Results PostNL Q1 2016

The Hague, 9 May 2016

Q1 results in line with expectations

Financial highlights Q1 2016

Comparative 2015 numbers have been represented and exclude the results from the United Kingdom

- Revenue at €864 million (Q1 2015: €850 million)
- Underlying cash operating income at €61 million (Q1 2015: €68 million)
- Net cash from operating and investing activities at €(26) million (Q1 2015: €25 million)
- Consolidated equity position at €(194) million (YE 2015: €(223) million)

Operational highlights Q1 2016

- Addressed mail volume declined by 6.1% (adjusted for working days: 8.2%)
- Delivery quality remained high at 96.5%
- €15 million of cost savings realised
- Parcels volumes increased by 16% (adjusted for working days: 12%)

Strategic review of International completed

- German business continues to be part of PostNL
- Decision on Germany has no impact on outlook 2016; 2020 ambition for underlying cash operating income adjusted to between €285 million and €355 million

Outlook 2016 reconfirmed

- Remain on track to meet previously communicated full year underlying cash operating income of between €220 million and €260 million

Key figures

in € millions	Q1 2016	Q1 2015	% Change
Revenue	864	850	*2%*
Operating income	70	69	*1%*
Underlying operating income	79	80	*-1%*
Changes in pension liabilities	(5)	(5)	
Changes in provisions	(13)	(7)	
Underlying cash operating income	61	68	*-10%*
Underlying cash operating income margin	7.1%	8.0%	
Profit for the period	39	34	*15%*
Net cash from/(used in) operating and investing activities	(26)	25	

Note: underlying figures exclude one-offs in Q1 2016 (€7 million for restructuring and €2 million project costs) and in Q1 2015 (€9 million for restructuring and €2 million project costs).

CEO statement

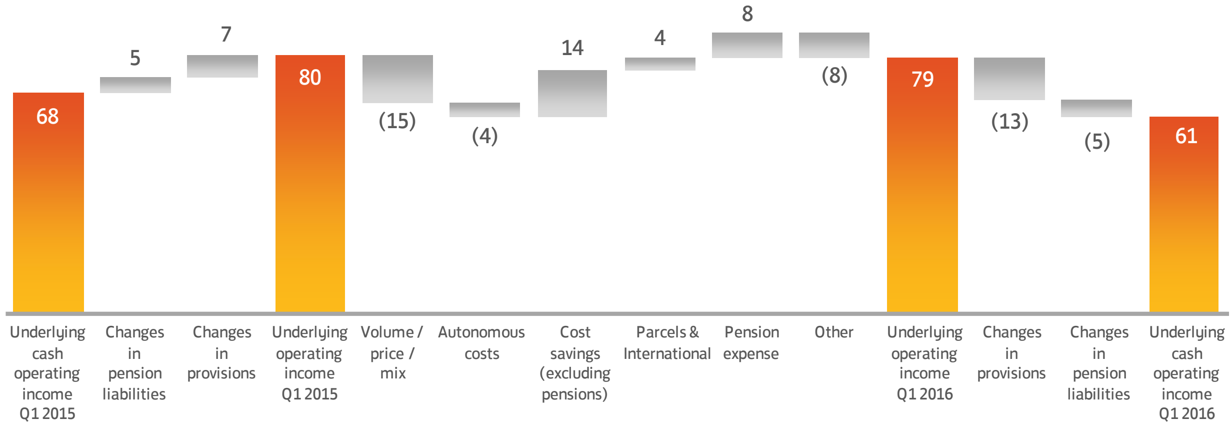
Herna Verhagen, CEO of PostNL: "We are pleased that our performance during the first quarter was in line with expectations. The performance in Parcels was solid and reflects the continuing strong volume growth in e-commerce. The impact from the product/customer mix that we have experienced was less negative than in previous quarters. The results were further supported by the additional working days this quarter.

In our segment Mail in the Netherlands we clearly see signs that our market approach is yielding positive results. Our adjusted mail volume decline was 8.2% which is better than the overall market development. Our restructuring plans are well on track and are progressing according to plan. We realised further cost savings, partly mitigating the related cash outs and the volume/price/mix effect. As expected, this effect includes the first impact from the measures on tariffs and conditions that were announced by the ACM in 2015.

And finally, the result in International was in line with last year as we anticipated. We have completed the strategic review of our International activities and the German business continues to be part of PostNL.

We are confident that we will be able to deliver our 2016 outlook of achieving an underlying cash operating income of between €220 million and €260 million."

Business performance Q1 2016



	Revenue			Underlying operating income		Underlying cash operating income		
in € million	Q1 2016	Q1 2015	% Change	Q1 2016	Q1 2015	Q1 2016	Q1 2015	% 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.