We know
Norway

Quarterly Report

Fourth quarter 2016

Summary

The Group's revenues in the fourth quarter were MNOK 6 432, a reduction of 2.9 % from the same quarter in 2015. Revenues in 2016 amounted to MNOK 24 772, a reduction of MNOK 302 compared with 2015. The underlying growth in the fourth quarter was negative by 1.0 %, 2.7 % for 2016. The adjusted result, EBITE (cf. the condensed income statement on page 12) was MNOK 267 in the fourth quarter, an improvement of MNOK 53 compared with the same period in 2015. For 2016 accumulated, EBITE was MNOK 645, a reduction of MNOK 41 compared with 2015.

- EBIT in the fourth quarter of 2016 was MNOK -207 compared with MNOK -380 in the fourth quarter of 2015. For 2016 accumulated, EBIT was MNOK 178, MNOK 61 lower than in 2015. EBIT was charged with MNOK 482 in other expenses in 2016, mainly related to impairment of goodwill, provisions for loss on rental contracts and restructuring costs. EBIT for 2015 included gain from the sale of the shares in EVRY ASA with MNOK 219.

- In 2016, the Mail segment maintained a high profit level despite of a considerable decrease in mail volumes. The profit in the Logistics segment was negatively influenced by weak growth in the Norwegian economy and challenges related to profitability in Swedish domestic freight operations. The Group has discontinued the business in former Ekdahls (Bring Cargo Inrikes) due to unprofitable operations. This is expected to have a positive impact on the results in 2017.

- Return on invested capital/ROIC (alternative performance measures applied in the quarterly report are described on pages 18 and 19) was 9.0 % in 2016, a decline of 0.9 percentage points compared with 2015.

- The Group had a solid growth of 15 % in the e-commerce volume in 2016. E-commerce from abroad had the most significant growth.

- In the fourth quarter of 2016, the delivery rate for Priority mail delivered overnight was 82.4 %, 2.6 percentage points below the licence requirement of 85.0 %. For the whole of 2016, the Priority mail delivered overnight was 86.1 %.

- The absence due to sickness in 2016 was 6.1 %, a marginal decline from last year. The Group maintains its ambition to achieve a further reduction in the absence due to sickness.

- Posten Norge's digital mailbox, Digipost, experienced substantial growth in 2016. At the end of the year, approximately 1.4 million used the service, compared with 0.6 million users in 2015.

Profit development (unaudited)

Q4 2016	Q4 2015	MNOK	Year 2016	Year 2015
6 432	6 623	Operating revenues	24 772	25 074
432	402	EBITDA	1 339	1 474
267	214	EBITE*	645	686
-207	-380	EBIT	178	239
40	-6	Net financial items	52	-88
-167	-386	Income before taxes	230	151
-243	-508	Net income/-loss	39	-61

*Ref. the condensed income statement on page 12

Operating profit

Operating profit, EBITE, for the Mail segment in the fourth quarter was MNOK 343, MNOK 70 better than in the same quarter in 2015. The improvement was mainly due to cost adjustments in operations. For 2016, EBITE in the Mail segment was MNOK 800, a decline of MNOK 16 from 2015. The cost adjustments compensated for the negative effect of the decline in volumes of addressed mail.

EBITE in the Logistics segment in the fourth quarter was MNOK 18, compared with MNOK-44 last year, an improvement of MNOK 62. This was a consequence of increased profitability in the parcels and freight business, which in turn was partly reduced by a weaker profitability in businesses subject to cyclical fluctuations in Norway and a shift toward services with lower margins. The Group has implemented a number of short- and long-term initiatives to improve profitability in the Logistics segment. For 2016, EBITE in the Logistics segment was MNOK 49, a decline of MNOK 22 compared with 2015. Weak economic growth in mainland Norway as well as reduced activities in the oil sector characterized Norwegian operations. Domestic freight operations in Sweden reduced the profit, whereas the parcel business in Sweden showed a positive profit development.

The Group’s income before taxes amounted to MNOK 230 in 2016, an improvement of MNOK 79 compared with 2015. The result after tax was MNOK 39 in 2016 compared with MNOK-61 in 2015.

Operating revenues outside Norway

The Group's operations outside Norway had total operating revenues totaling MNOK 9 962 in 2016, MNOK 345 (3.6 %) higher than in 2015. Operating revenues outside Norway constituted 40 % of the Group's total revenues, compared with 38 % in 2015.

Key financial figures (unaudited)

MNOK		Year 2016	Year 2015
EBITE margin	%	2.6	2.7
EBIT margin	%	0.7	1.0
Equity ratio	%	38.6	36.8
Return on invested capital*	%	9.0	9.9
Return on equity (after tax)*	%	0.7	1.0
Net interest-bearing debt	MNOK	518	234
Investments, excluding acquisitions	MNOK	1 243	1 159

Alternative performance measures applied in the quarterly report are described on pages 18 and 19.

*Last twelve months

Balance sheet (unaudited)

MNOK	31.12 2016	31.12 2015
Assets		
Non-current assets	9 063	8 910
Current assets	6 236	7 188
Total assets	**15 299**	**16 097**
Equity and liabilities		
Equity and liabilities	5 912	5 926
Provisions for liabilities	1 588	1 450
Interest-bearing non-current liabilities	1 978	2 111
Interest-free non-current liabilities	29	36
Interest-bearing current liabilities	415	896
Interest-free current liabilities	5 378	5 678
Total equity and liabilities	**15 299**	**16 097**

Balance sheet

Total investments (excluding acquisitions) in 2016 were MNOK 1 243, an increase of MNOK 84 compared with 2015. The majority of the investments concerned the new logistics centres at Alnabru in Oslo and in Trondheim.

As of 31 December 2016, the Group had net interest-bearing liabilities of MNOK 518, compared with MNOK 234 as of 31 December 2015.

In order to secure financial flexibility, the Group has both committed and uncommitted credit facilities, which together with cash and cash equivalents constitute the Group's liquidity reserve. The Group's long-term liquidity reserve as at 31 December 2016 amounted to NOK 5.3 billion compared with NOK 6.4 billion as at 31 December 2015.

Statement of cash flows (unaudited)

Q4 2016	Q4 2015	MNOK	Year 2016	Year 2015
696	586	Cash flows from operating activities	945	1 213
-217	-484	Cash flows from investing activities	-1 210	485
-459	-500	Cash flows from financing activities	-633	-998
20	**-398**	**Total change in liquid assets**	**-898**	**700**
1 855	3 171	Cash and cash equivalents at the beginning of the period	2 773	2 073
1 875	**2 773**	**Cash and cash equivalents at the end of the period**	**1 875**	**2 773**

Cash flows

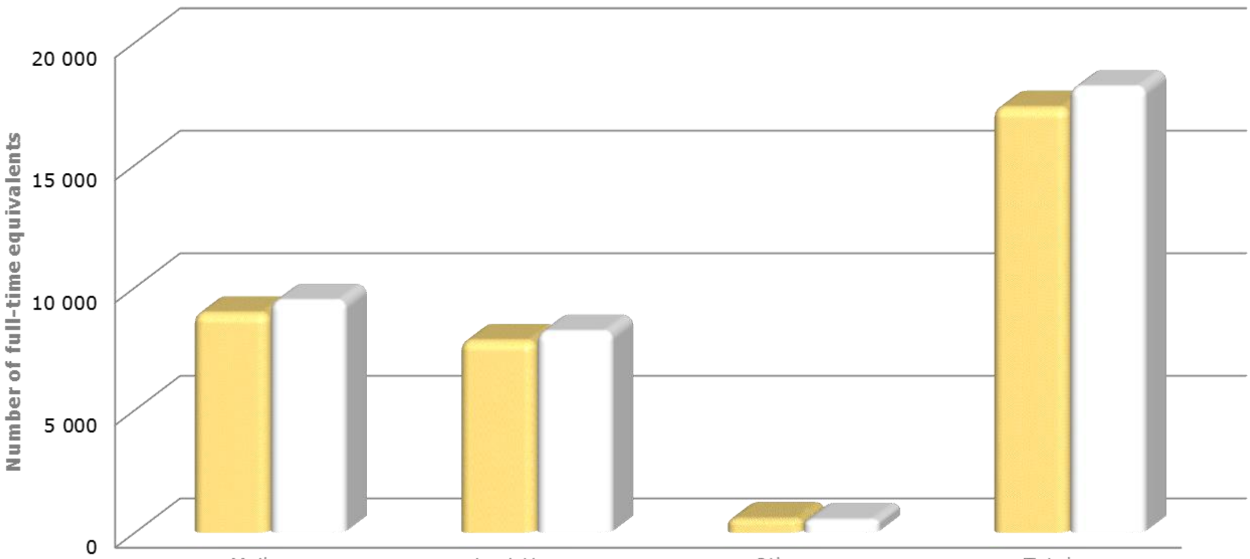
Cash flows from operating activities in 2016 amounted to MNOK 945. The decline from 2015 is mainly due to increased payments of operating liabilities.

Net cash flows from investing activities so far this year were MNOK - 1 210. This mainly related to ongoing investments in operations as well as strategic investments, primarily concerning the new logistic centres at Alnabru in Oslo and in Trondheim. Investments were also made in a new terminal in Narvik and a site for building a new terminal in Stavanger, as well as in the digital design company Netlife Research AS and the logistics company Espeland Transport AS. In 2015, the cash flows from investing activities included the compensation from the sale of Posten's shares in EVRY ASA amounting to 1.7 billion NOK.

Net cash flows from financing activities in 2016 were MNOK - 633. This constituted repayment of debt, offset by a net increase in certificate loans.

The total change in cash and cash equivalents was negative by MNOK 898, primarily due to investments exceeding cash flows from operating activities, together with a net repayment of debt.

Workforce



	Mail	Logistics	Other	Total
2016	8 959	7 828	557	17 344
2015	9 467	8 204	518	18 189

The Group's workforce decreased by 845 full-time equivalents at the end of 2016 compared with the same period in 2015. In the Mail segment, the workforce decreased by 508 full-time equivalents, primarily within mail distribution and production. In the Logistics segment, the workforce decreased by 376 full-time equivalents, mainly due to downsizing in the Nordic operations.

Market and development per segment (unaudited)

MAIL

This segment comprises letter products, banking services and dialogue services. The segment includes the Mail division and the subsidiaries in the areas of Bring Citymail, Bring Mail and Netlife Group.

Q4 2016	Q4 2015	MNOK	Year 2016	Year 2015
2 667	2 716	Operating revenues	9 839	10 069
415	362	Segment profit (EBITDA)	1 105	1 193
343	273	Segment profit (EBITE)	800	816

The volume of addressed mail decreased by 10.9 % in Norway in 2016, mainly due to increasing digitalisation at our customers. The discontinuance of the mail-monopoly had no significant impact on the decline in volumes.

The volume of unaddressed mail had a marginal decline in 2016.

Revenues in 2016 were MNOK 230 lower than in 2015, primarily as a consequence of the decline in volumes. EBITE was only MNOK 16 weaker than in 2015, as the fall in volumes was somewhat mitigated by cost-reducing measures, mainly by the discontinuance of the Saturday distribution. As a consequence of increased digitalisation, the Group expects continuing declines in addressed mail volumes in the future. The Group is implementing measures on a continuous basis to adjust the levels of operations and costs to the fall in mail volumes.

In the fourth quarter of 2016, the result for Priority mail delivered overnight was 82.4 %, 2.6 percentage points below the licence requirement of 85.0 %. This is mainly due to high volumes in connection with the Christmas traffic that experienced certain capacity and weather challenges. In total, the Christmas traffic is nevertheless considered to have been carried out in a satisfactory manner. The result for Priority mail delivered overnight was 86.1 % in 2016.

Bring Citymail Sweden's experienced a volume increase by 15.4 % in 2016.

LOGISTICS

This segment comprises groupage and part-load services, parcel delivery, warehousing services, temperature-controlled transport and express services.

It includes the divisions Logistics Norway, Logistics Nordic and E-Commerce, which include operations in Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, Bring Transport Solutions and Bring Supply Services.

Q4 2016	Q4 2015	MNOK	Year 2016	Year 2015
4 174	4 382	Operating revenues	16 525	16 777
109	63	Segment profit (EBITDA)	430	483
18	-44	Segment profit (EBITE)	49	71

Operating revenues in the Logistics segment in 2016 were MNOK 252 lower than in 2015. Reduced activity in the Norwegian economy, challenges in the oil sector, weak growth for domestic parcels and the negative volume development for temperature-controlled goods in Norway resulted in a decline in revenues. Parcels crossing the border into Norway increased by 5.8 % as a consequence of the e-commerce.

In Sweden, revenues and volumes within the parcels business increased, while other operations experienced weak growth.

EBITE in the Logistics segment in 2016 was MNOK 22 weaker than in 2015. This is primarily due to price pressure through increased competition. A number of cost measures have been implemented to improve the profitability of the segment, including the discontinuing of the former Ekdahls (Caro Inrikes).

The increase in private e-commerce continued also in 2016 and contributed to an overall growth of 15 % of the Group’s total e-commerce trade.

Other matters

HSE

The Group’s ambition is to create and maintain a working environment focusing on health where nobody gets injured or sick as a consequence of their work. The Group’s focus on systematic HSE initiatives has had positive results in the form of lower absence due to sickness and a significant reduction of injuries and accidents.

In the fourth quarter of 2016, absence due to sickness was 6.4 %, an increase of 0.4 percentage points compared with the fourth quarter of 2015. Absence due to sickness in 2016 was 6.1 %, an increase of 0.1 percentage points compared with 2015.

The total number of personal injuries per million worked hours (H2) was 10.5 in the fourth quarter of 2016, an increase of 1.3 from last year. The injury frequency from the last 12 months was reduced from 10.9 to 9.2.

The external environment

In 2015, the Group decided to start using renewable diesel in all heavy vehicles and has invested in in-house tank farms. This is an important initiative that contributes to an emission reduction of 11 900 tons of CO_2 in 2016.

During the autumn, the Group has made efforts ensuring that renewable diesel shall be prioritised, and this work will continue in 2017. The use of renewable diesel is considered to be the best alternative for heavy transport today, until new technology like electricity and hydrogen are commercially available. The Group now has more than 2 000 vehicles using low or zero emission solutions.

Other matters

In the Government's fiscal budget for 2016, MNOK 403 were granted to government procurements of commercially non-viable postal services necessary for society, including MNOK 40 for the distribution of newspapers on Saturdays. This was MNOK 160 lower than Posten’s` own estimates. Posten’s duty to secure deliveries of newspapers on Saturdays was discontinued from 1 November 2016.

In accordance with the final calculation of government procurements for 2015, Posten repaid MNOK 158. The final calculation had no significant effect in the profit for 2016, as the estimate already was recognised in the Group’s results in 2015.

Effective from 1 January 2017, the Ministry of Trade and Fisheries took over the administration of the national ownership in Posten Norge. Regulatory matters are still attended to by the Ministry of Transport.

Eli Giske was appointed CFO from 1 January 2017.

Future prospects

2017 will be a challenging year for the Group. A decline in volumes in the Logistics segment and a substantial need for restructuring in the mail business is straining profitability significantly. In 2016, Norway had the weakest GNP since the finance crisis in 2009. The growth in the mainland economy is expected to continue to be low in 2017, although somewhat improved. Further on, the growth is expected to improve gradually, as the fall in oil investments will flatten out. As a consequence of higher oil prices, the project activities in the oil sector are expected to increase again.

Weak growth prospects in the Norwegian economy imply that challenges in the logistics market will not change significantly compared with 2016. In order to meet the challenges of the trade cycles and intensified competition, the Group is implementing a number of measures in order to strengthen the competitiveness and improve profitability.

Investing in new logistics centres is an important measure to strengthen Posten and Bring's competitiveness. The new co-localised terminals will contribute to more cost-effective operations and improved profitability in the Logistics segment. In the autumn of 2017, Bring will open a new logistics centre at Alnabru in Oslo. Trondheim will have Europe's most modern and environmentally friendly mail and logistics centre when the new terminal opens in the spring. In 2017, Bring will also open a joint terminal in Mölnlycke in Gothenburg to strengthen logistics operations in Sweden.

The decline in volumes in the Mail segment is expected to continue. Even though the monopoly on some mail deliveries were discontinued in 2016 and the competition increases, the Group's main challenge is the increasing digitalisation of physical letters.

From 2018, one mail stream with two days forwarding time will be introduced. As a consequence, the mail transported by plane will be reduced, with a transfer to a more environmentally friendly transport by train. The change implies a significant change in postal operations and a reduction in the number of employees as well as significant cost reductions.

The Government granted MNOK 177 to the purchase of commercially non-viable postal services necessary for society in 2017. This was MNOK 316 lower than Posten's` own estimates and will have a negative impact on the Group's results in 2017. If the grant is not altered in revised national budget the consequence is that the Group will not be paid for the costs to maintain two addressed mailstreams in 2017.

Posten launched the digital letterbox as part of the digitalisation efforts. The solution offers companies and public enterprises a secure digital distribution of mail containing sensitive personal information, invoices, receipts etc. In the time to come, Posten will concentrate on innovation and digitalisation in the entire business portfolio. These efforts are part of creating growth and profitability through new services and to improve existing services.

Oslo, 16 February 2017

The Board of Directors in Posten Norge AS

Attachment 1 – Financial information for the fourth quarter 2016

(The information in this document has not been audited. All figures are in MNOK.)

Condensed income statement

Q4 2016	Q4 2015		Note	Year 2016	Year 2015
6 432	**6 623**	**Operating revenues**	1	**24 772**	**25 074**
2 548	2 624	Cost of goods and services		10 086	9 927
2 507	2 567	Payroll expenses		9 749	9 859
945	1 030	Other operating expenses		3 599	3 814
432	**402**	**EBITDA**	1	**1 339**	**1 474**
165	188	Depreciation and amortisation	2	694	788
267	**214**	**EBITE***	1	**645**	**686**
-263	-381	Write-downs	2	-313	-385
-220	-218	Other expenses	5	-169	-307
9	5	Share of profit or loss from associates and joint ventures		15	245
-207	**-380**	**EBIT - Earnings before interest and taxes**	1	**178**	**239**
98	81	Financial income		370	551
59	87	Financial expenses		318	639
40	**-6**	**Net financial items**		**52**	**-88**
-167	**-386**	**Income before taxes**		**230**	**151**
76	122	Taxes		191	212
-243	**-508**	**Net income/ loss (-)**		**39**	**-61**
		Net income/ loss (-) is distributed as follows	1		
-245	-508	Controlling interests		36	-62
1		Non-controlling interests		4	1

*EBIT before write-downs, other expenses (ref. note 5), and share of profit or loss from associates and joint ventures

Condensed statement of comprehensive income

Q4 2016	Q4 2015		Year 2016	Year 2015
-243	**-508**	**Net income for the period**	**39**	**-61**
		Items that will not be reclassified to income statem		
-74	87	Changes in pension estimates	-74	87
17	-21	Tax	17	-21
-58	**66**	*Total items that will not be reclassified to income staten*	**-58**	**66**
		Items that later will be reclassified to income state		
		Translation differences:		
-18	-55	Result of hedging of foreign entities	173	-140
5	15	Tax	-43	38
9	43	Translation differences from hedging of investments	-142	141
		Cash flow hedging:		
3		Changes in value	10	-6
		Transferred to income	13	26
-1		Tax	-6	-5
-2	**3**	*Total items that later will be reclassified to income state*	**5**	**53**
		Other income/(costs) using the equity method		-41
3	1	Changes in tax rate	3	1
-57	**71**	**Other income/costs (-) directly included in equity**	**-50**	**79**
-301	**-437**	**Comprehensive income**	**-11**	**18**
		Total comprehensive income is distributed as follows		
-302	-437	Controlling interests	-15	17
1		Non-contolling interests	4	1
-301	**-437**		**-11**	**18**

(The information in this document has not been audited. All figures are in MNOK.) 13

Condensed balance sheet

	Note	31.12. 2016	31.12. 2015
Assets			
Intangible assets	2	2 194	2 339
Deferred tax asset		396	379
Tangible assets	2	5 866	5 574
Financial assets		608	618
Total non-current assets		**9 063**	**8 910**
Receivables and other current assets		4 361	4 414
Liquid assets		1 875	2 773
Current assets		**6 236**	**7 188**
Total assets		**15 299**	**16 097**
Equity and liabilities			
Equity	3	**5 912**	**5 926**
Provisions for liabilities		**1 588**	**1 450**
Interest-bearing non-current liabilities	4	1 978	2 111
Interest-free non-current liabilities		29	36
Long-term liabilities		**2 007**	**2 147**
Interest-bearing current liabilities	4	415	896
Interest-free current liabilities		5 378	5 678
Short-term liabilities		**5 793**	**6 574**
Total equity and liabilities		**15 299**	**16 097**

(The information in this document has not been audited. All figures are in MNOK.) 14

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserves	Transl. differ-ences	Other equity	Total	Non-contr. interests	Total equity
Equity at 01 Jan. 2015	**3 120**	**992**	**-31**	**156**	**1 968**	**6 206**	**-1**	**6 205**
Net income for the period					-62	-62	1	-61
Other comprehensive income/(loss) for the period			14	39	26	79		79
Total comprehensive income			**14**	**39**	**-36**	**17**	**1**	**18**
Dividend					-300	-300	-2	-302
Other equity transactions					5	5		5
Equity at 31 Dec. 2015	**3 120**	**992**	**-17**	**195**	**1 637**	**5 927**	**-2**	**5 926**
Equity at 01 Jan. 2016	**3 120**	**992**	**-17**	**195**	**1 637**	**5 927**	**-2**	**5 926**
Net income for the period					36	36	4	39
Other comprehensive income/(loss) for the period			17	-13	-55	-50		-50
Total comprehensive income			**17**	**-13**	**-19**	**-15**	**4**	**-11**
Acquisition non-contr. Intereststst					-13	-13	13	
Other equity transactions					-3	-3		-3
Equity at 31 Dec. 2016	**3 120**	**992**		**182**	**1 602**	**5 897**	**14**	**5 912**

(The information in this document has not been audited. All figures are in MNOK.) 15

Condensed statement of cash flows

	Year 2016	Year 2015
Income/(loss) before taxes	230	151
Tax paid in period	-156	-190
(Gain)/loss from sales of non-current assets, subsidiaries and associated com	-6	-8
Depreciation and write-downs	1 007	1 173
Share of net income from associated companies and joint venture	-15	-245
Other operating and finance items without cash effect1)	181	159
Changes in other accruals	-292	241
Interests received	65	21
Interests paid	-69	-89
Cash flow from/(used in) operating activities	**945**	**1 213**
Investments in tangible non-current assets and intangible assets	-1 243	-1 159
Investments in shares	-112	-123
Proceeds from sales of tangible non-current assets and intangible assets	95	67
Proceed from sale of subsidiaries	22	1 711
Dividend received from associated companies	23	
Changes in other financial non-current assets	5	-11
Cash flow from/(used in) investing activities	**-1 210**	**485**
Proceeds from non-current and current debt raised	100	1 000
Repayment of non-current and current debt	-733	-1 698
Decrease/increase bank overdraft		
Group contributions/dividends paid		-300
Cash flow from/(used in) financing activities	**-633**	**-998**
Total change in cash and cash equivalents during the year	**-898**	**700**
Cash and cash equivalents at the start of the period	2 773	2 073
Cash and cash equivalents at end of period	**1 875**	**2 773**

(The information in this document has not been audited. All figures are in MNOK.) 16

SELECTED ADDITIONAL NOTES

General

Posten Norge AS was established as a company on 1 December 1996 and is today a Norwegian-registered limited liability company with the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries, as its sole shareholder. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

This condensed interim report has been prepared in accordance with the IFRSs (International Financial Reporting Standards) approved by the EU and complies with the prevailing accounting standard IAS 34 for interim financial reporting. The condensed interim financial accounts do not provide complete note disclosures as required for annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements.

Accounting principles

The interim financial statements have been prepared in accordance with the same accounting principles as stated in the 2015 annual report, with the following exceptions:

New or amended standards that have been applied from 1 January 2016:

None of the approved standards or interpretations effective from 1 January 2016 has any significant impact on the consolidated accounts.

Standards issued, but not yet effective

IFRS 9 *Financial Instruments* concerns the classification, measurement and recognition of financial assets and liabilities, as well as hedge accounting. The standard will be effective for the 2018 financial year. The Group does not expect any significant effect on the consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers* concerns revenue recognition. The standard will be effective for the 2018 financial year, but has not yet been approved by the EU. The Group has not fully assessed the effect of IFRS 15, but no significant effect on the consolidated financial statements is expected.

IASB issued the new standard IFRS 16 *Leases* in January 2016. The new standard changes the requirements for recognising lease agreements for the lessee significantly. All lease agreements (with some minor exceptions) shall be recognised in the balance sheet, showing the value of the right to use as assets and the corresponding lease obligations in the balance sheet. Lease payments shall be recorded as amortisations/repayments and interest expense. The "right to use" asset will be depreciated over its expected economic lifetime. The accounting requirements for lessors are basically unchanged. The new standard also has new and amended requirements for accompanying disclosures. IFRS 16 will be effective for the accounting year 2019, but has not yet been approved by the EU.

The Group is in an early phase of evaluating the effects of IFRS 16, and has not yet fully assessed h the impact of the new standard. The initial assessment of the Group is that the new standard will change the accounting of lease contracts in the Group significantly, especially regarding lease agreements related to buildings and terminals and to the Group’s car fleet.

No other issued standards or interpretations not yet effective are expected to have any significant impact on the Group's financial statements.

Estimates and assessments

In the preparation of the interim financial statements, management has used estimates and assumptions affecting revenues, expenses, assets and liabilities. Areas in which such estimates and assessments can have an impact include goodwill, other intangible assets, tangible fixed assets, pensions, provisions and tax.

The sources of uncertainty concerning estimates are the same as for the 2015 financial statements. Future events may result in changes in the estimates, and these changes will be recognised in the accounts once any new estimate has been determined.

The annual report for 2015 is available at www.postennorge.no

Description of alternative performance measures used in the quarterly report

The Group’s financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information has been provided about alternative performance measures that are regularly reviewed by management to improve the understanding of the results. The alternative performance measures presented may be determined or calculated differently by other companies.

As a consequence of new guidelines for «Alternative performance measures used in financial reporting”, the Group has clarified the definition of performance measures and other financial figures in the quarterly report, which are not part of the disclosed financial statements.

The following performance measures and other target figures have been applied in the quarterly report:

Estimated tax

+	Income before taxes		
+	Tax deductible costs	+	Tax basis
-	Non-taxable income	*	Tax rate for the year
=	**Tax basis**	=	**Estimated tax**

Operating revenues outside Norway

+	Total Operating revenues
-	Operating revenues in Norway
=	**Operating revenues outside Norway**

EBITE and EBIT margin

EBITE/	EBIT/
Total revenues	Total revenues
= **EBITE margin**	= **EBIT margin**

Equity ratio

Total Equity on balance sheet date/
Total equity and liabilities (total capital)
= **Equity ratio**

Return on invested capital (ROIC) before write-downs, other costs (note 5) and income from associated companies and joint ventures

\+ Total intangible assets
\+ Total tangible assets
\+ Total current assets
\- Total liquid assets
\- Interest-bearing current receivables
\- Interest-free current liabilities
\+ Tax payable
\+ Dividend and group contributin
= **Invested capital**

Last 12 months' accumulated EBITE/
Invested capital
= **Return on invested capital (ROIC)**

Return on equity after tax

Net income/loss last 12 months/
Total Equity on balance sheet date
= **Return on equity after tax**

Net interest-bearing debt

\+ Interest-bearing non-current liabilities
\+ Iterest-bearing current liabilities
\- Market-based investments
\- Cash
\- Bank deposits group account
\- Bank deposits
= **Net interest-bearing debt**

Long-term and short-term liquidity reserve

\+ Market-based investments
\+ Syndicate facility
\+ Bilateral credit facilities
\- Certificate loans
= **Long-term liquidity reserve**

\+ Long-term liquidity reserve
+/- Deposits on group account
+/- Deposits outside group account
\+ Bank overdraft not utilised
= **Short-term liquidity reserve**

NOTES TO THE ACCOUNTS

Note 1 Segment information

Posten Norge's operations are divided into two segments, Mail and Logistics. Group administration and shared functions, together with eliminations, are allocated to Other/Eliminations.

The Group's segments are reported by areas whose operating results are regularly reviewed by the Board of Posten Norge AS. The objectives are to enable the Board to decide which resources should be allocated to the segment and to assess its earnings.

Internal revenues are turnover between segments in the Group. The pricing of transactions with other segments is based on normal commercial terms and conditions as if the segments were independent parties. Deferred tax assets are not included in allocated assets, and deferred tax and interest-bearing liabilities are not included in allocated liabilities.

The segments are described in more detail in the 2015 annual report.

Operating revenues per segment

Q4 2016	Q4 2015	Total operating revenues	Year 2016	Year 2015
2 465	2 501	External operating revenues	9 092	9 277
202	215	Internal operating revenues	747	792
2 667	**2 716**	**Mail**	**9 839**	**10 069**
3 965	4 121	External operating revenues	15 676	15 795
209	261	Internal operating revenues	849	982
4 174	**4 382**	**Logistics**	**16 525**	**16 777**
2	1	External operating revenues	4	2
-411	-476	Internal operating revenues	-1 595	-1 774
-409	**-476**	**Other/eliminations**	**-1 591**	**-1 772**
6 432	**6 623**	**Posten Norge**	**24 772**	**25 074**

(The information in this document has not been audited. All figures are in MNOK.) 20

EBIT per segment

Q4 2016	Q4 2015	EBITDA	Year 2016	Year 2015
415	362	Mail	1 105	1 193
109	63	Logistics	430	483
-92	-23	Other/eliminations	-196	-202
432	**402**	**Posten Norge**	**1 339**	**1 474**

Q4 2016	Q4 2015	EBITE	Year 2016	Year 2015
343	273	Mail	800	816
18	-44	Logistics	49	71
-94	-15	Other/eliminations	-204	-201
267	**214**	**Posten Norge**	**645**	**686**

Q4 2016	Q4 2015	EBIT	Year 2016	Year 2015
204	223	Mail	724	698
-318	-585	Logistics	-334	-495
-93	-18	Other/eliminations	-212	36
-207	**-380**	**Posten Norge**	**178**	**239**

Assets and liabilities per segment

	Mail	Logistics	Other	Posten Norge Konsern
31.12.2016				
Segment assets	3 864	10 815	-2 033	12 647
Associated companies and joint ventures	23	358		381
Non allocated assets				2 271
Total assets				**15 299**
Segment liabilities	3 152	4 049	-207	6 994
Non allocated liabilities				2 393
Total liabilities				**9 387**
31.12.2015				
Segment assets	4 317	10 996	-2 749	12 564
Associated companies and joint ventures	20	361		381
Non allocated assets				3 152
Total assets				**16 097**
Segment liabilities	3 205	4 264	-304	7 164
Non allocated liabilities				3 007
Total liabilities				**10 172**

(The information in this document has not been audited. All figures are in MNOK.) 21

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Total at 01 Jan. 2016	**2 339**	**5 574**
Additions	226	1 017
Additions from acquisitions	79	105
Disposals		-94
Disposals from sales of subsidiaries		-16
Depreciation	-135	-559
Write-downs	-236	-77
Translation differences	-79	-84
Total at 31 Dec. 2016	**2 194**	**5 866**

Investments in 2016 amounted to MNOK 1 243, of which investments in IT related systems and equipment were MNOK 226. MNOK 661 of the MNOK 1 017 invested in tangible fixed assets concerned buildings and property, of which the new logistic centres at Alnabru in Oslo, Trondheim and Narvik were the largest projects. Investments in other fixed assets included terminal equipment, vehicles and other operating equipment. In addition, acquisitions constituted MNOK 221. (Note 7 has details on acquired business). Write-downs of goodwill mainly concerned the Logistics segment.

Note 3 Equity

As at 31 December 2016, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000. All the company's shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

At the Annual General Meeting in June 2016, it was decided that no dividend be distributed for 2015, as the profit after tax in 2015 was negative.

Note 4 Interest-bearing long-term and short-term liabilities

The Group’s non-current interest-bearing liabilities were reduced by MNOK 133 from 31 December 2015 to 31 December 2016 due to repayment of debt.

Current interest-bearing debt showed a reduction of MNOK 481 from 31 December 2015 to 31 December 2016, due to repayments of loans amounting to MNOK 600, in combination with a net increase in certificate loans of MNOK 100.

As at 31 December 2016, none of the Group’s credit facilities had been used. The average interest rate on Posten Norge's outstanding interest-bearing liabilities was 2.4 % as at 31 December 2016.

Note 5 Other expenses

Other expenses include restructuring costs together with gain and loss on sales of tangible assets. The purpose of this line in the accounts is to show significant irregular items separately, thereby making the changes in the operating items presented in the adjusted result, EBITE, comparable.

Q4 2016	Q4 2015		Year 2016	Year 2015
-1	8	Gain/loss (-) from sale of fixed assets etc.	6	8
-210	-77	Restructuring costs	-220	-104
-9	-148	Other income and expenses (-)	45	-211
-220	**-218**	**Total other expenses (-)**	**-169**	**-307**

Gain and loss from the sale of fixed assets in 2016 primarily concerned the sale of the wholly owned subsidiary Posten Eiendom Skien AS, whereas the 2015 amounts concerned sales of tangible fixed assets and buildings.

Restructuring costs in 2016 mainly concerned adjustments to one mail stream in the Mail segment and restructuring operations in the Logistics segment. The 2015 costs mainly comprised production adjustments in the Mail segment, together with restructurings in the Nordic logistics business.

Other income and expenses in 2016 primarily comprised income related to the settlement of a dispute in the Mail segment, and in 2015 mainly costs in a settlement between Schenker and Posten Norge, together with a provision for onerous contracts related to the Group’s thermo warehousing business.

Note 6 Fair value measurement

The fair value of financial assets and liabilities is calculated in line with the methods and assumptions, as well as the fair value hierarchy, used in previous years. This is described in more detail in the 2015 annual report.

The Group had the following financial assets and liabilities measured at fair value at the end of the third quarter of 2016:

(The information in this document has not been audited. All figures are in MNOK.) 23

	Valua-tion level	At fair value: FVO – Fair value through profit or loss	At fair value: Derivatives at fair value through profit or loss	At fair value: Derivatives at fair value through OCI/equity	At amortised cost: Receiv-ables	At amortised cost: Other financial liabilities	31.12. 2016
Assets							
Interest-bearing current receivables					8		8
Other financial non-current assets	2		194		28		223
Interest-free current receivables	2		12	39	4 203		4 255
Interest-bearing current receivables					85		85
Liquid assets							1 875
Total financial assets							**6 446**
Liabilities							
Interest-bearing non-current liabilities	2	635				1 344	1 978
Interest-free non-current liabilities	2		24	2		2	29
Interest-bearing current liabilities	2					415	415
payable	2		8	8		5 362	5 378
Total financial liabilities							**7 800**
Total value hierarchy level 1							
Total value hierarchy level 2		*-635*	*175*	*29*			***-431***
Total value hierarchy level 3							

	Valua-tion level	At fair value: FVO – Fair value through profit or loss	At fair value: Derivatives at fair value through profit or loss	At fair value: Derivatives at fair value through OCI/equity	At amortised cost: Receiv-ables	At amortised cost: Other financial liabilities	31.12. 2015
Assets							
Interest-bearing current receivables					7		7
Other financial non-current assets	2		198		32		232
Interest-free current receivables	2		42		4 236		4 278
Interest-bearing current receivables					113		113
Liquid assets							2 773
Total financial assets							**7 399**
Liabilities							
Interest-bearing non-current liabilities	2	639				1 472	2 111
Interest-free non-current liabilities	2		30	6			36
Interest-bearing current liabilities	2	370				526	896
Interest-free current liabilities, incl. tax payable	2		32	110		5 536	5 678
Total financial liabilities							**8 721**
Total value hierarchy level 1							
Total value hierarchy level 2		*-1 010*	*178*	*-116*			***-948***
Total value hierarchy level 3							

Level 1: Listed prices. Level 2: Other observable input, direct or indirect. Level 3: Non-observable input.
The fair value of financial instruments not measured at fair value in the balance sheet is described in more detail in the 2015 annual report. Significant differences between amortised cost and fair value are not assumed to exist.

There have been no transfers between the levels in the fair value hierarchy since last year.

Note 7 Changes to the Group's structure

In January 2016, Posten Norge AS acquired 100 % of Posten Eiendom Narvik AS (formerly Medby Næringspark 3 AS), the owner of land in Narvik. The Group is building a new freight terminal on this site.

(The information in this document has not been audited. All figures are in MNOK.) 24

In May 2016, Posten Norge AS acquired 100 % of Espeland Transport AS. The company has 60 employees and revenues amounted to MNOK 111 in 2015. The company has been included in the consolidated financial statements from June 2016.

In July 2016, Posten Norge AS joined operations in Netlife Research AS and Bring Dialog AS by including these companies as wholly owned subsidiaries of the company Netlife Gruppen AS. Posten Norge AS owns 87 % of the shares in Netlife Gruppen AS. Netlife Research AS had 83 employees and revenues amounting to MNOK 82 in 2015. The company has been included in the consolidated financial statements from August 2016.

Posten Eiendom AS acquired 100 % of Posten Eiendom Stavanger AS (formerly Vagle Næringspark AS) in July 2016. The company owns land in Stavanger, and the Group is planning to build a new joint terminal on this site.

In addition, Posten Eiendom AS established the company Posten Eiendom Bergen AS in August 2016. The company will be responsible for building a new freight terminal in Bergen. An agreement has been made to purchase a site on 1 February 2017.

Sale of companies

In January 2016, Posten Norge AS sold its shares (100 %) in Posten Eiendom Skien. The sale was settled in April 2016 with a gain for the Group of MNOK 5.

Other changes

Home Delivery's operations were transferred from Bring Express Norge AS to Posten Norge AS with effect from 1 January 2016.

In February 2016, all operations in Bring Cargo Inrikes AB were transferred to West Cargo Vårgårda AB. The acquiring company changed its name to Bring Freight Forwarding AB.

The groupage and part loads business in Bring Cargo Østfold AS was transferred to Posten Norge AS with effect from 1 March 2016.

Production equipment, employees and materials, as well as goodwill, were transferred from Bring Gudbrandsdalen AS to Posten Norge AS in the first quarter of 2016, as the last part of the business transfer approved in 2015.

Bring Cargo Østfold AS has changed its name to Bring Transportløsninger AS. In addition, the shares in the company were transferred from Bring Cargo AS to Posten Norge AS. This was part of an initiative to consolidate transport solutions in the Group. As an element of this plan, transport solutions in Bring Gudbrandsdalen AS (1 July 2016) and Bring Frigo AS (1 September 2016) were transferred to Bring Transportløsninger AS.

In the fourth quarter of 2016, the shares in Bring Cargo Danmark AS and Bring Express Danmark AS were sold from Bring Cargo AS and Bring Express AS, respectively, to Bring Danmark AS. Bring Cargo Danmark AS and Bring Express Danmark AS were then merged with Bring Danmark AS in a parent-subsidiary merger.