
PostNL reports Q4 & FY 2023 results

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PostNL reports Q4 & FY 2023 results. Clear direction set to keep postal service in the Netherlands sustainable; adjustments to postal regulation necessary.

Highlights Q4 & FY 2023

- Key financial highlights in line with preliminary results published on 26 January 2024
- Parcel volumes up 0.9% in Q4 2023 (FY 2023: -0.2%), with continued strong growth from international customers
- Volumes -1.9% at Mail in the Netherlands in Q4 2023 (FY 2023: -7.4%, mainly due to ongoing substitution)
- 0% further improvement in average carbon efficiency
- Strong free cash flow performance, €143 million in Q4 2023 (FY 2023: €52 million)
- €0.09 dividend per share to be proposed to the AGM

CEO statement

Herna Verhagen, CEO of PostNL, said: “In many respects 2023 was a challenging year. Uncertain geopolitical and economic conditions had an impact on our operating environment. We implemented several measures to reduce costs and improve our cash position and have also been able to increase prices. But this was not sufficient to mitigate the severe cost pressures in a tight labour market with rising wages and the impact from the development in our customer and product mix. We expect the external environment to remain difficult in 2024 and continue to take all necessary steps, both at Mail in the Netherlands and at Parcels, to help to mitigate these challenges and support our aim to structurally deliver a return that exceeds the cost of capital.

“As the proud operator of the postal network in the Netherlands, we are committed to keeping mail accessible, reliable and affordable. After many years of adjusting our mail network, which is built to meet the regulatory requirement for countrywide delivery within 24 hours, further options to adapt to declining mail volumes and achieve necessary cost savings are becoming very challenging. At the same time,

costs have increased significantly, resulting in a step-down in EBIT level year-over-year. And demand is changing. Surveys show that the need for next-day delivery has reduced significantly, visible in a strong decline of 24h mail. We strongly believe the time has come to transform the delivery framework to better fit the needs of our customers and consumers and the current labour market. We intend to transition towards a service level for standard mail to be delivered within two days, moving towards within three days over time. We keep offering priority delivery, at a higher price. All this is already common in many other European countries. To achieve this, adjustment in regulation is necessary, comparable with changes already implemented in regulation in other European countries. So that a financially viable postal service in the Netherlands, that provides job security to thousands of people, can be secured, now and going forward.

“For Parcels, we remain confident in the future growth in the e-commerce market, underpinned by the positive trend in online penetration, while acknowledging the ongoing uncertainty in the economic environment. Concrete actions have been designed to better balance volume and value and will contribute to our results already as of 2024. We will further implement targeted yield management measures and focus on specific customer segments. We are rationalising our products and services portfolio and further encouraging out-of-home delivery options. To improve efficiency in our networks, we will optimise our collection and transportation services. Our digital transformation is crucial to solidify customer satisfaction and market position and we continue to make further progress on our clear roadmap to become more sustainable.

“Looking forward, for 2024 we expect to deliver normalised EBIT between €80 million and €110 million, resulting in a free cash flow of between €0 and €40 million.”

(PostNL)