Financial Framework & Outlook

Capital Markets Day 2019

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CFO

Your favourite deliverer

Balanced growth, resulting in improving profitability and cash conversion, is basis for value creation

Multiple levers to shape the growth of e-commerce

- Excellent services and smart yield management
- Focusing on efficiency and managing capacity
- Investments to accommodate growth

Secure a sustainable mail business

- Consolidation of networks is necessary
- Ongoing focus on realisation of cost savings to offset structural volume decline

Balanced stakeholder approach

- Taking care of the needs of society, our people and our environment contributes to value creation

Manage our performance to improve longer term financial perspective

Growing profitability

Sustainable cash flow conversion after 2020

Maintain strong financial position with clear priorities for capital allocation

Manage our financial performance

Reporting, managing and guiding on new metrics profitability and cash flow

Profitability – introduction of normalised EBIT

- good reflection of business performance
- closer to income statement
- improves comparative analyses with peers
- first reported results based on new metric over 2020, with comparative numbers for 2019
- 2019 will be the last year that we report on UCOI

Cash flow – introduction of free cash flow

- free cash flow is cash available for dividend, acquisitions and repayment of debt
- take into account lease payments
- solid and sustainable development free cash flow is basis for dividend

Focus and accountability business performance

Customer satisfaction

Employee engagement

Profitability

Cash flow

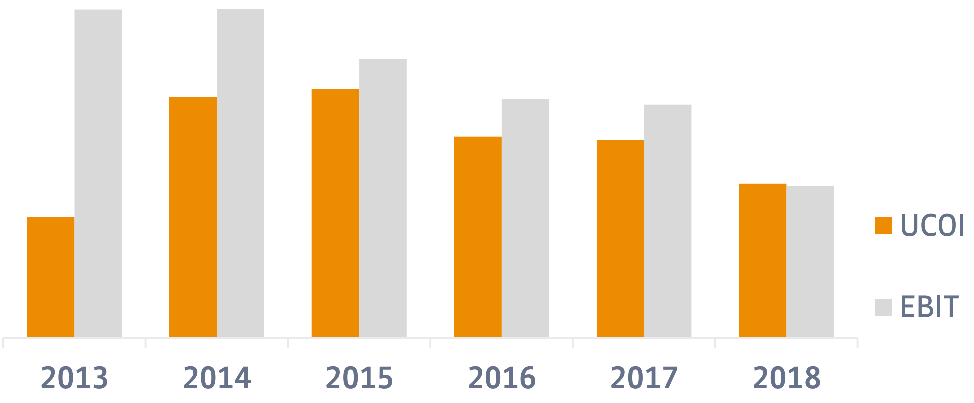
EBIT significantly closer to UCOI than in the past

Normalised EBIT as new key metric for profitability

Definition normalised EBIT

- Earnings before interest and taxes (equal to operating income)
- Reflection of business performance; one-off and significant non-business related items are excluded and explained
- Normalisations in EBIT equal to underlying items in UCOI for 2019 expect for restructuring-related costs

Historical development UCOI and (reported) EBIT



Definition UCOI (underlying cash operating income)

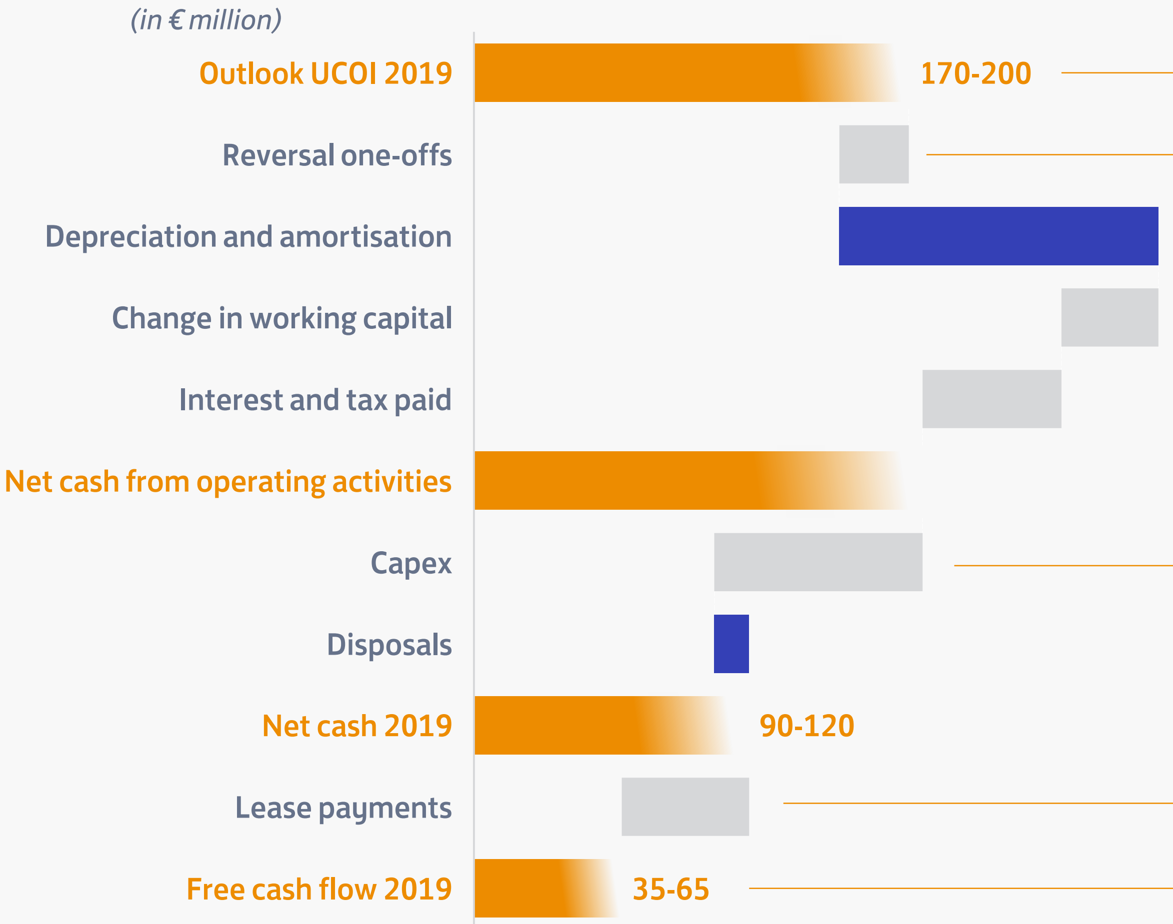
- UCOI includes cash contributions for pension plans and cash outflow from provisions (mainly restructuring cash out) instead of related expenses

Rationale and consequences

- UCOI good proxy for business performance in past when difference between expenses and costs for pensions and provisions was significant
- good time to switch as difference is expected to remain small
- pension expense and cash more in line, limited risk for further top-up payments
- relation restructuring provision and related cash-outs more stable
- 2019 transition year, outlook based on UCOI maintained
- outlook 2020 based on normalised EBIT (comparative numbers for 2019)

More focus on cash flow generation to manage performance

Bridge from UCOI outlook 2019 to free cash flow



- Excluding impact intended transaction with Sandd
- Based on best estimates
- Step change in 2019 due IFRS 16
- Strict working capital management, however could be impacted by phasing/timing elements specifically for terminal dues
- Max. €100m
- ~ €50m - €60m
- Dividend
- Acquisitions

Outlook 2019 confirmed

Translation UCOI to normalised EBIT (margin) for comparative reasons based on unchanged business drivers

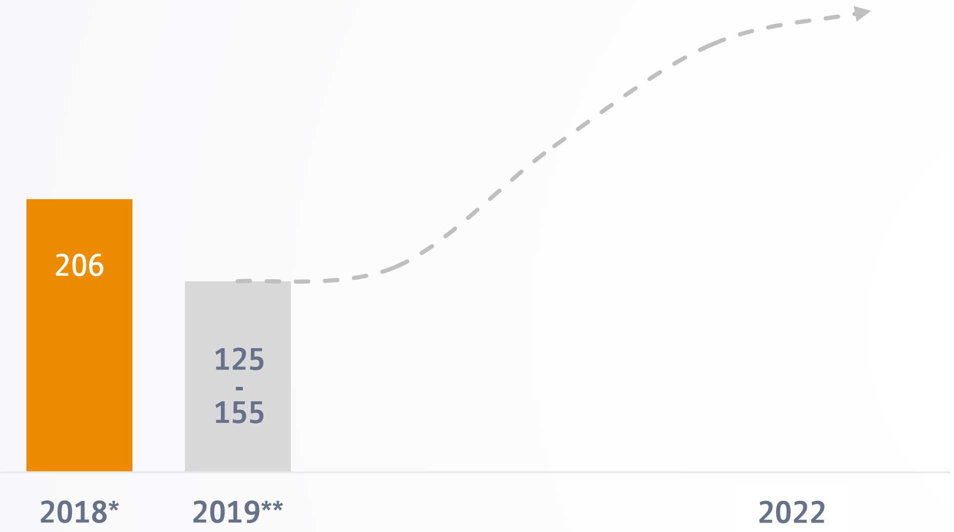
	revenue		UCOI	UCOI margin	compares to normalised EBIT (margin)
(in € million)	2018	2019	2018	2019	2019
Parcels	1,555	+ low teens	117	7.5%-9.5%	7.5%-9.5%
Mail in the Netherlands	1,678	- mid single digit	93	3%-5%	3%-5%
PostNL Other / eliminations	(461)		(22)		▲ ~(15)
Total	**2,772**	**+ low single digit**	**188**	**170-200**	**155-185**

- Difference between UCOI and normalised EBIT visible in PostNL Other mainly due to pensions

Assuming approval for the transaction with Sandd in Q4 2019, the result in 2019 is expected to be impacted by €25m - €35m

Clear path to improving normalised EBIT after 2019

Normalised EBIT
(in € million)



* Normalised EBIT 2018 equals underlying operating income as published in 2018, adjusted for restructuring-related costs
** Assuming approval for the transaction with Sandd in Q4 2019; 2019 includes impact of €25m - €35m

Shaping the growth of e-commerce

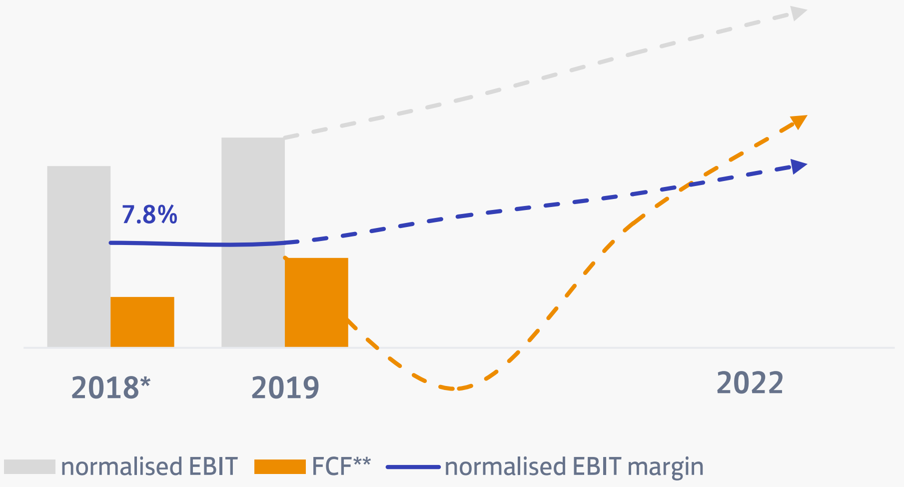
- Revenue growth (assumption 10%-12% CAGR 2018-22) reflecting improving balance between volume and value
  - Volume growth (assumption ~14% CAGR 2018-22)
  - Further growth in Logistics Solutions and Spring
- Implementation of various commercial and operational initiatives
- Improving margin in Parcels

Secure a sustainable mail business

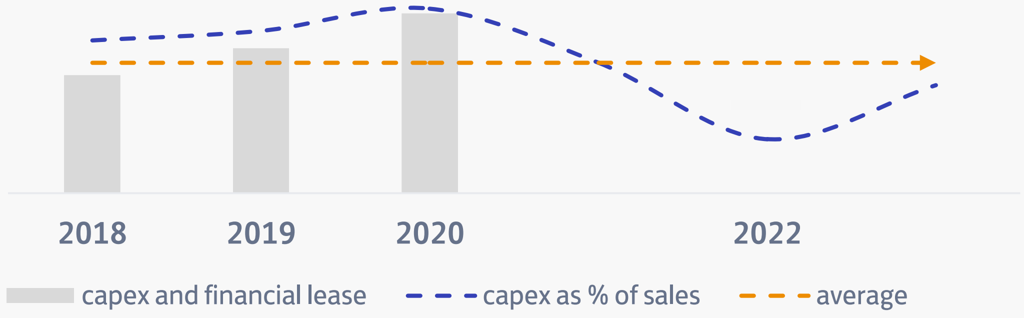
- Ongoing focus on implementation of cost savings plans
- Intended consolidation of networks fundamental for sustainable profitability and cash flow
- Numbers for intended consolidation unchanged (refer to presentation 25 February 2019); to be updated at closing of intended transaction
- Regulatory framework that fits structural declining market required

Parcels to show better balance between growth, profitability and cash flow

Step-up in investments necessary to accommodate continuing strong growth



* Normalised EBIT 2018 equals underlying operating income as published in 2018, adjusted for restructuring-related costs
** Including tax proxy based on statutory tax rate



Improving margin and better cash conversion

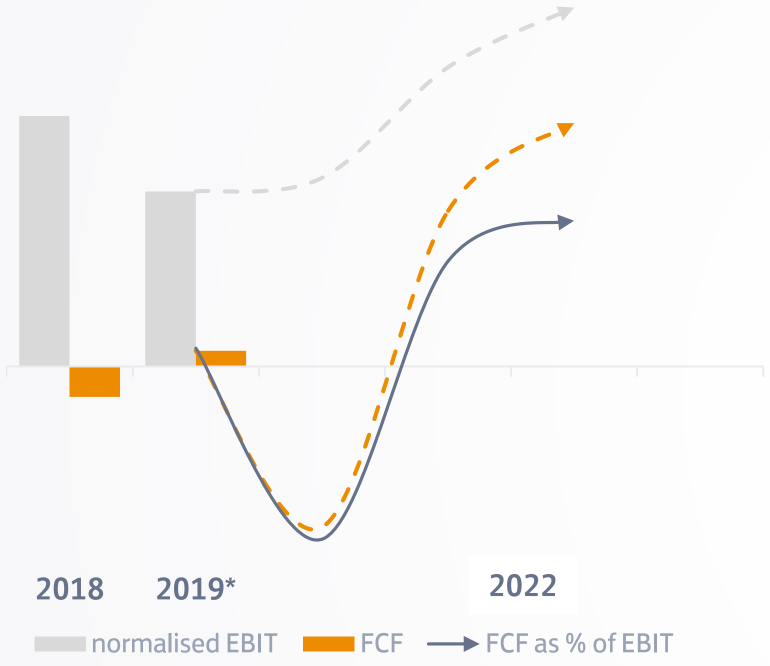
- Improving balance between volume and value
- Revenue growth (assumed 10%-12% CAGR 2018-22)
- Volume (assumption ~14% CAGR 2018-22)
- Focus on efficiency and managing capacity
- Free cash flow in 2019 and 2020 includes final payments of unconditional funding obligation and transitional plans, thereafter significantly less cash-out for pensions
- Strict working capital management to limit increase in working capital as percentage of revenue

Further expansion of infrastructure necessary to accommodate growing volume

- Optimise financing structure (capex and financial leases)
- Volume growth assumption requires additional sorting capacity
- Investments in digital interactions and IT

Manage our performance improves longer term financial perspective

Taking care of the needs of society, our people and our environment and invest in people



* Assuming approval for the transaction with Sandd in Q4 2019; 2019 includes impact of €25m - €35m; to be updated after closing

Shaping the growth of e-commerce

- Excellent services and smart yield management
- Focus on efficiency and capacity
- Step-up investments for further growth

Secure a sustainable mail business

- Consolidation of networks necessary
- Ongoing focus on realisation of cost savings to offset volume decline
- Regulatory framework that fits structural decline required

Improvement of cash flow after 2020

- Increase in profitability
- Investments in Parcels infrastructure to slow down as of 2021
- Intended consolidation will create significant synergies as earlier presented
- Investments in working capital
- Final payment transitional pension plans in 2020, thereafter significantly less cash-out for pension

Significant improvement of free cash flow as % of normalised EBIT to > 50% after 2020

Clear financial strategy and solid balance sheet

Priorities for capital allocation to secure balanced growth, profitability and cash flow

Financial framework

- Steering for solid balance sheet with positive consolidated equity
- Aiming at a leverage ratio (adjusted net debt*/EBITDA) not > 2.0x
- Strict cash flow management

Priorities for capital allocation

- Investments to accommodate further growth in Parcels
- Dividend policy unchanged
- Invest in growth: close to core, adjacent and transformational
- Intention to compensate for dilution of EPS in later years

Impact intended consolidation and development free cash flow

- Acquisition to be funded through cash on hand and new debt
- Intended consolidation and investments in Parcels expected to result in adjusted leverage > 2.0x
- Temporarily delay in dividend payments

Solid balance sheet per 30 March 2019

Main figures (in € million)

Consolidated equity	46
Long term debt	398
Pension liabilities	309
Lease liabilities (*on-balance sheet)*	149
Cash position	253

- Adjusted net debt position is €621m

* Adjusted net debt includes: gross debt (Eurobond, other debt/receivables), pension liabilities (adjusted for tax impcact), lease liabilities (on-balance and off-balance sheet commitments, adjusted for tax impact) and cash position

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