



PostNL provides update on its performance

PostNL today gives an update on its preliminary Q3 2022 results and expected performance for full year 2022.

Further deterioration of macroeconomic environment

Since the publication of PostNL's Q2 2022 results on 8 August, the global macroeconomic environment has further deteriorated, impacting many industries. Inflation has increased, with The Netherlands reaching a record-high level of almost 15% in September, while consumer confidence has dropped to an all-time low. This is negatively impacting consumer spending and is expected to continue in the quarters to come.

Slower volume development at Parcels

These unprecedented circumstances are translating into slower volume development of the parcel market than had been earlier anticipated, while PostNL's market share remains stable. The expected return to volume growth in volumes at Parcels did not materialise in Q3 and PostNL expects volumes in Q4 2022 to be in line with 2021.

Nonetheless, Q4 will be the strongest quarter of the year and the main driver for full year performance. On peak days, twice as many parcels will be delivered than on an average day.

Rising costs

Ongoing inflationary pressure results in rising fuel, labour and other costs. In light of the current CLA negotiations, labour costs will increase more than earlier anticipated. Overall, costs are increasingly high relative to volumes. PostNL is adjusting its network capacity with volumes within the limits of a tight labour market. The necessary flexibility for peak season will be maintained to safeguard customer and consumer service levels.

Mitigating actions

PostNL is taking all necessary initiatives to mitigate the impact from cost increases and a softer than anticipated volume development. The company is accelerating and intensifying its adaptive measures to improve efficiency and productivity. These include:

- Active yield management and price adjustments
- Reduction of indirect costs at Parcels
- Consolidation of collection routes and routes between sorting locations
- Adjusting investments (capex and leases) to align with volumes and strict working capital management
- Tight control of overhead costs: limiting and postponing project costs and a prudent approach to filling staff vacancies

The benefits of these measures are lagging given the speed at which the operating environment is changing, putting pressure on margins.

Preliminary Q3 results

As a result of the headwinds, Q3 performance, predominantly at Parcels, is below PostNL's expectations:

- Revenue expected to come in at €709 million (Q3 2021: €729 million)
- Normalised EBIT expected to come in at €(20)million (Q3 2021: €23 million, of which €5 million assumed to be related to Covid-19)
- Free cash flow at €(49) million (Q3 2021: €10 million) reflecting the step-down in normalised EBIT and phasing in working capital

Parcels

Volumes were down 1.1% in Q3 2022. Revenue is expected to come in at €506 million (Q3 2021: €505 million) with normalised EBIT at €(1) million (Q3 2021: €27 million).

Mail in the Netherlands

Volumes were down 9.3% in Q3 2022. Revenue is expected to come in at €328 million (Q3 2021: €345 million) with normalised EBIT at €(1) million (Q3 2021: €12 million, of which €5 million assumed to be Covid-19 related).

Outlook FY 2022

As a consequence of the further deteriorating macroeconomic environment and prolonged uncertainty, it is no longer realistic to assume that the current FY 2022 outlook for normalised EBIT and free cash flow will materialise. PostNL is taking all necessary initiatives to safeguard its service level and the robustness of its financial position.

The Q3 2022 results will be published as scheduled on 7 November 2022.



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Audio webcast and conference call

On 21 October 2022, at 9.30 am CET, a short conference call for analysts will start. It can be followed live via an audio webcast at <https://postnl.nepgroup-webinars.com/postnl-1>

Additional information

Additional information is available at www.postnl.nl. This press release contains inside information within the meaning of article 7(1) of the EU Market Abuse Regulation. The numbers in this press release are unaudited.

Note that the numbers presented in this press release may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Caution on forward-looking statements

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

Use of non-GAAP information

In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have a standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals.