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PostNL NV
Prinses Beatrixlaan 23
2595 AK The Hague
The Netherlands

Additional information is available at postnl.nl

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

Good morning. Thank you for joining us in the third quarter 2021 results presentation, which will be given by Pim Berendsen, our CFO. Afterwards we will open Q&A with Herna Verhagen, our CEO and Pim as well, of course.

Pim, over to you!

Key takeaways

FY 2021 outlook confirmed with normalised EBIT at €280m - €310m and free cash flow at €250m - €280m

Q3 2021 normalised EBIT at €23m

- Volume growth of 1.6% at Parcels; 6.4% compared with Q3 2020 when excluding the assumed non-recurring impact related to Covid-19; around 19% growth compared with pre-Covid-19 Q3 2019
- Volume growth of 0.5% at Mail in the Netherlands, supported by non-recurring items related to Covid-19, with improvement in the underlying substitution rate
- Stronger than expected, partly temporary, negative impact from change in VAT regulation for small non-EU goods and other regulation in China
- Strong cash flow performance continues
- ESG and acceleration of transformation progressing well



Pim Berendsen – CFO PostNL: Thanks Jochem, and welcome to you all. Thank you for joining us today. Let's start with the key takeaways.

First and foremost, the full year 2021 outlook has been confirmed with normalised EBIT at EUR 280 million – EUR 310 million and a free cash flow of EUR 250 million – EUR 280 million.

If we then look at the third quarter, normalised EBIT came in at EUR 23 million and that is driven by a few key points.

Volume growth at Parcels was 1.6%. If we correct that for the non-recurring Covid effects in Q3 2020, that is actually 6.4%. If we exclude the negative consequences – partly temporarily – of the change in value added tax, it would have been around 9%. If we stretch the horizon and look at the growth from Q3 2019 towards Q3 2021, we are looking at roughly speaking 19%. So, still attractive growth in our Parcels segment.

If we then go to Mail, we see that volume growth at Mail was 0.5%, obviously supported by non-recurring items related to Covid but also with an improvement of the underlying substitution rate.



As said, a stronger than expected temporarily negative impact from the change in the value added tax regulation for small non-EU goods and other regulations in China. I will come back to that later on.

We are happy with the cash flow performance and we are also very positive about our ESG and digital transformation acceleration programs. All of those are progressing well, so we are positive on the pace of our transformation.

Q3 2021

Strategic business drivers



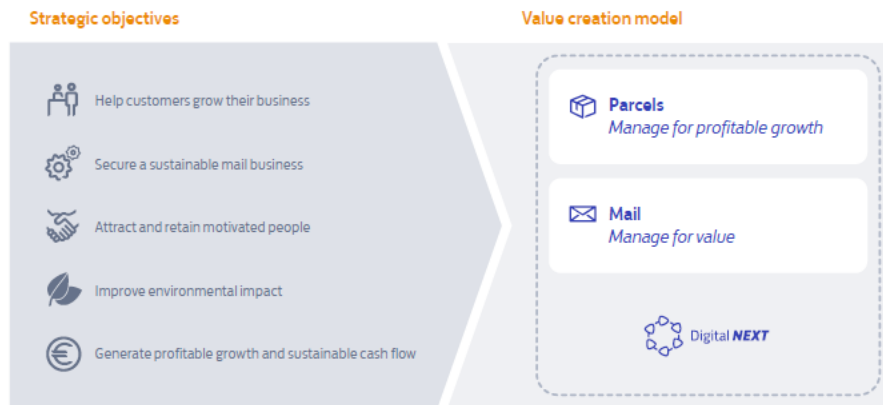
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Before we go into the business developments and the financial performance, I would like to spend a few words on a few of our strategic business drivers.



Value creation for attractive total shareholder returns

To be the leading logistics and postal solutions provider in, to and from the Benelux region



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Let's start by repeating our value creation model, which aims to generate attractive total shareholder returns. Our ambition is to be the leading logistics and postal solutions provider in, to and from the Benelux. In order to live up to that ambition, we have defined five strategic objectives.

We help our customers grow their business. We aim to secure a sustainable mail business. Our objective is to attract and retain motivated people. We have set ambitious targets to improve our environmental impact. Last but not least, we intend to generate profitable growth and sustainable cash flow.

We aim to reach these objectives through our business segments. As you know, we manage Parcels for profitable growth and Mail in the Netherlands for value.

Furthermore, we accelerate our digital transformation which is aimed to strengthen our competitive position by further building on our platform and connecting customers, consumers, and solutions through simple and smart digital journeys.



ESG - our licence to operate

Fully embedded in our strategy and business model



Let's move to our ESG drivers. We focus on all three factors of ESG and have embedded these fully in our strategy. We aim to improve our environmental impact and deliver all parcels and letters in the Benelux emission-free in the last mile by 2030, to be a socially responsible employer and to act in a transparent, aligned, and accountable manner.

In the third quarter we have improved our carbon efficiency by 17% compared with the end of 2020. What we have also announced is that we will offset any remaining carbon emissions from both our own transport as well as that of our delivery partners until we have fully electrified our fleet. We will be doing this as of 1 January 2022 and as such, cutting our footprint to net zero as of then.

Clearly and without any doubt, our people are a key factor in our success. Health and safety continue to be top priority in these days of pandemic. We also continue to focus on strengthening employee engagement as well as work force optimisation and capacity management. This includes having the right people in our overall delivery model.

We closely monitor, and where we can anticipate on, developments in the labour market, ensuring we continue to offer our customers the necessary capacity and high-quality service, particularly moving into the important fourth quarter of the year. Furthermore, negotiations on the new collective labour agreement for our postal deliverers have recently started.



Ambitious plan to accelerate digital transformation

Transformation of the core and innovation of our platform



From ESG towards our digital transformation. As you know, within our Digital Next programme we will further digitalise our commercial engine, transform our core logistics operations and scale platform and find new business models. All of that is supported by a strong IT and a data foundation and driven by our digital DNA.

We continuously look to enhance our services and information in the supply chain. Two important examples of that in the third quarter of this year. By now, we have outfitted 90% of our roll cages with digital trackers and obviously, that leads to a lot of data and insight we can use to optimise our networks and operations on a real-time basis that will enable us to improve the quality of service even more.

Next to that, we are very proud and happy that we have opened a robotic small parcels sorting centre early October in Nieuwegein, which is highly innovative, equipped with very many different robots and is unique in its nature, which creates more capacity in our other regular parcel sorting centres.



Q3 2021

Business and financial performance



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Now, let's look into our business developments and financial performance. Let's start with the overall results.

Q3 performance impacted by adjusted VAT regulation

FY 2021 outlook confirmed with normalised EBIT at €280m - €310m and free cash flow at €250m - €280m



Key financial metrics

(in € million)

	Q3 2020	Q3 2021	change	YTD 2020	YTD 2021	change
Revenue	742	729	-2%	2,232	2,530	+13%
Normalised EBIT	36	23	-37%	105	216	+106%
<i>Assumed to be non-recurring and related to Covid-19</i>	2	5*		30	74	
Free cash flow	5	10		103	223	
Normalised comprehensive income	28	27		92	196	

* fully visible at Mail in the Netherlands

- Stronger than expected, partly temporary, negative impact from change in VAT regulation of €(8)m, visible both at Parcels (€(1)m Parcels Netherlands and €(2)m Spring) and Mail in the Netherlands (€(5)m)



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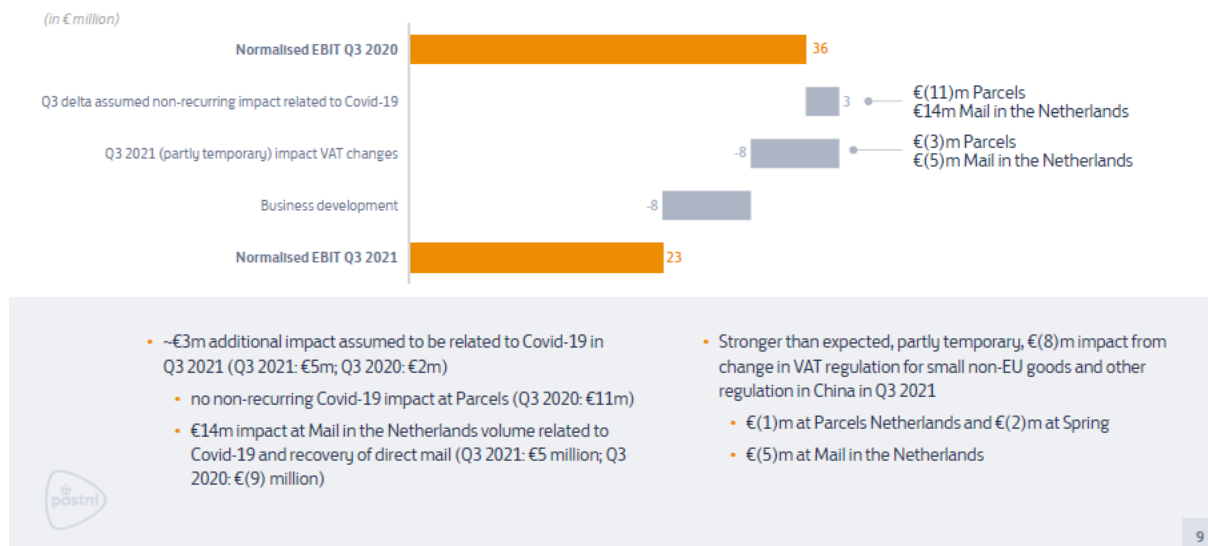


Revenue came in at EUR 729 million, which is 2% decline in comparison to last year. There are a few important elements to note there within that comparison. Obviously, last year we sold Cendris. There is a negative impact on the revenue side of value added tax and less non-recurring Covid impact. So roughly speaking, EUR 50 million is caused by those three elements together and then, as a consequence, the underlying business developed positively with EUR 37 million revenue up.

Normalised EBIT came in at EUR 23 million, of which EUR 5 million is assumed to be non-recurring and related to Covid.

The impact of the changes in the value added tax regulation is minus 8 million, which is both visible at Parcels and at Mail. EUR 3 million in the Parcels segment and EUR 5 million within Mail in The Netherlands.

Impact Covid-19 and adjusted VAT regulation



On this slide we have made the comparison with the normalised EBIT reported in the third quarter of 2020 of EUR 36 million and the realised EBIT of EUR 23 million in this quarter. There are three main buckets that I want to talk about.

The first is the non-recurring impact of Covid, which is EUR 3 million in the quarter positively, but the split between the segments is quite different. So, in comparison to last year, Parcels



did not have any positive non-recurring Covid implications and last year there was a positive of EUR 11 million. The change in Mail is EUR 14 million more favourable within this quarter.

The changes in regulation of the value added tax have had a negative impact of EUR 8 million. As said, EUR 3 million within Parcels – EUR 1 million in Parcels and EUR 2 million in Spring – and EUR 5 million within Mail in The Netherlands. We believe that this is partially temporarily because we clearly see that both consumers and selling web shops have had to adopt their way of ordering, their connection with customs after 1 July. We see them making those changes and throughout the period from July onwards to the end of the quarter we gradually saw an improvement in the volumes. Partially that will be structural because also the regulations in China in relation to fake goods and intellectual property will lead to shake outs of some of the volumes but we expect a gradual improvement of the cross-border volume. Certainly in the fourth quarter we still expect a slightly slower volume contribution than before.

Parcels: Continued growth in Q3 2021

	Revenue	Normalised EBIT*	Volumes	
Q3 2021	€505m	€27m	81m	-1.6%
Q3 2020	€490m	€49m	79m	

Revenue mix		
in € million	Q3 2020	Q3 2021
Parcels Netherlands	321	329
Spring	101	95
Logistics solutions and other	86	95
Eliminations	(18)	(14)
Parcels	490	505

* No non-recurring impact related to Covid-19 in Q3 2021 versus €11m in Q3 2020 (around €6m Parcels Netherlands and €5m Spring and Logistics)

Revenue development

- Volume growth of 1.6%
- 6.4% growth excluding the non-recurring Covid-19 impact (only visible in Q3 2020); around 9% growth when also excluding international volumes impacted by adjusted VAT regulation
- stronger than expected negative impact from adjusted VAT regulation on international volumes
- Positive price effect offset by less favourable mix
- Growth in Spring in Europe and Logistics offset by lower revenue at Spring in Asia (total €(17)m related to VAT regulation)



Normalised EBIT

- Down €22m; or by €8m excluding non-recurring Covid-19 impact in 2020 (€11m) and impact VAT regulation in 2021 (€(3)m)
- Increasing costs in line with expectations
 - rebalancing network to accommodate volumes within current infrastructure
 - new capacity including small parcels sorting centre and sorting centre in Westzaan
 - preparations for peak season (including increased costs for staff and other resources) to offer necessary sorting and delivery capacity, and high-quality service
 - other indirect costs, including IT and Digital Next
 - CLA increases and indexation of delivery partners
- Better result at Logistics, offset by Spring (including €(2)m related to VAT changes)

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In Parcels we see continued growth in the third quarter of 2021, EUR 505 million revenue in comparison to EUR 490 million last year. That also includes EUR 25 million less revenue from cross border, driven by the topics we just discussed.

Normalised EBIT came in at EUR 27 million in comparison to EUR 49 million and if you want to discuss the break-out of those elements, it is basically EUR 11 million related to non-



recurring Covid in 2020, EUR 3 million negative consequences of the value-added change in regulation, and EUR 8 million less driven by other business effects. The most important ones relate to our step-up in costs and step-up in capacity to prepare for the very important peak period in the fourth quarter.

If we then go back to the volume growth, we see 1.6% growth, 6.4% excluding the non-recurring Covid impact and around 9% when we exclude the international volumes impacted by adjusted value added tax regulations.

That had a stronger than expected negative impact from adjusted value added tax regulation. We expected volume decline but it was roughly speaking two times bigger than our own expectations.

Positive price effects offset by a less favourable mix.

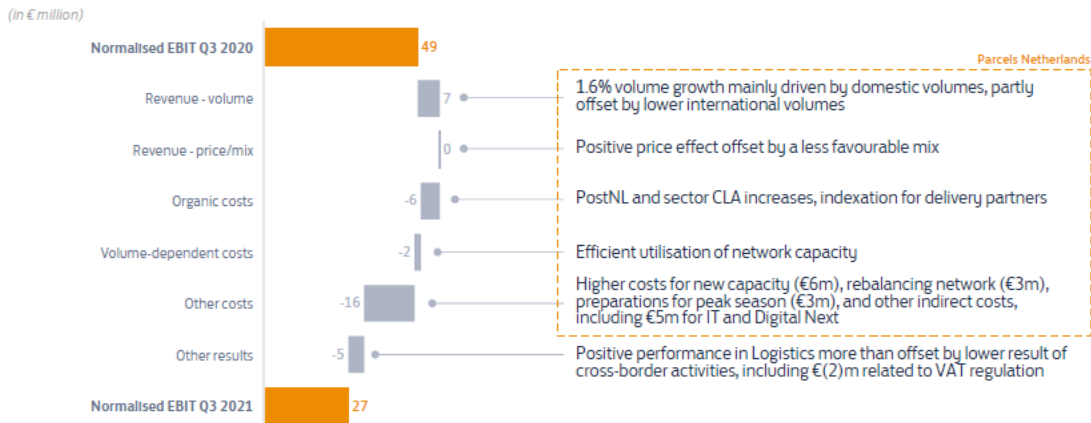
Growth in Spring in Europe and Logistics offset by lower revenues in Spring Asia, which basically accounts for EUR 17 million less revenue, which is part of the EUR 25 million in total less revenue from cross border.

I have just disclosed the key components of the normalised EBIT bridge. The increase in costs is in line with expectations. It is all about rebalancing our network to accommodate the volumes within the current infrastructure. You know that we have added new capacity, including the small parcels sorting centre and a regular depot in Westzaan. In preparation of our peak season we have increased the number of people and increases costs to offer the necessary sorting and delivery capacity in order to accommodate our clients to grow, obviously with a higher quality service. There is other indirect cost development, the most important ones driven by a step-up in IT and Digital Next costs, also in line with expectations. We have seen a better result at Logistics, offset by Spring, of which minus EUR 2 million relate to the value added tax changes as well.



Parcels Q3 2021 normalised EBIT bridge

Margin temporary depressed by expected step-up in network expansion combined with relatively low volumes



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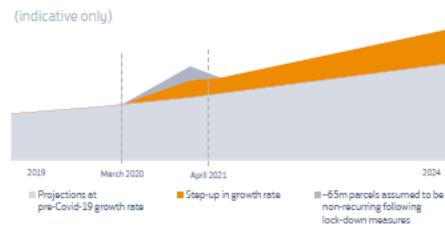
On the next slide you will find our regular Parcels bridge from Q3 2020 to Q3 2021, EUR 49 million to EUR 27 million with the buckets you will certainly recognise: EUR 7 million volume effect, minus EUR 6 million on organic costs driven by the sector CLA and indexation for delivery partners, volume-dependent costs of minus EUR 2 million and then the big cost development that has influenced margin in this particular quarter, driven by the changes in the network: The addition of new capacity of EUR 6 million, rebalancing the network of EUR 3 million, preparations for our peak season of another EUR 3 million as well as other indirect cost developments, including EUR 5 million for IT and Digital Next.

In other results we see minus EUR 5 million, a positive performance in Logistics offset by cross-border decline, also driven by the value added tax regulation.



Growth trend in parcel volumes to continue

(in million)	Q3 2020	Q3 2021	change
2021 vs 2020			
Volume	79	81	1.6%
Excluding volume assumed to be non-recurring and related to Covid-19	76	81	6.4%
Excluding international volumes impacted by VAT regulation			-9%
Q3 2019			
2021 vs pre-Covid-19 2019			
Volume	68	81	18.6%
Excluding international volumes impacted by VAT regulation			~20%



Volume development drivers Q3 2021

- Solid volume development when excluding non-recurring Covid-19 impact and international volumes impacted by VAT regulation, driven by e-commerce
- Decline in international volumes due to, partly temporary, impact from adjusted VAT regulation
- Slow start in July, with growth picking up later in the quarter, as expected, continuing in first weeks of October
- Impact from disruptions in global supply chain, e.g. shortage of raw materials

Further growth from e-commerce to continue

- Step-up in online shopping visible since start of pandemic in 2020
- Assumed growth of 11%-13% (CAGR 2021-24, starting point: reported volumes 2020)
 - dependent on level of stickiness
 - and driven by market developments and macroeconomic factors, including global supply chain disruptions
- Flexibility in future investments (capex and lease additions)



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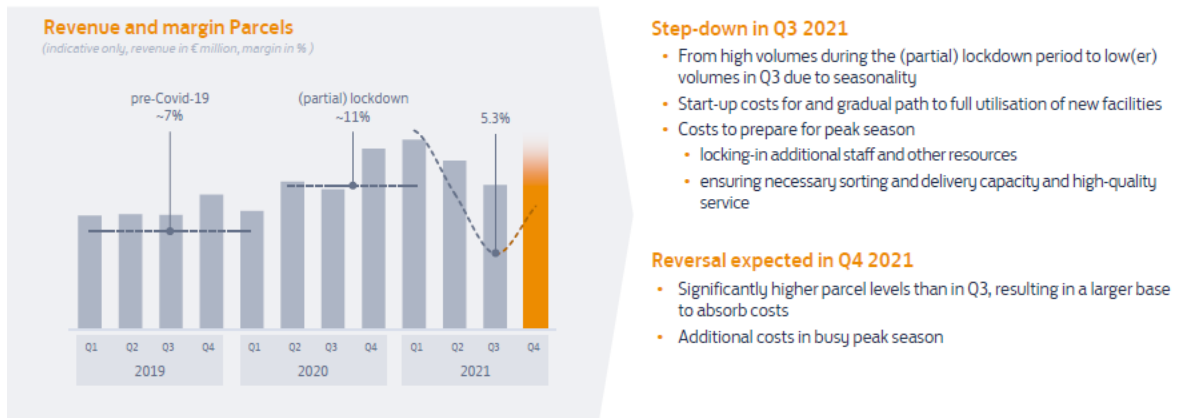
Let's dive into two main drivers under Parcels' performance. The first is the growth trend. There we see the reconciliation of the growth numbers we already discussed. We see 1.6% growth, 81 million parcels delivered in the third quarter. Excluding international, that accounts for 9% of growth. If we take the horizon from Q3 2019 towards 2021, we see growth of roughly speaking 20%, excluding the international volumes impacted by value added tax.

Within the quarter we saw a slow start in July, clearly as part of going back slightly to more normal circumstances. People went on holiday, which has caused the volume to drop in July but it was picking up later on in the quarter, particularly in August and September and continuing in the first weeks of October.

We are not insensitive to global supply chains, so we see some impact of shortages of raw material. Our clients are sometimes impacted by those and that impacts their robustness if we talk about volume development and volume expectations, which creates a bit more uncertainty about the volume growth. Nevertheless, we stick to our assumed growth rate expectation of 11% - 13%. CAGR has a starting point on reported volumes in 2020.

Margin development Parcels

Improving margin compared with pre-Covid-19 period due to structural better business performance



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After we have discussed the growth driver within the Parcels segment, it is good to spend a few words on the margin development. We are looking three periods on this graph. We have talked about the margins pre-Covid of around 7%. From thereon we have launched very many initiatives that are improving the margins in our Parcels business. Think about peak pricing, the pricing metrics on the back of volumes and the size of parcels. At the same time we are creating operational efficiencies by trying to get to a more equal flow within the days of the week. All of those contribute to improving margins. Above and beyond that, the lockdown led to even more equal flow and more efficiency in our network. That brought the margin towards the 11% mark, of which we have said that it is not feasible to assume that those margins will continue. Within 2021, you see a decline in margins, particularly in the third quarter, which is driven by a step-up in costs for the fourth quarter and obviously, the addition of the new facilities that will allow us to accommodate growth of our partners and clients in the important fourth quarter.

Towards the end of the year and also from thereon onwards, we still believe we will end up with a margin roundabout the 9% mark that we discussed before, which is somewhere in between 7% - 11% of pre-Covid and partial lockdown.



Solid performance at Mail in the Netherlands

Improvement in underlying substitution rate

	Revenue	Normalised EBIT*	Volumes
Q3 2021	€345m	€12m	430m -0.5%
Q3 2020	€379m	€4m	428m

* Non-recurring impact related to Covid-19 assumed to be around €5m in Q3 2021 versus €(9)m in Q3 2020

Revenue development

- Overall volume growth of 0.5% mainly explained by
 - underlying volume development (mainly due to continued substitution) improving to around -5% in the quarter
 - more than balanced by around 5% impact from non-recurring items, including invites for vaccination programme and self tests, and some other factors
- Moderate price increases, partly offset by less favourable mix effects
- Other revenues declined by €29m, mainly explained by the sale of Cendris (€14m in Q3 2020) and less export mail



Normalised EBIT

- Up €8m; €6m down when corrected for non-recurring Covid-19 impact (€5m in 2021 and €(9)m in 2020) of which €5m due to adjusted VAT regulation
- Decline in other costs, mainly explained by:
 - integration costs for Sandd and additional payments to people, both in Q3 2020
 - cost savings, e.g. efficiency improvements in preparation processes and route optimisation

Stamp price unchanged in 2022

- Regulation does not allow stamp price increase in 2022 due to positive volume contribution from Sandd and related to Covid-19 (non-recurring); moderate tariff increases in years thereafter
- Continued moderate pricing policy for business mail, also in 2022
- Financial projections did not assume stamp price increase

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We saw a solid performance at Mail, improvement in the underlying substitution rate. If we talk about the normalised EBIT, we see it is up EUR 8 million. There is a EUR 14 million improvement on Covid, EUR 6 million down on other business elements, of which EUR 5 million is driven by the value added tax regulation.

Revenue is down and that is driven by EUR 29 million of other revenue, mainly explained by the sale of Cendris of around EUR 14 million and less export, cross border mail as well.

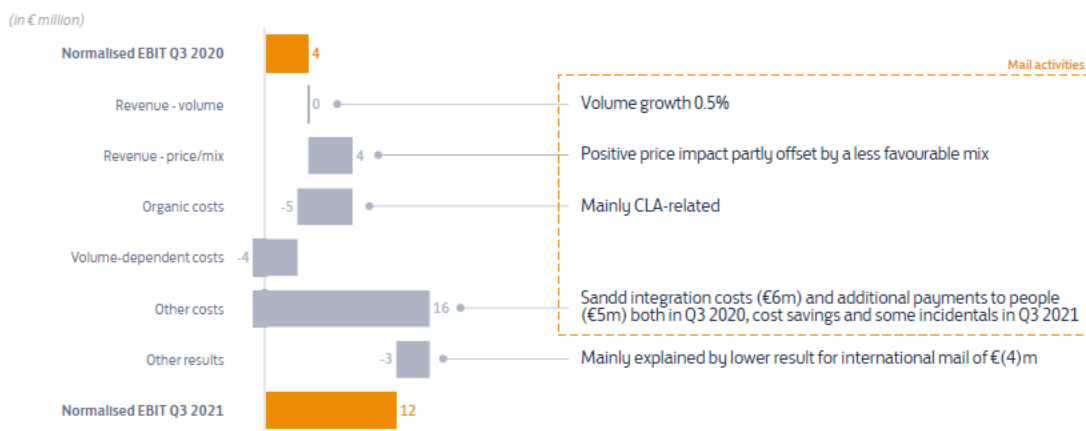
If we talk about the EBIT decline and other costs, it was mainly explained by the integration costs for Sandd and additional payments to people, both in the third quarter of 2020 and an improvement driven by cost savings and efficiency improvements in the preparation processes and route optimisation.

Stamp prices are unchanged in 2022. That was no surprise to us. Our projections for 2022 did not include any stamp price increase. At the same, we will continue with a moderate price policy for our business mail, also in 2022. The reason why there is no price increase in 2022 is the way the regulation works. It is based on costs and then based on 2020 and 2021. 2020 actuals and 2021 forecasts on volume developments. In 2020 we have clearly been benefitting from additional non-recurring Covid volume. That is a different trend. The system works well if we continue down the year, year over year and quarter over quarter volume decline, but clearly



incidental volumes impacted the system and that is why we are positive about the change in the draft postal regulation that accounts for this change, which will allow us to continue with our pricing strategy from 2023 onwards also on stamp prices.

Mail in the Netherlands Q3 2021 normalised EBIT bridge



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Let's go to the Mail in The Netherlands normalised EBIT bridge. Here we see the four compared to the twelve in this year. No volume effect, a positive price/mix effect of EUR 4 million, an even bigger positive price impact partially offset by a less favourable mix, EUR 5 million increase in organic costs, volume dependent cost was EUR 4 million down. That is also partly mix-driven as a consequence of the cross-border mail developments, and the development in other cost, which is EUR 16 million positive, driven by lower Sandd integration costs. Last year, we made additional payments to our staff of EUR 5 million and at the same time, cost savings stepped up and we saw some positive incidentals in the third quarter of 2021.

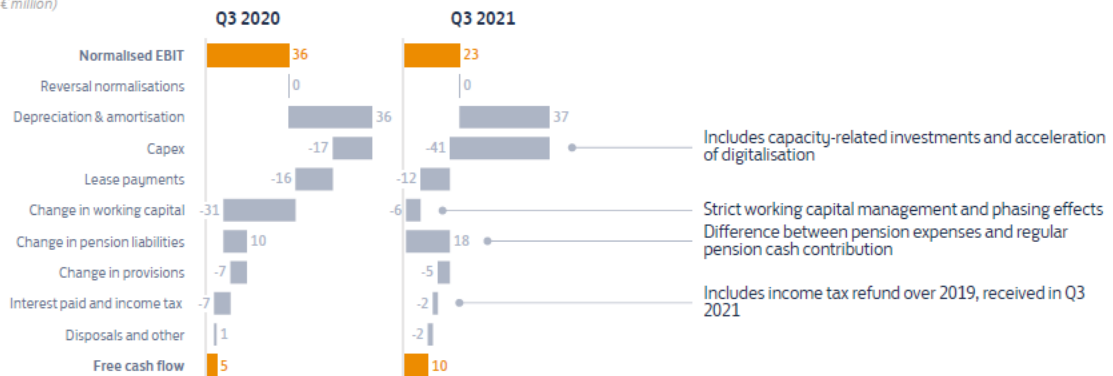
Other results EUR 3 million down, which is explained by the lower result of International mail of EUR 4 million.



Cash flow Q3 2021

Continuing strong cash flow performance

(in € million)



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Then moving on to cash flow. We saw even a positive cash flow development, EUR 5 million free cash flow in the quarter last year and EUR 10 million in this year. We have clearly stated a step-up in capex, which you can also see from EUR 17 million investments towards EUR 41 million. That includes obviously capacity-related investments as well as the acceleration of digitalisation, a more positive working capital development based on strict working capital management and some phasing effects. All in all, a strong cash flow performance.



Strong financial position

Adjusted net debt at €266m

(in € million)	2 Oct 2021		2 Oct 2021
Intangible fixed assets	349	Consolidated equity	340
Property, plant and equipment	372	Non-controlling interests	2
Right-of-use assets	288	Total equity	342
Other non-current assets	48	Pension liabilities	70
Other current assets	415	Long-term debt	696
Cash	786	Long-term lease liabilities	277
Assets classified as held for sale	9	Other non-current liabilities	64
		Short-term lease liabilities	64
		Other current liabilities	753
Total assets	2,267	Total equity & liabilities	2,267

- Adjusted net debt 2 Oct 2021: €266m: 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 Q3 2021: €26m (Q3 2020: €28m)
- Total normalised comprehensive income Q3 2021: €27m (Q3 2020: €28m); YTD 2021: €196m (YTD 2020: €92m)



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That, together with the profit leads to a strong financial position with an adjusted net debt at EUR 266 million, a total comprehensive income of EUR 26 million in the third quarter, and a total normalised comprehensive income of EUR 27 million, result in a year-to-date normalised comprehensive income of EUR 169 million. That is, as you know, the basis for our dividend policy.



Q3 2021

2021 outlook and guidance



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Let's move to the full year outlook and guidance.

2021 outlook and other main financial indicators confirmed

(Indicative only, in € million)

	2020	2021 outlook (9 August 2021)	remarks
Outlook			
Normalised EBIT	245	280-310	including ~-(30)-(35) for digital NEXT and increase in non-cash pension expenses
Free cash flow*	186	250-280	including ~-(20)-(25) for digital NEXT and subject to ability to utilise deferred tax assets
Other main financial indicators			
Capex	(78)	(160)	adjusted to (150)-(160) based on YTD figures
Changes in pension liabilities**	(166)	~55	Δ pension expense and pension cash contribution
Normalised comprehensive income	197	250-280	developing in line with normalised EBIT

- Assumed total non-recurring impact related to Covid-19 of around €75m in 2021



* Cash flow before dividend, acquisitions, bond redemption/other financing activities; after payment of leases
** Including settlement payment for transitional plans of €200m in 2020 and €16m in 2021

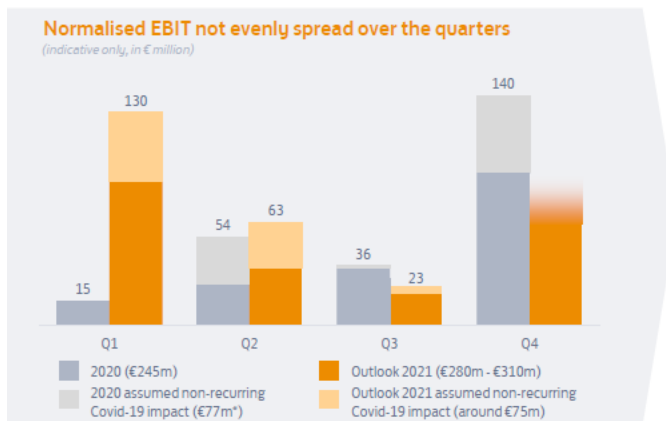
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The outlook is confirmed and let's look at the different components. On normalised EBIT we expect a EUR 280 million – EUR 310 million result, which includes EUR 35 million costs for Digital Next and an increase in non-cash pension expenses. No changes there.

On free cash flow we see EUR 250 million – EUR 280 million, which includes the cash out on Digital Next and we have assumed EUR 160 million on capex. That now has been slightly adjusted downwards to EUR 150 million – EUR 160 million, also slightly depending on how global supply chains work out. It is basically also a function whether we can get the assets in time delivered to us. An example is roll cages that are still in Chinese harbours waiting to be shipped to the Netherlands. So, there could be a slight phasing element there. No change in the delta pension expenses and normalised comprehensive income is also unchanged at EUR 250 million – EUR 280 million and developing in line with normalised EBIT.

Normalised EBIT in Q4 2021

FY 2021 outlook confirmed with normalised EBIT at €280m - €310m and free cash flow at €250m - €280m



Assumptions normalised EBIT Q4 2021

- Extraordinary Q4 2020 with large impact assumed to be non-recurring and related to Covid-19, particularly at Mail in the Netherlands
- Three working day less than in 2020
- Acceleration of digital Next and some additional costs for start-up of new facilities
- Impact higher pension costs and some additional cost inflation
- Some remaining uncertainty around impact of VAT changes and Covid-19 developments

Free cash flow

- Outlook for free cash flow 2021: €250m - €280m, taking into account tax effects, change in trade-off capex/leases and acceleration in capex related to digitalisation
- Q4 free cash flow to be impacted by further step-up in investments and phasing in working capital



* Assumed non-recurring Covid-19 impact in 2020 at same assumptions as 2021 (so including Spring and Logistics – impact of €22m in 2020)

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Let's look at the phasing over the quarters. Clearly, you see the comparison. In the fourth quarter of 2020, we had an extraordinarily large impact driven by non-recurring Covid, which was in that quarter roughly speaking EUR 47 million, EUR 26 million of which at Parcels and EUR 20 million at Mail. We have three working days less than in 2020. Obviously, it is still an acceleration of Digital Next and some additional costs for the start-up of new facilities. That is already in Q3 and obviously will continue in the fourth quarter. Higher pension costs and



additional cost inflation in comparison to last year but, as said, also an expected step-up in volumes from Q3 to Q4 on the back of the expectations of both our clients and ourselves.

Still a bit of an uncertainty around the impact of the value added tax changes as to the level of growth. Obviously, we need to monitor closely whether or not Covid-19 has implications on the last quarter as well.

The outlook for the free cash flow of EUR 250 million – EUR 280 million, taking into account tax effects, change in trade-off capex/leases and acceleration of capex in relation to digitalisation.

These are basically the key take-outs for the fourth quarter. Let's move to the last slide.

A strong business well positioned for further growth

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

Delivering on our strategy in a challenging environment

- Building on solid performance YTD 2021 and anticipating a busy peak season
- Continuing trend in e-commerce growth
- Accelerating our digital transformation to strengthen our competitive position by further building on our platform and connecting customers, consumers and solutions through simple and smart digital journeys
- Progress towards achieving ambitious environmental targets
- Some uncertainty related to the (temporary) impact of change in VAT regulation for small non-EU goods and other regulation in China and overall global market developments



FY 2021 outlook confirmed at between €280m and €310m (including assumed non-recurring impact related to Covid-19 of around €75m), with free cash flow between €250m and €280m

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We are very positive about the transformation. We are looking at a strong business that is positioned well for further growth, to be the leading logistics and postal service provider in, to and from the Benelux.

We are building on a solid performance year to date 2021 and we are anticipating a very busy peak season.



We are seeing continuing positive trend in e-commerce growth and we are accelerating our digital transformation to strengthen our competitive position.

We are progressing well towards achieving our ambitious environmental targets.

We are not insensitive for global supply chain implications that could have an impact on value added tax regulation and overall global market developments.

At the same time, we are confident to be able to confirm our outlook on normalised EBIT and on cash flow as well.

That concludes the presentation on Q3, at least for now, before we move to QandA. Jochem?



Q&A

Q3 2021 Results



- Deep-dive into PostNL's new, fully automated, robotic parcel sorting centre to be scheduled in 2022
- Date to follow; you will be invited!

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

Thank you, Pim. Operator, can you open the floor for questions, please?

- **Frank Claassen – Degroof Petercam**

Good morning. First of all on your outlook. Do you still anticipate positive non-recurring Covid impact for Q4? That is a bit unclear to me. And what could be the drivers of these possible effects?

Secondly, on the Parcels business. Of course, there has been quite a bit of upward cost pressure on labour and fuel. Do you see room to pass these on via price increases and what kind of price increases for cost inflation are we talking about?

Pim Berendsen – CFO PostNL: To answer your first question, at the moment we do not assume any non-recurring Covid impact anymore in the fourth quarter. So, if we talk about the roughly EUR 74 million non-recurring Covid, that is also what we expect for the full year.



Frank Claassen – Degroof Petercam: Great. Clear!

Pim Berendsen – CFO PostNL: On the second point, yes, on some of the elements there is cost pressure and through our regular ways there will be indexation for our pricing points in the customer contracts that we have. That is not to say we will always be able to pass on 100% of those cost increases directly, but over time there certainly are ways to use indexation in our commercial prices as well.

At the same time, on some of these cost drivers, we have secured our position before. So on energy, for instance, we have hedged that risk for a longer period in time. Yes, there is upward pressure on fuel prices but that is not that big and definitely not that big in our full year expectations.

Frank Claassen – Degroof Petercam: And then could you roughly quantify what kind of price increases across the board we are talking about?

Pim Berendsen – CFO PostNL: That is difficult to say. There is normal indexation in our contracts based on quite often NEA indexation metrics and that follows the outcome of that index. These are the regular indexation agreements with our customers. When contracts are ended, there are renegotiations of terms and as we have said before, that is a moment in time when we can adjust prices. All in all, individual price points are still moving up. So, if I talked about the margin development of Parcels on the specific slide that we have included for that purpose in this deck, I said that we expect a margin of Parcels at roundabout the 9% mark of the segment, which is also what we have assumed to continue and that is also in line with what we said when we talked in August.

Frank Claassen – Degroof Petercam: Okay. That is helpful. Thank you very much.

- **David Kerstens – Jefferies**

Good morning, everybody. I have three questions, please. First of all, you highlighted the parcels' volume growth of 19% versus 3Q2019. I think your largest competitor in the Netherlands recently called 78% growth over the same period. What was driving that big difference in volume momentum? Is it due to the launch of Amazon in March 2020? Or were



you impacted by capacity constraints? And now with the small parcel sorting centre open, do you expect to regain some of that share?

My second question is on the parcels volume growth outlook for the fourth quarter. Some of your customers have talked about product shortages due to the global supply chain disruptions. As a result, volumes could be down in the fourth quarter. What is your expectation in terms of volume growth and will you still see also that impact from the higher VAT impacting volume?

My final question is on the Mail side. You highlighted labour negotiations have started. To what extent will you be able to mitigate potential significant step-up in wage inflation in light of relatively more limited stamp price headroom?

Herna Verhagen – CEO PostNL: There are a few ways to explain the parcel volume growth in comparison to DHL. When we presented our Capital Markets Day in 2019 with the increases in tariffs which we announced at that moment in time, we saw an effect from that that we expected. That effect was a small shift in market share between us and our competitors. That is also what we presented in the first quarter 2020. As of that moment in time, we do not see shifts in market share between us and the others. Of course, when you have small volumes, growth percentages are different when you compare it to ours. As said, the big difference was because of the Capital Markets Day and the dual vendor ship result of that, which we already discussed in the first quarter of 2021.

David Kerstens – Jefferies: Okay, so basically the shares have been more stable?

Herna Verhagen – CEO PostNL: Sorry, David?

David Kerstens – Jefferies: So I understand you indicated that recently the market shares have been more stable, so that shift mainly took place during the second half of 2019 and the first quarter of 2020?

Herna Verhagen – CEO PostNL: Correct.

Pim Berendsen – CFO PostNL: On your second question, the pace of growth in the fourth quarter was potentially impacted by product shortages. If we talk about growth not corrected for non-recurring Covid in 2020, we do not expect growth; we more or less expect the same volume as last year, including Covid. If you then take out the fourth quarter non-recurring Covid



element, you are looking at a growth pace that is some, roughly speaking 15% - 17% within the fourth quarter. The way we look at it, is that there are a few customers and also a few product categories that are impacted by potentially raw material shortages. That is predominantly the case in the electronics branch. That was obviously included in the numbers I just talked about. Our growth expectations are based on our broad customer base and the conversations that we have had. We feel that our clients are slightly more cautious or uncertain of the level of volume development. That obviously plays into our own expectations as well. Within those growth rates it is a few percentage points decline of cross-border driven by value added tax that we have taken into account.

David Kerstens – Jefferies: So that is in the flat volume assumption for Q4, the VAT effect?

Pim Berendsen – CFO PostNL: Uncorrected, I would say, flat in comparison to last year.

David Kerstens – Jefferies: Understood. Very clear. Thank you.

Herna Verhagen – CEO PostNL: In Mail, CLA negotiations just started, so let's not give away too much about the mandate we have given our team. When we look into the market and into tariff increases or increases in CLAs, we see the differences in the Netherlands. It is not everywhere the same, to be honest. There could be a potential step-up. As you know, in our strategic plans and therefore also in our forecast, we take step-ups in cost into account because of inflation or CLA negotiations, like we did this time. So for now, when it comes to our cost savings and when it comes to a normal CLA negotiation which we expect, it is doable for the year 2022 but as said, let's not walk too much ahead of the negotiations at this moment in time.

David Kerstens – Jefferies: Can I maybe ask a quick follow-up on the pricing side? What type of pricing headroom do you have on the business mail side?

Herna Verhagen – CEO PostNL: It is not regulated on the business mail side. There it is not a case of having headroom. That means that we expect normal tariff increases on our business side. And, as said by Pim, as of 2023 we expect modest increases on stamps again.

David Kerstens – Jefferies: And what is a normal rate for business mail?



Herna Verhagen – CEO PostNL: What we saw in the last few years was well above inflation and looking into the enormous high inflation we currently have; I would say it is more or less on inflation.

David Kerstens – Jefferies: Alright. Thank you very much.

- **Marc Zwartsenburg – ING**

Thank you for taking my questions. First, I would like to come back on the guidance, Pim, that you gave on the 9% margin for Parcels going forward. That is a bit underlying the guidance towards 2024. But I thought there was also some additional uplift in the margin coming from the digital investments. We get new depots, small parcels sorting centres, et cetera. So, given your 11% - 13% volume growth and the fact that you have some digital investments that at some point should yield a return, half of which would come back into EBIT, I would expect then also the margin to see some progression. Can you explain a bit the path towards 2024?

Pim Berendsen – CFO PostNL: A clear question, Mark! What I intended to explain first and foremost was the development from Q3 towards the end of the year. And indeed, it is around 9% and over time, when the digital initiatives kick in – they certainly will not contribute a lot in 2022 and 2023, as we talked about before because they mature towards the second part of 2023 and 2024 - over time, you should expect a little bit of an uplift of the margin. So, that is unchanged in comparison to what we discussed in August.

Marc Zwartsenburg – ING: Okay, that is clear. And then maybe on Q4. You had a guidance for Parcels for the second half of EUR 90 million – EUR 100 million EBIT. That means that you need at least EUR 63 million in Q4. Last year, you had EUR 75 million. You intend to have flat parcels volumes at best but you will still have the impact from VAT in the cross-border. You will probably have the EUR 8 million that you called digital and IT. That will continue. Basically, that means that it will be quite a struggle that you need to have some extra EBIT somewhere else to make that number. Or am I missing something here?

Pim Berendsen – CFO PostNL: Okay. I could not, from the starting point, reconcile, but the element that I have not heard and which could be missing is the other cost development in the



bridge, which was quite high in this quarter. It is not at the level that you should expect in the fourth quarter. That will not be more than half of that number.

Marc Zwartsenburg – ING: Okay, that helped. Indeed, that was what I was referring to and the other one was the VAT impact.

Pim Berendsen – CFO PostNL: So, if you look at the average it is, roughly speaking, EUR 8 million - EUR 9 million normally other cost development. There is a step-up in the third quarter driven by the key elements that I have explained, so a step-up in facilities and rebalancing the network. It will not be that big, it will be half of that in the fourth quarter.

Marc Zwartsenburg – ING: Okay, that is clear. And then maybe on the impact from the VAT, the EUR 3 million. You lose EUR 25 million of revenues and it has an impact of EUR 3 million on your EBIT. That seems quite a high margin that business. I thought that the margin on that business was lower. Is it something that will be lower going forward because now you maybe have planned for more, so there was a bit more extra cost in the system? How should I look at that?

Pim Berendsen – CFO PostNL: There are a couple of components here. Revenue is revenue but it does not always relate to the volume definition. Indeed, the cross-border mail business is relatively high margin. So, if we talk about the value added tax impact of EUR 8 million, it is partially mail – and that is high-margin business – and partially within the Parcels segment. Within the Parcels segment, it is the Spring Asia trade lane, which is also above average in margin profile. The implications at international parcels or parcels of bigger sizes that go into the parcel network contribute towards the average margin of the Parcels segment. So you should not apply the Spring margin on the overall revenue implication because it has big components in International mail and International parcels as well.

Mark Zwartsenburg – ING: Okay, but I was referring more to the parcel impact of EUR 3 million and then related to the revenues that you showed on the Parcels sheet. But okay ...

Pim Berendsen – CFO PostNL: Yes, but that is a combination of Spring revenue and Parcels revenue. The Spring revenue is from the trade lane Asia to Europe, which is on margin profile the most attractive trade lane. International Parcels basically is with the same margin profile as Domestic Parcels, roughly speaking.



Mark Zwartsenburg – ING: Okay. And then a final one on the mail volumes. I am a bit confused because I see that you have plus 1.6% growth in volumes in the quarter. You say July was a weak month. So, I assume that there was a negative. But if I then reconcile ...

Herna Verhagen – CEO PostNL: Mail volumes, Mark!

Pim Berendsen – CFO PostNL: This is Parcels. You started your question on Mail. The numbers are right and you want to talk about Parcels.

Mark Zwartsenburg – ING: No, I want to talk about Parcels. I was not talking about Mail. It is about Parcels volume, the plus 1.6. July started off weak, so there was probably a negative number. But if I remember correctly at Q2, I recall that also Q3 started off quite strong and the volume was still healthy. We were still looking to the 11% - 13% and then +1.6% comes out. I am wondering a bit how there can be such a big deviation. Is it that you simply that you simply do not see the volumes quickly enough to have a good possibility on those volumes? When I read across, how then should we reach zero or flat revenues for Q4? Is that indication then better than what you had at Q2? That puzzles me a bit.

Pim Berendsen – CFO PostNL: On the 1.6%, that is the volume not corrected for non-recurring Covid, to be clear. In any event, with or without correction, July was really slow and then a step-up towards the normal kind of – roughly speaking – 8% growth in August and September and continuing into the first weeks of October. So, if corrected for non-recurring Covid, growth is 6%, then you know that July was actually very far off the mark from the average of the quarter. We believe that is driven by the biggest part of the country being on holiday already in July. People coming out of the Covid-era, going out much more, taking holidays much more, that had an impact on volume clearly.

Herna Verhagen – CEO PostNL: When we presented Q2 we said that when we looked into July we did not see much deviation from what we expected. However, we also said that we did know how that would translate to the rest of the quarter because it is always difficult to give an indication on only the month of July. What we did not know by that time is if VAT would continue to be low, like it was in period 8 and 9. So, that is the reason we said it was too early to give a view on Q3 when we talked in the beginning of August because we had only the month of July behind us. The summer period together with the uncertainty around VAT did not give us enough clarity to give clear guidance at that moment in time. As Pim just said, we are happy



that volumes came up to the normal levels in August and September and we also saw them developing in the beginning of October.

Mark Zwartsenburg – ING: What Pim was referring to is not an adjustment; is it an actual number or is it a Covid adjusted number?

Pim Berendsen – CFO PostNL: It is an adjusted number.

Mark Zwartsenburg – ING: Okay. Clear. Thank you.

- **Muneeba Kayani – Bank of America Global Research**

Good morning. I just want to follow up on October volumes. Have they continued in that 8% - 9% range or are they better than that rate? It is just following up on the previous question.

And then secondly, on slide 11, you showed a EUR 16 million increase in parcel cost in 3Q; can you help me think about which of these you would consider one-time and which will continue into 4Q? How should we be thinking about costs in the fourth quarter?

You also mentioned that costs were impacted by the indexation of delivery partners during the third quarter. Can you talk a little bit about that? How should we think about that going forward?

Pim Berendsen – CFO PostNL: Clear questions! October basically more or less follows the same growth rates as September. So, we really expect an acceleration towards the peak levels as of Black Friday and before that they follow the same pattern and the same phase as September.

If we are talking about the bridge on other costs, there is a minus EUR 16 million. That was also one of David's or Marc's questions and I have tried to explain that you should expect about half of that in the Q4 bridge. That is not to say that those costs are incidental because the network has expanded with the small parcel sorting centre and the Westzaan facility. But clearly, those locations will become more efficient as more volume gets put through the network. So, you should expect positive volume and volume dependent and the balance of those two will be positive in the fourth quarter and a slightly less negative other costs development, basically expected to be half of minus EUR 16 million.



Herna Verhagen – CEO PostNL: Your third question was on the cost impacted by indexation for our delivery partners. That mainly had to do with an increase in the CLA of BGV, which is the CLA followed by our delivery partners. So, it is normal CLA indexation which took place over there. But that CLA has a different rhythm than the negotiations on our own CLA.

Muneeba Kayani – Bank of America Global Research: Thank you. Just a follow-up on that. What is the time frame for that CLA? And how much was the ...

Herna Verhagen – CEO PostNL: I do not know by heart, so we will look into it. I will send you an email.

Muneeba Kayani – Bank of America Global Research: Great. Thank you.

- **Henk Slotboom – The Idea!**

Good morning Herna and Pim. I have a couple of questions. First of all, the competitive landscape. Do you see any differences? Herna, you said earlier on that you do not see continued dual vendorship. With all these spikes in volume I can imagine that as a sender of e-commerce you are glad that your stuff is being delivered, so there is no stimulus to change to another supplier. Do you expect any changes now that growth is obviously returning to a more normalised level?

My second question is also related to competition. I was reading an interview with the sector institute for the transport and the logistics industry in Transport Online. They noted that in August there were 10,400 vacancies for chauffeurs and 15,300 vacancies for people in the logistics sector. You are using a lot of subcos and you were referring to the BGV but what is the risk with these kinds of shortages of competitors paying up simply to lock in the capacity on the last mile? Do you see any evidence of that and could that be an additional driver for costs?

My last question is for Pim. In the half year numbers presentation you said you expected underlying growth in Parcels to be around 20% - 23%. If I understand when listening to David this will be lower. Is it fair to assume an underlying growth rate of 13% - 14% for the full year on the back of the zero growth you expect on a reported basis?



Herna Verhagen – CEO PostNL: Thanks, Henk. First on your competitive landscape. Indeed, I said that as of Q2 2020 we did not see a shift in market share between us and competitors. Important to that is of course the capacity we have and the capacity we will have during Black Friday, Cyber Monday, Santa Claus, and Christmas. Also important is – and that remains to be important going forward – is to remain to be different, to remain to have a competitive advantage above our competitors. That is partly in quality, partly in our app and partly in services we deliver to customers. And you have to keep developing those. That underpins the importance of our Digital Next strategy as well. Competition is speeding up and so we are speeding up as well. At this moment in time we do not see that the growth we see is a stimulus to change. That is not the case but as said, keeping our competitive advantage is crucial.

I read the same article in Transport Online on all the vacancies. I was happy – and still am – that when it comes to truck drivers we changed our approach already two years ago to hire more and more truck drivers ourselves. At this moment in time more than 50% of the truck drivers is employed by PostNL. That helps us of course in general but also during peak season. Secondly, as Pim already mentioned, we already started to ramp up our capacity at the end of Q2 and then especially in Q3, which gave us the possibility to offer the extra capacity, not only for a few weeks but for a relatively long time. That makes us confident that we have enough capacity in the sense of volume but also in the sense of transport and of course delivery.

Then back to our deliverers. I think the fact that we have deliverers who are employed by PostNL and deliverers who are employed by our delivery partners makes us flexible in the sense that we are able to ramp up not only in capacity but also in the amount of people, the amount of vans, et cetera. So yes, the labour market is tightening but the fact that we have a combination of own hiring and hiring via our delivery partners makes that we have lots of pools in the labour market where we can pull people from. That helps us enormously in making sure that we have enough people. So, I recognise the trends on shortage and tightening of the market but I do not see it as an issue for our organisation in Parcels at this moment in time and also not for the ramp-we need in the direction of our Q4 peak.

Pim Berendsen – CFO PostNL: Your third question was about the growth rate and just to make sure that we are answering the same question you were asking whether it is fair to assume a 13% - 14% full year growth? So, it is not about the fourth quarter but the full year?

Henk Slotboom – The Idea!: Yes.



Pim Berendsen – CFO PostNL: Then I would say you are a bit too low with that. Our estimation is slightly higher, I would say at least 200 bps higher than your estimate.

Henk Slotboom – The Idea!: Okay. That is a clear answer. Thank you.

- **Marco Limite – Barclays**

Good morning. I have two questions on the Mail division. The first is on your underlying mail volume decline. You clearly see long-term volume decline from 10% to 8% and now it 5%. What is your latest thinking on that?

Secondly, could you please clarify the formula for price increases? What I am thinking about is more what sort of price increase we should expect in 2023 and 2024. Are the one-off volumes that we have seen in 2021 going to have an impact on the 2023 and 2024 pricing as well?

Pim Berendsen – CFO PostNL: Our previous assumption on substitution volume decline in the mail business was 8% - 10%. Halfway through the year we said it was around 8% and then within the quarter it is around 5%. You are right. We see a slight improvement in the underlying substitution rate, an improvement towards the around 8%. Let's put it differently. Compared to the around 8% we see a slight improvement but obviously, we need to see how it plays out in the fourth quarter. We did not give a specific and clear answer on a number for 2022 and we will refrain from doing that until we have seen the fourth quarter. But underlying it is a slight improvement of the substitution rate, which is positive for the mail business.

Herna Verhagen – CEO PostNL: Your second question was on the formula for price increases. It is important to make a distinction between an increase in the Universal Service Obligation and an increase in our business mail. As I have already mentioned, when it comes to business mail it is non-regulated and we follow our pricing strategy which we have followed for the last seven to eight years.

When it comes to the Universal Service Obligation, we have a maximum return on sales of 9%. Secondly, the increase cannot be higher than half of the decline of the year before plus inflation. That is the formula we have. Of course, it depends a little bit on where we are in the direction of the 9% together with the formula, as just mentioned.



2020 was a good year for the mail division and that is shown in the fact that there is no price increase for the year 2022. With the decline, as just explained by Pim and also the underlying decline, we expect that there will be an opportunity for price increases in 2023 and 2024 for the Universal Service Obligation mail but it is too early to exactly give you a clear point to what the increase will be. As said, it will be a modest increase, a moderate price increase as expected, from 2023 going forward.

Marco Limite – Barclays: Thank you.

- **Andre Mulder – Kepler**

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Jochem van de Laarschot – Director Communications & Investor Relations PostNL: I think we will contact Andre afterwards to see what his question was and then we will conclude the call.

I would like to thank you all for participating today. Looking forward, we have a plan to have a deep dive, as we have organised in 2021. We hope to be able to invite you and welcome you to our brand-new Small Parcels Sorting Centre in Nieuwegein early next year.

I have to add to that, that the Corona numbers at this moment give a reason to pause with making the plans for that, so stay tuned for that. Of course, we will present our fourth quarter and full year results at the end of February next year.

I am sure we will be in touch beforehand. If you have any further questions, you know where to find us. Thanks again and see you next time.

Bye bye!

End of call



Appendix

Q3 2021 Results



- Results by segment Q3 2021 and YTD 2021
- Revenue mix Parcels per quarter
- Assumed non-recurring impact related to Covid-19 YTD 2021
- Result development by segment YTD 2021
- Adjusted net debt
- Cash flow YTD 2021

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Results by segment Q3 2021 and YTD 2021

(in € million)	Revenue		Normalised EBIT		Margin	
	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021
Parcels	490	505	49	27	9.9%	5.3%
Mail in the Netherlands	379	345	4	12	1.1%	3.5%
PostNL Other	25	52	(17)	(16)		
Intercompany	(151)	(172)				
PostNL	742	729	36	23	4.9%	3.1%

(in € million)	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021
	Parcels	1,420	1,756	134	174	9.4%
Mail in the Netherlands	1,166	1,201	14	94	1.2%	7.8%
PostNL Other	76	150	(43)	(52)		
Intercompany	(430)	(577)				
PostNL	2,232	2,530	105	216	4.7%	8.5%



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Revenue mix Parcels per quarter

(in € million)	Q1 2020	Q1 2021	Q2 2020	Q2 2021	Q3 2020	Q3 2021	YTD 2020	YTD 2021
Parcels Netherlands	277	444	354	383	321	329	952	1,157
Spring	68	145	84	131	101	95	252	372
Logistics solutions and other	81	102	92	100	86	95	259	298
Eliminations	(12)	(30)	(14)	(26)	(18)	(14)	(43)	(70)
Parcels	414	662	516	589	490	505	1,420	1,756

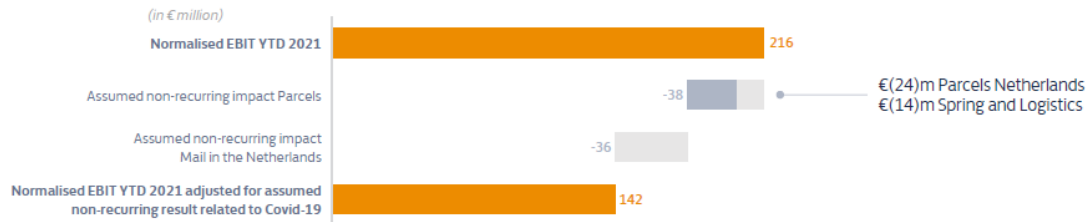


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Assumed non-recurring impact related to Covid-19 YTD 2021

YTD normalised EBIT €216m, of which €74m assumed to be non-recurring result related to Covid-19



- YTD 2020: Normalised EBIT €105m, of which €30m assumed non-recurring impact related to Covid-19 (€22m Parcels Netherlands, €15m Spring and Logistics and €(6)m Mail in the Netherlands)

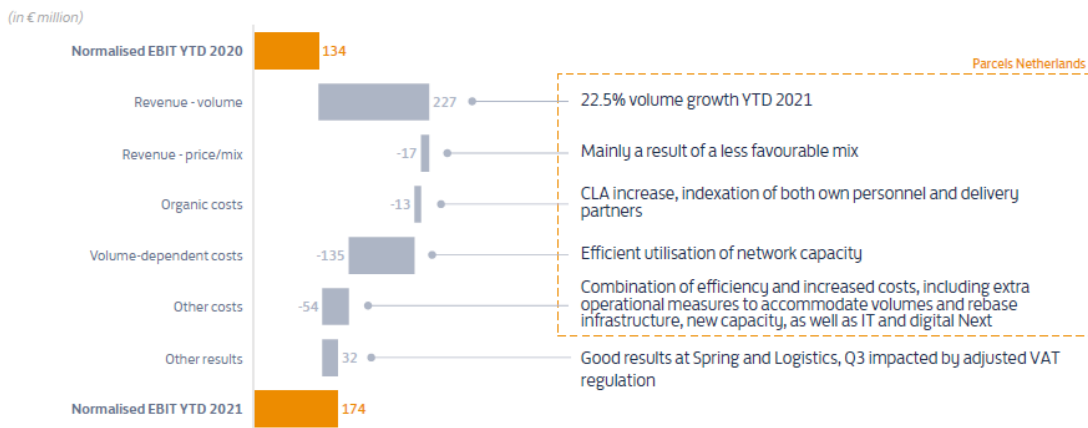
- 284m parcels delivered, of which around 37m assumed to be Covid-19 related and non-recurring (YTD 2020: 232m, of which around 13m non-recurring)
- Flexible yet robust business model, with additional measures (operating costs and investments) taken to accommodate growing volume
- Favourable volume development at Mail in the Netherlands, driven by recovery of direct mail and non-recurring effects including voting by mail, vaccination letters and self tests
- Costs related to incentivising retail partners to remain open for parcel and mail services (around €15m) in Q1 2021



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Parcels YTD 2021 normalised EBIT bridge

Up €41m compared with YTD 2020



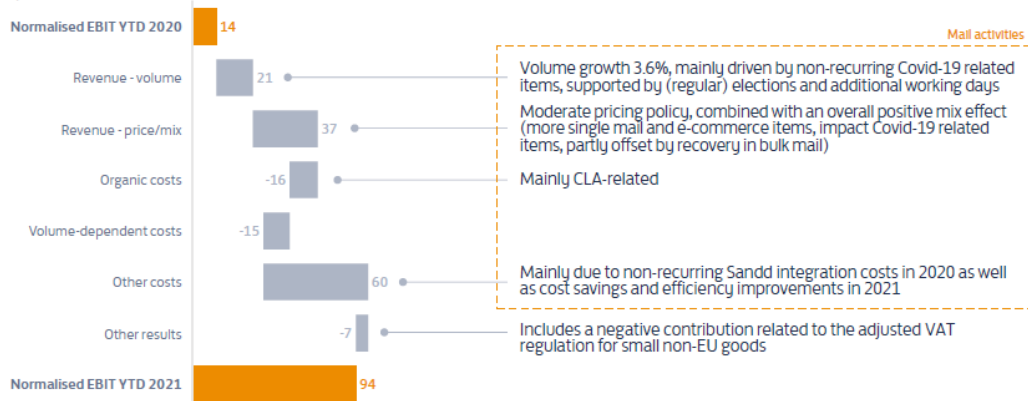
Assumed non-recurring impact related to Covid-19 of €38m YTD 2021 versus €37m YTD 2020

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Mail in the Netherlands YTD 2021 normalised EBIT bridge

Up €80m compared with YTD 2020

(in € million)



Assumed non-recurring impact related to Covid-19 of €36m YTD 2021 versus €(6) m YTD 2020

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Adjusted net debt

(in € million)

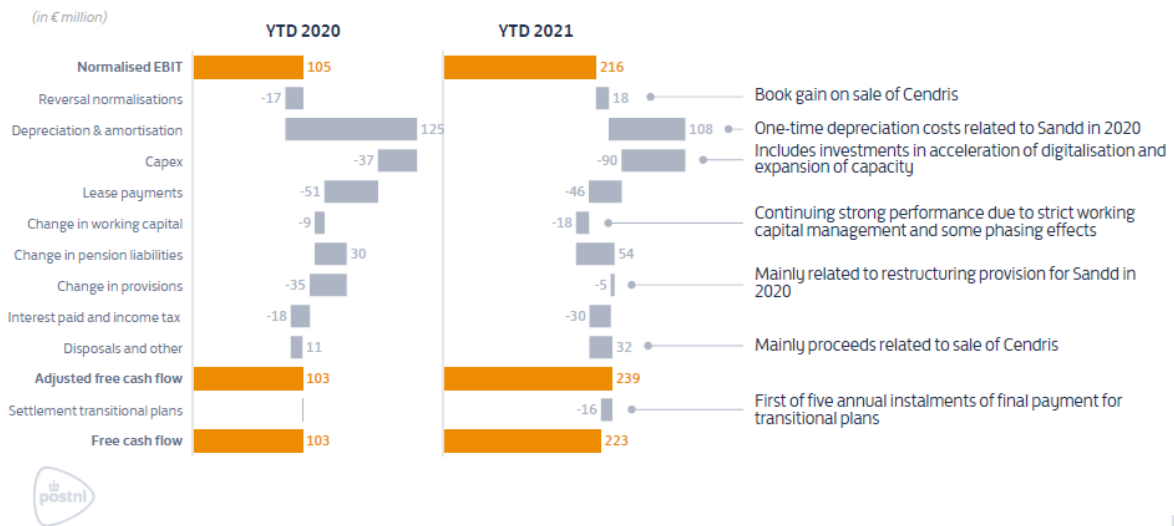
	31 Dec 2020	2 Oct 2021
Short- and long-term debt	708	697
Long-term interest-bearing assets	(27)	(19)
Cash and cash equivalents	(651)	(786)
Net debt	31	(108)
Pension liabilities	86	70
Lease liabilities (on balance)	294	341
Lease liabilities (off balance)	66	35
Deferred tax assets on pension and operational lease liabilities	(70)	(71)
Adjusted net debt	407	266



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Cash flow YTD 2021



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