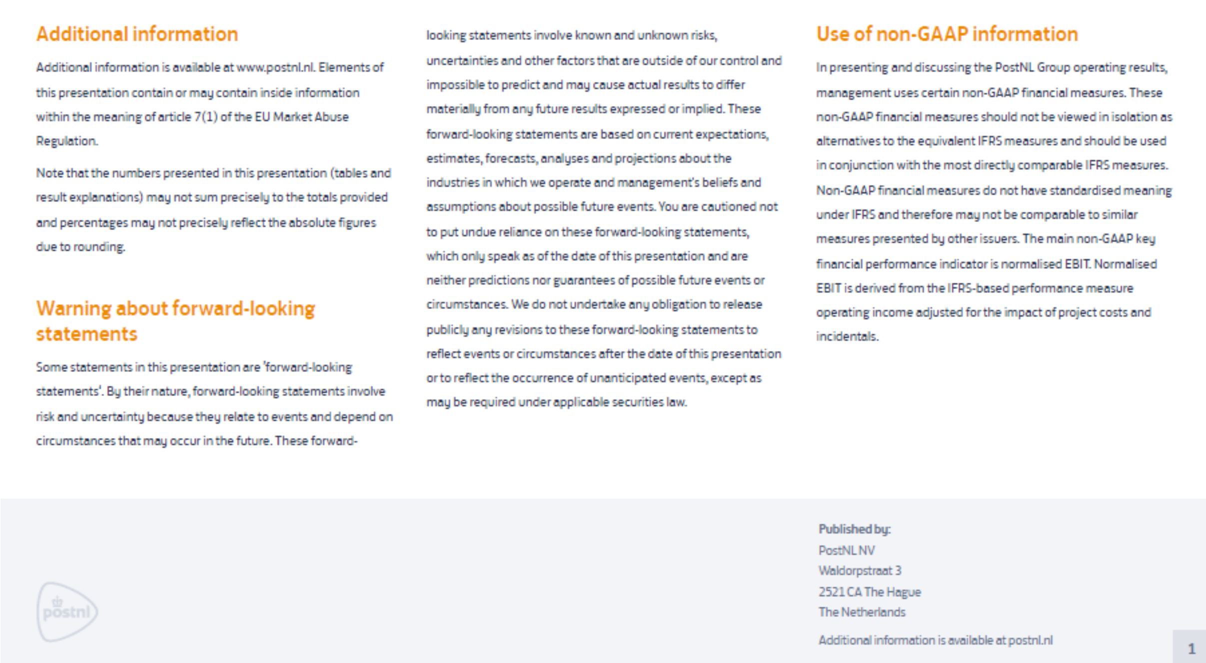

2021
Capturing growth, delivering value
Q2 & HY 2021 results
The Hague — 9 August 2021
postnl



Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you very much. Good morning, everyone. We are here with Herna Verhagen, our CEO and Pim Berendsen, our CFO. They will take you through the second quarter numbers and a number of other topics. After that, we will go into Q and A.

Herna, over to you.

Key takeaways

2

Herna Verhagen – CEO PostNL: Thanks a lot. Let's start with the key takeaways of Quarter 2 and then look forward to the end of the year and 2024.

Key takeaways

- Another solid quarter, contributing to a very strong half-year performance, partly based on non-recurring impact of Covid-19
- Raised FY 2021 outlook to €280m - €310m
- Delivering on our strategy: total investments in expansion of capacity, digitalisation and ESG up to ~€950m in 2022-24
- FY 2022 expected to come in below FY 2021 due to non-recurring impact, with underlying business performance continuing to improve
- Raised ambition to achieve normalised EBIT between €330m and €370m in 2024, driven by improving business performance and digitalisation; €60m to €80m above initial ambition level

Quarter 2 was another solid quarter, which contributes to a very strong half year performance in which we see a significant improvement if you compare that to 2020.

Based on the first half year results, we raised our full year outlook to EUR 280 million to EUR 310 million. To be sure that we can deliver the growth in Parcels as expected we increased our investments to an amount of EUR 950 million, and we will use that for the expansion of capacity, digitisation and ESG. Please be aware that the extra EUR 450 million will be a step-by-step investment.

For the full year 2022, we expect to come in below full year 2021 because of the non-recurring impact. The underlying business performance continues to improve. Based on our results 2021 and also the expectations for the next coming years, we raised our ambition for 2024 to EUR 330 million to EUR 370 million, which is an increase of EUR 60 million to EUR 80 million.

Normalised EBIT Q2 2021 up 17% to €63m

Outlook for FY 2021 raised to between €280m and €310m

Key financial metrics for Q2 & HY 2021

(in € million)	Q2 2020	Q2 2021	change	HY 2020	HY 2021	change
Revenue	789	838	+6%	1,490	1,800	+14%
Normalised EBIT	54	63	+17%	69	193	+180%
Assumed to be non-recurring and related to Covid-19	*29*	*26*		*29*	*69*	
Free cash flow	93	54		98	213	
Normalised comprehensive income	35	57		64	169	

- Interim dividend 2021 set at €0.10 per share

- 13% improvement in carbon efficiency of PostNL's own fleet compared with FY 2020

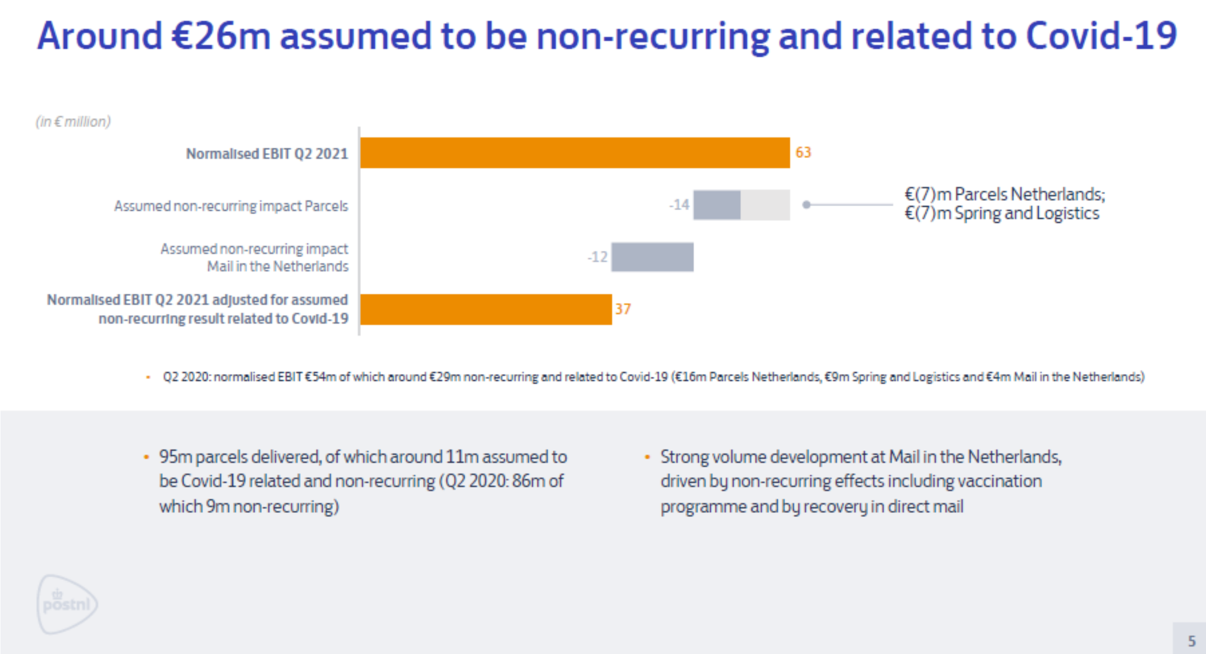
- FY 2021 normalised EBIT expected to be between €280m and €310m

4

Let's look to Q2 2021. Our normalised EBIT is up 17% to EUR 63 million. That, of course also together with the results of Q1, results in an increase in the full year expectation to EUR 280 million to EUR 310 million. We do have still non-recurring impact from Covid-19, which is EUR 26 million in this quarter.

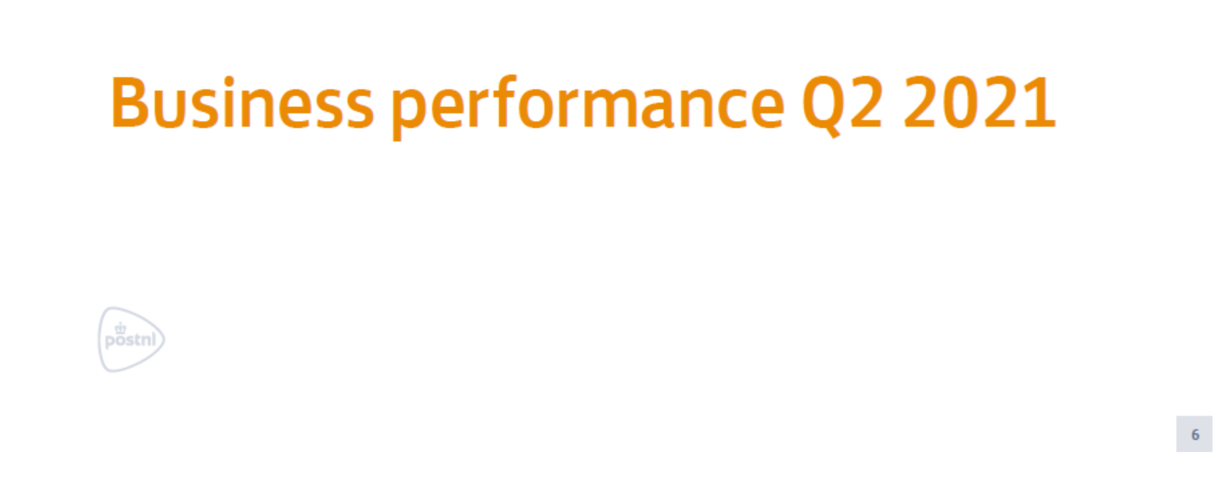
Free cash flow is when you look into the first half year positive and of course, that also then counts for normalised comprehensive income. The interim dividend for 2021 is set at EUR 0.10 per share.

In the second quarter we saw an improvement into our CO_2-efficiency of 13% and, as said, we increased our normalised EBIT for the full year.



Looking into the Covid-19 effects, around EUR 26 million is assumed to be non-recurring and relates to Covid-19. Part of that comes from Parcels; EUR 7 million more or less from Parcels in the Netherlands. After the reopening of the stores in May, Parcels volume came relatively quickly to our normal, expected levels, although higher than the levels of 2019, and we saw EUR 7 million in Spring and Logistics as well.

EUR 12 million for Mail in the Netherlands, and that is due to, for example, the vaccination program of the Dutch government together with the fact that the reopened stores sent lots of direct mail to attract customers to their stores. That means that the underlying normalised EBIT or the normalised EBIT without the non-recurring result is EUR 37 million for the second quarter.



Let's dive a little bit into the details of our business performance and start with Parcels.

Parcels: Benefiting from e-commerce growth, volume up 11.4%

Improving underlying business performance excluding non-recurring impact Covid-19

	Revenue	Normalised EBIT*	Volumes
Q2 2021	€589m	€56m	95m +11.4%
Q2 2020	€516m	€60m	86m

*Non-recurring impact assumed to be around €7m Parcels Netherlands and €7m Spring and Logistics in 2021 versus €16m and €9m in 2020 respectively

Revenue mix

in € million	Q2 2020	Q2 2021
Parcels Netherlands	354	383
Spring	84	131
Logistics solutions and other	92	100
Eliminations	(14)	(26)
Parcels	516	589

Solid revenue growth

- Benefiting from structural e-commerce growth
  - step-up in transition from offline to online
  - underlying volume growth Parcels around 10%
- Negative price/mix effect
  - better pricing
  - expected yet unfavourable mix effects; stronger growth at large customers with single items and import down compared with last year
- Spring: strong growth in Asia and Europe
- Revenue growth at Logistics due to healthy e-commerce growth in all business lines

Normalised EBIT up €6m when excluding non-recurring Covid-19 impact

- Increasing costs in line with expectations
  - additional operational measures to accommodate volumes within current infrastructure
  - some extra costs related to new capacity
  - organic cost increases
- Ongoing good performance particularly at Logistics

Scheduled expansion of capacity on track

- 26th sorting and distribution centre in the Netherlands operational since end of June
- Successful execution of first pilots in small parcels sorting centre; will be operational in Q3
- 1st sorting and distribution centre in Belgium to open early 2022

7

Parcels benefits from the e-commerce growth and the volume is up 11.4%. That translates into strong revenue growth and that revenue growth is partly because of the transition from offline to online and we think part of that will stick also towards the future. The underlying volume growth for Parcels is around 10%.

We saw a slightly negative price/mix effect, which is partly better pricing at customers and customer level. But what we did see is large customers grew faster than the smaller ones and that is also what we communicated last year Q2, when because of the start of Covid-19 lots of small companies and individuals starting to send parcels. A very strong performance of Spring, the same for Logistics.

Normalised EBIT was up EUR 6 million when you exclude the non-recurring Covid-19 effect. We saw increased costs and they were in line with our expectations. We added operational measures to accommodate the volume growth within our current infrastructure. We added also cost to new capacity. We saw an ongoing good performance and particularly at Logistics.

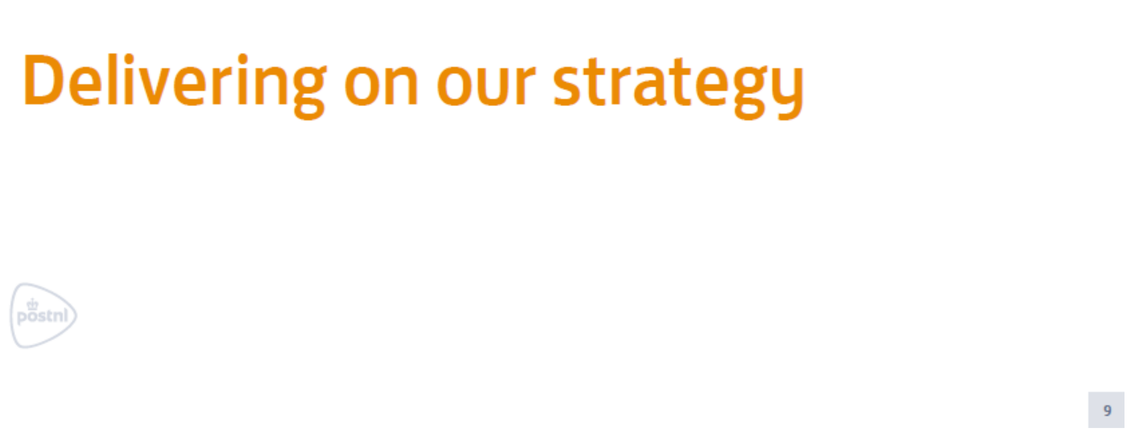
If you compare margin Q2 2021 to 2020, and especially when you compare it to 2019, we see a very strong margin improvement at Parcels. Our expected expansion of capacity is on track. That is very important, also in our preparation for the busy season, which is coming. We opened the 26th sorting center in the Netherlands. We had very successful pilots in our Small Parcel Sorting Center, which will be operational in Q3 and the official opening is planned in October. We are fully ahead and in the right pace to open our first sorting and distribution center in Belgium in the beginning of 2022.

Mail in the Netherlands showed a strong performance. The underlying trend in volume decline is still around 7%. Volume growth of 4.2%, as explained, especially because of the letters coming from government because of the vaccination program and the recovery of Direct Mail, which is around 9%. We had one additional working day and some other effects, which is around 2%. That means that volume growth underlying is still a substitution trend of 7%.

The moderate price increases were almost fully offset by a less favourable mix effect compared with last year. Please remember that last year, at the beginning of the Covid-19 crisis, we had lots of single mail items. Also, the sale of non-core activities – the revenue of Cendris – is out of the numbers in 2021. The normalised EBIT, excluding Covid-19, is EUR 11 million up.

We saw a decline in other costs mainly explained by the non-recurring integration cost for Sandd and of course, cost savings, for example, in the efficiency improvements in our preparation processes.

A very good quarter for Mail in the Netherlands, supported by a large non-recurring addressed mail volume.



March 1, we communicated on our strategy.

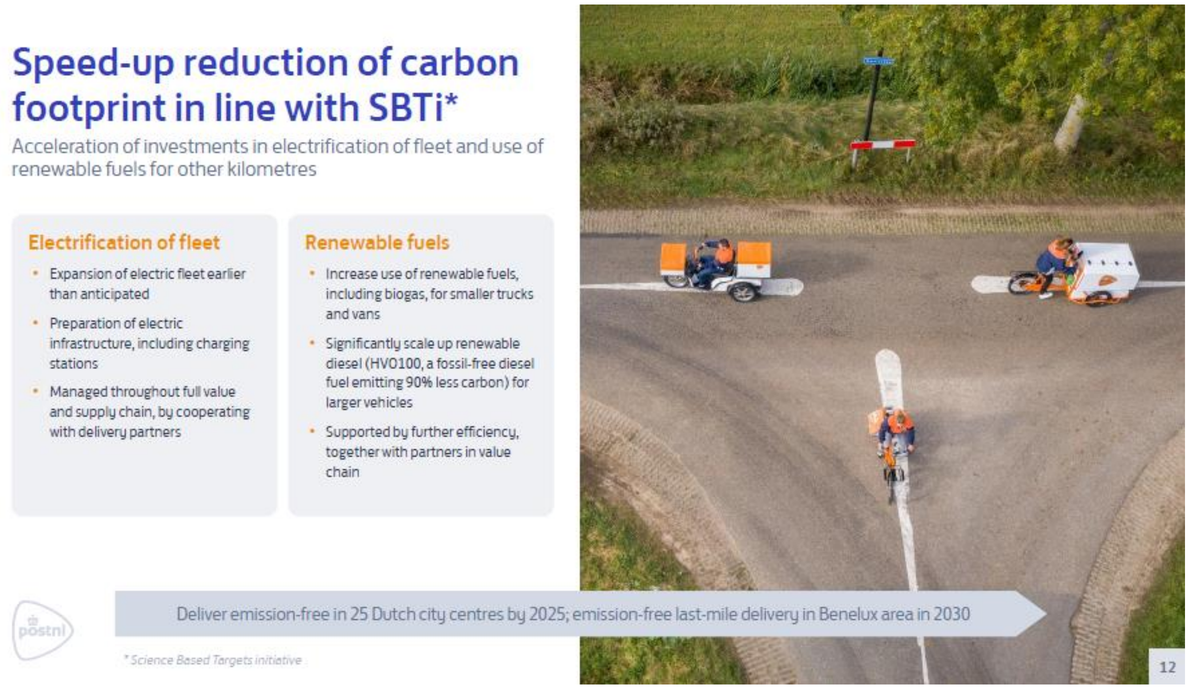
That strategy remains the same as is shown on slide 10 and that means that we focus on our purpose, delivering special moments, that we want to be the favourite deliverer in the Benelux, and that our strategy is to be the leading logistics and postal service provider to, in and from the Benelux region.

Focus on ESG in that is crucial. That is what, for example, is also shown in the fact that we increased our investments in environment.

There are three important parts in ESG. Of course, be your favourite deliverer, enhance our customers' business, but also create smart solutions for customers and create a sustainable mail business going forward.

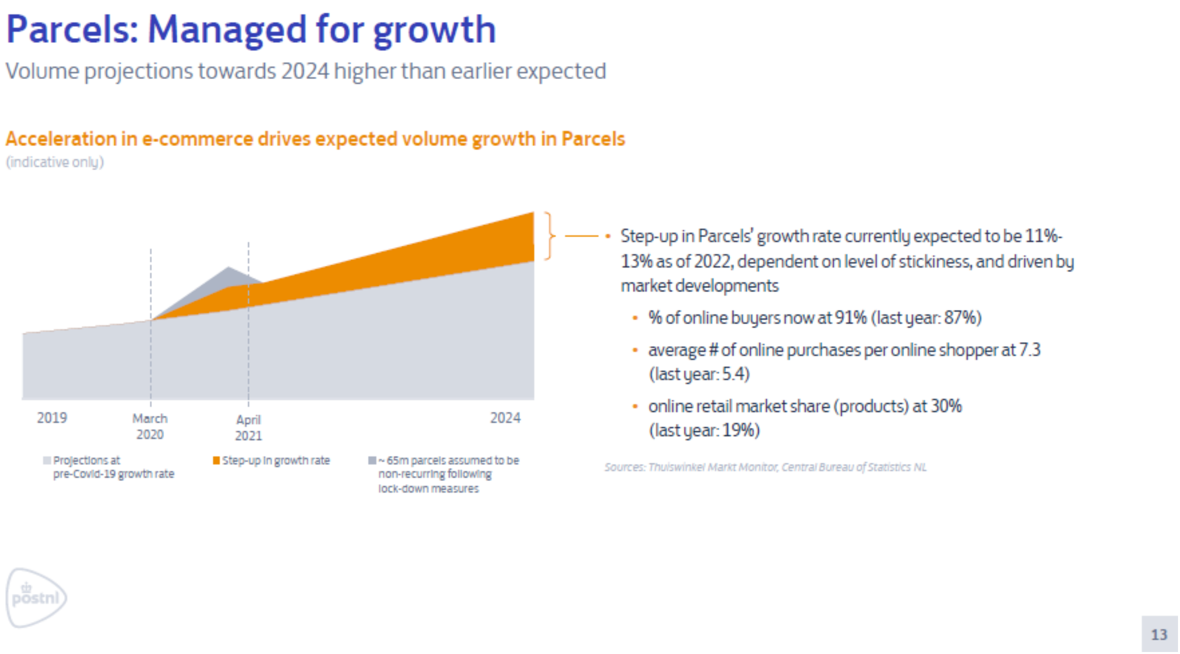
The social part is important and that is to be a socially responsible employer, which has to do with workforce optimisation but also capacity management, strengthening our employee engagement of which we saw a strong improvement over the last few years and staying safe and healthy, priority no.1 in this Covid-19 crisis.

Delivering on emission-free last-mile delivery. There we want to speed up and increase the investment and therefore, also increase our emission-free last miles towards 2030, in our view, an important part of our strategy going forward.



On slide 12, we give you a few examples of what we do to speed up the reduction of our carbon footprint. For example, the expansion of our electrical fleet and at this moment in time, we have around 1,300 electrical vehicles. We are preparing our electric infrastructure. At eight of our sorting centers, we have huge charging stations, and that is what we want to expand to the other sorting centers as well. And of course, we use renewable fuels. HVO100 is an important fossil-free diesel fuel, which we will use for larger vehicles.

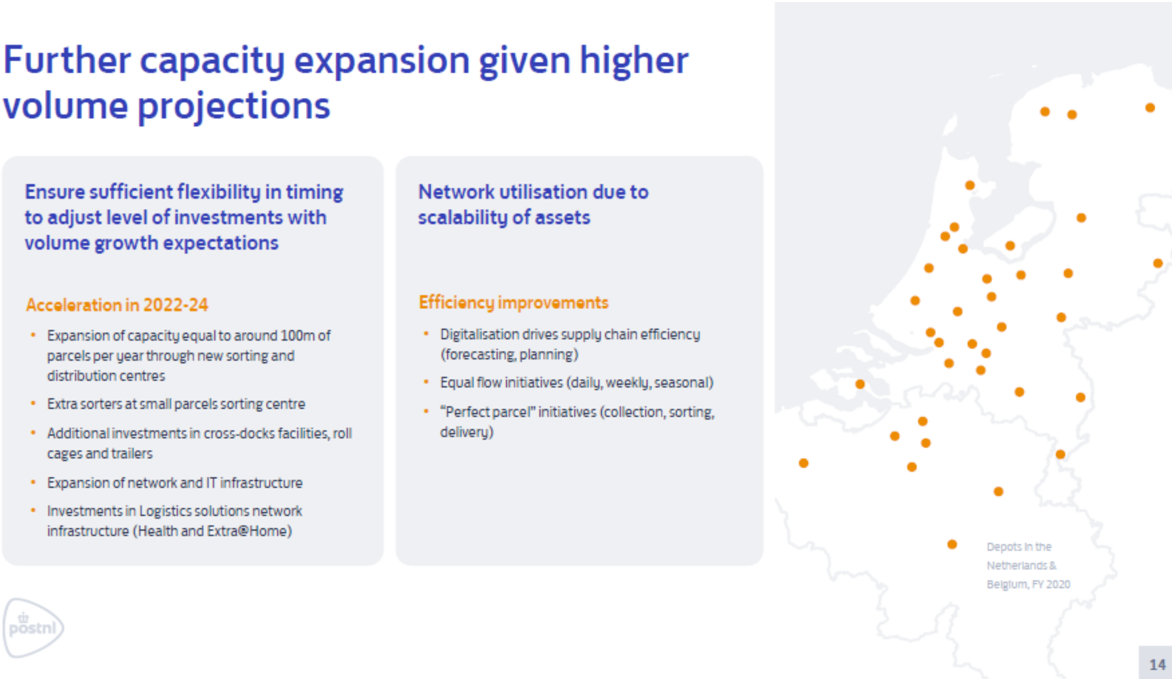
All by all, it will speed up the reduction of our carbon footprint, and it will help us to deliver on our targets to have a last mile emission-free delivery in the inner cities by 2025 and the last mile emission-free delivery for the whole by 2030.



The strategy of Parcels to manage for growth did not change. The volume projections towards 2024 are higher than earlier expected. That is the 11% to 13% growth we expect as of 2022, dependent on the level of stickiness and also driven by market developments.

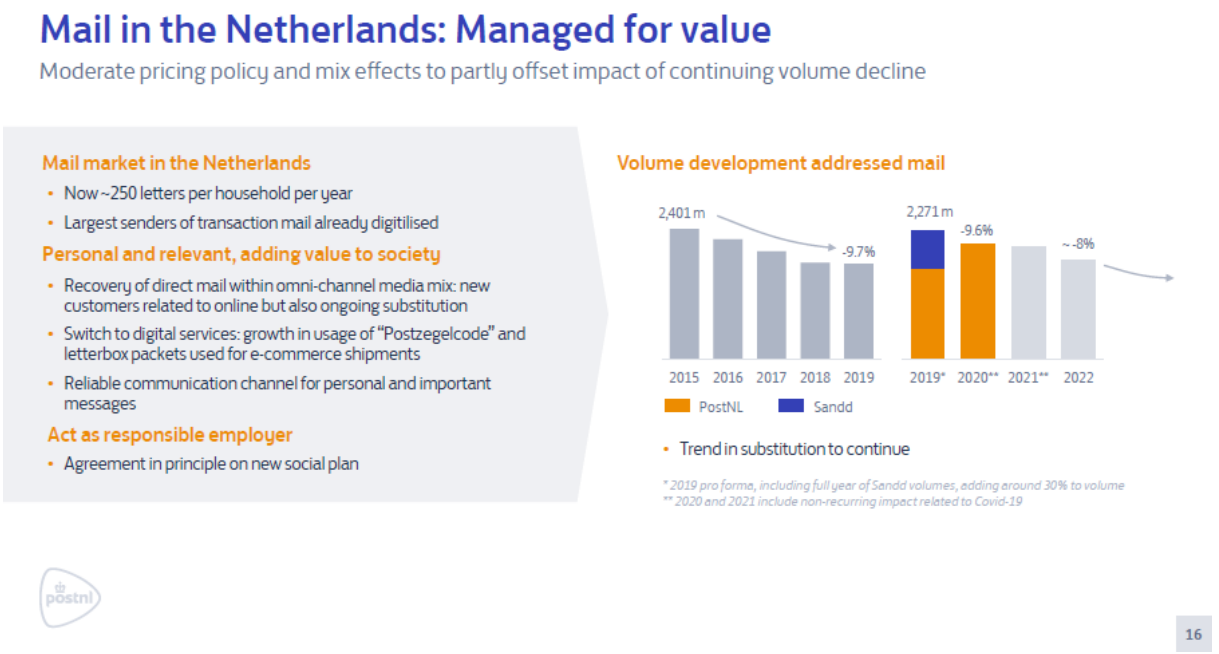
In the second quarter, we saw an increase in online buyers, which is underpinning our view on volume development for the next coming years. Also, the number of online purchases increased, the same as the retail market, which is at this moment in time online.

The graph – Pim will come to the graph as well – shows the step-up in growth rate and also shows the projections we made pre-Covid-19 together with the non-recurring parcels we had in 2020 and in the first half year of 2021.



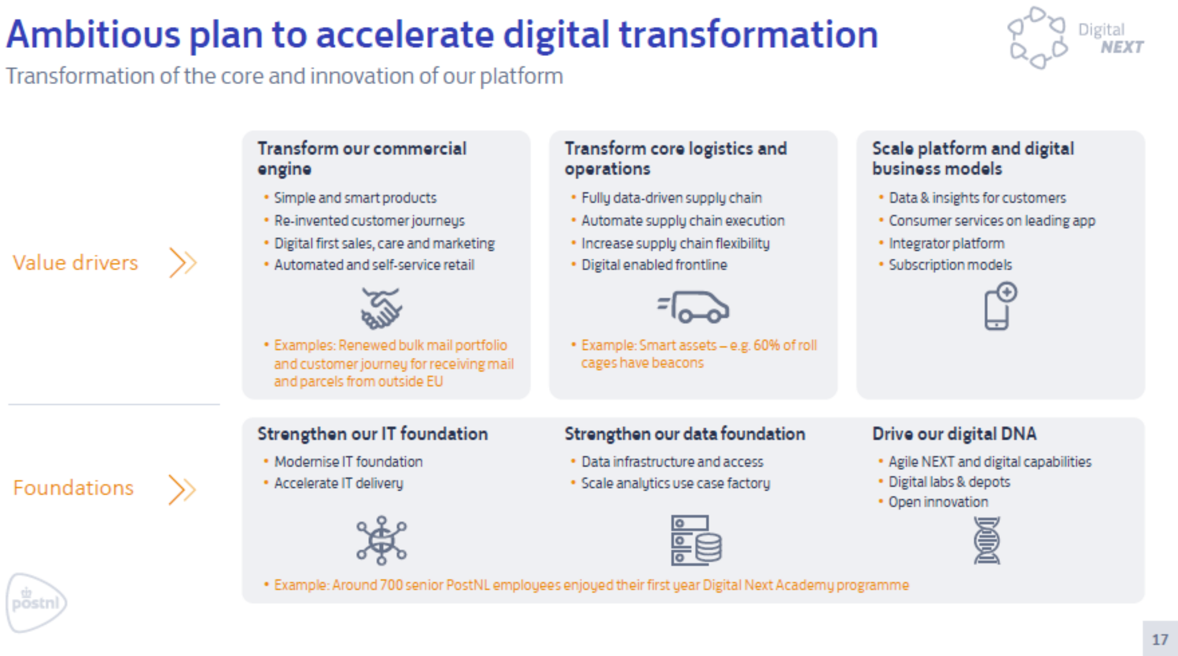
An important value driver Managed for growth is what we will do for the next coming years as well. If we want to manage for growth, an expansion of our capacity is crucial and therefore, we announce today to increase our investment with EUR 450 million. It is important to know and to say that this will be a step-by-step investment when there is sufficient possibility in the market to invest and to expand capacity, but also with the possibility to adjust where necessary. Those EUR 450 million will not only be invested in new sorting and delivery centers. We are also looking into expanding current sorting and delivery centers, expanding our small parcel sorting center, and we will also expand the other materials necessary to add capacity. That comes together with a better network utilisation, which we can do because of our scalability of assets and the fact that we can scale our asset has been proven in the year 2020.

Next to adding capacity, we also want to add capacity where people can pick up 24 hours a day their parcel or bring it back. That is why we want to expand to 1,500 parcel lockers by 2024. It helps to support our retail stores because we will keep our 4,000 retail stores in the Netherlands, and we will expand our retail stores in Belgium. It helped them when they have high volumes to have a place to bring their volumes. Secondly, it helps customers to have much more flexibility in when and where they want to pick up their parcel. It is Consumer in control and for us an important part of the extension of our retail network.



The strategy for Mail in the Netherlands is managed that company for growth and that means that via moderate pricing policy together with further cost savings, we want to offset the impact of continuing volume decline. In the first and second quarter of 2021 we saw something we have not seen over the last years, and that is volume growth. The underlying trend, although is still substitution. That means that a big part of the volume, which caused the growth over the first and second quarter, we will not see back in 2022. The volume decline we forecast for 2022 is around 8%.

So a trend in substitution to continue, which means that further cost savings and moderate price increases remain to be of the utmost importance for that part of our company.



The third important pillar under our strategy is our ambitious plan to accelerate the digital transformation. Phase by phase, we are implementing the examples we already discussed with you on March 1 and in the orange part of slide 17 we give you a few examples of what we did in the second quarter to fill in our digital transformation strategy.

The ambition is still the same. The investment we have to do in our digital strategy is also still the same. To underpin the importance, but also the success of our strategy, we gave you some KPIs on slide 18.

Shift to digital channels and products continues

Consumers and customers increasingly connected to our platform

Digital NEXT

	HY 2020	HY 2021	
Online visitors	274m 57% via PostNL app	469m 69% via PostNL app	+71%
PostNL consumer account users	5.7m	6.4m	+12%
Talks with chatbot Daan, Sam and Noor	1.6m	1.9m	+19%
Self-service online preparation (in % of parcels sent by consumers)	38.5	43.6	
Stamp codes	1.5m	2.0m	+33%
Business portal users	69k	79k	+15%
# of external APIs	93	100	+8%
Plug-in users (SME)	1.6k	1.9k	+22%

18

There you find consumers, which is the upper part of this slide, and you find business customers, which is the lower part of the slide.

We show you the improvements we saw compared to the half year 2020. There, you see the shift to digital channels and products continues and that with all products and services we implement, we further enhance this improvement.

That brings me, before Pim takes over and walk you through lots of the bridges and details on Q2 2021, 2022 and 2024, to give you a summary that we deliver on our strategy and want to be the Logistics and Postal service provider to, in and from the Benelux.

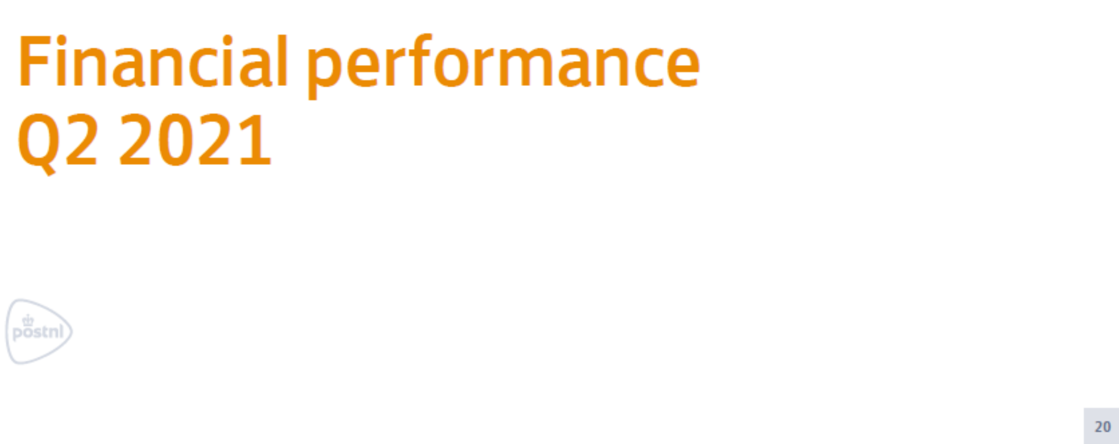
We saw a strong performance in Q2 2021. Normalised EBIT was up 17%, supported by a non-recurring impact related to Covid-19 that is fading out because of the easing of the lockdown and measures. We had a very strong first half year with a strongly improved underlying business performance when you compare that to 2020. We expect continued growth in e-commerce and, of course, we improved our carbon efficiency.

The good results of the first half year mean that we raised our outlook for the full year 2021 to between EUR 280 million and EUR 310 million. With the improvements we see in the business in Mail and Parcels, we look forward to 2024 and expect that the step-up in e-commerce trends will lead to higher parcel volume projections also for the next coming years.

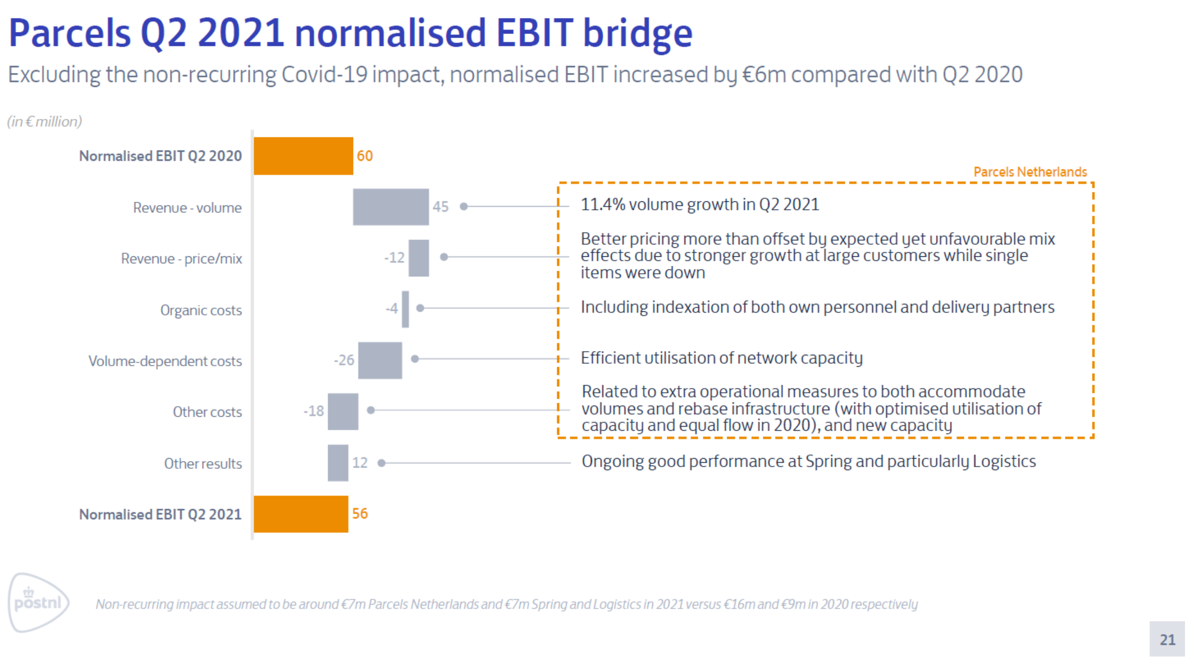
The level of stickiness will become visible in the next coming months and year. We accelerate progress towards achieving our environmental targets, which we think is crucial to remain the favourite deliverer. We increased our ambition in 2024 to EUR 330 million to EUR 370 million, which is a step-up of EUR 60 million to EUR 80 million compared with our earlier ambition.

To underpin the growth, we do additional investments in capacity, but also in network IT infrastructure of EUR 450 million. And as said, it will be a step-by-step investment approach. What we said over the last 18 months is what we repeat; the exact consequences of the pandemic remain uncertain going forward.

Now, I would like to hand over to Pim.



Pim Berendsen – CFO PostNL: Thank you, Herna. Let's dive into a little bit more detail on the financials per segment both in terms of 2021, 2022 and 2024.



First and foremost, at slide 21, the Parcels bridge, excluding a delta of round about EUR 10 million on non-recurring Covid-19 impact in this segment, normalised EBIT increased by EUR 6 million compared to last year. In this bridge, you see a volume effect driven by the 11.4% volume growth, a big negative price/mix effect – which was exactly as we expected given the very favourable mix last year – as Herna already said, driven by a lot of single items and smaller customers coming online last year, trying to salvage part of their business.

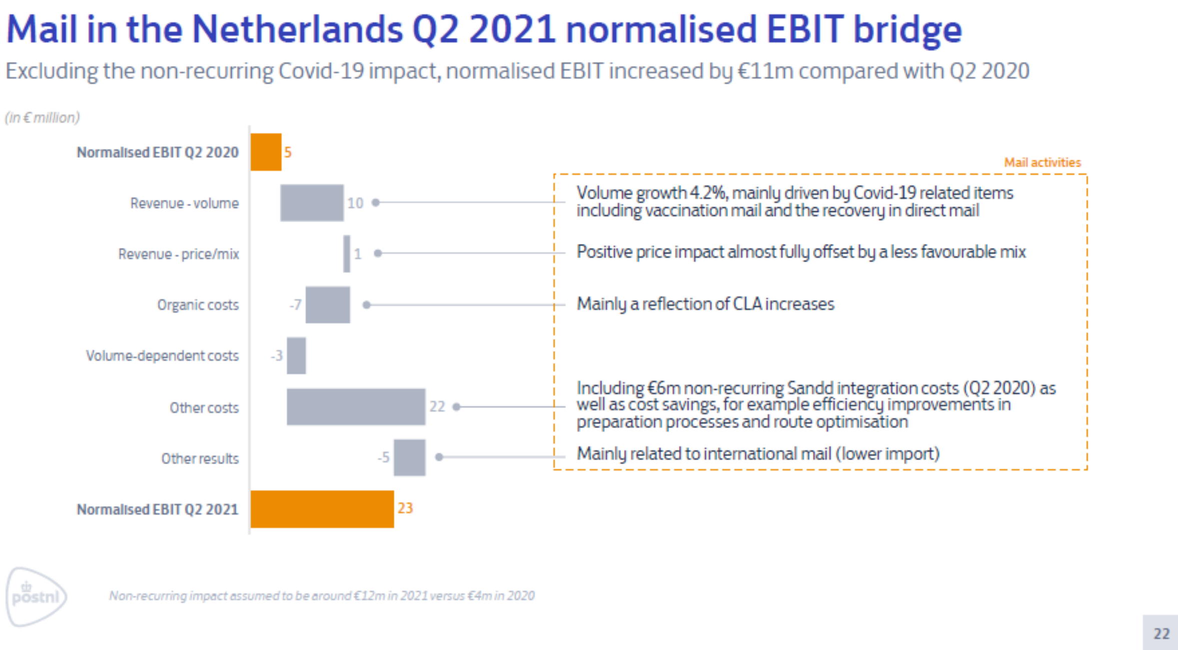
Organic cost increases in line with previous quarters, volume-dependent costs, likewise, then another cost bucket with EUR 18 million of additional costs, and that can be easily explained by a couple of elements that I would like to spend a few minutes on.

If you look back at the last six quarters, we have done everything we could to stretch the network to accommodate the growth of our customers as best as possible, but it's also a bit of time now to rebase the network to accommodate the future growth that is ahead of us in the next peak period. So, we have added a bit of cost to ensure that we can stretch the network once more in the outer part of the year.

Next to that, there is additional cost in relation to preparation of new capacity coming online also prior to Q4 2021. There are also 3 working days difference in comparison to last year. So all in all, that drives the other cost bucket here. The other results are a EUR 12 million plus driven by very good performance by Spring and Logistics.

If you look at the non-recurring part, and this year, we have seen, as Herna already indicated, EUR 14 million of non-recurring impact. If we, like we have done that in the first quarter, look at also the impact of Logistics and Spring in relation to non-recurring volume streams, the comparison to 2020 would be EUR 16 million in Parcels and EUR 9 million in Spring and Logistics, predominantly driven by non-recurring positive effects in the time-definite networks and the e-commerce fulfilment part.

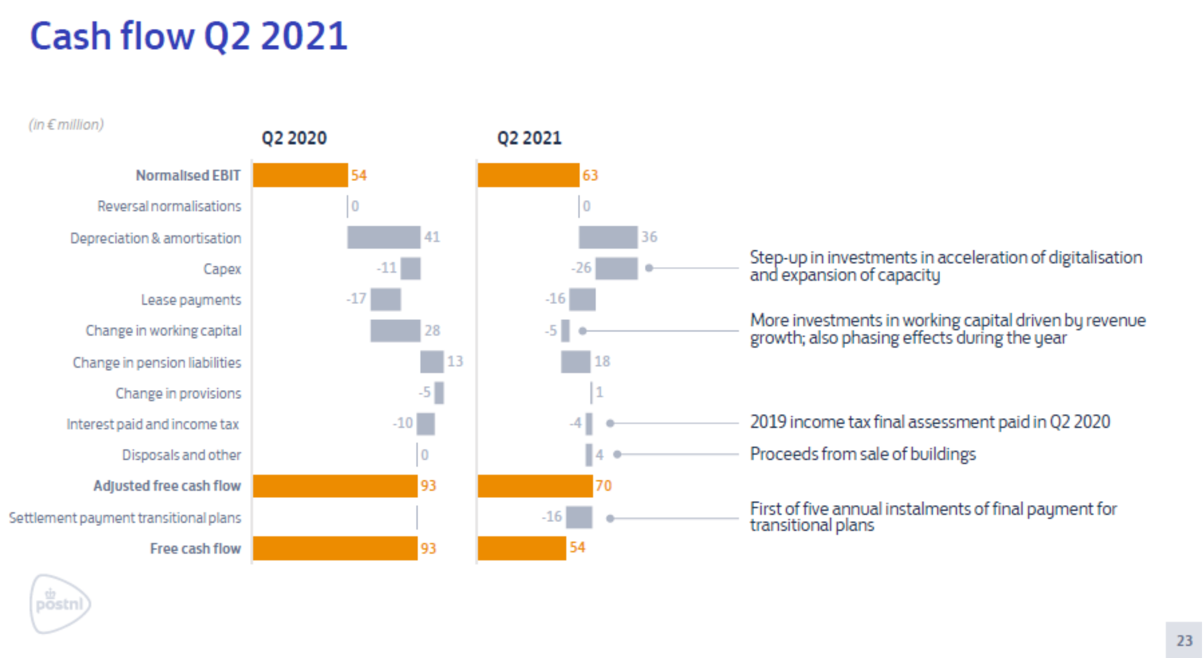
Now if you look at that quarter, the result of Parcels, you could say it is a deterioration of the margin in comparison to the first quarter of the year. That is true but it still turns a 9.5% margin and a half year result at 11.8%. Expectations for the full year are still about a 10% margin mark, which is 3 percentage points more than the margin in 2019. So all in all, if you look at a slightly longer time frame, we see significant improvements in marginality in the Parcels business that makes this business extremely valuable.



If we now look to the bridge of Mail in the Netherlands, you see the EUR 5 million of 2020 turning into EUR 23 million. There is a positive EUR 8 million additional non-recurring Covid-19 impact within the Mail segment, driven by the vaccination campaigns that Herna already talked about. So without it, an increase of normalised EBIT of EUR 11 million driven by 4.2% volume growth, a slight positive price/mix effect where the price impact being positive was almost fully offset by a less favourable mix. And remember, in Q2 in 2020, there were a lot of single items, greeting cards sent in the first period of Covid-19, where people were refrained from visiting their friends and family.

Organic costs, a reflection of the CLA increases, volume-dependent costs in line with normal developments and a huge improvement in other costs of EUR 22 million, of which EUR 6 million is driven by the non-recurring Sandd integration cost in the second quarter last year. EUR 6 million additional cost savings in the operational processes, EUR 4 million additional cost savings on indirect and some other effects that are part of this other cost bucket as well.

On the International side, we see a deterioration of the profit, and that is predominantly driven by lower import flows in the cross-border environment. All in all, a very good performance of the Mail business.



Then we turn to the cash flow on slide 23. From a normalised EBIT of EUR 63 million, we get to an adjusted free cash flow of EUR 70 million.

What you see is quite clearly in comparison to last year, a step-up in CapEx, which is from EUR 11 million to EUR 26 million. In working capital, there is a negative in this period in time of which the largest part is phasing, which we expect to see back in the second part of the year. We have paid the first of five annual instalments for the transitional plans already in the second quarter of this year just to optimise the financing cost and negative interest rates.

So also on cash flow, an important performance that we are happy with. Looking back now, then how does that reflect to the balance sheet, and that is on slide 24.

Strong financial position

Adjusted net debt at €239m

(in € million)	3 July 2021
Intangible fixed assets	344
Property, plant and equipment	358
Right-of-use assets	291
Other non-current assets	44
Other current assets	437
Cash and cash equivalents	806
Assets classified as held for sale	9
Total assets	**2,289**

	3 July 2021
Consolidated equity	*342*
Non-controlling interests	*2*
Total equity	345
Pension liabilities	70
Long-term debt	696
Long-term lease liabilities	281
Other non-current liabilities	62
Short-term lease liabilities	63
Other current liabilities	772
Total equity & liabilities	**2,289**

- Adjusted net debt up €15m to €239m (Q1 2021 €224m): 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
- Total comprehensive income Q2 2021: €56m (Q2 2020: €37m)
- Total normalised comprehensive income Q2 2021: €57m (Q2 2020: €35m)

24

Adjusted net debt up EUR 15 million to EUR 239 million, obviously impacted by the cash dividends that were paid. Total comprehensive income of EUR 56 million, normalised comprehensive income for the quarter at EUR 57 million, which means that year-to-date, we are at a normalised comprehensive income of EUR 169 million, obviously, the basis of our 70% to 90% dividend pay-out policy. Today, we have also announced a 2020 interim dividend of EUR 0.10, which in accordance to the policy is one third of our 2020 dividend. On dividend expectations full year 2021, I will get back when I discuss the 2021 full year outlook.

2021 outlook and guidance

And let's turn to that straight away.

2021 outlook and other main financial indicators

FY 2021 outlook for normalised EBIT increased to between €280m and €310m

(indicative only, in € million)

	2020	2021 outlook	2021 outlook (26 April 2021)	2021 outlook (9 August 2021)	remarks
Outlook					
Normalised EBIT	**245**	205-225	> 250	**280-310**	including ~(30)-(35) for digital NEXT and increase in non-cash pension expenses
Free cash flow*	**186**	200-230	> 225	**250-280**	including ~(20)-(25) for digital NEXT and subject to ability to utilise deferred tax assets
Other main financial indicators		2021 indicative			
Capex	(78)	(140) - (160)	(140) - (160)	**~(160)**	
Changes in pension liabilities**	(166)	~ 55	~ 55	**~55**	Δ pension expense and pension cash contribution
Normalised comprehensive income	197	~ 200	> 225	**250-280**	developing in line with normalised EBIT

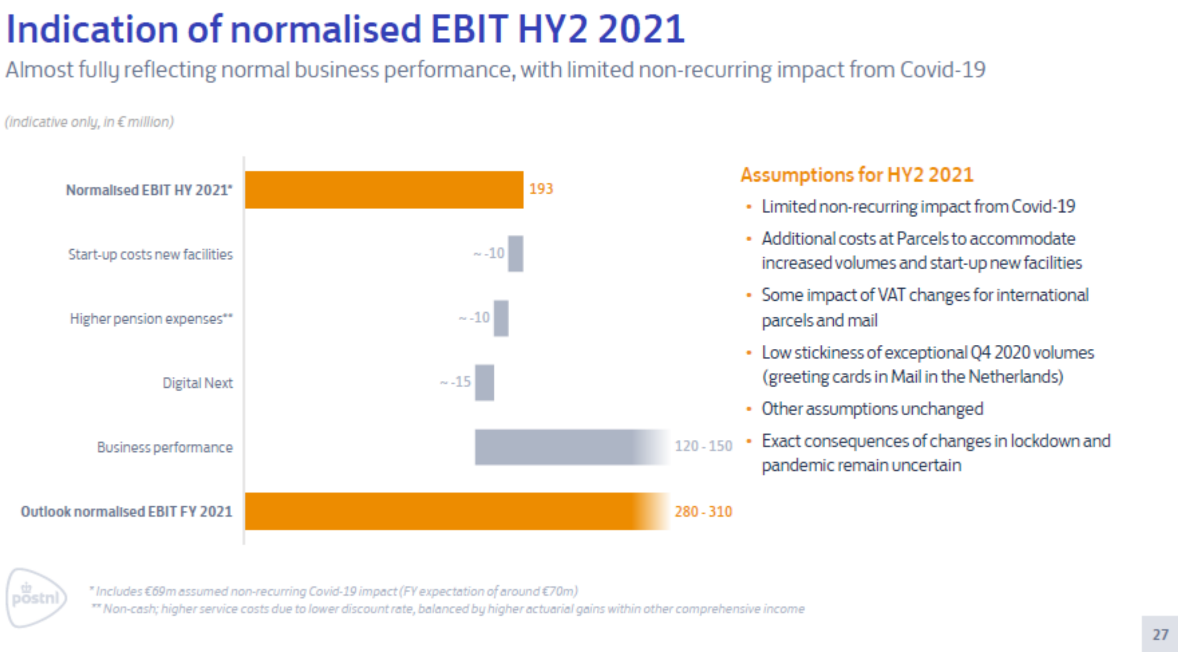
- Assumed non-recurring impact related to Covid-19 around €70m in 2021

* Cash flow before dividend, acquisitions, bond redemption/other financing activities, after payment of leases
** Including payment for settlement of transitional plans of €200m in 2020 and €16m in 2021

We have raised our outlook from at least EUR 250 million to EUR 280 million to EUR 310 million, which includes a negative of EUR 30 million to EUR 35 million for both Digital Next and an increase in non-cash pension expenses. The step-up in normalised EBIT in comparison to the previous outlook will also impact the free cash flow positively and will turn into cash in the same way towards EUR 250 million to EUR 280 million for the full year.

CapEx is expected to increase to EUR 160 million, within the bandwidth but the higher end of the bandwidth that we previously communicated. There is no change in pension liabilities. Normalised comprehensive income will be up to EUR 250 million to EUR 280 million as a consequence of a higher normalised EBIT.

And if you take that EUR 250 million to EUR 280 million and apply the dividend policy, you will get to a dividend per share of about EUR 0.40, a level at which we believe we will be able to pay out sustainably. I think this is a very nice dividend return on the back of a share price about the EUR 4.50 mark. Even with a bit of dilution, I would say that is an attractive return.

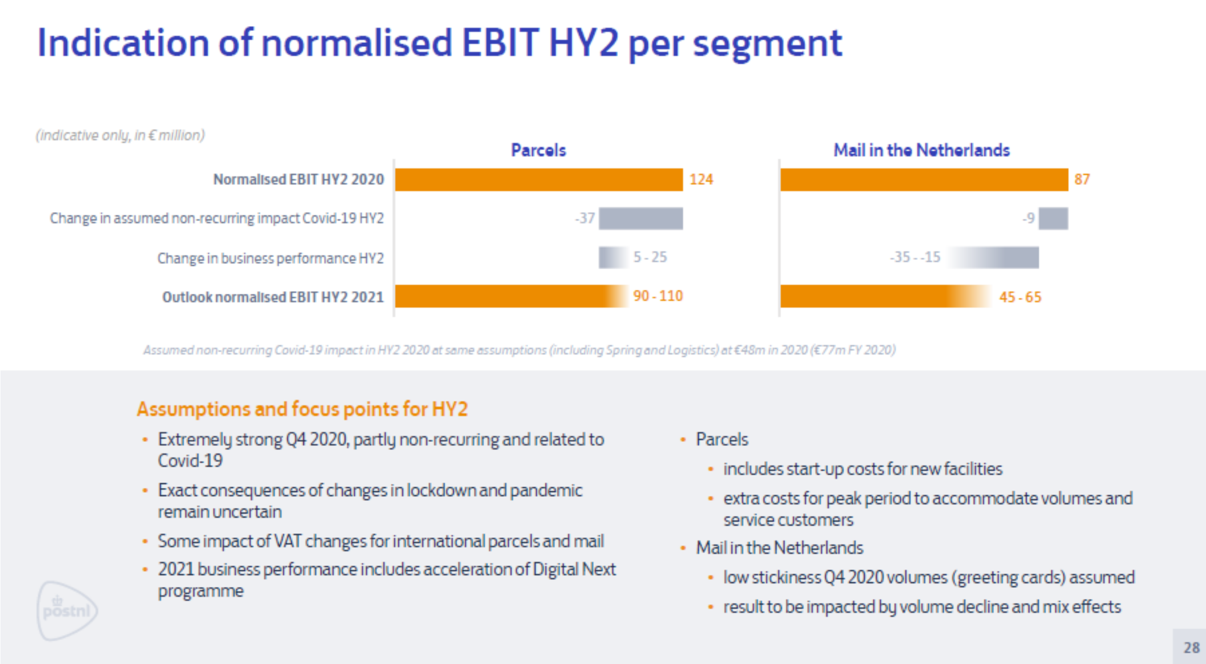


Then let's look at the expectations of the second part of the year on slide 27. The half year result is at EUR 193 million, which is, Herna already talked about it, roughly EUR 90 million more underlying business-wise than in 2020. We will have additional cost in the second part of the year for new facilities of EUR 10 million, higher pension expenses of EUR 10 million, a step-up in Digital Next cost of EUR 15 million, and then EUR 120 million to EUR 150 million business performance to be added on top of the EUR 193 million.

We do not expect a material impact from non-recurring Covid-19 impact in the second part of the year. We are now at EUR 69 million for the first half year. There might be a little bit of additional volume in Mail driven by vaccination campaigns for the younger people but that will not be materially more than the roughly EUR 70 million in total that we have guided for.

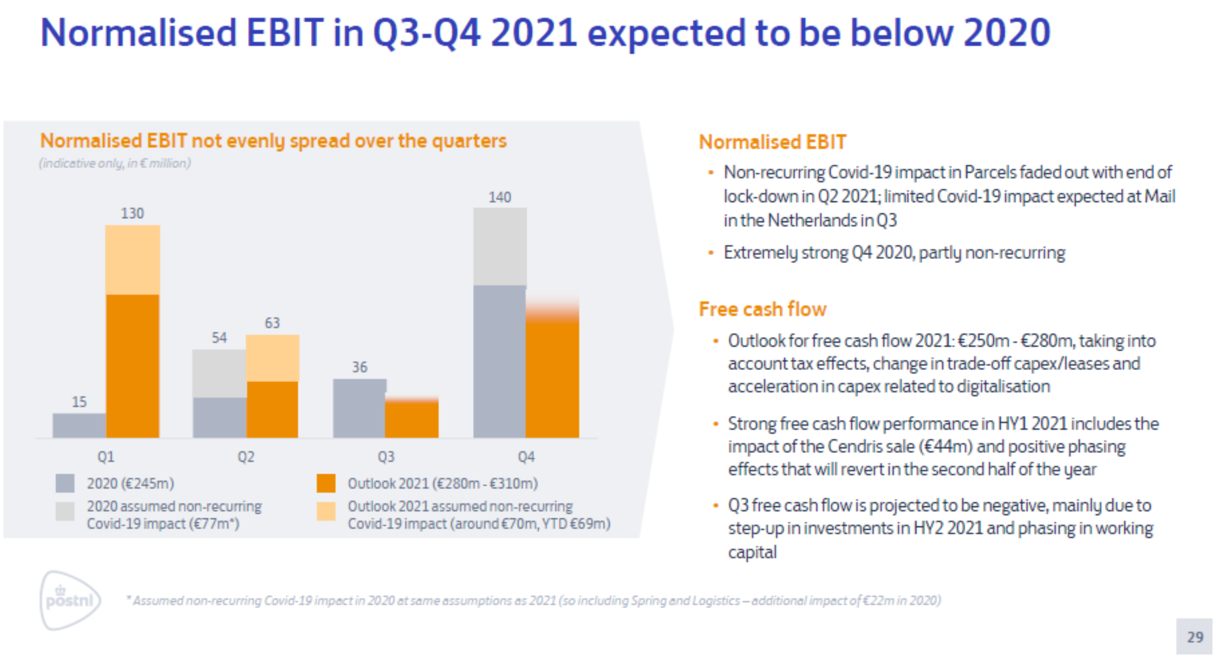
We expect some impact of the value-added tax changes for international parcels and Mail, driven by the exemption of low threshold value-added tax that has now been gone as of July 1.

A key question is the level of stickiness in relation to the Christmas cards and the exceptional performance on those that we have seen in the last quarter of 2020. That is of course less easy to predict in comparison to our Parcel volume developments. As Herna already said, it is of course doubtful what will happen in the second part of the year in relation to the pandemic. But all in all, quite a good business performance as we see it for the second part of the year.



Now let's dive into that segment by segment. This slide tries to explain how the different segments will evolve from half year 2020 to half year 2021. First and foremost, let's look at Parcels from EUR 124 million. There is a change in non-recurring Covid-19 impact in the second half of the year of EUR 37 million and an improvement of business performance of EUR 5 million to EUR 25 million, which brings the normalised EBIT for the second part of the year to between EUR 90 million and EUR 110 million.

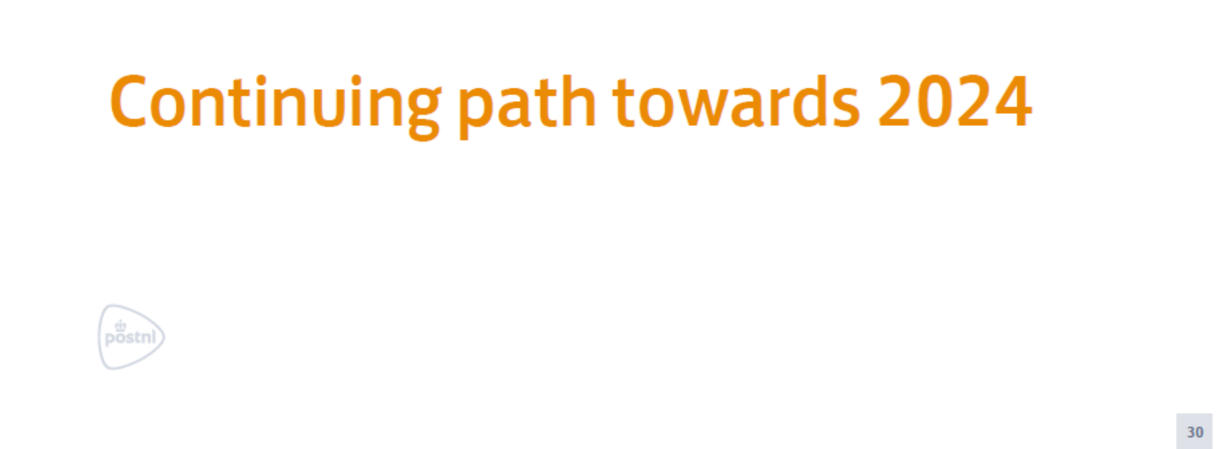
For Mail, it is a EUR 9 million change negative and a deterioration of the business performance in comparison to last year of EUR 15 million to EUR 35 million. The EUR 15 million to EUR 35 million can be explained by a couple of components. If you look at the domestic business, volume decline and organic costs are compensated by cost savings, but we have seen a temporary deterioration of our cross-border import flows, lower results from terminal dues and as said, three working days less that also come into play here.



Then we go to slide 29 to show the quarter-by-quarter comparison. As said, on normalised EBIT we do not expect within Parcels any non-recurring Covid-19 anymore for the remainder of the year and only very limited Covid-19 impact at Mail in the Netherlands, a little bit in Q3. A very strong Q4 2020, that was driven by a very big non-recurring Covid-19 part.

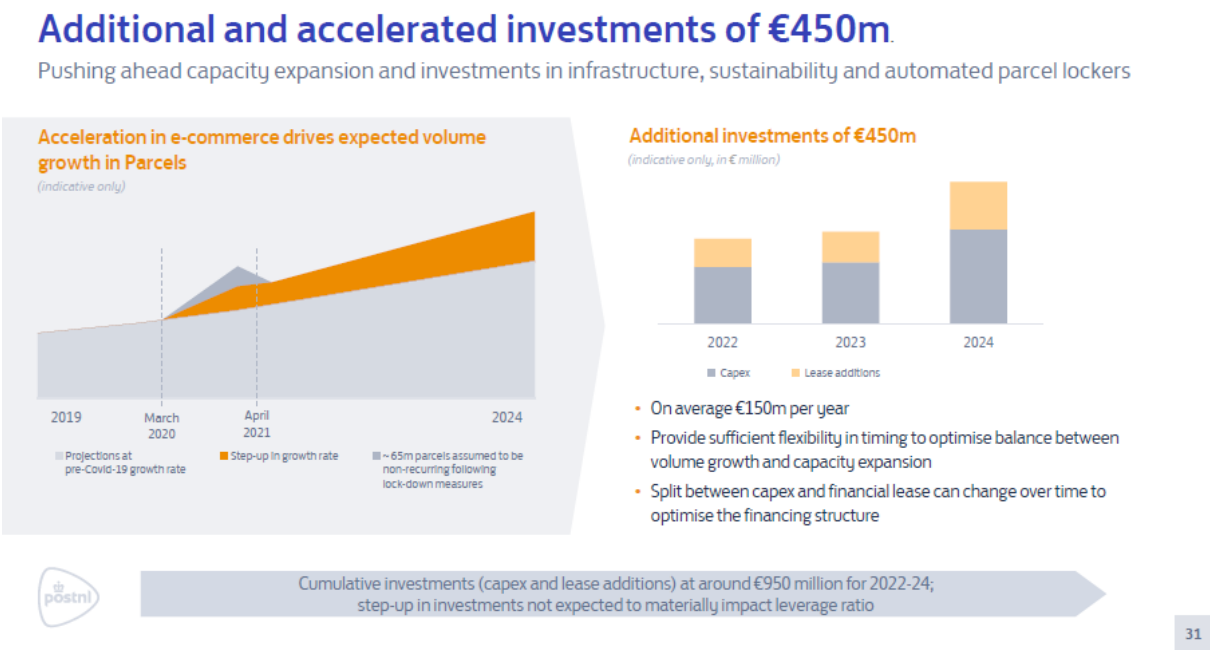
Important to note that here, we have explained the 2020 non-recurring Covid-19 impact at EUR 77 million, applying the same methodology on the non-recurring Covid-19 impact that we have seen in Spring and Logistics, as we talked about it in the first quarter of this year.

On cash flow, we look at an outlook of EUR 250 million to EUR 280 million, where the first half year had a very strong contribution to that full year number. What changes in the second part of the year is will not have the impact of the sale of Cendris anymore. We will see a step-up in CapEx for the second year, quite considerably in comparison to the first half year, and there are some more tax effects in the second part of the year. All in all, a very good cash flow for the full year is expected.



Then let's look at how that outlook for 2021 brings us further.

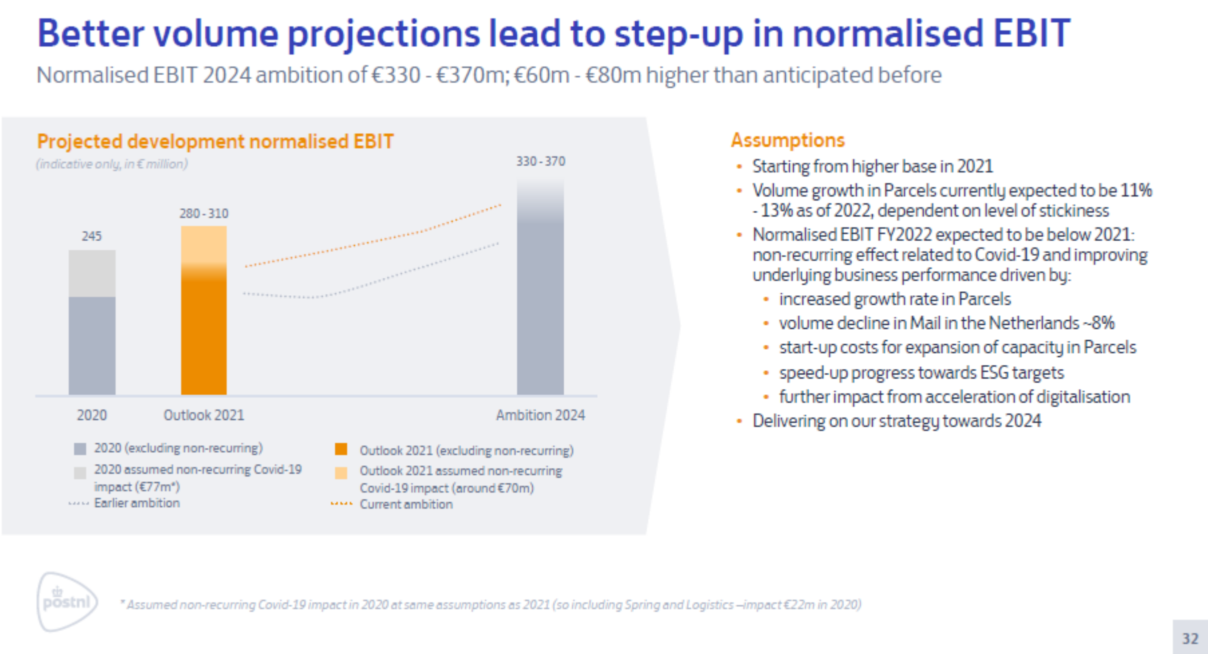
Additional and accelerated investments of €450m



A key component of the message today is that driven by the higher volume that we have been distributing and the higher volume expectations in the Parcels business of 11% to 13%, we will accelerate our level of investments with EUR 450 million.

As I said, that is driven by carrying significantly more volume over the next three years than originally anticipated, which is good news because that additional volume will bring additional results but it does take a step up in our investment levels. If we talk about investments, it is always a combination of CapEx and lease additions. Roughly speaking one third of that amount is lease additions and two thirds is CapEx. What is really important to understand is that this is not a one-time investment decision; here are multiple investment decisions that all in all cumulate to this number that we can take. There is a lot of flexibility in it in terms of timing, and we can see where we end up with volume growth expectations to balance the level of investments to it accordingly.

Another important point is that, that step-up in investments will not lead to a deterioration of the leverage ratio. In other words, we were able to fund this additional investment from the cash flow that we generate and as such, actually contributes to the value of the company because the leverage ratio will remain unchanged, profit will be significantly up, which will also lead to higher dividend pay-outs.



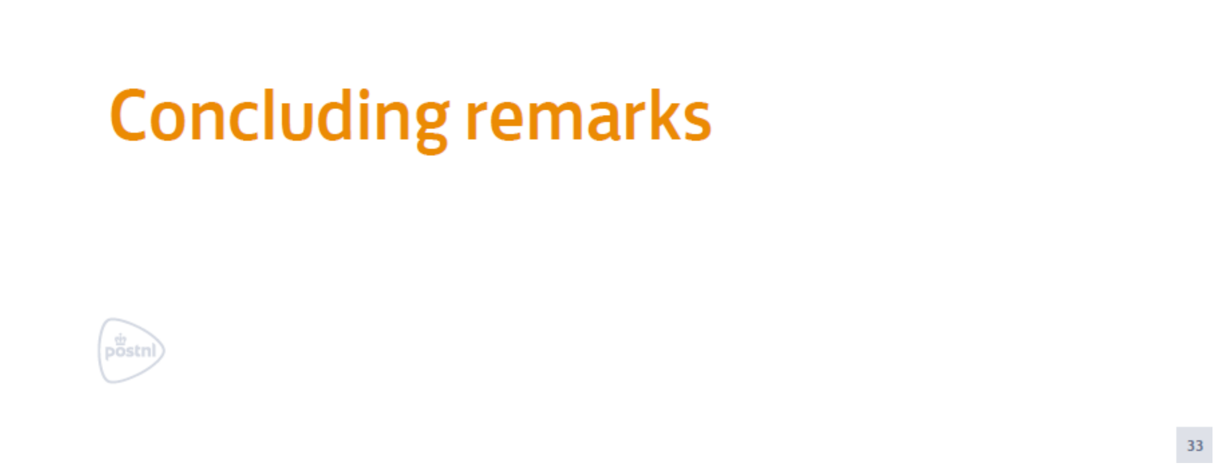
On the next slide we look at the development from 2021 towards 2024, the EUR 280 million to EUR 310 million. The first step is going to be a step down from 2021 to 2022; take out, roughly speaking, the EUR 70 million non-recurring Covid-19 but then add back improvement of business performance of roughly half of that, and that is going to be the starting point for 2022.

The trajectory of growth will remain the same or comparable to the trajectory that we have discussed earlier but starting from a higher starting point. That will grow towards EUR 330 million to EUR 370 million of normalised EBIT by 2024, which is EUR 60 million to EUR 80 million higher than earlier indicated. If you talk about the EUR 60 million to

EUR 80 million more then roughly speaking, EUR 40 million to EUR 45 million will be driven by improved performance of Parcels and about EUR 20 million to EUR 25 million will be driven by better performance of Mail. Remember that the original EUR 80 million to EUR 100 million step-up was driven 50%-50% by Digital Next initiatives and business performance, offsetting a negative pension expenses.

So you will end up with a profit of EUR 330 million to EUR 370 million. If you then assume more than EUR 200 million of depreciation and amortisation, you are talking about a business that turns more than EUR 550 million EBITDA by the end of 2024. Whatever multiple you want to apply to that, it leads to quite a lot of growth potential if you talk about valuation.

Those are the key components of this graph, obviously driven by 11% to 13% CAGR growth expectations for Parcels and assumed around 8% volume decline for Mail. It includes the speed up of our investments, both in terms of CapEx but as well in OpEx, on our ESG targets, and that I think is a very attractive perspective going forward.



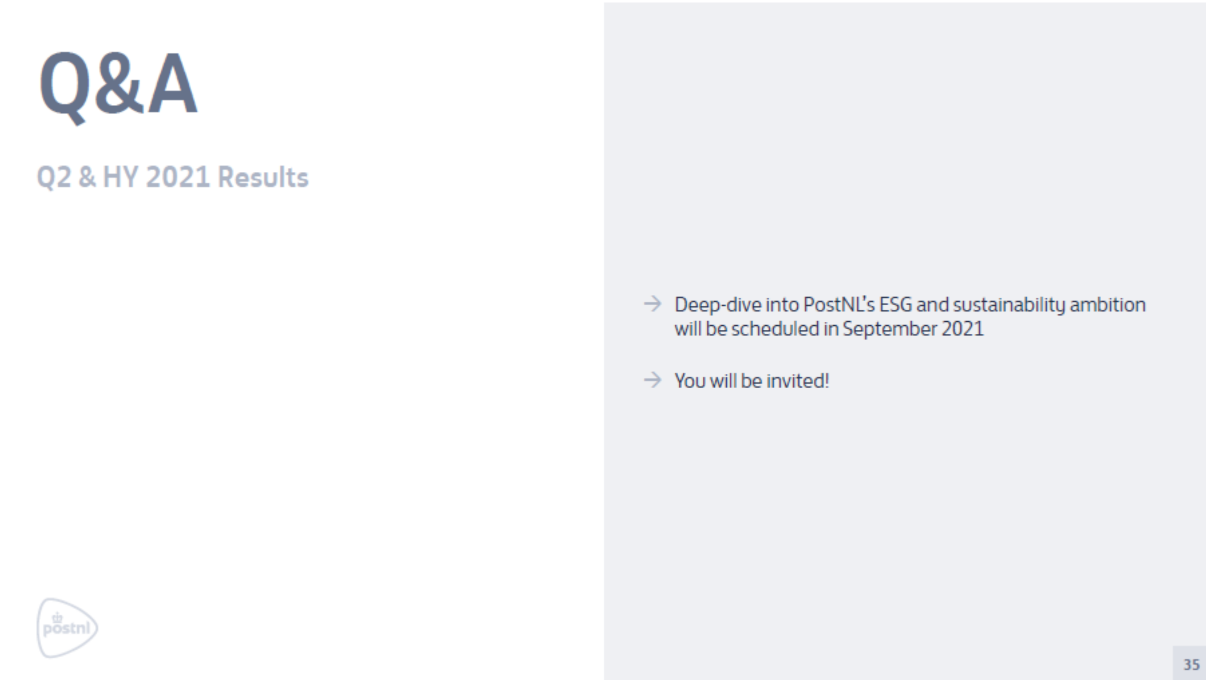
Now back to the concluding remarks and I am going to try to simplify this in my own words.

We are looking at a very strong half year result. We are looking at a step-up of profit for the full year, which turns into a higher comprehensive income and as such, leads to a dividend of about EUR 0.40 per share. The underlying improvement of performance very significantly if you compare that with 2020. From 2021 to 2022, there will be a small step down, basically half the size of the non-recurring Covid-19 part with a big step-up towards 2024 in terms of normalised EBIT, EBITDA, which for us is a very, very attractive perspective.

The additional investments do not come at once. We are flexible in the way we will take those investment decisions, and those will not have a significant impact on the leverage ratio.

On that note, I will hand back to Jochem.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you very much, Pim. This starts the Q and A session.



- **David Kerstens – Jefferies**

Good morning, a couple of questions, please. First of all, on the expansion strategy. Can you give an indication how much capacity are you now adding? I understand you stretched the network last year and this year in the pandemic, which enables you to realise an EBIT of EUR 295 million, based on the increased guidance. Are you saying now that you need to invest EUR 950 million in addition to increase that level further to EUR 330 million to EUR 370 million? That seems quite a large investment compared to a relatively smaller increase in your EBIT expectation. How should we see that? And should we look at the expansion CapEx of EUR 450 million? I think that is adding about 30% to your invested capital. I am assuming that is even larger in Parcels, if you exclude the Mail side of investment capital. That is the first question.

Then secondly, the 2022 guidance for Mail volume and Parcels, 11% to 13% for Parcels. I understand that is from an elevated basis, including positive Covid-19 impacts. What would be the underlying growth? And is that the new normal growth rate that you see in the market? The same for Mail, I think minus 8% does include the strong impact in the second quarter this year. What would be the underlying rate of substitution? Is it now materially lower going forward at minus 6%?

Finally, a question on your parcel locker strategy, an increase by a factor 10 to 1,500 lockers. Is that the end game? Or is there still potential for further increase? In Germany, they announced 12,500 lockers for population 5 times the size. How much parcel volume do you expect to go to these lockers once you have 15,000 lockers in place?

Pim Berendsen – CFO PostNL: Maybe let's start with the first question. If we talk about the additional investments we talk about EUR 450 million more than in our previous plan. That EUR 450 million is driven not only but to a large extent by the higher volume that we already carry partially in 2021 and the improved perspectives on growth going forward. But next to expansion in Parcels in terms of sorting capacity, it is also roll cages, vans and what have you. As is the step-up in ESG investments, roughly speaking, about EUR 50 million of investments, to ensure that we deliver upon our ESG targets and accelerate the trajectory towards them. We believe that is very important. Next to that is the step-up that you talked about in parcel lockers, which basically is also a EUR 30 million to EUR 35 million investment. So, a couple of components drive that step-up of investments. EUR 60 million to EUR 80 million additional profit coming from those additional investments in itself is a pretty attractive return.

If we look at our return on invested capital, that will still easily exceed significantly our WACC. So we will still be beyond the 10% to 11%, 12%, for the years. So all in all, the fact that it is flexible, and we can determine based on the volume expectations to do a bit more or to face it differently is actually a very attractive way to utilise the room that we have on our balance sheet to invest. Since all of those investments will actually contribute to the bottom line and make our proposition as the favourite deliverer in the Benelux even stronger.

David Kerstens – Jefferies: Do you have a ballpark of how much capacity is being expanded? I recall when you announced the small parcel sorting center, you talked about 40% additional capacity that would come online this year and next year. So how much capacity will come online after this.

Pim Berendsen – CFO PostNL: Let's make sure that we are not mixing up capacity with volume because, the volume is not evenly distributed over the months and periods of the year. So roughly speaking, capacity, you could say is, on average over this time frame, about 100 million capacity per year is added. If you talk about volume, as how we look at it from the 11% to 13% CAGR, so that is over the average over the next three years; that will add around 125 million to 175 million of volume.

Herna Verhagen – CEO PostNL: And to add to your point around the small parcel sorting center, as we said, more or less 40% of our volume could be sorted in the small parcel sorting center. That is not the amount of volume we expect to do. What we said by then, that is more around 15% to 20% of our volume that will be sorted in our small parcel sorting center. A bigger percentage is applicable to that sorting center. It gives us the opportunity to bring more to the small parcel sorting center than the 15% to 20%, which we communicated earlier. And if you think about the expansion strategy, as explained by Pim, part of that investment money will also be used for the expansion of our small parcel sorting center.

Then coming back to your question around volume. The volume forecast we give for Parcels, the 11% to 13% does not include Covid-19 effects. This is the expectation we have going forward and take into mind that the stickiness is important for the next coming period. 11 to 13 is the percentage, which we expect for the next coming years.

For Mail in the Netherlands, we only gave a view on 2022 and that is also an effect which is cleaned for all Covid-19 effects. So we expect a substitution in 2022 of around 8%.

David Kerstens – Jefferies: So, we should take the volumes excluding the Covid-19 effects?

Pim Berendsen – CFO PostNL: Yes, but let's go back. The underlying substitution for 2021 second quarter is at, what Herna explains, around the 7% substitution rate. We expect for 2022 a substitution of around 8%. Originally, we have set an 8% to 10% substitution expectation. So from there on, it is a slight improvement, but still about the 8% underlying substitution is what we do expect for 2022.

Herna Verhagen – CEO PostNL: Then your room for expansion in Parcel lockers after 2024. Our first ambition is to make sure that those 1,500 parcel lockers are placed by the end of 2024. Take into account before you compare the Netherlands to Germany, that the size of the country, and therefore also the size of the rural areas in the Netherlands is a bit different from Germany. Is there opportunity for expansion after 2024? I would say, in general, the answer is yes. But let's see by that time how the market has developed, what could consumer preferences are, how they have developed and then take a decision on that.

David Kerstens – Jefferies: Okay. Understood and what percentage of volume do you expect to go through these lockers when you have 1,500 lockers in place?

Herna Verhagen – CEO PostNL: We did not forecast the exact percentage of volume, which goes through the lockers. What we did do and that is how we came to the 1,500 , but also the build-up over the years; if you want to use those lockers efficiently, you have the opportunity to fill them to a certain rate and that is how we calculate the amount of lockers. the end, that is also how we will position those lockers over the Netherlands, so that we can reach a certain efficiency rate with the lockers.

David Kerstens – Jefferies: Thank you.

- **Frank Claassen – Degroof Petercam**

Good morning, two questions, please. First of all, on your medium term, the 2024 increase, EUR 60 million to EUR 80 million. Part of that will be driven by Mail, I understood. But I am trying to understand the drivers. Is it particularly the lower Mail volume decline you anticipate, of 8% instead of the 8% to 10%? Or are there also more cost savings? Or what is driving this view on mail? That is the first question.

Secondly, on the parcels growth for 2021 this year, the remainder of this year, what do you expect for second half? Is this also in line with this 11% to 13% or do you expect more? And the price/mix effect was rather negative in Q2. Do you expect that to continue or can we expect some easing there?

Pim Berendsen – CFO PostNL: On the first question, Frank, the improvement in Mail is driven by indeed partially a lower substitution rate that we just discussed from 8% to 10% and partially a change in the mix of the products we carry with a positive average price component that also in revenue terms will contribute a bit more than originally anticipated. So that is the first question.

Frank Claassen – Degroof Petercam: Do you expect difference in the savings you have targeted, the synergies with Sandd?

Pim Berendsen – CFO PostNL: No, the synergies are unchanged. They are at the maximum run rate. That is what we see in the 2021 cost savings and we are realising our cost-saving ambitions for 2021. That does take a step-up from 2021 to 2022 that we previously talked about, but there are no changes in those assumptions that drive the step-up in business performance that we just talked about. So the improvement is driven by volume and the product mix component within Mail.

Herna Verhagen – CEO PostNL: Your second question was around parcel growth by the second half year of 2021 and what our expectations are for the second half of the year. It is more or less in line with our growth forecast, we already gave. But it is important to understand in the second half year is what the exact stickiness is of behaviour of consumers after Covid-19.

Then back to the price/mix effect. In the second quarter last year we had quite some small customers with parcels and consumers that we did not see coming back – to be honest, not expected to come back – in the second quarter of 2021. Also, for the remainder of the year, we expect that big customers are growing a bit faster than the smaller ones.

Frank Claassen – Degroof Petercam: So is it fair to assume a small negative price/mix effects still to continue in the second half?

Herna Verhagen – CEO PostNL: Yes. The answer is yes.

Frank Claassen – Degroof Petercam: That is helpful. Thank you very much!

- **Mark Zwartsenburg – ING**

Good morning. Just a quick follow-up on the Parcel volume, so I get the numbers right. Were you guiding for a slight acceleration then in Parcel volumes for the second half if you refer to the 11% to 13%? Is that correct? Does the plus 20% to 23% guidance that we had at Q1 still stands for the full year? That is my first question.

Pim Berendsen – CFO PostNL: Yes. It is still around 23% underlying volume growth within Parcels, more or less about that mark indeed.

Mark Zwartsenburg – ING: And for Mail, to get that also clear, the 8% substitution for next year is excluding the positive impact you currently have from the Covid-19 volumes, so we should add an additional decline for half year comps. Is that correct or not?

Pim Berendsen – CFO PostNL: No, it is the other way around. We expect a substitution effect of around 8% for 2022. Of course, the 2021 performance and the volume growth that we have seen is impacted by the non-recurring Covid-19 effect. But the underlying substitution, as Herna said, is around 7% for the half year.

Mark Zwartsenburg – ING: But for 2022, we have a substitution effect and you have tougher comps from the Covid-19 tailwind that you have in 2021? Or am I now thinking in the wrong direction? Because you had plus 4%, for instance, now in Q2?

Pim Berendsen – CFO PostNL: We need to be careful that we are not taking half years and annualising them. So for the full year, we still expect a volume decline for Mail because, as said, in Q3 and Q4, we will not have that much of a non-recurring Covid-19 effect anymore and substitution will continue. Also, there are three working days less in the second part of the year as well. Let's say that the full-year volume development in Mail is expected to be about 4% to 5% volume decline mark, which is then still based on the substitution level of around 8%.

Mark Zwartsenburg – ING: Yes. Okay. Well, we will get to this offline later on. Then on the news today with the government looking at sending mail letters so people can opt for self-test to be delivered at our houses. I assume that it is one letter and if you opt in, you can another one or two letters. That could be 15 million in volumes, added to the second half. But you are actually saying we have a limited impact built in the Mail division for Covid-19 support in the second half but is this news then new to you as well? And should we add that to the second half because that could be quite a tailwind?

Herna Verhagen – CEO PostNL: No, it is not new to us of course and we did built it in. I think you are too positive about the response rate on mailings. We do not take into account that 100% of the households in the Netherlands will start asking for those self-tests. We did take into account a mailing to the households in the Netherlands, and that is what we also will distribute over the next coming weeks.

Related also to what Pim said when he talked about the Covid-19 effect over the full year 2021, by far the biggest part is seen or was seen in the first half year of 2021. A very small part is still to be seen within Mail in the third quarter. He meant of course this mailing.

Mark Zwartsenburg – ING: Okay. But that should be a bit bigger than being just small because every household gets this notification. Then you have to react.

Herna Verhagen – CEO PostNL: You know of course what the average revenue per letter is. Secondly, we say 'small', when you think about the EUR 70 million or EUR 68 million, EUR 69 million we had in the first two quarters. So you have to relate it to the EUR 68 million to EUR 69 million we already have seen as a Covid-19 effect. For the rest, I fully agree, let's stimulate people to receive positively to this mailing because that is helpful.

Mark Zwartsenburg – ING: That is because you can get something for free and maybe the response rate is higher.

Herna Verhagen – CEO PostNL: Surely you are Dutch!

Mark Zwartsenburg – ING: But it takes me to the guidance for Q3 because you are basically guiding for a lower result in Q3. But last year, Q3 was also not that impacted by Covid-19 because the lockdowns ended. Can you explain me why the results should be lower than in Q3?

Pim Berendsen – CFO PostNL: Additional pension expense, preparation costs of the new facilities in Parcels coming live and additional digital next costs that were also not there.

Mark Zwartsenburg – ING: That is right. And then maybe another one on the Digital Next. EUR 30 million to EUR 35 million OpEx this year, was not that number initially a little bit lower for this year? So, from 2022 into 2021?

Pim Berendsen – CFO PostNL: No. The EUR 30 million to EUR 35 million is the combination of Digital Next and the delta pension expense. There is no change in Digital Next, neither in terms of OpEx nor in terms of CapEx in 2021, in comparison to our earlier guidance.

Mark Zwartsenburg – ING: Okay, clear. Thank you, Pim and Herna.

- **Muneeba Kayani – Bank of America**

Good morning. Firstly, on the near term, can you talk a little bit about what you have seen in July so far, both on the Parcels and Mail side and what your customers are saying about peak season this year?

Secondly, just on your 2024 guidance. You have talked about parcel volume growth. How should we be thinking about the price/mix impact going forward? Are you thinking about price increases? How should we think about margin on the Parcels side of things? And similarly on Mail, you have talked about volume, but how should we be thinking about pricing and margins, please?

Herna Verhagen – CEO PostNL: When you talk about customers and how they look into peak season, they expect for Black Friday, Santa Claus and Christmas again, peak season in the Netherlands as well as in Belgium. That is also the reason we are preparing for that. As highlighted by Pim, some of those costs are seen in the second quarter and will be seen in the third quarter as well. So we expect another peak season this year. When it comes to July, we always say, you have to look into July and August to have a good feeling around volume development over Summer because how volume is pressed over the weeks very much depends on holidays in the Netherlands and Belgium. As you maybe know, we have spread holidays in the Netherlands, so it is not like in France or in Italy where everyone is on holiday in August. That is not the case in the Netherlands, so it is much more spread. So, it is difficult to say at this moment in time.

When it comes to Mail, it is the same answer. Except of the fact, as we just discussed that we expect in the next coming weeks, the mailing to households in the Netherlands, in which they can ask for free self-testers.

For Mail as well as for Parcels, we forecast price increases, of course. For Mail, those are crucial together with cost savings to keep the margin stable. So, that also answers your question on margins.

When it comes to Parcels, we forecast price increases, which was an important part of our Capital Markets Day strategy in 2019. When it comes to margins, I think Pim already gave quite a concrete answer on what we expect on margins this year and going forward.

Pim Berendsen – CFO PostNL: Yes. Around the 10% mark also for 2024.

- **Lotte Timmermans – ABN AMRO ODDO**

I have one question on the locker target and the potential financial impact. We know from another company that costs can be significantly reduced due to lockers. Of course, it is based on a completely different country, but have you looked into that? Could you get the ballpark estimates? And is this included in your 2024 guidance?

Pim Berendsen – CFO PostNL: Lotte, you were really quick. I think I had the context talking about the parcel lockers, but maybe just repeat the question one by one, if I can ask you.

Lotte Timmermans – ABN AMRO ODDO: Sure. It was indeed about the locker target and the potential financial impact. We know from another company that costs can be significantly reduced because you can ship more parcels using less drivers. Of course, they are completely different countries, so the assets will be completely different. Have you estimated what the potential cost reduction could be in the Netherlands and is this also included in your 2020 guidance?

Herna Verhagen – CEO PostNL: Okay and then I also understand what you are referring to. I think it is difficult to compare, and that has to do, first of all, with the country and the size of the country but secondly, also with what consumers are used to in the Netherlands. Consumers in the Netherlands are used to have their parcel within 24 hours at a hugely high quality, which was also different to the other country. So, their quality was helped and also consumers could get their parcels earlier when they drove to a parcel station. That is totally different in the Netherlands. So the amount of parcel lockers, we want to place in the Netherlands over the next coming years are, in our view, necessary to fill in consumer needs when it comes to certain flexibility, when and where and how you are going to pick up your parcel. Secondly, those parcel lockers are also important because we have 4,000 retail locations in the Netherlands and with the growing parts of volume, we also expect a growing volume for retailers. Sometimes you need overflow, which we can do with our parcel lockers. So, the way we have calculated with those parcel lockers is that they have financial impact when it comes to the investments but we did not take into account that they will lead to huge cost savings.

Pim Berendsen – CFO PostNL: But at the same time, just looking at it differently, it is an investment with a positive net present value and as such, leads to returns in excess of the WACC. Otherwise, you would not have a positive net present value.

Lotte Timmermans – ABN AMRO ODDO: Of course. Thank you. I have an additional question on parcel locker currently at 160 if I am correct. What is the percentage of volume currently delivered in those lockers? Is it still relatively small?

Pim Berendsen – CFO PostNL: It is very small and as I said, it is an additional option to deliver the parcels, but it is by far the smallest version. So I would say it is really small and then you talk a few percentage points.

Lotte Timmermans – ABN AMRO ODDO: Okay. And then an additional, quick question. I heard you set a split on the step-up of the guidance, the EUR 60 million to EUR 80 million, but I missed the numbers. Could you repeat that one, Pim?

Pim Berendsen – CFO PostNL: But then I will go back to the entire step-up just to make sure that we get it right. We have talked about in March, a step-up of EUR 80 million to EUR 100 million. That was driven 50% by Digital Next, and the other 50% by Parcels, offsetting a roughly EUR 25 million deterioration of pension expenses. On top of that, we will now add EUR 60 million to EUR 80 million. That EUR 60 million to EUR 80 million is roughly split into 40 million to 45 million Parcels and 20 million to 25 million Mail. Obviously, Parcels is driven by the higher volume growth and Mail is driven by slightly lower substitution and product mix effects.

Lotte Timmermans – ABN AMRO ODDO: Thanks. Very clear.

- **Henk Slotboom – The Idea!**

Good morning. Pim, I want to go back to where we started this Q and A session, the question of David, on the EUR 450 million. I am not sure if I got the numbers right. But there is a step-up in ESG investments of around EUR 50 million. There is a step-up in locker investments of around EUR 30 million to EUR 35 million. Did I understand it correctly that the balance of the EUR 450 million is what you spent on the additional capacity increase in Parcels?

Pim Berendsen – CFO PostNL: Yes, but that is not always leading to an increase in sorting capacity. So that is also roll cages and trucks. If you add number of depots, you might need to add cross docks. Each and every investment in itself will not lead to an increase in capacity. So it is the combination of those elements that allows us to do roughly EUR 125 million to EUR 175 million more parcels by the end of 2024 in comparison to 2021.

Henk Slotboom – The Idea!: And if I do my math correctly, then it adds up to EUR 370 million-ish what you are going to spend incrementally on Parcels. Now, if I go back to the slides of the capital market presentation in 2019, the Parcels deep dive, you were already anticipating a growth CAGR of around 14% in the period 2018, 2022. realize that in the past 16 to 18 months, there has been an enormous step-up in volumes, but the incremental amount you spent on capacity increases strikes me as relatively high in comparison to what you have been communicating before. Can you perhaps give me some more colour on that?

Pim Berendsen – CFO PostNL: Yes, that is what I tried to do just yet. Again, not every investment leads to an increase in capacity. The bigger the network becomes; you need cross-docking facility. That is partially, also in the lease additions, you sometimes rent spaces to allow for buffering and what have you, but that does not necessarily lead to an increase in capacity. Likewise, the bigger the network, the more volume, the more IT is required to sustain that infrastructure in a way that is flexible and gives you the best customer journey experience that we also seek for our clients. And let's not forget that we are already doing significantly more volume then assumed by 2019 in that Capital Markets Day that you alluded to. Two years progressed in terms of volume that we carried. Next to that, there is also a bit of scarcity on raw materials, as I am sure you are aware of, Henk. That comes into play as well, as steel prices are up and building costs are a bit higher. So also, there are inventory elements in it, which basically means that you need to invest a little bit more for the same capacity at price points right now than at price points 2019. All these components lead to that step-up. It is not only parcels, the vast majority is parcels, clearly but if you then look at the step-up in performance, and you hear me say that this business will get to a 10% margin and will be at this level by the end of 2021 – which is 300 basis points more than by the end of 2019 – and we will be able to continue to drive the business about that margin level. I would say a significantly better top line development and a significant step of profit is actually a very attractive investment case.

Henk Slotboom – The Idea!: Okay. Clear. Then a couple of other questions if I may. First of all, on Spring. It had a fantastic run in the past, one year or so. Last time, during the analyst call, you said around 70% of it was e-commerce related and the vast majority of that comes from China. Now we have had some changes in the VAT. Nu.nl reported last week that you encountered some problems. I assume that is all included in the guidance you gave but do you expect a structural adverse effect from imports from China, for example, or rather from non-EU countries, which could affect the business model of Spring?

Pim Berendsen – CFO PostNL: There are a couple of components to that question. Spring is not only in this below the EUR 22 threshold. That type of volume is predominantly postal and it is probably driven by universal service flows. So that is much more part of also the Mail performs than only of Spring. At the same time, yes, we expect at least for the next few months, a significant step down of volume, whilst customers are trying to get used to this new system. There is a working system in place and if you look at the websites and the platforms that we work with, it functions, so you are still able to quite easily source products from China in a way that allows you to pay the value-added tax in the right way.

But what we have seen as well is that there has been a small spike prior to July 1, and it takes a bit of time for people to get used to it. We have assumed a certain deterioration of those volumes in the second part of the year. But this is an element that is not that easy to predict how it exactly will play out. It is not the stream that we earn the most margin on. We have made the best as we can estimation and that is part of our guidance and I do not see a big risk on that full year guidance that we have given here.

Henk Slotboom – The Idea!: Okay. And then a final question, if I may, and that is on the decarbonisation of the last mile. A couple of years ago, you already announced that you were aiming at CO_2 -free delivery in 25 cities in the Netherlands. Now a couple of months ago, there was an interview with your Dutch colleague from Utrecht working for a German firm and he said his company wants CO_2 -free delivery through the whole of the Netherlands by 2025. You had a magnificent lead over DHL and DPD because if you look at your mail network, that is almost 90% CO_2 -free. Have you lost the initiative here? And could you not risk being forced into a position that you have to step up your 2030 ambition to go to CO_2 -free delivery in the whole of the Netherlands?

Herna Verhagen – CEO PostNL: If you look into reputation, if you look into service, we do amongst customers and consumers, we are the favourite deliverer in the Benelux, and that is what we want to remain to be. There are certain aspects crucial in remaining that favourable deliverer and I think CO_2-emission free delivery is one. In my view the targets we have set for the next coming years are realistic targets and with the expansion in CapEx and OpEx, which we have now announced, we can accelerate it. That means that we can invest more in our electrical vehicles. But do know that we already have 1,300 electrical vehicles in place at this moment in time. So when you start comparing then I would say, compare the apples to the apples instead of stories to reality. That is how I look into it. I think and I believe that keeping the position we are in remains to be crucial over the next coming years, and it is one of the reasons, as we also communicated when we announced our Digital Next program, why we also will expand in digital. There in our view is the biggest relation with consumers and our customers to stay ahead of competition in the Netherlands.

Henk Slotboom – The Idea!: Thank you.

- **Ivar Billfalk-Kelly – UBS**

Hi there. In relation to your investment into Belgium with the opening of the new center in 2022. Can any of the 11% to 13% volume growth in Parcels that you are talking about, be directly allocated to increased operations in Belgium? Linked to that, within the context of your EBIT improvement range of EUR 330 million to EUR 370 million is it possible to quantify what proportion of that increase might be allocated to increased activities in Belgium? That is all I have.

Herna Verhagen – CEO PostNL: Yes. A logical question, but we do not split in our investments in Belgium and the Netherlands at all, although you can calculate a little bit of course because we are opening two centers in Belgium. The same goes for the margins we earn in Belgium and in the Netherlands. What we can say is that in the 11%

to 13%, growth in Belgium is included. Over the past half year but also in 2020 we saw that growth in Belgium was higher than in the Netherlands. Also there of course with a big Covid-19 effect, which is not taken into account when we talk about 11% to 13% and also not taken into account when we talk about the expansion in capacity.

We already opened seven sorting depots in Belgium and we will open a new sorting center in the beginning of 2022. The expectation at this moment in time is that also the second sorting and delivery center will be started to open by the end of 2022. So we expect volume growth to continue in Belgium as well.

Ivar Billfalk-Kelly – UBS: Thank you very much.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: We have time for one final question.

- **Andre Mulder – Kepler**

Good afternoon, I have two questions. On sheet no. 16, you seem to suggest that the volume decline in 2021 is something like 9.5%. Can you fill us in how that is built up?

Secondly, can you give us a bit more insight in the drivers for 2023 and 2024, split by the volumes and the price/mix effect? Do we expect that the volume increase in Parcels will be a similar 11% to 13% and that for Mail it will be less than the 8% for 2022? And maybe some comments on the price/mix as well?

Pim Berendsen – CFO PostNL: Andre, you have to help me with the 9.5% question because what we are looking at is a kind of a substitution rate of about 7% by the end of Q2, which we say will be, roughly speaking, around 8% going into 2022. So I just do not recognize the 9.5% marker you use.

Andre Mulder – Kepler: That is what I get from the columns that you produce on sheet 16.

Pim Berendsen – CFO PostNL: Yes, okay, but 9.6% is the 2020 number. So we see, an improvement in relation to the substitution towards about that 8% mark. That is also why I said that we were looking at 8% to 10% substitution rate. Now, now we see a slight improvement towards around 8%, driven by partially product mix, a combination of single mail still declining at higher rates but also, as Herna said, direct marketing bouncing back a bit, and some other product categories that are not declining as fast as they did in the past. So all in all, on average, leading towards a substitution of around the 8%. We have not explicitly said something about 2023 and 2024 for Mail. At this moment in time, this is what we are looking at.

On the Parcel side, let me remind everybody in the call that we are talking about a CAGR of 11% to 13% from 2022 to 2024 onwards. Pricing policy for both companies remain the same. The quite significant price/mix effect in Parcels in the second quarter is not something that we expect to continue on that size. There will always be a little bit of mix effect in it because bigger customers are expected to grow faster than smaller, but definitely not to the extent that we saw in the second quarter, given the fact that it was for a large extent, driven by a high level of single items in the second quarter of 2020.

Andre Mulder – Kepler: 11% to 13% is not only sold for 2022 but for the whole period, let's say, 2022 to 2024?

Pim Berendsen – CFO PostNL: Yes.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Andre, I am assuming that was your final question. Thank you very much all for joining us today. If you have any further follow-up questions, you know where to find us.

On a final note, we will have a next deep dive at the end of September, 30 September to be exact to talk about sustainability and ESG. We look forward to seeing you or meeting with you by then. Thanks very much again and see you next time. Thank you.

Herna Verhagen – CEO PostNL: Bye-bye.

Pim Berendsen – CFO PostNL: Goodbye.

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End of call.

Appendix

Q2 & HY 2021 Results

- Results by segment Q2 2021 and HY 2021
- Revenue mix Parcels per quarter
- Assumed non-recurring impact related to Covid-19 HY 2021
- Result development by segment HY 2021
- Adjusted net debt
- Cash flow HY 2021

36

Results by segment Q2 2021 and HY 2021

(in € million)	Revenue		Normalised EBIT		Margin	
	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021
Parcels	516	589	60	56	11.6%	9.5%
Mail in the Netherlands	393	389	5	23	1.3%	5.9%
PostNL Other	26	50	(11)	(16)		
Intercompany	(146)	(191)				
PostNL	**789**	**838**	**54**	**63**	**6.8%**	**7.5%**
	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021
Parcels	930	1,251	85	148	9.1%	11.8%
Mail in the Netherlands	788	855	9	82	1.1%	9.6%
PostNL Other	51	99	(26)	(37)		
Intercompany	(279)	(405)				
PostNL	**1,490**	**1,800**	**69**	**193**	**4.6%**	**10.7%**

Note: Normalised figures exclude one-offs in Q1 2021 (€(18)m) and in Q1 2020 (€17m) and Q2 2020 (€1m)

37

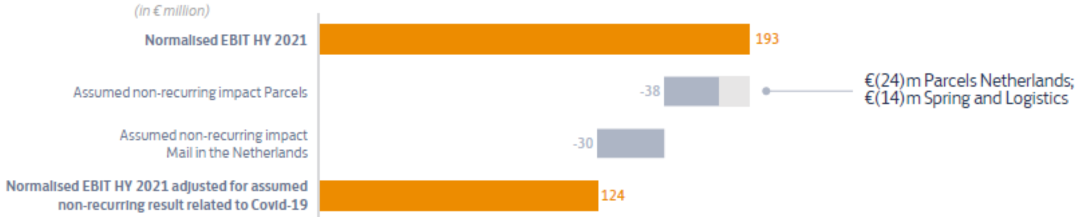
Revenue mix Parcels per quarter

(in € million)	Q1 2020	Q1 2021	Q2 2020	Q2 2021	HY 2020	HY 2021
Parcels Netherlands	277	444	354	383	631	828
Spring	68	145	84	131	152	276
Logistics solutions and other	81	102	92	100	173	203
Eliminations	(12)	(30)	(14)	(26)	(26)	(56)
Parcels	**414**	**662**	**516**	**589**	**930**	**1,251**

38

Assumed non-recurring impact related to Covid-19 HY 2021

Normalised EBIT €193m, of which around €69m assumed to be non-recurring result related to Covid-19



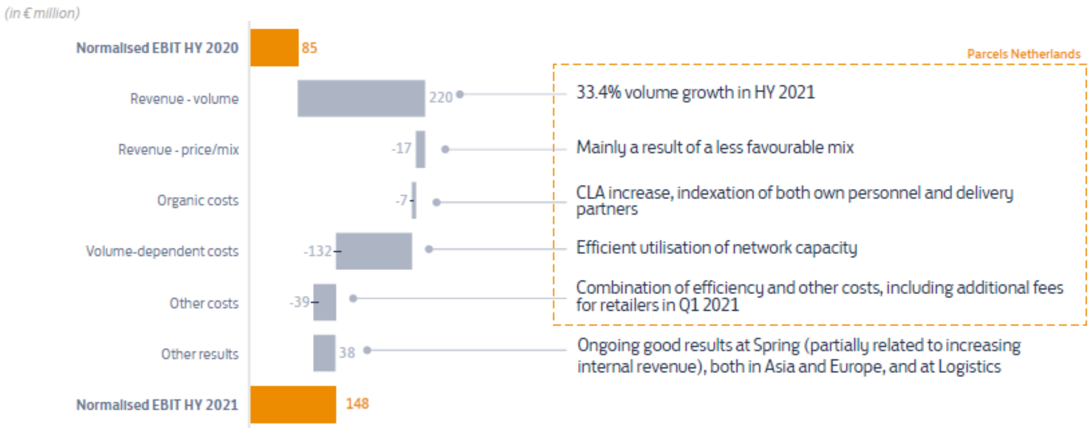
- HY 2020: Normalised EBIT €69m, of which around €29m non-recurring impact and related to Covid-10 (€16m Parcels Netherlands, €9m Spring and Logistics and €4m Mail in the Netherlands)

- 203m parcels delivered, of which around 37m assumed to be Covid-19 related and non-recurring (HY 2020: 152m, of which 9m non-recurring)
- Flexible yet robust business model, with additional measures (operating costs and investments) taken to accommodate growing volume
- Favourable volume development at Mail in the Netherlands, driven by recovery direct mail and non-recurring effects including voting by mail and vaccination programme
- Costs related to incentivising retail partners to remain open for parcel and mail services (around €15m)

39

Parcels HY 2021 normalised EBIT bridge

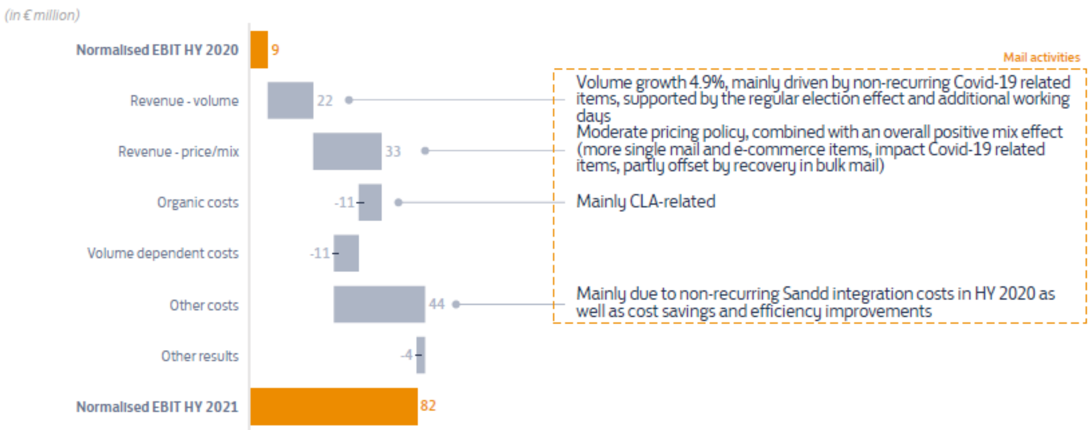
Up €63m compared with HY 2020



40

Mail in the Netherlands HY 2021 normalised EBIT bridge

Up €72m compared with HY 2020



41

Adjusted net debt

(in € million)	31 Dec 2020	3 July 2021
Short- and long-term debt	708	696
Long-term interest-bearing assets	(27)	(16)
Cash and cash equivalents	(651)	(806)
Net debt	**31**	**(126)**
Pension liabilities	86	70
Lease liabilities (on balance)	294	344
Lease liabilities (off balance)	66	17
Deferred tax assets on pension and operational lease liabilities	(70)	(67)
Adjusted net debt	**407**	**239**

42

Cash flow HY 2021