

Capital Markets Day

PostNL 2019





Your Favourite Deliverer

Strategic Outline PostNL

Herna Verhagen

CEO



Our purpose and strategy



Purpose: to be your favourite deliverer

- Delivering special moments, connecting everyone, anywhere
- At the heart of society – we are close by in every street
- We keep it simple, we will do it smart and we will do it together



Shaping the growth of e-commerce

- We help our customers to grow and transform ...
- ... with excellent (innovative) services creating value ...
- ... and efficient, high quality networks



Be a profitable and socially responsible company

- We aim to grow profitably with sustainable cash flow generation ...
- ... taking care of the needs of society, our people and our environment

Our team Executive Committee



Resi Becker
Mail in the Netherlands



Pim Berendsen
CFO



Arno van Bijnen
Customer Excellence and CBS



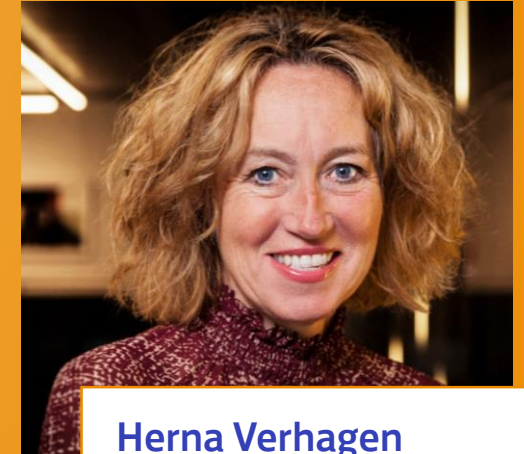
Bob van Ierland
Human Resources



Liesbeth Kaashoek
Parcels and Logistic Solutions



Marcel Krom
IT and Growth



Herna Verhagen
CEO

2015-2018: Building *the* postal and logistics solutions provider of the Benelux

Transition is well underway

From 30% to 48% e-commerce related revenue

- 61% parcels volume growth
- 25% mail volume decline
- Focus on Benelux: Nexive and Postcon held for sale
- Digitisation visible by growth from 3.5 million to 4.4 million PostNL app users
- Some small bolt-on acquisitions enhancing our e-commerce proposition in data and logistics

Financial health has improved

Reduction of debt

- Sale of remaining stake in TNT Express (2016)
- Eurobonds redemption in 2016, 2017 and 2018, partly refinanced with a new Eurobond (maturity 2024)

Reduction of our pension risk

- Unconditional funding obligation: €160m (2015-2019)
- Limited risk for further top-up payments; potential amount maximised

Business performance reflects transformation

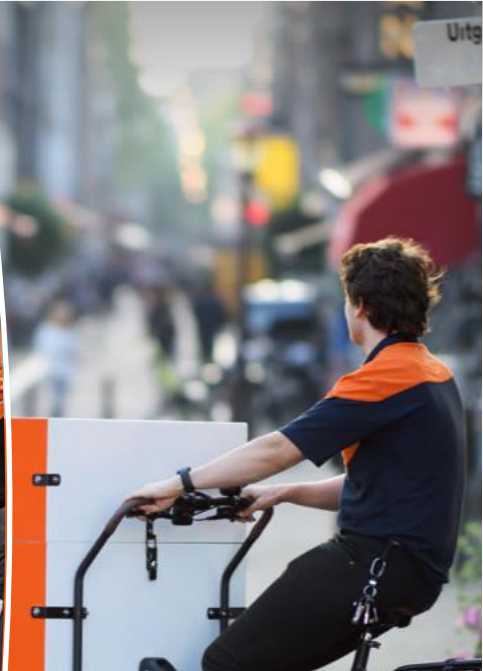
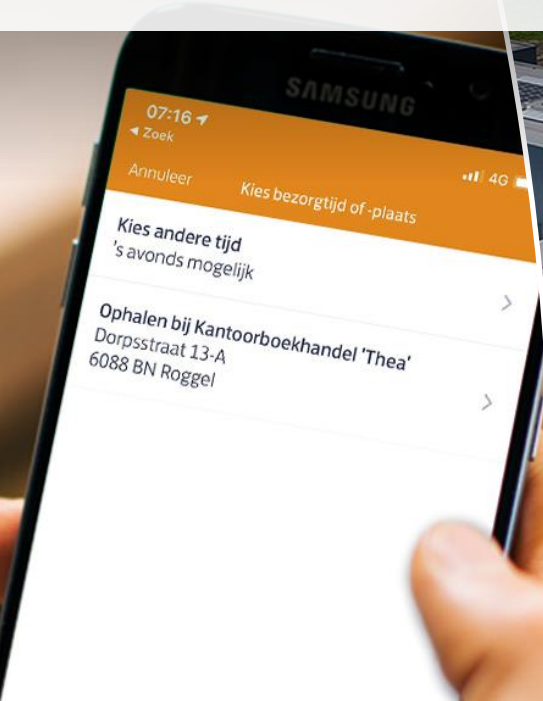
- €168m annual structural cost savings
- Significant financial impact (UCOI €40m - €45m) from regulatory measures absorbed
- €128m investments in (growth of) Parcels

Return to positive consolidated equity (2017)

- Restored progressive dividend in 2017

2015-2018: Key elements in our transformation

In the midst of society with balanced stakeholder approach



Consumer in control

New tailor-made solutions and NL services extended to Belgium. Investments in proximity, increased online presence and transactions

Transformation of networks

Improvements in network efficiency with new parcel depots, and reduction of mail sorting centres and depots. Introduction new processes (SMX, SMC, two bundle delivery)

Digitisation and technology

Investment in flexibility and ability to combine our networks. Enhancing our agile capabilities, advanced analytics skills and increased automation and robotisation

Social commitment

Headcount reduced in socially responsible way, from 45,000 to 38,000 with increased focus on internal mobility programme. Introduction of sustainable delivery model with more PostNL employees

Sustainability

29% improvement in total net CO₂ emissions resulting from initiatives such as 20,000 solar panels, energy efficient depots, e-cargo bikes and city logistics. BREEAM certificates

2019 – onwards: 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 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

Secure a sustainable mail business

Committed to providing reliable, accessible and affordable postal services

- We are proud to be the universal service provider
- However consolidation is necessary to safeguard a sustainable, profitable and cash generating postal service
- The regulatory framework is important to be able to meet our commitments

Continued operational focus and quality of service

- Further cost savings are essential
- Two mail networks (after approval merger) will be integrated securing cost efficiencies (annual UCOI contribution €50m - €60m*)
- We will do this responsibly towards our people

Focus on customer

- Offering high-quality services and new, innovative propositions to add value, for example digital direct mail in PostNL app

*Numbers for intended consolidation unchanged (refer to presentation 25 February 2019); to be updated at closing of intended transaction



Shaping the growth of e-commerce

Creating profitable growth and improved cash conversion

- We will drive and facilitate continuing market growth and aim to balance the growth in all segments of our portfolio ...
- ... while taking care of all our customers based on our position, people, skills and networks

Customers & Operations

- We will continue introducing innovative solutions and new services, aim for higher customer satisfaction and improve our yield management ...
- ... and implement further efficiency measures and accommodate volume growth with smart and innovative investments in our capacity...
- and drive growth and efficiency through our state-of-the-art API-interactions, digital self-service channels and data driven insights in customer preferences

Sustainable / environment

- We will further implement our sustainable delivery model working with more own people
- Ambition for emission-free delivery in 2030



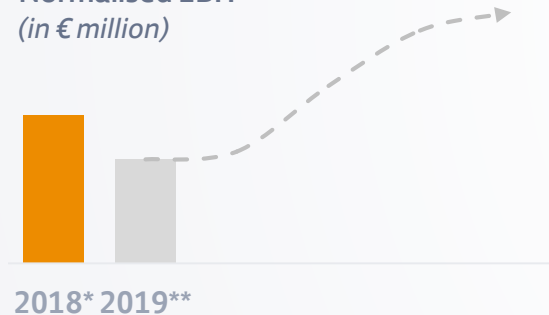
Clear path to improving normalised EBIT after 2019



Growing profitability

2019**: €125m- €155m
as of 2020: increase profitability

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

Sustainable cash flow

High one-offs in 2020: final payment transitional pension plan, cash-out related to intended consolidation, peak in investments in parcels

2021 and beyond: substantial increase of FCF as % of EBIT to >50%

Maintain strong financial position with clear priorities for capital allocation

Investments to accommodate further growth in Parcels

Dividend policy unchanged

Invest in growth: close to the core adjacent and transformational

Intention to compensate for dilution of EPS in later years

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