bpost: third quarter 2017 results

Third quarter 2017 highlights

- **Operating income (revenues)** at EUR 647.6m, **up 20.4%**, driven by very strong growth in Parcels and acquisitions partly offset by lower Domestic Mail revenues in line with guidance.
- **Underlying Domestic Mail volume decline at -5.3% as expected** (-5.9% for 3Q16). Continued e-substitution but overall underlying volume trend in line with guidance.
- **Very strong Domestic Parcels volume growth of +32.8%** (+12.7% for 3Q16) driven by strong e-commerce growth and C2C. Price/mix effect of -7.1%, fully mix related.
- **International Parcels up EUR 9.1m**, mainly driven by increase in flows from Asia.
- **Additional Sources of Revenues** (up EUR 66.4m) driven by the acquisition of Ubiway.
- Organic cost evolution on track. Opex increase explained by the acquisitions for EUR 103.3m. Transport costs increased in line with positive international business evolution.
- **EBITDA** perfectly in line with last year and guidance at EUR 110.3m
- **Net profit of bpost SA/NV under BGAAP** up by EUR 1.5m at EUR 52.0m.
- **Outlook for 2017 reconfirmed:** on track and confident to deliver our full year guidance.

CEO quote

Koen Van Gerven, CEO, commented: *"Over the third quarter, we realized a very strong growth in domestic parcels driven by booming e-commerce. Our new sorting centre in Brussels, which allows us to double our parcel sorting capacity, is now fully operational to absorb the year-end peak. International parcels continued to grow on the back of increasing cross-border e-commerce while our new acquisitions continued to contribute. Domestic Mail evolution was in line with our full year guidance and organic costs remained under strict control. I confidently reconfirm our full year guidance of realizing the same operating result and paying out the same dividend as in 2016.*

In addition, on October 9th, we announced the acquisition of Radial, a provider of integrated e-commerce logistic solutions. This acquisition is a great leap forward for bpost. It fits perfectly within our growth strategy and will allow us to become a leading player in the e-commerce logistics business in the Benelux, Europe and throughout the world. I'm very proud of this acquisition that will reinforce our company in creating sustainable value for all stakeholders."

Outlook for 2017 reconfirmed

We expect revenues to grow driven by:

- a **double digit volume growth** in **Domestic Parcels,** with a price/mix effect of around -5%.
- **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 fourth quarter will count 1 working day less on franking machines and 1 more on stamps compared to the same quarter 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

3rd quarter (million EUR)	Reported 2016	2017	% Δ
Total operating income (revenues)	538.1	647.6	20.4%
Operating expenses	428.0	537.3	25.5%
EBITDA	**110.1**	**110.3**	**0.2%**
Margin (%)	*20.5%*	*17.0%*	
EBIT	**87.8**	**87.2**	**-0.7%**
Margin (%)	*16.3%*	*13.5%*	
Profit before tax	**89.0**	**91.4**	**2.7%**
Income tax expense	28.2	31.4	
Net profit	**60.8**	**60.0**	**-1.3%**
FCF	**(71.9)**	**(76.3)**	
bpost S.A./N.V. net profit (BGAAP)	**50.5**	**52.0**	**3.0%**
Net Debt/ (Net cash), at 30 September	**(657.7)**	**(518.6)**	**-21.2%**

Year-to-date (million EUR)	Reported 2016	2017	% Δ
Total operating income (revenues)	1,734.5	2,068.7	19.3%
Operating expenses	1,289.2	1,622.1	25.8%
EBITDA	**445.4**	**446.5**	**0.3%**
Margin (%)	*25.7%*	*21.6%*	
EBIT	**378.5**	**377.4**	**-0.3%**
Margin (%)	*21.8%*	*18.2%*	
Profit before tax	**368.4**	**381.8**	**3.6%**
Income tax expense	123.9	126.0	
Net profit	**244.5**	**255.8**	**4.6%**
FCF	**159.4**	**90.8**	
bpost S.A./N.V. net profit (BGAAP)	**221.8**	**222.8**	**0.4%**
Net Debt/ (Net cash), at 30 September	**(657.7)**	**(518.6)**	**-21.2%**

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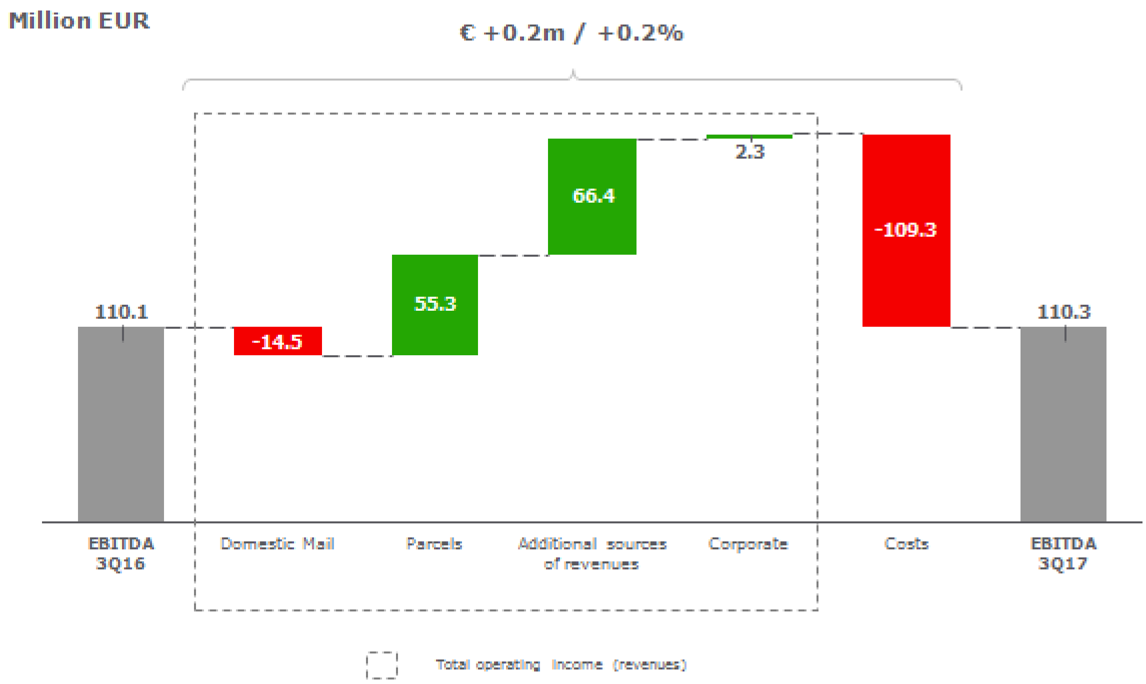
Income Statement

Third quarter 2017



Total operating income increased by EUR 109.5m or 20.4% to EUR 647.6m. This increase was driven by Parcels (EUR +55.3m, explained by very strong Parcels growth 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 +66.4m) and the total operating income attributable to Corporate (EUR +2.3m). All these effects were partially offset by the decrease of Domestic Mail as the price increase in Domestic Mail (EUR +2.4m) were outpaced by the volume decrease of Domestic Mail (EUR -15.3m) and the working days impact (EUR -1.6m).

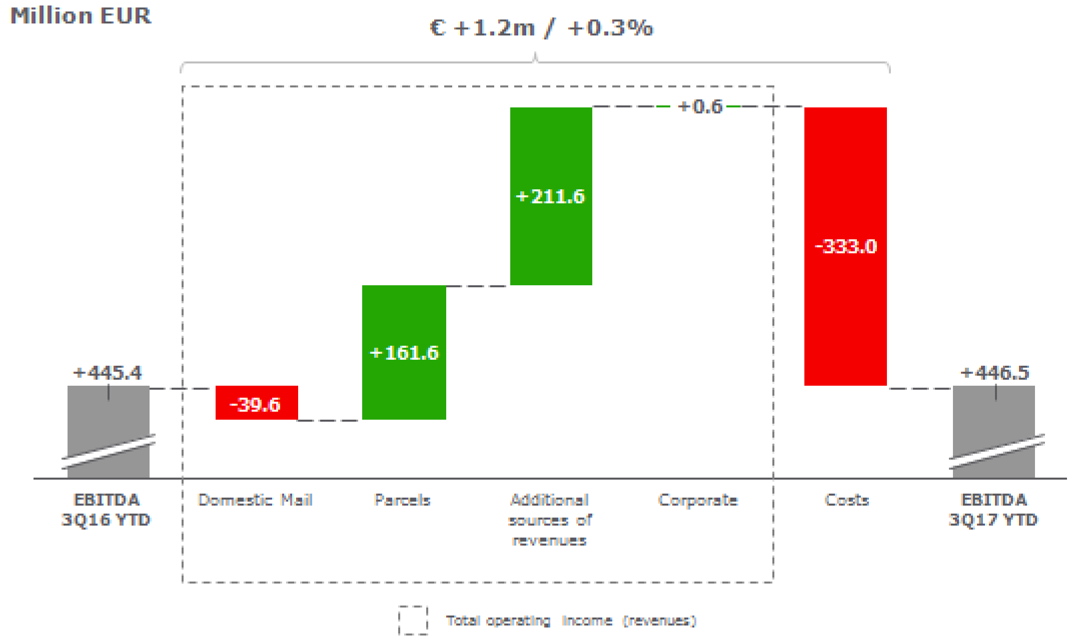
Costs increased by EUR 109.3m or 25.5%, mainly due to the consolidation of new subsidiaries, leading to an EBITDA slightly higher by EUR 0.2m or 0.2% compared to last year and an EBIT slightly lower by EUR 0.6m or 0.7% compared to last year.

Net financial result improved by EUR 3.1m 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 increased compared to last year, with the effective tax rate standing at 34.3%.

IFRS group net profit stood at EUR 60.0m, in line with last year. **Belgian GAAP net profit** of the parent company amounted to EUR 52.0m, an increase of EUR 1.5m or 3.0% versus last year.

First nine months of 2017



Total operating income increased by EUR 334.1m or 19.3%, to EUR 2,068.7m. The increase of Parcels (EUR +161.6m) 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 211.6m, mainly due to the integration of Ubiway and the total operating income attributable to Corporate slightly increased (EUR +0.6m). All these effects were partially offset by the decrease of Domestic Mail (EUR -39.6m, mainly volume driven).

Costs increased by EUR 333.0m or 25.8%, mainly due to the consolidation of new subsidiaries, leading to EBITDA and EBIT in line with last year. EBITDA was 0.3% higher than last year, whereas EBIT was 0.3% lower than last year.

Net financial result improved by EUR 15.1m 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 slightly increased compared to last year, with the effective tax rate standing at 33.0%.

IFRS group net profit reached EUR 255.8m. **Belgian GAAP net profit** of the parent company amounted to EUR 222.8m, in line with last year.

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.

Third quarter of 2017

In million EUR	3Q16	Reclassi-fications	3Q16 Comparable	Δ	3Q17	% Δ	underlying vol. % Δ
Domestic mail	**315.2**		**315.2**	**(14.5)**	**300.7**	**-4.6%**	**-5.3%**
Transactional mail	190.6		190.6	(13.3)	177.4	-7.0%	-6.5%
Advertising mail	55.7		55.7	(0.1)	55.6	-0.2%	-1.6%
Press	68.9		68.9	(1.1)	67.8	-1.6%	-4.3%
Parcels	**85.7**	**2.1**	**87.8**	**55.3**	**143.1**	**62.9%**	
Domestic parcels	41.6	0.9	42.4	10.1	52.5	23.7%	+32.8%
International parcels	42.3	0.4	42.7	9.1	51.8	21.4%	
Logistic Solutions	1.9	0.7	2.7	36.0	38.7	-	
Additional sources of revenues	**132.7**	**(2.1)**	**130.6**	**66.4**	**197.1**	**50.9%**	
International mail	37.2	(0.4)	36.7	(1.5)	35.3	-4.0%	
Value added services	24.3	(0.5)	23.8	1.4	25.2	5.9%	
Banking and financial products	46.1		46.1	(1.4)	44.8	-2.9%	
Distribution				21.9	21.9	-	
Retail & Other	25.1	(1.1)	23.9	46.0	69.9	192.2%	
Corporate	**4.4**		**4.4**	**2.3**	**6.7**	**52.8%**	
TOTAL	**538.1**	**(0.0)**	**538.1**	**109.5**	**647.6**	**20.4%**	

Total operating income increased by EUR 109.5m, or 20.4%, from EUR 538.1m in the third quarter of 2016 to EUR 647.6m in the same period of 2017.

Revenues from **Domestic Mail** decreased by EUR 14.5m to EUR 300.7m. Reported and underlying (corrected for 1 working days less for franking machines and 2 working days less for stamps) volume decline amounted to respectively -5.9% and -5.3% (vs. -5.0% full year 2016 underlying volume decline). Transactional mail, with a reported and underlying volume decline of respectively -7.3% and -6.5% (vs. -5.9% full year 2016 underlying volume decline), continued to be impacted by e-substitution. Advertising mail realized a reported and underlying volume decrease of -1.6% for the quarter and continued to witness growth in the focus segments through unaddressed mail while direct mail recorded a slight volume decrease . However, the year to date volume increase of 1.8% is still significantly better than the full year 2016 underlying volume trend (-3.0%). Press volume decreased on a reported and underlying basis by -4.3%. Newspapers witnessed a stable trend

versus the first half of 2017 while periodicals will benefit from volume shifts towards the fourth quarter of 2017.
Total mail volume decline impacted revenues by EUR -15.3m along with 1 working day less for franking machines and 2 working days less for stamps (EUR -1.6m), partially compensated by the net improvement in price and mix, amounting to EUR 2.4m.

Parcels increased by EUR 55.3m due to the consistent growth of Domestic Parcels (EUR 10.1m) and International Parcels (EUR 9.1m). Furthermore Logistic Solutions increased by EUR 36.0m due to the integration of DynaGroup. Domestic Parcels noted a very strong volume growth of +32.8% driven by strong e-commerce growth and 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 -7.1%. Growth in International Parcels was driven by the increase of volumes from Asia, Europe and the US.

Total operating income from **Additional sources of revenues** increased by EUR 66.4m to reach EUR 197.1m. The integration of Ubiway resulted in an increase of Retail & Other as well as the newly created Distribution product category. Value Added Services increased by EUR 1.4m, partially offset by the lower revenues for International Mail (EUR -1.5m) and Banking and financial products (EUR -1.4m).

Revenues from **Corporate** increased by EUR 2.3m.

First nine months of 2017

In million EUR	YTD16	Reclassi-fications	YTD16 Comparable	Δ	YTD17	% Δ	underlying vol. % Δ
Domestic mail	**1,033.2**		**1,033.2**	**(39.6)**	**993.6**	**-3.8%**	**-5.5%**
Transactional mail	638.3		638.3	(45.1)	593.1	-7.1%	-7.7%
Advertising mail	181.6		181.6	3.9	185.5	2.1%	1.8%
Press	213.3		213.3	1.6	214.9	0.7%	-4.1%
Parcels	**261.0**	**5.6**	**266.6**	**161.6**	**428.2**	**60.6%**	
Domestic parcels	129.8	2.6	132.4	27.0	159.5	20.4%	+27.1%
International parcels	125.1	0.9	126.0	33.6	159.7	26.7%	
Logistic Solutions	6.1	2.1	8.1	100.9	109.0	-	
Additional sources of revenues	**410.9**	**(5.6)**	**405.3**	**211.6**	**616.9**	**52.2%**	
International mail	116.5	(0.9)	115.6	1.8	117.4	1.6%	
Value added services	77.6	(1.3)	76.3	(0.2)	76.1	-0.3%	
Banking and financial products	142.5		142.5	(3.3)	139.1	-2.3%	
Distribution				72.2	72.2	-	
Retail & Other	74.4	(3.4)	71.0	141.0	212.0	198.8%	
Corporate	**29.4**		**29.4**	**0.6**	**30.0**	**2.2%**	
TOTAL	**1,734.5**	**(0.0)**	**1,734.5**	**334.1**	**2,068.7**	**19.3%**	

Total operating income increased by EUR 334.1m, or 19.3%, from EUR 1,734.5m in the first nine months of 2016 to EUR 2,068.7m in the same period of 2017.

Domestic Mail revenues amounted to EUR 993.6m in the first nine months of 2017, an organic decline of EUR 39.6m versus last year, due to a reported volume evolution of -5.6% and an underlying volume evolution of -5.5%, partly compensated by a price/mix improvement.

Parcels revenues grew by EUR 161.6m to reach EUR 428.2m, mainly driven by the volume growth of 27.1% in Domestic Parcels, the increase in International Parcels and the integration of DynaGroup in Logistic Solutions.

Additional sources of revenues amounted to EUR 616.9m, an increase of EUR 211.6m, mainly due to the integration of Ubiway and the increase of International Mail (EUR 1.8m), partially offset by the decrease of the Banking and financial activities (-3.3m EUR).

Revenues from **Corporate** increased by EUR 0.6m to EUR 30.0m.

Operating expenses

Third quarter of 2017

In million EUR	3Q16	3Q17	% Δ
Payroll & interim costs	292.3	306.9	5.0%
FTE	*25,549*	*27,038*	*1,488*
SG&A (excl. interim and transport costs)	84.7	107.4	*26.8%*
Transport costs	49.7	70.6	*42.0%*
Other costs	1.3	52.4	-
TOTAL OPERATING EXPENSES	**428.0**	**537.3**	***25.5%***

In the third quarter of 2017 **total operating expenses** stood at EUR 537.3m. Excluding the consolidation of the new subsidiaries (EUR 103.3m), the operating expenses increased by EUR 6.0m or 1.4% in comparison with the same quarter of 2016. The decrease of payroll and interim costs (EUR 6.2m) and other costs (EUR 0.4m) was offset by the increased transport costs (EUR 4.7m, due to increased international activities) and the increase of SG&A excluding interim and transport costs (EUR 7.9m).

Payroll and interims costs in the third quarter of 2017 amounted to EUR 306.9m and showed a net increase of EUR 14.6m compared to the same period of 2016 mainly driven by the impact of the new subsidiaries (EUR 20.8m).

The reported average year-on-year staff showed an increase of 1,488 FTE and interims, generating extra costs of EUR 20.0m, explained by the integration of FTE and interims of the new subsidiaries.

A positive mix effect reduced costs by EUR 2.9m and was mainly driven by the recruitment of auxiliary postmen.

The price effect and others had a positive impact of EUR 2.6m explained by salary indexation, CLA,merit increases, the evolution of provisions and phasing on the CLA in 2016.

Not taking into account the impact of the new subsidiaries (EUR 14.8m), **SG&A excluding interim and transport costs** increased by EUR 7.9m. The increase was mainly driven by the increase of rent and rental costs (mainly new Brussels sorting centre), M&A related costs, maintenance and repairs, energy costs and ICT outsourcing.

Transport costs amounted to EUR 70.6m, EUR 20.9m higher compared to previous year (or 42.0%) due to scope change (EUR 16.1m) and the evolution of international activities.

Other costs increased by EUR 51.2m. Excluding the consolidation of the new subsidiaries, the decrease of other costs amounted to EUR 0.4m.

First nine months of 2017

In million EUR	YTD16	YTD17	% Δ
Payroll & interim costs	860.8	912.7	*6.0%*
FTE	*24,670*	*26,195*	*1,525*
SG&A (excl. interim and transport costs)	264.7	312.7	*18.1%*
Transport costs	148.3	216.4	*45.9%*
Other costs	15.3	180.3	-
TOTAL OPERATING EXPENSES	**1,289.2**	**1,622.1**	***25.8%***

For the first nine months of 2017, **total operating expenses** increased by EUR 333.0m or 25.8%. Excluding the consolidation of the new subsidiaries (EUR 321.3m), the operating expenses increased by EUR 11.7m. Not taking into account the impact of the scope change, the decrease of payroll and interims costs (EUR 13.9m) was offset by the increased transport costs (EUR 18.7m, in turn due to increased international activities), increased other costs (EUR 6.2m, last year EUR 4.0m VAT recuperation) and the slight increased SG&A excluding interim and transport costs (EUR 0.7m).

In the first nine months of 2017, **payroll and interims costs** increased by EUR 52.0m mainly driven by the increase of the average FTE and interims (1,525 FTE) explained by the integration of FTE from new subsidiaries leading to additional costs of EUR 65.9m. This negative impact was partially compensated by a positive mix effect (EUR 10.0m) resulting mostly from the recruitment of auxiliary postmen. The price effect and others had a positive impact of EUR 0.3m, mainly explained by indexation of salaries, impacts of the CLA, merit increases, compensated by tax shift, employee benefits and the favourable evolution of some provisions.

SG&A excluding interim and transport costs showed a slight increase of EUR 0.7m excluding the consolidation of the new subsidiaries, mainly due to increased rent and rental costs and energy costs (linked to increased fuel price and a growing fleet), partly offset by a decrease in third party remuneration (due to last year's strategic corporate projects) and insurance costs.

Transport costs amounted to EUR 216.4m, EUR 68.1m higher compared to previous year (or 45.9%), mainly due to scope change (EUR 49.4m) and the evolution of international activities.

The increase in **other costs** (EUR 164.9m) for the first nine months of 2017 was mainly due to the consolidation of the new subsidiaries (EUR 158.7m). Furthermore 2016 benefited from the increase of recoverable VAT (EUR 4.0m, from 14% in 2015 to 18.79% in 2016).

Cash flow statement

Third quarter of 2017

Net cash outflow increased compared to the same period last year by EUR 4.3m to EUR 76.3m.

Free cash flow amounted to EUR -76.3m in the third quarter of 2017 (EUR -71.9m in 2016).

Cash outflow from operating activities decreased by EUR 25.2m compared to the same period last year to EUR -38.9m mainly due to the payment of terminal dues in the third quarter of 2016 (EUR +16.8m), which was mainly phasing, and lower tax prepayment in 2017 (EUR +10.0m).

Investing activities generated a cash outflow of EUR 37.3m in the third quarter of 2017 compared to an outflow of EUR 7.8m for the same period last year due to the payment of an earn out relating to Apple Express in the third quarter of 2017 (EUR -2.7m), lower proceeds from the sale of property, plant and equipment (EUR -3.0m) combined with higher cash outflows related to capital expenditures (EUR -23.8m).

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

First nine months 2017

In the first nine months of 2017, bpost generated EUR 41.0m of net cash, or a decrease of EUR 68.8m compared to the net cash inflow of EUR 109.8m for the same period last year.

Cash flow from operating activities resulted in a cash inflow of EUR 219.5m, EUR 9.7m less than the same period last year. Cash generation from operating activities had been impacted in the first nine months by the lower Alpha pay-outs (EUR +16.6m), the payment of terminal dues in 2016 (EUR +16.8m), which was mainly phasing, and working capital deterioration by EUR 43.9m mainly explained by a negative phasing in suppliers.

Investing activities generated a cash outflow of EUR 128.7m in the first nine months of 2017 compared to an outflow of EUR 69.7m for the same period last year, mainly resulting from higher cash outflows related to the subsidiaries (EUR -40.3m) combined with higher capital expenditures (EUR -23.9m) and lower proceeds from sale of property, plant and equipment (EUR -6.7m). This was partially compensated by investment securities in the first nine months of 2017 (EUR +12.0m).

The cash outflow relating to **financing activities** amounted to EUR 49.8m, in line with last year as the higher dividend pay-out in 2017 was partially compensated by a dividend to minority interests paid in the first nine months of 2016.

Key events during the third quarter

On August 7, 2017 bpost strengthened its position in sustainable logistics with the acquisition of Bubble Post

bpost entered into an agreement for the acquisition of Bubble Post. This confirms the growth ambitions of both companies in smart and sustainable urban delivery solutions and enhances the hybrid network of bpost with complementary expertise in cold transport.

On July 14, 2017 the Council of Ministers approved the bill introduced by Minister De Croo on postal services

The bill ensures continuity with the existing regulatory framework, while at the same time introducing more flexibility to allow the universal service provider to respond to changing customer needs. Mechanisms are also introduced to avoid the universal service being dependent on government funding.

Key aspects of the bill are:

- Abolition of the operational licensing conditions for mail, in line with the requirement of the European Commission
- Continuity of the social level playing field
- Continuity of the universal service provision by bpost
- Future-proof, stable and predictable regulatory framework, a.o. a predictable and stable price control mechanism

The bill still needs to be approved by the Parliament.

Financial calendar

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
11.02.18	Start of quiet period ahead of FY2017 results
13.03.18 (17.45 CET)	Announcement annual results FY2017
14.03.18 (10.00 CET)	Analyst Conference Call
01.04.18	Start of quiet period ahead of Q1/2018 results
02.05.18 (17.45 CET)	Announcement Q1/2018 results
03.05.18 (10.00 CET)	Analyst Conference Call
09.05.18	Ordinary General Meeting of Shareholders
15.05.18	Ex-dividend date
16.05.18	Record date
17.05.18	Payment date of the dividend
09.07.18	Start of quiet period ahead of Q2/2018 results
08.08.18 (17.45 CET)	Announcement Q2/2018 and half-year results
09.08.18 (10.00 CET)	Analyst Conference Call
08.10.18	Start of quiet period ahead of Q3/2018 results
07.11.18 (17.45 CET)	Announcement Q3/2018 results
08.11.18 (10.00 CET)	Analyst Conference Call
03.12.18 (17.45 CET)	Interim dividend 2018 announcement
06.12.18	Ex-dividend date (interim dividend)
07.12.18	Record date (interim dividend)
10.12.18	Payment date of the interim dividend

Unaudited Interim Condensed Consolidated Financial Statements[1]

Interim Consolidated Income Statement (unaudited)

		Year-to-date		3rd quarter	
In million EUR	**NOTES**	**2016**	**2017**	**2016**	**2017**
Turnover	6	1,716.6	2,040.5	533.4	637.6
Other operating income		18.0	28.1	4.7	10.0
TOTAL OPERATING INCOME		**1,734.5**	**2,068.7**	**538.1**	**647.6**
Materials cost		(20.9)	(179.6)	(6.0)	(58.0)
Services and other goods	7	(448.6)	(577.8)	(147.2)	(196.7)
Payroll costs		(825.2)	(864.0)	(279.6)	(288.2)
Other operating expenses		5.6	(0.6)	4.7	5.5
Depreciation, amortization		(66.8)	(69.1)	(22.3)	(23.1)
TOTAL OPERATING EXPENSES		**(1,356.0)**	**(1,691.3)**	**(450.2)**	**(560.4)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**378.5**	**377.4**	**87.8**	**87.2**
Financial income		5.1	3.3	2.5	1.1
Financial cost		(23.7)	(6.8)	(7.5)	(3.0)
Share of profit of associates		8.5	7.9	6.2	6.1
PROFIT BEFORE TAX		**368.4**	**381.8**	**89.0**	**91.4**
Income tax expense		(123.9)	(126.0)	(28.2)	(31.4)
PROFIT OF THE PERIOD		**244.5**	**255.8**	**60.8**	**60.0**
Attributable to:					
Owners of the Parent		243.5	256.3	60.3	60.4
Non-controlling interests		1.1	(0.5)	0.5	(0.4)

EARNINGS PER SHARE

	Year-to-date		3rd quarter	
In EUR	**2016**	**2017**	**2016**	**2017**
►basic, profit for the year attributable to ordinary equity holders of the parent	1.22	1.28	0.30	0.30
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.22	1.28	0.30	0.30

[1] The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting

In accordance with IAS 33, diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As far as bpost is concerned, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares.

Interim Consolidated Statement of Comprehensive Income (unaudited)

In million EUR	As of 30 September 2016	As of 30 September 2017
PROFIT FOR THE YEAR	**244.5**	**255.8**
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	0.1	(3.6)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**0.1**	(3.6)
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	14.6	(39.2)
(Loss)gain on available for sale financial assets	22.2	(59.4)
Income tax effect	(7.5)	20.2
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	**8.9**	**(37.3)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**9.0**	**(40.9)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**253.6**	**214.9**
Attributable to:		
Owners of the Parent	252.5	215.4
Non-controlling interest	1.1	(0.5)

Interim Consolidated Statement of Financial Position (unaudited)

In million EUR	NOTES	As of 31 December 2016	As of 30 September 2017
Assets			
Non-current assets			
Property, plant and equipment	8	561.6	559.4
Intangible assets	9	224.4	337.1
Investments in associates	10	373.7	336.7
Investment properties		6.2	5.7
Deferred tax assets		48.2	36.4
Trade and other receivables		2.8	2.6
		1,216.8	**1,277.8**
Current assets			
Assets held for sale		1.5	3.0
Investment securities		12.0	0.0
Inventories		36.7	40.9
Income tax receivable		2.6	2.8
Trade and other receivables	11	481.8	435.7
Cash and cash equivalents	12	538.9	588.6
		1,073.5	**1,071.1**
TOTAL ASSETS		**2,290.3**	**2,348.9**
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		364.0	364.0
Treasury shares		0.0	0.0
Reserves		274.2	308.9
Foreign currency translation		2.5	(1.1)
Retained earnings		135.5	255.8
		776.3	**927.6**
Non-controlling interests		3.1	2.6
TOTAL EQUITY		**779.3**	**930.2**
Non-current liabilities			
Interest-bearing loans and borrowings		47.7	48.6
Employee benefits	13	356.7	323.4
Trade and other payables	14	40.3	78.5
Provisions		31.6	25.1
Deferred tax liabilities		1.1	1.1
		477.3	**476.7**
Current liabilities			
Interest-bearing loans and borrowings		10.3	10.5
Bank overdrafts		0.0	10.7
Provisions		27.1	22.3
Income tax payable	15	31.4	62.6
Trade and other payables	16	964.8	835.9
		1,033.6	**942.0**
TOTAL LIABILITIES		**1,511.0**	**1,418.7**
TOTAL EQUITY AND LIABILITIES		**2,290.3**	**2,348.9**

Interim Consolidated Statement of Changes in Equity (unaudited)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
In million EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS PER 1 JANUARY 2016	**364.0**	**(0.0)**	**230.9**	**0.6**	**99.3**	**694.8**	**0.0**	**694.8**
Profit for the year 2016					243.5	243.5	1.1	244.5
Other comprehensive income			108.2	0.1	(99.3)	9.0		9.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**108.2**	**0.1**	**144.2**	**252.5**	**1.1**	**253.6**
Dividends (Pay-out)			(48.0)		0.0	(48.0)	(2.0)	(50.0)
Other			(2.9)		1.1	(1.8)	1.7	(0.2)
AS OF 30 SEPTEMBER 2016	**364.0**	**(0.0)**	**288.2**	**0.7**	**244.5**	**897.4**	**0.7**	**898.2**
AS PER 1 JANUARY 2017	**364.0**	**(0.0)**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
Profit for the year 2017					256.3	256.3	(0.5)	255.8
Other comprehensive income			98.2	(3.6)	(135.5)	(40.9)		(40.9)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**98.2**	**(3.6)**	**120.8**	**215.4**	**(0.5)**	**214.9**
Dividends (Pay-out)			(50.0)		0.0	(50.0)	0.0	(50.0)
Other			(13.6)		(0.5)	(14.1)	0.1	(14.0)
AS OF 30 SEPTEMBER 2017	**364.0**	**(0.0)**	**308.9**	**(1.1)**	**255.8**	**927.6**	**2.6**	**930.2**

Equity increased by EUR 150.9m, or 19.4%, to EUR 930.2m as of September 30, 2017 from EUR 779.3m as of December 31, 2016. The increase is mainly due to the realized profit of EUR 255.8m, partially offset by the fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 39.2m and the payment of a dividend for an amount of EUR 50.0m.

Interim Consolidated Statement of Cash Flows (unaudited)

In million EUR	Year-to-date 30 September 2016	Year-to-date 30 September 2017	3rd quarter 2016	3rd quarter 2017
Operating activities				
Profit before tax	368.4	381.8	89.0	91.4
Depreciation and amortization	66.3	69.1	21.8	23.1
Impairment on bad debts	0.8	0.8	(0.1)	(0.2)
Gain on sale of property, plant and equipment	(12.4)	(6.9)	(2.9)	(0.2)
Other non-cash items	0.0	(5.0)	0.0	(0.3)
Change in employee benefit obligations	7.3	(30.5)	2.1	(14.1)
Share of profit of associates	(8.5)	(7.9)	(6.2)	(6.1)
Dividend received	0.0	5.8	0.0	0.0
Income tax paid	(77.1)	(69.6)	(73.1)	(62.5)
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	**324.0**	**322.5**	**30.6**	**31.2**
Decrease/(increase) in trade and other receivables	64.1	81.2	(17.2)	(51.1)
Decrease/(increase) in inventories	(0.6)	0.0	(1.8)	(0.6)
Increase/(decrease) in trade and other payables	(140.8)	(172.9)	(62.9)	(10.5)
Increase/(decrease) in provisions	(17.6)	(11.4)	(12.9)	(7.9)
NET CASH FROM OPERATING ACTIVITIES	**229.1**	**219.5**	**(64.2)**	**(38.9)**
Investing activities				
Proceeds from sale of property, plant and equipment	17.9	11.2	3.6	0.5
Acquisition of property, plant and equipment	(34.4)	(53.4)	(8.6)	(28.3)
Acquisition of intangible assets	(8.1)	(13.5)	(2.2)	(6.8)
Acquisition of other investments	(0.5)	12.0	(0.5)	(0.0)
Acquisition of subsidiaries, net of cash acquired	(44.7)	(85.0)	(0.0)	(2.7)
NET CASH USED IN INVESTING ACTIVITIES	**(69.7)**	**(128.7)**	**(7.8)**	**(37.3)**
Financing activities				
Payments related to borrowings and financing lease liabilities	0.4	0.2	(0.1)	(0.1)
Dividends paid	(48.0)	(50.0)	0.0	0.0
Dividends paid to minority interests	(2.0)	0.0	0.0	0.0
NET CASH FROM FINANCING ACTIVITIES	**(49.6)**	**(49.8)**	**(0.1)**	**(0.1)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**109.8**	**41.0**	**(72.0)**	**(76.3)**
NET FOREIGN EXCHANGE DIFFERENCE	**(1.2)**	**(2.1)**	**(0.3)**	**(0.6)**
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 September	724.1	577.8		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 SEPTEMBER	**108.6**	**38.9**		

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first nine months ended September 30, 2017 were authorized for issue in accordance with a resolution of the Board of Directors on November 8, 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 have not been subject to review by the independent auditor.

The interim condensed consolidated financial statements for the nine months ended September 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
IFRS 17 - Insurance Contracts	1 January 2021

(*) 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. Business Combinations

Additional consideration Apple Express

In September 2017 bpost SA-NV paid CAD 3.4m (EUR 2.7m) in execution of the contingent consideration agreement and based upon the July 2017 performance of Apple Express Courier Inc. and Apple Express Courier LTD. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill.

Acquisitions during the third quarter of 2017

On August 7, 2017 bpost SA-NV entered into an agreement for the acquisition of Bubble Post. Besides its experience in sustainable urban delivery, Bubble Post also has extensive knowledge of refrigerated and frozen transport for among others hospitality wholesalers and delivery of prepared meals and food boxes.

bpost acquired 100% of the shares of Bubble Post for an amount of EUR 1, furthermore the agreement includes a contingent consideration arrangement and foresees an additional remuneration based on the EBIT achieved in 2020. Based on the last forecast, the fair value of the contingent consideration was recognized for an amount of EUR 7.35m as a liability. bpost furthermore committed to make available EUR 4.0m of funds. The company was consolidated within the P&I operating segment using the full-integration method as from August 2017.

5. 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:

	Year-to-date			3rd quarter	
In million EUR	**2016 Comparable**	**2017**	**Change %**	**2016 Comparable**	**2017**
MRS	1,318.0	1,486.6	12.8%	407.1	460.4
P&I	387.2	552.0	42.6%	126.5	180.5
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**1,705.1**	**2,038.6**	**19.6%**	**533.6**	**640.8**
Corporate (Reconciling category)	29.4	30.0	2.2%	4.4	6.7
TOTAL OPERATING INCOME	**1,734.5**	**2,068.7**	**19.3%**	**538.1**	**647.6**

Operating income attributable to the MRS operating segment increased by EUR 53.3m compared to the third quarter of 2016, to EUR 460.4m. 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 5.3% underlying volume decline of Domestic Mail.

P&I operating income increased in the third quarter of 2017 by EUR 54.0m to EUR 180.5m. The increase was mainly due to the consistent growth of Domestic Parcels, which noted a very strong quarterly volume increase of +32.8% driven by e-commerce and the continued growth in C2C parcels, along with International Parcels (revenue growth from Asia) 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 6), no single external customer exceeded 10% of bpost's operating income.

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

	Year-to-date			3rd quarter	
In million EUR	**2016**	**2017**	**Change %**	**2016**	**2017**
Belgium	1,489.0	1,686.6	13.3%	459.5	515.4
RoW	245.6	382.1	55.6%	78.6	132.2
TOTAL OPERATING INCOME	**1,734.5**	**2,068.7**	**19.3%**	**538.1**	**647.6**

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

	Year-to-date			3rd quarter	
In million EUR	**2016 Comparable**	**2017**	**Change %**	**2016 Comparable**	**2017**
MRS	338.0	325.4	-3.7%	78.8	84.4
P&I	64.6	48.9	-24.3%	23.3	6.6
TOTAL EBIT OF OPERATING SEGMENTS	**402.6**	**374.3**	**-7.0%**	**102.1**	**91.0**
Corporate (Reconciling category)	(24.1)	3.1	-112.8%	(14.3)	(3.8)
TOTAL EBIT	**378.5**	**377.4**	**-0.3%**	**87.8**	**87.2**

The EBIT of the MRS operating segment increased by EUR 5.6m to EUR 84.4m in the third quarter of 2017. The lower revenues from Domestic Mail were more than offset by the positive contribution of Ubiway and cost savings.

EBIT attributable to the P&I operating segment decreased by EUR 16.7m to EUR 6.6m in the third quarter of 2017. P&I EBIT was impacted by the absence of last year's positive settlement of terminal dues with another postal operator and non-recurring costs related to the growth strategy for developing the e-commerce logistics business.

In million EUR	Year-to-date 2016 Comparable	2017	Change %	3rd quarter 2016 Comparable	2017
MRS	338.0	325.4	-3.7%	78.8	84.4
P&I	64.6	48.9	-24.3%	23.3	6.6
TOTAL EAT OF OPERATING SEGMENTS	**402.6**	**374.3**	**-7.0%**	**102.1**	**91.0**
Corporate (Reconciling category)	(158.1)	(118.5)	-25.0%	(41.3)	(30.9)
TOTAL EAT	**244.5**	**255.8**	**4.6%**	**60.8**	**60.0**

Financial income, financial costs, share of profit of associates and income tax expenses are all included in the reconciling category “Corporate”.

The following table provides detailed information on the reconciling category “Corporate”:

In million EUR	Year-to-date 2016	2017	Change %	3rd quarter 2016	2017
OPERATING INCOME	**29.4**	**30.0**	**2.2%**	**4.4**	**6.7**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(47.3)	(43.6)	-7.8%	(13.9)	(13.8)
Other reconciliation items	(6.2)	16.7	-368.7%	(4.8)	3.2
OPERATING EXPENSES	**(53.5)**	**(26.9)**	**-49.7%**	**(18.7)**	**(10.5)**
EBIT CORPORATE (RECONCILING CATEGORY)	**(24.1)**	**3.1**	**-112.8%**	**(14.3)**	**(3.8)**
Share of profit of associates	8.5	7.9	-6.5%	6.2	6.1
Financial Results	(18.6)	(3.5)	-81.1%	(5.0)	(1.9)
Income Tax expense	(123.9)	(126.0)	1.7%	(28.2)	(31.4)
EAT CORPORATE (RECONCILING CATEGORY)	**(158.1)**	**(118.5)**	**-25.0%**	**(41.3)**	**(30.9)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category increased by EUR 10.5m to negative EUR 3.8m in the third quarter of 2017 and was mainly driven by increased revenues and the evolution of payroll provisions.

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

6. Turnover

In million EUR	Year-to-date 2016	2017	3rd quarter 2016	2017
Turnover excluding the SGEI remuneration	1,522.8	1,840.8	468.3	572.3
SGEI remuneration	193.8	199.7	65.1	65.3
TOTAL	**1,716.6**	**2,040.5**	**533.4**	**637.6**

7. Services and other goods

	Year-to-date			3rd quarter		
In million EUR	2016	2017	Change %	2016	2017	Change %
Rent and rental costs	52.1	71.4	37.0%	17.6	25.6	44.9%
Maintenance and repairs	54.6	60.9	11.5%	18.3	20.7	12.8%
Energy delivery	24.1	29.7	23.0%	8.0	9.5	18.6%
Other goods	15.0	16.3	8.7%	5.0	6.3	25.4%
Postal and telecom costs	4.5	5.7	26.6%	1.5	1.8	22.7%
Insurance costs	8.6	7.3	-15.1%	2.8	3.5	24.4%
Transport costs	148.3	216.4	45.9%	49.7	70.6	42.0%
Publicity and advertising	7.9	10.0	25.6%	1.8	3.0	64.1%
Consultancy	6.0	7.1	19.0%	0.6	2.8	362.1%
Interim employees	35.5	48.7	37.0%	12.8	18.7	46.4%
Third party remuneration, fees	78.5	90.3	15.1%	24.9	30.9	24.2%
Other services	13.4	14.0	5.0%	4.1	3.4	-16.9%
TOTAL	**448.6**	**577.8**	**28.8%**	**147.2**	**196.7**	**33.6%**

8. Property, plant and equipment

Property, plant and equipment decreased by EUR 2.3m, or 0.4%, to EUR 559.4m as of September 30, 2017. The decrease was mainly due to depreciations of EUR 56.9m and transfer to assets held for sale of EUR 5.8m, partially offset by capital expenditures of EUR 53.4m and the integration of DynaGroup for EUR 7.0m.

9. Intangible assets

Intangible assets increased by EUR 112.7m in the first nine month of the year, or 50.2%, to EUR 337.1m as of September 30, 2017. The increase was mainly due to the capital expenditures of EUR 13.5m, the preliminary goodwill resulting from the acquisition of new subsidiaries (DynaGroup and Bubble) for EUR 115.2m. Note that the goodwill of DynaGroup and Bubble are 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 depreciations for EUR 12.0m.

10. Investments in associates

Investments in associates decreased by EUR 37.0m, or 9.9%, to EUR 336.7m as of September 30, 2017. This decrease was due to the decrease in the unrealized gain on the bond portfolio in the amount of EUR 39.2m, reflecting an average increase of the underlying yield curve by 14 basis points (bps) compared to December 31, 2016 and the dividend received (EUR 5.8m). This was partially offset by bpost's share of result of associates for the first nine months of 2017 in the amount of EUR 7.9m. As of September 30, 2017, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 127.9m, which represented 38.0% 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 46.1m, or 9.6%, to EUR 435.7m as of September 30, 2017. The decrease was mainly driven by the usual settlement of the year-end SGEI receivable during the first quarter of the year.

12. Cash and cash equivalents

Cash and cash equivalents increased by EUR 49.7m, or 9.2%, to EUR 588.6m as of September 30, 2017. This increase is mainly due to the normalized free cash flow (EUR 90.0m), partially offset by the payment of EUR 50.0m dividend.

13. Employee benefits

In million EUR	As of 31 December 2016	As of 30 September 2017
Post-employment benefits	(82.1)	(54.2)
Long-term employee benefits	(107.7)	(108.1)
Termination benefits	(4.1)	(2.6)
Other long-term benefits	(162.8)	(158.4)
TOTAL	**(356.7)**	**(323.4)**

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 has been 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 33.2m, or 9.3%, to EUR 323.4m as of September 30, 2017. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 33.6m, which included EUR 2.2m 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 15.9m), positive past service costs (EUR 13.7m) and interest costs (EUR 3.6m).
- 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.

14. Non-current trade and other payables

Non-current trade and other payables increased by EUR 38.2m, to EUR 78.5m as of September 30, 2017 mainly due to the earn outs relating to the acquisition of DynaGroup and Bubble Post.

15. Income tax payable

Income tax payable increased by EUR 31.2m, to EUR 62.6m as of September 30, 2017 and was mainly explained by the accrued income taxes partially offset by the income taxes paid.

16. Current trade and other payables

Current trade and other payables decreased by EUR 128.9m, or 13.4%, to EUR 835.9m as of September 30, 2017. This decrease is due to the decline of the trade payables and social payables respectively by EUR 102.1m and EUR 28.7m, partially offset by the increase in other payables by EUR 1.9m. The decrease of the social payables was mainly explained by a timing difference as 2016 full year social accruals (holiday pay, bonuses,...) have been paid during 2017.

17. 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.

18. Events After the Reporting Period

On October 9, 2017 bpost announced the acquisition of US-based company Radial

Radial is a leading provider of integrated e-commerce logistics and omnichannel technology solutions, headquartered in Pennsylvania (USA). In 2016, Radial fulfilled over 306 million units for its retail customers, across 24 fulfillment centers. Radial is largely ahead of its peers in terms of scale, geographic coverage and breadth of services. In addition to gaining an important foothold in the US, this acquisition brings a distinctive set of expertise and capabilities from the advanced e-commerce market. Radial also offers integrated services such as payment, tax and fraud protection services, fulfillment and customer care for brands and retailers.

Under the terms of the agreement, bpost will acquire 100% of the shares of Radial for an Enterprise Value of $820 million. The expected normalized annual revenues of Radial for 2017 are forecasted between $970 and $1,020 million. The expected normalized EBITDA is forecasted to be between $65 and $70 million in 2017.

The transaction is expected to close in the last quarter of 2017, subject to customary closing conditions.

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, second and third quarter of 2017 and 2016 no non-recurring income statement related items were identified.

Cash Flow Statement related

During the first, second and third 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			3rd quarter		
In million EUR	**2016**	**2017**	**Change %**	**2016**	**2017**	**Change %**
IFRS Consolidated Net Profit	**244.5**	**255.8**	**4.6%**	**60.8**	**60.0**	**-1.3%**
Results of subsidiaries and deconsolidation impacts	(35.1)	(10.8)	-69.3%	(16.4)	(9.2)	-43.7%
Differences in depreciation and impairments	(0.1)	2.2	-	0.2	0.5	124.9%
Differences in recognition of provisions	(2.8)	(1.8)	-34.1%	(0.3)	(1.5)	-
Effects of IAS19	13.3	(35.6)	-	10.2	(2.6)	-125.9%
Deferred taxes	(0.8)	10.7	-	(2.3)	7.4	-
Other	2.7	2.2	-19.2%	(1.7)	(2.5)	51.5%
Belgian GAAP unconsolidated net profit	**221.8**	**222.8**	**0.4%**	**50.5**	**52.0**	**3.0%**

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.

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

	Year-to-date		3rd quarter	
In million EUR	**2016**	**2017**	**2016**	**2017**
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(10.0)	(12.8)	(3.3)	(3.4)
Profit of the international subsidiaries (local GAAP)	(15.1)	(8.1)	(8.1)	(1.5)
Share of results of associates (local GAAP)	(11.1)	(10.4)	(4.5)	(3.6)
Other deconsolidation impacts	1.1	20.6	(0.5)	(0.8)
TOTAL	**(35.1)**	**(10.8)**	**(16.4)**	**(9.2)**

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 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 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