



PostNL reports Q3 2024 results

Confidence in strong fourth quarter: FY normalised EBIT expected to be around €80 million

Financial highlights Q3 2024

in € million	Q3 2023	Q3 2024	% Change	YTD 2023	YTD 2024	% Change
Revenue	722	756	5%	2,276	2,316	2%
Normalised EBIT	(11)	(18)	-69%	14	(9)	
Free cash flow	(26)	(68)		(91)	(94)	
Normalised comprehensive income	(4)	(19)		10	(13)	

Highlights Q3

- Normalised EBIT of €(19) million at Mail in the Netherlands: result shows urgent need for adjustments in regulation
- Parliament disappointingly postponed decision towards future-proof and financially viable postal service and requires further actions by PostNL
- Parcel volumes increased by 7.4% (September exit rate 10.7%), supported by accelerating domestic volume growth (September exit rate 2.7%)
- Gradual improvement in contribution from volume growth at Parcels
- High organic cost increase of €34 million, largely mitigated
- New collective labour agreements (CLAs) for PostNL and Saturday workers
- 14% further improvement in average carbon efficiency year-to-date (YTD)

CEO statement

Herna Verhagen, CEO of PostNL, said: "The urgent need to transform the current unsustainable business model at Mail in the Netherlands is clearly shown by the loss of €19 million over the first nine months of 2024, €15 million lower than last year. Underlying trends in volume decline, the shift towards non-24-hour mail and cost increases are continuing. Therefore, adjustments in the universal service obligation (USO) and a financial contribution are necessary to secure that the legal duty of the USO is not loss-making.

"Because parliament recently postponed the decision for a future-proof postal market and waits for more background information, we have to take additional actions. In addition to the previously communicated migration of non-USO mail to a standard service level of 'within 2 days' as of 1 January 2025 we are now also considering further impactful measures, such as emptying mailboxes on the streets during the daytime instead of in the evening as well as potential further price increases for sending mail. Actions are inevitable to safeguard a future-proof and financially viable postal service that ensures predictable delivery for everyone in the Netherlands, while also providing job security to tens of thousands of people.

"At Parcels, overall volume growth is further picking up and trending well towards our full-year growth projection. Domestic volumes were up 1%, with market share remaining relatively stable. Volumes from international customers continued to grow significantly. The mix was slightly better than in the previous quarter and we anticipate further improvement going forward. We are pleased to see that the result, for the first time this year, improved compared with last year, supported by a strong performance in September after weak summer months. We are ready for the ramp-up towards peak season and put a lot of effort into optimising the balance between volume, value and capacity utilisation. Efficiency improvements, such as our initiatives to optimise our collection and transportation services as well as rationalisation of delivery options, are gaining momentum. Coupled with strict cost control and supported by accelerating volume growth, these measures will strengthen our results going forward. The positive performance trajectory at Parcels is encouraging.

"For the third quarter, as anticipated, the overall result was negative, predominantly driven by the performance of Mail in the Netherlands. Parcels reported a positive, and improved, result. In the current challenging market circumstances, we remain fully focused on adjusting our operations and offerings with ongoing attention for our customers, while improving efficiency and capacity utilisation.



"Given the results so far this year and persistent volatility in economic conditions, we now expect a normalised EBIT of around €80 million for full-year 2024, in line with current market expectations. We remain fully committed to paying out a dividend that is in line with our business performance."

Outlook FY 2024

PostNL acknowledges that economic conditions are persistently volatile. Based on the actual business performance in the first nine months of 2024, our outlook for full-year 2024 is as follows:

in € million	2023	2024 outlook (28 February 2024)	2024 outlook
Normalised EBIT	92	80 - 110	~80
Normalised comprehensive income	52	40 - 70	~40
Free cash flow	52	0 - 40	~0

Parcels

PostNL is well-positioned for the anticipated pick-up towards double-digit growth in the fourth quarter of 2024 and expects to achieve further efficiency gains, leveraging its flexible infrastructure. Overall, full-year volume growth is assumed to be between 7% and 10% (YTD: 6.0%, with an exit rate of 10.7% in September). Domestic parcel volume was up 0.5% YTD (September exit rate 2.7%), while volumes from international customers are expected to continue the already very strong growth achieved so far this year. Among domestic volumes, the larger customers and platforms are growing faster compared with other customer segments. Mix effects will continue to put some pressure on margins, but the impact will become gradually less material. Coupled with yield management, this is a solid starting point for improving operating leverage from volume growth in Q4 2024. Furthermore, PostNL is well on track to achieve €35 million in efficiency gains in 2024. The plans initiated to rationalise services and network costs and further reduce indirect cost will deliver a material contribution to normalised EBIT in Q4 2024.

Mail in the Netherlands

The YTD result at Mail in the Netherlands amounted to €(19) million, despite price increases and cost savings. This clearly shows that the current business model is not sustainable. The performance in December has to fully offset the YTD loss. The ongoing volume decline and shift towards non-24-hour mail put further pressure on margins. Assumed volume decline for the year is between 7% and 9% (YTD: -6.9%), mainly due to ongoing substitution. Volume development is not evenly split over the quarters, largely due to the timing and number of elections in the Netherlands. In Q4 we expect a peak in volumes due to seasonal mail, but the volume decline compared with last year will be more negative than the FY range given the impact from elections. PostNL is on track to achieve around €40 million in cost savings in 2024 (YTD: €30 million), based on further adjustments to processes within the current business model. A further increase in the stamp price to €1.21 as of 1 January 2025 has been announced.

Overall

Organic cost increases are expected to be less than the earlier guidance of around €155 million (YTD: €97 million). The gap between organic cost increases and targeted yield management at both Parcels and Mail in the Netherlands will be around €15 million. In addition, PostNL is on track to achieve €20 million in cost savings through previously implemented measures to reduce indirect costs and improve efficiency. Capex is expected to be slightly below the earlier guided €110 million, continuing a clear focus on the strategy while staying disciplined on cash flow management. The investment programme is flexible and ensures an efficient and future-proof infrastructure.

Executing on our strategy

Our strategy is focused on delivering distinctive customer and consumer experiences in order to be the leading e-commerce and postal services provider in, to, and from the Benelux area. Operating in a dynamic market, we are continuously enhancing our business model to adapt to external developments and collaborating with customers to introduce new, increasingly digital, solutions. Within this overarching strategy, we have fully incorporated a robust environmental, social and governance (ESG) strategy, which will enable us to drive a sustainable future.

Accelerating digital transformation and customer satisfaction

We aim to further strengthen our competitive position by building on our digital platform, integrating customers, consumers and solutions through simple and smart digital journeys to improve customer satisfaction. PostNL now has 9.3 million Dutch consumer accounts (30 June 2024: 9.1 million).



The automated parcel lockers (APL) network offers consumers a smart and more sustainable solution, adding to accessibility and service quality, and is open to other carriers. At the end of the quarter, 1,070 APLs were in use (year-end 2023: 903). We plan to continue expanding the APL network going forward as part of the Out-of-Home delivery strategy, further contributing to customer satisfaction. In Q3, we maintained our average number 1 Net Promoter Score position in relevant markets.

ESG progress in Q3 and going forward

We have continued to develop and implement initiatives to reduce our environmental impact and enhance our position as a socially responsible company. Our clear sustainability roadmap has led to a 14% improvement in the average carbon efficiency of our own fleet year-to-date, compared with the end of 2023.

New CLAs for PostNL and for Saturday deliverers were agreed. The CLAs will run from 1 April 2024 to 30 June 2026. During this period, wages will increase by 7% in four steps: 2.5% per 1 July 2024, and 1.5% per 1 January 2025, 1 July 2025 and 1 January 2026. The total package of employment terms and conditions results in CLAs that are more in line with the market and are appropriate to PostNL's financial situation.

Business performance

in € million, volume in million items	Volume		Revenue		Normalised EBIT ¹	
	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024
Parcels	82 ²	88	535	569	1	3
Mail in the Netherlands	356	334	299	295	(14)	(19)
PostNL Other			62	57	2	(1)
Intercompany			(174)	(166)		
PostNL			722	756	(11)	(18)

1 Note: normalised figures exclude one-offs in Q3 2024 (€3 million) and in Q3 2023 (€1 million)

2 As from 1 January 2024, parcel volumes also include domestic Belgian volumes. The comparative figure for 2023 has been adjusted accordingly (Q3 2023: +1 million items)

in € million, volume in million items	Volume		Revenue		Normalised EBIT ¹	
	YTD 2023	YTD 2024	YTD 2023	YTD 2024	YTD 2023	YTD 2024
Parcels	250 ²	265	1,652	1,706	23	19
Mail in the Netherlands	1,222	1,137	971	943	(4)	(19)
PostNL Other			181	178	(5)	(9)
Intercompany			(529)	(512)		
PostNL			2,276	2,316	14	(9)

1 Note: normalised figures exclude one-offs in YTD 2024 (€17 million) and in YTD 2023 (€2 million)

2 As from 1 January 2024, parcel volumes also include domestic Belgian volumes. The comparative figure for 2023 has been adjusted accordingly (YTD 2023: +2 million items)

In Q3 2024, normalised EBIT amounted to €(18) million compared with €(11) million in the same quarter last year. The main explanations for this are as follows:

Parcels: Encouraging volume growth with improving operational leverage

Revenue amounted to €569 million (Q3 2023: €535 million). Domestic volumes rose by 1.0% (September exit rate 2.7%), while volumes from international customers, predominantly large Asian-based web shops, increased by 34.4%. The total growth rate of 7.4% (September exit rate 10.7%) came with a slightly better mix than in the first half of the year. Revenue growth at Spring was mainly driven by Asian customers. The result benefited from improvements in operational efficiency, largely due to the adaptive measures taken.

Mail in the Netherlands: Further shift to non-24-hour mail and continued labour costs pressures

Revenue was down slightly to €295 million (Q3 2023: €299 million), on the back of a volume decline of 6.3% and balanced by price increases. Mix effects, such as the shift to non-24-hour mail, continued to put pressure on margins in the quarter. Labour costs were up, partly reflecting high sick leave rates in a tight labour market. Thanks to further adjustments of processes in the current business model, cost savings of €10 million (YTD: €30 million) were achieved.



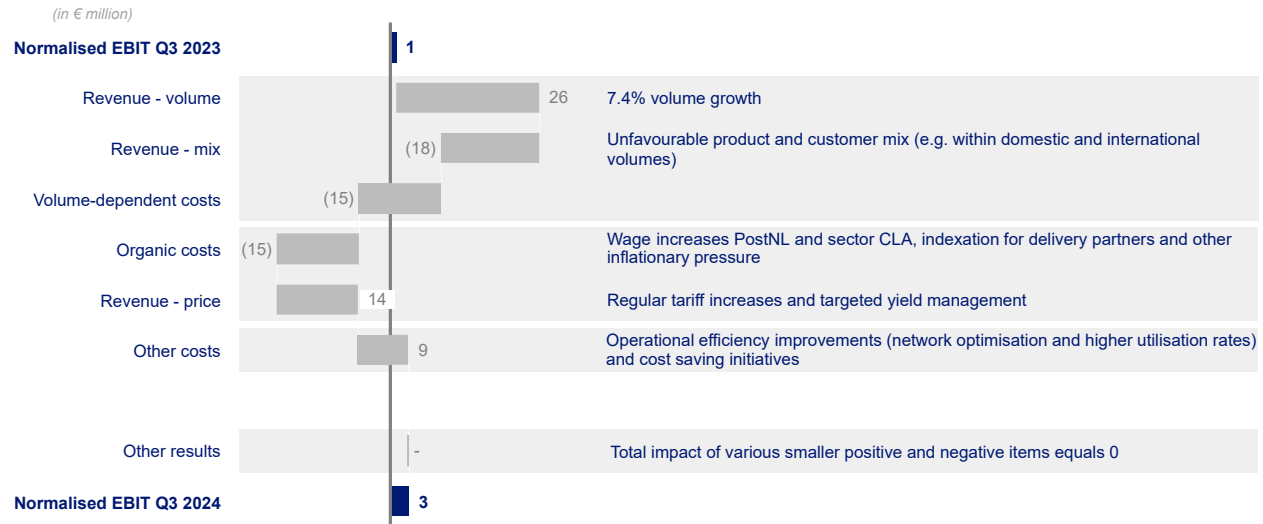
Overall

Total organic cost increases of €34 million, mainly labour-related, and visible across all segments, were largely mitigated by yield measures.

Segment information

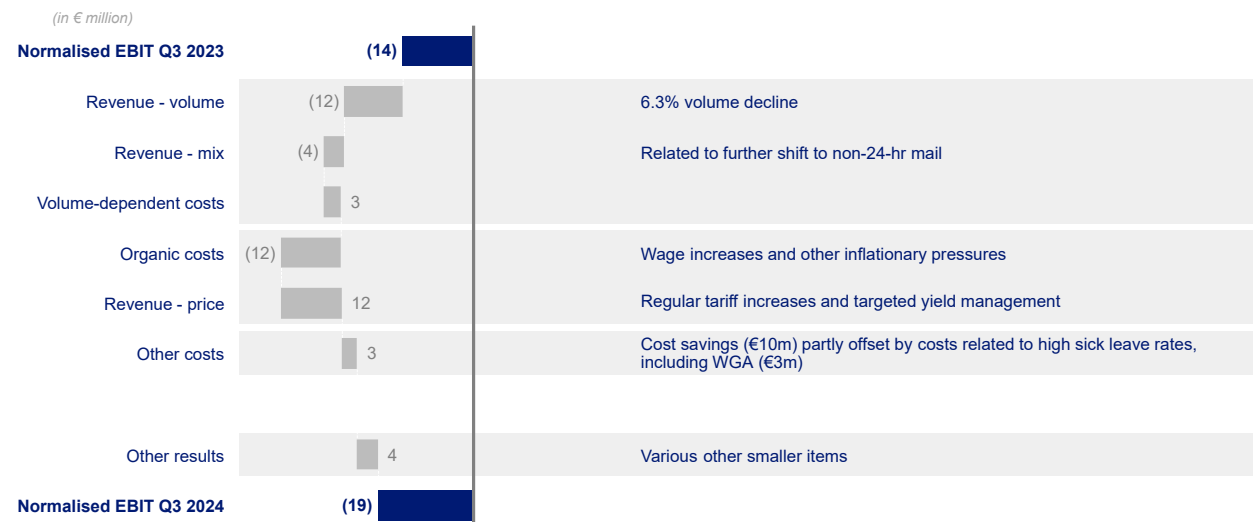
Parcels

Revenue increased to €569 million (Q3 2023: €535 million). Normalised EBIT in Q3 2024 came in at €3 million (Q3 2023: €1 million).



Mail in the Netherlands

Revenue was €295 million (Q3 2023: €299 million). Normalised EBIT in Q3 2024 came in at €(19) million (Q3 2023: €(14) million).





Cash flow development

Free cash flow came in at €(68) million (Q3 2023: €(26) million). The deterioration compared with last year primarily reflected phasing effects in income tax paid and higher interest paid. Working capital development also reflected some phasing effects throughout the year.

Key figures

in € million	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Revenue	722	756	2,276	2,316
Operating income	(12)	(21)	12	(27)
Profit for the period	(10)	(21)	6	(30)
Total comprehensive income	(5)	(21)	8	(26)
			31 December 2023	28 September 2024
Adjusted net debt			462	592
Consolidated equity			198	150

Financial calendar

24 February 2025	Publication of Q4 & FY 2024 results
15 April 2025	Annual General Meeting of shareholders
6 May 2025	Publication of Q1 2025 results
4 August 2025	Publication of Q2 & HY 2025 results
3 November 2025	Publication of Q3 2025 results

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Audio webcast and conference call on Q3 2024 results

On 4 November 2024, at 11.00 am CET, a conference call for analysts and investors will start. It can be followed live via an audio webcast at <https://www.postnl.nl/en/about-postnl/investors/>.

Additional information

Additional information is available at www.postnl.nl. Elements of this press release contain or may contain inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

Note that the numbers presented in this press release (tables and explanations of results) may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Caution on forward-looking statements

Some statements in this press release are "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These



forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict, and that may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only apply as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

Use of non-GAAP information

In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have a standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals.



Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 28 September 2024. The information should be read in conjunction with the consolidated 2023 Annual Report of PostNL N.V. as published on 26 February 2024.

The measurement of profit and loss and assets and liabilities is based on group accounting policies, which are compliant with IFRS as endorsed by the European Union. All significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2023 Annual Report for the year ended on 31 December 2023.

There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2024 that would be expected to have a material impact on the Group's 2024 accounts.

A specific contingent legal liability was included in the Annual Report 2023 in relation to the Belgian labour inspectorate in 2021 filing several criminal cases against (among others) PostNL Belgium regarding alleged breaches of applicable social laws and regulations of delivery partners. PostNL had been subpoenaed for alleged false self-employment, illegal postings of employees and as an alleged accomplice in not paying the connected social contributions. In Q2 2024, the court acquitted PostNL Belgium on all counts. The Belgian labour inspectorate did not file an appeal. As a result, the specific contingent legal liability no longer applies.

Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.



Consolidated interim financial statements

PostNL Consolidated statement of profit or loss in € million

	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Revenue from contracts with customers	719	753	2,267	2,309
Other operating revenue	3	2	9	7
Total operating revenue	722	756	2,276	2,316
Other income	3	0	3	0
Cost of materials	(22)	(16)	(67)	(55)
Work contracted out and other external expenses	(383)	(418)	(1,161)	(1,227)
Salaries, pensions and social security contributions	(255)	(263)	(819)	(820)
Depreciation, amortisation and impairments	(45)	(47)	(130)	(140)
Other operating expenses	(33)	(32)	(91)	(101)
Total operating expenses	(737)	(777)	(2,267)	(2,343)
Operating income	(12)	(21)	12	(27)
Interest and similar income	5	7	12	18
Interest and similar expenses	(5)	(9)	(15)	(22)
Net financial expenses	0	(2)	(2)	(4)
Results from investments in JVs/associates	(2)	(4)	(2)	(4)
Profit/(loss) before income taxes	(13)	(27)	8	(34)
Income taxes	4	6	(2)	4
Profit/(loss) from continuing operations	(9)	(21)	6	(30)
Profit/(loss) from discontinued operations	(0)	0	(0)	0
Profit for the period	(10)	(21)	6	(30)
Attributable to:				
Non-controlling interests	0	0	0	0
Equity holders of the parent	(10)	(21)	6	(30)
Earnings per ordinary share (in € cents) ¹	(2.0)	(4.2)	1.2	(6.1)
Earnings from continuing operations per ordinary share (in € cents) ¹	(2.0)	(4.2)	1.2	(6.1)
Earnings from discontinued operations per ordinary share (in € cents) ¹	(0.0)	0.0	(0.1)	0.0

¹ Based on an average of 497,026,126 outstanding ordinary shares (2023: 489,500,613).



PostNL Consolidated statement of comprehensive income in € million

	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Profit for the period	(10)	(21)	6	(30)
Change in value of financial assets at fair value through OCI	(0)	0	(3)	0
Other comprehensive income that will not be reclassified to the income statement	(0)	0	(3)	0
Currency translation adjustment, net of tax	0	(0)	0	(0)
Gains/(losses) on cashflow hedges, net of tax	4	(0)	5	4
Other comprehensive income that may be reclassified to the income statement	4	(0)	5	4
Total other comprehensive income for the period	4	(0)	2	4
Total comprehensive income for the period	(5)	(21)	8	(26)
Attributable to:				
Non-controlling interests	0	0	0	0
Equity holders of the parent	(5)	(21)	7	(26)
Total comprehensive income attributable to the equity holders of the parent arising from:				
Continuing operations	(5)	(21)	8	(26)
Discontinued operations	(0)	0	(0)	0



PostNL Consolidated statement of cash flows in € million

	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Profit/(loss) before income taxes	(13)	(27)	8	(34)
Adjustments for:				
Depreciation, amortisation and impairments	45	47	130	140
Share-based payments	1	(0)	2	1
(Profit)/loss on disposal of assets	(3)	0	(3)	(0)
Interest and similar income	(5)	(7)	(12)	(18)
Interest and similar expenses	5	9	15	22
Results from investments in JVs/associates	2	4	2	4
Investment income	(2)	6	1	8
Changes in provisions	(1)	4	5	18
Inventory	0	(0)	(1)	(1)
Trade accounts receivable	62	12	84	26
Other accounts receivable	3	(2)	3	(1)
Other current assets excluding taxes	(17)	(1)	(22)	(12)
Trade accounts payable	7	(15)	(15)	(34)
Other current liabilities excluding short-term financing and taxes	(65)	(8)	(112)	(42)
Changes in working capital	(9)	(14)	(63)	(65)
Cash generated from operations	20	17	83	67
Interest paid	(6)	(14)	(11)	(21)
Income taxes received/(paid)	(0)	(28)	(35)	(28)
Net cash (used in)/from operating activities	14	(25)	36	18
Interest received	5	8	16	17
Disposal of JVs/associates	0	0	0	1
Capital expenditure on intangible assets	(17)	(18)	(57)	(52)
Capital expenditure on property, plant and equipment	(8)	(6)	(33)	(21)
Proceeds from sale of property, plant and equipment	0	0	0	8
Changes in other loans receivable	1	1	1	2
Other changes in (financial) fixed assets	(1)	(2)	(2)	(2)
Net cash (used in)/from investing activities	(21)	(17)	(74)	(46)
Dividends paid	(21)	(11)	(29)	(22)
Changes related to non-controlling interests	(0)	0	(0)	(1)
Proceeds from long-term borrowings	(1)	(0)	3	297
Repayments of short-term borrowings	0	(6)	0	(7)
Repayments of lease liabilities/incentives	(18)	(20)	(57)	(58)
Net cash (used in)/from financing activities	(41)	(37)	(82)	209
Total change in cash from continuing operations	(47)	(79)	(120)	180
Cash at the beginning of the period	459	777	556	518
Cash transfers related to discontinued operations	7	1	(18)	2
Total change in cash from continuing operations	(47)	(79)	(120)	180
Cash at the end of the period	419	700	419	700



PostNL Consolidated statement of financial position in € million

	31 December 2023	28 September 2024
Goodwill	207	207
Other intangible assets	200	206
Intangible fixed assets	407	413
Land and buildings	275	297
Plant and equipment	165	156
Other equipment	11	11
Construction in progress	40	9
Property, plant and equipment	491	473
Right-of-use assets	293	284
Investments in joint ventures/associates	6	1
Loans receivable	15	13
Deferred tax assets	6	6
Financial assets at fair value through OCI	16	17
Prepayments		20
Total non-current assets	1,235	1,227
Inventory	9	11
Trade accounts receivable	320	294
Accounts receivable	13	16
Income tax receivable	3	36
Prepayments and accrued income	80	88
Cash and cash equivalents	518	700
Total current assets	943	1,144
Assets classified as held for sale	1	1
Total assets	2,180	2,372
Equity attributable to the equity holders of the parent	198	150
Non-controlling interests	2	3
Total equity	200	152
Deferred tax liabilities	40	40
Provisions for pension liabilities	2	2
Other provisions	42	54
Long-term debt	299	596
Long-term lease liabilities	240	227
Other long-term liabilities	73	71
Accrued liabilities		20
Total non-current liabilities	695	1,011
Trade accounts payable	210	175
Other provisions	21	28
Short-term debt	368	363
Short-term lease liabilities	80	80
Other current liabilities	126	135
Income tax payable	1	2
Contract liabilities	57	36
Accrued current liabilities	421	390
Total current liabilities	1,284	1,208
Total equity and liabilities	2,180	2,372