

Annual General Meeting of Shareholders 2017

Algemene Vergadering van Aandeelhouders 2017

18 April 2017



Agenda item 1

Opening and announcements

Opening en mededelingen

Agenda item 2

Discussion of the developments in the financial year 2016

Bespreking van de ontwikkelingen in het boekjaar 2016

bpost

Herna Verhagen

Overview of key events



Friday 27 May

- Former Belgian Minister Labille **leaks** discussions
- Trading suspended

Sunday 29 May

- Termination of discussions

Tuesday 1 November

- bpost advisor **leaks** preparations for new approach
- bpost confirms leak and preparations

Sunday 6 November

- bpost **announces unsolicited offer**

Sunday 6 November

- Minister De Croo confirms Belgian state control in combination

Thursday 17 November

- bpost **confirms** offer
- Invites PostNL for negotiations

Wednesday 30 November

- bpost sends **best and final offer**

Feb - May

Discussions

Wednesday 23 November

- Large customers express concerns

Tuesday 15 November

- Plenary session Dutch parliament
- Motions announced

Thursday 17 November

- Motions passed in Dutch parliament

Monday 5 December

- Dutch parliament debate
- Topical and urgent debate requested for 8/12

Sunday 29 May

- Termination of discussions

Friday 11 November

- PostNL rejects bpost's unsolicited offer
- Works council concerns

Friday 18 November

- PostNL confirms rejection

Wednesday 7 December

- PostNL rejects bpost's final proposal



Background of PostNL's considerations

- In its operations, PostNL relies and depends on the support of a broad group of stakeholders, including:
 - Diverse base of shareholders
 - 49,000 employees (largest private employer in the Netherlands)
 - Works councils and unions
 - One of the largest non-governmental pension funds
 - 7.5m households as daily users of our services
 - Ministry of Economic Affairs and Dutch government as legislator and policy maker of the liberalised postal market
- PostNL is anticipating several important decisions from the Dutch government in relation to the Dutch postal market, which are crucial to PostNL's profitability going forward
- bpost has repeatedly been made aware of the critical importance of stakeholders and their required support, including Dutch political constituencies
- Over the course of recent events it has become clear that a potential transaction with bpost lacks broader stakeholder support and notably political support in the Netherlands

Careful consideration given to proposal by the PostNL Boards

- Boards have reviewed bpost's offers in a framework addressing the interests of all stakeholders, which includes the following criteria:
 - Price
 - Resilience
 - Governance (including influence of Belgian state)
 - Employees & pensions
 - Implications of the USO
 - Stakeholder support
 - Deal certainty
 - Expectation of a successful combination
- bpost's best and final proposal represents a considerable premium for shareholders, provided a transaction could have been completed
- However, the Boards lack conviction that a combination of bpost and PostNL can be successful as a result of complicated governance, impacting required efficiency and agility to respond to challenges
- Additionally, the Boards are seriously concerned about the lack of critical political support in the Netherlands

Lack of political support in the Netherlands

- Political stakeholders have expressed their opposition to a bpost takeover on multiple occasions:
 - Debates held on 15 November, 17 November and 5 December 2016
 - Broad consensus in Dutch parliament
 - Motions adopted in Dutch parliament to investigate blocking a potential takeover by bpost
- Minister could seek to implement changes to the postal regulatory framework upon acquisition by bpost:
 - Tender the USO
 - Adjust the maximum return on the USO
- If these regulatory changes would be implemented, PostNL will face unacceptable and detrimental consequences:
 - Significant deterioration of profitability
 - Jeopardise status as USO provider
 - Large number of jobs losses
 - Weaken competitive position
 - Loss of important customers
 - Jeopardise transition and growth in e-commerce and parcels
 - Limited room to invest in growth

The Boards have unanimously rejected bpost's best and final proposal

- PostNL's Boards are not principally against a potential takeover of PostNL
- However, with bpost's best and final proposal not having gained the support from key stakeholders, and notably Dutch government and other political constituents, a transaction will simply not be feasible
- The Boards lack conviction that a combination of bpost and PostNL can be successful as a result of complicated governance, which negatively impacts the required efficiency and agility to respond to challenges
- Lack of support from key PostNL stakeholders, including the Minister of Economic Affairs, supported by the Dutch government, the majority of the Dutch parliament, employee representatives and large customers
- The Boards believe that initiating discussion with bpost will in itself have negative consequences for PostNL which cannot be mitigated, are irreversible and could potentially jeopardise PostNL's continuity. Particularly in view of conditionality of bpost's offer

Business review

Herna Verhagen

2016: Delivering on our promises

| | | | |
|---|--|--|--|
| Revenue €3,413m 2015: €3,461m | Underlying cash operating income €245m 2015: €303m | Net cash from operating and investing activities* €10m 2015: €135m | Consolidated equity €(79)m 2015: €(213)m |
|---|--|--|--|

| | | | |
|---|--|---|---|
| Customer satisfaction 87% 2015: 86% | Delivery quality Mail in the Netherlands 96.4% 2015: 96.4% | Employee engagement 67% 2015: 64% | CO₂ efficiency index 49.5 2015: 51.4 |
|---|--|---|---|

* excluding TNT Express

Mail in the Netherlands

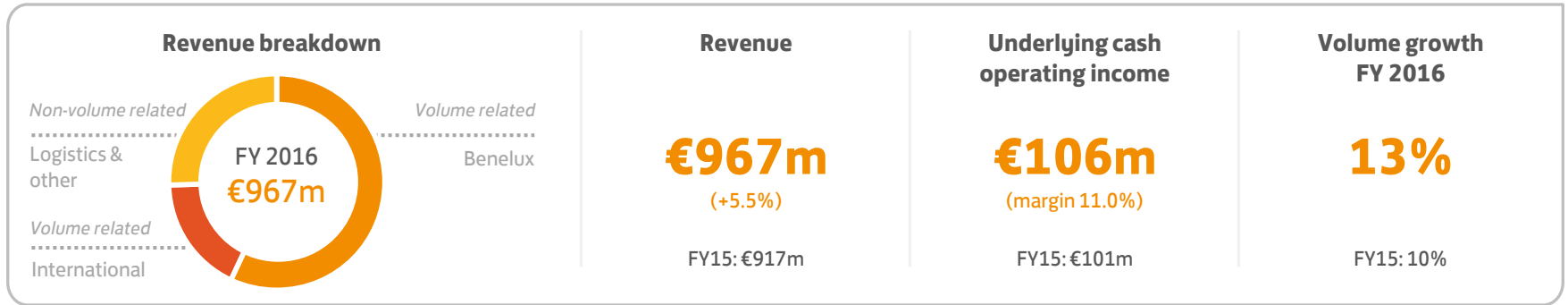
Performance according to plan

| Revenue | Underlying cash operating income | Total cost savings FY 2016 | Addressed mail volume decline FY 2016 |
|---------------------------|----------------------------------|----------------------------|---------------------------------------|
| €1,877m (-4.3%) | €160m (margin 8.5%) | €64m | 7.9% |
| FY15: €1,961m | FY15: €204m | FY15: €85m | FY15: 11.2% |

- Impact ACM measures (tariffs and conditions) and adjusted market approach as anticipated; negative price/mix effect
- Full year delivery quality 96.4%, well above minimum required level

Parcels

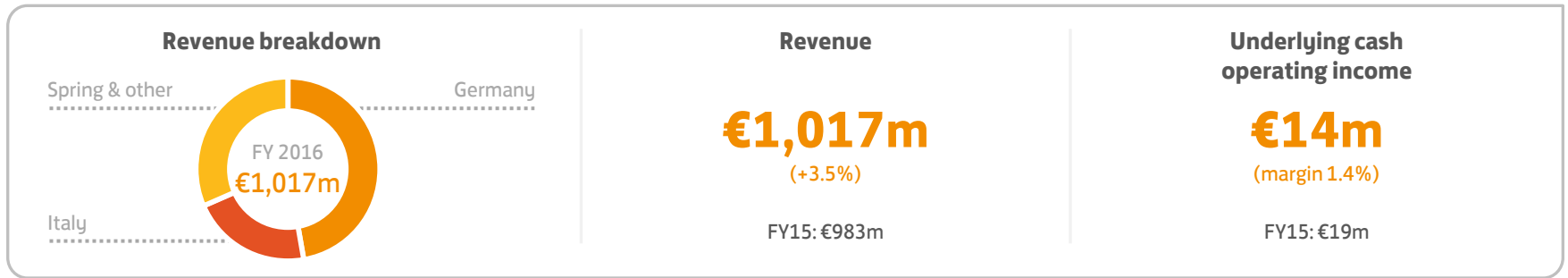
Strong volume growth continues



- Strong volume growth of 13%
- Considerable growth in Belgium
- International volumes: growth other categories mainly Asia to Europe
- UCOI performance also reflects lower milk powder volumes and impact sustainable delivery model

International

Performance recovery Italy delayed - improving performance Germany



Spring

- Growth in Asia and UK driven by e-commerce
- Performance from higher top line offset by higher costs related to dangerous goods and some incidentals
- Further development of propositions to capture e-commerce growth potential

Germany

- Slightly lower revenue due to competition
- Good progress in restructuring
- Improving performance
- Acquisition Pin Berlin (100%) and Mail Alliance (87%); revenue around €80m (comparative number over 2016)

Italy

- New client postponed transfer of volumes to 2017 due to legal proceedings incumbent
- Competition Poste Italiane impacted volumes and average price
- Performance supported by improvement result of start-up parcels network

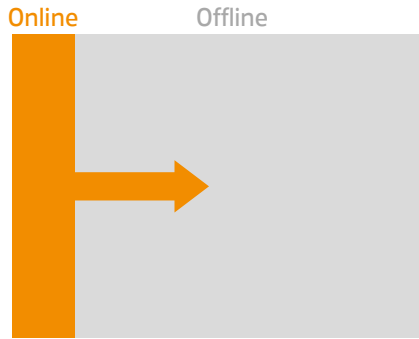
Growth e-commerce exceeds earlier expectations

Further growth potential

Enablers online adoption

- Technological developments
- Convenient e-commerce logistics
- Strong brand, trust & quality

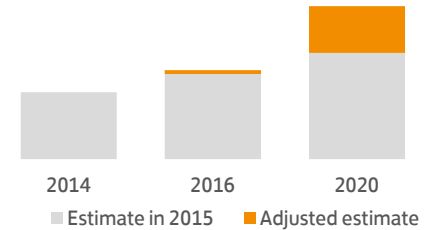
Online retail share offers growth potential



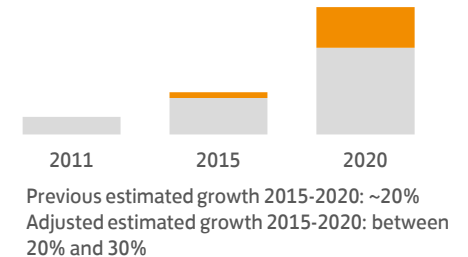
Retail spending in NL was €73b of which ~15% online (2016)

Source: Thuiswinkel.org, BCG

Domestic NL e-commerce market



Growth global cross-border e-commerce market

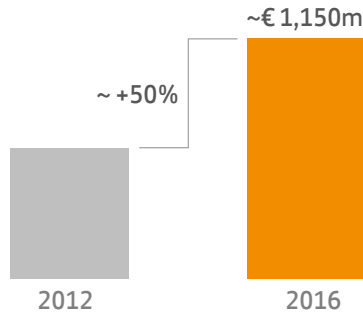


Based on several external sources

Sharp growth e-commerce revenue PostNL

Changing PostNL profile

~50% e-commerce revenue growth



 Parcel points
~2,100 → ~3.400

 Parcels
120m → 177m

 Spring revenue*
€162m → €310m

 Coverage Parcels Belgium Flanders → Full coverage

 Customer satisfaction
77% → 87%

 Usage PostNL app and site
~55m → ~210m

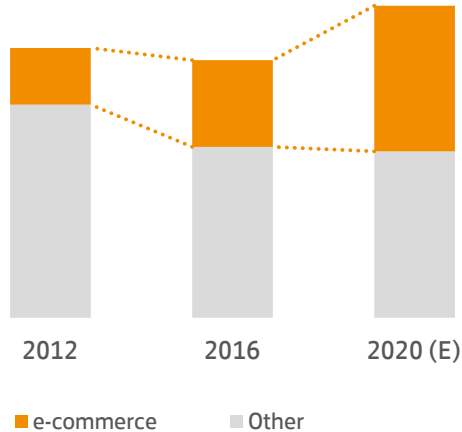
 Parcels customers fully digital serviced
6% → 40%

■ 2012
■ 2016

*Spring and other

Accelerating transformation PostNL towards e-commerce profile

Step up e-commerce revenue PostNL



Reducing receiver barriers

- Expand service propositions
- Optimise processes through close cooperation with customers
- Support Dutch customers to grow in Belgium
- Receiver in control through digital communication, for example re-routing

Developing markets

- 2C and 2B
- Expansion of cross-border sales reach and innovation
- Food, pharma, flowers

Accelerating transformation

Unlocking value

| | From | To |
|-----------------------|-------------------------------------|-----------------------------|
| Revenue growth PostNL | Stable <small>2016</small> | Mid single digit |
| Shift in revenue mix | 30% e-commerce | 45% e-commerce |
| Cost savings | €345m | € 460m |
| UCOI ambition 2020 | €285m - €355m | €310m - €380m |
| Dividend | €0.12 per share <small>2016</small> | Progressive dividend |

Financial review

Jan Bos

Financial highlights 2016

Solid performance in delivering on our main KPI

| <i>(in € millions)</i> | FY 2016 | FY 2015 |
|---|--------------|--------------|
| Reported revenue | 3,413 | 3,461 |
| Reported operating income | 291 | 340 |
| Restructuring related charges | 28 | 11 |
| Pension curtailments | (11) | (1) |
| Book loss from disposal | 4 | |
| Project costs and other | 12 | 8 |
| Underlying operating income | 324 | 358 |
| Underlying cash operating income | 245 | 303 |
| Net cash from operating and investing activities | 653 | 135 |
| <i>Excluding TNT Express</i> | <i>10</i> | <i>135</i> |

Statement of income

| <i>(in € millions)</i> | FY 2016 | FY 2015 |
|---|------------|------------|
| Revenue | 3,413 | 3,461 |
| Operating income | 291 | 340 |
| Net financial expenses | 45 | (78) |
| Results from investments in associates and joint ventures | (1) | (2) |
| Income taxes | (55) | (77) |
| Profit/(loss) from continuing operations | 280 | 183 |
| Profit/(loss) from discontinued operations | | (34) |
| Profit for the period | 280 | 149 |
| <i>Excluding TNT Express</i> | 135 | 147 |

Net cash

(in € millions)

| | FY 2016 | FY 2015 |
|---|------------|------------|
| Cash generated from operations | 282 | 392 |
| Interest paid | (92) | (73) |
| Income taxes received / (paid) | (80) | (105) |
| Net cash from operating activities | 110 | 214 |
| Interest / dividends received / other | 611 | 3 |
| Capex | (95) | (91) |
| Proceeds from sale of assets | 27 | 9 |
| Net cash from operating and investing activities | 653 | 135 |
| <i>Excluding TNT Express</i> | 10 | 135 |

| | FY 2016 | 2016 outlook |
|----------------------------------|-----------|--------------|
| Capex | | |
| Base capex | 58 | |
| Cost savings initiatives | 28 | |
| New sorting and delivery centres | 9 | |
| Total | 95 | 100 |

Consolidated statement of financial position

Financial position further strengthened

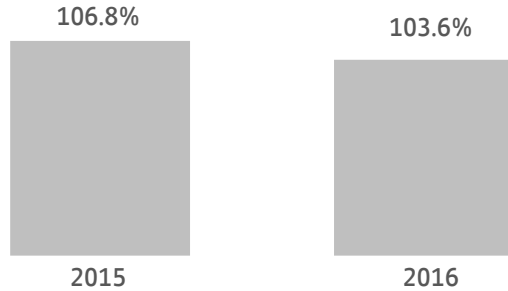
| <i>(in € millions)</i> | 31 Dec 2016 | | 31 Dec 2016 |
|------------------------------------|--------------|---------------------------------------|--------------|
| Intangible fixed assets | 201 | Consolidated equity | (79) |
| Property, plant and equipment | 505 | Non-controlling interests | 3 |
| Financial fixed assets | 57 | Total equity | (76) |
| Other current assets | 529 | Pension liabilities | 410 |
| Cash | 640 | Long-term debt | 227 |
| Assets classified as held for sale | 4 | Other non-current liabilities | 74 |
| | | Short-term debt | 328 |
| | | Other current liabilities | 973 |
| Total assets | 1,936 | Total equity & liabilities | 1,936 |

- Net cash position of €86m
- Consolidated equity improved to €(79)m, close to achieving a positive position
- Corporate equity increased to €2,742m, (€6.19 per share) of which €295m distributable, mainly due to an impairment reversal of €369m of Mail investments. The value increase mainly from improved business plans Parcels and Spring

Negative impact pensions on equity €18m in 2016

Projections show no estimated top-up payment obligation

Coverage ratio pension fund



Relatively limited negative impact on equity of €18m within OCI

- Discount rate 2016: 1.8% (2015: 2.5%)
- Rate of benefit accrual unchanged
- Asset ceiling and minimum funding requirement

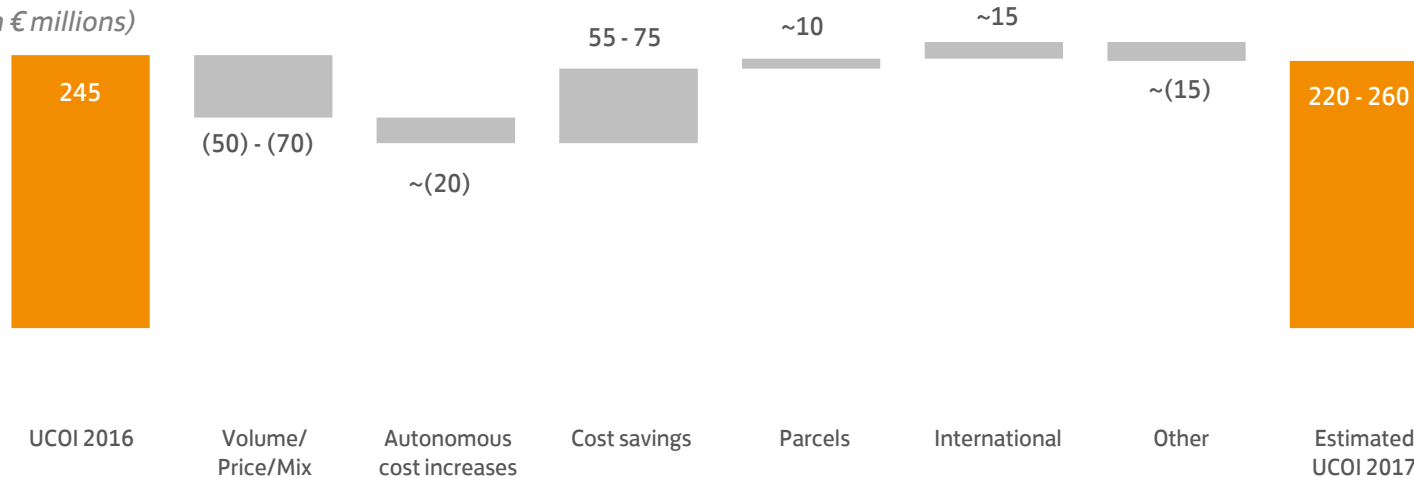
Cash pension contribution €15 million lower

- Pension contribution maximised at 27.5% of pension base
- Lower number of employees

- Second instalment unconditional funding obligation (€32m) paid to pension fund; €97m remaining
- Projections per Q4 2016 show no estimated top-up payment obligation

Outlook 2017 adjusted to €220m - €260m

(in € millions)



2017

- Mainly higher implementation costs related to increased cost savings target
- UCOI expected to be lower in Q1 driven by phasing cost savings and related implementation costs

Outlook 2017 and ambition 2020

| <i>(in € millions)</i> | Revenue | | | UCOI / margin | | |
|-----------------------------|--------------|---------------------------|---------------------------|---------------|------------------|------------------|
| | 2016 | outlook 2017 | CAGR 2017-2020 | 2016 | outlook 2017 | ambition 2020 |
| Mail in the Netherlands | 1,877 | - low single digit | - low single digit | 160 (8.5%) | 6.5%-8.5% | 8%-10% |
| Parcels | 967 | + high single digit | + high single digit | 106 (11.0%) | 10%-12% | 10%-12% |
| International* | 1,017 | + mid teens | + mid single digit | 14 (1.4%) | 1%-3% | 2%-4% |
| PostNL Other / eliminations | (448) | | | | | |
| Total* | 3,413 | + mid single digit | + mid single digit | 245 | 220 - 260 | 310 - 380 |

* Note that on 30 December 2016, PostNL acquired the remaining 50% shares of HIM Holtzbrinck 25 GmbH resulting in 100% ownership of the shares in the company. For 2017, the acquisition will result in additional revenues (2016 comparative number for revenue: €80m) and underlying cash operating income within International. The acquisition is included in our outlook 2017 numbers. The outlook 2017 excludes acquisition effects in Parcels.

Agenda item 3

Annual Report 2016

Jaarverslag 2016

Agenda item 4

Discussion of the Corporate Governance chapter in the Annual Report 2016

Bespreking van het corporate governance hoofdstuk in het jaarverslag 2016

Agenda item 5

Discussion of the execution of the remuneration policy
during the financial year 2016

*Bespreking van de uitvoering van het
bezoldigingsbeleid gedurende het boekjaar 2016*

Remuneration 2016

Overview

- Remuneration study
- Execution of remuneration policy in 2016
- No changes in remuneration policy (as approved in 2013 AGM)

Remuneration study

Outcome market assessment

Following the 2015 remuneration benchmark, the Remuneration Committee compared BoM's total direct compensation (base salary, target STI and expected value LTI) to median peer group over the last 3 years.

Recapitulation outcome 2015 remuneration benchmark:

- Base salary positioned at market median level
- Total direct compensation positions below 25th percentile

Outcome comparison BoM's total direct compensation :

- Gap between BoM's total direct compensation and median peer group increased over the last 3 years
- Gap is primarily result of variable remuneration (STI and LTI) which is below market

→ As proposed by the BoM - considering wage moderation and ongoing cost savings - Remuneration Committee agreed to leave the BoM's remuneration as is. Supervisory Board adopted advice of Remuneration Committee.

Remuneration policy PostNL

Variable pay

Short term - Cash -

Financial targets (60%)

- Underlying cash operating income PostNL
- Adjusted net cash flow from operating/investing activities

Non-financial targets (40%)

- Employee engagement
- Customer satisfaction
- Quality score
- CO₂ reduction

Maximum 37.5% of base salary

Long term - Shares -

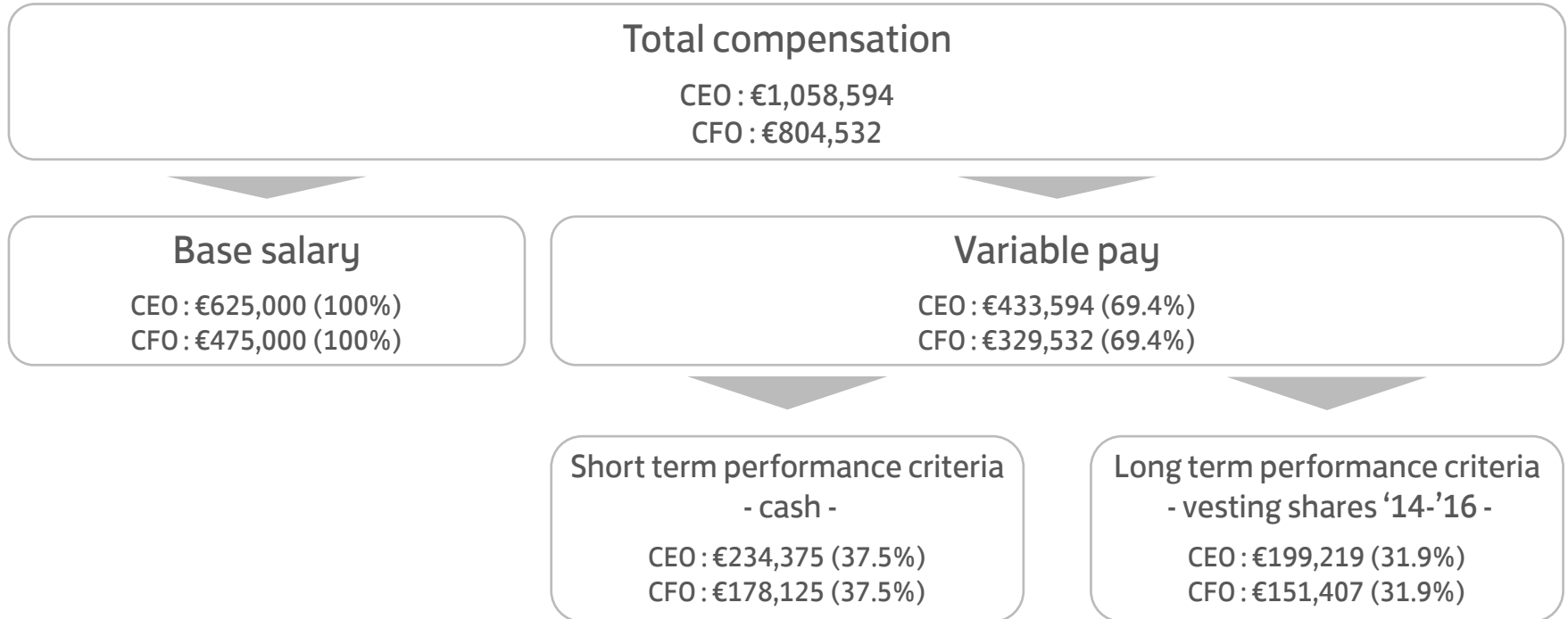
Internal financial & strategic targets (100%)

- Underlying net cash income PostNL
- Cost savings
- New growth initiatives

Maximum 37.5% of base salary

Remuneration 2016

According to remuneration policy as approved in 2013



Agenda item 6

Adoption of the 2016 financial statements (Resolution)

*Vaststelling van de jaarrekening over het boekjaar 2016
(Besluit)*

Voting

Stemmen

Insert the card with the gold chip pointing towards you
Voer de kaart in met de gouden chip naar u toe

Open LUMI AGM app and log in
Open LUMI AGM app en log in



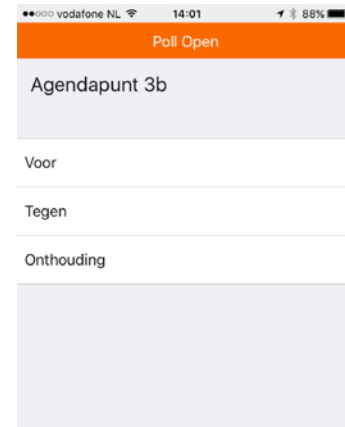
Voting

Stemmen

When the chairman invites you to vote the options will appear in the device screen

Wanneer de voorzitter u uitnodigt om te gaan stemmen verschijnen de stemopties in het beeldscherm

- Button 1 to vote for
 - Button 2 to vote against
 - Button 3 to abstain
 - Confirmation that your vote has been received will appear on the screen
 - To change your vote, simply enter your new choice (1, 2 or 3) to overwrite your previous selection
- *Toets 1 om voor te stemmen*
 - *Toets 2 om tegen te stemmen*
 - *Toets 3 voor onthouding*
 - *Een bevestiging dat uw stem is ontvangen verschijnt in het beeldscherm.*
 - *Om uw stem te wijzigen drukt u op de toets (1, 2 of 3). Uw laatste keuze geldt*



Testvraag

| | |
|----------------------|-----------|
| Voor / For | 3,733,453 |
| Tegen / Against | 20,763 |
| Onthouding / Abstain | 1,846,968 |



Agenda item 6
Agendapunt 6

| | |
|----------------------|-------------|
| Voor / For | 224,930,720 |
| Tegen / Against | 14,366 |
| Onthouding / Abstain | 1,108,846 |



Agenda item 7

- a. Dividend policy
Dividendbeleid

- b. Appropriation of profit (Resolution)
Winstbestemming (Besluit)




Financial strategy

Aimed at progressive dividend and investing in growth

Strong financial position

- Strict cash flow management
- Solid balance sheet
 - positive consolidated equity
 - Aim for leverage ratio of adjusted net debt/EBITDA not exceeding 2.0x

Priorities for capital allocation

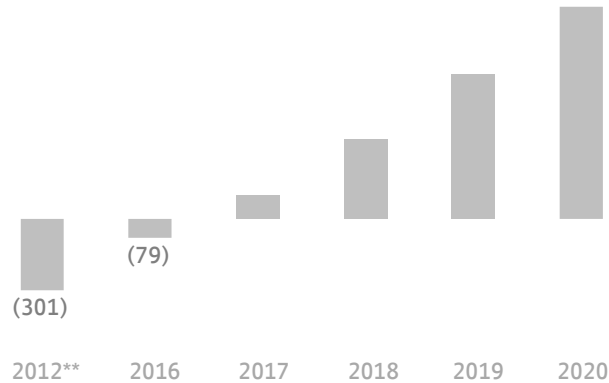
- Sustainable dividend
- Invest in growth, close to core and adjacent, e.g.
 -  Network logistics
 -  Convenient shopping
 -  Connected community

Financial strategy results in solid balance sheet

Consolidated equity and net cash/(debt) position improving

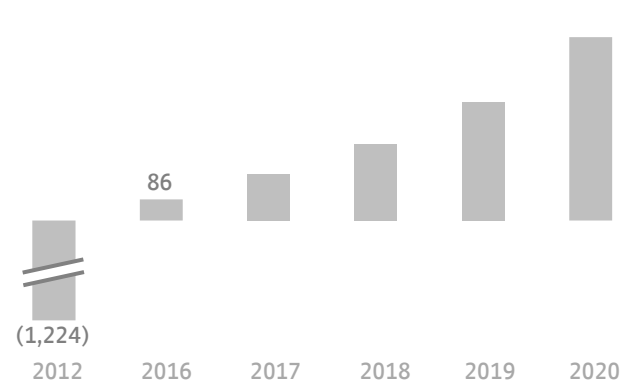
Consolidated equity*

(in € millions)



Net cash/(debt) position*

(in € millions)



- Solid business performance will generate sufficient profit and cash flow to pay progressive dividend

* Projection to 2020 excludes impact acquisitions and dividend

** 2012 restated for change in IAS 19 as per 1 January 2013

Dividend policy 2017 and forward

Aim for progressive dividend

Adjusted dividend policy:

Aimed at paying progressive dividend that develops substantially in line with operational performance

- Condition for paying out dividend is leverage ratio (adjusted net debt/EBITDA) not exceeding ~2x
- Aim for a dividend pay out of around 75% of underlying net cash income
- Aim to pay interim and final dividend as election dividend (i.e. cash or shares at the option of shareholder)
- Interim dividend of one third of total dividend over previous year

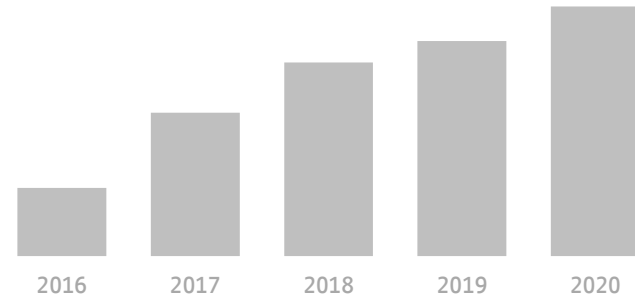
Progressive dividend 2017 and onwards

Solid business performance will generate sufficient profit and cash flow

Proposed 2016 dividend: €0.12 per share

Sale of TNT Express, reduced interest sensitivity pensions, solid 2016 results and confidence in business performance

Dividend: 75% of UNCI



Agenda item 7b
Agendapunt 7b

| | |
|----------------------|-------------|
| Voor / For | 225,979,868 |
| Tegen / Against | 71,488 |
| Onthouding / Abstain | 3 |



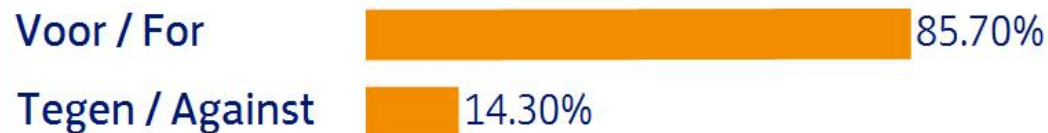
Agenda item 8

Release from liability of the members of the Board of Management (Resolution)

Het verlenen van kwijting aan de leden van de Raad van Bestuur (Besluit)

Agenda item 8
Agendapunt 8

| | |
|----------------------|-------------|
| Voor / For | 191,156,224 |
| Tegen / Against | 31,886,211 |
| Onthouding / Abstain | 3,008,925 |



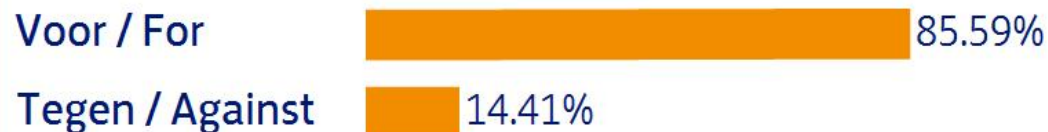
Agenda item 9

Release from liability of the members of the Supervisory Board (Resolution)

Het verlenen van kwijting aan de leden van de Raad van Commissarissen (Besluit)

Agenda item 9
Agendapunt 9

| | |
|----------------------|-------------|
| Voor / For | 190,194,530 |
| Tegen / Against | 32,029,543 |
| Onthouding / Abstain | 3,830,586 |



Agenda item 10

Supervisory Board *Raad van Commissarissen*

- a. Announcement of three vacancies in the Supervisory Board
Kennisgeving van drie vacatures in de Raad van Commissarissen
- b. Opportunity for the General Meeting of Shareholders to make recommendations for the (re)appointment of members of the Supervisory Board
Gelegenheid tot het doen van aanbevelingen door de Algemene Vergadering van Aandeelhouders voor de (her)benoeming van leden van de Raad van Commissarissen
- c. Announcement by the Supervisory Board of the persons nominated for (re)appointment
Kennisgeving door de Raad van Commissarissen van de voor (her)benoeming voorgedragen personen

Agenda item 11

Proposal to appoint Mr E. Blok as member of the
Supervisory Board (Resolution)

*Voorstel tot benoeming van de heer E. Blok tot lid van de
Raad van Commissarissen (Besluit)*

Agenda item 11
Agendapunt 11

| | |
|----------------------|-------------|
| Voor / For | 221,971,134 |
| Tegen / Against | 4,071,984 |
| Onthouding / Abstain | 11,043 |



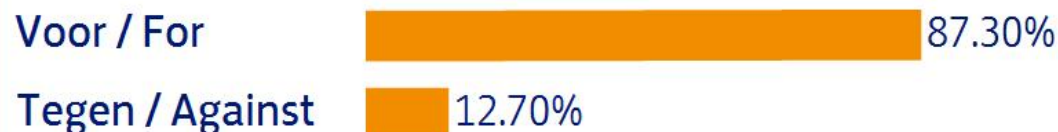
Agenda item 12

Proposal to reappoint Ms A.M. Jongerius as member of the Supervisory Board (Resolution)

Voorstel tot herbenoeming van mevrouw A.M. Jongerius tot lid van de Raad van Commissarissen (Besluit)

Agenda item 12
Agendapunt 12

| | |
|----------------------|-------------|
| Voor / For | 196,244,874 |
| Tegen / Against | 28,539,684 |
| Onthouding / Abstain | 1,270,002 |



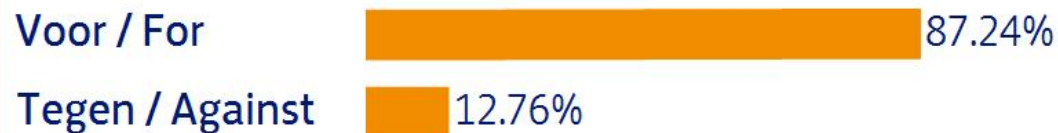
Agenda item 13

Proposal to reappoint Mr J.W.M. Engel as member of the Supervisory Board (Resolution)

Voorstel tot herbenoeming van de heer J.W.M. Engel tot lid van de Raad van Commissarissen (Besluit)

Agenda item 13
Agendapunt 13

| | |
|----------------------|-------------|
| Voor / For | 196,092,983 |
| Tegen / Against | 28,670,107 |
| Onthouding / Abstain | 1,290,922 |



Agenda item 14

Announcement of vacancies in the Supervisory Board as per the close of the Annual General Meeting of Shareholders in 2018

Mededeling van vacatures in de Raad van Commissarissen die na afloop van de Jaarlijkse Algemene Vergadering van Aandeelhouders in 2018 zullen ontstaan

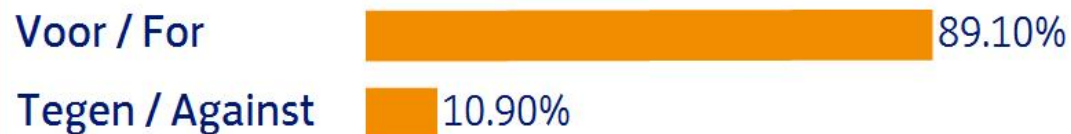
Agenda item 15

Extension of the designation of the Board of Management as authorised body to issue ordinary shares (Resolution)

Verlenging van de aanwijzing van de Raad van Bestuur als bevoegd orgaan tot het uitgeven van gewone aandelen (Besluit)

Agenda item 15
Agendapunt 15

| | |
|----------------------|-------------|
| Voor / For | 201,421,271 |
| Tegen / Against | 24,628,964 |
| Onthouding / Abstain | 4,324 |



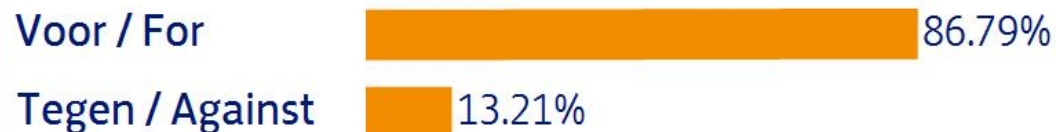
Agenda item 16

Extension of the designation of the Board of Management as authorised body to limit or exclude the pre-emptive right upon the issue of ordinary shares (Resolution)

Verlenging van de aanwijzing van de Raad van Bestuur als bevoegd orgaan tot het beperken of uitsluiten van het voorkeursrecht bij uitgifte van gewone aandelen (Besluit)

Agenda item 16
Agendapunt 16

| | |
|----------------------|-------------|
| Voor / For | 196,197,032 |
| Tegen / Against | 29,856,489 |
| Onthouding / Abstain | 1,025 |



Agenda item 17

Questions

Rondvraag

Agenda item 18

Close

Sluiting