

# We know Norway

Posten Norge  
Results as of 1<sup>st</sup> half-year 2016

# Agenda 1<sup>st</sup> half-year 2016

## PART 1:

- Highlights and developments  
CEO Dag Mejdell

## PART 2:

- Results and Segment Review  
CFO Tone Wille

## PART 3:

- Q&A



# Agenda 1<sup>st</sup> half-year 2016

## PART 1:

- Highlights and developments

CEO Dag Mejdell



# Highlights – Important events in the 1<sup>st</sup> half-year 2016

- Posten suggests **one mail stream**, with two days' transit time for addressed mail. A White paper was submitted on May 11 and is expected to be discussed by Parliament this autumn
- The increase in **e-commerce** continues. The Group's total e-commerce volume increased by 11 % in the 1<sup>st</sup> half-year 2016
- **Absence due to sickness** was 6.1 % in the 1<sup>st</sup> half-year, an improvement of 0.2 percentage points compared with the same period in 2015
- In the second quarter of 2016, the result for **Priority mail** delivered overnight was 87.7 %, 2.7 percentage points higher than the licence requirement of 85.0 %. In the first half-year of 2016, the result for A-mail delivered overnight was 87.4 %
- Bring has been a part owner of **Danske Fragtmænd** since 2013. The agreement has been renegotiated and Bring has strengthened its partnership with the company
- Bring Frigo moved into the new terminal at Alnabru in April
- Posten Norge's digital mailbox, Digipost, had a positive development in the first half-year, and the number of registered users increased by 50 % since the New Year. Approximately **900 000** are now using the service



# Financial highlights 1<sup>st</sup> half-year 2016

## OPERATING REVENUES, MNOK

Q2 2016	Q2 2015	YTD 2016	YTD 2015
6 208	6 120	12 406	12 407

## EBITE\*, MNOK

Q2 2016	Q2 2015	YTD 2016	YTD 2015
203	82	221	314

## RETURN ON INVESTED CAPITAL/ROIC, %

Last 12 months	Last 12 months
8,5	13,8

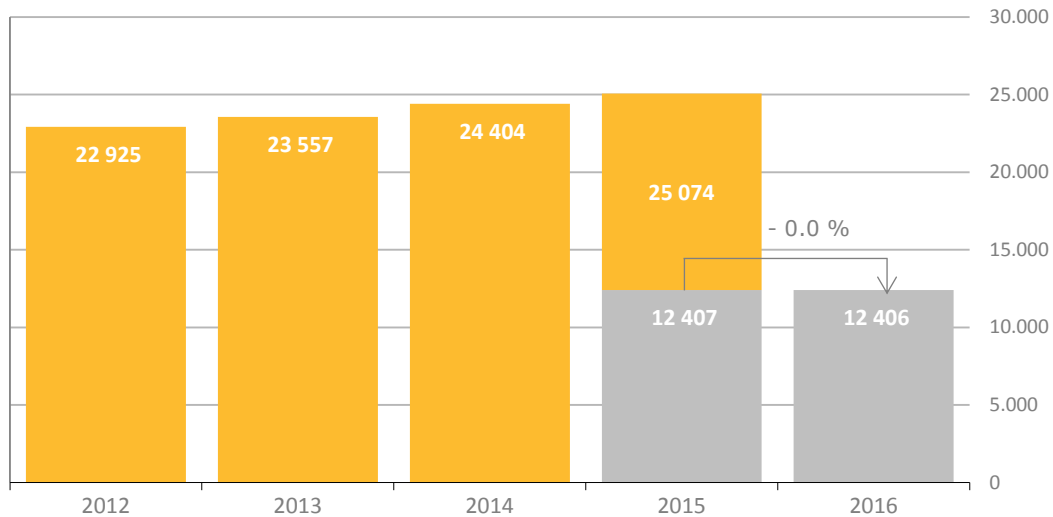
\*For descriptions of adjusted result, EBITE, and return on invested capital, ROIC, see half-year report; 1<sup>st</sup> half-year 2016



# Revenue and EBITE, 1<sup>st</sup> half-year 2016

Revenue, MNOK

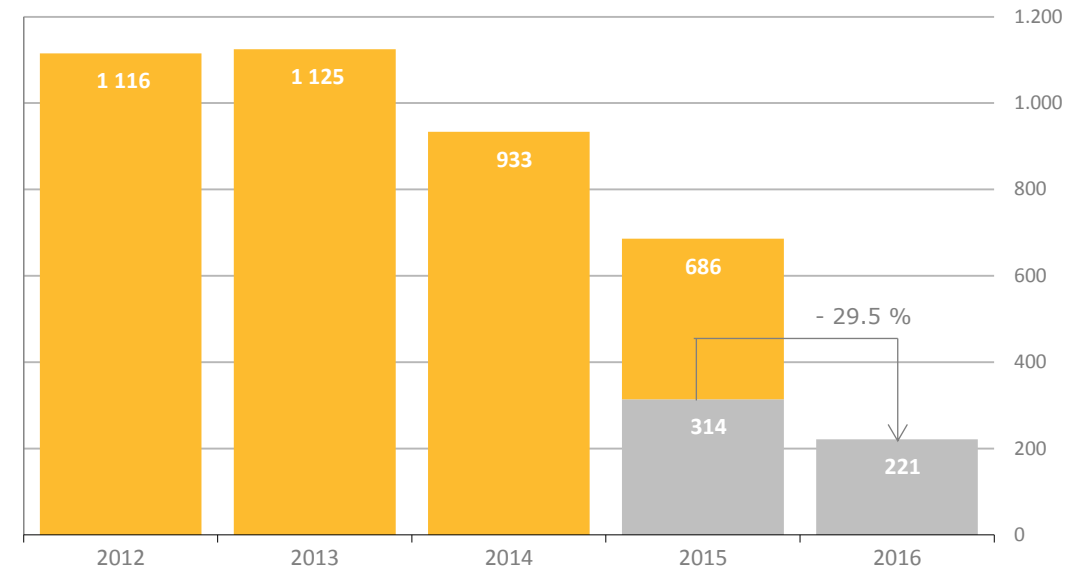
12 406



- Large decline in volumes for physical mail due to electronic substitution
- Weak growth in the Norwegian economy in general and revenues in the logistics segment were affected by challenges in the oil sector

EBITE, MNOK

221

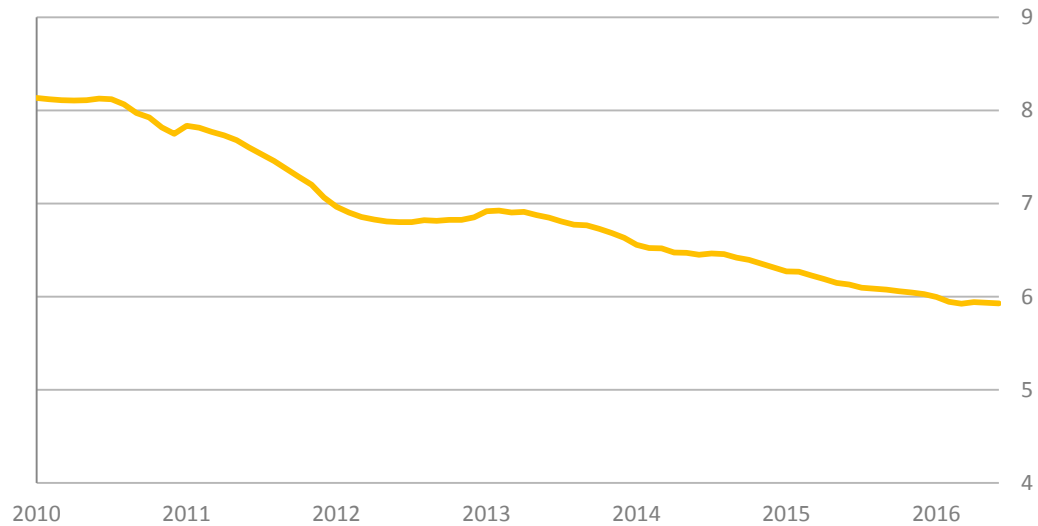


- Weak revenue growth led to profit decline
- The profit margin fell by 0.7 percentage points
- Measures implemented to improve profitability

# HSE

ABSENCE DUE TO SICKNESS IN THE GROUP, per cent

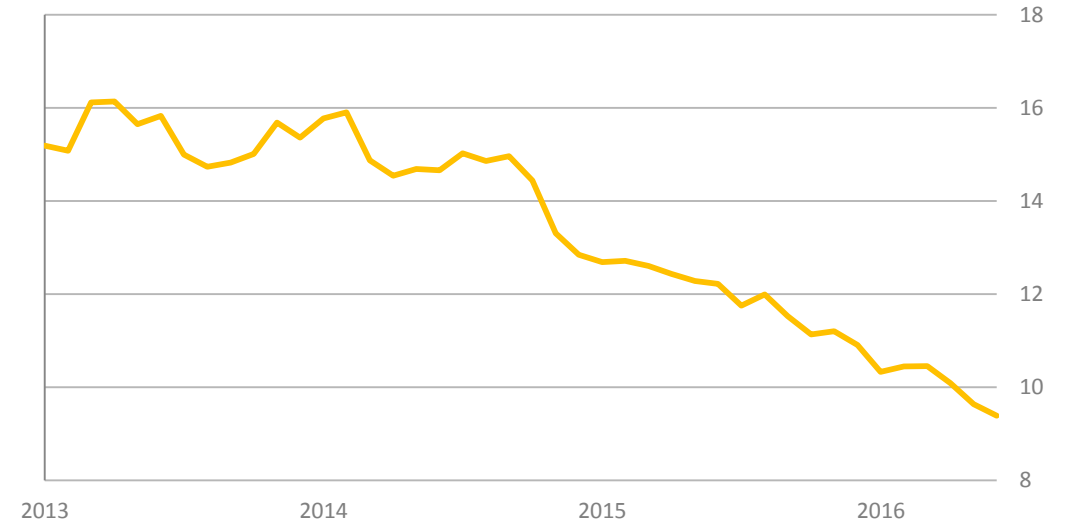
**5.9 %** (last 12 months)



- Absence due to sickness declined by 0.2 percentage points last twelve months

H2 IN THE GROUP

**9.4** (last 12 months)



- The total number of personal injuries per million worked hours (H2) was 9.4 at the end of the 1<sup>st</sup> half year of 2016, a reduction of 23 % from last year

# Posten exempt from delivering newspapers on Saturday from 1 November

- Posten Norge discontinued distribution of mail on Saturdays in March 2016, but temporarily maintained newspaper distribution pending a new solution
- The Ministry of Transport and Communication has chosen Kvikkas AS to distribute newspapers on Saturdays with effect from 1 November this year
- Hence, Posten's distribution of newspapers on Saturdays ceases from 1 November. Around 1 000 employees and 160 full-time equivalents will be affected by either changes to shifts or downsizing
- Posten's duty to ensure deliveries of newspapers on Saturdays will no longer apply from 1 November

Politikk og samfunn Posten

## Samferdselsdepartementet avslår Postens anbudsanke

Samferdselsdepartementet avviser klagen fra Posten etter at transportselskapet Kvikkas ble tildelt kontrakten for å levere aviser på lørdager.

NTB

Publisert: 21.07.2016 – 05:57 Oppdatert: 21.07.2016 – 06:19



Posten er sterkt kritisk til avgjørelsen, skriver Klassekampen.

- Kvikkas har, slik vi ser det, ikke dokumentert at de er i stand til å gjøre oppgaven. Samferdselsdepartementet burde derfor avvist tilbudet deres, sier kommunikasjonsdirektør Elisabeth Gjølme i Posten til avisen.

- Skal vise dem noe annet

Kvikkas, et firma med åtte ansatte basert i Ålesund, har med seg Nordpost som underleverandør. Selskapet sier de forstår at Posten klagde på tildelingen, men legger til at de ikke burde undervurdere Kvikkas.

- Hvis Posten mener vi er uegnet, så skal vi vise dem noe annet, sier daglig leder Stig Kleive.

De to selskapene var de eneste som la inn anbud da anbudskonkurransen ble utlyst 21. januar. Kontrakten gjelder i to år fra november. Postomdeling på lørdager tok slutt 28. januar. Siden da har posten hatt en midlertidig ordning, men denne blir lagt ned i november.



# Bring Dialog, together with Netlife Research, will be the market leader in data-driven digital solutions

- Posten Norge became the majority owner of the digital design company Netlife Research in July
- Bring Dialog is a major player in the fields of CRM, customer analyses, loyalty programmes, campaigns and data quality
- Netlife Research is especially known for user-friendly and efficient digital design, design systems and robust campaign website tools
- With the support of Posten Norge, these companies will build an environment that helps Norwegian businesses use data to create better customer experiences – in all channels



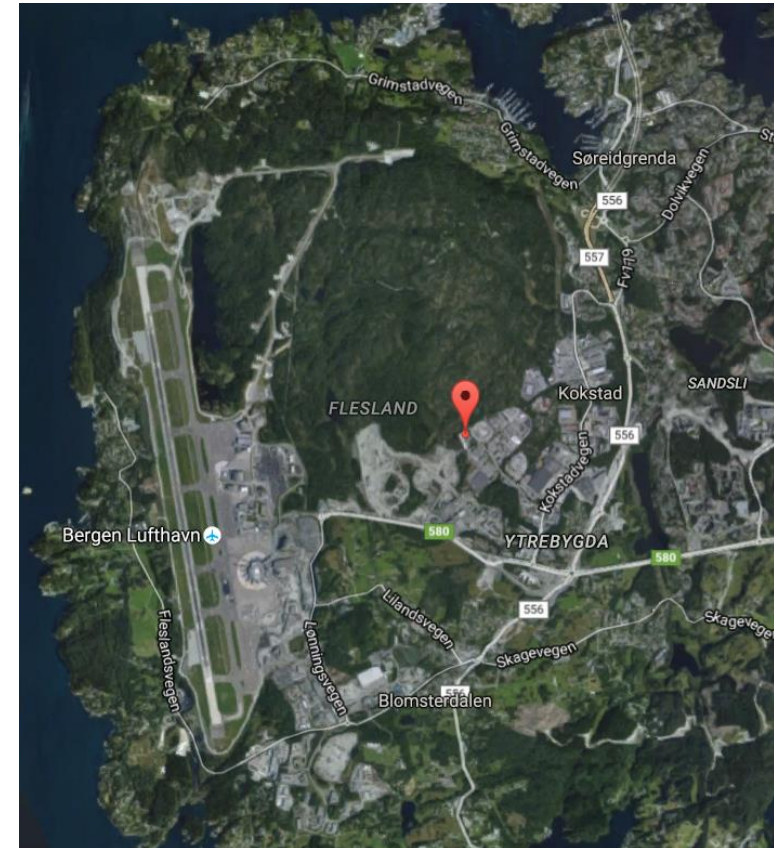
## Posten Norge has acquired Espeland Transport and strengthened its position in Hedmark

- Posten Norge has acquired Espeland Transport in Alvdal
- The company has around 60 employees and 50 vehicles and will become a part of Bring
- Espeland Transport supplements Bring's operations and strengthens the Group's position in Hedmark



# Posten has bought a site for its new logistics centre in Bergen

- Posten has signed an agreement to buy a site at Kokstad in Bergen to build a combined mail and logistics centre
- Co-locating the operations in Bergen to Kokstad will provide efficient logistics for mail, parcels and cargo, whether transport is by road, railway, aircraft or ship
- An analysis conducted by the Confederation of Norwegian Enterprise (NHO) shows that the market centre for the flow of cargo is Bergen city centre and the area south-westwards of it. This was crucial to the decision to locate the new centre at Kokstad. The site is close to Rådalen, one of the most likely alternatives for Bergen's future railway terminal
- The site consists of 42.7 hectares, 22.6 of which are designated as an industrial area. Posten will use some of the site for its own operations. The rest will be further developed in co-operation with other parties. The vendor was the Norwegian Defence Estates Agency (Forsvarsbygg), represented by Skifte Eiendom



# Agenda 1<sup>st</sup> half-year 2016

## PART 2:

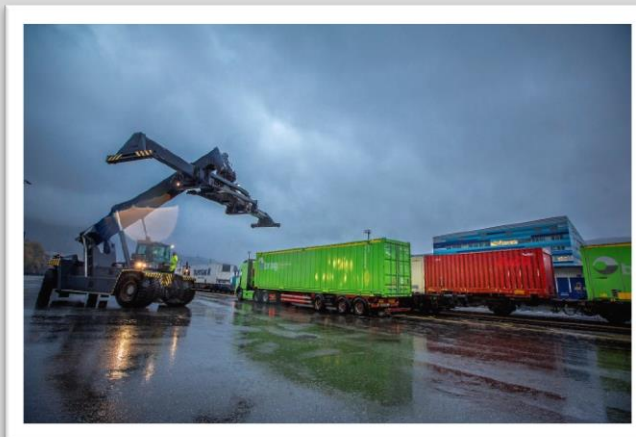
- Results and Segment Review

CFO Tone Wille



# Segment reporting

## Posten Norge



## Segment Mail



## Segment Logistics



MNOK	Revenue	EBITE	Revenue	EBITE	Revenue	EBITE
Q2 2016	6 208	203	2 452	168	4 147	62
Q2 2015	6 120	82	2 430	111	4 117	-23
YTD 2016	12 406	221	4 964	344	8 241	-22
YTD 2015	12 407	314	5 078	435	8 190	27

## Segment Mail



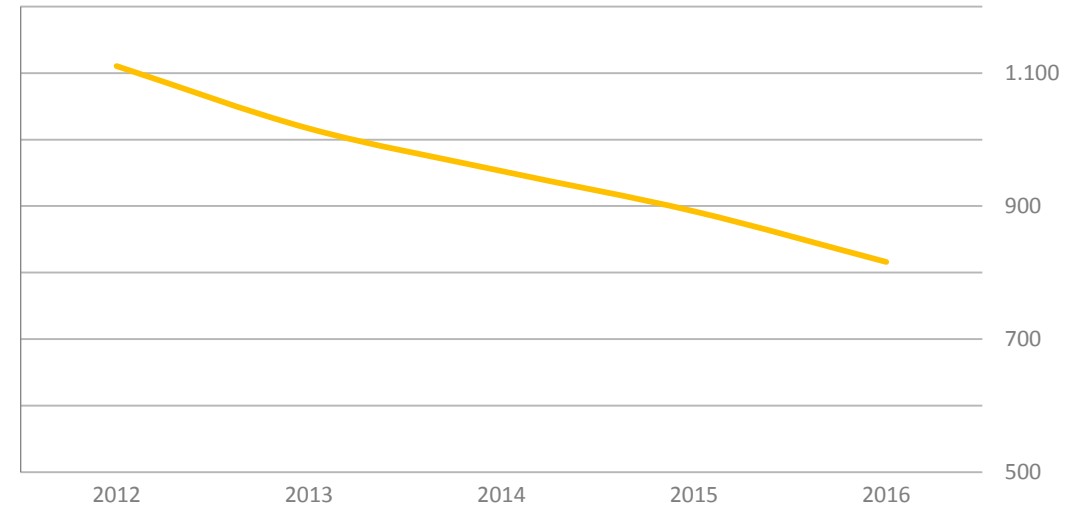
Letter products  
Banking services  
Dialogue services

# Market development

- 1st half-year was characterised by a decline in volumes, mainly as a result of digitalisation
  - Volume decrease addressed mail 10.6 %
  - Volume decrease unaddressed mail 1 %
  - Bring Citymail Sweden had a volume increase of 15.5 %

VOLUME ADDRESSED MAIL, millions

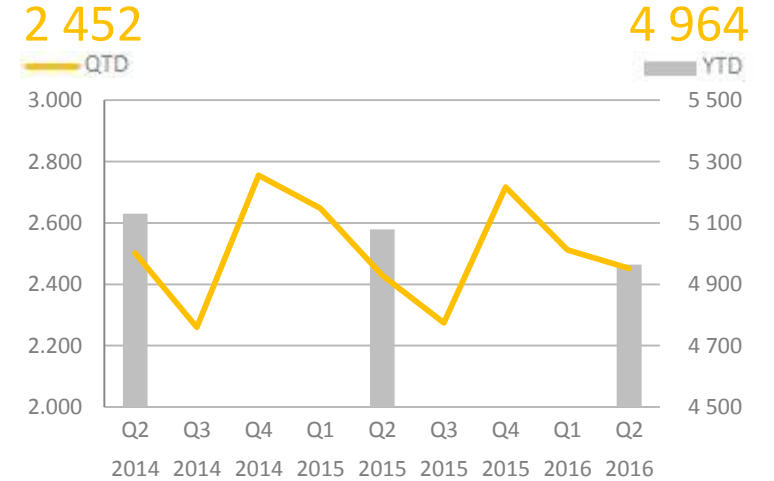
**816** (last 12 months)



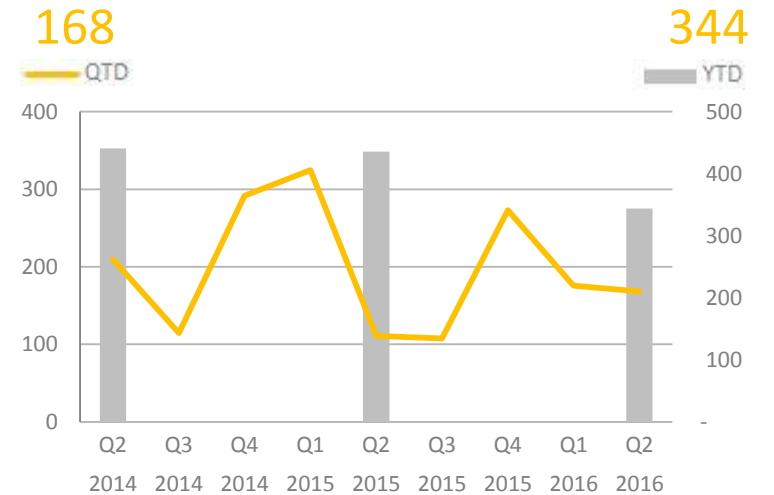
# Key Figures 2016

- Operating revenues for 1<sup>st</sup> half-year 2016 were **MNOK 4 964**, MNOK 114 lower than last year
- EBITE was **MNOK 344** in the 1<sup>st</sup> half-year 2016, MNOK 91 lower than last year
  - Positive effects from cost-reducing measures partly compensated for the decline in volumes
  - The use of digital solutions is growing and volume decline is expected to accelerate in the future

REVENUE, MNOK



EBITE, MNOK





# Segment Logistics

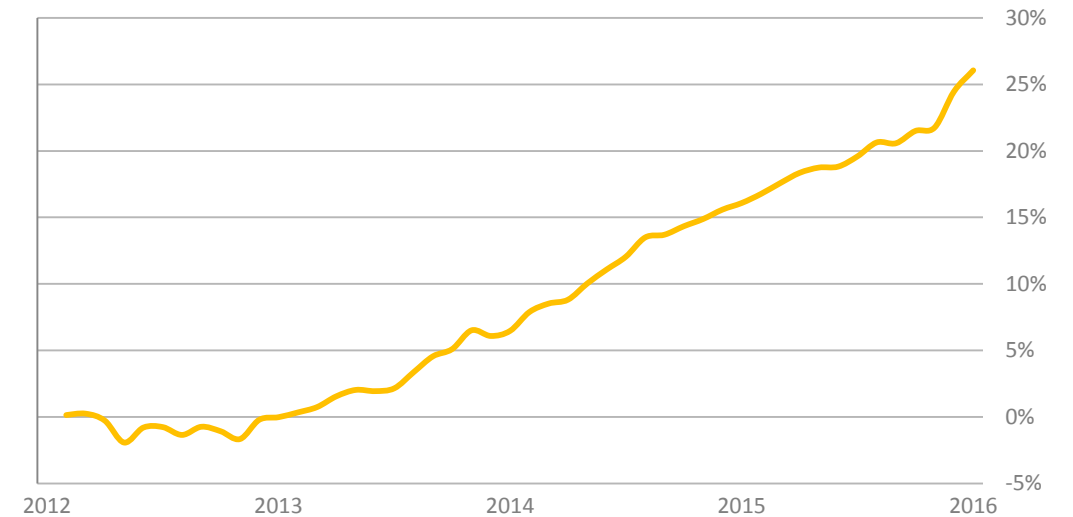


# Market development

- Weak economic growth in mainland Norway
- Reduced activity in the oil sector
- Strong growth in e-commerce from abroad
- Positive development in the parcel business in Sweden and Denmark

E-COMMERCE VOLUME DEVELOPMENT FROM Q2 2012, per cent

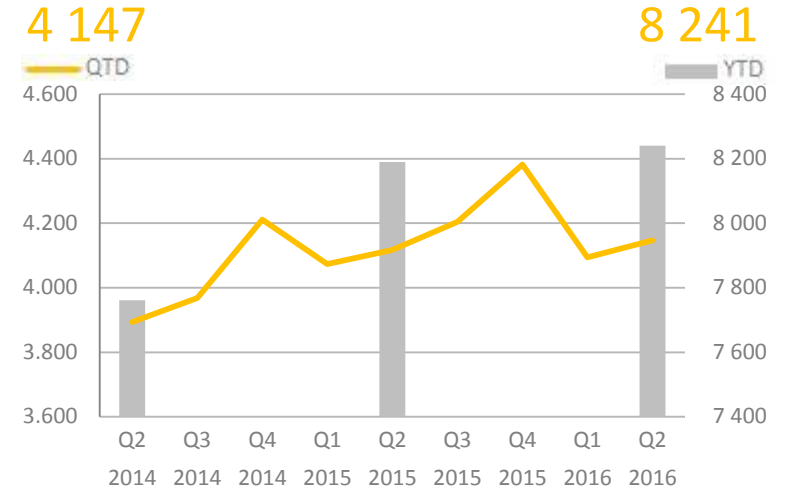
8,6 % (last 12 months)



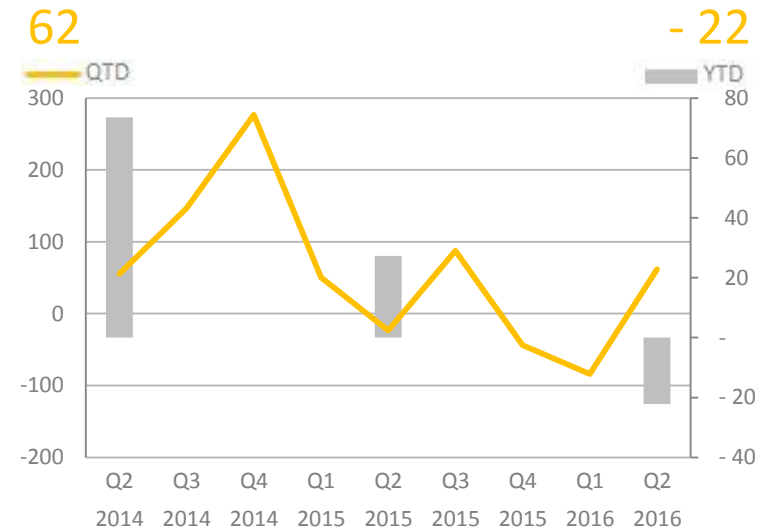
# Key Figures 2016

- Operating revenues for the 1st half-year 2016 were **MNOK 8 241**, an increase of **MNOK 51** from 2015
- EBITE was a loss of **MNOK 22** in the 1st half-year 2016, a decrease of MNOK 49 compared with the same period in 2015
  - Positive growth in freight volumes in Norway, but a steep decline in oil related business
  - Weak growth in domestic parcels and temperature-controlled cargo
  - Cost-reducing measures implemented
  - Market conditions are still challenging for the logistics operations in Sweden and Denmark

OMSETNING, MNOK



EBITE, MNOK



## Future prospects

- Increased decline in volume for the Mail segment due to digitalisation
- The economic downturn and uncertain market prospects in the Logistics segment make 2016 a challenging year for the Group
- Through increased co-operation with Danske Fragtmænd, the Logistics segment will strengthen its position in Denmark
- Posten Norge became the majority owner of the digital design company Netlife Research in July. Together with Bring Dialog, the companies will be market-leaders within data-driven digital solutions
- Cost-reducing measures have been initiated to mitigate the negative market development. The discontinuation of the distribution of newspapers on Saturdays from 1 November will necessitate further restructurings in the Mail segment

