

Quarterly Report



3RD QUARTER 2019 POSTEN NORGE

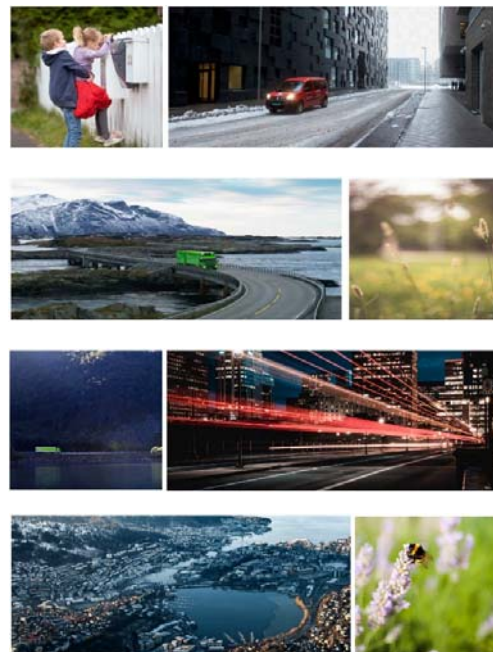
3rd quarter and YTD 2019

PART 1:

- Highlights and development

PART 2:

- Results and segment review



3rd quarter and year to date 2019

PART 1:

- Highlights and development



Highlights

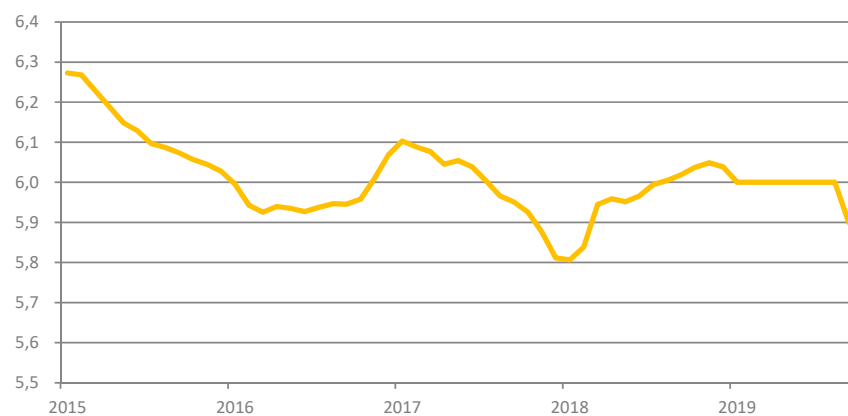
- **Organic growth** was positive by 2,7 % so far in 2019
- Logistics segment had **improved results** in the 3rd quarter, driven by **high growth** & more cost-effective operations
- **The result margin** in the Logistics segment increased by 2 %- points so far in 2019
- **Good growth** in e-commerce to private consumers. The e-commerce volume increased by 19 %, last 12 months
- Continued significant **fall in addressed mail volumes** (10,8 % in the last 12 months)
- Ongoing **restructuring – entails cutting of costs** in operations as well as administrative functions
- The Norwegian Parliament has approved **changes in the Postal Act** allowing for mail distribution every other day from 1 July 2020
- Good **delivery quality** with 91,4 % of addressed mail delivered within 2 days so far in 2019



HSE 2019

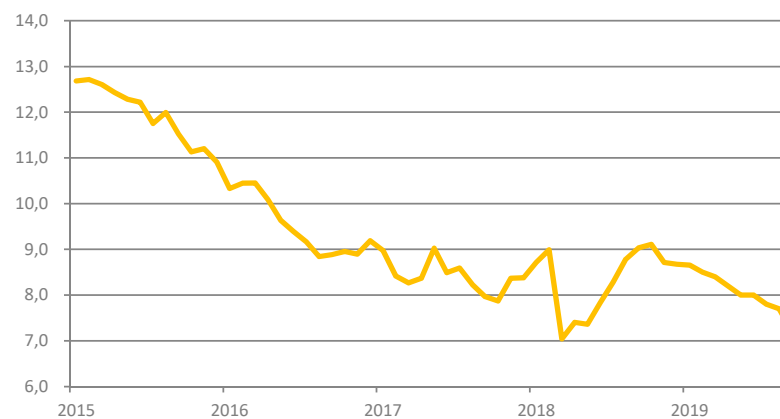
ABSENCE DUE TO SICKNESS, GROUP %

5,9 % (last 12 months)



H2 IN THE GROUP

7,2 (last 12 months)



- Absence due to sickness in the last 12 months was 5,9 %, 0,1 % points lower than the level a year ago

- The total number of personal injuries per million worked hours (H2) in the last 12 months was reduced from 9,0 to 7,2 compared with 2018

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 3rd quarter and year to date 2019

OPERATING REVENUES, MNOK

Q3 2019	Q3 2018	YTD 2019	YTD 2018
5 878	5 643	17 721	17 487

ADJUSTED OPERATING PROFIT*, MNOK

Q3 2019	Q3 2018	YTD 2019	YTD 2018
291	126	530	283

RETURN ON INVESTED CAPITAL/ROIC, %

Last 12 months	Last 12 months
7,6	8,4

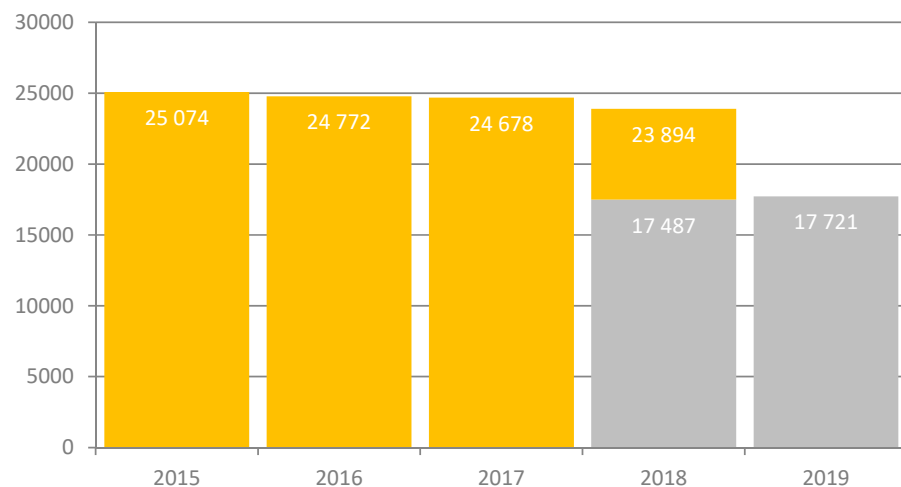
*For descriptions of alternative performance measures, see appendix to the report



Revenue and adjusted profit year to date 2019

Revenue, MNOK

17 721



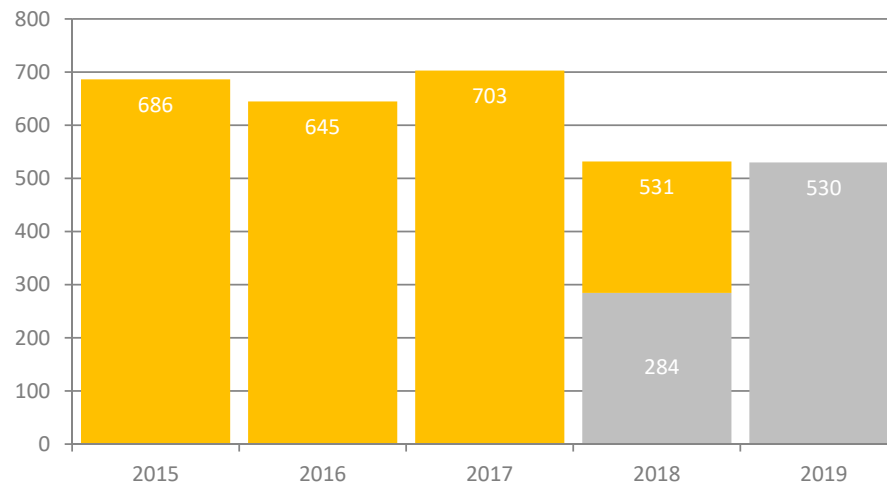
- Organic growth of 2.7 % so far in 2019
- Solid growth in revenue in the Logistics segment, both in Norway and abroad, with an organic growth of 5,7 %
- Reduced revenue of 7,6 % in the Mail segment due to continued fall in addressed volumes (10,8 % in the last 12 months) and the sale of a company
- Unaddressed volumes were reduced by 0,7 % so far in 2019



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Adjusted operating profit, MNOK

530



- Adjusted operating profit for the Logistics segment was MNOK 321, compared with MNOK 45 in 2018. Operational measures and growth increased productivity and improved profitability in the Norwegian parcels and freight network.
- Result improvement in the Mail segment mainly due to comprehensive cost adjustments in operations together with distributions in connection with the municipal and church election in September

The Group implemented IFRS 16 *Leases* on 1 January 2019. The 2018 figures have not been restated and do not include the effects of the standard..

Results 3rd quarter and year to date 2019

Q3 2019	Q3 2018		YTD 2019	YTD 2018	Year 2018
5 878	5 643	Revenue	17 721	17 487	23 894
680	285	EBITDA	1 687	777	1 185
291	126	Adjusted operating profit	530	283	531
250	116	Operating profit (EBIT)	(14)	328	415
(40)	(16)	Net financial items	(92)	(42)	(49)
210	100	Profit before taxes	(107)	286	366
147	76	Profit for the period/year	(195)	221	248

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

See condensed financial statement

3rd quarter and year to date 2019

PART 2:

- Results and segment review

Segment reporting

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Revenue **Adjusted operating profit**

Q3 2019	5 878	291
Q3 2018	5 643	126
YTD 2019	17 721	530
YTD 2018	17 487	284

Segment Logistics



Revenue **Adjusted operating profit**

Q3 2019	4 493	213
Q3 2018	4 242	87
YTD 2019	13 318	321
YTD 2018	12 604	45

Segment Mail



Revenue **Adjusted operating profit**

Q3 2019	1 773	132
Q3 2018	1 770	76
YTD 2019	5 530	369
YTD 2018	5 986	387

MNOK



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The Group implemented IFRS 16 *Leases* on 1 January 2019. The 2018 figures have not been restated and do not include the effects of the standard..



Segment Logistics

E-commerce and logistics

Responsible for all package products for e-commerce customers, in addition to groupage and part load, thermo and warehouse in Norway

International logistics

Responsible for industrial goods and industry solutions for industrial and offshore customers

Express

Responsible for express and home delivery services



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Segment Logistics: Market development

- E-commerce is expected to increase significantly in the time to come
- The Group is initiating delivery of parcels inside the door
- From 2020, the activity level in Norway is expected to be somewhat reduced and the growth to decline further in 2021*
- In Sweden, the boom is considered to be over. The downward adjustment of the growth estimates in the Swedish economy can result in lower demand for logistics services.
- The Group will also establish a separate competitive distribution network for parcels in Sweden in order to achieve further growth and improved profitability in addition to strengthening the market position within e-commerce.

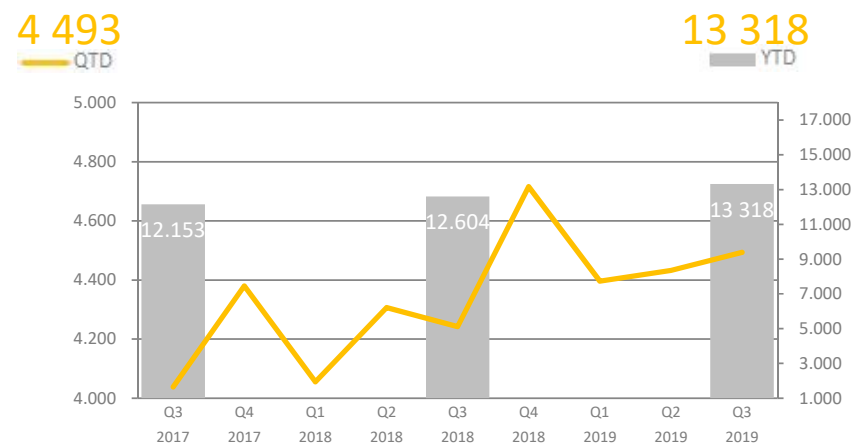
* The state budget 2020



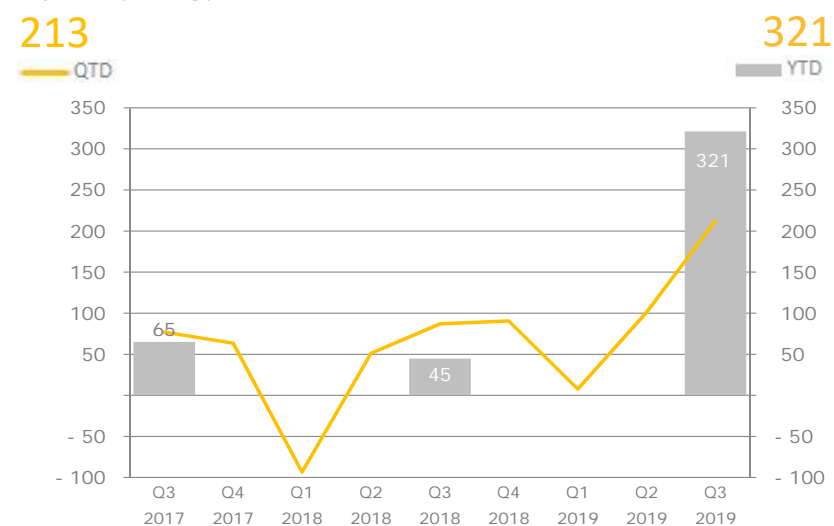
Segment Logistics: Key figures 2019

- Revenue in the 3rd quarter was **MNOK 4 493**
 - Organic growth of 5,1 % in the 3rd quarter
 - The e-commerce volume increased by 19 % in the last 12 months
 - Solid growth in e-commerce to private consumers, contract parcels and home deliveries, in Norway as well as abroad
 - Good growth also within industrial direct freight, forwarding and offshore
- Adjusted operating profit amounted to **MNOK 213** in the 3rd quarter, an improvement of **MNOK 126** compared with the same quarter in 2018
 - The positive development continued for the Norwegian parcels and freight network, where operational measures and growth increased productivity and improved profitability
 - Other areas also had a positive development, such as the parcels and freight business outside Norway

REVENUE, MNOK



Adjusted operating profit MNOK



The Group implemented IFRS 16 Leases on 1 January 2019. The 2018 figures have not been restated and do not include the effects of the standard..



Segment Mail

Mail

Responsible for the traditional postal services in Norway (including licensed services) and includes letter products and banking services, as well as Digipost and dialogue services.

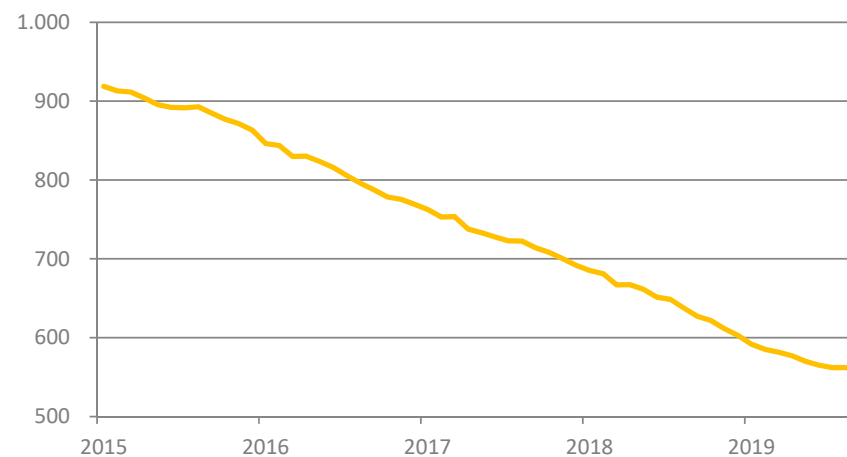
Segment Mail: Market development

- The fall in addressed mail volumes is expected to increase as a consequence of digitalisation within the private consumer market as well as the corporate market
- The decline in volumes of addressed mail in Norway was 10,8 % in the last 12 months
- As part of adjusting to the market, the introduction of mail distribution every other day is planned from the summer of 2020
- The Government's proposal to remove the VAT exemption at imports of goods with a value below NOK 350 will further accentuate the challenges in the mail market.

VOLUM ADDRESSED MAIL, millions

559 (last 12 months)

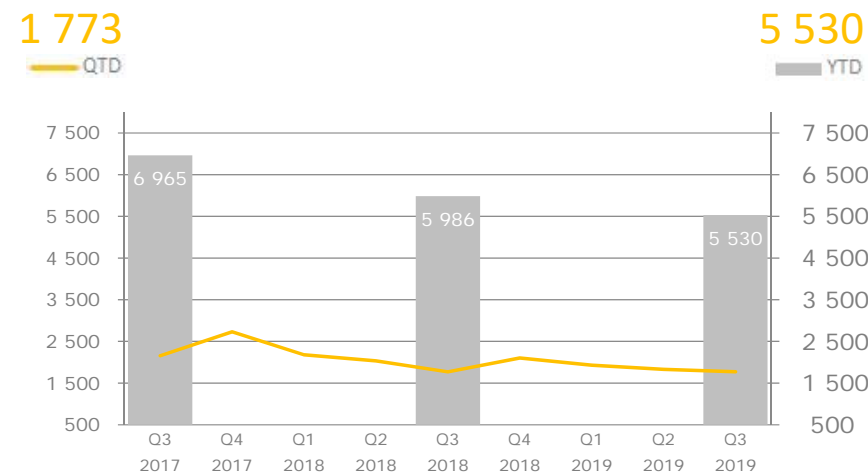
-38,9 % (last 5 years)



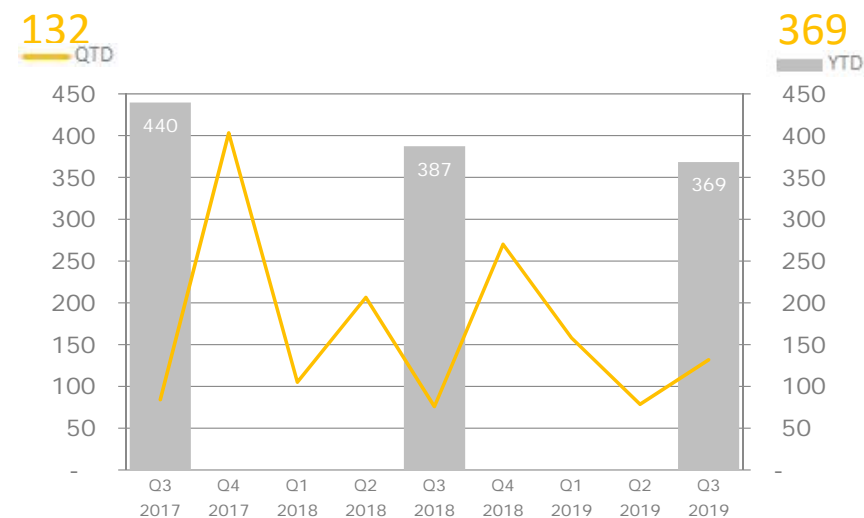
Segment Mail: Key figures 2019

- Revenue in the 3rd quarter was **MNOK 1 773**, the same level as the corresponding period in 2018
- Distributions in connection with the municipal and church election in September contributed positively in the period. Turnover declined as a consequence of the volume fall in addressed mail.
- The adjusted operating result amounted to **MNOK 132** in the 3rd quarter, an increase of MNOK 56 compared with the same period in 2018
- Considerable cost adjustments of operations that to a large extent compensated for the large fall in addressed mail volumes in the 3rd quarter of 2019

REVENUE, MNOK



Adjusted operating profit, MNOK



The Group implemented IFRS 16 *Leases* on 1 January 2019. The 2018 figures have not been restated and do not include the effects of the standard..



Future prospects

- From 2020, lower activity levels are expected in Norway. Growth is expected to slow further down in 2021
- Extended services and larger freedom of choice for the customers
- E-commerce is increasing significantly, and the Group has therefore initiated delivery of parcels inside the door
- The Group will also establish a competitive distribution network for parcels in Sweden
- A new group structure will make the Group more dynamic and vigorous
- Digitalisation and new customer needs require a comprehensive adjustment of the distribution network
- The Norwegian Parliament has approved changes in the Postal Act, and Posten is planning for mail distribution every other day from 1 July 2020
- The Government's proposal to remove the VAT exemption at imports of goods with a value below NOK 350 will further accentuate the challenges in the mail market.



We make everyday
life simpler and the
world smaller

