Q1 2012 Results

8 May 2012

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Business highlights Q1 2012

Financials

Q&A

Q1 results PostNL

- Underlying revenues down 4.6% to €1,061 million
- Underlying cash operating income €49 million
- Net debt position €1,014 million as at 31 March 2012
- Stake in TNT Express: reversal impairment of €570 million
- Coverage ratio main pension fund 99.8%*, below minimum required level (around 104%)

Priority to focus on continuing existing strategy and implementation

* Including top up invoices from the pension fund (disputed by PostNL)

Mail in the Netherlands Q1

Volume development in line with expectations

Highlights

- Addressed mail volumes adjusted for 2011 elections -7.9%
- Revenues down 5.4% to €579 million
- Underlying cash operating income €21 million (Q1 2011: € 55 million)
- Temporary delay in roll-out reorganisation to improve process

- Master plan savings €11 million
- Positive price effect, mainly stamps
- Successful commercial introduction peak / off-peak model
- Preparation processes migrated to central preparation locations Utrecht, Nieuwegein (sublocation) and Den Bosch

Mail in the Netherlands reorganisation

Temporary delay further roll-out new delivery setup

- Restructuring unavoidable, impact on clients and employees
- Chain effect, impact reorganisation higher than expected
- Difficulties adapting to the peak / off-peak model and implementation of new processes at the central preparation locations
- Temporary delay in further roll-outs
- Processes reviewed and adjusted, improvements being worked on together with Works Council
- Long-term savings targets remain unchanged

Parcels Q1

Good growth in volumes and revenues, average price lower

Highlights

- Volumes up 4.6%
- Underlying revenues up 5.2% to €161 million
- Underlying cash operating income €23 million
- Average price per parcel under pressure due to revenue mix

- Adjusted for phasing of revenues and higher pension cash out, business performance improved by €1 million
- Dutch and Belgian activities of Trans-o-flex acquired
- Construction of depots in Den Bosch and Hengelo almost finished, start operations in Q2
- Implementation of new logistics infrastructure on track

International Q1
Improved performance

Highlights

- Volume growth, underlying revenue growth of 5.4%
- Underlying cash operating income €5 million (Q1 2011: €(1) million)
- Germany clearly on track to break-even in 2013

- End-to-end pilot London
- Access mandated (April), with price caps only on USO

- Reductions from closures compensated by revenue increases elsewhere
- Strategic cooperation with Deutsche Telekom in De-Mail

- Strong Formula Certa
- New product Formula Ibrida

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Financial highlights

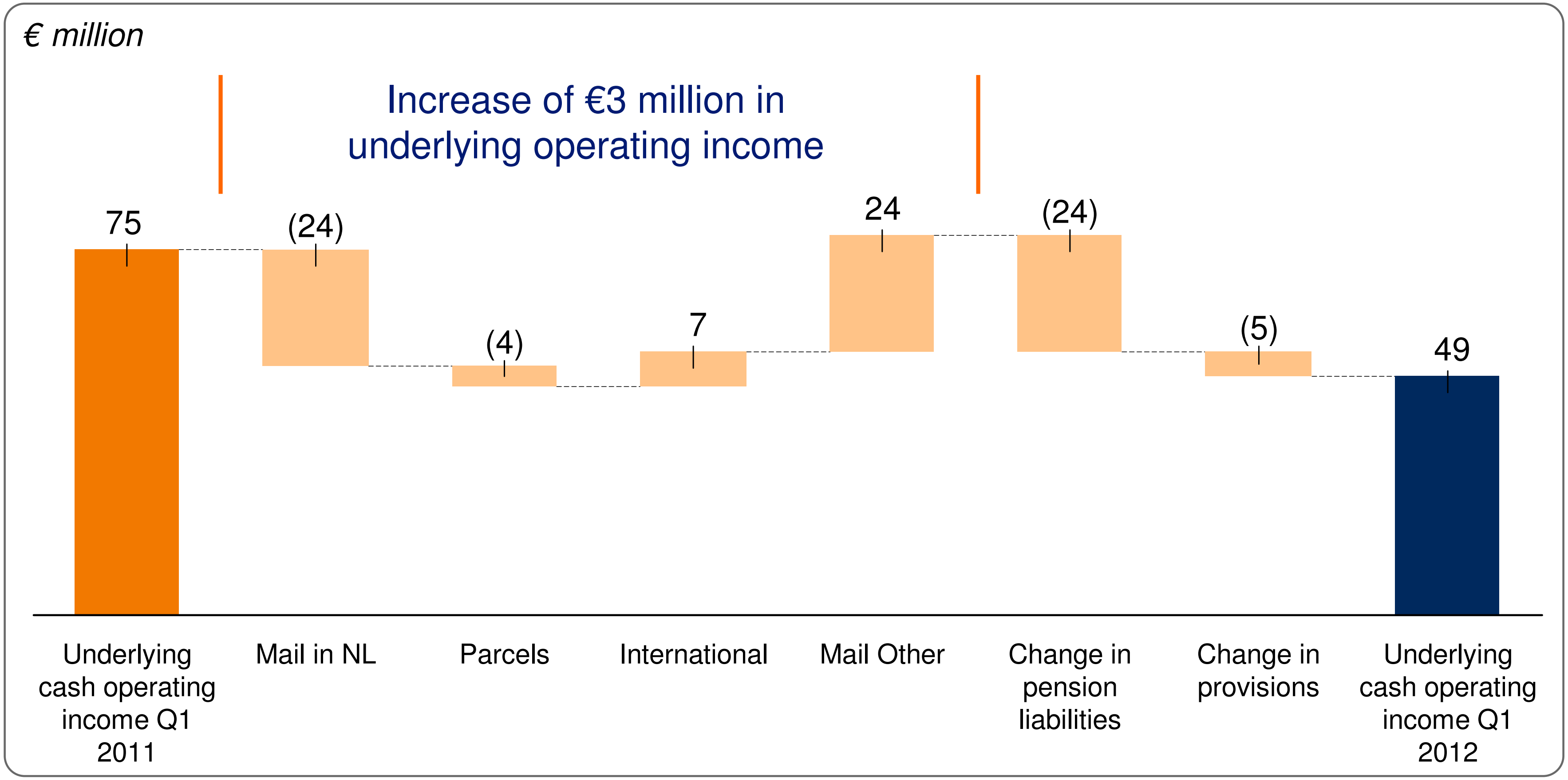
€ million	Q1 2012	Q1 2011	Change
Reported revenues	1,067	1,112	-4.0%
Reported operating income	121	125	-3.2%
Underlying operating income	123	120	2.5%
Underlying cash operating income	**49**	**75**	**-34.7%**
Net cash from operating activities	**17**	**84**	**-79.8%**

Note: excluding various business one-offs, see specification on slide 10

One-offs

€ million	Q1 2012	Q1 2011
Reported operating income	**121**	**125**
Rebranding costs	1	
Resizing International	1	
Pension contribution TNT Express		*(5)*
Underlying operating income	**123**	**120**

Reconciliation underlying cash operating income



Underlying results per segment

€ million	Underlying revenues			Underlying operating income			Underlying cash operating income		
	Q1 2012	Q1 2011	Change	Q1 2012	Q1 2011	Change	Q1 2012	Q1 2011	Change
Mail in NL	579	612	-5.4%	52	76	-31.6%	21	55	-61.8%
Parcels	161	153	5.2%	22	26	-15.4%	23	27	-14.8%
International	391	371	5.4%	5	(2)		5	(1)	
Mail Other / intercompany	(70)	(24)		44	20		0	(6)	
Total PostNL	**1,061**	**1,112**	**-4.6%**	**123**	**120**	**2.5%**	**49**	**75**	**-34.7%**

Statement of income

€ million	Q1 2012	Q1 2011
Revenues	1,067	1,112
Operating income	**121**	**125**
Net financial expenses	(26)	(27)
Results from investments in associates	1	-
Impairments from investments in associates	570	-
Income taxes	(25)	(29)
Profit from continuing operations	**641**	**69**
Profit from discontinued operations	-	54
Profit for the period	**641**	**123**
Profit for the period (excluding TNT Express)	*70*	*69*

Net cash from operating and investing activities

€ million	Q1 2012	Q1 2011
Cash generated from operations	**53**	**92**
Interest paid	(3)	(2)
Income taxes paid	(33)	(6)
Net cash from operating activities	**17**	**84**
Interest / dividends received	7	-
Capex	(47)	(20)
Proceeds sale of assets	16	31
Net cash from operating and investing activities	**(7)**	**95**

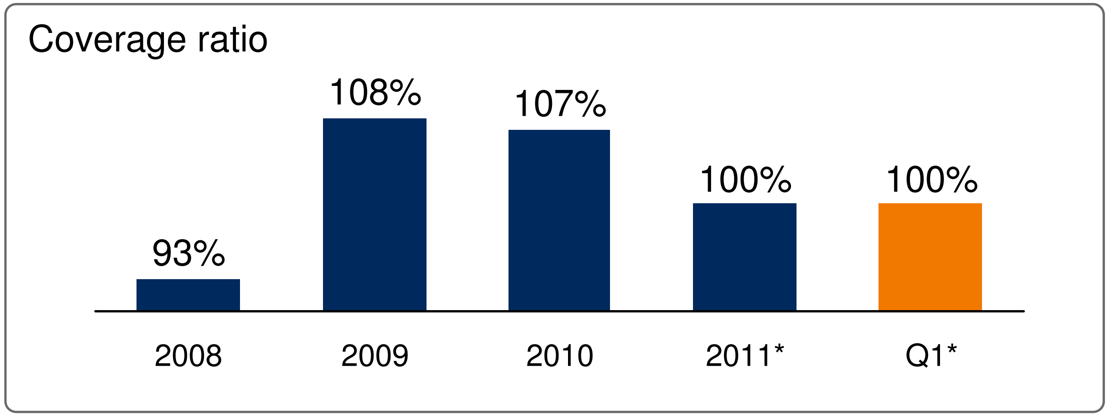
Continued focus on cash

	€ million	Q1 2012	**2012 outlook**
Master plans	Savings	11	**40-60**
	Restructuring cash out	19	**80-100**
	Implementation costs	17	**80-100**

		Q1 2012	**2012 outlook**
Capex	Base capex	13	**88**
	New logistics infrastructure Parcels	11	**69**
	Master plan	23	**83**
	Total	**47**	**Max 240**

	31-03-2012	**2015 outlook**
Working capital	~ - 10%	**- 3% to - 5%**

Pension developments



- Full year pension expenses expected to be around €60 million in 2012
- Full year cash contributions expected to be around €290 million in 2012 (excluding top up payments)

Pensions excl. contribution TNT Express		Q1 2011		Q1 2012	
€ million		Expenses	Cash	Expenses	Cash
Business segments	*(A)*	60	61	58	68
Mail Other	*(A)-(B)*	(27)		(42)	
PostNL	*(B)*	**33**	**61**	**16**	**68**

* Including top up invoices from the pension funds (disputed by PostNL)

Pensions update

Top up invoices

Coverage ratio pension funds at Q1 2012 below the minimum required level

- Top up payments Q1: €39 million
- Top up payments Q2: €22 million
- Top up payments Q3: €24 million (conditional)

- Necessity top up payments disputed by PostNL and not sustainable
- Pension funds have been invited to discuss

- *Disputes committee installed*

Pension arrangements

Proposed changes (amongst others)

- Own contribution employees
- Decrease accrual rate
- Postpone start date soft pensions

- Dialogue with unions started 14 February
- Own contribution employees with personal labour contract implemented

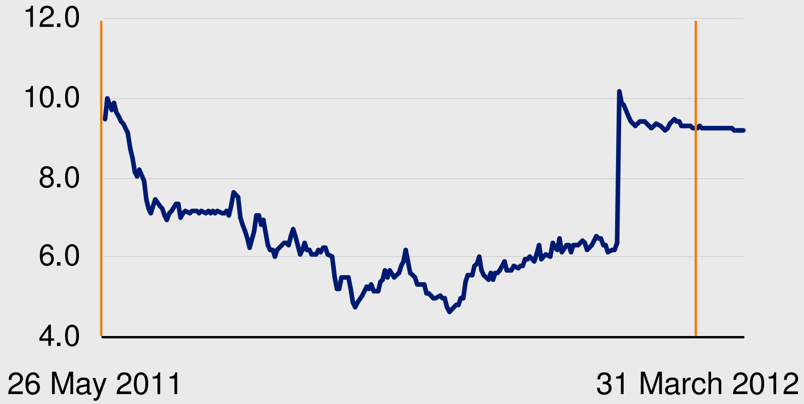
PostNL consolidated statement of financial position

€ million	31 March 2012		31 March 2012
Intangible assets	175	Distributable equity	994
Property, plant and equipment	472	Non-distributable equity	39
Pension assets	1,264	Total equity	**1,033**
Other financial fixed assets	31	Non controlling interests	14
Other current assets	617	Pension liabilities	214
Cash	613	Long term debt	1,610
Assets held for sale	1,548	Other non-current liabilities	540
of which stake TNT Express	*1,502*	Short term debt	17
		Current liabilities	1,292
Total assets	**4,720**	**Total equity & liabilities**	**4,720**

- Net debt: long term debt + short term debt – cash = €1,014 million
- Working capital ~ -10% of (trade) revenues (FY 2011: ~ -10%)

Stake TNT Express and impact IAS 19

Share price development TNT Express

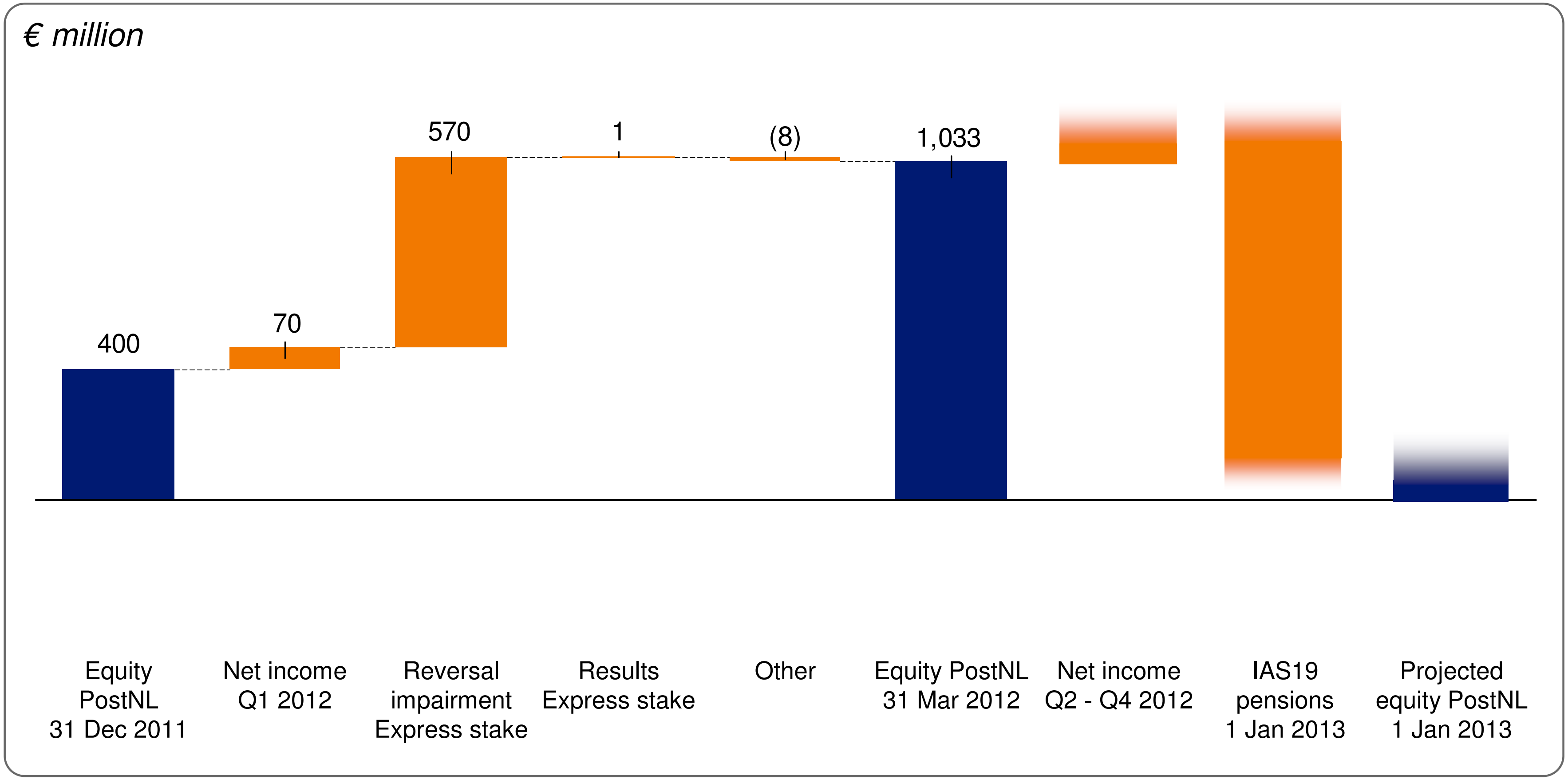


- Reversal impairment Q1: €570 million

Increased impact unrecognised losses pensions IAS 19 revised

€ million	Dec 2011	March 2012
Gross	920	1,440
Net	**690**	**1,080**
Accounting discount rate	*4.8%*	*4.1%*

Development consolidated equity 2012 – 2013



Dividend policy and credit ratings

Dividend policy

- Dividend: around 75% of underlying net cash income per year with a minimum payout of €150 million per year
- Dividends received from TNT Express to be passed through to PostNL shareholders

Conditions for cash dividend

Consolidated equity positive	*and*	Certainty of credit rating BBB+/Baa1

Current status credit ratings

S&P: BBB, CreditWatch Positive	Moody's: Baa1, negative

Use of expected proceeds from stake TNT Express

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 reaffirmed

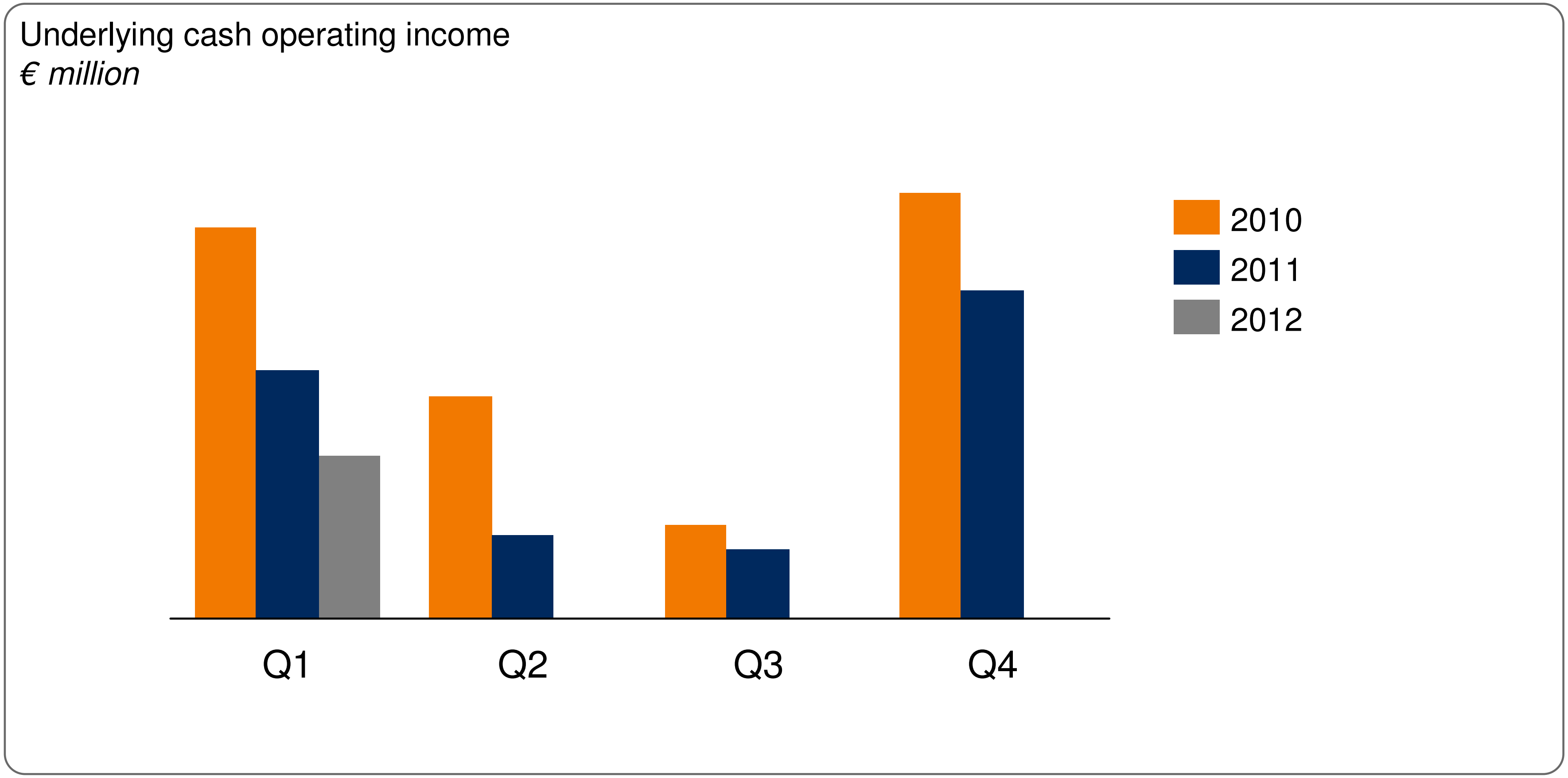
	Underlying revenues		Underlying cash operating income / margin	
€ million	2011	2012	2011	2012
Mail in NL	2,429	- low single digit	6.3%	1 to 3%
Parcels	608	+ high single digit*	15.1%	13 to 15%
International	1,467	+ high single digit	0.3%	1 to 2%
Total	**4,297**	+ low single digit	**220**	**110 to 160**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

On the basis of our Q1 results we reaffirm our outlook for the full year

Note: underlying figures are at constant currency and exclude the impact of one-offs
* Due to shift registered mail from Mail in NL to Parcels

Seasonality underlying cash operating income

Q1 and Q4 strongest quarters



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