Third quarter interim financial report 2013

bpost
takes care of it

This report constitutes regulated information as defined in the Royal Decree of 14 November 2007.

Table of Content

1 Overview of Key Figures

INCOME STATEMENT In million EUR	Year-to-date 2013	Year-to-date 2012	Change %	3rd Quarter 2013	3rd Quarter 2012	Change %
Total Operating Income	1,802.2	1,778.7	1.3%	566.6	549.4	3.1%
Normalized Total operating income (1)	1,787.7	1,778.7	0.5%	566.6	549.4	3.1%
Payroll costs	(911.9)	(901.2)	1.2%	(305.1)	(310.6)	-1.8%
EBITDA (2)	429.9	416.6	3.2%	103.9	85.4	21.7%
Normalized EBITDA (3)	415.3	395.4	5.0%	103.9	85.4	21.7%
Profit from operating activities (EBIT)	363.9	352.4	3.3%	81.5	64.0	27.4%
Normalized profit from operating activities (4)	349.3	331.3	5.4%	81.5	64.0	27.4%
Profit of the period	235.2	212.1	10.9%	53.8	36.2	48.7%

CASH FLOW In million EUR	Year-to-date 2013	Year-to-date 2012	Change %	3rd Quarter 2013	3rd Quarter 2012	Change %
Net cash from operating activities	160.1	48.5	230.2%	(6.7)	(3.8)	77.4%
Net cash used in investing activities	(46.8)	(39.0)	20.2%	4.1	(19.8)	-120.8%
Operating free cash flow (5)	113.3	9.5	1087.9%	(2.5)	(23.6)	-89.2%
Normalized operating free cash flow (6)	236.5	308.3	-23.3%	(2.5)	(25.7)	-90.1%
Net cash used in financing activities	(195.3)	(7.9)	2356.9%	(0.1)	(7.5)	-99.2%
Net change of cash and cash equivalents	(82.0)	1.6	-5262.4%	(2.6)	(31.1)	-91.6%

Statement of financial position In million EUR	As of 30 September 2013	As of 31 December 2012	Change %
Total assets	1,993.8	2,228.1	-10.5%
Non-current assets	1,066.8	1,112.8	-4.1%
Equity	715.8	737.7	-3.0%
Employee benefits	340.1	364.1	-6.6%
Net Debt + (Net Cash) (7)	(535.4)	(618.6)	-13.5%

Other key figures	Year-to-date 2013	Year-to-date 2012	Change %
Normalized EBIT margin (8)	19.5%	18.6%	4.9%
Basic earnings per share (9)	1.17	1.07	9.3%
Diluted earnings per share (9)	1.17	1.07	9.3%
Normalized basic earnings per share (9)	1.10	1.00	10.0%
Number of FTE (at period end)	25,530	26,114	-2.2%
Number of FTE (average)	25,892	26,915	-3.8%

[(1)] Normalized total operating income represents total operating income excluding the impact of non-recurring items and is not audited.

[(2)] Earnings Before Interests, Taxes, Depreciations and Amortization. EBITDA represents EBIT plus depreciation and Amortization.

[(3)] Normalized EBITDA represents EBITDA excluding the impact of non-recurring items and is not audited.

[(4)] Normalized EBIT represents profit from operating activities excluding the impact of non-recurring items and is not audited.

[(5)] Operating free cash flow represents net cash from operating activities less net cash used in investing activities and is not audited.

[(6)] Normalized operating free cash flow for the year represents operating free cash flow for the year excluding the impact of non-recurring items and is not audited.

[(7)] Net debt + (net Cash) represents interest and non-interest bearing loans less cash and cash equivalents

[(8)] Normalized EBIT margin represents normalized EBIT divided by normalized total operating income and is not audited.

[(9)] All earnings per share are calculated based on the number of shares after the stock split, which was approved at the Extraordinary Shareholders' Meeting on May 27, 2013 and resulted in a total of 200,000,944 shares.

For further details on reconciliation of normalized and reported key figures, we refer to section 4.4 of this document.

2 Highlights

Overall

- EBITDA margin for the quarter improving to 18.3% (+2.8 percentage points compared to the third quarter of 2012) to reach 103.9 million EUR on a normalized basis
- EBIT at 81.5 million EUR for the quarter
- Excluding phasing and scope impacts and the proceeds from sale of a single building of 11.4 million EUR, EBITDA and EBIT still grew respectively by 9.9 million EUR (+11.6%) and 8.8 million EUR (+13.8%)
- Outlook confirmed

On Total Operating Income

- Total operating income increased by 17.2 million EUR to reach 566.6 million EUR in the third quarter. Organic revenue growth amounted to 14.2 million EUR driven by the proceed of the announced buildings disposal program (11.8 million EUR, out of which 11.4 million EUR related to the sale of a single building)
- Underlying Domestic Mail volume decline stabilized in the third quarter of 2013 (-3.7%), very marginally below expectations but in line with the second quarter of 2013
- Continuing strong performance in parcels with an organic revenue growth by 9.8 million EUR, domestic parcels revenues up 5% and volumes up by +7.7% (vs. +6.4% in the first half year of 2013) with focus on capturing major customers to benefit from e-commerce growth

On costs

- Costs and productivity improvement programs delivered ahead of expectations with a further organic operating expenses reduction of 7.3 million EUR and an average FTE reduction of 974 compared to the third quarter of 2012

On Dividend

- Belgian GAAP net profit of the parent company amounts 44.9 million EUR for the quarter (improvement of EUR 12.8 million versus last year), bringing the total year-to-date to 175.5 million EUR (+4.7 million EUR versus in the first nine months of 2012)
- Dividend policy (payment of 85% of net profits of bpost S.A./N.V.) and compensation of pre-listing exceptional tax charge of 17.6 million EUR confirmed

3 Key events for the third quarter 2013

Agreement between bpost and the Joint Venture "Katoen Natie" for the new sorting center in Brussels

bpost signed an agreement with the Joint Venture Katoen Natie – Ent. Jan de Nul – Envisan, concessionaire of the Carcoke Site in the Brussels-Capital Region, for the building and renting of a new sorting center in Brussels.

In the future logistical organization of bpost, the new center of Brussels X becomes the largest sorting center of the country. The new hub will centralize the sorting of all packages, of 50% of domestic mail and will prepare the distribution activities for the Flemish Brabant and Brussels regions.

Before the Joint-Venture can start the construction of the sorting center, the City of Brussels still has to issue a building permit and the Brussels Environment department, an environmental permit. The Joint Venture "Katoen Natie" and bpost are confident that permits will be issued to allow the construction works to begin.

The new sorting center will be in service in 2016.

4 Financial Review

4.1 Interim Consolidated Income Statement

The following table presents bpost's financial results for the nine months of the year and the third quarter of 2013 and 2012:

	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Turnover	1,766.7	1,763.0	0.2%	552.6	546.9
Other operating income	35.6	15.7	126.6%	14.0	2.5
Total Operating Income	**1,802.2**	**1,778.7**	**1.3%**	**566.6**	**549.4**
Materials cost	(22.9)	(25.7)	-10.7%	(7.7)	(9.1)
Services and other goods	(434.9)	(426.0)	2.1%	(143.4)	(143.1)
Payroll costs	(911.9)	(901.2)	1.2%	(305.1)	(310.6)
Other operating expenses	(2.7)	(9.1)	-70.4%	(6.6)	(1.2)
Depreciation, amortization	(66.0)	(64.2)	2.8%	(22.4)	(21.4)
Total Operating Expenses	**(1,438.4)**	**(1,426.3)**	**0.8%**	**(485.1)**	**(485.4)**
Profit from operating activities (EBIT)	**363.9**	**352.4**	**3.3%**	**81.5**	**64.0**
Financial income	2.9	5.5	-48.2%	1.7	1.4
Financial cost	(9.4)	(32.7)	-71.2%	(4.5)	(10.2)
Share of profit of associates	14.1	3.6	290.8%	1.9	(1.8)
Profit before tax	**371.4**	**328.8**	**12.9%**	**80.6**	**53.3**
Income tax expense	(136.1)	(116.7)	16.6%	(26.9)	(17.2)
Profit for the period	**235.2**	**212.1**	**10.9%**	**53.8**	**36.2**

Total operating income

The following table presents a breakdown of bpost's total operating income by product for the nine months of the year and the third quarter of 2013 and 2012:

	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Domestic Mail	1,137.0	1,226.9	-7.3%	348.4	377.3
Transactional Mail	701.7	716.5	-2.1%	212.5	217.3
Advertising Mail	202.0	210.4	-4.0%	60.5	63.2
Press	233.4	300.0	-22.2%	75.4	96.8
Parcels	173.6	121.1	43.4%	58.0	39.3
Additional sources of growth and retail network	460.3	402.2	14.4%	146.3	130.2
Value-added services	66.5	71.2	-6.6%	23.5	23.4
International Mail	144.1	156.9	-8.2%	45.5	48.6
Banking and Financial products	156.4	161.3	-3.0%	51.8	55.3
Other	93.3	12.9	-	25.5	2.9
Corporate (Reconciling category)	31.3	28.4	-	13.8	2.6
Total	1,802.2	1,778.7	1.3%	566.6	549.4

Total operating income increased by 17.2 million EUR, or 3.1 %, to 566.6 million EUR in the **third quarter** of 2013, from 549.4 million EUR in the same period in 2012.

Changes in scope and another key effect had a net positive impact on total operating income of 3.0 million EUR and related to:

- the consolidation of Landmark Global as of 2013 (8.9 million EUR),
- the loss of the turnover related to the activities sold to Basware (2.0 million EUR), and
- the lower compensation for SGEI as the result of the application of the 5th Management Contract (3.9 million EUR).

The organic growth of total operating income of 14.2 million EUR in the third quarter is driven by continuing growth in parcels, by mail volumes decline in line with what was already observed in the second quarter and by the proceeds of the announced buildings disposal program.

Revenues from ***Domestic mail*** decreased by 28.9 million EUR to 348.4 million EUR in the third quarter of 2013 from 377.3 million EUR in the third quarter of 2012. 24.5 million EUR of this decline is due to the decrease in the compensation for SGEI attributable to Domestic mail. Excluding the impact of one additional working day (+0.8 million EUR) and the impact in 2012 of the elections (which generated last year 3.1 million EUR revenues), organic decline of Domestic mail amounts to 2.1 million EUR. The underlying volume decline of 3.7%, or 11.2 million EUR, is in line with the second quarter of 2013 (3.8%) and confirms the recovery of volumes as of the second quarter after a poor first quarter. Overall price increase is slightly above inflation and in line with the company's pricing policy and the regulatory framework. Prices are also positively impacted by the fact that the promotional discounts which had been applied on some advertising mail volumes in 2012 were not repeated in 2013. Total price and mix impact amounts to 9.2 million EUR.

Parcels continued their strong performance and realized a 18.7 million EUR increase in revenues. The consolidation of Landmark Global, which is performing as expected, contributed 8.9 million EUR to this increase. Organic growth is driven by an acceleration of volume growth in domestic parcels (7.7% compared to the third quarter of 2012), a growth in international parcels (60% of the increase related to parcels to China) partially counterbalanced by a negative product and price mix, as some customers growing in size can benefit from better tariffs and some big customers increase their overall share in our business, and a loss of revenues in express delivery activities.

Total operating income from the ***additional sources of growth*** increased by 16.1 million EUR in the third quarter of 2013. Taking into account the impact of the loss of revenue related to the disposal of activities of Certipost (2.0 million EUR) and the positive impact of the shift in SGEI remuneration from Domestic mail to the other revenue lines (20.6 million EUR), revenue declined by 2.6 million EUR in the third quarter of 2013. International mail is impacted by a higher churn in International Business (transit) Mail due to price increases (3.3 million EUR) and Banking & Financial products are 2.7 million EUR below 2012, driven by lower commissions and service fees partially compensated by increased revenues from the bpaid pre-paid credit card. This is partially offset by the good performance of VAS products (+2.3 million EUR), thanks for instance to new contracts for digital printing of magazines.

Rise in total operating income attributable to ***Corporate*** (reconciling category) is mainly explained by the higher proceeds from the sale of buildings during the third quarter of 2013 (+11.8 million EUR, 11.4 million EUR explained by a single building).

Over the **first nine months of 2013** total normalized operating income amounted to 1,787.7 million EUR, an increase of 9.0 million EUR. Excluding the impact of the reduction of the total remuneration received for performing the SGEI (11.5 million EUR) and scope changes (net impact of 19.9 million EUR), this amount is in line with last year. Growth in organic parcels revenues (26.7 million EUR) compensates revenue losses in Domestic Mail (16.5 million EUR) and International Mail (12.7 million EUR).

Operating expenses

In the **third quarter 2013**, total operating expenses decreased by 0.3 million EUR or 0.1% compared to the same period last year. Excluding the changes in scope (net impact of 6.1 million EUR relating to the acquisition of Landmark and the sale of Certipost), total operating expenses fell by 6.4 million EUR compared to last year (or 7.3 million EUR excluding depreciation and amortization).

The decrease is reflected in almost all cost categories. Payroll and interim costs show an underlying decrease of 9.2 million EUR, services and other goods (excluding interim costs) were 1.9 million EUR lower than the third quarter of last year and material costs decreased by 1.4 million EUR. Underlying other operating expenses increased by 5.3 million EUR mainly due to accrued charges for local taxes as the government will revoke bpost's exemptions in accordance with the agreement with the European Union. The estimated charge for the first 9 months of the year was booked in September (3.5 million EUR). Underlying depreciation and amortization charges increased by 0.8 million EUR.

Total operating expenses increased by 12.1 million EUR, or 0.8% to 1,438.4 million EUR for the **first nine months of 2013**. Excluding the changes in scope (16.3 million EUR) and the non-recurring credit to payroll costs in the first half of 2012 (21.1 million EUR), total operating expenses decreased by 25.3 million EUR. This decrease is reflected in all cost categories, except for amortization and depreciation. This evolution is the consequence of strong cost control measures and productivity improvements.

Material costs

Materials costs, which include the cost of raw materials, consumables and goods for resale, decreased by 2.8 million EUR, or 10.7%, to 22.9 million EUR for the **first nine months of 2013**. The decrease was primarily due to a decrease in services performed by contract drivers in the Special Logistics activities.

Services and other goods

The following table presents a breakdown of the cost of services and other goods for the first nine months and the third quarter of 2013 and 2012:

	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Rent and rental costs	52.5	48.0	9.4%	18.2	16.7
Maintenance and repairs	51.7	49.4	4.6%	17.3	16.6
Energy delivery	30.7	31.8	-3.6%	9.5	10.2
Other goods	15.2	15.4	-0.9%	5.7	5.2
Postal and telecom costs	4.8	6.0	-18.8%	1.6	1.7
Insurance costs	10.9	11.6	-6.0%	3.2	3.8
Transport costs	127.1	112.6	12.9%	43.7	37.8
Publicity and advertising	13.3	12.9	2.9%	3.7	4.6
Consultancy	11.8	22.2	-46.8%	3.4	8.0
Interim employees	21.6	26.7	-19.0%	6.2	9.7
Third party remuneration, fees	82.2	76.6	7.3%	26.6	23.8
Other services	12.9	12.7	1.6%	4.4	5.1
Total	**434.9**	**426.0**	**2.1%**	**143.4**	**143.1**

In the **third quarter of 2013**, services and other goods excluding interim costs[1], increased by 3.8 million EUR, or 2.8% compared to the same period of 2012. Excluding the impact of the changes in scope (5.7 million EUR, mainly transport costs due to the consolidation of Landmark Global for the third quarter of 2013), the costs for goods and services excluding interims decreased by 1.9 million EUR or 1.5%.

In the **third quarter 2013**, ***rent and rental costs*** showed an increase of 1.5 million EUR, or 9.0 % compared to the same period 2012. This is mainly due to the continuing shift from owned towards leased vehicles and more expensive lease contracts.

Energy delivery costs showed a 0.7 million EUR decline in the third quarter 2013 compared to the same period last year, mainly due to a positive price evolution for fuel costs for the fleet of vehicles.

Costs in respect of ***other goods*** increased by 0.4 million EUR, or 8.5% in the third quarter 2013 to 5.7 million EUR versus 5.2 million EUR compared to the same period 2012. This increase is primarily due to higher costs for office equipment and supplies.

Transport costs in the third quarter 2013 amount to 43.7 million EUR, or 15.5% (5.9 million EUR) higher than the same period in 2012. This is mainly due to the consolidation of Landmark Global in 2013 for 5.6 million EUR partially offset by the reclassification of favorable settlement of previous years' terminal dues in Q3 for 0.7 million EUR (previously shown as revenues).

Publicity and advertising costs declined by 0.9 million EUR or 19.2% to 3.7 million EUR in the third quarter 2013 compared to the same period last year as publicity and advertising campaigns in the third quarter of 2013 were restricted.

Consultancy costs fell by 4.6 million EUR, or 57.6% in the third quarter 2013 compared to the same period 2012.

Third party remuneration and fees increased by 2.8 million EUR, or 11.9% in the third quarter of 2013 compared to the same period 2012. They relate mainly to external IT experts who develop and implement new applications.

Costs in respect of ***other services*** fell by 0.7 million EUR, or 12.9%, to 4.4 million EUR for the third quarter 2013 from 5.1 million EUR for the third quarter 2012. This is mainly due to lower selection fees, paid to recruitment agencies, for students for summer jobs.

Over the **first nine months of 2013**, services and other goods excluding interim costs, increased by 13.9 million EUR, or 3.5%, to 413.2 million EUR. Excluding the impact of the changes in scope (16.0 million EUR, mainly transport costs due to the consolidation of Landmark Global for the first nine months of 2013), the costs for goods and services excluding interims decreased by 2.1 million EUR or 0.5%.

Over the **first nine months of 2013**, ***rent and rental costs*** evolution is also influenced by the credit note which was received last year following the renegotiation of an operational leasing contract for vehicles.

Costs of ***other goods*** decreased by 0.1 million EUR to 15.2 million EUR compared to the first nine months of 2012. The reduced usage of small IT material was almost entirely offset by an increase in costs for office equipment and supplies.

Over the first nine months of 2013, ***insurance costs*** decreased by 0.7 million EUR to 10.9 million EUR compared to 11.6 million EUR for the same period last year. This difference is due to less costs for vehicle insurances.

Transport costs amount to 127.1 million EUR, an increase of 12.9% (14.5 million EUR) compared to first nine months of previous year. This increase was driven by the consolidation of Landmark Global in 2013 for 15.5 million EUR and the increase in transport costs related to international activities, partially offset by a decrease in distribution costs in line with lower volumes. Furthermore,

---

[1] Interim costs are analysed together with payroll costs, as they are a better performance indicator of human capital utilisation. In certain cases of natural attrition, personnel is replaced by interims to anticipate reorganizations and productivity improvement programs.

there was also a positive impact due to the reclassification of favorable settlement of previous years' terminal dues in 2013 for 4.8 million EUR.

In the first quarters, more ***publicity and advertising campaigns*** were launched to support the introduction of new products or activities (Bpack, Shop and Deliver,...).

Over the first nine months of 2013, ***other services*** increased by 0.2 million EUR as the positive impact of the selection fees was neutralized by the IPO listing fees.

Payroll and interims costs

Payroll and interims costs in the **third quarter 2013** amounted to 311.3 million EUR and showed an decrease of 9.0 million EUR, or 2.9 % compared to the same period of 2012. Changes of scope relate to the disposal of selected Certipost activities and the consolidation of Landmark Global and have an impact of 0.2 million EUR for the third quarter 2013.

Excluding the impact of the changes in scope, payroll costs showed an underlying reduction of 9.2 million EUR or 3.0% in the third quarter.

The year-on-year decrease in payroll costs is primarily due to the reduction in the average work force by 735 FTE, compared to the third quarter of 2012, which generated savings of 8.6 million EUR, as a result of various productivity enhancement initiatives. The majority of units contributed to the reduction in headcount. This reduction should be analyzed alongside the decrease in the use of interims of 239 FTE (or 3.4 million EUR reported under cost of goods and services). Reorganizations and productivity programs in the postal logistic value chain, which includes distribution, sorting and collection, and in post offices continued to be implemented alongside the optimization of support activities such as Cleaning, ICT, Human Resources and Facility Management. Due to the development of the international subsidiaries as from 2013, the number of FTE increased within P&I in comparison with last year.

Furthermore, the recruitment of auxiliary postmen created a positive mix effect in third quarter of 2.2 million EUR.

These positive effects were partially offset by a price impact of 5.8 million EUR, mainly driven by indexation of salaries, merit increases and promotions.

Over the **first nine months of 2013**, payroll and interims costs increased by 5.6 million EUR, or 0.6%, to 933.5 million EUR from 928.0 million EUR for the first three quarters of 2012. Non-recurring items represented a decrease in expenses of 21.1 million EUR in 2012[2]. Changes of scope had an impact of 0.1 million EUR. Excluding the impact of the changes in scope and of the non-recurring items, payroll costs showed an underlying reduction of 15.4 million EUR or 1.6%.

The savings for the first nine months of 2013 are mainly driven by the reduction in the average headcount (1024 FTE), by the decrease in use of interims and by a positive mix effect resulting from the recruitment of auxiliary postmen, partially offset by the impact of the cost of living increases of March 2012 and January 2013, by merit and salary increases and by a less favorable evolution of rest and holiday arrears.

Other operating expenses

Total other operating expenses for the **third quarter** increased by 5.4 million EUR to 6.6 million EUR compared to the same period last year mainly due to accrued charges related to a new legislation applicable to bpost and relating to local and real estate taxes.

Over the **first nine months of 2013**, total other operating expenses fell by 6.4 million EUR to 2.7 million EUR compared to the same period last year. This decrease was primarily due to the absence of a provision for onerous contracts while the decrease in costs related to the change in recoverable VAT was almost offset by the higher accrued charges for local and real estate taxes.

Depreciation and amortization

[2] See section 4.4 for more details.

Year-to-date depreciation and amortization increased by 1.8 million EUR, or 2.8%, to 66.0 million EUR for the first nine months of 2013 from 64.2 million EUR for the first nine months of 2012.

EBIT

Profit from operating activities (EBIT) increased by 17.5 million EUR, or 27.4%, to 81.5 million EUR in the **third quarter** of 2013, from 64.0 million EUR in the same period of 2012. This increase is mainly driven by continuing growth in parcels, by continued productivity improvement, by mail volumes decline in line with what was already observed in the second quarter and by the proceeds of the announced buildings disposal program.

Excluding the non-recurring items, i.e. the gain on the disposal of selected activities of Certipost (14.6 million EUR) in 2013 and the recognition of an actuarial gain following the Collective Labour Agreement (21.1 million EUR) in 2012, EBIT on **year-to-date basis** is 18.0 million EUR higher than last year. In spite of lower Domestic Mail volumes, the lower compensation for SGEI, EBIT remained resilient thanks to price increases, parcels performance and lower costs, driven by productivity improvements.

Net financial costs

Total net financial costs for the **third quarter** decreased by 6.0 million EUR to 2.8 million. This variation is mainly explained by the decrease of IAS 19 related financial costs (due to the increase in the discount rates).

Year to date, net financial costs decreased by 20.6 million EUR to 6.6 million. This evolution is mainly explained by the decrease of IAS 19 related financial costs (due to the increase in the discount rates), partly counterbalanced by a decrease in interest received as available cash and cash equivalents are reduced due to the capital reduction at year end 2012 and the capital reduction paid in June 2013.

Share of results of associates

The share of results of associates relates entirely to bpost bank.

In **the third quarter** 2013, share of results of associates increased by 3.7 million EUR compared to the same period last year.

Over the **first nine months** of the year 2013, share of results of associates increased by 10.5 million EUR to 14.1 million EUR.

Income tax expense

For **the third quarter** 2013, the income tax expense increased by 9.7 million. bpost' effective tax rate increased from 32.2% on the third quarter 2012 to 33.3% in the third quarter 2013, as notional interest deduction advantage decreased mainly due to the subsequent capital reductions.

Year to date September 2013, the income tax expense increased by 19.4 million EUR to 136.1 million EUR. bpost's effective tax rate increased from 35.5% for the nine months ended September 30, 2012 to 36.7% for the nine months ended September 30, 2013, primarily as a result of the transfer of 21.3 million EUR from tax free reserves to distributable results and the payout of untaxed reserves of 30.3 million EUR. These transactions created respectively additional income tax liabilities of 7.3 million EUR and 10.3 million EUR respectively.

These impacts were partially compensated by the gain on the sale of Certipost (with effective tax rate of 0% as compensation for recoverable past fiscal losses) and the favorable evolution of the share of profit of associates.

4.2 Interim Consolidated Statement of Financial Position

In accordance with IAS 34, the statement of the financial position as at 30 September 2013 is compared with the situation as at 31 December 2012.

Assets

Property, plant and equipment

Property, plant and equipment decreased by 27.8 million EUR, or 4.7%, to 560.7 million EUR as of September 30, 2013. The decrease was due to depreciation and impairment of 54.8 million EUR for the nine months ended September 30, 2013, transfers to assets held for sale of 8.6 million EUR partially offset by capital expenditures of 31.4 million EUR and transfers from investment property of 4.2 million EUR.

Intangible assets

Intangible assets increased by 0.6 million EUR, or 0.6%, to 96.1 million EUR as of September 30, 2013.

Investments in associates

Investments in associates decreased by 0.6 million EUR, or 0.2%, to 351.0 million EUR as of September 30, 2013, reflecting the Company's contribution to the capital increase of bpost bank in the amount of 37.5 million EUR, a gain of 12.5 million EUR arising from the increase in fair value of bpost bank, which in turn resulted from an additional issue premium paid by BNP Paribas Fortis, and the Company's share of bpost bank's profit for the first nine months of 2013 in the amount of 14.1 million EUR. These factors were offset by a reduction in the unrealized gain on the bond portfolio in the amount of 64.7 million EUR, reflecting an average increase of the underlying yield curve by 9.5 basis points (bps). As of September 30, 2013, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of 160.8 million EUR, which represented 45.8% of total investments in associates. The unrealized gains were generated by the lower level of interest rates at the end of the third quarter of 2013 compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but rather are recognized directly in equity in other comprehensive income.

Current trade and other receivables

Current trade and other receivables decreased by 107.3 million EUR, or 27.2%, to 287.3 million EUR as of September 30, 2013. The decrease was mainly driven by the settlement of the SGEI receivable for the last quarter of 2012.

Cash and cash equivalents

Cash and cash equivalents decreased by 82.1 million EUR, or 11.5%, to 631.1 million EUR as of September 30, 2013. The decrease is mainly explained by the capital reduction paid out to shareholders (144.5 million EUR), the repayment of the overcompensation by the State for the SGEI (123.1 million EUR) and the exceptional dividend payment (53.5 million EUR). This is partially compensated by the normalized operating free cash flow (236.5 million EUR).

Equity and Liabilities

Equity

Equity decreased by 21.9 million EUR, or 3.0%, to 715.8 million EUR as of September 30, 2013. The decrease was due to the capital decrease (144.5 million EUR) and the payment of the exceptional dividend of 53.5 million EUR. Furthermore, the decrease was also driven by the reduction of the fair value adjustment in respect of bpost bank's bond portfolio amounting to 64.7 million EUR, the impact, due to IAS 19R, of the unrealized losses on post-employment benefits for an amount of 3.5 million EUR and the purchase of the remaining shares of MSI leading to a reduction in equity of 3.4 million EUR.

These elements were partially offset by the profit of 235.2 million EUR for the nine months ended September 30, 2013 and by the gain of 12.5 million EUR resulting from an additional issue premium paid by BNP Paribas Fortis in connection with the capital increase of bpost bank.

Employee benefits

	As of 30 September 2013	As of 31 December 2012	As of 31 December 2012
In million EUR		**Restated***	
TOTAL	**(340.1)**	**(378.1)**	**(364.1)**
Post-employment benefits	(69.5)	(82.7)	(68.7)
Long -term employee benefits	(118.8)	(124.8)	(124.8)
	(15.9)		
Termination benefits		(28.8)	(28.8)
Other long-term benefits	(135.9)	(141.8)	(141.8)

* restated for IAS19R - see note 11.14 for more details

Employee benefits decreased by 24 million EUR, or 6.6%, to 340.1 million EUR as of September 30, 2013. The decrease mainly reflects the following:

- The payment of benefits in the amount of 38.1 million EUR, which included 9.2 million EUR for the payment of early retirement and part-time work benefits.
- The suppression of the corridor approach under IAS 19 as of 1st January 2013 resulting into the recognition of a loss cumulated at 31 December 2012 for 14.0 million EUR.
- An actuarial gain of 19.0 million EUR for the period including 10.1 million EUR related to the post employment benefits recognized through Other Comprehensive Income.
- Additional service costs and interest costs in the amount of 19.1 million EUR.

Current trade and other payables

Current trade and other payables decreased by 113.1 million EUR, or 14.9%, to 647.6 million EUR as of September 30, 2013. This decrease was mainly due to a decline in trade payables by 66.5 million EUR and a decrease in social security payables by 25.0 million EUR. The decrease of the latter is mainly caused by a timing difference as 2012 full year social accruals (holiday pay, bonuses,..) have been paid during 2013. The remaining variance is due to a decline in other payables by 21.6 million EUR, mainly driven by the payment of the fine imposed by the Belgian Competition Authority in the amount of 37.4 million EUR partially offset by advances received to fund State related transactions (18.8 million EUR).

4.3 Interim Consolidated Statement of Cash Flows

In **the third quarter** of 2013, the net cash outflow decreased compared to the same period last year by 28.5 million EUR to 2.6 million EUR. Normalized free cash flow (- 2.5 million EUR) was 23.1 million EUR better than last year and was mainly due to a better cash flow from investing activities compensated by higher income tax pre-payments.

Cash flow from operating activities (excluding deposits received from third parties) resulted in a cash outflow of 6.7 million EUR, 0.9 million EUR more than the same period last year. The higher income tax pre-payments (5 million EUR) mitigated the better cash generation from operational activities.

Investing activities generated a cash inflow of 4.1 million EUR in the third quarter of 2013 compared to a outflow of 19.8 million EUR for the same period last year. The variance is mainly explained by higher proceeds from sale of property, plant and equipment (19.5 million EUR) and by lower acquisition of fixed assets (7.3 million EUR). Additional cash payments were made to acquire the last 20% of MSI.

Last year, financing activities were negatively influenced by an additional purchase of Treasury shares (7.3 million EUR). These shares were sold before year-end 2012.

Over the **first nine months,** the net cash outflow amounted to 82.0 million EUR, while last year there was an inflow of 1.6 million EUR. In 2013 the company paid 123.1 million EUR (30 September 2012: 300.8 million EUR) related to the SGEI overcompensation.

Normalized for the payments related to the SGEI overcompensation and the changes in deposits from third parties, generated free cash flow amounted to 236.5 million EUR, 71.8 million EUR lower than last year.

Normalized net cash from operating activities generated 283.3 million EUR, which is 64.0 million less compared to last year. Operational Cash flow generation was partially offset by the payment of the fine for competition claim in the nine first months of 2013 (37.4 million EUR), a flattered Q1 2012 evolution due to a late payment of Terminal Dues by another postal operator (20 million EUR) and the lower advance in 2013 for the SGEI remuneration (11.5 million EUR).

Investing activities generate a cash outflow of 46.8 million EUR compared to 39.0 million EUR last year. The variance is mainly explained by the capital increase of bpost bank (37.5 million EUR), the purchase of the remaining 20% shares of MSI (6.8 million EUR), partially compensated by the higher proceeds from the sale of property, plant and equipment (24.2 million EUR), the disposal of selected activities of Certipost (15.1 million EUR) and lower acquisition of fixed assets (6.9 million EUR).

Cash flow from financing activities represents a cash-out of 195.3 million EUR, of which 144.5 million EUR is related to the capital decrease and 53.5 million EUR to exceptional dividends paid.

4.4 Reconciliation of Reported to Normalized Financial Metrics

A non-recurring item is deemed to be significant if it amounts to 20 million EUR or more. All profits or losses on disposals of activities are normalized regardless of the amount they represent. Reversals of provisions whose addition had been normalized are also normalized regardless of the amount they represent. All other normalizations must both be non-recurring and must amount to 20 million EUR or more.
The presentation of normalized results is not in conformity with IFRS and is not audited. The normalized results may not be comparable to normalized figures reported by other companies as those companies may compute their normalized figures differently from bpost. Normalized financial measures are presented below.

Income Statement related

OPERATING INCOME	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Total Operating Income	1,802.2	1,778.7	1.3%	566.6	549.4
Disposal of selected activities of Certipost [1]	(14.6)				
Normalized Total Operating Income	**1,787.7**	**1,778.7**	**0.5%**	**566.6**	**549.4**

OPERATING EXPENSES	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Total operating excluding depreciation, amortization	(1,372.4)	(1,362.1)	0.8%	(462.7)	(464.0)
Non-recurring payroll costs [2]		(21.1)			
Normalized total operating expenses excluding depreciation, amortization	**(1,372.4)**	**(1,383.2)**	**-0.8%**	**(462.7)**	**(464.0)**

EBITDA	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
EBITDA	429.9	416.6	3.2%	103.9	85.4
Disposal of selected activities of Certipost [1]	(14.6)				
Modifications in employee benefit schemes [2]		(21.1)			
Normalized EBITDA	**415.3**	**395.4**	**5.0%**	**103.9**	**85.4**

EBIT	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Profit from operating activities (EBIT)	363.9	352.4	3.3%	81.5	64.0
Disposal of selected activities of Certipost [1]	(14.6)				
Modifications in employee benefit schemes [2]		(21.1)			
Normalized profit from operating activities (EBIT)	**349.3**	**331.3**	**5.4%**	**81.5**	**64.0**

Profit of the year (EAT)	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Profit for the year	235.2	212.1	10.9%	53.8	36.2
Disposal of selected activities of Certipost [1]	(14.6)				
Modifications in employee benefit schemes [2]		(14.0)			
Normalized profit of the period	**220.6**	**198.1**	**11.4%**	**53.8**	**36.2**

(1) The amount of 14.6 million EUR relates to the gain on the disposal of certain activities of Certipost to Basware. This disposal does not generate a tax charge, given that Certipost has tax losses carried forward and that no deferred tax asset was ever recorded on these tax losses.

(2) A collective labour agreement covering the period from 2012 to 2013 was signed between the Company and trade union representatives in March 2012. The agreement included a measure limiting the quota for sick days for statutory employees to 63 days instead of 300 days in exchange for a payment in respect of compensation for the days exceeding the new quota. The impact of this agreement is a reduction of the related plan and has led to the recognition of an actuarial gain (shown as negative personnel expenses) of 21.1 million EUR in 2012. This gain has been considered as non-recurring and is excluded from the normalized results. The impact of this gain on the earnings after tax amounted to 14.0 million EUR.

Cash Flow Statement related

	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
Net Cash from operating activities	160.1	48.5	230.2%	(6.7)	(3.8)
Net Cash used in investing activities	(46.8)	(39.0)	20.2%	4.1	(19.8)
Operating free cash flow	**113.3**	**9.5**	**1087.9%**	**(2.5)**	**(23.6)**
Deposits received from third parties	(0.0)	(2.0)	-98.2%	0.0	(2.1)
Payment relating to the decision of the European Commission (3)	123.1	300.8	-59.1%	0.0	0.0
Normalized operating free cash flow	**236.5**	**308.3**	**-23.3%**	**(2.5)**	**(25.7)**

(3) The amount of 123.1 million EUR relates to the non-recurring payment of the alleged overcompensation covering the period 2011-2012 for which a provision was recorded in 2012. In anticipation of the amount due, the Belgian state withheld in the first quarter of 2013 an amount equal to 88.9 million EUR from the outstanding balance of state compensation due in respect of 2012 under the 4th Management Contract. The balance due in the amount of 34.2 million EUR was paid in June 2013.

4.5 From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

	Year-to-date			3rd Quarter	
In million EUR	**2013**	**2012**	**Change %**	**2013**	**2012**
IFRS Consolidated Net Profit	**235.2**	**212.1**	**10.9%**	**53.8**	**36.2**
Results of subsidiaries	(34.6)	(7.4)	367.5%	(2.7)	0.5
Other deconsolidation impacts	(0.1)	(1.6)	-93.7%	0.7	(0.6)
Differences in depreciation and impairments	(4.6)	(14.0)	-67.2%	(0.5)	(5.5)
Differences in recognition of provisions	(8.9)	4.9	-280.2%	(2.4)	0.9
Effects of IAS19	(27.5)	(45.8)	-40.0%	(8.3)	5.4
Effects of ESOP	0.0	(4.6)	-100.0%	0.0	(4.6)
Deferred taxes	15.0	27.0	-44.4%	4.1	0.3
Other	1.0	0.2	399.5%	0.2	(0.4)
Belgian GAAP unconsolidated net profit	**175.5**	**170.8**	**2.7%**	**44.9**	**32.1**

The Company'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 the Company (such as impairments) and adding the dividends received from these subsidiaries.

The table below sets forth a breakdown of the results of the subsidiaries under local GAAP:

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
Profit of the Belgian fully consolidated subsidiaries	(17.2)	(1.8)	(0.1)	(0.7)
Profit of the international subsidiaries	(3.6)	(1.7)	(0.8)	(1.0)
Share of profit of bpost bank	(13.8)	(3.9)	(1.8)	2.2
Total	(34.6)	(7.4)	(2.7)	0.5

The profit of the Belgian fully consolidated subsidiaries was positively influenced by the sale of selected activities of Certipost in the first quarter of 2013 (14.6 million EUR).

The second stage consists of deriving the Belgian GAAP net result from the IFRS net result and is achieved by reversing all IFRS related adjustments. 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 an impairment testing. 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 requires no such obligation. The evolution year-over-year of IAS 19 is mainly explained by the collective labour agreement covering the period 2012-2013 signed in March 2012 between the Company and the representatives of the workforce which approved the measure limiting the quota of days of sickness of civil servants to 63 days instead of 300 days in exchange for a payment of compensation for the days exceeding the new quota. The impact of this agreement was a reduction of the provision (27.5 million EUR) of the Accumulated Compensated Absences (ACA) for which no provision is foreseen in BGAAP and which led to the recognition of an actuarial gain of 21.1 million EUR. Furthermore, the changes in the discount rates for the future obligations are recorded as financial result (positive impact of 15.4 million EUR in 2013 compared to 2012).

  In the third quarter, difference related to IAS 19 is mainly related to different financial charges (7.7 million EUR lower than 2012) and additional early retirement provisions in BGAAP (4.7 million EUR). The full impact of these early retirement programs was already accounted for under IFRS in the fourth quarter of 2012.

- Deferred taxes are not an accounting concept under Belgian GAAP, but are recorded under IFRS.

5 Outlook

Outlook is confirmed. Management expects revenues to remain at least stable in the entire year 2013. Although it is too early to confirm signs of recovery of the economy and their impact on bpost's business, the stabilization of the domestic mail volume decline and the strong results in parcels support the outlook given previously. The mail volumes decline should be between 4% and 4.5% for the year. With the continuation of the trends observed in the last quarter, the full year EBITDA and EBIT should come in at least at the level of last year on a normalized basis (the 2012 figures had been affected by non-recurring costs). Management does not anticipate any material exceptional cash outflows during the rest of the year which means that cash generation should follow the normal seasonality. Net capex is still expected at 90 million EUR on a year basis.

Unaudited Interim Condensed Consolidated Financial Statements

6 Interim Consolidated Income Statement

In million EUR	NOTES	Year-to-date 2013	Year-to-date 2012	3rd Quarter 2013	3rd Quarter 2012
Turnover	11.7	1,766.7	1,763.0	552.6	546.9
Other operating income	11.8	35.6	15.7	14.0	2.5
Total operating income		**1,802.2**	**1,778.7**	**566.6**	**549.4**
Materials cost		(22.9)	(25.7)	(7.7)	(9.1)
Services and other goods		(434.9)	(426.0)	(143.4)	(143.1)
Payroll costs		(911.9)	(901.2)	(305.1)	(310.6)
Other operating expenses	11.9	(2.7)	(9.1)	(6.6)	(1.2)
Depreciation, amortization		(66.0)	(64.2)	(22.4)	(21.4)
Total operating expenses		**(1,438.4)**	**(1,426.3)**	**(485.1)**	**(485.4)**
Profit from operating activities (EBIT)		**363.9**	**352.4**	**81.5**	**64.0**
Financial income		2.9	5.5	1.7	1.4
Financial cost	11.10	(9.4)	(32.7)	(4.5)	(10.2)
Share of profit of associates	11.11	14.1	3.6	1.9	(1.8)
Profit before tax		**371.4**	**328.8**	**80.6**	**53.3**
Income tax expense	11.12	(136.1)	(116.7)	(26.9)	(17.2)
Profit for the period		**235.2**	**212.1**	**53.8**	**36.2**
Attributable to:					
Owners of the Parent		233.7	211.4	53.5	35.9
Non-controlling interests		1.5	0.7	0.2	0.2

In May 2013, the shareholders' meeting decided to split the shares. The total number of shares amounts to 200,000,944 shares post stock split (before stock split 409,838 shares). Calculated with the new number of shares, earnings per share for the first nine months of year of 2013 and 2012 are:

EARNINGS PER SHARE In EUR	Year–to-date 2013	Year–to-date 2012	3rd Quarter 2013	3rd Quarter 2012
►basic, profit for the year attributable to ordinary equity holders of the parent	1.17	1.07	0.27	0.18
►diluted, profit for the year attributable to ordinary equity holders of the parent	1.17	1.07	0.27	0.18

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.
In case of bpost, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares.

7 Interim Consolidated Statement of Comprehensive Income

In million EUR	Per September 2013	Per September 2012 restated	Per September 2012
Profit for period	**235.2**	**212.1**	**212.1**
Fair value for financial assets available for sale by associates	(64.7)	209.0	209.0
(Loss)gain on available for sale financial assets	(98.0)	316.6	316.6
Income tax effect	33.3	(107.6)	(107.6)
Fair value of actuarial results on defined benefit plans	7.4	(9.7)	
Actuarial (losses)/gains on defined benefit plans	10.1	(12.3)	
Income tax effect	(2.7)	2.6	
Non-controlling interests	0.0	0.0	0.0
Other comprehensive income for the year, net of tax [(1)]	**(57.3)**	**199.3**	**209.0**
Total comprehensive income for the year, net of tax	**178.0**	**411.4**	**421.1**
Attributable to:			
Owners of the Parent	176.5	410.7	420.4
Non-controlling interest	1.5	0.7	0.7

[(1)] Net other comprehensive income is not being reclassified to profit or loss in subsequent periods.

8 Interim Consolidated Statement of Financial Position

In million EUR	NOTES	As of 30 September 2013	As of 31 December 2012 Restated*	As of 31 December 2012
Assets				
Non-current assets				
Property, plant and equipment		560.7	588.5	588.5
Intangible assets		96.1	95.5	95.5
Investments in associates	11.13	351.0	351.6	351.6
Investment properties		11.0	15.2	15.2
Deferred tax assets		46.3	64.2	61.0
Trade and other receivables		1.7	0.9	0.9
		1,066.8	**1,115.9**	**1,112.8**
Current assets				
Assets held for sale		0.2	0.3	0.3
Inventories		8.1	7.0	7.0
Income tax receivable		0.3	0.1	0.1
Trade and other receivables		287.3	394.6	394.6
Cash and cash equivalents		631.1	713.2	713.2
		927.0	**1,115.3**	**1,115.3**
Total assets		**1,993.8**	**2,231.2**	**2,228.1**
Equity and liabilities				
Equity attributable to equity holders of the Parent				
Issued capital		364.0	508.5	508.5
Treasury shares		0.0	0.0	0.0
Reserves		116.6	214.6	225.5
Retained earnings		235.2	3.7	3.7
		715.8	**726.8**	**737.7**
Non-controlling interests		0.0	(0.0)	(0.0)
Total equity		**715.8**	**726.8**	**737.7**
Non-current liabilities				
Interest-bearing loans and borrowings		85.7	82.7	82.7
Employee benefits	11.14	340.1	378.1	364.1
Trade and other payables		79.7	83.1	83.1
Provisions		38.4	42.0	42.0
Deferred tax liabilities		1.3	1.3	1.3
		545.2	**587.1**	**573.1**
Current liabilities				
Interest-bearing loans and borrowings		9.4	11.2	11.2
Bank overdrafts		0.2	0.3	0.3
Provisions	11.15	12.8	140.5	140.5
Income tax payable	11.16	62.8	4.6	4.6
Trade and other payables		647.6	760.7	760.7
		732.9	**917.3**	**917.3**
Total liabilities		**1,278.1**	**1,504.4**	**1,490.4**
Total Equity and liabilities		**1,993.8**	**2,231.2**	**2,228.1**

* restated for IAS19R

9 Interim Consolidated Statement of Changes in Equity

In million EUR	Attributable to equity holders of the parent						
	Authorized and issued capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2012	**783.8**	**(14.0)**	**64.0**	**(57.4)**	**776.4**	**0.8**	**777.3**
Profit for the period				211.4	211.4	0.7	212.1
Other comprehensive income *			141.9	57.4	199.3		199.3
Total comprehensive income	**0.0**	**0.0**	**141.9**	**268.8**	**410.7**	**0.7**	**411.4**
Capital Decrease	(55.3)		55.3		0.0		0.0
Dividends (Pay-out)					0.0	(0.3)	(0.3)
Treasury shares		(7.3)			(7.3)		(7.3)
At 30 September 2012	**728.5**	**(21.3)**	**261.2**	**211.4**	**1,179.8**	**1.4**	**1,181.3**

In million EUR	Attributable to equity holders of the parent						
	Authorized and issued capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As per 1 January 2013 *	**508.5**	**0.0**	**214.6**	**3.7**	**726.8**	**0.0**	**726.8**
Profit for the period				233.7	233.7	1.5	235.2
Other comprehensive income *			(53.5)	(3.7)	(57.3)		(57.3)
Total comprehensive income	**0.0**	**0.0**	**(53.5)**	**230.0**	**176.4**	**1.5**	**178.0**
Capital Decrease	(144.5)				(144.5)		(144.5)
Dividends (Pay-out)			(53.5)		(53.5)	(0.1)	(53.6)
Treasury shares					0.0		0.0
Other [(1)]			9.1	1.5	10.6	(1.4)	9.2
At 30 September 2013	**364.0**	**0.0**	**116.6**	**235.2**	**715.8**	**0.0**	**715.8**

* Restated for IAS19R

(1) reflects mainly the counterpart of the impact of the issue premium in bpost bank. See note 11.13

10 Interim Consolidated Statement of Cash Flows

In Million EUR	Year-to-date 2013	Year-to-date 2012	3rd Quarter 2013	3rd Quarter 2012
Operating activities				
Profit from operating activities (EBIT)	363.9	352.4	81.5	64.0
Depreciation and amortization	66.0	64.2	22.4	21.5
Impairment on bad debts	0.2	0.7	0.4	(0.7)
Gain on sale of property, plant and equipment	(15.4)	(7.9)	(12.4)	(0.6)
Gain on the sale of Certipost activities	(14.6)	0.0	0.0	0.0
Change in employee benefit obligations	(31.5)	(86.0)	(10.6)	(12.3)
Interest received	2.9	5.5	1.7	1.4
Interests paid	(5.8)	(6.0)	(3.2)	(1.3)
Dividends received	0.0	0.0	0.0	0.0
Income tax paid	(62.0)	(55.9)	(60.9)	(55.4)
Cash flow from operating activities before changes in working capital and provisions	**303.7**	**267.0**	**18.9**	**16.5**
Decrease/(increase) in trade and other receivables	70.7	72.2	2.3	(4.4)
Decrease/(increase) in inventories	(1.1)	1.3	(0.7)	1.1
Increase/(decrease) in trade and other payables	(81.9)	2.0	(23.1)	(19.4)
Deposits received from third parties	(0.0)	2.0	0.0	2.1
Repayment of SGEI overcompensation	(123.1)	(300.8)	0.0	0.0
Increase/(decrease) in provision related to the SGEI overcompensation	0.0	0.0	0.0	0.0
Increase/(decrease) in other provisions	(8.2)	4.9	(4.0)	0.3
Net Cash from operating activities	**160.1**	**48.5**	**(6.7)**	**(3.8)**
Investing activities				
Proceeds from sale of property, plant and equipment	24.2	9.9	20.1	0.6
Disposal of subsidiaries, net of cash disposed of	15.1	0.0	0.0	0.0
Acquisition of property, plant and equipment	(31.4)	(32.4)	(9.4)	(13.7)
Acquisition of intangible assets	(10.6)	(16.2)	(3.7)	(6.6)
Acquisition of subsidiaries, net of cash acquired	(6.6)	0.0	(2.8)	0.0
Acquisition of other investments	(0.0)	(0.3)	0.0	(0.2)
Capital increase bpost bank	(37.5)	0.0	0.0	0.0
Net cash used in investing activities	**(46.8)**	**(39.0)**	**4.1**	**(19.8)**
Financing activities				
Treasury shares	0.0	(7.3)	0.0	(7.3)
Capital decrease	(144.5)	0.0	0.0	0.0
Net change in financing lease liabilities	2.8	(0.4)	(0.1)	(0.1)
Exceptional dividend	(53.5)	0.0	0.0	0.0
Dividends paid to minority interests	(0.1)	(0.3)	(0.0)	(0.1)
Net Cash from financing activities	**(195.3)**	**(7.9)**	**(0.1)**	**(7.5)**

Net increase in cash and cash equivalents	**(82.0)**	**1.6**	**(2.6)**	**(31.1)**
Cash and cash equivalent less bank overdraft	712.9	1,142.1		
Cash and cash equivalents as of 1st January	**712.9**	**1,142.1**		
Cash and cash equivalent less bank overdraft	630.9	1,143.7		
Cash and cash equivalents as of 30th September	**630.9**	**1,143.7**		
Movements between 1st January and 30th September	**(82.0)**	**1.6**		

11 Notes to the Interim Condensed Consolidated Financial Statements

11.1 Corporate Information

The interim condensed consolidated financial statements of bpost for the first nine months ended 30 September 2013 were authorized for issue in accordance with a resolution of the Board of Directors on November 7th, 2013.

Business activities

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

bpost, through its subsidiaries and business units, also sells a range of other products and services, including postal, banking and financial products, express delivery services, document management and related activities. bpost also carries out SGEI activities on behalf of the 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.

11.2 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 30 September 2013 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 the bpost's annual financial statements as at 31 December 2012.

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 the bpost's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as from 1 January 2013.

IAS 19 Revised includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss. Other amendments don't have an impact on bpost or simply include new disclosures, such as, quantitative sensitivity disclosures.

In case of bpost, the transition to IAS19 Revised had an impact on the net post-employment benefit obligations due to the recognition of actuarial gains and losses (for these which occur as from 1 January 2013 and for these unrecognised at 31 December 2012) in total in other comprehensive income. bpost previously recognised only the cumulative actuarial gains and losses, which exceeded 10% of the greater of the defined benefit obligation and the fair value of the plan assets, over two years. The effect of the adoption of IAS 19 Revised is explained in Note 11.14.

Following new standards and amendments, entered into force as from 1 January 2013, don't have any effect on the presentation, the financial performance or position of bpost:

- **IAS 1** – Presentation of items of Other Comprehensive Income
- **IFRS 13 –** Fair value Measurement
- **IFRS 7 –** Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities
- **IFRIC 20** – Stripping costs in the production phase of a surface mine
- **Improvements to IFRS - 2009-2011 cycle :**
  - **IFRS 1 –** Repeat application and Borrowing costs
  - **IAS 1 –** Clarification of the requirement for comparative information
  - **IAS 16 –** Classification of servicing equipment
  - **IAS 32 –** Tax effects of distributions to holders of equity instruments
  - **IAS 34 –** Interim financial reporting and segment information for total assets and liabilities

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, 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 –Classification and Measurement	1 January 2015
IFRS 10 – Consolidated Financial Statements	1 January 2014
IFRS 11 – Joint Arrangements	1 January 2014
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2014
IAS 27 – Amendment to IAS 27	1 January 2014
IAS 28 - Amendment to IAS 28	1 January 2014
IAS 32 – Financial Instruments: Presentation – Offsetting of financial assets and financial liabilities	1 January 2014
Amendments to IFRS 10, IFRS 11, IFRS 12- Transition guidance - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities	1 January 2014
Various – Annual improvements to IFRS	na

Standards and Interpretations applied by bpost

As at 30 September 2013, the accounting policies of bpost are in compliance with the IAS / IFRS Standards and Interpretations SIC / IFRIC listed below:

International Financial Reporting Standards (IFRS)

- **IFRS 2** – Share-based Payment
- **IFRS 3** – Business Combinations (issued in 2004) for acquisition completed before 1 January 2010
- **IFRS 3** – Business Combinations (Revised in 2008)
- **IFRS 5** – Non-current Assets Held for Sale and Discontinued Operations
- **IFRS 7** – Financial Instruments: Disclosures
- **IFRS 8** – Operating segments

International Accounting Standards (IAS)

- **IAS 1** – Presentation of Financial Statements
- **IAS 2** – Inventories
- **IAS 7** – Statement of Cash Flows
- **IAS 8** – Accounting Policies, Changes in Accounting Estimates and Errors
- **IAS 10** – Events after the Reporting Period
- **IAS 12** – Income Taxes
- **IAS 16** – Property, Plant and Equipment
- **IAS 17** – Leases
- **IAS 18** – Revenue
- **IAS 19** – Employee Benefits
- **IAS 21** – The Effects of Changes in Foreign Exchange Rates
- **IAS 23** – Borrowing costs
- **IAS 24** – Related Party Disclosures
- **IAS 27** – Consolidated and Separate Financial Statements (Revised in 2008)
- **IAS 28** – Investments in Associates
- **IAS 32** – Financial Instruments: Presentation
- **IAS 33** – Earnings per share
- **IAS 34** – Interim Financial Reporting
- **IAS 36** – Impairment of Assets
- **IAS 37** – Provisions, Contingent Liabilities and Contingent Assets
- **IAS 38** – Intangible Assets
- **IAS 39** – Financial Instruments: Recognition and Measurement
- **IAS 40** – Investment Property

Interpretations SIC / IFRIC

- **IFRIC 1** – Changes in Existing Decommissioning, Restoration and Similar Liabilities
- **IFRIC 4** – Determining whether an Arrangement contains a Lease
- **IFRIC 10** – Interim Financial Reporting and Impairment
- **SIC 12** – Consolidation – Special Purpose Entities

The other standards currently endorsed by the EU and effective for the preparation of the 2013 interim condensed consolidated financial statements are not applicable in the context of bpost.

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

11.3 Seasonality of Operations

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

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

11.4 Summary of Significant Accounting Policies

The accounting policies and methods of bpost are consistent with those applied in the 31 December 2012 consolidated financial statements.

11.5 Business Combinations

In 2013 bpost NV-SA acquired the remaining 20% of Mail Services Inc. for a price of 9.0 million USD (6.8 million EUR), of which 5.3 million USD (4.0 million EUR) is paid to the Selling Shareholders and 3.7 million USD (2.8 million EUR) is paid to the personnel due to a change of control obligation. This obligation was embedded in the original acquisition agreement and the settlement of this obligation was triggered when the remaining 20% was acquired. This transaction led to a deduction of equity by 3.4 million EUR as the related financial liability was underestimated by the same amount.

11.6 Operating Segments

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

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
MRS	1,480.1	1,499.5	457.4	467.9
P&I	290.9	250.8	95.4	78.9
Total operating income of operating segments	**1,771.0**	**1,750.2**	**552.7**	**546.8**
Corporate (Reconciling category)	31.3	28.4	13.8	2.6
Total operating income	**1,802.2**	**1,778.7**	**566.6**	**549.4**

Revenues attributable to the MRS operating segment decreased by 10.5 million EUR compared to the third quarter of 2012, to 457.4 million EUR as a consequence of decreased sales in Domestic mail. Excluding the impact of an additional working day in the third quarter of 2013 and the elections in the third quarter of 2012, the underlying trend in volumes confirms the recovery noticed in the second quarter.

Growth of P&I revenues in the third quarter, amounting to 16.4 million EUR are mainly attributable at the Parcels product portfolio, which increased by 18.6 million EUR. This evolution is favorably influenced by the take-over of Landmark at the end of 2012 (impact of 8.9 million EUR). International mail product portfolio decreased by 3.1 million EUR in the third quarter 2013 compared to 2012. These evolutions confirm year-to-date trends.

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

Excluding the remuneration received to provide the services as described in the Management Contract (see note 11.7), no single external customer exceeds 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	**2013**	**2012**	**2013**	**2012**
Belgium	1,635.0	1,679.4	507.0	515.5
RoW	167.3	99.3	59.5	33.9
Total operating income	**1,802.2**	**1,778.7**	**566.6**	**549.4**

The following tables present EBIT and EAT information about bpost's operating segments for the period ended 30 September 2013 and 2012:

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
MRS	362.6	370.1	84.0	84.8
P&I	9.5	12.6	(1.6)	(2.2)
Total EBIT of operating segments	**372.1**	**382.7**	**82.4**	**82.6**
Corporate (Reconciling category)	(8.2)	(30.3)	(0.9)	(18.7)
Total EBIT	**363.9**	**352.4**	**81.5**	**64.0**

The EBIT of the MRS operating segment in the third quarter of 2013 remained almost stable as revenue decline was compensated by cost savings.

EBIT attributable to the P&I operating segment slightly improved to negative 1.6 million EUR in the third quarter of 2013. On the one hand, the lower impact of settlements of terminal dues (0.6 million EUR) and increased costs (0.5 million EUR) related to the Shop & Deliver project negatively contributed to the EBIT of the P&I operating segment. These elements were, however, more than compensated by increased volumes in parcels partly mitigated by a price and mix effect. Both operational segments realized an EBIT result above the year-to-date trend.

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
MRS	362.6	370.1	84.0	84.8
P&I	9.5	12.6	(1.6)	(2.2)
Total EAT of operating segments	**372.1**	**382.7**	**82.4**	**82.6**
Corporate (Reconciling category)	(136.9)	(170.6)	(28.6)	(46.5)
Total EAT	**235.2**	**212.1**	**53.8**	**36.2**

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":

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
Operating Income	**31.3**	**28.4**	**13.8**	**2.6**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(48.2)	(52.2)	(15.2)	(16.9)
Other reconciliation items	8.7	(6.6)	0.5	(4.3)
Operating expenses	**(39.5)**	**(58.8)**	**(14.7)**	**(21.2)**
EBIT Corporate (Reconciling category)	**(8.2)**	**(30.3)**	**(0.9)**	**(18.7)**
Share of profit of associates	14.1	3.6	1.9	(1.8)
Financial Results	(6.6)	(27.2)	(2.8)	(8.8)
Income Tax expense	(136.1)	(116.7)	(26.9)	(17.2)
EAT Corporate (Reconciling category)	**(136.9)**	**(170.6)**	**(28.6)**	**(46.5)**

Profit from operating activities (EBIT) attributable to the Corporate reconciliation category improved by 17.8 million EUR to negative 0.9 million EUR for the third quarter of 2013 from negative 18.7 million EUR for the third quarter of 2012. This improvement is due to sales of buildings, lower project related costs and lower non allocated payroll costs. The same elements are the main drivers behind the year-to-date EBIT improvement of 22.1 million EUR.

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

11.7 Turnover

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
Turnover excluding the SGEI remuneration	1,538.9	1,523.7	476.7	467.1
SGEI remuneration	227.8	239.3	75.9	79.8
	1,766.7	**1,763.0**	**552.6**	**546.9**

11.8 Other Operating Income

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
Gain on disposal of property, plant and equipment	15.4	7.9	12.4	0.6
Gain on disposal of activities	14.6	-	-	-
Benefits in kind	0.2	0.4	0.1	0.2
Rental income of investment property	0.7	1.3	0.2	0.3
Other rental income	1.4	1.5	0.3	0.3
Third party cost recovery	2.1	2.5	0.7	0.7

Other	1.2	2.0	0.3	0.4
Total	**35.6**	**15.7**	**14.0**	**2.5**

In October 2012, the company has reached an agreement with the Finnish group Basware on the sale of the activity of electronics document exchange as of January 2013. This transaction generated a cash inflow of 15.1 million EUR and a gain of 14.6 million EUR in the first quarter of 2013.

Gains on disposal of property, plant and equipment are mainly related to the sales of buildings.

11.9 Other Operating Expenses

	Year-to-date		3rd Quarter	
In million EUR	**2013**	**2012**	**2013**	**2012**
Provision related to the SGEI overcompensation	(2.0)	-	-	-
Other provisions	(2.7)	2.9	(0.5)	0.3
Local and real estate taxes	4.9	4.0	6.2	1.3
Impairment on trade receivables	0.2	0.8	0.4	(0.6)
Other	2.2	1.5	0.5	0.2
Total	**2.7**	**9.1**	**6.6**	**1.2**

Total other operating expenses for the third quarter increased by 5.4 million EUR to 6.6 million EUR compared to the same period last year, mainly due to accrued charges related to a new legislation concerning local and real estate taxes.

Over the first nine months of 2013, total other operating expenses fell by 6.4 million EUR to 2.7 million EUR compared to the same period last year. This decrease was primarily due to the absence of a provision for onerous contracts while the decrease in costs related to the change in recoverable VAT was almost offset by the higher accrued charges for local and real estate taxes.

11.10 Financial Costs

Net financial costs decreased by 23.3 million EUR to 9.4 million EUR for the first nine months of the year 2013. This evolution is mainly explained by the decrease of IAS 19 related financial costs (due to the increase in the discount rates), partly counterbalanced by a decrease in interest received as available cash and cash equivalents are reduced due to the capital reduction at year end 2012 and the capital reduction paid in June 2013.

11.11 Share of Profit of Associates

The share of results of associates relates entirely to bpost bank.

Share of results of associates increased by 10.5 million EUR to 14.1 million EUR for the first nine months of the year 2013.

11.12 Income Tax

Income tax expense increased by 19.4 million EUR to 136.1 million EUR for the first nine months of the year 2013 from 116.7 million EUR for the first nine months of the year 2012. This increase is mainly due to the tax expense (17.6 million EUR) associated with the exceptional dividend.

On 25 March 2013, an extraordinary shareholders' meeting of the Company approved a reduction in the legal reserve in the amount of 21.3 million EUR through the transfer to available reserves. Due to this transfer, and in accordance with the tax legislation, bpost provisioned an additional income tax to be paid of 7.3 million EUR.

On 7 June 2013, an exceptional dividend of 53.5 million EUR was approved by an extraordinary Shareholders' Meeting. The payment of this exceptional dividend, which occurred also on 7 June 2013, resulted, in accordance with the Belgian tax legislation, in the recognition of an additional tax expense of 10.3 million EUR as 30.3 million EUR of previously untaxed reserves were distributed.

11.13 Share of Investment in an Associate

On 20 March 2013, bpost bank completed an equity increase in the amount of 100 million EUR in order for bpost bank's equity to satisfy regulatory and prudential requirements (including Basel III capital requirements). bpost and BNPP Fortis contributed to this capital increase for 37.5 million EUR each. In the framework of the renewal of the contractual agreement between bpost and BNPP Fortis, the latter paid an additional amount of 25 million EUR as issue premium. As proportional ownership of bpost remained unchanged, the fair value of the investment in bpost bank increased by 12.5 million EUR.

11.14 Employee Benefits

IAS19R has been applied as from 1 January 2013. As a result, bpost recognizes all actuarial gains and losses related to the post-employment benefits directly in Other Comprehensive Income when they occur.

Until 2012, bpost has opted, in case of post-employment benefits, not to recognize actuarial gains and losses that remain within the corridor of 10% of the higher of either: the amount of the IAS 19 obligation or the fair value of the plan assets. The unrecognized actuarial losses cumulated at 31 December 2012 related to the post-employment benefits amounted to 14 million EUR (at 31 December 2011, 7.2 million EUR). The unrecognized actuarial losses cumulated and restated in Other Comprehensive Income at 30 September 2012 amount to 12.3 million EUR.

Impact of transition to IAS19R

Impact on interim condensed consolidated statement of financial position:

In million EUR	As of 30 September 2013	As of 30 September 2012 Restated	As of 31 December 2012 Restated
Increase in the defined benefit plan obligation (non-current)	10.1	(12.3)	(14.0)
Increase in deferred tax assets (non-current)	(2.7)	2.6	3.1
Net impact on equity	**7.4**	**(9.7)**	**(10.9)**
Equity holders of the parent	7.4	(9.7)	(10.9)
Non-controlling interest	-	-	-

Impact on interim condensed consolidated income statement

In million EUR	3rd Quarter 2013	3rd Quarter 2012 Restated	3rd Quarter 2012
Increase in actuarial movements in OCI	(10.1)	12.3	-
Increase in tax effect on actuarial movements in OCI	2.7	(2.6)	-
Net increase in OCI, net of tax	**(7.4)**	**9.7**	**-**
Net increase in total comprehensive income	**(7.4)**	**9.7**	**-**
Attributable to equity holders of parent	(7.4)	9.7	-
Non-controlling interest	-	-	-

11.15 Current Provisions

Current provisions decreased by 127.7 million EUR, or 90.9%, to 12.8 million EUR as of September 30, 2013. The decrease is mainly explained by the repayment in 2013 of the SGEI overcompensation for the years 2011 and 2012 (123.1 million EUR).

11.16 Income Tax Payable

Income tax payable increased by 58.2 million EUR, to 62.8 million EUR as of September 30, 2013 and is mainly explained by the accrued local income taxes, from which tax pre-payments, amounting to 60 million EUR, are deducted.

11.17 Dividends

On 7 June 2013, an exceptional dividend of 53.5 million EUR (2012: 0 million EUR) was approved by an extraordinary Shareholders' Meeting. This represents a dividend of 0.27 EUR per share. The payment of this exceptional dividend occurred on 7 June 2013.

No other dividends were paid to the equity holders of the parent.

11.18 Contingent Liabilities and Contingent Assets

At September 30th 2013, bpost is not aware of any contingent assets and liabilities

11.19 Events After the Reporting Period

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

12 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 and 14 of the Royal Decree of 14 November 2007.

The bpost Management Committee is represented by Johnny Thijs, Chief Executive Officer and Pierre Winand, Chief Financial Officer.