
2022
Q2 2022 Results
The Hague — 8 August 2022

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Jochem van de Laarschot – Director Communications & Investor Relations PostNL:

Thank you operator and thank you everyone for joining us this morning. We have presented our second quarter results this morning. You have seen the press release and you can also download the presentation on our website. It is also visible on your screen if you are logged in. We will follow the usual pattern, we will go through the presentation with Herna Verhagen, our CEO and Pim Berendsen, our CFO, after which we will open up the floor for your questions, Herna over to you.

Herna Verhagen – CEO PostNL: Thank you Jochem and let us start with the key takeaways of the second quarter.

Our normalised EBIT came in at EUR 10 million. We saw high inflation and pressure on consumer spending which impacted our cost development, but also e-commerce volumes, and that is what we of course saw in the volume at parcels. The domestic volume growth was still 3%, excluding non-recurring impact of Covid-19. The overall volume decline was 12.6% and this reflects the Covid-19 impact and the development in cross-border activities.

Volume of Mail in the Netherlands was down 7.4% and that is slightly better than expected. The cash flow reflects the step down in normalised EBIT and some working capital phasing.

Also important to mention is the progress on our important strategic items under which ESG and there is special attention for the 20% carbon efficiency improvements and the acceleration of our digital transformation of which I will give a few examples later in the presentation.

We also announced the interim dividend, which is set at EUR 0.14 per share and with the developments of course in volume and development in inflation and pressure on consumer spending, we have changed our outlook for the full year from EUR 145 million to EUR 175 million. Pim will give more highlights on that change.

Secondly, we keep the free cash flow at EUR 110 million to EUR 140 million euro at the lower end of the already initially guided range.

Q2 2022 performance

External headwinds impacted results

Key financial metrics

(in € million)	Q2 2021	Q2 2022	change	HY 2021	HY 2022	change
Revenue	838	746	-11%	1,800	1,552	-14%
Normalised EBIT	63	10	-84%	193	43	-78%
Assumed to be non-recurring and related to Covid-19	*26*	*(0)*		*69*	*0*	
Free cash flow	54	(43)		213	10	
Normalised comprehensive income	57	19	-67%	169	53	-69%

Share buyback programme

- First tranche of €250m share buyback programme completed
  - Maximum number of 51m ordinary shares repurchased for €164m

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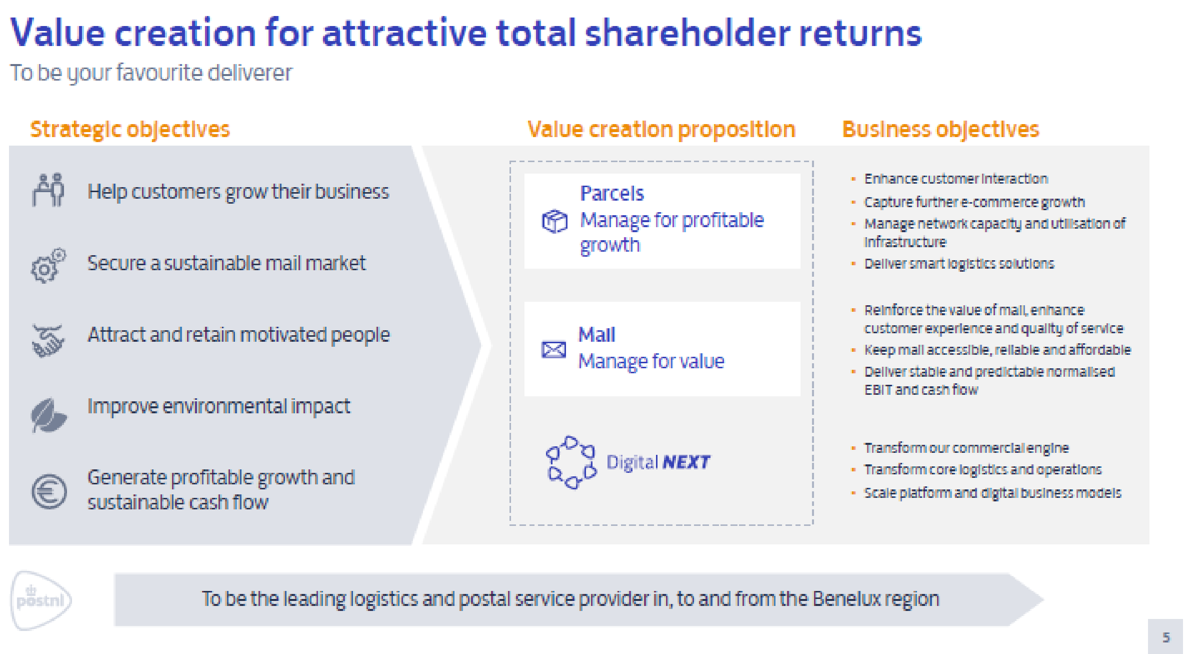
Let us move into the numbers and of course the external headwind of inflation and costs rising, for example labor costs, impacted results. What you find over here is that revenue came down compared to the second quarter of 2021 with 11%, which is due to the change in Covid. No Covid-impact anymore in the second quarter of 2022.

Our normalised EBIT came down to EUR 10 million. Part of that is of course non-recurring Covid, which was EUR 26 million and part of that is business impact and we will give you details on that business impact in later slides.

Our free cash flow in the second quarter was negative. As already said, due to our normalised EBIT decrease and of course the phasing of working capital. We had a normalised comprehensive income which was positive at EUR 19 million.

The share buyback for 2022 is fully completed and Pim will give details on one of the slides which will come in a few minutes.

I think it is important to start the presentation on business with our strategy.



Nothing changed in this strategy and what you find over here is that we create value in the end and of course attractive total shareholder returns. In that value creation are three important propositions.

The first one is in Parcels which we manage for profitable growth. Important in that is of course the customer interaction and the capture of future e-commerce growth – we will give you an overview of how online penetration, online spending are still growing – but also managing our network capacity.

Within Mail in the Netherlands, we manage for value. Mail in the Netherlands had a strong and a solid second quarter, where we reinforced the value of mail, where we saw more volume coming from direct mail for example. But here you also see that the cost saving programs are well managed and are delivering the results we expect.

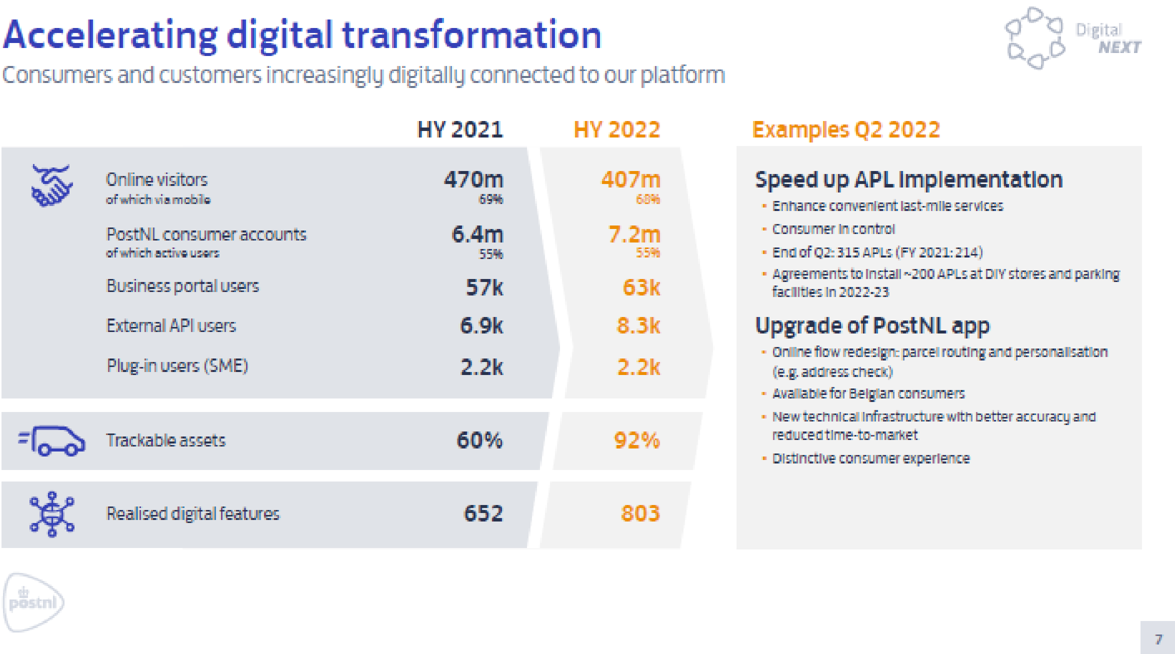
Digital Next is an important program for the digitalisation of our propositions, but also our back-office services. We are investing in Digital Next because we think it is crucial for our future and we remain to do that going forward.

So, three important value creation propositions in our portfolio which will lead going forward to attractive shareholder returns.

I think in that strategy in which we highlight Parcels, Mail and Digital we also highlight ESG because one of our strategic aims is to decrease the amount of CO_2-emissions. That is one, and that is what you find in the upper part of this slide in Environmental. We saw a 20% carbon efficiency improvement versus the full year of 2021. It is important to say over here is that we have received a platinum rating from EcoVadis and that means that we are in the top 1% of 75,000 companies which are surveyed on several aspects on ESG.

Social remains at the heart of our organisation. We were happy to see that our workforce is still highly motivated. That is what we saw in the strong engagement scores, together with, of course, the fact that we have reached an agreement on the CLA for mail deliverers where we agreed two times 4% of increase on their base salary. And you probably read the news of last week that we are now offering our mail deliverers an indefinite employment contract per direct.

On governance, as already said, an important platinum rating in EcoVadis, but also ranked at the highest ESG performing AEX and mid-cap companies. So fortunately, we saw progress on ESG also in the second quarter.



One of the important value creation propositions is of course the digital transformation, and to follow the speed of the digital transformation we are using a few KPIs which you will find on slide 7.

What is important to us, for example is the PostNL consumer accounts. We saw an increase to 7.2 million consumers using the account of PostNL compared to 6.4 million last year in the first half year of 2021. An important increase because that is the outreach we have to consumers.

Also important to mention is the speed of our APL implementation. We have by now 315 APLs in the Netherlands, which was last year 214. And we agreed with two retail organisations to place 200 APLs in the year 2022 and in 2023, bringing the total to around 500. And of course, still working for further implementation to reach our 2024 goal.

We already mentioned the PostNL app where we now have 7.2 million users. We have upgraded the app, so consumers in Belgium can use the app. Secondly, it has better accuracy and reduced time-to-market when it comes for example to new technical infrastructure. So, we keep working on the digital transformation because we think it is a crucial element in the realisation of the strategy we have set out.

Let me dive a little bit into the development in our businesses and come back to Parcels and Mail.

In Parcels we saw lower volumes and increasing costs. Unprecedented inflation impacts our margin and that is literally what you see when you look into the numbers.

Our revenue came down from EUR 589 million to EUR 519 million and also normalised EBIT came down from EUR 56 to EUR 14 million. Volumes were 12.6% down.

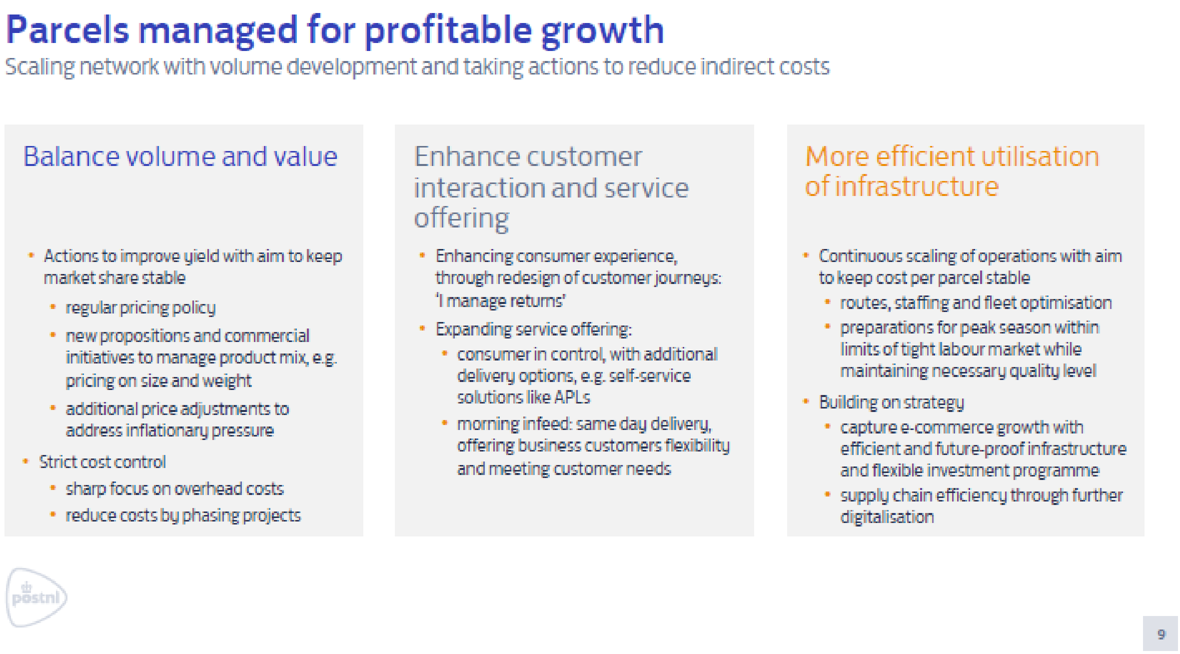
All in all, we see a few important developments within Parcels. The first one is that the domestic volumes if you exclude for the Covid-effect, show volume up by 3%. That means that there is still underlying growth in the e-commerce market. Of course, this is less than we expected it to be, but it is a positive development. Overall, 12.6% of decline, which is reflecting the Covid-impact and reflecting the development in cross-border activities. Important to mention is that market share of PostNL in the e-commerce market is stable.

The impact in revenue is caused by fewer volumes, but also by a volume decline we saw in Spring and Logistics. Within Spring it has to do with the high second quarter of 2021 just before the VAT implementation. Within Logistics for example, we did not have a peak in the second quarter, which we see in the volumes. Fortunately, we do have a positive price/mix-effect where we see price increases and a favorable change in the mix.

Then of course cost. As already said, the inflation results in an increase in fuel and labour costs. We continuously scale our operations to align the operation with the volume developments and of course to manage daily and weekly volume fluctuations.

I think it is also important to say over here that we are not scaling down the operations to the level where we could looking only to volumes, and that has to do with the tight labour market. We want to keep our employees employed and secondly, we want to be prepared for a peak season, which we still expect in the fourth quarter.

The network expansion in Belgium is on track. We will come to measures we have taken and the increase of our cost, but in the end it will not level and it does not level the increase we saw because of inflation.



On slide 9 you find some of those measures. So, Parcels, as said in our strategy, is managed for profitable growth. And that means that we are scaling our network as far as we can without risking quality and without risking the peak season.

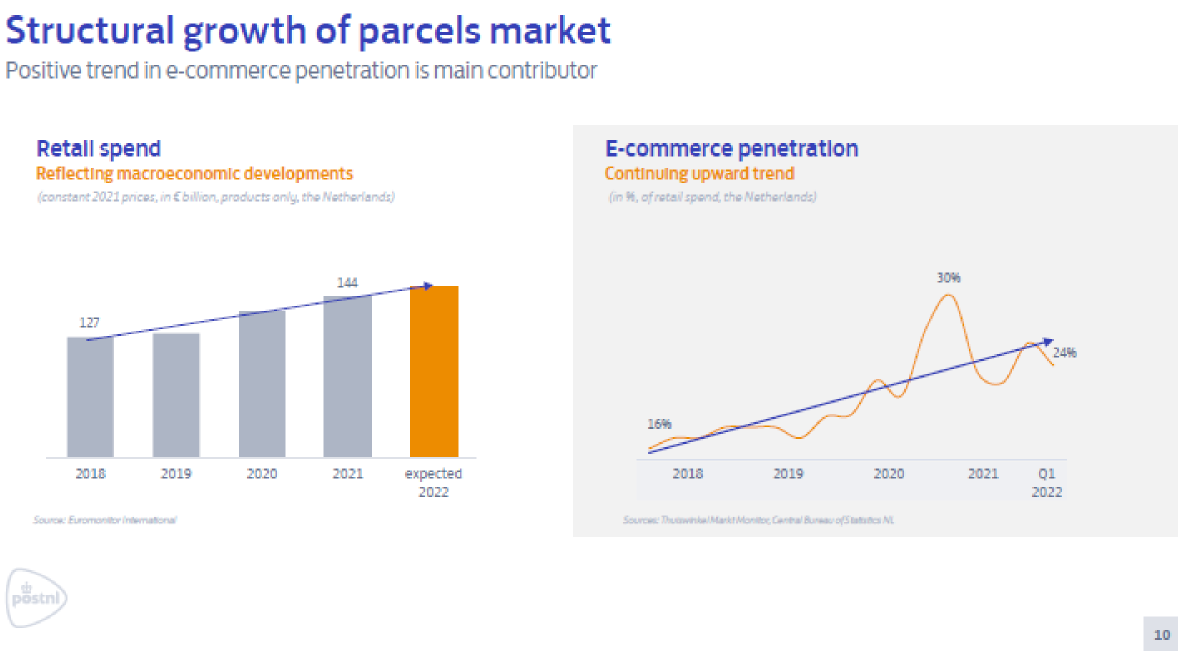
We are taking actions to reduce the indirect cost and, for example, when you think about strict cost control -- and that is what you find in the column Balance volume and value -- we have focus on our overhead costs but will also reduce costs by phasing certain projects. As we said in the press release, we are looking into new propositions but also looking into additional price adjustments where we think them necessary in the e-commerce value chain to address the inflationary pressure we see.

So far – and Pim will come back to the numbers -- we took up in our numbers most of those organic costs, but when we see the increase, we think it is necessary to have additional price adjustments in the market.

Of course, we keep putting customers first and that means that we are still investing in service offering, like for example 'Consumer in control' with additional delivery options, with extra options of the APLs, but also for our customers with morning infeed and that means that they can have same-day delivery, they can offer till late in the morning and it still is delivered that day.

When we think about the cost increase, we have to take into account that we are already continuously scaling our operations to the volume we have at that moment in time. We do that for example by the optimisation of routes, staffing, and fleet and, as already said, also taking into account that our network is still able to deliver high quality and is able to do peak season, which we expect in the fourth quarter.

That efficient and future proof infrastructure remains part of our strategy going forward, although looking into volume growth we think that further flexibility of investments but also phasing of investments can be done also in the infrastructure of parcels.



When it comes to Parcels we are still positive about the e-commerce market and that is what we show on slide 10.

Growth in e-commerce is mainly driven by two important factors. The most important one is e-commerce penetration and the second is the online retail spend. On both occasions we still see growth in the e-commerce penetration and in retail spend. That also means that underlying we expect a positive trend in e-commerce and e-commerce markets.

Although visibility is limited in the shorter term, we have seen structural growth over the past years and continue to see an upward trend. Therefore, we are convinced that the Parcels market is an attractive market to be in.

This gives you a first view on Parcels.

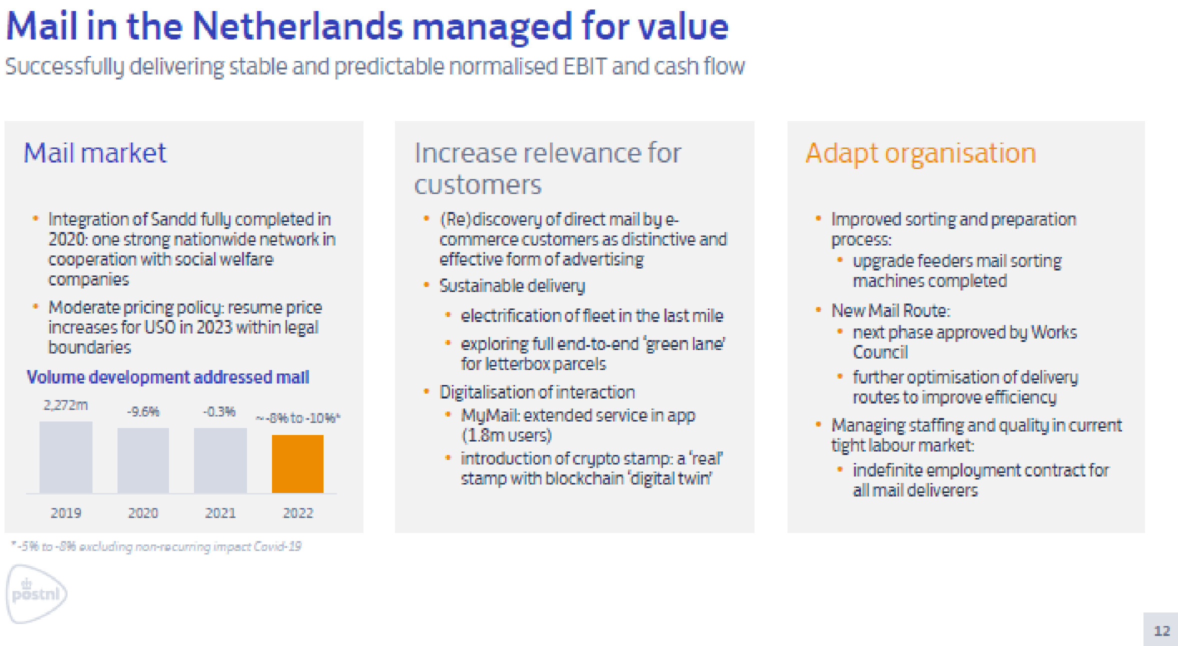
In Mail, we saw solid performance in the second quarter. We successfully mitigated the volume decline through a moderate pricing policy but of course also cost savings initiatives.

Revenue was down in the second quarter 2022 caused by volume decline of 7.4%, which is an improvement in substitution rate and excluding the Covid-effect, the mail volumes were down 3.3%.

The second reason why revenue is down is because of the international mail.

Normalised EBIT came from EUR 23 million last year, second quarter, to EUR 13 million this year second quarter. It is important to understand that when you exclude Covid-effect in the second quarter 2021, we saw an improvement in normalized EBIT of EUR 2 million. That is partly caused by a positive or better than expected volume development and secondly cost saving plans being in line with expectations.

We also see here increasing labour costs following the CLA we agreed for mail delivers, which includes a pay rate of 4% in the year 2022, and again a 4% in 2023. Further cost savings will come from our normal cost saving plans which are on track to deliver.



On slide 12, we give you an overview why we successfully delivered stable and predictable normalized EBIT and cash flow, and think we can do that over the next coming periods as well.

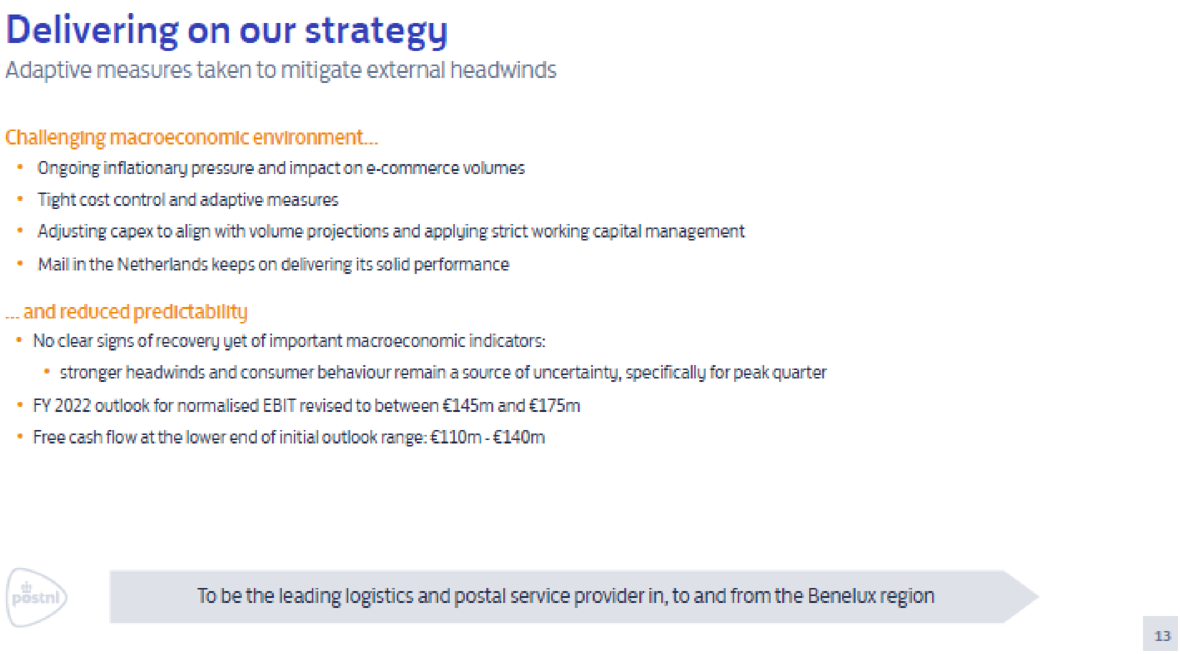
Looking into the mail market, of course the integration of Sandd was fully completed already in February 2020. There is one strong nationwide network, which operates for example with social welfare companies. For many, many years we have used a moderate pricing policy and therefore we also resume pricing increases for the USO in 2023 within our legal boundaries.

Volume development expected to be 8% to 10% down in 2022, but at the lower end of the bandwidth, which means around the 8%.

Increased relevance for customers. Mail, especially in Covid times, was a need-to-have. There, we saw a rediscovery of the strength of mail, for example in direct mail. We saw more direct mail volumes in the second quarter than expected. We have strong focus on the sustainable delivery of mail. As you understand, most of the mail in the Netherlands is delivered by foot or by bike and already the biggest part of our mail delivery is CO_2-emission free. But also, the part that are done by car or by scooter, we electrify as much as possible.

Adapting the organisation is a way to live for Mail in the Netherlands already for many years, and that means that they are further developing their cost saving programs for the next coming years. An important approval is received from the Works Council for the further optimisation of delivery routes, which leads to a further improvement of efficiency.

An important element last week was of course the announcement that we offer everyone in indefinite employment contract for all mail deliverers, which hopefully will help us to fill in the vacancies we still have. In the first days after the announcement, we received ten times the amounts of CVs compared to before the announcement.



On slide 13 you see our focus is to deliver on our strategy and together with adaptive measures which can mitigate our external headwinds. We are living in a challenging macro-economic environment, where there is still ongoing inflationary pressure and impact on e-commerce volumes, which leads on our side to tight cost control and other adaptive measures, for example, adjusting our CapEx to align with volume projections and applying strict working capital.

Mail in the Netherlands keeps on delivering its solid performance.

So, it will be a combination of further cost saving measures taken within Parcels and then especially on the indirect side of parcels together with keeping up the strong performance of Mail.

We do not yet see clear signs of recovery and that means that stronger headwinds and consumer behaviour remain to be a source of uncertainty, especially for the peak quarter.

We adjusted our full-year outlook to a normalised EBIT between EUR 145 million and EUR 175 million, with still a strong cash conversion where we expect that free cash flow comes in within the initially given outlook range of EUR 110 million to EUR 140 million, at the lower end of this range.

I would like to hand over to Pim to take you through the financial performance and some of the other details.

Q2 2022

Financial performance

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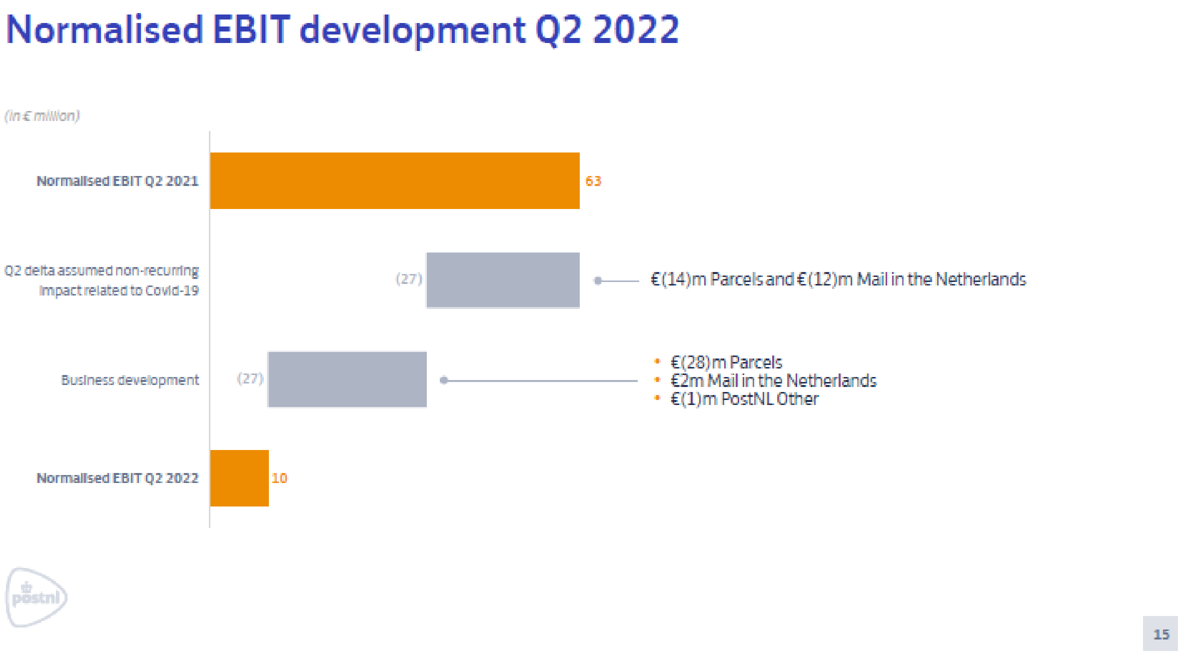
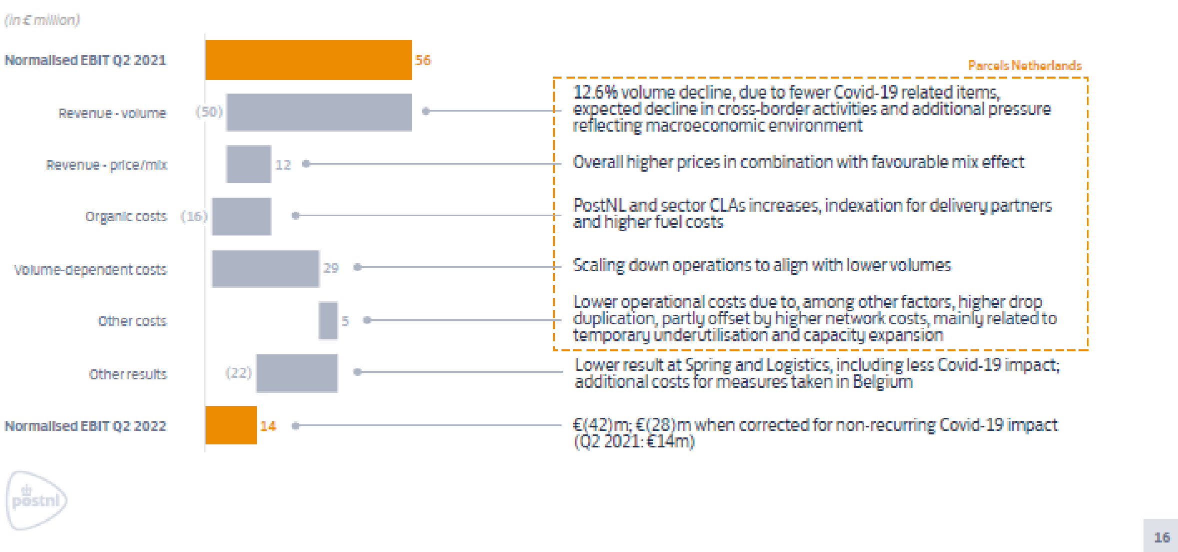
Pim Berendsen – CFO PostNL: Thank you, Herna. Let's go into more financial details. Before I do that, I would just want to remind you that in the back pocket you will see the reconciliations on key financial drivers to help you understand the comparisons on all relevant financial drivers properly.

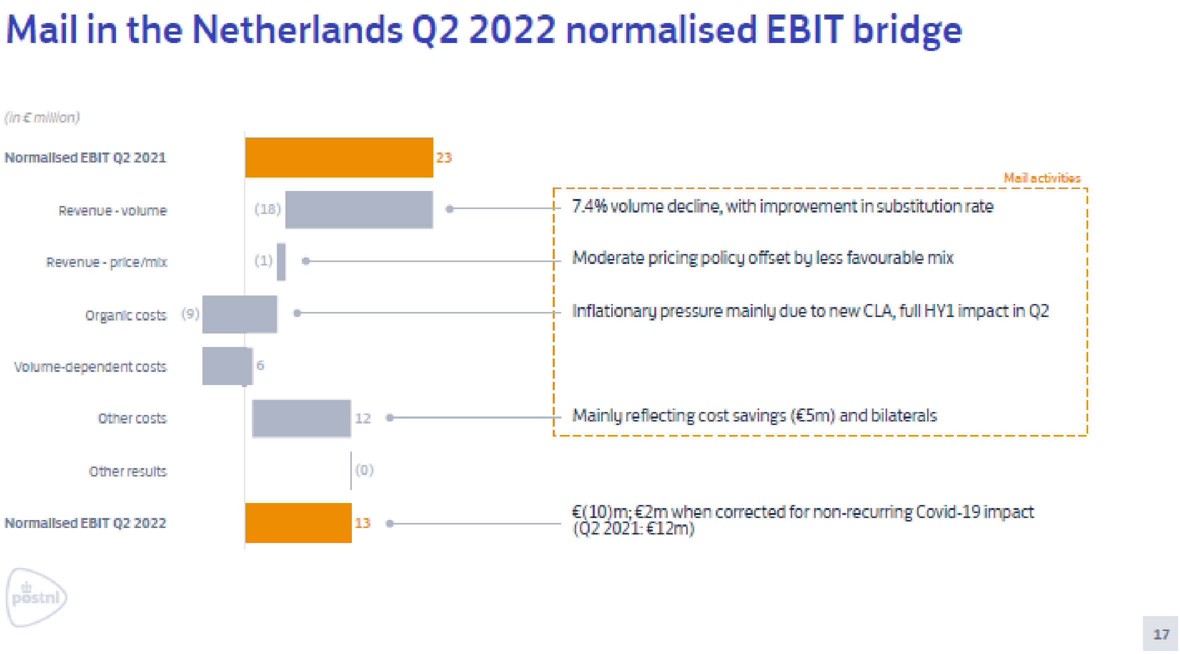


On slide 15 you will find the overview of the normalised EBIT comparison, EUR 63 million last year, compared to EUR 10 million this year, basically a 50-50 split. Half is driven by the non-recurring Covid, a reduction in comparison to last year, EUR 14 million of which is at Parcels, EUR 12 million of that is within Mail in the Netherlands. Basically, the remainder of the gap is explained by EUR 28 million Parcels down and EUR 2 million Mail in the Netherlands up, as Herna already indicated on the back of a very strong Mail performance.

Parcels Q2 2022 normalised EBIT bridge

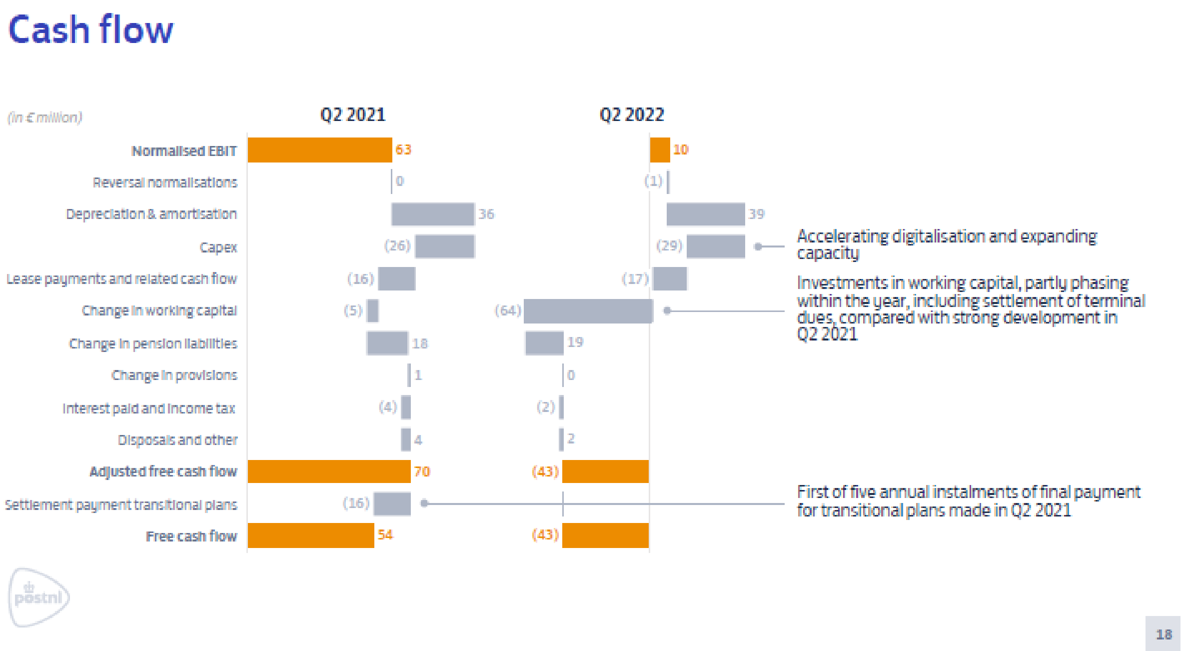


If we than zoom into the Parcels performance on slide 16, we see the bridge of EUR 56 million Q2 2021 towards EUR 14 million of this quarter. A big revenue volume effect, obviously driven by the 12.6% volume decline driven by lower consumer spending at the same market share as before. A positive price mix as a consequence of price measures already taken in the beginning of the year and a bigger organic cost down than originally anticipated, EUR 16 million additional organic costs in comparison to last year. Obviously we are scaling down the operations in line with lower volumes, particularly in this quarter, and also in other results you see the lower contribution or Spring and Logistics. As Herna already said, in the Logistics business there was not much of a home and garden peak season this quarter, also driven by higher inflation rates impacting consumer spending, also driven by a supply chain issue. So overall, a tough quarter for Parcels.

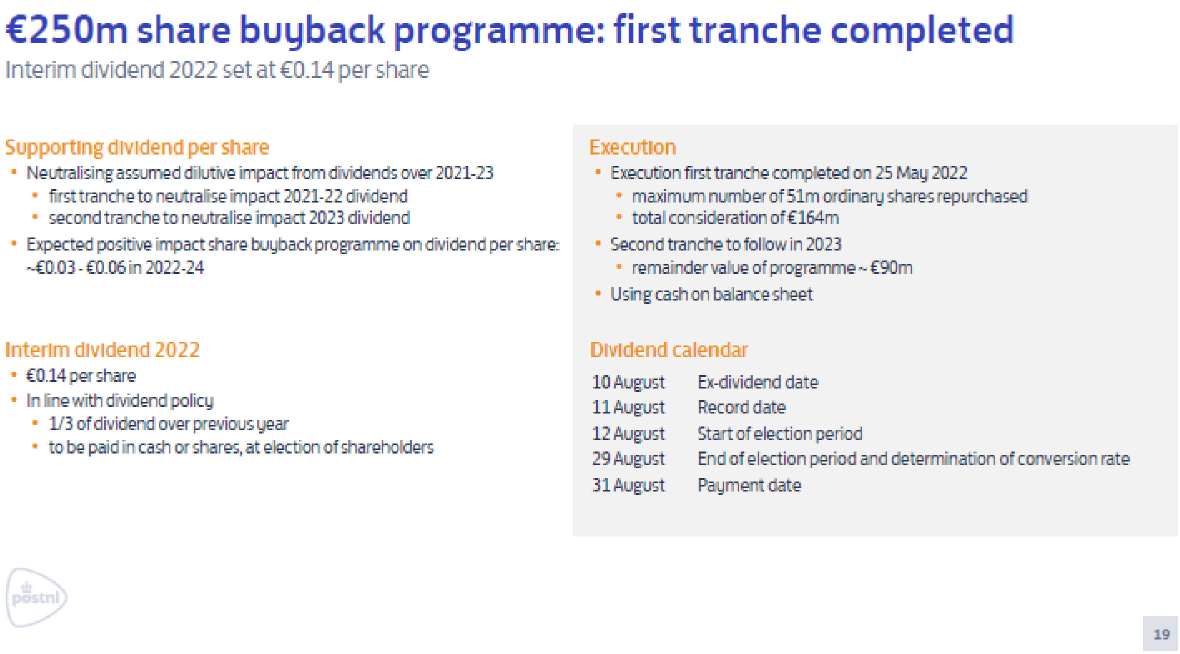


On slide 17, you see a reconciliation of EUR 23 million towards EUR 13 million. As said, the biggest driver between those is actually the non-recurring Covid of last year, EUR 12 million of that delta and the volume developments here is driven on the 7.4% volume decline, which indicates a slight improvement in the substitution rate.

Organic costs are slightly higher there as well, obviously on the back of the new collective labor agreement that has been concluded, but other costs here reflect the strong performance on cost savings as well as positive results on bilaterals.



On slide 18, we go to cash. This slide provides the reconciliation of the cash flow. For the quarter, a negative free cash flow of EUR 43 million. Obviously the most important driver behind this is the step down in normalised EBIT. Next to that we see an investment in working capital within the quarter, which to a large extent is phasing and related to cut-off dates of Q2 2022 between Q2 and Q3. So, no reason that this should be the profile going forward. All in all, a negative of EUR 43 million of cash flow for the quarter.



On slide 19, we have completed our first tranche of the share buyback program. 51 million shares were bought back for a total consideration, including costs, of EUR 164 million. That concludes the first tranche. We plan to execute the second tranche of roundabout EUR 90 million in 2023 and also today, in line with our dividend policy, we announced our interim dividend for 2022, set at EUR 0.14 per share, which is 1/3 of the dividend of previous year in line with the dividend policy.

Obviously, the dividend will always be paid by the shareholders election, either in cash or in ordinary shares, and if it is dividend in shares then obviously we will use the shares that were repurchased through the first tranche of our share buyback program.

Strong financial position

Solid balance sheet with positive consolidated equity; adjusted net debt at €494m

Balance sheet

(in € million)	2 July 2022
Intangible fixed assets	371
Property, plant and equipment	433
Right-of-use assets	281
Other non-current assets	64
Other current assets	472
Cash	577
Assets classified as held for sale	5
Total assets	**2,203**

	2 July 2022
Consolidated equity	*185*
Non-controlling interests	*3*
Total equity	188
Pension liabilities	67
Long-term debt	697
Long-term lease liabilities	260
Other non-current liabilities	100
Short-term lease liabilities	64
Other current liabilities	828
Total equity & liabilities	**2,203**

Adjusted net debt

(in € million)	31 Dec 2021	2 July 2022
Short- and long-term debt	732	737
Long-term interest-bearing assets	(20)	(18)
Cash and cash equivalents	(848)	(577)
Net debt	**(136)**	**142**
Pension liabilities	67	67
Lease liabilities (on balance)	333	324
Lease liabilities (off balance)	17	45
DTA on operational lease liabilities	(79)	(84)
Adjusted net debt	**203**	**494**

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When we have discussed profit and cash, we end up with the balance sheet on slide 20. It still is a strong balance sheet, positive consolidated equity, obviously adjusted net debt has increased in comparison to the balance per the end of 2021, driven by the lower cash flow of the quarter as well as the final dividend over 2021 and the share buyback program. Overall, that resulted in an adjusted net debt by the end of the quarter being EUR 494 million.

Q2 2022

2022 outlook and guidance

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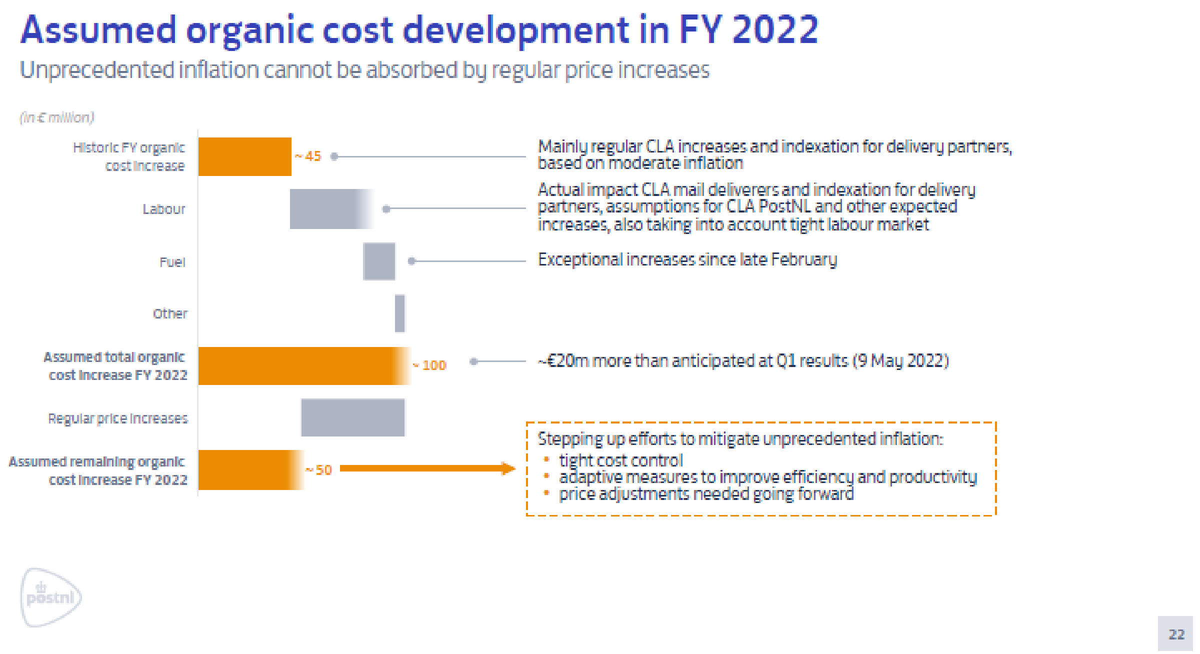
It is important to spend a bit more detail and words on the full-year expectation for this year and we will do that on the back of slide 22.



Herna has talked about the macro-economic circumstances, the impact of inflation, our own cost base on fuel and energy and also more in particular on labour.

This slide provides our latest view on this. It is important to note that normally – a difficult word these days – in the past years there was a roughly EUR 45 to EUR 50 million step-up in organic costs base year over year. And you can see at the bottom of the graph that this is also regularly approximately the level that through price increases we can get back.

As of March, this year, we have seen an acceleration of inflation, leading to higher costs, particularly on labour and fuel, and that basically drives up the organic cost developments from the roughly EUR 45 million to around about EUR 100 million, which is more than roughly EUR 20 million more than what we anticipated by the end of the first quarter.

Obviously, that additional step-up in organic costs cannot be absorbed within the year by efficiency improvements or price measures, but clearly I think it is clear that, say the entire industry cannot absorb these types of organic costs, and this should then also lead to over time increasing of price points to offset these higher organic costs throughout the supply chain.

Revised 2022 outlook

Ongoing uncertainty, increased costs level and limited visibility on volume development

(in € million)

	2021	Adjusted 2021*	Revised 2022 outlook (9 May)	Revised 2022 outlook (8 August)
Outlook				
Normalised EBIT	308	226	170 – 210	145 – 175
Free cash flow**	288		110 – 140	110 – 140 at lower end of range
Other			2022 indicative	
Normalised comprehensive income	285		to develop in line with normalised EBIT	

* For assumed non-recurring Covid-19 impact
** Cash flow before dividend/share buybacks, acquisitions, redemption bonds/other financing activities; after payment of leases

FY 2022 assumptions

Revised:

- Low single digit volume decline at Parcels *** (YTD: -16.3%)
- ~€100m increase in organic costs, including additional inflationary pressure, mainly on labour and fuel

Unchanged:

- Volume decline at Mail in the Netherlands of 8% - 10% *** (at lower end of range)
- ~€(20)m for expansion of capacity, digital NEXT and non-cash IFRS pension expenses
- Impact from cross-border activities, mainly due to step-down in volumes since change in VAT regulation, global supply chain disruptions and zero Covid-19 policy in China

Strict working capital management, capex aligned with volume projections

*** Based on reported volumes

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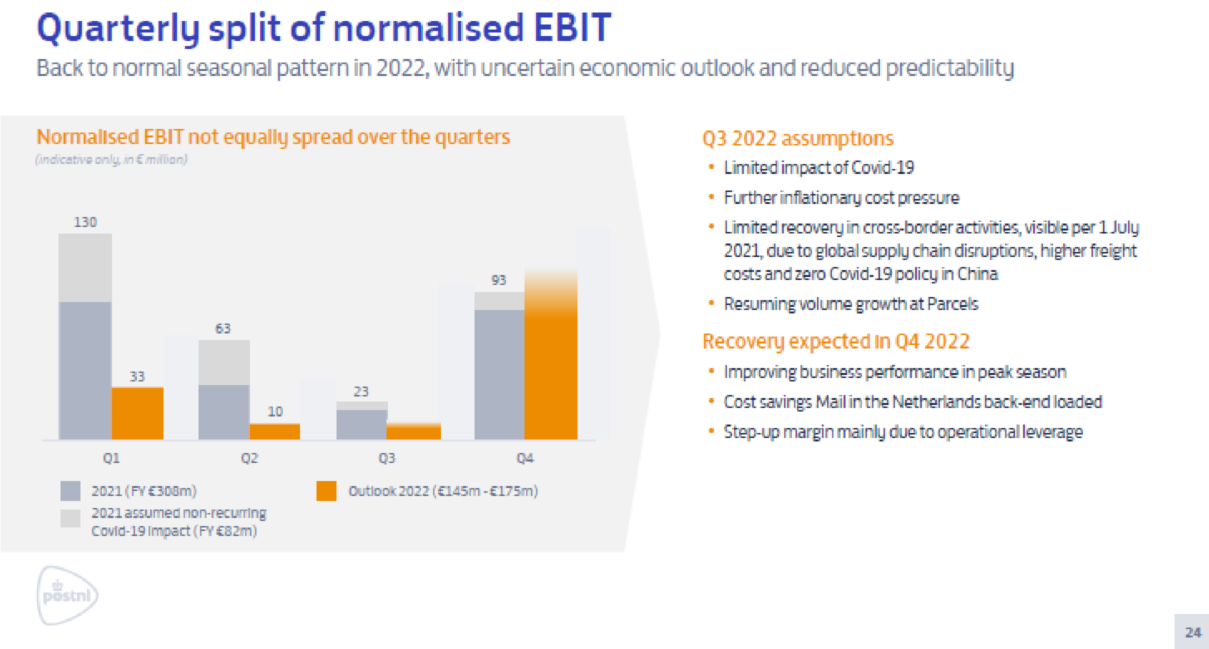
We have revised the outlook on normalised EBIT to EUR 145 million to EUR 175 million. We still believe that we can get to the lower end of the free cash flow range of EUR 110 million to EUR 140 million.

On the assumptions, the expectation is that originally in the beginning of the year you remember that we expected growth at Parcels of 3 to 5%. At the end of Q1, we have adjusted up to more or less flat, and by now, given the pressure on consumer spending, we expect a decline of a couple of percentage points. On the back of the inflationary macroeconomic circumstances, we expect a step-up in organic cost increases, and we just explained that it is around EUR 20 million more than what we originally thought by Q1.

The volume expectations at Mail are unchanged, albeit at the lower end of the 8 to 10% decline range.

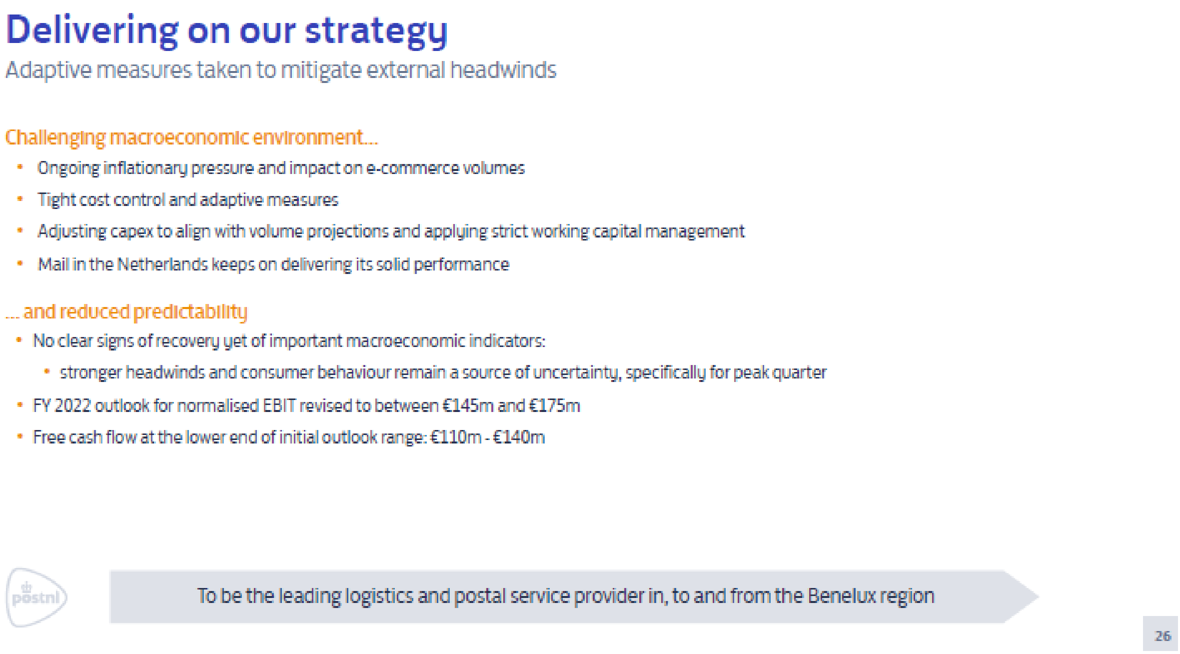
In order to end up with the free cash flow at the lower end of the range, as we discussed before, we will adjust the level of our investments roughly by EUR 25 million to get to a comparable number at the investment levels of 2021 and keep on managing the working capital in order to get to the lower end of the EUR 110 million and EUR 140 million range.

Normalised comprehensive income follows the same trend and will develop in line with normalised EBIT.



On slide 24, we will get to the quarterly split of the normalised EBIT, and as you know we are getting back to a normal pre-Covid seasonal pattern for our business, which indicates a very strong Q4. That is also why we have said that there is still obviously limited visibility on the impact of consumer spending and the uncertainty around that, particularly for Q4. So that is the phasing in Q3, Q4 back-end loaded in Q4, which is the normal pattern. I think in relation to comparability of last year, it is important to note that in the first two quarters of last year we had very strong e-commerce-driven cross-border growth. And those comparisons will ease in Q3 and Q4. And given the fact that the low value thresholds on the value added tax, has been abandoned as per July 1st of last year.

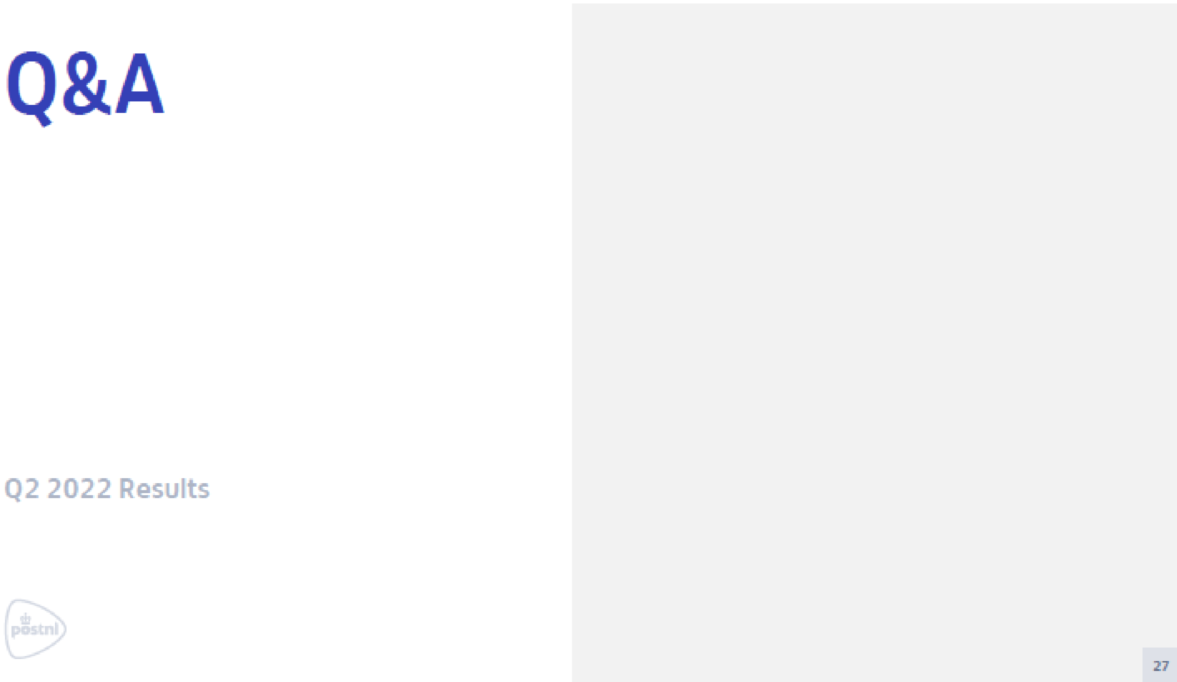
To wrap it up at as Herna already said, we obviously will continue delivering up on our strategy.



But at the same time, we do not turn a blind eye to the changing and very demanding macro-economic environment. That is why we have applied tight cost control, we are phasing projects, we are adjusting our capital base by reducing the level of investments both in terms of CapEx, but also in lease additions and align the investments to volume projections. By applying strict working capital we'll get to the free cash flow lower-end bandwidth.

A strong performance in Mail. And we need to obviously recognize that there are strong headwinds in this market, but fundamentally we do expect the e-commerce market to grow and to continue to grow from here onwards.

So that completes my part of the presentation. I will hand it back to Jochem and see you for questions.



Jochem van de Laarschot – Director Communications & Investor Relations PostNL: Thank you Pim, operator please open the floor for the Q&A.

[Operator instructions]

- **Henk Slotboom – The Idea!**

Good morning, thanks for taking my questions and thanks for the presentation. I have a number of questions. Pim, you already said we are phasing up the speed of investments in Parcels, amongst others. Last year you presented a program, a step-up of in total EUR 450 million. Could you roughly indicate on the basis of what you know today how that is going to phase out going forward?

Secondly, the EUR 450 million was obviously linked to a certain growth model. Looking at the outlook – and I can fully understand it because of the market circumstances that you cannot say anything about 2024 -- how realistic, given where we are today, is the ambition level you guided for 2024?

Then on Mail, two questions. First, your guidance is still pointing towards the lower end of the 8 to 10% decline mark. But we will have a booster campaign again in the fall of this year. Should that not help you to basically do a bit better than the 8 to 10%? Or alternatively, what is causing this to be offset by other factors? Is that direct mail, for example, which could come under pressure, is for if the economy turns sour?

Secondly on Mail, is the pricing going forward. This year you could not raise your USO tariffs, for next year you make a couple of remarks on slide 12 that you will increase the prices is in line with what has been agreed upon legally, what is allowed based on the postal regulation. But if I look at inflation and at the decrease in volumes, the two main components in the formula, that is being used, how do you think your clients will react if you confront them with a double-digit tariff increase, if that is possible at all? Will that inflate or will that increase the rate of substitution?

The last question is what are your expectations in terms of volumes for this year? You already said the happenings are bigger in the second half for Parcels than in the first half. You cited quite correctly the fact that the Dutch consumers are getting a little bit more cautious in their spending. Could you give us any hints as to where you expect parcel volumes to be at the end of this year and what kind of range? Those were my questions, thank you.

Pim Berendsen – CFO PostNL: Thank you Henk. Shall I start, Herna and then, maybe on some you can add.

Herna Verhagen – CEO PostNL: Alright.

Pim Berendsen – CFO PostNL: If you do not mind, I will take question one and two together because let us say the level of long-term investments is a function of growth expectations and they go together. So, obviously what is difficult right now, we indicated the limited visibility in this specific day and age in relation to our Q4 expectations on consumer spending. So, it is very difficult to even prolong that horizon into 2024 because it will be a function of how macro-economic developments will continue and what will happen to the geopolitical situation and the implications of energy shortages and the entire economy. So, I cannot be specific on 2024, but if we just take the big drivers of business that we are going to face, the step up, then obviously we have to know that we are expecting to end the year 2022 at lower volumes at Parcels than originally planned. We see higher organic cost increases and at the same time we expect benefits on the pension expense side, knowing that interest rates will be up. So, there is definitely a change in market circumstances at this point in time. I do not dare to be specific on 2024.

What I meant to indicate for 2022 is that we will reduce the level of CapEx from the EUR 160 million and EUR 170 million towards the 2021 number, roughly around about EUR 140 million, which is a EUR 20 million – EUR 25 million reduction, given the fact that we are aiming for lower volume and have adjusted our investment base accordingly. On top of that EUR 25 million, roughly speaking, on the lease additions a reduction of also around EUR 50 million should be expected. So roughly speaking, EUR 75 million lower capital employed by the end of the year, balancing the lower volume expectations in comparison to where we started off the year.

The volume development in Mail in the Netherlands: we are cautious. We were cautious in the beginning of the year. We already indicated that there could be a slight improvement in underlying volume development, but it is still early days to determine whether they are actually structural. We have not taken into account massive Covid volumes for the second half of the year. If they are there, and if that would be the case, then that could be an improvement in comparison to the guidance on volume development that we have just given.

Herna Verhagen – CEO PostNL: And as you know, Henk, so far, what they expect to do with the booster campaign is only a very limited amount of people, and so it is free for everyone below 60, but only above 60 probably will be invited. That is one.

I think pricing if you think about the Universal Service Obligation room we have, then that fits within our moderate pricing policy, which means that that is what we expect to do in 2023. And that fits within the regulatory framework we have. I should probably remind you of what we said when we could not increase prices in 2022. There was some sort of a special ruling which gave us the opportunity to increase in 2023, but it also indicates that the room we have to stay below the 9% return on sales is not unlimited. So, the moderate pricing increase as we have indicated also in our presentation is what we think we can do over the year 2023. You know that when you come up with much higher price increases than the 3% to 4%, or the 4% to 5% they will have a significant impact on volume development. We are not planning to do that. That is one. Secondly, if you would be so, you know that you must take into account additional volume decreases.

Henk Slotboom – The Idea!: So, you either get bitten by the dog or the cat, to put it in those words? If you moderate your tariffs and increase them you probably will not be able to offset the rate of inflation other than by announcing cost cuts. If you raise more than the traditional increase, you risk an acceleration of the decrease in volume.

Herna Verhagen – CEO PostNL: But of course, that is not new to us, Henk. That has already been the case for ten years and if you think about creating extra substitution, there is a certain limit or certain elasticity to where we can go with price increases. In that sense, it is something we have lived with for many, many years.

Henk Slotboom – The Idea!: Yes, but this time the difference is the rate of inflation. The last figure we saw last week was 10.3% in the Netherlands and we have not seen that since the 1970s.

Pim Berendsen – CFO PostNL: That is true, but the bigger element of organic cost pressure is in the e-commerce segment rather than in the mail segment, and that is where we quite clearly say that we believe industry-wide those organic cost increases cannot be offset by productivity gains and should lead to higher price increases. I am not the macroeconomic expert here, but obviously it is not the case that everybody predicts a 10% inflation to remain at that point going forward. At least that is not what the most recent scenarios look like. But I think we need to distinct the organic cost pressure in Mail and in Parcels and the relevant pricing mechanisms that we can apply in both segments.

Then back to your last question, which if I am not mistaken related to the volume expectations at Parcels for the full year. In het beginning of the year, we said reported volume growth of 3% to 5% by Q1. We had to adjust that on the back of the March numbers to close to zero and now, we have adjusted to a couple of percentage points decline in comparison to last year. Knowing more today, that still assumes a growth for H2 on the back of a good Q4. That is what we currently assume. Roughly speaking, we need to get to approximately double-digit growth for the remainder of the year to end up at a couple of percentage points down in comparison to last year.

Then I can expect a follow up question: what makes you confident that this is actually the case? As said, it is not easy to predict, but we want to be as transparent as we can be on our current estimations. We have reported volume growth underlying in the second quarter. Gradually speaking, May and June were better than April. That trend continues into July. So, we have done what we could to look at drivers to indicate that on the back of online penetration we are still increasing, and we should expect growth for the remainder of this year. Again, obviously nobody knows exactly what higher inflation rates and potential risks going forward could mean to consumer spending but today this is our best estimate.

Henk Slotboom – The Idea!: That is a fair point. Thanks!

- **Sean Goodier – Bank of America**

Good morning, thanks for answering my questions. Two from me. Just on the Q4 projections. You mentioned that everything is very uncertain, but your guidance still assumes a higher EBIT than last year. What are the key drivers behind this and what are the risks for this as well of course?

The next is on the competitive environment. What are you seeing in terms of competition at the moment from other players? Of course, Amazon is not as much of a risk really to you in the Netherlands, but have you seen them sort of growing at all? Just some comments on that would be great.

Pim Berendsen – CFO PostNL: On the Q4 question, obviously, the driver there is the growth we just talked about. That is what drives this in the quarter-to-quarter bridge. On slide 24 you can see that. Obviously, that is driven by the reported growth that we expect in Q4 2022 in comparison to 2020.

Regarding Amazon, we have not seen fundamental changes to their market position in the Netherlands in the second quarter nor in the first, actually. So, no fundamental changes to the industry dynamics. As said, we managed to keep our market share roughly stable.

Herna Verhagen – CEO PostNL: And the same counts for the other competitors we see in the Dutch market, so it is a relatively stable market so far in the Netherlands. No big change is expected in the second half of 2022.

- **Marco Limite – Barclays**:

Good morning all and thanks for taking my questions. My first question is on your pension expenses, in your guidance, are your factoring in lower pension expenses? In 2021 you reported PostNL other EBIT of minus EUR 82 million, what should we expect for PostNL other EBIT this year?

My second question is just a follow up on the question on the outlook for Parcels volume growth in the second half. You are now expecting 10% or double-digit volume growth in the second half. I assume this is because you also expect recovery in international volumes. I am just wondering if you can disclose what was the underlying volume growth in Q2, excluding the Covid one-off but also the international or the VAT volume mismatch, just to understand what happens.

Finally, can you just remind us of if in Q4 last year you had any sort of lock down in the Netherlands, or restrictions or anything like that?

Pim Berendsen – CFO PostNL: Thanks Marco, for your questions. First on pension expenses. The pension expense is driven by true accounting requirements, which means that you set the accounting expense for the next year at the end of the previous year. In other words, within the year the metrics on which they are based will not change. So, within 2022 there is no delta on pension expenses, nor is it as such then part of an adjusted outlook. What is the case is that throughout the year, obviously we have seen discount rates and also IAS-19 discount rates to gradually increase. If they were to end up by the end of the year roughly speaking around the level that we currently see, then you should expect an improvement. In other words, a lower pension expense in 2023. But it is going to be fixed by the end of 2022 on the back of the discount rates and indexation parameters at that moment in time. In the back pocket slide on pension expense, you can find a reconciliation as well as the sensitivity, basically indicating that 25 basis points lead to EUR 5 million improvement of pension expense (note: corrected to: 50 basis points increase in rates leads to EUR 25 million improvement in pension expense).

On growth of Parcels, yes, international is expected to improve. If you break down the overall volume development in the different components it is a reported 12.6%. The impact of non-recurring Covid is 11.4%, the underlying growth is 1.2% down. The impact of international is 4.3% negative here, which brings us to a positive of 3% underlying growth for the quarter.

Herna Verhagen – CEO PostNL: And your last question was on Q4 last year, if we had any lock down. Yes, we had. Last year, as of December 15 there was a lock down in the Netherlands.

Marco Limite – Bank of America: Thank you.

- **Frank Claassen – Degroof Petercam**

Good morning all, I have a question left on the Parcels price/mix. Can we expect an acceleration of this price/mix going forward and how flexible are you in in adapting your price with surcharges and in your contracts?

Secondly on your free cash flow guidance of the EUR 110 million – EUR 140 million. What do you assume for working capital swing? How much negative or maybe positive could it be for this year?

Pim Berendsen – CFO PostNL: The parts of price/mix, we do not expect an acceleration in comparison to Q2 of this year, so there is no fundamental change all of a sudden happening that will make that price/mix effect very different from what you have seen right here.

If we talk about pricing policies within year, we already indicated before that it is very difficult to adjust your commercial contracts and increase prices higher than originally anticipated within the year. But what we will do is consider adjustments to our pricing policies for 2023 and beyond to offset as much as we can the organic cost increases that we have just indicated. That is a function also when contracts terminate but it should be clear that those organic costs need to find their way throughout the value chain and cannot be absorbed by us or mitigated through productivity gains, given the fact that the size is almost twice as big as in normal years.

Herna Verhagen – CEO PostNL: As indicated in earlier years, quite a big percentage of our contracts are yearly contracts, and that means that they are often negotiations in the last quarter of 2022. So, there is a possibility to discuss price increases at that moment in time.

Pim Berendsen – CFO PostNL: And then back to the question on working capital. For the year – and that is going to be slightly lower than originally expected – we expect an investment in working capital round about EUR 25 million to EUR 45 million mark.

If I may, I would like to get back to the answer I have given to Marco on this question on the pension expense sensitivity. I made a mistake there. It is actually EUR 25 million impact for 50 basis points. That is the sensitivity we are talking about. So, for every 50 basis points increase in discount rate there is EUR 25 million improvement on our normalised EBIT level.

Frank Claassen – Degroof Petercam: Thank you very much.

- **Marc Zwartsenburg – ING**

Thanks for taking my questions. There are a couple left. First on the EUR 20 million cost increase. There are more costs expected than at the Q1 stage. What is really the driver behind the EUR 20 million increase in cost expectations? I can imagine that fuel is part of that but since fuel in currently only EUR 15 million to EUR 20 million already in total it cannot explain the EUR 20 million versus the month of May. So, what is really driving that? Also wage inflation at 9 May, most of that was known because the CLA negotiations were already running or finalized. So, could you explain a bit more the EUR 20 million cost increase that we have now?

Pim Berendsen – CFO PostNL: No problem. Roughly speaking, EUR 5 million of that is related to fuel, Marc. I think you will remember that by Q1 we indicated what would be the expected diesel price per liter at that point in time. That assumed a certain recovery throughout the months. We are currently at higher levels than anticipated back then, which will have an impact of, roughly speaking, EUR 5 million. The other element there is related to labour cost, and particularly in a tight labour market, and to ensure that we can deliver the peak period like we plan to on the quality standards we expect, there are going to be more costs in relation to ensuring that we have the capacity in place to do all of that. That is related to our own staff, it relates to sorting capacity and obviously there are still the collective labour agreement of the bigger PostNL CLA to be negotiated. So, those elements are included in that step-up of organic costs.

Marc Zwartsenburg – ING: And if the peak period is a little bit less robust, as you currently anticipate a with a double-digit volume, could you then still scale it down in time to save a bit of those costs or are these costs already there because you have to plan for that peak period?

Pim Berendsen – CFO PostNL: There we make a different choice. Based on volume expectations only and in less than the current tight labour markets we could scale down more on operations than we are currently doing. So, we take a bigger work force towards Q4, just to ensure in these tight labour markets that we have enough people in place. Even if the volume is slightly lower than expected, a big ramp-up is required towards Black Friday, Sinterklaas anyway. We just want to avoid the risk of having the volume and not sufficient people. That is why we accept potentially higher costs in relation to the volume than in other less tight labour market circumstances.

Herna Verhagen – CEO PostNL: And to organise peak season especially for Parcels and to a lesser extent for Mail, we already start organising peak season in April and May. That means that you start ramping up, normally as of September but, as already mentioned by Pim, we are now already keeping part of our employees to make sure that we will be able to ramp up. So, there is a certain flexibility, but it is not as high as you were assuming in your question.

Marc Zwartsenburg – ING: That is clear. Thank you.

Then on the EUR 50 million recovery of costs through price increases. This was mentioned in the outlook slide. I guess that is mainly driven by price increases in the Parcels division because I assume that in Mail the price increase is already necessary to offset the inflation.

So, can you give a bit more colour on what kind of price increase that we are then looking at and how we should model that for 2023? It is geared to 2023, as I understood. You will also have some inflationary pressures, probably also going into full year 2023. What should we be thinking about price increases in Parcels or just to get to the 50 million number?

Pim Berendsen – CFO PostNL: To be clear, Marc, the EUR 50 million is the balance of the bridge to indicate the normal level of organic cost increases, what we see this year and what can be offset by a regular price policy. Then there remains the EUR 50 million, which is basically included in our full-year adjustments because we are not in a position to within the year adjust the pricing mechanisms in such a way that we will get back part of that EUR 50 million. So, we are not indicating that we are able to absorb that EUR 50 million, within 2022 nor within 2023. What we do say is that this is such a level of organic cost pressure eating up a bit of our margins that this cannot be offset by productivity gains and should lead, -- not only at our end, but industry-wide – to price points to increase higher than normally would be the case. At this day and stage, I cannot be too specific on how we are going to do that and to what extent we will be able to get that into the 2023 contract negotiations? But certainly, we will seek to improve those individual price points more than we would otherwise do.

Marc Zwartsenburg – ING: So just to be clear, if for this year, obviously you cannot compensate, but what does it mean that you maybe can get some EUR 50 million cost recovery by regular price increases? At some point that should then compensate a bit in 2023 or am I mistaken here?

Pim Berendsen – CFO PostNL: I am not saying we will compensate it. It needs to get to higher price points, which is clear, because we cannot afford that size, to absorb that level of organic cost, as an industry or as PostNL within this industry. So, it should lead to higher price increases in the e-commerce domain. And you are right, this is focused on e-commerce. At the Mail side, by the moderate pricing policies we adopt, by the combination of slightly better development and the performance on cost savings, we expect to keep the Mail profit more or less stable. So this is related to e-commerce. As a consequence, it is also a function of the very competitive market and how to operate within that market in relation to price points. That is also why I cannot and do not want to be too specific at this point in time.

Mark Zwartsenburg – ING: And then on cost savings in Mail in the Netherlands expected for Q4. Can you give a bit of an indication of what kind of numbers we are looking at? Just one of the big drivers of the improvement in EBIT year on year.

Pim Berendsen – CFO PostNL: That is part of the explanation for Q4 indeed. For the full year, we expect a cost saving of around the EUR 30 million mark, which is still a bit of a step-up in comparison to where we currently are.

Mark Zwartsenburg – ING: So, Q2 to date?

Pim Berendsen – CFO PostNL: Yes. But all those projects are running in accordance with our expectations and timeline in ways of implementation so far.

Herna Verhagen – CEO PostNL: And as said, in the business update on Mail in the Netherlands, we also received an important approval from the Works Council to start further centralising our preparation centers, which also helps of course in in getting up the cost savings within Mail in the Netherlands. So, they are on track and delivering good performance in many ways but also on cost savings.

Pim Berendsen – CFO PostNL: So, we need to get to roughly EUR 30 million and just to give you the latest point there, the year-to-date performance on cost savings is around the EUR 10 million mark.

Marc Zwartsenburg – ING: Then a final one. On bol.com I saw some news; I think over the last week that they were setting up their own their own parcel collection company to collect the parcels from the web shops. Does it have any impact on your operations that they are trying to do some of the sourcing from different web shops to the platform themselves? Does it have any impact on the volumes from bol.com for you?

Herna Verhagen – CEO PostNL: No, it does not have real impact on the volumes we currently have heard from bol.com, and they were diligent to announce it upfront to us, but it does not have a big impact.

Marc Zwartsenburg – ING: OK, well, those were my questions. Thank you very much.

- **Stefano Toffano – ABN ODDO**

Hello everybody, one question remaining from our side. It relates to the question that Marc asked about the labour tightness I totally understand the strategy going into Q4, but I was wondering how you were looking at the sharpened situation versus the labour market for next year going forward. Obviously, one of the main features of PostNL is its flexibility to adjust its main force when needed, at least partially. And it obviously depends on the macro situation, and what the economy is going to do. But how are we supposed to look at this flexibility going forward as of 2023? Thank you very much.

Herna Verhagen – CEO PostNL: Thanks. I think flexibility comes mostly from the fact that within Mail in the Netherlands we have a higher attrition rate than in normal companies. Our attrition rate is around 15 to 20%. Of course, that is what we want to reduce slightly, but we do not want to reduce it significantly. So, there is quite some turnover in the population which helps us of course to be flexible. Within our parcels operations there is always a certain flexibility for the same reason and that is for attrition and secondly with the growing amount of parcels you are in a different development. You more or less year over year expand the amount of people working for us.

Stefano Toffano – ABN AMRO ODDO: I mean more specifically also with what you mentioned regarding the labour tightness, because obviously you mentioned a couple of times that you are preparing yourself given the bad labour markets, so you keep some employees, you could reduce them, but you do not do that because you expect a very busy Q4 and given the labour tightness, it is better to have those people on board right now. Otherwise, you know you might not be prepared and given this; how should we look at it as of next year? And the flexibility in this respect?

Pim Berendsen – CFO PostNL: Herna already indicated that also we will expect growth in 2023, obviously, and that is the seasonality we always have from Q4 to Q1. There is always a reduction of capacity because we ramp down after the Christmas period anyway, and certainly will not take the full capacity of fourth quarter into Q1, Q2 of 2023.

Herna Verhagen – CEO PostNL: Yes, exactly. Important to understand is that the amount of people we are keeping at this moment in time to be sure that we deliver at a high quality and are ready for peak season means that we still have to add people from flexible sources to deliver the amount of parcels and mail pieces we expect in the fourth quarter. That flexible part we still have to add to be sure that there is enough capacity to deliver. What Pim is referring to is what we do not take with us into the first and second quarter of 2023. So that maybe gives you a perspective of how we are dealing with the tightness of the labour market, but also being sure that we have capacity and people to deliver and keep our quality at a high level.

Stefano Toffano – ABN AMRO ODDO: OK, thank you.

Jochem van de Laarschot – Director Communications & Investor Relations PostNL: As there are no further questions, I have one final remark which is that we are planning to host an investor deep dive on 22 September in Nieuwegein, which is at the center of the Netherlands where our small parcels sorting center is located. It was opened last year, and we hope to host your there and show you how it works. We will also talk about robotics. So, please save and note the date of 22 September. We hope to see you then.

If you have any remaining questions, please let us know. Thank you very much and see you next time!

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End of call

Appendix

Q2 & HY 2022 Results

- Results by segment
- Full reconciliation income statement and EBITDA
- Free cash flow per segment for Q2 2022, HY 2022 bridge
- Revenue mix Parcels
- Assumed non-recurring impact related to Covid-19
- Result development (bridge) per segment HY 2022
- Profit and normalised comprehensive income
- Pension expense and cash contribution Q2 2022

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Results by segment Q2 2022 and HY 2022

	Revenue		Normalised EBIT		Margin	
(in € million)	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
Parcels	589	519	56	14	9.5%	2.8%
Mail in the Netherlands	389	350	23	13	5.9%	3.6%
PostNL Other	50	54	(16)	(17)		
Intercompany	(191)	(177)				
PostNL	**838**	**746**	**63**	**10**	**7.5%**	**1.3%**

	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022
Parcels	1,251	1,073	148	33	11.8%	3.1%
Mail in the Netherlands	855	737	82	49	9.6%	6.6%
PostNL Other	99	109	(37)	(39)		
Intercompany	(405)	(367)				
PostNL	**1,800**	**1,552**	**193**	**43**	**10.7%**	**2.8%**

Note: Normalised figures exclude one-offs in Q2 2022 (€1m), Q1 2022 (€3m) and in Q1 2021 (€(18)m)

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Full reconciliation of income statement and EBITDA Q2 2022

Income statement	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
(in € million)	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
Total operating revenue	838	746	589	519	389	350	50	54	(191)	(177)
Other income	2	1	0	0	2	1	-	-		
Cost of materials	(16)	(20)	(12)	(15)	(2)	(3)	(1)	(2)		
Work contracted out and other external expenses	(417)	(370)	(385)	(348)	(189)	(164)	(33)	(35)	191	177
Salaries and social security contributions	(241)	(237)	(87)	(89)	(127)	(124)	(28)	(25)		
Pension contributions & related costs	(41)	(44)	(7)	(8)	(12)	(12)	(22)	(23)		
Depreciation, amortisation and impairments	(36)	(39)	(18)	(19)	(9)	(7)	(9)	(13)		
Other operating expenses	(25)	(29)	(25)	(25)	(27)	(29)	27	26		
Total operating expenses	*(776)*	*(738)*	*(533)*	*(504)*	*(367)*	*(339)*	*(66)*	*(72)*	*191*	*177*
Operating income / EBIT	**63**	**9**	**56**	**14**	**23**	**13**	**(16)**	**(18)**	**-**	**-**

EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
Operating income / EBIT	63	9	56	14	23	13	(16)	(18)
Depreciation, amortisation and impairments	36	39	18	19	9	7	9	13
Reported EBITDA	**99**	**48**	**74**	**33**	**32**	**20**	**(7)**	**(5)**
Non-cash pension expense	18	19	0	0	0	-	18	19
EBITDA excluding non-cash pension expense	**116**	**67**	**74**	**33**	**32**	**20**	**11**	**14**
IFRS16 impact (depreciation RoU assets)	(15)	(16)	(9)	(11)	(3)	(3)	(3)	(3)
EBITDA excluding non-cash pensions and IFRS16	**101**	**51**	**64**	**23**	**29**	**17**	**7**	**12**

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Full reconciliation of income statement and EBITDA HY 2022

Income statement	PostNL		Parcels		Mail in NL		PostNL Other		Eliminations	
(in € million)	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022
Total operating revenue	1,800	1,552	1,251	1,073	855	737	99	109	(405)	(367)
Other income	23	6	0	0	23	6	(0)	-		
Cost of materials	(32)	(41)	(23)	(31)	(5)	(6)	(3)	(4)		
Work contracted out and other external expenses	(883)	(773)	(812)	(725)	(409)	(343)	(67)	(73)	405	367
Salaries and social security contributions	(491)	(482)	(169)	(179)	(264)	(251)	(57)	(52)		
Pension contributions & related costs	(81)	(86)	(14)	(16)	(23)	(23)	(43)	(47)		
Depreciation, amortisation and impairments	(71)	(78)	(36)	(38)	(19)	(14)	(17)	(26)		
Other operating expenses	(54)	(59)	(49)	(51)	(58)	(57)	53	50		
Total operating expenses	*(1,612)*	*(1,519)*	*(1,103)*	*(1,040)*	*(778)*	*(695)*	*(135)*	*(152)*	*405*	*367*
Operating income / EBIT	**211**	**38**	**148**	**33**	**100**	**49**	**(37)**	**(43)**	**-**	**-**

EBITDA	PostNL		Parcels		Mail in NL		PostNL Other	
Operating income / EBIT	211	38	148	33	100	49	(37)	(43)
Depreciation, amortisation and impairments	71	78	36	38	19	14	17	26
Reported EBITDA	**283**	**117**	**184**	**71**	**118**	**63**	**(20)**	**(17)**
Non-cash pension expense	36	39	0	0	0	-	36	39
EBITDA excluding non-cash pension expense	**319**	**156**	**184**	**71**	**118**	**63**	**17**	**22**
IFRS16 impact (depreciation RoU assets)	(31)	(32)	(19)	(21)	(6)	(6)	(7)	(5)
EBITDA excluding non-cash pensions and IFRS16	**288**	**124**	**165**	**50**	**112**	**57**	**10**	**17**

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Free cash flow per segment Q2 2022

(in € million)	PostNL		Parcels		Mail in NL		PostNL Other & Eliminations	
	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
EBITDA	99	48	74	33	32	20	(7)	(5)
Change in pensions	18	19	0	-	0	-	18	19
Change in provisions	1	0	1	0	1	0	0	(0)
Change in working capital	(5)	(64)	(3)	(35)	6	(26)	(8)	(2)
Capex	(26)	(29)	(4)	(4)	(11)	(4)	(11)	(21)
Disposals	3	(0)	0	(0)	3	-	(0)	(0)
Interest paid	(4)	(4)	(1)	(1)	(1)	(1)	(2)	(2)
Income tax paid	(0)	2	(14)	(4)	(6)	(3)	19	8
Lease payments and related cash flow	(16)	(17)	(8)	(10)	(4)	(4)	(3)	(3)
Other	1	2	1	0	(0)	0	1	2
Adjusted free cash flow	**70**	**(43)**	**44**	**(20)**	**19**	**(19)**	**7**	**(3)**
Soft pension settlement	(16)	-	-	-	-	-	(16)	-
Free cash flow	**54**	**(43)**	**44**	**(20)**	**19**	**(19)**	**(10)**	**(3)**
Free cash flow yield	2%	(3)%						

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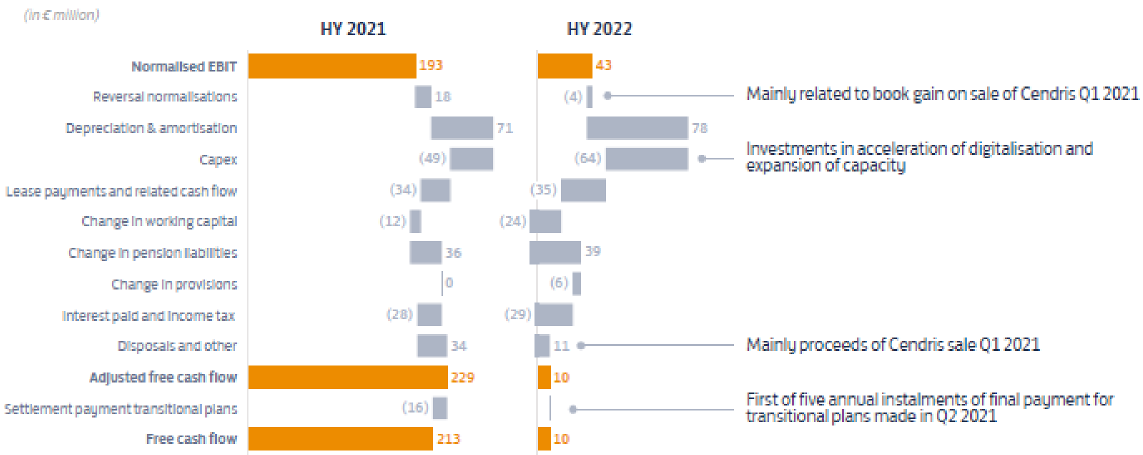
Cash flow HY



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Revenue mix Parcels per quarter

(in € million)	Q1 2021	Q1 2022	Q2 2021	Q2 2022	HY 2021	HY 2022
Parcels Netherlands	444	361	383	345	828	706
Spring	145	105	131	91	276	195
Logistics solutions and other	102	105	100	98	203	203
Eliminations	(30)	(17)	(26)	(15)	(56)	(32)
Parcels	662	554	589	519	1,251	1,073

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Assumed non-recurring impact related to Covid-19

Volumes

(around, in million)	Q1 2021	Q1 2022	Q2 2021	Q2 2022	HY 2021	HY 2022
Parcels	26	2	11	0	37	2
Mail in the Netherlands	12	15	23	3	35	17

Revenue

(around, in € million)	Q1 2021	Q1 2022	Q2 2021	Q2 2022	HY 2021	HY 2022
Parcels	137	2	78	-	215	2
Mail in the Netherlands	33	9	27	1	60	10
Eliminations	(6)	0	(9)	0	(15)	0
PostNL	**164**	**10**	**96**	**1**	**260**	**11**

Normalised EBIT

(around, in € million)	Q1 2021	Q1 2022	Q2 2021	Q2 2022	HY 2021	HY 2022
Parcels	24	(2)	14	-	38	(2)
Parcels Netherlands	*17*	*(2)*	*7*	-	*24*	*(2)*
Spring and Logistics	*7*	-	*7*	-	*14*	-
Mail in the Netherlands	18	3	12	(0)	30	3
PostNL	**42**	**1**	**26**	**(0)**	**69**	**0**

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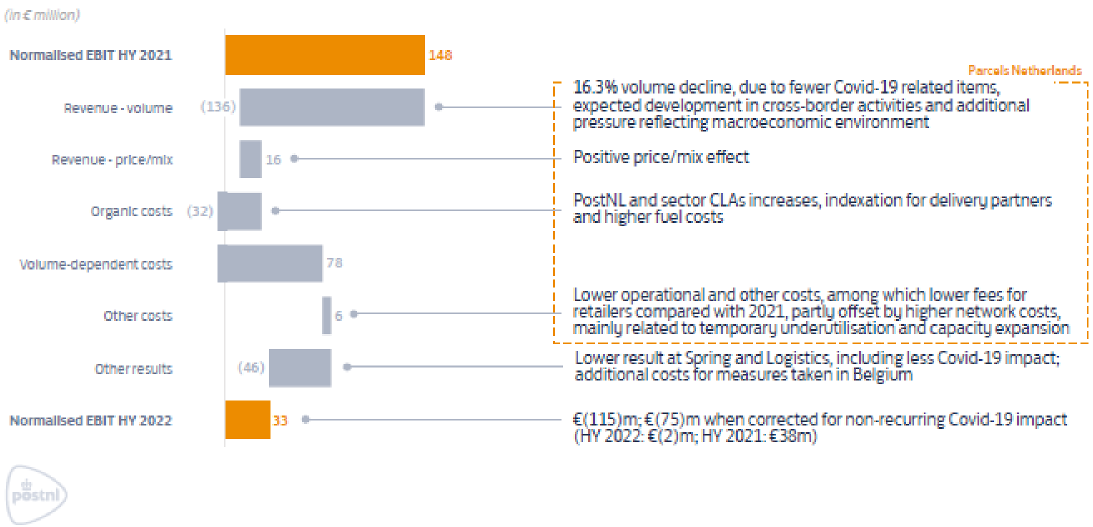
Parcels HY 2022 normalised EBIT bridge



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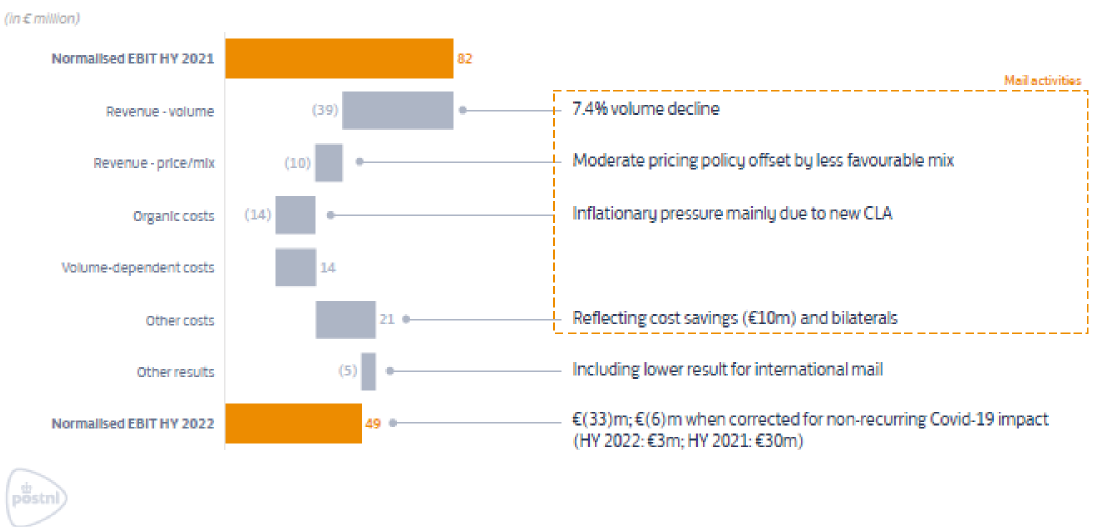
Mail in the Netherlands HY 2022 normalised EBIT bridge



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Profit and normalised comprehensive income* PostNL

(around, in € million)	Q1 2021	Q1 2022	Q2 2021	Q2 2022	HY 2021	HY 2022
Operating income / EBIT	**148**	**30**	**63**	**9**	**211**	**38**
Net financial expenses	(5)	(6)	(4)	(5)	(10)	(11)
Results from investments in JVs/associates	0	0	(1)	(0)	(1)	0
Income taxes	(31)	(7)	(15)	(2)	(46)	(9)
Profit/(loss) from discontinued operations	24	(0)	(1)	(13)	23	(13)
Profit	**136**	**16**	**41**	**(11)**	**177**	**5**
Other comprehensive income (mainly related to pensions)	13	15	15	16	28	31
Total comprehensive income	**149**	**32**	**56**	**5**	**205**	**36**
Normalisation on EBIT, net of tax	(14)	2	0	1	(14)	3
Exclude result from discontinued operations	(24)	0	1	13	(23)	13
Normalised comprehensive income	**112**	**34**	**57**	**19**	**169**	**53**

* *Normalised comprehensive income is defined as comprehensive income normalised for incidentals in operating income/EBIT, net of statutory tax, as well as the net result from discontinued operations*

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Reconciliation of pension expense and cash contribution

(in € million)	PostNL		Parcels		Mail in NL		PostNL Other	
	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
Cash contribution*	(24)	(25)	(7)	(8)	(12)	(12)	(4)	(4)
IFRS non-cash pension expense	(18)	(19)	(0)	(0)	(0)	-	(18)	(19)
Total pension expense	**(41)**	**(44)**	**(7)**	**(8)**	**(12)**	**(12)**	**(22)**	**(23)**
	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022
Cash contribution	(45)	(47)	(14)	(16)	(23)	(23)	(7)	(8)
IFRS non-cash pension expense	(36)	(39)	(0)	(0)	(0)	-	(36)	(39)
Total pension expense	**(81)**	**(86)**	**(14)**	**(16)**	**(23)**	**(23)**	**(43)**	**(47)**

Total pension expense increased by €2m in Q2 2022 and €5m in HY 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"
- Sensitivity: pension expense increase/decrease of €25m per 50bps change in interest rate versus assumed indexation**

** Excluding settlement payment transitional plans (€16m in Q2 2021)*
*** Net change in the (IFRS) pension interest rate versus the assmed indexation; expresses the (IFRS) pension expense impact; for a sensitivty analysis of the defined benefit obligation please refer to the PostNL Annual Report 2021*