



**CFA Institute Research Challenge
Benelux**

Investment summary

BUY
Recommendation

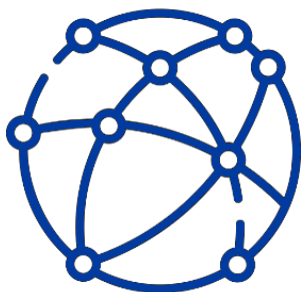
€2.29

~ 21%
Upside



Source: Eikon Refinitiv

Key investment drivers



Investment summary

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Recommendation

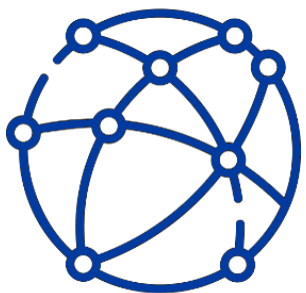
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Key investment drivers



Efficient and
sizeable network



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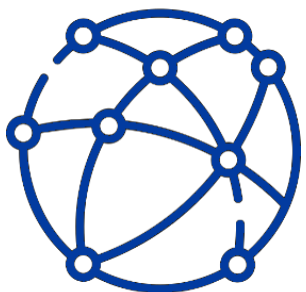
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Efficient and
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Steady e-commerce
growth



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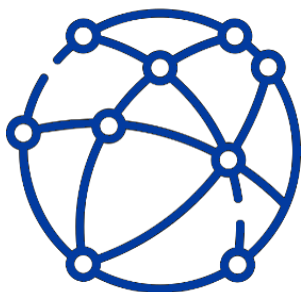
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Source: Eikon Refinitiv

Key investment drivers



Efficient and
sizeable network



Steady e-commerce
growth



Stable cash-flow
driven by a profitable
mail segment



Business Description & Competitive Analysis



Mail segment

Universal Service Obligation



Business



ESG



Financials



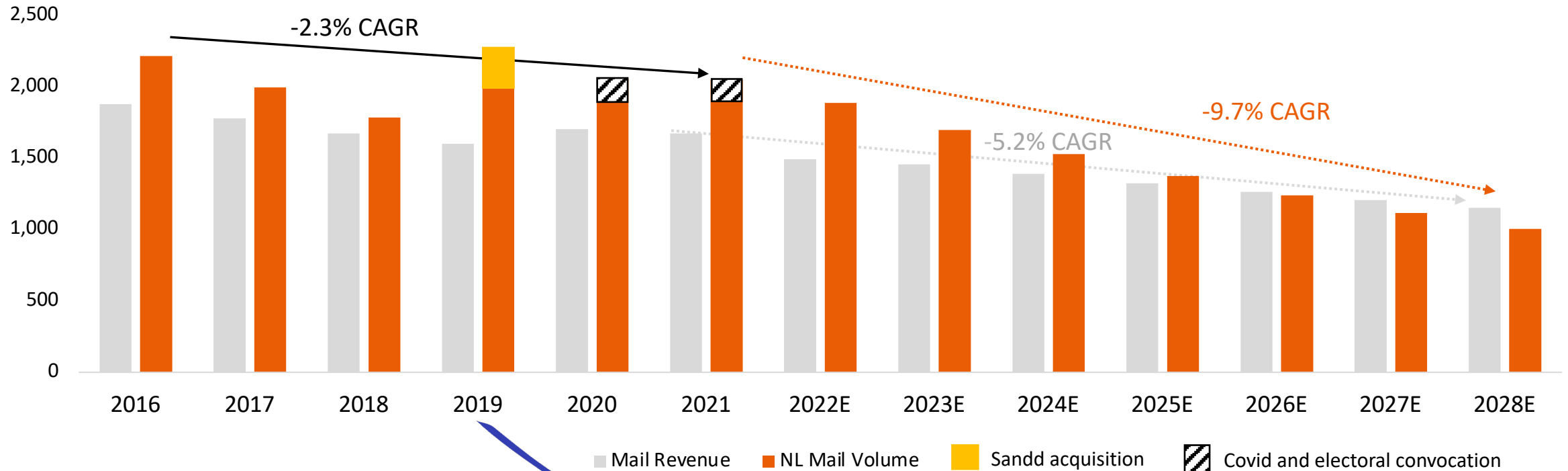
Valuation



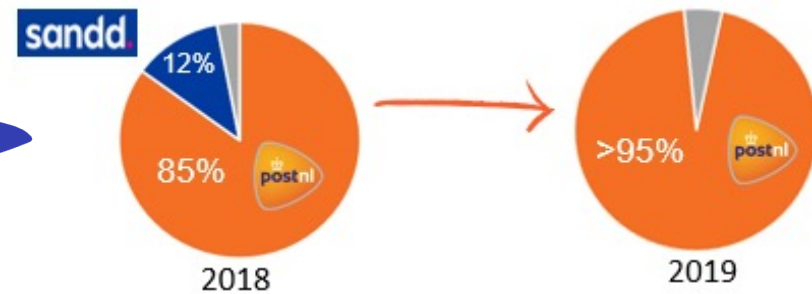
Risks

Mail segment

Mail volume & revenue in the Netherlands (in million)



Universal Service Obligation



Source: PostNL, team analysis



Business

ESG

Financials

Valuation

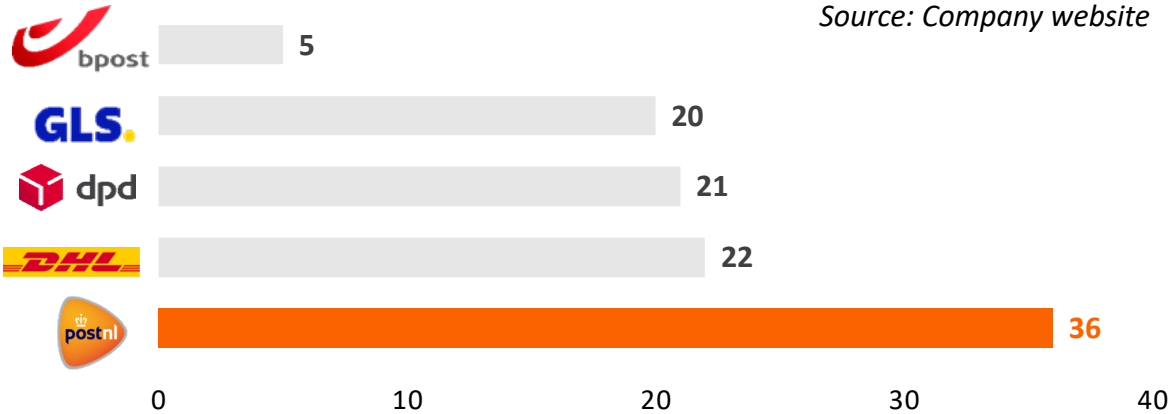
Risks

Parcel segment

A sizeable network to sustain a leading position in the Benelux

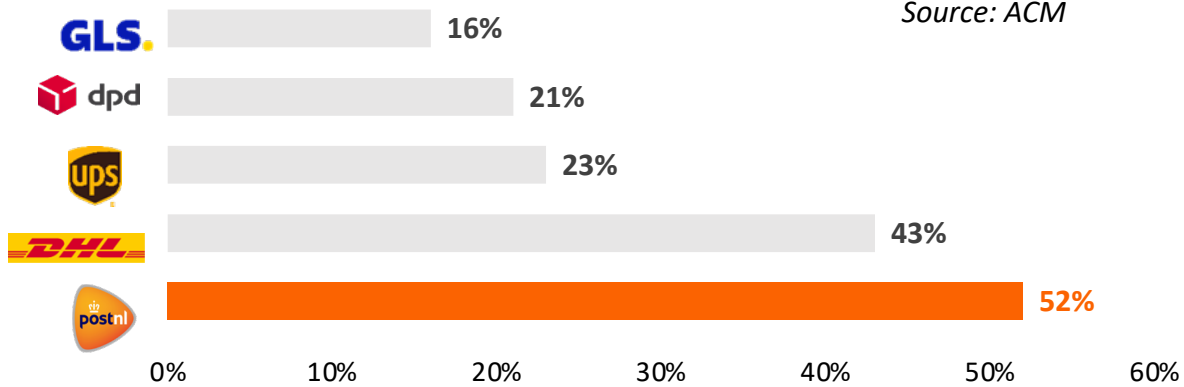
Sorting centers in 2021

Source: Company website

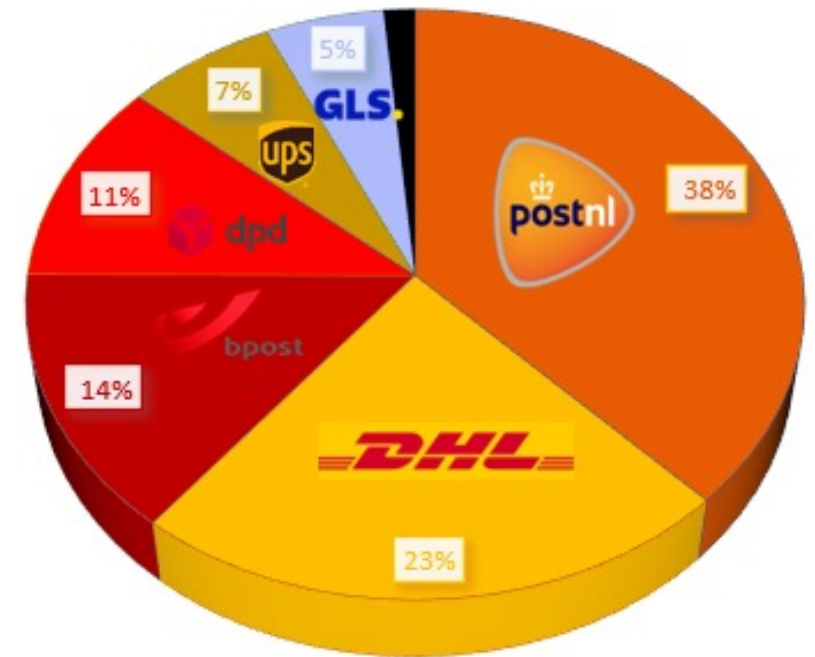


Percentage of households with a parcel point nearby

Source: ACM



Volume market share in the Benelux in 2021



Source: ACM, IBPT



Business

ESG

Financials

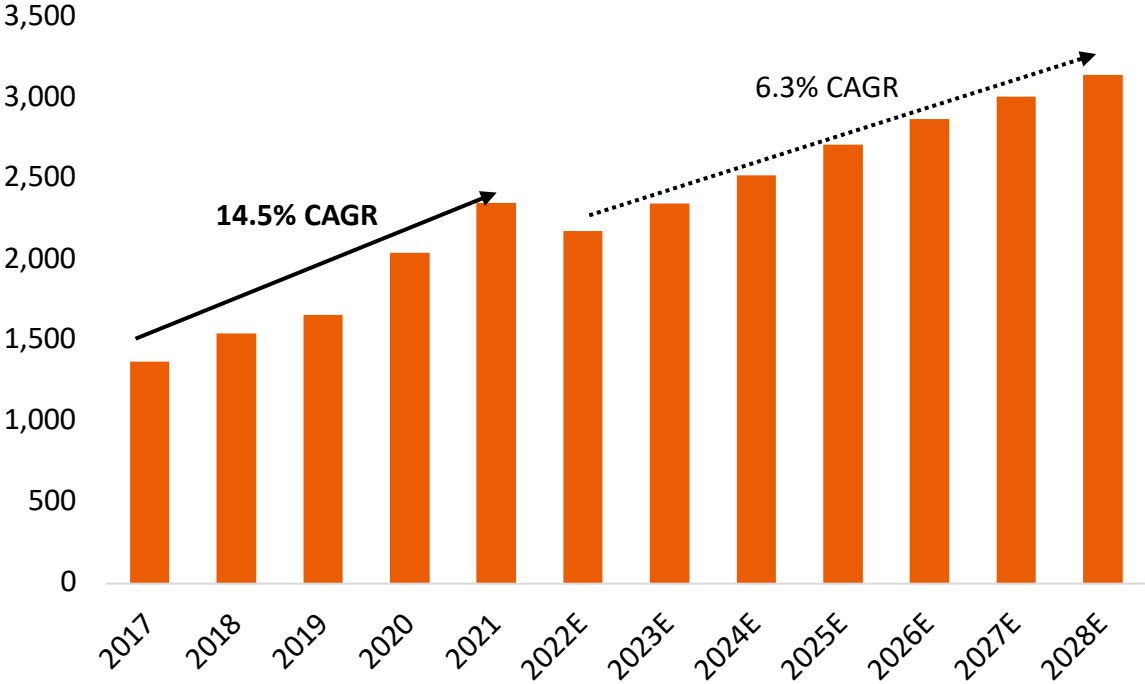
Valuation

Risks

Parcel segment

Still a lot of room for growth

Parcel revenue (in million €)



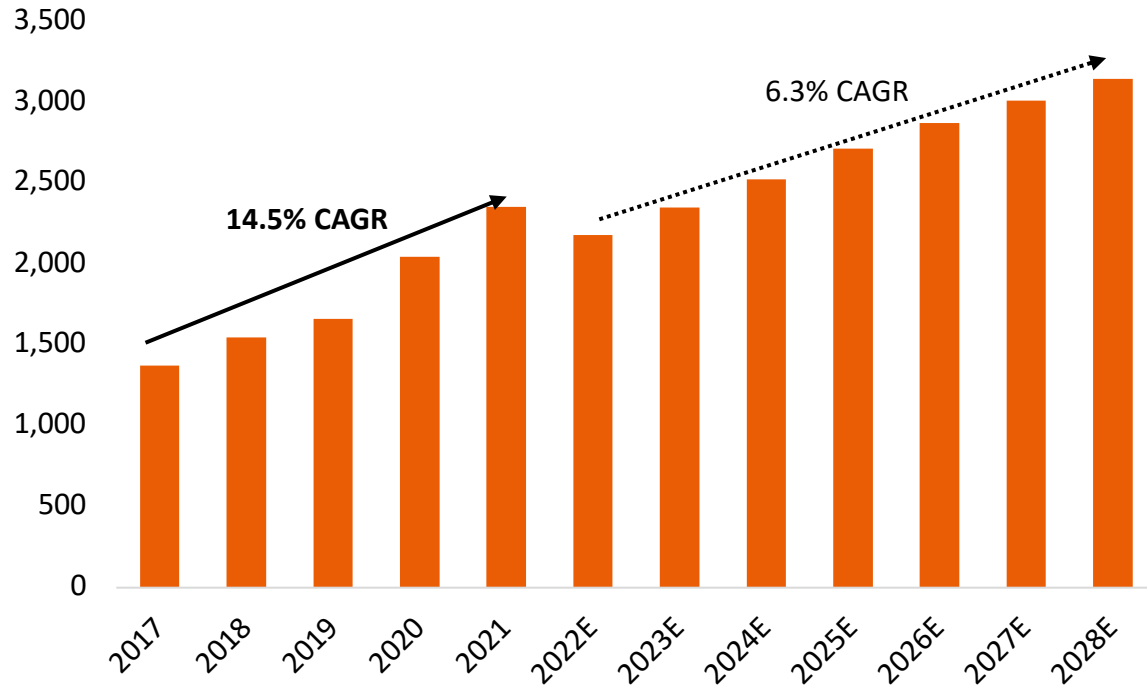
Source: PostNL



Parcel segment

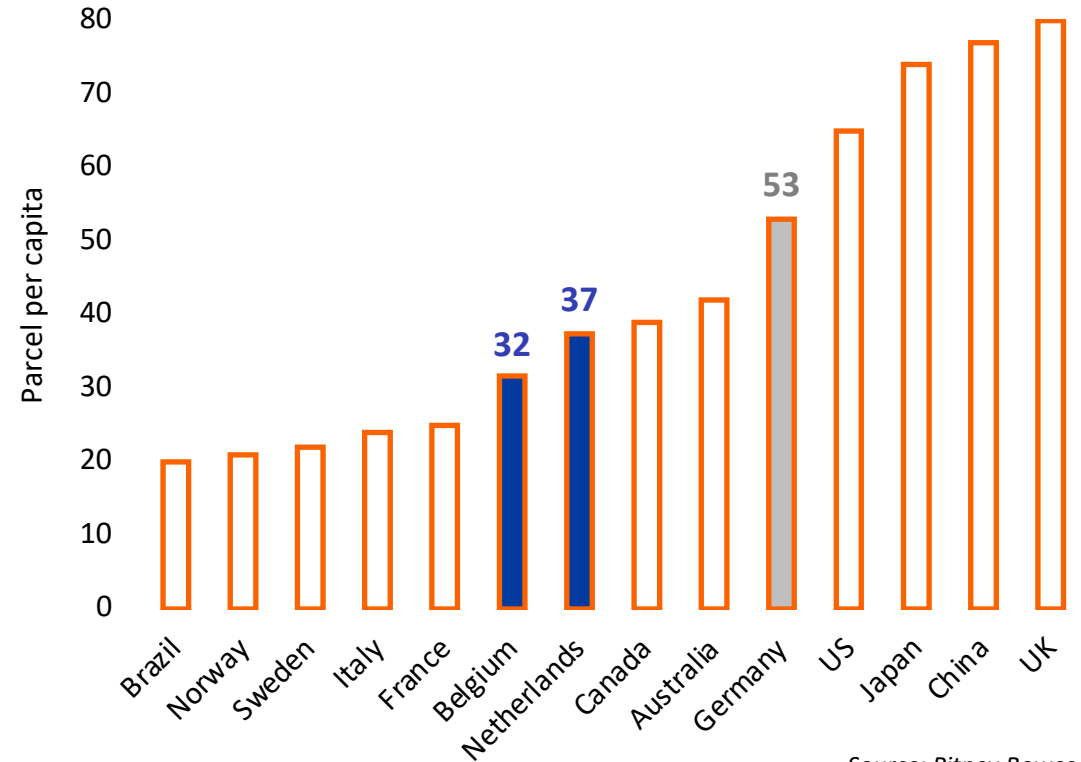
Still a lot of room for growth

Parcel revenue (in million €)



Source: PostNL

Parcel per capita (country split – 2021)



Source: Pitney Bowes parcel index 2022, team analysis



Business

ESG

Financials

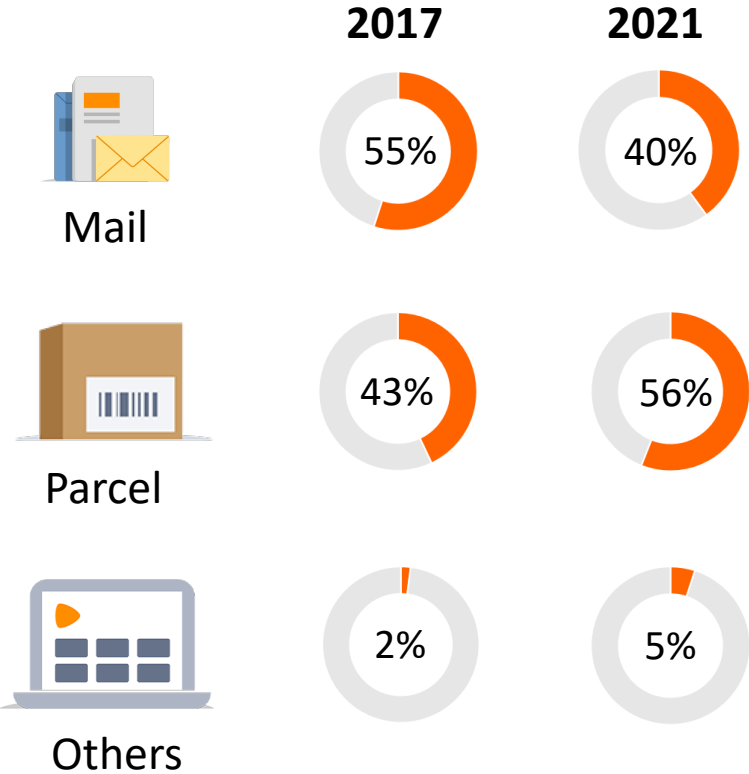
Valuation

Risks

Strategy

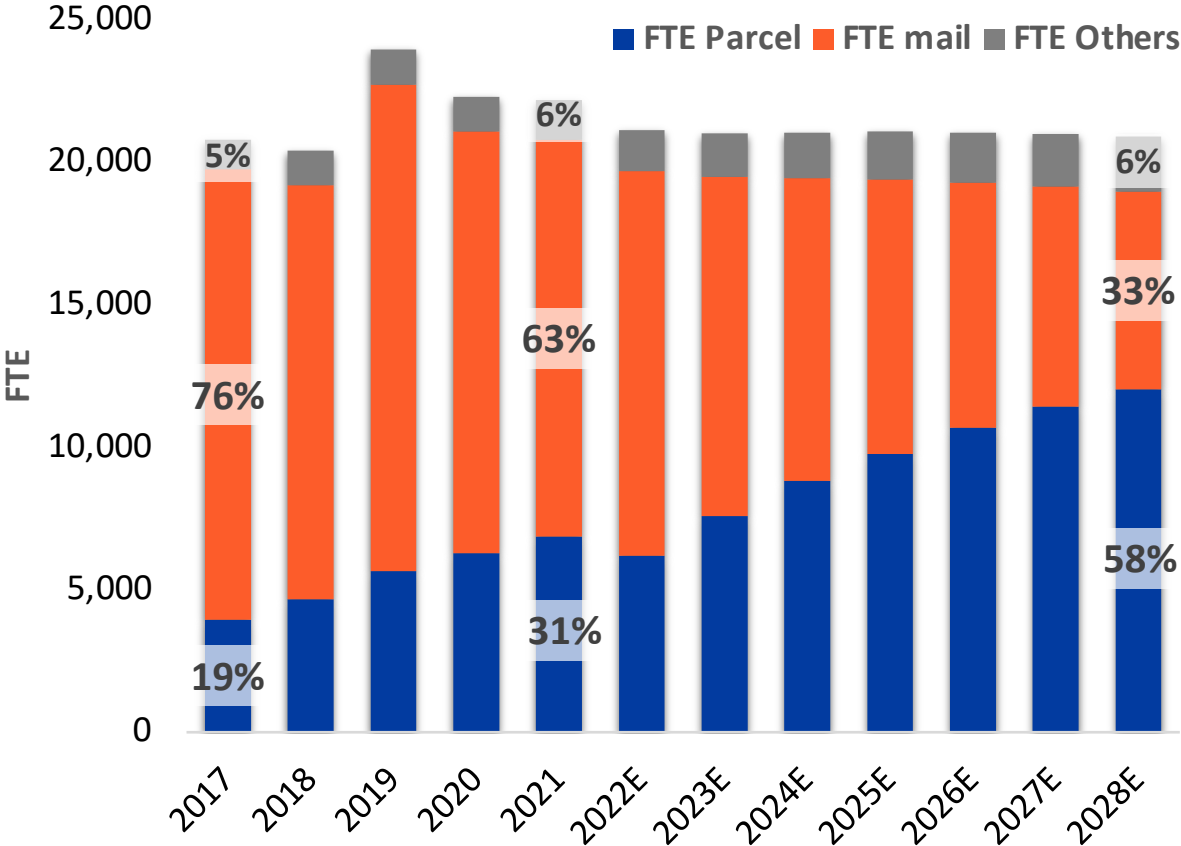
A well-established business in transition

Revenue segmentation



Source: PostNL

Progressive FTE shift



Source: Team analysis



Business



ESG



Financials



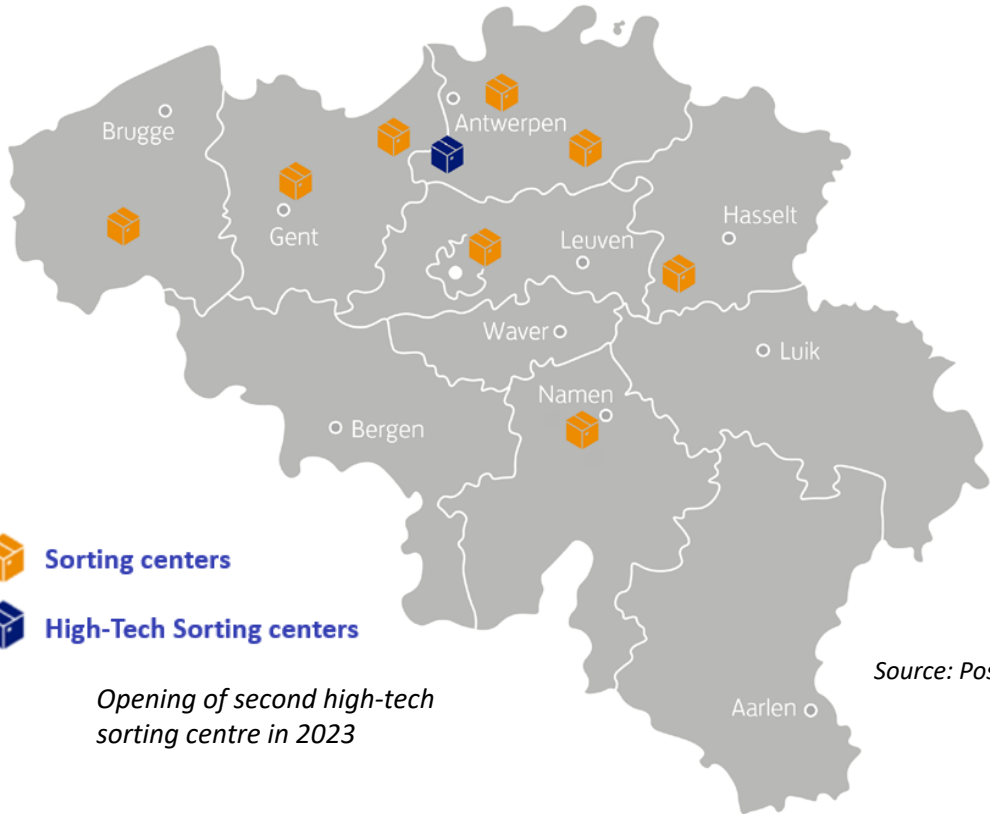
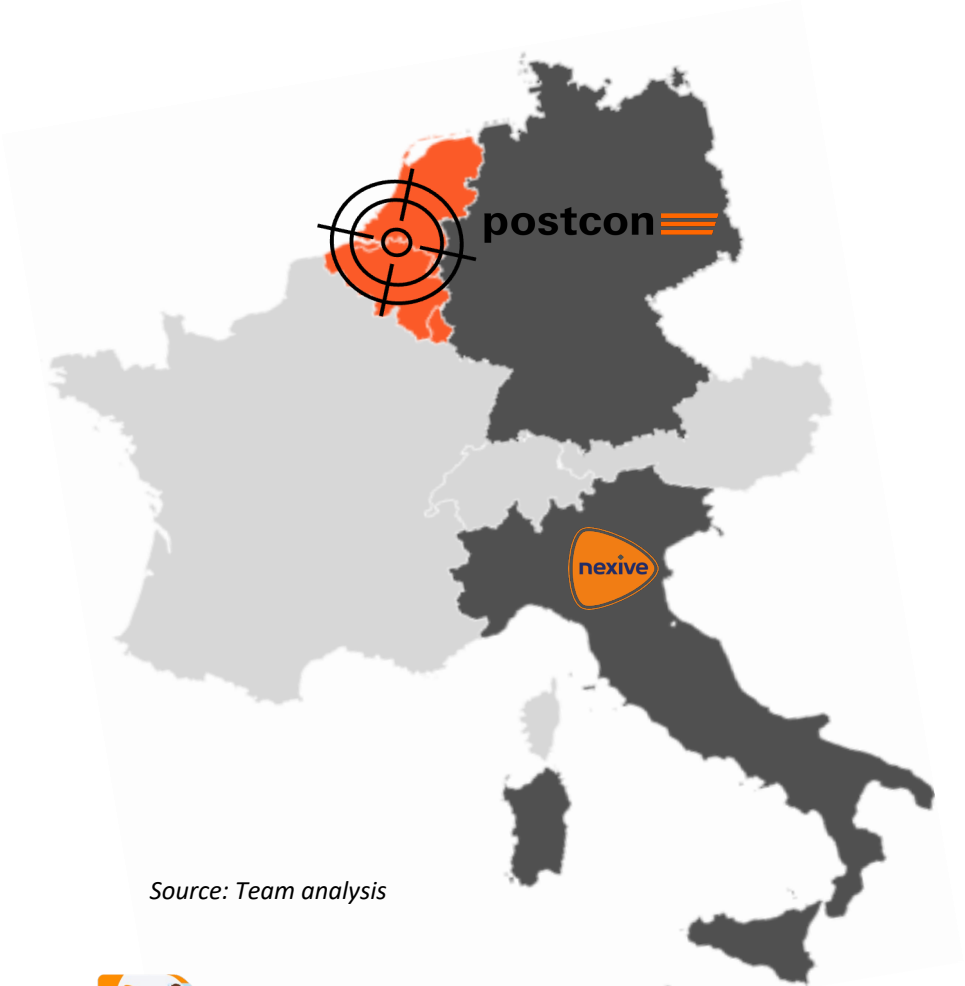
Valuation



Risks

Strategy

Refocusing on the Benelux with the Belgian market in sight



Business

ESG

Financials

Valuation

Risks



ESG Analysis



Materiality map: Road transportation



Employee health & safety

Critical incident risk management

GHG emissions

Air quality

Source: Sustainability Accounting Standards Board



Decent work





↳ With a focus on occupational safety and health

Protection of customer

Climate change mitigation

Source: EU Taxonomy

Best-in-class company according to main ESG data providers

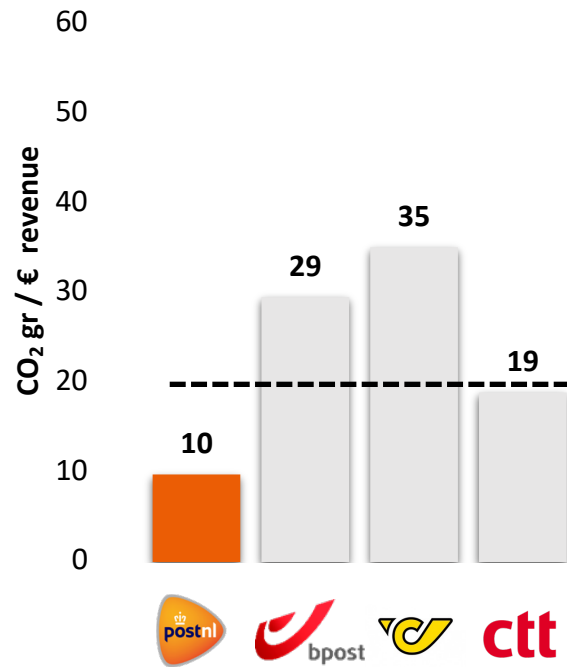
Data Provider	ESG rating	Top
	A-	Top 2 of peer group
	AAA	Best company of peer group
	44	Best company of peer group
	16.7	Best company of peer group

Source: Refinitiv, MSCI, Vigeo, Sustainalytics

Environment

A good internal environmental efficiency...

Emission intensity (2021)



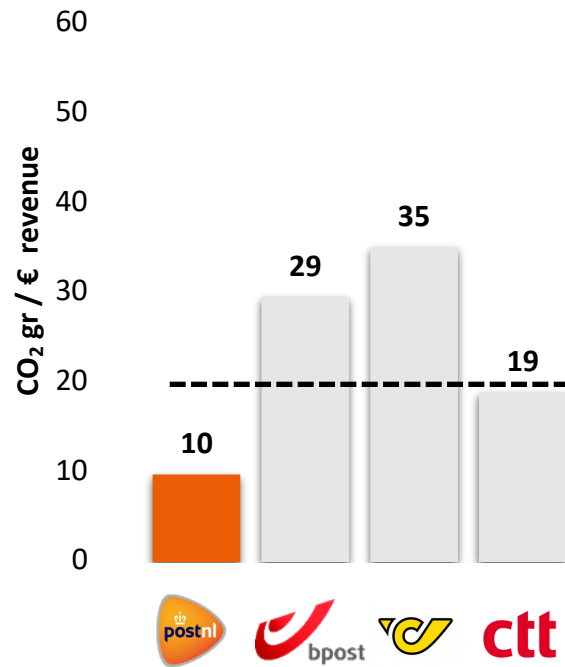
Source: Team analysis

Scope 1 & 2

Environment

A good internal environmental efficiency...

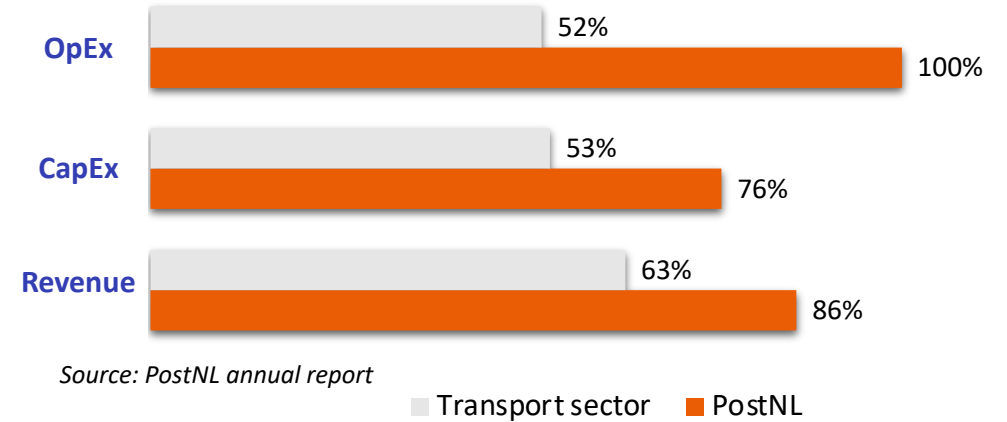
Emission intensity (2021)



Source: Team analysis

Scope 1 & 2

EU Taxonomy eligibility



Source: PostNL annual report

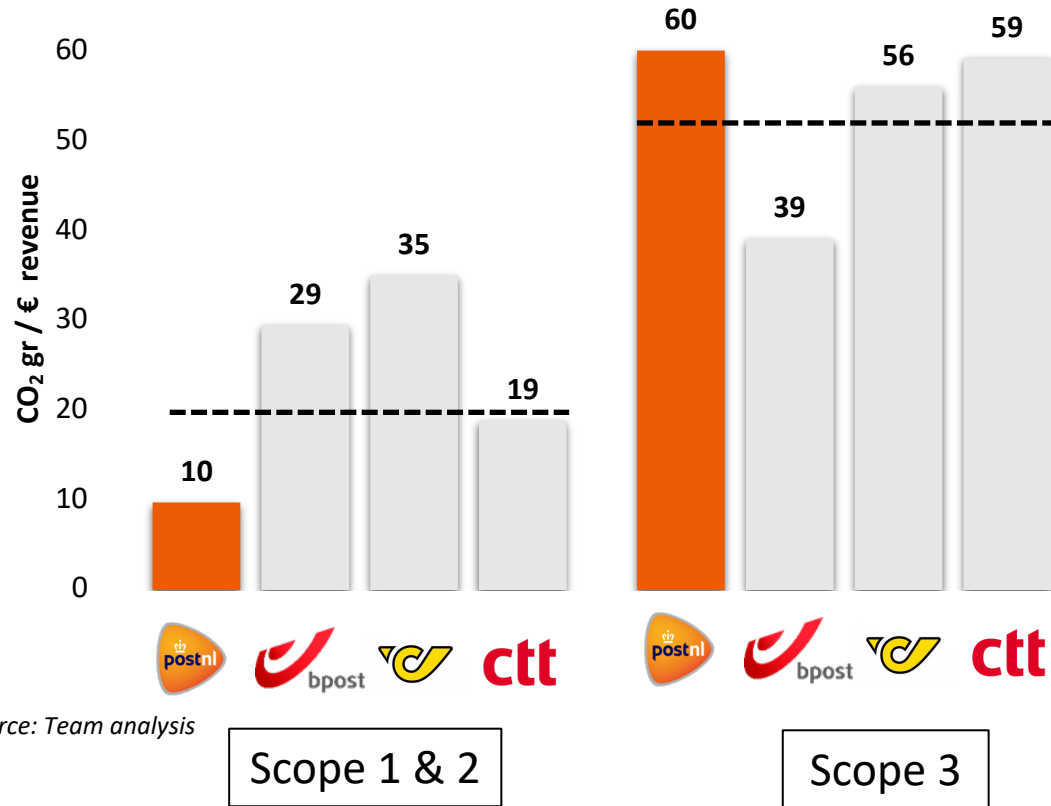
Transport activities performance	NO (gr/km)	PM (gr/km)
	0.42	0.01
Euro 6	0.70	0.045
Euro 7	0.60	0.045

Source: PostNL annual report, EU taxonomy

Environment

A good internal environmental efficiency... but a disappointing external efficiency

Emission intensity (2021)




Less ambitious net-zero emission target than competitors

Source: Team analysis

Social

Above the industry average but still a problem with subcontractors


2021		Sector average
Employee engagement	84%	77%
Absenteeism	6%	7%
Turnover rate	26%*	20%
Average training hours	21	19
Fatalities	2	0.8
Customer satisfaction	83%	80%

Source: PostNL, Team analysis

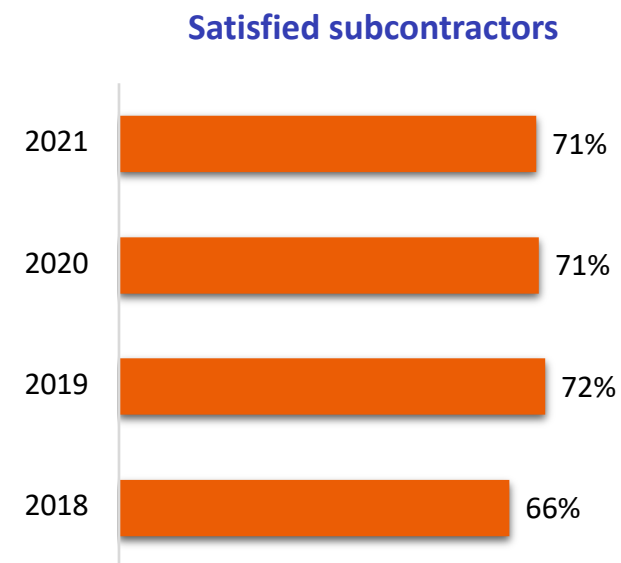
*after adjustment

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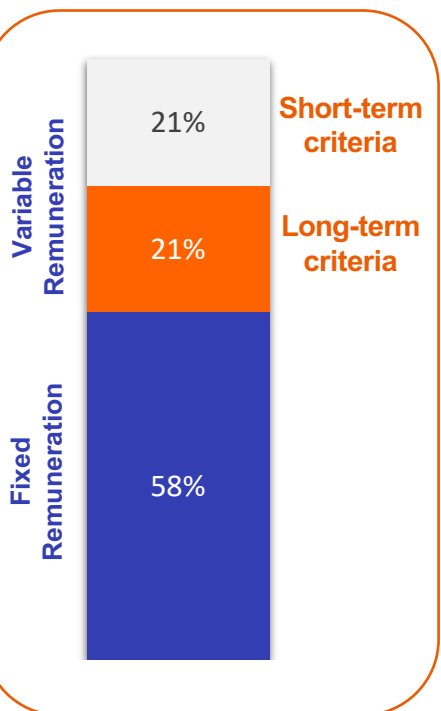
Suspected social fraud in Belgium in 2022

*after adjustment

Governance

Remuneration package supporting the sustainability strategy

Board members remuneration



Variable Remuneration (2021): Short-term criteria

Profitability

Cash generation

Customer highly satisfied

Quality mail

Quality parcel

Employee Engagement

Variable Remuneration (2021): Long-term criteria

Underlying net cash income

Cost savings

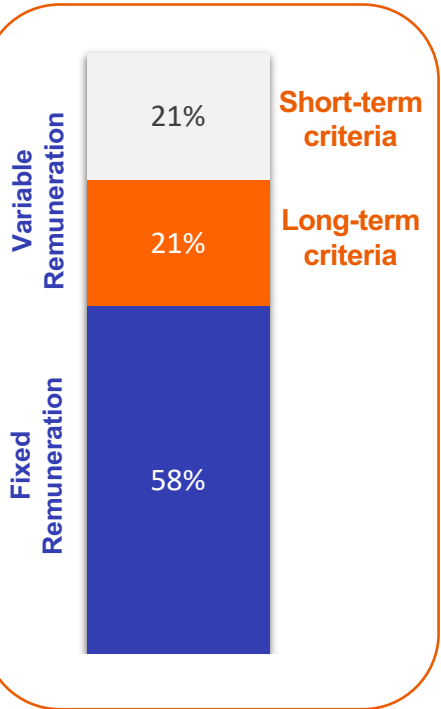
New growth initiatives

Source: PostNL

Governance

Remuneration package supporting the sustainability strategy

Board members remuneration



Source: PostNL

Variable Remuneration (2021): Short-term criteria

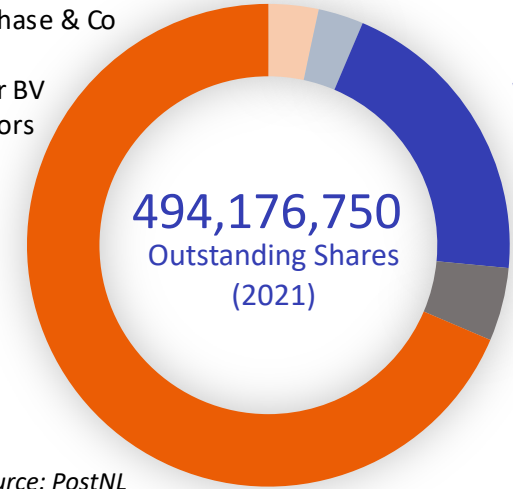
- Profitability
- Cash generation
- Customer highly satisfied
- Quality mail
- Quality parcel
- Employee Engagement

Variable Remuneration (2021): Long-term criteria

- Underlying net cash income
- Cost savings
- ~~New growth initiatives~~

Climate impact (2022)

- BlackRock, Inc
- JP Morgan Chase & Co
- Vesa/EP1
- Talpa Beheer BV
- Other investors



Source: PostNL

29.9%
End of 2022

Above 50% outstanding shares linked to top 10 shareholders in 2022

PostNL Continuity Foundation acting as a **poison pill**



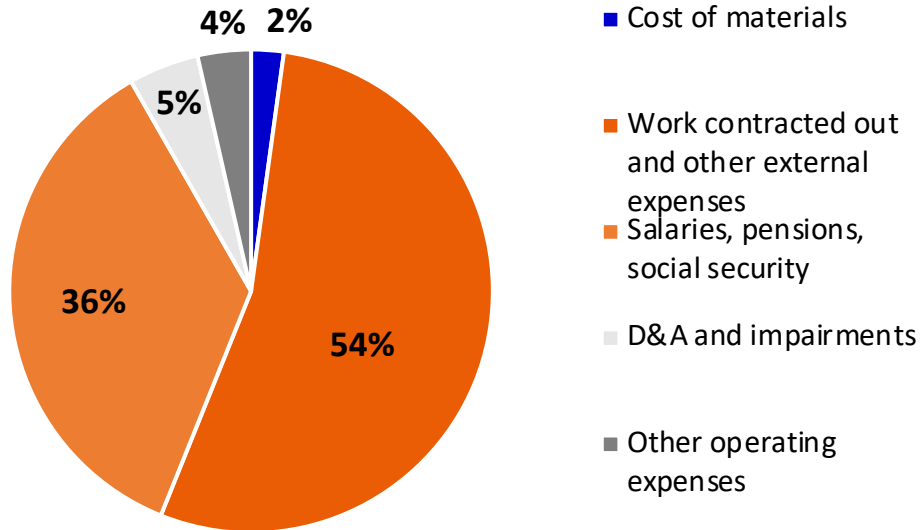
Financial Analysis



Operating expenses & cash-flow

The protective shield of regulated mail services

Opex distribution



Source: Team analysis

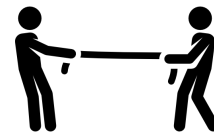
Key margin drivers



Inflation



Tight labour market



Increasing competition



Automation & productivity gains



Financials

Source: Team analysis

Business

ESG

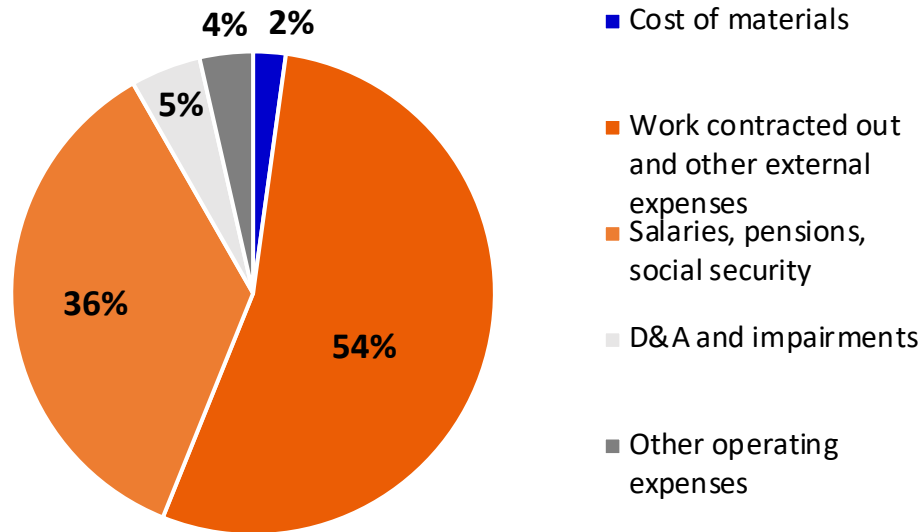
Valuation

Risks

Operating expenses & cash-flow

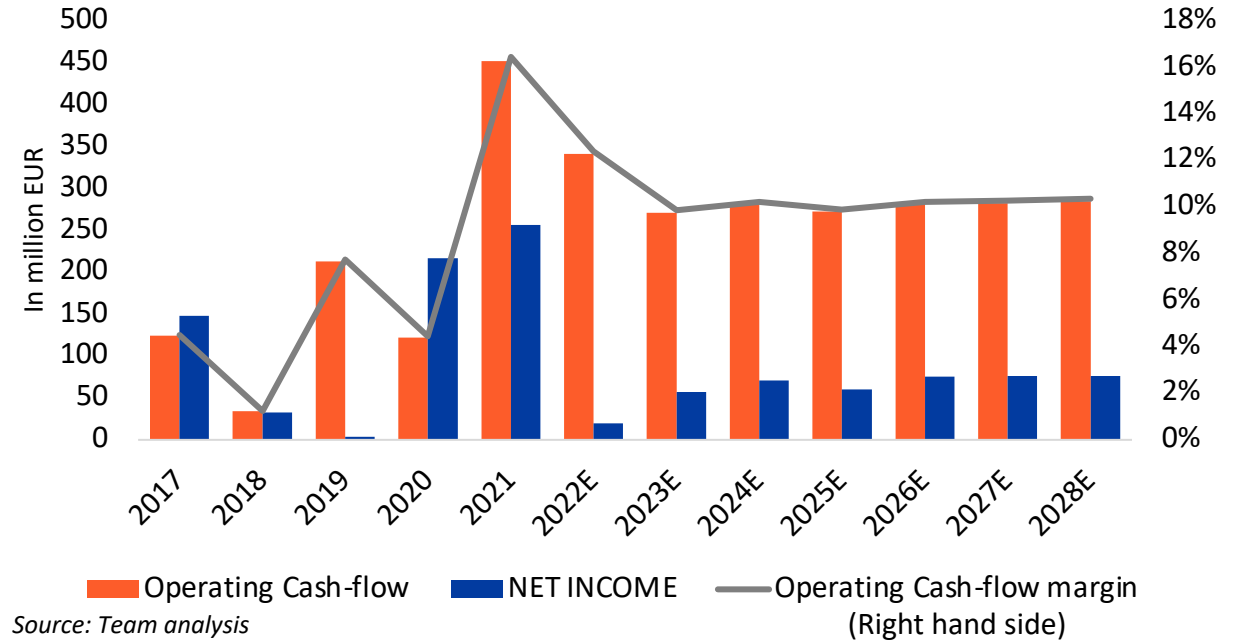
The protective shield of regulated mail services

Opex distribution



Source: Team analysis

Operating cash-flow margin



Source: Team analysis

Key margin drivers



Inflation



Tight labour market



Increasing competition



Automation & productivity gains

Source: Team analysis

Business

ESG

Financials

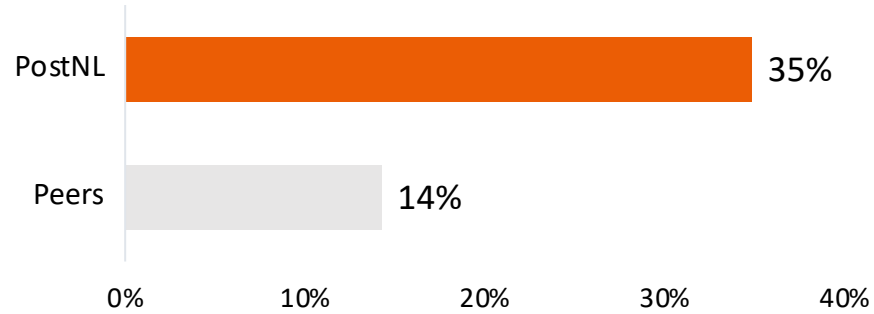
Valuation

Risks

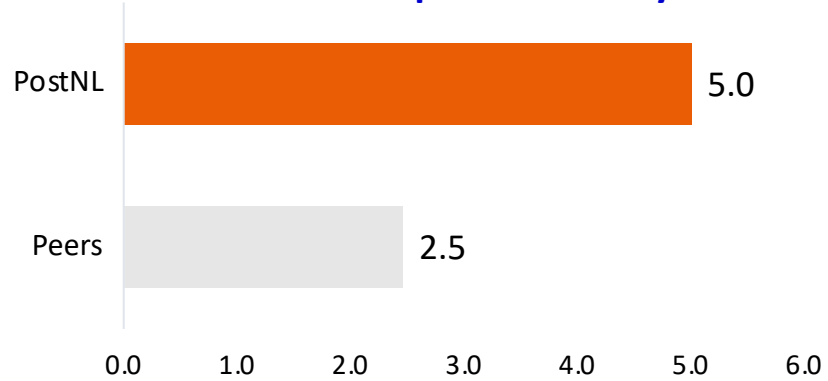
ROIC & CapEx

Leveraging synergies and legacy

ROIC



Invested capital efficiency

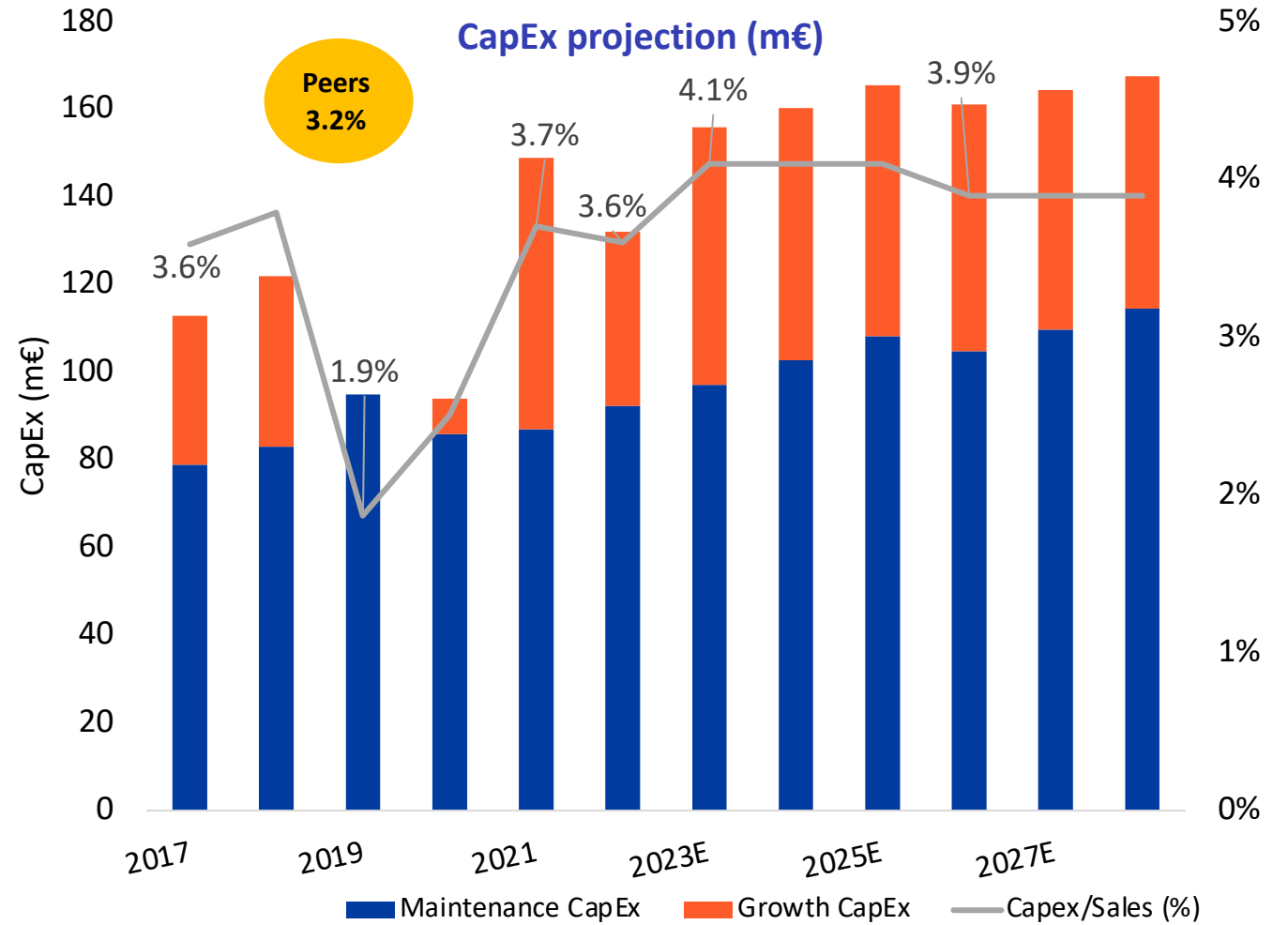
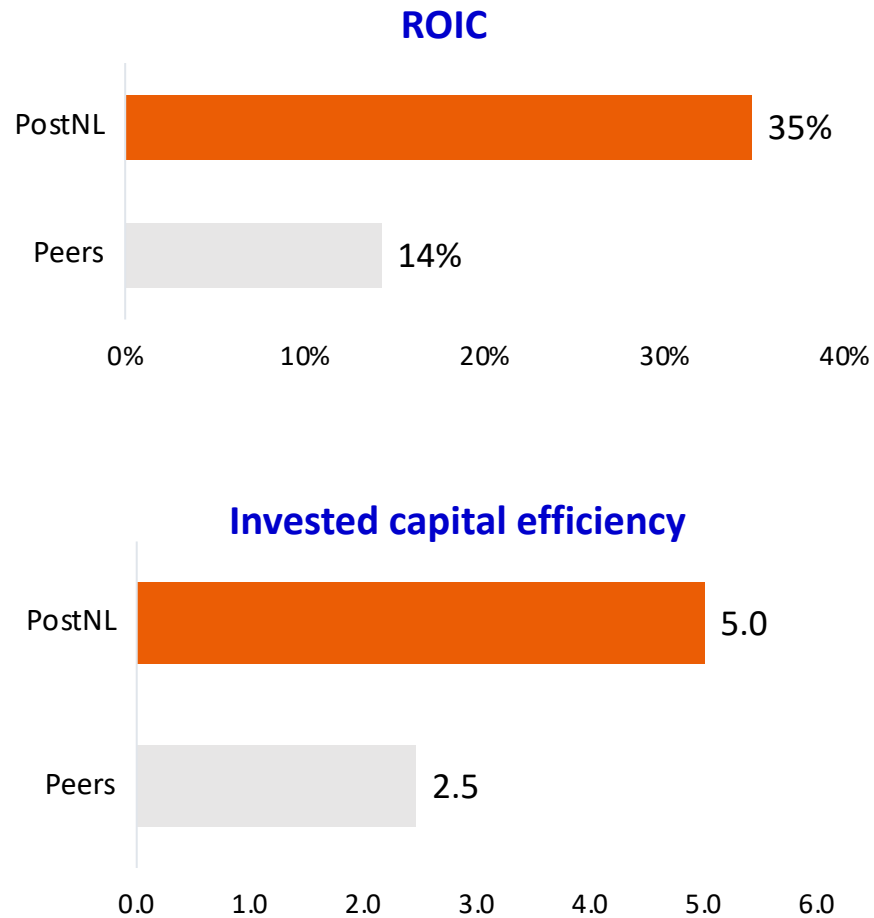


*Invested capital efficiency = Sales/ Invested capital



ROIC & CapEx

Leveraging synergies and legacy



Source: PostNL, team analysis

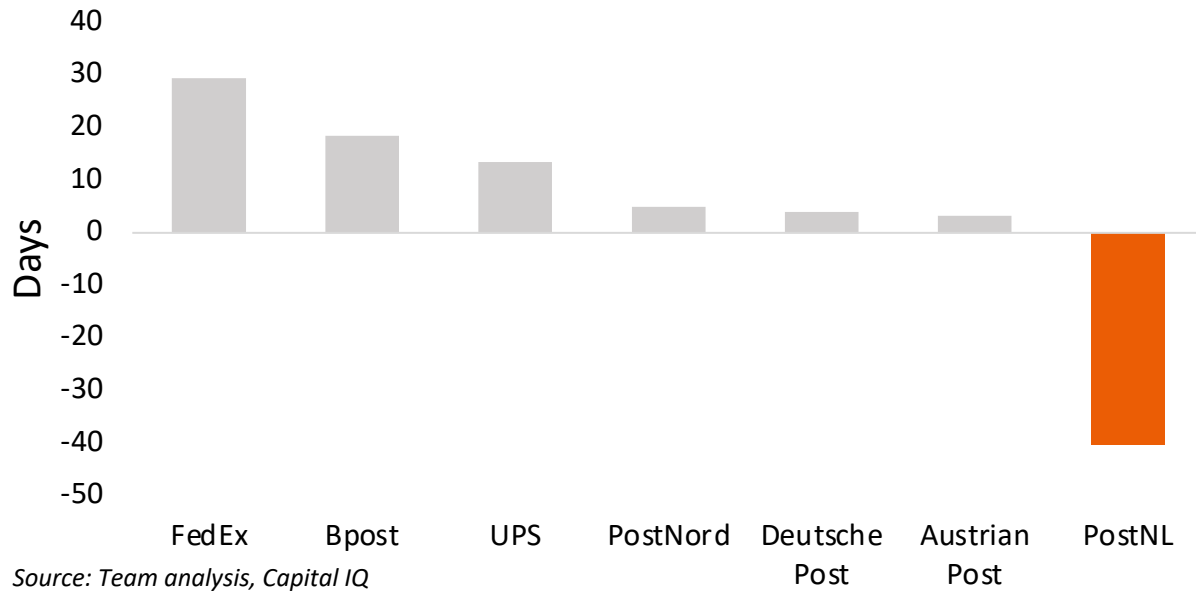
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Cash conversion cycle

Terminal dues as a liquidity buffer

Cash Conversion Cycle Peer group (2021)



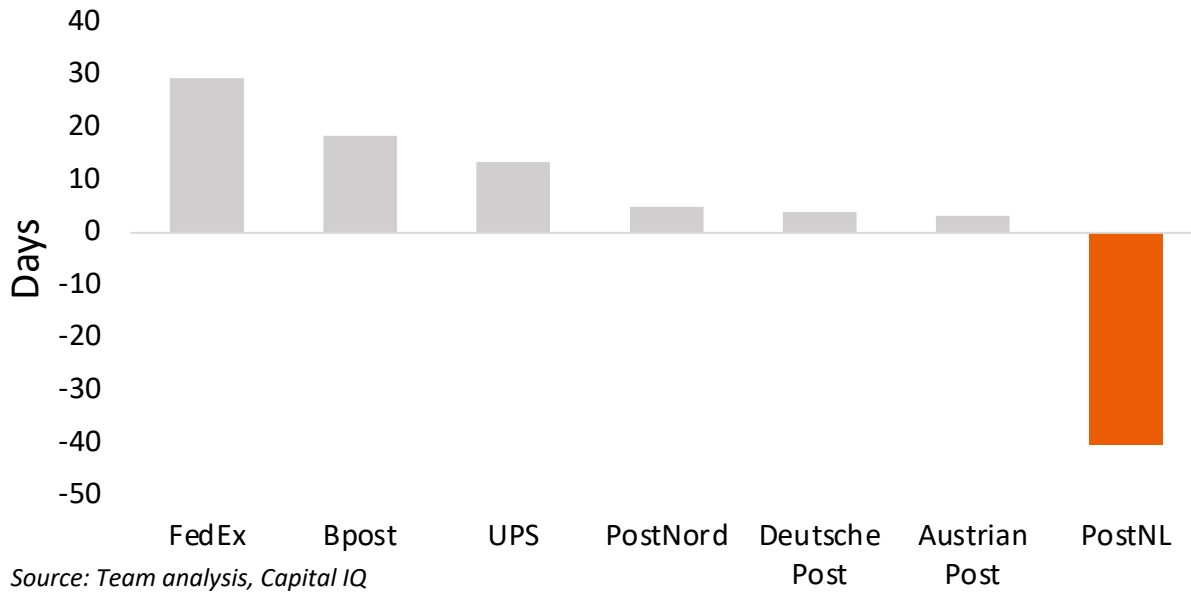
Source: Team analysis, Capital IQ

Source: Team analysis

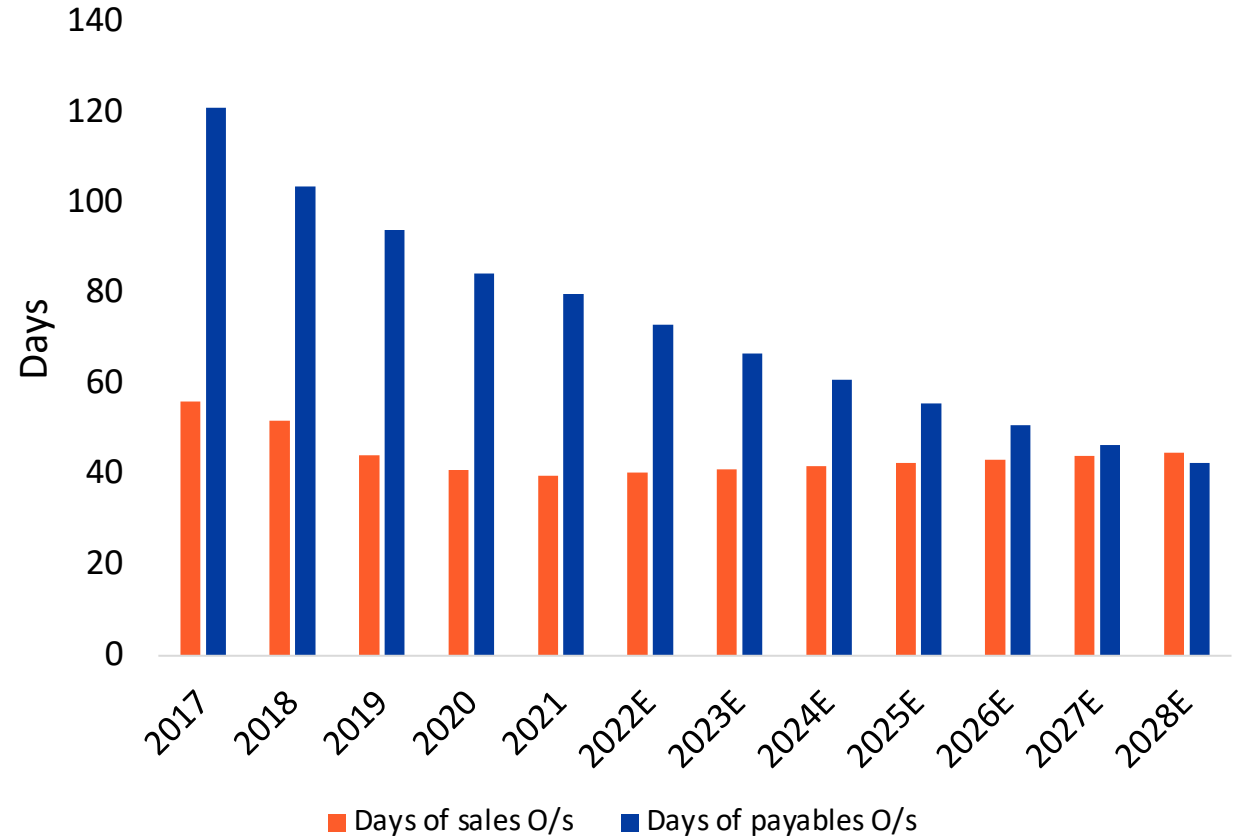
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Cash Conversion Cycle Peer group (2021)



Cash Conversion Cycle PostNL



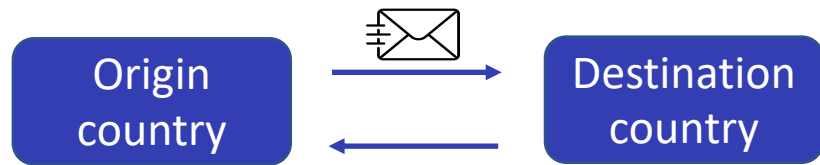
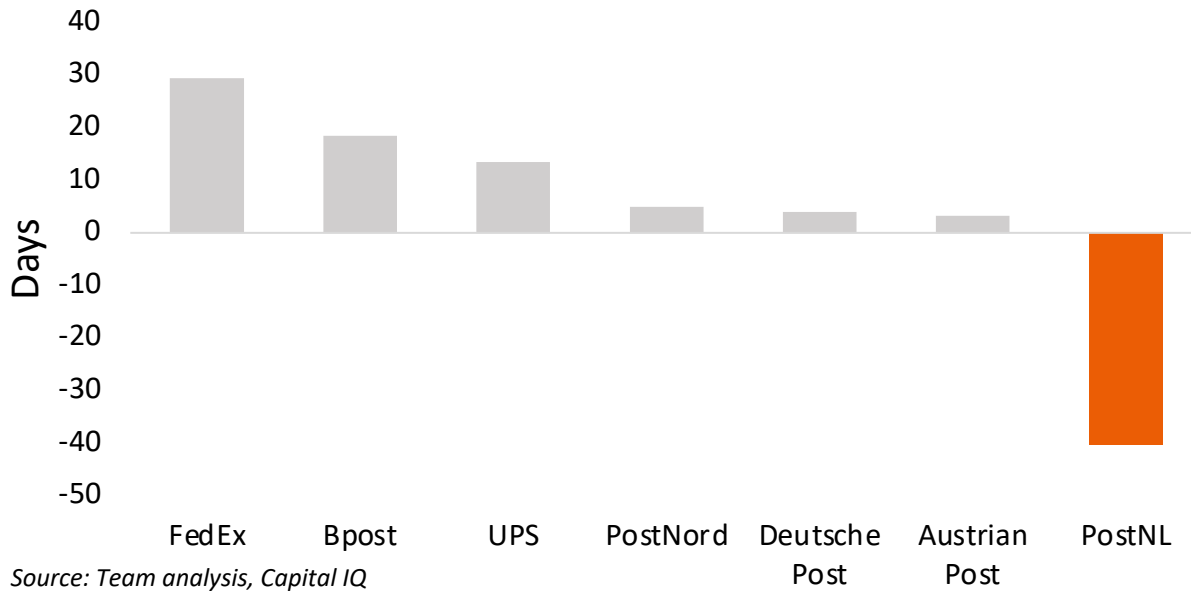
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Cash conversion cycle

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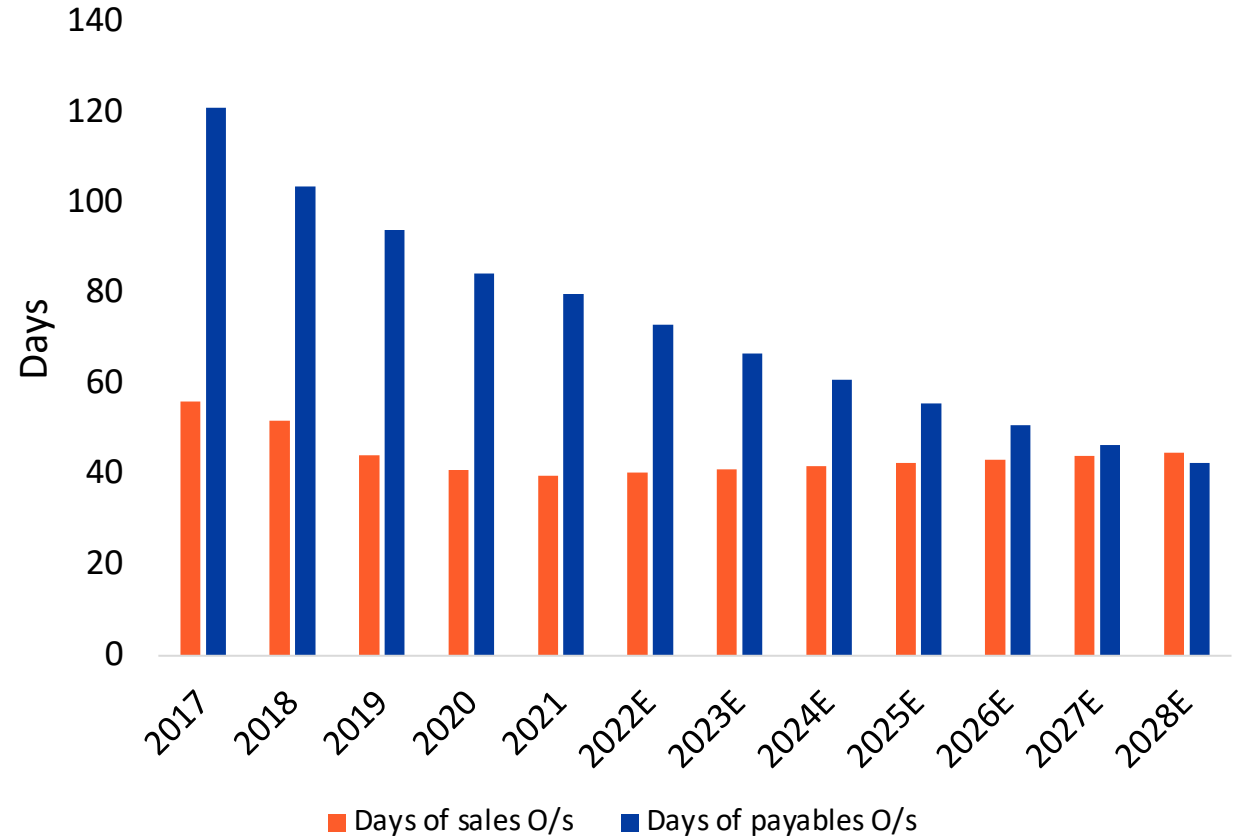
Cash Conversion Cycle Peer group (2021)



Terminal dues

>90

Cash Conversion Cycle PostNL

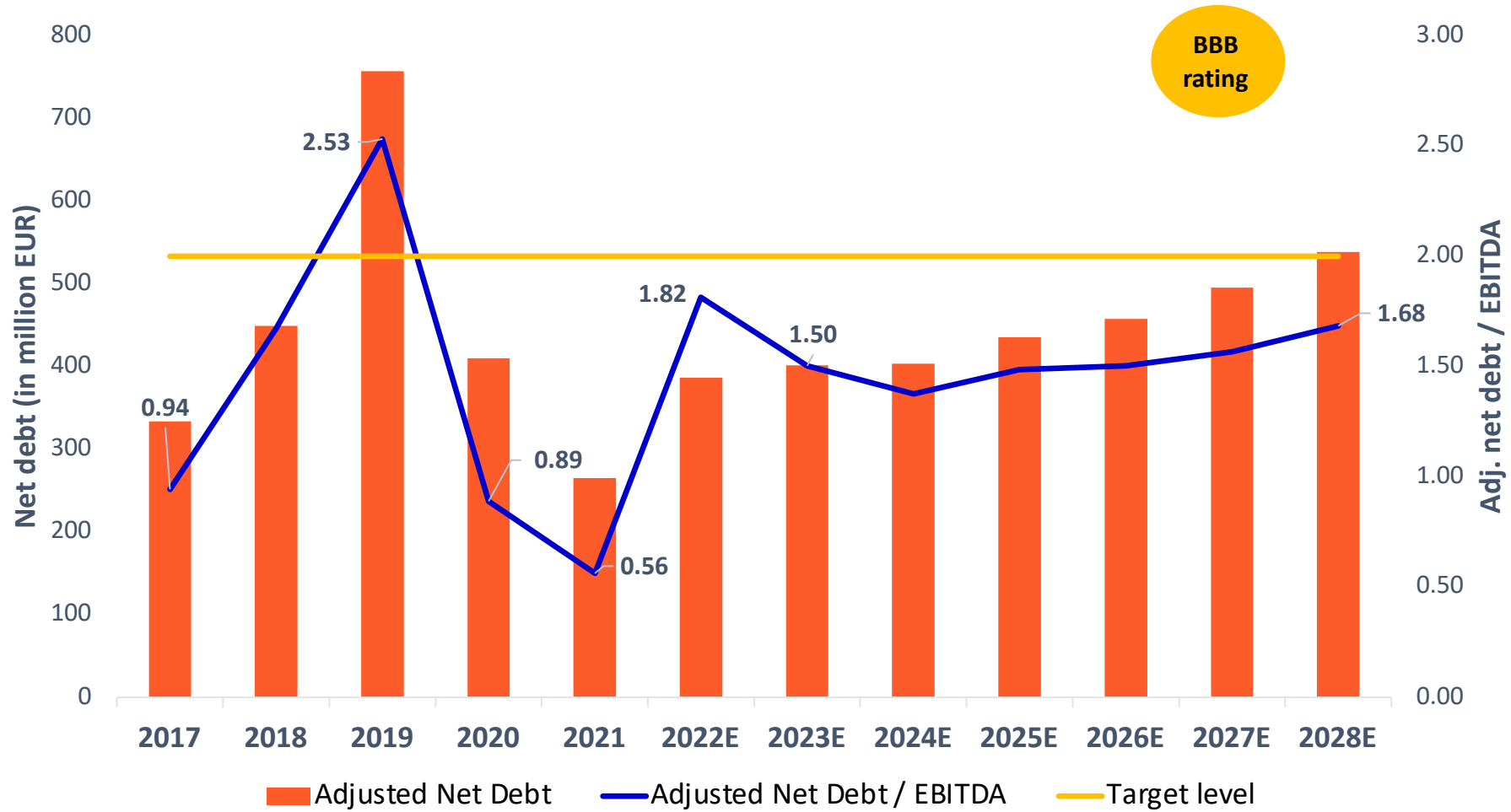


Source: Team analysis

Solvency

Demonstrating financial resilience

NET DEBT / ADJ. EBITDA RATIO



Source: PostNL, team analysis



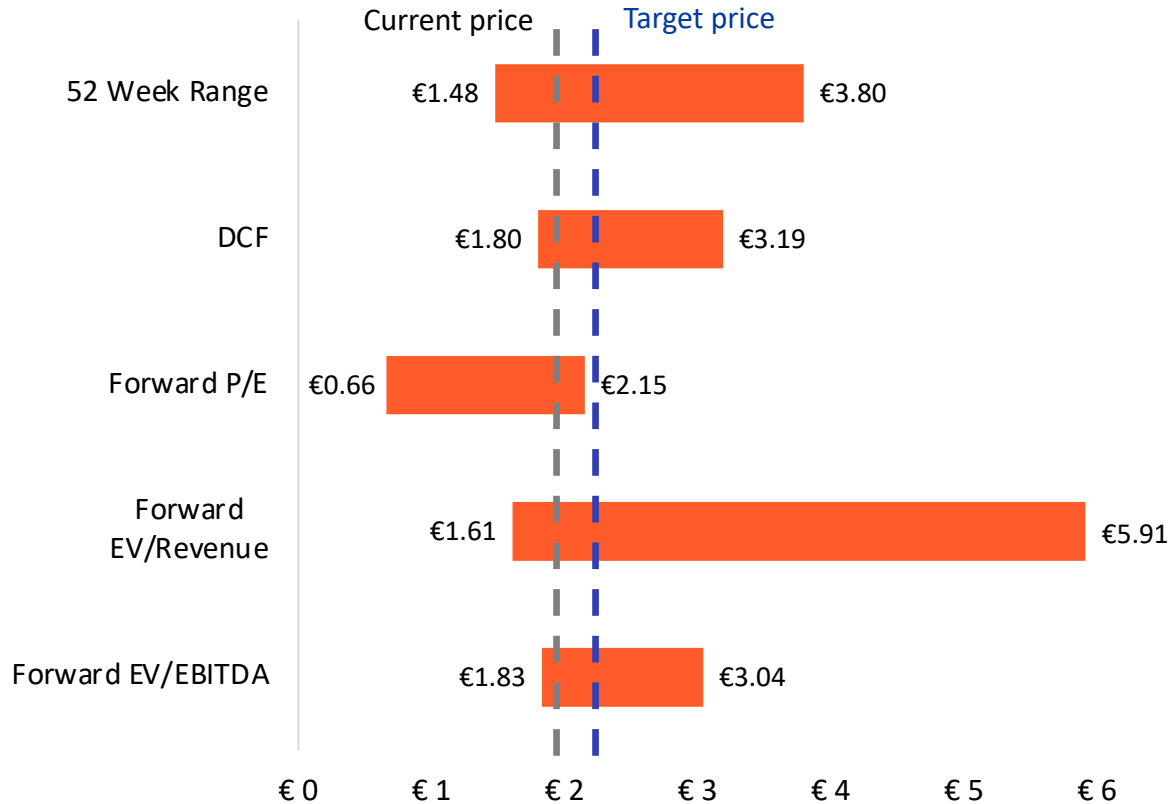


Valuation

Valuation

Terminal dues as a liquidity buffer

Football pitch price projection



TARGET PRICE: € 2.29

Bear case 25%
Base case 65%
Bull case 10%



85%
DCF

15%
Relative

UPSIDE POTENTIAL: 18%

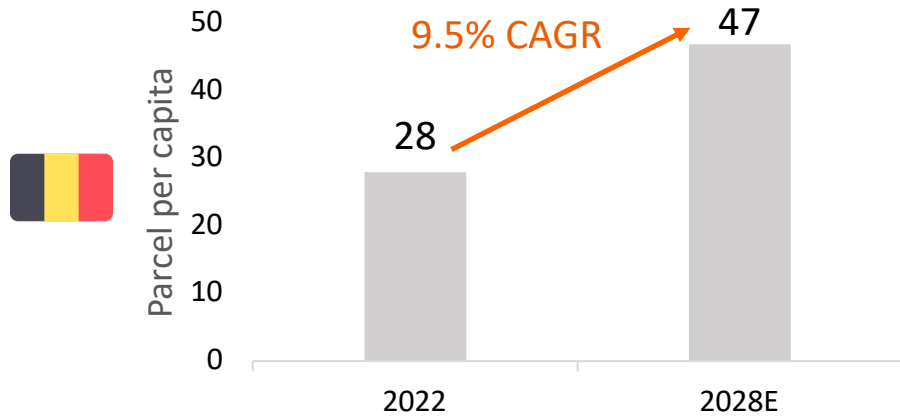
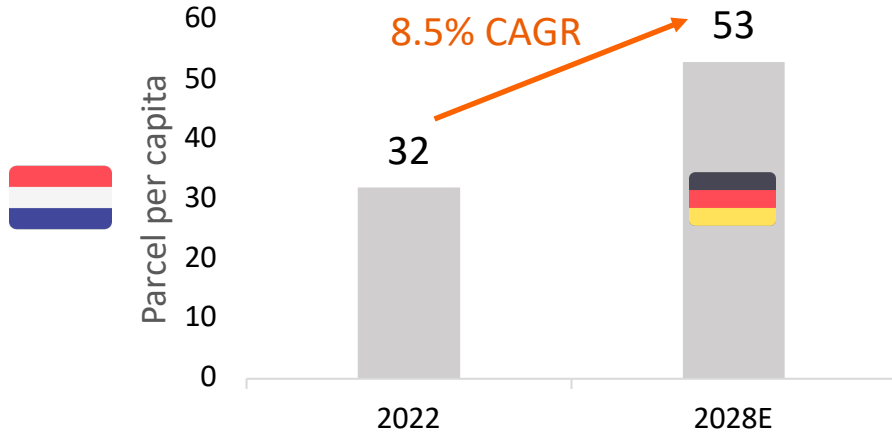
PEER GROUP



Source: Refinitiv Eikon, team analysis

Bottom-up parcel market forecast

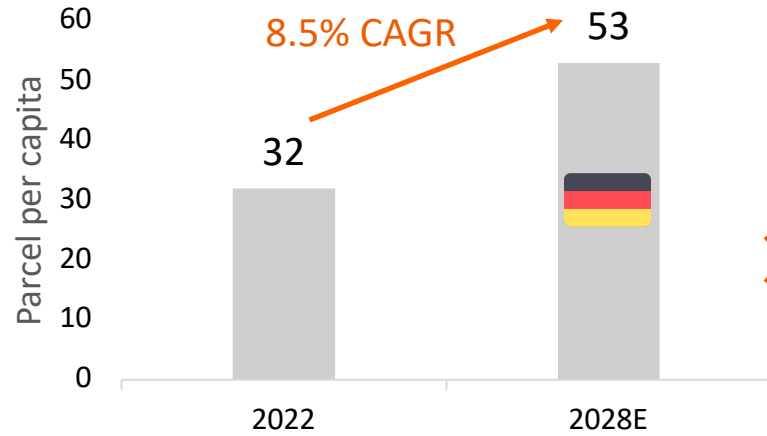
Parcel per capita



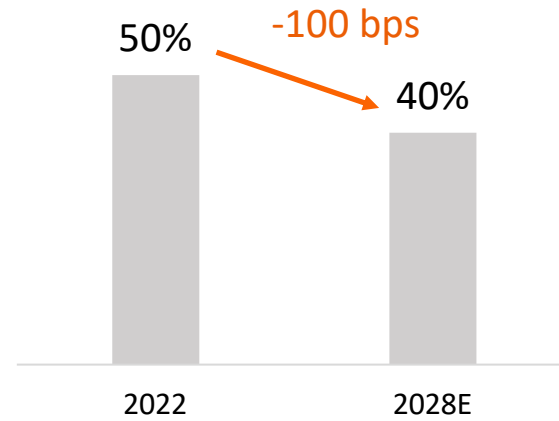
Source: Pitney Bowes parcel index 2022, team analysis

Bottom-up parcel market forecast

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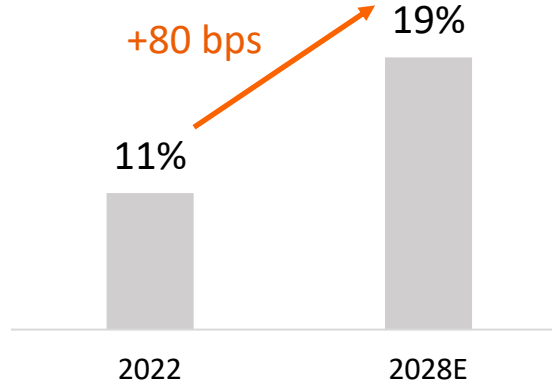
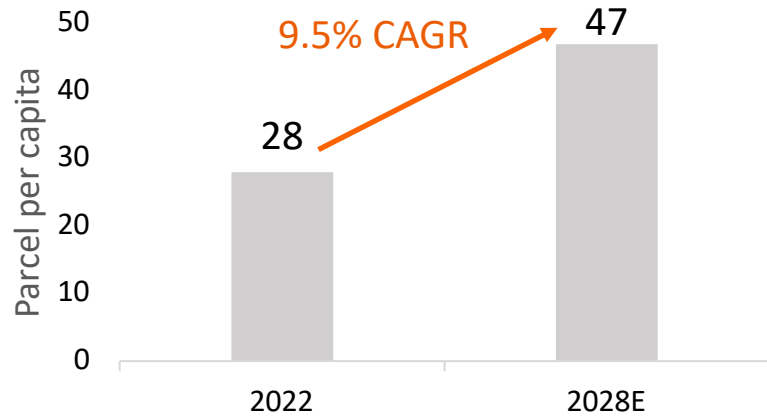


Market share



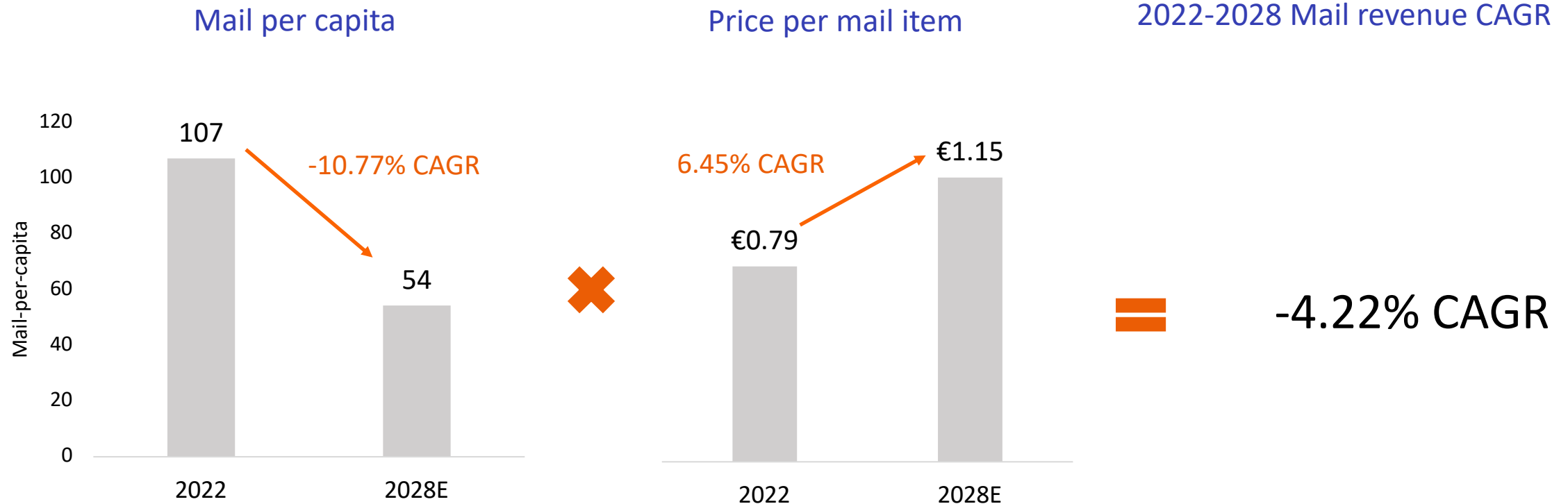
2022-2028 Parcel revenue CAGR

6.3% CAGR



Source: Pitney Bowes parcel index 2022, team analysis

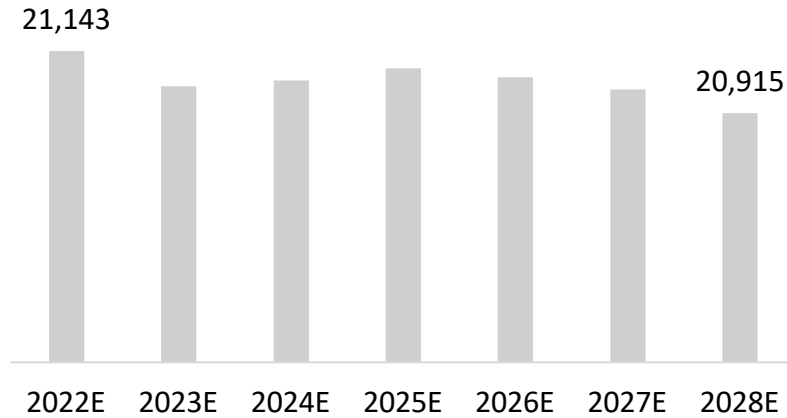
Bottom-up mail market forecast



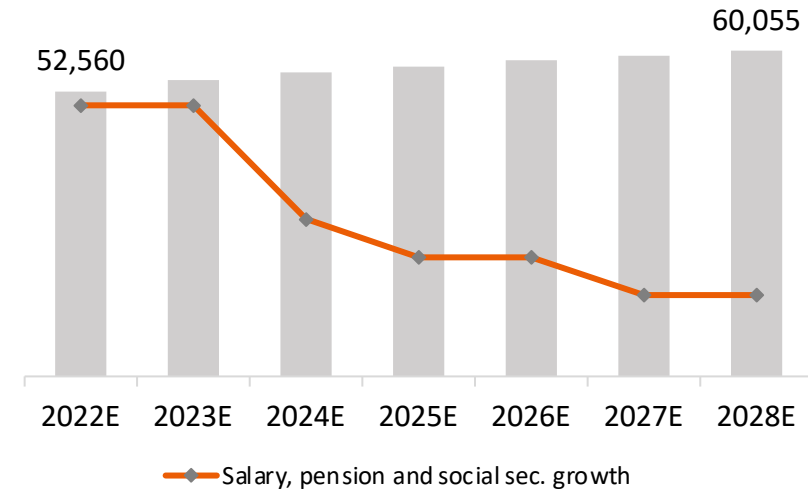
Source: PostNL, team analysis

Bottom-up opex forecast

Total FTE



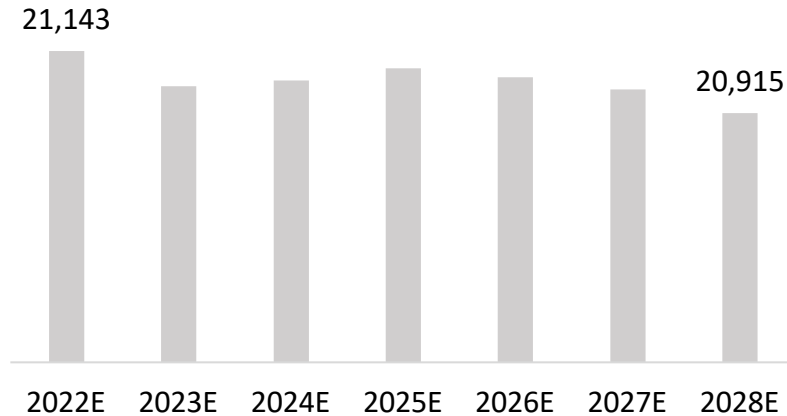
Average salary spending per FTE



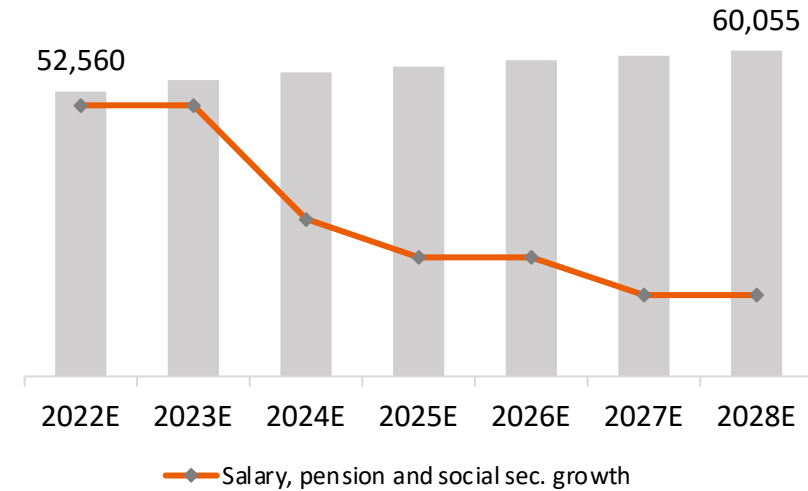
Source: PostNL, team analysis

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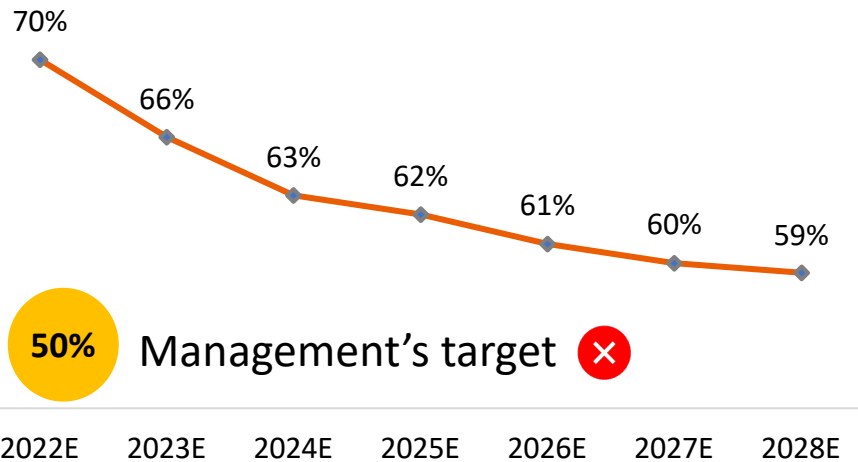
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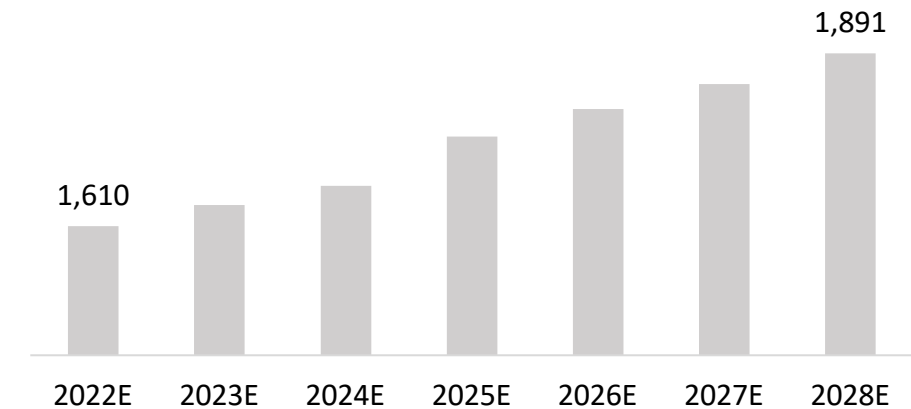
Average salary spending per FTE



% of parcel volume handled by subcontractors

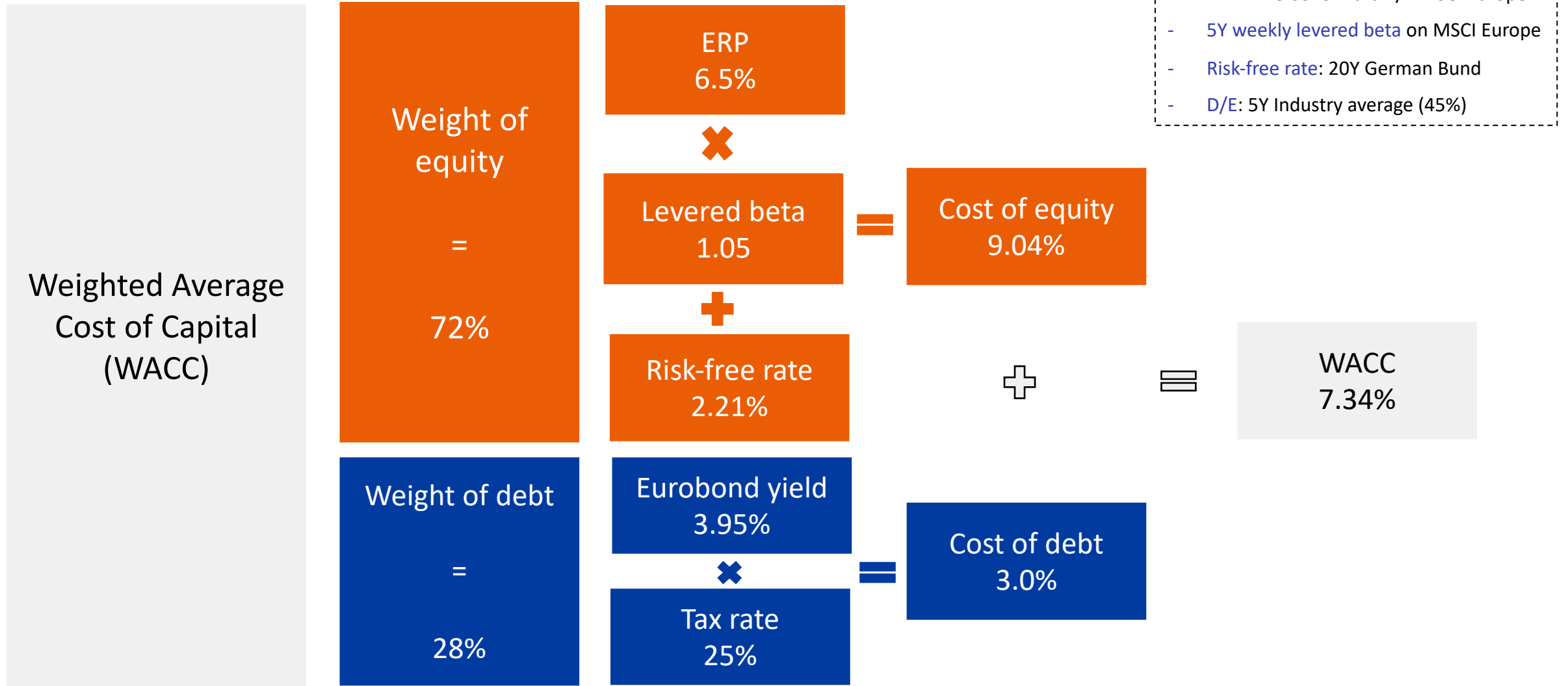


Outsourcing spending (in million EUR)



Source: PostNL, team analysis

WACC



Source: Team analysis

DCF valuation

In mEUR	2022E	2023E	2024E	2025E	2026E	2027E	2028E	
Net sales	3,181	3,298	3,390	3,500	3,581	3,653	3,722	3% CAGR
Cost of materials	82	70	70	70	70	70	70	
Outsourcing costs	1,610	1,645	1,676	1,756	1,800	1,842	1,891	
Salaries	1,146	1,201	1,231	1,258	1,281	1,297	1,311	
Other op. exp	131	116	119	123	126	128	131	
EBIT margin (%)	2%	3%	4%	4%	4%	4%	4%	
FCFF	5	53	82	79	86	94	95	
Terminal value							1,804	
PV (FCFF + TV)	-	50	71	64	65	66	1,242	
Enterprise value	1,558							
Net debt	402							
Minority interests	3							
Pension liabilities	28							
Market capitalization	1,125							
Share outstanding (in million)	487							
Share's value (€)	€2.31							

DCF valuation

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	1.60%	1.80%	2.0%	2.20%	2.40%
6.5%	€ 2.69	€ 2.81	€ 2.92	€ 3.09	€ 3.26
7.0%	€ 2.35	€ 2.45	€ 2.53	€ 2.67	€ 2.80
7.3%	€ 2.15	€ 2.24	€ 2.31	€ 2.43	€ 2.54
8.0%	€ 1.83	€ 1.89	€ 1.95	€ 2.04	€ 2.12
8.5%	€ 1.62	€ 1.68	€ 1.73	€ 1.80	€ 1.87

Scenarios

WACC
7.34%

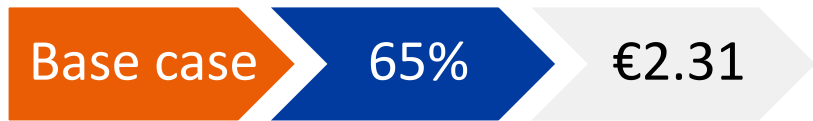
DCF TARGET PRICE: € 2.27

Terminal growth
2%

UPSIDE POTENTIAL: € 18%



Greater competitive pressure and persistent inflation resulting in further wage increase



Increasing competition but PostNL remains the market leader



Less fierce competition and less tight labour market






Source: Team analysis



Relative valuation

The relative valuation confirms our DCF recommendation

	EV/EBITDA 2023E	EV/Sales 2023E	P/E 2023E
 bpost	5.73x	0.37x	5.70x
 Deutsche Post DHL	6.11x	0.79x	12.14x
 Post ÖSTERREICHISCHE POST AG	7.17x	1.00x	18.45x
<i>Average</i>	5.99x	0.64x	13.16x
PostNL share price	€2.40	€3.45	€1.53

Source: Team analysis, Refinitiv Eikon



Investment Risks



Investment risks

		Impact		
		Low	Medium	High
Probability	High		C1	M2
	Medium	ESG1		M1
	Low		R1	O1 O2

	Risk type	Potential impact on target price
Market risks	M1. Recession in the Benelux	-15%
	M2. Competition risk	-20%
Operational risks	O1. Staff retention / attraction	-18%
	O2. Cost saving risk	-13%
Regulatory risk	R1. USO Requirements	-2%
Credit risk	C1. Credit downgrading risk	-14%
ESG risk	ESG1. Social fraud	-15%

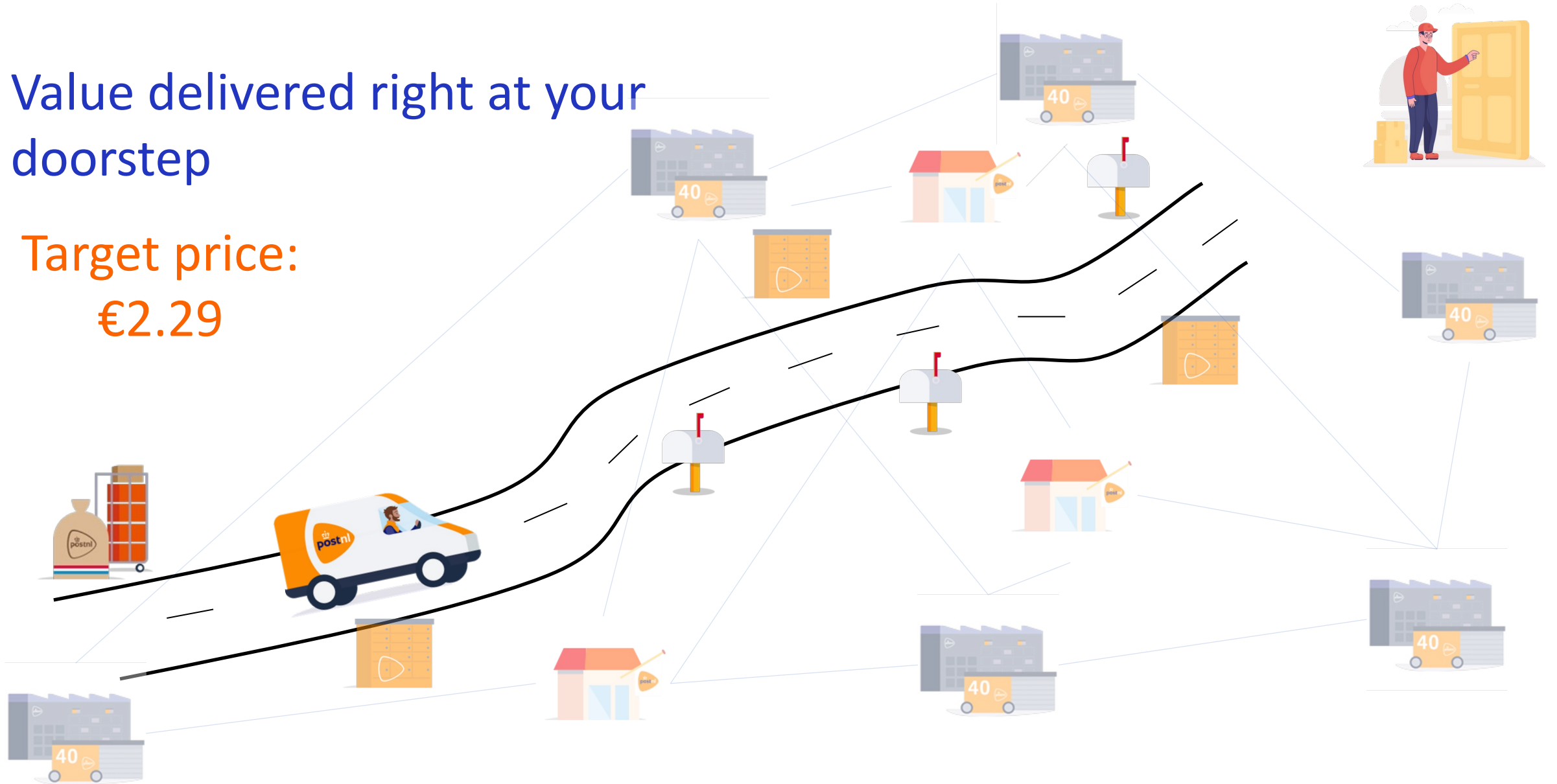
Source: Team analysis



Conclusion

Value delivered right at your doorstep

Target price:
€2.29



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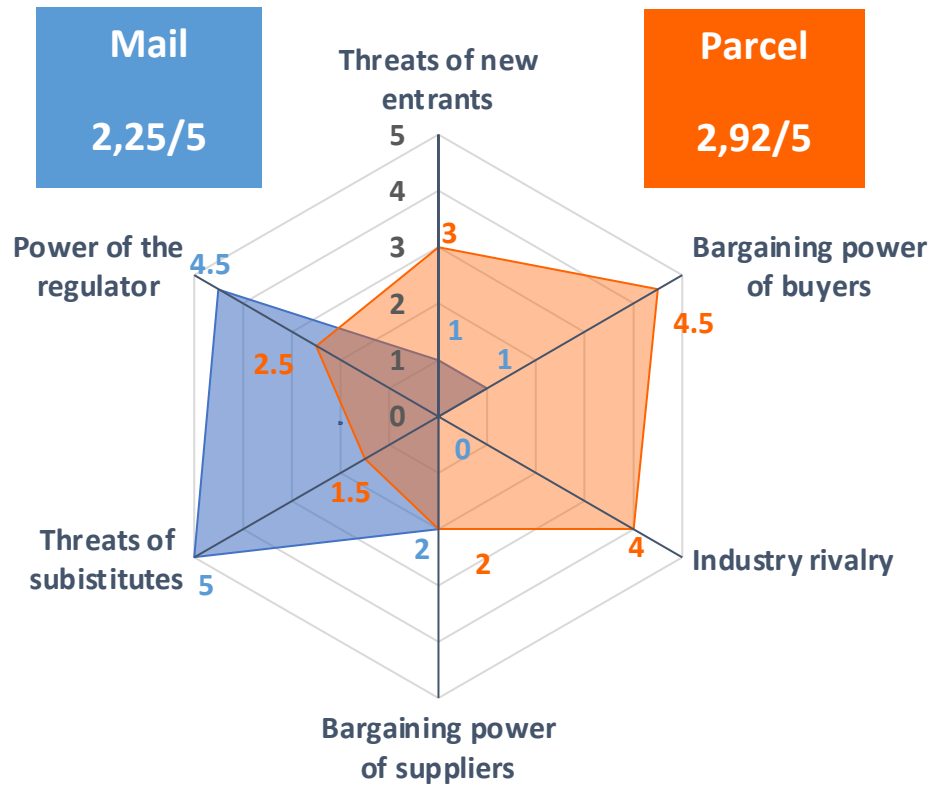
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Appendix – SWOT

SWOT ANALYSIS	
STRENGTHS	<ul style="list-style-type: none">- Brand Awareness More than 220 years of existence- Distribution network Above all their competitors in terms of Parcel points and Sorting centers- Leading Position in the Benelux By being in the top 2 in Belgium and in the Netherlands in term of market share, PostNL has a leading position in Volume and Revenue in the Benelux- High dividend yield- Strong cash position
WEAKNESSES	<ul style="list-style-type: none">- Labor costs- Social Fraud- Decline in mail Revenues
OPPORTUNITIES	<ul style="list-style-type: none">- E-commerce growth- Digital NEXT Creation of a program to accelerate digitalization and logistic optimization- Expansion in Belgium- ESG Performance
THREATS	<ul style="list-style-type: none">- Regulations of rates- High competition- Growing competition in the parcel segment

Appendix – Porter’s analysis

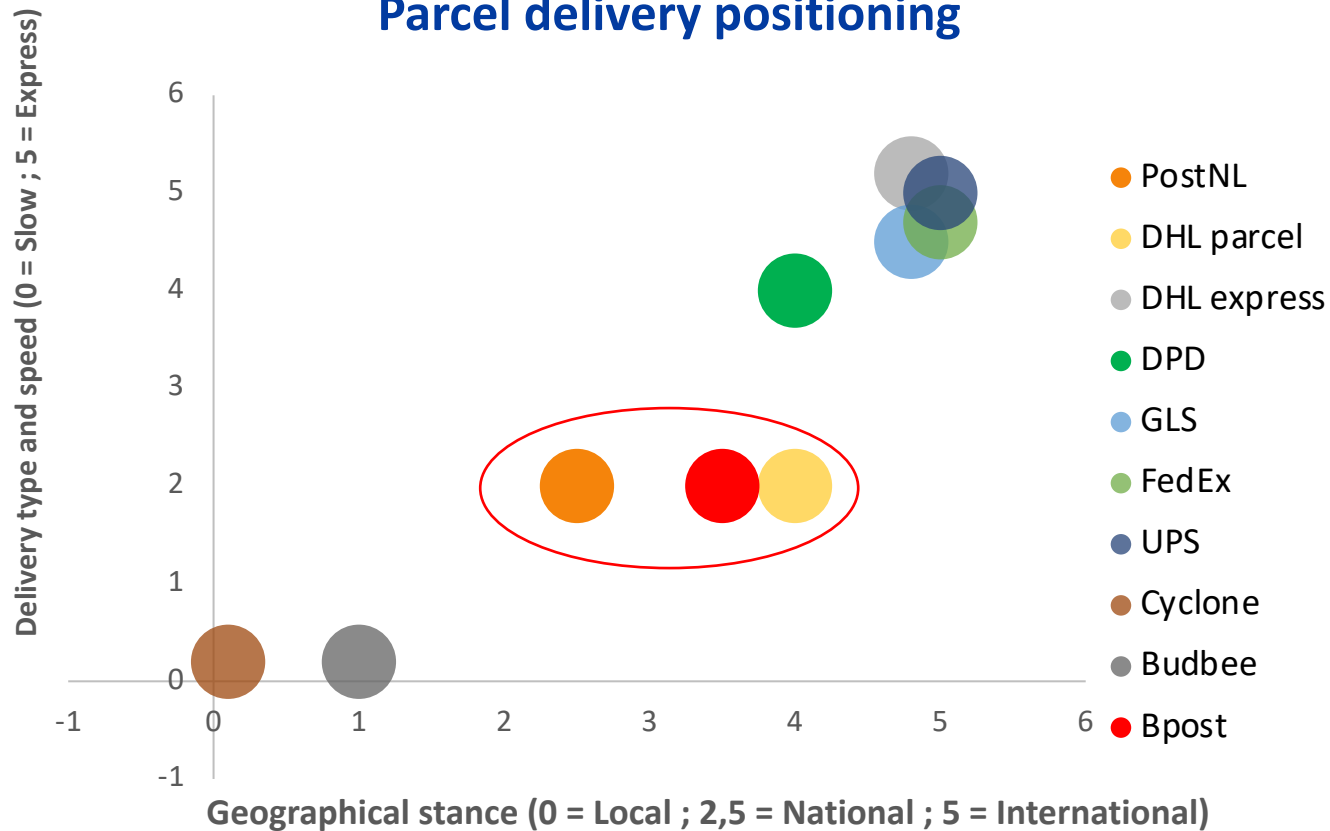


Source: Team analysis

FORCE	MAIL BUSINESS	PARCEL AND LOGISTICS BUSINESS
	Low	High
BARGAINING POWER OF BUYERS	The stamp price has a legal basis . Customers are price takers.	Large number of parcel delivery companies. Parcel transportation can be considered as a commodity service , where buyers are highly price-sensitive .
	Moderate	Moderate
BARGAINING POWER OF SUPPLIERS	Many suppliers of basic goods and services but limited number of specialized suppliers that provide specific inputs such as sorting machines.	Workers have more bargaining power due to the tight labour market. Low bargaining power of subcontractors
	Low	Moderate
THREATS OF NEW ENTRANTS	Highly regulated industry with high barriers to entry . It requires significant capital investment (a developed network) and requires a license from the government for certain categories of mail .	It exists high barriers to entry such as high capital costs, the network size, and the need for established relationships with retailers and e-commerce companies can make it difficult for new entrants to gain a foothold.
	High	Moderate
THREAT OF SUBSTITUTES	Digital technologies	Few direct substitutes
	Low	High
INDUSTRY RIVALRY (DIRECT COMPETITION)	Competition rivalry is almost inexistant since 2019	The parcel delivery market in the Netherlands tends to be more and more competitive . This intense competition may lead to price wars and a squeeze in margins .
	High	Moderate
POWER OF REGULATOR	The Dutch postal sector is a highly regulated industry , with the regulator playing a significant role in setting prices, regulating competition , and ensuring a universal service . It may impose finances on postal service providers that violate regulations or fail to meet quality standards. In its price regulation, it ensures that postal services remain affordable and accessible to all Dutch citizens .	The regulator in the Dutch parcel industry does not intervene much in comparison with the mail industry and it mainly focuses on the consumer protection and fair competition . The market is primarily driven by market forces.

Appendix – Positioning

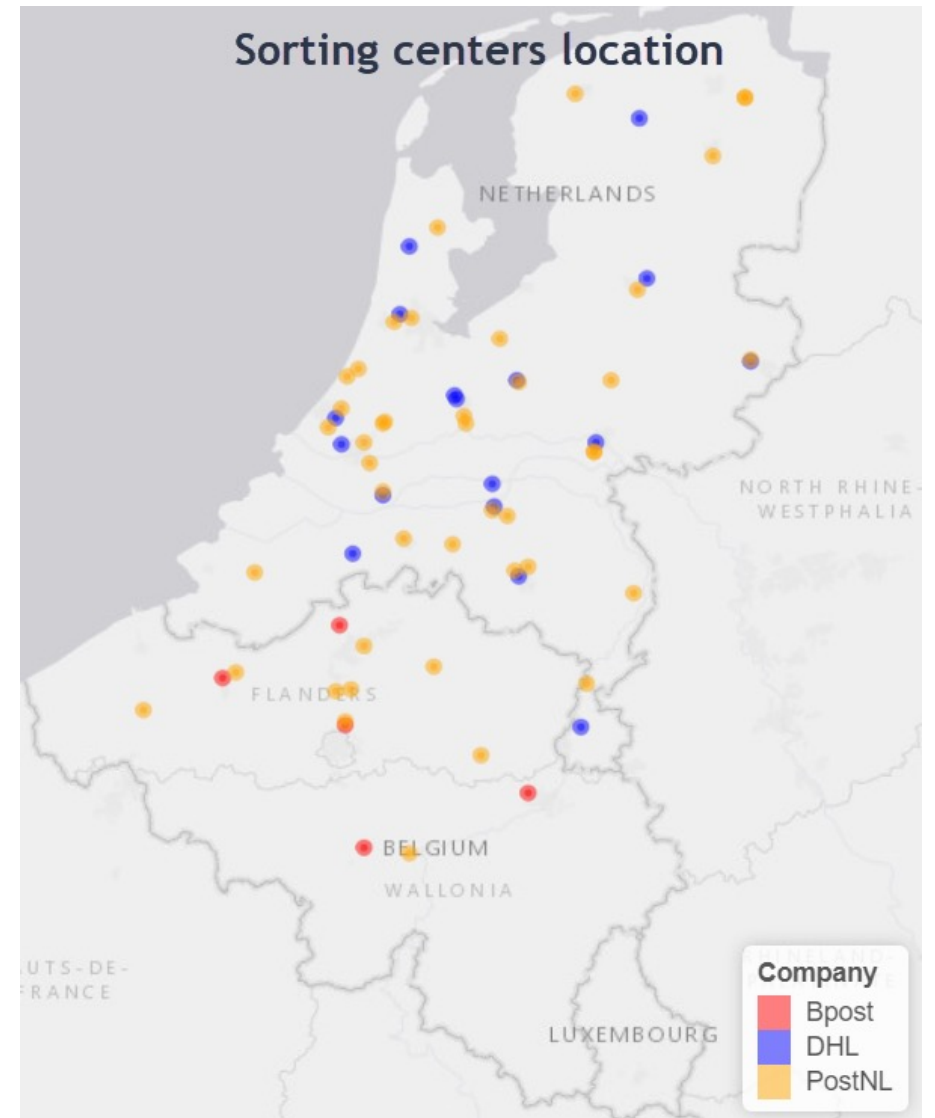
Parcel delivery positioning



PostNL is positioned as

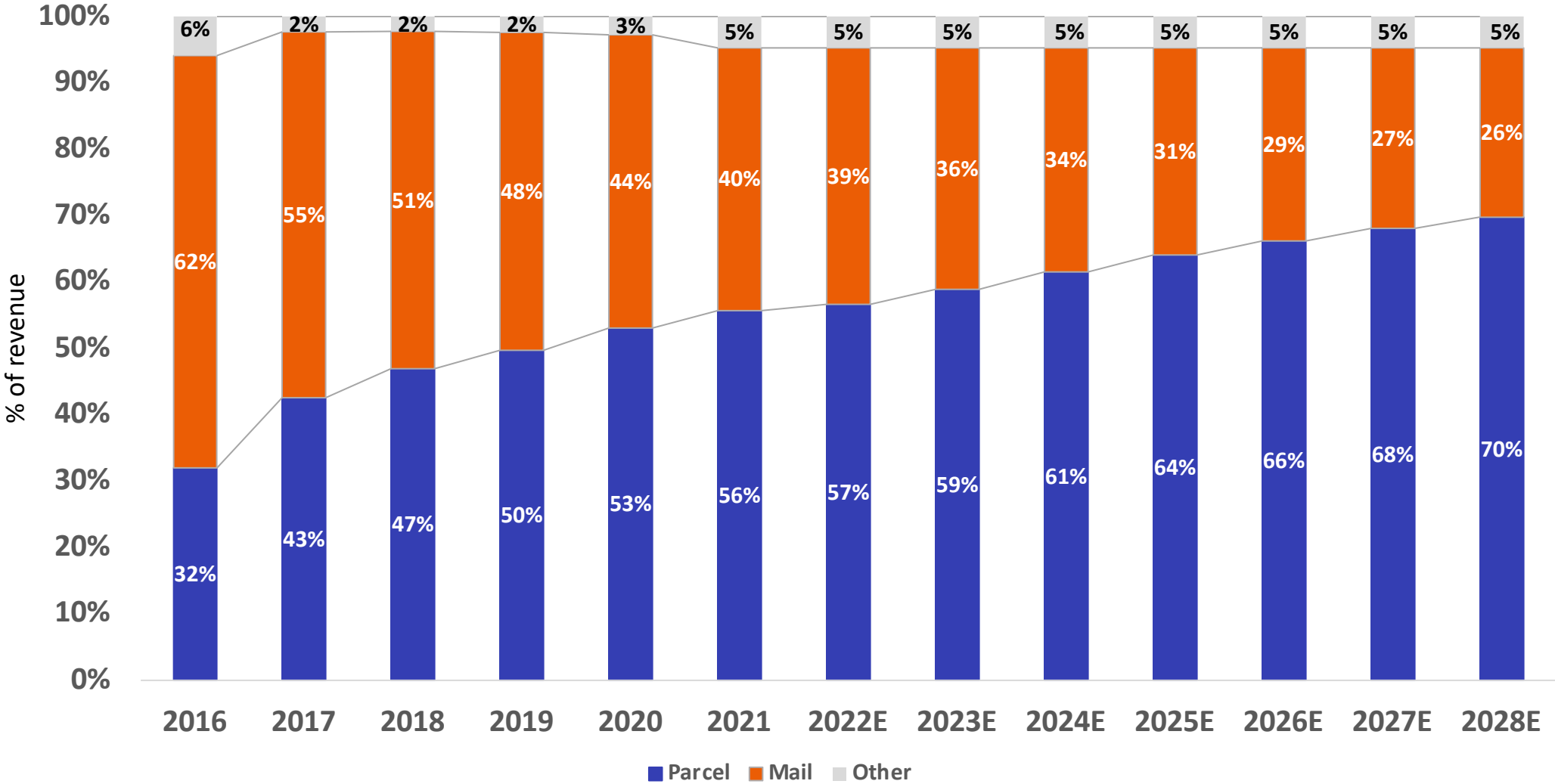
- **Regional** player (Benelux)
- **Standard one-day** delivery
- Traditional and **medium-sized** parcels
- **Affordable** price

Source: Team analysis



Source: Team analysis

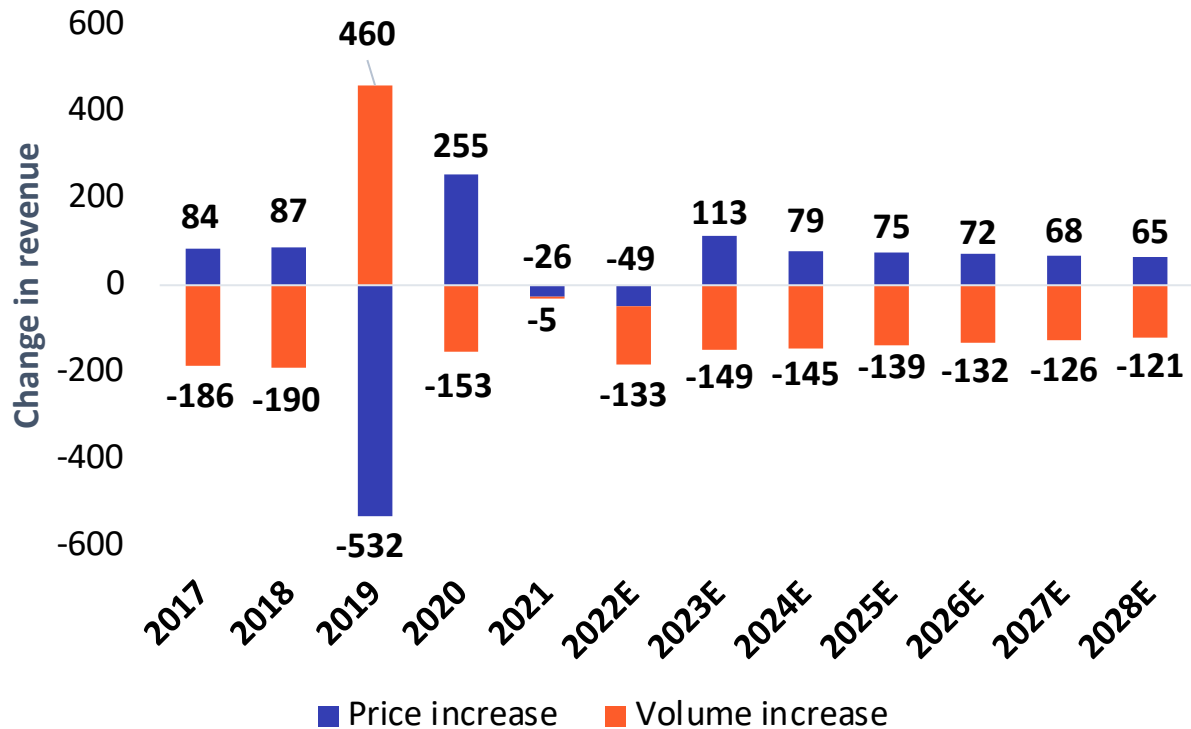
Appendix – Revenue segmentation



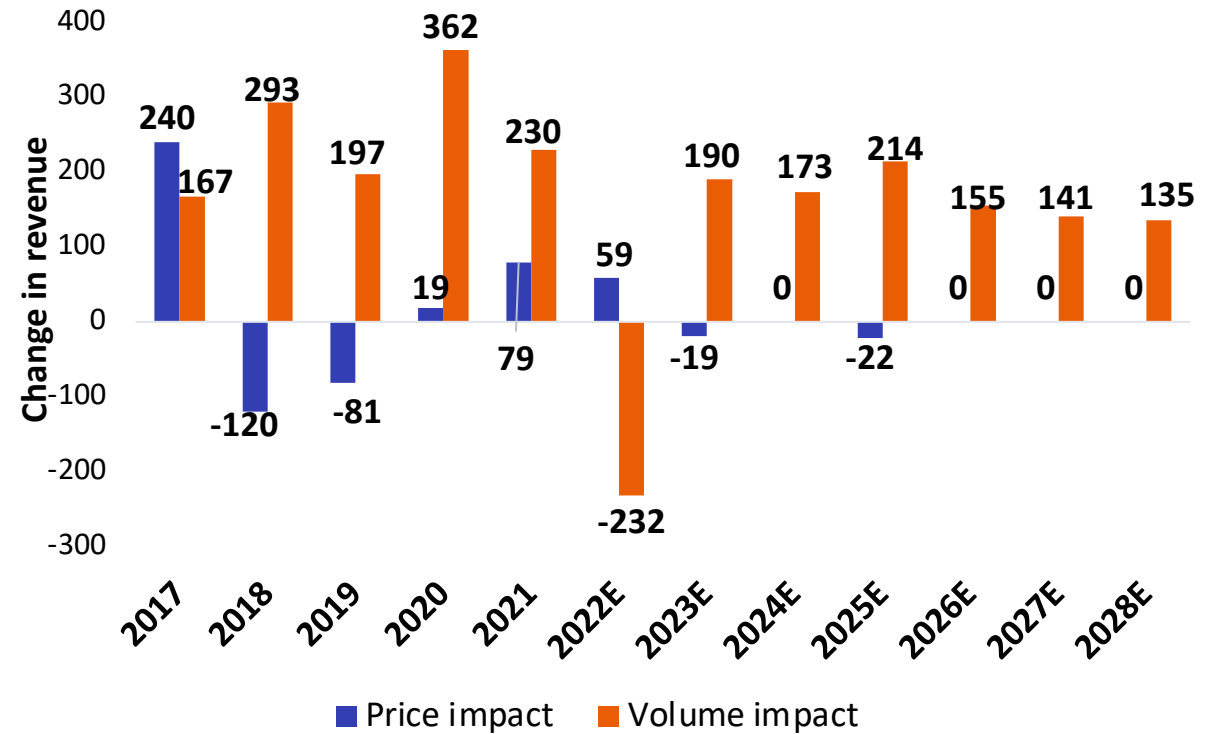
Appendix – price/volume bridge

Two segments with opposed pricing power

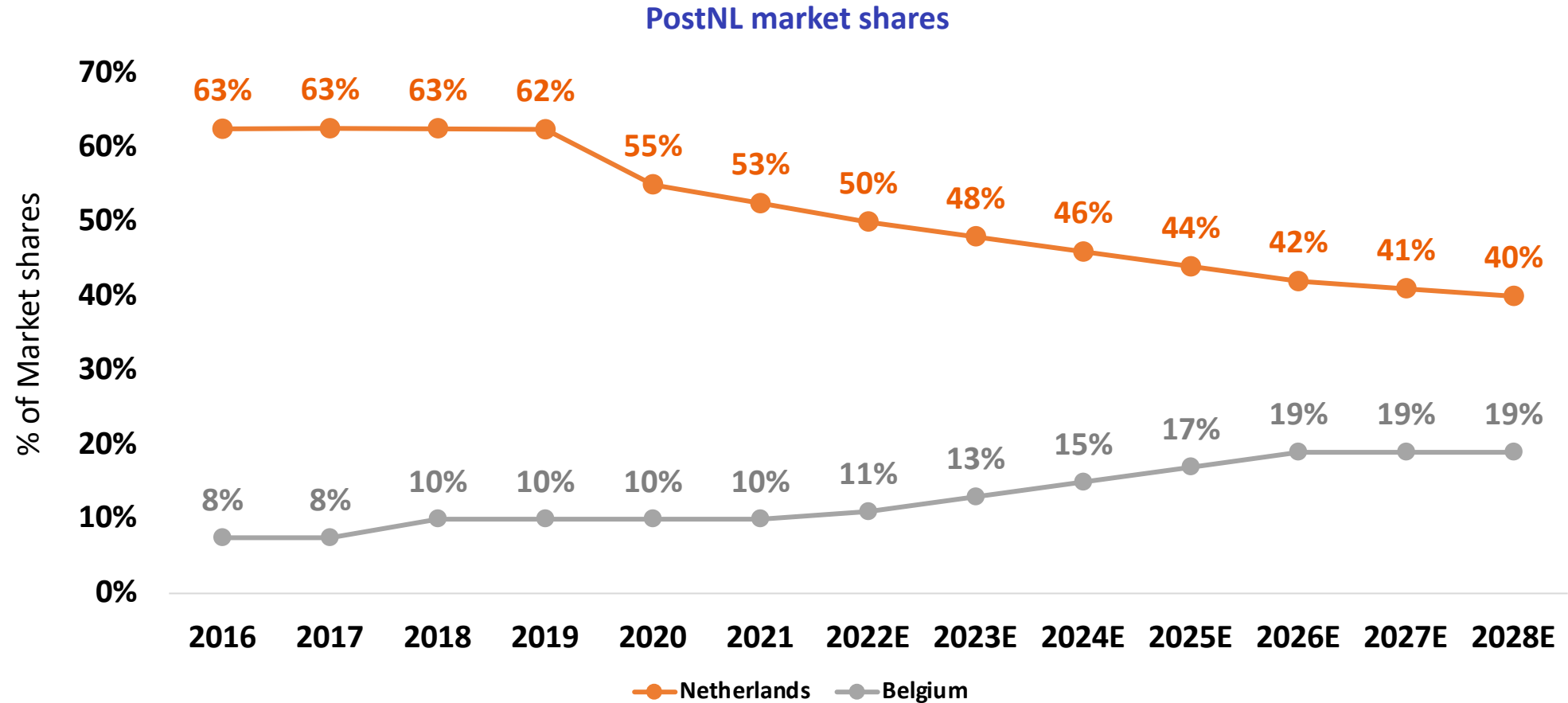
Mail revenue - Price/Volume Bridge



Parcel revenue - Price/Volume Bridge

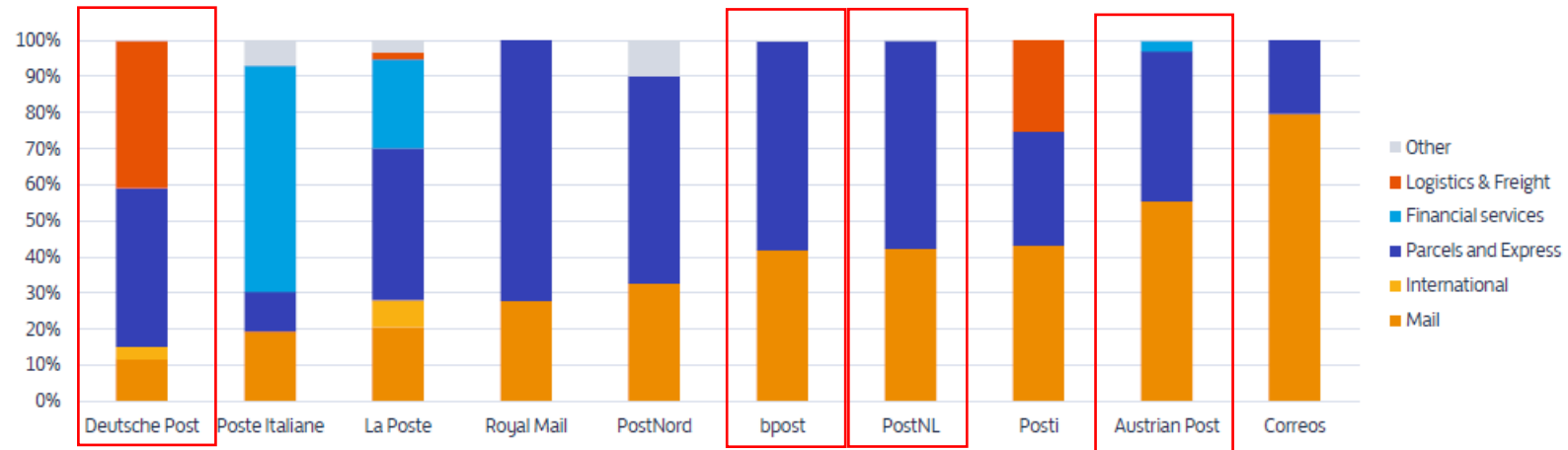


Appendix - Market shares



Appendix – Peers selection

Revenue Split 2020



Source: PostNL

Geographical location: Europe

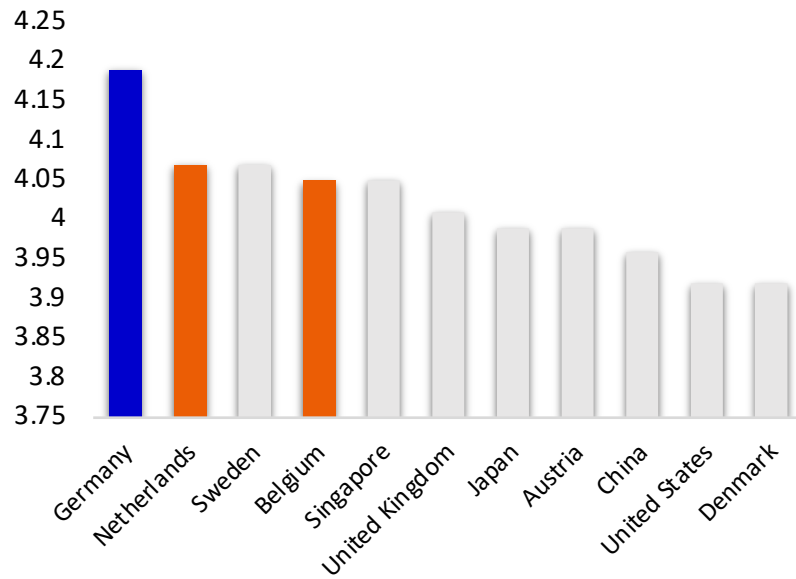
EBIT Split 2020



Source: PostNL

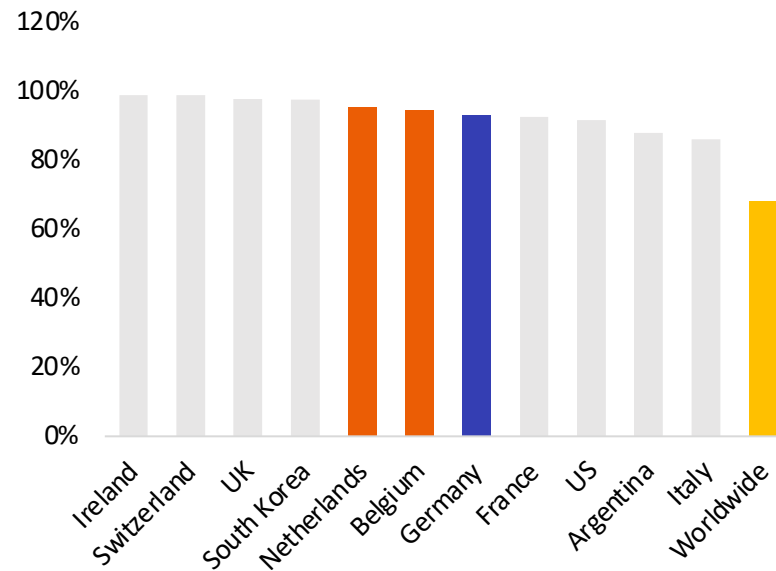
Appendix – Bottom-up stats

Logistics performance infrastructure index (2018)



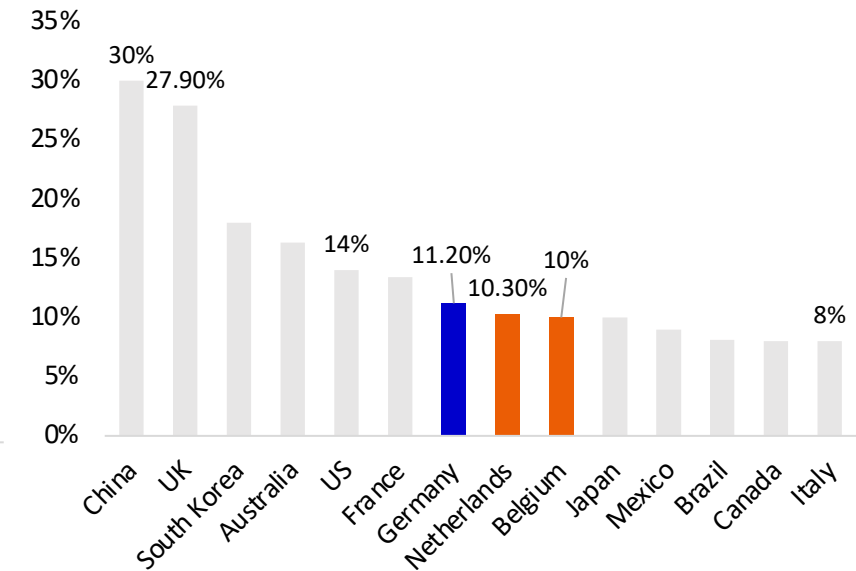
Source: World Bank

Internet penetration rate (%) (2023)



Source: Statista

E-commerce penetration rate (2021)



Source: JP Morgan global e-commerce trends report

Pearson's correlation between e-commerce penetration rate & parcel-per-capita = 0.7

Appendix – Balance sheet

ASSETS	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Intangible fixed assets & goodwill	257	212	364	339	352	376	399	420	442	463	483	502
PPE	510	494	414	370	433	433	458	482	506	529	552	573
Right-of-use assets	0	0	259	243	289	311	349	389	420	460	506	555
Financial fixed assets	50	92	89	55	65	65	65	65	65	65	65	65
TOTAL NON-CURRENT ASSETS	817	798	1,126	1,007	1,139	1,186	1,271	1,356	1,432	1,517	1,605	1,696
Trade & other receivables	436	325	322	354	364	353	372	389	409	425	441	457
Inventories	6	5	4	3	5	7	7	7	8	8	8	8
Cash & cash equivalents	645	269	480	651	848	674	685	707	706	727	734	740
Prepayments and accrued income	157	99	114	100	90	72	75	77	80	81	83	85
Income taxes receivables	9	2	1	31	25	19	19	19	19	19	19	19
TOTAL CURRENT ASSETS	1,253	700	921	1,139	1,332	1,125	1,158	1,200	1,221	1,261	1,286	1,310
Assets classified as held for sale	10	200	91	55	11	0	0	0	0	0	0	0
TOTAL ASSETS	2,080	1,698	2,138	2,201	2,482	2,311	2,429	2,556	2,654	2,778	2,891	3,005
EQUITY & LIABILITIES	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Equity	34	46	-21	211	426	276	391	507	586	686	774	858
Minority interests	3	3	3	2	3	3	3	3	3	3	3	3
TOTAL EQUITY	37	49	-18	213	429	279	394	510	589	689	777	861
Long-term debt	398	398	695	696	697	697	697	698	698	700	700	700
Long-term lease liabilities	2	22	201	231	269	311	349	389	420	460	506	555
Provision for pension liabilities	359	296	283	86	67	28	16	0	0	0	0	0
Other non-current liabilities	68	54	26	53	97	100	96	92	88	84	80	76
TOTAL NON-CURRENT LIABILITIES	827	770	1,205	1,066	1,130	1,136	1,158	1,179	1,206	1,244	1,286	1,331
Trade and other payables	220	146	197	141	168	339	312	298	284	266	246	228
Contract liabilities	93	80	67	69	71	74	73	69	66	63	60	57
Accrued current liabilities	484	378	351	445	488	259	268	276	285	291	297	303
Short-term debt	225	1	1	12	4	4	4	4	4	4	4	4
Short-term lease liabilities	0	3	63	63	65	63	63	63	63	63	63	63
Other current liabilities	194	150	172	168	133	157	157	157	157	157	157	157
TOTAL CURRENT LIABILITIES	1,216	758	851	898	929	896	877	867	859	844	828	813
Liabilities classified as held for sale	0	121	100	25	0	0	0	0	0	0	0	0
TOTAL EQUITY & LIABILITIES	2,080	1,698	2,138	2,202	2,488	2,311	2,429	2,556	2,654	2,778	2,891	3,005

Source: Team analysis, PostNL

Appendix – Income statement

Income Statement (in million €)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Revenues from contracts with customers	2,709	2,758	2,829	3,239	3,446	3,142	3,258	3,349	3,459	3,540	3,611	3,680
Parcel	1,374	1,547	1,663	2,044	2,353	2,180	2,351	2,524	2,716	2,871	3,012	3,147
Mail in the Netherlands	1,775	1,672	1,600	1,702	1,671	1,489	1,454	1,387	1,324	1,263	1,205	1,150
Other	76	74	81	107	199	181	188	193	200	204	209	212
Eliminations	-516	-535	-515	-614	-777	-708	-735	-755	-780	-798	-814	-830
Other operating revenue	16	14	15	16	19	17	17	18	18	19	19	19
Non-operating revenue	24	21	12	66	25	23	23	23	23	23	23	23
TOTAL REVENUE	2,749	2,793	2,856	3,321	3,490	3,181	3,298	3,390	3,500	3,581	3,653	3,722
Cost of materials	56	63	67	63	69	82	70	70	70	70	70	70
Work contracted out and other external expenses	1,222	1,308	1,330	1,520	1,708	1,610	1,645	1,676	1,756	1,800	1,842	1,891
Salaries, pensions, social security	1,001	1,003	1,059	1,158	1,129	1,146	1,201	1,231	1,258	1,281	1,297	1,311
D&A and impairments	70	83	180	163	149	162	166	173	178	168	170	173
Other operating expenses	116	151	101	119	113	131	116	119	123	126	128	131
TOTAL OPERATING EXPENSES	2,465	2,608	2,737	3,023	3,168	3,130	3,197	3,269	3,385	3,445	3,506	3,575
EBIT	284	185	119	298	322	51	101	121	115	136	146	147
<i>EBIT margin (%)</i>	<i>10%</i>	<i>7%</i>	<i>4%</i>	<i>9%</i>	<i>9%</i>	<i>2%</i>	<i>3%</i>	<i>4%</i>	<i>3%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>
Net financial income (expense)	-42	-24	-16	-16	-21	-25	-26	-26	-35	-36	-45	-46
Result from investments in Joint Venture / associates	-10	0	0	0	0	0	0	0	0	0	0	0
EBT	232	161	103	282	301	26	76	94	80	101	102	101
<i>EBT margin (%)</i>	<i>8%</i>	<i>6%</i>	<i>4%</i>	<i>8%</i>	<i>9%</i>	<i>1%</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>
<i>Effective tax rate (%)</i>	<i>23%</i>	<i>21%</i>	<i>30%</i>	<i>24%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>
Income taxes	-53	-34	-31	-69	-74	-7	-19	-24	-20	-25	-25	-25
PROFIT / (LOSS) from continuing operations	179	127	72	213	227	20	57	71	60	75	76	76
PROFIT/ (LOSS) from discontinued operations	-31	-94	-68	4	29	0	0	0	0	0	0	0
NET INCOME	148	33	4	217	256	20	57	71	60	75	76	76

Source: Team analysis, PostNL

Appendix – Cash-flow statement

Cash-flow statement (in million €)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
EBT	232	161	103	282	301	26	76	94	80	101	102	101
Adjustment for:												
+D&A and impairments	70	83	180	163	149	162	166	173	178	168	170	173
+Share-based payments	2	3	1	3	3	3	3	3	3	3	3	3
+(profit)/loss on disposal of assets	-22	-19	-7	-63	-4	-5	0	0	0	0	0	0
+(profit)/loss on sale of Group companies	0	0	-5	-3	-16	0	0	0	0	0	0	0
+Net financial expense	42	24	16	16	21	27	28	28	37	38	47	48
+Results from investments in JVs/associates	10	0	0	0	0	0	0	0	0	0	0	0
Investment Income	30	5	4	-50	1	22	28	28	37	38	47	48
ΔPension liabilities	-55	-22	-25	-166	53	93	0	0	0	0	0	0
ΔOther provisions	-24	-14	30	-29	-2	-8	0	0	0	0	0	0
Changes in working capital	-39	-122	-35	3	42	69	39	27	28	32	32	32
Cash generated from operations	216	94	258	206	547	367	311	326	326	341	353	356
Interest paid	-39	-26	-14	-15	-21	-20	-21	-22	-34	-35	-46	-47
Income taxes paid	-53	-34	-31	-69	-74	-7	-19	-24	-20	-25	-25	-25
Net cash (used in)/loss from operating activities	124	34	213	122	452	341	271	281	272	281	282	284
Interest received	4	3	3	2	1	2	2	2	2	2	2	2
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition of subsidiaries (net of cash)	-33	0	-65	0	0	0	0	0	0	0	0	0
Disposal of subsidiaries	1	0	3	13	44	0	0	0	0	0	0	0
Investments in JVs/associates	0	-2	-1	-1	-3	0	0	0	0	0	0	0
Disposal of JVs/associates	0	0	1	0	0	0	0	0	0	0	0	0
Capital expenditure on intangible assets	-35	-40	-32	-37	-56	-66	-68	-70	-73	-66	-67	-69
Capital expenditure on PPE	-66	-55	-34	-40	-85	-66	-88	-90	-93	-95	-97	-99
Proceeds from sale of PPE	32	46	14	158	10	13	0	0	0	0	0	0
Proceeds from sale of available for sale financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Changes in other loans receivable	-6	1	0	-9	-3	0	0	0	0	0	0	0
Other changes in (financial) fixed assets	-8	-1	5	0	-1	0	0	0	0	0	0	0
Net cash (used in)/from investing activities	-111	-48	-106	86	-93	-117	-154	-158	-164	-159	-162	-166
Dividends paid	-40	-63	-71	0	-113	-164	-39	-34	-42	-36	-45	-46
Share buybacks	0	0	0	0	0	-164	0	0	0	0	0	0
Changes in related to non-Controlling interests	0	0	0	-1	0	0	0	0	0	0	0	0
Proceeds from long-term borrowings	398	3	296	0	0	0	0	400	0	300	0	0
Repayments of long-term borrowings	-2	0	0	0	0	0	0	-399	0	-298	0	0
Proceeds from short-term borrowings	0	0	0	1	0	0	0	0	0	0	0	0
Repayments of short-term borrowings	-328	-223	-64	-1	-5	-4	-4	-4	-4	-4	-4	-4
Repayments of leases/incentives	-1	-2	-62	-79	-69	-65	-63	-63	-63	-63	-63	-63
Net cash (used in)/ from financing activities	27	-285	99	-80	-187	-397	-106	-100	-109	-101	-112	-113
Cash and cash equivalents at the beginning of the year	640	645	269	480	651	847	674	685	707	706	727	734
Cash transfers relating to discounted operations	0	-72	8	-15	25	0	0	0	0	0	0	0
Total change in cash from continuing operations	38	-304	203	186	171	-173	11	22	-1	21	8	6
Cash and cash equivalents at the end of the year	678	269	480	651	847	674	685	707	706	727	734	740

Source: Team analysis, PostNL

Appendix – FCFF

Discounted Cash Flow (m€)	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Total revenue	3,433	2,749	2,793	2,856	3,321	3,490	3,181	3,298	3,390	3,500	3,581	3,653	3,722
Non-operating revenue	10	24	21	12	66	25	23	23	23	23	23	23	23
Revenue from contracts with customers	3,413	2,709	2,758	2,829	3,239	3,446	3,142	3,258	3,349	3,459	3,540	3,611	3,680
Other operating revenues	10	16	14	15	16	19	17	17	18	18	19	19	19
Total operating expenses	3,040	2,395	2,525	2,557	2,860	3,019	2,968	3,031	3,096	3,207	3,277	3,337	3,402
Cost of materials	67	56	63	67	63	69	82	70	70	70	70	70	70
Work contracted out and other external expenses	1,701	1,222	1,308	1,330	1,520	1,708	1,610	1,645	1,676	1,756	1,800	1,842	1,891
Salaries, pensions, social security	1,110	1,001	1,003	1,059	1,158	1,129	1,146	1,201	1,231	1,258	1,281	1,297	1,311
Other operating expenses	162	116	151	101	119	113	131	116	119	123	126	128	131
EBITDA	393	354	268	299	461	471	213	267	294	293	304	316	320
<i>EBITDA margin (%)</i>	<i>11%</i>	<i>13%</i>	<i>10%</i>	<i>10%</i>	<i>14%</i>	<i>13%</i>	<i>7%</i>	<i>8%</i>	<i>9%</i>	<i>8%</i>	<i>8%</i>	<i>9%</i>	<i>9%</i>
D&A and impairments	92	70	83	180	163	149	162	166	173	178	168	170	173
Results from investments in joint ventures	- 1	- 10	-	-	-	-	-	-	-	-	-	-	-
EBIT	301	284	185	119	298	322	51	101	121	115	136	146	147
<i>EBIT margin (%)</i>	<i>9%</i>	<i>10%</i>	<i>7%</i>	<i>4%</i>	<i>9%</i>	<i>9%</i>	<i>2%</i>	<i>3%</i>	<i>4%</i>	<i>3%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>
Income taxes	- 55	- 53	- 34	- 31	- 69	- 74	- 7	- 19	- 24	- 20	- 25	- 25	- 25
Effective tax rate (%)	18%	19%	18%	26%	23%	23%	25%	25%	25%	25%	25%	25%	25%
NOPAT	246	231	151	88	229	248	45	82	97	95	111	121	122
<i>NOPAT margin (%)</i>	<i>7%</i>	<i>8%</i>	<i>5%</i>	<i>3%</i>	<i>7%</i>	<i>7%</i>	<i>1%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>
D&A and impairments	92	70	83	180	163	149	162	166	173	178	168	170	173
Capital expenditures	95	113	122	61	94	149	132	156	160	166	161	164	168
Change in NWC (Δ)	7	- 43	- 41	16	57	36	69	39	27	28	32	32	32
FCFF	236	231	153	223	241	212	5	53	82	79	86	94	95
<i>FCFF margin (%)</i>	<i>7%</i>	<i>8%</i>	<i>5%</i>	<i>8%</i>	<i>7%</i>	<i>6%</i>	<i>0%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>
PV FCFF								50	71	64	65	66	62

Source: Team analysis, PostNL

Appendix – Net working capital

Net working capital (m€)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Total receivables & Terminal dues	449	340	351	380	376	353	372	389	409	425	441	457
Inventories	6	5	4	3	5	7	7	7	8	8	8	8
Prepaid expenses (excl. Terminal dues)	144	84	85	74	78	72	75	77	80	81	83	85
% of sales	5.3%	3.0%	3.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Current assets	599	429	440	457	459	432	454	474	496	515	532	550
Total payables & Terminal dues	434	345	375	358	421	339	312	298	284	266	246	228
Contract liabilities	93	80	67	69	71	74	73	69	66	63	60	57
% of sales	3.4%	2.9%	2.3%	2.1%	2.0%	2.3%	2.2%	2.0%	1.9%	1.8%	1.6%	1.5%
Accrued current liabilities	307	230	221	274	282	258.9	268.4	275.9	284.9	291.5	297.3	302.9
% of sales	11.2%	8.2%	7.7%	8.3%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Other current liabilities	106	74	61	97	62	68.2	70.7	72.7	75.1	76.8	78.3	79.8
% of sales	3.9%	2.6%	2.1%	2.9%	1.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Current liabilities	940	729	724	798	836	740	724	715	710	697	682	668
NWC	-341	-300	-284	-341	-377	-308	-269	-242	-214	-182	-150	-118
ΔNWC	-43	41	16	-57	-36	69	39	27	28	32	32	32

Activity ratios	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Receivables turnover	6.5	7.0	8.2	8.9	9.2	8.6	9.0	8.8	8.7	8.5	8.3	8.2
DSO	56	52	44	41	40	41	41	42	43	43	44	45
Inventory turnover	232	249	310	452	444	283	246	244	244	242	243	245
DIH	1.6	1.5	1.2	0.8	0.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Payables turnover	3.0	3.5	3.9	4.3	4.6	4.5	5.3	5.7	6.3	6.8	7.5	8.3
DPO	121	104	94	85	80	73	67	61	56	51	47	43
Cash Conversion Cycle	-63.4	-50.3	-48.5	-42.7	-39.4	-31.1	-24.1	-17.6	-11.6	-6.1	-1.0	3.8

Source: Team analysis

Appendix – Parcel revenue projection

Parcel revenue projections (m€)	2018	2019	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E	2028E	6Y CAGR
Total parcel revenue	1,547	1,663	2,044	2,353	2,180	2,351	2,524	2,716	2,871	3,012	3,147	6.3%
Parcel market volume (Netherlands)	351	399	525	654	598	659	720	798	857	917	976	8.5%
<i>Parcel-per-capita</i>	<i>20</i>	<i>23</i>	<i>30</i>	<i>37</i>	<i>34</i>	<i>37</i>	<i>40</i>	<i>44</i>	<i>47</i>	<i>50</i>	<i>53</i>	7.7%
<i>Population size</i>	<i>17.18</i>	<i>17.28</i>	<i>17.41</i>	<i>17.48</i>	<i>17.59</i>	<i>17.82</i>	<i>18.00</i>	<i>18.13</i>	<i>18.24</i>	<i>18.33</i>	<i>18.42</i>	0.8%
Market share	63%	62%	55%	53%	50%	48%	46%	44%	42%	41%	40%	-3.7%
Revenue per parcel item	6.16	5.87	5.92	6.13	6.30	6.25	6.25	6.20	6.20	6.20	6.20	-0.3%
Revenue in the Netherlands	1,351	1,462	1,709	2,105	1,884	1,978	2,070	2,176	2,232	2,330	2,421	4.3%
Parcel market volume (Belgium)	208	232	336	365	324	372	409	445	482	519	556	9.4%
<i>Parcel-per-capita</i>	<i>18</i>	<i>20</i>	<i>29</i>	<i>32</i>	<i>28</i>	<i>32</i>	<i>35</i>	<i>38</i>	<i>41</i>	<i>44</i>	<i>47</i>	9.0%
<i>Population size</i>	<i>11.38</i>	<i>11.43</i>	<i>11.49</i>	<i>11.52</i>	<i>11.58</i>	<i>11.63</i>	<i>11.68</i>	<i>11.72</i>	<i>11.76</i>	<i>11.80</i>	<i>11.84</i>	0.4%
Market share	10%	10%	10%	10%	11%	13%	15%	17%	19%	19%	19%	9.5%
Revenue per parcel item	6.16	5.87	5.92	6.13	6.30	6.25	6.25	6.20	6.20	6.20	6.20	-0.3%
Revenue in Belgium	128	136	199	224	225	302	383	469	568	612	656	19.5%
PostNL's volume	11	11	23	4	11	11	11	11	11	11	11	0.0%
Revenue per parcel item	6.16	5.87	5.92	6.13	6.30	6.25	6.25	6.20	6.20	6.20	6.20	-0.3%
Revenue Other countries	68	65	136	25	71	71	71	70	70	70	70	-0.3%

Source: Team analysis

Appendix – Mail revenue projection

Mail revenue projections (in million €)	2018	2019	2020	2021	2022A	2023E	2024E	2025E	2026E	2027E	2028E	6Y CAGR
Total mail revenue	1,672	1,600	1,702	1,671	1,489	1,454	1,387	1,324	1,263	1,205	1,150	-4%
PostNL's mail volume	1,781	2,271	2,054	2,048	1,885	1,697	1,527	1,374	1,237	1,113	1,002	-10%
Revenue per mail item (RMI)	0.94	0.70	0.83	0.82	0.79	0.86	0.91	0.96	1.02	1.08	1.15	6%
Stamp rate	0.83	0.87	0.91	0.96	0.96	1.01	1.07	1.14	1.20	1.28	1.35	6%
% of variation	6.41%	4.82%	4.60%	5.49%	0.00%	5.21%	6.03%	6.03%	6.03%	6.03%	6.03%	/
RMI/Stamp rate	113.1%	81.0%	91.1%	85.0%	82.3%	84.8%	84.8%	84.8%	84.8%	84.8%	84.8%	1%

Source: Team analysis

Appendix – Outsourcing costs projection

Work contracted out projection (m€)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Work contracted out and other external expenses	1,222	1,308	1,330	1,520	1,708	1,610	1,645	1,676	1,756	1,800	1,842	1,891
Work contracted out - parcel	553	655	691	816	1,017	972	1,011	1,051	1,139	1,192	1,242	1,300
Parcel volume (in million)	207	251	283	345	384	346	376	404	438	463	486	508
<i>% of subcontractors</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>66%</i>	<i>63%</i>	<i>62%</i>	<i>61%</i>	<i>60%</i>	<i>59%</i>
Parcel volume handled by subcontractors (in million)	145	176	198	242	269	242	248	254	272	280	289	299
Subcontractor cost of delivery per parcel (€)	4	4	3	3	4	4	4	4	4	4	4	4
<i>Change in cost of delivery (%)</i>		<i>-2.4%</i>	<i>-6.4%</i>	<i>-3.0%</i>	<i>12.0%</i>	<i>6.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.5%</i>	<i>1.5%</i>
<i>Change in productivity (%)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>
Work contracted out - mail	429	383	395	451	426	380	371	354	337	322	307	293
Mail revenue	1,775	1,672	1,600	1,702	1,671	1,489	1,454	1,387	1,324	1,263	1,205	1,150
<i>Work contracted out (% of mail revenue)</i>	<i>24%</i>	<i>23%</i>	<i>25%</i>	<i>26%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>
Other Work contracted out and other external expenses	240	270	244	253	265	258	263	271	279	286	292	298
International	0	0	0	0	0	0	0	0	0	0	0	0
PostNL Other	25	33	63	67	78	71	74	76	78	80	82	83
<i>PostNL Other in % of Rev. from contracts</i>	<i>0.9%</i>	<i>1.2%</i>	<i>2.2%</i>	<i>2.1%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>
Rent & Lease expenses	66	67	16	14	13	13	14	14	14	15	15	16
<i>Rent & Lease expenses in % of Rev. from contracts</i>	<i>2.4%</i>	<i>2.4%</i>	<i>0.6%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>
External temporary staff	149	170	165	172	174	174	176	181	187	191	195	199
<i>External temporary staff in % of Rev. from contracts</i>	<i>5.5%</i>	<i>6.2%</i>	<i>5.8%</i>	<i>5.3%</i>	<i>5.0%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>

Source: Team analysis

Appendix – Salary costs projection

Salary spending projection (m€)	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Total Salaries, pensions and social sec. (m€)	1,110	1,001	1,003	1,059	1,158	1,129	1,146	1,201	1,231	1,258	1,281	1,297	1,311
Total FTE	20,199	20,791	20,421	23,973	22,304	22,181	21,143	21,014	21,036	21,081	21,048	21,003	20,915
Average Salary, pension and social sec. (€)	53,369	46,799	48,235	42,548	50,977	50,539	52,560	54,663	56,029	57,150	58,293	59,167	60,055
<i>Salary, pension and social sec. growth</i>		-12%	3%	-12%	20%	-1%	4%	4%	2%	2%	2%	1%	2%
FTE Parcel	3,038	3,953	4,664	5,653	6,295	6,862	6,186	7,584	8,816	9,772	10,683	11,434	12,035
Parcel Volume (in millions)	177	207	251	283	345	384	346	376	404	438	463	486	508
<i>% handled by PostNL internal workforce</i>	30%	30%	30%	30%	30%	30%	30%	34%	37%	38%	40%	41%	41%
Annual parcel volume handled by FTE (in million)	53	62	75	85	104	115	104	128	149	166	183	197	208
Annual mail volume handled by FTE (in million)	17,435	15,719	16,164	15,036	16,445	16,782	16,782	16,865	16,950	17,035	17,120	17,205	17,291
<i>Change in productivity</i>		-10%	3%	-7%	9%	2%	0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
FTE mail	16,218	15,810	14,547	17,075	14,803	13,934	13,505	11,907	10,623	9,634	8,609	7,726	6,948
Mail Volume (in millions)	2,213	1,994	1,781	2,271	2,054	2,048	1,885	1,697	1,527	1,374	1,237	1,113	1,002
3y trailing mean annual Mail volume per FTE	136,453	131,288	128,336	127,185	131,396	139,579	139,579	142,480	143,727	142,638	143,663	144,060	144,171
<i>Change in productivity</i>		-4%	-2%	-1%	3%	6%	0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
FTE Others	943	1028	1210	1245	1206	1385	1452	1523	1597	1675	1757	1842	1932
<i>% variation</i>		9%	18%	3%	-3%	15%	5%	5%	5%	5%	5%	5%	5%

Source: Team analysis

Appendix – Ratios

Ratios	PEERS AVG	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Liquidity ratios													
Current ratio	1.1	1.0	0.9	1.1	1.3	1.4	1.3	1.3	1.4	1.4	1.5	1.6	1.6
Quick ratio	0.98	0.9	0.8	0.9	1.1	1.3	1.1	1.2	1.3	1.3	1.4	1.4	1.5
Margins & Operational ratios													
EBITDA margin (%)	12%	13%	10%	10%	14%	13%	7%	8%	9%	8%	8%	9%	9%
EBIT margin (%)	7%	10%	7%	4%	9%	9%	2%	3%	4%	3%	4%	4%	4%
Profit margin (%)	5%	5%	1%	0%	7%	7%	1%	2%	2%	2%	2%	2%	2%
Operating cash-flow margin (%)	14%	8%	3%	9%	6%	16%	12%	9%	10%	9%	10%	10%	10%
Operational leverage (%)	30%	-4%	-221%	-92%	28%	25%	86%	42%	19%	-9%	24%	11%	-6%
Solvency ratios													
Debt-to-assets	0.26	0.30	0.25	0.45	0.46	0.42	0.47	0.46	0.45	0.45	0.44	0.44	0.44
Debt-to-book value of equity	1.16	16.9	8.7	-53.3	4.7	2.4	3.9	3.0	2.3	2.0	1.8	1.6	1.5
Adjusted Net Debt / EBITDA	1.13	0.94	1.68	2.53	0.89	0.56	1.83	1.57	1.44	1.50	1.50	1.57	1.67
Operating cash-flow/Debt	65%	35%	22%	27%	21%	53%	34%	28%	28%	28%	28%	28%	27%
Interest coverage ratio	14	6.8	7.7	7.4	18.6	15.3	2.1	4.0	4.6	3.3	3.8	3.3	3.2
Shareholders' ratios													
EPS		0.33	0.16	0.01	0.41	0.56	0.13	0.12	0.15	0.12	0.15	0.16	0.15
Dividend-per-share		0.23	0.24	0.25	0	0.38	0.46	0.08	0.07	0.09	0.07	0.09	0.09
Payout ratio (%)		75%	72%	160%	0%	94%	82%	60%	60%	60%	60%	60%	60%
DuPont Decomposition ROIC (Operating approach)													
NOPAT/Sales	5.8%	8.0%	5.2%	2.9%	6.8%	7.0%	1.2%	2.3%	2.7%	2.5%	2.9%	3.0%	2.9%
Sales/Invested Capital	2.5	6.5	6.9	3.8	5.4	5.0	3.9	3.5	3.2	3.0	2.8	2.6	2.5
ROIC	14%	51%	36%	11%	37%	35%	5%	8%	9%	7%	8%	8%	7%
DuPont Decomposition ROE													
Tax burden	62%	77%	79%	70%	76%	75%	75%	75%	75%	75%	75%	75%	75%
Interest burden	87%	82%	87%	87%	95%	93%	51%	75%	78%	69%	74%	69%	68%
EBIT margin	8%	10%	7%	4%	9%	9%	2%	3%	4%	3%	4%	4%	4%
Total assets turnover	1.1	1.3	1.5	1.5	1.5	1.5	1.3	1.4	1.4	1.3	1.3	1.3	1.3
ROA	5%	9%	7%	4%	10%	10%	1%	2%	3%	2%	3%	3%	3%
Equity multiplier	4	-103	44	124	22	7	7	7	6	5	4	4	4
ROE	22%	-887%	295%	465%	219%	71%	6%	17%	16%	11%	12%	10%	9%

Source: Team analysis, Eikon Refinitiv

Appendix – Adjusted net debt

Adjusted Net Debt (m€)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Short term debt & long-term debt	625	403	696	708	732	701	701	702	702	704	704	704
Long-term interest bearing assets	7	6	6	27	20	20	20	20	20	20	20	20
Cash & cash equivalents	645	269	480	651	848	674	685	707	706	727	734	740
Net debt	-27	128	210	30	-136	47	36	15	16	-3	-10	-16
Pension liabilities	359	296	283	86	67	28	16	0	0	0	0	0
Lease liabilities (on balance)	2	25	264	294	334	311	349	389	420	460	506	555
Lease liabilities (off balance)	0	39	82	84	12	12	12	12	12	12	12	12
Adjusted Net Debt	334	449	757	410	265	387	401	404	436	457	495	539
EBITDA	354	268	299	461	471	213	267	294	293	304	316	320
Adjusted Net Debt / EBITDA	0.94	1.68	2.53	0.89	0.56	1.82	1.50	1.38	1.49	1.50	1.57	1.68
Target level	2	2	2	2	2	2	2	2	2	2	2	2

Source: Team analysis, PostNL

Appendix – FCFF margin

FCFF margin	2017	2018	2019	2020	2021	Average
PostNL	8%	5%	8%	7%	6%	7,0%
Bpost	5%	7%	7%	10%	5%	6,8%
Austrian Post	7%	7%	5%	26%	13%	6,6%
Deutsche Post	2%	5%	4%	7%	8%	5,1%

Important positive
change in NWC

Appendix – Bull scenario

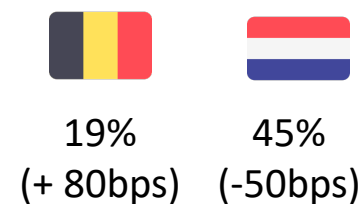
In mEUR	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net sales	€3,181	€3,334	€3,467	€3,628	€3,764	€3,849	€3,982
Cost of materials	€82	€70	€70	€70	€70	€70	€70
Outsourcing costs	€1,610	€1,645	€1,667	€1,793	€1,744	€1,783	€1,843
Salaries	€1,146	€1,224	€1,296	€1,405	€1,464	€1,494	€1,548
Other op. exp	€131	€116	€119	€123	€126	€128	€131
EBIT margin (%)	2%	4%	4%	4%	5%	5%	5%
FCFF	€5	€57	€90	€97	€109	€115	€124
Terminal value							€2,348
PV (FCFF + TV)	-	€53	€78	€78	€82	€80	€1,618
Enterprise value	€1,989						
Net debt	€402						
Minority interests	€3						
Pension liabilities	€28						
Market capitalization	€1,553						
Share outstanding (in million)	487						
Share's value	€3.19						

3.95% CAGR

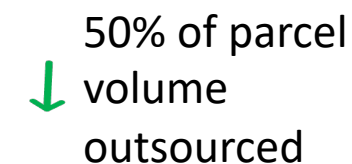
Revenue growth



Parcel market share (2028)





% of parcel volume outsourced



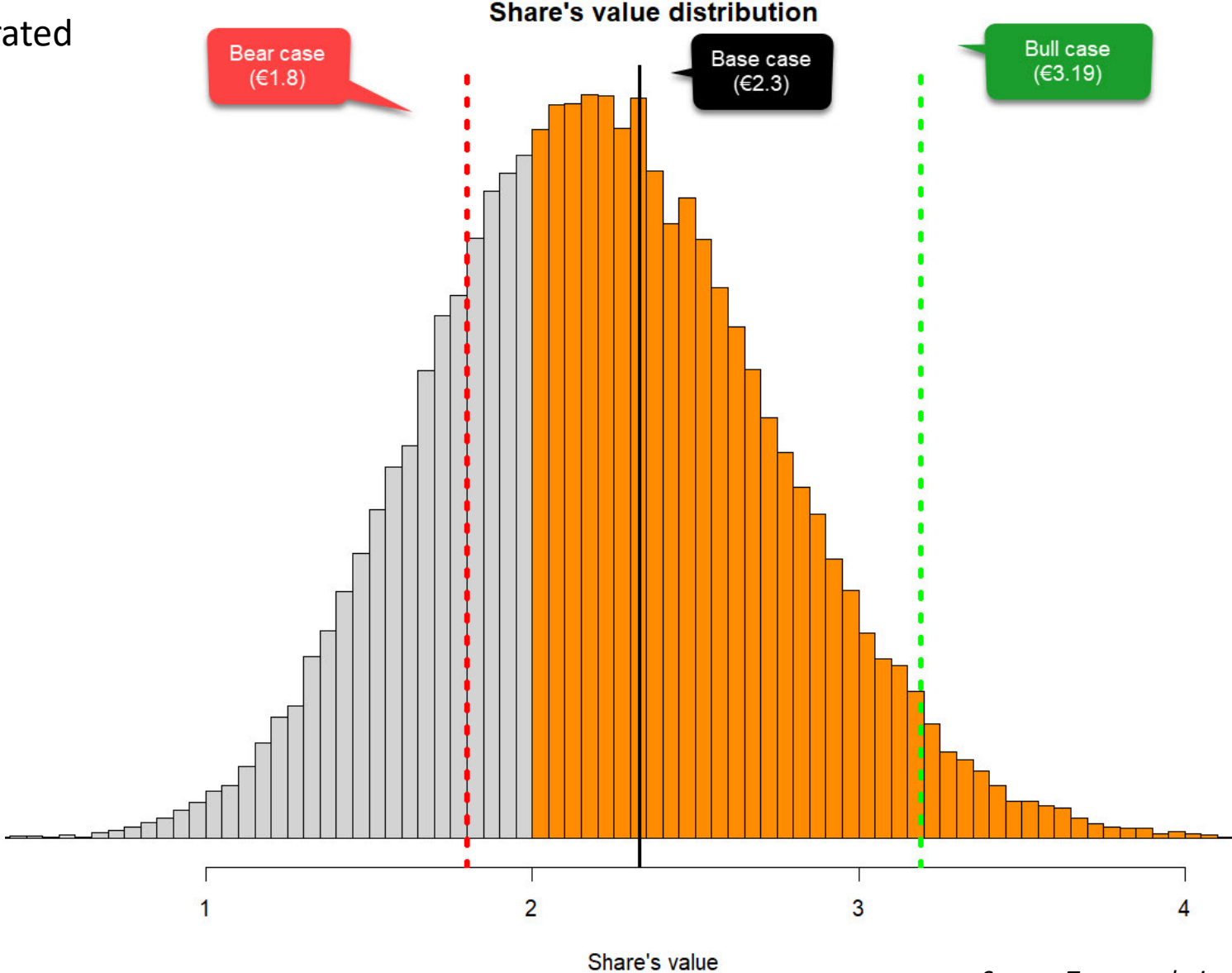
Appendix – Bear scenario

In mEUR	2022E	2023E	2024E	2025E	2026E	2027E	2028E	
Net sales	€3,181	€3,227	€3,312	€3,415	€3,490	€3,506	€3,592	2.04% CAGR
Cost of materials	€82	€70	€70	€70	€70	€70	€70	
Outsourcing costs	€1,610	€1,604	€1,632	€1,708	€1,749	€1,760	€1,818	
Salaries	€1,146	€1,186	€1,225	€1,249	€1,269	€1,270	€1,287	
Other op. exp	€131	€113	€116	€120	€122	€123	€126	
EBIT margin (%)	2%	3%	3%	3%	3%	3%	3%	
FCFF	€5	€41	€68	€65	€72	€74	€81	
Terminal value							€1,537	
PV (FCFF + TV)	-	€38	€59	€53	€54	€52	€1,059	
Enterprise value	€1,314							
Net debt	€402							
Minority interests	€3							
Pension liabilities	€28							
Market capitalization	€879							
Share outstanding (in million)	487							
Share's value	€1.80							

	Revenue growth	Parcel market share (2028)	Salary & outsourcing
			
	6Y CAGR: -4.22% 	6Y CAGR: 5% 	19% (+ 80bps) vs 37.5% (-125bps) 
			
			
			59% of volume outsourced Persistent inflation 3.5% Salary indexation in 2023-2024

Appendix – Monte Carlo simulation

50,000 trials generated



Source: Team analysis

Appendix – Investment risks

Risk name	Risk description	Probability	Impact	Materiality impact	Target price
ESG	Social fraud	Moderate	Low	5% drop in market share (35% in NL)	€1.89
M1	Recession in the Benelux	Moderate	High	May heavily weaken consumer sentiment! <u>2028 parcel-per capita</u> <ul style="list-style-type: none"> Belgium: 41 (-12.70%) Netherlands: 45 (-15.09%) → Parcel revenue 6Y CAGR: 4% (-2.3 bps)	€1.95
M2	Competition on the parcel segment	High	High	Pressure on margins and further loss of market share 5% drop in market share (35% in NL)	€1.89
O1	Staff retention/attraction	Low	High	+ 1.5% additional wage increase from 2023-2026	€1.88
O2	Cost saving	Low	High	Failure to decrease costs, especially in the mail segment No productivity gains from 2022-2026	€1.99
C1	Credit downgrading	High	Moderate	A 1% increase in PostNL yield-to-maturity would result in a WACC increase of 0.22 bps	€1.96

Source: Team analysis

Appendix – ESG

Environmental KPIs	Unit	PostNL	Bpost	Austrian Post	CTT	Average sector	Deutsche Post
Emissions							
Scope 1 & 2 CO2 emissions intensity	g/€	9.74	29.49	35.12	18.88	23.31	86.87
Scope 3 CO2 emissions intensity	g/€	60.17	39.17	56.17	59.26	53.69	379.11
Total emissions intensity	g/€	69.91	68.67	91.29	78.14	77.00	468.36
Energy							
Energy intensity	mWh/€	81.98	60.59	293.30	117.39	138.31	362.76
Water & Waste							
Water intensity	l/FTE	7,051.00	8,696.98	NA	2,602.25	6,116.75	NA
Waste intensity	t/FTE	0.20	1.99	NA	0.18	0.79	NA
Sustainable supply chain							
% of suppliers covered by suppliers code of conduct	%	NA	0.34	NA	0.99	0.66	NA

Source: Companies' annual reports