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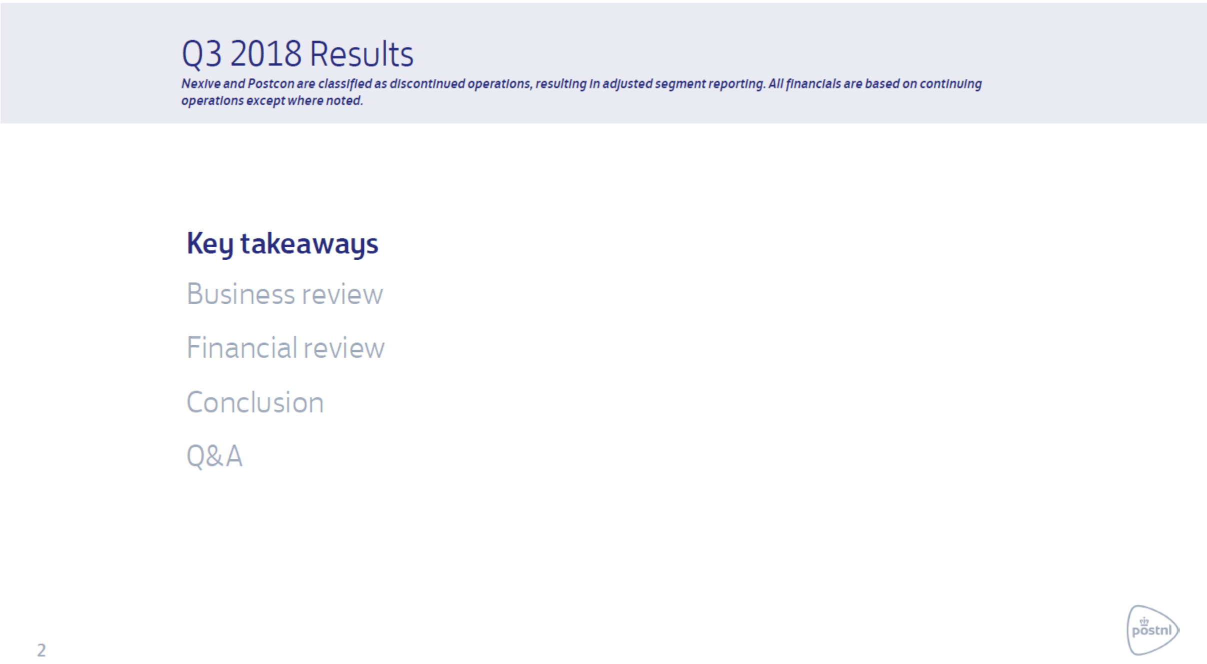
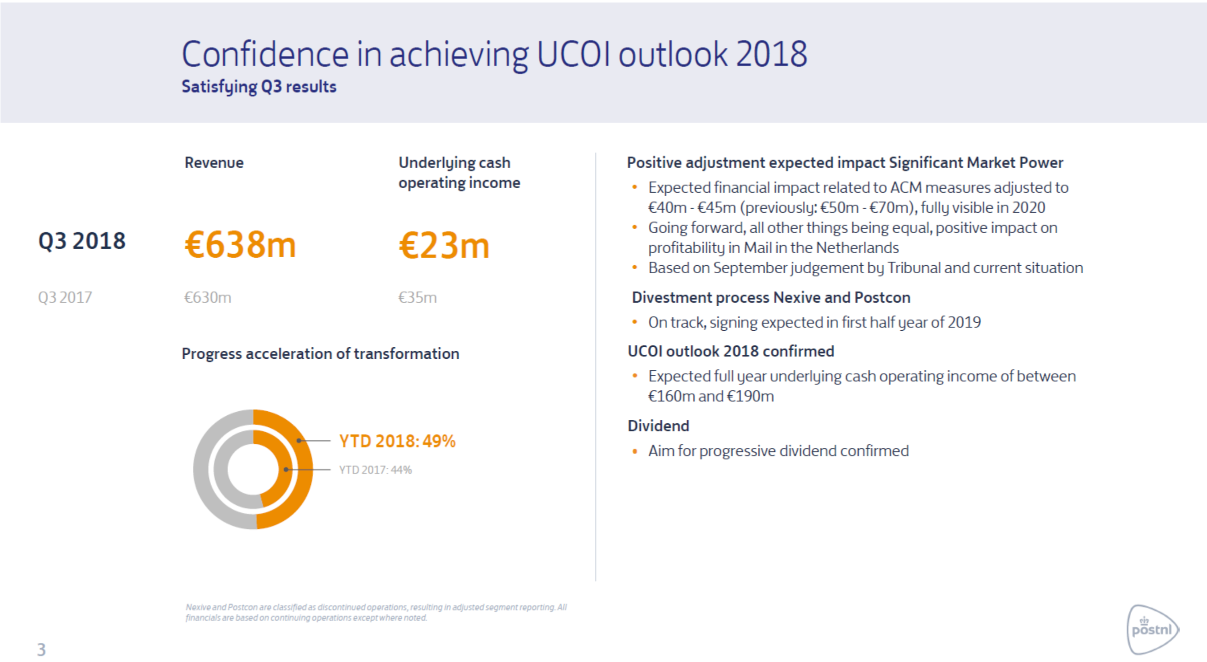
Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Good morning everyone and welcome to the PostNL third quarter 2018 conference call. I am here with Herna Verhagen, CEO and Pim Berendsen, CFO.

Pim, can I hand over to you for the presentation? After that, we will go on to Q&A.

Pim Berendsen – CFO PostNL: Thank you, Jochem.



I will start to talk about the key takeaways of this quarter, followed by an operational overview of the businesses and then dive into a little bit more to the financials.



The first point is that we certainly want to make clear that our performance in the third quarter was satisfying. Before I start talking about the numbers I think it is important to make clear that all these numbers are based on continuing operations, so they do not include Nexive and Postcon anymore.

Revenue for the quarter increased to EUR 638 million and 49% of our revenue is now related to e-commerce, afforded as well by the decision in August to divest Nexive and Postcon but also because of the growth of our Parcels business.

The underlying cash operating income was EUR 23 million, which was below last year's number, as we have expected.

Last week we announced that following the decision on Significant Market Power, we have made a positive adjustment to the expected financial impact related to these ACM measures. We now expect this impact to be between EUR 40 million and EUR 45 million on an annualised basis, fully visible in 2020.

As you know, the previous range was between EUR 50 million and EUR 70 million. All other things being equal, this will have a positive effect on the profitability of Mail in the Netherlands going forward.

Please take into account that our estimates are based on the judgment on Significant Market Power by the Tribunal, taken in September, and the current situation.

In August, we took the decision to divest Nexive and Postcon, our activities in Italy and Germany. The process is on track and we expect that deals can be signed in the course of the first half of 2019.

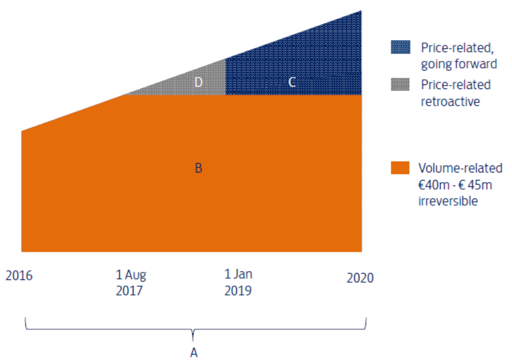
We are confident that we will achieve our underlying cash operating income for 2018 of between EUR 160 million and EUR 190 million. We reconfirm and confirm our aim for progressive dividend.

Decision on SMP annulled in September

Financial impact ACM measures adjusted to between €40m and €45m, fully visible in 2020

- Expected financial impact of ACM measures, was €50m - €70m annualised, fully visible in FY 2020 (A)
- Impact since 2016 as postal operators substantially grew market shares, resulting in additional volume loss on top of structural volume decline. Part of financial impact is, therefore, irreversible (B)
- ACM decision on SMP was annulled. All obligations imposed on PostNL regarding network access for postal operators no longer apply. Obligations came into effect on 1 August 2017
- As of 1 January 2019, all postal operators will be granted network access based on PostNL conditions and tariffs (C)
- Adjustment of expected financial impact of ACM measures to €40m - €45m annualised, fully visible in FY 2020, based on September judgement and current situation
- Difference between SMP tariffs and PostNL tariffs between August 2017 and January 2019 invoiced to postal operators. Expected to add approximately €7.5m to UCOI in Q4 2018 (D)
- Going forward, all other things being equal, positive impact on profitability in Mail in the Netherlands,

Financial impact ACM measures
(illustrative only)



I think it is important to spend a bit of time of explaining the consequences of the decision on the SMP decision of the Tribunal, which annulled Significant Market Power regulations that we had to adhere to.

In September, the Tribunal annulled these decisions and certainly, that was good news for us. Since then, we have analysed that judgment and carefully considered the consequences and the next steps, resulting in the announcement that you have seen last week.

Let me start by reminding you that the expected financial impact of the ACM measures, including SMP, was EUR 50 million to EUR 70 million annualised, fully visible in FY 2020. The graph covers the entire period from 2016 until 2020.

We have felt this impact since early 2016 as postal operators substantially grew market share by expanding their own delivery networks. At this moment, they roughly distribute 80% of that volume themselves in their own networks. This resulted in additional volume loss for PostNL on top of the structural volume decline that we have always seen. That is why part of the financial impact is irreversible and the irreversible part of that is the big orange part of the graph on the right-hand side.

When the ACM decision on SMP was annulled, all obligations imposed on PostNL regarding network access for postal operators did no longer apply. These obligations came into effect on 1 August 2017.

We have announced that as of 1 January 2019 all postal operators will be granted network access based on PostNL conditions and tariffs. The bottom line is that this means a positive price effect on the volumes that will be offered by the postal operators to PostNL for final-mile delivery and the financial effect will be visible in 2019 and 2020. Basically, the blue part of the graph called ‘C’ is the positive implication of the consequences of the tribunal’s decision. That, of course, reduces the EUR 50 million to EUR 70 million assessments that we had before, back to the EUR 40 million to EUR 45 million impact that we now expect.

We also announced that we will invoice the difference between the SMP tariffs and the PostNL tariffs for the period between August 2017 and January 2019 to postal operators. This is expected to add approximately EUR 7.5 million to Underlying Cash Operating Income in Q4 of this year. This would move us more towards the upper part of the range of the EUR 160 million to EUR 190 million outlook, but please also bear in mind that we still have a big and important Q4 ahead of us.

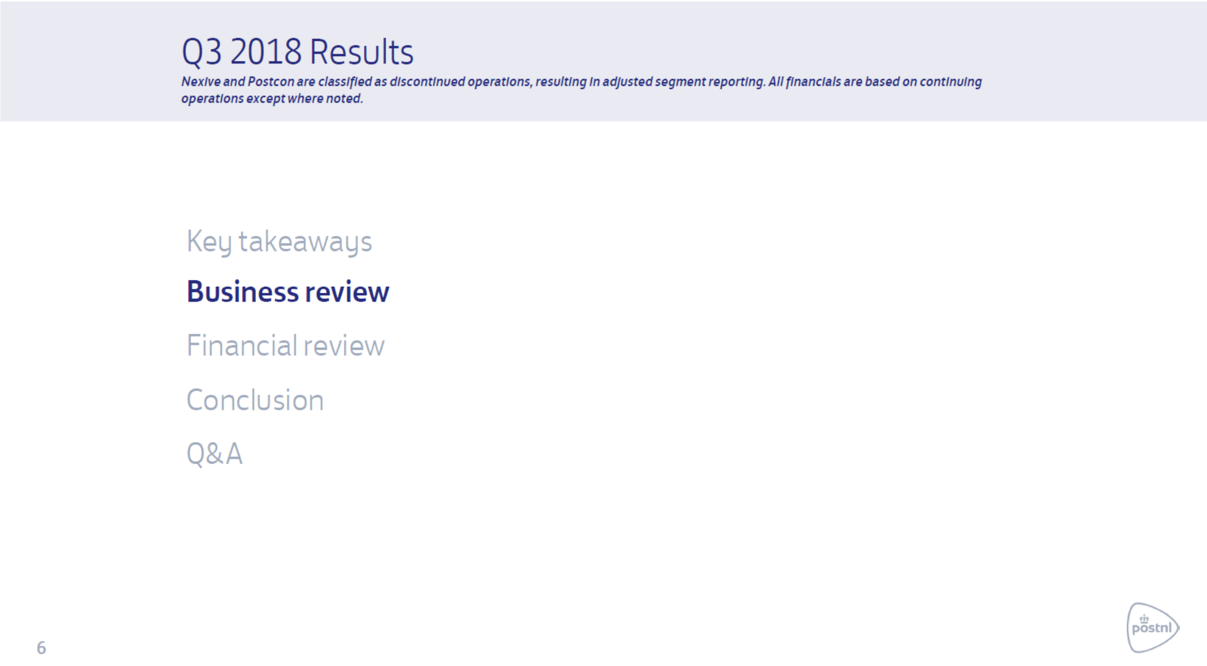
All in all, all other things being equal, a positive impact on the profitability in Mail in the Netherlands going forward.

Of course, the other important topic related to the Dutch regulatory framework is the postal dialogue. As stated before, we consider the consolidation of networks the best solution to safeguard the accessibility and reliability of the postal delivery for everyone in the Netherlands for the years to come. This has not changed as a consequence of the Tribunal outcome.

Broad parliamentary support for the conclusions of the State Secretary of Economic Affairs after the postal dialogue is crucial. Parliament also has explicit attention for the situation of postal operators that employ people with a distance to the labour market. However, the road towards consolidation is not a straight-forward process, due to the anti-trust and merger-control regulations and the involvement of several stakeholders.

Any merger or acquisition within the Netherlands will have to be approved by ACM, a process with formal steps from which we cannot deviate. They will evaluate a proposed combination based on the current regulatory framework. Under normal circumstances, this is a very delicate process, which needs thorough preparations.

Several other market participants including PostNL, our State Secretary and parliament have acknowledged in public that consolidation of networks is the best solution for a sustainable postal sector. Preparations are in progress and require time.



Let's move to an overview of our operational performance in the third quarter of 2018. Let's start with the performance of Parcels.

For Parcels excluding Spring, our key message is that we see a further acceleration of our transformation, driven by the ongoing growth in e-commerce. Volume growth in the quarter was 20%.

Prices increased above inflation, as will be the case in 2019 as well.

Our large customers grew faster than our smaller ones. In other words, we see a shift in our customer mix. Overall the price/mix effect was slightly negative. This is a trend we also commented on in the previous quarters.

The demand for additional services continues to grow and we also recorded an increase in revenue from Logistic Solutions. By now, three new sorting centres started operations. One of these was opened in Amsterdam yesterday and, as planned, all in due time for our peak season. This should contribute to the expected improvements in the efficiency towards the end of the year.

The increase in volume resulted in an improved business performance. However, this was partly offset by additional capacity costs, also due to a tight labour market and transport market.

An increase in IT costs for the further digitisation for our service operations.

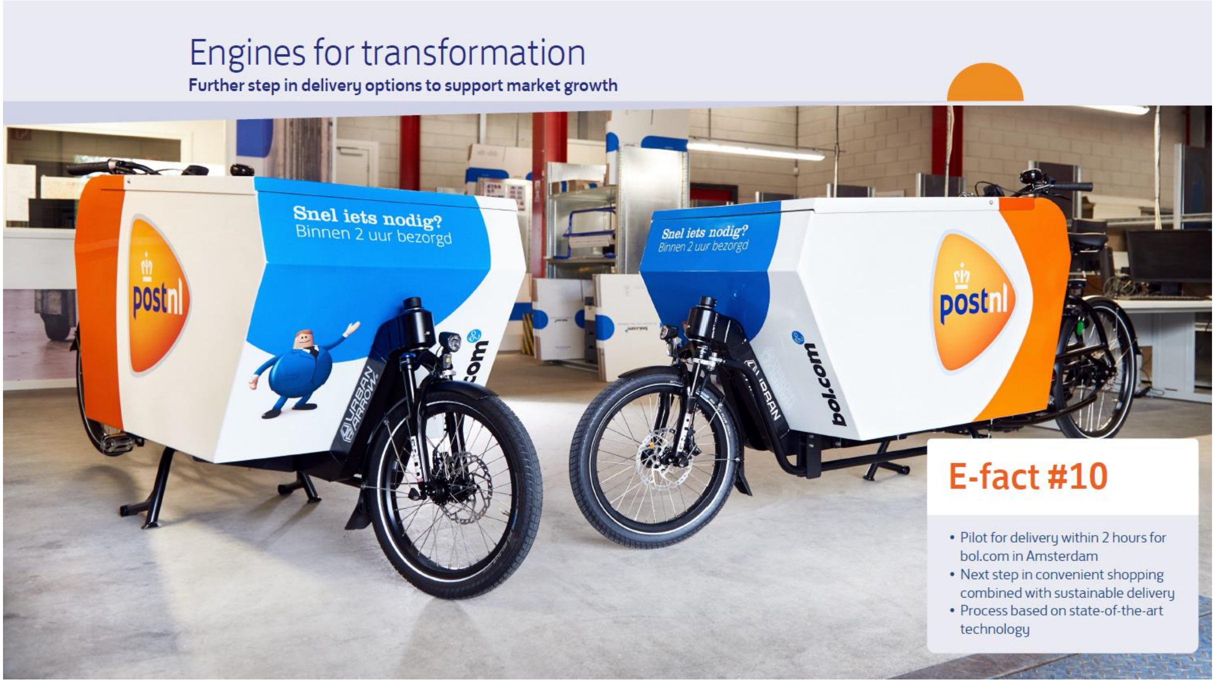
Higher cash-out for pensions had a slightly negative effect as well.

In Spring, revenue was down 11% to EUR 59 million. The competitive environment, particularly in Asia, remains fierce, which puts pressure on the margin and resulted in lower performance than last year.

Overall, the revenue in the segment Parcels increased by almost 11% to EUR 375 million in Q3. The underlying cash operating income was EUR 28 million, EUR 3 million below last year.

We have reached a new milestone in our online communication with our consumers. Four million Dutch million now have a personal PostNL account and the number of accounts is still growing by around 20,000 a week.

The PostNL account enables us to create a direct link, a direct relation with our end consumers, leading to better interaction, better communication and more data. Consumers will for example be able to record their communication preferences and their preferred delivery methods in a more personalised way. That will help us improve our service offering and improve our targeted services to improve the customer journey of recipients, resulting in a higher customer loyalty.



Another point of innovation relates to a pilot for 2-hour-delivery for bol.com in Amsterdam, the next step in convenient shopping, developed in close cooperation with our customer bol.com. The option to offer the clients of bol.com delivery within two hours is expected to support their growth as well as ours.

At the same time, we prove that innovative delivery options and sustainable delivery go hand in hand. Dual branded e-bikes will be used for this pilot in Amsterdam. The total process from ordering to notification for end consumers in the PostNL-app is based on our state-of-the-art technology that I talked about just before.

Mail in the Netherlands

Improving run-rate of cost savings

	Revenue	Underlying cash operating income	Total cost savings	Addressed mail volume decline
Q3 2018	**€371m**	**€(1)m**	**€16m** of which €11m in Mail in the Netherlands	**11.9%** (10.8% YTD)
Q3 2017	€395m	€7m		

Key takeaways Q3 2018

- Volume decline mainly driven by ongoing substitution
  - continued high decline in single mail
  - bulk mail volume impacted by postal operators delivering more mail through their own networks
- Improvement in run-rate cost savings in Q3; FY 2018 guidance remains slightly below the initial indicated range of €50m - €70m
- Performance also includes autonomous cost increases, less cash out for pensions and provisions, and other effects (for example lower bilaterals)
- New tariffs 2019 announced: stamp price increase 4.8%
- Delivery quality at 95%

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For Mail in the Netherlands the first point is of course related to volume decline. Volume was down 11.9% in this quarter but please bear in mind, that volumes in Q3 are always relatively low. Year to date, volume decline is 10.8% and still of course in the range of 10% to 12% that we guided before.

This volume decline is mainly driven by substitution. We see that decline in single mail remains high, which obviously also impacts our revenue mix. In bulk mail, we also see a competition effect caused by the expanded network of postal operators.

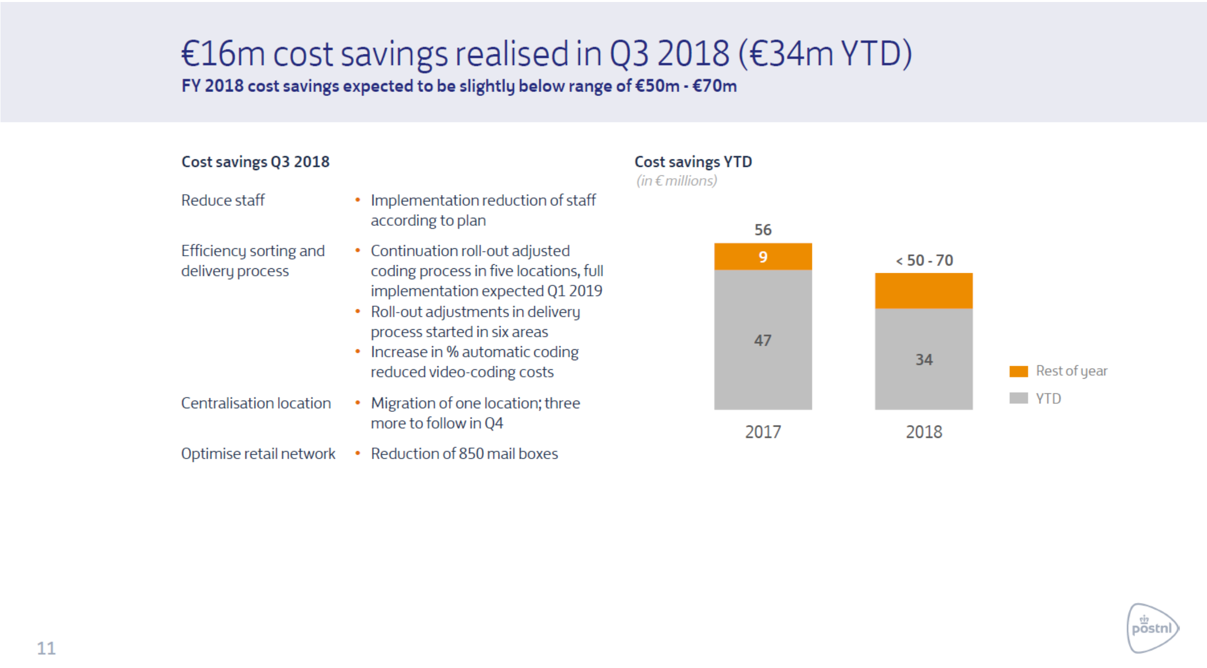
Part of this volume decline is mitigated by price increases and we have just announced earlier this morning that the rate for a base stamp will be increased by 4.8% as of 1 January 2019.

Revenue in Q3 amounted to EUR 371 million. At the same time, our focus is on cost savings, necessary to mitigate the effects from structural market decline.

In the quarter, we realised EUR 16 million of cost savings, of which EUR 11 million in the segment Mail in the Netherlands. We now clearly see an improvement in the run rate of cost savings compared to the level of savings we have seen in the previous quarters. For the full year, our guidance on cost savings remains slightly below the earlier indication of EUR 50 million to EUR 70 million. Just to be clear, in Q2 we said it would be slightly below EUR

50 million to EUR 70 million, and this run rate improvement in cost savings will get us in the same expected outcome.

Underlying cash operating income was EUR 1 million negative, and includes also autonomous cost increases, less cash-out for pensions and provisions and some other effects like for instance lower bilateral results.



Let's look at the cost savings in a little bit more detail. As you know, we run extensive cost saving programs and they consist of several different projects. Staff reduction is implemented according to plan. The coding process, where we had some delays in the first part of the year, is back on track. We have continued to roll out in five locations and expect full implementation in the first quarter of next year. We have also started the roll-out of an important adjustment to our delivery process, the so-called combi-bundel, in six areas.

Furthermore, the percentage of automatic coding further increased with reduced manual video coding costs.

An ongoing project is always het centralisation of our locations. We again migrated one location and plan to do another three in the last quarter of this year.

We further optimised our retail network by the reduction of 850 mailboxes.

The total cost savings for this quarter amount to EUR 16 million, which brings the year-to-date number to EUR 34 million. As said, we are happy to see the run rate increase in these cost savings coming in this quarter.

UCOI outlook 2018 confirmed

Outlook 2018

- Adjusted segment reporting: Parcels (including Spring), Mail in the Netherlands and PostNL Other
- Confident to achieve our outlook for FY 2018 underlying cash operating income
- Revenue 2018 guidance PostNL adjusted to + low single digit (was: + mid single digit), fully explained by lower revenue growth in Spring

	Revenue		UCOI / margin	
(in € millions)	2017	outlook 2018	2017	outlook 2018
Parcels	1,382	+ mid teens	140 *(10.1%)*	7.5%-9.5%
Mail in the Netherlands	1,783	- mid single digit	125 *(7.0%)*	3%-5%
PostNL Other / eliminations	(440)		(24)	
Total	**2,725**	**+ low single digit**	**241**	**160-190**

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Let’s look at the UCOI outlook for 2018. Once again, our outlook is based on the adjusted segment reporting following the earlier decision to divest Nexive and Postcon. As you know, our reporting segments are Parcels including Spring, Mail in the Netherlands, and PostNL Other.

When looking at our revenue development, we now expect low single digit growth for the full year compared to 2017. This is fully explained by the lower revenue growth in Spring, predominantly caused by fierce competition in our Asia business.

We are confident to deliver our outlook for underlying cash operating income and confirm the range of between EUR 160 million and EUR 190 million for 2018.

Q3 2018 Results

Nexive and Postcon are classified as discontinued operations, resulting in adjusted segment reporting. All financials are based on continuing operations except where noted.

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Let’s go to a little bit more detail on the financials of this quarter.

Progress divestment Nexive and Postcon

Strategic rationale

- In line with our strategy to be the postal and logistic solutions provider and focus on our core markets in the Benelux
- Full confidence that management teams of Nexive and Postcon will be able to realise their strategic ambition, develop their activities and strengthen their position in Italy and Germany respectively
- Processes on track, signing expected in HY 2019

Reporting and financial impact in Q3 2018

- Nexive and Postcon classified as discontinued operations
- Result from discontinued operations €(49)m (Q3 2017: €(6)m) includes a fair value adjustment, a consolidation effect and a negative business result

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Let’s start with a few words on the status of the divestment process of Nexive and Postcon.

In line with our strategy to be the postal and logistic solutions provider and focus on our core markets in the Benelux, in August, we have decided to divest our subsidiaries.

We have full confidence that the management teams of both Nexive and Postcon will be able to realise their strategic ambition, develop their activities and strengthen their local market positions.

The processes are on track and we expect signing somewhere in the first part of 2019.

When looking at the reporting and financial impact in Q3, 2018 we see that Nexive and Postcon are of course classified as 'discontinued' operations and the result from discontinued operations was minus EUR 49 million in Q3 and includes the combination of a fair value adjustment, a consolidation effect and a negative business result.

Financial highlights Q3 2018

(in € millions)	Q3 2017	Q3 2018	YTD 2017	YTD 2018
Reported revenue	**630**	**638**	**1,943**	**1,978**
Reported operating income	41	31	170	92
Restructuring related charges	9	(3)	17	0
Project costs, impairment PPE and settlements		2	3	24
Consolidation effect with discontinued operations	(2)	(1)	(7)	(6)
Underlying operating income	48	29	183	110
Underlying cash operating income	**35**	**23**	**137**	**88**
Net cash used in operating and investing activities	**(9)**	**(42)**	**(63)**	**(76)**

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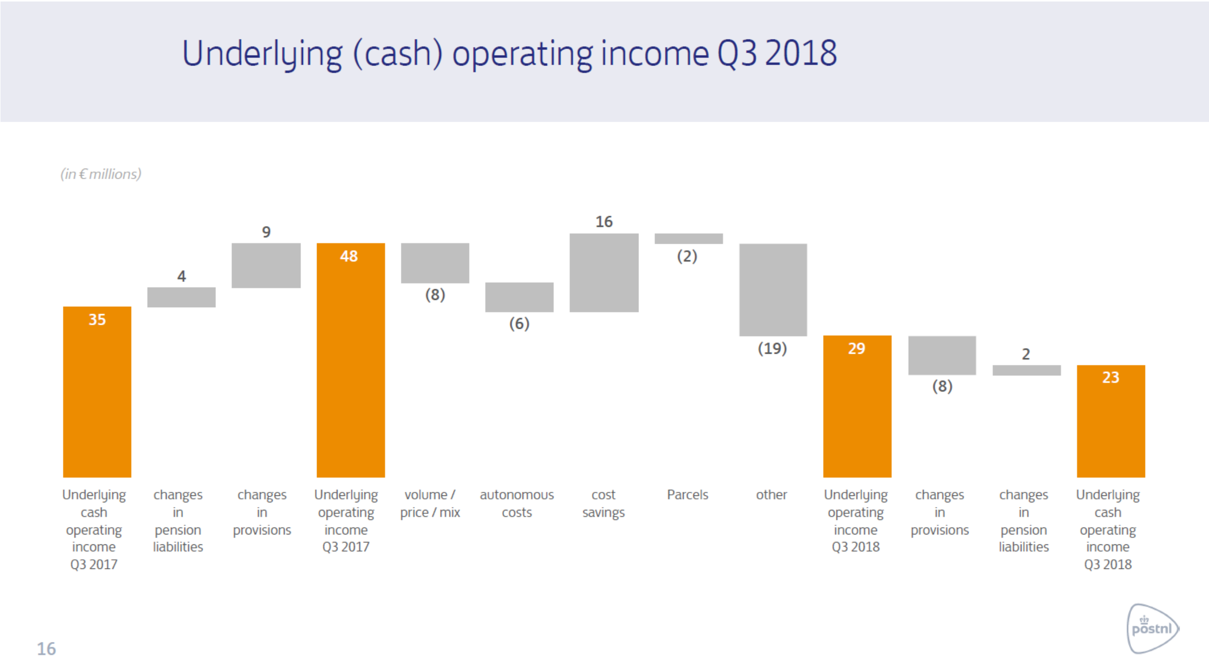
I will now continue with the financial highlights. The main message for Q3 is that our main KPI – underlying cash operating income – was EUR 23 million. The result was below last year, as indicated before.

In Mail in the Netherlands we had a volume decline, effects from ACM measures, price increases and an improvement in the run rate of cost savings.

Impressive growth and solid performance in Parcels, together with planned investments in additional capacity with ongoing fierce competition in Spring, which puts pressure on our margin.

Net cash was below last year, mainly explained by the operational performance and the development in working capital, that included phasing effects predominantly on value-added tax and terminal-due payments.



Slide 16 explains the development of our underlying operating income and underlying cash operating income for the quarter.

First, we look at the underlying operating income and that is the second and third orange bar in the graph, which show a decrease of EUR 19 million. Volume price and mix effects were negative, impacted by the volume decline of 11.9% and price/mix effects. This effect, combined with the autonomous cost increases, was more than compensated by the cost savings of EUR 16 million.

As explained, Parcels including Spring, was below last year.

The line ‘other’ is a mix of some positive but more negative results, for example higher pension expense, lower bilateral results and higher depreciation costs.

Changes in pensions and provisions showed an improvement of EUR 7 million.

In total, the decrease in underlying cash operating income for the quarter was EUR 12 million.

Results by segment Q3 2018 based on continuing operations

(in € millions)	Revenue		Underlying operating income		Underlying cash operating income	
	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018
Parcels	339	375	32	30	31	28
Mail in the Netherlands	395	371	20	7	7	(1)
PostNL Other	18	17	(4)	(8)	(3)	(4)
Intercompany	(122)	(125)				
Total PostNL	**630**	**638**	**48**	**29**	**35**	**23**

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Let’s now have a more detailed look at the results per segment.

Parcels showed strong revenue growth, driven by the 20% volume growth this quarter. Underlying cash operating income in the third quarter was EUR 28 million, a good business performance. The increasing volumes resulted in improved business performance. However, this was partly offset by additional capacity costs, also due to the tight labour and transport market and increasing IT costs of further digitalisation of our service operations as well as higher cash-outs from pensions and provisions had a negative impact on the result.

Mail in the Netherlands had revenue down by 6%, of course fuelled by the volume decline. It was not fully compensated by a positive price/mix effect. Cost savings and less cash out for pensions and provisions were more than offset by the negative volume/price mix effect in addressed mail, autonomous cost increases and other effects.

Revenue in PostNL Other was EUR 17 million. The underlying cash operating income was slightly down to minus EUR 4 million, mainly due to cost savings offset by autonomous cost increases and increasing IT cost.

Statement of income

(in € millions)	Q3 2017	Q3 2018	YTD 2017	YTD 2018
Revenue	630	638	1,943	1,978
Operating income	**41**	**31**	**170**	**92**
Net financial expenses	(10)	(5)	(31)	(21)
Results from investments in associates and joint ventures			(5)	
Income taxes	(6)	(7)	(27)	(20)
Profit from continuing operations	**25**	**19**	**107**	**51**
Loss from discontinued operations	(6)	(49)	(18)	(68)
Profit for the period	**19**	**(30)**	**89**	**(17)**

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Slide 18 shows the development of our profit. Profit from continuing operations was EUR 19 million in Q3, EUR 6 million lower than last year. The decline in operating income was partly offset by less income taxes and lower financial expenses.

Taking into account the expected loss from discontinued operations, mainly a fair value adjustment related to the announced start of the divestment process for Nexive and Postcon, profit for the period was minus EUR 30 million.

Let's move to the development of our net cash from operating and investment activities.

Net cash from operating and investing activities

(in € millions)	Q3 2017	Q3 2018	YTD 2017	YTD 2018
Cash generated from operations	**27**	**(14)**	**100**	**31**
Interest paid	(17)	(17)	(20)	(21)
Income taxes received / (paid)	(3)	5	(65)	(34)
Net cash (used in)/from operating activities	**7**	**(26)**	**15**	**(24)**
Interest / dividends received / acquisitions / other	2	(2)	(20)	(1)
Capex	(26)	(27)	(73)	(75)
Proceeds from sale of assets	8	13	15	24
Net cash (used in)/from operating and investing activities	**(9)**	**(42)**	**(63)**	**(76)**

	Q3 2018	YTD 2018
Base capex	13	32
Cost savings initiatives	3	6
New sorting and delivery centres	11	37
Total capex (FY 2018: max €100m)	**27**	**75**

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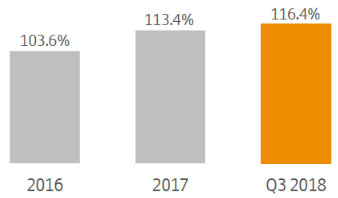
Our net cash from operating and investment activities was minus EUR 42 million, EUR 33 million below last year. Cash generated from operations included a negative phasing effect on working capital on the points of value-added tax and bilateral payments, as well as a positive tax effect. Capex is more or less in line with last year, all in all resulting in a net cash of minus EUR 42 million.

In Q4, due to the seasonal pattern of our business and positive phasing effects in working capital, we expect a much more favourable development in net cash.

Coverage ratio pension fund further improved to 116.4%

Higher pension expense balanced in Other Comprehensive Income

(in € millions)	Q3 2018
Return on plan assets in excess of interest income	9
Defined benefit obligation	0
Minimum funding requirement	(1)
Total pension	**8**
Net effect on equity within OCI	**6**



- Increase in pension expense in Q3 2018 (visible in operating income) mainly explained by higher rate of expected benefit increases, reflecting development of coverage ratio pension fund
- Compensated by actuarial gain recorded in other comprehensive income (OCI) as net pension liability related to pension fund is limited at outstanding unconditional funding obligation
- Will be also visible in Q4 2018

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With regard to pensions, only a couple of words. Given the interest rate developments and the asset performance of the pension fund, the actual coverage ratio at the end of September was 118%, which brings the 12-month average ratio to 116.4%, well above the minimum required level.

Pension expense was EUR 5 million higher than last year, impacting our underlying operating income. This increase in expense is mainly explained by a higher rate of expected benefit increases, reflecting the positive development of the coverage ratio. Within equity, the higher expense is partly compensated by an actuarial gain recorded in 'other comprehensive income'. This effect will also be visible in the fourth quarter of this year.

Consolidated statement of financial position

Redemption of GBP Eurobond of €223m in August

(in € millions)	29 Sep 2018		29 Sep 2018
Intangible fixed assets	198	*Consolidated equity*	(26)
Property, plant and equipment	504	*Non-controlling interests*	3
Financial fixed assets	29	Total equity	(23)
Other current assets	376	Pension liabilities	342
Cash	222	Long-term debt	409
Assets classified as held for sale	278	Other non-current liabilities	62
		Short-term debt	2
		Other current liabilities	687
		Liabilities related to assets classified as held for sale	128
Total assets	**1,607**	**Total equity & liabilities**	**1,607**

- Net debt position of €183m

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When translating this quarter's performance into our balance sheet, we see the following points. Our consolidated equity decreased to minus EUR 26 million, mainly affected by the fair value adjustment of Nexive and Postcon and a cash payment of our interim 2018 dividends.

In August, we have redeemed our 2018 Eurobond that was denominated in British Pounds. The Euro equivalent of that redemption payment was EUR 223 million.

Our net debt position is currently EUR 183 million, EUR 84 million lower than Q2 2018, also impacted by technical adjustments related to the classification of Nexive and Postcon as discontinued operations.

All in all, a solid financial position and a BBB+ rating. We expect to end the year 2018 with a positive equity position, of course helped by the seasonality pattern in our activities.

Q3 2018 Results

Nexive and Postcon are classified as discontinued operations, resulting in adjusted segment reporting. All financials are based on continuing operations except where noted.

Key takeaways
Business review
Financial review
Conclusion
Q&A

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To conclude today's presentation, Q3 results were satisfying and in line with our expectation.

Confidence in achieving UCOI outlook 2018

Satisfying Q3 2018 results

Progress accelerating transformation

Performance Q3 2018

- Satisfying Q3 2018 results in line with expectations

Positive adjustment expected impact Significant Market Power

- Expected financial impact related to ACM measures adjusted to €40m - €45m (previously: €50m - €70m), fully visible in 2020
- Going forward, all other things being equal, positive impact on profitability in Mail in the Netherlands
- Based on September judgement by Tribunal and current situation

UCOI outlook 2018 confirmed

- Expected full year underlying cash operating income of between €160m and €190m

Dividend

- Aim for progressive dividend confirmed, also for 2018

Nexive and Postcon are classified as discontinued operations, resulting in adjusted segment reporting. All financials are based on continuing operations except where noted.

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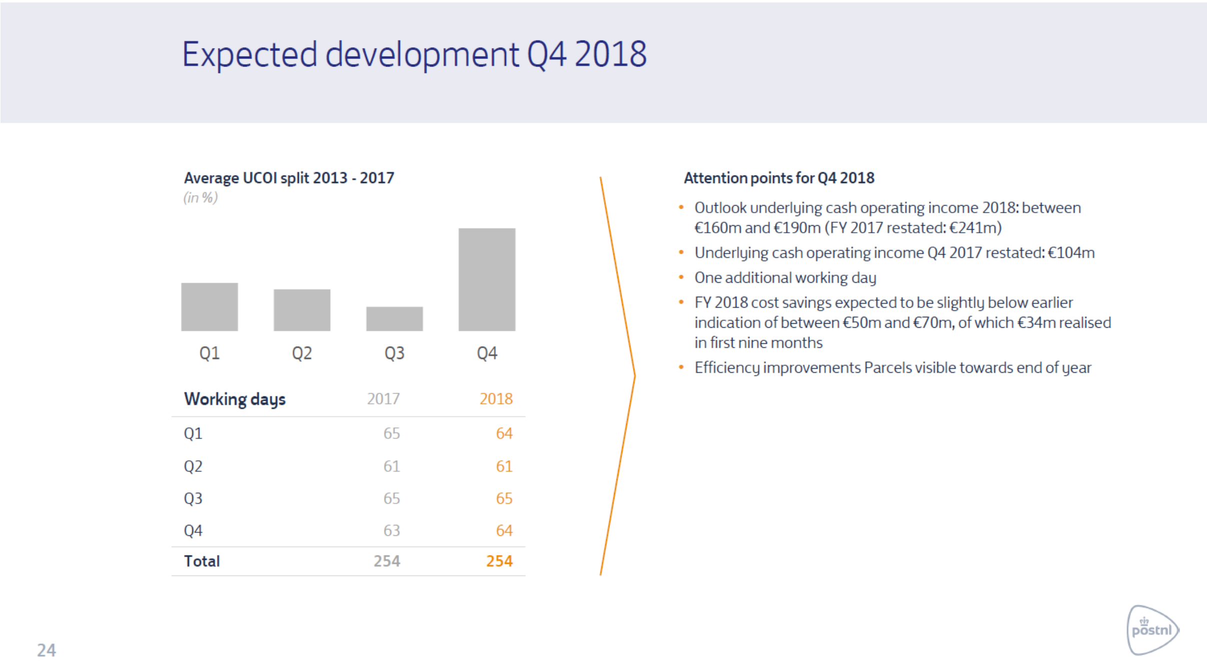
Progress in our acceleration of transformation continues. Year-to-date, already 49% of our revenue is related to e-commerce. Based on the decisions made following the favourable decision of the Tribunal on SMP, we expect all other things being equal a positive impact on the profitability in Mail in the Netherlands going forward. Please note that this is based on the current situation.

We confirm our outlook for 2018 between EUR 160 million to EUR 190 million and we repeat our aim for progressive dividend also for 2018.



To finalise, I would like to give you some attention points for the last quarter of this year, which will be based of course on the adjusted segment reporting. Please take into account the seasonal pattern will be the same as the years before, which obviously Q4 results the most to our full year result.

Compared to last year, there is one extra working day in the fourth quarter. And, as I said and reiterated, that given the run rate increases in our cost savings we are confident that we will deliver on our slightly below EUR 50 million to EUR 70 million indication on cost savings for the full year.

In Parcels, the expected improvement and efficiency will kick in towards the end of the year since our new depots have started operations.

Now I hand over back to Jochem to open the Q&A session of today's presentation.

Q3 2018 Results

Nexive and Postcon are classified as discontinued operations, resulting in adjusted segment reporting. All financials are based on continuing operations except where noted

Key takeaways
Business review
Financial review
Conclusion
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QUESTIONS AND ANSWERS

- **Ruben Devos – KBC Securities**

I have two questions. The first one is on the rate adjustments you have announced this morning. It appears as if the tariff rate is well below what is allowed by the regulators in 2019. The addressable mail volume decline this year is expected to be about 10% to 12%, so I am curious what elements could explain PostNL's prudence on the price increase.

Secondly, you mentioned additional capacity costs in Q3, where you refer to a tight labour and transport market and increasing IT costs. Those seem like costs that could be recurring in nature. So could you help us understand how we should see that develop going forward and at what point you believe efficiencies outweigh costs associated with growing Parcel volumes?

Herna Verhagen – CEO PostNL: Regarding rate adjustments, we of course also took the level of substitution into account. We chose the prudent way because we think that further increases of price at this moment in time would lead to further substitution. Secondly, why do we increase that constantly? That has the same reason and that is we need price increases to offset volume decline together with our cost savings. Therefore, this price increase for January 2019, but also the price increase for the December stamps and the price increases shown to market for our business customers are important.

Pim Berendsen – CFO PostNL: Then on your next question relating to Parcels' performance, the capacity costs. There we indeed see those costs increases; they are slightly increasing as a consequence of tighter labour and transport markets. But as we have said before, we remain fully focused on achieving our ambition to maintain a solid underlying cash operating income with a growing revenue towards 2020.

Ruben Devos – KBC Securities: And if I can just add one question, please, regarding the cost savings? So they will be slightly below what has been gathered at the start of the year. If we look at the track record since 2015, it seems that we should expect a significant ramp-up in cost savings next year and the year after that. So I am just thinking: what are elements that we should bear in mind that could lead to a delay in savings? Or is it safe to assume that you would roughly deliver close to EUR 100 million in saving as of next year?

Pim Berendsen – CFO PostNL: Indeed, we started off the year with the expectation to save EUR 50 million to EUR 70 million. Because of delay in the first quarters of the year, we have indicated at the Q2 announcement that we expect to end up slightly below that EUR 50 million to EUR 70 million and that those cost savings were always going to be a bit back-end loaded. That is why we are happy to see the run rate improvement in cost savings in this quarter and we will remain as focused as ever before on ramping up this cost savings also from 2018 towards 2019. But please bear in mind that also at Q2 we have said that given the postal dialogue and the potential consolidation and those implications on the drivers of Mail in the Netherlands and potentially on the phasing of those master plan or cost saving initiatives, we refrain from giving more guidance at this moment in time. But certainly we will keep on focusing on improving the run rate of cost savings from 2018 towards 2019.

- **Marc Zwartsenburg – ING**

Just a couple of questions from my side. First of all, on your outlook for 2018. On the slide where you discuss the outlook, you did not really give an update. You just mentioned the range given the outcome of last week, the EUR 7.5 million, and the progress year to date. But you did not repeat that you are raising the guidance a bit. Could you give me an indication how we should read the outlook statement after last week?

The same goes for 2020. The presentation at Q2 still had the technical adjustments of the divestments of Germany and Italy and you referred in your Ambition 2020 that, all things being equal, it is a technical adjustment of the EUR 25 million on the Ambition for 2020. I do not see any these kind of statements in the press release, nor in the presentation today after the adjustment to the SMP impact from last week.

My second and third question is on the SMP, the slide also with the shaded areas. First of all, can you give us an indication where the EUR 7.5 million comes from? It seems quite a small amount if the structural impact is EUR 40 million to EUR 45 million.

And if I look to the rectangles you have in that graph, should not I assume that as of 1 January immediately the price increases kick in and you immediately have the advantage of the tariff increases instead of that phasing in? And why is it not possible with tariff increases and perhaps also in strategy to take back some of the lost market share? If you raise your tariffs, I can imagine it is less easy for them to sustain the volumes that they took from you. Or you are being still friendly on them. Any feedback on that would be helpful.

Lastly, can you give us an indication of the timeline on the postal dialogue? Where do we stand and is there anything that we can expect in terms of publication this year that there is any outcome on the framework? Where do we stand? It will be very helpful, because I also would like to know if the dividend is sustainable and any merger scenario we are talking about?

Pim Berendsen – CFO PostNL: Thanks, Mark, let's take them one at a time and probably best in the sequence of when and how you have raised the questions. So, first to the EUR 160 million to EUR 190 million outlook for the remainder of the year. That indeed we have reiterated. What I have also said on the slide of the SMP consequences is that given that EUR 7.5 million one-off impact we indeed could move much more towards the upper part of that bandwidth.

Marc Zwartsenburg – ING: I heard that, but later on in discussing the slide I did not hear back. So I thought maybe I was mistaking.

Pim Berendsen – CFO PostNL: And that is why I repeat it now, so that should move us to the upper part of that guidance. But at the same time, you also know that we could still have a very big Q4 ahead of us. But that is indeed our position.

Then towards the 2020 point. What we say right now is that the difference between the EUR 50 million to EUR 70 million, and now adjusted to EUR 40 million to EUR 45 million, will have, all other things equal, a positive impact on the profitability of Mail in the Netherlands. But given the status of the postal dialogue and the consolidation at the end of Q2, we also said that it does not seem to make sense right now to give more guidance on Mail in the Netherlands performance, because that consolidation might impact the main business drivers of Mail in the Netherlands and the phasing of cost savings.

Marc Zwartsenburg – ING: But this is a scenario that you already assume that a merger scenario is going ahead. But things all being equal as it stands today, you should have had a new outlook. Is that not correct?

Pim Berendsen – CFO PostNL: As I said, we did not have an outlook for Mail in the Netherlands anymore after Q2, for the reasons I just explained. At the same time, the performance of Mail in the Netherlands would move up, all other things being equal, because of the difference between the EUR 50 million to EUR 70 million and EUR 40 million to EUR 45 million.

Marc Zwartsenburg – ING: Okay.

Herna Verhagen – CEO PostNL: When it comes to the EUR 7.5 million, it is important to understand is that more or less 80% of the mail volume that disappeared to postal operators is distributed by themselves, which means that if you think about what volume is then left for PostNL to distribute, it is more or less 20%.

Marc Zwartsenburg – ING: You cannot get anything back from the 80%?

Herna Verhagen – CEO PostNL: Let me first explain the EUR 7.5 million: why is the EUR 7.5 million EUR 7.5 million because you calculate a tariff based the 20% of volume and not on 100% of volume. That is the main reason why the EUR 7.5 million is EUR 7.5 million.

Could you assume that the price increase immediately takes effect as of January 1? The answer is yes. Is it possible to win back some of the lost market share? In our view, those postal operators have built up their own distribution network which is able to distribute around 80% of the volume, which is applicable for postal operators. We think that this will continue going forward. That is the assumption we have made.

Marc Zwartsenburg – ING: So looking at the rectangle of the price impact, it is immediately effective as from January 1. So I should read that immediately you have a benefit of the EUR 20 million that you lost.

Pim Berendsen – CFO PostNL: Yes, compared to the previous situation. Another way to look at it is to look at the rectangle, the orange part. That is the impact we have already seen and that will remain to be the impact.

Marc Zwartsenburg – ING: But if I look at the impact for 2019, it seems a very small surface, so I should assume already that most of the EUR 20 million – let's say between 40 and 60 and that you lowered the impact – immediately kicks in in 2019.

Herna Verhagen – CEO PostNL: That is a correct assumption, Mark.

Marc Zwartsenburg – ING: Okay.

Herna Verhagen – CEO PostNL: Then on the time line of the postal dialogue. It is important for us to reiterate that consolidation in our view is still the best solution to safeguard accessibility and reliability. There was broad parliamentary support for it, which is crucial for us.

The road towards consolidation is not a straightforward merger process and it needs involvement of several stakeholders. In Q2 we also said is that we put all the efforts we can into this process to get it done and to keep speeding the process. Ultimately, in summer 2019 we will be able to show you the financial impact. And of course – but that is logical – every transaction and this one especially will be assessed on value creation.

I understand your question on how sustainable dividend is, but it is much too early to answer that question. In my view, it is important for us to continue with this process and keep the pace as high as possible from our side.

Marc Zwartsenburg – ING: But assuming that you base it on value creation you should make a decent return on the merger, if you actually merge there is a positive result from it and then your dividend should be safe, given the current situation.

Herna Verhagen – CEO PostNL: I do not think it is useful to speculate at this moment in time, Marc.

Marc Zwartsenburg – ING: I should not assume that the merger scenario will go ahead and that dividend might be cut? That is basically the underlying question.

Herna Verhagen – CEO PostNL: I will not give you a different answer to it. It is a delicate process and we do as much as we can to do it as quickly as possible. In my view, it is not helpful to speculate on any outcome whatever.

Marc Zwartsenburg – ING: Fair enough but there is a policy in place that then needs adjustments. That is why I am asking whether the policy is sustainable.

Herna Verhagen – CEO PostNL: It is an understandable question.

Marc Zwartsenburg – ING: And on 'this summer impact visible' it means that you already need to have a couple of months visibility on how a potential merger then should be effective? So, we are not talking about that we get a press release somewhere towards the summer of next year to say that the impact is visible. That means that assuming you then sign a deal and consolidate as of next year or so.

Herna Verhagen – CEO PostNL: We do not want to speculate on what exactly this process will look like but the assumption you take, where we have final financial details in summer, there needs to be something clear before that moment in time, is correct.

Marc Zwartsenburg – ING: Right. Thank you very much.

Herna Verhagen – CEO PostNL: Thank you.

- **Mark McVicar – Barclays**

Good morning everybody. I have three questions. First of all, with the EUR 7.5 million, the retroactive pricing increase, how practically do you get that money and can the customers dispute it or delay it? How automatic is the arrival of that money, given that it is pricing going back to August 2017?

Pim Berendsen – CFO PostNL: The consequences of the Tribunal's decision is that the ACM measures are annulled. We have separate agreements with the postal operators that allow us now to give them access against PostNL's tariffs and conditions. Given the fact that the regulation of ACM is void immediately, we refer back to the agreements that we have and those agreements allow us to invoice the price difference between the price conditions of the PostNL offer in comparison to the SMP access regime. From that perspective, it is automatic and invoices will go out to those postal operators with the said amount of EUR 7.5 million.

Mark McVicar – Barclays: Thank you. Of those operators, what proportionate price increase does that represent? How much more are they being asked to pay retroactively?

Herna Verhagen – CEO PostNL: We did not disclose the exact tariffs. That is of course what is in a contract between us and postal operators.

Mark McVicar – Barclays: That is fine. My next question is, with the discontinued items, which I think were certainly larger than we were expecting, can you tell us how much of that was one-off in nature? I suppose the simple answer is, should we expect a further loss from those discontinued activities in Q4?

Pim Berendsen – CFO PostNL: The overall impact on this quarter's position was minus EUR 49 million and that is the composition of a fair value adjustment as well as consolidation and negative business results, more or less in line with the Q2 announcement that we have made. As said, the process has started externally and we are on track to try to sign a deal somewhere in the first half of 2019. But a separate composition of the elements of

EUR 49 million, I will not give you. Also, not within the interest of the company to optimise our position in the divesture processes.

Mark McVicar – Barclays: Sure. I understand. But should we expect some continued losses in Q4 or do you think it will be neutral positive, just broadly?

Pim Berendsen – CFO PostNL: Yes, I will not comment on that right now. We are in the middle of an external process.

Mark McVicar – Barclays: Okay. My final question is on the Parcels division. As you said, Spring went backwards. If you took Spring out, did you actually make EBIT progress in the core Parcels activity or did that go backwards as well because of the cost pressures and therefore the margin pressures?

Pim Berendsen – CFO PostNL: The Parcels' performance excluding the Spring effect would be within the bandwidth of Parcels before the adjustment of discontinued operations. So it would end up with a result between 9% to 11%. Parcels is running within the guidance that we had before the decision and we expect it to remain that way.

Mark McVicar – Barclays: Okay, within the old margin range. That is great, thank you very much.

Herna Verhagen – CEO PostNL: Thank you!

- **Edward Stanford – HSBC**

Good morning, a couple of questions for me. Just so I understand the issues you face with the potential consolidation, I think you said that the ACM looks at it based on current regulation. So is there a danger that the ACM rejects the merger based on current regulations and that has to be escalated to parliament? Can you just explain the nuances of that process?

Secondly, could you just update us on where we are with the reaction you had regarding the new coding and has a settlement been reached or is that still a continuing difficulty that you face?

Finally, if it is available, could we perhaps get any flavour of how your customers have reacted, how their behaviour has changed, if at all, in reaction to the retrospective increase in tariffs?

Herna Verhagen – CEO PostNL: On your first question, why this it not a straightforward merger process, we think that consolidation of networks will lead to a reliable and accessible network for the future, but this also needs a combination of the two biggest parties in the postal market. That is one. Secondly and next to that, there is a big public interest in this case, which is, for example, related to postal service going forward, the Universal Service Obligation and labour. That is the reason why we have said that it is not a straightforward merger process and why we have said that it takes time and that it takes the involvement of several stakeholders in the end to make it happen.

The second question was on the new coding. Indeed, an agreement is reached with the workers' council on the implementation of coding and the new delivery method. That means that in the month of October, we did a further roll-out in several locations and we will continue to do that after the busy Christmas period.

Any flavour on customer reaction to the increase is of course referred to postal operators. I think that is important. Of course their reaction is a normal reaction towards price increase which we have proposed.

Edward Stanford – HSBC: Thank you.

- **David Kerstens – Jefferies**

Good morning everybody. My question is also regarding the slide on page 4. I am a bit surprised by how large you estimate the volume-related impact of EUR 40 million to EUR 45 million per annum, particularly given the fact that I understand Significant Market Power is mainly about controlling access pricing. I think you only started to call out the impact on market share loss only a few quarters ago. Can you give an indication what that market share loss has been and what the market share now is of the regional competitors? And with a pricing impact, would you not expect it to be the other way around, that the pricing impact will be the dominant part of that chart and the volume impact the smaller part, as we have anticipated earlier? Related to this, how do you expect to recover the orange part of that chart, the EUR 40 million to EUR 45 million per annum?

My second question is, can you comment on the relationship you now have with the ACM? You put out a press release last week on the same day, ACM now saying that they have done more research and concluding that you actually do have Significant Market Power. What are the steps from here? Can they come back? And to what extent is this decision by the High Court from early September final?

Pim Berendsen – CFO PostNL: Let me start with the point on slide 4. Of course this entails the overall total regulatory implications. I will try to make it even better, clearer with an example. Basically from 100 mail pieces, we have lost 80 to 82 because of distribution by the postal operators themselves. They have extended their network on the back of that favourable regulatory regime. So they have distributing let's say, 80 of the 100 mail pieces themselves. Then there remain 20 and those 20 are of course that 20 is subject to digitalisation, substitution as well as other mail volumes. That means that the 20 will deteriorate to 14 a couple of years down the road and on that remaining 40 you now see a difference in price points, the difference between PostNL conditions and tariffs in comparison to the previous SMP tariffs. That is why the price effect will always ever be smaller than the volume-related effect.

David Kerstens – Jefferies: How does it relate to your previous guidance for mail volume decline for the year, because I think you said 10% to 12%, with 1% to 2% related to market share loss?

Herna Verhagen – CEO PostNL: There is no difference in that guidance. What is important to understand is that in the end the amount of volume which moved to postal operators was not that big. But the reason why the impact is that high is because the average price per item was very high. So this is not per se about market shares. That is only relative; it is much more about that volume that with a very high margin went to postal operators. And with that money, two postal operators they have built up their distribution networks over the last three years.

David Kerstens – Jefferies: Are there any plans on now to recover that volume-related loss as well in addition to the retroactive price increases?

Herna Verhagen – CEO PostNL: In our view, they have built up their networks, which are relatively stable networks, in the Netherlands. We do not think that it will be that easy to recover volume from them.

David Kerstens – Jefferies: I think I read somewhere you were talking about a claim against ACM or the Dutch government related to this impact. Is that correct?

Herna Verhagen – CEO PostNL: No, we are carefully evaluating possibilities. The assessment is a complex legal situation and that is what we are doing at this moment in time, so no decision taken yet.

David Kerstens – Jefferies: And with regards to the relationship with the regulator, why do you issue a press release on the same day and what are they saying now about Significant Market Power? Can that potentially change the whole situation again or is this now final?

Herna Verhagen – CEO PostNL: We had to issue a press release because we wanted to send out the letter to postal operators. That is the reason why we had to issue a press release. Before we issued this, we did have contact with ACM and Economic Affairs. At this moment in time we do not know what the impact of the letter or the newsfeed will be. ACM has to run a normal process before they can come to a decision, which means that they have to do their market surveys. They have to give every market party the opportunity to give its views. That is what we will do whenever they will start such a process. Any possible decision of ACM will not be retroactive. So that means that if they would come up with a new Significant Market Power decision after a careful process in which we also have the opportunity to give our views, whatever that decision is, it will not be retroactive.

David Kerstens – Jefferies: How long did the process take last time around? Three years or so, is that correct?

Herna Verhagen – CEO PostNL: Yes.

David Kerstens – Jefferies: Okay. If I may, can I ask a quick follow up regarding the Spring numbers? You changed your reporting structure in August, which enabled us to track Spring separately. Now you do not give a number for Spring anymore, only a revenue number. Can we get the profit numbers as well to complete our model?

Pim Berendsen – CFO PostNL: I get the question but we cannot and will not disclose the separate profitability numbers of Spring.

David Kerstens – Jefferies: So, that means we have to change the models again.

Pim Berendsen – CFO PostNL: I think we have clearly said in Q2 that we have amended the overall margins of the segment as a consequence of moving Spring towards Parcels from the 7.5 to 9.5 margin. And that is a bandwidth we are in.

David Kerstens – Jefferies: Alright. Thank you.

Herna Verhagen – CEO PostNL: Thank you.

- **Tobias Sittig – MainFirst** .

Two questions for me please. Firstly, coming back on Mark's question on the profitability of Nexive and Postcon. Basically, in Q2 you had accumulated a little bit above EUR 10 million losses for those two, but you took your guidance down by EUR 10 million arguing they would be very profitable in the second half of the year. Now it seems like Q3 was loss making and you would not confirm that Q4 is a profitable quarter for those two. Can you help us reconcile those statements?

Secondly, the regulation, which has now been declared unlawful, caused significant damage to your shareholders. Is there any thought about damage claims versus the regulator or the government? Do you have any hope of getting some of the lost profits back for shareholders here?

Herna Verhagen – CEO PostNL: When it comes to damage claims, I said before is that we are evaluating possibilities. That is what we have to do carefully. It is a complex legal situation that we have to take into account. We are not yet in a position to take any decisions. So, we are carefully evaluating what possibilities we have in this case. Of course we will come back to it as soon as we have taken a decision.

Regarding the profitability of Nexive and Postcon. We talked about the outlook for the year and we changed it from EUR 160 million to EUR 200 million to a guidance of EUR 160 million to EUR 190 million. The reason for that was the impact of the sale of Nexive and Postcon. In the Q3 numbers we and of course you, too, saw that the results of Nexive and Postcon were not as good as we expected them to be. We do not want to forecast at this moment in time Q4, because we are in the midst of a sale process. But that is the situation we are in at this moment in time.

- **Henk Slotboom – The Idea** .

I have a number of questions. I am sorry for being a pain in the ass, but if I see preparations are in progress and require time, Herna, how do I combine this with your earlier statements that there is no time to lose in terms of consolidation?

To be honest, I am a bit puzzled about what you say about all the stakeholders. I understand that personnel is a stakeholder, public interest is a stakeholder and then you explicitly refer to the USO. Like it or not, even in a situation whereby you merge or buy Sandd, the USO rules are fixed, the regulatory environment is fixed and there is not going to be a USO revision until 2020 or 2021 at the earliest. So how do I combine that? Could you provide some more clarity as to what is taking so long? You certainly cannot go to the ACM saying: Listen, guys, if we want to buy Sandd, how would you judge it? The ACM will probably say: First, you make an offer and then we will make up our mind. Could you give us some more colour as to what is what exactly?

Secondly, when you refer to the 2020 targets, you say it is all based on the situation as it is, so PostNL basically stand-alone. But I quite frequently also see or hear the words ‘current regulatory framework’ popping up. Now the Postal Act is not going to be revised until 2020. At least that is the current time schedule. Do you anticipate any other changes?

My final question is concerning the delivery quality. I once again see the 95% figure popping up. Are you sure you are going to maintain the figure at 95% or above going forward?

Herna Verhagen – CEO PostNL: On your first question, the only thing I can say is that we are working hard to get consolidation done and all the efforts we can put into this we are putting into it because we still underpin the necessity of consolidation for PostNL and for the postal market in the Netherlands. We also think that the transparency of the process or the content of that process at this moment in time does not help and that is the reason for us saying that we are working as hard as possible to speed it up as much as possible. That is also the reason why we have stated in the press release that preparations are ongoing. So I still think that there is no time to lose.

When you talk about stakeholders, there are many stakeholders. If you look into the motions of parliament, you see that one of the things they explicitly said is that they want to look into public interest. When they about public interest, they talk about quality, they talk about continuation of the Universal Service Obligation also in the rural areas in the Netherlands and in the regions of the Netherlands that are shrinking when it comes to the amount of people living there. So I think the Universal Service Obligation is brought into the discussion of this process by parliament.

Regarding the 2020 targets, what we have said literally in Q2 that we must acknowledge that the implementation of the conclusion of the postal dialogue may impact the business drivers of Mail in the Netherlands, as well as the cost-saving plans going forward. We remain confident that the run rate in cost savings will increase based on the robustness of the underlying plans. The possible changes in the Dutch postal market make it difficult to predict exact numbers and phasing of the anticipated cost savings and related cash-out towards the year 2020. More visibility on the possible financial consequences is expected before the summer of 2019 depending on the pace at which adjustment of regulation and other measures will be realised. Coming back to your question about the regulatory framework – and that was also said in the discussion in parliament with the State Secretary – that of course she will look into possibilities to come to end-consumer protection, next to protection of the employees working in this sector. So we do not know exactly how the regulatory framework will be changed. At least in the discussion with Parliament, it was made clear that they are thinking of changing that regulatory framework.

And then the delivery quality of 95%. Yes, of course we do our utmost to maintain the level of 95% or even a little bit above 95%. As always, all actions are taken to keep the level at that number.

Henk Slotboom – The Idea: I perhaps have one question, Herna, and that is on the dividend. The question was already asked by Marc into what extent you would be able to continue the dividend. I accept what you say about a possible consolidation. Hopefully, we are not going to go back to a situation whereby you pay a stock dividend only. We see the development of the net debt in the third quarter. You may have to buy Sandd, which will lead to a cash-out. You will have to integrate the whole thing. Does that make the dividend not a little bit uncertain, to put it that way?

Pim Berendsen – CFO PostNL: As already explained by Herna on another question, let me reiterate the point. If we look at that consolidation, we said and explained at Q2 that it will potentially impact mail and mail's drivers, including master plan savings. So there might be a purchase price. There might be an implication on master plan savings and there might be implementation costs indeed. But of course we will always strive for a potential consolidation transaction with positive take-outs for PostNL as a company and its shareholders. But to comment more on what it specifically means for dividend right now is just a bridge too far, just too early to tell.

- **Andre Mulder – Kepler Cheuvreux**

Good morning. Maybe a short-term question on dividends. If I look at your current equity position of EUR 26 million negative, I hope that you are making the same profit as last year in Q4, which may look a bit ambitious. You are ending with equity of EUR 20 million to EUR 30 million. For a cash dividend to be maintained at EUR 0.23, you would need something like EUR 70 million. To what extent does that equity position limit your ability to pay out a cash dividend or should we all expect it to be in stock?

Pim Berendsen – CFO PostNL: I do not think there is any reason to change our aim for progressive dividend. Year-end equity is indeed expected to be positive given the expected Q4 numbers. We will continue towards 2019 as well and of course the distributable equity is a function of not per se our consolidated equity, but our corporate equity position, which is in the couple of hundred millions positive. So I would not read any issue related to dividend policy into that performance at all.

Andre Mulder – Kepler Cheuvreux: Thanks.

- **Matija Gergolet – Goldman Sachs**

Good morning, three questions from my side. The first one actually just a follow-up to this parent-company consolidated equity. I remember you used to give it in the past. Could you provide it to us as well to reassure us on the distributable equity? So basically, the equity at the parent company.

Secondly, on the numbers. Could you disclose the book value at the end of the quarter from Postcon and Nexive?

My third question is a bit more conceptual and more on e-substitution. Clearly, we saw a not so good quarter, with almost 12% decline, which I think is the worst decline since 1Q15. Are you getting increasingly concerned about the pace of e-substitution or not? In the past we were discussing that mail decline could soften a little bit, maybe go to mid-high single digits. But it seems to be so firmly into double-digit and only 1 or 2 percentage points is due to competition. So maybe a bit of colour there what you are seeing, maybe from your clients? Is there any renewed appetite for e-substitution? Are you more concerned or do you think this is the peak of the decline?

Pim Berendsen – CFO PostNL: Thanks a lot for your questions. Let's start with the first one: the distributable corporate equity position at the end of this quarter is approximately EUR 300 positive.

Then back to the Postcon and Nexive book value. We will not disclose the book value that is currently in our books. Of course we have reiterated in Q2 – and you have seen in this quarter's performance – that we have done a fair value adjustment. In conjunction with consolidation and running business results, that has impacted our equity with minus EUR 49 million but we will not disclose any more specifics on those companies whilst we are in that external divesture process.

Herna Verhagen – CEO PostNL: Then on e-substitution. We gave guidance for 2018 on volume decline, which was 10% to 12%. Volume decline year to date is 10.8%, which is in the midst of the guidance we have given. It is high, but is it increasing or does it get higher than expected? The answer is no, it is still within the bandwidth expected. We also said it is difficult to give exact guidance for the years to come and that is the reason why we only gave guidance for the year 2018.

Matija Gergolet – Goldman Sachs: Any sense if it is getting better or worse and also e-substitution?

Herna Verhagen – CEO PostNL: Not at this moment in time.

Matija Gergolet – Goldman Sachs: Okay. Thank you.

Herna Verhagen – CEO PostNL: Thank you.

- **Wijnand Heineken – Independent Minds**

There is one question left about the guidance. On the one hand you mentioned EUR 7.5 million you anticipate from the retrospective invoicing of your competitors within the mail market. On the other hand, there is a slight adjustment in your full-year guidance on the top line as far as Spring is concerned. Now after Q2, you indicated that the second half would improve vis-à-vis the first half. It looks like that is not happening or at least less than previously anticipated. So the adjustment on the top line outlook, I cannot withhold the expectation that it has an impact on the profitability as well. Will this compensate part of the EUR 7.5 million or is it non-material? How should I look at it?

Pim Berendsen – CFO PostNL: Let's go back to the EUR 7.5 million. That one-off invoice to postal operators will move us towards the upper part of the range. The adjustment of the revenue metric to low single digit is fully as a consequence of Spring revenue going down compared to last year, but that will not have a significant implication on the outlook for the year, also because of the fact that we reiterated that the Parcels performance excluding Spring will remain within the bandwidth that we have guided before for the segment excluding Parcels.

Wijnand Heineken – Independent Minds: Yes, I can imagine that it will not change the ranges you provided for, but to cut it short, on the UCOI, will it be non-material or will it have some material effect for the remainder of the year?

Pim Berendsen – CFO PostNL: The adjustment of the revenue outlook will not have a material impact on the UCOI guidance.

Herna Verhagen – CEO PostNL: And, as already said, the UCOI guidance is 160 to 190 and the EUR 7.5 million which is non-recurring will move us towards the upper part of the range of the EUR 160 million and EUR 190 million. Also bear in mind that we still have a big and important Q4 ahead of us, which was also highlighted on slide 24. That gives you a little bit of an idea of what a Q4 with Christmas and Santa Claus in the Netherlands means to us.

Wijnand Heineken – Independent Minds: Okay, thanks.

Herna Verhagen – CEO PostNL: Thank you.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: As there are no more questions, thanks very much. Thank you to all of you for participating in our call. If you have any further question to ask today or later on, you know where to find Inge and me.

Thanks again for joining and we look forward to being in touch with you, later on. Bye bye!

Herna Verhagen – CEO PostNL: Thank you!

Pim Berendsen – CFO PostNL: Thank you and bye bye!

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End of call

Q3 2018 Results

Nexive and Postcon are classified as discontinued operations, resulting in adjusted segment reporting. All financials are based on continuing operations except where noted

Appendix

- Results by segment YTD
- Underlying cash operating income YTD
- Breakdown pension cash contribution and expenses

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Results by segment YTD 2018

(in € millions)	Revenue		Underlying operating income		Underlying cash operating income	
	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018
Parcels	989	1,116	103	85	101	81
Mail in the Netherlands	1,279	1,195	93	54	52	22
PostNL Other	55	54	(13)	(29)	(16)	(15)
Intercompany	(380)	(387)				
Total PostNL	**1,943**	**1,978**	**183**	**110**	**137**	**88**

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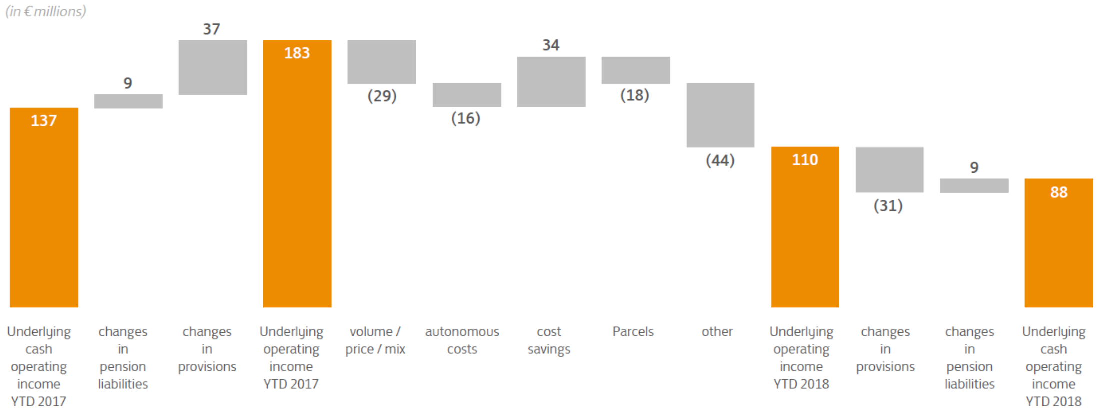
Underlying (cash) operating income YTD 2018



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Breakdown pension cash contribution and expenses

(in € millions)	Q3 2017		Q3 2018	
	Expenses	Cash	Expenses	Cash
Business segments	24	31	25	30
IFRS difference	3		7	
PostNL	**27**	**31**	**32**	**30**
Interest	2		2	
Total	**29**		**34**	

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Use of non-GAAP information:
In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is underlying cash operating income. The underlying cash operating performance focuses on the underlying cash earnings performance, which is the basis for the dividend policy. In the analysis of the underlying cash operating performance, adjustments are made for non-recurring and exceptional items as well as adjustments for non-cash costs for pensions and provisions. For pensions, the IFRS-based defined benefit plan pension expenses are replaced by the non-IFRS measure of the actual cash contributions for such plans. For the other provisions, the IFRS-based net charges are replaced by the related cash outflows.

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