



Q2 & HY 2015 Results



3 August 2015



Solid results Q2, reconfirm full year 2015 outlook



Deliver on promises

Q2 2015

- Solid results
- Strong improvement equity position
- On track to achieve full year 2015 outlook

Recent developments

- Sustainable delivery model: responsible and competitive
- Strategic review International: decision UK



Customer focus



People at the heart of the company



Close contact with all stakeholders

Sustainable delivery model:

Responsible and competitive proposal



Proposal to subcontractors

Employment contract

- No trial period, indefinite period of time
- In line with employment terms and conditions of PostNL CLA

OR

Remain independent parcel deliverer, remuneration will be increased by about 10%

- No difference in costs between independent parcel deliverers and PostNL employees
- Proposal to be discussed with individual deliverers
- Expected change in mix of employee and independent parcel deliverers
 - Change in payment structure
 - Transfer employees from Mail in the Netherlands to Parcels

Financial impact €15 million - €20 million on an annual basis

Strategic review International – next step taken in UK

Agreement on main conditions management buy-out Whistl



Rationale and process

- Allows Whistl to further develop its profitable activities and strengthen position in the UK
- PostNL to retain 17.5% stake, continue to support the business as a shareholder
- Completion expected later this year; subject to
 - Financing
 - Final documentation

UK reported as discontinued operations

€ million	Q2 2015
Exit costs E2E	(23)
Impairment	(24)
Operational results	(1)
Tax	5
Total result discontinued operations after tax	(43)

Strategic review Germany and Italy in progress; all options open

Business review

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On track to achieve full year 2015 outlook

Solid results Q2



Revenue

€824m

Q2 2014: €827m

UCOI

€65m

Q2 2014: €58m

Net cash from operating and investing activities

€(57)m

Q2 2014: €4m

Consolidated equity

€(357)m

Q1 2015: €(574)m

- Addressed mail volume decline 11.2%*, full year expected to be within earlier guided range of 9%-12%
- Cost savings of €22 million, back-end loaded due to phasing of restructuring plans, outlook 2015 unchanged
- Continued volume growth Parcels
- Financial position improved
 - Stake in TNT Express up €147 million
 - Positive contribution from pensions
 - Debt redemption €349 million

FY 2015 outlook reconfirmed: UCOI between €280 million and €320 million

Mail in NL

Sustainable
delivery of
cash flow

Parcels

Further
profitable
growth

International

Strategic
review in
progress

Solid financial position

Mail in the Netherlands: Performance in line with our expectations

Price increases and cost savings partly offset volume decline



Reported revenue

(€ million)

Q2 15: 463 (- 5%)

Q2 14: 487

Outlook 2015: - mid single digit

Underlying cash operating income

(€ million)

Q2 15: 40 (margin 8.6%)

Q2 14: 48

Outlook 2015: margin 10% - 12%

Addressed mail volume % *

Q2 15: -11.2

Q2 14: -11.2

Outlook 2015: -9% to -12%

Total cost savings

(€ million)

Q2 15: 22

Q2 14: 29

Outlook 2015: 75 to 95

* Adjusted for working days / elections underlying volume decline Q2 2015 was 9.1% and HY 2015 10.9%

- Average price increase well above inflation
- Total cost savings of €22 million partly realised in Mail in the Netherlands; higher cost savings expected in second half of 2015
- Negotiations new social plan in progress
- Progress innovations
 - Further roll-out track and trace mail
 - Good progress Gemakspost

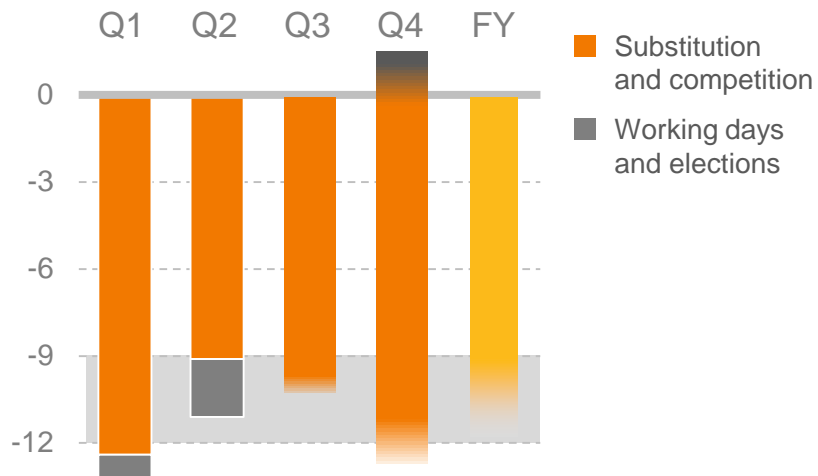


Phasing volume decline and impact restructuring plans in 2015

More cost savings in HY2, less volume decline in HY2

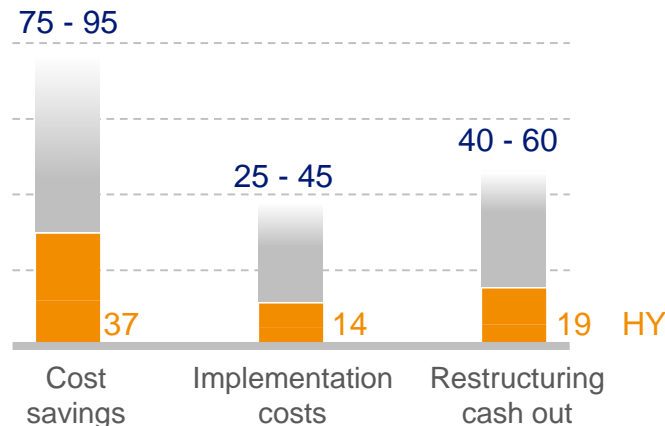


Addressed mail volume decline 2015 (%)



- Continued focus on protecting market share
- Q1 and Q2 less working days; Q4 two more

Restructuring plans 2015 (€ million)



- Financial impact higher in second half of 2015
 - Implementation redesign car unit
 - Reorganisation marketing & sales and overhead
 - 7 out of 10 next generation sorting machines implemented



ACM

Significant market power

- PostNL: no dominant market position in broader communications market
- PostNL may be forced to grant regional postal players and resellers network access
- ACM published second consultation, final findings expected in second half 2015

Other

- ACM decided that PostNL should inform other postal players on certain business tariffs and discounts; obligation not applicable to other players
- PostNL: transparency should benefit healthy competition

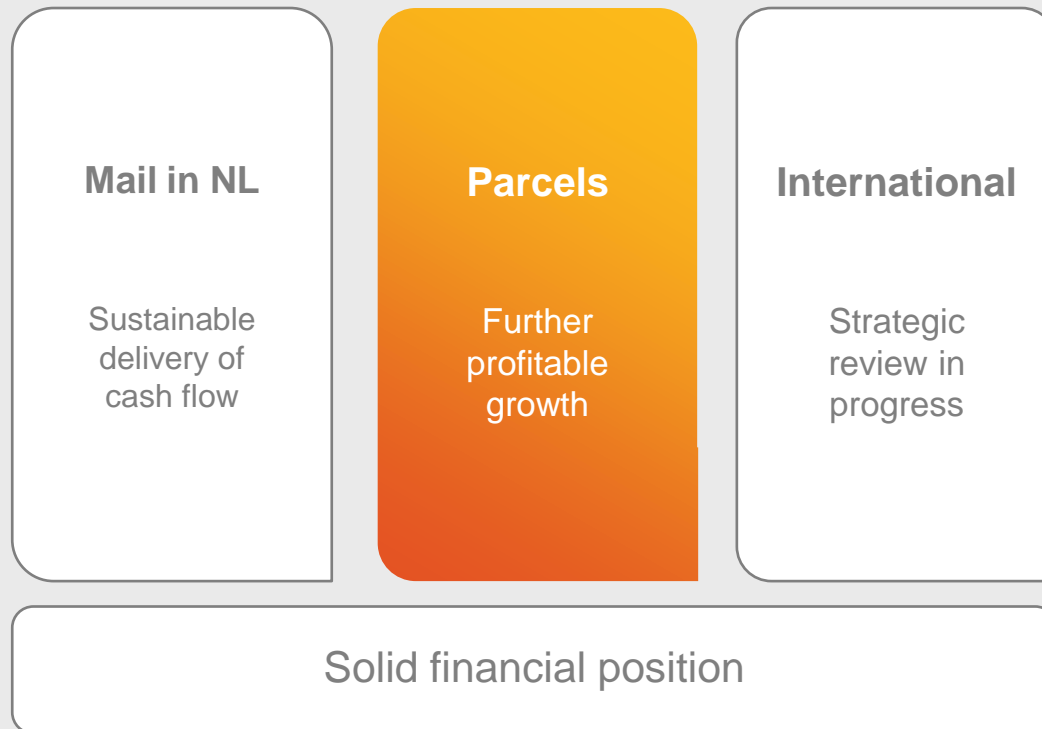
Postal regulation

- Agreement on cost allocation for universal service obligation
- PostNL will adjust cost allocation
- Determination tariff headroom 2016 expected in Q3, followed by proposal of PostNL to increase stamp price

PostNL strives to maintain reliable and accessible mail delivery network

Postal Act

- Senate approved amended Postal Act
- Related postal regulation submitted to State Council for advice
- Amended service obligation expected to be effective 1 January 2016 at the earliest



Reported revenue

(€ million)

Q2 15: 221 (+8%)

Q2 14: 204

Outlook 2015: + mid single digit

Underlying cash operating income

(€ million)

Q2 15: 24 (margin 11.0%)

Q2 14: 21

Outlook 2015: margin 11% - 13%

Volume growth

Q2 15: 7.1%

Q2 14: 8.2%

- Growth of domestic B2C volume followed trend in e-commerce market; lower 2B volume
- Continued increase international volume, amongst which milk powder to China
- Higher subcontractor costs in line with expectations
- Better business performance and efficiency gains; ~95% of volume through NLI
- Progress innovations
 - Pilot extension of opening hours drop-off points to 21:00h, increasing service for smaller web shops
 - Further growth in Belgium

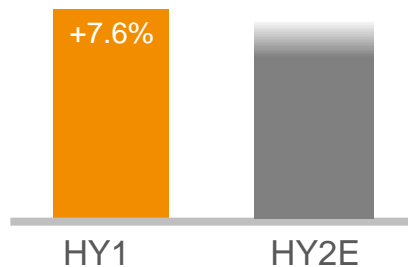


2015 outlook revenue growth mid single digit reconfirmed

Growth international volumes expected to slow down in HY2

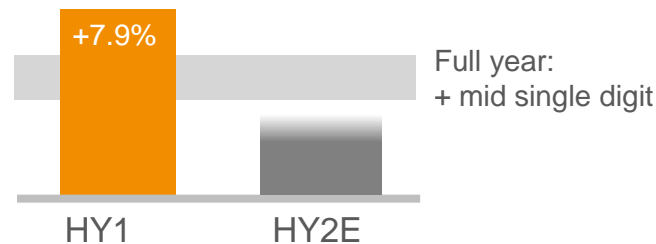


Indicative volume growth 2015



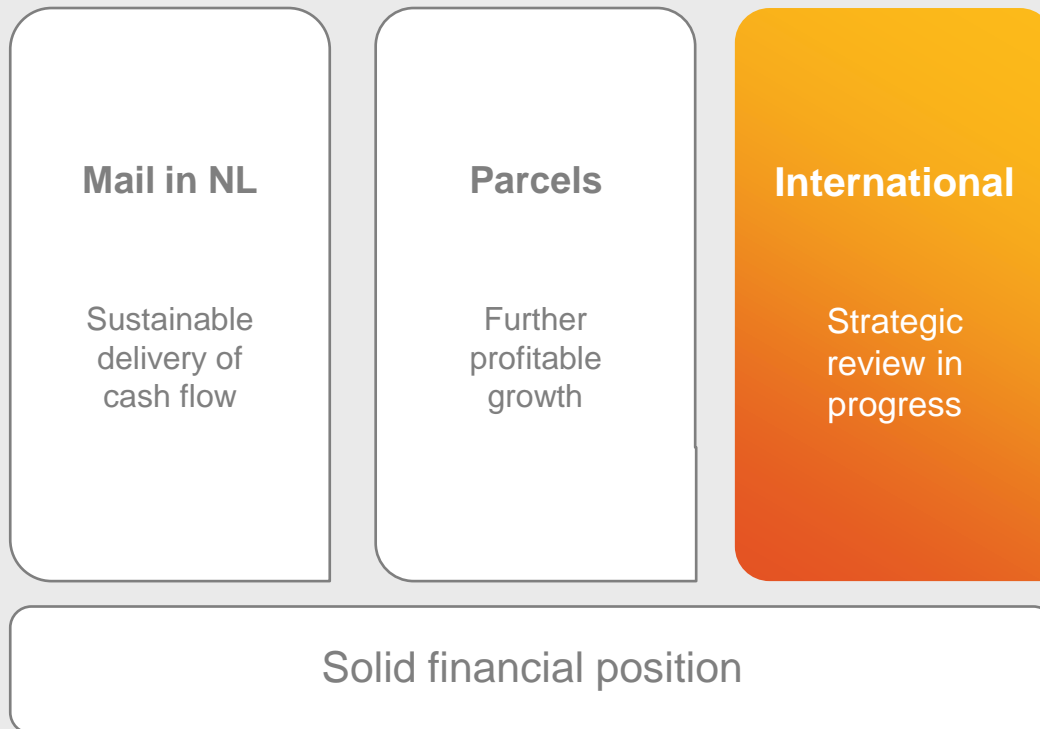
- 2C volume will continue to grow in line with e-commerce
- 2B volume decline due to insourcing by large client
- Limited further growth international volumes (a.o. milk powder) expected in second half 2015
 - Strong growth started in Q3 2014

Indicative revenue growth 2015



- Average price decline 2C due to change in customer and product mix
- Impact slowdown international volumes (high average price)





International

Improved results



Revenue

(€ million)

Q2 15: 233 (+8%)

Q2 14: 218

Outlook 2015: + low single digit

Underlying cash operating income

(€ million)

Q2 15: 5 (margin 1.9%)

Q2 14: 0

Outlook 2015: margin 1% - 3%

Note: Results from the UK reported as discontinued operations

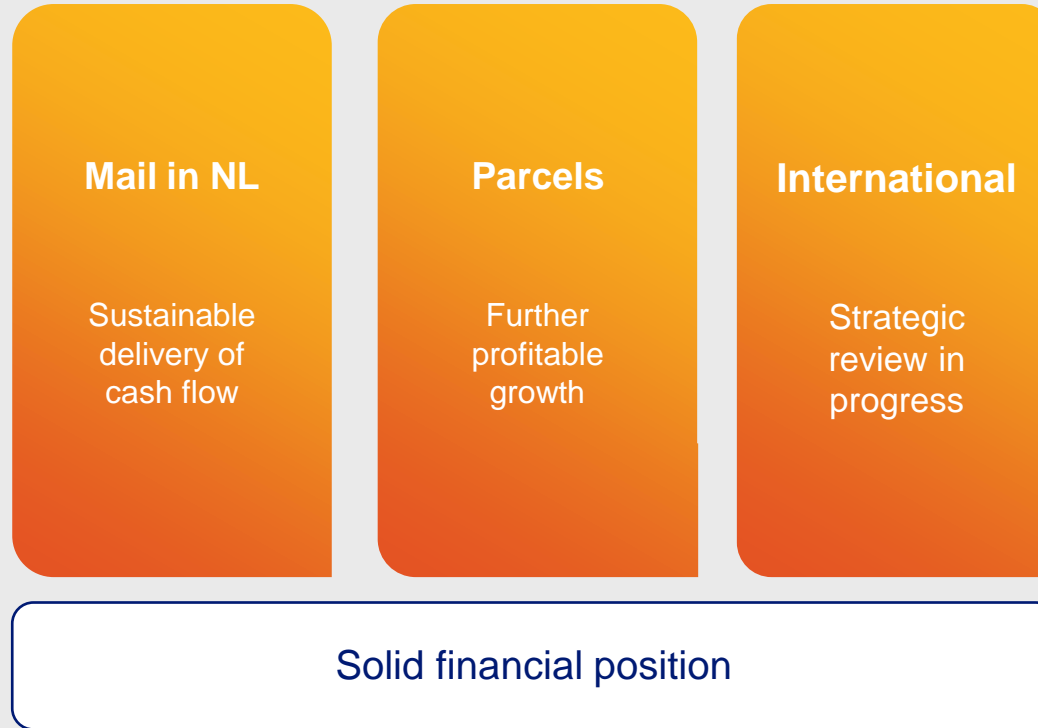
Germany

- Higher revenue
- Improved performance due to initiatives to attract volume and cost savings
- Reorganisation ongoing, focussing on centralisation of overhead
- Bundeskartellamt stated that Deutsche Post violated German and EU cartel law

Italy

- Results on track
- Continued volume growth Formula Certa
- Further roll out expansion parcels network





On track for full year 2015 outlook



Deliver on promises



People at the heart of the company

Going forward

- Ongoing management attention for pending regulatory files
- Strategic review International in progress
- Sustainable delivery model: responsible and competitive

For now, in line with our expectations:

- Sound Q2 results
- Strong improvement equity position
- On track to achieve full year 2015 outlook



Customer focus



Close contact with all stakeholders

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Financial highlights

Solid performance in line with expectations



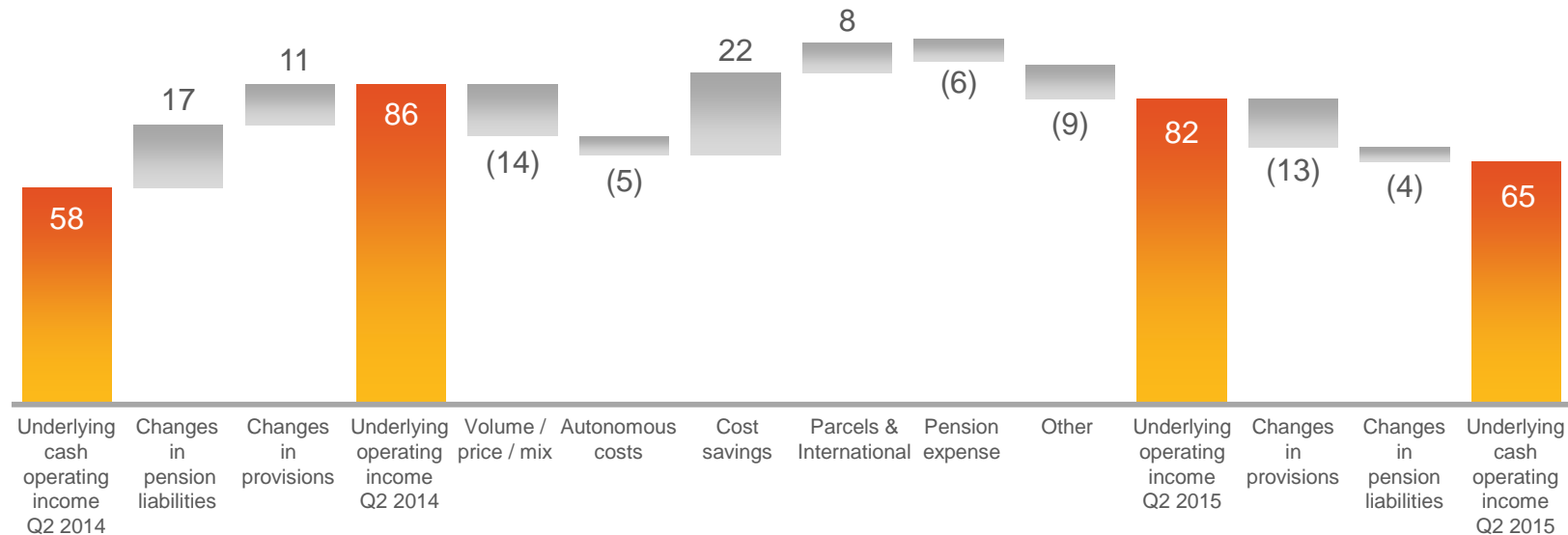
€ million	Q2 2015	Q2 2014	Change	HY 2015	HY 2014	Change
Reported revenue	824	827	0%	1,674	1,681	0%
Reported operating income	77	83	-7%	146	182	-20%
Restructuring related charges	5	(1)		14	1	
Rebranding, project costs and other		4		2	6	
Underlying operating income	82	86	-6%	162	189	-14%
Underlying cash operating income	65	58	12%	133	135	-2%
Net cash (used in) / from operating and investing activities	(57)	4		(32)	46	

Underlying (cash) operating income

Solid business performance and lower cash out restructuring and pensions



Underlying cash operating income (€ million)



Lower result in Mail in the Netherlands

Compensated by better performance other segments



€ million	Revenue		Underlying operating income		Underlying cash operating income	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Mail in the Netherlands	463	487	57	69	40	48
Parcels	221	204	26	22	24	21
International	233	218	3	(1)	5	0
PostNL Other	45	49	(4)	(4)	(4)	(11)
Intercompany	(138)	(131)				
Total PostNL	824	827	82	86	65	58
	HY 2015	HY 2014	HY 2015	HY 2014	HY 2015	HY 2014
Mail in the Netherlands	939	992	116	153	86	110
Parcels	437	405	51	48	49	46
International	485	448	6	1	8	2
PostNL Other	92	98	(11)	(13)	(10)	(23)
Intercompany	(279)	(262)				
Total PostNL	1,674	1,681	162	189	133	135

Statement of income

Net profit lower mainly due to UK



€ million	Q2 2015	Q2 2014	HY 2015	HY 2014
Revenue	824	827	1,674	1,681
Operating income	77	83	146	182
Net financial expenses	(19)	(24)	(40)	(48)
Results from investments in associates and joint ventures	(2)	(1)	(1)	
Income taxes	(17)	(16)	(31)	(38)
Profit/(loss) from continuing operations	39	42	74	96
Profit/(loss) from discontinued operations	(43)	2	(44)	2
Profit for the period	(4)	44	30	98

Net cash from operating and investing activities

Higher tax payments main explanation lower net cash



€ million	Q2 2015	Q2 2014	HY 2015	HY 2014
Cash generated from operations	44	37	128	105
Interest paid	(14)	(14)	(15)	(15)
Income taxes received / (paid)	(61)	(6)	(106)	(13)
Net cash (used in) / from operating activities	(31)	17	7	77
Interest / dividends received / other	(2)	2	(1)	3
Capex	(25)	(20)	(41)	(40)
Proceeds from sale of assets	1	5	3	6
Net cash (used in) / from operating and investing activities	(57)	4	(32)	(46)

	Q2 2015	HY 2015	2015 outlook
Base capex	16	25	
Cost savings initiatives	3	6	
New Logistics Infrastructure Parcels	6	10	
Total	25	41	Max 115

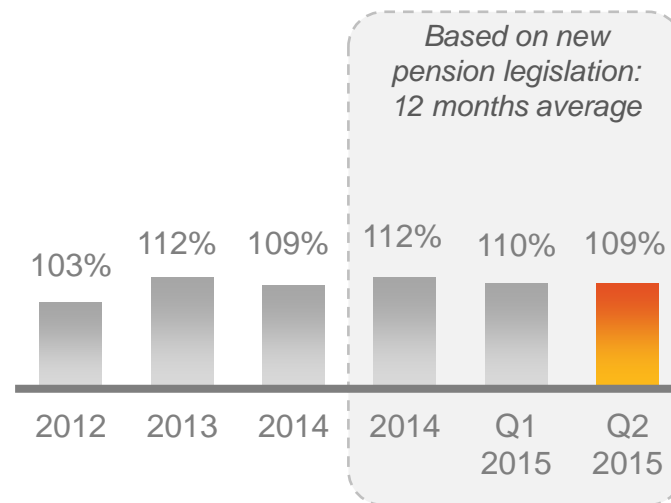
Pension developments

Execution agreement adjusted to new pension legislation



€ million	Q2 2015
Return on plan assets in excess of interest income	(625)
Defined benefit obligation	1,120
Of which:	
Higher discount rate	1,727
Change in rate of benefit increase	(607)
Asset ceiling	(239)
Minimum funding requirement	(161)
Total pension	95
Net effect on equity within OCI	71

Coverage ratio pension fund



- Adjustment of execution agreement
 - Recovery period 5 years (in stead of 3)
 - Conditional obligation of €315 million released

Aligned with new pension legislation

Consolidated statement of financial position

Strong improvement consolidated equity, redemption €349 million Eurobond



€ million	27 Jun 2015	27 Jun 2015
Intangible fixed assets	139	<i>Consolidated equity</i> (357)
Property, plant and equipment	512	<i>Non-controlling interests</i> 7
Financial fixed assets	737	Total equity (350)
<i>of which stake in TNT Express</i>	614	Pension liabilities 494
Other current assets	532	Long-term debt 947
Cash	191	Other non-current liabilities 110
Assets held for sale	173	Short-term debt 4
		Other current liabilities 925
		Liabilities rel. to assets held for sale 154
Total assets	2,284	Total equity & liabilities 2,284

- Net debt increased by €56 million to €714 million compared to the end of Q1 2015
- Redemption Eurobond June 2015 €349 million
- Consolidated equity improved by €217 million to €(357) million compared to the end of Q1 2015
- Corporate equity of €2,144 million, of which €(194) million distributable
- Credit rating Moody's Baa3, with changed outlook from stable to positive

Reconfirm outlook full year 2015

Second half of 2015 expected to be stronger



Deliver on promises



People at the heart of the company

	Revenue	Underlying cash operating income / margin
€ million	2015	2015
Mail in NL	- mid single digit	10 to 12%
Parcels	+ mid single digit	11 to 13%
International*	+ low single digit	1 to 3%
PostNL*	stable	280 to 320
		8 to 9%



Customer focus



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Appendix

- Condensed information discontinued operations
- Breakdown pension cash contribution and expenses



Condensed information discontinued operations

€ millions	27 Jun 2015	31 Dec 2014
Non-current assets	13	40
Current assets	142	134
Total assets	155	174
Non-current liabilities	4	0
Current liabilities	150	132
Total liabilities	154	132
€ millions	HY 2015	HY 2014
Revenues	420	375
Operating income	(49)	2
Income taxes	5	0
Profit/(loss) attributable to the shareholders	(44)	2
Net cash from operating activities	(15)	(19)
Net cash used in investing activities	(2)	(9)
Net cash used in financing activities	0	0
Changes in cash and cash equivalents	(17)	(28)

Breakdown pension cash contribution and expenses

Pensions	Q2 2015		Q2 2014	
€ million	Expenses	Cash	Expenses	Cash
Business segments	31	38	32	45
IFRS difference	3		(4)	
PostNL	34	38	28	45
Interest	4		5	
Total	38		33	

