

# Summary 2015 Norway Post



# 4th quarter and preliminary result 2015

## Part 1:

- Highlights and developments

CEO Dag Mejdell

## Part 2:

- Results and segment review

CFO Tone Wille

## Part 3:

- Q&A



## Part 1:

- Highlights and developments

CEO Dag Mejdell



## 2015 Highlights



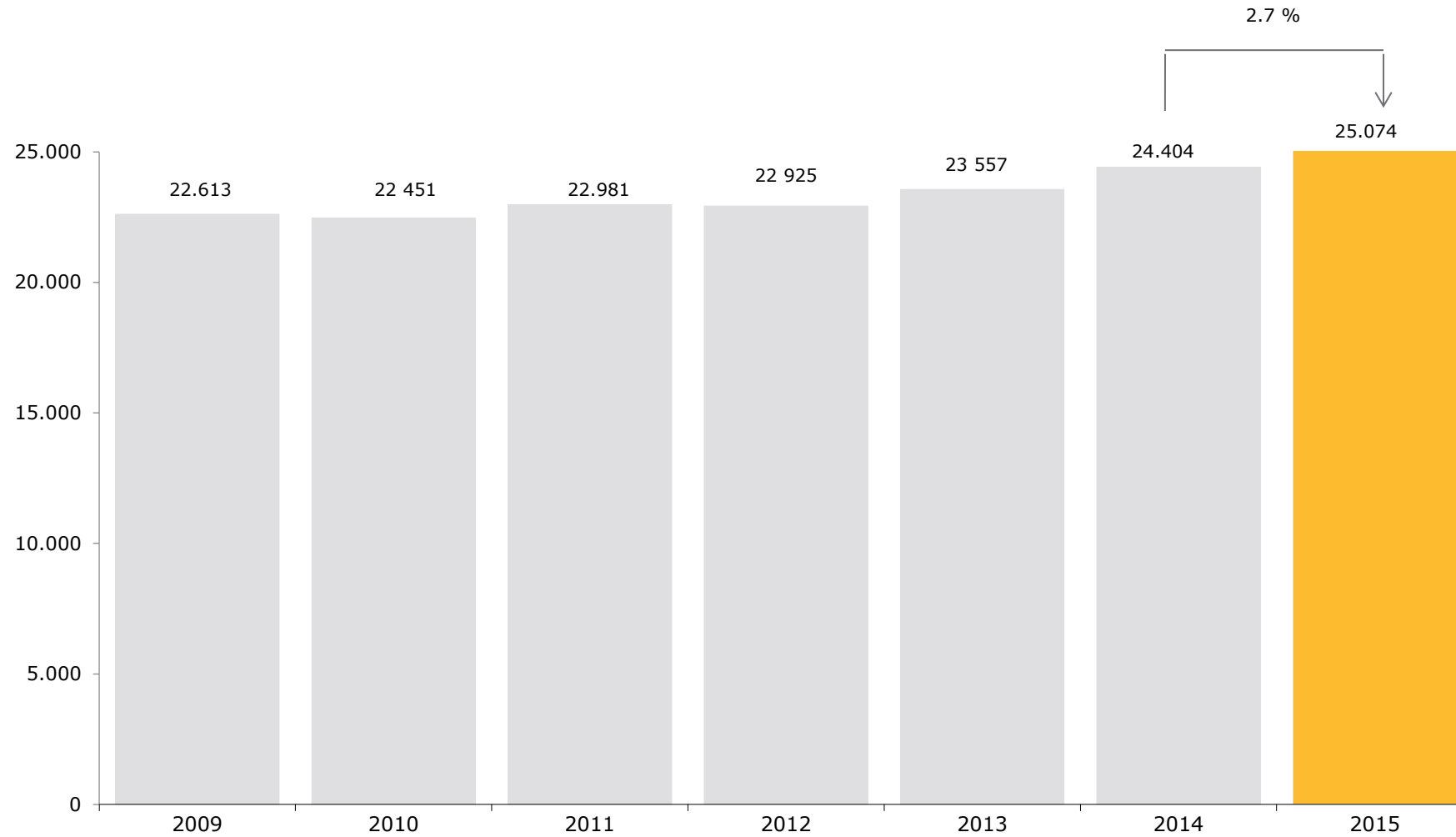
- The growth in **e-commerce** continues. The Group's total e-commerce volume increased by 6 % in 2015
- **The new Postal Services Act** is effective from 1 January 2016. The act allows discontinuance of mail distribution on Saturdays. The law will contribute to the Group's ability to adjust in line with changing customer needs
- At the end of 2015 **Digipost** had passed **587 000** users
- **Absence** due to **sickness** was 6 % in 2015, an improvement of 0.3 - percentage points from 2014
- Delivery quality for priority mail in the fourth quarter: **85.2%** (0.2 percentage points above the licence requirement). Delivery quality for priority mail in 2015 was **85.4%**
- Second-generation **biodiesel** has now been tested on trucks with good results, and will therefore be used on an increased number of trucks in the Norwegian operations

# 2015 Highlights

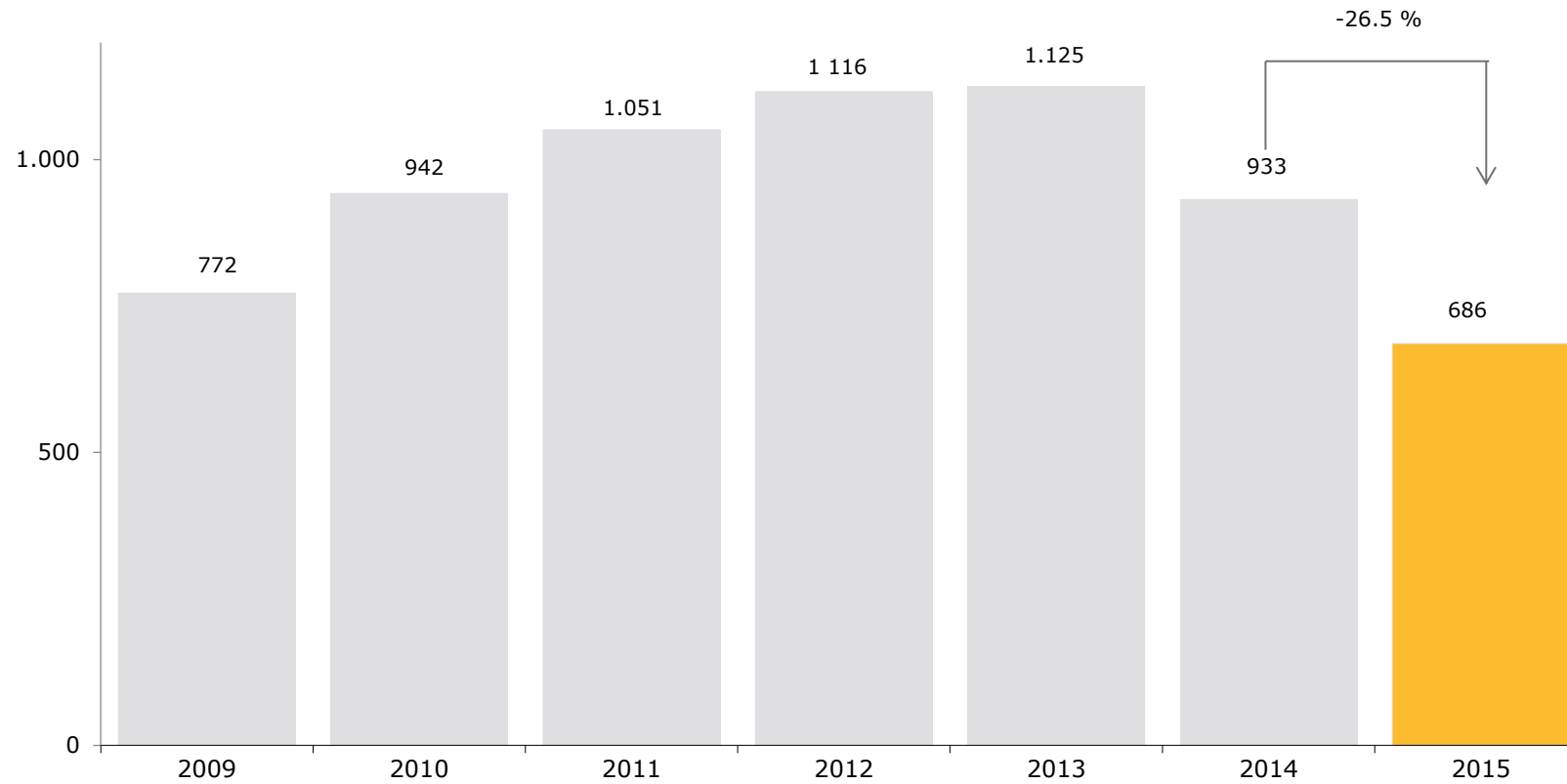
- Operating revenues:  
**MNOK 25 074**, up 2.7 % from 2014
- Earnings before interest and taxes\*:  
**MNOK 686**, down 26.5 % from 2014
- Return on invested capital (last 12 months)\*:  
**9.9%**, down 4.0 percentage points from 2014



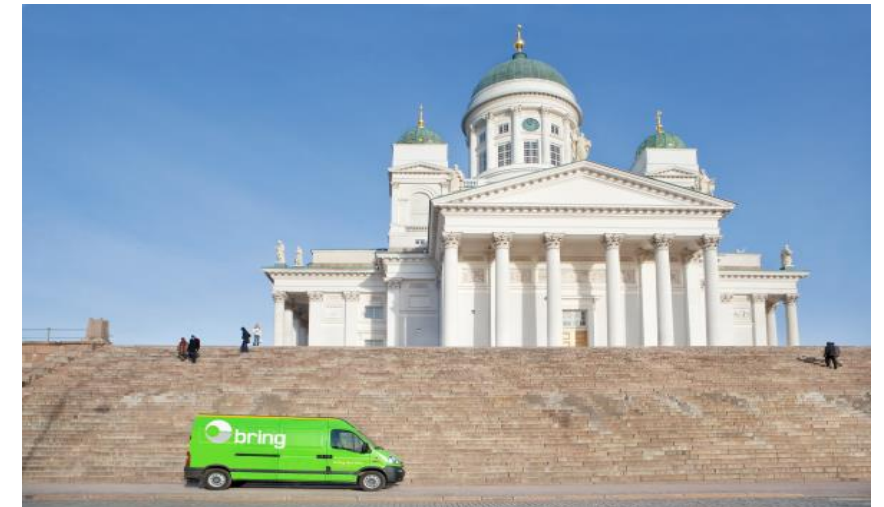
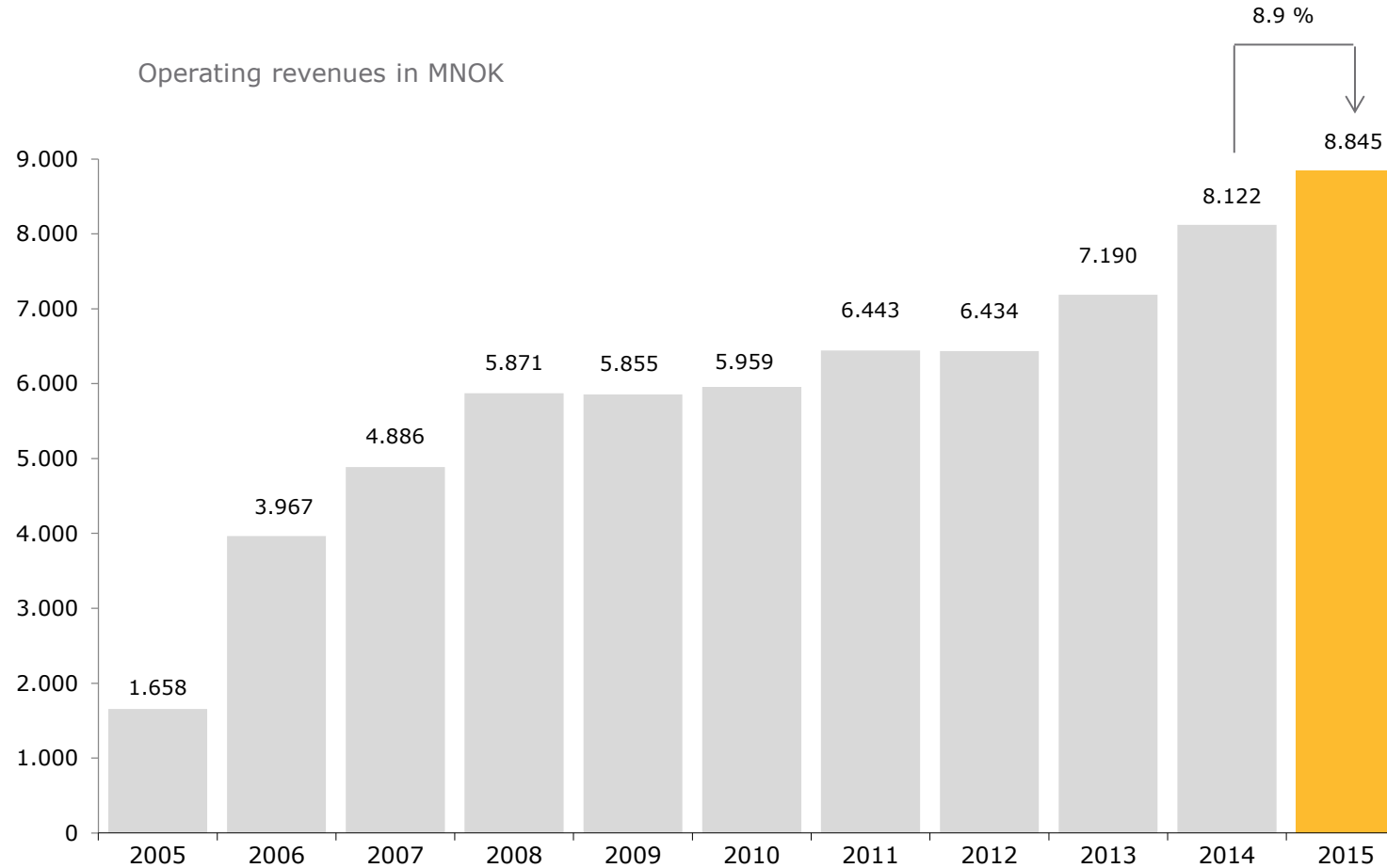
# Operating revenue (MNOK)



# Earnings (EBIT) before non-recurring items and write downs (MNOK)



# Operating revenues from foreign companies



Operating revenues from foreign companies accounted for 35.3 % of the Group's operating income, up 2,0 percentage points from last year



# Income statement

Q4 2015	Q4 2014	MNOK	Year 2015	Year 2014
<b>6 623</b>	<b>6 553</b>	<b>Operating revenues</b>	<b>25 074</b>	<b>24 404</b>
402	614	EBITDA	1 474	1 723
<b>214</b>	<b>413</b>	<b>EBIT before non-recurring items and write-downs</b>	<b>686</b>	<b>933</b>
381	139	Write-downs	385	282
218	-60	Non-recurring expenses/(income)	307	-66
5	86	Share of profit from associates*	245	126
<b>-380</b>	<b>420</b>	<b>EBIT</b>	<b>239</b>	<b>844</b>
-6	-67	Net financial items	-88	-123
<b>-386</b>	<b>353</b>	<b>Income before tax</b>	<b>151</b>	<b>720</b>
83	118	Taxes	173	271
<b>-469</b>	<b>235</b>	<b>Net income</b>	<b>-21</b>	<b>449</b>

\* Includes gain from the sale of shares in EVRY ASA

# Posten Norge will discontinue Saturday mail deliveries on 5 March 2016



- From 5 March 2016 Posten Norge will discontinue mail deliveries on Saturdays. This is a consequence of declining letter volumes. Volumes on Saturdays are only some 25% of the volumes on weekdays. The new Postal Services Act of 01.01.2016 allows for this change. The discontinuing of letter deliveries on Saturday will lead to reductions of about 400 full time employees, mainly Saturday delivery personnel, and the reorganisation of shifts for approximately 10,000 employees
- Regional and local delivery of Saturdays newspapers will continue until further notice
- The Ministry of Transportation has announced a tender process for the distribution of subscription newspapers on Saturdays in areas where the newspapers do not have their own distribution network. Tender submission deadline is April 27th. Posten Norge will participate in the tender

# Posten is planning to reduce the cost of staff and support functions

- The Group aims to reduce the cost of staff and support functions by MNOK 125 during 2016
- This will involve a workforce reduction of 110-130 full time employees
- Posten has also started working on identifying opportunities for streamlining its customer service centres



19.1.2016 14:00 | Posten Norge

## Posten reduserer i stab og støtte

Posten Norge skal redusere bemanningen i stab- og støttefunksjoner med om lag 100 årsverk. Nedbemanningen er en tilpasning til markedssituasjonen og øvrige driftsendringer i konsernet.

# Posten is planning to merge priority and non-priority mail into one 2-day delivery service in 2017

- The decline in letter volumes is expected to continue
- Posten plans to merge priority and non-priority mail into a new letter service with 2-day delivery time
- The restructuring will provide significant cost savings
- For customers, a 2-day service will provide high precision and be well adapted to changing customer needs
- Proposed to be implemented in 2017
- The proposal requires approval by the Ministry of Transportation



**A** PRIORITERT  
PRIORITAIRE

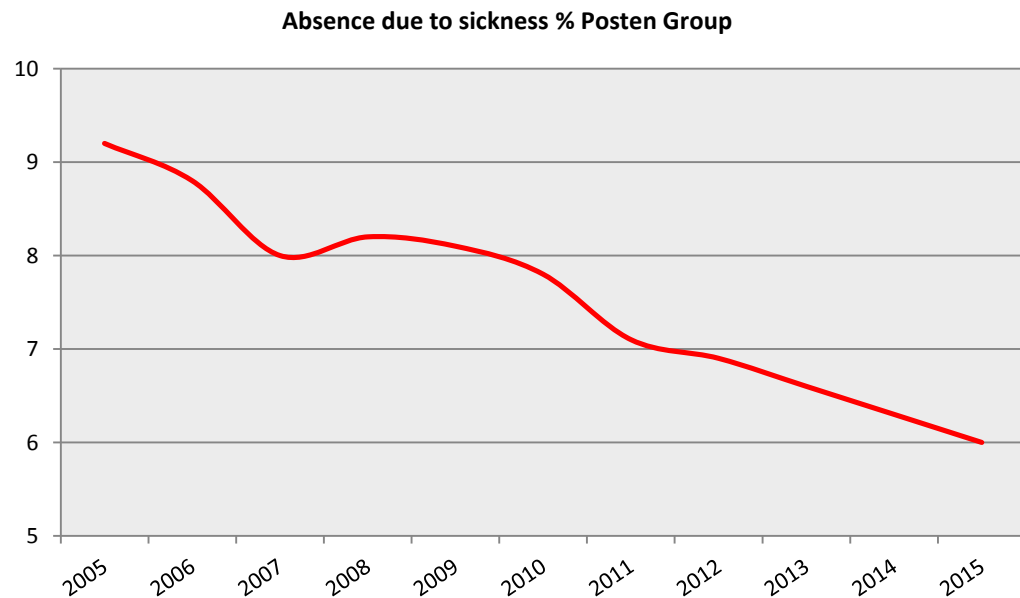


**B** ØKONOMI  
ÉCONOMIQUE

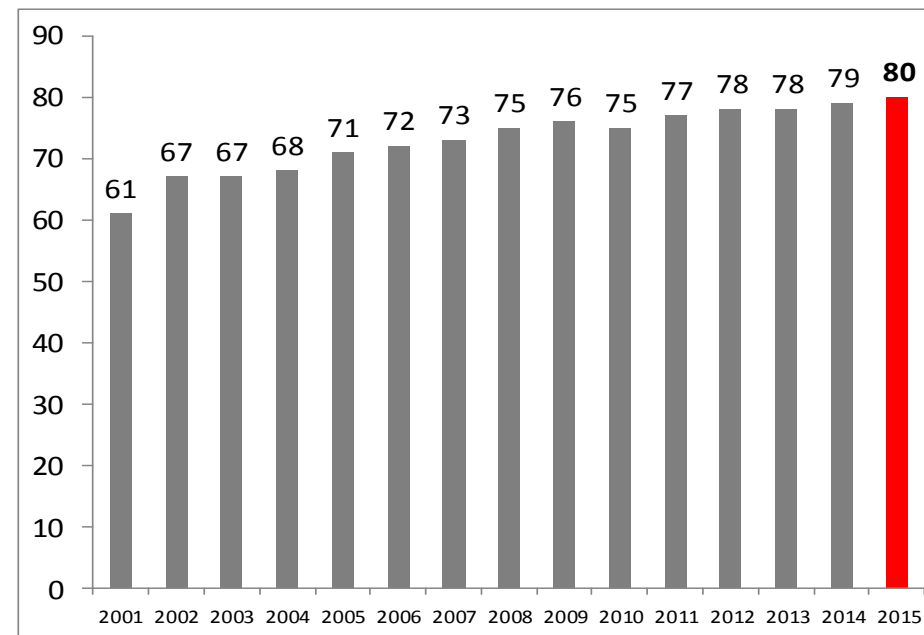


# Posten's employees are more satisfied and less sick

## Over the last ten years, absence due to sickness has reduced by 35%



Absence due to sickness fell from 9.3% in 2006 to 6% in 2015. This means 550 more employees present at work every day. Society saves MNOK 315 per year and savings for Posten are approximately MNOK 200.



Employee satisfaction shows good progress over time. Record high satisfaction in 2015 with 80 points. 90% percent of the employees responded to the survey

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# Norway Post's Segment Structure



Group

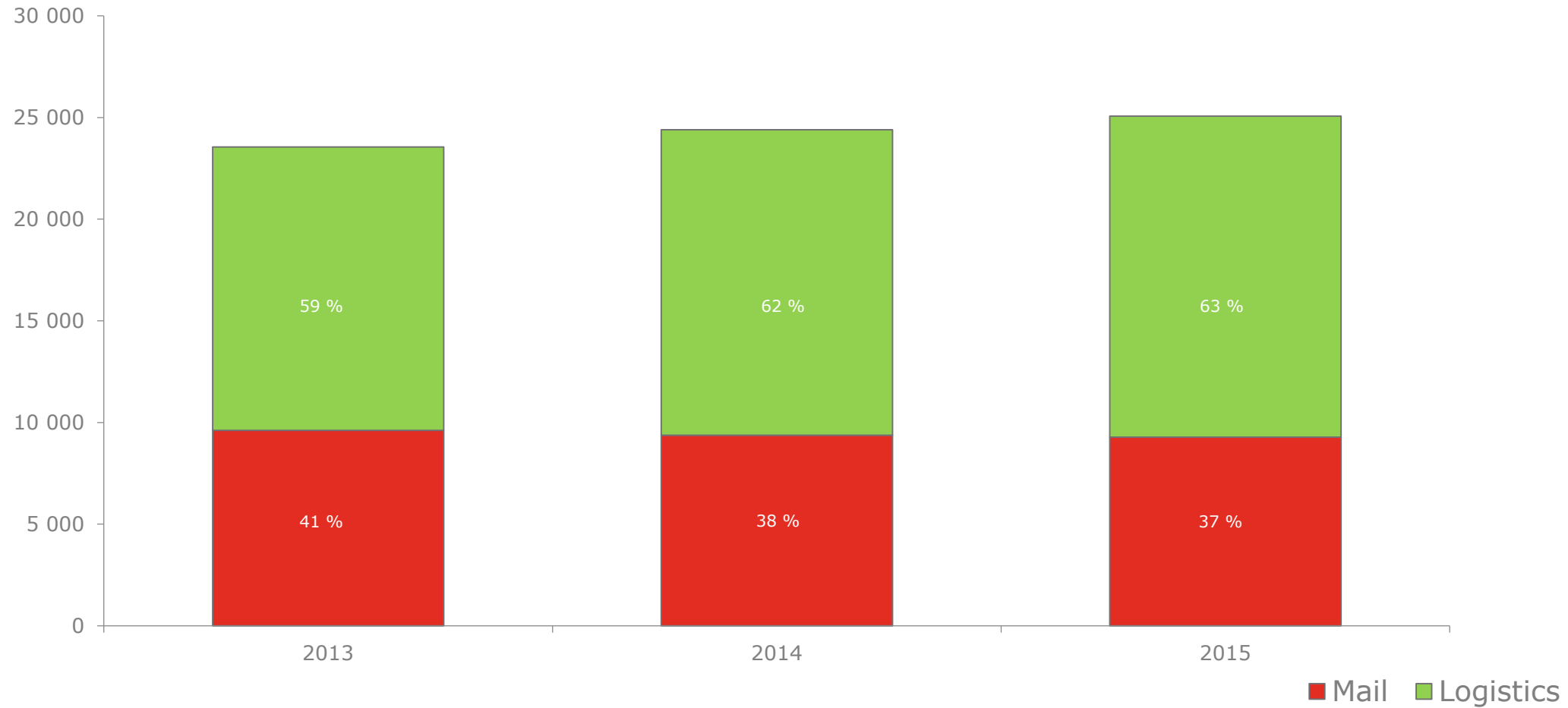
Mail



Logistics



# Segment distribution of external revenues







Letter Products  
Banking services  
Dialogue services

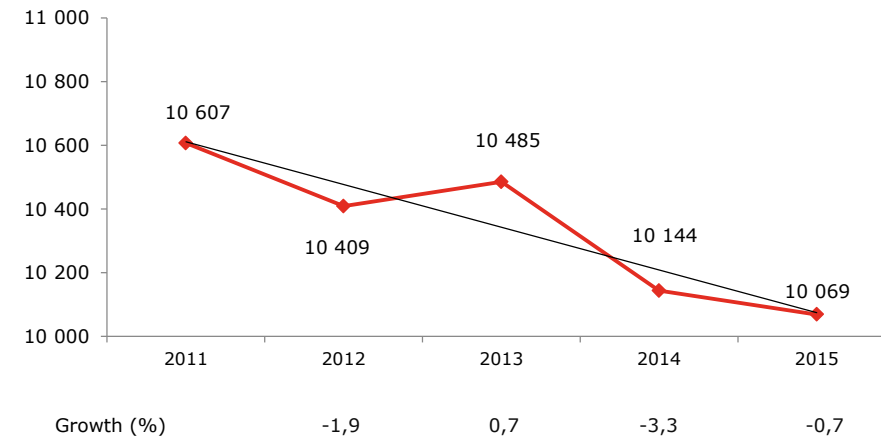
# Key figures 2015

mail

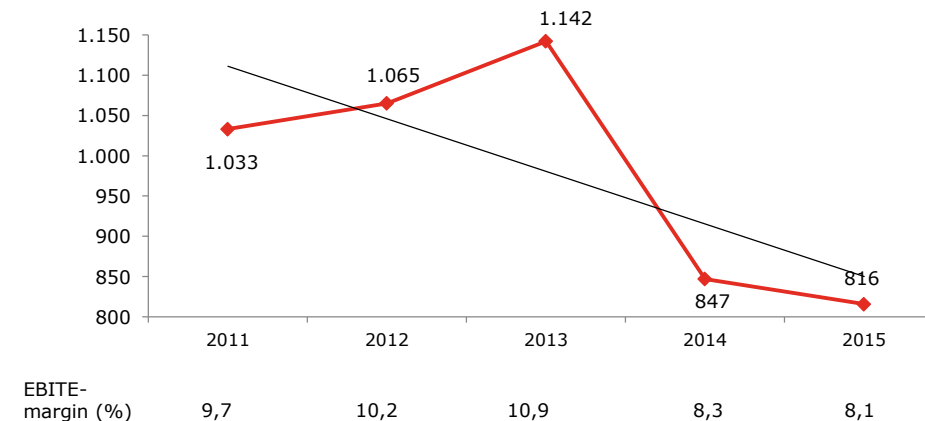
logistics

- Operating revenues for 2015 were **MNOK 10 069**, MNOK 75 lower than last year
  - Volume decrease addressed mail 6.4 %
  - Volume decrease unaddressed mail 5.4 %
  - Volume increase in Bring Citymail Sweden 1.0 %
  
- Earnings before write-downs and non-recurring items were **MNOK 816** in 2015, MNOK 31 lower than 2014
  - Positive effects from cost reducing measures compensated for the decline in volumes
  - The volume decline is expected to accelerate in 2016 and beyond

Operating revenues



EBITE





- Parcels
- Express
- Cargo
- Frigo
- Warehousing
- Supply Services

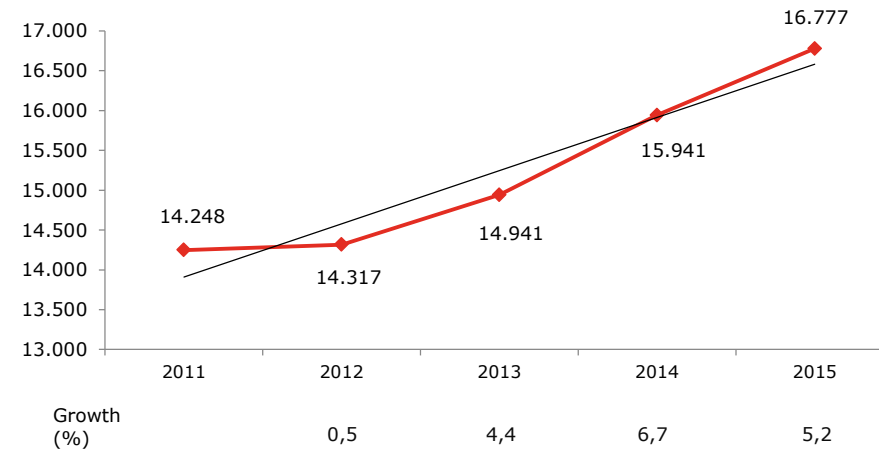
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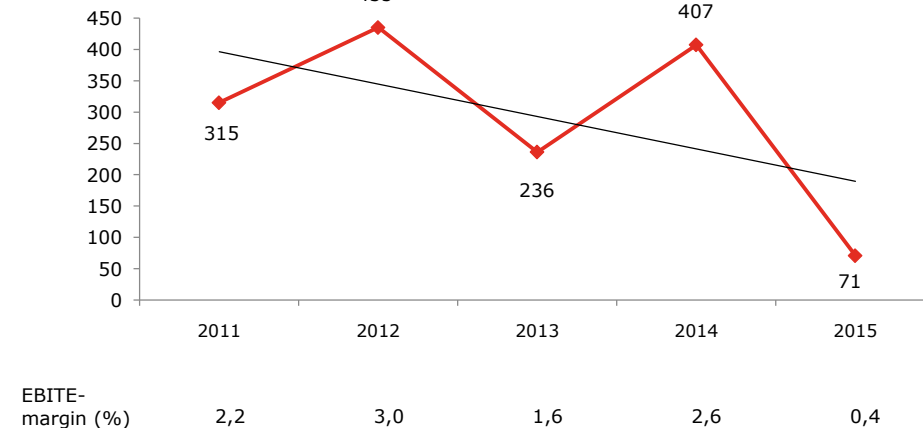
logistics

- Operating revenues for 2015 were **MNOK 16 777**, an increase of 5.2 % from 2014
  - Growth in revenues for the Nordic operations
  - The increase in private e-commerce continued
  - Significantly affected by lower activities in the oil industry
- Earnings before write-downs and non-recurring items were **MNOK 71** in 2015, a decrease of MNOK 336 from 2014
  - The decrease is as a consequence of the downturn in the oil industry, generally lower activity in the Norwegian economy and decrease in the profitability of the parcel business
  - Market conditions are still challenging for the logistics operations in Sweden and Denmark, particularly within

### Operating revenues



### EBITE



# Summary



- Reduced activity in the oil industry and slower growth in the Norwegian economy negatively affects the activity level in the logistics market in Norway. This is expected to continue
- Targeted focus on logistics continues. The establishment of a new terminal structure in Norway is progressing as planned
- Discontinuance of Saturday mail distribution as a response to declining letter volumes. Next steps are to merge priority and non-priority mail into a new letter service (assuming political clarification)
- Need for cost adjustments also includes a process to reduce costs in staff and support functions