



Q3 2014 Results

3 November 2014





Business highlights Q3 2014

Financials Q3 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 results in Q3 2014

Ongoing improvement operational performance



Q3 results

Revenue

€988 million

(Q3 2013: €969 million)

Underlying cash operating income

€34 million

(Q3 2013: €17 million)

Well on track to deliver
outlook 2014*

Underlying cash operating income

€260 million - €290 million

* Increased outlook 2014 provided on 7 July 2014 and excluding results UK activities



Mail in the Netherlands

Continued solid performance

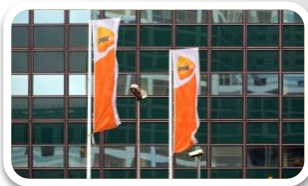


(€ million)	Q3 2014	Q3 2013
Revenue	442	463
Underlying cash operating income	22	(1)
Addressed mail volumes*	-11.1%	-13.5%
Total cost savings	25	35

- Price increases and cost savings as expected more than compensated for volume decline and autonomous cost increases
- Lower cash out for restructuring (phasing) and pensions
- Price increase as of 1 January 2015: basic stamp rate to €0.69 (from €0.64)
- New and balanced CLA mail deliverers
- High delivery quality maintained at 97.1%

Continued focus on execution of restructuring plans

Strong cost savings



- €25 million of which €21 million in Mail in the Netherlands
- 11 depots migrated and 28 locations optimised
- Total migrated depots 159, initial target reached in Q2
- Extended migration target to be achieved by the end of 2014
- Improvements car unit implemented in first region, preparation for other regions started
- Installation first new sorting machine
- Implementation leaner organisation in head office and marketing & sales as planned

On track for 2014 cost savings of €115 million – €135 million

Regulatory environment

Continued attention remains necessary



Postal Act	<ul style="list-style-type: none">• Amended Postal Act (adjustment service obligation) sent to Parliament
Price regulation	<ul style="list-style-type: none">• Intermediate regulation defined tariff headroom of 7.9% for 2015, final decision on tariff headroom expected in November• Announced price increase as per 1 January 2015 verified by ACM
Significant market power	<ul style="list-style-type: none">• Consultation document by ACM expected before the end of the year, includes views and potential remedies



(€ million)	Q3 2014	Q3 2013
Revenue	204	192
Underlying cash operating income	19	20
Volume growth*	8.1%	7.9%

- Positive contribution from e-commerce driven volume and revenue growth
- Higher subcontractor costs and initial costs for announced expansion of our service offering
- NLI: 17 depots operational, 32 old distribution centres and all sorting centres closed
- Around 90% of volumes through NLI, high quality retained

Further expansion of service offering and new products

Innovations to consolidate leading position



- Evening delivery on Tuesday and Thursday
- Sunday delivery pilot commenced
- Fresh food delivery service pilot expanded to North of the Netherlands
- Nine new parcel lockers will be deployed in Q4
- Strong growth Extra@home



International - revenue growth in UK and Italy

Actions taken to restore profitability Germany



(€ million)	Q3 2014	Q3 2013
Revenue	420	390
Underlying cash operating income	1	6

UK

- Revenue growth driven by higher prices and better product mix
- First views Ofcom on regulatory framework currently expected before year end
- Rebranded to **whistl**

Germany

- Results impacted by fierce competitive environment in consolidation business
- Actions to attract additional volumes and implementation further cost savings plans to improve profitability
- Still awaiting rulings from regulatory bodies required to foster a competition-friendly environment
- Positive contribution national and regional activities

Italy

- Higher revenue due to continued volume growth (+5%) Formula Certa



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Financial highlights: solid improvement in UCOI

Net cash impacted by expected tax payments



€ million	Q3 2014	Q3 2013	Δ
Reported revenue	988	969	2%
Reported operating income	40	35	
<i>Restructuring related charges</i>	7	22	
<i>Rebranding and project costs</i>	6	2	
Underlying operating income	53	59	-11%
Underlying cash operating income	34	17	
Net cash from operating and investing activities	(66)	82	

Results per segment

Solid overall performance



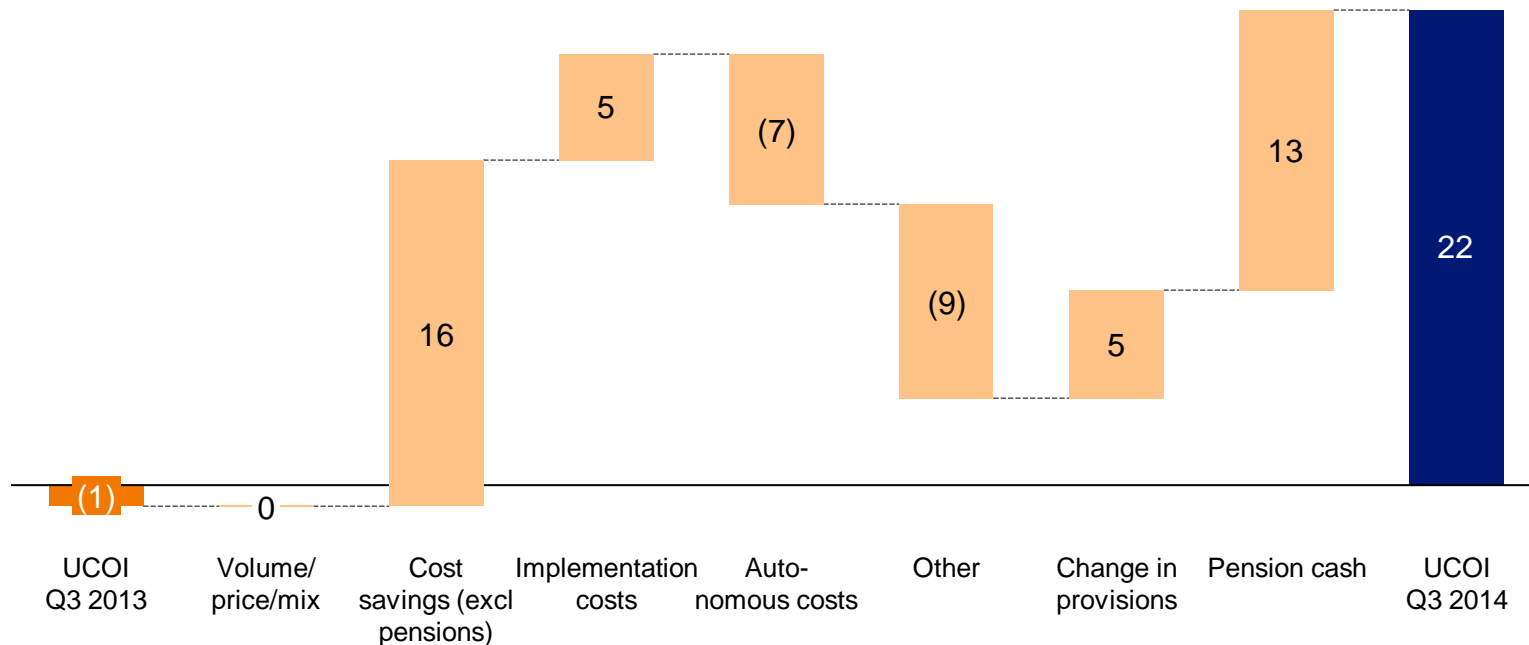
€ million	Revenue		Underlying operating income		Underlying cash operating income / margin			
	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014		Q3 2013	
Mail in the Netherlands	442	463	36	25	22	5.0%	(1)	(0.2)%
Parcels	204	192	18	21	19	9.3%	20	10.4%
International	420	390	1	5	1	0.2%	6	1.5%
PostNL Other / Intercompany	(78)	(76)	(2)	8	(8)		(8)	
Total PostNL	988	969	53	59	34	3.4%	17	1.8%

Improved result Mail in the Netherlands

Smooth execution of restructuring plans



€ million



Statement of income

Increased profit for the period excluding TNT Express



€ million	Q3 2014	Q3 2013
Revenue	988	969
Operating income	40	35
Net financial expenses	(21)	(28)
Results from investments in associates / joint ventures	-	(2)
Reversal of / (Impairments) of investments in associates	-	218
Income taxes	(7)	(5)
Profit for the period	12	218
<i>Profit for the period excluding TNT Express</i>	8	2

Net cash from operating and investing activities

Mainly impacted by tax payments



€ million	Q3 2014	Q3 2013
Cash generated from operations	49	65
Interest paid	(45)	(42)
Income taxes received / (paid)	(65)	73
Net cash from / (used in) operating activities	(61)	96
Interest / dividends received / other	5	7
Capex	(14)	(21)
Proceeds from sale of assets	4	
Net cash from operating and investing activities	(66)	82

Continued focus on cash

Tight cash management and smooth execution restructuring



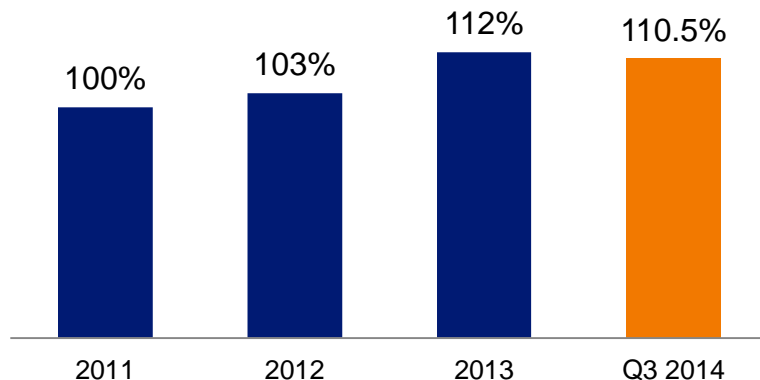
€ million		Q3 2014	YTD 2014	2014
Cost savings initiatives	Savings	25	95	115-135
	Restructuring cash out	9	32	40-60
	Implementation costs	5	17	25-45
€ million		Q3 2014	YTD 2014	2014
Capex	Base capex	9	39	
	Cost savings initiatives	2	4	
	New Logistics Infrastructure Parcels	3	20	
	Total	14	63	<i>Around 100</i>

Pension developments

Lower interest rates impact coverage ratio of main pension fund



Coverage ratio



- Coverage ratio Q3 2014: 110.5%
 - Positive return on assets pension fund
 - Interest rates decreased
- Pension cash contribution €40 million (Q3 2013: €57 million)

Consolidated statement of financial position



€ million	27 Sept 2014		27 Sept 2014
Intangible assets	127	Consolidated equity	(747)
Property, plant and equipment	517	Non-controlling interests	6
Financial fixed assets	491	Total equity	(741)
of which TNT Express	398	Pension liabilities	543
Other current assets	523	Long-term debt	923
Cash	416	Other non-current liabilities	149
Assets held for sale	210	Short-term debt	361
		Other current liabilities	901
		Liabilities rel. to assets held for sale	148
Total assets	2,284	Total equity & liabilities	2,284

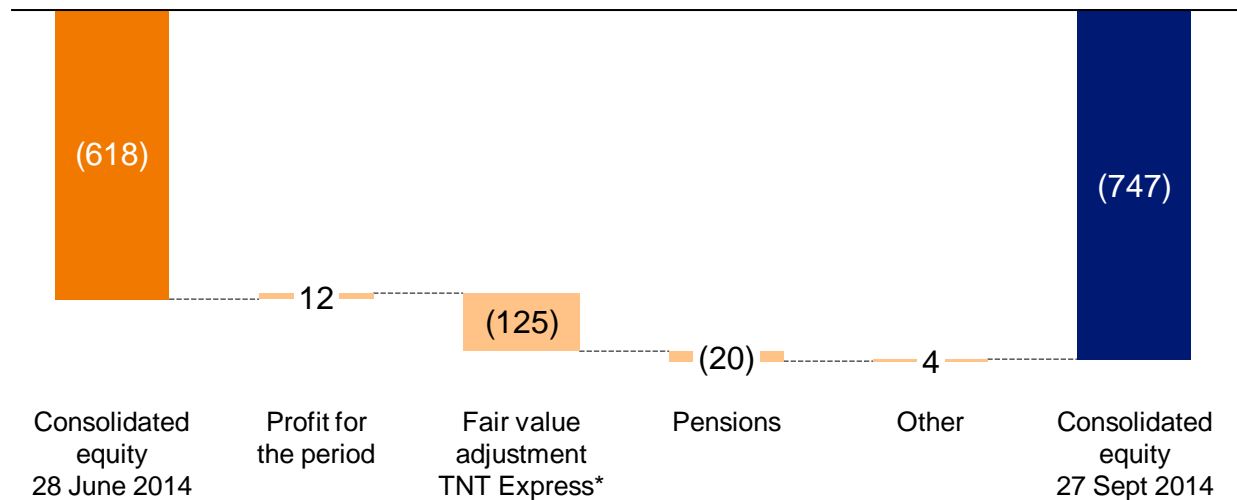
- Net debt of €861million
- Corporate equity of €1,736 million

Consolidated equity development

Impacted by share price TNT Express and interest rates



€ million



On track to deliver 2014 target

Seasonality: strong Q1 and even stronger Q4



€ million	Revenue	Underlying cash operating income / margin
Mail in NL	- low single digit	9 to 11%
Parcels	+ mid single digit	11 to 13%
International*	+ mid single digit	1 to 3%
Total	+ low single digit	260 - 290



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





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Appendix

- KPIs excluding UK



Impact activities UK – overview Q3 2014



Revenue, € million	Reported 2014	Activities UK	2014 ex UK	2013 ex UK
Mail in NL	442		442	463
Parcels	204		204	192
International	420	200	218	213
PostNL Other / Intercompany	(78)	(1)	(79)	(75)
PostNL	988	199	789	793
UCOI, € million	Reported 2014	Activities UK	2014 ex UK	2013 ex UK
Mail in NL	22		22	(1)
Parcels	19		19	20
International	1	3	(2)	2
PostNL Other / Intercompany	(8)		(8)	(8)
PostNL	34	3	31	13

Impact new joint venture accounting and UK - income statement



<i>€ million</i>	Q3 2013 reported	JVs	Q3 2013 restated	UK	Q3 2013 ex UK
Revenue	1,005	(36)	969	(176)	793
Operating income	36	(1)	35	(4)	31

<i>€ million</i>	Q3 2014 reported	UK	Q3 2014 ex UK
Revenue	988	(199)	789
Operating income	40	0	40

