

2023



Q2 2023 Results

The Hague, the Netherlands — 7 August 2023



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Key takeaways

Satisfying second-quarter results

- Better-than-expected volume development at Parcels: volumes up 3.3%, with growth from domestic and, predominantly, international customers
- Reported volumes at Mail in the Netherlands -9.0%, mainly substitution
- Measures taken to mitigate inflation supported good operational leverage and efficiency improvements
- 10% further improvement in average carbon efficiency
- Implementation of reduction of 200-300 FTEs in overhead, mainly at Parcels, ahead of plan
 - restructuring and related costs in 2023 €10m at most (previously: ~€20m), of which €5m in Q2
 - small part of cost savings expected to be achieved as early as in 2023
- Interim dividend set at €0.06 per share

Raised outlook for FY 2023

- Normalised EBIT between €100m and €130m (previously: between €70m and €100m)
- Free cash flow unchanged at between €10m and €40m



Q2 2023 performance

Normalised EBIT of €18m, better-than-expected and above Q2 2022



Key financial metrics

(in € million)

	Q2 2022	Q2 2023	change	HY 2022	HY 2023	change
Revenue	746	771	3%	1,552	1,554	0%
Normalised EBIT	10	18	80%	43	25	-42%
Free cash flow	(43)	(34)		10	(65)	
Normalised comprehensive income	19	10	-46%	53	14	-74%

- Normalised EBIT includes
 - €38m organic cost increases in Q2; €92m HY (FY 2023 assumption: ~€185m)
 - €19m positive impact from pensions in Q2, visible in PostNL Other; €39m HY (FY 2023 impact: ~€75m)*



* following the switch to a defined contribution scheme

Our strategy

The leading logistics and postal service provider in, to and from the Benelux region

Strategic foundation



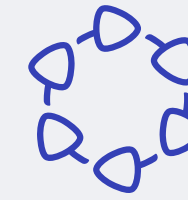
Parcels

Manage for sustainable growth



Mail

Manage for value



Digital **NEXT**

Support business performance and increase customer satisfaction

Strategic objectives



Customer value

- Help customers grow their business
- Secure a sustainable mail market



Social value

- Attract and retain motivated people



Environmental value

- Improve environmental impact

Be your favourite deliverer



Delivering on our strategy

Continuing our transformation into an e-commerce player

Parcels

- Strong potential for e-commerce growth with unchanged fundamental growth drivers
 - improving volume trend with return to growth in Q2 2023
- Securing our position in a dynamic and competitive market
- Strong focus on yield and successful implementation of adaptive measures and efficiency improvements
- Plans to reduce 200-300 FTEs in overhead, mainly at Parcels, ahead of schedule

Mail in the Netherlands

- Unchanged performance drivers: volume decline, moderate pricing policy and regular cost savings
- Navigating challenging operating environment
 - unfavourable shift in mix
 - significant organic cost increases
 - achieving planned cost savings more challenging
 - delivery quality below required level, with high sick leave rates in tight labour market

Digital Next

- Supporting business performance and increasing customer satisfaction
- Progressing as planned
- Key milestones
 - 8.4m consumer accounts, of which 55% actively used
 - 838 automated parcel lockers (FY 2022: 517)
 - launch of chatbot “Charlie” to support recruitment process

ESG – our licence to operate

- Reducing environmental impact, with 10% further average carbon efficiency compared with FY 2022; offsetting any remaining carbon emissions, cutting footprint to net zero
- Continued investments in sustainability; first electric large truck in the Netherlands
- Contributing to greater connection and contact across society; donated to 100 initiatives through PostNL Special Moments Fund

Parcels: Return to volume growth earlier than expected

Measures to mitigate inflation are successfully paying off

	Revenue	Normalised EBIT	Volumes		Revenue mix		
					<i>in € million</i>		
					Q2 2022	Q2 2023	
Q2 2023	€556m	€17m	86m	3.3%	Parcels Netherlands	345	366
Q2 2022	€519m	€14m	83m		Spring	91	119
					Logistics solutions and other services	74	72
					Other / intercompany	9	(0)
					Parcels	519	556

Volume

- Better-than-expected volume development at Parcels
 - volumes up 3.3%, with growth from domestic and, predominantly, international customers
- Market share slightly down in market characterised by temporary overcapacity

Revenue

- Reflecting volume growth and positive overall price/mix impact
 - positive pricing
 - less favourable mix, as result of strong growth in volumes from international customers
- Cross-border activities continued the positive trend seen since late 2022; revenue at Spring up, most strongly in Asia
- Revenue at Logistics solutions slightly down

Costs

- Higher organic costs as expected, mostly labour, due to inflationary pressures
- Adaptive measures, including optimisation of routes, higher utilisation rates, tight control of indirect costs, resulted in improved operational leverage and efficiency



Mail in the Netherlands: Continued volume decline

Delivery quality below the required level and has full attention

	Revenue	Normalised EBIT	Volumes	
Q2 2023	€323m	€2m	409m	-9.0%
Q2 2022	€350m	€13m	450m	

Volume

- Overall volume decline of 9.0%
- 8.4% underlying volume decline, excluding non-recurring Covid-19 impact, reflecting substitution

Revenue

- Positive price impact following price increases as of 1 January 2023
- Unfavourable shift in mix

Costs

- Increased labour costs following CLAs for PostNL, postal deliverers and Saturday workers
- Continued higher sick leave rates in tight labour market
- Additional cost savings achieved through continued efficiency gains
 - adjustments in sorting and preparation processes



Better-than-expected HY results and raised FY 2023 outlook

Volume development at Parcels returned to growth earlier than expected

Successfully navigating the current environment

- Parcels
 - volumes returned to growth with both domestic and international contributing
 - measures taken to mitigate inflation successfully paying off
- Mail in the Netherlands: more challenging developments
- Implementation of reduction of 200-300 FTEs in overhead, mainly at Parcels, ahead of plan
- Raised outlook for FY 2023
 - stronger performance at Parcels
 - lower expected contribution from Mail in the Netherlands
 - operating environment remains volatile and uncertain

Executing on our strategy

- Capture strong potential for further e-commerce growth at Parcels
 - unchanged fundamental growth drivers
 - supported by upturn in economic conditions
- Securing solid performance at Mail in the Netherlands
- Continue investments in ESG and acceleration of digital transformation
- Maintain solid financial position

Confidence in our strategy and continue our transformation into an e-commerce logistics player



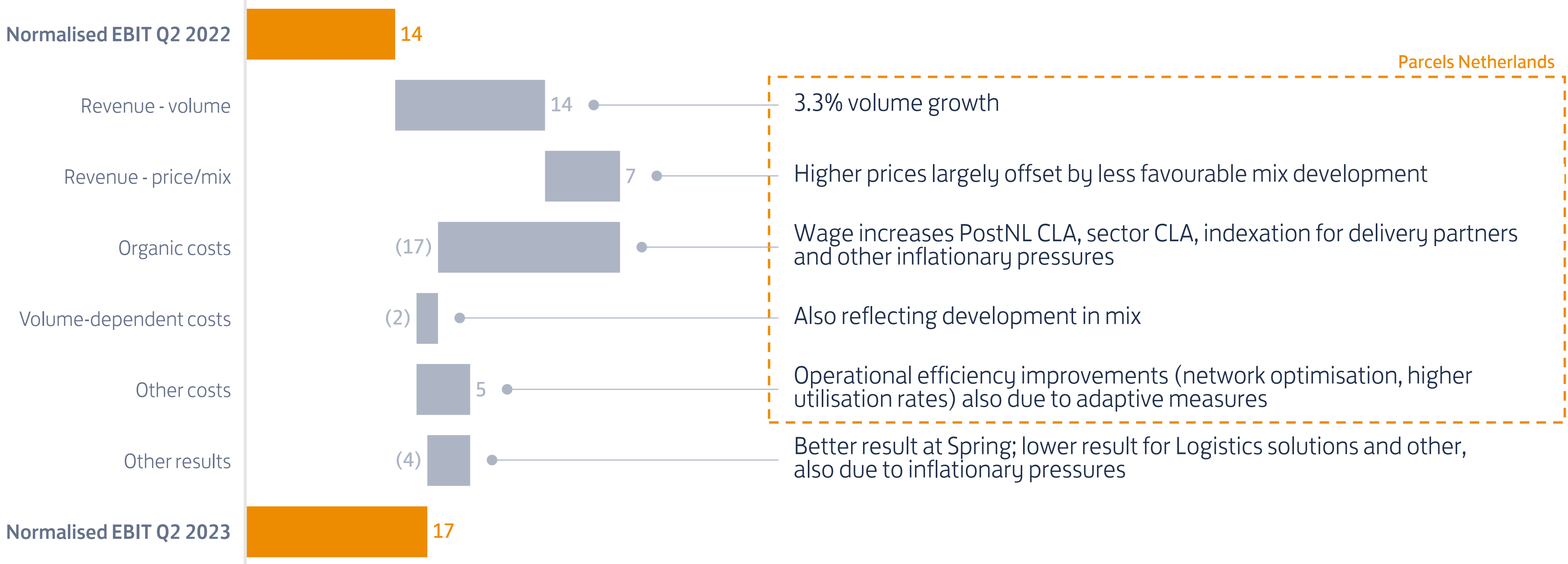
Financial performance Q2 and outlook FY 2023



Parcels Q2 2023 normalised EBIT bridge

Volume growth and good operational leverage largely mitigate organic cost pressures

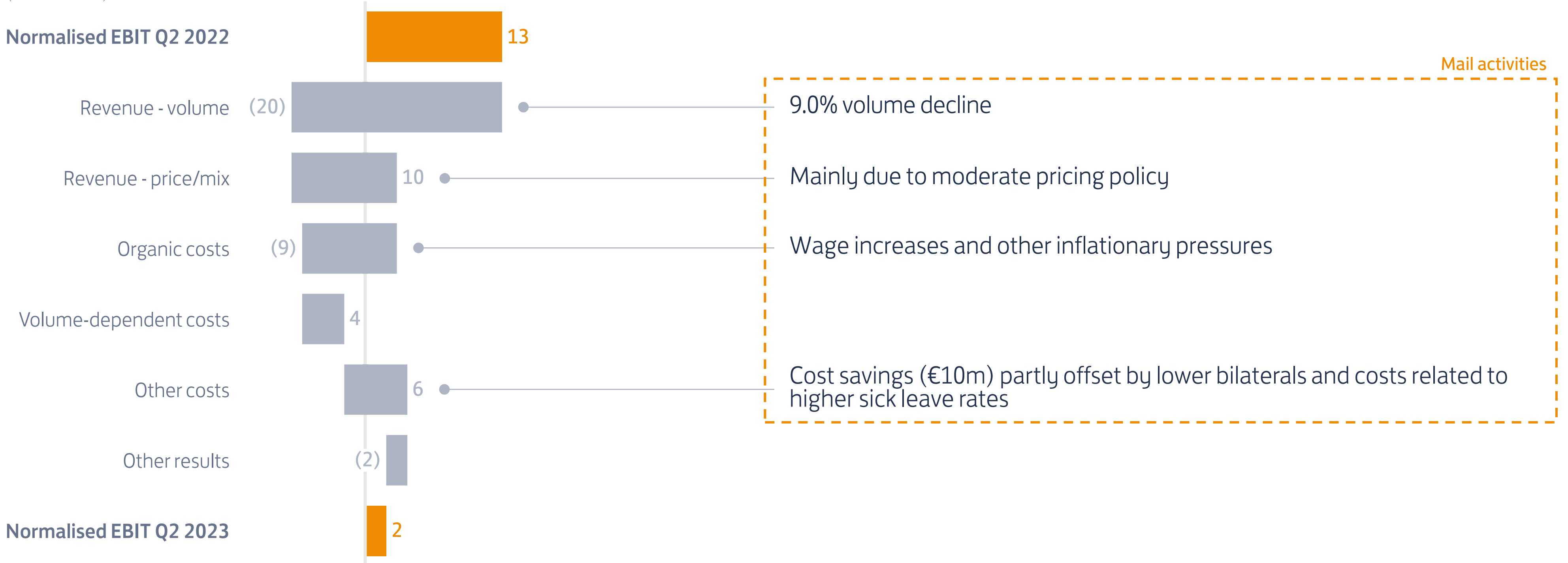
(in € million)



Mail in the Netherlands Q2 2023 normalised EBIT bridge

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

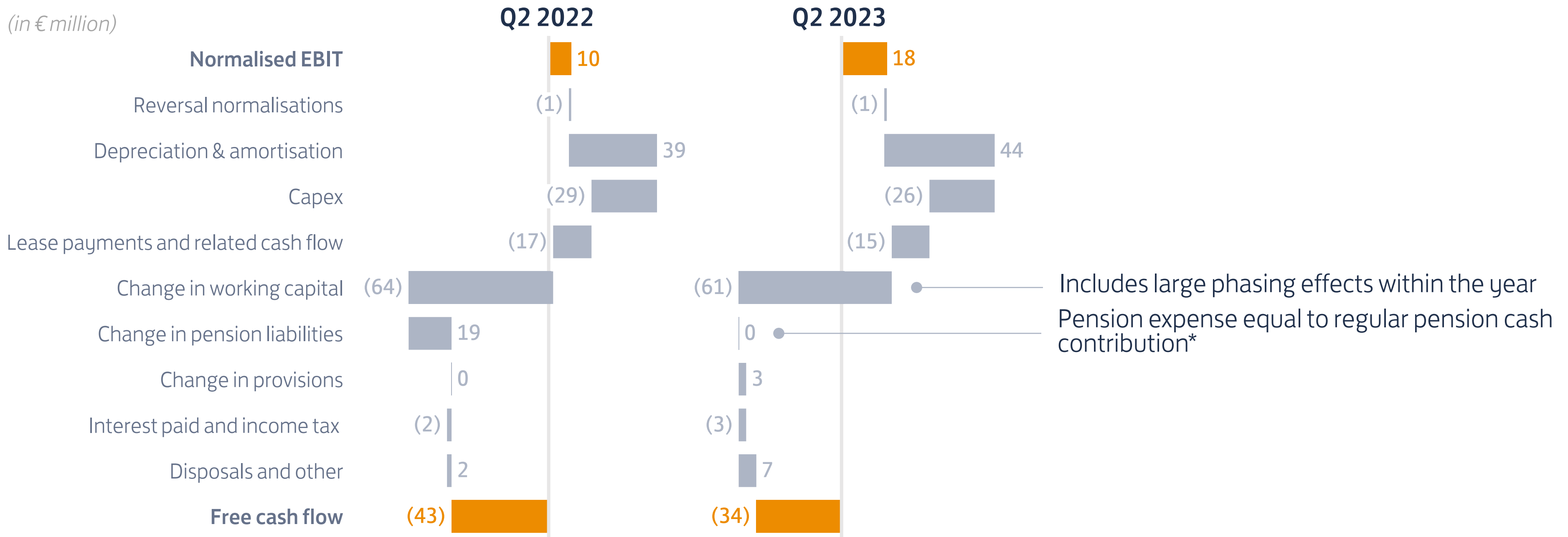
(in € million)



Cash flow better than last year

Impacted by phasing effects within the year

(in € million)



* as of 2023, following pension agreement

Balance sheet

Solid balance sheet with positive consolidated equity; adjusted net debt at €569m

Balance sheet

<i>(in € million)</i>	1 July 2023
Intangible fixed assets	402
Property, plant and equipment	475
Right-of-use assets	283
Other non-current assets	50
Other current assets	461
Cash	459
Assets classified as held for sale	6
Total assets	2,135

	1 July 2023
<i>Consolidated equity</i>	184
<i>Non-controlling interests</i>	2
Total equity	186
Pension liabilities	2
Long-term debt	698
Long-term lease liabilities	240
Other non-current liabilities	130
Short-term lease liabilities	75
Other current liabilities	804
Total equity & liabilities	2,135

Adjusted net debt

<i>(in € million)</i>	31 Dec 2022	1 July 2023
Short- and long-term debt	745	768
Long-term interest-bearing assets	(17)	(16)
Cash and cash equivalents	(556)	(459)
Net debt	172	293
Pension liabilities	18	2
Lease liabilities (on balance)	331	315
Lease liabilities (off balance)	29	41
DTA on operational lease liabilities	(83)	(82)
Adjusted net debt	467	569

Raised outlook for FY 2023

Stronger performance at Parcels, contribution from Mail in the Netherlands expected to be below original expectations

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

- Free cash flow will not fully reflect raised outlook for normalised EBIT
 - part of step-up is related to non-cash elements, including lower additions to restructuring provision and lower depreciation
 - positive impact of normalised EBIT potentially partly offset by tax phasing effect related to tax assets from sale of international activities
- Operating environment expected to remain volatile and uncertain in the short term

Updated assumptions FY 2023

- Parcels
 - low single-digit volume growth (previously: low single-digit decline), with both domestic and international contributing
 - less favourable mix development due to shift towards more volumes from international customers
- Mail in the Netherlands
 - unfavourable shift in mix compared with earlier assumptions
 - continued high sick leave rates in tight labour market
 - more challenging to achieve planned cost savings
- Plans to reduce 200-300 FTEs
 - restructuring and related costs at most €10m (previously €20m)
 - small part of cost savings expected to be achieved as early as in 2023
 - combined, this will lift expected margin PostNL by ~50 bps in 2023, all other things being equal

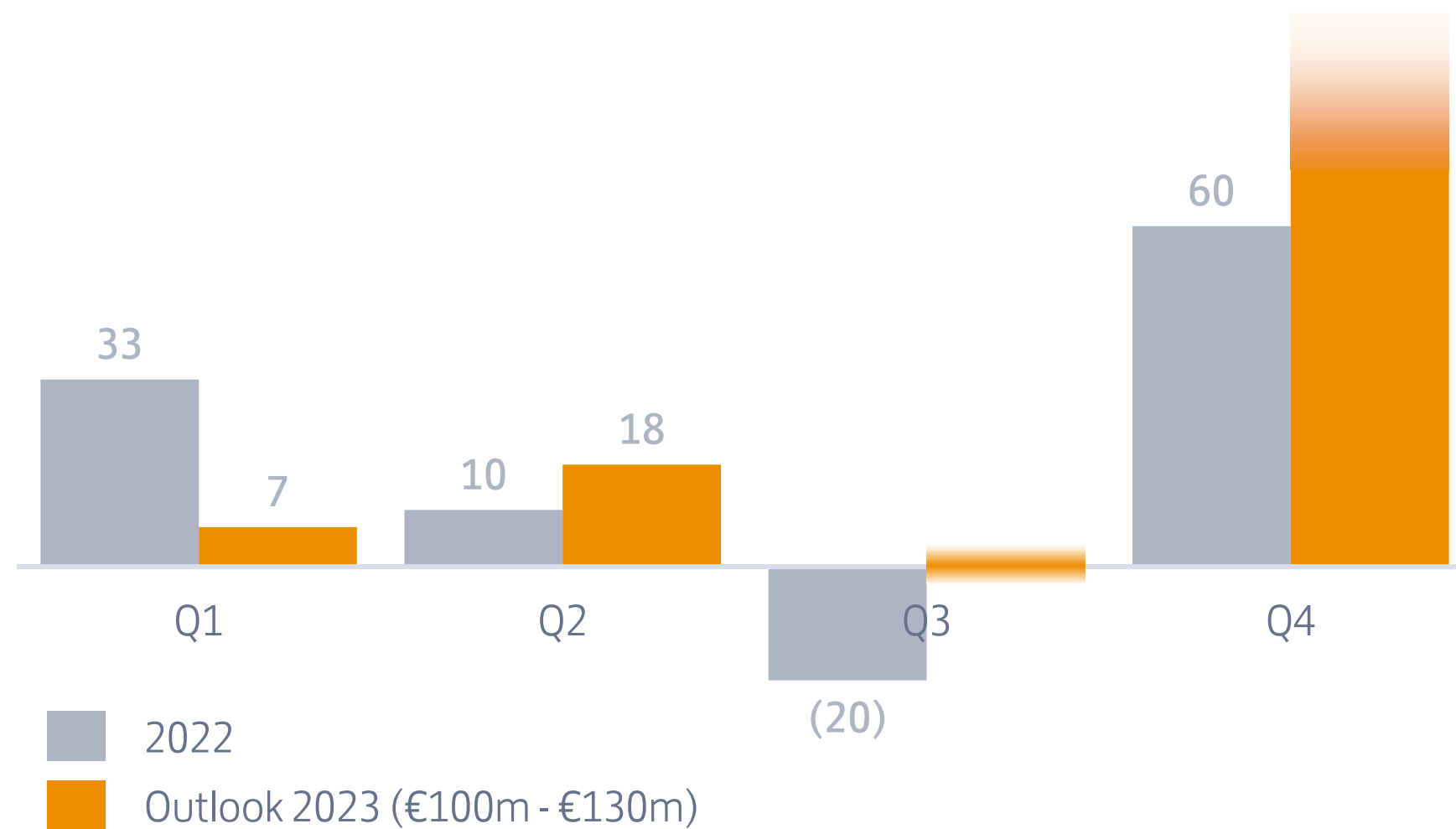


Quarterly split of normalised EBIT

As of Q2, improved performance compared with last year, despite significant organic cost increases

Normalised EBIT

(indicative only, in € million)



Assumptions HY2 2023

- Stronger business performance at Parcels
- Partly offset by lower performance at Mail in the Netherlands
- Lower pension expenses, visible in PostNL Other

Better-than-expected HY results and raised FY 2023 outlook

Volume development at Parcels returned to growth earlier than expected

Key messages

- Parcels
 - volumes returned to growth with both domestic and international contributing
 - measures taken to mitigate inflation successfully paying off
- Mail in the Netherlands: more challenging developments
- Implementation of reduction of 200-300 FTEs in overhead, mainly at Parcels, ahead of plan
- Interim dividend set at €0.06 per share
- Raised outlook for FY 2023
 - stronger performance at Parcels
 - lower expected contribution from Mail in the Netherlands
 - operating environment remains volatile and uncertain

Confident in our strategy and continue our transformation into an e-commerce logistics player



Q&A

Q2 2023 Results



Appendix

Q2 2023 Results



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

Results per segment Q2 2023 and HY 2023

(in € million)

	Revenue		Normalised EBIT		Margin	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023
Parcels	519	556	14	17	2.8%	3.1%
Mail in the Netherlands	350	323	13	2	3.6%	0.7%
PostNL Other	54	59	(17)	(2)		
Intercompany	(177)	(168)				
PostNL	746	771	10	18	1.3%	2.3%

	HY 2022		HY 2023		Margin	
	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023
Parcels	1,073	1,118	33	22	3.1%	2.0%
Mail in the Netherlands	737	673	49	10	6.6%	1.5%
PostNL Other	109	119	(39)	(7)		
Intercompany	(367)	(355)				
PostNL	1,552	1,554	43	25	2.8%	1.6%



Revenue mix Parcels

As of 2023

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



Full reconciliation of income statement and EBITDA Q2 2023

Income statement

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023
Total operating revenue	746	771	519	556	350	323	54	59	(177)	(168)
Other income	1	0	0	0	1	0	-	-		-
Cost of materials	(20)	(20)	(15)	(14)	(3)	(3)	(2)	(3)		-
Work contracted out and other external expenses	(370)	(383)	(348)	(360)	(164)	(161)	(35)	(31)	177	168
Salaries and social security contributions	(237)	(255)	(89)	(107)	(124)	(117)	(25)	(31)		-
Pension contributions & related costs	(44)	(23)	(8)	(8)	(12)	(10)	(23)	(4)		-
Depreciation, amortisation and impairments	(39)	(44)	(19)	(21)	(7)	(6)	(13)	(17)		-
Other operating expenses	(29)	(28)	(25)	(29)	(29)	(24)	26	25		-
Total operating expenses	(738)	(754)	(504)	(539)	(339)	(321)	(72)	(61)	177	168
Operating income / EBIT	9	17	14	17	13	2	(18)	(2)	-	-

EBITDA

	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT	9	17	14	17	13	2	(18)	(2)
Depreciation, amortisation and impairments	39	44	19	21	7	6	13	17
Reported EBITDA	48	61	33	38	20	8	(5)	15
Non-cash pension expense	19	0	0	0	-	-	19	(0)
EBITDA excluding non-cash pension expense	67	61	33	38	20	8	14	15
IFRS16 impact (depreciation RoU assets)	(16)	(18)	(11)	(12)	(3)	(3)	(3)	(3)
EBITDA excluding non-cash pensions and IFRS16	51	43	23	26	17	6	12	12



Full reconciliation of income statement and EBITDA HY 2023

Income statement

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023
Total operating revenue	1,552	1,554	1,073	1,118	737	673	109	119	(367)	(355)
Other income	6	0	0	0	6	0	-	-		-
Cost of materials	(41)	(45)	(31)	(32)	(6)	(6)	(4)	(7)		-
Work contracted out and other external expenses	(773)	(778)	(725)	(737)	(343)	(334)	(73)	(62)	367	355
Salaries and social security contributions	(482)	(518)	(179)	(213)	(251)	(243)	(52)	(63)		-
Pension contributions & related costs	(86)	(46)	(16)	(17)	(23)	(20)	(47)	(9)		-
Depreciation, amortisation and impairments	(78)	(85)	(38)	(40)	(14)	(12)	(26)	(32)		-
Other operating expenses	(59)	(58)	(51)	(56)	(57)	(48)	50	46		-
Total operating expenses	(1,519)	(1,530)	(1,040)	(1,096)	(695)	(663)	(152)	(126)	367	355
Operating income / EBIT	38	24	33	22	49	10	(43)	(7)	-	-

EBITDA

	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT	38	24	33	22	49	10	(43)	(7)
Depreciation, amortisation and impairments	78	85	38	40	14	12	26	32
Reported EBITDA	117	109	71	62	63	22	(17)	25
Non-cash pension expense	39	0	0	0	-	-	39	(0)
EBITDA excluding non-cash pension expense	156	109	71	62	63	22	22	25
IFRS16 impact (depreciation RoU assets)	(32)	(35)	(21)	(23)	(6)	(6)	(5)	(6)
EBITDA excluding non-cash pensions and IFRS16	124	74	50	39	57	17	17	19



Free cash flow per segment Q2 2023

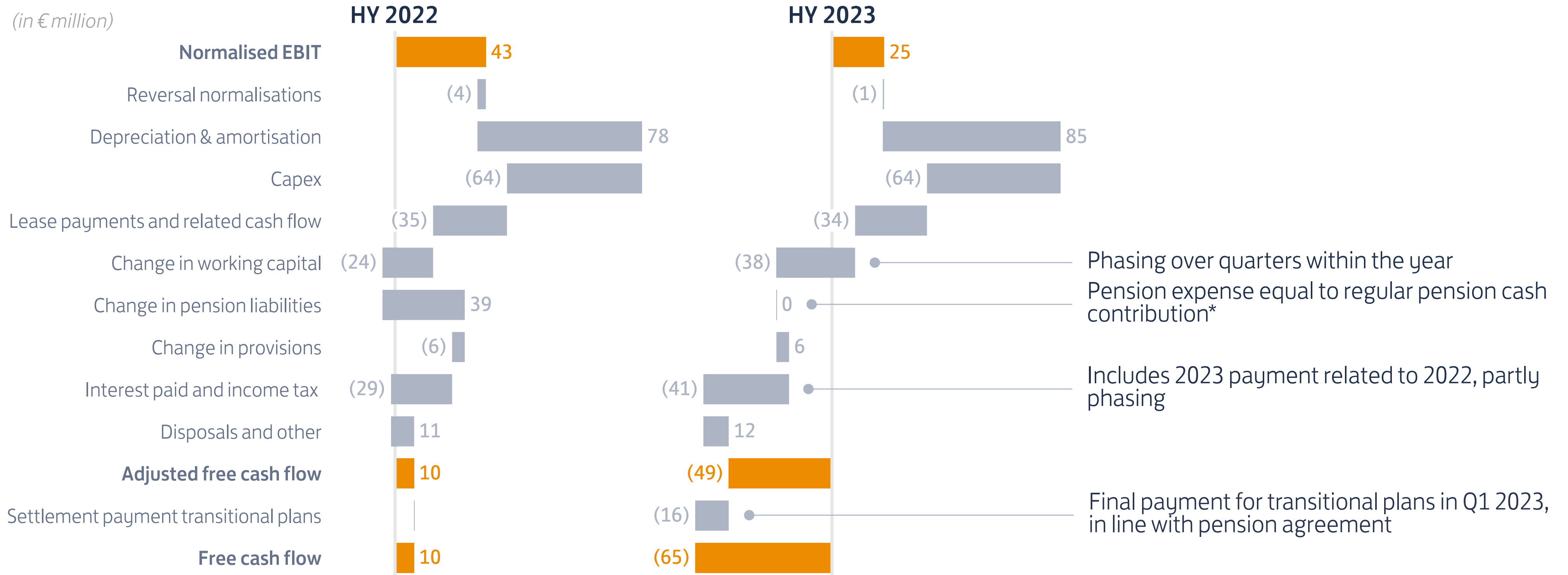
(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other & Eliminations	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023
EBITDA	48	61	33	38	20	8	(5)	15
Change in pensions	19	0	-	0	-	-	19	(0)
Change in provisions	0	3	0	3	0	(2)	(0)	1
Change in working capital	(64)	(61)	(35)	(40)	(26)	(11)	(2)	(11)
Capex	(29)	(26)	(4)	(6)	(4)	(3)	(21)	(17)
Disposals	(0)	0	(0)	0	-	(0)	(0)	0
Interest paid	(4)	(3)	(1)	(2)	(1)	(1)	(2)	(1)
Income tax paid	2	0	(4)	(4)	(3)	(1)	8	5
Lease payments and related cash flow	(17)	(15)	(10)	(8)	(4)	(5)	(3)	(3)
Other	2	7	0	(1)	0	0	2	8
Adjusted free cash flow	(43)	(34)	(20)	(19)	(19)	(13)	(3)	(2)
Soft pension settlement	-	-	-	-	-	-	-	-
Free cash flow	(43)	(34)	(20)	(19)	(19)	(13)	(3)	(2)
Free cash flow yield	-3%	-4%						



Cash flow HY

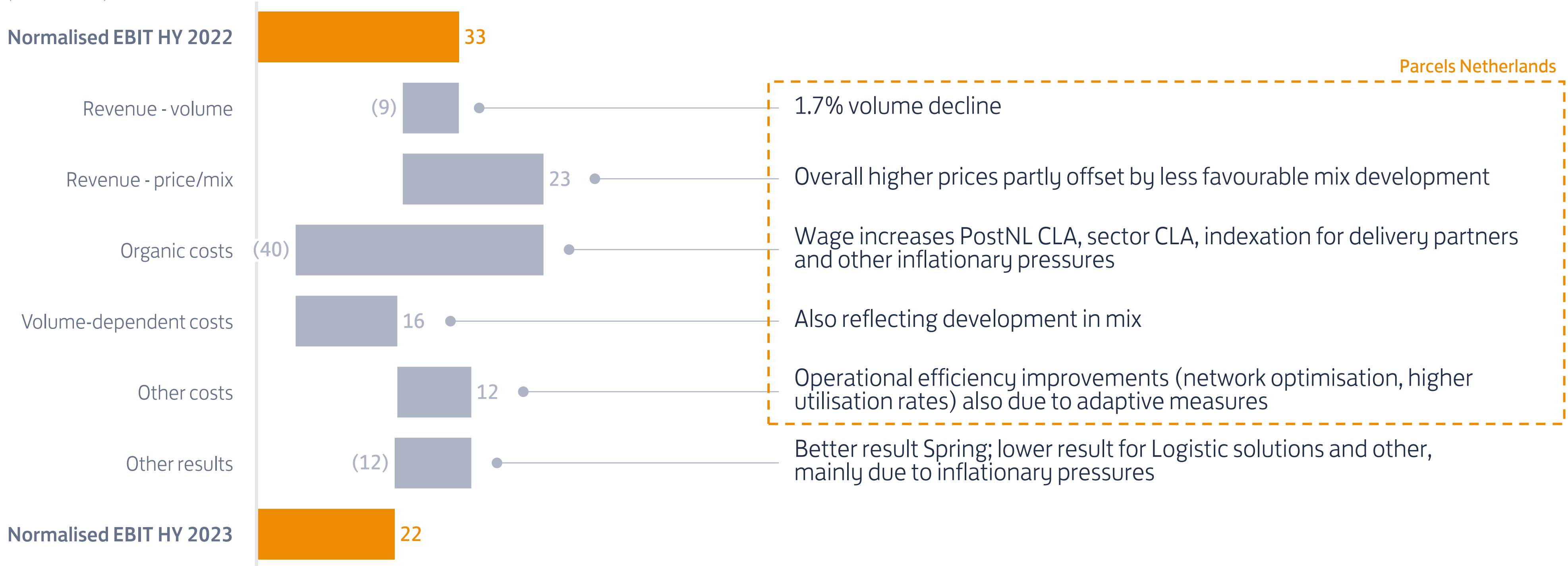
(in € million)



* as of 2023, following pension agreement

Parcels HY 2023 normalised EBIT bridge

(in € million)

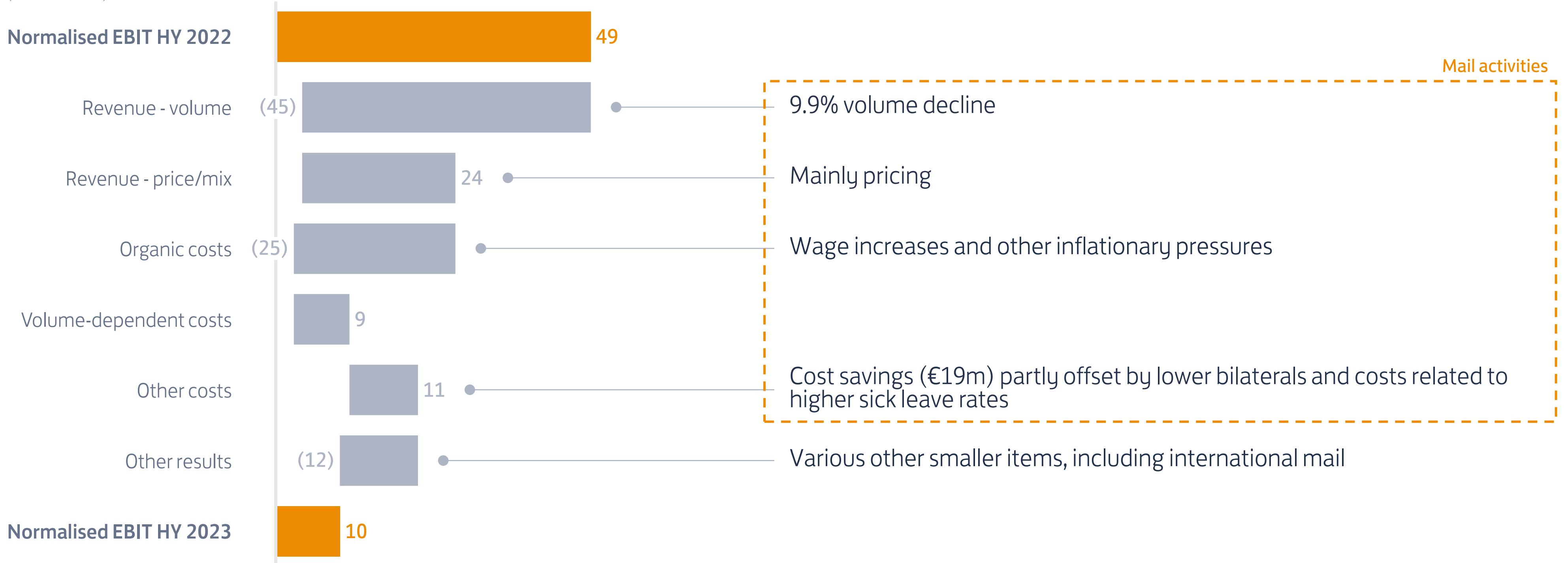


Parcels Netherlands



Mail in the Netherlands HY 2023 normalised EBIT bridge

(in € million)



Adjusted net debt

(in € million)

	31 Dec 2022	1 July 2023
Short- and long-term debt	745	768
Long-term interest-bearing assets	(17)	(16)
Cash and cash equivalents	(556)	(459)
Net debt	172	293
Pension liabilities	18	2
Lease liabilities (on balance)	331	315
Lease liabilities (off balance)	29	41
Deferred tax assets on operational lease liabilities	(83)	(82)
Adjusted net debt	467	569

Profit and normalised comprehensive income* PostNL

(around, in € million)

	Q1 2022	Q1 2023	Q2 2022	Q2 2023	HY 2022	HY 2023
Operating income / EBIT	30	7	9	17	38	24
Net financial expenses	(6)	(1)	(5)	(2)	(11)	(3)
Results from investments in JVs/associates	0	(0)	(0)	(0)	0	(0)
Income taxes	(7)	(2)	(2)	(3)	(9)	(6)
Profit/(loss) from discontinued operations	(0)	1	(13)	(1)	(13)	(0)
Profit	16	4	(11)	11	5	15
Other comprehensive income (mainly related to pensions)	15	(0)	16	(2)	31	(2)
Total comprehensive income	32	4	5	9	36	13
Normalisation on EBIT, net of tax	2	0	1	0	3	0
Exclude result from discontinued operations	0	(1)	13	1	13	0
Normalised comprehensive income	34	4	19	10	53	14

* 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

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

Volumes

(around, in million)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Parcels	2	-	-	-	2
Mail in the Netherlands	15	3	7	6	30

Revenue

(around, in € million)

	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

(around, in € million)

	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

