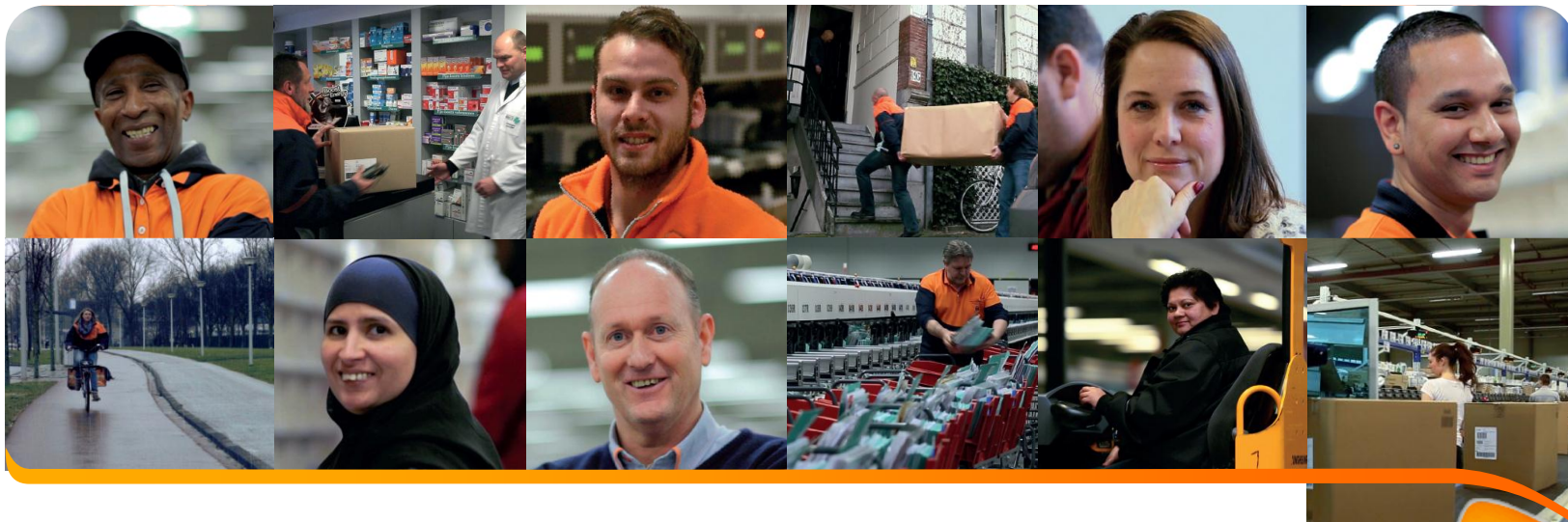


# Q1 2014 Results

6 May 2014





## Business highlights Q1 2014

## Financials Q1 2014

## Q&A

*Note to this presentation: due to the adoption of IFRS 11 and IAS 28, results from joint ventures are not included in revenue and income but recognized in the line Results from investments in associates / joint ventures. Reported results include the results of our UK activities as the LDC transaction is not finalised. Outlook is given based on figures excluding the UK. For comparison reasons, we include in the appendix revenue and income figures excluding the results of the UK activities.*

# Solid performance continued in Q1 2014

FY underlying cash operating income expected at high end of guidance



## Q1 results

Revenue

**€1,033 million**

(Q1 2013: €1,036 million)

Underlying cash operating income

**€77 million**

(Q1 2013: €23 million)

## Outlook 2014\*

Underlying cash operating income expected at high end of guided range due to strong execution of reorganisation and phasing effects

**€180 million - €220 million**

\* Excluding results UK activities



(€ million)	Q1 2014	Q1 2013
Revenue	497	513
Underlying cash operating income	62	1
Addressed mail volumes	-11.5%	-10.1%
Cost savings	35	9

- Volume decline 11.9% like-for-like, adjusted for one fewer working day and elections in 2014
- Quality further improved to 97.0%
- Positive contribution volume-price-mix
- Lower cash out for pensions and restructuring
- Result benefited from good weather conditions
- CLA negotiations commenced

# Diligent execution reorganisation

## Strong cost savings coming in early



### Operations Mail in NL

- 11 depots migrated in Q1; 126 depots migrated to date
- Cancellation Monday delivery and Sunday collection implemented
- Implementation leaner overhead structure

### Cost savings

- €41 million of which €35 million in Mail in the Netherlands



## Postal Act

- Amended Postal Act (adjustment service obligation) expected to be sent to Parliament before summer

## Significant market power

- ACM concluded market consultation and started an inquiry into the market for unsorted mail, with focus on next day delivery



(€ million)	Q1 2014	Q1 2013
<b>Revenue</b>	<b>201</b>	<b>198</b>
<i>of which:</i>		
<i>external (incl. Fiege)</i>	<b>161</b>	<b>153</b>
<i>internal</i>	<b>40</b>	<b>45</b>
<b>Underlying cash operating income</b>	<b>25</b>	<b>24</b>
<b>Volume growth*</b>	<b>+5.3%</b>	<b>+4.5%</b>

- Increased revenue due to volume growth
- Change in customer and product mix resulted in lower average price
- Improved efficiency
- Slight increase subcontractor costs and negative impact Pharma & Care Belgium

(€ million)	Q1 2014	Q1 2013
Revenue	409	403
Underlying cash operating income	2	6

### UK

- Revenue decreased 1% adjusted for currency effect
- E2E services Harrow and Liverpool started
- Ofcom complaint investigated under competition law
- Impact roll out E2E on underlying cash operating income

### Germany

- Consolidation business impacted by competitive situation
- Higher volumes from new and existing clients in national and regional business
- All activities now branded Postcon

### Italy

- Continued strong volume growth Formula Certa (+14%)





Business highlights Q1 2014

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# Financial highlights

## Solid improvement in underlying cash operating income



€ million	Q1 2014	Q1 2013	Δ
<b>Reported revenue</b>	<b>1,033</b>	<b>1,036</b>	<b>0%</b>
Reported operating income	99	73	37%
<i>Restructuring related charges</i>	2	8	
<i>Rebranding and project costs</i>	2	-	
Underlying operating income	103	81	27%
<b>Underlying cash operating income</b>	<b>77</b>	<b>23</b>	
<b>Net cash from operating and investing activities</b>	<b>23</b>	<b>(99)</b>	

# Results per segment

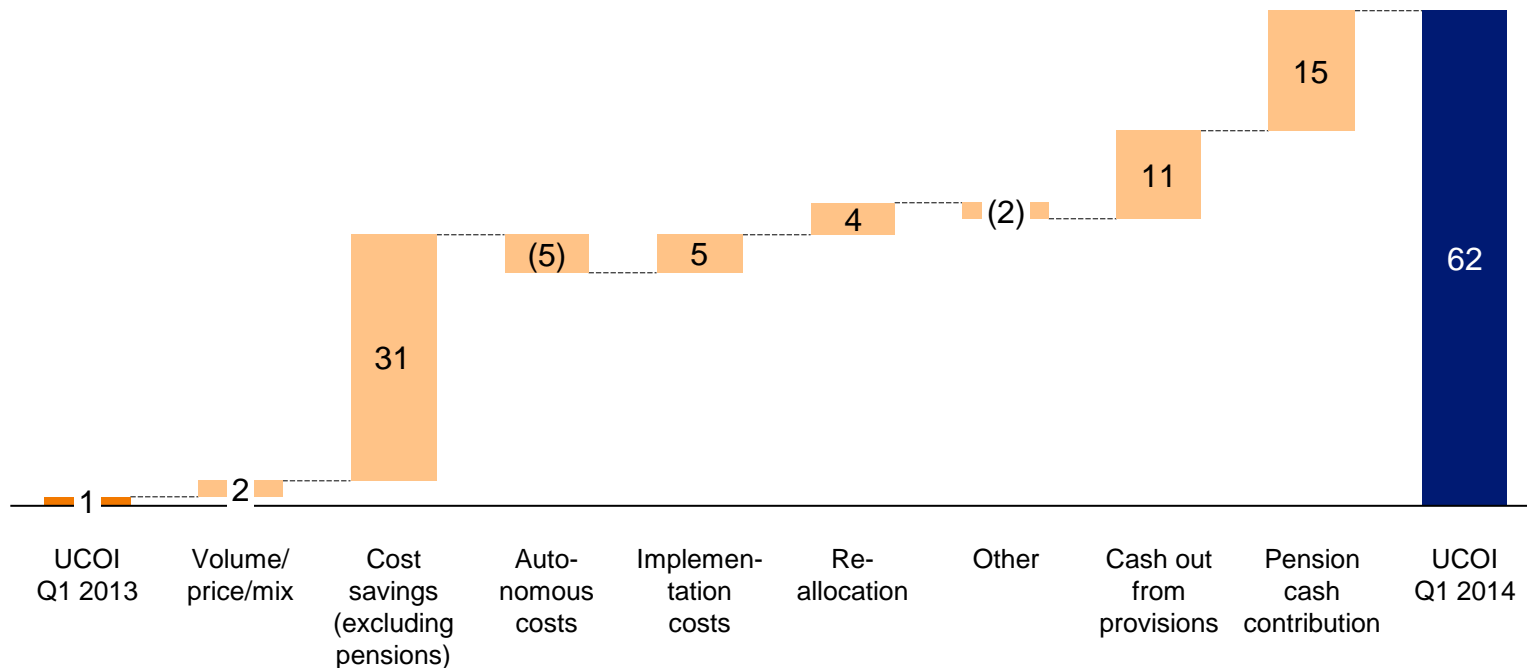


€ million	Revenue		Underlying operating income		Underlying cash operating income / margin			
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014		Q1 2013	
Mail in the Netherlands	497	513	84	42	62	12.5%	1	0.2%
Parcels	201	198	26	27	25	12.4%	24	12.1%
International	409	403	2	5	2	0.5%	6	1.5%
PostNL Other / Intercompany	(74)	(78)	(9)	7	(12)		(8)	
<b>Total PostNL</b>	<b>1,033</b>	<b>1,036</b>	<b>103</b>	<b>81</b>	<b>77</b>	<b>7.5%</b>	<b>23</b>	<b>2.2%</b>

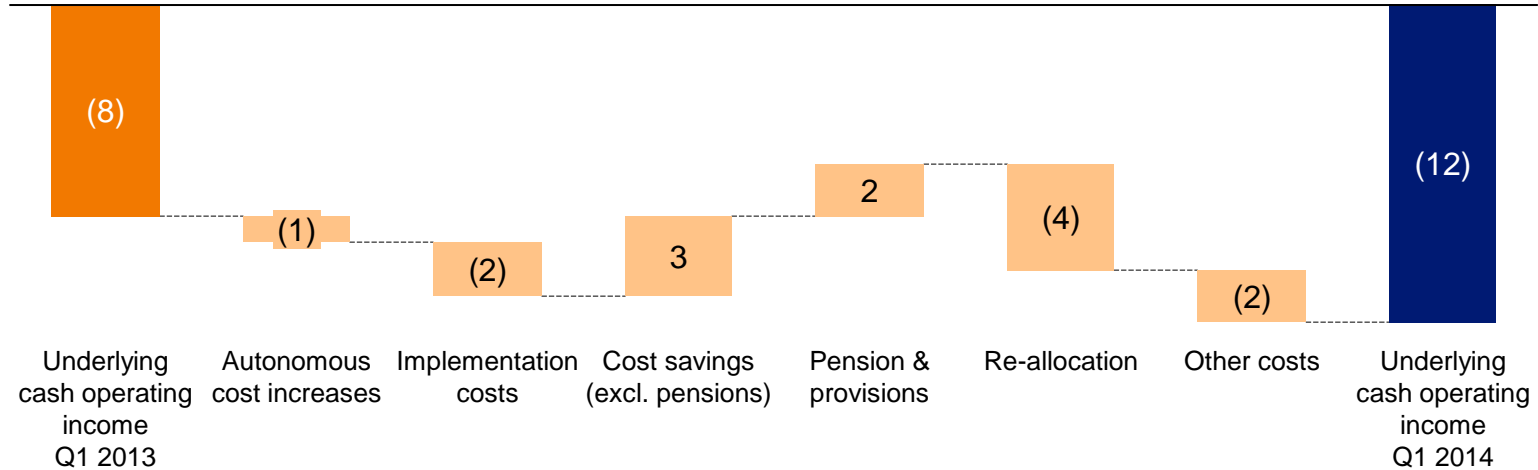
# Development of Mail in the Netherlands



€ million



€ million



# Statement of income



€ million	Q1 2014	Q1 2013
Revenue	1,033	1,036
<b>Operating income</b>	<b>99</b>	<b>73</b>
Net financial expenses	(24)	(31)
Results from investments in associates / joint ventures	1	40
Reversal of / (Impairments) of investments in associates	-	(481)
Income taxes	(22)	(11)
<b>Profit for the period</b>	<b>54</b>	<b>(410)</b>
<i>Profit for the period (excluding TNT Express)</i>	54	32

# Net cash from operating and investing activities



€ million	Q1 2014	Q1 2013
<b>Cash generated from operations</b>	<b>54</b>	<b>(67)</b>
Interest paid	(1)	(1)
Income taxes received / (paid)	(8)	(7)
<b>Net cash from / (used in) operating activities</b>	<b>45</b>	<b>(75)</b>
Interest / dividends received / other	1	-
Capex	(24)	(28)
Proceeds from sale of assets	1	4
<b>Net cash from operating and investing activities</b>	<b>23</b>	<b>(99)</b>

# Continued focus on cash



€ million		Q1 2014	2014 outlook
Cost savings initiatives	Savings	41	95-115
	Restructuring cash out	11	50-70
	Implementation costs	5	25-45
€ million		Q1 2014	2014 outlook
Capex	Base capex	17	
	Cost savings initiatives	1	
	New Logistics Infrastructure Parcels	6	
	<b>Total</b>	<b>24</b>	Around 140

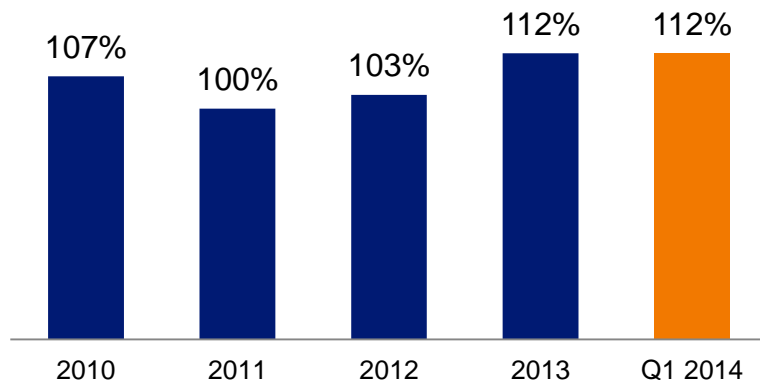


# Pension developments

## Coverage ratio of main pension fund stable



### Coverage ratio



- Coverage ratio Q1 2014: 112%
  - Return on assets pension fund 3.3%
  - Interest rates decreased
- Pension cash contribution €45 million (Q1 2013: €64 million)

# Consolidated statement of financial position



€ million	29 Mar 2014	29 Mar 2014
Intangible assets	129	Consolidated equity (608)
Property, plant and equipment	534	Non-controlling interests 7
Financial fixed assets	663	Total equity (601)
of which TNT Express	572	Pension liabilities 552
Other current assets	504	Long-term debt 1,263
Cash	482	Other non-current liabilities 158
Assets held for sale	196	Short-term debt 11
		Other current liabilities 1,006
		Liabilities rel. to assets held for sale 119
<b>Total assets</b>	<b>2,508</b>	<b>Total equity &amp; liabilities 2,508</b>

- Net debt of €785 million
- Corporate equity of €1,929 million

# Phasing effects impacting quarterly results



FY underlying cash operating income expected at high end of guided range

# On track towards 2015 targets

## Solid performance in Q1 2014



## 2014

Further solidify  
the foundation

- Further adjust mail operations to maintain profitability
- Build to expand Parcels and International
- Towards sustainable delivery of cash and lower financial risk

## 2015

Fit for the future

- Running efficient and high-quality mail and parcel networks
- Further restore credit rating
- Clear strategy towards dividend payments in 2016





Business highlights Q1 2014

Financials Q1 2014

Q&A

# Appendix

- KPIs excluding UK



# Impact activities UK – overview Q1 2014



Revenue, € million	Reported 2014	Activities UK	2014 ex UK	2013 ex UK
Mail in NL	497		497	513
Parcels	201		201	198
International	409	179	230	228
PostNL Other / Intercompany	(74)		(74)	(78)
<b>PostNL</b>	<b>1,033</b>	<b>179</b>	<b>854</b>	<b>861</b>
UCOI, € million	Reported 2014	Activities UK	2014 ex UK	2013 ex UK
Mail in NL	62		62	1
Parcels	25		25	24
International	2	0	2	4
PostNL Other / Intercompany	(12)		(12)	(8)
<b>PostNL</b>	<b>77</b>	<b>0</b>	<b>77</b>	<b>21</b>

# Impact new joint venture accounting and UK - income statement



<i>€ million</i>	Q1 2013 reported	JVs	Q1 2013 restated	UK	Q1 2013 ex UK
Revenue	1,071	(35)	1,036	(175)	861
Operating income	74	(1)	73	(2)	71

<i>€ million</i>	Q1 2014 reported	UK	Q1 2014 ex UK
Revenue	1,033	(179)	854
Operating income	99	0	99



