

Strategic summary & financial outlook

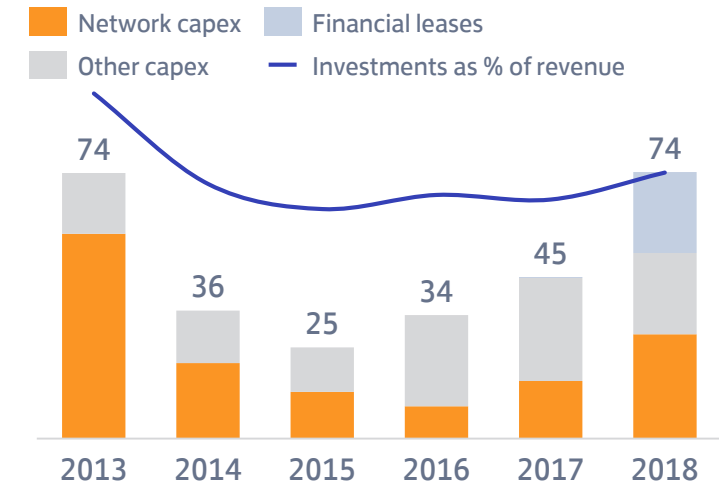
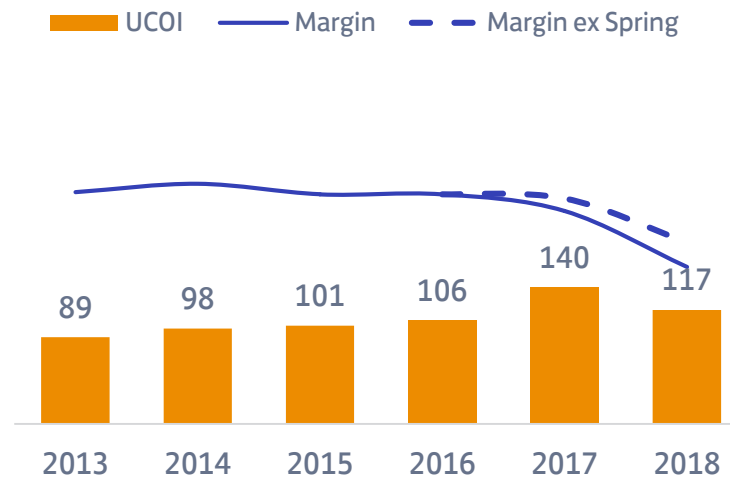
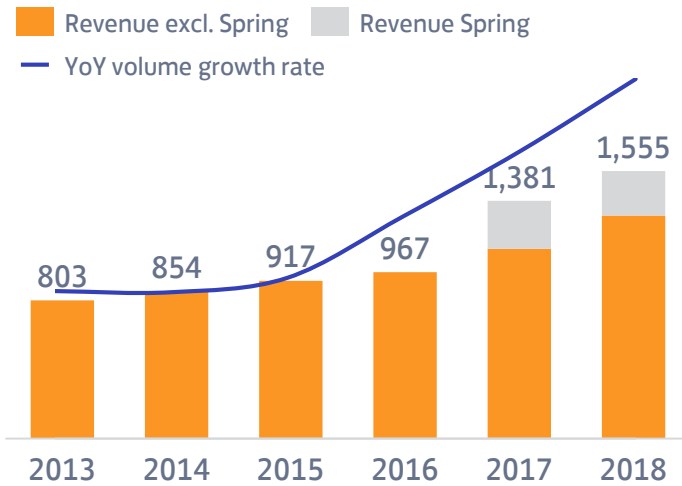
Capital Markets Day 2019

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Director Parcels & Logistics Solutions



Accelerated growth in e-commerce drives performance and investments



Accelerated growth in revenue

- Growth in e-commerce market main driver
- Volumes almost doubled since 2013 (+94%)

Downward trend in margin development

- Negative price/mix effect due to customer mix
- Operational efficiencies offset by increased labour costs, due to sustainable delivery model, shift in labour mix and CLA increases
- Additional capacity and IT costs to accommodate accelerating volume growth
- Steep decline in UCOI contribution from Spring in 2018

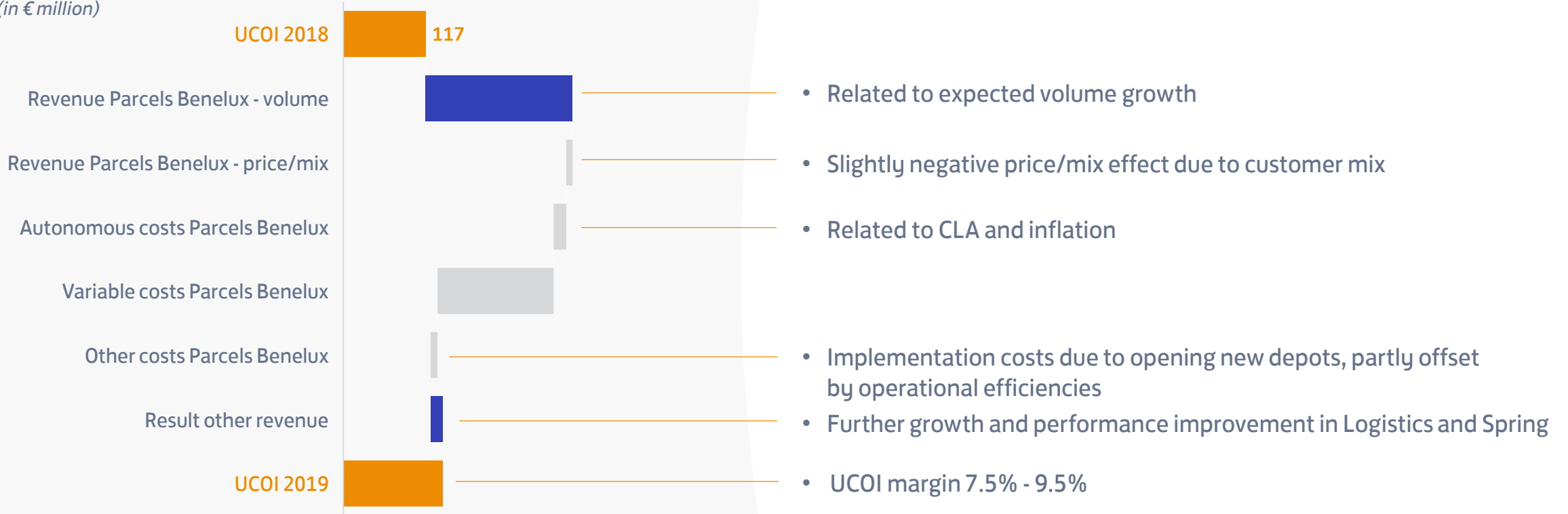
Accelerating growth required investments

- New infrastructure with 18 depots designed in 2010 for a capacity of 170m parcels
- Acceleration volume growth as of 2016 required expansion of network
- Additional depots opened in 2018, bringing total to 22 (volume 2018: 251m)

Outlook 2019 Parcels confirmed

Expected revenue development 2019 low teens, UCOI margin between 7.5% - 9.5%

(in € million)



Being the leading e-commerce logistics company in the Benelux area

Further balance between volume growth, profitability and cash conversion

Balance volume and value

Innovate and optimise our network

Being the favourite deliverer

Our commercial focus

Improving balance volume and value through yield management

Capture future growth

Improve value through yield management

Be the favourite deliverer

Our operational focus

Expanding our network through smart investments and continue to drive lower costs

Invest in new capacity and innovate our network

Optimise our supply chain and reduce costs

Be the favourite deliverer

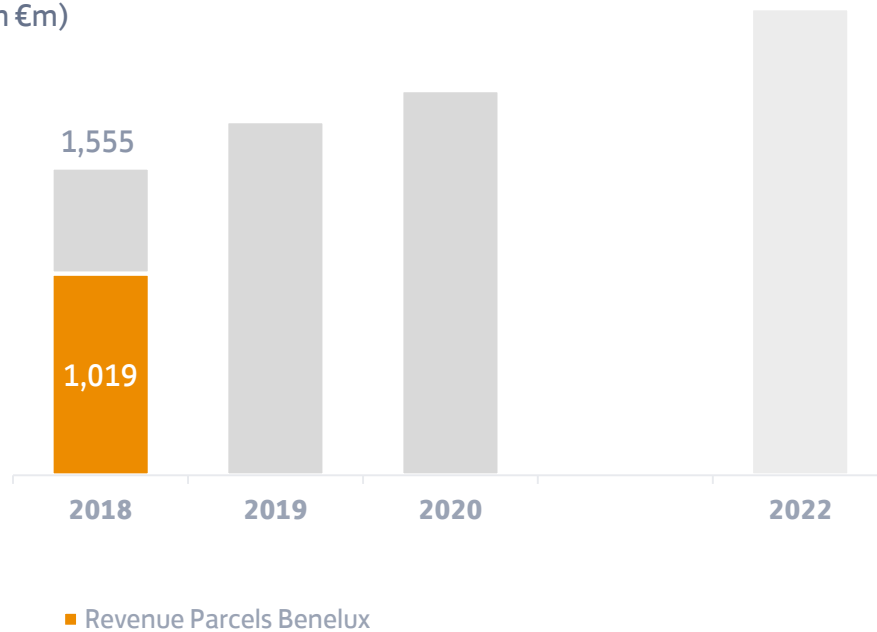
Revenue increase driven by volume growth, innovations and yield management

Revenue and volume growth Parcels Benelux more aligned than in past

Parcels

Assumed revenue development 2018-22

(in €m)

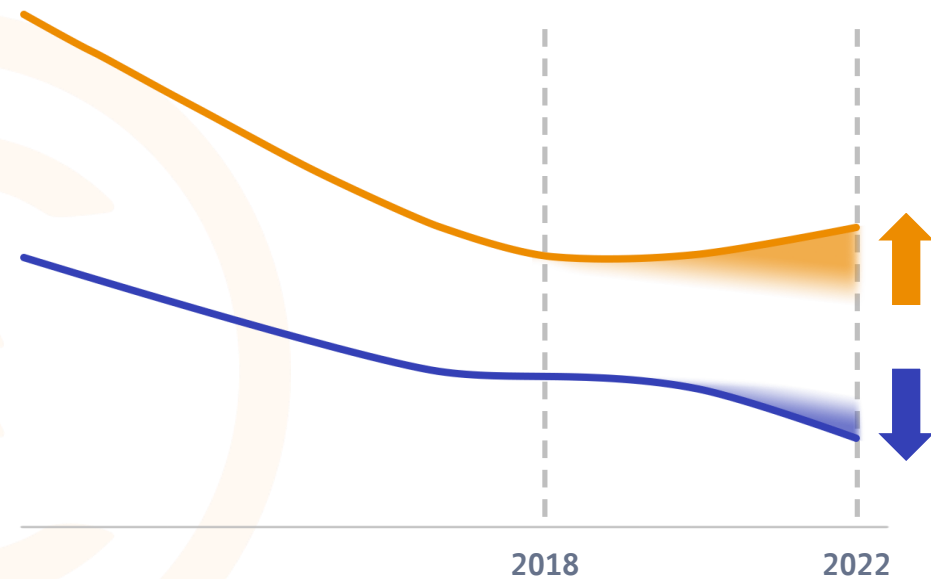


Revenue growth

- Revenue and volume development more aligned
- Assumed revenue growth of 10%-12% (CAGR 2018-22)
- Volume growth (assumption ~14% CAGR 2018-22)
- Capture value through yield management
- Further growth in network services and innovative solutions
- Spring helps Parcels grow with international solutions

Commercial and operational initiatives to improve margin

Revenue and costs per parcel
Indicative



Initiatives to improve yield

Drive value through smart services and delivery options

Balancing volumes

Pricing policy on peak and dimensions

Customer value management

Initiatives to reduce costs

Increase asset utilisation

Small parcel sorting centre

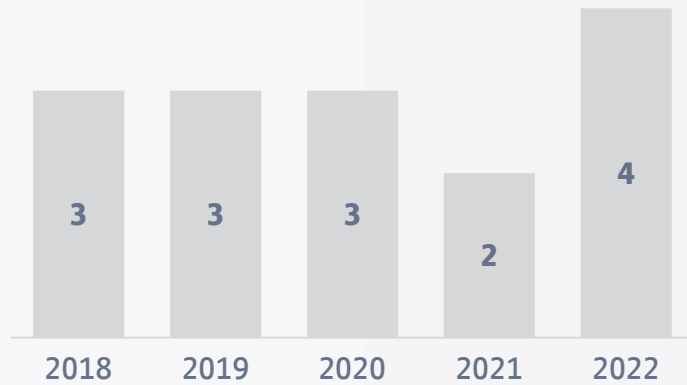
Focus on first-time-right in delivery

Optimise collection, transport and network control

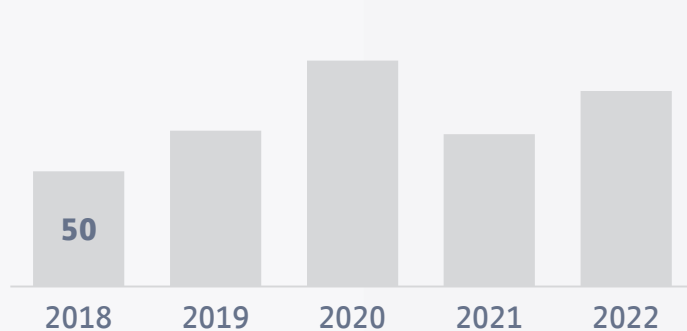
Updated future network set-up results in lower investments to accommodate growth

Network & capex developments

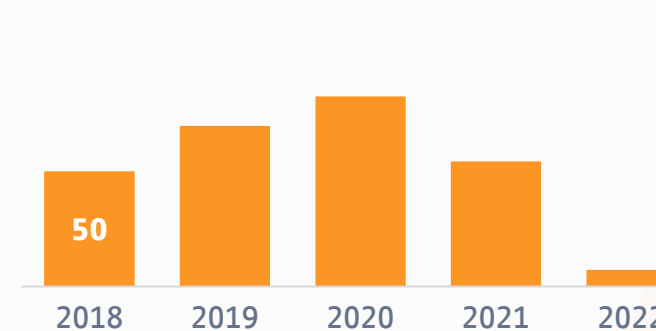
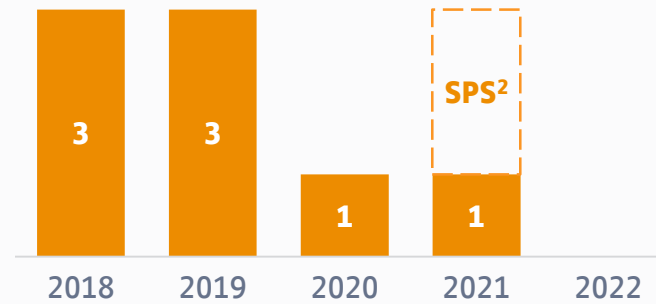
Future network set-up¹
Depots in the Netherlands (#)



Capex and lease for network (in €m)



Updated future network set-up



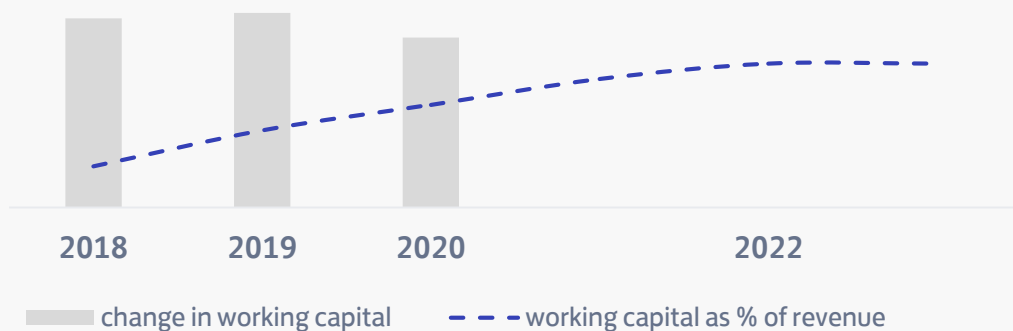
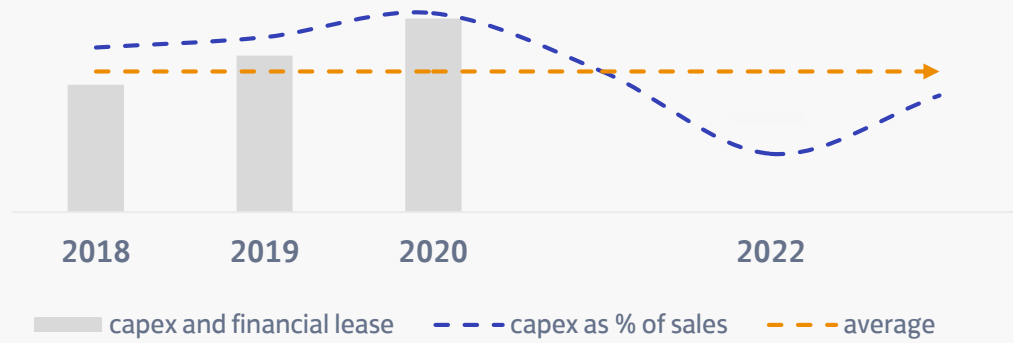
Benefits

- Lower total investments
- Efficient capital allocation
- Increase capacity
- Accommodate further growth

¹ excluding bol.com fulfilment centre
² small parcel sorting centre

Step-up in investments in network and IT required for further growth

Focus on strict working capital management



Further expansion of infrastructure necessary to accommodate growing volume

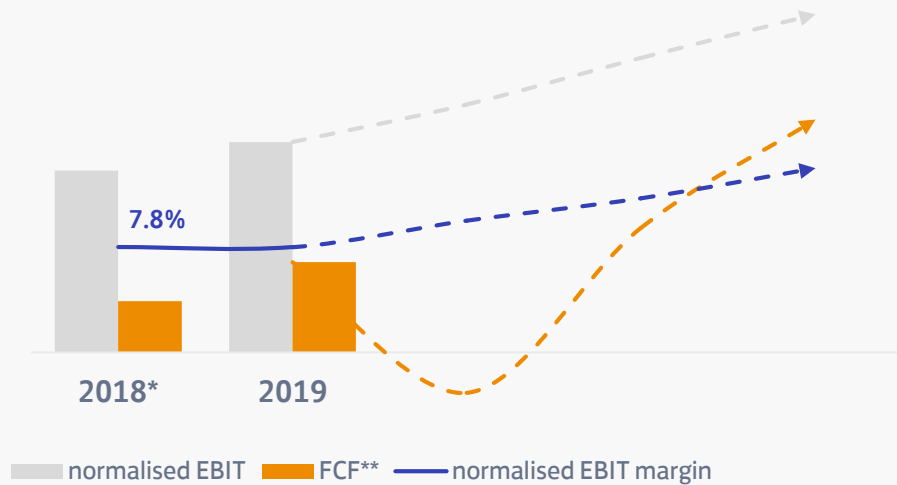
- Optimise financing structure (capex and financial leases)
- Expansion of network infrastructure
- Investments in cross-docks
- Extra sorting capacity in bol.com facilities
- Investments in IT

Working capital development

- Ongoing investment in working capital due to revenue growth
- Strict working capital management to limit increase in working capital as percentage of revenue

Parcels to show better balance between growth, profitability and cash flow

Step-up in investments necessary to improve margins and accommodate continuing strong growth



* Normalised EBIT 2018 equals underlying operating income as published in 2018, adjusted for restructuring-related costs

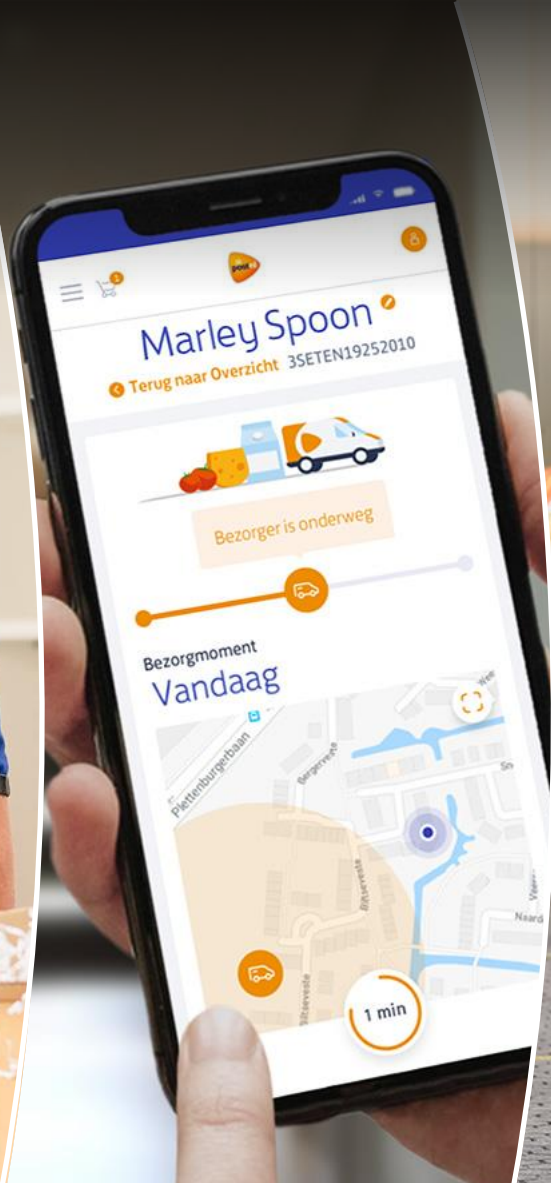
** Including tax proxy based on statutory tax rate

Shaping the growth of e-commerce

- Improving balance between volume and value
 - Revenue growth (assumed 10%-12% CAGR 2018-22)
 - Volume (assumption ~14% CAGR 2018-22)
- Improve margin in Parcels
 - Yield management
 - Focus on efficiency and managing capacity
 - Continuous development of excellent services and network solutions to drive customer success

Improvement of cash flow

- Increase in profitability
- Investment in network to accommodate further growth results in overall lower capex requirement
- Strict working capital management to limit increase in working capital as percentage of revenue
- Free cash flow in 2019 and 2020 includes final payments of unconditional funding obligation and transitional plans, thereafter significantly less cash-out for pensions



Strong customer base

Innovative services

Best network

Sustainable business

Dedicated people

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