



PostNL reports Q3 2023 results

Normalised EBIT of €(11) million for Q3 2023 (Q3 2022: €(20) million)

Financial highlights Q3 2023

in € million	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%

Highlights

- Parcel volumes up 1.6%, with continued strong growth from international customers
- Volumes -8.7% at Mail in the Netherlands, mainly due to substitution
- Measures to mitigate inflation contributed to results
- Preparations towards maximum capacity fully completed in Q3; steep ramp-up towards peak season
- 11% further improvement in average carbon efficiency
- Intention to buy back €160 million of 1.000% Eurobond, due November 2024, to optimise the financial position

CEO statement

Herna Verhagen, CEO of PostNL, said: "Our results were better than last year. Q3 turned out to be a tough quarter. We continued our strong focus on measures to mitigate inflationary pressure, but overall this was insufficient to fully offset organic cost increases. Volumes at Parcels grew at a lower rate than anticipated. In line with the slowdown in consumer spending, domestic volumes were slightly below last year's level. At the same time, volumes from international customers were up again. The shift towards a less favourable mix continued. During the quarter, we have completed all necessary preparations to operate at our maximum capacity in our peak season. At Mail in the Netherlands, performance was also impacted by continuing volume decline, a less favourable mix and ongoing high sick rates, partially due to continuing scarcity in the labour market.

"Taking into account our Q3 performance, we expect FY 2023 normalised EBIT to come in at the low end of the guided range of between €100 million and €130 million. Going forward, uncertainty around macroeconomic developments remains. This hampers visibility on the short-term development of the e-commerce market. Volume projections are becoming increasingly volatile, both for our customers and for us. At the same time we anticipate additional pressure on costs, mainly labour-related. We are taking all necessary actions in a challenging environment.

"We are ready for a busy peak season and remain confident in our longer term strategy and the growth potential of the e-commerce market."



Outlook

in € million	2022	2023 outlook (27 February 2023)	2023 outlook (7 August 2023)
Outlook			
Normalised EBIT	84	70 - 100	100 - 130
Normalised comprehensive income	90	40 - 70	65 - 95
Free cash flow	40	10 - 40	unchanged

Taking into account its Q3 performance, PostNL expects FY 2023 key financial indicators to come in at the low end of the guided ranges. Macroeconomic uncertainty remains and visibility on the short-term development of the e-commerce market is limited, also beyond 2023. The impact from a less favourable mix is expected to continue. Labour-related costs are expected to further increase. Since August, the projections for wage increases in 2024 were adjusted upward (source: Centraal Planbureau). On top of that, an increase in minimum wage in 2024 was announced in October. PostNL is taking all necessary measures and continues its efforts on yield management and focus on cost control. Overall, conditions are becoming more challenging going forward. An outlook for 2024 will be provided at the FY 2023 results publication on 26 February 2024.

Executing on our strategy

PostNL's strategy is to be the leading logistics and postal service provider in, to and from the Benelux region.

The segment Parcels is managed for sustainable growth. The company aims to capture further e-commerce growth by balancing volume, value and capacity. The related investment programme is flexible and ensures an efficient and future-proof infrastructure. At Mail in the Netherlands, PostNL aims to mitigate volume decline through a moderate pricing policy and ongoing cost savings initiatives, managing its mail business for value.

The company is showing steady progress in reducing its environmental footprint. The average carbon efficiency of its own fleet further improved by 11% in the first nine months of 2023 compared with full year 2022. PostNL offsets any remaining carbon emissions from own transport and that of delivery partners, cutting its footprint to net zero. Clear and ambitious ESG objectives are fully embedded in PostNL's strategy.

PostNL aims to further strengthen its competitive position by building on its platform, integrating customers, consumers and solutions through simple and smart digital journeys that aim to improve customer satisfaction. The acceleration of PostNL's digital transformation is progressing as planned and is accretive to financial results. Consumers and customers are increasingly digitally connected to the company's platform. PostNL now has 8.6 million consumer accounts (FY 2022: 7.8 million). The number of automated parcel lockers increased to 900 (FY 2022: 517).

Business performance Q3 2023

in € million, volume in million items	Volume		Revenue		Normalised EBIT ¹	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Parcels	80	81	506	535	(1)	1
Mail in the Netherlands	390	356	328	299	(1)	(14)
PostNL Other			56	62	(18)	2
Intercompany			(181)	(174)		
PostNL			709	722	(20)	(11)

¹ Note: normalised figures exclude one-offs in Q3 2023 (€1 million) and in Q3 2022 (€1 million)

Normalised EBIT includes:

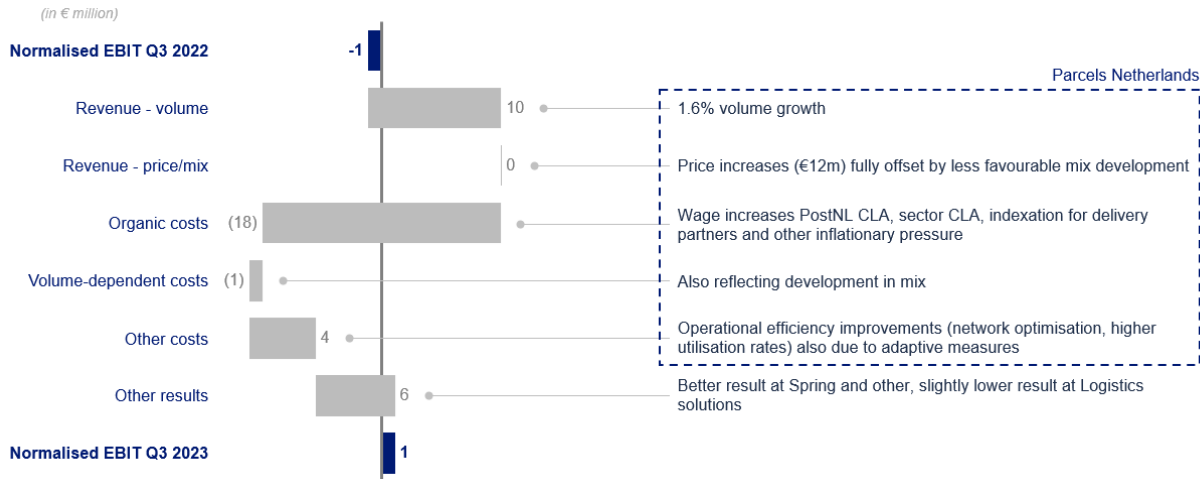
- €38 million organic cost increase (FY 2023 assumption: ~€185 million)
- €19 million positive impact from pensions, following the switch to a collective defined contribution scheme, visible in PostNL Other (FY 2023 impact: ~€75 million)



Segment information

Parcels: Volume growth, but unfavourable shift in mix

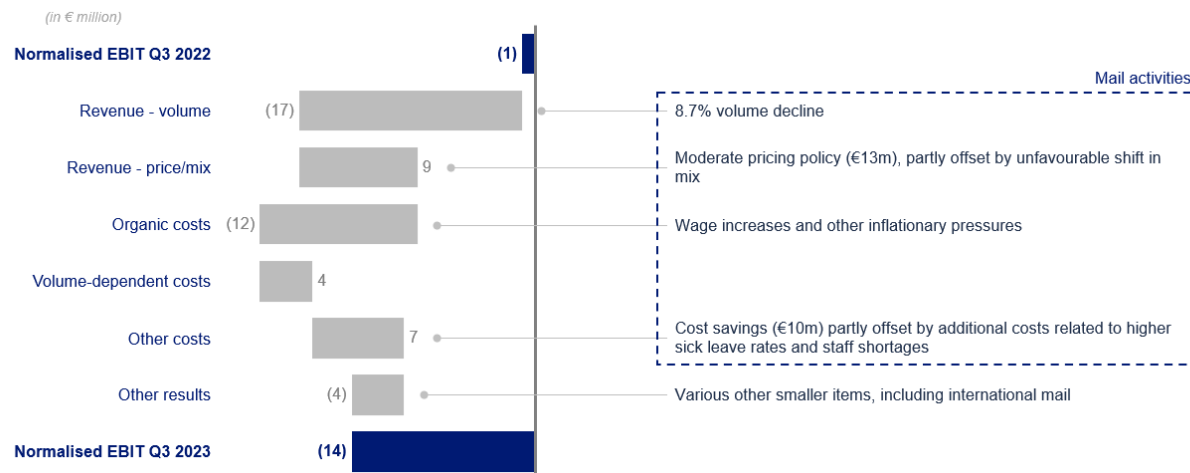
Normalised EBIT in Q3 2023 came in at €1 million (Q3 2022: €(1) million).



Revenue grew to €535 million (Q3 2022: €506 million), driven by volume growth of 1.6%. However, the shift in product and customer mix was unfavourable. Revenue at Spring was up, mainly driven by Asia, while revenue at Logistics solutions was down slightly. Flexibility to balance fluctuations in volumes with capacity was limited in the quarter as the company already completed its preparations to operate at full capacity in peak season. Costs are largely fixed during the steep ramp-up towards peak season.

Mail in the Netherlands: Price increases and cost savings do not fully mitigate impact of volume decline and organic costs

Normalised EBIT in Q3 2023 came in at €(14) million (Q3 2022: €(1) million).



Revenue was down to €299 million (Q3 2022: €328 million), mainly explained by a volume decline of 8.7%. Excluding non-recurring Covid-19 items in Q3 2022, volumes declined by 6.9%, mainly due to substitution. The price/mix effect was positive and reflects the price increases, partly offset by an unfavourable mix development. This development is expected to continue going forward.

PostNL Other

Revenue at PostNL Other amounted to €62 million (Q3 2022: €56 million). Normalised EBIT came in at €2 million (Q3 2022: €(18) million). Pension expense and regular pension contribution each amounted to €23 million (Q3 2022: €43 million and €24 million respectively). The switch to a collective defined contribution scheme is the main reason for the lower pension expense.



Free cash flow development

Free cash flow came in at €(26) million (Q3 2022: €(49) million). The improvement compared with last year mainly reflected higher normalised EBIT, lower capital expenditure and a favourable working capital development, which includes phasing effects within the year. In line with the new pension agreement, the change in pension liabilities was equal to zero.

Key figures

in € million	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Revenue	709	722	2,261	2,276
Operating income	(21)	(12)	18	12
Profit for the period	(20)	(10)	(15)	6
Profit from continuing operations	(20)	(9)	(1)	6
Total comprehensive income	(4)	(5)	32	8
			31 December 2022	30 September 2023
Adjusted net debt			467	604
Consolidated equity			177	158

Tender 1.000% Eurobond 2024

Today, PostNL has announced that it intends to buy back €160 million of its 1.000% Eurobond due November 2024, outstanding amount €400 million, via a tender offer to pro-actively manage its balance sheet and optimise its financial position. For further details, please refer to www.postnl.nl.

Financial calendar

26 February 2024	Publication of Q4 & FY 2023 results
16 April 2024	Annual General Meeting of shareholders
6 May 2024	Publication of Q1 2024 results
5 August 2024	Publication of Q2 & HY 2024 results
4 November 2024	Publication of Q3 2024 results

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Audio webcast and conference call on Q3 2023 results

On 6 November 2023, at 11.00 am CET, a conference call for analysts and investors will start. It can be followed live via an audio webcast at <https://www.postnl.nl/en/about-postnl/investors/>.

Additional information

Additional information is available at www.postnl.nl. Elements of this press release contain or may contain inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.



Note that the numbers presented in this press release (tables and explanations of results) 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 that 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.



Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 30 September 2023. The information should be read in conjunction with the consolidated 2022 Annual Report of PostNL N.V. as published on 27 February 2023.

The measurement of profit and loss and assets and liabilities is based on group accounting policies, which are compliant with IFRS as endorsed by the European Union. All significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2022 Annual Report for the year ended on 31 December 2022.

There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2023 that would be expected to have a material impact on the Group's 2023 accounts.

Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.



Consolidated interim financial statements

PostNL Consolidated statement of profit or loss in € million

	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Revenue from contracts with customers	707	719	2,251	2,267
Other operating revenue	2	3	10	9
Total operating revenue	709	722	2,261	2,276
Other income	1	3	7	3
Cost of materials	(20)	(22)	(60)	(67)
Work contracted out and other external expenses	(373)	(383)	(1,146)	(1,161)
Salaries, pensions and social security contributions	(268)	(255)	(837)	(819)
Depreciation, amortisation and impairments	(37)	(45)	(115)	(130)
Other operating expenses	(33)	(33)	(92)	(91)
Total operating expenses	(731)	(737)	(2,250)	(2,267)
Operating income	(21)	(12)	18	12
Interest and similar income	0	5	1	12
Interest and similar expenses	(5)	(5)	(17)	(15)
Net financial expenses	(4)	0	(16)	(2)
Results from investments in JVs/associates	(0)	(2)	(0)	(2)
Profit/(loss) before income taxes	(25)	(13)	2	8
Income taxes	6	4	(3)	(2)
Profit/(loss) from continuing operations	(20)	(9)	(1)	6
Profit/(loss) from discontinued operations	(0)	(0)	(13)	(0)
Profit for the period	(20)	(10)	(15)	6
Attributable to:				
Non-controlling interests	0	0	0	0
Equity holders of the parent	(20)	(10)	(15)	6
Earnings per ordinary share (in € cents) ¹	(4.0)	(2.0)	(3.0)	1.2
Earnings from continuing operations per ordinary share (in € cents) ¹	(3.9)	(2.0)	(0.3)	1.2
Earnings from discontinued operations per ordinary share (in € cents) ¹	(0.1)	(0.0)	(2.7)	(0.1)

¹ Based on an average of 489,500,613 outstanding ordinary shares (2022: 494,176,750).



PostNL Consolidated statement of comprehensive income in € million

	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Profit for the period	(20)	(10)	(15)	6
Impact pensions, net of tax	15	0	44	0
Change in value of financial assets at fair value through OCI	(1)	(0)	(3)	(3)
Other comprehensive income that will not be reclassified to the income statement	13	(0)	42	(3)
Currency translation adjustment, net of tax	0	0	1	0
Gains/(losses) on cashflow hedges, net of tax	2	4	4	5
Other comprehensive income that may be reclassified to the income statement	2	4	5	5
Total other comprehensive income for the period	16	4	47	2
Total comprehensive income for the period	(4)	(5)	32	8
Attributable to:				
Non-controlling interests	0	0	0	0
Equity holders of the parent	(4)	(5)	32	7
Total comprehensive income attributable to the equity holders of the parent arising from:				
Continuing operations	(4)	(5)	46	8
Discontinued operations	(0)	(0)	(13)	(0)



PostNL Consolidated statement of cash flows in € million

	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Profit/(loss) before income taxes	(25)	(13)	2	8
Adjustments for:				
Depreciation, amortisation and impairments	37	45	115	130
Share-based payments	1	1	2	2
(Profit)/loss on disposal of assets	(0)	(3)	(5)	(3)
Interest and similar income	(0)	(5)	(1)	(12)
Interest and similar expenses	5	5	17	15
Results from investments in JVs/associates	0	2	0	2
Investment income	5	(2)	11	1
Pension liabilities	19	0	58	0
Other provisions	1	(1)	(5)	5
Changes in provisions	20	(1)	53	5
Inventory	1	0	(1)	(1)
Trade accounts receivable	26	62	62	84
Other accounts receivable	3	3	0	3
Other current assets excluding taxes	(6)	(17)	3	(22)
Trade accounts payable	35	7	6	(15)
Other current liabilities excluding short-term financing and taxes	(96)	(65)	(130)	(112)
Changes in working capital	(37)	(9)	(61)	(63)
Cash generated from operations	(0)	20	122	83
Interest paid	(5)	(6)	(12)	(11)
Income taxes received/(paid)	9	(0)	(12)	(35)
Net cash (used in)/from operating activities	4	14	98	36
Interest received	0	5	1	16
Investments in JVs/associates	(1)	(0)	(2)	(0)
Capital expenditure on intangible assets	(20)	(17)	(59)	(57)
Capital expenditure on property, plant and equipment	(16)	(8)	(41)	(33)
Proceeds from sale of property, plant and equipment	0	0	11	0
Changes in other loans receivable	1	1	2	1
Other changes in (financial) fixed assets	(0)	(1)	1	(2)
Net cash (used in)/from investing activities	(36)	(21)	(87)	(74)
Dividends paid	(50)	(21)	(165)	(29)
Share buyback	-	-	(164)	0
Proceeds from long-term borrowings	(0)	(1)	(0)	3
Repayments of lease liabilities/incentives	(18)	(18)	(52)	(57)
Net cash (used in)/from financing activities	(68)	(41)	(381)	(82)
Total change in cash from continuing operations	(100)	(47)	(370)	(120)
Cash at the beginning of the period	577	459	848	556
Cash transfers related to discontinued operations	(0)	7	(1)	(18)
Total change in cash from continuing operations	(100)	(47)	(370)	(120)
Cash at the end of the period	477	419	477	419



PostNL Consolidated statement of financial position in € million

	31 December 2022	30 September 2023
Goodwill	207	207
Other intangible assets	182	197
Intangible fixed assets	389	404
Land and buildings	255	273
Plant and equipment	146	154
Other equipment	13	11
Construction in progress	44	38
Property, plant and equipment	457	476
Right-of-use assets	295	283
Investments in joint ventures/associates	7	8
Loans receivable	17	16
Deferred tax assets	9	9
Financial assets at fair value through OCI	20	19
Financial fixed assets	53	51
Total non-current assets	1,194	1,215
Inventory	7	9
Trade accounts receivable	370	285
Accounts receivable	12	11
Income tax receivable	1	27
Prepayments and accrued income	76	83
Cash and cash equivalents	556	419
Total current assets	1,022	834
Assets classified as held for sale	6	6
Total assets	2,221	2,055
Equity attributable to the equity holders of the parent	177	158
Non-controlling interests	2	2
Total equity	179	160
Deferred tax liabilities	40	48
Provisions for pension liabilities	2	2
Other provisions	35	35
Long-term debt	697	698
Long-term lease liabilities	255	238
Other long-term liabilities	27	49
Total non-current liabilities	1,057	1,070
Trade accounts payable	182	166
Other provisions	15	19
Short-term debt	21	27
Short-term lease liabilities	75	77
Other current liabilities	168	111
Income tax payable	13	0
Contract liabilities	70	36
Accrued current liabilities	441	388
Total current liabilities	984	824
Total equity and liabilities	2,221	2,055