

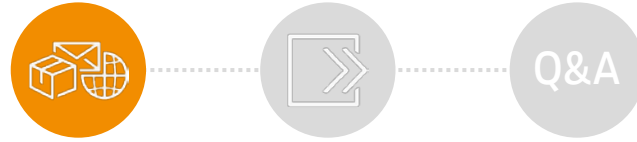
# Accelerating transformation

Q4 & FY 2016 results

27 February 2017



# Highlights Q4 / FY 2016



- **Business review**
- Financial review

# 2016: Delivering on our promises

<b>Revenue</b> <b>€3,413m</b> 2015: €3,461m	<b>Underlying cash operating income</b> <b>€245m</b> 2015: €303m	<b>Net cash from operating and investing activities*</b> <b>€10m</b> 2015: €135m	<b>Consolidated equity</b> <b>€(79)m</b> 2015: €(213)m
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<b>Customer satisfaction</b> <b>87%</b> 2015: 86%	<b>Delivery quality Mail in the Netherlands</b> <b>96.4%</b> 2015: 96.4%	<b>Employee engagement</b> <b>67%</b> 2015: 64%	<b>CO<sub>2</sub> efficiency index</b> <b>49.5</b> 2015: 51.4
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\* excluding TNT Express

# Outlook 2016 achieved

(in € millions)

	Revenue			Underlying cash operating income / margin		
	2015	2016 outlook	2016 actual	2015	2016 outlook	2016 actual
Mail in the Netherlands	1,961	- mid single digit	1,877 (-4.3%)	204	8% - 10%	160 (8.5%)
Parcels	917	+ mid single digit	967 (+5.5%)	101	9% - 11%	106 (11.0%)
International	983	+ mid single digit	1,017 (+3.5%)	19	2% - 4%	14 (1.4%)
PostNL Other / eliminations	(400)		(448)	(21)		(35)
<b>Total</b>	<b>3,461</b>	<b>stable</b>	<b>3,413</b>	<b>303</b>	<b>220 - 260</b>	<b>245</b>

- As anticipated, performance Mail in the Netherlands impacted by volume decline, price increases, cost savings, effect ACM measures and adjusted market approach
- In Parcels, strong volume growth translated into revenue growth and increase in underlying cash operating income
- Performance in International at low end of range, partly explained by incidentals

# Mail in the Netherlands

## Performance according to plan

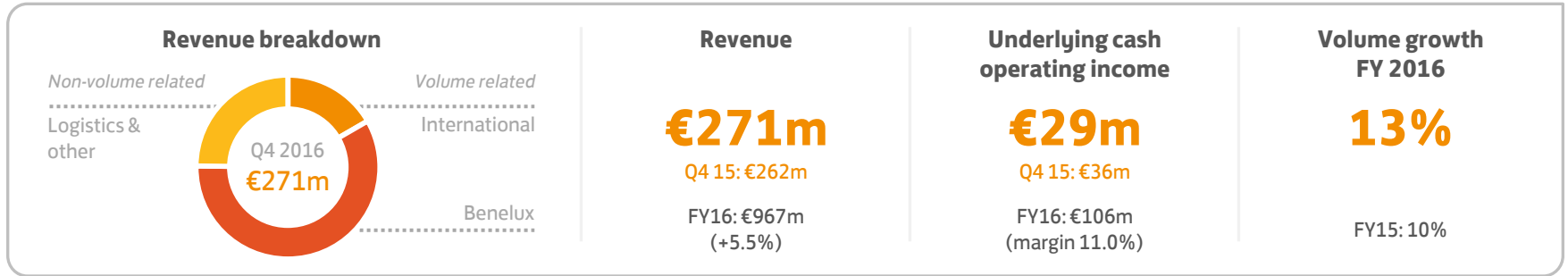
Revenue	Underlying cash operating income	Total cost savings FY 2016	Addressed mail volume decline FY 2016
<b>€540m</b> Q4 15: €596m FY16: €1,877m (-4.3%)	<b>€88m</b> Q4 15: €104m FY16: €160m (margin 8.5%)	<b>€64m</b> FY15: €85m	<b>7.9%</b> FY15: 11.2%

- Impact ACM measures (tariffs and conditions) and adjusted market approach as anticipated; negative price/mix effect
- Strong cost savings of €21m in Q4, of which €15m in Mail in the Netherlands
- Full year delivery quality 96.4%, well above minimum required level
- Volume decline addressed mail items 11.0% in Q4, adjusted\* volume decline was 8.4%, FY 7.9%

\* Adjusted for four working days

# Parcels

## Strong volume growth continues

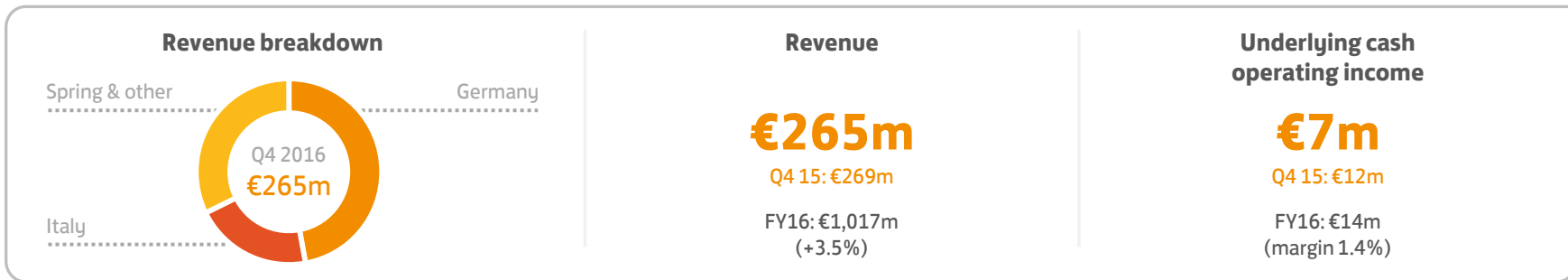


- Strong peak season; 5.5m parcels delivered in one week
- Volume growth of 9% in Q4, adjusted\* volume growth 13%
- Considerable growth in Belgium
- International volumes: growth other categories mainly Asia to Europe
- UCOI performance reflects lower milk powder volumes, less working days and peak season cost

\* Adjusted for working days

# 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

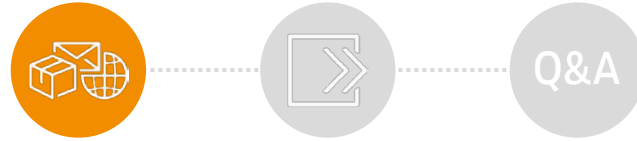
### Germany

- Lower volume and revenue
- 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

# Highlights Q4 / FY 2016



- Business review
- **Financial review**



# Financial highlights 2016

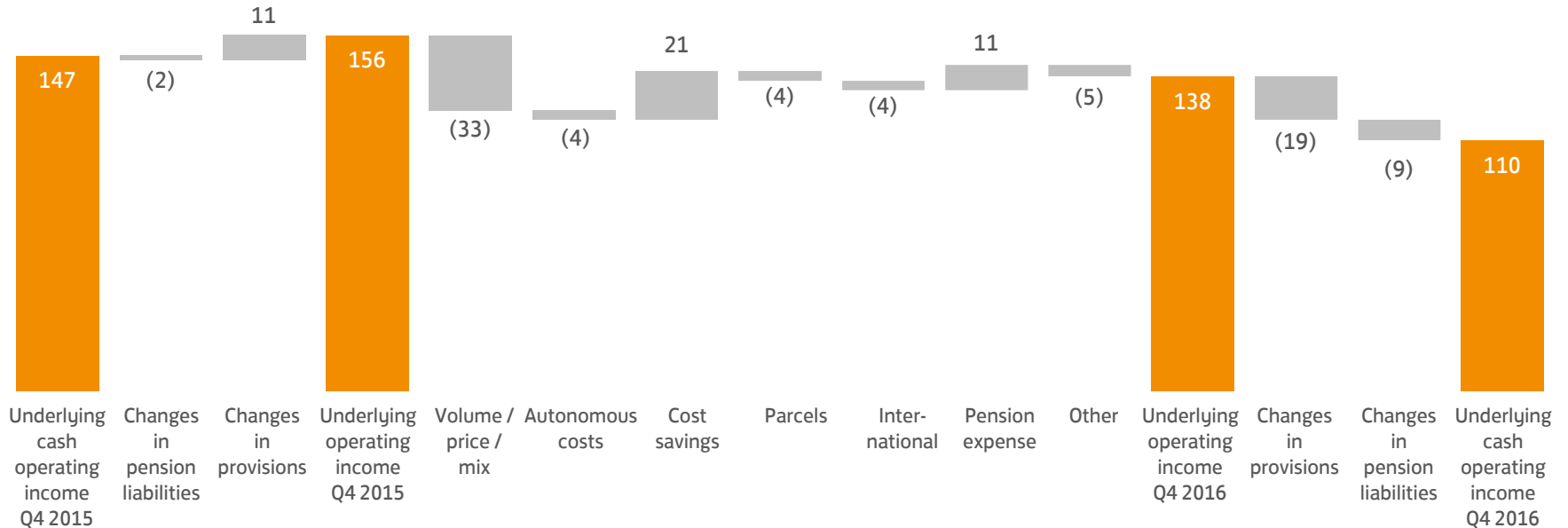
UCOI FY 2016 above midpoint outlook of €220m to €260m

<i>(in € millions)</i>	Q4 2016	Q4 2015	FY 2016	FY 2015
<b>Reported revenue</b>	<b>955</b>	<b>1,007</b>	<b>3,413</b>	<b>3,461</b>
Reported operating income	129	150	291	340
Restructuring related charges	14	3	28	11
Pension curtailments	(11)	(1)	(11)	(1)
Book loss from disposal			4	
Project costs and other	6	4	12	8
Underlying operating income	138	156	324	358
<b>Underlying cash operating income</b>	<b>110</b>	<b>147</b>	<b>245</b>	<b>303</b>
<b>Net cash from operating and investing activities</b>	<b>116</b>	<b>149</b>	<b>653</b>	<b>135</b>
<i>Excluding TNT Express</i>			10	135

# Q4 2016: underlying (cash) operating income

In line with expectations

(in € millions)



# Statement of income

<i>(in € millions)</i>	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenue	955	1,007	3,413	3,461
<b>Operating income</b>	<b>129</b>	<b>150</b>	<b>291</b>	<b>340</b>
Net financial expenses	(10)	(20)	45	(78)
Results from investments in associates and joint ventures	(3)	(1)	(1)	(2)
Income taxes	(32)	(39)	(55)	(77)
<b>Profit/(loss) from continuing operations</b>	<b>84</b>	<b>90</b>	<b>280</b>	<b>183</b>
Profit/(loss) from discontinued operations		11		(34)
<b>Profit for the period</b>	<b>84</b>	<b>101</b>	<b>280</b>	<b>149</b>
<i>Excluding TNT Express</i>			135	147

- Profit Q4 2016 supported by lower interest expenses

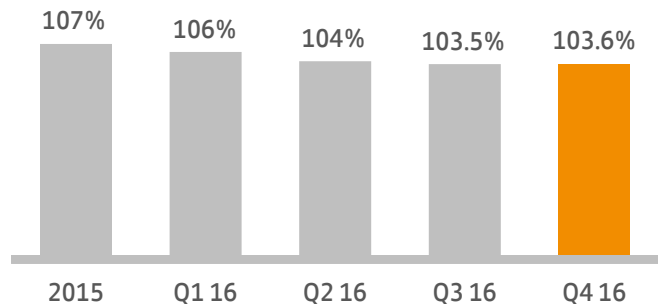
# Net cash

<i>(in € millions)</i>		Q4 2016	Q4 2015	FY 2016	FY 2015
<b>Cash generated from operations</b>		181	204	282	392
Interest paid		(19)	(29)	(92)	(73)
Income taxes received / (paid)		(12)	2	(80)	(105)
<b>Net cash from operating activities</b>		<b>150</b>	<b>177</b>	<b>110</b>	<b>214</b>
Interest / dividends received / other		(9)	3	611	3
Capex		(38)	(34)	(95)	(91)
Proceeds from sale of assets		13	3	27	9
<b>Net cash from operating and investing activities</b>		<b>116</b>	<b>149</b>	<b>653</b>	<b>135</b>
<i>Excluding TNT Express</i>				10	135
		Q4 2016		FY 2016	2016 outlook
Capex	Base capex	26		58	
	Cost savings initiatives	10		28	
	New sorting and delivery centres	2		9	
<b>Total</b>		<b>38</b>		<b>95</b>	<b>100</b>

# Positive impact pensions on equity €14m

## Projections show no estimated top-up payment obligation

### Coverage ratio pension fund



(in € millions)

Q4 2016

Return on plan assets in excess of interest income	(130)
Defined benefit obligation	130
Minimum funding requirement	18
<b>Total pension</b>	<b>18</b>
<b>Net effect on equity within OCI</b>	<b>14</b>

- Second instalment unconditional funding obligation (€32m) paid to pension fund; €97m remaining
- Coverage ratio per Q4 2016: 103.6%; actual month-end coverage ratio 108.3%
- Trigger for start of 5-year recovery period in which top-up payments might apply started in Q3 2016; projections per Q4 2016 show no estimated top-up payment obligation

# 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
<b>Total assets</b>	<b>1,936</b>	<b>Total equity &amp; liabilities</b>	<b>1,936</b>

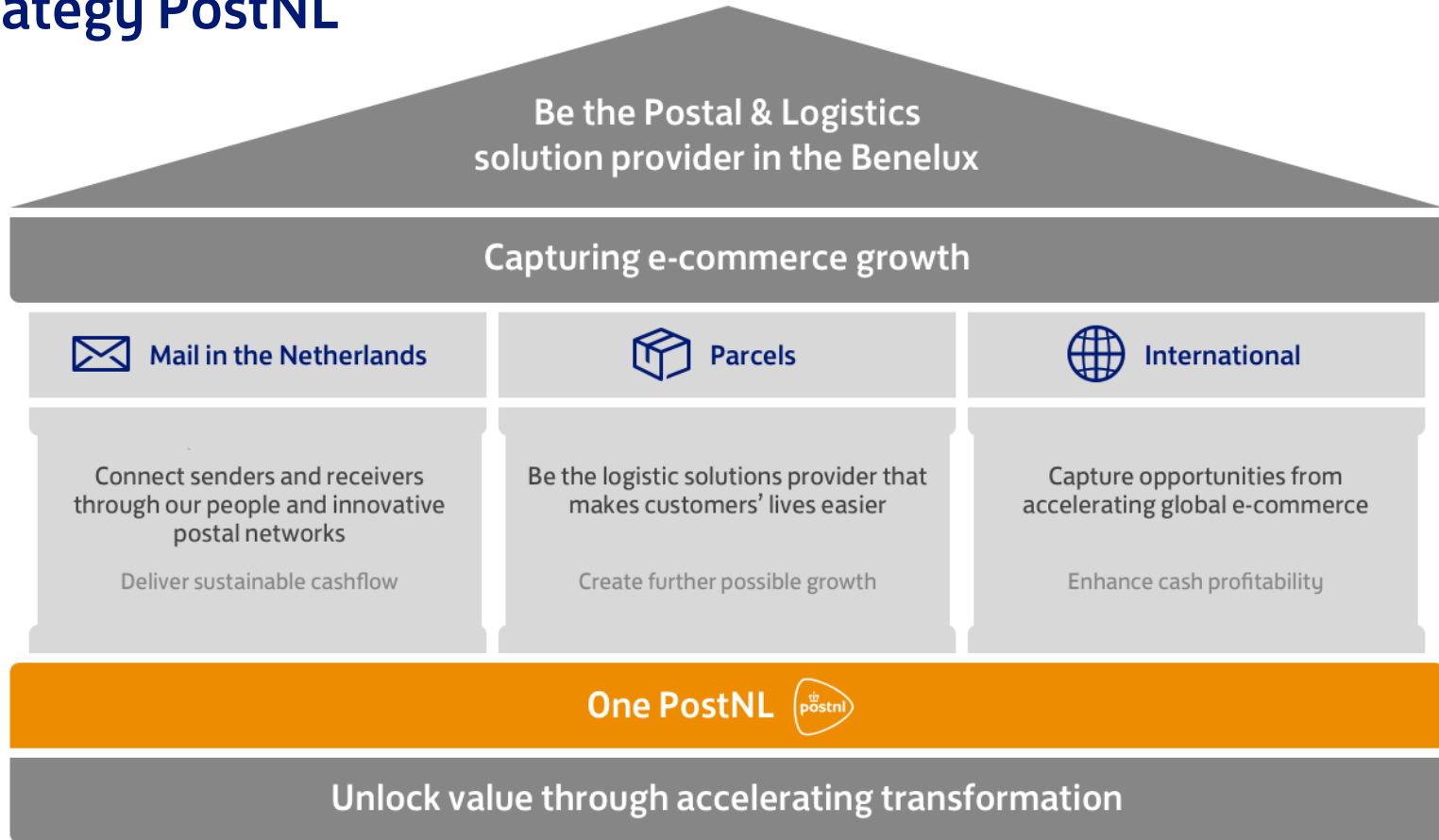
- Net cash position of €86m
- Consolidated equity improved to €(79)m, close to achieving a positive position
- Corporate equity increased to €2,742m, (€6.19 per share) of which €295m distributable, mainly due to an impairment reversal of €369m of Mail investments. The value increase mainly from improved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

# Accelerating transformation



- **Key takeaways**
- E-commerce changes the market
- E-commerce changes profile PostNL
- Segments
- Financial
- Conclusion

# Strategy PostNL





# 2016: delivering on our promises

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

- Created further profitable growth in Parcels and cross-border business, driven by e-commerce and innovation
- Successful implementation of restructuring plans and adjusted market approach
- Lower pension risk, less sensitivity for declining interest rates
- Strengthened financial position by selling remaining stake in TNT Express and using substantial part of proceeds to reduce debt

\* excluding TNT Express

# Accelerating transformation

## Unlocking value

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

# Accelerating transformation

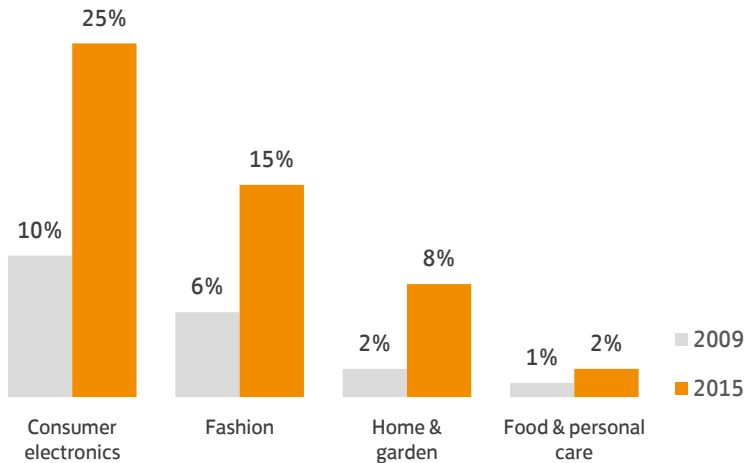


- Key takeaways
- **E-commerce changes the market**
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# E-commerce growth is accelerating in NL

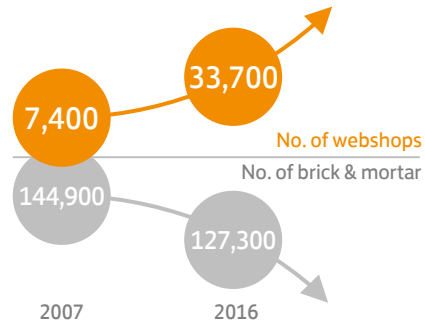
## Shift to online retail

### New markets are following more mature markets



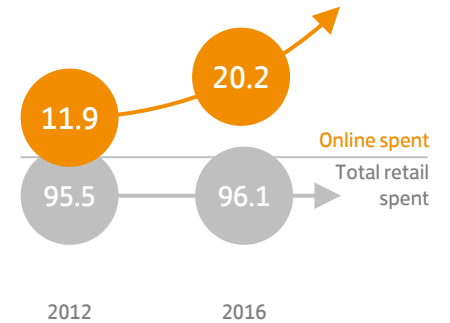
Source: McKinsey

### Webshops\* vs brick & mortar



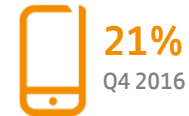
\*pure player webshops ex. clicks & bricks  
Source: CBS

### Strong growth online spend (€billions)



Source: Thuiswinkel.org, Eurostat

### Mobile shopping



Source: Forrester, Thuiswinkel Markt Monitor, Eurostat, Comeos

# Consumer behaviour changes

## Supporting e-commerce growth

### Share of online buyers

**54%**  
of global online  
population (2015)

**85%** of NL online  
population (2015)  
**37%** shopping  
abroad (2016)

**71%** of BE online  
population (2015)  
**64%** shopping  
abroad (2016)

### Extension of service propositions PostNL supports e-commerce growth

Consumers that use PostNL delivery options purchase twice as much products online (NL 2016)

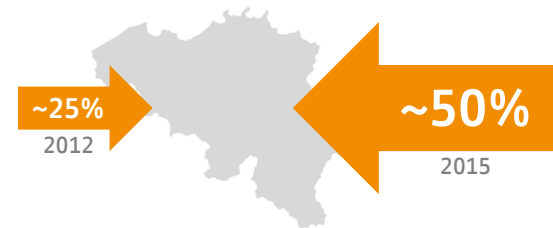
**26.4**

Deliveries per household using  
extended delivery options

**12.6**

Using only standard delivery option

### BE e-commerce import share doubled



Source: BeCommerce, Eurostat, Comeos

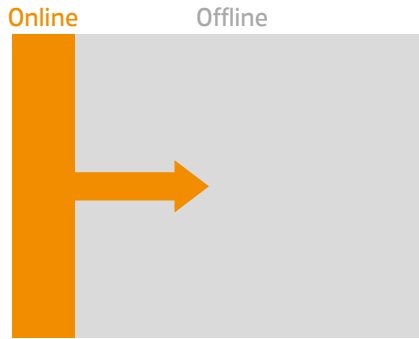
# Growth e-commerce exceeds earlier expectations

## Further growth potential

### Enablers online adoption

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

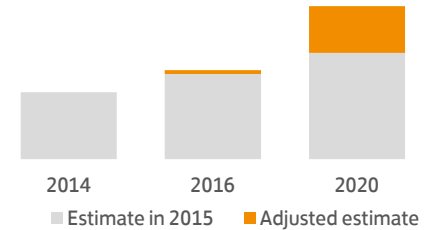
### Online retail share offers growth potential



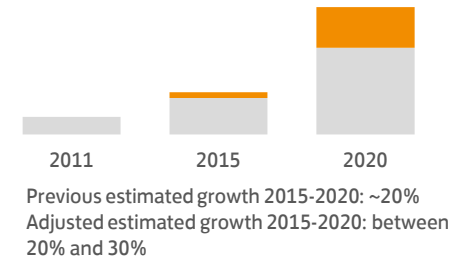
Retail spending in NL was €73b of which ~15% online (2016)

Source: Thuiswinkel.org, BCG

### Domestic NL e-commerce market



### Growth global cross-border e-commerce market



Based on several external sources

# Accelerating transformation

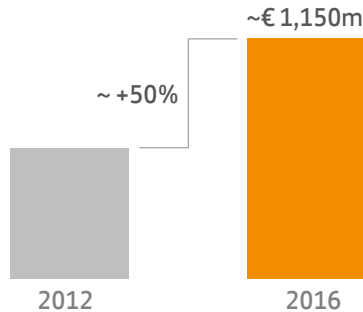


- Key takeaways
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# Sharp growth e-commerce revenue PostNL

## 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%

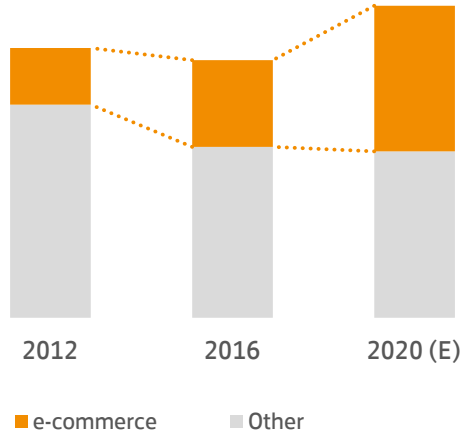
■ 2012  
■ 2016

\*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



- Key takeaways
- E-commerce changes the market
- E-commerce changes profile PostNL
- **Segments**
- Financials
- Conclusion



## Segments

# Mail in the Netherlands

Connecting senders and receivers through our people and innovative postal network



### Deliver sustainable cash flow

- Regulatory framework
- Market dynamics
- Additional cost savings
- Accelerating transformation
- Ambition 2016 - 2020

# Regulatory framework

## Important decisions expected in 2017

### Dutch postal market

- Ministry Economic Affairs will publish long-term vision on Dutch postal market

### USO

- Price increase effective from 1 January 2017 based on tariff headroom as determined by ACM
- Evaluation of USO in first half 2017 in accordance with Postal Regulation

### Non-USO

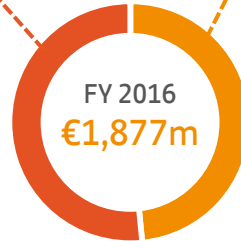
- PostNL is concerned about expected adverse effects
  - measures of ACM
  - possible outcome of significant market power (SMP)
- Ministry of Economic Affairs published final policy guideline about interpretation of SMP in December 2016
- ACM final decision on SMP to be taken
- As earlier indicated (October 2015), financial impact of ACM measures expected to be between €30m and €50m annualised; full effect visible over 3-4 years period (2016-2019)

# Market dynamics

## Other activities

- Unaddressed mail, call centres, printing, advanced marketing services, retail and cross-border mail
- Market position differs per service; #1 or #2 position

## Revenue



## Addressed mail

- Continued digitisation in all segments and all types of customers
- Increased pressure from mail consolidators

### Bulk mail

- Pricing in general well above inflation with targeted discounts in defined segments

### Single mail

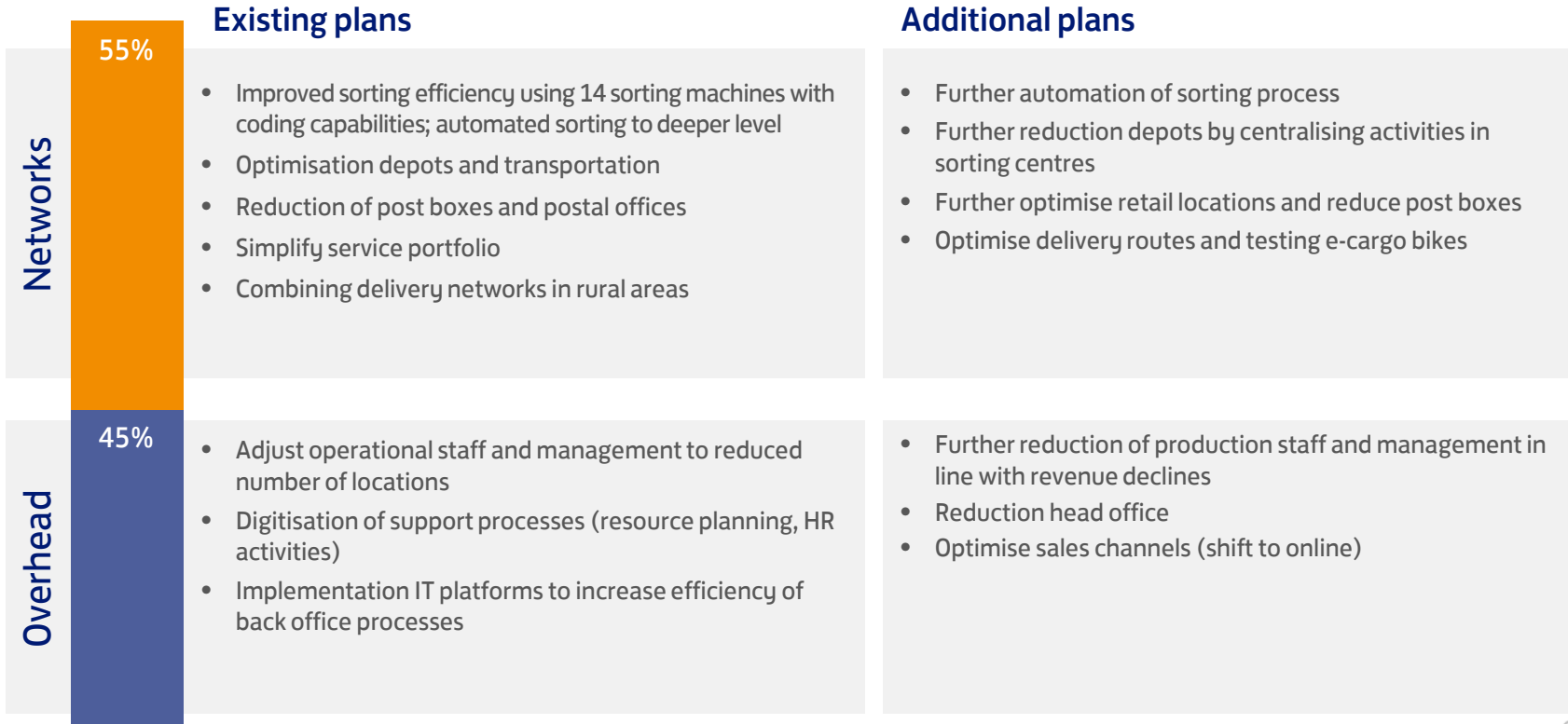
- Pricing within tariff headroom of Postal Regulation, price increase 6.8% per 1 January 2017

### Volume

- Expected decline PostNL addressed mail volumes between 7% and 9% in 2017

# €115m additional cost savings towards 2020

## Substantiated by new plans



Explore e-cargo bike in urban delivery

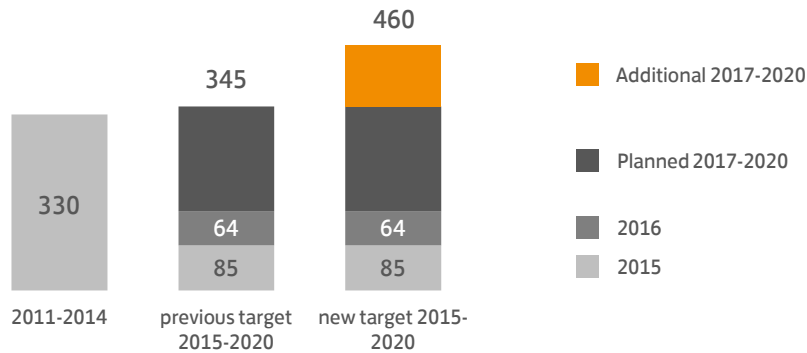


# Targeted cost savings 2015-2020 from €345m to €460m

Related cash out increases in line

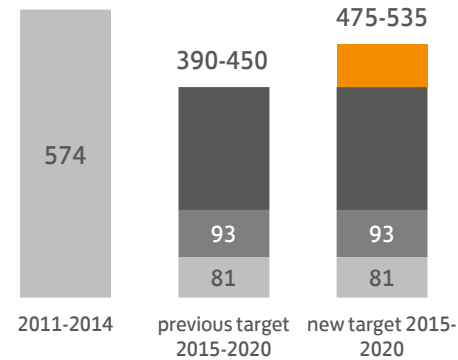
## Cost savings

(in € millions)



## Related cash out

(in € millions)



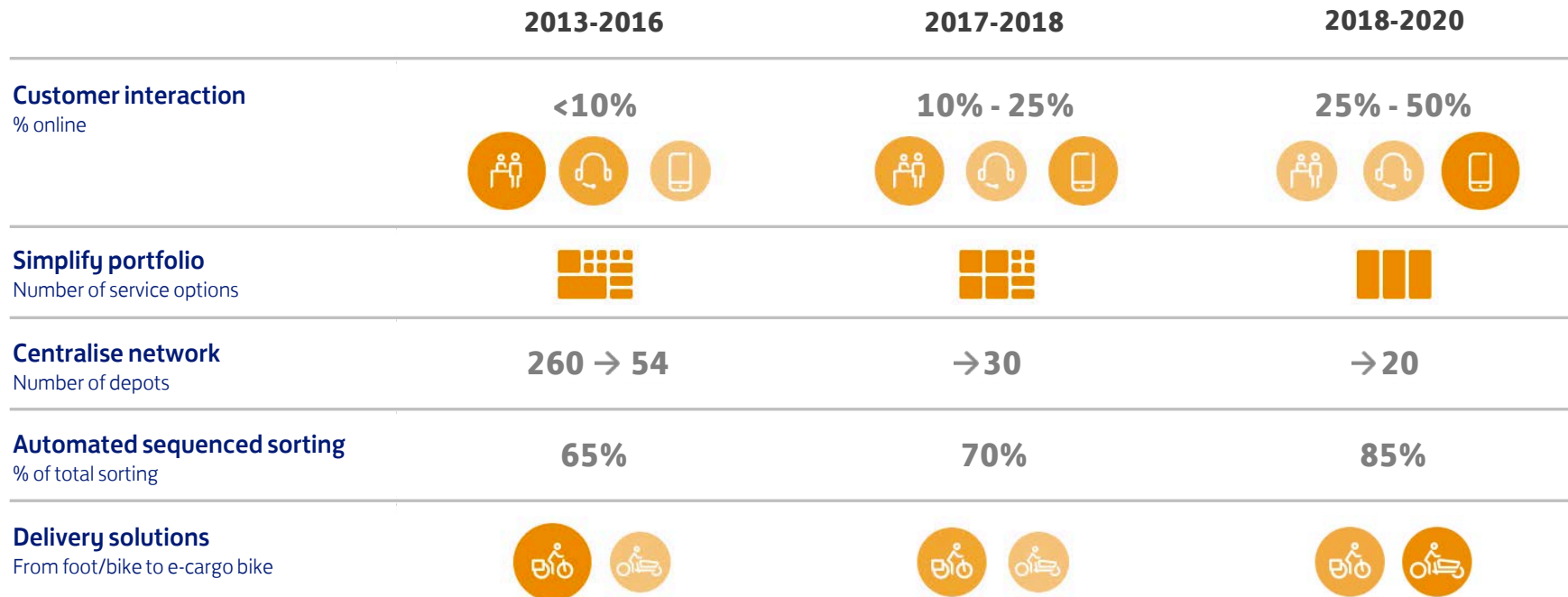
## FTE reduction

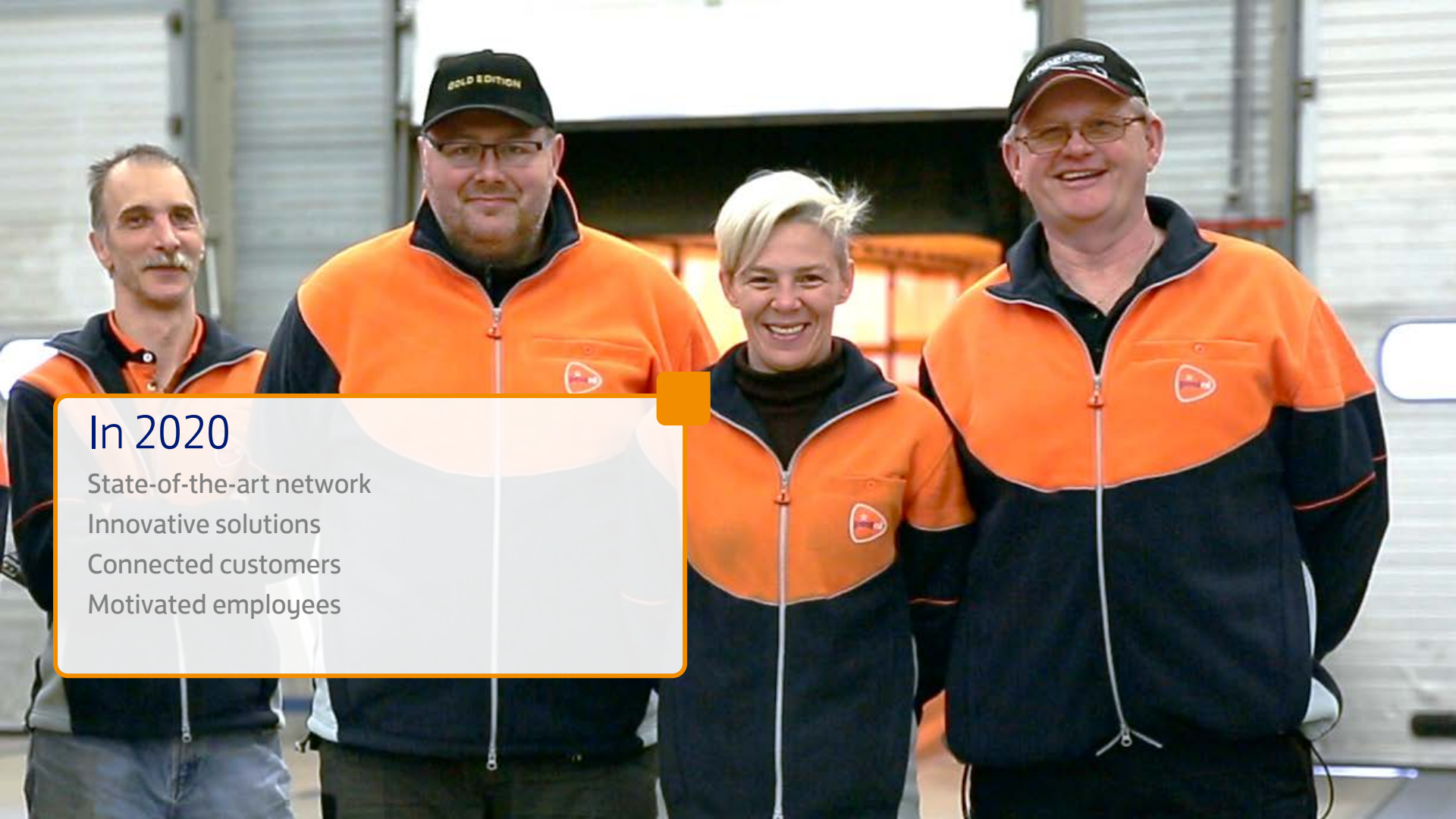
- Estimated at ~ 500-600 on average per year, in line with historical number
- Mainly by natural attrition, mobility program and voluntary leave



# Accelerating transformation

## Mail in the Netherlands towards 2020





## In 2020

State-of-the-art network

Innovative solutions

Connected customers

Motivated employees

# Mail in the Netherlands

## Ambition 2016 - 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%

- Impact ACM measures fully absorbed after 2019
- Increased cost savings > 2017
- Lower restructuring cash out and implementation costs after 2019



## Segments

# Parcels

The logistic solutions provider: we make your life easier



### Create further profitable growth

- Competitive landscape and market dynamics
- Accelerating transformation
- Expanding best-in-class network
- Extension of services propositions 2C and 2B
- Ambition 2016-2020



# Competitive landscape and market dynamics

## Logistics & other

(non-volume related)

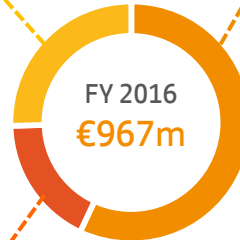
- Strong position in Extra@Home, Mikropakket and Pharma & Care
- Market position differs per market segment
- Improved financial performance by focussing on specific product-market combinations

## International

(volume related)

- Import driven by excellent Benelux network
- Export driven by strong customer base Benelux
- Netherlands as gateway to Europe

## Revenue



FY 2016  
€967m

## 2C and 2B

(volume related)

### 2C







- Strong market position in the Benelux
- Market growth exceeds earlier estimated growth of 6% to 8%
- Strengthened our position by growth of customers and new products and services

### 2B

- Strong market position in the Benelux
- Anticipated market growth around GDP
- Blurring with 2C and online develops strongly
- PostNL increased market share in 2016 by leveraging on 2C capabilities combined with market focus

# Accelerating transformation

## Parcels & Logistic solutions towards 2020

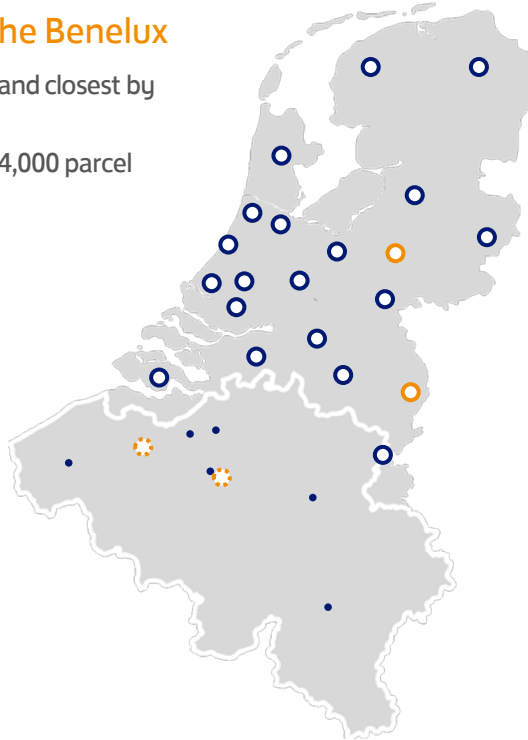
	2012-2014	2015-2016	2017-2020
<b>Volumes</b>	 120m → 142m (CAGR 8.8%)	 156m → 177m (+13%)	 Continued strong growth
<b>Services &amp; product propositions</b>	<ul style="list-style-type: none"> <li>• <b>Sunday</b></li> <li>• <b>Evening</b></li> <li>• <b>PostNL app</b></li> <li>• <b>Food</b></li> <li>• <b>Extra@Home</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Same day</b></li> <li>• <b>New 2B services</b></li> <li>• <b>Return on demand</b></li> <li>• <b>Flowers</b></li> <li>• <b>Installation services</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Rerouting before delivery</b></li> <li>• <b>Narrowing delivery window</b></li> <li>• <b>Rollout NL options in BE</b></li> <li>• <b>Additional services at home</b></li> </ul>
<b>Networks</b>	<ul style="list-style-type: none"> <li>• Niche networks</li> <li>• 3 → 16 NLI</li> </ul>	<ul style="list-style-type: none"> <li>• Optimised niche networks</li> <li>• 16 → 18 NLI</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple niche networks</li> <li>• Further investments</li> </ul>
<b>Parcel points Benelux</b>	 ~2,100 2012	 ~3,400 2016	 ~4,000 Longer opening hours

# Expanding best-in-class network

## Increased investment in our networks and services

### Grow parcel points in the Benelux

- Accommodate for capacity and closest by click & collect
- Grow our retail network to ~4,000 parcel points



### Accommodate for higher e-commerce growth in the Netherlands

- Capture acceleration in e-commerce growth
- Invest in at least two additional sorting and delivery centres

### Facilitate growth of Dutch e-tailers and capitalise on synergies in Belgium

- Capture high qualitative growth of Dutch e-tailers in Belgian market with import characteristics
- Upgrade current network by investment in two new sorting and delivery centres (locations to be determined)



## Food

- Over 100,000 food deliveries in 2016
- 7 days a week
- Key customers in e-food market





## Pharma & Care

- Doubled temperature-controlled capacity in our Belgian fleet
- Opening GDP-hub in the Netherlands
- Pilot @home delivery subscription pharmaceuticals

A photograph of two men in orange and blue uniforms working on a wall. One man is holding a large sheet of silver insulation material, while the other is looking on. The scene is indoors, likely a kitchen or utility room, with wooden cabinets visible in the background.

## Extra@Home

- Completed two acquisitions to grow @home services
- Expanded @home installation offering including kitchen appliances and white goods
- Introduced C2C delivery proposition

# Parcels

## Ambition 2016 - 2020

<i>(in € millions)</i>	Revenue			UCOI / margin		
	2016	outlook 2017	CAGR 2017-2020	2016	outlook 2017	ambition 2020
Parcels	967	+ high single digit	+ high single digit	106 (11.0%)	10%-12%	10%-12%

- Topline growth driven by e-commerce
- Contribution logistic services expected to increase
- Change in revenue mix impacting margin



## Segments

# International

Capture opportunities of accelerating global e-commerce

Enhance cash profitability

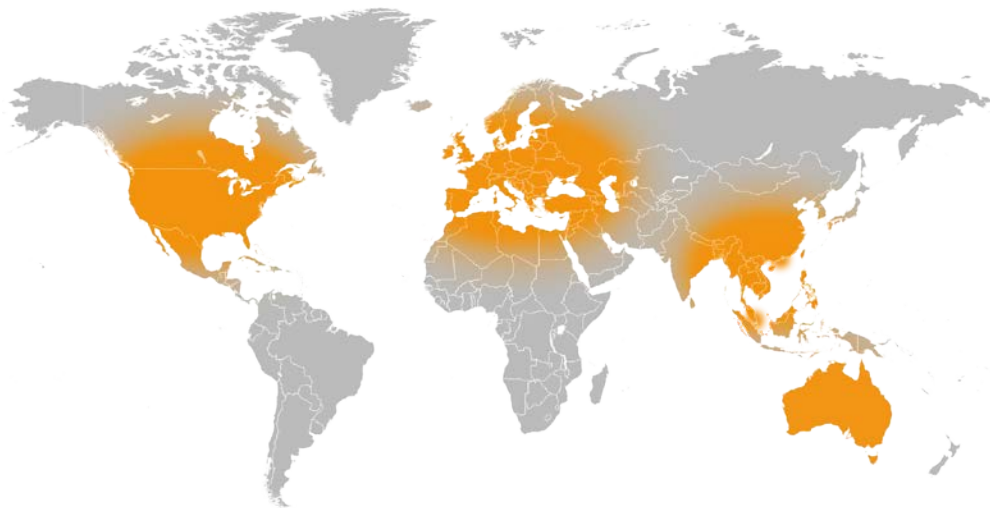
- Spring
- Germany
- Italy

# Spring

## Worldwide solutions in cross-border e-commerce and mail

### Fact & figures

- 13 offices in the Americas, Asia and Europe
- Via sales agents commercial presence in > 25 countries
- Sales reach of 190 countries, covering main global economies and trade lanes
- Offering cross-border mail and e-commerce solutions
- Leveraging on PostNL's networks, customer base and competences



# Spring transforming to global e-commerce player

## Capturing opportunities from e-commerce growth

	2012 – 2016	2017 – 2020
Revenue Spring*	€162m → ~€310m	+60% to 70%
% e-commerce	<10% → ~45%	~80%
Services and propositions	<ul style="list-style-type: none"><li>• Gateway to Europe for Asia</li><li>• E-commerce solutions via postal networks</li></ul>	<ul style="list-style-type: none"><li>• Extend Gateway proposition to other regions</li><li>• Broadened portfolio e-commerce solutions<ul style="list-style-type: none"><li>• International returns</li><li>• Global parcel solutions</li><li>• RFID based Tag &amp; Trace</li></ul></li></ul>
Sales reach	<ul style="list-style-type: none"><li>• Building presence in Asia with focus on e-commerce</li><li>• Broadening presence in Eastern Europe</li></ul>	<ul style="list-style-type: none"><li>• Expand broader Asian and American geographical reach</li><li>• Strengthen European presence</li></ul>

\*Spring and other

# Postcon - Further strengthen our position in Germany

**Ambition 2020: grow market share and sustainable positive cash flow**



## Capitalise on commercial opportunities

- Leveraging on Pin Berlin and Mail Alliance
- Further commercial initiatives to
  - Grow volume by expanding customer base
  - Improve product mix to increase margin

## Improve operational efficiency and quality

- Improve cost structure
  - Lower indirect costs and better productivity last mile
- Supported by addition Pin Berlin and Mail Alliance

# Nexive – smart challenger in Italy

## Improving performance due to recovery mail and further roll-out parcels



### Recovery mail business

- Further roll-out new customers in 2017 (instead of 2016)
- Build on expansion customer base with focus on
  - Public and administration segment
  - SME
- Extend service portfolio with new value added services (registered mail)
  - Focus on existing top customers
- Cost savings (labour, linehaul, overhead)

### Further growth in parcels

- Increase volume from existing customers and new customers, leverage on existing mail customer base
- Expand market share
- Expand service proposition by broadening range of Sistema products



# International

## Ambition 2016 – 2020

(in € millions)	Revenue			UCOI / margin		
	2016	outlook 2017	CAGR 2017-2020	2016	outlook 2017	ambition 2020
International*	1,017	+ mid teens	+ mid single digit	14 (1.4%)	1%-3%	2%-4%

\* 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: €80 million) and underlying cash operating income within International. The acquisition is included in our outlook 2017 numbers.

- Performance expected to be fuelled by further top line growth
- Improvement Germany and Spring to continue
- Anticipated delay recovery Italy expected to be visible as of 2017
- Initiatives started in 2016 will materialise to full impact in 2017 and will support performance improvement

# 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

# Accelerating transformation



- Key takeaways
- E-commerce changes the market
- E-commerce changes profile PostNL
- Segments
- **Financials**
- Conclusion

# 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)					
<b>Total*</b>	<b>3,413</b>	<b>+ mid single digit</b>	<b>+ mid single digit</b>	<b>245</b>	<b>220 - 260</b>	<b>310 - 380</b>

\* 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.

# 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

# Ambition 2020 increased to €310m - €380m

Driven by improvement in all business segments

(in € millions)

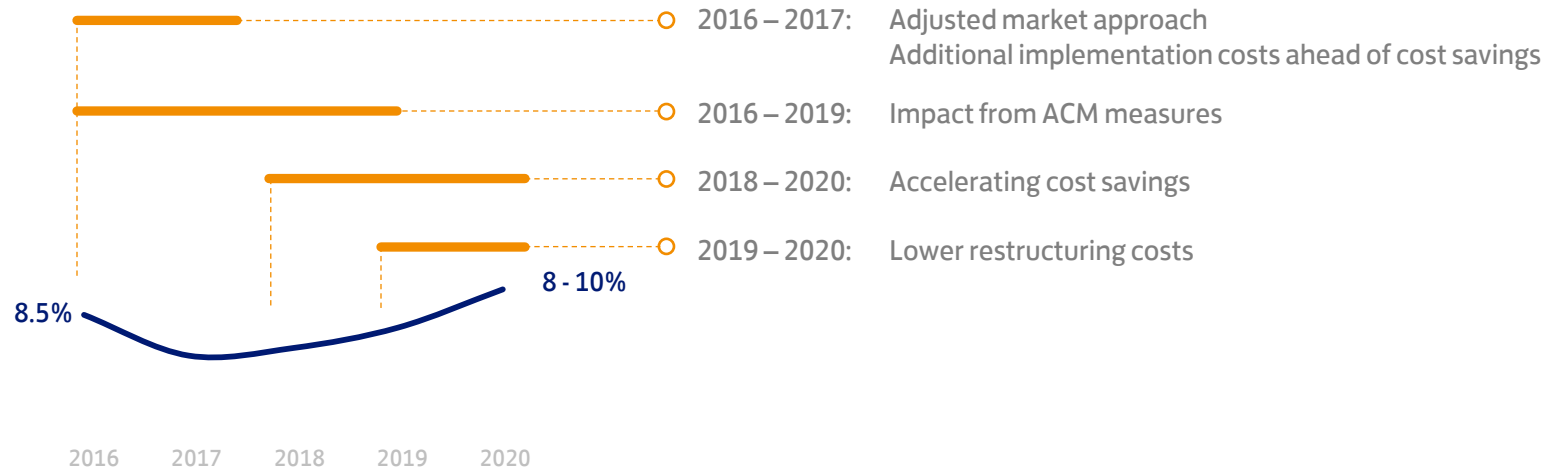


- Mail in the Netherlands: see next slide
- Parcels: volume growth driven by e-commerce and contribution logistic services
- International: growth Spring and improvement Germany and Italy

# Margin development Mail in the Netherlands 2016-2020

## Improvement expected towards 2020

### UCOI margin development






# 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



# Strict cash flow management

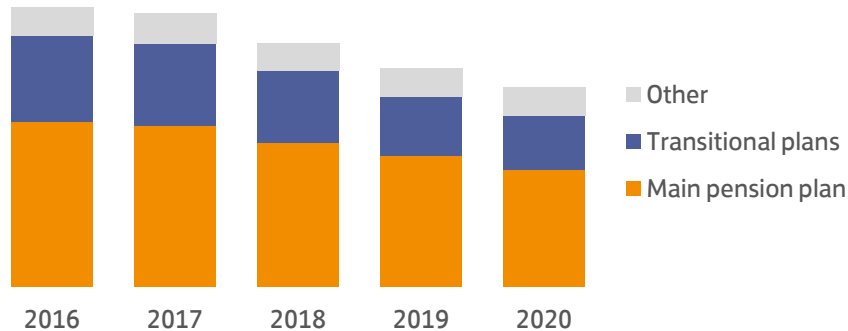
## Tightened base capex and working capital

<i>(in €million)</i>	Previous guidance 2015-2020	New guidance	<i>Working capital</i>	% of revenue (2016)	after 2016 investment in working capital
Base capex as % of revenue	<2.0%	< 1.8%	Mail in the Netherlands	-23%	~
Related to cost savings plans	80-100	~190 - 210	Parcels	-7%	↓
Related to NLI			International	7%	~
			<b>PostNL</b>	-11%	↓

- Additional Investments cost savings plans and NLI of ~ €110m
- Excluding investments in small acquisitions
- Change in revenue mix going forward results in limited investment in working capital
- Development working capital more favourable than anticipated

# Limited sensitivity pensions

## Declining pension cash out



## Limited sensitivity if interest rates would decline

Top-up payments:

- triggered if 12-months average coverage ratio pension fund < 104%, and pension fund is unable to recover within five years
- capped at 1.25% of pension fund obligation per year for at most five consecutive years

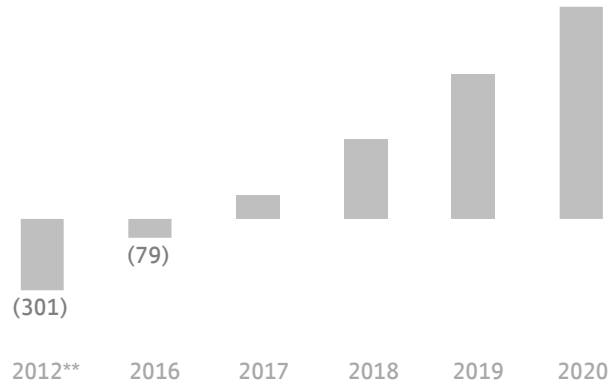
Based on current projections, limited risk of top-up payments and impact on equity when interest rates would decline > 110 bps (current rate pension fund ~1.2%)

# Financial strategy results in solid balance sheet

## Consolidated equity and net cash/(debt) position improving

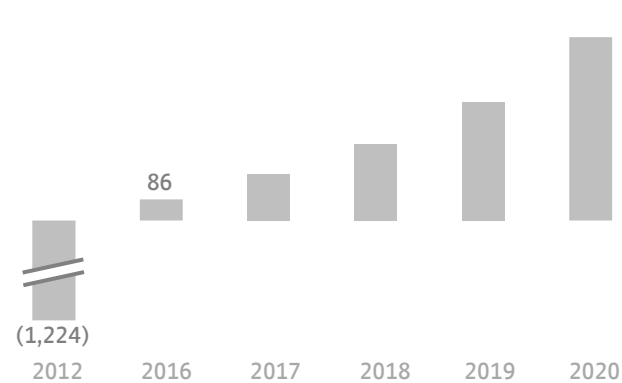
### Consolidated equity\*

(in € millions)



### Net cash/(debt) position\*

(in € millions)



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

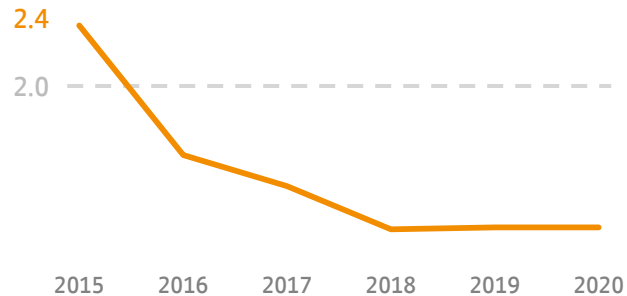
\* Projection to 2020 excludes impact acquisitions and dividend

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

# Financial strategy results in solid balance sheet

Aim for adjusted net debt/EBITDA ratio not exceeding 2.0x

## Expected development adjusted net debt / EBITDA ratio\*



- Adjusted net debt = gross debt, netted pension liabilities and lease adjustment (net present value repayment schedule rent and operational leases) minus cash position
- Adjusted EBITDA includes lease adjustment

\* Projection to 2020 excludes impact acquisitions and dividend

# 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 ~2
- 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

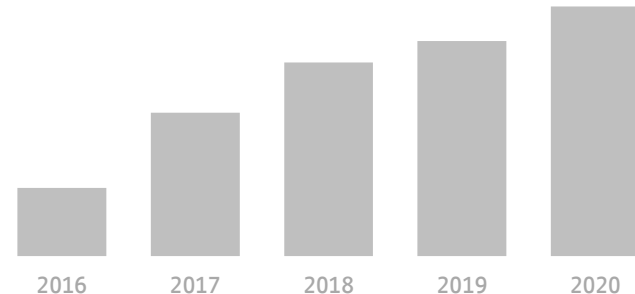
### Progressive dividend 2017 and onwards

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



# Accelerating transformation



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# Questions & Answers





# Appendix



- Q4/FY 2016 results per segment
- Breakdown pension cash contribution and expenses
- Average UCOI split per quarter and working days

# Q4 2016: results per segment

(in € millions)

	Revenue		Underlying operating income		Underlying cash operating income	
	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015
Mail in the Netherlands	540	596	109	117	88	104
Parcels	271	262	33	37	29	36
International	265	269	7	11	7	12
PostNL Other	46	51	(11)	(9)	(14)	(5)
Intercompany	(167)	(171)				
<b>Total PostNL</b>	<b>955</b>	<b>1,007</b>	<b>138</b>	<b>156</b>	<b>110</b>	<b>147</b>
	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
Mail in the Netherlands	1,877	1,961	217	263	160	204
Parcels	967	917	112	105	106	101
International	1,017	983	15	19	14	19
PostNL Other	178	188	(20)	(29)	(35)	(21)
Intercompany	(626)	(588)				
<b>Total PostNL</b>	<b>3,413</b>	<b>3,461</b>	<b>324</b>	<b>358</b>	<b>245</b>	<b>303</b>

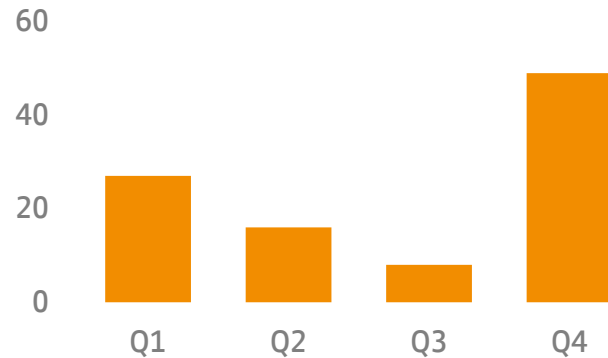
# Breakdown pension cash contribution and expenses

Pensions <i>(in € millions)</i>	Q4 2016		Q4 2015	
	Expenses	Cash	Expenses	Cash
Business segments	27	35	28	35
IFRS difference	(1)		9	
<b>PostNL</b>	<b>26</b>	<b>35</b>	<b>37</b>	<b>35</b>
Interest	2		3	
<b>Total</b>	<b>28</b>		<b>40</b>	

# Average UCOI split per quarter and working days

## Average UCOI split 2011 - 2016

(%)



## Working days

	2016	2017
Q1	64	65
Q2	62	61
Q3	65	65
Q4	64	63
<b>Total year</b>	<b>255</b>	<b>254</b>

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