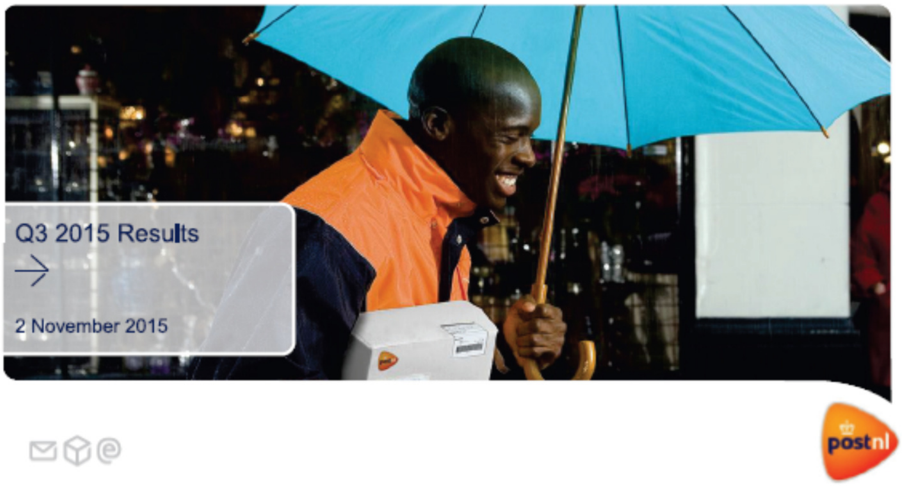


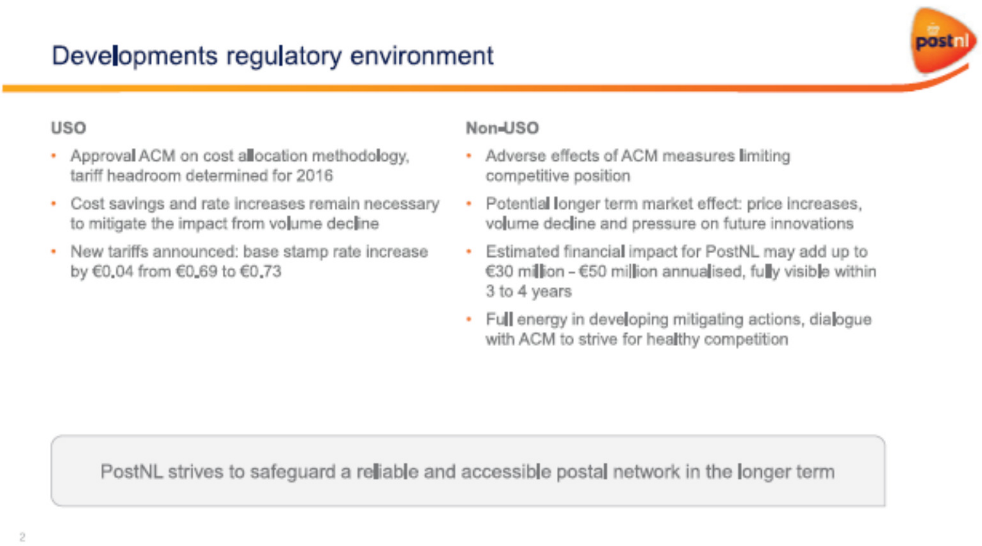
Q3 2015 Analyst Meeting

2 November 2015

Karen Berg**: Ladies and gentlemen, welcome to the presentation of Q3 results of PostNL. I am here together with our CEO Herna Verhagen and our CFO Jan Bos. Today, Jan Bos will kick off with the presentation of our results and afterwards we will open the line for Q&A.

Jan Bos: Thank you, Karen. Our Q3 results are in line with our expectations and we are on track to meet our full year outlook. Q4 is a seasonally strong quarter and will be helped by two extra working days, the price increase of the December stamps and the cost savings.

First, on recent developments. We are pleased that we agreed in principle with the unions on a new social plan for a five-year period.



On the following slide I will explain the estimated effects of the latest measures of the Authority Consumer and Market – ACM – and the background of our decision to continue our Italian activities Nexive.

First, the Dutch regulatory environment. There are two main topics. First, the Universal Service Obligation, the USO, where we made quite some positive progress.

The ACM approved our cost allocation methodology and based on this method the return on sales on the USO of 2014 was around 9% or EUR 76 million.

In the four years before 2014, we made losses on the USO totalling EUR 170 million.

The ACM also determined the tariff headroom for 2016 and in line with this tariff headroom we announced a price increase of the base stamp of EUR 0.04 as per 1st January, 2016.

Then on the non-USO mail. Recent measures by the ACM regulate access of other postal operators to post to PostNL's network. These also gave us a clear view on the expected decision of the ACM on significant market power. We are concerned that in the end these decisions and possible measures will hamper the realiability and accessability of postal delivery in the Netherlands.

The effect of the decisions is that other postal operators can collect mail from multiple smaller customers and offer these at larger badges to PostNL to receive a higher discount. In the longer term this could result in price increases, accelerated decline of the postal market and pressure on necessary investments and innovations to safeguard a reliable and accessible postal network.

On the financial side, the picture has become much clearer as we now have more insight in how we expect these measures to be implemented. We estimate that the financial impact could add up to between EUR 30 million and EUR 50 million annualised, fully visible within three or four years. Of course we are doing our utmost to limit the financial impact to the lower end of the bandwidth.

We are in continuous dialogue with ACM for more proportionality and balance in these decisions and measures. We are in favour of competition but without unintended damage to the postal market in the longer term.

This is particularly important in the strongly declining mail market. We are in ongoing talks with ACM about this. It is in everyone's interest to safeguard a reliable and accessible postal network in the Netherlands also in the future.

Continue to invest in Nexive

Positive contribution with growth potential

Current characteristics

- #2 market player in Italy
- Handling ~500 million items, covering ~80% of Italian households
- Successful propositions in mail, parcels and digital services with own delivery network

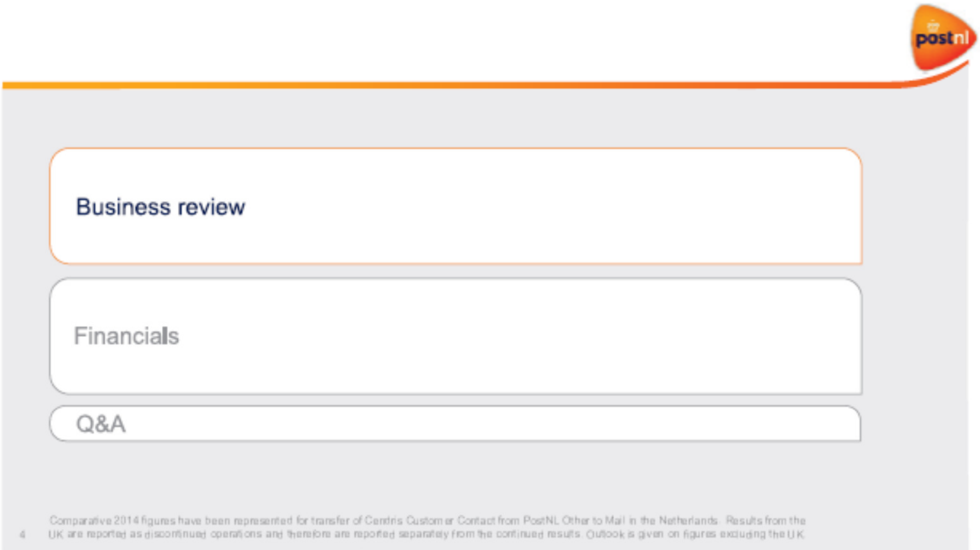
Future potential

- Expand customer base and market share by leveraging on success of Formula Certa
- Offer additional value added services to customers
- Further enhance cash profitability by increased efficiency

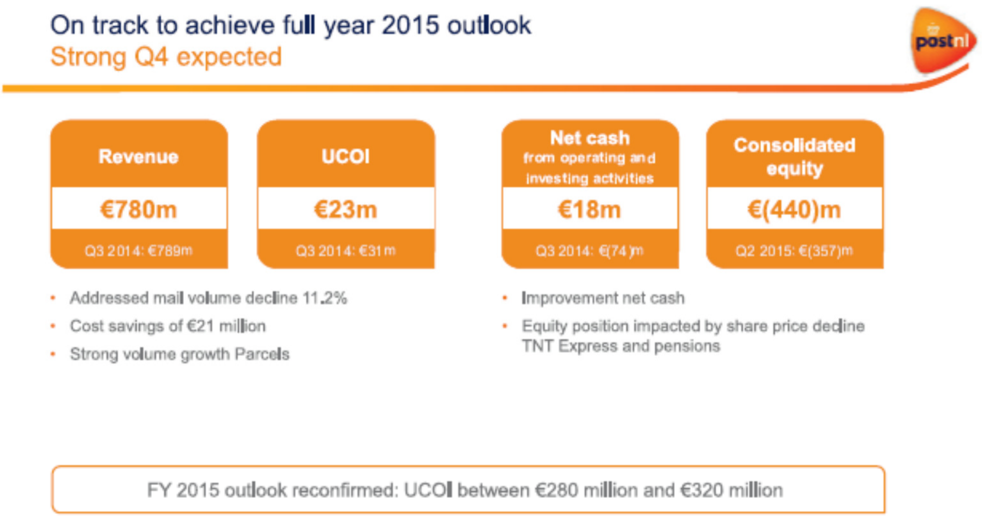
Following the strategic review of our international activities we have decided to continue our Italian operation. Nexive contributes positively to our results and has growth potential in the Italian market. Currently, we are handling about 500 million items per year and cover around 80% of the Italian households. Our market share is currently already over 15%.

Our own delivery network for mail has potential for growth based on the success of Formula Certa.

The network we are rolling out for parcels also offers good growth opportunities in a market that is not fully consolidated. Increased efficiency will further help enhancing the cash profitability of Italy.



Then over to what we are here for, the developments in the third quarter.

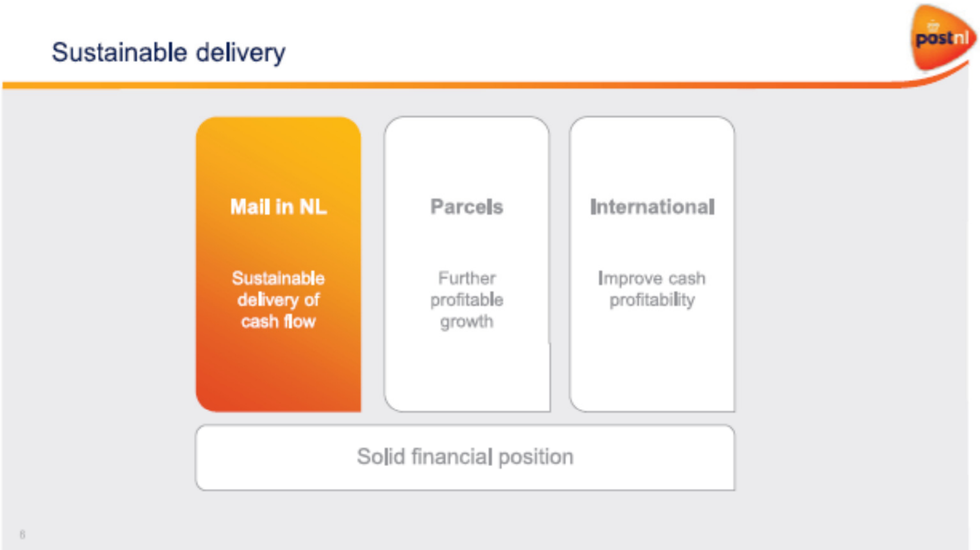


Overall, revenue was in line with the previous year and our underlying cash operating income ended up at EUR 23 million, EUR 8 million lower than last year. We had a good performance in cash, which I will discuss in more detail in a minute.

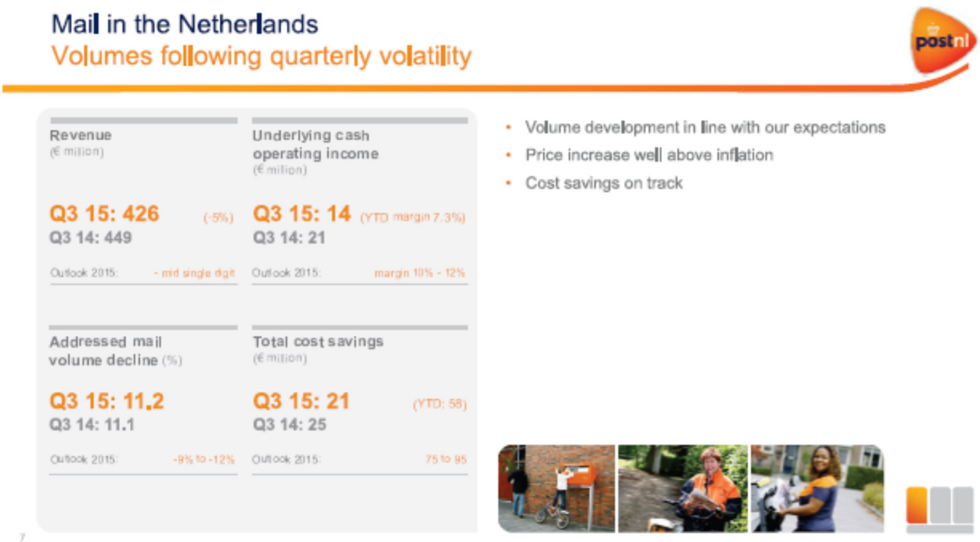
Our equity position ended lower, mainly due to the share price decline of TNT Express in Q3 and developments in pensions.

As a result of the recent developments on FedEx's takeover bid on TNT Express, the share price recovered.

Finally, we reconfirm our outlook for 2015 based on an expected strong Q4.



Let's look in detail to the results of Mail in the Netherlands.

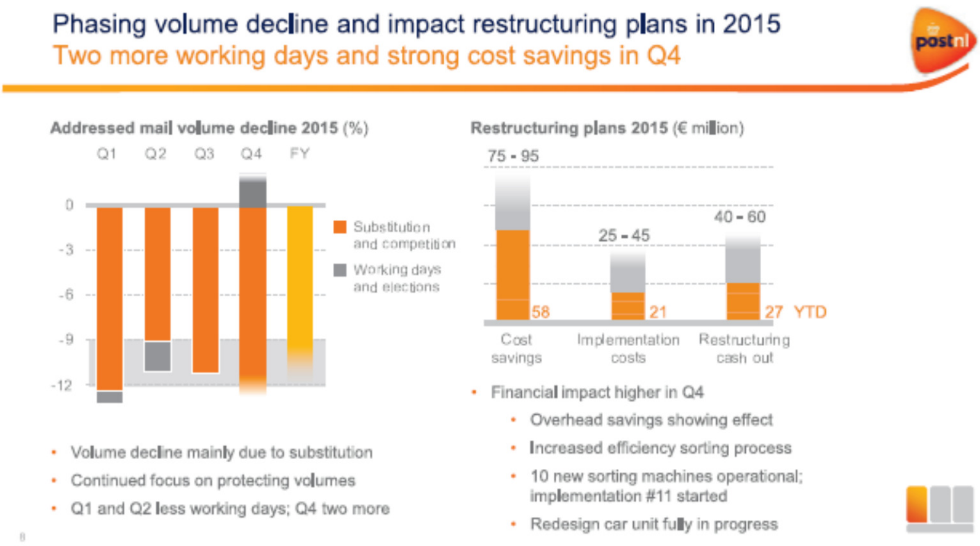


Addressed mail volumes declined by 11.2% in the quarter, in line with our expectations.

Price increases continued to have a positive effect on revenue.

Underlying cash operating income was EUR 14 million compared to EUR 21 million in Q3, 2014.

Of the important drivers the cost savings of EUR 21 million were more than offset by the negative volume price mix effects, autonomous cost increases and various other items.



Some more details on the volumes and cost savings. Volume decline in Q3 was mainly caused by substitution. Looking at the fourth quarter, you see the expected negative effect of the volume decline and the positive effect of two additional working days.

Total cost savings were EUR 21 million and year-to-date EUR 58 million.

In the fourth quarter we expect positive contributions to cost savings of some projects. As examples we see increased efficiency in the sorting process, partly due to the reorganisation and optimisation but also due to the new sorting machines. Of these, there are already ten new machines operational and the implementation of the eleventh has started.

The redesign of the car unit is also in progress and is showing accelerating savings in Q4. We therefore reconfirm our Full Year 2015 outlook for cost savings of between EUR 75 million and EUR 95 million.

Then on to parcels.

In parcels volumes increased by 8.6%. The growth of our domestic B2C-volumes followed the trend in the e-commerce market.

The increase in international volumes, especially milk powder to China, slowed down as we expected and indicated at our Q2 results.

Our operational efficiency further improved now that we have almost fully implemented the new logistic infrastructure. We plan an extra depot -- no. 18 -- to be operational this month.

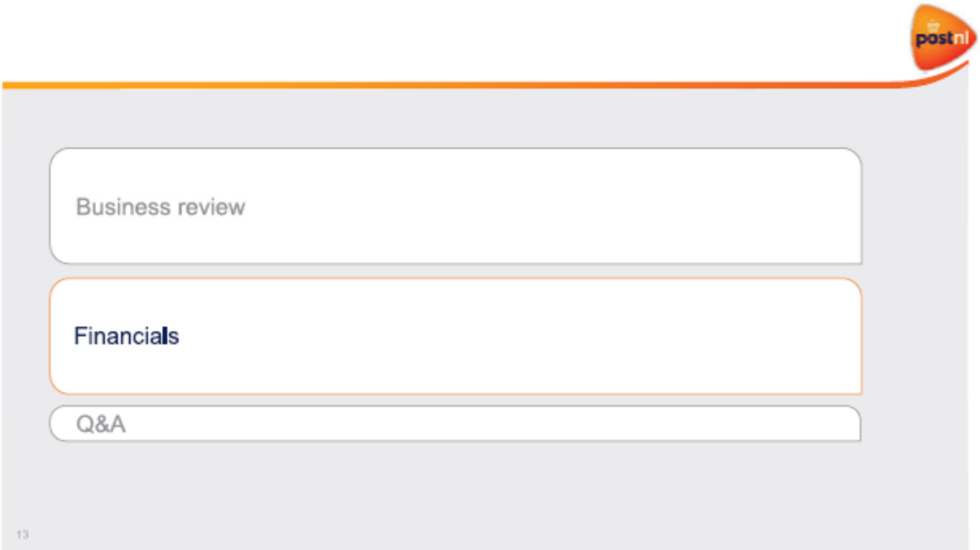
Revenue increased in Parcels to EUR 218 million as a result of volume growth that was partially offset by changes in products and customer mix.

The underlying cash operating income in the third quarter was EUR 16 million, with EUR 19 million in Q3, 2014. Better business performance and efficiency gains were more than offset by the increase in subcontractor costs, including the impact from the actions in July. We expect a limited further impact from higher subcontractor cost in the remainder of this year.

Let's look at the operational results in International.

We see a slight improvement in both revenue and underlying cash operating income. Underlying cash operating income improved by EUR 1 million, mainly explained by the better performance of Germany due to the impact of the restructuring programme. The strategic review of our German activities is still in progress.

In Italy, revenue was in line with last year. The competitive pressure was compensated by a better product mix. The results in Italy was also influenced by start-up losses of the roll-out of our own parcel network.



Let's have a look at the financial highlights.

Financial highlights

Performance in line with expectations

€ million	Q3 2015	Q3 2014	Change	YTD 2015	YTD 2014	Change
Reported revenue	**780**	**789**	**-1%**	**2,454**	**2,470**	**-1%**
Reported operating income	44	40	+10%	190	222	-14%
Restructuring related charges	(6)	7		8	8	
Rebranding, project costs and other	2	3		4	9	
Underlying operating income	40	50	-20%	202	239	-15%
Underlying cash operating income	**23**	**31**	**-26%**	**156**	**166**	**-6%**
Net cash (used in) / from operating and investing activities	**18**	**(74)**		**(14)**	**(28)**	

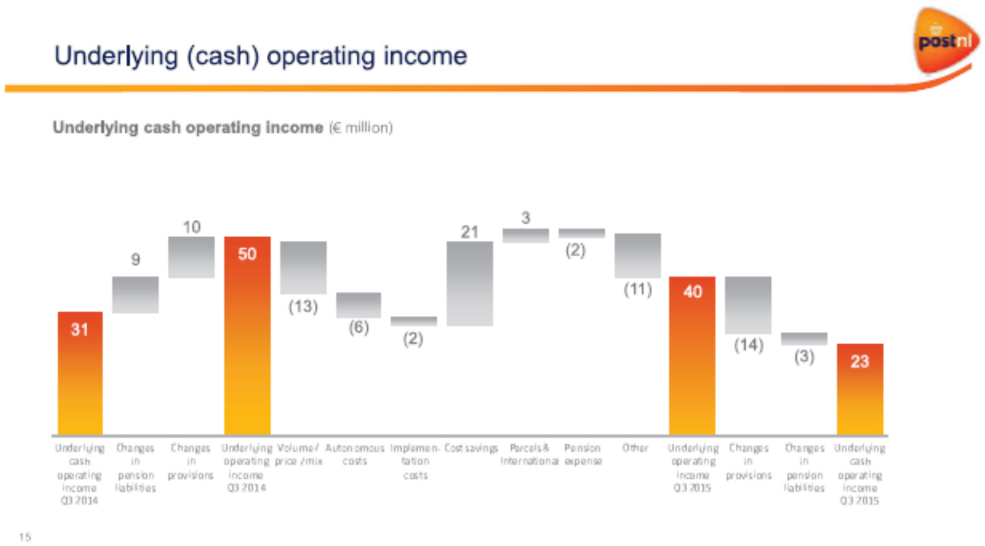
14

The activities in the UK -- Whistl -- are classified as discontinued operations. In Q3, the total results of discontinued operations was EUR (1) million. We recently completed the management buy-out of Whistl.

As you can see, revenue was in line with last year and underlying operating income was down EUR 10 million to EUR 40 million.

Then to our main key performance indicator, the underlying cash operating income. This is underlying operating income adjusted for cash out for pensions and restructuring. That underlying cash operating income is EUR 23 million, a decrease of EUR 8 million.

Net cash from operating and investing activities is EUR 18 million this quarter, which is better than expected. I will show you some more detail on these items on the next slide.



First, the bridge of the underlying operating income and the underlying cash operating income. The development of the underlying operating income is shown from the second to the third orange bar.

The volume price mix effect was negative and we had slightly higher autonomous costs. Cost savings compensated these effects.

You also see the positive contribution of Parcels and International.

The negative result in 'other' is the combination of incidentals and lower results in for example 'unaddressed'.

These effects are also the main explanation for the movement in underlying cash operating income. We had some higher cash out for provisions and lower cash out for pensions.

Results per segment

€ million	Revenue		Underlying operating income		Underlying cash operating income	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
Mail in the Netherlands	426	449	30	37	14	21
Parcels	218	204	17	18	16	19
International	229	220	2	(2)	(1)	(2)
PostNL Other	45	47	(9)	(3)	(6)	(7)
Intercompany	(138)	(131)				
Total PostNL	**780**	**789**	**40**	**50**	**23**	**31**

18

Now a more detailed at the result per segment.

Revenue in Mail in the Netherlands in the quarter declined by 5%. Underlying cash operating income declined from EUR 21 million to EUR 14 million. Cost savings, lower pension contribution and lower restructuring cash out were more than offset by the negative volume price mix effects and autonomous cost increases.

Parcels continues to show a solid volume growth at 8.6%. Revenue increased by 7% explained by the volume growth and the change in customer and product mix.

The growth of our domestic B2C volumes followed the trend in the e-commerce market and the increase in international volumes, especially milk powder, slowed down as expected.

Underlying cash operating income in the third quarter was EUR 16 million within Parcels. Better business performance and efficiency gains were more than offset by the increase in subcontractor costs and including the impact from the actions in July.

International revenue increased by 3% to EUR 229 million. Underlying cash operating income was EUR (1) million compared to EUR (2) million last year. Improvement is mainly explained by the better performance of Germany as a result of the implementation of our restructuring programme.

Revenue in Italy was in line with last year and, as I said before, the results of Italy were impacted by the start-up losses of the parcel network.

Finally, in PostNL other, underlying cash operating income improved by EUR 1 million, mainly due to cost savings.

Statement of income

€ million	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Revenue	780	789	2.454	2.470
Operating income	**44**	**40**	**190**	**222**
Net financial expenses	(18)	(21)	(58)	(69)
Results from investments in associates and joint ventures			(1)	
Income taxes	(7)	(7)	(38)	(45)
Profit/(loss) from continued operations	**19**	**12**	**93**	**108**
Profit/(loss) from discontinued operations	(1)	0	(45)	2
Profit for the period	**18**	**12**	**48**	**110**

17

Let's turn to the statement of income. Looking at the profit from continued operations, you see an increase of EUR 7 million to EUR 19 million, mainly a result of the higher result and lower net financial expenses. When adding the loss from discontinued operations, where we report our UK activities, our net result of this quarter amounted to EUR 18 million.

Net cash from operating and investing activities
Limited tax payments and lower interest paid

€ million	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Cash generated from operations	60	40	188	145
Interest paid	(29)	(45)	(44)	(60)
Income taxes received / (paid)	(1)	(65)	(107)	(78)
Net cash (used in) / from operating activities	30	(70)	37	7
Interest / dividends received / other	1	5	0	8
Capex	(16)	(13)	(57)	(53)
Proceeds from sale of assets	3	4	6	10
Net cash (used in) / from operating and investing activities	18	(74)	(14)	(28)

		Q3 2015	YTD 2015	2015 outlook
Capex	Base capex	11	36	
	Cost savings initiatives	2	8	
	New Logistics Infrastructure Parcels	3	13	
	Total	**16**	**57**	**Max 115**

Cash generated from operations was EUR 20 million higher than last year thanks to good working capital management. As I said before, we expected a larger tax payment in the first half year, which is reflected in the EUR 1 million income tax paid in this quarter.

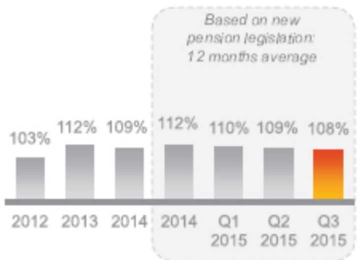
Capex was EUR 3 million more and overall net cash from operating and investing activities was EUR 18 million.

In the table at the bottom of this slide you see an update on our capex. In line with our expectations capex was on the low side in Q3. Although the fourth quarter will see a higher amount of capex, we will end up below the EUR 115 million, approximately at EUR 100 million.

Pension developments

€ million	Q3 2015
Return on plan assets lower than assumed	(185)
Defined benefit obligation	(273)
Of which:	
Lower discount rate	*(273)*
Change in rate of benefit increase	*0*
Asset ceiling	239
Minimum funding requirement	161
Total pension	**(58)**
Net effect on equity within OCI	**(43)**

Coverage ratio pension fund



- Return on plan assets negatively impacted by performance equity markets
- Lower than assumed return on plan assets and lower discount rate have limited impact on net equity position due to balancing effect asset ceiling and minimum funding requirement

19

Then pensions. The coverage ratio of the pension fund following the new definition in pension legislation was 107.7% at the end of the third quarter, compared to 109.2% at the end of Q2.

Pensions had a negative impact on equity of EUR 43 million. The net impact from lower than assumed return on plan assets and the lower discount rate on the equity position was limited due to the balancing effect from the asset and liability ceiling and the minimum funding requirement.

The lower plan assets value reflects the performance in the equity market.

Consolidated statement of financial position

Equity impacted by volatility share price TNT Express and pensions

€ million	26 Sept 2015		26 Sept 2015
Intangible fixed assets	139	*Consolidated equity*	*(440)*
Property, plant and equipment	507	*Non-controlling interests*	*6*
Financial fixed assets	678	Total equity	(434)
of which stake in TNT Express	*558*	Pension liabilities	553
Other current assets	518	Long-term debt	934
Cash	205	Other non-current liabilities	99
Assets held for sale	172	Short-term debt	1
		Other current liabilities	911
		Liabilities rel. to assets held for sale	155
Total assets	**2,219**	**Total equity & liabilities**	**2,219**

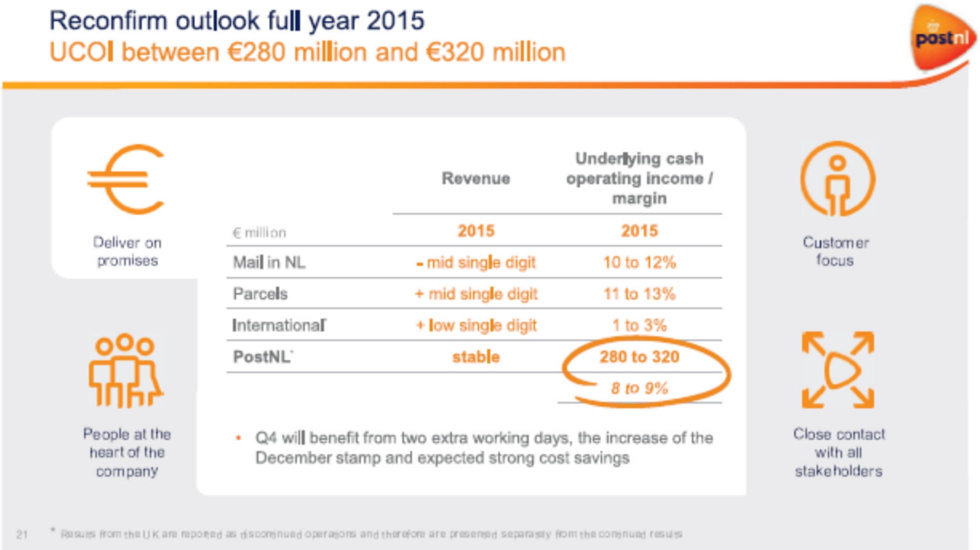
- Net debt decreased by €12 million to €702 million compared to the end of Q2 2015
- Consolidated equity declined by €83 million to €(440) million compared to the end of Q2 2015
- Corporate equity of €2,035 million, of which €(247) million distributable

20

Now, we turn to the balance sheet and let me highlight a couple of things. Consolidated equity declined to the end of last quarter and is now EUR (440) million. The decline is mainly explained by the fair value change that has taken in TNT Express of EUR 56 million and the negative impact from pensions of EUR 43 million.

Net debt decreased in the quarter by EUR 12 million to EUR 702 million, mainly explained by the expected positive net cash from operating and investing activities.

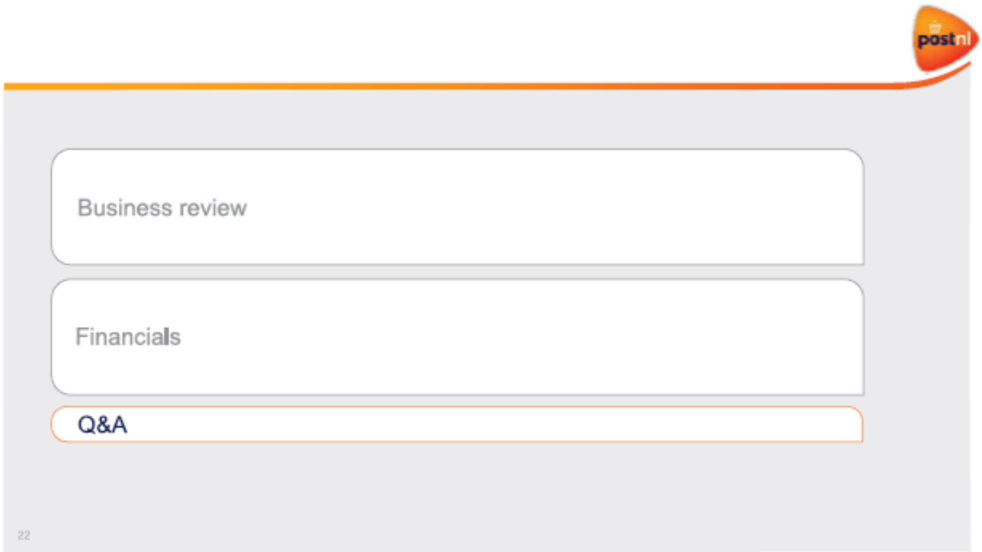
Distributable corporate equity is EUR (247) million.



To conclude this presentation, let me emphasise that results in the quarter are in line with expectations. Please also note, that the fourth quarter will have some additional positive effects next to the usual seasonality. These additional effects are two extra working days, the price increase of the December stamps and finally the phasing of the cost savings towards the second half of the year, where we expect to see a strong last quarter.

All in all, we are on track towards our target of between EUR 280 million and EUR 320 million for the full year.

Karen Berg: Thank you, Jan. We will now open the floor to Q&A.



- **David Tailleur - Rabobank**

Good morning, Herna, Jan and Karen. My first question is your 'in principle agreement' on the social plan, 2016-2020. Could you maybe share with us a little bit more detail of what the impact would be for you as a company, maybe in terms of cost savings?

Secondly, on the subcontractor costs. You previously guided an annual impact of EUR 15 million to EUR 20 million. Can we use that run rate already for Q4, so as a quarter?

Herna Verhagen: The content of the social plan is that it stimulates the mobility of people from work within PostNL to work outside PostNL. That is an important part of that social plan. The costs are more or less in line with the cost we already had and I think the main important for our social plan of five years is that it gives trust and also a good basis for all reorganisations we have to do going forward.

David Tailleur - Rabobank: So, there will probably be an update on potential future reorganisations?

Herna Verhagen: Tomorrow we will come back on 2016 and further. This is Q3 and Q4.

Regarding the subcontractor costs, what you see in Q3 is of course the costs we have out of the strike in July together with the increasing costs for our subcontractors and people who want to be employed by PostNL. That is also the reason why we say that for Q4 we expect a further limited impact and that has to do with the fact that in Q3 it was taken into account the extra costs of the strike.

David Tailleur - Rabobank: That is clear. So, does that imply that we could basically the mid-point of EUR 15 million to EUR 20 million guidance?

Jan Bos: We guided before EUR 5 million to EUR 7 million.

Herna Verhagen: For this year.

Jan Bos: For the full year of 2015 and in Q4 the total impact of higher subcontractor costs including actions of around EUR 4 million. That gives you an indication.

David Tailleur - Rabobank: That is very clear. Thanks a lot for that.

Maybe a quick follow up on phasing of costs. Looking at Q2, a firm earnings beat and now this quarter. Could you elaborate maybe a little bit on the phasing of costs, internal cost allocations and what impact that can have on your earnings in the quarter?

Jan Bos: David, I can only say that it is the normal seasonality in the PostNL figures.

David Tailleur - Rabobank: And that's it? So, it is not like timing-wise it can have an impact of a couple of million in just a quarter because of the timing of internal cost allocations?

Jan Bos: I do not think internal cost allocations do not have any impact on the total figures in the quarter.

David Tailleur - Rabobank: Maybe in the phasing of costs in general?

Jan Bos: Phasing of costs mainly has to do with seasonal impact. Normally, we have higher revenues in Q4, so also higher costs.

David Tailleur - Rabobank: Because you are saying of course as a company that it was in line with your expectations but in general the market expectations seem to be higher. So, I am looking for the rationale behind that.

Jan Bos: For Q3 one rationale is the actions on Parcels and in Q4 we expect higher cost savings because of the December price increase, so it is a mix of revenue and cost in Q4.

David Tailleur - Rabobank: Thanks a lot!

- **Maarten Bakker -- ABN AMRO**

Good morning. Regarding Parcels and volumes I remember that at the full year results you expected there would be some slowdown of growth. Indeed, we have seen some lower volumes related to milk powder, as you have stated. But still, the volume increase was higher than in the first half of the year. Has there been any positive trend anywhere? Can you elaborate on this volume development?

Secondly, your full year guidance for the Masterplan implementation costs and the restructuring cash out implies quite a step up for the fourth quarter. Can you shed some more light on that? You mentioned the measures that are being taken in the fourth quarter but I thought that those measures had already been implemented in the third quarter. Does this mean that there will be some quite some spill-over effect of these measures going into 2016?

Herna Verhagen: Let's answer your question on Parcels first. We saw an impact of course of the slowdown of milk powder to China and that was expected but we also see that the trend in e-commerce is translated into the amount of 2C Parcels we have in our Parcel unit. So, we still see strong growth in e-commerce and I think the combination of that gives clarity on the 8.6%. It is a little bit more than in the first half year.

Jan Bos: And on the second question on the phasing of restructuring cash out, for the full year we expect to end at the lower end of the bandwidth. Having said that, we also expect a little bit higher restructuring cash out in Q4.

Maarten Bakker -- ABN AMRO: Thank you very much. By the way, can you quantify the impact of the strike in Parcels in the third quarter and both the positive and the negative impact from higher subcontractor costs?

Jan Bos: We have not made a split. The total is EUR 4 million and for the full year 2015 we expect a total of between EUR 5 million and EUR 7 million.

Maarten Bakker – ABN AMRO: And that includes the strike costs?

Jan Bos: Yes, that includes the strike costs.

Maarten Bakker – ABN AMRO: So, EUR 4 million impact in the third quarter and EUR 5 million to EUR 7 million … Ok! Thank you.

- **Philip Scholte -- Kempen & Co**

Firstly on your full-year target. I was hoping that you could narrow things down a little bit. The range for Q4 now is quite big. Why have you not narrowed that range? What are the drivers behind the big range for Q4?

My second question is on the USO. You specifically mentioned the amount of losses you suffered on the USO in the last couple of years. Is there any specific reason why you are doing that? Is it part of the discussion you have with the regulator that there could be a potential to recoup those losses before the maximum of 10% return on sales kicks in? Can you give some more colour on that?

My third question. You also mentioned specifically that the Italian parcels market is not a consolidated market. Do I hear you say that there is also potential for M&A in that market?

Jan Bos: On your first question. We are normally not narrowing the bandwidth, so you are right: it is a bandwidth of EUR 40 million. We feel confident that we will reach the bandwidth between EUR 280 million and EUR 320 million. So we have not adjusted the bandwidth.

Philip Scholte -- Kempen & Co.: Is the potential outcome in terms of cost savings indeed still so big that there is a lot of uncertainty around getting savings in?

Herna Verhagen: On the cost savings we already said in the presentation that these are still expected to be between EUR 75 million and EUR 95 million. We never brought the bandwidth of EUR 40 million down to a smaller bandwidth by the end of the year. I understand that you are looking for where we will end up in those numbers, but we are not guiding for that at this moment in time.

Your second question on the USO is: do we mention the amount of losses because we think we can recoup? That is not what we think. In our argumentation it is important to understand that with the profitability of 9% this is only the first year after four years of losses. This to give it a little bit of flavour in what sort of perspective you have to see the 9% which was communicated as profitability over 2014.

On the Italian market we will come back tomorrow. With "non-consolidated" we mean that there is a lot of opportunity to gain parcels to deliver. We are building up a parcel network via a partner network in Italy, which also gives us opportunities because the market is not yet consolidated. That means that there are still a lot of partners available to connect into our parcel delivery network.

- **Andy Jones -- RBC Capital Markets**

I have three questions. Two on the balance sheet side and one on the cash flow. Am I right to think that the acquisition of subsidiaries and outflow of EUR 5 million is actually just the disposal of the UK business? The second point that you mentioned in the statement is about a tax receivable in Italy. Can you give a bit more information on what is going on there? How likely is it that you might need to recover that in 2015? Or is that something we should put in for 2016? Finally more on the regulatory side of things: what scope is there for the ACM decision still to be reversed, changed or adapted slightly?

Herna Verhagen: Let me answer your last question first, on the regulatory. I think the scope of ACM till this moment in time is still that it is focused on non-24 hours bulk mail. Within that scope they mentioned in their consultation process a few aspects they would like to put into the significant market power resolution, which are around transparency and giving entrance to our network, so a sort of downstream access. The discussion we have with the regulator is hopefully to get the significant market power off the table at all, but that is not our expectation. That is the reason why we came to market with the impact of EUR 30 million to EUR 50 million. What we hope to do, in the discussion together with the regulator, is to find a way which on the one hand opens markets for competition and on the other hand also safeguards a reliable and accessible postal network for the future. That is our main aim in those discussions. We are also looking into as much mitigating measures as possible and to implement them, to of course bring the impact down towards the lower part of the bandwidth we have given to the market. But our expectation, although we still think that we do not have significant market power, is not that there will be no resolution on significant market power. That was for us the main reason to come to market with a press release on the impact. It is a long answer to a short question, sorry for that.

Jan Bos: On the first two questions. In the cash flow for the investments and acquisitions there is a small acquisition within parcels. The second question is on the receivables. I think you are referring to receivables also in our press release from an Italian tax collecting organization. We have not said anything about when we expect to collect it, because we are still in a discussion with that organisation about that.

Andy Jones -- RBC Capital Markets: I am just coming back on the regulatory point. You mentioned that you are confident to get to the bottom end of the bandwidth at EUR 30 million. Do you think that is the best case that you can offset in terms of costs directly related to those regulatory changes?

Herna Verhagen: To be very clear: if we talk about mitigation actions and to offset the regulatory impact, it is much more offsetting a regulatory impact by product innovations and of course tariff lines. There is not so much in offsetting that with extra cost savings. We did say that with the mitigating actions we implement we try to bring it to the bottom part of the bandwidth. That is what we did say on the bandwidth: EUR 30 million to EUR 50 million.

- **Marc Zwartsenburg – ING**

First to come back on ACM: is there any update on the potential timing of an outcome from ACM? Do you have a view on that?

Herna Verhagen: I cannot give you further guidance on timing. We do not know at this moment in time.

Marc Zwartsenburg -- ING: Ok, that is still unclear. Then perhaps on mail volume in the Netherlands. I know it is very bumpy around quarters and hard to predict, but was there anything special in Q3 in terms of timing of certain bigger mailings that caused a deeper decline? Looking to the trend in Q3, was there anything special in that quarter?

Herna Verhagen: There is nothing special in the quarter. The overall volume decline over the year is still within the bandwidth of 9% to 12%. We have tried to explain in the presentation - and hopefully it was useful - that you of course see a seasonal pattern in the volume decline and that secondly you see the effect of the two working days extra in Q4. The volume decline over the year differs a bit quarter to quarter because of those seasonal effects and the change in working days. The overall trend for the full year is still within the guidance we have given in the beginning of the year.

Marc Zwartsenburg -- ING: So apart from working day impact there is also a sort of seasonality why Q4 in terms of decline is slightly less than Q3. Is that correct?

Herna Verhagen: No, what I said is that Q4 has more volume because of seasonality. It has nothing to do with the number of decline, but with the amount of volume we deliver. That has to do with Christmas and within parcels of course with Christmas and Santa Claus.

Marc Zwartsenburg -- ING: Then I come back to the guidance. To arrive at the mid-point of the guidance you would need EUR 25 million more underlying cash operating income in Q4. You mentioned a couple of items for Q4: two working days extra, the price increase of the December stamp and the phasing of cost savings. Could you give a figure of the impact of two working days and the price increase and the cost savings? What would that do on a year-on-year number?

Jan Bos: It gives you an indication that we are very confident to reach the bandwidth of the underlying cash operating income. We do not make a split.

Marc Zwartsenburg -- ING: Could you quantify the two working days? That is a more mathematical thing.

Jan Bos: It depends a little bit on the amount of volume you expect for a working day. We do not guide for the different parts.

Marc Zwartsenburg -- ING: Finally two short questions. How much of an impact did the loss in Italy from the roll-out of a network have in Q3 that will not come back in Q4?

Jan Bos: The impact in Q3 is about EUR 2 million. We have not guided for the impact on Q4. I expect that we will also see some further roll-out of that network in Q4.

Marc Zwartsenburg -- ING: Then on the slide with the flow chart year-on-year. There is a number "Other" mentioned of EUR 11 million negative. I missed your explanation on that part. From Q3 2014 to Q3 2015 it is EUR 11 million negative.

Jan Bos: Those are various items. The main items are some incidentals. There is also a lower result in our unaddressed business.

Marc Zwartsenburg -- ING: A final question on the milk powder. Q4 last year was very strong. What can we expect this year? Will the number be negative year-on-year from the milk powder contribution to your EBIT in the parcels or will it be rather stable year-on-year?

Jan Bos: We still expect growth in milk powder, but a slowing-down of the growth. That was our guidance in Q2 and that remains the same in Q3.

Marc Zwartsenburg -- ING: Slowing down on growth year-on-year?

Jan Bos: Yes.

Marc Zwartsenburg -- ING: Maybe a final final question on your range. You say you do not narrow the range on the end of the year and keep it at EUR 40 million. Can you say that you will achieve the higher end of the range or the lower end of the range or is the visibility too low on that?

Jan Bos: If there would be a reason we would have done it. We have not done it.

- **Henk Slotboom -- The IDEA!**:

I have two questions. My first question is about slide 2. Perhaps you can explain what you are trying to say there. The second bullet point in the non-USO says the potential longer term effect is price increases. I understood from the whole thing with ACM that they are trying to make it more easy for your competitors using your last mile network to get qualified for bigger discounts. How do I combine this with price increases?

The second question is with regard to the volume development in the third quarter. When I go back to the presentation you gave at the first half year result, there was more like a minus 9 or 10 figure in terms of volumes in the bar chart you then showed. Reality is now 11.2%. I know that I should not compare quarters on quarters. You just said there was nothing special in the third quarter results, but it comes at an important time of the year. Everybody knows that the bulk contracts come up for renewal. I know that your bulk contract renewal rate is a little bit lower than it was last year. Sandd on the other hand has a lot of bulk volume running out of contracts. I understood that Sandd experienced lower volumes in the third quarter as well, for the first time in its history. Do you see anything like that reflecting in the tenders you have seen so far? Is Sandd behaving more aggressively to retain its volumes?

Herna Verhagen: I will first answer your first question about the potential long-term market effect, price increase, volume decline and pressure on future innovations. With that we mean that in the end, when you want to safeguard your reliable and accessible postal network in the long term, it also means that certain volumes need to be higher priced because other volumes go at a lower price. We do not think that in the end it will be fruitful for the postal market in total to have ACM measures implemented as they are put into place at this moment in time. That is what we mean over there. The bar chart we showed in Q2 was not meant to be a precise percentage. That was not the meaning behind the chart. The meaning behind the chart was to give you a feeling of how we think volume decline will develop over the year, to give you a feeling that we will end within the bandwidth of 9% to 12% and to give you an idea that the two working days extra in Q4 will of course have a positive impact on that total volume decline.

On the renewal of contracts, I hear what you say about Sandd, tenders and price et cetera. I find this competition sensitive information, so I will not give you clarity on how contract renewal is going at this moment in time. I do not think that is helpful.

- **André Mulder -- Kepler Cheuvreux**

I have two questions. The first question is on B2B. In Q1 and Q2 it was mentioned that B2B volumes were lower. That remark is not there now. Is it stable? Is it growing?

Herna Verhagen: It is also lower in Q3. That is a full-year effect of two big B2B-customers we lost last year, because of them implementing their own B2B-network.

André Mulder -- Kepler Cheuvreux: Can you give an indication of the amount of decline?

Herna Verhagen: We did not do that in Q1 and Q2 and we will also not do that in Q3.

André Mulder -- Kepler Cheuvreux: Why did you not mention in the press release that it is lower again?

Herna Verhagen: No specific reason to be honest.

André Mulder -- Kepler Cheuvreux: Then on the Italian situation. You may have seen that the Italian regulator is putting up another EUR 89 million of costs, that have to be taken by the competitors of Poste Italiane in contributing in the costs of the USO. You are the most important competitor of Poste Italiane. What kind of bill did you receive?

Herna Verhagen: We did not receive any bill to be honest. The most important thing over there is that it was a decision taken by parliament. It is not yet a decision taken by the regulator. They still have to approve the application of the fund as well as the net cost for the USO, so there is still uncertainty if the fund will be there and, if the fund will be there, what the amount of net cost for the USO is. If there would be a potential impact it is expected to be non-material.

André Mulder -- Kepler Cheuvreux: What is the reason? The amount is quite large. With a 7% market share it seems that you have to bear a large part of that.

Herna Verhagen: This regulation says that the extra cost has to be allocated over the different players in the market. As Poste Italiane is the largest player, most of the money comes for their account and not for ours. I would like to reiterate that there is no decision taken on the sum of the net cost and there is no decision taken of the implementation of the fund.

- **Matija Gergolet (Goldman Sachs)**

I have two questions, both on the regulation. You mentioned that last year you had a return on sales of EUR 76 million for a 9% return. Can you give some clarity on how the regulator is looking at this? Is this a total return? I am looking from the perspective that you have some interest and restructuring which are fairly expensive, but you could quantify that very clearly. It is quite a difference if you look at your EBIT after tax or normalized EBIT or if you look on it after tax and after expenses, particularly if you can have a 10% ceiling going forward.

My second question is on the ACM. You mentioned that there is some risk of opening up the downstream as well or some rules around the downstream access. Can you elaborate on that?

Herna Verhagen: On your first question: the 9% over 2014 is within the rules which were given by the postal regulation and postal law, which gives indeed a ceiling of 10% return on sales. Secondly it gives us a possibility to increase prices with inflation and more or less 50% of the volume decline, taking into account that we can never go over the ceiling of 10%.

Matija Gergolet -- Goldman Sachs: How is the return on sales measured? Is it after expenses or is it just EBIT minus tax?

Jan Bos: The return on sales is excluding interest and taxes, but including the cash-out for restructuring and pensions.

Herna Verhagen: Your second question is about a clarification of the risk of downstream access. The regulator published two consultation documents on how they look into significant market power. In those documents they were clear that they would grant certain parties in the market what we would call downstream access, which is in the non-24 hours bulk mail area. It means that those parties can have a discount on their volume which is consolidated volume. So when they collect for example the volume for ten or twenty customers, they can ask us a discount on the total amount instead of getting a discount per customer. The fact that they can deliver to PostNL and we do the last mail for them, that is already the case today. That is not a change. The biggest change in that is the fact that they have the possibility to consolidate. Based on that consolidation they receive a higher discount from PostNL than they do today.

- **Andy Jones -- RBC Capital Markets**

Could you tell me what percentage of your volume comes through consolidated at the moment?

Herna Verhagen: We did not disclose that.

Andy Jones -- RBC Capital Markets: Would it be materially different to some of the other European markets, p.e. the UK versus Germany?

Herna Verhagen: Yes, it is materially different.

Karen Berg: If there are no more questions, we close the call. Thank you all very much for your time and your attention. We hope to see you tomorrow in The Hague!

End of call


See you tomorrow
at our
Strategy update


Appendix
• Condensed information discontinued operations
• Breakdown pension cash contribution and expenses

Condensed information discontinued operations

€ millions	26 Sept 2015	31 Dec 2014
Non-current assets	12	40
Current assets	144	134
Total assets	**156**	**174**
Non-current liabilities	4	0
Current liabilities	151	132
Total liabilities	**155**	**132**

€ millions	YTD 2015	YTD 2014
Revenues	620	576
Operating income	(49)	2
Income taxes	4	0
Profit/(loss) attributable to the shareholders	**(45)**	**2**
Net cash from operating activities	(7)	(10)
Net cash used in investing activities	(2)	(10)
Net cash used in financing activities	0	0
Changes in cash and cash equivalents	**(9)**	**(20)**

25

Breakdown pension cash contribution and expenses

Pensions	Q3 2015		Q3 2014	
€ million	Expenses	Cash	Expenses	Cash
Business segments	28	36	37	40
IFRS difference	5		(6)	
PostNL	**33**	**36**	**31**	**40**
Interest	3		5	
Total	**36**		**36**	

28