Financial review

1.1 Group overview

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

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

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

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

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

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

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

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

→ **Group overview**

	2019			2018		
IN MILLION EUR (ADJUSTED)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)
Mail & Retail	2,071.1	257.4	12.4%	2,111.3	333.2	15.8%
Parcels & Logistics Europe & Asia	830.9	65.8	7.9%	792.3	38.3	4.8%
Parcels & Logistics North America	1,104.2	(3.0)	-0.3%	1,114.4	11.1	1.0%
Corporate	402.1	(9.3)	-2.3%	392.8	41.7	10.6%
Eliminations	(571.2)			(560.5)		
Group	**3,837.2**	**310.8**	**8.1%**	**3,850.2**	**424.3**	**11.0%**

1.2 Description of Business Units

The business unit Mail & Retail oversees the commercial activities related to Transactional and Advertising mail and Press and the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail, printed documents, newspapers and periodicals in Belgium and offers these operational activities for parcels to other business units of bpost. Furthermore Mail & Retail offers value added services including document management and related activities and offers proximity and convenience retail through its retail network in Belgium composed out of post offices, postal points and the Ubiway Retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance. The business unit also carries out Services of General Economic Interest on behalf of the Belgian State (SGEI).

The business unit Parcels & Logistics Europe & Asia oversees the commercial and operational activities related to last-mile delivery and express delivery in Belgium and the Netherlands (Parcels BeNe), E-commerce logistics (fulfillment, handling, distribution and return management) and Cross-border (inbound, outbound and import services) for parcels in Europe & Asia and for international mail worldwide. The business unit runs several operational centers across Europe including a sorting center (NBX) and several parcel hubs. DynaGroup and the Radial and Landmark Global entities in Europe & Asia are part of this business unit.

The business unit Parcels & Logistics North America is in charge of the commercial and operational activities related to E-commerce logistics (fulfillment, handling and distribution, return management, customer service and value-added technology services) in North America and Australia and cross-border parcels and International mail in North America. Radial North-America and the Landmark Global entities in North America are part of this business unit.

Corporate and Support units ("**Corporate**") consist out of the 3 support units and the corporate unit. The support units offer business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary.

1.3 Business Unit performance: Mail & Retail

→ Mail & Retail

IN MILLION EUR	2019	2018	CHANGE %
External operating income	**1,897.1**	**1,951.7**	**-2.8%**
Transactional mail	748.0	772.4	-3.2%
Advertising mail	236.0	244.2	-3.4%
Press	344.4	354.1	-2.7%
Proximity and convenience retail network	464.8	475.7	-2.3%
Value added services	103.9	105.3	-1.3%
Intersegment operating income	174.7	159.6	9.4%
TOTAL OPERATING INCOME	**2,071.7**	**2,111.3**	**-1.9%**
Operating expenses	1,734.2	1,727.6	
EBITDA	**337.5**	**383.6**	
Depreciation, amortization	83.7	54.1	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**253.8**	**329.5**	**-23.0%**
Margin (%)	*12.3%*	*15.6%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**257.4**	**333.2**	**-22.8%**
Margin (%)	*12.4%*	*15.8%*	
Average FTE & Interims	22,435	22,214	1.0%

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

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

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

Mail & Retail

EVOLUTION UNDERLYING MAIL VOLUMES	2019
Domestic mail	**-7.9%**
Transactional mail	-9.2%
Advertising mail	-4.7%
Press	-6.5%

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

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

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

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

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

1.4 Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia

IN MILLION EUR	2019	2018	CHANGE %
External operating income	**813.2**	**757.0**	**7.4%**
Parcels BeNe	380.6	345.9	10.0%
E-commerce logistics	133.1	120.8	10.2%
Cross-border	299.5	290.4	3.2%
Intersegment operating income	17.8	35.3	-49.7%
TOTAL OPERATING INCOME	**830.9**	**792.3**	**4.9%**
Operating expenses	747.7	735.9	
EBITDA	**83.2**	**56.4**	
Depreciation, amortization	21.7	31.4	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**61.5**	**24.9**	
Margin (%)	*7.4%*	*3.1%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**65.8**	**38.3**	**71.8%**
Margin (%)	*7.9%*	*4.8%*	
Average FTE & Interims	3,248	3,087	5.2%

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

Parcels BeNe increased by 51.2 million EUR driven by the consistent organic volume[1] growth of parcels of 20.0%. This increase was driven by e-commerce and good volume development at Dynalogic, and was partly offset by the higher reversal of contingent considerations in 2018 for DynaGroup (3.6 million EUR) and for de Buren (14.6 million EUR) compared to the reversal in 2019 for DynaGroup (1.7 million EUR). As a result of these effects, external operating income grew by 34.7 million EUR to 380.6 million EUR. Price/mix was negative, fully driven by the client mix effect.

PARCELS & LOGISTICS EUROPE & ASIA	2019
Evolution Parcels BeNe volume	20.0%

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

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

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

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

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

1.5 Business Unit performance: Parcels & Logistics North America

→ Parcels & Logistics North America

IN MILLION EUR	2019	2018	CHANGE %
External operating income	**1,097.5**	**1,104.8**	**-0.7%**
E-commerce logistics	1,008.1	1,017.9	-1.0%
International mail	89.4	86.8	3.0%
Intersegment operating income	6.8	9.6	-29.9%
TOTAL OPERATING INCOME	**1,104.2**	**1,114.4**	**-0.9%**
Operating expenses	1,048.7	1,068.3	
EBITDA	**55.5**	**46.1**	
Depreciation, amortization	71.6	48.9	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**(16.1)**	**(2.8)**	**-**
Margin (%)	*-1.5%*	*-0.2%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**(3.0)**	**11.1**	**-**
Margin (%)	*-0.3%*	*1.0%*	
Average FTE & Interims	8,061	9,093	-11.4%

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

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

→ **Radial North America (*)**

IN MILLION USD (ADJUSTED)	2019	2018
Total operating income	934.9	1,003.9
EBITDA	29.2	31.1
Profit from operating activities (EBIT)	(29.2)	(7.9)

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

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

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

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

1.6 Business Unit performance: Corporate

→ **Corporate**

IN MILLION EUR	2019	2018	CHANGE %
External operating income	**30.1**	**36.8**	**-18.3%**
Intersegment operating income	372.0	356.0	4.5%
TOTAL OPERATING INCOME	**402.1**	**392.8**	**2.4%**
Operating expenses	340.7	307.8	
EBITDA	**61.4**	**85.0**	
Depreciation, amortization	70.8	43.3	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**(9.3)**	**41.7**	**-**
Margin (%)	*-2.3%*	*10.6%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**(9.3)**	**41.7**	**-**
Margin (%)	*-2.3%*	*10.6%*	
Average FTE & Interims	1,633	1,715	-4.8%

1 *Constant Exchange Rate: The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.*

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

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

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

1.7 Cashflow statements

IN MILLION EUR	2019	2018
Net cash from operating activities	424.2	362.0
Net cash used in investing activities	(122.2)	(120.8)
Net cash from financing activities	(314.1)	(29.5)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(12.1)**	**211.7**
Free cash flow	**302.0**	**241.2**

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

Free cash flow amounted to 302.0 million EUR.

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

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

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

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

1.8 Net debt

As at 31 December

IN MILLION EUR	2019	2018
Net debt / (net cash)		
Interest bearing loans and borrowings	1,449.4	1,024.8
Bank overdrafts	0.5	0.0
Non-interest bearing loans and borrowings	0.1	0.1
- Cash and cash equivalents	(670.2)	(680.1)
TOTAL	**779.9**	**344.8**

The net debt increased by 435.1 million EUR mainly due to the impact of the initial application of IFRS 16 (the impact of the transition to IFRS 16 amounted to 417.8 million EUR). Cash and cash equivalents decreased by 9.9 million EUR with a cash-outflow of 12.1 million EUR.

1.9 Balance sheet

IN MILLION EUR	2019	2018		2019	2018
Assets			**Equity and liabilities**		
Property, plant and equipment	1,133.6	708.0	Total equity	682.6	702.3
Intangible assets	898.3	874.9	Interest-bearing loans and borrowings (incl. overdraft)	1,449.9	1,024.8
Investment in associates and joint ventures	239.5	251.2	Employee benefits	320.6	308.4
Other assets	41.8	70.7	Trade and other payables	1,278.5	1,230.0
Trade and other receivables	759.0	723.2	Provisions	29.8	39.3
Inventories	34.7	36.9	Derivative instruments	1.3	0.8
Cash and cash equivalents	670.2	680.1	Other liabilities	14.3	39.6
TOTAL ASSETS	**3,777.1**	**3,345.1**	**TOTAL EQUITY AND LIABILITIES**	**3,777.1**	**3,345.1**

Total assets and liabilities increased by 432.0 million EUR, mainly due to the impact of the initial application of IFRS 16. The balance of the right-of-use assets and lease liabilities end of December 2019 respectively amounted to 443.4 million EUR and 449.3 million EUR.

1.10 Alternative Performance Measures (unaudited)

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

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

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

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

The calculation of the Adjusted performance measure, Adjusted operating free cash flow and the bpost SA/NV Net Profit (BGAAP) can be found below the definitions. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions

Adjusted performance (Adjusted operating income / Adjusted EBITDA/ Adjusted EBIT/ Adjusted EAT): bpost defines the Adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to 20 million EUR or more. All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the year-to-date amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been adjusted are also adjusted whatever the amount they represent. The reconciliation of the Adjusted performance is available below the definitions.

bpost's management believes this measure provides the investor a better insight and comparability over time of the economic performance of bpost.

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

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

Constant exchange rate: bpost excludes in the performance at constant exchange rate the impact of the different exchange rates applied in different periods for the segment Parcels & Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

bpost's management believes that the performance at constant exchange rate provides the investor an understanding of the operating performance of the entities part of the Parcels & Logistics North America segment.

CAPEX: capital expenditure for tangible and intangible assets including capitalised development costs, excluding right of use assets.

Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA): bpost defines EBITDA as Earnings from operating activities (EBIT) plus depreciations and amortizations and is derived from the consolidated income statement.

Net debt /(net cash): bpost defines Net debt / (net cash) as the non-current and current interest-bearing loans and borrowings plus bank overdrafts minus cash and cash equivalents and is derived from the consolidated statement of financial position.

Operating free cash flow (FCF) and Adjusted Operating free cash flow: bpost defines FCF as the sum of net cash from operating activities and net cash used in investing activities and is derived from the Consolidated Statement of Cash flows. Adjusted operating free cash flow is the operating free cash flow as defined excluding working capital impact of "the collected proceeds due to clients". The reconciliation is available below the definitions. In some cases, Radial performs the billing and receiving of payments on behalf of their customers. Under this arrangement, Radial routinely remits billed amounts back to the client, and performs a monthly settlement with the client on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Adjusted operating free cash flows excludes the cash Radial received on behalf of their customers as Radial has no or little impact on the amount or the timing of these payments.

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

Radial North America Performance in USD: bpost defines the performance of Radial North America as the Total operating income, EBITDA and EBIT expressed in USD following the consolidation of the group of Radial entities held by bpost North America Holdings Inc. Transactions between the group of Radial entities and other bpost group entities are not eliminated and are part of the Total operating income, EBITDA and EBIT.

bpost's management believes this measure provides the investor a better insight in the performance of Radial and the scale up of its US presence and the expanding of its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology.

Underlying volume (Transactional mail, advertising mail and press): bpost defines underlying mail volume as the reported mail volume including some corrections, for example the impact of the number of working days and mail volumes related to elections.

RECONCILIATION OF REPORTED TO ADJUSTED FINANCIAL METRICS

Operating income for the year ended 31 december

IN MILLION EUR	2019	2018	EVOLUTION 2019 – 2018
Total operating income	3,837.8	3,850.2	-0.3%
Gain on the sale of Alvadis[1]	(0.6)		
ADJUSTED TOTAL OPERATING INCOME	**3,837.2**	**3,850.2**	**-0.3%**

Operating expenses for the year ended 31 december

IN MILLION EUR	2019	2018	EVOLUTION 2019 – 2018
Total operating excluding depreciation, amortization	(3,300.2)	(3,279.1)	0.6%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(3,300.2)**	**(3,279.1)**	**0.6%**

EBITDA for the year ended 31 december

IN MILLION EUR	2019	2018	EVOLUTION 2019 - 2018
EBITDA	537.6	571.1	-5.9%
Gain on the sale of Alvadis[1]	(0.6)		
ADJUSTED EBITDA	**537.0**	**571.1**	**-6.0%**

EBIT for the year ended 31 december

IN MILLION EUR	2019	2018	EVOLUTION 2019 - 2018
EBIT	289.9	393.4	-26.3%
Non-cash impact of purchase price allocation (PPA)[2]	21.5	30.9	-30.3%
Gain on the sale of Alvadis[1]	(0.6)		
ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**310.8**	**424.3**	**-26.7%**

Profit (eat, earnings after taxes) for the year ended 31 december

IN MILLION EUR	2019	2018	EVOLUTION 2019 - 2018
Profit for the year	154.7	263.6	-41.3%
Non-cash impact of purchase price allocation (PPA)[2]	19.1	26.8	-28.8%
Gain on the sale of Alvadis[1]	(0.6)		
ADJUSTED PROFIT OF THE YEAR	**173.1**	**290.4**	**-40.4%**

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

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

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

RECONCILIATION OF REPORTED TO FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

For the year ended 31 December

IN MILLION EUR	2019	2018	EVOLUTION 2019 – 2018
Net Cash from operating activities	424.2	362.0	17.2%
Net Cash used in investing activities	(122.2)	(120.8)	-1.2%
OPERATING FREE CASH FLOW	**302.0**	**241.2**	**25.2%**
Collected proceeds due to clients	(14.0)	(9.7)	44.7%
ADJUSTED OPERATING FREE CASH FLOW	**288.0**	**231.5**	**24.4%**

FROM IFRS CONSOLIDATED NET PROFIT TO BELGIAN GAAP UNCONSOLIDATED NET PROFIT

For the year ended 31 December

IN MILLION EUR	2019	2018
IFRS Consolidated Net Profit	**154.7**	**263.6**
Results of subsidiaries and deconsolidation impacts	0.6	(1.7)
Differences in depreciation and impairments	(20.5)	(2.2)
Differences in recognition of provisions	(3.4)	(1.4)
Effects of IAS19	15.5	(21.3)
Effects of IFRS 16	8.5	0.0
Depreciation intangibles assets PPA	21.5	30.9
Deferred taxes	1.6	(2.8)
Other	(5.9)	(2.8)
BELGIAN GAAP UNCONSOLIDATED NET PROFIT AVAILABLE FOR APPROPRIATION	**172.6**	**262.3**
Transfer to/(from) untaxed reserves	29.1	-
BELGIAN GAAP UNCONSOLIDATED NET PROFIT FOR THE PERIOD	**201.7**	**262.3**

bpost's unconsolidated profit after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS profit after taxes in two stages.

The first stage consists of un-consolidating the profit after taxes under IFRS, i.e.:

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- Eliminating any other income statement impact the subsidiaries had on bpost (such as impairments) and adding the dividends received from these subsidiaries.

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

For the year ended 31 December

IN MILLION EUR	2019	2018
Result of the Belgian fully consolidated subsidiaries (local GAAP)	(15.2)	(6.1)
Result of the international subsidiaries (local GAAP)	23.8	59.5
Share of results of associates and joint ventures (local GAAP)	(13.6)	(12.1)
Other deconsolidation impacts	5.6	(43.1)
TOTAL	**0.6**	**(1.7)**

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

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- In 2019 bpost recognized the gain on the sale of the Centre Monnaie building (19.9 million EUR) whereas for the statutory books bpost has chosen to apply the spread taxation of this profit, hence there's no impact of this gain on the Belgian GAAP unconsolidated net profit. The sales price will be reinvested and this gain will be subject to taxes in accordance with the depreciation on these reinvested assets and will be recognized into profit over the years to come;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel are recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's income statement under payroll costs or provisions, except for the impact of changes in the discount rates for the future obligations, which was recorded as a financial result;
- The evolution of IAS 19 in 2019 compared to 2018 was mainly explained by the increase of non-cash financial charges as a result of the decrease in discount rates in 2019 (year-over year impact of 22.1 million EUR) and last year's non-cash gain related to group insurance (10.9 million EUR);
- In accordance with IFRS 3 "business combinations" bpost performed the purchase price allocation (PPA) for several entities and recognized several intangible assets (brand names, know-how, customer relationships,…);
- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.

Outlook for 2020

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

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

For the business units, bpost Group expects:

Mail & Retail:

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

Parcels & Logistics Europe & Asia:

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

Parcels & Logistics North America:

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

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

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

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