2021

Capturing growth, delivering value

Q2 & HY 2021 results

The Hague — 9 August 2021

Additional information

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Key takeaways

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- Another solid quarter, contributing to a very strong half-year performance, partly based on non-recurring impact of Covid-19
- Raised FY 2021 outlook to €280m - €310m
- Delivering on our strategy: total investments in expansion of capacity, digitalisation and ESG up to ~€950m in 2022-24
- FY 2022 expected to come in below FY 2021 due to non-recurring impact, with underlying business performance continuing to improve
- Raised ambition to achieve normalised EBIT between €330m and €370m in 2024, driven by improving business performance and digitalisation; €60m to €80m above initial ambition level

Strong performance thanks to our people and solid teamwork in a challenging environment

Normalised EBIT Q2 2021 up 17% to €63m

Outlook for FY 2021 raised to between €280m and €310m

Key financial metrics for Q2 & HY 2021

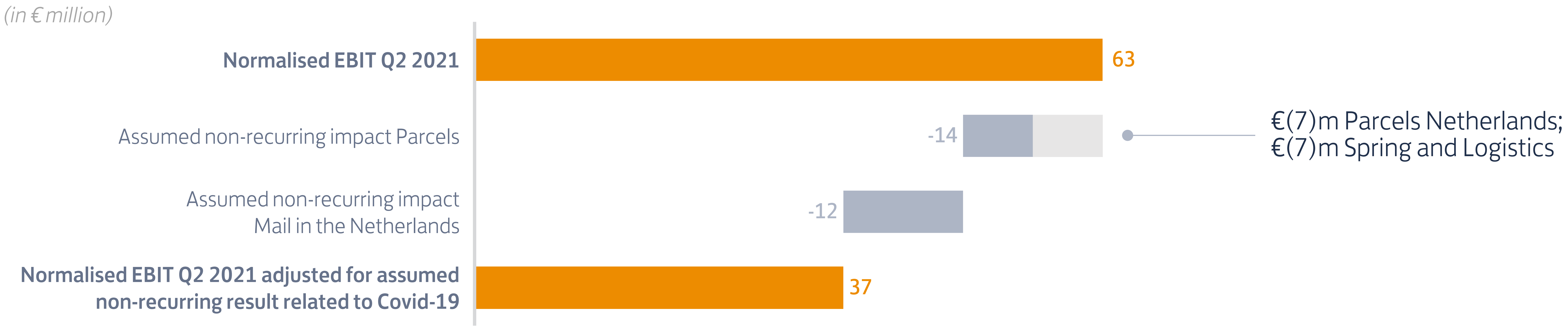
(in € million)	Q2 2020	Q2 2021	change	HY 2020	HY 2021	change
Revenue	789	**838**	+6%	1,490	**1,800**	+14%
Normalised EBIT	54	**63**	+17%	69	**193**	+180%
Assumed to be non-recurring and related to Covid-19	*29*	*26*		*29*	*69*	
Free cash flow	93	**54**		98	**213**	
Normalised comprehensive income	35	**57**		64	**169**	

- Interim dividend 2021 set at €0.10 per share

- 13% improvement in carbon efficiency of PostNL's own fleet compared with FY 2020

- FY 2021 normalised EBIT expected to be between €280m and €310m

Around €26m assumed to be non-recurring and related to Covid-19



- Q2 2020: normalised EBIT €54m of which around €29m non-recurring and related to Covid-19 (€16m Parcels Netherlands, €9m Spring and Logistics and €4m Mail in the Netherlands)

- 95m parcels delivered, of which around 11m assumed to be Covid-19 related and non-recurring (Q2 2020: 86m of which 9m non-recurring)
- Strong volume development at Mail in the Netherlands, driven by non-recurring effects including vaccination programme and by recovery in direct mail

Business performance Q2 2021

Parcels: Benefiting from e-commerce growth, volume up 11.4%

Improving underlying business performance excluding non-recurring impact Covid-19

	Revenue	Normalised EBIT*	Volumes
Q2 2021	€589m	€56m	95m +11.4%
Q2 2020	€516m	€60m	86m

** Non-recurring impact assumed to be around €7m Parcels Netherlands and €7m Spring and Logistics in 2021 versus €16m and €9m in 2020 respectively*

Revenue mix

in € million	Q2 2020	Q2 2021
Parcels Netherlands	354	383
Spring	84	131
Logistics solutions and other	92	100
Eliminations	(14)	(26)
Parcels	**516**	**589**

Solid revenue growth

- Benefiting from structural e-commerce growth
  - step-up in transition from offline to online
  - underlying volume growth Parcels around 10%
- Negative price/mix effect
  - better pricing
  - expected yet unfavourable mix effects; stronger growth at large customers with single items and import down compared with last year
- Spring: strong growth in Asia and Europe
- Revenue growth at Logistics due to healthy e-commerce growth in all business lines

Normalised EBIT up €6m when excluding non-recurring Covid-19 impact

- Increasing costs in line with expectations
  - additional operational measures to accommodate volumes within current infrastructure
  - some extra costs related to new capacity
  - organic cost increases
- Ongoing good performance particularly at Logistics

Scheduled expansion of capacity on track

- 26th sorting and distribution centre in the Netherlands operational since end of June
- Successful execution of first pilots in small parcels sorting centre; will be operational in Q3
- 1st sorting and distribution centre in Belgium to open early 2022

Strong performance at Mail in the Netherlands

Supported by large non-recurring addressed mail volumes

	Revenue	Normalised EBIT*	Volumes	
Q2 2021	€389m	€23m	486m	4.2%
Q2 2020	€393m	€5m	466m	

** Non-recurring impact assumed to be around €12m in 2021 versus €4m in 2020*

Revenue development

- Underlying trend in volume decline continued at a substitution rate of around 7%
- Volume growth of 4.2%, as substitution is more than offset by
  - non-recurring items related to Covid-19, for example letters related to the vaccination programme and recovery of direct mail (around 9%)
  - one additional working day and some other effects (around 2%)
- Moderate price increases almost fully offset by less favourable mix effects compared with last year
- Sale of non-core activities (revenue Cendris €15m in Q2 2020)

Normalised EBIT up €11m when excluding non-recurring Covid-19 impact

- Driven by volume development
- Decline in other costs, mainly explained by:
  - non-recurring integration costs for Sandd in Q2 2020
  - cost savings, for example efficiency improvements in preparation processes and route optimisation

Delivering on our strategy

Our purpose, ambition and strategy

Purpose	**Deliver special moments**
Ambition	**To be your favourite deliverer**
Strategy	**To be the leading logistics and postal service provider in, to and from the Benelux region**

Focus on customers, people, the environment and society at large

Environmental, social and governance (ESG) fully embedded in our strategy and business model

Deliver emission-free in 25 Dutch city centres by 2025; emission-free last-mile delivery in Benelux area in 2030

- Clean kilometres
- Network efficiency
- Sustainable buildings and facilities
- Green products and services

Be your favourite deliverer

- Enhance customers' business
- Smart solutions and capacity to grow
- Secure a sustainable mail business
- Provide unique customer experience

Realise full potential of our people and act as responsible employer

- Workforce optimisation and capacity management
- Strengthen employee engagement
- Staying safe and healthy
- Realise change

Speed-up reduction of carbon footprint in line with SBTi*

Acceleration of investments in electrification of fleet and use of renewable fuels for other kilometres

Electrification of fleet

- Expansion of electric fleet earlier than anticipated
- Preparation of electric infrastructure, including charging stations
- Managed throughout full value and supply chain, by cooperating with delivery partners

Renewable fuels

- Increase use of renewable fuels, including biogas, for smaller trucks and vans
- Significantly scale up renewable diesel (HVO100, a fossil-free diesel fuel emitting 90% less carbon) for larger vehicles
- Supported by further efficiency, together with partners in value chain

Deliver emission-free in 25 Dutch city centres by 2025; emission-free last-mile delivery in Benelux area in 2030

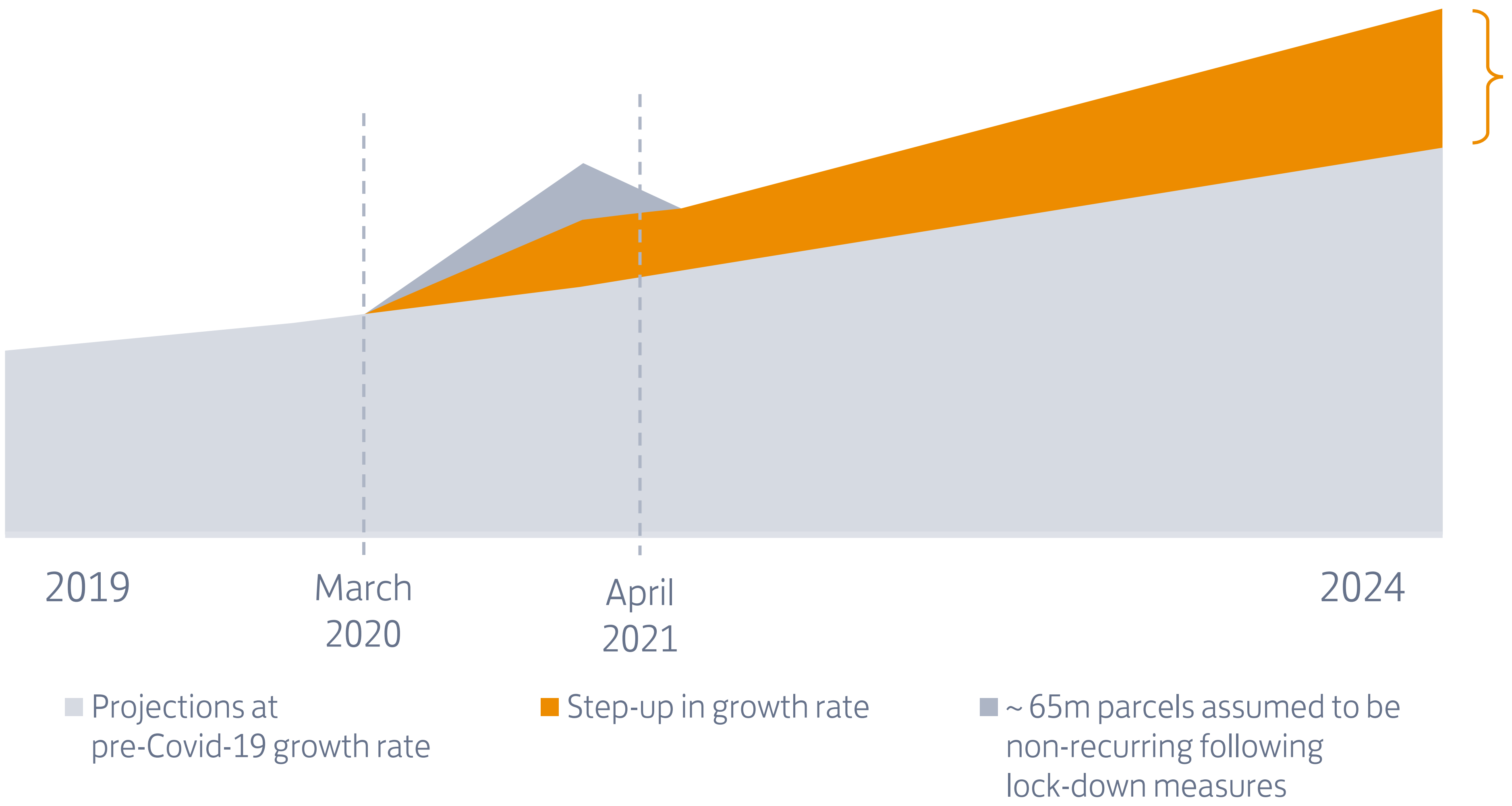
** Science Based Targets initiative*

Parcels: Managed for growth

Volume projections towards 2024 higher than earlier expected

Acceleration in e-commerce drives expected volume growth in Parcels

(indicative only)



- Step-up in Parcels' growth rate currently expected to be 11%-13% as of 2022, dependent on level of stickiness, and driven by market developments
  - % of online buyers now at 91% (last year: 87%)
  - average # of online purchases per online shopper at 7.3 (last year: 5.4)
  - online retail market share (products) at 30% (last year: 19%)

Sources: Thuiswinkel Markt Monitor, Central Bureau of Statistics NL

Further capacity expansion given higher volume projections

Ensure sufficient flexibility in timing to adjust level of investments with volume growth expectations

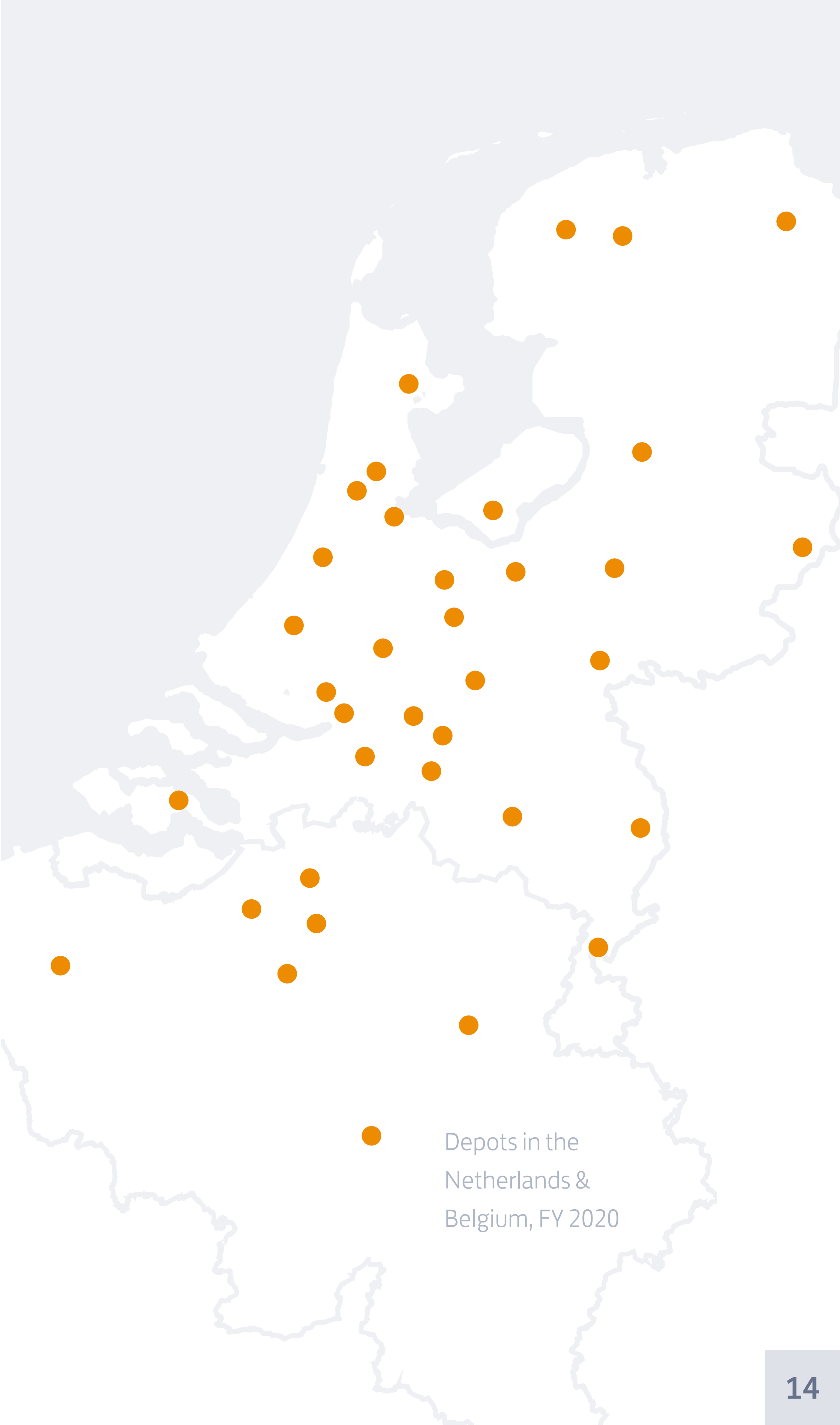
Acceleration in 2022-24

- Expansion of capacity equal to around 100m of parcels per year through new sorting and distribution centres
- Extra sorters at small parcels sorting centre
- Additional investments in cross-docks facilities, roll cages and trailers
- Expansion of network and IT infrastructure
- Investments in Logistics solutions network infrastructure (Health and Extra@Home)

Network utilisation due to scalability of assets

Efficiency improvements

- Digitalisation drives supply chain efficiency (forecasting, planning)
- Equal flow initiatives (daily, weekly, seasonal)
- “Perfect parcel” initiatives (collection, sorting, delivery)



Depots in the Netherlands & Belgium, FY 2020

Increase number of automated parcel lockers to 1,500 by 2024

Extension of self-service solutions in retail and last mile

Enhance convenient last mile delivery solutions

- Offer everyone in the Netherlands and Belgium easy and flexible solutions for sending and receiving
- Pilot in cooperation with AH and bol.com
- Strong growth share of self-service solutions expected (now at 8%)

Accelerate expansion of infrastructure

- Currently ~160 automated parcel lockers that offer send, deliver and return services
- Expand to 1,500 automated parcel lockers in 2024, partly at retail points
- Consumer in control

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Mail in the Netherlands: Managed for value

Moderate pricing policy and mix effects to partly offset impact of continuing volume decline

Mail market in the Netherlands

- Now ~250 letters per household per year
- Largest senders of transaction mail already digitilised

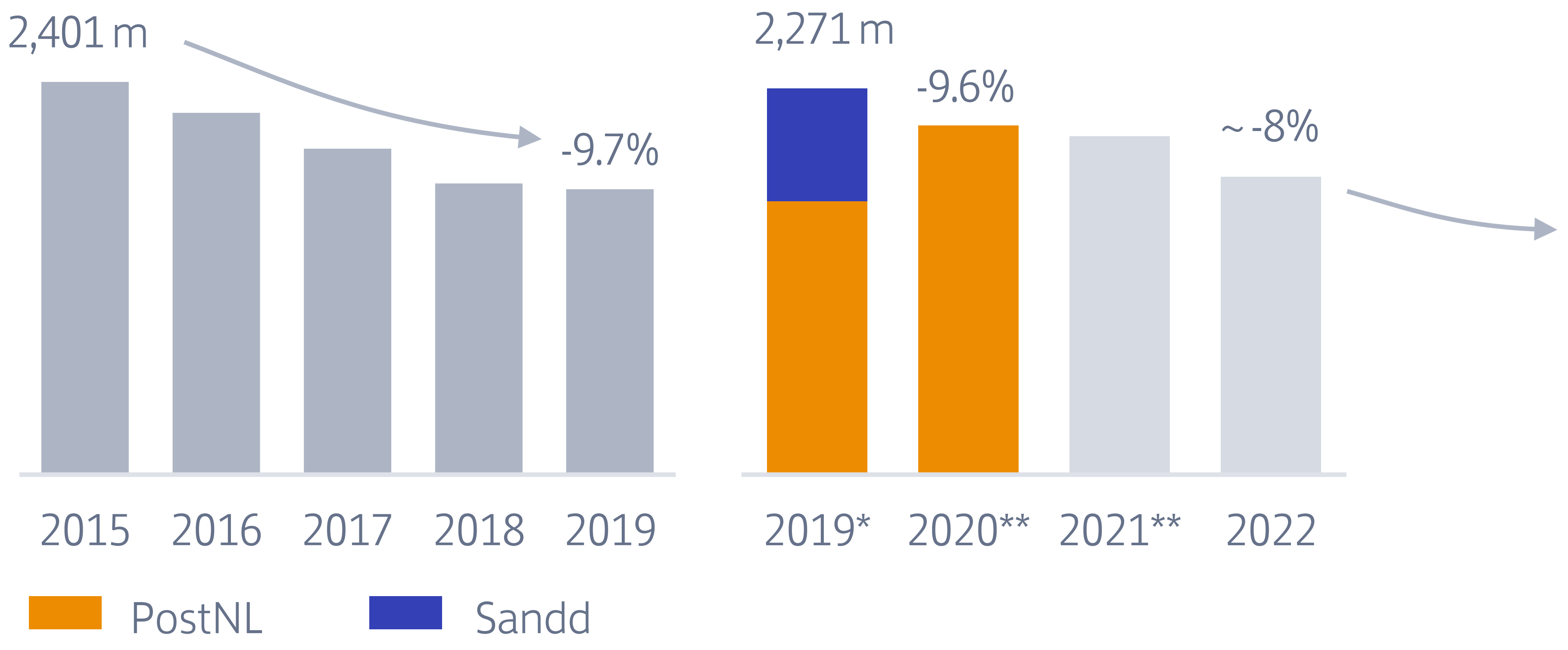
Personal and relevant, adding value to society

- Recovery of direct mail within omni-channel media mix: new customers related to online but also ongoing substitution
- Switch to digital services: growth in usage of "Postzegelcode" and letterbox packets used for e-commerce shipments
- Reliable communication channel for personal and important messages

Act as responsible employer

- Agreement in principle on new social plan

Volume development addressed mail



- Trend in substitution to continue

** 2019 pro forma, including full year of Sandd volumes, adding around 30% to volume*
*** 2020 and 2021 include non-recurring impact related to Covid-19*

Ambitious plan to accelerate digital transformation

Transformation of the core and innovation of our platform

Digital NEXT

Value drivers

Transform our commercial engine

- Simple and smart products
- Re-invented customer journeys
- Digital first sales, care and marketing
- Automated and self-service retail
- Examples: Renewed bulk mail portfolio and customer journey for receiving mail and parcels from outside EU

Transform core logistics and operations

- Fully data-driven supply chain
- Automate supply chain execution
- Increase supply chain flexibility
- Digital enabled frontline
- Example: Smart assets – e.g. 60% of roll cages have beacons

Scale platform and digital business models

- Data & insights for customers
- Consumer services on leading app
- Integrator platform
- Subscription models

Foundations

Strengthen our IT foundation

- Modernise IT foundation
- Accelerate IT delivery

Strengthen our data foundation

- Data infrastructure and access
- Scale analytics use case factory

Drive our digital DNA

- Agile NEXT and digital capabilities
- Digital labs & depots
- Open innovation

- Example: Around 700 senior PostNL employees enjoyed their first year Digital Next Academy programme

Shift to digital channels and products continues

Consumers and customers increasingly connected to our platform

Digital NEXT

	HY 2020	HY 2021	
Online visitors	274m 57% via PostNL app	469m 69% via PostNL app	+71%
PostNL consumer account users	5.7m	6.4m	+12%
Talks with chatbot Daan, Sam and Noor	1.6m	1.9m	+19%
Self-service online preparation (in % of parcels sent by consumers)	38.5	43.6	
Stamp codes	1.5m	2.0m	+33%
Business portal users	69k	79k	+15%
# of external APIs	93	100	+8%
Plug-in users (SME)	1.6k	1.9k	+22%

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Delivering on our strategy

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

Strong performance in Q2 2021

- Strong Q2 2021 with normalised EBIT up 17%
- Supported by non-recurring impact related to Covid-19 that has been fading out after easing of lockdown measures
- Continued growth in e-commerce
- 13% improvement in carbon efficiency of PostNL's own fleet compared with FY 2020
- FY 2021 outlook raised to between €280m and €310m

Continuing on our path towards 2024

- Step-up in e-commerce trend leads to higher parcel volume projections, dependent on level of stickiness that becomes visible in coming months
- Accelerate progress towards achieving environmental targets
- Normalised EBIT 2024 ambition between €330m and €370m, unchanged trajectory for 2021 to 2024, implying a step-up of €60m to €80m compared with earlier ambition
- €450m additional investments to facilitate execution of strategy and include, among others, capacity, network & IT infrastructure, sustainability and automated parcel lockers; cumulative investments of €950m in 2022-24 period
- Exact consequences of the pandemic remain uncertain going forward

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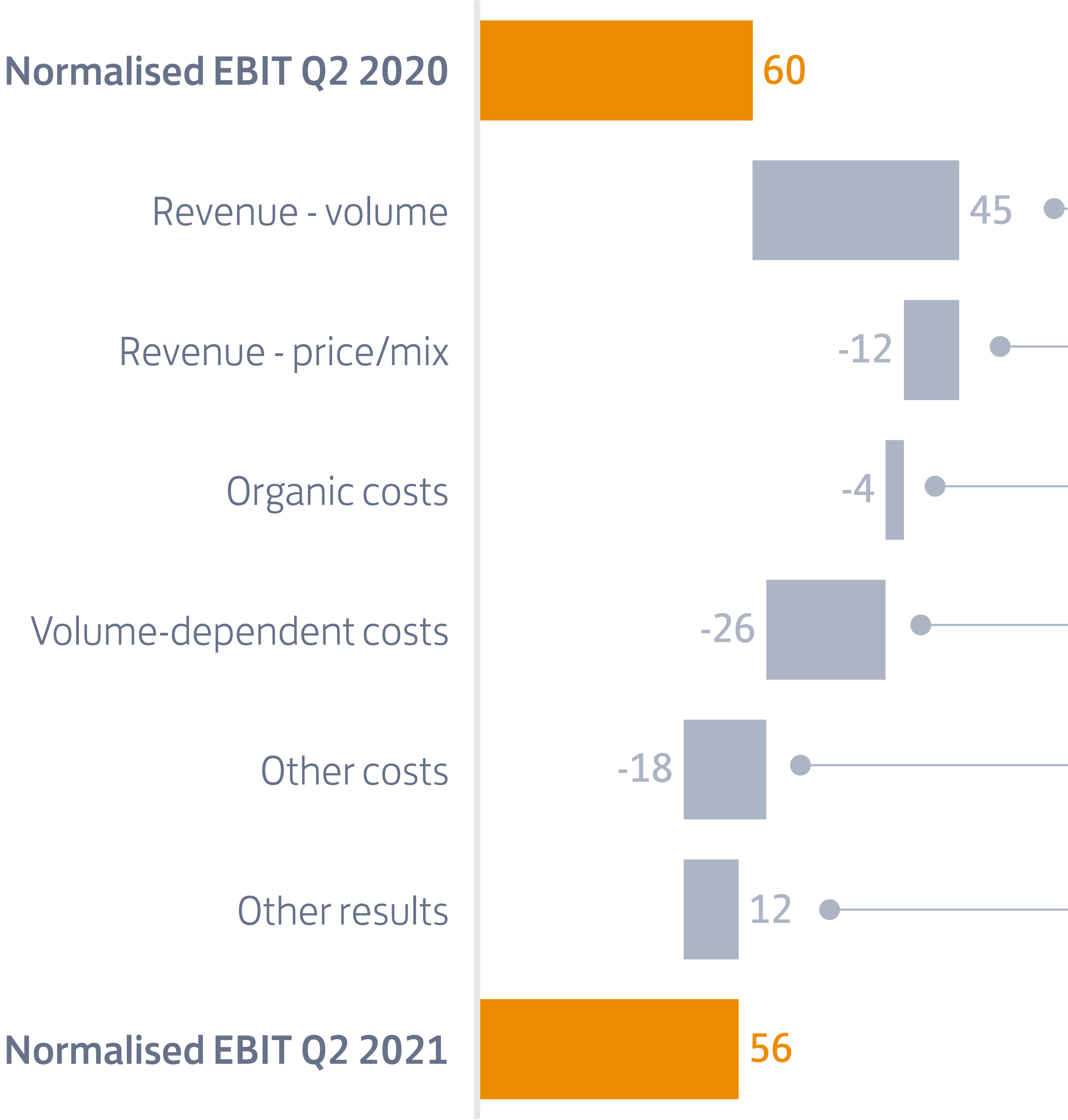
Financial performance Q2 2021

Parcels Q2 2021 normalised EBIT bridge

Excluding the non-recurring Covid-19 impact, normalised EBIT increased by €6m compared with Q2 2020

(in € million)



Parcels Netherlands

- 11.4% volume growth in Q2 2021
- Better pricing more than offset by expected yet unfavourable mix effects due to stronger growth at large customers while single items were down
- Including indexation of both own personnel and delivery partners
- Efficient utilisation of network capacity
- Related to extra operational measures to both accommodate volumes and rebase infrastructure (with optimised utilisation of capacity and equal flow in 2020), and new capacity

- Ongoing good performance at Spring and particularly Logistics

Non-recurring impact assumed to be around €7m Parcels Netherlands and €7m Spring and Logistics in 2021 versus €16m and €9m in 2020 respectively

Mail in the Netherlands Q2 2021 normalised EBIT bridge

Excluding the non-recurring Covid-19 impact, normalised EBIT increased by €11m compared with Q2 2020

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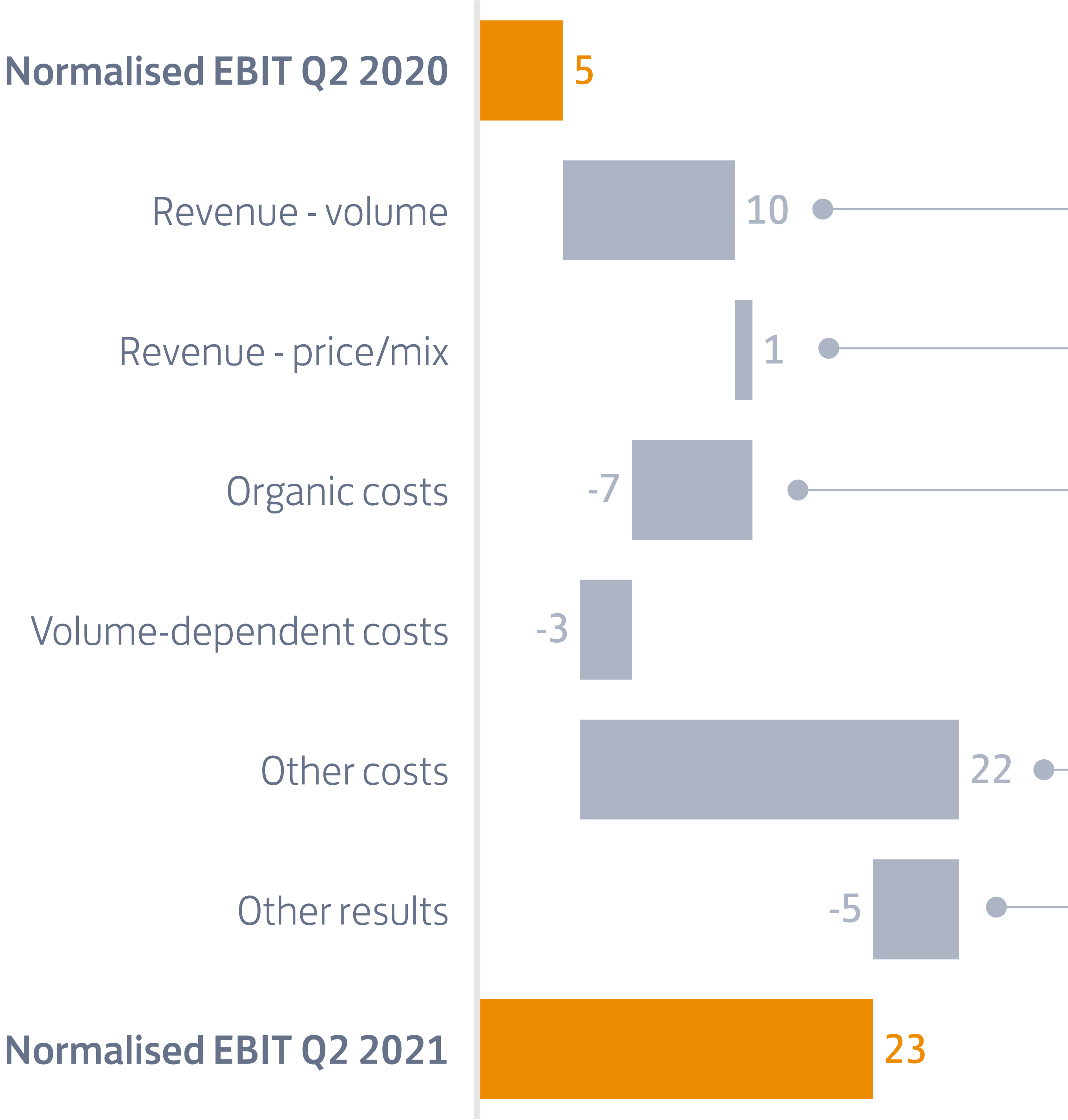


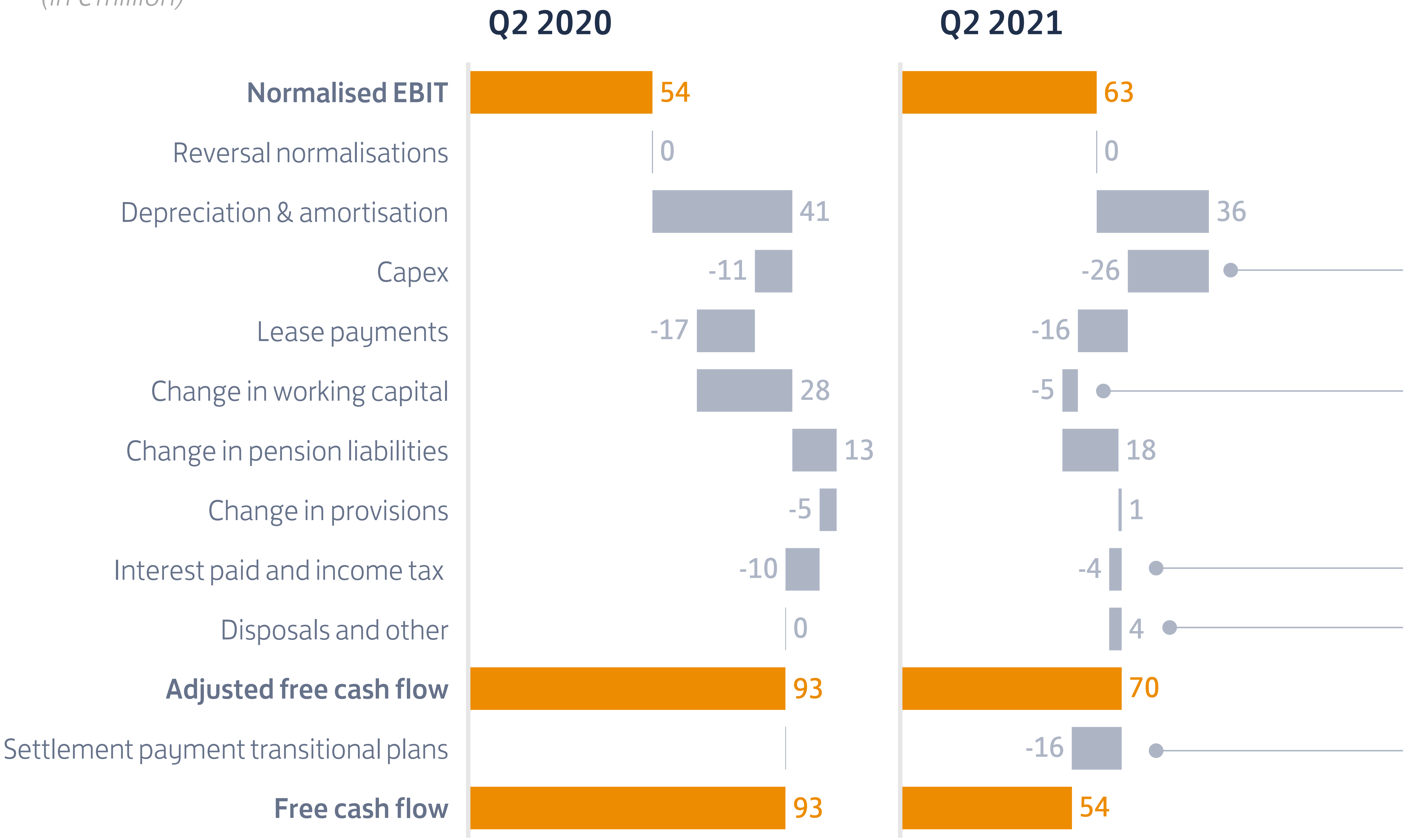
Mail activities

- Volume growth 4.2%, mainly driven by Covid-19 related items including vaccination mail and the recovery in direct mail
- Positive price impact almost fully offset by a less favourable mix
- Mainly a reflection of CLA increases
- Including €6m non-recurring Sandd integration costs (Q2 2020) as well as cost savings, for example efficiency improvements in preparation processes and route optimisation
- Mainly related to international mail (lower import)

Non-recurring impact assumed to be around €12m in 2021 versus €4m in 2020

Cash flow Q2 2021

(in € million)



Step-up in investments in acceleration of digitalisation and expansion of capacity

More investments in working capital driven by revenue growth; also phasing effects during the year

2019 income tax final assessment paid in Q2 2020

Proceeds from sale of buildings

First of five annual instalments of final payment for transitional plans

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Strong financial position

Adjusted net debt at €239m

(in € million)	3 July 2021
Intangible fixed assets	344
Property, plant and equipment	358
Right-of-use assets	291
Other non-current assets	44
Other current assets	437
Cash and cash equivalents	806
Assets classified as held for sale	9
Total assets	**2,289**

	3 July 2021
Consolidated equity	*342*
Non-controlling interests	*2*
Total equity	345
Pension liabilities	70
Long-term debt	696
Long-term lease liabilities	281
Other non-current liabilities	62
Short-term lease liabilities	63
Other current liabilities	772
Total equity & liabilities	**2,289**

- Adjusted net debt up €15m to €239m (Q1 2021 €224m): gross debt (Eurobonds, other debt/receivables), pension liabilities (adjusted for tax impact), lease liabilities (on-balance sheet and off-balance sheet commitments, adjusted for tax impact) and cash position
- Total comprehensive income Q2 2021: €56m (Q2 2020: €37m)
- Total normalised comprehensive income Q2 2021: €57m (Q2 2020: €35m)

2021 outlook and guidance

2021 outlook and other main financial indicators

FY 2021 outlook for normalised EBIT increased to between €280m and €310m

(indicative only, in € million)

	2020	2021 outlook	2021 outlook (26 April 2021)	2021 outlook (9 August 2021)	remarks
Outlook					
Normalised EBIT	**245**	205-225	> 250	**280-310**	including ~(30)-(35) for digital NEXT and increase in non-cash pension expenses
Free cash flow*	**186**	200-230	> 225	**250-280**	including ~(20)-(25) for digital NEXT and subject to ability to utilise deferred tax assets
Other main financial indicators		**2021 indicative**			
Capex	(78)	(140) - (160)	(140) - (160)	**~(160)**	
Changes in pension liabilities**	(166)	~ 55	~ 55	**~55**	Δ pension expense and pension cash contribution
Normalised comprehensive income	197	~ 200	> 225	**250-280**	developing in line with normalised EBIT

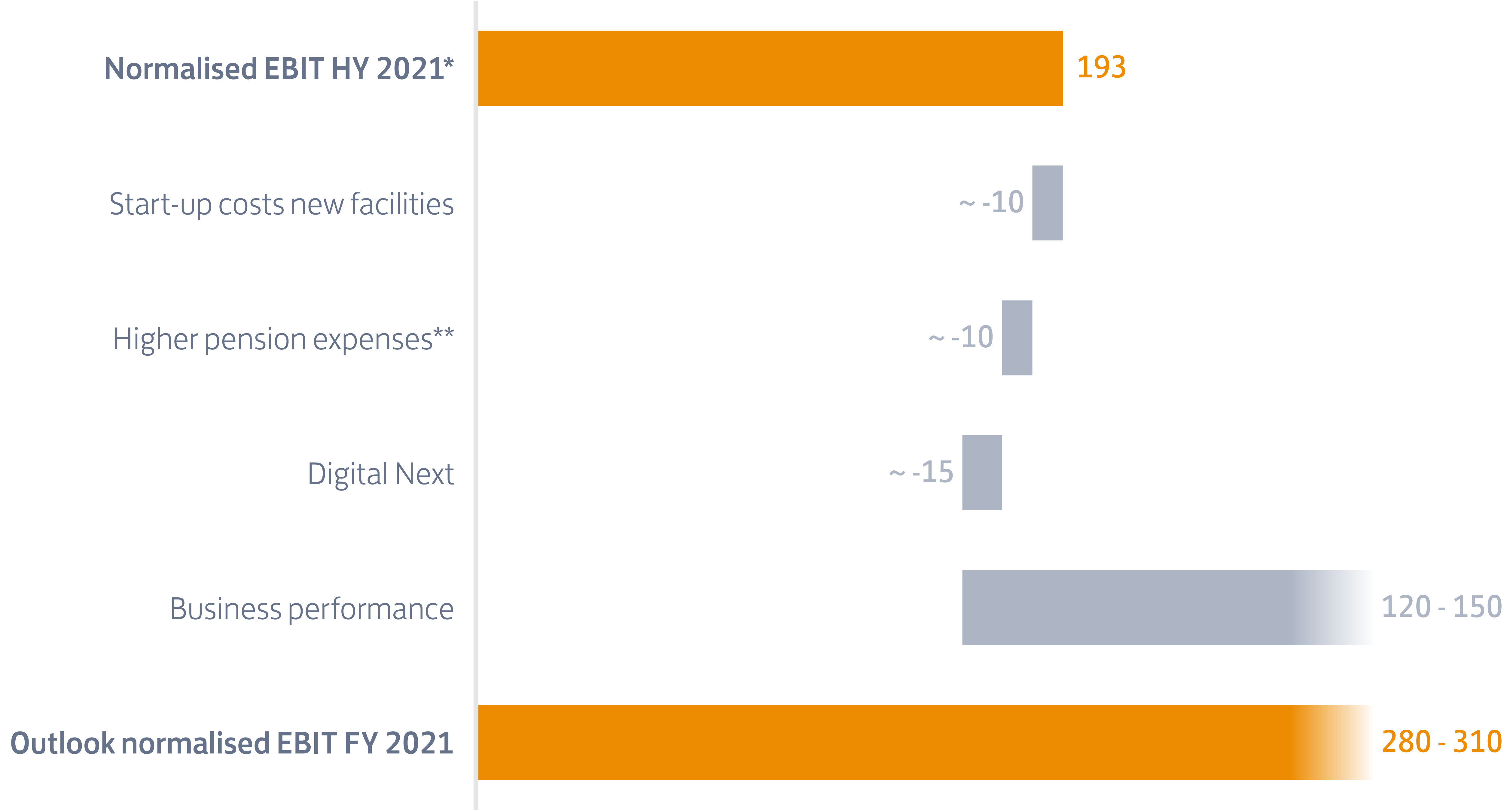
- Assumed non-recurring impact related to Covid-19 around €70m in 2021

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

Indication of normalised EBIT HY2 2021

Almost fully reflecting normal business performance, with limited non-recurring impact from Covid-19

(indicative only, in € million)

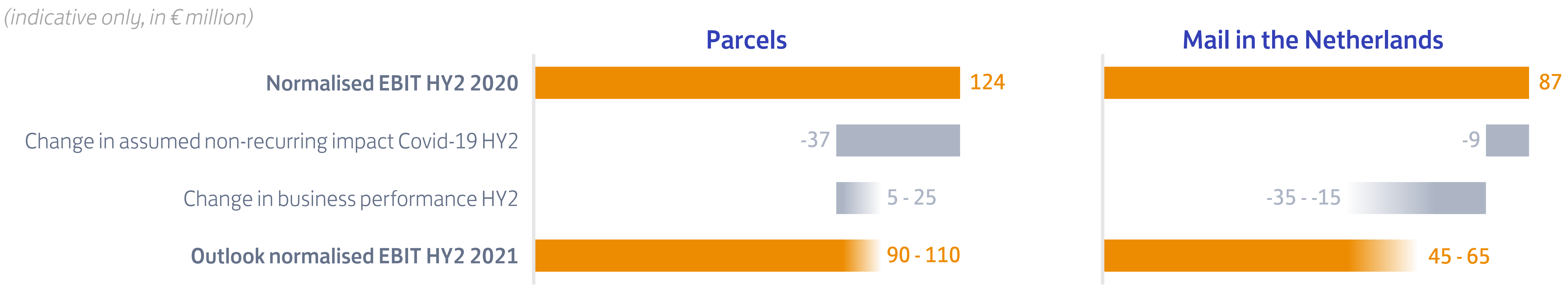


Assumptions for HY2 2021

- Limited non-recurring impact from Covid-19
- Additional costs at Parcels to accommodate increased volumes and start-up new facilities
- Some impact of VAT changes for international parcels and mail
- Low stickiness of exceptional Q4 2020 volumes (greeting cards in Mail in the Netherlands)
- Other assumptions unchanged
- Exact consequences of changes in lockdown and pandemic remain uncertain

** Includes €69m assumed non-recurring Covid-19 impact (FY expectation of around €70m)*
*** Non-cash; higher service costs due to lower discount rate, balanced by higher actuarial gains within other comprehensive income*

Indication of normalised EBIT HY2 per segment



Assumed non-recurring Covid-19 impact in HY2 2020 at same assumptions (including Spring and Logistics) at €48m in 2020 (€77m FY 2020)

Assumptions and focus points for HY2

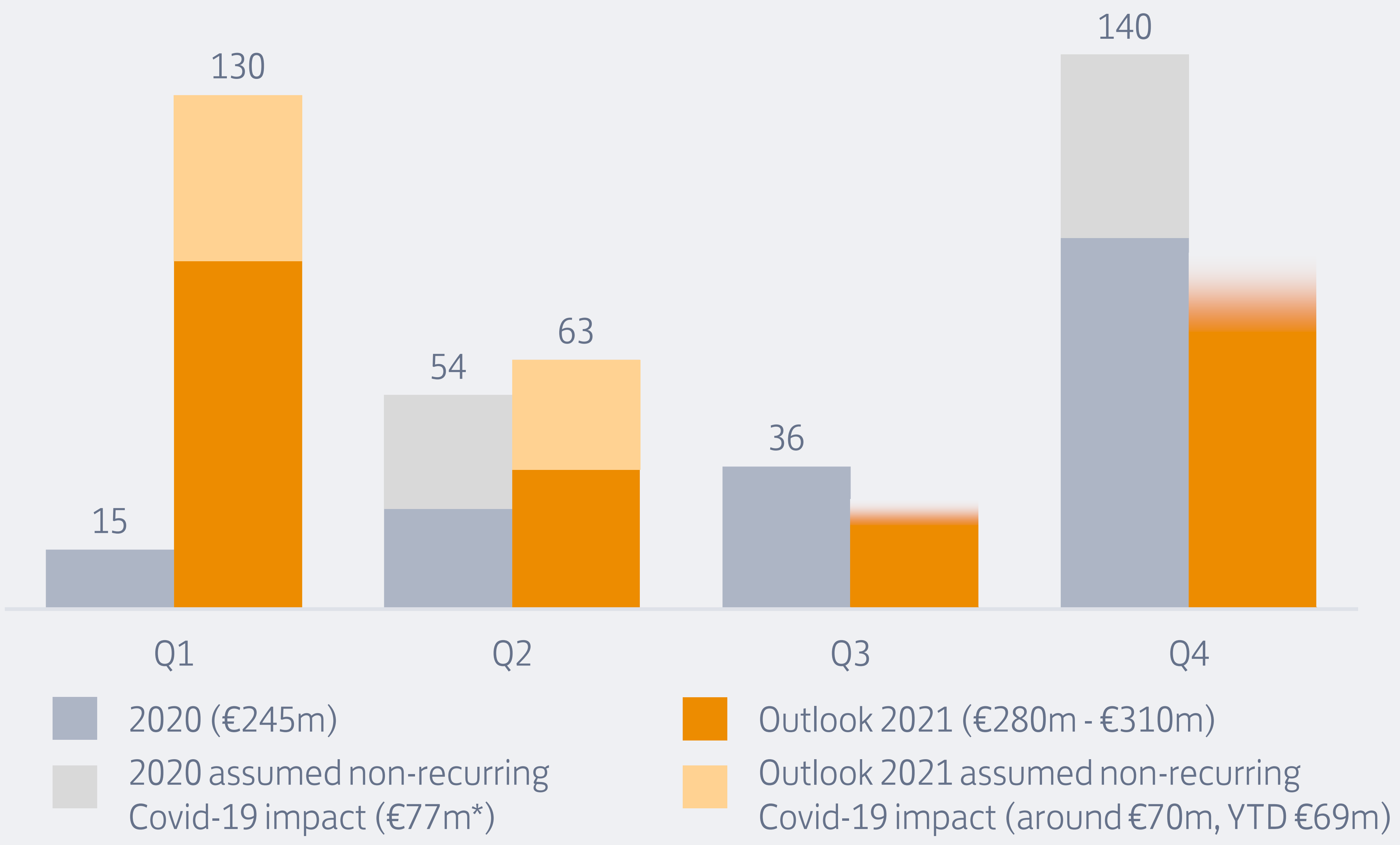
- Extremely strong Q4 2020, partly non-recurring and related to Covid-19
- Exact consequences of changes in lockdown and pandemic remain uncertain
- Some impact of VAT changes for international parcels and mail
- 2021 business performance includes acceleration of Digital Next programme

- Parcels
  - includes start-up costs for new facilities
  - extra costs for peak period to accommodate volumes and service customers
- Mail in the Netherlands
  - low stickiness Q4 2020 volumes (greeting cards) assumed
  - result to be impacted by volume decline and mix effects

Normalised EBIT in Q3-Q4 2021 expected to be below 2020

Normalised EBIT not evenly spread over the quarters

(indicative only, in € million)



Normalised EBIT

- Non-recurring Covid-19 impact in Parcels faded out with end of lock-down in Q2 2021; limited Covid-19 impact expected at Mail in the Netherlands in Q3
- Extremely strong Q4 2020, partly non-recurring

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
- Strong free cash flow performance in HY1 2021 includes the impact of the Cendris sale (€44m) and positive phasing effects that will revert in the second half of the year
- Q3 free cash flow is projected to be negative, mainly due to step-up in investments in HY2 2021 and phasing in working capital

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

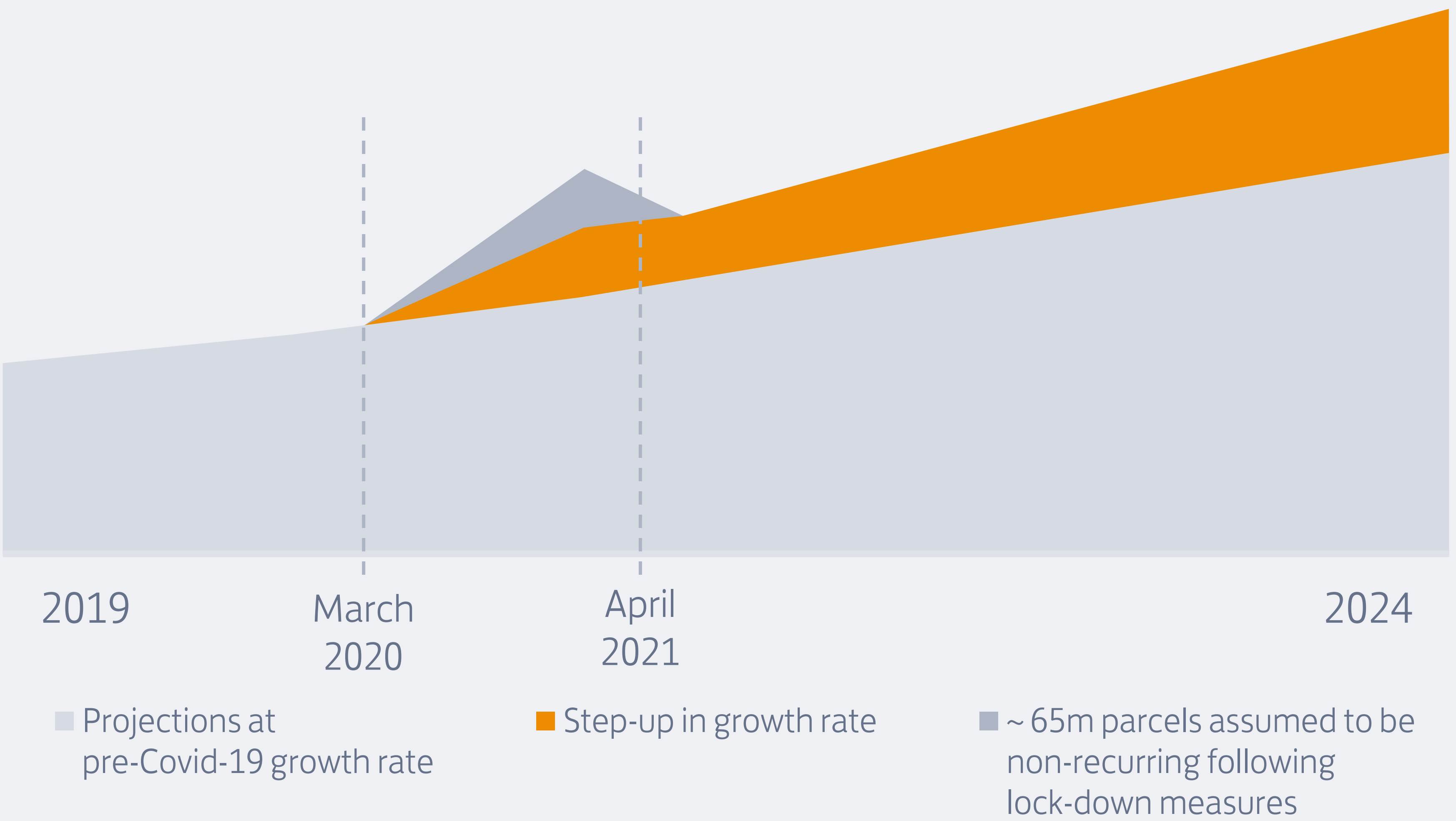
Continuing path towards 2024

Additional and accelerated investments of €450m.

Pushing ahead capacity expansion and investments in infrastructure, sustainability and automated parcel lockers

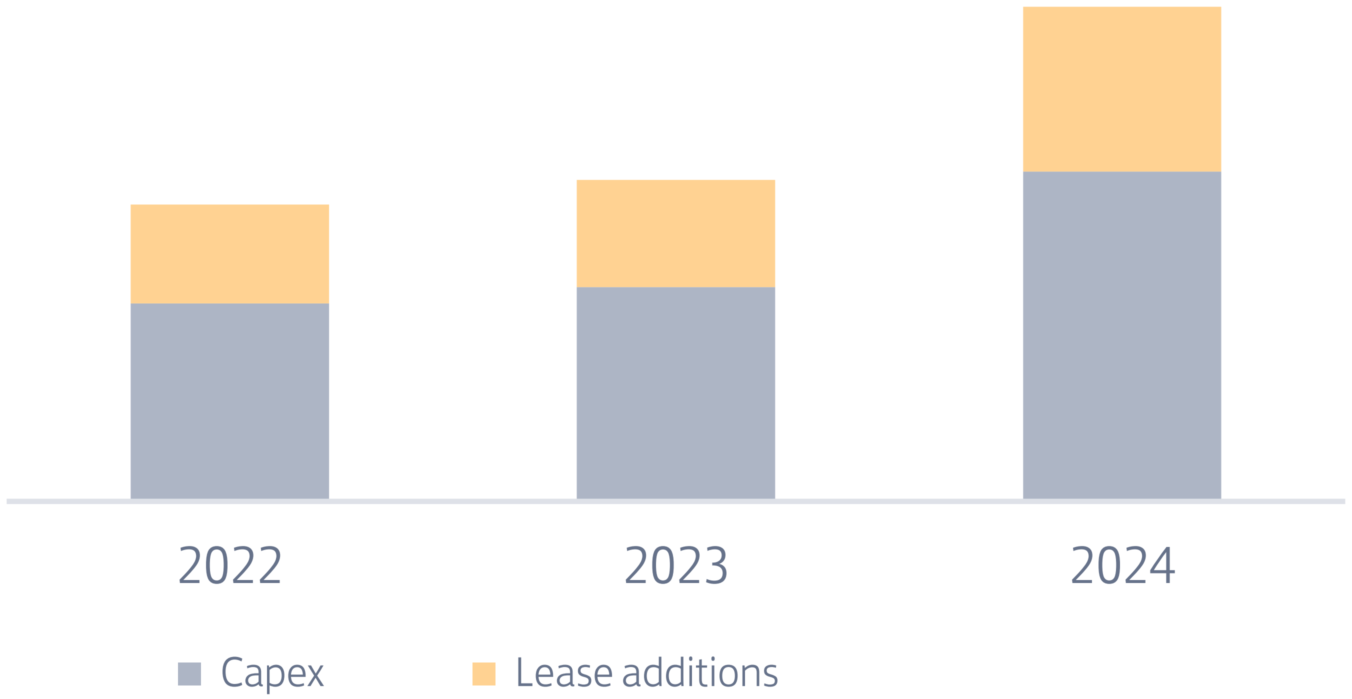
Acceleration in e-commerce drives expected volume growth in Parcels

(indicative only)



Additional investments of €450m

(indicative only, in € million)



- On average €150m per year
- Provide sufficient flexibility in timing to optimise balance between volume growth and capacity expansion
- Split between capex and financial lease can change over time to optimise the financing structure

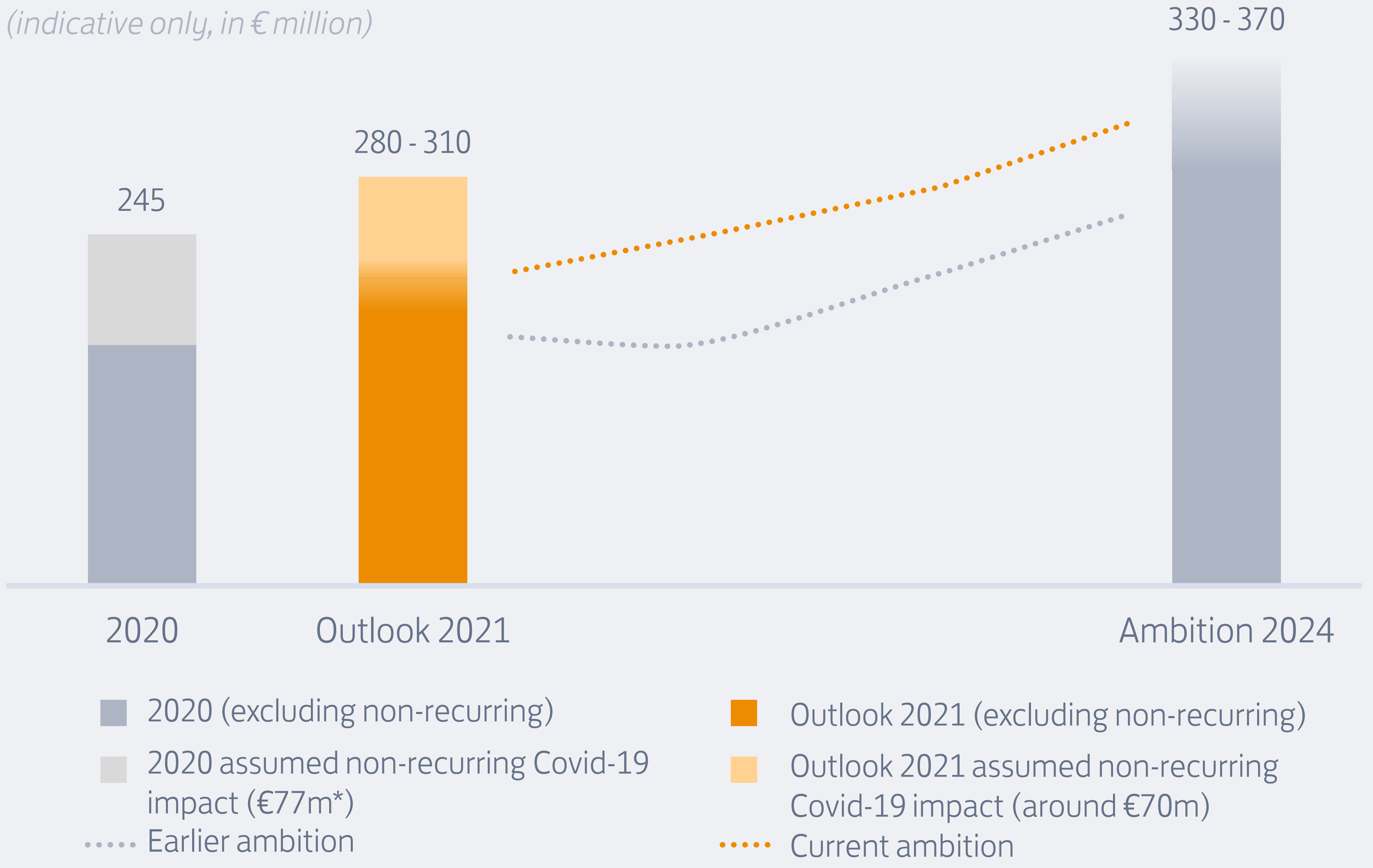
Cumulative investments (capex and lease additions) at around €950 million for 2022-24; step-up in investments not expected to materially impact leverage ratio

Better volume projections lead to step-up in normalised EBIT

Normalised EBIT 2024 ambition of €330 - €370m; €60m - €80m higher than anticipated before

Projected development normalised EBIT

(indicative only, in € million)



Assumptions

- Starting from higher base in 2021
- Volume growth in Parcels currently expected to be 11% - 13% as of 2022, dependent on level of stickiness
- Normalised EBIT FY2022 expected to be below 2021: non-recurring effect related to Covid-19 and improving underlying business performance driven by:
  - increased growth rate in Parcels
  - volume decline in Mail in the Netherlands ~8%
  - start-up costs for expansion of capacity in Parcels
  - speed-up progress towards ESG targets
  - further impact from acceleration of digitalisation
- Delivering on our strategy towards 2024

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

Concluding remarks

A strong business well positioned for further growth

Delivering on our strategy

Building on strong performance HY 2021 and acceleration of e-commerce

- Another solid quarter, contributing to a very strong half-year performance, partly based on non-recurring impact of Covid-19
- Thanks to our people and solid teamwork in a challenging environment
- Limited non-recurring impact from Covid-19 expected in HY2 2021
- Step-up in e-commerce trend
- FY 2021 outlook raised to between €280m and €310m

Delivering on our strategy towards 2024

- Increase in volumes in Parcels with higher growth rate, currently expected to be 11% - 13% as of 2022, dependent on level of stickiness
- Earlier and extra expansion of capacity and network infrastructure
- Speed-up in progress towards meeting environmental targets
- Normalised EBIT 2022 expected to be below 2021 with improving business performance
- ~€450m additional investments for 2022-24 period; cumulative investments in expansion of capacity, digitalisation and ESG up to €950m in this period with no material impact expected on leverage ratio
- Ambition for normalised EBIT 2024 between €330m and €370m, implying a step-up of €60m to €80m compared with earlier ambition

Exact consequences of pandemic remain uncertain going forward

Q&A

Q2 & HY 2021 Results

- Deep-dive into PostNL's ESG and sustainability ambition will be scheduled in September 2021
- You will be invited!

Appendix

Q2 & HY 2021 Results

Results by segment Q2 2021 and HY 2021

(in € million)	Revenue		Normalised EBIT		Margin	
	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021
Parcels	516	589	60	56	11.6%	9.5%
Mail in the Netherlands	393	389	5	23	1.3%	5.9%
PostNL Other	26	50	(11)	(16)		
Intercompany	(146)	(191)				
PostNL	**789**	**838**	**54**	**63**	**6.8%**	**7.5%**

	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021
Parcels	930	1,251	85	148	9.1%	11.8%
Mail in the Netherlands	788	855	9	82	1.1%	9.6%
PostNL Other	51	99	(26)	(37)		
Intercompany	(279)	(405)				
PostNL	**1,490**	**1,800**	**69**	**193**	**4.6%**	**10.7%**

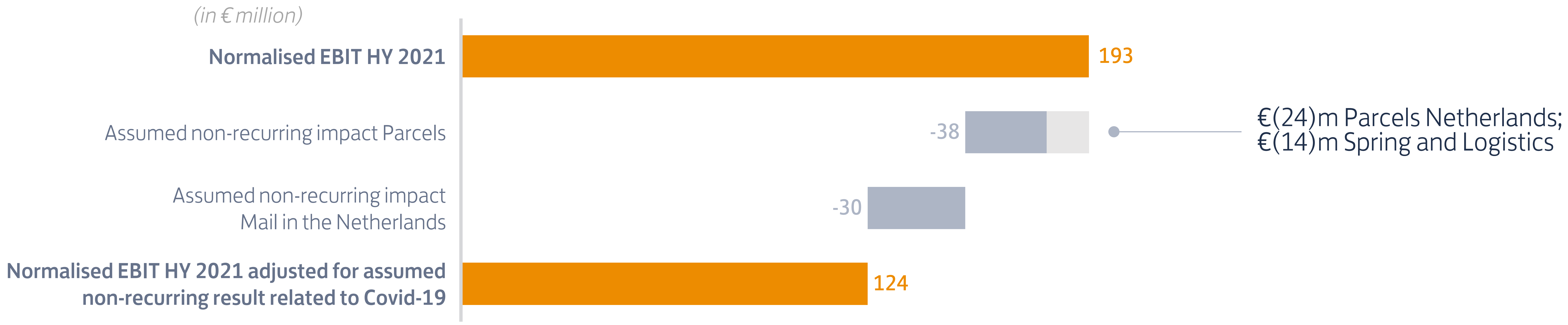
Note: Normalised figures exclude one-offs in Q1 2021 (€(18)m) and in Q1 2020 (€17m) and Q2 2020 (€1m)

Revenue mix Parcels per quarter

(in € million)	Q1 2020	Q1 2021	Q2 2020	Q2 2021	HY 2020	HY 2021
Parcels Netherlands	277	444	354	383	631	828
Spring	68	145	84	131	152	276
Logistics solutions and other	81	102	92	100	173	203
Eliminations	(12)	(30)	(14)	(26)	(26)	(56)
Parcels	**414**	**662**	**516**	**589**	**930**	**1,251**

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

Normalised EBIT €193m, of which around €69m assumed to be non-recurring result related to Covid-19



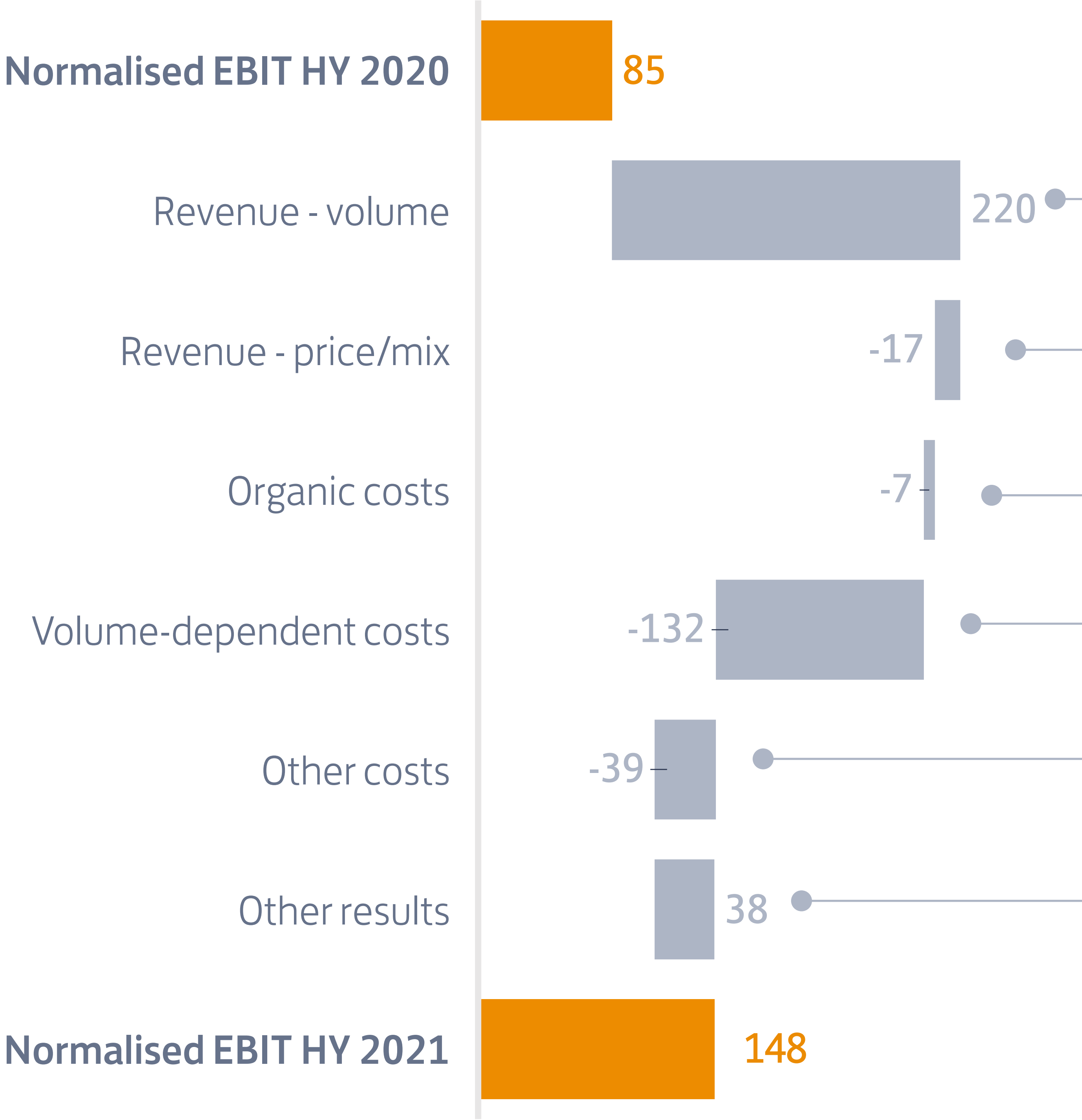
- HY 2020: Normalised EBIT €69m, of which around €29m non-recurring impact and related to Covid-10 (€16m Parcels Netherlands, €9m Spring and Logistics and €4m Mail in the Netherlands)

- 203m parcels delivered, of which around 37m assumed to be Covid-19 related and non-recurring (HY 2020: 152m, of which 9m 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 direct mail and non-recurring effects including voting by mail and vaccination programme
- Costs related to incentivising retail partners to remain open for parcel and mail services (around €15m)

Parcels HY 2021 normalised EBIT bridge

Up €63m compared with HY 2020

(in € million)



Parcels Netherlands

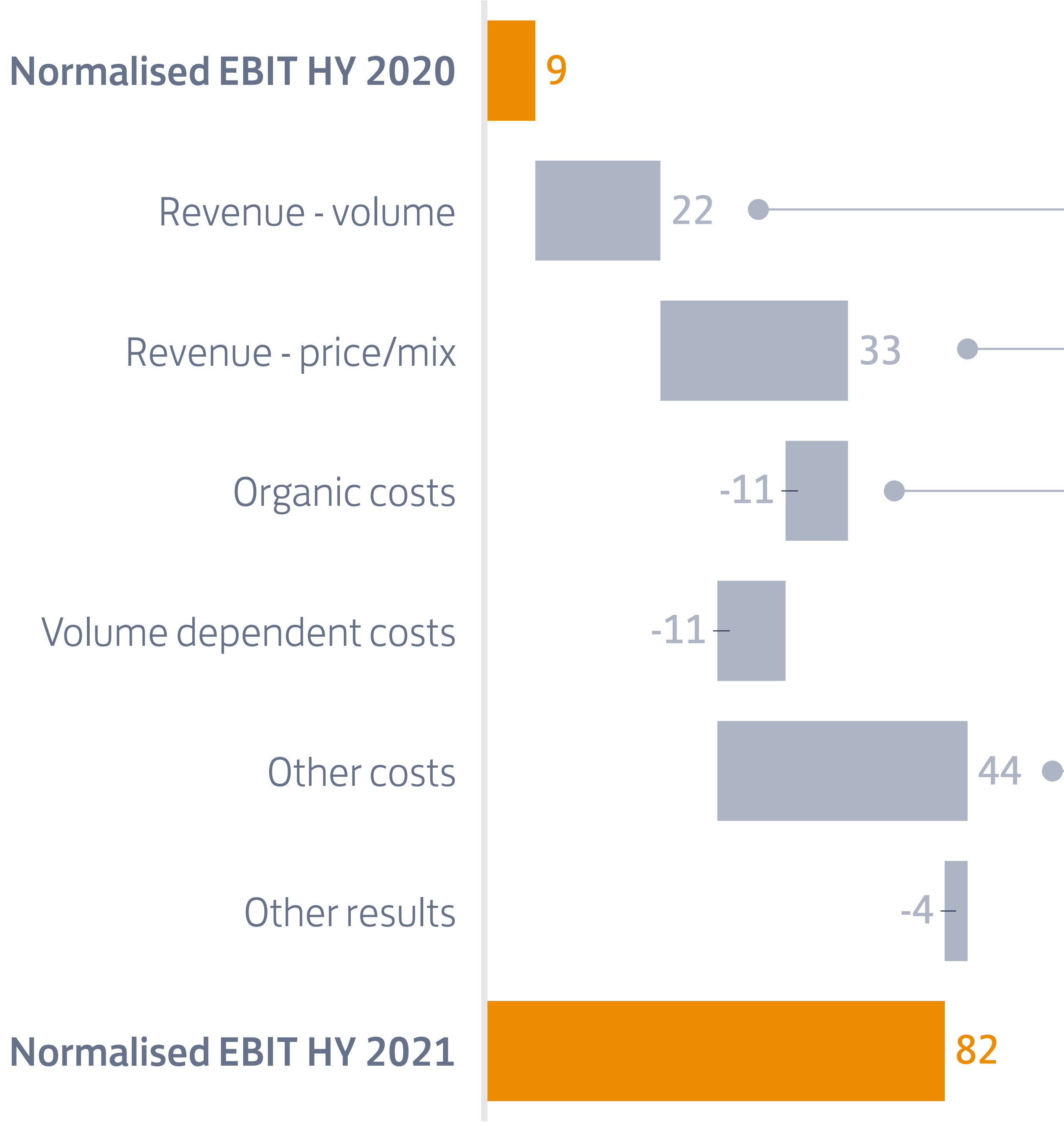
- 33.4% volume growth in HY 2021
- Mainly a result of a less favourable mix
- CLA increase, indexation of both own personnel and delivery partners
- Efficient utilisation of network capacity
- Combination of efficiency and other costs, including additional fees for retailers in Q1 2021

Ongoing good results at Spring (partially related to increasing internal revenue), both in Asia and Europe, and at Logistics

Mail in the Netherlands HY 2021 normalised EBIT bridge

Up €72m compared with HY 2020

(in € million)



Mail activities

Volume growth 4.9%, mainly driven by non-recurring Covid-19 related items, supported by the regular election effect and additional working days

Moderate pricing policy, combined with an overall positive mix effect (more single mail and e-commerce items, impact Covid-19 related items, partly offset by recovery in bulk mail)

Mainly CLA-related

Mainly due to non-recurring Sandd integration costs in HY 2020 as well as cost savings and efficiency improvements

Adjusted net debt

(in € million)	31 Dec 2020	3 July 2021
Short- and long-term debt	708	696
Long-term interest-bearing assets	(27)	(16)
Cash and cash equivalents	(651)	(806)
Net debt	**31**	**(126)**
Pension liabilities	86	70
Lease liabilities (on balance)	294	344
Lease liabilities (off balance)	66	17
Deferred tax assets on pension and operational lease liabilities	(70)	(67)
Adjusted net debt	**407**	**239**

Cash flow HY 2021