bpost: second quarter 2016 results

Second quarter 2016 highlights

- **Operating income (revenues)** at EUR 591.9m, **down 1.0%**, driven by resilient Domestic Mail, excellent Domestic Parcels volumes and continued growth in International Parcels, offset by anticipated lower SGEI compensation.
- **Resilient underlying Domestic Mail volume evolution at -3.8%** (-6.1% for 2Q15) driven by good performance in the different portfolios.
- **Excellent domestic Parcels volumes up 18.3%** (+12.6% for 2Q15) driven by strong e-commerce growth and continued positive trend in C2C. Negative price/mix effect of -3.0% but better than in the first quarter of 2016.
- **International Parcels up EUR 1.8m**, supported by positive contribution from the acquisition strategy but impacted by lower volumes from and to China.
- **Additional Sources of Revenues** driven by the good performance of Solutions.
- **Costs (excluding exceptionals) down EUR 6.6m** and on track with productivity improvements of 707 FTE (average underlying reduction).
- **EBITDA in line with last year (down EUR 0.3m)** fully absorbing the reduced SGEI compensation.
- **Net profit of bpost SA/NV under BGAAP** down EUR 2.4m at EUR 81.4m.

CEO quote

Koen Van Gerven, CEO, commented: *"This quarter keeps us fully on track for 2016. Thanks to excellent growth in parcels and resilient domestic mail, we managed to fully compensate the impact of the reduction in SGEI compensation on our profitability and delivered on our promises. I'm also very glad to see that these results are supported by the positive contribution from the acquisition strategy in International Parcels. We are on track to realize our outlook for this year and expect to be able to realize at least the same result and dividend as last year. I would like to thank our customers for their trust in bpost and our employees for their efforts."*

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 third quarter will count 1 day less (except for stamps which will count the same number of days) and 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**.

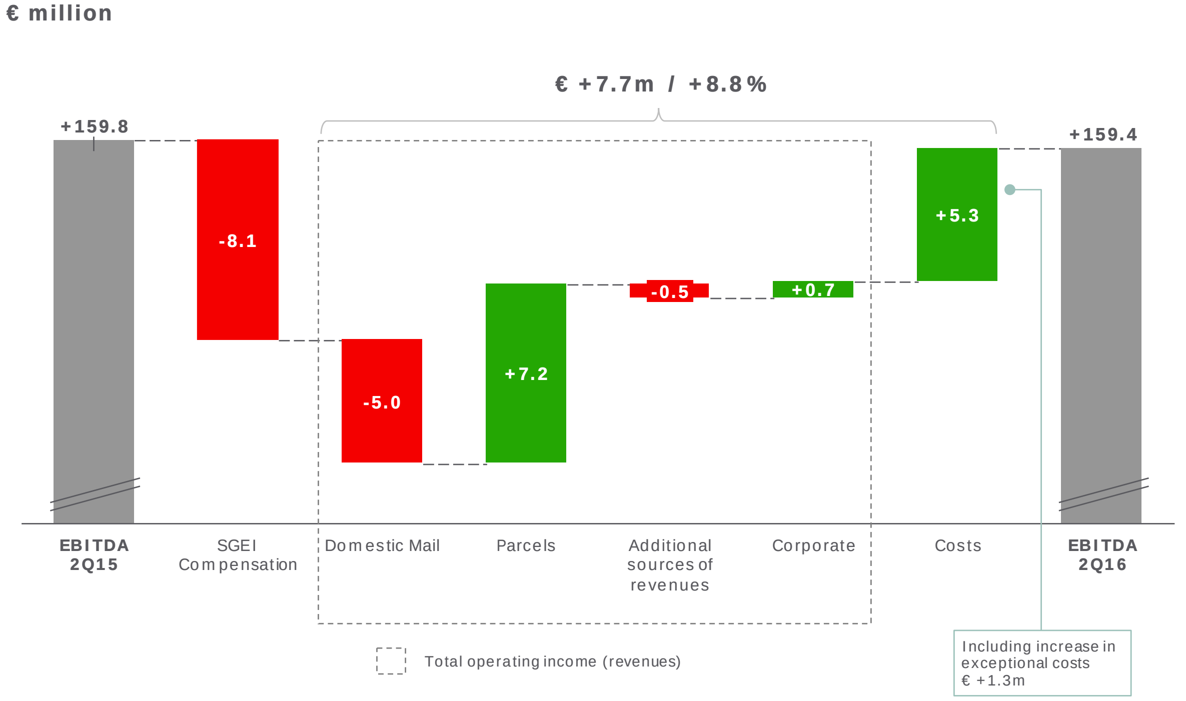
Key figures

2nd quarter (in million EUR)	Reported 2015	Reported 2016	% Δ
Total operating income (revenues)	597.6	591.9	-1.0%
Operating expenses	437.9	432.5	-1.2%
EBITDA	**159.8**	**159.4**	**-0.2%**
Margin (%)	*26.7%*	*26.9%*	
EBIT	**138.3**	**136.8**	**-1.1%**
Margin (%)	*23.1%*	*23.1%*	
Profit before tax	**139.2**	**130.2**	**-6.5%**
Income tax expense	48.1	42.3	
Net profit	**91.2**	**87.9**	**-3.6%**
FCF	**(21.3)**	**(14.6)**	**-**
bpost S.A./N.V. net profit (BGAAP)	**83.8**	**81.4**	**-2.9%**
Net Debt/(Net cash), at 30 June	**(720.3)**	**(729.9)**	**1.3%**

Year-to-date (in million EUR)	Reported 2015	Reported 2016	% Δ
Total operating income (revenues)	1,214.2	1,196.5	-1.5%
Operating expenses	881.7	861.2	-2.3%
EBITDA	**332.5**	**335.3**	**0.8%**
Margin (%)	*27.4%*	*28.0%*	
EBIT	**289.8**	**290.7**	**0.3%**
Margin (%)	*23.9%*	*24.3%*	
Profit before tax	**288.2**	**279.5**	**-3.0%**
Income tax expense	100.5	95.7	
Net profit	**187.7**	**183.7**	**-2.1%**
FCF	**276.8**	**231.3**	**-16.4%**
bpost S.A./N.V. net profit (BGAAP)	**171.1**	**171.4**	**0.1%**
Net Debt/(Net cash), at 30 June	**(720.3)**	**(729.9)**	**1.3%**

For more information:
Baudouin de Hepcée T. +32 2 276 2228 (media and IR)
Saskia Dheedene T. +32 2 276 7643 (IR only)
corporate.bpost.be/investors
investor.relations@bpost.be

Second quarter 2016 - Income Statement



Total operating income decreased by EUR 5.7m (-1.0%) to EUR 591.9m, mainly due to the lower compensation for SGEI (EUR -8.1m), in line with the conditions applicable of January 1, 2016 for the 6th management contract and the press concessions. The increase of Parcels (EUR +7.2m), the price increases in Domestic Mail (EUR +4.5m), the impact of two additional working days (EUR +2.9m) and the increase of Corporate (EUR +0.7m) could compensate the volume decrease of Domestic Mail (EUR -12.4m) and the lower revenues relating to Additional Sources of Revenues (EUR -0.5m).

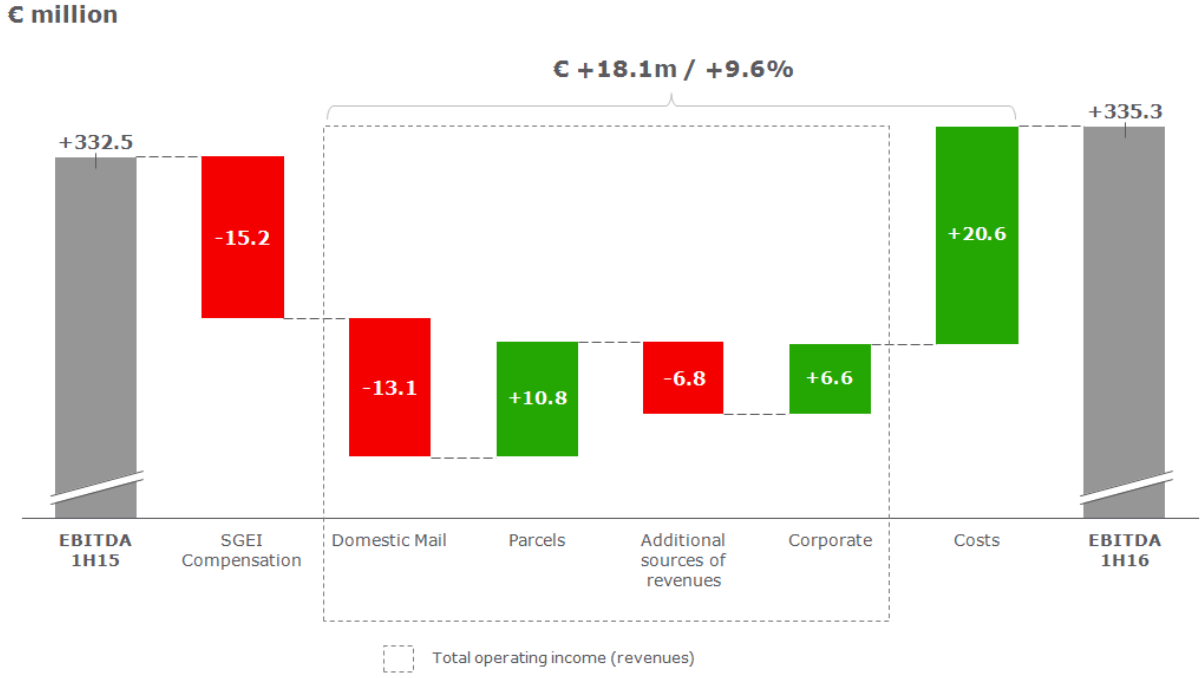
Despite the reduced SGEI compensation, **EBITDA** and **EBIT** were only down EUR 0.3m and EUR 1.5m respectively.

Net financial result worsened by EUR 7.3m 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.

Income Tax expense decreased compared to last year, with the effective tax rate standing at 32.5%.

IFRS group net profit stood at EUR 87.9m. **Belgian GAAP net profit** of the parent company amounted to EUR 81.4m.

First half of 2016 - Income Statement



Total operating income decreased by EUR 17.7m (-1.5%), to EUR 1,196.5m. Excluding the lower compensation for SGEI (EUR -15.2m), operating income decreased by EUR 2.5m. The increase of Parcels (EUR +10.8m), the price increases in Domestic Mail (EUR + 10.2m) and impact of additional working days (EUR +2.3m) could not compensate the volume decrease of Domestic Mail (EUR -25.6m) and the lower revenues relating to Additional Sources of Revenues (EUR -6.8m). Total operating income attributable to Corporate increased by EUR 6.6m mainly due to higher proceeds of building sales.

Costs decreased by EUR 20.6m or 2.3%, driven by lower payroll and interim costs, transport costs and other costs compensating the total operating income loss and leading to **EBITDA** and **EBIT** improvement of respectively 0.8% and 0.3%.

Net financial result worsened by EUR 7.3m 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.

Income Tax expense decreased compared to last year, with the effective tax rate standing at 34.3%.

IFRS group net profit reached EUR 183.7m. **Belgian GAAP net profit** of the parent company amounted to EUR 171.4m, in line with last year.

Total operating income: group overview

Second quarter of 2016

In million EUR	2Q15	SGEI	Δ	2Q16	% Δ	underlying vol. % Δ
Domestic mail	**364.0**	**(2.8)**	**(5.0)**	**356.3**	**-1.4%**	**-3.8%**
Transactional mail	228.8		(4.9)	223.9	-2.2%	-4.8%
Advertising mail	61.4		(0.6)	60.8	-1.0%	-2.2%
Press	73.8	(2.8)	0.6	71.6	0.8%	-0.3%
Parcels	**81.2**	**0.0**	**7.2**	**88.4**	**8.9%**	
Domestic parcels	39.4		5.8	45.2	14.7%	+18.3%
International parcels	39.4		1.8	41.2	4.5%	
Special logistics	2.5		(0.4)	2.1	-15.0%	
Additional sources of revenues	**145.4**	**(5.3)**	**(0.5)**	**139.6**	**-0.4%**	
International mail	42.1		(2.1)	40.0	-4.9%	
Value added services	23.4		4.0	27.4	17.1%	
Banking and financial products	51.7	(2.9)	(1.1)	47.8	-2.0%	
Others	28.2	(2.4)	(1.4)	24.4	-5.0%	
Corporate	**6.9**		**0.7**	**7.6**	**9.9%**	
TOTAL	**597.6**	**(8.1)**	**2.4**	**591.9**	**0.4%**	

Excluding the lower compensation for SGEI and the press concessions, **total operating income** increased by EUR 2.4m or 0.4%.

Revenues from **Domestic Mail** decreased by EUR -5.0m to EUR 356.3m. In line with previous quarter underlying (corrected for 2 more working days) and reported volume decline, respectively -3.8% and -3.0%, were significantly better than the full year 2015 underlying volume decline of -5.0%. Transactional mail, with a reported and underlying volume decline of respectively -3.5% and -4.8% (vs. -5.3% full year 2015 underlying volume decline), continued to suffer from e-substitution without a notable acceleration. Advertising mail noted a reported and underlying volume decline of -2.2%, compared to +0.1% in the first quarter, which was still significantly better than the full year 2015 underlying volume decline of -4.9%. This was mainly due to the improved performance in focus sectors of addressed direct mail thanks to the new selling approach, alongside another strong quarter in unaddressed mail. Furthermore Press revenues increased by EUR 0.6m driven by the low volume decrease (reported and underlying volume decrease of -0.3% compared to -2.8% for full year 2015), in turn mainly driven by periodicals. Total mail volume decline impacted revenues by EUR -12.4m, which was partially compensated by 2 additional working days (EUR +2.9m) and the net improvement in price and mix, amounting to EUR 4.5m.

Parcels increased by EUR 7.2m. The excellent performance of Domestic Parcels (EUR +5.8m) and the positive contribution of the acquisition strategy on International Parcels (EUR +6.2m) were slightly offset by the lower revenues for Special Logistics (EUR -0.4m) and International Parcels (EUR -4.4m). Volume growth in Domestic Parcels (+18.3%) was the strongest quarterly volume growth ever, versus the already high 14.6% in the first quarter of 2016 and compared to +12.6% for full year 2015. This increase was driven by e-commerce and the continued growth in C2C parcels (online offering). A negative price mix effect of -3.0% explained by the evolution of the client and product mix, continued to impact revenue evolution. International Parcels were mainly impacted by the positive contribution of the acquisition strategy (EUR +6.2m) partially offset by lower volumes from and to China (EUR -3.9m) and from US (EUR -0.4m), still impacted by strong USD decreasing price competiveness and attractiveness of US goods.

Total operating income from **Additional Sources of Revenues** decreased by EUR 0.5m to reach EUR 139.6m. This decrease was mainly due to the decrease of International Mail (EUR -2.1m), mainly the result of the churn of some customers driven by 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 strong growth mainly thanks to the development of customized solutions and services relating to European License Plates, the delivery process of new decoders and modems for clients of a telecom operator and other value added services.

Revenues from **Corporate** increased by EUR 0.7m.

First half of 2016

In million EUR	1H15	SGEI	Δ	1H16	% Δ	underlying vol. % Δ
Domestic mail	**735.3**	**(4.2)**	**(13.1)**	**718.0**	**-1.8%**	**-3.9%**
Transactional mail	461.4		(13.8)	447.7	-3.0%	-5.1%
Advertising mail	126.1		(0.2)	125.9	-0.2%	-1.0%
Press	147.7	(4.2)	0.9	144.4	0.6%	-1.2%
Parcels	**164.5**	**0.0**	**10.8**	**175.3**	**6.6%**	
Domestic parcels	78.9		9.4	88.3	11.9%	+16.4%
International parcels	80.6		2.3	82.9	2.8%	
Special logistics	5.0		(0.9)	4.2	-17.1%	
Additional sources of revenues	**296.1**	**(11.1)**	**(6.8)**	**278.2**	**-2.3%**	
International mail	87.3		(8.0)	79.3	-9.2%	
Value added services	47.7		5.5	53.3	11.6%	
Banking and financial products	103.4	(5.8)	(1.3)	96.3	-1.2%	
Others	57.6	(5.2)	(3.1)	49.3	-5.3%	
Corporate	**18.3**		**6.6**	**25.0**	**36.1%**	
TOTAL	**1.214.2**	**(15.2)**	**(2.5)**	**1.196.5**	**-0.2%**	

Excluding the lower compensation for SGEI and for the press concessions, **total operating income** decreased by EUR 2.5m or -0.2%.

Domestic Mail revenues amounted to EUR 718.0m in the first half of 2016, an organic decline of EUR 13.1m versus last year, due to a reported volume evolution of -3.6% and an underlying volume evolution of -3.9%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 10.8m to reach EUR 175.3m, mainly driven by the volume growth of 16.4% in Domestic Parcels and the positive contribution from the acquisition strategy.

Additional Sources of Revenues amounted to EUR 278.2m, down EUR 6.8m, mainly due to bpost's consequent execution of price strategy not to grant price discounts impacting the International mail portfolio (EUR -8.0m). The decrease of the latter has been partially compensated by the good performance of the Value added services (EUR +5.5m).

Revenues from **Corporate** increased by EUR 6.6m to EUR 25.0m, mainly due to higher gains of sales of buildings.

Operating expenses

Second quarter of 2016

In million EUR	2Q15	2Q16	% Δ
Payroll & interim costs	282.8	280.7	-0.8%
FTE	*24,430*	*24,353*	*-77*
SG&A (excl. interim and transport costs)	90.3	96.5	6.9%
Transport costs	50.3	48.2	-4.3%
Other costs	14.4	7.1	-50.7%
TOTAL OPERATING EXPENSES	**437.9**	**432.5**	***-1.2%***

Total operating expenses reached EUR 432.5m and decreased by EUR 5.3m, or 1.2%. All costs decreased except for SG&A excluding interim and transport costs. Excluding exceptional costs[1], total operating expenses were down EUR 6.6m on an underlying basis.

Payroll and interims costs amounted to EUR 280.7m and showed a decrease of EUR 2.1m compared to the same period of 2015. In the second quarter of 2015, payroll costs were positively impacted by a one-off settlement of social charges (net negative impact of EUR 4.3m in 2016). Excluding this item, payroll and interim costs decreased by EUR 6.4m.

The decrease in payroll and interim costs was primarily driven by productivity improvements in our network and the contribution of Alpha which together led to a reported average year-on-year reduction of 77 FTE and interims generating savings of EUR 1.5m. This decrease was on the lower side of the historical rate, as the figure included FTE and interims of the new subsidiaries, the internalization of newspaper delivery (= Deltamedia) and additional workforce to absorb growth of parcels volumes and solutions. The total impact of the above mentioned items amounted to 630 FTE and interims. Therefore, the underlying average reduction in FTE and interims amounted to 707 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 3.3m.

A positive price effect impacted costs by EUR 5.0m, stemming from the impact of the tax shift and lower lay-off costs.

Those positive effects were partially offset by an unfavourable evolution of the holiday arrears (EUR 2.3m) and by an increase of the costs of employee benefits (EUR 1.6m).

SG&A excluding interim and transport costs increased by EUR 6.2m (6.9%), or EUR 2.6m excluding the negative impact of exceptional costs related to strategic corporate projects (EUR 3.6m). Publicity and advertising costs and maintenance and repairs rose respectively by EUR 1.1m and EUR 1.1m.

Transport costs amounted to EUR 48.2m, EUR 2.2m lower compared to previous year (or 4.3%), in line with the evolution of the international activities partially offset by lower favorable settlements in previous year's terminal dues (EUR 0.5m).

[1] Exceptional costs consist of:
- Positive one-off settlement of social charges last year (net negative impact in 2016 EUR 4.3m) in payroll.
- Impact of strategic corporate project costs (EUR 3.6m) in SG&A excluding interim and transport costs.
- Favorable evolution of provisions (EUR 4.6m) and absence of last year's earn-out for Gout (EUR 2.0m) in other costs.

Other costs decreased by EUR 7.3m. Excluding two one-offs, i.e. the favorable evolution of provisions (EUR 4.6m) and the absence of last year's earn-out for Gout (EUR 2.0m), other costs decreased by EUR 0.7m.

First half of 2016

In million EUR	YTD15	YTD16	% Δ
Payroll & interim costs	577.3	568.5	*-1.5%*
FTE	*24,446*	*24,230*	*-216*
SG&A (excl. interim and transport costs)	176.9	180.0	*1.8%*
Transport costs	103.0	98.6	*-4.3%*
Other costs	24.6	14.1	*-42.7%*
TOTAL OPERATING EXPENSES	**881.7**	**861.2**	***-2.3%***

In the first half of 2016 **total operating expenses** have decreased by EUR 20.6m, being 2.3%. This decrease was mainly driven by the decrease of the other costs (EUR -10.5m), the payroll and interim costs (EUR -8.8m) and the transport costs (EUR -4.4m), partially offset by the increase of SG&A costs excluding interim and transport costs (EUR +3.1m).

In the first half of 2016, **payroll and interims costs** decreased by EUR 8.8m mainly driven by the reduction in the average headcount work force by 216 FTE (underlying decrease of 721 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 an increase of EUR 3.1m, or 1.8%, mainly due to increased costs related to strategic corporate projects.

In the first half of 2016, **transport costs** amounted to EUR 98.6m, EUR 4.4m lower compared to previous year (or 4.3%), in line with the evolution of the international activities partially offset by lower favorable settlements in previous year's terminal dues (EUR 0.6m).

The decrease in **other costs** in the first half of 2016 amounted to EUR 10.5m or 42.7%, mainly driven by the favorable evolution of the provisions (EUR 5.9m), 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.

Cash flow statement

Second quarter of 2016

In the second quarter of 2016, the net cash outflow decreased compared to the same period last year by EUR 3.4m to EUR 62.0m EUR.

Free cash flow (EUR -14.6m) was EUR 6.6m higher than last year.

Cash flow from operating activities yielded EUR 12.2m (EUR -3.3m in the second quarter of 2015). Cash generation from operating activities had been negatively impacted by the Alpha pay-outs (EUR -6.3m) in the second quarter of 2016. Excluding these outflows, results of operating activities improved by EUR 11.1m and working capital evolution also showed a positive trend (EUR +10.7m compared to the second quarter of 2015) mainly due to phasing in the payment of commissions on banking and insurance products sold by bpost (EUR +7.7m) and the positive impact of the increased recoverable VAT (EUR +3.4m).

Investing activities generated a cash outflow of EUR 26.8m in the second quarter of 2016, or an increase by EUR 8.9m compared to the same period last year. The lower proceeds from the sale of buildings (EUR -1.2m) and the higher capital expenditures (EUR -7.0m) mainly explained this evolution. The cash outflows for new subsidiaries remained stable in the second quarter of 2016 compared to last year: cash outflows relating to the purchase of Apple Express (EUR -11.4m), CityDepot (EUR -0.2m) and FDM Australia (EUR -0.1m) are almost aligned with earn-out amounts paid in 2015 to Gout and Landmark (EUR -10.9m).

The cash outflow relating to **financing activities** amounted to EUR 47.4m, an increase of EUR 3.2m compared to last year mainly as a result of a higher dividend pay-out to shareholders in the second quarter of 2016 (EUR -4.0m).

First half of 2016

In the first half of 2016, bpost generated EUR 181.8m of net cash. This is a decrease of EUR 50.6m compared to the net cash inflow of EUR 232.4m for the same period last year, mainly due to the increased cash outflow related to investing activities.

Cash flow from operating activities resulted in a cash inflow of EUR 293.3m, EUR 10.0m less than the same period last year. Cash generation from operating activities had been negatively impacted by the lower compensation and change in payment terms for SGEI (EUR -36.8m) and the Alpha pay-outs (EUR -18.3m) in the first half of 2016. Income tax paid relating to previous years was lower in the first half of 2016 compared to the same period last year (EUR +21.1m). Excluding these elements, results of operating activities improved by EUR 17.1m and working capital evolution slightly improved (EUR 6.9m compared to the first half of 2015) mainly due to phasing elements: terminal dues paid by another postal operator (EUR +4.3m) and payment of commissions on banking and insurance products sold by bpost (EUR +6.7m). This was partially offset by changes in payment terms and settlements for social security (EUR -5.4m).

Investing activities generated a cash outflow of EUR 62.0m in the first half of 2016 compared to an outflow of EUR 26.4m for the same period last year. This increase is mainly due to higher capital expenditures (EUR -7.9m) and higher cash outflows related to the subsidiaries (EUR -33.7m). These effects were partially counterbalanced by higher proceeds from the sale of property, plant and equipment (EUR +6.1m).

The cash outflow relating to **financing activities** amounted to EUR 49.5m, an increase by EUR 5.1m compared to last year given the higher dividend pay-out and the dividend to minority interests paid in first half of 2016.

Key events during the second quarter

bpost and PostNL ended negotiations

On May 29, 2016 bpost confirmed that it had conducted negotiations with PostNL regarding a possible combination of the two companies through a friendly public offer by bpost on all shares of PostNL. These negotiations have not, in the end, led to an agreement on the terms of such a transaction.

On June 1, 2016 bpost acquired Apple Express

On June 1, 2016 9517154 Canada Ltd, a 100% subsidiary of bpost SA-NV, purchased the assets of Apple Express Courier Ltd and Matt's Express (1990) Ltd, two Canadian companies and bpost US Holding Inc., another 100% subsidiary of bpost SA-NV, purchased 100% of the shares of Apple Express Courier Inc., a Miami-based American company. Its business consists of the last mile delivery, transportation and fulfilment services for clients in Canada and the US.

This acquisition supports the international e-commerce cross-border parcels strategy of the company.

European Commission approved sixth Management Contract and the concessions for distribution of newspapers and periodicals

On June 3, 2016, the European Commission announced that it has approved under the state aid rules both the 6th Management Contract and the concession agreements on the distribution of newspapers and periodicals.

On June 20, 2016 bpost launched bringr, an innovative collaborative platform app allowing smartphone users to find a driver for delivering goods

With bringr, a scoop in Belgium, bpost complemented its existing product range with a service that enables users to find a driver to pick up goods at point A and deliver them to point B. bpost's role is to facilitate this collaborative platform. People who offer their services through the app have no contractual links with bpost but should respect the applicable regulatory framework. bpost has chosen the Antwerp region for pick-up locations to originate from for the pilot project. The delivery address can be anywhere in Belgium. If this pilot project is successful, the service will be rolled out to additional cities.

Financial calendar

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
15.11.16	Capital Markets Day
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

Interim Condensed Consolidated Financial Statements[2]

Interim Consolidated Income Statement

In million EUR	NOTES	Year-to-date 2015	Year-to-date 2016	2nd quarter 2015	2nd quarter 2016
Turnover	6	1,206.3	1,183.2	593.7	587.5
Other operating income		7.9	13.3	3.9	4.4
TOTAL OPERATING INCOME		**1,214.2**	**1,196.5**	**597.6**	**591.9**
Materials cost		(13.7)	(14.9)	(6.3)	(8.0)
Services and other goods	7	(294.8)	(301.4)	(148.8)	(157.2)
Payroll costs		(562.4)	(545.7)	(274.7)	(268.2)
Other operating expenses		(10.9)	0.8	(8.1)	0.9
Depreciation, amortization		(42.6)	(44.6)	(21.5)	(22.7)
TOTAL OPERATING EXPENSES		**(924.4)**	**(905.8)**	**(459.4)**	**(455.2)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**289.8**	**290.7**	**138.3**	**136.8**
Financial income		2.1	2.7	0.7	2.0
Financial cost		(8.3)	(16.2)	(5.1)	(13.7)
Share of profit of associates		4.6	2.3	5.4	5.1
PROFIT BEFORE TAX		**288.2**	**279.5**	**139.2**	**130.2**
Income tax expense		(100.5)	(95.7)	(48.1)	(42.3)
PROFIT OF THE PERIOD		**187.7**	**183.7**	**91.2**	**87.9**
Attributable to:					
Owners of the Parent		186.7	183.1	91.0	87.5
Non-controlling interests		1.0	0.6	0.1	0.4

EARNINGS PER SHARE

In EUR	Year-to-date 2015	Year-to-date 2016	2nd quarter 2015	2nd quarter 2016
►basic, profit for the year attributable to ordinary equity holders of the parent	0.93	0.92	0.46	0.44
►diluted, profit for the year attributable to ordinary equity holders of the parent	0.93	0.92	0.46	0.44

[2] 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

In million EUR	As of 30 June 2015	As of 30 June 2016
PROFIT FOR THE YEAR	**187.7**	**183.7**
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	0.5	0.4
NET OTHER COMPREHENSIVE INCOME / (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**0.5**	0.4
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	(38.5)	19.7
(Loss)gain on available for sale financial assets	(58.3)	29.8
Income tax effect	19.8	(10.1)
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	**(34.3)**	**14.0**
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	**(33.8)**	**14.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**154.0**	**198.1**
Attributable to:		
Owners of the Parent	153.0	197.5
Non-controlling interest	1.0	0.6

Interim Consolidated Statement of Financial Position

In million EUR	NOTES	As of 31 December 2015	As of 30 June 2016
Assets			
Non-current assets			
Property, plant and equipment	8	548.5	538.9
Intangible assets	9	89.6	120.1
Investments in associates	10	375.0	397.0
Investment properties		6.5	5.9
Deferred tax assets		47.2	47.1
Trade and other receivables		2.3	2.1
		1,069.2	**1,111.1**
Current assets			
Assets held for sale		3.1	0.7
Inventories		11.1	9.9
Income tax receivable		1.7	2.3
Trade and other receivables	11	411.2	328.9
Cash and cash equivalents	12	615.7	796.6
		1,042.8	**1,138.3**
TOTAL ASSETS		**2,112.0**	**2,249.5**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		230.9	293.9
Foreign currency translation		0.6	1.0
Retained earnings		99.3	183.7
		694.8	**842.6**
Non-controlling interests		(0.0)	0.0
TOTAL EQUITY		**694.8**	**842.6**
Non-current liabilities			
Interest-bearing loans and borrowings		56.2	57.1
Employee benefits	13	346.2	358.7
Trade and other payables	14	61.7	24.5
Provisions		29.2	29.7
Deferred tax liabilities		1.3	1.3
		494.7	**471.4**
Current liabilities			
Interest-bearing loans and borrowings		9.6	9.3
Bank overdrafts		0.2	0.2
Provisions		35.0	29.6
Income tax payable	15	39.4	109.4
Trade and other payables	16	838.3	787.1
		922.5	**935.5**
TOTAL LIABILITIES		**1,417.2**	**1,406.9**
TOTAL EQUITY AND LIABILITIES		**2,112.0**	**2,249.5**

Interim Consolidated Statement of Changes in Equity

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
In million EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS PER 1 JANUARY 2015	**364.0**	**0.0**	**229.4**	**0.6**	**87.5**	**681.4**	**0.0**	**681.4**
Profit for the year 2015					186.7	186.7	1.0	187.7
Other comprehensive income			53.2	0.5	(87.5)	(33.8)		(33.8)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**53.2**	**0.5**	**99.2**	**153.0**	**1.0**	**154.0**
Dividends (Pay-out)			(44.0)		0.0	(44.0)	0.0	(44.0)
Other			(3.2)		1.0	(2.2)	(1.0)	(3.2)
AS OF 30 JUNE 2015	**364.0**	**(0.0)**	**235.4**	**1.1**	**187.7**	**788.2**	**0.0**	**788.2**
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					183.1	183.1	0.6	183.7
Other comprehensive income			113.3	0.4	(99.3)	14.4		14.4
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**113.3**	**0.4**	**83.8**	**197.5**	**0.6**	**198.1**
Dividends (Pay-out)			(48.0)		0.0	(48.0)	(2.0)	(50.0)
Other			(2.3)		0.6	(1.7)	1.4	(0.3)
AS OF 30 JUNE 2016	**364.0**	**(0.0)**	**293.9**	**1.0**	**183.7**	**842.6**	**0.0**	**842.6**

Equity increased by EUR 147.8m, or 21.3%, to EUR 842.6m as of June 30, 2016 from EUR 694.8m as of December 31, 2015. The increase is mainly due to the realized profit of EUR 183.7m and the positive fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 19.7m, 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

	Year-to-date		2nd quarter	
In million EUR	2015	2016	2015	2016
Operating activities				
Profit before tax	288.2	279.5	139.2	130.2
Depreciation and amortization	42.2	44.6	21.1	22.7
Impairment on bad debts	0.2	0.9	0.5	0.5
Gain on sale of property, plant and equipment	(5.0)	(9.5)	(2.7)	(2.2)
Change in employee benefit obligations	(10.1)	5.2	(6.4)	7.7
Share of profit of associates	(4.6)	(2.3)	(5.4)	(5.1)
Income tax paid	(4.3)	(4.0)	(1.9)	(1.8)
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	**264.6**	**293.4**	**144.4**	**151.9**
Decrease/(increase) in trade and other receivables	75.7	81.3	(8.9)	(1.0)
Decrease/(increase) in inventories	1.6	1.2	0.7	0.7
Increase/(decrease) in trade and other payables	(39.8)	(78.0)	(140.0)	(135.5)
Increase/(decrease) in provisions	1.2	(4.7)	0.5	(4.0)
NET CASH FROM OPERATING ACTIVITIES	**303.2**	**293.3**	**(3.3)**	**12.2**
Investing activities				
Proceeds from sale of property, plant and equipment	8.2	14.4	5.3	4.1
Acquisition of property, plant and equipment	(17.4)	(25.8)	(9.5)	(16.1)
Acquisition of intangible assets	(6.3)	(5.9)	(2.8)	(3.2)
Acquisition of subsidiaries, net of cash acquired	(10.9)	(44.7)	(10.9)	(11.7)
NET CASH USED IN INVESTING ACTIVITIES	**(26.4)**	**(62.0)**	**(17.9)**	**(26.8)**
Financing activities				
Payments related to borrowings and financing lease liabilities	(0.4)	0.5	(0.2)	0.6
Dividends paid	(44.0)	(48.0)	(44.0)	(48.0)
Dividends paid to minority interests		(2.0)		
NET CASH FROM FINANCING ACTIVITIES	**(44.4)**	**(49.5)**	**(44.2)**	**(47.4)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**232.4**	**181.8**	**(65.5)**	**(62.0)**
NET FOREIGN EXCHANGE DIFFERENCE	**1.3**	**(0.9)**	**0.5**	**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 June	795.7	796.4		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 JUNE	**233.7**	**180.9**		

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first six months ended June 30, 2016 were authorized for issue in accordance with a resolution of the Board of Directors on August 8, 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 are subject to review by the independent auditor (see statement of limited review).

The interim condensed consolidated financial statements for the six months ended June 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 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

Additional consideration CityDepot

In May 2016 bpost NV-SA acquired an additional 10% of CityDepot NV, to reach a total of 58% shares for a price of EUR 0.2m.

Acquisitions of the six months ended June 30, 2016

On March 21, 2016 bpost NV-SA purchased 100% of the shares both of Freight Distribution Management Systems PTY Ltd and FDM Warehousing PTY Ltd ("FDM"), two Sydney-based Australian companies.

These FDM entities are specialized in providing a personalized customer service for warehousing and distributing products in Australia. FDM's business consists of Third Party Logistics (3PL) warehousing, transport & distribution.

In accordance with the purchase agreement and including a purchase price adjustment of EUR 0.4m calculated based on the final closing accounts, bpost NV-SA paid an amount of EUR 14.8m. In addition, the agreement includes a contingent consideration arrangement and foresees an additional remuneration based on the EBITDA achieved in 2016 and 2017. Based on the last forecast, the fair value of the contingent consideration is recognized for an amount of EUR 6.8m as a financial liability.

The calculated goodwill, after price adjustment, is presented as follows:

CARRYING AMOUNT IN THE ACQUIRED ENTITY	In million EUR
Current Assets	4.3
Non-Currents Assets	3.8
Current Liabilities	1.7
Non-Current Liabilities	1.0
Net Assets	**5.4**
Fair value of the assets acquired ie 100% Net Assets	5.4
Goodwill arising on acquisition	16.2
Purchase consideration transferred	**21.6**
of which:	
- Cash paid	14.8
- Contingent consideration	6.8

Analysis of cash flows on acquisition	In million EUR
Net cash acquired with the subsidiary	2.7
Cash paid	(14.8)
Net cash outflow	**(12.1)**

The goodwill derives from expected synergies from combining operations of bpost and its subsidiaries.

On June 1, 2016 9517154 Canada Ltd, a 100% subsidiary of bpost NV-SA, purchased the assets of Apple Express Courier Ltd and Matt's Express (1990) Ltd, two Canadian companies, and bpost US Holding Inc., another 100% subsidiary of bpost NV-SA, purchased 100% of the shares of Apple Express Courier Inc., a Miami-based American company.

These Apple Express entities primarily provide last mile delivery services to their clients in Canada and the USA. AE's business consists of transportation and fulfillment services.

The total purchase price was CAD 18.0m (EUR 12.5m) and is subject to an adjustment based on the net cash and net working capital on the date of the closing. In addition, the agreement provides for a contingent consideration arrangement (so-called earn-out). 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			2nd quarter	
In million EUR	**2015 Comparable**	**2016**	**Change %**	**2015 Comparable**	**2016**
MRS	940.5	913.0	-2.9%	465.5	454.1
P&I	255.3	258.5	1.2%	125.2	130.3
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,195.8**	**1,171.5**	**-2.0%**	**590.7**	**584.3**
Corporate (Reconciling category)	18.3	25.0	36.1%	6.9	7.6
TOTAL OPERATING INCOME	**1,214.2**	**1,196.5**	**-1.5%**	**597.6**	**591.9**

Revenues attributable to the MRS operating segment decreased by EUR 11.4m compared to the second quarter of 2015, to EUR 454.1m, mainly due to:

- the lower remuneration for SGEI and for the press concessions,
- the 3.8% underlying volume decline of Domestic Mail,
- partially compensated by price increases in Domestic Mail and increased revenues from Value-added services.

P&I revenues slightly increased by EUR 5.0m in the second quarter. The increase of the Parcels product portfolio (EUR +7.2m) was mainly driven by a good performance in Domestic Parcels (EUR +5.8m) and the positive contribution of the acquisition strategy (EUR +6.2m), partially offset by the lower revenues for International Parcels (EUR -4.4m) and Special Logistics (EUR -0.4m). Furthermore International mail decreased by EUR 2.1m, the decrease of the latter was mainly the 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			2nd quarter	
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**
Belgium	1,051.2	1,034.7	-1.6%	518.8	514.5
Rest of the World	163.0	161.8	-0.7%	78.8	77.5
TOTAL OPERATING INCOME	**1,214.2**	**1,196.5**	**-1.5%**	**597.6**	**591.9**

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

In million EUR	Year-to-date 2015 Comparable	Year-to-date 2016	Change %	2nd quarter 2015 Comparable	2nd quarter 2016
MRS	256.4	259.1	1.1%	121.6	123.9
P&I	40.9	41.4	1.1%	18.0	20.6
TOTAL EBIT OF OPERATING SEGMENTS	**297.4**	**300.5**	**1.1%**	**139.5**	**144.4**
Corporate (Reconciling category)	(7.5)	(9.8)	30.5%	(1.3)	(7.6)
TOTAL EBIT	**289.8**	**290.7**	**0.3%**	**138.3**	**136.8**

In the second quarter of 2016, EBIT of the MRS operating segment increased by EUR 2.3m to EUR 123.9m. The lower compensation for SGEI and for the press concessions and the volume decline were compensated by the price increases, productivity improvements and other cost reductions.

EBIT attributable to the P&I operating segment increased by EUR 2.6m from EUR 18.0m to EUR 20.6m in the second quarter of 2016. This increase is mainly due to the increase of the operating income, the better performance of some P&I subsidiaries and last year's earn-out for Gout (EUR 2.0m).

In million EUR	Year-to-date 2015 Comparable	Year-to-date 2016	Change %	2nd quarter 2015 Comparable	2nd quarter 2016
MRS	256.4	259.1	1.1%	121.6	123.9
P&I	40.9	41.4	1.1%	18.0	20.6
TOTAL EAT OF OPERATING SEGMENTS	**297.4**	**300.5**	**1.1%**	**139.5**	**144.4**
Corporate (Reconciling category)	(109.6)	(116.8)	6.5%	(48.4)	(56.6)
TOTAL EAT	**187.7**	**183.7**	**-2.1%**	**91.2**	**87.9**

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	Year-to-date 2016	Change %	2nd quarter 2015	2nd quarter 2016
OPERATING INCOME	**18.3**	**25.0**	**36.1%**	**6.9**	**7.6**
Central departments (Finance, Legal, Internal Audit, CEO, ...)	(31.7)	(33.4)	5.4%	(15.7)	(18.5)
Other reconciliation items	5.9	(1.4)	-123.4%	7.5	3.2
OPERATING EXPENSES	**(25.9)**	**(34.8)**	**34.5%**	**(8.2)**	**(15.3)**
EBIT CORPORATE (RECONCILING CATEGORY)	**(7.5)**	**(9.8)**	**30.5%**	**(1.3)**	**(7.6)**
Share of profit of associates	4.6	2.3	-49.8%	5.4	5.1
Financial Results	(6.2)	(13.5)	118.2%	(4.4)	(11.7)
Income Tax expense	(100.5)	(95.7)	-4.7%	(48.1)	(42.3)
EAT CORPORATE (RECONCILING CATEGORY)	**(109.6)**	**(116.8)**	**6.5%**	**(48.4)**	**(56.6)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category decreased by EUR 6.3m from negative EUR 1.3m in the second quarter of 2015 to negative EUR 7.6m in the second quarter of 2016. The decrease was mainly due to a favourable settlement of social charges in the second quarter of 2015 (net negative impact in 2016 of EUR 4.3m) and increased costs related to strategic corporate projects.

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

6. Turnover

	Year-to-date		2nd quarter	
In million EUR	**2015**	**2016**	**2015**	**2016**
Turnover excluding the SGEI remuneration	1,062.5	1,054.5	521.8	523.6
SGEI remuneration	143.9	128.6	71.9	63.9
TOTAL	**1,206.3**	**1,183.2**	**593.7**	**587.5**

7. Services and other goods

	Year-to-date			2nd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
Rent and rental costs	33.7	34.5	2.3%	17.5	17.9	2.5%
Maintenance and repairs	36.4	36.3	-0.4%	18.4	19.4	5.7%
Energy delivery	18.5	16.1	-13.0%	9.0	7.8	-12.7%
Other goods	8.8	10.0	13.7%	4.4	5.4	23.3%
Postal and telecom costs	2.9	3.0	2.6%	1.5	1.6	9.0%
Insurance costs	5.7	5.8	1.9%	3.3	3.5	5.9%
Transport costs	103.0	98.6	-4.3%	50.3	48.2	-4.3%
Publicity and advertising	5.9	6.1	3.8%	3.5	4.5	30.5%
Consultancy	3.1	5.4	76.4%	1.4	2.3	60.9%
Interim employees	14.9	22.8	53.0%	8.1	12.5	54.3%
Third party remuneration, fees	52.2	53.6	2.7%	26.3	29.1	10.5%
Other services	9.7	9.2	-4.8%	5.1	5.0	-3.0%
TOTAL	**294.8**	**301.4**	**2.2%**	**148.8**	**157.2**	**5.7%**

8. Property, plant and equipment

In the first half of the year 2016 property, plant and equipment decreased by EUR 9.6m, or 1.8%, to EUR 538.9m as of June 30, 2016. The decrease is mainly due to depreciations of EUR 37.8m and transfer to Assets Held For Sale of EUR 2.4m, partially offset by capital expenditures of EUR 25.8m and the acquisitions through business combinations for EUR 4.1m.

9. Intangible assets

Intangible assets increased by EUR 30.5m in the first half of the year, or 34.0%, to EUR 120.1m as of June 30, 2016. The increase is mainly due to the capital expenditures of EUR 5.9m, 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 14.9m. This increase is partially offset by the depreciations of EUR 6.8m.

10. Investments in associates

Investments in associates increased by EUR 22.0m, or 5.9%, to EUR 397.0m as of June 30, 2016. This increase is due to the increase in the unrealized gain on the bond portfolio in the amount of EUR 19.7m, reflecting an average decrease of the underlying yield curve by 35 basis points (bps) and bpost's share of bpost bank's gain for the first six months of 2016 in the amount of EUR 2.3m. As of June 30, 2016, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 198.6m, which represented 50.0% 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 82.3m, or 20.0%, to EUR 328.9m as of June 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 180.9m, or 29.4%, to EUR 796.6m as of June 30, 2016. This increase is mainly due to the normalized free cash flow (EUR 231.3m), partially offset by the payment of EUR 50.0m dividend.

13. Employee benefits

	As of 31 December	As of 30 June
In million EUR	**2015**	**2016**
Post-employment benefits	(77.7)	(84.2)
Long-term employee benefits	(108.9)	(113.5)
Termination benefits	(11.6)	(8.6)
Other long-term benefits	(148.1)	(152.3)
TOTAL	**(346.2)**	**(358.7)**

Employee benefits increased by EUR 12.5m, or 3.6%, to EUR 358.7m as of June 30, 2016. The increase mainly reflects:

- The payment of benefits for an amount of EUR 16.9m, which included EUR 3.4m 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 11.1m), and interest costs (EUR 2.9m).
- Financial actuarial losses of EUR 11.0m 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 37.1m, to EUR 24.5m as of June 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 (EUR 3.4m) and Apple Express (EUR 3.9m)

15. Income tax payable

Income tax payable increased by EUR 69.9m, to EUR 109.4m as of June 30, 2016 and is mainly explained by the accrued income taxes partially offset by the income taxes paid in the first quarter of 2016.

16. Current trade and other payables

Current trade and other payables decreased by EUR 51.2m, or 6.1%, to EUR 787.1m as of June 30, 2016. This decrease is due to the decline of the trade payables and social payables respectively by EUR 34.4m and EUR 89.3m, partially offset by the increase in other payables by EUR 72.6m. The decrease of the social payables is mainly caused by a timing difference as 2015 full year social accruals (holiday pay, bonuses,...) have been paid during the first half of 2016. The increase of the other payables is primarily caused by the advance payment received from the Belgian State in respect of the SGEI compensation (EUR 45.0m) as well as 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 3.6m), partially offset by the payment of 24.5% of the shares of Landmark during 2016.

17. Contingent Liabilities and Contingent Assets

As of 30 June 2016, bpost had 6,537 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 and on 25 May 2016, the Court of Appeal of Mons rejected the claims by 11 auxiliary postmen at appeal level.
No more claims are currently pending in court, but appeal proceedings or cassation proceedings could still be introduced.

18. Events After the Reporting Period

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

Limited review report

Report of the Joint Auditors – Members of the Belgian Institute of Registered Auditors to the shareholders of bpost SA de droit public / bpost NV van publiek recht on the review of the interim condensed consolidated financial statements as of 30 June 2016 and for the six month period then ended

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of bpost SA de droit public / bpost NV van publiek recht (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2016 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Diegem, 8 August 2016

The Joint Auditors

Ernst & Young Bedrijfsrevisoren BCVBA
Represented by

Eric Golenvaux*
Partner
* acting on behalf of a BVBA / SPRL

PVMD Bedrijfsrevisoren BCVBA
Represented by

Caroline Baert
Partner

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

During the first and second quarter of 2016 and 2015 no non-recurring income statement related items were identified.

Cash Flow Statement related

During the first and second quarter of 2016 and 2015 no non-recurring cash flow statement related items were identified.

From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	Year-to-date			2nd quarter		
In million EUR	**2015**	**2016**	**Change %**	**2015**	**2016**	**Change %**
IFRS Consolidated Net Profit	**187.7**	**183.7**	**-2.1%**	**91.2**	**87.9**	**-3.6%**
Results of subsidiaries and deconsolidation impacts	(13.6)	(18.6)	37.1%	(4.9)	(8.4)	71.3%
Differences in depreciation and impairments	(4.0)	(0.3)	-91.8%	(1.3)	(0.0)	-98.7%
Differences in recognition of provisions	(0.9)	(2.4)	182.9%	(0.2)	(2.2)	-
Effects of IAS19	(10.5)	3.1	-129.5%	(5.3)	6.0	-213.9%
Deferred taxes	6.6	1.5	-77.2%	3.0	(0.2)	-105.2%
Other	5.7	4.4	-22.6%	1.3	(1.8)	-232.9%
Belgian GAAP unconsolidated net profit	**171.1**	**171.4**	**0.1%**	**83.8**	**81.4**	**-2.9%**

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 second quarter of 2015 and 2016 Alteris paid a dividend of EUR 4.0m to bpost.

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

	Year-to-date		2nd quarter	
In million EUR	**2015**	**2016**	**2015**	**2016**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(4.9)	(6.7)	(2.3)	(3.6)
Profit of the international subsidiaries (local GAAP)	(4.8)	(7.0)	(2.7)	(4.9)
Share of profit of bpost bank (local GAAP)	(7.2)	(6.6)	(3.6)	(3.5)
Other deconsolidation impacts	3.4	1.7	3.7	3.7
TOTAL	**(13.6)**	**(18.6)**	**(4.9)**	**(8.4)**

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 in the second quarter 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[3], 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.

[3] 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.