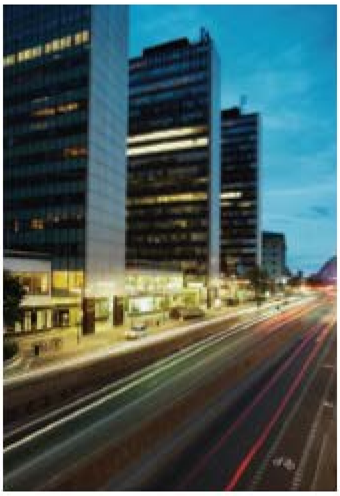
Quarterly Report



4TH QUARTER 2019 POSTEN NORGE

Message from the CEO

2019 was a good year for the Group. Satisfied customers, a decline in absence from sickness and injuries , an innovation prize and improved results in the Logistics segment demonstrate that our improvement efforts have the desired effect.

In our personnel-intensive business, we consider a good working environment to be of great importance. Employee satisfaction is high, and absence due to sickness in 2019 fell to 5,9 percent.

A new framework for the postal business is in place, enabling us to continue the necessary restructuring of operations and adjust to new customer needs in a declining postal market.

We are establishing the future delivery network in Norway and the Nordics. New services are tested and launched to give customers increased freedom of choice and make life simpler. Goods purchased on the net can be delivered at home - outside or indoors - or be collected at the increasing number of parcel pick-up points. In 2019, the Group's delivery network in Norway, Sweden and Denmark was expanded by a total of almost one thousand new delivery points. We also test new concepts such as "Parcels box", where people can collect parcels from an automated pick-up point closer to where they live or work.

E-commerce is growing. In order to meet this growth and offer attractive solutions to Nordic web shops, we continue to extend our capacity and network in both Sweden and Denmark. In Norway, we will produce and distribute mail, parcels and freight in a joint network.

Adjusted operating profit for 2019 was MNOK 808, MNOK 278 better than 2018. Turnover increased by 1,3 percent, driven by growth in the logistics business of 4,3 percent. Growth is especially derived from the e-commerce market, which also contributed to the improved result. Operating profit was negatively influenced by significant provisions for necessary restructuring of the business as a consequence of the fall in mail volumes.

2020 is the start of the decade in which Norway will reduce emissions by 50 percent. The Group's goal is to use only renewable energy sources in vehicles and buildings by 2025. We test and use new vehicles, establish emission-free mail and goods distribution, and develop new business models.

#Beloved city is a co-operation across industries that started in Stockholm and expanded to Malmø and Oslo in 2019 and Trondheim in 2020. The same environmental-friendly vehicles that bring parcels into the city centre, take waste out. The goal is to reduce emissions and the number of vehicles.

Businesses must take an active role in fighting the environmental challenges. Co-operation between enterprises and between businesses and politicians becomes important. This is why I participate both in "Nordic CEOs for a Sustainable Future", where together with other business executives I meet the Nordic prime ministers to discuss how the world's climate and sustainability challenges can be solved, and in the Norwegian alliance "Skift", which is engaged in demonstrating the business opportunities that can be found in the the shift towards environmentally sustainable solutions.

I look forward to a continued innovative, sustainable and responsible development of the Group.

Tone Wille
Group CEO

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

Main features

The Group's turnover in the fourth quarter was MNOK 6 490, an increase of 1,3 percent compared with the fourth quarter in 2018. Adjusted operating profit in the fourth quarter was MNOK 279, MNOK 32 better than in the same period last year. In December 2019, MNOK 85 in government procurements of commercially non-viable postal services relating to 2018 were taken to income, compared with MNOK 30 in December 2018. In addition, the result in December 2018 was positively impacted by MNOK 106 as a consequence of a change in regulations about compensation for coordinating public pensions and private contractual early retirement schemes (AFP).

The Group's turnover in 2019 was MNOK 24 212, an increase of 1,3 percent compared with 2018. Organic growth was 1,8 percent driven by strong growth in the Logistics segment. Adjusted operating profit was MNOK 808, an improvement of MNOK 278 from 2018. The improvement included MNOK 59 due to the implementation of IFRS 16 *Leases.*

The Logistics segment's adjusted operating profit improved considerably compared with 2018. Solid market growth combined with increasingly cost-efficient operations in the Norwegian parcels and freight network enhanced profitability.

In the Mail segment, the result was reduced. However, considerable cost adjustments in operations compensated to a large degree for the decline in addressed mail volumes. In 2019, the addressed mail volume fell by 9,9 percent.

The operating result (EBIT) was MNOK 162, a reduction of MNOK 253 from 2018. The operating result was negatively affected by restructuring costs of appr. MNOK 430 for necessary restructuring of the postal business, in addition to a write-down of goodwill of MNOK 102.

The Group's result before tax was MNOK 21 in 2019, MNOK 345 less than in 2018. The introduction of IFRS 16 *Leases* had a negative result effect of MNOK 100. The result after tax was MNOK 13, a reduction of MNOK 235 compared with 2018.

Return on equity (ROE) in 2019 was 1,4 percent (before IFRS 16 effects), a decline of 2,5 percentage points compared with 2018. The decline was due to the reduced result, mainly as a consequence of necessary restructuring in the Mail segment. The return on invested capital (ROIC) in 2019 was 10,5 percent (before IFRS 16 effects), an improvement of 3,2 percentage points from 2018.

Profit development (unaudited)

Q4 2019	Q4 2018		Year 2019	Year 2018
6 490	6 407	Revenue	24 212	23 894
674	408	EBITDA	2 361	1 185
279	246	Adjusted profit	808	531
177	88	Operating profit (EBIT)	162	415
(50)	(7)	Net financial items	(142)	(49)
127	80	Profit before taxes	21	366
208	**27**	**Profit for the period / year**	**13**	**248**

Alternative performance measures applied in the quarterly report are described in the appendix to the report
See condensed financial statement page 12

Key financial figures (unaudited)

		Year 2019	Year* 2019	Year 2018
Adjusted profit-margin	%	3,3	3,1	2,2
Operating profit (EBIT)-margin	%	0,7	0,6	1,7
Equity ratio	%	32,0	40,0	40,3
Return on invested capital**	%	7,4	10,5	7,3
Return on equity (after tax)**	%	0,2	1,4	3,9
Net interest-bearing debt		3 655	(493)	312
Investments, excluding acquisitions		646	646	962

Alternative performance measures applied in the quarterly report are described in the appendix to the report
*Before effects of IFRS 16
** Last twelve months

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

Balance sheet (unaudited)

	31.12 2019	31.12 2018
ASSETS		
Non-current assets	12 171	8 730
Current assets	7 696	7 341
Assets	**19 867**	**16 071**
EQUITY AND LIABILITIES		
Equity and liabilities	6 363	6 481
Provisions for liabilities	1 178	1 201
Non-current liabilities	5 602	3 030
Current liabilities	6 724	5 359
Equity and liabilities	**19 867**	**16 071**

The implementation of IFRS 16 from 1 January 2019 has resulted in significant increases of assets and liabilities. The Group's accounting principles on page 18 have more information.

The increase in non-current assets was mainly a result of the implementation of IFRS 16 constituting appr. 3,8 billion kroner (net after depreciation and write-offs) in 2019. Current operating investments exclusive of IFRS 16 amounted to MNOK 646 in 2019. Non-current assets of MNOK 144 were sold, and ordinary depreciation on non-current assets constituted MNOK 642.

The change in provisions for liabilities was primarily due to restructuring related to the centralisation of Route Preparation, reduced distribution frequency and provisions for restructuring of staff and support functions in connection with a new group structure. The implementation of IFRS 16 also resulted in reduced provisions, as the reversal of former onerous contracts was reclassified to accumulated write-downs of the right-of-use assets (no result effect).

Non-current liabilities increased by appr. 3,4 billion kroner as a consequence of IFRS 16. Bond loans and other instalments due in 2020 were reclassified to current liabilities.

The increase in current liabilities was mainly a consequence of the implementation of IFRS (MNOK 790). In addition, bond loans and other instalments due in 2020 were reclassified from non-current liabilities. In 2019, net certificate loans of MNOK 400 were repaid.

Cash flows (unaudited)

Q4 2019	Q4 2018		Year 2019	Year 2018
870	491	Cash flows from operating activities	2 151	598
(41)	(168)	Cash flows used in investing activities	(339)	(853)
(528)	(131)	Cash flows used in financing activities	(1 514)	(69)
301	**192**	**Total change in liquid assets**	**298**	**(324)**
3 611	3 421	Cash and cash equivalents at the beginning of the period	3 613	3 937
3 912	**3 613**	**Cash and cash equivalents at the end of the period**	**3 912**	**3 613**

Net cash flows generated by operating activities in 2019 amounted to MNOK 2 151, an increase of MNOK 1 553 from 2018. This was mainly due to effects from IFRS 16 of MNOK 890, as lease costs were reclassified to financing activities (instalments). In addition, improved operating profit, reduced trade receivables and increased trade payables had positive effects.

Net cash flows used in investing activities in 2019 were MNOK -339, primarily related to ongoing operating investments of MNOK 646. Most of the operating investments concerned the building of logistics centres in Stavanger and Tromsø. The disbursements were to some extent compensated by proceeds from sales, including the sale of property and other operating equipment in Bring Frigo Sverige AB of appr. MSEK 150, the sale of vehicles in the Group of appr. MNOK 80 and the cash effect from sales of shares in the associated company Danske Fragtmænd A/S of appr. MNOK 70.

Net cash flows used in financing activities in 2019 amounted to MNOK -1 514, mainly as a consequence of the effects of IFRS 16 in addition to repayment of ordinary debt and the payment of dividends.

Market and development per segment (unaudited)

LOGISTICS

The segment comprises the divisions E-Commerce and Logistics in addition to International Logistics. Holdings & Ventures also report as part of the segment. Division E-Commerce and Logistics is responsible for all standardised parcel products for e-commerce customers, in addition to groupage and part loads, warehouse in Norway and the home deliveries in the Nordics. Division International Logistics is responsible for industrial direct freight and industry solutions for manufacturing and offshore customers. Holdings & Ventures will maximise the value of portfolio companies and venture investments in the Nordics and includes the Group's thermo operations and express services.

Q4 2019	Q4 2018		Year 2018	Year 2018
4 804	4 716	Revenue	18 127	17 320
402	190	Segment profit (EBITDA)	1 488	525
141	90	Adjusted profit	462	135
70	**(114)**	**Segment operating profit / (loss) (EBIT)**	**364**	**(73)**

The Logistics segment turnover increased in 2019 by MNOK 807. The organic growth was 4,3 percent. There was solid growth in e-commerce to private consumers, and the e-commerce volume increased by 18 percent in the last 12 months. The growth was also good within home deliveries, forwarding, industrial direct freight and offshore. Thermo had reduced growth, both within and outside Norway.

Adjusted operating profit for the Logistics segment was MNOK 462 in 2019, an improvement of MNOK 327 compared with 2018. Efforts in operations and growth gave increased productivity and improved profitability in several areas. The Norwegian parcels and freight network continued its positive development, and the profitability development was also good within thermo, direct transports, home deliveries and warehouse. The implementation of IFRS 16 *Leases* had a positive result effect of MNOK 38 in 2019.

Operating profit (EBIT) in 2019 was MNOK 364. This includes write-down of goodwill, a provision in connection with structural changes in the segment and gains on the sale of property. The operating profit was MNOK 437 better than in 2018, mainly due to the improved adjusted operating profit.

MAIL

The segment comprises the division Mail. Division Mail is responsible for the traditional postal services in Norway (including those requiring a license) such as flexible services to private customers and addressed and unaddressed mail distribution to the corporate market in Norway.

Q4 2019	Q4 2018		Year 2019	Year 2018
2 103	2 102	Revenue	7 634	8 088
392	332	Segment profit (EBITDA)	1 128	919
267	270	Adjusted profit	635	657
263	**309**	**Segment operating profit (EBIT)**	**120**	**748**

Addressed mail in 2019 declined by 9,9 percent. The reduction was somewhat smaller than in 2018, positively influenced by distributions in connection with the municipal and church elections in September. Unaddressed mail volumes declined by 1,1 percent in 2019. New customer contracts compensated to a large degree for the continued negative market development.

The Mail segment turnover fell by MNOK 434 in 2019 as a consequence of the volume fall in addressed mail and the sale of Bring Citymail Sweden on 1 March 2018.

Adjusted operating profit for the Mail segment was MNOK 635 in 2019, a reduction of MNOK 22 compared with 2018. Comprehensive cost-adjustments to operations were realised, which to a large extent compensated for the large fall in addressed mail volumes. The result for 2019 included a supplementary payment for government procurements of commercially non-viable postal services of MNOK 85 relating to 2018. The implementation of IFRS 16 *Leases* had a positive result effect of MNOK 11 for the segment.

The operating result (EBIT) in 2019 was MNOK 120. This included a provision for restructuring related to the distribution of mail every other day of MNOK 267, the centralisation of Route Preparation and parts of Posten's Advertising Centres of MNOK 119, as well as a write-down of goodwill of MNOK 60.

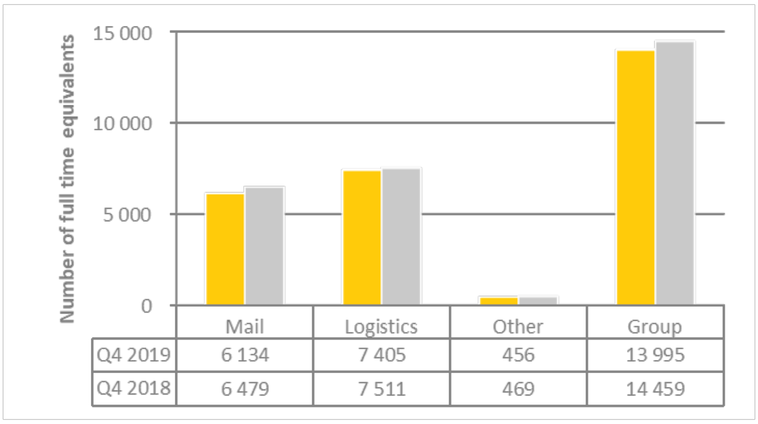
In the fourth quarter, 94,2 percent of addressed mail was delivered within 2 days. The result for the year 2019 was 93,7 percent. Both the fourth quarter and the year ended well above the license requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 31. december 2019 was 13 995 full-time equivalents, a reduction of 464 full-time equivalents compared with the same period in 2018. In the Mail segment, the workforce decreased by 345 full-time equivalents, mainly related to reductions within mail distribution and production. In the Logistics segment, the workforce was reduced by 106 full-time equivalents, primarily as a consequence of reorganisations in Bring Trucking.



Absence due to sickness and injuries

Posten's ambition is to 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. Both the number of injuries and absences due to sickness have declined significantly in recent years. The development was positive in both areas throughout 2019.

In the fourth quarter of 2019, absence due to sickness in the Group was 6,0 percent, the same level as in the fourth quarter 2018. Absence due to sickness for the year 2019 was 5,9 percent, 0,1 percentage points lower than the year 2018 and in line with the goal for the year.

The total number of injuries per million worked hours (H2) was 9,5 in the fourth quarter of 2019, an increase of 1,7 from the same period in 2018. The injury frequency for the year 2019 was 7,8 and in line with the goal for the year. This was a reduction of 0,9 from 2018. The number of injuries fell from 221 in 2018 to 186 in 2019.

Gender equality and diversity

Diversity contributes to increased well-being, innovation and performance. Gender balance and ethnic diversity have for several years been areas of focus for Posten. It is important to have the greatest possible pool of resources to recruit from, and to attract talent regardless of background, age or gender. Goals have been set for work on these areas, and reports are annually submitted to Group management and the Board.

The Group's ambition for gender balance among female executives shall reflect the balance in the Group as a whole. By the turn of the year 2019/2020 the share of women executives was 27 percent against 31 percent among all employees.

SHE Index is an external assessment, where companies voluntarily report on actual gender balance in addition to initiatives to increase the gender balance. In the SHE Index for the autumn 2019, the Group placed 16th of air total of 92 companies, with 79 points out of 100 possible.

A number of measures are systematically being worked on to promote diversity and equality.

The external environment

Posten and Bring have fulfilled their environmental ambition of a 40 percent reduction of CO_2 emissions ahead of time, and have decided to set up a new and ambitious environmental ambition of only using renewable energy sources in vehicles and buildings by 2025.

Today, Posten has emission-free mail distribution in 49 cities and towns in Norway, and emission-free parcels distribution in the centre of Oslo. Several cities have ambitions about large emission-reductions up to 2030, and there are increased environmental requirements in connection with public procurements and from larger customers. A strategy to electrify the parcels distribution also in other cities is being prepared.

Efforts in several areas are in progress to find solutions for the main challenge of having only renewable energy sources by 2025. Enova has established various support schemes for zero and low-emission vehicles, and Posten has received support for biogas lorries – it is now being determined where to put them into operation. Another initiative is a dialogue with Enova to consider support schemes for an in-house charging-infrastructure. Good incentive arrangements for electric lorries are required.

Regulatory issues

In the supplementary settlement for 2018, based on Posten's recalculation, Posten received an MNOK 88 (incl. interest) additional payment for government procurements of commercially non-viable postal services. The amount was a consequence of higher net costs for services than those used in the basis for the prepayment.

For 2020, the Norwegian Parliament has allocated MNOK 449 to government procurements of commercially non-viable postal services. The amount is in line with Posten's preliminary calculations and based on mail distribution every other day from 1 July 2020, as approved by the Norwegian Parliament in the amendment to the Postal Act during the spring session.

In connection with the transition to mail distribution every other day, the Ministry of Transport and Communication has carried out a tender for the distribution of newspapers from July 2020 to areas where there is no alternative newspaper distribution. Competing with two other bidders, Posten won the tender for weekdays. The Ministry is currently discussing a complaint regarding the assignment to Posten.

In the state budget for 2020, the Norwegian Parliament approved the Government's proposal to introduce VAT on all e-commerce import of goods, regardless of value, from 2020. For food articles, VAT was introduced from 1 January 2020. For other types of goods, previously included in the VAT exemption for low-value goods (NOK 350), a simplified registration and reporting solution (VOEC – VAT on E-commerce) for calculating and paying VAT on goods up to a value of NOK 3 000 will be established. The foreign sales organisation or e-commerce platform offering goods to Norwegian consumers will have the responsibility for this. It is assumed that the VOEC scheme will be introduced from 1 April 2020. The Group expects that this change will have a negative effect on import volumes.

Future prospects

The demand for logistic services and profitability in the industry is significantly influenced by the general activity level in the economy and correlates over time with the development in GDP. The economic upturn in Norway is expected to continue, but with a somewhat lower growth than in the three preceding years. In 2019, a marked growth in investments in oil related industries contributed positively, but the investment level in this sector will probably slow down in the next years. In Sweden, weak economic growth is expected in the next years, one of the reasons being reduced demand in the business community.[1]

In general, the Group expects continued growth in the logistics business, especially within e-commerce. The Group continues its comprehensive modernisation and efficiency improvement of operations. A common network for letters, parcels and freight in Norway will secure cost-efficient operations. Considerable investments have been made in new terminals that also meet future requirements for the environment and electric vehicles, contributing significantly to the ambition of only using renewable energy sources in all buildings and vehicles by 2025.

A number of improvements in the services offered to customers, strong growth in the market and more cost-efficient operations have contributed satisfactorily to the profitability in the Logistics segment this year. Improvement efforts continue with unabated strength. Investments in infrastructure, operational improvements, increased resources in developing services and larger freedom of choice for the customers are decisive in meeting increased demand and increasingly stronger competition in the market.

The volume decline for addressed mail will continue as a consequence of increased digitalisation. The consequence of changes in customer needs will be a large fall in turnover for addressed mail and an increasing need for adjusting the distribution network to the market development. The removal of the VAT exemption on the import of goods with a value under NOK 350 will further intensify the challenges in the mail market. Posten will continue to deliver parcels all weekdays in large parts of the country, even though the regular distribution of mail to mail boxes will be reduced to every other day from 1 July 2020. Further adjustments of the network will, however, be necessary. The service level for the government procurements is determined at a political level. The cost of the lack of regulatory freedom to adjust the postal services to market developments must be compensated by government procurements of commercially non-viable postal services.

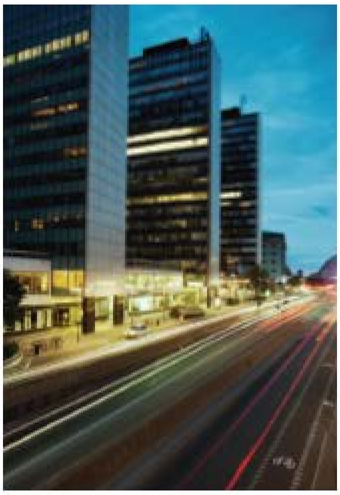
The agreement with DNB on bank services available in post offices and in-store post offices expires in 2020. Both DNB and Posten will ensure that customers have adequate time to adjust to alternative solutions.

Oslo, 13 February 2020

The Board of Posten Norge

[1] https://www.ssb.no/nasjonalregnskap-og-konjunkturer

Financial Report



4TH QUARTER 2019 POSTEN NORGE

Condensed income statement

Q4 2019	Q4 2018		Note	Year 2019	Year 2018
6 490	**6 407**	**Revenue**	1	**24 212**	**23 894**
2 612	2 853	Cost of goods and services		10 340	10 270
2 296	2 216	Payroll expenses		8 846	8 853
395	162	Depreciation and amortisation	2	1 552	654
141	153	Write-downs	2	172	158
909	931	Other operating expenses		2 666	3 586
6 352	**6 314**	**Operating expenses**		**23 575**	**23 522**
46	(6)	Other income and (expenses)	4	(479)	35
(7)		Share of profit from associates and joint ventures		5	8
177	**88**	**Operating profit**	1	**162**	**415**
(50)	(7)	Net financial items		(142)	(49)
127	**80**	**Profit before tax**		**21**	**366**
(81)	54	Tax expense		8	118
208	**27**	**Profit for the period / year**		**13**	**248**
190	28	Controlling interests		(2)	246
19	(1)	Non-controlling interests		15	2

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

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

Condensed statement of comprehensive income

Q4 2019	Q4 2018		Year 2019	Year 2018
208	**27**	**Profit for the period**	**13**	**248**
(25)	63	Actuarial gain/loss pension	(25)	63
(25)	**63**	**Items that will not be reclassified to income statement**	**(25)**	**63**
(7)	(25)	Hedging of net investments	21	32
19	78	Translation differences	(45)	(44)
12	**53**	**Translation differences**	**(23)**	**(12)**
	(4)	Cash flow hedging	2	
12	**50**	**Items that later will be reclassified to income statement**	**(21)**	**(11)**
	(2)	Changes in tax rate		(2)
(13)	**111**	**Other comprehensive income (loss)**	**(47)**	**50**
196	**138**	**Total comprehensive income (loss)**	**(34)**	**298**
		Total comprehensive income is split as follows:		
177	139	Controlling interests	(48)	296
19	(1)	Non-controlling interests	15	2

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

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Condensed balance sheet

	Note	31.12 2019	31.12 2018
ASSETS			
Intangible assets	2	1 897	2 049
Deferred tax asset		311	224
Tangible fixed assets	2	9 431	5 812
Other financial assets	5	532	645
Total non-current assets		**12 171**	**8 730**
Inventories		9	15
Interest-free current receivables	5	3 731	3 671
Interest-bearing current receivables	5	44	42
Liquid assets	5	3 912	3 613
Current assets		**7 696**	**7 341**
Total assets		**19 867**	**16 071**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		3 177	3 330
Non-controlling interests		66	31
Equity		**6 363**	**6 481**
Provisions for liabilities		**1 178**	**1 201**
Interest-bearing non-current liabilities	3,5	5 596	3 015
Interest-free non-current liabilities	5	6	14
Non-current liabilities		**5 602**	**3 030**
Interest-bearing current liabilities	3,5	1 971	910
Interest-free current liabilities	5	4 610	4 342
Tax payable		142	107
Short-term liabilities		**6 724**	**5 359**
Total equity and liabilities		**19 867**	**16 071**

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

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

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserves	Transl. differ-ences	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2018	**3 120**	992	(3)	314	1 930	**3 233**	**22**	**6 375**
Profit for the period					246	**246**	2	**248**
Other comprehensive income/(loss) for the period			(1)	(12)	62	**50**		**50**
Total comprehensive income			**(1)**	**(12)**	**308**	**296**	**2**	**298**
Dividend					(194)	**(194)**	(4)	**(198)**
Addition non-controlling interest							10	**10**
Other changes in equity					(5)	**(5)**		**(5)**
Equity 31.12.2018	**3 120**	992	(3)	302	2 039	**3 330**	**31**	**6 481**
Equity 31.12.2018	3 120	992	(3)	302	2 039	**3 330**	**31**	**6 481**
Effect of change of principle (IFRS 16)					49	**49**		**49**
Equity 01.01.2019	3 120	992	(3)	302	2 088	**3 379**	**31**	**6 530**
Profit for the period					(2)	**(2)**	15	**13**
Other comprehensive income/(loss) for the period			2	(23)	(25)	**(47)**		**(47)**
Total comprehensive income			**2**	**(23)**	**(27)**	**(48)**	**15**	**(34)**
Dividend					(124)	**(124)**		**(124)**
Addition non-controlling interest					9	**9**	4	**13**
Other changes in equity					(39)	**(39)**	17	**(22)**
Equity 31.12.2019	**3 120**	992	(1)	279	1 907	**3 177**	**66**	**6 363**

As at 31 December 2019, 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 Shareholders' Meeting in June 2019, it was decided to distribute a dividend of MNOK 124 which was in accordance with the Board's proposal for the 2018 financial statements. The dividend was were paid in the third quarter of 2019.

Condensed statement of cash flows

Q4 2019	Q4 2018		01.01 - 31.12 2019	01.01 - 31.12 2018
127	80	Income before tax	21	366
38	(21)	Tax paid in period	(92)	(130)
(66)	(43)	(Gain)/loss from sales of non-current assets and subsidiaries	(81)	(64)
536	316	Depreciation and write-downs	1 724	813
7		Share of net income from associated companies and joint ventures	(5)	(8)
30	28	Financial items without cash flow effect	126	111
152	(220)	Changes in receivables, inventory and payables	319	(147)
210	392	Changes in other working capital	(25)	(99)
(123)	(26)	Changes in other accruals	309	(218)
29	2	Interest received	121	51
(71)	(17)	Interest paid	(268)	(76)
870	**491**	**Cash flow from operating activities**	**2 151**	**598**
(133)	(310)	Investments in tangible non-current assets and intangible assets	(646)	(962)
	28	Proceeds from refunds on previous years' investments		28
(3)	(2)	Investments in businesses	(7)	(3)
(16)		Investments in associated companies and joint ventures	(16)	
103	18	Proceeds from sales of tangible non-current assets and intangible assets	243	81
16	103	Proceed from sale of subsidiaries	16	1
	7	Proceed from sale of associated companies	73	7
(8)	(10)	Changes in other financial non-current assets		(4)
(41)	**(168)**	**Cash flow used in investing activities**	**(339)**	**(853)**
(228)		Payment on repayment of rental obligations	(890)	
	400	Proceeds from non-current and current debt raised		500
(300)		Repayment of non-current and current debt	(500)	(375)
	(531)	Decrease/increase bank overdraft		
		Group contributions/dividends paid	(124)	(194)
(528)	**(131)**	**Cash flow used in financing activities**	**(1 514)**	**(69)**
301	**192**	**Total change in cash and cash equivalents during the year**	**298**	**(324)**
3 611	3 421	Cash and cash equivalents at the start of the period	3 613	3 937
3 912	**3 613**	**Cash and cash equivalents at end of year**	**3 912**	**3 613**

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

In the 2019 figures, the effects of lease payments have been reclassified from operating activities to financing activities as a result of the new accounting standard IFRS 16 *Leases*.

(The information in this document has not been audited. All amounts are in MNOK.) 17

SELECTED ADDITIONAL INFORMATION

General

Posten Norge AS was established as a company on 1 December 1996 and is 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 IFRS, with the same accounting principles as stated in the 2018 annual report, with the following exceptions:

New or amended standards that have been applied from 1 January 2019:

IFRS 16 *Leases* was implemented from 1 January 2019. The standard requires that the lessee recognises lease contracts in the balance sheet, whereby the value of use for an asset and the corresponding lease liability is recognised in the balance sheet. The lease liability is measured at the present value of the lease payments, and the “right-of-use” asset is derived from this calculation. At subsequent measurements, the “right-of-use” asset shall be depreciated, and the leasing liability reduced by lease payments. The lessee may elect to apply recognition exceptions for lease contracts concerning “low value” assets and short-term leases, and if so, the lease payments are directly recognised as an expense.

The Group’s choice of implementation method

The Group decided to apply the modified retrospective approach without restating comparable information when implementing IFRS 16. Leased assets and liabilities will basically be measured at the same amounts.

The following practical solutions for lease agreements previously classified as operating leases have been applied at the implementation date:

- A single discount rate has been applied for portfolios of lease agreements with similar characteristics.
- For lease agreements, where provisions for onerous contracts were made pursuant to IAS 37, right-of-use assets have been adjusted for the value of the onerous contracts at the implementation date.
- The Group has excluded initial costs for establishing an agreement from the measurement of the right-of-use asset at the implementation date. The exclusion had no significant effect.
- In determining the lease period, the Group has taken known information on options into account.

The Group's choice of accounting principles

The Group has applied the exceptions in the standard. Lease contracts in the category of "assets of low value" are not recognised in the balance sheet. "Low value assets" are assessed pursuant to the materiality considerations in IAS 1. For short-term leases, where the non-cancellable lease term is less than 12 months, the lease costs will also be directly expensed. The Group has decided not to apply IFRS 16 for intangible assets.

Several of the Group's lease agreements include other services and components, such as overhead costs, fuel and dues. Non-lease components are separated from the lease agreement and recognised as operating expenses in the consolidated accounts.

The Group's interpretation of the standard and discussion of key accounting considerations

Consideration of agreements in the Group complying with the standard's definition and recognition requirements
In order to be within the scope of IFRS 16, the contract must satisfy the definition of a lease. The assets must be identifiable, and the lessee must have the right to control the use of the assets in a given period.

Significant agreements in the Group mainly concern rental contracts for buildings and terminals, in addition to the Group's vehicle fleet.

Leasing of real estate and vehicles will generally be encompassed by the definition in the standard and classified as leases.

The Group has performed a review of various lease agreements and in particular assessed the treatment of them, in addition to agreements with transporters (transport agreements). Most of the transport agreements in the Group are of such a character that no specific asset can be identified, or are short-term, and these agreements are therefore outside the definition of a lease according to the standard.

Assessment of lease period
Several of the Group's significant lease agreements, especially within real estate, include options for extending the lease agreements. According to IFRS 16, it is the non-cancellable lease period (including the period of notice) and any options reasonably certain to be exercised that are recognised in the lease liability. The Group assumes that "reasonably certain" is a probability level significantly higher than 50 percent ("probable").

Assessment of lease payments
"Right-of-use" assets and liabilities shall be measured at the present value of the lease payments.

Lease payments include fixed payments and any payments varying by an index or interest rate, but not variable lease payments dependant on the use of the asset.

In addition, lease payments include residual value guarantees, purchase options and any termination expenses. For a large part of the Group's leased vehicles, the car importer has provided the lessor with a residual value guarantee. Wear and tear and any damage caused during the ordinary use of the leased asset is therefore expensed as incurred.

Discount rate

The present value of the lease payments shall be discounted at the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. The method to determine the Group's incremental borrowing rate is consistently applied and reflects (1) the loan interest for the asset class in question and (2) the length of the lease period.

Assessment of sublease agreements

Sublease agreements shall be classified as either financial or operating lease agreements and are considered to be financial if they basically transfer all risk and reward connected with the "right-of-use" asset. The Group assumes that this is the case if the asset, or parts of it, is subleased for most of the remaining lease period in the main agreement.

Consequences for financial reporting

IFRS 16 effect in the balance sheet:

The implementation of IFRS 16 has resulted in an increase in the total capital and a reduction in the equity ratio of the Group. The implementation effect as of 1 January 2019 was as follows:

	31.12 2018	IFRS 16 effects	01.01 2019
ASSETS			
Non-current assets	8 730	4 045	12 775
Current assets	7 341	27	7 367
Assets	**16 071**	**4 071**	**20 142**
EQUITY AND LIABILITIES			
Equity and liabilities	6 481	49	6 530
Provisions for liabilities	1 201	(268)	933
Non-current liabilities	3 030	3 515	6 545
Current liabilities	5 359	775	6 134
Equity and liabilities	**16 071**	**4 071**	**20 142**

On the implementation date, the Group's weighted average marginal loan interest rate was 3,4 percent.

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

IFRS 16 effect on the income statement:

Lease payments that according to IAS 17 were included in other operating expenses will pursuant to IFRS 16 be classified as depreciation and finance costs. The Group's operating result before depreciation will be improved, whilst depreciation and finance costs will increase.

	Excl. IFRS 16*	IFRS 16 effects	Year 2019
Revenue	**24 242**	**(31)**	**24 212**
Cost of goods and services	10 501	(161)	10 340
Payroll expenses	8 846		8 846
Depreciation and amortisation	645	907	1 552
Write-downs	141	31	172
Other operating expenses	3 501	(835)	2 666
Operating expenses	**23 635**	**(59)**	**23 575**
Other income and (expenses)	(477)	(2)	(479)
Share of profit from associates and joint ventures	5		5
Operating profit	**136**	**27**	**162**
Net financial items	(15)	(127)	(142)
Profit before tax	**121**	**(100)**	**21**
Tax expense	30	(22)	8
Profit for the year	**91**	**(78)**	**13**

*Shows the Income statement as if IFRS 16 had not been adopted

IFRS 16 effect on cash flows

The accounting change means that the lease payments are shown as cash flows from financing activities in the line "Payment on repayment of rental obligations". Before the implementation of IFRS 16, they were part of cash flows from operating activities.

	Excl. IFRS 16*	IFRS 16 effects	Year 2019
Cash flows from operating activities	1 261	890	2 151
Cash flows used in investing activities	(339)		(339)
Cash flows used in financing activities	(624)	(890)	(1 514)
Total change in liquid assets	**298**		**298**
Cash and cash equivalents at the beginning of the period	3 613		3 613
Cash and cash equivalents at the end of the period	**3 912**		**3 912**

* Shows the Cash flow as if IFRS 16 had not been adopted

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

Standards issued, but not yet effective

There are no approved standards not yet effective with significant effect on the consolidated 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 2018 financial statements with the exception of right-of-use assets and liabilities. 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 2018 is available at www.postennorge.no

NOTES TO THE ACCOUNTS

Note 1 Segments

Posten Norge's operations are divided into two segments, Logistics and Mail. Owner function and shared function are allocated to Other.

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 between segments is based on normal commercial terms and conditions as if the segments were independent parties.

The segments are described in more detail in the 2018 annual report.

Revenue per segment

Q4 2019	Q4 2018	Total revenue	Year 2019	Year 2018
4 638	4 549	External revenue	17 474	16 666
165	167	Internal revenue	653	654
4 804	**4 716**	**Logistics**	**18 127**	**17 320**
1 852	1 871	External revenue	6 738	7 239
251	232	Internal revenue	896	849
2 103	**2 102**	**Mail**	**7 634**	**8 088**
321	297	Internal revenue	1 340	1 303
321	**297**	**Other**	**1 340**	**1 303**
(737)	(708)	Eliminations	(2 890)	(2 817)
6 490	**6 407**	**Posten Norge**	**24 212**	**23 894**

Revenue categories (external revenue)

Q4 2019	Q4 2018	Deliveries over time*	Year 2019	Year 2018
2 308	2 195	Parcels and Cargo	8 435	7 888
2 330	2 354	Other Logistics business	9 040	8 777
4 638	**4 549**	**Total Segment Logistics**	**17 474**	**16 666**
1 561	1 632	Letter products and Banking services	5 832	6 425
219	156	Government procurement	619	536
73	83	Other	286	278
1 852	**1 871**	**Total Segment Mail**	**6 738**	**7 239**
		Other		
6 490	**6 407**	**Total revenue**	**24 212**	**23 894**

*Some of the Group's services are delivered at a certain time. These services are not separated from revenue delivered over time as they are considered to be immaterial

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

Operating result (EBIT) per segment*

Q4 2019	Q4 2018	EBITDA	Year 2019	Year 2018
402	190	Logistics	1 488	525
392	332	Mail	1 128	919
(120)	(113)	Other	(254)	(258)
674	**408**	**Posten Norge**	**2 361**	**1 185**

Q4 2019	Q4 2018	Adjusted operating profit / (loss)	Year 2019	Year 2018
141	90	Logistics	462	135
267	270	Mail	635	657
(129)	(114)	Other	(288)	(262)
279	**246**	**Posten Norge**	**808**	**531**

Q4 2019	Q4 2018	Operating profit (EBIT)	Year 2019	Year 2018
70	(114)	Logistics	364	(73)
263	309	Mail	120	748
(156)	(107)	Other	(321)	(260)
177	**88**	**Posten Norge**	**162**	**415**

*In the figures for 2019, IFRS 16 *Leases* has been implemented. This was done on January 1, 2019 and comparative figures have not been restated accordingly

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

Assets and liabilities per segment*

31.12.2019	Logistics	Mail	Other	Elim.	Group
Associates and joint ventures	339				339
Other non-current assets	8 302	2 546	623	(5)	11 465
Current assets	2 975	708	108	(50)	3 740
Total allocated assets	**11 616**	**3 253**	**731**	**(55)**	**15 544**
Deferred tax asset					311
Interest-bearing receivables					100
Liquid assets					3 912
Total non-allocated assets					**4 323**
Total assets					**19 867**
Provisions for liabilities	554	631	(7)		1 178
Total interest-free liabilities	2 571	1 826	416	(55)	4 759
Total allocated liabilities	**3 126**	**2 457**	**409**	**(55)**	**5 937**
Total interest-bearing liabilities					7 567
Total non-allocated liabilities					**7 567**
Total liabilities					**13 504**

31.12.2018	Logistics	Mail	Other	Elim.	Group
Associates and joint ventures	402	2			404
Other non-current assets	5 842	2 025	217		8 085
Current assets	2 988	725	31	(58)	3 686
Total allocated assets	**9 232**	**2 752**	**248**	**(58)**	**12 175**
Deferred tax asset					224
Interest-bearing receivables					59
Liquid assets					3 613
Total non-allocated assets					**3 896**
Total assets					**16 071**
Provisions for liabilities	787	428	(14)		1 201
Total interest-free liabilities	2 579	1 686	255	(58)	4 463
Total allocated liabilities	**3 367**	**2 114**	**241**	**(58)**	**5 664**
Total interest-bearing liabilities					3 926
Total non-allocated liabilities					**3 926**
Total liabilities					**9 590**

*In the figures for 2019, IFRS 16 *Leases* has been implemented. This was done on January 1, 2019, and comparative figures have not been restated accordingly.

(The information in this document has not been audited. All amounts are in MNOK.) 25

Cash flows for the segments*

Year 2019	Logistics	Mail	Other	Group
Profit/(loss) before tax	209	61	(249)	21
Gain from sales of non-current assets and subsidiaries	(79)	(2)		(81)
Ordinary depreciation and impairment	1 117	559	48	1 724
Share of result from investments by the equity method	(13)	8		(5)
Changes in working capital and other accruals	34	333	237	604
Tax paid in the period				(92)
Financial items without cash flow effect				126
Net interest paid				(147)
Cash flows from operating activities	**1 268**	**959**	**36**	**2 151**
Cash flow effect from investments	(523)	(142)	(6)	(670)
Cash flow effect from sales	328	3		331
Cash flows used in investing activities	**(194)**	**(139)**	**(6)**	**(339)**
Payment on repayment of rental obligations				(890)
Repayment of debt				(500)
Dividend paid				(124)
Cash flows used in financing activities				**(1 514)**
Net change in cash and cash equivalents during the period				**298**
Cash and cash equivalents at the beginning of the period				3 613
Cash and cash equivalents at the end of the period				**3 912**

Year 2018	Logistics	Mail	Other	Group
Profit/(loss) before tax	(130)	719	(223)	366
Gain from sales of non-current assets and subsidiaries	6	(64)	(6)	(64)
Ordinary depreciation and impairment	543	264	5	813
Share of result from investments by the equity method	(5)	(3)		(8)
Changes in working capital and other accruals	(307)	(176)	20	(464)
Tax paid in the period				(130)
Financial items without cash flow effect				111
Net interest paid				(25)
Cash flows from operating activities	**107**	**740**	**(204)**	**598**
Cash flow effect from investments	(775)	(148)	(15)	(937)
Cash flow effect from sales	64	25		89
Changes in non-current receivables and financial assets	(1)		(3)	(4)
Cash flows used in investing activities	**(712)**	**(122)**	**(18)**	**(853)**
Proceeds from non-current and current debt raised				500
Repayment of debt				(375)
Dividend paid				(194)
Cash flows used in financing activities				**(69)**
Net change in cash and cash equivalents during the period				**(324)**
Cash and cash equivalents at the beginning of the period				3 937
Cash and cash equivalents at the end of the period				**3 613**

*In the figures for 2019, IFRS 16 *Leases* has been implemented. This was done on January 1, 2019, and comparative figures have not been restated accordingly.

(The information in this document has not been audited. All amounts are in MNOK.) 26

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets			Total
		Owned	Right-of-use	Total	Total
Total at 31.12.18	**2 049**	**5 812**	**3 952**	**9 763**	**11 813**
Adjustment to OB		(23)	(11)	(34)	(34)
Additions	127	520	829	1 348	1 475
Disposals		(144)	(13)	(156)	(156)
Depreciation	(139)	(503)	(910)	(1 413)	(1 552)
Write-downs	(130)	(11)	(31)	(42)	(172)
Other changes*	(1)	(30)	35	5	4
Translation differences	(9)	(11)	(30)	(41)	(50)
Total at 31.12.19	**1 897**	**5 610**	**3 821**	**9 431**	**11 328**

*Other changes mainly comprise changes in leases and cost-price adjustments

Investments in owned assets in 2019 amounted to MNOK 646, of which investments in IT-related solutions were MNOK 127. MNOK 143 of the MNOK 520 invested in tangible fixed assets was buildings and property, primarily the development of the terminals in Tromsø and Stavanger. Investments in other fixed assets included terminal equipment, vehicles and other operating equipment. MNOK 502 of total investments was in the Logistics segment.

There were additions to right-of-use assets of MNOK 829, of which MNOK 399 related to leases of property. A separate section in the Group's accounting principles about the implementation of IFRS 16 has details of right-of-use assets.

Write-downs of intangible assets relate to the write-down of goodwill in the Logistics and Mail segments.

Note 3 Interest-bearing non-current and current liabilities

The Group's non-current interest-bearing liabilities increased by MNOK 3 461 from 31 December 2018 to 31 December 2019 , mainly due to the implementation of IFRS 16 on 1 January 2019. Please refer to additional information for details of the implementation.

The Group's interest-bearing liabilities include:

	31.12 2019	31.12 2018
Bond loans	1 350	1 725
Liabilities to credit institutions	860	1 257
Lease obligations	3 376	
Other non-current liabilities	10	34
Total interest-bearing non-current liabilities	**5 596**	**3 015**
First year's instalment of non-current liabilities	778	100
Certificate loan	400	800
Lease obligations	793	
Other non-current liabilities		10
Total interest-bearing current liabilities	**1 971**	**910**

As at 3 December 2019, none of the Group's credit facilities had been used. The average interest rate on Posten's outstanding interest-bearing liabilities was 2,6 percent as at 31 December 2019.

Note 4 Other income and expenses

Other income and expenses include restructuring costs together with gains and losses on sales of tangible assets. The purpose of this line in the accounts is to show significant irregular items separately, thereby making the development in the operating items presented in the adjusted profit comparable.

Q4 2019	Q4 2018		Year 2019	Year 2018
51	(13)	Restructuring costs	(480)	(22)
65	47	Gain/(loss) from sale of fixed assets etc.	80	68
(70)	(40)	Other income and (expenses)	(79)	(11)
46	**(6)**	**Total other income and (expenses)**	**(479)**	**35**

Changes in the Postal Act were approved by the Norwegian Parliament in June 2019, and the Group decided to reduce the number of distribution days from five days a week to every other day from 1 July 2020. The Group estimated that this would mean a workforce reduction of appr. 1 500 full-time equivalents. In the fourth quarter this was adjusted downward, partly because Posten Norge AS in January 2020 won a tender to deliver newspapers 5 days a week in areas without a newspaper network. The original estimate for workforce reduction was reduced by appr. 285 full-time equivalents, and the provision was reduced by MNOK 87.

Restructuring costs in 2019 mainly concerned this restructuring in the Mail segment. In addition, a provision was made in the third quarter for restructuring staff and support functions in connection with the new group structure. In the first quarter this year, a provision was made for the centralisation of Route Preparation in the Mail segment.

Gains on the sale of fixed assets in 2019 primarily concerned the sale of property in the Logistics segment, whereas the 2018 amount mainly applied to the sale of land belonging to Posten Eiendom Svanholmen AS.

Other income and expenses in 2019 included provisions for losses caused by structural changes in the thermo business in the Logistics segment. In 2018, other income and expenses comprised loss provisions in the Logistics segment and a reversed provision due to a lower loss than anticipated on the sale of Bring Citymail Sweden.

In 2017, Posten received a claim for compensation from a supplier regarding changes in purchase volumes. The claim was settled in the first quarter of 2019 without any significant accounting effect.

Note 5 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 2018 annual report.

The Group had the following financial assets and liabilities measured at fair value as at 31 December 2019:

		At fair value (FV)			At amortised cost		
	Valuation level	**FVO – FV Profit or loss**	**Derivatives at FV Profit or loss**	**Derivatives at FV OCI / equity***	**Receivables**	**Other financial liabilities**	**31.12 2019**
Assets							
Interest-bearing current receivables					56		56
Other financial non-current assets	2		118	4	15		137
Interest-free current receivables	2		100	4	3 627		3 731
Interest-bearing current receivables					44		44
Liquid assets							3 912
Total financial assets							**7 880**
Liabilities							
Interest-bearing non-current liabilities	2	415				5 180	5 596
Interest-free non-current liabilities	2			4		2	6
Interest-bearing current liabilities		247				1 723	1 971
Interest-free current liabilities, incl. tax payable	2		5	7		4 740	4 753
Total financial liabilities							**12 325**
Total value hierarchy level 1							
Total value hierarchy level 2		(663)	213	(3)			(454)
Total value hierarchy level 3							

*Derivatives included in accounting hedging relations

Level 1: Listed prices.
Level 2: Other observable input, directly or indirectly
Level 3: Non-observable input

(The information in this document has not been audited. All amounts are in MNOK.) 29

		At fair value (FV)			At amortised cost		
	Valua-tion level	**FVO – FV Profit or loss**	**Deriva-tives at FV Profit or loss**	**Deriva-tives at FV OCI / equity***	**Receiv-ables**	**Other financial liabilities**	**31.12 2018**
Assets							
Interest-bearing current receivables					17		17
Other financial non-current assets	2		210	3	10		223
Interest-free current receivables	2				3 671		3 671
Interest-bearing current receivables					42		42
Liquid assets							3 613
Total financial assets							**7 566**
Liabilities							
Interest-bearing non-current liabilities	2	657				2 359	3 015
Interest-free non-current liabilities	2		10	2		2	14
Interest-bearing current liabilities						910	910
Interest-free current liabilities, incl. tax payable	2		5	27		4 416	4 449
Total financial liabilities							**8 389**
Total value hierarchy level 1							
Total value hierarchy level 2		(657)	194	(27)			(489)
Total value hierarchy level 3							

*Derivatives included in accounting hedging relations

Level 1: Listed prices.
Level 2: Other observable input, directly or indirectly
Level 3: Non-observable input

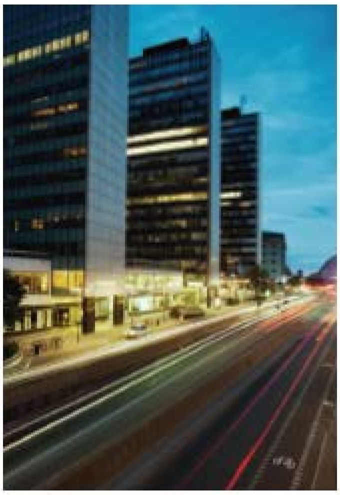
The table above shows the classification in categories pursuant to IFRS 9. Details can be found in the 2018 financial report. There have been no transfers between the levels in the fair value hierarchy since last year.

Note 6 Changes in the Group's structure

In December 2019, Posten Norge entered into an agreement for the sale of the thermo business Bring Frigo AS in Norway. The sale was approved by the Norwegian Competition Authority in January 2020 and is expected to be carried out in the first quarter of 2020, without significant impact on the financial statements.

(The information in this document has not been audited. All amounts are in MNOK.) 30

Alternative Performance Measures



4TH QUARTER 2019 POSTEN NORGE

Alternative Performance Measures

The Groups financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information has been given about alternative performance measures that are regularly reviewed by management to improve the understanding of the result. The alternative performance measures presented may be defined differently by other companies.

Following the guidelines for "Alternative performance measures in financial reporting", the Group has clarified the definition of performance measures and other key figures applied in the annual report that are not part of the statements in the accounts.

The Group's performance measures and other target figures applied in the annual and quarterly reports are described below.

On the implementation of IFRS 16, the alternative performance measure for 2018 have not been restated.

Organic growth

Organic growth provides the Group's management, Board and other users of the financial information the opportunity to analyse the underlying operational growth.

		Year 2019	Year 2018
+	Revenue (current year)	24 212	23 894
-	Revenue (last year)	23 894	24 678
=	**Nominal change in revenue**	**317**	**(783)**

		Year 2019	Year 2018
	Nominal change in revenue	317	(783)
+/-	Impact exchange rates	(42)	64
+/-	Acquisitions of companies	(44)	
+/-	Sale of companies*	251	1 306
+/-	Change in government procurement	(83)	(193)
+/-	IFRS 16 effect	31	
=	**Organic change in revenue**	**430**	**394**

* Adjustment of revenue for subsidiaries sold in the previous year

		Year 2019	Year 2018
	Organic change in revenue	430	394
/	Adjusted revenue*	24 124	23 765
=	**Organic growth**	**1,8 %**	**1,7 %**

*Adjusted revenue is revenue adjusted for currency effects, acquisitions, government procurements and IFRS 16 effects.

(The information in this document has not been audited. All amounts are in MNOK.) 32

Operating profit / loss before depreciation (EBITDA), adjusted operating profit / loss, operating profit / loss (EBIT)

Group management is monitoring the Group's financial situation by using common target figures (KPIs) and target figures showing income and expenses related to the Group's ordinary operations. The alternative target figures applied in the reports to Group management comprise earnings excluding items of a non-operating character.

Profit/loss before tax, financial items and depreciation (EBITDA) is an important financial parameter for the Group and the basis for the term adjusted operating profit. The adjusted operating profit/loss is EBITDA before other income and expenses and includes depreciation. Operating profit/loss (EBIT) includes the Group's write-downs, other income and expenses in addition to income from associated companies and joint ventures.

The target figures are valuable for the users of Posten's financial information, also including management, the Board and external parties. They give the users of the financial information the opportunity to assess the operating result on the basis of variable current items, as restructuring costs, non-recurring items and other gains and losses related to investments are excluded. It is also assumed that the target figures contribute to a more comparable evaluation of the operating results of the Group's competitors.

		2019	2018
+	Operating revenues	24 212	23 894
-	Costs of goods and services	10 340	10 270
-	Payroll and social expenses	8 846	8 853
-	Other operating expenses	2 666	3 586
=	**EBITDA**	**2 361**	**1 185**

		2019	2018
+	EBITDA	2 361	1 185
-	Depreciation	1 552	654
=	**Adjusted operating profit**	**808**	**531**

		2019	2018
	Adjusted profit/	808	531
-	Total operating revenues	24 212	23 894
=	**Adjusted operating profit margin**	**3,3 %**	**2,2 %**

		2019	2018
+	Adjusted profit	808	531
-	Write-downs	172	158
+/-	Total other income and expenses	(479)	35
+	Share of profit or loss from associates and joint ventures	5	8
=	**EBIT**	**162**	**415**

		2019	2018
	EBIT/	162	415
	Total revenues	24 212	23 894
=	**EBIT margin**	**0,7 %**	**1,7 %**

(The information in this document has not been audited. All amounts are in MNOK.) 33

Net interest-bearing debt (NIBD) and liquidity reserve

A primary objective in the Group's guidelines for finance is to secure financial freedom of action for the Group. Such freedom makes it possible to operationalise strategies and reach the business' goals. The Group shall at all times have adequate access to capital to cover normal fluctuations in the Group's liquidity needs, refinancing risk and normal expansion rate without the need for special financing measures for individual projects. In other words, adequate resources to realise the Group's approved strategies.

Net interest-bearing debt and the liquidity reserve are indicators of the Group's liquid situation and closely followed up by the Group's centralised finance function. The liquidity reserve is also an individual target that can be applied to assess the Group's liquidity requirements.

Net interest-bearing debt comprises both short-term and long-term interest-bearing debt, reduced by financial market-based placements and cash and cash equivalents.

The Group's liquidity reserve includes all funds available to finance operations and investments. It is split between amounts available according to agreements in the short or long term, and as such is a useful target figure to assess whether the Group has adequate liquidity to achieve the Group's approved strategy.

		31.12 2019	31.12 2018
+	Interest-bearing non-current liabilities	5 596	3 015
+	Interest-bearing current liabilities	1 971	910
-	Market-based financial investments	3 378	3 274
-	Cash	60	93
-	Bank deposit group account	382	176
-	Bank deposits	91	70
=	**Net interest-bearing dept (NIBD)**	**3 655**	**312**

		31.12 2019	31.12 2018
+	Market-based investments	3 378	3 274
+	Syndicate facility	3 452	3 482
-	Certificate loans	400	800
=	**Long-term liquidity reserve**	**6 430**	**5 956**

		31.12 2019	31.12 2018
+	Long-term liquidity reserve	6 430	5 956
+/-	Deposits on group account	381	176
+/-	Deposits outside group account	92	70
+	Bank overdraft not utilised	500	550
=	**Short-term liquidity reserve**	**7 404**	**6 752**

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Invested capital and return on invested capital (ROIC)

The Group is creating value for the owners by investing cash today that contributes to increased cash flows in the future. Such value is generated as long as the business is growing and achieves a higher return on its invested capital (ROIC) than the capital costs (WACC). It is a useful tool to measure whether the investments generate adequate return.

Items included in the calculation of invested capital are shown below:

		31.12 2019	31.12 2018
+	Total intangible assets	2 023	2 134
+	Total tangible fixed assets	9 535	5 765
+	Total current assets	7 574	7 431
-	Total liquid assets	3 654	3 563
-	Interest-bearing current assets	59	66
-	Interest-free current liabilities	4 525	4 548
+	Tax payable	83	97
+	Dividend and group contributions	8	0
=	**Invested capital**	**10 985**	**7 251**

* Last twelve months

		2019	2018
	Last 12 months' accumulated adjusted operating profit	808	531
/	Invested capital	10 985	7 251
=	**Return on invested capital (ROIC)**	**7,4 %**	**7,3 %**

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Other alternative performance measures

The Group applies and presents some other individual performance measures, considered to be useful for the market and the users of the Group's financial information. These measures are shown in the table below:

		Year 2019	Year 2018
+	Total investments (owned)	646	979
-	Investment due to acquisitions		17
=	**Investment before acquisitions***	**646**	**962**

*Differs from investments in tangible non-current assets and intangible assets in the cashflow due to IFRS 16 (Leases)

		31.12 2019	31.12 2018
	Profit after tax total	13	248
/	Total equity on balance sheet date*	6 423	6 428
=	**Return on equity after tax (ROE)**	**0,2 %**	**3,9 %**

*(Opening + closing bal./2

		31.12 2019	31.12 2018
	Total equity on balance sheet date/	6 363	6 482
/	Total equity and liabilities (total capital)	19 867	16 071
=	**Equity ratio**	**32,0 %**	**40,3 %**

(The information in this document has not been audited. All amounts are in MNOK.) 36