Q3 2013 Results

Press release

4 November 2013

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- Underlying revenue of €1,020 million (Q3 2012: €1,022 million)
- Underlying operating income of €60 million (Q3 2012: €49 million)
- Underlying cash operating income of €16 million (Q3 2012: €4 million)
- Net cash from operating and investing activities of €79 million (Q3 2012: €(96) million)

Operational highlights Q3

- Addressed mail volume Mail in the Netherlands declined by 12.2% like for like
- Delivery quality increased to 96.6% (Q2 2013: 96.3%)
- Parcels volumes grew by 8%
- Positive contribution of International

Outlook 2013

- Underlying cash operating income guidance increased to between €130 million and €160 million (previously €50 million - €90 million)
- Cost savings guidance increased to between €90 million and €110 million (previously €60 million - €80 million)
- Continued focus on execution of reorganisation; savings coming in early

Key figures Q3 & YTD 2013

in € millions	Q3 2013	Q3 2012	% Change	YTD 2013	YTD 2012	% Change
Revenue	1,005	1,022	*-2%*	3,101	3,129	*-1%*
Operating income	36	41	*-12%*	146	221	*-34%*
Operating margin	3.6%	4.0%		4.7%	7.1%	
Underlying revenue	1,020	1,022	*0%*	3,131	3,129	*0%*
Underlying operating income	60	49	*22%*	214	246	*-13%*
Underlying operating margin	5.9%	4.8%		6.8%	7.9%	
Underlying cash operating income	16	4		60	63	*-5%*
Underlying cash operating margin	1.6%	0.4%		1.9%	2.0%	
Profit for the period	218	(165)		(189)	490	
Profit for the period (excluding TNT Express)	2	12	*-83%*	39	112	*-65%*
Net cash from/(used in) operating and investing activities	79	(96)		(58)	(216)	

CEO statement

Herna Verhagen, CEO of PostNL, states: "We reported a solid quarter, with Mail in the Netherlands in particular contributing to the strong financial results. Cost savings and also price increases impacted the results positively.

The reorganisation of Mail in the Netherlands is gaining pace. Cost savings are being realised ahead of schedule and are compensating for the addressed mail volume decline.

Parcels continued its good volume and revenue growth. In International, volumes and revenues grew and the segment contributed positively to PostNL's results.

Based on these results and to a large extent the speed of the realisation of cost savings, we now expect underlying cash operating income in 2013 of between €130 million and €160 million.

There are still a number of steps we need to take in order to achieve our 2015 outlook. With the progress made this year on business performance, pricing, the extension of the social plan and the collective labour and pension agreements we remain on track to deliver our underlying cash operating income target."

Note: underlying figures are at constant currency and exclude one-offs as detailed on page 4; comparative 2012 (segmental) figures have been restated 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.

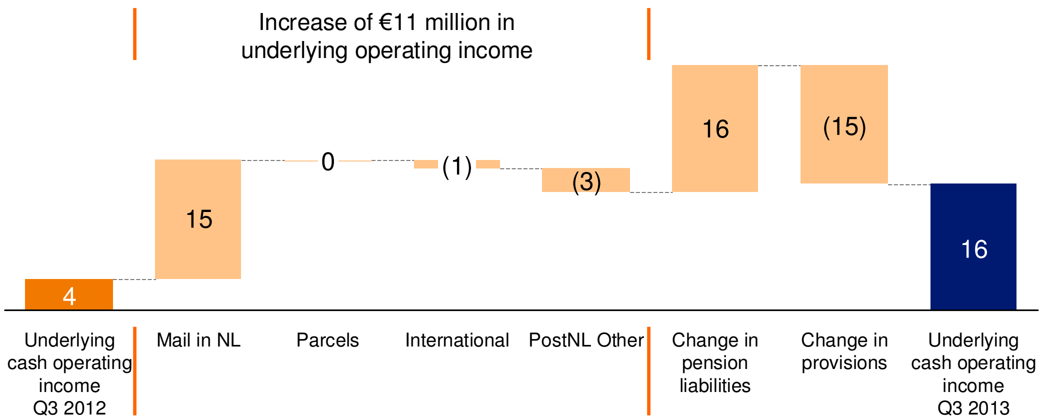
Review of operations Q3

Reconciliation Q3 2013 in € millions	Reported Q3 2013	One-offs	Foreign exchange	Underlying Q3 2013	Underlying Q3 2012	One-offs	Reported Q3 2012
Mail in NL	488			488	506		506
Parcels	192			192	183		183
International	400		15	415	408		408
PostNL Other	64			64	70		70
Intercompany	(139)			(139)	(145)		(145)
Revenue	1,005		15	1,020	1,022		1,022
Mail in NL	7	18		25	10	(1)	11
Parcels	21			21	21		21
International	0	6		6	7		7
PostNL Other	8			8	11	9	2
Operating income	36	24	0	60	49	8	41
Changes in pension liabilities*				(24)	(40)		
Changes in provisions*				(20)	(5)		
Underlying cash operating income				16	4		
As percentage of underlying revenue				*1.6%*	*0.4%*		

* Excluding one-offs

Reported revenue decreased 2% year on year to €1,005 million, whilst reported operating income decreased 12% to €36 million. Based on constant currencies the underlying revenue was €1,020 million, which is in line with the prior year. The foreign exchange effect of €15 million was caused by the decrease in the value of the GBP versus the EUR. Growth in Parcels and International largely compensated the declining revenue in Mail in the Netherlands.

The one-offs of €24 million in Q3 2013 consist of €18 million in Mail in the Netherlands (all restructuring related) and €6 million in International (€4 million restructuring related and €2 million rebranding/other one-off costs). The one-offs of €8 million in Q3 2012 related to €3 million for rebranding and €5 million for restructuring related charges.



Underlying operating income increased by €11 million from €49 million to €60 million. This increase is due to cost savings (€35 million), lower implementation costs (€2 million) and other items (€1 million), more than offsetting the negative volume/price/mix effect in Mail in the Netherlands (€11 million), higher autonomous costs (€8 million), lower contribution from International (€1 million) and higher pension expenses (€7 million).

The €16 million change in pension liabilities reflects the difference between the higher pension expenses (€7 million) and lower pension cash out (€9 million). The €15 million change in provisions mainly reflects higher cash out for (voluntary) redundancies.

Underlying cash operating income for the quarter was €16 million, an increase of €12 million compared to the same quarter in the prior year.

Net cash from operating and investing activities was €79 million, an increase of €175 million compared to the prior year. The improvement is mainly explained by phasing and timing effects both in tax (€55 million) and working capital (€44 million), lower capex (€19 million) and higher operational results.

At the end of Q3, net debt was €1,293 million, which compares to €1,373 million at the end of Q2 2013.

Progress Q3 sustainable delivery 2013 – 2015

PostNL's 2015 outlook for underlying cash operating income is €300 - 370 million.

Subject		Q3 2013
Operations Mail in NL	Centralisation with high quality	▪ 12 depots migrated while improving quality to 96.6% (YTD: 91 depots) ▪ Implementation new production overhead organisation started
Pensions / CLA	Towards sustainable labour costs and lower risk pensions	▪ Agreement in principle on pension arrangement resulting in lower pension cash contribution and limitation of top-up payments
Price	Enhance sustainable profitability of mail products	▪ Base price stamps increased as of 1 August 2013 ▪ December stamp and 1 January 2014 price increases announced ▪ Tariff changes have been reviewed by ACM
Regulatory developments	Underpinning cost savings and price increases	▪ Cancellation Monday delivery and Sunday collection as of 1 January 2014, expected to be approved by the Senate in Q4

Pensions

At the end of Q3 2013, the coverage ratio of the main pension fund was 105.8%. The €46 million conditional top-up payment invoice was cancelled.

As part of the pension agreement in principle as announced on 21 October 2013:

1. The unlimited PostNL top-up payment obligation for deficits in the pension fund will be limited in two phases. During the period of 2014 up to and including 2018, an annual maximum of 1.25% of the pension obligation of the pension fund applies, supplemented with a conditional budget of a maximum of €300 million, to be used to prevent cut-backs in that period. Starting in 2019, only the annual maximum of 1.25% of the pension obligation will apply. In determining the top-up payment obligation, the resilience of the pension fund will be taken into account in the future;
2. PostNL will supplete any coverage deficit by the end of 2013, for that part for which PostNL is responsible. PostNL is to supplement the amount required until the amount reaches €150 million in order to compensate for the implementation of the limitation of the top-up payment obligation;
3. Any unconditional commitment, the €150 million mentioned above and other possible commitments required from the conditional budget of €300 million, are payable from the moment PostNL pays out dividend, but at the latest ten years after the moment the amounts have become unconditional, in all cases with a payment term of five years as from that date;
4. The new pension arrangement will result in lower pension cash contributions in 2014.

The new pension arrangement is subject to approval by the trade unions' members and is intended to be effective as of 1 January 2014.

The pension expense in Q3 2013 amounted to €34 million (Q3 2012: €27 million). The total cash contributions were €58 million (Q3 2012: €67 million). As of 1 January 2013, employees started to contribute to their pensions.

Stake in TNT Express N.V.

The book value of the stake at the end of Q3 2013 amounted to €1,110 million, €207 million more than at the end of Q2 2013. The increase is the result of a reversed impairment of €218 million, PostNL's share in the net result of TNT Express (€2 million), purchase price adjustments (€(4) million), PostNL's share in direct equity movements of TNT Express (€(6) million) and the received dividend (€(3) million).

Consolidated equity

Total equity attributable to equity holders of the parent increased to €(670) million on 28 September 2013 from €(907) million as per 29 June 2013. This improvement is mainly due to the fair value adjustment of the stake in TNT Express N.V. Actuarial gains relating to pensions were €19 million, as return on plan assets were higher than assumed. Net profit excluding TNT Express was €2 million.

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 expect to gradually 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.

PostNL's financial and equity position will continue to be vulnerable to changes in interest rates which will impact the pension position. An environment of higher interest rates will have a positive effect on the financial and equity position.

Summary outlook 2013

Further to our announcement of our expectation to exceed the outlook range of between €50 million and €90 million, we now quantify the 2013 outlook for underlying cash operating income to be between €130 million and €160 million. The main reasons to increase the outlook are cost savings coming in ahead of schedule, improved operational results, the tariff increase of the December stamp and lower restructuring cash out (partly phasing to 2014).

Updated guidance 2013	Underlying revenue		Underlying cash operating income / margin		
in € millions	*2012*	2013	*2012*	2013	*2013 previously*
Mail in NL	*2,270* [1]	- mid single digit	*0.9%* [1]	1 to 3%	*-1 to 1%*
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***	**130 to 160**	***50 to 90***

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

Other updated indicators			
in € millions	*2012*	2013	*2013 previously*
Cost savings	*39*	90 to 110	*60 to 80*
Related cash out from provisions	*72*	80 to 100	*100 to 120*
Capex	*204*	~130	*~150*

Segmental overview

Key figures by segment

in € millions	Underlying revenue Q3 2013	Underlying revenue Q3 2012	Underlying revenue % Change	Underlying operating income Q3 2013	Underlying operating income Q3 2012	Underlying operating income % Change	Underlying cash operating income Q3 2013	Underlying cash operating income Q3 2012	Underlying cash operating income % Change
Mail in NL	488	506	-4%	25	10		(2)	(17)	88%
Parcels	192	183	5%	21	21		20	20	
International	415	408	2%	6	7	-14%	6	7	-14%
PostNL Other	64	70	-9%	8	11	-27%	(8)	(6)	-33%
Intercompany	(139)	(145)							
PostNL	1,020	1,022		60	49	22%	16	4	

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

in € millions	Underlying revenue YTD 2013	Underlying revenue YTD 2012	Underlying revenue % Change	Underlying operating income YTD 2013	Underlying operating income YTD 2012	Underlying operating income % Change	Underlying cash operating income YTD 2013	Underlying cash operating income YTD 2012	Underlying cash operating income % Change
Mail in NL	1,533	1,621	-5%	101	103	-2%	(2)	(19)	90%
Parcels	584	522	12%	69	81	-15%	64	78	-18%
International	1,247	1,194	4%	17	17		18	17	6%
PostNL Other	196	219	-11%	27	45	-40%	(20)	(13)	-54%
Intercompany	(429)	(427)							
PostNL	3,131	3,129		214	246	-13%	60	63	-5%

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

Mail in the Netherlands

Mail in the Netherlands' addressed mail volumes declined by 12.2% in Q3 (13.5% including election in 2012). The main reason for this decline remains substitution. Underlying revenue declined by 4%, helped by a positive price effect on addressed mail (including the contribution of the tariff increase per 1 August 2013) and revenue mix.

Underlying operating income in Mail in the Netherlands increased €15 million to €25 million. Cost savings of €30 million, lower implementation costs (€2 million) and other items (€2 million) more than offset the negative volume/price/mix effect in addressed mail (€11 million). Autonomous cost increases had a negative impact of €8 million.

Underlying cash operating income increased by €15 million to €(2) million, due to higher underlying operating income (€15 million), lower changes in pension liabilities (€10 million) and higher cash out from provisions (€10 million).

Parcels

Parcels continued to show strong volume growth (+8%). Revenues grew 5% explained by volume growth and a change in customer/product mix, resulting in a lower average price per parcel. Underlying cash operating income was flat at €20 million, however when adjusted for the effect of Pharma & Care (previously trans-o-flex) in 2012, the operational performance improved by €3 million.

The New Logistics Infrastructure (NLI) programme is fully up to speed and on track for completion in 2015. Parcels opened new depots in Den Haag and Haarlem. As per the end of Q3, 12 depots have become operational as part of the NLI. Currently, around 65%-70% of volumes are running through the new NLI network, which delivers cost savings in line with our expectations. In Q3, capital expenditures for NLI were €10 million.

International

Underlying revenue in € millions	Q3 2013	Q3 2012	% Change	YTD 2013	YTD 2012	% Change
United Kingdom	193	196	-2%	564	547	3%
Germany	133	123	8%	407	377	8%
Italy	53	49	8%	165	150	10%
Spring and Other	36	40	-10%	111	120	-8%
International	415	408	2%	1,247	1,194	4%

International underlying revenues increased by 2% to €415 million. Underlying cash operating income was €6 million compared to €7 million in Q3 2012. When excluding the effect from the start-up losses for the roll out of the E2E in the UK, the result is in line with last year.

In the **United Kingdom**, revenues amounted to €193 million while volumes increased by 3%. Due to the change in product mix, revenues decreased however the margin increased.

E2E volumes reached a level of 1.2 million items per week and progress was made with further costs and efficiency improvements. The process to find a co-investor is progressing. Preparations for E2E services in Manchester have started.

In **Germany**, revenues grew to €133 million (+8%) driven by good volumes, both from new and existing clients. Cost savings were realised according to plan. Germany is still on track for break-even in 2013, driven by further revenue growth.

In **Italy**, revenues increased to €53 million (+8%). Formula Certa's volumes and revenues continued to show strong growth. The coverage of Formula Certa increased to 72% 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. Revenue decreased by €6 million to €64 million due to lower internal revenues. Underlying cash operating income was €(8) million (Q3 2012: €(6) million) as cost savings were more than offset by higher restructuring and pension cash out.

Consolidated interim financial statements

Auditor's involvement

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

General information and description of our business

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.

Basis of preparation

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

The information is reported on a year-to-date basis ending 28 September 2013. Where material to an understanding of the period starting 1 January 2013 and ending 28 September 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 intercompany 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 investment 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.

Reclassification of customer contact services

In Q2 2013, PostNL decided to stop the sales process of its customer contact services. The coming years, management will first target for further improvement of results. Accordingly, as of Q2 2013, the criteria under IFRS 5 to be classified as assets held for sale were no longer met. The results will continue to be reported in PostNL Other.

Under IFRS 5 the change in the reporting of the customer contact services 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 Q3 2012. Consequently, the comparative figures of 2012 have been restated as from the end of Q3 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 YTD Q3 2012 and for the full year 2012. The impact of the transfer of customer contact services is only included in the YTD Q3 and full year 2012 consolidated balance sheet. The transfer had no impact on the 2012 consolidated (comprehensive) income statement.

in € millions	Reported YTD 2012	IAS19R	Stake in TNT Express	Customer contact services	Restated YTD 2012	Reported FY 2012	IAS19R	Stake in TNT Express	Customer contact services	Restated FY 2012
Investments in associates	5		1,318		1,323	6		1,367		1,373
Pension assets	1,358	(1,358)				1,487	(1,487)			
Deferred tax assets	22	146			168	23	47			70
Other non-current assets	690			13	703	708			4	712
Total non-current assets	2,075	(1,212)	1,318	13	2,194	2,224	(1,440)	1,367	4	2,155
Total current assets	1,050			7	1,057	1,002			8	1,010
Assets held for sale	1,385		(1,318)	(20)	47	1,430		(1,367)	(12)	51
Total assets	4,510	(1,212)	0	0	3,298	4,656	(1,440)	0	0	3,216
Equity	938	(1,583)			(645)	1,080	(1,372)			(292)
Deferred tax liabilities	423	(381)			42	451	(410)			41
Provision for pension liabilities	206	752		2	960	193	342		2	537
Other non-current liabilities	1,783			2	1,785	1,734			1	1,735
Total non-current liabilites	2,412	371		4	2,787	2,378	(68)		3	2,313
Total current liabilities	1,150			6	1,156	1,187			8	1,195
Liabilities held for sale	10			(10)		11			(11)	
Total liabilities and equity	4,510	(1,212)	0	0	3,298	4,656	(1,440)	0	0	3,216

in € millions	Reported YTD 2012	IAS19R	Stake in TNT Express	Restated YTD 2012	Reported FY 2012	IAS19R	Stake in TNT Express	Restated FY 2012
Total revenue	3,129			3,129	4,330			4,330
Other income	30		(1)	29	32		(1)	31
Salaries, pensions and social security contr.	(987)	(34)		(1,021)	(1,293)	(30)		(1,323)
Depreciation, amortisation and impairm.	(259)		184	(75)	(250)		135	(115)
Other operating expenses	(1,841)			(1,841)	(2,528)			(2,528)
Total operating expenses	(3,087)	(34)	184	(2,937)	(4,071)	(30)	135	(3,966)
Operating income	72	(34)	183	221	291	(30)	134	395
Net financial expenses	(78)	3		(75)	(104)	5		(99)
Results from investments in associates	1		7	8	1		(14)	(13)
Reversal of/(Impairment) of invest. in ass.	570		(200)	370	570		(122)	448
Profit/(loss) before income taxes	565	(31)	(10)	524	758	(25)	(2)	731
Income taxes	(42)	8		(34)	(80)	6		(74)
Profit for the period	523	(23)	(10)	490	678	(19)	(2)	657
Earnings per (diluted) ordinary share (in € cents)[1]	128.1			111.4	153.9			149.1
Actuarial losses pensions, net of tax		(867)		(867)		(661)		(661)
Share other comprehensive income ass.	(5)		10	5	(5)		2	(3)
Other compreh. income for the period	9			9				
Total compreh. income for the period	527	(890)	0	(363)	673	(680)	0	(7)

1 Based on an average of 439,973,297 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 (YTD Q3 2012: €(867) 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 (3.3% per Q3 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 nine months of 2013 and 2012.

in € millions YTD 2013 ended at 28 September 2013	Mail in NL	Parcels	International	PostNL Other	Inter-company	Total
Net sales	1,438	446	1,191	17		3,092
Inter-company sales	92	133	26	178	(429)	
Other operating revenue	3	5		1		9
Total operating revenue	1,533	584	1,217	196	(429)	3,101
Other income	5			1		6
Depreciation/impairment property, plant and equipment /assets held for sale	(34)	(9)	(7)	(18)		(68)
Amortisation/impairment intangibles	(11)	(3)	(4)	(3)		(21)
Total operating income	1	66	11	68		146
Total assets	623	244	468	1,583		2,918
YTD 2012 ended at 29 September 2012						
Net sales	1,522	409	1,166	22		3,119
Inter-company sales	97	109	27	194	(427)	
Other operating revenue	2	4	1	3		10
Total operating revenue	1,621	522	1,194	219	(427)	3,129
Other income	11	17	1			29
Depreciation/impairment property, plant and equipment	(29)	(5)	(6)	(16)		(56)
Amortisation/impairment intangibles	(10)	(3)	(3)	(3)		(19)
Total operating income	91	81	16	33		221
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 PostNL Other.

As at 28 September 2013 the total assets within PostNL Other mainly included the stake in TNT Express for an amount of €1,110 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	28 September 2013	Restated 31 December 2012
ASSETS			
Non-current assets			
Intangible assets			
Goodwill		112	113
Other intangible assets		50	57
Total	(1)	162	170
Property, plant and equipment			
Land and buildings		322	303
Plant and equipment		133	142
Other		40	42
Construction in progress		41	51
Total	(2)	536	538
Financial fixed assets			
Investments in associates	(3)	1,116	1,373
Other loans receivable		4	4
Deferred tax assets		107	70
Other financial fixed assets		1	
Total		1,228	1,447
Total non-current assets		1,926	2,155
Current assets			
Inventory		9	9
Trade accounts receivable		435	437
Accounts receivable		35	50
Income tax receivable		2	4
Prepayments and accrued income		135	119
Cash and cash equivalents	(6)	330	391
Total current assets		946	1,010
Assets classified as held for sale		46	51
Total assets		2,918	3,216
LIABILITIES AND EQUITY			
Equity			
Equity attributable to the equity holders of the parent		(670)	(301)
Non-controlling interests		7	9
Total	(5)	(663)	(292)
Non-current liabilities			
Deferred tax liabilities		37	41
Provisions for pension liabilities	(4)	611	537
Other provisions	(7)	132	117
Long-term debt	(6)	1,618	1,616
Accrued liabilities		1	2
Total		2,399	2,313
Current liabilities			
Trade accounts payable		192	237
Other provisions	(7)	77	91
Other current liabilities		258	241
Income tax payable		95	27
Accrued current liabilities		560	599
Total		1,182	1,195
Total liabilities and equity		2,918	3,216

Consolidated income statement in € millions	note	Q3 2013	Restated Q3 2012	YTD 2013	Restated YTD 2012
Net sales		1,002	1,018	3,092	3,119
Other operating revenue		3	4	9	10
Total revenue		1,005	1,022	3,101	3,129
Other income		1	4	6	29
Cost of materials		(38)	(44)	(123)	(134)
Work contracted out and other external expenses		(511)	(543)	(1,552)	(1,566)
Salaries, pensions and social security contributions		(343)	(333)	(1,063)	(1,021)
Depreciation, amortisation and impairments		(33)	(26)	(89)	(75)
Other operating expenses		(45)	(39)	(134)	(141)
Total operating expenses		(970)	(985)	(2,961)	(2,937)
Operating income		36	41	146	221
Interest and similar income		4	8	5	25
Interest and similar expenses		(33)	(33)	(93)	(100)
Net financial expenses		(29)	(25)	(88)	(75)
Results from investments in associates	(3)	(2)	(1)	36	8
Reversal of/(Impairment) of investments in associates	(3)	218	(176)	(263)	370
Profit/(loss) before income taxes		223	(161)	(169)	524
Income taxes	(8)	(5)	(4)	(20)	(34)
Profit for the period		218	(165)	(189)	490
Attributable to:					
Non-controlling interests		(1)		(1)	
Equity holders of the parent		219	(165)	(188)	490
Earnings per (diluted) ordinary share (in € cents) [1]		49.8	(37.5)	(42.7)	111.4

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

Consolidated statement of comprehensive income in € millions		Q3 2013	Restated Q3 2012	YTD 2013	Restated YTD 2012
Profit for the period		218	(165)	(189)	490
Gains/(losses) on cashflow hedges, net of tax		2	6	(2)	7
Currency translation adjustment, net of tax		1	1	(1)	2
Actuarial gains/(losses) pensions, net of tax	(4)	19	(212)	(158)	(867)
Share other comprehensive income associates	(3)	(6)	(3)	(21)	5
Total other comprehensive income for the period		16	(208)	(182)	(853)
Total comprehensive income for the period		234	(373)	(371)	(363)
Attributable to:					
Non-controlling interests		(1)		(1)	
Equity holders of the parent		235	(373)	(370)	(363)

The profit for the period related to the stake in TNT Express is reported in the lines 'results from investments in associates' and 'reversal of/(impairment) of investments in associates'. In Q3 2013, profit for the period excluding the results from the stake in TNT Express was €2 million (Q3 2012 restated: €12 million). In 2013, YTD profit for the period excluding the results from the stake in TNT Express was €39 million (YTD Q3 2012 restated: €112 million).

Consolidated statement of cash flows in € millions	note	Q3 2013	Restated Q3 2012	YTD 2013	Restated YTD 2012
Profit/(loss) before income taxes		223	(161)	(169)	524
Adjustments for:					
Depreciation, amortisation and impairments		33	26	89	75
Share-based payments		3		3	
(Profit)/loss on assets held for sale		(1)	(1)	(5)	(11)
(Profit)/loss on sale of Group companies/joint ventures					(1)
Negative goodwill on acquisition of Group companies			(4)		(17)
Interest and similar income		(4)	(8)	(5)	(25)
Interest and similar expenses		33	33	93	100
(Reversal of) impairments and results of investments in associates		(216)	177	227	(378)
Investment income		(188)	197	310	(332)
Pension liabilities		(24)	(40)	(151)	(119)
Other provisions		3	(25)	1	(75)
Changes in provisions		(21)	(65)	(150)	(194)
Inventory		(1)			
Trade accounts receivable			(8)		(2)
Other accounts receivable		(12)	(8)	14	(2)
Other current assets		(1)	3	(17)	(44)
Trade accounts payable		(21)	(1)	(48)	6
Other current liabilities excluding short-term financing and taxes		47	(18)	(35)	(65)
Changes in working capital		12	(32)	(86)	(107)
Cash generated from operations		62	(35)	(3)	(34)
Interest paid		(41)	(44)	(59)	(63)
Income taxes received/(paid)	(8)	72	17	62	(20)
Net cash from/(used in) operating activities	(9)	93	(62)	0	(117)
Interest received		4	4	5	12
Dividends received		3		8	1
Acquisition of subsidiairies and joint ventures (net of cash)			2		15
Capital expenditure on intangible assets		(4)	(6)	(13)	(20)
Capital expenditure on property, plant and equipment		(17)	(34)	(67)	(127)
Proceeds from sale of property, plant and equipment			2	9	23
Other changes in (financial) fixed assets			(2)		(2)
Changes in non-controlling interests					(1)
Net cash (used in)/from investing activities	(9)	(14)	(34)	(58)	(99)
Changes related to non-controlling interests				(3)	(2)
Proceeds from long term borrowings			3		3
Proceeds from short term borrowings		1	8	3	19
Repayments of short term borrowings				(1)	(74)
Repayments of finance leases				(1)	(1)
Net cash (used in)/from financing activities	(9)	1	11	(2)	(55)
Total change in cash		**80**	(85)	**(60)**	(271)
Cash at the beginning of the period		250	483	391	668
Exchange rate differences				(1)	1
Total change in cash		80	(85)	(60)	(271)
Cash at the end of the period		330	398	330	398

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			2	7	(862)	490	(363)		(363)
Appropriation of net income					1,091	(1,091)	0		0
Final dividend previous year	2	(2)					0		0
Interim dividend current year	2	(2)					0		0
Other					(2)		(2)	(1)	(3)
Total direct changes in equity	4	(4)	0	0	1,089	(1,091)	(2)	(1)	(3)
Balance at 29 September 2012	35	147	10	(5)	(1,941)	1,099	(655)	10	(645)
Balance at 31 December 2012	35	147	9	(13)	(1,744)	1,265	(301)	9	(292)
Total comprehensive income			(1)	(2)	(179)	(188)	(370)	(1)	(371)
Appropriation of net income					325	(325)	0		0
Share-based compensation					3		3		3
Other					(2)		(2)	(1)	(3)
Total direct changes in equity	0	0	0	0	326	(325)	1	(1)	0
Balance at 28 September 2013	35	147	8	(15)	(1,597)	752	(670)	7	(663)

Notes to the consolidated interim financial statements

1. Intangible assets

in € millions	YTD 2013	Restated YTD 2012
Balance at 1 January	170	176
Additions	13	21
Amortisation and impairments	(21)	(19)
Other		2
Balance at end of period	162	180

At Q3 2013, the intangible assets of €162 million consist of goodwill for an amount of €112 million and other intangible assets for an amount of €50 million. Goodwill resulted from acquisitions in the past in the segments Mail in the Netherlands (€57 million), International (€50 million), Parcels (€3 million) and PostNL Other (€2 million).

Additions to the intangible assets of €13 million concern additions to software including prepayments for software.

2. Property, plant and equipment

in € millions	YTD 2013	Restated YTD 2012
Balance at 1 January	538	451
Capital expenditures	67	127
Acquisitions		3
Disposals	(1)	(7)
Depreciation and impairments	(67)	(56)
Exchange rate differences	(1)	
Balance at end of period	536	518

Capital expenditures of €67 million mainly relate to the New Logistics Infrastructure of Parcels for €46 million and for €6 million to projects related to the cost savings initiatives.

Depreciation and impairments increased by €11 million mainly due to a write-down on real estate of €7 million.

3. Investments in associates

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

in € millions	YTD 2013	Restated YTD 2012
Balance at 1 January	1,367	936
Share in net result	47	20
Purchase price adjustments*	(12)	(12)
Share in direct equity movements	(21)	5
Dividend received	(8)	(1)
Reversal of / (Impairment)	(263)	370
Balance at end of period	1,110	1,318

* The purchase price adjustments includes 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 Q3 2013 report of TNT Express, as published on 28 October 2013. The purchase price adjustments of €12 million include the net amortisation charge of the identified intangibles. In 2013, PostNL received a dividend of €8 million from TNT Express.

As a result of the withdrawal of the offer of UPS in Q1 2013, 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. In Q2 2013, the share price of TNT Express increased to €5.76 as per 28 June 2013, which did not trigger the reversal of previously recognised impairments. In Q3 2013, the share price of TNT Express increased to €6.85 per 27 September 2013 resulting in a partial reversal of the impairment charges of €218 million increasing the book value of the stake in TNT Express to the fair (market) value of €1,110 million as at 28 September 2013. The fair (market) value has been determined by multiplying the closing share price at 27 September 2013 of €6.85 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 Q3 2013 report, published on 28 October 2013.

Condensed information TNT Express N.V.

Balances at end of period/Results and cashflows over the period	28 Sep 2013	31 Dec 2012*
Non-current assets	2,106	2,565
Current assets	2,104	1,902
Equity	2,377	2,617
Non-current liabilities	420	455
Current liabilities	1,413	1,395
	YTD 2013	YTD 2012*
Net sales	4,862	5,114
Operating income	(40)	210
Profit/(loss) attributable to the shareholders	(154)	62
Net cash from operating activities	275	172
Net cash used in investing activities	(46)	(15)
Net cash used in financing activities	(49)	(90)
Changes in cash and cash equivalents	180	67

* Restated for IAS19R.

At Q3 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

In 2013, the provision for pension liabilities increased by €74 million.

in € millions	YTD 2013	Restated YTD 2012
Balance at 1 January	537	(75)
Operating expenses	95	78
Interest expenses	14	(3)
Employer contributions and early retirement payments	(246)	(197)
Actuarial losses/(gains)	211	1,157
Balance at end of period	611	960

The employer contributions in 2013 included the payment of unconditional top-up invoices for €64 million (2012: €0 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 (3.7%) and the long term expected benefit increases (1.5%) per the end of Q3 2013 remained unchanged, which made total plan liabilities in line with expectations. Total plan assets return was lower than assumed, which negatively influenced the net pension position in 2013 by €211 million.

Within other comprehensive income, the net impact of the actuarial losses in 2013 amounted to €(158) million (2012: €(867) million).

During the first nine months of 2013, the coverage ratio of PostNL's main pension fund increased to 105.8% from 102.5% as per 31 December 2012. Per Q3 2013, all unconditional top-up invoices have been paid.

The expenses for defined contribution plans in 2013 were €4 million (2012: €3 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 2013, consolidated equity further decreased to €(670) million on 28 September 2013. The decrease of €369 million in 2013 is mainly explained by the value adjustment of the stake in TNT Express for an amount of €257 million and the net impact of the actuarial losses related to the defined benefit pension schemes of €158 million.

Corporate equity

As a result of the adoption of IAS 19R, total corporate shareholders' equity has been restated by €1,168 million from €2,306 million to €1,138 million per 31 December 2012. During 2013, corporate equity decreased to €1,013 million on 28 September 2013. Distributable corporate equity amounted to €(571) million on 28 September 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.

in millions	28 Sep 2013	31 Dec 2012	Restated 29 Sep 2012
Number of issued and outstanding shares	440.0	440.0	440.0
of which held by the company	0.0	0.0	0.0
Year-to-date average number of (diluted) shares	440.0	440.0	440.0

6. Net debt

in € millions	28 Sep 2013	Restated 31 Dec 2012
Short term debt	9	3
Long term debt	1,618	1,616
Total interest bearing debt	1,627	1,619
Long term interest bearing assets	(4)	(3)
Cash and cash equivalents	(330)	(391)
Net debt	1,293	1,225

The net debt position as at 28 September 2013 increased by €68 million compared to 31 December 2012 mainly due to net cash used in investing activities of €(58) million.

7. Provisions

The provisions consist of long term and short term provisions for restructuring, claims and indemnities and other employee benefits. In 2013, the balance of the long term and short term provisions increased by €1 million, from €208 million to €209 million.

in € millions	YTD 2013	Restated YTD 2012
Balance at 1 January	208	333
Additions	74	16
Withdrawals	(65)	(87)
Releases	(9)	(4)
Interest/other	1	4
Balance at end of period	209	262

The additions of €74 million in 2013 mainly relate to the cost savings initiatives for the restructuring within the head office departments (€26 million), within operations (€32 million) and within marketing and sales (€8 million).

The withdrawals of €65 million in 2013 related mainly to settlement agreements following the execution of the cost savings initiatives, including those within the joint venture 'Postkantoren' (€56 million in total).

8. Taxes

Effective Tax Rate	YTD 2013	Restated YTD 2012
Dutch statutory tax rate	25.0%	25.0%
Other statutory tax rates	3.3%	0.9%
Average statutory tax rate	28.3%	25.9%
Non/partly deductible costs	4.5%	1.1%
Exempt income		-0.1%
Other	1.1%	-3.6%
Effective tax rate - like-for-like	33.9%	23.3%
Impact stake TNT Express	-45.7%	-16.8%
Effective tax rate - reported	-11.8%	6.5%

The tax expense in PostNL's statement of income in the first nine months of 2013 amounted to €20 million (2012: €34 million), or -11.8% (2012: 6.5%) of the profit/(loss) before tax of €(169) million (2012: €524 million).

The profit before tax in the first nine months of 2013, excluding the impact of the stake in TNT Express of €(228) million (2012: €378 million) predominantly covering the impairment of the stake in TNT Express, was €59 million (2012: €146 million), with a corresponding effective tax rate of 33.9% (2012: 23.3%). Results of the stake in TNT Express are non taxable and impacted the effective tax rate of 2013 by -45.7% (2012: -16.8%).

The effective tax rate before the impact of the stake in TNT Express over 2013 was 10.6% higher compared to 2012. This increase was mainly caused by the impact of a significantly lower profit before tax in 2013 compared to 2012, combined with higher non and partly deductible costs (interest and costs related to share plans) and the difference in the line Other (mainly one-off benefits regarding prior years and irrecoverable losses for which no deferred tax assets have been recognised).

The income taxes received in 2013 amounted to €62 million (2012: €20 million paid). These income taxes received were mainly caused by refunds on preliminary tax assessments in the Netherlands (€74 million) relating to timing differences.

9. Cash flow statement

The net cash from operating activities YTD increased by €117 million to €0 million in 2013: cash generated from operations contributed €(34) million and income taxes received/(paid) €82 million. The increase in cash generated from operations of €31 million was mainly due to lower cash out from working capital (€21 million), lower withdrawals from other provisions (€22 million), lower cash out from pensions (€14 million) and higher operational results, partly offset by pension top-up payments (€64 million).

The net cash used in investing activities decreased by €41 million to €58 million in 2013 from €99 million in 2012. Lower capital expenditures of €67 million were partly offset by lower proceeds from the sale of property, plant and equipment of €(14) million and lower cash in from acquisition of subsidiaries of €(15) million. The cash in from the acquisition of subsidiaries in 2012 related to the acquisition of trans-o-flex.

The net cash used in financing activities decreased by €53 million to €(2) million in 2013 from €(55) million in 2012. In 2012, the cash outflow of €55 million mainly related to the repayment of a German private placement of €30 million and changes in bank overdrafts of €25 million.

10. Labour force

Headcount	28 Sep 2013	31 Dec 2012
Mail in NL	46,301	54,474
Parcels	3,192	3,510
International	6,873	6,274
PostNL Other	1,823	2,153
Total	58,189	66,411

The number of employees working at PostNL at 28 September 2013 was 58,189, which is a decrease of 8,222 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 of outflow relating to cost savings initiatives.

Average FTE's	YTD 2013	YTD 2012
Mail in NL	20,656	23,261
Parcels	2,883	2,829
International	5,654	5,180
PostNL Other	1,654	1,832
Total	30,847	33,102

The average number of full time equivalents (FTE) working at PostNL during the first nine months of 2013 was 30,847, which is a decrease of 2,255 FTE compared to the same period last year. Reductions within operations in Mail in the Netherlands were partly offset by an increase in International.

11. Related parties

As at 28 September 2013, the year to date purchases of PostNL from joint ventures amounted to €8 million (2012: €17 million). During 2013 no sales were made by PostNL companies to its joint ventures. The net amounts due to the joint venture entities amounted to €1 million (2012: €10 million).

As at 28 September 2013, no material amounts were receivable/payable by PostNL from/to associated companies. In 2013, the value of the transactions with TNT Express was not material and related to business activities.

As at 28 September 2013, no events have occurred that triggered disclosure of a significant contingent asset or liability under IAS 34 following the agreements with TNT Express.

12. Subsequent events

On 21 October 2013, PostNL announced the agreement reached with the trade unions and Stichting Pensioenfonds PostNL on the execution and funding of the pension arrangement as proposed by PostNL and the trade unions in December 2012.

Other

Working days

Working days	Q1	Q2	Q3	Q4	Total
2012	65	61	65	64	255
2013	63	61	65	65	254
2014	62	62	65	66	255

Press releases since the second quarter 2013 results

21 October 2013	Agreement on implementation and funding of new PostNL pension arrangement
19 September 2013	PostNL expected to achieve higher underlying cash operating income in 2013
19 September 2013	New PostNL rates

Financial calendar

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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Audio webcast and conference call Q3 2013 results

On 4 November 2013, at 14.00 CET, the conference call for analysts and investors will start. The conference call can be followed live via an audio 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.