAAP) as the non-consolidated profit (loss) following the Belgian General Accepted Accounting Principles after taxes and after transfer from/to untaxed reserves, this corresponds to the profit (loss) for the period available for appropriation (code #9905 of the BGAAP annual accounts). The detailed reconciliation from the consolidated IFRS profit of the year to the performance measure is available below the definitions.

Bpost Group's management believes this measure provides the investor a better insight on the potential dividend to be distributed.

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 a monthly settlement 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 BeNe volume: bpost defines the evolution of Parcels BeNe as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the parcels processed by bpost SA/NV and DynaLogic.

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

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
Total operating income	3,850.2	3,837.8	-0.3%	1,131.6	1,113.8	-1.6%
Gain on the sale of Alvadis (1)	0.0	(0.6)		0.0	0.0	
ADJUSTED TOTAL OPERATING INCOME	3,850.2	3,837.2	-0.3%	1,131.6	1,113.8	-1.6%

OPERATING EXPENSES

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
Total operating excluding depreciation, amortization	(3,279.1)	(3,300.2)	0.6%	(925.2)	(987.4)	6.7%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(3,279.1)	(3,300.2)	0.6%	(925.2)	(987.4)	6.7%

EBITDA

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
EBITDA	571.1	537.6	-5.9%	206.4	126.3	-38.8%
Gain on the sale of Alvaldis (1)		(0.6)				
ADJUSTED EBITDA	571.1	537.0	-6.0%	206.4	126.3	-38.8%

EBIT

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
Profit from operating activities (EBIT)	393.4	289.9	-26.3%	143.8	63.4	-55.9%
Gain on the sale of Alvaldis (1)		(0.6)				
Non-cash impact of purchase price allocation (PPA) (2)	30.9	21.5	-30.3%	13.1	5.8	-55.7%
ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT)	424.3	310.8	-26.7%	156.9	69.2	-55.9%

PROFIT FOR THE YEAR (EAT)

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
Profit for the year	263.6	154.7	-41.3%	104.6	27.8	-73.4%
Gain on the sale of Alvaldis (1)		(0.6)				
Non-cash impact of purchase price allocation (PPA) (2)	26.8	19.1	-28.8%	10.8	4.6	-57.5%
ADJUSTED PROFIT OF THE YEAR	290.4	173.1	-40.4%	115.4	32.4	-71.9%

(1) On August 30, 2019 – after approval from the Belgian Competition Authority – Ubiway finalised the share purchase agreement with Conway for the sale of Alvaldis, a company of the Ubiway group. Alvaldis has been deconsolidated end of August 30, 2019. At the time of the startup of the sales process (in December 2018), Alvaldis had been transferred to assets held for sale. The adjustment of EUR 0.6m corresponds to the gain on the disposal of the activities.

(2) 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 charges on these intangible assets is being adjusted.

Gain of the sale of Alvaldis is part of the adjusted result of Mail & Retail and the adjusting item's non-cash impact of purchase price allocation is part of the adjusted result of Mail and Retail, Parcels & Logistics Europe & Asia and Parcels & Logistics North America.

Reconciliation of Reported free cash flow and adjusted free cash flow

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
Net Cash from operating activities	362.0	424.2	17.2%	223.9	217.6	-2.8%
Net Cash used in investing activities	(120.8)	(122.2)	-1.2%	(2.1)	(90.4)	-
FREE CASH FLOW	241.2	302.0	25.2%	221.8	127.2	42.7%

Collected proceeds due to clients	(9.7)	(14.0)	44.7%	(35.8)	(43.3)	
ADJUSTED FREE CASH FLOW	231.5	288.0	24.4%	186.0	83.8	-54.9%

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

In million EUR	Full year			4th quarter		
	2018	2019	Change %	2018	2019	Change %
IFRS Consolidated Net Profit	263.6	154.7	-41.3%	104.6	27.8	-73.4%
Results of subsidiaries and deconsolidation impacts	(1.7)	0.6	-133.7%	(10.5)	5.0	-148.1%
Differences in depreciation and impairments	(2.2)	(20.5)	847.2%	(4.7)	7.7	-262.9%
Differences in recognition of provisions	(1.4)	(3.4)	142.4%	(0.3)	(2.4)	691.5%
Effects of IFRS 16	0.0	8.5		0.0	2.1	
Effects of IAS19	(21.3)	15.5	-172.5%	(16.4)	13.0	-179.2%
Depreciation intangible assets PPA	30.9	21.5	-30.3%	13.1	5.8	-55.7%
Deferred taxes	(2.8)	1.6	-157.6%	(3.7)	(6.6)	78.0%
Other	(2.8)	(5.9)	107.9%	(3.9)	2.0	-151.7%
Belgian GAAP unconsolidated net profit available for appropriation	262.3	172.6	-34.2%	78.1	54.4	-30.3%
Transfer to / (from) untaxed reserves	0.0	29.1				
Belgian GAAP unconsolidated net profit for the period	262.3	201.7	-23.1%	78.1	54.4	-30.3%

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.

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

In million EUR	Year-to-date		4th quarter	
	2018	2019	2018	2019
Result of the Belgian fully consolidated subsidiaries (local GAAP)	(6.1)	(15.2)	0.0	1.2
Result of the international subsidiaries (local GAAP)	59.5	23.8	43.0	(4.0)
Share of results of associates and joint ventures (local GAAP)	(12.1)	(13.6)	(2.7)	(4.4)
Other deconsolidation impacts	(43.1)	5.6	(50.8)	12.2
TOTAL	(1.7)	0.6	(10.5)	5.0

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 useful lives (and hence depreciation rates) of fixed assets different 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.

- In the second quarter of 2019 bpost recognized the gain on the sale of the Centre Monnaie building (EUR 19.9m) whereas for the statutory books bpost has chosen to apply the spread taxation of this profit, hence there's no impact of this gain on the Belgian GAAP unconsolidated net profit. The sales price will be reinvested and this gain will be subject to taxes in accordance with the depreciation on these reinvested assets and will be recognized into profit over the years to come.
- 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 payroll costs or provisions, except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result.
- The evolution of IAS 19 in 2019 compared to 2018 was mainly explained by the increase of non-cash financial charges as a result of the decrease in discount rates in 2019 (year-over year impact of EUR 22.1 million) and last year's non-cash gain related to group insurance (EUR 10.9 million);
- In accordance with IFRS 3 "business combinations" bpost performed the purchase price allocation (PPA) for several entities and recognized several intangible assets (brand names, know-how, customer relationships...).
- Deferred taxes require no accounting entries under Belgian GAAP but are recorded under IFRS.

Forward Looking Statements

The information in this document may include forward-looking statements⁹, 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.

⁹ 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.
- **CMD:** Capital Markets Day
- **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