bpost: third quarter 2015 results

Third quarter 2015 highlights

- **Operating income (revenues)** at EUR 550.5m thanks to improved Domestic Mail performance and solid Parcels contribution but down -3.3% due to lower SGEI compensation and management's decision to curtail some International Mail activities, with positive EBIT impact.
- **Improved Underlying Domestic Mail volume trend at -4.7%** (-5.7% for 1H15) driven by pick up in Advertising Mail and better performance in Press.
- **Excellent Domestic Parcels volumes growth up 13.5%,** best quarterly performance to date against an already very strong quarter last year (+10.3%) still driven by strong e-commerce growth and continued positive trend in C2C. Negative price/mix effect of -3.1%.
- **International Parcels up EUR 4.2m**, with continued organic growth from US and positive FX contribution, but slower growth from and to China.
- Continued impact of the curtailment of the International Mail business in **Additional Sources of Revenues** while overall profitability improved.
- **Significant cost savings (EUR -28.4m, excluding one-offs)** and strong productivity improvement (average FTE reduction of 854).
- **Normalized EBITDA up EUR 9.6m**. Reported EBITDA impacted by **Alpha social plan restructuring provision of EUR 54.5m**.
- **Normalized net profit of bpost SA/NV under BGAAP** up EUR 4.7m at EUR 51.3m.

CEO quote

Koen Van Gerven, CEO, commented: *"I'm very pleased with the strong EBITDA performance this quarter. Indeed, we recorded a softer underlying mail volume decline combined with excellent growth in domestic parcels against an already very strong quarter last year. In addition, our continuous efforts resulted in significant cost savings, which more than compensated the SGEI impact. Overall, this led us to an advance of EUR 5.4m in EBITDA compared to the first nine months last year."*

"Going forward, I am confident that the progress booked during the last quarter for various new initiatives, i.e. Combo launch in Antwerp and an important contract with Proximus for swapping decoders at home, will positively contribute to our operating results. In addition, we have reached an agreement with the unions on a more agile organizational model which will further strengthen our competitive position in the parcel market. Finally, the Belgian State has awarded us the press distribution concessions and approved the sixth management contract, confirming its trust in bpost and its employees."

Outlook

- We expect **underlying Domestic Mail volume decline** to be **less than -6%**.
- The **compensation for the SGEI** (Management Contract) will be **EUR 16.5m lower** than in 2014 as the government has decided to reduce the compensation above and beyond the already lower contractual cap.
- We now expect **Domestic Parcels volume growth** to hit **double digits** for the full year. We also expect **continued growth in the US** parcels segment. **Milk powder** volumes to China are expected to remain stable.
- **Productivity improvements are on track and will deliver as expected** at the low end of our 800 to 1,200 FTE/year range, including the first contributions of Alpha.
- We will maintain **recurring EBITDA at least at the high level achieved in 2014**, thanks to the partial effects of the Alpha plan and a continued focus on costs.
- We confirm our ambition to achieve **at least the same level of dividend payment**.

- Cash generation should follow normal seasonality and **net capex** is expected **below EUR 90m (excl. acquisitions)**. Working capital evolution will be negatively affected by the favorable phasing on terminal dues payment in 2014 and tax payments relating to 2013.

Key figures

3rd quarter (million EUR)	Reported		Normalized		
	3Q14	**3Q15**	**3Q14**	**3Q15**	**% Δ**
Total operating income (revenues)	569.2	550.5	569.2	550.5	-3.3%
Operating expenses	464.7	491.0	464.7	436.5	-6.1%
EBITDA	**104.4**	**59.5**	**104.4**	**114.0**	**9.1%**
Margin (%)	*18.3%*	*10.8%*	*18.3%*	*20.7%*	
EBIT	**82.9**	**37.1**	**82.9**	**91.6**	**10.5%**
Margin (%)	*14.6%*	*6.7%*	*14.6%*	*16.6%*	
Profit before tax	**79.8**	**37.6**	**79.8**	**92.1**	**15.5%**
Income tax expense	27.0	11.6	27.0	30.0	
Net profit	**52.7**	**26.0**	**52.7**	**62.1**	**17.7%**
FCF	**(38.5)**	**(29.5)**	**(38.5)**	**(29.5)**	**23.4%**
bpost S.A./N.V. net profit (BGAAP)	**46.6**	**15.2**	**46.6**	**51.3**	**10.0%**
Net Debt/ (Net cash), at 30 September	**(645.9)**	**(690.6)**	**(645.9)**	**(690.6)**	**6.9%**

Year-to-date (million EUR)	Reported		Normalized		
	YTD14	**YTD15**	**YTD14**	**YTD15**	**% Δ**
Total operating income (revenues)	1,809.4	1,764.7	1,809.4	1,764.7	-2.5%
Operating expenses	1,368.3	1,372.7	1,368.3	1,318.2	-3.7%
EBITDA	**441.0**	**391.9**	**441.0**	**446.4**	**1.2%**
Margin (%)	*24.4%*	*22.2%*	*24.4%*	*25.3%*	
EBIT	**377.3**	**327.0**	**377.3**	**381.5**	**1.1%**
Margin (%)	*20.9%*	*18.5%*	*20.9%*	*21.6%*	
Profit before tax	**368.8**	**325.8**	**368.8**	**380.3**	**3.1%**
Income tax expense	124.0	112.1	124.0	130.5	
Net profit	**244.8**	**213.7**	**244.8**	**249.8**	**2.0%**
FCF	**324.9**	**247.4**	**325.2**	**247.4**	**-23.9%**
bpost S.A./N.V. net profit (BGAAP)	**218.1**	**186.4**	**218.1**	**222.4**	**2.0%**
Net Debt/ (Net cash), at 30 September	**(645.9)**	**(690.6)**	**(645.9)**	**(690.6)**	**6.9%**

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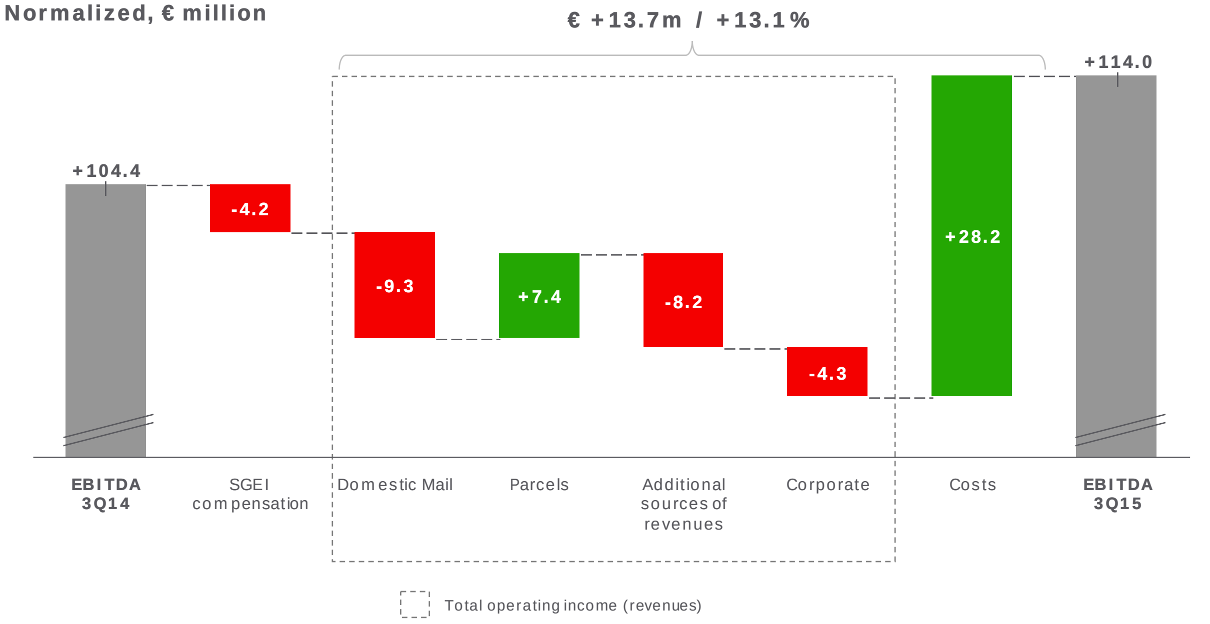
Third quarter 2015 - Income Statement



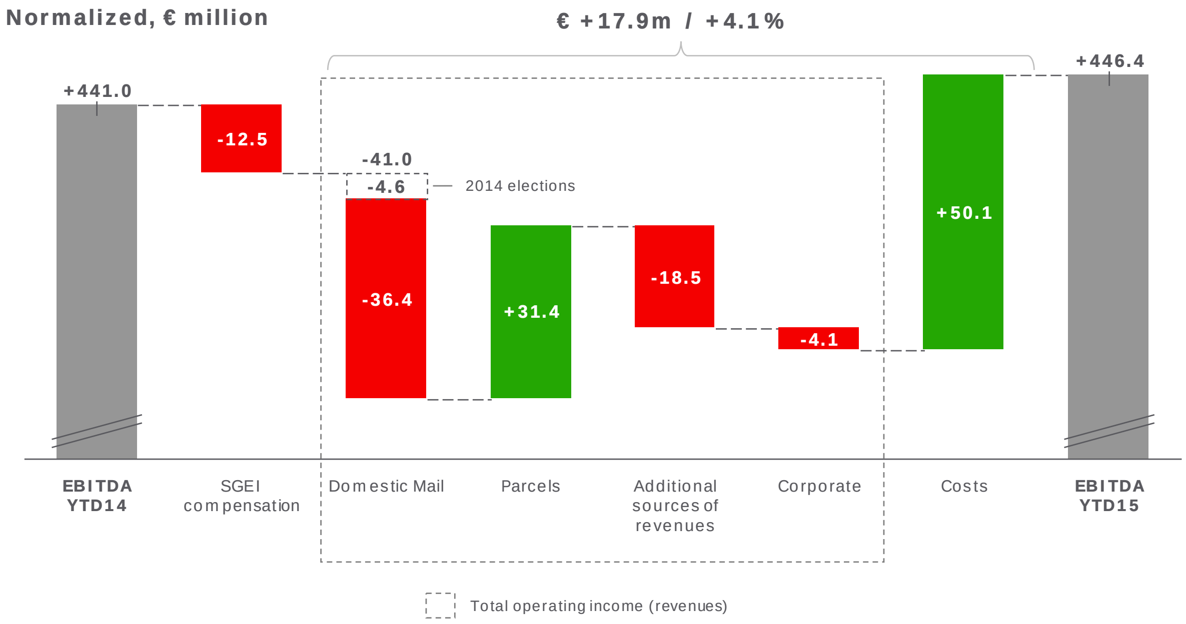
Total operating income decreased by EUR 18.7m (-3.3%) to EUR 550.5m despite an improved performance in Domestic Mail (EUR -9.3m) and a solid contribution from Parcels (EUR +7.4m). Revenues remained impacted by the lower compensation for SGEI (EUR -4.2m) and the curtailment of international mail wholesales activities to optimize profitability, included in the Additional sources of revenues (EUR -8.2m). Revenues from Corporate (EUR -4.3m) decreased mainly due to lower sales of buildings.

During the third quarter of 2015 an estimated impact of EUR 54.5m relating to the Alpha social plan has been accrued for. This provision has been considered as non-recurring and has been excluded from the normalized results. Normalized costs decreased by EUR 28.2m, mainly driven by the lower payroll and interim costs compensating the total operating income loss and leading to an increase in **EBITDA** and **EBIT** of respectively EUR 9.6m and EUR 8.7m.

Income Tax expense increased compared to last year, with the effective tax rate being 32.6%.

Normalized IFRS group net profit reached EUR 62.1m. **Belgian GAAP net profit** of the parent company, normalized for the impact of the Alpha project, amounted to EUR 51.3m or 10.0% higher compared to last year.

First nine months 2015 - Income Statement



Total operating income decreased by EUR 44.7m (-2.5%), to EUR 1,764.7m. Excluding the lower compensation for SGEI (EUR -12.5m) and the impact of the 2014 elections (EUR -4.6m), operating income decreased by EUR 27.5m. The underlying volume decrease of Domestic Mail (EUR -52.2m) and the curtailment of the very low margin International Mail activities, which is the main contributor to the decrease of the Additional Sources of Revenue (EUR -18.5m), were partially compensated by strong growth in Parcels (EUR +31.4m) and the price increases in Domestic Mail (EUR +15.1m).

Despite the negative impact of the non-recurrence of the 2014 elections and the reduced SGEI compensation (together EUR -17.1m), normalized **EBITDA** and **EBIT** were respectively EUR 5.4m and EUR 4.1m higher than last year. This resulted from further strict cost control generating EUR 50.1m and allowing us to absorb the above mentioned effects on our bottom line.

Net financial result improved by EUR 8.9m mainly due to last year's increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in the discount rates.

Income Tax expense increased compared to last year, with the effective tax rate being 34.3%.

Normalized IFRS group net profit reached EUR 249.8m. **Belgian GAAP net profit** of the parent company, normalized for the impact of the Alpha project, amounted to EUR 222.4m, an increase of 2.0% versus last year.

Total operating income: group overview

Third quarter of 2015

Following a correction of the allocation of cash sales (stamps and franking machines) to various product portfolios as of January 1, 2015 some revenues have shifted from Domestic Parcels to Transactional Mail. Furthermore, some intercompany eliminations mainly relating to international activities previously reported in Other revenues are now being reported under their corresponding product portfolios. Taking into account these changes, the 2014 figures at the level of the product portfolios have been made comparable to reflect these changes. The comparable figures are shown under the heading “comparable”. The variances mentioned hereafter compare the 2015 figures with the 2014 comparable figures.

In million EUR	3Q14	Reclassi-fications	3Q14 Comparable	SGEI	Organic	3Q15	% Org	underlying vol. % Δ
Domestic Mail	**341.9**	**0.4**	**342.3**	**(3.0)**	**(9.3)**	**330.0**	**-2.7%**	**-4.7%**
Transactional Mail	209.3	0.6	210.0		(7.2)	202.8	-3.4%	-5.9%
Advertising Mail	58.3	(0.2)	58.1		(1.9)	56.1	-3.3%	-2.4%
Press	74.3	0.0	74.3	(3.0)	(0.3)	71.0	-0.3%	-0.1%
Parcels	**72.9**	**(2.1)**	**70.8**	**0.0**	**7.4**	**78.3**	**10.5%**	**+11.7%**
Domestic Parcels	35.2	(0.8)	34.4		3.4	37.8	9.8%	+13.5%
International Parcels	34.8	(0.9)	33.9		4.2	38.1	12.5%	
Special logistics	2.9	(0.3)	2.6		(0.2)	2.4	-8.0%	
Additional Sources of Revenues	**148.4**	**1.6**	**150.0**	**(1.1)**	**(8.2)**	**140.6**	**-5.5%**	
International Mail	48.5	(1.0)	47.5		(7.6)	40.0	-16.0%	
Value Added Services	22.9	(0.8)	22.1		1.3	23.3	5.9%	
Banking and Financial products	50.6	(0.0)	50.5	(0.1)	0.3	50.6	0.5%	
Others	26.4	3.5	29.9	(1.0)	(2.2)	26.7	-7.4%	
Corporate	**6.0**	**0.0**	**6.0**		**(4.3)**	**1.6**	**-72.4%**	
TOTAL	**569.2**	**0.0**	**569.2**	**(4.2)**	**(14.5)**	**550.5**	**-2.5%**	

Revenues from **Domestic Mail** decreased by EUR 9.3m (-2.7%) to EUR 330.0m. Reported volume decline came in at -4.4%, while underlying volume decline (i.e. excluding the requalification of Advertising to Administrative Mail and the impact of an additional working day) reached -4.7%, which was better than the decline in the first and second quarter which respectively amounted to -5.3% and -6.1%.
Reported volume decline in Transactional Mail came in at -5.3%, while the underlying figure slightly deteriorated at -5.9% in the third quarter vs. -5.3% in the first and second quarter of 2015 due to the weaker holiday period volumes and continued e-substitution for which however no notable acceleration was observed. An improved performance across all sectors was noted for Advertising Mail which helped to limit the underlying volume decline (excluding requalification and working day impact) at -2.4% in the third quarter of 2015 (-7.9% in the first half of 2015) and the reported decline at -3.2%.
Press volumes witnessed an improved trend at -0.1% both on a reported and underlying basis thanks to a good performance in periodicals. Excluding the impact of an additional working day, total

mail volume declines impacted revenues by EUR 13.6m, partially compensated by the net improvement in price/mix in line with the announced pricing policy, amounting to EUR 3.6m.

Parcels recorded a solid performance, with an organic growth of EUR 7.4m. Volume growth in Domestic Parcels was very strong at 13.5% versus the already high 11.4% in the first half of 2015 and against the strongest quarter last year at +10.3%. This increase was due to the excellent growth of e-tailing customers and the continued recovery of the C2C parcels thanks to the new product offering. Revenue evolution was impacted by a negative price/mix effect of -3.1%, in line with the second quarter of 2015. This is explained by the faster growth of large e-tailers with high volumes and lower prices than the smaller customers. International Parcels grew by EUR 4.2m, mainly driven by the continued organic growth of traffic on lanes from the US (EUR +5.2m, helped by a favorable exchange rate impact of EUR +3.8m) combined with a slower growth than previous quarters for parcels from and to China (EUR +0.5m).

Additional Sources of Revenues recorded an organic decrease by EUR 8.2m to reach EUR 140.6m and were mainly impacted by the curtailment in International Mail (EUR -5.8m), which positively contributed to overall profitability. Revenues for Value Added Services increased (EUR +1.3m) thanks to solutions such as eID services and solutions for sustainable distribution of goods to and from the city centre. This was however offset by the decrease in Other revenues (EUR -2.2m) mainly related to the termination of a retail telecom offering.

Revenues from **Corporate** decreased by EUR 4.3m to EUR 1.6m, mainly due to the lower proceeds of sales of buildings (EUR 4.0m).

First nine months of 2015

In million EUR	YTD14	Reclassi-fications	YTD14 Comparable	SGEI	Organic	YTD15	% Org	underlying vol. % Δ
Domestic Mail	**1,113.8**	**1.5**	**1,115.3**	**(9.1)**	**(41.0)**	**1,065.3**	**-3.7%**	**-5.4%**
Transactional Mail	684.1	2.1	686.2		(22.0)	664.2	-3.2%	-5.5%
Advertising Mail	199.9	(0.6)	199.3		(17.0)	182.3	-8.5%	-6.3%
Press	229.9	0.0	229.9	(9.1)	(2.1)	218.7	-0.9%	-2.5%
Parcels	**217.1**	**(5.8)**	**211.3**	**0.0**	**31.4**	**242.7**	**14.9%**	**+18.2%**
Domestic Parcels	110.4	(2.7)	107.7		9.0	116.7	8.3%	+12.1%
International Parcels	97.0	(2.1)	94.9		23.8	118.7	25.1%	
Special logistics	9.7	(1.0)	8.7		(1.4)	7.4	-15.6%	
Additional Sources of Revenues	**454.4**	**4.3**	**458.7**	**(3.4)**	**(18.5)**	**436.7**	**-4.1%**	
International Mail	148.4	(3.0)	145.3		(18.1)	127.3	-12.4%	
Value Added Services	71.6	(2.6)	69.0		2.1	71.1	3.0%	
Banking and Financial products	154.9	(0.1)	154.8	(0.4)	(0.3)	154.1	-0.2%	
Others	79.5	10.1	89.5	(3.0)	(2.2)	84.3	-2.5%	
Corporate	**24.0**	**0.0**	**24.0**		**(4.1)**	**20.0**	**-16.9%**	
TOTAL	**1,809.4**	**0.0**	**1,809.4**	**(12.5)**	**(32.1)**	**1,764.7**	**-1.8%**	

Domestic Mail revenues amounted to EUR 1,065.3m for the first nine months of 2015, a EUR 41.0m organic decline versus last year (including impact elections for EUR -4.6m), due to a reported volume evolution of -5.8% and an underlying volume evolution of -5.4% (i.e. excluding an additional working day, the requalification of Advertising to Administrative Mail and the impact of the 2014 elections), partly compensated by a price/mix improvement.

Parcels revenues attained EUR 242.7m (EUR +31.4m organic growth), driven by volume growth of +12.1% in Domestic Parcels and by strong development in International Parcels, helped by a favorable exchange rate impact (EUR +15.4m).

Additional Sources of Revenues amounted to EUR 436.8m, down EUR 18.5m, mainly as a result of the curtailment of the very low margin International Mail activities, which contributed positively to EBIT.

Revenues from **Corporate** decreased by EUR 4.1m to EUR 20.0m, mainly due to the lower proceeds of sales of buildings (EUR 3.9m), for which there will be a phasing towards the fourth quarter of 2015 for a sizeable building.

Operating expenses

Third quarter of 2015

In million EUR	3Q14	3Q15	3Q15 Normalized	% Org
Payroll & interim costs	312.5	348.0	293.5	*-6.1%*
FTE	*26.060*	*25.206*	*25.206*	*-854*
SG&A (excl. interim and transport costs)	90.8	86.3	86.3	*-4.9%*
Transport costs	51.7	47.6	47.6	*-7.9%*
Other costs	9.7	9.1	9.1	*-6.9%*
TOTAL OPERATING EXPENSES	**464.7**	**491.0**	**436.5**	***-6.1%***

In the third quarter of 2015 **total operating expenses** stood at EUR 491.0m. On a normalized basis total operating expenses decreased by 6.1% in comparison with the same quarter of 2014.

Payroll and interims costs increased by EUR 35.5m but were impacted by the provision for the Alpha social plan (EUR 54.5m). Excluding this item and other one-offs for an amount of EUR 2.4m, payroll and interim costs decreased by EUR 16.6m mainly driven by productivity improvements in our network and the first contribution of Alpha which together led to an average year-on-year reduction of 854 FTE generating savings of EUR 9.6m. The recruitment of auxiliary postmen created a positive mix effect of EUR 2.4m. Additionally, a lower number of management functions due to a hiring freeze and reorganization, created a positive mix effect of EUR 2.1m. Higher restructuring charges last year resulted in a decrease in payroll costs by EUR 3.5m. These effects were to a limited extent offset by the negative price effect (EUR -0.3m) due to the normal salary and merit increases.

SG&A excluding transport costs and interims slightly decreased by 4.9%, or EUR 4.5m, in the third quarter of 2015. Nearly all the costs decreased mainly rent and consultancy.

Transport costs amounted to EUR 47.6m and were EUR 5.6m lower compared to previous year after excluding the lower favorable settlements of previous year’s terminal dues (EUR 1.5m). This decrease was due to the curtailment of International Mail wholesales activities, partly offset by unfavorable exchange rates (EUR 4.4m) and the growth in International Parcels.

First nine months 2015

In million EUR	YTD14	YTD15	YTD15 Normalized	% Org
Payroll & interim costs	922.8	925.3	870.8	-5.6%
FTE	*25.488*	*24.699*	*24.699*	*-788*
SG&A (excl. interim and transport costs)	269.2	263.2	263.2	-2.2%
Transport costs	150.7	150.6	150.6	0.0%
Other costs	25.6	33.6	33.6	31.3%
TOTAL OPERATING EXPENSES	**1,368.3**	**1,372.7**	**1,318.2**	**-3.7%**

Total operating expenses have increased by EUR 4.4m or 0.3%, and attained EUR 1,372.7m. On a normalized basis, total operating expenses decreased by 3.7%, driven by the decrease in payroll and interim costs of EUR 52.1m as well as by the decrease of the services and other goods (EUR 6.0m), partially offset by the increase of EUR 8.0m in other costs.

Payroll and interims costs increased by EUR 2.4m. Excluding the impact of the Alpha provision, the net decrease is EUR 52.1m and was mainly driven by the reduction in the average headcount work force by 788 FTE, a positive mix effect resulting from the recruitment of auxiliary postmen, a hiring freeze and reorganisation for managers, and helped by a one-off positive settlement of social charges.

SG&A excluding transport costs and interims slightly decreased by 2.2%, or EUR 6.0m.

Transport costs amounted to EUR 150.6m in line with the same period of 2014. Transport costs are negatively impacted by exchange rates (EUR 16.4m), lower favorable settlements of previous year's terminal dues (EUR 4.2m) and the growth of International Parcels. These effects were compensated by the curtailment of International Mail wholesales activities.

The increase in **other costs** (EUR 8.0m) is a result of the less favorable evolution of provisions (EUR 7.2m), the earn-out related to Gout and the lower increase of recoverable VAT. Those have been partially compensated by a decrease in material costs (EUR 2.3m).

Cash flow statement

Third quarter of 2015

Net cash outflow decreased compared to the same period last year by EUR 9.2m to EUR 29.7m.

Free cash flow (EUR -29.5m) is EUR 9.0m higher than last year.

Cash flow from operating activities increased by EUR 10.8m compared to the same period last year. Excluding the provisions related to the social plan Alpha, the result from operating activities improved by EUR 14.2m, while working capital worsened by EUR 3.4m. The negative evolution in working capital is due to a change in the payment terms for social security charges for statutory personnel (EUR -8.4m, which is a phasing element) and the first Alpha pay-outs (EUR -3.6m). These elements were only partially compensated by an improvement in clients.

Investing activities generated a cash outflow of EUR 23.5m in the third quarter of 2015 compared to an outflow of EUR 21.7m for the same period last year as the lower proceeds from the sale of property, plant and equipment (EUR -4.2m) were only partially compensated by lower cash outflows related to capital expenditures (EUR +2.0m) and acquisition of subsidiaries (EUR +0.4m).

The cash outflow relating to **financing activities** amounted to EUR 0.2m.

First nine months 2015

In the first nine months of 2015, bpost generated EUR 202.7m of net cash. This is a decrease of EUR 80.6m compared to the net cash inflow of EUR 283.3m for the same period last year.

Cash flow from operating activities resulted in a cash inflow of EUR 297.3m, EUR 82.4m less than the same period last year. Excluding provisions related to the social plan Alpha, results from operating activities increased by EUR 10.9m, while working capital deteriorated by EUR 51.6m mainly due to the terminal dues (EUR -25.4m, last year earlier reception of two settlements with postal operators for EUR -22.7m), a change in payment terms for social security charges for statutory personnel (EUR -17.0m, phasing element) and the first Alpha payouts (EUR -3.6m). Besides this, EUR 42.0m income taxes relating to the 2013 results were paid in the first quarter of 2015.

Investing activities generated a cash outflow of EUR 49.9m in the first nine months of 2015 compared to an outflow of EUR 54.8m for the same period last year, mainly resulting from lower capital expenditures (EUR +8.3m) partially offset by higher cash outflows related to the subsidiaries (EUR -1.8m) and lower proceeds from sale of property, plant and equipment (EUR -1.6m).

The cash outflow relating to **financing activities** amounted to EUR 44.7m, an increase by EUR 3.0m compared to last year.

Key events during the third quarter

Agreement between bpost management and the unions concerning the Alpha social plan

On July 23, 2015 during the joint committee, bpost management and the representatives of the workforce reached an agreement on the social plan related to the Alpha project in the support departments. The agreement contains the conditions for early retirement and determines the layoff conditions, in case certain employees are not selected for a new job. A provision of EUR 54.5m was recognized to cover the related costs.

Koen Beeckmans and Philippe Dubois joined bpost’s Management Committee

Koen Beeckmans has replaced Pierre Winand as Chief Financial Officer and member of the Management Committee as of November 1, 2015. Kurt Pierloot, previously heading the Mail Services Operations (MSO) and International divisions, and member of the Management Committee, has become responsible for the Parcels and International divisions. Philippe Dubois, previously Operations Director MSO, has taken charge of the MSO division and also became member of the Management Committee as of September 1, 2015.

Proximus chose bpost and its subsidiaries to deliver new decoders and modems to their clients

The services provided to Proximus include the printing of information letters for clients, the scheduling of delivery appointments, the preparation of expedition and the distribution of decoders. By end December 2015, 80,000 decoders will be delivered and 200,000 more by the end of June 2016.

With this new global solution, bpost demonstrates its capacity to respond to the needs of its clients.

In Antwerp, bpost delivers groceries ordered from online merchants via Combo

Since September 2015, people who live in and around Antwerp can also obtain the Combo service of bpost, a single consolidated delivery to their home of groceries ordered from various online merchants. bpost already launched Combo in the Brussels-Capital Region, Halle-Vilvoorde and Walloon Brabant at the end of 2014.

Tariff increases on domestic mail for 2016

bpost announced the tariff increases on mail products applicable as of January 1, 2016. In compliance with the regulatory framework, the average price rise for all domestic mail products will be 1.5%.

Belgium Government approved sixth Management Contract and bpost obtained the concessions for distribution of newspapers and periodicals

On October 30, 2015, the Council of Ministers approved the sixth Management Contract. The Management Contract will now be notified to the European Commission. The award of the sixth Management Contract to bpost entails that bpost will continue to provide the Services of General Economic Interest (SGEI) included in the fifth Management Contract for the next five years. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions, the execution of financial postal services and the social role of the postman. On the request of the European Commission, the delivery of newspapers and magazines 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. For the next five years starting January 1st 2016, bpost will continue to deliver newspapers in the letterboxes of subscribers, each day of the week before 7.30am and on Saturday before 10.00am. Furthermore, bpost will also assume 5 days per week the distribution of all types of periodicals.

The calculation of the compensation linked to this contract is based on the same principles as those in the previous contract and is in line with EU legislation. bpost will receive a maximum compensation (excluding inflation) for both the press concessions and the sixth Management Contract of EUR 261.0m in 2016, EUR 260.8m in 2017, EUR 257.6m in 2018, EUR 252.6m in 2019 and EUR 245.6m in 2020. These amounts need to be inflated on a cumulated yearly basis. The decrease in total compensation is based upon volume estimates and a sharing mechanism for efficiency gains.

New organisational model

On October 29, 2015 during the joint committee, bpost management and the representatives of the workforce reached an agreement concerning the new organisational model. The agile organisation will result in improved efficiency, which is needed to be able to cope with declining mail volumes. At the same time, it will enable bpost to process parcel volumes better and to correctly manage the daily fluctuations. The new measures will come into force on January 1, 2016 and aim to give more stability to all operational employees, including contractual and auxiliary mail carriers and to incorporate Saturdays into a five-day working week for certain departments.

Financial calendar

03.12.15 (17:45 CET)	Financial results first 10 months of 2015
08.12.15	Ex-dividend date (interim dividend)
09.12.15	Record date (interim dividend)
10.12.15	Payment date of the interim dividend
08.02.16	Start of quiet period ahead of FY2015 results
09.03.16 (17.45 CET)	Announcement annual results FY2015
10.03.16 (10.00 CET)	Analyst Conference Call
02.04.16	Start of quiet period ahead of 1Q16 results
02.05.16 (17.45 CET)	Announcement 1Q16 results
03.05.16 (10.00 CET)	Analyst Conference Call
11.05.16	Ordinary General Meeting of Shareholders
17.05.16	Ex-dividend date
18.05.16	Record date
19.05.16	Payment date of the dividend
09.07.16	Start of quiet period ahead of 2Q16 results
08.08.16 (17.45 CET)	Announcement 2Q16 and half-year results
09.08.16 (10.00 CET)	Analyst Conference Call
10.10.16	Start of quiet period ahead of 3Q16 results
09.11.16 (17.45 CET)	Announcement 3Q16 results
10.11.16 (10.00 CET)	Analyst Conference Call
05.12.16 (17.45 CET)	Financial results first 10 months of 2016
08.12.16	Ex-dividend date (interim dividend)
09.12.16	Record date (interim dividend)
12.12.16	Payment date of the interim dividend

Unaudited Interim Condensed Consolidated Financial Statements[1]

Interim Consolidated Income Statement (unaudited)

		Year-to-date		3rd quarter	
In million EUR	**NOTES**	**2014**	**2015**	**2014**	**2015**
Turnover	5	1,794.5	1,754.9	562.8	548.6
Other operating income		14.8	9.8	6.3	1.9
TOTAL OPERATING INCOME		**1,809.4**	**1,764.7**	**569.2**	**550.5**
Materials cost		(22.0)	(19.7)	(7.0)	(6.1)
Services and other goods	6	(443.4)	(438.3)	(151.0)	(143.5)
Payroll costs		(899.3)	(900.8)	(303.9)	(338.5)
Other operating expenses		(3.6)	(13.9)	(2.8)	(3.0)
Depreciation, amortization		(63.7)	(65.0)	(21.5)	(22.4)
TOTAL OPERATING EXPENSES		**(1,432.0)**	**(1,437.7)**	**(486.2)**	**(513.4)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**377.3**	**327.0**	**82.9**	**37.1**
Financial income		3.1	3.3	1.0	1.3
Financial cost		(20.5)	(11.8)	(6.8)	(3.6)
Share of profit of associates		8.9	7.3	2.6	2.8
PROFIT BEFORE TAX		**368.8**	**325.8**	**79.8**	**37.6**
Income tax expense		(124.0)	(112.1)	(27.0)	(11.6)
PROFIT OF THE PERIOD		**244.8**	**213.7**	**52.7**	**26.0**
Attributable to:					
Owners of the Parent		242.9	211.9	52.2	25.2
Non-controlling interests		1.9	1.8	0.5	0.8

EARNINGS PER SHARE

	Year-to-date		3rd quarter	
In EUR	**2014**	**2015**	**2014**	**2015**
►basic, profit for the year attributable to ordinary equity holders of the parent	1.21	1.06	0.26	0.13
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.21	1.06	0.26	0.13

[1] 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 Consolidated Statement of Comprehensive Income (unaudited)

In million EUR	As of 30 September 2014	As of 30 September 2015
PROFIT FOR THE YEAR	**244.8**	**213.7**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	0.0	(0.0)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**0.0**	(0.0)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Fair value for financial assets available for sale by associates	66.7	(39.0)
(Loss)gain on available for sale financial assets	101.2	(59.1)
Income tax effect	(34.5)	20.1
Fair value of actuarial results on defined benefit plans	(0.2)	4.2
Actuarial gains/(losses) on defined benefit plans	(2.3)	4.8
Income tax effect	2.1	(0.6)
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**66.4**	**(34.8)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**66.4**	**(34.8)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**311.3**	**178.9**
Attributable to:		
Owners of the Parent	309.3	177.1
Non-controlling interest	1.9	1.8

Interim Consolidated Statement of Financial Position (unaudited)

In million EUR	NOTES	As of 31 December 2014	As of 30 September 2015
Assets			
Non-current assets			
Property, plant and equipment	7	565.7	538.2
Intangible assets		89.5	91.4
Investments in associates	8	416.5	384.8
Investment properties		8.7	7.4
Deferred tax assets		61.0	52.0
Trade and other receivables		2.6	2.2
		1,144.0	**1,076.0**
Current assets			
Assets held for sale	9	2.8	12.0
Inventories		12.5	11.2
Income tax receivable		1.9	1.7
Trade and other receivables	10	398.3	330.7
Cash and cash equivalents	11	562.3	765.9
		977.8	**1,121.5**
TOTAL ASSETS		**2,121.8**	**2,197.5**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		229.4	234.8
Foreign currency translation		0.6	0.6
Retained earnings		87.5	213.7
		681.4	**813.1**
Non-controlling interests		0.0	0.0
TOTAL EQUITY		**681.4**	**813.1**
Non-current liabilities			
Interest-bearing loans and borrowings		65.7	65.7
Employee benefits	12	368.6	355.9
Trade and other payables	13	79.8	57.0
Provisions		37.1	32.9
Deferred tax liabilities		1.4	1.4
		552.5	**513.0**
Current liabilities			
Interest-bearing loans and borrowings		10.0	9.3
Bank overdrafts		0.3	0.2
Provisions		27.7	31.6
Income tax payable		67.3	64.0
Trade and other payables	14	782.6	766.3
		887.8	**871.4**
TOTAL LIABILITIES		**1,440.4**	**1,384.3**
TOTAL EQUITY AND LIABILITIES		**2,121.8**	**2,197.5**

Interim 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 2014	**364.0**	**0.0**	**111.0**	**0.0**	**101.9**	**576.9**	**0.0**	**576.9**
Profit for the year 2014					242.9	242.9	1.9	244.8
Other comprehensive income			168.3		(101.9)	66.4		66.4
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**168.3**	**0.0**	**141.0**	**309.3**	**1.9**	**311.3**
Dividends (Pay-out)			(40.0)			(40.0)	0.0	(40.0)
Other			0.8		1.9	2.8	(1.9)	0.8
AS OF 30 SEPTEMBER 2014	**364.0**	**0.0**	**240.2**	**0.0**	**244.8**	**849.0**	**0.0**	**849.0**
AS PER 1 JANUARY 2015	**364.0**	**0.0**	**229.4**	**0.6**	**87.5**	**681.4**	**0.0**	**681.4**
Profit for the year 2015					211.9	211.9	1.8	213.7
Other comprehensive income			52.7	(0.0)	(87.5)	(34.8)		(34.8)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**52.7**	**(0.0)**	**124.4**	**177.1**	**1.8**	**178.9**
Dividends (Pay-out)			(44.0)		0.0	(44.0)	0.0	(44.0)
Other			(3.2)		1.8	(1.4)	(1.8)	(3.2)
AS OF 30 SEPTEMBER 2015	**364.0**	**(0.0)**	**234.8**	**0.6**	**213.7**	**813.1**	**0.0**	**813.1**

Equity increased by EUR 131.7m, or 19.3%, to EUR 813.1m as of September 30, 2015 from EUR 681.4m as of December 31, 2014. The increase is mainly due to the realized profit of EUR 213.7m, partially offset by the negative fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 39.0m and the payment of dividends for an amount of EUR 44.0m.

Interim Consolidated Statement of Cash Flows (unaudited)

	Year-to-date		3rd quarter	
In million EUR	**2014**	**2015**	**2014**	**2015**
Operating activities				
Profit before tax	368.8	325.8	79.8	37.6
Depreciation and amortization	63.7	65.0	21.5	22.8
Impairment on bad debts	1.8	(0.2)	0.7	(0.4)
Gain on sale of property, plant and equipment	(9.4)	(5.7)	(4.7)	(0.6)
Change in employee benefit obligations	(3.8)	(7.8)	(2.0)	2.3
Share of profit of associates	(8.9)	(7.3)	(2.6)	(2.8)
Income tax paid	(64.8)	(65.4)	(61.2)	(61.1)
Income tax paid on previous years	0.0	(42.0)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**347.4**	**262.3**	**31.6**	**(2.3)**
Decrease/(increase) in trade and other receivables	62.9	71.2	(26.1)	(4.5)
Decrease/(increase) in inventories	(1.9)	0.9	(1.6)	(0.8)
Increase/(decrease) in trade and other payables	(21.1)	(36.8)	(18.1)	3.0
Deposits received from third parties	(0.2)	0.0	0.0	0.0
Increase/(decrease) in provisions	(7.4)	(0.3)	(2.6)	(1.4)
NET CASH FROM OPERATING ACTIVITIES	**379.7**	**297.3**	**(16.7)**	**(6.0)**
Investing activities				
Proceeds from sale of property, plant and equipment	11.3	9.7	5.6	1.4
Acquisition of property, plant and equipment	(48.8)	(38.0)	(24.3)	(20.6)
Acquisition of intangible assets	(8.2)	(10.7)	(2.6)	(4.3)
Acquisition of other investments	0.0	0.0	(0.0)	0.0
Acquisition of subsidiaries, net of cash acquired	(9.1)	(10.9)	(0.4)	(0.0)
NET CASH USED IN INVESTING ACTIVITIES	**(54.8)**	**(49.9)**	**(21.7)**	**(23.5)**
Financing activities				
Payments related to borrowings and financing lease liabilities	(1.6)	(0.7)	(0.5)	(0.2)
Dividends paid	(40.0)	(44.0)	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	**(41.6)**	**(44.7)**	**(0.5)**	**(0.2)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**283.3**	**202.7**	**(38.9)**	**(29.7)**
NET FOREIGN EXCHANGE DIFFERENCE	**0.0**	**1.0**	**0.0**	**(0.3)**
Cash and cash equivalent less bank overdraft as of 1st January	448.0	562.0		
Cash and cash equivalent less bank overdraft as of 30 September	731.3	765.7		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 SEPTEMBER	**283.3**	**203.7**		

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, 2015 were authorized for issue in accordance with a resolution of the Board of Directors on November 5, 2015.

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, banking and financial products, express delivery services, document management and related activities. bpost also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State.

Legal status

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

2. Basis of preparation and accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the nine months ended September 30, 2015 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, 2014.

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, 2014, except for the adoption of new standards and interpretations effective as from January 1, 2015.

As of January 1, 2015 bpost bank applies IFRIC 21 “levies”. This interpretation stipulates that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. The application of this interpretation has mainly an impact on the seasonality of the results of bpost bank. The results of bpost bank are being reflected within the share of result of associates of the income statement of bpost.

The following table shows a comparison of the results of bpost bank for which 2014 reported figures are being made comparable with 2015 for the impact of IFRIC 21.

In million EUR	Year-to-date 2014 Reported	2014 Comparable	2015	Change	3rd quarter 2014 Reported	2014 Comparable	2015	Change
Share of result of associates	8.9	7.6	7.3	(0.3)	2.6	3.8	2.8	(1.0)

The following new standards and amendments, entered into force as from January 1, 2015, don't have any effect on the presentation, the financial performance or position of bpost:

- **IAS 19 – Amendment** – Employee Benefits – Defined benefit plans: Employee Contributions
- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2011-2013 Cycle

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, endorsed 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 9 – Financial Instruments – (issued on July 2014)(*)	1 January 2018
IFRS 14 – Regulatory Deferral Accounts (*)	1 January 2016
IFRS 15 – Revenue from Contracts with customers (*)	1 January 2018
IFRS 11 – Amendment – Accounting for acquisitions of interests in Joint Operations (*)	1 January 2016
IFRS 10 – IAS 28 - Amendments – Sale or contribution of assets between an investor and its Associate or Joint Venture (*)	1 January 2016
IFRS 10, IFRS 12 & IAS 28 – Amendments - Investment Entities: Applying the consolidation exception (issued on December 2014) (*)	1 January 2016
IAS 27 – Amendments - Equity method in Separate Financial Statements (*)	1 January 2016
IAS 16 - IAS 38 – Amendments – Clarification of acceptable methods of depreciation and amortisation (*)	1 January 2016
IAS 16 – IAS 41 – Amendments - Agriculture: Bearer plants (*)	1 January 2016
IAS 1 – Amendments – Disclosure Initiative (issued on December 2014) (*)	1 January 2016
Annual improvements to IFRSs 2012-2014 Cycle (*)	1 January 2016

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

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

3. Seasonality of Operations

Pursuant to the 5th Management Contract, bpost is the provider of certain SGEI. These services include, among others, the operation of the retail network, the distribution of newspapers and periodicals, the distribution of electoral materials, the acceptance of cash deposits at post offices and the home delivery of state pensions and social allowances. bpost is compensated for providing these services based on a net avoided cost ("NAC") methodology.

Compensation on SGEI is equally distributed over the four quarters. During the year, calculations are made according to the Net Avoided Cost methodology to ensure the remuneration is in line with the amounts recorded. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The compensation for providing the SGEI is subject to a cap, which will be adjusted to the extent the Belgian consumer price index exceeds 2.2% in a given year.

4. Operating Segments

Following a correction of the allocation of cash sales (stamps and franking machines) to products as of January 1, 2015 some revenues have shifted from Domestic Parcels to Transactional Mail. Taking into account these changes, the 2014 figures have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2015 figures with the 2014 comparable figures.

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

	Year-to-date			3rd quarter	
In million EUR	**2014 Comparable**	**2015**	**Change %**	**2014 Comparable**	**2015**
MRS	1,447.9	1,393.3	-3.8%	450.8	436.5
P&I	337.5	351.4	4.1%	112.4	112.3
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,785.3**	**1,744.7**	**-2.3%**	**563.2**	**548.9**
Corporate (Reconciling category)	24.0	20.0	-16.9%	6.0	1.6
TOTAL OPERATING INCOME	**1,809.4**	**1,764.7**	**-2.5%**	**569.2**	**550.5**

Revenues attributable to the MRS operating segment decreased by EUR 14.2m compared to the third quarter of 2014, to reach EUR 436.5m, mainly due to:

- the 4.7% underlying volume decline of Domestic Mail,
- lower income from retailer products
- partially compensated by price and mix improvement in Domestic Mail and an additional working day (EUR 0.6m).

P&I revenues remained stable in the third quarter and amounted to EUR 112.3m. The decrease of International Mail (EUR 7.6m), mainly as a result of the curtailment of very low margin International Mail activities to optimize profitability, was compensated by the increase of the Parcels product portfolio. The latter increased by EUR 7.4m and was favorably influenced by

- the performance of International Parcels, driven by continued growth in the lanes from the US supported by a positive foreign exchange rate impact, despite a slower growth in parcels from and to China

- the volume growth in Domestic Parcels, driven by e-commerce related activities (13.5% for the third quarter of 2015 vs. 11.4% for the first half 2015).

Inter-segment sales are immaterial. There is no internal operating income.

Excluding the compensation received to provide the services as described in the Management Contract (see note 5), no single external customer exceeded 10% of bpost's operating income.

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

	Year-to-date			3rd quarter	
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**
Belgium	1,571.1	1,524.7	-3.0%	485.0	473.4
RoW	238.3	240.0	0.7%	84.2	77.1
TOTAL OPERATING INCOME	**1,809.4**	**1,764.7**	**-2.5%**	**569.2**	**550.5**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended September 30, 2015 and 2014:

	Year-to-date			3rd quarter	
In million EUR	**2014 Comparable**	**2015**	**Change %**	**2014 Comparable**	**2015**
MRS	374.2	320.4	-14.4%	91.5	53.2
P&I	21.9	33.9	55.2%	1.3	3.7
TOTAL EBIT OF OPERATING SEGMENTS	**396.0**	**354.3**	**-10.5%**	**92.8**	**56.9**
Corporate (Reconciling category)	(18.7)	(27.3)	46.2%	(9.8)	(19.8)
TOTAL EBIT	**377.3**	**327.0**	**-13.3%**	**82.9**	**37.1**

In the third quarter of 2015, EBIT of the MRS operating segment decreased by EUR 38.3m to EUR 53.2m. The price increases, productivity improvements and other costs reductions could not compensate the provision booked for the Alpha social plan, the volume decline, and other project related costs.

EBIT attributable to the P&I operating segment improved by EUR 2.4m from EUR 1.3m to EUR 3.7m in the third quarter of 2015 mainly thanks to performance improvements in the Domestic and International Parcels product portfolios combined with a better performance of some P&I subsidiaries and the non-recurrence of last year's start up project costs of Shop and Deliver ("Combo"). This improvement is offset by the lower contribution of the wholesale business in the EBIT and the impact of the provision booked for the Alpha social plan.

	Year-to-date			3rd quarter	
In million EUR	**2014 Comparable**	**2015**	**Change %**	**2014 Comparable**	**2015**
MRS	374.2	320.4	-14.4%	91.5	53.2
P&I	21.9	33.9	55.2%	1.3	3.7
TOTAL EAT OF OPERATING SEGMENTS	**396.0**	**354.3**	**-10.5%**	**92.8**	**56.9**
Corporate (Reconciling category)	(151.2)	(140.6)	-7.0%	(40.0)	(30.9)
TOTAL EAT	**244.8**	**213.7**	**-12.7%**	**52.7**	**26.0**

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":

In million EUR	Year-to-date 2014 Comparable	Year-to-date 2015	Change %	3rd quarter 2014 Comparable	3rd quarter 2015
OPERATING INCOME	**24.0**	**20.0**	**-16.9%**	**6.0**	**1.6**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(45.7)	(53.7)	17.5%	(16.3)	(22.0)
Other reconciliation items	3.0	6.4	114.7%	0.5	0.6
OPERATING EXPENSES	**(42.7)**	**(47.3)**	**10.7%**	**(15.8)**	**(21.4)**
EBIT CORPORATE (RECONCILING CATEGORY)	**(18.7)**	**(27.3)**	**46.1%**	**(9.8)**	**(19.8)**
Share of profit of associates	8.9	7.3	-17.1%	2.6	2.8
Financial Results	(17.4)	(8.5)	-51.0%	(5.7)	(2.3)
Income Tax expense	(124.0)	(112.1)	-9.6%	(27.0)	(11.6)
EAT CORPORATE (RECONCILING CATEGORY)	**(151.2)**	**(140.6)**	**-7.0%**	**(40.0)**	**(30.9)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category decreased by EUR 10.0m to negative EUR 19.8m EUR for the third quarter of 2015 from negative EUR 9.8m for the third quarter of 2014. This deterioration is mainly driven by the provision booked for the Alpha social plan on the central units and lower proceeds from the sales of buildings compared to the third quarter of 2014.

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

5. Turnover

In million EUR	Year-to-date 2014	Year-to-date 2015	3rd quarter 2014	3rd quarter 2015
Turnover excluding the SGEI remuneration	1,566.2	1,539.1	486.7	476.6
SGEI remuneration	228.3	215.8	76.1	71.9
TOTAL	**1,794.5**	**1,754.9**	**562.8**	**548.6**

6. Operating expenses

	Year-to-date			3rd quarter		
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**	**Change %**
Rent and rental costs	51.2	48.6	-5.2%	16.9	14.9	-11.9%
Maintenance and repairs	54.1	54.5	0.6%	18.1	18.0	-0.4%
Energy delivery	28.1	26.5	-5.5%	8.9	8.0	-9.6%
Other goods	14.5	13.5	-7.1%	4.9	4.7	-3.7%
Postal and telecom costs	4.1	4.5	10.3%	1.4	1.6	13.4%
Insurance costs	9.5	8.8	-7.4%	3.1	3.1	-0.9%
Transport costs	150.7	150.6	0.0%	51.7	47.6	-7.9%
Publicity and advertising	9.4	8.3	-11.8%	3.0	2.4	-19.8%
Consultancy	8.8	4.8	-45.5%	3.5	1.7	-51.7%
Interim employees	23.6	24.4	3.7%	8.6	9.6	11.7%
Third party remuneration, fees	76.2	78.5	3.1%	26.9	26.4	-1.9%
Other services	13.3	15.2	15.0%	4.1	5.5	35.0%
TOTAL	**443.4**	**438.3**	**-1.2%**	**151.0**	**143.5**	**-5.0%**

7. Property, plant and equipment

Property, plant and equipment decreased by EUR 27.5m, or 4,9% to EUR 538.2m as of September 30, 2015. This decrease was mainly due to the depreciation of EUR 53.9m, transfers to assets held for sale of EUR 13.1m partially offset by capital expenditures of EUR 38.0m.

8. Investments in associates

Investments in associates decreased by EUR 31.7m, or 7.6%, to EUR 384.8m as of September 30, 2015. This decrease is due to the decrease in the unrealized gain on the bond portfolio in the amount of EUR 39.0m, reflecting an average increase of the underlying yield curve by 14 basis points (bps), partially offset by bpost's share of bpost bank's gain for the first nine months of 2015 in the amount of EUR 7.3m. As of September 30, 2015, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 186.6m, which represented 48.5% 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.

9. Assets held for sale

The assets held for sale increased by EUR 9.1m, from EUR 2.8m to EUR 12.0m as of September 30, 2015. The increase is mainly caused by the sales agreement signed for a single building.

10. Current trade and other receivables

Current trade and other receivables decreased by EUR 67.5m, or 17.0%, to EUR 330.7m as of September 30, 2015. The decrease is mainly driven by the settlement of the SGEI receivable for the last quarter of 2014.

11. Cash and cash equivalents

Cash and cash equivalents increased by EUR 203.6m, or 36.2%, to EUR 765.9m as of September 30, 2015. This increase is mainly due to the normalized free cash flow (EUR 247.4m), partially offset by the payment of a EUR 44.0m dividend during the second quarter.

12. Employee benefits

In million EUR	As of 31 December 2014	As of 30 September 2015
Post-employment benefits	(85.4)	(78.3)
Long-term employee benefits	(118.3)	(117.3)
Termination benefits	(13.3)	(17.3)
Other long-term benefits	(151.5)	(143.1)
TOTAL	**(368.6)**	**(355.9)**

Employee benefits decreased by EUR 12.6m, or 3.4%, to EUR 355.9m as of September 30, 2015. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 29.4m, which included EUR 5.0m for the payment of early retirement and part-time work benefits.
- Operational actuarial gains (EUR 7.0m), mainly linked to the Workers Compensation Accidents and medical expenses benefits.
- Additional service costs (EUR 23.6m, whereof EUR 7.6m for early retirement plan related to Alpha), past service costs (EUR 1.1m) and interest costs (EUR 4.0m).
- An actuarial gain of EUR 4.8m related to post-employment benefits, recognized through Other Comprehensive Income.

13. Non-current trade and other payables

Non-current trade and other payables decreased by EUR 22.8m, to EUR 57.0m as of September 30, 2015 mainly due to the transfer of the acquisition of 24.5% of the shares of Landmark from long term to short term, partially offset by the commitments relating to the full acquisition of CityDepot.

14. Current trade and other payables

Current trade and other payables decreased by EUR 16.3m, or 2.1%, as of September 30, 2015. This decrease was due to the decline of the trade payables by EUR 68.4m partially offset by the increase of payroll and social security payables (EUR 11.3m) and other payables (EUR 40.8m). The increase of the social payables is mainly due to the accrual related to the Alpha Project partially offset by a timing difference as 2014 full year social accruals (holiday pay, bonuses,..) have been paid during 2015. The increase of the other payables is mainly caused by the transfer from long term to short term for the acquisition of 24.5% of the shares of Landmark, partially offset by the payment of the contingent consideration arrangement for the acquisition of Landmark and furthermore the increase in advance payments by EUR 17.7m. The increase of the latter is a phasing element as settlement occurs at year-end.

15. Contingent Liabilities and Contingent Assets

As of September 30, 2015, bpost had 5,758 auxiliary postmen. 53 auxiliary postmen have initiated a lawsuit against bpost in various labor courts claiming equal salary and benefits by reference to baremic contractual or statutory employees performing the same work. All claims and allegations are contested by bpost. Until now, no courts have upheld the claims. Various court cases are still pending at appeal levels.

If courts, especially at appeal level, were to find that the auxiliary postmen can claim equal treatment, bpost could be ordered to increase the salary and benefits of the auxiliary postmen to the level of relevant baremic contractual or statutory employees and it cannot be excluded that other employees could bring similar claims.

16. 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 non-recurring items. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost strives to use a consistent approach when determining if an income or expense item is non-recurring and if it is significant enough to be excluded from the reported figures to obtain the normalized ones.

A non-recurring item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are normalized whatever the amount they represent. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

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			3rd quarter		
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**	**Change %**
Total operating income	1,809.4	1,764.7	-2.5%	569.2	550.5	-3.3%
NORMALIZED TOTAL OPERATING INCOME	**1,809.4**	**1,764.7**	**-2.5%**	**569.2**	**550.5**	**-3.3%**

OPERATING EXPENSES

	Year-to-date			3rd quarter		
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**	**Change %**
Total operating excluding depreciation, amortization	(1,368.3)	(1,372.7)	0.3%	(464.7)	(491.0)	5.7%
Social plan - Alpha project (1)		54.5			54.5	
NORMALIZED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(1,368.3)**	**(1,318.2)**	**-3.7%**	**(464.7)**	**(436.5)**	**-6.1%**

EBITDA

	Year-to-date			3rd quarter		
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**	**Change %**
EBITDA	441.0	391.9	-11.1%	104.4	59.5	-43.0%
Social plan - Alpha project (1)		54.5			54.5	
NORMALIZED EBITDA	**441.0**	**446.4**	**1.2%**	**104.4**	**114.0**	**9.1%**

EBIT

In million EUR	Year-to-date 2014	Year-to-date 2015	Year-to-date Change %	3rd quarter 2014	3rd quarter 2015	3rd quarter Change %
Profit from operating activities (EBIT)	377.3	327.0	-13.3%	82.9	37.1	-55.2%
Social plan - Alpha project (1)		54.5			54.5	
NORMALIZED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**377.3**	**381.5**	**1.1%**	**82.9**	**91.6**	**10.5%**

PROFIT FOR THE YEAR (EAT)

In million EUR	Year-to-date 2014	Year-to-date 2015	Year-to-date Change %	3rd quarter 2014	3rd quarter 2015	3rd quarter Change %
Profit for the year	244.8	213.7	-12.7%	52.7	26.0	-50.7%
Social plan - Alpha project (1)		36.1			36.1	
NORMALIZED PROFIT OF THE YEAR	**244.8**	**249.8**	**2.0%**	**52.7**	**62.1**	**17.7%**

(1) On July 23, 2015 during the joint committee, bpost management and the representatives of the workforce reached an agreement concerning the social plan related to the Alpha project in the support departments. The agreement contains the conditions for early retirement and determines the layoff conditions, in case certain employees are not selected for a new job. The estimated impact of this agreement has been accrued for within the payroll costs during the third quarter of 2015.

Cash Flow Statement related

In million EUR	Year-to-date 2014	Year-to-date 2015	Year-to-date Change %	3rd quarter 2014	3rd quarter 2015	3rd quarter Change %
Net Cash from operating activities	379.7	297.3	-21.7%	(16.7)	(6.0)	-64.3%
Net Cash used in investing activities	(54.8)	(49.9)	8.9%	(21.7)	(23.5)	-8.1%
OPERATING FREE CASH FLOW	**324.9**	**247.4**	**-23.9%**	**(38.5)**	**(29.5)**	**23.4%**
Deposits received from third parties	0.2	0.0	-	0.0	0.0	-
NORMALIZED OPERATING FREE CASH FLOW	**325.2**	**247.4**	**-23.9%**	**(38.5)**	**(29.5)**	**23.4%**

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	Year-to-date			3rd quarter		
In million EUR	**2014**	**2015**	**Change %**	**2014**	**2015**	**Change %**
IFRS Consolidated Net Profit	**244.8**	**213.7**	**-12.7%**	**52.7**	**26.0**	**-50.7%**
Results of subsidiaries and deconsolidation impacts	(16.4)	(21.3)	30.5%	(1.2)	(7.7)	557.8%
Differences in depreciation and impairments	(6.1)	(5.0)	-18.4%	(1.8)	(1.1)	-40.0%
Differences in recognition of provisions	(8.1)	(1.5)	-81.0%	(2.8)	(0.7)	-75.7%
Effects of IAS19	(2.8)	(12.5)	343.0%	(3.5)	(2.0)	-43.7%
Deferred taxes	7.5	8.4	11.5%	3.2	1.8	-44.6%
Other	(0.9)	4.6	-598.5%	(0.2)	(1.1)	615.6%
Belgian GAAP unconsolidated net profit	**218.1**	**186.4**	**-14.5%**	**46.6**	**15.2**	**-67.4%**

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. During the third quarter of 2014 Certipost paid a dividend of EUR 5.8m to bpost.

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

	Year-to-date		3rd quarter	
In million EUR	**2014**	**2015**	**2014**	**2015**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(6.1)	(7.9)	(1.4)	(3.0)
Profit of the international subsidiaries (local GAAP)	(6.5)	(7.2)	(2.6)	(2.4)
Share of profit of bpost bank (local GAAP)	(8.4)	(8.9)	(2.5)	(1.7)
Other deconsolidation impacts	4.6	2.7	5.3	(0.7)
TOTAL	**(16.4)**	**(21.3)**	**(1.2)**	**(7.7)**

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;
- 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;

- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.
- The year to do date evolution is mainly explained by last year's increase of the financial charges related to employee benefits, which is due to the decrease in the discount rates at that time.

Statement of legal representatives

The bpost Management Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), 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 Koen Beeckmans, Chief Financial Officer.

Forward Looking Statements

The information in this document may include forward-looking statements[2], 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.

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

Glossary

- **Operating free cash flow (FCF):** cash flow from operating activities + cash flow from investing activities
- **Net debt / (net cash)** represents interest and non-interest bearing loans less cash and cash equivalents