International Post Corporation

PostNL provides update on Q1 performance amidst Covid-19 pandemic

14-04-2020

Today, PostNL provides an update regarding the impact of Covid-19 on its performance in the first quarter of 2020. PostNL is fully operational and has been able to continue its primary business activities during these unprecedented circumstances. It is serving consumers, customers and society at large by maintaining its vital infrastructure, allowing people to remain connected and to do business while staying at home.

Herna Verhagen, CEO of PostNL, commented: "Ensuring a safe and healthy environment for our people, partners, clients and consumers is and will remain our key priority. We are proud of our people, who are fully focused on the ongoing delivery of mail, parcels and other shipments such as medical goods and food, allowing people to stay at home. We are actively monitoring developments and have had a comprehensive business continuity plan in place since early March."

Health and safety come first

PostNL applies all social distancing guidelines and health regulations to protect its people and consumers as much as possible. We have implemented additional measures in our operations and facilities to support social distancing and to ensure a safe and healthy working environment. We have introduced contactless delivery to ensure that our deliverers can keep the required 1.5 metre distance to customers. Flow patterns, protective plexiglass walls, floor stickers and other communications aim to raise awareness and to help people to stay safe.

Covid-19 impact visible in March

Governments in the Netherlands and Belgium took additional health and safety measures early in March. Since then, e-commerce growth has picked up and parcels volumes have increased, compared with low growth levels in January and February. With many retail stores forced to close, small and mid-sized webshops showed good growth in volumes, leading to a positive price mix effect at Parcels. At Mail in the Netherlands, people are sending considerably more greeting cards to pay attention to family and friends. However, bulk mail volumes declined significantly in March, as many direct mail campaigns were postponed. The additional volume decline will be partially offset by a positive price mix effect, which is expected to continue in the second quarter. Despite restrictions in certain countries and reduced air freight capacity, the impact of Covid-19 at

Spring is expected to be limited in Q1.

Solid Q1 performance expected; strong financial position

Based on current developments, PostNL expects to report a solid normalised EBIT and strong cash flow development for Q1 2020. Operational measures to protect its people and clients, combined with an increased level of absenteeism, are expected to impact operational costs. Meanwhile, the combination of the two postal networks of PostNL and Sandd has progressed according to plan during the quarter. PostNL is on track to deliver the projected benefits and synergies of the consolidation. At 31 March 2020, PostNL had €485 million in cash (31 December 2019: €480 million) and a credit facility of €400 million, fully undrawn, with no covenants.

Limited visibility going forward

The duration and severity of the Covid-19 pandemic and its impact on the social and economic situation are difficult to predict. There are challenges, such as the impact of social distancing measures on efficiency as well as on our ability to realise planned cost savings in Mail in the Netherlands, and the negative impact on the overall business environment. At the same time, there are also opportunities, as e-commerce activity has picked up and consumer mail is more popular now. Building on its solid first quarter performance, PostNL continues to be committed to achieve the stated 2020 outlook for normalised EBIT between €110 million and €130 million. However, the uncertainties regarding the duration and severity of the Covid-19 pandemic may impact PostNL's ability to achieve this result. Q1 2020 results will be published as scheduled on 4 May 2020.

Source: PostNL

CLASSIFICATION: CORPORATE | WWW.IPC.BE © 2026