bpost: second quarter 2017 results

Second quarter 2017 highlights

- **Operating income (revenues)** at EUR 699.6m, **up 18.2%**, driven by excellent Parcels performance and acquisitions.
- **Underlying Domestic Mail volume evolution at -6.7%** impacted by tough comparables (-3.8% for 2Q16) and increased e-substitution in Transactional Mail. Strong positive Advertising mail volume trend.
- **Outstanding Domestic Parcels volumes up 25.5%** (+18.3% for 2Q16) driven by strong e-commerce growth, new customers and continued positive trend in C2C. Price/mix effect of -6.6%, fully mix related.
- **International Parcels up EUR 13.1m**, supported by positive contribution from the acquisitions and increase in flows from Asia and Europe.
- **Additional Sources of Revenues** (up EUR 70.6m) driven by the acquisition of Ubiway.
- **Organic costs evolution on track.** Opex increase explained by the acquisitions for EUR +107.5m. Transport costs increased in line with positive international business evolution.
- **EBITDA perfectly in line with last year and with guidance**.
- **Net profit of bpost SA/NV under BGAAP** at EUR 76.5m.

CEO quote

Koen Van Gerven, CEO, commented: *"The second quarter results are on track for 2017. The outstanding parcels performance, the positive contribution from our acquisitions and the strict cost control compensate the anticipated domestic mail volume decline and the regulatory constraints on the pricing for the small user basket. The new postal law just announced by the Belgian Government should ensure a stable and predictable regulatory framework for the Belgian postal market. We confirm our ambition to deliver the same level of operational result and dividend as last year."*

Outlook for 2017 maintained

We expect revenues to grow driven by:
- a **double digit volume growth** in **Domestic Parcels,** with a price/mix effect of around -4%.
- **continued growth in International Parcels** supported by acquisitions.
- growing Ubiway retail revenues.
- partly offset by an underlying Domestic Mail **volume decline between 5 and 6%** and in turn partly compensated by an **average Domestic Mail price increase of 1.5%**. The third quarter will count 1 working day less on franking machines and 2 less on stamps and the fourth quarter 1 less on franking machines and 1 more on stamps compared to the same quarters of 2016.

On the cost side, we expect an increase driven by:
- increase in transport cost reflecting growth in International Parcels
- consolidation of acquired businesses
- salary indexation confirmed as of July 2017
- partly compensated by continued productivity improvements and optimized FTE mix and
- continued cost optimization.

This results in our ambition to have a **recurring EBITDA and dividend for 2017 at the same levels as 2016.**
Gross **capex** is expected to be around **EUR 90.0m** mainly related to further Vision 2020 investments. On top of that, Ubiway capex will amount to a maximum of **EUR 10.0m**.

Key figures

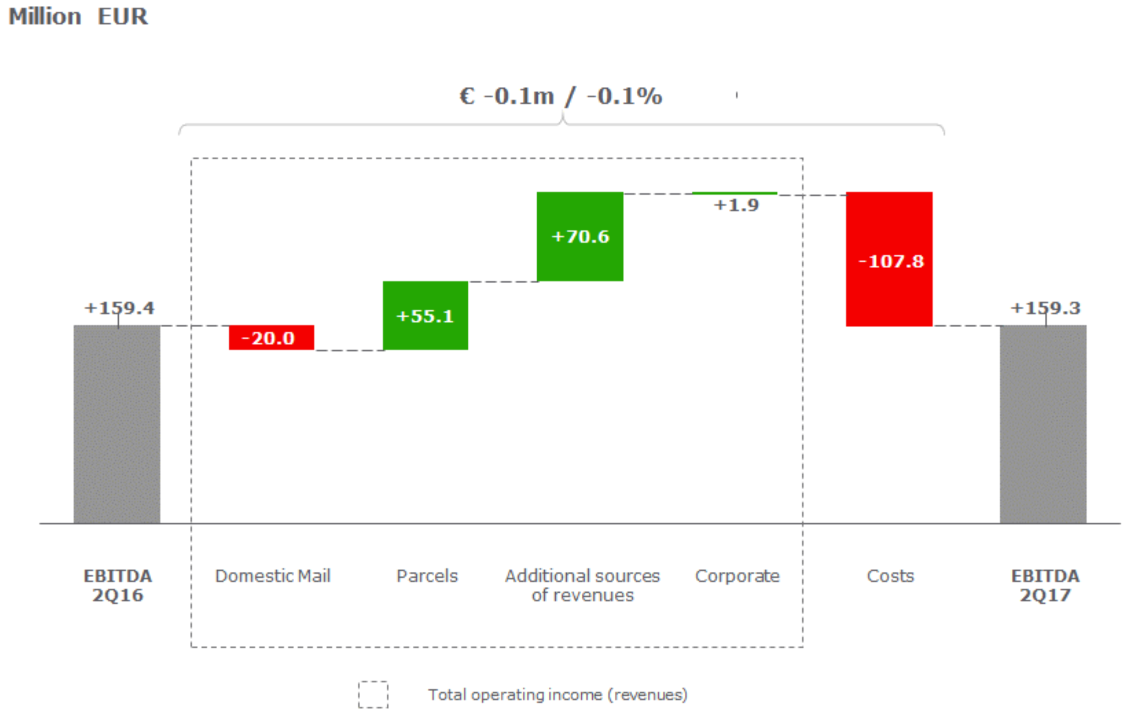
2nd quarter (in million EUR)	Reported 2016	Reported 2017	% Δ
Total operating income (revenues)	591.9	699.6	18.2%
Operating expenses	432.5	540.3	24.9%
EBITDA	**159.4**	**159.3**	**-0.1%**
Margin (%)	*26.9%*	*22.8%*	
EBIT	**136.8**	**136.0**	**-0.5%**
Margin (%)	*23.1%*	*19.4%*	
Profit before tax	**130.2**	**140.1**	**7.6%**
Income tax expense	42.3	40.4	
Net profit	**87.9**	**99.7**	**13.5%**
FCF	**(14.6)**	**0.8**	
bpost S.A./N.V. net profit (BGAAP)	**81.4**	**76.5**	**-6.0%**
Net Debt (Net cash), at 30 June	**(729.9)**	**(596.2)**	**-18.3%**

First half (in million EUR)	Reported 2016	Reported 2017	% Δ
Total operating income (revenues)	1,196.5	1,421.1	18.8%
Operating expenses	861.2	1,084.8	26.0%
EBITDA	**335.3**	**336.3**	**0.3%**
Margin (%)	*28.0%*	*23.7%*	
EBIT	**290.7**	**290.2**	**-0.2%**
Margin (%)	*24.3%*	*20.4%*	
Profit before tax	**279.5**	**290.4**	**3.9%**
Income tax expense	95.7	94.7	
Net profit	**183.7**	**195.8**	**6.5%**
FCF	**231.3**	**167.1**	**-27.8%**
bpost S.A./N.V. net profit (BGAAP)	**171.4**	**170.8**	**-0.3%**
Net Debt (Net cash), at 30 June	**(729.9)**	**(596.2)**	**-18.3%**

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

Income Statement

Second quarter 2017



Total operating income increased by EUR 107.6m or 18.2% to EUR 699.6m. This increase was driven by the increase of Parcels (EUR +55.1m, explained by the outstanding performance in Parcels and the integration of DynaGroup in Logistic Solutions), along with the integration of Ubiway, which was the main contributor to the increase of Additional sources of revenues (EUR +70.6m) and the total operating income attributable to Corporate (EUR +1.9m). All these effects were partially offset by the decrease of Domestic Mail as the price increases in Domestic Mail (EUR +3.6m) were outpaced by the volume decrease of Domestic Mail (EUR -21.1m) and the impact of two working days less (EUR -2.5m).

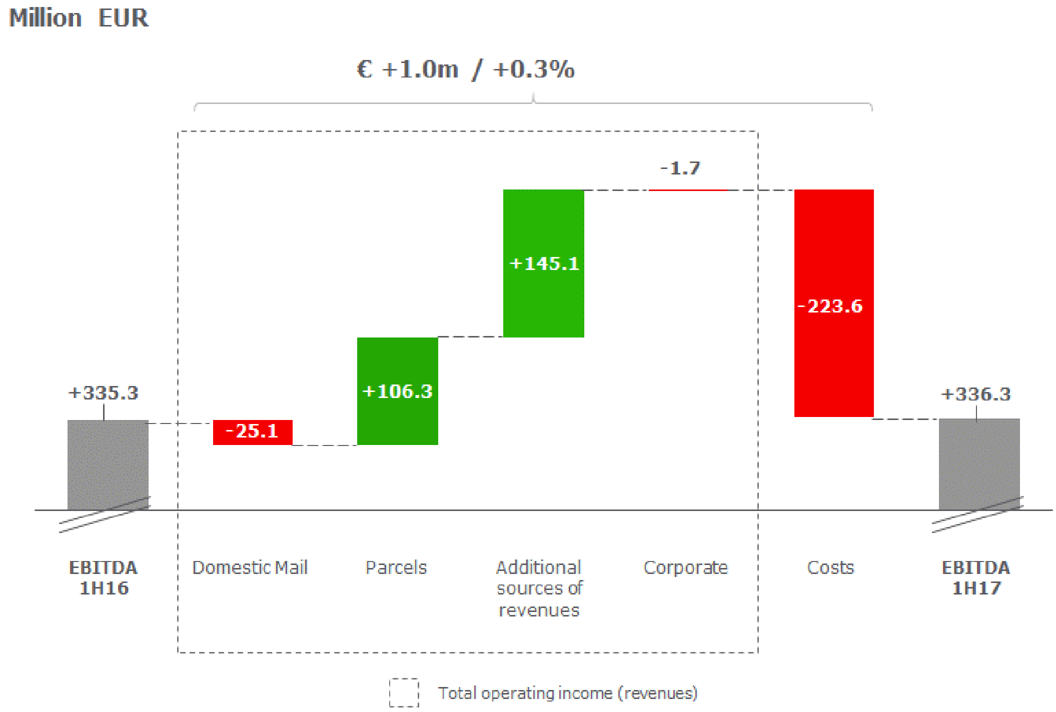
The costs increased by EUR 107.8m or 24.9%, mainly due to the consolidation of the new subsidiaries, leading to an EBITDA in line with last year and EBIT slightly lower than last year. EBITDA and EBIT were down EUR 0.1m and EUR 0.7m respectively.

Net financial result improved by EUR 11.6m mainly due to last year's increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in discount rates at that time.

Income Tax expense decreased by EUR 1.9m compared to last year.

IFRS group net profit stood at EUR 99.7m compared to EUR 87.9m last year. **Belgian GAAP net profit** of the parent company amounted to EUR 76.5m.

First half of 2017



Total operating income increased by EUR 224.6m or 18.8%, to EUR 1,421.1m. The increase of Parcels (EUR +106.3m) was driven by the Domestic Parcels volume growth, the good performance in International Parcels and the integration of DynaGroup in Logistic Solutions. Furthermore Additional sources of revenues increased by EUR +145.1m, mainly due to the integration of Ubiway. All these effects were partially offset by the decrease of Domestic Mail (EUR –25.1m, mainly volume driven) and the total operating income attributable to Corporate (EUR -1.7m).

The costs increased by EUR 223.6m or 26.0%, mainly due to the consolidation of the new subsidiaries, leading to EBITDA and EBIT in line with last year. EBITDA was 0.3% higher than last year, whereas EBIT was 0.2% lower than last year.

Net financial result increased by EUR 11.9m mainly due to last year's increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in discount rates at that time.

Income Tax expense decreased compared to last year.

IFRS group net profit reached EUR 195.8m. **Belgian GAAP net profit** of the parent company amounted to EUR 170.8m.

Total operating income

Following last years' acquisitions resulting in an expansion of products and services, the revenue portfolio of the bpost Group has been updated to better reflect the different activities. As of January 1, 2017 parcels solutions and fulfillment services have been transferred to the Logistic Solutions portfolio (previously called Special Logistics), whereas the Kariboo activities of Ubiway and the customs activities have been transferred to Domestic Parcels. These portfolios were previously registered under Additional sources of revenues, more specifically under Value added services and Other. The Asian packet products have been aligned and are now all reported within the International Parcels portfolio instead of International Mail. Finally the press and convenience distribution activities of Ubiway have been transferred from Other to a newly created product category Distribution.

Taking into account these changes, the 2016 figures at the level of the product portfolios have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2017 figures with the 2016 comparable figures.

Second quarter of 2017

In million EUR	2Q16	Reclassi-fications	2Q16 Comparable	Δ	2Q17	% Δ	underlying vol. % Δ
Domestic mail	**356.3**		**356.3**	**(20.0)**	**336.3**	**-5.6%**	**-6.7%**
Transactional mail	223.9		223.9	(22.3)	201.6	-9.9%	-9.9%
Advertising mail	60.8		60.8	1.8	62.6	2.9%	+4.5%
Press	71.6		71.6	0.5	72.1	0.7%	-5.0%
Parcels	**88.4**	**2.0**	**90.4**	**55.1**	**145.5**	**61.0%**	
Domestic parcels	45.2	0.9	46.1	8.5	54.6	18.4%	+25.5%
International parcels	41.2	0.3	41.5	13.1	54.5	31.5%	
Logistic Solutions	2.1	0.7	2.8	33.6	36.4	-	
Additional sources of revenues	**139.6**	**(2.0)**	**137.7**	**70.6**	**208.2**	**51.3%**	
International mail	40.0	(0.3)	39.7	0.4	40.1	1.0%	
Value added services	27.4	(0.4)	27.0	(2.1)	24.9	-7.9%	
Banking and financial products	47.8		47.8	0.0	47.8	0.0%	
Distribution				24.2	24.2	-	
Retail & Other	24.4	(1.2)	23.2	48.1	71.3	207.1%	
Corporate	**7.6**		**7.6**	**1.9**	**9.6**	**25.6%**	
TOTAL	**591.9**	**(0.0)**	**591.9**	**107.6**	**699.6**	**18.2%**	

Total operating income increased by EUR 107.6m, or 18.2%, from EUR 591.9m in the second quarter of 2016 to EUR 699.6m in the same period of 2017.

Revenues from **Domestic Mail** decreased by EUR 20.0m to EUR 336.3m. Reported and underlying (corrected for 2 working days less) volume decline amounted to respectively -7.4% and -6.7% (vs. -5.0% full year 2016 underlying volume decline). A very strong second quarter last year, with an underlying volume of -3.8%, was a tough comparable base for the second quarter of 2017 although the positive trend in advertising mail of the first quarter of 2017 was confirmed. Transactional mail, with a reported and underlying volume decline of respectively -11.0% and -9.9% (vs. -5.9% full year 2016 underlying volume decline), continued to be impacted by a shift towards cheaper products and increased e-substitution.

Advertising mail realized a reported and underlying volume increase of +4.5% for the quarter, compared to an underlying increase of +2.3% in the first quarter and -3.0% full year 2016 underlying volume decline. This increase was driven by the focus on growth segments and indirect channels. Press volume decreased on a reported and underlying basis by -5.0% compared to -3.1% underlying decrease in the previous quarter, mainly explained by some phasing elements.
Total mail volume decline impacted revenues by EUR 21.1m along with the impact of 2 working days less amounting to EUR 2.5m, partially compensated by the net improvement in price and mix amounting to EUR 3.6m, which was lower than last year due to the regulatory decision on small user basket pricing.

Parcels increased by EUR 55.1m due to the consistent growth of Domestic Parcels (EUR 8.5m) and International Parcels (EUR +13.1m). Furthermore Logistic Solutions increased by EUR 33.6m due to the integration of DynaGroup. The quarterly volume growth of Domestic Parcels accelerated to +25.5%, versus the already high +24.5% in the first quarter of 2017 and +17.1% for full year 2016, driven by e-commerce, new customers and the continued growth in C2C parcels (online offering). Price increases were fully offset by the evolution of the client and product mix, resulting in a negative price mix effect of -6.6% which continued to impact revenue evolution. Growth in International Parcels was driven by the positive contribution from acquisitions and the increase of volumes from Asia and Europe.

Total operating income from **Additional sources of revenues** increased by EUR 70.6m to reach EUR 208.2m. The integration of Ubiway resulted in an increase of Retail and Other as well as the newly created Distribution product category. International Mail (EUR 0.4m), showed a positive evolution as a result of increased European business mail volumes, partially offset by the lower revenues for Value Added Services (EUR -2.1m).

Revenues from **Corporate** increased by EUR 1.9m.

First half of 2017

In million EUR	1H16	Reclassi-fications	1H16 Comparable	Δ	1H17	% Δ	underlying vol. % Δ
Domestic mail	**718.0**		**718.0**	**(25.1)**	**692.9**	**-3.5%**	**-5.7%**
Transactional mail	447.7		447.7	(31.9)	415.8	-7.1%	-8.4%
Advertising mail	125.9		125.9	4.0	130.0	3.2%	3.3%
Press	144.4		144.4	2.7	147.1	1.9%	-4.0%
Parcels	**175.3**	**3.5**	**178.8**	**106.3**	**285.1**	**59.5%**	
Domestic parcels	88.3	1.7	90.0	17.0	107.0	18.8%	+24.3%
International parcels	82.9	0.5	83.3	24.5	107.8	29.4%	
Logistic Solutions	4.2	1.3	5.5	64.9	70.3	-	
Additional sources of revenues	**278.2**	**(3.5)**	**274.7**	**145.1**	**419.8**	**52.8%**	
International mail	79.3	(0.5)	78.8	3.3	82.2	4.2%	
Value added services	53.3	(0.8)	52.5	(1.6)	50.9	-3.1%	
Banking and financial products	96.3		96.3	(2.0)	94.4	-2.0%	
Distribution				50.4	50.4	-	
Retail & Other	49.3	(2.3)	47.0	95.0	142.0	202.0%	
Corporate	**25.0**		**25.0**	**(1.7)**	**23.3**	**-6.8%**	
TOTAL	**1,196.5**	**(0.0)**	**1,196.5**	**224.6**	**1,421.1**	**18.8%**	

Total operating income increased by EUR 224.6m, or 18.8%, from EUR 1,196.5m in the first half of 2016 to EUR 1,421.1m in the same period of 2017.

Domestic Mail revenues amounted to EUR 692.9m in the first half of 2017, an organic decline of EUR 25.1m versus last year, due to a reported volume evolution of -5.6% and an underlying volume evolution of -5.7%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 106.3m to reach EUR 285.1m, mainly driven by the volume growth of 24.3% in Domestic Parcels, the increase in International Parcels and the integration of DynaGroup in Logistic Solutions.

Additional sources of revenues amounted to EUR 419.8m, an increase of EUR 145.1m, mainly due to the integration of Ubiway and the increase of International Mail (EUR 3.3m), partially offset by the decrease of the Banking & financial activities (-2.0m EUR) and Value added services (EUR -1.6m).

Revenues from **Corporate** decreased by EUR 1.7m to EUR 23.3m, mainly due to the lower proceeds from sales of buildings.

Operating expenses

Second quarter of 2017

In million EUR	2Q16	2Q17	% Δ
Payroll & interim costs	280.7	298.4	*6.3%*
FTE	*24,353*	*25,852*	*6.2%*
SG&A (excl. interim and transport costs)	96.5	104.2	*8.0%*
Transport costs	48.2	73.9	*53.4%*
Other costs	7.1	63.7	-
TOTAL OPERATING EXPENSES	**432.5**	**540.3**	***24.9%***

In the second quarter of 2017 **total operating expenses** stood at EUR 540.3m and increased by EUR 107.8m or 24.9%. Excluding the consolidation of the new subsidiaries (EUR 107.5m), the operating expenses slightly increased by EUR 0.3m as the increase of transport cost (EUR 8.5m) and other costs (EUR 4.4m) were almost compensated by the decrease of SG&A excluding interim and transport costs (EUR 7.9m) and payroll and interims costs (EUR 4.7m).

Payroll and interims costs in the second quarter of 2017 amounted to EUR 298.4m and showed a net increase of EUR 17.7m compared to the same period of 2016 and was mainly driven by the impact of the new subsidiaries (EUR 22.5m).

The reported average year-on-year staff showed an increase of 1,499 FTE and interims, generating extra costs of EUR 21.5m, explained by the integration of FTE and interims of the new subsidiaries.

A positive mix effect impacted costs by EUR 3.3m, mainly driven by the recruitment of auxiliary postmen, less interims and more students.

The price effect and others have a positive impact of € 0.5m mainly driven by salary indexation, CLA, merit increases and some phasing elements compared to first quarter, compensated by tax shift and employee benefits.

Not taking into account the impact of the new subsidiaries (EUR 15.6m), **SG&A excluding transport costs and interims** decreased by EUR 7.9m. The decrease was mainly driven by the decrease of third party remuneration fees and insurance costs, partly offset by an increase in rent and rental costs and energy costs (linked to increased fuel price).

Transport costs amounted to EUR 73.9m, EUR 25.7m higher compared to previous year (or 53.4%) due to scope change (EUR 17.2m) and by the evolution of international activities.

Other costs increased by EUR 56.6m. Excluding the consolidation of the new subsidiaries, the increase of other costs amounted to EUR 4.4m, mainly due to the evolution of provisions last year.

First half of 2017

In million EUR	1H16	1H17	% Δ
Payroll & interim costs	568.5	605.9	*6.6%*
FTE	*24,230*	*25,773*	*6.4%*
SG&A (excl. interim and transport costs)	180.0	205.3	*14.0%*
Transport costs	98.6	145.9	*47.9%*
Other costs	14.1	127.8	-
TOTAL OPERATING EXPENSES	**861.2**	**1,084.8**	***26.0%***

In the first half of 2017, **total operating expenses** have increased by EUR 223.6m or 26.0%. Excluding the consolidation of the new subsidiaries (EUR 218.0m), the operating expenses have increased by EUR 5.6m. Not taking into account the impact of the scope change, the increase of transports costs (EUR 13.9m) and other costs (EUR 6.6m) were partially compensated by the decrease of payroll and interims costs (EUR 7.7m) and SG&A excluding interim and transport costs (EUR 7.2m).

In the first half of 2017, **payroll and interims costs** increased by EUR 37.4m mainly driven by the increase of the average FTE and interims (1,543 FTE) explained by the integration of FTE from new subsidiaries leading to additional costs of EUR 42.4m. The price effects and others have a negative impact of EUR 2.2m, mainly explained by indexation of salaries, impacts of the CLA, merit increases and some phasing elements, partly compensated by tax shift and employee benefits. Those negative impacts were partially compensated by a positive mix effect (EUR 7.2m) resulting mostly from the recruitment of auxiliary postmen, less interims and more students.

SG&A excluding interim and transport costs showed a decrease of EUR 7.2m excluding the consolidation of the new subsidiaries, mainly due to a decrease of insurance costs and third party remuneration (due to last year's strategic corporate projects), partly offset by an increase in rent and rental and energy costs (linked to increased fuel price).

In the first half of 2017, **transport costs** amounted to EUR 145.9m, EUR 47.2m higher compared to previous year (or 47.9%) mainly due to scope change (EUR 33.3m), lower favourable settlements in previous year's terminal dues (EUR 1.9m) and the positive evolution of international activities.

The increase in **other costs** (EUR 113.7m) in the first half of 2017 was mainly due to the consolidation of the new subsidiaries (EUR 107.1m). Furthermore 2016 benefited from the increase of the recoverable VAT (EUR 4.0, from 14% in 2015 to 18.79% in 2016).

Note

While the purchase price allocation for the Ubiway acquisition has not been finalized yet, this exercise has led to some alignments of the accounting policies of Ubiway and hence some restatements of the figures reported during the first quarter of 2017. Some revenues which had been booked in the first quarter of 2017 under the principal model have been restated to the agent model in order to be in line with the accounting policies of the bpost Group and with IAS 18 "Revenue". This also necessitates no further rework under IFRS 15 "revenue from contracts with customers" which will become applicable as of January 1st, 2018. As a consequence certain sales and cost of sales are now being presented on a net basis, this led to a decrease of revenues and materials costs of EUR 42.5m, within the MRS operating segment but did not have an impact on the EBITDA, EBIT or net result.

Cash flow statement

Second quarter of 2017

In the second quarter of 2017, the net cash outflow decreased compared to the same period last year by EUR 13.4m to EUR 48.6m EUR.

Free cash flow (EUR 0.8m) was EUR 15.4m higher than last year.

Cash flow from operating activities yielded EUR 2.8m, a EUR 9.4m decrease compared to the second quarter of 2016 primarily due to the deterioration in working capital evolution (EUR -7.7m). The second quarter of 2016 was positively impacted by the increased recoverable VAT.

Investing activities generated a cash outflow of EUR 2.0m in the second quarter of 2017, or a decrease by EUR 24.8m compared to the same period last year. The lower proceeds from the sale of buildings (EUR -2.5m) were more than compensated by the lower capital expenditures (EUR +0.4m) and investment securities (EUR +12.0m). Cash outflows for new subsidiaries decreased in the second quarter of 2017 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) in 2016 while the second quarter of 2017 was positively impacted by a price adjustment for Ubiway (EUR +3.1m).

The cash outflow relating to **financing activities** amounted to EUR 49.4m, an increase of EUR 2.0m compared to last year as a result of a higher dividend pay-out to shareholders in the second quarter of 2017 (EUR -2.0m).

First half of 2017

In the first half of 2017, bpost generated EUR 117.3m of net cash. This was a decrease of EUR 64.5m compared to the net cash inflow of EUR 181.8m for the same period last year.

Cash flow from operating activities resulted in a cash inflow of EUR 258.4m, EUR 34.9m less than the same period last year. Cash generation from operating activities had been impacted by the lower Alpha pay-outs (EUR +16.1m) and deterioration in working capital evolution (EUR -50.6m) mainly due to a negative phasing in suppliers, Social Security payment terms and the impact of the increased recoverable VAT in 2016.

Investing activities generated a cash outflow of EUR 91.4m in the first half of 2017 compared to an outflow of EUR 62.0m for the same period last year. This increase was mainly due to higher cash outflows related to the subsidiaries (EUR -37.6m) and lower proceeds from the sale of property, plant and equipment (EUR -3.7m). This was partially compensated by investment securities in the first half of 2017 (EUR +12.0m). Capital expenditures remained stable compared to 2016.

The cash outflow relating to **financing activities** amounted to EUR 49.7m (EUR 49.5m in 2016), as the higher dividend pay-out in 2017 was partially compensated by a dividend to minority interests paid in the first half of 2016.

Key events during the second quarter

On May 10, 2017 the Shareholders' Meeting of bpost approved the appointment of 4 new Board members and François Cornelis was appointed as new Chairman of the Board of Directors of bpost

The Shareholders' Meeting approved the appointment of Jos Donvil as non-executive director, proposed by the Belgian State, and of Thomas Hübner, Philly Teixeira and Saskia Van Uffelen as independent directors of bpost. Their appointment was effective as of May 10, 2017.

The members of the newly composed Board of Directors of bpost appointed François Cornelis as the new Chairman of the Board of Directors on May 10, 2017. François Cornelis succeeded Mrs Françoise Masai as Chairman of the Board of Directors of bpost.

François Cornelis is an independent director on the Board of Directors of bpost since 2013. He holds a Master's degree in civil engineering from the University of Leuven. Between 1974 and 2011 François Cornelis held various positions at Petrofina, including as CEO, and afterwards at the Total Group as President Chemicals and Vice-chairman of the Executive Committee.

François Cornelis took up his position as Chairman of the Board of Directors on May 10, 2017.

Financial calendar

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

Interim Condensed Consolidated Financial Statements[1]

Interim Condensed Consolidated Income Statement

In million EUR	NOTES	Year-to-date 30 June 2016	Year-to-date 30 June 2017	2nd quarter 2016	2nd quarter 2017
Turnover	5	1,183.2	1,402.9	587.5	692.3
Other operating income		13.3	18.1	4.4	7.3
TOTAL OPERATING INCOME		**1,196.5**	**1,421.1**	**591.9**	**699.6**
Materials cost		(14.9)	(121.7)	(8.0)	(60.2)
Services and other goods	6	(301.4)	(381.1)	(157.2)	(194.0)
Payroll costs		(545.7)	(575.9)	(268.2)	(282.5)
Other operating expenses		0.8	(6.1)	0.9	(3.5)
Depreciation, amortization		(44.6)	(46.0)	(22.7)	(23.3)
TOTAL OPERATING EXPENSES		**(905.8)**	**(1,130.9)**	**(455.2)**	**(563.5)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**290.7**	**290.2**	**136.8**	**136.0**
Financial income		2.7	2.2	2.0	0.8
Financial cost		(16.2)	(3.8)	(13.7)	(0.9)
Share of profit of associates		2.3	1.8	5.1	4.2
PROFIT BEFORE TAX		**279.5**	**290.4**	**130.2**	**140.1**
Income tax expense		(95.7)	(94.7)	(42.3)	(40.4)
PROFIT OF THE PERIOD (EAT)		**183.7**	**195.8**	**87.9**	**99.7**
Attributable to:					
Owners of the Parent		183.1	195.9	87.5	100.1
Non-controlling interests		0.6	(0.1)	0.4	(0.4)

EARNINGS PER SHARE

In EUR	Year-to-date 30 June 2016	Year-to-date 30 June 2017	2nd quarter 2016	2nd quarter 2017
►basic, profit for the six month period ended 30 June 2017 attributable to ordinary equity holders of the parent	0.92	0.98	0.44	0.50
►diluted, profit for the six month period ended 30 June 2017 attributable to ordinary equity holders of the parent	0.92	0.98	0.44	0.50

[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 Condensed Consolidated Statement of Comprehensive Income

In million EUR	YTD 30 June 2016	YTD 30 June 2017
PROFIT FOR THE PERIOD	**183.7**	**195.8**
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	0.4	(3.0)
NET OTHER COMPREHENSIVE INCOME / (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**0.4**	(3.0)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Fair value for financial assets available for sale by associates	19.7	(36.1)
(Loss)/gain on available for sale financial assets	29.8	(54.7)
Income tax effect	(10.1)	18.6
Fair value of actuarial results on defined benefit plans	(5.7)	1.9
Actuarial gains/(losses) on defined benefit plans	(7.3)	2.7
Income tax effect	1.6	(0.8)
NET OTHER COMPREHENSIVE INCOME / (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**14.0**	**(34.2)**
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX	**14.4**	**(37.2)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**198.1**	**158.5**
Attributable to:		
Owners of the Parent	197.5	158.7
Non-controlling interest	0.6	(0.1)

Interim Condensed Consolidated Statement of Financial Position

In million EUR	NOTES	As of 31 December 2016	As of 30 June 2017
Assets			
Non-current assets			
Property, plant and equipment	7	561.6	552.1
Intangible assets	8	224.4	327.1
Investments in associates	9	373.7	333.7
Investment properties		6.2	5.9
Deferred tax assets		48.2	43.8
Trade and other receivables		2.8	2.8
		1,216.8	**1,265.4**
Current assets			
Assets held for sale		1.5	1.2
Investment securities		12.0	0.0
Inventories		36.7	40.3
Income tax receivable		2.6	2.7
Trade and other receivables	10	481.8	366.9
Cash and cash equivalents	11	538.9	658.5
		1,073.5	**1,069.7**
TOTAL ASSETS		**2,290.3**	**2,335.0**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		274.2	319.5
Foreign currency translation		2.5	(0.5)
Retained earnings		135.5	195.8
		776.3	**878.8**
Non-controlling interests		3.1	3.0
TOTAL EQUITY		**779.3**	**881.8**
Non-current liabilities			
Interest-bearing loans and borrowings		47.7	48.5
Employee benefits	12	356.7	337.5
Trade and other payables	13	40.3	71.1
Provisions		31.6	31.3
Deferred tax liabilities		1.1	1.1
		477.3	**489.6**
Current liabilities			
Interest-bearing loans and borrowings		10.3	9.8
Bank overdrafts		0.0	3.8
Provisions		27.1	23.9
Income tax payable	14	31.4	101.9
Trade and other payables	15	964.8	824.2
		1,033.6	**963.6**
TOTAL LIABILITIES		**1,511.0**	**1,453.2**
TOTAL EQUITY AND LIABILITIES		**2,290.3**	**2,335.0**

Interim Condensed Consolidated Statement of Changes in Equity

In million EUR	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT: AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS PER 1 JANUARY 2016	**364.0**	**(0.0)**	**230.9**	**0.6**	**99.3**	**694.8**	**0.0**	**694.8**
Profit for the period 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**
AS PER 1 JANUARY 2017	**364.0**	**(0.0)**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
Profit for the period 2017					195.9	195.9	(0.1)	195.8
Other comprehensive income			101.3	(3.0)	(135.5)	(37.2)		(37.2)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**101.3**	**(3.0)**	**60.4**	**158.7**	**(0.1)**	**158.5**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(6.0)		(0.1)	(6.2)	0.1	(6.0)
AS OF 30 JUNE 2017	**364.0**	**(0.0)**	**319.5**	**(0.5)**	**195.8**	**878.8**	**3.0**	**881.8**

Equity increased by EUR 102.5m, or 13.2%, to EUR 881.8m as of June 30, 2017 from EUR 779.3m as of December 31, 2016. The increase was mainly due to the realized profit of EUR 195.8m, partially offset by the fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 36.1m and the payment of a dividend for an amount of EUR 50.0m.

Interim Condensed Consolidated Statement of Cash Flows

	Year-to-date 30 June		2nd quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Operating activities				
Profit before tax	279.5	290.4	130.2	140.1
Depreciation and amortization	44.6	46.0	22.7	23.3
Impairment on bad debts	0.9	1.0	0.5	0.7
Gain on sale of property, plant and equipment	(9.5)	(6.7)	(2.2)	(0.8)
Other non-cash items	0.0	(4.7)	0.0	(4.5)
Change in employee benefit obligations	5.2	(16.5)	7.7	(15.5)
Share of profit of associates	(2.3)	(1.8)	(5.1)	(4.2)
Dividend received	0.0	5.8	0.0	5.8
Income tax paid	(4.0)	(7.1)	(1.8)	(3.6)
Income tax paid on previous years	(20.9)	(15.0)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**293.4**	**291.3**	**151.9**	**141.3**
Decrease/(increase) in trade and other receivables	81.3	132.3	(1.0)	27.0
Decrease/(increase) in inventories	1.2	0.6	0.7	(0.8)
Increase/(decrease) in trade and other payables	(78.0)	(162.4)	(135.5)	(163.9)
Increase/(decrease) in provisions	(4.7)	(3.5)	(4.0)	(0.7)
NET CASH FROM OPERATING ACTIVITIES	**293.3**	**258.4**	**12.2**	**2.8**
Investing activities				
Proceeds from sale of property, plant and equipment	14.4	10.7	4.1	1.7
Acquisition of property, plant and equipment	(25.8)	(25.0)	(16.1)	(16.2)
Acquisition of intangible assets	(5.9)	(6.8)	(3.2)	(2.6)
Acquisition of other investments	0.0	12.0	0.0	12.0
Acquisition of subsidiaries, net of cash acquired	(44.7)	(82.3)	(11.7)	3.1
NET CASH USED IN INVESTING ACTIVITIES	**(62.0)**	**(91.4)**	**(26.8)**	**(2.0)**
Financing activities				
Payments related to borrowings and financing lease liabilities	0.5	0.3	0.6	0.6
Dividends paid	(48.0)	(50.0)	(48.0)	(50.0)
Dividends paid to minority interests	(2.0)	0.0	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	**(49.5)**	**(49.7)**	**(47.4)**	**(49.4)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**181.8**	**117.3**	**(62.0)**	**(48.6)**
NET FOREIGN EXCHANGE DIFFERENCE	**(0.9)**	**(1.5)**	**0.3**	**(1.6)**
Cash and cash equivalent less bank overdraft as of 1st January	615.5	538.9		
Cash and cash equivalent less bank overdraft as of 30 June	796.4	654.7		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 JUNE	**180.9**	**115.8**		

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, 2017 were authorized for issue in accordance with a resolution of the Board of Directors on August 7, 2017.

Business activities

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

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

Legal status

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

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, 2017 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, 2016.

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, 2016, except for the adoption of new standards and interpretations effective as from January 1, 2017.

The following new standards and amendments, entered into force as from January 1, 2017, don't have any effect on the presentation, the financial performance or position of bpost:

- **IAS 7 – Amendments** – Disclosure Initiative
- **IAS 12 – Amendments** – Recognition of Deferred Tax Assets for Unrealised Losses

Standards and Interpretations not yet applied by bpost

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

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 - Financial Instruments	1 January 2018
IFRS 15 – Revenue from Contracts with customers	1 January 2018
IFRS 16 – Leases (*)	1 January 2019
IFRS 2 – Amendments – Classification and Measurement of Share-based Payment Transactions	1 January 2018
IAS 40 – Amendments – Transfers of Investment Property (*)	1 January 2018
IFRS 4 – Amendments – Applying IFRS 9 Financial instruments with IFRS 4 (*)	1 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration (*)	1 January 2018
IFRIC 23 – Uncertainty of Income Tax Treatments (*)	1 January 2019
Annual Improvements Cycle – 2014-2016 (*)	1 January 2018

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

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

3. Seasonality of Operations

Pursuant to the 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. Operating Segments

As of January 1, 2017 some product lines related to solutions have been transferred from MRS to P&I. Taking into account these changes, the 2016 figures have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2017 figures with the 2016 comparable figures.

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

In million EUR	Year-to-date 30 June 2016 Comparable	2017	Change %	2nd quarter 2016 Comparable	2017
MRS	910.8	1,026.2	12.7%	452.9	502.5
P&I	260.7	371.6	42.5%	131.5	187.5
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,171.5**	**1,397.8**	**19.3%**	**584.3**	**690.0**
Corporate (Reconciling category)	25.0	23.3	-6.8%	7.6	9.6
TOTAL OPERATING INCOME	**1,196.5**	**1,421.1**	**18.8%**	**591.9**	**699.6**

Operating income attributable to the MRS operating segment increased by EUR 49.6m compared to the second quarter of 2016, to EUR 502.5m. This increase was mainly due to the integration of Ubiway and the net improvement in price and mix of Domestic Mail, partially offset by the 6.7% underlying volume decline of Domestic Mail.

P&I operating income increased in the second quarter of 2017 by EUR 56.1m to EUR 187.5m. The increase was mainly due to the consistent growth of Domestic Parcels, which noted an accelerated quarterly volume increase of +25.5% driven by e-commerce and the continued growth in C2C parcels, along with International Parcels (revenue growth from Asia and Europe) and the integration of DynaGroup.

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 and press concessions (see note 5), no single external customer exceeded 10% of bpost's operating income.

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

In million EUR	Year-to-date 30 June 2016	2017	Change %	2nd quarter 2016	2017
Belgium	1,034.7	1,171.2	13.2%	514.5	578.2
Rest of the World	161.8	249.9	54.5%	77.5	121.4
TOTAL OPERATING INCOME	**1,196.5**	**1,421.1**	**18.8%**	**591.9**	**699.6**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended June 30, 2017 and 2016:

In million EUR	Year-to-date 30 June 2016 Comparable	2017	Change %	2nd quarter 2016 Comparable	2017
MRS	259.2	241.0	-7.0%	124.1	108.0
P&I	41.3	42.3	2.5%	20.3	21.4
TOTAL EBIT OF OPERATING SEGMENTS	**300.5**	**283.3**	**-5.7%**	**144.4**	**129.4**
Corporate (Reconciling category)	(9.8)	6.9	-	(7.6)	6.7
TOTAL EBIT	**290.7**	**290.2**	**-0.2%**	**136.8**	**136.0**

The EBIT of the MRS operating segment decreased by EUR 16.1m to EUR 108.0m in the second quarter of 2017. The positive contribution of Ubiway could not compensate the impact of lower revenues from Domestic Mail.

EBIT attributable to the P&I operating segment increased by EUR 1.0m to EUR 21.4m in the second quarter of 2017. The increased revenues were partly offset by the lower EBIT contribution of the subsidiaries and some start-up costs within the subsidiaries which led to a dilution of the EBIT margin.

In million EUR	Year-to-date 30 June 2016 Comparable	2017	Change %	2nd quarter 2016 Comparable	2017
MRS	259.2	241.0	-7.0%	124.1	108.0
P&I	41.3	42.3	2.5%	20.3	21.4
TOTAL EAT OF OPERATING SEGMENTS	**300.5**	**283.3**	**-5.7%**	**144.4**	**129.4**
Corporate (Reconciling category)	(116.8)	(87.6)	-25.0%	(56.6)	(29.6)
TOTAL EAT	**183.7**	**195.8**	**6.5%**	**87.9**	**99.7**

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 30 June 2016	2017	Change %	2nd quarter 2016	2017
OPERATING INCOME	**25.0**	**23.3**	**-6.8%**	**7.6**	**9.6**
Central departments (Finance, Legal, Internal Audit, CEO, ...)	(33.4)	(29.8)	-10.7%	(18.5)	(15.7)
Other reconciliation items	(1.4)	13.5	-	3.2	12.8
OPERATING EXPENSES	**(34.8)**	**(16.4)**	**-52.9%**	**(15.3)**	**(2.9)**
EBIT CORPORATE (RECONCILING CATEGORY)	**(9.8)**	**6.9**	**-170.0%**	**(7.6)**	**6.7**
Share of profit of associates	2.3	1.8	-20.3%	5.1	4.2
Financial Results	(13.5)	(1.6)	-88.1%	(11.7)	(0.1)
Income Tax expense	(95.7)	(94.7)	-1.1%	(42.3)	(40.4)
EAT CORPORATE (RECONCILING CATEGORY)	**(116.8)**	**(87.6)**	**-25.0%**	**(56.6)**	**(29.6)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category increased by EUR 14.3m to EUR 6.7m in the second quarter of 2017 and was mainly driven by increased revenues, the non-recurrence of last year's costs for strategic corporate projects and a favourable evolution of employee benefits.

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

5. Turnover

	Year-to-date 30 June		2nd quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Turnover excluding the SGEI remuneration	1,054.5	1,268.5	523.6	625.8
SGEI remuneration	128.6	134.4	63.9	66.5
TOTAL	**1,183.2**	**1,402.9**	**587.5**	**692.3**

6. Services and other goods

	Year-to-date 30 June			2nd quarter		
In million EUR	**2016**	**2017**	**Change %**	**2016**	**2017**	**Change %**
Rent and rental costs	34.5	45.8	32.9%	17.9	23.6	31.6%
Maintenance and repairs	36.3	40.2	10.9%	19.4	20.7	6.4%
Energy delivery	16.1	20.2	25.1%	7.8	9.4	20.2%
Other goods	10.0	10.0	0.4%	5.4	5.3	-2.8%
Postal and telecom costs	3.0	3.9	28.5%	1.6	1.9	22.4%
Insurance costs	5.8	3.8	-34.2%	3.5	0.7	-80.0%
Transport costs	98.6	145.9	47.9%	48.2	73.9	53.4%
Publicity and advertising	6.1	7.0	14.2%	4.5	4.3	-5.5%
Consultancy	5.4	4.3	-19.5%	2.3	2.4	4.2%
Interim employees	22.8	30.0	31.7%	12.5	15.9	27.0%
Third party remuneration, fees	53.6	59.4	10.9%	29.1	30.5	4.8%
Other services	9.2	10.6	14.8%	5.0	5.5	11.0%
TOTAL	**301.4**	**381.1**	**26.5%**	**157.2**	**194.0**	**23.4%**

7. Property, plant and equipment

In the first half of the year 2017 property, plant and equipment decreased by EUR 9.6m, or 1.7%, to EUR 552.1m as of June 30, 2017. The decrease was mainly due to depreciations of EUR 38.0m and transfer to assets held for sale of EUR 3.7m, partially offset by capital expenditures of EUR 25.0m and the integration of DynaGroup for EUR 7.0m.

8. Intangible assets

Intangible assets increased by EUR 102.8m in the first half of the year, or 45.8%, to EUR 327.1m as of June 30, 2017. The increase was mainly due to the capital expenditures of EUR 6.8m and the preliminary goodwill resulting from the acquisition of DynaGroup for EUR 107.8m. Note that this goodwill is still provisional as the purchase price allocation is still under review. The aforementioned effects were partially offset by the settlement of the final purchase price of Ubiway (EUR -3.1m) and depreciation for EUR 7.9m.

9. Investments in associates

Investments in associates decreased by EUR 40.0m, or 10.7%, to EUR 333.7m as of June 30, 2017. This decrease was due to the decrease in the unrealized gain on the bond portfolio of bpost bank in the amount of EUR 36.1m, reflecting an average increase of the underlying yield curve by 20 basis points (bps) and the dividend received EUR 5.8m. This was partially offset by bpost's share of results of associates for the first six months of 2017 in the amount of EUR 1.8m. As of June 30, 2017, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 131.0m, which represented 39.3% 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.

10. Current trade and other receivables

Current trade and other receivables decreased by EUR 115.0m, or 23.9%, to EUR 366.9m as of June 30, 2017. The decrease was mainly driven by the usual settlement of the year-end SGEI receivable during the first quarter of the year.

11. Cash and cash equivalents

Cash and cash equivalents increased by EUR 119.6m, or 22.2%, to EUR 658.5m as of June 30, 2017. This increase is mainly due to the normalized free cash flow (EUR 167.1m), partially offset by the payment of EUR 50.0m dividend.

12. Employee benefits

In million EUR	As of 31 December 2016	As of 30 June 2017
Post-employment benefits	(82.1)	(65.2)
Long-term employee benefits	(107.7)	(108.9)
Termination benefits	(4.1)	(3.2)
Other long-term benefits	(162.8)	(160.2)
TOTAL	**(356.7)**	**(337.5)**

On June 29, 2017 bpost and its social partners signed an agreement concerning the transfer of certain transport benefits for bpost's retirees. Effective January 1, 2018 the scheme providing certain transport benefits for bpost's retirees will be transferred to a separate entity, "Pensoc", managed by the representatives of the workers. A single payment to Pensoc will be performed in July 2017 by bpost.

As a consequence bpost no longer has a constructive obligation towards the inactive population and the benefit except for the consumption until end of year 2017 is no longer valued. Following the curtailment of this benefit, a non-cash profit has been recorded in bpost's consolidated income statement in accordance with the IAS 19 Employee benefits standard.

Employee benefits decreased by EUR 19.2m, or 5.4%, to EUR 337.5m as of June 30, 2017. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 14.5m, which included EUR 1.5m for the payment of early retirement and part-time work benefits.
- Operational actuarial gains (EUR 1.0m), mainly linked to the Accumulated Compensated Absences and medical expenses benefits.
- Additional service costs (EUR 11.9m), positive past service costs (EUR 13.7m) and interest costs (EUR 2.5m).
- Financial actuarial gains of EUR 1.7m caused by changes in the discount rates.
- An actuarial gain of EUR 2.7m related to post-employment benefits, recognized through Other Comprehensive Income.

13. Non-current trade and other payables

Non-current trade and other payables increased by EUR 30.9m, to EUR 71.1m as of June 30, 2017 mainly due to the earn outs relating to the acquisition of DynaGroup.

14. Income tax payable

Income tax payable increased by EUR 70.5m, to EUR 101.9m as of June 30, 2017 and was mainly explained by the accrued income taxes partially offset by the income taxes paid in the first quarter of 2017.

15. Current trade and other payables

Current trade and other payables decreased by EUR 140.6m, or 14.6%, to EUR 824.2m as of June 30, 2017. This decrease was due to the decline of the trade payables and social payables respectively by EUR 91.1m and EUR 72.4m, partially offset by the increase in other payables by EUR 22.9m. The decrease of the social payables was mainly caused by a timing difference as 2016 full year social accruals (holiday pay, bonuses,...) have been paid during the first half of 2017. The increase of the other payables was primarily caused by the advance payment received from the Belgian State in respect of the SGEI compensation (EUR 34.6m) as well as the earn out relating to the acquisition of DynaGroup, partially offset by the payment of the remaining 24.5% of the shares of Landmark during 2017.

16. Contingent Liabilities and Contingent Assets

On December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately EUR 37.4m. While bpost paid the fine in 2013, it contested the Belgian Competition Authority's findings and appealed the decision before the Brussels Court of Appeal. On November 10 2016, the Brussels Court of Appeal annulled the Authority's decision and bpost may recover the EUR 37.4m fine. This constitutes a contingent asset because the Belgian Competition Authority has appealed the judgment before the Supreme Court on points of law. bpost was notified of the appeal on March 9, 2017. Given the uncertainty of the collection of this fine, bpost did not recognize the repayment of this fine, nor any interests to be recuperated.

17. Events After the Reporting Period

No significant events impacting the Company's financial position have been observed after the reporting period.

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 2017 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 2017 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, 7 August 2017

The Joint Auditors– Members of the Belgian Institute of Registered 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 2017 and 2016 no non-recurring income statement related items were identified.

Cash Flow Statement related

During the first and second quarter of 2017 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 30 June			2nd quarter		
In million EUR	**2016**	**2017**	**Change %**	**2016**	**2017**	**Change %**
IFRS Consolidated Net Profit	**183.7**	**195.8**	**6.5%**	**87.9**	**99.7**	**13.5%**
Results of subsidiaries and deconsolidation impacts	(18.6)	(1.5)	-91.8%	(8.4)	5.7	-167.4%
Differences in depreciation, amortization and impairments	(0.3)	1.8	-	(0.0)	0.8	-
Differences in recognition of provisions	(2.4)	(0.3)	-88.3%	(2.2)	(0.5)	-75.9%
Effects of IAS19	3.1	(33.0)	-	6.0	(29.3)	-
Deferred taxes	1.5	3.3	118.0%	(0.2)	1.6	-
Other	4.4	4.8	7.7%	(1.8)	(1.5)	-16.4%
Belgian GAAP unconsolidated net profit	**171.4**	**170.8**	**-0.3%**	**81.4**	**76.5**	**-6.0%**

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 2016 the subsidiaries paid a dividend of EUR 4.0m to bpost compared to EUR 15.5m of dividend during the second quarter of 2017.

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

	Year-to-date 30 June		2nd quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(6.7)	(9.4)	(3.6)	(4.4)
Profit of the international subsidiaries (local GAAP)	(7.0)	(6.7)	(4.9)	(2.7)
Share of results of associates (local GAAP)	(6.6)	(6.8)	(3.5)	(2.7)
Other deconsolidation impacts	1.7	21.4	3.7	15.5
TOTAL	**(18.6)**	**(1.5)**	**(8.4)**	**5.7**

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

- Differences in the treatment of depreciation, amortization 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 was mainly explained by last year's increase of non-cash financial charges related to IAS 19 employee benefits, which was due to the decrease in the discount rates and the curtailment of the transport benefits for bpost's retirees.

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

Statement of legal representatives

The bpost Management Committee declares that to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), 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.
- **EAT** : Earnings After Taxes
- **EBIT**: Earnings Before Interests and Taxes.
- **EBITDA**: Earnings Before Interests, Taxes, Depreciation and Amortization.
- **Effective tax rate**: Income tax expense/profit before tax.
- **Net debt (net cash)** represents interest and non-interest bearing loans less cash and cash equivalents.
- **Normalized EBITDA/EBIT/EAT/operating free cash flow:** EBITDA,EBIT/EAT/operating free cash flow excluding the 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.
- **Belgian GAAP** : financial reporting framework applicable in Belgium