

Quarterly Report



4TH QUARTER 2019 POSTEN NORGE

4th quarter and preliminary annual result 2019

PART 1:

- Highlights and financial development

PART 2:

- E-commerce and Nordic growth



4th quarter and preliminary annual result 2019

PART 1:

- Highlights and financial development



Tone Wille, CEO



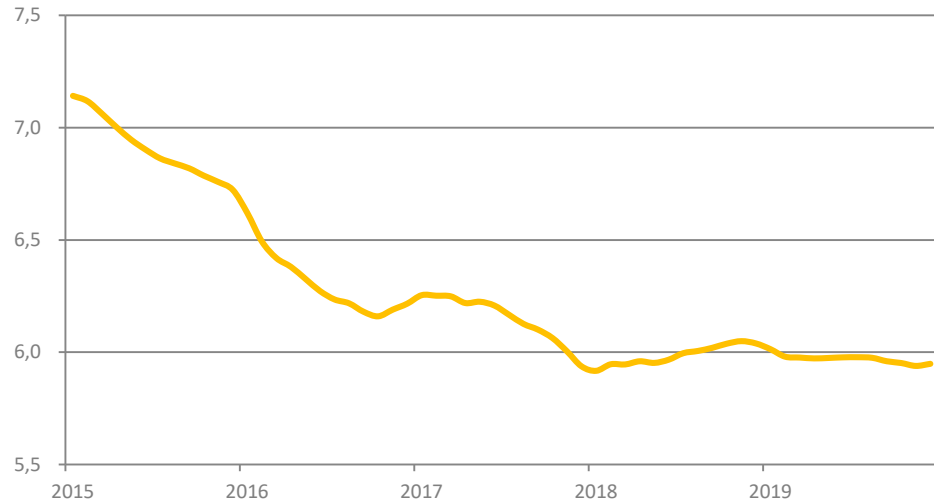
Highlights

- **Organic growth** was 1,8 % in 2019
- Logistics segment had significantly **improved results** in 2019, driven by **high growth** and more cost-efficient operations
- **The result margin** in the Logistics segment increased by 1,8 % points in 2019
- **Good growth** in e-commerce to private consumers. E-commerce volumes increased by 18 % in 2019
- Continued significant **fall in addressed mail volumes** (9,9 % in 2019)
- The Norwegian Parliament has approved **changes to the Postal Act** allowing for mail distribution every other day from July 2020
- Provisions for necessary **restructuring of the postal business**
- Good **delivery quality** with 93,7 % of addressed mail delivered within 2 days in 2019

HSE 2019: Positive development in absence due to sickness and injury frequency

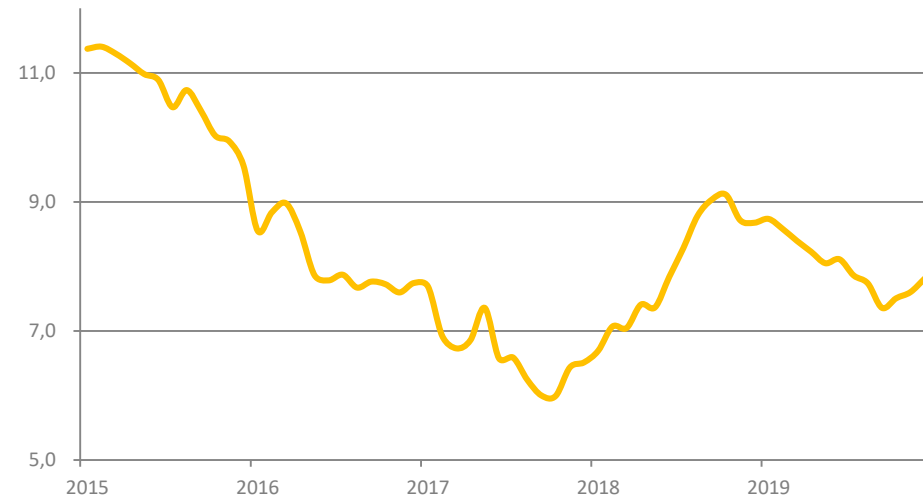
ABSENCE DUE TO SICKNESS GROUP %*

5,9 % (last 12 months)



H2 IN THE GROUP*

7,8 (last 12 months)



- Absence due to sickness in 2019 was 5,9 %, 0,1 % points lower than in 2018

- The total number of injuries per million worked hours (H2) in 2019 was reduced to 7,8, 0,9 lower than in 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.

*Historical data has been adjusted for post-registrations

Financial highlights 4th quarter and the year 2019

Adjusted operating profit considerably improved in 2019

OPERATING REVENUES, MNOK

Q4 2019	Q4 2018	Year 2019	Year 2018
6 490	6 407	24 212	23 894

ADJUSTED OPERATING PROFIT*, MNOK

Q4 2019	Q4 2018	Year 2019	Year 2018
279	245	808	531

RETURN ON INVESTED CAPITAL/ROIC, %

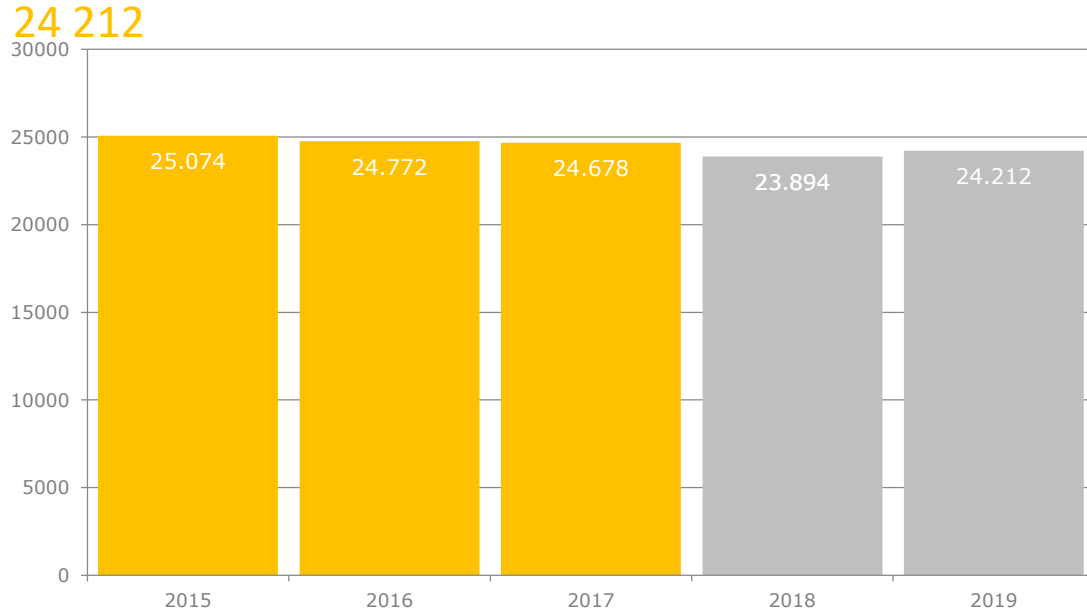
Last 12 months	Last 12 months
7,4	7,3

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



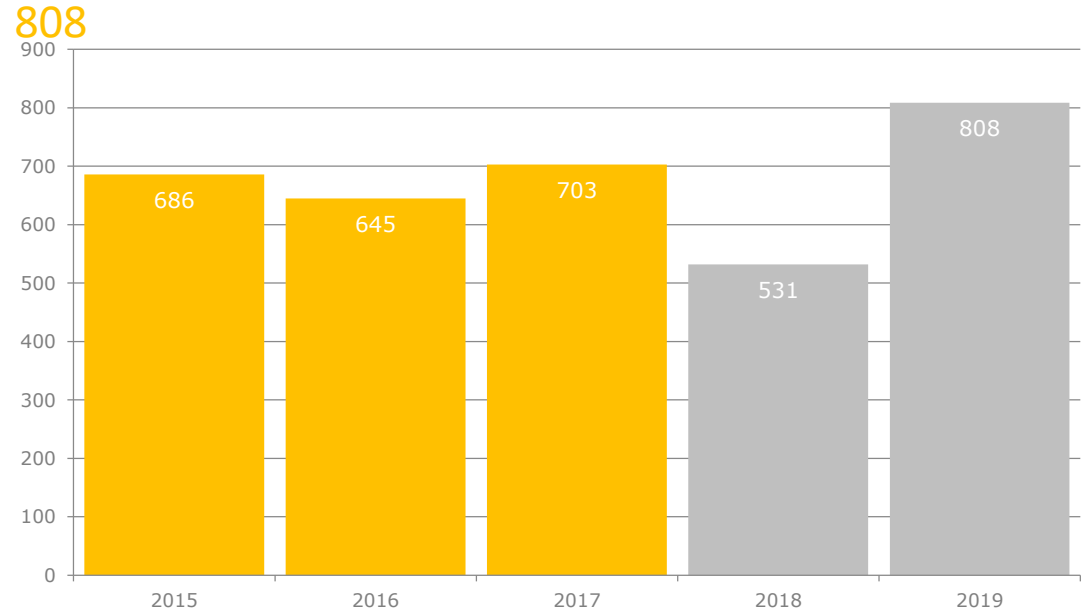
Revenue and adjusted operating profit 2019

Revenue, MNOK



- Organic growth of 1,8 % in 2019
- Solid growth in revenue in the Logistics segment, both in Norway and abroad, with an organic growth of 4,3 %
- Reduced revenue of 5,6 % in the Mail segment due to continued fall in addressed volumes (9,9 % in 2019) and the sale of a company
- Unaddressed volumes reduced by 1,1 % in 2019

Adjusted operating profit, MNOK



- Adjusted operating profit for the Logistics segment was MNOK 462, compared with MNOK 135 in 2018. Operational measures and growth increased productivity and improved profitability in the Norwegian parcels and freight network
- Adjusted operating profit in the Mail segment at the same level as in 2018 mainly due to the fact that comprehensive cost adjustments compensated for the large decline in addressed mail volumes

Results 4th quarter and the year 2019

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 operating 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

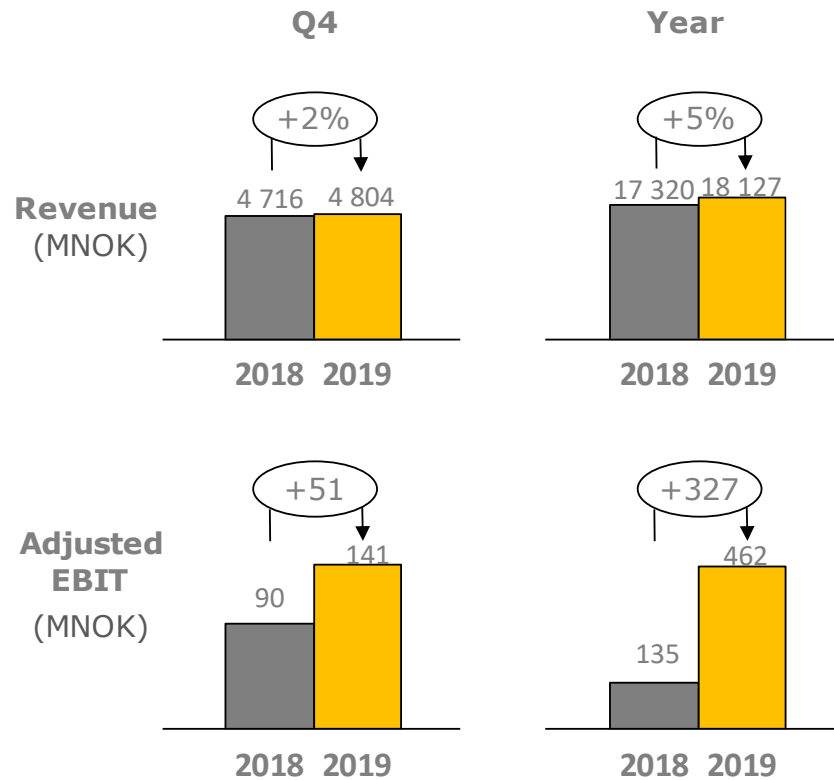
See condensed financial statement

Segment reporting

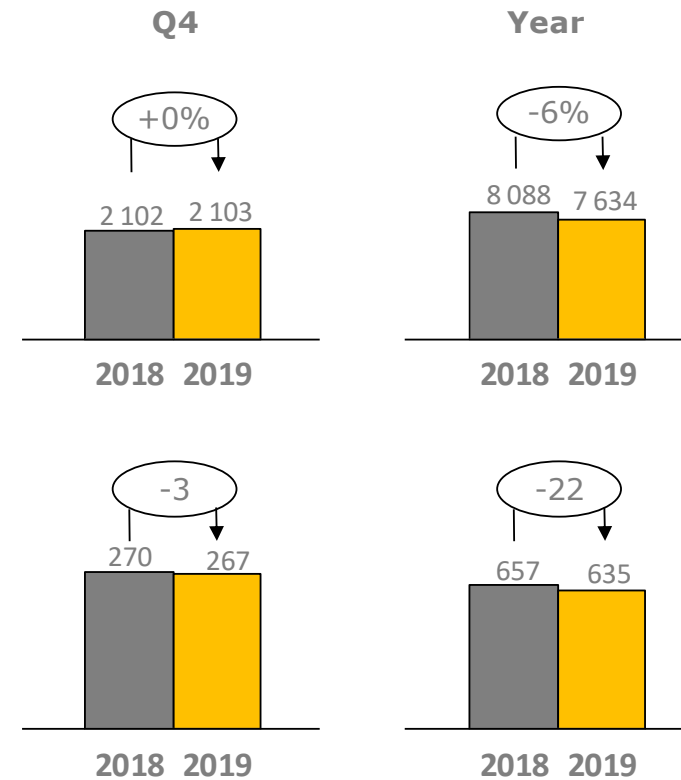
- The Logistics segment had good growth and considerable result improvement

- The Mail segment continued to decline significantly in volume, 9,9 % in 2019

LOGISTICS



MAIL



Segment Logistics: Growth in E-commerce

- E-commerce volumes increased 18 % in 2019
- There was also good growth in home deliveries, forwarding, industrial direct freight and offshore
- New services are tested and launched to give customers increased freedom of choice and make life simpler
- Goods purchased on the internet can be delivered at home or collected at an increasing number of parcels pick-up points
- The delivery network of the future is being designed, and a common network for mail, parcels and freight has been established in Norway
- Capacity and network are also being expanded in Sweden and Denmark in order to offer attractive solutions to Nordic internet shops
- Improvements in the range of services, growth and cost-efficient operations have contributed to a considerably better result in 2019



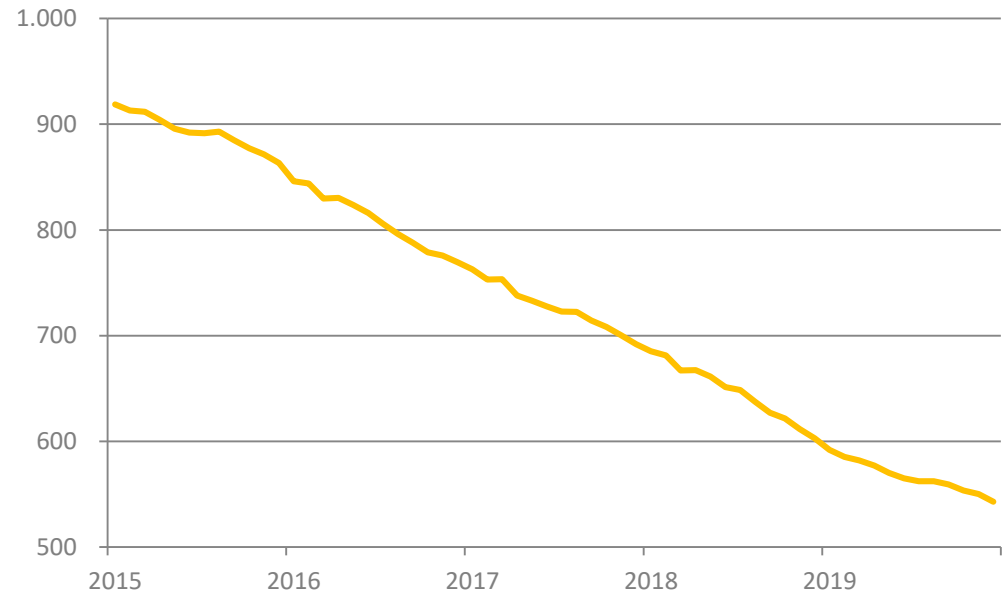
Segment Mail: Digitalisation and a continued fall in volumes

- The decline in volume of addressed mail in Norway was 9,9 % in 2019
- 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
- As part of adjusting to the market, the introduction of mail distribution every other day is planned from the summer of 2020
- The removal of a VAT exemption on the import of goods with a value under NOK 350 will reinforce the challenges in the mail market

VOLUM ADDRESSED MAIL, millions

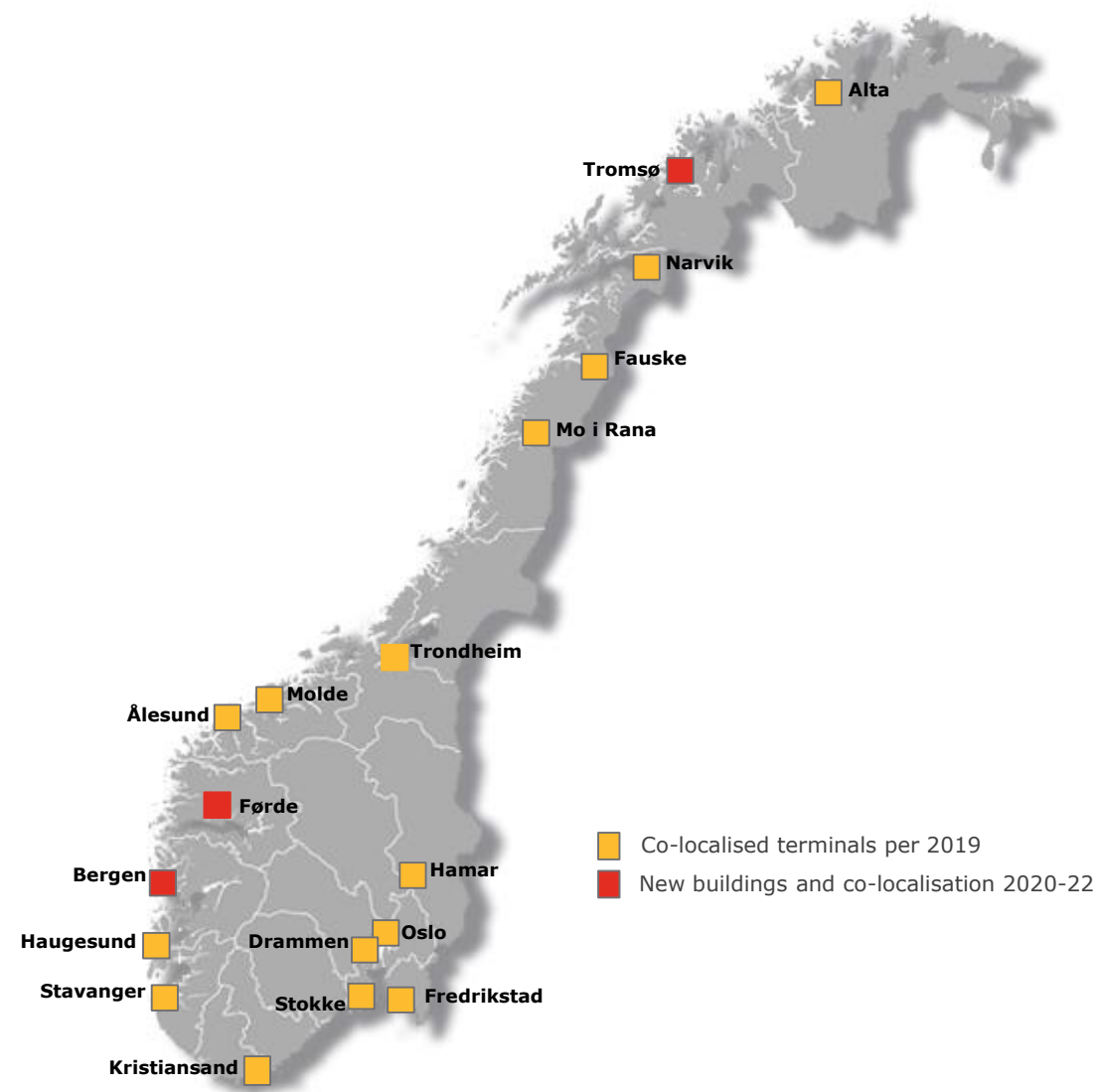
543 (last 12 months)

-41,1 % (last 5 years)



Extended capacity and increased efficiency in production and network

- The logistic network in Norway is the engine of the Norwegian logistic business
- In 2019, we opened two new joint terminals: Vestfold and Stavanger. At the start of 2020, the Hamar terminal was re-opened after rebuilding and expansion
- The new nationwide logistic network will comprise 18 joint terminals for parcels and freight. 15 of these have been put in operation, and the remaining 3 will be ready during 2021/22
- The goal is to make operations more efficient and increase profitability in the Logistics segment



Posten takes an active role in the environmental change. Ambitious goals and focused effort gives results

No one should be injured or sick due to working in the group.



8 ANSTENDIG ARBEID OG ØKONOMISK VEKST

500 more employees at work every day



Only renewable energy sources in vehicles and buildings by 2025



11 BÆREKRAFTIGE BYER OG SAMFUNN

13 STOPPE KLIMAENDRINGENE

40% less CO₂ emissions since 2008



Norges beste innovatører

Hva skal Norge leve av etter oljen. Her er svaret!
SIDE 17 TIL 45



9 INNOVASJON OG INFRASTRUKTUR

TOPP 25:

1. Posten
2. DNB
3. Agder Energi
4. Aker BioMarine
5. Skatteetaten/SI
6. KF
7. Jotun
8. Hurtigruten
9. DNV GL
10. Telenor
11. Yara
12. Miles
13. Itera ASA
14. Kongsberg Gruppen
15. Altinn/Brreg
16. OBOS
17. Visma
18. Norwegian
19. S-Banken





Future prospects

- Growth in the Logistics segment as a result of expected economic growth in Norway. Weaker development in the Swedish economy
- Strong focus on new, better and easier services to meet customer needs
- Investments in new terminals to meet the future's requirement of sustainable deliveries and cost-effective operations
- Continues testing and use of new electric vehicles
- Mail distribution every other day to be introduced from July 2020. Parcels will still be delivered on all weekdays in large parts of the country
- The establishment of a full parcels network in the Nordics in March



We make everyday
life simpler and the
world smaller

