
Q4 & FY 2017 Results
Accelerating transformation
The Hague, 26 February 2018

Karen Berg – Investor Relations PostNL: Good morning everyone and welcome to the analyst presentation of the Q4 and full year 2017 results of PostNL. My name is Karen Berg and I am here together with our CEO Herna Verhagen en our CFO Jan Bos. Unfortunately, this is the last time Jan will present the numbers, so it is a special occasion.

Today we will start with a brief explanation of the Q4 results by Herna and Jan and then we will look at the future with an outlook on 2018 and the ambition for 2020.

So Herna, up to you!

Herna Verhagen – CEO PostNL: Thank you, and good morning to all. You will all have read the press release and probably also have already seen some of our slides. The major part of this presentation is on 2018 and on 2020, and especially on our changed assumptions. I can imagine that those are to your interest at most.

In 2017 we saw revenue growth and an underlying cash operating income, which is EUR 225 million, which is the lower part of the bandwidth and already guided for at our Q2 presentation. For the first time since 2013 a positive consolidated equity of EUR 34 million and a proposed total dividend of EUR 0.23 per share, which needs to be approved by shareholders in April.

We have seen progress in our acceleration of the transformation of this company into an e-commerce logistical company. 38% of the revenue comes from the e-commerce logistics business.

On the non-financial KPIs we saw an improvement in customer satisfaction and an improvement in our CO_2 index. Unfortunately, our employee engagement was 1% down and the quality of mail delivery was also 1% down and above the level, which is required by the Universal Service Obligation.

So, if we go into a little bit more detail, we see the following numbers. As already said, our revenue is up 2.4%. The underlying cash operating income is EUR 225 million, EUR 20 million lower than last year. The underlying cash operating income margin for Mail in the Netherlands was 7% in 2017, for Parcels 10.8% and for International 0.6%.

I would like to shed a little bit more light on the numbers of Mail in the Netherlands, Parcels and International on the next slides.

UCOI 2017 €225m, within guided range

Revenue slightly below guidance; disappointing performance International

(in € millions)	Revenue / (growth)			UCOI / (margin)		
	2016	outlook 2017	actual 2017	2016	outlook 2017	actual 2017
Mail in the Netherlands	1,877	- mid single digit	1,783	160	6.5%-8.5%	125 (7.0%)
Parcels	967	+ low teens	1,110	106	10%-12%	120 (10.8%)
International	1,017	+ mid single digit	1,051	14	1%-3%	6 (0.6%)
PostNL Other/ eliminations	(448)		(449)	(35)		(26)
Total	3,413	+ mid single digit	3,495 (+2.4%)	245	220–260	225

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Let me start with Mail in the Netherlands.

Mail in the Netherlands

Continued volume decline and impact ACM measures not compensated by cost savings

	Revenue	Underlying cash operating income	Total cost savings	Addressed mail volume decline
Q4 2017	€504m	€73m	€9m	10.8%*
Q4 2016	€540m	€88m		
FY2017	€1,783m (-5.0%)	€125m (margin 7.0%)	€56m	9.9%*

Key takeaways Q4 2017

- Volume decline driven by loss to competition supported by regulation and substitution; continued high decline in single mail
- Supported by earlier ACM measures and SMP larger than expected volume loss to other postal operators
- FY cost savings in low end guided range, driven by implementation issues with sorting machine coding, related issues in sorting facilities and impact tight labour market
- Negative impact other effects, partly offset by higher sale of buildings, bilaterals and lower amortisation costs
- Mail delivery quality in 2017 at 95.4%

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* 10.1% in Q4 2017 respectively 9.7% in full year 2017, both adjusted for one working day

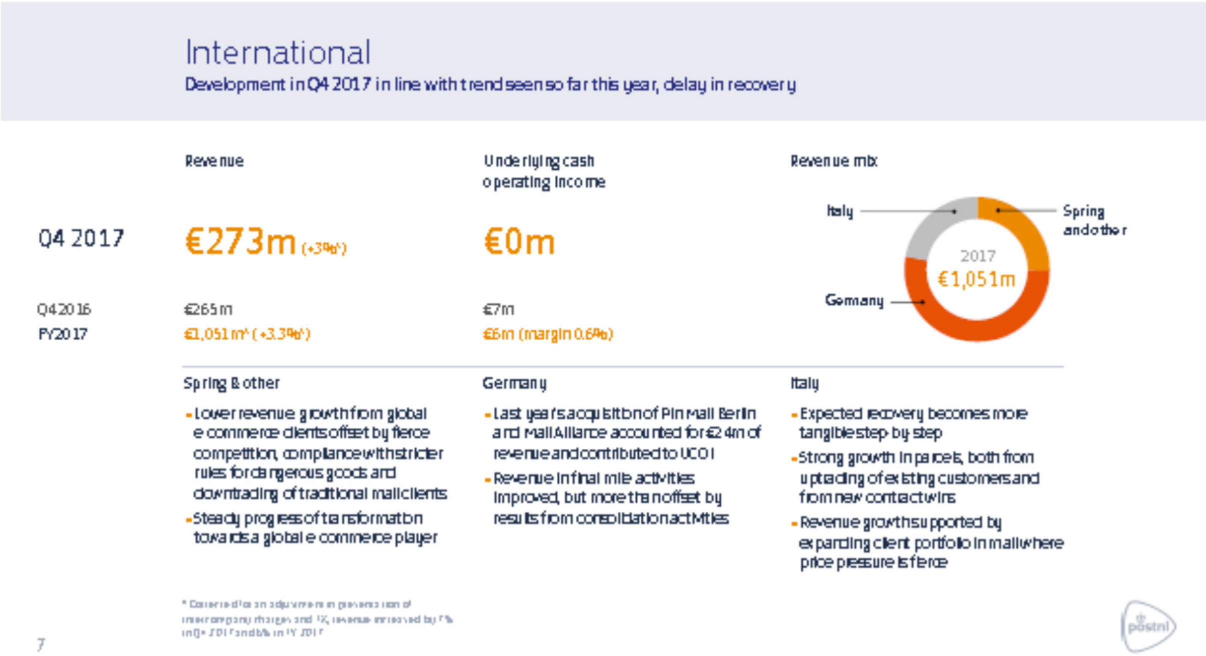
In Mail in the Netherlands we see continued volume decline. Volume decline over the whole year 2017 was 9.9% and in the last quarter even 10.8%. That is of course caused by substitution, where we see the same trend as forecasted last year but a stronger decline because of competition, which is created by the significant market power regulation.

The underlying cash operating income was lower than in Q4 2016, partly because of more competition and partly because of cost savings, which in the last quarter was a little bit less than expected, and of course partly also because volumes from competition that come in via significant market power. The price of those volumes is lower than of our other volumes.

The mail delivery quality, already mentioned, is 95.4% in 2017.

In Parcels we saw strong growth in volume. In the fourth quarter we saw 20% growth and over the full year 17% growth. That is of course translated into revenue, a revenue growth of almost 15%, and also into underlying cash operating income while we saw a UCOI margin of 10.8%. Almost every quarter we present that in the revenue mix of Parcels almost 60% is Benelux B2C and B2B parcels. Then we have international volumes and then logistics.

In Parcels we saw a record high of course during peak season, where we delivered almost 33 million parcels to households in the Benelux, strong revenue growth, partly offset by a negative price mix, which we have already seen for many quarters, and continuing strong volume growth also in Belgium, where it was even 36%. We also see growth in Logistics, partly organic and partly via acquisitions. We did acquisitions for example in innight distribution but also in services behind the door. We see an increasing demand for additional services, for example same-day-delivery and evening-delivery. So, in every part of this business we see growth, which is fuelled by e-commerce and by the implementation of new services by ourselves.



International had disappointing results in our view, in revenue as well as in the underlying cash operating income. The total underlying cash operating income for 2017 was EUR 6 million, which is a margin of 0.6%. Also here, the revenue mix was almost 50% -5 5% Germany and Spring and Italy were almost equally divided.

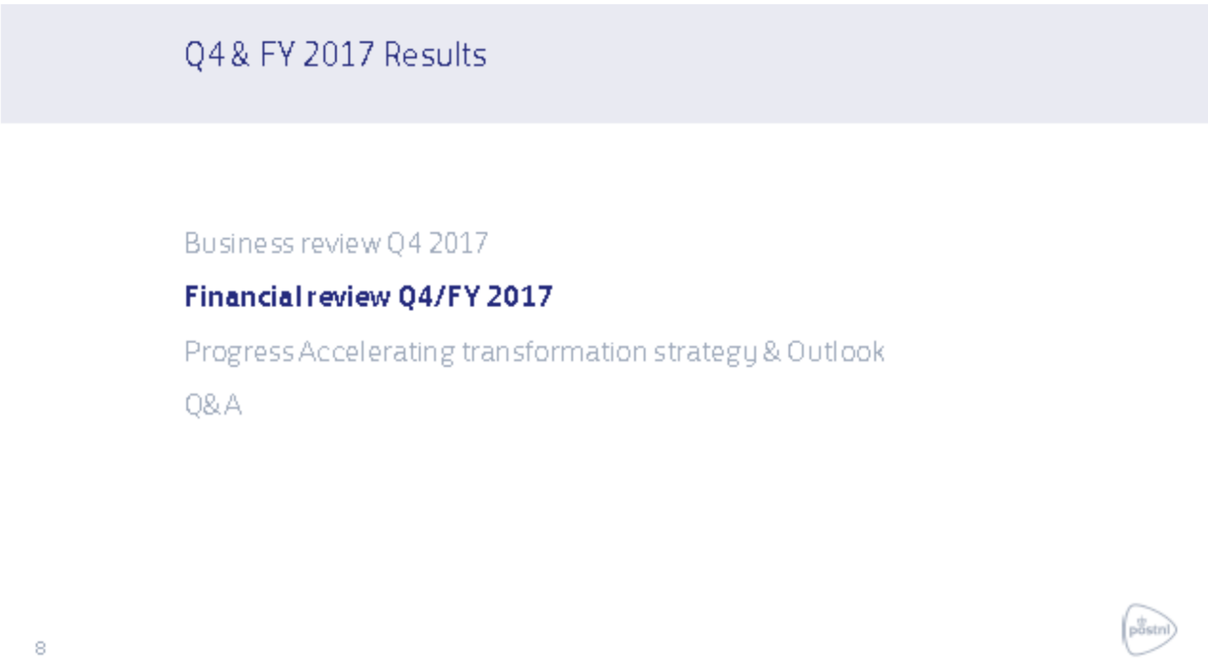
What were the reasons for these results in 2017? In Spring we saw lower revenue, partly because of fierce competition and partly because of our compliance with strict rules around dangerous goods. On the other hand, we see steady progress in the transformation of Spring towards a global e-commerce player.

In Germany, we suffered mainly because of consolidation, which means that part of the volume in consolidation but mainly the margins in consolidation came down dramatically. That is what we saw in 2017.

Of course, we did an acquisition of Pin Mail Berlin and Mail Alliance, which is accounted for in revenue – the EUR 24 million – and also in the underlying cash operating income.

In Italy, we expected a recovery and that comes in step by step. We saw strong growth in Parcels, the same trend as in the Netherlands, although different numbers of course in Italy, partly because of new contract wins and partly because existing customers are doing more volume. On the other hand, revenue growth is also supported by our expanding client portfolio in Mail. Nevertheless, price pressure in Italy remains fierce because of competition with Poste Italiane.

So, a delay in recovery for International and the reasons behind the delay are a little bit different per country and also different for Spring.



Jan Bos – CFO PostNL: Good morning. The main message for 2017 is that our main KPI, which is underlying cash operating income, with the full year result of EUR 225 million was in line with earlier expectations and like previous quarters these results were fuelled by some positive one-offs, mainly bilaterals, and depreciation.

Financial highlights Q4 & FY 2017

Underlying cash operating income in line with expectation

(In € millions)	Q4 2016	Q4 2017	FY 2016	FY 2017
Reported revenue	955	980	3,413	3,495
Reported operating income	129	100	291	253
Restructuring related charges	14	9	28	26
Project costs and other	(5)	(1)	5	3
Underlying operating income	138	108	324	282
Underlying cash operating income	110	98	245	225
Net cash (used in)/from operating and investing activities	116	84	653	(22)
Normalised net cash, excluding sale of stake in TNT Express	*116*	*84*	*10*	*(22)*

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The underlying trends were negative in Mail in the Netherlands, mainly due to the accelerated impact of ACM measures. In International, due to the delay in recovery, not compensated by the accelerated growth in Parcels.

Net cash was below expectations, so next to the impact of the operational result, we saw some negative impact in working capital. I will come back on that later on.

Results by segment Q4 2017

Strong performance parcels

(in € millions)	Revenue		Underlying operating income		Underlying cash operating income	
	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017
Mail in the Netherlands	540	504	109	84	88	73
Parcels	271	321	33	33	29	33
International	265	273	7	0	7	0
PostNL Other	46	21	(11)	(9)	(14)	(8)
Intercompany	(167)	(139)				
Total PostNL	955	980	138	108	110	98

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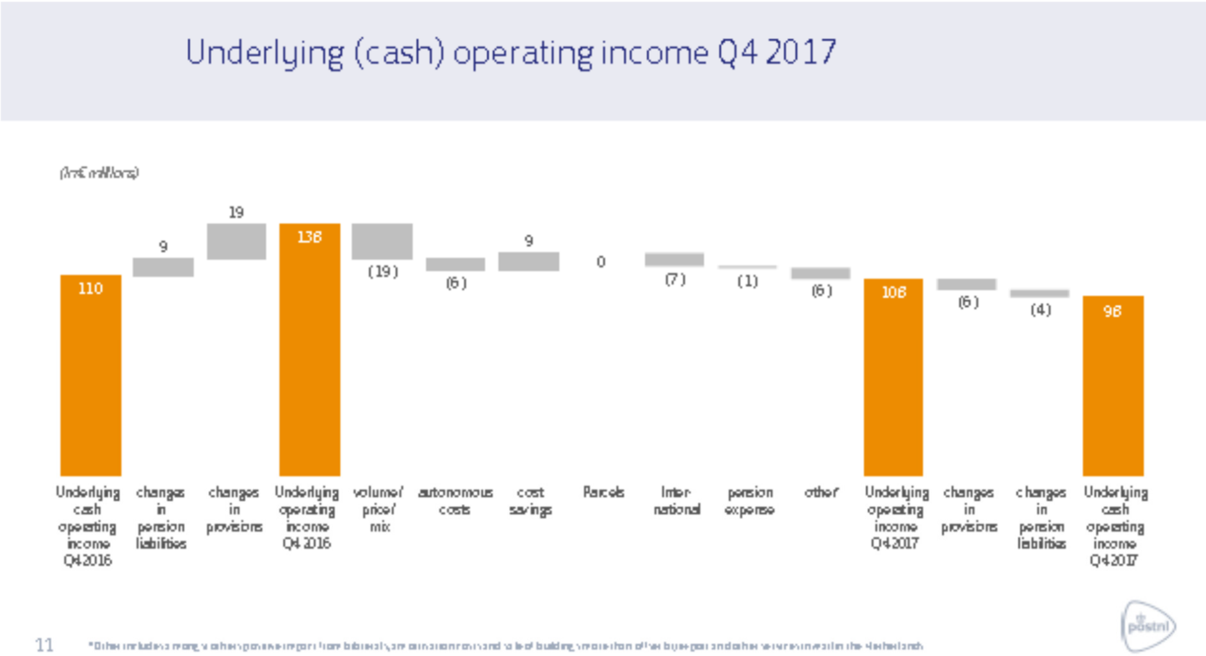
Let’s take a detailed look on the results per segments for Q4. I will highlight them shortly. Mail in the Netherlands, revenue down 7%, fuelled by a volume decline of 11% in Q4 and not fully compensated by price increases, and lower performance in our cross-border business.

The underlying cash operating income of Mail in the Netherlands was EUR 15 million lower despite the help of some positive incidents. Next to the impact of the ACM measures we also saw some delay in our cost savings.

Parcels showed strong revenue growth fuelled by 20% volume growth this quarter. We saw an acceleration in volume growth which also led to some additional cost visible in the development of our underlying operating income. Due to the fact that our pension cash-out and restructuring cash-out in Parcels was lower, the underlying cash operating income came in EUR 4 million higher.

In International we saw again a delay in the recovery although underlying trends became better, Q4 was disappointing, with lower than expected growth in revenue. The underlying cash operating income was EUR 7 million lower than last year, mainly explained by fierce and continued competition in our cross-border business and in Germany.

In PostNL Other, we see the impact of cost savings in our head office and also lower advisory cost.



The underlying cash operating income bridge explains the development of the underlying operating income and the underlying cash operating income. The first is the development of the underlying operating income – the second and third orange bar – and that is a decrease of EUR 30 million. The main cause is the negative price/mix-effect of EUR 19 million which includes the accelerated impact of the ACM measures and a volume decline of almost 11%.

Autonomous cost increases were in line with expectations minus EUR 6 million. Cost savings came in lower than expected at EUR 9 million and due to the implementation of our coding machines as well as lower efficiency in our delivery

As said, Parcels benefited from the accelerated volume growth but also had to make some additional costs, which lead to a zero increase in our underlying operating income and in Other you see the impact of some positive incidentals and also some negative impact from our cross-border business in Mail in the Netherlands and some higher IT costs. All in all, a decrease of our underlying operating income of EUR 30 million in Q4 and a lower decrease in underlying cash operating income of EUR 12 million which is explained by mainly lower restructuring cash-out but also EUR 5 million lower pension cash-out. And as said, our full year underlying cash operating income came in in line with earlier expectations.

Statement of income

Lower financial expense contributed to improvement normalised profit for the full year

(in € millions)	Q4 2016	Q4 2017	FY 2016	FY 2017
Revenue	955	980	3,413	3,495
Operating income	129	100	291	253
Net financial expenses*	(10)	(11)	45	(42)
Results from investments in associates and joint ventures	(3)	(5)	(1)	(10)
Income taxes	(32)	(25)	(55)	(53)
Profit for the period	84	59	280	148
*Normalised profit for the period** (excluding sale of stake in TNT Express)*	*84*	**59**	*135*	**143**

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The Q4 normalised net profit was in line with the development of our operational results and the full year normalised net profit was higher, as you can see, and helped by lower financial expenses related to the repayment of bonds in 2016 and 2017.

Net cash from operating and investing activities

Seasonal pattern in working capital

(In € millions)	Q4 2016	Q4 2017	FY 2016	FY 2017
Cash generated from operations	181	130	282	194
Interest paid	(19)	(19)	(92)	(39)
Income taxes received / (paid)	(12)	10	(80)	(56)
Net cash (used in)/from operating activities	150	121	110	99
Interest/ dividends received/ acquisitions/ other	(9)	(22)	611	(41)
Capex	(38)	(32)	(95)	(112)
Proceeds from sale of assets	13	17	27	32
Net cash (used in)/from operating and investing activities	116	84	653	(22)
Normalised net cash, excluding sale of stake in TNT Express	*116*	84	10	(22)
Base capex		24		82 2.3% of revenue
Cost savings initiatives		4		14
New sorting and delivery centres		4		16
Total capex (FY outlook: around 125)		32		112

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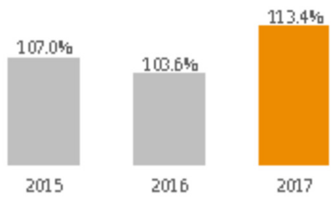
This slide shows the development of our net cash from operating and investing activities. As you are used to, due to our seasonal pattern, Q4 is always very positive with cash generated from operations of EUR 130 million. That is again EUR 50 million lower than last year, partly explained by the lower operational results and also some negative developments in working capital, related to our cross-border business. There, we see a change in mix and that is more imported volumes mainly from China and less exported volumes, mainly due to fierce competition in our cross-border business in Spring. The net impact leads to a less outstanding balance of outstanding debt to our postal operators. That is a negative impact on our working capital.

If you look at the full year you see the same trend, but there you see that it is compensated by lower tax and interest paid.

Coverage ratio pension fund further improved to 113.4%

Negative impact of pensions on equity €7m

Coverage ratio pension fund



(in € millions)	Q4 2017
Return on plan assets in excess of interest income	175
Defined benefit obligation	(423)
Asset ceiling	188
Minimum funding requirement	50
Total pension	(10)
Net effect on equity within OCI	(7)

- Coverage ratio 113.4%; actual month-end coverage ratio 115.8%
- Third instalment of €32m unconditional funding obligation paid to pension fund; €65m remaining
- Net effect of €(7)m fully attributable to unfunded pension obligation due to lower discount rate

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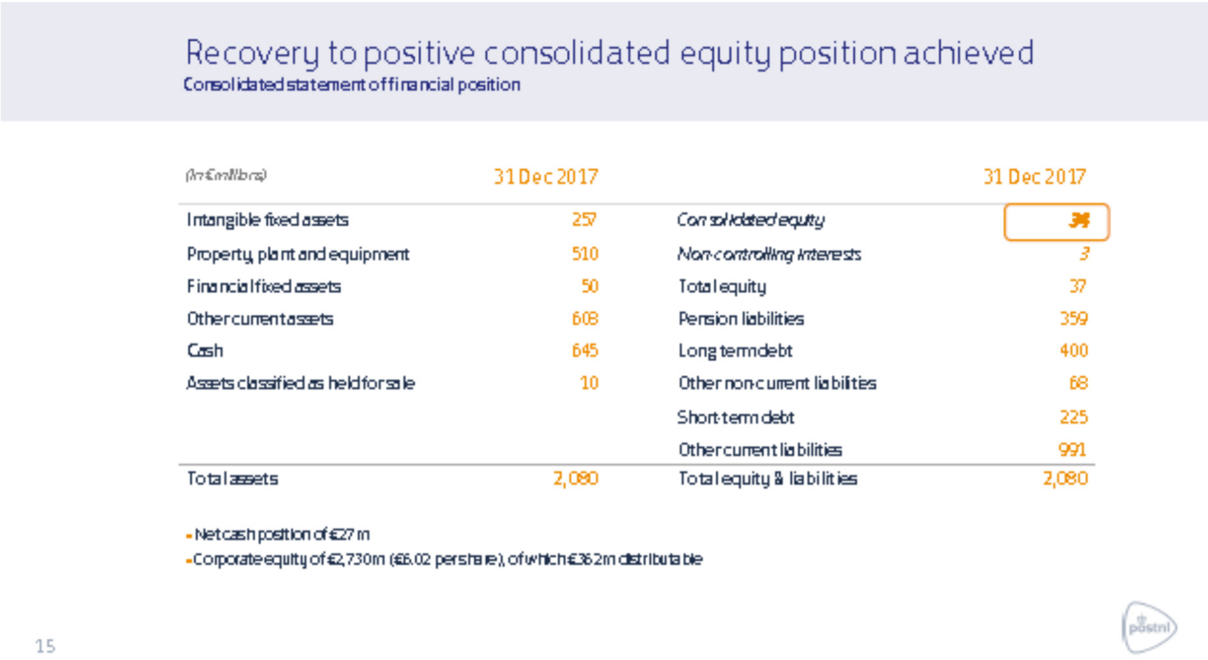
You remembered that last year the coverage ratio of the pension fund was below the minimum required level of 104%. At the end of 2017, you have seen the recovery in the pension coverage ratio to 113.4%. As I said before, the risk of top-up payments remains almost zero.

In Q4 we paid the third part of our unconditional funding obligation. That is a little bit more than EUR 30 million. In our other comprehensive income we saw a small negative impact of pensions and that is related to the impact of a bit lower discount rate for our unfunded pension obligation.



Recovery to positive consolidated equity position achieved

Consolidated statement of financial position

(in € millions)	31 Dec 2017		31 Dec 2017
Intangible fixed assets	257	*Consolidated equity*	34
Property, plant and equipment	510	*Non-controlling interests*	3
Financial fixed assets	50	Total equity	37
Other current assets	608	Pension liabilities	359
Cash	645	Long term debt	400
Assets classified as held for sale	10	Other non-current liabilities	68
		Short-term debt	225
		Other current liabilities	991
Total assets	2,080	Total equity & liabilities	2,080

- Net cash position of €27 m
- Corporate equity of €2,730m (€6.02 per share), of which €362m distributable

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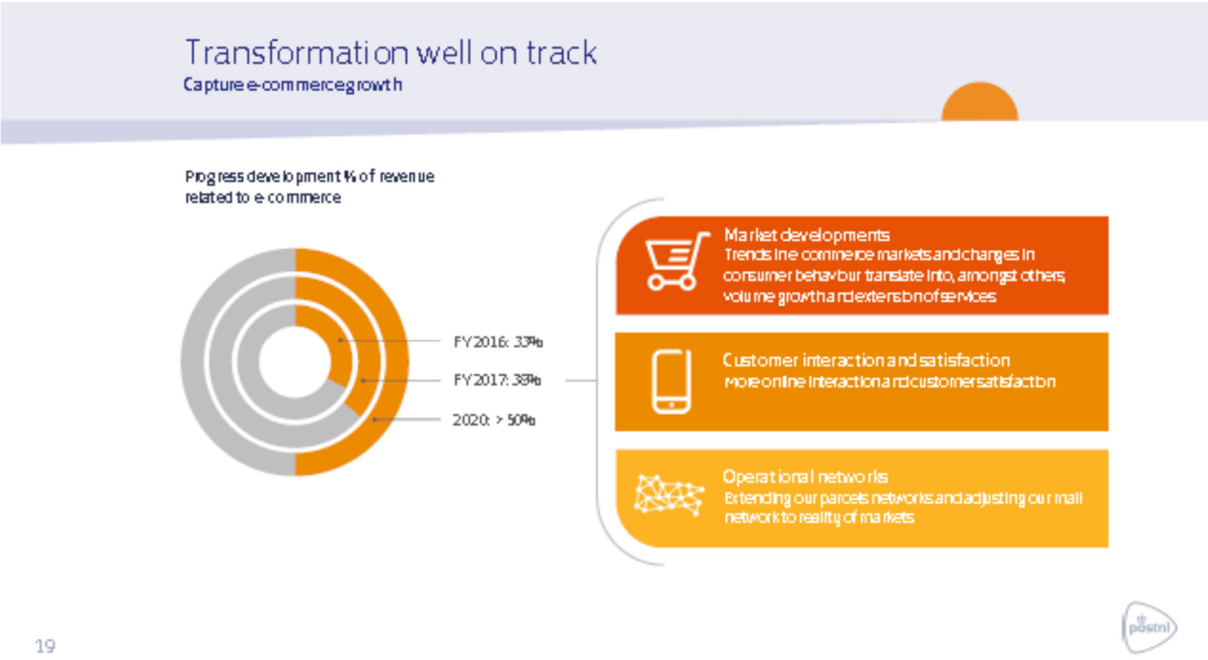
In our balance sheet we achieved a milestone. Since 2013, we had a negative consolidated equity. With our operational results from Q4 we achieved, as guided, a positive consolidated equity of EUR 34 million. Next to that, I would like to mention two other indicators of our financial position and that is the net cash position of EUR 27 million and a corporate equity of EUR 2.7 million, which reflects the value of our adjusted strategic plan.

Then the last part of this part of my presentation, dividends. Based on the outcome of 2017, we propose a dividend according to our dividend policy of EUR 0.23 per share. Considereding the interim dividend we have paid of EUR 0.06, this means a final dividend of EUR 0.17 and we are glad we can propose that to the annual meeting of our shareholders.

Herna, over to you.

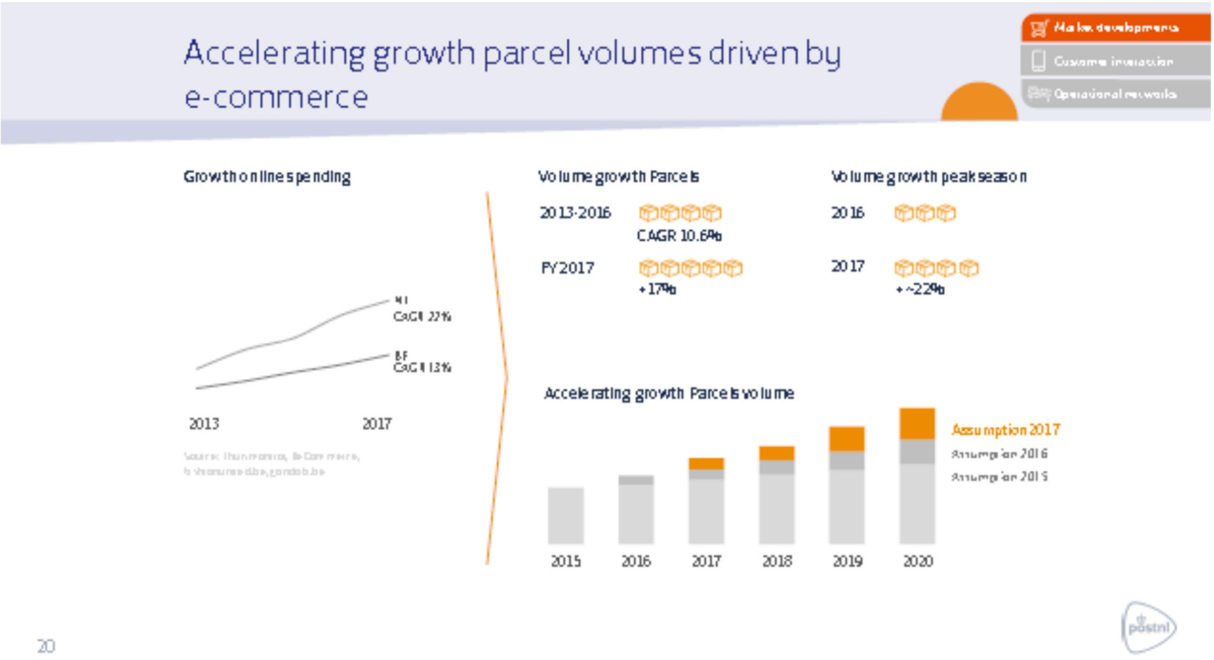
Herna Verhagen – CEO PostNL: We will move into progress of our accelerated transformation and, as we showed you last year, we developed a strategy which is to unlock value through acceleration of our transformation. We have confidence in this strategy, confidence which is partly built of course on the progress we have booked on the percentage of e-commerce revenue we see in our total revenue.

The strategy for Mail in the Netherlands is of course aimed at delivering sustainable cash flow, for Parcels create further possible growth and for International further enhance our cash profitability.



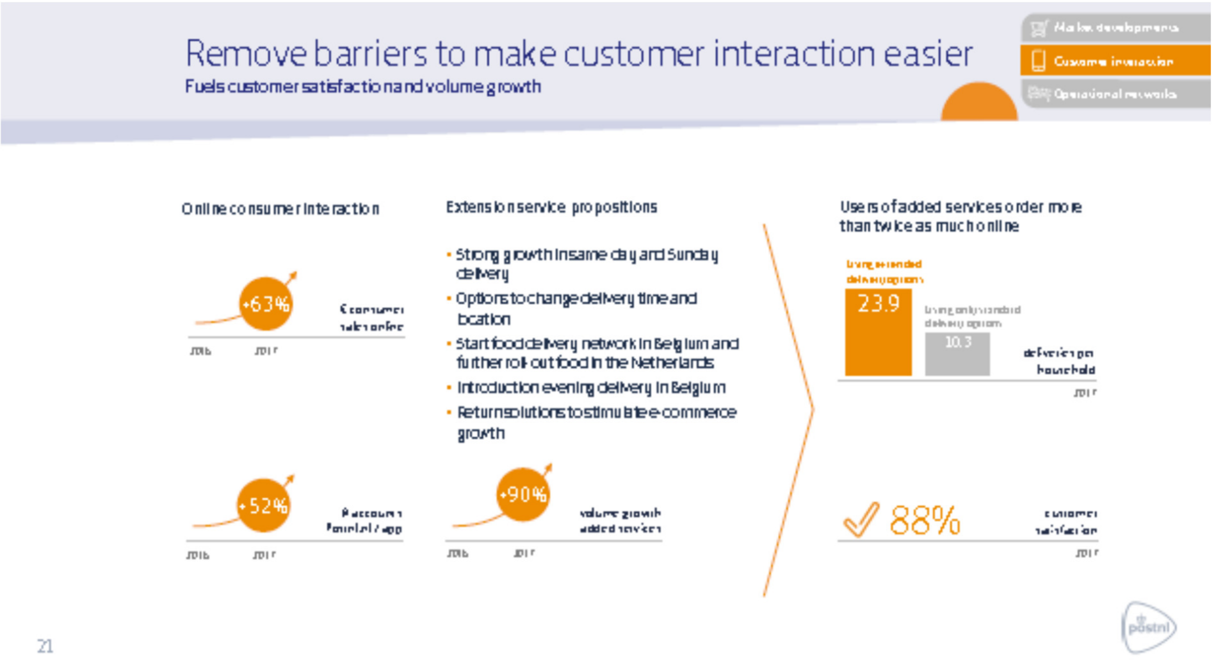
With the transformation we are well on track. In 2017, we saw 38% of our revenues was e-commerce logistical revenue and in 2020 we expect to have a little bit around or a little bit more than 50% of the revenue out of e-commerce logistics. That means that the company is transforming in quite a rapid pace.

That transformation is of course because of market developments but also because of changing customers and customer behaviour and because of our operational network. I would like to highlight some of those transformational changes in the next few slides.



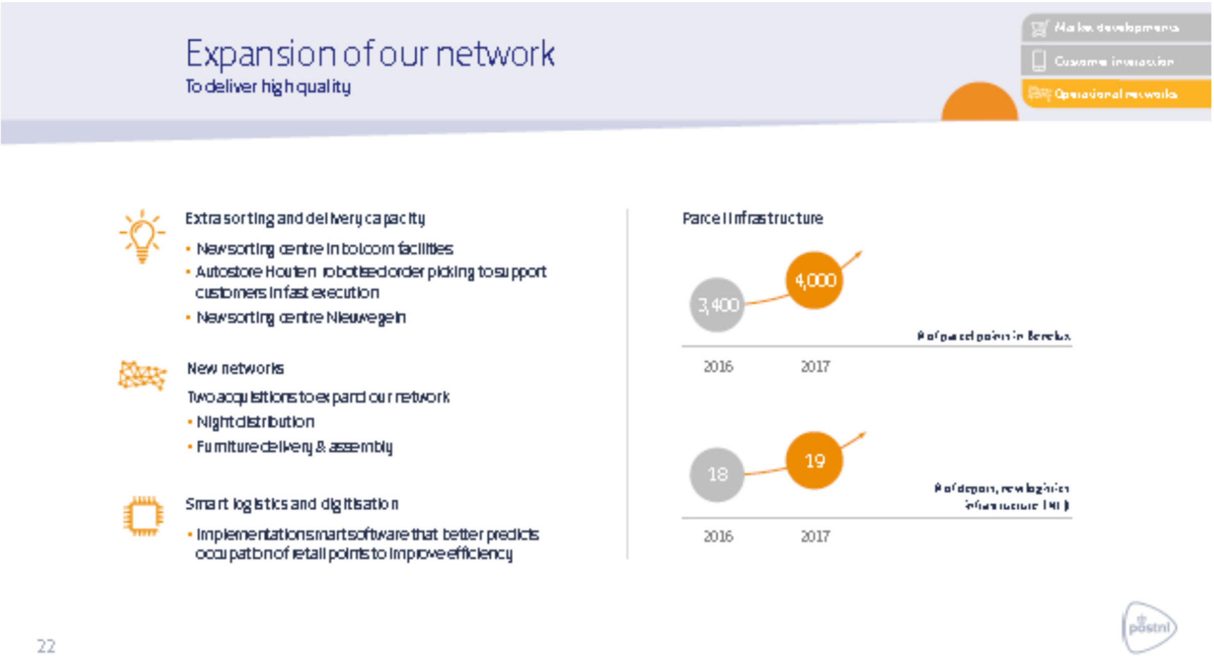
The first is of course the acceleration of our growth in Parcels, which is driven by e-commerce. We see that the growth of online spending in the Netherlands is around 22% and in Belgium around 13%. It leads to more growth of volume within Parcels and also within the peak season.

That is what you see in the graph in this slide, where you find in the orange bar the assumption of 2017 and in the dark grey bar the assumption of 2016. Here you see the accelerating growth in the amount of parcels.



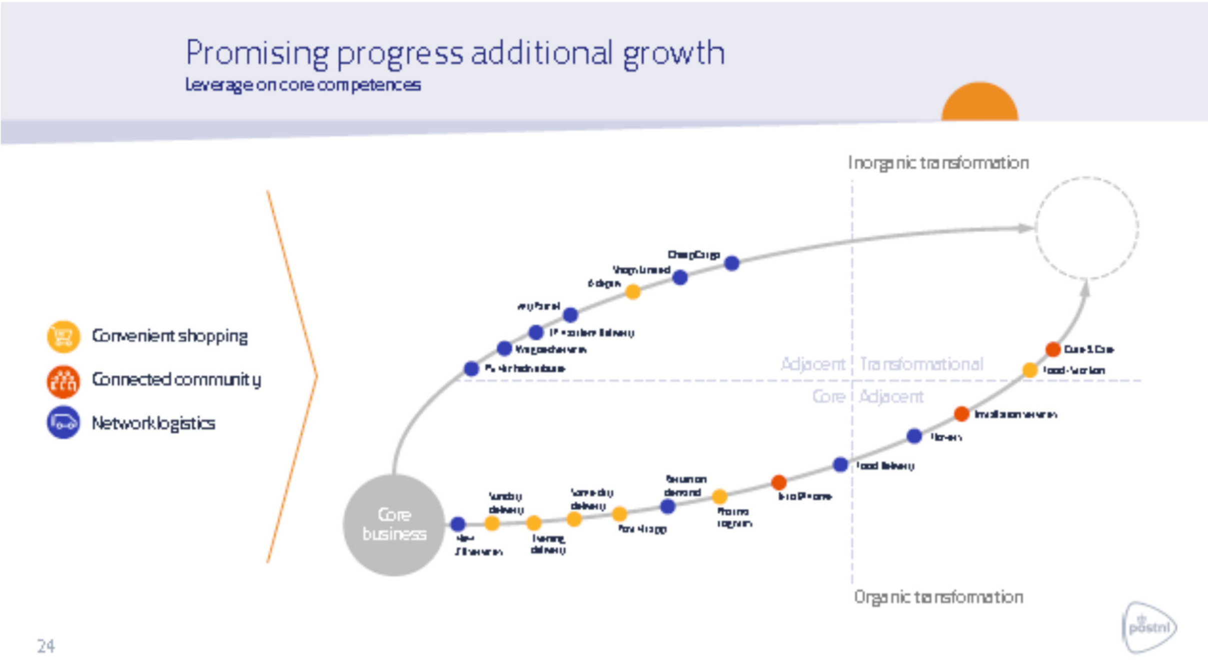
The accelerating growth in the amount of parcels is also partly caused by removing barriers to make customer interaction much easier. What did we do in the last period. Firsts, what we see is that the percentage of consumer sales online grew by 63%. We also follow the amount of consumers in the Netherlands who download the app of Postnl.nl, a growth of 52% in 2017. The most impressive is where that growth in value surfaces, for example in same-day but also because of the option to change the delivery time and location. We started evening delivery, we started our food delivery network in Belgium, we introduced evening delivery in Belgium, et cetera. A growth of 90%.

What does that mean in the end? On the one hand that means of course more volume, but we also see that consumers who use more of those extended delivery options – so evening, early-morning or Sunday – are ordering more than twice the amount than people who only use the same-day delivery options. We see high customer satisfaction. So, removing barriers also helps in growing the amount of parcels. And of course important in the transformation is the expansion of our network.



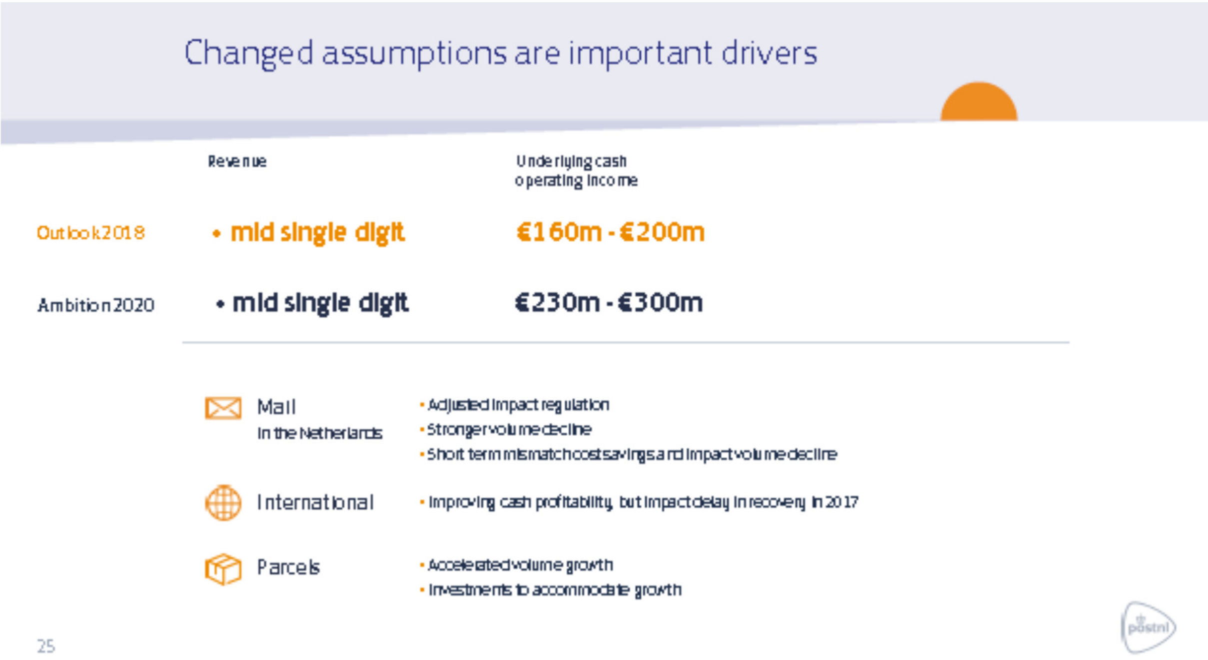
In 2017, we have built a new sorting centre, which is integrated in the bol.com facilities. We have also built a new sorting centre in Nieuwegein and the auto store in Houten, which is a fully automated and robotised order picking system to support customers in their fast execution. We also implement smart software that for example better predicts the occupation of retail points and improved efficiency. The amount of our logistical infrastructure has grown from 18 to 19 in 2017, and the amount of parcel points grew from 3,400 to almost 4,000 parcel points in the Benelux by the end of 2017. The expansion of our network and to enable everyone to have delivery on high quality is of utmost importance for the future of our company.

Because most of you have never been in one of those sorting and delivery centres of Parcels, you find a picture of Nieuwegein. You also see the solar panels on the roof; this year we will finalise that on the average sorting centre in the Netherlands we have solar panels and 40% of the energy use we have is then provided via those solar panels.



What is promising as well is that we have introduced our growth areas when we discussed the strategy at the end of 2015. We mentioned three areas for growth: convenient shopping, connected community and network logistics. In the last two years we have built further on these three domains. That is what we did organically, for example by introducing new services, like Sunday and evening delivery, return on demand, pharma logistics and Extra@Home. We also did that inorganically via acquisitions. Here, you find acquisitions like PS Nachtdistributie – innight services – and JP Haarlem Delivery but also companies like My Parcel that has special propositions for the small and medium business accounts.

So, going forward leveraging on our core competencies, organically but also inorganically via acquisitions, remains important to maintain our leading position in that e-commerce logistical market in the Benelux.



In the press release we gave you the outlook for 2018 and the ambition for 2020. I would like to highlight the changed assumptions and the important drivers behind the outlook and behind the ambition.

Within Mail in the Netherlands important drivers are the adjusted impact for regulation, of course stronger volume decline and a short-term mismatch in cost savings and therefore, the impact of volume decline.

In International, we improve our cash profitability going forward but the impact of the delay will not be fully recovered.

In Parcels, we see acceleration of volume growth and we expect that volume growth will continue. That means that we have to do investments to accommodate growth.

Let me give some details on these three important drivers in every segment.

Within Mail in the Netherlands, the first was an important driver behind the outlook for 2018 but also the Ambition 2020 and that is the adjusted impact of regulation. Our expectation is that this impact will be between EUR 50 million to EUR 70 million, which will be fully visible in the year 2020.

Significant market power came into place on August 1, 2017. As of the beginning of November, we have implemented our proposed tariff structure and our operational conditional structure. As of that moment, we are experiencing the effects of significant market power and we see two things. First of all, we see that postal operators are delivering more volume via their own networks, which is resulting in a higher volume decline within PostNL. That is what we will see in 2018 as well. Secondly, the remaining volume that is delivered via the network of PostNL is against lower prices, resulting in pressure on the average price.

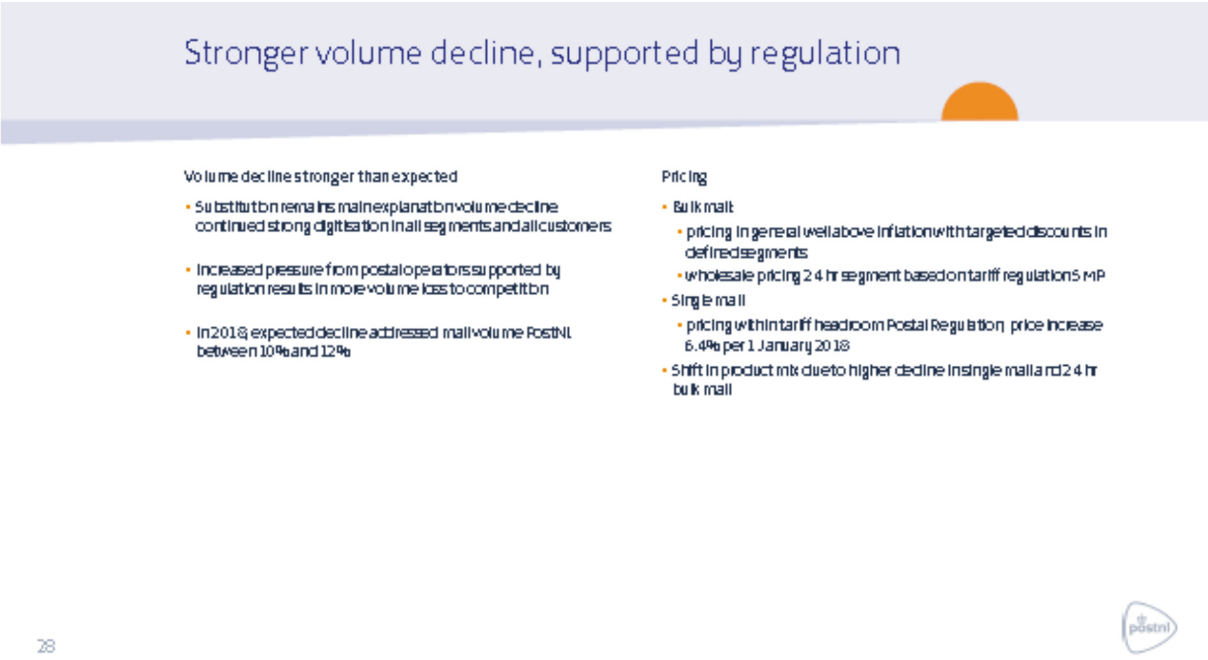
The second important thing we see is that with the operational requirements we see an increase in complexity of our organisation, frustrating cost saving plans and increase our costs. Of course, the impact remains subject to a final decision which still has to be taken by the regulator on SMP. But based on the experience of the first months of implementation of SMP, our expectation on the impact of the financials is EUR 50 million to EUR 70 million on an annualised basis, fully visible in full year 2020.

If we look into the developments in the mail market but also look into the financial impact, we think that intervention is required to safeguard a sustainable postal market for the Netherlands and for us, consolidation of networks is inevitable.

The impact of the changing Dutch postal market on PostNL is clearly visible. Since 2005, the volume of mail is halved. That decline will continue in the next coming years. The volumes and also profitability in Mail in the Netherlands deteriorated significantly over the years and combined with the increasing impact of ACM, this endangers not only Mail in the Netherlands but also the quality of postal delivery in the Netherlands, the reliability and accessibility of the postal network.

For that reason we welcome the postal dialogue in which stakeholders will be asked how they think how this postal market should be organised going forward. In our view, to safeguard reliability and accessibility and preserve decent labour condition in a fast-shrinking market consolidation of networks is inevitable.

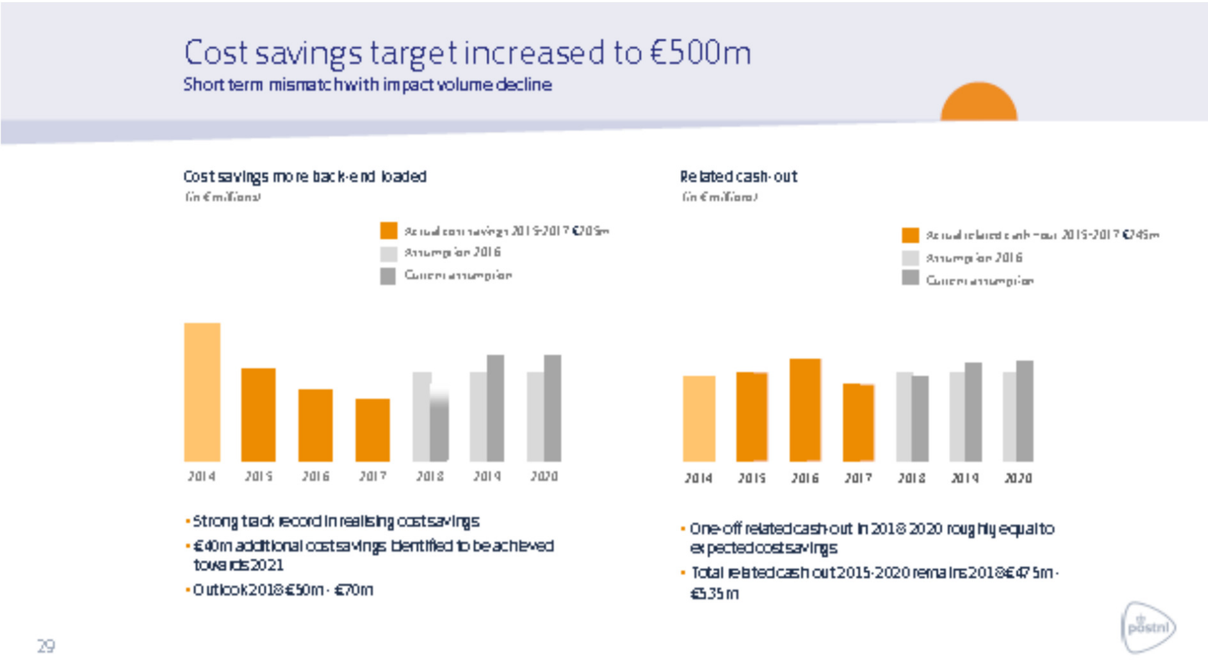
This is an important driver behind the outlook for 2018 and also the changed ambition for 2020.



The second important driver is the stronger volume decline, which is supported by regulation. Substitution remains of course the main explanation of volume decline and that is because of strong digitisation in all segments and with all customers. We see increased pressure from postal operators, supported by regulation, which results in more volume loss to competition. The expected volume loss for 2018 is 10% to 12%. When it comes to pricing, which is an important element to offset of course part of the volume decline, for bulk mail we still expect pricing to be well above inflation, with targeted discounts in certain segments. Next to that because of the ACM measures, we implemented wholesale pricing in the 24-hours segment, which is based on the tariff regulation of significant market power.

In single mail, pricing will be within the headroom which is given via postal regulation. To bring into memory, the price increase per January 1, 2018 was 6.4%.

We see a shift in product mix due to a higher decline in single mail and 24-hour towards bulk mail.

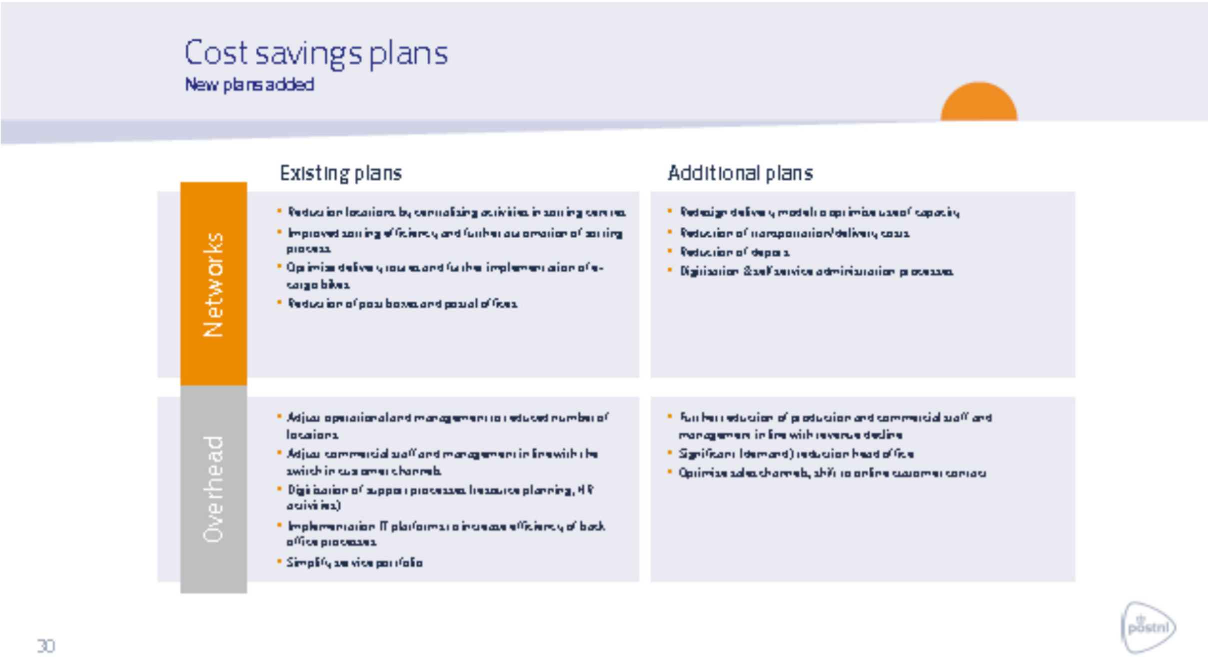


Our cost savings target has increased to EUR 500 million towards 2021. On the short term we see a mismatch with the impact of volume decline. In the left graph, in light and dark orange, you see the cost savings we did over the last four years. In grey you find cost savings we still have to do in the years 2018, 2019 and 2020.

We have a strong track record in realising cost savings and we added EUR 40 million additional cost savings towards 2021.

The outlook for 2018 regarding cost savings is EUR 50 million to EUR 70 million.

With the realisation of cost savings also comes related cash out. What you find in the grey graphs for 2018, 2019 and 2020 is more or less what was presented last year as well and that is that every euro where we find cost savings we have to spend one euro in cash out. But of course, the related cash out is a one-off and it equals to structural expected cost savings.



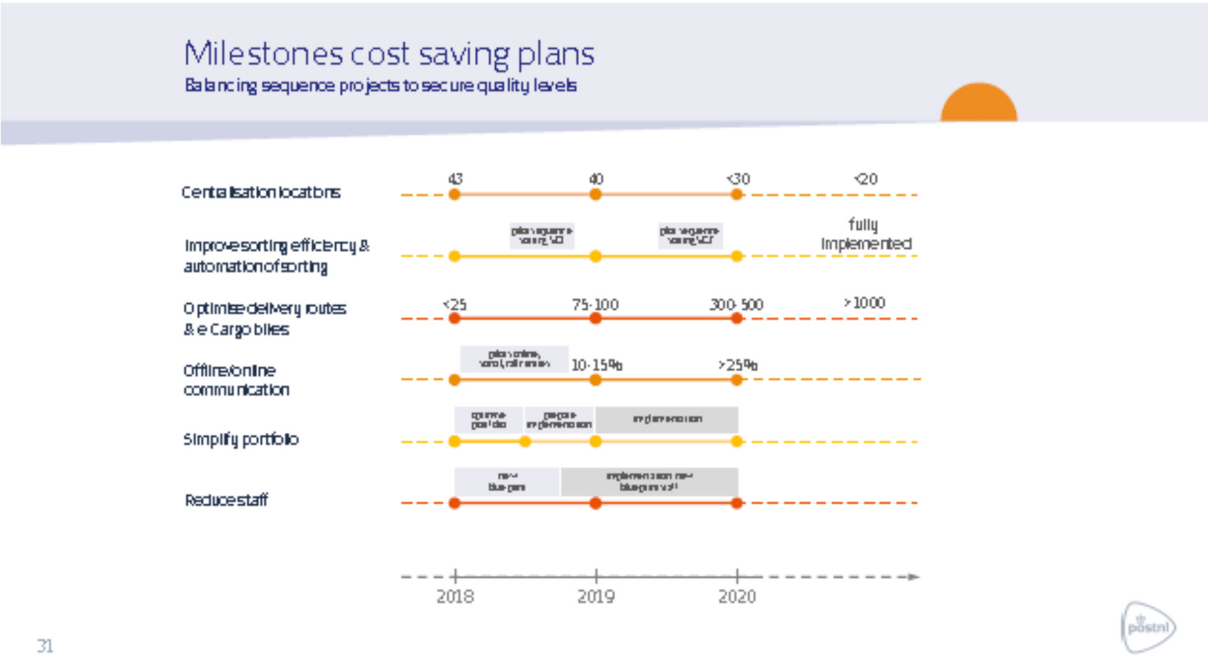
What makes us confident that we can do EUR 500 million cost savings? That is partly because of the existing plans. Most of those existing plans are running well. We additional plans and you can see those on this slide.

What are these additional cost saving plans? First of all, the redesign of our delivery model to optimise the use of capacity. With a decline in mail volume year over year of almost 10% it is necessary to constantly optimise the way you deliver mail to households. The fact that we have less mail volume also means that we can reduce our transportation further. It means that we can reduce our depots further and that we spend more in digitalisation and self-service and administrative processes.

Of course, it is also important to save within our overhead. There, when it comes to the additional plans we see a further reduction of production and commercial staff and management in line, in line with revenue decline. We also see a significant reduction of people and products at head office.

We have lots of plans in place, which are underpinning the already presented cost saving plans, and we added additional ones.

Will this be easy? It will not be a walk in the park. Based on the experience we have, it is what we think we can do. Secondly, it fits the volume decline we expect.



How is that planned over the years? What are the important milestones when it comes to those cost saving plans. Here, you find some of our important projects, which will contribute to the cost saving till the end of 2020, which is still EUR 295 million.

The centralisation of locations: we will of course go further with that centralisation, also in 2018 and also in 2019.

The improvement of our sorting efficiency and the automation of our sorting. Many of you have read in the newspapers that we had some delay, because of our coding system. That is what we are working hard on at this moment in time. We expect that this is a clear milestone, we can improve our sorting efficiency and therefore also improve the efficiency in preparation.

Optimise our delivery roots and implement e-cargo bikes, which gives opportunity and possibility to have more mail items on one bike and secondly, travel more kilometres instead of using cars or other vehicles.

On- and offline communication, move customers from offline to online, which is an important part of the cost savings we want to do within our commercial department.

Simplify our portfolio. The amount of products we have, have an impact on our processes and have an impact on our back-office processes. So, simplifying the portfolio will help us going forward to further reduce costs and of course reduce staff.

What you can see on this slide, is that the cost savings we still have to do until the end of 2020 and towards 2021, are first of all underpinned with plans and secondly with clear milestones, so that we can follow the progress on those several cost saving plans.

The three important drivers within Mail in the Netherlands are regulation, volume decline and cost savings.

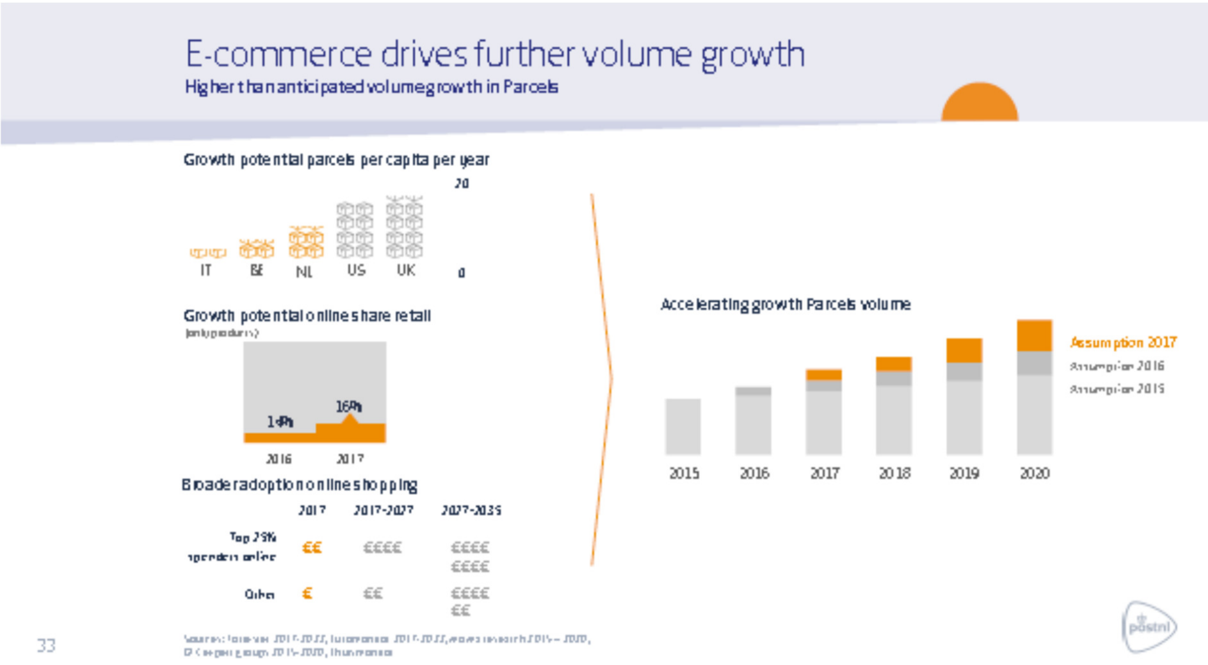
International is fully focused on the improvement of cash profitability. Within Spring, we will of course make use of and benefit from the further acceleration of global e-commerce and for example by offering cross-border mail and e-commerce solutions. We will start the roll-out of new service propositions for SMEs but also grow volumes from recent contract wins, like AliExpress.

Within Nexive we will focus on the further roll-out of parcels, which is successful in Italy and strengthen our position in mail activities, where we are helped by a favourable development in the regulatory environment.

In PostCon it is about adding volume, more volume in the network means higher margins, and business improvement initiatives. Also here, we see favourable development of the regulatory environment, which will help us in improving the pricing environment in 2018 and further on.

We had some important contract wins in 2017, a big one, which will start in Q2, 2018.

So, every action taken within International is into the direction of the improvement of our cash profitability.

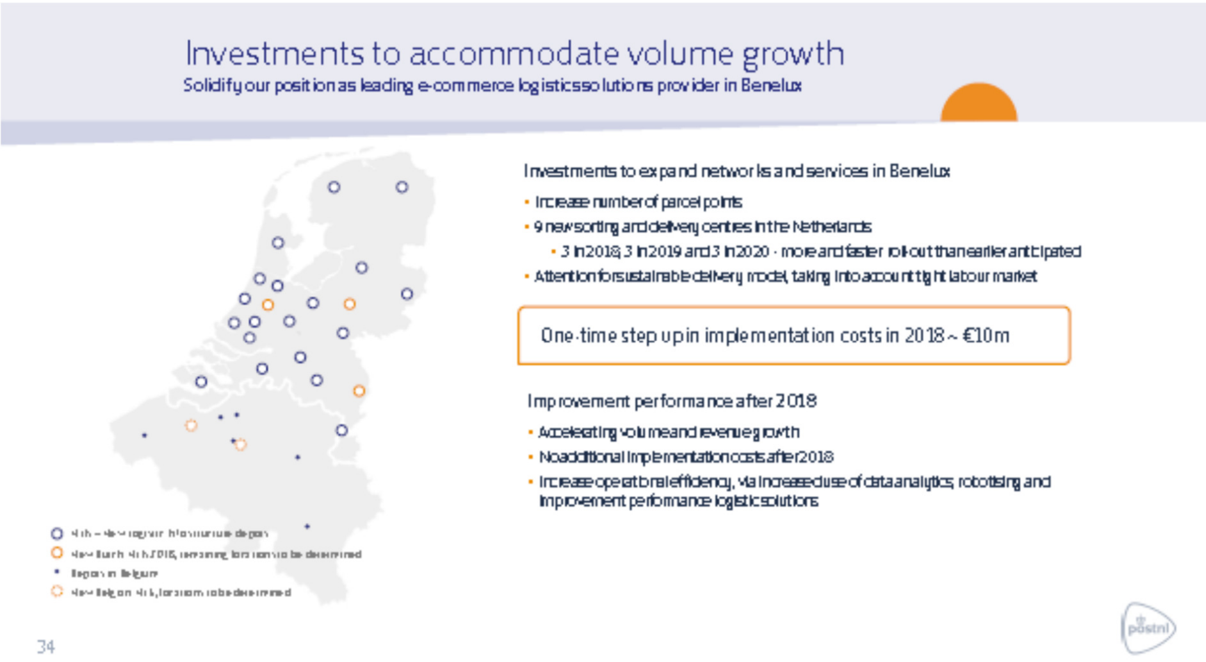


In Parcels we see high growth of the amount of parcels, higher than anticipated. Why is it that we expect that the high growth going forward will be maintained?

The first reason is that we still see big growth potential in the amount of parcels per capita per year. Over here, you see the average amount which is received per capita per year in 2017, but you also see the potential of more already e-commerce-driven countries, like the US and the UK.

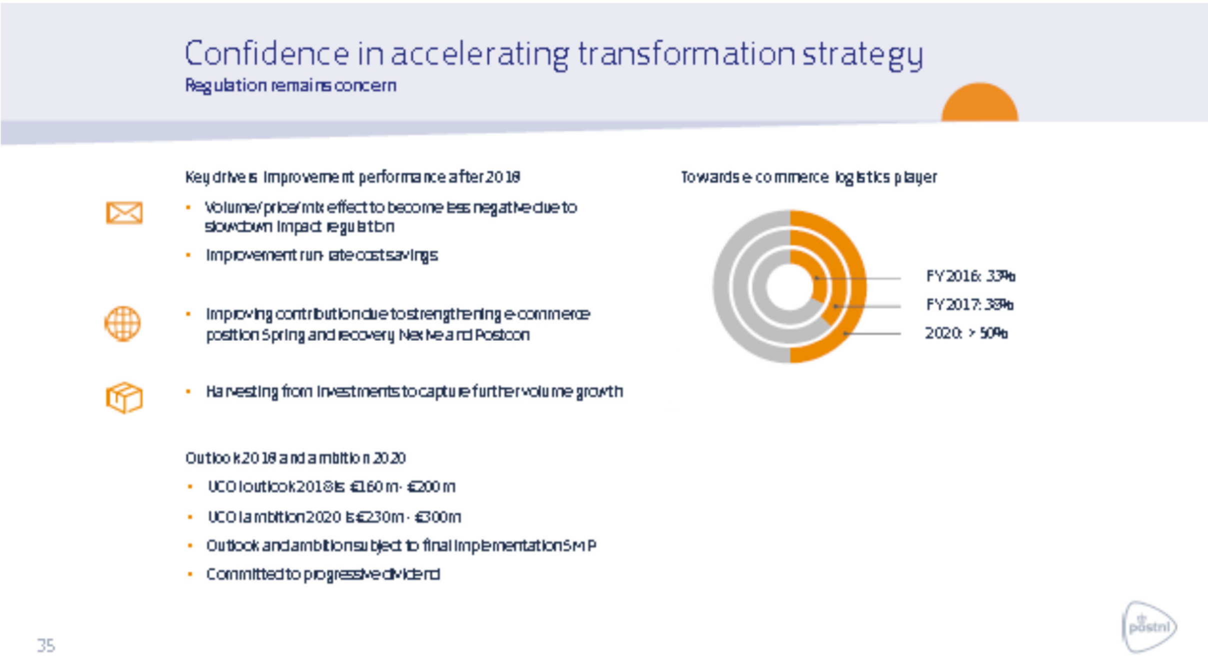
We also see that the online share of retail is growing. It was 14% in 2016, it is 16% in 2017 and that means that there is still lots of potential, because 84% of the market is still offline.

A broad adoption of online shopping means that the spend will increase over the next coming years. That is also the reason why we changed the assumptions when it comes to growth of parcel volume. That is what you find on the right side of this slide in the orange bars, for 2017, 2018, 2019 and 2020.



That accelerated growth also compares to what we presented last year. It means that we have to do investments to accommodate this volume growth. It also means that we have a one-time step-up in implementation costs of EUR 10 million. We will build 11 sorting centres, of which three in 2018 in the Netherlands, three in 2019 and three in 2020, all in the Netherlands, and another two in Belgium. In other words, an investment is necessary to make sure that the growth we expect for the next coming years can be accommodated by the infrastructure we have.

What is the improvement of performance we expect after 2018? That improvement is based on the acceleration in volume and therefore revenue growth within Parcels, no additional implementation costs after 2018, and the increase of operational efficiency via increased use for example of data analytics, robotization but also the fact that the infrastructure will be filled more and more with volume growth over the next coming years.



So, looking back into what we have presented: we present and outlook for 2018, which is between EUR 160 million and EUR 200 million, and an ambition for 2020, which EUR 230 million to EUR 300 million, and we are commited to progressive dividend in 2018 and the years after.

What are the key drivers behind that improvement of performance after 2018?

First of all, the slow-down of the impact of regulation after 2018 but also the improvement of the run-rate of our cost savings. In International, it is of course improving our contribution due to strengthening our e-commerce position in Spring and the recovery of Nexive and Postcon, and in Parcels it is harvesting from investments to capture further volume growth. That is what you see translated also towards 2020 in the percentage of revenue, which will be related to e-commerce logistics and is expected to be around 50% by 2020.

For the last time, I give the floor to Jan.

Outlook 2018 UCOI between €160m and €200m

Ambition 2020 adjusted to between €230m and €300m

(in € millions)	Revenue 2017	Revenue outlook 2018	Revenue CAGR 2018 2020	UCOI / margin 2017	UCOI / margin outlook 2018	UCOI / margin ambition 2020
Mail in the Netherlands	1,783	- mid single digit	- low single digit	125	3% 5%	
Parcels	1,110	+ mid teens	+ low teens	120	9% 11%	
International	1,051	+ high single digit	+ high single digit	6	0% 2%	
PostNL Other / eliminations	(449)			(26)		
Total	3,495	+ mid single digit	+ mid single digit	225	160-200	230-300

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Jan Bos – CFO PostNL: Thank you, Herna. As you know, this is my last analyst presentation.

Looking forward at 2018 and 2020, I would have liked to leave PostNL with a better message, but the factual developments of 2017 make it necessary to forecast an operational result between EUR 160 million and EUR 200 million in 2018 and adjust our ambition for 2020 to EUR 230 million to EUR 300 million.

On this slide you see some details on this outlook and Ambition 2020.

For Mail in the Netherlands, revenue decline of mid-single digit in 2018, which will slow down in 2019 and 2020, in line with the lower expected regulatory impact in these years. Our margin in Mail in the Netherlands will be lower in 2018, partly related to the additional regulatory impact and partly due to a mismatch between a higher volume decline and a delay in cost savings in 2017 and 2018. After 2018, we expect a recovery, as said by a lower regulatory impact in these years and accelerated cost savings.

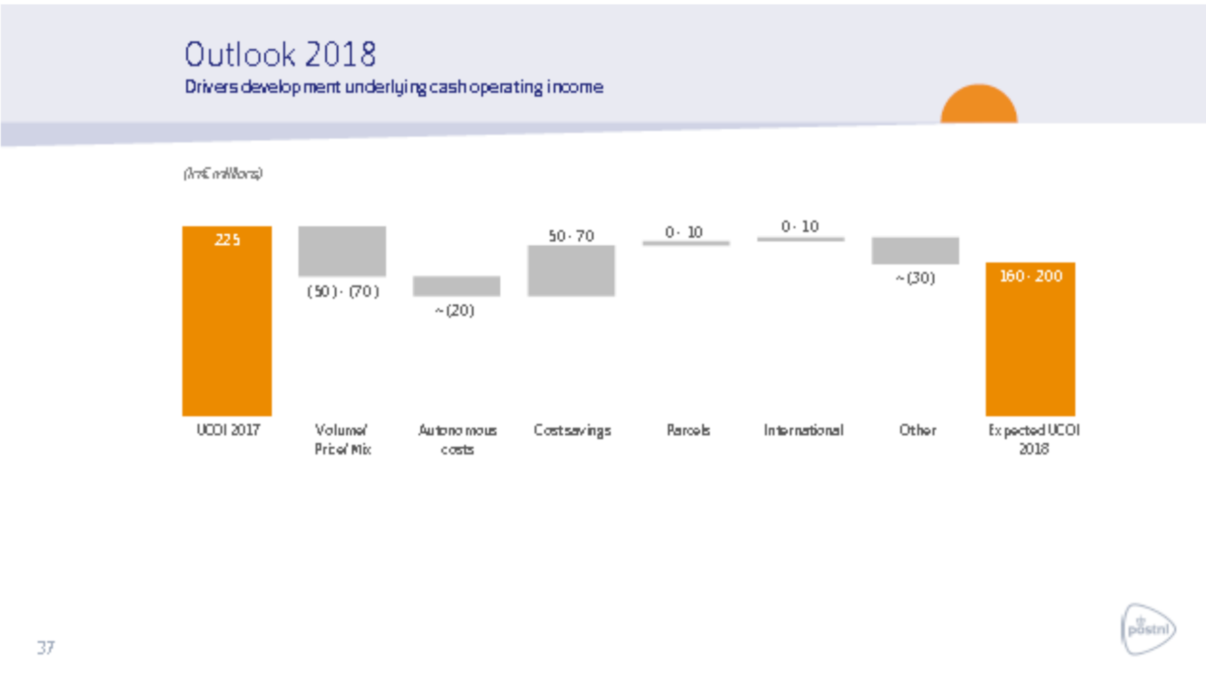
In Parcels, we expect the accelerated revenue growth to continue. In 2018, up by mid-teens, partly fuelled by acquisitions we did in 2017 and in 2019 and 2020 low teens. The accelerated growth is also visible in our development of our operational results. In 2018, we expect only a small increase in operational results due to the costs of the necessary acceleration of the expansion of our infrastructure and after 2018, we expect continuation of growth in operational results and even with higher volumes.

In International, we expect recovery of our results, visible in high single-digit revenue growth and operational results, increasing as from now.

All in all, this leads to an outlook to 2018 of mid-single revenue growth and UCOI between EUR 160 million and EUR 200 million and an ambition for 2020 of EUR 230 million to EUR 300 million.

I will first dive into the development of 2018 and then explain why we expect better results in 2019 and 2020.

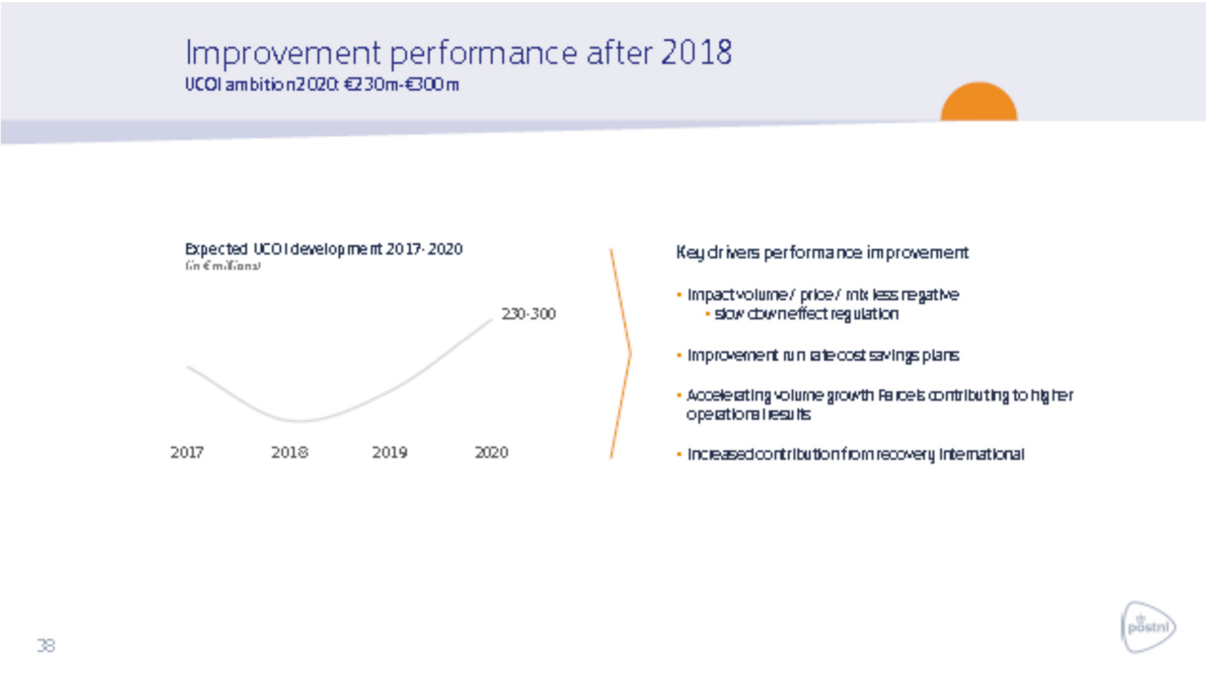
First of all, the outlook for 2018.



In 2018 we expect a negative volume price/mix effect, to be between EUR 50 million and EUR 70 million. This is fuelled also by the increased impact of the ACM measures, also visible in an increase in expected volume decline between 10% and 12%.

Autonomous cost increases are in line with what you are used to, so around EUR 20 million. Cost savings with a level of between EUR 50 million and EUR 70 million are not fully compensating both effects. As Herna has explained, we have seen and will see some delay in 2017 and 2018 and then an acceleration in cost savings in 2019 and 2020.

Parcels and International will contribute to the results. Parcels less than normally, due to the cost of the expansion of the infrastructure. The bucket 'Other' is mainly representing the impact of one-offs we have seen in 2017 on bilaterals and depreciation.



How will we improve the results after 2018?

We expect a recovery and the main contributors are a less negative impact of regulatory measures compared to 2017 and 2018. The difference you have to think around EUR 10 million and EUR 15 million per year.

The acceleration of cost savings in 2019 and 2020 delivers around EUR 30 million annual higher results.

The recovery of International is contributing around EUR 10 million per year to the recovery.

Last but not least, the combination of the accelerated growth in Parcels and the one-off additional cost we expect as from 2018 in expansion of our infrastructure will contribute around EUR 15 million per year into the recovery.

Our financial strategy remains the same. In 2017, we achieved a positive consolidated equity and we are well financed with the newly issued bond of EUR 400 million at an interest rate of 1%. Our aim for a leverage ratio not exceeding 2 remains. Also, our priorities for capital allocation. First of all, a sustainable dividend for our shareholders with the aim of a progressive dividend and second, investing in the three growth domains Herna talked about.

Additional investments in network and working capital

Capex

(in € millions)	previous	2015-2020
Base capex as % of revenue	< 1.8%	< 1.8%
Related to cost savings and parcels' network	190-210	200-220

- Additional investments to expand infrastructure in Parcels; mix of capex (€10m) and lease (~€100m)
- Excluding investments in small acquisitions

Working capital

(in € millions)	% of revenue (2017)	investment in working capital, after 2017
Mail in the Netherlands	-23%	
Parcels	-5%	
International	8%	
PostNL	-10%	

- Change in revenue mix going forward results in investments in working capital
- Shift to relatively more import in import-export mix requires additional investments in working capital

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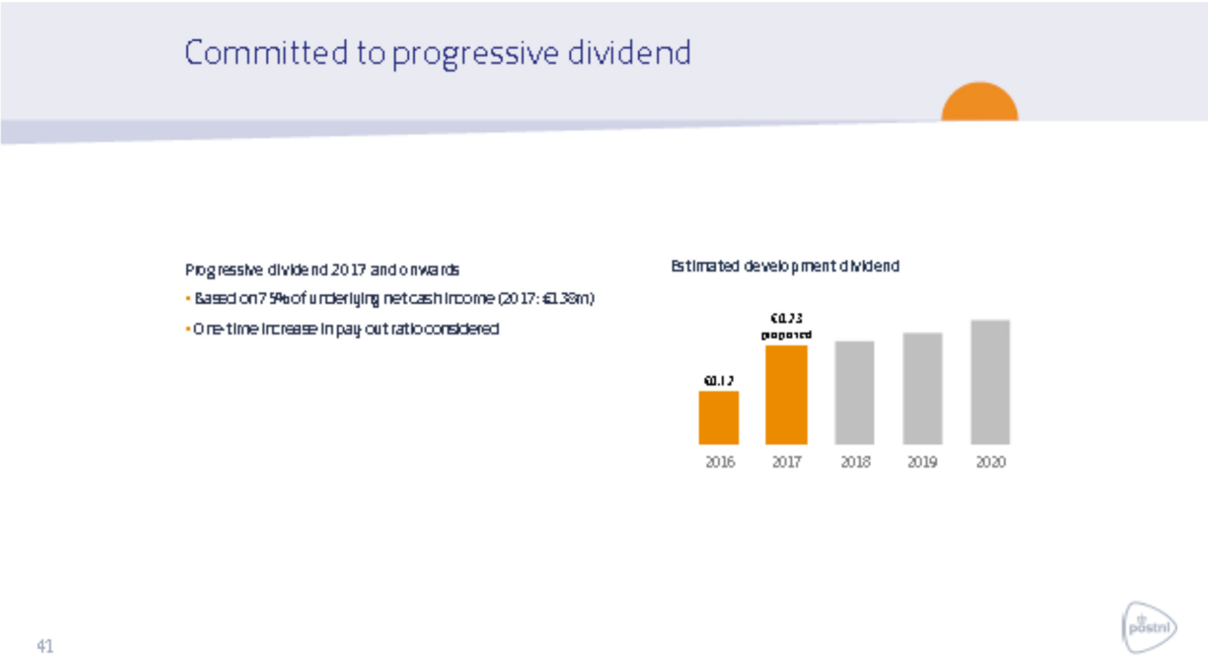
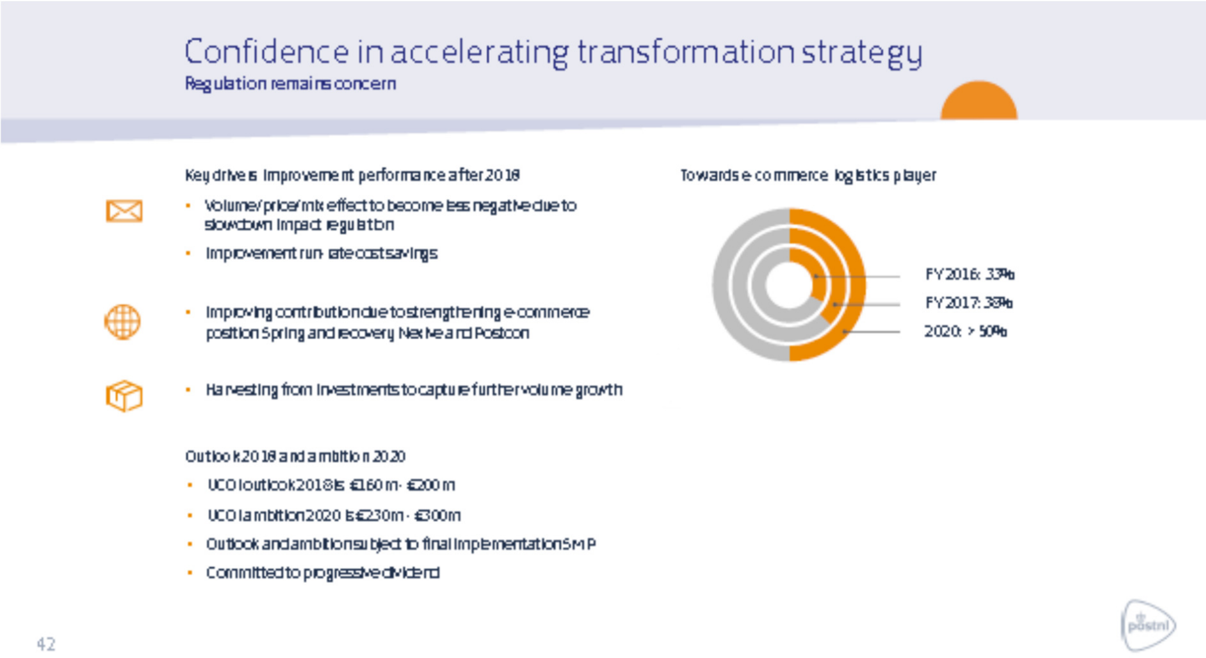
With the expected accelerated growth in Parcels and also the developments in cross border, we expect some additional investments in capex and in working capital. Until 2020 we will invest in 11 depots in Parcels to handle the expected additional volume. Partly this will be financed via capex and partly for reasons of flexibility via lease.

As earlier said, we have also seen, and we expect some change in the mix between import and export volumes in cross border, leading to more investments in working capital than earlier expected. That is in the range of about 2% of revenue.



As said, our aim for progressive dividend remains. That is based on our outlook for 2018 and lower interest expenses after 2018 due to the redemption of our British pound loan, and trust in our Ambition for 2020. We consider for that reason a one-time increase in the pay-out ratio in 2018.

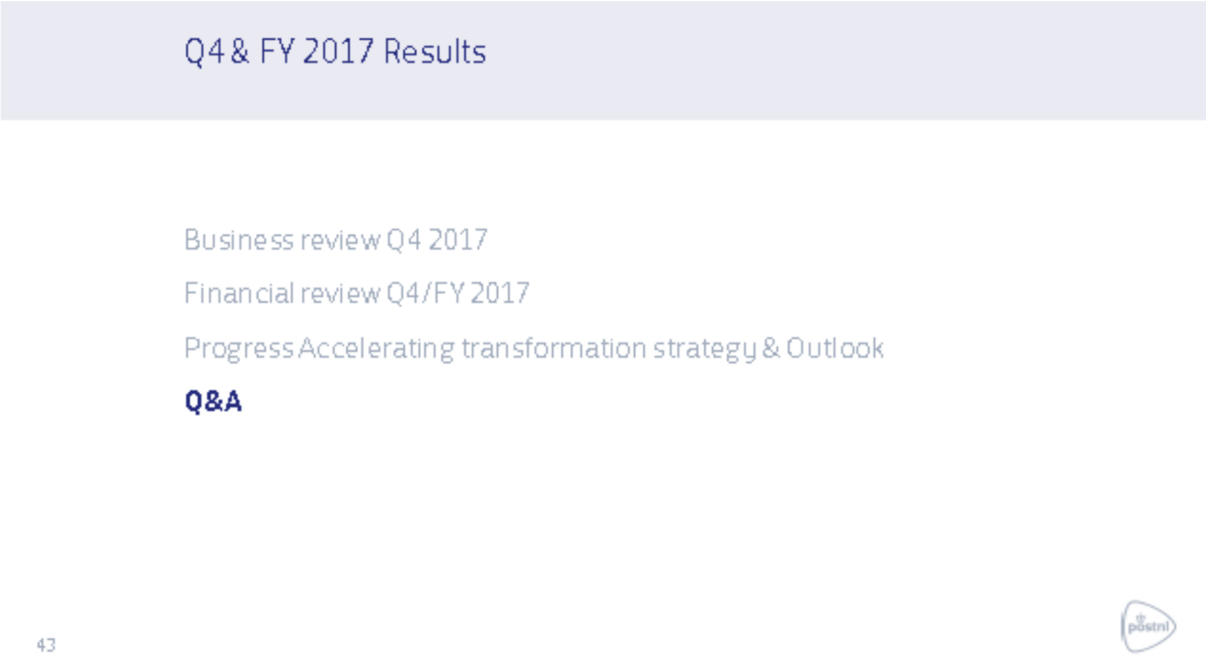


To conclude my last part in the presentation, I repeat the main messages for today. We have confidence in our accelerating transformation strategy with an outlook of EUR 160 million to EUR 200 million for 2018. We expect an improvement of our operational results in 2019 and 2020 based on a slow-down of impact of regulation, an increased impact of cost savings after 2018, the recovery in International and of course the accelerating growth of our Parcels.

This leads to an underlying cash operating income ambition in 2020 of between EUR 230 million and EUR 300 million.

Based on that trust in our strategy and in our ambition, we continue to aim for a progressive dividend also in 2018.

With that, I hand it over to Karen for the Q&A. Thank you.



Karen Berg – Investor Relations PostNL: Thank you, Jan. We will start with the questions here in the room but those on the phone, please press *1 if you have any questions.

- **Maarten Bakker – ABNAMRO**

Can you update us on the agenda of the Dutch government with regards to when they expect to talk about the changes in regulations? The postal dialogue that you refer to, what was the agenda of that?

Secondly, can you update us on the legal procedures that you have started against the ACM measures? Have you started them already and how long do you expect it to take? Do you expect it to be successful when everything has been implemented? What makes you confident of that?

You made an argument for consolidation in the press release. How do you see that? Do you see PostNL involved? What is the room for movement there?

Herna Verhagen – CEO PostNL: What is the agenda of the Dutch government? The postal dialogue has started and that means that they are creating their agenda at this moment in time. The ambition is as far as we understood that the postal dialogue will be finished before the summer and deliver the report to the ministry of Economic Affairs. That report is input for the ministry of Economic Affairs to come up with their view or vision on the postal market towards the future and a connected legal and regulatory framework. An exact planning of that we do not have. What we also do today is to press again on the urgency we feel in this discussion. In our view, hopefully there will be a conclusion in 2018 but we are not sure.

We have started legal procedures against the decision of the ACM on Significant Market Power. It will take one to two years, so it will take a long time. Are we confident? We have lots of arguments why we think you have to define the market in which you define Significant Market Power broader than the definition used. Of course, we underpin our arguments that the decisions taken are not proportionate to what we think is and could be Significant Market Power. There are many arguments on which we have based our legal procedures. But it will take quite some time. The second reason why we press on urgency is that it will take quite a long time before there is an outcome of that and then mostly of course the impact of Significant Market Power already took place.

Then consolidation. We say that consolidation is inevitable. If we translate that into something simple: in every street in the Netherlands you have two, three or four mailmen today. In the end, we think there should be one. That is consolidation in our view.

- **André Mulder – KeplerCheuvreux**

You cut your 2020 targets, giving a specific range. What is the reason of not giving any statements on margins of the divisions there? It seems like the biggest question mark is on Mail the Netherlands. The market was static in terms of margins. I assume that the margin development in International is not really material, so why not give margin targets per division there?

Jan Bos – CFO PostNL: We decided to, given some uncertainty also in Mail in the Netherlands, not give any margin ranges for 2020 for the three segments as we did last time, but only for 2018 and the developments going up or stable.

André Mulder – KeplerCheuvreux: Are those EUR 40 million in cost savings included in your targets for 2020?

Jan Bos – CFO PostNL: We have taken into account that we will realise only a small part in 2020 and the other part after 2020.

André Mulder – KeplerCheuvreux: And the part from the investments in Parcels, what do you aim to do with EUR 600 million in net cash?

Jan Bos – CFO PostNL: What we have said before, our first priority is paying progressive dividend and the second priority is to invest in growth opportunities. That is what we said before in terms of capital allocation.

André Mulder – Kepler Cheuvreux: The 20% volume growth in Parcels, I assume that is a total number, so including both the Netherlands and Belgium? Belgium has 36% and the Netherlands is then a bit lower than 20%?

Jan Bos – CFO PostNL: Yes.

Karen Berg – Investor Relations PostNL: Thank you, André. We have Ruben on the line?

- **Ruben Devos – KBC Securities**:

I have two questions. My first question is coming back on consolidation. Regarding your call for consolidation to safeguard mail services and labour conditions, does that indicate there is still downside risk versus the outlook for Mail in the Netherlands if nothing changes? How have you seen mail volumes change on your network throughout Q4, in terms of market share changes and in discussions with clients and other market parties, what is your assessment that other mail operators in the Netherlands suffer as much from the declining market?

My second question is on pricing. The mail market is structurally in decline, both on residentials on the mail side as on the business mail side. You now expect a decline by 10% to 12%. You have a price lever on the residential side to offset somewhat the volume decline. However, in business, it has proven to be much more difficult to raise prices. Given the current climate and the poor projections for the mail market in general, would you think that there would be more scope to raise prices on the business side as well, mainly as labour conditions should become more aligned?

Herna Verhagen – CEO PostNL: On your first question: if you look into volumes 2017, part of the volume decline is always substitution and that is the biggest part of volume decline. That did not change in 2017 and that will be the case in 2018 the case as well. What's added is competition, volume loss to competition, which is created by Significant Market Power. That is what is added in 2017 and what we mainly saw coming into existence as of November 1, 2017. So, this is very recently.

Is volume declining as fast as it does with PostNL as with our competition? In our view, yes. The substitution level in the market is the same for everyone, so every mail bag in the Netherlands declines 8% to 9% year over year. That is the situation. So, price increases: we have our price increases, also in the bulk mail market well above inflation, except for certain segments where we have specific pricing. For the single mail items it is of course regulated. That was 6.4% per January 1, 2018 and we forecast that more or less the same room for price increases in bulk mail and single mail items is what we will have going forward.

- **Henk Slotboom – The Idea**

Please, do not take this seriously, but when I see a slide that you have confidence in your strategy, I have to go back one year in time. I will not mention the B-word or bpost, but I will mention the fact that today exactly one year ago you rose the targets for 2020 from EUR 285 million to EUR 355 million to a range of EUR 310 million to EUR 380 million. Now, you are cutting them again by EUR 80 million for a number of reasons and you say you are confident about the future. But how can you be confident about the results in mail if the dialogue is still taking place and the outcome of the dialogue is not clear? You can aim for consolidation and

I think we both agree that this should take place, but how can you control this whole process? I asked the same question six months ago.

The second question is about confidence. If I look at the share price, I see it is now trading at EUR 3.25 or around that level. There is still a higher number in the back of my mind. Again, I am not referring to bpost again, but I had a discussion with Jan one year ago about the way to unlock the value in PostNL. Are the targets for 2020 indeed leading to a value that could get anywhere near towards what bpost was proposed to put on the table? You are lowering the targets quite significantly and that means that the fair value, without going into too much detail, must be a lot lower than the fair value you had in mind one year ago. How are you going to deal with that with investors? In between the lines I appreciate I accept all the external factors you are dealing with. I appreciate the fact that you are going to cut costs by an incremental EUR 40 million, but at the same time I hear that part of the EUR 40 million is spilling over into 2021. So, to cut a long story short, what can you do to give investors more confidence than what is reflected in the share price today?

Herna Verhagen – CEO PostNL: The reason that we have trust in our strategy of acceleration is of course the proof given in the presentation. If you look at the growth of the amount of parcels, if you look at the growth of added services and if you look at the growth of new services we implement, that is what gives trust. That is one.

Second, an important area for trust to me is what we did over the last five years when it comes to cost savings, that we are able to adjust the organisation to volume decline. That gives trust as well.

What gives trust to me is the fact that with 44,000 people employed by PostNL we are able to change the organisation and reflected of course also market circumstances.

What is more difficult of course is to forecast the impact of regulation. That is what you see in our numbers. We see a big impact in the 2020 numbers by regulation. If you would have asked me one year before whether I would think that regulation that is focussed on network entrance will mean that in the end there will be much more volume delivered by those postal operators themselves, it is probably not what we would have forecasted. And what we see today as of

November 1 after the implementation, we see that much more volume is delivered by them. That is part of the change we did when it comes to the Ambition 2020.

The second important change when it comes to 2020 is that the mismatch that we see in volume decline and cost savings is not easily solved in the short term.

So, our volume decline expectation was around 9% but we see for 2018 is 10% to 12% and that is mainly caused by the same competition, which is caused by the regulation. That gives us an issue short term to increase the cost savings high enough to offset volume decline. That is what changed if you look into the last quarter of 2017.

Last but not least, what is good news, although it costs a one-off step-up, is of course the volume growth in Parcels. That will help us to transform this company going forward.

So trust is based on what I saw happening in the organisation over the last few years. Trust is based on the people we have. Trust is based on the growth I see in Parcels, the adjustments we did in our mail organisation and then hopefully we will have a fair discussion in the postal dialogue, which will lead to a conclusion, which safeguards the mail market for the next 10-15 years. That is of course what is not in our hands; that is where we put all the energy we have into to make sure that we have the right discussion and that we have the right arguments on the table to have that discussion in a good way and in a good manner. That is our obligation.

If you look at PostNL going forward, then mail remains important. But also for the Netherlands, mail remains important for the coming years. How can we create market circumstances in which that is possible? That is what we try to do. There is no certainty in that area that we can create consolidation. Consolidation is not part of the ambition we gave for 2020.

Henk Slotboom – The Idea: Perhaps you will allow me one follow-up?

Herna Verhagen – CEO PostNL: Of course!

Henk Slotboom – The Idea: I sympathise with what you say about Parcels, because growth there is and has been quite impressive over the recent years; I know it is like looking into a crystal ball, but I am trying to get a better feel for the potential downside of a discussion on the mail market. You said yourself that conversation is currently going on and that is needs to be finished by the summer of this year and then Miss Keijzer and the civil servants will translate it into new legislation and/or a new structure. To put it quite bluntly: the legislator, the regulator has not been the most reliable force. This is perhaps the understatement of the day, but is it not time to opt for a different tactic so that you are a little bit more in control of your own faith, going forward? You have mobilised forces against the takeover by bpost, you had all the political support you needed, the unions were backing you: is it not time to deploy a similar strategy in terms of getting a solution for the mail market soon? Would that accelerate things?

Herna Verhagen – CEO PostNL: I think the postal dialogue is of utmost importance for that, because finding a solution for the mail market asks that all parties active in that mail market will discuss the situation together and try to find a solution going forward. So, I think the postal dialogue is of the utmost importance when it comes to a clear definition of the issue we have in the mail market.

The second reason why I think the postal dialogue is important is because it needs to give an answer on the how. Howe can we solve what is happening in that mail market? Hopefully, that is enough input for the ministry of Economic Affairs to come with their legal and regulatory agenda for the discussion within the government. In my view, the postal dialogue is of the utmost importance to bring all arguments together. That is one. Then they need to think about what is the best way forward for the mail market and how we can organise that. That is what I hope will be done in the process of the coming months, until summer.

- **Edward Stanford – HSBC**

Good morning, just a couple of questions please, some clarifications if I may, on the capex spend. Just to confirm that you are talking about capex relating to cost savings is EUR 200 million to EUR 220 million. Is that per annum or in total? I think you said that the working capital outflow would be around 2% of revenue in future; can you just confirm I understood that correctly?

Secondly, the dividend policy. Clearly, you are looking at a one-off increase in the pay-out ratio. Can you give us some flavour as to what level you think you might increase that to?

Then a more broader question. When does the profit have to start to grow again for your dividend to remain sustainable?

Jan Bos – CFO PostNL: To answer your first question on capex: EUR 200 million – EUR 220 million is for the period from 2015 till 2020 and almost half of it has already been spent. It is not only for cost savings but also for our depots in Parcels. That is an explanation for the capex. It excludes now that we are also investing partially via lease and that is for an additional six depots in Parcels until 2020.

Edward Stanford – HSBC: So, it is a cumulative number?

Jan Bos – CFO PostNL: Yes.

Edward Stanford – HSBC: Thank you.

Jan Bos – CFO PostNL: The 2% revenue is a good indication for the investments in working capital.

Edward Stanford – HSBC: Thank you.

Jan Bos – CFO PostNL: Could you repeat your third question?

Edward Stanford – HSBC: I am trying to understand your dividend. You talked about considering a one-off change in the pay-out ratio.

Jan Bos – CFO PostNL: I would say it is easy to calculate with the guidance between EUR 160 million and EUR 200 million with a little bit lower interest rate, but we consider a higher pay-out ratio than 75%.

Edward Stanford – HSBC: And the broader medium-term question is when the profit, when that will have to start growing again to make sure your dividend policy in the medium term is sustainable again. How long can you tolerate declining profits?

Jan Bos – CFO PostNL: The graph of the dividend going forward is an indication of the dividends we expect. For 2019 you have to take into account that we also profit from lower interest rates. Then you have to take into account the ambition for 2020. That will do the work.

Edward Stanford – HSBC: Okay.

- **David Kerstens – Jefferies**

Good morning, a couple of questions, please. First of all, do you see any change in the market following the enforcement of the 80% contractual workers rule and what do you expect the potential impact of this rule would be? Would this be sufficient to trigger consolidation in the market or does it require a change of postal law?

Second, regarding the 2020 target: you lowered it by EUR 80 million, but you only increased the Significant Market Power impact by about EUR 20 million whereas also your cost savings are going up by EUR 40 million by 2021. What explains the difference between the EUR 80 million reduction and your 2020 targets and the increase related to the Significant Market Power impact?

Thirdly, regarding the full year 2018 revenue guidance for Mail in the Netherlands. You are expecting a mid-single decline with 10% to 12% volume decline. Is the difference mainly made up by steeper price increases than we have seen before or is there some part of the mail bag that does not move that much in line with volume? Then the improvement towards 2018 to 2020 for low single-digit revenue decline, is that because you will be back at the normal volume decline of 7% to 9%?

Herna Verhagen – CEO PostNL: To answer your first question: is the implementation of the 80% labour contract in the mail contracts enough to come to consolidation? In our view it is not. We are already pleading more than five or six years that we need to have a level playing field in the mail market when it comes to labour conditions. That at least came into place per January 1 when it comes to labour contracts. That does not mean immediately that labour conditions are at a level playing field in the mail market, but it is only one of the in my view necessary steps to take when it comes to consolidation of the market. So, this in its own will not lead to consolidation and it will not lead to a solution for the issues we face in the mail market. That is my answer to the question on the 80% rule.

David Kerstens – Jefferies: Have you seen any change in behaviour already or is it too early to tell?

Herna Verhagen – CEO PostNL: That is too early to tell, to be honest.

David Kerstens – Jefferies: Okay.

Jan Bos – CFO PostNL: Your second question is on the 2020 ambition. The adjustment for EUR 80 million is EUR 20 million for regulatory impact and then a higher amount for the mismatch between higher volume decline and a slow-down in cost savings. Next to that, there is a delay in the recovery of International and then compensated by an increase of results in Parcels, but also, as we said before, a one-off step-up in cost for Parcels to increase with a higher speed the infrastructure of Parcels. Those are the main elements for the EUR 80 million adjustments in ambitions.

If you look at the 10% to 12% volume decline forecasted for 2018, it includes also loss to competition because of the increased coverage ratio of postal operators. So, it has mainly increased by the regulatory impact and that also explains our revenue development from mid-single digit to low-single digit after 2018. That is less impact of regulatory loss to competition and that also means less negative impact on revenue.

David Kerstens – Jefferies: But is the 2018 difference between your volume expectation and your revenue guidance mainly coming from a step-up in price increases or are there other factors?

Jan Bos – CFO PostNL: It is partly explained by price increases of course, because we are well above inflation. This is also explained by the fact that the whole of Mail in the Netherlands is not only addressed mail; we also have other businesses within Mail in the Netherlands, for example cross border. There you also see less decline than 10% to 12%.

David Kerstens – Jefferies: Thank you very much, Jan!

- **Matija Gergolet – Goldman Sachs**

Good morning, a couple of things from my side. First, the margins in Mail as well as the regulatory debate. If I understand correctly, with the regulated USO part you should make a fairly good margin, close to 10% I presume. If you then make 3%-5% for the whole Mail division – and I am assuming something close to 10% of the USO-part – it than implies that you will be making almost zero margin on the rest of the business. Is that a fair assumption? Do you have any room within the regulation or within the laws to actually push already on the basis of making almost no money in the business for better regulation?

Secondly, just checking a bit on the numbers. You had quite a few incidentals in 2017. In your 2018 guidance, do you still assume some incidentals, some capital gains from real estate, are they still include in the guidance or not?

Lastly, just one more clarification on the working capital where you mentioned 2% of working capital over sales. Is this referring just to International? How should we interpret that? Is it 2% of working capital over sales on the incremental revenues on a group level? Is that what you mean?

Herna Verhagen – CEO PostNL: Coming back to your first question, which is on the outlook of the margins in Mail. Our Universal Service Obligation has a margin of around 6%, not 10%. There is regulatory room for 10% but it is over the 2016 and 2017 numbers not yet published, but around 6%.

Secondly, you have to take into account that in the revenue of Mail in the Netherlands you also find non-mail related items like print, retail and our call centres. Is there room in regulation or is there room to change regulation? The answer is not specifically from our side. If regulation needs to be changed, it can only be changed via proposal of the ministry of Economic Affairs, which needs to be approved by parliament. So, the assumptions of your calculations are not fully right.

Jan Bos – CFO PostNL: Your second question was on the incidentals. The sale of buildings is included in our forecast for 2018 as well as for 2019 and 2020, so there are some capital gains on sale of real estate. On bilaterals there are not; these are not included in our forecast for 2018, 2019 or 2020. In depreciation you will see some positive impact still, but far less in 2018 and then zero in 2019 and thereafter.

On working capital and the 2%: I indicated that on the total of the revenue of the company the working capital impact is visible within the segment Mail in the Netherlands because there we also have cross-border business. There are all the payments to and from postal operators are arranged.

Matija Gergolet – Goldman Sachs: Thank you. Very clear.

Karen Berg – Investor Relations PostNL: There are no more questions on the call.

- **André Mulder – KeplerCheuvreux**

I have a few questions left. First, again digging into the margins of the divisions, you are saying that the International margin will be higher, but should we also assume that it will be lower than the initially guided range of 2% to 4%?

Jan Bos – CFO PostNL: I give a nod with a 'yes'.

André Mulder – KeplerCheuvreux: And then on the SMP effect: last time you said that most of the effect would already be in the numbers of 2017. Can you give us some guidance on that? Is that the case and are there any numbers to be mentioned?

Jan Bos – CFO PostNL: No, as we said before, the EUR 30 million to EUR 50 million was because of the accelerated impact was already in 2016 and 2017 happening. We increased the impact of EUR 50 million to EUR 70 million and a part will be in 2018 and a smaller part will be in 2019 and 2020. That is also why we say that there is a slowdown in the regulatory impact after 2018.

André Mulder – KeplerCheuvreux: Then a question on Parcels. Looking at your guidance of mid-teens revenue growth in 2018 and the low teens in 2018 to 2020, does that indicate some kind of saturation in the numbers?

Jan Bos – CFO PostNL: No, as I said in the presentation part of the revenue growth in 2018 was fuelled by acquisitions we did in 2017. That is on the innight company, a furniture company, Cheap Cargo, et cetera.

Karen Berg – Investor Relations PostNL: No more questions? Okay, then I would like to thank everyone for attending this call and Jan particularly for his final analyst presentation with us. I hope to speak to you soon on the phone and in the room. See you next time!

End of call

Results by segment FY 2017

(in € millions)	Revenue		Underlying operating income		Underlying cash operating income	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Mail in the Netherlands	1,877	1,783	217	177	160	125
Parcels	967	1,110	112	122	106	120
International	1,017	1,051	15	7	14	6
PostNL Other	178	76	(20)	(24)	(35)	(26)
Intercompany	(626)	(525)				
Total PostNL	3,413	3,495	324	282	245	225

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Breakdown pension cash contribution and expenses

(in € millions)	Q4 2016		Q4 2017	
	Expenses	Cash	Expenses	Cash
Business segments	27	35	24	31
IFRS difference	(1)		3	
PostNL	26	35	27	31
Interest	2		2	
Total	28		29	

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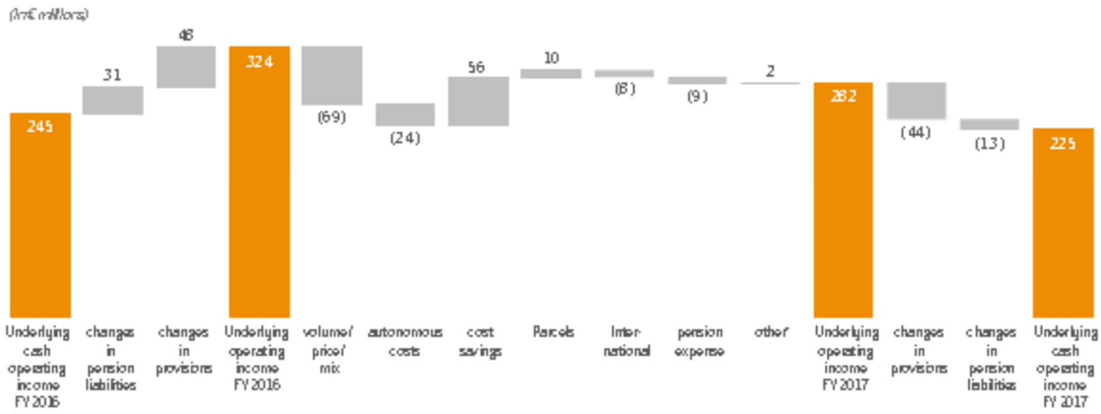
Underlying (cash) operating income FY 2017



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Published by:
PostNL NV
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