Q1 2024 Results

The Hague, the Netherlands

6 May 2024

Inge Laudy - Manager Investor Relations: Good morning, everyone, and thank you for joining us today in our Q1 2024 analyst call. With me here in the room are Herna Verhagen, our CEO, and Pim Berendsen, our CFO, who will present the results today.

Additional information

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As usual, we will start with our presentation, which you can find on the website and on your screen when you are logged in to the webcast. After that, we will open for Q&A. Pim, over to you.

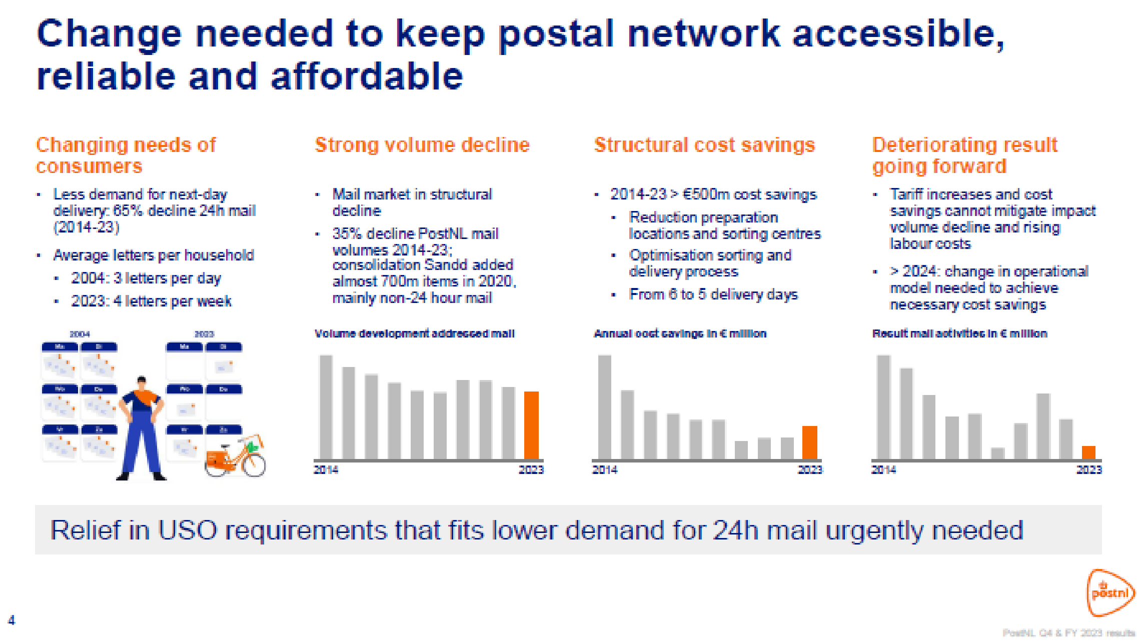
Pim Berendsen - CFO PostNL: Thank you, Inge. Welcome and good morning, everyone. Let's look at the key takeaways for the first quarter and then go into a bit more detail as we go along. In the first quarter, results came in below those of last year but in line with our expectations. Because of that, we are also able to confirm the outlook for the full year 2024.

Volumes at Parcels grew in line with expectations and are trending towards the full year growth levels. We are pleased to see that growth in domestic volume has resumed and at the same time strong growth in international customers continued. Overall, this resulted in an unfavourable shift in mix that had an impact on margins. We will come back to that a little later. At the same time, we are gaining momentum on the strategic actions to balance volume and value and to concrete steps in the rationalisation of our product and service portfolio.

Next to that, we are proud that we have opened a new state-of-the-art sorting facility in Alphen aan den Rijn with very innovative solar energy storage, preparing for sustainable growth. We have confidence in the long-term growth potential of the e-commerce market.

At Mail in the Netherlands, as expected, performance was lower than last year, a result of continued volume decline but also increase in organic cost, of course mainly labour related. Reported volume decline was 12.5%, which is high but needs to be adjusted for elections in 2023 first quarter and corrected for that, the underlying decline was 8.3%, just a little bit above the midpoint of the assumed full-year range. It is important to note that also here, the shift in mix is unfavourable and materialises faster than anticipated. We have put large effort in fulfilling the vacancies in mail delivery, with the number coming significantly down to 300 from 1,000 vacancies. Obviously, this contributes to the improvement of delivery quality.

The performance of Mail underlines the urgent need for the transformation, as announced in February. A modification of postal regulation is needed for this and the Minister of Economic Affairs is in the lead of this process. I will tell you a bit more on this topic on the next slide.



First and most of all, it is clear that we are really committed to keep the postal network in the Netherlands accessible, reliable and affordable but we have to face the fact that the current situation is no longer sustainable. The needs of customers and consumers are changing. This has resulted in a 65% decline of 24-hour mail over the last ten years. To give you some idea of what this meant for households in the Netherlands, the average household received three letters a day in 2004 and currently receives not more than four letters a week, which is of course a huge difference. The market has declined and PostNL's volume has declined with 35% over the last ten years and that already includes the consolidation of Sandd volumes. Without this consolidation, the volume drop would have been around 50%.

During the period, we have consistently tried to adjust our operations and cost base to accommodate and to mitigate this volume decline and we have taken out more than EUR 500 million through cost savings.

We are reaching the end of the current model and the combination of continuous volume decline and very high organic cost increases require a change in USO requirements to maintain a sustainable level of mail delivery in the Netherlands.

Slide 5 gives a summary of our strategy, the three pillars you recognize. We will manage Parcels for sustainable growth, Mail for value and we combine this by accelerating our digitalisation programs.

The Q1 progress on digitalisation and ESG has been very positive. The number of consumer accounts grew to 9.1 million and we have celebrated the thousandth automated parcel locker, which has been put to service last month.

We have improved our CO2-emissions with 14% and we have added 4 million liters of HVO100 to our European road networks to also offset and to be more energy efficient from a footprint point of view.

Our people play an important role, clearly, and in the quarter we have reached an agreement on the new Collective Labour Agreement for about 15,000 mail deliverers, offering a new salary structure that reflects our valuation for experienced workers. This collective labour agreement runs from January 1st of this year until the 31st of December 2025. Gradually over that period wages will increase around 19%, all to achieve our ambition to be your favourite deliverer with 225 years of dedication, trust, and innovation to back that up.

Q1 2024 performance

Normalised EBIT at €(9)m, improvement in free cash flow

Key financial metrics

(in € million)	Q1 2023	Q1 2024	change
Revenue	783	765	-2%
Normalised EBIT	7	(9)	
Free cash flow	(31)	(7)	
Normalised comprehensive income	4	(8)	

Main drivers

- Volume growth, but unfavourable shift in mix at Parcels
- Steep volume decline, further shift to non-24-hour mail and pressure from labour costs at Mail in the Netherlands
- €24m organic cost increases, mainly labour-related, visible in all segments

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PostNL Q1 2024 results

Now let's look at the numbers in a little bit more detail. On slide 6, you find the Q1 numbers. Normalised EBIT came in at minus EUR 9 million, a decrease compared to the first quarter of 2023. Free cash flow was EUR 7 million negative, which is an improvement compared to last year and follows a normal seasonal pattern.

We have reported a negative normalised comprehensive income of minus EUR 8 million and performance includes continued high organic costs of EUR 24 million within the quarter. In Mail, we see a shift to non-24-hour mail that puts pressure on the results of Mail in the Netherlands, next to the organic cost increases obviously.

Overall, a weaker result than in the first quarter of last year but, as said, in line with our own expectations.

Parcels

First signs of recovery in volume development

	Revenue	Normalised EBIT	Volumes	
Q1 2024	**€555m**	**€2m**	**86m**	**+4.6%**
Q1 2023	€561m	€5m	82m*	

Revenue mix

In € million	Q1 2023	Q1 2024
Parcels NL and BE	360	369
Spring	116	125
Logistics solutions and other services	72	73
Other / Intercompany	14	(12)
Parcels	561	555

Volume
- Volume growth 4.6%; growth rate improving as the quarter progressed, with March up 7.0%
  - domestic volumes up 0.3%, with increasing share from larger customers
  - volume from international customers up 25%

Revenue
- Revenue Parcels NL and BE reflecting
  - volume growth
  - tariff increases more than offset by less favourable product and customer mix (impact €0.08 per parcel)
- Cross-border activities continued positive trend, most strongly in Asia

Costs
- Significant organic costs increase, mainly labour-related
- Efficiency improvements (network optimisation, higher utilisation rates, smaller average size parcels, rationalisation services), also due to adaptive measures

7 * As from 1 January 2024, parcel volumes also include domestic Belgian volumes; the comparative figure for 2023 has been adjusted accordingly (Q1 2023: +1m items)

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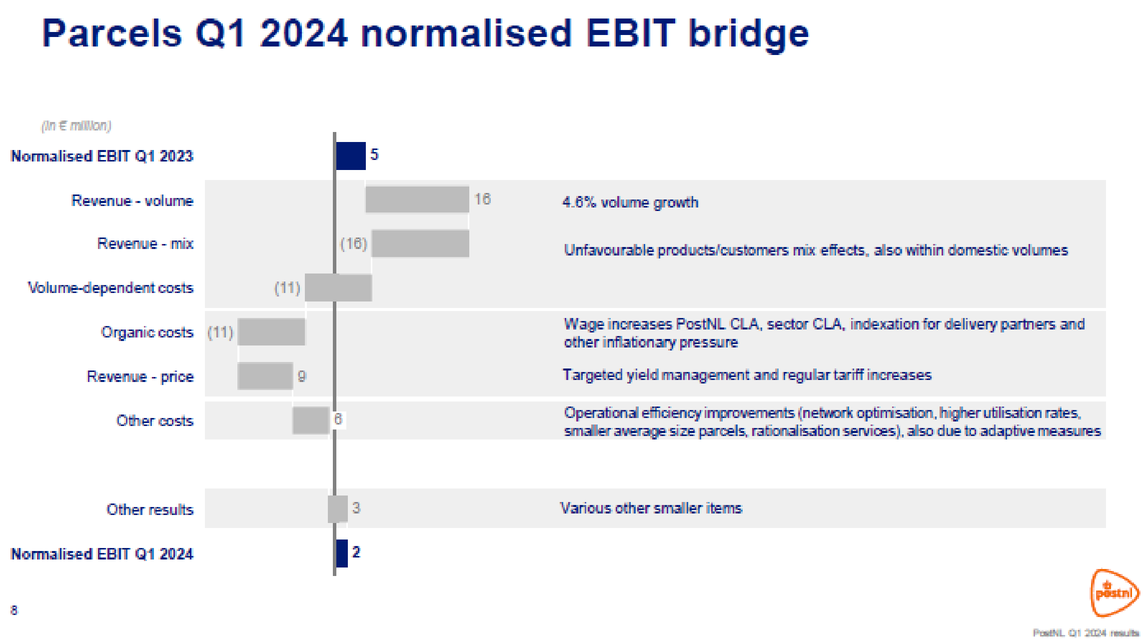
For a bit more detail let's go to Parcels. It was very positive to see signs of recovery there. 4.6% growth [note: volume growth], improving throughout the quarter with exit rates from March of 7%. But also domestic volumes were up 0.3%, with an increasing share from larger customers. Cross-border volumes grew by another 25%. All in all, that are important tell tales for the gradually increasing domestic growth rates that we project for the quarters to come.

The composition of the volume, of which roughly 21% is now driven by international customers, has led to a negative mix effect of roughly EUR 0.08 per parcel reduction of average price, whilst that already included price increases on the back of indexation. So, you will see in the Parcels bridge a EUR 16 million negative mix effect offset by 9% [note: meant is EUR 9 million] price increases, but that still leaves EUR 7 million negative, EUR 0.08 per parcel delta on the average price. As a percentage of overall average price it is not that big, but in absolute terms it is still significant.

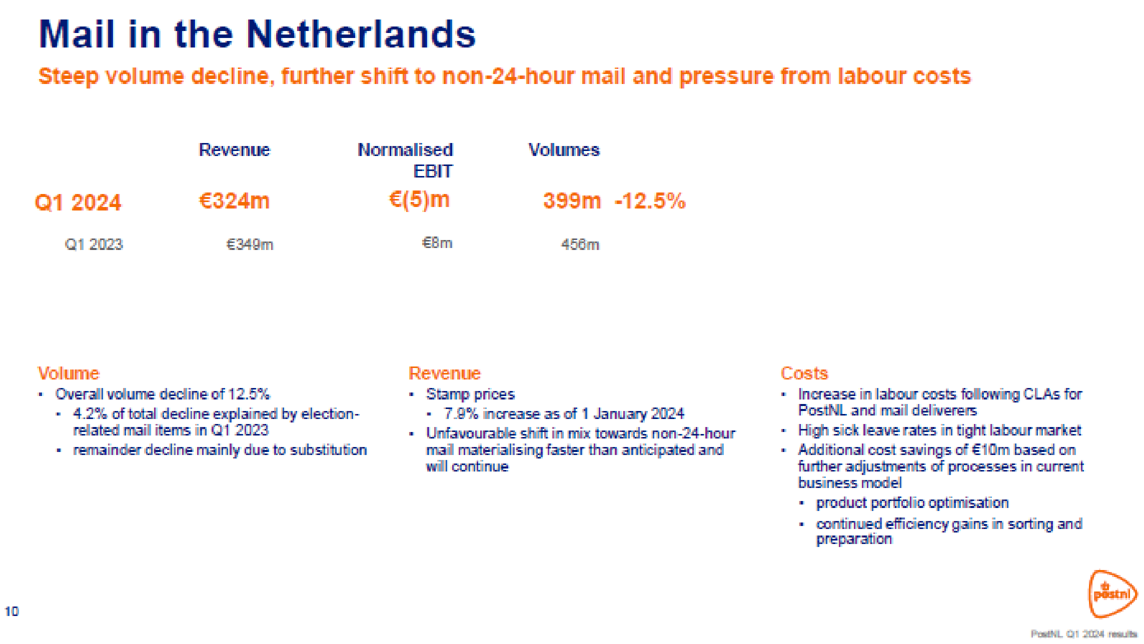
Cost effects reflect, of course, the cost increases on the one hand, mainly related to labour, but we also see the impact from efficiency improvements due to network optimisation, more smaller parcels, rationalisation of services, and also the impact of measures that we have taken last year to save costs.



On slide 8 you will find the EBIT bridge in the standard format. We bridge from EUR 5 million result normalised EBIT last year to EUR 2 million this year. You see the volume component of 4.6% growth, being EUR 16 million, a revenue mix effect of minus EUR 16 million and then, of course in the standard format, the volume-dependent costs, EUR 11 million of organic costs and then subsequently EUR 9 million of yield management and tariff increases that offset a big part of the organic cost increases.

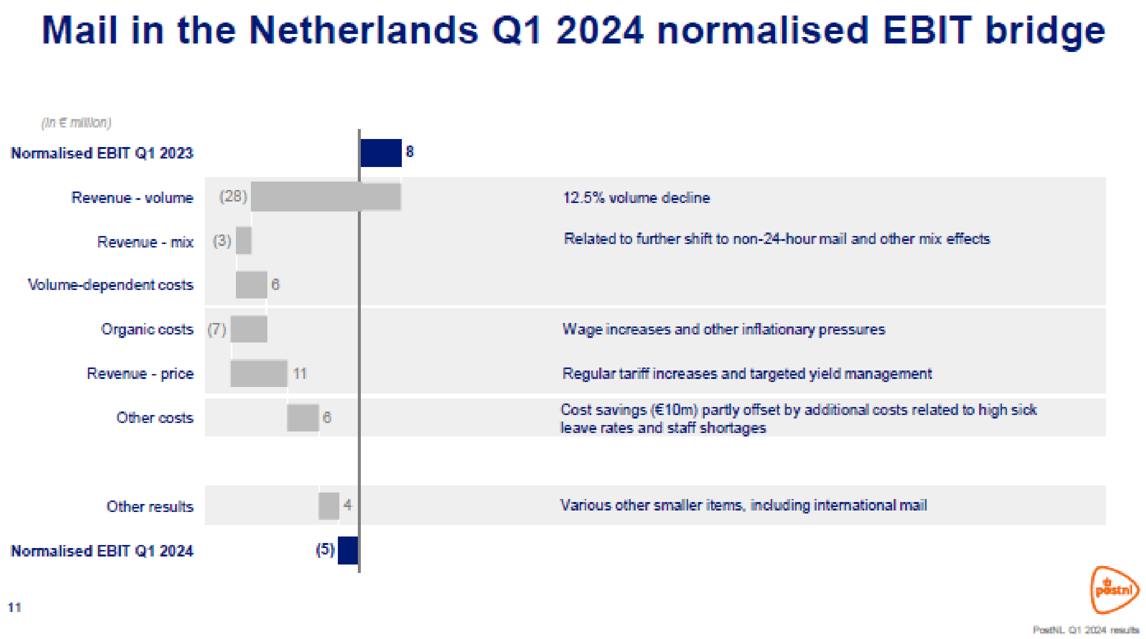
Other costs are a function of operational efficiency improvements that have added EUR 6 million. Other results are a combination of very many smaller items of different parts of the Parcels segment that have contributed nicely in this quarter to the results.

We recently added our 28th depot to our infrastructure located in Alphen aan den Rijn, which supports our sustainable growth strategy for e-commerce. We are very proud of this new state-of-the-art facility. It is the biggest, the largest site that we currently have. Of course, it has solar panels, close to 2,000 panels, to be precise, and it also contains very innovative energy storage, which takes pressure of the local grid. The building was rated outstanding for new construction by BREEAM and is fully equipped with LED-lighting and heat recovery systems and has an on-site charging facility for our electrical vehicles.

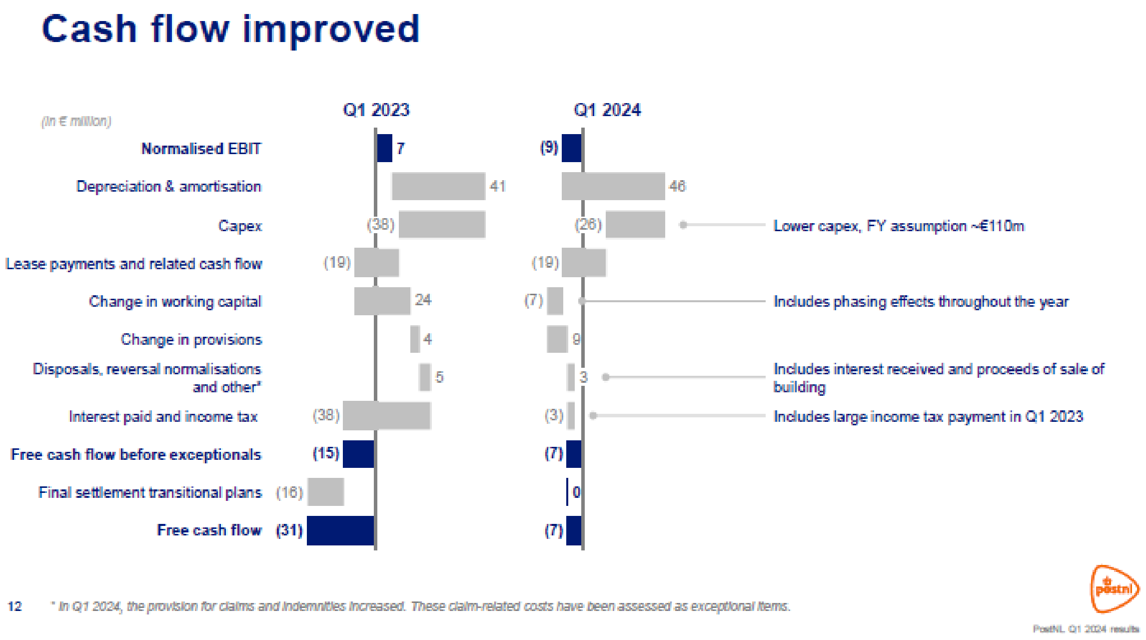


Let's move to the results of our segment Mail in the Netherlands. Revenue came in at EUR 324 million, a decline compared with the EUR 349 million of last year, obviously driven by the volume decline of 12.5%. As said, excluding election-related mail that would have been 8.3%. Also within Mail, there was a negative mix effect due to a faster than anticipated shift to non-24-hour mail. That was partly offset by the increase in stamp prices of around 8% as of the 1st of January.

Normalised EBIT came in at minus EUR 5 million compared EUR to 8 million positive last year first quarter. Labour cost increased following the completion of the Collective Labour Agreement and due to pre-agreed increases in the PostNL Collective Labour Agreement. These costs were partly offset by cost savings of approximately EUR 10 million from product portfolio optimisation as well as efficiency gains in sorting and preparation. Sick leave rates remain high and at the same time we have made a huge step to bring down vacancies from 1,000 to 300. That, of course, also helps us to improve on the quality of service.



On slide 11, you find the bridge or Mail in the Netherlands, bridging the EUR 8 million result last year with the minus EUR 5 million this quarter. Of course, the biggest step-down is the volume effect because of the volume decline, then a little bit of additional negative mix effect driven by the quicker substitution of 24-hour mail. And you see organic cost of EUR 7 million outpaced by EUR 11 million price increases. In other cost you will find the cost savings and also other results is a combination of very many different things, including International Mail, that show a positive of EUR 4 million.



Then from EBIT to cash flow. We have reported a minus EUR 7 million free cash flow for the quarter compared to minus EUR 31 million the same quarter last year. The biggest explanations there relate to the final settlement of transitional plans last year; EUR 16 million that obviously we do not have anymore. Also in the first quarter last year we had a big income tax payment of EUR 38 million that we did not have in this quarter. Next to that, of course, as we discussed before, we have adjusted the CapEx levels to the lower growth. The full-year assumption for CapEx is around EUR 110 million and for the quarter we have accounted EUR 26 million of other investments.

Solid balance sheet

Balance sheet

(in € million)	30 March 2024
Intangible fixed assets	409
Property, plant and equipment	486
Right-of-use assets	283
Other non-current assets	41
Other current assets	405
Cash	510
Assets classified as held for sale	1
Total assets	2,135

	30 March 2024
Consolidated equity	*181*
Non-controlling interests	*2*
Total equity	183
Long-term debt	299
Long-term lease liabilities	230
Other non-current liabilities	165
Short-term debt	363
Short-term lease liabilities	79
Other current liabilities	815
Total equity & liabilities	2,135

Adjusted net debt

(in € million)	31 Dec 2023	30 March 2024
Short- and long-term debt	740	739
Long-term interest-bearing assets	(15)	(14)
Cash and cash equivalents	(518)	(510)
Net debt	207	215
Pension liabilities/WGA	2	26
Lease liabilities (on balance)	320	309
Lease liabilities (off balance)	9	6
DTA on WGA and operational lease liabilities	(76)	(79)
Adjusted net debt	462	477

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That brings us to the balance sheet. Our adjusted net debt position of EUR 477 million, an increase of EUR 15 million compared to year end, obviously is predominantly explained by the negative free cash flow that we just discussed. It is important to note that S&& P have reaffirmed their BBB rating, albeit with negative outlook, but still it is important for us to maintain that BBB rating. We continue to manage our cash flow, balance sheet and net debt position carefully with the aim to end up below the two times EBITDA as net debt.

Then on slide 14, a little bit more detail. If you look at the full-year consensus, that is really very much aligned within the quarter. There were some deviations between our own expectations and analyst consensus. This slide aims to give a bit more color on how we gradually expect the results to improve over the quarters of the year. As said, to start with, we have confirmed the full-year outlook. Throughout the quarters of the year we will gradually see more growth coming from domestic clients. That also means that the negative mix effect will over the quarters become significantly lower. At the same time, the actions we have taken to find efficiency gains, rationalise service and take cost out are also a bit back-end loaded. They are kicking in; they are contributing but will only reach full run rate potential towards the end of the year.

The middle graph indicates how the volume development within Mail will go throughout the quarters and please pay attention there of the numerous elections that we had in 2023 and as well one planned in 2024 that of course impact the comparable yearly decline rates.

We are on track to achieve the EUR 40 million of cost savings based on our existing business model and we have communicated also today that we will increase the stamp prices as per the 1st of July to EUR 1.14 as well. For the full year, we expect organic cost increases of EUR 155 million, to be partially absorbed by EUR 135 million of tariff adjustments. Within the quarter you can see that we managed to match the organic cost increases with price increases, but the next quarters there are some deviations between those numbers also because not all quarters attract the same level of organic cost increases, which is to a large extent also a function of when the raises on wages that are agreed in collective labor agreements are kicking in.

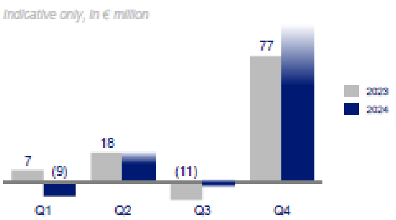
Outlook 2024

Operating environment remains volatile

(in € million)	2023	2024 outlook
Normalised EBIT	92	80 – 110
Normalised comprehensive income	52	40 – 70
Free cash flow	52	0 – 40

- Capex is expected to be around €110 million
  - continuing clear focus on strategy whilst staying disciplined on cash flow management.
  - flexible investment programme which ensures efficient and future-proof infrastructure

Majority normalised EBIT in Q4



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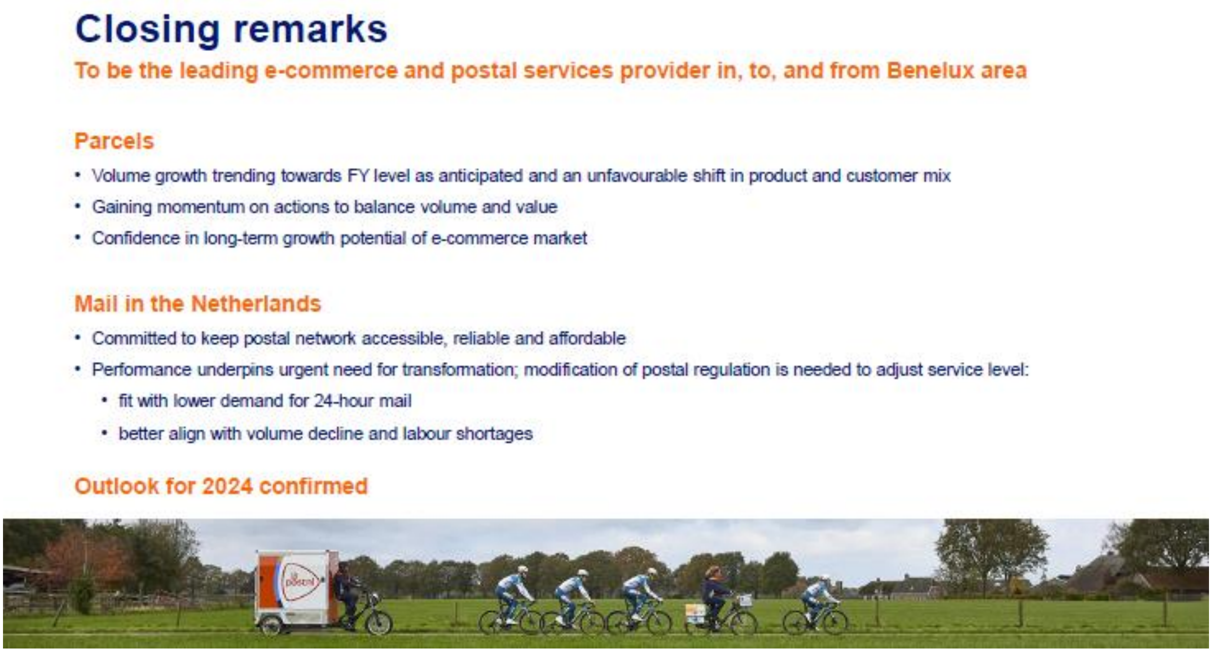
Page 15 is a recap of the outlook components. Normalised EBIT EUR 80 million to EUR 110 million, normalised comprehensive income EUR 40 million to EUR 70 million and free cash flow EUR 0 to EUR 40 million, where CapEx is expected to be around EUR 110 million. Even a bit more exposed than normally is the case to the fourth quarter. The reasons why I just addressed. So, gradually more domestic volume growth, taking out some of the negative mix effects whilst at the same time the measures taken will reach run rate to maximum levels around the fourth quarter time as well.



To close the presentation, maybe just to summarise the main messages. We are executing on our strategy to be the leading e-commerce and postal service provider into and from the Benelux.

At Parcels, volume growth is trending towards the full year levels as anticipated, coming with an unfavourable shift in product and customer mix. We are gaining momentum in all actions we take to balance volume and value and remain confident in the long-term growth potential of the e-commerce market.

For Mail in the Netherlands, we are committed to keep the postal network accessible, reliable and affordable but the current performance underpins the urgent need for transformation. Modification of postal regulation is needed to adjust the service level to fit with lower demand for 24-hour mail and to better align with slowing decline and labor shortages. The current situation is simply not sustainable.

With that, we confirm our outlook for the full year. That’s it for me for now.

Q&A

- **Michiel Declercq - KBC Securities NV**

Hi, thanks for taking my questions. The first one would be on the price increases for Mail. I was just wondering whether this was already included in your original outlook at the end of the fourth quarter last year. I would assume this would have some impact on the potential margin or on the volume outlook. In the past you always mentioned that price increases of course come with some sensitivity on the volumes. Is this already included, also given that yourorganic cost increases? So, just some more color on that.

Secondly, you booked some provisions for claims and indemnities in the business segments. Can you elaborate a bit more on this? Is this related to the situation in Belgium as in the recent press noise that you would be looking at a fine of around EUR 24 million? So, just some more colour on that please. Thank you.

Pim Berendsen - CFO PostNL: Thank you. Clear questions. The price increase that we have announced today for Mail was already included in our original outlook and as such was also already taking into account when assessing the expected following decline. So, this is now the launch of it in more public domains, but it was already included in the outlook.

Indeed, you have seen that on the total set of claims and litigation elements that refer also back to positions that we have taken in our 2023 annual report, so positions with a probable risk. We have reassessed an entire list of different types of provisions and have had to add provisions to it. It is not related to the Belgian case, nor related to the EUR 24 million that was demanded by the authorities in Belgium, but it relates to very many different aspects. They relate to years prior to 2024, have a one-off character and that is why they fulfil the definition of normalisations. That is why you do not see them back in our normalised EBIT results.

Michiel Declercq - KBC Securities NV: That is very clear, thank you very much. Just a small follow-up. Is there already anything included on your balance sheet for the provisions related to what is ongoing in Belgium if you can just remind me for that?

Pim Berendsen - CFO PostNL: No, not for Belgium, as said and also what we argued Friday in court is that at the end of the day, we believe we operate within the boundaries of Belgium law. It relates to employees that are employed by our delivery partners where we feel that we are not the employer of. So, we are confident that we operate within the boundaries of Belgian rules and have not provided anything for it.

Michiel Declercq - KBC Securities NV: Clear. Thank you. Very much for the answers.

- **Marc Zwartsenburg - ING**

Good morning, thank you for taking my questions. My first question is on parcel volumes. Pim, can you give a little bit more color on the trends through the quarter, but also into April? You can add the 4.6% and the 7% - 10% but what should be expected in terms of larger wins to the trend going forward? Will it accelerate to the higher end of that range to come out at 7% - 8% for the full year? Can you give a bit more color?

Pim Berendsen - CFO PostNL: Yes, a little bit. As said, we still expect 7% - 9% [note: Parcels FY growth assumption is 7% - 10%] for the year. 4.6% in the quarter was also in line with our expectations, which means that also in our original outlook, we anticipated the growth rates over the quarter to gradually increase. We were actually very pleased to see domestic growth already back in the first quarter, albeit small but back, and that is important. Within the quarter, we definitely exited the first quarter higher than the average for the quarter, at 7% growth in March and basically that is also what we see continuing, roughly speaking, since March.

Marc Zwartsenburg - ING: And is that excluding any potential positive impact from the strikes at Bpost, as they indicated that some volumes are pushed to competition?

Pim Berendsen - CFO PostNL: We have not seen a significant impact of those strikes in our foreign development. We saw a very positive volume development in Belgium as well, but that is all included in the numbers I just shared.

Marc Zwartsenburg - ING: And how would this accelerate from the +7%, as you need at the end more growth than that even year on year, on tougher comps. So what will drive your growth even higher to reach the 7% - 10% for the for the full year?

Pim Berendsen - CFO PostNL: As said, we expect the domestic percentage of growth to gradually increase. That is also based on the expectations those clients have. Predominantly in Q3 and most exposed in Q4, we expect higher growth than those 7% rates to end up with the 7% - 9% [note: meant is growth of 7% - 10%]for the full year.

Marc Zwartsenburg - ING: But does that include also that there will be new clients phasing in in Q3 and Q4 or is it more at existing clients? You gained some clients.

Pim Berendsen - CFO PostNL: It is more at existing clients. As said, in 2023 we have lost a couple of clients and that has still impacted the growth number in the first quarter a little bit, although we are also happy that the development to market share is more or less stable already in first quarter. We know that we have won a couple of clients that are due to start or have already started in in the second quarter. That will gradually add to the growth as well, next to the market growth contribution.

Marc Zwartsenburg - ING: So, they will phase in in the second quarter.

Pim Berendsen - CFO PostNL: So, in Q1 there is still a little bit of net negative but very small and that will gradually turn into a positive when we onboard those clients and get volumes into our system.

Marc Zwartsenburg - ING: [sound!!] … not a question ….

Pim Berendsen - CFO PostNL: Marc, can you repeat your question? The line went bad.

Marc Zwartsenburg - ING: Sorry, my headset dropped. My second question was around the change in business model. Can you give us a bit of an update where we stand there, what the latest talks are and what the chances are that we get an update with some more tangible evidence that it will happen at the Q2 numbers? Can you give us an update?

Herna Verhagen - CEO PostNL: After the 26th of February it gave us the possibility to share our views on how to change the mail market and service levels in that mail market. We have talked to many of our stakeholders, meaning politicians, unions, employees, all sorts of councils in the Netherlands, and the Ministry of Economic Affairs. As we said in the press release, the Ministry of Economic Affairs is in the lead. They decide in the end on the pace and of course the content of it. What is good news is that parliament in the Netherlands, so the Second Chamber, said that the postal law is not controversial anymore. That is important to us because it means that content of that postal law can be discussed in parliament. They plan some information meetings. So, there is progress in the sense that it is a topic now. Many people are busy with it and hopefully we can give a little bit more progress in the second quarter, Marc!

Marc Zwartsenburg - ING: But what did you say as the last bit, Herna? Can you repeat that?

Herna Verhagen - CEO PostNL: We hope to give you a little bit more progress when we present our second quarter numbers. It became a subject and people are talking about it. That, of course, is good because it needs a certain amount of people and groups of people who think it is necessary to change before it will change.

Marc Zwartsenburg - ING: And do we need a new parliament for that, or can we also do it in the current political environment?

Herna Verhagen - CEO PostNL: We have a new parliament but we do not yet have a new cabinet. This can be done in the current cabinet. That is the reason why the fact parliament said it is not controversial anymore is so important, because that opens the way for the current cabinet to start talking about it.

Marc Zwartsenburg - ING: But we do need a new Parliament, because they have to rule over this.

Herna Verhagen - CEO PostNL: No, there is a new parliament, which has already been there since November last year. Let me say it differently. There is a new parliament since the end of last year. After our announcement on 26th of February they decided that the postal law is not controversial anymore. That means that the current cabinet can discuss and bring proposal around changes in the postal law forward to parliament. So, a new cabinet is not necessary for progress on this file. That is the reason why the fact it is not controversial anymore is so important.

Marc Zwartsenburg - ING: That is very clear. Thank you, Herna. Thank you very much.

- **Henk Slotboom - the IDEA!**

Good morning all, thanks for taking my questions. I will do them one by one, if that is okay. First, I want to go to slide 8 of the presentation. We see volume growth adding EUR 16 million to normalised EBIT. At the same time, we see the adverse mix effect erasing those EUR 16 million again. And then we see volume-depending cost of minus EUR 11 million. What am I missing here? Where is the operational gearing? I can imagine that parcels from China bring a lot less in terms of tariffs and that sort of things than domestic volumes. I can understand you accept this kind of volume to basically increase your operational gearing but I do not see the operational gearing here. What am I missing here?

Pim Berendsen - CFO PostNL: A couple of points, Henk, and good morning to you. Of course, you need to look at the revenue, volume and volume-dependent costs in conjunction with one another. More volume attracts more cost and the balance of those is the contribution. Relatively speaking, there is a few percentage points difference on the average price per item. That for the comparison with last year, accounts for EUR 0.08 per item difference and that is split between an even bigger mix effect, more international volumes and also within international more import versus export. Also within domestic bigger clients grow faster than smaller ones. Those mix effects have a significant impact on the average price per item. At the same time, the growth has led to a reduction of the cost price per parcel with also a couple of cents. But the step-down or mix is bigger than the gain on cost price per item and that of course pushes the margin down. That is what it is. So, there is leverage, more volume growth leads to lower cost price per parcel. That cost-price-per-parcel element going forward will still be influenced by the measures that we talked about and that over the quarters will improve operational efficiency even more. At the same time, the mix effect will reduce over the quarters because of the fact that domestic growth will gradually improve and take more of the growth in comparison to the growth from cross border. Those two elements together will over time turn this negative push on margin to a more positive one, leading to the full year outlook that we discussed.

Henk Slotboom - the IDEA!: Connected to it, growth in cross border is so strong that I was tempted to look at some of the peers of Spring. And in the non-stars of the sectors I see margins that are easily between 3% and 5%. The sales, the revenues of Spring, are EUR 125 million. Let me take a ballpark figure for the operating margin of around 4%. Spring, by itself, should then already achieve a higher EBIT than we see for Parcels as a whole. Again, what am I missing here?

Pim Berendsen - CFO PostNL: As said, not all volumes that go cross-border are handled by Spring. The spring business models could be directly related to our Dutch networks and as such returns of those clients are within the e-commerce parcels alliance and not within Spring. So, it is the combination of those factors. We are happy with Spring's contribution to the group and we are definitely very happy with the contribution of those cross-border volumes to the overall P&L of the group. That is not to say that the balance of the growth would be better of if we see bigger domestic clients grow a bit faster. That is exactly what we expect them to do over the next quarters.

Henk Slotboom - the IDEA!: Okay. Then on the mix effects. It is clear that one of the pillars on which your guidance for the full year is based, is that you see momentum coming back in domestic spending and domestic parcels. We quite clearly see that in the development of retail sales as well. But at the same time, I believe as of the 1st of June, you will stop with the Sunday delivery and you will stop with the evening delivery in certain areas in the Netherlands. How is that going to impact your volume growth in the second quarter and beyond?

Pim Berendsen - CFO PostNL: That has all been taken into account when we defined the outlook. The reason why we are considering stopping those special services on Sunday is because there is relatively speaking too little volume for the quality of service we offer, which makes it very inefficient to keep on doing that because it compresses margin rather than that it brings any value. So, that does not impact our growth expectations at all.

Henk Slotboom - the IDEA!: But normally speaking it should have a slight negative impact on your overall volume growth, but that is in the included in the guidance.

Pim Berendsen - CFO PostNL: That depends on whether or not we move that to another day or not, but the impact of those measures has been taken into account with the full year guidance that we have given and that we have reconfirmed today.

Henk Slotboom - the IDEA!: I have one more question and then I will go back to the queue to not monopolise this meeting. It is on the number of APMs in the Netherlands. You celebrated your 1,000th APM at the end of April. If my memory does not let me down, you had around 903 at the end of last year. That means that in four months time 100 ATMs have been added. You have a target for 1,500 at the end of this year but if I take this this speed of roll-out, then I should arrive somewhere between 1,250 and 1,300. Is that correct?

Pim Berendsen – CFO PostNL: I cannot correct you on the math but the question is not necessarily that the run rate of the last couple of months will also be the run rate that is planned for the next months. That is quite often a function also when retail stores, supermarkets and grocery stores are going to be refurbished. There is a road map that quite clearly plans and indicates in which locations we will open up APLs. That road map that the team is working on brings us towards that number for the full year that you talked about.

Henk Slotboom – the IDEA!: All supermarkets have to stop selling tobacco by 1st of July of this year. That means that the service desk disappears in most cases. My question is very simple: is the 1,500 target still intact for the end of this year?

Pim Berendsen - CFO PostNL: Yes.

Henk Slotboom - the IDEA!: That is all I need to know. Thank you. I will go back in the queue.

Operator: There are no other questions but there are further questions from the line of Henk Slotboom.

- **Henk Slotboom - the IDEA!**

Thank you. I am honored to be able to monopolise this meeting, but not really. The next question I had is on the CLA. We have seen the impact of the Mail [deliverers] CLA, what kind of wage inflation have you included in the guidance for the big PostNL CLA? Can you say something about that?

Pim Berendsen - CFO PostNL: Do you want to want me to do the negotiations through the script of the analyst call, Henk? Of course, you know that I will not go into detail.

Of course, we have an assumption on the back of what we see as wage increases as a function of inflation rates being up in businesses around us. Quite clearly, that is more than what we have done in the past, but it is also significantly less compared to wage increases in the collective labour agreement for mail deliverers, because a big component of that step-up was obviously also driven by the increase of minimum wages that of course do not have that kind of impact on the PostNL collective labour agreement. I think we will be okay with the assumption that we have taken. Negotiations on that collective labour agreement will start probably by the end of this month and will take as long as they take.

Henk Slotboom - the IDEA!: You said in your introduction remarks that the number of vacancies in Mail had been reduced to 300. What happened there? Have you been hiring new staff? Has the turn come down significantly? Is it simply the fact that you do not need as many mail deliverers as you did because of the contraction of the mail volumes? What exactly are the main drivers there?

Pim Berendsen - CFO PostNL: The number of vacancies or the number of positions that we seek employees for has not come down but we have put even more effort in trying to attract more people to it. That has become more successful over the months, probably also helped a bit by the new collective labor agreement that was reached and that has brought back the number of vacancies in mail delivery, which is of course also directly correlated with the quality of services. That is why it is an important driver for us to follow. Having it come down from 1,000 to 300 makes us comfortable that the proposition that we have to attract new people to fill the routes that need to be filled is becoming better and better. That will have a positive impact on quality levels going forward as well.

Herna Verhagen - CEO PostNL: And, as we said when we announced the future in Mail, we expect to need quite some maill deliverers over the next coming years. So, we do not expect that the hiring will be less in a year or two or three years from now.

Henk Slotboom - the IDEA!: Then the final question from my side. Last Thursday, we saw the publication of a decree in Belgium on giving the Economic Affairs Minister the possibility to set minimum prices, minimum tariffs payable to subcontractors. We have seen media reports in the past referring to levels from around EUR 30/h to EUR 32/h. I guess that is a lot more than what is common right now. I understood that the new regulation, the moments that prices can be fixed, is on 1st of October, which actually is the start of the of the peak season, the final quarter. Any thoughts about that?

Herna Verhagen - CEO PostNL: There is still quite some discussion with the branch, so not per se with us but with the branch on whether this is implementable, doable. What is exactly in that hourly wage? Which elements are in the hourly wage and which are not? There is still quite some discussion on how to look at it. How much of the cost you have to put into that hourly wage, it is a critical point to come to the view on the consequence of this. So, it is still up for discussion. There is still lots of debate with the branch in Belgium.

Henk Slotboom - the IDEA!: That is why the regulator decided to start implementing this as of 1st of October? Because they need more time, basically.

Herna Verhagen - CEO PostNL: They need the time for the discussion and it also needs clear answers to get it rightly implemented.

Henk Slotboom - the IDEA!: So, there is more needed than the consultation document that was published by the Belgian regulator two or three weeks ago.

Herna Verhagen - CEO PostNL: Yes.

Henk Slotboom - the IDEA!: Thank you. Those were my questions.

Operator: There are no further questions. I would like to hand back to Inge Laudy.

Inge Laudy - Manager Investor Relations: Thank you all for listening and enjoy your day. We will speak to you in August.

Thank you.

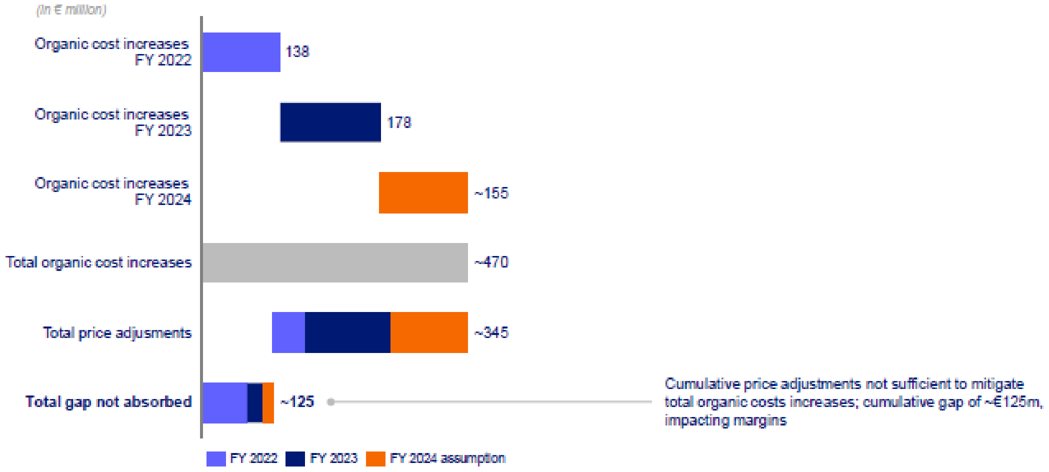
End of call

Appendix

1. Cumulative organic cost increases and price adjustments 2022-24
2. Results per segment Q1 2024
3. Revenue mix Parcels
4. Full reconciliation of income statement and EBITDA per segment
5. Free cash flow per segment Q1 2024
6. Profit and normalised comprehensive income

Continued significant inflationary pressure on costs

Not fully mitigated by price adjustments



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PostNL Q1 2024 results

Results per segment Q1 2024

(in € million)

	Revenue		Normalised EBIT		Margin	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024
Parcels	561	555	5	2	0.9%	0.3%
Mail in the Netherlands	349	324	8	(5)	2.2%	-1.5%
PostNL Other	60	63	(6)	(6)		
Intercompany	(187)	(177)				
PostNL	783	765	7	(9)	0.9%	-1.2%

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PostNL Q1 2024 results

Revenue mix Parcels

As of 2024

(in € million)	Q1 2023	Q1 2024	Q2 2023	Q2 2024	Q3 2023	Q3 2024	Q4 2023	Q4 2024	FY 2023	FY 2024
Parcels	360	369	372		348		409		1,489	
Spring	116	125	119		116		125		475	
Logistics solutions and other	72	73	72		67		72		283	
Other / intercompany	14	(12)	(7)		3		3		13	
Parcels	561	555	556		535		608		2260	

2023

(in € million)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Parcels Netherlands	355	366	342	402	1,464
Spring	116	119	116	125	475
Logistics solutions and other	72	72	67	72	283
Other / intercompany	19	(0)	9	10	38
Parcels	561	556	535	608	2,260

Presentation revenue and volume split Parcels

As from 1 January 2024, parcel volumes also include domestic Belgium volumes; the comparatives figures for 2023 revenue and volume have been adjusted accordingly (volumes: Q1 2023: +1m, Q2 2023, Q3 2023, Q4 2023, FY 2023).

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PostNL Q1 2024 results

Full reconciliation of income statement and EBITDA Q1 2024

Income statement *(in € million)*	PostNL Q1 2023	PostNL Q1 2024	Parcels Q1 2023	Parcels Q1 2024	Mail in NL Q1 2023	Mail in NL Q1 2024	PostNL Other Q1 2023	PostNL Other Q1 2024	Eliminations Q1 2023	Eliminations Q1 2024
Total operating revenue	783	765	561	555	349	324	60	63	(187)	(177)
Other income	0	0	(0)	0	0	0	0	0		
Cost of materials	(25)	(21)	(18)	(15)	(3)	(3)	(4)	(2)		
Work contracted out and other external expenses	(395)	(397)	(378)	(376)	(173)	(165)	(31)	(33)	187	177
Salaries and social security contributions	(262)	(259)	(105)	(106)	(125)	(122)	(32)	(31)		
Pension contributions & related costs	(23)	(23)	(9)	(9)	(10)	(9)	(4)	(5)		
Depreciation, amortisation and impairments	(41)	(46)	(19)	(21)	(6)	(7)	(16)	(18)		
Other operating expenses	(30)	(41)	(27)	(27)	(24)	(33)	21	19		
Total operating expenses	*(776)*	*(787)*	*(556)*	*(555)*	*(342)*	*(339)*	*(65)*	*(70)*	*187*	*177*
Operating income / EBIT	7	(21)	5	1	8	(15)	(6)	(7)	0	0

EBITDA	PostNL Q1 2023	PostNL Q1 2024	Parcels Q1 2023	Parcels Q1 2024	Mail in NL Q1 2023	Mail in NL Q1 2024	PostNL Other Q1 2023	PostNL Other Q1 2024
Operating income / EBIT	7	(21)	5	1	8	(15)	(6)	(7)
Depreciation, amortisation and impairments	41	46	19	21	6	7	16	18
Reported EBITDA	48	24	24	22	14	(8)	10	10
IFRS16 impact (depreciation RoU assets)	(17)	(18)	(11)	(12)	(3)	(3)	(3)	(3)
EBITDA excluding IFRS16	31	6	13	10	11	(11)	7	7

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PostNL Q1 2024 results

Free cash flow per segment Q1 2024

(in € million)	PostNL		Parcels		Mail in NL		PostNL Other & Eliminations	
	Q1 2023	**Q1 2024**	Q1 2023	**Q1 2024**	Q1 2023	**Q1 2024**	Q1 2023	**Q1 2024**
EBITDA	48	24	24	22	14	(8)	10	10
Change in pensions	(0)	0	0	0	0	-	(0)	(0)
Change in provisions	4	9	1	(2)	3	11	0	(1)
Change in working capital	24	(7)	39	9	(6)	(5)	(9)	(12)
Capex	(38)	(26)	(14)	(5)	(2)	(1)	(22)	(20)
Disposals	0	8	(0)	0	0	8	(0)	(0)
Interest paid	(3)	(3)	(1)	(1)	(1)	(1)	(1)	(1)
Income tax paid	(35)	(0)	(1)	(0)	(2)	4	(32)	(4)
Lease payments and related cash flow	(19)	(19)	(12)	(12)	(4)	(4)	(3)	(3)
Other	5	7	1	2	0	0	4	5
Free cash flow before exceptionals	(15)	(7)	35	13	2	5	(52)	(25)
Settlement transitional plans	(16)	0	0	0	0	0	(16)	0
Free cash flow	(31)	(7)	35	13	2	5	(68)	(25)
Free cash flow yield	-4%	-1%						

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PostNL Q1 2024 results

Profit and normalised comprehensive income* PostNL

(in € million)	Q1 2023	**Q1 2024**
Operating income / EBIT	7	(21)
Net financial expenses	(1)	(0)
Results from investments in JVs/associates	(0)	0
Income taxes	(2)	2
Profit/(loss) from discontinued operations	1	(0)
Profit	4	(19)
Other comprehensive income	(0)	2
Total comprehensive income	4	(17)
Normalisation on EBIT, net of tax	0	9
Exclude result from discontinued operations	(1)	0
Normalised comprehensive income	4	(8)

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* *Normalised comprehensive income is defined as comprehensive income normalised for incidentals in operating income/EBIT, net of statutory tax, as well as the net result from discontinued operations*

PostNL Q1 2024 results