

2023



Q1 2023 Results

The Hague, the Netherlands — 8 May 2023

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Published by:

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Additional information is available at postnl.nl



Key takeaways

Satisfying first-quarter results

Q1 2023 highlights

- Volume development at Parcels better than expected
 - reported volumes -6.5%
 - domestic volumes -5.0% (excluding non-recurring impact Covid-19)
- Reported volumes Mail in the Netherlands -10.8%, with underlying development (excluding non-recurring Covid-19 impact) at -8.1%
- Adaptive measures, good operational leverage, efficiency improvements and productivity gains partly mitigate inflationary pressure
- Progress as scheduled on plans for reduction of 200-300 FTEs in overhead, mainly at Parcels
- Outlook FY 2023 confirmed:
 - normalised EBIT between €70m and €100m
 - free cash flow between €10m and €40m



Macroeconomic environment remains volatile and uncertain

Inflation

(%, year-on-year change of consumer price index (CPI), the Netherlands)



Consumption of goods by households

(%, year-on-year change, the Netherlands)



Source: Statistics Netherlands (CBS)

Q1 2023 performance

Normalised EBIT of €7m, ahead of expectations



Key financial metrics

(in € million)

	Q1 2022	Q1 2023	change
Revenue	806	783	-3%
Normalised EBIT	33	7	-78%
<i>assumed to be non-recurring and related to Covid-19</i>	1		
Free cash flow	52	(31)	
Normalised comprehensive income	34	4	-89%

- Performance includes total €54m organic cost increases (FY 2023 assumption: €185m), of which around €10m relates to the 1.5% one-time payment on annual salaries as agreed in PostNL CLA



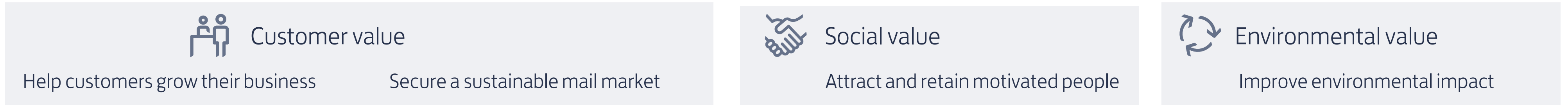
Our strategy

The leading logistics and postal service provider in, to and from the Benelux region

Strategic foundation



Strategic objectives



Be your favourite deliverer

Highlights digitalisation and ESG Q1 2023

- 8.0m PostNL consumer accounts, of which 69% active users
- Implementation of algorithm that supports planning of routes, aiming to further improve efficiency in network
- 710 APLs (YE 2022: 517)
- 6% improvement in carbon efficiency compared with YE 2022, mainly due to increasing usage of renewable fuels
- Testing re-usable packaging solutions with bol.com aiming to reduce waste and to contribute to transition towards a circular economy



Parcels: Organic cost pressure partly mitigated by operational leverage and efficiency

	Revenue	Normalised EBIT*	Volumes
Q1 2023	€561m	€5m	81m -6.5%
Q1 2022	€554m	€18m	87m

* Down €13m; or €16m when adjusted corrected for non-recurring Covid-19 impact of €(2)m in Q1 2022

Revenue mix	Q1 2022	Q1 2023
<i>in € million</i>		
Parcels Netherlands	361	355
Spring	105	116
Logistics solutions and other services	77	72
Other / intercompany	11	19
Parcels	554	561

Volume

- Reported volumes -6.5%, with domestic volumes Parcels -5.0% (excluding non-recurring impact Covid-19)
 - both domestic and international volumes developed better than expected

Revenue

- Volume decline offset by price increases and favourable change in mix
- Cross-border activities continued the positive trend as seen since late 2022, revenue at Spring up, both in Asia and Europe, partly due to volume from new customers
- Revenue at Logistics solutions slightly down

Costs

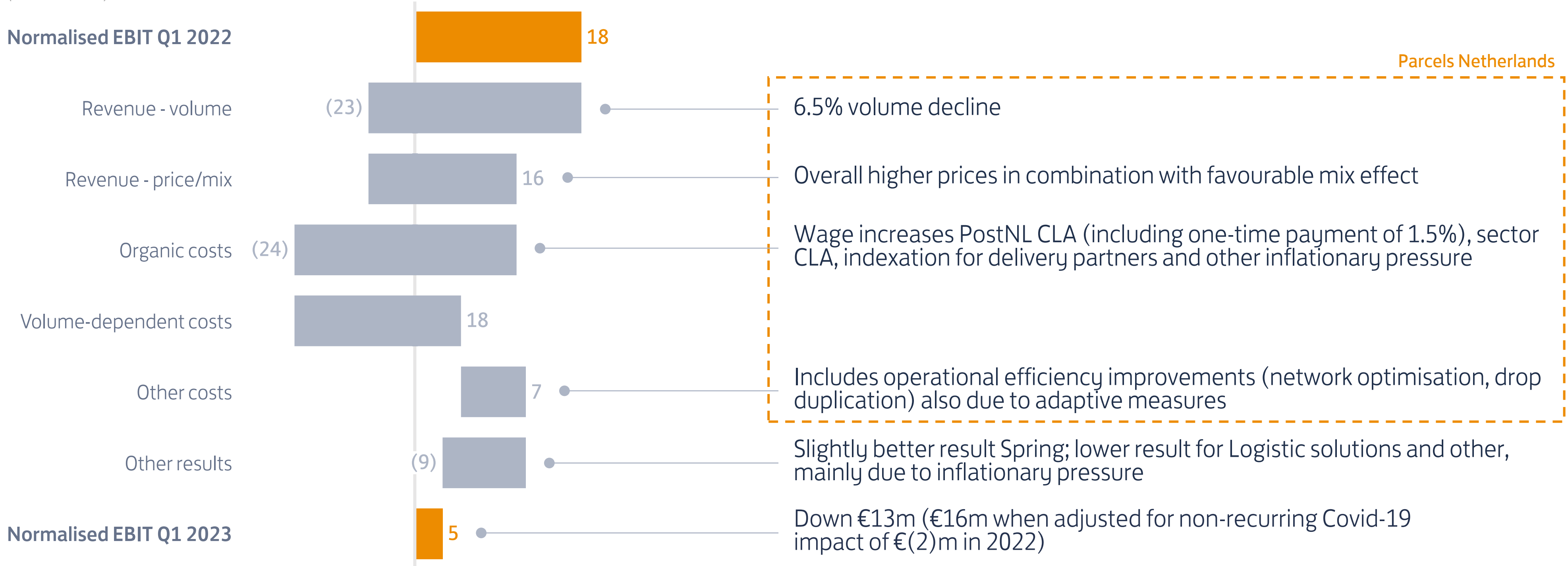
- Higher organic costs (labour and other) due to inflationary pressures
 - includes one-time payment of 1.5% of annual salaries made in February 2023, as agreed in PostNL CLA
- Partly offset by good operational leverage and efficiency, also as a result of ongoing adaptive measures, such as optimisation of routes, staff and fleet and tight control of indirect costs



Parcels Q1 2023 normalised EBIT bridge

Price/mix effect and operational efficiency almost fully mitigate organic costs increase

(in € million)



Parcels Netherlands



Mail in the Netherlands: Performance in line with expectations

	Revenue	Normalised EBIT*	Volumes
Q1 2023	€349m	€8m	456m -10.8%
Q1 2022	€387m	€36m	511m

* Down €29m; or €25m when adjusted for non-recurring Covid-19 impact of €3m in Q1 2022

Volume

- Overall volume decline of 10.8%
- 8.1% underlying volume decline, excluding non-recurring Covid-19 impact, mainly due to substitution

Revenue

- Moderate pricing policy
- Overall mix effect more or less flat

Costs

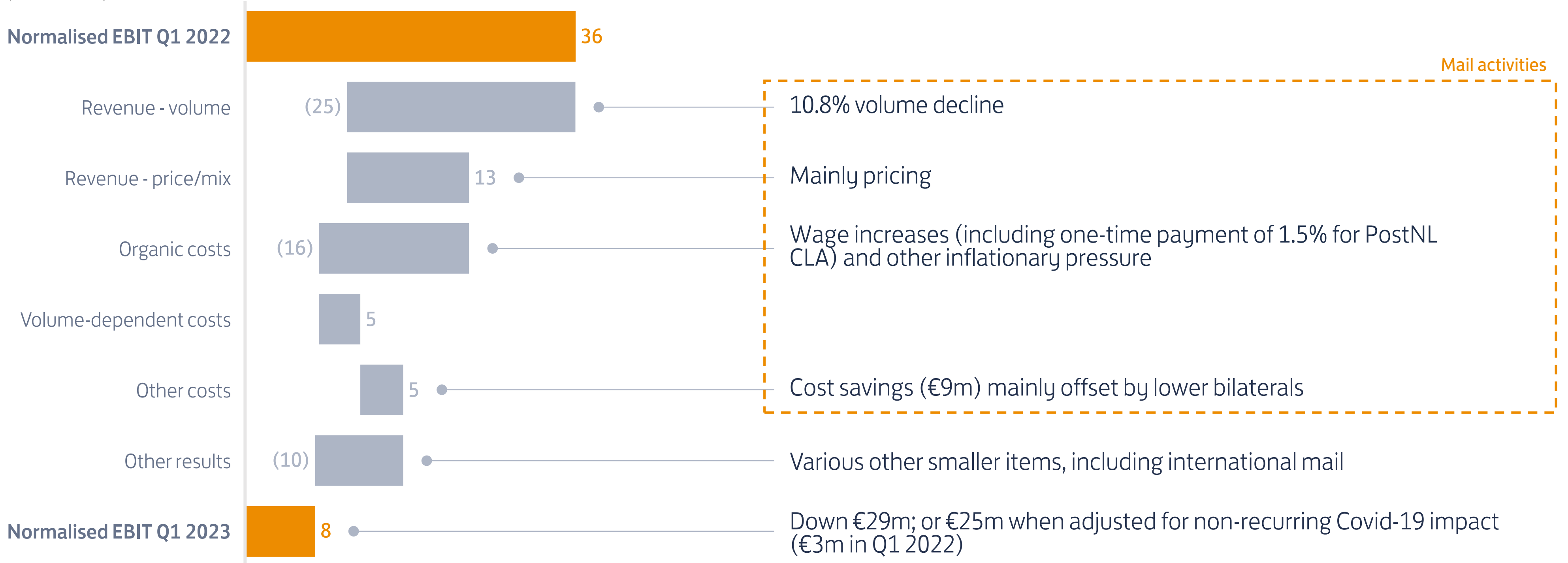
- Increased labour costs following CLAs for PostNL, postal deliverers and Saturday workers
 - includes one-time payment of 1.5% of annual salaries made in February 2023 as agreed in CLA PostNL
- Continued higher sick leave rates in tight labour market
- Cost savings on track; savings achieved through efficiency gains in areas including sorting and preparation processes



Mail in the Netherlands Q1 2023 normalised EBIT bridge

Mitigating impact of volume decline through moderate pricing policy and cost savings initiatives

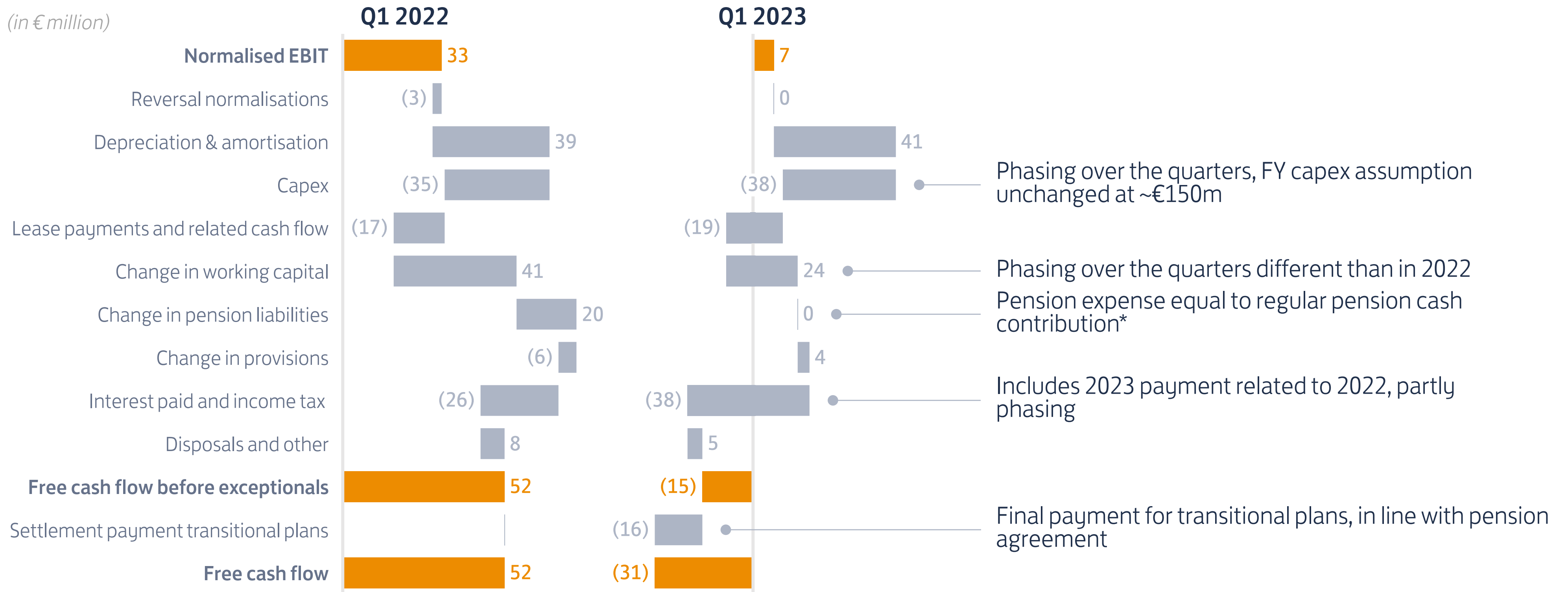
(in € million)



Cash flow

Adjusted net debt at €530m

(in € million)



* as of 2023, following pension agreement

Outlook for 2023 confirmed

Timing elements have some impact on split of normalised EBIT over quarters

On track to deliver 2023 outlook

<i>(in € million)</i>	2022	2023 outlook
Normalised EBIT	84	70 – 100
Normalised comprehensive income	90	40 – 70
Free cash flow	40	10 – 40

Well-positioned to improve performance as of 2024

- Fundamental drivers of e-commerce market remain unchanged
- ≥ 200 bps margin improvement at PostNL, mainly at Parcels, and assumes upward trend in the development of e-commerce
 - upside depends on economic conditions
- Step-up in EBITDA > than normalised EBIT, reflecting increase in D&A
- Aim to pay dividend that develops substantially in line with operational performance

Q2 2023 assumptions

- More or less flat business performance expected
 - flat volume development at Parcels
 - volume decline Mail in the Netherlands in FY range of 8% - 10%
 - impact CLAs and other organic cost increases
 - positive price/mix effect at Parcels and Mail in the Netherlands
 - further impact from adaptive measures initiated in 2022
 - some timing effects
- Positive impact on pensions in PostNL Other ~€20m
- €20m costs related to plans to reduce 200-300 FTEs: several smaller additions to restructuring provision in course of 2023
 - progress on track, with different approach: preparing multiple small plans instead of 1 overall plan



First-quarter 2023 results above our expectations

Satisfying start of year

- Some early signs of improvement in macroeconomic indicators
- Parcels:
 - volume development better than expected
 - organic cost pressure partly offset by operational leverage and efficiency
- Performance Mail in the Netherlands in line with expectations

FY 2023 assumptions unchanged

- Economic environment continues to be volatile and uncertain
- Parcels:
 - low single-digit volume decline, also taking into account some potential loss in market share
 - price adjustments and impact adaptive measures
 - improving performance in cross-border activities
- Mail in the Netherlands:
 - volume decline to continue at 8% - 10%
 - moderate pricing policy, ongoing regular cost savings programme
- Significant organic cost increases

On track to deliver FY 2023 outlook



Q&A

Q1 2023 Results



- Deep-dive into PostNL's cross border activities to be scheduled for end of June 2023
- You will be invited!

Appendix

Q1 2023 Results



- Assumed non-recurring impact related to Covid-19 in 2022
- Revenue mix Parcels 2022
- Full reconciliation income statement and EBITDA per segment
- Free cash flow per segment
- Adjusted net debt
- Profit and normalised comprehensive income

Assumed non-recurring impact related to Covid-19 in 2022

Volumes

(around, in million)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels	2	-	-	-	2
Mail in the Netherlands	15	3	7	6	30

Revenue

(around, in € million)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels	2	-	-	-	2
Mail in the Netherlands	9	1	2	1	13
Eliminations	0	0	-	-	-
PostNL	10	1	2	2	14

Normalised EBIT

(around, in € million)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels	(2)	-	-	-	(2)
<i>Parcels Netherlands</i>	(2)	-	-	-	(2)
<i>Spring and Logistics</i>	-	-	-	-	-
Mail in the Netherlands	3	(0)	1	1	5
PostNL	1	(0)	1	1	2



Revenue mix Parcels

As of 2023

<i>(in € million)</i>	Q1 2022	Q1 2023	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels Netherlands	361	355	345	332	392	1,431
Spring	105	116	91	95	113	404
Logistics solutions and other services	77	72	74	68	77	297
Other / intercompany	11	19	9	11	4	34
Parcels	554	561	519	506	587	2,165

2022

<i>(in € million)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels Netherlands	361	345	332	392	1,431
Spring	105	91	95	113	404
Logistics solutions and other	105	98	93	101	396
Eliminations	(17)	(15)	(14)	(19)	(65)
Parcels	554	519	506	587	2,165

Presentation revenue split Parcels slightly adjusted

- Part of 2022 'Logistics solutions and other' now transferred to the line 'Other / intercompany' to better fit business activities



Full reconciliation of income statement and EBITDA per segment

Income statement

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Total operating revenue	806	783	554	561	387	349	55	60	(190)	(187)
Other income	5	0	-	(0)	5	0	-	-		-
Cost of materials	(21)	(25)	(16)	(18)	(3)	(3)	(2)	(4)		-
Work contracted out and other external expenses	(404)	(395)	(377)	(378)	(179)	(173)	(37)	(31)	190	187
Salaries and social security contributions	(245)	(262)	(90)	(105)	(127)	(125)	(27)	(32)		-
Pension contributions & related costs	(42)	(23)	(8)	(9)	(11)	(10)	(24)	(4)		-
Depreciation, amortisation and impairments	(39)	(41)	(19)	(19)	(7)	(6)	(13)	(16)		-
Other operating expenses	(30)	(30)	(26)	(27)	(28)	(24)	24	21		-
Total operating expenses	(781)	(776)	(535)	(556)	(356)	(342)	(80)	(65)	190	187
Operating income / EBIT	30	7	18	5	36	8	(25)	(6)	0	-

EBITDA

	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT	30	7	18	5	36	8	(25)	(6)
Depreciation, amortisation and impairments	39	41	19	19	7	6	13	16
Reported EBITDA	69	48	37	24	43	14	(12)	10
Non-cash pension expense	20	(0)	0	0	-	-	20	(0)
EBITDA excluding non-cash pension expense	89	48	38	24	43	14	8	10
IFRS16 impact (depreciation RoU assets)	(16)	(17)	(10)	(11)	(3)	(3)	(3)	(3)
EBITDA excluding non-cash pensions and IFRS16	73	31	27	13	40	11	5	7



Free cash flow per segment

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other & Eliminations	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
EBITDA	69	48	37	24	43	14	(12)	10
Change in pensions	20	(0)	-	0	-	-	20	(0)
Change in provisions	(6)	4	(0)	1	(7)	3	1	0
Change in working capital	41	24	21	39	23	(6)	(3)	(9)
Capex	(35)	(38)	(9)	(14)	(2)	(2)	(24)	(22)
Disposals	6	0	0	(0)	6	0	(0)	(0)
Interest paid	(3)	(3)	(1)	(1)	(1)	(1)	(2)	(1)
Income tax paid	(23)	(35)	(5)	(1)	(9)	(2)	(9)	(32)
Lease payments and related cash flow	(17)	(19)	(10)	(12)	(5)	(4)	(2)	(3)
Other	2	5	1	1	1	0	1	4
Free cash flow before exceptionals	52	(15)	35	35	49	2	(31)	(52)
Settlement transitional plans	-	(16)	-	-	-	-	-	(16)
Free cash flow	52	(31)	35	35	49	2	(31)	(68)
Free cash flow yield	3%	-4%						



Adjusted net debt

(in € million)

	31 Dec 2022	1 Apr 2023
Short- and long-term debt	745	754
Long-term interest-bearing assets	(17)	(16)
Cash and cash equivalents	(556)	(495)
Net debt	172	243
Pension liabilities	18	2
Lease liabilities (on balance)	331	321
Lease liabilities (off balance)	29	50
Deferred tax assets on operational lease liabilities	(83)	(86)
Adjusted net debt	467	530

Profit and normalised comprehensive income*

<i>(in € million)</i>	Q1 2022	Q1 2023
Operating income / EBIT	30	7
Net financial expenses	(6)	(1)
Results from investments in JVs/associates	0	(0)
Income taxes	(7)	(2)
Profit/(loss) from discontinued operations	(0)	1
Profit	16	4
Other comprehensive income (2022 mainly related to pensions)	15	(0)
Total comprehensive income	32	4
Normalisation on EBIT, net of tax	2	0
Exclude result from discontinued operations	0	(1)
Normalised comprehensive income	34	4

* Normalised comprehensive income is defined as comprehensive income normalised for incidentals in operating income/EBIT, net of statutory tax, as well as the net result from discontinued operations