



Operational Deep-dive Parcels

Capital Markets Day 2019

Iris van Wees

Operations Director Parcels Benelux



Agenda



Our success – how we have grown



Our capabilities and assets



Operational strategy

Our success – how we have grown



Our capabilities and assets



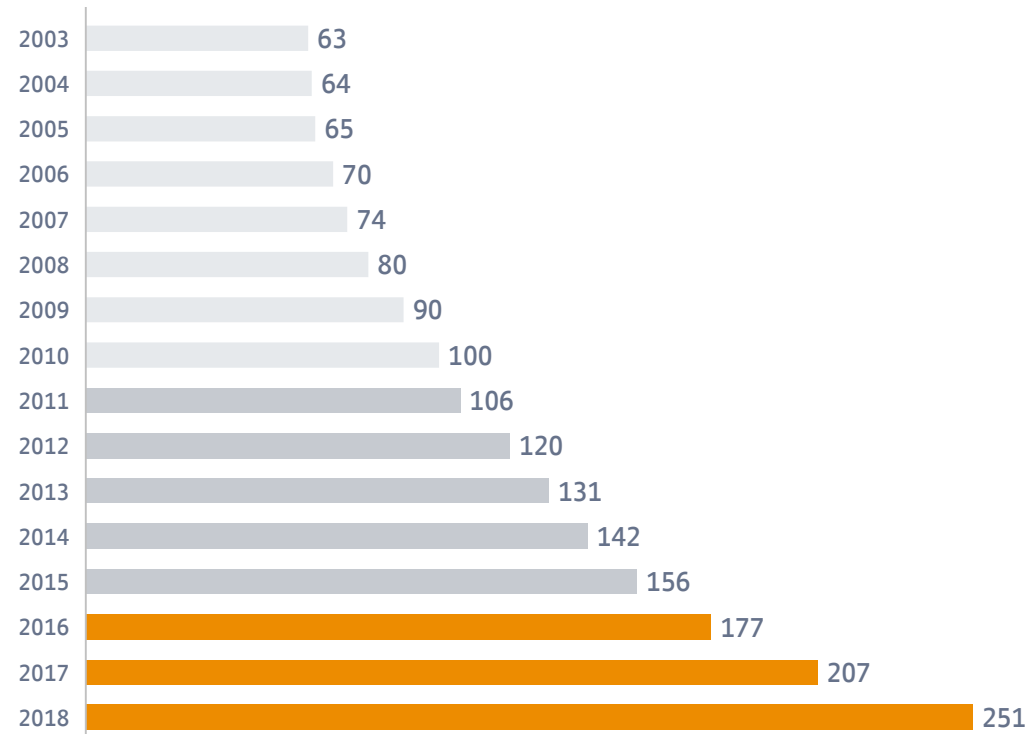
Operational Strategy



Our success – how we have grown

We have captured accelerated growth with our web-based network structure

Parcel volumes (m)



1
Stable growth with hub-spoke structure

2
Successful transformation to unique web-based network model

3
Successful scaling of network

Daily delivering over 800,000 parcels to our customers in Benelux

We have a unique network that is highly-efficient and scalable

22 locations in NL^{1,2} and 6 locations in BE close to the customer enabling late cut-off times

Efficient and ergonomic loading process by sorting directly in delivery van

Continuous use of sorting machine – for sorting and distribution in Benelux

Standardised lay-out and processes lead to flexibility

Easy-to-scale by adding depots to our network

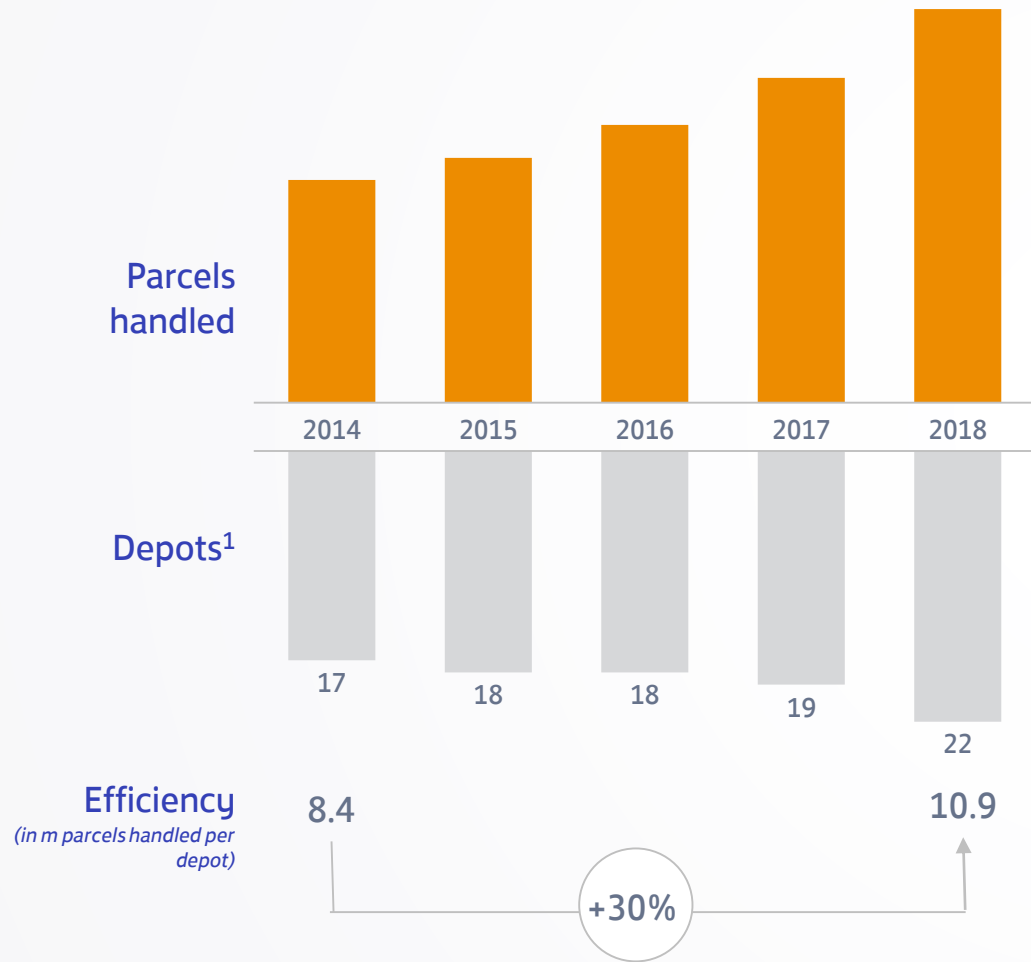
>98% next-day delivery performance



¹ related to 2018

² excluding bol.com fulfilment centre

We have successfully increased the efficiency of our network



+30% parcels handled per depot

Added extra delivery shifts per depot

Increase of sorting chutes at new depots

Migrated parcels to Sunday sorting to reduce Monday peak

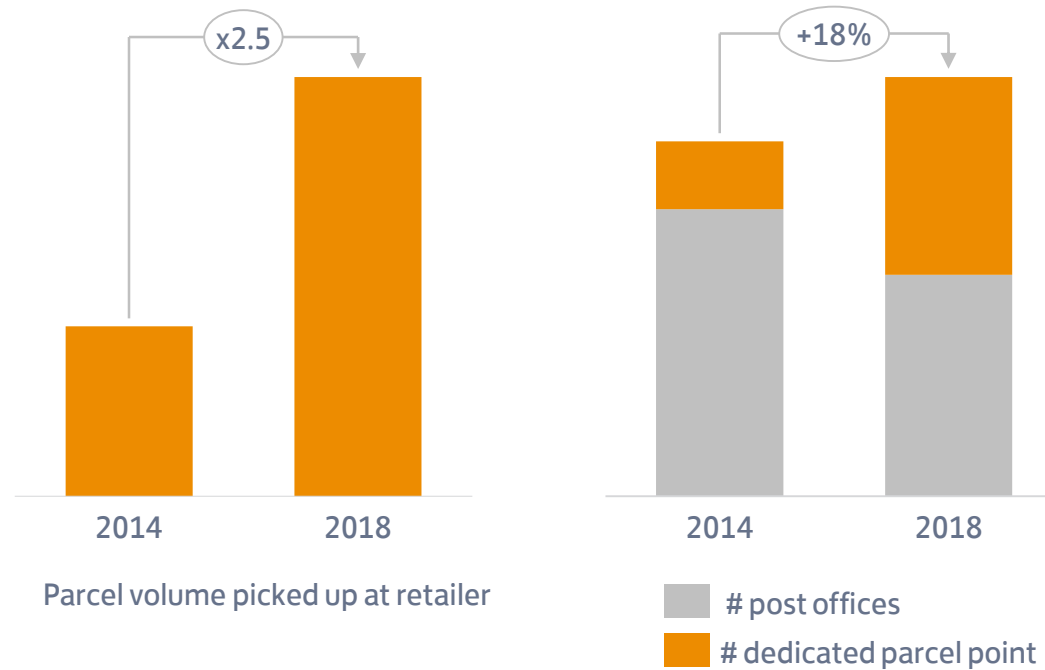
Integration of our sorting operations in bol.com fulfilment centre

¹excluding bol.com fulfilment centre



We have made pick-up and drop-off easy through extension of our retail network

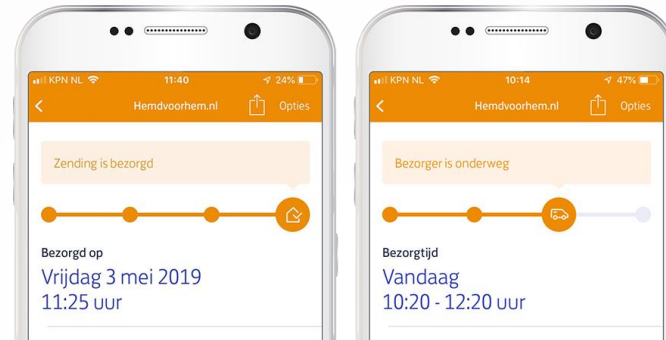
We expanded our retail network to around 4,250 locations in Benelux to match e-commerce needs



Benefits of our retail network

- 95% within 5 minutes proximity
- Late opening hours and Sunday opening introduced
- Drop-off point for our business customers
- Scan & Go concepts
- Data-driven capacity optimisation

We innovated our network to meet customer demands



Evening and same-day delivery

Sunday delivery

Return-on-demand

Pilot instant delivery in Amsterdam

Delivery time prediction (time window)

Simplified notification process

Rerouting of parcels before first delivery attempt

Start-up of city logistics in 12 cities

Reusable packaging

Electric delivery on Wadden Islands

Green gas trucks

Green buildings by solar panels

New services

Interaction with consumer

Sustainable delivery



Our people make the difference

Our deliverers are highly appreciated by our receivers

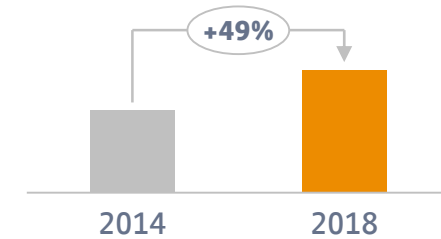
On a daily basis around 5,000 people deliver parcels in Benelux

During the night >800 truck drivers on road from and towards our depots

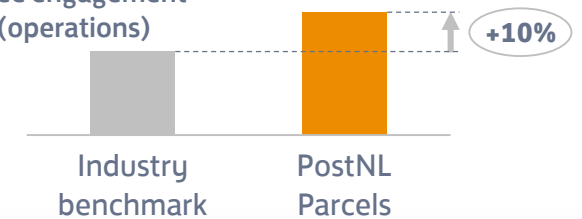
We are proud of our high employee engagement score

8.5 rating of our drivers in delivery satisfaction research

Delivery routes



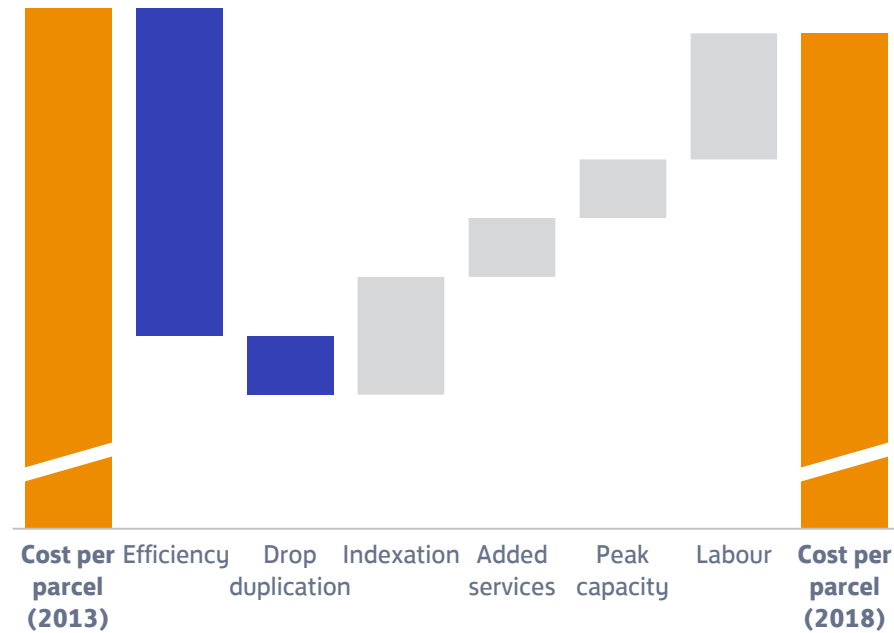
Employee engagement parcels (operations)



We have created a sustainable delivery model while keeping costs in line



Operational cost development 2013-2018



Sustainable delivery model

- Reduced number of independent contractors
- Increased number of own personnel
- Implemented euro licence¹

¹Business licence for transportation companies

Our success – how we have grown



Our capabilities and assets



Operational strategy



Our capabilities and assets



Best network



Retail next door



High quality



Always innovative



Sustainable delivery



Dedicated people



Our success – how we have grown



Our capabilities and assets



Operational strategy



Operational strategy

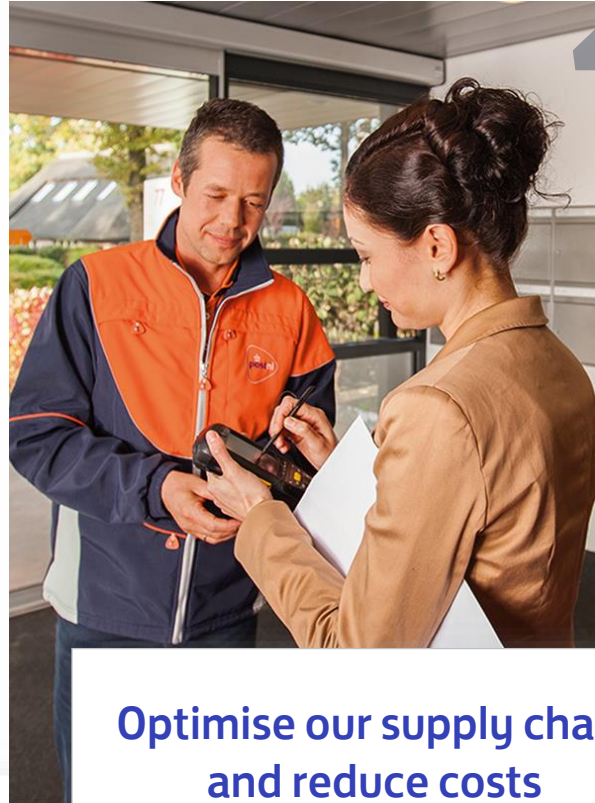
Operational Strategy

1



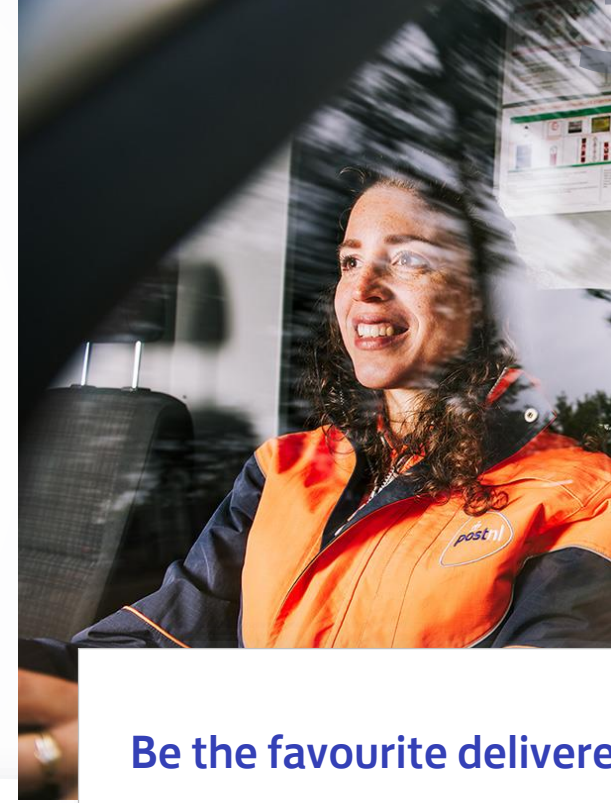
Invest in new capacity and innovate our network

2



Optimise our supply chain and reduce costs

3



Be the favourite deliverer

Volume growth towards 2022 requires 12 additional depots in current network set-up

Assumed volume development (2018-22)



We developed measures to reduce investments significantly by

- Introduce small parcel sorting centre (SPS) + 1 extra depot
- Improve utilisation of network
- Balance our network through commercial measures

to be explained on next slides

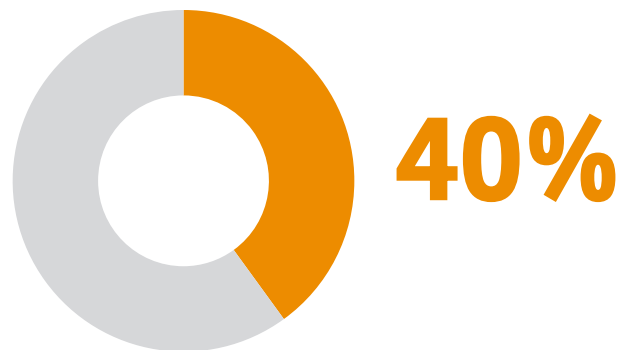
1 Segmentation helps to grow capacity with lower investments

Small parcel sorting centre

We plan to invest in separate sorting solution for small parcels

- Highly automated
- High capacity
- Facilitates sorting day and night

% of parcels that qualify for sorting in SPS



Key benefits



Increase distribution capacity in current depots



Sorting capacity for small parcels at lower sorting and overhead costs



Realise peak absorption and enable last-mile routing options



Capacity equal to 4 depots leading to lower investment level

We will continue to improve utilisation of current depots

Measures

Achieve further sorting improvements

Supply chain integrations

What we do

- Optimise sorting for retail and large stops
- Decentralise in-night PO-box sorting
- Video-aided sorting solutions
- Optimise network design
- Use data and algorithms to improve process efficiency

- Invest in joint fulfilment with bol.com operational by 2021-22



Anticipated impact 2022

+15-20%

parcels handled per depot ¹

¹excluding SPS

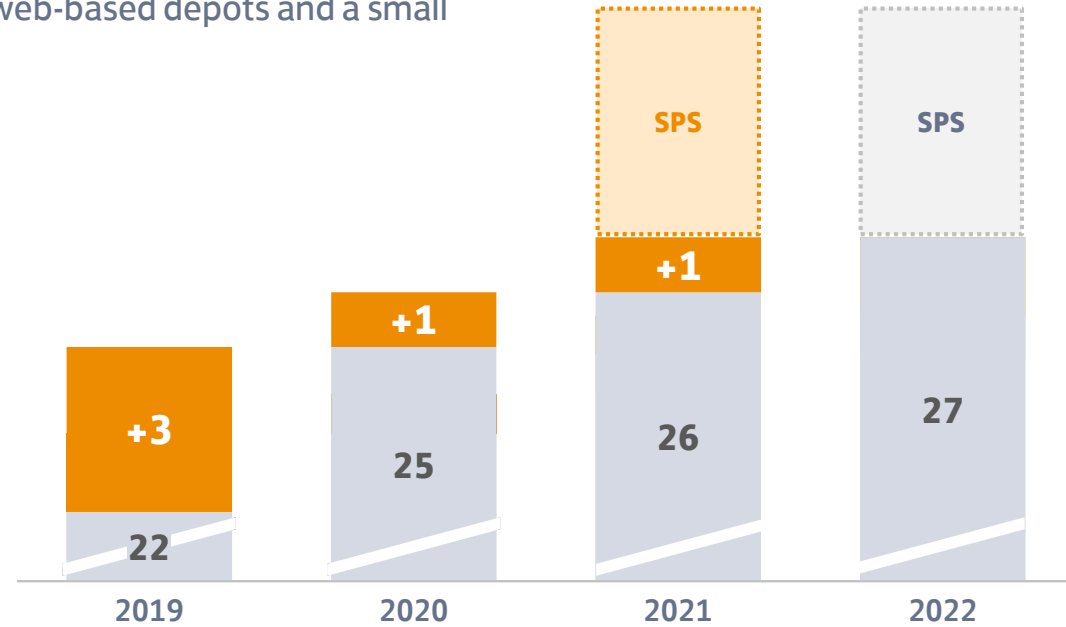


Future network set-up results in lower investments to accommodate growth

Our updated network strategy

Expand network by 5 web-based depots and a small parcel sorting centre

Depot development 2019-2022



new depots ¹

total # of depots

¹excluding SPS centre and bol.com fulfilment centre

We will optimise collection, transport and network control to increase efficiency

Optimise collection network

- More collection of parcels directly to depots
- Docking facilities for smaller collection vans at all depots
- Achieve reduction in collection costs per parcel

Build a new cross-dock structure

- Adapt current cross-dock structure to capture growth
- New structure is envisaged to go live in 2020-21

Improve network control

- Enhanced track-and-trace throughout supply chain
- Extend dynamic network routing



Digitised interaction improves first-time-right and reduces time spend per stop

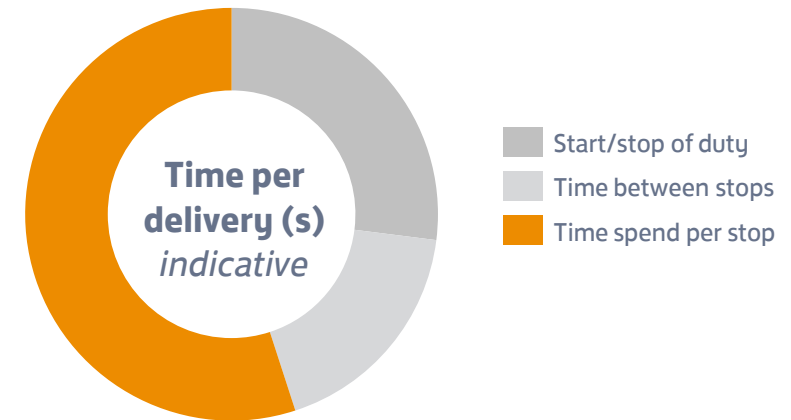
What we plan to do

Further improving expected time of arrival (with digital notification)

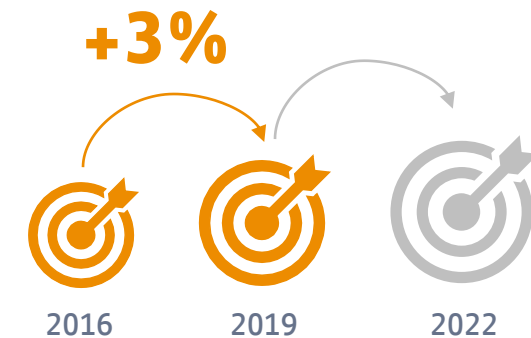
Interact real time with receiver in order to divert last minute to retail or neighbours

Further digitise our notifications to the consumer

Introduce smart receiver options at home and near home (e.g. parcel and letterbox, safe place and new retail points)



Hit rate development



We grow our business being the favourite deliverer

We will further develop our workforce

We will grow our own personnel

Our delivery partners will continue to grow with us

We continue to work on engagement and sustainable employability

Further improve engagement by dialogue with our own personnel and delivery partners

Continuously looking for possibilities to improve working conditions

Consumer focussed deliverer

Further roll-out of our training and communication programmes

Improve performance, based on consumer and customer feedback



We will further reduce our environmental footprint



Our focus

2025 Work towards emission free delivery in 25 cities in 2025

What will we do

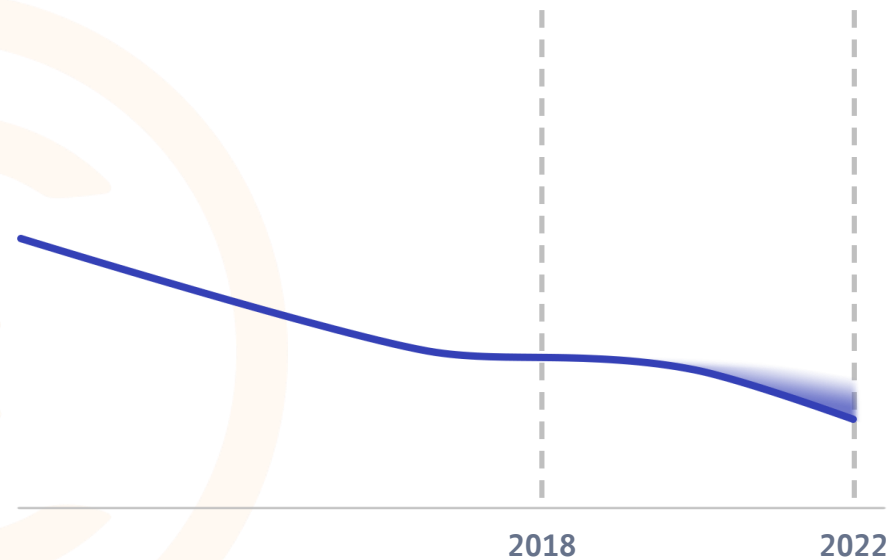
- Further roll-out of city logistics programme and e-bike delivery
- Further develop city specific sustainable propositions (e.g. consolidation centre)
- Intensify close cooperation with key stakeholders (e.g. smart city network, city councils)

2030 Emission-free last-mile delivery by 2030

- Continue roll-out of solar panels at all our new depots
- Move towards a complete sustainable fleet (including fleet of our delivery partners)
- Continue development of sustainable packaging (minimise 'air' in parcels and in supply chain)
- Further develop propositions with customers and partners for green alternatives

Operational initiatives to improve margin

Costs per parcel
Indicative



Measures to reduce costs

-
- Increase asset utilisation
- Small parcel sorting centre
- Focus on first-time-right in delivery
- Optimise collection, transport and network control

Being the leading e-commerce logistics company in the Benelux area

Our operational focus

- 1 Invest in new capacity and innovate our network
- 2 Optimise our supply chain and reduce costs
- 3 Be the favourite deliverer



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PostNL NV
Prinses Beatrixlaan 23
2595 AK The Hague
The Netherlands

Additional information is available at postnl.nl

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