Q3 2012 Results

5 November 2012

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Business highlights Q3 2012

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Q&A

Q3: Decline addressed mail volumes impacting Q3 results

	Mail in NL	Parcels	International
Volumes	Addressed -10.1%	Like for like +4.5%	All countries growth
Underlying revenues	€513 million	€183 million	€389 million
Underlying cash operating income	€(19) million	€20 million	€7 million
	• Improvement quality levels	• Continued successful roll-out NLI	• Volume growth in all countries

Q3: Mail in the Netherlands

Results mainly impacted by volume decline

Highlights

- Addressed mail volume decline 10.1%
- Underlying revenues down 5.9%, positive price effect
- Underlying cash operating income down mainly due to lower volumes and higher autonomous costs
- Rate increase for both consumer mail and small business mail as of 1 January 2013
- CLA: agreement expected before the end of the year
- New product propositions via small investments: Marvia (desktop publishing) and Scoupy (mobile couponing company)

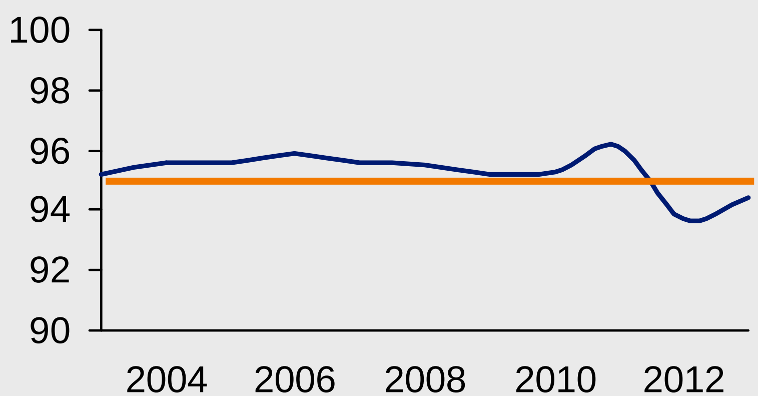
Update on Master plans

Quality and efficiency indicators improving compared to Q2

Quality

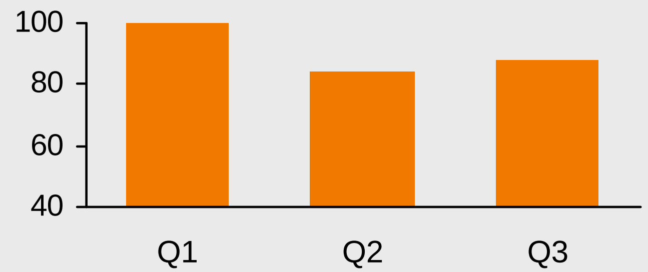
- Improvement initiatives resulted in higher quality levels Q3, but below standard

Quality % postal boxes

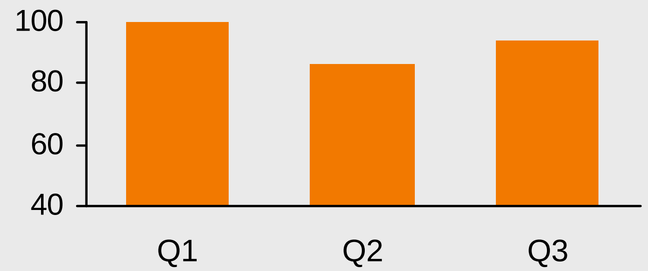


Efficiency

Sorting



Preparation



Negligible extra costs related to inefficiency and quality measures in Q3

Improved and feasible roll-out plan

Lower impact for customers and employees, quality under control

Several pilots

- Alternatives developed
- Several tests on improved and simplified processes
- Careful review of all alternatives to make final decision on further roll-out

Pilot Alkmaar starts today

- Integrate three locations
- Measure impact on quality, costs and efficiency
- Test potential for cost reduction against a lower risk profile as business process changes will be less disruptive

Update at the latest with Q4 results

Update on regulatory developments

USO

- Further study Parliament into the effects of cancelling Monday deliveries finalised
- Results support decision of State Secretary to drop Monday delivery requirement
- Amendment to the Postal Act will be sent to Parliament soon

Significant Market Power

- Final proposal expected to be sent to Parliament soon
- Discussions on proposal expected to start in November 2012

Postal Act - Parliament recently voted in favour of two amendments

- Legal basis to Administrative Order on labour conditions of postal workers, including obligation labour contracts for at least 80% of the postal workers before October 2013
- Strengthened supervisory controls by OPTA, enhancing, amongst others, powers of OPTA to set fines

Q3: Parcels

Good volume growth and strong operational performance

Highlights

- Volumes improved 4.5% like for like – negative price / mix
- Revenues up €40 million (28%) of which €31 million related to Trans-o-flex and intercompany revenues
- Temporary migration costs due to transfer from old to new structure
- Underlying cash operating income up 17.6%

- New Logistics Infrastructure: six depots operational
- Around 30% of volumes through new network

Q3: International
Continuation of improvement in results

Highlights

UK
- Good overall growth
- E2E pilot progressing well, volumes over 300,000 items per week, in line with plan
- Continued uncertainty on regulatory developments

Germany
- Increased volumes KG / PostCon, cost savings achieved according to plan
- On track for break-even in 2013 driven by further revenue growth
- Investigation Bundesnetzagentur on tariff increases Deutsche Post

Italy
- Strong growth volumes and revenues
- Formula Certa coverage up to 67%

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Financial highlights

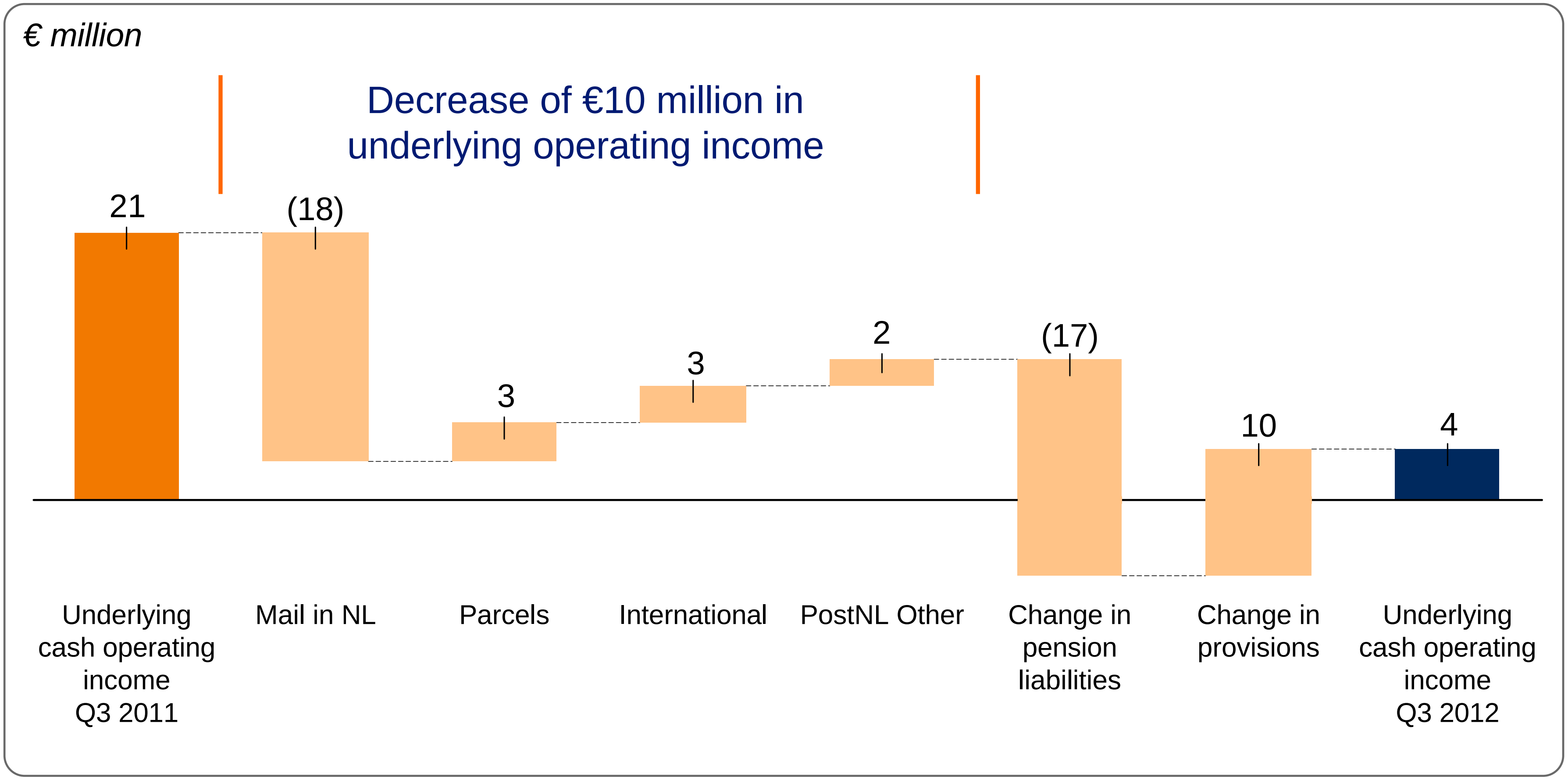
€ million	Q3 2012	*Q3 2011*	*Change*
Reported revenues	1,022	*991*	*3.1%*
Reported operating income	(128)	*66*	
Underlying* operating income	60	*70*	*-14.3%*
Underlying* cash operating income	**4**	***21***	***-81.0%***
Net cash from operating activities	**(62)**	***(75)***	

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

One-offs

€ million	Q3 2012	*Q3 2011*
Reported operating income	**(128)**	***66***
Fair value adjustment TNT Express	180	
Restructuring related charges	5	
Rebranding costs	3	*2*
Resizing International		*2*
Underlying operating income	**60**	***70***

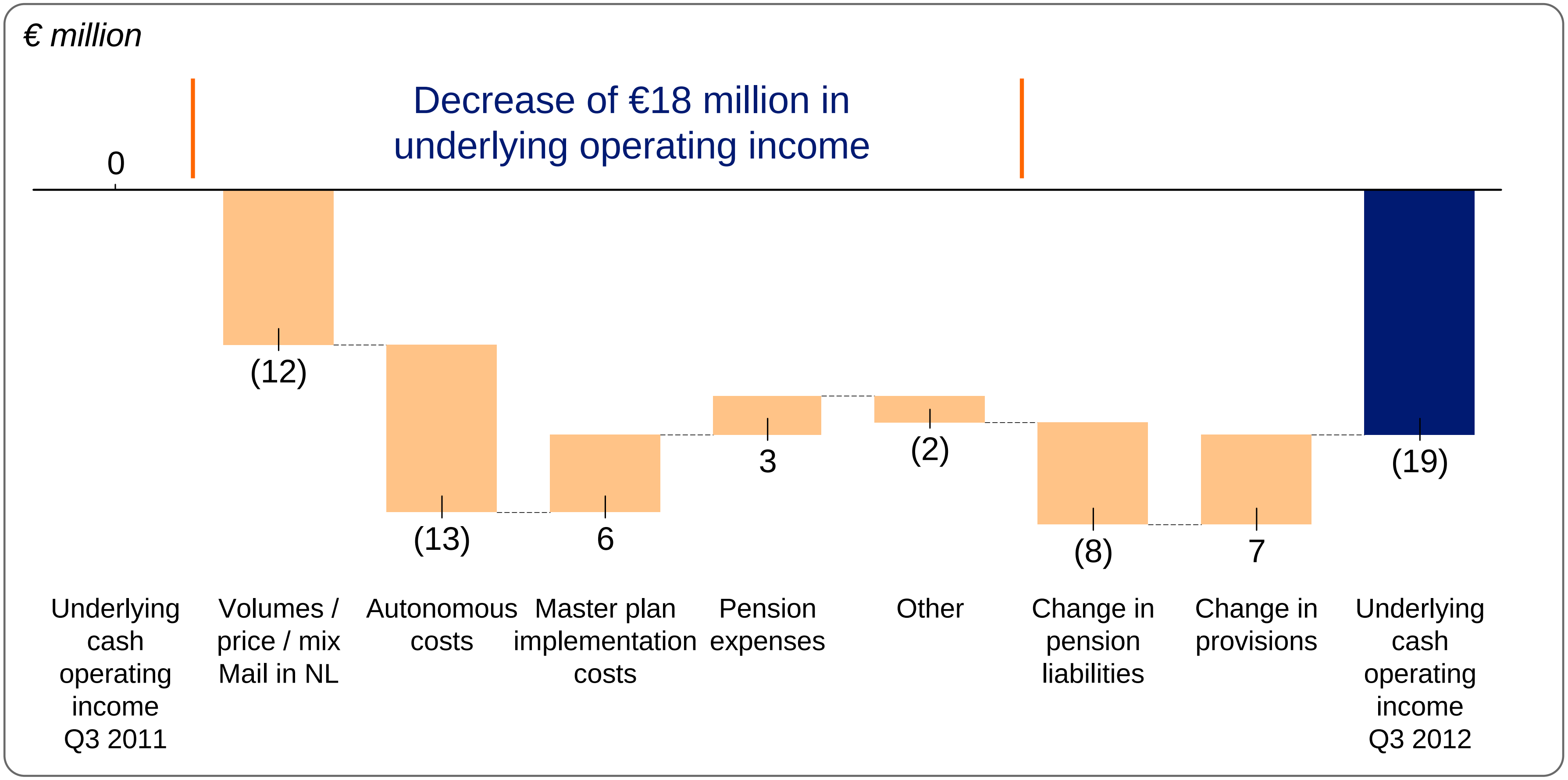
Reconciliation underlying cash operating income



Underlying results per segment

€ million	Underlying revenues			Underlying operating income			Underlying cash operating income		
	Q3 2012	Q3 2011	Change	Q3 2012	Q3 2011	Change	Q3 2012	Q3 2011	Change
Mail in the Netherlands	513	545	-5.9%	(1)	17		(19)	0	
Parcels	183	143	28.0%	19	16	18.8%	20	17	17.6%
International	389	362	7.5%	7	4	75.0%	7	4	75.0%
PostNL Other / intercompany	(82)	(59)		35	33		(4)	0	
Total PostNL	**1,003**	**991**	**1.2%**	**60**	**70**	**-14.3%**	**4**	**21**	**-81.0%**

Reconciliation Mail in the Netherlands



Statement of income

€ million	Q3 2012	*Q3 2011*
Revenues	1,022	*991*
Operating income	**(128)**	***66***
Net financial expenses	(26)	*(26)*
Results from investments in associates	-	*(3)*
Impairments from investments in associates	-	*(337)*
Income taxes	(7)	*(13)*
Profit from continuing operations	**(161)**	***(313)***
Profit from discontinued operations	-	-
Profit for the period	**(161)**	***(313)***
Profit for the period (excluding TNT Express)	*19*	*27*

Net cash from operating and investing activities

€ million	Q3 2012	*Q3 2011*
Cash generated from operations	(35)	*35*
Interest paid	(44)	*(46)*
Income taxes received / (paid)	17	*(64)*
Net cash from operating activities	**(62)**	***(75)***
Interest / dividends received / other	2	*9*
Acquistions and disposals	2	*(1)*
Capex	(40)	*(29)*
Proceeds sale of assets	2	*7*
Net cash from operating and investing activities	**(96)**	***(89)***

- Lower cash generated from operations mainly due to lower operating income and investments in working capital
- Net cash from operating activities benefited from prior year tax settlements

Continued focus on cash

€ million		Q3 2012	YTD Q3 2012	**2012 outlook**	**2012 revised outlook**
Master plans	Savings	3	20	**25-40**	*Unchanged*
	Restructuring cash out	5	56	**80-100**	**70-90**
	Implementation costs	12	47	**60-80**	*Unchanged*
€ million		Q3 2012	YTD Q3 2012	**2012 outlook**	**2012 revised outlook**
Capex	Base capex	16	52	**88**	
	New logistics infrastructure Parcels	13	39	**69**	
	Master plan	11	56	**83**	
	Total	**40**	**147**	**Max 240**	**Around 200**

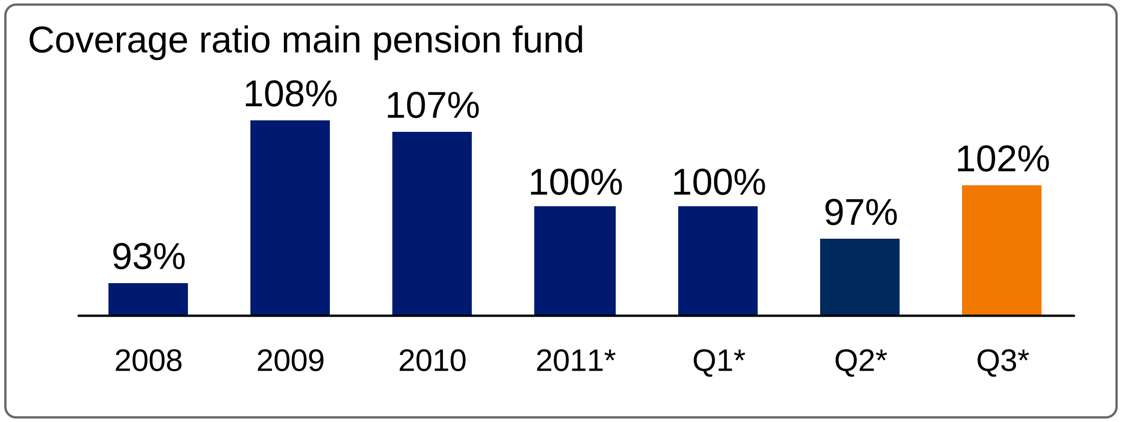
	YTD Q3 2012	**2015 outlook**
Working capital	~ - 7%	**- 3% to - 5%**

Consolidated statement of financial position

€ million	29 Sept 2012		29 Sept 2012
Intangible assets	169	Distributable equity	880
Property, plant and equipment	516	Non-distributable equity	45
Pension assets	1,358	Total equity	925
Other financial fixed assets	32	Non controlling interests	13
Other current assets	652	Pension liabilities	206
Cash	398	Long term debt	1,602
Assets held for sale	1,385	Other non-current liabilities	604
of which stake TNT Express	*1,318*	Short term debt	15
		Other current liabilities	1,135
		Liabilities rel. to assets held for sale	10
Total assets	**4,510**	**Total equity & liabilities**	**4,510**

- Net debt: long term debt + short term debt – cash and other = €1,216 million (HY 2012: €1,131 million)

Pension developments



- Impact implementation UFR around 2.5%
- Full year cash contributions expected to be around €270 million in 2012 (excluding top up payments)

Pensions *€ million*		Q3 2012		*Q3 2011*	
		Expenses	Cash	*Expenses*	*Cash*
Business segments	(A)	57	67	*64*	*66*
PostNL Other	(B)-(A)	(41)		*(32)*	
PostNL	(B)	**16**	**67**	***32***	***66***

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

Pensions top up invoices and IAS19 revised

Top up invoices

- Coverage ratio main pension fund 102.2% at Q3 2012 below the minimum required level
- Top up payments Q1 2013: €14 million (conditional)

- Necessity top up payments disputed by PostNL (invoices not paid)
- Ruling disputes committee delayed to Q4

IAS19 revised

- Increased impact unrecognised losses

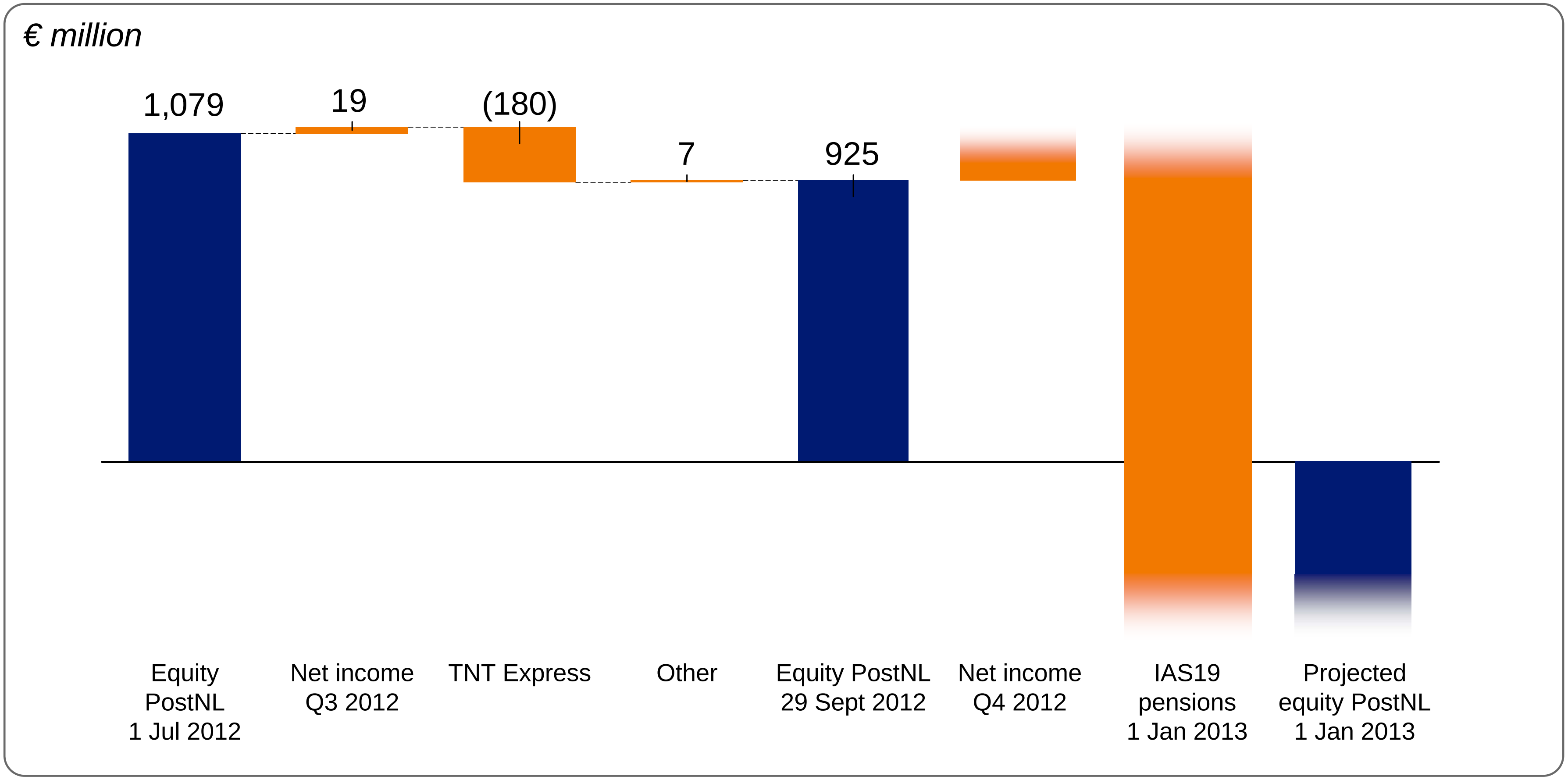
€ million	Sept 2012	*June 2012*
Gross	2,100	*1,810*
Net	**1,580**	***1,360***
Accounting discount rate	*3.3%*	*3.7%*

- 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

Increase 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
- UPS and TNT Express received Statement of Objections, response within weeks
- Offer period extended until one week after clearances from EC and Chinese Ministry of Commerce, but under no circumstances later than 28 February 2013
- Expected to be completed early 2013
- Since 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 2012 underlying cash operating income reconfirmed

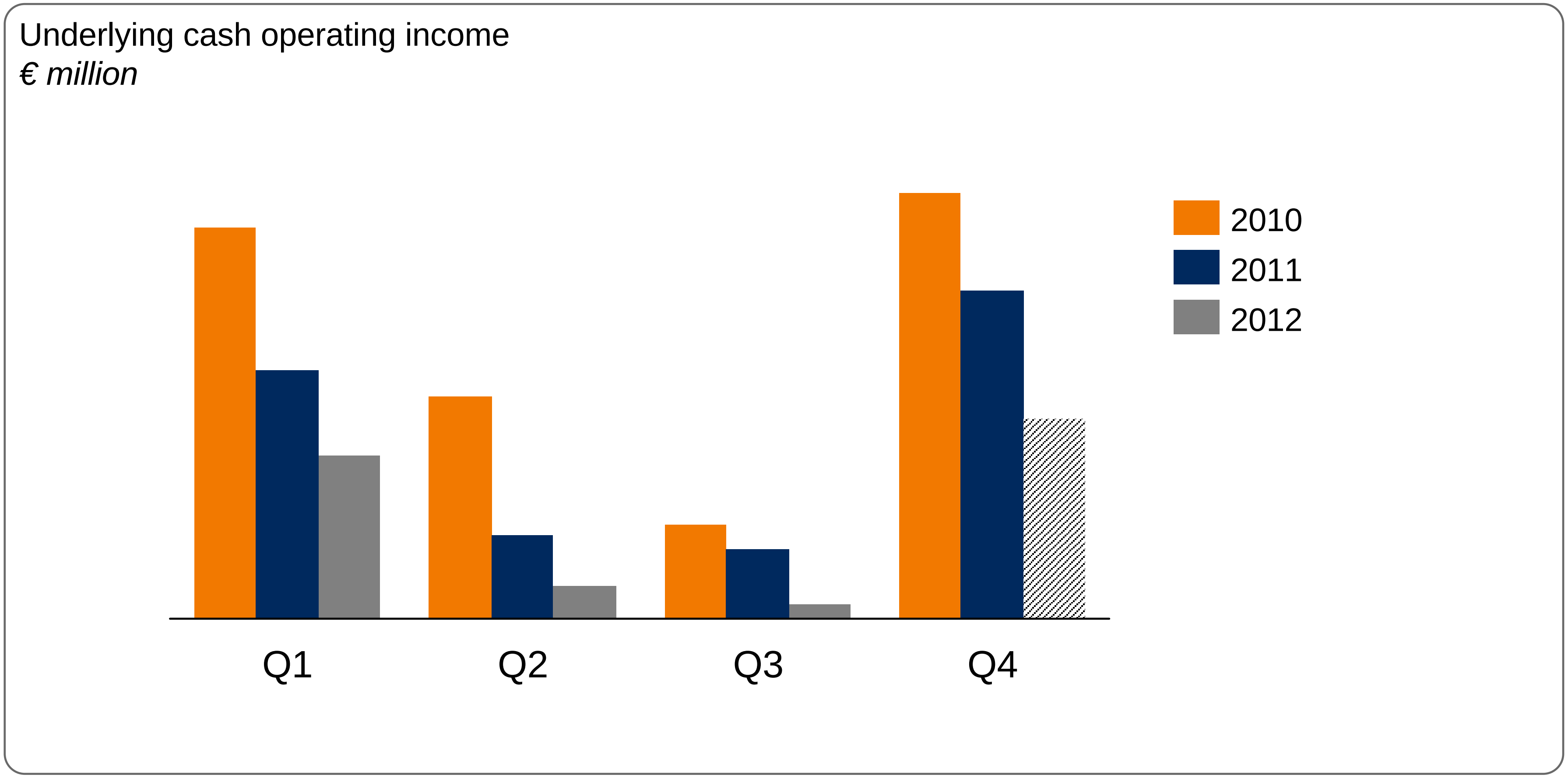
Addressed mail volume decline 8% – 10%

	Underlying revenues			Underlying cash operating income / margin		
€ million	*2011*	2012	2012 revised	*2011*	2012	2012 revised
Mail in NL	*2,429*	- mid single digit	- mid single digit	*6.3%*	1 to 3%	**0 to 2%**
Parcels	*608*	+ low double digit	+ low double digit	*15.1%*	13 to 15%	13 to 15%
International	*1,467*	+ high single digit	**+ mid single digit**	*0.3%*	1 to 2%	1 to 2%
Total	***4,297***	**stable**	**stable**	***220***	**110 to 160**	**110 to 160**
				5.1%	**2 to 4%**	**2 to 4%**

- Underlying cash operating income expected at bottom half of guided range
- Outlook sensitive to further developments in roll-out of Master plans and sale of real estate

Seasonality underlying cash operating income

Q1 and Q4 strongest quarters



Development of 2012 outlook - other indicators

	2012	2012 revised
Volume decline addressed mail	6.5 – 8.5%	**8 - 10%**
Master plan savings	€25 – 40 million	*Unchanged*
Master plan implementation costs	€60 – 80 million	*Unchanged*
Pension expenses	Around €60 million	*Unchanged*
Rebranding	Around €16 million	*Unchanged*
Net financial expense	Around €110 million	*Unchanged*
Gross regular pension contributions*	Around €280 million	**Around €270 million**
Cash outflows from provisions	Around €90 – €110 million	**Around €80 – €100 million**
Of which related to Master plan implementation	*€80 – €100 million*	***€70 – €90 million***
Cash capex	Maximum of €240 million	**Around €200 million**

* Top up pension payments not included in the outlook

Conclusion

Parcels

- Good volume growth and strong operational performance
- NLI programme on track and fully up to speed

International

- Good volume growth
- Continuation of improvement in results

Mail in NL

- Performance Mail in the Netherlands weaker than expected due to high volume decline and delays in Master plans
- Good progress quality and development new roll-out plan Master plans

Outlook

- Outlook underlying cash operating income reconfirmed, at lower end of the range

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