

Posten Norge

Norway Post - Quarterly report

1st quarter 2009

20 May 2009

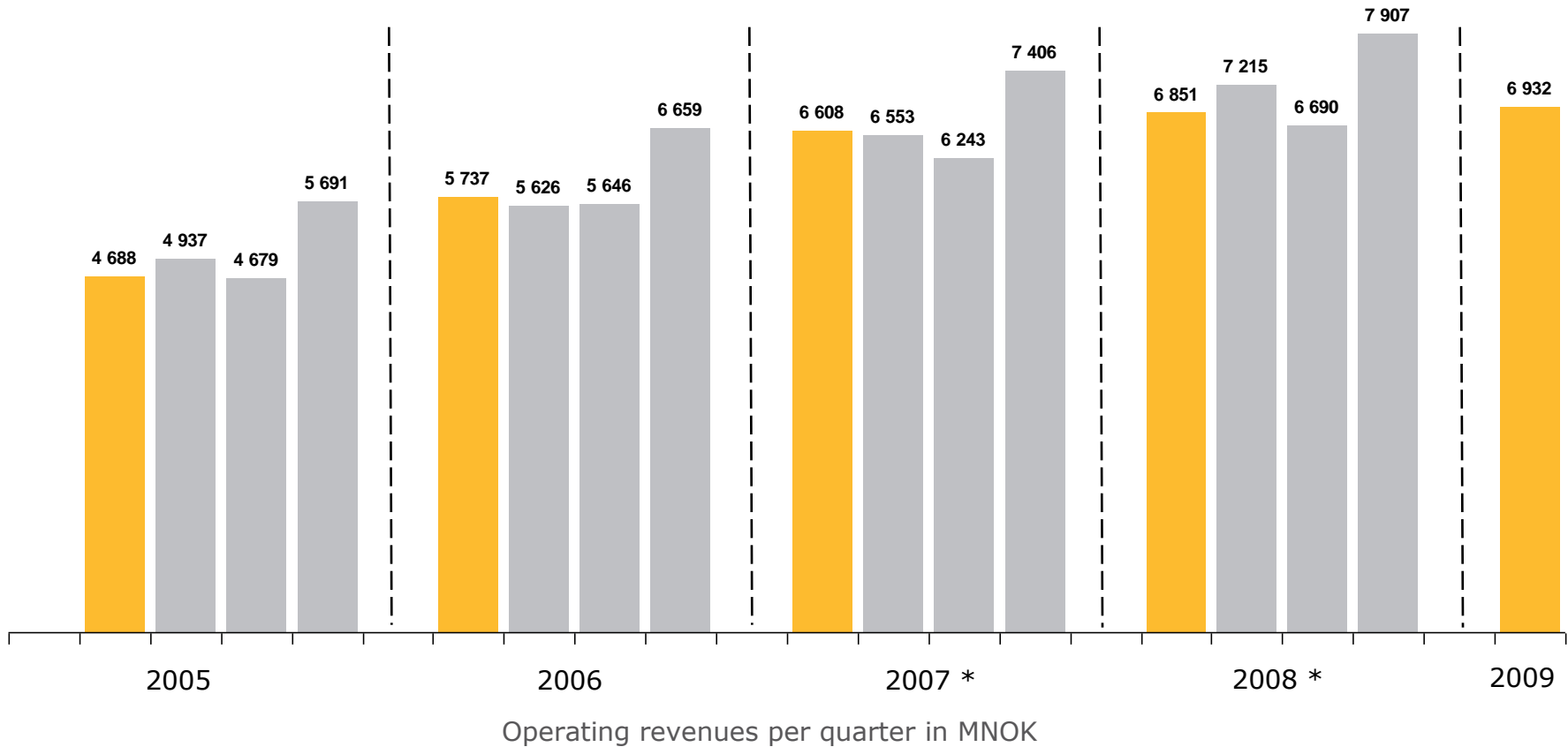
Highlights

- Operating revenues increased by MNOK 81 (1 %) compared with Q1 2008, due to acquisitions and the Easter effect
 - Operating revenues per April were MNOK 331 lower than for the same period last year
- Earnings before non-recurring items amounted to MNOK 90, an improvement of 22 % compared with Q1 2008, due to the Easter effect
 - Earnings before non-recurring items per April were MNOK 167 lower than for the corresponding period in 2008, mainly due to a fall in volumes and reduced capacity utilization
- The efficiency-enhancement programme "Spinnaker" was initiated in 2008. Additional measures are being implemented to adjust costs to a declining activity level in the market
- Delivery quality for overnight A-mail was 87,4 % in Q1 2009, which is the best result ever for a first quarter
- In the revised National Budget, the Government has proposed funds totalling MNOK 518 for the government procurement of mandatory unprofitable postal and banking services,



Operating revenues per quarter

Average annual revenue growth of 10.6% (Q1 2005 - Q1 2009)

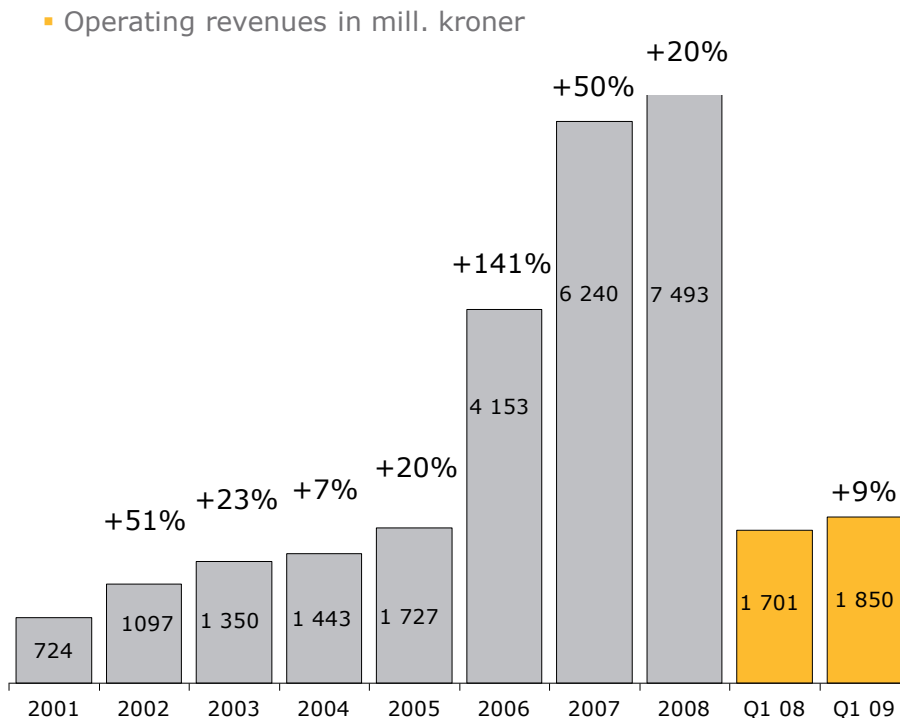


* As of September 2008, Ergo Group changed the accounting principle for the booking of telephony revenues from the gross to the net method. The figures for earlier periods in 2007 and 2008 have been restated accordingly

Operating revenues from foreign subsidiaries



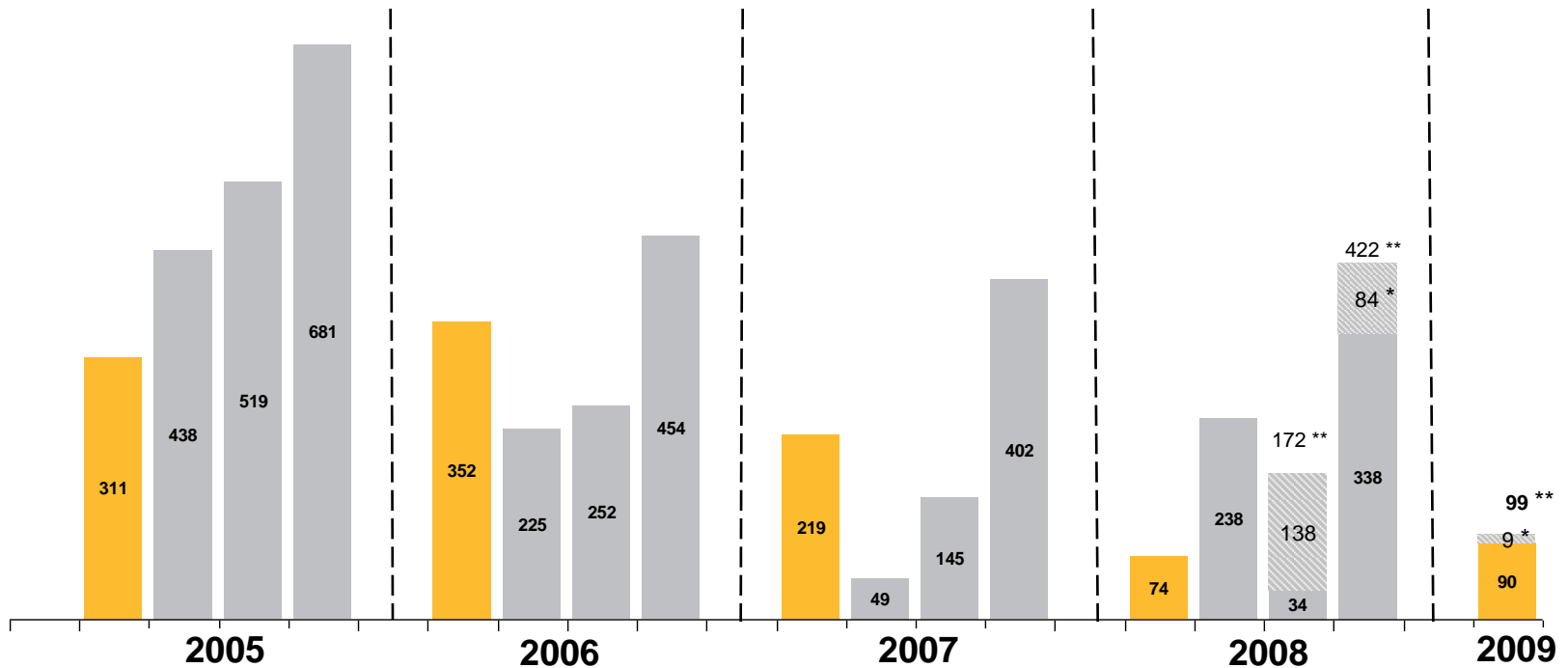
Operating revenues from foreign subsidiaries increased by MNOK 149 (9 %) from Q1 2008, and accounted for 26.7 % of the Group's revenues (24.8% in Q1 2008)



From Q1 2001 until Q1 2009 Postens foreign subsidiaries have had an average increase in operating revenues of 36,9%

EBIT before non-recurring items and write-downs per quarter

EBIT before non-recurring items for the first 4 months:
 2009: MNOK 41
 2008: MNOK 208



EBIT before non-recurring items and write-downs per quarter in mill. kroner

* Branding costs

** EBIT before branding costs, non-recurring items and write-downs

Profit and Loss

MNOK	Q1 2009	Q1 2008	Change	Year 2008
Operating revenues*	6 932	6 851	81	28 663
EBITDA**	321	287	35	1 589
EBIT before non-recurring items and write-downs**	90	74	16	683
Write-downs				169
Negative goodwill taken to income				-29
Non-recurring losses / (gains)	-9	-5	-3	182
EBIT	98	79	19	361
Net financial items	-92	-51	-41	-253
Net earnings before taxes	6	28	-22	108

Earnings are affected by the Easter effect.

EBIT before non-recurring items and write-downs for the first four months was MNOK 41, a reduction of MNOK 167 from the same period last year.

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** incl. rebranding costs for Posten and Bring of MNOK 221 in 2008 (MNOK 9 in Q1 2009 vs. MNOK 4 in Q1 2008)

Key figures

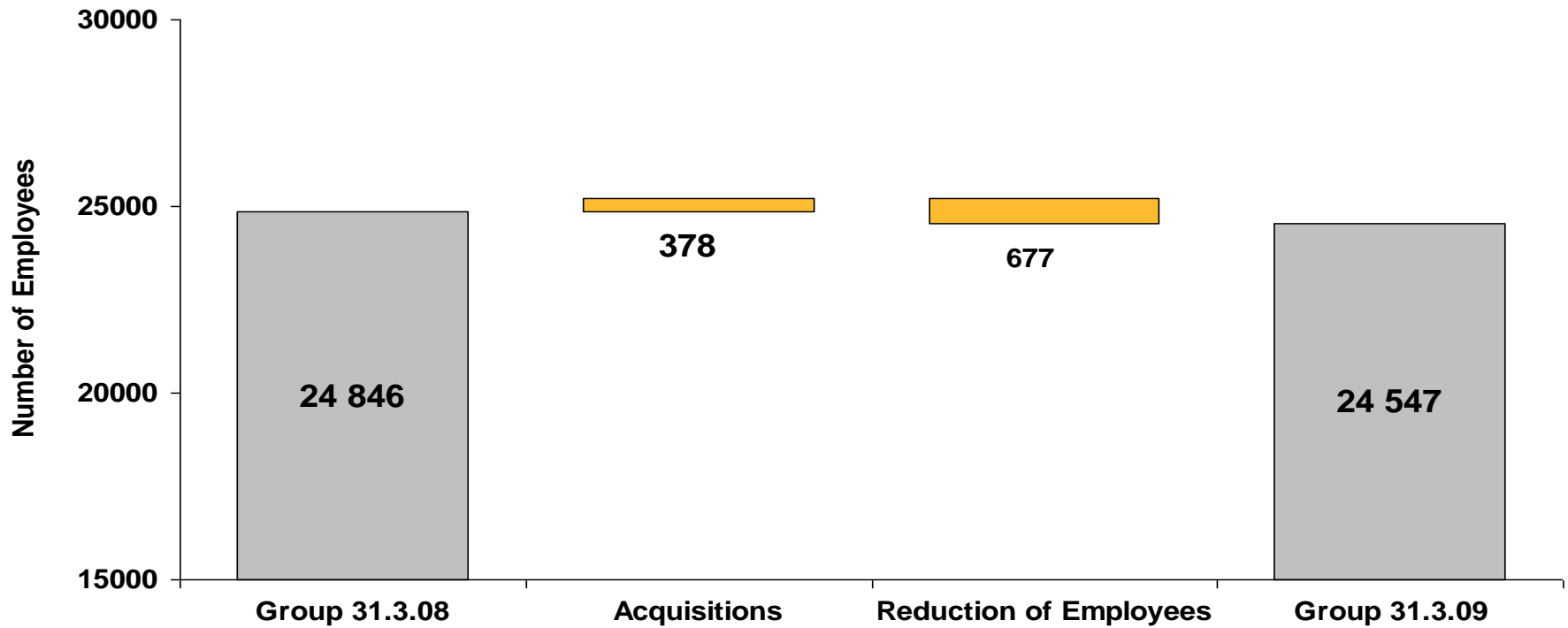
- Investments in Q1 2009 amounted to MNOK 401, a decrease of MNOK 86 compared to Q1 2008
- Net debt/EBITDA-factor was 2,1** (Q1 2008: 1,3)
- As at 31.03.2009, Norway Post's long-term liquidity reserve, consisting of market investments and unused drawing rights, amounted to MNOK 4 645 compared with MNOK 4 026 at the same date in 2008

MNOK	Q1 2009	Q1 2008	Year 2008
Total capital	18 238	18 906	19 516
Equity	5 126	5 782	5 160
Interest-bearing liabilities	4 209	4 880	4 763
Equity ratio (%)	28,1	30,6	26,4
Debt ratio (net)	0,7	0,3	0,6
ROIC (%) before branding costs, non-recurring items and write-downs*	9,9	7,6	9,8
EBIT-margin before branding costs, non-recurring items and write-downs (%)	1,3	1,1	3,2

* Moving 12 months average

** Net interest-bearing liabilities MNOK 3 393 and 12 month moving EBITDA MNOK 1 623

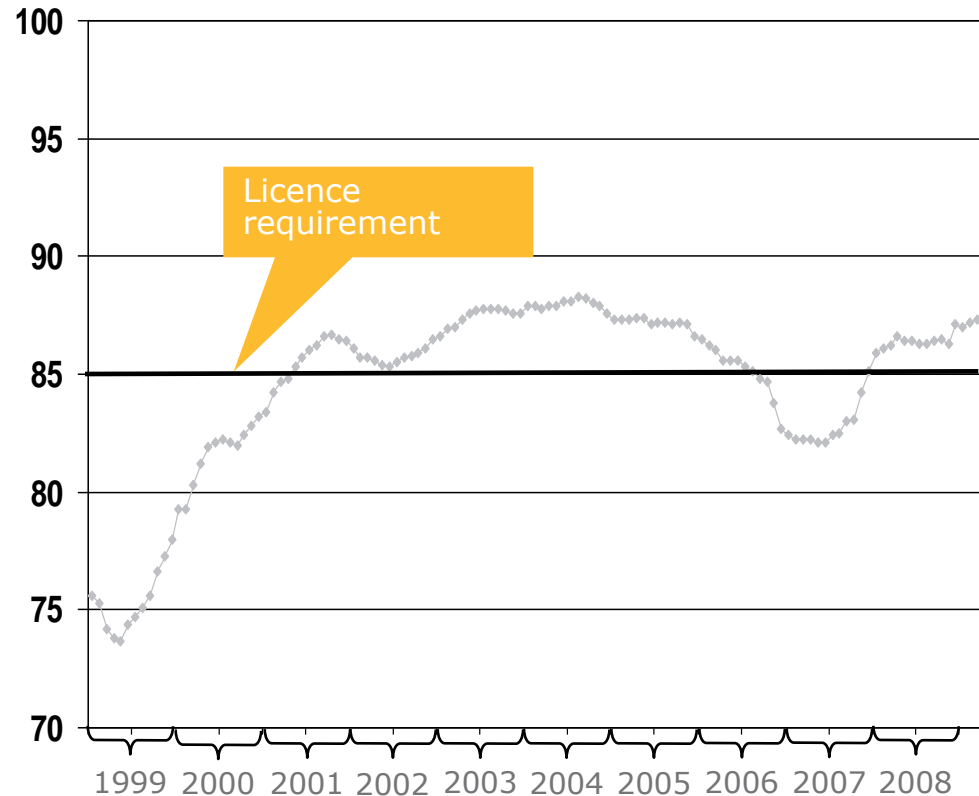
Employees



Quality development

(moving 12 month average)

- Delivery quality for over night A-mail was 87,4 % in Q1 2009 compared with 86,3 % in Q1 2008. This is the best result ever for a first quarter



Delivery quality, moving 12 month average

Segment structure for Norway Post Group



Mail



Logistics



IT

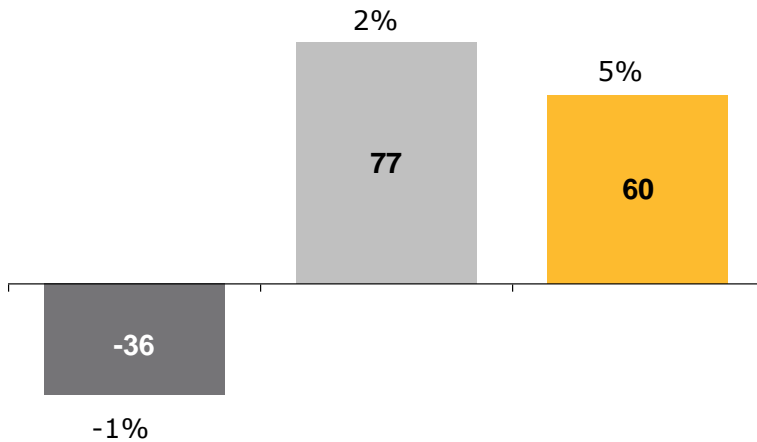


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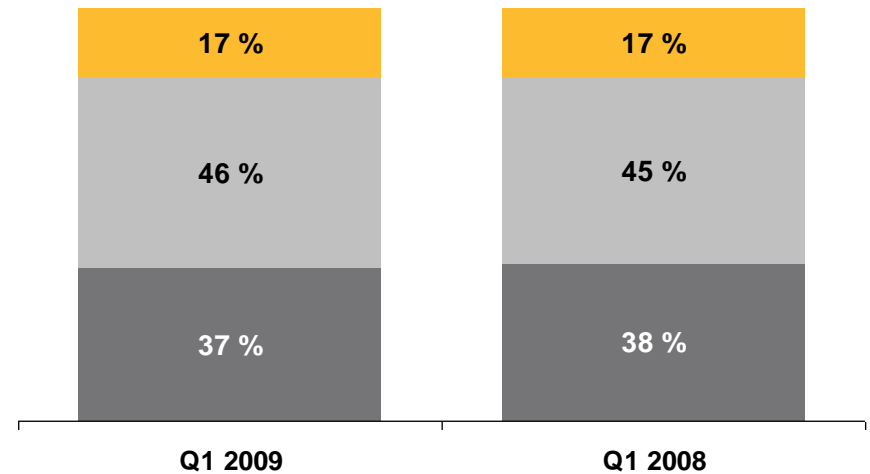
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External operating revenues per segment

Change 2008 - 2009 in MNOK and %



Share of external revenues in %



■ Mail ■ Logistics ■ IT

- letter mail
- banking services
- dialogue services



mail



posten



Mail products

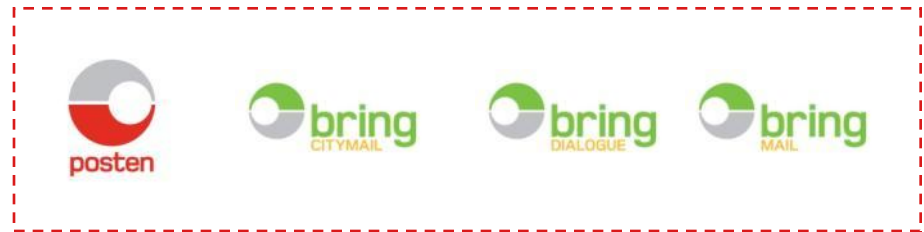
% change pa.	2005	2006	2007	2008	Q1 2009
Mail Norway Post Group	2,9	4,1	-1,3	-0,8	-11,8
Mail Posten Norge AS	2,7	3,7	-2,4	-3,3	-14,4
A and B mail (Posten Norge AS)	-5,5	-0,9	-0,3	0,7	-
Direct Mail* (Posten Norge AS)	10,7	5,5	-4,2	-6,2	-25,3

* Addressed and unaddressed direct mail advertising

- Unaddressed mail advertising accounted for 45 % of the parent company mail volumes in Q1 2009, compared with 51 % in Q1 2008

- The total letter volumes in Norway in Q1 2009 was 14 % lower than Q1 2008, due to increased substitution and the general economic downturn
 - Customers are, to a greater degree, moving from A-mail to the less expensive B-mail
- The development in revenue and results compared with last year is affected by the Easter effect and by a new agreement with DnBNOR/Postbanken regarding the transfer of 170 financial advisors
- Bring Citymail Sweden and Bring Citymail Denmark had a growth in volume due to geographical expansion and an increase in the customer base respectively. Cost-cutting measures have been implemented to compensate for the effects of the general economic downturn
- The conversion of the post office network is proceeding according to plan. As at Q1 2009 52 out of 124 post offices have been converted into Post-in-shops

MNOK	2009	2008	Change 09 - 08	Change %
Operating revenues	3 216	3 234	-18	-0,6
EBITDA	187	155	32	20,2
EBITDA margin	5,8%	4,8%	1,0	-



- cargo
- thermo
- express
- parcels
- warehousing



- Operating revenues increased by 2,3 % compared to Q1 2008, due to acquisitions and the "Easter effect"
- The economic downturn is resulting in a decline in volumes for groupage/partload, B2B parcels and express services
- The development in results is affected by a weaker market and reduced utilization of capacity. Measures are being implemented to adjust the costs to a decline in the level of activity

MNOK	2009	2008	Change 09 - 08	Change %
Operating revenues	3 188	3 115	73	2,4%
EBITDA	117	160	-43	-27,1%
EBITDA margin	3,7%	5,1%	-1,4	-



- operations
- infrastructure
- solutions
- consulting services



IT



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- The 2 % increase in operating revenues from Q1 2008 is mainly due to a good order reserve combined with the Easter effect. The growth was entirely organic
- The operating result has decreased somewhat from Q1 2008. The operating result was negatively affected by renegotiated service contracts with among others Posten Norge AS, but was also positively affected by the Easter effect.
- ErgoGroup entered into contracts with a total value of MNOK 789 in Q1 2009, an increase of MNOK 200 compared to Q1 2008
- As a part of its focus on off-shoring, ErgoGroup increased its ownership share in the Indian IT-company ION Solutions to 51% in January 2009. ION Solutions had 76 employees at the end of Q1 2009

MNOK	2009	2008	Change 09 - 08	Change %
Operating revenues*	1 378	1 352	26	1,9%
EBITDA	124	133	-9	-7,1%
EBITDA margin	9,0%	9,8%	-0,8	-

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Future focus areas

- The general economic downturn will continue to affect results for all segments
 - A fall in volumes and increased competition in the Post and Logistics segments
 - An expectation that the IT segment will also be affected with pressure on prices and profitability in 2009 - 2010

- The efficiency-improvement-programme “Spinnaker” will contribute positively to the development in profitability, with measures such as:
 - high-tech South East Norway sorting terminal at Robsrud
 - implementation of a group productivity system

- Specific measures continue to be implemented in the focus areas HMS, environment and climate

- In the revised National Budget, the Government has proposed funds totalling MNOK 518 for the government procurement of mandatory unprofitable postal and banking services, which is in accordance with the estimated amount for 2009

