bpost: second quarter 2018 results

Second quarter 2018 highlights

- **Operating income** at EUR 928.4m, **up 32.7%**, driven by acquisitions and excellent Parcels growth.
- **Underlying Domestic Mail volume evolution at -4.1%** driven by better Transactional Mail supported by easy comparable base (-9.9% in 2Q17 vs. -3.2% in 2Q18) and specific mailings in the quarter.
- **Domestic Parcels organic volume growth at 25.8%** (+25.5% for 2Q17) in line with guidance driven by strong e-commerce growth and continued positive trend in C2C. Price/mix effect of -6.2%, fully mix related.
- **International Parcels up EUR 4.3m**, driven by higher revenues from the US and Europe.
- **Logistic Solutions up EUR 202.9m**, mainly driven by the consolidation of Radial (EUR +196.1m).
- **Additional Sources of Revenues** (up EUR 15.6m) driven by the acquisitions of Imex and M.A.I.L., Inc. in International Mail
- Phasing of **costs** in line with FY18 trajectory, organic costs under control. Excluding one-offs (EUR +4.5m net), organic cost base impacted by growth of Domestic Parcels for EUR +8.3m and transport cost linked to evolution of international activities.
- **Lower EBITDA** as expected at EUR 140.4m, impacted by higher organic costs.
- **Net profit of bpost SA/NV under BGAAP up EUR 6.1m** to EUR 82.6m.
- **2018 outlook and back-loaded trajectory confirmed:** normalized EBITDA at the low end of the EUR 560-600m range; dividend at least EUR 1.31.

CEO quote

Koen Van Gerven, CEO, commented: *"The second quarter results are in line with our expectations for 2018 as expressed at our capital markets day in June. We are particularly pleased with the strong organic growth in our parcels business driven by the e-commerce development in our extended Be-Ne home region. We expect the second half of the year to be seasonally stronger. We are on track to deliver normalized EBITDA 2018 at the low end of our guidance range and to pay a dividend at least the same as last year.*

bpost continues its transformation to become an international e-commerce logistics player. The new organization is now in place to deliver the plan with the following priorities: adapt our mail & retail services in Belgium to evolving customer needs in our fast-paced environment, drive profitable growth in parcels & e-commerce logistics and optimize Radial to deliver on the investment thesis."

Outlook for 2018

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

We expect revenues to grow driven by:

- **double digit volume growth** in **Domestic Parcels,** with a price/mix effect between -3% and -6%.
- **continued growth in international parcels**.
- **Radial** revenues impacted by client churn

partly offset by:

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

On the cost side, we expect higher costs driven by:
- increase in transport cost reflecting growth in International Parcels & Mail
- consolidation of acquired businesses
- salary indexation expected as of October 2018

partly compensated by:
- continued productivity improvements and optimized FTE mix
- continued cost optimization

Radial EBITDA impacted by phase out webstore business and higher than expected opex (medical benefits and inflation) not fully compensated by productivity improvements.

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

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

Key figures[1]

2nd quarter (in million EUR)

	Reported		Normalized		
	2017	**2018**	**2017**	**2018**	**% Δ**
Total operating income	699.6	928.4	699.6	928.4	32.7%
Operating expenses	540.3	788.0	540.3	788.0	45.8%
EBITDA	**159.3**	**140.4**	**159.3**	**140.4**	**-11.9%**
Margin (%)	*22.8%*	*15.1%*	*22.8%*	*15.1%*	
EBIT	**136.0**	**100.3**	**136.0**	**102.6**	**-24.6%**
Margin (%)	*19.4%*	*10.8%*	*19.4%*	*11.1%*	
Profit before tax	**140.1**	**98.7**	**140.1**	**101.0**	**-27.9%**
Income tax expense	40.4	33.2	40.4	33.7	
Net profit	**99.7**	**65.5**	**99.7**	**67.3**	**-32.6%**
FCF	**0.8**	**(78.6)**	**0.8**	**(78.6)**	
bpost S.A./N.V. net profit (BGAAP)	**76.5**	**82.6**	**76.5**	**82.6**	**8.1%**
Net Debt (Net cash), at 30 June	**(596.2)**	**275.6**	**(596.2)**	**275.6**	

First half (in million EUR)

	Reported		Normalized		
	2017	**2018**	**2017**	**2018**	**% Δ**
Total operating income	1,421.1	1,844.6	1,421.1	1,844.6	29.8%
Operating expenses	1,084.8	1,564.0	1,084.8	1,564.0	44.2%
EBITDA	**336.3**	**280.6**	**336.3**	**280.6**	**-16.6%**
Margin (%)	*23.7%*	*15.2%*	*23.7%*	*15.2%*	
EBIT	**290.2**	**205.1**	**290.2**	**209.4**	**-27.8%**
Margin (%)	*20.4%*	*11.1%*	*20.4%*	*11.4%*	
Profit before tax	**290.4**	**196.8**	**290.4**	**201.1**	**-30.8%**
Income tax expense	94.7	68.8	94.7	69.8	
Net profit	**195.8**	**127.9**	**195.8**	**131.3**	**-32.9%**
FCF	**167.1**	**72.7**	**167.1**	**72.7**	
bpost S.A./N.V. net profit (BGAAP)	**170.8**	**154.9**	**170.8**	**154.9**	**-9.3%**
Net Debt (Net cash), at 30 June	**(596.2)**	**275.6**	**(596.2)**	**275.6**	

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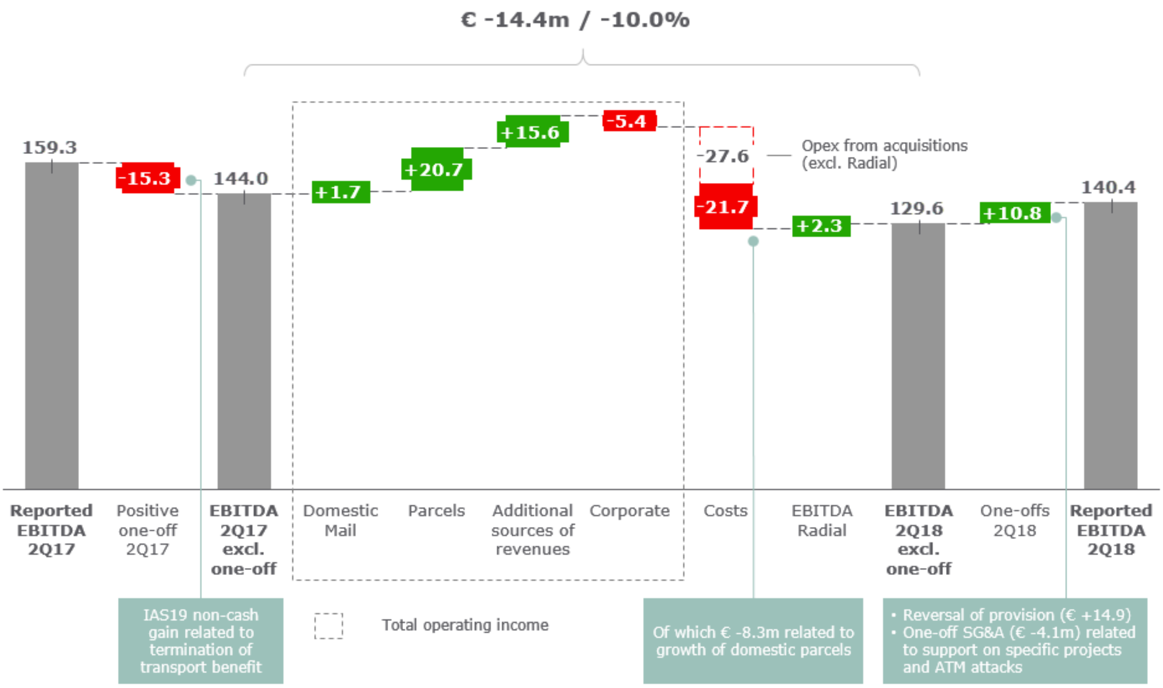
[1] Normalized figures are not audited.

Second quarter 2018 - Income Statement



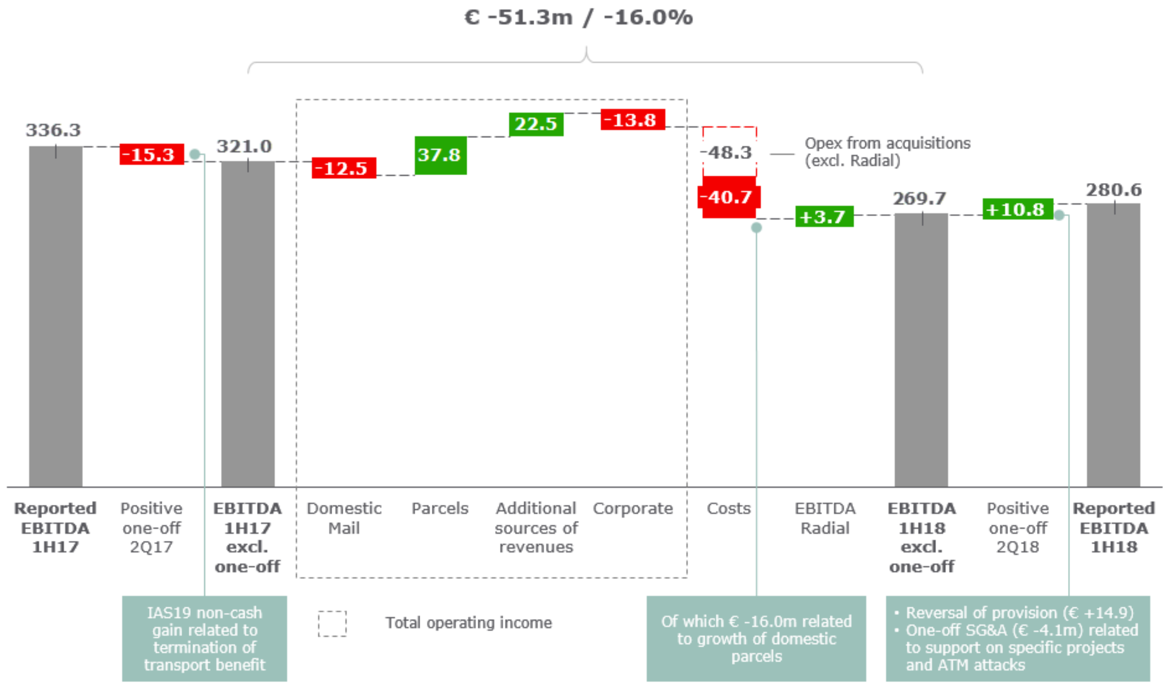
Total operating income increased by EUR 228.8m or 32.7% to EUR 928.4m. Excluding the impact of Radial (EUR 196.1m), the increase amounted to EUR 32.6m. This increase was driven by the increase of Parcels (EUR +20.7m), Additional Sources of Revenues (EUR +15.6m) and Domestic Mail (EUR 1.7m, explained by the good performance of Transactional Mail), partially offset by the decrease of Corporate (EUR -5.4m).

Not taking into account Radial, the last year's non-cash gain of EUR 15.3m related to the termination of the transport benefit and one-offs items in the second quarter 2018 for EUR 10.8m, costs increased by EUR 49.3m, of which the organic increase amounted to EUR 21.7m. As the revenue increase was outpaced by the costs increase, **EBITDA** and **normalized EBIT** decreased respectively by 11.9% and 24.6%.

Normalized income tax expense decreased compared to last year mainly due to the lower profit before tax, with the effective tax rate standing at 33.4%.

Normalized IFRS group net profit stood at EUR 67.3m. **Belgian GAAP net profit** of the parent company amounted to EUR 82.6m, compared to EUR 76.5m last year.

First half 2018 - Income Statement



Total operating income increased by EUR 423.5m or 29.8% to EUR 1,844.6m. Excluding the impact of Radial (EUR 389.5m), the increase amounted to EUR 34.0m. The increase of Parcels (EUR +37.8m) and Additional Sources of Revenues (EUR +22.5m) was partially offset by the decrease of Corporate (EUR -13.8m) and Domestic Mail (EUR -12.5m). The Domestic Mail price increase was fully offset by the anticipated volume decrease since the first half 2018 only includes 4 months of price increase on small-user basket items, effective as of March 1, 2018.

Not taking into account Radial, the last year's non-cash gain of EUR 15.3m related to the termination of the transport benefit and one-offs items in the second quarter 2018 for EUR 10.8m, costs increased by EUR 89.0m, of which the organic increase amounted to EUR 40.7m. As the revenue increase was outpaced by the costs increase, **EBITDA** and **normalized EBIT** decreased respectively by 16.6% and 27.8%.

Normalized income tax expense decreased compared to last year mainly due to the lower profit before tax, with the effective tax rate standing at 34.7%.

Normalized IFRS group net profit stood at EUR 131.3m. **Belgian GAAP net profit** of the parent company amounted to EUR 154.9m.

Total operating income: Group overview

Second quarter 2018

In million EUR	2Q17	Δ	2Q18	% Δ	underlying vol. % Δ
Domestic mail	**336.3**	**1.7**	**338.0**	**0.5%**	**-4.1%**
Transactional mail	201.6	5.0	206.6	2.5%	-3.2%
Advertising mail	62.6	(2.5)	60.1	-4.0%	-7.8%
Press	72.1	(0.7)	71.3	-1.0%	-2.5%
Parcels	**145.5**	**216.8**	**362.3**	**149.0%**	
Domestic parcels	54.6	9.6	64.2	17.6%	+25.8%
International parcels	54.5	4.3	58.8	7.9%	
Logistic Solutions	36.4	202.9	239.3	-	
Additional sources of revenues	**208.2**	**15.6**	**223.9**	**7.5%**	
International mail	40.1	21.5	61.5	53.6%	
Value added services	24.9	3.2	28.0	12.7%	
Banking and financial products	47.8	(6.9)	40.9	-14.4%	
Distribution	24.2	(0.7)	23.5	-3.1%	
Retail & Other	71.3	(1.3)	70.0	-1.9%	
Corporate (Reconciling post)	**9.6**	**(5.4)**	**4.2**	**-56.2%**	
TOTAL	**699.6**	**228.8**	**928.4**	**32.7%**	

Total operating income increased by EUR 228.8m, or 32.7%, from EUR 699.6m in the second quarter 2017 to EUR 928.4m in the same period of 2018.

Revenues from **Domestic Mail** slightly increased by EUR 1.7m to EUR 338.0m. Reported and underlying volume decline amounted to respectively -4.1% and -4.3% (vs. -5.8% full year 2017 underlying volume decline). The improved trend was mainly due to Transactional Mail volumes.
Transactional Mail, with a reported and underlying volume decline of respectively -3.5% and -3.2% (vs. -8.1% full year 2017 underlying volume decline and -9.9% in the same quarter last year) mainly benefited from an easy comparable base and the positive impact of specific mailings (e.g. GDPR and MiFID II related). Advertising mail with a reported and underlying volume decrease of -7.8% continued to be impacted by a competitive advertising market and phasing of spend towards the third quarter whereas the expected campaigns around World Cup did not materialize. Press volume decreased on a reported and underlying basis by -2.5%, compared to -3.7% underlying decrease for 2017.
Total mail volume decline amounted to EUR -12.9m along with 1 working day less on stamps (EUR -0.5m) and was more than compensated by the net improvement in price and mix amounting to EUR 15.1m.

Parcels increased by EUR 216.8m to EUR 362.3m or excluding the impact of Radial (EUR 196.1m) the increase amounted to EUR 20.7m mainly due to the continued growth in Domestic Parcels (EUR 9.6m), International Parcels (EUR +4.3m) and Logistic Solutions (EUR +6.8m, excluding Radial). Domestic Parcels noted another strong organic quarterly volume growth of +25.8%. Continued growth in e-commerce and C2C parcels (online offering) remained the key drivers. Price increases were fully offset by the evolution of the client and product mix, resulting in a combined price mix effect of -6.2%. Growth in International Parcels was driven by the increase of revenues from the US and Europe. Logistic Solutions excluding Radial increased by EUR 6.8m mainly driven by the consolidation of Leen Menken and Active Ants.

Total operating income from **Additional Sources of Revenues** increased by EUR 15.6m to reach EUR 223.9m. This increase was mainly driven by acquisitions in International Mail. Furthermore the lower revenues of Banking and financial products (EUR -6.9m) are in turn mainly due to the lower revenues from financial transactions managed on behalf of the Belgian State and lower revenues from bpost bank saving accounts due to the low interest environment. The increase of Value Added Services (EUR + 3.2m) was mainly due to the management of the cross-border fines on behalf of the Belgian State.

Operating income from **Corporate** decreased by EUR 5.4m.

First half 2018

In million EUR	1H17	Δ	1H18	% Δ	underlying vol. % Δ
Domestic mail	**692.9**	**(12.5)**	**680.4**	**-1.8%**	**-5.4%**
Transactional mail	415.8	(3.0)	412.8	-0.7%	-5.0%
Advertising mail	130.0	(6.5)	123.5	-5.0%	-7.7%
Press	147.1	(3.0)	144.1	-2.1%	-2.9%
Parcels	**285.1**	**427.3**	**712.4**	**149.9%**	
Domestic parcels	107.0	20.5	127.5	19.2%	+27.0%
International parcels	107.8	5.8	113.7	5,4%	
Logistic Solutions	70.3	400.9	471.3	-	
Additional sources of revenues	**419.8**	**22.5**	**442.3**	**5.4%**	
International mail	82.2	35.3	117.5	43.0%	
Value added services	50.9	4.0	54.9	7.9%	
Banking and financial products	94.4	(9.8)	84.6	-10.3%	
Distribution	50.4	(3.3)	47.1	-6.5%	
Retail & Other	142.0	(3.8)	138.3	-2.6%	
Corporate (Reconciling post)	**23.3**	**(13.8)**	**9.5**	**-59.3%**	
TOTAL	**1,421.1**	**423.5**	**1,844.6**	**29.8%**	

Total operating income increased by EUR 423.5m, or 29.8%, from EUR 1,421.1m in the first half 2017 to EUR 1,844.6m in the same period of 2018.

Domestic Mail revenues amounted to EUR 680.4m in the first half 2018, an organic decline of EUR 12.5m versus last year, due to a reported volume evolution of -5.6% and an underlying volume evolution of -5.4%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 427.3m to reach EUR 712.4m or excluding the impact of Radial (EUR 389.5m) the increase amounted to EUR 37.8m, mainly driven by the organic volume growth of 27.0% in Domestic Parcels, the increase in International Parcels and the increase in Logistic Solutions.

Additional Sources of Revenues amounted to EUR 442.3m, an increase of EUR 22.5m, mainly due to increase of International mail mainly driven by acquisitions and Value Added Services, partially offset by the decrease of the Banking & financial products, Distribution and Retail & Other.

Operating income from **Corporate** decreased by EUR 13.8m to EUR 9.5m, mainly due to the lower proceeds from sales of buildings.

Operating expenses (excluding depreciation and amortization)

Second quarter 2018

In million EUR	2Q17	2Q18	EUR Δ	% Δ
Payroll & interim costs	298.4	401.8	*103.4*	*34.7%*
FTE	*25,852*	*34,588*		
SG&A (excl. interim and transport costs)	104.2	180.7	*76.5*	*73.4%*
Transport costs	73.9	160.8	*86.8*	*117.5%*
Other costs	63.7	44.7	*(19.0)*	*-29.8%*
TOTAL OPERATING EXPENSES	**540.3**	**788.0**	***247.7***	***45.8%***

In the second quarter 2018 **total operating expenses** stood at EUR 788.0m and increased by EUR 247.7m or 45.8%. Excluding the consolidation of the new subsidiaries (EUR 221.5m) and one-offs[2] (EUR 4.5m), the operating expenses increased by EUR 21.7m as the increase of payroll and interims costs (EUR 2.6m), SG&A excluding interim and transport costs (EUR 12.5m) and transport costs (EUR 8.9m) were only partially compensated by the decrease of other costs (EUR 2.3m).

Payroll and interims costs in the second quarter 2018 amounted to EUR 401.8m and showed a net increase of EUR 103.4m compared to the same period of 2017 mainly driven by the impact of the new subsidiaries (EUR 85.5m). In the second quarter 2017, payroll costs were positively impacted by a non-cash gain related the termination of transport benefits (negative impact of EUR 15.3m in 2018). Excluding this item, payroll and interim costs increased by EUR 88.1m of which EUR 2.6m organic increase.

The reported average year-on-year staff showed an increase of 8,736 FTE and interims, generating extra costs of EUR 91.4m, explained by the integration of FTE and interims from new subsidiaries, higher parcels volumes and absenteeism.

A positive mix effect reduced costs by EUR 3.2m and was mainly driven by the recruitment of auxiliary postmen.

The negative impacts of salary indexation, CLA and merit increases, were compensated by the impact of tax shift and the favourable evolution of some payroll provisions and led to a slight positive impact of EUR 0.1m.

Not taking into account the impact of the new subsidiaries (EUR 62.6m), **SG&A excluding transport costs and interims** increased by EUR 13.9m or EUR 12.5m excluding one-offs. The increase was mainly driven by higher project related costs, insurance, rent and rental costs (mainly new Brussels sorting centre) and energy delivery costs resulting from higher fuel price.

Transport costs amounted to EUR 160.8m, EUR 86.8m higher compared to previous year (+ 117.5%), or EUR 87.7m excluding the provision reversal, due to scope change (EUR 78.8m), while the

[2] One-offs consist of:
- IAS19 non-cash gain in the second quarter of 2017 related to the termination of transport benefit in payroll & interim (negative impact in 2018 EUR 15.3m).
- Reversal of some provisions in the second quarter of 2018 (positive impact in 2018 EUR 14.9m) booked mainly in other costs (EUR 12.5m) and to a small extent in transport (EUR 0.9m) and SG&A (EUR 1.5m).
- Support on specific projects in SG&A, which was anticipated, and ATM attacks in other costs for a combined total amount of EUR +4.1m.

organic increase of EUR 8.9m is explained by the evolution of international activities and higher domestic parcels volumes.

Other costs decreased by EUR 19.0m and were positively influenced by the reversal of a provision in the second quarter 2018 (total positive impact EUR 14.9m, of which EUR 12.5m in other costs) while incurring a negative impact of the ATM attacks. Excluding these two elements and the consolidation of the new subsidiaries, the decrease of other costs amounted to EUR 2.3m, mainly due to the lower materials costs.

First half 2018

In million EUR	1H17	1H18	EUR Δ	% Δ
Payroll & interim costs	605.9	803.2	*197.3*	*32.6%*
FTE	*25,773*	*34,709*		
SG&A (excl. interim and transport costs)	205.3	328.4	*123.1*	*60.0%*
Transport costs	145.9	309.6	*163.7*	*112.2%*
Other costs	127.8	122.9	*(4.9)*	*-3.8%*
TOTAL OPERATING EXPENSES	**1,084.8**	**1,564.0**	***479.2***	***44.2%***

In the first half 2018, **total operating expenses** have increased by EUR 479.2m or 44.2%. Excluding the consolidation of the new subsidiaries (EUR 434.0m) and one-offs[3] (EUR 4.5m), organic operating expenses increased by EUR 40.7m as the increase of payroll and interims costs (EUR 12.3m), SG&A excluding interim and transport costs (EUR 27.1m) and transports costs (EUR 14.0m) was only partially compensated by the decrease of other costs (EUR 12.7m).

In the first half 2018, **payroll and interims costs** increased by EUR 197.3m. The reported average year-on-year staff increased by 8,936 FTE, mainly driven by the integration of the new subsidiaries, resulting in EUR 182.4m of additional costs. Furthermore the negative price impact and last year's non-cash gain of EUR 15.3m related to the termination of the transport benefit were partially offset by a positive mix effect resulting mostly from the recruitment of auxiliary postmen. Total organic cost increase excluding last year's non-cash gain stood at EUR 12.3m.

SG&A excluding interim and transport costs showed an increase of EUR 27.1m excluding the consolidation of the new subsidiaries and one-offs, mainly due to an increase of project related costs, rent and rental costs (mainly new Brussels sorting centre), insurance costs and energy delivery costs.

In the first half 2018, **transport costs** amounted to EUR 309.6m, EUR 163.7m higher (EUR 164.6m higher excluding a provision reversal) compared to previous year mainly due to scope change (EUR 150.6m), while the organic increase of EUR 14.0m is explained by the evolution of international activities and higher domestic parcels volumes.

The decrease in **other costs** in the first half 2018 excluding the impact of the new subsidiaries amounted to EUR 24.0m and was mainly due to the reversal of a provision (total positive impact EUR 14.9m, of which EUR 12.5m in other costs). Excluding this element and the negative impact of the ATM attacks, organic other costs decreased by EUR 12.7m mainly related to the lower material costs and the increase of recoverable VAT.

[3] One-offs consist of:

- IAS19 non-cash gain in the second quarter of 2017 related to termination of transport benefit in payroll & interim (negative impact in 2018 EUR 15.3m).
- Reversal of some provisions in the second quarter of 2018 (positive impact in 2018 EUR 14.9m) booked mainly in other costs (EUR 12.5m) and to a small extent in transport (EUR 0.9m) and SG&A (EUR 1.5m).
- Support on specific projects in SG&A, which was anticipated, and ATM attacks in other costs for a combined total amount of EUR +4.1m.

Cash flow statement

Second quarter 2018

In the second quarter 2018, the net cash outflow increased compared to the same period last year by EUR 82.9m to EUR 131.5m.

Free cash flow amounted to EUR -78.6m and was EUR 79.4m lower than last year.

Cash flow from operating activities decreased by EUR 64.5m to EUR -61.6m primarily due to a phasing in the tax prepayments (EUR -60.0m), where we made a first prepayment for 2018 in the second quarter compared to the third in 2017, and bpost bank dividend (EUR -5.8m).

Investing activities resulted a cash outflow of EUR 17.0m in the second quarter 2018, or a decrease by EUR 15.0m compared to the same period last year. The increased capital expenditures (EUR -6.2m) and investment securities in 2017 (EUR -12.0m) could not be offset by higher proceeds from the sale of buildings in the same quarter (EUR +3.4m).

The cash outflow relating to **financing activities** amounted to EUR 52.8m, an increase of EUR 3.4m compared to last year mainly as a consequence of payments related to borrowings.

First half 2018

In the first half 2018, bpost generated EUR 15.9m of net cash. This was a decrease of EUR 101.4m compared to the net cash inflow of EUR 117.3m for the same period last year.

Free cash flow amounted to EUR 72.7m and was EUR 94.4m lower than last year.

Cash flow from operating activities resulted in a cash inflow of EUR 168.3m, EUR 90.2m less than the same period last year as a consequence of the lower normalized EBITDA combined with phasing in tax prepayments and bpost bank dividend.

Investing activities resulted in a cash outflow of EUR 95.6m in the first half 2018 compared to an outflow of EUR 91.4m for the same period last year. Cash outflows related to acquisitions were EUR 20.9m lower than last year. This was offset by lower proceeds from sale of buildings (EUR -5.4m), higher capex (EUR -7.7m) and investment securities in 2017 (EUR -12.0m).

The cash outflow relating to **financing activities** amounted to EUR 56.8m (EUR 49.7m in 2017) mainly as a consequence of payments related to borrowings and transactions with non-controlling interests.

Key events during the second quarter

On May 2, 2018 bpost accelerated its transformation by adapting its structure and Group Executive Committee

In order to prepare the company for the future, the Board of Directors decided to adapt its structure and Group Executive Committee as of May 2, 2018. bpost group will be organized around three business units:

- The business unit Mail & Retail will be in charge of the commercial and operational activities related to mail and retail, incl. banking & financial in Belgium. Kurt Pierloot will head this newly created business unit and will remain member of the Group Executive Committee.
- The business unit Parcels & Logistics Europe & Asia will be in charge of the commercial and operational activities related to parcels and logistics in Europe and Asia. Luc Cloet, currently heading this entity, will become a member of the Group Executive Committee.
- The business unit Parcels & Logistics North America will be in charge of the commercial and operational activities in North America. Radial and Landmark Global entities in North America are part of this entity. Pierre Winand, currently heading this entity, will become a member of the Group Executive Committee.

On May 9, 2018 the Shareholders' Meeting of bpost approved the renewal of the mandates of 2 Board members

The Shareholders' Meeting approved the renewal of the mandates of Mr. Michael Stone and Mr. Ray Stewart as independent directors of bpost. The mandates of the Belgian State appointed non-executive directors Luc Lallemand, Laurent Levaux and Caroline Ven expired on January 16, 2018 while they continued to carry out their functions until the Shareholders' Meeting of May 9, 2018. The Belgian State requested bpost to postpone the appointment of three directors to be nominated by the Belgian State to a later date.

On May 30, 2018 bpost and DHL decided to partner up for e-commerce deliveries in the Benelux

The partnership is expected to boost cross-border e-commerce, while offering e-tailers a comprehensive logistics solution. DHL Parcel and bpost will join forces in a non-exclusive partnership under the "De Benelux bezorgers" name to facilitate and accelerate the cross-border online shopping experience for consumers and online stores. The growth of e-commerce also drives cross-border online shopping. By joining forces in parcel drop-offs, sorting, delivery and returns, the partners boost cross-border e-commerce and offer online shops an all-in-one solution.

On June 21, 2018 bpost hosted a Capital Markets Day in Brussels and outlined a redefined vision for 2022, three strategic priorities, and mid-term objectives for the period 2018-2022

bpost's 2022 vision is to be, beyond mail, an efficient global e-commerce logistics player anchored in Belgium. By 2022, bpost wants to generate 45% of revenues from activities outside Belgium and 60% of revenues from parcels and logistics activities.

bpost will focus on three strategic priorities in line with the new organization:

- Remain an efficient provider of mail, retail and public services
- Grow profitably in Parcels & Logistics business in Europe and Asia
- Deliver on the Radial investment thesis in North America

These strategic priorities translate into revised medium-term financial objectives for bpost Group on an organic basis. Key elements include:

- Normalized EBIT 2018: Guidance of low end of EUR 560-600m normalized EBITDA equivalent to normalized EBIT of EUR 400-440m.
- Normalized EBIT 2019-2022: Ambition to achieve organic normalized EBIT in the range of EUR 390m to EUR 440m, with 2019 expected to be the low end of the range, based on:
  - Mail volume decline progressively reaching -9% by 2022, partly compensated by higher price/mix effect (c. 50% of the volume decline) and productivity improvements from cost savings options
  - Be-Ne parcels double digit volume growth partly offset by price mix ranging from -3% to -6%
  - ~10% organic revenue growth in European e-commerce logistics
  - Radial annual revenue growth of +7-9% between 2019 and 2022, and an EBITDA contribution in the range of USD 100-120m by 2022.
- Management is committed to delivering earnings to be in a position to sustain the dividend. The payout policy is unchanged with at least 85% pay-out of BGAAP net profit.

Financial calendar

09.08.18 (10.00 CET)	Analyst Conference Call
08.10.18	Start of quiet period ahead of Q3/2018 results
07.11.18 (17.45 CET)	Announcement Q3/2018 results
08.11.18 (10.00 CET)	Analyst Conference Call
03.12.18 (17.45 CET)	Interim dividend 2018 announcement
06.12.18	Ex-dividend date (interim dividend)
07.12.18	Record date (interim dividend)
10.12.18	Payment date of the interim dividend

Interim Condensed Consolidated Financial Statements[4]

Interim Condensed Consolidated Income Statement

In million EUR	NOTES	Year-to-date 30 June 2017	Year-to-date 30 June 2018	2nd quarter 2017	2nd quarter 2018
Revenue	6	1,402.9	1,830.7	692.3	920.6
Other operating income		18.1	13.9	7.3	7.8
TOTAL OPERATING INCOME		**1,421.1**	**1,844.6**	**699.6**	**928.4**
Materials cost		(121.7)	(124.5)	(60.2)	(62.3)
Services and other goods		(381.1)	(709.7)	(194.0)	(376.5)
Payroll costs		(575.9)	(731.4)	(282.5)	(366.8)
Other operating expenses		(6.1)	1.6	(3.5)	17.6
Depreciation, amortization		(46.0)	(75.5)	(23.3)	(40.1)
TOTAL OPERATING EXPENSES	7	**(1,130.9)**	**(1,639.5)**	**(563.6)**	**(828.1)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**290.2**	**205.1**	**136.0**	**100.3**
Financial income		2.2	3.5	0.8	1.3
Financial cost		(3.8)	(13.1)	(0.9)	(8.0)
Share of profit of associates		1.8	1.3	4.2	5.1
PROFIT BEFORE TAX		**290.4**	**196.8**	**140.1**	**98.7**
Income tax expense		(94.7)	(68.8)	(40.4)	(33.2)
PROFIT OF THE PERIOD (EAT)		**195.8**	**127.9**	**99.7**	**65.5**
Attributable to:					
Owners of the Parent		195.9	129.3	100.1	66.6
Non-controlling interests		(0.1)	(1.3)	(0.4)	(1.1)

EARNINGS PER SHARE

In EUR	Year-to-date 30 June 2017	Year-to-date 30 June 2018	2nd quarter 2017	2nd quarter 2018
►basic, profit attributable to ordinary equity holders of the parent	0.98	0.65	0.50	0.33
►diluted, profit attributable to ordinary equity holders of the parent	0.98	0.65	0.50	0.33

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

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.

Interim Condensed Consolidated Statement of Other Comprehensive Income

In million EUR	Year-to-date 30 June 2017	Year-to-date 30 June 2018	2nd quarter 2017	2nd quarter 2018
PROFIT FOR THE YEAR	**195.8**	**127.9**	**99.7**	**65.5**
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Net gain/(loss) on hedge of a net investment	0.0	(3.4)	0.0	(6.6)
Net gain/(loss) on cash flow hedges	0.0	(14.1)	0.0	(14.1)
Exchange differences on translation of foreign operations	(3.0)	18.1	(2.7)	37.4
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(3.0)**	**0.6**	**(2.7)**	**16.7**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Change of other comprehensive income of associates	(36.1)	(13.1)	(12.4)	(4.8)
Remeasurement gain (losses) of defined benefit plans	1.9	0.5	1.9	0.5
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(34.2)**	**(12.6)**	**(10.6)**	**(4.3)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(37.2)**	**(12.1)**	**(13.3)**	**12.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**158.5**	**115.9**	**86.4**	**77.9**
Attributable to:				
Owners of the Parent	158.7	117.2	86.8	79.0
Non-controlling interest	(0.1)	(1.3)	(0.4)	(1.1)

Interim Condensed Consolidated Statement of Financial Position

In million EUR	NOTES	As of 31 December 2017	As of 30 June 2018
Assets			
Non-current assets			
Property, plant and equipment	8	710.3	684.0
Intangible assets	9	910.6	928.4
Investments in associates	10	329.2	257.4
Investment properties		5.7	11.9
Deferred tax assets		31.5	34.7
Trade and other receivables		9.4	10.9
		1,996.6	**1,927.3**
Current assets			
Investment securities		0.0	0.0
Inventories		39.1	40.9
Income tax receivable		1.6	2.5
Trade and other receivables	11	719.4	553.5
Cash and cash equivalents	12	466.0	491.2
Assets held for sale		0.6	1.3
		1,226.7	**1,089.5**
TOTAL ASSETS		**3,223.3**	**3,016.8**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		310.1	284.0
Foreign currency translation		(11.5)	3.2
Retained earnings		110.9	127.9
		773.5	**779.1**
Non-controlling interests		4.3	4.2
TOTAL EQUITY		**777.8**	**783.3**
Non-current liabilities			
Interest-bearing loans and borrowings		58.4	61.7
Employee benefits	13	326.9	333.1
Trade and other payables	14	45.2	39.3
Provisions		24.2	19.1
Deferred tax liabilities		12.3	11.9
		467.0	**465.1**
Current liabilities			
Interest-bearing loans and borrowings		699.9	702.3
Bank overdrafts		0.0	2.6
Provisions		21.2	11.4
Income tax payable		39.3	29.5
Derivative instruments	17	0.0	22.5
Trade and other payables	15	1,218.2	1,000.1
		1,978.5	**1,768.4**
TOTAL LIABILITIES		**2,445.5**	**2,233.4**
TOTAL EQUITY AND LIABILITIES		**3,223.3**	**3,016.8**

Interim Condensed 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 2017	**364.0**	**(0.0)**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
Profit for the year 2017					195.9	195.9	(0.1)	195.8
Other comprehensive income			101.3	(3.0)	(135.5)	(37.2)		(37.2)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**101.3**	**(3.0)**	**60.4**	**158.7**	**(0.1)**	**158.5**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(6.0)		(0.1)	(6.2)	0.1	(6.0)
AS OF 30 JUNE 2017	**364.0**	**(0.0)**	**319.5**	**(0.5)**	**195.8**	**878.8**	**3.0**	**881.8**
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					129.3	129.3	(1.3)	127.9
Other comprehensive income			84.2	14.7	(110.9)	(12.1)		(12.1)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**84.2**	**14.7**	**18.3**	**117.2**	**(1.3)**	**115.9**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(0.4)		(1.3)	(1.7)	1.3	(0.4)
AS OF 30 JUNE 2018	**364.0**	**(0.0)**	**284.0**	**3.2**	**127.9**	**779.1**	**4.2**	**783.3**

Equity increased by EUR 5.5m, or 0.7%, to EUR 783.3m as of June 30, 2018 from EUR 777.8m as of December 31, 2017. The realized profit (EUR 127.9m) and the exchange differences on translation of foreign operations (EUR 14.7m) were offset amongst others by the impact at bpost bank of the transition to IFRS 9 Financial Instruments, which replaced IAS 39, the fair value adjustment in respect of bpost bank's bond portfolio, the market to market revaluation of an interest rate swap and the payment of a dividend, respectively for an amount of EUR 59.9m, EUR 13.1m, EUR 14.1m and EUR 50.0m (gross dividend of EUR 0.25 per share, paid in May).

Interim Condensed Consolidated Statement of Cash Flows

	Year-to-date 30 June		2nd quarter	
In million EUR	2017	2018	2017	2018
Operating activities				
Profit before tax	290.4	196.8	140.1	98.7
Depreciation and amortization	46.0	75.5	23.3	40.1
Impairment on bad debts	1.0	5.4	0.7	1.4
Gain on sale of property, plant and equipment	(6.7)	(1.3)	(0.8)	(1.1)
Other non-cash items	(4.7)	3.3	(4.5)	2.6
Change in employee benefit obligations	(16.5)	6.9	(15.5)	7.5
Share of profit of associates	(1.8)	(1.3)	(4.2)	(5.1)
Dividend received	5.8	0.0	5.8	0.0
Income tax paid	(7.1)	(67.2)	(3.6)	(64.1)
Income tax paid on previous years	(15.0)	(11.8)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**291.3**	**206.3**	**141.3**	**79.9**
Decrease/(increase) in trade and other receivables	132.3	77.2	27.0	(104.6)
Decrease/(increase) in inventories	0.6	(0.5)	(0.8)	(2.0)
Increase/(decrease) in trade and other payables	(162.4)	(99.9)	(163.9)	(22.8)
Increase/(decrease) in provisions	(3.5)	(14.9)	(0.7)	(12.2)
NET CASH FROM OPERATING ACTIVITIES	**258.4**	**168.3**	**2.8**	**(61.6)**
Investing activities				
Proceeds from sale of property, plant and equipment	10.7	5.3	1.7	5.1
Acquisition of property, plant and equipment	(25.0)	(34.2)	(16.2)	(21.8)
Acquisition of intangible assets	(6.8)	(5.8)	(2.6)	(3.2)
Acquisition of other investments	12.0	0.5	12.0	(0.0)
Acquisition of subsidiaries, net of cash acquired	(82.3)	(61.4)	3.1	3.0
NET CASH USED IN INVESTING ACTIVITIES	**(91.4)**	**(95.6)**	**(2.0)**	**(17.0)**
Financing activities				
Proceeds borrowings and financing lease liabilities	0.6	0.0	0.6	0.0
Payments related to borrowings and financing lease liabilities	(0.3)	(6.5)	0.0	(2.8)
Transactions with minorities	0.0	(0.3)	0.0	0.0
Dividends paid	(50.0)	(50.0)	(50.0)	(50.0)
NET CASH FROM FINANCING ACTIVITIES	**(49.7)**	**(56.8)**	**(49.4)**	**(52.8)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**117.3**	**15.9**	**(48.6)**	**(131.5)**
NET FOREIGN EXCHANGE DIFFERENCE	**(1.5)**	**6.7**	**(1.6)**	**8.3**
Cash and cash equivalent less bank overdraft as of 1st January	538.9	466.0		
Cash and cash equivalent less bank overdraft as of 30 June	654.7	488.6		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 JUNE	**115.8**	**22.6**		

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first six months ended June 30, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on August 8, 2018.

Business activities

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

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

Legal status

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

2. Basis of preparation and accounting policies

Basis of preparation

These interim financial statements are subject to review by the independent auditor (see statement of limited review).

The interim condensed consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

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

Significant accounting policies

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

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

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

- **IFRIC 22** - Foreign Currency Transactions and Advance Consideration
- **Annual Improvements Cycle 2014-2016**

As of January 1, 2018, IAS 39 Financial Instruments: Recognition and Measurement was replaced by IFRS 9 Financial Instruments. bpost applied IFRS 9 retrospectively as of January 1, 2018 without restating the comparatives. IFRS 9 brings together all three aspects of the accounting for financial instruments project: (a) classification and measurement, (b) impairment and (c) hedge accounting. The main impact of IFRS 9 relates to bpost's investment of 50% in bpost bank whose statement of financial position is mainly composed of financial instruments.
The impact of IFRS 9 has been assessed as follow:
(a) Classification & Measurement: classification and measurement of financial assets under IFRS 9 depends on the specific business model in place and the asset's contractual cash flow characteristics. The new requirements have no impact for the financial assets of bpost. However bpost bank at the transition to IFRS 9 reclassified a major part of its bond portfolio from IAS 39 available-for-sale category to IFRS 9 amortised cost category. This resulted in an decrease of bpost bank's equity by EUR 121.4 million and consequently bpost's investment in associates and the relating reserves decreased by 50% of this amount so EUR 60.7 million on the transition date to IFRS 9.
(b) Impairment: IFRS 9 requires recognizing expected credit losses on all of debt instruments, either on a 12-month or lifetime basis. The impact on bpost's trade receivables was not significant. On the other hand bpost bank will apply the general approach thus the IFRS 9 staging which will replace the IAS 39 incurred but not reported (IBNR) provisions, however the impact was not significant (EUR 0.2m).
(c) Hedge accounting: bpost has very limited hedge accounting transactions but has decided to continue applying IAS 39 hedge accounting because bpost bank will continue applying IAS 39 hedge accounting until the macro-hedge project is finalized by the IASB.
It is not practicable to determine the impact on the statement of financial position, income statement and other comprehensive income for the first six months ended June 30, 2018.

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, 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
IFRS 16 – Leases	1 January 2019
IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments (*)	1 January 2019
IFRS 9 – Amendments - Prepayment Features with Negative Compensation	1 January 2019
IAS 28 – Amendments - Long-term Interests in Associates and Joint Ventures (*)	1 January 2019
IAS 19 – Amendments - Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS 17 - Insurance Contracts (*)	1 January 2021

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

IFRS 16 will replace IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. In accordance with the transition method of the standard, bpost as a lessee chose to apply the standard using the cumulative catch-up method with calculation at transition date (modified B). As of today, bpost has scanned its operating expenses and reviewed its operating lease contracts with a focus on the entities with high lease payments. bpost expects mainly an impact for fleet and building commitments in the Belgian companies and an impact for building commitments in the foreign entities. bpost is currently working to integrate these data in a calculation engine in order to come to a sustainable solution.

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

3. Seasonality of Operations

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

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

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

4. Business Combinations

Acquisition of non-controlling interest Parcify

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

Contingent consideration for DynaGroup

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

Contingent consideration for FDM

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

Acquisition of Leen Menken Foodservice Logistics BV

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

Acquisition of IMEX Global Solutions, Inc. and M.A.I.L., Inc.

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

Acquisition of Anthill BV

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

5. Operating Segments

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

	Year-to-date 30 June			2nd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	1,026.2	1,002.3	-2.3%	502.5	499.1
P&L	371.6	832.8	124.1%	187.5	425.1
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,397.8**	**1,835.1**	**24.0%**	**690.0**	**924.2**
Corporate (Reconciling category)	23.3	9.5	-59.3%	9.6	4.2
TOTAL OPERATING INCOME	**1,421.1**	**1,844.6**	**29.8%**	**699.6**	**928.4**

Operating income attributable to the MRS operating segment slightly decreased by EUR 3.4m compared to the second quarter 2017, to EUR 499.1m. This decrease was mainly due to the underlying volume decline of Domestic Mail and lower revenues of Retail & Other, Distribution and Banking and financial products almost compensated by the net improvement in price and mix of Domestic Mail.

P&L operating income increased in the second quarter 2018 by EUR 237.6m to EUR 425.1m. This increase was mainly due to the integration of Radial, another strong quarterly volume growth of

Domestic Parcels, which noted a volume growth of +25.8% driven by e-commerce and the continued growth in C2C parcels, along with the increase of International Parcels and International Mail.

Inter-segment sales are immaterial.

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

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

	Year-to-date 30 June			2nd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
Belgium	1,171.2	1,154.8	-1.4%	578.2	566.2
Rest of the World	249.9	689.8	176.0%	121.4	362.2
TOTAL OPERATING INCOME	**1,421.1**	**1,844.6**	**29.8%**	**699.6**	**928.4**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended June 30, 2018 and 2017:

	Year-to-date 30 June			2nd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	241.0	199.0	-17.4%	108.0	92.6
P&L	42.3	15.0	-64.4%	21.4	3.9
TOTAL EBIT OF OPERATING SEGMENTS	**283.3**	**214.0**	**-24.5%**	**129.4**	**96.5**
Corporate (Reconciling category)	6.9	(9.0)	-230.5%	6.7	3.8
TOTAL EBIT	**290.2**	**205.1**	**-29.3%**	**136.0**	**100.3**

The EBIT of the MRS operating segment decreased by EUR 15.4m to EUR 92.6m in the second quarter 2018 mainly due to the lower revenues and increased costs.

EBIT attributable to the P&L operating segment decreased by EUR 17.5m to EUR 3.9m in the second quarter 2018. The revenue increase was outpaced by the cost increase, partially due to the depreciation of Radial that are impacted by the high CAPEX investments from the past.

	Year-to-date 30 June			2nd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	241.0	199.0	-17.4%	108.0	92.6
P&L	42.3	15.0	-64.4%	21.4	3.9
TOTAL EAT OF OPERATING SEGMENTS	**283.3**	**214.0**	**-24.5%**	**129.4**	**96.5**
Corporate (Reconciling category)	(87.6)	(86.1)	-1.7%	(29.6)	(31.0)
TOTAL EAT	**195.8**	**127.9**	**-34.6%**	**99.7**	**65.5**

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

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

	Year-to-date 30 June			2nd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
OPERATING INCOME	**23.3**	**9.5**	**-59.3%**	**9.6**	**4.2**
Central departments (Finance, Legal, Internal Audit, CEO, ...)	(29.8)	(34.1)	14.3%	(15.7)	(16.9)
Other reconciliation items	13.5	15.7	16.3%	12.8	16.5
OPERATING EXPENSES	**(16.4)**	**(18.5)**	**12.7%**	**(2.9)**	**(0.4)**
EBIT CORPORATE (RECONCILING CATEGORY)	**6.9**	**(9.0)**	**-230.5%**	**6.7**	**3.8**
Share of profit of associates	1.8	1.3	-28.1%	4.2	5.1
Financial Results	(1.6)	(9.6)	496.8%	(0.1)	(6.7)
Income Tax expense	(94.7)	(68.8)	-27.3%	(40.4)	(33.2)
EAT CORPORATE (RECONCILING CATEGORY)	**(87.6)**	**(86.1)**	**-1.7%**	**(29.6)**	**(31.0)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category is more less in line with last year, as EBIT slightly decreased by EUR 2.9m to EUR 3.8m in the second quarter 2018.

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

6. Revenue

	Year-to-date 30 June		2nd quarter	
In million EUR	**2017**	**2018**	**2017**	**2018**
Revenue excluding the SGEI remuneration	1,268.5	1,696.1	625.8	853.7
SGEI remuneration	134.4	134.7	66.5	66.9
TOTAL	**1,402.9**	**1,830.7**	**692.3**	**920.6**

7. Operating expenses

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

	Year-to-date 30 June			2nd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Rent and rental costs	45.8	75.4	64.7%	23.6	38.3	62.2%
Maintenance and repairs	40.2	54.0	34.3%	20.7	27.4	32.3%
Energy delivery	20.2	22.3	10.5%	9.4	11.1	18.2%

Other goods	10.0	16.5	64.5%	5.3	9.3	75.3%
Postal and telecom costs	3.9	9.9	-	1.9	5.6	-
Insurance costs	3.8	10.2	-	0.7	3.9	-
Transport costs	145.9	309.6	-	73.9	160.8	-
Publicity and advertising	7.0	11.7	66.7%	4.3	6.0	40.5%
Consultancy	4.3	13.3	-	2.4	7.8	-
Interim employees	30.0	71.8	-	15.9	35.1	-
Third party remuneration, fees	59.4	69.1	16.3%	30.5	35.1	15.2%
Other services	10.6	46.1	-	5.5	36.3	-
TOTAL	**381.1**	**709.7**	**86.2%**	**194.0**	**376.5**	**94.1%**

A reversal of provision (14.9 million EUR) was recorded in the second quarter 2018 following a risk reassessment.

8. Property, plant and equipment

In the first half of the year 2018 property, plant and equipment decreased by EUR 26.3m, or 3.7%, to EUR 684.0m as of June 30, 2018. The decrease was mainly due to depreciations of EUR 62.8m and transfer to assets held for sale of EUR 1.3m, partially offset by capital expenditures of EUR 34.2m and the integration of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 10.6m.

9. Intangible assets

Intangible assets increased by EUR 17.9m in the first half of the year, or 2.0%, to EUR 928.4m as of June 30, 2018. The increase was mainly due to the capital expenditures of EUR 5.8m and the preliminary goodwill resulting from the acquisition of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 12.5m (note that these goodwill are still provisional as the purchase price allocation is still under review) and the increase of the preliminary goodwill of Radial (EUR 11.7m, mainly due to evolution of the exchange rate), partially offset by the depreciation for EUR 12.5m.

10. Investments in associates

Investments in associates decreased by EUR 71.7m, or 21.8%, to EUR 257.4m as of June 30, 2018. This decrease was mainly due to IFRS 9 Financial Instruments which replaced IAS 39 Financial Instruments Recognition and Measurement as of January 1, 2018 at bpost bank. As a result a major part of its bond portfolio has been reclassified from IAS 39 available-for-sale category to IFRS 9 amortised cost category, this led to a decrease of bpost bank's equity by EUR 119.8m as of 1 January 2018 and consequently bpost's investment in associates by EUR 59.9m. Furthermore this decrease was due to decrease in the unrealized gain on the bond portfolio in the amount of EUR 13.1m recognized in other comprehensive income, reflecting an average increase of the underlying yield curve by 7 basis points (bps) compared to December 31, 2017, partially offset by bpost's share of the profit of bpost bank for EUR 1.3m. As of June 30, 2018, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 51.2m, which represented 19.9% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are recognized directly in other comprehensive income.

11. Current trade and other receivables

Current trade and other receivables decreased by EUR 165.9m, or 23.1%, to EUR 553.5m as of June 30, 2018. The decrease was mainly driven by the usual settlement of the year-end SGEI receivable during the first quarter of the year.

12. Cash and cash equivalents

Cash and cash equivalents increased by EUR 25.2m, or 5.4%, to EUR 491.2m as of June 30, 2018. This increase is mainly due to the normalized free cash flow (EUR 72.7m), partially offset by the payment of EUR 50.0m dividend.

13. Employee benefits

In million EUR	As of 31 December 2017	As of 30 June 2018
Post-employment benefits	(50.7)	(49.0)
Long-term employee benefits	(108.2)	(118.8)
Termination benefits	(6.6)	(8.4)
Other long-term benefits	(161.5)	(156.8)
TOTAL	**(326.9)**	**(333.1)**

Employee benefits increased by EUR 6.2m, or 1.9%, to EUR 333.1m as of June 30, 2018. The increase mainly reflects:

- The payment of benefits for an amount of EUR 15.3m.
- Operational actuarial gains for an amount of EUR 0.3m.
- Additional service cost (EUR 15.1m), an incoming transfer related to pension saving days (EUR 5.6m) and interest cost (EUR 2.1m).
- Financial actuarial gains of EUR 0.3m caused by changes in the discount rates.
- A remeasurement gain on defined benefit plans of EUR 0.8m (before tax), recognized through other comprehensive income.

14. Non-current trade and other payables

Non-current trade and other payables decreased by EUR 5.9m, to EUR 39.3m as of June 30, 2018 mainly due to the contingent consideration of DynaGroup transferred to current other payables.

15. Current trade and other payables

Current trade and other payables decreased by EUR 218.1m, or 17.9%, to EUR 1,000,1m as of June 30, 2018. This decrease was due to the decrease of the current trade payables by EUR 109.1m, the social liabilities by EUR 76.8m and other payables by EUR 32.2m. The decrease of the social payables was mainly caused by the timing difference as 2017 full year social accruals (holiday pay, bonuses,…) have been paid during the first of half 2018. The decrease of the trade payables was mainly a phasing element given the peak season during the fourth quarter. The decrease of the other payables is mainly due to the payment of the contingent consideration of DynaGroup and FDM (EUR 45.4m) partially offset by the transfer of the contingent consideration for DynaGroup from the non-current trade and other payables.

16. Financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per June 30, 2018:

In million EUR As of 30 June 2018	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				
Non-Current				
Financial assets measured at amortized cost	10.9			
Current				
Derivative instruments - forex swap	0.0		0.0	
Financial assets measured at amortized cost	1,047.2			
Total financial assets	**1,058.1**			
Financial liabilities measured at fair value:				
Non-Current				
Financial liabilities measured at amortized cost	101.0			
Current				
Derivative instruments - interest rate swap	18.8		18.8	
Derivative instruments - forex swap	0.1		0.1	
Derivative instruments - cross currency swap	3.0		3.0	
Derivative instruments - forex forward	0.6		0.6	
Financial liabilities measured at amortized cost	1,757.0			
Total financial liabilities	**1,880.5**			

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 positon 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.

17. Derivative financial instruments and hedging

In February 2018, bpost entered into a forward starting swap for 10 year with a nominal amount of EUR 600.0m. The transaction was contracted in order to hedge the cash flow risk on the contemplated issuance of a long-term bond to refinance the short-term interest-bearing loans entered into in November 2017 for financing the Radial acquisition. The issuance of the long-term bond was assessed as highly probable and all hedge accounting requirements were met therefore bpost accounted for the transaction as a cash-flow hedge.
As of 30 June 2018, the fair value of the derivative instruments amounted to EUR 19.8m (loss) and was accounted for as a financial liabilities (derivative instruments). Due to the fact that the duration and the nominal amount of the contemplated bond has changed compared to February 2018, the

amount of the cash-flow hedge ineffectiveness (based on the hypothetical derivative method) has been estimated at EUR 1.0m and was recognized in profit or loss as finance expense. The effective part of the cash-flow hedge (EUR 18.8m) has been recognized in other comprehensive income (amount net of tax is EUR 14.1m) as cash-flow hedge reserve. This cash-flow hedge reserve will be reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years after its issuance date.

18. Contingent liabilities and contingent assets

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

19. Events after the reporting period

On July 4, 2018 bpost successfully issued a EUR 650.0m long-term bond to secure the financing of its growth. bpost issued a EUR 650.0m 8-year bond, two times oversubscribed, with a coupon of 1.25%. The transaction will serve to refinance the November 2017 acquisition of Radial Holdings, LP at very good financial conditions.

Limited review report

Report of the Joint Auditors – Members of the Belgian Institute of Registered Auditors to bpost SA de droit public / bpost NV van publiek recht on the review of the interim condensed consolidated financial statements as of 30 June 2018 and for the six month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of bpost SA de droit public / bpost NV van publiek recht (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements".

The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Diegem, 8 August 2018

The Joint Auditors – Members of the Belgian Institute of Registered Auditors

Ernst & Young Bedrijfsrevisoren BCVBA Represented by	PVMD Bedrijfsrevisoren BCVBA Represented by
Romuald Bilem* Partner	Caroline Baert Partner*

* Acting on behalf of a BVBA/SPRL

Other financial information (unaudited)

Reconciliation of Reported to Normalized Financial Metrics

bpost also analyzes the performance of its activities on a normalized basis or before 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 normalized 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 normalized whatever the amount they represent, as well as all non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

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

Income Statement related

OPERATING INCOME

	Year-to-date 30 June			2nd quarter		
In million EUR	2017	2018	Change %	2017	2018	Change %
Total operating income	1,421.1	1,844.6	29.8%	699.6	928.4	32.7%
NORMALIZED TOTAL OPERATING INCOME	**1,421.1**	**1,844.6**	**29.8%**	**699.6**	**928.4**	**32.7%**

OPERATING EXPENSES

	Year-to-date 30 June			2nd quarter		
In million EUR	2017	2018	Change %	2017	2018	Change %
Total operating excluding depreciation, amortization	(1,084.8)	(1,564.0)	44.2%	(540.3)	(788.0)	45.8%
NORMALIZED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(1,084.8)**	**(1,564.0)**	**44.2%**	**(540.3)**	**(788.0)**	**45.8%**

EBITDA

	Year-to-date 30 June			2nd quarter		
In million EUR	2017	2018	Change %	2017	2018	Change %
EBITDA	336.3	280.6	-16.6%	159.3	140.4	-11.9%
NORMALIZED EBITDA	**336.3**	**280.6**	**-16.6%**	**159.3**	**140.4**	**-11.9%**

EBIT

In million EUR	Year-to-date 30 June 2017	2018	Change %	2nd quarter 2017	2018	Change %
Profit from operating activities (EBIT)	290.2	205.1	-29.3%	136.0	100.3	-26.3%
Non-cash impact of purchase price allocation (PPA) (1)		4.4			2.3	
NORMALIZED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**290.2**	**209.4**	**-27.8%**	**136.0**	**102.6**	**-24.6%**

PROFIT FOR THE YEAR (EAT)

In million EUR	Year-to-date 30 June 2017	2018	Change %	2nd quarter 2017	2018	Change %
Profit for the year	195.8	127.9	-34.6%	99.7	65.5	-34.4%
Non-cash impact of purchase price allocation (PPA) (1)		3.3			1.8	
NORMALIZED PROFIT OF THE YEAR	**195.8**	**131.3**	**-32.9%**	**99.7**	**67.3**	**-32.6%**

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

Cash Flow Statement related

During the first and second quarter 2018 and 2017 no adjusting cash flow statement related items were identified.

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

In million EUR	Year-to-date 30 June 2017	2018	Change %	2nd quarter 2017	2018	Change %
IFRS Consolidated Net Profit	**195.8**	**127.9**	**-34.6%**	**99.7**	**65.5**	**-34.4%**
Results of subsidiaries and deconsolidation impacts	(22.9)	5.2	-122.7%	(9.9)	2.8	-128.6%
Other deconsolidation impacts	21.4	10.9	-49.0%	15.5	10.5	-32.5%
Differences in depreciation and impairments	1.8	1.3	-27.8%	0.8	1.8	125.6%
Differences in recognition of provisions	(0.3)	(0.7)	135.7%	(0.5)	0.1	-119.5%
Effects of IAS19	(33.0)	1.8	-105.6%	(29.3)	3.5	-112.0%
Depreciation intangibles assets PPA	0.0	4.4		0.0	2.3	
Deferred taxes	3.3	(0.7)	-122.7%	1.6	(1.3)	-181.3%
Other	4.8	4.8	0.9%	(1.5)	(2.6)	75.0%
Belgian GAAP unconsolidated net profit	**170.8**	**154.9**	**-9.3%**	**76.5**	**82.6**	**8.1%**

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 30 June 2017	2018	2nd quarter 2017	2018
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(9.4)	(5.0)	(4.4)	(2.4)
Profit of the international subsidiaries (local GAAP)	(6.7)	16.9	(2.7)	8.2
Share of results of associates (local GAAP)	(6.8)	(6.1)	(2.7)	(2.9)
Other deconsolidation impacts	21.4	10.3	15.5	10.5
TOTAL	**(1.5)**	**16.1**	**5.7**	**13.3**

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, amortization 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. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel be recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected

on bpost's Income Statement under personnel costs or provisions, except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result. The year-over-year evolution in the second quarter was mainly explained by the curtailment of the transport benefits for bpost's retirees.

- In accordance with IFRS 3 bpost performed the purchase price allocation (PPA) for de Buren, DynaGroup and Ubiway and recognized several intangible assets (brand names, know-how, customer relationships,…). The depreciation on these intangible assets amounted to EUR 4.4m in 2018. In 2017 there was no impact related to PPA.

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

Statement of legal representatives

The bpost Management Committee declares that to the best of its knowledge, the 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.

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

Forward Looking Statements

The information in this document may include forward-looking statements[5], 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.

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

Glossary

- **Belgian GAAP** : financial reporting framework applicable in Belgium
- **Capex**: total amount invested in fixed assets.
- **EAT** : Earnings After Taxes
- **EBIT**: Earnings Before Interests and Taxes.
- **EBITDA**: Earnings Before Interests, Taxes, Depreciation and Amortization.
- **Effective tax rate**: Income tax expense/profit before tax.
- **Net debt (net cash)** represents interest and non-interest bearing loans less cash and cash equivalents.
- **Normalized EBITDA/EBIT/EAT/operating free cash flow:** EBITDA,EBIT/EAT/operating free cash flow excluding the 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 normalized 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 normalized whatever the amount they represent. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.
- **Operating free cash flow (FCF):** cash flow from operating activities + cash flow from investing activities.
- **Underlying volume:** starts from the reported volume and includes some corrections, for example the impact of the number of working days on the sales of stamps and franking machines and mail volumes related to elections.