Resultaten PostNL 1e kwartaal 2016

Den Haag, 9 mei 2016

Resultaten eerste kwartaal in lijn met verwachtingen

Financiële highlights 1e kwartaal 2016

De vergelijkende cijfers over 2015 zijn aangepast voor de resultaten van het Verenigd Koninkrijk

- Omzet €864 miljoen (Q1 2015: €850 miljoen)
- Onderliggend cash bedrijfsresultaat €61 miljoen (Q1 2015: €68 miljoen)
- Nettokasstroom uit operationele en investeringsactiviteiten €(26) miljoen (Q1 2015: €25 miljoen)
- Geconsolideerd eigen vermogen €(194) miljoen (ultimo 2015: €(223) miljoen)

Operationele highlights 1e kwartaal 2016

- Volume geadresseerde post daalde met 6,1% (gecorrigeerd voor werkdagen: 8,2%)
- Hoge bezorgkwaliteit van 96,5%
- €15 miljoen kostenbesparingen gerealiseerd
- Volume pakketten steeg met 16% (gecorrigeerd voor werkdagen: 12%)

Strategische heroriëntatie International afgerond

- Duitse activiteiten blijven onderdeel van PostNL
- Besluit over Duitse activiteiten heeft geen impact op outlook 2016; 2020 ambitie onderliggend cash bedrijfsresultaat bijgesteld naar tussen €285 miljoen en €355 miljoen

Bevestiging outlook 2016

- Verwachting voor onderliggend cash bedrijfsresultaat 2016 onveranderd tussen €220 miljoen en €260 miljoen

Kerncijfers

in € miljoenen, tenzij anders aangegeven	1e kw. 2016	1e kw. 2015	verandering
Omzet	**864**	850	*2%*
Bedrijfsresultaat	**70**	69	*1%*
Onderliggend bedrijfsresultaat	**79**	80	*-1%*
Wijzigingen in pensioenverplichtingen	**(5)**	(5)	
Wijzigingen in voorzieningen	**(13)**	(7)	
Onderliggend cash bedrijfsresultaat	**61**	68	*-10%*
Onderliggende cash operationele marge	**7,1%**	8,0%	
Periodewinst	**39**	34	*15%*
Nettokasstroom uit operationele en investeringsactiviteiten	**(26)**	25	

Noot: de onderliggende cijfers zijn exclusief eenmalige posten in het 1e kwartaal van 2016 (€7 miljoen voor reorganisaties en €2 miljoen projectkosten) en in het 1e kwartaal van 2015 (€9 miljoen voor reorganisaties en €2 miljoen projectkosten).

CEO statement

Herna Verhagen, CEO van PostNL: "We zijn blij dat onze resultaten in het eerste kwartaal in lijn waren met de verwachtingen. Het resultaat van Pakketten was solide en reflecteert de aanhoudende sterke volumegroei in e-commerce. De impact die we zagen van de klant/product-mix was minder negatief dan in voorgaande kwartalen. De resultaten werden dit kwartaal verder geholpen door de extra werkdagen.

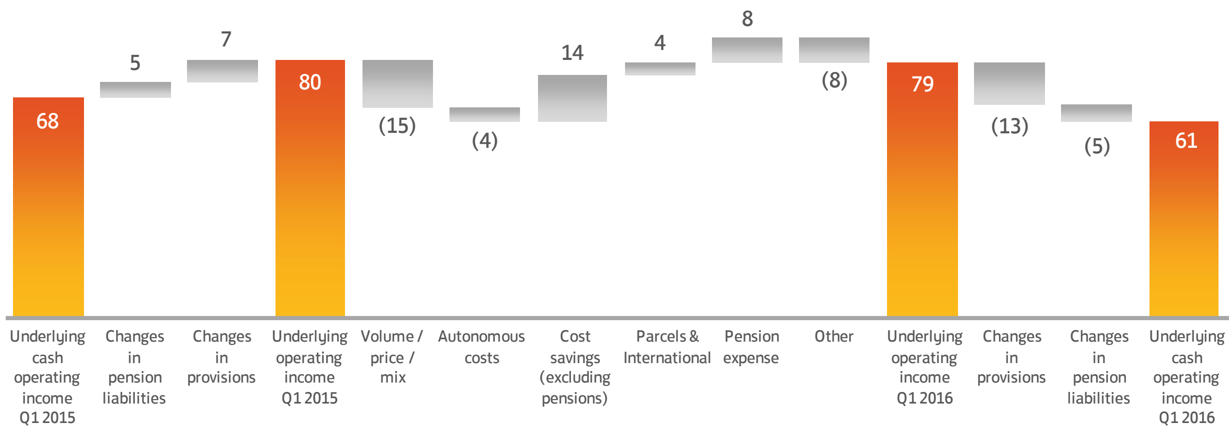
In het segment Mail in Nederland zien we duidelijke signalen dat onze marktbenadering werkt. De onderliggende volumedaling was 8,2% en dat is beter dan de algemene marktbeweging. Onze reorganisatieplannen liggen op schema en lopen volgens plan. We realiseerden verdere kostenbesparingen waardoor we de daaraan gerelateerde uitgaven en het volume/prijs/mix effect deels konden opvangen. Zoals verwacht, werd de eerste impact zichtbaar van de maatregelen die ACM in 2015 aankondigde.

Tot slot waren de resultaten van International in lijn met onze verwachtingen. We hebben de strategische heroriëntatie van onze internationale activiteiten afgerond en onze Duitse activiteiten blijven onderdeel van PostNL.

We hebben er vertrouwen in dat we onze verwachting voor 2016 van een onderliggend cash bedrijfsresultaat van tussen €220 miljoen en €260 miljoen kunnen realiseren."

Bij verschillen tussen de Nederlandse en de Engelse versie van deze tekst is het Engels leidend.

Business performance Q1 2016



in € million	Revenue Q1 2016	Revenue Q1 2015	Revenue %Change	Underlying operating income Q1 2016	Underlying operating income Q1 2015	Underlying cash operating income Q1 2016	Underlying cash operating income Q1 2015	Underlying cash operating income %Change
Mail in the Netherlands	472	476	- 1%	51	59	38	46	- 17%
Parcels	234	216	8%	29	25	28	25	15%
International	266	252	6%	3	3	3	3	
PostNL Other	44	47	- 5%	(4)	(7)	(8)	(6)	
Intercompany	(152)	(141)	- 9%					
PostNL	**864**	**850**	**2%**	**79**	**80**	**61**	**68**	**- 11%**

Note: underlying figures exclude one-offs
Note: comparative 2015 numbers have been represented and exclude the results from the United Kingdom

Segment information Q1 2016

Mail in the Netherlands

Addressed mail volumes in Mail in the Netherlands declined by 6.1% in the quarter (adjusted for working days: 8.2%). Volume decline in the overall Dutch mail market amounted to around 10%. Revenue amounted to €472 million and was in line with last year.

Underlying cash operating income was €38 million (Q1 2015: €46 million). Cost savings and lower pension cash contributions partly offset the negative volume/price/mix effect (which includes the first (negative) effects from the ACM measures and the adjusted market approach), autonomous cost increases, higher restructuring cash out and other.

Cost savings plans: €15 million cost savings in Q1 2016

Subject	Q1 2016
Efficiency sorting process	• First sorting machine with coding capabilities under construction
Efficiency delivery process	• 1 depot migrated and 8 locations optimised • Redesign of car unit: successful implementation nationwide
Optimise retail network	• New retail policy and fee structure
Other	• Cloud migration programme completed

Parcels

Volume growth was 16% (adjusted for working days: around 12%). The growth of our domestic 2C volumes followed the continuing positive trend experienced in relation to e-commerce. We were able to further strengthen our market position in 2B as well as in 2C by enhancing our service offerings. Revenue in Parcels comprises 2B, 2C and international parcels (all volume-related) and logistics & other (non-volume related). Revenue increased by 8% to €234 million. The main drivers were volume growth combined with a negative product/customer mix effect (however less negative than in previous quarters) and lower revenue growth in the non-volume related part of our business.

Business performance and efficiency gains were only partly offset by the expected increase in subcontractor costs following implementation of the sustainable delivery model. This resulted in an underlying cash operating income of €28 million (Q1 2015: €25 million).

International

International revenue increased by 6% to €266 million. Adjusted for FX effects, revenue was also up 6%. Underlying cash operating income was €3 million (Q1 2015: €3 million).

In Germany, revenue increased by 5% to €137 million (Q1 2015: €131 million), driven by additional volume from existing clients and new customer wins, supported by price increases. The result also benefited from the restructuring plans that were initiated in the second quarter of 2015.

In Italy, revenue was €57 million (Q1 2015: €63 million). Revenue growth in parcels was more than offset by a decline in Formula Certa. The result was also impacted by start-up losses related to the roll-out of the parcels network.

Revenue for Spring and other increased by 24% to €72 million (Q1 2015: €58 million). Adjusted for FX effects, revenue growth was 26%. The growth is driven by a positive development in cross border e-commerce volumes, both from Asia and within Europe.

PostNL Other

Revenue in PostNL Other was €44 million (Q1 2015: €47 million), explained by lower internal revenue. Underlying cash operating income decreased to €(8) million (Q1 2015: €(6) million).

Pensions

At the end of Q1 2016, the coverage ratio of the main pension fund was 105.6%, which is above the minimum required level.

The underlying pension expense in Q1 2016 amounted to €25 million (Q1 2015: €33 million) and total cash contributions were €30 million (Q1 2015: €38 million).

In Q1 2016, the net actuarial loss on pensions amounted to €19 million. This is explained by the impact of a decrease of the IFRS discount rate from 2.5% to 1.7%, predominantly offset by the recognition of a liability ceiling and a better than assumed return on plan assets.

Financial and equity position

Total equity attributable to equity holders of the parent improved to €(194) million per 2 April 2016 from €(223) million as per 31 December 2015. The improvement is explained by net profit of €39 million and a fair value change of our stake in TNT Express of €8 million (share price €7.89 per 1 April 2016 and €7.79 per 31 December 2015), partly offset by a net actuarial loss of €19 million.

Net cash from operating and investing activities was €(26) million, mainly explained by the higher planned tax payments and the development of working capital. The movements in working capital were impacted by intra-year phasing. At the end of Q1 2016, net debt was €578 million, which compares to €552 million at the end of 2015.

Standard & Poor's upgraded our credit rating to BBB with a positive outlook.

PostNL is well financed and has access to adequate financial resources to meet its funding needs. PostNL's financial and equity position will continue to be impacted by changes in interest rates. An environment of higher interest rates will have a positive effect on the pension, financial and equity position.

We strive to further improve our equity position. The present negative consolidated equity does not impact the company's operations, the timing of debt reductions and access to the available credit facility or the stock exchange listing.

Working days by quarter

	Q1	Q2	Q3	Q4	Total
2014	62	62	65	66	255
2015	61	60	65	68	254
2016	**64**	**62**	**65**	**64**	**255**

Consolidated interim financial statements

Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 2 April. The information should be read in conjunction with the consolidated 2015 Annual Report of PostNL N.V. as published on 29 February 2016.

The measure of profit and loss and assets and liabilities is based on the Group Accounting Policies, which are compliant with IFRS as endorsed by the European Union. All significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2015 Annual Report for the year ended 31 December 2015. In addition to these policies, we refer to the section on pensions below.

Classification of stake in TNT Express

In accordance with IAS 39, the 14.6% stake in TNT Express is considered an available-for-sale financial asset measured at fair value with gains and losses arising from changes in the fair value recognised in other comprehensive income. On 7 April 2015, FedEx and TNT Express jointly announced that FedEx made a public offer for all issued and outstanding shares of TNT Express at an offer price of €8.00 per share. PostNL signed an irrevocable undertaking with FedEx in support of this offer. FedEx and TNT Express anticipate that the offer will close in the first half of 2016. Upon completion it is expected that PostNL will receive cash proceeds of approximately €643 million, which is €9 million above the book value per 2 April 2016.

Pensions – liability ceiling

In line with IAS 19 guidelines, any limitation on cash payments should be included in the determination of the ultimate cost of the benefits. According to the financing agreement with the pension fund the cash exposure for PostNL is maximised. Application of a liability ceiling aligns the accounting obligation with the funding arrangements. In Q1 2016, we have applied a liability ceiling given the further decline of the pension discount rate.

Subsequent events

On 14 April 2016, PostNL announced its decision to continue to invest in its German business.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.

Consolidated income statement

in € millions	Q1 2016	Represented Q1 2015
Net sales	**862**	848
Other operating revenue	**2**	2
Total operating revenue	**864**	**850**
Other income	**1**	1
Cost of materials	**(17)**	(17)
Work contracted out and other external expenses	**(429)**	(397)
Salaries, pensions and social security contributions	**(288)**	(309)
Depreciation, amortisation and impairments	**(22)**	(23)
Other operating expenses	**(39)**	(36)
Total operating expenses	**(795)**	**(782)**
Operating income	**70**	**69**
Interest and similar income	**1**	4
Interest and similar expenses	**(18)**	(25)
Net financial expenses	**(17)**	**(21)**
Results from investments in jv's/associates	**1**	1
Profit/(loss) before income taxes	**54**	**49**
Income taxes	**(15)**	(14)
Profit/(loss) from continuing operations	**39**	**35**
Profit/(loss) from discontinued operations		(1)
Profit for the period	**39**	**34**
Attributable to:		
Non-controlling interests		
Equity holders of the parent	**39**	34
Earnings per ordinary share (in €cents) [1]	**8.8**	7.7
Earnings per diluted ordinary share (in €cents) [2]	**8.8**	7.7
Earnings from continuing operations per ordinary share (in €cents)	**8.8**	7.9
Earnings from continuing operations per diluted ordinary share (in €cents)	**8.8**	7.9
Earnings from discontinued operations per ordinary share (in €cents)		(0.2)
Earnings from discontinued operations per diluted ordinary share (in €cents)		(0.2)

1 Based on an average of 441,570,664 outstanding ordinary shares (2015: 440,920,801).
2 Based on an average of 442,753,289 outstanding diluted ordinary shares (2015: 441,610,240).

Consolidated statement of comprehensive income

in € millions	Q1 2016	Represented Q1 2015
Profit for the period	**39**	34
Other comprehensive income that will not be reclassified to the income statement		
Impact pensions, net of tax	**(19)**	(40)
Share other comprehensive income jv's/associates		1
Other comprehensive income that may be reclassified to the income statement		
Currency translation adjustment, net of tax from continuing operations	**(1)**	1
Currency translation adjustment, net of tax from discontinued operations		1
Gains/(losses) on cashflow hedges, net of tax	**1**	3
Change in value of available-for-sale financial assets	**8**	22
Total other comprehensive income for the period	**(11)**	**(12)**
Total comprehensive income for the period	**28**	22
Attributable to:		
Non-controlling interests		
Equity holders of the parent	**28**	22
Total comprehensive income attributable to the equity holders of the parent arising from:		
Continuing operations	**28**	22
Discontinued operations		0

Consolidated statement of cash flows

in € millions	Q1 2016	Represented Q1 2015
Profit/(loss) before income taxes	**54**	49
Adjustments for:		
Depreciation, amortisation and impairments	**22**	23
Share-based payments	**1**	1
(Profit)/loss on assets held for sale	**(1)**	
Interest and similar income	**(1)**	(4)
Interest and similar expenses	**18**	25
Results from investments in jv's/associates	**(1)**	(1)
Investment income	**15**	**20**
Pension liabilities	**(5)**	(5)
Other provisions	**(9)**	(5)
Changes in provisions	**(14)**	**(10)**
Inventory		(1)
Trade accounts receivable	**(9)**	6
Other accounts receivable	**4**	2
Other current assets	**(10)**	(12)
Trade accounts payable	**(19)**	(12)
Other current liabilities excluding short-term financing and taxes	**5**	18
Changes in working capital	**(29)**	**1**
Cash generated from operations	**49**	**84**
Interest paid	**(1)**	(1)
Income taxes received/(paid)	**(65)**	(45)
Net cash (used in)/from operating activities	**(17)**	**38**
Interest received	**1**	1
Capital expenditure on intangible assets	**(5)**	(5)
Capital expenditure on property, plant and equipment	**(8)**	(11)
Proceeds from sale of property, plant and equipment	**3**	2
Net cash (used in)/from investing activities	**(9)**	**(13)**
Repayments of short term borrowings		(14)
Net cash (used in)/from financing activities	**0**	**(14)**
Total change in cash from continuing operations	**(26)**	**11**
Cash at the beginning of the period	**355**	**585**
Total change in cash from continuing operations	**(26)**	11
Cash at the end of the period	**329**	**596**
Total change in cash from discontinued operations		**(3)**

Consolidated statement of financial position

in € millions	2 April 2016	31 December 2015
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	90	90
Other intangible assets	56	56
Total	**146**	**146**
Property, plant and equipment		
Land and buildings	337	343
Plant and equipment	130	134
Other	21	23
Construction in progress	9	8
Total	**497**	**508**
Financial fixed assets		
Investments in joint ventures/associates	33	33
Other financial fixed assets	7	28
Deferred tax assets	43	37
Available-for-sale financial assets	634	626
Total	**717**	**724**
Total non-current assets	**1,360**	**1,378**
Current assets		
Inventory	5	5
Trade accounts receivable	345	337
Accounts receivable	30	34
Income tax receivable	28	3
Prepayments and accrued income	133	126
Cash and cash equivalents	329	355
Total current assets	**870**	**860**
Assets classified as held for sale	13	13
Total assets	**2,243**	**2,251**
LIABILITIES AND EQUITY		
Equity		
Equity attributable to the equity holders of the parent	(194)	(223)
Non-controlling interests	7	7
Total	**(187)**	**(216)**
Non-current liabilities		
Deferred tax liabilities	35	35
Provisions for pension liabilities	472	449
Other provisions	55	61
Long-term debt	914	934
Accrued liabilities	2	2
Total	**1,478**	**1,481**
Current liabilities		
Trade accounts payable	139	159
Other provisions	46	50
Short-term debt	1	1
Other current liabilities	162	169
Income tax payable	4	30
Accrued current liabilities	600	577
Total	**952**	**986**
Total equity and liabilities	**2,243**	**2,251**

Financial calendar

8 August 2016	Publication of Q2 & HY 2016 results
7 November 2016	Publication of Q3 2016 results
27 February 2017	Publication of Q4 & FY 2016 results
8 May 2017	Publication of Q1 2017 results
7 August 2017	Publication of Q2 & HY 2017 results
6 November 2017	Publication of Q3 2017 results

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Audio webcast and conference call Q1 2016 results

On 9 May 2016, at 11.00 CET, the conference call for analysts and investors will start. The conference call can be followed live via an audio webcast on **postnl.nl**.

Additional information

Additional information is available at **postnl.nl**.

Warning about forward-looking statements

Some statements in this press release are ’forward-looking statements‘. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.