bpost: third quarter 2018 results

Third quarter 2018 highlights

- **Operating income** at EUR 873.7m, **up 34.9%**, driven by acquisitions, excellent domestic parcels growth and stable domestic mail revenues.
- **Underlying Domestic Mail volume decline at -6.4%** (-5.3% for 3Q17) impacted by continued e-substitution, rationalization and competitive advertising market. Increased monthly volatility.
- **Strong Domestic Parcels volume growth of +25.5%** (+32.8% for 3Q17) driven by strong e-commerce development. Price/mix effect of -5.5%, fully mix related.
- **International Parcels up EUR 6.0m**, driven by higher revenues from the US and Europe.
- **Logistic Solutions up EUR 188.8m**, mainly driven by Radial acquisition (EUR +184.2m) performing in line with expectations. Preliminary purchase price allocation of Radial is included in the financial statements.
- **Additional Sources of Revenues** (up EUR 23.5m) driven by the acquisitions of Imex and M.A.I.L., Inc. in International Mail.
- **Opex** up EUR 257.5m. Costs influenced by consolidation of acquisitions for EUR +212.2m. Excluding one-offs (EUR +17.2m), organic cost base impacted by growth of domestic parcels (EUR +8.5m), transport cost (EUR +11.2) linked to evolution of international activities and cost inflation (EUR +8.3m) in core business.
- **Lower EBITDA** as expected at EUR 78.9m, impacted by higher organic costs.
- **Net profit of bpost SA/NV under BGAAP** down by EUR 22.7m at EUR 29.3m.
- **2018 outlook, dividend and back-loaded trajectory confirmed:** normalized EBITDA at the low end of the EUR 560-600m range; dividend at least EUR 1.31.

CEO quote

Koen Van Gerven, CEO, commented: *"The third quarter results are in line with the previous quarters and in line with our expectations for 2018 as expressed at our capital markets day in June. Over the third quarter, we realized a strong growth in domestic parcels driven by booming e-commerce in our extended Be-Ne home region. Radial operational results are in line with our expectations. We expect the last quarter of the year to be seasonally stronger. We are on track to deliver our guidance and to pay a dividend at least the same as last year.*

This results announcement comes in a difficult social climate for the company, even if discussions with the social partners take place in a constructive atmosphere. I would like to take this opportunity to thank all our employees for their daily work on the field. Thanks to them, bpost can fulfil its universal and public service missions and satisfy the needs of its customers.

In order to maintain our essential role in the society and preserve quality jobs, we continue the transformation of our company to become an international e-commerce logistics player. Our objective is to make this change a success in a socially responsible way. "

Outlook for 2018

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

We expect revenues to grow driven by:

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

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

- **Radial** revenues impacted by client churn

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 effective as of October 2018

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

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

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

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

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Key figures[1]

3rd quarter (million EUR)

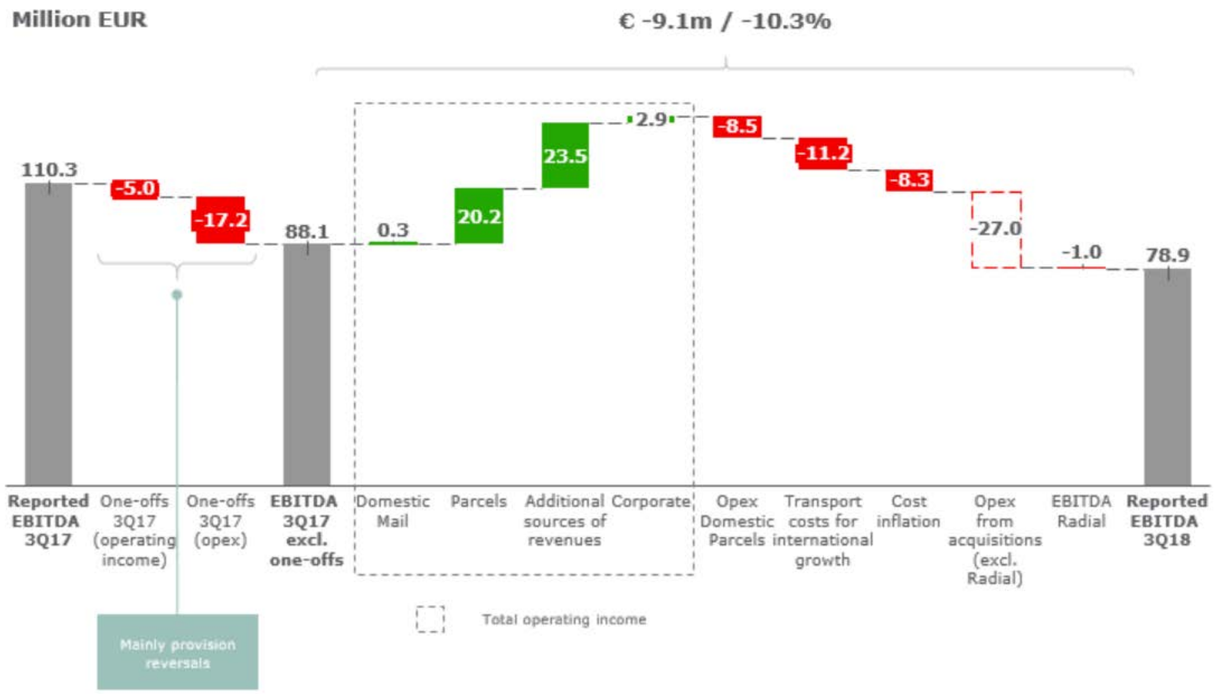
	Reported		Normalized		
	2017	**2018**	**2017**	**2018**	**% Δ**
Total operating income	647.6	873.7	647.6	873.7	34.9%
Operating expenses	537.3	794.8	537.3	794.8	47.9%
EBITDA	**110.3**	**78.9**	**110.3**	**78.9**	**-28.4%**
Margin (%)	*17.0%*	*9.0%*	*17.0%*	*9.0%*	
EBIT	**87.2**	**40.6**	**87.2**	**46.7**	**-46.4%**
Margin (%)	*13.5%*	*4.7%*	*13.5%*	*5.3%*	
Profit before tax	**91.4**	**39.9**	**91.4**	**46.0**	**-49.7%**
Income tax expense	31.4	12.7	31.4	13.4	
Net profit	**60.0**	**27.2**	**60.0**	**32.6**	**-45.7%**
FCF	**(76.3)**	**(53.3)**	**(76.3)**	**(45.7)**	
bpost S.A./N.V. net profit (BGAAP)	**52.0**	**29.3**	**52.0**	**29.3**	**-43.6%**
Net Debt / (Net cash), at 30 September	**(518.6)**	**354.1**	**(518.6)**	**354.1**	

Year-to-date (million EUR)

	Reported		Normalized		
	2017	**2018**	**2017**	**2018**	**% Δ**
Total operating income	2,068.7	2,718.6	2,068.7	2,718.6	31.4%
Operating expenses	1,622.1	2,353.9	1,622.1	2,353.9	45.1%
EBITDA	**446.5**	**364.7**	**446.5**	**364.7**	**-18.3%**
Margin (%)	*21.6%*	*13.4%*	*21.6%*	*13.4%*	
EBIT	**377.4**	**249.6**	**377.4**	**267.3**	**-29.2%**
Margin (%)	*18.2%*	*9.2%*	*18.2%*	*9.8%*	
Profit before tax	**381.8**	**240.5**	**381.8**	**258.3**	**-32.4%**
Income tax expense	126.0	81.5	126.0	83.2	
Net profit	**255.8**	**159.1**	**255.8**	**175.1**	**-31.6%**
FCF	**90.8**	**19.4**	**90.8**	**45.6**	
bpost S.A./N.V. net profit (BGAAP)	**222.8**	**184.2**	**222.8**	**184.2**	**-17.3%**
Net Debt / (Net cash), at 30 September	**(518.6)**	**354.1**	**(518.6)**	**354.1**	

[1] Normalized figures are not audited.

Third quarter - Income Statement



Total operating income increased by EUR 226.2m or 34.9% to EUR 873.7m. Excluding the impact of Radial (EUR 184.2m) and last year's one-off (EUR -5.0m), the increase amounted to EUR 47.0m. This increase was driven by the increase of Parcels (EUR +20.2m), Additional Sources of Revenues (EUR +23.5m), Domestic Mail (EUR +0.3m) and Corporate (EUR +2.9m).

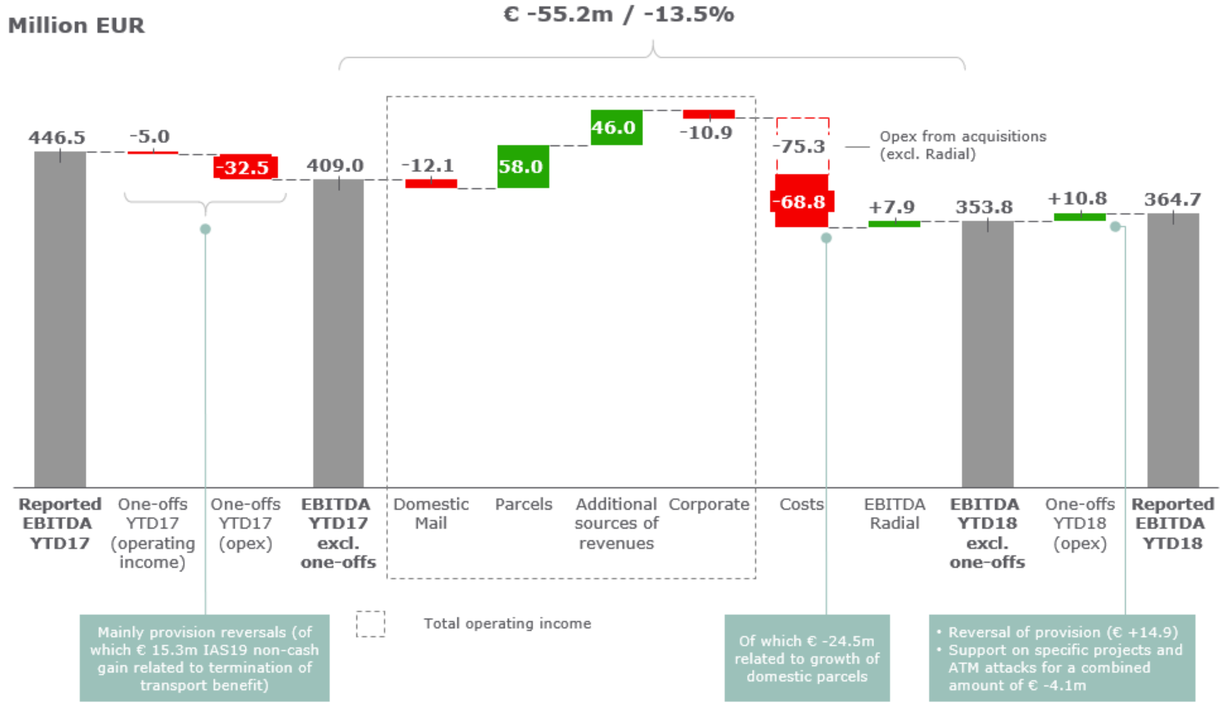
Not taking into account Radial, last year's positive one-offs of EUR 17.2m related to the reversal of some provisions, costs increased by EUR 55.0m, of which the organic increase amounted to EUR 28.0m. Consequently, **EBITDA** and **normalized EBIT** decreased respectively by 28.4% and 46.4% as they were impacted by growth activities and core business cost inflation.

Net financial result decreased by EUR 4.2m mainly due to the interests on the loans and the bond.

Normalized income tax expense decreased compared to last year mainly due to the lower profit before tax, with the effective tax rate standing at 31.7%.

Normalized IFRS group net profit stood at EUR 32.6m. **Belgian GAAP net profit** of the parent company amounted to EUR 29.3m.

First nine months of 2018 - Income Statement



Total operating income increased by EUR 649.9m or 31.4%, to EUR 2,718.6m. Excluding the impact of Radial (EUR 574.0m) and last year's one-off (EUR -5.0m), the increase amounted to EUR 80.9m. The increase of Parcels (EUR +58.0m) and Additional Sources of Revenues (EUR +46.0m) was partially offset by the decrease of Corporate (EUR -10.9m) and Domestic Mail (EUR -12.2m). The Domestic Mail price increase was fully offset by the anticipated volume decrease since the 9 months 2018 only include 7 months of price increase on small-user basket items, effective as of March 1, 2018.

Not taking into account Radial (EUR 566.1m) and the net impact of the one-offs (EUR -21.7m), costs increased by EUR 144.0m, of which the organic increase amounted to EUR 68.8m. As the revenue increase was outpaced by the costs increase, **EBITDA** and **normalized EBIT** decreased respectively by 18.3% and 29.2%.

Net financial result decreased by EUR 12.1m mainly due to the interests on the loans and the bond.

Normalized income tax expense decreased compared to last year mainly due to the lower profit before tax, with the effective tax rate standing at 32.2%.

Normalized IFRS group net profit stood at EUR 175.1m. **Belgian GAAP net profit** of the parent company amounted to EUR 184.2m.

Total operating income: Group overview

Third quarter of 2018

In million EUR	3Q17	Δ	3Q18	% Δ	underlying vol. % Δ
Domestic mail	**300.7**	**0.3**	**301.0**	**0.1%**	**-6.4%**
Transactional mail	177.4	1.6	178.9	0.9%	-6.1%
Advertising mail	55.6	(0.5)	55.1	-0.8%	-6.9%
Press	67.8	(0.8)	67.0	-1.2%	-7.1%
Parcels	**143.1**	**204.4**	**347.5**	**-**	
Domestic parcels	52.5	9.7	62.2	18.5%	+25.5%
International parcels	51.8	6.0	57.8	11.5%	
Logistic Solutions	38.7	188.8	227.5	-	
Additional sources of revenues	**197.1**	**23.5**	**220.6**	**11.9%**	
International mail	35.3	22.5	57.7	63.7%	
Value added services	25.2	1.9	27.1	7.5%	
Banking and financial products	44.8	(3.6)	41.2	-8.0%	
Distribution	21.9	1.8	23.7	8.3%	
Retail & Other	69.9	1.0	70.9	1.4%	
Corporate (Reconciling post)	**6.7**	**(2.1)**	**4.6**	**-31.2%**	
TOTAL	**647.6**	**226.2**	**873.7**	**34.9%**	

Total operating income increased by EUR 226.2m, or 34.9%, from EUR 647.6m in the third quarter of 2017 to EUR 873.7m in the same period of 2018.

Revenues from **Domestic Mail** slightly increased by EUR 0.3m to EUR 301.0m. Reported and underlying volume decline amounted to respectively -5.1% and -6.4% (vs. -5.8% full year 2017 underlying volume decline). Transactional mail, with a reported and underlying volume decline of respectively -5.3% and -6.1% (vs. -8.1% full year 2017 underlying volume decline), continued to be impacted by e-substitution and rationalization. Advertising mail realized a reported and underlying volume decrease of respectively -3.4% and -6.9% for the quarter mainly impacted by the competitive advertising market, partly compensated by the occurrence of elections with a positive impact on reported volumes of 3.5% or EUR 2.1m. Press volume decreased on a reported and underlying basis by -7.1%, compared to -3.7% underlying decrease for 2017, mainly due to periodicals impacted by a shift to digital and rationalization, while newspapers witnessed a stable trend excluding the impact of 1 distribution day less.
Total mail volume decline impacted revenues by EUR -12.9m along with 1 working day more for franking machines and 2 working days more for stamps (EUR -1.4m), this decrease was more than compensated by the impact of the elections (EUR 2.1m) and the net improvement in price and mix amounting to EUR 12.5m.

Parcels increased by EUR 204.4m to EUR 347.5m or excluding the impact of Radial (EUR 184.2m) the increase amounted to EUR 20.2m mainly due to the consistent growth of Domestic Parcels (EUR +9.7m), International Parcels (EUR +6.0m) and Logistic Solutions (EUR 4.6m, excluding Radial). Domestic Parcels noted another strong organic quarterly volume growth of +25.5% driven by e-commerce growth. Price increases were more than offset by the evolution of the client and product mix, resulting in a combined price mix effect of -5.5%. Growth in International Parcels was driven by the US and Europe. Logistic Solutions excluding Radial increased by EUR 4.6m driven by the consolidation of Leen Menken and Active Ants.

Total operating income from **Additional sources of revenues** increased by EUR 23.5m to reach EUR 220.6m. This increase was mainly driven by acquisitions in International Mail and higher volumes from Asia. Furthermore the lower revenues of Banking and financial products (EUR -3.6m) are in turn mainly due to lower revenues from bpost bank saving accounts due to the low interest environment and were completely compensated by the increase of Valued Added Services (EUR +1.9m), Distribution (EUR +1.8m) and Retail & Other (EUR +1.0m).

Operating income from **Corporate** decreased by EUR 2.1m.

First nine months of 2018

In million EUR	YTD17	Δ	YTD18	% Δ	underlying vol. % Δ
Domestic mail	**993.6**	**(12.2)**	**981.4**	**-1.2%**	**-5.7%**
Transactional mail	593.1	(1.4)	591.8	-0.2%	-5.3%
Advertising mail	185.5	(6.9)	178.6	-3.7%	-7.5%
Press	214.9	(3.9)	211.1	-1.8%	-4.1%
Parcels	**428.2**	**632.0**	**1,060.2**	**147.6%**	
Domestic parcels	159.5	30.2	189.7	18.9%	+26.5%
International parcels	159.7	11.8	171.5	7.4%	
Logistic Solutions	109.0	590.0	699.0	-	
Additional sources of revenues	**616.9**	**46.0**	**662.9**	**7.5%**	
International mail	117.4	57.8	175.2	49.2%	
Value added services	76.1	5.9	82.0	7.7%	
Banking and financial products	139.1	(13.3)	125.8	-9.6%	
Distribution	72.2	(1.5)	70.7	-2.1%	
Retail & Other	212.0	(2.8)	209.1	-1.3%	
Corporate (Reconciling post)	**30.0**	**(15.9)**	**14.1**	**-52.9%**	
TOTAL	**2,068.7**	**649.9**	**2,718.6**	**31.4%**	

Total operating income increased by EUR 649.9m, or 31.4%, from EUR 2,068.7m in the first nine months of 2017 to EUR 2,718.6m in the same period of 2018.

Domestic Mail revenues amounted to EUR 981.4m in the first nine months of 2018, an organic decline of EUR 12.2m versus last year, due to a reported volume evolution of -5.4% and an underlying volume evolution of -5.7%, partly compensated by a price/mix improvement and occurrence of elections with a positive impact on Advertising mail volumes of 1%.

Parcels revenues grew by EUR 632.0m to reach EUR 1,060.2m or excluding the impact of Radial (EUR 574.0m) the increase amounted to EUR 58.0m, mainly driven by the organic volume growth of 26.5% in Domestic Parcels, the increase in International Parcels and the increase in Logistic Solutions.

Additional sources of revenues amounted to EUR 662.9m, an increase of EUR 46.0m, mainly due to the increase of International mail mainly driven by acquisitions and Value added services, partially offset by the decrease of the Banking and financial products and Distribution.

Operating income from **Corporate** decreased by EUR 15.9m to EUR 14.1m, mainly due to the lower proceeds from sales of buildings.

Operating expenses (excluding depreciation and amortization)

Third quarter of 2018

In million EUR	3Q17	3Q18	EUR Δ	% Δ
Payroll & interim costs	306.9	408.1	*101.2*	*33.0%*
FTE	*27,038*	*35,523*		
SG&A (excl. interim and transport costs)	107.4	157.5	*50.1*	*46.6%*
Transport costs	70.6	156.5	*85.9*	*121.8%*
Other costs	52.4	72.8	*20.3*	*38.7%*
TOTAL OPERATING EXPENSES	**537.3**	**794.8**	***257.5***	***47.9%***

In the third quarter 2018 **total operating expenses** stood at EUR 794.8m and increased by EUR 257.5m or 47.9%. Excluding the consolidation of the new subsidiaries (EUR 212.2m) and one-offs[2] (EUR 17.2m), the operating expenses increased by EUR 28.0m due the increase of payroll and interims costs (EUR 6.0m), SG&A excluding interim and transport costs (EUR 5.1m), transport costs (EUR 14.0m) and other costs (EUR 2.9m).

Payroll and interims costs in the third quarter 2018 amounted to EUR 408.1m and showed a net increase of EUR 101.2m compared to the same period of 2017 mainly driven by the impact of the new subsidiaries (EUR 88.4m). In the third quarter 2017, payroll costs were positively impacted by some provisions (EUR 6.8m). Excluding this item, payroll and interim costs increased by EUR 94.4m of which EUR 6.0m organic increase.

The reported average year-on-year staff showed an increase of 8,485 FTE and interims, generating extra costs of EUR 90.9m, explained by the integration of FTE and interims from new subsidiaries, higher parcels volumes and absenteeism partly compensated by better productivity.

A positive mix effect reduced costs by EUR 3.5m and was mainly driven by the recruitment of auxiliary postmen.

Negative price effect (mainly indexation of provisions, CLA and merit) partly compensated by the tax shift led to a negative impact of EUR 7.0m.

Not taking into account the impact of the new subsidiaries (EUR 43.0m), **SG&A excluding transport costs and interims** increased by EUR 7.0m or EUR 5.1m excluding one-offs. The increase was mainly driven rent and rental costs, energy delivery costs resulting from higher fuel price and insurance costs.

Transport costs amounted to EUR 156.5m, EUR 85.9m higher compared to previous year (+ 121.8%), due to scope change (EUR 72.0m), while the organic increase of EUR 14.0m was explained by the evolution of international activities and higher domestic parcels volumes.

Not taking into account the impact of the new subsidiaries (EUR 8.9m), **other costs** increased by EUR 11.5m mainly explained by last year's positive one-offs (excluding one-offs, costs increased by EUR 2.9m compared to last year).

[2] One-offs consist of:
- Reversal of some provisions (EUR 17.2m) in the third quarter of 2017 booked mainly in other costs (EUR 8.5m), payroll costs (EUR 6.8m) and SG&A excluding interim and transport costs (EUR 1.9m).

First nine months of 2018

In million EUR	YTD17	YTD18	EUR Δ	% Δ
Payroll & interim costs	912.7	1.211.2	*298.5*	*32.7%*
FTE	*26,195*	*34,980*		
SG&A (excl. interim and transport costs)	312.7	481.1	*168.4*	*53.8%*
Transport costs	216.4	466.0	*249.6*	*115.4%*
Other costs	180.3	195.6	*15.3*	*8.5%*
TOTAL OPERATING EXPENSES	**1,622.1**	**2,353.9**	***731.8***	***45.1%***

For the nine first months 2018, **total operating expenses** have increased by EUR 731.8m or 45.1%. Excluding the consolidation of the new subsidiaries (EUR 641.3m) and one-offs[3] (EUR 21.7m), organic operating expenses increased by EUR 68.8m as the increase of payroll and interims costs (EUR 18.3m), SG&A excluding interim and transport costs (EUR 32.2m) and transports costs (EUR 28.0m) was only partially compensated by the decrease of other costs (EUR 9.8m).

In the first nine months of 2018, **payroll and interims costs** increased by EUR 298.5m. The reported average year-on-year staff increased by 8,785 FTE, mainly driven by the integration of the new subsidiaries, resulting in EUR 273.3m of additional costs. Furthermore the negative price impact and last year's non-cash gain of EUR 15.3m related to the termination of the transport benefit and last year's reversal of some provisions (EUR 6.8m) were partially offset by a positive mix effect resulting mostly from the recruitment of auxiliary postmen. Total organic cost increase excluding last year's non-cash gain stood at EUR 18.3m.

SG&A excluding interim and transport costs showed an increase of EUR 32.2m excluding the consolidation of the new subsidiaries (EUR 132.9m) and one-offs (EUR 3.3m), mainly due to an increase of rent and rental costs (mainly new Brussels sorting centre), maintenance and repairs, energy delivery resulting from higher fuel price, insurance costs and consultancy.

Transport costs amounted to EUR 466.0m, EUR 249.6m higher compared to previous year mainly due to scope change (EUR 222.5m) and one-offs (EUR -0.9m), while the organic increase of EUR 28.0m was mainly explained by the evolution of international activities and higher domestic parcels volumes.

The decrease of EUR 9.8m in **other costs** in the nine first months 2018, excluding the impact of the new subsidiaries (EUR 27.9m) and one-offs (EUR -2.8m), was mainly due to lower material costs.

Note

At the reporting period ending September 2018 the draft purchase price allocation of Radial has been included in the interim condensed consolidated financial statements. The preliminary results show some fair value corrections related to the previous quarters of 2018. As a consequence this led to some preliminary restatements of the figures reported during the first and second quarter of 2018 within P&L operating segment, EBITDA and EBIT respectively increased by EUR 5.2m and EUR 3.9m compared to the figures reported. The year-to-date impact of the draft purchase price allocation of Radial caused EBITDA and EBIT to increase by respectively EUR 7.8m and EUR 7.1m.

[3] One-offs consist of:
- IAS19 non-cash gain in the second quarter of 2017 related to termination of transport benefit in payroll & interim (negative impact in 2018 EUR 15.3m).
- Reversal of some provisions in the second quarter of 2018 (positive impact in 2018 EUR 14.9m), offset by the reversal of some provisions in the third quarter of 2017 (EUR -17.2m). Net impact booked in other costs (EUR +4.0m), transport costs (EUR +0.9m), payroll costs (EUR -6.8m) and SG&A (EUR -0.4m).
- In the second quarter 2018, support on specific projects in SG&A, which we anticipated, and ATM attacks in other costs for a combined total amount of EUR 4.1m.

Cash flow statement

Third quarter 2018

In the third quarter 2018, the net cash flow increased compared to the same period last year by EUR 129.4m to EUR 53.1m.

Free cash flow amounted to EUR -53.3m and was EUR 23.0m higher than last year.

Cash flow from operating activities increased by EUR 8.8m to EUR -30.2m primarily due to the lower tax prepayments (EUR +10.0m).

Investing activities resulted in a cash outflow of EUR 23.1m in the third quarter 2018, or a decrease by EUR 14.2m compared to the same period last year. The evolution was due to lower capital expenditures (EUR +8.2m), higher proceeds from the sale of buildings (EUR +3.3m) and the payment of a contingent consideration relating to Apple Express in the third quarter 2017 (EUR +2.7m).

The cash inflow relating to **financing activities** amounted to EUR 106.4m, as the issuance of the bond and commercial paper, along with the loans entered into during the third quarter of 2018 was partially offset by the reimbursement of the bridge loan for the Radial acquisition and the unwinding of the pre-hedge interest rate swap related to the bond

First nine months 2018

In the first nine months 2018, bpost generated EUR 69.0m of net cash. This was a EUR 28.0m increase compared to the net cash inflow of EUR 41.0m for the same period last year.

Free cash flow amounted to EUR 19.4m and was EUR 71.4m lower than last year.

Cash flow from operating activities resulted in a cash inflow of EUR 138.1m, EUR 81.4m less than the same period last year as a consequence of the lower normalized EBITDA combined with phasing in tax prepayments as two prepayments were made in 2018 compared to one in 2017 and bpost bank dividend.

Investing activities resulted in a cash outflow of EUR 118.7m in the first nine months 2018 compared to an outflow of EUR 128.7m for the same period last year. Cash outflows related to acquisitions were EUR 23.6m lower than last year. This was partially offset by lower proceeds from sale of buildings (EUR -2.1m) and investment securities in 2017 (EUR -12.0m).

The cash flow relating to **financing activities** amounted to EUR 49.6m (EUR -49.8m in 2017), as the issuance of the bond and commercial paper, along with the loans entered into during the third quarter of 2018 was partially offset by the reimbursement of the bridge loan for the Radial acquisition and the unwinding of the pre-hedge interest rate swap related to the bond.

Key events during the third quarter

On July 4, 2018 bpost successfully issued a EUR 650m long-term bond to secure the financing of its growth

bpost issued a EUR 650m 8-year bond, two times oversubscribed, with a coupon of 1.25%. The transaction served to refinance the November 2017 acquisition of Radial Holdings, LP at very good financial conditions following the award of an A credit rating by Standard & Poor's in June 2018.

Financial calendar

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
10.02.19	Start of quiet period ahead of FY2018 results
19.03.19 (17.45 CET)	Announcement annual results FY2018
20.03.19 (10.00 CET)	Analyst Conference Call
01.04.19	Start of quiet period ahead of Q1/2019 results
02.05.19 (17.45 CET)	Announcement Q1/2019 results
03.05.19 (10.00 CET)	Analyst Conference Call
08.05.19	Ordinary General Meeting of Shareholders
13.05.19	Ex-dividend date
14.05.19	Record date
15.05.19	Payment date of the dividend
08.07.19	Start of quiet period ahead of Q2/2019 results
07.08.19 (17.45 CET)	Announcement Q2/2019 and half-year results
08.08.19 (10.00 CET)	Analyst Conference Call
07.10.19	Start of quiet period ahead of Q3/2019 results
06.11.19 (17.45 CET)	Announcement Q3/2019 results
07.11.17 (10.00 CET)	Analyst Conference Call
02.12.19 (17.45 CET)	Interim dividend 2019 announcement
05.12.19	Ex-dividend date (interim dividend)
06.12.19	Record date (interim dividend)
09.12.19	Payment date of the interim dividend

Unaudited Interim Condensed Consolidated Financial Statements[4]

Interim Condensed Consolidated Income Statement (unaudited)

		Year-to-date 30 September		3rd quarter	
In million EUR	**NOTES**	**2017**	**2018**	**2017**	**2018**
Revenue	6	2,040.5	2,696.2	637.6	865.5
Other operating income		28.1	22.4	10.0	8.3
TOTAL OPERATING INCOME		**2,068.7**	**2,718.6**	**647.6**	**873.7**
Materials cost		(179.6)	(187.9)	(58.0)	(63.5)
Services and other goods	7	(577.8)	(1,055.7)	(196.7)	(350.8)
Payroll costs		(864.0)	(1,102.6)	(288.2)	(371.2)
Other operating expenses		(0.6)	(7.6)	5.5	(9.3)
Depreciation, amortization		(69.1)	(115.1)	(23.1)	(38.3)
TOTAL OPERATING EXPENSES		**(1,691.3)**	**(2,469.0)**	**(560.4)**	**(833.1)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**377.4**	**249.6**	**87.2**	**40.6**
Financial income		3.3	4.7	1.1	1.3
Financial cost		(6.8)	(20.4)	(3.0)	(7.3)
Share of profit of associates		7.9	6.6	6.1	5.3
PROFIT BEFORE TAX		**381.8**	**240.5**	**91.4**	**39.9**
Income tax expense		(126.0)	(81.5)	(31.4)	(12.7)
PROFIT OF THE PERIOD		**255.8**	**159.1**	**60.0**	**27.2**
Attributable to:					
Owners of the Parent		256.3	160.0	60.4	26.9
Non-controlling interests		(0.5)	(1.0)	(0.4)	0.3

EARNINGS PER SHARE

	Year-to-date 30 September		3rd quarter	
In EUR	**2017**	**2018**	**2017**	**2018**
►basic, profit for the year attributable to ordinary equity holders of the parent	1.28	0.80	0.30	0.13
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.28	0.80	0.30	0.13

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

In accordance with IAS 33, diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Interim Condensed Consolidated Statement of Other Comprehensive Income (unaudited)

In million EUR	Year-to-date 30 September 2017	Year-to-date 30 September 2018	3rd quarter 2017	3rd quarter 2018
PROFIT FOR THE YEAR	**255.8**	**159.1**	**60.0**	**27.2**
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	(4.1)	0.0	(0.7)
Net gain/(loss) on cash flow hedges	0.0	(14.4)	0.0	(0.3)
Exchange differences on translation of foreign operations	(3.6)	22.6	(0.6)	4.6
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(3.6)**	**4.1**	**(0.6)**	**3.6**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Change of other comprehensive income of associates	(39.2)	(20.7)	(3.1)	(7.6)
Remeasurement gain (losses) of defined benefit plans	1.9	0.5	0.0	0.0
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(37.3)**	**(20.2)**	**(3.1)**	**(7.6)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(40.9)**	**(16.1)**	**(3.7)**	**(4.0)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**214.9**	**143.0**	**56.4**	**23.3**
Attributable to:				
Owners of the Parent	215.4	144.0	56.8	22.9
Non-controlling interest	(0.5)	(1.0)	(0.4)	0.3

Interim Condensed Consolidated Statement of Financial Position (unaudited)

In million EUR	NOTES	As of 31 December 2017	As of 31 December 2017 restated*	As of 30 September 2018
Assets				
Non-current assets				
Property, plant and equipment	8	710.3	752.8	719.1
Intangible assets	9	910.6	890.4	898.7
Investments in associates	10	329.2	329.2	255.2
Investment properties		5.7	5.7	18.7
Deferred tax assets		31.5	31.4	32.4
Trade and other receivables		9.4	9.4	10.9
		1,996.6	**2,018.8**	**1,935.0**
Current assets				
Inventories		39.1	39.1	40.5
Income tax receivable		1.6	1.6	18.3
Trade and other receivables	11	719.4	714.9	584.7
Cash and cash equivalents	12	466.0	466.0	544.3
Assets held for sale		0.6	0.6	1.6
		1,226.7	**1,222.2**	**1,189.4**
TOTAL ASSETS		**3,223.3**	**3,241.0**	**3,124.3**
Equity and liabilities				
Equity attributable to equity holders of the Parent				
Issued capital		364.0	364.0	364.0
Treasury shares		0.0	0.0	0.0
Reserves		310.1	310.1	274.5
Foreign currency translation		(11.5)	(11.5)	7.1
Retained earnings		110.9	110.9	159.1
		773.5	**773.5**	**804.7**
Non-controlling interests		4.3	4.3	5.7
TOTAL EQUITY		**777.8**	**777.8**	**810.3**
Non-current liabilities				
Interest-bearing loans and borrowings	13	58.4	55.4	858.8
Employee benefits	14	326.9	326.9	331.1
Trade and other payables	15	45.2	45.2	39.3
Provisions		24.2	38.1	32.1
Deferred tax liabilities		12.3	12.3	11.5
		467.0	**478.0**	**1,272.7**
Current liabilities				
Interest-bearing loans and borrowings	16	699.9	699.9	30.2
Bank overdrafts		0.0	0.0	3.7
Provisions		21.2	28.4	19.6
Income tax payable	17	39.3	38.6	0.5
Derivative instruments	19	0.0	0.0	4.1
Trade and other payables	18	1,218.2	1,218.4	983.2
		1,978.5	**1,985.3**	**1,041.3**
TOTAL LIABILITIES		**2,445.5**	**2,463.3**	**2,314.0**
TOTAL EQUITY AND LIABILITIES		**3,223.3**	**3,241.0**	**3,124.3**

* Restated in order to show comparative information following the draft purchase price allocation of Radial at the reporting period September, 30 2018.

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
In million EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS 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					256.3	256.3	(0.5)	255.8
Other comprehensive income			98.2	(3.6)	(135.5)	(40.9)		(40.9)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**98.2**	**(3.6)**	**120.8**	**215.4**	**(0.5)**	**214.9**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(13.6)		(0.5)	(14.1)	0.1	(14.0)
AS OF 30 SEPTEMBER 2017	**364.0**	**(0.0)**	**308.9**	**(1.1)**	**255.8**	**927.6**	**2.6**	**930.2**
AS PER 1 JANUARY 2018	**364.0**	**(0.0)**	**310.1**	**(11.5)**	**110.9**	**773.5**	**4.3**	**777.8**
Impact of IFRS 9 on bpost bank			(59.9)			(59.9)		(59.9)
AS PER 1 JANUARY 2018 (Restated)	**364.0**	**(0.0)**	**250.2**	**(11.5)**	**110.9**	**713.6**	**4.3**	**717.9**
Profit for the year 2018					160.0	160.0	(1.0)	159.1
Other comprehensive income			76.3	18.6	(110.9)	(16.1)		(16.1)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**76.3**	**18.6**	**49.1**	**144.0**	**(1.0)**	**143.0**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(2.0)		(1.0)	(2.9)	2.4	(0.6)
AS OF 30 SEPTEMBER 2018	**364.0**	**(0.0)**	**274.5**	**7.1**	**159.1**	**804.7**	**5.7**	**810.3**

Equity increased by EUR 32.5m, or 4.2%, to EUR 810.3m as of September 30, 2018 from EUR 777.8m as of December 31, 2017. The realized profit (EUR 159.1m) and the exchange differences on translation of foreign operations (EUR 18.6m) were offset amongst others by the impact at bpost bank of the transition to IFRS 9 Financial Instruments, which replaced IAS 39, the fair value adjustment in respect of bpost bank's bond portfolio, the effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond and the payment of a dividend, respectively for an amount of EUR 59.9m, EUR 20.7m, EUR 14.4m and EUR 50.0m (gross dividend of EUR 0.25 per share, paid in May). This 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)

In million EUR	Year-to-date 30 September 2017	Year-to-date 30 September 2018	3rd quarter 2017	3rd quarter 2018
Operating activities				
Profit before tax	381.8	240.5	91.4	39.9
Depreciation and amortization	69.1	115.1	23.1	38.3
Impairment on bad debts	0.8	7.5	(0.2)	2.1
Gain on sale of property, plant and equipment	(6.9)	(3.9)	(0.2)	(2.6)
Other non-cash items	(5.0)	9.4	(0.3)	6.0
Change in employee benefit obligations	(30.5)	4.9	(14.1)	(2.0)
Share of profit of associates	(7.9)	(6.6)	(6.1)	(5.3)
Dividend received	5.8	0.0	0.0	0.0
Income tax paid	(69.6)	(120.5)	(62.5)	(53.3)
Income tax paid on previous years	(15.0)	(11.8)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**322.5**	**234.5**	**31.2**	**23.1**
Decrease/(increase) in trade and other receivables	81.2	151.3	(51.1)	74.1
Decrease/(increase) in inventories	0.0	0.6	(0.6)	1.1
Increase/(decrease) in trade and other payables	(172.9)	(206.5)	(10.5)	(120.1)
Increase/(decrease) in collected proceeds due to clients		(26.1)		(7.5)
Increase/(decrease) in provisions	(11.4)	(15.7)	(7.9)	(0.8)
NET CASH FROM OPERATING ACTIVITIES	**219.5**	**138.1**	**(38.9)**	**(30.2)**
Investing activities				
Proceeds from sale of property, plant and equipment	11.2	9.1	0.5	3.8
Acquisition of property, plant and equipment	(53.4)	(52.4)	(28.3)	(18.2)
Acquisition of intangible assets	(13.5)	(14.5)	(6.8)	(8.7)
Acquisition of other investments	12.0	0.5	(0.0)	0.0
Acquisition of subsidiaries, net of cash acquired	(85.0)	(61.4)	(2.7)	0.0
NET CASH USED IN INVESTING ACTIVITIES	**(128.7)**	**(118.7)**	**(37.3)**	**(23.1)**
Financing activities				
Proceeds borrowings and financing lease liabilities	0.6	828.9	0.0	828.9
Payments related to borrowings and financing lease liabilities	(0.4)	(707.5)	(0.1)	(701.0)
Payments for derivative instruments	0.0	(21.5)	0.0	(21.5)
Transactions with minorities	0.0	(0.3)	0.0	0.0
Dividends paid	(50.0)	(50.0)	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	**(49.8)**	**49.6**	**(0.1)**	**106.4**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**41.0**	**69.0**	**(76.3)**	**53.1**
NET FOREIGN EXCHANGE DIFFERENCE	**(2.1)**	**5.6**	**(0.6)**	**(1.1)**

Cash and cash equivalent less bank overdraft as of 1st January	538.9	466.0
Cash and cash equivalent less bank overdraft as of 30 September	577.8	540.6
MOVEMENTS BETWEEN 1ST JANUARY AND 30 SEPTEMBER	**38.9**	**74.6**

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first nine months ended September 30, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on November 7, 2018.

Business activities

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

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

Legal status

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

2. Basis of preparation and accounting policies

Basis of preparation

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

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

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

Significant accounting policies

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

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

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

- **IFRS 4 – Amendments** – Applying IFRS 9 Financial instruments with IFRS 4
- **IFRIC 22** - Foreign Currency Transactions and Advance Consideration
- **Annual Improvements Cycle 2014-2016**

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

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, issued but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its interim condensed consolidated financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 16 – Leases	1 January 2019
IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments (*)	1 January 2019
IFRS 9 – Amendments - Prepayment Features with Negative Compensation	1 January 2019
IAS 28 – Amendments - Long-term Interests in Associates and Joint Ventures (*)	1 January 2019
IAS 19 – Amendments - Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS 17 - Insurance Contracts (*)	1 January 2021

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

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

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

3. Seasonality of Operations

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

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

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

4. Business Combinations

Acquisition of non-controlling interest Parcify

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

Contingent consideration for DynaGroup

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

Contingent consideration for FDM

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

Acquisition of Leen Menken Foodservice Logistics BV

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

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

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

Acquisition of Anthill BV

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

Preliminary purchase price allocation for the entities of Radial

On November 16, 2017 bpost NV/SA, through its subsidiary bpost North America Holdings, Inc., acquired 100% of the issued and outstanding equity interests of the Radial Holdings, L.P. and Radial III GP, LLC ("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 and omnichannel technology. Radial was consolidated within the P&L operating segment using the full-integration method as from November 16, 2017. The purchase price for 100% of the shares amounted to USD 804.6m (EUR 683.5m), which has been paid in 2017. Transaction costs of USD 3.3m (EUR 2.8m) were expensed and were included in the operating expenses in 2017.

The preliminary calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entity	In million USD	In million EUR
Non-Current Assets	**354.0**	**300.7**
Property, plant and equipment	202.2	171.8
Intangible assets	144.6	122.8
Trade and other receivables	7.2	6.1
Current Assets	**285.3**	**242.4**
Inventories	0.2	0.2
Trade and other receivables	158.6	134.7
Cash and cash equivalents	126.5	107.5
Non-Current Liabilities	**(36.1)**	**(30.7)**
Interest-bearing loans and borrowings	(17.9)	(15.2)
Trade and other payables	(1.3)	(1.1)
Deferred tax liabilities	(0.2)	(0.2)
Provisions	(16.7)	(14.1)
Current Liabilities	**(314.6)**	**(267.3)**
Interest bearing loans and borrowings	(0.7)	(0.6)
Provisions	(8.7)	(7.4)
Income tax payable	(0.8)	(0.6)
Trade and other payables	(304.4)	(258.6)
FAIR VALUE OF NET ASSETS ACQUIRED	**288.6**	**245.2**
Goodwill arising on acquisition	516.0	438.4
PURCHASE CONSIDERATION TRANSFERRED	**804.6**	**683.5**
of which:		
- Cash paid	804.6	683.5
- Contingent consideration		

Analysis of cash flows on acquisition	In million USD	In million EUR
Net cash acquired with the subsidiary	126.5	107.5
Cash paid in 2017	(804.6)	(683.5)
NET CASH OUTFLOW	**(678.0)**	**(576.0)**

The fair value of the current and non-current trade receivables amounted to USD 165.7m (EUR 140.8m) and it is expected that the full contractual amounts can be collected.

At this reporting period the initial goodwill had been reduced by USD 155.7m (EUR 132.3m) following the fair value impacts and the purchase price allocation. The adjustment to fair value consisted amongst others of the recognition of intangible assets: customer relationships (useful life 14 year), in-house developed technology (useful life 3 year) and tradename (useful file 10 year), respectively for an amount of USD 85.0m (EUR 72.2m), USD 14.0m (EUR 11.9m) and USD 33.4m (EUR 28.4m). The net impact of fair value adjustment of fixed asset, non-current provisions and trade payables amounted to USD 23.4m (EUR 19.9m). Assets were fairly valued with the assistance of an external independent expert. The increased depreciation charges on the fair value impact on intangible assets was partially offset by the lower depreciation charges on the fair value impact on tangible assets as the useful live of the tangible assets has been prolonged, the impact of these from acquisition date to 31 December 2017 were not material. In line with IFRS 3 business combinations adjustments to the provisional amounts and the recognition of newly identified assets and liabilities can be made within the measurement period, the measurement period cannot exceed one year from the acquisition date. bpost will finalise and fully disclose the purchase price allocation in the annual report of 2018.

For 2018 Radial contributed EUR 574.0m of revenue and EUR -30.2m to profit before tax from continuing operations of the Group.

The preliminary resulting goodwill of USD 516.0m (EUR 438.4m) derives from future growth and expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

5. Operating Segments

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

	Year-to-date 30 September			3rd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	1,486.6	1,464.4	-1.5%	460.4	462.1
P&L	552.0	1,240.0	124.6%	180.5	407.0
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**2,038.6**	**2,704.5**	**32.7%**	**640.8**	**869.1**
Corporate (Reconciling category)	30.0	14.1	-53.0%	6.7	4.6
TOTAL OPERATING INCOME	**2,068.7**	**2,718.6**	**31.4%**	**647.6**	**873.7**

Operating income attributable to the MRS operating segment slightly increased by EUR 1.7m compared to the third quarter 2017, to EUR 462.1m. This increase was mainly due to the net improvement in price and mix of Domestic Mail, higher income of Retail & Other and Distribution partially compensated by lower Banking and financial products.

P&L operating income increased in the third quarter 2018 by EUR 226.5m to EUR 407.0m. This increase was mainly due to the integration of Radial, another strong quarterly volume growth of Domestic Parcels, which noted a volume growth of +25.5% driven by e-commerce growth, along with the increase of International Parcels and International Mail.

Inter-segment sales are immaterial.

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

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

	Year-to-date 30 September			3rd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
Belgium	1,686.6	1,677.6	-0.5%	515.4	522.5
RoW	382.1	1,041.0	172.5%	132.2	351.3
TOTAL OPERATING INCOME	**2,068.7**	**2,718.6**	**31.4%**	**647.6**	**873.7**

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

	Year-to-date 30 September			3rd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	325.4	256.6	-21.2%	84.4	57.6
P&L	48.9	10.2	-79.1%	6.6	(8.7)
TOTAL EBIT OF OPERATING SEGMENTS	**374.3**	**266.8**	**-28.7%**	**91.0**	**48.9**
Corporate (Reconciling category)	3.1	(17.2)	-657.2%	(3.8)	(8.2)
TOTAL EBIT	**377.4**	**249.6**	**-33.9%**	**87.2**	**40.6**

The EBIT of the MRS operating segment decreased by EUR 26.8m to EUR 57.6m in the third quarter 2018 mainly due to increased costs.

EBIT attributable to the P&L operating segment decreased by EUR 15.3m to EUR -8.7m in the third quarter 2018. The revenue increase was outpaced by the cost increase, partially due to the depreciation of Radial that are impacted by the high CAPEX investments from the past.

	Year-to-date 30 September			3rd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
MRS	325.4	256.6	-21.2%	84.4	57.6
P&L	48.9	10.2	-79.1%	6.6	(8.7)
TOTAL EAT OF OPERATING SEGMENTS	**374.3**	**266.8**	**-28.7%**	**91.0**	**48.9**
Corporate (Reconciling category)	(118.5)	(107.7)	-9.1%	(30.9)	(21.6)
TOTAL EAT	**255.8**	**159.1**	**-37.8%**	**60.0**	**27.2**

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

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

	Year-to-date 30 September			3rd quarter	
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**
OPERATING INCOME	**30.0**	**14.1**	**-53.0%**	**6.7**	**4.6**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(43.6)	(47.2)	8.3%	(13.8)	(13.1)
Other reconciliation items	16.7	15.9	-4.9%	3.2	0.2
OPERATING EXPENSES	**(26.9)**	**(31.3)**	**16.4%**	**(10.5)**	**(12.9)**
EBIT CORPORATE (RECONCILING CATEGORY)	**3.1**	**(17.2)**	**-657.2%**	**(3.8)**	**(8.2)**
Share of profit of associates	7.9	6.6	-16.3%	6.1	5.3
Financial Results	(3.5)	(15.7)	348.1%	(1.9)	(6.1)
Income Tax expense	(126.0)	(81.5)	-35.4%	(31.4)	(12.7)
EAT CORPORATE (RECONCILING CATEGORY)	**(118.5)**	**(107.7)**	**-9.1%**	**(30.9)**	**(21.6)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category decreased in comparison with last year, as EBIT decreased by EUR 4.4m to EUR -8.2m in the third quarter 2018, mainly explained by last year's positive one-offs.

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

6. Revenue

	Year-to-date 30 September		3rd quarter	
In million EUR	2017	2018	2017	2018
Revenue excluding the SGEI remuneration	1,840.8	2,494.1	572.3	798.1
SGEI remuneration	199.7	202.1	65.3	67.4
TOTAL	**2,040.5**	**2,696.2**	**637.6**	**865.5**

7. Operating expenses

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

	Year-to-date 30 September			3rd quarter		
In million EUR	2017	2018	Change %	2017	2018	Change %
Rent and rental costs	71.4	109.7	53.6%	25.6	36.5	42.8%
Maintenance and repairs	60.9	79.2	30.0%	20.7	25.2	21.5%
Energy delivery	29.7	33.5	13.0%	9.5	11.2	18.1%
Other goods	16.3	25.7	57.9%	6.3	9.2	47.2%
Postal and telecom costs	5.7	14.7	159.4%	1.8	4.8	166.8%
Insurance costs	7.3	15.1	106.4%	3.5	4.9	39.5%
Transport costs	216.4	466.0	115.4%	70.6	156.5	121.8%
Publicity and advertising	10.0	16.8	68.1%	3.0	5.1	71.3%
Consultancy	7.1	15.6	117.5%	2.8	2.3	-18.1%
Interim employees	48.7	108.6	123.0%	18.7	36.8	97.3%
Third party remuneration, fees	90.3	104.0	15.2%	30.9	37.5	21.2%
Other services	14.0	66.9	376.9%	3.4	20.8	510.4%
TOTAL	**577.8**	**1,055.7**	**82.7%**	**196.7**	**350.8**	**78.4%**

8. Property, plant and equipment

Compared to December restated for the preliminary PPA of Radial, property, plant and equipment decreased by EUR 33.7m, or 4.5%, to EUR 719.1m as of September 30, 2018. The decrease was mainly due to depreciations of EUR 82.1m and transfers to investment property and to assets held for sale, partially offset by capital expenditures of EUR 52.4m, the integration of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 10.6m and the evolution of the exchange rate.

9. Intangible assets

Compared to December restated for the preliminary PPA of Radial, intangible assets increased by EUR 8.3m, or 0.9%, to EUR 898.7m as of September 30, 2018. The increase was mainly due to the capital expenditures of EUR 14.5m, the preliminary goodwill resulting from the acquisition of Leen Menken Foodservice Logistics B.V., IMEX Global Solutions, Inc., M.A.I.L., Inc. and Active Ants for EUR 12.5m (note that these goodwill are still provisional as the purchase price allocation is still under review) and the evolution of the exchange rate. The aforementioned effects were partially offset by the depreciations for EUR 33.5m.

10. Investments in associates

Investments in associates decreased by EUR 74.0m, or 22.5%, to EUR 255.2m as of September 30, 2018. This decrease was mainly due to IFRS 9 Financial Instruments which replaced IAS 39 Financial Instruments Recognition and Measurement as of January 1, 2018 at bpost bank. As a result a major part of its bond portfolio has been reclassified from IAS 39 available-for-sale category to IFRS 9 amortised cost category, this led to a decrease of bpost bank's equity by EUR 119.8m as of 1 January 2018 and consequently bpost's investment in associates by EUR 59.9m. Furthermore this decrease was due to decrease in the unrealized gain on the bond portfolio in the amount of EUR 20.7m recognized in other comprehensive income, reflecting an average increase of the underlying yield curve by 12 basis points (bps) compared to December 31, 2017, partially offset by bpost's share of the profit of bpost bank for EUR 6.6m. As of September 30, 2018, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 43.6m, which represented 17.1% 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.

11. Current trade and other receivables

Current trade and other receivables decreased by EUR 130.2m, or 18.2%, to EUR 584.7m as of September 30, 2018. The decrease was mainly driven by the usual settlement of the year-end SGEI receivable during the first quarter of the year.

12. Cash and cash equivalents

Cash and cash equivalents increased by EUR 78.3m, or 16.8%, to EUR 544.3m as of September 30, 2018. This increase was mainly due to the free cash flow (EUR 19.4m), the issuance of the bond and commercial paper as well as the new loans entered into, partially offset by the payment of EUR 50.0m dividend and the reimbursement of the bridge loan entered in 2017 to buy Radial.

13. Non-Current Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 803.3m to EUR 858.8m mainly due to the issuance of a EUR 650m 8-year bond, two times oversubscribed, with a coupon of 1.25% and a USD term loan of USD 185m with end date September 2021 and a floating rate structure. These transactions served to refinance the November 2017 acquisition of Radial Holdings, LP at very good financial conditions. bpost borrowed a part in USD to mitigate the risk on foreign exchange rate differences on the foreign operation, hence bpost performed a net investment hedge.

14. Employee benefits

In million EUR	As of 31 December 2017	As of 30 September 2018
Post-employment benefits	(50.7)	(48.6)
Long-term employee benefits	(108.2)	(118.2)
Termination benefits	(6.6)	(8.7)
Other long-term benefits	(161.5)	(155.5)
TOTAL	**(326.9)**	**(331.1)**

Employee benefits increased by EUR 4.2m, or 1.3%, to EUR 331.1m as of September 30, 2018. The increase mainly reflects:

- The payment of benefits for an amount of EUR 22.8m.
- Operational actuarial gains for an amount of EUR 0.3m.
- Additional service cost (EUR 19.7m), an incoming transfer related to pension saving days (EUR 5.6m) and interest cost (EUR 3.3m).
- Financial actuarial gains of EUR 0.5m caused by changes in the discount rates.
- A remeasurement gain on defined benefit plans of EUR 0.8m (before tax), recognized through other comprehensive income.

15. Non-current trade and other payables

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

16. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings decreased by EUR 669.7m to EUR 30.2m due to the reimbursement of the bridge loan entered into in 2017 to buy Radial. The bridge loan has been refinanced via the issuance of a bond and a term loan. This decreased was partially offset by the issuance of the commercial paper for EUR 20m.

17. Income tax payable

Income tax payable decreased by EUR 38.1m, to EUR 0.5m as of September 30, 2018 and was mainly explained by the higher advances income taxes paid.

18. Current trade and other payables

Current trade and other payables decreased by EUR 235.1m, or 19.3%, to EUR 983.2m as of September 30, 2018. This decrease is due to the decline of the trade payables by EUR 151.8m, social payables by EUR 48.1m and other payables by EUR 35.0m. The decrease of the social payables was mainly explained by a timing difference as 2017 full year social accruals (holiday pay, bonuses,…) have been paid during 2018. The decrease of the trade payables was mainly a phasing element given the peak season during the fourth quarter. The decrease of the other payables was mainly due to the payment of the contingent consideration of DynaGroup and FDM (EUR 45.4m) partially offset by the transfer of the contingent consideration for DynaGroup from the non-current trade and other payables.

19. Financial assets and financial liabilities

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

In million EUR As of 30 September 2018	Carrying amount	Fair value categorized : Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable input (Level 3)
Financial Assets				
Non-Current				
Financial assets measured at amortized cost	10.9			
Current				
Derivative instruments - forex swap	0.0		0.0	
Financial assets measured at amortized cost	1,131.7			
Total financial assets	**1,142.6**			
Financial liabilities measured at fair value:				
Non-Current				
Long-term bond	641.6	640.2		
Financial liabilities measured at amortized cost	262.1			
Current				
Derivative instruments - forex swap	0.1		0.1	
Derivative instruments - cross currency swap	3.4		3.4	
Derivative instruments - forex forward	0.6		0.6	
Financial liabilities measured at amortized cost	1,037.7			
Total financial liabilities	**1,945.4**			

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.

20. Derivative financial instruments and hedging

In February 2018, bpost entered into a forward starting Interest Rate Swap for 10 year 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 finally issued a EUR 650.0m 8-year bond. Due to the fact that the duration and the nominal amount of the issued bond had changed compared to February 2018, the amount of the cash-flow hedge ineffectiveness (based on the hypothetical derivative method) amounted to EUR 1.5m and was recognized in profit or loss as finance expense. 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 after its issuance date. During the third quarter of 2018 an amount of EUR 0.6m has been reclassified to profit and loss statement.

In the third quarter of 2018, bpost entered into USD term loan. bpost with EUR as its functional currency along with the issuance of the bond, borrowed USD in order to refinance the November 2017 acquisition of Radial Holdings, LP. bpost designated a part of this loan as the hedging instrument of its net investment in Radial, the hedged item, which has USD as its functional currency. Consequently, the effective portion of changes in the fair value of the hedging instrument, is recognized in other comprehensive income. At September 30, 2018 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 4.1 million.

21. Contingent Liabilities and Contingent Assets

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

22. Events After the Reporting Period

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

Other financial information (unaudited)

Reconciliation of Reported to Normalized Financial Metrics

bpost also analyzes the performance of its activities on a normalized basis or before adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the normalized ones.

An adjusting item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are normalized whatever the amount they represent, as well as all non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

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

Income Statement related

OPERATING INCOME

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Total operating income	2,068.7	2,718.6	31.4%	647.6	873.7	34.9%
NORMALIZED TOTAL OPERATING INCOME	**2,068.7**	**2,718.6**	**31.4%**	**647.6**	**873.7**	**34.9%**

OPERATING EXPENSES

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Total operating excluding depreciation, amortization	(1,622.1)	(2,353.9)	45.1%	(537.3)	(794.8)	47.9%
NORMALIZED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(1,622.1)**	**(2,353.9)**	**45.1%**	**(537.3)**	**(794.8)**	**47.9%**

EBITDA

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
EBITDA	446.5	364.7	-18.3%	110.3	78.9	-28.4%
NORMALIZED EBITDA	**446.5**	**364.7**	**-18.3%**	**110.3**	**78.9**	**-28.4%**

EBIT

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Profit from operating activities (EBIT)	377.4	249.6	-33.9%	87.2	40.6	-53.4%
Non-cash impact of purchase price allocation (PPA) (1)		17.7			6.1	
NORMALIZED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**377.4**	**267.3**	**-29.2%**	**87.2**	**46.7**	**-46.4%**

PROFIT FOR THE YEAR (EAT)

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Profit for the year	255.8	159.1	-37.8%	60.0	27.2	-54.6%
Non-cash impact of purchase price allocation (PPA) (1)		16.0			5.3	
NORMALIZED PROFIT OF THE YEAR	**255.8**	**175.1**	**-31.6%**	**60.0**	**32.6**	**-45.7%**

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

Cash Flow Statement related

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
Net Cash from operating activities	219.5	138.1	-37.1%	(38.9)	(30.2)	-22.4%
Net Cash used in investing activities	(128.7)	(118.7)	7.8%	(37.3)	(23.1)	38.1%
FREE CASH FLOW	**90.8**	**19.4**	**-78.6%**	**(76.3)**	**(53.3)**	**30.1%**
Collected proceeds due to clients	0.0	26.1	-	0.0	7.5	-
NORMALIZED FREE CASH FLOW	**90.8**	**45.6**	**-49.8%**	**(76.3)**	**(45.7)**	**39.9%**

In some cases Radial performs the billing and receiving 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 to settle up on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Normalized operating free cash flows excludes the cash Radial receives on behalf of their customers. Radial has no or little impact on the amount or the timing of these payments.

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	Year-to-date 30 September			3rd quarter		
In million EUR	**2017**	**2018**	**Change %**	**2017**	**2018**	**Change %**
IFRS Consolidated Net Profit	**255.8**	**159.1**	**-37.8%**	**60.0**	**27.2**	**-54.6%**
Results of subsidiaries and deconsolidation impacts	(31.4)	1.1	-103.4%	(8.5)	7.1	-
Other deconsolidation impacts	20.6	7.7	-62.7%	(0.8)	(3.2)	-
Differences in depreciation and impairments	2.2	2.5	15.5%	0.5	1.2	-
Differences in recognition of provisions	(1.8)	(1.1)	-41.2%	(1.5)	(0.4)	-73.9%
Effects of IAS19	(35.6)	(4.9)	-86.3%	(2.6)	(6.7)	-
Depreciation intangibles assets PPA	0.0	17.7	-	0.0	6.1	-
Deferred taxes	10.7	1.0	-90.9%	7.4	1.7	-76.8%
Other	2.2	1.0	-53.4%	(2.5)	(3.8)	48.1%
Belgian GAAP unconsolidated net profit	**222.8**	**184.2**	**-17.3%**	**52.0**	**29.3**	**-43.6%**

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:

	Year-to-date 30 September		3rd quarter	
In million EUR	**2017**	**2018**	**2017**	**2018**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(12.8)	(6.1)	(3.4)	(1.1)
Profit of the international subsidiaries (local GAAP)	(8.1)	16.6	(1.5)	11.4
Share of results of associates (local GAAP)	(10.4)	(9.4)	(3.6)	(3.3)
Other deconsolidation impacts	20.6	7.7	(0.8)	(3.2)
TOTAL	**(10.8)**	**8.8**	**(9.2)**	**3.9**

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- Differences in the treatment of depreciation, amortization and impairments: Belgian GAAP allows useful lives (and hence depreciation rates) of fixed assets different from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing 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 personnel costs or provisions, except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result. The full year-over-year evolution was mainly explained by the curtailment in the second quarter of 2017 of the transport benefits for bpost's retirees.
- In accordance with IFRS 3 bpost performed the purchase price allocation (PPA) for de Buren, DynaGroup, Ubiway and Radial (the latter is not finalised yet) and recognized several intangible assets (brand names, know-how, customer relationships,…). The depreciation on these intangible assets amounted to EUR 17.7m in 2018. In 2017 there was no impact yet related to PPA.
- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.

Statement of legal representatives

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

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

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

Forward Looking Statements

The information in this document may include forward-looking statements[5], which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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

Glossary

- **Belgian GAAP** : financial reporting framework applicable in Belgium
- **Capex**: total amount invested in fixed assets.
- **EAT** : Earnings After Taxes
- **EBIT**: Earnings Before Interests and Taxes.
- **EBITDA**: Earnings Before Interests, Taxes, Depreciation and Amortization.
- **Effective tax rate**: Income tax expense/profit before tax.
- **Net debt (net cash)** represents interest and non-interest bearing loans less cash and cash equivalents.
- **Normalized EBITDA/EBIT/EAT/operating free cash flow:** EBITDA,EBIT/EAT/operating free cash flow excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the normalized ones. An adjusting item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are normalized whatever the amount they represent. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.
- **Operating free cash flow (FCF):** cash flow from operating activities + cash flow from investing activities.
- **Underlying volume:** starts from the reported volume and includes some corrections, for example the impact of the number of working days on the sales of stamps and franking machines and mail volumes related to elections.