
Q4 & FY 2019 Results
Focus on our potential
The Hague, 24 February 2020
postnl

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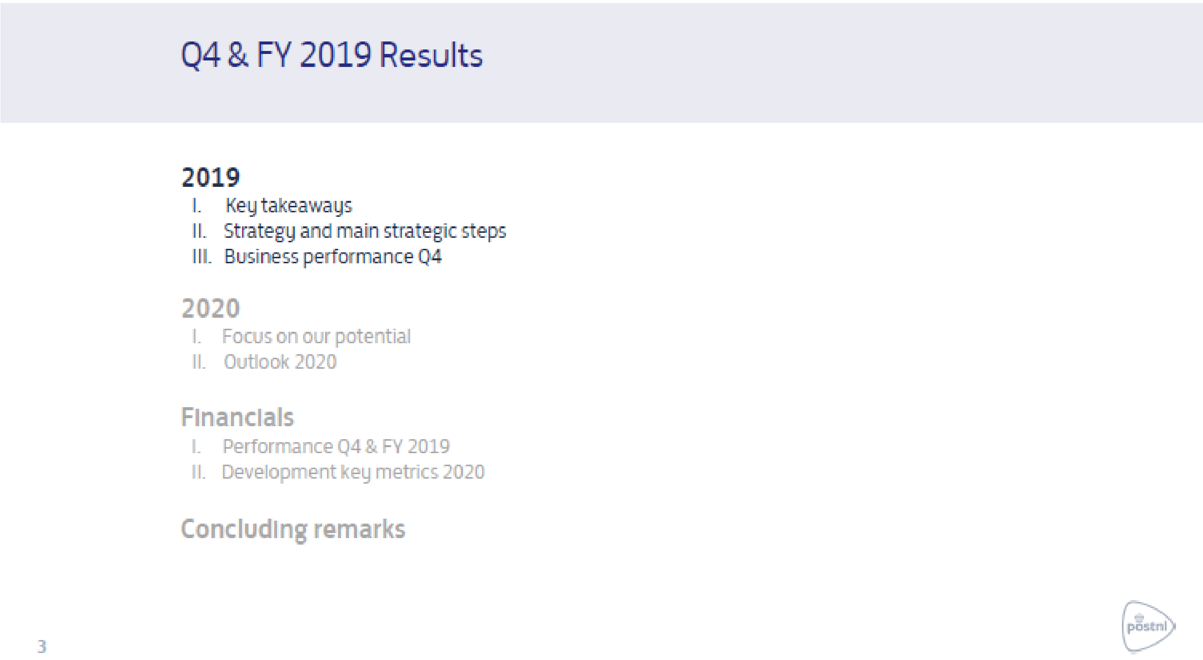
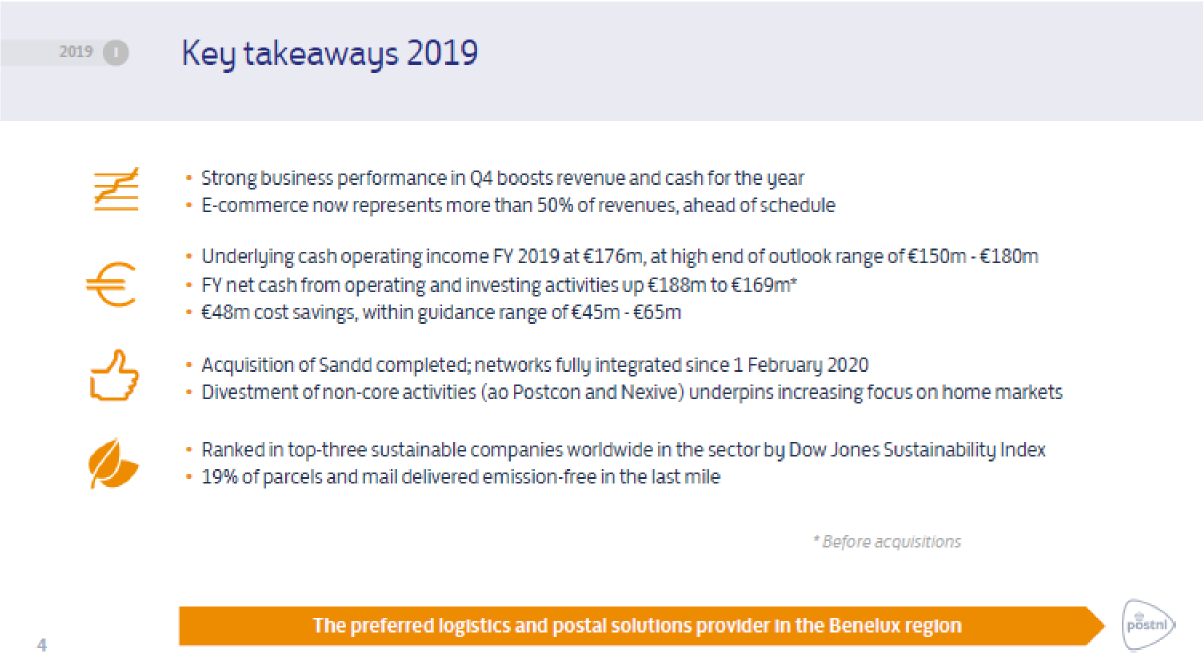
Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Good morning everyone. Thank you for joining the PostNL conference call for the Q4 and full year 2019 results. With us here today are Herna Verhagen, our CEO, and Pim Berendsen, our CFO. We will have an introduction by both, after which there is ample time to ask questions. Herna over to you, please.



Herna Verhagen – CEO PostNL: Thank you, Jochem. I would like to start with slide no. 4 with the key takeaways of 2019.



In 2019 we saw a very strong business performance in the fourth quarter, which gave a boost to revenue but also to cash for the year.

E-commerce now represents more than 50% of our revenues and is ahead of schedule, which is an important element in our strategy going forward.

The underlying cash operating income came in at EUR 176 million, which is at the high end of our outlook.

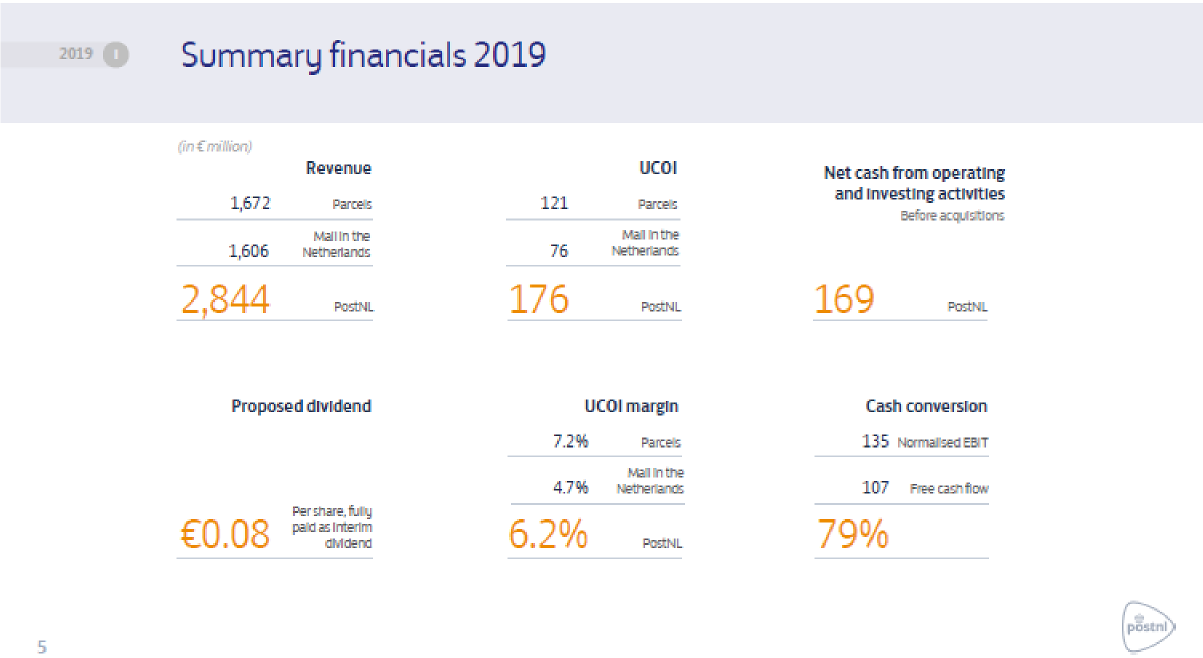
Especially worth mentioning is the fact that the full-year net cash from operating and investing activities was up EUR 188 million from minus EUR 19 million in 2018 to EUR 169 million in 2019.

Also, cost savings were at the guided range of EUR 48 million, which is within the range of EUR 45 million to EUR 65 million. Important to mention is of course that next to preparations for the integration Mail in the Netherlands also did their cost savings programme.

Our strategy is being THE e-commerce logistics player in the Benelux and a few very important steps were taken in 2019. The first is of course the acquisition of Sandd. I will come to that in a minute. The network is fully integrated as of 1st February of this year. The second is the improvements we made and the efficiency measures we took within Parcels when it comes to creating the leverage between volume, cash and of course EBIT.

And then the divestment of our non-core activities, amongst others Postcon last year. Today we also announced the sale of Nexive, which is underpinning our focus on our home market.

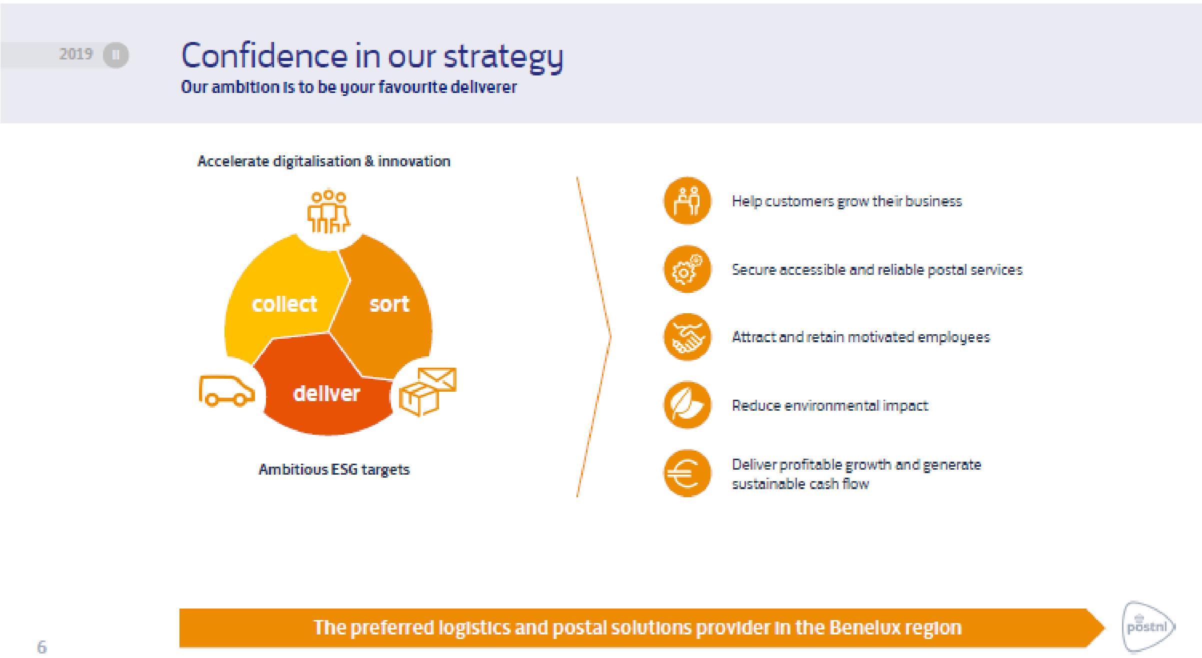
Last but not least, we are ranked in the top 3 sustainable companies worldwide in the Dow Jones Sustainability Index with already 19% of our last-mile delivered emission-free. In our view this is a very important element going forward.



If you look into the financials you will find the most important financials on slide 5. We saw a revenue increase of EUR 72 million to EUR 2.844 billion. The underlying cash operating income, as said, came in at the upper part of the bandwidth and net cash, already mentioned, was at EUR 169 million.

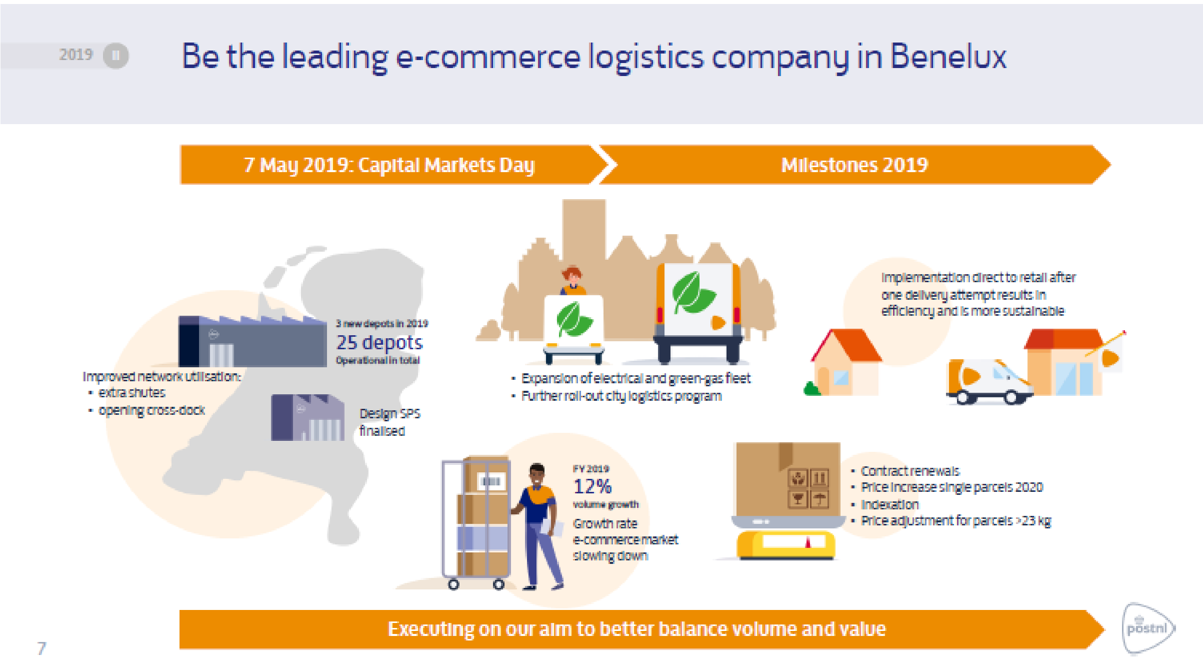
Our proposed dividend for the full year is the same as our interim dividend, which is EUR 0.08. The underlying cash operating margin within Parcels was 7.2%, within Mail in the Netherlands 4.7% and the average of group was 6.2%. Cash conversion in 2019 was 79%. A free cash flow of EUR 107 million on a normalised EBIT of EUR 135 million, which is a cash conversion of 79%.

All in all, we way we look into 2019, it has been a good year. Financially, it has been a good year, very strong when it comes to net cash and cash conversion and important steps taken when it comes to a sustainable future of PostNL.



Stepping into our strategy on slide 6, of course the ambition is to be your favourite deliverer and be the preferred logistics and postal solution provider in the Benelux region. Important elements in there are to help customers grow their business but also having a reliable and accessible postal service and attracting and retain motivated employees; in 2019, 88% of our employees were loyal employees, which means they wanted to stay with PostNL. We also reduce the environmental impact. I already gave you an example of 2019 and of course and very important, deliver profitable growth and generate sustainable cash.

For that profitable growth and sustainable cash there are two strategic elements of importance. The first you can see on slide 7.



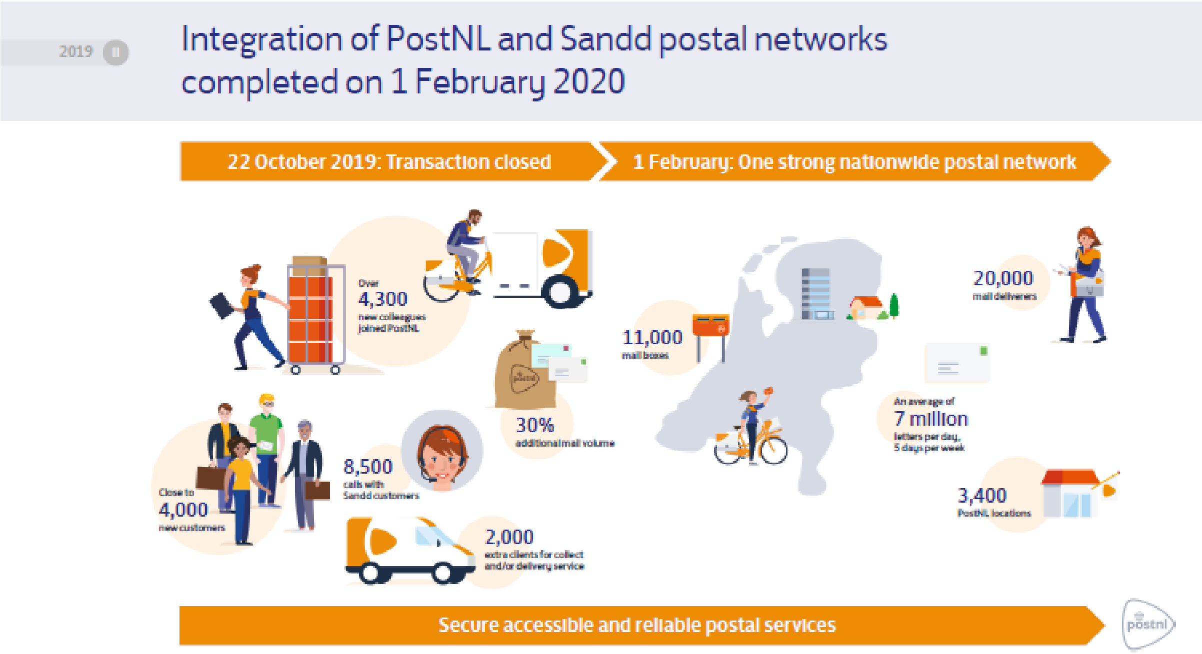
This is the leverage between volume, EBIT and cash within Parcels. On slide 7 you see initiatives we have taken in 2019 to execute on that better balance, which of course will start to pay off as of 2020 and I will come to 2020 in a minute.

What did we do in 2019? What are the milestones important for that better leverage? Important was the fact that we opened three new depots in 2019 to be able to handle the peak that we saw by the end of 2019. But they also give us the capacity for the year 2020. We improved the utilisation of the network by for example adding extra shutters to our sorting belt, which gives us a better efficiency of the sorting centres and sorting belts. Also, we are preparing for the new small parcel sorting centre, as is mentioned on the left-hand side of this slide as 'Design SPS' – Small Parcel Sorting centre. The design is finalised, the building is leased and we are doing first pilots in the building with partly robotised sorting and we want to open the sorting centre in 2021. That will be an important part of the efficiency going forward. We also expanded the amount of electrical and green-gas fleet in 2019 and we are rolling our city logistics programme because by 2025, we want to have 25 city centres in the Netherlands to deliver emission free.

The growth rate – also there I will give you a little bit more detail in a minute – was 12.4% in 2019. In the quarter it was 10% and we see the growth rate of the e-commerce market is slowing down.

An important element in creating the leverage in Parcels is also the commercial part, or yield management, where we did contract renewals and put in speed pricing in our contract. We had an increase in the single parcels' price, we had indexation and we had price adjustments for parcels above 23 kilos.

The initiatives mentioned, also at the Capital Markets Day in May, are implemented or have started to be implemented. They will partly pay off in 2020 and when it comes t the Small Parcel Sorting centre, this will also pay off in 2021 and further on. That is one important part of our strategy going forward.



The second important part when it comes to profitable growth and the generation of sustainable cash is what find on slide no. 8 and that is the integration of PostNL and Sandd into one postal network.

The acquisition of Sandd took place on 22 October last year. Lots of preparations had already been done before 22 October and as of 22 October more than 30,000 calls and meetings have taken place with employees. We had more than 180 openings of our depots to introduce to do work with PostNL. We did lots of markets where people could find jobs within PostNL and in the end, 4,300 new colleagues were welcomed on 1 February.

We added around 30% more mail volume to our network and we added more or less 4,000 new customers. Important in the integration is the fact that as of 1 February we have one strong nationwide postal network. The volumes are integrated and the people are integrated on the PostNL network. That also means that as of 1 February we started to close down the network of Sandd, meaning the buildings, the cars, the bikes, et cetera.

The current network is 20,000 mail deliverers who work for PostNL. We deliver five days a week. We have, on average, 7 million per day and we have 3,400 retail locations and more than 11,000 mailboxes in the Netherlands.

So, quite a successful integration in the first weeks; the integrated network and the integration of people work out very well.

Let me give a little bit more information on our Q4 results on slide 9. Let me start with Parcels. Parcels improved results compared to the fourth quarter of 2018 with EUR 6 million. Volume growth was 10% over the fourth quarter and the average of the full year was 12.4%. Of course, growth also had a positive impact on revenue, which increased. There was a slight negative price/mix effect, mainly due to a shift in international parcels. Also, the results of Parcels improved in the last quarter, partly within our Parcels Benelux network which was a positive effect of efficiency and a slightly negative effect on price/mix. We had an organic cost increase and, as said, better operational efficiency.

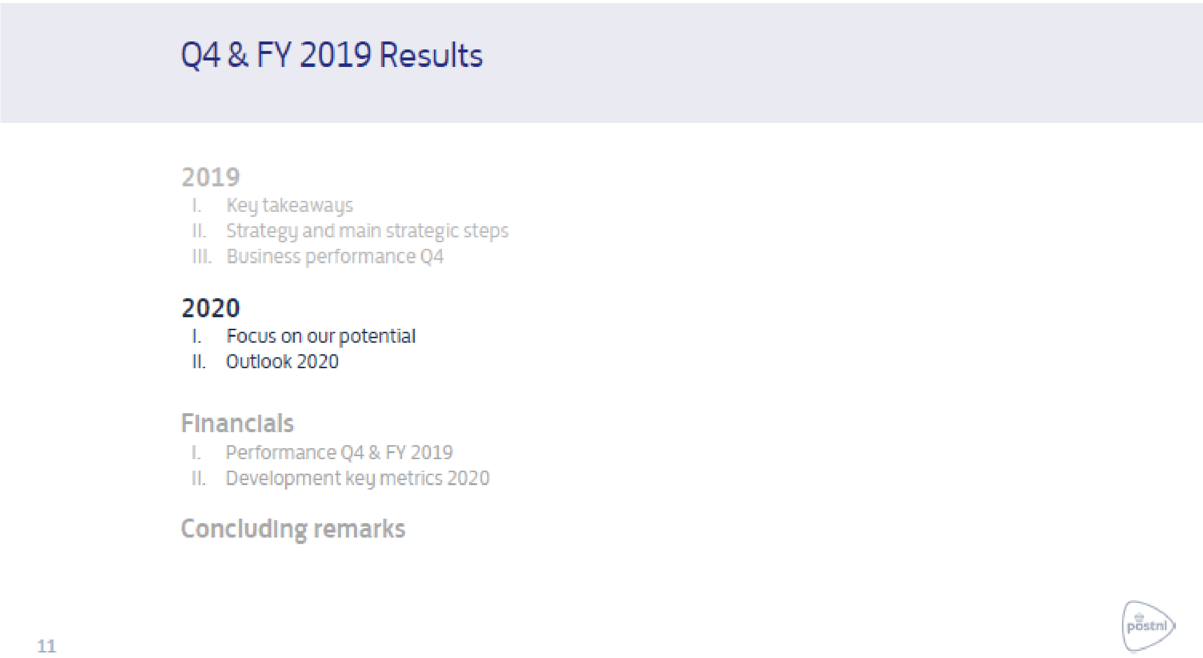
We had a good performance within Logistics and Spring. They were up as well. We had a positive cash flow, up EUR 10 million compared to Q4 2018 despite higher capex and very much supported by a positive development of working capital, which we saw in general over PostNL in 2019.

So volume growth was a little bit below our expectations but we had good improvements in results and a very good performance on cash flow.

Mail in the Netherlands had a good business performance, partly because of the strong sales in the peak season. So, a good sale of the December stamp. Volume declined in the fourth quarter by 9.6% and over the full year 9.7% and that is within the bandwidth we have given to the market. The delivery quality for the full year was 94%, a bit lower than we expected and where it needs to be, which is mainly caused by first of all the fact that we had to adjust our sorting mechanisms to be ready for the volume of Sandd and second, because of the first volumes of Sandd that came in in the last quarter of 2019 while the 4,300 people only came in as of 1 February, 2020. The results were of course partly impacted by the acquisition of Sandd, partly impacted by – again – substitution, which is not different from the other years.

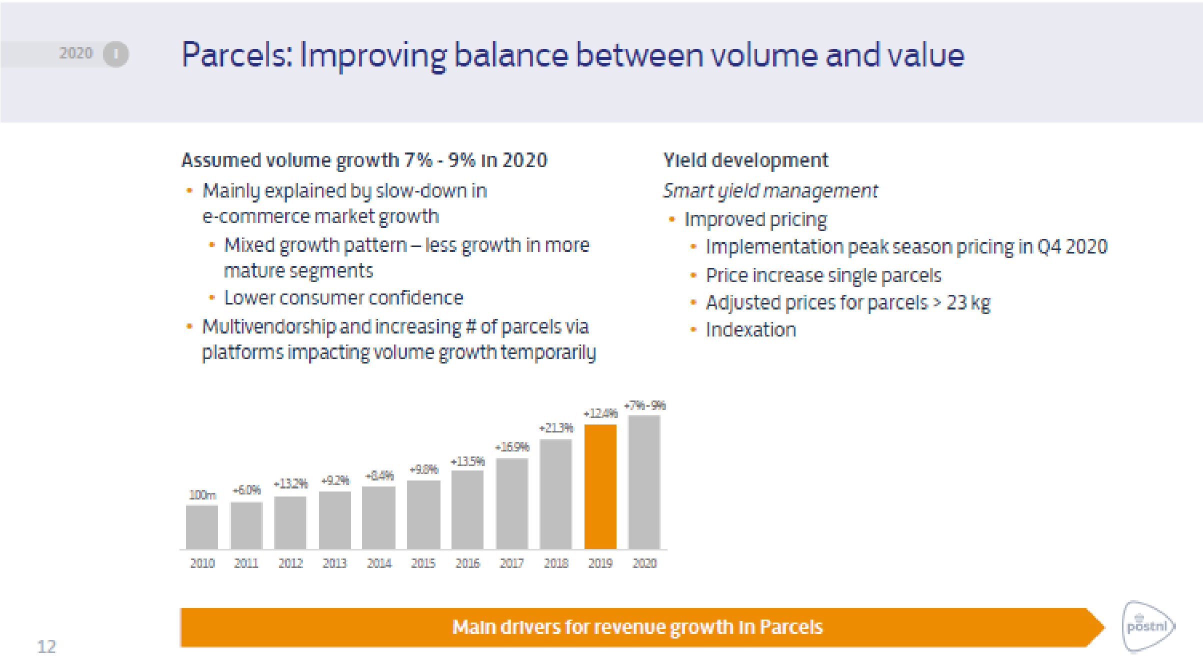
Cost savings were EUR 10 million in the last quarter and the cost savings in total were EUR 48 million over there, also there within the bandwidth of EUR 45 million to EUR 65 million that we gave.

Also cash was up EUR 13 million, also here mainly due to positive developments in working capital and less cash out for pensions and provisions.



When we summarise the year 2019, we see very important steps have been made in the fulfilment of our strategy to become THE e-commerce logistics player in the Benelux, around the integration of Sandd and around creating the initiatives which will create a better leverage between volume in Parcels, cash and of course EBIT and secondly good results over the full year when it comes to underlying cash operating income and very good results when it comes to net cash from operating and investing activities.

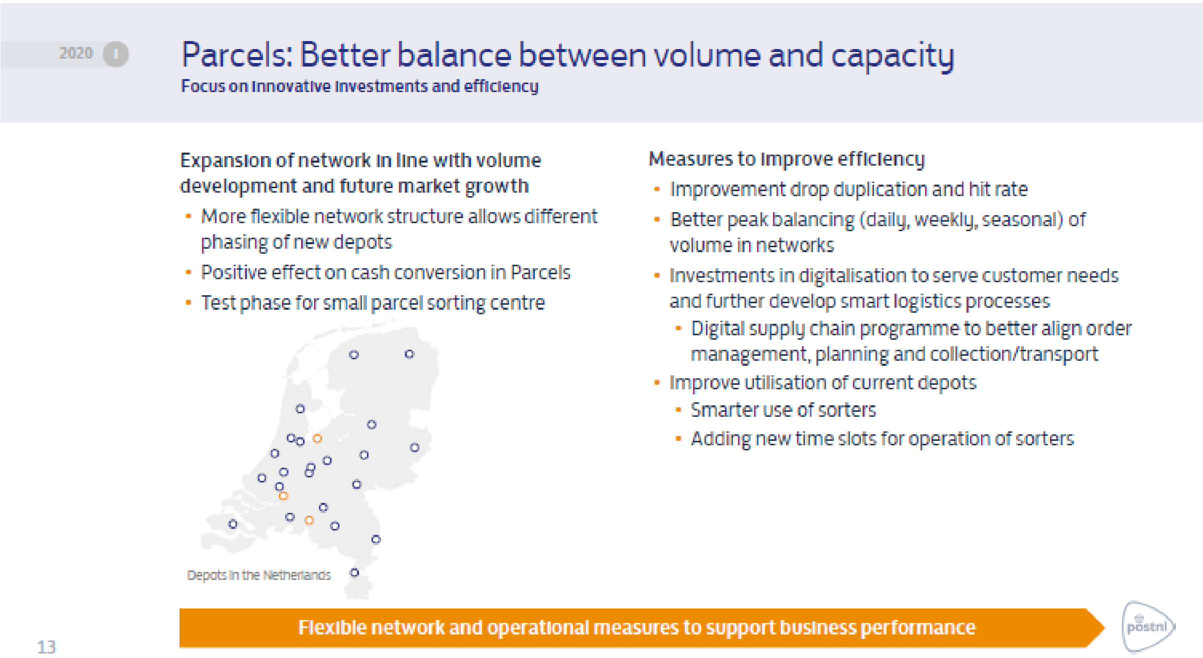
What does that mean for 2020? We would like to give you some insight in how we look into our potential in 2020 and what this means for the outlook.



The main aim for Parcels in 2020 is improving the balance between volume and value and improving the balance between volume, cash and EBIT. The e-commerce market is slowing down but it still is a market that is growing a little bit above the 7% to 9% which is our volume growth in 2020. So, still a very strong growing market. The 7% to 9% with PostNL is mainly because of the slowdown we see in the e-commerce market. It also has to do with the fact that some of our customers start to have multi-vendor ship. We see this step down in the beginning of 2020 and we expect that in the next coming period we will follow market growth when it comes to Parcels.

As said, market growth in e-commerce is a little bit down compared to what we expected but we still see very strong growth numbers.

Important in improving that balance is yield management. Although we see a little lower number in growth, we want to create leverage, as we earlier discussed. How can we create a better leverage? That is first of all via yield management. Yield management means improved pricing, for example through peak pricing which will be implemented in Q4, 2020: on every parcel in the last six to eight weeks of the year we will a certain amount for every customer delivering parcels to PostNL. It also means a price increase for single parcels, which we did already 1 January, 2020. It also means adjusted pricing above 23 kilos and indexation in our normal contracts. So, part of creating a better balance is via yield management.



Secondly, although we see lower market growth and growth within PostNL we expect to increase our margins via creating a better balance between volume and capacity. Volume and capacity mean that if we think it will be possible to phase the opening of a new depot from 2020 to 2021 in the network in the Netherlands. So, we adjust the network to the volume growth we see. That will have a positive effect on the cash conversion in Parcels.

When it comes to the Small Parcels Sorting centre, which will help us to create efficiencies, we are testing in 2020 to open the Small Parcels Sorting centre in 2021. It is not only the phasing in the opening of our depots, it is also about measures to improve efficiency. What do we do to improve efficiency? First of all, we improve the hit rate. That means that when we come to your door you will open the door, so that we are not in front of a closed door. Hit rate improvement can be done for example via the app, in which we already 5.3 consumers, but also by drop duplication. A growth of 7% to 9% on 283 million parcels, which was the amount by the end of 2019, also means that you have more parcels per household.

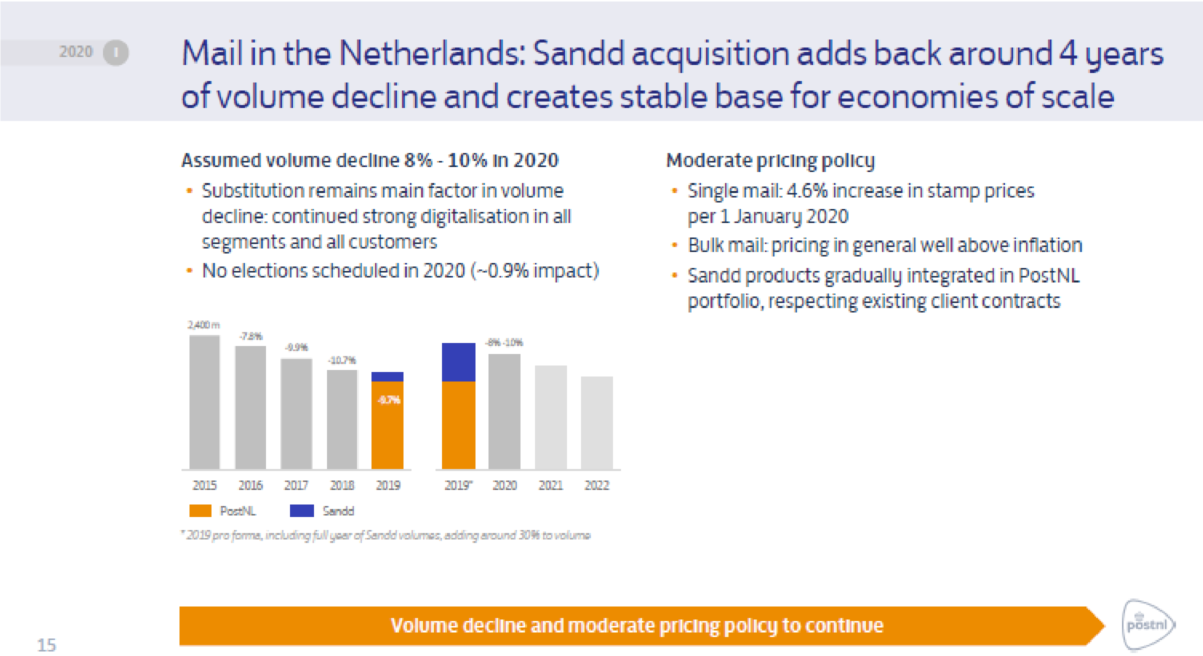
Also, we opened three new sorting centres in 2019. When you add volume in 2020 you make the sorting centres you have today more efficient.

Better peak balances. We did that together with the branch by the end of 2019 in an advertisement campaign in which we asked consumers to order earlier. It is what we do daily, it is what we do weekly and it is what we do in seasons.

We invest in the digitisation to serve customer needs further and to create a digital supply chain, which allows us to have better supply chain management and to be better able to understand when you are at home and when you are not at home. I will come back to that in a minute because in 2020 we will do some extra investments above the normal investment plan we have in digitisation.

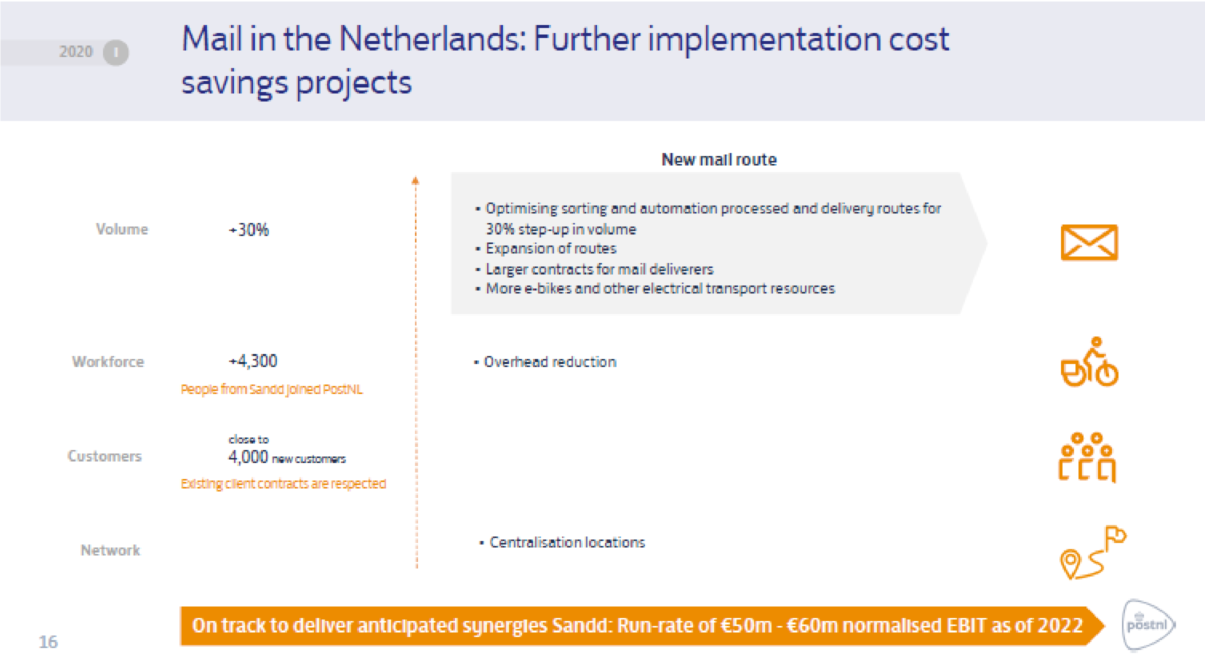
We also improved, as already said, the utilisation of the current depots by smarter use of our sorters and by adding shutters to our sorters and efficiency will go up because we have more parcels through the same amount of parcel sorting centres. So, everything is focused on improving the balance between volume, cash and EBIT and that is also what translates in the normalised EBIT of Parcels in 2020, which shows an increase compared to 2019. The same goes for cash.

On this slide you see the picture of the new Small Parcels Sorting centre in Nieuwegein, which will be opened in 2021. It will be more efficient, partially because it is only a sorting centre which means that you can use it 24 hours a day, 7 days a week. It is not connected to delivery. Secondly, it is also more efficient because it is highly automated and we are testing robots already to make this a partly automated and partly robotised process. It will be used for small parcels and small parcels is everything not bigger than a shoebox. 40% of the volume we currently have in our network is already smaller than a shoebox. This is an example of how we create efficiency.



Also for Mail in the Netherlands the focus is on getting the efficiencies out of the integration of the two networks and secondly, to move forward with our cost savings plans. The assumed volume decline for 2020 is 8% to 10%. Important to understand is that there is an impact of almost 1% of no election scheduled in 2020. That is what you have to deduct if you want to make it comparable to 2019.

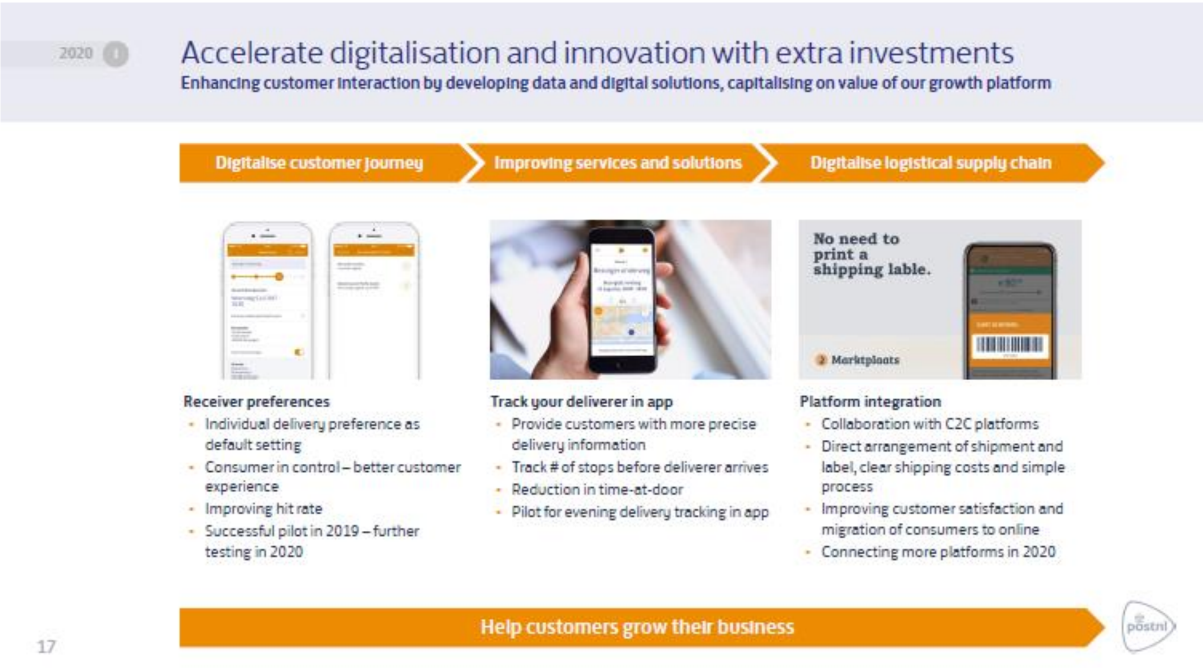
We start with the higher base and that is what you see in the graph. You will find the volume of PostNL, added the volume of Sandd, so our starting point at the end of 2019 and the beginning of 2020 is a higher level. Sandd adds 30% of volume to the volume we had. As of that point, substitution will go on and substitution in 2020 is expected to be between 8% to 10%. If you want to offset volume decline, it is the way we do it, and we did it also over the last few years, is by moderate price increases. So single mail prices increased 4.6% as of 1 January, 2020. Bulk mail is also well above inflation and moderate. We start gradually integrating the products of Sandd, and we will respect the existing client contracts. This is part of how we offset volume declines.



The second part of offsetting volume declines is via further implementation of cost savings. As said, our starting point as of 1 February is 30% plus in volume. We have added and welcomed 4,300 employees of Sandd. We added 4,000 new customers, and it will be delivered via one network.

So how are we going to create cost savings going forward? Partly because of what we already did, for example overhead reduction. We will continue overhead reduction in line with our volume decline. Centralisation of locations, so we will move forward on the trajectory we are already in for many years to combine more and more locations and create scale. And, also by closing down the network of Sandd, which means that the buildings of Sandd are already closed, vehicles are set apart, the same for their IT systems, et cetera. So that is also part of the synergies.

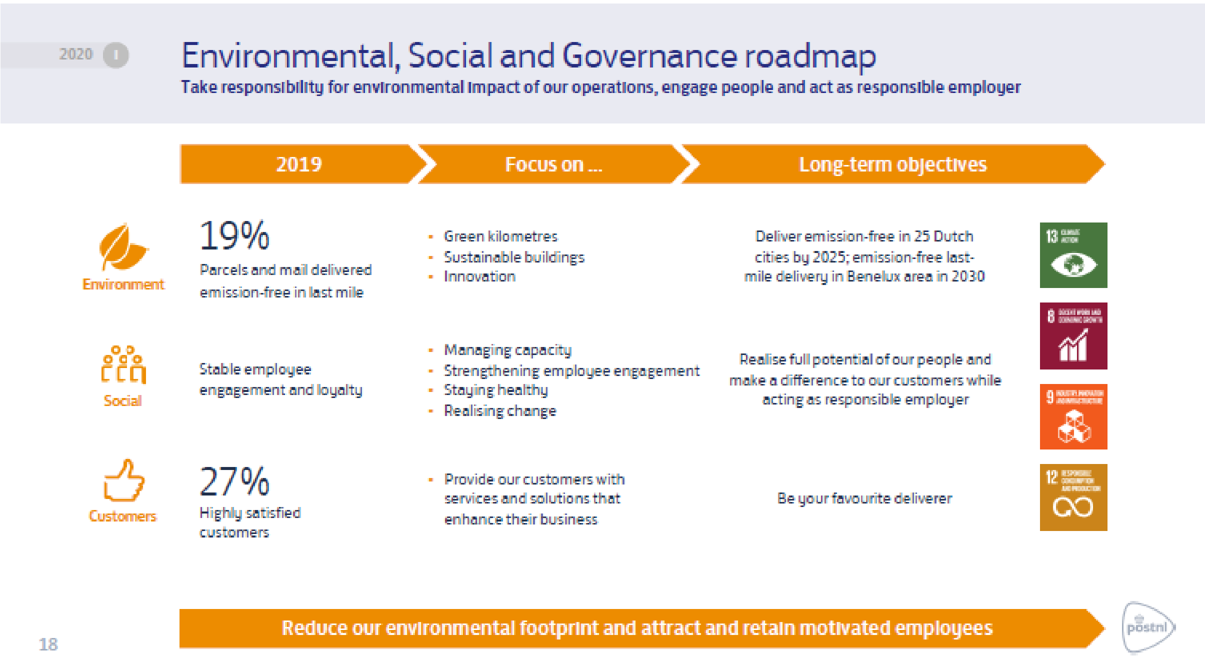
Another important step in 2020 is the next phase of our new Mail route. In the next stage of our new Mail route, we are going to optimise our sorting and processes by automation. We will expand the route. We will create larger contracts for our mail deliverers and part of the delivery will be done by e-bikes, which enables people to take up more volume in their mail route. It is an important part of cost saving or an important underpinning of the cost savings of 2021 and forward. So, the integration is successfully managed. The first weeks are, to at least our satisfaction, very much okay. We are on plan to deliver on the KPIs, as said last year, February 2019, and, already active with the implementation of further cost-saving plans.



The third important pillar under 2020 is the acceleration in digitisation and innovation with extra investments. It is an extra investment above the amount we already invest in 2020. The acceleration of digitalisation, there we will capitalise on the value of our growth platform and our app in which we have 5.3 million users.

How can we do that? For example, by having even better receiver preferences than we have today, so that we know exactly when you want to have your parcel, at what time and where. Consumer in control. It improves our hit rate, which is an efficiency measure and on the other hand, it improves customer satisfaction because you have your parcel at the moment you would like to have it. But also tracking your deliverer, so that you have precise information on the delivery, but also understand how many stops drivers still have to do before he is at your door. It reduces, and that is what we have seen in pilots, it reduces time at the door, which is again an efficiency measure and it also increases customer satisfaction because the feeling of being in control becomes bigger than it was.

We also use digitisation to further optimise our supply chain via adding our platform to the platform of others, but also creating a better supply chain in our own organisation, creating more efficiency. With all the data we have, with all the parcels we have, combining those data can deliver a more efficient transport chain than we currently have. So, the acceleration of digitisation in our view is crucial when it comes to, on one hand further gaining in efficiency, and on the other hand, also gaining in customer satisfaction. And we will speed up the investments in the digitisation.



The fourth pillar underpinning our strategy 2020 is our environmental, social and governance road map, where we want to improve on the percentage of green delivered emission-free last mile kilometres, which we will do by adding more electrical vehicles, but also adding biogas vehicles where possible. We want to improve the employee engagement. We are very happy with the fact that 88% of our people are very much willing to stay within PostNL, and having that stable workforce is crucial going forward because part of the efficiency also comes from the knowledge parcel and mail deliveries have and highly satisfied customers. Hopefully, also the extra investment in digitisation will help to improve the number of highly satisfied customers.

On slide no. 19 you find an example of how we improve our environmental footprint. By 2025, we want to have emission-free delivery in 25 cities in the Netherlands. In 2019, we added Nijmegen, in December 2019 we added The Hague and we were already active in Groningen and Leeuwarden. But in our few crucial and it is a license to operate going forward as well.

2020

In € million

Normalised EBIT	2019	2020 like-for-like		2020 indication
Parcels	120	125 – 145	new labour regulation ~(10)	115 – 135
Mail in the Netherlands	52	50 – 70		50 – 70
PostNL Other	(37)	~(40)	pension expense ~(25), no impact pension cash-out	~(65)
PostNL	135	145 – 165	Impact new labour regulation and pensions ~(35)	**110 – 130**
Free cash flow*				
PostNL	107	(15) – 15	final payment transitional plans of ~max (300)	(315) – (285)**

Outlook for 2020

** Cash flow before dividend, acquisitions, redemption bonds/other financing activities; after repayment of leases*
*** Payments could be lowered and/or phased differently, in case interest rates develop beneficially. This is currently being discussed with the pension fund, to be finalised in Q1.*

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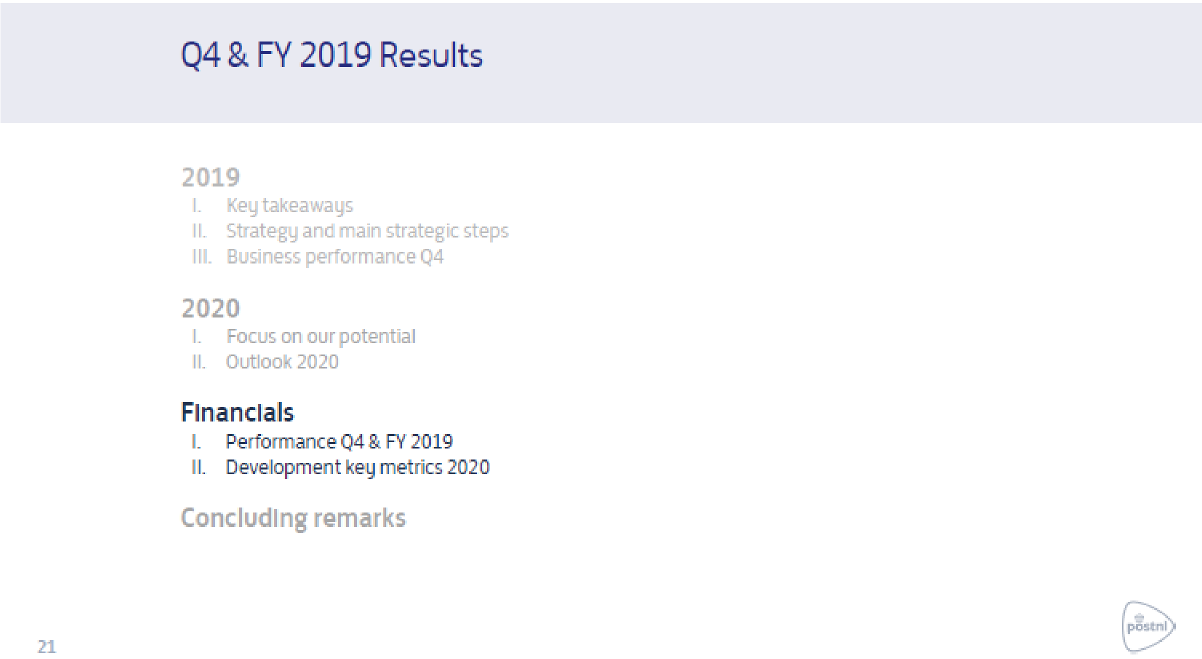
On slide no. 20 we see an improvement in normalised EBIT within Parcels from EUR 120 million in 2019 to like-for-like EUR 125 million to EUR 145 million in 2020, mainly underpinned by the efficiency measures we are taking and the yield management. We have an impact of the new labour regulation, the Wet arbeidsmarkt in balans, and that is an impact of around EUR 10 million. That means that the indication for Parcels' normalised EBIT 2020 is EUR 115 million to EUR 135 million, still an increase compared to 2019.

Also, within Mail in the Netherlands, we expect to increase our normalised EBIT. EUR 52 million was the result of 2019 and we expect it to be in 2020, EUR 50 million to EUR 70 million. And there you see the first positive effect of the synergies created by the integration of the Sandd network.

In PostNL other, we have an impact because of pension expenses, which is EUR 25 million higher than it was in 2019. Normalised EBIT for the group is EUR 135 million in 2019. If you make it like-for-like, also there we see an improvement for 2020 and if you add the extra cost we have because of pension expenses and the new labour market regulation, the outlook we gave for 2020 is EUR 110 million to EUR 130 million. And as said, the underlying business performance for Parcels and Mail in the Netherlands improves compared to 2019.

In free cash flow, you see the number of EUR 315 million to EUR 285 million negative. That includes a final payment we have to do to the pension fund on transitional plans of maximum EUR 300 million. And you find the word ‘maximum’ over here because we are in discussion with the pension fund to find a different solution to this payment. That can mean that payment in total will be lower than what you see over here but it also can be phased differently. So year 2020, where we feel comfortable when we think about what we have to do within Parcels and Mail in the Netherlands, and an outlook which like-for-like improves on group level for PostNL.

Now, I will give the floor to Pim for the financials.



Pim Berendsen – CFO PostNL: Thank you, Herna.

Yes, first and foremost, we will look at our Q4 performance, full year 2019 with the key takeaways on that, and then look forward towards the 2020 key metrics.

But first, slide 22 with the key financial takeaways. I think important to note is the real improvement in net cash from operating and investment activities in the fourth quarter, up EUR 32 million to EUR 89 million. And if you look at the overall improvement on cash flow in the year, it is an improvement of EUR 188 million, which is very significant and driven by an even better focus on working capital management, which will also continue going forward to ensure that we get the most cash conversion out of the profit we make.

Revenue in the fourth quarter was up EUR 49 million, and the underlying cash operating income ended at EUR 79 million, EUR 21 million below last year but of course impacted also by the negative running results of Sandd and the initial costs related to that. All in all, ending the year at EUR 176 million of underlying cash operating income is at the high end of the bandwidth and something we are very happy about.

You know that we have decided to change the financial metrics on which we will report. We will go from UCOI to normalised EBIT to make the comparison to peers and the reconciliation between the different profit metrics easier to follow. Of course, you need to look both in terms of profit and in cash flow conversion, so we have included a free cash flow metric and particularly in the slides that will follow, I will take you through the reconciliation of those elements to ensure that all of us understand how you get from EBIT to cash flow and how we look at the drivers going forward influencing that.

The Sandd transaction is completed and on track. We are really comfortable that it will give us the synergy potential that we have communicated, the EUR 50 million to EUR 60 million year-over-year synergies. Integration has started very well and as said, we are really convinced that we will get to the synergies quickly. As Herna already said, in the guidance for the mail business going forward, you already see that from EUR 52 million, we expect to get to EUR 50 million to EUR 70 million. In the past, we have always seen deterioration of profit in the mail business over the last years and particularly in the second part of 2020, we will see those synergies contributing to Mail in the Netherland's results.

We have issued a Green Bond of EUR 300 million, also an important financial highlight in 2019.

Financials

Key financial metrics 2019 in line with outlook

All numbers include impact of Sandd acquisition

	Revenue			UCOI / (margin)			Normalised EBIT/ (margin)*
(in € million)	2018	2019	outlook 2019	2018	2019	outlook 2019	2019
Parcels	1,555	1,672	+ high single digit	117 7.5%	121 7.2%	~ 7%	120 7.2%
Mail in the Netherlands	1,678	1,606		93 5.5%	76 4.7%		52 3.2%
PostNL Other / eliminations	(461)	(434)		(22)	(21)		(37)
PostNL	2,772	**2,844**	**+ low single digit**		**176**	**150 - 180**	**135**

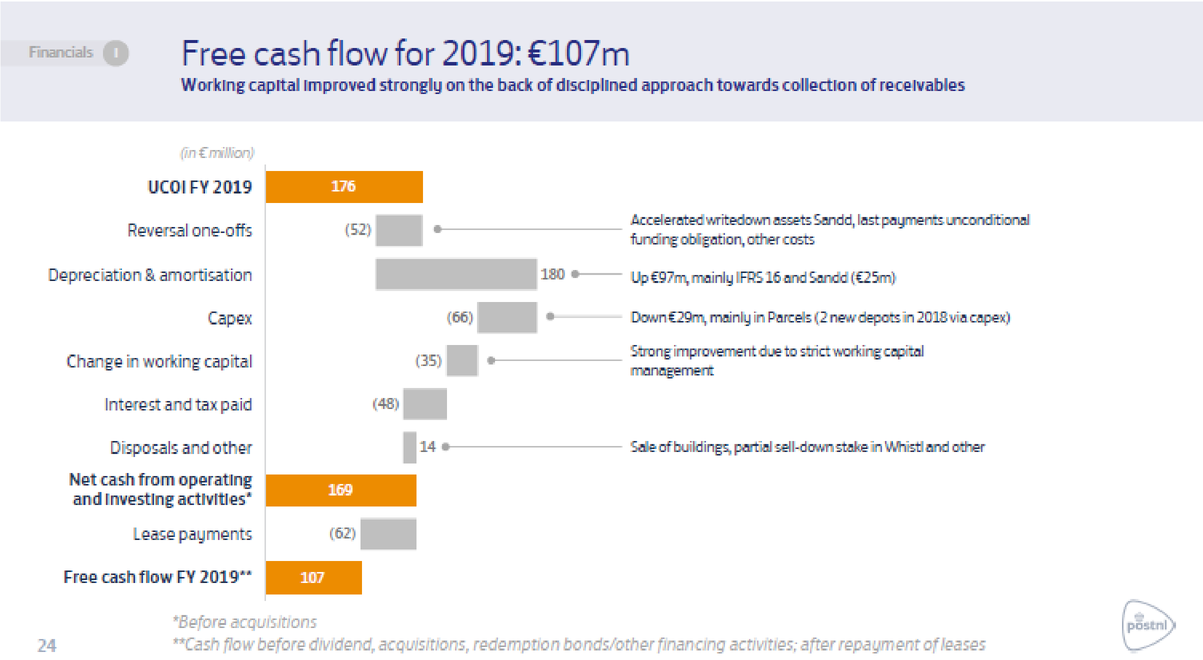
- Normalised EBIT is new key metric for profitability as of 2020
  - One-off and significant non-business-related items are excluded and explained
  - Normalisations in EBIT equal to underlying items in UCOI for 2019 except for restructuring-related costs

*difference between UCOI and normalised EBIT 2019 visible in Mail in the Netherlands (restructuring-related costs in 2019, mainly Sandd) and PostNL Other (mainly due to pensions)

23

If we then look towards the key financial metrics in 2019, in line with the outlook. We have presented all the numbers on slide 23, including the Sandd acquisition. We ended the year at EUR 176 million UCOI, of which EUR 121 million of Parcels and EUR 76 million in Mail in Netherlands. That particularly means an improvement in the segment Parcels and a deterioration in the segment Mai in the Netherlands, where we just talked about.

Then it may be important to spend a few words on the normalised EBIT definition. The difference between UCOI and normalised EBIT is particularly visible in Mail in the Netherlands because there remains the difference between when you create a provision for restructuring and the cash out in relation to that restructuring. All normalisation items are the same. So there is no other difference in the items that we normalise, but of course cash versus when you take a provision is a deviation between the two profit metrics.



For 2019, we have created EUR 107 million of free cash flow for the year, which is a cash flow before acquisitions and before dividends and redemption of bonds or other financial activities, but it is after lease payments. So going from UCOI to cash flow, let's look at all the components of that bridge. First, you have a reversal of one-offs of EUR 52 million, which basically falls into two buckets, one is normalisations of approximately EUR 16 million, and then on top of that a EUR 32 million reversal of the final instalment of the top-up payments to be made. There are a few other millions in there as well.

Then you have the depreciation and amortisation at EUR 180 million, which is up by close to EUR 100 million, which is predominantly impacted by the IFRS16 changes as well as acceleration of depreciation on Sandd assets of roughly EUR 25 million. Capex was at EUR 66 million, in comparison to 2018 lower because in 2018 we opened two new depots of Parcels through capex lines.

Important to note is the strong improvement on working capital. It is a EUR 35 million investment in the year in comparison to significantly more than EUR 100 million in 2018. So, a strong improvement on working capital management, which we expect to continue.

Interest and taxes paid, it is nothing important to note there. Disposals and other, EUR 14 million, sale of buildings and a partial sell-down of the Whistl stake, for which we had a considerable cash amount. That brings the net cash from operating and investment activities to EUR 169 million, deduct the lease payments of EUR 62 million, and basically countering the increase in depreciation in the top part of the graph, that gives you the free cash flow for the year of EUR 107 million.

Financials

Decline in interest rates impacts pension position

Coverage ratio (12-months average) pension fund at 110.6% per 31 December 2019

(in €million)	2018	2019	2020
Unconditional funding obligation	33	-	
Transitional plans	263	283	
Provision for pension liabilities	296	283	
Pension expense (P&L)	126	119	~145
Regular pension cash contribution	115	111	~120

- **Expected cash-out of ~€300m end of 2020 for final payment transitional plans**
- Set on parameters as of Q3 2019, when interest rates were at multi-year low, negatively impacting the amount
- PostNL initiated discussion with pension fund to determine whether, given the development of interest rates, payment could be reduced and/or phased differently without negatively impacting existing employee entitlements
- The final payment is capped at €300 million
- Discussions expected to be finalised in Q1

- Pension expense up ~€25m in 2020, visible in (normalised) EBIT
- Impact on equity mitigated by positive effect in OCI
- Expected impact of interest on cash contributions is limited

25

We see the impact of pensions on our financial statements on slide 25. There you see the provision for pension liabilities being EUR 283 million, pension expense of the year EUR 119 million and the regular pension cash out at EUR 111 million. There are two important elements to understand. First, transitional pensions. On the back of the agreement that was made in the past, the final payment for transitional pension is roughly EUR 300 million, based on coverage ratio and interest rates on an average in Q3 2019. Those interest rates were at a very low figure, which impacted the size of this liability. We have initiated discussions with the pension fund to see if there are different ways to structure this final payment and to see if we could lower the absolute amount without impacting the entitlements of individual employees to this soft pension arrangement. And basically, what we are seeking is an absolute decline of that number by, for instance, using the interest rate of today and the ability to include expected returns that the fund will make on this payment, as part of the way we calculate the base. And at the same time, we see whether or not we can phase the payment slightly differently. That should also have a beneficial effect on kind of the liquidity of this on the balance sheet.

So, there are basically two components. It is capped at EUR 300 million and it will never be more than that. We seek ways to limit it to a number lower than EUR 300 million. If we were, for instance, looking at the calculation on the back of the interest rate on 1 January 2020, you would already look at a number which is roughly EUR 20 million lower than the EUR 300 million. The agreement that we are seeking will potentially have the option that if interest rates improve, in this case meaning increase, you will see a further improvement as being possible. We seek to conclude those discussions in the first quarter of this year. And next to seeking ways to limit the overall number, as said, we are also looking at ways to maybe phased payments slightly differently from 2020 onwards.

Another important element is the pension expense. That will be EUR 25 million higher than 2020. Herna already talked about it when discussing the outlook. The pension expense is based on IFRS accounting, based on the interest rate at the end of the year, the pension expenses being determined for the next year. That EUR 25 million additional pension expense does not lead to additional pension cash out. So it does hit your normalised EBIT, but it will not hit your cash flow statement. I think that is important to understand.

Financials II

2020

Impact Sandd will still be negative in Q1 and Q2, normalised EBIT to be largely achieved in the second half of year

In € million

Normalised EBIT	2019	2020 like-for-like		2020 indication	
Parcels	120	125 – 145	new labour regulation ~(10)	115 – 135	
Mail in the Netherlands	52	50 – 70		50 – 70	
PostNL Other	(37)	~(40)	pension expense ~(25), no impact pension cash-out	~(65)	
PostNL	135	145 – 165	Impact new labour regulation and pensions ~(35)	**110 – 130**	Outlook for 2020
Free cash flow*					
PostNL	107	(15) – 15	final payment transitional plans of ~max (300)	**(315) – (285)****	

** Cash flow before dividend, acquisitions, redemption bonds/other financing activities; after payment of leases*
*** Payments could be lowered and/or phased differently, in case interest rates develop beneficially. This is currently being discussed with the pension fund, to be finalised in Q1.*

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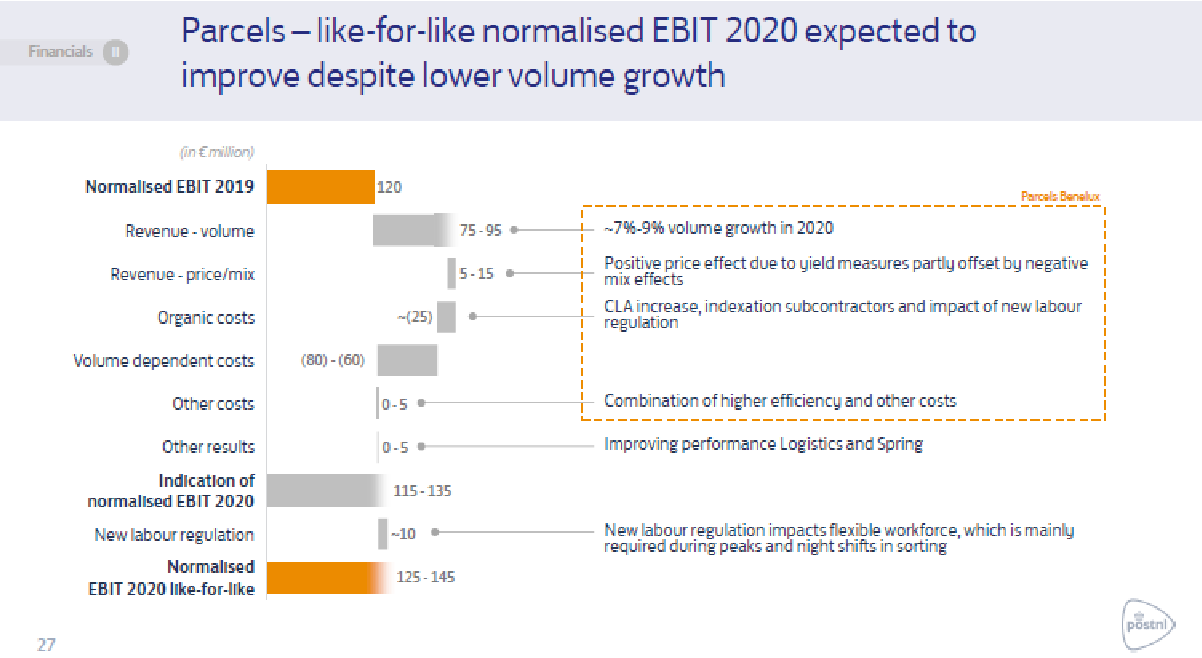
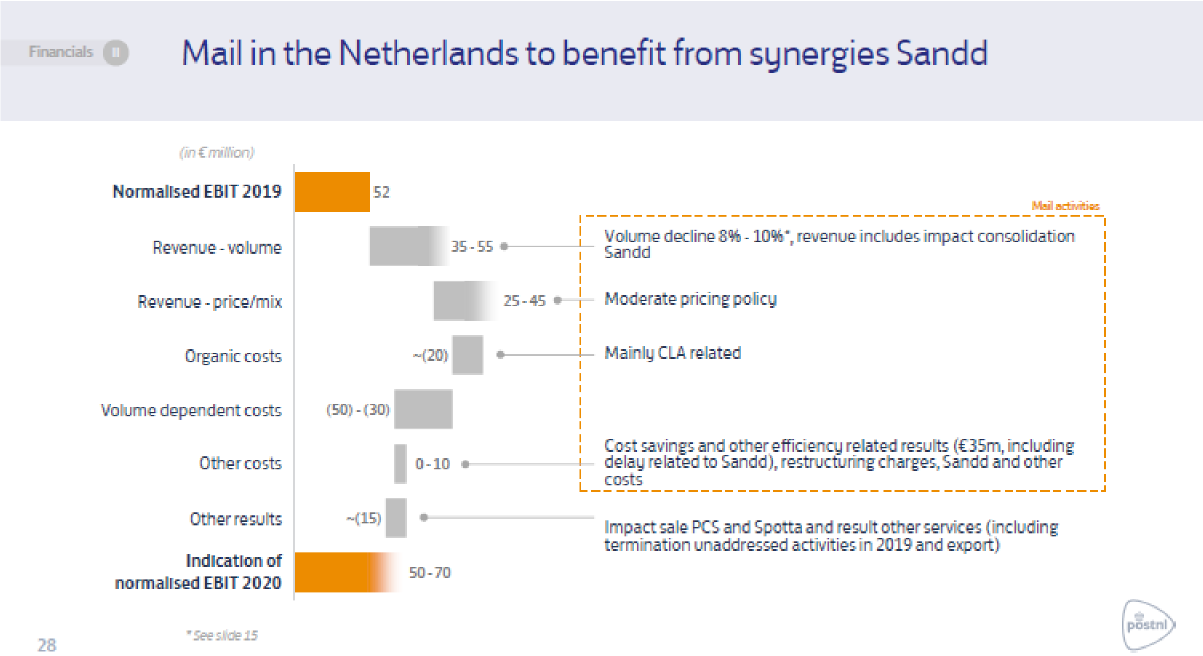
If we then go to slide 26, I will spend a few words on the outlook there. We look at a normalised EBIT of the year 2019 of EUR 135 million, and on a like-for-like basis we see that improving to EUR 145 million to EUR 165 million. That is basically driven by improvements, both in Parcels and in Mail segments on a like-for-like basis. So from EUR 145 million to EUR 165 million, you will get on a like-for-like basis to a free cash flow of minus EUR 15 million to plus EUR 15 million, of course to a large extent impacted by the Sandd acquisition and an increase in capex on the Parcels side, as we also communicated before.

Now to get from the like-for-like towards the outlook of EUR 110 million to EUR 130 million, there are only two components that are in between those. One is the increase of pension expense I just talked about, so the EUR 25 million negative impact on EBIT not hitting the cash flow statement. The other one is EUR 10 million impact as a consequence of change of labour regulation, the law WAB, difficult to explain in English, but it basically means a higher cost for temporary workers that we need in our processes, particularly around peak and around night shifts in our Parcels business. So that impact of new labour regulation is only visible in the Parcels segment. That brings us to EUR 110 million to EUR 130 million outlook for the year on normalised EBIT. And as said, minus EUR 315 million to minus EUR 285 million on free cash flow, including the soft pension payments to the fund based on the current agreements for which we seek to find an improvement, and we expect to be able to announce more on that before the end of Q1.

When we talk about the phasing of the 2020 numbers it is important to note that particularly in the first part of 2020 we still have more of the negative components of the Sandd acquisition visible in results, meaning the integration cost. Volume will gradually come in but there are still costs going to be made to wind down the Sandd network. So particularly, the contribution and the synergy effects of that acquisition will be visible in the second part of 2020, which means that the biggest part of the normalised EBIT certainly will be created in the second part. And as you know, Q4 will be the biggest quarter in any year and also in 2020.



Then moving towards the Parcels segment on slide 27. Both in terms of EBIT 2019 to 2020 as well as cash flow, we have provided you with a better reconciliation, which is the same both for the Parcels and Mail segment. So if we look at the normalised EBIT from 2019 to 2020, you see the key components. You see the volume effect as a consequence of increase of revenue, which is driven by the 7% to 9% volume growth and you see a positive price/mix effect as a consequence of the yield measures that we have introduced and said we would introduce, slightly offset by a negative mix effect. Bigger customers are still growing faster than smaller ones and the organic cost increase here is related to the indexation towards our partners, collective labour agreement increases as well as the impact of the new labour regulation we just talked about. The volume-dependent costs are related to the increase in volume. And regarding the other cost developments you see a combination of higher efficiency and other cost developments. You also see the improvement of Spring and Logistics together, which brings us to the indication of normalised EBIT of EUR 115 million to EUR 135 million. On a like-for-like basis, we add back the EUR 10 million as a consequence of new labour regulation, which basically shows the improvement of the underlying Parcels business from EUR 120 million to EUR 125 million to EUR 145 million.



We made the same bridge on slide 28 for the Mail business, where we go from the EUR 52 million to EUR 50 million to EUR 70 million for normalised EBIT for 2020. There, you see the volume effect, EUR 35 million to EUR 55 million additionally, which is based on an 8% to 10% volume decline. That revenue number is of course being impacted by the consolidation of Sandd.

Revenue, price/mix, the moderate pricing policy will continue.

Then organic costs are driven by the collective labour agreement increases and volume-dependent cost influenced also by the additional volumes that we get from the Sandd acquisition. And the other cost component here is the combination of cost savings and other efficiency-related results as well as restructuring charges of Sandd and other costs.

What is important to note that within that other cost bucket, we still include EUR 35 million of cost savings, which are the cost savings that we originally had, net of the delay on some of the implementations on these cost savings as a consequence of the Sandd acquisition. If you remember, the way we presented the business case, we said initially, there would be a delay of the implementation of certain cost saving initiatives because of the fact that we add all the Sandd volume to our network that leads to a different phasing of those plans. So net of that delay, we have EUR 35 million included in the other cost development as cost savings for Mail in the Netherlands. And for your view the delay is roughly between EUR 15 million and EUR 20 million on the cost saving side.

The other results are impacted by the sale of PostNL Communicatie Services, the sale of Spotta and the results of other services, including the termination of the unaddressed activities of the PostNL branded unaddressed businesses in 2019.

Financials II

Development cash flow in 2020 and further

(in € million)	2019	2020 (indicative)	Remarks
Normalised EBIT	135	110 – 130	improving business performance, higher pension expense and impact new labour market regulation (only 2020)
Reversal one-offs	(16)	(20)	
Depreciation & amortisation	180	170	
Capex	(66)	(120) – (100)	step-up in Parcels in 2020, among others related to SPS; phasing depot to 2021; investments New mail route
Lease payments	(62)	~(80)	
Change in working capital	(35)	(75) – (65)	above average settlement of terminal dues in 2020, no change in underlying development
Change in pensions	(25)	20	2019 included final payment unconditional funding obligation contribution; as of 2021 larger positive impact (only main pension plan)
Change in provisions	30	(30)	related to integration of Sandd (2020) and cost savings plans
Other	15	~15	sale of buildings and other divestments
Interest paid and income tax	(48)	(15)	interest paid stable; tax impact transitional plans in 2020
Adjusted free cash flow	10	(15) – 15	adjusted free cash flow slightly down (capex and working capital) in 2020; improvement expected thereafter
Final payment transitional plans	-	(300)	
Free cash flow	107	(315) – (285)	

29

Then on slide 29, we make a reconciliation of 2019 and 2020 normalised EBIT to adjusted free cash flow numbers to give you all the components that are relevant between EBIT and free cash flow. Reversal of one-offs, depreciation and amortisation were slightly down, given the fact that the 2019 number includes acceleration of depreciation on some of the Sandd assets.

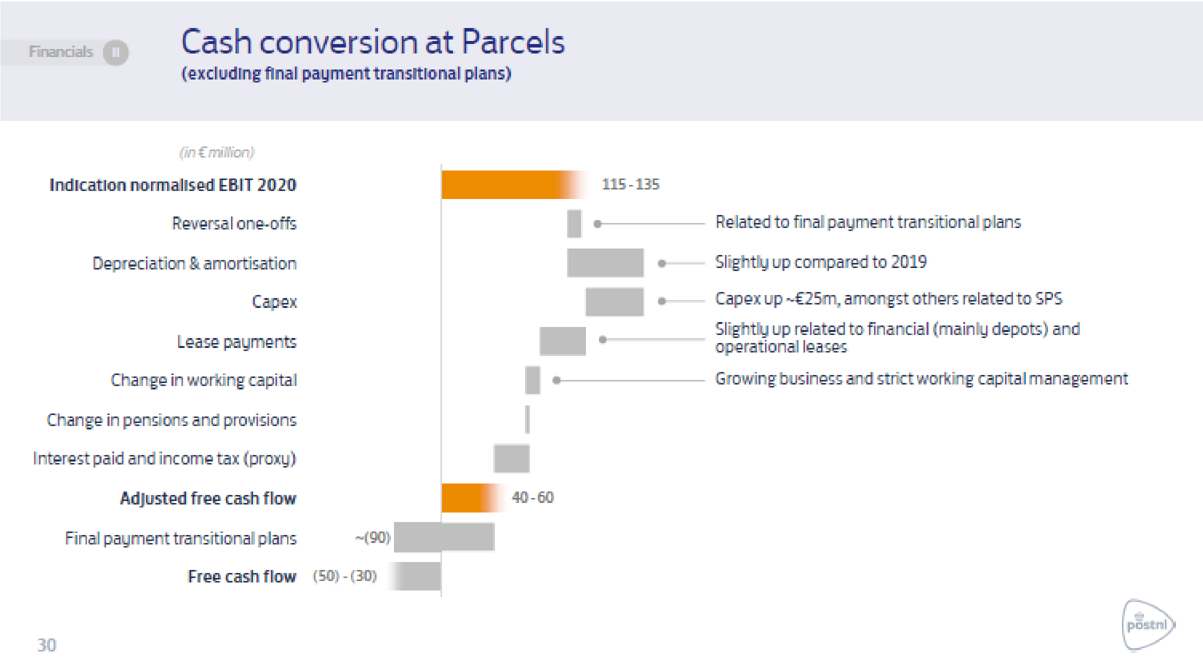
Capex, as we already said before, will increase predominantly through a step-up in Parcels related to the preparations of the small parcels sorting centre. We phased one of the depots to 2021. And also on the Mail side, there are additional investments required for the New mail route phase 2 process that will subsequently allow us to take cost out and to improve the efficiency in the mail network going forward.

In the change of working capital, the underlying working capital performance has continued. The deterioration that you see here is completely because of above-average settlements of terminal dues, a topic that we have discussed a couple of times before. So, there is no change in the underlying development. We stick to continue to focus on improving that. The deterioration is wholly as a consequence of old terminal due positions that need to be settled in 2020. So if you were to look at 2021 and beyond, that number will come down significantly back towards the 2019 change in working capital ranges.

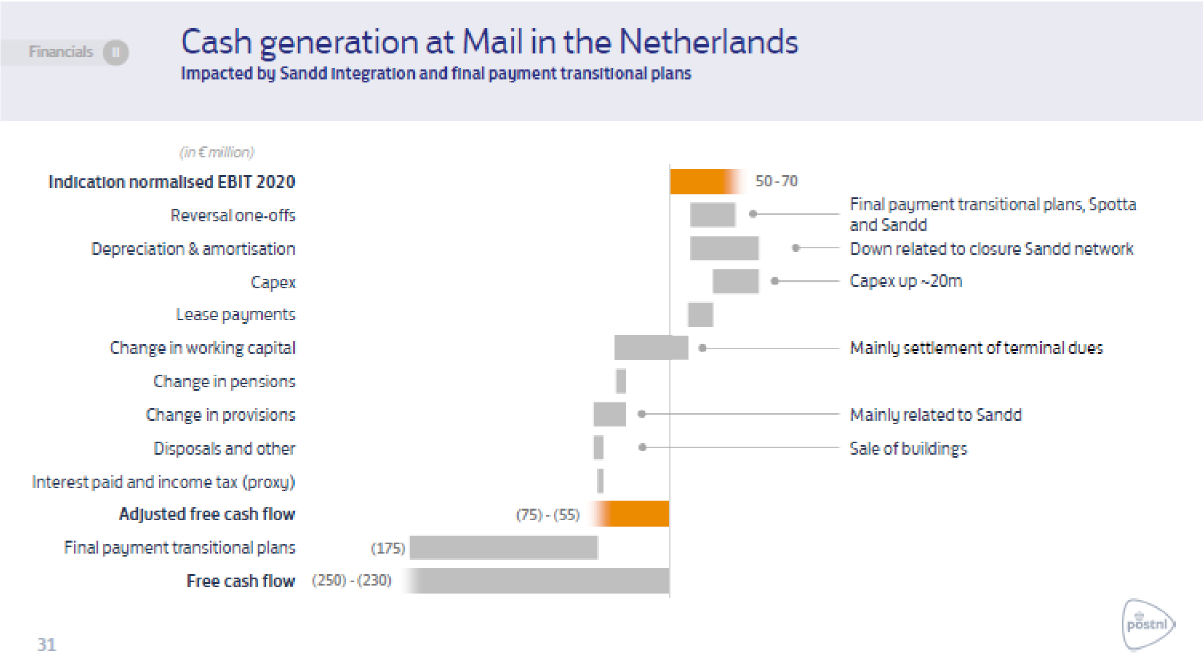
Then the change in pensions. Here, you see a plus EUR 20 million in 2019, the final payment of unconditional funding obligation was included. And of 2021 you will see a larger positive impact, only the main pension plan will be the cash outs going forward.

Change in provisions is a negative EUR 30 million for 2020. We have created that provision in 2019. That is one of the elements of the change from UCOI to normalised EBIT that you see here. The provision was created particularly for restructuring and the social plan in relation to Sandd in 2019, and the cash will subsequently go out in 2020 when we now have integrated the businesses or the volumes into PostNL's network.

Then sale of buildings and other divestments amounted to approximately EUR 15 million. Interest paid and income tax, EUR 15 million, which brings us to the adjusted free cash flow of minus EUR 15 million to plus EUR 15 million. And then the final payment of transitional plans of EUR 300 million.

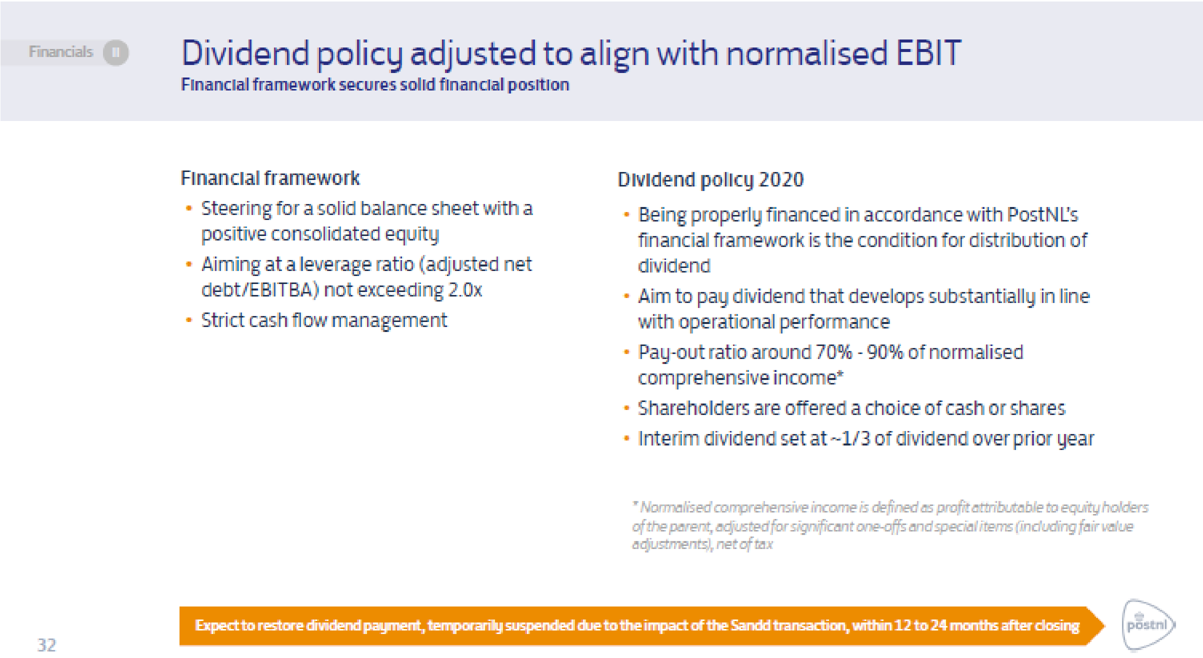


Then just to make sure that there's a proper understanding of the cash conversion in the cash generation in the segments particularly this year, where we make that change to normalised EBIT and free cash flow. We have included bridges from normalised EBIT to cash flow for the segments as well. And there you see the EUR 115 million to EUR 135 million of normalised EBIT for Parcels, turning to an adjusted free cash flow of EUR 40 million to EUR 60 million for the year, before final payment of transitional plans. And that is driven by higher capex, slightly higher depreciation, amortisations and lease payments that are up as well on the back of the increased investments in capacity. So EUR 40 million to EUR 60 million out of EUR 115 million to EUR 135 million in normalised EBIT will be the free cash flow in 2020.



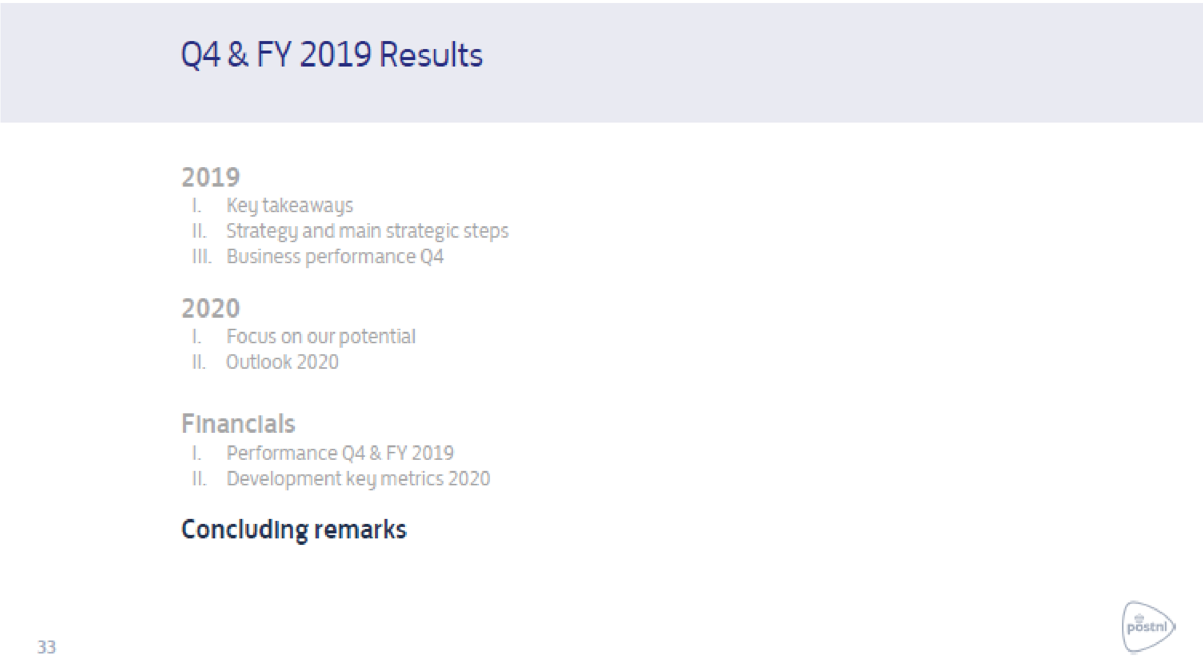
Looking at the cash generation at Mail in the Netherlands, this is of course impacted by the Sandd integration and the final payment of the transitional plans. The EUR 50 million to EUR 70 million leads to a minus EUR 75 million to EUR minus 55 million adjusted free cash flow, where the biggest component relates to the cash out on the restructuring of Sandd and the acceleration of settlement of big terminal due positions that out of the delta working capital we just talked about was the majority of it. Roughly EUR 60 million to EUR 65 million of that delta working capital relates to the final settlement on these terminal dues, which is a key component of the reconciliation to the minus EUR 75 million to minus EUR 55 million.

Going forward, as said, that settlement level on terminal dues will be significantly lower. And, after 2020, we will have done all the one-off cash outs in relation to the integration of Sandd, and you would expect a big improvement on adjusted cash flow generation from 2020 to 2021 onwards, bringing it to positive cash flows. And as we said, one of the key components of doing the Sandd acquisition is getting to a stable profit and cash flow for Mail business going forward, which will be able to show as of 2021 onwards.



We have decided to adjust our dividend policy to align it with normalised EBIT. The current dividend policy was based on a net profit number on the back of the UCOI profit metric. So the profit that was required or relevant for dividend calculation was based on the underlying net cash income. But if you move to a normalised EBIT metric, you also need to change the net profit metric on which you will base your dividend payments, and we have changed it to a normalised comprehensive metric, which is basically defined as the profit attributable to equity holders of the parent, adjusted for significant one-offs and special items, including fair value adjustments, net of tax. So it basically follows the same normalisations that we include in EBIT, but then just net of tax.

Then a few other elements noteworthy. In our financial framework, we clearly make the statement that we want a leverage ratio of not exceeding 2.0. We strive to get to a credit rating BBB+ that is part of our financial framework. We have amended the formulation of the dividend policy by referring to that financial policy in relation to the condition of distribution of dividends. So it is less black and white, 2.0 in the dividend policy. It refers back to the financial framework, where we still strive towards that same credit rating as ever before. We aim to pay dividends that develop substantially in line with operational performance, and the pay-out ratio on the back of the normalised comprehensive income metric will be roughly between 70% and 90%. If we were to apply this dividend policy to the previous years, you will get the same dividend pay-out as we have had before. So it does not lead to a fundamental change in dividend pay-outs. We stick to the choice of cash or share of dividends, and the interim dividend is set at approximately one third of the dividend of the prior year. We expect to restore dividend payments within the 12 to 24 months after the closing of the Sandd transaction, as we said before.

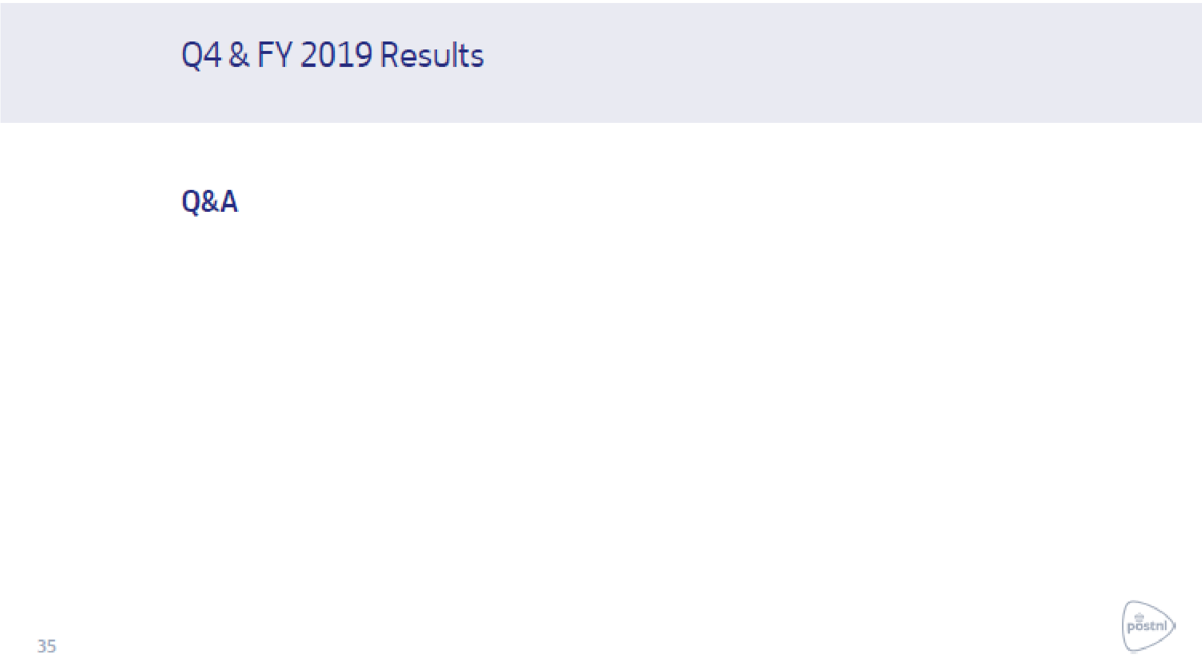


Then to conclude the presentation on Q4 numbers. It is clear what our key priorities are.

We want to capture the growth potential in the e-commerce development. We want to create a better balance between volume growth, profit growth and scale of conversion from Parcels, meaning that we will seek to improve our operational leverage. We need to capitalise now on the synergy potential of the Sandd acquisition, where we are very comfortable that we will realise the EUR 50 million to EUR 60 million structural synergies that we said before. And well, as said, we aim to resume dividend payments within 12 to 24 months after the closing of the Sandd transaction.

We keep on focusing on increasing the customer satisfaction and our employee engagement. And as we clearly stated before, we want to get to zero carbon emission last-mile delivery in 2025 for the 25 biggest cities of the Netherlands and get completely emission-free for the last-mile in 2030. And we want to do that by being the preferred logistics and postal solution provider in the Benelux region.

That concludes the presentation from both Herna and myself, and we can now open up for QandA.



Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you, Pim. We have a number of analysts here in the room and a number of people on the line. But let us start here in the room, looking around at the table, who would like to go for the first question, please.

- **Lotte Timmermans – ABN AMRO**

First of all, your 2020 guidance. In Parcels, the volume growth was 7% to 9%. Do you also incorporate Amazon stepping into the Netherlands, and what is your view on that for 2020?

Herna Verhagen – CEO PostNL: In the guidance we gave for 2020 to 7% to 9%, it includes every market development, and that means also including Amazon. We looked into the other European countries to see what the impact of Amazon has been in those markets because they are three to four years ahead of the Dutch market. What we see in most of those markets when Amazon comes in, they also have a positive impact on the growth in e-commerce. So Amazon is a customer of ours, and they are part of our future as well.

Lotte Timmermans – ABN AMRO: And if you think about split, what is the split in volume between DHL and PostNL? Is that still the case? And can you indicate about how much is divided between the two?

Herna Verhagen – CEO PostNL: No. Many of customers split their volumes over several distributors and we are not giving information on specific customers.

Lotte Timmermans – ABN AMRO: And on corona, do you see any impacts from that? And what do you think is going to happen for 2020?

Herna Verhagen – CEO PostNL: We are following corona very closely of course. It has an impact on international parcel streams from and to Asia. With Spring, we are active in those areas as well. At this moment we do not expect that it would have a material impact in 2020 on the numbers of PostNL.

Lotte Timmermans – ABN AMRO: And on business mail prices. They have not significantly risen since 2014 due to the competition of Sandd. Of course, this is now solved. Transferring this contracts to your own contracts, what kind of implications is it going to have? And is this going to be significant in 2020?

Herna Verhagen – CEO PostNL: As said, we will follow moderate pricing increases going forward as well. So no change in that. And we will adhere to the contracts customers had with Sandd in the past. In the overview Pim gave, you can see what the price impact is in 2020 and we do not expect to do something different than we did over the last few years and what we said before.

Lotte Timmermans – ABN AMRO: Thanks.

- **Henk Slotboom – The Idea!**

First of all, let's start with the niche one. The delivery quality of Mail dropped to 94%. Does it have any implications from the side of ACM?

Herna Verhagen – CEO PostNL: We do not know. We will come up with our formal evaluation in May. What we see is that the quality in 2019 was impacted by two reasons. We changed our sorting systems, the way we sort to be prepared for the volume coming in of Sandd.

Secondly, in the last quarter we saw that volume of Sandd already came in into our own network without the people, who were added as of 1 February. From the moment that we have those 4,300 extra people, we see an increase in quality numbers in 2020. What the impact will be, I do not know but we have good expectations on quality levels in 2020. Also, everything is focused on getting above the 95%. 2019 was an extraordinary year.

Henk Slotboom – The Idea!: 94% is over the full year?

Herna Verhagen – CEO PostNL: Yes.

Henk Slotboom – The Idea!: So that means that in the last quarter you were well below that.

Herna Verhagen – CEO PostNL: As said, we were just around 95% when we did our Q3 numbers. Those numbers were published as well. In the fourth quarter, we saw the impact of changing our sorting system and of the volume added by Sandd to it.

Henk Slotboom – The Idea!: Okay, let's stick to Parcels and I am looking at slide 27. There are a couple of things that puzzle me. First of all, if I take a look at your revenue expectation, and the delta of revenue on normalised EBIT, it says EUR 75 million to EUR 95 million, which is the equivalent of 4.4% to 5.6%, if I calculate it right. That means that the balance will further shift with large clients of the mix, I assume.

Pim Berendsen – CFO PostNL: That is included in the price/mix effect. That is in the 5% to 15%, the EUR 5 million to EUR 15 million combined price/mix component.

Henk Slotboom – The Idea!: If I take the 7% to 9% volume growth, all other things being equal I assume, and I relate it to the EUR 1,672 million you realised in 2019, it does not add up.

Pim Berendsen – CFO PostNL: It does because that relates to the entire Parcels segment and the 7% to 9% growth is related to the domestic Parcels business.

Henk Slotboom – The Idea!: Okay.

Pim Berendsen – CFO PostNL: There, revenue growth is even slightly higher than 7% to 9%. There, you see the implications or the effect gradually kicking in of that better balance between volume growth and revenue growth.

Henk Slotboom – The Idea!: Clear!

Let's go back to May of last year, when you gave a CAGR of 14% for the period 2018 to 2022. Did I say that correctly?

Pim Berendsen – CFO PostNL: Yes.

Henk Slotboom – The Idea!: And now we see 7% to 9%. What has changed so dramatically in nine months' time?

Pim Berendsen – CFO PostNL: A couple of things have changed, and the biggest component of that change is a slowdown of the overall market growth. And we have ended the year at 12.4% growth last quarter and 2019 was 10% growth. It is predominantly driven by a lower market growth, where you see certain categories becoming gradually more and more mature. So the split between offline and online sales get to a level that those categories are getting closer to maturity. Let's not forget that 12% growth or 7% to 9% growth is still very significant growth. You see a slowdown in market growth, where new categories, which are much smaller are growing faster but they are significantly smaller than the bigger categories, like fashion, like toys and electronics. That is one component. Particularly in 2020, the 7% to 9% volume growth is impacted by the fact that some of our customers go to a multi-vendor strategy and that has its impact where we lose a little bit of market share. We guided towards that on our Capital Markets Day because of that. So the 7% to 9% is also impacted to a little loss of market share because of that dual vendor ship. What we subsequently expect, is that we will follow the trajectory of market growth again.

Henk Slotboom – The Idea!: And by multi-vendor ship you mean people to the bol.com marketplace, the selling-through marketplace of bol.com?

Pim Berendsen – CFO PostNL: But also because of peak constraint. As we said, we strive to get to a better balance of volume growth and cash flow conversion. We cannot just increase capacity for the peak in the year-end period only, which basically means that some of our customers decided to ensure that we have got enough capacity to fulfil their growth and then sought alternative distributors as well. Because of that, they basically take a part of that market share because of that strategy change.

Henk Slotboom – The Idea!: It is clear what you say about choosing for somebody else next to PostNL to do the last mile. But let's go to the marketplaces of bol. More than 50% of bol's sales is done in third-party products. How much grip do you have on this 50% that are now third-party products? If it was bol it would almost automatically land at PostNL because you have a well-established relationship with them. It is the same with Amazon, more than 50% of what is sold via Amazon is sold via the marketplace. How do you get any grip on it? Because this is the large volume, that is the SME volume on which you can fetch better pricing.

Herna Verhagen – CEO PostNL: The grip you have on volume is via the services you deliver. It is partly the quality you can offer and it is partly the extra services you can deliver, for example, via the app. So there is lots why people still want to choose for PostNL. That is not different from platform customers as it is to other customers. Part of the effect from platforms is in the price/mix effect, as already said by Pim. So it does have an impact on your price/mix, but it is included. The impact we have on sending customers is because of the fact that we deliver highest quality, that we have lots of extra services, and that we can reach consumers better than everyone else in the Dutch or Benelux market. I think those are reasons why people still want to choose for delivering for PostNL.

Henk Slotboom – The Idea!: Last, on the price/mix effect. Amazon coming in, everybody is looking at it and lots has been written about it. And you see two different developments currently in the market. One is bol, which is, I think, more defensive in terms of pricing and seeking all sorts of arrangements for clients selling via its marketplace. And the other one is Coolblue, adding more people in two-men's handling, et cetera. Is it fair to assume that the pricing element from the large clients like bol and Coolblue, you mentioned it, will toughen now that Amazon is knocking on the door here?

Herna Verhagen – CEO PostNL: For many years already there has been lots of competition with the other distributors in the Dutch market, so I do not think there will be much change with Amazon arriving into this market. What will change is there will be a third player in the market, assuming that they will step in, et cetera. And so there will be a third player in the market that will have its impact on who is going to be in which platform, who is going to sell via whom. So that will have an impact. What you saw in the other European countries is that it had a positive impact on the amount of e-commerce parcels. So in that sense, it could have a positive impact in the Dutch market when it comes to the amount of to-be-delivered parcels as well.

Henk Slotboom – The Idea!: I have two more questions and then I will leave the floor to other people. If I look at Amazon coming in, bol has entered into the fashion segment. It opened up its marketplace. With Amazon Fashion, 25 groups are labelled. There is a competitor of yours, and they realised at least 20% volume, a large former catalogue-seller. We have seen a lot of publicity about that one, and not only that the results were not doing very well, but also about the call centre, there was a very interesting article. What happens if one of your competitor's biggest client goes out of business? How can that affect the market? Because if somebody loses 20% of the volume, they have to fight for the other volume elsewhere. How do you look at that?

Herna Verhagen – CEO PostNL: The assumption you take is the assumption that Amazon will win that volume. So in that sense...

Henk Slotboom – The Idea!: But is that illogical?

Herna Verhagen – CEO PostNL: I do not know. There are lots of scenarios written in newspapers on the possible impact of Amazon stepping into the Dutch market. As far as we can see – and that is the reason for staying in other European markets – it had a positive effect on the amount of e-commerce. And maybe there will be changes in the market, but I think we are not the ones who are going to forecast those changes. That is what we will see. The only thing what we assume is that we will be able, with the services and prices we have, the people, we have and the density of our network to keep the market share in the market as we have today.

Henk Slotboom – The Idea!: A final question. I had a look at the Coolblue annual report last week, and if I see how many people they are adding in terms of delivery, in terms of the two-men's handling as a service component, what you have as well, they expect to deliver at least 1 million items CO_2-free this year, which is triple the number they did last year. I know that one million parcels is peanuts when you compare it with the 300 million or so that you are doing but is this not illustrating that the competition on the last mile could toughen? In the past you were, and you still are, the biggest one, and you should be able to deliver in the most efficient way. What does this tell us about Amazon? Because Amazon does a lot of last mile. Look at Austria, for example, they have taken on the last mile themselves to deliver in Vienna, and I believe they are about to do that in Salzburg as well. Are you not afraid that something like that could happen in the Netherlands as well? And how are you going to arm yourself against it?

Herna Verhagen – CEO PostNL: If you think about PostNL and the presence we have in the Netherlands and also in Belgium, we already are quite armed in the sense that we have a very efficient last mile operation. We come in every street, every day, at every door. That is what we already do. With an app in which you have 5.3 million consumers in the Netherlands, you add also lots of convenience to consumers as well. Never underestimate your competitors but we already have quite some competencies to do the best last mile delivery in the Netherlands and in Belgium. In my view, there are lots of opportunities for PostNL as well. It is not only for us seeing the risk. There are also lots of opportunities in what will change in the market. And take into account that if you think about the other European countries, before Amazon stepped into last mile delivery, they do need quite some volume to create some density. And in the Netherlands, they start at a certain point this year.

Pim Berendsen – CFO PostNL: In a much more fragmented market than I think the market in the UK, Italy or Austria.

Herna Verhagen – CEO PostNL: Or Germany. And we also take the differences into account.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Operator, can you move to the first one in line?

- **Mark Zwartsenburg – ING**

First, on Parcels. We saw quite a negative mix effect in Parcels in Q4 but if I look to your guidance going forward, you expect quite a strong positive price impact. Pim mentioned revenue growth of between 7% and 9% volume growth. Is that correct? And can you give us a bit of an indication of those two building blocks, please?

Pim Berendsen – CFO PostNL: What I said on the back of a question from Henk, is 7% to 9% volume growth in relation to the overall revenue growth. On the Parcel side, revenue and volume growth are coming closer and closer together, exactly as we pointed out before, and that is on the back of yield management measures that we have taken. And they relate to several different elements. One is a different pricing structure for the bigger parcels in the network that take, relatively speaking, too much cost capacity in sorting and delivery. They will only get delivered at surcharges. Next to that, we have introduced peak pricing in peak levels for 2020. And also on the back of a point that Henk made earlier, individual price points are moving up. So when contracts expire, we seek to get indexation above and beyond, if possible, the inflation levels to improve the individual price points in these contracts to get us to the better balance of volume growth and profit growth. That price effect, in itself, is then still subsequently impacted by the negative mix effect because of bigger customers growing faster and/or smaller customers moving to platforms. The combination of the two leads to the EUR 5 million to EUR 15 million improvement from 2019 to 2020.

Herna Verhagen – CEO PostNL: All initiatives that are taken or that we have taken are in line with what we also communicated at our Capital Markets Day in May. So what we said by then, is implemented by now and will have its effect in 2020.

Mark Zwartsenburg – ING: And you say the balance leads to the EBIT increase. But how does it look on the revenue level? I am thinking now that we have a positive impact here. Is that correct?

Herna Verhagen – CEO PostNL: That is correct.

Mark Zwartsenburg – ING: So the revenue growth in Parcels Benelux will be above 7% to 9% plus?

Pim Berendsen – CFO PostNL: Yes, slightly above.

Mark Zwartsenburg – ING: And then your expectation for market growth in 2020. Do you have any number for us to give a feel for how the e-commerce is developing in general?

Herna Verhagen – CEO PostNL: Slightly above the 7% to 9%. That is what we expect in 2020. And as already said, the 7% to 9% growth within PostNL is caused by the fact that we see a multi-vendor ship, which we expected already when we did our presentation at Capital Markets Day, but you see it coming in beginning of 2020. So after that, our expectation is that volume growth within PostNL will be in line with market growth.

Mark Zwartsenburg – ING: And that is accelerating from these levels again or?

Herna Verhagen – CEO PostNL: At a certain point in time, yes.

Mark Zwartsenburg – ING:

But you say slightly above, so you only expect a small impact from all your price increases, market share losses from dual vendor, et cetera?

Herna Verhagen – CEO PostNL: Yes.

Mark Zwartsenburg – ING: Is that cautious enough, given what Henk was just alluding to?

Herna Verhagen – CEO PostNL: As far as we can see at this moment in time, the answer is yes.

Mark Zwartsenburg – ING: And then on Mail in the Netherlands, can you give us an indication of the contribution of Sandd, excluding the restructuring charges for Q4, please?

Pim Berendsen – CFO PostNL: Excluding restructuring charges, the running performance of Sandd turned into a loss. Exactly, yes. We predicted that if you look at the Q3 quarterly presentation, we have shown the kind of normalised EBIT level, including Sandd and excluding Sandd. We also showed a kind of a deterioration as a consequence of Sandd there. So if you compare it to that business case, there has been a loss of the Sandd business in Q4 as part of our normalised EBIT and other earnings numbers for the normal operating losses of Sandd. Above and beyond that, if you talk about EBIT, we have taken restructuring provisions on the back of the social plan that was agreed for people not joining us, so to say. And in the reversal of one-offs, you will find acceleration of depreciation of roughly EUR 24 million on assets of, let's say, the old Sandd network that we will not use anymore because. Basically, we migrate all the volumes to our network, deploying our assets to distribute that volume.

Mark Zwartsenburg – ING: And then a few for you, Pim. On the investment, I think you mentioned also digital investments come on top of the guidance of the Capital Market Day, capex. Is that correct? And how much is that in 2020?

Pim Berendsen – CFO PostNL: I do not know if that is what I said. What I have said is that if you look at the bridge from 2019 to 2020, you see an increase in capex levels from EUR 66 million to between EUR 100 million and EUR 120 million, which is a lower increase than originally assumed in the Capital Markets Day, because Herna clearly stated that we have the ability to phase those investments on the back of how growth develops. And on that level, we have included roughly EUR 10 million acceleration of digitalisation that will help us in different ways. One is to make the app even more relevant to increase the customer journey of the consumers by allowing them to follow their driver, but also, allowing us to launch new service options to them. And at the same time, those digitalisations will help us in optimising our value chains by becoming even more data-driven than they already are. And that will contribute to the efficiency improvements that we seek. And that will also lead to lower cost per parcels. The EUR 10 million additionally included for digitalisation is already in the numbers.

Herna Verhagen – CEO PostNL: And the capex number, which is lower than what we expected at the Capital Markets Day, because of phasing of expanding our capacity.

Mark Zwartsenburg – ING: That was actually my second question. EUR 100 million to EUR 120 million, I think it compares a bit to the EUR 45 million at the Capital Market Day, if I am correct. Does that mean that the difference between the two, and excluding the digital, so EUR 110 mid-point, minus the EUR 10 million, so EUR 45 million less, is that then a phasing that goes into 2021 or should we even phase it more ...?

Pim Berendsen – CFO PostNL: Not all of it, there are a few components. Some of those step-ups in investments also relates to the mail business, where we will have additional investments in the second round of the New mail route, partially. So if we phase a depot from 2020 to 2021, yes, obviously, that investment will then subsequently move from 2020 to 2021. At the same time, that also means that for 2021, as we have assumed certain investment levels, we will again have the option to see whether or not those are required, given the current view on market growth.

Herna Verhagen – CEO PostNL: And I think what remains of the utmost importance for 2021 is the opening of our Small Parcel Sorting centre because that will add to the efficiency in our network, and that remains to be crucial.

Mark Zwartsenburg – ING: I want to also get a bit of a view of the capex for 2021, and that is because of also the relation with the dividend of course.

Herna Verhagen – CEO PostNL: That is what I understand. So part of the amount will be phased to 2021 and parts of the amount will not. It is less capex.

Mark Zwartsenburg – ING: So it will be roughly flattish, going into 2021. Is that then the best balance, just to get a bit of a feel?

Pim Berendsen – CFO PostNL: In total, roughly.

Herna Verhagen – CEO PostNL: In total roughly.

Mark Zwartsenburg – ING: And then lastly, the lease payments going up to EUR 80 million. Is that related to the new DCs and are you perhaps already preparing for small parcels? Or is that too early? And will this go up then post-2020 because of the SPS coming live in 2021?

Pim Berendsen – CFO PostNL: Partly those lease payments relate to depots that we opened in 2019 that were not ‘capex-ed’.

Mark Zwartsenburg – ING: So that is indeed related to that. And then going up further I presume if you open the other one?

Pim Berendsen – CFO PostNL: Yes, of course depending on the split on the Small Parcel Sorting centre it is a leasehold. So it is not a building that we will buy. We will rent it. And there, the investments are in the sorters, the IT infrastructure and the robots that are required to operate a Small Parcel Sorting Centre.

Mark Zwartsenburg – ING: That’s it! Thank you very much.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Switching back to the table here, Andre?

- **Andre Mulder – Kepler**

I have two questions. In your Q3 presentation you mentioned you mentioned that the extra pension cost will be EUR 15 million to EUR 25 million, so I guess it is now EUR 25 million. Is that driven by the interest rates?

Pim Berendsen – CFO PostNL: Completely and only due to the fact of a deterioration of the interest rates.

Andre Mulder – Kepler: If you turn things around, can you give us a bit of a sensitivity? Let's say, if that amount were to be halved, where will you end up with interest rates?

Pim Berendsen – CFO PostNL: The pension expense for the year 2020 is based at the interest rate for 31 December 2019. So in the year, it will not change. I will get back to you on that, otherwise, but it was only a few basis points that changed basically from Q3 towards the end of the year. It had roughly EUR 10 million impact. A few basis points on an already very low interest rate, have pretty big consequences.

Andre Mulder – Kepler: The (average) volume growth in Parcels from 2018 to 2022 is 14%. I take it for granted that will stay. Do you still believe that is possible?

Pim Berendsen – CFO PostNL: That is the CAGR number, that we have explained at Capital Markets Day. The explanation between the 7% to 9% is a predominantly slowdown of the overall market. So if there is no change to that market growth, then it will be difficult to get to the 14% CAGR, yes.

Andre Mulder – Kepler: So if it stays at 7% to 9%, that is possible. If it drops further, then the 14%...

Herna Verhagen – CEO PostNL: Market growth is of course a little bit higher than the 7% to 9% because of the reason that we see the effect in 2020 of the multi-vendor ship. That is an effect that we assume will disappear again and then we will move up with market growth. Market growth is higher than 7% to 9% but slightly higher. And that means that if market growth stays at that level, the average of 14% is difficult to reach.

Pim Berendsen – CFO PostNL: But what is important is that our aim to get to a better balance in that volume growth, margin development and cash flow conversion will remain the same. So we will look at ways, even with potentially slightly lower growth, to get the revenue and cost per parcel in the right direction, improving the margin and improving the cash flow conversion from the Parcels business going forward.

Andre Mulder – Kepler: Any numbers to mention on Nexive? How do the items in the balance sheet, the assets held for sale of EUR 91 million, liabilities held for sale at EUR 100 million, do these relate to Nexive?

Pim Berendsen – CFO PostNL: No, not specifically. The combination of Postcon and Nexive led to the result of discontinued operations, of which, roughly EUR 13 million to EUR 14 million was a fair value adjustment. And the balance was the running loss from operations in those discontinued operations. And we have now valued both businesses on the back of the agreements that we have reached. So yes, that is what it is.

Andre Mulder – Kepler: So if you would conclude it now, no further book losses?

Pim Berendsen – CFO PostNL: No.

Andre Mulder – Kepler: But what is the amount that you get in with Nexive?

Pim Berendsen – CFO PostNL: Well, we do not specifically guide towards the individual components of it, as we said before. The biggest component of those two transactions is the DTA positions that we have accounted for by being able to use, let's say, the liquidation losses in those countries because they are asset deals that we have done to get those capitalised in the Dutch situation. So the biggest component of the DTA in the balance sheet relates to those two countries.

Andre Mulder – Kepler: Then on Sandd. Less people have joined but to what extent does that leads to extra cost or possibly lower savings?

Herna Verhagen – CEO PostNL: It does not. You look into is how many people joined. We still have vacancies, which are filled in a normal way. So we added more capacity out of the market to make sure that we have enough people to deliver the mail. So it is according to what we expected in our business case and has no negative or positive impact on it.

Andre Mulder – Kepler: And then my last question. What do you aim to do with the green bond?

Herna Verhagen – CEO PostNL: Spend it on green.

Pim Berendsen – CFO PostNL: The green bond was issued on the back of our green framework. Basically it says that we will use the proceeds to further optimise or improve our premises. So a big component is making even our existing premises greener and BREEAM certified and also new ones. The second component will be used to intensify the electrification of our fleet. Those two are the biggest buckets of that EUR 300 million. The third bucket is improving, related to robotics, using data to further optimise the CO_2- emissions. But that is only real and using innovations in that process. But the two biggest components are related to our depots with solar panels on top of them and fleet.

Andre Mulder – Kepler: And anything you can say about phasing on that?

Pim Berendsen – CFO PostNL: No, not really, other than the fact that we expect to be able to use the EUR 300 million in the 7-year period with the plans we already have in place to be able to say that we will spend that EUR 300 million on the green framework topics that we have disclosed.

- **Wijnand Heineken – Independent Minds**

I have a few questions, first on Sandd. The existing contracts, could you give us some kind of indication how long that will last on average? And when you have full freedom to price the contracts, will that have a noticeable impact on your numbers? Or will that just be modest?

And then two questions about the new metrics. Obviously, we knew the shift from UCOI to normalised EBIT. Now we get a new one attached to that, is a like-for-like. I appreciate that you identify a couple of specifics that will have an impact this year, but what can we expect going forward? Will we see two separate growths or is this just an incident?

And then finally, on the dividend pay-out ratio related to the normalised comprehensive income. Obviously, that is not something for today, tomorrow but did I understand Pim correctly that, in essence, is the normalised EBIT level apart from net of tax? And if so, was there not a simpler way to go for a different base than a normalised comprehensive income, which makes it all a bit complicated?

Herna Verhagen – CEO PostNL: We are not going to disclose the customer contracts at Sandd. They have customer contracts which are still running and that means that we adhere to the contracts they have. The impact on pricing will be moderate. So do not expect real spikes in price increases. It is a moderate pricing policy, which we will continue and that also means that we add moderate pricing when it comes to contracts, which are ended with Sandd.

Wijnand Heineken – Independent Minds: And the metrics?

Pim Berendsen – CFO PostNL: We go to two metrics, normalised EBIT and free cash flow. And particularly this year, we felt it was very important to get you to understand how we move from one to the other, and particularly given the two additional components or the additional pension expense and the effect of the new labour law regulations to be able to indicate that on a like-for-like basis, both Parcels and Mail business are actually improving. But let's say, from a formal point of view, we only have the two metrics, normalised EBIT and free cash flow. And that we will report going forward. But to understand what happens in the underlying business, we felt it appropriate to be clear what the like-for-like number would be.

Then on the dividend policy. What we try to do is relate to an easy to be recognised number because we report the total comprehensive income in each press release and in each annual report. And the reason why not to go to net profit is firstly that given the specific pension situation in PostNL, it would be strange not to include the other comprehensive income in the base on which you define dividends, because there, you have the actual gains on the difference between pension expense and pension cash out. So not including that would basically lead to too low a base for dividend distribution calculation. That is one component.

Subsequently, we feel that you need to exclude the results from discontinued operations. As of 2020 there will not be any. But in any event, from a structural and a logical point of view, that is an element to look at. And then the only thing that happens to the total comprehensive income is normalisations that are the same as the normalisations on EBIT. So just look at the total comprehensive income for the period line, look at the total normalisation, let's say for the sake of argument, that they are EUR 10 milion, and then you take the net of tax effect of EUR 7.5 million that you adjust on the comprehensive income to get to normalised comprehensive income, which will then be the base on which you apply the 70% to 90% pay-out ratio.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Operator, please link us to Ruben Devos of KBC.

- **Ruben de Vos – KBC Securities**

Just to come back on the divestment of PCS, Spotta and Nexive. I understand you do not provide guidance on individual sales, but I was curious whether you could give a rough indication of the combined cash in for the disposals to get a bit of an idea, we should see the changes in the balance sheet, aside from the free cash flow guidance you have given. That's the first question.

Pim Berendsen – CFO PostNL: As I said, we will not make that split between Nexive, Postcon and the others. As I said, the cash will predominantly be as a consequence of the DTA that we have included in the balance sheet. If you look at the annual report, you will see that there is an earn-out arrangement on Postcon that can lead to a cash-in of something between 0 and EUR 12 million, what we have taken, if you will. And as you know, we have -- we will be involved in Nexive going forward at a 20% minority shareholder, which potentially gives us an upside on the back of the valuation that we just discussed.

The PCS, the PostNL Communicatie Services business, that lead to an individual cash-in and Spotta was a sale also in relation to the fundamental changes in the market that we have seen there. So then, I give you a little bit of guidance on how you should look at it, but not more specifics, I'm afraid.

Ruben de Vos – KBC Securities: Okay. So quite some scope changes, let's say, in the last 12 months?

Herna Verhagen – CEO PostNL: Yes.

Pim Berendsen – CFO PostNL: Yes, all done to really get us to focus on the mail business from capitalizing on the Sandd acquisition synergy effects and to focus on the Parcels e-commerce business going forward.

Ruben de Vos – KBC Securities: Okay. So going forward, you continue to see opportunities in terms of divestments to increasingly focus on your core activities? Or are you done for now?

Herna Verhagen – CEO PostNL: When you look at 2020 and going forward, we will keep looking into our portfolio and find out if they are adding to our core business in Mail in the Netherlands and Parcels. If not, we start up a discussion on the divestment. That is what we will do anyway, because our core business is in Mail in the Netherlands and Parcels, the networks for mail and parcels and every adjacent market, which is adding to those mail and parcels networks.

Ruben de Vos – KBC Securities: And then just another one on the customer satisfaction. The presentation says it is improving, which is interesting, obviously. Do you take into account the competition in the parcel delivery market? I was curious, could you sort of support that with numbers like a Net Promoter Score, any kind? And how PostNL compares to competition on this end?

Herna Verhagen – CEO PostNL: What we use is very satisfied customers, which is not exactly the same as an NPS score. So it is difficult to compare it to NPS scores of others. We see an increase in the amount of very satisfied customers compared to the first half of 2019, which is positively influenced by the quality of our delivery, its positively influenced by the amount of the possibility people feel to get their parcel when and whenever they want to have it. So those are very important elements, when it comes to customer satisfaction.

Ruben de Vos – KBC Securities: Okay. And then just lastly on Spring. Also there, an improving performance. A bit of a reversal versus the reported trends in the last 2 years. Do you have additional colour on what happened in Q4 and why that improved will be helpful.

Herna Verhagen – CEO PostNL: Well, I think the business improvement in Spring, partly we saw a positive impact in volume, partly because of all the actions we have put into place within Spring to get the organisation right and to get the organization aligned to the volumes we received. So some of the effect of all those things we communicated in earlier quarters on changes in spring did come into effect in Q4, and that is the reason why you did see a slight increase or improvement in revenue.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: We have got one more, I think, operator?

- **David Kerstens – Jefferies**

I have got two questions, please. First of all, regarding the increasing rate of substitution that you're guiding for, what is driving that? I think you highlighted previously that you had about 2 to 3 percentage points of market share loss. And now you have taken over Sandd, but you were still at minus 10% in Q4, and you are guiding for 8% to 10% for next year. I appreciate there is a 1 percentage point election effect from the European elections last May but it would still imply that your rate of substitution that deteriorates by about 2 percentage points. Are there any specific customer groups that are driving that? And what are you seeing in the market?

And then the second question...

Herna Verhagen – CEO PostNL: Let's do the calculation again. First, we saw 8% to 10% decrease in 2019, which is 9.7% of a substitutional decrease without Sandd. That is one. The impact we said that competition had is 1% to 2%, around 2%. There are two effects in 2020. You see the effect of around 1% because of elections. That is what you have to deduct if you want to have it like-for-like. Secondly, I think there is still some competition in the Dutch market. So we do not see that much changes from what we said before. We expect it to be somewhere between 8% to 10%, taking into account, as already said, for example, the elections, which are quite impactful when it comes to volume decline.

David Kerstens – Jefferies: So stable rate of underlying volume decline you think?

Herna Verhagen – CEO PostNL: Yes. That is what we see.

David Kerstens – Jefferies: Then the second question regarding the Parcels volume growth of 7% to 9%. You said that based on experience in the other postal markets, you see a positive impact from Amazon coming in, developing the e-commerce category further. Have you included anything in your volume guidance for this effect? Or do you also see potentially Amazon moving to dual supplier ship and offsetting that positive effect?

Herna Verhagen – CEO PostNL: As said, the 7% to 9% are taking into account the effect we do expect in 2020. And Amazon already acts with the dual vendor ship approach at this moment in time.

David Kerstens – Jefferies: Thank you very much.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: I think this concludes the call. We have got one , Andre Kepler, in the room only.

- **Andre Mulder – Kepler**

Some time ago, you made a call for hard subsidies out of fear that high price could cause volumes to spiral down. Has there been any reaction from politics on that?

Herna Verhagen – CEO PostNL: Not yet.

Andre Mulder – Kepler: When do you expect that? Are you in talks with politicians on that? If you want to maintain the system, that is possibly the only way forward.

Herna Verhagen – CEO PostNL: I am not sure what is picked up by politicians in what is not. So the only thing what I do know is that keeping it on the agenda is important. And then, hopefully, at a certain point in time, you get some traction.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Okay, thanks, everyone, for joining. If you have any further questions, you know where to reach us. Please don't hesitate to do so. Thanks very much. See you next time.

Herna Verhagen – CEO PostNL: Thank you.

Pim Berendsen – CFO PostNL: Thank you. Bye-bye.

End of call

Q4 & FY 2019 Results

Appendix

- Results by segment Q4 & FY 2019
- Underlying (cash) operating income Q4 & FY 2019
- Underlying cash operating income Parcels FY 2019
- Condensed P&L
- Consolidated statement of financial position
- Breakdown pension cash contribution and expenses
- IFRS 16 impact Q4 & FY 2019

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Results by segment Q4 2019

	Revenue		Normalised EBIT		Underlying operating income		Underlying cash operating income	
(in € millions)	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019
Parcels	439	471	36	41	36	41	36	42
Mail in the Netherlands	483	492	75	15	79	40	71	48
PostNL Other	20	22	(15)	(16)	(16)	(15)	(7)	(11)
Intercompany	(148)	(142)						
Total PostNL	**794**	**843**	**96**	**40**	**99**	**66**	**100**	**79**

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Results by segment FY 2019

(in € millions)	Revenue FY 2018	Revenue FY 2019	Normalised EBIT FY 2018	Normalised EBIT FY 2019	Underlying operating income FY 2018	Underlying operating income FY 2019	Underlying cash operating income FY 2018	Underlying cash operating income FY 2019
Parcels	1,555	1,672	121	120	121	122	117	121
Mail in the Netherlands	1,678	1,606	130	52	133	77	93	76
PostNL Other	74	81	(45)	(37)	(45)	(37)	(22)	(21)
Intercompany	(535)	(515)						
Total PostNL	**2,772**	**2,844**	**206**	**135**	**209**	**162**	**188**	**176**

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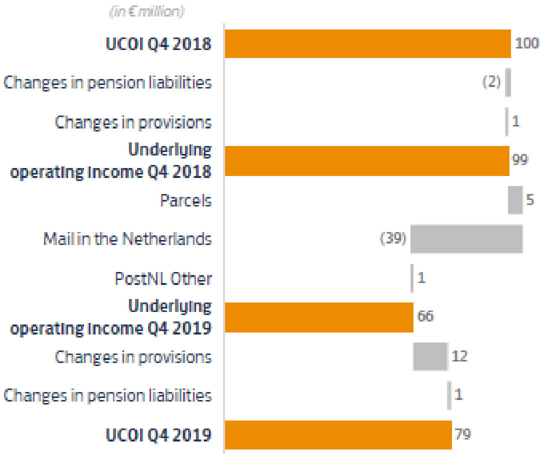
Underlying cash operating income Q4 2019 at €79m



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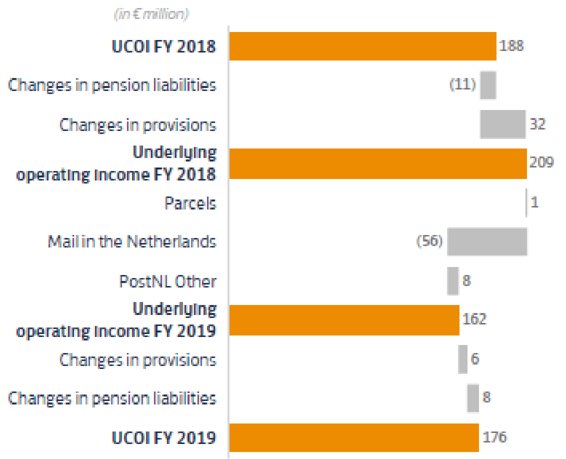
Underlying (cash) operating income FY 2019



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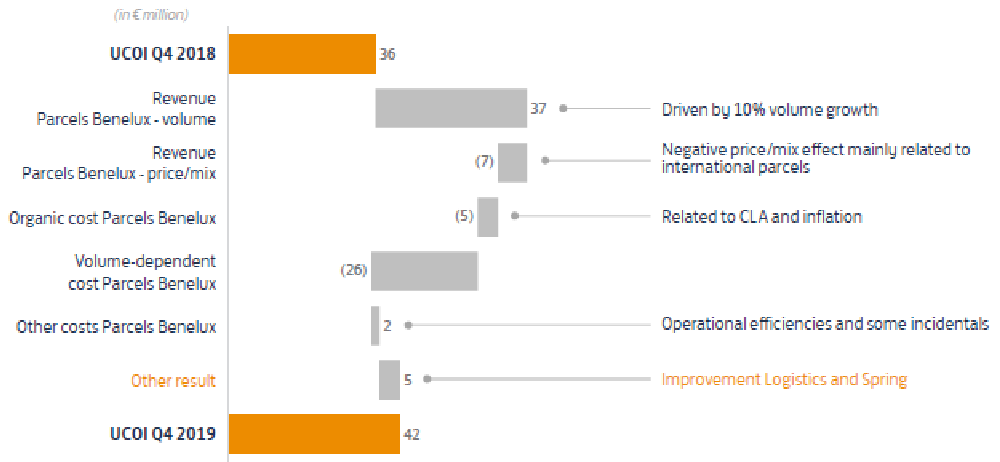
Underlying cash operating income Parcels Q4 2019



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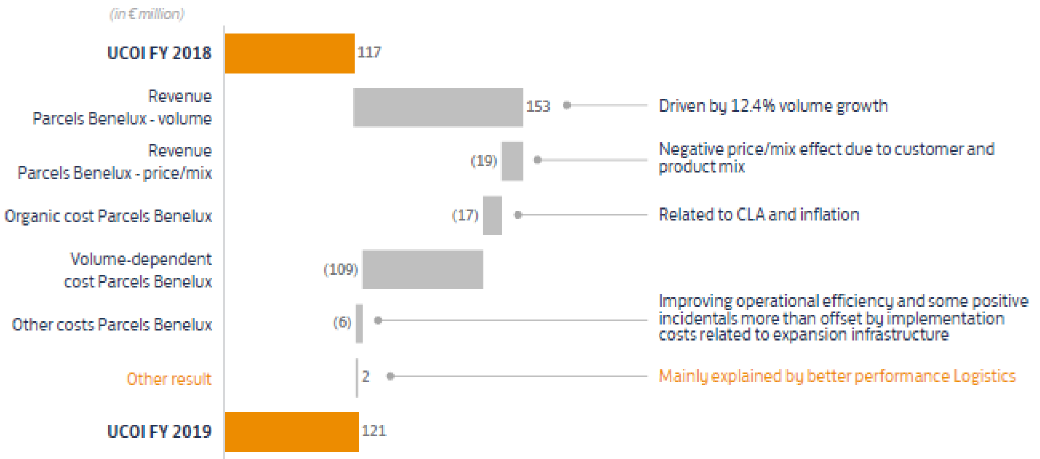
Underlying cash operating income Parcels FY 2019



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Condensed P&L

(in € million)	Q4 2018	Q4 2019	FY 2018	FY 2019
Revenue	794	843	2,772	2,844
Operating income	93	**37**	185	**119**
Net financial expenses	(3)	(5)	(24)	(16)
Income taxes	(14)	(13)	(34)	(31)
Profit from continuing operations	76	**19**	127	**72**
Loss from discontinued operations	(26)	**(23)**	(94)	**(68)**
Profit for the period	50	**(4)**	33	**4**

- Discontinued operations in Q4 2019 includes Nexive; transaction sale of Postcon to Quantum finalised in Q4 2019
- Result from discontinued operations: €(23)m in Q4 2019, mainly explained by a fair value adjustment and a negative operational result

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Consolidated statement of financial position

Adjusted net debt position end of 2019 at €736m

(in € million)	31 Dec 2019		31 Dec 2019
Intangible fixed assets	364	*Consolidated equity*	*(21)*
Property, plant and equipment	414	*Non-controlling interests*	*3*
Right-of-use assets	259	Total equity	(18)
Other non-current assets	89	Pension liabilities	283
Other current assets	441	Long-term debt	695
Cash	480	Long-term lease liabilities	201
Assets classified as held for sale	91	Other non-current liabilities	26
		Short-term lease liabilities	63
		Other current liabilities	788
		Liabilities related to assets classified as held for sale	100
Total assets	**2,138**	**Total equity & liabilities**	**2,138**

- Adjusted net debt is €736m; gross debt (Eurobonds, other debt/receivables), pension liabilities (adjusted for tax impact), lease liabilities (on-balance sheet and off-balance sheet commitments, adjusted for tax impact) and cash position
- Adoption of IFRS 16 Leases per 1 January 2019
  - Recording of right-of-use assets and increased lease liabilities for operating leases, mainly related to rent and lease of buildings and transport fleet
  - Right-of-use assets include transferred finance leases and capitalised leasehold rights and ground rent contracts (from PP&E)

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Breakdown pension cash contribution and expenses

(in € million)	Q4 2018		Q4 2019	
	Expenses	Cash	Expenses	Cash
Business segments	23	29	24	28
IFRS difference	8		5	
PostNL	31	29	**29**	**28**
Interest	2		2	
Total	33		**31**	

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IFRS 16 impact Q4 2019

Impact of previously reported off-balance sheet operational leases (continuing operations)

(in € million)	Parcels	Mail in the Netherlands	PostNL Other	PostNL
Right-of-use assets (new)	17	-16	-3	-2
Lease liabilities	16	-1	-3	12
Depreciation & Amortisation	8	20	4	32
Operating income	-0.2		0.1	-0.1
Net financial expenses	0.2		-0.1	0.1
Net cash from operating activities	7	4	4	15
Net cash from financing activities	-7	-4	-4	-15

IFRS 16 impact FY 2019

Impact of previously reported off-balance sheet operational leases (continuing operations)

(in € million)	Parcels	Mail in the Netherlands	PostNL Other	PostNL
Right-of-use assets (new)	104	14	21	138
Lease liabilities	104	30	21	155
Depreciation & Amortisation	28	29	14	72
Operating income	-1.4	-0.4	-0.3	-2.0
Net financial expenses	1.4	0.4	0.3	2.0
Net cash from operating activities	27	14	14	55
Net cash from financing activities	-27	-14	-14	-55