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Karen Berg: Good morning everyone and welcome to the Q4 and full year 2015 results call of PostNL. My name is Karen Berg and I am here together with our CEO Herna Verhagen and our CFO Jan Bos. First, Herna will go into details on the business performance and then Jan will go into the details of our financials. Afterwards, we have Q&A.

Herna, the floor is yours.

Business review

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Herna Verhagen: As said by Karen, the Q4 and full year 2015 results. I would like to start with the full year results.

Delivering on promises Positive progress on all main KPIs



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2015 was a solid year for PostNL. That means a year of solid performance in which we saw positive progress on our main KPIs.



In revenue it was more or less in line with 2014. Underlying cash operating income came in in the midst of bandwidth we have given in 2014 of EUR 280 million to EUR 320 million. The underlying cash operating income for 2015 is EUR 303 million, up from EUR 287 million in 2014.

This of course also gives us a positive development in our net debt from EUR 683 million at the end of 2014 to EUR 552 million at the end of 2015 and a positive impact on our consolidated equity from minus EUR 597 million to minus EUR 223 million by the end of Q4 in 2015.

So, positive progress on the main financial KPIs and fortunately, also positive progress on our main other KPIs. Customer satisfaction was up from 85% to 86%, good quality in our mail delivery, employee engagement up from 59% to 64%, and of course our CO₂-emission down from 56 to 51.

So a year, in which we delivered on all our main KPIs.

Delivering on promises Outlook 2015 achieved

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

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

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To give a little bit more detail, you see here of course the outlook we have given in 2015 on revenue and on underlying cash operating income and what we achieved by the full year 2015.

The outlook 2015 is achieved overall when it comes to revenue and when it comes to underlying cash operating income and also per line.



For Mail in the Netherlands we forecasted a revenue decline of mid-single digit; the outcome was minus 4.1%. We forecasted an underlying cash operating income margin of 10% to 12% and we came in at 10.4%.

In Parcels, we forecasted mid-single digit growth. 7.3% was the revenue growth in 2015 compared to 2014 and when it comes to underlying cash operating income, we came in at 11% and we guided 11% to 13% in 2015.

International, low single-digit revenue forecast and 6.7% is the revenue growth over 2015. The underlying cash operating income came in in the midst of the bandwidth of 1% to 3%, and it came at 1.9%.

So overall, a solid year for PostNL.



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I would like to give you a little bit more detail on Mail in the Netherlands, Parcels and International.



Q4 2015: Mail in the Netherlands Underlying cash operating income increased



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

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

6 * When adjusted for working days underlying volume decline in Q4 2015 was 11.1%; FY 2015 11.0% (adjusted for elections)



In Q4 Mail in the Netherlands, we saw an increase of underlying cash operating income. Q4 2014 was EUR 99 million and Q4 2015 EUR 104 million. The overall underlying cash operating income for the year 2015 was EUR 204 million.

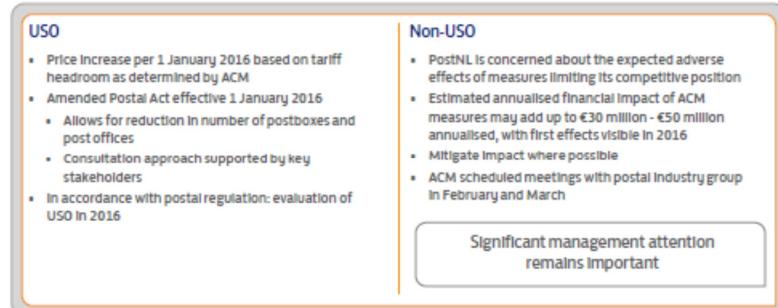
The volume decline in Q4 was 9.5% and the volume decline over the full year was 11.2%. Here you see of course what we saw over the last few years in the mail market, an ongoing decline. I will come back to the decline that we have seen in 2015 but we will also give the forecast for 2016.

To balance volume decline we use cost savings. Cost savings in a strong quarter 4 were EUR 27 million of cost savings and for the total year EUR 85 million.

Another important element to mention is the fact that together with the unions we closed a new social plan. That social plan is there till the end of 2020, which means that all reorganisational plans we have till 2020 are under this social plan and a new CLA for postal deliverers.



Regulatory environment Mail in the Netherlands



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In Mail in the Netherlands there are three elements that are important in the development of the margin. The first is regulatory, the second is our price development in combination with volume decline and the third is cost savings. I will go through all three of them, starting with regulatory.

The regulatory environment in the Netherlands it is important to divide between the Universal Service Obligation (USO) and Non-Universal Service Obligation (Non-USO).

In the USO we are regulated via a cost allocation system. That cost allocation system is approved by the regulator in 2015 and based on that approval we could decide on the headroom we have for price increases as of January 1, 2016. That of course resulted in a price increase of 5.8% per January 1, 2016.

Important to mention as well is that we expect an evaluation of the postal regulation in 2016 and of course the amended Postal Act, on which we have based our cost allocation, is also there in 2016, 2017 and further on.

In the Non-USO the most important is significant market power. We have discussed that subject already many times. Last year October we said that the impact we expect out of the regulatory measures, including significant market power, is between EUR 30 million and EUR 50 million. These EUR 30 million to EUR 50 million will build up in the next coming three to four years with the first impact in 2016. The full impact is expected in three to four years from now.

The final conclusion of the regulator on significant market power is expected in the first half year of 2016. To prepare that final conclusion, they are having industry group meetings in February and in March, in which they invite the postal market to discuss ideas they have around that final view.

It still needs significant management attention. EUR 30 million to EUR 50 million in three to four years from now is a significant number. That is one. Secondly, it also needs significant attention because we are thinking about what could be the mitigation measures, which we can take to keep the impact as small as possible.

This will not be the last time that we have a slide on regulatory developments.

Price increases continue to be necessary Adjusted market approach in defined segments				
Volume developments and pricing strategy				
(In million items)	2014	2015	Decline	Outlook 2015 – 2017
Bulk mail	2,081	1,840	11.6%	Pricing in general well above inflation; In defined segments targeted discounts
Single mail	624	561	10.1%	Pricing within tariff headroom of Postal Regulation (~5.8% per 1 January 2016)
Total PostNL	2,705	2,401	11.2% [*]	
Total mail market			~9%	Market volume decline on average 7% to 9%

8 * When adjusted for working days underlying volume decline in FY 2015 was 11.0% (adjusted for elections)

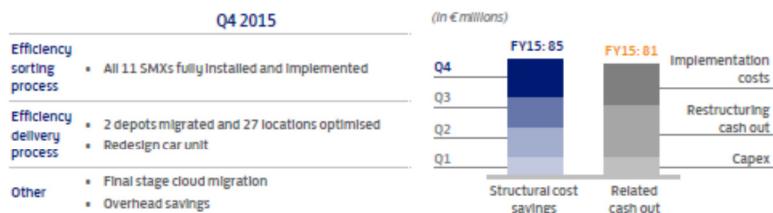


Then volume decline in combination with price increases. Volume decline in 2015, we separate bulk mail and single mail.

In bulk mail, which is mail from big clients, we saw a decline of 11.6%. In single mail, we saw a decline of 10.1%. On average, over the full year, we saw 11.2%. The total market decline was 9%. That means that 2% is to competition.

For price increases, we said for the years 2015 to 2017 in bulk mail that we would increase well above inflation, except for defined segments where we targeted discounts. That is what we did in 2015 for the negotiation on contracts in 2016. Single mail items, as already said, we increased the price by 5.8%.

Strong savings of €27 million in Q4, especially in operational processes
 Total cost savings of €85 million achieved in 2015, of targeted €345 million for 2015 - 2020



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The offsetting volume decline is partly done by price increases but the biggest part of offsetting volume decline comes from cost savings.

Cost savings in Q4 were strong, EUR 27 million in the fourth quarter. The total in 2015 is EUR 85 million. For those EUR 85 million we had a related cash-out of EUR 81 million, and that 81 is partly implementation cost, partly restructuring cash-out – people leaving the company – and partly capex, investing for example in new machinery.

The plans that underpinned the EUR 27 million of cost savings in 2014 in the fourth quarter, were for example the implementation of the 11 new SMX sorting machines, which are now fully installed and implemented.

We of course also have a more efficient delivery process, in which we migrated two depots in the fourth quarter. We optimised 27 depots, so we made it more efficient.

In others, we are migrating a lot of our IT-systems to the cloud, which delivers to the cost savings, next to overhead savings.

A strong fourth quarter and a strong year with EUR 85 million of cost savings.



Restructuring plans 2016 - 2020 resulting in target cost savings of €260 million
Relatively lower restructuring cash out of €310 million - €370 million



	2016	2016 - 2020
Efficiency sorting process	<ul style="list-style-type: none">Purchase and implement 5 additional SMXsPurchase and implement 10 new coding machines	<ul style="list-style-type: none">Implement new sorting machines with coding capabilitiesRealise automated sorting to a deeper level
Efficiency delivery process	<ul style="list-style-type: none">Migration of ~10 preparation locationsRedesign car unit: optimisation of final hubs	<ul style="list-style-type: none">Further reduction of preparation locationsOptimise number of depots and transportationSimplify and centralise preparation activitiesOngoing optimisation delivery
Optimise retail network	<ul style="list-style-type: none">Consultation following new Postal ActFirst step reduction of postboxes and postal offices	<ul style="list-style-type: none">Increase online offeringRoll-out reduction of postboxes and postal offices
Staff and management	<ul style="list-style-type: none">Scaling down overheads	<ul style="list-style-type: none">Leaner operations and head office
Synergies and other	<ul style="list-style-type: none">Explore opportunities and best timing	<ul style="list-style-type: none">Combine delivery networks in rural areas

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Going forward, we of course have the intention to save more costs in the next coming years, when we expect volume decline to go further. And 'further' means the 7% to 9% for 2016 and 2017 and then a lesser decline for 2018, 2019, and 2020.

In the beginning of November, we said that EUR 345 million is the total amount of cost savings between 2015 and 2020. EUR 85 million of that is done in 2015, which means EUR 260 million to go for 2016 and further.

How will we reach cost savings in 2016?

First of all, by implementing five extra SMXs, five extra sorting machines and by implementing new coding machines. Those new coding machines enable us to sort to a deeper level, which means that we prepare the bag for our mailmen better and further.

Winning efficiency in our delivery process. Again, the migration of ten preparation locations. 'Migration' is a beautiful word for closing those preparation locations and bringing those volumes to other locations.

And of course redesign of our car unit, making that more optimal.

Per 1st January 2016, the new Postal Act was approved and that new Postal Act gave us the possibility to – after consultation – reduce the amount of post boxes and post offices. That is what we will do in 2016 but also in the years after.



Last but not least, we will further scale down our overhead and try to find extra opportunities to save cost.

What are the plans for our cost savings going forward, for the years 2016 till 2020? How do we think we can realise the EUR 260 million till the end of 2020?

The new sorting machines in combination with the new coding machines will enable us to sort to a deeper level. That means that we can prepare automatically to a much deeper level than we can today the mailbags of our mail people. There is efficiency to find in the machinery but also in the amount of people we need in preparation of those mailbags. The same we do in the efficiency of our delivery process.

Also after 2016 we think we can further reduce the amount of depots from which we work. So, we optimise preparation locations, we optimise depots and therefore also the routes between those locations and depots. And we simplify by centralising preparation activities even more.

The optimisation of our retail network is what we will start in 2016 but in our view, we will probably need three years to fully implement the possibilities of the reduction in post boxes and postal offices. So, that will continue in 2017 and 2018 as well. And we will continue to further make our head office lean and find a new combination in the delivery of our networks in rural areas.

So, a big part of the EUR 260 million is underpinned with plans, which are partly already tested and implemented and will partly be tested and implemented in 2016.

Continuous and sustainable innovation
Delivering faster and more flexible sorting capabilities



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This is the machine you all saw when we were at the sorting centre in The Hague last November. This machine enables us to sort small and big letters and sealed letters, all in one machine. Secondly, it also gives us the possibility to add value to a letter, for example full track & trace on a letter is possible via these machines.

So, a solid performance of Mail in the Netherlands in 2015. That is the overall conclusion.



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Let me go to Parcels.



Q4 2015: Parcels Continued solid performance



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

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

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Within Parcels, we saw in Q4 growth in revenue from EUR 245 million to EUR 262 million but also over the full year more than 7% of revenue growth to EUR 917 million.

The underlying cash operating income was up in the fourth quarter from EUR 33 million to EUR 36 million and was also up over the full year to EUR 101 million.

That is of course because of volume growth. In the fourth quarter, we saw volume growth of almost 14%, 13.9%. Over the full year, it was 9.6%. You will probably remember the press release that we issued just before Christmas that we delivered more than 1.4 million parcels in one day, which means that every one out of six households received a parcel on that day. It is something we are proud of because it is a huge amount of parcels that you have to sort and deliver within 24 hours.

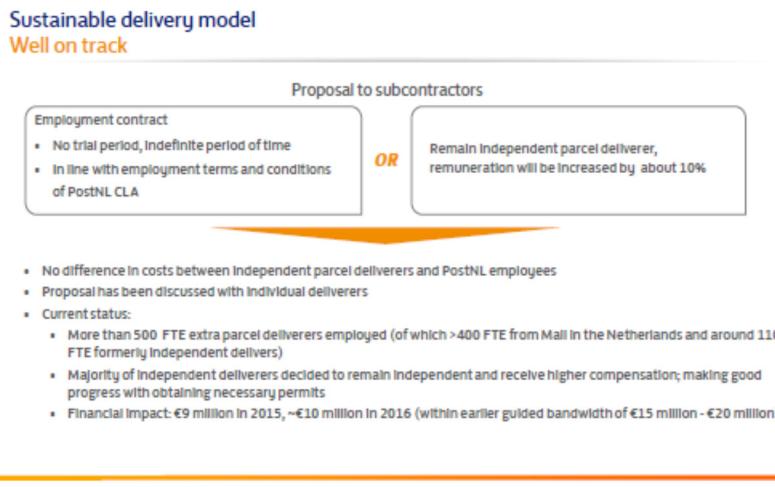
That strong volume growth is not fully translated into revenue and that has to do with the negative price mix effect. Also in quarter 4, you saw that the 'big senders', the big customers, sent many more parcels than the smaller ones, which means that the average price per parcel was lower.

International volume growth continued. Milk powder is quite stable, as we forecasted already last year but we see that new categories are growing as well, mainly Asia to Europe.

We opened our 18th depot in Sassenheim in November and now 100% of our parcels are delivered via that new logistical infrastructure.



Last but not least, we progressed further in the implementation of our sustainable delivery model. On the latter, I would like to give you a little bit more detail.



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We are well on track in the implementation of our sustainable delivery model. What we communicated last year June, was that we would offer all our independent workers a possibility, either with PostNL on an employment contract, which is an indefinite employment contract, or to stay independent with of course the necessary permits, the NIWO permits and increased remuneration. We did so to create an environment in which you do not see differences in cost between independent workers and people who are employed by PostNL.

The proposal has been discussed with all our independent workers over the last seven to eight months. In the end it resulted that 15% of our independent workers wants to be on an indefinite labour contract with PostNL. Next to that, we employed almost 400 FTE out of our Mail business within Parcels. So, we are changing our workforce into more people working on labour contracts and we added more than 500 FTE within Parcels, who are employed by PostNL.

The majority of our independent workers has chosen to be independent and to stay independent. For them, it is important to get the necessary permits. At this moment in time, we expect that most of them will have that permit before April 1 of this year.

The financial impact is already communicated. That is what we did last year June. EUR 9 million of impact in 2015 and another EUR 10 million expected in 2016, which of

course, sums up to EUR 19 million, which is within the earlier given bandwidth of EUR 15 million to EUR 20 million.

Parcels Benelux - strengthening position by extension of services
Innovative and market driven solutions adding value for customers



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

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Within Parcels it is important to stay ahead of the pack, to stay ahead of competition. To be able to do so we have introduced and we will introduce a lot of innovative and market-driven solutions, which add value for our customers.

A few of these examples we already discussed in November, for example the fact that we do evening delivery five days a week and that we have same-day delivery: when you order in the morning we deliver in the evening.

Our focus is on specific growth markets, like electronics, health but also for example foods.

Because of the growth of e-commerce and the growth we expect also in our own amount of parcels we started the preparations for a new sorting and delivery centre in Amsterdam. It is our expectation to open a new sorting and delivery centre in 2017.

We improved our tailor-made solutions for our 2B-markets and we also saw very strong volume growth to Belgium, over 30% of volume growth from the Netherlands to Belgium and at this moment in time we have a nation-wide delivery network operational in Belgium.

Important in this market is to be innovative and to create market-driven solutions, which add value to our customers.

Logistic solutions - growth in existing and new areas
Strengthening our position in targeted niche markets



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

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Another important part is Logistical Solutions. Within Logistical Solutions you will find for example Extra@Home, so delivering the heavy goods, you find pharma and care, delivering for example cooled medicines and you find Micropakket, the delivery of valuables.

In 2015, we worked hard to increase the profitability of these networks by optimisation. We increased commercial focus in the few areas where we think or where we expect growth in the next coming years. We launched new business initiatives, for example a floriculture solution, which enables direct sales of flowers from the grower to consumers and Retourplaza, which is a Dutch platform on which returned goods are being sold and where we do all the logistics.

Continuous and sustainable innovation
A sustainable parcels network for profitable growth



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This is one of our sorting and delivery centres of Parcels. On a normal day we do 600,000 parcels. This is a photograph of a normal day, so imagine what this will look like when you do 1.4 million parcels a day! What I would like to add to this picture as well is that we try to do our business as sustainable as possible. That means that we will put solar panels on the roof of these NLIs to make sure that these NLIs work green, sustainable and use of course the energy we still have left for the other things we do.



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The third important contributor in 2015 to our results was International.

Q4 2015: International Strong results



Germany

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

Italy

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

Spring

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

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Within International, we have Germany, Italy, and we have Spring. Spring is our cross-border unit doing mail and parcels cross border.



In Q4, revenue grew from EUR 253 million to EUR 269 million. Over the full year, growth of almost 7% to revenue of EUR 983 million.

The underlying cash operating income improved significantly. In the fourth quarter from EUR 2 million to EUR 12 million and over the full year to EUR 19 million.

Germany is an important contributor to this improvement in underlying cash operating income. The revenue in Germany was flat in 2015 but we made very good progress in our restructuring program, which showed an improvement in our underlying cash operating income. The strategic review in Germany is not yet finalised but that is what we expect to happen soon. Next to that, we developed initiatives in Germany, which will help to further improve our business. The estimated impact of the decision we will take on Germany is that it has a limited impact on our equity.

In Italy, we saw increased revenue in parcels. In parcels we are of course expanding our Parcel network over the whole of Italy. We are doing well in that in the sense that the coverage we have with the network is almost fully covering the country. We do see that the amount of parcels is growing. Nevertheless, we had start-up costs in 2015 to set up this network and we will have start-up cost in 2016 to further develop our parcel network.

What we saw happening in 2015 in Italy was the impact of the IPO of Poste Italiane. The impact of the IPO of Poste Italiane was mainly in price competition, which we did see had an impact on revenue and especially mix in Italy.

Spring had a good year, mainly driven of course by the developments in e-commerce, like we saw in our segment Parcels. A strong performance, slightly helped by FX-effects. To further improve and enable Spring to grow in the international e-commerce business we are bringing new propositions to the market. One of those propositions is for example to have easy returns in Europe. So, wherever you order in Europe you will have an easy return solution to the web shop you ordered at. That is one of the examples in which we think we can help also to grow further the international e-commerce volumes.



Nexive - Sistema completo
Efficient, transparent and most extensive product proposition



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You probably think what is different? What is different on this? This is an Italian parcel deliverer and not a Dutch parcel deliverer. In the logo you find Nexive instead of PostNL. That is what is different. But this is a beautiful example of what we are doing in Italy: building up our efficient and very accurate parcel network.



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To complete I would say that 2015 was a solid year, a year in which we delivered on our promises.

2015: solid base for 2020 ambition
Remain committed towards restoring dividend as early as possible



It is also a year which helps us to realise the ambition we have set for 2020. We did EUR 303 million in underlying cash operating income and of course, we had a strongly improved consolidated equity to a negative EUR 223 million and a positive development in our net debt to EUR 552 million.

2016 is already two months underway. In 2016, the expected underlying cash operating income is EUR 220 million to EUR 260 million. The reasons behind the decrease in underlying cash operating income did not change to what we explained in the beginning of November. But we will give you a few more details further on in the presentation.

What is on our management agenda in 2016? Of course regulation. Regulation needs management attention. Because we expect a final view on significant market power this year, we have to implement that view and we have to think about mitigating actions.

And focus on growth, growth within Parcels, growth within International where we think we have the networks, the people to make sure that we can capture that growth.

We maintain focus on our restructuring within Mail in the Netherlands and head office. Volume decline will continue and that means that of course successful implementation of our restructuring plans remains important, next to the fact that without having satisfied customers and satisfied employees we think it is difficult to do business. So also in 2016 we aim for better scores when it comes to employee engagement or when it comes to customer



satisfaction, while maintaining a very high quality and committed to pay dividend as soon as possible.

That is important towards 2020, where we hope – and we have laid down the ambition – to reach the underlying cash operating income of EUR 265 million to EUR 335 million.

We would like to give you more financial insight of 2015 and also of 2016 and that is what I would like to ask to Jan.

Financials

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Jan Bos: Thank you, Henna. Let me start with the financial highlights.

Financial highlights 2015 Solid performance in delivering on our main KPI

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

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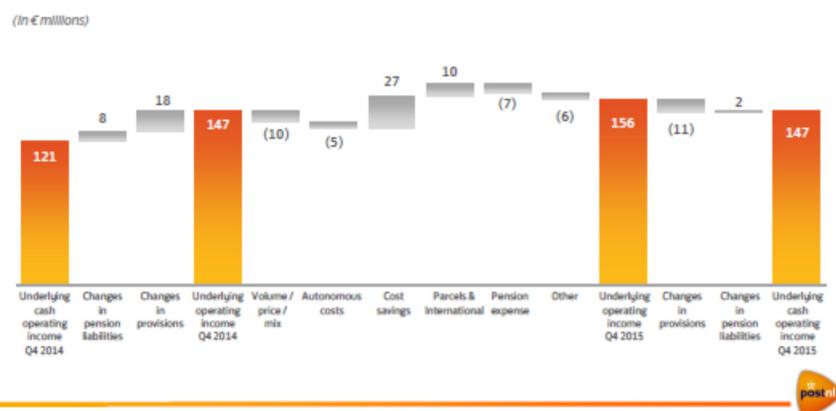


We had a good fourth quarter, with revenue slightly up. We were able to compensate the revenue decline in Mail in the Netherlands with revenue increase in Parcels and in

International. We also had an increase in underlying operating income of EUR 9 million, driven by high cost savings and also by improvement in International and Parcels. The main KPI, the underlying cash operating income, saw improvement of EUR 26 million to EUR 147 million, also driven by lower cash out for pensions and restructuring.

Our net cash from operating and investing activities came in at EUR 149 million and that includes a payment we did for the unconditional payment obligation to the pension fund of EUR 32 million. So, taking that into account we also improved our net cash compared to 2014.

Q4 2015: underlying (cash) operating income
Good business performance and lower cash out for restructuring and pensions



If you look at the full-year number of underlying cash operating income, so EUR 303 million, you see it is almost in the midst of the bandwidth of our original outlook of between EUR 280 million and EUR 320 million. So, a solid performance also for the full year.

To explain the development of our Q4 results a little bit more we made a bridge in which we showed the explanation of the underlying operating income, the second and third orange bar, and also the underlying cash operating income, the first and last orange bar.

First, the underlying operating income, so the EUR 9 million increase from EUR 147 million to EUR 156 million. That is first of all explained by a negative volume price/mix effect of minus EUR 10 million. That would be a little bit more negative if you take into account the two additional working days we had in the fourth quarter. So, in line with the full-year performance I would say.



The minus EUR 5 million autonomous cost increase is in line with the full-year trend. That was more than compensated by higher cost savings of EUR 27 million, cost savings in the fourth quarter, and also additional contribution from Parcels and International and that is EUR 10 million. That is also driven by a good performance in International.

We had higher pension expenses in line with the full year trend, and also results on other business and that is mainly unaddressed. But that explains the EUR 9 million improvement in underlying operating income.

The additional improvement in underlying cash operating income is explained by lower cash out for restructuring and lower cash out for pensions. That explains in total the EUR 26 million increase.

Let's have a look at the results per segment.

Q4 2015: results per segment
Strong performance in International

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

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I mainly explain the Q4 results. In Mail in the Netherlands we saw a slight decrease in revenue, helped by two additional working days. We see that volume decline is partly compensated by price increases.

If you look at the quarterly development of the underlying cash operating income you see an increase of EUR 5 million. I explained that our negative volume price/mix effect is more than compensated by the cost savings.



In Parcels we showed a revenue increase of 7%, fuelled by strong volume growth. In underlying cash operating income the increase was EUR 3 million but there you have to take into account additional costs of our sustainable delivery model of around EUR 4 million in the fourth quarter, so also there you see a good contribution from the revenue increase to our underlying cash operating income.

International had a good quarter, as well as in revenue increase as in underlying cash operating income. As Henna explained, this was fuelled by good performance on our Spring brand in cross border and also by the restructuring and the revenue performance in Germany.

Also in PostNL Other we see improvement of results, mainly driven by cost savings. So, in total our underlying cash operating income came in at EUR 147 million for the fourth quarter.

Statement of income
Profit Q4 development impacted by past service pension costs in 2014

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

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

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Our profit for the period was EUR 101 million, a decline compared to 2014 but this is explained by a one-off that we had in Q4, 2014. If you can remember, that was a pension curtailment and it had a net impact on our profit in 2014 of EUR 26 million.

If you look at the full year figure of the profit for the period it is EUR 149 million. That includes also next to the curtailment on pensions also the impact of our management buy-out of the UK of about EUR 34 million and also additional pension costs of about EUR 12 million. If you take that into account it explains why the profit for the period is in line with 2014.

Net cash impacted by first payment unconditional funding obligation to pension fund
Good performance on working capital

	Q4 2015	Q4 2014	FY 2015	FY 2014
Cash generated from operations	204	214	392	359
Interest paid	(29)	(26)	(73)	(86)
Income taxes received / (paid)	2	7	(105)	(71)
Net cash from operating activities	177	195	214	202
Interest / dividends received / other	3	1	3	9
Capex	(34)	(30)	(91)	(83)
Proceeds from sale of assets	3	3	9	13
Net cash (used in) / from operating and investing activities	149	169	135	141
	Q4 2015	FY 2015	2015 outlook	
Base capex	27	63		
Capex	7	15		
New sorting and delivery centres	0	13		
Total	34	91	Max 115	

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As I said, we made a first payment of our unconditional funding obligation to the pension fund of EUR 32 million. That influenced our cash performance of the fourth quarter. It came in at EUR 149 million. If you take the payment into account of EUR 32 million, then you could compare the EUR 181 million with the EUR 169 million of cash performance. So, also an increasing cash performance.

We spent EUR 34 million on Capex in Q4. It was a little bit higher than in 2014 and that is explained by investments in our new sorting machines and also by investments in IT in our back office systems.

Pensions
In Q4 positive impact of €57 million on equity

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



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

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On pensions, we have seen a twelve-month coverage ratio of the pension fund of 106.8% at the end of Q4, so still above the minimum coverage ratio of 104%. We also saw a positive contribution to our equity and this was due to a better return on assets than assumed by the calculation and next to that a higher discount rate. That explains the positive contribution to equity of EUR 57 million.

Consolidated statement of financial position
Financial position further strengthened

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

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

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We see a satisfying development on the balance sheet, first of all by our equity development, so a minus EUR 223 million negative equity left, fuelled by pension improvement, by the share price improvement of TNT Express in the fourth quarter but mainly fuelled by good operational performance of the company.

Our net debt position has also improved by EUR 150 million, fuelled by the cash performance in Q4. So, at this moment our net debt is EUR 552 million. If you take into account the expected sale of TNT Express in the second quarter, our net debt will end positively at the end of Q2, 2016. So also there positive development.

So, we are still confident in improvement of our operational results and also of our equity and debt position. We are committed to paying dividend as soon as possible.

So, over to the outlook 2016.



Outlook 2016 reconfirmed

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

31 * excluding results of German activities as strategic review is in progress



This outlook excludes Germany because Germany is still part of our strategic review.

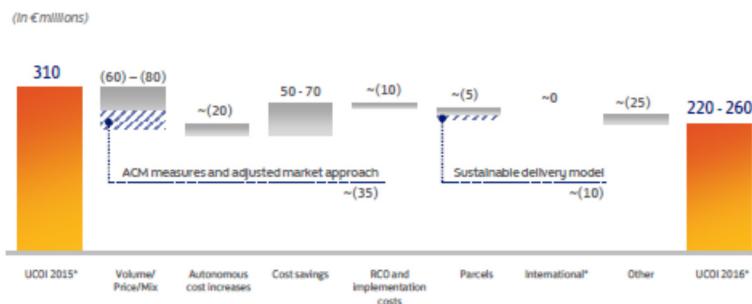
With regards to revenue development we expect for Mail in the Netherlands a mid-single digit decline in revenue, which was in line with the outlook we have given to you in November with an underlying cash operating margin of between 8% and 10%.

For Parcels we expect a high single digit increase in revenue fuelled by the e-commerce development in the Netherlands and with an underlying cash operating margin of between 9% and 11%.

For International also a high single digit increase in revenue and with an underlying cash operating margin of between 4% and 6%. That is a small adjustment, a small increase compared to the outlook we have given in November.

All in all this leads to an underlying cash operating income of between EUR 220 million and EUR 260 million. In that, we reconfirm the outlook we have given in November.

Expected underlying cash operating income development 2016*



32 * excluding results of German activities as strategic review is in progress



In detail also here a bridge to explain the building blocks of the expectations of EUR 220 million to EUR 260 million. Also this bridge excludes Germany, so that is why the EUR 310 million is different from the EUR 303 million in the beginning of the presentation.

As we explained in November, our operational results will decline due to four factors. One is the adjusted market approach in Mail in the Netherlands. The second is the impact of ACM measures. The third are additional cost coming in from the sustainable delivery model and the fourth are additional implementation costs and restructuring cash out for our cost savings plans in Mail in the Netherlands.

All in all that impact was around EUR 60 million and that is also shown in this bridge. First of all, on volume and price/mix effects we expect a negative impact on our 2016 results between EUR 60 million and EUR 80 million. Of that impact, EUR 35 million can be explained by the ACM measures and the impact of our adjusted market approach.

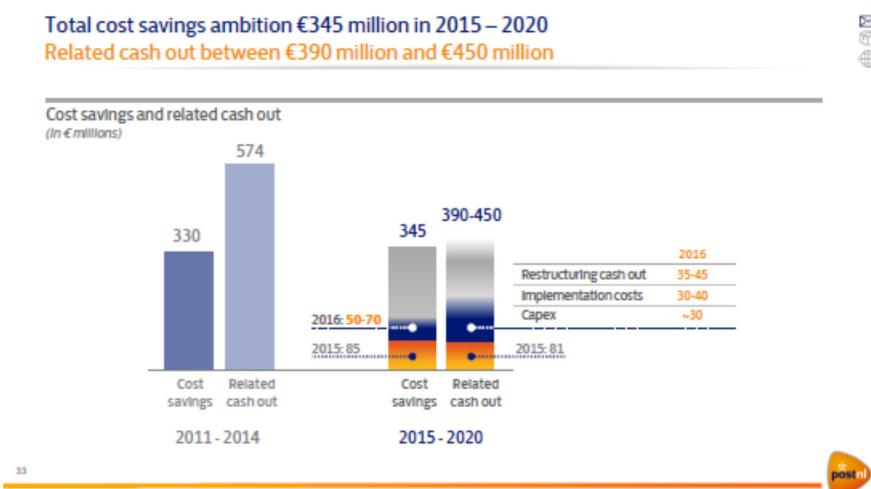
Next to that we have autonomous cost increases, so inflation and wage inflation and these are about EUR 20 million and they are in line with the developments we have seen the last few years. Both impacts are partly compensated by cost savings coming in between EUR 50 million and EUR 70 million. Then we see the additional restructuring cash out and implementation costs of EUR 10 million.

Parcels still show a positive contribution to our results in 2016 if you take into account the additional costs of our sustainable delivery model of EUR 10 million.

In International we expect a low contribution to our operational results because the positive impact of our cross border organisation Spring will be compensated by additional cost for the roll-out of our Parcel network in Italy.

The other impact of EUR 25 million is mainly explained by lower results from 'Unaddressed' and cross border.

All in all, that leads to an expectation of between EUR 220 million and EUR 260 million.

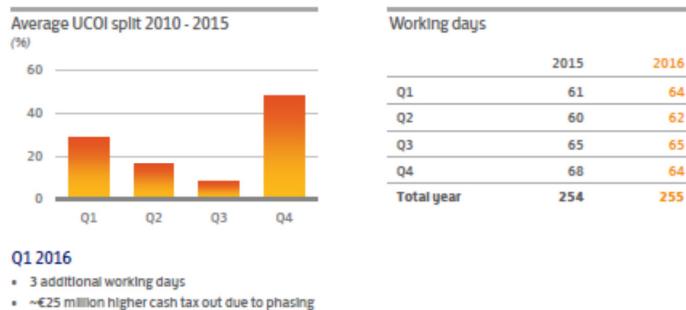


When we look in more detail at cost savings, as we explained our total cost savings ambition for 2020 is an annualised cost saving of EUR 345 million with a cash out for restructuring going along with that. But that is a one-off cash out of between EUR 390 million and EUR 450 million. I would like to remind you of the fact that this cash out is lower than we had in the previous period

Of the EUR 345 million of cost savings we realised EUR 85 million in 2015. From the remaining EUR 260 million we expect to realise EUR 50 million to EUR 70 million in 2016.

Of the related cash out, so the one-off cash out, we spent EUR 81 million in 2015. For 2016 we expect to spend on restructuring cash out between EUR 35 million and EUR 45 million and on implementation costs EUR 30 million to EUR 40 million. Those implementation costs are partly also spent on the implementation of our new sorting and coding machines. The same applies to the capex; EUR 30 million is explained by the investment in our sorting machines in Mail in the Netherlands.

Q1 2016 expected to be better than FY 2016 trend, explained by working days
Opposite effect visible in second half of 2016



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Another detail for our expectations for 2016 is the seasonal pattern we normally see in the operational results of PostNL, so with the highest results coming in in Q4. If you look at the full-year trend for 2016 and at the mid-point of the bandwidth of our outlook 2016, you see it is EUR 70 million decline compared to 2015. Due to three additional working days in the first quarter is we expect the first quarter will see a more positive development compared to the full-year trend.

Next to that, we expect some different phasing in the tax payment. Most of our tax payments will be done in the first quarter. That means that we expect to pay EUR 25 million of additional taxes compared to the first quarter of 2015.

2015: solid base for 2020 ambition
Remain committed towards restoring dividend as early as possible





We can look back at 2015 as a solid year. As Herna said, good operational results represented by the underlying cash operating income and improvement in our consolidated equity and our net debt position. That is fuelling our confidence also in the outlook for 2016 and in our ambition for 2020.

With that, I would like to hand it over to Karen, for Q&A.



Q&A

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- **David Tailleur – Rabobank**

I have a quick one on Germany. Do I understand correctly that your UCOI-result was minus 7 in 2015? That is an easy calculation. But if so, if you take the country's current restructurings, do you expect the pro forma result being positive over 2016, irrespective if you are going to divest, yes or no?



Herna Verhagen: Your assumption for 2015 is correct. That is an easy calculation. Of course, the strategic decision on Germany is still to be taken but it will not have an impact on the outlook for 2016.

Jan Bos: If you would include Germany in the outlook for 2016 the outlook would not be adjusted, so the answer is then around break even for 2016.

David Tailleur – Rabobank: And then on the cash out, on slide 33. What part do we take in the cash bridge from EBIT to UCOI? Is that the level above EUR 50 million that is already taken on the balance sheet? Could you give any guidance on that? Slide 33 is on cash out and implementation costs, in total being EUR 65 million to EUR 85 million

Jan Bos: Only the restructuring cash out comes out of provisions, so not in the underlying operating income but only in the underlying cash operating income. Implementation costs are represented in both figures and Capex of course not.

David Tailleur – Rabobank: And then finally on Parcels. That is probably not easy but if you would adjust for the exceptional impact in Q4, extra working days, holidays' impact, what would be the growth underlying, volume-wise and the price/mix effect? The minus EUR 7 million seems quite high in Q4.

Jan Bos: The price/mix effect on Parcels is only calculated on part of the revenue of Parcels, so the composition of the revenue in Parcels is, as I explained before, also revenue like Logistic Solutions and also international. I would say that is the question. So, it is not only the difference between 14% volume increase and 7% revenue increase, it is not only price/mix, but also the composition of the different elements in the revenue. Secondly, if you look at the working days' impact of Parcels, you see it is relatively small. Most of the impact we see on the high volume growth is explained by the fact that more and more consumers are ordering parcels around Christmas and Sinterklaas.

David Tailleur – Rabobank: So basically, you are saying that we should reckon with higher volume growth but also, going forward, with a higher price/mix effect than we have seen in previous quarters. That was about minus EUR 2 million.



Jan Bos: It depends on the development and the revenue development of the other parts of Parcels. We are still confident in our outlook for 2016 with an underlying cash operating margin of between 9% and 11%.

David Tailleur – Rabobank: That is clear. Thanks!

- **Marc Zwartsenburg – ING**

One follow-up on Germany. Herna, you mentioned you see a limited impact on equity if you take a decision on Germany. Is that a limited negative or a limited positive?

Herna Verhagen: Let's keep it to limited.

Marc Zwartsenburg – ING: And then on the bridge on slide 32, Jan. To start with the volume/price mix. Included in these EUR 60 million to EUR 80 million there is EUR 35 million, so that leaves EUR 25 million to EUR 45 million for the volume/price mix. Is that not a rather high number given that you have EUR 26 million in 2015 and now you are guiding for less volume decline in your outlook? On the other hand, I know that indeed you will be more price aggressive but that is already in the EUR 35 million. So, given that you have lower volume declines, should that number not be better than the EUR 26 million negative you have in 2015?

Jan Bos: The volume price/mix effect over the total of 2015 was higher than EUR 26 million. That is the answer.

Marc Zwartsenburg – ING: Is there a number? Is that somewhere in the back? Or is that an easy calculation as well?

Jan Bos: No, it is between EUR 50 million and EUR 60 million off the top of my head.

Marc Zwartsenburg – ING: And then on the latter, the other EUR 25 million. Could you give a bit more details about that because it is quite a big number?

Herna Verhagen: It is the decrease we expect in profitability on our unaddressed, which has to do with a normal market decline that you see in unaddressed. That has to do with the competitive environment and secondly, with cross border. We expect less bilaterals in 2016



than we had in 2015 and of course a further decline in our international mail, which is a normal trend.

Marc Zwartsenburg – ING: Should that number become less negative in 2017 and beyond?

Herna Verhagen: The answer is 'hopefully, yes' because we expect unaddressed to stabilise at a certain point in time.

Marc Zwartsenburg – ING: And then the last on the bridge. The one I miss here is real estate. Is there any positive impact to be expected in 2016 or is it similar to 2015 and could you give us a number?

Jan Bos: We continue with the sale of our real estate but on normal prices. So, there is also some sale of real estate included in our projections but we do not disclose the number.

Marc Zwartsenburg – ING: But is the expectation in your guidance to be higher than in 2015 or lower?

Jan Bos: We do not disclose the number.

Marc Zwartsenburg – ING: But is it somewhere in this region?

Jan Bos: It is in the bridge, yes, also the sale of real estate.

Marc Zwartsenburg – ING: In which one?

Jan Bos: In 'Other'.

Marc Zwartsenburg – ING: Okay, then maybe a final one from my side. I have a couple more but I will wait. When do you expect credit ratings to hit the conditions set for the dividend? The numbers are out today and based on today's numbers and run rate, would you expect them to go to the desired conditional levels?

Jan Bos: First, we can refer to the outlook, which S&P also has given, that they expect two notches of improvement after the sales of TNT Express and with continued business improvement. We also use our own ratios to calculate for example net debt to EBITDA ratios and in that, we expect that we can reach those ratios in 2016.

Marc Zwartsenburg – ING: Thank you. That's it for now.



- **Philip Scholten – Kempen & Co**

First of all, probably for Jan. A couple of years ago, your guidance on working capital was for working capital outflow mainly due to the international business. Now with the UK gone and Germany out of your guidance, can you update us on your working capital expectations for the next couple of years?

Jan Bos: The guidance remains the same. We have given some guidance in November that also there we expect some negative impact from working capital on our cash flow, also due to the changing revenue mix. That message remains the same. What we saw in the fourth quarter was that working capital showed a good development and this was mainly explained by the fact that we are doing more on cross border. That means that we have to pay to other postal operators and their payment terms are a little bit different than in normal markets. There you see a positive impact on our working capital.

Philip Scholten – Kempen & Co: Then I have a question on the Parcel side, on the subcos. You obviously have negotiated with all of them but I get the feeling that there is still a lot of unrest among subcontractors. What is your view on the founding of that own network, the collect-and-deliver network they are trying to set up? What is your view on that?

Herna Verhagen: My view on the Parcel market is that it is a fast-growing market and therefore a very attractive market. It is already a very competitive market, so there are already a lot of competitive networks. Is there room for another one? Could be; I do not know. There is also a lot of trust in the network we have, the people we have, the quality we deliver, and the added value we can deliver to our customers. So, also trust in what we have today and we will develop over 2016 and further on. Let's see if we see them with customers.

Philip Scholten – Kempen & Co: But a lot of those subcontractors are now employed by you, so if they would go, do you consider that a problem?

Herna Verhagen: No. If you look into the numbers of people we employed over the last years, you see it is more than 500 FTEs. There are still a lot of people wanting to work for



PostNL via employment contracts. So, I do not expect to have that problem in 2016 or the coming years.

Philip Scholten – Kempen & Co: Right. Lastly, can you say something about the profitability of your Pharma & Care or the Extra@Home? Is that margin dilutive at the moment? Is it profitable at all?

Herna Verhagen: It is profitable and we increased profitability over 2015. It is not at the levels of the 9% to 11%, which in general Parcels is at. It is more at market level.

- **Maarten Bakker – ABN AMRO**

On slide 7 you mention that there will be an evaluation of the USO in 2016. Can you explain what is on the agenda? What is to be expected? I had not seen this coming, to be honest.

Herna Verhagen: That is not exactly known at this moment in time, so the evaluation will be started by the Ministry of Economic Affairs. They will decide on the evaluation points and we are in discussion with them at this moment in time to decide on what it will be. It will probably somewhere in Q2 before we have clarity around how they will do the evaluation this year. It's normal to do an evaluation every three years, so this is another round.

Maarten Bakker – ABN AMRO: And then regarding Germany, can you elaborate on how your competitor Deutsche Post is behaving at the moment? I heard somewhere that they are pushing through price increases. Can you shed some colour on that?

Herna Verhagen: Yes, I can. It is correct that Deutsche Post is indeed increasing their prices, in the single mail market as well as in the bulk mail market. That is what they are doing at this moment in time. That also means that there is more opportunity for us to compete. That is one. Secondly, there is more opportunity for us to also make use of those price increases. Next to that, what you see happening in the German market is that probably because of those price increases customers are more and more willing to pilot and hand over part of their volumes to Postcon network in Germany.



- **Henk Slotboom – The Idea!**

I have a couple of very small questions. On slide 6 you mentioned that there were some positive incidentals apart from the working days' element affecting your results in Mail. Could you shed some more light on that?

Secondly, on Thursday there was a press release from your competitor with a couple of remarkable appointments. Were you surprised? Do you have any comments on this at all? In the streamline of that question, do you expect that this might change the competitive behaviour you are seeing from the site of Sandd?

My last question is on Italy. I understand that the pressure on sales there emerged from Formula Certa. Can you shed some light that, please?

Herna Verhagen: We read the same press release on Thursday as you did and I wish them luck. That is my answer to that. Do I expect changing behaviour? I do not know yet but I am confident in our own strategy and confident in our people networks and services we can deliver.

The pressure on sales in Formula Certa has partly to do with the fact that there is stronger competitive behaviour of Poste Italiane in two ways, first of all on volumes but also on prices. That is what we currently see happening in Italy and that is reflected in the revenue development and partly in the underlying cash operating development. That is also partly impacted by the development of our parcels network, as mentioned. But competitive behaviour of Poste Italiane, which is changing since summer last year.

Then you had a question on working days.

Jan Bos: On incidentals we write that next to working days we had an incidental cross border effect in Mail in the Netherlands. That refers to some bilaterals we closed with post operators. That is a small impact.

- **André Mulder – Kepler**



On Germany, of course there is a seasonal effect between Q3 and Q4 but can you comment on what exactly happened in Q4 in Germany? You mentioned that it contributed to better results.

Herna Verhagen: Why Germany contributed to better results in Q4 was for the same reason as in Q3 and that is they are successfully implementing their restructuring plans. But going forward of course they are able to implement more of those plans, which they developed by the end of 2014. So, we do see that they are successful in their implementation of the cost savings plans and that the cost savings are truly coming in. Together with the fact that in the fourth quarter you normally have a stronger volume quarter, as you have in the Netherlands, it of course has a positive effect on the development of the underlying cash operating income.

André Mulder – Kepler: Has that development in any way influenced your decision on Germany?

Herna Verhagen: Not yet, because no decision has been taken yet. The strategic review is still going on.

André Mulder – Kepler: Looking at the statements in the press release you said that the strategic review is still ongoing but you expect the equity impact to be limited. It seems that you have already taken a decision there.

Herna Verhagen: If we would have taken a decision then that would have been in the press release. The strategic review is still ongoing.

André Mulder – Kepler: Do you still include depreciation?

Jan Bos: Do you mean the impact on equity? Yes, of course.

André Mulder – Kepler: But also the results ...

Jan Bos: I do not understand the question.

André Mulder – Kepler: If you decide that you are going to sell an operation, you do not have to take the depreciation into account.

Jan Bos: It is not accounted as 'assets held for sale', so no impact.



- **Marc Zwartsenburg – ING**

On the ACM. Could you give us an update on where we are in that process? It is in your guidance for a part, some of the measures taken last year – EUR 35 million – but could you give us an indication of how much is included? You guided for EUR 30 million to EUR 50 million. Is most already in there? There is a read-across from the former decisions, I understand, to the coming decision, I presume? So, could you give us a bit more detail about that?

Herna Verhagen: We do not guide for the exact number over 2016 but it is not the biggest part of the EUR 35 million. It will build up over three to four years, so in three to four years the annualised impact will be somewhere between EUR 30 million to EUR 50 million.

On your second or your first question on where we are in the process, my expectation is that the regulator will come up with their final views in Q1 or Q2. To finalise their views they are organising industry-group meetings, in which they invite the industry to discuss with them the developments in the industry but also the measures they want to take. That will in the end of course lead to their final view, together with the outcome of several court cases we had over the last half year and the discussion with the ACM. That is what will end up in their final view on significant market power, as said expected in Q1 or Q2 and, as said, still expected within the bandwidth given in October.

Marc Zwartsenburg – ING: So, you are saying that of the EUR 35 million the lower amount is from ACM measures and the higher amount is from the protection measures Is that what you are saying? Okay.

And when you gave the guidance, I think it was expected that 1st January ACM had already come with a solution in Q4 and would implement it as of 1st January. Is that correct or not?

Herna Verhagen: In my view not correct. Also then we already said it would be somewhere in 2016.

Marc Zwartsenburg – ING: It would be delayed. Clear. Thanks!



Karen Berg: I think we have questions from the call.

- **Andy Jones – RBC Capital Markets**

I just have three questions, which I hope are quite easy to deal with. Firstly, on the targeted volume approach. How should we judge you from an operational perspective how successful that has been? You mentioned that you lost 2 percentage points of market share to competition. Is a good outcome this year that you lose zero or even gain some share back?

Herna Verhagen: I think we had a successful round of contract negotiations. You will see the first effect when we present our Q1 numbers. We are not guiding what the expectation is around competition is around 2016 and that is also the reason why we only gave a market decline of 7% to 9%. During the year, we will see how competition will be added to that. But we are not guiding for that.

Andy Jones – RBC Capital Markets: Thank you. My second and third question are both around pensions. Jan, on your bridge there was nothing specifically in there for pension cash adjustment. Should I assume that that is zero? I am just interested to know what your thinking is around the conditional top-up of volunteering to pay that now and not including it in the underlying operating income. I appreciate it; it is discretionary payment but it is going to be ongoing for four years.

Finally, the pension coverage ratio is comfortably above 104% at the moment but not being the best of starts for the year from a pension perspective, I would guess. Can you just remind us what happened if you do get to 104%?

Jan Bos: Your first question was on pensions. The cash out is expected to be in line with 2015. On the unconditional part that we accounted for as a one-off is a special arrangement with the pension fund, so that is why it is out of the underlying cash operating income. So you are right, at the end of Q4 the coverage ratio was well above the minimum coverage ratio. You will have to keep in mind that the pension fund calculates with a twelve-month average coverage ratio, so also the market impact of declining interest rates will come in every month



due to the twelve-month average coverage ratio. If you look at our top-up obligation, then it only starts when the coverage ratio especially in the first year is below the 104% because there is a kind of balancing mechanism in our top-up payment obligation. So, more or less on 97% of coverage ratio at the first year. If the coverage ratio would be below that, we would start with a top-up payment obligation.

Andy Jones – RBC Capital Markets: And could I ask what the coverage ratio is on a spot basis? I appreciate that it is measured on twelve months rolling but I am trying to understand what would happen if nothing changed from here.

Jan Bos: At the end of Q4 it is 106%.

Andy Jones – RBC Capital Markets: If I was to do it today, two months into the year?

Jan Bos: Today, the pension fund has not published its numbers but it will be lower.

Andy Jones – RBC Capital Markets: Okay. Thank you!

- **Angus Tweedie – Bank of America Merrill Lynch**

Just coming back to volume protection measures, can you give us an update on how that is going year-to-date and whether you are getting an increased regulatory scrutiny as a result of that?

Secondly, just back on Italy, can you talk a little bit more about the competitive environment there? What products and things are you finding competition particularly tough on?

Herna Verhagen: When it comes to the reorganisation, the success of the reorganisation and the results and whether it leads to increased scrutiny on regulation the answer is 'no, till this moment in time'. We have a level of 10% return on sales we can do on our Universal Service Obligation. We were not at that level last time measured, which was over 2014. The numbers of 2015 will be published in June or July, so not at this moment in time. We know where the maximum is of return on sales we can do. When we are above that percentage, there is no possibility to do price increases, so that is the balance which the regulator can strike over there.



On the competitive environment in Italy: in Italy, we are working in a specific segment where we have full track & trace letters. In that segment we see competition. We also see a lot of new opportunities, for example with governments who are more and more bringing their volumes into tenders and giving us opportunities to tender as well. So, we do see opportunities and we do have challenges in the Italian environment.

- **Matija Gergolet – Goldman Sachs**

I have a follow-up on Italy but it is fairly clear when you are saying that competition is really within your segment. Poste Italiane actually put up the prices for letters in the fourth quarters. Are you seeing also more competition in parcels? The changing behaviour by the incumbent, that was a bit surprising. If anything, they have increased prices according to their statement.

Herna Verhagen: I am not talking about parcels when I am talking about increased competition in the Italian market. It is purely mail. Price increases were not related to the bulk mail market so not related to the bigger customers.

Matija Gergolet – Goldman Sachs: Thank you. One more question on Germany. There, the price increase was for the regulated mail and then you are saying that you have also seen price increases in the non-regulated part by Deutsche Post. Is that correct?

Herna Verhagen: Yes, that is correct.

Matija Gergolet – Goldman Sachs: Okay. That is what I wanted to check. Thank you very much.

Karen Berg: There are no more questions on the line. Are there in here? One more.

Question from the room



From the wires this morning I saw the statement that dividend would be resumed over 2017 in 2018. Can you confirm that statement? Who made it? What was the assumption behind that statement? Where those your own projection or those in the market?

Herna Verhagen: Let me repeat the statement and let's repeat it correctly. We said that assuming that interest rates are the same as at the end of Q4, 2015, and assuming that TNT Express will be sold to FedEx, then the year in which we can pay dividend based on our business performance, as today again reconfirmed, is 2017 over the year 2017. That is what we said this morning.

Question from the room

I have a short follow-up on that. What actually prevents you from changing your dividend policy? I am hinting at the possibility to look at corporate equity instead of consolidated.

Jan Bos: In Dutch corporates it is not normal that you distribute dividends when your consolidated equity is negative. That is why we stick to our dividend policy of a positive consolidated equity.

Question: No chance of any change in that respect?

Jan Bos: No.

- **David Kerstens – Jefferies**

Just a simple follow-up. Would you consider an interim dividend?

Herna Verhagen: Assuming BBB+, assuming positive consolidated equity, assuming interest rates Q4, assuming TNT Express to be dealt with somewhere this year, paying dividend in 2017 over the year 2017 can be done in an interim as well.

David Kerstens – Jefferies: Thanks.

Karen Berg: Thank you all!



End of call

Appendix

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

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Impact activities Germany - quarterly overview 2015

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

(in € millions)	Underlying cash operating Income excluding Germany 2015				
	Q1*	Q2	Q3	Q4	FY
Mail in the Netherlands	46	40	14	104	204
Parcels	25	24	16	36	101
International	6	6	2	12	26
PostNL Other	(6)	(4)	(6)	(5)	(21)
Total	71	66	26	147	310

38 * excluding results of UK activities

Breakdown pension cash contribution and expenses

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

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