Q1 2013 Results

Press release

7 May 2013

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Q1 2013: in line with expectations

Highlights

- Underlying revenues up 0.8% to €1,076 million
- Underlying cash operating income €22 million (Q1 2012: €49 million)
- Addressed volume decline 9.5% (working day adjusted)
- Reorganisation progressing according to plan
- Continued good performance Parcels and International
- Value adjustment stake TNT Express €(440) million
- Top-up pension payment of €64 million paid following the verdict of the disputes committee
- Coverage ratio main pension fund 104.9%
- Net debt increased by €102 million versus year-end 2012 to €1,326 million

Key figures Q1 2013

in € millions, except where noted	Q1 2013	Q1 2012	% Change
Revenues	1,071	1,067	*0.4%*
Operating income	74	110	*-32.7%*
Operating margin	6.9%	10.3%	
Underlying revenues	1,076	1,067	*0.8%*
Underlying operating income	82	112	*-26.8%*
Underlying operating margin	7.6%	10.5%	
Underlying cash operating income	22	49	*-55.1%*
Underlying cash operating margin	2.0%	4.6%	
Profit for the period	(410)	633	
Profit for the period (excluding TNT Express)	32	62	*-48.4%*
Net cash used in operating and investing activities	(104)	(7)	

CEO statement

Herna Verhagen, CEO of PostNL, states: “The first quarter developed in line with our expectations.

The underlying performance of Mail in the Netherlands was, as expected, impacted by the volume decline, which was within the guided range of 8-10% for 2013. The first results of the new roll out of the reorganisation are satisfactory. We have migrated 35 depots. At the same time we were able to restore our quality to 96.1%, above the statutory level and realise necessary cost savings. Furthermore, our Works Council has given positive advice on the implementation of the adjusted roll out.

Parcels continued strong growth in volumes with an increase of 6.2% like-for-like, and with good progress in the roll out of the new logistical infrastructure. In International, volumes and revenues overall showed solid growth, which resulted in a positive performance for the segment.

On the regulatory side, the Minister of Economic Affairs intends to adjust the statutory requirements for the USO and has proposed to increase the basic rate for letters by €0.06 as of 1 July 2013. The Minister has announced he will present his vision on the postal market in May. Implementation is expected in 2015. Also, on 22 April he submitted a proposal to cancel the Monday delivery.

The coverage ratio of the main pension fund was 104.9%, above the minimum required level, which resulted in the cancellation of the €13 million conditional top-up payment related to the deficit at the end of 2012. We paid the remaining part of the unconditional top-up payment (€64 million) in this quarter.

Based on our results of the first quarter and taking into account the seasonality pattern of the results of PostNL, I reiterate our 2013 outlook for underlying cash operating income in the range between €20 and €60 million.”

Note: underlying figures are at constant currency and exclude one-offs as detailed on page 4; comparative 2012 (segmental) figures have been adjusted to reflect the effect of the adoption of IAS19R as well as the transfer of customer contact services from Mail in the Netherlands to PostNL Other

Review of operations Q1 2013

Reconciliation Q1 2013 in € millions	Reported Q1 2013	One-offs	Foreign exchange	Underlying Q1 2013	Underlying Q1 2012	One-offs	Reported Q1 2012
Mail in NL	538			538	569		569
Parcels	198			198	161		161
International	414		5	419	397		397
PostNL Other	68			68	75		75
Intercompany	(147)			(147)	(135)		(135)
Revenues	1,071	0	5	1,076	1,067	0	1,067
Mail in NL	(15)	57		42	63	1	62
Parcels	24	3		27	24		24
International	6			6	5	1	4
PostNL Other	59	(52)		7	20		20
Operating income	74	8	0	82	112	2	110
Changes in pension liabilities*				(32)	(41)		
Changes in provisions*				(28)	(22)		
Underlying cash operating income				22	49		
As percentage of underlying revenues				*2.0%*	*4.6%*		

* Excluding one-offs

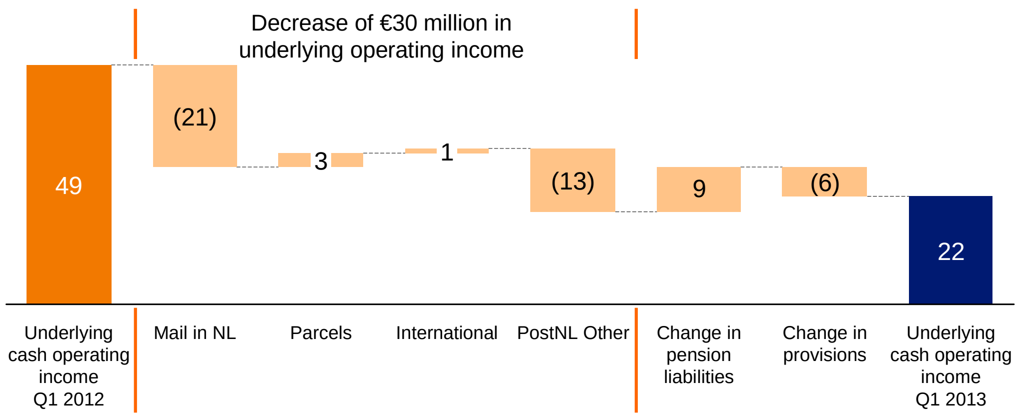
Reported revenues increased year on year by 0.4% to €1,071 million, whilst reported operating income decreased to €74 million.

The foreign exchange effect of €5 million was caused by the decrease in the value of the GBP versus the EUR with a negative effect on reported revenues. Underlying revenues in Q1 2013 were €1,076 million, an increase of 0.8% compared to the prior year. Growth in Parcels and International more than compensated for the declining revenues in Mail in the Netherlands.

The accounting for the top-up payments resulted in a one-off of which €57 million in Mail in the Netherlands, €3 million in Parcels and €(60) million in PostNL Other. Also in PostNL Other, there was a positive €8 million one-off related to restructuring charges.

Underlying operating income decreased to €82 million (Q1 2012: €112 million), which represents an underlying operating margin of 7.6% (Q1 2012: 10.5%). This decrease is explained by the decline in addressed mail volumes partly compensated by positive price/mix changes in Mail in the Netherlands (a net of negative €17 million), higher autonomous costs (€7 million), higher pension expenses (€5 million) and other items (€26 million), more than offsetting cost savings (€12 million), decreased implementation costs (€9 million) and increased contributions from Parcels and International (€4 million).

Underlying cash operating income decreased from €49 million to €22 million. The change in pension liabilities reflects the difference between the higher pension expenses (€5 million) and lower regular pension cash out (€4 million). The change in provisions mainly reflects higher cash out for (voluntary) redundancy agreements and the restructuring of trans-o-flex. The underlying cash operating income of €22 million does not include the €64 million top-up payment.



Net cash used in operating and investing activities was €104 million negative (Q1 2012: net cash used €7 million negative). The change is mainly explained by lower cash operating income, the €64 million top-up payment and higher cash out for working capital of €57 million, partly offset by lower income taxes paid of €26 million. At the end of Q1 2013, net debt was €1,326 million, compared with €1,224 million at the end of 2012.

Progress sustainable delivery 2013 - 2015

Subject		Q1 2013
Price	Enhance sustainable profitability of mail products	▪ 1 January 2013 new stamp prices into effect ▪ Increase average prices business mail ▪ Minister announced intention to approve tariff increase of €0.06 by 1 July 2013
Operations roll out	Centralisation with minimised disruption, to deliver necessary cost savings	▪ Positive advice Works Council on adjusted roll out plan ▪ Voluntary outflow employees on track ▪ 35 depots migrated without significant quality issues
Overheads / M&S	More efficient organisational structure with increased cost savings in all areas	▪ Redesign head office management structure and commercial organisation completed ▪ Implementation organisation started
Pensions / CLA	Towards sustainable pension arrangement, lowering pension cash contribution and risks and sustainable labour costs	▪ Definitive CLA Mail Netherlands ▪ In principle CLA for mail deliverers ▪ Discussions on new pension arrangement with pension fund ongoing

Pensions

By the end of Q1 2013, the coverage ratio of the main pension fund was 104.9%, above the minimum requirement of around 104%. As a result, the conditional invoice for further top-up payments of around €13 million from the main pension fund was cancelled. In Q1 2013, PostNL has paid the remaining unconditional top-up payments of €64 million.

The pension expense in Q1 2013 amounted to €32 million (Q1 2012 restated: €27 million). The cash contributions were €64 million excluding the top-up payment of €64 million (Q1 2012: €68 million). As of 1 January 2013, employees pay own contributions to their pension.

Stake in TNT Express N.V.

The book value of the stake in TNT Express at the end of Q1 2013 amounted to €927 million, €440 million lower than at the end of 2012.

In January 2013, UPS withdrew its offer for TNT Express, which resulted in a significant decline in the share price of TNT Express.

We expect that we will monetise the stake over the medium term to create better value for shareholders, after we have seen stability return to TNT Express.

Based on the changes made in the Relationship Agreement between PostNL and TNT Express, PostNL has recommended Mr Sjoerd Vollebregt for appointment as a member of the TNT Express Supervisory Board. On 10 April 2013, he was appointed by the AGM of TNT Express.

Consolidated equity

Total equity attributable to equity holders of the parent decreased to €(689) million on 30 March 2013. The decrease of €1,758 million can be explained as follows:

1. the negative impact of the adoption of IAS 19R was €1,370 million;
2. the decline of the share price of TNT Express resulted in a value adjustment of the stake in TNT Express of €(440) million;
3. profit for the period excluding TNT Express was €32 million;
4. contribution from 'other comprehensive income' excluding TNT Express was €20 million, mainly related to the update of the pension provision. Under IAS 19R, this provision is updated quarterly for changes in discount rate, long term expected benefit increases and plan assets. Compared to year-end 2012, the discount rate and the long term expected benefit increases remained unchanged. The return on plan assets was higher than assumed, which had a positive influence on equity.

Financial and equity position 2013 - 2016

PostNL is well financed and has access to sufficient financial resources to meet its funding needs. In the period 2013 - 2016 we will gradually improve our equity position.

Consolidated equity of PostNL has become negative as a result of IAS 19R followed by a further negative effect from the cancelled deal between UPS and TNT Express in January 2013. The present negative consolidated equity does not impact the company's operations, the timing of debt reductions, access to the available credit facility or the stock exchange listing.

PostNL's financial and equity position will continue to be vulnerable to changes in interest rates, where an environment of higher interest rates will have a positive effect.

Outlook 2013 reconfirmed

	Revenues		Underlying cash operating income / margin	
in € millions, except where noted	*Restated 2012*	Underlying 2013	*Restated 2012*	2013
Mail in NL	*2,270* [1]	- mid single digit	*0.9%* [1]	-2 to 0% [2]
Parcels	*730*	+ high single digit	*13.7%*	11 to 13%
International	*1,624*	+ mid single digit	*1.7%*	1 to 3%
Total	***4,330***	**stable**	***130***	**20 to 60**
			3.0%	**0 to 2%**

1 Actuals 2012 restated for transfer of customer contact services from Mail in NL to PostNL Other

2 Subject to pension arrangement

Segmental overview

Key figures per segment

in € millions, except where noted	Underlying revenues			Underlying operating income			Underlying cash operating income		
	Q1 2013	Q1 2012	% Change	Q1 2013	Q1 2012	% Change	Q1 2013	Q1 2012	% Change
Mail in NL	538	569	-5.4%	42	63	-33.3%	(1)	22	
Parcels	198	161	23.0%	27	24	12.5%	24	23	4.3%
International	419	397	5.5%	6	5	20.0%	7	5	40.0%
PostNL Other	68	75	-9.3%	7	20		(8)	(1)	
Intercompany	(147)	(135)	-8.9%						
PostNL	1,076	1,067	0.8%	82	112	-26.8%	22	49	-55.1%

Note: underlying figures are at constant currency and exclude one-offs

Mail in the Netherlands

Mail in the Netherlands' addressed mail volumes declined by 9.5% (working day adjusted). The main reason for this decline remains substitution. Underlying revenues declined by 5.4%.

Underlying operating income in Mail in the Netherlands was €42 million (Q1 2012: €63 million). Lower addressed mail volumes partly offset by a positive price/mix effect are the main reason for this decline (together €17 million). Autonomous cost increases (€7 million) had a negative impact and other costs increased by €16 million. Cost savings (€9 million), lower implementation costs (€9 million) and lower pension expenses (€1 million) partly offset this.

Underlying cash operating income decreased to €(1) million (Q1 2012: €22 million), due to lower underlying operating income (€21 million), a positive effect from changes in pension liabilities (€3 million) and a negative effect from changes in provisions (€5 million).

The quality level in Q1 2013 was 96.1%, above the statutory level.

PostNL and the trade unions reached an agreement in principle on a one year collective labour agreement for mail deliverers. The collective labour agreement offers a salary increase to employees that have been working for PostNL for a longer period. The starting salary continues to follow the minimum wage.

Cost savings plans

Cost savings in the quarter were €12 million, of which €9 million was realised in Mail in the Netherlands and €3 million in PostNL Other.

The adjusted roll out plan will focus on a controlled roll out. The starting number of around 260 locations will decline by some 50% by 2015, without changing business processes. The Works Council has given positive advice on the new roll out of the reorganisation. In Q1 2013, 35 depots were migrated.

Regulatory developments

Minister Kamp recently sent to Parliament the proposal to amend the Postal Act 2009 in order to cancel Monday delivery. The Minister had previously sent a proposal to Parliament for a Significant Market Power regime for the Dutch postal market for further decision making.

The Minister has announced the intention to adjust the statutory requirements for the USO and give room to increase the basic rate for letters by €0.06 as of 1 July 2013. He has also announced that he will present his vision on the postal market in May. Implementation is expected in 2015. Based on the intention of the Minister, Post NL has withdrawn its application for net cost compensation in respect of 2011.

Parcels

Parcels continued to improve volumes (+6.2% like for like). Revenues grew strongly by €37 million (+23.0%). External growth was €20 million of which €10 million came from trans-o-flex. Underlying cash operating income increased by €1 million. Operational performance continued to be strong, also thanks to efficiency improvements. The underlying performance, however, was impacted by the restructuring charges for trans-o-flex and other incidentals.

The new logistical infrastructure (NLI) programme is fully up to speed and on track for completion in 2015. Parcels opened new depots in Born (in Q1 2013) and Leeuwarden (April 2013). Until now, nine depots have been opened as part of the NLI, so the 50% milestone has been reached. At the end of Q1 2013, around 45-50% of volumes run through the new NLI network, which delivers cost savings in line with our expectations. The first old sorting centre in Dordrecht has been closed and all processes have been transferred to the new structure. In Q1 2013, capital expenditure for NLI was €16 million.

International

Underlying revenues in € millions	Q1 2013	Q1 2012	% Change
United Kingdom	181	172	5.2%
Germany	142	131	8.4%
Italy	57	52	9.6%
Spring and Other	39	42	-7.1%
International	419	397	5.5%

International underlying revenues increased by 5.5% to €419 million. Underlying cash operating income improved to €7 million (Q1 2012: €5 million), all countries contributing.

Underlying revenues in the **United Kingdom** grew 5.2% to €181 million. Addressed mail volumes as well as packets continued to grow.

E2E volumes are currently running at an average of 600,000 items per week. Progress continues to be made with cost and efficiency improvements. Preparations for the expansion of the pilot into the London SW area have commenced, following the positive evaluation of the pilot early 2013. Ofcom published its final guidance on E2E competition and concluded that there was no need for regulations that restrict E2E.

In **Germany**, revenues amounted to €142 million; the increase of €11 million is driven by new customers as well as more volumes from existing customers. Postcon revenues were not affected by actions from Compador so far. Cost savings were realised according to plan.

In **Italy**, revenues increased by 9.6% to €57 million. Formula Certa's volumes and revenues continued to show strong growth in direct mail as well as in registered mail. The coverage of Formula Certa further increased to 69% of households.

PostNL Other

PostNL Other represents head office entities, including the difference between the recorded IFRS employer pension expense for the pension plans and the actual cash payments received from all segments. Revenues decreased by €7 million to €68 million. Underlying cash operating income was €(8) million (Q1 2012: €(1) million). The difference was mainly explained by lower management fees charged to the other segments, which were only partly offset by cost savings of €3 million in Q1 2013.

Consolidated interim financial statements

General information and description of our business

The interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting'.

PostNL N.V. ('PostNL' or the 'Company') is a public limited liability company with its registered seat and head office in 's-Gravenhage, the Netherlands.

PostNL provides businesses and consumers in the Benelux, Germany, the UK and Italy with an extensive range of services for their mail needs. PostNL's services involve collecting, sorting, transporting and delivering of letters and parcels for the Company's customers within specific timeframes. The Company also provides services in the areas of data and document management, direct marketing and fulfilment.

Following the demerger in 2011, PostNL holds a share of 29.8% in TNT Express N.V. ('TNT Express'). Both PostNL N.V. and TNT Express N.V. are listed on NYSE Euronext in Amsterdam.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.

Basis of preparation

The information is reported on a year-to-date basis ending 30 March 2013. Where material to an understanding of the period starting 1 January 2013 and ending 30 March 2013, further information is disclosed. The interim financial statements were discussed and approved by the Board of Management. The interim financial statements should be read in conjunction with the consolidated 2012 Annual Report of PostNL N.V. as published on 25 February 2013.

Apart from the changes in accounting for Employee Benefits (IAS 19R) and the stake in TNT Express, all other significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2012 Annual Report for the year ended 31 December 2012.

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. The pricing of inter-company transactions is done at arm's length.

Revised IAS 19 'Employee Benefits' standard

In 2011, the IASB issued IAS 19R 'Employee Benefits'. IAS 19R was endorsed by the European Union on 5 June 2012 and is effective as from 1 January 2013. The main changes in IAS 19R are:

- The requirement to recognise all actuarial gains and losses immediately within other comprehensive income, with the cancellation of the amortisation of the unrecognised actuarial gains and losses as a consequence, and
- the interest costs and the expected return on plan assets are replaced by a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

Furthermore, PostNL decided:

- to report the net interest on the net defined benefit liability / asset as 'Interest and similar expenses / income' below operating income, to better reflect the operating expenses related to PostNL's pension plans.

The comparative figures of 2012 have been restated for these changes.

As future actuarial results also have to be recognised immediately and are heavily dependent on interest rate movements, consolidated equity will show fluctuations when actual developments differ from expected developments.

Reclassification of the stake in TNT Express

In January 2013, UPS withdrew its offer for TNT Express. Management expects the stake in TNT Express will be monetised in the medium term to create better value for the shareholders, after stability has returned to TNT Express. Accordingly, the stake in TNT Express no longer met the criteria under IFRS 5 to be classified as asset held for sale and is therefore, as of Q1 2013, accounted for as investments in associates using the equity method.

Under IFRS 5 / IAS 28 the change in the reporting of the stake in TNT Express as investments in associates needs to be applied retrospectively as from the moment it was accounted for as assets held for sale. This was effective per the end of Q1 2012. Consequently, the comparative figures of 2012 have been restated as from the end of Q1 2012.

Summary of restatements

The following table summarises the effect on the consolidated balance sheet and consolidated (comprehensive) income statement of the adoption of IAS 19R and the reclassification of the stake in TNT Express, both for Q1 2012 and for the full year 2012.

in € millions	Reported Q1 2012	IAS19R	Stake in TNT Express	Restated Q1 2012	Reported FY 2012	IAS19R	Stake in TNT Express	Restated FY 2012
Investments in associates	5		1,502	1,507	6		1,367	1,373
Pension assets	1,264	(1,172)		92	1,487	(1,487)		
Deferred tax assets	24			24	23	47		70
Other non-current assets	649			649	708			708
Total non-current assets	1,942	(1,172)	1,502	2,272	2,224	(1,440)	1,367	2,151
Total current assets	1,230			1,230	1,002			1,002
Assets classified as held for sale	1,548		(1,502)	46	1,430		(1,367)	63
Total assets	4,720	(1,172)	0	3,548	4,656	(1,440)	0	3,216
Equity	1,047	(1,083)		(36)	1,080	(1,372)		(292)
Deferred tax liabilities	363	(359)		4	451	(410)		41
Provision for pension liabilities	214	270		484	193	342		535
Other non-current liabilities	1,787			1,787	1,734			1,734
Total non-current liabilites	2,364	(89)		2,275	2,378	(68)		2,310
Total current liabilities	1,309			1,309	1,198			1,198
Total liabilities and equity	4,720	(1,172)	0	3,548	4,656	(1,440)	0	3,216

in € millions	Reported Q1 2012	IAS19R	Stake in TNT Express	Restated Q1 2012	Reported FY 2012	IAS19R	Stake in TNT Express	Restated FY 2012
Total revenues	1,067			1,067	4,330			4,330
Other income	9			9	32		(1)	31
Salaries, pensions and social security contributions	(334)	(11)		(345)	(1,293)	(30)		(1,323)
Depreciation, amortisation and impairments	(24)			(24)	(250)		135	(115)
Other operating expenses	(597)			(597)	(2,528)			(2,528)
Total operating expenses	(955)	(11)		(966)	(4,071)	(30)	135	(3,966)
Operating income	121	(11)		110	291	(30)	134	395
Net financial expenses	(26)	1		(25)	(104)	5		(99)
Results from investments in associates	1			1	1		(14)	(13)
Reversal of/(Impairment) of invest. in associates	570			570	570		(122)	448
Profit/(loss) before income taxes	666	(10)		656	758	(25)	(2)	731
Income taxes	(25)	2		(23)	(80)	6		(74)
Profit for the period	641	(8)		633	678	(19)	(2)	657
Earnings per (diluted) ordinary share (in € cents) 1	163.4			143.9	153.9			149.3
Actuarial gains/(losses) pensions, net of tax		(382)		(382)		(661)		(661)
Share other comprehensive income associates	(5)			(5)	(5)		2	(3)
Other comprehensive income for the period	(3)			(3)				
Total comprehensive income for the period	633	(390)		243	673	(680)	0	(7)

1 Based on an average of 439,973,297 of outstanding ordinary shares (2012 retrospectively restated for stock dividend).

The full year 2012 impact of IAS 19R on the reported comprehensive income of €(661) million net of taxes (Q1 2012: €(382) million net of taxes) is mainly due to a decreased discount rate from 4.8% per year-end 2011 to 3.7% per year-end 2012 (4.1% per Q1 2012), partly offset by a higher than assumed return on plan assets.

As the Company is required to apply IAS 19R retrospectively, the adoption also affects the opening balance sheet equity of the comparative year. The equivalent effect of the adoption as per 1 January 2012 on equity amounts to €(693) million net of taxes.

Segment information

PostNL operates its businesses through the reportable segments Mail in the Netherlands, Parcels, International and PostNL Other.

The following table presents the segment information relating to the income statement and total assets of the reportable segments for the first three months of 2013 and 2012.

in € millions Q1 2013 ended at 30 March 2013	Mail in NL	Parcels	International	PostNL Other	Inter-company	Total
Net sales	505	151	405	7		1,068
Inter-company sales	32	45	9	61	(147)	
Other operating revenues	1	2				3
Total operating revenues	538	198	414	68	(147)	1,071
Other income	2					2
Depreciation/impairment property, plant and equipment	(10)	(3)	(2)	(6)		(21)
Amortisation/impairment intangibles	(4)	(1)	(1)	(1)		(7)
Total operating income	(15)	24	6	59		74
Total assets at 30 March 2013	661	218	474	1,332		2,685
Q1 2012 ended at 31 March 2012 (restated)						
Net sales	536	132	387	9		1,064
Inter-company sales	32	28	10	65	(135)	
Other operating revenues	1	1		1		3
Total operating revenues	569	161	397	75	(135)	1,067
Other income	9					9
Depreciation/impairment property, plant and equipment	(10)	(1)	(2)	(5)		(18)
Amortisation/impairment intangibles	(3)	(1)	(1)	(1)		(6)
Total operating income	62	24	4	20		110
Total assets at 31 December 2012	696	212	443	1,865		3,216

The comparative figures over 2012 have been restated for the adoption of IAS 19R, the reclassification of the stake in TNT Express as investments in associates and the transfer of customer contact services from Mail in the Netherlands to assets held for sale within PostNL Other.

As at 30 March 2013 the total assets within PostNL Other mainly included the stake in TNT Express for an amount of €927 million (31 December 2012: €1,367 million) and cash. Total operating income of PostNL Other does not include the results from investments in associates as these are presented below operating income.

Consolidated statement of financial position in € millions	note	30 March 2013	Restated 31 December 2012
ASSETS			
Non-current assets			
Intangible assets			
Goodwill		111	111
Other intangible assets		54	57
Total	(1)	165	168
Property, plant and equipment			
Land and buildings		297	303
Plant and equipment		141	140
Other		41	42
Construction in progress		59	51
Total	(2)	538	536
Financial fixed assets			
Investments in associates	(3)	933	1,373
Other loans receivable		4	4
Deferred tax assets		47	70
Other financial fixed assets		1	
Total		985	1,447
Pension assets	(4)	22	
Total non-current assets		1,710	2,151
Current assets			
Inventory		9	9
Trade accounts receivable		441	432
Accounts receivable		26	50
Income tax receivable		4	4
Prepayments and accrued income		150	116
Cash and cash equivalents	(6)	285	391
Total current assets		915	1,002
Assets classified as held for sale		60	63
Total assets		2,685	3,216
LIABILITIES AND EQUITY			
Equity			
Equity attributable to the equity holders of the parent		(689)	(301)
Non-controlling interests		9	9
Total	(5)	(680)	(292)
Non-current liabilities			
Deferred tax liabilities		40	41
Provisions for pension liabilities	(4)	444	535
Other provisions	(7)	111	117
Long-term debt	(6)	1,606	1,615
Accrued liabilities		1	2
Total		2,202	2,310
Current liabilities			
Trade accounts payable		230	233
Other provisions	(7)	87	91
Other current liabilities		226	240
Income tax payable		16	28
Accrued current liabilities		594	595
Total		1,153	1,187
Liabilities related to assets classified as held for sale		10	11
Total liabilities and equity		2,685	3,216

Consolidated income statement			Restated
in € millions	note	Q1 2013	Q1 2012
Net sales		1,068	1,064
Other operating revenues		3	3
Total revenues		1,071	1,067
Other income		2	9
Cost of materials		(45)	(46)
Work contracted out and other external expenses		(531)	(500)
Salaries, pensions and social security contributions		(350)	(345)
Depreciation, amortisation and impairments		(28)	(24)
Other operating expenses		(45)	(51)
Total operating expenses		(999)	(966)
Operating income		74	110
Interest and similar income		1	8
Interest and similar expenses		(32)	(33)
Net financial expenses		(31)	(25)
Results from investments in associates	(3)	39	1
Reversal of/(Impairment) of investments in associates	(3)	(481)	570
Profit/(loss) before income taxes		(399)	656
Income taxes	(8)	(11)	(23)
Profit for the period		(410)	633
Attributable to:			
Non-controlling interests			
Equity holders of the parent		(410)	633
Earnings per (diluted) ordinary share (in € cents) [1]		(93.2)	143.9

1 Based on an average of 439,973,297 of outstanding ordinary shares (2012 retrospectively restated for stock dividend).

Consolidated statement of comprehensive income			Restated
in € millions		Q1 2013	Q1 2012
Profit for the period		(410)	633
Gains/(losses) on cashflow hedges, net of tax		4	(3)
Currency translation adjustment, net of tax		(1)	
Actuarial gains/(losses) pensions, net of tax	(4)	17	(382)
Share other comprehensive income associates	(3)	2	(5)
Total other comprehensive income for the period		22	(390)
Total comprehensive income for the period		(388)	243
Attributable to:			
Non-controlling interests			
Equity holders of the parent		(388)	243

The profit for the period related to the stake in TNT Express is reported as results from / impairment of investments in associates. In Q1 2013, profit for the period excluding the results from the stake in TNT Express was €32 million (Q1 2012 restated: €62 million).

Consolidated statement of cash flows in € millions	note	Q1 2013	Restated Q1 2012
Profit/(loss) before income taxes		(399)	656
Adjustments for:			
Depreciation, amortisation and impairments		28	24
(Profit)/loss on assets held for sale		(2)	(9)
Interest and similar income		(1)	(8)
Interest and similar expenses		32	33
(Reversal of) impairments and results of investments in associates		442	(571)
Investment income		471	(555)
Pension liabilities		(96)	(41)
Other provisions		(10)	(22)
Changes in provisions		(106)	(63)
Inventory		1	(1)
Trade accounts receivable		(11)	21
Other accounts receivable		22	(4)
Other current assets		(34)	(41)
Trade accounts payable		(6)	(15)
Other current liabilities excluding short-term financing and taxes		(38)	31
Changes in working capital		(66)	(9)
Cash generated from operations		(72)	53
Interest paid		(1)	(3)
Income taxes paid	(8)	(7)	(33)
Net cash (used in)/from operating activities	(9)	(80)	17
Interest received		1	7
Capital expenditure on intangible assets		(4)	(6)
Capital expenditure on property, plant and equipment		(25)	(41)
Proceeds from sale of property, plant and equipment		4	16
Net cash (used in)/from investing activities	(9)	(24)	(24)
Proceeds from short term borrowings			11
Repayments of short term borrowings		(1)	(59)
Net cash (used in)/from financing activities	(9)	(1)	(48)
Total change in cash		**(105)**	(55)
Cash at the beginning of the period		391	668
Exchange rate differences		(1)	
Total change in cash		(105)	(55)
Cash at the end of the period		285	613

Consolidated statement of changes in equity in € millions	Issued share capital	Additional paid in capital	Translation reserve	Hedge reserve	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2011	31	151	8	(12)	(1,478)	1,700	400	14	414
Effect of adoption IAS19R					(690)		(690)	(3)	(693)
Balance at 1 January 2012	31	151	8	(12)	(2,168)	1,700	(290)	11	(279)
Total comprehensive income				(3)	(387)	633	243		243
Total direct changes in equity							0		0
Balance at 31 March 2012	31	151	8	(15)	(2,555)	2,333	(47)	11	(36)
Balance at 31 December 2012	35	147	9	(13)	(1,744)	1,265	(301)	9	(292)
Total comprehensive income			(1)	4	19	(410)	(388)		(388)
Total direct changes in equity							0		0
Balance at 30 March 2013	35	147	8	(9)	(1,725)	855	(689)	9	(680)

Notes to the consolidated interim financial statements

1. Intangible assets

in € millions	Q1 2013	Restated Q1 2012
Balance at 1 January	168	176
Additions	4	6
Amortisation	(7)	(6)
Exchange rate differences	(1)	
Other	1	(1)
Balance at end of period	165	175

At Q1 2013, the intangible assets of €165 million consist of goodwill for an amount of €111 million and other intangible assets for an amount of €54 million. Goodwill resulted from acquisitions in the past in the segments Mail in the Netherlands (€57 million), International (€51 million) and Parcels (€3 million).

The additions to the intangible assets of €4 million concern additions to software including prepayments for software.

2. Property, plant and equipment

in € millions	Q1 2013	Restated Q1 2012
Balance at 1 January	536	451
Capital expenditures	25	41
Disposals	(1)	(2)
Depreciation	(21)	(18)
Exchange rate differences	(1)	
Balance at end of period	538	472

Capital expenditures of €25 million mainly relate to the new logistical infrastructure of Parcels for €16 million and for €3 million relating to Master plan related projects.

3. Investments in associates

The following table presents the changes of the carrying value of the stake in TNT Express.

in € millions	Q1 2013	Restated Q1 2012
Balance at 1 January	1,367	936
Share in net result	43	5
Purchase price adjustments*	(4)	(4)
Share in direct equity movements	2	(5)
Reversal of / (Impairment)	(481)	570
Balance at end of period	927	1,502

* The purchase price adjustments may include the reversal of fair value adjustments included in the net result of TNT Express and additional net depreciation and amortisation charges following the fair value adjustments identified at first recognition.

The share in the net result and direct equity movements of TNT Express are based on the Q1 2013 report of TNT Express, as published on 29 April 2013. The purchase price adjustments of €4 million include the net amortisation charge of the identified intangibles.

As a result of the withdrawal of the offer of UPS, the share price of TNT Express decreased from €8.43 per 31 December 2012 to €5.72 as per 28 March 2013 resulting in an impairment charge of €481 million decreasing the value of the stake in TNT Express to its market value of €927 million. The fair (market) value has been determined by multiplying the closing share price at period end of €5.72 by the total number of issued ordinary shares held by PostNL of 162,130,035.

The following table presents summarised financial information of TNT Express, as reported by TNT Express in its Q1 2013 report, published on 29 April 2013.

Condensed information TNT Express N.V.		
Balances at end of period/Results and cashflows over the period	30 Mar 2013	31 Dec 2012*
Non-current assets	2,471	2,565
Current assets	2,191	1,902
Equity	2,769	2,617
Non-current liabilities	412	455
Current liabilities	1,481	1,395
	Q1 2013	Q1 2012*
Net sales	1,666	1,744
Operating income	231	54
Profit/(loss) attributable to the shareholders	144	15
Net cash from operating activities	167	19
Net cash used in investing activities	(28)	(11)
Net cash used in financing activities	(16)	(29)
Changes in cash and cash equivalents	123	(21)

* Restated for IAS19R.

At Q1 2013, other investments in associates amounted to €6 million. These investments relate mainly to minority shareholdings within the segment Mail in the Netherlands and in Germany within the segment International.

4. Pensions

The pension assets and pension liabilities of the various defined benefit pension schemes are presented separately on the balance sheet. In Q1 2013, the pension assets increased by €22 million and the provisions for pension liabilities decreased by €91 million. The net movement of €113 million is the result of:

- operating expenses of €31 million (Q1 2012: €26 million),
- interest expenses of €6 million (Q1 2012: interest income of €1 million),
- contributions paid to the pension funds and early retirement payments for a total amount of €127 million (Q1 2012: €67 million), including the payment of unconditional top up invoices for €64 million (Q1 2012: €0 million), and
- actuarial gains of €23 million (Q1 2012: actuarial losses of €509 million), with a net impact on equity of €17 million (Q1 2012: €(382) million).

Under IAS 19R, the pension provision is updated quarterly for changes in discount rate, long term expected benefit increases and actual plan assets return. Compared to year-end 2012, the IAS 19 discount rate and the long term expected benefit increases per the end of Q1 2013 remained unchanged, which made total plan liabilities in line with expectations. Total plan assets return was higher than assumed, which positively influenced the net pension position in Q1 2013 by €23 million.

During Q1 2013, the coverage ratio of PostNL's main pension fund increased to 104.9% from 102.5% as per 31 December 2012. Since the coverage ratio at the end of Q1 2013 was above the minimum funding requirement, PostNL was not obliged to pay the conditional top up invoice of around €13 million. All unconditional top up invoices have now been paid.

The expenses for defined contribution plans in Q1 2013 were €1 million (Q1 2012: €1 million).

5. Equity

As a result of the adoption of IAS 19R, consolidated equity attributable to the equity holders of the parent has been restated from €1,069 million to €(301) million per 31 December 2012. During Q1 2013, consolidated equity further decreased to €(689) million on 30 March 2013. The decrease of €388 million in Q1 2013 is mainly explained by the value adjustment of the stake in TNT Express for an amount of €440 million.

Corporate equity

As a result of the adoption of IAS 19R, total corporate shareholders' equity has been restated by €1,169 million from €2,306 million to €1,137 million per 31 December 2012. During Q1 2013, corporate equity increased to €1,205 million on 30 March 2013. Distributable corporate equity amounted to €(379) million on 30 March 2013.

We refer to the 2012 Annual Report of PostNL N.V. as published on 25 February 2013 for detailed information on the main differences between consolidated and corporate equity resulting from the changed accounting framework in the corporate financial statements of PostNL N.V.

in millions	30 Mar 2013	31 Dec 2012	Restated 31 Mar 2012
Number of issued and outstanding shares	440.0	440.0	392.3
of which held by the company			0.1
Year-to-date average number of (diluted) shares	440.0	440.0	440.0

6. Net debt

in € millions	30 Mar 2013	Restated 31 Dec 2012
Short term debt	8	3
Long term debt	1,606	1,615
Total interest bearing debt	1,614	1,618
Long term interest bearing assets	(3)	(3)
Cash and other interest bearing assets	(285)	(391)
Net debt	1,326	1,224

The net debt position as at 30 March 2013 increased by €102 million compared to 31 December 2012 mainly due to net cash generated from operations of €(80) million and net cash used in investing activities of €(24) million.

7. Provisions

The provisions consist of long term and short term provisions for restructuring, claims and indemnities and other employee benefits. In Q1 2013, the balance of the long term and short term provisions decreased by €10 million, from €208 million to €198 million.

in € millions	Q1 2013	Restated Q1 2012
Balance at 1 January	208	333
Additions	9	2
Withdrawals	(18)	(24)
Releases	(1)	
Interest/other		1
Balance at end of period	198	312

The additions of €9 million in Q1 2013 related for €7 million to the cost savings programme for the restructuring of head office departments.

The withdrawals of €18 million in Q1 2013 related mainly to settlement agreements following the execution of the cost savings initiatives, including those within the joint venture 'Postkantoren' (€15 million in total).

8. Taxes

Effective Tax Rate	Q1 2013	Restated Q1 2012
Dutch statutory tax rate	25.0%	25.0%
Other statutory tax rates	1.1%	0.7%
Weighted average statutory tax rate	26.1%	25.7%
Non and partly deductible costs	1.9%	0.6%
Exempt income		-0.1%
Other	-2.4%	0.9%
Effective tax rate - before impact stake TNT Express	25.6%	27.1%
Impact stake TNT Express	-28.4%	-23.6%
Effective tax rate - reported	-2.8%	3.5%

The tax expense in PostNL's statement of income in the first quarter of 2013 amounted to €11 million (Q1 2012: €23 million), or -2.8% (Q1 2012: 3.5%) of the profit/(loss) before tax of €(399) million (Q1 2012: €656 million).

The profit before tax in Q1 2013, excluding the impact of the stake in TNT Express of €(442) million predominantly covering the impairment of the stake in TNT Express, would have been €43 million (Q1 2012: €85 million), with a corresponding effective tax rate of 25.6% (Q1 2012: 27.1%). Results of the stake in TNT Express are non taxable and impacted the effective tax rate of Q1 2013 by -28.4% (Q1 2012: -23.6%).

The effective tax rate before the impact of the stake in TNT Express over Q1 2013 was 1.5% lower compared to Q1 2012. This reduction was mainly caused by the positive balance of a relatively substantial one-off benefit regarding prior years.

The income taxes paid in the Q1 2013 amounted to €7 million (Q1 2012: €33 million). The lower amount of income taxes paid mainly related to lower corporate income taxes paid in the Netherlands regarding the current year.

9. Cash flow statement

The net cash from operating activities decreased by €97 million to €(80) million in Q1 2013 from €17 million in Q1 2012. Cash generated from operations decreased from €53 million in Q1 2012 to €(72) million in Q1 2013 and was only partly offset by a decrease in taxes paid from €33 million in Q1 2012 to €7 million in Q1 2013. The decrease in cash generated from operations of €125 million was mainly due to pension top up payments (€64 million), higher cash out from working capital (€57 million) and lower profits.

The net cash used in investing activities of €(24) million in Q1 2013 was equal to Q1 2012. Lower capital expenditures of €18 million, mainly related to the execution of the cost savings initiatives, was offset by lower proceeds from the sale of property, plant and equipment of €(12) million and lower interest received of €(6) million.

The net cash used in financing activities decreased from €(48) million in Q1 2012 to €(1) million in Q1 2013. In Q1 2012, the cash outflow of €48 million related to the repayment of a German private placement of €30 million and changes in bank overdrafts of €18 million.

10. Labour force

Headcount	30 Mar 2013	31 Dec 2012
Mail in NL	48,890	54,474
Parcels	3,342	3,510
International	6,406	6,274
PostNL Other	2,140	2,153
Total	60,778	66,411

The number of employees working at PostNL at 30 March 2013 was 60,778, which is a decrease of 5,633 employees compared to 31 December 2012. This decrease is mainly the result of extra temporary employees that were hired in December 2012 within Mail in the Netherlands to handle Christmas mail and outflow relating to cost savings initiatives.

Average FTE's	Q1 2013	Q1 2012
Mail in NL	21,155	23,422
Parcels	2,905	2,469
International	5,415	5,107
PostNL Other	1,872	1,831
Total	31,347	32,829

The average number of full time equivalents (FTE) working at PostNL during the first three months of 2013 was 31,347, which is a decrease of 1,482 FTE compared to the same period last year. Reductions within operations in the Netherlands were partly offset by an increase in Parcels (mainly as a result of the acquisition of trans-o-flex in 2012) and in International.

11. Related parties

As at 30 March 2013, the year to date purchases of PostNL from joint ventures amounted to €3 million (Q1 2012: €7 million). During Q1 2013 no sales were made by PostNL companies to its joint ventures. The net amounts due to the joint venture entities in Q1 2013 amounted to €3 million (Q1 2012: €27 million).

As at 30 March 2013, no material amounts were payable by PostNL to associated companies. In Q1 2013, the value of the transactions with TNT Express was not material and related to business activities.

As at 30 March 2013, no events have occurred that triggered disclosure of a significant contingent asset or liability under IAS 34 following the agreement with TNT Express.

12. Subsequent events

On 15 April 2013, PostNL announced the agreement in principle reached with the trade unions on a one year collective labour agreement for mail deliverers.

On 16 April 2013, PostNL N.V.'s Annual General Meeting of Shareholders (AGM) adopted the 2012 financial statements and determined the dividend over 2012 at €0.181 per ordinary share, which has been paid as an interim dividend in shares in August 2012. No final dividend will be paid out.

Other

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
2013	63	61	65	65	254

Press releases since the fourth quarter 2012 results

Date	Subject
1 March 2013	PostNL publishes agenda AGM 2013
27 March 2013	PostNL offers 1,700 jobs for people distant from the labour market
27 March 2013	Intention to adjust Universal Service Obligation
15 April 2013	PostNL and trade unions reach agreement in principle for CLA mail deliverers
16 April 2013	Resolutions Annual General Meeting of Shareholders

Calendar

Date	Event
5 August 2013	Publication of Q2 & HY 2013 results
4 November 2013	Publication of Q3 2013 results
24 February 2014	Publication of Q4 & FY 2013 results
6 May 2014	Publication of Q1 2014 results
4 August 2014	Publication of Q2 & HY 2014 results
3 November 2014	Publication of Q3 2014 results

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Webcast and conference call

On 7 May 2013, at 09.30 CET, PostNL will host a press conference call (in Dutch). The press conference call can be followed live via a webcast on www.postnl.com.

On 7 May 2013, at 14.00 CET, the presentation for analysts and investors will start. The presentation can be followed live via a webcast on www.postnl.com.

Additional information

Additional information available at www.postnl.com

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 laws.