Quarterly Report

1st quarter 2020

Posten Norge

Message from the CEO

The world was hit by the Corona pandemic in the first quarter. Strict restrictions and infection control routines were introduced, and the Group's critical role in society was immediately demonstrated.

While international trade and parts of business life more or less halted, households increased their web shopping and had goods delivered at their homes. This has resulted in large volume changes in the Group's business. We have to a large extent succeeded in adjusting operations to the fluctuations in volume.

I am proud of a very dedicated organisation that has mobilised additional energy and efforts to ensure high quality deliveries of critical social importance to our customers. The crisis has so far been managed in a satisfactory manner.

In the first quarter, the Group had a good result. Adjusted operating profit in the first quarter was MNOK 153, MNOK 46 better than in the same period last year. Within the Logistics segment, growth and operational measures have resulted in increased productivity and improved profitability. The e-commerce volume in the last 12 months increased by 15 percent, with added growth towards the end of the quarter. In the Mail segment, the volume fall continued with a decline in addressed mail of 11 percent in the first quarter of 2020, further intensified by the Corona situation. The process of transferring to mail distribution every other day from 1 July is on schedule.

Posten makes everyday life simpler, and several of our services have proved to be especially relevant during the Corona crisis. Parcels delivered at home or in the mailbox have increased significantly; this also applies for sendings from the customers' own mailbox. Customer habits are changing – maybe with a lasting effect.

In order to strengthen the range of services and come closer to the customer, Bring in Sweden has established 1700 delivery points all over the country, giving the Group full Nordic coverage. In addition, a new terminal was opened on 1 April in Uddevalla, further strengthening Bring's capacity and network in Sweden.

In Norway, Coop and Posten have started to cooperate on home deliveries of groceries. The ordering system will be implemented in stages. The solution is the first of its kind to make home deliveries of groceries all over the country possible. The Coop agreement shows that we think anew and develop partnerships to meet new requirements.

During the Corona crisis, we have quickly adjusted to new needs including solutions for contact-free deliveries and signing in order to comply with the infection control routines. As a standby partner for the Red Cross in Sweden, we have delivered infection control equipment and contributed with freight for the #3dprintdugnaden.

During the pandemic crisis we have seen record-high levels of customer satisfaction and loyalty. At the same time, we are experiencing that businesses are thinking long-term and start to place orders for dates ahead. This gives reason for optimism and faith in the future. Nevertheless, our most important duty is to take care of life and health in this demanding time.

Tone Wille

Group CEO

Main features

The Group's turnover in the first quarter was MNOK 5 964, an increase of 0,9 percent compared with the first quarter in 2019. Organic growth in the quarter was 1,3 percent. Adjusted operating profit in the first quarter was MNOK 153, MNOK 46 better than in the same period last year.

The Logistics segment developed positively as a result of solid growth and productivity improvements. From the middle of March, the Corona pandemic caused a decline in activities in the business market, whereas the private consumer market experienced positive effects due to strong growth in e-commerce.

In the Mail segment, the result development in the first quarter of 2020 was negative, as expected. Cost adjustments in operations were not adequate to compensate for the large declines in addressed and unaddressed volumes which were exacerbated by the Corona pandemic from the last half of March.

The operating result (EBIT) in the first quarter was MNOK 158, an improvement of MNOK 183 compared with the same period in 2019. Some of the explanation for the improvement is that MNOK 119 for restructuring in the postal business was provided for in the first quarter of 2019.

The financial result in the first quarter was MNOK 125 weaker than in the first quarter of 2019. This was mainly a consequence of unrealised losses on fund investments following a drop in the bond market due to the Corona pandemic.

The Group's profit before tax was MNOK 21 in the first quarter, an improvement of MNOK 58 compared with 2019. The profit after tax was MNOK 9, an increase of MNOK 47 compared with 2019.

Return on equity (ROE) in 2019 was 0,9 percent in the first quarter, a decline of 2,6 percentage points compared with the first quarter of 2019. The return on invested capital (ROIC) in the first quarter was 7,9 percent, a decline of 0,3 percentage points compared with the first quarter 2019 (the last 12 months comparative figure for the first quarter of 2019 includes figures from 2018 which have not been adjusted to reflect the implementation of IFRS 16).

Profit development (unaudited)

Q1 2020	Q1 2019		Year 2019
5 964	5 913	Revenue	24 212
527	489	EBITDA	2 361
153	106	Adjusted operating profit	808
158	(25)	Operating profit (EBIT)	162
(137)	(13)	Net financial items	(142)
21	(38)	Profit before tax	21
9	**(38)**	**Profit after tax**	**13**

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

Condensed financial statement are shown on page 12

Key financial figures (unaudited)

		Q1 2020	Q1 2019	Year 2019
Adjusted profit margin	%	2,6	1,8	3,3
Operating profit (EBIT) margin	%	2,6	(0,4)	0,7
Equity ratio	%	32,5	31,9	32,0
Return on invested capital/ROIC*	%	7,9	8,1	7,4
Return on equity (after tax)*	%	0,9	3,6	0,2
Net interest-bearing debt		3 866	4 722	3 655
Investments, excluding acquisitions		139	192	646

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

*Last 12 months

Balance sheet (unaudited)

	31.03 2020	31.12 2019
ASSETS		
Non-current assets	12 428	12 171
Current assets	7 708	7 696
Assets	**20 136**	**19 867**
EQUITY AND LIABILITIES		
Equity	6 536	6 363
Provisions for liabilities	1 233	1 178
Non-current liabilities	5 736	5 602
Current liabilities	6 629	6 724
Equity and liabilities	**20 136**	**19 867**

The changes in the balance sheet are generally affected by the fact that the Norwegian krone has significantly weakened against other currencies compared with 31 December 2019. Assets and liabilities in foreign currencies have increased in value.

The change in non-current assets was mainly a result of increased values of financial derivatives. In addition, investments were made in intangible assets and tangible fixed assets, as well as in a new terminal in Kristiansand.

Current assets primarily changed due to an increase in accrued income and financial derivatives. Losses related to fund investments contributed to a reduction of the Group's liquid assets.

The change in non-current liabilities was due to increased long-term lease liabilities and an increase related to value changes on long-term loans.

The reduction in non-current liabilities was mainly caused by a down payment of certificate loans of MNOK 100 and an ordinary instalment of current interest-bearing liabilities of MNOK 50. There was also an increase related to value changes in short-term loans.

Cash flows (unaudited)

Q1 2020	Q1 2019		Year 2019
328	178	Cash flows from operating activities	2 151
(140)	(144)	Cash flows used in investing activities	(339)
(364)	(210)	Cash flows used in financing activities	(1 514)
(176)	**(176)**	**Change in liquid assets**	**298**
3 912	3 614	Liquid assets at the beginning of the period	3 613
3 735	**3 438**	**Liquid assets at the end of the period**	**3 912**

Cash flows from operating activities were positive, mainly due to a positive operating result before depreciation. Paid income taxes reduce operating cash flows.

The negative net cash flows from investing activities were mainly due to net investments in IT development, plant in progress and other operating fixed assets. In addition, the sale of Bring Frigo AS had a negative cash effect.

Cash flows from financing activities concerned ordinary instalments on lease liabilities, payment of ordinary instalments of loans and repayment of certificate loans.

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 service area home deliveries in the Nordics. Division International Logistics is responsible for industrial direct freight and industry solutions for manufacturing and offshore customers. Holdings & Ventures shall maximise the value of portfolio companies and venture investments in the Nordics and includes the Group's thermo operations and express services.

Q1 2020	Q1 2019		Year 2019
4 471	4 371	Revenue	18 127
355	261	Segment profit (EBITDA)	1 488
99	8	Adjusted profit	462
106	**4**	**Segment operating profit (EBIT)**	**364**

The Logistics segment turnover increased in the first quarter 2020 by MNOK 100. The organic growth was 2,3 percent. The strong growth in e-commerce to private consumers continued, and the e-commerce volume increased by 15 percent in the last 12 months. The Corona pandemic contributed to increased growth, particularly towards the end of the quarter. Growth was also good in home deliveries and offshore, but thermo declined due to the sale of the Norwegian subsidiary Bring Frigo AS effective from 1 February 2020.

Adjusted operating profit for the Logistics segment was MNOK 99 in the first quarter 2020, an improvement of MNOK 92 compared with the first quarter 2019. Operating profit (EBIT) in the first quarter was MNOK 106, MNOK 102 better than the same period last year. Growth and efforts in operations increased productivity and improved profitability for parcels, home deliveries, offshore and forwarding.

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.

Q1 2020	Q1 2019		Year 2019
1 631	1 929	Revenue	7 634
200	280	Segment profit (EBITDA)	1 128
94	158	Adjusted profit	635
94	**30**	**Segment operating profit (EBIT)**	**120**

The Mail segment turnover fell by MNOK 298 in the first quarter of 2020 due to the volume falls in addressed and unaddressed mail. Addressed mail declined by 11,0 percent in the first quarter of 2020, and unaddressed mail declined by 27,5 percent. The Corona pandemic negatively affected the volume in the last part of the quarter.

Adjusted operating profit for the Mail segment was MNOK 94 in the first quarter, a reduction of MNOK 64 compared with the first quarter of 2019. Comprehensive cost-adjustments to operations were carried out, although not adequate to compensate for the large volume decline.

The operating result (EBIT) in the first quarter was MNOK 94, an improvement of MNOK 64 compared with the first quarter in 2019. The operating result in the first quarter of 2019 included a provision of MNOK 119 for restructuring related to the moving of Route Preparation and parts of Posten's Advertising Centres.

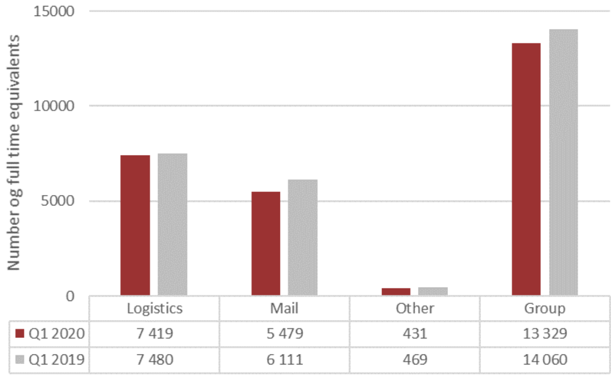
In the first quarter, 91,0 percent of addressed mail was delivered within 2 days. This was well above the license requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 31 March 2020 was 13 329 full-time equivalents, a reduction of 731 full-time equivalents compared with the same period in 2019. In the Mail segment, the workforce decreased by 632 full-time equivalents, mainly related to reductions within mail distribution and production. In the Logistics segment, the workforce was reduced by 61 full-time equivalents.



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. In 2020, the absence due to sickness is expected to be affected by the Corona pandemic. The first effects of this impacted the March result.

In the first quarter of 2020, absence due to sickness in the Group was 6,8 percent, 0,2 percentage points higher than in the first quarter 2019. Absence due to sickness for the year 2019 was 5,9 percent. After the first quarter, the 12 month trend has increased to 6,0 percent, a development attributed to the Corona pandemic.

The total number of injuries per million worked hours (H2) was 6,6 in the first quarter of 2020, a reduction of 1,8 from the same period in 2019. The injury frequency for the last 12 months is 7,4, a reduction of 1,0 from the same period in 2019. The number of personal injuries fell from 204 to 174 for the same period.

The external environment

The Group is continuing its goal-driven work for a sustainable development and reduced climate footprint.

Efforts to establish sub-goals for which cities will have renewable mail and parcel distribution by 2023 are well underway.

Posten and Bring continue to test environmentally effective vehicles. Enova has granted support for two electric lorries to operate in the Oslo area. One of them will be used for home deliveries, and the other for distributing parcels in the centre of Oslo. Efforts are also being made to enable the piloting of two biogas vehicles, on both compressed and liquid biogas. This will give the Group useful experience for further implementation.

Regulatory issues

As approved by the Norwegian Parliament in connection with the state budget for 2020, VAT has been introduced on all e-commerce import of goods, regardless of value, from 2020. For food articles, this took effect from 1 January 2020. For other types of goods previously encompassed by 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 applied from 1 April. The foreign sales organisation or e-commerce platform offering goods to Norwegian consumers has the responsibility for this. The Group expects that this change will have a negative effect on import volumes.

Future prospects

The Corona pandemic has negative consequences for the Norwegian and Nordic economies. According to preliminary calculations, the mainland economy in Norway fell by approximately 14 percent in March. In Sweden, the decline in the economy is expected to be approximately 11 percent in the second quarter 2020. The recession will probably continue after restrictions have been reduced, but it is uncertain for how long[1]. Over time, profitability and activity levels in the logistics industry are largely influenced by the general level of activity in the economy. In the short-term, the corona pandemic is causing major changes in the demand for various logistics services. Demand from the corporate market is declining relatively sharply, whereas e-commerce to private consumers has increased markedly from the middle of March. Home delivery of goods and medicines has experienced high growth. It is too early to say to what extent these changes will be permanent when society returns to a more normal situation.

The main priorities during the Corona pandemic are to safeguard life and health, and the Group's critical role in society. The Group complies with all recommended infection-reduction advice and remains on standby to ensure deliveries important for mail, goods and provisions to the entire country and in the Nordics. A Group-wide standby group has been established to monitor the situation and implement necessary measures.

In addition, the financial consequences of the Corona pandemic are closely followed up. The Group is solid, with a strong liquidity reserve, and the financial covenants are presently met by a good margin.

How serious the consequences the Corona pandemic will be for the demand and profitability development of the Group's logistics business will depend on factors like the duration of the close-down of society, and whether the Corona pandemic is followed by a financial recession that in turn affects the activity level in the logistics industry.

For the Group's mail business, the Corona pandemic has resulted in cancelled advertising campaigns, increased fall in addressed mail volumes and negative financial consequences. We have, however, reason to believe that the demand for unaddressed advertising will increase when society returns to a normal situation. Addressed mail volumes will continue to decline considerably due to increased digitalisation in the private and corporate markets, and the consequence will be considerable profitability challenges in the years to come. There is a significant need for restructuring operations to adjust the business to the market development. One element of this adjustment is the introduction of mail distribution every other day from 1 July 2020, combined with new solutions for greater choice and flexibility.

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.

Oslo, 19 May 2020

The Board of Posten Norge

1) Source:

ssb.no, Konjunkturtendensene 2020/1, https://www.ssb.no/nasjonalregnskap-og-konjunkturer/artikler-og-publikasjoner/brastopp-for-norsk-okonomi

Konj.se, Uppdatering av konjunkturbilden, https://www.konj.se/publikationer/konjunkturlaget/konjunkturlaget/2020-04-29-uppdatering-av-konjunkturbilden.html

Financial Report

1st quarter 2020

Posten Norge

Condensed income statement

Q1 2020	Q1 2019		Note	Year 2019
5 964	**5 913**	**Revenue**	**1**	**24 212**
2 566	2 593	Costs of goods and services		10 340
2 214	2 259	Payroll expenses		8 846
375	383	Depreciation and amortisation	2,3	1 552
2	9	Write-downs	2,3	172
656	570	Other operating expenses		2 666
5 813	**5 815**	**Operating expenses**		**23 575**
	(128)	Other income and (expenses)	5	(479)
7	5	Share of profit from associated companies		5
158	**(25)**	**Operating profit**	**1**	**162**
(137)	(13)	Net financial items		(142)
21	**(38)**	**Profit before tax**		**21**
11		Tax expense		8
9	**(38)**	**Profit after tax**		**13**
6	(39)	Controlling interests		(2)
3	1	Non-controlling interests		15

Condensed statement of comprehensive income

Q1 2020	Q1 2019		Year 2019
9	**(38)**	**Profit after tax**	**13**
		Pension remeasurement	(25)
		Items that will not be reclassified to income statement	**(25)**
(46)	22	Hedging of net investment	21
214	(60)	Translation differences	(45)
168	**(38)**	**Translation differences**	**(23)**
(5)	**2**	**Cash flow hedging**	**2**
163	**(36)**	**Items that will be reclassified to income statement**	**(21)**
163	**(36)**	**Other comprehensive income (loss)**	**(47)**
172	**(74)**	**Total comprehensive income (loss)**	**(34)**
		Total comprehensive income (loss) is distributed as follows:	
169	(74)	Controlling interests	(48)
3	1	Non-controlling interests	15

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

Condensed balance sheet

	Note	31.03 2020	31.12 2019
ASSETS			
Intangible assets	2	1 940	1 897
Deferred tax asset		335	311
Tangible fixed assets	2	5 665	5 611
Right-of-use assets	3	3 815	3 821
Other financial assets	6	674	532
Non-current assets		**12 428**	**12 171**
Inventories		8	9
Interest-free current receivables	6	3 883	3 731
Interest-bearing current receivables	6	81	44
Liquid assets	6	3 735	3 912
Current assets		**7 708**	**7 696**
Assets		**20 136**	**19 867**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		3 356	3 177
Non-controlling interests		60	66
Equity		**6 536**	**6 363**
Provisions for liabilities		**1 233**	**1 178**
Non-current lease liabilities		3 407	3 376
Interest-bearing non-current liabilities	4,6	2 310	2 220
Interest-free non-current liabilities	6	18	6
Non-current liabilities		**5 736**	**5 602**
Current lease liabilities		806	793
Interest-bearing current liabilities	4,6	1 077	1 178
Interest-free current liabilities	6	4 643	4 610
Tax payable		103	142
Current liabilities		**6 629**	**6 724**
Equity and liabilities		**20 136**	**19 867**

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

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserve	Hedging reserve	Transl. diff.	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2020	**3 120**	**992**	**(1)**	**279**	**1 907**	**3 177**	**66**	**6 363**
Profit for the period					6	6	3	9
Other comprehensive income			(5)	168		163		163
Total comprehensive income			**(5)**	**168**	**6**	**169**	**3**	**172**
Other changes in equity				(13)	13			
Equity 31.03.2020	**3 120**	**992**	**(7)**	**434**	**1 927**	**3 347**	**69**	**6 536**

	Controlling interests							
	Share capital	Share premium reserve	Hedging reserve	Transl. diff	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 31.12.2018	**3 120**	**992**	**(3)**	**302**	**2 039**	**3 330**	**31**	**6 481**
Change in accounting principles					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			2	(23)	(25)	(47)		(47)
Total comprehensive income			**2**	**(23)**	**(27)**	**(48)**	**15**	**(34)**
Dividend					(124)	(124)		(124)
Addition non controlling interests					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 March 2020, 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.

The revised National Budget (RNB) stipulates that no dividend will be paid for the 2019 financial year.

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

Condensed statement of cash flows

Q1 2020	Q1 2019		Year 2019
21	(38)	Profit before tax	21
(55)	(118)	Taxes paid in period	(92)
(10)	(1)	Gain from sales of non-current assets	(81)
376	392	Ordinary depreciation and write-downs	1 724
(7)	(5)	Share of profit from associated companies	(5)
51	11	Financial items without cash flow effect	126
57	408	Changes in receivables and payables	317
(23)	(491)	Changes in other working capital	(1)
(44)	60	Changes in other accruals	288
18	37	Interest received	121
(57)	(78)	Interest paid	(268)
328	**178**	**Cash flows from operating activities**	**2 151**
(139)	(192)	Investments in non-current assets	(646)
		Cash effect from purchases of busineses	(7)
		Cash effect from purchases of associated companies	(16)
42	1	Proceeds from sales of non-current assets	243
(68)		Cash effect from sale of businesses	16
40	39	Cash effect from sale of associated companies	73
(16)	8	Changes in other financial non-current assets	
(140)	**(144)**	**Cash flows used in investing activities**	**(339)**
(214)	(222)	Payment of lease liabilities	(890)
(150)	(350)	Repayment of borrowings	(500)
	362	Decrease/increase in bank overdraft	
		Dividend paid	(124)
(364)	**(210)**	**Cash flows used in financing activities**	**(1 514)**
(176)	**(176)**	**Change in liquid assets**	**298**
3 912	3 614	Liquid assets at the beginning of the period	3 613
3 735	**3 438**	**Liquid assets at the end of the period**	**3 912**

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

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 2019 annual report.

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.

In March 2020, the World Health Organisation (WHO) declared COVID-19 (the Corona virus) to be a pandemic. The pandemic spread from China to large parts of the world, including Europe and Norway, and affected all parts of society strongly. Strict restrictions were introduced for the population in Norway and the other Nordic countries.

The financial consequences of the Corona pandemic are closely followed up by the Group. The situation will result in lower activity and volume fall for both segments. This will impact the Group’s turnover and operations negatively. The development so far shows that for the Logistics segment, the negative consequences are most significant for the corporate parcel volumes. This has, however, to a large extent been compensated by growth within private consumer parcel volumes and home deliveries. In the Mail segment, the pandemic has had negative consequences for both addressed and unaddressed mail.

There is considerable uncertainty related to how long the situation will last, the financial consequences, and the possible effects of a recession in the economy after the crisis. As per the first quarter 2020, the Group does not have a complete overview of all relevant information. For this reason, updated impairment tests have not been prepared, and we refer to the description of assumptions and sensitivity analyses in the 2019 annual report. The tests carried out in 2019 show considerable excess values for most cash-generating units. Even if, based on available information, it is unlikely that the Group’s operations will normalise during the coming months, only a long-lasting fall in turnover and results will increase the need for write-downs.

In other respects, the sources of uncertainty concerning estimates are the same as for the 2019 financial statements. 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 2019 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 Posten's Board. 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 2019 annual report.

Revenue per segment

Q1 2020	Q1 2019	Revenue	Year 2019
4 419	4 198	External revenue	17 474
52	175	Internal revenue	653
4 471	**4 371**	**Logistics**	**18 127**
1 544	1 715	External revenue	6 738
87	214	Internal revenue	896
1 631	**1 929**	**Mail**	**7 634**
327	341	Internal revenue	1 340
327	**341**	**Other**	**1 340**
(465)	(728)	Eliminations	(2 890)
5 964	**5 913**	**Posten Norge**	**24 212**

Revenue categories (external revenue)

Q1 2020	Q1 2019	Deliveries over time*	Year 2019
1 972	2 000	Parcels and freight	8 435
2 447	2 199	Other logistics business	9 040
4 419	**4 198**	**Logistics**	**17 474**
1 360	1 508	Mail and banking services	5 832
185	134	Government procurements	619
	74	Other (mainly dialogue services)	286
1 544	**1 715**	**Mail**	**6 738**
		Other	
5 964	**5 913**	**External revenue**	**24 212**

*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.)

Operating result (EBIT) per segment

Q1 2020	Q1 2019	**Operating profit before depreciation (EBITDA)**	Year 2019
355	261	Logistics	1 488
200	280	Mail	1 128
(27)	(50)	Other	(254)
527	**489**	**Posten Norge**	**2 361**

Q1 2020	Q1 2019	**Adjusted profit / (loss)**	Year 2019
99	8	Logistics	462
94	158	Mail	635
(41)	(59)	Other	(288)
153	**106**	**Posten Norge**	**808**

Q1 2020	Q1 2019	**Operating profit (EBIT)**	Year 2019
106	4	Logistics	364
94	30	Mail	120
(43)	(59)	Other	(321)
158	**(25)**	**Posten Norge**	**162**

Investments per segment

Investments	YTD 2020	YTD 2019	Year 2019
Logistics	121	157	502
Mail	17	34	138
Other	1	1	6
Posten Norge	**139**	**192**	**646**

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2020	**1 897**	**5 611**
Additions	34	105
Additions from acquisitions		36
Disposals		(17)
Cost price adjustments/scrapping	(1)	(1)
Depreciation	(33)	(127)
Write-downs		(2)
Translation differences	43	61
Carrying amount 31.03.2020	**1 940**	**5 665**

Investments in owned assets so far this year amounted to MNOK 139, of which investments in IT related solutions were MNOK 29. MNOK 26 of the MNOK 105 invested in tangible fixed assets concerned buildings and property, whereas the rest mainly included terminal equipment, vehicles and other operating equipment. MNOK 86 of total investments regarded the Logistics segment. Additions from acquisitions concerned land related to two companies in Kristiansand, and the Group plans to build a new terminal on this site.

Note 3 Leases

The following amounts related to lease agreements are included in the balance sheet:

	31.03 2020	31.12 2019
Right-of-use assets	**3 815**	**3 821**
Non-current lease liabilities	3 407	3 376
Current lease liabilities	806	793
Lease liabilities	**4 213**	**4 168**

The following amounts related to lease agreements are included in the income statement:

Q1 2020	Q1 2019		Year 2019
214	225	Depreciation	910
	9	Write-downs	31
35	36	Interest expense on lease liabilities	145

Note 4 Interest-bearing non-current and current liabilities

The Group's interest-bearing liabilities include:

	31.03 2020	31.12 2019
Bond loans	1 350	1 350
Liabilities to credit institutions	944	860
Other non-current liabilities	16	10
Interest-bearing non-current liabilities	**2 310**	**2 220**
First year's instalment on non-current liabilities	777	778
Certificate loans	300	400
Interest-bearing current liabilities	**1 077**	**1 178**

As at 31 March 2020, none of the Group's credit facilities had been used. The average interest rate on Posten's outstanding interest-bearing liabilities was 2,38 percent as at 31 March 2020.

Note 5 Other income and expenses

Other income and expenses are basically income and costs with limited predictive value and include restructuring costs, significant gain and loss on non-ordinary sales of tangible fixed assets in addition to other income or costs outside the Group's normal business considered to have limited predictive value.

Q1 2020	Q1 2019		Year 2019
	(123)	Restructuring costs	(480)
		Gain from sale of tangible fixed assets	80
	(6)	Other expenses	(79)
	(128)	**Other income and (expenses)**	**(479)**

There was no significant Other income and expenses in the first quarter of 2020. In the first quarter 2019, other income and expenses mainly concerned restructuring related to route preparation and parts of Posten's Advertising Centre in the Mail segment.

(The information in this document has not been audited. All amounts are in MNOK.) 16

Note 6 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 2019 annual report.

The Group had the following financial assets and liabilities measured at fair value as at 31 March 2020:

		At fair value (FV)			At amortised cost		
	Level	Fair value over profit or loss (FVO)	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receiv-ables	Other financial liabilities	31.03.2020
Assets							
Interest-bearing non-current receivables					60		60
Other financial non-current assets	2		201	9	52		262
Interest-free current receivables	2		148	10	3 725		3 883
Interest-bearing current receivables					81		81
Liquid assets					3 735		3 735
Financial assets							**8 021**
Liabilities							
Non-current lease liabilities						3 407	3 407
Interest-bearing non-current liabilities	2	499	3	14		1 794	2 310
Interest-free non-current liabilities	2					18	18
Current lease liabilities						806	806
Interest-bearing current liabilities	2	297				781	1 077
Interest-free current liabilities, incl. taxes payable	2		17	47		4 682	4 746
Financial liabilities							**12 366**
Total value hierarchy level 1 (net)							
Total value hierarchy level 2 (net)		(796)	329	(42)			(509)
Total value hierarchy level 3 (net)							

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.)

	Level	At fair value (FV) Fair value over profit or loss (FVO)	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	At amortised cost Receiv-ables	Other financial liabilities	31.12.2019
Assets							
Interest-bearing non-current receivables		0		0	56		56
Other financial non-current assets	2	0	118	4	15		137
Interest-free current receivables	2	0	100	4	3 627		3 731
Interest-bearing current receivables		0		0	44		44
Liquid assets		0		0	3 912		3 912
Financial assets							**7 880**
Liabilities							
Non-current lease liabilities						3 376	3 376
Interest-bearing non-current liabilities	2	415		0		1 805	2 220
Interest-free non-current liabilities	2	0		4		2	6
Current lease liabilities						793	793
Interest-bearing current liabilities	2	247		0		931	1 178
Interest-free current liabilities, incl. tax payable	2	0	5	7		4 740	4 753
Financial liabilities							**12 325**
Total value hierarchy level 1 (net)							
Total value hierarchy level 2 (net)		(663)	213	(3)			(454)
Total value hierarchy level 3 (net)							

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

There have been no transfers between the levels in the fair value hierarchy since last year.

Note 7 Changes in the Group's structure

Acquisition of businesses

In January 2020, Posten Eiendom AS acquired 100 percent of the companies Posten Eiendom Kristiansand I and Posten Eiendom Kristiansand II for a total of MNOK 32. The companies own a site in Kristiansand, and the Group plans to build a new terminal on this site.

Sale of businesses

In December 2019, Posten Norge entered into an agreement for the sale of the thermo business Bring Frigo AS to Nor-log Gruppen AS. Bring Frigo AS will continue operations under the name Nor-log Thermo AS, and the sale was carried out with continuity for customers and employees. The sale involved operating equipment, current receivables and liabilities related to operations in addition to employees. The sale was approved by the Norwegian Competition Authority in January 2020 and was carried out with accounting effect from 1 February 2020, without significant impact on the financial statements.

Alternative Performance Measures

1st quarter 2020

Posten Norge

Alternative Performance Measures

The Groups financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information is 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.

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

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.

		YTD 2020	YTD 2019	Year 2019
+	Revenue (current year)	5 964	5 913	24 212
-	Revenue (last year)	5 913	5 869	23 894
=	**Nominal change in revenue**	**51**	**44**	**317**

		YTD 2020	YTD 2019	Year 2019
+	Nominal change in revenue	51	44	317
+/-	Impact of exchange rates	(80)	41	(42)
+/-	Acquisitions of companies		(3)	(44)
+/-	Sale of companies*	155	251	251
+/-	Change in government procurements	(51)	(94)	(83)
+/-	IFRS 16 effects		9	31
=	**Organic change in revenue**	**74**	**247**	**430**

* Adjustment of revenue for companies sold

		YTD 2020	YTD 2019	Year 2019
+	Organic change in revenue	74	247	430
/	Adjusted revenue*	5 832	5 866	24 073
=	**Organic growth**	**1,3 %**	**4,2 %**	**1,8 %**

*Adjustment of revenue for currency effects, acquisitions, government procurements and IFRS 16 effects

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

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

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

The target figures are valuable for the users of Posten's financial information, 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, gains and losses on the sale of non-current assets and other income costs with limited predictive value 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.

		YTD 2020	YTD 2019	Year 2019
+	Revenue	5 964	5 913	24 212
-	Costs of goods and services	2 566	2 593	10 340
-	Payroll costs	2 214	2 259	8 846
-	Other operating expenses	656	570	2 666
=	**EBITDA**	**527**	**489**	**2 361**

		YTD 2020	YTD 2019	Year 2019
+	EBITDA	527	489	2 361
-	Depreciation	375	383	1 552
=	**Adjusted operating profit**	**153**	**106**	**808**

		YTD 2020	YTD 2019	Year 2019
+	Adjusted operating profit	153	106	808
/	Revenue	5 964	5 913	24 212
=	**Adjusted profit margin**	**2,6 %**	**1,8 %**	**3,3 %**

		YTD 2020	YTD 2019	Year 2019
+	Adjusted operating profit	153	106	808
-	Write-downs	2	9	172
+/-	Other income and (expenses)		(128)	(479)
+	Share of profit or loss from associated companies	7	5	5
=	**Operating profit (EBIT)**	**158**	**(25)**	**162**

		YTD 2020	YTD 2019	Year 2019
+	EBIT/	158	(25)	162
/	Revenue	5 964	5 913	24 212
=	**EBIT margin**	**2,6 %**	**(0,4%)**	**0,7 %**

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

Net interest-bearing debt (NIBD) and liquidity reserve

A primary objective of the Group's financial guidelines 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, i.e. adequate resources to realise the Group's approved strategies.

Net interest-bearing debt and the liquidity reserve are indicators of the Group's liquidity 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, less commercial financial investments and cash and cash equivalents. The Group has covenants in connection with external financing. Compliance with the covenants is calculated on the basis of the Group's accounting figures, of which net liabilities/EBITDA is one. The debt ratio shows the share of equity related to both short- and long-term debt.

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

		31.03 2020	31.03 2020*	31.03 2019	31.12 2019
+	Interest-bearing non-current liabilities	5 718	2 328	6 382	5 596
+	Interest-bearing current liabilities	1 883	1 080	1 777	1 971
-	Commercial financial investments	3 311	3 311	3 306	3 378
-	Cash	44	44	48	60
-	Bank deposits corporate cash-pool account	269	269	(2)	382
-	Bank deposits	110	110	87	91
=	**Net interest-bearing debt / (receivable)**	**3 866**	**(328)**	**4 722**	**3 655**

* Not including IFRS 16 effects

		31.03 2020	31.03 2020*	31.03 2019	31.12 2019
+	Net interest-bearing debt/(receivable)	3 866	(328)	4 722	3 655
/	Equity on the balance sheet date	6 536	6 604	6 416	6 363
=	**Debt ratio**	**0,6**	**(0,0)**	**0,7**	**0,6**

* Not including IFRS 16 effects

		31.03 2020	31.03 2020*	31.03 2019	31.12 2019
+	Net interest-bearing debt/(receivable) (NIBD)	3 866	(328)	4 722	3 655
/	EBITDA last twelve months	2 399	1 443	1 566	2 361
=	**NIBD / EBITDA**	**1,6**	**(0,2)**	**3,0**	**1,5**

* Not including IFRS 16 effects

		31.03 2020	31.03 2019	31.12 2019
+	Commercial financial investments	3 311	3 306	3 378
+	Syndicate facility	4 029	3 381	3 452
-	Certificate loans	300	500	400
=	**Long-term liquidity reserve**	**7 039**	**6 186**	**6 430**

		31.03 2020	31.03 2019	31.12 2019
+	Long-term liquidity reserve	7 039	6 186	6 430
+/-	Deposits on group account	267		381
+/-	Deposits outside group account	113	85	92
+	Bank overdraft not utilised	500	550	500
=	**Short-term liquidity reserve**	**7 919**	**6 821**	**7 404**

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

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. 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:

		31.03 2020	31.03 2019	31.12 2019
+	Intangible assets	1 992	2 106	2 023
+	Tangible fixed assets	9 467	6 962	9 535
+	Current assets	7 606	7 417	7 574
-	Total liquid assets	3 648	3 525	3 654
-	Interest-bearing current assets	62	57	59
-	Interest-free current liabilities	4 570	4 496	4 525
+	Taxes payable	84	82	83
+	Dividends and group contributions	9	30	8
=	**Invested capital**	**10 877**	**8 514**	**10 985**

*Rolling last 12 months

		31.03 2020	31.03 2019	31.12 2019
+	Last 12 months' accumulated adjusted operating profit/loss	855	693	808
/	Invested capital	10 877	8 514	10 985
=	**Return on invested capital (ROIC)**	**7,9 %**	**8,1 %**	**7,4 %**

Other alternative performance measures

The Group uses and presents 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:

		YTD 2020	YTD 2019	Year 2019
+	Total investments in owned tangible fixed assets	175	192	646
-	Investments due to acquisitions	36		
=	**Investments before acquisitions**	**139**	**192**	**646**

		31.03 2020	31.03 2019	31.12 2019
+	Profit for the last 12 months after tax	60	226	13
/	Average equity at balance sheet date*	6 475	6 363	6 422
=	**Return on equity after tax (ROE)**	**0,9 %**	**3,6 %**	**0,2 %**

*(Opening + closing alance)/2

		31.03 2020	31.03 2019	31.12 2019
+	Equity at balance sheet date/	6 536	6 416	6 363
/	Equity and liabilities (total capital)	20 136	20 112	19 867
=	**Equity ratio**	**32,5 %**	**31,9 %**	**32,0 %**

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