bpost: third quarter 2016 results

Third quarter 2016 highlights

- **Operating income (revenues)** at EUR 538.1m, **down 2.3%**, driven by solid growth in Parcels revenues offset by the anticipated lower SGEI compensation and Domestic Mail.
- **Underlying Domestic Mail volume decline at -5.9%** (-4.7 % for 3Q15). Continued strong performance in advertising offset by transactional mail and press.
- **Continued double-digit domestic Parcels volume growth of +12.7%** (+13.5% for 3Q15) driven by growth in e-commerce and C2C. Improved price/mix effect of -1.8%.
- **International Parcels up EUR 4.1m**, supported by positive contribution from acquisitions but continued volume loss to China.
- **Additional Sources of Revenues** driven by Value Added Services.
- Cost savings on track with **normalized costs down EUR 8.5m,** fully absorbing salary indexation and new CLA. Underlying productivity improvements of 604 FTE (average reduction).
- Excluding SGEI, **normalized EBITDA up EUR 2.9m** at EUR 110.1m demonstrating that our operating model continues to work.
- **Normalized net profit of bpost SA/NV under BGAAP** down only EUR 0.8m at EUR 50.5m.
- **Outlook for 2016 reconfirmed:** on track and confident to deliver our full year guidance.

CEO quote

Koen Van Gerven, CEO, commented: *"Over the third quarter, we continued to record solid growth in both domestic and international parcels, driven by booming e-commerce and bolt-on acquisitions to strengthen our service offering. We took strategic stakes in Parcify and De Buren, two companies which capitalize on promising innovative technology for last mile delivery to improve convenience for both senders and receivers. Our profitability was impacted by the anticipated lower SGEI compensation and the evolution of Domestic Mail. However, with normalized EBITDA for the first nine months down only EUR 1.1m, we remain confident that we can realize at least the same operating results and pay-out at least the same dividend as for the year 2015."*

Outlook for 2016

The outlook for 2016 excludes the impact of the acquisition of the Belgian activities of Lagardère Travel Retail.

On the revenues side:

- We expect underlying Domestic Mail **volume decline around 5%**. The fourth quarter of 2016 will count 1 day less compared to the same quarter of 2015.
- The **compensation for the SGEI** (Management Contract and press concessions) will be **EUR 26.8m lower** than in 2015 to amount to EUR 261.0m in 2016 excluding inflation and volume impact.
- We expect a **double digit volume growth** in **Domestic Parcels** and **continued growth** supported by acquisitions in **International Parcels**.

On the cost side:

- We expect productivity improvements at the low end of our 800 to 1,200 FTE/year range, excluding the impact of the Deltamedia integration.
- We will have a strong focus on all cost items and factor cost will benefit from levers such as the abolishment of Saturday compensation and the tax shift.

This will result in **recurring EBITDA and dividend for 2016 at least at the same high levels as 2015.**

Cash generation from operating activities will be negatively impacted by lower compensation and changed payment terms for SGEI (EUR -36.8m), the Alpha pay-outs and a settlement on terminal dues with another postal operator. Gross **capex** is expected to be around **EUR 80.0m**.

Key figures

3rd quarter (million EUR)	Reported 2015	Reported 2016	Normalized 2015	Normalized 2016	% Δ
Total operating income (revenues)	550.5	538.1	550.5	538.1	-2.3%
Operating expenses	491.0	428.0	436.5	428.0	-2.0%
EBITDA	**59.5**	**110.1**	**114.0**	**110.1**	**-3.4%**
Margin (%)	*10.8%*	*20.5%*	*20.7%*	*20.5%*	
EBIT	**37.1**	**87.8**	**91.6**	**87.8**	**-4.2%**
Margin (%)	*6.7%*	*16.3%*	*16.6%*	*16.3%*	
Profit before tax	**37.6**	**89.0**	**92.1**	**89.0**	**-3.4%**
Income tax expense	11.6	28.2	30.0	28.2	
Net profit	**26.0**	**60.8**	**62.1**	**60.8**	**-2.1%**
FCF	**(29.5)**	**(71.9)**	**(29.5)**	**(71.9)**	
bpost S.A./N.V. net profit (BGAAP)	**15.2**	**50.5**	**51.3**	**50.5**	**-1.6%**
Net Debt/ (Net cash), at 30 September	**(690.6)**	**(657.7)**	**(690.6)**	**(657.7)**	**-4.8%**

Year-to-date (million EUR)	Reported 2015	Reported 2016	Normalized 2015	Normalized 2016	% Δ
Total operating income (revenues)	1,764.7	1,734.5	1,764.7	1,734.5	-1.7%
Operating expenses	1,372.7	1,289.2	1,318.2	1,289.2	-2.2%
EBITDA	**391.9**	**445.4**	**446.4**	**445.4**	**-0.2%**
Margin (%)	*22.2%*	*25.7%*	*25.3%*	*25.7%*	
EBIT	**327.0**	**378.5**	**381.5**	**378.5**	**-0.8%**
Margin (%)	*18.5%*	*21.8%*	*21.6%*	*21.8%*	
Profit before tax	**325.8**	**368.4**	**380.3**	**368.4**	**-3.1%**
Income tax expense	112.1	123.9	130.5	123.9	
Net profit	**213.7**	**244.5**	**249.8**	**244.5**	**-2.1%**
FCF	**247.4**	**159.4**	**247.4**	**159.4**	**-35.6%**
bpost S.A./N.V. net profit (BGAAP)	**186.4**	**221.8**	**222.4**	**221.8**	**-0.3%**
Net Debt/ (Net cash), at 30 September	**(690.6)**	**(657.7)**	**(690.6)**	**(657.7)**	**-4.8%**

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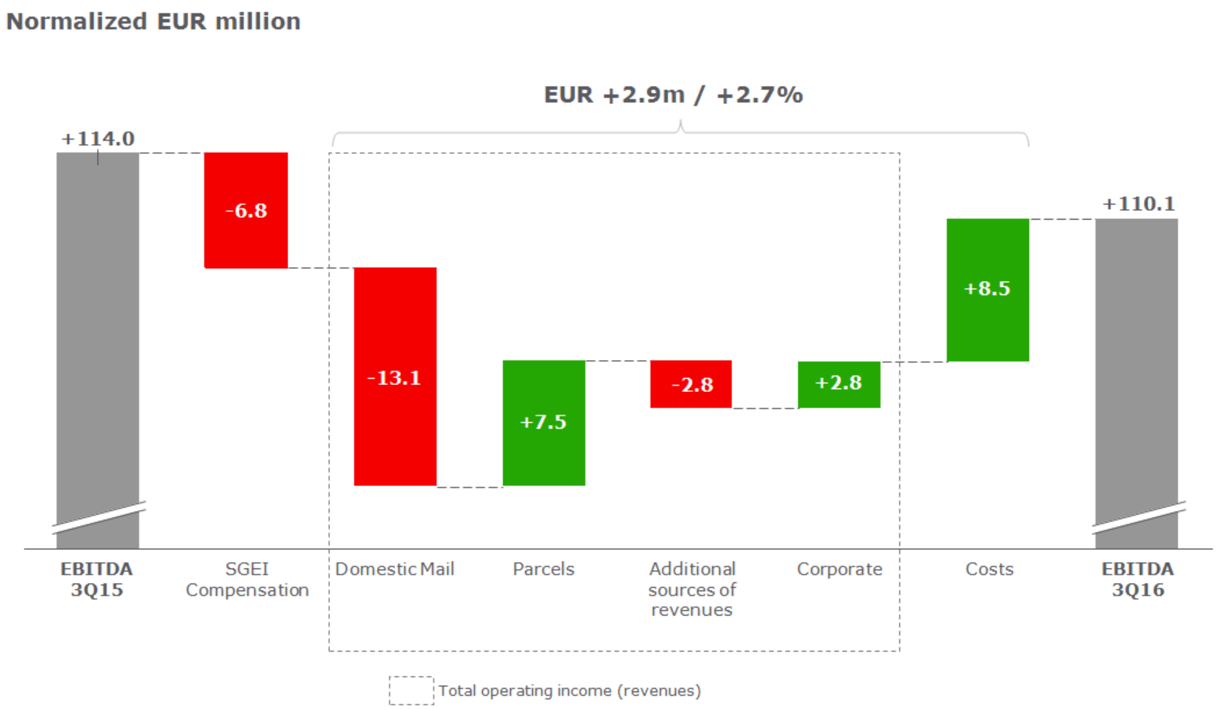
Third quarter 2016 - Income Statement



Total operating income decreased by EUR 12.4m (-2.3%) to EUR 538.1m, mainly due to the anticipated lower compensation for SGEI (EUR -6.8m). The increase of Parcels (EUR +7.5m), the price increases in Domestic Mail (EUR +4.6m) and the increase of Corporate (EUR +2.8m) could not compensate the volume decrease of Domestic Mail (EUR -16.9m), the impact of one working day less for franking machines (EUR -0.9m) and the lower revenues relating to Additional Sources of Revenues (EUR -2.8m).

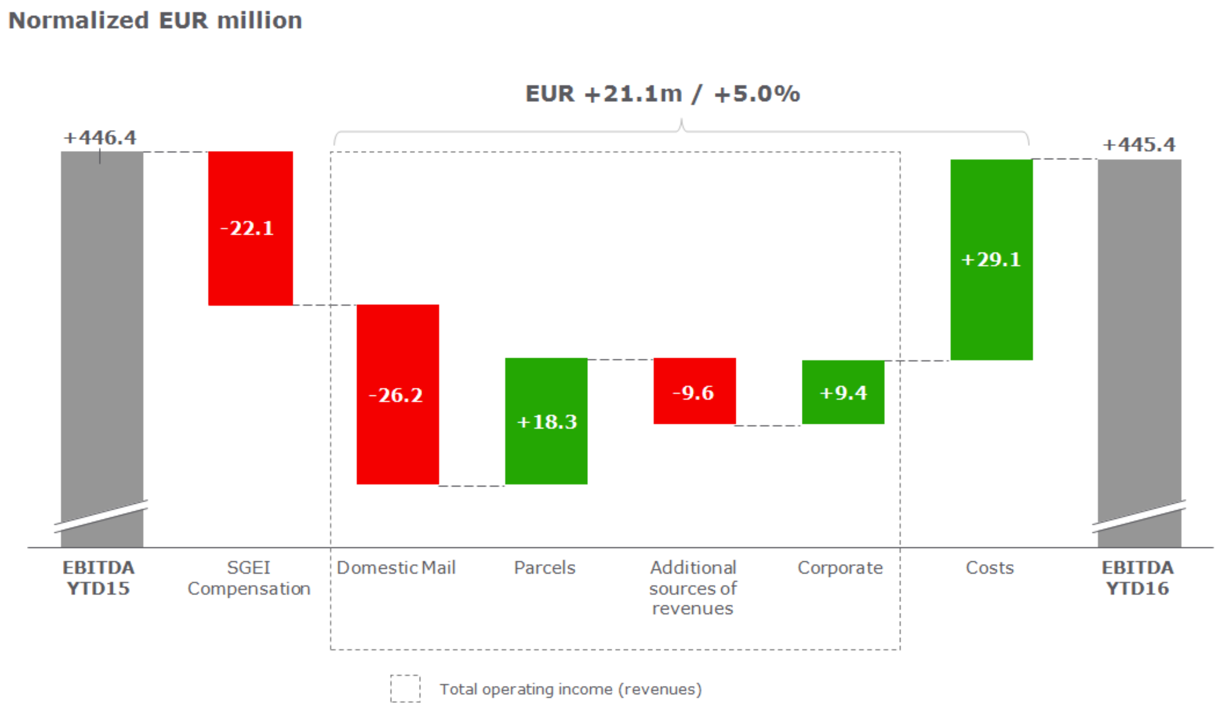
During the third quarter of 2015 the Alpha social plan had been fully provisioned for EUR 54.5m and had been excluded from the normalized results due to its non-recurring nature. Normalized costs decreased by EUR 8.5m, but could not compensate the total operating income loss leading to a decrease in **normalized EBITDA** and **EBIT** of EUR 3.9m and EUR 3.8m respectively.

Net financial result worsened by EUR 2.7m mainly due to the increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in the discount rates.

Normalized income tax expense decreased compared to last year, with the effective tax rate standing at 31.7%.

IFRS group net profit stood at EUR 60.8m. **Belgian GAAP net profit** of the parent company amounted to EUR 50.5m.

First nine months of 2016 - Income Statement



Total operating income decreased by EUR 30.2m (-1.7%), to EUR 1,734.5m. Excluding the anticipated lower compensation for SGEI (EUR -22.1m), operating income decreased by EUR 8.1m. The increase of Parcels (EUR +18.3m), the price increases in Domestic Mail (EUR +14.6m) and the impact of an additional working day (EUR +1.5m) could not compensate the volume decrease of Domestic Mail (EUR -42.4m) and the lower revenues relating to Additional Sources of Revenues (EUR -9.6m). Total operating income from Corporate increased by EUR 9.4m mainly due to higher proceeds of building sales.

Despite the reduced SGEI compensation **normalized EBITDA** and **EBIT** were down only EUR 1.1m and EUR 3.0m respectively.

Net financial result worsened by EUR 10.1m mainly due to the increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in the discount rates.

Normalized income tax expense decreased compared to last year, with the effective tax rate standing at 33.6%.

IFRS group net profit reached EUR 244.5m. **Belgian GAAP net profit** of the parent company amounted to EUR 221.8m, in line with last year's result normalized for the impact of the Alpha project.

Total operating income: group overview

Third quarter of 2016

In million EUR	3Q15	SGEI	Δ	3Q16	% Δ	underlying vol. % Δ
Domestic mail	**330.0**	**(1.7)**	**(13.1)**	**315.2**	**-4.0%**	**-5.9%**
Transactional mail	202.8		(12.2)	190.6	-6.0%	-7.4%
Advertising mail	56.1		(0.4)	55.7	-0.8%	-1.2%
Press	71.0	(1.7)	(0.4)	68.9	-0.6%	-4.2%
Parcels	**78.3**	**0.0**	**7.5**	**85.7**	**9.6%**	
Domestic parcels	37.8		3.8	41.6	10.0%	+12.7%
International parcels	38.1		4.1	42.3	10.9%	
Special logistics	2.4		(0.5)	1.9	-19.1%	
Additional sources of revenues	**140.6**	**(5.1)**	**(2.8)**	**132.7**	**-2.0%**	
International mail	40.0		(2.8)	37.2	-7.0%	
Value added services	23.3		1.0	24.3	4.2%	
Banking and financial products	50.6	(2.9)	(1.7)	46.1	-3.3%	
Others	26.7	(2.3)	0.7	25.1	2.4%	
Corporate	**1.6**		**2.8**	**4.4**	**167.8%**	
TOTAL	**550.5**	**(6.8)**	**(5.6)**	**538.1**	**-1.0%**	

Excluding the lower compensation for SGEI, **total operating income** decreased by EUR 5.6m or 1.0%.

Revenues from **Domestic Mail** decreased by EUR 13.1m to EUR 315.2m. Reported and underlying (corrected for 1 working day less for franking machines) volume decline amounted to -6.1% and -5.9% respectively, mainly due to a soft quarter in transactional mail.
Transactional mail, with a reported and underlying volume decline of respectively -7.8% and -7.4% (vs. -5.3% full year 2015 underlying volume decline), continued to suffer from e-substitution and a shift towards cheaper products (less registered). The same quarter last year benefitted from a specific mailing from the utility sector due to the changed VAT rate on electricity. Furthermore the decrease in the third quarter compared to the first and second quarter (underlying volume decline of respectively -5.3% and -4.8%) was mainly due to the weaker holiday period volumes especially for franking machines and the impact of social elections during the second quarter of 2016. Advertising mail noted a reported and underlying volume decline of -1.2%, compared to +0.1% in the first quarter and -2.2% in the second quarter, which was again significantly better than the full year 2015 underlying volume decline of -4.9%. This was mainly due to the continued strong performance driven by focus on growth segments.
Press volume decreased on a reported and underlying basis by -4.2%, due to the low renewal rate on newspaper subscriptions contracted in the third quarter of 2015, periodicals impacted by the reduced number of issues and less acquisitions campaigns compared to last year.
Total mail volume decline impacted revenues by EUR -16.9m along with 1 working day less (EUR -0.9m), partially compensated by the net improvement in price and mix, amounting to EUR 4.6m.

Parcels increased by EUR 7.5m. The continued growth in Domestic Parcels (EUR +3.8m) and International Parcels (EUR +4.1m) was slightly offset by the lower revenues for Special Logistics (EUR -0.5m). The reported volume growth of Domestic Parcels amounted to 12.7%, e-commerce and the continued growth in C2C parcels (online offering) remain the main drivers. The price mix effect explained by the evolution of the client and product mix improved to -1.8%. Excluding calendar effects, we observed an equal volume trend over the 3 quarters of 2016 at +14.5%. Growth in International Parcels was driven by the positive contribution from acquisitions, partially offset by lower volumes to China and from US. The latter still impacted by the strong USD which is decreasing price competiveness and attractiveness of US e-tailers.

Total operating income from **Additional Sources of Revenues** decreased by EUR 2.8m to reach EUR 132.7m. This decrease was mainly due to the decrease of International Mail (EUR -2.8m), mainly the result of the churn of some customers as a result of bpost's consequent execution of price strategy not to grant price discounts in order to safeguard reasonable profit margins. Value Added Services continued to register growth thanks to the development of customized solutions and services, such as European License Plates and Citydepot.

Revenues from **Corporate** increased by EUR 2.8m to EUR 4.4m, mainly due to higher gains of sales of buildings.

First nine months of 2016

In million EUR	YTD15	SGEI	Δ	YTD16	% Δ	underlying vol. % Δ
Domestic mail	**1,065.3**	**(5.9)**	**(26.2)**	**1,033.2**	**-2.5%**	**-4.5%**
Transactional mail	664.2		(26.0)	638.3	-3.9%	-5.8%
Advertising mail	182.3		(0.7)	181.6	-0.4%	-1.1%
Press	218.7	(5.9)	0.5	213.3	0.2%	-2.3%
Parcels	**242.7**	**0.0**	**18.3**	**261.0**	**7.5%**	
Domestic parcels	116.7		13.2	129.8	11.3%	+15.2%
International parcels	118.7		6.4	125.1	5.4%	
Special logistics	7.4		(1.3)	6.1	-17.7%	
Additional sources of revenues	**436.7**	**(16.2)**	**(9.6)**	**410.9**	**-2.2%**	
International mail	127.3		(10.8)	116.5	-8.5%	
Value added services	71.1		6.5	77.6	9.2%	
Banking and financial products	154.1	(8.7)	(2.9)	142.5	-1.9%	
Others	84.3	(7.5)	(2.4)	74.4	-2.9%	
Corporate	**20.0**		**9.4**	**29.4**	**46.9%**	
TOTAL	**1,764.7**	**(22.1)**	**(8.1)**	**1,734.5**	**-0.5%**	

Excluding the lower compensation for SGEI, **total operating income** decreased by EUR -8.1m or -0.5%.

Domestic Mail revenues amounted to EUR 1,033.2m in the first nine months of 2016, an organic decline of EUR 26.2m versus last year, due to a reported volume evolution of -4.4% and an underlying volume evolution of -4.5%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 18.3m to reach EUR 261.0m, mainly driven by the volume growth of 15.2% in Domestic Parcels and continued growth in International Parcels driven by acquisitions.

Additional Sources of Revenues amounted to EUR 410.9m, down EUR 9.6m, mainly due to bpost's consequent execution of price strategy not to grant price discounts impacting the International mail portfolio (EUR -10.8m). The decrease of the latter has been partially compensated by the good performance of the Value added services (EUR +6.5m).

Revenues from **Corporate** increased by EUR 9.4m to EUR 29.4m, mainly due to higher gains of sales of buildings.

Operating expenses

Third quarter of 2016

In million EUR	3Q15	3Q15 Normalized	3Q16	% Δ
Payroll & interim costs	348.0	293.5	292.3	*-0.4%*
FTE	*25,206*	*25,206*	*25,549*	*344*
SG&A (excl. interim and transport costs)	86.3	86.3	84.7	*-1.9%*
Transport costs	47.6	47.6	49.7	*4.4%*
Other costs	9.1	9.1	1.3	*-86.0%*
TOTAL OPERATING EXPENSES	**491.0**	**436.5**	**428.0**	***-2.0%***

In the third quarter of 2016 **total operating expenses** stood at EUR 428.0m. On a normalized basis total operating expenses decreased by 2.0% in comparison with the same quarter of 2015. All costs decreased, except transport costs (EUR -2.1m).

Payroll and interims costs amounted to EUR 292.3m and showed a decrease of EUR 55.7m compared to the same period of 2015. In the third quarter of 2015, payroll costs were negatively impacted by the provision for the Alpha social plan (EUR 54.5m). Excluding this item, payroll and interim costs decreased by EUR 1.2m.

The integration of FTE and interims of the new subsidiaries, the internalization of newspaper delivery (= Deltamedia) and additional workforce to absorb growth of parcels volumes and solutions led to a reported average year-on-year increase of 344 FTE and generated extra costs of EUR 3.2m. The total impact of the above mentioned items amounted to 948 FTE and interims. Therefore, the underlying average reduction in FTE and interims amounted to 604 for the quarter.

The recruitment of auxiliary postmen created a positive mix effect of EUR 1.5m. Additionally, a lower number of management functions due to a hiring freeze and reorganization, created a positive mix effect of EUR 4.2m.

The indexation of salaries combined with the first impacts of the new CLA and the normal salary and merit increases, partially offset by the impact of the tax shift and lower lay-off costs, led to a negative price impact EUR 3.0m.

Besides this, payroll costs were impacted by a favourable evolution of the holiday arrears (EUR 2.5m). Finally, the costs of employee benefits increased slightly by EUR 0.8m.

SG&A excluding interim and transport costs decreased by EUR 1.6m or 1.9%. Nearly all the costs decreased, except for rent and rental costs due to absence of last year's positive impact from fleet contracts prolongation.

Transport costs amounted to EUR 49.7m, EUR 2.1m or 4.4% higher compared to previous year mainly due to the consolidation of newly acquired subsidiaries and the settlement on terminal dues with another postal operator, partially offset by the evolution of international activities.

The decrease of **other costs** by EUR 7.8m was mainly explained by the evolution of other operating charges and the positive evolution of provisions. The latter mainly related to the settlement of terminal dues with another postal operator for which the corresponding costs have been booked within the transport costs as well to the evolution of bad debt.

First nine months of 2016

In million EUR	YTD15	YTD15 Normalized	YTD16	% Δ
Payroll & interim costs	925.3	870.8	860.8	*-1.1%*
FTE	*24,699*	*24,699*	*24,670*	*-29*
SG&A (excl. interim and transport costs)	263.2	263.2	264.7	*0.6%*
Transport costs	150.6	150.6	148.3	*-1.5%*
Other costs	33.6	33.6	15.3	*-54.4%*
TOTAL OPERATING EXPENSES	**1,372.7**	**1,318.2**	**1,289.2**	***-2.2%***

For the first nine months of 2016 normalized **total operating expenses** have decreased by EUR 29.1m or 2.2% and attained EUR 1,289.2m. All costs decreased except SG&A excluding interim and transport costs, which slightly increased by EUR 1.5m or 0.6%.

In the first nine months of 2016, **payroll and interims costs** decreased by EUR 64.5m. Excluding the impact of the Alpha provision, the net decrease is EUR 10.0m and was mainly driven by the reduction in the average headcount work force by 29 FTE (underlying decrease of 660 FTE), a positive mix effect resulting from the recruitment of auxiliary postmen and a hiring freeze for managers related to Alpha, partially offset by a one-off positive settlement of social charges in 2015 and by an increase of the costs of employee benefits.

SG&A excluding interim and transport costs showed a slightly increase of EUR 1.5m or 0.6%, mainly due to increased costs related to strategic corporate projects.

Transport costs amounted to EUR 148.3m, EUR 2.3m or 1.5% lower compared to previous year. Despite the consolidation of newly acquired subsidiaries and the settlement on terminal dues with another postal operator, the transport costs decreased in line with the revenue evolution of the international activities.

The decrease in **other costs** for the first nine months of 2016 amounted to EUR 18.3m, mainly driven by lower costs of provisions, mainly resulting from the reversal of provisions related to a terminal dues settlement with another postal operator for which the corresponding costs have been booked within the transport costs. Furthermore last year's earn-out for Gout (EUR 2.0m) and the higher increase of recoverable VAT (EUR 3.0m, percentage of recoverable VAT increased from 13% in 2014 to 14% in 2015 and 18.79% in 2016) add to the decrease.

Cash flow statement

Third quarter of 2016

Net cash outflow increased compared to the same period last year by EUR 42.3m to EUR 72.0m.

Free cash flow amounted to EUR -71.9m in the third quarter of 2016 (EUR -29.5m in 2015).

Cash flow from operating activities decreased by EUR 58.2m compared to the same period last year. Excluding the provisions and associated pay-outs related to the social plan Alpha (EUR +2.5m), the payment of terminal dues (EUR -16.8m), which was mainly phasing as costs were booked in previous years in transport costs and a higher tax prepayment in the third quarter of 2016 (EUR -10.0m), the result from operating activities deteriorated by EUR 4.3m, or in line with evolution of normalized EBITDA, while working capital worsened by EUR 29.6m. This evolution in working capital was mainly due to phasing elements: social security payments (EUR -8.0m), payment of commissions on banking products (EUR -7.5m) and evolution in outstanding balances with suppliers.

Investing activities generated a cash outflow of EUR 7.8m in the third quarter of 2016 compared to an outflow of EUR 23.5m for the same period last year thanks to higher proceeds from the sale of property, plant and equipment (EUR +2.1m) combined with lower cash outflows related to capital expenditures (EUR +13.6m).

The cash outflow relating to **financing activities** amounted to EUR 0.1m.

First nine months 2016

In the first nine months of 2016, bpost generated EUR 109.8m of net cash. This is a decrease of EUR 92.9m compared to the net cash inflow of EUR 202.7m for the same period last year.

Cash flow from operating activities resulted in a cash inflow of EUR 229.1m, EUR 68.1m less than the same period last year. Cash generation from operating activities had been negatively impacted in the first nine months of 2016 by the lower compensation and change in payment terms for SGEI (EUR -36.8m), the net impact of Alpha pay-outs (EUR -15.7m) and the payment of terminal dues (EUR -16.8m), which was mainly phasing as costs were booked in previous years in transport costs. Income tax paid relating to previous years was lower in the first nine months of 2016 compared to the same period last year (EUR +21.1m) and is partially compensated by a higher tax prepayment in 2016 (EUR -10.0m). Excluding these elements, results of operating activities increased by EUR 12.7m, while working capital deteriorated by EUR 22.7m mainly due changed payment terms and settlements for social security charges (EUR -13.4m) and a phasing element in suppliers.

Investing activities generated a cash outflow of EUR 69.7m in the first nine months of 2016 compared to an outflow of EUR 49.9m for the same period last year, mainly resulting from higher cash outflows related to the subsidiaries (EUR -33.7m) partially counterbalanced by lower capital expenditures (EUR +5.6m) and higher proceeds from sale of property, plant and equipment (EUR +8.3m).

The cash outflow relating to **financing activities** amounted to EUR 49.6m, an increase by EUR 4.9m compared to last year given the higher dividend pay-out and the dividend to minority interests paid in the first nine months of 2016.

Key events during the third quarter

During the third quarter of 2016, bpost took strategic stakes in Parcify and de Buren

bpost invested in the Belgian start-up Parcify. Parcify aims to reduce the number of missed parcel deliveries via its smartphone app which uses the receiver's phone geo-tracking to deliver parcels at his preferred location and time.

De Buren is a Dutch-based company, operating an "open" network of 50 parcel lockers walls in The Netherlands. This network consists of secured lockers (including refrigerated ones), which are accessible 24/7 and can be managed by an app that allows a multitude of services. The "open" network allows any customer to use any free locker capacity throughout De Buren's network. The ambition is to reach a full territorial coverage of the Netherlands and Belgium with respectively 1,000 and 500 locker locations in each country.

bpost was rewarded for its sustainable development initiatives

For the fourth consecutive year bpost was placed first in the International Post Corporation's (IPC) global environmental management ranking. The IPC unites the postal companies of Europe, North and South America, Africa and Asia-Pacific.

The management of bpost and the social partners approved a new collective agreement for the period 2016-2017

As in the previous collective agreement, arrangements have been made for the possible payment of a non-recurring bonus linked to the results in 2017. A series of measures to improve the remuneration have also been agreed upon,in particular with regard to meal vouchers and the end-of-year bonus. The results of the third quarter were impacted by this new collective labour agreement.

Financial calendar

05.12.16 (17.45 CET)	Interim dividend 2016 announcement
08.12.16	Ex-dividend date (interim dividend)
09.12.16	Record date (interim dividend)
12.12.16	Payment date of the interim dividend
06.02.17	Start of quiet period ahead of FY2016 results
08.03.17 (17.45 CET)	Announcement annual results FY2016
09.03.17 (10.00 CET)	Analyst Conference Call
02.04.17	Start of quiet period ahead of Q1/2017 results
03.05.17 (17.45 CET)	Announcement Q1/2017 results
04.05.17 (10.00 CET)	Analyst Conference Call
10.05.17	Ordinary General Meeting of Shareholders
15.05.17	Ex-dividend date
16.05.17	Record date
17.05.17	Payment date of the dividend
08.07.17	Start of quiet period ahead of Q2/2017 results
07.08.17 (17.45 CET)	Announcement Q2/2017 and half-year results
08.08.17 (10.00 CET)	Analyst Conference Call
09.10.17	Start of quiet period ahead of Q3/2017 results
08.11.17 (17.45 CET)	Announcement Q3/2017 results
09.11.17 (10.00 CET)	Analyst Conference Call
04.12.17 (17.45 CET)	Interim dividend 2017 announcement
07.12.17	Ex-dividend date (interim dividend)
08.12.17	Record date (interim dividend)
11.12.17	Payment date of the interim dividend

Unaudited Interim Condensed Consolidated Financial Statements[1]

Interim Consolidated Income Statement (unaudited)

In million EUR	NOTES	Year-to-date 2015	Year-to-date 2016	3rd quarter 2015	3rd quarter 2016
Turnover	6	1,754.9	1,716.6	548.6	533.4
Other operating income		9.8	18.0	1.9	4.7
TOTAL OPERATING INCOME		**1,764.7**	**1,734.5**	**550.5**	**538.1**
Materials cost		(19.7)	(20.9)	(6.1)	(6.0)
Services and other goods	7	(438.3)	(448.6)	(143.5)	(147.2)
Payroll costs		(900.8)	(825.2)	(338.5)	(279.6)
Other operating expenses		(13.9)	5.6	(3.0)	4.7
Depreciation, amortization		(65.0)	(66.8)	(22.4)	(22.3)
TOTAL OPERATING EXPENSES		**(1,437.7)**	**(1,356.0)**	**(513.4)**	**(450.2)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**327.0**	**378.5**	**37.1**	**87.8**
Financial income		3.3	5.1	1.3	2.5
Financial cost		(11.8)	(23.7)	(3.6)	(7.5)
Share of profit of associates		7.3	8.5	2.8	6.2
PROFIT BEFORE TAX		**325.8**	**368.4**	**37.6**	**89.0**
Income tax expense		(112.1)	(123.9)	(11.6)	(28.2)
PROFIT OF THE PERIOD		**213.7**	**244.5**	**26.0**	**60.8**
Attributable to:					
Owners of the Parent		211.9	243.5	25.2	60.3
Non-controlling interests		1.8	1.1	0.8	0.5

EARNINGS PER SHARE

In EUR	Year-to-date 2015	Year-to-date 2016	3rd quarter 2015	3rd quarter 2016
►basic, profit for the year attributable to ordinary equity holders of the parent	1.06	1.22	0.13	0.30
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.06	1.22	0.13	0.30

[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 2015	As of 30 September 2016
PROFIT FOR THE YEAR	**213.7**	**244.5**
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)	0.1
NET OTHER COMPREHENSIVE INCOME / (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(0.0)**	0.1
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	(39.0)	14.6
(Loss)gain on available for sale financial assets	(59.1)	22.2
Income tax effect	20.1	(7.5)
Fair value of actuarial results on defined benefit plans	4.2	(5.7)
Actuarial gains/(losses) on defined benefit plans	4.8	(7.3)
Income tax effect	(0.6)	1.6
NET OTHER COMPREHENSIVE INCOME / (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**(34.8)**	**8.9**
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	**(34.8)**	**9.0**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**178.9**	**253.6**
Attributable to:		
Owners of the Parent	177.1	252.5
Non-controlling interest	1.8	1.1

Interim Consolidated Statement of Financial Position (unaudited)

In million EUR	NOTES	As of 31 December 2015	As of 30 September 2016
Assets			
Non-current assets			
Property, plant and equipment	8	548.5	528.6
Intangible assets	9	89.6	118.7
Investments in associates	10	375.0	398.2
Investment properties		6.5	6.0
Deferred tax assets		47.2	49.4
Trade and other receivables		2.3	2.0
		1,069.2	**1,102.9**
Current assets			
Assets held for sale		3.1	0.7
Inventories		11.1	11.6
Income tax receivable		1.7	1.6
Trade and other receivables	11	411.2	326.6
Cash and cash equivalents	12	615.7	724.4
		1,042.8	**1,065.0**
TOTAL ASSETS		**2,112.0**	**2,167.9**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		230.9	288.2
Foreign currency translation		0.6	0.7
Retained earnings		99.3	244.5
		694.8	**897.4**
Non-controlling interests		(0.0)	0.7
TOTAL EQUITY		**694.8**	**898.2**
Non-current liabilities			
Interest-bearing loans and borrowings		56.2	57.2
Employee benefits	13	346.2	360.8
Trade and other payables	14	61.7	25.3
Provisions		29.2	29.9
Deferred tax liabilities		1.3	1.3
		494.7	**474.4**
Current liabilities			
Interest-bearing loans and borrowings		9.6	9.1
Bank overdrafts		0.2	0.3
Provisions		35.0	16.7
Income tax payable	15	39.4	66.6
Trade and other payables	16	838.3	702.6
		922.5	**795.3**
TOTAL LIABILITIES		**1,417.2**	**1,269.7**
TOTAL EQUITY AND LIABILITIES		**2,112.0**	**2,167.9**

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 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**
AS PER 1 JANUARY 2016	**364.0**	**(0.0)**	**230.9**	**0.6**	**99.3**	**694.8**	**0.0**	**694.8**
Profit for the year 2016					243.5	243.5	1.1	244.5
Other comprehensive income			108.2	0.1	(99.3)	9.0		9.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**108.2**	**0.1**	**144.2**	**252.5**	**1.1**	**253.6**
Dividends (Pay-out)			(48.0)		0.0	(48.0)	(2.0)	(50.0)
Other			(2.9)		1.1	(1.8)	1.7	(0.2)
AS OF 30 SEPTEMBER 2016	**364.0**	**(0.0)**	**288.2**	**0.7**	**244.5**	**897.4**	**0.7**	**898.2**

Equity increased by EUR 203.4m, or 29.3%, to EUR 898.2m as of September 30, 2016 from EUR 694.8m as of December 31, 2015. The increase is mainly due to the realized profit of EUR 244.5m and the positive fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 14.6m, partially offset by the payment of dividends for an amount of EUR 50.0m and the unrealised losses on post-employment benefits (EUR 5.7m).

Interim Consolidated Statement of Cash Flows (unaudited)

	Year-to-date		3rd quarter	
In million EUR	2015	2016	2015	2016
Operating activities				
Profit before tax	325.8	368.4	37.6	89.0
Depreciation and amortization	65.0	66.3	22.8	21.8
Impairment on bad debts	(0.2)	0.8	(0.4)	(0.1)
Gain on sale of property, plant and equipment	(5.7)	(12.4)	(0.6)	(2.9)
Change in employee benefit obligations	(7.8)	7.3	2.3	2.1
Share of profit of associates	(7.3)	(8.5)	(2.8)	(6.2)
Income tax paid	(65.4)	(77.1)	(61.1)	(73.1)
Income tax paid on previous years	(42.0)	(20.9)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**262.3**	**324.0**	**(2.3)**	**30.6**
Decrease/(increase) in trade and other receivables	71.2	64.1	(4.5)	(17.2)
Decrease/(increase) in inventories	0.9	(0.6)	(0.8)	(1.8)
Increase/(decrease) in trade and other payables	(36.8)	(140.8)	3.0	(62.9)
Increase/(decrease) in provisions	(0.3)	(17.6)	(1.4)	(12.9)
NET CASH FROM OPERATING ACTIVITIES	**297.3**	**229.1**	**(6.0)**	**(64.2)**
Investing activities				
Proceeds from sale of property, plant and equipment	9.7	17.9	1.4	3.6
Acquisition of property, plant and equipment	(38.0)	(34.4)	(20.6)	(8.6)
Acquisition of intangible assets	(10.7)	(8.1)	(4.3)	(2.2)
Acquisition of other investments	0.0	(0.5)	0.0	(0.5)
Acquisition of subsidiaries, net of cash acquired	(10.9)	(44.7)	(0.0)	(0.0)
NET CASH USED IN INVESTING ACTIVITIES	**(49.9)**	**(69.7)**	**(23.5)**	**(7.8)**
Financing activities				
Payments related to borrowings and financing lease liabilities	(0.7)	0.4	(0.2)	(0.1)
Dividends paid	(44.0)	(48.0)		
Dividends paid to minority interests		(2.0)		
NET CASH FROM FINANCING ACTIVITIES	**(44.7)**	**(49.6)**	**(0.2)**	**(0.1)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**202.7**	**109.8**	**(29.7)**	**(72.0)**
NET FOREIGN EXCHANGE DIFFERENCE	**1.0**	**(1.2)**	**(0.3)**	**(0.3)**
Cash and cash equivalent less bank overdraft as of 1st January	562.0	615.5		
Cash and cash equivalent less bank overdraft as of 30 September	765.7	724.1		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 SEPTEMBER	**203.7**	**108.6**		

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first nine months ended September 30, 2016 were authorized for issue in accordance with a resolution of the Board of Directors on November 9, 2016.

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, 2016 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, 2015.

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, 2015, except for the adoption of new standards and interpretations effective as from January 1, 2016.

The following new standards and amendments, entered into force as from January 1, 2016, don't have any effect on the presentation, the financial performance or position of bpost:

- IFRS 14 – Regulatory Deferral Accounts
- IAS 27 – Amendments – Equity method in Separate Financial Statements
- IAS 1 – Amendments – Disclosure Initiative
- Annual improvements to IFRSs 2012-2014 Cycle
- IAS 16 - IAS 38 – Amendments – Clarification of acceptable methods of depreciation and amortisation

- IFRS 11 – Amendment – Accounting for acquisitions of interests in Joint Operations
- IAS 16 – IAS 41 – Amendments - Agriculture: Bearer plants
- IFRS10, IFRS 12 & IAS 28 – Amendments – Investment Entities: Applying the consolidation exception

Standards and Interpretations not yet applied by bpost

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

Standard or interpretation	Effective for in reporting periods starting on or after
IAS 7 – Amendments – Disclosure Initiative	1 January 2017
IAS 12 – Amendments – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15 – Revenue from Contracts with customers	1 January 2018
IFRS 4 – Amendments - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 2 – **Amendments** – Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9 – Financial Instruments	1 January 2018
IFRS 16 – Leases	1 January 2019

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 6th management contract, bpost is the provider of certain SGEI. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. In accordance with the Belgian State’s commitment to the European Commission, the delivery of newspapers and periodicals is no longer part of the management contract. For the latter the Belgian State decided to award the contract of distribution of newspapers and periodicals after a public consultation of the market to bpost.

The compensation on SGEI is based on a net avoided cost (“NAC”) methodology and is being equally distributed over the four quarters. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The remuneration for the delivery of newspapers and periodicals consists of a flat amount (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration is subject to an ex-post calculation based upon the evolution of the costs basis of bpost. During the year calculations are made for the SGEI and the distribution of newspapers and periodicals to ensure the remuneration is in line with the amounts recorded.

4. Business Combinations

Acquisitions during the third quarter of 2016

bpost acquired 51% of the shares of the Belgian start-up Parcify though a capital increase on August 17, 2016. Parcify aims to reduce the number of missed parcel deliveries through the use of a smartphone application allowing the deliverer to know the exact location of the receiver at the time of the delivery. The Parcify software also allows the company to predict where the receiver is most likely to be at the time of delivery, thus optimizing the delivery rounds. The accounting treatment and the purchase price allocation of the acquisition are still under review and will be fully disclosed by the end of the year.

On September 27, 2016 bpost acquired a strategic stake of the shares in “de Buren”. De Buren is a Dutch company offering parcel lockers in an “open network” concept. Its network consists of locker walls with secured boxes (including refrigerated boxes), which are accessible 24/7 and can be accessed through the use of an App that allows a multitude of services. The “open” concept means that any unused capacity in the locker walls is accessible to any customer at all times, without the need to have a prior commercial agreement with de Buren. The accounting treatment and the purchase price allocation of the acquisition are still under review and will be fully disclosed by the end of the year.

5. Operating Segments

As of January 1, 2016 the prepaid parcels have been transferred from MRS to P&I, hence all parcels are being registered within P&I. Taking into account these changes, the 2015 figures have been made comparable to reflect these changes. The comparable figures are shown under the heading “comparable”. The variances mentioned hereafter compare the 2016 figures with the 2015 comparable figures.

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

	Year-to-date		3rd quarter	
In million EUR	**2015 Comparable**	**2016**	**2015 Comparable**	**2016**
MRS	1,369.6	1,321.3	429.0	408.3
P&I	375.1	383.8	119.8	125.4
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,744.7**	**1,705.1**	**548.9**	**533.6**
Corporate (Reconciling category)	20.0	29.4	1.6	4.4
TOTAL OPERATING INCOME	**1,764.7**	**1,734.5**	**550.5**	**538.1**

Revenues attributable to the MRS operating segment decreased by EUR 20.8m compared to the third quarter of 2015, to EUR 408.3m, mainly due to:

- the lower remuneration for SGEI and for the press concessions,
- the -5.9% underlying volume decline of Domestic Mail,
- partially compensated by price increases in Domestic Mail and increased revenues from Value-added services.

P&I revenues increased by EUR 5.6m in the third quarter. The increase of the Parcels product portfolio (EUR +7.5m) was mainly driven by a good performance in Domestic Parcels (EUR +3.8m) and continued growth in International Parcels (EUR +4.1m), partially offset by the lower revenues from Special Logistics (EUR -0.5m). Furthermore International mail decreased by EUR -2.8m mainly as a result of bpost's consequent execution of pricing strategy in order to safeguard reasonable profit margins.

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 6), 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	**2015**	**2016**	**2015**	**2016**
Belgium	1,524.7	1,489.0	473.4	459.5
RoW	240.0	245.6	77.1	78.6
TOTAL OPERATING INCOME	**1,764.7**	**1,734.5**	**550.5**	**538.1**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended September 30, 2016 and 2015:

	Year-to-date		3rd quarter	
In million EUR	**2015 Comparable**	**2016**	**2015 Comparable**	**2016**
MRS	304.9	338.0	48.5	78.8
P&I	49.3	64.7	8.4	23.3
TOTAL EBIT OF OPERATING SEGMENTS	**354.3**	**402.6**	**56.9**	**102.1**
Corporate (Reconciling category)	(27.3)	(24.1)	(19.8)	(14.3)
TOTAL EBIT	**327.0**	**378.5**	**37.1**	**87.8**

In the third quarter of 2016, EBIT of the MRS operating segment increased by EUR 30.3m to EUR 78.8m. Excluding the accrual for the Alpha social plan booked in the third quarter of 2015, the lower compensation for SGEI and for the press concessions and the volume decline could not be compensated by the price increases, productivity improvements and other cost reductions.

EBIT attributable to the P&I operating segment increased by EUR 14.9m from EUR 8.4m to EUR 23.3m in the third quarter of 2016. This improvement was mainly due to the increase of the operating income, the better performance of some P&I subsidiaries, the settlement on terminal dues with another postal operator and the absence of the accrual for the Alpha social plan booked in the third quarter of 2015.

In million EUR	Year-to-date 2015 Comparable	2016	3rd quarter 2015 Comparable	2016
MRS	304.9	338.0	48.5	78.8
P&I	49.3	64.7	8.4	23.3
TOTAL EAT OF OPERATING SEGMENTS	**354.3**	**402.6**	**56.9**	**102.1**
Corporate (Reconciling category)	(140.6)	(158.1)	(30.9)	(41.3)
TOTAL EAT	**213.7**	**244.5**	**26.0**	**60.8**

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 2015 Comparable	2016	3rd quarter 2015 Comparable	2016
OPERATING INCOME	**20.0**	**29.4**	**1.6**	**4.4**
Central departments (Finance, Legal, Internal Audit, CEO, ...)	(53.7)	(47.3)	(22.0)	(13.9)
Other reconciliation items	6.4	(6.2)	0.6	(4.8)
OPERATING EXPENSES	**(47.3)**	**(53.5)**	**(21.4)**	**(18.7)**
EBIT CORPORATE (RECONCILING CATEGORY)	**(27.3)**	**(24.1)**	**(19.8)**	**(14.3)**
Share of profit of associates	7.3	8.5	2.8	6.2
Financial Results	(8.5)	(18.6)	(2.3)	(5.0)
Income Tax expense	(112.1)	(123.9)	(11.6)	(28.2)
EAT CORPORATE (RECONCILING CATEGORY)	**(140.6)**	**(158.1)**	**(30.9)**	**(41.3)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category increased by EUR 5.5m from negative EUR 19.8m in the third quarter of 2015 to negative EUR 14.3m in the third quarter of 2016. The improvement is mainly driven by the absence of the provision booked for the Alpha social plan on the central units last year.

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

6. Turnover

In million EUR	Year-to-date 2015	2016	3rd quarter 2015	2016
Turnover excluding the SGEI remuneration	1,539.1	1,522.8	476.6	468.3
SGEI remuneration	215.8	193.8	71.9	65.1
TOTAL	**1,754.9**	**1,716.6**	**548.6**	**533.4**

7. Services and other goods

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Rent and rental costs	48.6	52.1	7.3%	14.9	17.6	18.8%
Maintenance and repairs	54.5	54.6	0.3%	18.0	18.3	1.9%
Energy delivery	26.5	24.1	-9.1%	8.0	8.0	-0.1%
Other goods	13.5	15.0	10.7%	4.7	5.0	5.2%
Postal and telecom costs	4.5	4.5	-0.5%	1.6	1.5	-6.2%
Insurance costs	8.8	8.6	-2.2%	3.1	2.8	-9.6%
Transport costs	150.6	148.3	-1.5%	47.6	49.7	4.4%
Publicity and advertising	8.3	7.9	-4.7%	2.4	1.8	-25.2%
Consultancy	4.8	6.0	25.9%	1.7	0.6	-64.5%
Interim employees	24.4	35.5	45.4%	9.6	12.8	33.5%
Third party remuneration, fees	78.5	78.5	-0.1%	26.4	24.9	-5.6%
Other services	15.2	13.4	-12.3%	5.5	4.1	-25.6%
TOTAL	**438.3**	**448.6**	**2.3%**	**143.5**	**147.2**	**2.6%**

8. Property, plant and equipment

Property, plant and equipment decreased by EUR 19.9m, or 3.6%, to EUR 528.6m as of September 30, 2016. The decrease is mainly due to depreciations of EUR 56.4m and transfer to assets held for sale of EUR 3.1m, partially offset by capital expenditures of EUR 34.4m and the acquisitions through business combinations for EUR 4.2m.

9. Intangible assets

Intangible assets increased by EUR 29.0m in the first nine month of the year, or 32.4%, to EUR 118.7m as of September 30, 2016. The increase is mainly due to the capital expenditures of EUR 8.1m, the goodwill resulting of the acquisition of new subsidiaries (FDM, Apple Express) for EUR 16.5m and the asset deal of Apple Express for EUR 14.5m. This increase is partially offset by the depreciations of EUR 10.5m.

10. Investments in associates

Investments in associates increased by EUR 23.1m, or 6.2%, to EUR 398.2m as of September 30, 2016. This increase is due to the increase in the unrealized gain on the bond portfolio in the amount of EUR 14.6m, reflecting an average decrease of the underlying yield curve by 41 basis points (bps) and bpost's share of bpost bank's gain for the first nine months of 2016 in the amount of EUR 8.5m. As of September 30, 2016, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 193.5m, which represented 48.6% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

11. Current trade and other receivables

Current trade and other receivables decreased by EUR 84.6m, or 20.6%, to EUR 326.6m as of September 30, 2016. The decrease was mainly driven by the usual settlement of the SGEI receivable for the last quarter of 2015.

12. Cash and cash equivalents

Cash and cash equivalents increased by EUR 108.7m, or 17.7%, to EUR 724.4m as of September 30, 2016. This increase is mainly due to the normalized free cash flow (EUR 159.4m), partially offset by the payment of EUR 50.0m dividend.

13. Employee benefits

In million EUR	As of 31 December 2015	As of 30 September 2016
Post-employment benefits	(77.7)	(83.8)
Long-term employee benefits	(108.9)	(114.2)
Termination benefits	(11.6)	(7.5)
Other long-term benefits	(148.1)	(155.3)
TOTAL	**(346.2)**	**(360.8)**

Employee benefits increased by EUR 14.5m, or 4.2%, to EUR 360.8m as of September 30, 2016. The increase mainly reflects:

- The payment of benefits for an amount of EUR 26.0m, which included EUR 4.6m for the payment of early retirement and part-time work benefits.
- Operational actuarial gains (EUR 3.0m), mainly linked to the Workers Compensation Accidents and medical expenses benefits.
- Additional service costs (EUR 15.3m), and interest costs (EUR 4.4m).
- Financial actuarial losses of EUR 16.5m caused by changes in the discount rates.
- An actuarial loss of EUR 7.3m related to post-employment benefits, recognized through Other Comprehensive Income.

14. Non-current trade and other payables

Non-current trade and other payables decreased by EUR 36.3m, to EUR 25.3m as of September 30, 2016 mainly due to the transfer of the remaining 24.5% of the shares of Landmark from long term to short term, partially offset by the earn outs relating to the acquisition of FDM and Apple Express.

15. Income tax payable

Income tax payable increased by EUR 27.1m, to EUR 66.6m as of September 30, 2016 and is mainly explained by the accrued income taxes partially offset by the income taxes paid.

16. Current trade and other payables

Current trade and other payables decreased by EUR 135.7m, or 16.2%, to EUR 702.6m as of September 30, 2016. This decrease is due to the decline of the trade payables and social payables respectively by EUR 69.8m and EUR 77.3m, partially offset by the increase in other payables by EUR 11.4m. The decrease of the social payables is mainly explained by a timing difference as 2015 full year social accruals (holiday pay, bonuses,...) have been paid during 2016. The increase of the other payables is caused by the transfer from long term to short term for the acquisition of the remaining shares of Landmark, the earn out relating to the acquisition of FDM (EUR 3.4m) and Apple Express (EUR 3.5m), partially offset by the payment of 24.5% of the shares of Landmark during 2016.

17. Contingent Liabilities and Contingent Assets

At September 30th 2016, bpost is not aware of any contingent assets and liabilities.

18. Events After the Reporting Period

On November 6, 2016, bpost announced that it made a friendly proposal to the Boards of PostNL to combine activities of both companies through a public offer to be made by bpost for all issued and outstanding ordinary shares of PostNL.

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	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Total operating income	1,764.7	1,734.5	-1.7%	550.5	538.1	-2.3%
NORMALIZED TOTAL OPERATING INCOME	**1,764.7**	**1,734.5**	**-1.7%**	**550.5**	**538.1**	**-2.3%**

OPERATING EXPENSES

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Total operating excluding depreciation, amortization	(1,372.7)	(1,289.2)	-6.1%	(491.0)	(428.0)	-12.8%
Social plan - Alpha project (1)	54.5			54.5		
NORMALIZED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(1,318.2)**	**(1,289.2)**	**-2.2%**	**(436.5)**	**(428.0)**	**-2.0%**

EBITDA

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
EBITDA	391.9	445.4	13.6%	59.5	110.1	85.0%
Social plan - Alpha project (1)	54.5			54.5		
NORMALIZED EBITDA	**446.4**	**445.4**	**-0.2%**	**114.0**	**110.1**	**-3.4%**

EBIT

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Profit from operating activities (EBIT)	327.0	378.5	15.8%	37.1	87.8	136.5%
Social plan - Alpha project (1)	54.5			54.5		
NORMALIZED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**381.5**	**378.5**	**-0.8%**	**91.6**	**87.8**	**-4.2%**

PROFIT FOR THE YEAR (EAT)

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Profit for the year	213.7	244.5	14.4%	26.0	60.8	133.9%
Social plan - Alpha project (1)	36.1			36.1		
NORMALIZED PROFIT OF THE YEAR	**249.8**	**244.5**	**-2.1%**	**62.1**	**60.8**	**-2.1%**

(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 contained the conditions for early retirement and determined the layoff conditions, in case certain employees were not selected for a new job. The estimated impact of this agreement had been accrued for within the payroll costs during the third quarter of 2015.

Cash Flow Statement related

In 2015 and 2016 no non-recurring cash flow statement related items were identified.

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	Year-to-date			3rd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
IFRS Consolidated Net Profit	**213.7**	**244.5**	**14.4%**	**26.0**	**60.8**	**133.9%**
Results of subsidiaries and deconsolidation impacts	(21.3)	(35.1)	64.3%	(7.7)	(16.4)	112.0%
Differences in depreciation and impairments	(5.0)	(0.1)	-97.6%	(1.1)	0.2	-119.2%
Differences in recognition of provisions	(1.5)	(2.8)	81.1%	(0.7)	(0.3)	-48.7%
Effects of IAS19	(12.5)	13.3	-206.5%	(2.0)	10.2	-618.1%
Deferred taxes	8.4	(0.8)	-109.0%	1.8	(2.3)	-226.8%
Other	4.6	2.7	-40.2%	(1.1)	(1.7)	48.7%
Belgian GAAP unconsolidated net profit	**186.4**	**221.8**	**19.0%**	**15.2**	**50.5**	**231.6%**

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

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

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

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

	Year-to-date		3rd quarter	
In million EUR	**2015**	**2016**	**2015**	**2016**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(7.9)	(10.0)	(3.0)	(3.3)
Profit of the international subsidiaries (local GAAP)	(7.2)	(15.1)	(2.4)	(8.1)
Share of profit of bpost bank (local GAAP)	(8.9)	(11.1)	(1.7)	(4.5)
Other deconsolidation impacts	2.7	1.1	(0.7)	(0.5)
TOTAL	**(21.3)**	**(35.1)**	**(7.7)**	**(16.4)**

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. The year-over-year evolution is mainly explained by the increase of the

financial charges related to employee benefits, which is due to the decrease in the discount rates.

- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.

Statement of legal representatives

The bpost Management Committee declares that to the best of its knowledge, the 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

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