

PostNL's strong business performance in Q4 results in FY 2019 underlying cash operating income of â,-176 million

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Herna Verhagen, CEO of PostNL, commented: "2019 was a crucial year for our transformation towards being the preferred logistics and postal solutions provider in the Benelux area. The completion of the integration of the postal networks of PostNL and Sandd, the steps we are taking to improve operational leverage in Parcels, and the disposal of a number of non-core activities were all key steps in achieving our strategy for growth.

"At Parcels, volume growth this quarter was 10%. This was lower than expected, mainly due to market growth slowing down. In 2020, we expect to benefit from implemented yield measures and continuing steps that will result in a better balance between volume growth, profitability and sustainable cash generation. We are confident that Parcels continues to be well-positioned to both take advantage and shape the e-commerce market in the Benelux region.

"Performance at Mail in the Netherlands was supported by strong sales of the December stamp. During the busy period we were able to show good progress in our cost savings projects, resulting in €48 million in savings for the full year. As of 1 February 2020 the PostNL and Sandd volumes are fully combined, being sorted and delivered by one integrated network. The key focus points for Mail in the Netherlands in 2020 are further cost savings and continuing

adjustment of our organisation to the structural volume decline, taking into account the one-time step-up in volume. We are on track to deliver the anticipated benefits and synergies from the Sandd transaction, as announced in February 2019.

"During the year, the number of customers connected digitally to PostNL continued to grow to 5.3 million unique users. We added several new features to the PostNL app, which provide customers with more precise delivery information and allow them to obtain digital shipment and pick-up receipts. In 2020, we will accelerate digitalisation across the company. This helps us develop every aspect of our operations, from optimising the customer experience to smart logistics enabling us to move customers' goods quickly, efficiently and sustainably.

"Business performance is expected to improve, which would bring like-for-like normalised EBIT in 2020 to between €145

million and €165 million. Taking into account higher pension expenses and the effect of new labour regulation, our outlook for normalised EBIT in 2020 is between €110 million and €130 million. Free cash flow is expected to come in at between €(315) million and €(285) million, including a final

payment for transitional plans of around €300 million in 2020. We expect to restore dividend payment, temporarily suspended due to the impact of the Sandd transaction, within 12 to 24 months after closing."

Source: [PostNL](#)