

Press release

The Hague, the Netherlands, 9 May 2022

PostNL reports normalised EBIT of €33 million and free cash flow of €52 million for Q1 2022

More challenging macroeconomic environment impacts e-commerce development

Financial highlights Q1 2022

in€ million	Q1 2021	Q1 2022	% Change
Revenue	962	806	-16%
Normalised EBIT	130	33	-75%
<i>assumed to be non-recurring and related to Covid-19</i>	42	1	
Free cash flow	159	52	-67%
Normalised comprehensive income	112	34	-69%

Developments Q1 2022

- Performance in first two months in line with expectations, with additional pressure on e-commerce volumes and costs since start of the war in Ukraine
- Volumes at Parcels increased by 3.9% excluding non-recurring impact related to Covid-19; overall, volumes -19.5% due to less non-recurring volume as assumed and expected development in cross-border activities
- Volumes at Mail in the Netherlands -7.4%, with ongoing substitution in line with expectations
- Strong cash flow performance
- 15% increase in carbon efficiency versus FY 2021, further improving PostNL's environmental footprint

CEO statement

Herna Verhagen, CEO of PostNL, said: "The war in Ukraine remains very concerning, severely impacting millions of people. This is bringing additional uncertainty for the overall economic environment, where we also see new lockdowns in China related to Covid-19. This results in further inflationary pressures, visible in rising fuel and labour costs, and ongoing global supply chain constraints. The composition of consumer spending might temporarily rebalance towards services, also due to rising prices for some goods, impacting the development in e-commerce.

"Performance in the first two months of the year developed in line with our expectations. Coinciding with the start of the war in Ukraine we have seen pressure on parcel volumes and higher than anticipated costs. This resulted in a lower performance at Parcels than anticipated, with a stable market share. The result at Mail in the Netherlands was solid with ongoing substitution in line with expectations. As anticipated, the contribution from cross-border activities declined compared with last year. In the first quarter of 2022, cash flow performance was again strong, further strengthening our financial position. Meanwhile, we are committed to continuing on the execution of our strategy by focusing on providing our customers an excellent experience through the acceleration of our digital transformation and by improving our environmental footprint, building on our strong financial position. As always, we aim to be a socially responsible employer and partner for our delivery companies, working with highly satisfied people in a compliant and sustainable way.

"We now expect 2022 to be more challenging with costs rising more than anticipated and less visibility on volumes. As a consequence, we are adjusting our FY 2022 outlook for normalised EBIT to €170 million - €210 million. At the same time, we are continuing our strict approach to working capital management while adjusting capex to align with lower volume projections. As a result, we confirm our FY 2022 outlook for free cash flow at €110 million - €140 million."

Press release

The Hague, the Netherlands, 9 May 2022

Environmental, social and governance (ESG)

While intensifying investments in sustainability according to plan, PostNL improved the carbon efficiency of its own fleet by 15% in the first three months of 2022 by increasing use of renewable fuels and further electrification of light freight vehicles. For 2022, PostNL offsets any remaining carbon emissions from own transport and that of delivery partners, cutting its footprint to net zero.

PostNL continues to work with partners, works council and social inspection to ensure social labour practices that comply with the relevant legal framework and are in line with common practice, both in the transport sector and the broader economy. Parcel delivery in the Netherlands comprises a mix of people employed by the company and committed delivery partners. In Belgium, PostNL works with around 220 delivery partners that employ around 1,500 deliverers, of whom the vast majority work on fixed employment contracts under collective labour agreements, in safe and compliant working conditions.

The negotiations on the collective labour agreement for postal deliverers are well underway.

Acceleration of digital transformation

The acceleration of PostNL's digital transformation continues to progress, as the company aims to strengthen its competitive position by further building on its platform and connecting customers, consumers and solutions through simple and smart digital journeys. Consumers and customers are increasingly digitally connected to the company's platform. PostNL now has 7 million consumer accounts (Q1 2021: 6.2 million) of which 56% (Q1 2021: 54%) are actively used. PostNL has recently introduced an algorithm to support customers in reducing packaging, a demonstration of a digital initiative that also underpins PostNL's sustainability ambition.

PostNL intends to spend around €23 million on the acceleration of its digital transformation in 2022, of which €4 million was visible in the first three months of 2022. The programme is expected to become accretive to ROIC in 2023.

Business performance Q1 2022

in € million, volume in million items	Volume		Revenue		Normalised EBIT	
	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022
Parcels	108	87	662	554	92	18
Mail in the Netherlands	552	511	466	387	59	36
PostNL Other			48	55	(21)	(22)
Intercompany			(214)	(190)		
PostNL			962	806	130	33

Note: normalised figures exclude one-offs in Q1 2022 (€3 million) and in Q1 2021 (€18 million)

- Limited impact on normalised EBIT assumed to be non-recurring and related to Covid-19 in Q1 2022: €(2) million at Parcels and €3 million at Mail in the Netherlands (Q1 2021: €42 million; €24 million at Parcels and €18 million at Mail in the Netherlands)
- As expected, around €(15) million impact on normalised EBIT from cross-border activities, resulting from the change in VAT regulation for small non-EU goods and other regulation in China in July 2021 together with global supply chain disruptions
- €21 million organic cost increases, €2 million more than anticipated

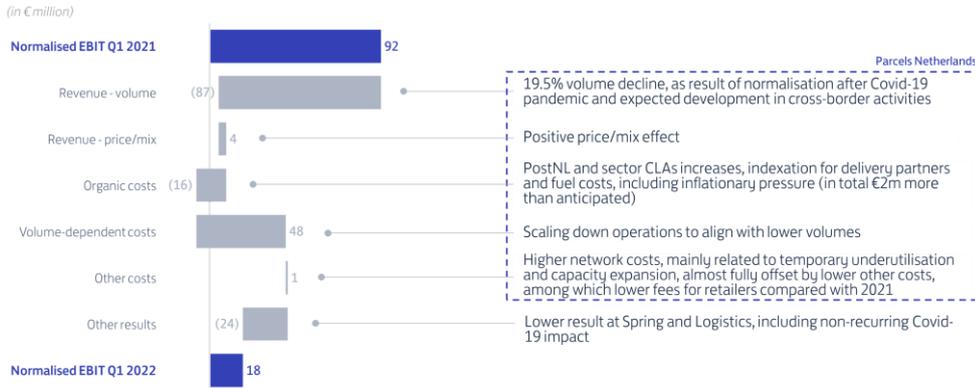
Press release

The Hague, the Netherlands, 9 May 2022

Segment information

Parcels: Lower volumes and additional costs impact result

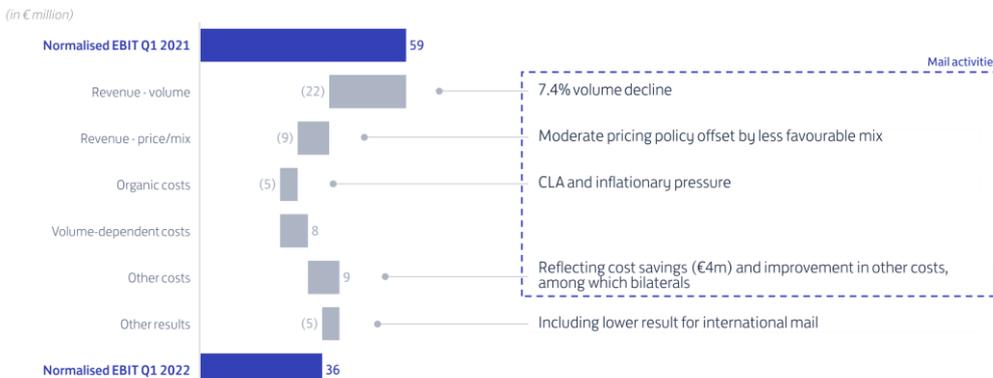
Normalised EBIT at Parcels came in at €18 million (Q1 2021: €92 million). In Q1 2022, the assumed non-recurring impact related to Covid-19 was €(2) million (Q1 2021: €24 million). Excluding the non-recurring Covid-19 impact, normalised EBIT declined by €48 million.



Revenue declined to €554 million (Q1 2021: €662 million), driven by a volume decline of 19.5%. Volumes increased by 3.9% when excluding the non-recurring parcels assumed to be related to Covid-19. Growth was solid at around 11%, excluding the non-recurring impact and international volumes, reflecting the continuing expansion of e-commerce. As of late February, however, a slow-down in this growth rate became visible. While Spring in Europe saw rising revenue, revenue at Spring in Asia decreased, with more or less stable revenue at Logistics.

Mail in the Netherlands: Solid performance with volume decline in line with expectations

Normalised EBIT at Mail in the Netherlands came in at €36 million (Q1 2021: €59 million). In Q1 2022, the assumed non-recurring impact related to Covid-19 was €3 million (Q1 2021: €18 million). Excluding this non-recurring Covid-19 impact, normalised EBIT declined by €8 million.



Revenue was down to €387 million (Q1 2021: €466 million), mainly explained by the volume decline, less international mail and the sale of Cendris in February 2021. Mail volumes decreased by 7.4% in the quarter, mainly as a result of ongoing substitution, slightly offset by higher volumes related to Covid-19. The price/mix effect was negative, reflecting less single mail and e-commerce items, largely related to Covid-19.

PostNL Other

Revenue at PostNL Other amounted to €55 million (Q1 2021: €48 million). Normalised EBIT came in at €(22) million (Q1 2021: €(21) million). Pension expense amounted to €42 million (Q1 2021: €40 million) and total pension cash contributions to €23 million (Q1 2021: €22 million).

Press release

The Hague, the Netherlands, 9 May 2022

Solid free cash flow development

Cash flow performance was solid, with free cash flow at €52 million (Q1 2021: €159 million). This reflected the lower reported normalised EBIT together with higher capex for digitalisation and expansion of capacity, more than offset by a favourable working capital development that was partly the result of phasing within the year. Free cash flow in Q1 2021 included the €44 million proceeds from the sale of Cendris.

On 1 March 2022, PostNL started its share buyback programme to neutralise the assumed dilutive impact of shares issued in relation to dividends over 2021-23. The company will repurchase ordinary shares of PostNL N.V. to the value of around €250 million, spread over 2022 and 2023. In Q1 2022, 6,578,420 shares were repurchased for a total amount of €23 million.

Key figures

in € million	Q1 2021	Q1 2022
Revenue	962	806
Operating income	148	30
Profit for the period	136	16
Profit from continuing operations	112	17
Total comprehensive income	149	32
	31 December 2021	2 April 2022
Adjusted net debt	203	188
Consolidated equity	426	435

FY 2022 Outlook

in € million	2021	2021 adjusted for assumed non-recurring impact Covid-19	2022 outlook (28 February 2022)	2022 revised outlook (9 May 2022)	remarks
Outlook					
Normalised EBIT	308	226	210 - 240	170 - 210	including -(20) for expansion of capacity, digital NEXT and increase in non-cash IFRS pension expenses
Free cash flow*	288		110 - 140	110 - 140	strict working capital management; capex aligned with parcel volume projections
Other main financial indicators			2022 indicative		
Normalised comprehensive income	285		-200		to develop in line with normalised EBIT

* Cash flow before dividend/share buybacks, acquisitions, redemption of bonds/other financing activities; after payment of leases

The ongoing war in Ukraine impacts the macroeconomic environment and adds to uncertainty. Further inflationary pressure and continuing global supply chain constraints are increasing cost levels. At the same time visibility on volumes is reduced as the composition of consumer spending might temporarily rebalance towards services, also due to rising prices for some goods, impacting the development in e-commerce. This is making 2022 more challenging than previously anticipated.

PostNL is adjusting its FY 2022 outlook for normalised EBIT to €170 million - €210 million. The company is assuming that the volume development at Parcels since the start of the war in Ukraine will continue throughout the second quarter of 2022. At this stage, it remains to be seen how the many interdependencies in the current geopolitical and global economic climate and the composition of consumer spending will impact volume development.

PostNL now expects:

- More or less flat volume development at Parcels based on reported volumes (previously: 3%-5% growth)
- Increasing organic costs, including further inflationary pressure on fuel and labour costs of around €15 million
- Additional impact on cross-border activities from new lockdowns in China of around €(5) million

PostNL confirms its FY 2022 outlook for free cash flow at €110 million - €140 million and is continuing its strict approach to working capital management, while capex will be adjusted in line with volume projections.

Press release

The Hague, the Netherlands, 9 May 2022

Working days by quarter

	Q1	Q2	Q3	Q4	Total
2021	65	61	65	65	256
2022	65	61	65	64	255

Financial calendar

8 August 2022	Publication of Q2 & HY 2022 results
7 November 2022	Publication of Q3 2022 results

Dividend calendar

Final dividend over 2021	
10 May 2022	End of election period and determination of conversion rate
12 May 2022	Payment date
Interim dividend 2022	
10 August 2022	Ex-dividend date
11 August 2022	Record date
12 August 2022	Start of election period
29 August 2022	End of election period and determination of conversion rate
31 August 2022	Payment date

Contact information

Published by	PostNL N.V. Waldorpstraat 3 2521 CA The Hague The Netherlands T: +31 88 86 86 161	
Investor Relations	Jochem van de Laarschot Director Communications & Investor Relations M: +31 613 86 53 58 E: jochem.van.de.laarschot@postnl.nl	Inge Laudy Manager Investor Relations M: +31 610 51 96 70 E: inge.laudy@postnl.nl
Media Relations	Dagna Hoogkamer Manager Media Relations M: +31 622 05 36 29 E: dagna.hoogkamer@postnl.nl	

Audio webcast and conference call on Q1 2022 results

On 9 May 2022, at 11.00 am CET, a conference call for analysts and investors will start. It can be followed live via an audio webcast at www.postnl.nl/en/about-postnl/investors/results-reports-presentations/.

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.

Press release

The Hague, the Netherlands, 9 May 2022

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.

Press release

The Hague, the Netherlands, 9 May 2022

Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 2 April 2022. The information should be read in conjunction with the consolidated 2021 Annual Report of PostNL N.V. as published on 28 February 2022.

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 2021 Annual Report for the year ended 31 December 2021.

There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2022 that would be expected to have a material impact on the Group's 2022 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.

Share buyback programme

On 1 March 2022, PostNL started a share buyback programme to neutralise the assumed dilutive impact of shares issued in relation to dividends over 2021-23. The company will repurchase ordinary shares of PostNL N.V. to the value of around €250 million, spread over 2022 and 2023. In Q1 2022, 6,578,420 shares were repurchased for a total amount of €23 million of which €6 million was settled at the beginning of April.

Acquisition of Sandd

On 27 September 2019, the State Secretary of Economic Affairs cleared the merger between PostNL and Sandd. Legal appeals have been filed by a number of parties against the approval. On 11 June 2020 the court (Rechtbank Rotterdam) annulled the approval for consolidation in the Dutch postal market. The government has appealed against the court decision. PostNL has also decided to appeal. On 9 April 2021, the earlier approval of the merger was confirmed by a new decision taken by the State Secretary. This new decision, which has retroactive effect, will be included in the appeal procedure. Awaiting next steps, PostNL will continue to adhere to the conditions imposed in relation to the acquisition. As we obtained control as of the acquisition date of 22 October 2019, we have fully consolidated Sandd in our financial statements from that date forward.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.

Press release

The Hague, the Netherlands, 9 May 2022

PostNL Consolidated income statement in € million

	Q1 2021	Q1 2022
Revenue from contracts with customers	957	801
Other operating revenue	5	5
Total operating revenue	962	806
Other income	21	5
Cost of materials	(16)	(21)
Work contracted out and other external expenses	(466)	(404)
Salaries, pensions and social security contributions	(289)	(287)
Depreciation, amortisation and impairments	(35)	(39)
Other operating expenses	(29)	(30)
Total operating expenses	(835)	(781)
Operating income	148	30
Interest and similar income	0	1
Interest and similar expenses	(5)	(7)
Net financial expenses	(5)	(6)
Results from investments in JVs/ associates	0	0
Profit/ (loss) before income taxes	143	24
Income taxes	(31)	(7)
Profit/ (loss) from continuing operations	112	17
Profit/ (loss) from discontinued operations	24	(0)
Profit for the period	136	16
Attributable to:		
Non-controlling interests	0	0
Equity holders of the parent	136	16
Earnings per ordinary share (in € cents) ¹	27.5	3.2
Earnings per diluted ordinary share (in € cents) ²	27.4	3.2
Earnings from continuing operations per ordinary share (in € cents) ¹	22.7	3.3
Earnings from continuing operations per diluted ordinary share (in € cents) ²	22.7	3.2
Earnings from discontinued operations per ordinary share (in € cents) ¹	4.8	(0.1)
Earnings from discontinued operations per diluted ordinary share (in € cents) ²	4.8	(0.1)

¹ Based on an average of 512,147,800 outstanding ordinary shares (2021: 494,991,389).

² Based on an average of 513,024,817 outstanding diluted ordinary shares (2021: 495,805,178).

Press release

The Hague, the Netherlands, 9 May 2022

PostNL Consolidated statement of comprehensive income in €million

	Q1 2021	Q1 2022
Profit for the period	136	16
Impact pensions, net of tax	14	15
Other comprehensive income that will not be reclassified to the income statement	14	15
Currency translation adjustment, net of tax	0	0
Gains/ (losses) on cashflow hedges, net of tax	(1)	0
Other comprehensive income that may be reclassified to the income statement	(1)	0
Total other comprehensive income for the period	13	15
Total comprehensive income for the period	149	32
Attributable to:		
Non-controlling interests	0	0
Equity holders of the parent	149	32
Total comprehensive income attributable to the equity holders of the parent arising from:		
Continuing operations	126	32
Discontinued operations	24	(0)

Press release

The Hague, the Netherlands, 9 May 2022

PostNL Consolidated statement of cash flows in € million

	Q1 2021	Q1 2022
Profit/ (loss) before income taxes	143	24
Adjustments for:		
Depreciation, amortisation and impairments	35	39
Share-based payments	1	1
(Profit)/loss on disposal of assets	(1)	(5)
(Profit)/loss on sale of Group companies	(16)	
Interest and similar income	(0)	(1)
Interest and similar expenses	5	7
Results from investments in JVs/ associates	(0)	(0)
Investment income	(12)	1
Pension liabilities	19	20
Other provisions	(1)	(6)
Changes in provisions	17	13
Inventory	0	(1)
Trade accounts receivable	(59)	45
Other accounts receivable	3	1
Other current assets excluding taxes	21	14
Trade accounts payable	(3)	(31)
Other current liabilities excluding short-term financing and taxes	31	12
Changes in working capital	(7)	41
Cash generated from operations	177	119
Interest paid	(3)	(3)
Income taxes received/ (paid)	(20)	(23)
Net cash (used in)/ from operating activities	154	92
Interest received	0	1
Disposal of subsidiaries	44	
Investments in JVs/ associates	(1)	(1)
Capital expenditure on intangible assets	(12)	(18)
Capital expenditure on property, plant and equipment	(12)	(17)
Proceeds from sale of property, plant and equipment	3	11
Changes in other loans receivable	0	1
Net cash (used in)/ from investing activities	23	(23)
Share buyback		(17)
Proceeds from short-term borrowings	4	0
Repayments of lease liabilities/ incentives	(18)	(17)
Net cash (used in)/ from financing activities	(14)	(35)
Total change in cash from continuing operations	163	34
Cash at the beginning of the period	651	848
Cash transfers related to discontinued operations	29	(0)
Total change in cash from continuing operations	163	34
Cash at the end of the period	843	882

Press release

The Hague, the Netherlands, 9 May 2022

PostNL Consolidated statement of financial position in €million

	31 December 2021	2 April 2022
Assets		
Goodwill	207	207
Other intangible assets	147	154
Intangible fixed assets	354	361
Land and buildings	254	254
Plant and equipment	141	140
Other equipment	13	14
Construction in progress	25	26
Property, plant and equipment	433	435
Right-of-use assets	289	285
Investments in joint ventures/ associates	6	6
Loans receivable	20	19
Deferred tax assets	11	11
Financial assets at fair value through OCI	28	28
Financial fixed assets	65	65
Total non-current assets	1,141	1,145
Inventory	5	6
Trade accounts receivable	353	308
Accounts receivable	11	10
Income tax receivable	25	38
Prepayments and accrued income	90	76
Cash and cash equivalents	848	882
Total current assets	1,332	1,320
Assets classified as held for sale	11	5
Total assets	2,484	2,470
Equity and liabilities		
Equity attributable to the equity holders of the parent	426	435
Non-controlling interests	3	3
Total equity	429	438
Deferred tax liabilities	37	39
Provisions for pension liabilities	67	67
Other provisions	29	30
Long-term debt	697	697
Long-term lease liabilities	269	264
Other long-term liabilities	31	31
Total non-current liabilities	1,129	1,128
Trade accounts payable	168	133
Other provisions	21	13
Short-term debt	4	6
Short-term lease liabilities	65	64
Other current liabilities	111	131
Income tax payable	1	0
Contract liabilities	70	61
Accrued current liabilities	487	495
Total current liabilities	927	904
Total equity and liabilities	2,484	2,470