



Q3 2023 Results

The Hague, the Netherlands

6 November 2023



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Key takeaways Q3 2023

Results better than last year in a tough quarter

Highlights

- Parcel volumes up 1.6%, lower than anticipated; continued strong growth from international customers
- Volumes Mail in the Netherlands -8.7%, in line with guided FY volume decline of 8% - 10%
- Unfavourable shift in product and customer mix, both at Parcels and Mail in the Netherlands
- Measures to mitigate inflation contributed to results
- Preparations towards maximum capacity fully completed in Q3; very steep ramp-up towards peak season

Outlook FY 2023

- Normalised EBIT expected at low end of guided range of between €100m and €130m
- Uncertainty around macroeconomic developments remains

Other

- Intention to buy back €160m of 1.000% Eurobond, due November 2024, to optimise the financial position

Q3 2023 performance

Normalised EBIT of €(11)m, above Q3 2022

Key financial metrics

<i>(in € million)</i>	Q3 2022	Q3 2023	change	YTD 2022	YTD 2023	change
Revenue	709	722	2%	2,261	2,276	1%
Normalised EBIT	(20)	(11)	46%	23	14	-39%
Free cash flow	(49)	(26)		(39)	(91)	
Normalised comprehensive income	(3)	(4)	-22%	50	10	-81%

Performance includes

- €38m organic cost increases in Q3 (YTD €130m); FY 2023 assumption: ~€185m
- €19m positive impact from pensions, visible in PostNL Other, in Q3 (YTD €57m); FY 2023 ~€75m

Our strategy

Strategic foundation



Strategic objectives



Highlights digitalisation and ESG Q3 2023

- 8.6m consumer accounts (FY 2022: 7.8m)
- 900 automated parcel lockers (FY 2022: 517)
- Steady progress in reducing environmental impact: average carbon efficiency further improved by 11% compared with FY 2022; offsetting any remaining carbon emissions, cutting footprint to net zero

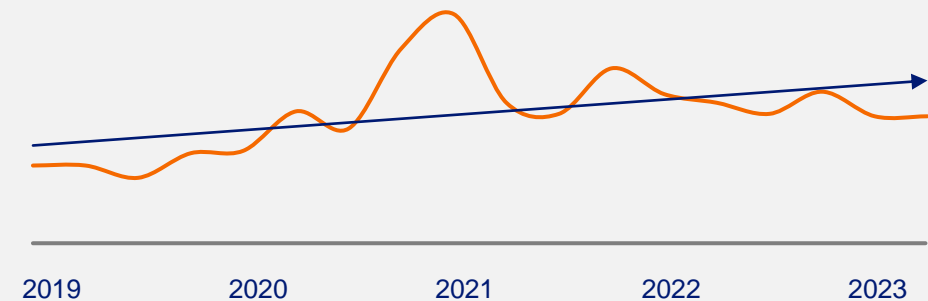
Current market environment remains challenging

Confidence in long-term growth potential e-commerce market

- Main fundamental driver of long-term e-commerce growth: shift to online shopping continues
- No clear signs of recovery of economic growth in the short term:
 - consumers remain cautious to spend money on (online) goods and products, shift to Asian webshops
 - limited visibility on development of e-commerce market results in increasingly volatile volume projections of our customers
- Well-positioned to capture future growth in e-commerce

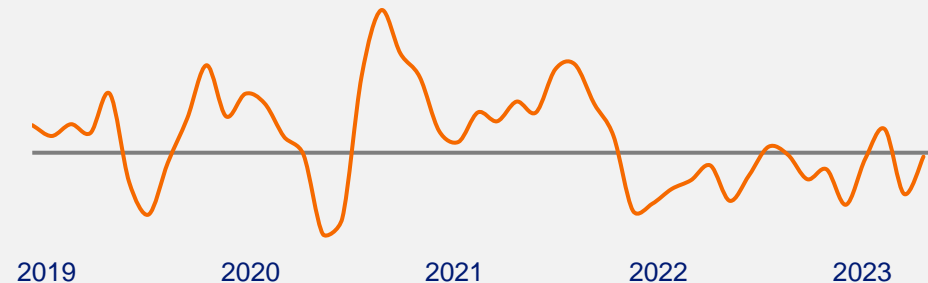
Online penetration

% of total retail spend on products, the Netherlands



Consumer spending of households on products

% Y-o-Y growth, the Netherlands



Source: Statistics Netherlands (CBS); Thuiswinkel Markt Monitor

Parcels: Volume growth, but unfavourable shift in mix

Fully prepared for steep ramp-up towards peak season

	Revenue	Normalised EBIT	Volumes
Q3 2023	€535m	€1m	81m +1.6%
Q3 2022	€506m	€(1)m	80m

Revenue mix

<i>in € million</i>	Q3 2022	Q3 2023
Parcels Netherlands	332	342
Spring	95	116
Logistics solutions and other services	68	67
Other / intercompany	11	9
Parcels	506	535

Volume

- Volume growth 1.6%, lower than expected
 - domestic volumes below last year, in line with slowdown in consumer spending
 - continued strong growth from international customers

Revenue

- Reflecting volume growth and flat price/mix effect:
 - price increases
 - fully offset by less favourable mix
- Cross-border activities continued positive trend; Spring revenue up, most strongly in Asia
- Revenue at Logistics solutions slightly down

Costs

- Significant organic costs increase, mainly labour-related
- Preparations for steep ramp-up to peak season completed, resulting in largely fixed costs base in Q4
- Tight control of indirect cost and operational measures are paying off in increased efficiency

Parcels Q3 2023 normalised EBIT bridge

Volume growth and operational efficiency do not fully mitigate organic costs increase

(in € million)

Normalised EBIT Q3 2022

-1

Parcels Netherlands

Revenue - volume

10

1.6% volume growth

Revenue - price/mix

0

Price increases (€12m) fully offset by less favourable mix development

Organic costs

(18)

Wage increases PostNL CLA, sector CLA, indexation for delivery partners and other inflationary pressure

Volume-dependent costs

(1)

Also reflecting development in mix

Other costs

4

Operational efficiency improvements (network optimisation, higher utilisation rates) also due to adaptive measures

Other results

6

Better result at Spring and other, slightly lower result at Logistics solutions

Normalised EBIT Q3 2023

1

Mail in the Netherlands: further cost increases

In challenging conditions

	Revenue	Normalised EBIT	Volumes	
Q3 2023	€299m	€(14)m	356m	-8.7%
Q3 2022	€328m	€(1)m*	390m	

Volume

- Overall volume decline of 8.7%
- 6.9% volume decline excluding non-recurring Covid-19 impact, mainly due to substitution

Revenue

- Moderate pricing policy
 - stamp price increase of 7.9% announced as of 1 January 2024
- Unfavourable shift in mix

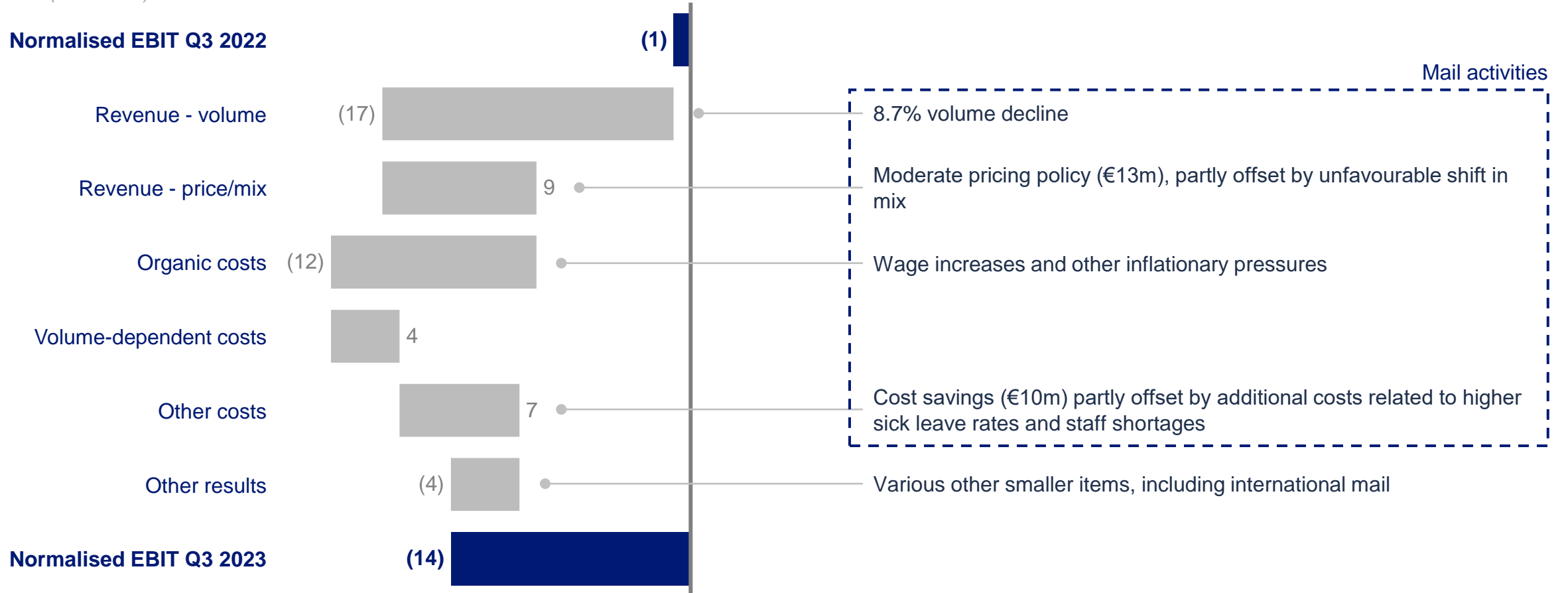
Costs

- Increase in labour costs following CLAs for PostNL and postal deliverers
- Continued higher sick leave rates in tight labour market
- Additional cost savings achieved through product portfolio optimisation and continued efficiency gains in sorting and preparation

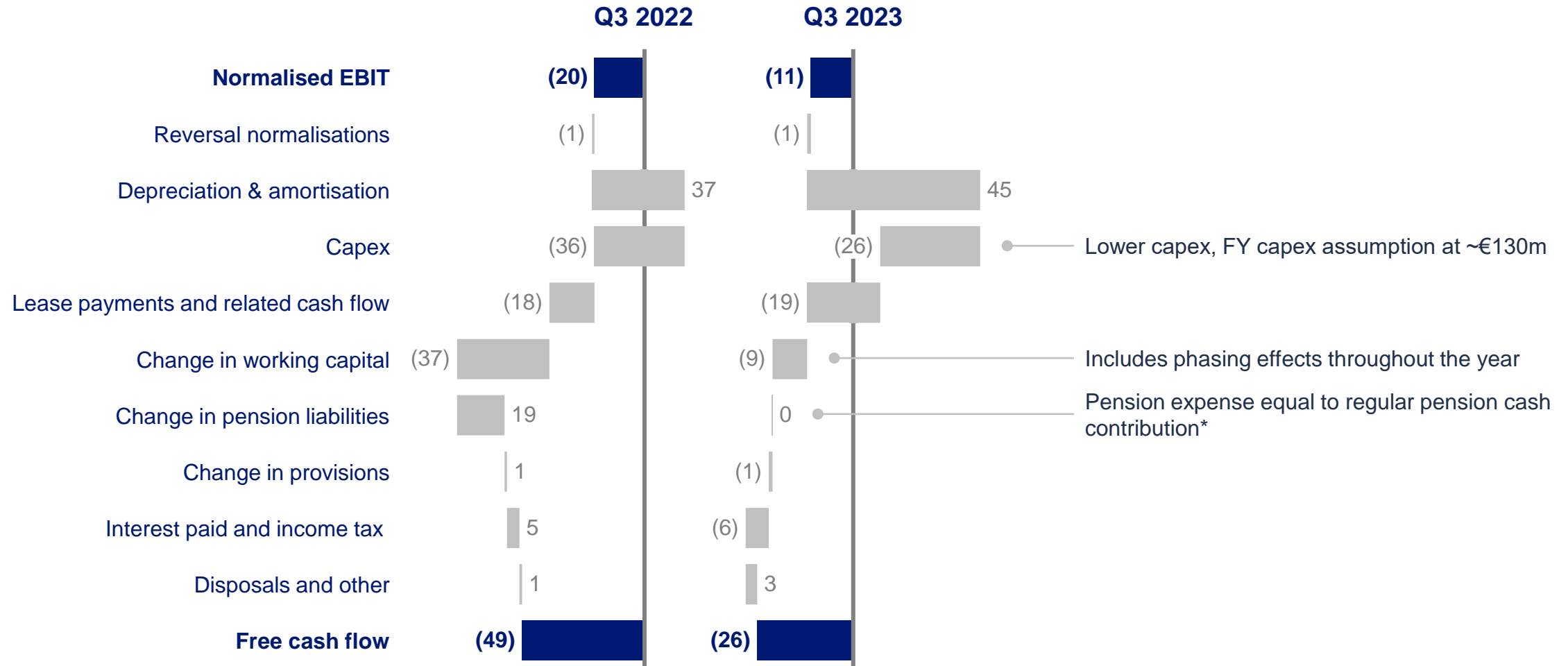
Mail in the Netherlands Q3 2023 normalised EBIT bridge

Price increases and cost savings do not fully mitigate impact of volume decline and organic costs

(in € million)



Cash flow



Solid balance sheet

Tender offer to partly buy back Eurobond due Nov-24 to optimise financial position

Balance sheet

<i>(in € million)</i>	30 Sep 2023
Intangible fixed assets	404
Property, plant and equipment	476
Right-of-use assets	283
Other non-current assets	51
Other current assets	414
Cash	419
Assets classified as held for sale	6
Total assets	2,055

	30 Sep 2023
<i>Consolidated equity</i>	158
<i>Non-controlling interests</i>	2
Total equity	160
Pension liabilities	2
Long-term debt	698
Long-term lease liabilities	238
Other non-current liabilities	132
Short-term lease liabilities	77
Other current liabilities	748
Total equity & liabilities	2,055

Adjusted net debt

<i>(in € million)</i>	31 Dec 2022	30 Sep 2023
Short- and long-term debt	745	773
Long-term interest-bearing assets	(17)	(16)
Cash and cash equivalents	(556)	(419)
Net debt	172	339
Pension liabilities	18	2
Lease liabilities (on balance)	331	315
Lease liabilities (off balance)	29	26
DTA on operational lease liabilities	(83)	(78)
Adjusted net debt	467	604

Outlook FY 2023

Macroeconomic uncertainty and limited visibility short-term development of e-commerce market

Outlook FY 2023

- FY 2023 expected to come in at low end of guided ranges

<i>(in € million)</i>	2022	2023 outlook (27 Feb 2023)	2023 outlook (7 Aug 2023)
Normalised EBIT	84	70 – 100	100 – 130
Normalised comprehensive income	90	40 – 70	65 – 95
Free cash flow	40	10 – 40	Unchanged

- Parcels
 - low single-digit volume growth (YTD: -0.7%), unfavourable shift in mix
- Mail in the Netherlands
 - 8% - 10% volume decline (YTD: -9.6%), unfavourable shift in mix
 - continued high sick leave rates in tight labour market
- Plans to reduce 200-300 FTEs
 - restructuring costs at most €10m (YTD: €5m)
 - part of expected savings to be achieved already in 2023
- Lower pension expenses ~€75m (YTD: €57m), visible in PostNL Other
- Organic costs increase ~€185m (YTD: €130m)
- Free cash flow also impacted by capex €130m (YTD: €90m) and positive phasing in working capital development in Q4 (YTD €(47)m)

Beyond 2023

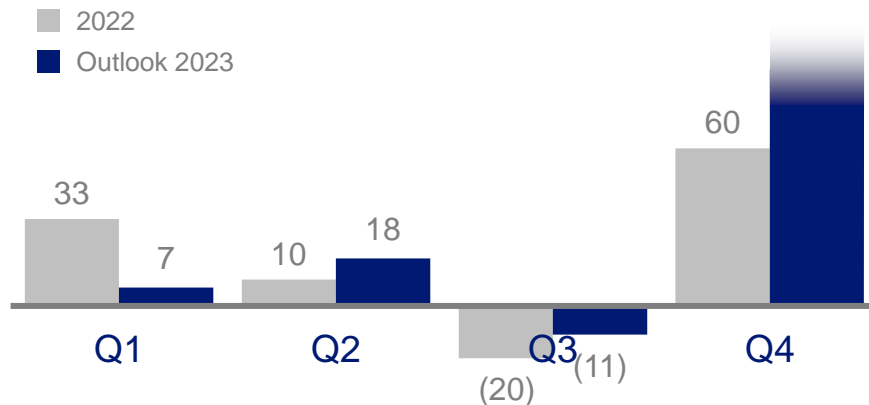
- Increasing pressure from labour-related costs, further adverse developments since August
 - extra increase in minimum wage in 2024 announced in October
 - external projections for wage increases in 2024 adjusted upward (source: Centraal Planbureau)
- Further unfavourable shift in product and customer mix, at Parcels and at Mail in the Netherlands
- Taking all necessary measures: continuing focus on yield management and cost control
- Overall, conditions are becoming more challenging going forward
- FY 2024 outlook will be provided on 26 February 2024

Improving Y-o-Y business performance as of Q2

Ready for steep ramp-up to peak season

Quarterly split of normalised EBIT

Indicative only, in € million

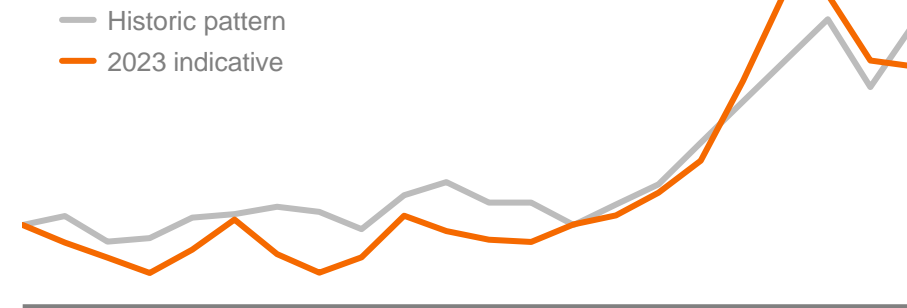


Assumptions Q4 2023

- Parcels: volume growth; unfavourable shift in mix
- Mail in the Netherlands: continued volume decline, with early start peak period due to elections in November; less favourable shift in mix
- Lower pension expenses, visible in PostNL Other

Ramp-up towards peak season

Indexed volume, indicative only



- Steeper peak than previous years
- Preparations to be able to operate at maximum capacity in peak season fully completed in Q3
- Largely fixed-costs operating environment in Q4

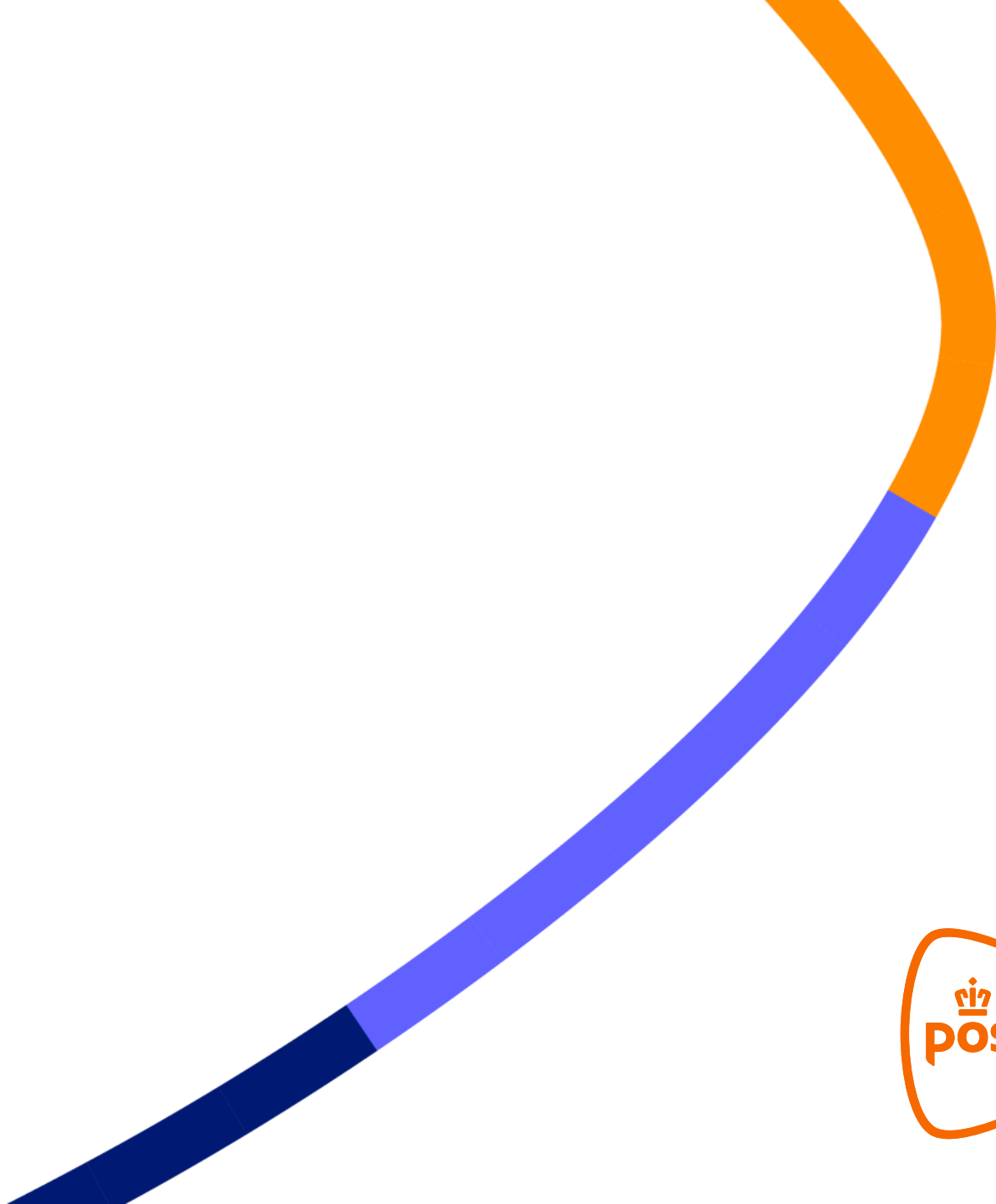
Closing remarks

Confidence in our strategy, with short-term uncertainty around macroeconomic developments

- Results again better than previous year, but below expectations
- FY 2023 normalised EBIT at the low end of guided range of €100m - €130m
- Sharp ramp-up towards peak season
- Limited visibility on short-term development of e-commerce market and wider range of volume projections
- Potential for further e-commerce growth unchanged

Continuing our transformation into an e-commerce logistics player

Q&A



Appendix

- Results per segment Q3 2023 and YTD 2023
- Revenue mix Parcels
- Full reconciliation of income statement and EBITDA per segment
- Free cash flow per segment Q3 2023
- Free cash flow YTD 2023
- Result development (bridge) per segment
- Profit and normalised comprehensive income
- Assumed non-recurring impact related to Covid-19 in 2022



Results per segment Q3 2023 and YTD 2023

(in € million)

	Revenue		Normalised EBIT		Margin	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Parcels	506	535	(1)	1	-0.2%	0.2%
Mail in the Netherlands	328	299	(1)	(14)	-0.4%	-4.7%
PostNL Other	56	62	(18)	2		
Intercompany	(181)	(174)				
PostNL	709	722	(20)	(11)	-2.8%	-1.5%
	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023
Parcels	1,579	1,652	32	23	2.0%	1.4%
Mail in the Netherlands	1,066	971	47	(4)	4.5%	-0.4%
PostNL Other	165	181	(56)	(5)		
Intercompany	(549)	(529)				
PostNL	2,261	2,276	23	14	1.0%	0.6%

Revenue mix Parcels

As of 2023

<i>(in € million)</i>	Q1 2022	Q1 2023	Q2 2022	Q2 2023	Q3 2022	Q3 2023	Q4 2022	FY 2022
Parcels Netherlands	361	355	345	366	332	342	392	1,431
Spring	105	116	91	119	95	116	113	404
Logistics solutions and other	77	72	74	72	68	67	77	297
Other / intercompany	11	19	9	(0)	11	9	4	34
Parcels	554	561	519	556	506	535	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

Full reconciliation of income statement and EBITDA Q3 2023

Income statement <i>(in € million)</i>	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Total operating revenue	709	722	506	535	328	299	56	62	(181)	(174)
Other income	1	3	0	3	1	0	-	-		-
Cost of materials	(20)	(22)	(15)	(15)	(3)	(3)	(2)	(4)		-
Work contracted out and other external expenses	(373)	(383)	(354)	(365)	(167)	(161)	(33)	(30)	181	174
Salaries and social security contributions	(225)	(232)	(86)	(98)	(113)	(107)	(26)	(27)		-
Pension contributions & related costs	(43)	(23)	(8)	(9)	(11)	(9)	(24)	(5)		-
Depreciation, amortisation and impairments	(37)	(45)	(16)	(21)	(7)	(7)	(14)	(17)		-
Other operating expenses	(33)	(33)	(28)	(30)	(29)	(25)	24	23		-
<i>Total operating expenses</i>	<i>(731)</i>	<i>(737)</i>	<i>(507)</i>	<i>(538)</i>	<i>(330)</i>	<i>(313)</i>	<i>(74)</i>	<i>(60)</i>	<i>181</i>	<i>174</i>
Operating income / EBIT	(21)	(12)	(1)	(1)	(1)	(14)	(18)	2	-	-

EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT	(21)	(12)	(1)	(1)	(1)	(14)	(18)	2
Depreciation, amortisation and impairments	37	45	16	21	7	7	14	17
Reported EBITDA	16	33	15	20	5	(7)	(4)	20
Non-cash pension expense	19	0	0	0	-	-	19	(0)
EBITDA excluding non-cash pension expense	36	33	15	20	5	(7)	15	20
IFRS16 impact (depreciation RoU assets)	(16)	(18)	(11)	(12)	(3)	(3)	(3)	(3)
EBITDA excluding non-cash pensions and IFRS16	20	15	4	8	3	(10)	12	17

Full reconciliation of income statement and EBITDA YTD 2023

Income statement <i>(in € million)</i>	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023
Total operating revenue	2,261	2,276	1,579	1,652	1,066	971	165	181	(549)	(529)
Other income	7	3	0	3	7	0	-	-		
Cost of materials	(60)	(67)	(46)	(47)	(9)	(9)	(5)	(10)		
Work contracted out and other external expenses	(1,146)	(1,161)	(1,079)	(1,103)	(510)	(495)	(105)	(92)	549	529
Salaries and social security contributions	(707)	(750)	(265)	(310)	(364)	(350)	(78)	(90)		
Pension contributions & related costs	(130)	(69)	(24)	(27)	(35)	(29)	(71)	(14)		
Depreciation, amortisation and impairments	(115)	(130)	(54)	(61)	(21)	(19)	(40)	(49)		
Other operating expenses	(92)	(91)	(80)	(86)	(85)	(73)	73	69		
<i>Total operating expenses</i>	<i>(2,250)</i>	<i>(2,267)</i>	<i>(1,547)</i>	<i>(1,634)</i>	<i>(1,025)</i>	<i>(976)</i>	<i>(226)</i>	<i>(186)</i>	<i>549</i>	<i>529</i>
Operating income / EBIT	18	12	32	21	47	(4)	(61)	(5)	-	-

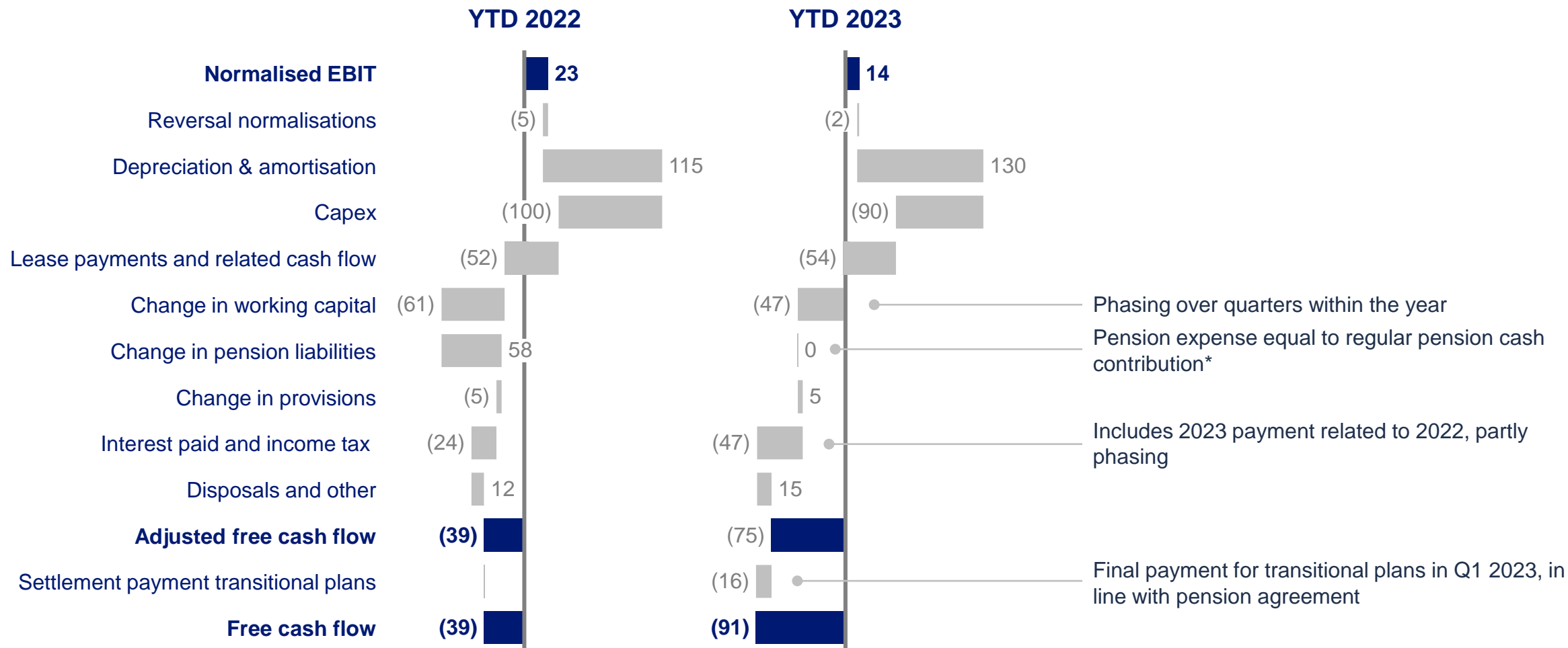
EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT	18	12	32	21	47	(4)	(61)	(5)
Depreciation, amortisation and impairments	115	130	54	61	21	19	40	49
Reported EBITDA	133	142	86	82	68	15	(21)	44
Non-cash pension expense	58	0	0	0	-	-	58	(0)
EBITDA excluding non-cash pension expense	191	142	86	82	68	15	37	44
IFRS16 impact (depreciation RoU assets)	(48)	(52)	(32)	(35)	(8)	(9)	(8)	(8)
EBITDA excluding non-cash pensions and IFRS16	143	89	54	47	60	6	29	36

Free cash flow per segment Q3 2023

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other & Eliminations	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
EBITDA	16	33	15	20	5	(7)	(4)	20
Change in pensions	19	0	-	0	-	-	19	(0)
Change in provisions	1	(1)	1	0	0	(2)	(0)	0
Change in working capital	(37)	(9)	23	44	(65)	(60)	4	6
Capex	(36)	(26)	(10)	(7)	(3)	(2)	(23)	(17)
Disposals	0	(3)	0	(3)	0	0	(0)	(0)
Interest paid	(5)	(6)	(1)	(1)	(1)	(1)	(3)	(4)
Income tax paid	9	(0)	0	0	0	4	9	(4)
Lease payments and related cash flow	(18)	(19)	(11)	(12)	(4)	(5)	(3)	(3)
Other	1	6	0	0	0	0	0	6
Free cash flow	(49)	(26)	18	43	(67)	(72)	(0)	4
Free cash flow yield	-6%	-3%						

Cash flow YTD



Parcels YTD 2023 normalised EBIT bridge

(in € million)

Normalised EBIT YTD 2022

32

Revenue - volume

1

0.7% volume decline

Revenue - price/mix

23

Overall higher prices partly offset by less favourable mix development

Organic costs (58)

Wage increases PostNL CLA, sector CLA, indexation for delivery partners and other inflationary pressure

Volume-dependent costs

16

Also reflecting development in mix

Other costs

16

Operational efficiency improvements (network optimisation, higher utilisation rates) also due to adaptive measures

Other results

(7)

Better result Spring; lower result for Logistic solutions and other, mainly due to inflationary pressures

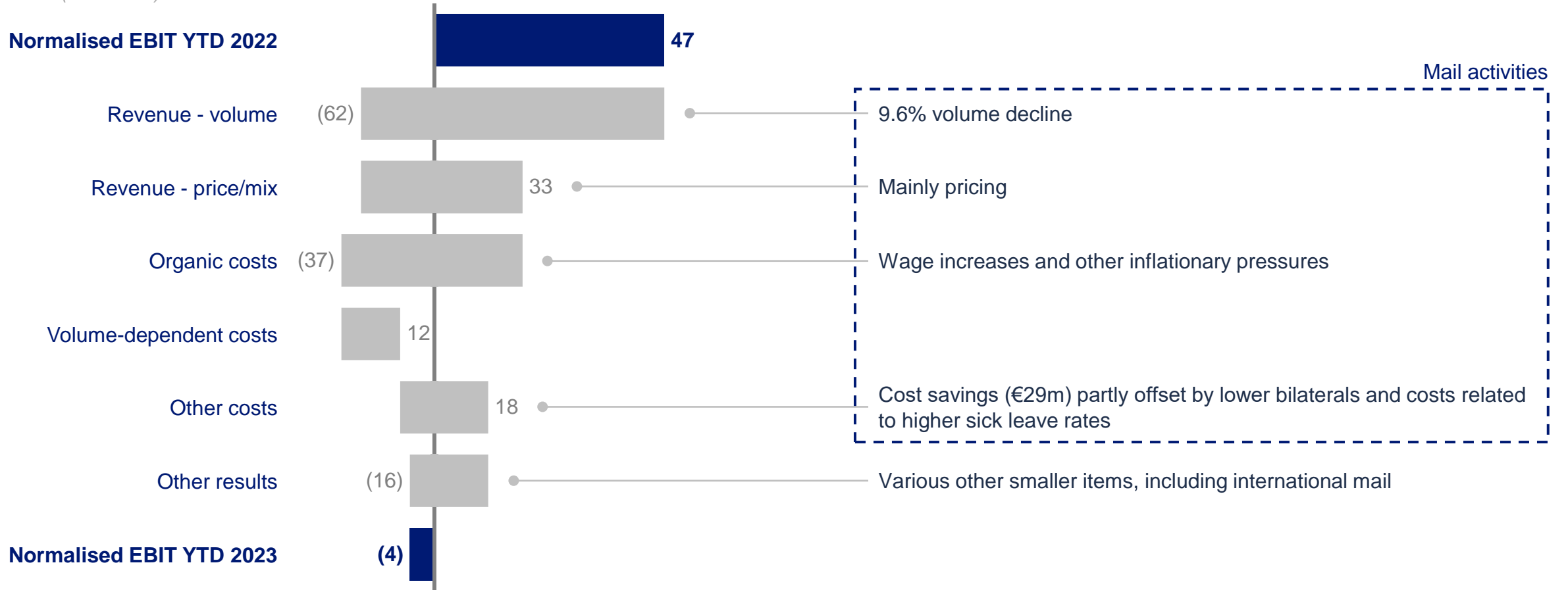
Normalised EBIT YTD 2023

23

Parcels Netherlands

Mail in the Netherlands YTD 2023 normalised EBIT bridge

(in € million)



Profit and normalised comprehensive income* PostNL

<i>(in € million)</i>	Q1 2022	Q1 2023	Q2 2022	Q2 2023	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Operating income / EBIT	30	7	9	17	(21)	(12)	18	12
Net financial expenses	(6)	(1)	(5)	(2)	(4)	0	(16)	(2)
Results from investments in JVs/associates	0	(0)	(0)	(0)	(0)	(2)	(0)	(2)
Income taxes	(7)	(2)	(2)	(3)	6	4	(3)	(2)
Profit/(loss) from discontinued operations	(0)	1	(13)	(1)	(0)	(0)	(13)	(0)
Profit	16	4	(11)	11	(20)	(10)	(15)	6
Other comprehensive income (mainly related to pensions)	15	(0)	16	(2)	16	4	47	2
Total comprehensive income	32	4	5	9	(4)	(5)	32	8
Normalisation on EBIT, net of tax	2	0	1	0	1	1	4	2
Exclude result from discontinued operations	0	(1)	13	1	0	0	13	0
Normalised comprehensive income	34	4	19	10	(3)	(4)	50	10

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

Volumes

<i>(around, in million)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels	2	-	-	-	2
Mail in the Netherlands	15	3	7	6	30

Revenue

<i>(around, in € million)</i>	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

<i>(around, in € million)</i>	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