bpost: fourth quarter 2017 results

Fourth quarter 2017 highlights

- **Operating income (revenues)** at EUR 955.1m (+38.3%) explained by the excellent Parcels revenues driven by end of year sales and the positive impact of the consolidation of Radial (1.5 month) compensating Domestic Mail evolution.
- **Domestic Mail underlying volume trend at -6.4%** (-5.8% for the year 2017). Increased e-substitution for the quarter in transactional mail partly compensated by positive volume trend in advertising mail.
- **Continued excellent Domestic Parcels volumes growth at +30.8%** (+28.2% for the full year), driven by boosting e-commerce and online C2C product offering during the year-end peak. Price/mix effect of -6.9%.
- **Logistic Solutions up EUR 237.2m**, driven by the consolidation of Radial and Dynagroup.
- **Additional Sources of Revenues** increasing with EUR 44.8m driven by the acquisition of Ubiway.
- **Costs (EUR +269.9m)** are influenced by acquisitions and year-end peak.
- **EBITDA up EUR 9.9m to EUR 151.4m** including Acquisitions.
- **Net profit of bpost SA/NV (BGAAP)** for the full year came in at EUR 291.0m.
- **Proposed total dividend of EUR 1.31 gross per share** based on 2017 results, composed of an interim dividend of EUR 1.06 (paid in December 2017) and a final proposed dividend of EUR 0.25, subject to the approval of shareholders.

CEO quote

Koen Van Gerven, CEO, commented: *"In 2017 we achieved key milestones to carry forward our sustainable profitable growth. First the recent strategic acquisition of Radial allows us to expand our business in the fast growing e-commerce logistics business. Second the successful launch of the biggest sorting center in the Benelux is a key enabler in delivering operational excellence for our customers. And finally the new postal law voted recently by the Belgian parliament secures a stable and transparent regulatory framework in Belgium.*

The fourth quarter benefitted again from an excellent domestic parcels growth driven by strong online end of year sales. However our operational results have been impacted by an increased e-substitution in Transactional Mail, costs related to the set-up of activities at our new sorting facility in Brussels, higher opex to manage year-end peak and a restructuring provision for Ubiway. The major financial objective of 2017 was to compensate the absence of price increase on the small user basket with an estimated impact of EUR 20 million. Our operational results for the full year 2017 are above last year driven by the excellent parcels performance and by the contribution of the acquisitions, including Radial. Next year will be another challenging year but we remain confident in our strategy which will continue to deliver as we did over the last years."

Outlook for 2018

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

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

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

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

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

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

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

Key figures[1]

4th quarter (million EUR)	Reported 4Q16	Reported 4Q17	Normalized 4Q16	Normalized 4Q17	% Δ
Total operating income (revenues)	690.7	955.1	690.7	955.1	38.3%
Operating expenses	549.2	803.7	549.2	803.7	46.3%
EBITDA	**141.5**	**151.4**	**141.5**	**151.4**	**7.0%**
Margin (%)	*20.5%*	*15.9%*	*20.5%*	*15.9%*	
EBIT	**118.0**	**115.5**	**118.0**	**124.2**	**5.3%**
Margin (%)	*17.1%*	*12.1%*	*17.1%*	*13.0%*	
Profit before tax	**121.0**	**106.9**	**121.0**	**115.7**	**-4.4%**
Income tax expense	19.3	39.8	41.5	42.2	
Net profit	**101.7**	**67.1**	**79.5**	**73.5**	**-7.6%**
FCF	**34.5**	**(576.6)**	**34.5**	**(576.6)**	
bpost S.A./N.V. net profit (BGAAP)	**86.8**	**68.2**	**64.7**	**68.2**	**5.5%**
Net Debt/ (Net cash), at 31 Dec.	**(492.7)**	**292.4**	**(492.7)**	**292.4**	

Full year (million EUR)	Reported FY16	Reported FY17	Normalized FY16	Normalized FY17	% Δ
Total operating income (revenues)	2,425.2	3,023.8	2,425.2	3,023.8	24.7%
Operating expenses	1,838.4	2,425.9	1,838.4	2,425.9	32.0%
EBITDA	**586.9**	**598.0**	**586.9**	**598.0**	**1.9%**
Margin (%)	*24.2%*	*19.8%*	*24.2%*	*19.8%*	
EBIT	**496.5**	**492.9**	**496.5**	**501.6**	**1.0%**
Margin (%)	*20.5%*	*16.3%*	*20.5%*	*16.6%*	
Profit before tax	**489.5**	**488.7**	**489.5**	**497.5**	**1.6%**
Income tax expense	143.2	165.8	165.4	168.2	
Net profit	**346.2**	**322.9**	**324.1**	**329.3**	**1.6%**
FCF	**193.9**	**(485.8)**	**193.9**	**(485.8)**	
bpost S.A./N.V. net profit (BGAAP)	**308.7**	**291.0**	**286.5**	**291.0**	**1.6%**
Net Debt/ (Net cash), at 31 Dec.	**(492.7)**	**292.4**	**(492.7)**	**292.4**	

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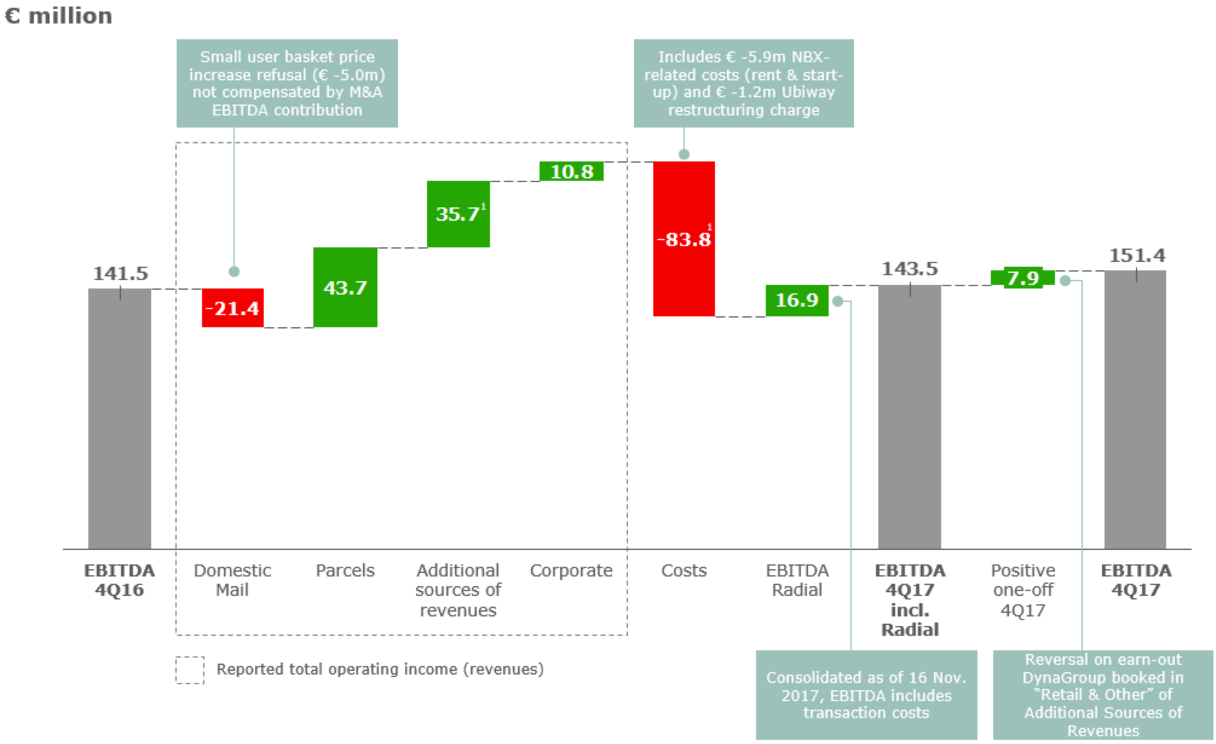
[1] Normalized and Q4 figures are not audited.

Fourth quarter 2017 - Income Statement



[1] Including € -15.4m accounting restatement on Ubiway Distribution revenue and materials costs in 4Q16

Total comparable operating income increased by EUR 279.8m to EUR 955.1m. Excluding the impact of Radial (EUR 203.1m), the increase amounted to EUR 76.7m. This increase was driven by Parcels (EUR +43.7m, explained by Parcels growth and the integration of DynaGroup), along with the integration of Ubiway and the reversal on earn-out of DynaGroup, which were the main contributors to the increase of Additional sources of revenues (EUR +43.6m) and the total operating income attributable to Corporate (EUR +10.8m). All these effects were partially offset by the decrease of Domestic Mail as the price increase in Domestic Mail (EUR +3.0m) was outpaced by the volume decrease of Domestic Mail (EUR -23.6m) and a working day impact (EUR -0.7m).

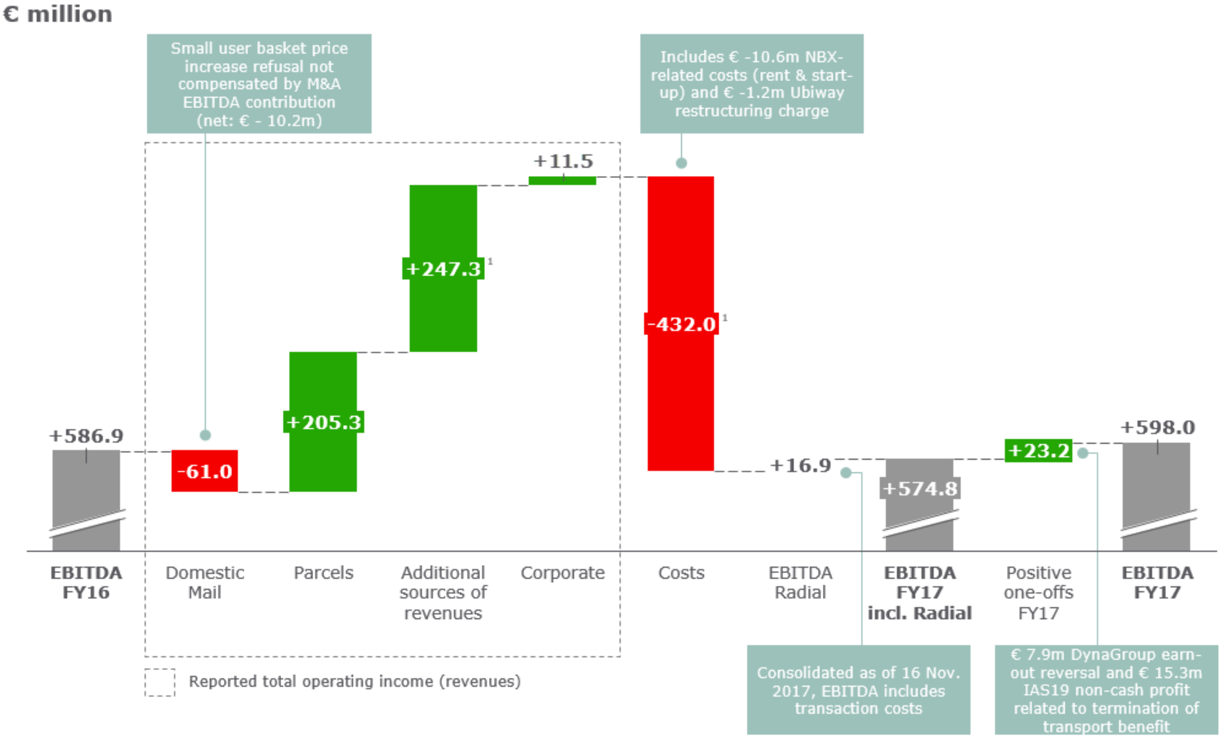
Excluding Radial, reported comparable costs increased by EUR 83.8m, mainly due to the consolidation of new subsidiaries. Normalized **EBITDA** and **EBIT** increased respectively by EUR 9.9m and EUR 6.2m helped by the reversal on earn-out DynaGroup and the contribution of Radial.

Net financial result decreased by EUR 11.8m mainly due to non-cash financial results related to IAS 19 employee benefits.

Normalized income tax expense decreased compared to last year, with the effective tax rate being 36.5%. During the last quarter of 2016 Deltamedia NV/SA had been liquidated, triggering a positive impact of EUR 22.2m. The loss on the participation incurred by bpost NV/SA was tax deductible upon liquidation to the extent it represented previously fiscally paid-up capital in Deltamedia NV/SA and had been excluded from the normalized results due to its non-recurring nature.

Normalized IFRS group net profit reached EUR 73.5m. **Belgian GAAP net profit** of the parent company amounted to EUR 68.2m and was higher compared to last year which normalized for the impact of the liquidation of Deltamedia amounted to EUR 64.7m.

Full year 2017 - Income Statement



[1] Including € -15.4m accounting restatement on Ubiway Distribution revenue and materials costs in 4Q16

Total comparable operating income increased by EUR 614.0m to EUR 3,023.8m. Excluding the impact of Radial (EUR 203.1m), the increase amounted to EUR 410.9m. This increase was driven by Parcels (EUR +205.3m, explained by Parcels growth and the integration of DynaGroup), along with the integration of Ubiway and the reversal on earn-out of DynaGroup, which were the main contributors to the increase of Additional sources of revenues (EUR +255.2m) and the total operating income attributable to Corporate (EUR +11.5m). All these effects were partially offset by the decrease of Domestic Mail as the price increase in Domestic Mail (EUR +12.5m) were outpaced by the volume decrease of Domestic Mail (EUR -71.3m) and the impact of less working days (EUR -2.3m).

Excluding Radial, reported comparable costs increased by EUR 416.7m, mainly due to the consolidation of new subsidiaries. Overall normalized **EBITDA** and **EBIT** increased respectively EUR 11.1m and EUR 5.1m. Excluding one-offs (reversal on earn-out DynaGroup and non-cash profit related to the termination of transport benefit) and the contribution of Radial, EBITDA is slightly below guidance.

Net financial result increased by EUR 3.2m mainly due to non-cash financial results related to IAS 19 employee benefits.

Normalized income tax expense slightly decreased compared to last year, with the effective tax rate being 33.8%. During the last quarter of 2016 Deltamedia NV/SA had been liquidated, triggering a positive impact of EUR 22.2m. The loss on the participation incurred by bpost NV/SA was tax deductible upon liquidation to the extent it represented previously fiscally paid-up capital in Deltamedia NV/SA and had been excluded from the normalized results due to its non-recurring nature.

Normalized IFRS group net profit reached EUR 329.3m or EUR 5.2m higher compared to last year. **Belgian GAAP net profit** of the parent company amounted to EUR 291.0m and was higher compared to last year, which normalized for the impact of the liquidation of Deltamedia amounted to EUR 286.5m.

Total operating income: group overview

Following last years' acquisitions resulting in an expansion of products and services, the revenue portfolio of the bpost Group has been updated to better reflect the different activities. As of January 1, 2017 parcels solutions and fulfillment services have been transferred to the Logistic Solutions portfolio (previously called Special Logistics), whereas the Kariboo activities of Ubiway and the customs activities have been transferred to Domestic Parcels. These portfolios were previously registered under Additional sources of revenues, more specifically under Value added services and Other. The Asian packet products have been aligned and are now all reported within the International Parcels portfolio instead of International Mail. Finally the press and convenience distribution activities of Ubiway have been transferred from Retail & Other to a newly created product category Distribution.

Furthermore in 2017 the purchase price allocation for Ubiway has been finalized and the accounting policies of Ubiway have been aligned with the policies of bpost Group. A part of the revenues of the 4th quarter of 2016 which had been booked under the principal model has been restated to the agent model in order to be in line with IAS 18 "Revenue". As a consequence certain sales and cost of sales are now being presented on a net basis, this led to a decrease of revenues and materials costs of EUR 15.4m but did not have an impact on the EBITDA, EBIT or net result.

Taking into account these changes, the 2016 figures at the level of the product portfolios have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2017 figures with the 2016 comparable figures.

Fourth quarter of 2017

In million EUR	4Q16	Reclassi-fication	4Q16 Comparable	Δ	4Q17	% Δ comp	Underlying vol. % Δ
Domestic mail	**381.2**	**0.0**	**381.2**	**(21.4)**	**359.8**	**-5.6%**	**-6.4%**
Transactional mail	235.1		235.1	(20.3)	214.8	-8.6%	-8.9%
Advertising mail	66.2		66.2	1.1	67.3	1.7%	0.5%
Press	79.9		79.9	(2.2)	77.7	-2.8%	-2.6%
Parcels	**118.3**	**4.0**	**122.3**	**245.6**	**367.9**	**200.7%**	
Domestic parcels	52.0	1.1	53.1	11.7	64.8	22.0%	+30.8%
International parcels	64.4	1.9	66.3	(3.3)	63.0	-5.0%	
Logistic solutions	2.0	1.0	3.0	237.2	240.2	-	
Additional sources of revenues	**189.2**	**(19.4)**	**169.8**	**44.8**	**214.6**	**26.4%**	
International mail	45.5	(1.9)	43.6	(0.6)	43.0	-1.4%	
Value added services	25.5	(0.7)	24.8	0.7	25.4	2.6%	
Banking and financial products	49.9	0.0	49.9	(6.5)	43.5	-13.0%	
Distribution		10.7	10.7	15.1	25.8	141.0%	
Retail & other	68.3	(27.6)	40.7	36.2	76.9	88.8%	
Corporate	**2.0**	**0.0**	**2.0**	**10.8**	**12.8**	**535.7%**	
TOTAL	**690.7**	**(15.4)**	**675.3**	**279.8**	**955.1**	**41.4%**	

Total comparable operating income increased by EUR 279.8m, or 41.4%, from EUR 675.3m in the fourth quarter of 2017 to EUR 955.1m in the same period of 2016.

Revenues from **Domestic Mail** decreased by EUR 21.4m to EUR 359.8m as reported and underlying volume decline (corrected for 1 working day less on franking machines and 1 more on stamps) amounted to -6.6% and -6.4% respectively. Transactional mail with a reported and underlying volume decline of respectively -9.2% and -8.9% was impacted by an accelerated e-substitution, mainly in banking and telco sectors combined with growing acceptance of electronic documents by end users. Advertising mail realized a reported and underlying volume increase of +0.5% for the quarter. This increase was driven by the focus on growth segments and indirect channels. Press volume noted a slightly better reported and underlying trend of -2.6% compared to the previous quarter (-4.3%) and full year 2017 (-3.7%). This was mainly driven by periodicals.
Total mail volume decline impacted revenues by EUR -23.6m, along with 1 working day less on franking machines and 1 more on stamps (EUR -0.7m) and was partially compensated by the net improvement in price and mix amounting to EUR 3.0m.

Parcels increased by EUR 245.6m to EUR 367.9m or excluding the impact of Radial (EUR 201.9m) the increase amounted to EUR 43.7m. The continued growth in Domestic Parcels (EUR 11.7m) and Logistic Solutions (EUR 35.3 m) following the consolidation of DynaGroup was slightly offset by the lower revenues for International parcels (EUR -3.3m). Domestic Parcels noted again a strong quarterly volume growth of +30.8% driven by strong e-commerce growth and the continued growth in C2C parcels (online offering). Price increases were fully offset by the evolution of the client and product mix, resulting in a negative price mix effect of -6.9% which continued to impact revenue evolution. Within International Parcels the growth in flows from Asia and Europe was offset by lower flows from the US due to some phasing elements and the impact of the weaker USD.

Total operating income from **Additional Sources of Revenues** increased by EUR 44.8m to EUR 214.6m or excluding the impact of Radial (EUR 1.2m) the increase amounted to EUR 43.6m. The decrease of Banking and financial products (EUR -6.5m) due to the lower revenues from financial transactions managed on behalf of the Belgian State and the lower commission of bpost bank was more than compensated by the increase of Distribution (EUR 12.9m) and Retail & Other (EUR 37.1m). This increase in turn was mainly due to the integration of Ubiway and the reversal on DynaGroup earn-out.

Revenues from **Corporate** increased by EUR 10.8m.

Full year 2017

In million EUR	FY16	Reclassi -fication	FY16 Comparable	Δ	FY17	% Δ comp	underlying vol. % Δ
Domestic mail	**1,414.4**	**0.0**	**1,414.4**	**(61.0)**	**1,353.4**	**-4.3%**	**-5.8%**
Transactional mail	873.3	0.0	873.3	(65.4)	807.9	-7.5%	-8.1%
Advertising mail	247.8	0.0	247.8	5.0	252.9	2.0%	1.5%
Press	293.2	0.0	293.2	(0.6)	292.6	-0.2%	-3.7%
Parcels	**379.4**	**9.6**	**388.9**	**407.2**	**796.1**	**104.7%**	
Domestic parcels	181.8	3.7	185.5	38.7	224.2	20.9%	+28.2%
International parcels	189.5	2.8	192.3	30.3	222.6	15.8%	
Logistic solutions	8.0	3.1	11.1	338.1	349.2	-	
Additional sources of revenues	**600.1**	**(25.0)**	**575.1**	**256.4**	**831.5**	**44.6%**	
International mail	162.0	(2.8)	159.2	1.2	160.4	0.8%	
Value added services	103.1	(2.0)	101.1	0.4	101.5	0.4%	
Banking and financial products	192.4	0.0	192.4	(9.8)	182.6	-5.1%	
Distribution		10.7	10.7	87.3	98.1	-	
Retail & Other	142.6	(31.0)	111.7	177.2	288.9	-	
Corporate	**31.4**	**0.0**	**31.4**	**11.5**	**42.9**	**36.5%**	
TOTAL	**2,425.2**	**(15.4)**	**2,409.8**	**614.0**	**3,023.8**	**25.5%**	

Total comparable operating income increased by EUR 614.0m, or 25.5%, from EUR 2,409.8m in 2016 to EUR 3,023.8m in 2017.

Domestic Mail revenues amounted to EUR 1,353.4m in 2017, an organic decline of EUR 61.0m versus last year, due to a reported volume evolution of -5.9% and underlying volume evolution of -5.8%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 407.2m to reach EUR 796.1m. Excluding the integration of Radial (EUR 201.9m), the increase amounted to EUR 205.3m mainly driven by the excellent volume growth of +28.2% in Domestic Parcels versus +17.1% in 2016, the increase in International Parcels and the integration of DynaGroup in Logistic Solutions.

Additional Sources of Revenues increased by EUR 256.4m (excluding Radial EUR 255.2m) to EUR 831.5m, mainly due to the integration of Ubiway, the reversal on DynaGroup earn-out and the increase of the International Mail (EUR 1.2m), partially offset by the decrease of the Banking and financial activities (EUR –9.8m).

Corporate revenues increased by EUR 11.5m to EUR 42.9m.

Operating expenses (excluding depreciation and amortization)

Fourth quarter of 2017

In million EUR	4Q16	4Q16 Comparable	4Q17	% Δ
Payroll & interim costs	305.0	305.0	401.0	*31.5%*
FTE	*25,388*	*25,388*	*29,041*	
SG&A (excl. interim and transport costs)	128.5	128.5	178.8	*39.1%*
Transport costs	68.9	68.9	157.8	*129.1%*
Other costs	46.8	31.4	66.1	*110.8%*
TOTAL OPERATING EXPENSES	**549.2**	**533.8**	**803.7**	***50.6%***

In the fourth quarter of 2017 **total operating expenses** stood at EUR 803.7m and increased by EUR 269.9m or 50.6% on a comparable basis. Excluding the integration of new subsidiaries (EUR 257.7m), the operating expenses increased by EUR 12.2m as the increase of transport costs (EUR 9.1m) and payroll and interim costs (EUR 9.7m) was only partly compensated by the decrease of other costs (EUR 5.4m) and SG&A excluding interim and transport costs (EUR 1.3m).

Payroll and interims costs amounted to EUR 401.0m and showed a net increase of EUR 96.0m compared to the same period of 2016 and was mainly driven by the impact of the new subsidiaries (EUR 86.2m).

The reported average year-on-year staff showed an increase of 3,654 FTE and interims, generating extra costs of EUR 93.5m, explained by the integration of FTE and interims of the new subsidiaries.

A positive mix effect reduced costs by EUR 3.0m and was mainly driven by the recruitment of auxiliary postmen.

The indexation of salaries combined with the impacts of the CLA and the merit increases led to a negative price impact EUR 5.5m.

Not taking into account the impact of the integration of new subsidiaries, **SG&A excluding transport costs and interims** decreased slightly by EUR 1.3m. The decrease was mainly driven by the decrease of third party remuneration fees and maintenance and repairs, partly compensated by the increase of rent and rental costs (mainly new Brussels sorting centre).

Transport costs amounted to EUR 157.8m, EUR 88.9m higher compared to previous year (or 129.1%) due to scope change (EUR 79.8m) and the evolution of international activities.

The increase in **other costs** (EUR 34.7m) is mainly explained by the integration of new subsidiaries (EUR 40.1m), partly compensated by a decrease in other operating charges.

Full year 2017

In million EUR	FY16	FY16 Comparable	FY17	% Δ
Payroll & interim costs	1,165.8	1,165.8	1,313.7	*12.7%*
FTE	*24,850*	*24,850*	*26,906*	
SG&A (excl. interim and transport costs)	393.2	393.2	491.5	*25.0%*
Transport costs	217.2	217.2	374.2	*72.3%*
Other costs	62.1	46.7	246.4	*427.6%*
TOTAL OPERATING EXPENSES	**1,838.4**	**1,823.0**	**2,425.9**	***33.1%***

Total operating expenses stood at EUR 2,425.9m and increased by 33.1% or EUR 602.9m on a comparable basis. Excluding the integration of new subsidiaries (EUR 579.0m), the operating expenses increased by EUR 23.9m as the increase of transport costs (EUR 27.8m), other costs (EUR 0.8m) was only partially compensated by the decrease of the payroll and interim costs (EUR 4.2m) and SG&A excluding interim and transport costs (EUR -0.6m).

Payroll and interims costs increased by EUR 147.9m mainly driven by the impact of the new subsidiaries (EUR 152.1m). The reported average year-on-year staff showed an increase of 2,057 FTE and interims, generating extra costs of EUR 155.8m, explained by the integration of FTE and interims of the new subsidiaries. The price effects and others have a negative impact of EUR 5.2m, mainly explained by indexation of salaries, impacts of the CLA, merit increases, partly compensated by tax shift and employee benefits (non-cash profit related to the termination of transport benefit). Those negative impacts were partially compensated by a positive mix effect (EUR 13.1m).

Not taking into account the impact of the integration of new subsidiaries, **SG&A excluding transport costs and interims** decreased by EUR 0.6m. The variation is mainly due to the decrease of third party remuneration fees, offset by the increase of rental costs and energy delivery.

Transport costs amounted to EUR 217.2m, EUR 157.0m higher compared to previous year, mainly due to scope change (EUR 129.2m) and the evolution of international activities.

Other costs increased by EUR 199.7m but only slightly increased by EUR 0.8m when excluding the impact of the integration of new subsidiaries.

Cash flow statement

Fourth quarter of 2017

Net cash outflow decreased compared to the same period last year by EUR 76.1m to EUR 110.0m.

Free cash flow amounted to EUR -576.6m in the fourth quarter of 2017 (EUR +34.5m in 2016).

Cash flow from operating activities decreased by EUR 76.9m compared to the same period last year to EUR 46.7m mainly due to a deterioration in working capital (EUR -77.2m) as a consequence of peak sales season of Radial combined with lower outstanding trade payables.

Investing activities generated a cash outflow of EUR 623.2m in the fourth quarter of 2017 compared to an outflow of EUR 89.0m for the same period last year as investment securities (EUR +12.0m) and higher proceeds from the sale of property, plant and equipment (EUR +3.5m) were more than counterbalanced by higher cash outflows related to capital expenditures (EUR -12.4m) and by the cash outflows related acquisitions of subsidiaries. The increase of the latter was due to the acquisition of Radial (EUR -581.5m) in the fourth quarter of 2017 partially offset by the outflow related to acquisition of Ubiway (EUR +39.9m), the first earn-out payment for Apple Express Canada (EUR +3.7m) and the investment in the Citie digital platform (EUR +0.8m) in the same period last year.

The cash flow relating to **financing activities** amounted to EUR 466.6m, following the bridge loan entered into for the purchase of Radial counterbalanced by the payment of the interim dividend.

Full year 2017

In 2017, bpost consumed EUR 68.9m of net cash. This is a decrease of EUR 7.3m compared to the net cash outflow of EUR 76.2m in 2016.

Cash flow from operating activities resulted in a cash inflow of EUR 266.1m, EUR 86.5m less than in 2016. Cash generation from operating activities had been impacted by the net impact of Alpha pay-outs (EUR +18.7m), the payment of terminal dues in 2016 (EUR +16.8m), which was mainly phasing, and deterioration of working capital by EUR 121.1m mainly driven by peak sales season of Radial combined with lower outstanding trade payables.

Investing activities generated a cash outflow of EUR 751.9m in 2017 compared to an outflow of EUR 158.7m last year, resulting from lower proceeds from sale of property, plant and equipment (EUR -3.2m) and higher capital expenditures (EUR -36.3m), which was partially offset by investment securities (EUR +24.0m). Cash outflows related to the acquisition of new subsidiaries and activities increased by EUR 577.7m and is composed as follows : Radial (EUR -581.5m), DynaGroup (EUR -50.2m), LGI (EUR -11.0m), Ubiway (EUR +43.0m), Apple Express (EUR +12.3m), FDM (EUR +8.6m), other acquisitions (EUR +1.0m).

The net cash flow relating to **financing activities** amounted to EUR 416.8m, an increase by EUR 687.0m compared to last year given the bridge loan entered into for the purchase of Radial and the dividend to minority interests paid in 2016 which were partially counterbalanced by the higher final dividend in 2017.

Key events during the fourth quarter

On October 4, 2017 Cubee, the largest Belgian parcel locker network open to all couriers, was launched

Cubee is the result of last year's joining of forces of bpost and the Dutch company de Buren. It is an independent, open network of parcel lockers for retailers, online customers and couriers.

On October 20, 2017 bpost opened the biggest sorting center in the Benelux

New Brussels X, the brand new bpost sorting center in Neder-Over-Heembeek, was officially opened by Deputy Prime Minister and Minister of Development Cooperation, Digital Agenda, Telecom and Post Alexander De Croo and Mayor of the City of Brussels Philippe Close. With 80,000m², the sorting center is the biggest in the Benelux and the second biggest in Europe. As well as letters for Brussels and Flemish Brabant, New Brussels X will handle all parcels for the whole country.

The eye-catcher at New Brussels X is the brand-new high-tech parcel sorting machine (PSM), which instantly doubles sorting capacity at bpost to 300,000 parcels per day. New Brussels X is also able to handle 2.4 million letters per day.

On November 16, 2017 bpost acquired 100% of the shares of Radial after having obtained all necessary approvals from the relevant competition authorities

The acquisition of Radial, a leading provider of integrated e-commerce logistics, perfectly fits within bpost's growth strategy. It allows bpost to scale its existing US presence and expand its product offering into value-added activities that cover the entire value chain in e-commerce logistics.

bpost's Group Executive Committee welcomed Henri de Romrée, Nico Cools and Dirk Tirez

In order to prepare the company for the future, the Board of Directors decided to reinforce the Group Executive Committee of bpost as of January 15, 2018. Henri de Romrée succeeded Koen Beeckmans as Chief Financial Officer and member of the Group Executive Committee. Nico Cools, heading the ICT division, became CIO and member of the Group Executive Committee. Dirk Tirez, Chief Legal & Regulatory Officer and Company Secretary, also became member of the Group Executive Committee.

Events after the statement of financial position date

On January 11, 2018 bpost acquired the Dutch company Leen Menken Foodservices Logistics B.V.. Leen Menken Foodservice Logistics B.V. is a logistic operator for the transport of refrigerated and frozen products for e-commerce. Furthermore Landmark Global acquired 100% of the shares of IMEX Global Solutions, Inc. and M.A.I.L., Inc. Both companies are active in business mail and are being acquired by Landmark Global's Mail Division MSI. IMEX Global Solutions, Inc. is a 3rd party logistics company in the US, active in cross-border publication and mail delivery. M.A.I.L., Inc. is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution.

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

Financial calendar

14.03.18 (10.00 CET)	Analyst Conference Call
01.04.18	Start of quiet period ahead of Q1/2018 results
02.05.18 (17.45 CET)	Announcement Q1/2018 results
03.05.18 (10.00 CET)	Analyst Conference Call
09.05.18	Ordinary General Meeting of Shareholders
15.05.18	Ex-dividend date
16.05.18	Record date
17.05.18	Payment date of the dividend
09.07.18	Start of quiet period ahead of Q2/2018 results
08.08.18 (17.45 CET)	Announcement Q2/2018 and half-year results
09.08.18 (10.00 CET)	Analyst Conference Call
08.10.18	Start of quiet period ahead of Q3/2018 results
07.11.18 (17.45 CET)	Announcement Q3/2018 results
08.11.18 (10.00 CET)	Analyst Conference Call
03.12.18 (17.45 CET)	Interim dividend 2018 announcement
06.12.18	Ex-dividend date (interim dividend)
07.12.18	Record date (interim dividend)
10.12.18	Payment date of the interim dividend

Audited Condensed Consolidated Financial Statements[2]

The joint statutory auditors, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Mr. Eric Golenvaux and PVMD Bedrijfsrevisoren/Réviseurs d'Enterprises represented by Ms. Caroline Baert, have issued an unqualified audit opinion on the consolidated financial statements and confirmed that the financial information included in this press release, do not contain materially differences with the consolidated financial statements.

Consolidated Income Statement

	Year-to-date		4th quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Turnover	2,399.4	2,972.2	682.8	931.7
Other operating income	25.8	51.6	7.9	23.5
TOTAL OPERATING INCOME	**2,425.2**	**3,023.8**	**690.7**	**955.1**
Material costs	(60.4)	(240.7)	(39.5)	(61.1)
Services and other goods	(665.2)	(972.8)	(216.6)	(395.0)
Payroll costs	(1,111.1)	(1,206.7)	(285.8)	(342.6)
Other operating expenses	(1.7)	(5.6)	(7.3)	(5.0)
Depreciation, amortization	(90.3)	(105.1)	(23.5)	(35.9)
TOTAL OPERATING EXPENSES	**(1,928.7)**	**(2,530.9)**	**(572.7)**	**(839.7)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)	**496.5**	**492.9**	**118.0**	**115.5**
Financial income	10.7	5.8	5.5	2.5
Financial costs	(27.6)	(19.5)	(3.9)	(12.7)
Share of profit of associates	9.9	9.6	1.4	1.6
PROFIT BEFORE TAX	**489.5**	**488.7**	**121.0**	**106.9**
Income tax expense	(143.2)	(165.8)	(19.3)	(39.8)
PROFIT OF THE PERIOD	**346.2**	**322.9**	**101.7**	**67.1**
Attributable to:				
Owners of the Parent	343.8	324.9	100.3	68.6
Non-controlling interests	2.5	(2.0)	1.4	(1.4)

[2] A full set of consolidated financial statements and notes on full year 2017 is available in the 2017 Annual Report at corporate.bpost.be/investors.

EARNINGS PER SHARE

In EUR	Year-to-date 2016	Year-to-date 2017	4th quarter 2016	4th quarter 2017
►basic, profit for the year attributable to ordinary equity holders of the parent	1.72	1.62	0.50	0.34
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.72	1.62	0.50	0.34

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

Consolidated Statement of Comprehensive Income

In million EUR	As of 31 December 2016	As of 31 December 2017
PROFIT FOR THE YEAR	**346.2**	**322.9**
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	2.5
Exchange differences on translation of foreign operations	1.9	(16.5)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**1.9**	**(14.0)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Fair value for financial assets available for sale by associates	(12.0)	(42.1)
(Loss)gain on available for sale financial assets	(18.2)	(75.5)
Income tax effect	6.2	33.5
Fair value of actuarial results on defined benefit plans	(4.8)	3.1
Actuarial gains/(losses) on defined benefit plans	(5.8)	4.3
Income tax effect	1.0	(1.2)
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(16.8)**	**(39.0)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(14.9)**	**(53.0)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**331.4**	**270.0**
Attributable to:		
Owners of the Parent	328.9	271.9
Non-controlling interest	2.5	(2.0)

Consolidated Statement of Financial Position

In million EUR	As of 31 December 2016	As of 31 December 2017
Assets		
Non-current assets		
Property, plant and equipment	561.6	710.3
Intangible assets	224.4	910.6
Investments in associates	373.7	329.2
Investment properties	6.2	5.7
Deferred tax assets	48.2	31.5
Trade and other receivables	2.8	9.4
	1,216.8	**1,996.6**
Current assets		
Assets held for sale	1.5	0.6
Investment securities	12.0	0.0
Inventories	36.7	39.1
Income tax receivable	2.6	1.6
Trade and other receivables	481.8	719.4
Cash and cash equivalents	538.9	466.0
	1,073.5	**1,226.7**
TOTAL ASSETS	**2,290.3**	**3,223.3**
Equity and liabilities		
Equity attributable to equity holders of the Parent		
Issued capital	364.0	364.0
Treasury shares	0.0	0.0
Reserves	274.2	310.1
Foreign currency translation	2.5	(11.5)
Retained earnings	135.5	110.9
	776.3	**773.5**
Non-controlling interests	3.1	4.3
TOTAL EQUITY	**779.3**	**777.8**
Non-current liabilities		
Interest-bearing loans and borrowings	47.7	58.4
Employee benefits	356.7	326.9
Trade and other payables	40.3	45.2
Provisions	31.6	24.2
Deferred tax liabilities	1.1	12.3
	477.3	**467.0**
Current liabilities		
Interest-bearing loans and borrowings	10.3	699.9
Bank overdrafts	0.0	0.0
Provisions	27.1	21.2
Income tax payable	31.4	39.3
Trade and other payables	964.8	1,218.2
	1,033.6	**1,978.5**
TOTAL LIABILITIES	**1,511.0**	**2,445.5**
TOTAL EQUITY AND LIABILITIES	**2,290.3**	**3,223.3**

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 2016	**364.0**	**0.0**	**230.9**	**0.6**	**99.3**	**694.8**	**0.0**	**694.8**
Profit for the year 2016					343.8	343.8	2.5	346.2
Other comprehensive income			82.5	1.9	(99.3)	(14.9)		(14.9)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**82.5**	**1.9**	**244.5**	**328.9**	**2.5**	**331.4**
Dividends (Pay-out)			(48.0)		(212.0)	(260.0)	(2.0)	(262.0)
Other			8.9		3.7	12.6	2.6	15.2
AS OF 31 DECEMBER 2016	**364.0**	**0.0**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
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					324.9	324.9	(2.0)	322.9
Other comprehensive income			96.5	(14.0)	(135.5)	(53.0)		(53.0)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**96.5**	**(14.0)**	**189.4**	**271.9**	**(2.0)**	**270.0**
Dividends (Pay-out)			(50.0)		(212.0)	(262.0)	0.0	(262.0)
Other			(10.7)		(2.0)	(12.7)	3.2	(9.5)
AS OF 31 DECEMBER 2017	**364.0**	**(0.0)**	**310.1**	**(11.5)**	**110.9**	**773.5**	**4.3**	**777.8**

Consolidated Statement of Cash Flows

	Year-to-date		4th quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Operating activities				
Profit before tax	489.5	488.7	121.0	106.9
Depreciation and amortization	89.8	105.1	23.5	35.9
Impairment on bad debts	1.6	3.3	0.8	2.6
Gain on sale of property, plant and equipment	(17.0)	(15.9)	(4.6)	(9.0)
Other non-cash items	(0.4)	(8.1)	(0.4)	(3.2)
Change in employee benefit obligations	4.7	(29.1)	(2.6)	1.4
Share of profit of associates	(9.9)	(9.6)	(1.4)	(1.6)
Dividends received	0.0	11.8	0.0	6.0
Income tax paid	(130.4)	(125.2)	(53.3)	(55.6)
Income tax paid on previous years	(20.9)	(15.0)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**407.0**	**405.9**	**83.0**	**83.4**
Decrease/(increase) in trade and other receivables	(6.6)	(91.1)	(70.8)	(172.3)
Decrease/(increase) in inventories	2.0	(0.3)	2.5	(0.3)
Increase/(decrease) in trade and other payables	(36.7)	(33.3)	104.2	139.7
Increase/(decrease) in provisions	(13.1)	(15.2)	4.5	(3.8)
NET CASH FROM OPERATING ACTIVITIES	**352.6**	**266.1**	**123.5**	**46.7**
Investing activities				
Proceeds from sale of property, plant and equipment	27.2	24.0	9.3	12.8
Acquisition of property, plant and equipment	(72.7)	(96.7)	(38.2)	(43.3)
Acquisition of intangible assets	(12.3)	(24.7)	(4.2)	(11.1)
Acquisition of other investments	(12.0)	12.0	(11.5)	0.0
Acquisition of subsidiaries, net of cash acquired	(89.0)	(666.6)	(44.3)	(581.7)
NET CASH USED IN INVESTING ACTIVITIES	**(158.7)**	**(751.9)**	**(89.0)**	**(623.2)**
Financing activities				
Proceeds from borrowings and finance lease liabilities	1.6	692.5	1.0	691.9
Repayments related to borrowings and financing lease liabilities	(9.7)	(13.7)	(9.5)	(13.3)
Interim dividend paid to shareholders	(212.0)	(212.0)	(212.0)	(212.0)
Dividends paid	(48.0)	(50.0)	0.0	0.0
Dividends paid to minority interests	(2.0)	0.0	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	**(270.1)**	**416.8**	**(220.6)**	**466.6**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(76.2)**	**(68.9)**	**(186.1)**	**(110.0)**
NET FOREIGN EXCHANGE DIFFERENCE	**(0.4)**	**(3.9)**	**0.9**	**(1.8)**
Cash and cash equivalent less bank overdraft as of 1st January	615.5	538.9		
Cash and cash equivalent less bank overdraft as of 31 December	538.9	466.0		
MOVEMENTS BETWEEN 1ST JANUARY AND 31 DECEMBER	**(76.6)**	**(72.9)**		

Glossary

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