

2021

Capturing growth, delivering value

Q3 2021 Results

The Hague — 8 November 2021



Additional information

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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



Q3 2021

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

Strategic objectives



Help customers grow their business



Secure a sustainable mail business



Attract and retain motivated people



Improve environmental impact



Generate profitable growth and sustainable cash flow

Value creation model



Parcels

Manage for profitable growth



Mail

Manage for value



Digital **NEXT**

ESG - our licence to operate

Fully embedded in our strategy and business model

ESG



Environmental

Improve environmental impact

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



Social

Realise full potential of our people and act as a responsible employer

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



Governance

Transparent, responsible and accountable

- Two-tier board
- Stakeholder dialogue
- Clear business principles
- UN Global Compact

Update Q3 2021



- Carbon efficiency (g/km) -17% versus FY 2020
- Net zero as of 2022, through offsetting any remaining carbon emissions

- Started negotiations on Collective Labour Agreement postal deliverers
- Continuous review of our delivery model
- Monitoring political discussion on minimum wage
- Anticipating a tightening labour market

Ambitious plan to accelerate digital transformation



Transformation of the core and innovation of our platform

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



Transform core logistics and operations

- Fully data-driven supply chain
- Automate supply chain execution
- Increase supply chain flexibility
- Digital-enabled frontline



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 and depots
- Open innovation

Update Q3 2021



- Currently, track and trace on around 90% of roll cages (end of Q2: 64%); investigating further applications for e.g. food boxes, bikes, vans
- Fully automated, robotic sorting centre for small parcels opened early October



Q3 2021

Business and financial performance



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)

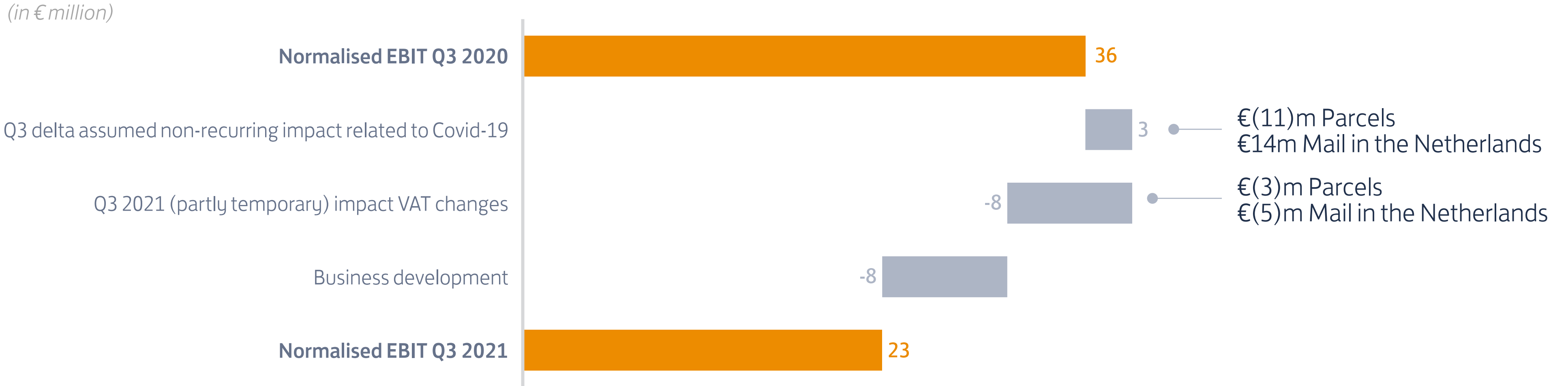
	Q3 2020	Q3 2021	change	YTD 2020	YTD 2021	change
Revenue	742	729	-2%	2,232	2,530	+13%
Normalised EBIT	36	23	-37%	105	216	+106%
<i>Assumed to be non-recurring and related to Covid-19</i>	2	<i>5*</i>		30	<i>74</i>	
Free cash flow	5	10		103	223	
Normalised comprehensive income	28	27		92	196	

* 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)



Impact Covid-19 and adjusted VAT regulation



- ~€3m additional impact assumed to be related to Covid-19 in Q3 2021 (Q3 2021: €5m; Q3 2020: €2m)
 - no non-recurring Covid-19 impact at Parcels (Q3 2020: €11m)
 - €14m impact at Mail in the Netherlands volume related to Covid-19 and recovery of direct mail (Q3 2021: €5 million; Q3 2020: €(9) million)
- Stronger than expected, partly temporary, €(8)m impact from change in VAT regulation for small non-EU goods and other regulation in China in Q3 2021
 - €(1)m at Parcels Netherlands and €(2)m at Spring
 - €(5)m at Mail in the Netherlands

Parcels: Continued growth in Q3 2021

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

* 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 mix

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

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

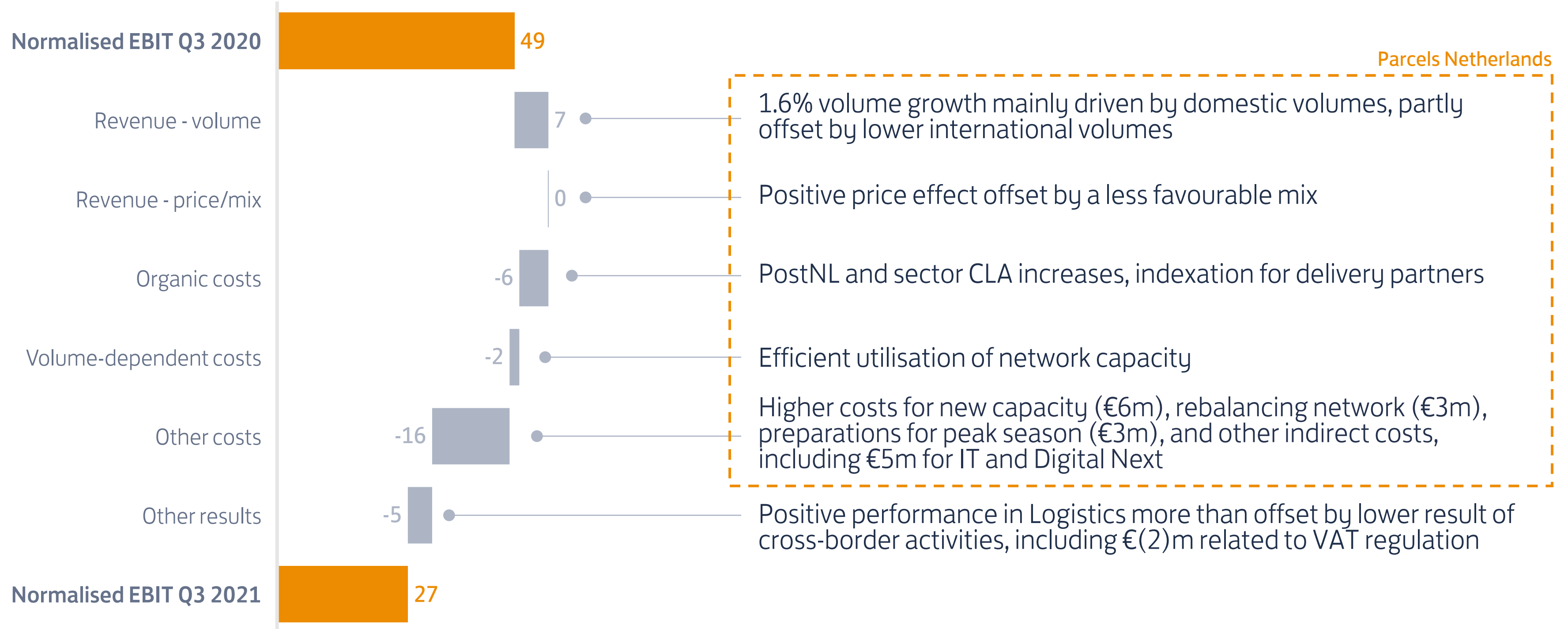
- Down €22m; or by €8m excluding non-recurring Covid-19 impact in 2020 (€11m) and impact VAT regulation in 2021 (€(3)m)
- Increasing costs in line with expectations
 - rebalancing network to accommodate volumes within current infrastructure
 - new capacity including small parcels sorting centre and sorting 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)



Parcels Q3 2021 normalised EBIT bridge

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

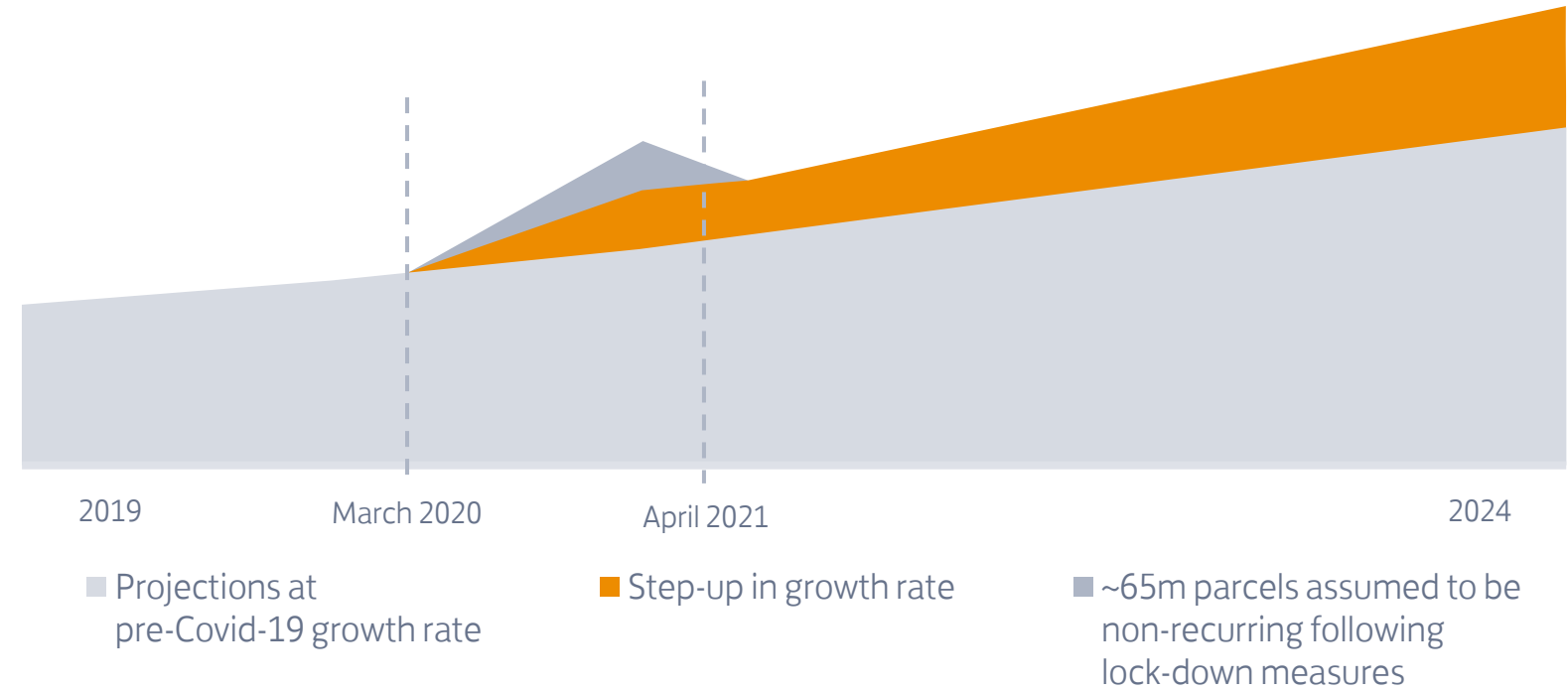
(in € million)



Growth trend in parcel volumes to continue

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

(indicative only)



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)

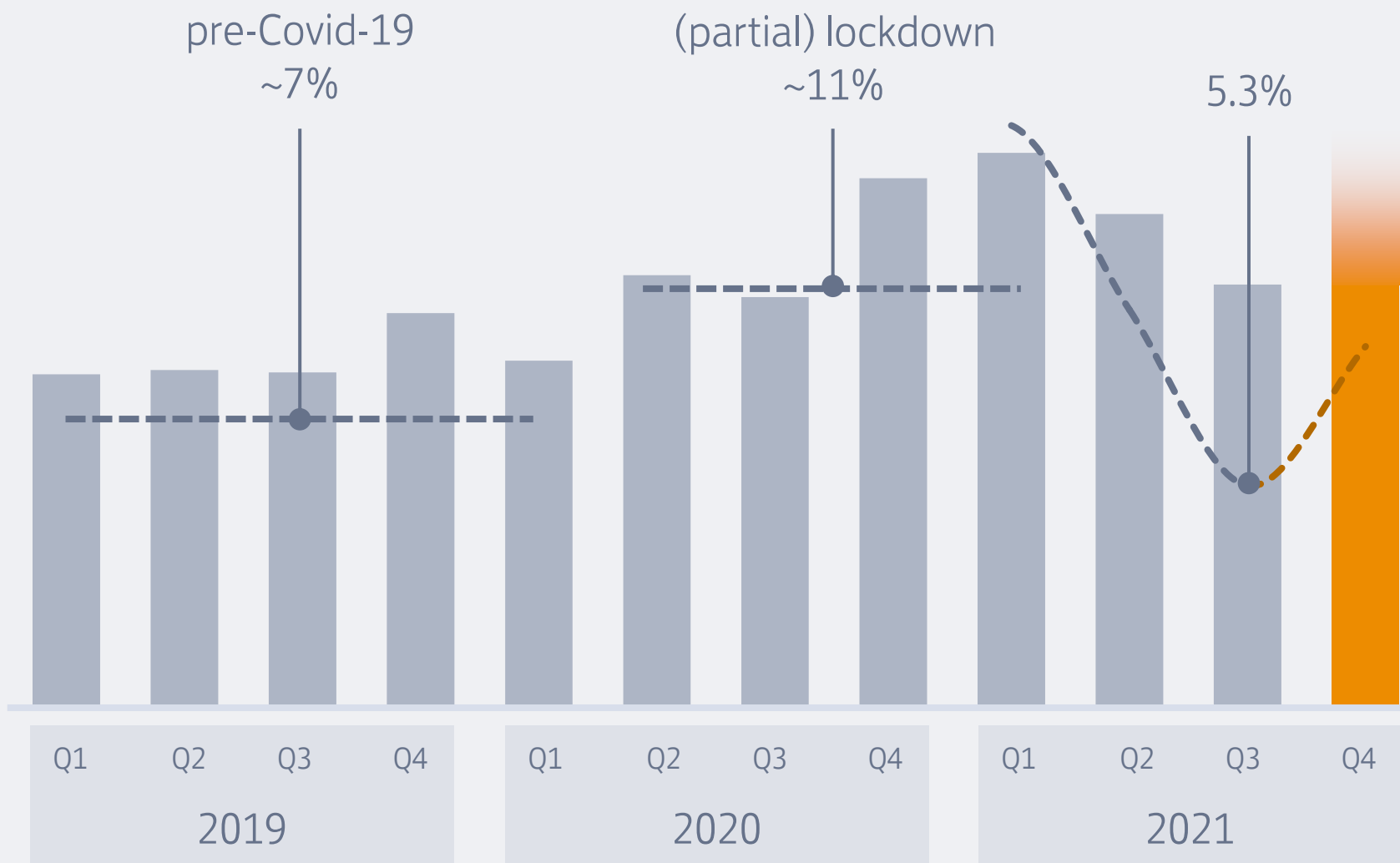


Margin development Parcels

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

Revenue and margin Parcels

(indicative only, revenue in € million, margin in %)



Step-down in Q3 2021

- From high volumes during the (partial) lockdown period to low(er) volumes in Q3 due to seasonality
- Start-up costs for and gradual path to full utilisation of new facilities
- Costs to prepare for peak season
 - locking-in additional staff and other resources
 - ensuring necessary sorting and delivery capacity and high-quality service

Reversal expected in Q4 2021

- Significantly higher parcel levels than in Q3, resulting in a larger base to absorb costs
- Additional costs in busy peak season

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

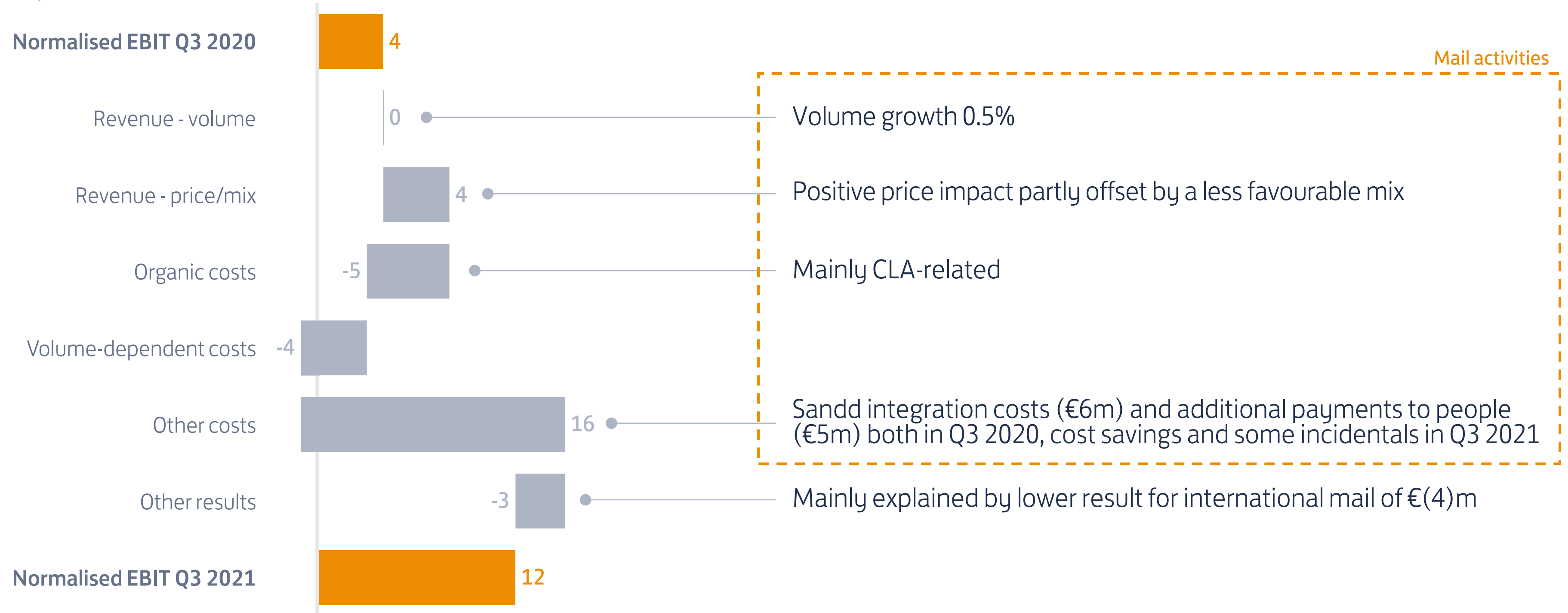
Stamp price unchanged in 2022

- 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



Mail in the Netherlands Q3 2021 normalised EBIT bridge

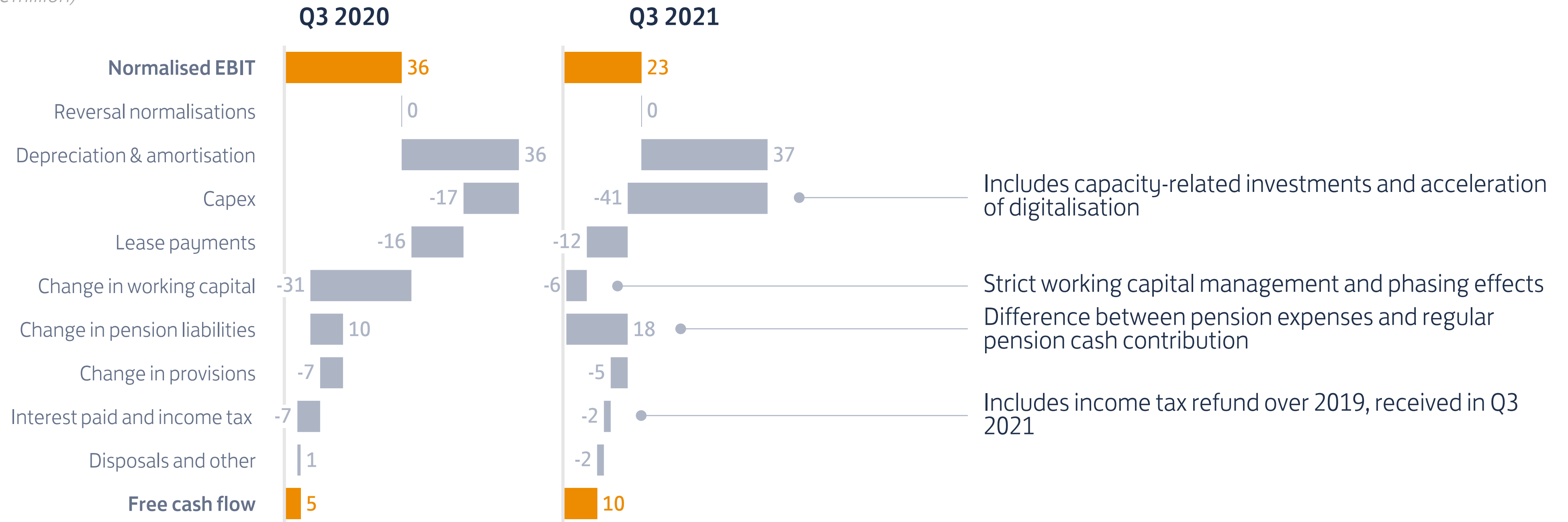
(in € million)



Cash flow Q3 2021

Continuing strong cash flow performance

(in € million)



Strong financial position

Adjusted net debt at €266m

<i>(in € million)</i>	2 Oct 2021
Intangible fixed assets	349
Property, plant and equipment	372
Right-of-use assets	288
Other non-current assets	48
Other current assets	415
Cash	786
Assets classified as held for sale	9
Total assets	2,267

	2 Oct 2021
<i>Consolidated equity</i>	340
<i>Non-controlling interests</i>	2
Total equity	342
Pension liabilities	70
Long-term debt	696
Long-term lease liabilities	277
Other non-current liabilities	64
Short-term lease liabilities	64
Other current liabilities	753
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)

Q3 2021

2021 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

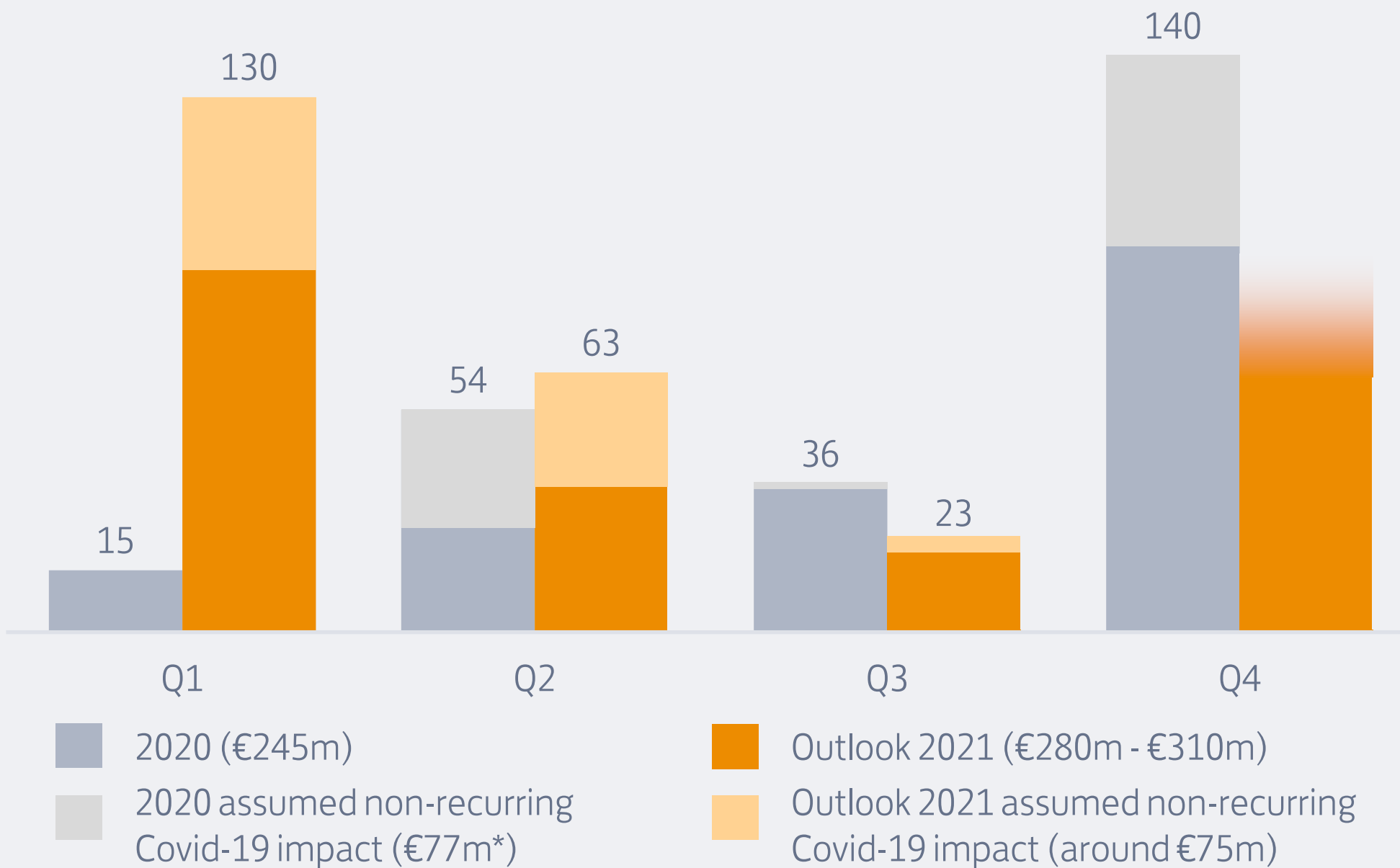
** Including settlement payment for transitional plans of €200m in 2020 and €16m in 2021

Normalised EBIT in Q4 2021

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

Normalised EBIT not evenly spread over the quarters

(indicative only, in € million)



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)

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



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!

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

Results by segment Q3 2021 and YTD 2021

	Revenue		Normalised EBIT		Margin	
	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021
<i>(in € million)</i>						
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%
	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021
Parcels	1,420	1,756	134	174	9.4%	9.9%
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%



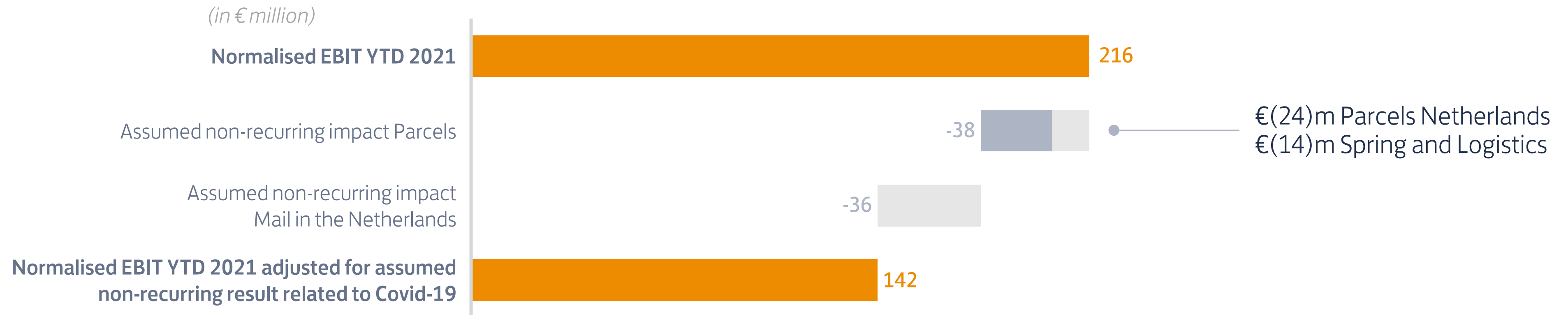
Revenue mix Parcels per quarter

(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

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



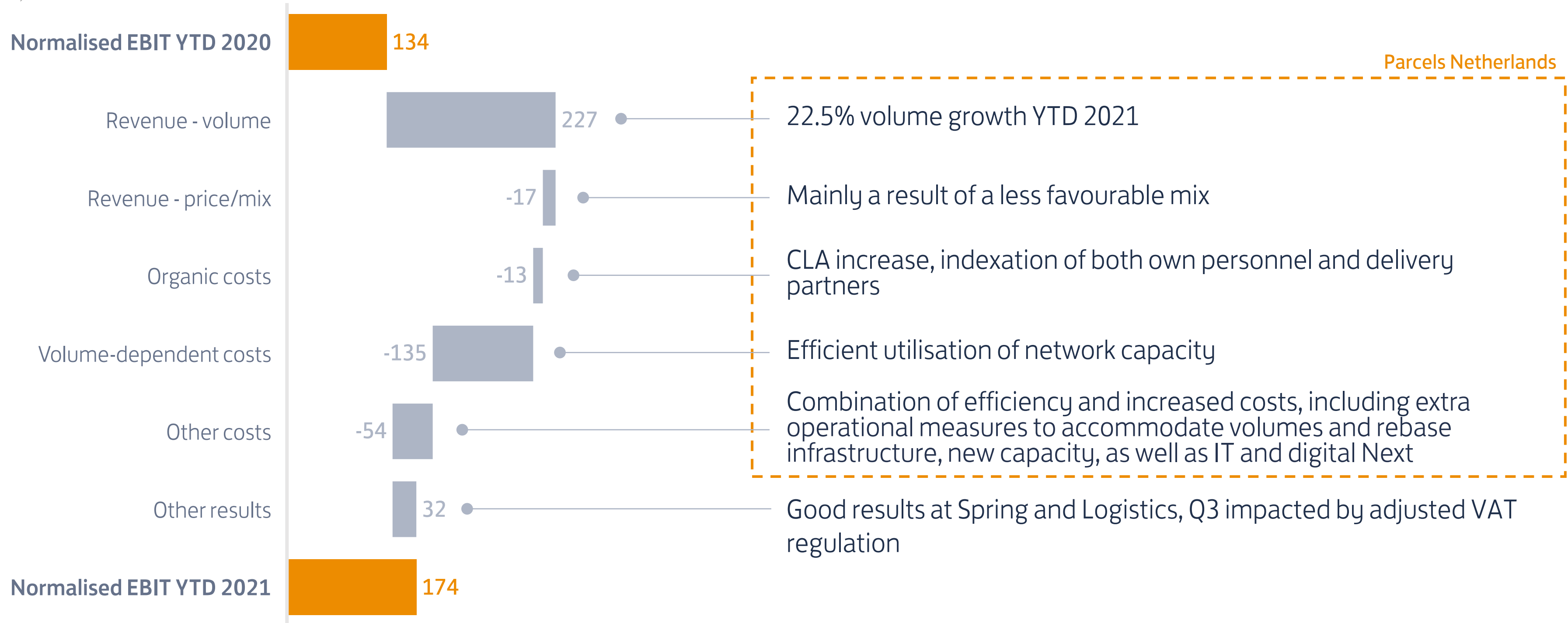
- YTD 2020: Normalised EBIT €105m, of which €30m assumed non-recurring impact related to Covid-19 (€22m Parcels Netherlands, €15m Spring and Logistics and €(6)m Mail in the Netherlands)

- 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

Parcels YTD 2021 normalised EBIT bridge

Up €41m compared with YTD 2020

(in € million)

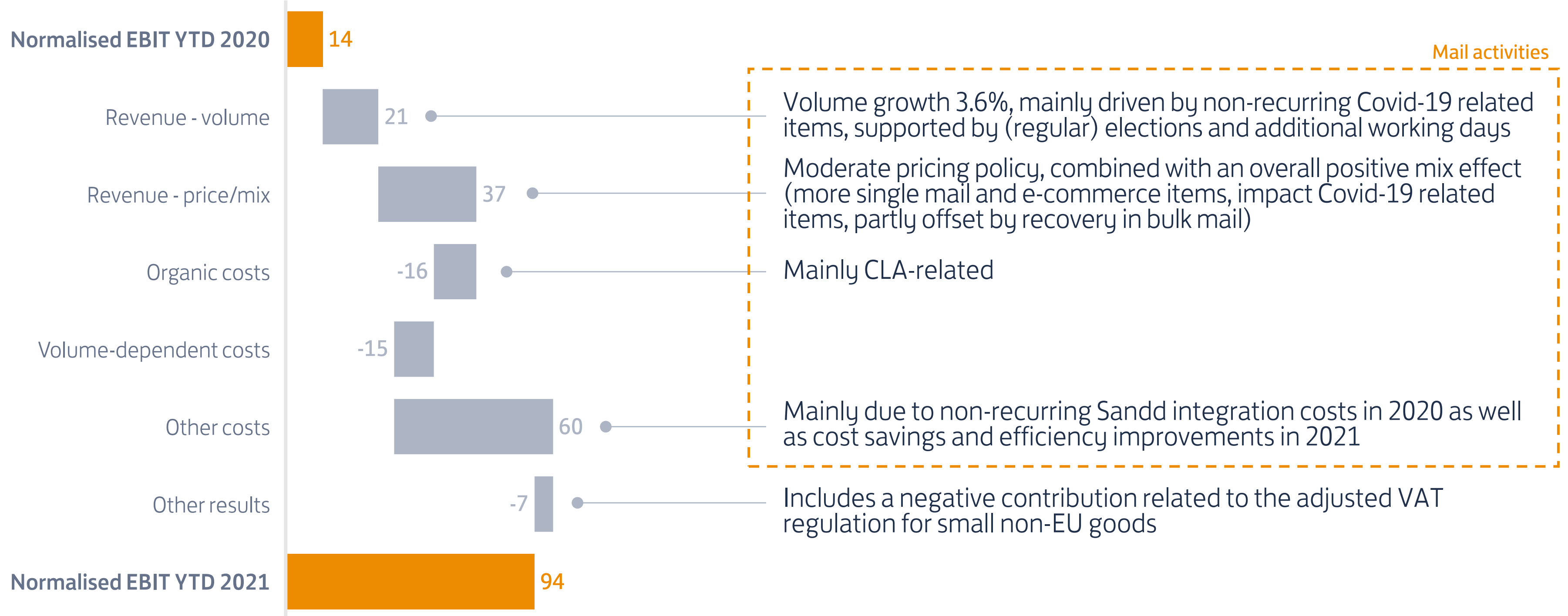


Assumed non-recurring impact related to Covid-19 of €38m YTD 2021 versus €37m YTD 2020

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

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

Cash flow YTD 2021

(in € million)

YTD 2020

YTD 2021

