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In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals.

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Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Good morning everyone. Thank you for joining us this morning. With me here in the room, Herna Verhagen, our CEO, and Pim Berendsen, our CFO. As usual we will start with our presentation going through the slides that are available on our website and after that, we will open up for Q&A. Herna, over to you.

Herna Verhagen – CEO PostNL: Thanks a lot. We will start on slide number 2, where we have an overview of what we will do today. Of course, we will dive into the details of the 2020 business performance as well as the financial performance and then step over to PostNLs strategy. Part of the strategy is very well known because it is our Parcels and Mail strategy, but today we will add our digital transformation and the medium-term financial objectives that belong to that digital transformation. Last but not least, we will give you a view on 2021, our capital allocation outlook and some concluding remarks.

2020

Key takeaways

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So, stay with us and we will start with the key takeaways on slide number 4.

2020

An exceptional year in unprecedented circumstances

Thanks to the hard work of our people and resilience of our business, we were able to continue to play a vital role in society

- Strong Q4 results and improved financial position:
  - increased performance-related compensation to reward our people and the people working for sorting and delivery partners of Parcels in the Netherlands with an extra payment
  - re-instated dividend for 2020

Health and safety of our people, partners and customers always come first

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As we said already quite some times, 2020 was an exceptional year in unprecedented circumstances. We took lots of measures to keep our people safe and healthy. We changed part of our operation chain. We used lots of plastic screens, hand gels, et cetera, to keep our people and our customers safe and healthy. We were able to have a strong post and parcels network over the full year. That has led to lots of positive improvements, in employee satisfaction, in customer satisfaction, and in the amount of volume we distributed. As you already have seen we have seen very strong Q4 results and an improved financial position, which will help us in our acceleration in 2021.

Financial highlights

Significant outperformance on earnings and cash flow guidance

- Extremely busy Q4 accelerated already strong performance of first three quarters
- Exceptional performance in last weeks of the year mainly driven by Mail in the Netherlands

Key financial metrics for 2020

(in € million)	FY 2019	Latest guidance	FY 2020	change
Revenue	2,844		3,255	+14.4%
Normalised EBIT	135	> 175	245	+81.4%
Corrected for estimated non-recurring impact Covid-19			*190*	
Free cash flow	107		186	+73.8%
Normalised comprehensive income	83		197	
(Proposed) dividend per share	€0.08		€0.28	

Strong operational performance and improved financial position with reinstatement of dividend

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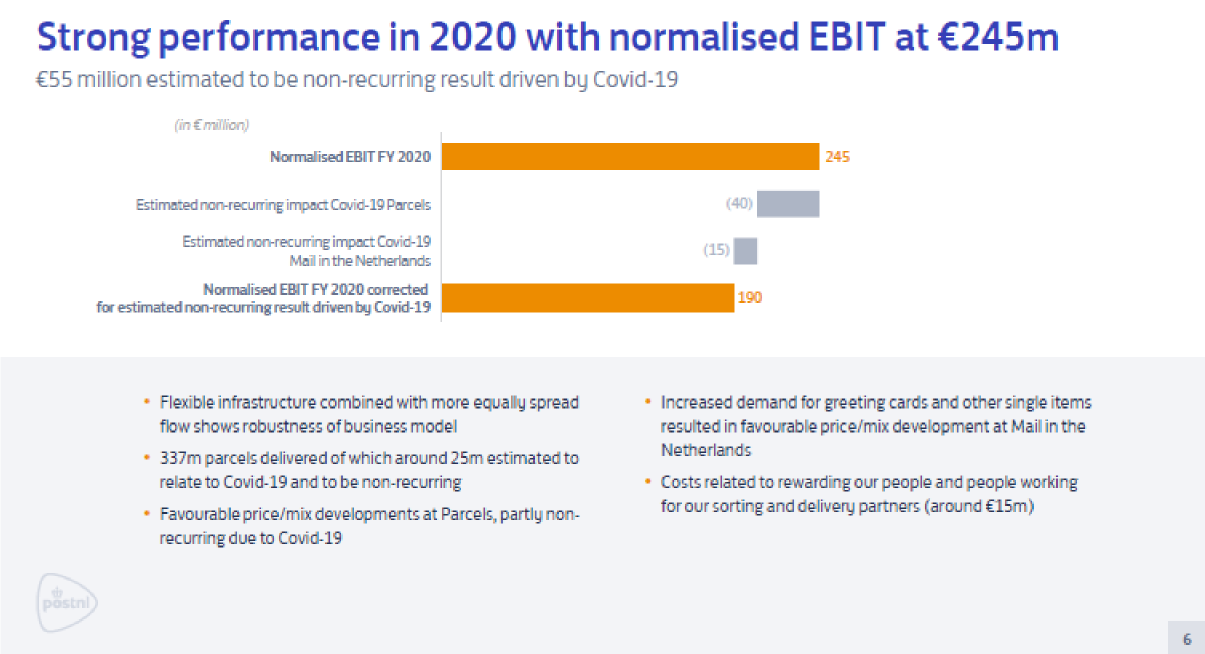
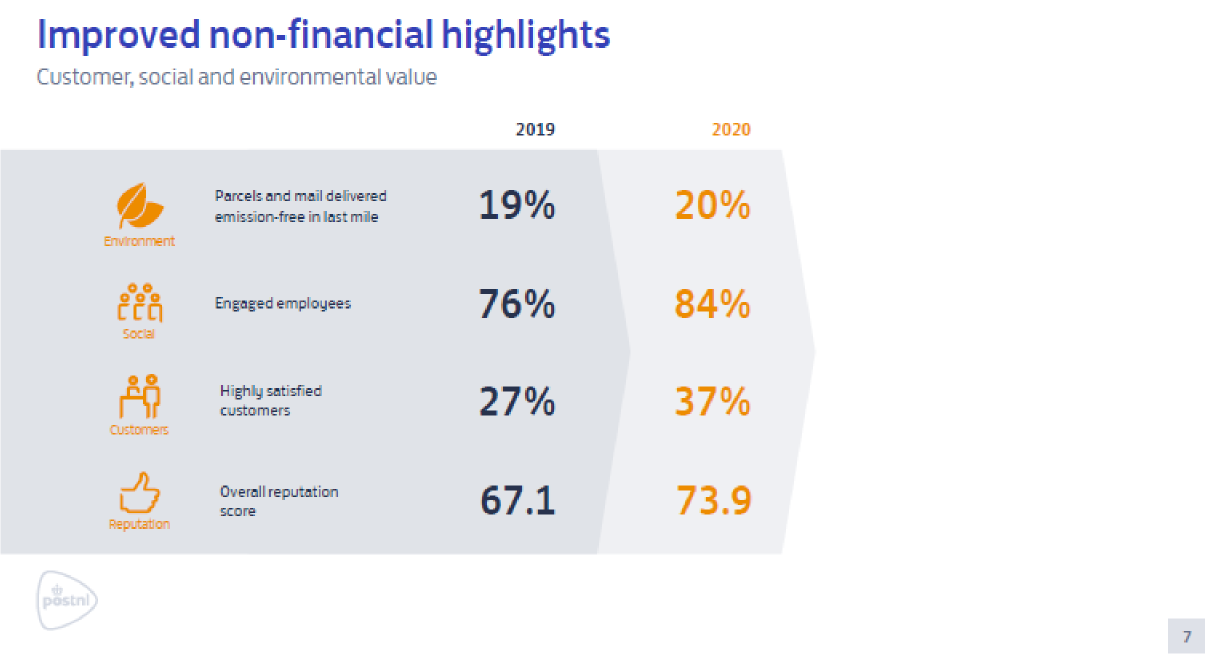
If we move to slide number 5, I will tell you something about the financial highlights. We had an extremely busy Q4, which accelerated the strong performance we already saw in the first three quarters and therefore we significantly outperformed our earnings and cash flow guidance. The exceptional performance in the last weeks of the year was mainly driven by Mail in the Netherlands and that was because of the fact that we had much more Christmas cards than expected. As you can see on this slide, we outperformed in revenue, 14% revenue up compared to 2019, normalised EBIT – we came in at EUR 245 million, which is 81.4% more than a year before – free cash flow EUR 186 million, which is 73% more and normalised comprehensive income, which is EUR 197 million with a proposed dividend of EUR 0.28. That of course needs to be approved at our AGM in April, very strong operational performance leading to a very strong improvement in our financial position and earlier than expected a reinstatement of our dividends.



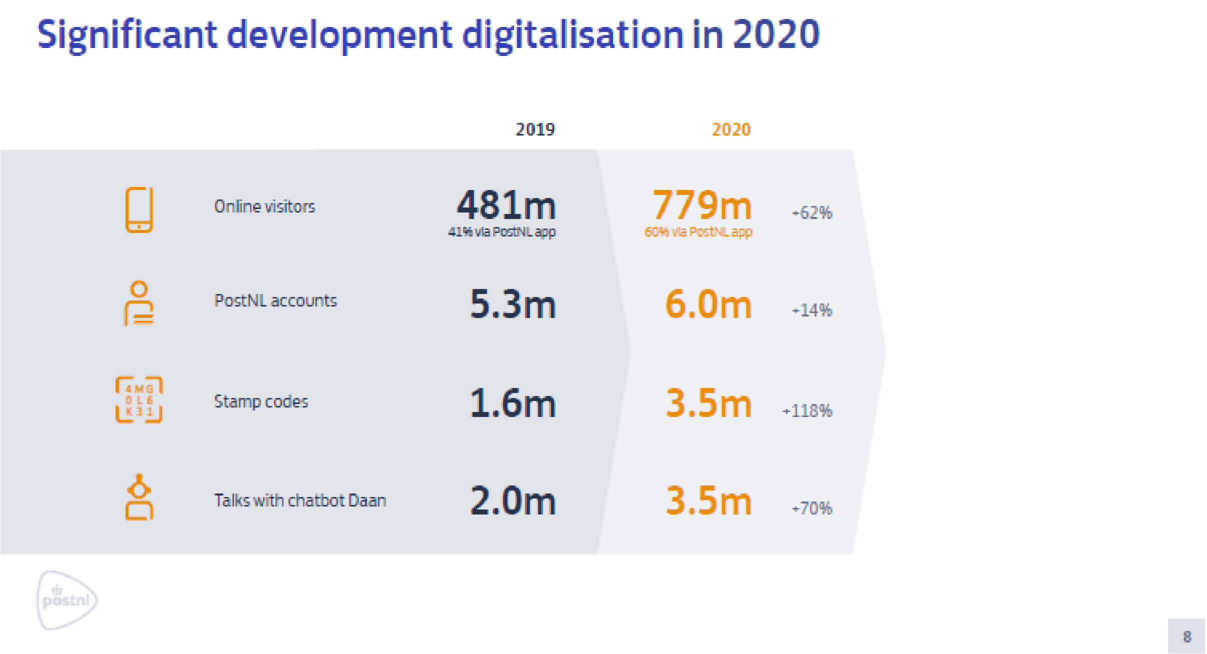
A little bit more of the details of the full year normalised EBIT are on slide number 6. Out of the EUR 245 million. We think that EUR 55 million is non-recurring, a result driven by Covid-19, EUR 40 million of that is in Parcels and EUR 15 million of that is in Mail in the Netherlands. The flexible infrastructure we have in Parcels, the ability we had in arranging extra capacity showed the robustness of our business model, but also gave us the opportunity to deliver 337 million parcels in 2020. The EUR 40 million in normalised EBIT relates to 25 million parcels, which we think are Covid-related and then you should think of stuff, which is ordered because people needed to work at home, people wanted to sport at home, the fitness at home, et cetera, parcels we not expect to see again in 2021.

Secondly, we saw a very favourable price/mix effect within Parcels, which is partly due to the fact that also lots of smaller shops started a web shop and they started to send Parcels as well. Within Mail in the Netherlands overall a decline in volume of 9.6% with the fact that we have much more greeting cards and all the single items, and therefore also a favourable price/mix effect. The cost related to rewarding our people and people working for our sorting and delivery partners is EUR 15 million and that means that we had a very good financial year at PostNL, but we also made sure that the people working for us and with us had a possibility to take opportunity of that as well with the payment of EUR 15 million.



We did well financially and we also did well non-financially and that is what you find on slide number 7. The number of parcels and mail delivered emission-free developed from 19 to 20%. Regarding the engagements under our employees, we saw an increase from 76% to 84% and that in a year in which we had to take lots of measures to keep our people safe and healthy.

Also, the amount of highly satisfied customers increased to 37%, something which we are proud upon and it had a positive impact on our reputation. It has increased from 67% to 73.9%, which is in the Netherlands a very high reputation score.



Fortunately, it was not only the non-financial scores that performed well, but we also saw a significant positive development in our digitisation and that is what you find on slide number 8. Important for our Digital NEXT program, which we will come to in a minute, we saw the growth in online visitors: 779 million visits in 2020, 62% more than the year before and 60% of that was realised via our app. The amount of the PostNL accounts on the app increased to 6 million and by the end of February we are already higher than 6 million, which means that it keeps being very interesting for consumers to have a download of that app, you can follow your parcel and your mail items.

We sell much more stamp codes, which partly has to do with the popularity of sending cards, but also the ease of using the stamp codes; 118% increase from 2019 to 2020. What we talked about earlier is the fact that we introduced our chatbot Daan. We saw an increase in the number of chats with Daan of 70%. That helps us in our efficiency, but it also helps customer satisfaction because the easy answers by chatbot Daan receive a higher customer satisfaction. By this time, we also introduced Sam, which is our chatbot in Belgium, and we introduced Noor, which is our chatbot for our business customers. So, it is a successful formula for us, which helps us to increase efficiency and increase customer satisfaction.

2020

Business performance Q4 2020

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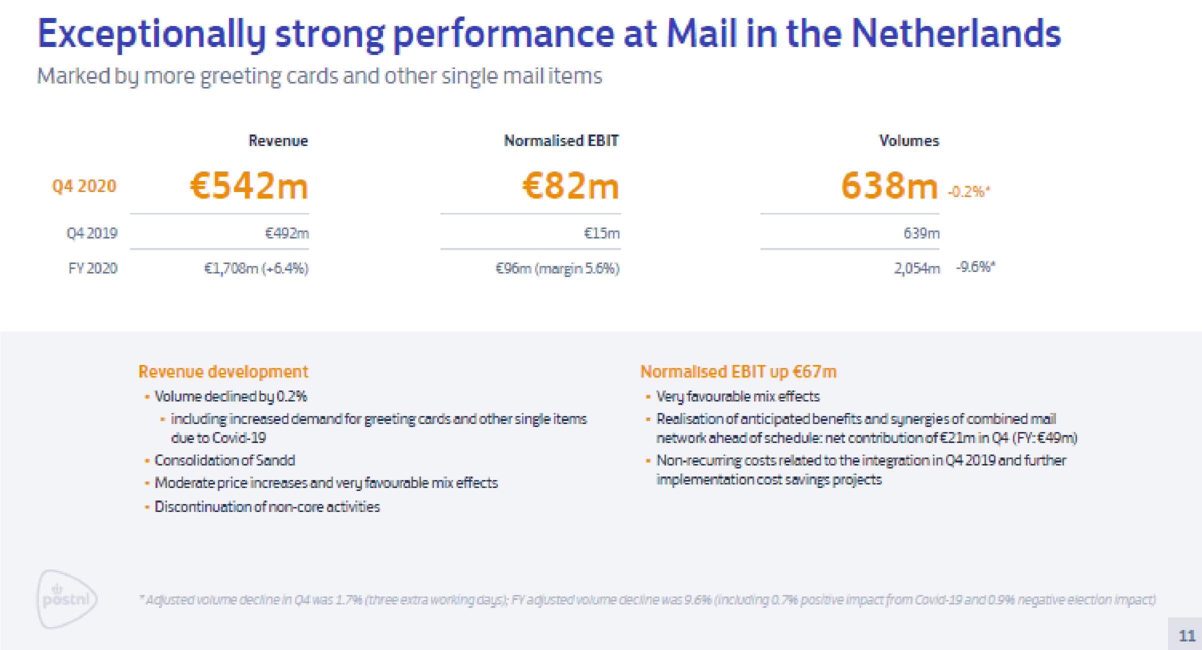
Let me give you a few more details on Mail and Parcels.

To start with Parcels, I would like to move to slide Number 10. In Parcels, growth in Q4 was 29.6%. With the flexible infrastructure, we were able to further increase capacity also in the fourth quarter. It meant that we had a network which worked on almost maximum capacity and that helped in efficiency and therefore also helped in realising the normalised EBIT we in the end realised. That is together with a positive price/mix effect, which is partially because of yield management and that is what we have presented at the Capital Markets Day in 2019, together with the fact that small and medium web shops grow faster and therefore delivered parcels to us as well.

It was not only our parcel network in the Netherlands, but also Logistics and Spring. We had a very good Q4 and a good year, which contributed to the results of Parcels. The results of Parcels in the fourth quarter with EUR 75 million, which is significantly higher than the year before and over the full year, EUR 209 million and that delivered the margin of 10.2%. If you look into Parcels, it was an unprecedented year in which we were able to extend capacity in our existing network, which helped us in our efficiency and which also helped us to maintain a good working possible Parcels network in the Netherlands delivering 337 million parcels in 2020.



Also Mail in the Netherlands, and that is what you find on, slide 11, has an exceptionally strong performance in the fourth quarter, mainly caused by more greeting cards and other single mail items. That increased in the fourth quarter the normalised EBIT from EUR 15 million last year to EUR 82 million this year and over the full year, they realised EUR 96 million of normalised EBIT, which gives a margin of 5.6%. Important to highlight is that the underlying volume decline is 9.6%.

Although we had an almost flat Q4, we see that business mail is still substituted and therefore the 9.6% of volume decline over the full year. That also, I think, makes clear that cost savings going forward together with moderate price increases remain to be important.

What helps us is the consolidation with Sandd. It added almost 30% of volume and it added of course, lots of efficiencies. We will come to what delivered in synergies, but the synergy effect which came out of the acquisition of Sandd and the integration of Sandd, which was already finalised February 1, 2020, helped us in reaching the normalised EBIT we have reached over 2020. In Q4, we did not have any non-recurring costs anymore other than the integration of Sandd.

I hand over to Pim.

2020

Financial performance Q4 & FY 2020

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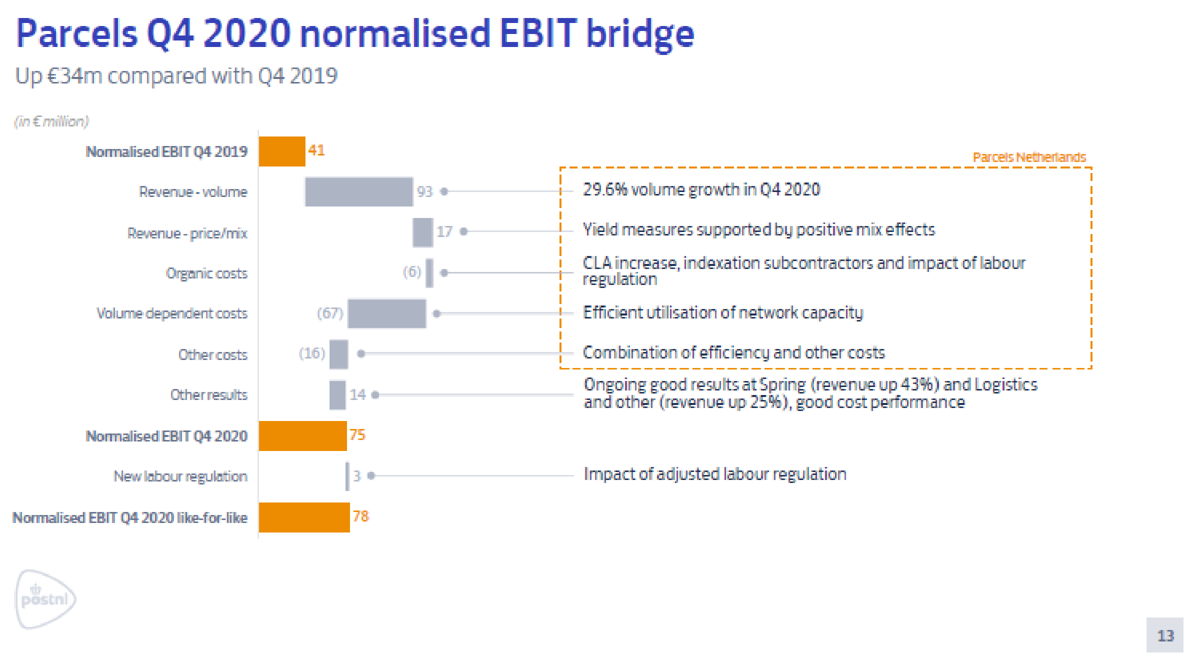
Pim Berendsen – CFO PostNL: Yes, let is look in a little bit more detail to our financial performance in Q4 and the full year 2020.

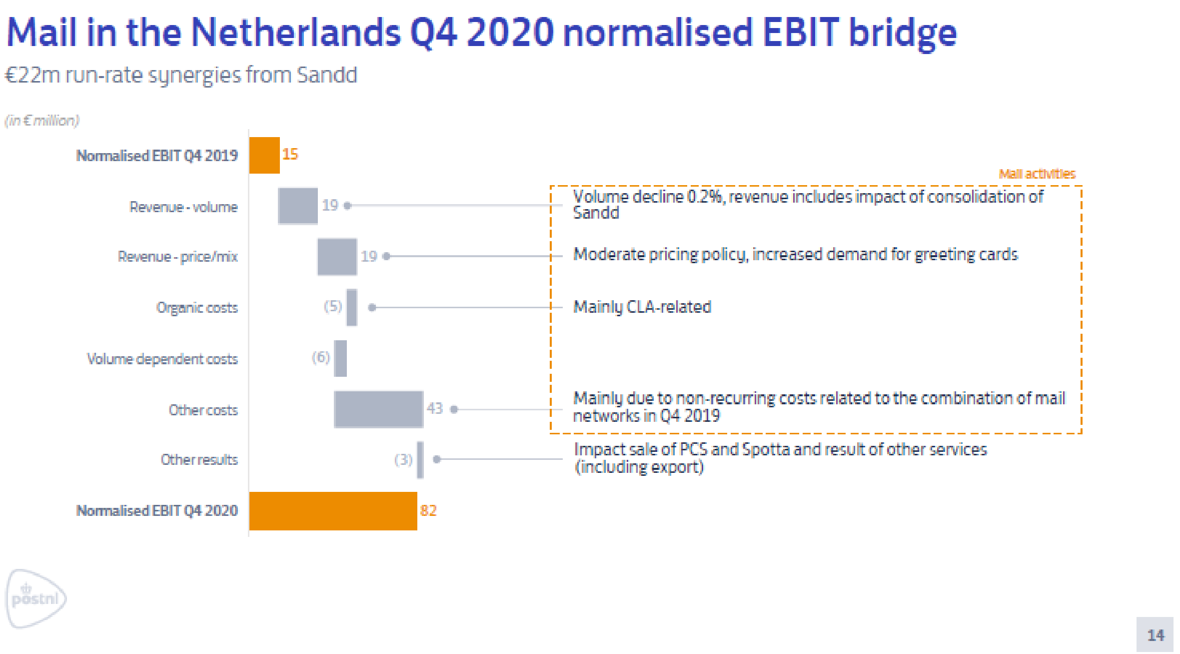


I will start with slide Number 13. There you will find in the same format as we quite frequently update you on the performance of the segments, the bridge for Parcels. That is a normalised EBIT for the fourth quarter of EUR 75 million, which is EUR 34 million more in comparison to Q4 2019, obviously driven by a volume effect of 29.6%. Herna talked about the yield measures and the positive mix effects throughout our customer base that contributed EUR 17 million.

Organic cost increases on the back of CLA increases and indexation to subcontractor take out EUR 6 million, and we have run the network in a very efficient way. So, the volume-dependent costs deduct EUR 67 million. Other costs there, we have included the additional payments to retail stores that we above and beyond the normal compensation we have given them. We have paid to ensure that they were able to keep their stores open so that we could continue our delivery activities throughout these retail stores.

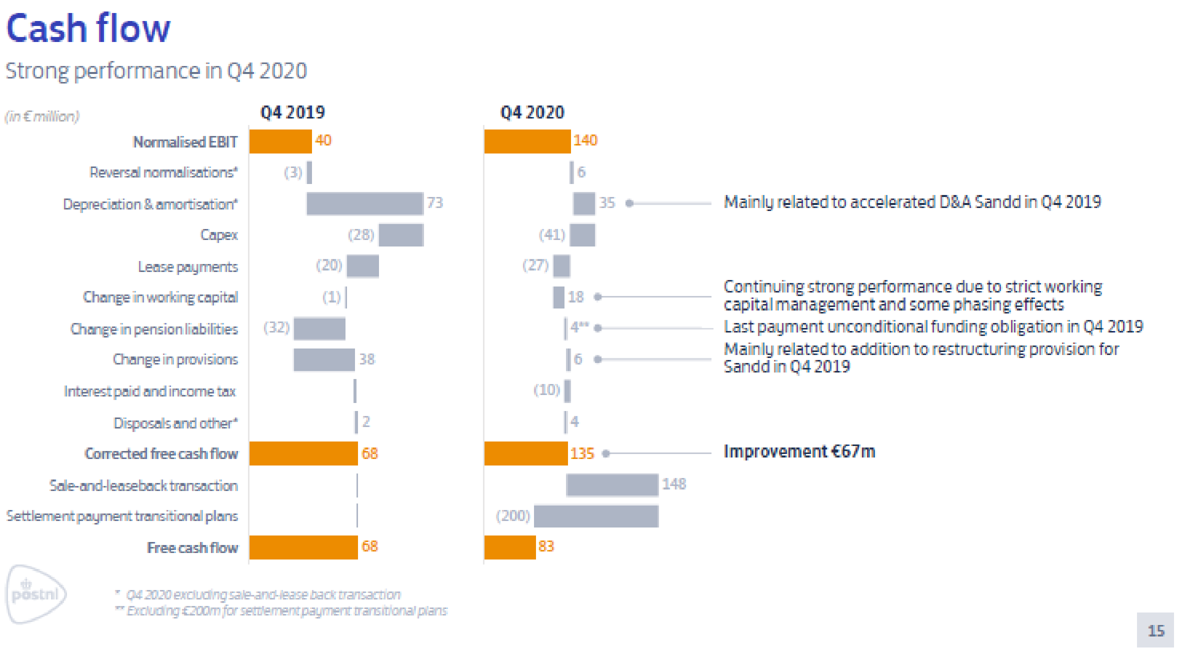
Other results, EUR 14 million positive, which was on the back of the good results of Spring and Logistics. For your benefit, we have included the revenue mix per segment Parcels in a different way. It gives you a little bit more indication about the relative size of all the components within the Parcels segment. As said, Spring, and Logistics had a very good quarter as well.

So, on a like-for-like basis the result for the Q4 numbers were EUR 78 million and the difference was the impact of new labour regulation that we talked about many times already.



If we then move over to the Mail segment, you see the huge step up in profit from EUR 15 million to EUR 82 million, which was driven in the fourth quarter by the limited volume decline of 0.2%, but more importantly, on the back of the positive price/mix effect driven by the high demand of greeting cards that we distributed particularly in December. A key component in this EBIT bridge is the contribution of the consolidation and the integration with Sandd. Within the quarter EUR 21 million of net synergies included. If you look at the full year number, the overall gross synergies amount of EUR 79 million, and then you have to deduct EUR 30 million of one-off restructuring costs, bringing the net impact for the year 2020 at EUR 49 million.

As you know, we have sold apart a few companies within the Mail segment being print and unaddressed distribution activities and that is why you see in comparison to last year a minus EUR 3 million in the Q4 bridge as well.



Then let’s move over to the cash flow. Again, a very strong performance on cash in the fourth quarter. From the normalised EBIT of EUR 140 million in the fourth quarter, we corrected free cash flow of EUR 135 million and of course there are specials in the fourth quarter being the sale-leaseback transaction of EUR 148 million and the payment of the transitional pension plans of EUR 200 million, bringing the free cash flow for the quarter at EUR 83 million.

If you look at the several components that make the bridge from EBIT to cash flow let me mention a few points. We saw a positive from working capital in the fourth quarter, which is an important point to take. CapEx increased in comparison to last year on the back of investments in IT, as well as investments in capacity expansion in Parcels. Last year, there was a big change in provisions related to the restructuring provisions that we accrued for Sandd, which obviously not materialise again in the fourth quarter of this year.

Strong YE 2020 financial position

Adjusted net debt reduced to €407m – ROIC of 17.2%

(in € million)	31 Dec 2020		31 Dec 2020
Intangible fixed assets	339	*Consolidated equity*	*219*
Property, plant and equipment	370	*Non-controlling interests*	*2*
Right-of-use assets	243	Total equity	222
Other non-current assets	54	Pension liabilities	86
Other current assets	497	Long-term debt	696
Cash	651	Long-term lease liabilities	231
Assets classified as held for sale	55	Other non-current liabilities	52
		Short-term lease liabilities	63
		Other current liabilities	835
		Liabilities classified as held for sale	25
Total assets	**2,210**	**Total equity & liabilities**	**2,210**

- Adjusted net debt is €407m: gross debt (Eurobonds, other debt/receivables), pension liabilities (adjusted for tax impact), lease liabilities (on-balance sheet and off-balance sheet commitments, adjusted for tax impact) and cash position
- Total comprehensive income Q4 2020: €162m (Q4 2019: €5m); FY 2020: €237m (FY 2019: €3m)
- Invested capital is €1,280m: adjusted net debt, add back cash, total equity

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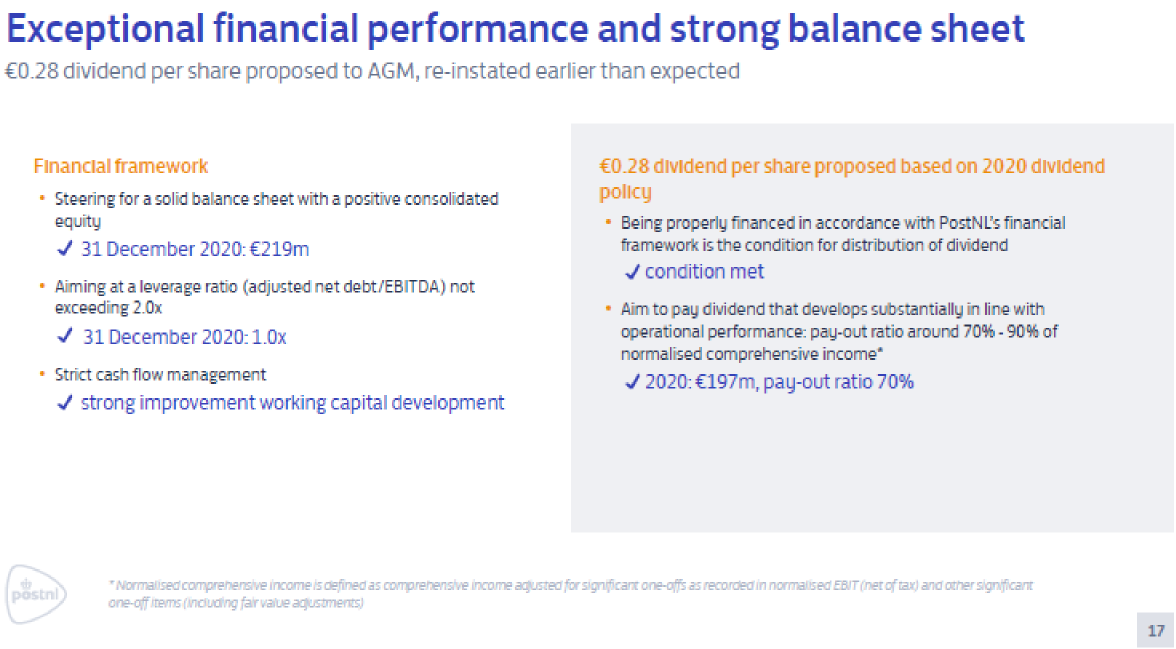
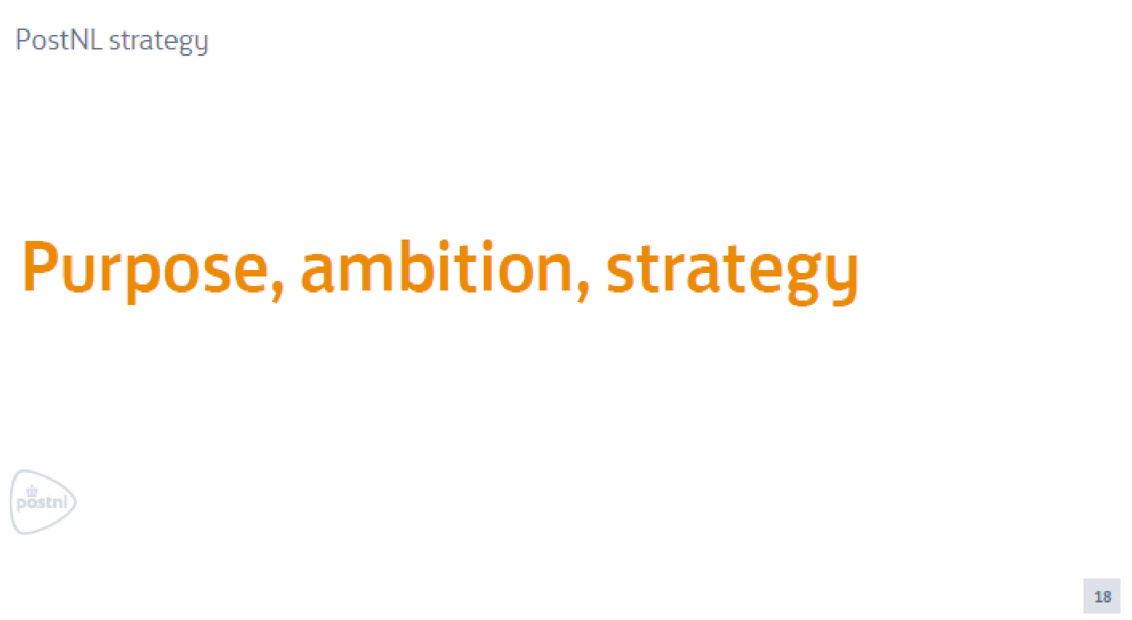
So all-in-all, a very strong performance on cash, not only in the fourth quarter, but for the entire year, which obviously helps massively to reduce our net debt position, which on the back of the December 31, 2020 balance sheet is at EUR 407 million of adjusted net debt. The invested capital we currently deploy is roughly EUR 1.3 billion. And if you then calculate a return on invested capital, then we have achieved 17.2%, which is clearly a lot more than our weighted average cost of capital net of tax of 7.8%. So, a lot of value being created and that obviously also results in good returns for shareholders. As Herna said, we will propose a EUR 0.28 dividend per share to our AGM. That brings the reinstatement of the dividends earlier than expected back on the table, which is really good news for the company and obviously for the shareholders.

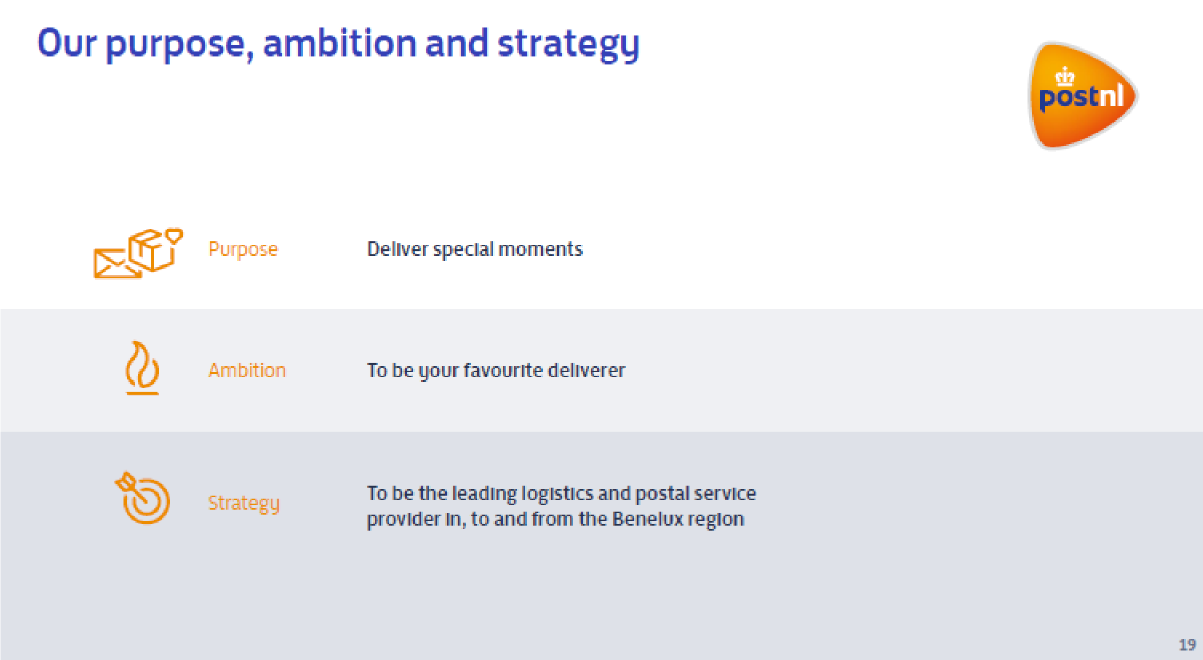


Our equity position has strongly improved at EUR 219 million positive. Our leverage ratio is well below 2, trading at one times adjusted net debt over EBITDA. That is why we will be able to pay out dividends again, we will settle for a pay-out ratio of 70% times EUR 197 million of normalised comprehensive income, which brings you to EUR 0.28 per share.

Then we will go back to Herna, for an update on our purpose, ambition and strategy going forward.



Herna Verhagen – CEO PostNL: Let's start on slide number 19 with our purpose, delivering special moments. The raison d'être, the reasoning for a company is important for many people who work in such a company, so that they understand what it is all about.

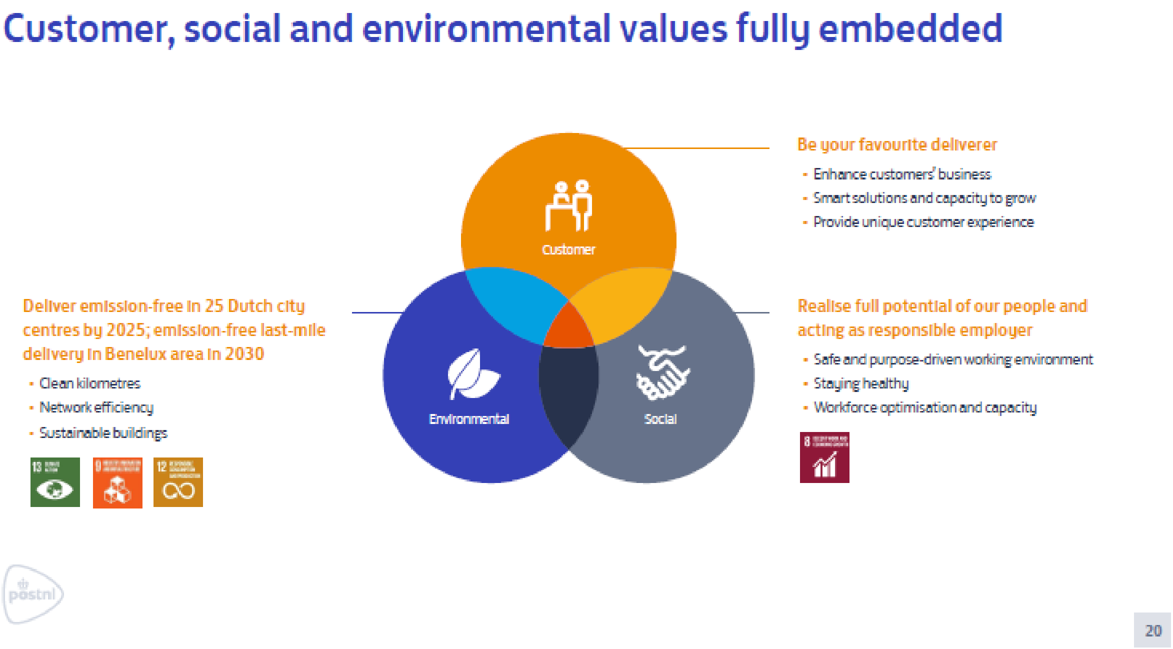


Our raison d'être, our purpose delivering special moments is based on a very strong fundament, our people and in the end, leadership together with this reasoning brings better results, not only non-financially also financially.

Purpose is translated into an ambition and the ambition PostNL has is to be your favourite deliverer. This is our mid-term marker. It is the reason why we want to have consumer preference and the marker moves. That is one of the reasons why our Digital NEXT program is so important, to be your favourite deliverer, to be in the sweet spot of every consumer, gives us competitive advantage going forward.

That brings us to our strategy and that is not new. We have discussed that already quite sometimes, to be the leading logistics and postal service provider in, to, and from the Benelux in which we try to give clarity that we are focused on the Benelux and have of course a successful Spring organisation who brings Parcels and mail into and from the Benelux.

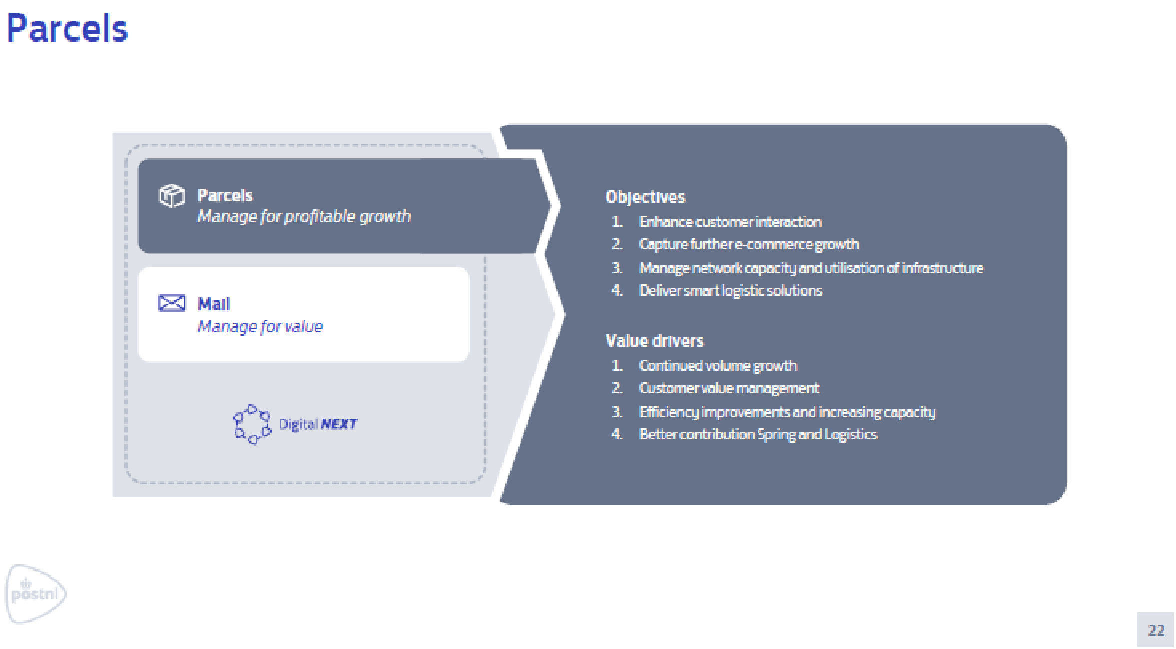
I will give some highlights about slide number 20 on slide number 21.



So, I will move to slide number 21. If you think about our strategy, to be the postal and logistics provider, it is translated into strategic objectives. These strategic objectives of course, help the organisation and help our people to set clear targets and clear goals. Those are related to help customers grow their business and means that we invest in customer satisfaction, to secure a sustainable mail market, which we will come to when we talk about our mail strategy, but also attract and retain motivated people. Good people in our organisation are the basis of our success, knowing that we have more than 40,000 people working for and with us.

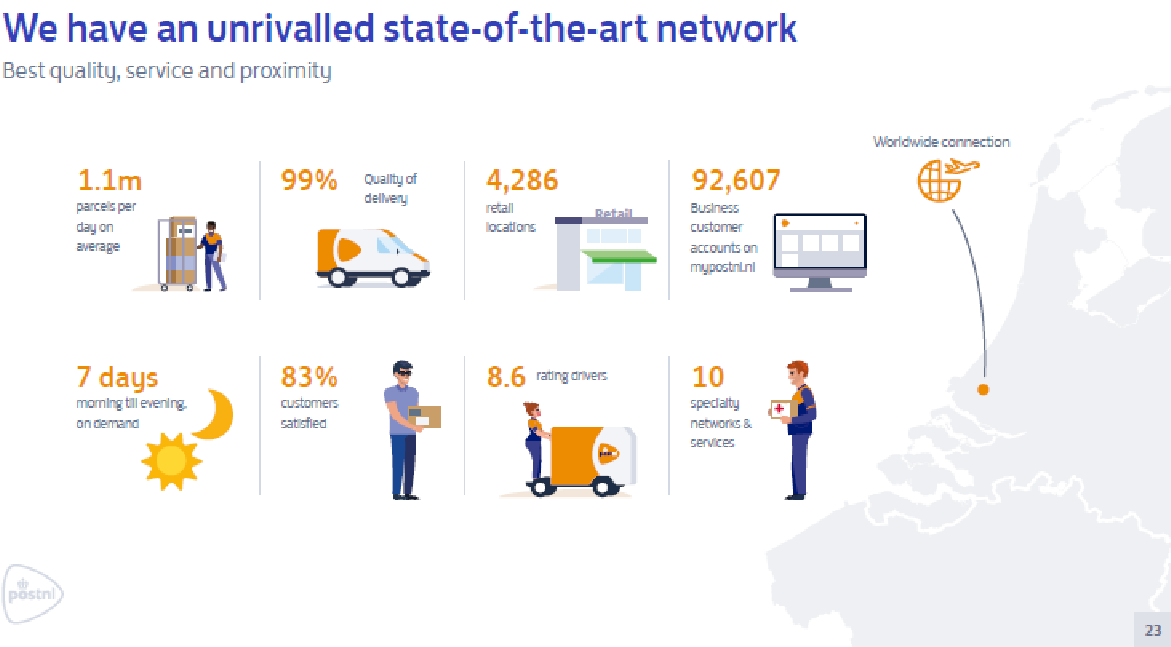
That work we want to do with an improvement of the environmental impact. When you are a transport company or logistics company like PostNL, you know that our biggest impact on sustainability is CO_2 emission and therefore, we have set clear targets to be emission-free in the 25 city centres by 2025, and by the end of 2030, having our full last mile emission-free, all of course, related to our goal to generate profitable growth and sustainable cash flow.

If you translate that into a value-creation model, there are three important pillars under that value creation model. Within Parcels, it is managed for profitable growth. Within Mail, it is managed for value and we have added our Digital NEXT program. Let's go through these value drivers point by point.



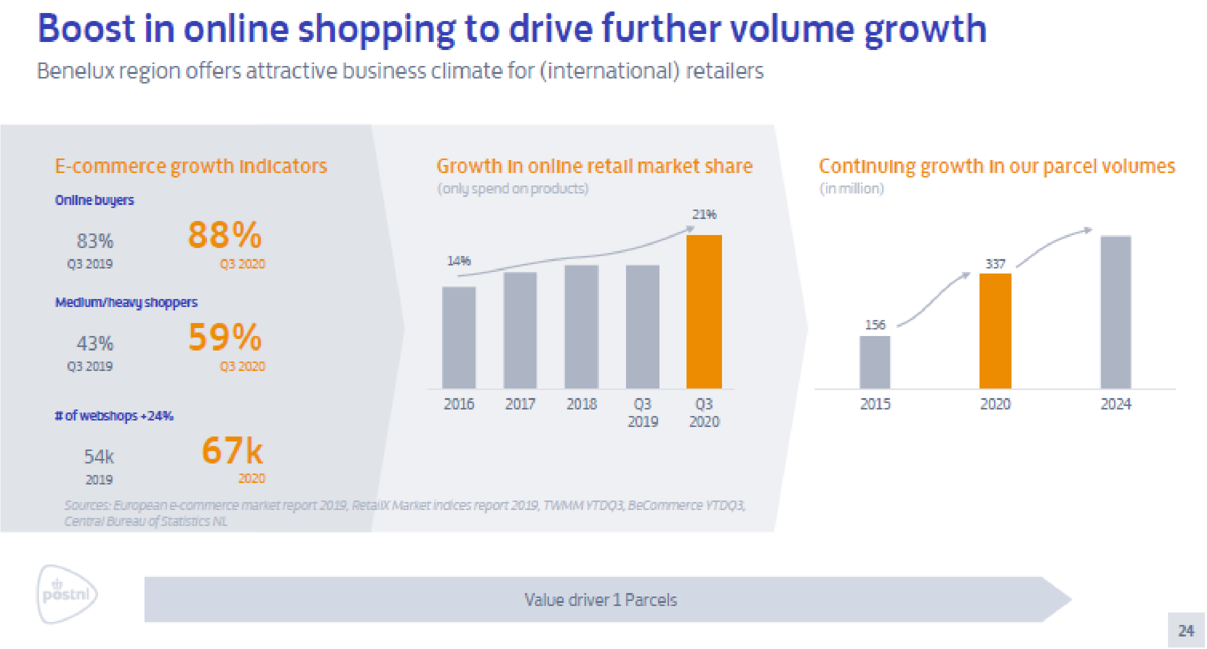
I will start on slide 22 with Parcels. In Parcels, we manage for profitable growth. If you translate that in objectives, then of course, we want to enhance our customer interaction with our sending customers, as well as receiving customers. We want to capture further e-commerce growth, and we expect there will be growth for the next coming years.

We manage our network capacity and of course, utilisation of our infrastructure to capture the growth and of course, to be efficient. We deliver smart logistics solutions in our parcel network and in our other logistical networks. The important value drivers that give direction to manage for profitable growth are continued volume growth, customer value management which says something around price and price/mix, efficiency improvements, increasing capacity, and a better contribution of Spring and Logistics. I would like to give you a few highlights on each of those value drivers in the coming slides.



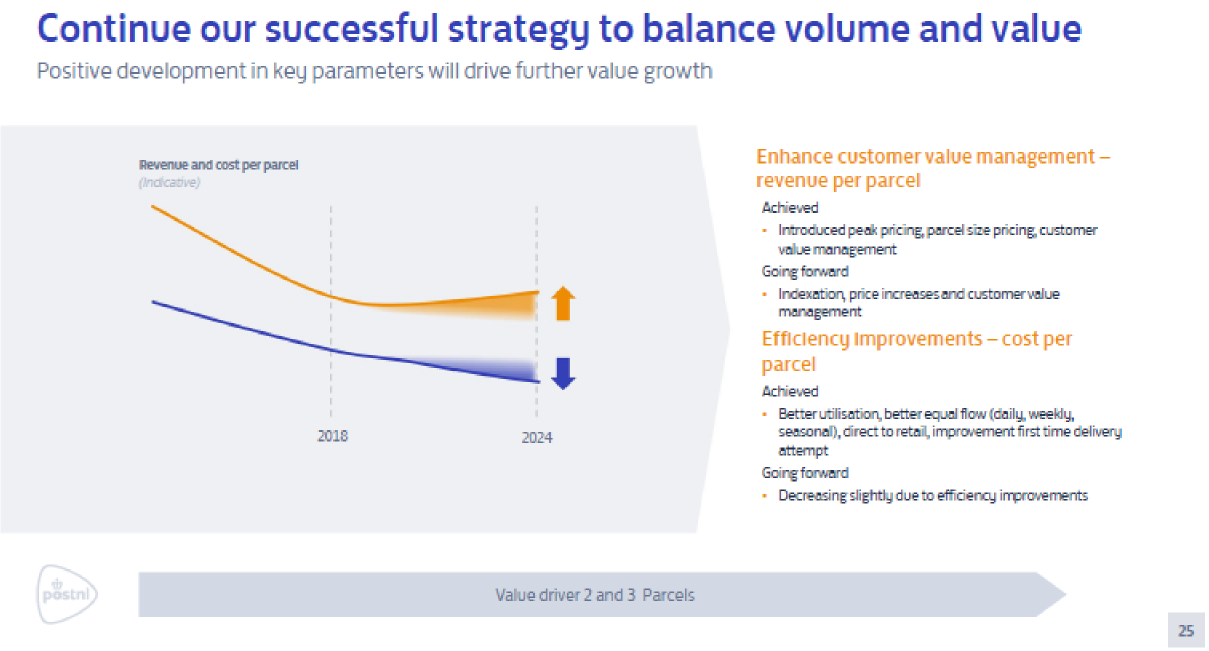
On slide 23, we want to highlight why we have such a strong position to date, and that this because we have a state-of-the-art network, which delivers best quality, best service and that has biggest proximity. Our delivery quality, and I will only take a few highlights, our delivery quality in 2020 was around 99%. We have in the Netherlands and Belgium, almost 4,300 retail locations, which means that we are always in your neighbourhood. Almost all our business customers have a digital account with us, which makes interacting with them easy.

Next to our big parcels network, we have more than ten specialty networks, which are in adjacent markets, for example health and valuable goods, which help our customers to be the best in what they do. That state-of-the-art network will help us to have a competitive advantage going forward.



On slide number 24, we have explained what sort of market indicators give you insight on how market develops and that in the end impact our volume development. Important indicators are the e-commerce growth indicators, the percentage of online buyers. We see growth that is not unexpected, but we see growth from 2019 to 2020. We also see that the amount of medium and heavy users has increased, and that accelerates the number of parcels distributed. We saw an enormous increase in the number of webshops and that has to do with the fact that many of the retailers started their webshop in 2020 to have a second channel to reach their consumers or their customers. That led to a growth in online retail. So, the online retail market share is 21% by the end of 2020.

Those are a good indicators for how market develops and therefore also how volume develops. That is what you see in our first value driver. We expect volume to grow over the next coming years, and in 2021 with 10% to 12%.

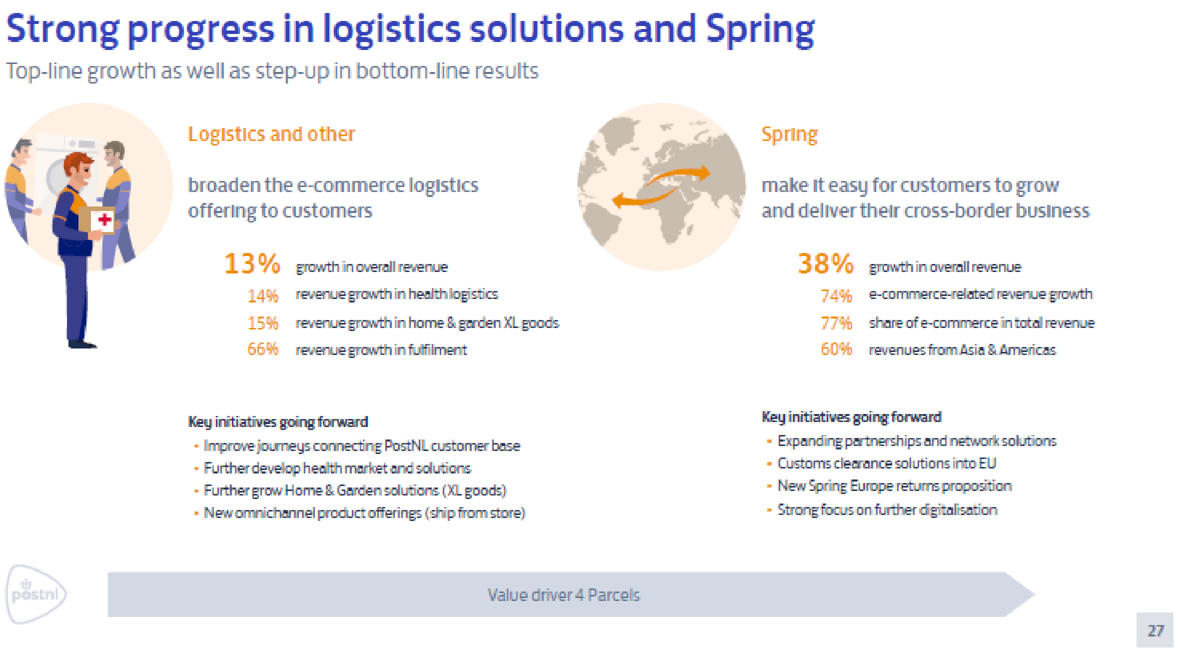


The second important value driver – and that is the one you find on slide number 25 – is to enhance our customer value management. This is what we also presented at the Capital Markets Day in 2019. That we wanted to introduce peak pricing, pricing on parcel size and to have a better customer value management. That is what we have already introduced, and what has helped us as well in our price/mix in 2020. Going forward, we still want to improve our indexation and our normal price increases. That was not the only important line. This was the orange line. Also, the blue line is important, which sees on value driver three, which is efficiency improvements, which are translated in cost per parcel.

2020 showed us that we have a robust network and that adding parcels to the existing network delivers enormous efficiency. So, we saw better utilisation. We had a better equal flow, which we presented at Capital Markets Day as well. We had a strong improvement in first-time delivery. Going forward, because of the opening of our new centres, we expect in 2021 a slight decrease in efficiency improvements.

If you think about capacity, so adding capacity to the network, which is of utmost importance to be in line and to stay up to the growth we expect in e-commerce and efficiency, we added an extra slide and that is slide 26.

This is again an explanation of value driver three, while we talk about network expansion, which is added expansion through the network and network utilisation. In both cases, we see big improvements over the last few years within PostNL, partly because we added sorting capacity. We will add in 2021 the small parcel sorting center, a depot in the Netherlands, a depot in Belgium, but also a new sorter belt with the bol.com location, and we added efficiencies, and equal flow is an important one in that as well as the perfect parcel.



The last value driver in our strategy within Parcels is this strong progress in Logistics solutions and Spring, and that is value driver four. Important for the next coming years are top-line growth as well as a step up in bottom-line results. In Logistics, we have our specialty networks, like Extra@Home, which is having goods network like health, like food, like fulfilment and quite some others. Most of those networks are active in the Netherlands and Belgium. We saw quite some growth in all our networks in 2020 as an improvement in margin. We think that further improvement is possible.

Spring delivered on all their strategic plans and even a bit more. With the growth we saw in 2020, at this moment in time, 77% of the revenue of Spring is e-commerce revenue. We expect Spring to be able to grow that further in the next coming years.

The strategy for Parcels is to manage profitable growth with four important value drivers, which we highlighted.

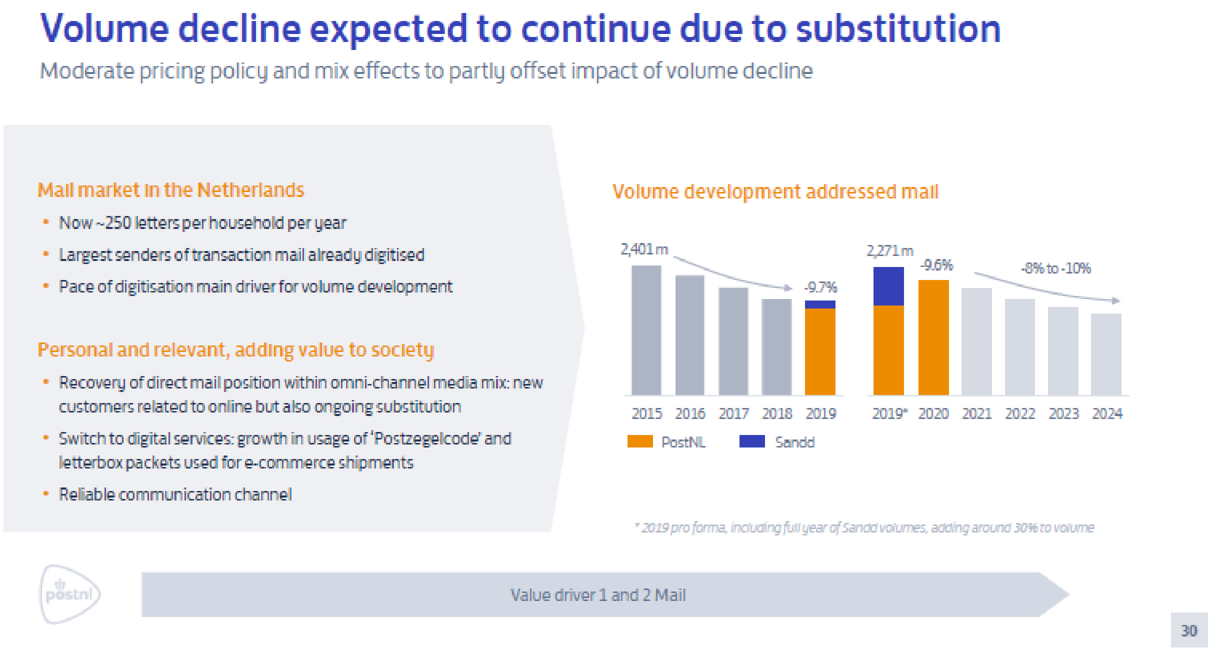
The second important part of that value creation model is Mail in the Netherlands and that is what you find on slide 28. Mail in the Netherlands is managed for value. That means that we try to deliver a stable and predictable normalised EBIT and cash flow, which was also one of the big reasons behind consolidation.

What are the objectives? We keep positioning the value of mail and enhancing customer experience. The year 2020 showed us that physical mail has big attention and does have a certain value which cannot be created by digital mails. That is what we keep positioning going forward. The second important objective is that we keep the network accessible, reliable and affordable and reachable in the whole of the Netherlands, and – as said – deliver stable and predictable normalised EBIT and cash flow.

What are important value drivers? So how are we going to create managed for value? Volume development plays an important role in that as well as a positive price/mix effect, partly because of moderate pricing and realising our cost savings.

On slide 29, you find an overview of our strong nationwide postal network in the Netherlands. This is the basis for sustainable profitability going forward. The integration with Sandd, as we have talked about in 2020 was already fully realised on February 1, 2020, and that gave us a head start in the year. It made it possible to deliver the synergies and it made it possible to deliver quite some big amounts of letters per day. Our average is 8.1 million, but in peak season as said we did14 million letters a day.

We have lots of letter boxes on the street, which makes that they are always in your proximity, still a lot of employees, almost 32,000 and out of the 6 million users of the app, 1.5 million of those used MijnPost and MijnPost means that you see which letters you will receive the next day or the day after.



The most important market indicator for Mail in the Netherlands and that is what you find on slide 30 is volume development.

At this moment in time Mail in the Netherlands delivers more or less than 250 letters per household per year. The largest senders are still the ones who do transactional mail and the pace of digitisation in those markets is still relatively high, which means that also for 2021 we expect the volume decline of around 8% to 10%.

The recovery of direct mail is not yet there where we want to have it. So, we see of course, a recovery in Q4, but we still want to see some recovery in the year 2021. We try to help customers with for example the usage of the Postzegelcode, which is a digital service.

So, going forward, we still expect volume to decline and that is important in how we make sure that we can deliver sustainable value with Mail in the Netherlands. That is value driver number one.

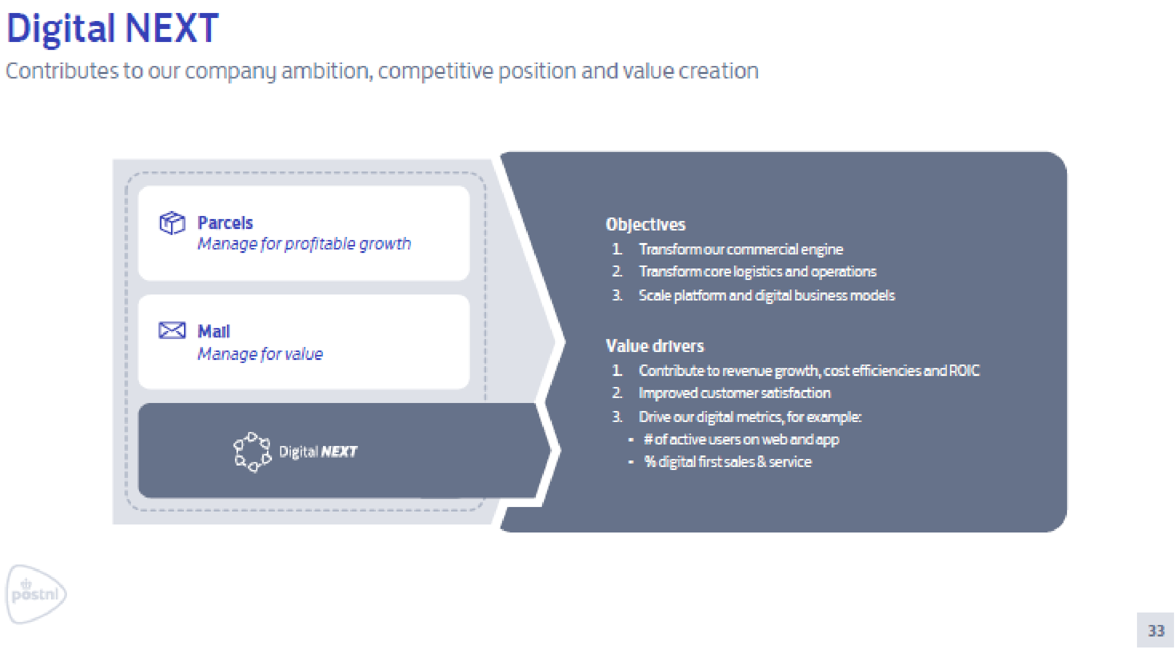
The other important value driver is on slide number 31 and that is realising our cost savings. With the integration of Sandd, we have added 30% of volume and more or less 4,000 new customers.

We also added to our network 4,000 mail deliverers and 300 staff employees. Our synergies are ahead of the track we proposed. That means that the synergy potential will be reached in 2021 and that is ahead of schedule as well. It also means that as of 2021, we will start intensifying our cost saving programs. That is what we will do by for example the second stage of the new mail route, which will have a possibility to condense our network through the centralisation of processes and the delivery of non-24-hour mail on peak routes. We will simplify our product portfolio and our sorting processes, which will deliver efficiency.

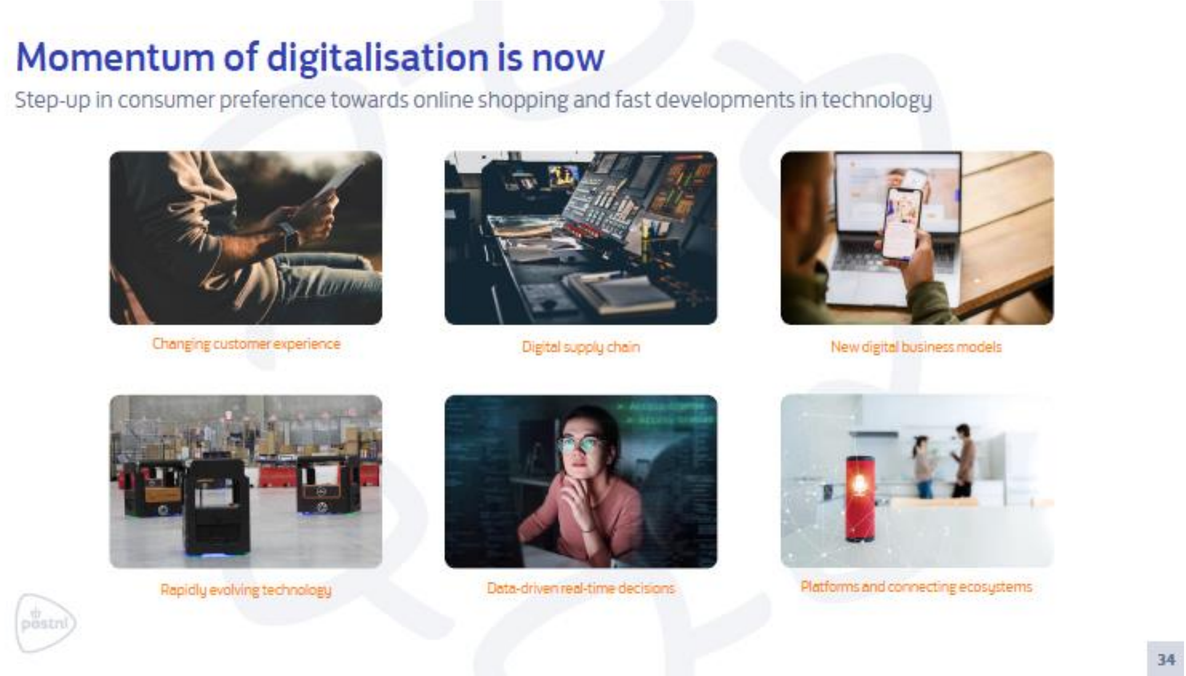
We will digitise our supply chain and our supply chain control, which makes it, which enables us to better planning of our people and to have a much more advanced customer interaction. So, as we said before, we still see quite some opportunities in cost savings. Nevertheless, it also will take lots of effort to make it happen. But it is an important value driver within a Mail in the Netherlands. So, the strategy for Mail in the Netherlands is to manage for value and then of course, look into volume development and into realising cost savings.

The third important pillar in a value creation model is the acceleration of the digital transformation, a program with the name Digital NEXT.

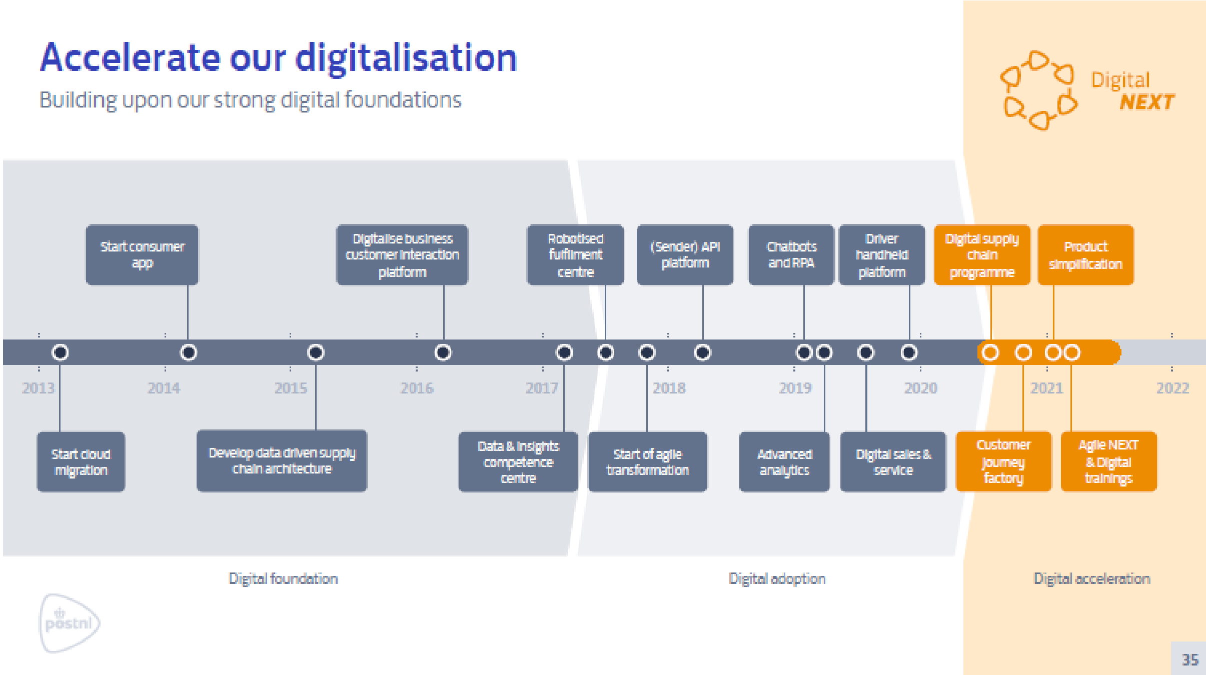
![postnl logo]



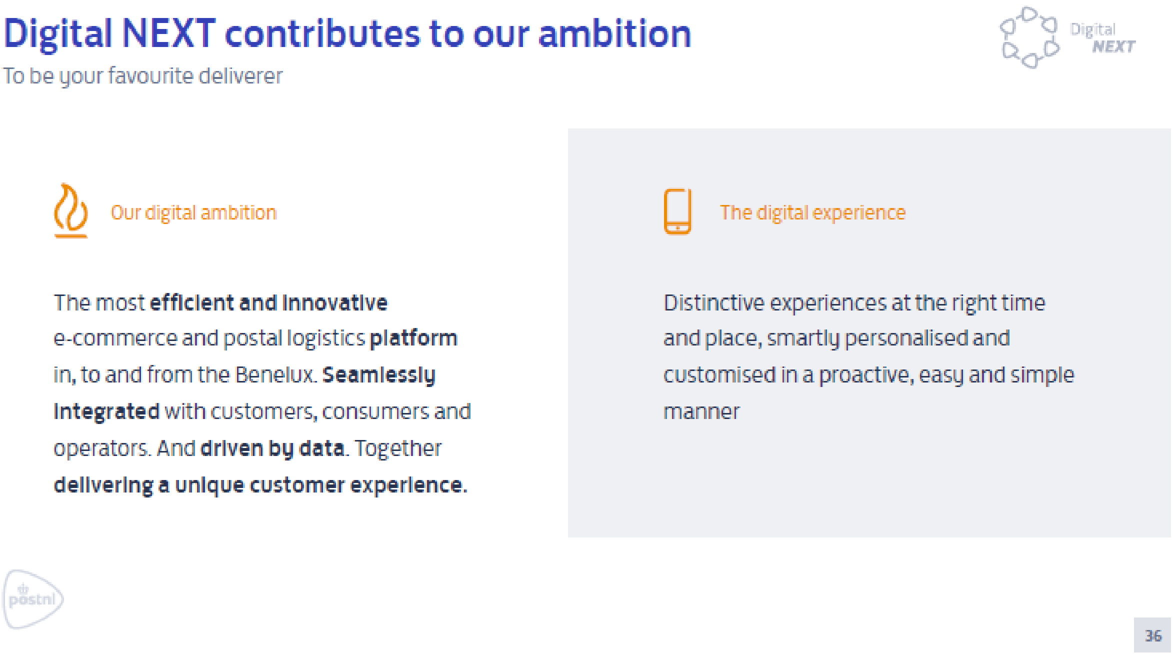
On slide number 33, you will find the objectives of Digital NEXT. With Digital NEXT, we want to further digitise our commercial engine and our core logistics, scaling our platform and our digital business models. The success of Digital NEXT, so the value driver behind that is that those programs contribute to revenue growth, cost efficiencies, and also to return on invested capital, and to improve customer satisfaction. We can follow the success by, for example, the number of active users in our web and app, but also the percentage of digital first sales and service.



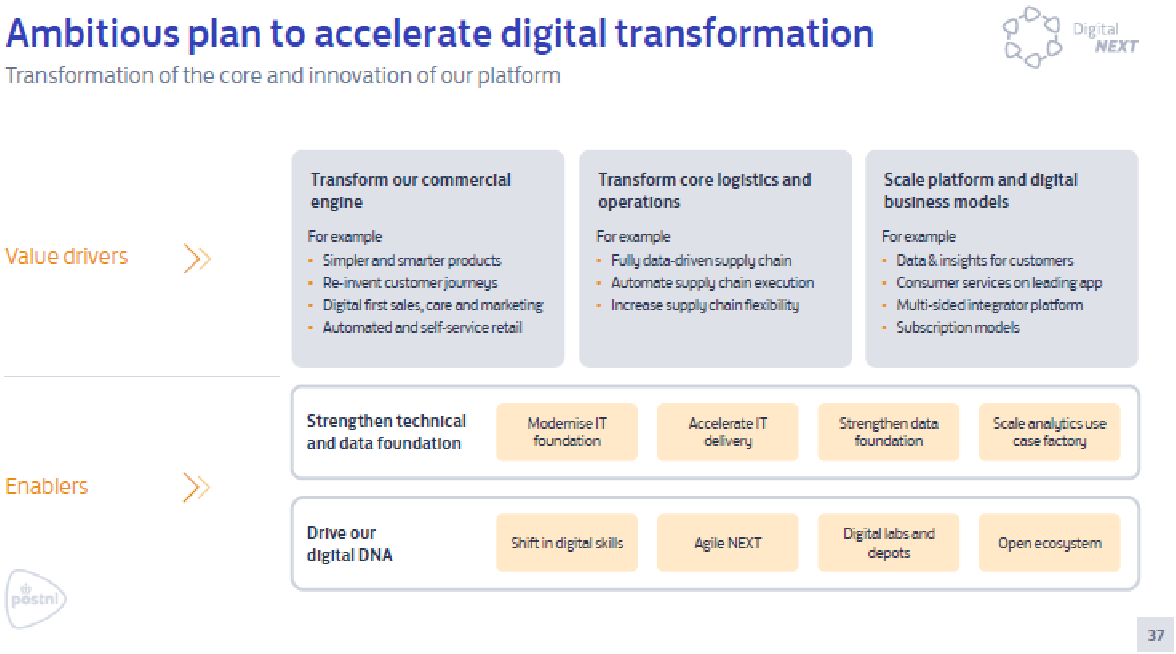
Let me give you some highlights of the program and why we are starting to the acceleration of the program at this moment in time. That is where you will find on slide 34. If you think about digitalisation, this is the moment to accelerate. There was a change in customer experience by using iPads and iPhones, by indeed having contact via the app. We see that Corona or Covid made people more digital. Data are much more used to drive real-time decisions. We see new digital business models. We see robots. We see robotisation possibilities. In other words, the world around us is changing and that of course changes the expectation of our customers, and also creates for us lots of opportunities to accelerate the digitisation.



Digitisation does not start today and that is what you find on slide 35. It had a long preparation time in which within PostNL, we changed a lot in our IT infrastructure, in our data infrastructure and our data insights. We started our agile transformation 2.5 years ago. We started our API platform, our advanced analytics, all in preparation of the moment at which we would be able to accelerate that transformation. So, the acceleration of our digitisation is built upon strong digital foundations, which have been laid in the organisation over the last few years.

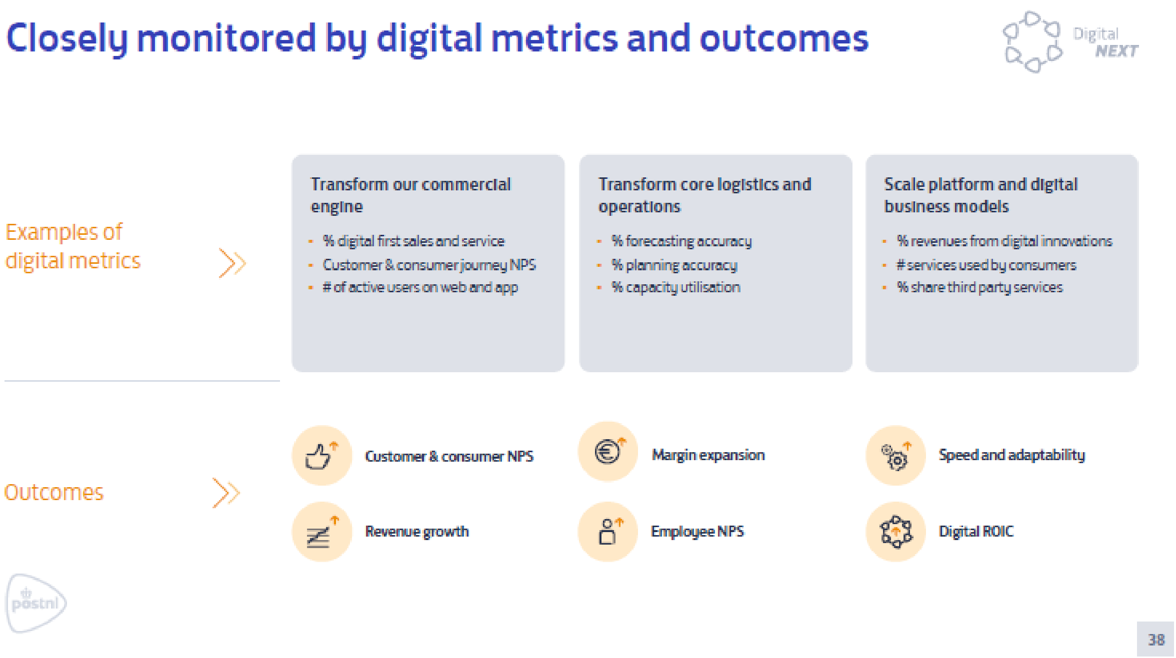


Digital NEXT – and that is what you will find on slide 36 – will help and contribute to our ambition. Our ambition is to be your favourite deliverer. That digital ambition underpins the fact that we want to be the favourite deliverer, and it also helps us to stay the favourite deliverer by seamless integration with our customers, with our consumers and operators, as much as possible driven by data and together delivering a unique customer experience. That will be also a digital experience, with distinctive experience at the right time and place personalised and customised in a proactive way. All beautiful words, and I will give you some examples in a minute to give you clarity around what it could be and what in certain programs it will be.

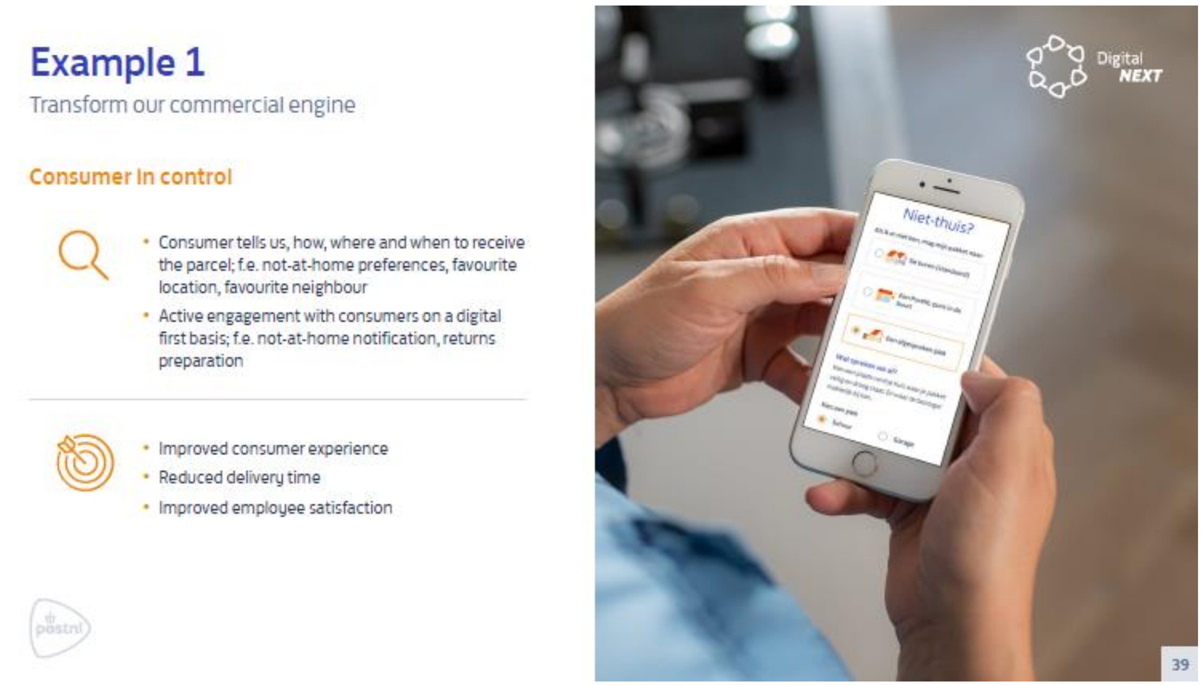


It is an ambitious plan and that is what you will find on slide 37, in which we have three important value drivers as explained. That is the transformation of our commercial engine by simpler and smarter products, but also by automated and self-service retail. It is transformation in our core logistics and operations by having a fully data driven supply chain and it is scaling our platform, our app and the digital business models around it. There are two important enablers.

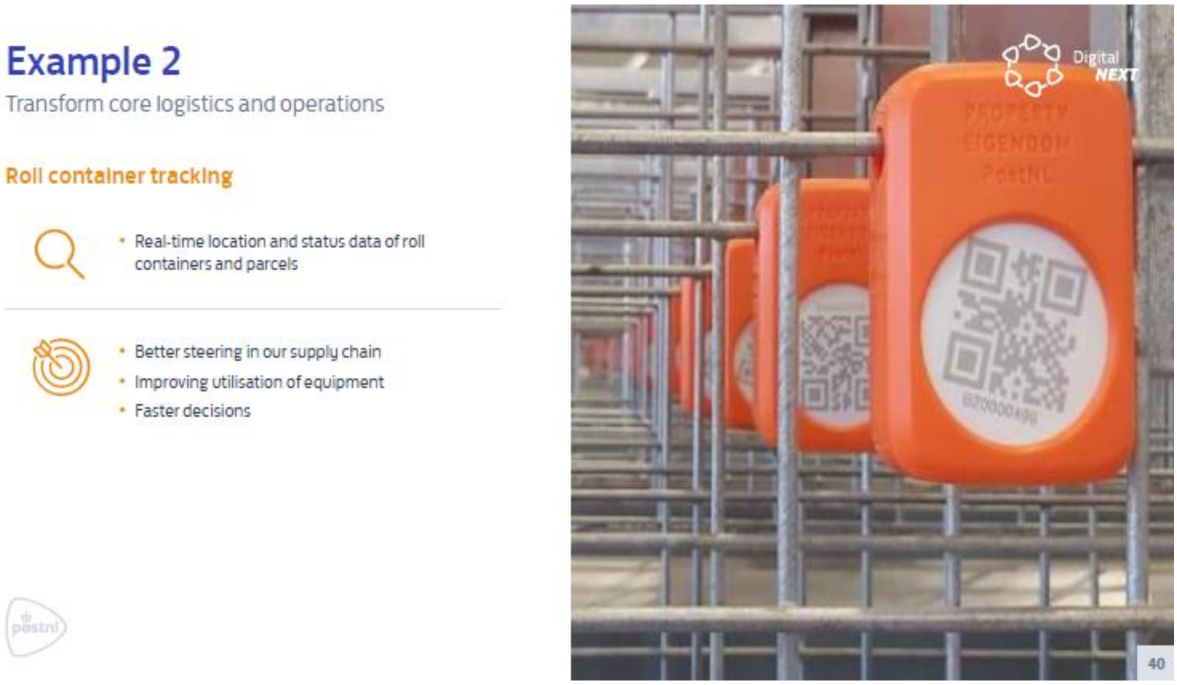
So, what we need to as well is to further strengthen our technical and data foundation. We are already quite a lot, when you look into the roadmap over the last eight years, but there are still some things to in our foundational IT. That is an important enabler and another important enabler is making sure that the people working for us have enough digital DNA to drive the transformation. That means that we invest in education of our people at all levels but also hire new people to underpin this acceleration.



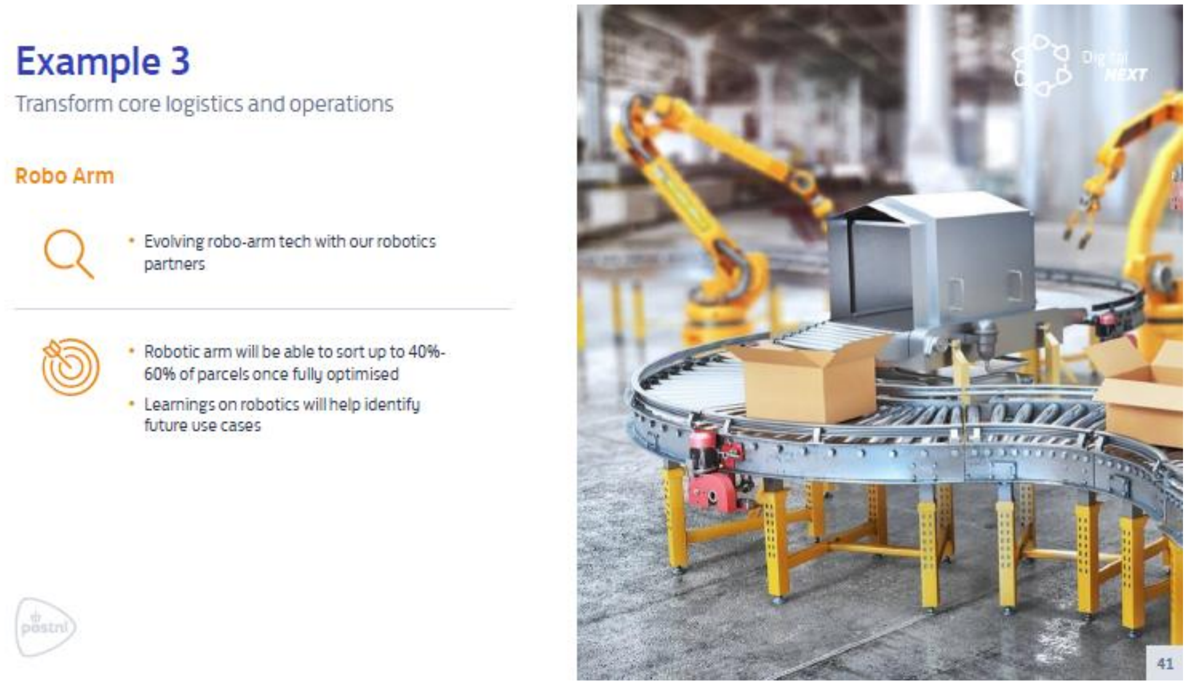
Slide 38 shows you how we are going to measure the progress we will make in our Digital NEXT program. We will do that in two ways. There are important internal digital metrics, which you find in the grey boxes. We have metrics for our commercial engine. We have metrics for our logistics and operational engine, as well as for our scaling our platforms and in outcomes, which will be visibly externally as well, an increasing NPS, increasing revenue, an increasing margin, a better employee NPS, the speed in which we introduce new products and services, but also our return on investment in capital and digital. Our programs will be closely monitored and measured to make sure that they deliver in the end, the ROIC, and of course, the normalised EBIT we forecast.



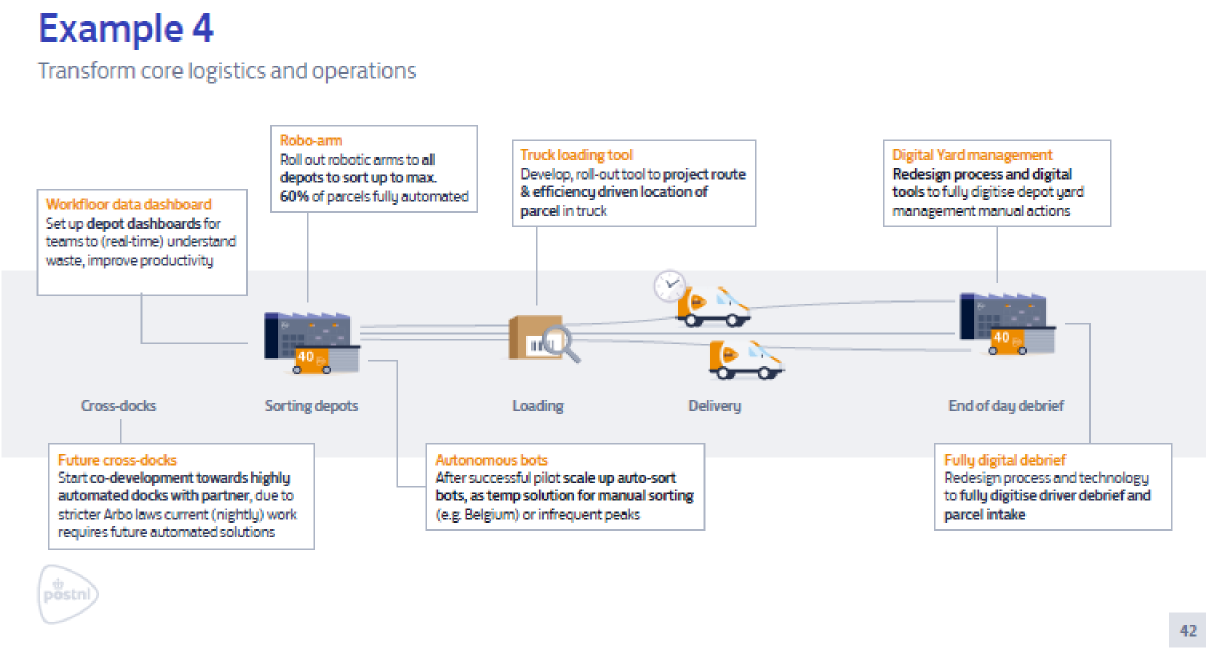
Let me give a few examples. On slide 39, one of the examples – we are already piloting that at this moment – is that when you have our app and you are not at home, you can choose, whether you want to have your parcel delivered with your neighbours or for example, with a retail store or at a place you decide yourself. You can take a picture of your passport, of your garden, et cetera, upload the picture and then your parcel deliverer will put the parcel at the place you decided. It is an improved customer and consumer experience. It will reduce the delivery time and it makes that we have our 'first-time right' is much higher. This is an example of how we are transforming our commercial engine.



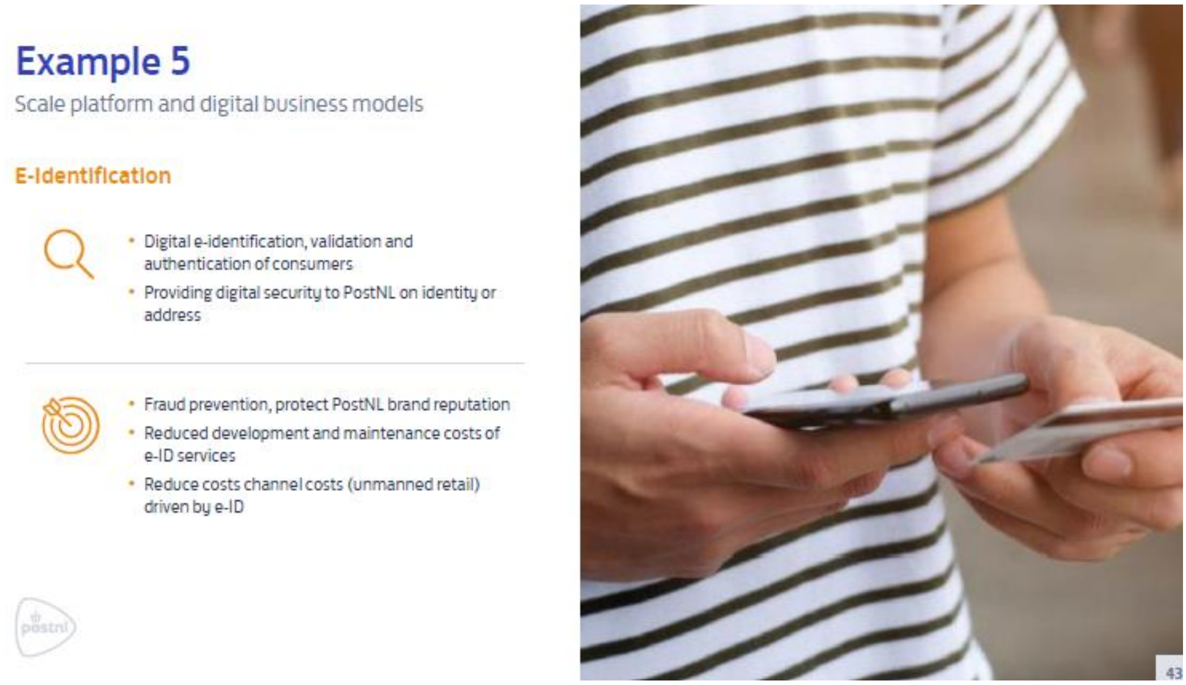
Example two, which you find on slide 40 is an example of how we transform our core logistics. These are the trackers on our roll containers. The trackers on our roll containers enable us to follow roll containers through our process and we can then look into our roll containers following the most efficient route from our customer to our sorting centres and from our sorting centres to, for example, retail stores. They also give us information on the number of parcels and letters in the roll container and that enables us to be even more efficient in the planning of our employees. The second example of how we think digitisation can help us in transforming our core.



Then we have added a few more examples of what we are doing or going to on slide number 41, which I will not dive into.



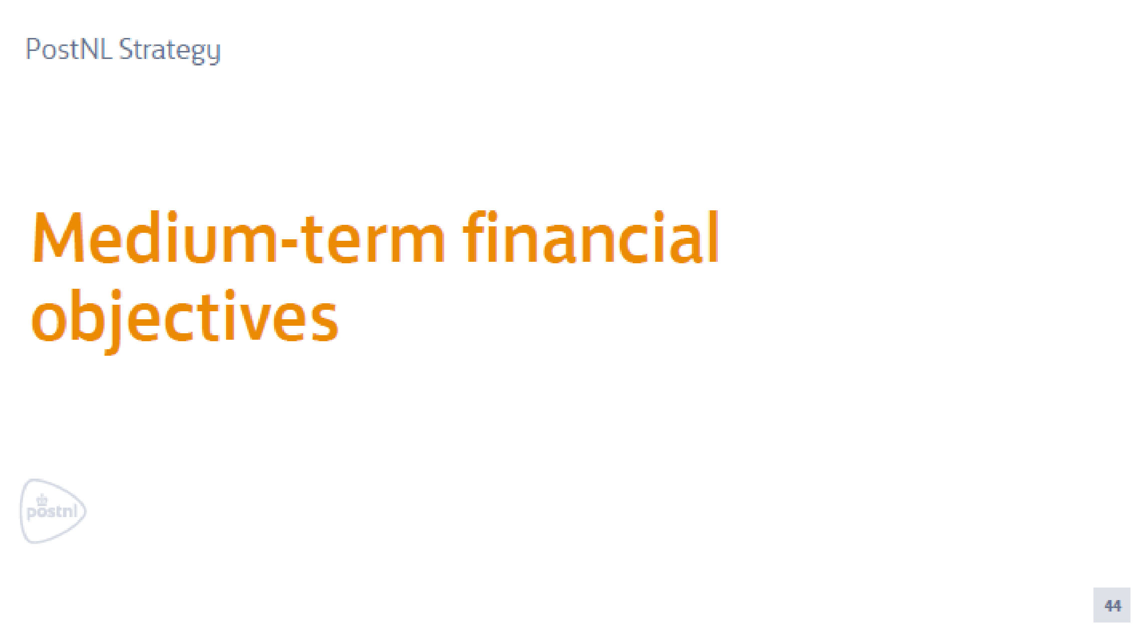
Slide number 42 is in my view a beautiful slide gives you an overview of each part of our process, where we think that digitalisation can help us to become even more efficient than we are today.



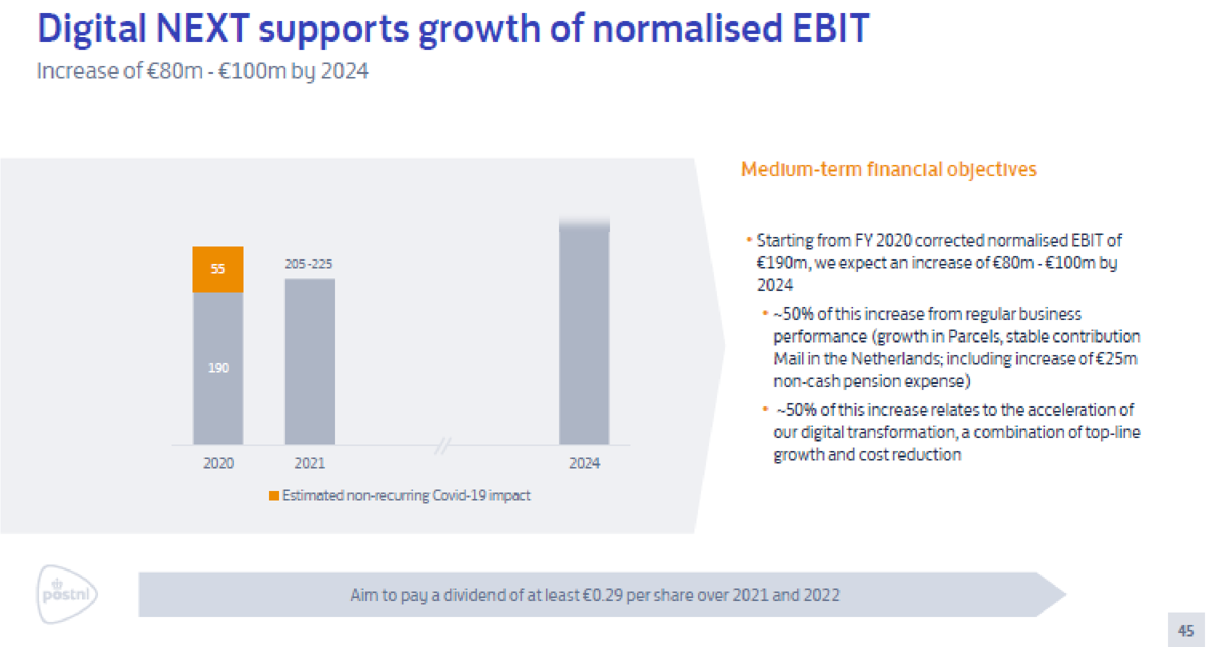
And then the last example, where I spend a few words on slide number 43, which is an example of e-identification, providing digital security to PostNL on identity or address. It is one of the things we want to add in our app, which gives us and also the consumer, the possibility to communicate with each other in the safest way possible.

It also reduces the development and maintenance cost in the end of our services, but it also helps to protect our PostNL brand reputation and protect the identity of our customers. I think all by all, examples of how digitisation can help PostNL in reaching their ambition, reaching in the end also this strategy.

We have translated it into medium-term financial objectives, which will be highlighted by Pim as well as diving into the year 2021.



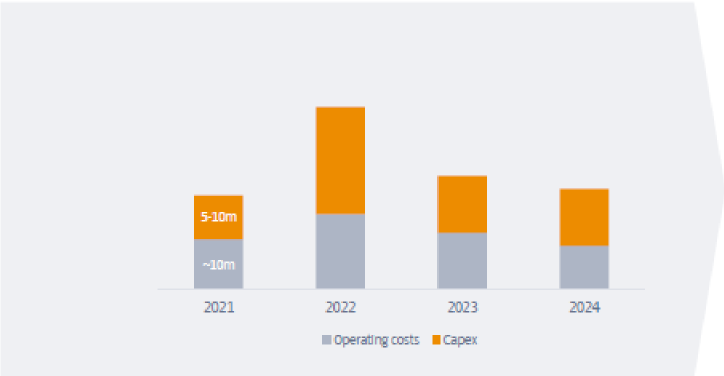
Pim Berendsen – CFO PostNL: Yes. Let is look at the medium-term financial objectives first and let's start at slide 45.



The Digital NEXT program will accelerate the growth of our normalised EBIT. Starting from the full year 2020 numbers corrected for the one-off Covid defects of EUR 190 million, we expect an increase of EUR 80 million to EUR 100 million by 2024. Roughly 50% of this increase will come from regular business performance and the other 50% will be driven as a consequence of the acceleration of our digital transformation program, where Herna just talked you through.

€80m to be spent in 2021-24 to accelerate digitalisation

Around 50% in operating costs and 50% in capex



Ambitious, sequenced and realistic benefits

- Building further on our platforms, connecting customers and consumers through simple and smart digital journeys
- Healthy balance between strengthening revenue and contribution to cost efficiencies
- Contributing around 50% to medium-term growth path for normalised EBIT towards 2024
- Accretive to ROIC as of 2023 and contributing to additional dividend per share as of 2023

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If we talk about the first half, the improvement of business performance, that growth is driven by Parcels, a stable contribution from Mail (in the Netherlands) and it includes an increase of EUR 25 million of non-cash impact pension expenses as well. In other words, the growth in Parcels is going to be bigger than 50% of the EUR 80 million to EUR 100 million step up in performance towards 2024.

The second part is then as a consequence of the acceleration of digital, and that will be a combination of both top line growth, as well as cost reduction or efficiency improvements. As of 2023, the acceleration of the digitalisation program will be accretive to return on invested capital as well as on dividend per share. In the meantime, for the years 2021 and 2022, we aim to pay a dividend of at least EUR 0.29 per share.

If we then move to the next slide, you see what it takes to accelerate digitalisation and that is we will aim to spend EUR 80 million, roughly split 50-50 in operational costs, as well as CapEx and the phasing of that slide gives an idea of how the maturity of the different initiatives will flow through our numbers. So, in 2021, you will see an impact on operational costs, operating costs and EBIT of roughly EUR 10 million and another EUR 5 million to EUR 10 million in our free cash flow outlook for CapEx investments. As I said, accretive as of 2023 both in terms of return on invested capital as well as on dividend per share.

Obviously, the investment in digital is not the only investment we will make. Slide 47 gives an overview of the overall investment levels we already talked about it throughout 2020. In 2021, you will see a steep step-up in investment levels towards EUR 140 million to EUR 160 million CapEx levels. You will also find on this slide a split between the maintenance CapEx, Digital NEXT and IT, capacity growth in Parcels, as well as investments related to the cost savings that we need to realise within Mail in the Netherlands. What is important to note that not all capacity increases are managed through CapEx spend, but also some through lease and lease additions. That will also contribute to the increase in capacity in Parcels. That is required to cater for the future growth that we expect. After 2021, we expect to go back to a run rate of roughly EUR 100 million to EUR 120 million of investments for the years 2022 towards 2024.

2021

2021 outlook and guidance

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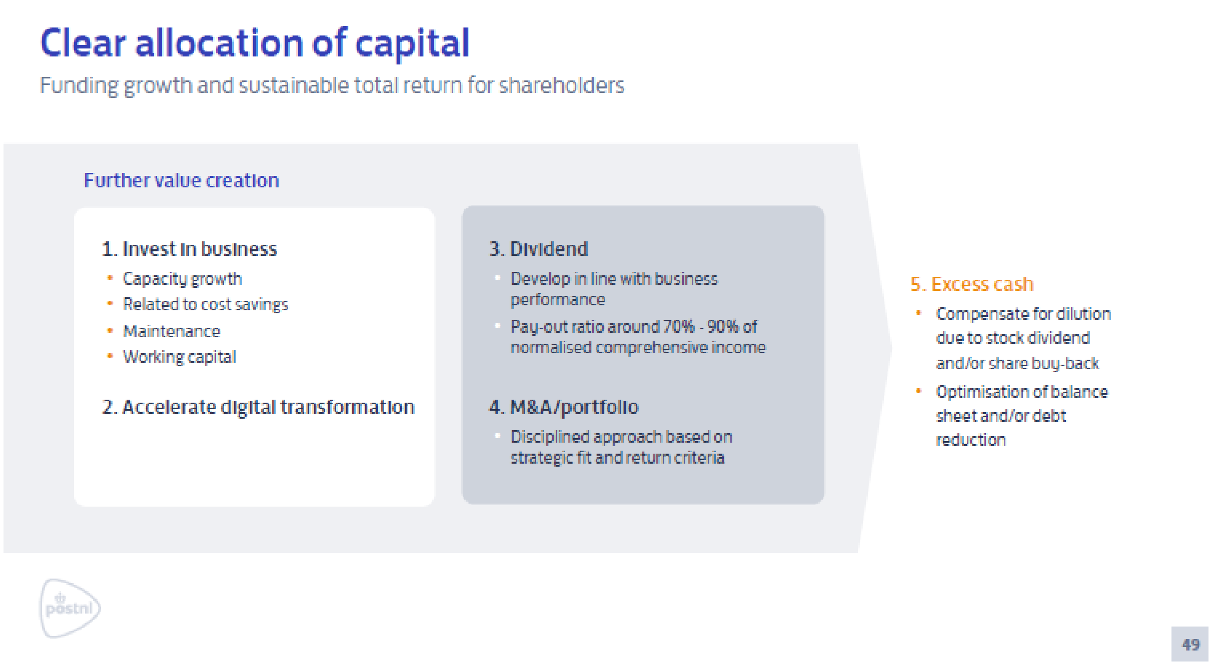
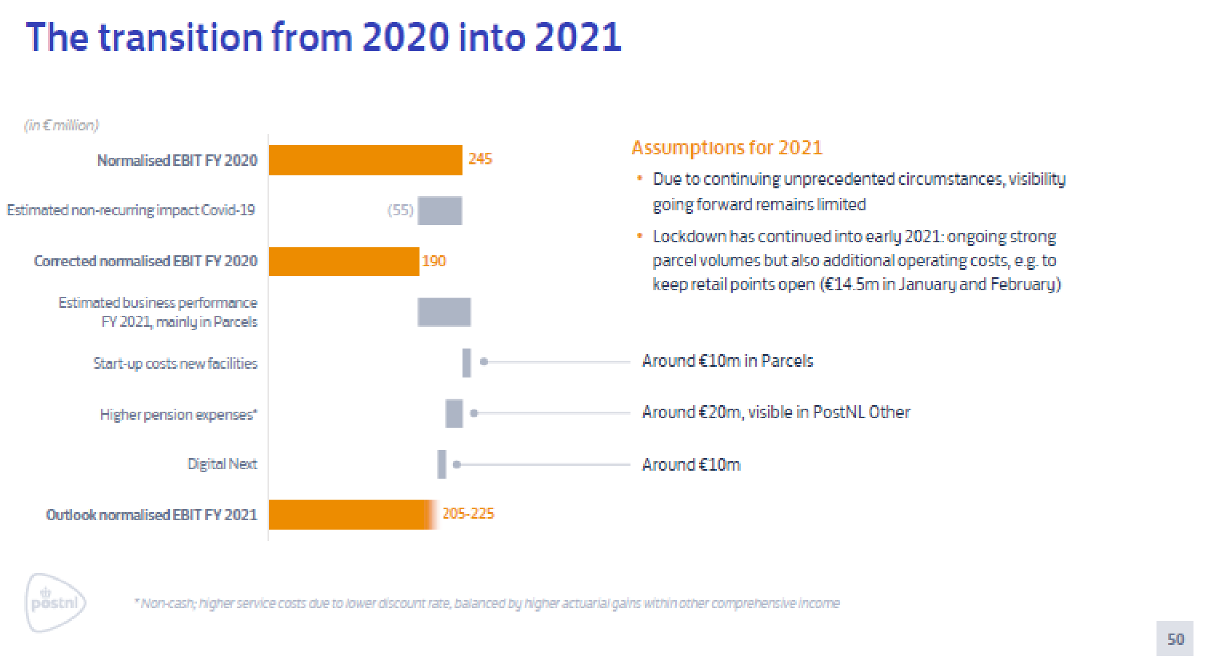
Now, let's look a little bit more specifically into thee 2021 outlook and guidance. Before we go, we felt it appropriate to give you an indication on how we look at prioritisation our capital.



This slide gives the capital allocation, which will fund growth and will lead to sustainable returns for shareholders.

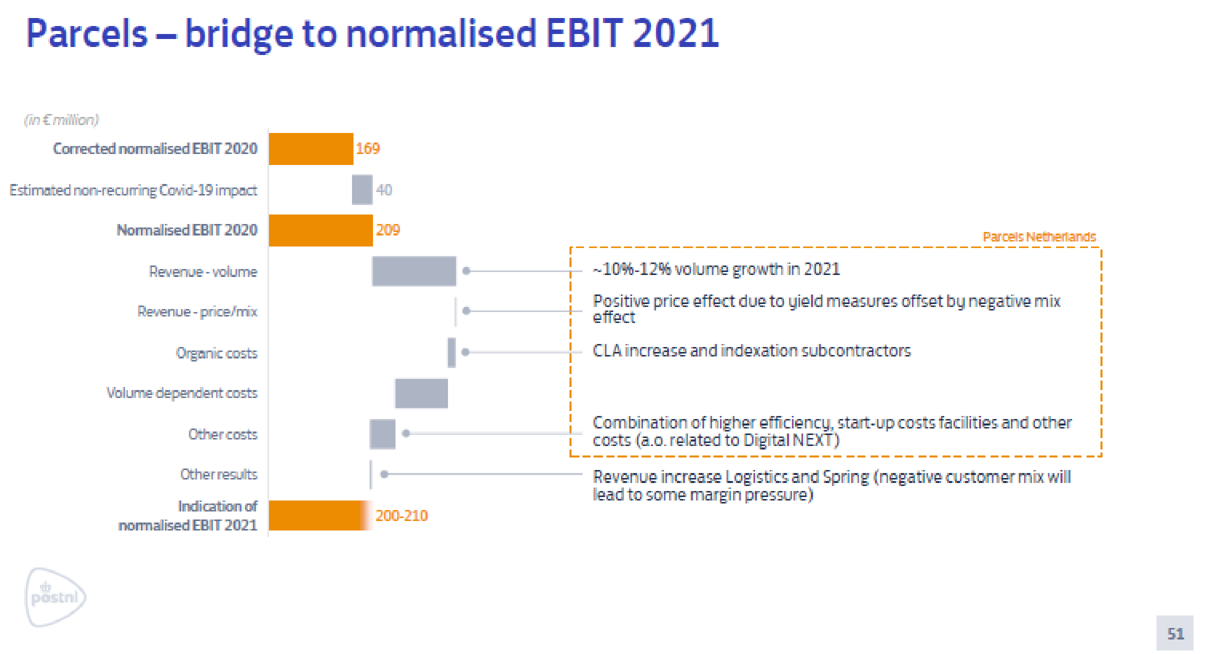
Obviously from a company perspective, but also from a return on invested capital perspective, investments in business will be our first priority. We will do everything we can to improve our competitive position. We will invest in capacity growth, as said in infrastructure that will allow Mail in the Netherlands to save costs, certainly some replacement and maintenance CapEx, and working capital as well, given the fact that Parcels will require a little bit of working capital to facilitate future growth.

The second component of that value creation model is related to the acceleration of our digital transformation that we just talked about. Obviously, we will want to accompany that with a good dividend return for our shareholders and the dividend will develop in line with our business performance with a pay-out ratio of 70% to 90% of normalised comprehensive income. Selectively, we will look at M&A portfolio changes. We will adopt the disciplined approach based on clear strategic fit and return criteria before we engage in M&A transactions. If that all ends mid-term to excess cash, we will evaluate the opportunities to compensate for dilution of stock dividends and/or share buybacks, optimisation of balance sheet and our debt reductions when feasible.

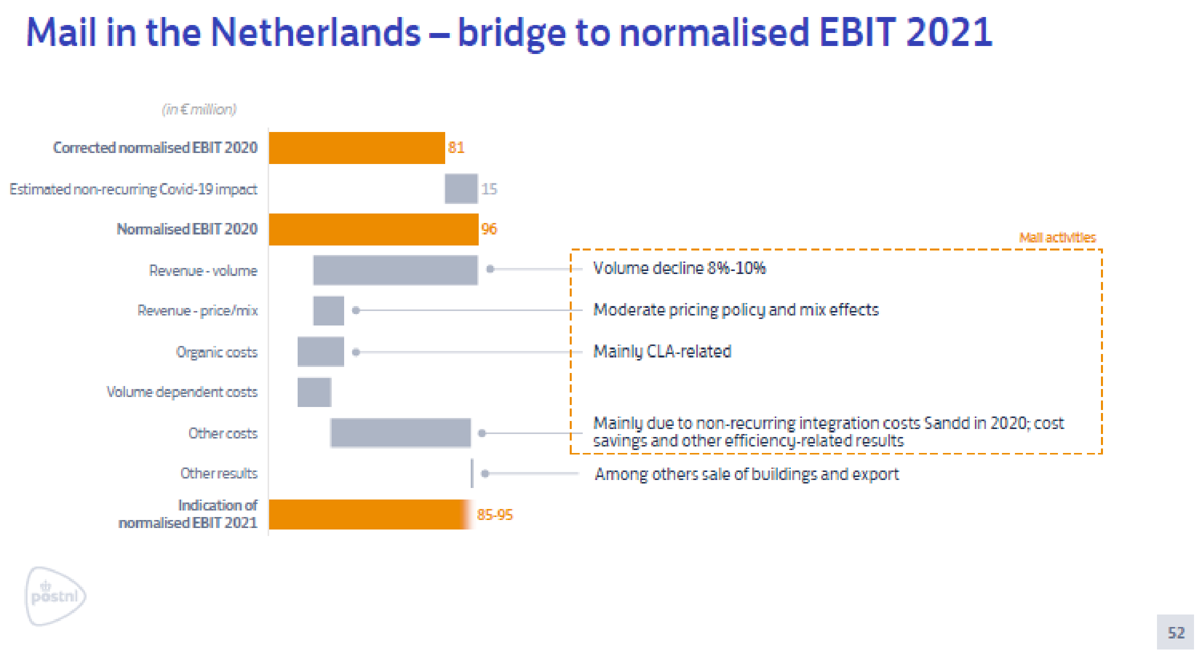


If we then look into the transition from 2020 towards 2021, you will recognise the EUR 245 million normalised EBIT for the full year of which EUR 55 million is non-recurring impact of Covid-19, which is split roughly EUR 40 million for Parcels and EUR 15 million for Mail. That takes the baseline to EUR 190 million. We expect Parcels to continue to grow and add profit from that growth. As you know, we will open up new facilities for Parcels, and that will take the cost base EUR 10 million up. We will have higher pension expenses of roughly EUR 20 million for the year 2021, which will be completely visible in ‘PostNL other’ and, as said, we will have negative EBIT consequences of our Digital NEXT program of around EUR 10 million in 2021, which brings the outlook for normalised EBIT to a EUR 205 million to EUR 225 million for the year.

What is important is that this outlook is obviously on the back of a still limited visibility going forward around Covid-19. The lockdown has continued into 2021, which has led to ongoing strong Parcels volume, but also additional operating costs to for instance keep retail points open. Only for the months of January and February we paid an additional contribution to those retail stores of EUR 14.5 million, which is obviously all taken into account when defining our normalised EBIT outlook full year of EUR 205 million to EUR 225 million.



If we look at the segment – per segment comparison on slide 51, you will see the bridge for Parcels, with a starting point of EUR 209 million normalised EBIT for the year 2020 that will turn into a EUR 200 million and EUR 210 million indication of normalised EBIT for 2021. The baseline of EUR 209 million includes there the EUR 40 million non-recurring Covid impact. We expect Parcels to grow 10% to 12% in volume, not an awful lot of additional positive price/mix effect. We expect to roughly keep the customer mix and price/mix around the same levels as the high 2020 numbers. Of course, we will have some organic cost developments and in other costs here, you will have the additional cost related to the start-up of new facilities, but also the Parcels part of the Digital NEXT costs, so ending up with Parcels between EUR 200 million and EUR 210 million of normalised EBIT for the year.



If we look at the Mail in the Netherlands bridge, that bridge starts with EUR 81 million corrected for the one-off Covid impact of EUR 15 million, so EUR 96 million of reported normalised EBIT. We expect a volume decline of 8% to 10%. Moderate price increases and mix effects will add a bit of profit and then of course, organic costs on the back of an increase of the collective labour agreements is a negative there. In comparison to 2020, we obviously will not have the one-off integration costs in 2021 anymore. So that is a contribution to the normalised EBIT in 2021. We expect for a Mail in the Netherlands EUR 85 million to EUR 95 million normalised EBIT for the year.

Development free cash flow in 2021

(in € million)	2020	2021 (indicative)	Remarks
Normalised EBIT	**245**	**205 - 225**	
Reversal normalisations*	(11)	~15-20	sale Cendris
Depreciation & amortisation*	160	~150	
Capex	(78)	(140) - (160)	step-up for capacity in Parcels in 2021, acceleration of digital transformation and investments New mail route
Lease payments	(79)	~(75)	
Change in working capital	9	~(5) - (10)	
Change in provisions	(29)		not material going forward
Disposals & other	14*	~35	sale of buildings and other divestments
Interest paid and income tax	(27)	~(25)	interest paid stable; tax paid low in 2020 and 2021; as of 2022 more in line with tax rate
Change in pension liabilities	34	~70	difference between pension expenses and regular pension cash contribution
Final payment transitional plans	(200)	(16)	
Sale-and-leaseback	148		
Free cash flow	**186**	**200 - 230**	

* 2020 excluding sale-and-lease back transaction

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Then we move over to the other key performance metric financially and that is the development of free cash flow in 2021. Here, you see our reconciliation from normalised EBIT to free cash flow from EUR 205 million to EUR 225 towards a EUR 200 million to EUR 230 million outlook for free cash flow.

There are a few important points that I want to talk you through. We have realised a cash-in on the Cendris customer contact, which was completed on the 23 February, a depreciation and amortisation amount to EUR 150 million. Obviously that is a little bit less than last year driven by the one-off depreciation cost on Sandd that be accounted for in 2020. A clear step up in CapEx driven by the increase in capacity of Parcels, the increase in IT, the acceleration of digital as well as investments in the new mail route at Mail in the Netherlands. A slight investment in working capital is expected for 2021, while a change in pension, liabilities accounts for the difference between the pension expense and the regular pension cash contribution. Also, important to note is that the interest and income tax paid is minus EUR 25 million, but important there is, that after 2021, we expect to go back to regular tax rate and tax paid positions because by then we have absorbed all the liquidation losses in relation to the transactions of PostCon and Nexive, that we have structured for.

The EUR 16 million is one-fifth of the phased payments on traditional pension plans that we still have to make. That brings the free cash flow to an attractive EUR 200 million to EUR 230 million for the year.

2021 Outlook and other main financial indicators

(in € million)	2020	2020 corrected for estimated non-recurring impact Covid-19	2021 outlook	remarks
Outlook				
Normalised EBIT	**245**	190	**205-225**	including ~(30) for digital NEXT and increase in non-cash pension expenses
Free cash flow*	**186**		**200-230**	including ~(15) for digital NEXT
Other main financial indicators			**2021 indicative**	
Capex	(78)		(140) - (160)	
Changes in pension liabilities**	(166)		~55	Δ pension expense and pension cash contribution
Normalised comprehensive income	197		~200	

* Cash flow before dividend, acquisitions, redemption bonds/other financing activities, after payment of leases;
** Including payment for settlement of transitional plans of €200 million in 2020 and €16 million in 2021

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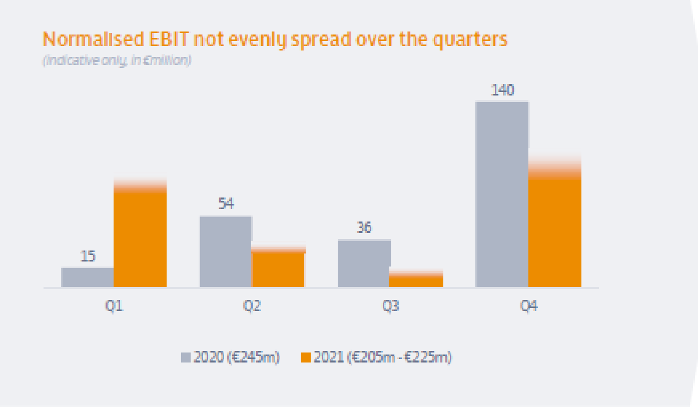
That is summarised subsequently on slide 54, where you see the outlook for normalised EBIT on EUR 205 million to EUR 225 million, which includes EUR 30 million for digital NEXT, and then on cash pension expenses, roughly split by EUR 10 million digital NEXT and EUR 20 million additional pension expenses.

On free cash flow, EUR 200 million to EUR 230 million which includes round about EUR 15 million for digital NEXT.

Other insights in relation to financial indicators, the CapEx up to EUR 140 million EUR 160 million, the changes in pension liabilities around EUR 55 million and the normalised comprehensive income, which is obviously, the baseline for dividends roughly around EUR 200 million for the year.

Split of normalised EBIT and free cash flow in 2021



Attention points for cash flow

- Outlook for free cash flow 2021 €200m - €230m
- Q2 and Q3 cumulatively expected to show negative free cash flow due to EBIT pattern and timing effects, mainly in working capital and capex

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I think it is important to look at the phasing off these results over the year, both in terms of normalised EBIT and free cash flow, and they will not be evenly spread over the quarters. You will certainly need to expect a very strong first quarter in comparison to last year. The other quarters are expected to be below the 2020 numbers, obviously because of the fact that in Q2, Q3 and as well, Q4 on the Mail side, we have had the one-time or non-recurring consequences of Covid-19 in our results.

On a cash flow level, Q2 and Q3 are cumulatively expected to show negative free cash flow, partially due to the EBIT pattern but obviously as well driven by the increase in step up in CapEx and a little bit of working capital investments.

That brings us to the end of the presentation with some concluding remarks, before we open up for Q&A.

A strong business well positioned for further growth

Aim to deliver an attractive total return for shareholders

Now

- 57% of revenue from e-commerce related activities, step-up in online shopping
- Integration Sandd completed successfully – strategically important acquisition to keep mail accessible, reliable and affordable
- Further portfolio restructuring to focus on core markets
- Integrated ESG objectives
- Strong financial position

Well defined strategic focus for 2021

- Balancing volume and value at Parcels by expanding our capacity to capture further e-commerce growth
- Consolidation with Sandd delivers full synergies; intensify cost savings projects to mitigate the ongoing mail volume decline
- Accelerate our digital transformation to strengthen our competitive position by building further on our platform, connecting customers, consumers and solutions through simple and smart digital journeys
- Uncertainty about impact Covid-19 remaining

Being the leading logistics and postal service provider in, to and from the Benelux region

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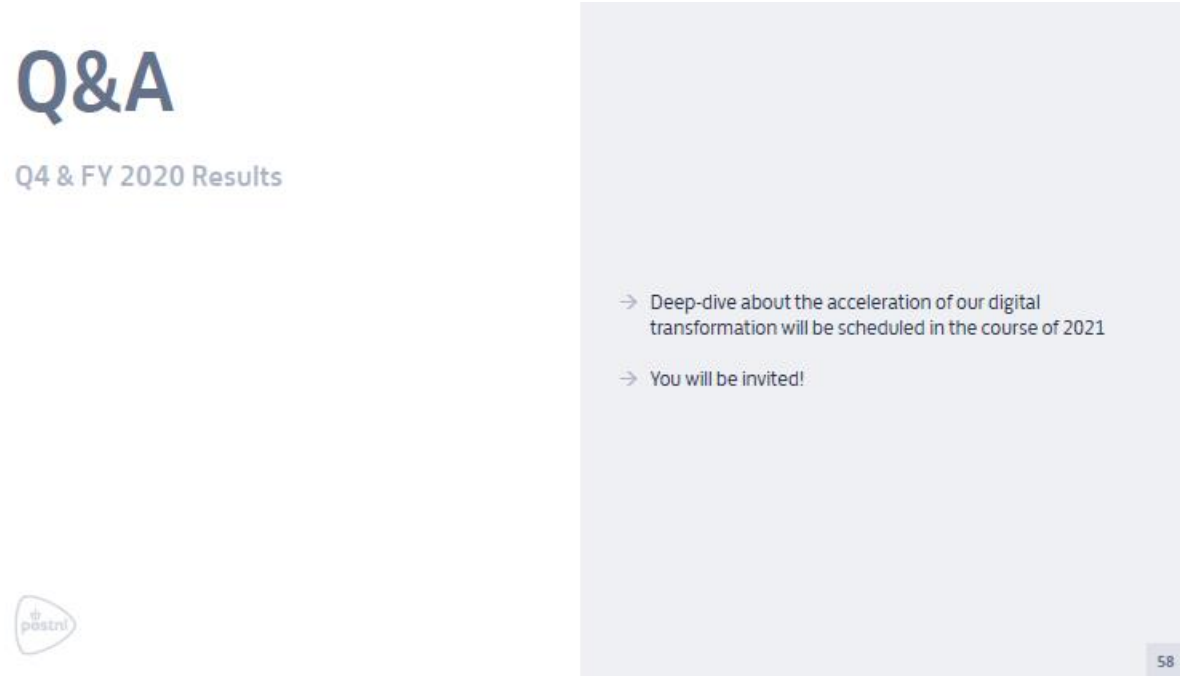
If you look at where we are today, we believe that we are very well positioned for future growth. We aim to deliver an attractive return to our shareholders. If you look at where we are today, 57% of revenue is e-commerce related. The integration of Sandd is completely done with a higher, quicker and better realisation. The portfolio restructuring selling off our international activities and refocusing the business on our core markets have successfully been done, we integrated our ESG objectives in the way we work and steer the business. By doing all those things in 2020, including the sale and lease back and pension agreements reached we have created a very, very strong financial position. This brings us at a good starting point for future growth as of 2021, balancing volume and value at Parcels by expanding our capacity to capture that future e-commerce growth, as well as capitalising on the consolidation of Sandd and intensifying the cost saving projects to mitigate the ongoing mail volume decline.

We will accelerate our digital transformation to strengthen our competitive position by building further on our platform, connecting customers and consumers and solutions to even simpler and smarter digital journeys. Surely, that will remain a little bit of uncertainty around Covid-19, it is difficult to predict where that will take us, but at least we believe that PostNL is in a very strong position going into 2021 and being the leading logistics and postal service provider into and from the Benelux.

Jochem, back to you.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Yes, thank you, Pim and before we go into Q&A, good to note that we will organise a deep dive later in the year about the acceleration of our digital transformation program, and of course, you will be invited at that moment. Operator, over to you for Q & A.



- **Frank Claassen – Degroof Petercam**

Yes. Good morning or good afternoon to you all of you. Three questions, please. First of all, on your guidance for volume growth in Parcels for 2021. How much – positive – impact from the lockdowns or Covid do you see in that 10% to 12%?

Secondly, on your balance sheet. Indeed, leverage is now already down to one time; is that a level you feel comfortable with or what do you do with additional room? Any words on the target leverage you envisage going forward?

And then finally for the digital transformation program, do you also expect to see one-off charges or are all the costs included in the P&L already to EUR 80 million? Or do you expect from one-off charges for this? Thank you.

Herna Verhagen – CEO PostNL: We start with your first question. We took into account in our volume prognosis and also in our normalised EBIT guidance for the year 2021 that the lockdown of Covid is of course, taking place in the Netherlands so far, and partly in Belgium as well. But we also took into account that as of a certain point in Q2, that the effect of Covid will fade out. So yes, we take it into account with, as Pim sad, the uncertainty around Covid because nobody knows how it exactly will develop in 2021.

Pim Berendsen – CFO PostNL: If you look at your second and third question, I will take those. Well, if you look at the balance sheet, indeed leverage rate is around one, which is a clear and strong improvement in comparison to where we ended the year in 2019. For now, that sets us up with a very strong balance sheet that allows us to also make the investments in digital that we want to make. That is the first and foremost step we want to make.

If you look at the capital allocation sheet, which was there for that purpose, we will be looking at those investment opportunities. We will see whether or not there are attractive M&A chances that that allow us to grow the company going forward and only after we have taken those steps, we will consider alternative ways to return capital to shareholders.

The third point, all costs being one-off or cost in relation through a step-up in the number of people we employ of digital are taking into account the EUR 80 million. So, there is no additional charge through the P&L next to the EUR 80 million that we talked about.

Frank Claassen – Degroof Petercam: And what kind of one-off charges can we still expect going forward?

Pim Berendsen – CFO PostNL: Well, in order to counter the volume development at Mail in the Netherlands we will continue and intensify our cost saving initiatives and those could come at one-off restructuring costs at certain moments in time, which of course, are part of the guidance in the outlook we gave.

Frank Claassen – Degroof Petercam: Okay. All right. Thank you very much.

- **David Kerstens – Jefferies**

Yes. Thank you. Good morning, Herna and Pim, congratulations with the strong results. I have three questions, please. First of all, on the EUR 55 million non-recurring EBIT impact, I was wondering if you could provide some sort of colour on how that non-recurring impact from Covid impacted revenue and operating expenses. You said 25 million in Parcels if I multiplied as an average price of EUR 5 per parcel this is already about EUR 125 million in additional partial revenue. The mail impact is probably around EUR 75 million. Does that imply that the Covid-19 related cost increases in the order of almost EUR 150 million? Some colour on that to get a good starting point for 2021 could be quite useful.

My second question is on the annual volume growth of 19%. Compared to some other parcel markets in Europe that seems a relatively low number, whereas your EBIT improvement is the strongest. So, I just try to reconcile how that works.

Could you give an indication on how the entry of Amazon in the Netherlands last year has altered the competitive landscape? Does that have any impact on your parcel volume growth number and you already have a number of how strong the market development was?

And then finally, with interest rates rising and after you have paid off a large part of the transitional pension plans, can you give an indication of the sensitivity to the EUR 20 million pension cost increase you are guiding for this year and what that could be in 2022? So, how does that number change when interest rates go up again? Thank you very much.

Herna Verhagen – CEO PostNL: I will start with your question two, David, and then Pim will take your question one and three. We are still thinking and making the calculation you made that gives us a little bit more time. But the volume growth is at 19%. Volume growth is partly depending on the lockdowns and there was a big difference in the sort of lockdowns you saw in Europe. It is exactly what we saw as well in the real lockdown period in the Netherlands. Growth was much higher like we saw in April and part of May, but which we also saw again in the fourth quarter. So that is one of the reasons why there is a difference in the overall growth rates when it comes to parcel volumes.

We do not think that it has to do with the entry of Amazon. Of course, we distribute part of the volume of Amazon. The biggest part is distributed by DHL in the Netherlands. They are not in our top 10 customer list and we do not see more growth than the normal growth we saw with all our big customers in the year 2020. So, we do not think that that at least in 2020 made a difference.

David Kerstens – Jefferies: Okay. Do you have a number for the market's growth already, for the total parcel markets or is it too early?

Herna Verhagen – CEO PostNL: Too early.

David Kerstens – Jefferies: Okay.

Pim Berendsen – CFO PostNL: That is too early. But remember that in the first quarter of 2020 of course, the growth rate was impacted by dual vendorship that we talked about, which is a PostNL-specific step down and growth at that quarter in time.

Then you went very quick to the way you have calculated the Covid-19 impact, let's go step by step. We have not necessarily looked at it from a top-line perspective only. Roughly 25 million parcels were non-recurring Covid-driven. From the EUR 55 million, EUR 40 million is additional result in Parcels and EUR 15 million is additional result in Mail (in the Netherlands). That additional result takes into account for instance the additional contribution that we have given to our employees and the employees of our partners, which was roughly EUR 15 million, but it also includes additional retail costs that we have paid to the normal contribution to our retail partners of roughly EUR 4 million in 2020. And there are of course the volume-dependent costs that we need to carry just to ensure that we deliver the additional volume; these are also taken into account. You calculated it with an average price per parcel of EUR 5, which is significantly too high. But all in all, that is the split of how we look at the EUR 55 million additional contribution driven by Covid.

David Kerstens – Jefferies: And do you have an indication of how much you spent on hand gels and facemasks and things like that?

Pim Berendsen – CFO PostNL: Yes. Well, a couple of millions so to speak. That is not the biggest component of this bridge; let's say somewhere between EUR 2 million and EUR 5 million, EUR 3 million to EUR 5 million additional costs in relation to changes in our processes and indeed procuring hand gels, masks and what have you.

David Kerstens – Jefferies: Okay.

Pim Berendsen – CFO PostNL: Then, your point on the sensitivity of interest rate developments on the level of pension expenses. There is more to it than just the development of the interest rate, it is also the indexation levels that are from an IFRS point of view taken into account when calculating pension liabilities. But just for your guidance, let's say the step-up in pension expense, driven from 2020 towards 2021 is in basis points, only a limited step-down of interest rates of roughly 30 basis points to 40 basis points. But obviously, percentage wise, that was a relatively big step-down of the interest rate used to calculate the interest expense. So, at the moment we do not predict how interest rates have developed or will develop. We have taken the current interest rates as the basis of how we have calculated the pension expense for the years going forward, and that is done at the end of every year. The interest rate as per the 31st of December will determine the level of pension expenses for the year. They are based on the IFRS guidelines.

David Kerstens – Jefferies: And you said an increase of EUR 20 million in 2021 and EUR 25 million over the four-year period?

Pim Berendsen – CFO PostNL: Yes, but that is not driven by only interest rate developments, but also developments of the base of people. So that is the other component.

David Kerstens – Jefferies: Okay, understood.

Pim Berendsen – CFO PostNL: In case, collective labour increases, for instance also results in slightly higher pension expenses.

David Kerstens – Jefferies: Yes, yes. Great. Thank you very much.

- **Mark Zwartsenburg – ING**

Yes. Good afternoon and thanks for taking my questions. A couple of them left and first of all, on the dividend outlook. You indicated for 2021 and 2022, at least EUR 0.29, but is the guidance also including the assumption that the prior year's dividend is the floor for next year of dividends? Let's say, you have EUR 0.29 for 2021, and that for 2022 it will be at least EUR 0.29?

Then, on the Mail in the Netherlands EBIT and looking towards your guidance for 2024. You mentioned a stable contribution from Mail in the Netherlands but that is apart from the box on the slide on savings or efficiencies from digital investments. Should we assume even perhaps a growing EBIT for Mail in the Netherlands towards the guidance of 2024, or should we indeed keep it flattish, like you indicate on that slide?

My third question is out of interest. Why will you already guide now for 2024 instead of waiting perhaps for more visibility once the one-offs of Covid are done and then have visibility on how things are developing post-Covid? So, let is say at the same time, next year, you could have also given the guidance for 2025, a medium-term guidance. Why already provide a guidance now with the visibility that you have? Or perhaps you already have enough visibility, of course. I am just curious to why you basically chose to give a guidance already.

Then for Pim, my other question on excess cash, I think, I am also trying to get a feel for the leverage ratio but what is as you define 'excess cash' on your capital return policy slide? What is your definition of excess cash at some point in the future?

I am sorry for the many questions but my final is on the mail volume guidance for this year. It is minus 8% to minus 10%. That is actually in line with the normal market trend post-integration of Sandd. So actually, we had a negative Covid with impact in 2020, so an easier comp. So, why then stick to the minus 8% to 10% range instead of lowering the low end of that a bit?

Herna Verhagen – CEO PostNL: Your first question on dividends, it is literally what we stated, which means at least EUR 0.29 in 2021, and at least EUR 0.29 in 2022 within our dividend policy, which gives us of course, a little bit of flexibility, because we will do a pay-out of normalised comprehensive income of somewhere between 70% to 90%. So, you have to read it literally as said, at least EUR 0.29 in 2021, and at least EUR 0.29 in 2022. The EBIT of Mail in the Netherlands is a stable contribution, so you should assume stability.

Why are we already guiding now for 2024? It is to give you some visibility on what the digitisation program will bring. Of course, Covid – as we have seen in 2020 – can change a lot. Hopefully, in a few months from now, we are all vaccinated and we will return to a more normal life. But the reason why we did this is to give you visibility on what digitisation can bring to PostNL in revenue, as well as in a normalised EBIT, which is based of course, on the efficiencies we reach. And because we are presenting digital NEXT today, we added a view on what we think 2024 could look like.

Pim Berendsen – CFO PostNL: Exactly, then on your excess cash question. You know that we aim for a BBB, BBB+ credit rating that we feel is appropriate for the company we are. That is what we have translated to adjusted net debt/EBITDA of not bigger than 2. I think you all will remember that we are having a leverage ratio close to 3 for a part of the time, and 2.6 by the end of last year. So, we are currently at a much better position. But as said, we intend to use that room to invest in our business, to invest in acceleration of our digitalisation program and over time, we will see whether or not there will be excess cash that we will seek to deploy in a different way by distributing it towards shareholders or considering bond buybacks. So, there is no specific excess cash position but it is somewhere in between the 1.0 times to 2 times adjusted EBITDA over net debt.

Mark Zwartsenburg – ING: That is very clear.

Pim Berendsen – CFO PostNL: And on the mail volume development, we expect as we said, an 8% to 10% volume decline for the year 2021. The overall substitution levels in 2020 are more or less comparable to what we expect in 2021 to happen as well.

Mark Zwartsenburg – ING: Yes, but you have a bit easier comps due to Covid of maybe 2 or 3 percentage points in negative impact in 2020. That should have a bit of positive impact in 2021 or is that excluded?

Herna Verhagen – CEO PostNL: Also 8% to 10% so, it is a bandwidth between 8% to 10%.

Mark Zwartsenburg – ING: Okay. Alright, thank you very much. This is very clear, thank you.

Herna Verhagen – CEO PostNL: Thank you.

- **Lotte Timmermans – ABN AMRO**

Good morning and good afternoon. My first question is the lease payments in 2021, on slide 53. How can you expect lower lease payments in 2021 than in 2020? I would think that the opening of the sorting centres and surely you should expect increase lease payments? Additionally, I think Q4 is roughly EUR 27 million, so this is seriously higher than EUR 75 million or are here some one-off in 2020 due to Sandd or any other things I could take into account?

Then a question on definition of the Parcels split. Thanks for providing that. If you look at the Parcel in the Netherlands I assume that the Belgium is included in logistics and other. Is that correct to assume?

What about the parcel volumes? Is this still Belgium and the Netherlands? Could you give some colour on the split between Belgium and Netherlands? As you always already said before that Belgium obviously grows at significantly higher rates.

Pim Berendsen – CFO PostNL: There is a risk that I need to ask you to repeat some of them, because that was really quick. But I think the first one clearly starts with lease payments. On slide 53 you see a small increase of EUR 1 million in comparison to the EUR 79 million in 2020. Part of that is that there are still one-off lease payments or lease payments in relation to Sandd, lease obligations that were there, that are part of the lease payments in 2020. So that is one of the elements.

Herna Verhagen – CEO PostNL: And your question was if Belgium was part of logistics and other or part of our big parcels network.

Pim Berendsen – CFO PostNL: Yes, I need to give you a technical answer there because there it is always the case where you do your eliminations. Our strategy in Belgium is to a large extent driven by growing in Belgium, by growing together with our Dutch webshop towards Belgium. So, part of the external revenue relation to those clients is within our parcel Netherlands segments or buckets so to say and the external, domestic and export revenues of Belgium are in the logistics solutions and other buckets.

The biggest component of our Belgium strategy is clearly the – if you talk about from a Belgium point of view – the import flows from the Netherlands. That part is not included in Logistics Solutions and other, but in Parcel Netherlands.

Herna Verhagen – CEO PostNL: And that also means that the biggest part of our volume development is in our parcel network in the Netherlands and therefore in the volumes of our parcel network. We did not guide on Belgium, that is also what we not before, but once in a while, we just give you a little bit of a highlight on how the developments are in Belgium and that is the reason why we gave examples about growth in Belgium when there was a lockdown in Belgium as well. So, growth of Parcels in Belgium is a little bit higher than it is in the Netherlands. That is related to the fact and that is what we have discussed earlier as well that the development of e-commerce in Belgium is picking up also because of Covid, but they are still a little bit behind, and that is what we expect to happen in 2021.

Lotte Timmermans – ABN AMRO: Okay. Thanks. It was clear. I have a small follow-up on the lease payment. What I meant was that in Q4 the lease payments were at EUR 27 million; were there still some Sandd-related payments then?

Pim Berendsen – CFO PostNL: Not in the fourth quarter of 2020. No.

Lotte Timmermans – ABN AMRO: But then it means that in 2021 on a quarterly basis it goes down compared to Q4. Is that correct?

Pim Berendsen – CFO PostNL: I am not quite sure if we look at the lease payments for the full year they go down in the mail segment because of the fact that in 2020 it still includes lease payments in relation to Sandd lease obligations. It grows or increases from a parcels point of view because we have taken on lease additions that are related to capacity increases. So, for the full year we will get you to the roughly EUR 80 million lease payments for the entire group, which is more or less comparable to the full year 2020 lease payments.

Lotte Timmermans – ABN AMRO: Okay. Thanks.

- **Wijnand Heineken – Independent Minds Limited**

Yes. Good afternoon. A few questions about Mail in the Netherlands. You mentioned during the presentation that you expect the full potential of the Sandd synergies to be achieved this year. Just for safety, do you still anticipate a contribution somewhere between EUR 50 million and EUR 60 million?

And then on cost savings for Mail in the Netherlands, still important. With all the new plans, could you give us a bit of an update where we are standing now as far as cost savings are concerned on an annual basis and how you expect that to progress in the upcoming years? Thanks.

Pim Berendsen – CFO PostNL: The first one, let's say, if you look at the full year synergies of Sandd, then it is a gross synergy of EUR 79 million and then in relation to realising those synergies there are EUR 30 million of one off cost associated with it. So, the net impact is roughly EUR 50 million. We will not expect that EUR 30 million any more clearly in 2021 but volume decline will obviously also hit the synergy potential. But all in all, the contribution of Sandd in 2020 was beyond the bandwidth of EUR 50 million to EUR 70 million on the gross synergy level and certainly that will still be the case for 2021.

Wijnand Heineken – Independent Minds Limited: And then the cost savings?

Pim Berendsen – CFO PostNL: Yes, on cost savings, as said, what we talked about when introducing the Sandd and the business case of Sandd, we have to face or postpone some of the cost savings in order to accommodate the integration of Sandd. We will gradually see a step-up in cost savings a little bit from 2020 levels towards 2021, but more steeply from 2021 towards 2022 in the level of cost savings that we aim to achieve to counter for the volume decline that we talked about as well. We are not going to be more specific at this moment in time about level of those cost savings overtime.

Wijnand Heineken – Independent Minds Limited: Okay. Thanks.

- **Andre Mulder – Kepler**

Good afternoon. I still have a number of questions today. Firstly, can you give a split of the EUR 80 million that you aim to spend on digital transformation split between Mail and Parcels?

Secondly, you have given this outlook for 2024. Can you also give us the assumptions that you have for the volumes in Mail and Parcels?

My third question is related to that. About half of the volume increase in Parcels was due to Covid. Can you give us corresponding numbers for Mail as well?

And then a bit of a numbers question, the last one. If I look at your EBIT guidance, you started with 185 plus and you are now going to 215. I do not see the delta appearing under comprehensible income because that amount is still about the same. Why is that gap widening? Why are you more optimistic on EBIT? What are your underlying assumptions there and why does that not boil down in comprehensive income?

Herna Verhagen – CEO PostNL: We did not give a split of the EUR 80 million between Mail and Parcels. Part of that will be CapEx and part of that will be OpEx and that split is more or less 50:50. Some of the projects are more related to Parcels than to Mail but also within Mail there are quite some projects on digitisation. That will give you a bit of flavour around it.

The outlook 2024 assumptions, we did not give an outlook on volume for the years to come. So, we for 2021 and we gave in the graphics in the slides, a little bit of a view on the years to go. When it comes to Mail in the Netherlands, it is one of the things we already said that it is 8% to 10% for the year 2021. But also, our expectation going forward is that mail volume will keep declining. That is what you find on the slide about mail volumes, and for Parcels the assumption for 2021 is 10% to 12%, but it was also the year after we expect growth, which will be around the same level or a little bit lower. That is the expectation we have at this moment in time.

Your third question was on half of the volume within Parcels that was on Covid and you asked what it was in Mail in the Netherlands. I do not know that answer by heart. So, I am looking to Pim if he knows it by heart.

Pim Berendsen – CFO PostNL: On the volume point of view is roughly 15 million pieces. So, 15 million mail volume, roughly 25 million of additional parcel volume as being the non-recurring Covid-19 impact. So that is the answer on that question.

Then on is the gap widening between normalise comprehensive income. The language we used in the trading update was that we were not that specific. It was around EUR 195 million and it is now around 200. So, you should not read into this a logic of a gap that is widening. This is a little bit about the rounding of numbers that come into play here. There is nothing that makes that gap bigger or smaller.

Andre Mulder – Kepler: Okay. Then maybe on the follow-up question on the expectation of the stable Mail in the Netherlands results. Over the last few years, the previous Sandd numbers have been under constant pressure and not only in terms of sales, but also in terms of EBIT. I assume that your cost savings potential at some point in time will become less there. Why expecting a stable contribution for Mail in the Netherlands? I cannot believe that it will fully come from the effects of digital transformation so what are other assumptions behind it?

Pim Berendsen – CFO PostNL: From a Sandd business case point of view, let's simplify stuff. EUR 30 million improvement from 2020 towards 2021, because we will not have the one-offs anymore. Of course, then you will have volume decline also over the Sandd volumes, but still that is a step up of contribution of that integration from 2020 towards 2021 and then gradually increasing the level of cost savings again for the period that we just talked about keep the profit of Mail in the Netherlands more or less stable.

Andre Mulder – Kepler: Great. Thank you.

Herna Verhagen – CEO PostNL: Thanks.

- **Henk Slotboom – The Idea!**

Good morning, all I have a couple of questions in relation to slides 46 and 47. I cannot really connect the orange bar on slide 47 to what I see on slide 46. You show that in 2022 the investments are peaking and then they go back again in 2023 and 2024, but I see the orange bar on slides 47 staying more or less the same, a little bit lower in 2022 and 2023 and 2024. Can you provide some background on why that is the case?

Then the blue parts on slide 47, the capacity growth in Parcels. You are opening a small parcels centre this year. Besides the one in Noord-Holland and in Belgium. I would expect 2021 to be a peak in capacity growth in Parcels and then easing down a little bit in the year to come, more over the way the small parcel center is set up to accommodate more and more volume there. Can you elaborate on this?

And then on the digital next strategy; the examples you gave are mainly focused on the receiver part of the business and on the quality operational part of the business. Is there an elements of trying to help webshops or online retailers as well with their conversion? A couple of months ago there was a presentation by DHL and they showed how they were helping online sellers to boost conversion in order to improve the relationship with the clients and avoid too much pressure on tariffs?

My last question is a simple one. There is still discussion about what PostNL should have been able to buy or merge with Sandd. I know that there is an appeal case going on and that Economic Affairs is working on all sorts of modifications of the proposal. Has that been interrupted by the cabinet crisis we have seen? Is this a controversial subject or are things progressing as you wish? Those were my questions. Thank you.

Pim Berendsen – CFO PostNL: Thanks, Henk. I will take the first two. The logic or the connection between slides 46 and 47; 46 is the spent both in terms of OpEx and CapEx in relation to digital NEXT. So, it does not take into account the maturity of this initiative that will contribute to the bottom line as well. These are the costs side, the spending side of the equation and that is also why there is a comment that says it will be contributing towards return on invested capital as of 2023, as well as contributing to dividend per share. So as of 2023, the balance will be positive is the message there. But for the first two years, the balance is clearly negative, and that is also why you see that back in our EBIT bridge for 2021. Then slide 47 is the overall CapEx spend and their orange is the combination of IT and digital NEXT. So clearly digital NEXT is what we have announced today but there are still orange bars looking back and capacity increases are not only because of additions or sorters or brands or depots, but also capacity investments are related to IT that we have seen and will expect to see going forward as part of capacity increasing investments that we need to make as well. So, there is a clear step up from 2020 towards 2021 on the orange bar and also for the year 2022 and

2023, you will see the levels of orange being higher than the levels of investments in IT that we have done in the past.

Then what I have tried to address when talking about this slide first time around is that there are also different ways that lead to an increase in capacity from a parcel site. Not all capacity increase is managed through CapEx. For instance, the small parcel sorting center itself, so the building is not CapEx but lease. The sorter that is placed in the facility is CapEx. The cross docks that we open sometimes are not CapEx but will lead to lease additions. So, all in all, the combination of the two leads to an increase of capacity on the back of our volume expectations for Parcels. So, there is also a lease addition expected over the year 2021. That also plays into the capacity improvement.

Regarding your third question, you talked about network en operational elements …

Herna Verhagen – CEO PostNL: But there are also many commercial elements…

Pim Berendsen – CFO PostNL: Yes, exactly.

Herna Verhagen – CEO PostNL: So, it is a balanced program between commercial projects, operational projects and projects, which are much more related to our business platform and the data that we have. So, it is a balanced approach, which will bring us revenue, efficiency and therefore normalised EBIT, and which will bring us also new business. But I gave a few examples, which you can use as an idea of what the program entails but it is by far not a full overview of all the projects.

Henk Slotboom – The Idea!: Okay.

Pim Berendsen – CFO PostNL: And the fourth question was related to the Sandd decision of the Ministry of Economic Affairs.

Herna Verhagen – CEO PostNL: Yes. Something the Ministry of Economic Affairs or the cabinet in the end will take new decision as was communicated by the State Secretary of Economic Affairs, already almost half a year ago. We do not know exactly when to expect that, and then we will have to appeal afterwards as well. So, there are still two important steps to be taken, which is the decision by the cabinet and the appeal.

Henk Slotboom – The Idea!: Okay. Thank you very much.

Herna Verhagen – CEO PostNL: Thank you.

- **Ivar Billfalk-Kelly – UBS**

Good morning. I wanted to talk a little bit on your ESG terms, When you are talking about especially decarbonising the last mile. Have you given a sense of how much you might need to spend in terms of CapEx to actually achieve your goals? And is that included in your CapEx profile on page 47?

Secondly, you talked about maintaining pricing power as well. How long you actually expect that to be in a position to be able to do that with the current environment? And are you seeing any of the markets and your competitors increasing their sort of capacity in general, which will have an impact on that?

And lastly, on your Digital NEXT quickly, you may have mentioned it but do you have a sense of how that is going to impact your FTE going forward?

Pim Berendsen – CFO PostNL: Okay. The ESG well, there is not yet. I thought let's give a split a whole, the CapEx spend in the different categories, but it is the more traditional split. So, we have not broken out the specific ESG-related investments. But they clearly are part of the overall CapEx spend. So, everything that we need to do and want to do to improve on our ESG targets is included in the numbers that we have shown.

For 2021, we have indicated how we expect the price/mix to develop, we have seen positive developments in 2020 as a consequence of also smaller and mid-size webshops growing they contribute to more average price per parcel than some of the bigger do. Of course, we have also introduced our yield management measures throughout 2020 that will continue to mature during 2021, and for the time being you will have to work with that assumption, we have not given specific components of volume margin developments of 2022 towards 2024. But clearly what we said is that roughly half of the step up of EUR 80 million to EUR 100 million will come from business performance and the other half will come from our Digital NEXT program.

On the Digital NEXT FTE development going forward, all in all Parcels grows and is expected to grow, we will add people there. Digital will lead sometimes to more efficiency and maybe less employment in some parts of the processes but given the fact that all-in-all Parcels will grow, there should not be an expectation that Digital NEXT in itself will have a big impact on the number of FTEs that we will employ going forward.

Herna Verhagen – CEO PostNL: And we will also add people in the organisation to further accelerate the digitisation. We do that with the existing people we have, but we will add new competencies and new people as well. So, in that sense in a growing environment, we do not expect that it will hit the amount of people working for us. On the contrary, to be honest.

Ivar Billfalk-Kelly – UBS: Great. I am so sorry; I not quite catch the question in terms of what you see your competitors doing in terms of their capacity additions.

Herna Verhagen – CEO PostNL: Yes. We will add capacity to our network in 2021 and quite a lot of capacity with two new sorting centres and the small parcel sorting center. Our competitors in the Netherlands added capacity of course, in 2020 and I do not see any announcement of big capacity adding in 2021. But let's see, it is still early days.

Ivar Billfalk-Kelly – UBS: That is great. Thank you very much.

Herna Verhagen – CEO PostNL: Thank you.

- **Marco Limite – Barclays**

Hi, good afternoon all. I just have one question left. So, when you are guiding about 10% to 12% parcel volume growth for the year I guess you are expecting a super strong Q1. So, what sort of levels do you expect for the second half of the year? Are they going to be a sort of low single-digit? So, what is your expectation post-Covid?

Herna Verhagen – CEO PostNL: Yes, we did not guide quarter-by-quarter on parcel volume development. We see a strong January and the expectations that this will continue in February as well, although we have a big snow week in the Netherlands, which impacts volume developments. Overall, taking into account a strong January, we have set guidance for the

10% to 12% for the full year. What we took up in our expectations – that was also my answer to one of the first questions today – is that we expect the positive effect of Corona to fade away as of Q2 and then in the direction of summer. That is our expectation.

Marco Limite – Barclays: Okay. Thank you.

- **Andre Mulder – Kepler**

Yes, good afternoon. I have one question left just. If you are saying that about half of the volumes in Parcels is coming from exceptional items, how you determine that? You cannot know what is inside many of the parcels. How did you arrive at that number?

Pim Berendsen – CFO PostNL: Let's say, we have done some analysis throughout 2020 and clearly you can see, for instance, a spike on a couple of moments in time, for instance related to the message of the mayors of the five biggest cities when they said to not go into the city centres but buy online. You can clearly see a step-up in volume development when the lockdown is announced and obviously also in the first phase of Covid-19, we saw a lot of equipment and also clients growing in relation to the one-off stuff you need to be able to work from home. So different components, different data analysis has been done to end up roughly to that EUR 25 million non-recurring Covid volume, which is driven not only by working from home, but also by lockdown effects as a consequence of people not being able to shop in more traditional retail stores.

Andre Mulder – Kepler: Okay. Thanks.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you, operator; and thank you all for listening in. It is been a long call; we had a lot of things to talk about today. Thank you for joining, we will be back on the 10 of May with the first quarter results and, as said, we will also host a webinar later in the year to provide some further details on Digital NEXT.

Thanks very much, and you know where to find this when you have any further questions. Thank you. Bye-Bye!

Herna Verhagen – CEO PostNL: Thank you, bye.

End of call

Appendix

Q4 & FY 2020 Results

- Results by segments Q4 2020 and FY 2020
- Revenue mix Parcels per quarter
- Result development per segment FY 2020
- Adjusted net debt

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Results by segment Q4 2020

(in € million)	Revenue Q4 2019	Revenue Q4 2020	Normalised EBIT Q4 2019	Normalised EBIT Q4 2020
Parcels	471	632	41	75
Mail in the Netherlands	492	542	15	82
PostNL Other	22	32	(16)	(17)
Intercompany	(142)	(184)		
PostNL	**843**	**1,023**	**40**	**140**

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Results by segment FY 2020

(in € million)	Revenue FY 2019	Revenue FY 2020	Normalised EBIT FY 2019	Normalised EBIT FY 2020
Parcels	1,672	2,052	120	209
Mail in the Netherlands	1,606	1,708	52	96
PostNL Other	81	108	(37)	(60)
Intercompany	(515)	(614)		
PostNL	**2,844**	**3,255**	**135**	**245**

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Revenue mix Parcels per quarter

(in € million)	Q1 2019	Q1 2020	Q2 2019	Q2 2020	Q3 2019	Q3 2020	Q4 2019	Q4 2020	FY 2019	FY 2020
Parcels Netherlands	264	277	276	354	271	321	318	429	**1,129**	**1,382**
Spring	63	68	60	84	64	101	83	119	**270**	**372**
Logistics solutions and other	81	81	78	91	78	86	84	105	**321**	**363**
Eliminations	(10)	(12)	(12)	(14)	(12)	(18)	(14)	(21)	**(48)**	**(64)**
Parcels	**398**	**414**	**402**	**516**	**401**	**490**	**471**	**632**	**1,672**	**2,052**

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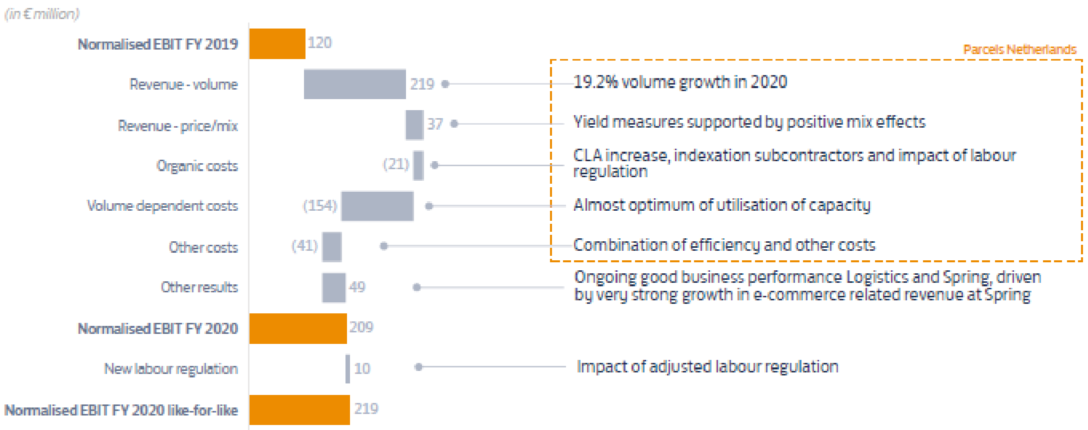
Parcels normalised EBIT bridge 2019-2020



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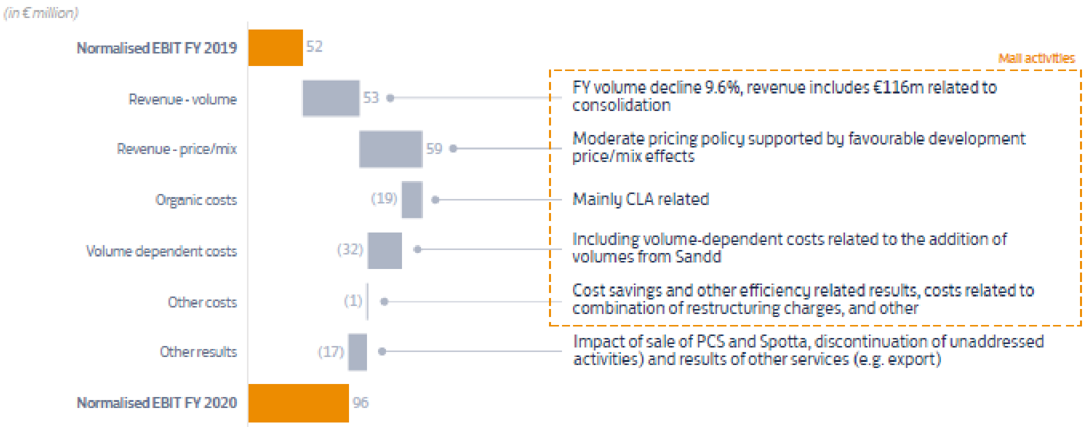
Mail in the Netherlands: normalised EBIT bridge 2019 - 2020



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Adjusted net debt

(in € million)	31 Dec 2019	31 Dec 2020
Short- and long-term debt	696	708
Long-term interest-bearing assets	(6)	(27)
Cash and cash equivalents	(480)	(651)
Net debt	**210**	**31**
Pension liabilities	283	86
Lease liabilities (on balance)	264	294
Lease liabilities (off balance)	51	66
Deferred tax assets on pension and operational lease liabilities	(72)	(70)
Adjusted net debt	**736**	**407**

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