Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Good morning, everyone. This is the second quarter and half year results conference call for PostNL. With me in the room are Herna Verhagen, our CEO, and Pim Berendsen, our CFO. My name is Jochem van de Laarschot of Investor Relations.

We have a number of participants here in the room and we have participants on the line. As usual, we will start with our presentation – we hope you have found our slides on the website of PostNL – after which we will open for Q&A.

Herna, over to you.

Q2 & HY 2019 Results

Key takeaways Q2 & HY 2019

Business review Q2 2019 and progress transition

Financial review Q2 & HY 2019

Outlook 2019

Q&A

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Herna Verhagen – CEO PostNL: Welcome to all and thanks for joining us. I would like to start with slide no. 3, where we have the key takeaways.

Key takeaways

- Underlying cash operating income Q2 at €41m, up €8m
- Net cash from operating and investing activities improved by €66m
- 51% of our revenue in HY 2019 related to e-commerce
- Interim dividend set at €0.08 per share
- Agreement reached to sell Postcon business
- Process intended consolidation Sandd in progress

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For us it was a good quarter. If you look into the underlying cash operating income, we saw an increase of EUR 8 million compared to the second quarter of last year. The underlying cash operating income this quarter was EUR 41 million. Also a strong improvement in our net cash from operating and investing activities, an improvement of EUR 66 million and, fortunately, strongly related to our strategy to be the logistic e-commerce player in the Benelux, 51% of our revenue in the first half year was out of e-commerce Logistics.

Based on the results of the first and second quarter and based on what we expect for the rest of the year, interim dividend is set at EUR 0.08, and that is according to our dividend policy.

We also reached agreement on the sale of our Postcon business in Germany and I will come to that in a minute, when it comes to the progress in the process of consolidation, we are waiting for a decision of the ACM, the Dutch regulator.

So, a good quarter, important step in selling our German business and decided to pay the interim dividend to our shareholders.

Agreement reached to sell Postcon business

Focus on core markets in Benelux and transformation of PostNL

Postcon

- Agreement signed on sale of activities Postcon, our German subsidiary, to Quantum Capital Partners
- Closing expected before year-end 2019, subject to a number of conditions, including regulatory approval
- Allows Postcon to further develop its activities and strengthen its position in the German postal market

Nexive

- Good progress divestment process; further negotiations ongoing to reach best possible outcome

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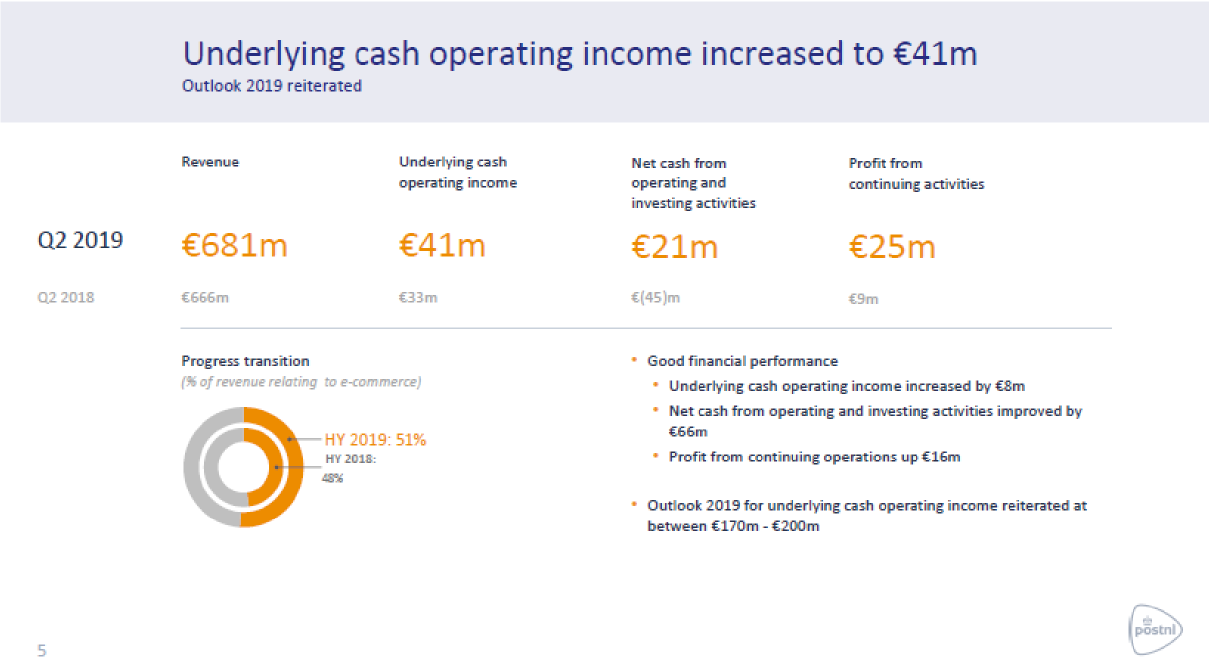
Then, on the next slide, you will find the agreement we reached to sell our Postcon business, and it underpins our focus on core markets in the Benelux and the further transformation of PostNL into an e-commerce logistics company.

We signed an agreement to sell the activities of Postcon in Germany with Quantum Capital Partners. Quantum Capital Partners is a company focused on investments in companies where they see operational opportunities together with growth. It is a signing, not yet a closing, and the closing is expected before the year-end of 2019 and still subject to several conditions and which regulatory approval.

What we find very important in taking the decision to sell it to Quantum is that Quantum is indeed willing to invest in our German business and willing to underpin those investments -- the strategic plan which was developed by the German team and therefore develop the activities of Postcon in the German markets.

On Nexive, good progress, not yet finalised. There we need a little bit more time to come to a deal, which in our view this time will give us the opportunity to have a better deal for PostNL and a better deal for Nexive.

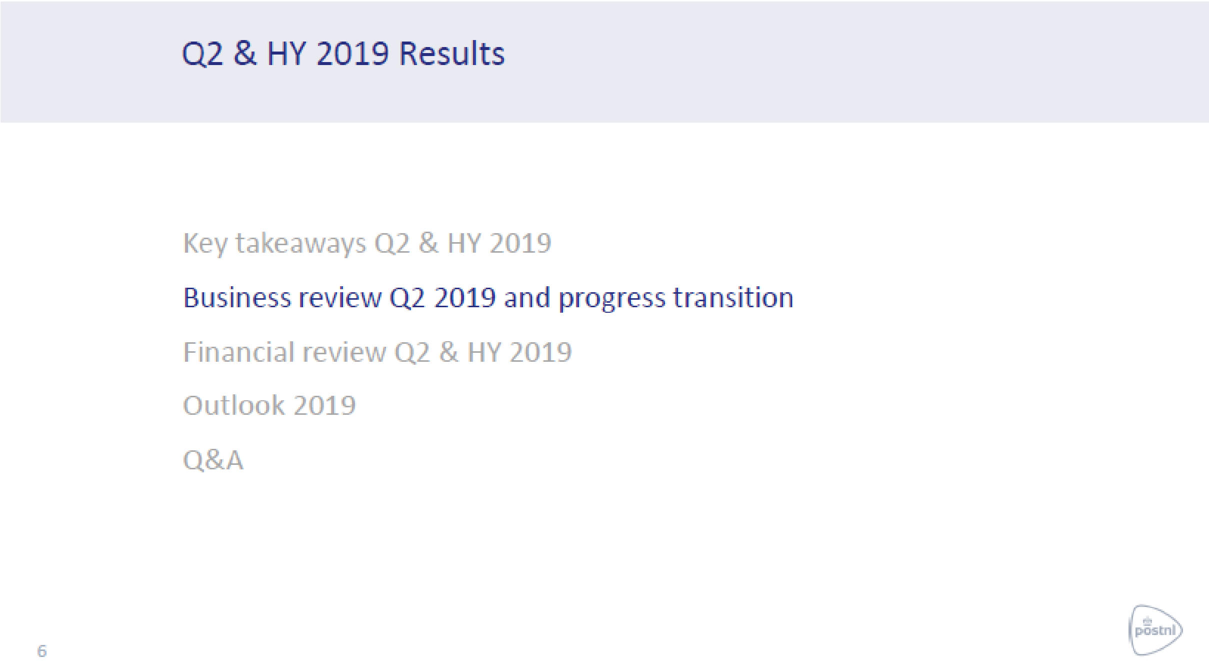
We are happy with Postcon and also happy with Quantum, to whom we have sold Postcon and the intentions the company have with our German company.



On this slide we dive into the progress we have made in our business. As I said, the second quarter has been a good quarter. We saw an increase in revenue of EUR 15 million and revenue in the second quarter was EUR 681 million. The underlying cash operating income improved with EUR 8 million to EUR 41 million, and also a net cash improvement, as already said, by EUR 66 million. The profit from continuing activities increased from EUR 9 million to EUR 25 million.

We had a good financial performance with increases on our underlying cash operating income, net cash and also profit from our continuing operations. Based on the results of the second quarter, the results of the first quarter and the expectation we have for the rest of the year, we reiterate or reconfirm our outlook, and that outlook is within a bandwidth of EUR 170 million to EUR 200 million.

So, an increase on our most important financial items and a reiterated outlook for the year 2019.



Then we move to slide 7 and dive in a little bit more detail into our business, starting with Parcels.

In Parcels, we see continued volume and revenue growth. Revenue grew to EUR 402 million, and that is mainly based upon the volume growth we saw in Parcels as well.

Volume growth was 13% in the second quarter and the volume growth we see so far is in line with the average of around 14% growth we expected for this year and the years ahead, which was also communicated at the Capital Markets Day.

The underlying cash operating income came in at EUR 30 million, and that is EUR 1 million less if you compare it to last year. This is mainly due to the performance of Spring, where we saw a EUR 3 million lower underlying cash operating income, a lower result than in the same quarter or second quarter last year.

Volume growth of 13% was slightly offset by a negative price/mix effect of EUR 3 million. We also saw in some customer segments slightly lower growth. And there you should think, for example, about the segment fashion.

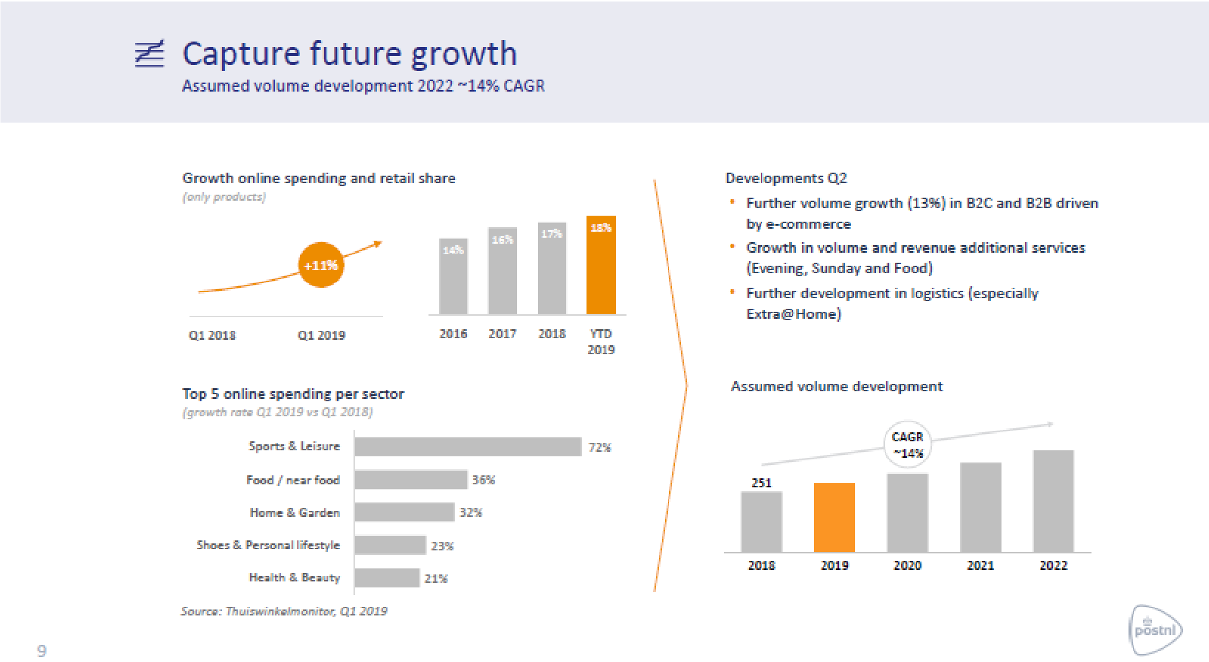
Our business Logistics & Other in which you find, for example, Extra@Home, but also Pharma & Care, is doing very well. They are doing very well in revenue as well as in underlying cash operating income and that has a positive development also to our Parcel business.

In Spring, we competition remains fierce. And then we mainly pinpoint at Asia because the business of Spring in Europe is doing well. The business of Spring in Asia is still difficult, partly because of global macroeconomic pressures we see, which also impact our Spring business, and partly we are only halfway with our improvement plan, as we have communicated last February.

The performance of Parcels Benelux increased with EUR 1 million, partly because of an improvement in volume/price/mix. We had some organic cost increases; we had a better operational performance and that resulted into EUR 1 million better performance. The results for Spring was down with EUR 3 million, and an improvement in Logistics is EUR 1 million. That gives you a view on the results of Parcels in the second quarter.

Last May, we presented at the Capital Markets Day, we did present the strategy of Parcels, in which we said we want to be the leading e-commerce logistics company in the Benelux, and our ambition is to be your favourite deliverer. To become or to be and to maintain that position as a leading e-commerce logistics company, there were five elements important to us. That is to capture growth also going forward – and I will come to these elements in a minute, invest in new capacity and innovate our network, improve value through yield management, optimise our supply chain and reduce costs, being a good employer and to reduce environmental footprint. And the latter, so being a good employer and reducing environmental footprint, is an important ambition for the whole of PostNL, not only for Parcels.

So I would like to highlight a little bit how we did in the second quarter, although it is still very early days. Our Capital Markets Day was on May 7 on the first 4 elements, capture growth, invest in our new capacity and then improve revenue and cost for Parcels.

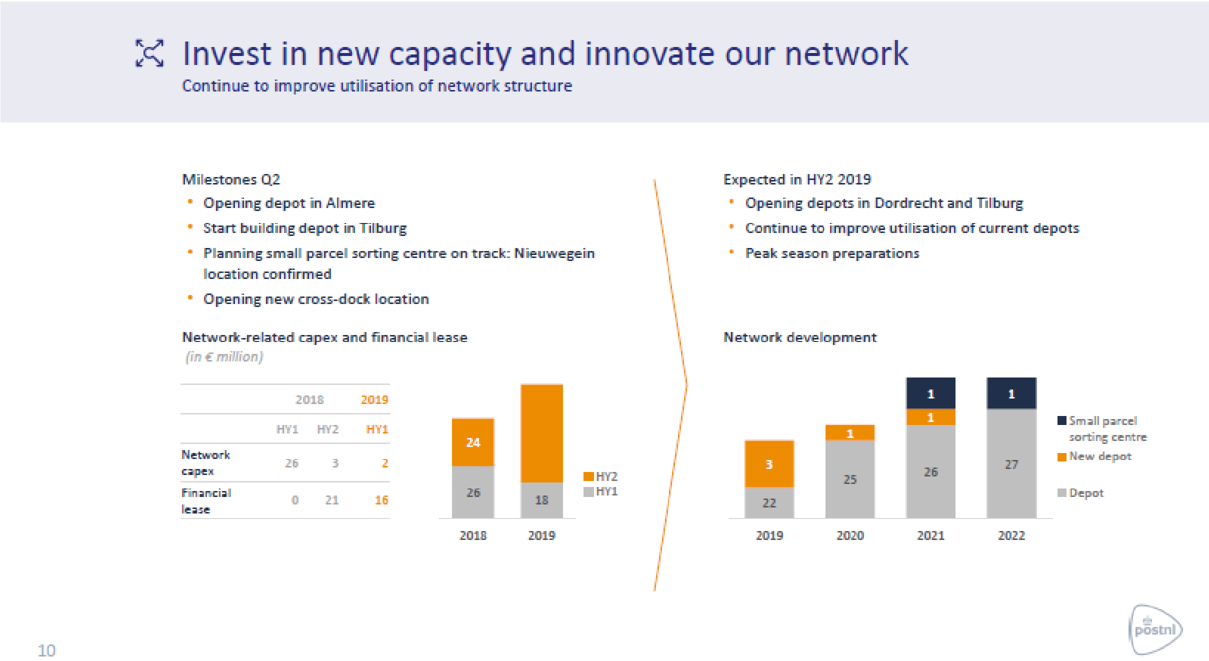


And I will start with the capture of future growth. On the left-hand side of slide 9, you find the growth we see in the whole market. So we still see growth in online spending and in the retail share. So year-to-date, 18% of retail is done digitally or via web shops.

We also still see growth in the top 5 online spending per sector. That translates into growth of our Parcel business, 2B as well as 2C, of 13%.

We also still see growth in our additional services like Evening, Sunday, but also Food delivery, and a good development within Logistics. And that underpins the ambition we have given that, on average, we think the amount of Parcels will grow with 14% over the next coming years, and that is underpinned with what we see happening in the second quarter and also with the figures out of the general developments in the market.

The second important element in our growth strategy for Parcels is to invest in new capacity and innovate our network. An important element in our investing strategy and innovation strategy were the growth of our parcels sorting centres this year, together with the development of the small parcels sorting centre, which will help us to put much more volume through our sorting systems secondly together with reducing the costs.



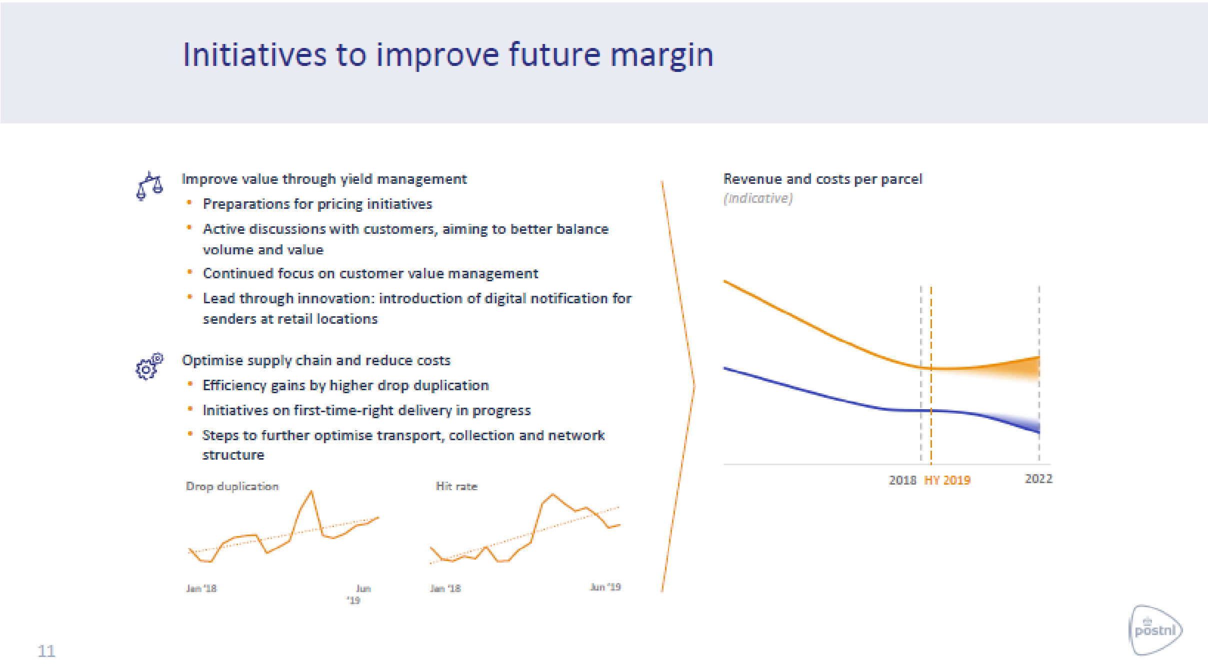
We opened the depot in Almere and we started building our depot in Tilburg and in a few weeks' time we will open our depot in Dordrecht. So we are on schedule to open three new sorting and delivery centres in the Netherlands this year.

Next to that, we hired a location in Nieuwegein. And that location in Nieuwegein, which is in the midst of the Netherlands, is also the intended location for our small parcels sorting centre. But for the time being, it will be used as a new cross-dock location, which will help us bring in more efficiency into our parcel sorting and distribution system.

So what we expected to happen and what we communicated at the Capital Markets Day – and that is what you find on the right-hand side of this slide – is that we will open another three sorting and delivery centres 2019, one already opened, one almost opened and one to go for the remainder of the year. We are still at the planning that we will open our small parcel sorting centre in 2021. All preparations have started to indeed be able to open that in 2021.

With the opening of the sorting centres this year, we are preparing for peak season as well which is expected to start, as every year, somewhere in the beginning of November.

There was a second important element in our Capital Markets Day and the update on our strategy, invest in our capacity and invest in innovations and initiatives to improve margins. On slide 11 you find an update on revenue improvement and cost improvements.



On the revenue side, we are in full preparations for some of the pricing initiatives we discussed at the Capital Markets Day, and we started active discussions with our customers to create a better balance between volume and value.

Next to that, we are fully focusing on innovations like, for example, the introduction of the digital notification for senders at retail locations. On the one hand this brings much more ease for the consumer in knowing when his parcel is at the retail location and picking it up at the retail location and on the other hand, it helps us to make a more efficient delivery model.

On optimising of our supply chain and reducing costs, there are two important elements in reducing the cost and making the supply chain more efficient. That is drop duplication and, secondly, with hit rates. Drop duplication is more than one parcel and one address, and the hit rate is that your first delivery attempt is successful. In both instances we see improvement over the last 1.5 years which helps us gaining efficiency in the sorting and delivery centre we have.

The peak you find over here is the peak around Christmas. And there, you see because of the extra volume in the period of Sinterklaas and Christmas you can create some extra efficiency in drop duplication and hit rate.

So Parcels is showing the first improvement on the important elements they communicated at the Capital Markets Day. It is also early days, but at least the first signs are visible and we wanted to present them to you to give some clarity around progress.

Then Mail in the Netherlands. Results from Mail in the Netherlands were good, and they were supported by a lower cash-out for pensions and provisions.

We saw a 5% revenue decline from EUR 400 million to EUR 380 million in the second quarter of this year. The underlying cash operating income improved with EUR 7 million, as said, mainly supported by lower a cash-out for pensions and provisions.

Cost savings are in line with expectations, EUR 12 million of cost savings for the whole of PostNL and we see a continuation of the trend that Mail Netherlands is indeed able to fill in all cost savings set.

Volume declined 9%, and even 9.8% if you take into account that we had one extra working day in this quarter, which is still within the bandwidth of the 8% to 10% we have given with the Q4 numbers. But the average over the first half year is 9.4%, so it is a little bit to the upper part of the bandwidth given to the market. The main part of that volume decline is still due to substitution and as we said earlier, it is expected to continue also over the next coming years.

We had a favourable impact of product mix but the substitution in the segments was a little bit higher, margin or a little bit less than in segments where we have a little bit less margin. The delivery quality is stable at 95%.

The results improved. We still see an impact from the volume/price/mix of EUR 8 million in the second quarter, next to an autonomous cost increase of EUR 16 million.

The cost savings purely in Mail Netherlands, so our Mail network were EUR 8 million. There we see that the volume decline together with the autonomous cost increases are not offset by cost savings. The other EUR 4 million, which sums up to the EUR 12 million, comes from, for example, cost savings at head office. We had a significantly lower cash-out from pensions and provisions, which was EUR 9 million and some other positive effects. That made a better results in the second quarter for Mail in the Netherlands.

Important for Mail in the Netherlands, it was important and will remain important, is the level of cost savings. For the year 2019, we expect the cost saving between EUR 45 million and EUR 65 million and we expect to be in that range for the end of the year.

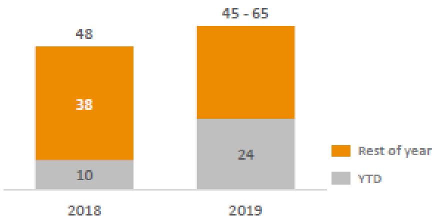
€12m cost savings achieved in Q2 2019, continuing run-rate

FY 2019 cost savings expected to be in €45m - €65m range

Cost savings Q2 2019

Reduction line management and overhead	• Implementation staff reduction according to plan
Efficiency sorting and delivery process	• Roll-out adjustments in delivery process completed
Implementation New mail route	• Switch to equal-flow model started in June, with non-time-critical mail delivered on five days instead of three days

Cost savings YTD
(in € million)



Following the announcement 'PostNL and Sandd to form one strong national postal network for the Netherlands', the financial outlook and dividend perspective for 2019 might change.

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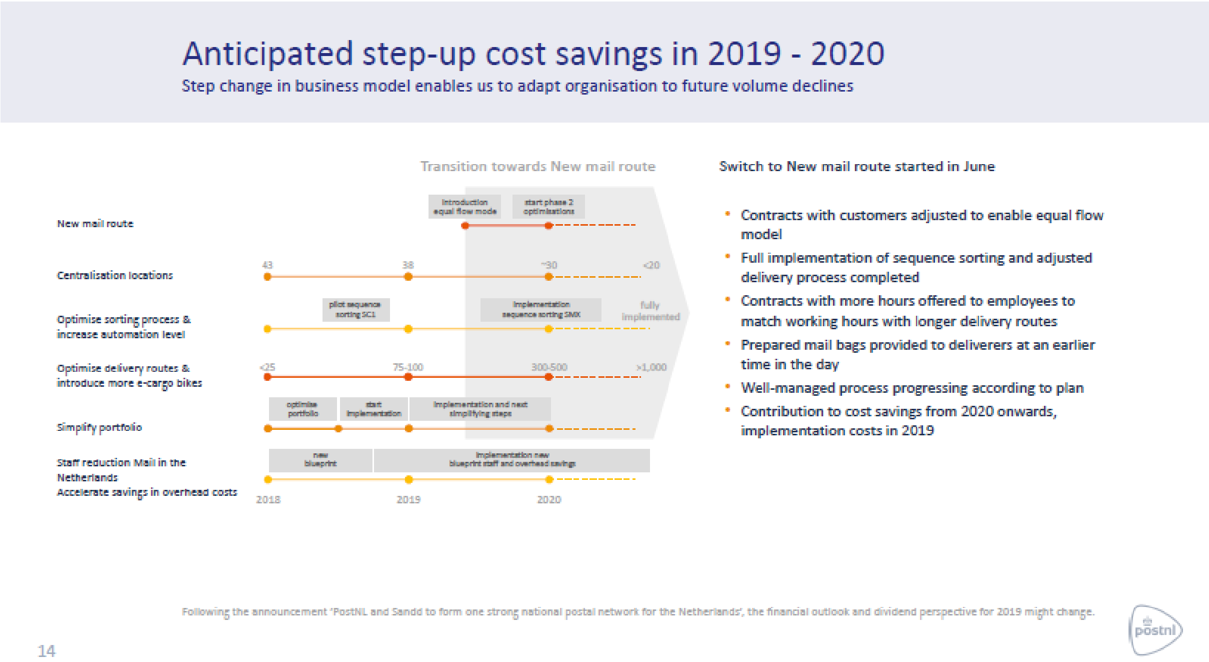
Cost savings in the second quarter were EUR 12 million, and those come out of cost savings plans which are already well known like, for example, reduction of line management and overhead, but also bringing more efficiency to our sorting and delivery centres and the implementation of the new mail route. That brings us to a year-to-date cost saving of EUR 24 million compared to last year's EUR 10 million. And we expect, as said, that for the rest of the year we will end in the bandwidth of the EUR 45 million to EUR 65 million.

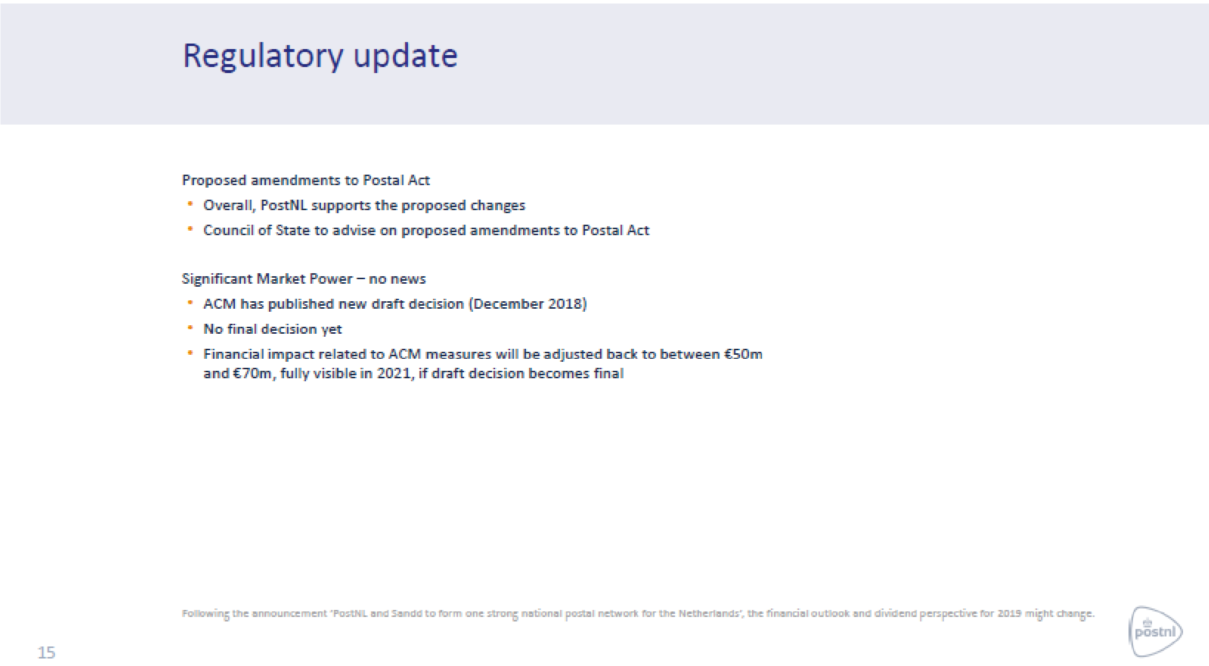


As said, the cost savings remain important going forward. We also expect some step-up in cost savings in 2019 towards 2020. Very important in that step-up was the introduction of the new mail route. That introduction took place in the month June, and to be very specific on June 3, and it was very successful.

What does the new mail route mean? It means that we create an equal flow in our delivery system and that we have more or less the same volume every day from Tuesday to Saturday. That in the end will also give us the opportunity to offer contracts to our employees with more hours than the contract we can offer today because we create longer delivery routes. The mailbags for the mail deliverers can be prepared earlier, so they can start with working earlier in the day, which is important and now most of our volume indeed is offered via that new route of the mail and it is working quite well.

In 2019, we see implementation costs but as of 2020, it will contribute an important part to the cost savings in the year 2020 but also for the year 2021 and ahead.

On the left part of the slide, we gave again an overview of the important cost saving plans. They did not change. This picture is probably well-known and already presented a few times. And, as already said, the introduction of the new mail route was a very important step for our cost savings to come.



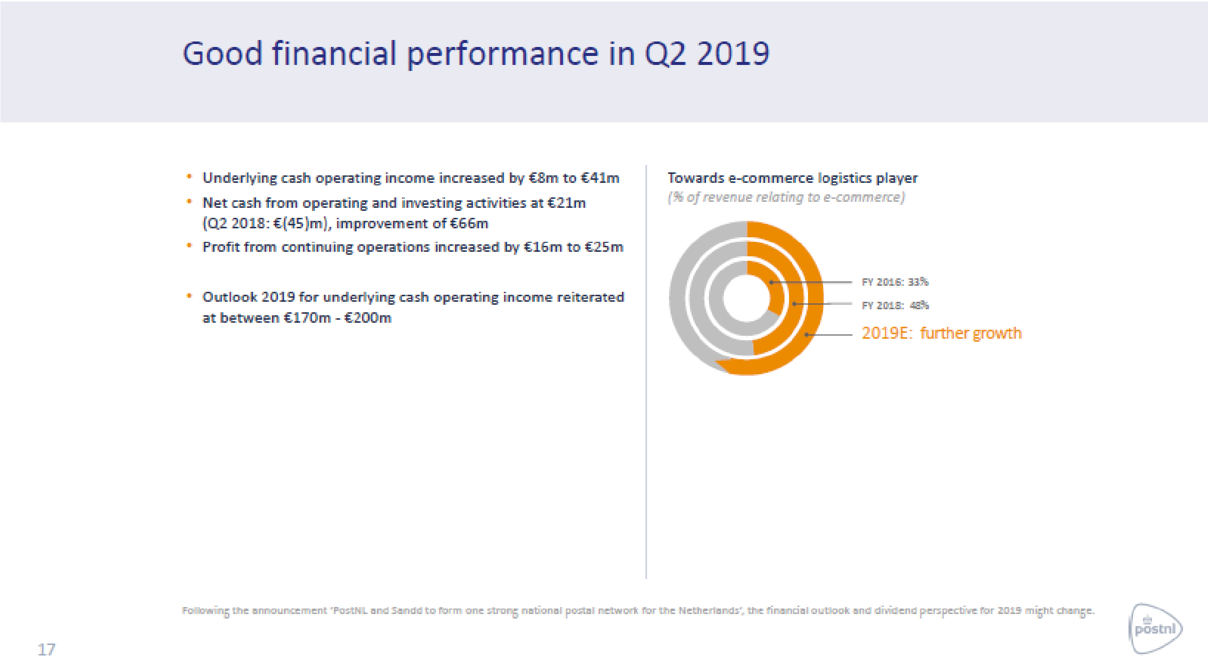
Then an update on regulatory. One update on regulatory is the proposed amendment to the Postal Act. PostNL supports the proposed changes in the draft Postal Act. We also gave our view on the Postal Act and now the Council of State is advising on the proposed amendment. That will lead in the end to a new Postal Act, which will be sent to parliament and will be discussed in parliament. Until that moment in time, we do not know what exactly the changes will be based on the amendments made by or asked by parties in the mail markets.

The second important part is Significant Market Power. ACM took a draft decision last year December and there is no final decision yet. It also means that when the decision will be taken, the impact of Significant Market Power will not be between EUR 40 million and EUR 45 million but will be somewhere between EUR 50 million to EUR 70 million, which will be fully visible in 2021. That will only be the case if the draft decision becomes final.

On the consolidation, and as already said with the key takeaways, we are waiting for a decision of the ACM. Hopefully, that will come soon, because that will give clarity. Hopefully, it is a positive decision. If it is not , then, and that is what we already presented with our flowchart at February 25, there is another opportunity for us to get approval on this consolidation, and that is via the Ministry of Economic Affairs and Climate.

The fifth important angle of the completion of our strategy of Parcels is important to the whole of PostNL, and that is being a good employer and reduce our environmental footprint. Being a good employer is what we think we are, but we want to stay in that position and that means that we are continuously looking for initiatives to realise favourable working conditions.

It also means that we took lots of initiatives around the very hot weather in the Netherlands of almost two weeks ago, where we enabled people in Mail as well as in Parcels to work different working hours to make sure that they were able to do their job. Next to that, we are working very hard on the reduction of our environmental footprint. Our scientific based targets are approved, and that means that we have now emission-free targets for PostNL towards 2025 and 2030. Together with the fact that one of the ways of underpinning reaching our emission-free target is that we rolled out our city logistics programme by zero emission by distribution for Mail and Parcels in the inner part cities. We already started that in Amsterdam and Groningen, and we will roll it out this year also to The Hague, Maastricht, Utrecht and Nijmegen. It is an important part of being, in the end, emission-free in the last mile.



So if I summarise – slide 17 – we see a good financial performance in the second quarter. The underlying cash operating income was up with EUR 8 million; a EUR 66 million improvement in our net cash from operating and investing activities, also profit from continuing operation increased on the basis of a good Q2, Q1, and the expectation we cited for the interim dividend and we reiterated or reconfirmed the outlook for the end of the year of between EUR 170 million to EUR 200 million; being even a little bit bigger than last year in e-commerce revenue, which is now 51% of our total revenue.

I think this is a good moment to step into the financials.

Q2 & HY 2019 Results

Key takeaways Q2 & HY 2019

Business review Q2 2019 and progress transition

Financial review Q2 & HY 2019

Outlook 2019

Q&A

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Pim Berendsen – CFO PostNL: Thanks, Herna. Yes, we will move into the financials with a little bit more detail.

Financial highlights continuing operations

Good financial performance in Q2 2019

(in € million)	Q2 2018	Q2 2019	HY 2018	HY 2019
Reported revenue	666	681	1,340	1,365
Reported operating income	21	37	61	59
Project costs and other	20	2	22	11
Elimination intercompany results from discontinued operations	(3)	0	(5)	(1)
Normalised EBIT	38	39	78	69
Restructuring-related charges	2		3	
Underlying operating income	40	39	81	69
Change in provisions	(10)	(1)	(23)	(4)
Change in pension liabilities	3	3	7	7
Underlying cash operating income	33	41	65	72
Net cash from/(used in) operating and investing activities	(45)	21	(34)	25

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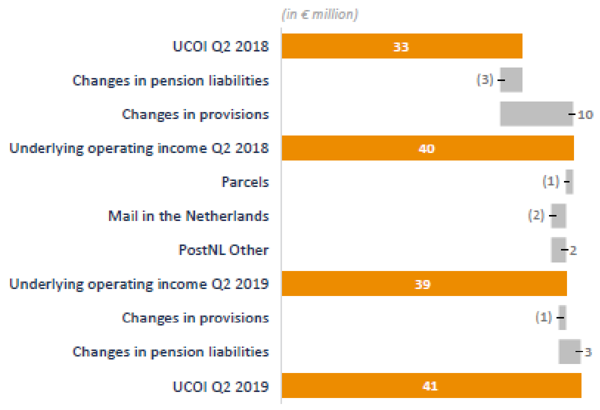
slide 19, the first one to be addressed. If you look at the second quarter, we are happy with the numbers. The current most important KPI, underlying cash operating income, is up with EUR 8 million to EUR 41 million, which is significantly higher than the EUR 33 million of last year. As you might remember, I am sure you will -- and by the way, this is all about continuing operations -- in May, we introduced a new metric to be used as of 2020 being the normalised EBIT. To help you comparing numbers and to follow deviations between the old and the new metric, we have included normalised EBIT numbers as well, and they came in at EUR 39 million in comparison to EUR 38 million of normalised EBIT over the same quarter last year.

Underlying operating income in Q2 was more or less in line with last year. Underlying cash operating income was higher, which is explained, as Herna already shared with you, by less cash-out from pensions and provisions, of which provisions are the most important element of that.

What I am also happy about is that the net cash from operating and investment activities has increased from minus EUR 45 million to EUR 21 million, which is EUR 66 million improvement on the back of other working capital and lower CapEx cash-outs. And in that number, we have an IFRS effect of EUR 14 million of higher depreciation costs that are now being reported there. Later on, we have a more detailed breakdown of the IFRS16 consequences, for the group as well as for the segments which we report the numbers.

Underlying cash operating income increased by €8m



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slide 20 is a more detailed breakdown of the underlying cash operating income. If you look at the second and third orange bars, you see the underlying operating income comparison. EUR 40 million in the second quarter of 2018 and EUR 39 million in this quarter. The Parcels segment was down EUR 1 million, which is as a consequence of domestic Parcels performance growing on the back of volume growth and Logistics improved businesses, offset by EUR 3 million deterioration of the Spring business, predominantly in Asia.

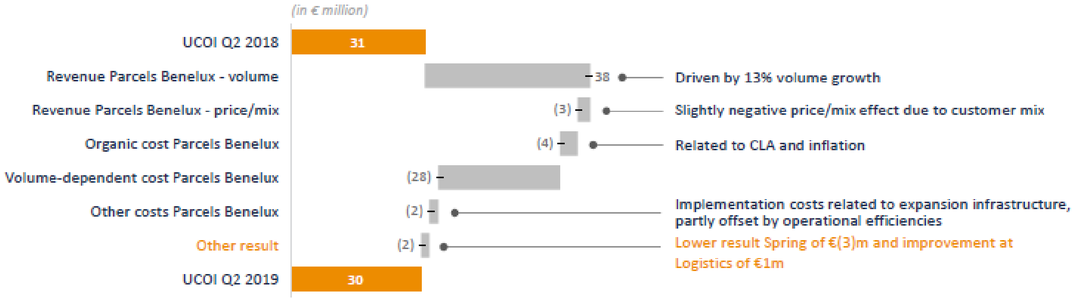
Mail in the Netherlands was EUR 2 million down because of volume decline as well as autonomous cost increases not completely offset by cost savings.

PostNL Other benefited from lower indirect costs and cost savings across the board there.

And then from underlying operating income to underlying cash operating income, you see the difference between the pension and provisions lines there.

Performance Parcels Benelux increased €1m

More than offset by lower result in Spring



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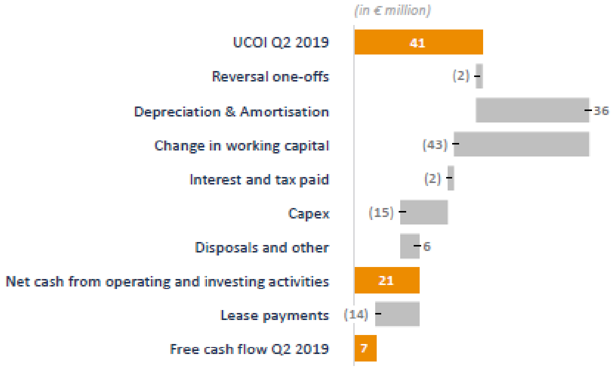
That brings me to a more detailed breakdown of the performance of Parcels Benelux on slide 21 and the comparison, EUR 31 million compared to EUR 30 million in this quarter. You see there is a same setup as we have explained, the Parcels' key drivers at the Capital Markets Day here. So revenue, because of volume growth, contribution to the results are EUR 38 million, driven by the 13.3% volume growth, a price/mix effect of minus EUR 3 million, which was slightly better than in the first quarter, organic cost increases at Parcels because of collective labour agreements, inflation, and indexation of subcontractors, tariffs, the volume-dependent costs related to the growth in volume of EUR 28 million; and then other costs developments at Parcels, predominantly driven by additional costs from growth in capacity offset by higher operational efficiency because of hit rates and drop duplication improvements. That together brings domestic Parcels up for EUR 1 million, and then 'Other' result is minus EUR 2 million. You see here the combination of Spring being down EUR 3 million and Logistics businesses improving by EUR 1 million. That brings the overall results of the quarter at EUR 30 million underlying cash operating income.

Generation of free cash flow in Q2 2019



Capex
(in € million)

	Q2 2019	HY 2019
Base capex	11	19
Cost savings initiatives	3	5
New sorting and delivery centres	1	1
Total capex (2019: max. 100)	15	25

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If we then move to the free cash flow generation in the second quarter, we see on slide 22 the bridge going from underlying cash operating income towards net cash from operating activities and, ultimately, to free cash flow. From the EUR 41 million underlying cash operating income, a small reversal of one-offs. Depreciation and amortisation in the quarter account for EUR 36 million. A change in working capital, still negative but significantly less negative than previous quarters. As I explained to you before, given the change in mix in businesses, Parcels having a higher working capital absorption than Mail businesses, we will see investments in working capital but not to the extent that we have reported before.

Interest and tax paid are down because of lower interest charges. CapEx, minus EUR 15 million. That brings the net cash from operating and investing activities at EUR 21 million, as said, a EUR 66 million improvement compared to last year. And then here, you find the lease payments as a consequence of IFRS16 being reported in between net cash from operating and investing activities and free cash flow. EUR 7 million positive free cash flow, which is the cash flow that remains for dividends, repayment of bonds and acquisitions.

Statement of income

Profit from continuing operations increased by €16 m in Q2 2019

(in € million)	Q2 2018	Q2 2019	HY 2018	HY 2019
Revenue	666	681	1,340	1,365
Operating income	21	37	61	59
Net financial expenses	(8)	(4)	(16)	(7)
Results from investments in associates and joint ventures	0	0	0	0
Income taxes	(4)	(8)	(13)	(12)
Profit from continuing operations	9	25	32	40
Loss from discontinued operations	(10)	(29)	(19)	(38)
Profit for the period	(1)	(4)	13	2

- Loss from discontinued operations: €(29)m in Q2 2019, mainly explained by a fair value adjustment and a negative business result

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Then to the statement of income. Profit from continued operations was EUR 25 million, EUR 16 million higher than the EUR 9 million of last year. Net financial expense being lower mainly because of the redemption of the Eurobond, the GDP Eurobond in August of last year. The results from discontinued operations was negative, minus EUR 29 million, in this quarter, which is mainly explained by a fair value adjustment and negative business results for both Postcon and Nexive together.

IFRS 16 impact Q2 2019

Impact of previously reported off-balance sheet operational leases (continuing operations)

(in € million)	Parcels	Mail in the Netherlands	PostNL Other	PostNL
Right-of-use assets (new)	70	31	24	125
Lease liabilities	+71	+31	+25	+127
Depreciation & Amortisation	+7	+3	+4	+14
Operating income	+0.3	+0.2	+0.2	+0.7
Net financial expenses	+0.3	+0.2	+0.2	+0.7
Net cash from operating activities	+7	+3	+4	+14
Net cash from financing activities	−7	−3	−4	−14

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On slide 24, we share a little bit more detail the IFRS16 implications on Q2, and we split those for the group and the relevant business segments. We see basically the depreciation and amortisation line increasing by EUR 14 million, split between EUR 7 million at Parcels, EUR 3 million at Mail, and EUR 4 million at PostNL other. Only slight deviations between operating income and net financial expense and there you also see the EUR 14 million that we just talked about being the change between the net cash from operating activities and the net cash from financing activities, the first increasing by EUR 14 million and the other one being reduced by the same EUR 14 million. So very limited implications group-wide of IFRS16 on our results.

Consolidated statement of financial position

Monitoring capital markets for a new debt arrangement

(in € million)	29 Jun 2019		29 Jun 2019
Intangible fixed assets	210	*Consolidated equity*	*(7)*
Property, plant and equipment	449	*Non-controlling interests*	*3*
Right-of-use assets	180	Total equity	(4)
Other non-current assets	72	Pension liabilities	317
Other current assets	409	Long-term debt	398
Cash	214	Long-term lease liabilities	122
Assets classified as held for sale	196	Other non-current liabilities	23
		Short-term lease liabilities	48
		Other current liabilities	677
		Liabilities related to assets classified as held for sale	149
Total assets	1,730	Total equity & liabilities	1,730

- Adjusted net debt is €702m; gross debt (Eurobond, 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
- Adoption of IFRS 16 Leases per 1 January 2019
  - Recording of right-of-use assets and increased lease liabilities for operating leases, mainly related to rent and lease of buildings and transport fleet
  - Right-of-use assets include transferred finance leases and capitalised leasehold rights and ground rent contracts (from PP&E)

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Then going to slide 25, where we find the translation of this quarter's performance into our balance sheet. There, noteworthy is that our consolidated equity decreased to minus EUR 7 million, which is basically as a consequence of positive profits from continued operations, offset by the pay-out of final dividend of 2018, which resulted in a cash payment of EUR 48 million, and the negative result of discontinued operations including fair value adjustment we just talked about as well as a net actual loss on pensions of EUR 3 million. That basically gets us to the minus EUR 7 million consolidated equity position at the end of Q2.

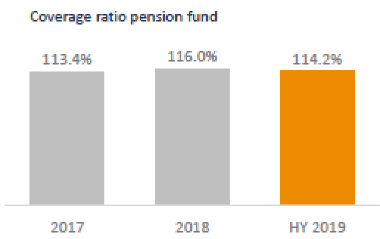
Based on those numbers, our adjusted net debt position is currently EUR 702 million, which compares to an adjusted net debt position of EUR 621 million at the end of Q1, still within the ranges of our leverage ratio and still properly financed, which we deem very important to steer the business going forward.

As we explained in February, we intend to finance the consolidation if and when we can complete the transaction with Sandd with cash at hand as well as new debt. Currently, we are monitoring the capital markets for new debt arrangements to be made.

Coverage ratio pension fund at 114.2%

Negative impact of pensions on equity €3m

(in € million)	Q2 2019
Return on plan assets in excess of interest income	224
Defined benefit obligation	(291)
Minimum funding requirement	63
Total pension	(4)
Net effect on equity within OCI	(3)



- Netted pension liabilities HY 2019: €317m
  - €33m Fifth and last instalment of unconditional funding obligation to be paid in Q4 2019
  - €284m Transitional plans

26

If we then go to the next slide, which covers the pension fund position at the end of this quarter. Coverage ratio -- details on coverage ratio. The pension fund was 114.2%, still well above the minimum required rate of 104%, but going down slightly because of the reduction of interest rates.

In our numbers, we reported a net negative impact on equity for pensions of EUR 3 million, which is described on the left-hand side of the slide. The net pension liabilities at half year amount to EUR 317 million, of which EUR 33 million remains for the fifth and last instalment of our unconditional funding obligation, which we will pay in the fourth quarter of this year. What then remains all relates to transitional pension plans, which will lead to a final payment by the end of 2020. And as we discussed and also as shown during Capital Markets Day, as of 2021, we get to much more normal pension situations, where your actual pension expense and your pension cash-out will only relate to one year's additional pension for the people that we are still employing.

2019 Interim dividend of €0.08 per share

Prudent financial framework

Financial framework

- Solid balance sheet and positive consolidated equity
- Aiming leverage ratio (adjusted net debt*/EBITDA) not > ~ 2x
- 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 acquisition Sandd and expected 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 leverage ratio > ~ 2x for a period of 12 – 24 months
- Temporary delay in dividend payments

2019 Interim dividend set at €0.08 per share

- 1/3rd of total dividend 2018, to be paid in cash or shares, at the choice of the shareholder
- In line with dividend policy

2019 Interim dividend calendar	
7 August	ex-dividend date
8 August	record date
9 - 23 August, 3PM CET	election period
26 August	announcement conversion rate
27 August	payment date interim dividend

** Adjusted net debt: gross debt (Eurobond, 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*

Following the announcement 'PostNL and Sandd to form one strong national postal network for the Netherlands', the financial outlook and dividend perspective for 2019 might change.

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Then we go to slide 27. I want to emphasize that a sustainable cash flow performance and our prudential financial framework are the basis for shareholder returns. We have set clear guidelines for that financial framework and as well we make clear what our priorities of capital allocation are. As discussed before, our dividend policy remains unchanged.

If you talk about capital allocation, investments to accommodate further growth in Parcels are key. We intend to invest in growth close to the core. And when we are in the outer years of the plan that we described in May, we might find ways to compensate for the dilutory effect on earnings per share at that moment in time.

If we will do the acquisition of Sandd, which we still expect to be able to complete in the fourth quarter of this year, it might well have its implications on future dividends if and to the extent that we will exceed the leverage ratio of around two that we set as being our way to look at properly financed. But based on the dividend policy that we have, based on the good performance in Q2 and the leverage ratio that we currently have, we have decided to pay interim dividends of EUR 0.08 per share, which is basically one third of the full year 2018 dividend. We will offer it again as an election dividend, so the shareholder can decide whether they want cash or stock dividend. The dividend will be payable as of 27th of August.

Then moving towards the outlook.

Outlook 2019 reiterated

(in € million)	Revenue 2018	Revenue outlook 2019	UCOI / margin 2018	UCOI / margin outlook 2019	compares to normalised EBIT (margin)
Parcels	1,555	+ low teens	117 (7.5%)	7.5%-9.5%	7.5%-9.5%
Mail in the Netherlands	1,678	- mid single digits	93 (5.5%)	3%-5%	3%-5%
PostNL Other / eliminations	(461)		(22)		Δ~(15)*
Total	2,772	+ low single digits	188	170-200	155-185

- normalised EBIT as new key metric for profitability as of 2020 (comparative numbers for 2019)
- 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 except for restructuring-related costs
- difference between UCOI and normalised EBIT visible in PostNL Other, mainly due to pensions
- closing of the intended transaction with Sandd in Q4 2019 could impact underlying cash operating income in 2019 by €25 million - €35 million, depending on timing

Following the announcement 'PostNL and Sandd to form one strong national postal network for the Netherlands', the financial outlook and dividend perspective for 2019 might change.

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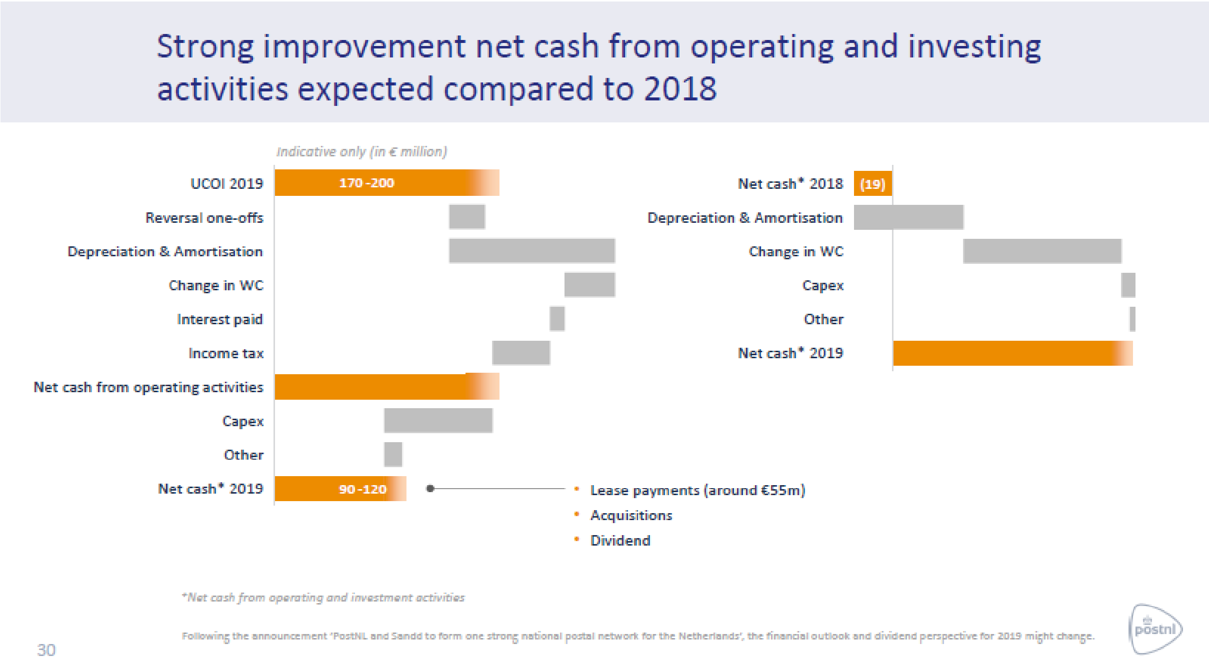
We have reconfirmed the outlook for 2019, delivering EUR 170 million to EUR 200 million of underlying cash operating income for the year. What I would like to re-emphasize is that those are the numbers excluding a potential effect on the numbers if we cannot complete the transaction with Sandd. If that can materialise in the fourth quarter, we expect an impact on underlying cash operating income of between EUR 25 million and EUR 35 million, which is because of the fact that we will then have implementation costs and the synergy effects of the volume migration not yet exceeding, particularly in the beginning those implementation costs.

Overall, In Parcels we expect the revenue growth to continue: and an expected margin of between 7.5% and 9.5%. and as well for Mail in the Netherlands, the 3% to 5% guidance we have given for 2018 is reconfirmed as well.



On slide 30: what we indicated already in the beginning of the year and what I want to revisit right now, is that we expect a strong improvement in net cash from operating and investment activities if you compare that with 2018. The 2018 numbers came in at minus EUR 19 million net cash, and we expect that net cash to grow to EUR 90 million to EUR 120 million, of which subsequently EUR 55 million will go out as lease payments and the balance will be there for the cash component of dividends and potential smaller acquisitions.

We still see an investment in working capital, but not so big as we had to report in 2018.

Interest paid is down and income tax is also a slightly lower number than we have seen in 2018.

All in all, it is crucial to show that improvement in net cash, because we believe that is the crucial metric that will also drive shareholder value going forward.

Looking forward towards the remainder of the year. You know that we have quite a seasonal pattern, where Q4 is always the bigger component of where we make the profit. Albeit maybe not so levered in 2019 as in 2018, still Q4 numbers will be significantly higher than the other three quarters.

If you look at Q3 going forward, Q3 numbers are, in general, always lower than Q1 and Q2, which will also be the case this year. In the first half of the year, we have seen beneficial implications of lower pension cash-out and lower restructuring costs. That will be less elaborate in the third quarter. We expect Parcels to improve in volume growth and efficiency levels after the new Parcels sorting centres have been started to get used.

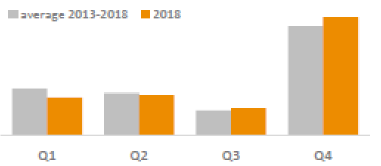
Cash and equity components, if you look at Q3, those will be impacted by distribution of the interim dividend we just talked about. That will go out in August.

There are no working day effects in the third quarter in comparison to the third quarter last year.

Seasonal pattern

UCOI split 2013 - 2018

(in %)



Working days	2018	2019
Q1	64	63
Q2	61	62
Q3	65	65
Q4	64	65
Total	254	255

Attention points for Q3 2019

- Outlook underlying cash operating income 2019: between €170m and €200m (FY 2018: €188m)
- Underlying cash operating income Q3 2018: €23m
- Mail in the Netherlands: effect from lower cash-out for provisions and pensions mainly visible in HY1

Following the announcement 'PostNL and Sandd to form one strong national postal network for the Netherlands', the financial outlook and dividend perspective for 2019 might change.

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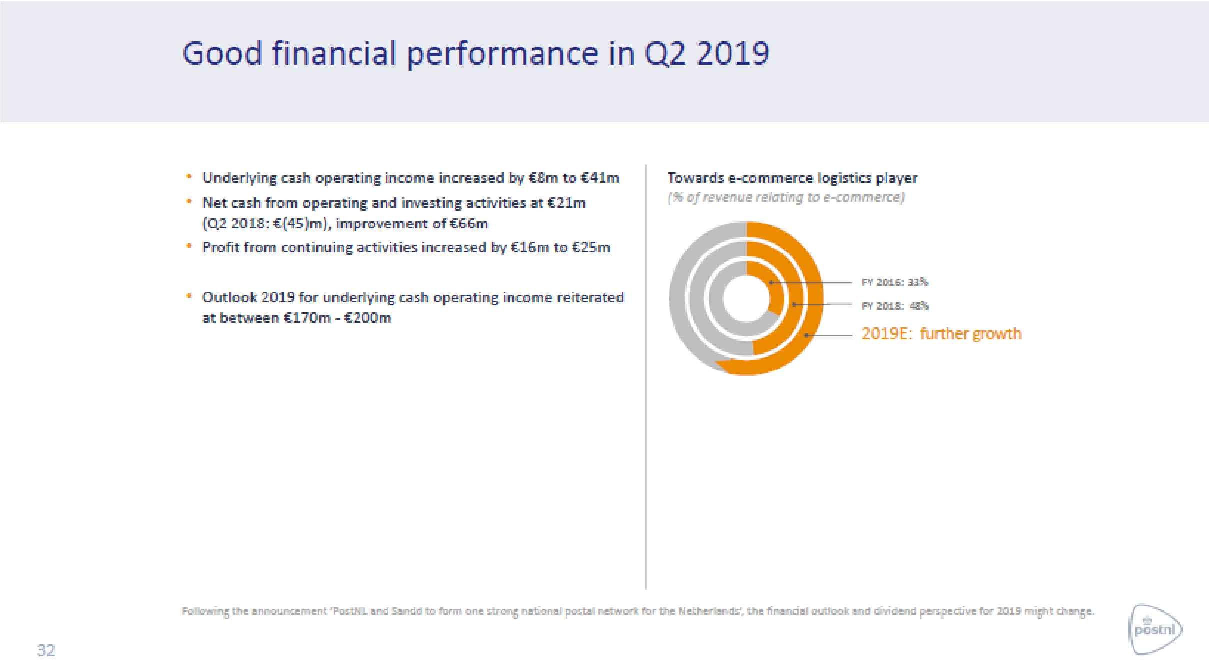
And to conclude today's presentation. A good financial performance in Q2, both in terms of underlying cash operating income as well on net cash from operating and investment activities. Also profit from continued activities went up, so we are happy with those financial results. We are well underway in the transformation towards the e-commerce logistics player with now 51% of revenue being e-commerce-related.



We are reconfirming our outlook of EUR 170 million and EUR 200 million underlying cash operating income for the year.

Thank you. Jochem, back to you.

Q2 & HY 2019 Results

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Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you, Pim. If you are on the line and you want to ask a question, please press *1. We will start here in the room and I am looking across the table who is going to take the first question.

- **Question**

A few questions, first about Parcels. You reiterated the outlook for the top line trend as well, which is in the low teens. We are now at 8% in the first half, so an acceleration is then needed for the remainder of the year. You already mentioned, thanks to the new sorting centre that, that might help, but I was wondering how much visibility you have for an acceleration into the second half?

And another thing about Parcels: maybe I missed something but in the past, you also presented sales numbers of Spring, which undoubtedly has been under pressure taking into the market conditions. Would you give once again a number there and tell us what you see for the immediate outlook there, also taking into account last week's [sound fading]

Finally, but that is just for confirmation. I believe that you said during the presentation that the cost savings in Q2 were all within mail.

[sound fading]

Pim Berendsen – CFO PostNL: Let me start with the last. The EUR 12 million is in total, so those are the cost savings in total, so EUR 8 million of which are cost savings related to Mail.

If we talk about Parcels, we reconfirmed the outlook. Also, what you have seen from Q1 to Q2 is a slight improvement in the margin development of Parcels. The 13.3% volume growth we expect to improve slightly towards the remainder of the year. As you know, we have mentioned an average expected growth of 14% over the next years to come. This quarter, volume growth has been impacted by slightly lower growth than some of the customer segments, just to give you an example. It has not been a great quarter for our fashion customers. The volatility and weather circumstances then being very nice and being very hot and then there being horrendous rains and that has not made it the best quarter for fashion. Fashion customers have not only the first delivery attempt, but that is us also a customer segment where there is a lot of returns. So that has had its implications partially on the volume growth in this quarter. Based on our analysis, based on our bottom-up approach of all customers and customer segments, we expect indeed an improvement at the end of the year.

We do not give explicit revenue numbers at the level of Spring but revenue has been down in comparison to the same quarter last year. International trade developments have their impact. It is not good for cross-border trade, particularly the Asia-to-European streams have been severely impacted. The other countries where we compensate the International Mail decline with growth in cross-border e-commerce has been performing at the same levels as last year. We expect Spring to improve in comparison to this quarter's performance. All in all, we expect a slight improvement in comparison to last year, but we are not happy with Spring's performance in this quarter. I think I covered all three questions.

- **Henk Slotboom – the IDEA!**

Just the final remark you made: do you expect small improvements on a full year basis? Is that on a revenue basis or a results basis?

Pim Berendsen – CFO PostNL: On a results basis but the more important metric for us is it is the profit improvement, which we expect to improve slightly in comparison to last year.

Herna Verhagen – CEO PostNL: It is also based on the improvement plan we communicated at the end of February, when we had Q4 numbers. Especially on the Asia-to-Europe lane or Asia-to-Netherlands lane, we had some improvement plans and they are now underway. It is one of the reasons why we expect to have an improvement compared to the end result of last year. But still as Pim said, if you look into Q2, it does not bring lots of satisfaction to us.

Henk Slotboom – the IDEA!: Then some other questions. On slide 26 I suddenly see an amount of transitionals popping up of EUR 284 million. I am not sure if that was communicated in May, but as far as I can remember, it was a cash out of EUR 200 million-ish, just over EUR 200 million?

Pim Berendsen – CFO PostNL: It was a little bit more than that. I am certain about that. The position at that moment of time was EUR 306 million pension liabilities. And the transitional pensions liability obligation, if you want, moves also with inference rates. So there is a mutation fluctuation of the pension liability. But overall pension liabilities – but I might be mistaken – were EUR 306 million or EUR 309 million at the end of Q1.

Henk Slotboom – the IDEA!: But I am talking here about the transitional.

Pim Berendsen – CFO PostNL: Yes, that was part of the same and the EUR 33 million has not been changed because that is the final and 5th instalment that we still have to make on the top-up payments.

Henk Slotboom – the IDEA!: I understand that you cannot say anything about how things are going with the ACM in relation to the probable waitingg to acquire Sandd. I can imagine that given the uncertainty Sandd is facing that they have problems recruiting deliverers. It is already difficult. Have you experienced an increase in overflow from Sandd […]?

Herna Verhagen – CEO PostNL: No, we do not see big changes compared to when we communicated the consolidation. Of course it is more difficult to find deliverers in certain areas than in other areas in the Netherlands but we do not see big changes at this moment in time. Nevertheless – and that is what we constantly say – we that there will be a decision soon because in the end, volume keeps declining an 8% to 10% a year so the earlier we can consolidate, the more opportunity we have to create synergies.

Henk Slotboom – the IDEA!: I have two follow-up questions on Postcon and the Nexive operations. The book value now is EUR 44 million at the end of first half year. That is including the impairment you took in the second quarter. In hindsight, if I look at the EUR 44 million or the two operations and I compare that to the value of Sandd, are you still happy about the amount you are paying for Sandd?

Herna Verhagen – CEO PostNL: This question is often asked also when we presented this half year ago. I will come back to the value of Postcon but what we had said at that moment in time is when you think about a price to pay it is also a price you pay for the synergies you can create. That is a big difference between us, where we can create synergies by acquiring Sandd and consolidating the networks versus a party which is now acquiring our activities in Germany, which needs to earn its money with future growth and creating more efficiency. But they do not have a network to create synergy. So that is, I think, the answer. If we think about the EUR 130 million, which is communicated, it is based upon synergies we think we can create by combining the two networks.

Pim Berendsen – CFO PostNL: Doing EUR 50 million to EUR 60 million a year is incomparable of how you can look at Postcon or Nexive. They are completely different transactions by nature, completely different value stories, each of them, and we are happy that we are able to announce the sale of our Postcon activities, which allows us to focus as we said we would, on the development of our Benelux businesses.

Henk Slotboom – the IDEA!: Let me emphasize that you are happy, that you finally have found a buyer for Postcon [inaudible]. In my view it could be far worse. And you sold or you have agreed to sell 100% of the shares?

Pim Berendsen – CFO PostNL: We have agreed to sell the activities of Postcon. That is what the press release says.

Henk Slotboom – the IDEA!: But is there a likelihood that you maintain a stake in the operations?

Pim Berendsen – CFO PostNL: No. All operations, all business activities will be transferred to the buyer.

Henk Slotboom – the IDEA!: So, there is no clause in the contract or whatever that is private equity […] that is buying it […]

Pim Berendsen – CFO PostNL: Quantum.

Henk Slotboom – the IDEA!: … that they …

Pim Berendsen – CFO PostNL: No, we will not stuck with parts of the business. Just to be clear, all activities both of […], activities, national businesses, regional business will all be bought by Quantum.

Henk Slotboom – the IDEA!: Their investment is for the long run and they will not sell it to, for example, Deutsche Post? If you get […] to buy Sandd?

[all together]

Pim Berendsen – CFO PostNL: I do not know. We sell to Quantum. We have run a very careful divestiture process with negotiations with multiple parties. At the end of the day, we believe this is the best buyer of Postcon going forward. They have [bought] into the plan, management presented. They are there to help them create improvements on operational levels and help them invest in changing their market approach and grow the business. To whom they sell eventually I do not know, that is not up to us. We are happy with the transaction that we are now able to announce.

Henk Slotboom – the IDEA!: And there are no hurdles from the anti-trust?

Pim Berendsen – CFO PostNL: There are other technical conditions and anti-trust is the most important one. In Germany, you need to have postal licenses to be active in that market and that is another one and there are regular clauses between signing and completion that you see quite often in these types of transaction. We expect to complete definitely in this year.

- **Andre Mulder – Kepler Cheuvreux**

I have a number of questions. Firstly, looking at the domestic volume of 9%. Can you give me a bit more detail on the split of that volume decline? You mentioned substitution is the larger point, but are there a bit more details to mention there?

Herna Verhagen – CEO PostNL: No, the split is not much different from what it was also in other quarters. So in the 9% volume decline, it is 1% - 1.5%, 1% - 2% is competition and the other part is substitution. That is the reason why we say that the biggest part remains to be competition.

Andre Mulder – Kepler Cheuvreux: And the 1% to 2%, is there a combination of lower network access and real competition?

Herna Verhagen – CEO PostNL: That is correct. But also there it is the same as in other quarters. If it comes to the 1% to 2%, it is partly real competition, it is partly the fact that postal operators are distributing more in their own networks than they do via us. If we then look into the volume, the decline in single mail items is a little bit higher than the decline in bulk mail. So also there are no trend differences from the other quarters.

Andre Mulder – Kepler Cheuvreux: I have the same question on the selling of Germany and Italy. Could you give a bit more colour on the split in results, the split in share value adjustments, and the size of the operations?

Herna Verhagen – CEO PostNL: In the financials we said we combined the two in discontinued operations and that is how we present the numbers, too. So there is no split made at this moment in time between Postcon and Nexive. When we do the full closing of Postcon, we will give some more financial details on Postcon. That is what we have said today.

When it comes to the business, if you think about Postcon in the German market, Postcon is a mail company that is almost 100% mail focused. They do around one billion items. That one billion items is partly distributed via our own networks and partly via other networks. They have a 10% market share, and they are clear no.2 in the market. Also, the business plan going forward is based upon growth in the mail markets, which is less fast declining than in the Netherlands mail market. Germany has a decline of 2% to 3%. They are a challenger and therefore are able to grow the business going forward.

Around 5,300 people are working for Postcon partly employed, partly via partners. In Italy we are active in Mail and Parcels, and there we started to invest in our Parcel network three or four years ago. In Mail, we have market share of around 16%. In Parcels today, we have a market share of around 5%. 8,000 people employed partly directly, partly via partners – the biggest part – who are working for us in the Mail and Parcel business.

Andre Mulder – Kepler Cheuvreux: Apart from the book value of EUR 44 million, I believe there are also some tax side [(deferred tax assets)] to be mentioned?

Herna Verhagen – CEO PostNL: Correct. In note no. 9 you find the tax opportunity we see, which amounts to around EUR 60 million.

Andre Mulder – Kepler Cheuvreux: And then a question on your demands for a cash contribution from the government. You cannot keep on raising prices forever. What has been the reaction from the government on that? Are there are really certain amounts maintaining a postal system in Netherlands and [sound!] What was been the reaction of government then?

Herna Verhagen – CEO PostNL: We do not know yet. We gave our reaction to the draft Postal Act. In that, out of the many reactions, this was one of them. What normally happens in such a process, is that there are more market parties, who probably will have delivered their views on the Postal Act. Some of the amendments will be taken up in the new Postal Act and that Postal Act is seen and commented on by the State Council. And that will lead to a new Draft Postal Act before we discussed in Parliament. Until that moment in time -- so until they will publish the new Draft Postal Act up for discussion in Parliament – we do not know to be honest what exactly has happened with the comments we delivered but also the comments others delivered. Is the translation for ‘netto kostenregeling’ cash infeed? What is the translation of ‘netto kostenregeling’ in English? The net cost compensation?

Pim Berendsen – CFO PostNL: Yes.

Herna Verhagen – CEO PostNL: Net cost compensation.

Andre Mulder – Kepler Cheuvreux: I have a question on the numbers.. Firstly, on page 29 you mentioned the amount of EUR 15 million and EUR 25 million to EUR 35 million. How should we look at those amounts?

Pim Berendsen – CFO PostNL: EUR 25 million to EUR 35 million is the impact on the underlying cash operating income. That is if we can complete the transaction with Sandd in the fourth quarter. As you might remember, Andre, that the flow of how the synergies come in, the negatives are driven by implementation costs. We will have a slight delay in our own cost saving plans and synergies will only come in when we have moved volume from their network to ours. And the balance in the fourth quarter of 2019 of those three elements together will be minus EUR 25 million to EUR 35 million. And then we said based on the insights we had by February that the 2020 number would be slightly [created] on the underlying cash operating income.

Andre Mulder – Kepler Cheuvreux: And the EUR 15 million?

Pim Berendsen – CFO PostNL: EUR 15 million was the impact on the EBIT number or normalised EBIT number and the difference between those two is the difference between normalised EBIT and underlying cash operating income. I just do the provisions and the cash out from provisions.

Andre Mulder – Kepler Cheuvreux: You mentioned the net debt number of EUR 702 million. Can you also give us the adjusted EBITDA number?

Pim Berendsen – CFO PostNL: No, we do not really give that but as said, the leverage ratio is not exceeding 2, so that basically gives you roughly the answer.

Andre Mulder – Kepler Cheuvreux: And what is the reason for not mentioning that? Because it is quite important for investors to see where you are in terms of debt ratio.

Pim Berendsen – CFO PostNL: We have given the normalised EBIT number. We also have given an indication on depreciation elements, so I think there are enough ingredients to get a fair assessment of the EBITDA. And what I said, leverage is not exceeding the 2.0.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Let's move to our online participants.

- **Ruben DeVos – KBC Securities NV**

I have two questions, the first relates to the implementation costs related to the infrastructure expansion. I think you recognised cost of more than EUR 7 million in the first half and I am just wondering whether that level of costs is being in line with your expectations. Could you maybe give a rough indication of what we can expect in the second half of this year? These are one-off costs. They are expected to come back in the next few years given the announced network developments in the coming years. So any colour you could give on that for the years beyond 2019 will be very helpful.

Then secondly, I am just curious whether you would have the latest update on the ongoing discussions with FNV. Are there still risks today after they signed CLA with the other unions? And then related to that, what could we expect from the new CLA for postal deliverers, which, I believe, expires at the end of September?

Herna Verhagen – CEO PostNL: Let's start with your last three questions. The first one is on Significant Market Power. There is no news at this moment in time, so that means that we have the draft decision from the ACM. We have our reaction, which was already sent to the ACM, I think 10 or 12 weeks after the first draft, which is also the case for the other market parties That is where it is at this moment in time. If they come up with that decision and the decision is more or less in line with the draft, it will have a negative impact. That is the difference between what we see today, EUR 40 million - EUR 45 million and the EUR 50 million – EUR 70 million mentioned also in the presentation and that EUR 50 million - EUR 70 million will be fully visible in 2021.

Ruben DeVos – KBC Securities NV: I am sorry to interrupt but my question related to the FNV, the ongoing discussion with FNV and the new CLA for postal delivers, yes.

Herna Verhagen – CEO PostNL: We understood SMP! Okay, no problem! That is what I understood as the last two questions around the unions and the CLA for postal delivers.

There is a CLA for PostNL, which is signed together with the other three unions not being FNV and the other three unions together have more than a majority with the people and with the members being part of unions. That is the reason why it is a validly signed CLA, which is in place at this moment in time and which will end April 2020. So that is the status around our current CLA. It is a signed CLA and it fully implemented. And there will be new negotiations when it expires in the beginning of next year.

The second CLA we have is the CLA for postal deliverers. That will end in the third quarter of 2019. It means that we will start discussions with the unions around the CLA also in the third quarter so we will start discussions with all the unions, which means including FNV. That is the current status.

Pim Berendsen – CFO PostNL: Then back to your Parcels question. I would say the increasing cost related to the expansion of the network relates to when you open up a new depot, you have to adjust all your transportation routes. You have 22 depots in the beginning and 23 right now. That means if you have additional routes, which in the beginning are not completely efficient given the fact that you need to grow into the volumes to make that change in line with the transportation network very efficient. So that takes a little bit of time. As we said in 2019, we will open up another one within the next weeks and another one later in the year just in time for the Christmas and the Sinterklaas season. One of the key components of our strategy of Parcels going forward is to create a better balance and volume growth, margin development as well as investment levels required to grow the business. Our investment in the small parcel and sorting centre will refrain us from having to open a lot more parcel depots and will also be beneficial to the cost per parcel, as we have indicated in the Capital Market Day slide. So we expect to improve on the operational efficiency of Parcels on the back of more volume growth in the remainder of this year. And as of 2020 - 2021 particularly when the small parcel centre is going to be opened, we will see an acceleration of that as well.

Ruben DeVos – KBC Securities NV: I understand that it will obviously benefit the cost per parcel delivered and processed, but could you have any indication on the implementation costs really in H2 or maybe for 2020 of what that would mean, a ballpark figure?

Pim Berendsen – CFO PostNL: No. As I said in the bridge, we explained the result of Parcels. You will see an increase and in those cost related to the expansion of the network in the quarter of roughly EUR 2 million. That is all I can say. Going forward, we said we want to improve the margin of Parcels going forward by means of the commercial initiatives as well as the operational initiatives that should bring the cost per parcel down resulting together in the higher yields we are looking for.

- **Mark Zwartsenburg – ING**

I am sorry to come back to the Parcels division. Ruben trying to squeeze out some of the implementation cost but should I see the EUR 2 million of implementation cost that were in Q2 as a result of the first DC being just about live and the next one almost live that most of that is already in there? Should we at least see a little bit of lower implementation cost going forward in the second half? Related to that, you expected the margin to improve and also the growth to accelerate, but what if the growth does not accelerate? How confident are you still with your 7.5 low-end of the range margin? That is my first question.

Then on Postcon and Nexive, mainly on Nexive. It is still in discontinued? Does that mean that you will probably reach also an agreement there already in the second half or is it possible that this goes into 2020? Related to that, how much of the actuals carry forward, say the EUR 60 million deferred assets, how much is related to Postcon and should come in quickly, and how much is related to Nexive? How should we look at those EUR 60 million in terms of cash flow? When should we see a part of that amount? How much is for 2020? Those are my questions.

Pim Berendsen – CFO PostNL: I will take the last two. We are still in the process of selling Nexive. We expect to be able to do so before the end of this year. We will remain to report it at discontinued operations. At this moment we will not make a split both in terms of equity value and in terms of DTA between those. We are still in the process of negotiation. I do not think it is in the interest of the company to split those numbers right now. As Herna said, at the moment that we complete the transaction, we will give a bit more information on the Postcon transaction. But at the moment, we are not willing to split those numbers between the two.

Mark Zwartsenburg – ING: And the reason for the timeline on Postcon so year-end, is that because of all the competition authority timeline?

Pim Berendsen – CFO PostNL: It is because of the conditions between signing and completion and we expect definitely to complete that before year-end. And again also here, the saying applies the sooner the better, but definitely before year-end.

Mark Zwartsenburg – ING: And is there a break fee involved?

Pim Berendsen – CFO PostNL: No. There is no reason for that. It is regular conditions between signing and completion that need to be fulfilled. So – and that also relates back to Henk's earlier question – we are not left with any businesses that we do not want. Everything goes as part of this transaction.

Herna Verhagen – CEO PostNL: We expect to finalise Nexive, at least the signing, in the second half of this year. So, that was a correct view on how we look into Nexive.

When it comes to Parcels, we expect growth to accelerate a little bit towards the end of the year. It is based on – as explained by Pim that mainly the fashion segment saw a little – the second quarter which was a little bit less than expected. It is not expected that will continue for the remainder of the year but it is one of the reasons. Secondly, we also expect some growth to continue for the second half of the year as we saw also in many of the other years.

If you think about margin improvement, I think it is very important -- and that is what we tried to do by giving you also the impact on margin with the Spring number – that the margin for our Parcels business is improving and also when you compare Q1 to Q2, we see this improvement in the margin of Parcels. That is what we expect also if we look into the second part of the year. As explained, that is mainly the reason why we gave the number of Spring and then especially the decline in online cash operating income compared to the second quarter of 2018.

Mark Zwartsenburg – ING: We should not expect say the implementation costs in the second half to be a deal breaker here on the margin? That is why people are asking about it and why people are worried a bit, because there are still two DCs to come that need to be implemented.

You can have one at […] and you have the CLA agreements, one strike and maybe you're out, so to speak. Do you have enough room to cover that?

Herna Verhagen – CEO PostNL: To be very clear, the CLA negotiations are about mail deliverers and have nothing to do with Parcels.

Mark Zwartsenburg – ING: And parcels has nothing coming up? Okay.

Herna Verhagen – CEO PostNL: No, that CLA is already concluded and it is a binding CLA, which is already in place since last April. So that is important to understand. With the confirmation of the 7.5% to 9.5% of Parcels, as explained by Pim when he talked about the outlook and also the expectations, we do not have the expectation that implementation cost in the end will hurt the 7.5% to 9.5%. Because then when we knew at this moment in time, we would have said something around it, and we did not .

Mark Zwartsenburg – ING: And then a final question. What is the next date actually for the ACM or parliament to come up with something on around Sandd?

Herna Verhagen – CEO PostNL: We do not know. It is in the hands of the ACM at this moment in time. We hope it will be soon.

Mark Zwartsenburg – ING: And there is no session planned by government, by parliament?

Herna Verhagen – CEO PostNL: No, it is truly waiting for the decision by the ACM. Nothing is planned.

Mark Zwartsenburg – ING: Thank you very much.

- **David Kerstens – Jefferies**

Good morning. I have a few questions, first regarding the Parcel price/mix effect. I think you presented now in a different way and you showed an effect of EUR 3 million in absolute terms.

That seems within the percentage term, much lower than what you had previously. I was wondering if you already see any positive effects from the new commercial strategy. Or is this just a different way of presenting the numbers?

The second question is regarding the remarks you make about the volume shift to competitors? I understand this is still ongoing despite the potential changes to the postal law. Where do you see market share of this group of competitors at the moment? Has it substantially moved at all? I think previously you called it around 5%. And then related to this, do you also see any volume coming back to PostNL for example from Sandd customers? If you are a Sandd customer today, what is the reason to stay with them? Why would you not move your contract to PostNL already before the merger takes effect?

My final question is a follow up on the leverage ratio question. I was also struggling to calculate the net-debt-to-EBITDA ratio below 2. I understand that is based on the performance in the first half of the year as well as the expected performance in the second half. And I was struggling to get to a number below 2. So any further colour on how you calculate that EBITDA number will be much appreciated.

Herna Verhagen – CEO PostNL: The Parcel price/mix effect is presented in absolute terms and you are right that it is less than we saw in the quarters before. I think it is too early days to say that this is a full effect of the implementation of our commercial initiatives, which we announced at the Capital Markets Day but you do see some effect. And that is also the reason why we said in the press release that first signs are visible.

David Kerstens – Jefferies: But are there any price increases included? Or is it just purely main mixed effects of to drive the improvement?

Herna Verhagen – CEO PostNL: It is small price effect and the bigger part is mix.

Then your remark about the volume shift. Do we see the market share of postal operators changing much? The answer is no, we do not see it is changing much. So I would not change the number of 5 or 6. It is still, in our view, around that number.

Is there lots of volume coming back to PostNL? There, the answer is no as well. So it remains to be with Sandd or it remains to be with PostNL and there is not a big shift going on at this moment in time or volume from one to the other or the other way around. In my view customers are also here waiting for final decision and waiting for what will happen.

David Kerstens – Jefferies: But are there any large contracts coming up for renewal before the acquisition closes?

Herna Verhagen – CEO PostNL: Hopefully we close this case in Q4 because that is still the assumption we have. But there are contracts coming up in the last quarter of this year for some of those contracts will end by January 1, 2020.

David Kerstens – Jefferies: Understood. And on the leverage question?

Pim Berendsen – CFO PostNL: Yes, yes. I was about to go there. Let me try to explain it better than I did last time. If your leverage ratio based on our policy it is the year-end adjusted net debt divided by the adjusted EBITDA. If we look at the outlook for the remainder of the year and for the full year, we will see a couple of things. Net debt will improve in comparison to the end position per the end of this quarter. That is always the case given the phasing of our cash flows and results are realised within PostNL. So, in our outlook we expected year-end adjusted net debt divided by the adjusted EBITDA that we expect, which is a little bit above the EUR 300 million it will be within the boundaries of our dividend policy. Another way to look at it would be to look at the current adjusted net debt position, but you have to then divide it by the full year EBITDA number. You could also look at the last 12 months EBITDA and also then it is in the boundaries of the dividend policy. So on the back of that and on the back of our strong Q2 performance, and as well as what we clearly said, we will just apply the dividend policy. We decided to pay out the interim dividend of EUR 0.08 per share.

David Kerstens – Jefferies: So if you take the backward looking approach, I assume you take out the lease liability since you have not restated the second half of 2018? Is that correct?

Pim Berendsen – CFO PostNL: It will take the same definition that we currently apply, which has always been the definition of adjusted net debt very close to the definition also credit rating agencies use and then you divide that by the last 12 months adjusted EBITDA.

Going forward, you look at given the performance that we expect for the remainder of the year, where we expect adjusted net debt to be at the end of the year, divided by what the EBITDA number that we expect on the back of the outlook of EUR 170 million to EUR 200 million underlying cash operating income.

David Kerstens – Jefferies: So that is excluding the EUR 25 million to EUR 35 million for Sandd?

Pim Berendsen – CFO PostNL: Yes. Indeed, this is on the back of going concern...

Herna Verhagen – CEO PostNL: As is today.

David Kerstens – Jefferies: Understood. Thank you very much.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: As there are no more questions from the line, I think we have reached the end of our meeting. No, just one final question.

Herna Verhagen – CEO PostNL: Or two!

- **Andre Mulder – Kepler Cheuvreux**

Based on your comments on 'going concern' you would still expect the net-debt-to-EBITDA be below 2? But it depends on the acquisition...

Pim Berendsen – CFO PostNL: Yes, the acquisition of Sandd and, what we said in February, what drives a potential excess over the leverage ratio is the transaction of Sandd. So the cash out on the purchase price and the other components – so implementation costs, delay of cost savings and then offset only partially in 2019 with positive synergies – will lead to the increase of the leverage significantly above to 2. That is also why we said a 12 - to 20 months potential delay in dividends. But on the back of going-concern performance we can pay-out at interim dividend and we are happy to do so.

- **Question Henk Slotboom**

Going back to the various scenarios there are with Sandd, in February you presented a sort of flow chart with the various moves. Is there is a no from the ACM theoretically you can take the case to Economic Affair and ask for the Article 47 procedure. If there is a yes, but with various conditions, there are two varieties. One is that the conditions are so ridiculous that you pull the plug and the other one is that … Is there another one where you do not pull the plug but you are going to appeal against this decision wherever?

Herna Verhagen – CEO PostNL: It will be a yes or a no. If it is a yes, it could be a yes under conditions and then it is still up to us to discuss if the conditions are still in line with what we think it should be more or less to keep this a value-creative business case, as we also said by the end of February. That is still the answer and our expectation with all the support there is, all the political support – because there is a very broad political support – that we will find a solution. That is why we say we are still very trustful and still with lots of confidence that we can bring this to a deal somewhere in Q4 2019. That is based on those assumptions.

Question: So, if you believe the conditions are so unfair, there is no alternative rules but to pull the plug?

Herna Verhagen – CEO PostNL: That is not our assumption. Our assumption is that we will find a solution. That is what we truly think.

Question: Herna, can I ask you a personal question? Your name has been mentioned in various articles in relation to KPN. I assume that since your reappointment was largely motivated by the fact that you have a job here to run – the take-over and the integration of Sandd – that you will be doing the full-year presentation as well?

Herna Verhagen – CEO PostNL: Yes, that is a good assumption. Yes.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: On that happy note, let's conclude the meeting. Thank you very much for joining us today. If you have any further questions, you know where to find us. Thanks very much and have a good day.

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End of call

Q2 & HY 2019 Results

Appendix

- Results by segment Q2 and HY
- Underlying (cash) operating income HY
- Breakdown pension cash contribution and expenses

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Results by segment Q2 2019

(in € millions)	Revenue		Normalised EBIT		Underlying operating income		Underlying cash operating income	
	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019
Parcels	373	402	32	29	32	31	31	30
Mail in the Netherlands	400	380	17	17	18	16	6	13
PostNL Other	19	19	(11)	(7)	(10)	(8)	(4)	(2)
Intercompany	(126)	(120)						
Total PostNL	666	681	38	39	40	39	33	41

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Results by segment HY 2019

(in € millions)	Revenue		Normalised EBIT		Underlying operating income		Underlying cash operating income	
	HY 2018	HY 2019	HY 2018	HY 2019	HY 2018	HY 2019	HY 2018	HY 2019
Parcels	741	800	55	52	55	54	53	52
Mail in the Netherlands	824	772	45	33	47	32	23	28
PostNL Other	37	40	(22)	(16)	(21)	(17)	(11)	(8)
Intercompany	(262)	(247)						
Total PostNL	1,340	1,365	78	69	81	69	65	72

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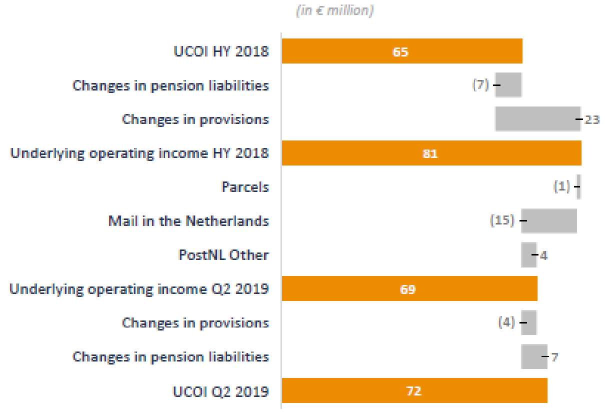
Underlying (cash) operating income HY 2019



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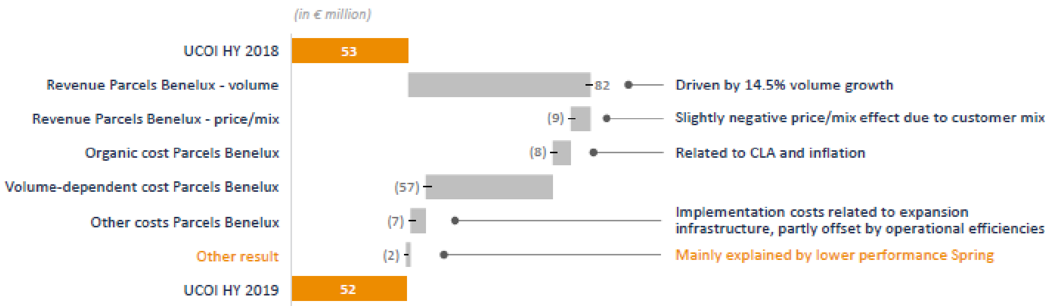
Underlying (cash) operating income Parcels HY 2019



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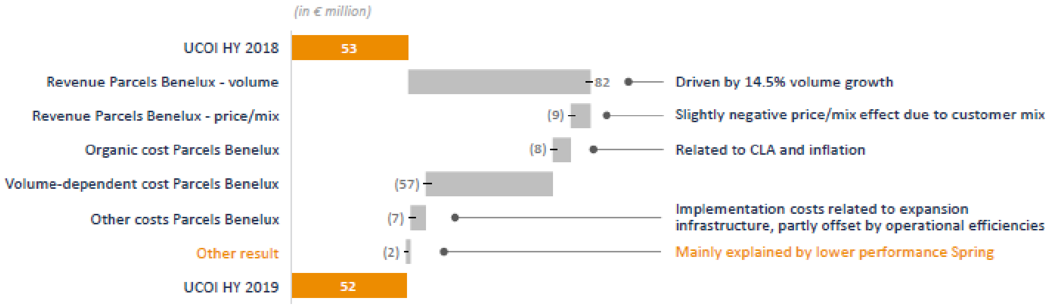
Underlying (cash) operating income Parcels HY 2019



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