Q2 & HY 2012 Results

6 August 2012

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Business highlights Q2 2012

Financials

Q&A

Q2: good performance Parcels and International, Mail in the Netherlands weaker than anticipated

	Mail in NL	Parcels	International
Volumes	Addressed -8.3% ▼	Like for like +6% ▲	All countries growth ▲
Underlying revenues	€555 million ▼	€178 million ▲	€371 million ▲
Underlying cash operating income	€(24) million ▼	€35 million ▲	€5 million ▲
	• Quality issues Q2 • Delay Master plans Weaker performance	• Good performance • Continued successful rollout NLI	• Volume growth in all countries • Progressing well on growth and cost initiatives

Q2: Mail in the Netherlands, quality issues and delay reorganisation main reasons results weaker than anticipated

Volumes (-8.3%), price/mix, autonomous cost increases	Declining operational results	-€23 million
Quality and productivity issues	Inefficiency and quality measures	-€10 million
Delay in roll out reorganisation	Low Master plan savings Higher implementation costs (in line with expectations)	€6 million -€6 million
Lower pension expenses	In line with expectations	€8 million
Changes in provisions	Higher than expected, mainly success Mobility programme (partly phasing)	-€15 million
Other effects	Lower due to, amongst others, slowdown sale of real estate	€4 million

Focus on quality and progress Master plans

Necessary measures taken to address quality issues

Restore quality and efficiency

- Learning curve new processes underestimated
- Higher peak-day volumes than expected
- Operational chain challenges underestimated

Restore quality

- Expand flexible workforce
- Management focus
- Improve processes and planning

Improve efficiency

- Improved communication about quality and reorganisation
- Improved productivity planning and monitoring
- Education programme and mentoring for new employees
- Strengthening implementation organisation
- Management focus with clear targets

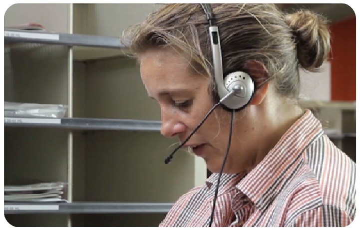
Quality and efficiency indicators improving

Costs related to inefficiency and quality measures lower in Q3 and Q4

Many reorganisation projects running concurrently

All implementations progressing well, one delayed

	Marketing & Sales	Collection	Sorting	Preparation	Delivery	Overhead
Implemented	• Peak / off-peak • Reduce Marketing & Sales organisation	Centralisation business desks	• Reorganisation sorting centres • Centralisation reply mail handling	Optimisation current mail preparation locations	• Peak / off-peak • Migration registered mail at home to Parcels	Reduce overheads
Being implemented	• Reduce Marketing & Sales organisation	• Business points to retailers			• Migration registered mail PO boxes to Parcels • Car delivery to small car unit	Reduce overheads
Delayed				Opening new CPL locations	• Migration to CPL and 100% mail deliverers organisation	



Migration preparation & delivery under review

Concrete actions to ensure feasible roll out at the latest Q4

Main goals

- Improved and feasible roll out plan
- Lower impact for customers and employees
- Quality under control

Q2 / Q3 - Design

- Process simplification
- Chain interdependencies
- Strengthening implementation organisation

Q3 / Q4 - Pilots

- Pilots on improved processes
- Improved productivity planning and monitoring

Q4 - Decision

- Evaluation of pilots
- Detailed plan, costs and phasing

Final decision on further roll out at the latest in Q4

Progress made on two regulatory subjects

Monday delivery

- Legislation prepared to remove mandatory delivery on Monday from universal service obligation (USO) in second half of year

Net cost compensation

- Application submitted with regulator for compensation of net costs of the USO for 2011
- PostNL assesses these net costs at €107 to €125 million
- Regulator will review PostNL application
- After determination of net costs, costs need to be split between the postal companies in the Netherlands

New regulatory developments

PostNL actively engaging in regulatory process

Extension powers regulator

- New legislation expected regarding gathering of information and ability to issues fines for USO quality levels
- Dutch government preparing merger of current three regulatory authorities into one: ACM

Significant market power (SMP)

- PostNL alleged to have SMP
- Preparation legislation will take two to three years, and additional one to two years to implement
- Legislation linked to other subjects, such as mandatory Monday delivery

PostNL's view submitted to Ministry

- Not necessary, present regulation sufficient
- More regulation brings harm to all stakeholders
- Market needs to be properly defined
- Potential disproportionate impact on postal market and PostNL not investigated

Pensions / CLA: dialogue with unions showing progress

Joint intention to come to an agreement

Goal

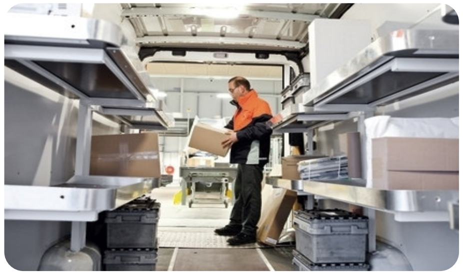
- Stable and substantially lower level of costs

- Talks between unions and PostNL in July
- Dialogue on pensions and CLA continues before the end of the year
- Parties expect to conclude agreement before the end of the year: Abvakabo FNV, BVPP, CNV Publieke zaak, VPP and PostNL

Q2: Parcels

Strong operational performance and good volume growth

Volumes (+6%), price/mix	Revenues	+€32 million
	of which Trans-o-flex and intercompany revenues	*+€29 million*
	Underlying cash operating income	+€14 million
Integration Trans-o-flex (operational result and badwill)	*of which Trans-o-flex*	*+€11 million*
Lower cost per parcel due to higher volumes and efficiency new logistics infrastructure	*of which ongoing business*	+€3 million

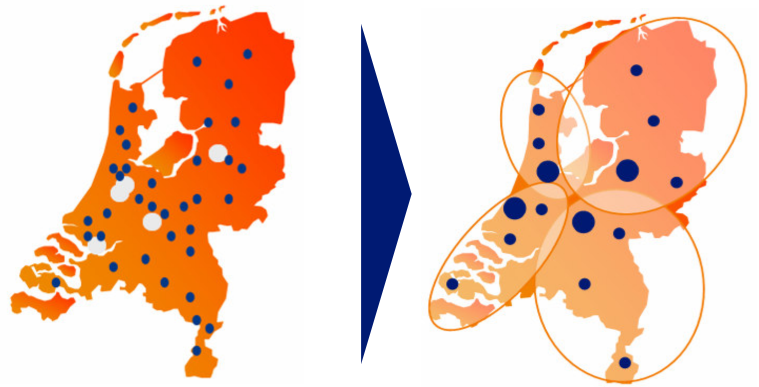


Trans-o-flex fits our strategy

Positive impact on 2012 results

- Stronger position in B2B parcel and pallet distribution Netherlands
- Establish new B2B platform in Belgium for B2B in addition to start-up B2C
- Badwill of €13 million
- Quick turnaround from loss making to profitable business

Implementation new logistics infrastructure on track



Total project
- *Capex €240 million*
- *37 distribution locations → 18 hybrid locations*
- *2,600 routes per day being changed*
- *Enables growth from 100 to 150 million parcels per year*

- Complex implementation of new processes progressing according to plan
- Higher than expected increase efficiency and cost reductions
- All investments within budget (costs and time)

Q2 2012
- Depots in Den Bosch and Hengelo started operations
- Nine old distribution centres closed
- Around 20% of volumes running through new infrastructure

Q2: International

Real improvement in performance

	UK	Germany	Italy
Volumes	▲	▲	▲
Underlying revenues	▲	▲	▲
Underlying cash operating income	▲	▲	▲
	• End-to-end pilot progressing well	• Turnaround on track for break even in 2013	• Continued success Formula Certa

Strong improvement underlying cash operating income: €5 million (Q2 2011: €(2) million)

UK: good performance

Pilot final mile delivery progressing well

Highlights

- Volumes up 5%, good growth from national clients, partly offset by lower regional volumes
- Underlying revenues up 11% mainly due to Royal Mail tariff increases
- Pilot delivery by own mailmen at the doorstep in West London progressing well
- Ofcom analysed TNT Post UK's plans and confirmed it will not restrict activities of end-to-end operators, unless circumstances change

Germany: turnaround pays off

On track for break even in 2013

Highlights

- All underlying businesses contributed to volume growth
- Revenues up to €123 million
- Cost savings are on track
- Price competition ongoing in key account and consolidation segment despite minimum price floor ruling Bundesnetzagentur
- Continued focus on necessary volume growth going forward

Italy: continues to perform well

Fuelled by Formula Certa

Highlights

- High growth from Formula Certa with volumes up 22%
- Excluding effect 2011 disposals revenue growth 14%
- Increased performance due to upselling and new customers
- Increased focus on direct mail, registered mail and SME customers to grow volumes
- Coverage Formula Certa reached 66%

Focus on strategy implementation remains

Portfolio balances opportunities and risks

Dividend policy reconfirmed
Interim dividend €0.181 per share

Dividend policy
- Around 75% of underlying net cash income per year with a minimum payout of €150 million per year (of which €75 million interim)
- Dividends received from TNT Express to be passed through to PostNL shareholders

Conditions for cash dividend

Consolidated equity positive		Certainty of credit rating BBB+/Baa1
Depending on: • Sale stake TNT Express • IAS19 revised	*and*	*Current status credit ratings:* • S&P: BBB, CreditWatch Positive • Moody's: Baa1, negative outlook

Interim dividend in shares of €0.181 per share

Outlook underlying cash operating income reconfirmed
2012 result expected at bottom half of guided range

	Underlying revenues		Underlying cash operating income / margin
€ million	*2012*	2012 revised	2012
Mail in NL	*- low single digit*	**- mid single digit**	1 to 3%
Parcels	*+ high single digit**	**+ low double digit**	13 to 15%
International	*+ high single digit*	+ high single digit	1 to 2%
Total	*+ low single digit*	**stable**	**110 to 160**
			2 to 4%

- Outlook sensitive to further developments in roll out of Master plans and sale of real estate

Note: underlying figures are at constant currency and exclude the impact of one-offs
* Due to shift registered mail from Mail in NL to Parcels

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Financial highlights

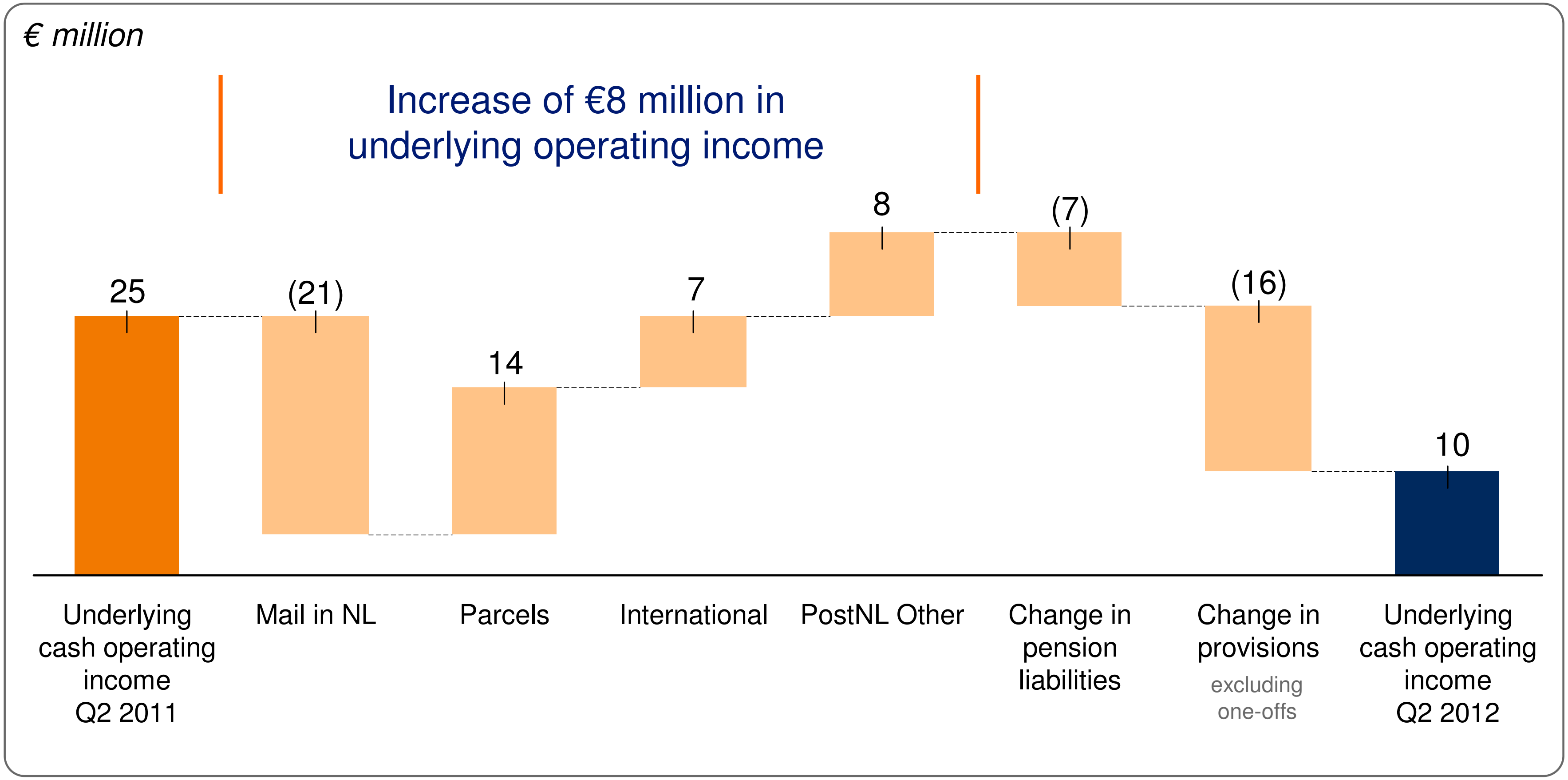
€ million	Q2 2012	Q2 2011	Change	HY 2012	HY 2011	Change
Reported revenues	1,040	*1,024*	*1.6%*	2,107	*2,136*	*-1.4%*
Reported operating income	79	*93*	*-15.1%*	200	*218*	*-8.3%*
Underlying* operating income	97	*89*	*9.0%*	220	*209*	*5.3%*
Underlying* cash operating income	**10**	***25***	***-60.0%***	**59**	***100***	***-41.0%***
Net cash from operating activities	**(72)**	***(15)***		**(55)**	***69***	

* Excluding various business one-offs, see specification on next slide

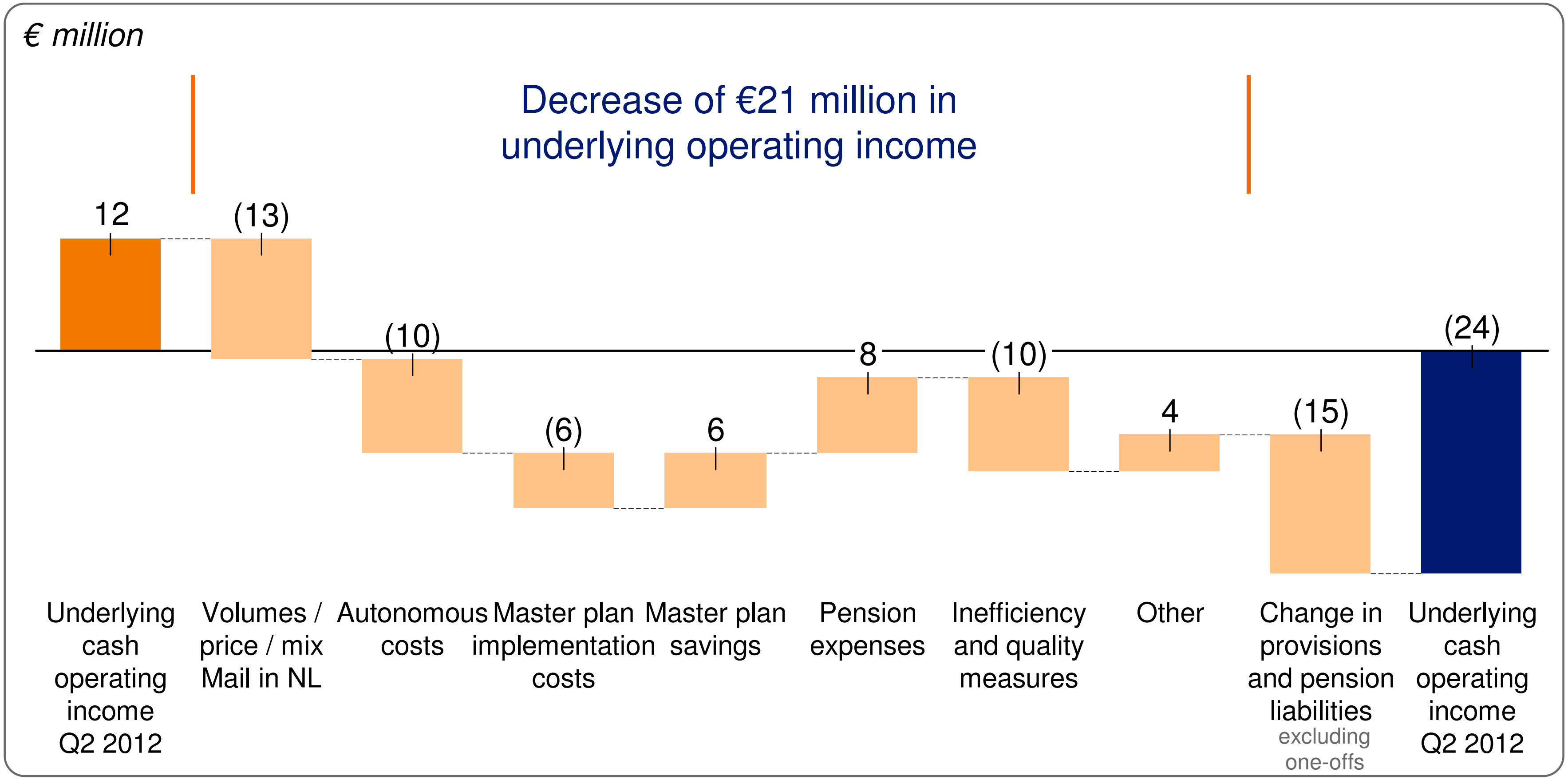
One-offs

€ million	Q2 2012	*Q2 2011*	HY 2012	*HY 2011*
Reported operating income	**79**	***93***	**200**	***218***
Restructuring related charges	9		9	
Rebranding costs	6	*4*	7	*4*
TNT Express	3		3	
Demerger costs		*23*		*23*
Resizing International		*7*	1	*7*
Book gain sale Belg. Distributiedienst /RSM Italy		*(38)*		*(38)*
Pension contribution TNT Express				*(5)*
Underlying operating income	**97**	***89***	**220**	***209***

Reconciliation underlying cash operating income



Reconciliation Mail in the Netherlands



Underlying results per segment

€ million	Underlying revenues			Underlying operating income			Underlying cash operating income		
	Q2 2012	*Q2 2011*	*Change*	Q2 2012	*Q2 2011*	*Change*	Q2 2012	*Q2 2011*	*Change*
Mail in NL	555	*577*	*-3.8%*	19	*40*	*-52.5%*	(24)	*12*	
Parcels	178	*146*	*21.9%*	35	*21*	*66.7%*	35	*21*	*66.7%*
International	371	*352*	*5.4%*	5	*(2)*		5	*(2)*	
PostNL Other / intercompany	(82)	*(51)*		38	*30*		(6)	*(6)*	
Total PostNL	**1,022**	***1,024***	***-0.2%***	**97**	***89***	***9.0%***	**10**	***25***	***-60.0%***

	HY 2012	HY 2011	Change	HY 2012	HY 2011	Change	HY 2012	HY 2011	Change
Mail in NL	1,134	*1,189*	*-4.6%*	71	*116*	*-38.8%*	(3)	*66*	
Parcels	339	*299*	*13.4%*	57	*47*	*21.3%*	58	*48*	*20.8%*
International	762	*723*	*5.4%*	10	*(4)*		10	*(3)*	
PostNL Other / intercompany	(152)	*(75)*		82	*50*		(6)	*(11)*	
Total PostNL	**2,083**	***2,136***	***-2.5%***	**220**	***209***	***5.3%***	**59**	***100***	***-41.0%***

Statement of income

€ million	Q2 2012	*Q2 2011*	HY 2012	*HY 2011*
Revenues	1,040	*1,024*	2,107	*2,136*
Operating income	**79**	***93***	**200**	***218***
Net financial expenses	(26)	*(26)*	(52)	*(53)*
Results from investments in associates	-	*3*	1	*3*
Impairments from investments in associates	-	*(397)*	570	*(397)*
Income taxes	(10)	*(13)*	(35)	*(42)*
Profit from continuing operations	**43**	***(340)***	**684**	***(271)***
Profit from discontinued operations	-	*2,105*	-	*2,159*
Profit for the period	**43**	***1,765***	**684**	***1,888***
Profit for the period (excluding TNT Express)	*46*	*54*	*116*	*123*

Net cash from operating and investing activities

€ million	Q2 2012	Q2 2011	HY 2012	HY 2011
Cash generated from operations	(52)	6	1	98
Interest paid	(16)	(16)	(19)	(18)
Income taxes paid	(4)	(5)	(37)	(11)
Net cash from operating activities	**(72)**	**(15)**	**(55)**	**69**
Interest / dividends received / other	1	2	8	2
Acquistions and disposals	13	115	13	115
Capex	(60)	(16)	(107)	(36)
Proceeds sale of assets	5	21	21	52
Net cash from operating and investing activities	**(113)**	**107**	**(120)**	**202**

- Lower cash generated from operations mainly due to investments in working capital (mainly International), restructuring payments and lower profits
- Improvement measures working capital International in place

Continued focus on cash

€ million		Q2 2012	HY 2012	**2012 outlook**	**2012 revised outlook**
Master plans	Savings	6	17	**40-60**	**25-40**
	Restructuring cash out	32	51	**80-100**	*Unchanged*
	Implementation costs	18	35	**80-100**	**60-80**

		Q2 2012	HY 2012	**2012 outlook**
Capex	Base capex	23	36	**88**
	New logistics infrastructure Parcels	15	26	**69**
	Master plan	22	45	**83**
	Total	**60**	**107**	**Max 240**

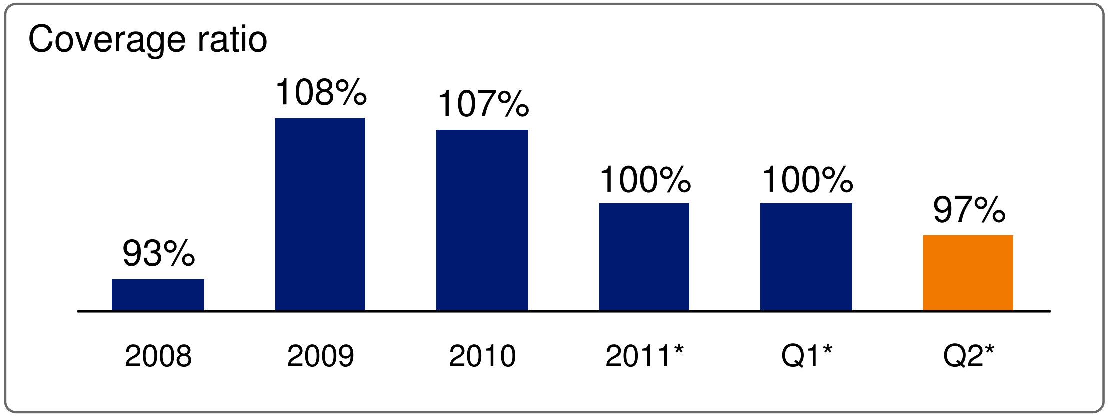
	HY 2012	**2015 outlook**
Working capital	~ - 8%	**- 3% to - 5%**

PostNL consolidated statement of financial position

€ million	30 June 2012		30 June 2012
Intangible assets	178	Distributable equity	1,037
Property, plant and equipment	505	Non-distributable equity	42
Pension assets	1,309	Total equity	**1,079**
Other financial fixed assets	32	Non controlling interests	13
Other current assets	645	Pension liabilities	210
Cash	483	Long term debt	1,608
Assets held for sale	1,545	Other non-current liabilities	587
of which stake TNT Express	*1,498*	Short term debt	6
		Current liabilities	1,194
Total assets	**4,697**	**Total equity & liabilities**	**4,697**

- Net debt: long term debt + short term debt – cash = €1,131 million (Q1 2012: €1,033 million)

Pension developments



- Lower discount rate affecting coverage ratio by around 5%
- Full year cash contributions expected to be around €280 million in 2012 (excluding top up payments)

Pensions excl. contribution TNT Express *€ million*		Q2 2012		*Q2 2011*	
		Expenses	Cash	*Expenses*	*Cash*
Business segments	(A)	55	65	*62*	*73*
PostNL Other	(A)-(B)	(40)		*(32)*	
PostNL	(B)	**15**	**65**	***30***	***73***

* Including top up invoices considered receivable by the pension funds (disputed by PostNL)

Pensions top up invoices and IAS19 revised

Top up invoices

Coverage ratio pension funds at Q2 2012 below the minimum required level

- Top up payments Q1: €39 million
- Top up payments Q2: €22 million
- Top up payments Q3: €24 million
- Top up payments Q4: €50 million (conditional)

- Necessity top up payments disputed by PostNL (invoices not paid)
- Disputes committee installed, update expected in Q3
- At current Q2 coverage ratio, top up payment of around €14 million considered necessary if coverage ratio end of Q3 stays below ~104%

IAS19 revised

- Increased impact unrecognised losses

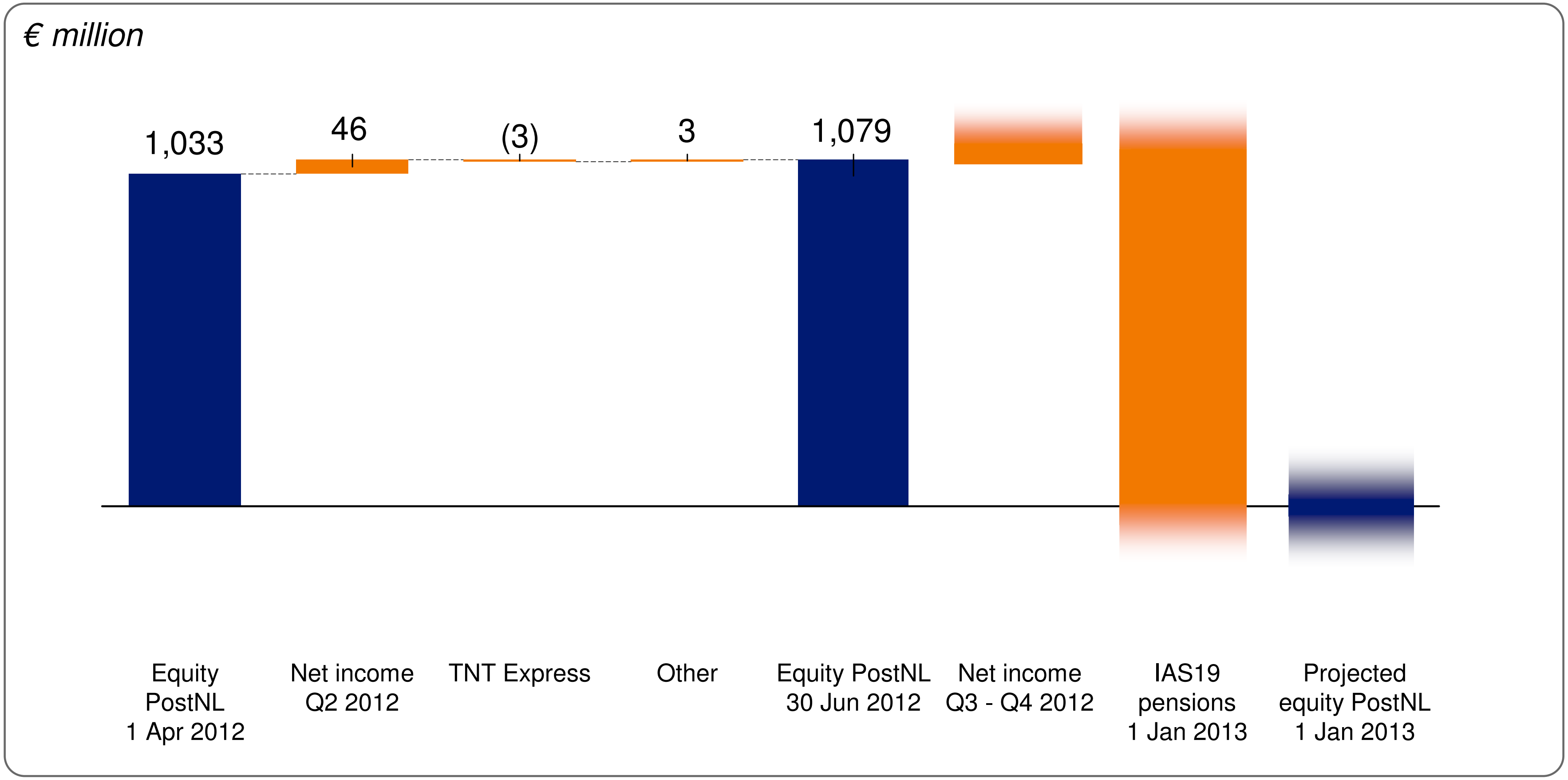
€ million	June 2012	*March 2012*
Gross	1,810	*1,440*
Net	**1,360**	***1,080***
Accounting discount rate	*3.7%*	*4.1%*

- Expected impact on pension expenses

Indicative *€ million*	FY 2012	FY 2012 (IAS19R)
Expected return on plan assets	~ 360	~ 265
Amortisation of actuarial loss	~ (60)	none

Higher pension expense of ~ €35 million

Development **consolidated** equity 2012 – 2013



Stake TNT Express

Developments sale stake Express

- Offer UPS on TNT Express shares of €9.50 per share
- Expected to be completed in Q4 2012, depending on outcome of Phase II review of transaction by European Commission
- If offer not declared unconditional by 19 September 2012, PostNL is permitted to sell up to 10% of outstanding TNT Express shares though currently not deemed opportune

Use of expected proceeds

1. Debt reduction according to financial policy
2. Restore cash dividend according to dividend policy
3. Investment in further portfolio extension
4. De-risking pensions and/or distributing excess cash to shareholders according to dividend policy

Outlook underlying cash operating income reconfirmed

2012 result expected at bottom half of guided range

	Underlying revenues			Underlying cash operating income / margin	
€ million	*2011*	*2012*	2012 revised	*2011*	2012
Mail in NL	*2,429*	*- low single digit*	**- mid single digit**	*6.3%*	1 to 3%
Parcels	*608*	*+ high single digit**	**+ low double digit**	*15.1%*	13 to 15%
International	*1,467*	*+ high single digit*	+ high single digit	*0.3%*	1 to 2%
Total	***4,297***	*+ low single digit*	**stable**	***220***	**110 to 160**
				5.1%	**2 to 4%**

- Outlook sensitive to further developments in roll out of Master plans and sale of real estate

Note: underlying figures are at constant currency and exclude the impact of one-offs
* Due to shift registered mail from Mail in NL to Parcels

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