

PostNL provides update on its 2023 performance

Q4 & FY 2023 preliminary results

in € million	Q4 2022	Q4 2023	FY 2022	FY 2023	FY 2023 outlook		
					Initial (27 February 2023)	Revised (7 August 2023)	6 November 2023
Normalised EBIT	60	77	84	92	70 - 100	100 - 130	<i>Key financial indicators to come in at the low end of the guided ranges</i>
Normalised comprehensive income	41	42	90	52	40 - 70	65 - 95	
Free cash flow	79	143	40	52	10 - 40	10 - 40	

Please note that all numbers are unaudited and subject to change

- Normalised EBIT FY 2023 expected at around €92 million
- Strong 2023 free cash flow at €52 million
- Expected leverage ratio 2023 around 1.7x, providing a solid base for dividend

CEO statement

Herna Verhagen, CEO of PostNL, commented: “FY 2023 normalised EBIT is expected to come in around €92 million, in line with the initial outlook, but below our latest guidance. Our focus on capex and strict working capital management contributed to a strong cash flow performance, with FY 2023 at €52 million, well above our outlook.

“In the fourth quarter market conditions remained volatile. Whilst parcel volumes were up, we delivered less parcels than expected, while at the same time we had locked-in costs to be able to operate at maximum capacity. Volumes from international customers increased again and domestic volumes were lagging. Our mail volumes were fairly resilient. But both at Parcels and at Mail in the Netherlands the shift in mix was less favourable. And the high illness rate remained a matter of concern and put more pressure on costs than anticipated. Nevertheless, I am proud to see that thanks to the close collaboration with our customers and our network preparations, we delivered millions of season’s greetings and parcels to deliver special moments to the consumer.

“We remain confident in our longer term strategy and the growth potential of the e-commerce market. On 26 February, we will provide full details for Q4 & FY 2023 and an outlook for 2024.”

Strong development of free cash flow

Free cash flow came in at €143 million in Q4 2023, resulting in €52 million for 2023, well above our outlook. The strong focus on capex as well as strict working capital management contributed to the cash flow performance. PostNL expects to report a solid financial position with a leverage ratio around 1.7 at year-end 2023. Combined with the strong free cash flow, this provides a solid base for dividend. Dividend will be determined based on normalised comprehensive income, which is expected to come in at around €52 million for 2023.

Operational performance in Q4 2023

Total revenue in Q4 2023 is expected to come in at around €889 million (Q4 2022: €883 million). Normalised EBIT will be around €77 million (Q4 2022: €60 million).

The main result drivers in Q4 2023 were:

- Parcel volumes up 0.9% with locked-in capacity and related costs
- Volumes -1.9% at Mail in the Netherlands, supported by election mail and a strong peak season
- Impact of price/mix, at both Parcels and at Mail in the Netherlands, fully explained by a less favourable customer and product mix while overall prices were up
- Impact of high illness rate on costs, including €6 million addition to the provision for payments to employees who are ill for more than 24 months
- Plans to reduce 200-300 FTEs in overhead, mainly at Parcels, and other indirect cost measures, finalised:
 - €5 million in savings already achieved in Q4 2023
 - on track to achieve annual cost savings of around €25 million in 2024
- €10 million cost savings at Mail in the Netherlands (FY 2023: €39 million, vs €27 million in 2022)

Publication Q4 & FY 2023 results and outlook for FY 2024

Full details will be presented on 26 February 2024. On that date, as scheduled, PostNL will publish its final Q4 & FY 2023 results and a detailed outlook for FY 2024.



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Audio webcast and conference call

On 26 January 2024, at 9.30am CET, a short conference call for analysts 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. This press release contains inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

Please note that all numbers are unaudited and subject to change. 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.

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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.