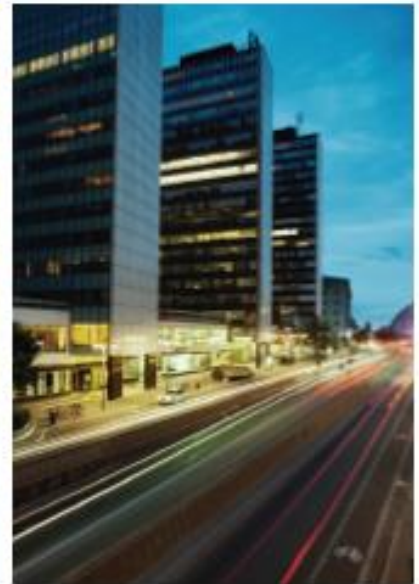
Posten Norge

Quarterly Report



1ST QUARTER 2019 POSTEN NORGE

Message from the CEO

The first quarter has been good in many ways. The profit development is good, the customers are more pleased, and the Government has proposed a new framework for the postal business.

The Government's proposal for changes in the Postal Act represents an important milestone for the postal services in Norway. The proposal opens up for mail distribution every other day and is expected to be effective from 1 July 2020. This is a necessary adjustment to the market development. People are sending fewer letters and make more purchases on the net. Posten has been prepared for a development with fewer mail days. This will be a demanding restructuring with a tight timetable. Like the employees' organisations, we are interested in good restructuring processes.

We know that the customers want freedom of choice and individual adjustments of their deliveries. In order to be relevant and meet the customers' needs, we make an offensive effort and extend the range of home delivery services. In the first quarter, we have started testing of parcel deliveries *Inside the door* – with a digital door-lock – in cooperation with Verisure. In Bodø, we have invited citizens to participate in assessing new *Home deliveries* with postdeliverymen/-women, in cooperation with Telenor and Bodø municipality. The tests will give us better answers to which services that are relevant and whether there is a market willing to pay.

The result progress in the first quarter was good – also considering the effect of Easter coming in the second quarter this year compared to the first in 2018. Adjusted profit was MNOK 106, an increase of MNOK 162 from the same period last year. In the Logistics segment, the good result is caused by volume growth and the improvement efforts beginning to take effect. E-commerce grew by 14 percent compared with the same period last year. For the Mail segment, the fall in volume continues at the same level as last year with 12,5 percent decline in addressed mail.

Posten is concerned with viability in the long term and has given four of the UN's 17 sustainability goals priority. One of them is goal number 11 – Sustainable cities and societies. We wish to contribute with logistic solutions that reduce the environmental impact and traffic load. In April, *#BelovedCity* was launched in Oslo to reduce the traffic and create a cleaner city environment. It is the recirculation company Ragn-Sells, KLP Eiendom and Bring that go new ways together. Environmental-friendly vehicles bring parcels and freight to customers in the city center and take waste out. Bring is engaged with the same type of cooperation in Stockholm, and the next city is Malmø.

One of the Group's main goals is to have satisfied and loyal customers. Ongoing measurements of customer loyalty, NPS (Net Promotor Score), show progress in the first quarter. So far this year, the share of loyal customers compared with critics is 42, against 35 at the same time last year. We are pleased to see the good development and the fact that we win new customers all the time. This is a motivation to make an effort for our customers every day.

Tone Wille
Group CEO

Main features

The Group's turnover in the first quarter was MNOK 5 913, an increase of 0,7 percent compared with the first quarter in 2018. Organic growth in the quarter was 4,4 percent, a consequence of strong growth in the Logistics segment and more working days, as the Easter came in the first quarter in 2018 compared with the second quarter in 2019. The adjusted operating profit in the first quarter was MNOK 106, an improvement of MNOK 162 compared with the same period in 2018. The implementation of IFRS 16 *Leases* contributed positive to adjusted operating profit with MNOK 19. The accounting principles have details.

The results in both segments were positively affected by more working days. A large fall in addressed volumes impacted the Mail segment negatively, but was mitigated by cost adjustments and a volume increase in unaddressed mail. Posten also received higher payment for the government procurements of commercially non-viable services in the first quarter of 2019 compared with the same period last year (only in the second quarter of 2018 did Posten receive the additional grant corresponding to the present level). The result in the Logistics segment was driven by high growth and positive effects due to the restructuring of operational processes and production layout. The adjusted operating profit for the first quarter of 2019 confirms that implemented measures in the Logistics segment give more cost-effective operations. The profitability is still not good enough, but the three last quarters have shown a positive development.

The operating result (EBIT) was a loss of MNOK 25, on the same level as in the first quarter of 2018. The provision for restructuring costs in connection with moving the route preparation (the work to prepare the mail for the distribution routes) influenced the result negatively by MNOK 119 (note 4 has additional information).

The Group's result before tax was a loss of MNOK 38 in the first quarter, a decline of MNOK 10 compared with 2018. The result after tax was a loss of MNOK 38, a decline of MNOK 22 compared with 2018.

Return on equity (ROE) was 3,8 percent in the first quarter, an increase of 0,3 percentage points compared with the first quarter of 2018. The return on invested capital (ROIC) was 9,2 percent in the first quarter, an increase of 2,8 percentage points compared with the first quarter of 2018. The key financial figures for 2018 have not been restated and do not include the effect of IFRS 16 *Leases*.

Profit development (unaudited)

Q1 2019	Q1 2018		Year 2018
5 913	5 869	Revenue	23 894
489	109	EBITDA	1 185
106	(55)	Adjusted profit	531
(25)	(21)	Operating profit (EBIT)	415
(13)	(7)	Net financial items	(49)
(38)	(28)	Profit before taxes	366
(38)	**(16)**	**Profit for the period/year**	**248**

Key financial figures (unaudited)

		Q1 2019	Q1* 2019	Q1 2018	Year 2018
Adjusted profit-margin	%	1,8	1,5	(0,9)	2,2
Operating profit (EBIT)-margin	%	(0,4)	(0,6)	(0,4)	1,7
Equity ratio	%	31,9	39,6	39,6	40,3
Return on invested capital**	%	8,1	9,2	6,4	7,3
Return on equity (after tax)**	%	3,6	3,8	3,5	3,9
Net interest-bearing debt		4722	480	319	313
Investments owned assets, excluding acquisitions		192	192	201	962

* Without the effects of IFRS 16
** Last twelve months

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

Balance sheet (unaudited)

	31.03 2019	31.12 2018
ASSETS		
Non-current assets	12 562	8 730
Current assets	7 550	7 341
Assets	**20 112**	**16 071**
EQUITY AND LIABILITIES		
Equity and liabilities	6 416	6 481
Provisions for liabilities	1 098	1 201
Non-current liabilities	6 396	3 030
Current liabilities	6 203	5 359
Equity and liabilities	**20 112**	**16 071**

Balance sheet

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

One result of the implementation of IFRS 16 was an increase of non-current assets of appr. 3,8 billion kroner, and in addition, a receivable of financial sublease of appr. MNOK 100 was established.

Current operational investments constituted MNOK 192 so far in 2019.

The change in current assets was mainly due to increased provisions for earned, not billed, revenue, set-off by reduced liquidity as a consequence of paid income taxes and repayment of debt.

The reduction in provisions for liabilities is primarily due to the implementation of IFRS 16, whereby former onerous contracts have been reversed (details related to the implementation are given in additional information). A provision was also made for restructuring concerning the move of route preparation.

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

Current liabilities increased by MNOK 844 compared with 31 December 2018. The implementation of IFRS accounts for MNOK 811 of the increase. In addition, MNOK 360 of the bank overdraft were drawn to repay net certificate loans by MNOK 300.

Cash flows (unaudited)

Q1 2019	Q1 2018		Year 2018
178	(214)	Cash flows from/(used in) operating activities	598
(144)	(281)	Cash flows from/(used in) investing activities	(853)
(210)	(13)	Cash flows from/(used in) financing activities	(69)
(176)	**(508)**	**Total change in liquid assets**	**(324)**
3 614	3 937	Cash and cash equivalents at the beginning of the period	3 937
3 438	**3 429**	**Cash and cash equivalents at the end of the period**	**3 613**

Cash flows

Net cash flows generated by operating activities in the first quarter of 2019 amounted to MNOK 178, an increase of MNOK 392 from the same period in 2018. This is mainly due to effects from IFRS 16 by MNOK 222, as lease costs were reclassified to financing activities (instalments). Reduced trade receivables and increased trade payables also contributed to an increase, but the positive effects were to a large extent counteracted by increased earned, not billed, revenue.

Net cash flows used in investing activities so far in 2019 were MNOK 144, primarily related to ongoing operational investments and the sale of operating equipment. Most of the operating investments concerned the building of logistics centres in Stavanger and Tromsø.

Net cash flows used in financing activities in the first quarter of 2019 amounted to MNOK 210, mainly as a consequence of IFRS 16, ref. above. Debt repayments of MNOK 350 were also made, and MNOK 360 were drawn on 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 industrial 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.

Q1 2019	Q1 2018		Year 2018
4 371	4 055	Revenue	17 320
261	1	Segment profit (EBITDA)	525
8	(93)	Adjusted profit	135
4	**(96)**	**Segment operating profit (EBIT)**	**(75)**

The Logistics segment increased turnover by MNOK 316 in the first quarter. The organic growth was 9,9 percent. E-commerce to private consumers showed good growth, and the e-commerce volume increased by 14 percent in the last 12 months. There was also growth within contract parcels, freight, international forwarding and offshore.

Adjusted operating profit for the Logistics segment was MNOK 8 in the first quarter of 2019, an improvement of MNOK 101 compared with the same period last year. The improvement primarily came in the Norwegian parcels and freight network, where extensive improvement measures are carried out to achieve more cost-effective operations. The result in this part of the business has shown a positive trend in the last three quarters, and confirms that implemented efforts are beginning to be effective.

The introduction of IFRS 16 *Leases* implied a positive result effect of MNOK 11 in the first quarter of 2019. The result was also positive impacted by more working days than in the first quarter of 2018 (due to the time of Easter). Parts of the business still had profitability challenges, and the efforts to make operations and improve profitability continue.

Operating profit (EBIT) for the first quarter was MNOK 4, MNOK 100 better than in the corresponding period last year, caused by the improved adjusted operating result.

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.

Q1 2019	Q1 2018		Year 2018
1 929	2 180	Revenue	8 088
280	174	Segment profit (EBITDA)	919
158	105	Adjusted profit	657
30	**142**	**Segment operating profit (EBIT)**	**748**

The addressed mail volume fell by 12,5 percent in the first quarter. The bank and finance industry fell by 22 percent, and the public sector reduced the volume by 12 percent. The volume of unaddressed mail increased by 6,4 percent as a consequence of new contracts.

Turnover was reduced by MNOK 251 compared with the first quarter of 2018. The main reason was the sale of Bring Citymail Sweden on 1 March 2018. The decline in turnover caused by the fall in volumes of addressed mail was mitigated by government procurements of commercially non-viable services, where the grant of the year was higher in the first quarter of 2019 compared with the same period last year (only in the second quarter of 2018 did Posten receive an additional grant corresponding to this year's level).

Adjusted operating profit in the first quarter was MNOK 158, an increase of MNOK 53 compared with the first quarter of 2018. Government procurements of commercially non-viable postal services amounting to MNOK 134 were taken to income in the first quarter of 2019, compared with MNOK 41 in the first quarter of 2018. In addition, the result was positively influenced by more working days (due to the time of Easter). Comprehensive cost-adjustments to operations are still realised, but this will not be adequate to compensate for the large fall in addressed mail volumes. The implementation of IFRS 16 *Leases* had a positive result effect of MNOK 5.

Operating profit (EBIT) in the first quarter amounted to MNOK 30 and included a provision for restructuring related to the move of route preparation and parts of Posten's Advertising Centers of MNOK 119.

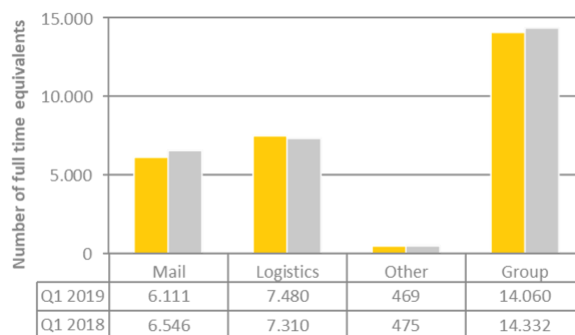
In the first quarter, 88,6 percent of addressed mail was delivered within 2 days. This was well above the license requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce in the first quarter of 2019 constituted 14 060 full-time equivalents, a reduction of 272 full-time equivalents compared with the first quarter of 2018. In the Mail segment, the workforce decreased by 435 full-time equivalents, mainly related to reductions within mail distribution and production. In the Logistics segment, the workforce increased by 170 full-time equivalents.



Absence due to sickness and personal injuries

Posten's ambition is to create and 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, even though the Group had an increased injury frequency and somewhat higher absence due to sickness in 2018.

In the first quarter of 2019, absence due to sickness in the Group was 6,5 percent, a reduction of 0,3 percentage points compared with the first quarter of 2018. Absence due to sickness in the last 12 months was 6,0 percent, 0,1 percentage points higher than the same period last year.

The total number of personal injuries per million worked hours (H2) was 7,8 percent in the first quarter of 2019, a reduction of 1,7 from the same period in 2018. The injury frequency in the last 12 months increased from 7,0 per March last year to 8,2 per March this year. The number of personal injuries increased from 174 in the last 12 months per March last to 201 injuries per March this year.

Efforts to improve the development both for the absence due to sickness and for personal injuries continue. A security campaign comprising the entire Group has been started, including HSE manager training focusing on job security.

Gender equality and diversity

Diversity contributes to increased well-being, innovation and performance. Posten has set goals for ethnic diversity efforts up to 2020, where the basis is that the Group shall reflect society and have more employees with a multicultural background in positions within management, staff and administration. The goal is that the total share of employees with a multicultural background in Posten shall be 17 percent, and 9 percent in positions within management, staff and administration.

Posten also has a clear ambition of having a gender balance among executives that reflects the total diversion in the Group. Gender balance is emphasised in recruiting, selecting training and leader programmes and in succession planning.

In 2019, the Group is testing "reversed mentoring", where group management has the opportunity to learn from younger staff. The objective with the programme is that the participants shall benefit from it and achieve personal development, but also to contribute to develop 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 consisting of more than 1200 electric vehicles. The Group has invested in large electric vans of the type Chinese Maxus and electric vans of the type Volkswagen E-Crafter. These were put into operation in Oslo, Drammen and Bergen in the first quarter, and more vans have been ordered.

Posten and Bring are partners in the cooperation project «Oslo European environmental capital 2019". In connection with the opening in January, a special stamp was launched. A post office where everybody could send post cards with an environmental message free was also set up.

The initiative *#BelovedCity»* has been launched together with Ragn-Sells and KLP involving a place for coload at Posthuset where parcels are delivered by an electric vehicle into the center of Oslo and waste collected to be taken out.

Future prospects

The growth in the Norwegian mainland economy was well above two percent in 2018. The growth is expected to be somewhat higher in 2019 and 2020, and then flatten out at around two percent. The petroleum investments are expected to grow markedly in 2019, followed by a more moderate growth. The Swedish economy has passed its peak, and the growth in 2019 in the time to come is expected to be much weaker than in recent years. The growth in the Danish economy is expected to be stable at about two percent.

An increasing part of the Group's turnover comes from the logistics business, and operations outside Norway grow the most. The development of the economic trends is decisive for the growth to be expected in the logistics market in the next years. The e-commerce in Norway increased by 17 percent* in 2018, and e-commerce will continue to grow substantially in the next years. Together with cost-effective operations, the growth in the market will be an important contribution to improving profitability. The profitability in the logistics business has gradually improved since the summer of 2018. Several areas have a positive profitability improvement, but in total, profitability is still too weak. The market is demanding with heavy competition and low margins, and continued measures to make operations effective and improve profitability will be key for the Logistics segment.

The profitability development in the Mail segment is characterised by mail volumes falling more rapidly than ever, and there are no signs indicating that this will decline in the years to come. The number of letters is reduced by 65 percent from the start of the millennium and is expected to fall by another 60 percent from 2018 to 2025. To continue today's practice of mail distribution five days a week will not be financially sustainable.

Posten's agreement with DNB for carrying out banking services expiring on 31 December 2019 has been ordinarily renegotiated. In the absence of a joint bank solution, DNB has chosen to let the agreement with Posten expire. Together with DNB, Posten will try to find good temporary solutions. DNB and Posten plan to finally end the agreement during 2020. In cooperation with the authorities, Posten will work to find a continued solution for bank services through the rural postal network.

On 10 April, the Government presented the parliamentary bill about changes in the Postal Act (the number of distribution days). The bill proposes to reduce the requirement of postal services to be delivered from a distribution five days a week to every other day, Monday to Friday, in a two-weekly cycle. The distribution to Post-in-Shops and post office boxes will continue five days a week as now, and Posten will at the same time extend the service of home deliveries of parcels.

The Government is also preparing to purchase the distribution of papers two fixed days a week – in addition to Saturday. This service will be subject to competitive tendering, and Posten will consider to submit a bid when the tendering is announced.

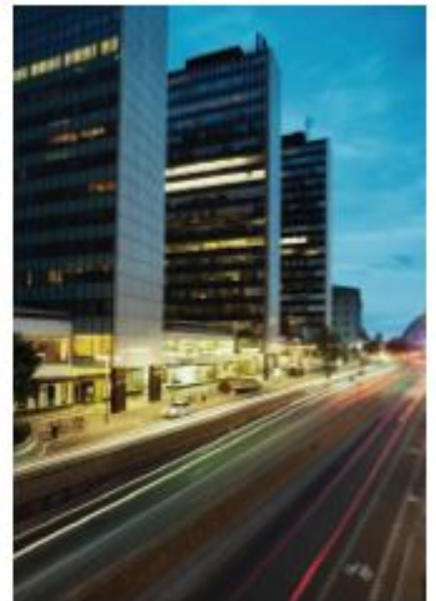
Depending on a quick clarification in the Norwegian Parliament, it is planned to introduce mail distribution every other day from 1 July 2020. This will be the largest operational and personnel change in Posten's history. The workforce will be reduced by appr. 1 500 full-time equivalents, in addition to the fact that appr. 2 600 staff at the mail terminals and other postmen and women will have changed duties.

Oslo, 15 May 2019
The Board of Directors in Posten Norge

*DIBS' annual report on Norwegian e-commerce

Posten Norge

Financial Report



1ST QUARTER 2019 POSTEN NORGE

Condensed income statement

Q1 2019	Q1 2018		Note	Year 2018
5 913	**5 869**	**Revenue**	1	**23 894**
2 593	2 494	Cost of goods and services		10 270
2 259	2 355	Payroll expenses		8 853
383	164	Depreciation and amortisation	2	654
9	3	Write-downs	2	158
570	911	Other operating expenses		3 586
5 815	**5 927**	**Operating expenses**		**23 522**
(128)	34	Other income and (expenses)	4	35
5	3	Share of profit from associates and joint ventures		8
(25)	**(21)**	**Operating profit**	1	**415**
(13)	(7)	Net financial items		(49)
(38)	**(28)**	**Profit before tax**		**366**
	(12)	Tax expense		118
(38)	**(16)**	**Profit for the period/year**		**248**
(39)	(15)	Controlling interests		246
1	(1)	Non-controlling interests		2

Condensed statement of comprehensive income

Q1 2019	Q1 2018		Year 2018
(38)	**(16)**	**Profit/(loss) for the period**	**248**
		Pension	63
		items that will not be reclassified to income statement	**63**
		Items that later will be reclassified to income statement	
		Translation differences	
22	40	Hedging of foreign entities	32
(60)	(89)	Translation differences	(44)
(38)	**(49)**	**Translation differences**	**(12)**
2	4	Cash flow hedging	0
(36)	**(46)**	**Items that later will be reclassified to income statement**	**(11)**
		Changes in tax rate	(2)
(36)	**(46)**	**Other comprehensive income (loss)**	**50**
(74)	**(62)**	**Total comprehensive income (loss)**	**298**
		Total comprehensive income is distributed as follows:	
(74)	(61)	Controlling interests	296
1	(1)	Non-controlling interests	2

Condensed balance sheet

	Note	31.03 2019	31.12 2018
ASSES			
Intangible assets	2	2 040	2 049
Deferred tax asset		214	224
Tangible fixed assets	2	9 630	5 812
Other financial assets	5	678	645
Total non-current assets		**12 562**	**8 730**
Inventories		10	15
Interest-free current receivables	5	4 035	3 671
Interest-bearing current receivables	5	66	42
Liquid assets	5	3 438	3 613
Current assets		**7 550**	**7 341**
Total assets		**20 112**	**16 071**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		3 248	3 330
Non-controlling interests		48	31
Equity		**6 416**	**6 481**
Provisions for liabilities		**1 098**	**1 201**
Interest-bearing non-current liabilities	3,5	6 382	3 015
Interest-free non-current liabilities	5	13	14
Non-current liabilities		**6 396**	**3 030**
Interest-bearing current liabilities	3,5	1 777	910
Interest-free current liabilities	5	4 408	4 342
Tax payable		18	107
Short-term liabilities		**6 203**	**5 359**
Total equity and liabilities		**20 112**	**16 071**

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			**(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)					**36**	**36**		**36**
Equity 01.01.2019	**3 120**	992	(3)	302	2 074	**3 366**	**31**	**6 517**
Profit for the period					(39)	**(39)**	1	(38)
Other comprehensive income/(loss) for the period			2	(38)		**(36)**		(36)
Total comprehensive income			**2**	**(38)**	**(39)**	**(74)**	**1**	**(74)**
Other equity transactions					(43)	**(43)**	16	(27)
Equity 31.12.2019	**3 120**	992		264	1 992	**3 248**	**48**	**6 416**

As at 31 March 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.

The Board proposed to distribute a dividend of MNOK 124 of the 2018 profits. The final dividend will be approved by the Annual General Meeting in June 2019.

Condensed statement of cash flows

Q1 2019	Q1 2018		Year 2018
(38)	(28)	Income before tax	366
(118)	(72)	Tax paid in period	(130)
(1)	(1)	(Gain)/loss from sales of non-current assets, subsidiaries and associated company	(64)
392	167	Depreciation and write-downs	813
(5)	(3)	Share of net income from associated companies and joint venture	(8)
11	5	Financial items without cash flow effect	111
408	68	Changes in receivables, inventory and payables	(147)
(491)	(256)	Changes in other working capital	(99)
60	(91)	Changes in other accruals	(218)
37	17	Interests received	51
(78)	(21)	Interests paid	(76)
178	**(214)**	**Cash flow from/(used in) operating activities**	**598**
(192)	(201)	Investments in tangible non-current assets and intangible assets	(962)
		Investments in businesses	(3)
		Investments in associated companies and joint venture	
1	14	Proceeds from sales of tangible non-current assets and intangible assets	81
	(102)	Proceed from sale of subsidiaries	1
39		Proceed from sale of associated companies	7
		Dividend received from associated companies	
8	8	Changes in other financial non-current assets	(4)
(144)	**(281)**	**Cash flow from/(used in) investing activities**	**(853)**
(222)		Repayment of lease obligations	
	(150)	Proceeds from non-current and current debt raised	500
(350)	138	Repayment of non-current and current debt	(375)
362		Decrease/increase bank overdraft	
		Group contributions/dividends paid	(194)
(210)	**(13)**	**Cash flow from/(used in) financing activities**	**(69)**
(176)	**(508)**	**Total change in cash and cash equivalents during the year**	**(324)**
3 614	3 937	Cash and cash equivalents at the start of the period	3 937
3 438	**3 429**	**Cash and cash equivalents at end of period**	**3 613**

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 of use" asset is derived from this calculation. At subsequent measurements, the "right of use" asset shall be depreciated, and the lease 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 initially 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 rate has been applied for portfolios of leases 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 direct 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 will apply the exceptions in the standard. Lease contracts in the category of "assets of low value" will not be 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, insurance, maintenance and service, 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 to 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 rates

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 transfer all material risk and reward connected with the «right of 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 of the head lease.

Consequences for the financial reporting

IFRS 16 effect in the balance sheet

The implementation of IFRS 16 has led to 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	4 047	12 777
Current assets	7 341	27	7 367
Assets	**16 071**	**4 073**	**20 144**
EQUITY AND LIABILITIES			
Equity and liabilities	6 481	36	6 517
Provisions for liabilities	1 201	(268)	933
Non-current liabilities	3 030	3 530	6 560
Current liabilities	5 359	775	6 134
Equity and liabilities	**16 071**	**4 073**	**20 144**

On the implementation date, the Group's weighted average incremental borrowing rate was 3,4 percent.

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	Q1 2019
Revenue	**5 921**	**(9)**	**5 913**
Cost of goods and services	2 593		2 593
Payroll expenses	2 259		2 259
Depreciation and amortisation	158	225	383
Write-downs		9	9
Other operating expenses	823	(253)	570
Operating expenses	**5 834**	**(19)**	**5 815**
Other income and (expenses)	128		128
Share of profit from associates and joint ventures	5		5
Operating profit	**(35)**	**10**	**(25)**
Net financial items	14	(27)	(13)
Profit before tax	**(21)**	**(17)**	**(38)**
Tax expense			
Profit for the period/year	**(21)**	**(17)**	**(38)**

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

IFRS 16 effect on cash flows

The accounting change will imply 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	Q1 2019
Cash flows from/(used in) operating activities	(44)	222	178
Cash flows from/(used in) investing activities	(144)		(144)
Cash flows from/(used in) financing activities	12	(222)	(210)
Total change in liquid assets	**(176)**		**(176)**
Cash and cash equivalents at the beginning of the period	3 614		3 614
Cash and cash equivalents at the end of the period	**3 438**		**3 438**

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

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

Q1 2019	Q1 2018	Total revenue	Year 2018
4 198	3 890	External revenue	16 666
175	165	Internal revenue	654
4 371	**4 055**	**Logistics**	**17 320**
1 715	1 979	External revenue	7 239
214	202	Internal revenue	849
1 929	**2 180**	**Mail**	**8 088**
		External revenue	
341	332	Internal revenue	1 303
341	**332**	**Other**	**1 303**
(728)	(699)	Eliminations	(2 817)
5 913	**5 869**	**Posten Norge**	**23 894**

Revenue categories (external revenue)

Q1 2019	Q1 2018	Deliveries over time*	Year 2018
2 000	1 794	Parcels and Cargo	7 888
2 199	2 096	Other Logistics business	8 777
4 198	**3 890**	**Total Segment Logistics**	**16 666**
1 508	1 874	Letter products and Banking services	6 425
134	41	Government procurement	536
74	63	Other	278
1 715	**1 979**	**Total Segment Mail**	**7 239**
		Other	
5 913	**5 868**	**Total Revenue**	**23 894**

*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

Operating result (EBIT) per segment*)

Q1 2019	Q1 2018	EBITDA	Year 2018
261	1	Logistics	525
280	174	Mail	919
(50)	(66)	Other	(258)
489	**109**	**Posten Norge**	**1 185**

Q1 2019	Q1 2018	Adjusted operating profit/(loss)	Year 2018
8	(93)	Logistics	135
158	105	Mail	657
(59)	(67)	Other	(262)
106	**(55)**	**Posten Norge**	**531**

Q1 2019	Q1 2018	Operating profit (EBIT)	Year 2018
4	(96)	Logistics	(75)
30	142	Mail	748
(59)	(67)	Other	(262)
(25)	**(21)**	**Posten Norge**	**415**

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

Assets and liabilities per segment*)

31.03.2019	Logistics	Mail	Other	Elim.	Group
Associates and joint ventures	350	3			353
Other non-current assets	8 566	2 595	728	(5)	11 885
Current assets	3 173	874	33	(35)	4 046
Total allocated assets	**12 090**	**3 473**	**761**	**(40)**	**16 283**
Deferred tax asset					214
Interest-bearing receivables					177
Liquid assets					3 438
Total non-allocated assets					**3 829**
Total assets					**20 112**
Provisions for liabilities	585	539	(24)		1 098
Total interest-free liabilities	2 434	1 726	319	(40)	4 439
Total allocated liabilities	**3 018**	**2 265**	**295**	**(40)**	**5 537**
Deferred tax					
Total interest-bearing liabilities					8 160
Total non-allocated liabilities					**8 160**
Total liabilities					**13 696**

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					3 926
Total non-allocated liabilities					**3 926**
Total liabilities					**9 590**

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

Cash flows for the segments

Q1 2019	Logistics	Mail	Other	Group
Income before tax	(25)	19	(32)	(38)
Gain/(loss) from sales of non-current assets and subsidiaries		(1)		(1)
Depreciation and write-downs	262	122	8	392
Share of net income from associated companies and joint venture	(5)			(5)
Changes in working capital and other accruals	(123)	63	39	(22)
Tax paid in period				(118)
Financial items without cash flow effect				11
Net interests				(40)
Cash flow from/(used in) operating activities	**109**	**202**	**15**	**178**
Cash flow effect from investments	(157)	(34)	(1)	(192)
Cash flow effect from sales	40			40
Changes in other financial non-current assets	5	1	2	8
Cash flow from/(used in) investing activities	**(112)**	**(34)**	**1**	**(144)**
Proceeds from rental obligations				(222)
Repayment of debt				(350)
Dividend paid				362
Cash flow from/(used in) financing activities				**(210)**
Change in cash and cash equivalents during the period				**(176)**
Cash and cash equivalents at the beginning of the period				3 614
Cash and cash equivalents at the end of the period				**3 438**

Q1 2018	Logistics	Mail	Other	Group
Income before tax	(107)	135	(56)	(28)
(Gain)/loss from sales of non-current assets and subsidiaries	(1)			(1)
Depreciation and write-downs	96	70	1	167
Share of net income from associated companies and joint venture		(3)		(3)
Changes in other working capital and accruals	(93)	(122)	(64)	(279)
Tax paid in period				(72)
Financial items without cash flow effect				5
Net interests				(4)
Cash flow from/(used in) operating activities	**(105)**	**79**	**(119)**	**(214)**
Cash flow effect from investments	(121)	(35)	(46)	(201)
Cash flow effect from sales	13	(102)		(88)
Changes in other financial non-current assets				8
Cash flow from/(used in) investing activities	**(107)**	**(136)**	**(46)**	**(281)**
Repayment of non-current and current debt				(150)
Decrease/increase bank overdraft				138
Cash flow from/(used in) financing activities				**(13)**
Net change in cash and cash equivalents during the year				**(508)**
Total change in cash and cash equivalents during the year				3 937
Cash and cash equivalents at end of period				**3 429**

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets			
		Owned	Right of use	Sum	Total
Total at 01.01.19	**2 049**	**5 812**	**3 952**	**9 763**	**11 813**
Additions	41	151	125	275	317
Disposals	(2)	(15)		(15)	(17)
Depreciation	(32)	(127)	(225)	(351)	(383)
Write-downs			(9)	(9)	(9)
Translation differences	(18)	(23)	(10)	(33)	(50)
Total at 31.03.19	**2 040**	**5 798**	**3 832**	**9 630**	**11 670**

Investments in owned assets so far this year amounted to MNOK 192, of which investments in IT related solutions constituted MNOK 39. MNOK 58 of the MNOK 151 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 135 of total investments concerned the Logistics segment. There were also additions to right of use assets of MNOK 125 (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 4 220 from 31 December 2018 to 31 March 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:

	31.03 2019	31.12 2018
Bond loans	1 725	1 725
Liabilities to credit institutions	1 192	1 257
Lease liabilities	3 431	
Other non-current liabilities	34	34
Total interest-bearing non-current liabilities	**6 382**	**3 015**
First year's instalment on non-current liabilities	100	100
Certificate loan	500	800
Lease liabilities	811	
Other current liabilities	367	10
Total interest-bearing current liabilities	**1 777**	**910**

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

As at 31 March 2019, none of the Group’s credit facilities had been used. The average interest rate on Posten’s outstanding interest-bearing liabilities was 2,2 percent as at 31 March 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.

Q1 2019	Q1 2018		Year 2018
(123)		Restructuring costs	(22)
(6)	33	Other income and (expenses)	(11)
1	1	Gain/(loss) from sale of fixed assets etc.	68
(128)	**34**	**Total other income and (expenses)**	**35**

Restructuring costs in the first quarter of 2019 mainly concerned the restructuring of route preparation and parts of Posten's Advertising Centers in the Mail segment. The decision on restructuring was made in February 2019 on the basis of the severe financial challenge the Mail segment is facing as a consequence of the increasing volume fall in addressed mail.

Other income and expenses in the first quarter of 2019 mainly concerned loss provisions in the Logistics segment. In the same period in 2018, a provision of MNOK 34 was reversed in the Mail segment, following the sale of the subsidiary Bring Citymail Sweden, as 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.

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 31 March 2019:

	At fair value (FV)				At amortised cost		
	Valua-tion level	FVO – FV Profit or loss	Deriva-tives at FV Profit or loss	Deriva-tives at FV OCI/ equity *)	Receiv-ables	Other financial liabilities	31.03 2019
Assets							
Interest-bearing current receivables					110		110
Other financial non-current assets	2		196	4	16		215
Interest-free current receivables	2		2	9	4 025		4 035
Interest-bearing current receivables					66		66
Liquid assets							3 438
Total financial assets							**7 865**
Liabilities							
Interest-bearing non-current liabilities	2	642				5 740	6 382
Interest-free non-current liabilities	2		9	3		2	13
Interest-bearing current liabilities						1 777	1 777
Interest-free current liabilities, incl. tax payable	2			2		4 423	4 426
Total financial liabilities							**12 599**
Total value hierarchy level 1							
Total value hierarchy level 2		(642)	189	7			(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

	At fair value (FV)				At amortised cost		
	Valua-tion level	**FVO – FV Profit or loss**	**Deriva-tives 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					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							**8 400**
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.

Note 6 Events after the reporting period

«Events after the reporting period" are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Restructuring of route preparation

On 10 April 2019, the Government presented the parliamentary bill about changes in the Postal Act. The changes propose to reduce the number of required days of mail distribution. The change is expected to be effective from 1 July 2020. If the bill is passed, Posten will reduce the number of distribution days from five days a week to every other day in the entire country. The workforce will be reduced by appr. 1 500 full-time equivalents, in addition to the fact that appr. 2 600 staff at the post terminals and other postmen and women will have changed duties. The Group has already initiated a dialogue with relevant parties (Postkom etc.) about the effect of such a law amendment. Restructuring costs are estimated at appr. MNOK 360, and are expected to be expensed to the 2019 accounts.

Posten Norge

Alternative Performance Measures

1ST 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 2018 figures 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.

		31.03 2019	31.03 2018
+	Revenue (current year)	5 913	5 869
-	Revenue (last year)	5 869	6 094
=	**Nominal change in revenue**	**44**	**(225)**

		31.03 2019	31.03 2018
	Nominal change in revenue	44	(225)
+/-	Impact exchange rates	41	(78)
+/-	Acquisitions of companies	3	0
+/-	Sale of companies*	251	209
+/-	Change in government procurement	(94)	1
+/-	IFRS 16 effects	9	
=	**Organic change in revenue**	**254**	**(94)**

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

		31.03 2019	31.03 2018
	Organic change in revenue	254	(94)
/	Adjusted revenue*	5 848	5 791
=	**Organic growth**	**4,4 %**	**(1,6 %)**

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

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

Group management is following up 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	5 913	5 869
-	Costs of goods and services	2 593	2 494
-	Payroll and social expenses	2 259	2 355
-	Other operating expenses	570	911
=	**EBITDA**	**489**	**109**

		YTD 2019	YTD 2018
+	EBITDA	489	109
-	Depreciation	383	164
=	**Adjusted profit**	**106**	**(55)**

		YTD 2019	YTD 2018
	Adjusted profit/	106	(55)
-	Total operating revenues	5 913	5 869
=	**Adjusted profit margin**	**1,8 %**	**(0,9 %)**

		YTD 2019	YTD 2018
+	Adjusted profit	106	(55)
-	Write-downs	9	3
+/-	Total other income and expenses	(128)	34
+	Share of profit or loss from associates and joint ventures	5	3
=	**EBIT**	**(25)**	**(21)**

		YTD 2019	YTD 2018
	EBIT/	(25)	(21)
	Total revenues	5 913	5 869
=	**EBIT margin**	**(0,4 %)**	**(0,4 %)**

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.

		31.03 2019	**31.03 2018**
+	Interest-bearing non-current liabilities	6 382	3 024
+	Interest-bearing current liabilities	1 777	724
-	Market-based financial investments	3 306	3 251
-	Cash	48	59
-	Bank deposits - Group account system	(2)	
-	Bank deposits - other	87	120
=	**Net interest-bearing debt (NIBD)**	**4 722**	**319**

		31.03 2019	**31.03 2018**
+	Market-based investments	3 306	3 251
+	Syndicate facility	3 381	3 375
+	Bilateral credit facilities		750
-	Certificate loans	500	200
=	**Long-term liquidity reserve**	**6 186**	**7 175**

		31.03 2019	**31.03 2018**
+	Long-term liquidity reserve	6 186	7 175
+/-	Deposits on group account		
+/-	Deposits outside group account	85	120
+	Bank overdraft not utilised	550	412
=	**Short-term liquidity reserve**	**6 821**	**7 707**

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:

		31.03 2019	**31.03 2018**
+	Total intangible assets	2 106	2 154
+	Total tangible fixed assets	6 962	5 807
+	Total current assets	7 417	7 011
-	Total liquid assets	3 525	2 947
-	Interest-bearing current assets	61	98
-	Interest-free current liabilities	4 496	4 894
+	Tax payable	82	94
+	Dividend and group contributions	30	3
=	**Invested capital***	**8 514**	**7 128**

*Rolling twelve months

		2019	**2018**
	Last 12 months' accumulated adjusted profit	693	456
/	Invested capital	8 514	7 128
=	**Return on invested capital (ROIC)***	**8,1 %**	**6,4 %**

*Rolling twelve months

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:

		31.03 2019	31.03 2018
+	Total Investments (owned)	192	201
-	Investment due to acquisitions		
=	**Investment before acquisitions**	**192**	**201**

		31.03 2019	31.03 2018
	Profit after tax total	226	216
/	Total Equity on balance sheet date*	6 365	6 192
=	**Return on equity after tax (ROE)**	**3,6 %**	**3,5 %**

*(Opening + closing balance)/2

		31.03 2019	31.03 2018
	Total Equity on balance sheet date/	6 416	6 313
/	Total equity and liabilities (total capital)	20 112	15 922
=	**Equity ratio**	**31,9 %**	**39,6 %**