

The Hague, 6 May 2015

## On track to achieve full year 2015 outlook

### Financial highlights Q1 2015

- Revenue at €1,058 million (Q1 2014: €1,033 million)
- Underlying cash operating income at €68 million (Q1 2014: €77 million)
- Net cash from operating and investing activities at €21 million (Q1 2014: €23 million)
- Consolidated equity position at €(574) million (YE 2014: €(597) million)

### Operational highlights Q1 2015

- Addressed mail volume declined by 13.2% (adjusted for one fewer working day: 12.5%)
- High delivery quality at 96.9%
- €15 million of cost savings achieved, phasing in implementation restructuring projects
- Parcels volume increased by 8.0%
- Slight improvement in International

### Outlook 2015 reconfirmed\*

- Expected full year underlying cash operating income between €280 million and €320 million

in €millions	Q1 2015	Q1 2014	% Change
Revenue	<b>1,058</b>	1,033	2%
<i>Revenue excluding UK</i>	<b>850</b>	854	-1%
Operating income	<b>68</b>	99	-31%
Underlying operating income	<b>80</b>	103	-22%
Changes in pension liabilities	<b>(5)</b>	(13)	
Changes in provisions	<b>(7)</b>	(13)	
Underlying cash operating income	<b>68</b>	77	-11%
<i>Underlying cash operating income excluding UK</i>	<b>68</b>	77	
Underlying cash operating income margin	<b>6.4%</b>	7.5%	
Profit for the period	<b>34</b>	54	
Net cash from/(used in) operating and investing activities	<b>21</b>	23	

Note: underlying figures exclude one-offs in Q1 2015 (€3 million for restructuring in Mail in the Netherlands and €9 million in International, for restructuring in Germany and for rebranding/project costs) and in Q1 2014 (€2 million for restructuring and €2 million for rebranding/project costs).

### CEO statement

Herna Verhagen, CEO of PostNL: "Our performance in the first quarter is in line with our expectations. In Mail in the Netherlands, price increases and cost savings did not fully compensate for the volume decline. The volume development corresponds with fluctuations that come with substitution and phasing in working days. For the full year we expect volume decline to be within the earlier guided range of 9% -12%. Cost savings are expected to be higher in the second half of 2015 due to phasing in the implementation of the restructuring plans. The outlook for cost savings remains unchanged. The pending regulatory files continue to be a significant point of management attention given the potential impact beyond 2015.

Parcels continues its solid performance, with volumes up 8%, significantly driven by international growth. The result of International slightly improved, showing the first effect from our profit improvement program in Germany.

Looking forward, we continue to expect the second half year to be stronger than 2014. We reconfirm our full year 2015 outlook of underlying cash operating income between €280 million and €320 million.

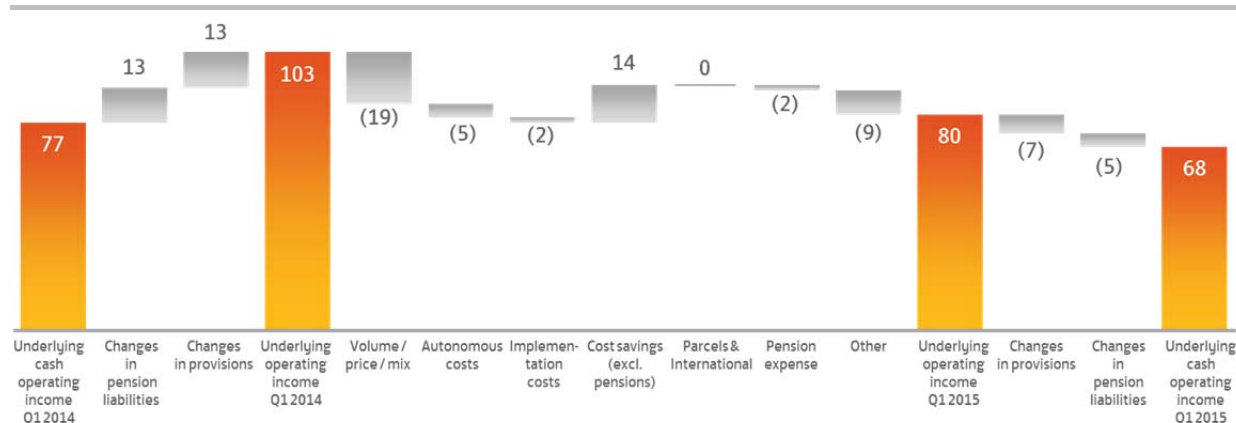
Our financial position developed positively with net cash in line with Q1 2014 and an improved equity position. The application of a pension liability ceiling in the accounting of our pension obligation significantly reduces the further sensitivity of our equity position for lower interest rates. We support the announced offer by FedEx to acquire TNT Express, which will have an additional positive impact on our financial position when completed.

We regret that the joint venture in the United Kingdom did not succeed. Amongst other things, the continuous regulatory uncertainties in the three countries where we operate has led us to launch a strategic review of our activities abroad.

We are scheduling a strategy update around the publication of our third quarter results."

\* Outlook 2015 is excluding the result from the activities in the United Kingdom

## Business performance Q1 2015



in € million	Revenue			Underlying operating income		Underlying cash operating income	
	Q1 2015	Q1 2014	% Change	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Mail in the Netherlands	476	505	-6%	59	84	46	62
Parcels	216	201	7%	25	26	25	25
International	461	409	13%	3	2	3	2
PostNL Other	47	49	-4%	(7)	(9)	(6)	(12)
Intercompany	(142)	(131)	-9%				
<b>PostNL</b>	<b>1,058</b>	<b>1,033</b>	<b>2%</b>	<b>80</b>	<b>103</b>	<b>68</b>	<b>77</b>

Note: underlying figures exclude one-offs

Comparative 2014 figures have been restated for transfer of Cendris Customer Contact from PostNL Other to Mail in the Netherlands.

## Segment information Q1 2015

Addressed mail volumes in **Mail in the Netherlands** declined by 13.2% in the quarter (adjusted for one fewer working day: 12.5%), caused by substitution and competition. The decline is in line with more substitution related to annual statements. The impact from competition is expected to slow down during the course of the year.

Price increases continued to have a positive effect on revenue. Underlying cash operating income was €46 million (Q1 2014: €62 million). Cost savings and lower pension and restructuring cash out were more than offset by the negative volume/price/mix effect, autonomous cost increases and higher implementation costs.

Total cost savings were €15 million and the related implementation costs amounted to €6 million. Cost savings and implementation costs are expected to be higher in the second half of 2015 due to phasing in the implementation of the planned restructuring projects such as the redesign of the car unit, the reorganisation in marketing & sales and overhead and the implementation of the new sorting machines.

In **Parcels**, volumes increased by 8.0%. The growth of our domestic B2C volumes followed the trend in the e-commerce market. The increase in international volumes continued, especially milk powder to China. In 2B we saw lower volumes.

Revenue increased to €216 million as a result of external volume growth that was partly offset by changes in product/customer mix. Better business performance and efficiency gains were offset by the expected increase in subcontractor costs. This results in underlying cash operating income of €25 million (Q1 2014: €25 million).

**International** revenue increased by 13% to €461 million. Adjusted for the currency effect, revenue was up 6%. Underlying cash operating income was €3 million (Q1 2014: €2 million). The increase is explained by the better performance of Germany and Spring.

In the UK, revenue was €210 million (Q1 2014: €179 million). Adjusted for the currency effect, revenue increased by 5%, helped by price increases and growth in E2E.



In Germany, revenue increased by 5% to €131 million (Q1 2014: €124 million) driven by additional volume from existing clients and new customer wins. We saw the initial effect from the initiatives to attract extra volume and realise cost savings. In March a reorganisation, focussing on centralisation of overhead, was announced.

In Italy, revenue was €63 million (Q1 2014: €63 million). Volume growth in Formula Certa continued, but was offset by lower average prices. To further expand our position in Italy, we see ample opportunities in expanding into parcels. In addition to our mail network, we will initiate the roll-out of a parcels network in the second quarter of this year.

Revenue in **PostNL Other** decreased to €47 million (Q1 2014: €49 million), explained by lower internal revenue. Underlying cash operating income increased by €6 million to €(6) million mainly due to cost savings.

## Development equity and financial position

Total equity attributable to equity holders of the parent improved to €(574) million per 28 March 2015 from €(597) million as per 31 December 2014. The improvement is explained by net profit of €34 million, a fair value change of our stake in TNT Express of €22 million (share price €5.81 per 28 March 2015, and €5.54 per 31 December 2014) and other effects of €7 million. Pensions OCI had a negative impact on equity of €40 million. The application of a pension liability ceiling in the accounting of our pension obligation significantly reduces the further sensitivity of our equity position for lower interest rates.

The coverage ratio, following the new definition in pension legislation, of the main pension fund was 110% at the end of the first quarter (YE 2014: 112%). The pension expense in Q1 2015 amounted to €34 million (Q1 2014: €32 million). The cash contributions were €39 million (Q1 2014: €45 million).

Net cash from operating and investing activities was €21 million, in line with the prior year, mainly explained by better performance on working capital almost fully compensating the higher tax payments. At the end of Q1 2015, net debt was €658 million, which compares to €683 million at the end of 2014.

PostNL secured a new credit facility of €400 million taking advantage of the current favourable market conditions.

On 7 April 2015, FedEx and TNT Express jointly announced that FedEx made a public offer for all issued and outstanding shares of TNT Express at an offer price of €8.00 per share. PostNL signed an irrevocable undertaking with FedEx in support of this offer. FedEx and TNT Express anticipate that the offer will close in the first half of 2016. Upon completion it is expected that PostNL will receive cash proceeds of approximately €643 million which will be used to further strengthen our financial position.

Standard & Poor's positively updated the stable outlook to a positive outlook with the possibility of an upgrade by up to two notches if PostNL continues to improve its financial performance and/or sells the stake in TNT Express and reduces debt; our credit rating remains BBB-.

## Financial calendar

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3 August 2015	Publication of Q2 & HY 2015 results
2 November 2015	Publication of Q3 2015 results
29 February 2016	Publication of Q4 & FY 2015 results
9 May 2016	Publication of Q1 2016 results
8 August 2016	Publication of Q2 & HY 2016 results
2 November 2016	Publication of Q3 2016 results

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## Contact information

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Published by	<b>PostNL N.V.</b> Prinses Beatrixlaan 23 2595 AK The Hague The Netherlands T: +31 88 86 86 161	
Investor Relations	<b>Karen Berg</b> Director Treasury & Investor Relations M: +31 6 53 44 91 99 E: karen.berg@postnl.nl	<b>Inge Steenvoorden</b> Manager Investor Relations M: +31 6 10 51 96 70 E: inge.steenvoorden@postnl.nl
Media Relations	<b>Dick Kors</b> Manager Media Relations & Public Relations T: +31 88 86 88 260 E: dick.kors@postnl.nl	<b>Herbert Brinkman</b> Senior spokesman T: +31 88 86 88 260 E: herbert.brinkman@postnl.nl

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## Audio webcast and conference call Q1 2015 results

On 6 May 2015, at 11.00 CET, the conference call for analysts and investors will start. The conference call can be followed live via an audio webcast on [www.postnl.nl](http://www.postnl.nl).

## Additional information

Additional information is available at [www.postnl.nl](http://www.postnl.nl).

## Warning about forward-looking statements

Some statements in this press release are 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



## Consolidated interim financial statements

### Consolidated income statement

in €millions	Q1 2015	Q1 2014
Net sales	1,056	1,030
Other operating revenue	2	3
<b>Total operating revenue</b>	<b>1,058</b>	<b>1,033</b>
Other income	1	1
Cost of materials	(21)	(23)
Work contracted out and other external expenses	(572)	(522)
Salaries, pensions and social security contributions	(336)	(325)
Depreciation, amortisation and impairments	(23)	(23)
Other operating expenses	(39)	(42)
<b>Total operating expenses</b>	<b>(991)</b>	<b>(935)</b>
<b>Operating income</b>	<b>68</b>	<b>99</b>
Interest and similar income	4	1
Interest and similar expenses	(25)	(25)
<b>Net financial expenses</b>	<b>(21)</b>	<b>(24)</b>
Results from investments in jv's/associates	1	1
<b>Profit/(loss) before income taxes</b>	<b>48</b>	<b>76</b>
Income taxes	(14)	(22)
<b>Profit for the period</b>	<b>34</b>	<b>54</b>
Attributable to:		
Non-controlling interests		
Equity holders of the parent	34	54
Earnings per ordinary share (in €cents) <sup>1</sup>	7.7	12.3
Earnings per diluted ordinary share (in €cents) <sup>2</sup>	7.7	12.2

1 Based on an average of 440,920,801 outstanding ordinary shares (2014: 439,973,297).

2 Based on an average of 441,610,240 outstanding diluted ordinary shares (2014: 440,889,468).

### Consolidated statement of comprehensive income

in €millions	Q1 2015	Q1 2014
<b>Profit for the period</b>	<b>34</b>	<b>54</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>		
Impact pensions, net of tax	(40)	(13)
Share other comprehensive income jv's/associates	1	
<b>Other comprehensive income that may be reclassified to the income statement</b>		
Currency translation adjustment, net of tax	2	
Gains/(losses) on cashflow hedges, net of tax	3	(1)
Change in value of available-for-sale financial assets	22	30
<b>Total other comprehensive income for the period</b>	<b>(12)</b>	<b>16</b>
<b>Total comprehensive income for the period</b>	<b>22</b>	<b>70</b>
Attributable to:		
Non-controlling interests		
Equity holders of the parent	22	70

**Consolidated statement of cash flows**

in € millions	Q1 2015	Q1 2014
Profit/(loss) before income taxes	48	76
Adjustments for:		
Depreciation, amortisation and impairments	23	23
Share-based payments	1	1
(Profit)/loss on assets held for sale		(1)
Interest and similar income	(4)	(1)
Interest and similar expenses	25	25
Results from investments in jv's/associates	(1)	(1)
<b>Investment income</b>	<b>20</b>	<b>22</b>
Pension liabilities	(5)	(13)
Other provisions	(5)	(8)
<b>Changes in provisions</b>	<b>(10)</b>	<b>(21)</b>
Inventory	(1)	
Trade accounts receivable	(13)	9
Other accounts receivable	13	6
Other current assets	(25)	(30)
Trade accounts payable	(4)	(5)
Other current liabilities excluding short-term financing and taxes	29	(27)
<b>Changes in working capital</b>	<b>(1)</b>	<b>(47)</b>
<b>Cash generated from operations</b>	<b>81</b>	<b>54</b>
Interest paid	(1)	(1)
Income taxes received/(paid)	(45)	(8)
<b>Net cash (used in)/from operating activities</b>	<b>35</b>	<b>45</b>
Interest received	1	1
Capital expenditure on intangible assets	(6)	(5)
Capital expenditure on property, plant and equipment	(11)	(19)
Proceeds from sale of property, plant and equipment	2	1
<b>Net cash (used in)/from investing activities</b>	<b>(14)</b>	<b>(22)</b>
Proceeds from short term borrowings	1	2
Repayments of short term borrowings	(14)	(10)
<b>Net cash (used in)/from financing activities</b>	<b>(13)</b>	<b>(8)</b>
<b>Total change in cash</b>	<b>8</b>	<b>15</b>
<b>Cash at the beginning of the period</b>	<b>585</b>	<b>451</b>
Cash included in assets held for sale	3	16
<b>Total change in cash</b>	<b>8</b>	<b>15</b>
<b>Cash at the end of the period</b>	<b>596</b>	<b>482</b>

## Consolidated statement of financial position

in € millions

28 March 2015 31 December 2014

## ASSETS

## Non-current assets

## Intangible assets

Goodwill	84	84
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Other intangible assets	47	46
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<b>Total</b>	<b>131</b>	<b>130</b>
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## Property, plant and equipment

Land and buildings	343	349
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Plant and equipment	121	119
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Other	24	26
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Construction in progress	22	25
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<b>Total</b>	<b>510</b>	<b>519</b>
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## Financial fixed assets

Investments in joint ventures/associates	36	34
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Other financial fixed assets	33	8
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Deferred tax assets	65	51
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Available-for-sale financial assets	467	445
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<b>Total</b>	<b>601</b>	<b>538</b>
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**Total non-current assets**

<b>1,242</b>	<b>1,187</b>
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## Current assets

Inventory	6	5
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Trade accounts receivable	349	355
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Accounts receivable	32	34
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Income tax receivable	6	2
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Prepayments and accrued income	134	116
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Cash and cash equivalents	596	585
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**Total current assets**

<b>1,123</b>	<b>1,097</b>
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## Assets classified as held for sale

222	193
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**Total assets**

<b>2,587</b>	<b>2,477</b>
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## LIABILITIES AND EQUITY

## Equity

Equity attributable to the equity holders of the parent	(574)	(597)
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Non-controlling interests	6	7
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<b>Total</b>	<b>(568)</b>	<b>(590)</b>
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## Non-current liabilities

Deferred tax liabilities	35	36
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Provisions for pension liabilities	590	538
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Other provisions	86	90
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Long-term debt	937	912
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Accrued liabilities	1	1
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<b>Total</b>	<b>1,649</b>	<b>1,577</b>
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## Current liabilities

Trade accounts payable	139	151
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Other provisions	64	64
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Short-term debt	350	363
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Other current liabilities	177	184
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Income tax payable	31	56
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Accrued current liabilities	586	540
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<b>Total</b>	<b>1,347</b>	<b>1,358</b>
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## Liabilities related to assets classified as held for sale

159	132
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**Total equity and liabilities**

<b>2,587</b>	<b>2,477</b>
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## Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 28 March 2015. The information should be read in conjunction with the consolidated 2014 Annual Report of PostNL N.V. as published on 23 February 2015.

The measure of profit and loss and assets and liabilities is based on the Group Accounting Policies, which are compliant with IFRS as endorsed by the European Union. All significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2014 Annual Report for the year ended 31 December 2014. In addition to these policies, we refer to the section on pensions below.

### Classification of stake in TNT Express

In accordance with IAS 39, the 14.7% stake in TNT Express is considered an available-for-sale financial asset measured at fair value with gains and losses arising from changes in the fair value recognised in other comprehensive income. On 7 April 2015, FedEx and TNT Express jointly announced that FedEx made a public offer for all issued and outstanding shares of TNT Express at an offer price of €8.00 per share. PostNL signed an irrevocable undertaking with FedEx in support of this offer. FedEx and TNT Express anticipate that the offer will close in the first half of 2016. Upon completion it is expected that PostNL will receive cash proceeds of approximately €643 million, which is €176 million above the book value per 28 March 2015.

### Classification of Whistl

In December 2013, PostNL reached an agreement with LDC to establish a joint venture, which will allow Whistl to roll-out its E2E service. Despite below subsequent event, at completion PostNL would have had a 40% stake in the joint venture and control will be lost. This resulted in the transfer of the assets and liabilities of Whistl to held for sale at the end of 2013. At 28 March 2015 PostNL was confident to complete the transaction. Accordingly, Whistl has been reported as 'held for sale' in the financial statements of the first quarter.

### Pensions – liability ceiling

In line with IAS 19 guidelines, any limitation on cash payments should be included in the determination of the ultimate cost of the benefits. According to the financing agreement with the pension fund the cash exposure for PostNL is maximised. Application of a liability ceiling aligns the accounting obligation with the funding arrangements. In Q1 2015, we have applied a liability ceiling given the further decline of the pension discount rate.

### Subsequent events

On 30 April 2015, LDC has notified PostNL that, due to ongoing changes in postal market dynamics and the complexity of the regulatory landscape, it will not proceed with the discussion on the proposed investment in Whistl to fund the further roll-out of its current end-to-end (E2E) activities.

## Auditor's involvement

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