



# Quarterly Report

**4<sup>th</sup> quarter 2020**

Posten Norge



# 4<sup>th</sup> quarter and preliminary annual result 2020

## Part 1:

- Highlights and financial development

## Part 2:

- New group strategy
- New climate and environmental strategy



# 4th quarter and preliminary annual result 2020

## Part 1:

Highlights and financial development



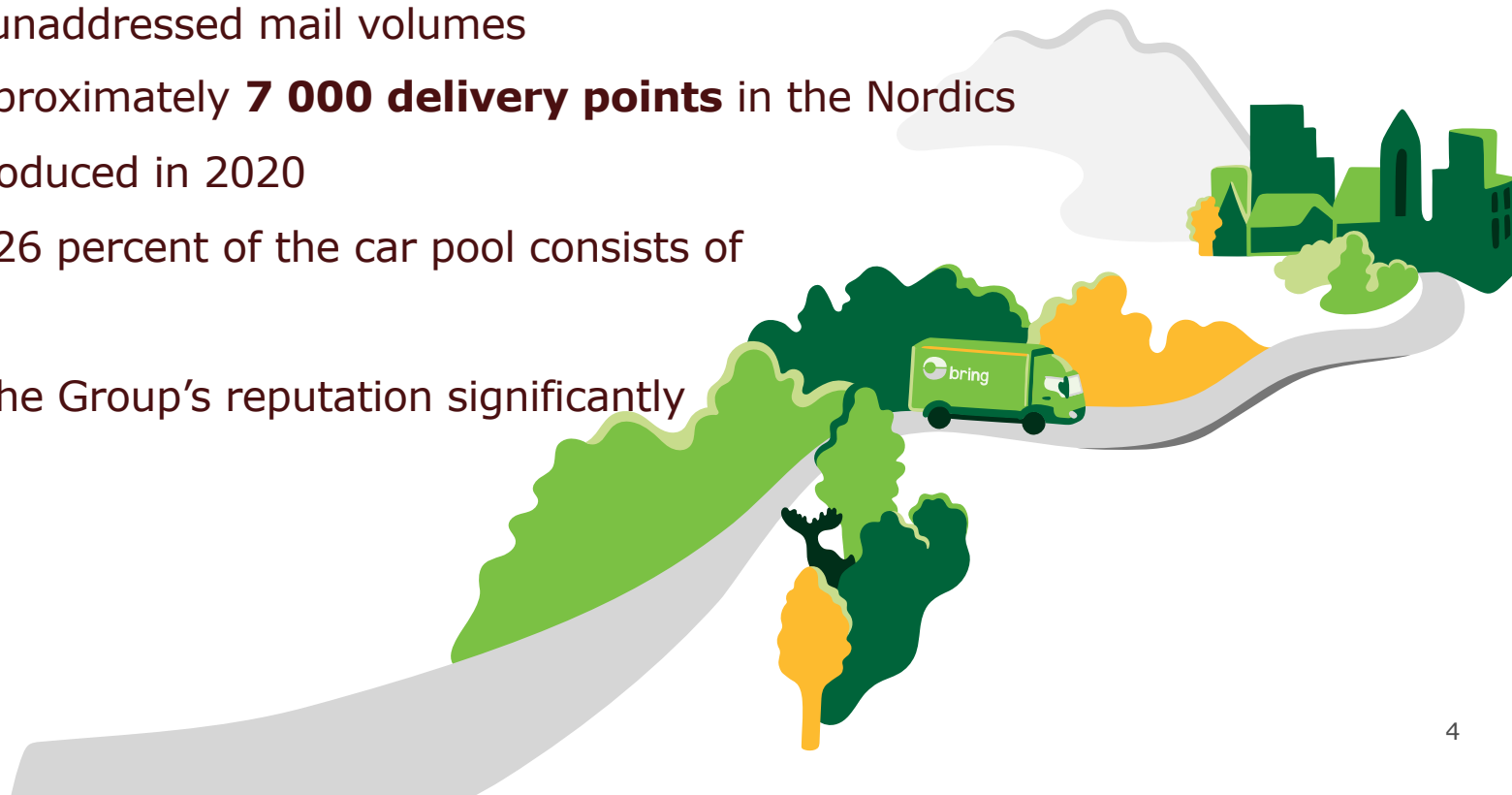
Tone Wille, Group CEO





# Highlights

- **Best results ever** in a special year
- Infection control measures implemented, and **good operations with high delivery quality**
- Increased demand and effects of the Corona pandemic resulted in **48 percent growth in e-commerce**
- Considerable **growth and result improvement** in the Logistics segment
- Accelerated **decline** in addressed and unaddressed mail volumes
- The parcels network now comprises approximately **7 000 delivery points** in the Nordics
- Several **new innovative services** introduced in 2020
- Norway's largest electric car fleet, and 26 percent of the car pool consists of **vehicles using renewable energy**
- **Customer satisfaction is high**, and the Group's reputation significantly strengthened

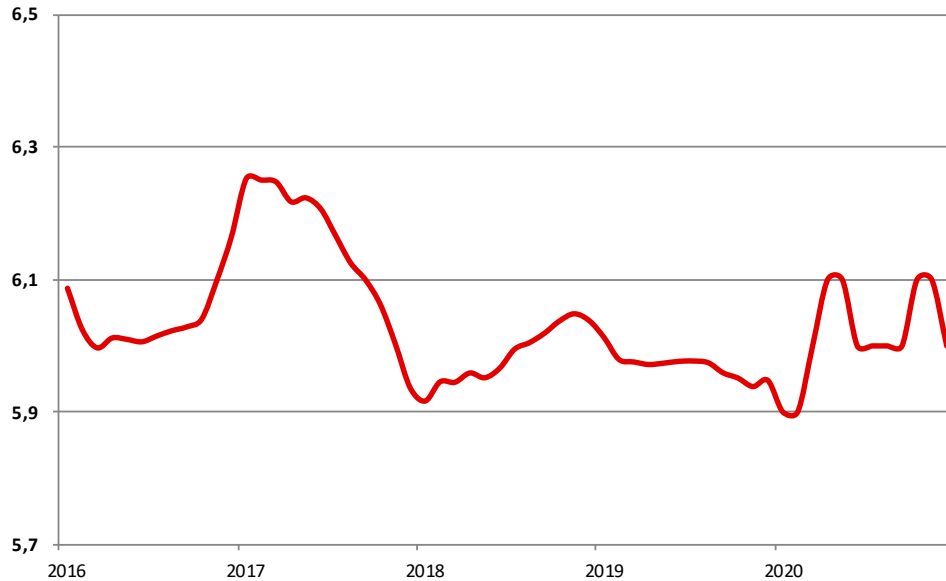




# HSE 2020: Absence due to sickness is stable

ABSENCE DUE TO SICKNESS IN THE GROUP, %

6,0 % (last 12 months)

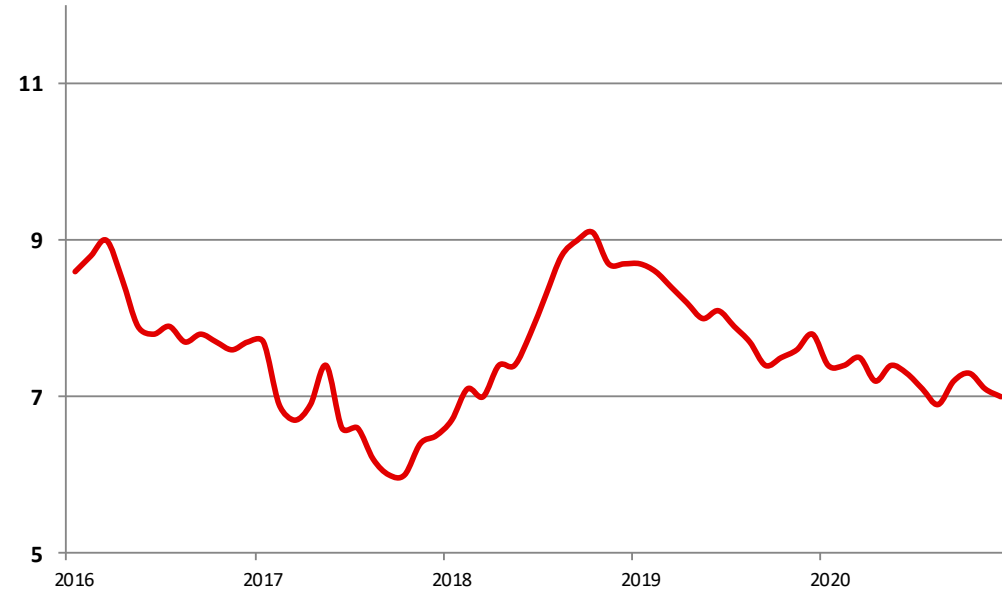


\*Historical data has been adjusted for post-registration

- Absence due to sickness in 2020 was 6,0 %, 0,1 %-points higher than in 2019. The Corona pandemic negatively affected the absence due to sickness in March and April

H2 IN THE GROUP

7.0 (last 12 months)



\*Historical data has been adjusted for post-registration

- The total number of injuries per million worked hours (H2) in 2020 fell to 7,0, 0,8 lower than in 2019



*Our goal is a health-promoting working environment where nobody gets injured or sick as a consequence of their work in the Group. Efforts to improve the development through goal-oriented measures continue*

# Financial highlights 4<sup>th</sup> quarter and the year 2020

## OPERATING REVENUES, MNOK

Q4 2020	Q4 2019	Year 2020	Year 2019
6 614	6 490	23 996	24 212

## ADJUSTED OPERATING PROFIT\*, MNOK

Q4 2020	Q4 2019	Year 2020	Year 2019
605	279	1 423	808

## RETURN ON INVESTED CAPITAL/ROIC\*, %

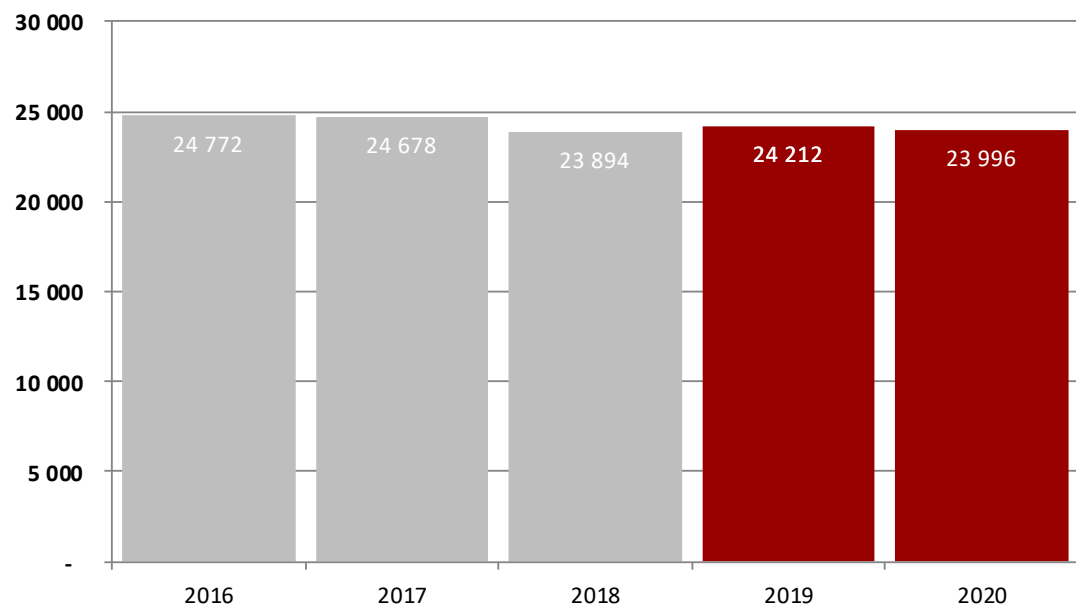
Last 12 months	Last 12 months
14,1	7,4

\*For descriptions of alternative performance measures, see appendix to the report



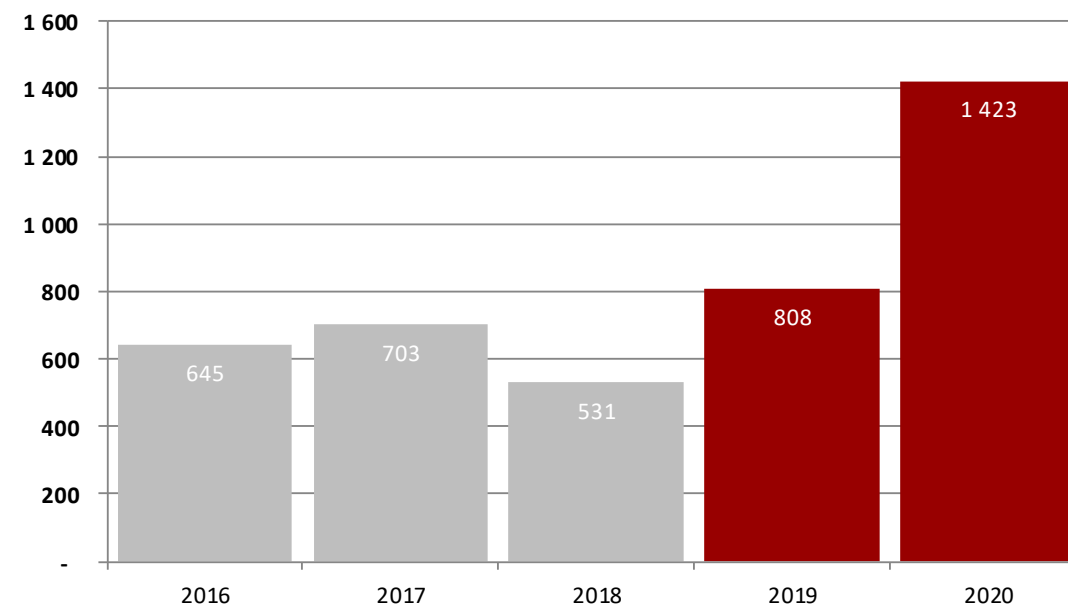
# Revenue and adjusted operating profit 2020

Revenue, MNOK



- Organic growth was 1,0 % in 2020
- Growth in revenue in the Logistics segment, with an organic growth of 7,6 %
- Reduced revenue in the Mail segment due to the continued decline in addressed volumes and a significant fall in unaddressed volumes intensified by the Corona pandemic

Adjusted operating profit, MNOK



- Adjusted operating profit in 2020 was MNOK 1 423, the best result ever in Posten
- The improvement compared with 2019 was MNOK 614
- The Logistics segment's result improved significantly due to growth in the private consumer market and operational measures



# Results 4<sup>th</sup> quarter and the year 2020

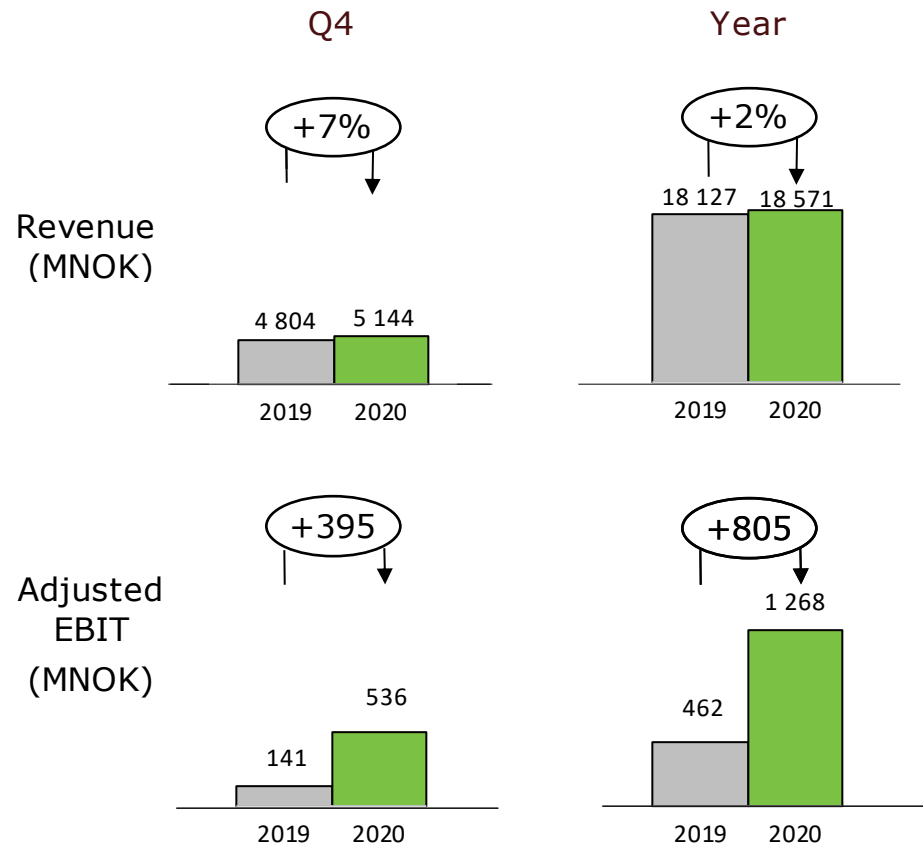
Q4 2020	Q4 2019		Year 2020	Year 2019
6 614	6 490	Revenue	23 996	24 212
966	674	EBITDA	2 886	2 361
605	279	Adjusted operating profit	1 423	808
533	177	Operating profit (EBIT)	1 485	162
(25)	(50)	Net financial items	(141)	(142)
508	127	Profit before tax	1 344	21
<b>453</b>	<b>208</b>	<b>Profit after tax</b>	<b>1 123</b>	<b>13</b>

Alternative performance measures applied in the quarterly report are described in the appendix to the report

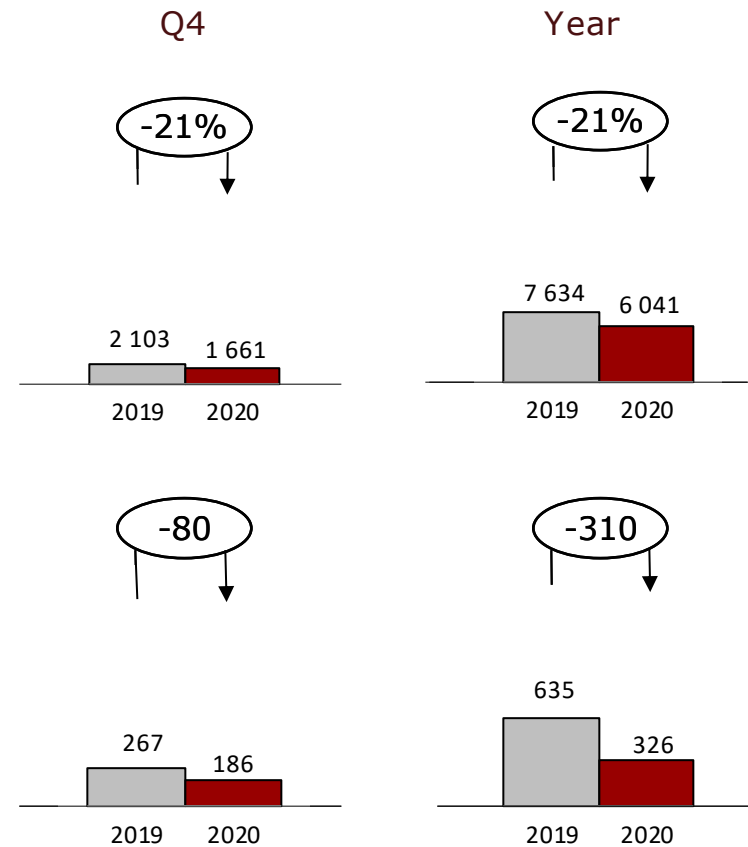
See condensed financial statement

# Segment reporting

## LOGISTICS



## MAIL



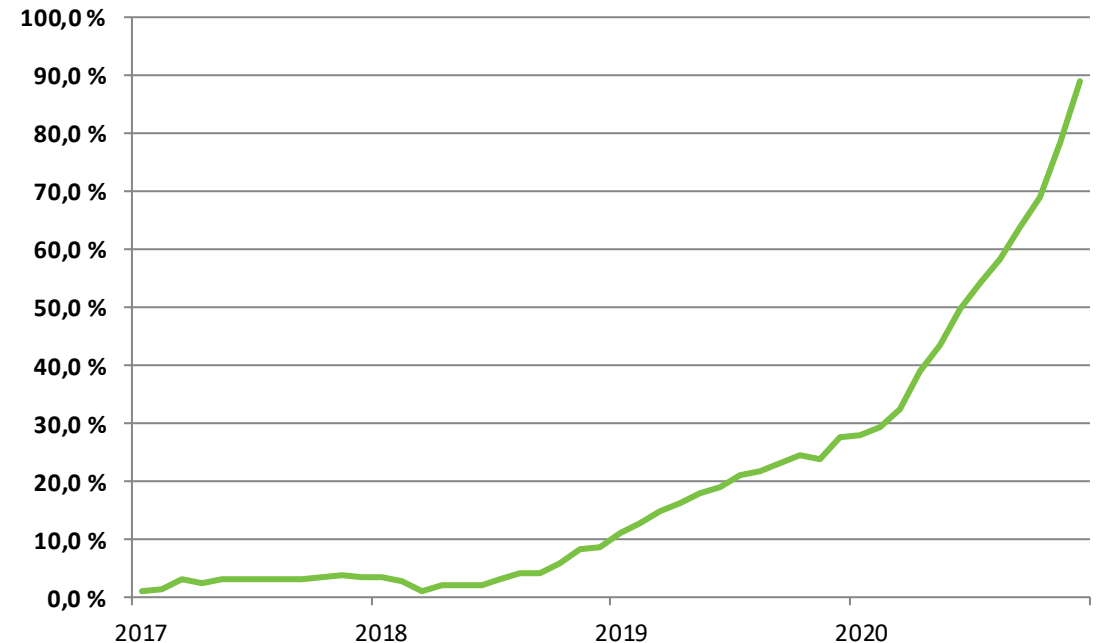
# Segment Logistics: Strong growth in e-commerce volumes

- Significant growth in 2020
- Record-high growth in e-commerce and home deliveries due to the Corona pandemic, reinforced competitive power in Sweden with the establishment of a separate delivery network and strengthened range of services
- E-commerce volumes increased by 48 % in 2020
- For a period, the Corona pandemic resulted in a decline in the corporate market, but demand has gradually recovered
- The Group is realising scale effects within logistics with record-high parcel volumes in 2020

DEVELOPMENT IN E-COMMERCE FROM Q4 2016, %

48,3 % (last 12 months)

88,9 % (last 4 years)



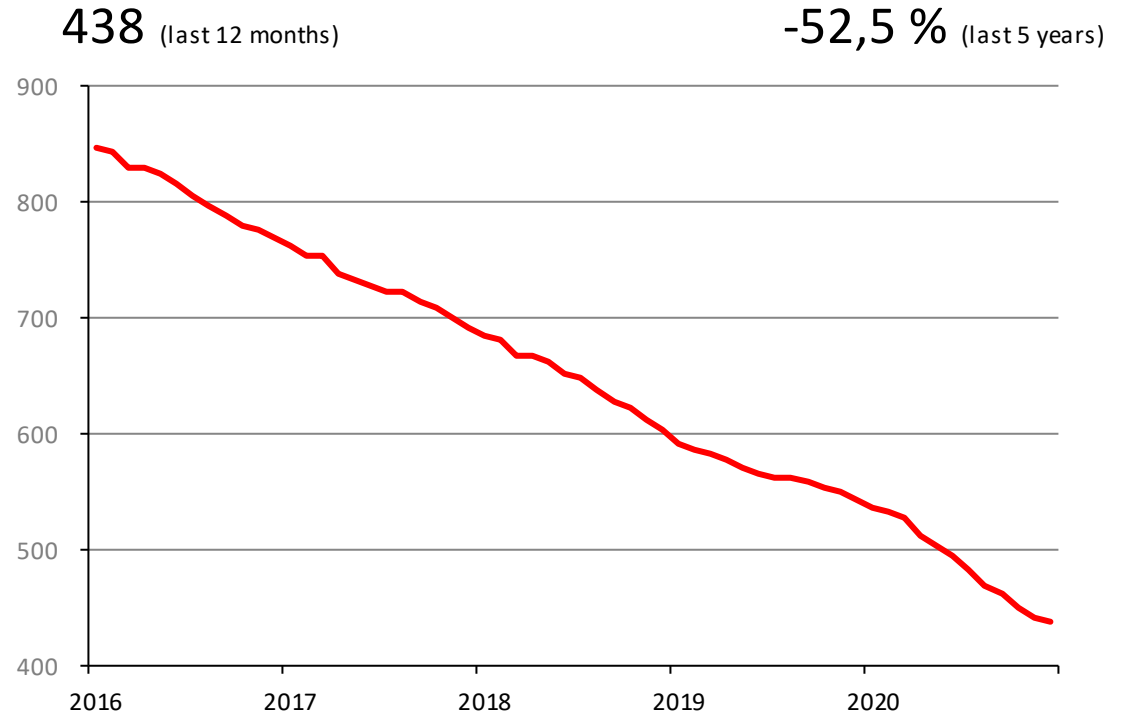
E-commerce volumes include all parcels in E-commerce & Consumer Deliveries in division E-commerce and logistics



# Segment Mail: The Corona pandemic has escalated digital substitution

- The volume in addressed mail fell by 19 % in 2020
- The effect of the Corona pandemic on mail lessened in the 4th quarter of 2020, but the volumes have stabilised at a far lower level than before the pandemic
- Stable high-quality deliveries. The delivery quality was 92,1 % in the 4th quarter, well above the requirement of 85 %
- The unaddressed mail volume declined by 24 %

VOLUME ADRESSED MAIL FROM Q4 2016, millions



# Future prospects

- Expectation of low growth in Norwegian and international economy in 2021, but a gradual recovery and normalisation during the year
- Continued high growth in e-commerce and home deliveries to private consumers is expected in the years to come
- The Group will strengthen its market position in Norway and the Nordics through developing services, good digital interfaces, proactive customer service and high quality
- Parcel boxes to be placed at 1 000 locations in Norway during 2021, giving approximately 8 000 delivery points
- Speed up the work to change to vehicles using renewable energy and start the transition of the heavier vehicles
- The Group's main goals are to be the customer's first choice, leading in technology and innovation, and best in sustainable value creation



# Fourth quarter and provisional financial results for 2020

## Part 2:

- New Group strategy
- New climate and environmental strategy







New Group strategy:

# Posten Norge in the driver's seat towards 2030





# The logistics market is characterised by strong competition and increasing customer expectations

## **Eight trends will affect developments**

- Continued growth in e-commerce
- Increasing customer expectations
- Green delivery
- Big data and analyses
- Innovation in last-mile delivery
- Data security and trust
- Platform economy in logistics
- Logistics companies and large technology companies integrate into the value chain

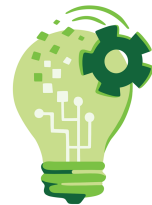
# New goals set the direction for how we will prioritise and invest in the years ahead

**We make everyday life simpler  
and the world smaller**

We will simplify and increase the value of trade and communication  
for people and enterprises in the Nordic region



**The customer's  
first choice**



**At the forefront of  
technology and innovation**



**Best at sustainable  
value creation**

**Enabled by competent and dedicated employees**

# We have been working systematically on sustainability since 2010. Sustainability is integrated into our business and we have prioritised five sustainability goals



Posten Norge is raising the bar:

# **We will be the greenest logistics supplier**

- Colin Campbell,  
Senior Vice President HSE and Sustainability





# We will be the greenest logistics supplier

We want to be in the driver's seat – and a driving force for Norway and the Nordic region to achieve their climate goals

Sustainability is about taking responsibility in a global perspective

With our 12 000 employees, we will turn today's challenges into tomorrow's opportunities – and make a difference



Bring increases green courier deliveries in the cities – here from Copenhagen

# Results in 2020

## Conversion to renewable vehicles and increased share of freight on trains

- share of renewable vehicles: 26.3% – target 24%
- 1 657 environmentally-effective vehicles: + 5.6%
- Transport by train: + 14%

## More renewable energy in our buildings

- Guarantees of origin for all energy consumption
- Installed solar cells on terminals
- Increased co-location
- BREEAM certification





# Fossil-free network

Stop procurement of fossil vans 2022/23

Increase the pace of change

Start conversion of heavier vehicles



# Partnership and cooperation

Collaborate to

reduce emissions

- Beloved City (Elskede by)
- Intermodal services
- Skift
- Nordic CEOs
- Framework condition



# Green services

Fossil-free distribution to approx. **50%** of the population in Norway and Sweden



# Sub-contractors

The Group will include our subcontractors

# Collaboration - the key to a sustainable future

Business must be the driver for increased pace in the green shift

**Skift** Næringslivets  
klimaledere

An industry-driven climate initiative that is a driving force for Norway to reach its climate targets by 2030



**We make everyday life simpler  
and the world smaller**

