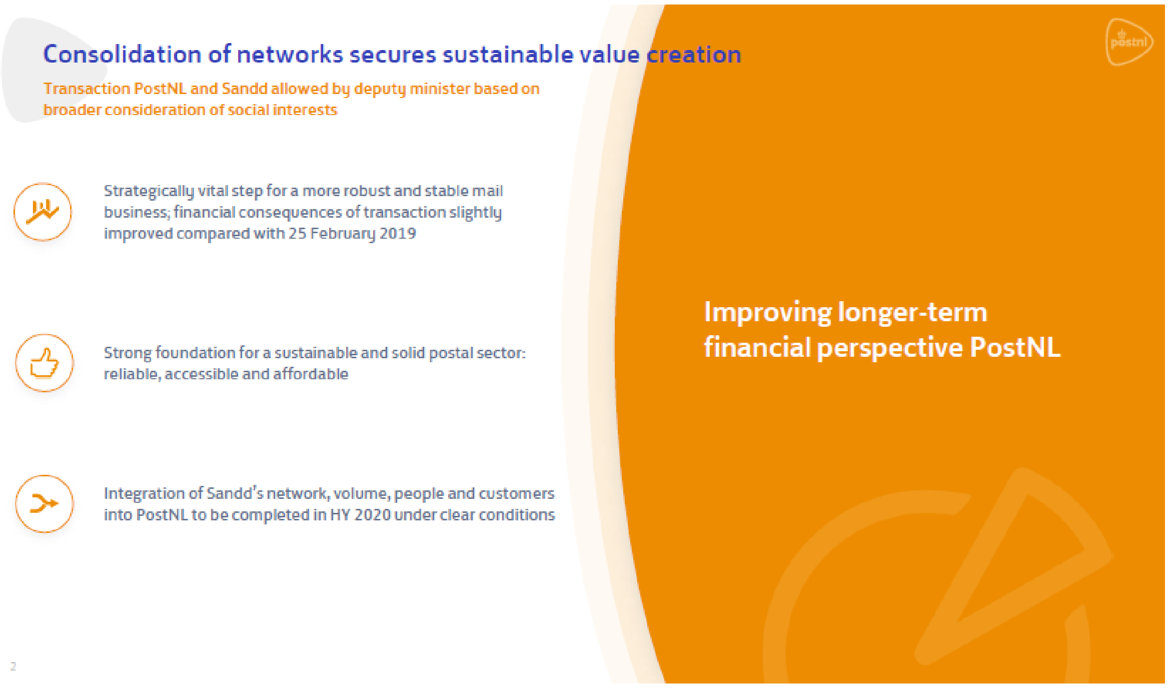
Jochem van de Laarschot – Director Communications & Investor Relations PostNL**: Good morning everyone. Thank you for joining us. We have made an announcement this morning fairly early in the morning regarding the signing of the PostNL-Sandd transaction and we will go into the details a little bit further now. Here with me here are Herna Verhagen, CEO of PostNL, Pim Berendsen CFO and also Resi Becker, who is in charge of the Mail business in the Netherlands. After their introductions we will move to Q&A and the operator will explain how to ask questions. Herna, over to you, please.

Herna Verhagen – CEO PostNL: I would like to give you more insight into the transaction we did with Sandd which enables us to create one strong nationwide postal network in the Netherlands. For us consolidation is secure sustainable value creation and of course last Friday this transaction was allowed by the deputy minister, which was based on broader considerations of social interests.



Why do we think this is of the utmost importance for PostNL? First of all it is a strategic step towards a more robust and stable mail business and the financial consequences which we presented to you on February 25 on the business case of consolidation are slightly improved. Pim will dive into the details in a few slides from now.

The second reason why we think this is a strategic step for PostNL is because it creates a very strong foundation for a sustainable and solid postal sector. It keeps mail in the Netherlands reliable, accessible and affordable which is important for our consumers. And of course to create the synergies which we think we can create we will integrate the Sandd network into our PostNL network, which will be the case for people and customers as well. Resi will give you some highlights on how we look into the integration. Consolidation will improve and improves our longer-term financial perspective of PostNL and specifically of course of our mail business.

What were the conditions set by the State Secretary of Economic Affairs and what are other important principles for us for integration? That is what you find on slide no. 3.

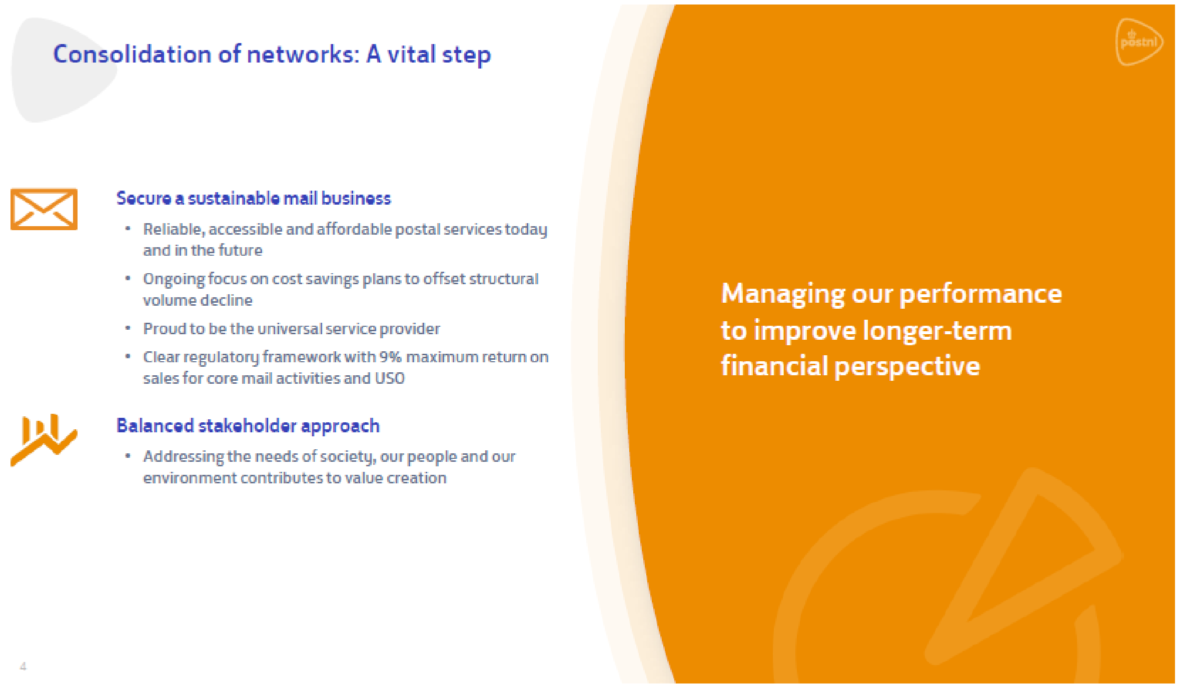
As we already said on Februari 25 but also on May 7, our Capital Markets Day, those conditions are put in three baskets. The first is access, the second is around customers and consumers and is of course around price and returns and the third is around work force. What were the conditions?

The first important condition was around access. The transition access regulation we will offer to other postal operators is in line with the advice of the Authority of Consumers and Markets.

The second condition is around customers and consumers. We will continue our existing pricing policy for PostNL products and services. Secondly, of course we keep our focus on quality and innovation, important during the integration process but even the same importance after the integration.

When it comes to return on sales, we have a maximum return on sales of 9% on the core mail activities – that was one of the conditions – and the second condition is a return on the USO, which is capped at 9%. It was 10% before the approval of consolidation.

When it comes to work force, we try to create as much job security for thousands of people as we can. Of course we will do the integration of people as socially as possible and we will offer all mail deliverers of Sandd a job within PostNL. We will continue collaboration with the sheltered workplaces in the Netherlands which are working for Sandd at this moment in time and consolidation will therefore not affect their employees with a distance to the labour market. The conditions set by the State Secretary and other principles set by PostNL are part of the business case we will present in a minute.



As said, consolidation of networks in our view is a vital step to manage our performance and of course improve our longer-term financial perspective. It creates a much more secure and stable and sustainable mail business, which is of course more reliable, accessible and affordable – already said – in which we will of course continue with our focus on cost savings. We expect volume decline to continue and therefore cost savings remain important and we are proud to be the universal service provider with a clear regulatory Framework on access, on return on sales and on people.

We will do the integration via a balanced stakeholder approach, which is the only way to do this in the right way. And in that we will address the needs for society, of course the needs of our people, the people from Sandd and the needs of environment. The result of that is value creation. So a vital step, a strategic step, a step towards a postal network which maintains to deliver mail five days a week and of course a vital step to create as much job certainty as possible for the mail deliverers working in the mail market in the Netherlands. Concluding to that, it is of course improving our long-term financial perspective.

To give you more insight in what that long-term financial perspective is when it comes to consolidation I will hand over to Pim.

Pim Berendsen – CFO PostNL: Thank you, Herna. Let's look at the transaction highlights and we will do that in a way that is recognisable for you because we do this in a similar way as we updated you on the 25th of February when we closed the heads of agreement. If we talk about pricing and funding we are looking at a cash consideration of 105 million at closing, including redemption of shareholder loans and assumption of approximately 25 million in other liabilities by PostNL, basically reflecting the same enterprise value as we shared before.

We will be able to fund the transactions from our balance sheet. Clearly, after the 25th of February we managed the due diligence and we gained insights on the composition of volume, the composition of cost base of Sandd and, as such we believe that the business case is more robust than it was on the 25th of February.

On the back of those insights we have created a solid integration plan that we will seek to validate and execute as quickly as possible after today. There is clarity on the conditions, both in terms of access return that we are allowed to make on the two components that Herna shared it with you as well as on labour as the conditions that allow us to consolidate today.

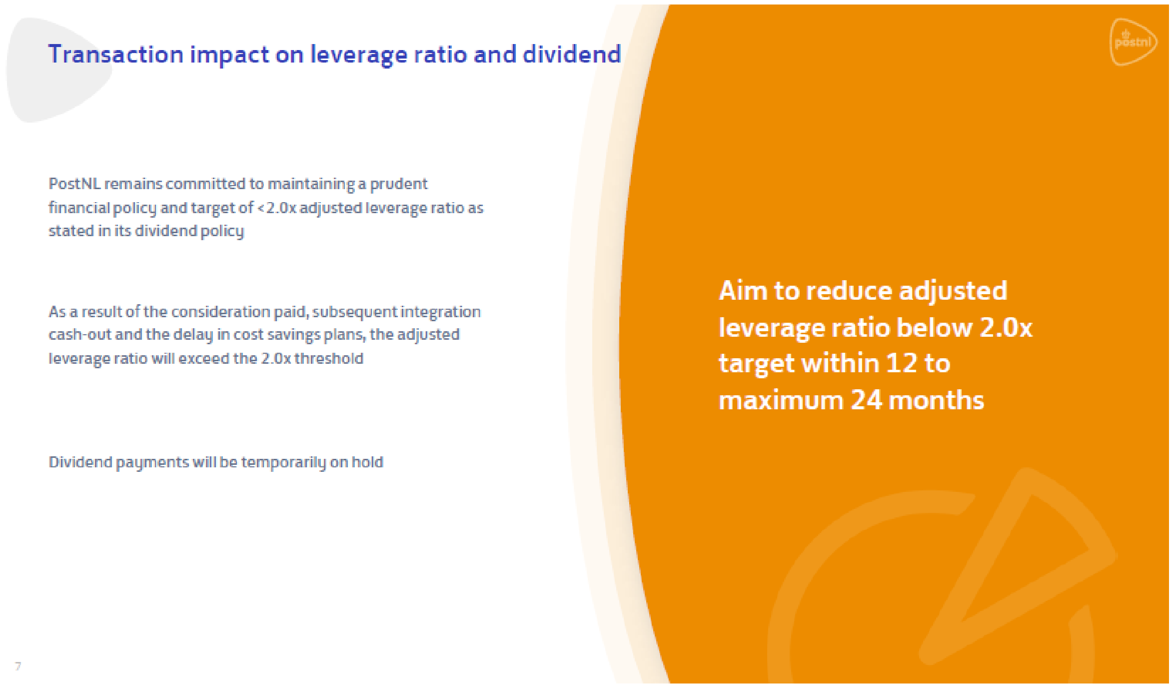
Talking about any financial impact, the annual Underlying Cash Operating Income (UCOI) contribution will amount to EUR 50 million to EUR 60 million, reaching full run rate in 2022.

The normalised EBIT contribution will be the same, also EUR 50 million to EUR 60 million. The integration-related cash-out approximately one-time run rate synergies equal to what we have said in February, roughly equally split over 2019 and 2020.

One-off costs non-cash related to accelerated depreciation and Resi will talk about the way we integrate, which is a quicker integration than we have assumed in February, which means that we will have to depreciate in an accelerated way some of the assets of Sandd.

Delaying the implementation of current cost savings plan will impact results by EUR 30 million to EUR 50 million negative, cumulative in the period 2019 to 2022, which is an improvement because in February we presented the impact on this of EUR 50 million to EUR 70 million negative.

The impact of us completing this transaction of 2019 results will be EUR 15 million to EUR 25 million on Underlying Cash Operating Income (UCOI) and the transaction will be accretive to Underlying Cash Operating Income (UCOI) in 2020. That is something you can easily see on slide 6. We have presented again how we will expect run rate synergies to kick in. Above the axis and below the axis you will see the different components that are required to get to that run rate synergy level. There you see the delay in cost saving, phased out in 2019 towards 2022. The integration costs we have just talked about the one-time synergies and one-off transaction costs not being part of Underlying Cash Operating Income (UCOI) is the EUR 10 million to EUR 20 million, which is a cash out but not Underlying Cash Operating Income (UCOI). The run rate annual normalised EBIT contribution of EUR 50 million to EUR 60 million results in an improvement of free cash flow of EUR 45 million to EUR 55 million.



Then looking at the impact of the transactional leverage ratio and dividend: we remain committed to maintain a prudent financial policy and target an adjusted leverage ratio over EBITDA, not exceeding 2, which is stated in our dividend policy. As a result of the consideration paid, the subsequent integration cash out and the delaying cost saving plans, the leverage ratio will temporarily exceed the 2.0 threshold and as such, dividend payments will be put on hold. We aim to reduce this leverage ratio as quickly as possible, of course on the back of run rate, cost synergies, and cash flow improvements with a 12- to maximum 24-months period.

Resi will now share a bit more detail as to how we will look at integration of both nationwide networks.

Resi Becker – Director Mail Netherlands PostNL: Thank you, Pim. Let me start with introducing myself. I am Resi Becker, member of the Executive Committee since two years and responsible for our Mail business in the Netherlands, including the unaddressed mail and our printing and document services. And as of today, I am very pleased that I can also say that I will be responsible for the integration of Sandd. I am looking forward to completing this process together with my new colleagues of Sandd and our joint integration team.

I know PostNL very well. I have been working here for 23 years now in various roles. To summarise my experience, my focus is on transforming the mail organisation following the volume decline while taking into account the interest of our customers and our people.

Responsible and controlled integration plan in place

Integration plan to be validated and adjusted based on knowledge and expertise of Sandd

- Phased and controlled migration of all volumes to PostNL network
  - Main part of volumes to be migrated as of the beginning of 2020
  - Followed by fading out Sandd brand and stamps
- Careful customer approach
  - Continuing our existing pricing policy
  - Maintaining high delivery quality and customer service, and safeguarding continuity of services
- Socially responsible approach towards people
  - Offering jobs to postal deliverers and helping other employees to find a job within or outside PostNL
  - Social arrangement for all employees agreed with Sandd works council
  - Continued cooperation with sheltered workplace companies
- Clear and timely communication with all stakeholders

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If we look at the principles of our integration plan on slide 9, you see that the integration plan is ready. It is a solid plan, which is in place and the plan will focus on safeguarding continuity and realisation of synergies.

We carefully applied the following integration principles. The chosen approach is targeted at a swift integration. The first important step is a phased and controlled migration of all volumes to the PostNL network. The main part of the volumes will be migrated as of the beginning of 2020, followed by fading out the Sandd brand and stamps.

We will carefully migrate customer contracts to PostNL and we will continue our existing pricing policy. We will maintain our high delivery quality also during the integration. Therefore, we focus on high-quality customer service and with clear integration principles for our customers we will safeguard continuity of all our services.

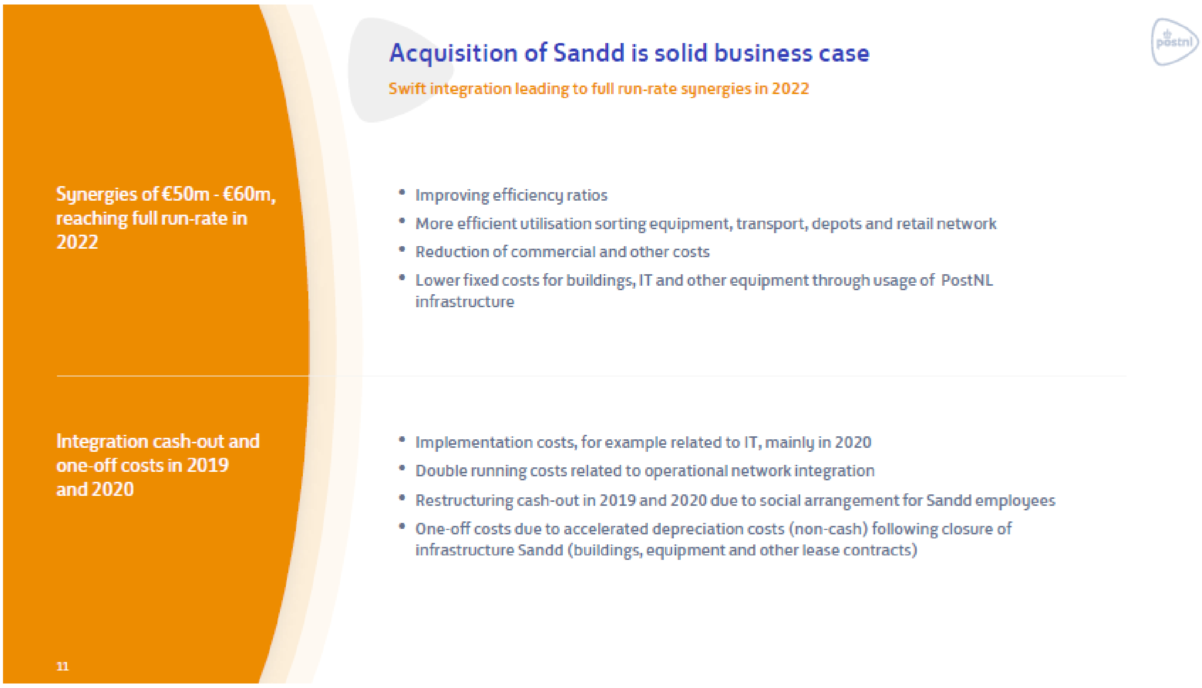
As we have a socially responsible approach towards our people, we will offer jobs to all postal deliverers of Sandd and we will help other employees to find a job within our outside PostNL. Therefore, it is a social arrangement for all employees agreed with Sandd works council. We will also continue cooperation with sheltered workplace companies.

Of course, a clear and timely communication with all stakeholders is important to manage this complex process properly.

The integration plan will now be validated. This process will start any moment now. Together with our Sandd colleagues we will finetune the plan where needed.

On slide 10 you can see the timelines. This gives an overview of the timing of the integration plan with clear milestones to complete the integration in the first half of 2020. As I said before we start with validating the integration plan with the acknowledged expertise of Sandd and do the final preparations so that we can start the integration as soon as possible.

The first volume will already be migrated before Christmas. After our peak season the main part of this volume will be transferred to our network. We will start immediately with the onboarding process of the workforce of Sandd. followed by the migration of customer contracts. This process will result in the full integration of the networks in the first half of 2020.



On slide 11 you can see that we create synergies with the run rate of EUR 50 million to EUR 60 million to be fully reached in 2022. So where do we find these synergies?

First, we see improving the efficiency ratio. We will be able to utilise our delivery network more efficient as postal deliverers have more mail items to deliver per household. At the same time, we can optimise the utilisation of our sorting machines,cars and depots, all directly related to our sorting and delivery processes. We can use our equipment more hours per day and we are able to reduce commercial and other costs, for example in marketing and sales. Finally, our fixed cost base of buildings, IT and other equipment will be reduced. These synergies will create a run rate of EUR 50 million to EUR 60 million and will be fully reached in 2022.

To reach these synergies, we need to invest some cash upfront. As mentioned on the slide, the integration cash out relates to implementation costs, for example related to IT, mainly in 2020. And the double running cost are involved there, too because we have two networks during a few months at the same time. That also creates restructuring cash out in 2019 and 2020 and there is cash out related to social arrangements for Sandd employees.

The one-off costs – please note that these are non-cash items – relate to the accelerated depreciation costs. Following the closure of the infrastructure of Sandd, meaning the buildings, the equipment and other lease contracts.

Let’s look at the impact on cost saving plans. Due to the fact that the integration plan is expected to be fully implemented already in the first half of 2020, more swiftly than anticipated before, the delay in cost savings will be limited. We now indicate a cumulative financial impact of between EUR 30 million to EUR 50 million for the period of 2019 until 2022. I want to highlight that this is better than the indication given in February, which was between EUR 50 million and EUR 70 million.

Let me share with you some of the details that underpin our solid integration plan, which is based on a balanced approach towards employees, customers and other stakeholders.

We start preparing the PostNL processes and systems to absorb additional volumes, so that we can handle the first tranche of Sandd volumes before Christmas. In this way, we are able to monitor the exact consequences of the additional volume and it allows us to successfully migrate the main part of the volumes as of the beginning of 2020.

Job offers based on the PostNL CLA will be offered to all Sandd postal deliverers in the first few month. A careful approach for other staff is being used. Opportunities are there within PostNL.

We can apply PostNL expertise on mobility programmes to support outflow to external jobs and there is the social arrangement for the employees, as was agreed with Sandd works council and we continue the cooperation with the sheltered workplace companies.

If you look at the migration of the customer contracts, we will match Sandd products with PostNL equivalent. And we migrate the contracts with respect to the existing conditions.

Contact with all customers, retail points and other partners of Sandd will take place in the next months. This also implies that we will discontinue Sandd stamps and the brand.

The consolidation of PostNL and Sandd will result in a strong nationwide network and this demands responsibility towards all stakeholders. With this integration, I am confident that we can create value for our shareholders, our customers, and our employees. We are able to keep mail reliable, accessible and affordable for senders and receivers. Consolidation also gives us the opportunity to focus even better on our quality, service and innovation.

Of course, the volume decline in the postal network will continue but we are able to adapt our organisation and adjust our workforce in a socially responsible way and we can secure a sustainable and more stable mail business, which will improve the financial perspective for PostNL.

Thank you.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you very much, Resi. As you may know, the location of our headquarters is right at the heart of The Hague, so you may hear a little bit of the noise outside. It is not related to PostNL.

Operator, please open up for QandA!

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QUESTIONS AND ANSWERS

- **Ruben de Vos – KBC Securities**

Good morning, I just have two questions. The first is related to SMP, it relates to the Dutch mail market and specifically time critical business mail segments. How should I view SMP going forward, following the integration of the two largest postal networks in the Netherlands? Which elements have there been, for instance in the draft postal law, that helps you getting an understanding of SMP?

Secondly, I am wondering if you could give an indication of the FTE-count of Sandd and also the distribution across the Netherlands, given the nature of the mail business that the declining volume of double-digit. I can imagine that Sandd has experienced some employee-turnover so I am curious to hear your thoughts on the turnover rate at Sandd and how that compares to PostNL and potentially how you think that will change once the consolidation takes place.

Herna Verhagen – CEO PostNL: On SMP, there is of course the draft decision on Significant Market Power. The postal regulation, which allows ACM to take a decision around Significant Market Power, has not been changed with the decision and the approval of consolidation. It means that in the next period of time until the postal law that will come up they still have the possibility to take the decision on Significant Market Power. Of course, the impact of that decision will be a little bit less because there is more volume into our own network but as we say, every day that there is no decision on Significant Market Power is positive for PostNL because it means less costs.

What is then in the draft postal law? There is a first draft sent to parliament and of course to the Dutch public. Everyone can have his own view on it. We have as well. That has now been sent to the Raad van State – I do not know the English translation – but the Raad van State (Council of State) gives advice to the Ministry of Economic Affairs on how they view the postal law. That advice will probably be taken up in the new draft and that draft will then be sent to parliament. The draft postal law is much more directed to not further create competition in the mail market but to create an environment in which we can be more sustainable to maintain the Universal Service Obligation. So, Significant Market Power in the new postal law is not there anymore. But please take into account, it is not the final draft of the postal law yet. There are still lots of discussions to come.

For an indication of the FTE-count and turnover rate I will hand over to Resi.

Resi Becker – Director Mail Netherlands PostNL: It is good to know that of course we need to validate the integration plan and also to see if the numbers we worked on are really the numbers for the people working at Sandd right now but just to give you an indication, we expect there will be around 11,000 postal deliverers and a few thousand people who do not deliver mail every day. Also, do not overrate it. I can give you an indication but I do not have the exact number of Sandd already but I guess it will be around 30%+, also for Sandd.

Ruben de Vos – KBC Securities: Thank you very much. Just one additional question, if I may. Regarding the max return of 9% in core mail activities. How should we understand 'core mail activities'? What does that include? Return on sales, does that compare to the underlying cash operating income or how should we interpret the limitation that was set by the Ministry of Economic Affairs?

Pim Berendsen – CFO PostNL: To start with your last question, it is basically an EBIT return on sales number and not so much an UCOI. When we apply this it will be in 2020 and, as you know, by then we will have changed the metric from UCOI to normalised EBIT so it will relate to that. It will be applicable indeed to part of the Mail in the Netherlands segment revenue and results as you know it and roughly, it relates to mail activities over the network of mail of that Mail in the Netherlands revenue. To give you an indication, you need to think about roughly 70% to 75% of that revenue being in scope of that second return on sales metric. It does include the mail part of the Universal Service as well.

Ruben de Vos – KBC Securities: Okay, great!

Herna Verhagen – CEO PostNL: The translation of Raad van State is Council of State. I am not sure it helps much.

Pim Berendsen – CFO PostNL: Just so you know!

- **Mark Zwartsenburg – ING**

I have one question on the slide that mentioned that the synergies will be EUR 50 million to EUR 60 million because that is also the cash EBIT contribution. Just to understand what are exactly synergies – there must also be an operating profit from Sandd – how can I add those numbers up to get to operating result zero? Or should I read this differently? Can you explain the synergy number of EUR 50 million to 60 and the cash EBIT contribution of EUR 50 to 60 million?

Pim Berendsen – CFO PostNL: Those are the same. Both UCOI as well as normalised EBIT are EUR 50 million to EUR 60 million. Those will turn into a free cash flow improvement of EUR 45 million to EUR 55 million. In between that is basically some purchase price allocation amortisation and taxes. You know we are not seeking to continue running Sandd as a business; it is all about creating scale effects by transferring volumes as quickly as possible in the beginning of 2020 towards PostNL's network. So basically, the synergies reflect the additional profit contribution of those volumes towards our network.

Mark Zwartsenburg – ING: So those basically imply the same number? The cash EBIT refers to synergies.

Pim Berendsen – CFO PostNL: Yes.

Mark Zwartsenburg – ING: Then on the return cap. You just explained that it is over 75% of the revenue that is in scope. What was the return in 2018 of that part of the business?

Pim Berendsen – CFO PostNL: We do not give guidance of that split nor have we done so in the past. The entire Mail in t Netherlands segment runs at a result of 3% to 5%, which is then quite a while off the 9% mark.

Mark Zwartsenburg – ING: Fair enough, but is then the 25% that is not in scope a higher margin business than the 75%?

Pim Berendsen – CFO PostNL: I think you know what is in Mail in the Netherlands. There are other activities. It is our printing business, our unaddressed business but I will not going to be too specific about the margins we make there.

Mark Zwartsenburg – ING: The reason why I am asking is that I want to know how much of the masterplan savings and the synergies you can put I our models. If you exceed the cap, which is possible in some scenarios …

Pim Berendsen – CFO PostNL: If you do the math you will end up with very, very strange margins on the other parts of the business to really run into that calculation. That is all I can say.

Mark Zwartsenburg – ING: So, based on the savings you have – slide 6 – with the synergies and the UCOI contribution, the masterplan, et cetera, you expect to be well within that cap, I hope?

Pim Berendsen – CFO PostNL: As I also said in February, that EUR 50 million to EUR 60 million was an indication of what we assumed could be the conditions. Now we know the conditions and we have included the consequences of those conditions into this synergy assessment.

Mark Zwartsenburg – ING: Okay. Maybe I missed it but is there already some view on when we get an outcome from the SMP?

Herna Verhagen – CEO PostNL: No, not at all Mark. You did not miss anything; we do not have a view.

Mark Zwartsenburg – ING: Okay, so we are still waiting for that. Is the expectation still before year-end or is there nothing we can say about any timing?

Herna Verhagen – CEO PostNL: The latter. I cannot say anything around timing.

Mark Zwartsenburg – ING: And will the Sandd volumes be included in the USO part or will they all be excluded because it is mostly business mail?

Pim Berendsen – CFO PostNL: It is not really USO mail, so it will not be included in the USO.

Mark Zwartsenburg – ING: And then my last one. From the due diligence, what came out? You are basically seeing that it is a bit easier to integrate; what has really changed from your early assumptions in February and, now that you did the due diligence, what is easier to do in terms of integration? Where are the risks lower by now?

Pim Berendsen – CFO PostNL: At the end of the day, it is a comparable synergy number but a more robust plan. We have the benefit of diligence indeed and then of course, you get a better view on volumes, composition of volumes, regional developments of the work force and what have you. Looking at that altogether basically gave us the view that we are in a position to integrate this quicker than we have assumed and that is why also the one-off cost, the integration cost and masterplan savings consequences are lower than in the business case that we presented on February 25.

Herna Verhagen – CEO PostNL: Maybe Resi can add something on how she views integration and why we can do it quicker than earlier expected.

Resi Becker – Director Mail Netherlands PostNL: We found the solution on how we can work with increasing volumes. We will shift the non-time critical mail to the daytime and that gives us the opportunity to use our network as efficient as possible. We found that solution after we had more information about the volumes – can we sort manually or with the sorting machines – in the last months. Of course, we still need to validate everything but this way of working helps us to create the integration of volumes into our PostNL network as fast as possible.

Mark Zwartsenburg – ING: I have another final question. If I look at the graph on page 6 and I compare it to the one in February on page 15, the key difference there obviously is the one-off transaction costs and the masterplan savings. Is all that has changed? I also see that the UCOI contribution has changed a bit for 2022 and 2023.

Pim Berendsen – CFO PostNL: The phasing is the currency on phasing. What we have added is the one-off transaction costs not being part of UCOI and indeed, a more favourable phasing of the delay in cost savings. That is what it is.

Herna Verhagen – CEO PostNL: The main reason behind that is the fact that we can integrate the organisation quicker than we expected in February.

Mark Zwartsenburg – ING: One other observation I have is that in 2022 the bar chart of the synergies is slightly lower than in 2023 compared to the previous one, so that means that the run rate in 2022 is a little bit lower. Is that the same and is now 2023 higher? How should I read that?

Pim Berendsen – CFO PostNL: The view is what the graph says the view is. That is based on the current composition of the business case and everything we looked at.

Mark Zwartsenburg – ING: But is 2022 higher or lower than it used to be? That is the key question. In the previous one 2022 was the highest.

Pim Berendsen – CFO PostNL: It is now max run rate in 2023. Indeed. Imbalance, it is a more favourable phasing. It takes less of a one-off or cash investment to get to the maximum synergies than before. In that sense it is financially a more favourable phasing than the original business case.

Mark Zwartsenburg – ING: And the noncash one-off depreciation cost is not in this picture?

Pim Berendsen – CFO PostNL: Exactly, because it is noncash and otherwise, it would have been in the depreciation of the [outer] years.

Mark Zwartsenburg – ING: So, EUR 20 million in 2020 or so? What was the number? Can you repeat that because I missed that number?

Pim Berendsen – CFO PostNL: I did not give you that number.

Mark Zwartsenburg – ING: But it is in 2020.

Pim Berendsen – CFO PostNL: 2019 and 2020 and the biggest part in 2019.

Mark Zwartsenburg – ING: Thank you very much.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: As there are no more questions, thank you very much. We will close the call. If you have any further questions you know where to find PostNL Investor Relations. Thank you very much, you all!

Herna Verhagen – CEO PostNL: Thank you!

Pim Berendsen – CFO PostNL: Bye!

End of call