bpost Group's first quarter 2020 impacted by COVID-19

First quarter 2020 highlights

- Our key priority is to protect the health and safety of our employees and customers.
- Group operating income at EUR 934.6m, +3.1% compared with the same period last year and driven by Parcels BeNe and E-commerce logistics growth in both Parcels & Logistics Europe & Asia and North America.
- Group reported EBIT at EUR 71.0m. Adjusted EBIT at EUR 75.6m (margin of 8.1%).
- Mail & Retail
    - Total operating income at EUR 500.0m (-5.2%) driven by COVID-19 impact on Advertising mail and on retail and by the deconsolidation of Alvadis.
    - Underlying mail volume decline at -9.9% driven by cancelled advertising campaigns due to COVID-19.
    - Reported EBIT at EUR 64.6m. Adjusted EBIT at EUR 65.2m (13.0% margin), down by -29.6% from COVID-19 mail evolution and additional opex to guarantee continuity of service. M&R COVID-19 impact estimated at EUR -14.4m.
- Parcels & Logistics Europe & Asia
    - Total operating income at EUR 213.5m (+8.5%) mainly driven by Parcels BeNe (+19.8%). Significant negative impact in Cross-border business of COVID-19.
    - Organic Parcels BeNe volumes at +20.5%, higher than +17.9% volume growth observed year-to-date February 2020, and driven by increased online sales since the March 18, 2020 lockdown.
    - Reported EBIT at EUR 16.2m. Adjusted EBIT at EUR 16.9m (7.9% margin), up EUR 4.5m (+31%) operationally excluding 1Q19 VAT recovery, year-over-year negative evolution of terminal dues settlements and COVID-19. PaLo Eurasia COVID-19 impact estimated at EUR -1.8m.
- Parcels & Logistics North America
    - Total operating income at EUR 261.3m (+14.3%, +11.2% at constant exchange rate), driven by E-commerce logistics, in particular growth at Radial from existing customers and new business signed in 2019.
    - Reported EBIT at EUR -10.8m. Adjusted EBIT at EUR -7.4m (-2.8% margin), up EUR 0.4m driven by positive evolution of E-commerce logistics, mainly Radial, to a large extent offset by continued margin pressure in International mail. PaLo NA COVID-19 impact estimated at EUR -0.3m.
- Total COVID-19 impact on Group EBIT estimated at EUR -16.7m for the first quarter 2020. Excluding this impact, first quarter 2020 results were above expectations as mail volume decline was trending better than guided.
- Outlook for 2020 is overruled by COVID-19. Updated full-year guidance will be issued as soon as the full quantitative impact of COVID-19 can be accurately and reliably estimated. bpost Group is not in position to do so to date.
- The current dividend policy of minimum 85% of BGAAP net result is suspended. A new dividend policy will be decided by the Board of Directors when the longer term impact of the COVID-19 crisis becomes clear. As a consequence, there will be no announcement tomorrow before market opening regarding a new capital allocation policy.

CEO & Chairman quote

Jean-Paul Van Avermaet, CEO of bpost Group: "*We are experiencing an unprecedented global crisis. Facing these exceptional circumstances, bpost Group is more than ever conscious of the social role it plays by providing a vital link between people and preventing the isolation of the most vulnerable. The considerable efforts made by our employees to guarantee the continuity of bpost Group's services are not made at the expense of their and our customers' health and safety. This is of critical importance and our number one priority. We have implemented many measures on the field to protect our employees and our customers.*"

"In a very short time, thanks to the unbridled efforts of all postmen and women, we have succeeded in structurally accommodating and processing the large influx of parcels within our current infrastructure in an agile and flexible manner. This proves once again that the Belgian economy can count on bpost more than ever as an essential link between companies and customers to support the change in online consumer behaviour."

"As expected, bpost Group is not immune to the current global crisis. The Belgian Federal government has imposed a lockdown on Belgian citizens since mid-March 2020, and this has unavoidably impacted our first quarter results. Our key priorities remain to guarantee the safety of our employees, the continuity of operations and the sound financial situation of the company. We continue to closely monitor the impact of the COVID-19 virus on our operations and financials. Given the uncertainties and ongoing developments, we are not in a position to date to accurately and reliably estimate the full quantitative impact on full year 2020 results and will communicate as soon as this assessment can be made."

François Cornelis, Chairman of the Board of Directors, continues: "*Meanwhile, tough but well-considered decisions had to be made to strengthen the balance sheet and safeguard cash reserves of the Group for the long-term. Therefore, the Board will propose to the ordinary General Meeting of Shareholders to limit the dividend on 2019 results to the interim amount paid in December last year. In the present exceptional circumstances, prudence is warranted given the uncertain length and severity of the COVID-19 crisis.*"

Jean-Paul Van Avermaet, CEO of bpost Group: *"Also capital expenditures will be limited to urgent and strategic needs only. Based on our continuous assessment of the situation, we will take any further actions deemed necessary."*

"Besides COVID-19, our first quarter results are marked by growing EBIT contributions from our Parcels & E-commerce logistics businesses both in Europe and the US. This confirms that the business transformation we embarked on is the right track towards a viable future. Since our first quarter results were hampered by significant EBIT churn from our domestic and international mail activities, we need to further accelerate the development of our growth activities. Meanwhile, we want to remain an efficient mail operator in Belgium, and for that purpose, the successful nation-wide introduction of our alternating distribution model mid-March has been a major step forward."

Outlook for 2020

Outlook as issued on March 17, 2020 excluding and overruled by COVID-19

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

For the business units, bpost Group was expecting:

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 was expected to amount up to EUR 200m.

Updated full-year guidance will be issued as soon as the full quantitative impact of COVID-19 can be accurately and reliably estimated. bpost Group is not in position to do so to date.

First quarter 2020 COVID-19 impacts observed in March 2020 since start of lockdown

Mail & Retail:

- Advertising Mail volumes down more than 60%, smaller impact on Transactional mail volumes
- Additional costs for safety and premium to operational employees of around EUR 5.0m on a monthly basis
- Higher absenteeism, the rate at bpost Belgium doubled at the start of the crisis in March

Parcels & Logistics Europe & Asia:

- Additional volumes at Parcels BeNe, with volume growth surpassing 20% year-over-year and strongly trending upwards
- Cross-border significantly impacted by reduced air freight capacity and closure of international borders
- Additional costs for safety, premium, absenteeism and transport of around EUR 1.5m on a monthly basis

Parcels & Logistics North America:

- So far, client volumes met expectations. There are limited operational disruptions.
- Additional costs for health and safety are currently less than ~EUR 1.0m/month, might go up going forward

We strive to reduce gross capex by at least EUR 50m to EUR 150m maximum (from up to EUR 200m).

The current dividend policy of minimum 85% of BGAAP net result is suspended. A new dividend policy will be decided by the Board of Directors when the longer term impact of the COVID-19 crisis becomes clear.

Key figures[1]

1st quarter (in million EUR)	Reported		Adjusted		
	2019	2020	2019	2020	% Δ
Total operating income	906.8	934.6	906.8	934.6	3.1%
Operating expenses (excl. D&A)	755.7	797.4	755.7	797.4	5.5%
EBITDA	151.1	137.2	151.1	137.2	-9.2%
Depreciation and amortization	60.7	66.1	55.3	61.5	11.3%
EBIT	90.4	71.0	95.8	75.6	-21.0%
Margin (%)	10.0%	7.6%	10.6%	8.1%	
Profit before tax	81.5	71.5	86.9	76.1	-12.4%
Income tax expense	31.3	23.6	31.8	23.8	
Net profit	50.2	47.9	55.1	52.2	-5.1%
FCF	186.1	194.2	195.4	246.2	26.0%
Net Debt/ (Net cash) at 31 March	613.1	619.9	613.1	619.9	1.1%
CAPEX	15.7	20.5	15.7	20.5	31.0%

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[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.

Group overview

First quarter 2019

Compared to last year, total external operating income increased by EUR 27.7m to EUR 934.6m.

- Parcels & Logistics North America external operating income increased by EUR +32.8m, driven by E-commerce logistics, in particular growth from existing customers and new business signed in 2019 at Radial.
- The revenue increase of Parcels & Logistics Europe & Asia (EUR +18.7m) was mainly driven by Parcels BeNe organic volume growth of 20.5% translating into EUR 17.3m revenue growth. Top-line development at E-commerce logistics was strong, partly offset by COVID-19 impact on Cross-border.
- Mail & Retail external operating income declined by EUR -28.7m mainly as a result of -9.9% mail volume decline, largely due to COVID-19 impact on Advertising mail. Proximity and convenience retail network revenue decline was driven by the deconsolidation of Alvadis and COVID-19 impact on Ubiway Retail.
- Corporate revenues increased by EUR 4.9m, driven by building sales.

Operating expenses including adjusted depreciation and amortization increased by EUR -47.9m, mainly driven by higher payroll, interims and transport costs resulting from higher Parcels BeNe and E-commerce logistics volumes and additional costs due to COVID-19. As a result, adjusted EBIT decreased by EUR -20.2m compared to last year. Total COVID-19 impact on Group EBIT estimated at EUR -16.7m for the first quarter 2020. Excluding this impact, first quarter 2020 results were above expectations as mail volume decline was trending better than guided.

Net financial result increased by EUR 3.2m compared to last year due to lower non-cash financial charges related to IAS 19 employee benefits and improved exchange results.

Share of profit of associates and joint ventures increased by EUR 6.2m compared to last year due to the increase of the result of bpost bank. This increase was mainly due to the partial sale of the bond portfolio in the first quarter of 2020 on which a profit has been realised.

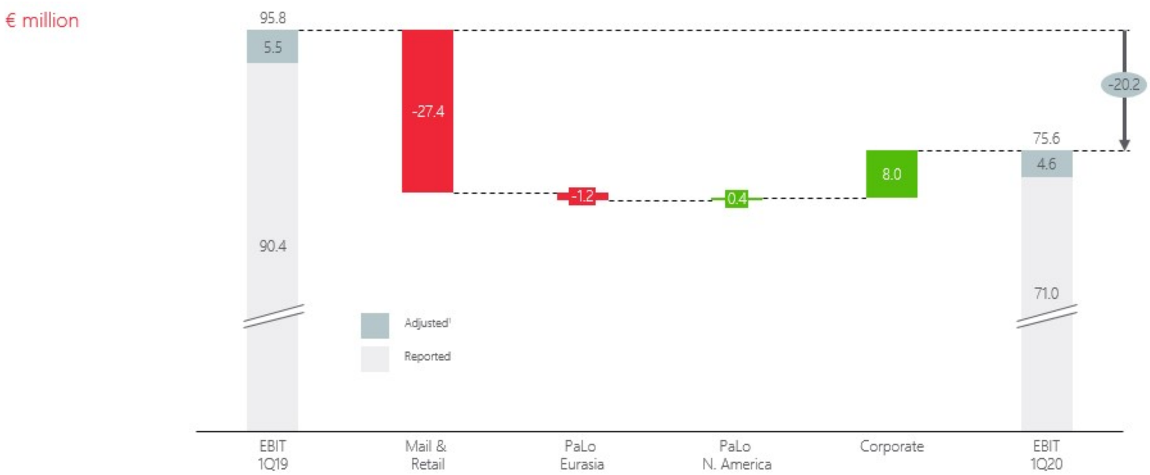
Income tax expense decreased by EUR 7.7m compared to last year mainly due to the lower profit before tax and to the lower statutory tax rate in Belgium.

IFRS group net profit stood at EUR 47.9m.

Adjusted contribution of the different business units for 2020 amounted to:

In million EUR (adjusted)	1st quarter		
	Total operating income	EBIT	Margin (%)
Mail & Retail	500.0	65.2	13.0%
Parcels & Logistics Europe & Asia	213.5	16.9	7.9%
Parcels & Logistics North America	261.3	(7.4)	-2.8%
Corporate	96.8	1.0	1.1%
Eliminations	(137.1)		
Group	934.6	75.6	8.1%

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



Business Unit performance: Mail & Retail

Mail & Retail	1st quarter		
In million EUR	2019	2020	Change %
External operating income	486.5	457.8	-5.9%
Transactional mail	195.5	193.3	-1.1%
Advertising mail	60.9	47.8	-21.5%
Press	88.4	86.1	-2.6%
Proximity and convenience retail network	116.3	103.1	-11.4%
Value added services	25.3	27.5	8.5%
Intersegment operating income	41.1	42.2	2.9%
TOTAL OPERATING INCOME	527.5	500.0	-5.2%
Operating expenses	414.1	413.8	-0.1%
EBITDA	113.4	86.1	-24.0%
Depreciation, amortization	21.4	21.6	0.9%
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	92.1	64.6	-29.8%
Margin (%)	17.4%	12.9%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	92.6	65.2	-29.6%
Margin (%)	17.6%	13.0%	
Average FTE & Interims	21,882	22,175	1.3%

External operating income in the first quarter 2020 amounted to EUR 457.8m and showed a decrease of EUR -28.7m or -5.9% compared to the same period of 2019.

Revenues from Domestic Mail (i.e. Transactional, Advertising and Press combined) decreased by EUR -17.6m to EUR 327.2m. Underlying volume decline amounted to -9.9% (versus -7.9% full year 2019 underlying volume decline). This is composed of an underlying volume decline of -7.1% year-to-date February 2020 and -15.6% in March 2020. Transactional mail noted an underlying volume decline of -8.8% for the quarter (versus -9.2% full year 2019 underlying volume decline). The year-to-date February 2020 underlying volume decline amounted to -8.1%, driven by the structural trends of 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. The March 2020 underlying volume decline amounted to -10.2% driven by the impact of COVID-19 on smaller administrative mail volumes and registered letters. Advertising mail realized an underlying volume decrease of -16.5% for the quarter (versus -4.7% full year 2019 underlying volume decline). The year-to-date February 2020 underlying volume decline amounted to -3.9%, which was better than the full year 2019 volume trend, and driven by dedicated marketing and sales efforts aimed at re-boosting advertising mail. The March 2020 underlying volume decline amounted to -39.4% driven by cancelled campaigns from the COVID-19 ban on promotions that started March 16, 2020 and the closure of all non-essential items stores. Press[2] volume decreased on an underlying basis by -5.2% (versus -6.5% full year 2019 underlying volume decline) driven by e-substitution and rationalization.
Total Domestic Mail volume decline impacted revenues by EUR -29.1m. This effect was only partly compensated by the net improvement in price and mix amounting to EUR +10.5m and a positive working days impact of EUR +1.0m.

[2] Following the merger of AMP with Burnonville the distribution of non-food to point of sales are reported as 'Press'. Revenue of the comparable period have been restated to reflect this change.

Mail & Retail Evolution underlying Mail volumes	1st quarter 2019	 2020
Domestic mail	-9.2%	-9.9%
Transactional mail	-9.8%	-8.8%
Advertising mail	-7.6%	-16.5%
Press	-8.7%	-5.2%

Proximity and convenience retail network decreased by EUR -13.2m to EUR 103.1m. This decrease was mainly driven by the deconsolidation of Alvadis (EUR -7.6m) as of September 2019, COVID-19 impact on Ubiway Retail revenue and lower banking & finance revenues from the low interest rate environment.

Value added services amounted to EUR 27.5m and showed an increase of EUR 2.2m versus last year driven by higher revenues from fines and document management.

Reported EBIT amounted to EUR 64.6m with a margin of 12.9% and showed a decrease of EUR -27.5m compared to the same period of 2019. The decrease in reported EBIT was driven by lower total operating income (EUR -27.5m). Despite COVID-19, total operating expenses (including D&A) remained nearly stable (decrease of EUR +0.1m). Higher payroll costs from amongst others the COVID-19 premium and higher absenteeism were fully compensated by the favourable evolution of the FTE mix, the decrease of material costs from Ubiway Retail, including the deconsolidation impact of Alvadis, and higher recoverable VAT. Adjusted EBIT amounted to EUR 65.2m with a margin of 13.0% and showed a decrease of EUR -27.4m compared to previous year.

COVID-19 has an estimated impact on EBIT of EUR -14.4m. This was mainly explained by the top-line development on domestic mail as well as additional costs related to a premium for operational staff in duty applicable since March 1st, higher absenteeism and increased health and safety measures.

Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia In million EUR	1st quarter 2019	 2020	 Change %
External operating income	191.7	210.5	9.8%
Parcels BeNe	87.4	104.7	19.8%
E-commerce logistics	30.8	39.3	27.4%
Cross-border	73.5	66.5	-9.6%
Intersegment operating income	5.1	3.0	-40.7%
TOTAL OPERATING INCOME	196.8	213.5	8.5%
Operating expenses	174.8	192.2	10.0%
EBITDA	22.0	21.3	-3.4%
Depreciation, amortization	5.7	5.1	-10.4%
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	16.3	16.2	-0.9%
Margin (%)	8.3%	7.6%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	18.0	16.9	-6.4%
Margin (%)	9.2%	7.9%	
Average FTE & Interims	3,096	3,435	10.9%

External operating income in the first quarter 2020 amounted to EUR 210.5m and showed an increase of EUR 18.7m or 9.8% compared to the same period of 2019.

Parcels BeNe increased by EUR 17.3m (or +19.8%) to EUR 104.7m resulting from parcels volume growth of 20.5%, higher than the year-to-date February 2020 17.9% growth, driven by increased online sales since the March 18, 2020 lockdown and continuous positive volume development at DynaLogic with a strong quarter compared to the same period of 2019. Parcels BeNe volume growth in March 2020 stood at +26.0%. Price/mix was negative, fully driven by the client mix effect.

Parcels & Logistics Europe & Asia	1st quarter 2019	 2020
Evolution Parcels BeNe volume	16.9%	20.5%

E-commerce logistics operating income in the first quarter 2020 amounted to EUR 39.3m, an increase of EUR 8.5m compared to the same period of 2019 mainly driven by Active Ants organic business development combined with the integration of MCS Fulfilment as from October 1st and growth at Radial Europe from new customers gained in 2019.

Cross-border was significantly impacted by COVID-19 (EUR -5.7m). Operating income decreased by EUR -7.0m to EUR 66.5m driven by volume losses on international parcels and inbound and outbound mail volume decline with the main impact in March 2020. Terminal dues settlements showed a negative year-over-year evolution of EUR -1.0m.

Reported EBIT in the first quarter 2020 amounted to EUR 16.2m and was in line with the same period of 2019. Higher total operating income (EUR +16.7m) was partly offset by higher operating expenses (EUR -13.9m, including D&A and excluding the additional VAT recovery in 2019 of EUR -2.4m and the unfavourable evolution of terminal due settlements of EUR -0.5m).
Within operating expenses (including adjusted D&A) mainly payroll, interim and transport costs increased driven by Parcels BeNe and E-commerce logistics volume growth, the COVID-19 premium, increased absenteeism and negative channel mix (higher use of subcontractors).

Adjusted EBIT in the first quarter 2020 amounted to EUR 16.9m and showed a decrease of EUR -1.2m compared to the same period of 2019. Excluding the impacts of the additional VAT recovery in the first quarter of 2019, the year-over-year terminal dues settlements (EUR -1.4m) and COVID-19, adjusted EBIT would be up EUR +4.5m (+31%) operationally.

COVID-19 had an estimated EBIT impact of EUR -1.8m, mainly resulting from the partial suspension of Cross-border activities, slightly higher Parcels BeNe revenues offset by the aforementioned additional operating expenses and increased health and safety measures.

Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America	1st quarter		
In million EUR	2019	2020	Change %
External operating income	227.2	259.9	14.4%
E-commerce logistics	204.5	238.0	16.4%
International mail	22.7	21.9	-3.2%
Intersegment operating income	1.4	1.4	-0.4%
TOTAL OPERATING INCOME	228.5	261.3	14.3%
Operating expenses	222.7	250.9	12.7%
EBITDA	5.9	10.4	77.6%
Depreciation, amortization	16.9	21.2	25.5%
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	(11.0)	(10.8)	-2.3%
Margin (%)	-4.8%	-4.1%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(7.8)	(7.4)	-4.5%
Margin (%)	-3.4%	-2.8%	
Average FTE & Interims	7,349	7,445	1.3%

External operating income in the first quarter 2020 amounted to EUR 259.9m and showed an increase of EUR 32.8m or +14.4% (+11.3% at constant exchange rate[3]) compared to the same period of 2019.

E-commerce logistics increased by EUR 33.5m to EUR 238.0m or 16.4% (+13.2% at constant exchange rate). Not taking into account the favourable evolution of the USD, operating income increased through Radial North America recording growth of existing customers as well as new clients launched in 2019 partly offset by client churn.

Radial North America (*)	1st quarter	
In million USD (Adjusted)	2019	2020
Total operating income	187.2	215.1
EBITDA	(1.9)	4.1
Profit from operating activities (EBIT)	(15.2)	(12.9)

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

International mail in the first quarter 2020 amounted to EUR 21.9m, a decrease of EUR -0.7m compared to the same period of 2019 or -3.2% (-6.1% at constant exchange rate). COVID-19 did not have a material impact in March 2020 yet.

[3] 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.

Reported EBIT in the first quarter 2020 amounted to EUR -10.8m with a margin of -4.1% and showed an increase of EUR +0.2m compared to the same period of 2019. The reported EBIT increase was mainly driven by higher total operating income, up EUR 32.8m or 14.3% (+11.2% at constant exchange rate) offset by higher operating expenses (including D&A, EUR -32.5m). The increase in expenses was mainly driven by higher variable costs in line with the volume growth, a slightly negative client mix effect, higher payroll costs and increased depreciations and amortization from the 3 new fulfilment centers. International mail was impacted by a year-over-year increase in transport costs.
Adjusted EBIT in the first quarter 2020 amounted to EUR -7.4m and showed an increase of EUR +0.4m, compared to the same period of 2019. This slight increase was driven by positive evolution in E-commerce logistics, in particular at Radial. This was largely offset by continuing margin pressure in International mail from higher competition, lower volumes and increased transport costs.

COVID-19 estimated impact on EBIT amounted to EUR -0.3m, mainly related to additional costs for health and safety measures.

Business Unit performance: Corporate

Corporate		1st quarter	
In million EUR	2019	2020	Change %
External operating income	1.5	6.4	
Intersegment operating income	84.7	90.4	6.7%
TOTAL OPERATING INCOME	86.2	96.8	12.3%
Operating expenses	76.4	77.5	1.4%
EBITDA	9.8	19.3	97.6%
Depreciation, amortization	16.7	18.3	9.0%
PROFIT FROM OPERATING ACTIVITIES (EBIT Reported)	(7.0)	1.0	
Margin (%)	-8.1%	1.1%	
PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(7.0)	1.0	
Margin (%)	-8.1%	1.1%	
Average FTE & Interims	1,639	1,640	0.1%

External operating income in the first quarter 2020 increased by EUR 4.9m to EUR 6.4m due to higher building sales (EUR 5.2m, partly delays from 2019 which were materialized in the first quarter of 2020), partially offset by lower rental income (EUR -0.3m).

Operating expenses (including D&A) increased by EUR -2.6m driven by higher reinvoicing of services to the operational business units (EUR +5.7m intersegment operating income). Especially for IT-related projects, an increase in demand was noticed. Net of intersegment operating income, the operating expenses (including D&A) were down EUR +3.1m.

Reported EBIT and Adjusted EBIT showed an increase of EUR 8.0m mainly driven by higher external operating income (EUR +4.9m) and lower operating expenses. COVID-19 impacted EBIT by an estimated EUR -0.2m, mainly related to additional costs for health and safety measures.

Cash flow statement

	1st quarter	
In million EUR	2019	2020
Net cash from operating activities	202.2	203.6
Net cash used in investing activities	(16.1)	(9.4)
Net cash from financing activities	(44.2)	(26.6)
NET INCREASE IN CASH AND CASH EQUIVALENTS	141.9	167.6
Free cash flow	186.1	194.2

First quarter 2019

In the first quarter 2020, the net cash flow increased compared to the same period last year by EUR 25.7m to EUR 167.6m.

Free cash flow amounted to EUR 194.2m.

Cash flow from operating activities compared to the same period last year increased by EUR 1.4m to EUR 203.6m. The first quarter 2020 benefited from a positive tax assessment on previous years (EUR +7.5m vs. EUR -13.8m in the first quarter 2019) whilst the usual cash outflows related to collected proceeds due to Radial's clients were higher than last year (EUR -42.6m, mainly phasing). Excluding these elements, cash flow from operating activities increased by EUR 22.8m as the positive impact of phasing in payables was partially offset by lower operating results.

Investing activities resulted in a cash outflow of EUR 9.4m in the first quarter 2020, compared to a cash outflow of EUR 16.1m for the same period last year. The proceeds building sales (EUR +11.1m) combined with higher capital expenditures (EUR -4.9m) explained the evolution in the first quarter.

In 2020 the cash outflow relating to financing activities amounted to EUR -26.6m compared to -44.2m last year, mainly explained by the higher issuance of commercial papers (EUR +15.6m).

Key events during the first quarter

The first quarter was primarily marked by the worldwide outbreak of the COVID-19. On March 18, 2020, the Belgian Federal government imposed a lockdown on Belgian citizens aimed at limiting the spread of the COVID-19 virus.

The spread of the COVID-19 virus has an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost Group focuses on the continuity of its universal postal service missions while showing the utmost concern for the health and safety of its employees and customers.

The operational implications on bpost Group were the following so far:

- Retail network: bpost has adapted the opening hours of its post offices.
- International service offering: The cancellation of many flights by airlines companies has prompted bpost Group to suspend from March 19, 2020 the sending of letters and parcels to destinations outside Europe. Dispatch of letters and parcels to China was already suspended since February 15, 2020 for the same reason.

On March 27, 2020, the bpost Board of Directors proposed to cancel the May 2020 final dividend payment due to COVID-19.

Considering the uncertain length and severity of the COVID-19 crisis and its impact on bpost Group, the Board of Directors will propose to the ordinary General Meeting of Shareholders to be held on May 13, 2020 to distribute a gross dividend per share on the results of full year 2019 of EUR 0.62 instead of EUR 0.73 as communicated in the full year 2019 results press release of March 17, 2020. This would imply that, since an interim dividend of EUR 0.62 gross per share was already paid on December 9, 2019, no further dividend on the results of full year 2019 will be paid.
bpost Group remains fully committed to delivering sustainable shareholder returns. However, in the present exceptional circumstances, the Board wants to prioritize the strength of bpost Group's balance sheet and cash reserves for the long-term.

Financial calendar

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

Unaudited Interim Condensed Consolidated Financial Statements[4]

Interim Condensed Consolidated Income Statement (unaudited)

In million EUR	Notes	1st quarter 2019	1st quarter 2020
Revenue	5	899.1	921.2
Other operating income		7.8	13.3
TOTAL OPERATING INCOME		906.8	934.6
Material costs		(58.6)	(51.8)
Services and other goods	6	(325.0)	(366.4)
Payroll costs		(371.0)	(380.5)
Other operating expenses		(1.2)	1.3
Depreciation, amortization		(60.7)	(66.1)
TOTAL OPERATING EXPENSES		(816.5)	(863.5)
PROFIT FROM OPERATING ACTIVITIES (EBIT)		90.4	71.0
Financial income		1.4	2.4
Financial costs		(8.9)	(6.7)
Share of results of associates and joint ventures		(1.4)	4.7
PROFIT BEFORE TAX		81.5	71.5
Income tax expense		(31.3)	(23.6)
PROFIT OF THE PERIOD		50.2	47.9
Attributable to:			
Owners of the Parent		50.2	47.8
Non-controlling interests		(0.1)	0.1

EARNINGS PER SHARE

In EUR	1st quarter 2019	1st quarter 2020
►basic, profit for the year attributable to ordinary equity holders of the parent	0.25	0.24
►diluted, profit for the year attributable to ordinary equity holders of the parent	0.25	0.24

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.

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

Interim Condensed Consolidated Statement of Other Comprehensive Income (unaudited)

In million EUR	1st quarter 2019	1st quarter 2020
PROFIT FOR THE YEAR	50.2	47.9
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Change of other comprehensive income of associates	(3.3)	(10.0)
Gross change of other comprehensive income of associates	*(7.7)*	*(15.0)*
Income tax effect	*4.5*	*5.0*
Net gain/(loss) on hedge of a net investment	(2.4)	(3.2)
Net gain/(loss) on cash flow hedges	0.4	0.5
Gain/ (loss) on cash flow hedges	*0.6*	*0.6*
Income tax effect	*(0.2)*	*(0.2)*
Exchange differences on translation of foreign operations	23.3	14.3
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	18.1	1.5
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (losses) on defined benefit plans	0.0	0.0
Gross gain/ (loss) on defined benefit plans	*0.0*	*0.0*
Income tax effect	*0.0*	*0.0*
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	0.0	0.0
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	18.1	1.5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	68.3	49.4
Attributable to:		
Owners of the Parent	68.3	49.2
Non-controlling interest	(0.1)	0.1

Interim Condensed Consolidated Statement of Financial Position (unaudited)

In million EUR	Notes	As of 31 December 2019	As of 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	7	1,133.6	1,120.2
Intangible assets	8	898.3	904.9
Investments in associates and joint ventures	9	239.5	234.2
Investment properties		5.0	4.9
Deferred tax assets		27.3	26.5
Trade and other receivables		41.5	41.8
		2,345.1	2,332.5
Current assets			
Inventories		34.7	36.8
Income tax receivable		8.1	7.2
Trade and other receivables	10	717.6	541.8
Cash and cash equivalents	11	670.2	844.4
		1,430.5	1,430.2
Assets held for sale		1.4	0.2
TOTAL ASSETS		3,777.1	3,762.9
Equity and liabilities			
Issued capital		364.0	364.0
Reserves		252.3	273.3
Foreign currency translation		34.0	45.0
Retained earnings		30.7	47.9
Equity attributable to equity holders of the Parent		680.9	730.1
Equity attributable to non-controlling interests		1.7	1.8
TOTAL EQUITY		682.6	731.9
Non-current liabilities			
Interest-bearing loans and borrowings	12	1,176.8	1,182.1
Employee benefits	13	320.6	319.6
Trade and other payables		27.7	27.6
Provisions		16.2	17.7
Deferred tax liabilities		7.0	6.9
		1,548.2	1,553.9
Current liabilities			
Interest-bearing loans and borrowings	14	272.7	276.7
Bank overdrafts		0.5	5.3
Provisions		13.7	13.0
Income tax payable		7.3	34.4
Derivative instruments	17	1.3	0.5
Trade and other payables	15	1,250.9	1,147.1
		1,546.3	1,477.0
TOTAL LIABILITIES		3,094.5	3,030.9
TOTAL EQUITY AND LIABILITIES		3,777.1	3,762.9

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

In million EUR	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
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					50.2	50.2	(0.1)	50.2
Other comprehensive income			48.8	20.9	(51.6)	18.1		18.1
TOTAL COMPREHENSIVE INCOME	0.0	0.0	48.8	20.9	(1.4)	68.3	(0.1)	68.3
Dividends (Pay-out)					0.0	0.0	0.0	0.0
Other			(4.7)		(0.1)	(4.8)	0.2	(4.6)
AS OF 31 MARCH 2019	364.0	0.0	315.5	33.6	50.2	763.3	2.7	766.0
AS PER 1 JANUARY 2020	364.0	0.0	252.3	34.0	30.7	680.9	1.7	682.6
Profit for the year 2020					47.8	47.8	0.1	47.9
Other comprehensive income			21.1	11.0	(30.7)	1.5		1.5
TOTAL COMPREHENSIVE INCOME	0.0	0.0	21.1	11.0	17.1	49.2	0.1	49.4
Dividends (Pay-out)			0.0		0.0	0.0	0.0	0.0
Other			(0.2)		0.1	(0.0)	0.0	(0.0)
AS OF 31 MARCH 2020	364.0	0.0	273.3	45.0	47.9	730.1	1.8	731.9

Equity increased by EUR 49.4, or 7.2%, to EUR 731.9m as of March 31, 2020 from EUR 682.6m as of December 31, 2019. The realized profit (EUR 47.9m), the exchange differences on translation of foreign operations (EUR 11.0m) and the effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond (EUR 0.5m) were partially offset by the fair value adjustment in respect of bpost bank's bond portfolio (EUR 10.0m). The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

	1st quarter	
In million EUR	2019	2020
Operating activities		
Profit before tax	81.5	71.5
Depreciation and amortization	60.7	66.1
Impairment on bad debts	0.7	1.0
Gain on sale of property, plant and equipment	(0.1)	(4.9)
Other non-cash items	5.2	6.2
Change in employee benefit obligations	(1.0)	(1.0)
Share of profit of associates	1.4	(4.7)
Dividends received	0.0	0.0
Income tax paid	(2.9)	(3.8)
Income tax paid on previous years	(13.8)	7.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	131.7	137.7
Decrease/(increase) in trade and other receivables	160.3	170.9
Decrease/(increase) in inventories	2.8	(2.1)
Increase/(decrease) in trade and other payables	(81.2)	(51.7)
Increase/(decrease) in collected proceeds due to clients	(9.3)	(51.9)
Increase/(decrease) in provisions	(2.1)	0.8
NET CASH FROM OPERATING ACTIVITIES	202.2	203.6
Investing activities		
Proceeds from sale of property, plant and equipment	0.1	11.1
Acquisition of property, plant and equipment	(9.4)	(15.0)
Acquisition of intangible assets	(6.3)	(5.5)
Acquisition of subsidiaries, net of cash acquired	(0.5)	(0.0)
NET CASH USED IN INVESTING ACTIVITIES	(16.1)	(9.4)
Financing activities		
Proceeds from borrowings and lease liabilities	170.2	298.2
Payments related to borrowings and lease liabilities	(214.3)	(324.9)
NET CASH FROM FINANCING ACTIVITIES	(44.2)	(26.6)
NET INCREASE IN CASH AND CASH EQUIVALENTS	141.9	167.6
NET FOREIGN EXCHANGE DIFFERENCE	2.3	1.8
Cash and cash equivalent less bank overdraft as of 1st January	680.1	669.7
Cash and cash equivalent less bank overdraft as of 31 March	824.4	839.0
MOVEMENTS BETWEEN 1ST JANUARY AND 31 MARCH	144.2	169.4

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first three months ended March 31, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on May 4, 2020.

Business activities

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

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

Legal status

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

2. Basis for preparation and accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the three months ended March 31, 2020 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, 2019.

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, 2019, except for the adoption of new standards and interpretations effective as from January 1, 2020.

The following new standards and amendments, entered into force as from January 1, 2020 don't have any effect on the presentation, the financial performance or position of bpost:

- IFRS 3 - Amendments – Definition of a Business
- IAS 1 and IAS 8 – Amendments - Definition of Material
- The Conceptual Framework for Financial Reporting
- IFRS 9, IAS 39 and IFRS 7 - Amendments - Interest Rate Benchmark Reform

Standards and Interpretations issued but 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 consolidated financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 17 - Insurance Contracts (*)	1 January 2021
IFRS 10 and IAS 28 – Amendments (*) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely

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

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

3. Seasonality of Operations

bpost revenue and earnings are affected by several 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 Parcels BeNe and E-commerce logistics. For Radial North-America part of the Parcels and Logistics North America segment, a leading US player in integrated e-commerce logistics and omnichannel technology, the fourth quarter is traditionally the quarter with the highest revenue and earnings.

4. Operating Segment

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

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

- Transactional and Advertising mail;
- Press: regrouping the distribution of newspapers and periodicals to newsstands, distribution of newspapers and periodicals to addressees;
- Value added services: document management and related activities; and
- Proximity and convenience retail network: offering proximity and convenience retail through its retail network in Belgium composed out of post offices, postal points and the Ubiway retail network of different branded shops. It

also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance.

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

The business unit Parcels & Logistics Europe & Asia ("PaLo Eurasia") oversees:

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

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

The business unit Parcels & Logistics North America ("PaLo N. Am.") is in charge of the commercial and operational activities related to:

- E-commerce logistics North America: operating in fulfilment, handling and distribution, return management, customer service and value-added technology services in North America (Radial and Apple Express) and Australia (FDM) and cross-border parcels services (Landmark US); and
- International mail: as full-service mail delivery provider in North America and combines MSI, IMEX and M.A.I.L.

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

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

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

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

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

The following tables present an overview of the segment results:

	M&R		PaLo Eurasia		PaLo N. Ame		Corporate		Eliminations		Group	
In million EUR	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20
External operating income	486.5	457.8	191.7	210.5	227.2	259.9	1.5	6.4			906.8	934.6
Intersegment operating income	41.1	42.2	5.1	3.0	1.4	1.4	84.7	90.4	(132.3)	(137.1)	0.0	0.0
TOTAL OPERATING INCOME	527.5	500.0	196.8	213.5	228.5	261.3	86.2	96.8	(132.3)	(137.1)	906.8	934.6
Operating expenses	414.1	413.8	174.8	192.2	222.7	250.9	76.4	77.5	(132.3)	(137.1)	755.7	797.4
Depreciation, amortization	21.4	21.6	5.7	5.1	16.9	21.2	16.7	18.3			60.7	66.1
PROFIT FROM OPERATING ACTIVITIES (EBIT)	92.1	64.6	16.3	16.2	(11.0)	(10.8)	(7.0)	1.0	0.0	0.0	90.4	71.0
Share of profit of associates and joint ventures											(1.4)	4.7
Financial results											(7.5)	(4.3)
Income tax expenses											(31.3)	(23.6)
PROFIT OF THE PERIOD (EAT)	92.1	64.6	16.3	16.2	(11.0)	(10.8)	(7.0)	1.0	0.0	0.0	50.2	47.9

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

The total operating income (excluding intersegment operating income), revenue and other operating income, is measured on the same basis as the financial statement's accounting guidelines (IFRS) and business unit performance.

Year-to-date	Total operating income			Revenue	
In million EUR	2019	2020	Change %	2019	2020
Mail & Retail	486.5	457.8	-5.9%	483.0	454.6
Transactional mail	195.5	193.3	-1.1%	195.5	193.3
Advertising mail	60.9	47.8	-21.5%	60.9	47.8
Press	88.4	86.1	-2.6%	86.8	84.5
Proximity and convenience retail network	116.3	103.1	-11.4%	114.7	101.6
Value added services	25.3	27.5	8.5%	25.1	27.4
Parcels & Logistics Europe & Asia	191.7	210.5	9.8%	191.5	210.4
Parcels BeNe	87.4	104.7	19.8%	87.4	104.7
E-commerce logistics	30.8	39.3	27.4%	30.6	39.2
Cross border	73.5	66.5	-9.6%	73.5	66.5
Parcels & Logistics North America	227.2	259.9	14.4%	224.6	256.2
E-commerce logistics	204.5	238.0	16.4%	201.9	234.3
International mail	22.7	21.9	-3.2%	22.7	21.9
Corporate & Supporting functions	1.5	6.4		0.0	0.0
TOTAL	906.8	934.6	3.1%	899.1	921.2

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

	1st quarter		
In million EUR	2019	2020	Change %
Belgium	616.5	599.1	-2.8%
Rest of Europe	61.0	72.3	18.6%
USA	217.4	249.8	14.9%
Rest of world	12.0	13.3	11.4%
TOTAL OPERATING INCOME	906.8	934.6	3.1%

	As of 31 December	As of 31 March	
In million EUR	2019	2020	Change %
Belgium	977.2	952.3	-2.5%
Rest of Europe	180.1	179.4	-0.4%
USA	874.8	898.9	2.7%
Rest of world	46.2	41.2	-10.9%
TOTAL NON-CURRENT ASSETS	2,078.4	2,071.8	-0.3%

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

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

5. Revenue

	1st quarter	
In million EUR	2019	2020
Revenue excluding the SGEI remuneration	829.9	852.7
SGEI remuneration	69.2	68.5
TOTAL	899.1	921.2

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

6. Services and other goods

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

	1st quarter		
In million EUR	2019	2020	Change %
Rent and rental costs	14.5	16.3	12.6%
Maintenance and repairs	27.8	27.4	-1.7%
Energy delivery	11.6	11.9	2.9%
Other goods	7.5	8.8	17.9%
Postal and telecom costs	5.0	4.9	-3.4%
Insurance costs	6.0	6.1	2.0%
Transport costs	149.8	171.0	14.2%
Publicity and advertising	5.3	6.1	16.1%
Consultancy	6.5	7.6	18.3%
Interim employees	32.7	44.0	34.9%
Third party remuneration, fees	34.6	38.1	10.0%
Other services	23.8	24.1	1.3%
TOTAL	325.0	366.4	12.7%

Services and other goods increased by EUR 41.4m, or 12.7% to EUR 366.4m as of March 31, 2020. This increase was mainly explained by the increased number of interim employees and transport costs resulting from higher volume of parcels and COVID-19.

7. Property, plant and equipment

Property, plant and equipment decreased by EUR 13.4m, or 1.2%, to EUR 1,120.2m as of March 31, 2020. The decrease was mainly explained by the depreciation for EUR 54.7m (including EUR 27.4m related to IFRS 16 right of use assets) partially offset by capital expenditures of EUR 15.0m, right of use asset recognised for EUR 26.3m and the evolution of the exchange rate.

8. Intangible assets

Intangible assets increased by EUR 6.6m, or 0.7%, to EUR 904.9m as of March 31, 2020. The increase was mainly due to the capital expenditures of EUR 5.5m and the evolution of the exchange rate, partially offset by the depreciation for EUR 11.4m.

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

9. Investment in associates and joint ventures

Equity accounted investees decreased by EUR 5.3m, to EUR 234.2m as of March 31, 2020. bpost's share in the gain of bpost bank for EUR 4.8m was more than compensated by bpost's share in the loss of Jofico for EUR 0.1m and the decrease in the unrealized gain on the bond portfolio in the amount of EUR 10.0m recognized in other comprehensive income, due to a partial sale of the bond portfolio and the increase of the underlying yield curve by 16 basis points (bps) compared to December 31, 2019. As of March 31, 2020, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 11.6m, which represented 5.0% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

10. Current trade and other receivables

Current trade and other receivables decreased by EUR 175.8m to EUR 541.8m as of March 31, 2020. The decrease was mainly driven by the usual settlement of the SGEI receivable during the first quarter of the year and by the peak sales of year-end.

The correction applied on the historical default rates of the expected credit loss rate were not revised in line of the COVID-19 impact given the high uncertainty of the short-term economic outlook and the scarcity of available and reliable information in the current context.

11. Cash and cash equivalents

Cash and cash equivalents increased by EUR 174.2m to EUR 844.4.m as of March 31, 2020 amongst others due to the payment of EUR 274.8m for the SGEI compensation during the first quarter 2020.

12. Non-Current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 5.4m to EUR 1,182.1m mainly due to the impact of the exchange rates.

13. Employee benefits

In million EUR	As of 31 December 2019	As of 31 March 2020
Post-employment benefits	(29.4)	(29.4)
Other long-term benefits	(282.2)	(281.8)
Termination benefits	(9.0)	(8.4)
TOTAL	(320.6)	(319.6)

Employee benefits decreased by EUR 1.0m, or 0.3%, to EUR 319.6m as of March 31, 2020. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 7.3m, partially offset by.
- Service costs for EUR 5.8m and interest costs for EUR 0.4m.

14. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings increased by EUR 4.0m to EUR 276.7m mainly due to the increase in leases for EUR 3.6m EUR. The outstanding commercial paper (EUR 165.1m) is in line with last year, slight increase by EUR 0.6m.

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15. Current trade and other payables

Current trade and other payables decreased by EUR 103.8m to EUR 1,147.1m as of March 31, 2020. This decrease was due to the decrease of the trade payables by EUR 141.0m and the social payables by EUR 7.6m partially compensated by the increase of other payables by EUR 44.9m. The decrease of the trade payables was mainly a phasing element given the peak season at year end. The increase of other payables was mainly due to the advance payment received from the Belgian State in respect of the SGEI compensation.

16. Financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per March 31, 2020:

		Fair value categorized:		
In million EUR As at 31 March 2020	Carrying amount	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable input (Level 3)
Financial assets measured at amortized cost				
Non-Current				
Financial assets	37.9	0.0	37.9	0.0
Investments securities	0.0	0.0	0.0	0.0
Current				
Financial assets	1,386.2	0.0	1,386.2	0.0
Total financial assets	1,424.1	0.0	1,424.1	0.0
Financial liabilities measured at amortized cost (except for derivatives):				
Non-Current				
Long-term bond	642.8	655.9	0.0	0.0
Financial liabilities	567.0	0.0	567.0	0.0
Current				
Derivatives instruments - forex swap	0.0	0.0	0.0	0.0
Derivatives instruments - forex forward	0.5	0.0	0.5	0.0
Financial liabilities	1,429.1	0.0	1,429.1	0.0
Total financial liabilities	2,639.3	655.9	1,996.5	0.0

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

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

At the end of the first quarter 2020 the main financial liabilities consisted of:

- EUR 650m bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%.
- USD 185m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years with two possible extensions of one year each.
- EUR 27.3m EIB (European Investment Bank) loan which has an yearly reimbursement of EUR 9.1m.
- Outstanding commercial paper issued by bpost amounted to EUR 165.2m. The maturity of the different commercial papers ranges between 1 to 9 months. Given the current market conditions, bpost can benefit from negative interest rates.

- The outstanding balance of liabilities related to leases amounted to 453.8 million EUR.

bpost has two undrawn revolving credit facilities for a total amount of EUR 375.0m. The syndicated facility amounts to EUR 300.0m, which expires in October 2022, has been extended in 2019 to October 2024 whereas the bilateral facility of EUR 75.0m, which expires in June 2023, has been extended in 2019 to June 2024 and allows for EUR and USD drawdowns. The interest rate of EUR 300.0m revolving credit facility changes according to bpost's sustainability rating as determined by an external party.

17. Derivative financial instruments and hedging

Derivative instruments

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

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of EUR 600.0m. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.
In July 2018, bpost issued a EUR 650.0m 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of EUR 21.5m split between an effective part EUR 20.0m and an ineffective part EUR 1.5m. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (EUR 20.0m) has been recognized in other comprehensive income (amount net of tax is EUR 14.8m) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2020 a net amount of EUR 0.5 m has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to USD 143.0m, whereas the carrying amount converted into Euro amounted to EUR 130.5m. At March 31, 2020 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to EUR 3.2m. There was no ineffectiveness in 2020.

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, 2019. This interim financial report should be read in conjunction with bpost's annual financial statements as at December 31, 2019.

19. Events after the reporting period

On April 3, 2020 bpost acquired 100% of shares of the company Freight 4U Logistics BVBA for an amount of EUR 0.2m. Freight 4U Logistics is based in Brussels airport area and offers logistic solutions for air, ocean and road freight, revenues in 2019 amounted to EUR 2.8m.

Alternative Performance Measures (unaudited)

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

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

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

The calculation of the Adjusted performance measure, 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 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'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

	1st quarter		
In million EUR	2019	2020	Change %
Total operating income	906.8	934.6	3.1%
ADJUSTED TOTAL OPERATING INCOME	906.8	934.6	3.1%

OPERATING EXPENSES

	1st quarter		
In million EUR	2019	2020	Change %
Total operating excluding depreciation, amortization	(755.7)	(797.4)	5.5%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(755.7)	(797.4)	5.5%

EBITDA

	1st quarter		
In million EUR	2019	2020	Change %
EBITDA	151.1	137.2	-9.2%
ADJUSTED EBITDA	151.1	137.2	-9.2%

EBIT

	1st quarter		
In million EUR	2019	2020	Change %
Profit from operating activities (EBIT)	90.4	71.0	-21.4%
Non-cash impact of purchase price allocation (PPA) (1)	5.4	4.6	-15.2%
ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT)	95.8	75.6	-21.0%

PROFIT FOR THE YEAR (EAT)

	1st quarter		
In million EUR	2019	2020	Change %
Profit for the year	50.2	47.9	-4.5%
Non-cash impact of purchase price allocation (PPA) (1)	4.9	4.3	-11.5%
ADJUSTED PROFIT OF THE YEAR	55.1	52.2	-5.1%

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

Reconciliation of Reported free cash flow and adjusted free cash flow

	1st quarter		
In million EUR	2019	2020	Change %
Net Cash from operating activities	202.2	203.6	
Net Cash used in investing activities	(16.1)	(9.4)	
FREE CASH FLOW	186.1	194.2	4.4%
Collected proceeds due to clients	9.3	51.9	-
ADJUSTED FREE CASH FLOW	195.4	246.2	26.0%

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	1st quarter		
In million EUR	2019	2020	Change %
IFRS Consolidated Net Profit	50.2	47.9	-4.5%
Results of subsidiaries and deconsolidation impacts	2.3	(6.2)	-
Differences in depreciation and impairments	1.2	1.4	11.6%
Differences in recognition of provisions	(0.2)	0.7	-
Effects of IFRS 16	0.6	2.3	72.6%
Effects of IAS19	(2.3)	(3.9)	-
Depreciation intangible assets PPA	5.4	4.6	-15.2%
Deferred taxes	0.4	0.4	11.3%
Other	2.4	4.5	87.3%
Belgian GAAP unconsolidated net profit available for appropriation	60.1	51.8	-13.8%

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:

	1st quarter	
In million EUR	2019	2020
Result of the Belgian fully consolidated subsidiaries (local GAAP)	(5.2)	(4.6)
Result of the international subsidiaries (local GAAP)	11.9	8.3
Share of results of associates and joint ventures (local GAAP)	(3.1)	(11.1)
Other deconsolidation impacts	(1.2)	1.3
TOTAL	2.3	(6.2)

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.
- 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.
- 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.

Statement of legal representatives

The CEO declares that to the best of his knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), as accepted by the European Union, give a true and fair view of the assets, financial position and results of bpost and of the entities included in the consolidation.

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

Forward Looking Statements

The information in this document may include forward-looking statements[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

- 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