

2021

Capturing growth, delivering value

Q1 2021 Results

The Hague — 10 May 2021



Additional information

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Q1 2021

Exceptional performance, partly non-recurring

Thanks to the hard work of our people and resilience of our business, we were able to continue to play a vital role in society

Results

- Lockdown lasted longer than anticipated and boosted volume growth at Parcels
- Spring and Logistics also showed strong performance
- Non-recurring mail volumes supported a strong performance at Mail in the Netherlands

Health and safety of our people, partners and customers always come first



Strong earnings performance continued

FY outlook for normalised EBIT at least €250m, with free cash flow expected to be above €225m



- Strong operational performance at Parcels continued with 108m parcels delivered (+61.6%), partly non-recurring due to lockdown
- Strong result at Mail in the Netherlands mainly based on non-recurring mail items and favourable development in price/mix; underlying volume decline due to substitution continued



Key financial metrics

(in € million)

	Q1 2020	Q1 2021
Revenue	701	962
Normalised EBIT	15	130
Free cash flow	5	159
Normalised comprehensive income	30	112

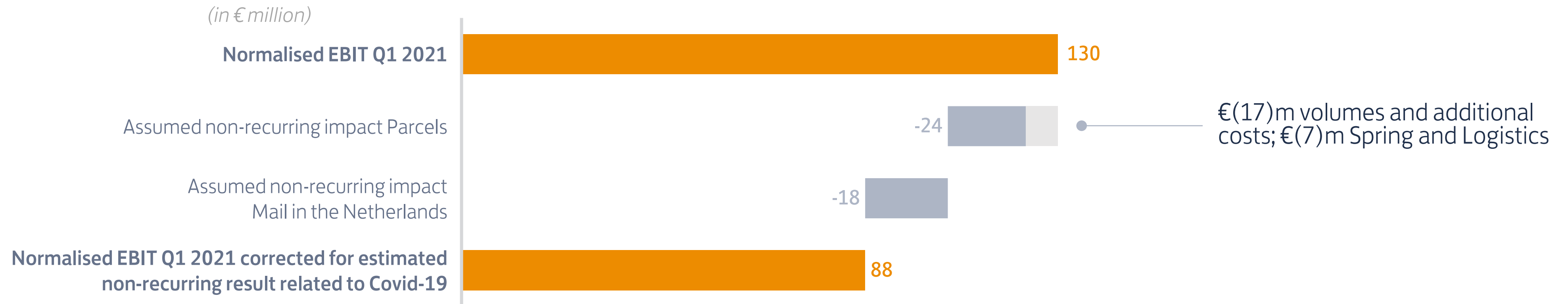


- 7% improvement in CO₂ efficiency of PostNL's own fleet compared with FY 2020



Another strong quarter driven by impact of Covid-19

Normalised EBIT €130m, of which around €42m assumed to be non-recurring result related to Covid-19



- 108m parcels delivered, of which around 26m assumed to be Covid-19 related and non-recurring
- Flexible infrastructure at Parcels combined with more equally spread flow shows robustness of business model; additional measures (operating costs and investments) taken to accommodate volumes

- Favourable volume and price/mix effects at Mail in the Netherlands partly offset by volume dependent costs; positive shift in product mix supported by more single mail and e-commerce items, partly related to Covid-19. Non-recurring volume effects due to e.g. voting by mail and invites for the vaccination programme
- Costs related to incentivising retail partners to remain open for parcel and mail services (around €15m)

Q1 2021

Business and financial performance



61.6% volume growth boosted result at Parcels

Record level of parcels delivered thanks to flexible infrastructure and additional measures

	Revenue	Normalised EBIT	Volumes	Revenue mix
Q1 2021	€662m	€92m	108m +61.6%	(in € million)
Q1 2020	€414m	€26m	67m	
				Q1 2020
				Q1 2021
				Parcels Netherlands
				Spring
				Logistics solutions and other
				Eliminations
				Parcels

Strong revenue growth

- Benefiting from e-commerce growth across all segments and products
 - partly non-recurring and related to the lockdown (around 26m parcels)
 - underlying strong growth trend in e-commerce since the outbreak of Covid-19; volume growth excluding non-recurring parcels was ~ 23%
- Slightly negative price/mix effect with better pricing more than offset by mix effects in line with expectations
- Spring: strong growth in Asia and Europe (partially related to increasing internal revenue). Currently, around 70% of revenue at Spring is e-commerce related
- Revenue growth at Logistics due to healthy e-commerce growth

Normalised EBIT up €67m; around €24m of Q1 result 2021 is assumed to be non-recurring

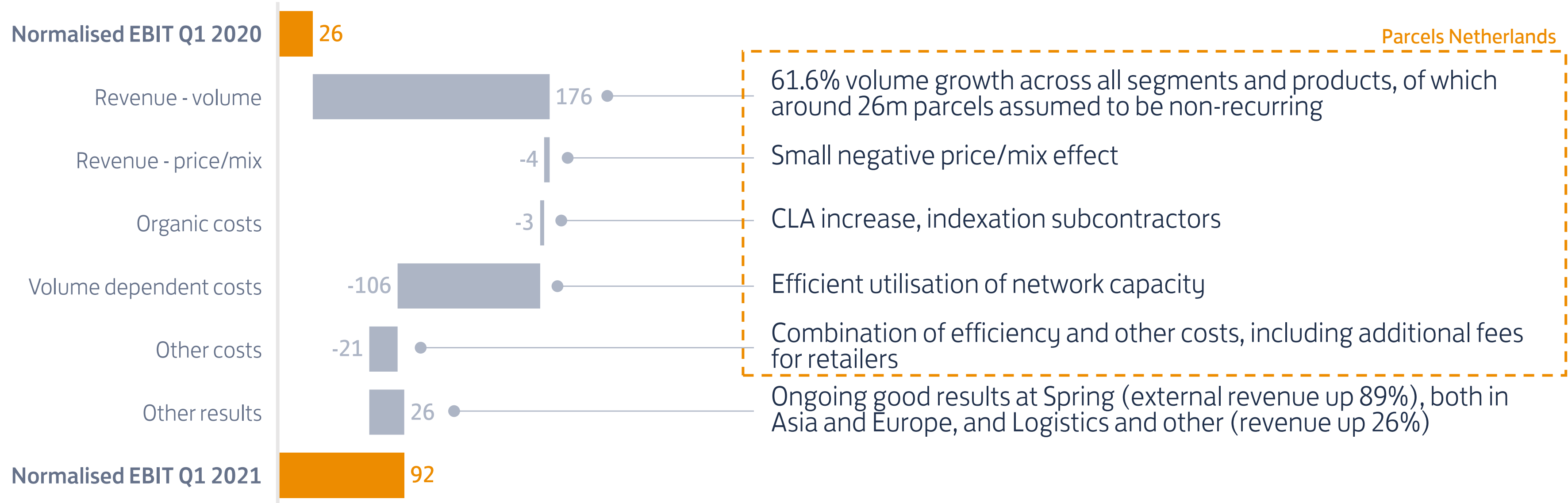
- Good operational leverage
 - efficient capacity utilisation
 - partially offset by higher hit rate and lower drop duplication
- Ongoing good performance at both Spring and Logistics driven by revenue growth and efficiency
- Expansion of capacity is on track



Parcels Q1 2021 normalised EBIT bridge

Up €67m compared with Q1 2020

(in € million)



Strong performance at Mail in the Netherlands

Supported by large non-recurring mail volumes

	Revenue	Normalised EBIT	Volumes
Q1 2021	€466m	€59m	552m +5.6%
Q1 2020	€395m	€5m	522m

Revenue development

- Underlying trend in volume decline continued at a substitution rate of around 6%
- Volume growth of 5.6%, as substitution is more than offset by
 - non-recurring items related to Covid-19, for example voting by mail and invites for the vaccination programme (+4.5%)
 - regular election mail (+3.8%)
 - three additional working days (+3.4%)
- Moderate pricing policy and positive mix effects

Normalised EBIT up €54m; around €18m of Q1 2021 result is assumed to be non-recurring

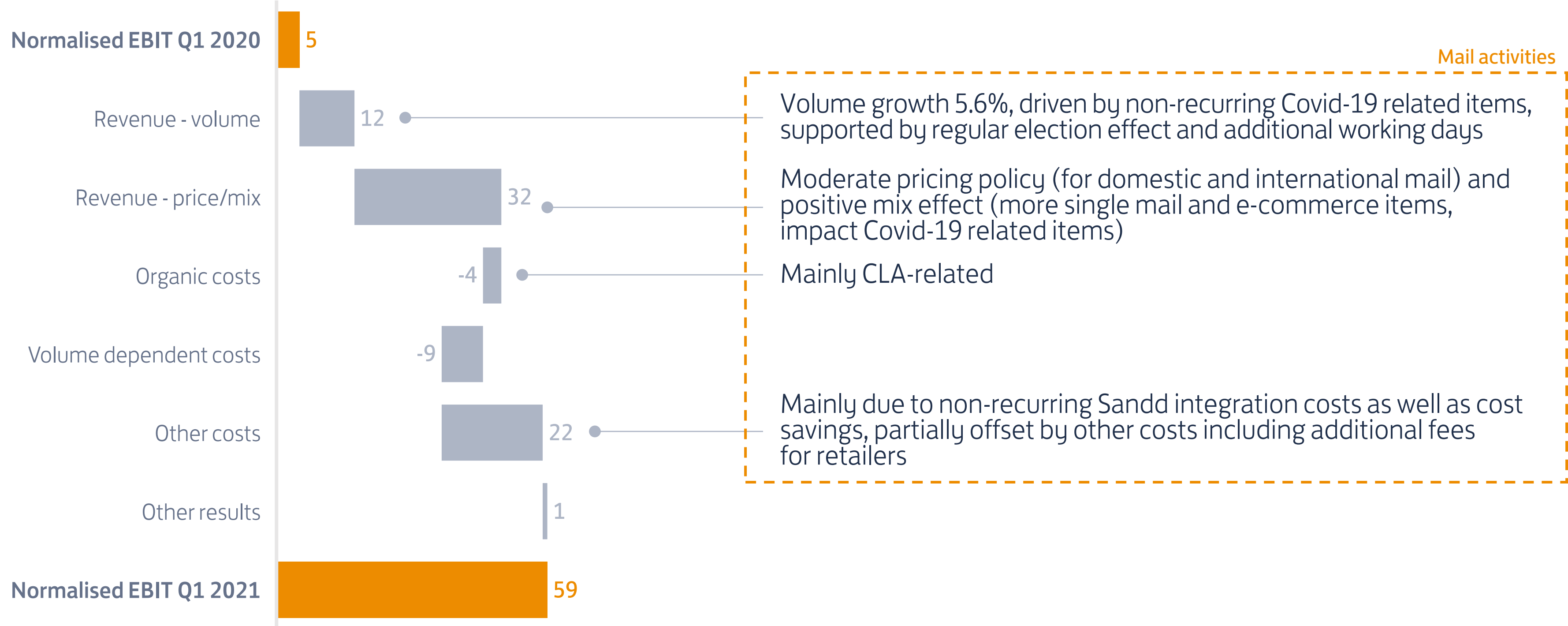
- Positive volume and price/mix effects partly offset by higher volume-dependent costs
 - favourable shift in product mix, supported by shift towards more single mail and e-commerce items, partly related to Covid-19
 - moderate price increases both for domestic and for international mail
- Decline in other costs, mainly driven by integration costs for Sandd in Q1 2020 and cost savings



Mail in the Netherlands Q1 2021 normalised EBIT bridge

Up €54m compared with Q1 2020

(in € million)



Results PostNL Q1 2021

Result PostNL Other mainly driven by higher pension expenses

<i>(in € million)</i>	Revenue		Normalised EBIT	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Parcels	414	662	26	92
Mail in the Netherlands	395	466	5	59
PostNL Other	26	48	(15)	(21)
Intercompany	(133)	(214)		
PostNL	701	962	15	130

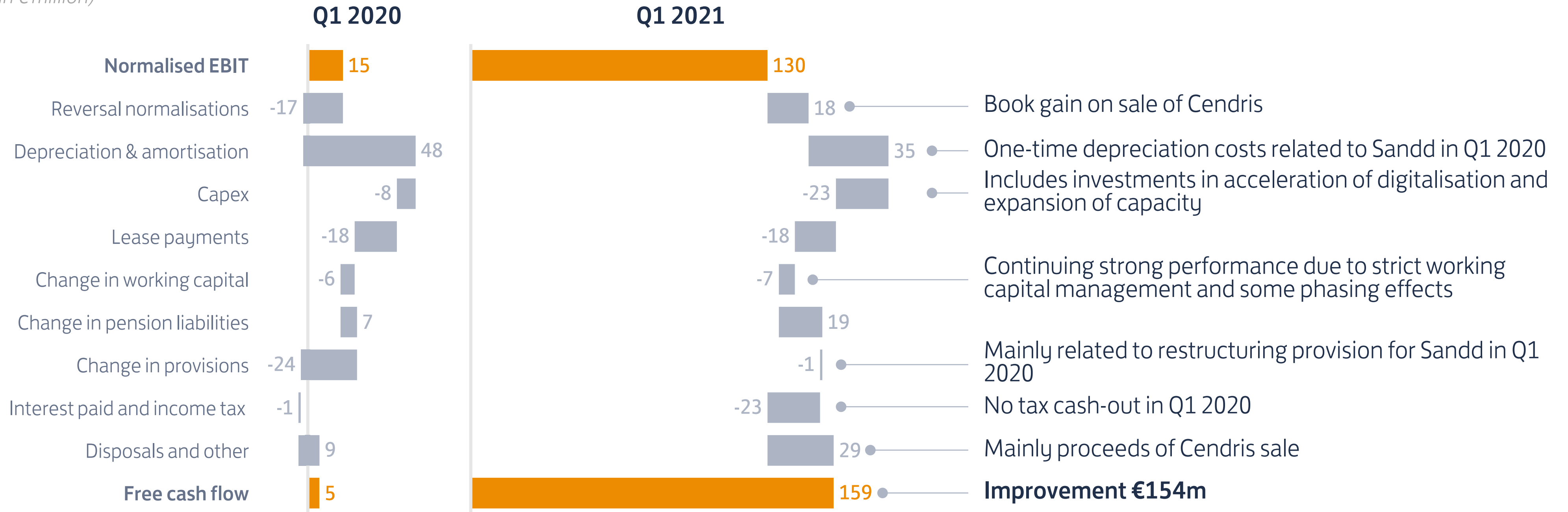


Note: Normalised figures exclude one-offs in Q1 2021 (€(18)m) and in Q1 2020 (€17m)

Cash flow

Strong performance in Q1 2021

(in € million)



Strong financial position

Adjusted net debt at €224m

<i>(in € million)</i>	3 April 2021
Intangible fixed assets	342
Property, plant and equipment	370
Right-of-use assets	237
Other non-current assets	44
Other current assets	508
Cash	843
Assets classified as held for sale	12
Total assets	2,355

	3 April 2021
<i>Consolidated equity</i>	369
<i>Non-controlling interests</i>	2
Total equity	372
Pension liabilities	86
Long-term debt	696
Long-term lease liabilities	224
Other non-current liabilities	60
Short-term lease liabilities	61
Other current liabilities	856
Total equity & liabilities	2,355

- Adjusted net debt is €224m: gross debt (Eurobonds, other debt/receivables), pension liabilities (adjusted for tax impact), lease liabilities (on-balance sheet and off-balance sheet commitments, adjusted for tax impact) and cash position
- Total comprehensive income Q1 2021: €149m (Q1 2020: €10m)
- Total normalised comprehensive income Q1 2021: €112m (Q1 2020: €30m)

Q1 2021

Digital Next



Ambitious plan to accelerate digital transformation



€80m to be spent in 2021-24 of which ~ €25m in 2021 to further speed up the process

Value drivers



Transform our commercial engine

For example

- Simpler and smarter products
- Re-invent customer journeys
- Digital first sales, care and marketing
- Automated and self-service retail

Transform core logistics and operations

For example

- Fully data-driven supply chain
- Automate supply chain execution
- Increase supply chain flexibility

Scale platform and digital business models

For example

- Data & insights for customers
- Consumer services on leading app
- Multi-sided integrator platform
- Subscription models

Progress Q1 2021



- First wave of redesigning main customer journeys started – I return, I get help
- Regional roll-out of delivery preferences for consumers
- Proof of concept: contactless validation upon delivery

Enablers



Strengthen technical and data foundation

Modernise IT foundation

Accelerate IT delivery

Strengthen data foundation

Scale analytics use case factory

Drive our digital DNA

Shift in digital skills

Agile NEXT






Digital labs and depots

Open ecosystem



Consumers continue their shift to digital channels and products

Transforming our commercial engine

	Q1 2020	Q1 2021	
 Online visitors	114m 55% via PostNL app	252m 67% via PostNL app	+121%
 PostNL accounts	5.5m	6.2m 71.7% active users	+12%
 Talks with chatbot Daan, Sam and Noor	770k	1.1m	+43%
 Self-service online preparation (in % of parcels sent by consumers)	34.3	42.9	
 Stamp codes	520k	1.1m	+112%

Q1 2021

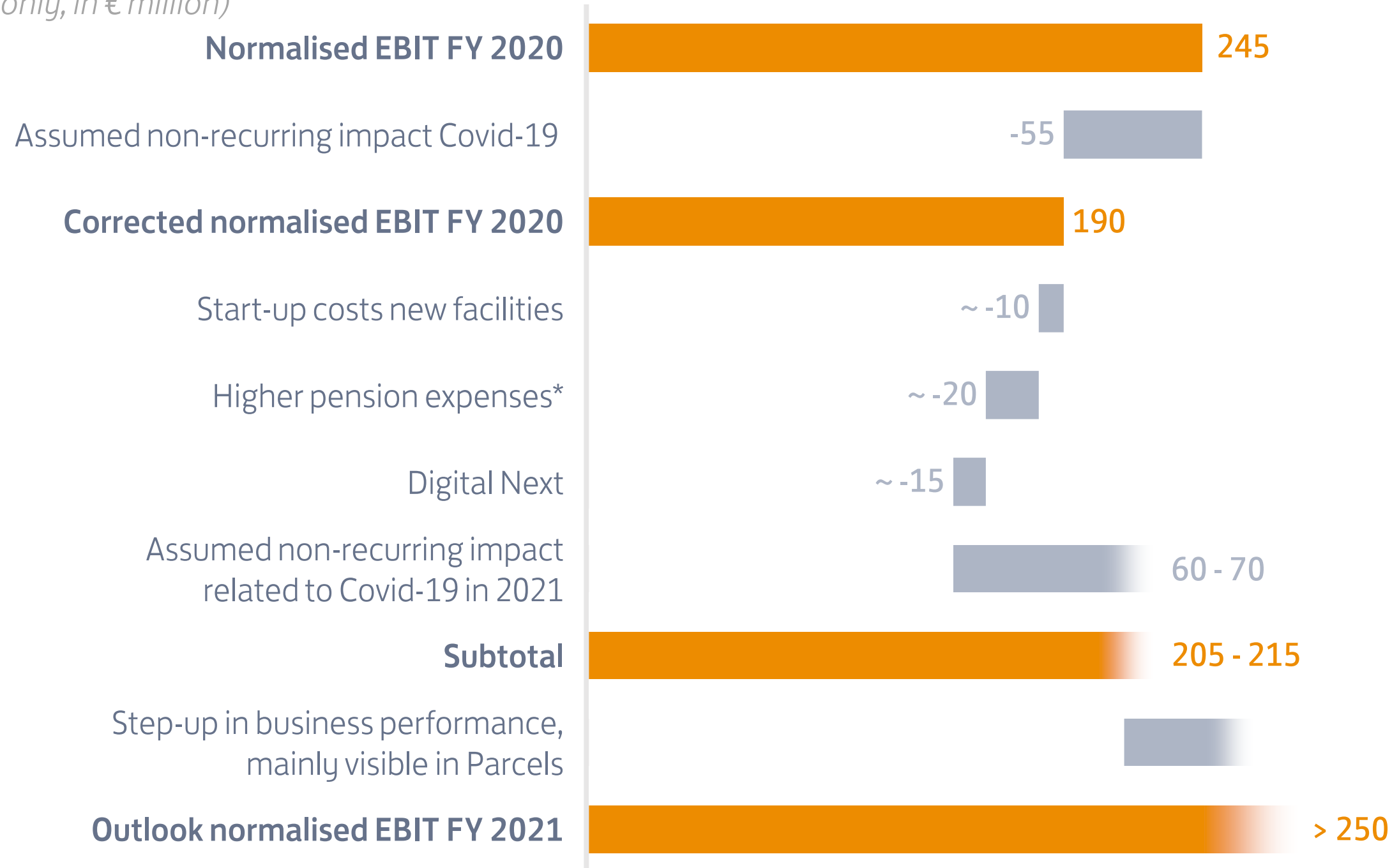
2021 outlook and guidance



Outlook for normalised EBIT FY 2021 revised to > €250m

Significant improvement in business performance expected, mainly visible in Parcels

(indicative only, in € million)



Assumptions for 2021

- Overperformance in Q1 is mainly explained by:
 - better result thanks to lockdown that lasted longer than expected
 - better performance at Spring and Logistics
 - some incidentals in the quarter
- Structural performance improvement, mainly visible in Parcels
- Exact consequences of changes in lockdown remain uncertain
- Speed up costs for Digital Next
- Other assumptions unchanged



* Non-cash; higher service costs due to lower discount rate, balanced by higher actuarial gains within other comprehensive income

2021 outlook and other main financial indicators

(in € million)

	2020	2020 corrected for assumed non-recurring impact Covid-19	2021 outlook	2021 outlook (revised)	remarks
Outlook					
Normalised EBIT	245	190	205-225	> 250	including ~(30) to (35) for digital NEXT and increase in non-cash pension expenses
Free cash flow*	186		200-230	> 225	including ~(20) to (25) for digital NEXT
Other main financial indicators			2021 indicative		
Capex	(78)		(140) - (160)		
Changes in pension liabilities**	(166)		~ 55		Δ pension expense and pension cash contribution
Normalised comprehensive income	197		~ 200	> 225	developing in line with normalised EBIT



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

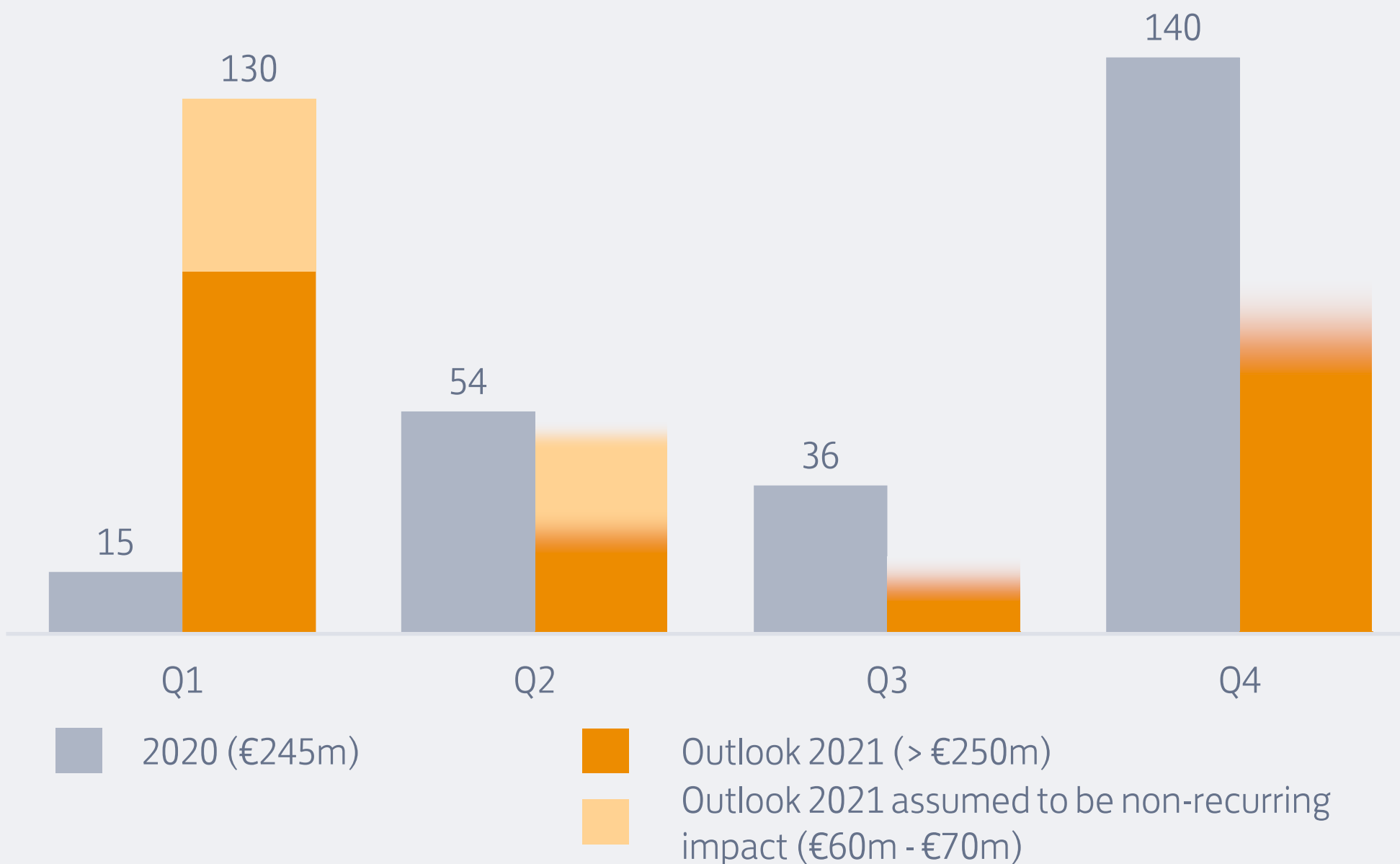
** Including payment for settlement of transitional plans of €200m in 2020 and €16m in 2021

Increase in normal business performance expected in 2021

Normalised EBIT in Q2-Q4 2021 expected to be below 2020 performance

Normalised EBIT not evenly spread over the quarters

(indicative only, in € million)



Normalised EBIT

- Significant step-up in normal business performance, mainly visible at Parcels (strong performance Spring and Logistics when compared to Q1 2020 is not expected to occur in Q2-Q4 2021)

Free cash flow

- Outlook for free cash flow 2021: > €225m, taking into account tax effects, change in trade-off capex/leases and acceleration in capex related to digitalisation
- Q2 expected to show slightly positive free cash flow due to EBIT pattern and timing effects, mainly in working capital and capex, while Q3 free cash is projected to be negative

A strong business well positioned for further growth

Going forward

- Balancing volume and value at Parcels by expanding our capacity to capture further e-commerce growth
- Consolidation of Sandd delivers full synergies; intensifying cost savings projects to mitigate the ongoing mail volume decline
- Accelerating our digital transformation to strengthen our competitive position by building further on our platform, connecting customers, consumers and solutions through simple and smart digital journeys
- Uncertainty about impact of Covid-19 remains

2021

- Strong Q1 with normalised EBIT of €130m and free cash flow of €159m
- Around €42m of the Q1 result is assumed to be non-recurring and related to Covid-19; expected to increase to €60m - €70m
- Non-essential stores in the Netherlands reopened on 28 April; exact consequences of changes in the lockdown remain uncertain
- FY normalised EBIT expected to be > €250m, with free cash flow > €225m



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

Q&A

Q1 2021 Results

- Deep-dive into the acceleration of our digital transformation on 7 June 2021
- You will be invited!

Appendix

Q1 2021 Results

→ Adjusted net debt

Adjusted net debt

(in € million)

	31 Dec 2020	3 April 2021
Short- and long-term debt	708	714
Long-term interest-bearing assets	(27)	(16)
Cash and cash equivalents	(651)	(843)
Net debt	31	(144)
Pension liabilities	86	86
Lease liabilities (on balance)	294	285
Lease liabilities (off balance)	66	65
Deferred tax assets on pension and operational lease liabilities	(70)	(68)
Adjusted net debt	407	224