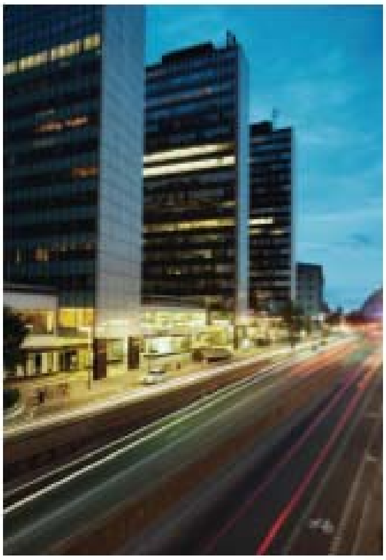
Quarterly Report

2ND QUARTER 2019 POSTEN NORGE

Message from the CEO

The mail distribution shall continue, although not as often as before. From July 2020, mail distribution is planned to take place every other day. The future distribution net involves market adjustment and larger freedom of choice through new and payable services. In order to meet the growth within e-commerce and logistics, the Group is establishing a joint network in Norway for letters, parcels and freight, while Bring in Sweden and Denmark are strenghtening and extending the parcels networks.

In a digital time, many people wish to have a larger freedom of choice to make everyday life simpler. In the years to come, Posten will shape the future distribution net with a combination of traditional mail delivery and new services like *In-home delivery – with digital door lock.* We believe that our trusted employees can deliver parcels safely within the door – even when the recipient is not at home.

The digitalisation pace is increasing, and Posten must continue to adjust to a declining mail market and new customer needs. We are preparing the largest restructuring of all times when the mail distribution is planned to change to every other day from 1 July 2020 – in line with the changes in the Postal Act that the Norwegian Parliament approved in June.

The growth in parcels volumes is due to increased e-commerce. The Group is making an offensive effort by extending the capacity and increase efficiency in production and network. In Norway, we establish a joint network for letters, parcels and freight. The new terminal in Stavanger was opened in June. In Sweden, Bring will expand the parcels network, and Bring in Denmark increases the capacity with new terminals.

Adjusted operating profit for the Group was MNOK 239 for the first half-year of 2019, an improvement of MNOK 80 from the same period in 2018. The Logistics segment has had result improvement as a consequence of the growth within parcels and freight, and improvement measures begin to give effect. Continued efforts to make processes more effective, adjust the capacity and increase the variability in costs are nevertheless needed. The Mail segment is characterised by an increasing fall in volumes, and cost adjustments are no longer adequate to compensate for the reduced results.

Posten's changes have been both necessary and appropriate, but we have had concerns about whether the changes would be at the expense of customer satisfaction. We have received much good feedback on the way. The result from Norsk Kundebarometers [*the Norwegian Customer Barometer]* survey that came in May was positive. The customers are increasingly more satisfied with Posten. On Norsk Kundebarometer in 2019, Posten advanced with as much as 5,5 points and 58 places, in addition to the fact that the loyalty to Posten had the highest score of all the companies in the survey.

Competent employees, good logistics solutions, satisfied customers and high confidence among people give us a good starting point in the growing market for the distribution of parcels and shipments. Posten can readily deliver parcels seven days a week, at all times of the day or night, if the customers so wish and are willing to pay for it.

We know what is required, and we have what is required to continue to move Posten forward.

Tone Wille
Group CEO

Main features

The Group's turnover in the second quarter was MNOK 5 931, a reduction of 0,7 percent compared with the second quarter in 2018. Adjusted operating profit in the second quarter was MNOK 132. Compared with the same quarter in 2018, the result was reduced by MNOK 82. The implementation of IFRS 16 *Leases* had a positive result effect of MNOK 11 in the second quarter. The Logistics segment showed result improvement, whereas the Mail segment as expected had a decline in results. Parts of this decline were due to the fact that an additional grant for government procurements of commercially non-viable services of MNOK 171 was taken to income in the second quarter of 2018.

The Group's turnover in the first half-year was MNOK 11 843, on the same level as the corresponding period in 2018. Organic growth was positive by 2.4 percent. The adjusted operating profit in the first half-year was MNOK 239, an improvement of MNOK 80 compared with the same period in 2018. The improvement included a positive result effect of MNOK 30 caused by the implementation of IFRS 16 *Leases.*

High growth together with the implementation of a number of improvement measures in operations gave a result improvement in the Logistics segment. Profitability has gradually improved over time, and the first half-year confirms that the improvement measures contribute to increasingly more cost-effective operations. As expected, the Mail segment had a decline in result as a consequence of continued significant reductions in addressed volumes. Cost adjustment in operations and volume increase for unaddressed mail contributed positively to the result, but only compensated for a small part of the negative effects caused by the fall in volumes.

The operating result (EBIT) in the first half-year was a loss of MNOK 264, a reduction of MNOK 476 compared with 2018. The result was negatively affected by a provision of MNOK 473 for required restructurings of the mail business, of which MNOK 119 concerned moving the route preparation and MNOK 354 the transition to mail distribution every other day from 1 July 2020.

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

The Group's result before tax was a loss of MNOK 316 in the first half-year, a reduction of MNOK 501 compared with 2018. The introduction of IFRS 16 *Leases* gave a negative result effect of MNOK 40. The result after tax was a loss of MNOK 343, a reduction of MNOK 488 compared with 2018.

Return on equity (ROE) in the first half-year was negative by 3,2 percent (with IFRS 16 effects), a decline of 8,8 percentage points compared with the first half-year of 2018. The return on invested capital (ROIC) was 7,9 percent (without IFRS 16 effects) in the first half-year, a decline of 0,7 percentage points compared with the first half-year 2018. The key financial figures for 2018 have not been restated and do not include the effects of IFRS 16 *Leases*.

Profit development (unaudited)

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
5 931	5 975	Revenue	11 843	11 844	23 894
518	383	EBITDA	1 007	492	1 185
132	214	Adjusted profit	239	159	531
(239)	233	Operating profit/(loss) (EBIT)	(264)	212	415
(40)	(20)	Net financial items	(52)	(27)	(49)
(279)	213	Profit/(loss) before taxes	(316)	185	366
(305)	**161**	**Profit / (loss) for the period / year**	**(343)**	**145**	**248**

Alternative performance measures applied in the quarterly report are described in appendix to the report
See condensed financial statement page 12

Key financial figures (unaudited)

		Q2 2019	Q2* 2019	Q2 2018	Year 2018
Adjusted profit-margin	%	2,0	1,8	1,3	2,2
Operating profit/(loss) (EBIT)-margin	%	(2,2)	(2,4)	1,8	1,7
Equity ratio	%	29,7	36,8	38,1	40,3
Return on invested capital**	%	6,5	7,9	8,6	7,3
Return on equity (after tax)**	%	(3,9)	(3,2)	5,6	3,9
Net interest-bearing debt		4 704	480	616	312
Investments, excluding acquisitions		396	396	454	962

Alternative performance measures applied in the quarterly report are described in appendix to the report
*Without IFRS 16 effects
** Last twelve months

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

Balance sheet (unaudited)

	30.06 2019	31.12 2018
ASSETS		
Non-current assets	12 477	8 730
Current assets	7 687	7 341
Assets	**20 164**	**16 071**
EQUITY AND LIABILITIES		
Equity and liabilities	5 982	6 481
Provisions for liabilities	1 436	1 201
Non-current liabilities	6 381	3 030
Current liabilities	6 365	5 359
Equity and liabilities	**20 164**	**16 071**

The implementation of IFRS 16 from 1 January 2019 has resulted in significant increases of assets and liabilities. The Group's accounting principles have more information.

The increase of non-current assets was mainly a result of the implementation of IFRS 16 constituting 3,9 billion kroner. Current operating investments exclusive of IFRS 16 amounted to appr. MNOK 400 so far in 2019. Non-current assets of appr. MNOK 100 were sold in the period, and ordinary depreciation constituted a little more than MNOK 300.

The change in current assets was mainly due to increased trade receivables and provisions for earned, not billed, revenue from postal business abroad

The increase in provisions for liabilities is primarily due to restructuring related to the move of route preparation and reduced distribution frequency. The implementation of IFRS 16 also resulted in reduced provisions as a consequence of the reversal of onerous contracts.

Non-current liabilities increased by appr. 3,4 billion kroner due to the implementation of IFRS 16, and ordinary instalments on debt of MNOK 50 were paid.

Current liabilities increased by MNOK 1 006 compared with 31 December 2018. The implementation of IFRS 16 accounts for appr. MNOK 800 of the increase. In addition, MNOK 399 of the bank overdraft were drawn, a provision for dividend of MNOK 124 was made and net certificate loans were repaid by MNOK 300.

Cash flows (unaudited)

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
321	(67)	Cash flows from/(used in) operating activities	499	(281)	598
(101)	(231)	Cash flows from/(used in) investing activities	(245)	(512)	(853)
(177)	264	Cash flows from/(used in) financing activities	(387)	251	(69)
42	**(34)**	**Total change in liquid assets**	**(134)**	**(542)**	**(324)**
3 438	3 429	Cash and cash equivalents at the beginning of the period	3 613	3 937	3 937
3 480	**3 395**	**Cash and cash equivalents at the end of the period**	**3 480**	**3 395**	**3 613**

Net cash flows generated by operating activities so far in 2019 amounted to MNOK 499, an increase of MNOK 780 from the same period in 2018. This is mainly due to effects from IFRS 16 by MNOK 436, as lease costs were reclassified to financing activities (instalments). The positive effects mentioned above were somewhat counteracted by an increase in a receivable on postal businesses abroad.

Net cash flows used in investing activities so far this year constituted MNOK 245, primarily related to ongoing operating investments of appr. MNOK 400. Most of the operating investments concerned the building of logistics centres in Stavanger and Tromsø. The disbursements were to some extent compensated by proceeds from sales, including a property in Bring Frigo Sverige AB of MSEK 70.

Net cash flows used in financing activities so far this year amounted to MNOK 387, mainly as a consequence of the effects of IFRS 16. Debt repayments are reflected in the bank overdraft.

Market and development per segment (unaudited)

LOGISTICS

The segment comprises the divisions E-Commerce and Logistics, International Logistics and Express. Division E-Commerce and Logistics is responsible for all parcel products concerning the e-commerce customers, in addition to groupage and part loads, thermo and warehouse in Norway. Division International Logistics is responsible for industrial direct freight and industry solutions for manufacturing and offshore customers. Division Express has the Nordic responsibility for the service areas express and home deliveries. Note 1 in the 2018 financial statements has further descriptions.

Q2 2019	Q2 2018		YTD 2018	YTD 2017	Year 2018
4 458	4 307	Revenue	8 828	8 362	17 320
355	151	Segment profit (EBITDA)	615	152	525
101	51	Adjusted profit	109	(42)	135
87	**56**	**Segment operating profit / (loss) (EBIT)**	**91**	**(40)**	**(73)**

The Logistics segment increased turnover by MNOK 466 in the first half-year. The organic growth was 6,0 percent. The solid growth in e-commerce to private consumers continued, in Norway as well as abroad. There was also good growth within international forwarding, offshore, contract parcels and freight. During the last 12 months, the e-commerce volume increased by 17 percent.

Adjusted operating profit for the Logistics segment was MNOK 109 in the first half-year of 2019, an improvement of MNOK 151 compared with the same period last year. The improvement primarily came in the Norwegian parcels and freight network, and the result for the first half-year confirms that the ongoing improvement measures in this part of the business have a positive effect. Profitability is still weak in parts of operations, but several areas had a positive development. The efforts to improve profitability continue. The implementation of IFRS 16 *Leases* implied a positive result effect of MNOK 14 in the first half-year of 2019.

Operating profit (EBIT) for the first half-year was MNOK 91. This includes a write-down of leased assets of totally MNOK 24, a consequence of a move from premises and early termination of a lease agreement. The operating profit was MNOK 131 better than in the corresponding period last year, a consequence of the improved adjusted operating profit.

MAIL

The segment comprises the division Mail. Division Mail is responsible for the traditional postal services in Norway (including those requiring a license). Note 1 in the 2018 financial statements has further descriptions.

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
1 828	2 035	Revenue	3 757	4 215	8 088
202	275	Segment profit (EBITDA)	482	449	919
79	206	Adjusted profit	237	311	657
(278)	**222**	**Segment operating profit / (loss) (EBIT)**	**(248)**	**364**	**748**

Addressed mail continued to fall. The volume was reduced by 12,0 percent in the first half-year of 2019 and 13,3 percent in the last 12 months. The volume of unaddressed mail in the first half-year was on the same level as last year.

Turnover was reduced by MNOK 458 compared with the first half-year of 2018 due to the volume fall in addressed mail and the sale of Bring Citymail Sweden on 1 March 2018.

Adjusted operating profit in the first half-year was MNOK 237, reduction of MNOK 74 compared with the first half-year of 2018. Government procurements of commercially non-viable postal services amounting to MNOK 133 were taken to income in the second quarter of 2019, compared with MNOK 213 in the second quarter of 2018. The difference was mainly due to the additional grant received in the second quarter of 2018 for the entire first half-year of 2018. Comprehensive cost-adjustments to operations were realised, but this was not adequate to compensate for the large fall in addressed mail volumes. The implementation of IFRS 16 *Leases* had a positive result effect of MNOK 11 in the first half-year of 2019.

The operating loss (EBIT) in the first half-year amounted to MNOK 248 and included a provision for restructuring related to the mail distribution every other day of MNOK 354 and the move of route preparation and parts of Posten's Advertising Centers of MNOK 119.

In the first half-year, 91,5 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 in the second quarter of 2019 constituted 14 305 full-time equivalents, a reduction of 559 full-time equivalents compared with the same period in 2018. In the Mail segment, the workforce decreased by 494 full-time equivalents, mainly related to reductions within mail distribution and production. In the Logistics segment, the workforce increased by 57 full-time equivalents.

Absence due to sickness and personal 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 personal injuries and absences due to sickness have declined significantly in recent years.

In the second quarter of 2019, absence due to sickness in the Group was 5,5 percent, a reduction of 0,1 percentage points compared with the second quarter of 2018. Absence due to sickness in the last 12 months was 6,0 percent, the same level as a year ago.

The total number of personal injuries per million worked hours (H2) was 5,9 percent in the second quarter of 2019, a reduction of 1,7 from the same period in 2018. The injury frequency in the last 12 months increased from 7,8 per June in 2018 to 8,0 per June this year. The number of personal injuries was reduced from 193 in the last 12 months per June last year to 191 injuries per June this year.

Efforts to improve the development both for the absence due to sickness and for personal injuries continue by goal-oriented measures.

Gender equality and diversity

Diversity contributes to increased well-being, innovation and performance. Posten has set goals for ethnic diversity and gender balance in the Group. The goals are that the total share of employees with a multicultural background in Posten shall reflect society and be 17 percent before 2020 (in 2018 the share was 16,9 percent), and 9 percent in positions within management, staff and administration (in 2018 the share was 7,8 percent). The gender balance among executives shall reflect the balance of the Group as a whole.

The external environment

Posten and Bring continue to focus on a green conversion and have come a long way in converting to electric vehicles. The Group has Norway's largest electric vehicle pool with zero emission technology consisting of more than 1200 electric vehicles. The goal is to apply only renewable energy sources in vehicles and buildings before 2025.

In connection with the environmental efforts, the Group has invested in the Swedish cleantec firm Inzile in the second quarter. The company is developing electric vehicles tailored for local distribution, and zero emission light lorries from Inzile will give access to new technology and several types of electric vehicles.

The Group shall take part in developing one of the world's first electric roads in Sweden, where the building starts in the second half of 2020. The idea is that the electric vehicles shall receive electricity via a contact line in the same manner as underground transportation, trains and prams today.

The initiative *#BelovedCity»* has been launched together with Ragn-Sells and KLP. The goal is to reduce the number of transports in the city center by cooperating on the distribution of freight and collection of waste with zero emission vehicles. The solution includes a place for co-loads at Posthuset where parcels are delivered by an electric vehicle into the center of Oslo and waste collected to be taken out.

Future prospects

A continued growth in the logistics market is expected in the years to come. Until 2021, the economic trends in the Norwegian mainland economy are expected to contribute to maintain the growth in the market. In Sweden the economic outlook is somewhat reduced, , i.e., the growth in the market will not be as positively as previously presumed. Although the growth contributes positively, the market is still characterised by low margins due to large competition.

New modern terminals in the logistics business increase efficiency in production processes and will together with an improved range of services and larger freedom of choice contribute to a gradual improvement of profitability. Continuous improvement, both structural and by making operations more effective, will continue.

The e-commerce market in the Nordics is an important target area. The Nordic e-commerce market is expected to grow by 12-17 percent annually. Customers and recipients have increasingly higher expectations to deliveries both with regards to time and precision. In order to succeed with the efforts within e-commerce, innovation and digitalisation are high on the agenda, and industrial production and individually adjusted deliveries will be of vital importance.

The Mail segment is facing considerable profitability challenges in the years to come. Addressed mail volumes will continue to fall as a consequence of increased digitalisation in the private consumer market as well as the corporate market. Significant restructuring of operations has been carried out over many years to adjust to this market development. In the future, this will not be enough to compensate for the large decline in addressed mail volumes.

As part of the market adjustment, the introduction of mail distribution every other day is planned from 1 July 2020. This will, however, not be adequate to secure an acceptable profitability. Mail services must be even more adjusted in line with changed market conditions and customer needs.

Operational initiatives and organisational adjustments are carried out to strengthen profitability. A large restructuring has been initiated, laying the foundation for cost reductions in operations as well as administrative functions. A distinct customer focus, innovation and digitalisation, together with investment in the future, is necessary to keep Posten relevant and profitable in the years to come.

Half-year declaration

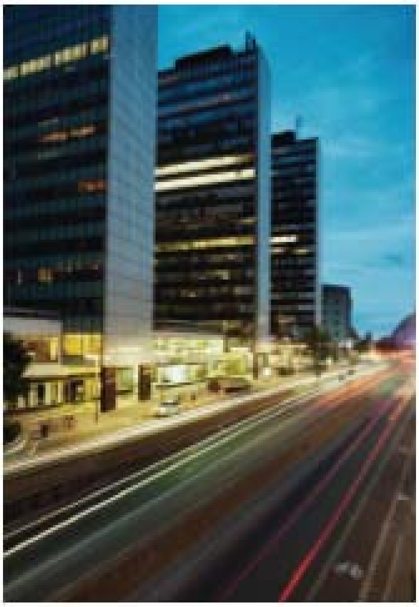
We confirm that, to the best of our knowledge, the condensed half-year financial statements for the period 1 January to 30 June 2019 have been prepared in accordance with IAS 34 Interim Reporting, that the information provides a true and fair view of the Group's assets, liabilities, financial position and results as a whole, and that the half-year report gives a fair view of the information in section 5-6 (4) of the Norwegian Securities Trading Act.

Oslo, 29 August 2019

The Board of Directors in Posten Norge AS

Posten Norge

Financial Report



2ND QUARTER 2019 POSTEN NORGE

Condensed income statement

Q2 2019	Q2 2018		Note	YTD 2019	YTD 2018	Year 2018
5 931	**5 975**	**Revenue**	1	**11 843**	**11 844**	**23 894**
2 552	2 430	Cost of goods and services		5 145	4 923	10 270
2 256	2 263	Payroll expenses		4 516	4 618	8 853
385	169	Depreciation and amortisation	2	768	333	654
14	2	Write-downs	2	23	4	158
605	900	Other operating expenses		1 176	1 811	3 586
5 812	**5 763**	**Operating expenses**		**11 628**	**11 690**	**23 522**
(358)	16	Other income and (expenses)	4	(485)	50	35
	4	Share of profit from associates and joint ventures		6	8	8
(239)	**233**	**Operating profit / (loss)**	1	**(264)**	**212**	**415**
(40)	(20)	Net financial items		(52)	(27)	(49)
(279)	**213**	**Profit / (loss) before tax**		**(316)**	**185**	**366**
26	53	Tax expense		26	41	118
(305)	**161**	**Profit / (loss) for the period / year**		**(343)**	**145**	**248**
(305)	159	Controlling interests		(344)	144	246
	2	Non-controlling interests		1	1	2

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

(The information in this document has not been audited. All amounts are in MNOK.) 13

Condensed statement of comprehensive income

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
(305)	**161**	**Profit / (loss) for the period**	**(343)**	**145**	**248**
		Pension			63
		Items that will not be reclassified to income statement			**63**
7	20	Hedging of foreign entities	30	60	32
(19)	(43)	Translation differences	(79)	(133)	(44)
(12)	**(24)**	**Translation differences**	**(50)**	**(73)**	**(12)**
	1	Cash flow hedging	2	4	
(12)	**(23)**	**Items that later will be reclassified to income statement**	**(48)**	**(69)**	**(11)**
		Changes in tax rate			(2)
(12)	**(23)**	**Other comprehensive income (loss)**	**(48)**	**(69)**	**50**
(317)	**138**	**Total comprehensive income (loss)**	**(390)**	**76**	**298**
		Total comprehensive income is distributed as follows:			
(317)	136	Controlling interests	(392)	75	296
	2	Non-controlling interests	1	1	2

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

(The information in this document has not been audited. All amounts are in MNOK.) 14

Condensed balance sheet

	Note	30.06 2019	31.12 2018
ASSETS			
Intangible assets	2	2 033	2 049
Deferred tax asset		212	224
Tangible fixed assets	2	9 547	5 812
Other financial assets	5	686	645
Total non-current assets		**12 477**	**8 730**
Inventories		10	15
Interest-free current receivables	5	4 135	3 671
Interest-bearing current receivables	5	63	42
Liquid assets	5	3 480	3 613
Current assets		**7 687**	**7 341**
Total assets		**20 164**	**16 071**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		2 816	3 330
Non-controlling interests		46	31
Equity		**5 982**	**6 481**
Provisions for liabilities		**1 436**	**1 201**
Interest-bearing non-current liabilities	3,5	6 369	3 015
Interest-free non-current liabilities	5	12	14
Non-current liabilities		**6 381**	**3 030**
Interest-bearing current liabilities	3,5	1 816	910
Interest-free current liabilities	5	4 510	4 342
Tax payable		39	107
Short-term liabilities		**6 365**	**5 359**
Total equity and liabilities		**20 164**	**16 071**

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

(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 reserves	Hedging reserves	Transl. differ-ences	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2018	**3 120**	992	(3)	314	1 930	**3 233**	**22**	**6 375**
Profit for the period					246	**246**	2	**248**
Other comprehensive income/(loss) for the period			(1)	(12)	62	**50**		**50**
Total comprehensive income / (loss)			**(1)**	**(12)**	**308**	**296**	**2**	**298**
Dividend					(194)	**(194)**	(4)	**(198)**
Addition non-controlling interest							10	**10**
Other equity transactions					(5)	**(5)**		**(5)**
Equity 31.12.2018	**3 120**	992	(3)	302	2 039	**3 330**	**31**	**6 481**
Equity 31.12.2018	3 120	992	(3)	302	2 039	**3 330**	**31**	**6 481**
Effect of change of principle (IFRS 16)					38	**38**		**38**
Equity 01.01.2019	3 120	992	(3)	302	2 077	**3 369**	**31**	**6 519**
Profit for the period					(344)	**(344)**	1	**(343)**
Other comprehensive income/(loss) for the period			2	(50)		**(48)**		**(48)**
Total comprehensive income / (loss)			**2**	**(50)**	**(344)**	**(392)**	**1**	**(390)**
Dividend					(124)	**(124)**		**(124)**
Other equity transactions					(37)	**(37)**	14	**(22)**
Equity 30.06.2019	**3 120**	992	(1)	253	1 573	**2 816**	**46**	**5 982**

As at 30 June 2019, 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.

At the Annual Shareholders'' Meeting in June, it was decided to distribute MNOK 124 in dividends. The dividend is presented as a liability in the half-year accounts.

Condensed statement of cash flows

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
(279)	213	Profit/(loss) before tax	(316)	185	366
(8)	(40)	Tax paid in period	(127)	(112)	(130)
(5)	(19)	(Gain)/loss from sales of non-current assets, subsidiaries and associated company	(6)	(20)	(64)
399	171	Depreciation and write-downs	792	338	813
	(4)	Share of net income from associated companies and joint venture	(6)	(8)	(8)
40	67	Financial items without cash flow effect	51	73	111
(448)	(78)	Changes in receivables, inventory and payables	(40)	(9)	(147)
390	(223)	Changes in other working capital	(101)	(479)	(99)
270	(149)	Changes in other accruals	330	(240)	(218)
28	12	Interests received	65	29	51
(66)	(17)	Interests paid	(143)	(38)	(76)
321	**(67)**	**Cash flow from / (used in) operating activities**	**499**	**(281)**	**598**
(204)	(253)	Investments in tangible non-current assets and intangible assets	(396)	(454)	(962)
		Proceeds from refunds on previous years investment			28
(5)		Investments in businesses	(5)		(3)
104	23	Proceeds from sales of tangible non-current assets and intangible assets	105	37	81
		Proceed from sale of subsidiaries		(102)	1
		Proceed from sale of associated companies	39		7
3		Changes in other financial non-current assets	10	8	(4)
(101)	**(231)**	**Cash flow from / (used in) investing activities**	**(245)**	**(512)**	**(853)**
(215)		Payment on repayment of rental obligations	(436)		
	150	Proceeds from non-current and current debt raised			500
	(288)	Repayment of non-current and current debt	(350)	(150)	(375)
37	401	Decrease/increase bank overdraft	399	401	
		Group contributions/dividends paid			(194)
(177)	**264**	**Cash flow from / (used in) financing activities**	**(387)**	**251**	**(69)**
42	**(34)**	**Total change in cash and cash equivalents during the year**	**(134)**	**(542)**	**(324)**
3 438	3 429	Cash and cash equivalents at the start of the period	3 613	3 937	3 937
3 480	**3 395**	**Cash and cash equivalents at end of period**	**3 480**	**3 395**	**3 613**

The 2018 figures have not been restated in accordance with the new IFRS 16 *Leases*

(The information in this document has not been audited. All amounts are in MNOK.) 17

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 2018 annual report, with the following exceptions:

New or amended standards that have been applied from 1 January 2019:

IFRS 16 *Leases* was implemented from 1 January 2019. The standard requires that the *lessee* recognises lease contracts in the balance sheet, whereby the value of use for an asset and the corresponding lease liability is recognised in the balance sheet. The lease liability is measured at the present value of the lease payments, and the “right to use” asset is derived from this calculation. At subsequent measurements, the “right to use” asset shall be depreciated, and the leasing liability reduced by lease payments. The lessee may elect to apply recognition exceptions for lease contracts concerning “low value” assets and short-term leases, and if so, the lease payments are directly recognised as an expense.

The Group’s choice of implementation method

The Group decided to apply the modified retrospective approach without restating comparable information when implementing IFRS 16. Leased assets and liabilities will basically be measured at the same amounts.

The following practical solutions for lease agreements previously classified as operating leases have been applied at the implementation date:

- A single discount interest has been applied for portfolios of lease agreements with similar characteristics.
- For lease agreements, where provisions for onerous contracts were made pursuant to IAS 37, right of use assets have been adjusted for the value of the onerous contracts at the implementation date
- The Group has excluded initial costs for establishing an agreement from the measurement of the right of use asset at the implementation date. The exclusion had no significant effect.
- In determining the lease period, the Group has taken known information on options into account.

The Group's choice of accounting principles

The Group has applied the exceptions in the standard. Lease contracts in the category of "assets of low value" are not recognised in the balance sheet. "Low value assets" are assessed pursuant to the materiality considerations in IAS 1. For short-term leases, where the non-cancellable lease term is less than 12 months, the lease costs will also be directly expensed. The Group has decided not to apply IFRS 16 for intangible assets.

Several of the Group's lease agreements include other services and components, like overhead costs, fuel and dues. Non-lease components are separated from the lease agreement and recognised as operating expenses in the consolidated accounts.

The Group's interpretation of the standard and discussion of key accounting considerations

Consideration of agreements in the Group complying with the standard's definition and recognition requirements

In order to be within the scope of IFRS 16, the contract must satisfy the definition of a lease. The assets must be identifiable, and the lessee must have the right to control the use of the assets in a given period.

Significant agreements in the Group mainly concern rental contracts for buildings and terminals, in addition to the Group's car fleet.

Leasing of real estate and means of transport will as a main rule be comprised by the definition in the standard and classified as leases.

The Group has performed a review of various lease agreements and in particular assessed the treatment of them, in addition to agreements with transporters (transport agreements). Most of the transport agreements in the Group are of such a character that no specific asset can be identified, or are short-term, and these agreements are therefore outside the definition of a lease according to the standard.

Assessment of lease period

Several of the Group's significant lease agreements, especially within real estate, include options for extending the lease agreements. According to IFRS 16, it is the non-cancellable lease period (including the period of notice) and any options reasonably certain to be exercised that is recognised in the lease liability. The Group assumes that "reasonably certain" is a probability level significantly higher than 50 percent/"probable".

Assessment of lease payments

«Right of use» assets and liabilities shall be measured at the present value of the lease payments.

Lease payments include fixed payments and any payments varying by an index or interest rate, but not variable lease payments depending on the use of the asset.

In addition, lease payments include residual value guarantees, purchase options and any termination expenses. For a large part of the Group's leased means of transport, the car importer has provided the lessor with a residual value guarantee. Wear and tear and any damage caused by an ordinary use of the leased asset is therefore expensed as incurred.

Discount rate

The present value of the lease payments shall be discounted at the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. The method to determine the Group's incremental borrowing rate is consistently applied and reflects (1) the loan interest for the asset class in question and (2) the length of the lease period.

Assessment on sublease agreements

Sublease agreements shall be classified as either financial or operating lease agreements and are considered to be financial if they basically transfer all risk and reward connected with the «right to use» asset. The Group assumes that this is the case if the asset, or parts of it, is subleased for most of the remaining lease period in the main agreement.

Consequences for the financial reporting

IFRS 16 effect in the balance sheet:

The implementation of IFRS 16 has implied an increase in total capital and a reduction in equity ratio of the Group. The implementation effect as of 1 January 2019 was as follows:

	31.12 2018	IFRS 16 effects	01.01 2019
ASSETS			
Non-current assets	8 730	4 034	12 764
Current assets	7 341	27	7 367
Assets	**16 071**	**4 060**	**20 131**
EQUITY AND LIABILITIES			
Equity and liabilities	6 481	38	6 519
Provisions for liabilities	1 201	(268)	933
Non-current liabilities	3 030	3 515	6 545
Current liabilities	5 359	775	6 134
Equity and liabilities	**16 071**	**4 060**	**20 131**

On the implementation date, the Group's weighted average marginal loan interest rate was 3,4 percent.

.

(The information in this document has not been audited. All amounts are in MNOK.) 20

IFRS 16 effect on the income statement:

Lease payments that according to IAS 17 are included in other operating expenses will pursuant to IFRS 16 be classified as depreciation and finance costs. The Group's operating result before depreciation will be improved, depreciation costs increase and finance result be reduced.

	Excl. IFRS 16*	IFRS 16 effects	YTD 2019
Revenue	**11 861**	**(18)**	**11 843**
Cost of goods and services	5 145		5 145
Payroll expenses	4 515		4 516
Depreciation and amortisation	318	450	768
Write-downs		24	23
Other operating expenses	1 674	(499)	1 176
Operating expenses	**11 652**	**(24)**	**11 628**
Other income and (expenses)	(497)	12	(485)
Share of profit from associates and joint ventures	6		6
Operating profit / (loss)	**(282)**	**18**	**(264)**
Net financial items	6	(59)	(52)
Profit / (loss) before tax	**(276)**	**(40)**	**(316)**
Tax expense	26		26
Loss for the period / year	**(302)**	**(40)**	**(343)**

*Income statement is shown without the adoption of the new standard IFRS 16

IFRS 16 effect on cash flows

The accounting change implies that the lease payments are shown as cash flows from financing activities on the line "Payment of repayment of rental obligations". Before the implementation of IFRS 16, they were part of cash flows from operating activities.

	Excl. IFRS 16*	IFRS 16 effects	YTD 2019
Cash flows from/(used in) operating activities	63	436	499
Cash flows from/(used in) investing activities	(245)		(245)
Cash flows from/(used in) financing activities	49	(436)	(387)
Total change in liquid assets	**(134)**		**(134)**
Cash and cash equivalents at the beginning of the period	3 613		3 613
Cash and cash equivalents at the end of the period	**3 480**		**3 480**

*Cash flow is shown without the adoption of the new standard IFRS 16

(The information in this document has not been audited. All amounts are in MNOK.) 21

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.

The sources of uncertainty concerning estimates are the same as for the 2018 financial statements with the exception of right-to-use assets and liabilities. 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 2018 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 the Board of Posten Norge AS. 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 with other 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 2018 annual report.

Revenue per segment

Q2 2019	Q2 2018	Total revenue	YTD 2019	YTD 2018	Year 2018
4 315	4 146	External revenue	8 510	8 036	16 666
143	161	Internal revenue	318	326	654
4 458	**4 307**	**Logistics**	**8 828**	**8 362**	**17 320**
1 617	1 829	External revenue	3 332	3 808	7 239
212	206	Internal revenue	426	407	849
1 828	**2 035**	**Mail**	**3 757**	**4 215**	**8 088**
		External revenue		1	
342	347	Internal revenue	683	679	1 301
342	**347**	**Other**	**683**	**680**	**1 301**
(697)	(714)	Eliminations	(1 425)	(1 413)	(2 817)
5 931	**5 975**	**Posten Norge**	**11 843**	**11 844**	**23 894**

Revenue categories (external revenue)

Q2 2019	Q2 2018	Deliveries over time*	YTD 2019	YTD 2018	Year 2018
2 047	1 936	Parcels and Cargo	4 047	3 731	7 888
2 268	2 210	Other Logistics business	4 463	4 305	8 778
4 315	**4 146**	**Total Segment Logistics**	**8 510**	**8 036**	**16 666**
1 405	1 544	Letter products and Banking services	2 913	3 418	6 425
134	213	Government procurement	267	254	536
78	73	Other	151	136	278
1 617	**1 829**	**Total Segment Mail**	**3 332**	**3 808**	**7 239**
	1	**Other**		**1**	
5 931	**5 975**	**Total revenue**	**11 843**	**11 844**	**23 894**

(The information in this document has not been audited. All amounts are in MNOK.) 23

Operating result (EBIT) per segment*)

Q2 2019	Q2 2018	EBITDA	YTD 2019	YTD 2018	Year 2018
355	151	Logistics	615	152	525
202	275	Mail	482	449	919
(39)	(42)	Other	(89)	(108)	(258)
518	**383**	**Posten Norge**	**1 007**	**492**	**1 185**

Q2 2019	Q2 2018	Adjusted operating profit / (loss)	YTD 2019	YTD 2018	Year 2018
101	51	Logistics	109	(42)	135
79	206	Mail	237	311	657
(47)	(43)	Other	(106)	(110)	(262)
132	**214**	**Posten Norge**	**239**	**159**	**531**

Q2 2019	Q2 2018	Operating profit / (loss) (EBIT)	YTD 2019	YTD 2018	Year 2018
87	56	Logistics	91	(40)	(73)
(278)	222	Mail	(248)	364	748
(47)	(45)	Other	(106)	(112)	(260)
(239)	**233**	**Posten Norge**	**(264)**	**212**	**415**

*In the figures for 2019, IFRS 16 Leases has been implemented. This was done on January 1, 2019, and comparative figures have not been restated accordingly.

(The information in this document has not been audited. All amounts are in MNOK.) 24

Assets and liabilities per segment*)

30.06.2019	Logistics	Mail	Other	Elim.	Group
Associates and joint ventures	351	3			354
Other non-current assets	8 409	2 674	730	(4)	11 809
Current assets	3 167	853	86	38	4 144
Total allocated assets	**11 928**	**3 530**	**817**	**34**	**16 308**
Deferred tax asset					212
Interest-bearing receivables					165
Liquid assets					3 480
Total non-allocated assets					**3 857**
Total assets					**20 164**
Provisions for liabilities	560	863	13		1 436
Total interest-free liabilities	2 373	1 677	478	34	4 562
Total allocated liabilities	**2 933**	**2 540**	**491**	**34**	**5 998**
Deferred tax					
Total interest-bearing liabilities					8 184
Total non-allocated liabilities					**8 184**
Total liabilities					**14 182**

31.12.2018	Logistics	Mail	Other	Elim.	Group
Associates and joint ventures	402	2			404
Other non-current assets	5 842	2 025	217		8 084
Current assets	2 988	725	31	(58)	3 686
Total allocated assets	**9 232**	**2 752**	**248**	**(58)**	**12 175**
Deferred tax asset					224
Interest-bearing receivables					59
Liquid assets					3 613
Total non-allocated assets					**3 896**
Total assets					**16 071**
Provisions for liabilities	787	428	(14)		1 201
Total interest-free liabilities	2 579	1 686	255	(58)	4 463
Total allocated liabilities	**3 366**	**2 114**	**255**	**(58)**	**5 664**
Deferred tax					
Total interest-bearing liabilities					3 928
Total non-allocated liabilities					**3 928**
Total liabilities					**9 592**

*In the figures for 2019, IFRS 16 Leases has been implemented. This was done on January 1, 2019, and comparative figures have not been restated accordingly.

(The information in this document has not been audited. All amounts are in MNOK.) 25

Cash flows for the segments

YTD 2019	Logistics	Mail	Other	Group
Profit/(loss) before tax	24	(272)	(68)	(316)
Gain/(loss) from sales of non-current assets and subsidiaries	(4)	(2)		(6)
Depreciation and write-downs	530	246	16	792
Share of net income from associated companies and joint venture	(6)			(6)
Changes in working capital and other accruals	(176)	357	8	190
Tax paid in period				(127)
Financial items without cash flow effect				51
Net interests				(78)
Cash flow from / (used in) operating activities	**368**	**329**	**(44)**	**499**
Cash flow effect from investments	(312)	(80)	(4)	(396)
Cash flow effect from sales	142	3		145
Changes in non-current receivables and financial assets	1		5	6
Cash flows used in investing activities	**(170)**	**(77)**	**2**	**(245)**
Proceeds from rental obligations				(436)
Repayment of debt				(350)
Change in overdraft facilities				399
Cash flows from financing activities				**(387)**
Change in cash and cash equivalents during the period				**(134)**
Cash and cash equivalents at the beginning of the period				3 613
Cash and cash equivalents at the end of the period				**3 480**

YTD 2018	Logistics	Mail	Other	Group
Profit/(loss) before tax	(68)	353	(99)	185
Gain from sales of non-current assets and subsidiaries	(3)	(17)		(20)
Ordinary depreciation and impairment	196	133	3	333
Share of net income from associated companies and joint venture	(4)	(4)		(8)
Changes in working capital and other accruals	(252)	(400)	(71)	(723)
Tax paid in the period				(112)
Financial items without cash flow effect				73
Net interest paid				(10)
Cash flows from / (used in) operating activities	**(131)**	**65**	**(167)**	**(281)**
Cash flow effect from investments	(300)	(59)	(96)	(455)
Cash flow effect from sales	19	(84)		(65)
Changes in non-current receivables and financial assets	7			8
Cash flows used in investing activities	**(274)**	**(143)**	**(96)**	**(512)**
Proceeds from non-current and current debt raised				
Repayment of debt				(150)
Decrease/increase bank overdraft				401
Cash flows from financing activities				**251**
Change in cash and cash equivalents during the period				**(542)**
Cash and cash equivalents at the beginning of the period				3 937
Cash and cash equivalents at the end of the period				**3 395**

(The information in this document has not been audited. All amounts are in MNOK.) 26

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets			
		Owned	Right of use	Total	Total
Total at 31.12.18	**2 049**	**5 812**		**5 812**	**7 861**
Adjustment of OB		(13)	3 952	3 939	3 939
Additions	72	324	398	722	794
Change in leases			(6)	(6)	(6)
Disposals		(100)		(100)	(100)
Disposals from sales of subsidiaries					
Depreciation	(67)	(250)	(451)	(701)	(768)
Write-downs			(23)	(23)	(23)
Translation differences	(22)	(28)	(68)	(95)	(117)
Total at 30.06.19	**2 033**	**5 745**	**3 801**	**9 547**	**11 579**

Investments in owned assets so far this year amounted to MNOK 396, of which investments in IT related solutions constituted MNOK 72. MNOK 116 of the MNOK 324 invested in tangible fixed assets concerned buildings and property, primarily to the development of the terminals in Stavanger and Tromsø. Investments in other fixed assets included terminal furnishings, vehicles and other operating equipment. MNOK 276 of total investments concerned the Logistics segment.

There were additions to right of use assets of MNOK 398 (a separate section in accounting principles about the implementation of IFRS 16 has details of right of use assets).

Note 3 Interest-bearing non-current and current liabilities

The Group’s non-current interest-bearing liabilities increased by MNOK 4 260 from 31 December 2018 to 30 June 2019, mainly due to the implementation of IFRS 16 on 1 January 2019. Please refer to additional information for details on the implementation.

The Group’s interest-bearing liabilities include:

	30.06 2019	31.12 2018
Bond loans	1 725	1 725
Liabilities to credit institutions	1 205	1 257
Lease obligations	3 415	
Other non-current liabilities	23	34
Total interest-bearing non-current liabilities	**6 369**	**3 015**
First year's instalment on non-current liabilities	100	100
Certificate loan	500	800
Lease obligations	815	
Other current liabilities	401	10
Total interest-bearing current liabilities	**1 816**	**910**

The change in other current liabilities is due to amounts drawn on the bank overdraft.

As at 30 June 2019, none of the Group’s credit facilities had been used. The average interest rate on Posten’s outstanding interest-bearing liabilities was 2,4 percent as at 30 June 2019.

Note 4 Other income and expenses

Other income and expenses include restructuring costs together with gain and loss on sales of tangible assets. The purpose of this line in the accounts is to show significant irregular items separately, thereby making the development in the operating items presented in the adjusted profit comparable.

Q2 2019	Q2 2018		YTD 2019	YTD 2018	Year 2018
(370)	1	Restructuring costs	(493)	1	(22)
6	19	Other income and (expenses)	7	20	68
6	(4)	Gain/(loss) from sale of fixed assets etc.		29	(11)
(358)	**16**	**Total other income and (expenses)**	**(485)**	**50**	**35**

Changes in the Postal Act were approved by the Norwegian Parliament in June, and the Group has decided to reduce the number of distribution days from five to every other day from 1 July 2020. The workforce will be reduced by appr. 1 500 full-time equivalents. Restructuring costs in the second quarter of 2019 mainly concerned this restructuring. In the first quarter this year, a provision was also made for restructuring the route preparation in the Mail segment.

Gain from the sale of fixed assets so far in 2019 primarily concerned the sale of fixed assets in the Logistics segment, whereas the same period in 2018 included sale of land belonging to Posten Eiendom Svanholmen.

Other income and expenses as per the second quarter of 2018 mainly concerned a reversed provision of MNOK 34 following the sale of the subsidiary Bring Citymail Sweden to the German company Allegra Capital GmbH, and the result of the agreement was a smaller loss than expected.

In 2017, Posten received a claim for compensation from a supplier regarding changes in purchase volumes. The claim was settled in the first quarter of 2019 without any significant accounting effect.

Note 5 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 2018 annual report.

The Group had the following financial assets and liabilities measured at fair value as at 30 June 2019:

		At fair value (FV)			At amortised cost		
	Valuation level	**FVO – FV Profit or loss**	**Derivatives at FV Profit or loss**	**Deriva-tives at FV OCI / equity**	**Receiv-ables**	**Other financial liabilities**	**30.06 2019**
Assets							
Interest-bearing current receivables					102		102
Other financial non-current assets	**2**		209	4	17		230
Interest-free current receivables	**2**			8	4 126		4 135
Interest-bearing current receivables					63		63
Liquid assets							3 480
Total financial assets							**8 009**
Liabilities							
Interest-bearing non-current liabilities	**2**	655				5 713	6 369
Interest-free non-current liabilities	**2**		7	4		2	12
Interest-bearing current liabilities						1 816	1 816
Interest-free current liabilities, incl. tax payable	**2**		1	2		4 547	4 550
Total financial liabilities							**12 746**
Total value hierarchy level 1							
Total value hierarchy level 2		(655)	202	6			(447)
Total value hierarchy level 3							

*) Derivatives included in accounting hedging relations

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.) 29

		At fair value (FV)			At amortised cost		
	Valuation level	**FVO – FV Profit or loss**	**Derivatives at FV Profit or loss**	**Deriva-tives at FV OCI / equity**	**Receiv-ables**	**Other financial liabilities**	**31.12 2018**
Assets							
Interest-bearing current receivables					17		17
Other financial non-current assets	**2**		210	3	10		223
Interest-free current receivables	**2**				3 671		3 671
Interest-bearing current receivables					42		42
Liquid assets							3 613
Total financial assets							**7 566**
Liabilities							
Interest-bearing non-current liabilities	**2**	657				2 359	3 015
Interest-free non-current liabilities	**2**		10	2		2	14
Interest-bearing current liabilities						910	910
Interest-free current liabilities, incl. tax payable	**2**		5	27		4 416	4 449
Total financial liabilities							**8 389**
Total value hierarchy level 1							
Total value hierarchy level 2		(657)	194	(27)			(489)
Total value hierarchy level 3							

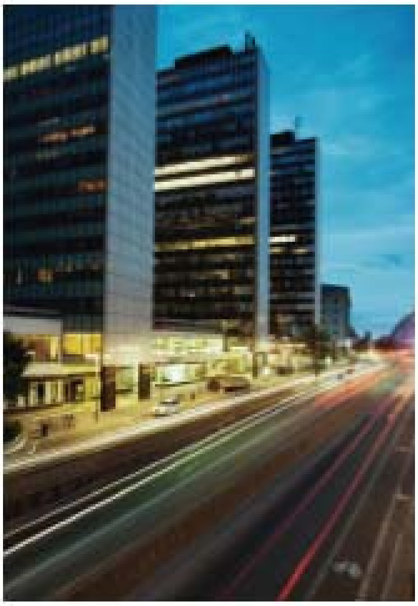
*) Derivatives included in accounting hedging relations

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

The table above shows the classification in categories pursuant to IFRS 39. Details can be found in the 2018 financial report. There have been no transfers between the levels in the fair value hierarchy since last year.

(The information in this document has not been audited. All amounts are in MNOK.) 30

Alternative Performance Measures



2ND QUARTER 2019 POSTEN NORGE

Alternative Performance Measures

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

Following the guidelines for «Alternative performance measures in financial reporting», the Group has clarified the definition of performance measures and other key figures applied in the annual report and not being part of the statements in the accounts.

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

At the implementation of IFRS 16, the alternative performance measure for 2018 have not been restated.

Organic growth

Organic growth provides the Group's management, Board and other users of the financial information the opportunity to analyse the underlying growth of operations.

		30.06 2019	30.06 2018
+	Revenue (current year)	11 843	11 844
-	Revenue (last year)	11 844	12 153
=	**Nominal change in revenue**	**(1)**	**(308)**

		30.06 2019	30.06 2018
	Nominal change in revenue	(1)	(308)
+/-	Impact exchange rates	34	(32)
+/-	Acquisitions of companies	(14)	
+/-	Sale of companies*	251	613
+/-	Change in government procurement	(14)	(172)
+/-	IFRS 16 effect	18	
=	**Organic change in revenue**	**274**	**101**

* Adjustment of revenue for proceeds from sale of subsidiaries previous year

		30.06 2019	30.06 2018
	Organic change in revenue	274	101
/	Adjusted revenue*	11 866	11 641
=	**Organic growth**	**2,4 %**	**0,9 %**

*Adjustment of revenue for currency effects, acquisitions and government procurement

(The information in this document has not been audited. All amounts are in MNOK.) 32

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

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

The target figures are valuable for the users of Posten's financial information, also 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 depreciation and amortisation costs, non-recurring items and other gain and loss related to investment are excluded. It is also assumed that the target figures contribute to a more comparable evaluation of operating results of the Group's competitors.

		YTD 2019	YTD 2018
+	Operating revenues	11 843	11 844
-	Costs of goods and services	5 145	4 923
-	Payroll and social expenses	4 516	4 618
-	Other operating expenses	1 176	1 811
=	**EBITDA**	**1 007**	**492**

		YTD 2019	YTD 2018
+	EBITDA	1 007	492
-	Depreciation	768	333
=	**Adjusted profit**	**239**	**159**

		YTD 2019	YTD 2018
	Adjusted profit/	239	159
-	Total operating revenues	11 843	11 844
=	**Adjusted profit margin**	**2,0 %**	**1,3 %**

(The information in this document has not been audited. All amounts are in MNOK.) 33

		YTD 2019	YTD 2018
+	Adjusted profit	239	159
-	Write-downs	23	4
+/-	Total other income and expenses	(485)	50
+	Share of profit or loss from associates and joint ventures	6	8
=	**EBIT**	**(264)**	**212**

		YTD 2019	YTD 2018
	EBIT/	(264)	212
	Total revenues	11 843	11 844
=	**EBIT margin**	**(2,2 %)**	**1,8 %**

(The information in this document has not been audited. All amounts are in MNOK.) 34

Net interest-bearing debt (NIBD) and liquidity reserve

A primary objective in the Group's guidelines for finance 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 set off by individual projects. This implies adequate resources to realise the Group's approved strategies.

Net interest-bearing debt and the liquidity reserve are indicators of the Group's liquid situation and closely followed up by the Group's centralised finance function. It 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, excluding financial instruments like debt instruments and derivatives, financial market placements in addition to cash and cash equivalents.

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

		30.06 2019	30.06 2018
+	Interest-bearing non-current liabilities	6 369	3 025
+	Interest-bearing current liabilities	1 816	986
-	Market-based financial investments	3 331	3 264
-	Cash	49	94
-	Bank deposits - other	100	38
=	**Net interest-bearing dept (NIBD)**	**4 704**	**616**

		30.06 2019	30.06 2018
+	Market-based investments	3 331	3 264
+	Syndicate facility	3 393	3 329
-	Certificate loans	500	200
=	**Long-term liquidity reserve**	**6 224**	**6 393**

		30.06 2019	30.06 2018
+	Long-term liquidity reserve	6 224	6 393
+/-	Deposits outside group account	100	38
+	Bank overdraft not utilised	151	149
=	**Short-term liquidity reserve**	**6 475**	**6 579**

(The information in this document has not been audited. All amounts are in MNOK.) 35

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. Such 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:

		30.06 2019	30.06 2018
+	Total intangible assets	2 088	2 128
+	Total tangible fixed assets	7 843	5 787
+	Total current assets	7 483	7 264
-	Total liquid assets	3 537	3 308
-	Interest-bearing current assets	57	93
-	Interest-free current liabilities	4 519	4 729
+	Tax payable	79	84
+	Dividend and group contributions	39	18
=	**Invested capital***	**9 420**	**7 150**

*Rolling twelve months

		2019	2018
	Last 12 months' accumulated adjusted profit	611	614
/	Invested capital	9 420	7 150
=	**Return on invested capital (ROIC)***	**6,5 %**	**8,6 %**

*Rolling twelve months

(The information in this document has not been audited. All amounts are in MNOK.) 36

Other alternative performance measures

The Group applies and presents some 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 2019	YTD 2018
+	Total investments (owned)	396	469
-	Investment due to acquisitions		14
=	**Investment before acquisitions**	**396**	**455**

		30.06 2019	30.06 2018
	Profit after tax total	(240)	345
/	Total equity on balance sheet date*	6 122	6 184
=	**Return on equity after tax (ROE)**	**(3,9 %)**	**5,6 %**

*Opening bal.+ closisng bal./2

		30.06 2019	30.06 2018
	Total qeuity on balance sheet date/	5 982	6 263
/	Total equity and liabilities (total capital)	20 164	16 425
=	**Equity ratio**	**29,7 %**	**38,1 %**

(The information in this document has not been audited. All amounts are in MNOK.) 37