Q4 and FY 2011 Results

Press release

27 February 2012

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Q4 and FY 2011 results PostNL

CEO statement

Harry Koorstra, CEO of PostNL, states: "This quarter, we continued to see positive developments in our operations. Addressed mail volumes showed a decline of 5.1% in the quarter, and looking at the full year, addressed mail volumes declined by 7.2%, a lower decline than expected. Volumes in Parcels increased, especially in December, resulting in good growth in revenues and results. International still saw growth in the Italy and UK businesses, although we are beginning to see some effects of the economic turbulence.

The financial markets remained volatile. The share price of TNT Express increased during the last quarter of 2011, leading to a partial reversal of €98 million of the previous impairment.

The coverage ratio of our main pension fund is around 100%* at the end of Q4, still below the minimum required level. We have invited the pension funds to discuss the top up payments as PostNL disputes the necessity of the top up payments that are invoiced to us. At the same time, we are negotiating with the trade unions to achieve necessary adjustments to the collective labour agreement, as the current pension arrangements are not sustainable.

We continue to manage our company so that we are prepared for future changes. The complex implementation of Master plan III in our Dutch mail organisation will continue and will show first results in 2012. We maintain our focus on the effects of liberalisation on both price and mix. In our Parcels and International businesses, we work on commercial initiatives to add profitable volumes."

Highlights Q4 2011

- Solid performance in all segments continued
- Underlying revenues down 4.1% to €1,169 million (organic -0.2%)
- Underlying cash operating income €99 million (Q4 2010: €133 million)
- Net debt position €1,002 million as at 31 December 2011
- Stake in TNT Express: partial reversal impairment of €98 million
- Coverage ratio main pension fund 99.8%*, below minimum required level (around 104%)

Highlights FY 2011

- Addressed mail volume decline of 7.2% better than the outlook of 8 – 10%
- Underlying revenues up 0.3%, adjusted for PostCon revenues down 3%
- Underlying cash operating income of €220 million exceeds guided range
- Positive underlying cash operating income in International
- Proposed final 2011 dividend of €0.193 per share (including the pass-through of dividend TNT Express) to be paid fully in shares

Note: underlying figures are at constant currency and exclude one-offs as detailed on page 5
* Including the first top up invoice from the pension fund (disputed by PostNL)

Key figures Q4 2011 in € millions, except where noted	As reported Q4 2011	Q4 2010	% Change	Underlying Q4 2011	Q4 2010	% Change
Revenues	1,170	1,219	-4.0%	1,169	1,219	-4.1%
Operating income	133	187	-28.9%	147	184	-20.1%
Operating margin	11.4%	15.3%		12.6%	15.1%	
Underlying cash operating income				99	133	-25.6%
Impairment of investments in associates	98					
Profit/(loss) from continuing operations	161	123				
Profit from discontinued operations		7				
Profit/(loss) for the period	161	130				
Profit for the period (excluding TNT Express)	88	123				
Net cash from operating activities	128	185				

Reconciliation Q4 2011 in € millions	Reported Q4 2011	One-offs	Foreign exchange	Underlying Q4 2011	Underlying Q4 2010	One-offs	Reported Q4 2010
Mail in NL	695			695	712		712
Parcels	166			166	157		157
International	382		(1)	381	381		381
Mail other	65			65	89		89
Intercompany	(138)			(138)	(120)		(120)
Revenues	1,170	0	(1)	1,169	1,219	0	1,219
Mail in NL	101	8		109	133	4	129
Parcels	25			25	22		22
International	0	4		4	1	8	(7)
Mail other	7	2		9	28	(15)	43
Operating income	133	14	0	147	184	(3)	187
Changes in provisions *				(15)	(21)		
Changes in pension liabilities				(33)	(30)		
Underlying cash operating income				99	133		
As percentage of underlying revenues				*8.5%*	*10.9%*		

* 2010 comparatives not adjusted

Key figures FY 2011 in € millions, except where noted	As reported FY 2011	FY 2010	% Change	Underlying FY 2011	FY 2010	% Change
Revenues	4,297	4,293	0.1%	4,305	4,293	0.3%
Operating income	417	480	-13.1%	426	580	-26.6%
Operating margin	9.7%	11.2%		9.9%	13.5%	
Underlying cash operating income				220	341	-35.5%
Impairment of investments in associates	(636)					
Profit/(loss) from continuing operations	(423)	282				
Profit from discontinued operations	2,159	69				
Profit/(loss) for the period	1,736	351				
Net cash from operating activities	122	171				
Earnings per ordinary share(EPS) (in € cents)	452.8	92.9				
Normalised* EPS (in € cents)	55.6	74.4				

*Based on profit for the period adjusted for profit from discontinued operations less impairments of investment in associates.

Reconciliation FY 2011 in € millions	Reported FY 2011	One-offs	Foreign exchange	Underlying FY 2011	Underlying FY 2010	One-offs	Reported FY 2010
Mail in NL	2,429			2,429	2,538		2,538
Parcels	608			608	564		564
International	1,467		8	1,475	1,294		1,294
Mail other	285			285	345		345
Intercompany	(492)			(492)	(448)		(448)
Revenues	4,297	0	8	4,305	4,293	0	4,293
Mail in NL	234	8		242	379	191	188
Parcels	88			88	80		80
International	(9)	13		4	(24)	5	(29)
Mail other	104	(12)		92	145	(96)	241
Operating income	417	9	0	426	580	100	480
Changes in provisions *				(68)	(58)		
Changes in pension liabilities				(138)	(181)		
Underlying cash operating income				220	341		
As percentage of underlying revenues				*5.1%*	*7.9%*		

* 2010 comparatives not adjusted

Review of operations Q4 2011

Reported revenues declined year on year by 4.0% to €1,170 million and reported operating income declined to €133 million. The reported profit for the period was €161 million (Q4 2010: €130 million), mainly impacted by the partial reversal of the impairment on the retained stake in TNT Express of €98 million.

Underlying revenues declined by 4.1% compared to the prior year, mainly due to the volume decline in the Netherlands and a disposal effect in International. Organic growth was -0.2%.

Underlying operating income decreased by €37 million to €147 million, which represents an underlying operating margin of 12.6% (Q4 2010: 15.1%). This decline is due to the drop in mail volumes and price/ mix changes in Mail in the Netherlands (€10 million), higher pension expenses (€7 million), higher Master plan implementation costs (€15 million), autonomous cost increases (€13 million) and other items (€19 million), partly offset by Master plan savings (€21 million) and improved contributions from Parcels and International (€6 million).

The one-offs in Q4 2011 relate to the restructuring costs of Netwerk VSP in Mail in the Netherlands of €7 million, the resizing in International of €4 million and €3 million rebranding. In Q4 2010, the one-offs amounted to €(3) million.

Underlying cash operating income was €99 million, down €34 million against the prior year, due to the combination of lower underlying operating income (€37 million), lower changes in provisions (€6 million) and higher changes in pension liabilities (€3 million).

Net cash from operating activities was €128 million, €57 million lower than the prior year, mainly due to lower underlying cash operating income (€ 34 million), higher taxes paid (€7 million) and working capital (€(4) million).

Net financial expense was €22 million (Q4 2010: €28 million). The decrease related to higher external interest on the increased cash position. At the end of the fourth quarter, net debt was €1,002 million, which compares to €993 million at the end of 2010. Capital expenditure increased by €20 million to €72 million in Q4 2011 mainly related to investments for Master plans and Parcels infrastructure.

Review of operations FY 2011

Reported revenues in 2011 were in line with the prior year, and operating income declined by 13.1%. Underlying revenues increased slightly by 0.3%, adjusted for PostCon revenues the decrease was 3.1%. Underlying operating income decreased by 26.6%, underlying cash operating income was down 35.5%.

Net profit was €1,736 million and was largely impacted by the demerger of the Express activities and the remaining stake that PostNL holds in TNT Express. Net cash from operating activities showed a decline versus 2010 of €49 million, as the lower operational cash (€154 million) was largely compensated by lower taxes paid (€107 million).

PostNL's underlying cash operating income was €220 million, exceeding the guided range.

The 2011 effective tax rate, excluding the impact of the stake in TNT Express, was 24.7%, in line with guidance and mainly impacted by the tax exempt book gains from the sale of De Belgische Distributiedienst and other non core subsidiaries.

Stake in TNT Express N.V.

In Q4, the share price of TNT Express increased from €5.22 to €5.77. This resulted in a partial reversal of the impairment on the retained stake at the end of the fourth quarter by €98 million. The book value of the retained stake in TNT Express at the end of Q4 amounted to €936 million.

Pensions

By the end of Q4, the coverage ratio of the main pension fund was 99.8% (31 December 2010: 107.4%), including a receivable from PostNL. As the coverage ratios of both pension funds of PostNL at the end of Q4 were below the minimum requirement of around 104%, PostNL received invoices from the pension funds of €39 million in Q1 2012. The necessity of the top up payments is disputed by PostNL. At the end of Q4, the deficit of the pension funds, allocated to PostNL, was around €234 million, resulting in a possible top up payment of €21 million in Q2 2012.

The expense for the defined benefit obligations in Q4 2011 amounted to €31 million (Q4 2010: €23 million). The amount for Q4 2010 included a positive impact of €1 million from Express. The total cash contributions for defined benefit obligations were €64 million (Q4 2010: €54 million).

PostNL has invited the boards of the pension funds to discuss the top up payments. These payments are not necessary according to PostNL and are not sustainable with regard to the current and future financial position of PostNL. Also, as contributions to the pension funds have increased substantially, and as current pension arrangements at PostNL are not sustainable, these will be part of the negotiations with the trade unions.

Consolidated equity position

Total equity attributable to equity holders of the parent increased to €400 million on 31 December 2011 from €221 million as per 1 October 2011. This increase is mainly due to the good operational result in Q4, leading to a net profit contribution of €62 million, and the partial reversal of the impairment of €98 million on the retained stake in TNT Express. Of the total equity, an amount of €39 million is non-distributable.

The impact of the revised IAS 19 on the 2013 financial position and profit and loss statement will be significant. As at 31 December2011, the net pension asset amounted to €998 million. If the net actuarial losses as per Q4 2011 had been recognised immediately, this would have impacted equity of PostNL negatively by a net amount of €692 million, based on current parameters which are heavily dependent on interest rate movements.

Accounting framework corporate financial statements (PostNL N.V.)

In 2011 PostNL N.V. changed the accounting framework of its corporate financial statements from Dutch GAAP to EU-IFRS. The comparative figures were adjusted accordingly. This change from Dutch GAAP in the corporate financial statements provides additional information on the equity position of PostNL and provides additional information relating to the dividend upstream within the Group, and the cash flow and tax position of PostNL N.V.

After the change of accounting framework equity is expected to remain positive which enables PostNL to propose a distribution of (stock) dividend to its shareholders, subject to sufficient unrestricted reserves being available. In accordance with Dutch law, negative distributable equity in the corporate financial statements prohibits paying out (stock) dividend.

When applying IFRS in the corporate financial statements, PostNL N.V. applied the principles of IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1).

The change in the accounting framework and the related revaluation of the investments in subsidiaries of PostNL N.V. at the transition date resulted in a revaluation of the underlying Mail investments amounting to €2,582 million. This revaluation is recognised in a revaluation reserve within equity in the corporate financial statements of PostNL N.V.

As a result of the change in accounting framework in the corporate financial statements the following main differences with the consolidated financial statements can be identified:

- Revaluation of the Mail investments and related impairment charge in the corporate financial statements;
- No impairment charge in the corporate financial statements as the Express investments are stated at cost;
- Dividend income recognised compared to results from investments in accordance with the equity method;
- Difference in the recorded demerger gain Express due to differences in valuation upon demerger.

The accounting policy for investments in subsidiaries and associates going forward will be cost (less impairments). Dividends received will be recognised in the profit and loss account. For more details see chapter 13 of the Annual Report.

The accounting principles in the consolidated financial statements remain unchanged.

Dividend proposal

PostNL will propose to the Annual General Meeting of Shareholders, the distribution of a 2011 dividend of €0.407 per ordinary share, of which €0.214 per ordinary share has been paid as an interim dividend. These amounts include the pass-through of the dividend received from the retained stake in TNT Express. The final dividend of €0.193 will be payable fully in ordinary shares and includes the pass-through of the final dividend to be received from the stake in TNT Express, which is subject to approval by the Annual General Meeting of TNT Express. The dividend in shares will be paid out of additional paid in capital as part of the distributable reserves, free of withholding tax in the Netherlands.

The conversion rate will be based on the volume-weighted average share price for all PostNL N.V. shares traded on NYSE Euronext Amsterdam over the three trading day period from 2 May up to and including 4 May 2012 and will be targeted at no premium. There will be no trading in stock dividend rights. The ex-dividend date will be 26 April 2012 and the record date is 30 April 2012. The dividend will be payable as of 8 May 2012.

Subsequent events

In its press release of 17 February 2012, TNT Express announced that it had received an unsolicited non-binding and conditional proposal from United Parcel Service, Inc. (UPS) for the acquisition of the whole of the issued capital of TNT Express at an indicative price of €9 per ordinary share. The retained stake in TNT Express is valued at €5.77 per share as at 31 December 2011.

Outlook 2012

	Underlying revenues		Underlying cash operating income / margin	
in € millions, except where noted	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	1,475	+ high single digit	0.3%	1 to 2%
Total	4,305	+ low single digit	220	110 to 160
			5.1%	2 to 4%

*Due to shift registered mail from Mail in the Netherlands to Parcels

Indicators 2012

- Expected volume decline addressed mail 6.5% – 8.5%(2011: 7.2%)
- Master plan savings €40 – 60 million (2011: €71 million)
- Master plan implementation costs €80 – 100 million (2011: €65 million)
- Pension expenses are expected to be around €60 million (2011 underlying: €122 million)
- Pensions: gross regular pension contributions for defined benefit obligations approximately €290 million (2011: €260 million)
- Cash outflows from provisions: around €90 – €110 million of which €80 – €100 million related to Master plan implementation (2011: €68 million of which €65 million related to Master plans)
- Rebranding costs: around €16 million (2011: €9 million)
- Net financial expense: around €110 million (2011: €101 million)
- Effective tax rate excluding impact of stake TNT Express: around 27% (2011: 25%)
- Cash capex: maximum of €240 million (2011: €137 million)
- Top up pension payments not included in the outlook

Q4 2011 segmental overview

Key figures per segment

in € millions, except where noted	Underlying revenues			Underlying operating income			Underlying cash operating income		
	Q4 2011	Q4 2010	% Change	Q4 2011	Q4 2010	% Change	Q4 2011	Q4 2010	% Change
Mail in NL	695	712	-2,4%	109	133	-18,0%	88	107	-17,8%
Parcels	166	157	5,7%	25	22	13,6%	27	23	17,4%
International	381	381		4	1		4	1	
Mail other	65	89	-27,0%	9	28	-67,9%	(20)	2	
Intercompany	(138)	(120)	-15,0%						
PostNL	1.169	1.219	-4,1%	147	184	-20,1%	99	133	-25,6%

Note: underlying figures are at constant currency and exclude one-offs as detailed on page 5

Mail in the Netherlands

Mail in the Netherlands' addressed mail volumes declined by 5.1%. The main reason for this decline remains substitution. Underlying revenues declined by 2.4%, price/mix contributed positively this quarter.

Underlying cash operating income in Mail in the Netherlands decreased by €19 million to €88 million. The effects from lower addressed volumes and price and mix changes were €(10) million. Master plan implementation costs increased by €15 million whilst Master plan savings of €21 million were realised. The remaining decrease related to autonomous cost increases.

Secretary of State Henk Bleker announced plans to amend the Postal Act in order to end the legal requirement of Monday delivery to increase the future sustainability and affordability of the Universal Postal Service. This development is positive, and fits in with the peak-trough delivery model.

Substantial progress was made in the implementation of the Master plans. The construction of our first central preparation location in Nieuwegein was completed, an important step in the complex implementation process of our new business model. This involves the gradual transition from 330 regional locations to nine central preparation locations. Also during this quarter, lease contracts were signed for the remaining eight locations. This remains a complex process, in which every next step depends on certain milestones, while preventing any disruption to our day-to-day business.

In October, the last old style post office was closed. The process of closing all joint venture based (with ING Bank) post offices and simultaneously opening new formula sales outlets was started in 2008 as an important part of our Master plan reorganisation.

In December PostNL reached agreement with the trade union BVPP on a new collective labour agreement (CLA) for mail deliverers, which will run from 1 January 2012 to 31 December 2012.

On 14 February, the consultation with the unions over a new collective labour agreement for all other employees started. The current collective labour agreement ran until 31 December 2011. Our suggestions include the following changes: lowering costs and risks of the current pension arrangements, changing other parts of the CLA to align with the new logistical model and limiting costs, and creating a separate CLA for Operations personnel.

Parcels

Parcels continued to improve underlying revenues (+5.7%), mainly due to volume growth (+4.1%). Both domestic and export contributed to the growth. Underlying cash operating income improved by 17.4%. Underlying cash operating margin was 16.3%.

Our volumes were helped by new client wins and a successful December shopping period. Ongoing innovation within e-commerce was demonstrated by two new online tools going live, MijnPakket and Checkout.

The second hybrid depot in Elst started production, adding to the efficiency in our operations. With the acquisition of building sites in Sittard, Goes, Leeuwarden and Den Haag, further steps were taken in the implementation of the new logistics infrastructure. The construction of the depots in Den Bosch and Hengelo is progressing according to plan. In Q4, capital expenditures for Parcels were €27 million.

International

Underlying revenues in € millions	Q4 2011	Q4 2010
UK	159	143
Germany	136	148
Italy	44	53
Spring and Other	42	37
International	381	381

International saw the positive effects of resizing the business, but also some signs from the economic turbulence, especially in Italy and the UK. Revenues remained at €381 million, the effect of disposals (€18 million) was largely compensated by growth in UK. Underlying cash operating income showed an improvement from €1 million to €4 million.

United Kingdom realised 11.2% underlying revenue growth to €159 million, due to new addressed mail contracts, and the price increase of 20% by Royal Mail. The growth trend is slowing down, mainly resulting from the general economic developments and the Royal Mail price increase. Furthermore, the competitive pressure results in contract renewals at lower yields.

Royal Mail announced that, with effect from 2 April 2012, its retail services which fall outside the universal service (USO) will be subject to VAT at 20%. Its regulated wholesale services and retail USO services remain VAT exempt. This creates additional opportunities for us to gain new customers. VAT distortion remains a barrier to delivery competition.

TNT Post UK and the Mail Competition Forum have responded to the report issued by Ofcom (the UK regulator and competition authority), focusing on: the need for mandatory access and margin squeeze protection for packets, the workings of the margin squeeze protection mechanism, mandated access at outward mail centres, and a restriction on Royal Mail's ability to agree bespoke contracts for access services. In 2012, it should be clear in which direction this will develop.

In **Germany**, underlying revenues amounted to €136 million, an 8.1% decrease, partly driven by disposals in the regional business (€3 million) and some customer wins and losses. Underlying operating income developed well due to the cost savings and the exit of loss making areas. Germany is still clearly on track towards break-even in 2013.

The Bundesnetzagentur has decided that a minimum price floor for Deutsche Post and its subsidiaries must be established. Competitors, like TNT Post Germany, are not bound by any minimum price and may negotiate their contracts without restrictions due to the fact that they do not have a dominant market position. This is considered to be an important milestone in the path to profitability of the German operations.

Both the Administrative Court Cologne and the higher Administrative Court Münster have refused the application of First Mail to declare the ruling ineffective. Main proceedings of Deutsche Post/First Mail will probably take several years. First Mail (Düsseldorf/Berlin) as well as competitor WAZ Post Service (Ruhr area) have exited the market by the end of 2011.

Italy showed a decline in underlying revenues of €9 million, mainly due to the disposal effect of the unaddressed activities in Italy (like-for-like, revenues increased slightly) and the closing down of the Poste Italiane contract. Formula Certa's volumes and revenues successfully continued to demonstrate strong growth on the back of further network expansion.

Poste Italiane has been fined by the Italian anti-trust authority (AGCM) for abusing its position as the dominant operator in Italy. The AGCM announced on 15 December 2011 it has imposed a fine of €39.4 million on the state-owned postal operator following a complaint by the main mail competitor TNT Post Italy and ordered the company to stop the anti-competitive activities.

Mail Other

Mail Other represents the unaddressed activities outside the Netherlands classified as held for sale and head office entities, including the difference between the recorded IFRS employer pension expense for the defined benefit pension plans and the actual cash payments received from the other segments. As the unaddressed activities have all been sold, revenues decreased by €32 million. Underlying cash operating income decreased by €22 million resulting from higher cash out for pensions and provisions, higher corporate costs and a lower allocation of shareholder costs to the business segments.

FY 2011 segmental overview

Key figures per segment

in € millions, except where noted	Underlying revenues			Underlying operating income			Underlying cash operating income		
	FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change
Mail in NL	2.429	2.538	-4,3%	242	379	-36,1%	154	288	-46,5%
Parcels	608	564	7,8%	88	80	10,0%	92	81	13,6%
International	1.475	1.294	14,0%	4	(24)		5	(24)	
Mail other	285	345	-17,4%	92	145	-36,6%	(31)	(4)	
Intercompany	(492)	(448)	-9,8%						
PostNL	4.305	4.293	0,3%	426	580	-26,6%	220	341	-35,5%

Note: underlying figures are at constant currency and exclude one-offs as detailed on page 5

Mail in the Netherlands

In **Mail in the Netherlands** underlying revenues declined by 4.3% and underlying cash operating income was down 46.5%, mainly as a result of the decline in addressed mail volumes. Addressed mail volumes were down 7.2%, somewhat better than outlook.

Some key milestones during the year were the approval of the reasonable rate of return by Parliament, new stamp prices, the ratification by the union members of the agreement pertaining to the Master plan III programme and the rejection by the Dutch Enterprise Chamber of all objections by the Works Council to the reorganisations. Also, the sector CLA for postal deliverers was ratified. In December an agreement was reached on the CLA for mail deliverers of PostNL.

The quality of consumer mail delivery in the Netherlands was 96.1%, well above the minimum required level as laid down in the Postal Act of 95%. This is a good result given the many changes PostNL has made to its organisation in 2011 to prepare for a new delivery structure.

Parcels

Parcels had a good year, driven by the trend of e-commerce. Revenues were up 7.8% and the increase in underlying cash operating income was 13.6%. The efficiency of the parcels network continues to increase, and the roll out of the new logistics infrastructure is on track.

International

International showed a good performance with underlying revenues up 14.0%, and underlying cash operating income up from €(24) million to €5 million. The resizing of the International business already has had a positive impact on the results. On the regulatory front, both Germany and the UK had positive developments: the ruling against DPAG by the German Postal Regulator, and the publication of a draft report by the UK regulator and competition authority, recognising the benefits of competition. These were important steps.

Mail Other

Revenues in **Mail Other** declined by 17.4%, mainly impacted by the sale of De Belgische Distributiedienst and RSM Italy, closed early in the second quarter.

Consolidated financial statements

Consolidated statement of financial position

in € millions	31 December 2011	31 December 2010
Assets		
Non-current assets		
Intangible assets		
Goodwill	121	120
Other intangible assets	55	46
Total	176	166
Property, plant and equipment		
Land and buildings	238	294
Plant and equipment	112	119
Other	32	33
Construction in progress	69	53
Total	451	499
Financial fixed assets		
Investments in associates	940	4
Other loans receivable	2	3
Deferred tax assets	20	21
Other financial fixed assets	1	3
Total	963	31
Pension assets	1,217	1,153
Total non-current assets	2,807	1,849
Current assets		
Inventory	9	8
Trade accounts receivable	417	412
Accounts receivable	41	38
Income tax receivable	3	3
Prepayments and accrued income	121	108
Cash and cash equivalents	668	65
Total current assets	1,259	634
Assets classified as held for sale	52	123
Assets classified for demerger		5,531
Total assets	4,118	8,137
Liabilities and equity		
Equity		
Equity attributable to the equity holders of the parent	400	2,424
Non-controlling interests	14	19
Total	414	2,443
Non-current liabilities		
Deferred tax liabilities	341	327
Provisions for pension liabilities	219	231
Other provisions	201	255
Long term debt	1,607	1,582
Total	2,368	2,395
Current liabilities		
Trade accounts payable	219	154
Other provisions	132	134
Other current liabilities	291	257
Income tax payable	94	135
Accrued current liabilities	600	582
Total	1,336	1,262
Liabilities related to assets classified as held for sale	0	26
Liabilities related to assets classified for demerger		2,011
Total liabilities and equity	4,118	8,137

Consolidated income statement

in € millions	Q4 2011	Q4 2010	FY 2011	FY 2010
Net sales	1,166	1,215	4,283	4,274
Other operating revenues	4	4	14	19
Total revenues	1,170	1,219	4,297	4,293
Other income		13	53	22
Cost of materials	(54)	(55)	(195)	(178)
Work contracted out and other external expenses	(527)	(501)	(1,937)	(1,701)
Salaries, pensions and social security contributions	(364)	(354)	(1,429)	(1,561)
Depreciation, amortisation and impairments	(25)	(39)	(112)	(120)
Other operating expenses	(67)	(96)	(260)	(275)
Total operating expenses	(1,037)	(1,045)	(3,933)	(3,835)
Operating income	133	187	417	480
Interest and similar income	8	3	20	14
Interest and similar expenses	(30)	(31)	(121)	(120)
Net financial expenses	(22)	(28)	(101)	(106)
Results from investments in associates	(25)	(1)	(25)	(1)
Impairment of investments in associates	98		(636)	
Profit/(loss) before income taxes	184	158	(345)	373
Income taxes	(23)	(35)	(78)	(91)
Profit/(loss) from continuing operations	161	123	(423)	282
Profit from discontinued operations		7	2,159	69
Profit for the period	161	130	1,736	351
Attributable to:				
Non-controlling interests	1	4		4
Equity holders of the parent	160	126	1,736	347
Earnings per ordinary share (in € cents) [1]	38.4	33.6	452.8	92.9
Earnings per diluted ordinary share (in € cents) [2]		33.5		92.5
Earnings from continuing operations per ordinary share (in € cents) [1]	43.5	31.7	(110.3)	74.4
Earnings from continuing operations per diluted ordinary share (in € cents) [2]		31.6		74.1
Earnings from discontinued operations per ordinary share (in € cents) [1]	(5.1)	1.9	563.1	18.5
Earnings from discontinued operations per diluted ordinary share (in € cents) [2]		1.9		18.4

1 For 2011 based on an average of 383,374,983 of outstanding ordinary shares (2010: 373,536,123).
2 For 2011 based on an average of 383,374,983 of diluted outstanding ordinary shares (2010: 375,026,008).

Consolidated statement of comprehensive income

in € millions	Q4 2011	Q4 2010	FY 2011	FY 2010
Profit for the period	161	130	1,736	351
Gains/(losses) on cashflow hedges, net of tax	(3)	(6)	9	7
Currency translation adjustment net of tax	1	(1)		
Impact share changes other comprehensive income associates	16		22	
Continued operations	14	(7)	31	7
Gains/(losses) on cashflow hedges, net of tax		5	22	(7)
Currency translation adjustment net of tax		39	49	105
Discontinued operations		44	71	98
Total other comprehensive income for the period	14	37	102	105
Total comprehensive income for the period	175	167	1,838	456
Attributable to:				
Non-controlling interests	1	4		4
Equity holders of the parent	174	163	1,838	452

The 2011 tax impact on the cash flow hedges from continued operations is €(4) million (2010: €(2) million). The 2011 tax impact on the cash flow hedges from discontinued operations is €(6) million (2010: €1 million). There is no tax impact on the currency translation adjustment.

Consolidated statement of cash flows in € millions and over the period	Q4 2011	Q4 2010	FY 2011	FY 2010
Cash flows from continuing operations				
Profit/(loss) before income taxes	184	158	(345)	373
Adjustments for:				
Depreciation, amortisation and impairments	25	39	112	120
Share based payments		1	9	5
Investment income:				
(Profit)/loss of assets held for sale	(1)	(7)	(17)	(11)
(Profit)/loss on sale of Group companies/joint ventures	1	(4)	(33)	(3)
Interest and similar income	(8)	(3)	(20)	(14)
Interest and similar expenses	30	31	121	120
Impairments and results of investments in associates	(73)	1	661	1
Changes in provisions:				
Pension liabilities	(33)	(30)	(143)	(281)
Other provisions	(11)	(27)	(64)	170
Changes in working capital:				
Inventory	1		(1)	2
Trade accounts receivable	(30)	(43)		(28)
Other accounts receivable	3	1	(3)	(16)
Other current assets	40	10	(20)	(5)
Trade accounts payable	23	22	60	30
Other current liabilities excluding short term financing and taxes	37	88	4	12
Cash generated from operations	188	237	321	475
Interest paid	(37)	(36)	(101)	(99)
Income taxes received/(paid)	(23)	(16)	(98)	(205)
Net cash from operating activities	128	185	122	171
Interest received	2	2	7	3
Dividends received			7	
Acquisition of subsidiairies and joint ventures (net of cash)			(2)	(5)
Disposal of subsidiaires and joint ventures	(6)	2	110	2
Capital expenditure on intangible assets	(18)	(7)	(33)	(21)
Disposal of intangible assets		1		1
Capital expenditure on property, plant and equipment	(54)	(45)	(104)	(88)
Proceeds from sale of property, plant and equipment	3	10	62	17
Other changes in (financial) fixed assets	1	2	1	
Changes in non-controlling interests			(1)	(1)
Net cash from/(used in) investing activities	(72)	(35)	47	(92)
Cash settlement share based payments		1	(6)	2
Proceeds from long term borrowings		(1)	1	
Repayments of long term borrowings	(2)	(1)	(2)	(12)
Proceeds from short term borrowings	(4)	(1)	29	
Repayments of short term borrowings	(1)		(4)	(2)
Repayments of finance leases	(1)	(1)	(4)	(3)
Dividends paid			(80)	(119)
Financing related to discontinued business		(154)	498	41
Net cash from/(used in) financing activities	(8)	(157)	432	(93)
Change in cash from continuing operations	**48**	(7)	**601**	(14)

Consolidated statement of changes in equity

in € millions	Issued share capital	Additional paid in capital	Translation reserve	Hedge reserve	Reserve associates	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2009	178	871	(146)	(43)	0	953	247	2,060	20	2,080
Total comprehensive income			105				347	452	4	456
Appropriation of net income						183	(183)			
Final dividend previous year	1	(1)					(64)	(64)		(64)
Interim dividend current year	1	(1)					(55)	(55)		(55)
Transfers to classified as held for demerger									(3)	(3)
Share based compensation						29		29		29
Other						2		2	(2)	
Total direct changes in equity	2	(2)	0	0	0	214	(302)	(88)	(5)	(93)
Balance at 31 December 2010	180	869	(41)	(43)	0	1,167	292	2,424	19	2,443
Total comprehensive income			49	31		22	1,736	1,838		1,838
Appropriation of net income						248	(248)			
Demerger Express		(867)				(2,929)		(3,796)		(3,796)
Reduction nominal value	(152)	152						0		0
Second interim dividend 2010	2	(2)					(44)	(44)		(44)
Interim dividend current year	1	(1)					(36)	(36)		(36)
Share based compensation						16		16		16
Other						(2)		(2)	(5)	(7)
Total direct changes in equity	(149)	(718)	0	0		(2,667)	(328)	(3,862)	(5)	(3,867)
Balance at 31 December 2011	31	151	8	(12)	0	(1,478)	1,700	400	14	414

Working days

Working days	Q1	Q2	Q3	Q4	Total
2005	64	63	65	64	256
2006	65	62	65	63	255
2007	64	61	65	64	254
2008	62	62	65	66	255
2009	61	61	65	68	255
2010	65	60	65	65	255
2011	65	61	65	64	255
2012	*65*	*61*	*65*	*64*	*255*

Press releases since the third quarter 2011 results

Date	Subject
14 November 2011	Netwerk VSP to discontinue addressed mail
16 November 2011	Negative price spiral on German mail market to end
19 December 2011	PostNL must reduce pension contributions
22 December 2011	PostNL reaches final agreement on CLA for mail deliverers
27 December 2011	PostNL intercepts large series of counterfeit stamps sold through websites
13 January 2012	PostNL's delivery location in Houten to close
13 January 2012	PostNL's delivery locations in Ede, Lunteren, Oosterbeek, Renkum and Wageningen to close
31 January 2012	96.1% mail delivery quality makes 2011 one of best years

Financial calendar

Date	Event
24 April 2012	Annual General Meeting of Shareholders
26 April 2012	Ex-dividend date
30 April 2012	Record date
8 May 2012	Dividend payable
8 May 2012	Publication of Q1 2012 results
6 August 2012	Publication of Q2 & HY 2012 results
5 November 2012	Publication of Q3 2012 results

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Additional information

Additional information available at **http://www.postnl.com**

Warning about forward-looking statements

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