Results PostNL Q3 & YTD 2015

The Hague, 2 November 2015

On track to achieve full year 2015 outlook

Financial highlights Q3 2015*

- Revenue at €780 million (Q3 2014: €789 million)
- Underlying cash operating income at €23 million (Q3 2014: €31 million)
- Net cash from operating and investing activities of €18 million (Q3 2014: €(74) million)
- Consolidated equity position at €(440) million (Q2 2015: €(357) million)

Significant highlights post Q3 2015

- Italian business continues to be part of PostNL
- Closing management buy-out Whistl
- In-principle agreement social plan 2016-2020
- Increase base rate stamps 2016 to €0.73

Operational highlights Q3 2015

- Addressed mail volume declined by 11.2%
- Delivery quality at 96.4%
- €21 million of cost savings achieved
- Parcels volume increased by 8.6%
- Continued improvement result International

Outlook 2015 reconfirmed*

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

in € millions	Q3 2015	Q3 2014	% Change	YTD 2015	YTD 2014	% Change
Revenue	**780**	789	*-1%*	**2,454**	2,470	*-1%*
Operating income	**44**	40	*10%*	**190**	222	*-14%*
Underlying operating income	**40**	50	*-20%*	**202**	239	*-15%*
Changes in pension liabilities	**(3)**	(9)		**(12)**	(39)	
Changes in provisions	**(14)**	(10)		**(34)**	(34)	
Underlying cash operating income	**23**	31	*-26%*	**156**	166	*-6%*
Profit for the period	**18**	12		**48**	110	
Profit for the period (excluding TNT Express)	**18**	8		**46**	104	
Net cash from/(used in) operating and investing activities	**18**	(74)		**(14)**	(28)	

Note: underlying figures exclude one-offs in Q3 2015 (€(6) million for restructuring in Mail in the Netherlands and PostNL Other and €2 million in International) and in Q3 2014 (€10 million).

CEO statement

Herna Verhagen, CEO of PostNL: "Our performance in the third quarter is in line with our expectations. We are on track to meet our full year outlook. We expect a seasonally strong fourth quarter that will benefit from two extra working days.

In Mail in the Netherlands, cost savings and price increases did not fully compensate for the volume decline and autonomous cost increases. We expressed our concern about adverse effects of measures by ACM concerning the 24 hours bulk mail volumes that could hamper the reliability and accessibility of postal delivery in the Netherlands and limit PostNL's competitive position.

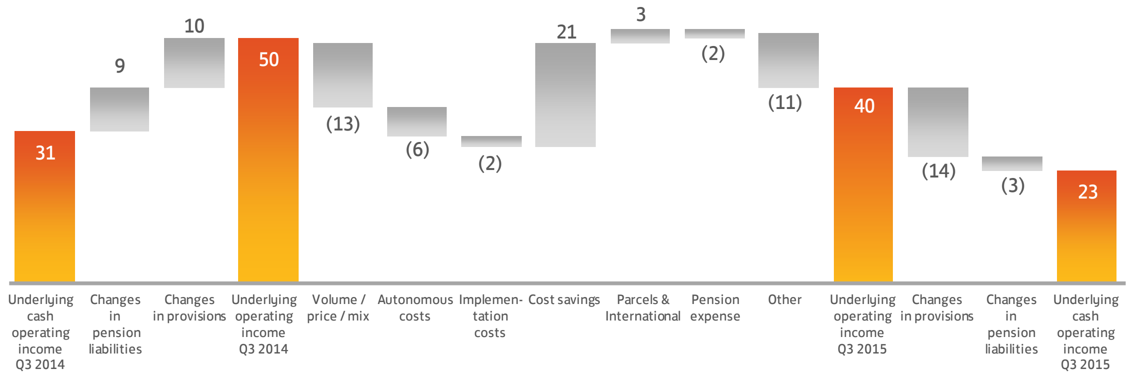
Parcels continues its volume and revenue growth. Volumes were up 8.6%. Higher costs related to subcontractors impacted the result as expected. We saw improvement in our International result. The strategic review of our German activities is still in progress.

Our financial position developed positively with net cash improving compared to Q3 2014. The decrease of the equity position in Q3 reflects the decline in the share price of TNT Express and a negative impact on our pension position.

Looking forward, we reconfirm our full year 2015 outlook of underlying cash operating income between €280 million and €320 million. Tomorrow we will host a strategy update. We will then present our view on the market, insights in the future strategy of PostNL and a financial outlook."

* The results from the United Kingdom are reported as discontinued operations; comparative figures have been represented. Comparative 2014 figures have been represented for the transfer of Cendris Customer Contact from PostNL Other to Mail in the Netherlands.

Business performance Q3 2015



in € million	Revenue			Underlying operating income		Underlying cash operating income	
	Q3 2015	Q3 2014	%Change	**Q3 2015**	Q3 2014	**Q3 2015**	Q3 2014
Mail in the Netherlands	**426**	449	-5%	**30**	37	**14**	21
Parcels	**218**	204	7%	**17**	18	**16**	19
International	**229**	220	3%	**2**	(2)	**(1)**	(2)
PostNL Other	**45**	47	-4%	**(9)**	(3)	**(6)**	(7)
Intercompany	**(138)**	(131)	-5%				
PostNL	**780**	**789**	**- 1%**	**40**	**50**	**23**	**31**

Note: underlying figures exclude one-offs

Recent developments

Recently, the strategic review of the Italian activities was concluded and PostNL will continue investing in Nexive. The management buy-out of the activities in the United Kingdom was completed.

PostNL and the unions reached an agreement in principle on a new social plan for a five years period.

The Authority Consumer and Market (ACM) set the 2016 tariff headroom for the USO, as a result of which PostNL announced new stamp prices for 2016. The base rate increases by 4 eurocents to €0.73.

Segment information - continued operations Q3 2015

Addressed mail volumes in **Mail in the Netherlands** declined by 11.2% in the quarter, mainly caused by substitution. We reconfirm our guidance for addressed mail volume decline of between 9% and 12% in 2015.

Price increases continued to have a positive effect on revenue. Underlying cash operating income was €14 million (Q3 2014: €21 million). Cost savings, lower pension contribution and lower restructuring cash out were more than offset by the negative volume/price/mix effect, autonomous cost increases, higher implementation costs and some other effects.

Total cost savings were €21 million (YTD 2015: €58 million) and the related implementation costs amounted to €7 million (YTD 2015: €21 million). We reconfirm our full year 2015 outlook for cost savings of between €75 million and €95 million as well as for implementation costs of between €25 million and €45 million.

In **Parcels,** volumes increased by 8.6%. The growth of our domestic B2C volumes followed the trend in the e-commerce market. The increase in international volumes, especially milk powder to China, slowed down.

Revenue increased to €218 million as a result of volume growth that was partly offset by changes in product/customer mix. Better business performance and efficiency gains were more than offset by the increase in subcontractor costs including the impact from the actions in July. We expect limited further impact from higher subcontractor costs in the remainder of the year. Underlying cash operating income in the third quarter was €16 million (Q3 2014: €19 million).

International revenue increased by 3% to €229 million (Q3 2014: €220 million). Underlying cash operating income was €(1) million (Q3 2014: €(2) million). The improvement is mainly explained by the better performance of Germany.

In Germany, revenue was €115 million (Q3 2014: €119 million). The impact from the implementation of the restructuring program resulted in an improving result. The strategic review of our German activities is still in progress.

Following the strategic review of the international activities, PostNL has decided to continue investing in the development of its Italian operations (Nexive). Nexive contributes positively to PostNL's results and has growth potential in the Italian mail and parcels market with its own last mile delivery network. In Q3, revenue in Italy was €55 million (Q3 2014: €54 million). The result was impacted by start up losses of the parcels network.

Revenue in **PostNL Other** decreased to €45 million (Q3 2014: €47 million), explained by lower internal revenue. Underlying cash operating income increased to €(6) million (Q3 2014: €(7) million), mainly due to cost savings.

Discontinued operations

The activities in the United Kingdom (Whistl) are classified as discontinued operations. In Q3, the total result of the discontinued operations was €(1) million. The management buy-out of Whistl was completed at 23 October 2015. As part of the transaction, PostNL will retain 17.5% of the shares in Whistl and will continue to support the business as a shareholder.

Development equity and financial position

Total equity attributable to equity holders of the parent decreased to €(440) million per 26 September 2015 from €(357) million per 27 June 2015. The decrease is mainly caused by a fair value change of our stake in TNT Express of €(56) million as the share price of TNT Express decreased from €7.64 to €6.94 during the quarter and the negative impact of pensions of €43 million. The net impact from lower than assumed return on plan assets and a lower discount rate on the equity position was limited due to the balancing effect from the asset ceiling and the minimum funding requirement. The lower plan asset value reflects the performance in the equity markets. The negative impact from the value of the TNT Express stake and pensions was only partly compensated by net profit of €18 million.

The coverage ratio of the pension fund, following the new definition in pension legislation, was 107.7% at the end of the third quarter (Q2 2015: 109.2%). The pension expense, excluding interest, in Q3 2015 amounted to €33 million (Q3 2014: €31 million). The cash contributions were €36 million (Q3 2014: €40 million).

Net cash from operating and investing activities was €18 million compared to €(74) million in Q3 2014, mainly explained by better performance on working capital and lower tax payments. At the end of Q3 2015, net debt was €702 million, which compares to €714 million at the end of Q2 2015.

Financial calendar

3 November 2015	Strategy update
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
7 November 2016	Publication of Q3 2016 results

Contact information

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

Audio webcast and conference call Q3 2015 results

On 2 November 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.

Additional information

Additional information is available at 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	Q3 2015	Represented Q3 2014	YTD 2015	Represented YTD 2014
Net sales	777	786	2,446	2,462
Other operating revenue	3	3	8	8
Total operating revenue	**780**	**789**	**2,454**	**2,470**
Other income	0	3	3	6
Cost of materials	(15)	(17)	(46)	(54)
Work contracted out and other external expenses	(393)	(379)	(1,173)	(1,108)
Salaries, pensions and social security contributions	(272)	(292)	(872)	(895)
Depreciation, amortisation and impairments	(23)	(25)	(68)	(72)
Other operating expenses	(33)	(39)	(108)	(125)
Total operating expenses	**(736)**	**(752)**	**(2,267)**	**(2,254)**
Operating income	**44**	**40**	**190**	**222**
Interest and similar income	2	5	10	10
Interest and similar expenses	(20)	(26)	(68)	(79)
Net financial expenses	**(18)**	**(21)**	**(58)**	**(69)**
Results from investments in jv's/associates			(1)	
Profit/(loss) before income taxes	**26**	**19**	**131**	**153**
Income taxes	(7)	(7)	(38)	(45)
Profit/(loss) from continuing operations	**19**	**12**	**93**	**108**
Profit/(loss) from discontinued operations	(1)	0	(45)	2
Profit for the period	**18**	**12**	**48**	**110**
Attributable to:				
Non-controlling interests				
Equity holders of the parent	18	12	48	110
Earnings per (diluted) ordinary share (in €cents) [1]	4.1	2.7	10.9	25.0
Earnings from continuing operations per (diluted) ordinary share (in €cents) [1]	4.3	2.7	21.1	24.5
Earnings from discontinued operations per (diluted) ordinary share (in €cents) [1]	(0.2)	0.0	(10.2)	0.5

1 Based on an average of 441,266,138 outstanding ordinary shares (2014: 440,478,632).

Consolidated statement of comprehensive income

in € millions	Q3 2015	Represented Q3 2014	YTD 2015	Represented YTD 2014
Profit for the period	18	12	48	110
Other comprehensive income that will not be reclassified to the income statement				
Impact pensions, net of tax	(43)	(20)	(12)	(19)
Share other comprehensive income jv's/associates			1	
Other comprehensive income that may be reclassified to the income statement				
Currency translation adjustment, net of tax	1	1	3	2
Gains/(losses) on cashflow hedges, net of tax	(4)	2	1	(3)
Change in value of available-for-sale financial assets	(56)	(125)	113	(144)
Total other comprehensive income for the period	**(102)**	**(142)**	**106**	**(164)**
Total comprehensive income for the period	(84)	(130)	154	(54)
Attributable to:				
Non-controlling interests				
Equity holders of the parent	(84)	(130)	154	(54)
Total comprehensive income attributable to the equity holders of the parent arising from:				
Continuing operations	(84)	(131)	197	(58)
Discontinued operations	0	1	(43)	4

Consolidated statement of cash flows

in € millions	Q3 2015	Represented Q3 2014	YTD 2015	Represented YTD 2014
Profit/(loss) before income taxes	26	19	131	153
Adjustments for:				
Depreciation, amortisation and impairments	23	25	68	72
Share-based payments		1	2	3
(Profit)/loss on assets held for sale		(1)	(2)	(4)
Interest and similar income	(2)	(5)	(10)	(10)
Interest and similar expenses	20	26	68	79
Results from investments in jv's/associates			1	
Investment income	**18**	**20**	**57**	**65**
Pension liabilities	(3)	(9)	(12)	(39)
Other provisions	(21)	(4)	(39)	(25)
Changes in provisions	**(24)**	**(13)**	**(51)**	**(64)**
Inventory		1	(1)	
Trade accounts receivable	8	(22)	16	13
Other accounts receivable	(14)	(13)	(15)	(14)
Other current assets	6	15	5	(13)
Trade accounts payable	(24)	(40)	(19)	(38)
Other current liabilities excluding short-term financing and taxes	41	47	(5)	(32)
Changes in working capital	**17**	**(12)**	**(19)**	**(84)**
Cash generated from operations	**60**	**40**	**188**	**145**
Interest paid	(29)	(45)	(44)	(60)
Income taxes received/(paid)	(1)	(65)	(107)	(78)
Net cash (used in)/from operating activities	**30**	**(70)**	**37**	**7**
Interest received		1	2	2
Dividends received		4	2	6
Acquisition of subsidiairies (net of cash)			(5)	
Capital expenditure on intangible assets	(5)	(6)	(20)	(16)
Capital expenditure on property, plant and equipment	(11)	(7)	(37)	(37)
Proceeds from sale of property, plant and equipment	3	4	6	10
Other changes in (financial) fixed assets	1		1	
Net cash (used in)/from investing activities	**(12)**	**(4)**	**(51)**	**(35)**
Repayments of long term borrowings			(2)	
Proceeds from short term borrowings	(3)	1		2
Repayments of short term borrowings		2	(363)	(8)
Repayments of finance leases	(1)		(1)	(1)
Net cash (used in)/from financing activities	**(4)**	**3**	**(366)**	**(7)**
Total change in cash from continuing operations	**14**	**(71)**	**(380)**	**(35)**
Cash at the beginning of the period	**191**	**487**	**585**	**451**
Total change in cash from continuing operations	14	(71)	(380)	(35)
Cash at the end of the period	**205**	**416**	**205**	**416**
Total change in cash from discontinued operations	**8**	**8**	**(9)**	**(20)**

Consolidated statement of financial position

in € millions	26 September 2015	31 December 2014
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	90	84
Other intangible assets	49	46
Total	**139**	**130**
Property, plant and equipment		
Land and buildings	335	349
Plant and equipment	121	119
Other	23	26
Construction in progress	28	25
Total	**507**	**519**
Financial fixed assets		
Investments in joint ventures/associates	34	34
Other financial fixed assets	28	8
Deferred tax assets	58	51
Available-for-sale financial assets	558	445
Total	**678**	**538**
Total non-current assets	**1,324**	**1,187**
Current assets		
Inventory	6	5
Trade accounts receivable	338	355
Accounts receivable	49	34
Income tax receivable	13	2
Prepayments and accrued income	112	116
Cash and cash equivalents	205	585
Total current assets	**723**	**1,097**
Assets classified as held for sale	172	193
Total assets	**2,219**	**2,477**
LIABILITIES AND EQUITY		
Equity		
Equity attributable to the equity holders of the parent	(440)	(597)
Non-controlling interests	6	7
Total	**(434)**	**(590)**
Non-current liabilities		
Deferred tax liabilities	34	36
Provisions for pension liabilities	553	538
Other provisions	63	90
Long-term debt	934	912
Accrued liabilities	2	1
Total	**1,586**	**1,577**
Current liabilities		
Trade accounts payable	132	151
Other provisions	52	64
Short-term debt	1	363
Other current liabilities	185	184
Income tax payable	2	56
Accrued current liabilities	540	540
Total	**912**	**1,358**
Liabilities related to assets classified as held for sale	155	132
Total equity and liabilities	**2,219**	**2,477**

Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 26 September 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.

Classification of stake in TNT Express

In accordance with IAS 39, the 14.6% stake in TNT Express is considered an available-for-sale financial asset measured at fair value with gains and losses arising from changes in the fair value recognised in other comprehensive income. On 7 April 2015, FedEx and TNT Express jointly announced that FedEx made a public offer for all issued and outstanding shares of TNT Express at an offer price of €8.00 per share. PostNL signed an irrevocable undertaking with FedEx in support of this offer. FedEx and TNT Express anticipate that the offer will close in the first half of 2016. Upon completion it is expected that PostNL will receive cash proceeds of approximately €643 million, which is €85 million above the book value per 26 September 2015.

Classification of Whistl

On 30 July 2015, PostNL reached agreement on the main conditions of a management buy-out of Whistl. As part of the transaction PostNL will retain 17.5% of the shares in Whistl. Management classified the activities in the United Kingdom as 'discontinued' as from half year-end 2015. Accordingly, per Q3 2015 Whistl has been reported as 'held for sale' and the results and cash flows have been reported as 'discontinued operations'. To align the carrying value to fair value less costs of disposal, a fair value impairment of €24 million has been recorded in June 2015. The comparative figures of 2014 have been represented for the change to 'discontinued operations'. The transaction was completed on 23 October 2015.

Receivable on Riscossione Sicilia

At Q3 2015, the total trade accounts receivable position of €338 million includes an amount of €24 million related to Riscossione Sicilia, an Italian tax collection agency for Sicily. Payments are behind schedule per Q3 2015, but management expects the receivable to be fully recoverable.

Auditor's involvement

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