



PostNL reports Q1 2024 results

Outlook for 2024 confirmed

Financial highlights Q1 2024

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)	

Highlights Q1 2024

- Parcel volumes up 4.6%, with domestic volumes resuming growth and 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 €24 million, mainly labour-related
- 14% further improvement in average carbon efficiency
- Outlook 2024 confirmed

CEO statement

Herna Verhagen, CEO of PostNL, said: "We are making steady progress on the strategic actions that we announced in February and keep on adjusting our operations and offerings to adapt to changing market circumstances. In the first quarter we operated in a challenging environment with rising costs, mainly labour-related. In line with expectations, the result came in below last year.

"The combination of the ongoing severe decline in mail volumes and a further shift toward non-24 hour mail services, along with high labour costs, has led to a negative performance by Mail in the Netherlands. This underpins the urgent need for transformation. We aim to adjust the service level for standard mail to delivery within two days, moving towards three days over time, aligning with our customers' and consumers' needs. To achieve this, a modification in postal regulation is needed. The Minister of Economic Affairs is in the lead of this process. Our efforts to fill the vacancies for mail deliverers are showing good progress and will contribute to enhancing delivery quality. We are committed to keeping the postal service in the Netherlands reliable, accessible and affordable, providing job security to thousands of people.

"At Parcels, overall volumes grew, trending towards our full year growth projections. Domestic volumes resumed growth, and volumes from international customers have increased significantly, leading to a continuation of the shift to a less favourable mix. As expected, ongoing organic cost increases put pressure on our results. We are gaining momentum on our strategic actions to better balance volume and value and these will start contributing to our results in the course of 2024. Concrete steps are currently being taken to rationalise our products and services portfolio. We are committed to sustainable growth and recently added to our network a state-of-the-art sorting facility equipped with innovative solar energy storage.

"We are confident in the long-term growth potential of the e-commerce market, driven by online penetration and assuming improving economic conditions. Taking into account the developments in Q1 and the still volatile geopolitical and economic environment, we confirm our 2024 outlook for normalised EBIT between €80 million and €110 million and free cash flow of between €0 and €40 million."

Executing on our strategy

Our strategy is focused on delivering distinctive customer and consumer experiences to be the leading e-commerce and postal services provider in, to, and from the Benelux area. Operating in a dynamic market, we are continuously enhancing our business model to adapt to external developments and collaborating with customers to introduce new, increasingly digital, solutions. Within this overarching strategy, we have fully incorporated a robust environmental, social and governance (ESG) strategy, which will enable us to drive a sustainable future.



Accelerating digital transformation

We aim to further strengthen our competitive position by building on our digital platform, integrating customers, consumers and solutions through simple and smart digital journeys to improve customer satisfaction. To ensure distinctive digital experiences, we are continuously enhancing key customer journeys to fit their needs. PostNL now has 9.1 million consumer accounts (end of 2023: 8.9 million). On 30 April, a milestone of 1,000 automated parcel lockers (APL) was reached (31 December 2023: 903). This network offers consumers a smart and more sustainable solution, adding to accessibility and service quality, and is open to other carriers. In March, GLS Netherlands became the first third-party operator to take advantage of this. Going forward, we aim to further expand our focus on out-of-home delivery and will add more APLs to our network.

Further ESG progress in Q1 2024 and going forward

We continued to develop and implement initiatives to reduce our environmental impact and enhance our reputation as a socially responsible company. Our clear roadmap for sustainability has led to a 14% improvement in the average carbon efficiency of our own fleet compared with FY 2023. For international long-haul road transport, enhancing sustainability is more challenging. The infrastructure for electric trucks is at an early stage of development and the availability of HVO100 renewal diesel is limited outside of the Netherlands. In collaboration with partners, we are initiating the use of HVO100 for international road transport in Europe, a tangible step forward to reduce the carbon footprint of the logistics industry.

Our commitment to sustainable growth is further underscored by the new sorting facility in Alphen aan den Rijn which has achieved a BREEAM New Construction 'outstanding' rating. The state-of-the art facility is equipped with innovative solar energy storage that takes pressure of the local electricity network.

In April, a new collective labour agreement (CLA) for PostNL mail deliverers was signed. The CLA will run from 1 January 2024 to 31 December 2025. During this period, wages will rise by at least 19%, including a 9.9% rise based on the increased legal minimum wage as from 1 January 2024. The agreement fits in with our financial outlook.

Business performance Q1 2024

in € million, volume in million items	Volume		Revenue		Normalised EBIT ¹	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024
Parcels	82 ²	86	561	555	5	2
Mail in the Netherlands	456	399	349	324	8	(5)
PostNL Other			60	63	(6)	(6)
Intercompany			(187)	(177)		
PostNL			783	765	7	(9)

¹ Note: normalised figures exclude one-offs in Q1 2024 (€13 million), mainly due to claim-related costs, and in Q1 2023 (€0 million)

² As from 1 January 2024, parcel volumes also include domestic Belgian volumes. The comparative figure for 2023 has been adjusted accordingly (Q1 2023: +1 million items)

In Q1 2024, normalised EBIT declined to €(9) million (Q1 2023: €7 million), mainly explained by:

Parcels: Volume growth with an unfavourable shift in mix

Revenue amounted to €555 million (Q1 2023: €561 million), despite volume growth of 4.6%. Domestic volumes showed first signs of recovery and were up 0.3%, resuming growth, while volumes from international customers, predominantly large Asian-based web shops, increased by 25%. The total growth rate improved as the quarter progressed, with volumes up 7.0% in March, and led to an unfavourable development in mix. Revenue rose at Spring, mainly driven by Asia. The result benefited from improvements in operational efficiency, largely due to the adaptive measures taken.

Mail in the Netherlands: Steep volume decline, further shift to non-24-hour mail and pressure from labour costs

Revenue was down to €324 million (Q1 2023: €349 million) mainly explained by a steep volume decline of 12.5%, which included 4.2% impact related to election in the previous year. In the quarter, mix effects, such as the shift to non-24-hour mail put pressure on margin. Labour cost were up following the CLAs for PostNL and mail deliverers, also reflecting high sick leave rates in a tight labour market. Based on further adjustments of processes in current business model cost savings of €10 million were achieved.

Overall

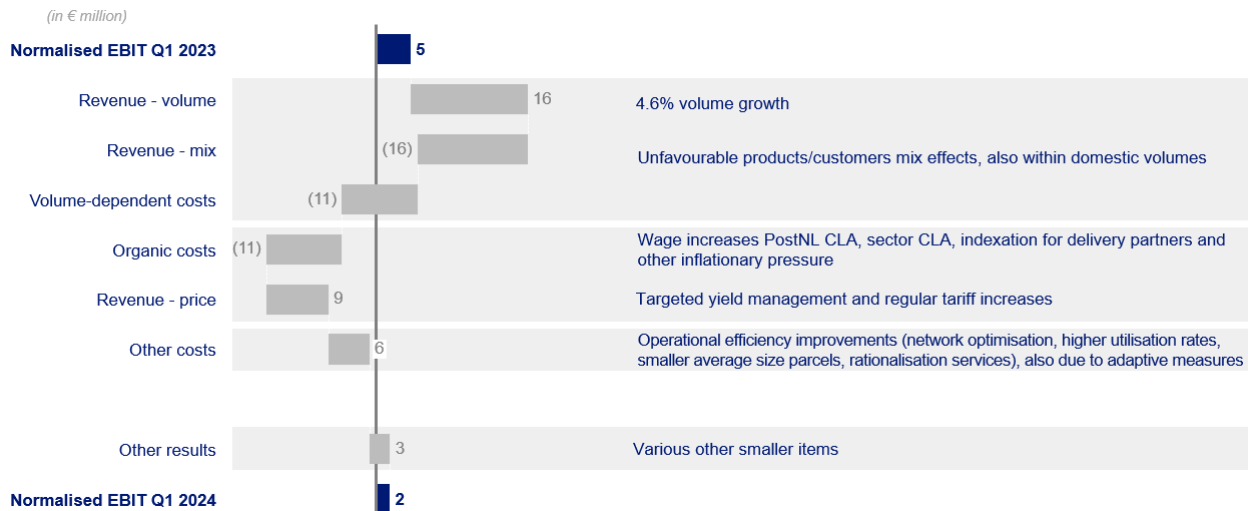
Organic cost increases of €24 million, mainly labour-related, and visible across all segments.



Segment information

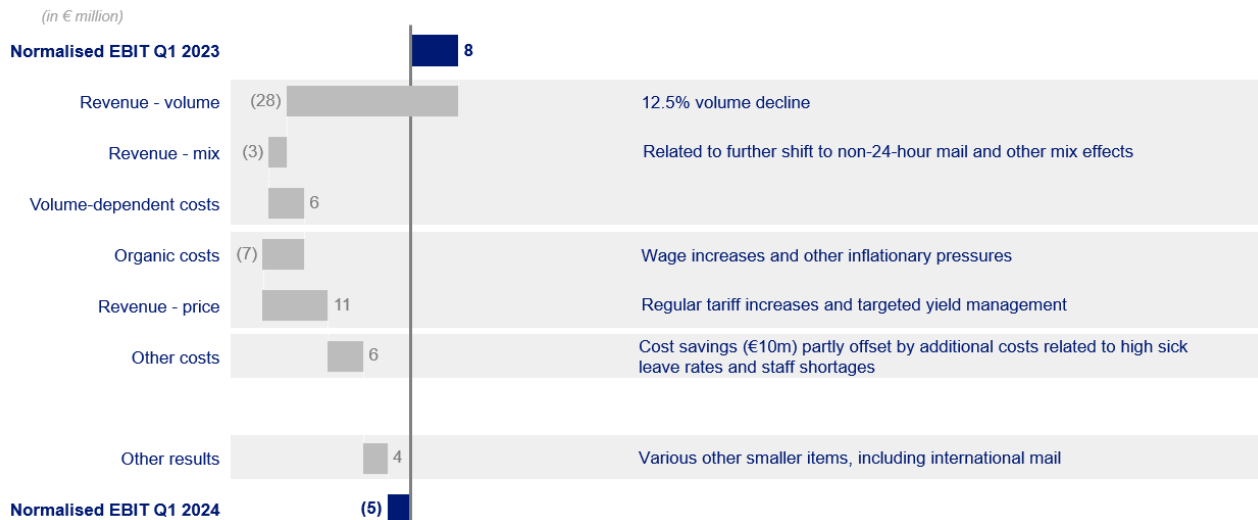
Parcels

Revenue declined to €555 million (Q1 2023: €561 million) despite volume growth of 4.6%. Normalised EBIT in Q1 2024 came in at €2 million (Q1 2023: €5 million).



Mail in the Netherlands:

Revenue was down to €324 million (Q1 2023: €349 million). Normalised EBIT in Q1 2024 came in at €(5) million (Q1 2023: €8 million).



Cash flow development and financial position

Free cash flow came in at €(7) million (Q1 2023: €(31) million). The improvement on last year is mainly explained by lower capital expenditure, the non-recurring final settlement payment for transitional plans in 2023, lower tax paid and an unfavourable working capital development, which included phasing effects within the year.

Key figures

in € million	Q1 2023	Q1 2024
Revenue	783	765
Operating income	7	(21)
Profit for the period	4	(19)
Total comprehensive income	4	(17)



In Q1 2024, the provision for claims and indemnities increased. These claim-related costs have been assessed as exceptional items. The impact is excluded from our key financial performance indicator normalised EBIT.

	31 December 2023	30 March 2024
Adjusted net debt	462	477
Consolidated equity	198	181

Outlook 2024 confirmed

Based on the actual business performance in the first quarter and acknowledging that the external operating environment remains challenging, PostNL confirms its outlook for 2024.

Parcels

Domestic parcel volumes showed first signs of recovery, trending towards the anticipated 2% - 4% growth for the full year. At the same time, volumes from international customers are expected to continue their double-digit growth. Overall volume growth for the full year is assumed to be between 7% and 10%, with the pace of growth increasing in the course of the year. The shift in customer and product mix will continue to put pressure on margins. Plans to rationalise services and network are progressing well and are on track to contribute around €35 million to normalised EBIT in 2024, to materialise gradually in the quarters to come.

Mail in the Netherlands

The negative Q1 result at Mail in the Netherlands underpins the urgent need for transformation. Volumes for the year are assumed to decline by 7% - 9%, mainly due to ongoing substitution. Volume development is not evenly split over the quarters, mainly due to the timing and number of elections in the Netherlands (2024: Q2 and 2023: Q1 and Q4). The faster shift towards non-24-hour mail puts additional pressure on margins, while PostNL is on track to achieve around €40 million in cost savings, based on further adjustments to processes in the current business model. A further increase in the stamp price to €1.14 as of 1 July 2024 was announced today, needed to absorb rising costs and to maintain the service level.

Overall

Significant organic cost increases of around €155 million, biased to Q4. This will be mitigated by around €135 million from targeted yield management at both Parcels and Mail in the Netherlands. PostNL is on track to achieve €20 million additional cost savings from earlier measures to reduce indirect costs and improve efficiency. Capex is expected to be around €110 million, continuing a clear focus on the strategy whilst staying disciplined on cash flow management. The investment programme is flexible and ensures an efficient and future-proof infrastructure.

Outlook 2024

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

Dividend calendar

Final dividend 2023	Interim dividend 2024	
18 April 2024	7 August 2024	Ex-dividend date
19 April 2024	8 August 2024	Record date
22 April 2024	9 August 2024	Start of election period
7 May 2024	22 August 2024	End of election period and determination of conversion rate
10 May 2024	26 August 2024	Payment date

Financial calendar

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 Q1 2024 results

On 6 May 2024, 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 March 2024. The information should be read in conjunction with the consolidated 2023 Annual Report of PostNL N.V. as published on 26 February 2024.

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 2023 Annual Report for the year ended on 31 December 2023.

There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2024 that would be expected to have a material impact on the Group's 2024 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 financial statements

PostNL Consolidated statement of profit or loss in € million

	Q1 2023	Q1 2024
Revenue from contracts with customers	780	763
Other operating revenue	3	2
Total operating revenue	783	765
Other income	0	0
Cost of materials	(25)	(21)
Work contracted out and other external expenses	(395)	(397)
Salaries, pensions and social security contributions	(285)	(282)
Depreciation, amortisation and impairments	(41)	(46)
Other operating expenses	(30)	(41)
Total operating expenses	(776)	(787)
Operating income	7	(21)
Interest and similar income	4	5
Interest and similar expenses	(5)	(6)
Net financial expenses	(1)	(0)
Results from investments in JVs/associates	(0)	0
Profit/(loss) before income taxes	6	(21)
Income taxes	(2)	2
Profit/(loss) from continuing operations	4	(19)
Profit/(loss) from discontinued operations	1	(0)
Profit for the period	4	(19)
Attributable to:		
Non-controlling interests	(0)	0
Equity holders of the parent	4	(20)
Earnings per ordinary share (in € cents) ¹	0.9	(4.0)
Earnings per diluted ordinary share (in € cents) ²	0.9	(3.9)
Earnings from continuing operations per ordinary share (in € cents) ¹	0.8	(3.9)
Earnings from continuing operations per diluted ordinary share (in € cents) ²	0.8	(3.9)
Earnings from discontinued operations per ordinary share (in € cents) ¹	0.1	(0.0)
Earnings from discontinued operations per diluted ordinary share (in € cents) ²	0.1	(0.0)

1 Based on an average of 494,207,248 outstanding ordinary shares (2023: 487,530,628).

2 Based on an average of 495,408,114 outstanding diluted ordinary shares (2023: 488,657,348).



PostNL Consolidated statement of comprehensive income in € million

	Q1 2023	Q1 2024
Profit for the period	4	(19)
Change in value of financial assets at fair value through OCI	0	0
Other comprehensive income that will not be reclassified to the income statement	0	0
Currency translation adjustment, net of tax	(0)	(0)
Gains/(losses) on cashflow hedges, net of tax	(0)	2
Other comprehensive income that may be reclassified to the income statement	(0)	2
Total other comprehensive income for the period	(0)	2
Total comprehensive income for the period	4	(17)
Attributable to:		
Non-controlling interests	(0)	0
Equity holders of the parent	4	(18)
Total comprehensive income attributable to the equity holders of the parent arising from:		
Continuing operations	4	(17)
Discontinued operations	1	(0)



PostNL Consolidated statement of cash flows in € million

	Q1 2023	Q1 2024
Profit/(loss) before income taxes	6	(21)
Adjustments for:		
Depreciation, amortisation and impairments	41	46
Share-based payments	1	1
(Profit)/loss on disposal of assets	0	0
Interest and similar income	(4)	(5)
Interest and similar expenses	5	6
Results from investments in JVs/associates	0	(0)
Investment income	1	0
Changes in provisions	4	9
Inventory	(1)	(2)
Trade accounts receivable	53	32
Other accounts receivable	0	0
Other current assets excluding taxes	(14)	(13)
Trade accounts payable	4	(39)
Other current liabilities excluding short-term financing and taxes	(34)	16
Changes in working capital	8	(7)
Cash generated from operations	60	26
Interest paid	(3)	(3)
Income taxes received/(paid)	(35)	(0)
Net cash (used in)/from operating activities	22	23
Interest received	4	5
Disposal of JVs/associates	0	1
Capital expenditure on intangible assets	(22)	(17)
Capital expenditure on property, plant and equipment	(16)	(9)
Proceeds from sale of property, plant and equipment	0	8
Changes in other loans receivable	1	1
Net cash (used in)/from investing activities	(34)	(11)
Repayments of short-term borrowings	0	(1)
Repayments of lease liabilities/incentives	(19)	(19)
Net cash (used in)/from financing activities	(19)	(20)
Total change in cash from continuing operations	(31)	(8)
Cash at the beginning of the period	556	518
Cash transfers related to discontinued operations	(30)	0
Total change in cash from continuing operations	(31)	(8)
Cash at the end of the period	495	510



PostNL Consolidated statement of financial position in € million

	31 December 2023	30 March 2024
Goodwill	207	207
Other intangible assets	200	202
Intangible fixed assets	407	409
Land and buildings	275	274
Plant and equipment	165	160
Other equipment	11	11
Construction in progress	40	42
Property, plant and equipment	491	486
Right-of-use assets	293	283
Investments in joint ventures/associates	6	4
Loans receivable	15	14
Deferred tax assets	6	6
Financial assets at fair value through OCI	16	17
Financial fixed assets	44	41
Total non-current assets	1,235	1,219
Inventory	9	12
Trade accounts receivable	320	288
Accounts receivable	13	15
Income tax receivable	3	6
Prepayments and accrued income	80	84
Cash and cash equivalents	518	510
Total current assets	943	914
Assets classified as held for sale	1	1
Total assets	2,180	2,135
Equity attributable to the equity holders of the parent	198	181
Non-controlling interests	2	2
Total equity	200	183
Deferred tax liabilities	40	41
Provisions for pension liabilities	2	2
Other provisions	42	46
Long-term debt	299	299
Long-term lease liabilities	240	230
Other long-term liabilities	73	77
Total non-current liabilities	695	694
Trade accounts payable	210	169
Other provisions	21	26
Short-term debt	368	363
Short-term lease liabilities	80	79
Other current liabilities	126	117
Income tax payable	1	1
Contract liabilities	57	48
Accrued current liabilities	421	454
Total current liabilities	1,284	1,257
Total equity and liabilities	2,180	2,135