

Q4 & FY 2015 Results



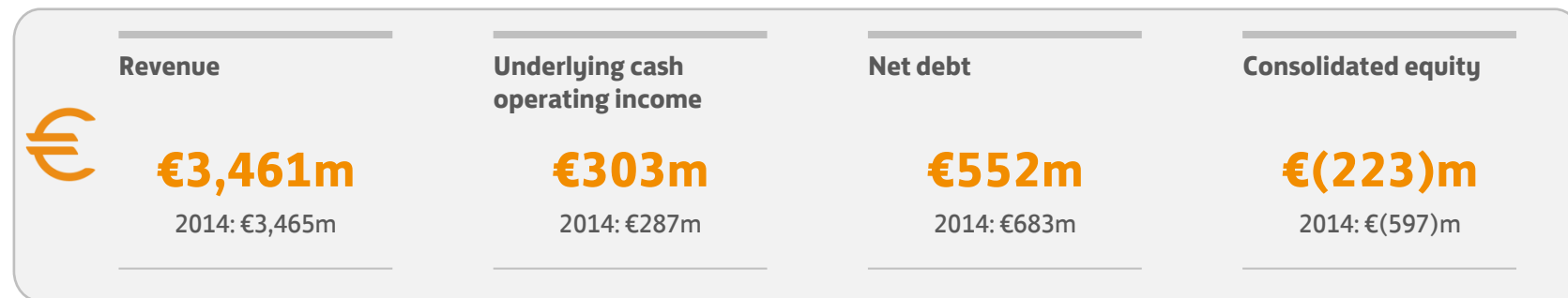
29 February 2016



Business review

Delivering on promises

Positive progress on all main KPIs



Delivering on promises

Outlook 2015 achieved

(in € millions)	Revenue				Underlying cash operating income / margin			
	2014	2015 outlook	2015 achieved		2014	2015 outlook	2015 achieved	
Mail in the Netherlands	2,044	- mid single digit	1,961	(-4.1%) ✓	230	10% - 12%	204	(10.4%) ✓
Parcels	854	+ mid single digit	917	(+7.3%) ✓	98	11% - 13%	101	(11.0%) ✓
International	921	+ low single digit	983	(+6.7%) ✓	2	1% - 3%	19	(1.9%) ✓
PostNL Other / eliminations	(354)		(400)		(43)		(21)	
Total	3,465	stable	3,461	✓	287	280 - 320	303	✓

- Volume decline in Mail in the Netherlands almost offset by cost savings and price increases
- Strong volume growth and increase in underlying cash operating income in Parcels
- Good performance in International



Mail in the
Netherlands

Deliver sustainable
cash flow



Parcels

Create further
profitable growth



International

Enhance cash
profitability

Strong financial position

Q4 2015: Mail in the Netherlands

Underlying cash operating income increased



Revenue	Underlying cash operating income	Addressed mail volume decline *	Total cost savings
€596m <i>Q4 14: €603m</i>	€104m <i>Q4 14: €99m</i>	9.5%	€27m
FY15: €1,961m (- 4.1%)	FY15: €204m (margin 10.4%)	FY15: 11.2%	FY15: €85m

- Results helped by two more working days and some positive incidentals
- Strong cost savings of €27 million (€20 million in Mail in the Netherlands)
- Full year delivery quality 96.4%, well above minimum required level
- Final agreement reached on social plan and CLA for postal deliverers

USO

- Price increase per 1 January 2016 based on tariff headroom as determined by ACM
- Amended Postal Act effective 1 January 2016
 - Allows for reduction in number of postboxes and post offices
 - Consultation approach supported by key stakeholders
- In accordance with postal regulation: evaluation of USO in 2016

Non-USO

- PostNL is concerned about the expected adverse effects of measures limiting its competitive position
- Estimated annualised financial impact of ACM measures may add up to €30 million - €50 million annualised, with first effects visible in 2016
- Mitigate impact where possible
- ACM scheduled meetings with postal industry group in February and March

Significant management attention
remains important

Price increases continue to be necessary

Adjusted market approach in defined segments



Volume developments and pricing strategy

<i>(in million items)</i>	2014	2015	Decline	Outlook 2015 – 2017
Bulk mail	2,081	1,840	11.6%	Pricing in general well above inflation; in defined segments targeted discounts
Single mail	624	561	10.1%	Pricing within tariff headroom of Postal Regulation (+5.8% per 1 January 2016)
Total PostNL	2,705	2,401	11.2%*	
<i>Total mail market</i>				<i>~9% Market volume decline on average 7% to 9%</i>

Strong savings of €27 million in Q4, especially in operational processes

Total cost savings of €85 million achieved in 2015, of targeted €345 million for 2015 - 2020



Q4 2015

Efficiency sorting process

- All 11 SMXs fully installed and implemented

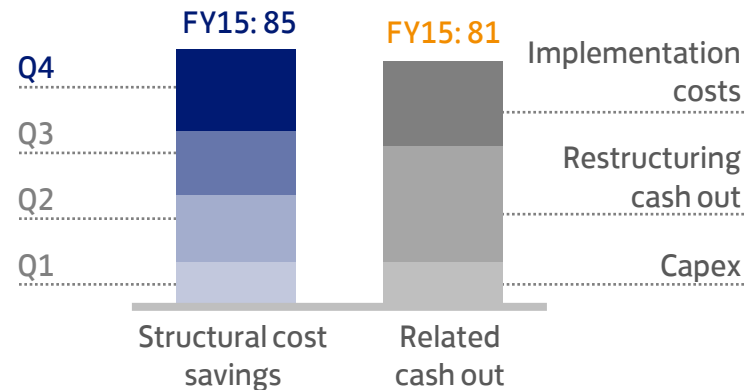
Efficiency delivery process

- 2 depots migrated and 27 locations optimised
- Redesign car unit

Other

- Final stage cloud migration
- Overhead savings

(in € millions)



Restructuring plans 2016 - 2020 resulting in target cost savings of €260 million

Relatively lower restructuring cash out of €310 million - €370 million



	2016	2016 - 2020
Efficiency sorting process	<ul style="list-style-type: none">• Purchase and implement 5 additional SMXs• Purchase and implement 10 new coding machines	<ul style="list-style-type: none">• Implement new sorting machines with coding capabilities• Realise automated sorting to a deeper level
Efficiency delivery process	<ul style="list-style-type: none">• Migration of ~10 preparation locations• Redesign car unit: optimisation of final hubs	<ul style="list-style-type: none">• Further reduction of preparation locations• Optimise number of depots and transportation• Simplify and centralise preparation activities• Ongoing optimisation delivery
Optimise retail network	<ul style="list-style-type: none">• Consultation following new Postal Act• First step reduction of postboxes and postal offices	<ul style="list-style-type: none">• Increase online offering• Roll-out reduction of postboxes and postal offices
Staff and management	<ul style="list-style-type: none">• Scaling down overheads	<ul style="list-style-type: none">• Leaner operations and head office
Synergies and other	<ul style="list-style-type: none">• Explore opportunities and best timing	<ul style="list-style-type: none">• Combine delivery networks in rural areas

Continuous and sustainable innovation

Delivering faster and more flexible sorting capabilities



SMX

2016: implementation of 5 additional SMXs, enabling value added services and increased efficiency



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Strong financial position



Revenue	Underlying cash operating income	Volume growth
€262m <i>Q4 14: €245m</i>	€36m <i>Q4 14: €33m</i>	13.9% <i>Q4 14: 12.8%</i>
FY15: €917m (+7.4%)	FY15: €101m (margin 11.0%)	FY15: 9.6%

- 1.4 million parcels delivered in one day; very strong peak season for domestic parcels
- Strong volume growth partially offset by negative price/mix effect
- International volume growth; milk powder volumes stabilise, growth other categories mainly Asia to Europe
- 18 depots operational, 100% of volumes now handled by new sorting and delivery centres
- Implementation sustainable delivery model well on track

Sustainable delivery model

Well on track

Proposal to subcontractors

Employment contract

- No trial period, indefinite period of time
- In line with employment terms and conditions of PostNL CLA

OR

Remain independent parcel deliverer, remuneration will be increased by about 10%

- No difference in costs between independent parcel deliverers and PostNL employees
- Proposal has been discussed with individual deliverers
- Current status:
 - More than 500 FTE extra parcel deliverers employed (of which >400 FTE from Mail in the Netherlands and around 110 FTE formerly independent delivers)
 - Majority of independent deliverers decided to remain independent and receive higher compensation; making good progress with obtaining necessary permits
 - Financial impact: €9 million in 2015, ~€10 million in 2016 (within earlier guided bandwidth of €15 million - €20 million)

Parcels Benelux - strengthening position by extension of services

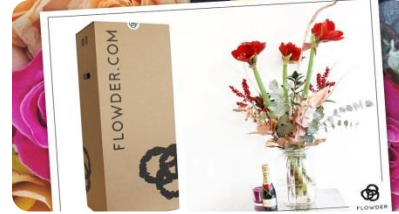
Innovative and market driven solutions adding value for customers



- Evening delivery 5 days/week implemented
- Same day delivery successfully launched, scaling up to more clients in 2016
- Focus on specific growth markets: fashion, electronics, home & garden, food, health & personal care
- Preparations started for new sorting and delivery centre in Amsterdam
- Improved tailor-made collection services for 2B customers for all products (parcels & pallets)
- Strong volume growth in Belgium with increasing service levels; nationwide delivery network in place

Logistic solutions - growth in existing and new areas

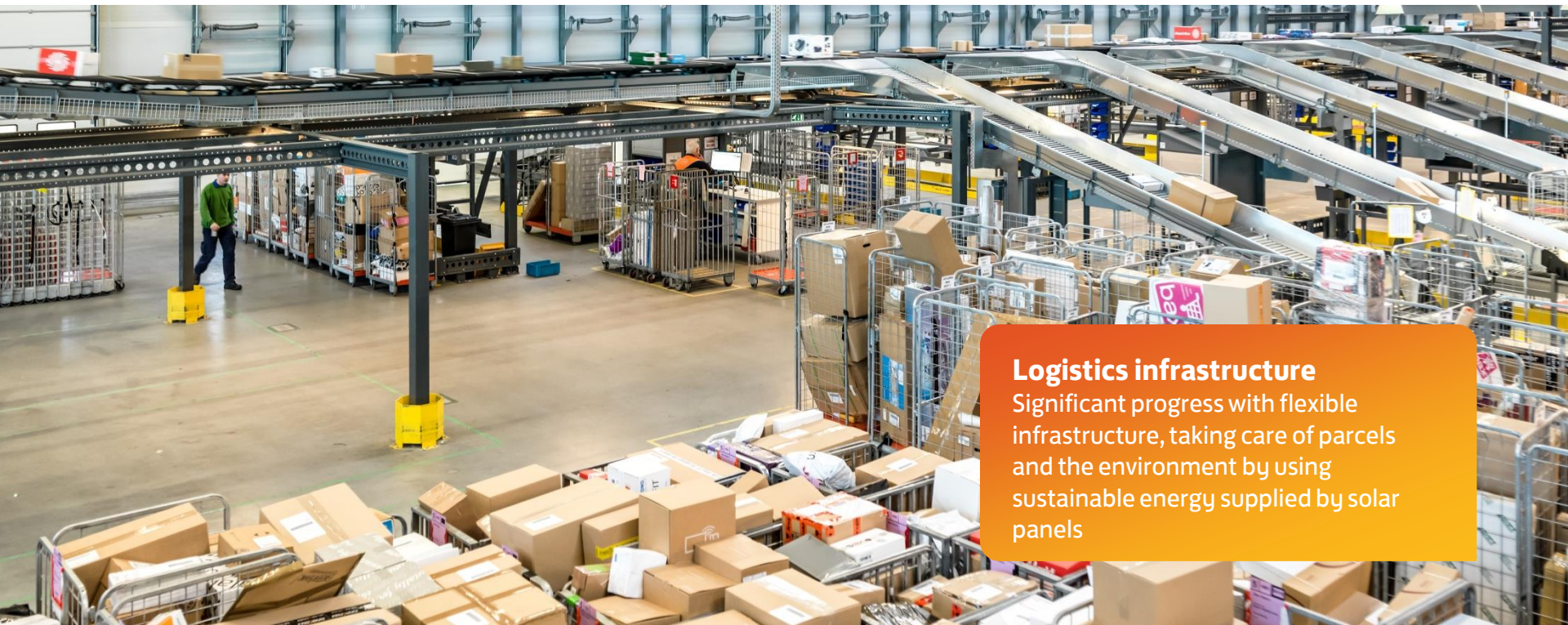
Strengthening our position in targeted niche markets



- Increase profitability by optimisation of networks Pharma & Care and Extra@Home
- Increased commercial focus on specific sectors: health & personal care, home & garden, consumer electronics
- Launch further new business initiatives:
 - Floriculture solutions enabling direct sales from grower to consumer
 - Partnership with Retourplaza; platform selling returned goods

Continuous and sustainable innovation

A sustainable parcels network for profitable growth



Logistics infrastructure

Significant progress with flexible infrastructure, taking care of parcels and the environment by using sustainable energy supplied by solar panels



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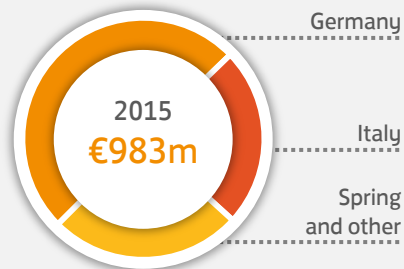
Strong financial position

Q4 2015: International

Strong results



Revenue break down



Revenue

€269m

Q4 14: €253m

FY15: €983m
(+6.7%)

Underlying cash operating income

€12m

Q4 14: €2m

FY15: €19m
(margin: 1.9%)

Germany

- Revenue flat
- Good progress in restructuring
- Improvement underlying cash operating income
- Strategic review nearing its completion, estimated impact on equity limited

Italy

- Increased revenue in parcels and other services, offset by negative mix effect in Formula Certa and price pressure
- Performance also impacted by start-up losses parcels network

Spring

- Strong growth due to year-end peak Asia driven by e-commerce
- Strong performance, helped by small positive FX impact
- Further develop propositions to capture growth potential of globalisation of e-commerce

Nexive - Sistema completo

Efficient, transparent and most extensive product proposition



Sistema completo

Product proposition for e-commerce, many features in the standard product. Examples: text message notification, evening delivery and delivery on higher floors without additional charges.



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Strong financial position

2015: solid base for 2020 ambition

Remain committed towards restoring dividend as early as possible



2015	2016	2020
<p>Delivered on our promises</p> <hr/> <p>Underlying cash operating income €303m</p> <p>Consolidated equity €(223)m</p> <p>Net debt €552m</p> <hr/>	<ul style="list-style-type: none">• Significant management attention on regulation• Create further profitable growth in Parcels and International, driven by e-commerce and innovation• Maintain focus on successful implementation of restructuring plans• Continuously improve our employees' engagement and customer satisfaction; maintain high quality• Remain committed towards restoring dividend as early as possible <p>Outlook underlying cash operating income*: €220m - €260m</p>	   <p>Ambition underlying cash operating income*: €265m - €335m</p>

Financials

Financial highlights 2015

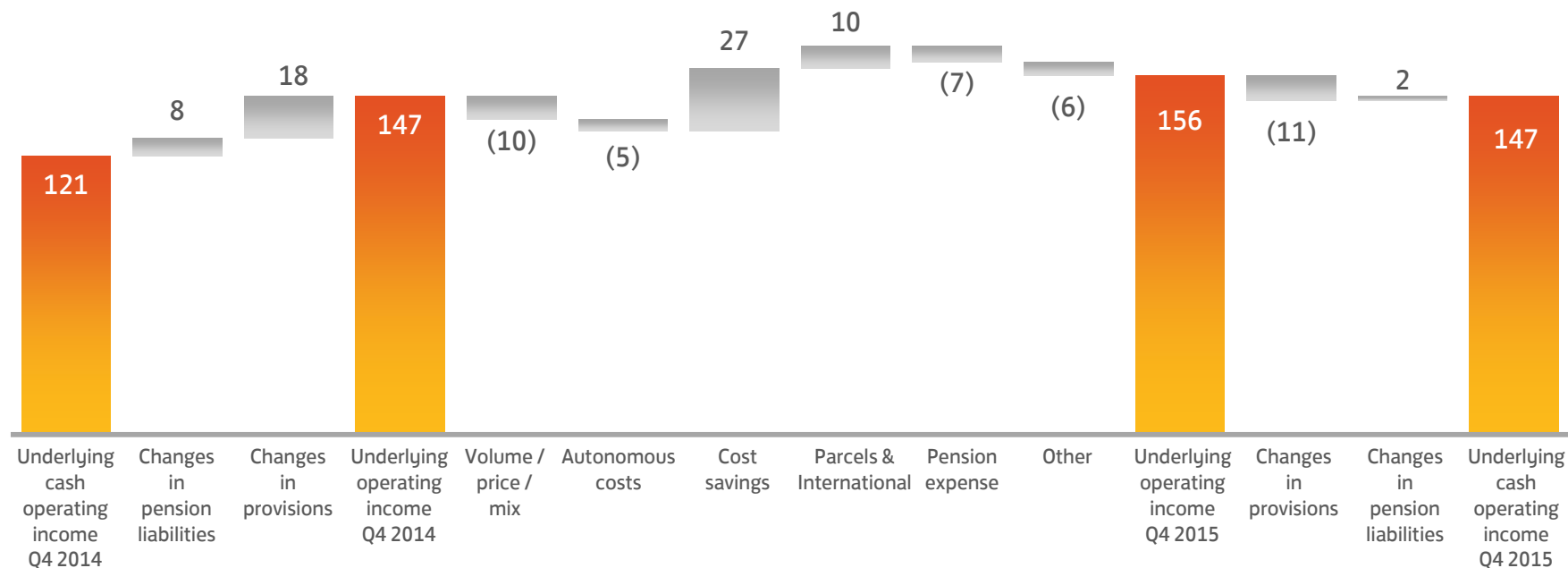
Solid performance in delivering on our main KPI

<i>(in € millions)</i>	Q4 2015	Q4 2014	Change	FY 2015	FY 2014	Change
Reported revenue	1,007	995	1%	3,461	3,465	0%
Reported operating income	150	180	-17%	340	402	-15%
Pension curtailments	(1)	(36)		(1)	(36)	
Rebranding, project costs and other	7	3		19	20	
Underlying operating income	156	147	6%	358	386	-7%
Underlying cash operating income	147	121	21%	303	287	6%
Net cash from operating and investing activities	149	169		135	141	

Q4 2015: underlying (cash) operating income

Good business performance and lower cash out for restructuring and pensions

(in € millions)



Q4 2015: results per segment

Strong performance in International

(in € millions)

	Revenue		Underlying operating income		Underlying cash operating income	
	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014
Mail in the Netherlands	596	603	117	113	104	99
Parcels	262	245	37	34	36	33
International	269	253	11	4	12	2
PostNL Other	51	51	(9)	(4)	(5)	(13)
Intercompany	(171)	(157)				
Total PostNL	1,007	995	156	147	147	121
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Mail in the Netherlands	1,961	2,044	263	303	204	230
Parcels	917	854	105	100	101	98
International	983	921	19	3	19	2
PostNL Other	188	196	(29)	(20)	(21)	(43)
Intercompany	(588)	(550)				
Total PostNL	3,461	3,465	358	386	303	287

Statement of income

Profit Q4 development impacted by past service pension costs in 2014

<i>(in € millions)</i>	Q4 2015	Q4 2014	FY 2015	FY 2014
Revenue	1,007	995	3,461	3,465
Operating income	150	180	340	402
Net financial expenses	(20)	(25)	(78)	(94)
Results from investments in associates and joint ventures	(1)	(1)	(2)	(1)
Income taxes	(39)	(38)	(77)	(83)
Profit/(loss) from continuing operations	90	116	183	224
Profit/(loss) from discontinued operations	11	0	(34)	2
Profit for the period	101	116	149	226

- Profit full year 2015 impacted by:
 - Exit costs E2E and management buy-out United Kingdom
 - Incidental positive effect from past service pension costs in 2014

Net cash impacted by first payment unconditional funding obligation to pension fund

Good performance on working capital

(in € millions)		Q4 2015	Q4 2014	FY 2015	FY 2014
Cash generated from operations		204	214	392	359
Interest paid		(29)	(26)	(73)	(86)
Income taxes received / (paid)		2	7	(105)	(71)
Net cash from operating activities		177	195	214	202
Interest / dividends received / other		3	1	3	9
Capex		(34)	(30)	(91)	(83)
Proceeds from sale of assets		3	3	9	13
Net cash (used in) / from operating and investing activities		149	169	135	141

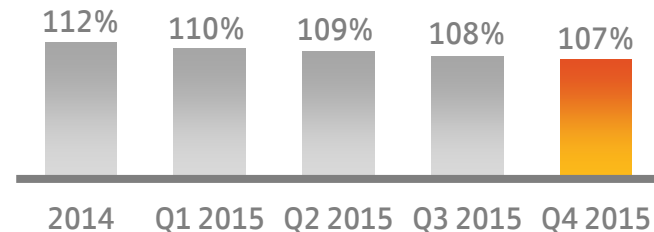
		Q4 2015	FY 2015	2015 outlook
Capex	Base capex	27	63	
	Cost savings initiatives	7	15	
	New sorting and delivery centres	0	13	
Total		34	91	Max 115

Pensions

In Q4 positive impact of €57 million on equity

(in € millions)	Q4 2015
Return on plan assets in excess of interest income	96
Defined benefit obligation	251
Of which:	
Higher discount rate	130
Expected lower accrual rate	121
Asset ceiling	(142)
Minimum funding requirement	(129)
Total pension	76
Net effect on equity within OCI	57

Coverage ratio pension fund



- Start payment unconditional funding obligation to pension fund
 - First instalment of €32 million paid in Q4 2015
 - Remaining obligation of €129 million will be paid in the next four years

Consolidated statement of financial position

Financial position further strengthened

<i>(in € millions)</i>	31 Dec 2015	31 Dec 2015
Intangible fixed assets	146	Consolidated equity (223)
Property, plant and equipment	508	Non-controlling interests 7
Financial fixed assets	724	Total equity (216)
<i>of which stake in TNT Express</i>	626	Pension liabilities 449
Other current assets	505	Long-term debt 934
Cash	355	Other non-current liabilities 98
Assets held for sale	13	Short-term debt 1
		Other current liabilities 985
Total assets	2,251	Total equity & liabilities 2,251

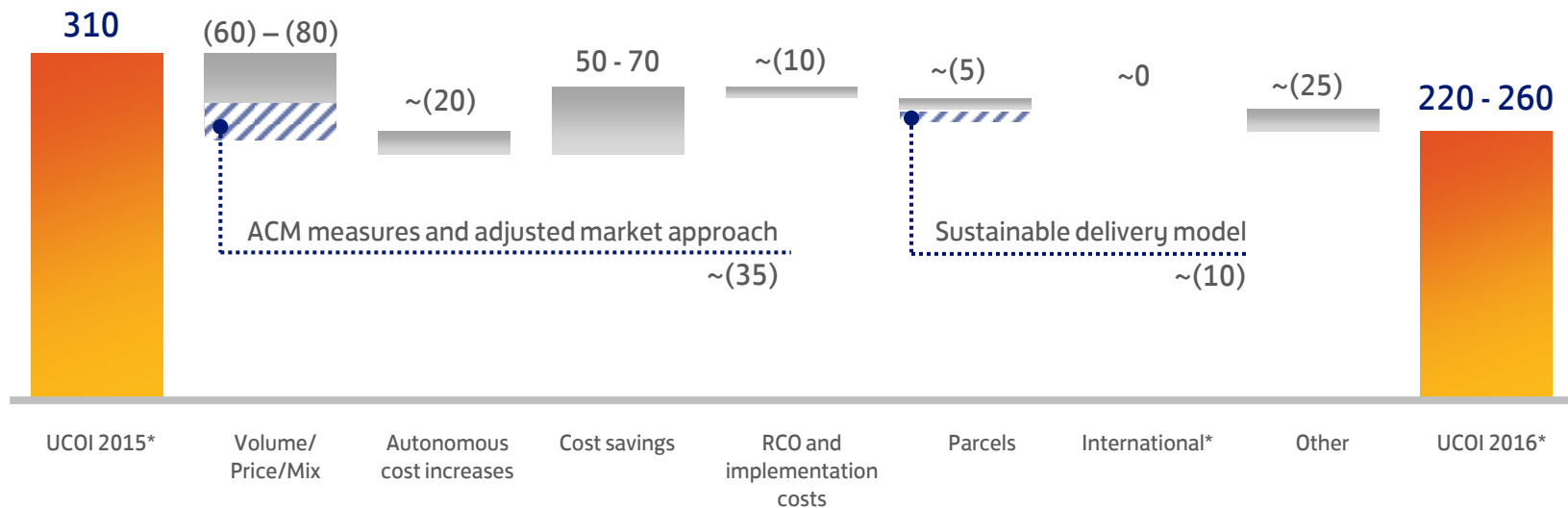
- Net debt decreased by €150 million to €552 million compared to the end of Q3 2015
- FedEx and TNT Express continue to anticipate closing of the offer in the first half of 2016, expected proceeds €643 million
- Consolidated equity improved by €217 million to €(223) million compared to the end of Q3 2015
- Corporate equity of €2,204 million, of which €(1) million distributable

Outlook 2016 reconfirmed

<i>(in € millions)</i>	Revenue		Underlying cash operating income / margin	
	2015	2016 outlook	2015	2016 outlook
Mail in the Netherlands	1,961	- mid single digit	204 (10.4%)	8% to 10%
Parcels	917	+ high single digit	101 (11.0%)	9% to 11%
International*	493	+ high single digit	26 (5.3%)	4% to 6%
PostNL Other / eliminations	(394)		(21)	
Total*	2,977	+ low single digit	310	220 to 260

Expected underlying cash operating income development 2016*

(in € millions)

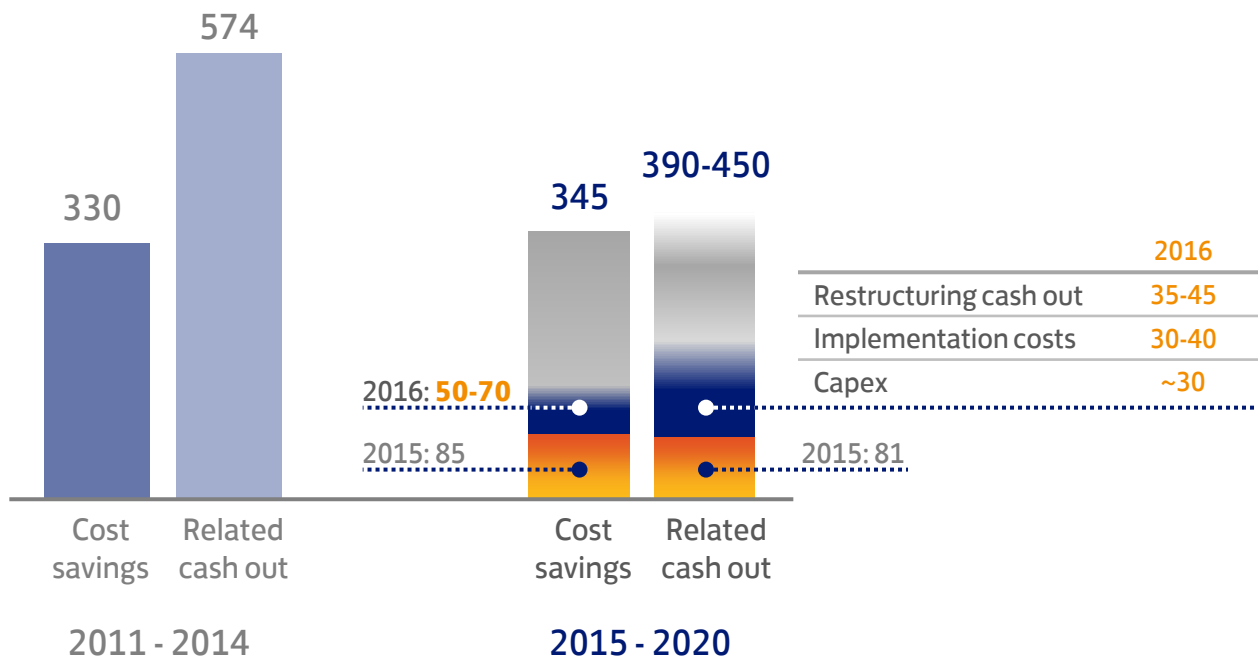


Total cost savings ambition €345 million in 2015 – 2020

Related cash out between €390 million and €450 million



Cost savings and related cash out
(in € millions)

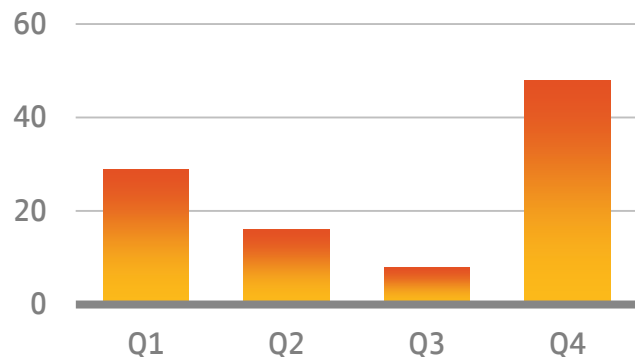


Q1 2016 expected to be better than FY 2016 trend, explained by working days

Opposite effect visible in second half of 2016

Average UCOI split 2010 - 2015

(%)



Working days

	2015	2016
Q1	61	64
Q2	60	62
Q3	65	65
Q4	68	64
Total year	254	255

Q1 2016

- 3 additional working days
- ~€25 million higher cash tax out due to phasing

2015: solid base for 2020 ambition

Remain committed towards restoring dividend as early as possible



2015	2016	2020
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Q&A

Appendix

- Impact activities Germany - quarterly overview 2015
- Breakdown pension cash contribution and expenses

Impact activities Germany - quarterly overview 2015

	Revenue excluding Germany 2015				
<i>(in € millions)</i>	Q1*	Q2	Q3	Q4	FY
Mail in the Netherlands	476	463	426	596	1,961
Parcels	216	221	218	262	917
International	123	118	114	138	493
PostNL Other / eliminations	(92)	(91)	(93)	(118)	(394)
Total	723	711	665	878	2,977

	Underlying cash operating income excluding Germany 2015				
Mail in the Netherlands	46	40	14	104	204
Parcels	25	24	16	36	101
International	6	6	2	12	26
PostNL Other	(6)	(4)	(6)	(5)	(21)
Total	71	66	26	147	310

Breakdown pension cash contribution and expenses

Pensions	Q4 2015		Q4 2014	
(in € millions)	Expenses	Cash	Expenses	Cash
Business segments	28	35	29	38
IFRS difference	9		1	
PostNL	37	35	30	38
Interest	3		5	
Total	40		35	

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