



Q1 2024 Results

The Hague, the Netherlands

6 May 2024



Additional information

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Key takeaways Q1 2024

Outlook for 2024 confirmed

Highlights

- Parcel volumes up 4.6%
 - domestic volumes resuming growth
 - continued strong growth from international customers
- Mail volumes down 12.5% (-8.3% adjusted for election mail), mainly due to ongoing substitution
- Continued high organic cost increase of €24m, mainly labour-related, fully offset by the impact from tariff increases
- 14% further improvement in average carbon efficiency
- 2024 outlook confirmed

Mail in the Netherlands

- Negative result shows urgent need for transformation
- Intention to deliver standard mail within two days, moving towards within three days over time
- Modification in postal regulation needed; Minister of Economic Affairs in lead of process
- Efforts to fill vacancies for mail deliverers are showing good progress, and will contribute to enhancing delivery quality

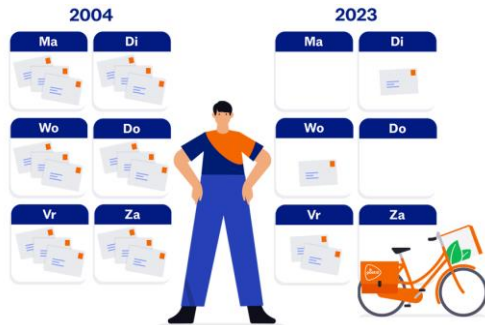
Parcels

- Volume growth trending towards FY level as anticipated: unfavourable shift in product and customer mix
- Gaining momentum on strategic actions to balance volume and value; concrete steps in rationalisation of products and services portfolio
- New state-of-the-art sorting facility with solar energy storage
- Confidence in long-term growth potential of e-commerce market

Change needed to keep postal network accessible, reliable and affordable

Changing needs of consumers

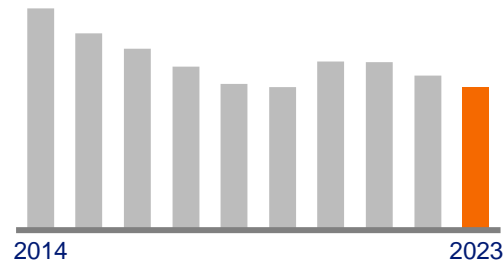
- Less demand for next-day delivery: 65% decline 24h mail (2014-23)
- Average letters per household
 - 2004: 3 letters per day
 - 2023: 4 letters per week



Strong volume decline

- Mail market in structural decline
- 35% decline PostNL mail volumes 2014-23; consolidation Sandd added almost 700m items in 2020, mainly non-24 hour mail

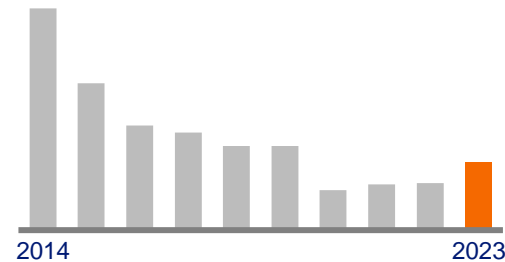
Volume development addressed mail



Structural cost savings

- 2014-23 > €500m cost savings
 - Reduction preparation locations and sorting centres
 - Optimisation sorting and delivery process
 - From 6 to 5 delivery days

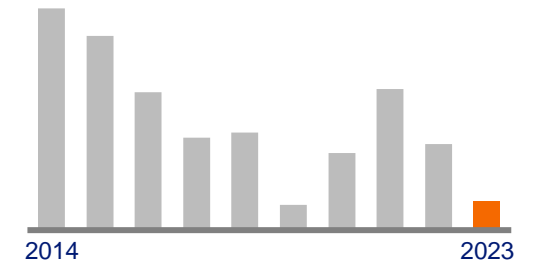
Annual cost savings in € million



Deteriorating result going forward

- Tariff increases and cost savings cannot mitigate impact volume decline and rising labour costs
- > 2024: change in operational model needed to achieve necessary cost savings

Result mail activities in € million



Relief in USO requirements that fits lower demand for 24h mail urgently needed

Our strategy

Delivering distinctive customer and consumer experience to be the leading logistics and postal service provider in, to and from the Benelux region

Strategic foundation



Parcels: Manage for sustainable growth

Further initiatives to balance volume, value and capacity



Mail: Manage for value

Gradual shift of service level to delivering within 2 days, shifting towards within 3 days over time



Accelerate digitalisation

Focus on simple and smart digital customer journeys to strengthen position

Q1 progress digitalisation and ESG



Digitalisation, customers, consumers

- 9.1m consumer accounts (FY 2023: 8.9m)
- Milestone of 1,000 automated parcel lockers reached in April (FY 2023: 903)



Environmental value

- 14% further improvement in average carbon efficiency
- HVO100 initiative



Social value

- New CLA mail deliverers 1 January 2024 – 31 December 2025
 - new structure that reflects work experience
 - >19% wage increase in 4 steps
 - applies to around 15,000 people

Be your favourite deliverer



225 years of dedication, trust and innovation

Q1 2024 performance

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

Key financial metrics

<i>(in € million)</i>	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

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

<i>in € million</i>	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

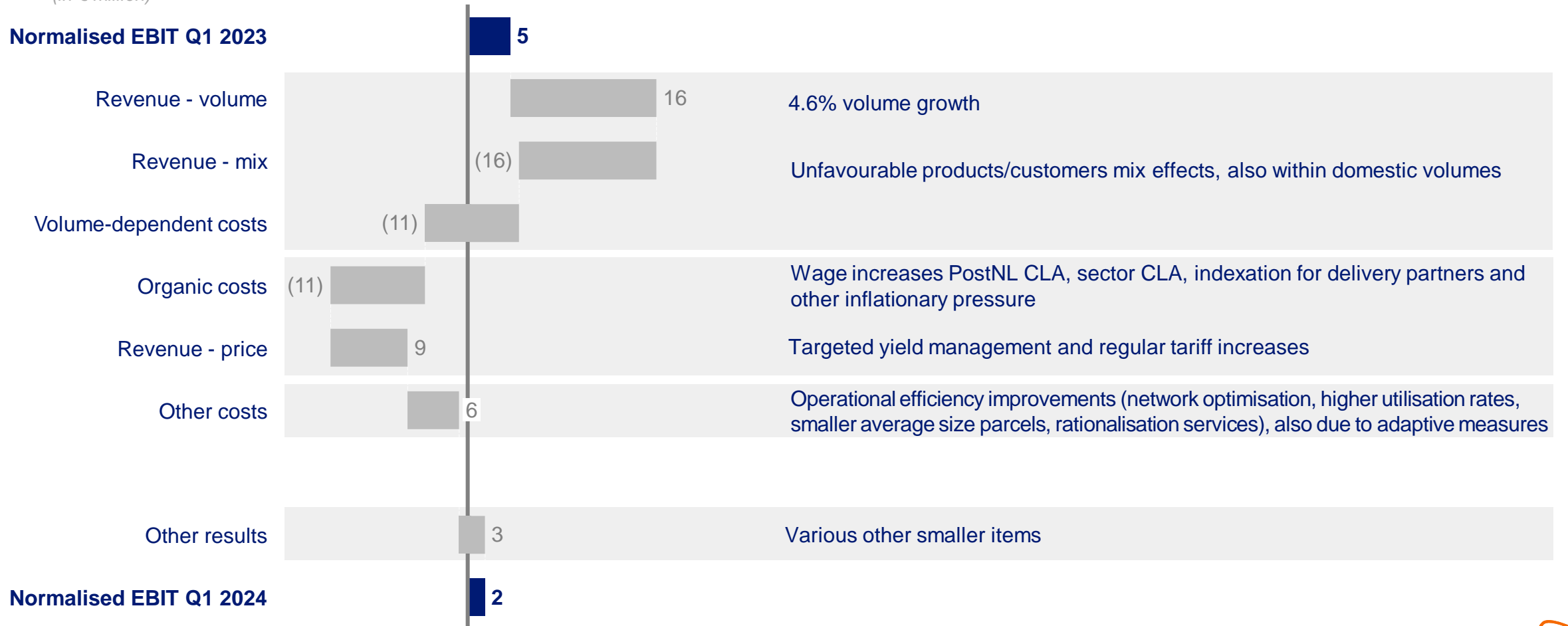
- Revenue Parcels NL and BE reflecting
 - volume growth
 - tariff increases more than offset by less favourable product and customer mix (impact €0.08 per parcel)
- Cross-border activities continued positive trend, most strongly in Asia

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

Parcels Q1 2024 normalised EBIT bridge

(in € million)



New facility with solar panels and energy storage

Committed to sustainable growth

- 28th depot in Alpen aan den Rijn added to infrastructure to support future e-commerce growth
- Almost 8,000m², largest NLI in the Netherlands
- Innovative solar panels and energy storage help to take pressure off local energy network
- “Outstanding” BREEAM certificate for new construction
- Fully equipped with LED lightning and heat recovery systems
- 1,864 solar panels and on-site charging facilities for electrical vehicles



Mail in the Netherlands

Steep volume decline, further shift to non-24-hour mail and pressure from labour costs

	Revenue	Normalised EBIT	Volumes
Q1 2024	€324m	€(5)m	399m -12.5%
Q1 2023	€349m	€8m	456m

Volume

- Overall volume decline of 12.5%
 - 4.2% of total decline explained by election-related mail items in Q1 2023
 - remainder decline mainly due to substitution

Revenue

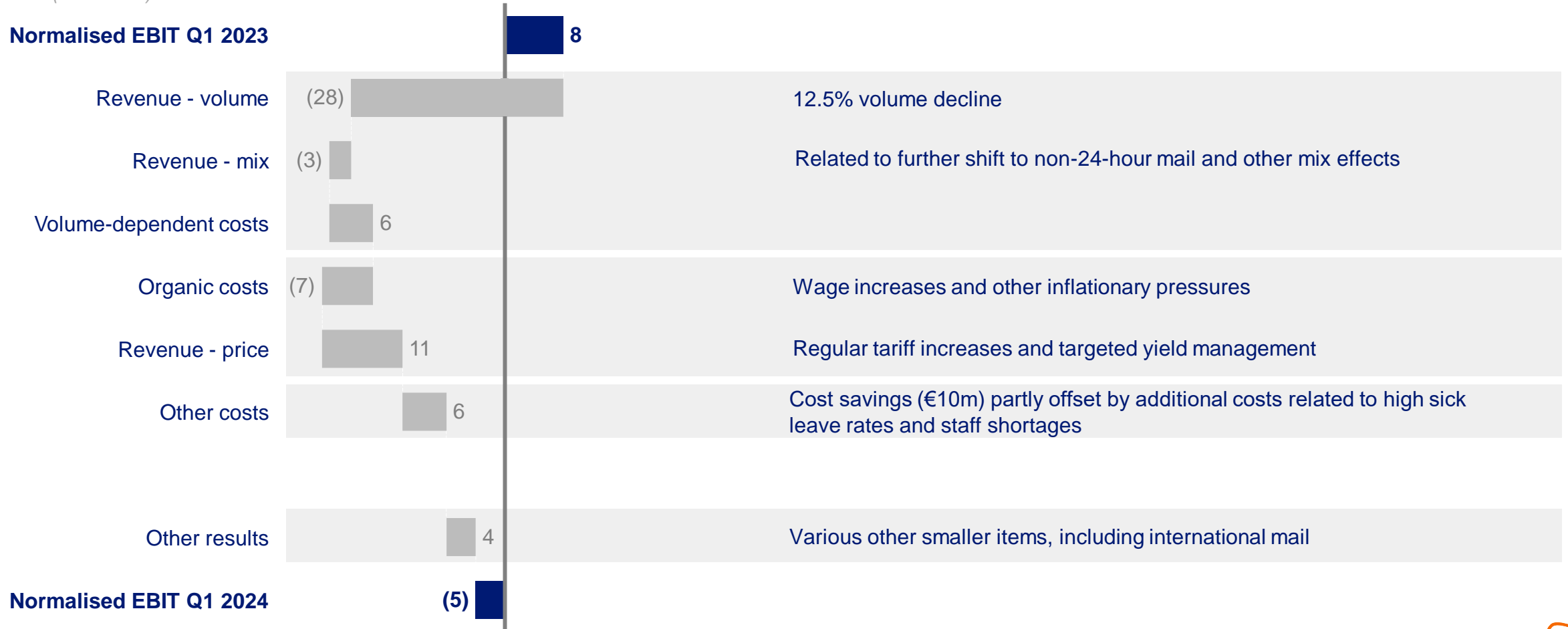
- Stamp prices
 - 7.9% increase as of 1 January 2024
- Unfavourable shift in mix towards non-24-hour mail materialising faster than anticipated and will continue

Costs

- Increase in labour costs following CLAs for PostNL and mail deliverers
- High sick leave rates in tight labour market
- Additional cost savings of €10m based on further adjustments of processes in current business model
 - product portfolio optimisation
 - continued efficiency gains in sorting and preparation

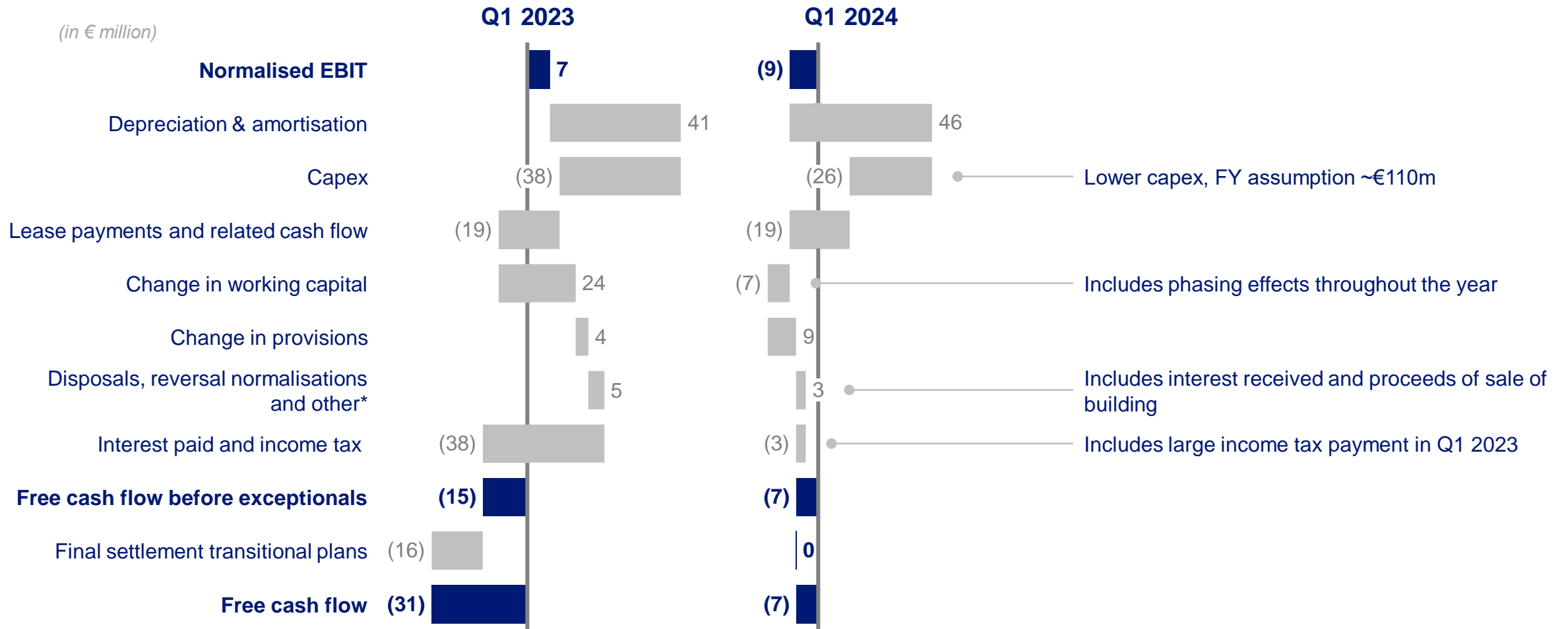
Mail in the Netherlands Q1 2024 normalised EBIT bridge

(in € million)



Cash flow improved

(in € million)



Solid balance sheet

Balance sheet

<i>(in € million)</i>	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
<i>Consolidated equity</i>	181
<i>Non-controlling interests</i>	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

<i>(in € million)</i>	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

Outlook 2024 confirmed

Assumed trajectory main drivers

Parcels

- 7% - 10% overall volume growth assumed, pace of growth increasing during the year
 - first signs of recovery domestic volumes, trending to 2% - 4% FY growth
 - double-digit growth in volumes from international customers
- Shift in customer and product mix to put pressure on margin
- Plans to rationalise services and network on track to contribute ~€35m, back-end loaded

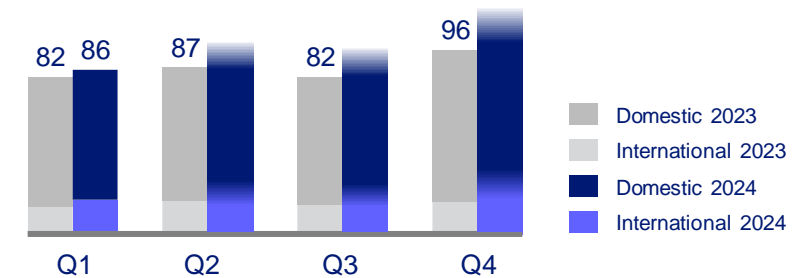
Mail in the Netherlands

- 7% - 9% assumed volume decline for 2024, not evenly split over the quarters, mainly due to the timing and number of elections in the Netherlands
- Additional pressure on margin due to faster shift towards non-24-hour mail
- On track to achieve ~€40m in cost savings, based on current business model
- Further increase of stamp price to €1.14 per 1 July 2024

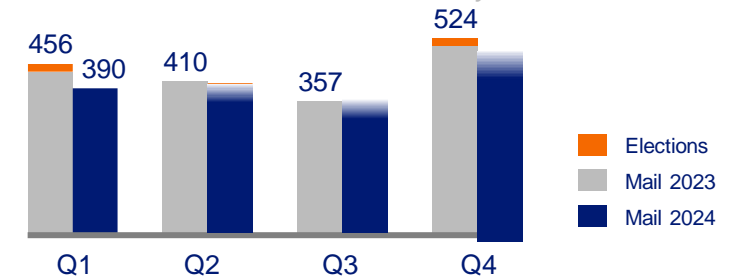
Other

- Organic cost increases ~€155m, mostly absorbed by ~€135m tariff adjustments
- €20m additional cost savings from earlier measures to reduce indirect costs and improve efficiency

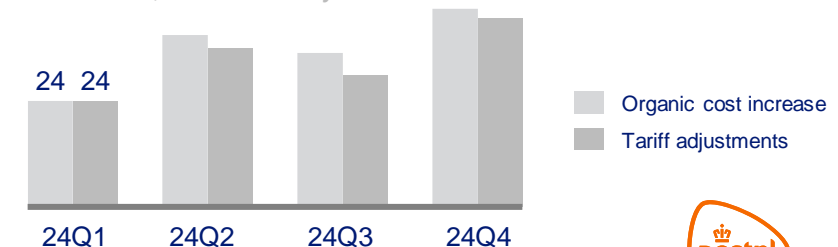
Volume, in million items, indicative only



Volume, in million items, indicative only



In € million, indicative only



Outlook 2024

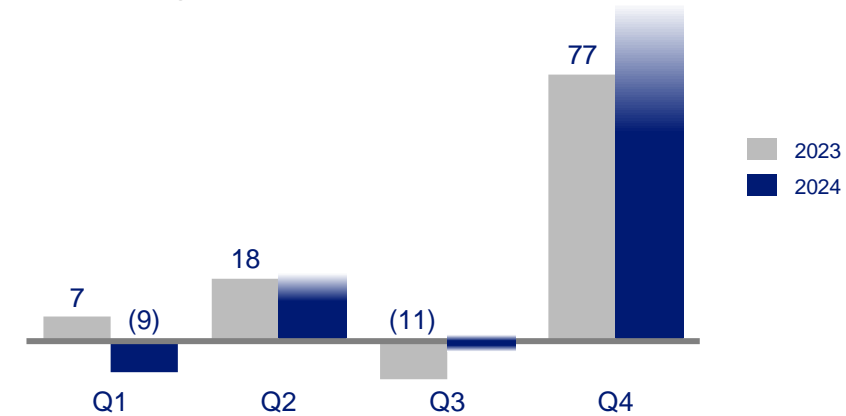
Operating environment remains volatile

<i>(in € million)</i>	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

Indicative only, in € million



Closing remarks

To be the leading e-commerce and postal services provider in, to, and from Benelux area

Parcels

- Volume growth trending towards FY level as anticipated and an unfavourable shift in product and customer mix
- Gaining momentum on actions to balance volume and value
- Confidence in long-term growth potential of e-commerce market

Mail in the Netherlands

- Committed to keep postal network accessible, reliable and affordable
- Performance underpins urgent need for transformation; modification of postal regulation is needed to adjust service level:
 - fit with lower demand for 24-hour mail
 - better align with volume decline and labour shortages

Outlook for 2024 confirmed



Q&A



Appendix

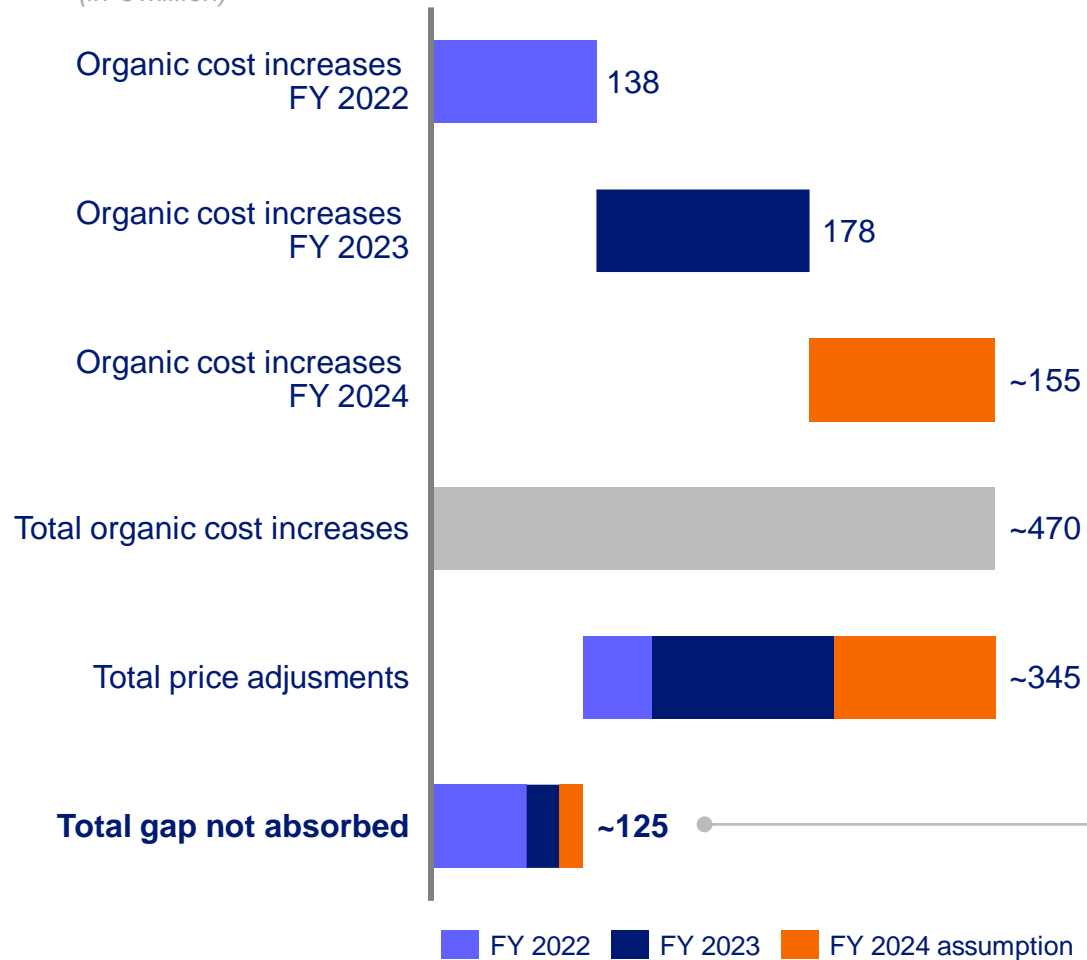
1. Cumulative organic cost increases and price adjustments 2022-24
2. Results per segment Q1 2024
3. Revenue mix Parcels
4. Full reconciliation of income statement and EBITDA per segment
5. Free cash flow per segment Q1 2024
6. Profit and normalised comprehensive income



Continued significant inflationary pressure on costs

Not fully mitigated by price adjustments

(in € million)



Cumulative price adjustments not sufficient to mitigate total organic costs increases; cumulative gap of ~€125m, impacting margins

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%

Revenue mix Parcels

As of 2024

<i>(in € million)</i>	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

<i>(in € million)</i>	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 comparative figures for 2023 revenue and volume have been adjusted accordingly (volumes: Q1 2023: +1m, Q2 2023, Q3 2023, Q4 2023, FY 2023).

Full reconciliation of income statement and EBITDA Q1 2024

Income statement <i>(in € million)</i>	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	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		
<i>Total operating expenses</i>	<i>(776)</i>	<i>(787)</i>	<i>(556)</i>	<i>(555)</i>	<i>(342)</i>	<i>(339)</i>	<i>(65)</i>	<i>(70)</i>	<i>187</i>	<i>177</i>
Operating income / EBIT	7	(21)	5	1	8	(15)	(6)	(7)	0	0

EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
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

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%						

Profit and normalised comprehensive income* PostNL

<i>(in € million)</i>	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)