Posten Norge

We know
Norway

Quarterly Report

Third quarter 2016

Summary

The Group’s revenues in the third quarter were MNOK 5 934, a reduction of 1.8 % from the same quarter in 2015. Revenues of MNOK 18 340 so far are in line with last year. As of the third quarter the underlying growth (adjusted for acquisitions, government procurements and foreign currency effects) was negative by 3.5 %. The adjusted result, EBITE, (ref. the condensed income statement on page 12) was MNOK 157 in the third quarter, a decline of MNOK 2 from the same period last year. So far this year, EBITE amounted to MNOK 378, a reduction of MNOK 94 from the same period last year.

- EBIT in the third quarter was MNOK 102 compared with MNOK 147 in the same period in 2015. EBIT so far this year was MNOK 385, MNOK 234 lower than in the same period in 2015. The figures for 2015 included the gain from the sale of the shares in EVRY ASA (MNOK 219).

- So far this year the Mail segment had a decline in results, due to continuous decrease in volumes. The Logistics segment was influenced by weak growth and demanding market situation in the Norwegian economy. The Group continues to focus on cost-reducing measures.

- Return on invested capital/ROIC (alternative performance measures applied in the quarterly report are described on pages 18 and 19) was 8.3 % (for the last 12 months), a decline of 4.5 percentage points compared with the same period in 2015.

- Private e-commerce continued to grow. The Group’s total e-commerce volume increased by 13 % in the first nine months of 2016. E-commerce from abroad had the strongest growth.

- In the third quarter of 2016, the result for Priority mail delivered overnight was 87.5 %, 2.5 percentage points higher than the licence requirement of 85.0 %. So far this year, the result for Priority mail delivered overnight was 87.5 %. The other five licence requirements were also met.

- The positive trend of increased job presence continued. Absence due to sickness in the last 12 months was 5.9 %, an improvement of 0.2 percentage points compared with the previous 12 month period.

- Posten Norge's digital mailbox, Digipost experienced positive growth in 2016. The number of users has increased by more than 50 % since year-end and approximately 975 000 were using the service by the end of the third quarter.

Profit development (unaudited)

Q3 2016	Q3 2015	MNOK	YTD 2016	YTD 2015	Year 2015
5 934	6 044	Operating revenues	18 340	18 451	25 074
331	354	EBITDA	907	1 072	1 474
157	159	EBITE*	378	472	686
102	147	EBIT	385	619	239
5	-32	Net financial items	13	-81	-88
107	115	Income before taxes	397	537	151
67	80	Net income/-loss	283	447	-61

*Ref. the condensed income statement on page 12

Operating profit

In the third quarter EBITE was MNOK 112 for the Mail segment. This was marginally better than same quarter last year, despite the fall in volumes. This was mainly due to reduced staffing, but also a consequence of an adjustment for a lower estimate of government procurements in the third quarter of 2015. So far this year EBITE was MNOK 456 for the Mail segment, MNOK 87 lower than in the same period in 2015. The decrease was mainly due to a considerable decline in the volumes of addressed mail.

In the third quarter EBITE was MNOK 53 for the Logistics segment, compared with MNOK 88 last year. The decline in revenues due to challenging market conditions, combined with a shift towards services with lower margins, reduced the profitability. Implemented measures have not been enough to compensate for the decline in revenue.

So far in 2016 EBITE was MNOK 31 in the Logistics segment, a reduction of MNOK 84 compared with the same period in 2015. This was mainly due to challenging market conditions, as a consequence of weak economic growth in mainland Norway as well as reduced activities in the oil sector. The results in the parcel business in Sweden and Denmark showed a slight improvement so far this year.

The Group’s income before taxes amounted to MNOK 397 so far this year compared with MNOK 537 in the same period in 2015. Adjusted for estimated tax, net income was MNOK 283 so far this year compared with MNOK 447 in the same period of 2015.

Operating revenues outside Norway

The Group’s operations outside Norway had operating revenues totalling MNOK 6 981 as of the third quarter of 2016, MNOK 525 (8.1 %) higher than in the corresponding period of

2015. This accounted for 38.1 % of total revenues outside Norway, compared with 35.0 % in 2015.

Key financial figures (unaudited)

MNOK		30.06 2016	30.06 2015	Year 2015
EBITE margin	%	1.8	2.5	2.7
EBIT margin	%	2.3	3.8	1.0
Equity ratio	%	39.0	38.7	36.8
Return on invested capital*	%	8.5	13.8	9.9
Return on equity (after tax)*	%	-3.4	12.0	-1.0
Net interest-bearing debt	MNOK	790	-79	234
Investments, excluding acquisitions	MNOK	706	479	1 159

Alternative performance measures applied in the quarterly report are described on pages 18 and 19.
*Last twelve months

Balance sheet (unaudited)

MNOK	30.09 2016	31.12 2015
Assets		
Non-current assets	9 279	8 910
Current assets	6 508	7 188
Total assets	**15 787**	**16 097**
Equity and liabilities		
Equity and liabilities	6 216	5 926
Provisions for liabilities	1 372	1 450
Interest-bearing non-current liabilities	2 073	2 111
Interest-free non-current liabilities	36	36
Interest-bearing current liabilities	843	896
Interest-free current liabilities	5 247	5 678
Total equity and liabilities	**15 787**	**16 097**

Balance sheet

As of the third quarter 2016 total investments (excluding acquisitions) were MNOK 991, an increase of MNOK 213 compared with the same period in 2015. The majority of the investments concerned the new logistics centres at Alnabru in Oslo and in Trondheim.

As of 30 September 2016, the Group had net interest-bearing liabilities of MNOK 1 061 compared with MNOK 234 as of 31 December 2015.

In order to secure financial flexibility the Group has both committed and uncommitted credit facilities, which together with cash and cash equivalents constitute the Group's liquidity reserve. The Group's long-term liquidity reserve as at 30 September 2016 amounted to NOK 5.2 billion compared with NOK 6.4 billion as at 31 December 2015.

Statement of cash flows (unaudited)

Q3 2016	Q3 2015	MNOK	As of 30.09 2016	As of 30.09 2015	Year 2015
88	334	Cash flow from operating activities	249	627	1 213
-335	-280	Cash flow from investing activities	-993	969	485
271	86	Cash flow from financing activities	-174	-498	-998
25	**140**	**Total change in liquid assets**	**-918**	**1 098**	**700**
1 830	3 031	Cash and cash equivalents at the beggining of the period	2 773	2 073	2 073
1 855	**3 171**	**Cash and cash equivalents at the end of the period**	**1 855**	**3 171**	**2 773**

Cash flows

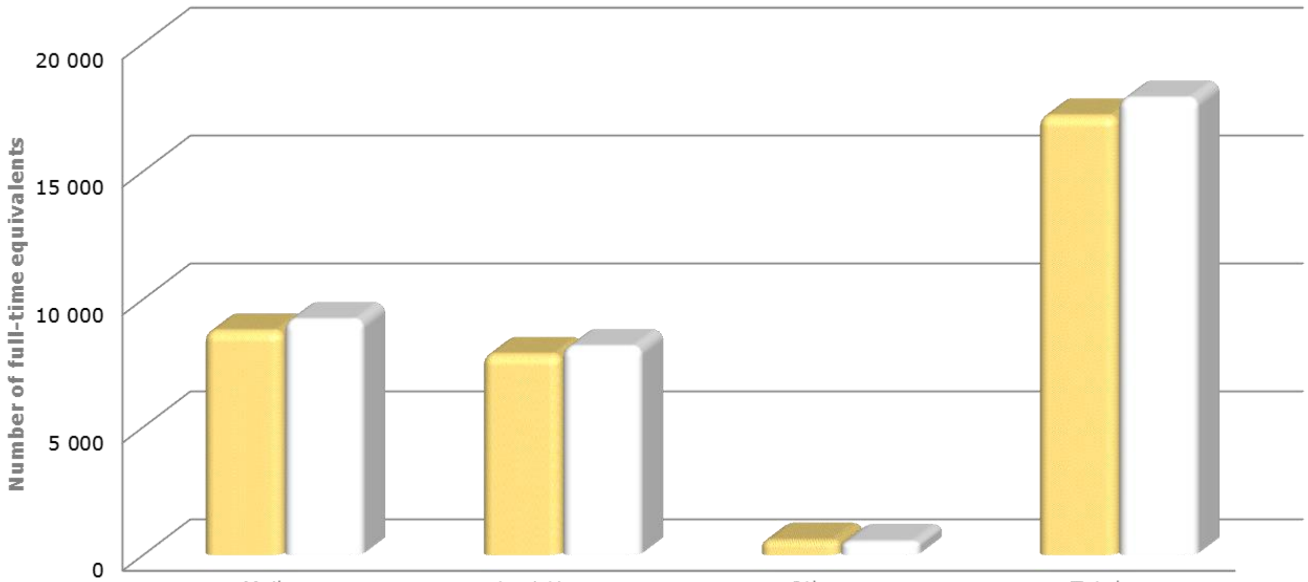
So far this year cash flows from operating activities amounted to MNOK 249. The decline compared with the same period last year was mainly due to lower operating profit and increased payment of operating liabilities.

As of 30 September this year cash flows from investing activities were negative by MNOK 993. This was mainly related to ongoing investments in operations as well as strategic investments, primarily concerning the new logistic centres at Alnabru in Oslo and in Trondheim. Investments were also made in a new terminal in Narvik and a site for building a new terminal in Stavanger, together with investments in the digital design company Netlife Research AS and the logistics company Espeland Transport AS. In 2015, the cash flows from investing activities included the compensation from the sale of Posten’s shares in EVRY ASA.

So far this year net cash flows from financing activities were negative with MNOK 174. This constituted repayment of debt, offset by a net increase in certificate loans and bank overdrafts of MNOK 427 as of the third quarter of 2016.

The total change in cash and cash equivalents were MNOK 918 negative, primarily due to investments exceeding cash flows from operating activities, together with a net repayment of debt.

Workforce



	Mail	Logistics	Other	Total
2016	8 761	7 841	566	17 168
2015	9 198	8 147	516	17 861

So far this year, the Group's workforce decreased by 693 full-time equivalents compared with the same period in 2015. In the Mail segment, the workforce decreased by 436 full-time equivalents, primarily within mail distribution and production. In the Logistics segment, the workforce decreased by 306 full-time equivalents, mainly due to downsizing in the Nordic operations, together with internal restructurings where the change resulted in an opposite effect in other operations (Other).

Market and development per segment

MAIL

This segment comprises letter products, banking services and dialogue services. The segment includes the Mail division and the subsidiaries in the areas of Bring Citymail, Bring Mail and Netlife Group.

Q3 2016	Q3 2015	MNOK	YTD 2016	YTD 2015	Year 2015
502	528	Volume, Group (number of physical shipments in millions)	1 626	1 674	2 274
2 208	2 274	Operating revenues	7 172	7 353	10 069
188	196	Segment profit (EBITDA)	690	831	1 193
112	108	Segment profit (EBITE)	456	543	816

In the first nine months of the year, the volume of addressed mail decreased by 11.7 % in Norway. The largest and most important customers had considerable decline in volumes, where banking and finance declined by 24.2 % and the public sector declined by 21.2 %.

So far this year, the volume of unaddressed mail has decreased by 1.7 %.

As at 30 September 2016 revenue was MNOK 181 lower than in 2015, mainly as a consequence of the decline in volumes. EBITE was MNOK 87 lower than in 2015. The negative effect in the result due to the fall in volumes was somewhat mitigated by cost-reducing measures. Efforts to introduce more cost-reducing measures continue in order to adapt costs to a continuing significant fall in volumes.

In the third quarter of 2016, the result for Priority mail delivered overnight was 87.5 %, 2.5 percentage points higher than the licence requirement of 85.0 %. So far in 2016, the result for Priority mail delivered overnight was 87.5 %.

Bring Citymail's volumes increased by 14.1 % so far in 2016.

LOGISTICS

This segment comprises groupage and part-load services, parcel delivery, warehousing services, temperature-controlled transport and express services.

It includes the divisions Logistics Norway, Logistics Nordic and E-Commerce, which include operations in Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels and Bring Supply Services.

Q3 2016	Q3 2015	MNOK	YTD 2016	YTD 2015	Year 2015
4 110	4 204	Operating revenues	12 351	12 394	16 777
150	187	Segment profit (EBITDA)	321	420	483
53	88	Segment profit (EBITE)	31	115	71

Operating revenues in the Logistics segment so far in 2016 were MNOK 43 lower than the same period last year. The decline in revenues in Norway was mainly due to reduced activity in the Norwegian economy, the negative development in volume for temperature-controlled goods in Norway, and weak growth for domestic parcels. In Sweden, revenues and volumes within the parcels business increased, while other operations experienced weak growth.

EBITE in the Logistics segment so far in 2016 was MNOK 84 lower than in the comparable period in 2015. The market conditions in Norway, Sweden and Denmark continued to be demanding, and the competition pushed the margins down. Significant cost-reducing measures have been introduced to align operations to the weak market growth.

The increase in private e-commerce continued and contributed to an overall growth of 13 % of the Group’s total e-commerce trade so far this year.

Other matters

HSE

The Group’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 in the form of lower absence due to sickness and a significant reduction of injuries and accidents.

In the third quarter of 2016, absence due to sickness was 5.7 %, an increase of 0.1 percentage points compared to the third quarter of 2015. Absence due to sickness for the past 12 months was 5.9 %, an improvement of 0.2 percentage points compared with the corresponding period in 2015.

The total number of personal injuries per million worked hours (H2) was 8.5 in the third quarter of 2016, a reduction of 1.0 (10.8 %) from last year.

The external environment

The Group continues its efforts to reduce its CO^2 footprint. One of the measures is the introduction of CO^2-free mail distributions in central areas. So far, this has been implemented in 27 locations, and the goal is 40 before the end of 2016. Logistics Norway has received support from Enova to test the two first electric trucks to distribute parcels to customers. The trucks will operate in central Oslo. This is one step towards complete CO^2-free distributions in central areas. The Group now has more than 2000 vehicles using low or zero emission solutions.

Other matters

A local courier company in Møre og Romsdal won the contract with the Ministry of Transport to distribute newspapers on Saturdays in areas without any distribution. Posten Norge’s complaint over the decision was turned down. Accordingly, Posten’s duty to secure deliveries of newspapers on Saturdays will no longer apply from 1 November 2016.

In the Government's fiscal budget for 2016, MNOK 403 were granted to government procurements of commercially non-viable postal services necessary for society, including MNOK 40 for the distribution of newspapers on Saturdays. This is MNOK 160 lower than Postens` own estimates.

For 2015, MNOK 418 was granted for government procurements. According to the recalculation for 2015, Posten shall pay back MNOK 158, and the final settlement will take place in December 2016. The recalculation has no significant effect on the result in 2016, as the estimate was recognised in the Group’s results in 2015.

An increasing number have a good impression of Posten Norge. In the yearly opinion-survey from Ipsos, Posten increases eight places to number 14 among large Norwegian companies. 68 percent has a “very good impression” or “fairly good impression” of Posten. Bring was included in the survey for the first time and was ranked number 13.

Future prospects

An increasing decline in volumes in the Mail segment as a result of digitalisation, in addition to the economic downturn and uncertain market prospects in the Logistic segment, make 2016 a challenging year for the Group. The ripple effects of the reduced activity in the oil industry have significant consequences for the logistics market in Norway. The negative market development is expected to continue in 2017. Cost measures have been introduced to reduce the negative consequences of the market development, but this is not enough to turn the development in the short term.

As a consequence of Posten no longer distributing newspapers on Saturdays from 1 November there will be additional need for restructuring in the Mail segment.

In the White paper number 31 (2015-2016) "Postal sector in change", expected to be discussed in the Parliament this autumn, the Government proposes better adaptation of the regulatory mail services to the market demand. The most important change is to merge priority and non-priority mail into one mail-stream, with two days' transit time. If this White paper is approved, there will be room for carrying out a significant restructuring entailing a reduction in the number of employees and considerable cost savings.

The Government proposes to grant MNOK 177 to the purchase of commercially non-viable postal services necessary for society (government procurements) in its proposal for the fiscal budget of 2017. This is significantly lower than the estimated need calculated for 2017. The Board of Directors regret that Posten will not receive compensation for the two mail-streams until the Government accepts a restructuring to one mail-stream.

The Board of Posten Norge has assigned Tone Wille (53) as the new CEO of Posten Norge. She is former CFO of the Group and started in the position 10 October. Wille follows Dag Mejdell who resigned from his position earlier this year after 11 year as CEO.

From 10 October Eli Giske is constituted as acting CFO.

Oslo, 28 October 2016

The Board of Directors of Posten Norge AS

Attachment 1 - Financial information for the third quarter of 2016

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

Condensed income statement

Q3 2016	Q3 2015		Note	YTD 2016	YTD 2015	Year 2015
5 934	**6 044**	**Operating revenues**	1	**18 340**	**18 451**	**25 074**
2 534	2 515	Cost of goods and services		7 538	7 303	9 927
2 210	2 266	Payroll expenses		7 241	7 292	9 859
858	909	Other operating expenses		2 654	2 784	3 814
331	**354**	**EBITDA**	1	**907**	**1 072**	**1 474**
175	195	Depreciation and amortisation	2	529	599	788
157	**159**	**EBITE***	1	**378**	**472**	**686**
49	2	Write-downs	2	50	4	385
-2	-5	Other income and expenses (-)	6,8	51	-90	-307
-4	-5	Share of profit or loss from associates and joint ventures		5	240	245
102	**147**	**EBIT - Earnings before interest and taxes**	1	**385**	**619**	**239**
78	260	Financial income		272	470	551
73	292	Financial expenses		259	552	639
5	**-32**	**Net financial items**		**13**	**-81**	**-88**
107	**115**	**Income before taxes**		**397**	**537**	**151**
41	35	Taxes		115	90	212
67	**80**	**Net income/ loss (-)**		**283**	**447**	**-61**
		Net income/ loss (-) is distributed as follows	1			
65	80	Controlling interests		280	447	-62
2		Non-controlling interests		2	1	1

*EBIT before write-downs, other income and expenses (ref. note 6), and share of profit or loss from associates and joint ventures

Condensed statement of comprehensive income

Q3 2016	Q3 2015		YTD 2016	YTD 2015	Year 2015
67	**80**	**Net income for the period**	**283**	**447**	**-61**
		Items that will not be reclassified to income statem			
		Changes in pension estimates			87
		Tax			-21
		Total items that will not be reclassified to income statem			**66**
		Items that later will be reclassified to income state			
		Translation differences:			
94	-109	Result of hedging of foreign entities	191	-85	-140
-24	29	Tax	-48	23	38
-72	105	Translation differences from hedging of investments	-152	97	141
		Cash flow hedging:			
6	-26	Changes in value	7	-6	-6
13	26	Transferred to income	13	26	26
-5		Tax	-5	-5	-5
13	**24**	*Total items that later will be reclassified to income state*	**7**	**50**	**53**
		Other income/(costs) using the equity method		-41	-41
		Changes in tax rate			1
13	**24**	**Other income/costs (-) directly included in equity**	**7**	**9**	**79**
79	**104**	**Comprehensive income**	**290**	**457**	**18**
		Total comprehensive income is distributed as follows:			
78	104	Controlling interests	288	456	17
2		Non-contolling interests	2	1	1
79	**104**		**290**	**457**	**18**

Condensed balance sheet

	Note	30.09. 2016	31.12. 2015
Assets			
Intangible assets	2	2 333	2 339
Deferred tax asset		352	379
Tangible assets	2	5 927	5 574
Financial assets		667	618
Total non-current assets		**9 279**	**8 910**
Receivables and other current assets		4 653	4 414
Liquid assets		1 855	2 773
Current assets		**6 508**	**7 188**
Total assets		**15 787**	**16 097**
Equity and liabilities			
Equity	4	**6 216**	**5 926**
Provisions for liabilities		**1 372**	**1 450**
Interest-bearing non-current liabilities	5	2 073	2 111
Interest-free non-current liabilities		36	36
Long-term liabilities		**2 109**	**2 147**
Interest-bearing current liabilities	5	843	896
Interest-free current liabilities		5 247	5 678
Short-term liabilities		**6 090**	**6 574**
Total equity and liabilities		**15 787**	**16 097**

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserves	Transl. differ-ences	Other equity	Total	Non-contr. interests	Total equity
Equity at 01 Jan. 2015	**3 120**	**992**	**-31**	**156**	**1 968**	**6 206**	**-1**	**6 205**
Net income for the period					-62	-62	1	-61
Other comprehensive income/(loss) for the period			14	39	26	79		79
Total comprehensive income			**14**	**39**	**-36**	**17**	**1**	**18**
Dividend					-300	-300	-2	-302
Other equity transactions					5	5		5
Equity at 31 Dec. 2015	**3 120**	**992**	**-17**	**195**	**1 637**	**5 927**	**-2**	**5 926**
Equity at 01 Jan. 2016	**3 120**	**992**	**-17**	**195**	**1 637**	**5 927**	**-2**	**5 926**
Net income for the period					280	280	2	283
Other comprehensive income/(loss) for the period			15	-8		7		7
Total comprehensive income			**15**	**-8**	**280**	**287**	**2**	**290**
Acquisition non-contr. Intereststst					-13	-13	13	
Other equity transactions					1	1		1
Equity at 30 Sep. 2016	**3 120**	**992**	**-1**	**187**	**1 905**	**6 203**	**13**	**6 216**

Condensed statement of cash flows

	01.01.-30.09. 2016	01.01.-30.09. 2015	Year 2015
Income/(loss) before taxes	397	537	151
Tax paid in period	-140	-238	-190
(Gain)/loss from sales of non-current assets, subsidiaries and associated com	-8		-8
Depreciation and write-downs	579	603	1 173
Share of net income from associated companies and joint venture	-5	-240	-245
Other operating and finance items without cash effect1)	-148	122	159
Changes in other accruals	-431	-94	241
Interests received	55	7	21
Interests paid	-51	-71	-89
Cash flow from/(used in) operating activities	**249**	**627**	**1 213**
Investments in tangible non-current assets and intangible assets	-991	-778	-1 159
Investments in shares	-112	-5	-123
Proceeds from sales of tangible non-current assets and intangible assets	78	40	67
Proceed from sale of shares	22	1 711	1 711
Changes in other financial non-current assets	10		-11
Cash flow from/(used in) investing activities	**-993**	**969**	**485**
Proceeds from non-current and current debt raised	100	1 000	
Repayment of non-current and current debt	-701	-1 198	-698
Decrease/increase bank overdraft	427		
Group contributions/dividends paid		-300	-300
Cash flow from/(used in) financing activities	**-174**	**-498**	**-998**
Total change in cash and cash equivalents during the year	**-918**	**1 098**	**700**
Cash and cash equivalents at the start of the period	2 773	2 073	2 073
Cash and cash equivalents at end of period	**1 855**	**3 171**	**2 773**

SELECTED ADDITIONAL NOTES

General

Posten Norge AS was established as a company on 1 December 1996 and is today a Norwegian-registered limited liability company with the Norwegian State, represented by the Ministry of Transport and Communication, 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 the same accounting principles as stated in the 2015 annual report, with the following exceptions:

Tax

The tax cost in the interim financial statements is based on the estimated tax rate for the year (25 % from 2016).

New or amended standards that have been applied from 1 January 2016:

None of the approved standards or interpretations effective from 1 January 2016 has any significant impact on the consolidated accounts.

Standards issued, but not yet effective

IFRS 9 *Financial Instruments* concerns the classification, measurement and recognition of financial assets and liabilities, as well as hedge accounting. The standard will be effective for the 2018 financial year, but has not yet been approved by the EU. The Group has not fully assessed the impact of IFRS 9, but no significant effect on the consolidated financial statements is expected.

IFRS 15 *Revenue from Contracts with Customers* concerns revenue recognition. The standard will be effective for the 2018 financial year, but has not yet been approved by the EU. The Group has not fully assessed the effect of IFRS 15, but no significant effect on the consolidated financial statements is expected.

IASB has issued the new standard IFRS 16 *Leases.* The new standard changes the requirements for recognising lease agreements for the lessee. All lease agreements (with some minor exceptions) shall be recognised as a "right to use" asset in the lessee's balance sheet with a corresponding obligation. Lease payments shall be recorded as amortisations/repayments and interest expense. The "right to use" asset will be depreciated over its expected economic lifetime. The accounting requirements for lessors are basically unchanged. The new standard also changes requirements for accompanying disclosures. IFRS 16 will be effective for the accounting year 2019, but has not yet been approved by the EU.

The Group is in an early phase of evaluating the effects of IFRS 16, and has not yet fully assessed the impact of the new standard. The initial assessment of the Group is that the new standard will change the accounting of lease contracts in the Group significantly, especially regarding lease agreements related to buildings and terminals and to the Group's car fleet.

No other issued standards or interpretations not yet effective are expected to have any significant impact on the Group's 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 2015 financial statements. Future events may result in changes in the estimates, and these changes will be recognised in the accounts once any new estimate has been determined.

The annual report for 2015 is available at www.posten.no

Description of alternative performance measures used in the third quarter report

The Group's financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information about alternative performance measures that are regularly reviewed by management to improve the understanding of the results is presented. The alternative performance measures presented may be determined or calculated differently by other companies.

As a consequence of new guidelines for «Alternative performance measures used in financial reporting", the Group has clarified the definition of performance measures and other financial figures in the third quarter report, which are not part of the disclosed financial statements.

The following performance measures and other target figures have been applied in the third quarter report:

Estimated tax

+	Income before taxes		
+	Tax deductible costs	+	Tax basis
-	Non-taxable income	*	Tax rate for the year
=	**Tax basis**	=	**Estimated tax**

Operating revenues outside Norway

\+ Total Operating revenues
\- Operating revenues in Norway
= Operating revenues outside Norway

EBITE and EBIT margin

EBITE/
Total revenues
= EBITE margin

EBIT/
Total revenues
= EBIT margin

Equity ratio

Total Equity on balance sheet date/
Total equity and liabilities (total capital)
= Equity ratio

Return on invested capital (ROIC) before write-downs, other income and costs (note 6) and income from associated companies and joint ventures

\+ Total intangible assets
\+ Total tangible assets
\+ Total current assets
\- Total liquid assets
\- Interest-bearing current receivables
\- Interest-free current liabilities
\+ Tax payable
\+ Dividend and group contributin
= Invested capital

Last 12 months' accumulated EBITE/
Invested capital
= Return on invested capital (ROIC)

Return on equity after tax

Net income/loss last 12 months/
Total Equity on balance sheet date
= Return on equity after tax

Net interest-bearing debt

\+ Interest-bearing non-current liabilities
\+ Iterest-bearing current liabilities
\- Market-based investments
\- Cash
\- Bank deposits group account
\- Bank deposits
= Net interest-bearing debt

Long-term and short-term liquidity reserve

\+ Market-based investments
\+ Syndicate facility
\+ Bilateral credit facilities
\- Certificate loans
= Long-term liquidity reserve

\+ Long-term liquidity reserve
+/- Deposits on group account
+/- Deposits outside group account
\+ Bank overdraft not utilised
= Short-term liquidity reserve

NOTES TO THE ACCOUNTS

Note 1 Segment information

Posten Norge's operations are divided into two segments, Mail and Logistics. Group administration and shared functions, together with eliminations, are allocated to Other/Eliminations.

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. Deferred tax assets are not included in allocated assets, and deferred tax and interest-bearing liabilities are not included in allocated liabilities.

The segments are described in more detail in the 2015 annual report.

Operating revenues per segment

Q3 2016	Q3 2015	Total operating revenues	YTD 2016	YTD 2015	Year 2015
2 029	2 081	External operating revenues	6 628	6 776	9 277
179	193	Internal operating revenues	544	577	792
2 208	**2 274**	**Mail**	**7 172**	**7 353**	**10 069**
3 904	3 962	External operating revenues	11 711	11 674	15 795
206	243	Internal operating revenues	640	721	982
4 110	**4 204**	**Logistics**	**12 351**	**12 394**	**16 777**
1	1	External operating revenues	2	1	2
-385	-436	Internal operating revenues	-1 184	-1 297	-1 774
-384	**-435**	**Other/eliminations**	**-1 183**	**-1 296**	**-1 772**
5 934	**6 044**	**Posten Norge**	**18 340**	**18 451**	**25 074**

EBIT per segment

Q3 2016	Q3 2015	EBITDA	YTD 2016	YTD 2015	Year 2015
188	196	Mail	690	831	1 193
150	187	Logistics	321	420	483
-7	-29	Other/eliminations	-103	-179	-202
331	**354**	**Posten Norge**	**907**	**1 072**	**1 474**

Q3 2016	Q3 2015	EBITE	YTD 2016	YTD 2015	Year 2015
112	108	Mail	456	543	816
53	88	Logistics	31	115	71
-9	-37	Other/eliminations	-110	-186	-201
157	**159**	**Posten Norge**	**378**	**472**	**686**

Q3 2016	Q3 2015	EBIT	YTD 2016	YTD 2015	Year 2015
105	100	Mail	520	475	698
13	83	Logistics	-17	89	-495
-16	-36	Other/eliminations	-119	54	36
102	**147**	**Posten Norge**	**385**	**619**	**239**

Assets and liabilities per segment

	Mail	Logistics	Other	Posten Norge Konsern
30.09.2016				
Segment assets	4 017	11 037	-1 864	13 190
Associated companies and joint ventures	20	370		390
Non allocated assets				2 207
Total assets				**15 787**
Segment liabilities	3 013	3 978	-336	6 655
Non allocated liabilities				2 916
Total liabilities				**9 571**
31.12.2015				
Segment assets	4 317	10 996	-2 749	12 564
Associated companies and joint ventures	20	361		381
Non allocated assets				3 152
Total assets				**16 097**
Segment liabilities	3 205	4 264	-304	7 164
Non allocated liabilities				3 007
Total liabilities				**10 172**

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Total at 01 Jan. 2016	**2 339**	**5 574**
Additions	151	840
Additions from acquisitions	78	140
Disposals	-1	-83
Disposals from sales of subsidiaries		-17
Depreciation	-105	-424
Write-downs	-42	-8
Translation differences	-87	-96
Total at 30 Sep. 2016	**2 333**	**5 927**

So far this year, investments amounted to MNOK 991, of which investments in IT related equipment were MNOK 150. MNOK 585 of the MNOK 840 invested in tangible fixed assets concerned buildings and property, of which the new logistic centres at Alnabru in Oslo and in Trondheim were the largest projects. Investments in other fixed assets included terminal equipment, vehicles and other operating equipment. Write-downs of goodwill concerned the Logistics segment. In addition, acquisitions constituted MNOK 218 (see note 8 for details of acquired businesses).

Note 3 Held for sale

Posten Norge had no significant assets classified as held for sale as at 30 September 2016.

Note 4 Equity

As at 31 December 2015, 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 Transport and Communication.

At the Annual General Meeting in June 2016, it was decided that no dividend will be distributed for 2015, since the profit after tax in 2015 was negative.

Note 5 Interest-bearing long-term and short-term liabilities

From 31 December 2015 until 30 September 2016 the Group’s non-current interest-bearing liabilities were reduced by MNOK 38, due to repayment of debt.

So far this year, current interest-bearing debt showed a net reduction of MNOK 53. This was mainly due to repayments of loans amounting to MNOK 572, offset by increased bank overdrafts of MNOK 427 and a net increase in certificate loans of MNOK 100.

As at 30 September 2016, none of the Group’s other credit facilities had been used. The average interest rate on Posten Norge's outstanding interest-bearing liabilities was 2.3 % as at 30 September 2016.

Note 6 Other income and expenses

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

Q3 2016	Q3 2015		Hittil 2016	Hittil 2015	Året 2015
	1	Gain/loss (-) from sale of fixed assets etc.	8	1	8
-2	-6	Other income and expenses (-)	44	-90	-315
-2	**-5**	**Total other income and expenses (-)**	**51**	**-90**	**-307**

So far this year, other income and expenses primarily comprised restructuring costs, offset by compensation received from a settlement in a dispute in the Mail segment.

So far in 2016 gain and loss from the sale of fixed assets primarily concerned the sale of the wholly owned subsidiary Posten Eiendom Skien AS.

Other income and expenses as of the third quarter of 2015 primarily comprised restructuring costs in the Logistics segment and costs related to the settlement of the dispute between Schenker and Posten Norge. Other income and expenses at the end of 2015 also included a provision for onerous contracts related to the Group’s thermo warehousing business and restructuring costs in the Mail segment.

Gain and loss from the sale of fixed assets in 2015 primarily concerned sales of tangible fixed assets and buildings.

Note 7 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 2015 annual report.

The Group had the following financial assets and liabilities measured at fair value at the end of the third quarter of 2016:

		At fair value			At amortised cost		
	Valua-tion level	FVO – Fair value through profit or loss	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI/equity	Receiv-ables	Other financial liabilities	30.09. 2016
Assets							
Interest-bearing current receivables					8		8
Other financial non-current assets	2		246		24		271
Interest-free current receivables	2		53	92	4 371		4 516
Interest-bearing current receivables					113		113
Liquid assets							1 855
Total financial assets							**6 762**
Liabilities							
Interest-bearing non-current liabilities	2	684				1 389	2 073
Interest-free non-current liabilities	2		28	5		3	36
Interest-bearing current liabilities	2					843	843
payable	2					5 247	5 247
Total financial liabilities							**8 199**
Total value hierarchy level 1							
Total value hierarchy level 2		*-684*	*271*	*87*			***-325***
Total value hierarchy level 3							

		At fair value			At amortised cost		
	Valua-tion level	FVO – Fair value through profit or loss	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI/equity	Receiv-ables	Other financial liabilities	31.12. 2015
Assets							
Interest-bearing current receivables					7		7
Other financial non-current assets	2		198		32		232
Interest-free current receivables	2		42		4 236		4 278
Interest-bearing current receivables					113		113
Liquid assets							2 773
Total financial assets							**7 399**
Liabilities							
Interest-bearing non-current liabilities	2	639				1 472	2 111
Interest-free non-current liabilities	2		30	6			36
Interest-bearing current liabilities	2	370				526	896
Interest-free current liabilities, incl. tax payable	2		32	110		5 536	5 678
Total financial liabilities							**8 721**
Total value hierarchy level 1							
Total value hierarchy level 2		*-1 010*	*178*	*-116*			***-948***
Total value hierarchy level 3							

Level 1: Listed prices. Level 2: Other observable input, direct or indirect. Level 3: Non-observable input.
The fair value of financial instruments not measured at fair value in the balance sheet is described in more detail in the 2015 annual report. Significant differences between amortised cost and fair value are not assumed to exist.

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

Note 8 Changes to the Group's structure

In January 2016, Posten Norge AS acquired 100 % of Posten Eiendom Narvik AS (formerly Medby Næringspark 3 AS) which owns land in Narvik. The Group is building a new freight terminal on this site.

Home Delivery's operations were transferred from Bring Express Norge AS to Posten Norge AS with effect from 1 January 2016.

In February 2016, all operations in Bring Cargo Inrikes AB were transferred to West Cargo Vårgårda AB. The acquiring company changed its name to Bring Freight Forwarding AB.

The groupage and part loads business in Bring Cargo Østfold AS was transferred to Posten Norge AS with effect from 1 March 2016.

Production equipment, employees and materials, as well as goodwill, were transferred from Bring Gudbrandsdalen AS to Posten Norge AS in the first quarter of 2016, as the last part of the business transfer approved in 2015.

In May 2016, Posten Norge AS acquired 100 % of Espeland Transport AS. The company has 60 employees and revenues amounted to MNOK 111 in 2015. The company has been included in the consolidated financial statements from June 2016.

Bring Cargo Østfold AS has changed its name to Bring Transportløsninger AS. In addition, the shares in the company were transferred from Bring Cargo AS to Posten Norge AS. This was part of an initiative to consolidate transport solutions in the Group. As an element of this plan, transport solutions in Bring Gudbrandsdalen AS were transferred to Bring Transportløsninger AS.

In July 2016, Posten Norge AS joined operations in Netlife Research AS and Bring Dialog AS by including these companies as wholly-owned subsidiaries of the company Netlife Gruppen AS. Posten Norge AS owns 87 % of the shares in Netlife Gruppen AS. Netlife Research AS had 83 employees and revenues amounting to MNOK 82 in 2015. The company has been included in the consolidated financial statements from August 2016.

Posten Eiendom AS acquired 100 % of Posten Eiendom Stavanger AS (formerly Vagle Næringspark AS) in July 2016. The company owns land in Stavanger, and the Group is planning to build a new joint terminal on this site.

In addition, Posten Eiendom AS established the company Posten Eiendom Bergen AS in August 2016. The company will be responsible for building a new freight terminal in Bergen. An agreement has been made to purchase a site on 1 February 2017.