

2022

Navigating a turbulent environment

Q4 & FY 2022 Results

The Hague — 27 February 2023



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Navigating a turbulent environment

Q4 & FY 2022 Results



- Key takeaways
- Executing on our strategy
- Business and financial performance 2022
- 2023 and beyond

Key takeaways 2022



2022: Navigating a turbulent environment

Inflation and pressure on consumer spending impacted costs and development of e-commerce volumes, partly mitigated by swiftly taking adaptive measures

-10.2%
volumes Parcels

-8.0%
volumes Mail in the Netherlands

€3,144m
revenue
-9%

€84m
normalised EBIT
-73%

€40m
free cash flow
-86%

€467m
adjusted net debt

€0.16
(proposed) dividend

Executing on our strategy



Challenging macroeconomic environment and industry dynamics

Global risk

- Ongoing geopolitical tensions
- Supply chain bottlenecks, mainly to and from Asia



Competitive dynamics

- Temporary overcapacity in parcels market due to capacity expansion in period of e-commerce slowdown
- Multi-vendorship and platforms
- In/outsourcing of first/last-mile and exits



Slowdown of economic growth

- Recession fears
- Inflationary pressure, lowering discretionary spend
- Low consumer confidence
- Tight labour market



Evolving consumer demands

- Sustainable delivery options
- Enhanced and extended service offering, e.g. real-time tracking and APLs



Fundamental drivers of e-commerce growth unchanged

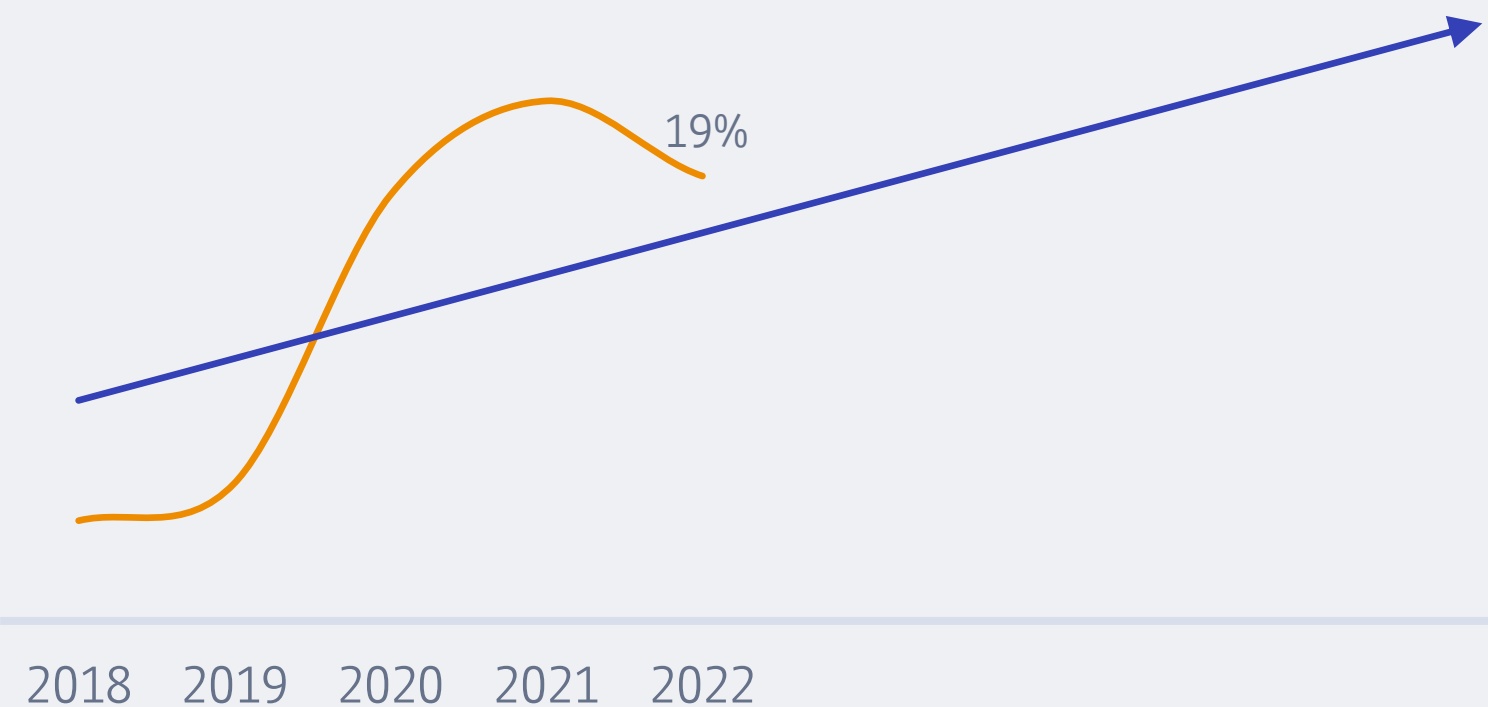
Online penetration and retail spend and main drivers

Development e-commerce market

- Online penetration main contributor
 - non-mature market
 - upward long-term trend assumed to continue
- Also driven by retail spend
 - function of economic growth and consumer spend
 - current macroeconomic environment creates volatility and limited visibility on short-term development
 - long-term upward trend supported by improvement in macroeconomic conditions over time

Online penetration

(in % of retail spend, the Netherlands)



Source: Euromonitor

Our strategy

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

Strategic foundation



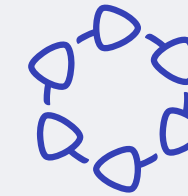
Parcels

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

Results 2022

33% Highly satisfied customers

517 Automated Parcel Lockers

98% Delivery quality Parcels Netherlands

66% Active users of consumer PostNL accounts

91% Delivery quality Mail in the Netherlands

5,494 Retail locations

Compliant, socially responsible and sustainable

81% Employee engagement

7.4% Absenteeism

10% Pension indexation

3 CLAs secured

22% Emission-free last-mile delivery

25% Improvement in carbon efficiency (g/km)

Net zero Offsetting any remaining emissions



Be your favourite deliverer

Executing on our strategy

Well-positioned to resume growth trajectory at Parcels and maintain solid performance at Mail in the Netherlands

Strategic foundation



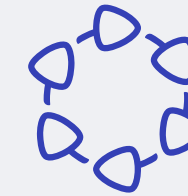
Parcels

Manage for sustainable growth



Mail

Manage for value



Digital **NEXT**

Support business performance and customer satisfaction

2023: normalised EBIT of €70m - €100m

Solidify fundamentals

- Ongoing investments in ESG, digitalisation and network
- Additional plan to achieve ~€25m-30m savings as of 2024 by reduction of 200-300 FTEs in overhead and other indirect cost measures, mainly at Parcels
- Continue to implement adaptive measures
 - price adjustments
 - scaling organisation with volumes
 - productivity and efficiency improvements

Beyond 2023: gradual margin improvement, mainly at Parcels

Strong foundation

- Ready to capture e-commerce growth with flexible investment programme
 - fundamental growth drivers of e-commerce unchanged
 - impact of additional cost measures
- Keep mail accessible, reliable and affordable; adapting organisation
- Building on our platform: integrating customers, consumers and solutions through simple and smart digital journeys

Strengthening foundation and innovative capabilities



Business and financial performance 2022



Results in 2022

A different year than expected

Main drivers	FY 2022 assumptions (28 February 2022)	Actual development	Impact on performance
Organic costs	~€70m inflationary cost pressure	<ul style="list-style-type: none"> Inflation significantly higher than assumed <ul style="list-style-type: none"> CLA agreements (PostNL, mail deliverers) indexation for delivery partners fuel and other 	<ul style="list-style-type: none"> ~€65m additional impact (bringing total organic cost increase to ~€135m)
Parcels	3% - 5% volume growth	<ul style="list-style-type: none"> 10.2% volume decline 	<ul style="list-style-type: none"> ~€100m assumed impact
Mail in the Netherlands	8% - 10% volume decline	<ul style="list-style-type: none"> 8.0% volume decline, at better end of range 	
		Swift response by taking necessary adaptive measures <ul style="list-style-type: none"> Scaling operations with volumes Tight control of overheads project, and indirect costs at Parcels 	<ul style="list-style-type: none"> ~€45m mitigating impact at Parcels
Normalised EBIT	€210m - €240m		<ul style="list-style-type: none"> €84m



Key financial results Q4 2022

Solid peak season

Key takeaways

- Domestic volumes at Parcels -3.8%, excluding non-recurring impact related to Covid-19; reported volumes -5.4%
- Volumes at Mail in the Netherlands -8.1%; underlying mail development -6.5%, mainly due to substitution
- Efficiency improvements and productivity gains in comparison with last year
- Improvement in cross-border activities compared with Q1-Q3 2022
- New CLA PostNL retroactively implemented in December (start date 1 April 2022; total impact €35m)
- Pension agreement
 - de-risking financial profile
 - positive impact on financial position
 - significant (non-cash) impact on some reported financial metrics, following technical accounting classification

Key financial metrics

(in € million)

	Q4 2021	Q4 2022	change
Revenue	936	883	-6%
Normalised EBIT	93	60	-35%
<i>Assumed to be non-recurring and related to Covid-19</i>	9	1	
Free cash flow	65	79	22%
Normalised comprehensive income	89	41	-54%



Strong operational performance at Parcels Q4 2022

Well-managed execution of peak season

	Revenue	Normalised EBIT	Volumes
Q4 2022	€587m	€24m*	94m -5.4%
Q4 2021	€604m	€55m	99m
FY 2022	€2,165m	€56m (margin 2.6%)	344m -10.2%

Revenue mix

in € million

	Q4 2021	Q4 2022
Parcels Netherlands	409	392
Spring	104	113
Logistics solutions and other	111	101
Eliminations	(19)	(19)
Parcels	604	587

* Down €31m; down €29m when corrected for non-recurring Covid-19 impact (no impact in 2022 and €2m in 2021)

Volume

- Domestic volumes -3.8%, excluding non-recurring impact related to Covid-19; reported volumes -5.4%
- Cross-border activities below last year, but first signs of improvement visible compared with Q1-Q3 2022
- Some market share loss, particularly related to temporary overcapacity in market

Revenue

- Volume decline partly offset by peak pricing, price indexation and favourable change in mix
- Revenue at Spring in Europe up; revenue at Logistics down

Costs

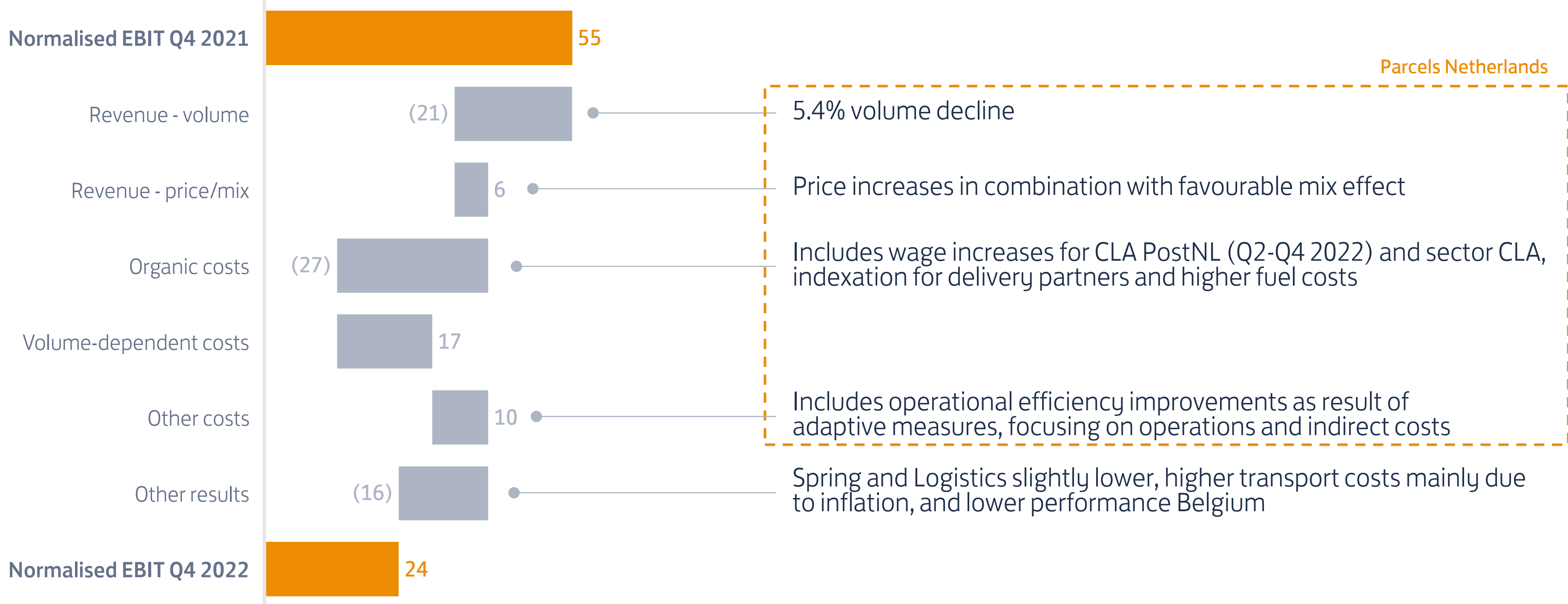
- Inflationary pressure leads to higher organic costs (labour and fuel)
 - includes impact of new CLA PostNL retroactively applied for Q2-Q4 2022
- Higher costs related to sick leave
- Operational efficiency above 2021 levels



Parcels Q4 2022 normalised EBIT bridge

Margin suppressed by organic cost increases

(in € million)



Parcels Netherlands



Strong performance at Mail in the Netherlands Q4 2022

Mitigating volume decline through moderate pricing policy and cost savings initiatives

	Revenue	Normalised EBIT	Volumes
Q4 2022	€429m	€60m*	534m -8.1%
Q4 2021	€482m	€66m	581m
FY 2022	€1,495m	€107m (margin 7.2%)	1,884m -8.0%

* Down €7m; or flat when corrected for non-recurring Covid-19 impact (€1m in 2022 and €7m in 2021)

Volume

- Overall volume decline of 8.1%, including fewer Covid-19-related items
- -6.5% underlying mail development, mainly due to substitution

Revenue

- Moderate pricing policy
- Less favourable mix, mainly due to fewer Covid-19-related volumes

Costs

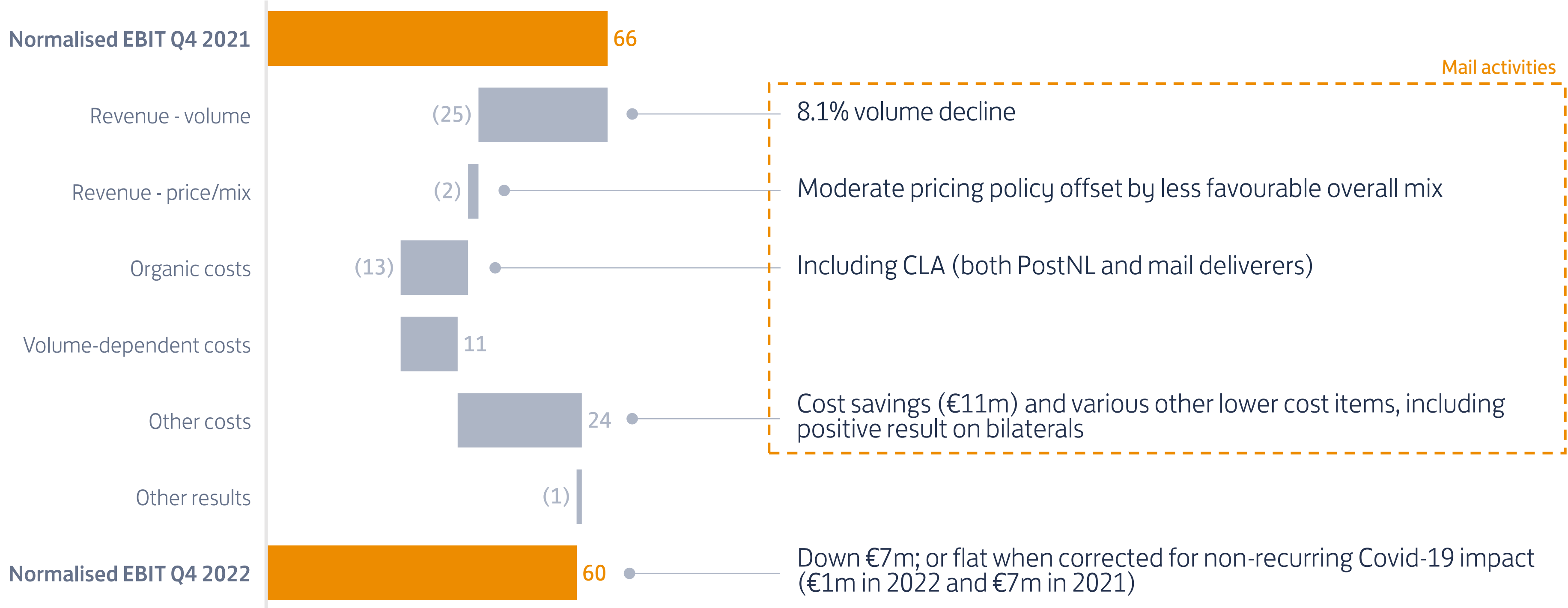
- Increased labour costs (also impacted by PostNL CLA)
- Higher sick leave rates in tight labour market
- Further cost savings achieved through efficiency gains in sorting and preparation processes



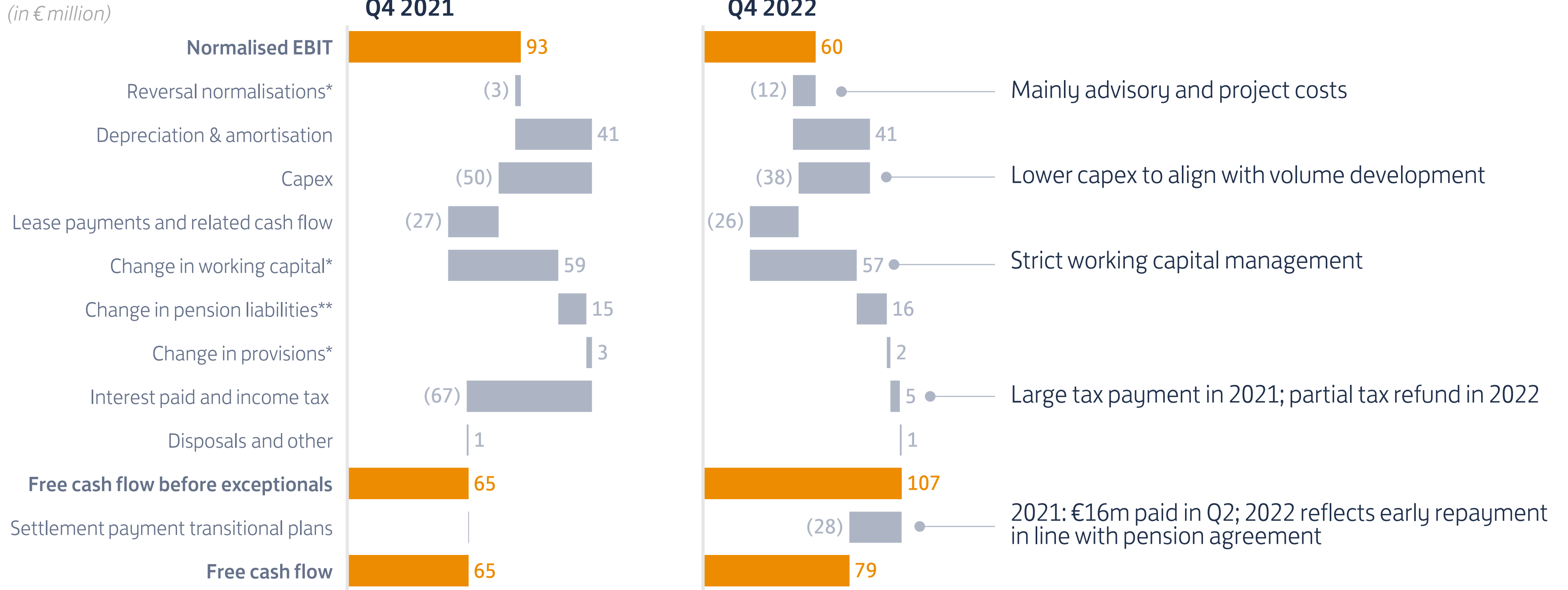
Mail in the Netherlands Q4 2022 normalised EBIT bridge

Cost savings partially offset higher organic costs

(in € million)

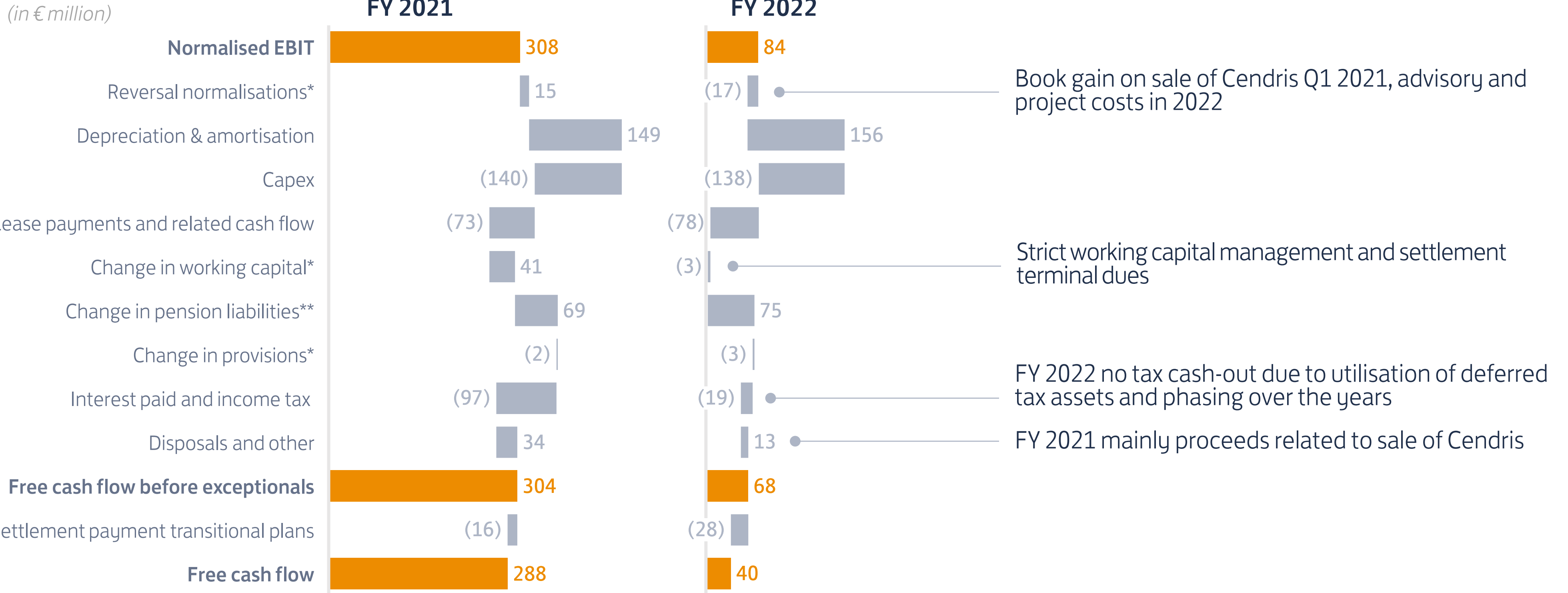


Cash flow in Q4



* Q4 2022 excluding (non-cash) accounting impact of pension agreement
 ** Based on regular pension contribution

Full-year cash flow



* Q4 2022 excluding (non-cash) accounting impact of pension agreement

** Based on regular pension contribution

Accounting classification pensions

From defined benefit to defined contribution

<i>(in € million)</i>	Reported FY 2022	Technical accounting adjustment IAS19 (non-cash)	Unconditional funding obligation adjustment	FY 2022 excluding adjustments
Reported EBIT (operating income)	(1,291)	1,377	(20)	66
Profit from continuing operations	(993)	1,022	(15)	26
Profit for the period	(981)			14
Other comprehensive income	1,071	(1,020)		52
Total comprehensive income	79	2	(15)	66

- No impact on normalised EBIT and normalised comprehensive income in 2022
- Other implications pension agreement December 2022:
 - reduction in unconditional funding obligation, improving adjusted net debt by €20m as per year-end 2022
 - free cash flow 2022 includes €12m early payment for transitional plans (total payment FY 2022 of €28m); final instalment of €16m to be paid in Q1 2023

Balance sheet

Adjusted net debt at €467m

Balance sheet

(in € million)

	31 Dec 2022
Intangible fixed assets	389
Property, plant and equipment	457
Right-of-use assets	295
Other non-current assets	53
Other current assets	465
Cash	556
Assets classified as held for sale	6
Total assets	2,221

	31 Dec 2022
Consolidated equity	177
Non-controlling interests	2
Total equity	179
Pension liabilities	2
Long-term debt	697
Long-term lease liabilities	255
Other non-current liabilities	103
Short-term lease liabilities	75
Other current liabilities	909
Total equity & liabilities	2,221

Adjusted net debt

(in € million)

	31 Dec 2021	31 Dec 2022
Short- and long-term debt	732	745
Long-term interest-bearing assets	(20)	(17)
Cash and cash equivalents	(848)	(556)
Net debt	(136)	172
Pension liabilities	67	18
Lease liabilities (on balance)	333	331
Lease liabilities (off balance)	17	29
DTA on operational lease liabilities	(79)	(83)
Adjusted net debt	203	467

€0.16 dividend per share proposed to AGM

Financial framework

- Steering for a solid balance sheet with positive consolidated equity
- Aiming at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0x (FY 2022: 1.9)
- Strict cash flow management

Proposed dividend of €0.16 per share

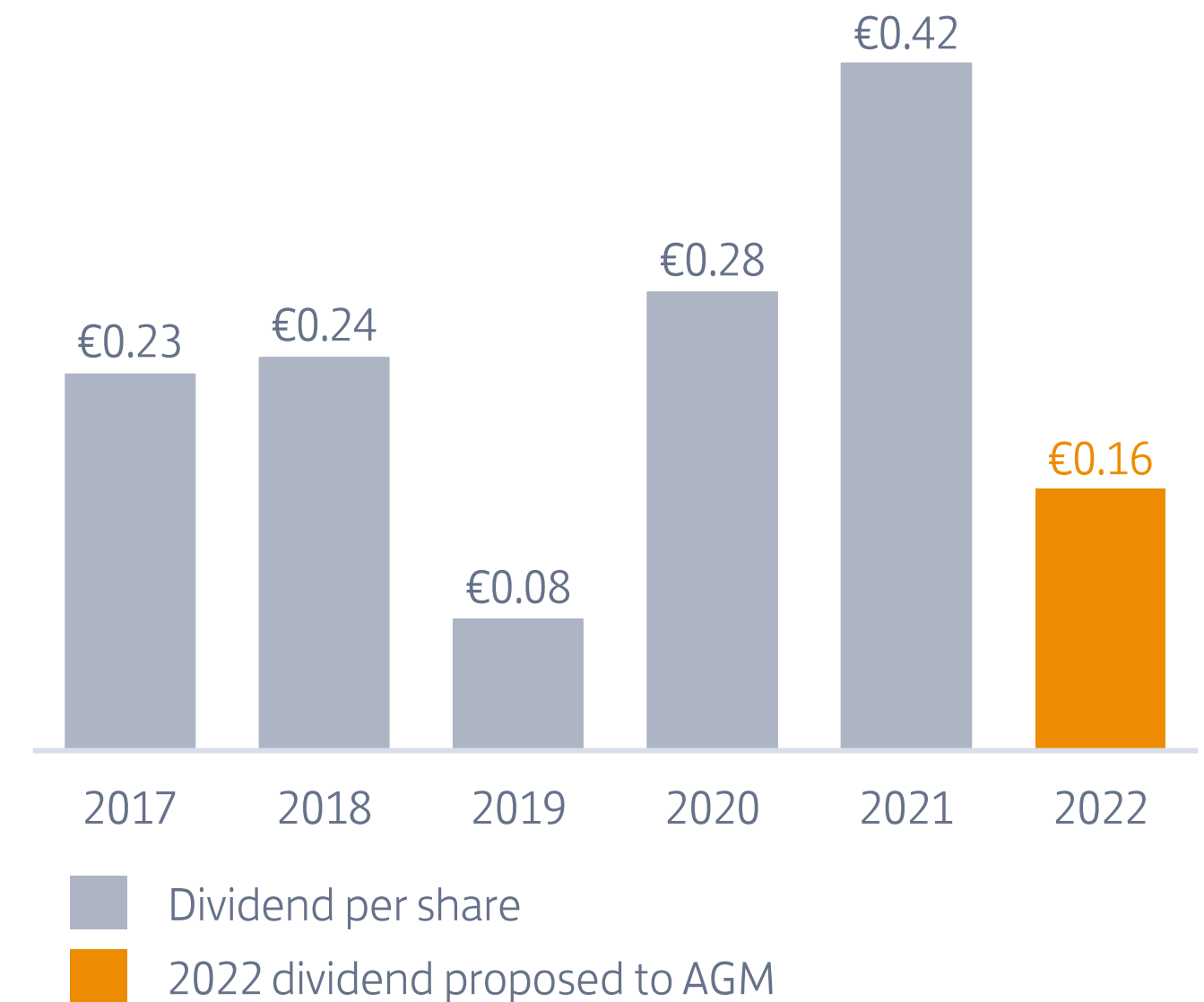
- Being properly financed in accordance with PostNL's financial framework is condition for distribution of dividend
- Aim to pay dividend that develops substantially in line with operational performance: 85% pay-out ratio of normalised comprehensive income (FY 2022: €90m) in 2022

€250m share buyback programme

- First tranche completed for total consideration of €164m
- More than neutralising intended dilutive impact of dividends over 2021-22
- Second tranche share buyback programme postponed

Dividend

(in €, per share)



Clear allocation of capital and sound financial framework

Aim for leverage ratio (adjusted net debt/EBITDA) below 2.0

Organic growth is main focus for value creation

1. Invest in business

- Capacity growth
- Related to cost savings
- Maintenance
- Working capital

2. Accelerate digital transformation

3. Dividend

- Develop in line with business performance
- Pay-out ratio around 70% - 90% of normalised comprehensive income

4. M&A/portfolio

- Disciplined approach based on strategic fit and return criteria

5. Excess cash

- Compensate for dilution due to stock dividend and/or share buy-back
- Optimisation of balance sheet and/or debt reduction

2023 and beyond



Confident in being well-positioned to resume growth path

Further executing on our strategy with improving performance as of 2024

Uncertain economic environment in short term

- Challenging conditions assumed to continue into 2023
 - prolonged uncertainty
 - limited visibility on short-term development of e-commerce
 - remaining inflationary pressure on costs
- Additional measures to strengthening foundation
 - solidifying fundamentals and strategic enablers

E-commerce growth potential going forward

- Fundamental growth drivers of e-commerce market unchanged
- Achieve strategy objectives
 - resume growth trajectory at Parcels, supported by upturn in economic conditions
 - maintaining solid performance at Mail in the Netherlands
 - accelerating strategic enablers and innovative capabilities
- Maintain solid financial position

To be your favourite deliverer



Additional plans to reduce costs

Further solidify fundamentals

	2023	Benefits in 2024 and beyond
Reduction of 200-300 FTEs in overhead and other indirect cost measures, mainly at Parcels	€20m costs mainly restructuring provision	<ul style="list-style-type: none">• ~€25m cost savings* in 2024• full run rate of ~€30m* to be reached as of 2025
Invest in customer value and quality	€10m additional capex	



** In addition to regular cost savings programme at Mail in the Netherlands and previously communicated adaptive measures to mitigate inflationary pressure*

Outlook 2023

Fundamental drivers e-commerce market remain unchanged

<i>(in € million)</i>	2022	2023 outlook
Normalised EBIT	84	70 – 100
Normalised comprehensive income	90	40 – 70
Free cash flow	40	10 – 40

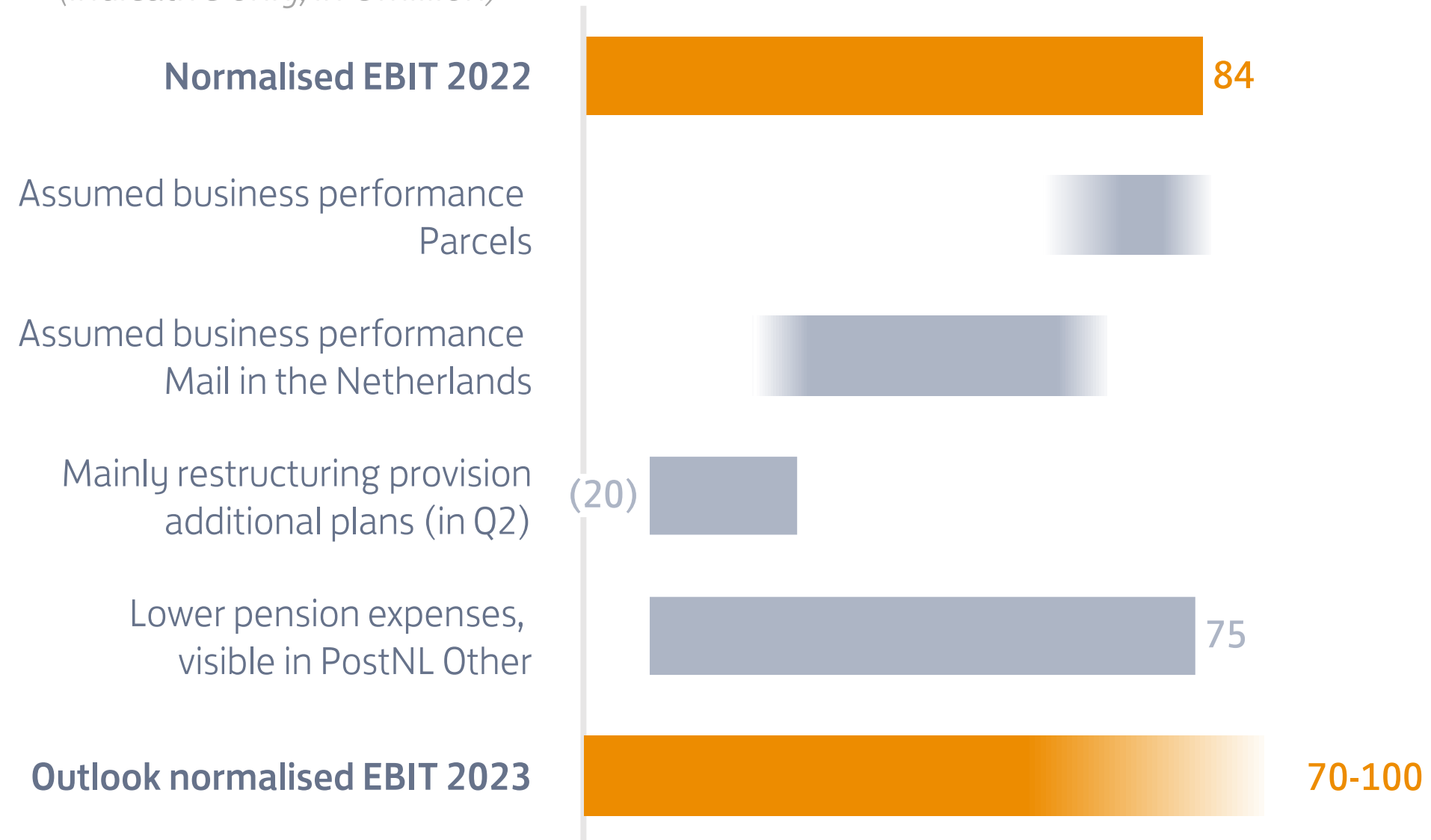
Well-positioned to improve performance as of 2024

- ≥ 200 bps margin improvement PostNL, mainly at Parcels, and assumes upward trend in the development of e-commerce
 - upside dependent on economic conditions
- Step-up in EBITDA > than normalised EBIT, reflecting increase in D&A
- Aim to pay dividend that develops substantially in line with operational performance



Transition from 2022 to 2023

(indicative only, in € million)



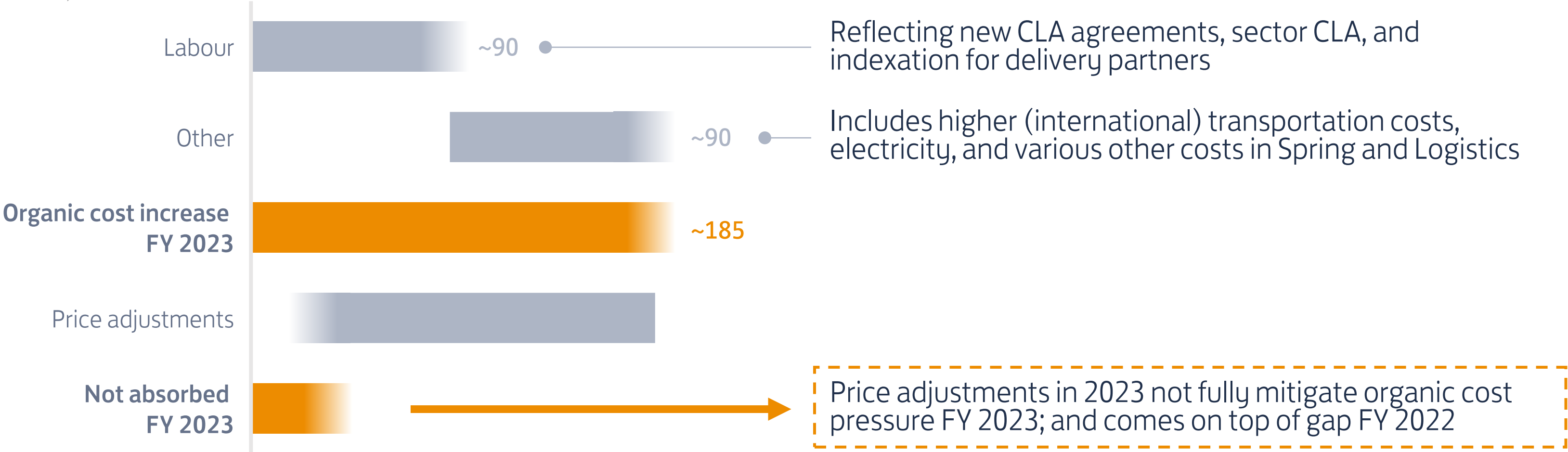
Assumptions business performance

- Macro-economic uncertainty assumed to continue into 2023
- Inflation key variable to watch
 - significant increase in organic costs
- Parcels
 - low single-digit volume decline, also taking into account some potential loss in market share
 - price adjustments and impact adaptive measures
 - improving performance in cross-border activities
- Mail in the Netherlands:
 - volume decline to continue at 8% - 10%
 - moderate pricing policy, ongoing regular cost savings programme

Significant organic cost pressure from inflation to continue

Majority of cost increases will be allocated to Parcels

(in € million)



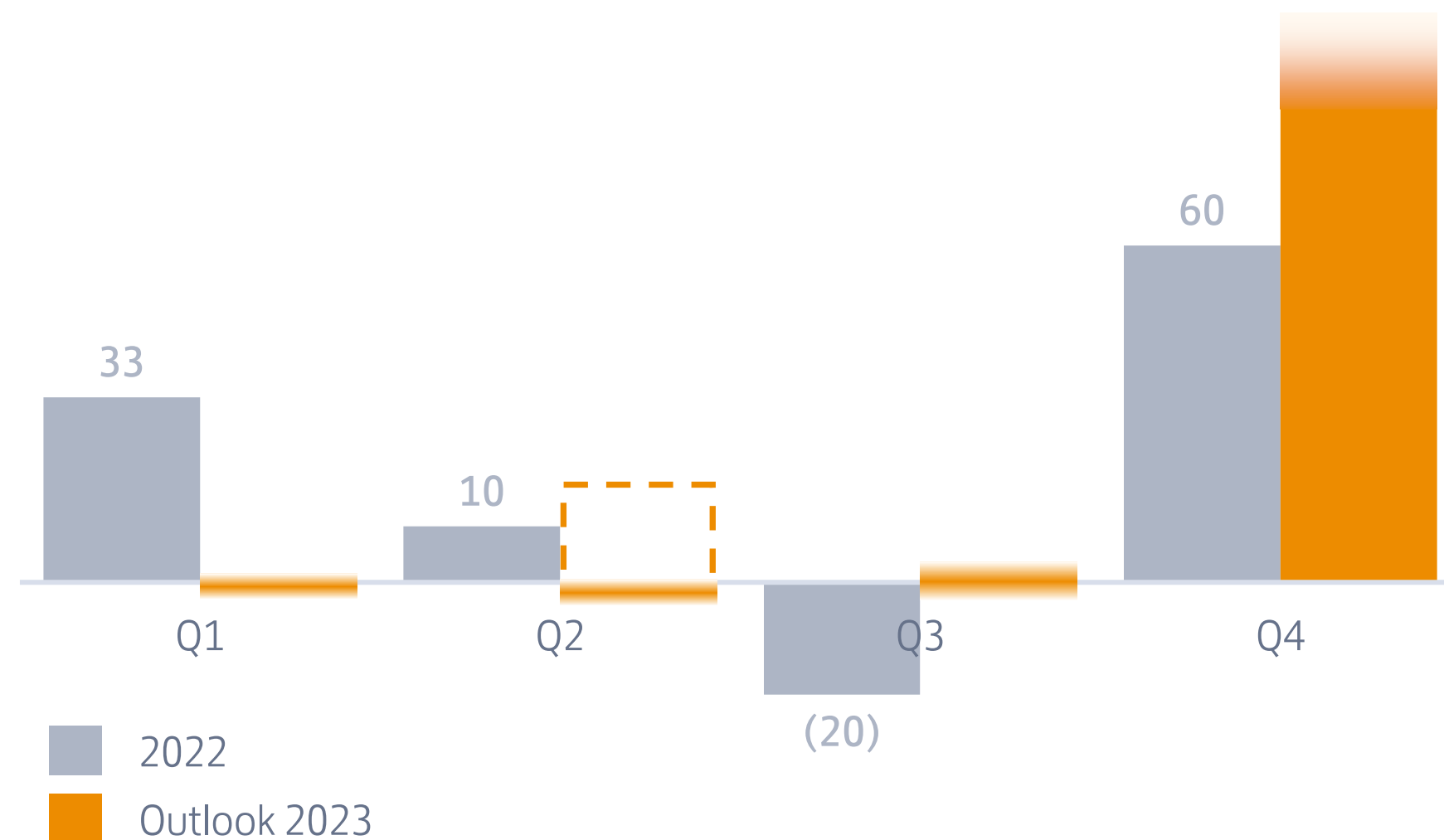
* Gap FY 2022: ~€80m (FY 2022: ~€135m organic cost increases; ~€55m price adjustments)

Quarterly split of normalised EBIT

As of Q2, gradually improving business performance assumed compared with last year

Normalised EBIT

(indicative only, in € million)



- Q1 2023 assumed to be below last year
 - Significant volume decline in Parcels
 - Some additional negative volume development Mail in the Netherlands
 - CLA impact, including one-time allowance of 1.5%
- Better business performance compared to last year, as of Q2, also based on improving parcel volume development
- €20m costs related to the additional plans to occur in Q2

Further executing on our strategy

Confident in being well-positioned to resume growth path

**Uncertain economic
environment in short term**

**E-commerce growth
potential going forward**

**Additional measures
to strengthen foundation**

Improving performance as of 2024



Q&A

Q4 & FY 2022 Results



Appendix

Q4 & FY 2022 Results

- Results per segment Q4 2022 and FY 2022
- Full reconciliation of income statement and EBITDA per segment
- Free cash flow per segment
- Revenue mix Parcels per quarter
- Assumed non-recurring impact related to Covid-19 per quarter
- Result development (bridge) per segment FY 2022
- Profit and normalised comprehensive income
- Pension expense and cash contribution

Results per segment Q4 2022 and FY 2022

(in € million)

	Revenue		Normalised EBIT		Margin	
	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022
Parcels	604	587	55	24	9.1%	4.1%
Mail in the Netherlands	482	429	66	60	13.8%	14.0%
PostNL Other	50	49	(29)	(23)		
Intercompany	(200)	(182)				
PostNL	936	883	93	60	9.9%	6.8%

	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022
	Parcels	2,361	2,165	230	56	9.7%
Mail in the Netherlands	1,683	1,495	160	107	9.5%	7.2%
PostNL Other	200	215	(81)	(80)		
Intercompany	(777)	(731)				
PostNL	3,466	3,144	308	84	8.9%	2.7%



Full reconciliation of income statement and EBITDA per segment

Income statement <i>in € million</i>	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022
Total operating revenue	3,466	3,144	2,361	2,165	1,683	1,495	200	215	(777)	(731)
Other income	25	7		0	25	7		-		-
Cost of materials	(69)	(85)	(51)	(65)	(11)	(12)	(6)	(7)		-
Work contracted out and other external expenses	(1,708)	(1,570)	(1,542)	(1,466)	(801)	(694)	(142)	(140)	777	731
Salaries and social security contributions*	(968)	(975)	(337)	(364)	(521)	(505)	(110)	(106)		-
Pension contributions & related costs*	(161)	(172)	(29)	(34)	(45)	(47)	(87)	(92)		-
Depreciation, amortisation and impairments	(149)	(156)	(76)	(73)	(39)	(28)	(34)	(55)		-
Other operating expenses	(113)	(128)	96	(110)	(115)	(117)	98	98		-
<i>Total operating expenses*</i>	<i>(3,168)</i>	<i>(3,085)</i>	<i>(2,131)</i>	<i>(2,111)</i>	<i>(1,532)</i>	<i>(1,404)</i>	<i>(281)</i>	<i>(301)</i>	<i>777</i>	<i>731</i>
Operating income / EBIT*	324	66	230	54	176	98	(81)	(86)	-	-

EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
Operating Income / EBIT*	324	66	230	54	176	98	(81)	(86)
Depreciation, amortisation and impairments	149	156	76	73	39	28	34	55
Reported EBITDA*	473	222	305	127	215	127	(47)	(32)
Non-cash pension expense*	69	75		0		-	69	75
EBITDA excluding non-cash pension expense	542	297	305	127	215	127	22	43
IFRS16 impact (depreciation RoU assets)	(62)	(66)	(39)	(43)	(12)	(12)	(12)	(11)
EBITDA excluding non-cash pensions and IFRS16	480	231	267	84	202	115	11	32



* FY 2022 excluding accounting impact of pension agreement

Free cash flow per segment

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other & eliminations	
	2021	2022	2021	2022	2021	2022	2021	2022
EBITDA*	473	222	305	127	215	127	(47)	(32)
Change in pensions* **	69	75	0	0	(0)	-	69	75
Change in provisions*	(2)	(3)	1	4	(3)	(5)	(0)	(2)
Change in working capital*	41	(3)	(3)	(7)	41	(5)	4	9
Capex	(140)	(138)	(54)	(35)	(36)	(17)	(50)	(85)
Disposals	6	6	(0)	(0)	6	6	(1)	(0)
Interest paid	(21)	(20)	(5)	(5)	(3)	(3)	(14)	(12)
Income tax paid	(76)	1	(57)	(14)	(44)	(25)	25	40
Lease payments and related cash flow	(73)	(78)	(46)	(49)	(20)	(18)	(6)	(10)
Other	28	6	(4)	2	(19)	(0)	50	4
Adjusted free cash flow**	304	68	137	23	136	59	31	(14)
Soft pension settlement	(16)	(28)	(0)	-	(0)	-	(16)	(28)
Free cash flow	288	40	137	23	136	59	14	(42)
Free cash flow yield	15%	5%						



* 2022 excluding accounting impact of pension agreement; net impact of these adjustments on FCF equals zero

** Excluding settlement payment transitional plans (€16m in 2021 and €28m in 2022)

Revenue mix Parcels per quarter

(in € million)

	Q1 2021	Q1 2022	Q2 2021	Q2 2022	Q3 2021	Q3 2022	Q4 2021	Q4 2022	FY 2021	FY 2022
Parcels Netherlands	444	361	383	345	329	332	409	392	1,566	1,431
Spring	145	105	131	91	95	95	104	113	475	404
Logistics solutions and other	102	105	100	98	95	93	111	101	409	396
Eliminations	(30)	(17)	(26)	(15)	(14)	(14)	(19)	(19)	(89)	(65)
Parcels	662	554	589	519	505	506	604	587	2,361	2,165

Assumed non-recurring impact related to Covid-19

Volumes

(around, in million)

	Q1 2021	Q1 2022	Q2 2021	Q2 2022	Q3 2021	Q3 2022	Q4 2021	Q4 2022	FY 2021	FY 2022
Parcels	26	2	11	-	-	-	2	-	38	2
Mail in the Netherlands	12	15	23	3	16	7	16	6	67	30

Revenue

(around, in € million)

	Q1 2021	Q1 2022	Q2 2021	Q2 2022	Q3 2021	Q3 2022	Q4 2021	Q4 2022	FY 2021	FY 2022
Parcels	137	2	78	-	-	-	12	-	226	2
Mail in the Netherlands	33	9	27	1	7	2	18	1	85	13
Eliminations	(6)	0	(9)	0	-	-	0	-	(15)	-
PostNL	164	10	96	1	7	2	30	2	297	14

Normalised EBIT

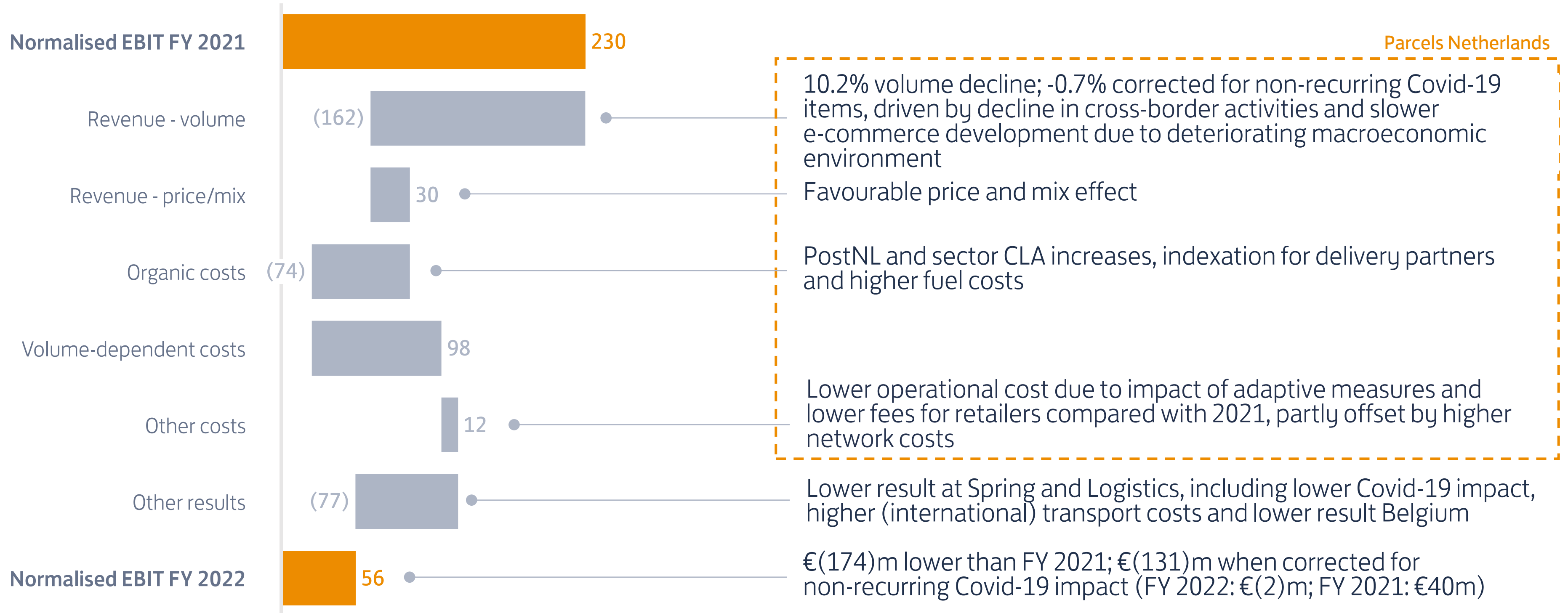
(around, in € million)

	Q1 2021	Q1 2022	Q2 2021	Q2 2022	Q3 2021	Q3 2022	Q4 2021	Q4 2022	FY 2021	FY 2022
Parcels	24	(2)	14	-	-	-	2	-	40	(2)
<i>Parcels Netherlands</i>	17	(2)	7	-	-	-	1	-	26	(2)
<i>Spring and Logistics</i>	7	-	7	-	-	-	1	-	14	-
Mail in the Netherlands	18	3	12	(0)	5	1	7	1	42	5
PostNL	42	1	26	(0)	5	1	9	1	82	2



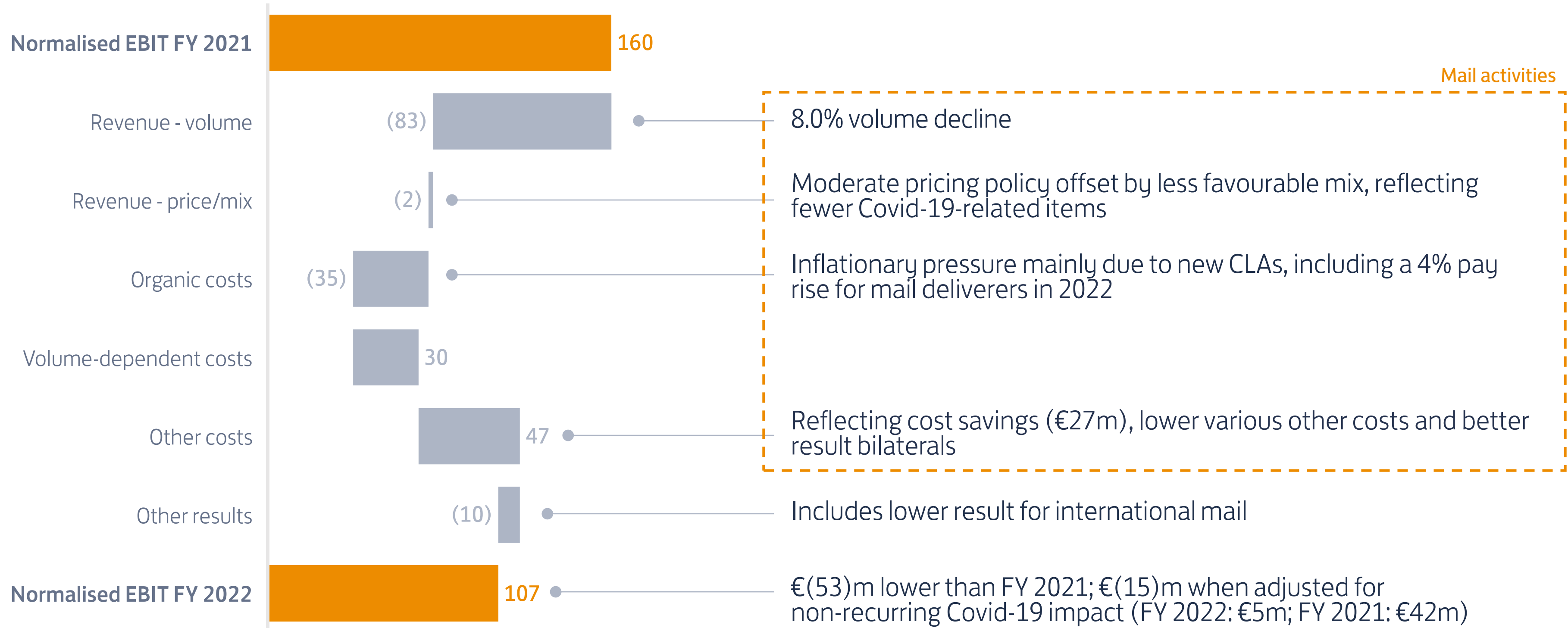
Parcels normalised EBIT bridge

(in € million)



Mail in the Netherlands normalised EBIT bridge

(in € million)



PostNL profit and normalised comprehensive income

(in € million)

	FY 2021	FY 2022
Operating income / EBIT*	324	66
Net financial expenses	(21)	(19)
Results from investments in JVs/associates	(0)	(1)
Income taxes*	(74)	(21)
Profit/(loss) from discontinued operations	29	(11)
Profit*	258	14
Other comprehensive income (mainly related to pensions)*	68	52
Total comprehensive income*	325	66
Normalisation on EBIT, net of tax*	(12)	13
Exclude result from discontinued operations	(29)	11
Normalised comprehensive income	285	90



* FY 2022 excluding accounting impact of pension agreement

Reconciliation pension expense and cash contribution

(in € million)

	PostNL		Parcels		Mail in NL		PostNL Other	
	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022
Cash contribution*	(92)	(97)	(29)	(34)	(45)	(47)	(18)	(17)
IFRS non-cash pension expense*	(69)	(75)		(0)		-	(69)	(75)
Total pension expense	(161)	(172)	(29)	(34)	(45)	(47)	(87)	(92)

Total pension expense increased by €11 million in 2022, in line with earlier indication

- Visible in EBIT, EBITDA and profit for the period (after tax)
- Includes a substantial non-cash part (i.e. IFRS non-cash pension expense)
 - reversed via other comprehensive income, mitigating the impact on total comprehensive income
 - visible in free cash flow under “Change in pension liabilities”



* Excluding settlement payment transitional plans (€16m in 2021 and €28m in 2022)