



QUARTERLY REPORT

First quarter 2017

PART 1:

- Highlights and development

PART 2:

- Results and segment review



First quarter 2017

PART 1:

- Highlights and development



Highlights so far in 2017

- Adapt **the organization** to a new era by simplifying the way we operate and reducing the complexity of the structure. Group CEO Tone Wille is changing the Group's overall structure, bringing **service areas** forward and focus on **customers**. From being organised by country, the Group's service areas are now brought forward in the structure. The Group's four new divisions will be: **Mail, E-commerce and logistics, Direct transports** and **Express and home deliveries**.
- At the same time, a new entity is being established. Digital innovation, which will drive greater pace and momentum in the work of digital innovation based on new customer needs. Key keywords are the digitalisation of work processes, tools and customer service.
- On Thursday 11 May, Posten and Bring's new **logistics centre Narvik** was opened. 120 persons are connected to the logistics centre covering Lofoten, Vesterålen, Harstad, Narvik and Indre Troms. The logistics centre will handle **1,3 million parcels** and more than **50 000 tons of freight** annually.
- The increase in **private e-commerce** continued in the first quarter of 2017, and the Group's e-commerce trade experienced a growth of 15 %.
- In the first quarter of 2017, the result for deliveries of Priority mail delivered overnight was **86.0 %** , which is 1.0 percentage point over the licence requirement.
- **Absence due to sickness** was 6.6 %, in line with the same quarter in 2016.

Financial highlights 1st quarter 2017

REVENUE, MNOK

Q1 2017

6 094

Q1 2016

6 199

EBITE*, MNOK

Q1 2017

191

Q1 2016

18

RETURN ON INVESTED CAPITAL/ROIC*, %

Last 12 months

11.2

Last 12 months

6.8

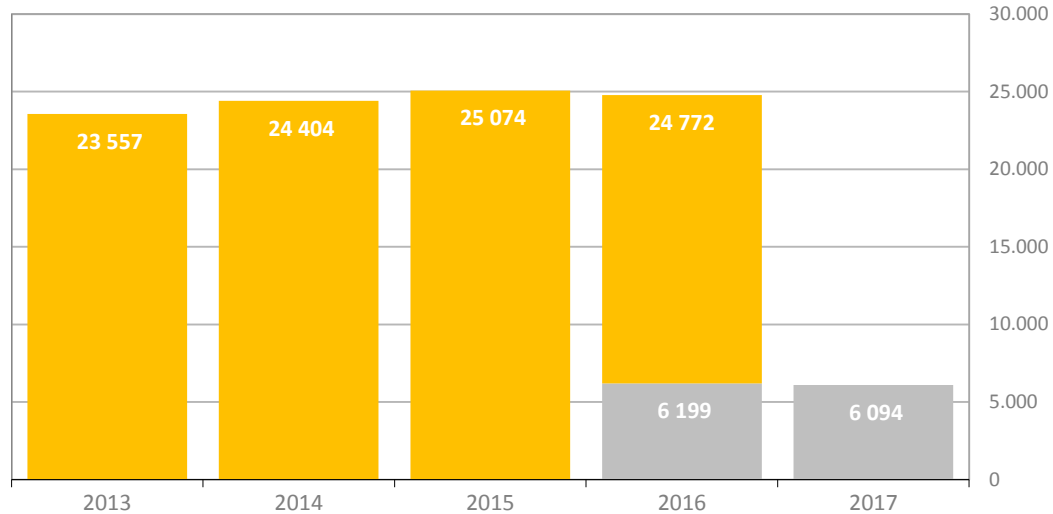
*For descriptions of alternative performance measures, see financial report 2016



Revenue and EBITE, 1st quarter 2017

REVENUE MNOK

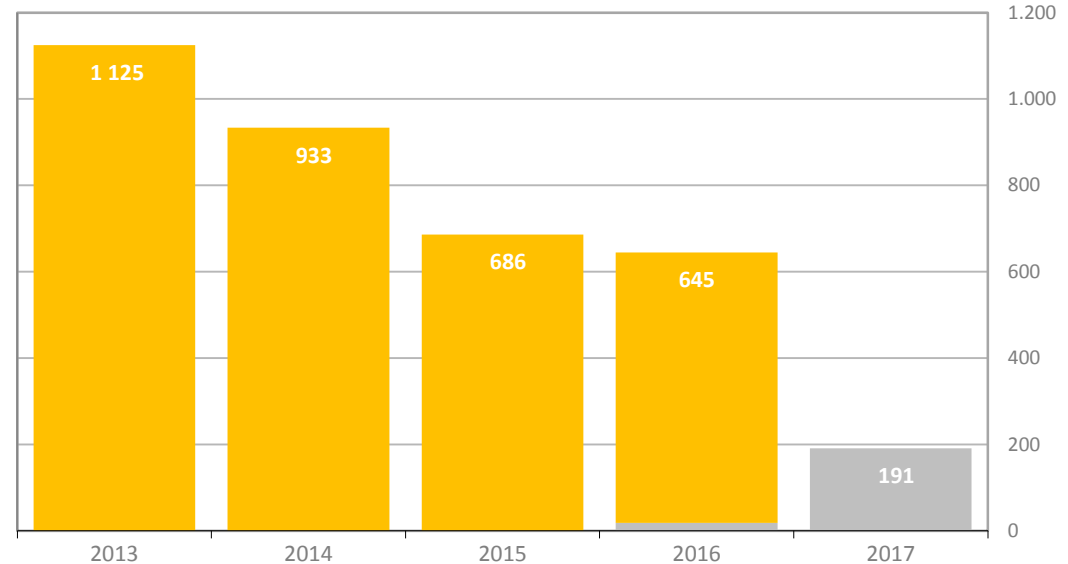
6 094



- Falling volume of addressed mail was offset by higher prices, increased volume of unaddressed advertising and several business days
- Low activity in the oil sector affected turnover negatively. Strong growth in private e-commerce and more working days contributed positively,

EBITE, MNOK

191



- Cost adjustments in operations, the winding-up of Saturday distributions and more working days contributed to a positive result.
- The logistics businesses in Sweden and Denmark demonstrated considerably improved profitability.

Results

Amount in MNOK

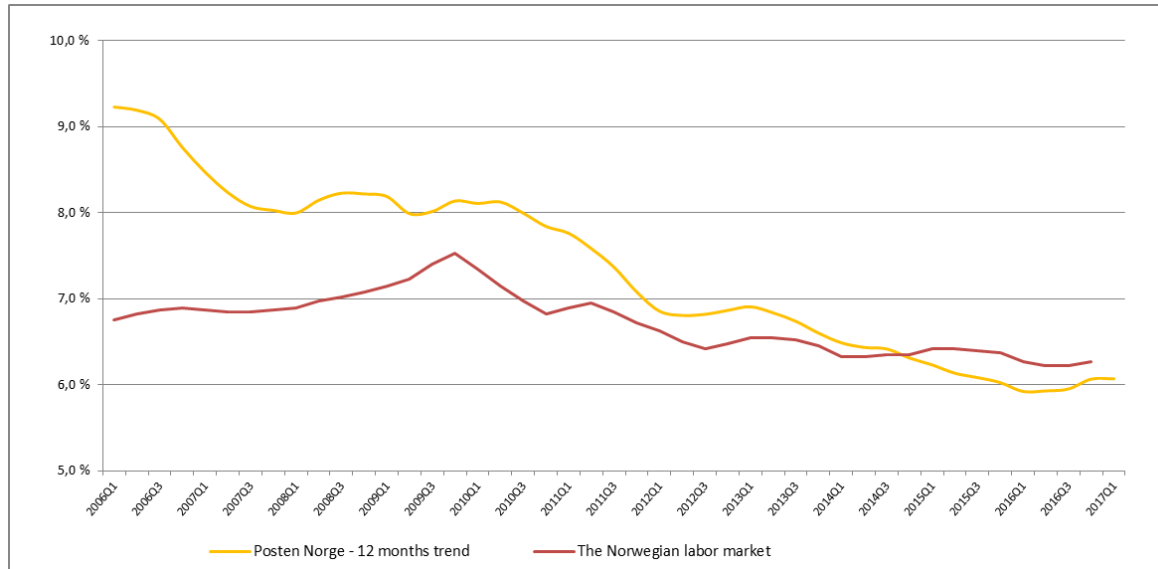
Q1 2017	Q1 2016		Året 2016
6 094	6 199	Operating revenues	24 772
353	195	EBITDA	1 339
191	18	EBITE	645
203	25	EBIT	178
1	3	Net financial items	52
204	28	Income before taxes	230
156	20	Net income/-loss	39

Alternative performance measures applied in the quarterly report are described in the Financial Report 2016

HSE: Absence due to sickness showed a slight increase compared with the same quarter in 2016

ABSENCE DUE TO SICKNESS, GROUP percent

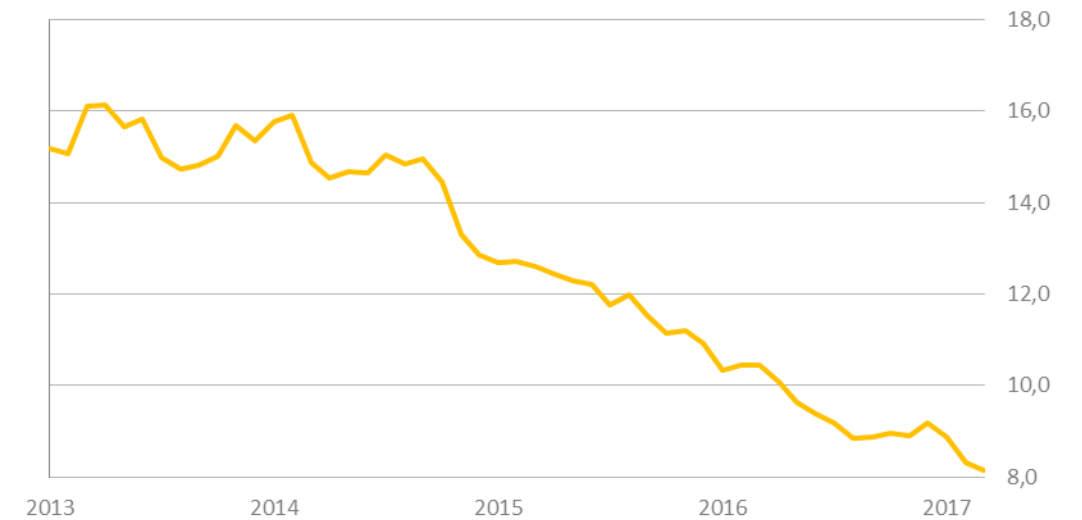
6.1 % (last 12 months)



- Absence due to sickness increased by 0.1 percentage point compared with the first quarter 2016.
- The Group's aim is to maintain a working environment focusing on health where nobody gets injured or sick as a consequence of their work.

H2 IN THE GROUP

8.1 (last 12 months)



- The total number of personal injuries per million worked hours (H2) was 7.8 in the first quarter of 2017.
- The injury frequency from the last 12 months was reduced from 10.4 to 8.1.

First quarter 2017

PART 2:

- Results and segment review

Segment reporting

Posten Norge



MNOK	Revenue	EBITE
Q1 2017	6 094	191
Q1 2016	6 199	18

Segment Mail



Revenue	EBITE
2 494	250
2 512	176

Segment Logistics



Revenue	EBITE
3 985	-11
4 094	-84



Segment Mail

- Letter products
- Banking services
- Dialogue services

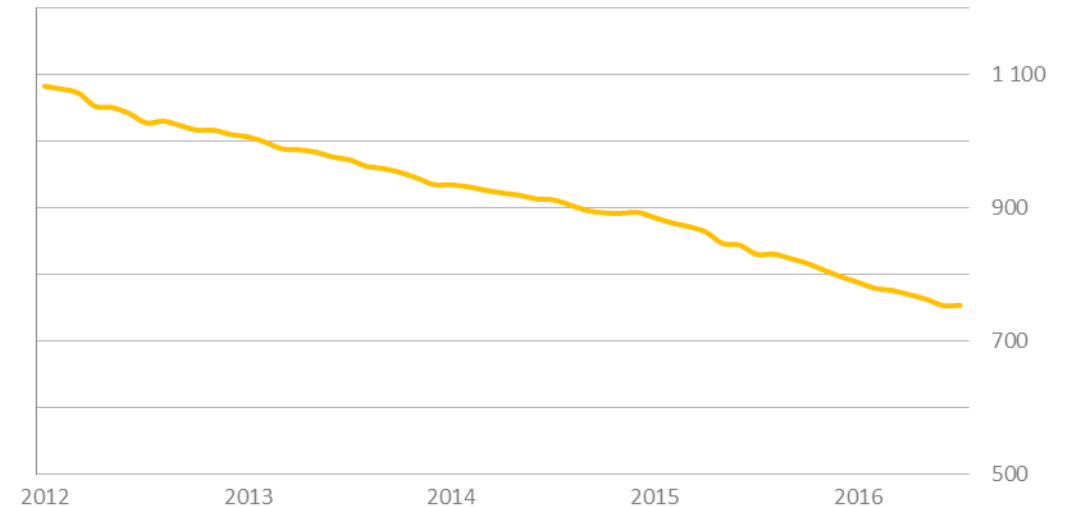
Segment Mail: Market development

- The volume decline continues in 2017 as a consequence of our customers digitalisation.
 - The volume decline of addressed mail in Norway was 7.6 %, and 12 % when adjusted for the number of working days.
 - In the first quarter of 2017, the volume related to unaddressed mail increased by 14.2 %. More working days and increased volumes from large customers were the main reasons for the growth.
 - Bring Citymail Sweden had an increase in volume of 15.6 %.
- The Group is implementing a number of measures to adjust the operations and cost level to the decline in mail volumes. The transition to one mail stream will be implemented from 2018.

VOLUME ADDRESSED MAIL (NORWAY), millions

753 (last 12 months)

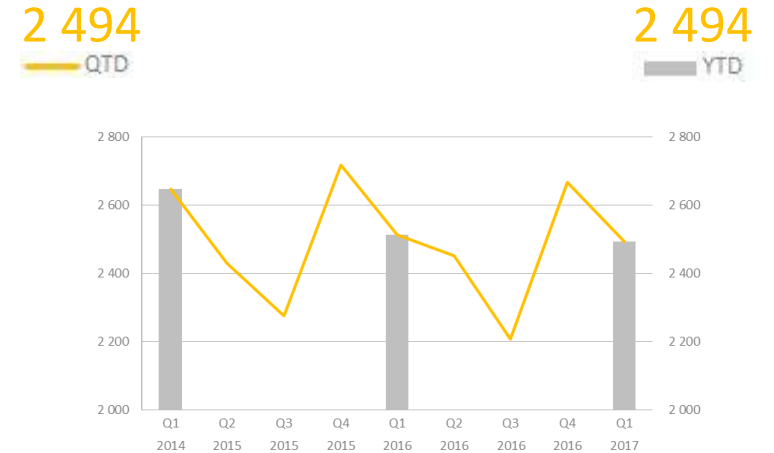
-30.4 % (last 4 years)



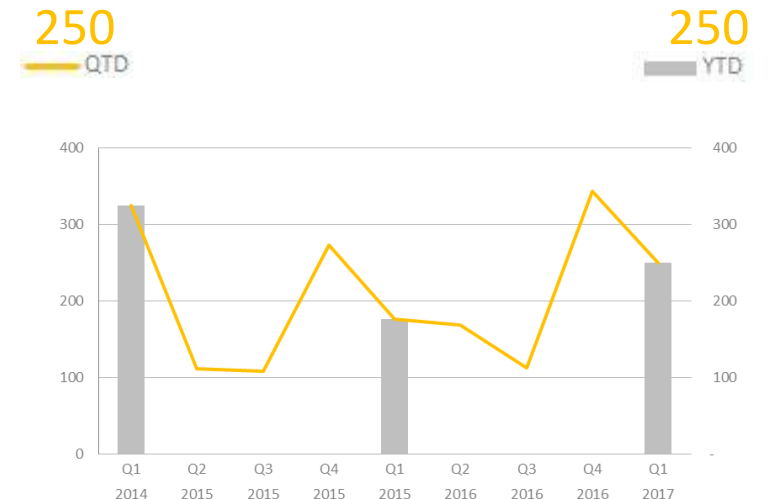
Segment Mail: Key figures 2017

- Revenue in the first quarter of 2017 amounted to **MNOK 2 494**, MNOK 18 weaker than last year.
 - Increased prices on addressed mail, higher volumes of unaddressed advertising material and more working days contributed to a decline in revenue that was marginal.
- Adjusted result (EBITE) was **MNOK 250** in the first quarter of 2017, MNOK 74 better than in the same period in 2016.
 - Efficiency measures as a consequence of the winding-up of Saturday distributions, operational adjustments to lower volumes and cost-effective operations contributed to an improvement of the adjusted result (EBITE).
 - The Mail segment is dependent on structural changes to adjust the service offer in line with the declining volumes and to maintain a satisfactory profitability. One measure being prepared by Posten is the transition to one addressed mail stream from 2018.

REVENUE, MNOK



EBITE, MNOK





Segment Logistics

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

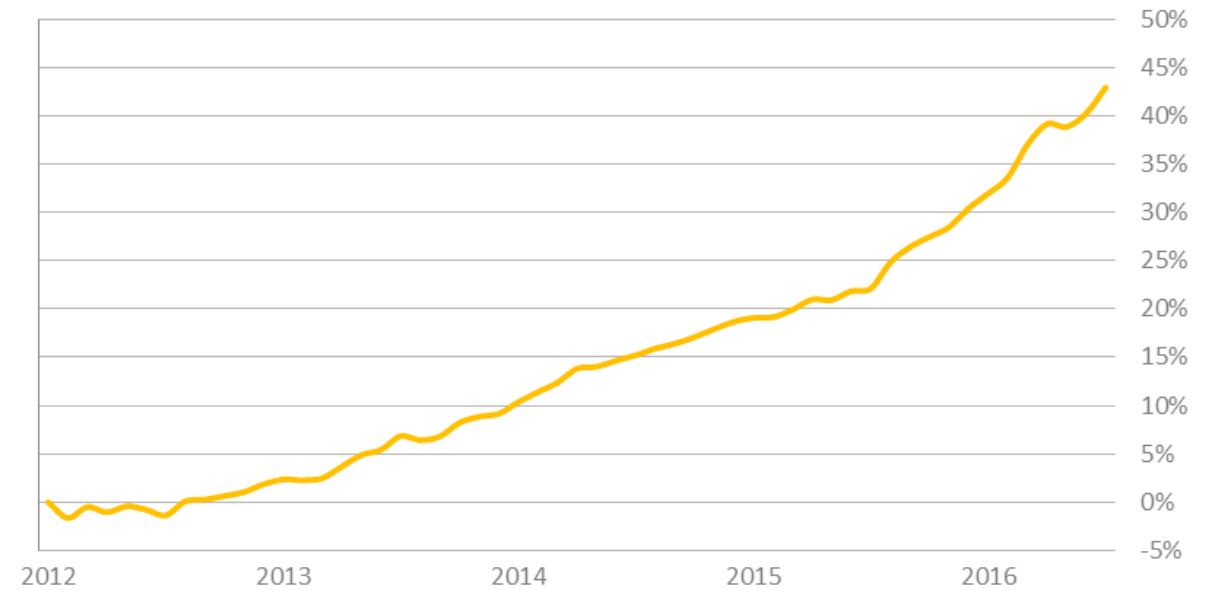
Segment Logistics: Market development

- Weak economic growth in mainland Norway
- Low activity in the oil sector
- Positive development as a consequence of high volume growth in private e-commerce and increased home deliveries in Sweden and Denmark

E-COMMERCE VOLUME DEVELOPMENT FROM Q4 2012, %

17.1 % (last 12 months)

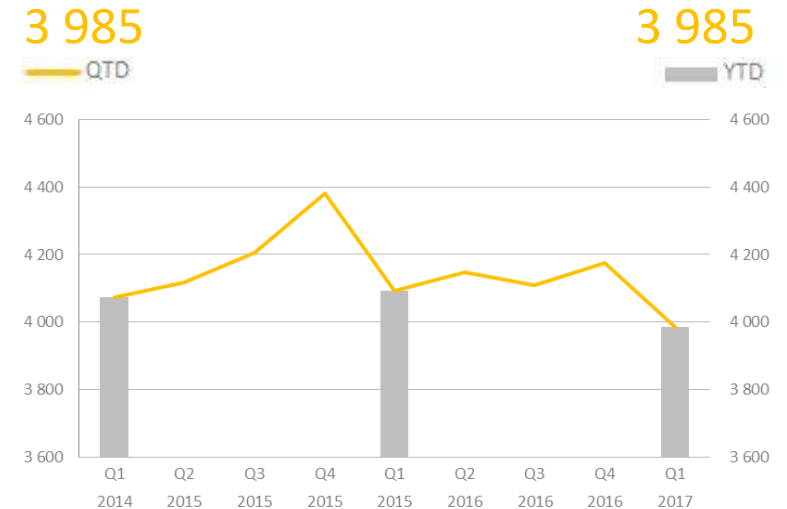
43.0 % (last 4 years)



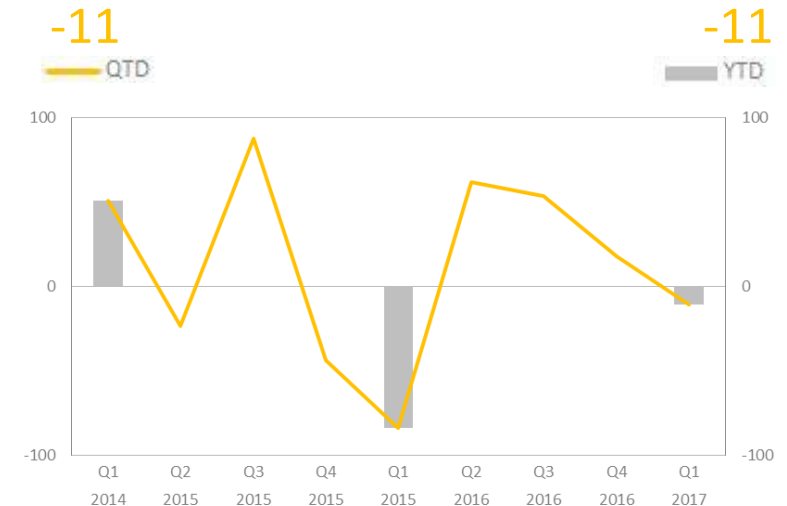
Segment Logistics: Key figures 2017

- Revenue in the first quarter of 2017 amounted to **MNOK 3 985**, a reduction of **MNOK 109** from the same period in 2016
 - Low activity in the oil sector impacted turnover negatively.
 - High volume growth from private e-commerce contributed positively.
 - In addition, revenue was positively influenced by more working days.
- Adjusted result (EBITE) showed a loss **MNOK 11** in the first quarter of 2017, an increase of **MNOK 73** from the same period in 2016.
 - More working days, new sales, cost adjustments and the winding up of unprofitable freight business in Sweden contributed to the increase.
 - Improved profitability as a consequence of high volume growth in private e-commerce and increased home deliveries in Sweden and Denmark
 - A number of cost measures to improve profitability in the segment have been initiated.

REVENUE, MNOK



EBITE, MNOK





Future prospects

- In 2017, the fall in petroleum investments is expected to slow down, together with growth in exports and an increase in private demand. The Norwegian economy is on its way to a cautious recovery.
- The strong economic expansion in Sweden is expected to continue also in 2017. It is mainly the export businesses that contributes to the growth.
- Increasing volume decline in the Mail segment as a consequence of our customers digitalisation. From 2018, one mail stream with two days forwarding time is introduced. As a consequence, mail transports by plane will be reduced, with a transfer to a more environmentally friendly transport by train.
- In the state budget for 2017, MNOK 177 have been granted for the procurement of commercial non-viable postal services. This is MNOK 316 lower than the estimated need for 2017.
- The offer of postal services must be adapted to a dramatically changed market situation. This requires political decisions, and that Posten is given predictability of state payment for imposed, unprofitable services.
- A new logistics centre at Alnabru in Oslo, a new mail and logistics centre in Trondheim, and a new joint terminal in Göteborg will open during 2017.
- The Group is implementing a new strategy with the objective to simplify the business, improve customer orientation and strengthen profitability.
- Posten Norge has already achieved the goal of reducing its own greenhouse gas emissions by 40 % from 2008 to 2020. Now the group has launched a new target: "Posten and Bring - renewable by 2025".