

Underlying cash operating income up \hat{a} ,-2 million to \hat{a} ,-25 million

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Financial highlights Q3 2019

- Revenue at €636 million (Q3 2018: €638 million)
- Underlying cash operating income at €25 million (Q3 2018: €23 million)
- Profit from continuing operations at €13 million (Q3 2018: €19 million)
- Net cash from/(used in) operating and investing activities improved to €54 million (Q3 2018: €(42) million)
- E-commerce-related revenue further increased to 53% YTD

Operational highlights Q3 2019

- 11% volume growth in Parcels
- Addressed mail volume declined by 10.6%
- €9 million in cost savings achieved
- Delivery quality at 95%

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- Sale completed

Acquisition of Sandd

- Transaction closed
- On track to migrate first part of Sandd volumes in December and to complete integration in HY1 2020
- Process to offer jobs to all Sandd's postal deliverers has started
- Anticipated underlying cash operating income impact from the Sandd acquisition of between €(15) million and €(25) million in Q4 2019

Outlook 2019

- Expected underlying cash operating income (UCOI) 2019 confirmed at between €170 million and €200 million
 - Adjusted for impact of Sandd in Q4 2019: expected UCOI 2019 of between €150 million and €180 million
- Successful Green Bond offering
- €300 million in fixed rate notes with a coupon of 0.625% and a term of seven years issued
 - Financing needs for medium term covered; no covenants

CEO statement

Herna Verhagen, CEO of PostNL: "The transaction with Sandd has closed recently and enables us to secure reliable, accessible and affordable postal services today and in the future. We will continue our existing moderate pricing policy and remain focused on people, quality and innovation in the postal sector. We aim to complete the integration in the first half of 2020. Furthermore, we are preparing for changes in Dutch labour regulation next year. In general, we face increasing headwinds from ongoing global economic pressure. Volume growth at Parcels came in at 11%, with a continuing lower growth rate in some customer segments. This impacts our margin development at Parcels in Q3 and brings the expected FY margin to around 7%. We are executing our strategy aiming to improve the balance between volume growth, profitability and cash conversion. At Mail in the Netherlands, result was slightly better than

last year. We expect the FY margin to be more or less in line with last year.

Against the backdrop of these developments, our underlying cash operating income increased to €25 million in Q3, a satisfying result. Preparations for our peak season have started and Q4 will be our strongest quarter in terms of volumes and financial performance. We confirm our 2019 outlook for underlying

cash operating income at between €170 million and €200 million. Adjusted for the first financial impact of the Sandd acquisition, visible in Q4, this will translate to between €150 million and €180 million.”

Source: [PostNL](#)