

## One strong nationwide postal network for the Netherlands

**The Hague, the Netherlands, 1 October 2019 – PostNL and Sandd are combining their postal networks to create a reliable, accessible and affordable postal service, with greater job security for thousands of postal deliverers. With the Deputy Minister of Economic Affairs and Climate Policy having granted conditional approval and with all other conditions met, PostNL will now acquire all of Sandd's shares and start the integration of the two networks.**

Herna Verhagen, PostNL's CEO, said: "This is a key strategic step towards a robust and stable mail business. We are very aware of the responsibility that comes with our leading position in the postal market, which means that we will continue to carefully weigh the interests of all stakeholders to help us create both financial and social value. The consolidation will bring greater quality and continuity to senders and consumers, and enhance job security for our postal deliverers. We'll be continuing our existing price policies of the past few years."

Ronald van de Laar, Managing Director of Sandd Holding, commented: "Looking back on two decades of Sandd, I can only say that I'm extremely proud of and grateful for what we've achieved together. That said, the time has now come for a single, robust Dutch postal network that offers consumers, businesses and our workforce the best long-term solution. We have agreed a solid way forward for the integration of our networks and for the future of our people."

PostNL and Sandd announced they were looking to join forces on 25 February 2019. When the Authority for Consumers and Markets (ACM) ruled on 5 September that it would not grant a licence, PostNL and Sandd invoked Article 47 of Dutch competition law to urge the Deputy Minister of Economic Affairs and Climate Policy to decide otherwise. On 27 September she decided to grant permission on the basis of significant public interest, subject to a number of conditions.

### Integration

With these two networks combined, both businesses and consumers will have the security of a postal service that meets high quality requirements and remains affordable and accessible across the Netherlands.

The consolidation also provides greater job security for thousands of postal deliverers and will help cushion the decline of the postal market in a socially responsible way. For one thing, Sandd's postal deliverers will all be offered jobs with PostNL, while PostNL will find alternative positions within the company for other Sandd people, or look for alternative solutions. PostNL will also continue collaboration with sheltered workplace companies. As a result, the consolidation will not affect employees who face challenges in the labour market.

PostNL has drawn up a solid plan to help it complete the integration of both networks in the first six months of 2020. Over the next couple of months, it will consult with Sandd customers to gradually absorb their volumes into the PostNL network, with the bulk of the migration scheduled to take place at the beginning of 2020. Once the integration is completed, Sandd's brand and stamps will be discontinued.

## Sustainable value creation

On 25 February 2019, PostNL published the transaction's outlines and expected financial consequences. Since this announcement, PostNL made the business case more robust and developed a solid integration plan. The 27 September decision has created clarity on the conditions – access, returns and workforce – set by the Deputy Minister of Economic Affairs and Climate Policy for the consolidation to go ahead.

The key elements of the transaction are:

- Cash consideration of €105m at closing (including redemption of shareholder loans) and assumption of circa €25m in other liabilities by PostNL
- Annual underlying cash operating income (UCOI) contribution\* synergies of €50m - €60m, reaching full run-rate in 2022
- Integration-related cash-out of approximately 1x run-rate synergies, equally split over 2019 and 2020; one-off costs (non-cash) related to accelerated depreciation in 2019 and 2020
- Delay in implementation of current cost savings plans will impact result by €(30)m - €(50)m (cumulative) in period 2019 – 2022 (25 February 2019: €(50)m - €(70)m)
- Expected negative UCOI impact in 2019 is expected to be between €(15) million and €(25) million
- Positive contribution to UCOI in 2020

## Funding and dividend

In financing the transaction and the ensuing integration costs, PostNL expects to temporarily exceed the leverage ratio target (adjusted net debts/EBITDA) of 2.0x max. In line with its dividend policy, PostNL will not pay dividend during the integration period as long as the leverage ratio exceeds the 2.0x figure. PostNL aims to reduce leverage below the 2.0x target in 12 to maximum 24 months and to resume paying dividends thereafter.

## Additional information

This press release contains inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

## Forward-looking statements

Some statements in this press release are “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of PostNL's control and impossible to predict, and that may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which PostNL operates and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which are only valid as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. PostNL does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events

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