

We know Norway

Posten Norge
Results as of 3rd quarter 2016

Agenda 3rd quarter 2016

PART 1:

- Highlights and developments

PART 2:

- Results and Segment Review

3rd quarter 2016

PART 1:

- Highlights and developments

Highlights – Important events in 2016

- Posten suggests **one mail stream**, with two days' transit time for addressed mail. A White paper was submitted on 11 May 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 13 % in the first nine months of 2016
- In the 3rd 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
- In the 3rd 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 %
- Through increased co-operation with **Danske Fragtmænd**, the Logistics segment strengthens its position in Denmark
- Posten Norge became the majority owner of the digital design company **Netlife Research** in the 3rd quarter. Together with Bring Dialog, the companies will be market-leaders within data-driven digital solutions
- Posten Norge's digital mailbox, Digipost experienced positive growth in 2016. The number of registered users has increased by more than 50 % since year-end, and approximately **975 000** were using the service by the end of the 3rd quarter



Financial highlights 3rd quarter 2016

OPERATING REVENUES, MNOK

Q3 2016	Q3 2015	YTD 2016	YTD 2015
5 934	6 044	18 340	18 451

EBITE*, MNOK

Q3 2016	Q3 2015	YTD 2016	YTD 2015
157	159	378	472

RETURN ON INVESTED CAPITAL/ROIC*, %

Last 12 months	Last 12 months
8.3	12.8

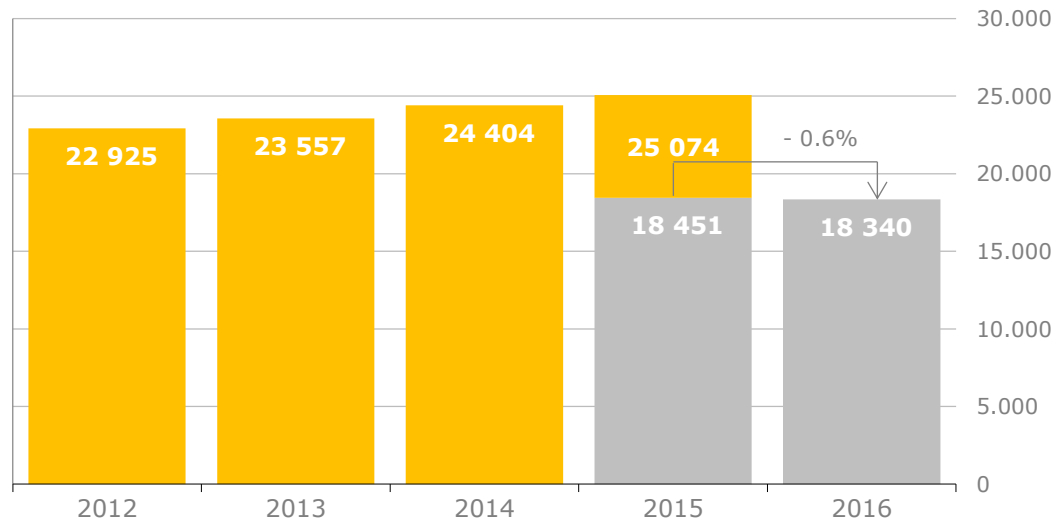
*For descriptions of adjusted result, EBITE, and return on invested capital, ROIC, see quarter report; 3rd quarter 2016



Revenue and EBITE, as at 3rd quarter 2016

Revenue, MNOK

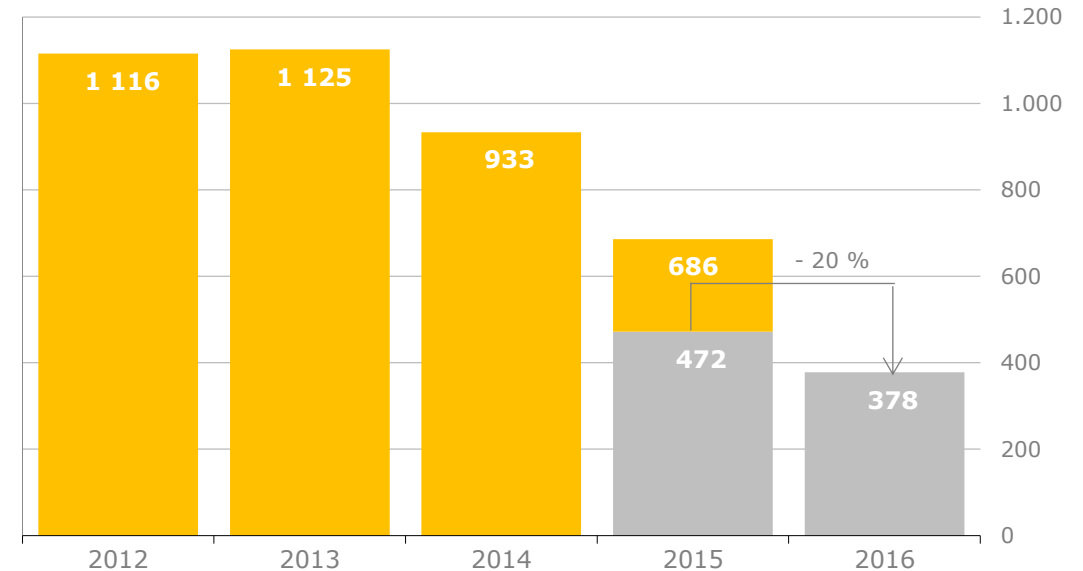
18 340



- 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

378

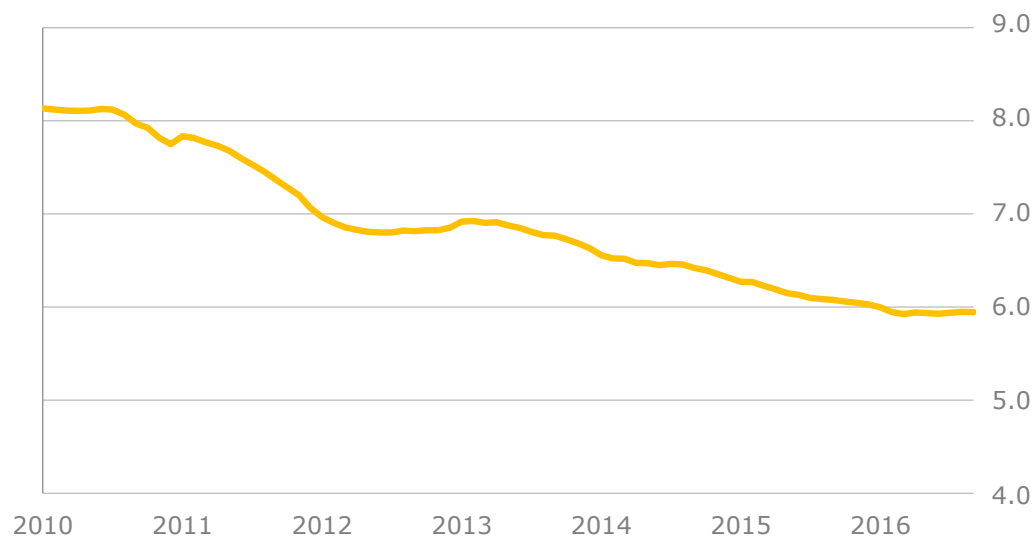


- Weak revenue growth led to profit decline
- The profit-margin fell by 0.5 percentage points
- Measures implemented to improve profitability

HSE

ABSENCE DUE TO SICKNESS IN THE GROUP, %

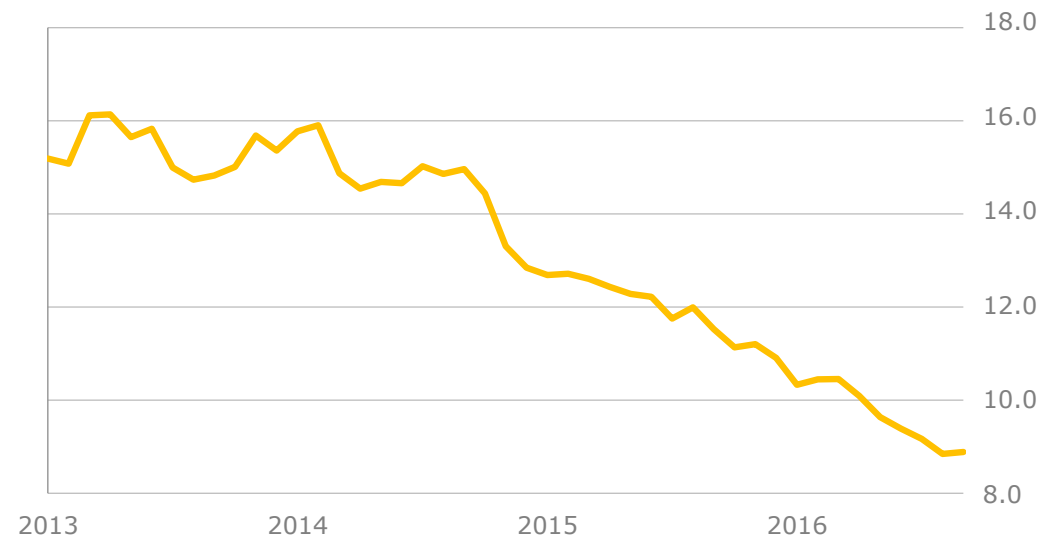
5.9 % (last 12 months)



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

H2 IN THE GROUP

8.9 (last 12 months)



- The total number of personal injuries per million worked hours (H2) was 8.9 at the end of the 3rd quarter of 2016, a reduction of 23 % from last year

3rd quarter 2016

PART 2:

- Results and Segment Review

Segment reporting

Posten Norge



Segment Mail



Segment Logistics



MNOK	Revenue	EBITE	Revenue	EBITE	Revenue	EBITE
Q3 2016	5 934	157	2 208	112	4 110	53
Q3 2015	6 044	159	2 274	108	4 204	88
YTD 2016	18 340	378	7 172	456	12 351	31
YTD 2015	18 451	472	7 353	543	12 394	115

Segment Mail



Letter products
Banking services
Dialogue services

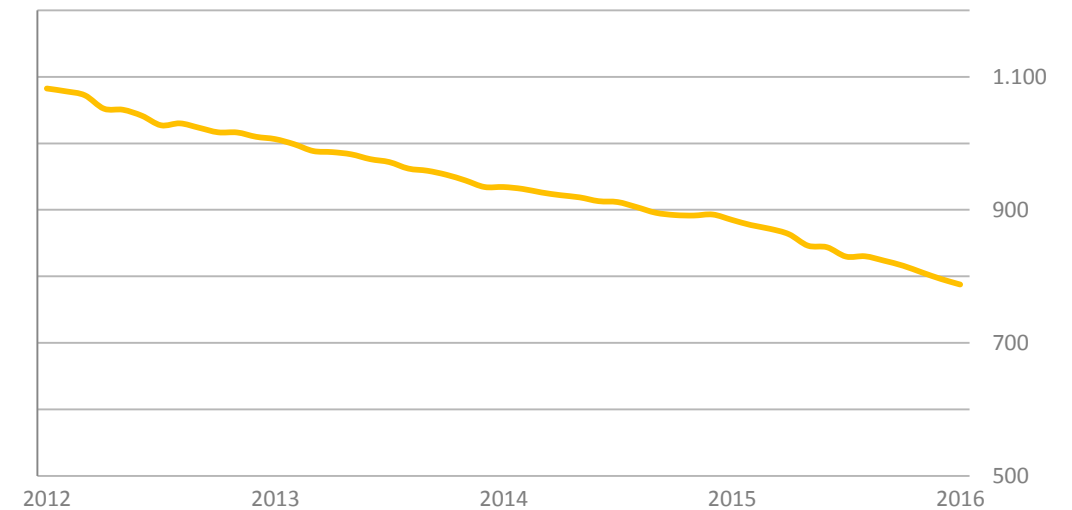
Market development

- The first three quarters of 2016 was characterised by a decline in volumes, mainly as a result of digitalisation
 - Volume decrease addressed mail in Norway 11.2 %
 - Volume decrease unaddressed mail in Norway 1.7 %
 - Bring Citymail Sweden had a volume increase of 14.1 %

VOLUME ADDRESSED MAIL (NORWAY), millions

788 (last 12 months)

-27.2 % (last 4 years)



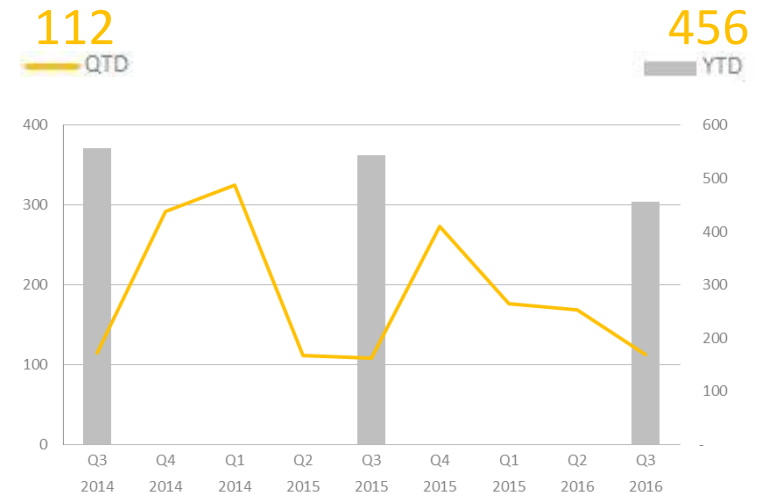
Key Figures 2016

- Operating revenues as of the 3rd quarter 2016 were **MNOK 7 172**, MNOK 181 lower than last year
- EBITE was **MNOK 456** as of the 3rd quarter 2016, MNOK 87 lower than last year
 - Positive effects from cost-reducing measures only partly compensated for the decline in volumes
 - The use of digital solutions is growing and volume decline in physical letters is expected to accelerate in the future. Structural changes in segment Mail is necessary to compensate for volume declines and to maintain a satisfactory profit margin

REVENUE, MNOK



EBITE, MNOK



Segment Logistics



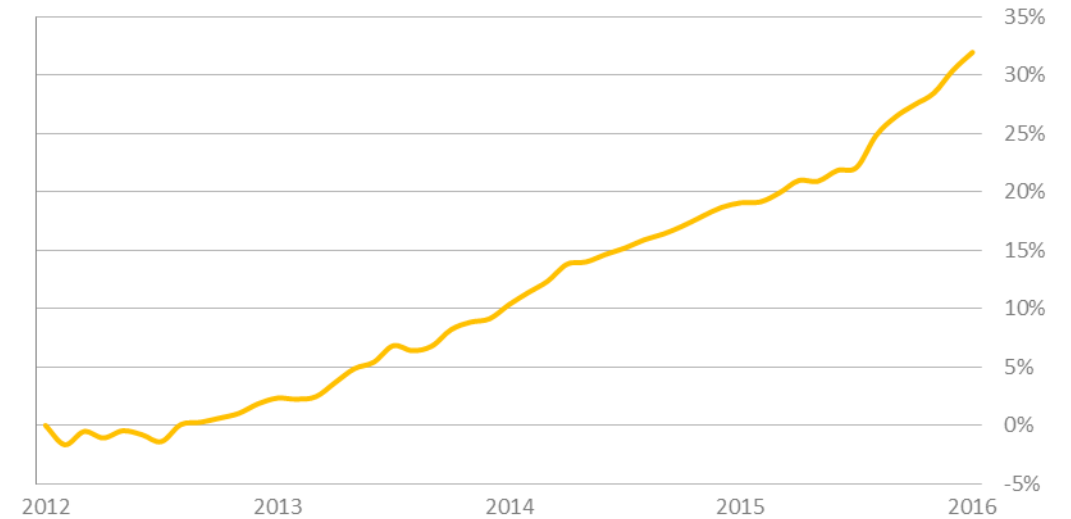
Market development

- 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 Q3 2012, %

10.8 % (last 12 months)

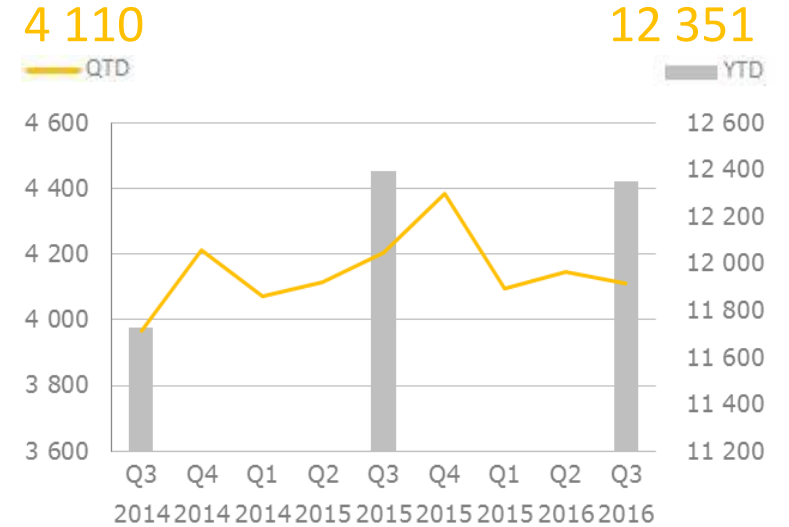
32.0 % (last 4 years)



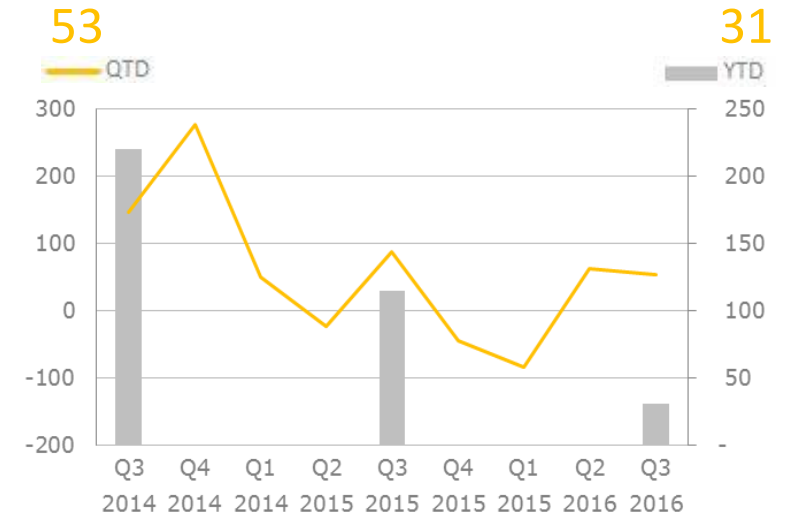
Key Figures 2016

- Operating revenues as of the 3rd quarter 2016 were **MNOK 4 110**, a decrease of **MNOK 43** from 2015
- EBITE was **MNOK 31** as of the 3rd quarter 2016, a decrease of MNOK 84 compared with the same period in 2015
 - Positive growth in freight volumes in Norway, but a 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

REVENUE, MNOK



EBITE, MNOK



Future prospects

- Increased decline in volume for the Mail segment due to digitalisation. One mail stream, with two days' transit time for addressed mail is considered a necessary measure. White paper is expected to be discussed by Parliament this autumn
- 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
- The economic downturn and uncertain market prospects in the Logistics segment make 2016 a challenging year for the Group
- Investments in logistics infrastructure in Norway continues, and the new logistic centers at Alnabru in Oslo will commence production in 2017
- From 10 October Tone Wille took office as new CEO for Posten Norge
- From 10 October Eli Giske is constituted as acting CFO

