



Quarterly Report

2nd quarter 2020

Posten Norge



2nd quarter and 1st half-year 2020

Part 1:

- Highlights and financial development

Part 2:

- How the corona pandemic has affected the Group
- Mail delivery every other day – Posten's most comprehensive transition ever



2nd quarter and 1st half-year 2020

Part 1:

Highlights and financial development

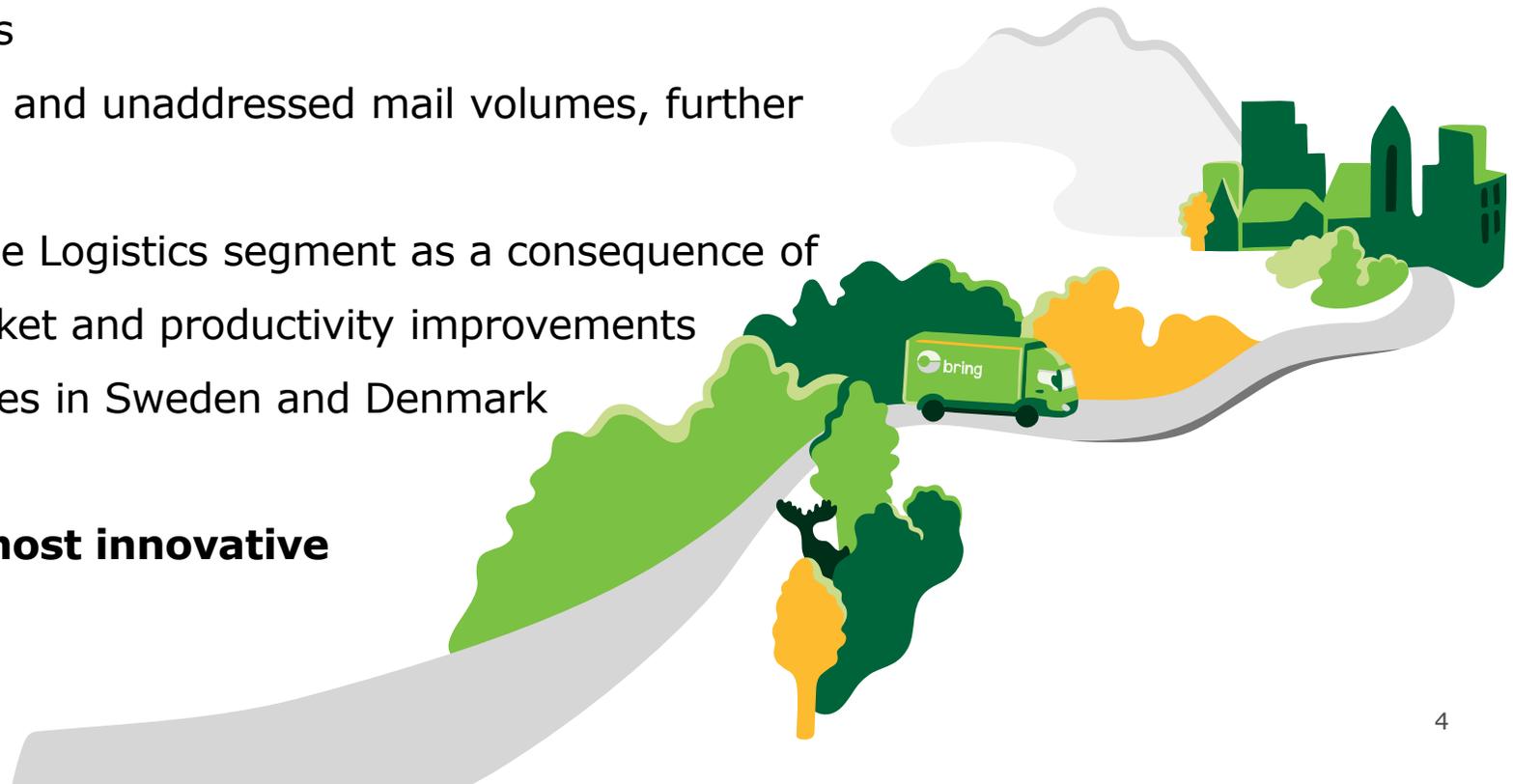


Tone Wille, CEO



Highlights

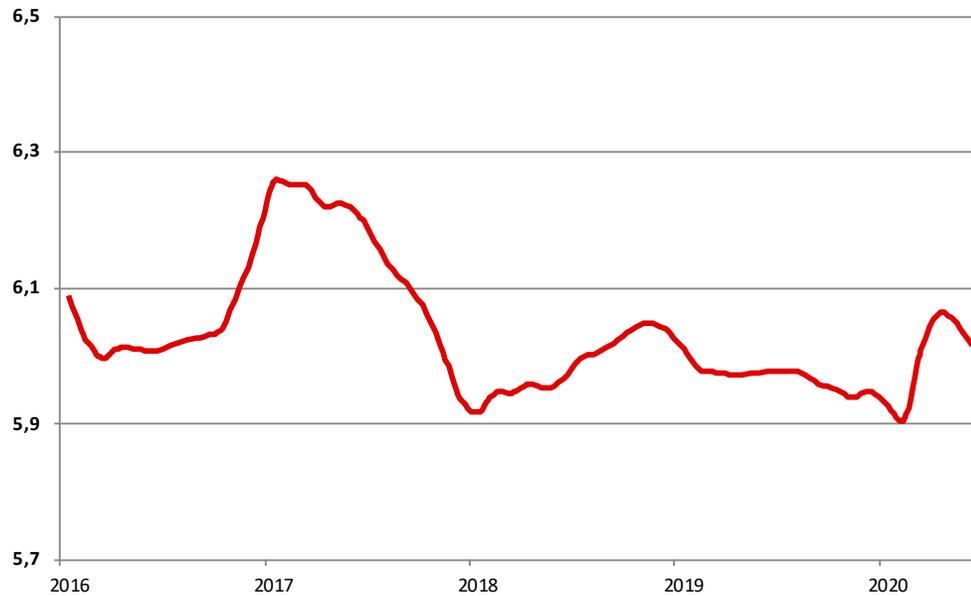
- The main priority during **the Corona pandemic** has been to safeguard life and health, as well as securing Posten's critical role to supply mail, parcels and goods to the entire country
- The Corona pandemic has caused large **volume shifts**
- **The growth in e-commerce** was record high, with volumes increasing by 38 percent so far this year, and 26 percent in the last 12 months
- Continued **decline** within addressed and unaddressed mail volumes, further intensified by the Corona pandemic
- **Positive result development** in the Logistics segment as a consequence of growth in the private consumer market and productivity improvements
- **Nordic coverage** for parcel deliveries in Sweden and Denmark established
- Posten voted no. 2 of Norway's 25 **most innovative** companies



HSE 2020: The Corona pandemic affected the absence due to sickness

ABSENCE DUE TO SICKNESS IN THE GROUP, %

6,0 % (last 12 months)



*Historical data has been adjusted for post-registration

- Absence due to sickness in the last 12 months was 6,0 %, the same level as the corresponding period in 2019, but 0,1 percentage points higher than the year 2019. The Corona pandemic negatively affected the absence due to sickness in March and April

H2 IN THE GROUP

7.0 (last 12 months)



*Historical data has been adjusted for post-registration

- The total number of injuries per million worked hours (H2) so far in 2020 was reduced to 7,0, 1,1 lower than the same period in 2019



Our goal is a health-promoting working environment where nobody gets injured or sick as a consequence of their work in the Group. Efforts to improve the development through goal-oriented measures continue.

Financial highlights 2nd quarter and 1st half-year 2020

Growth and productivity improvements in the Logistics segment have resulted in better profitability

OPERATING REVENUES, MNOK

Q2 2020	Q2 2019	YTD 2020	YTD 2019
5 830	5 931	11 793	11 843

ADJUSTED OPERATING PROFIT*, MNOK

Q2 2020	Q2 2019	YTD 2020	YTD 2019
234	132	386	239

RETURN ON INVESTED CAPITAL/ROIC*, %

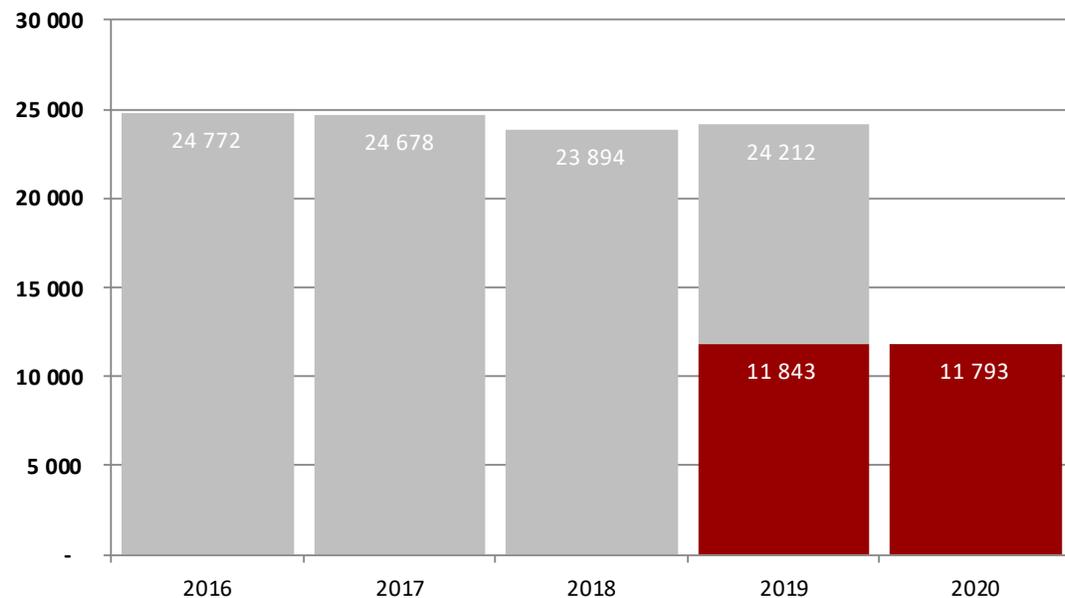
Last 12 months	Last 12 months
8,9	6,5

*For descriptions of alternative performance measures, see appendix to the report (last 12 months comparative figure for 2019 includes figures from 2018 which have not been adjusted to reflect the implementation of IFRS 16)



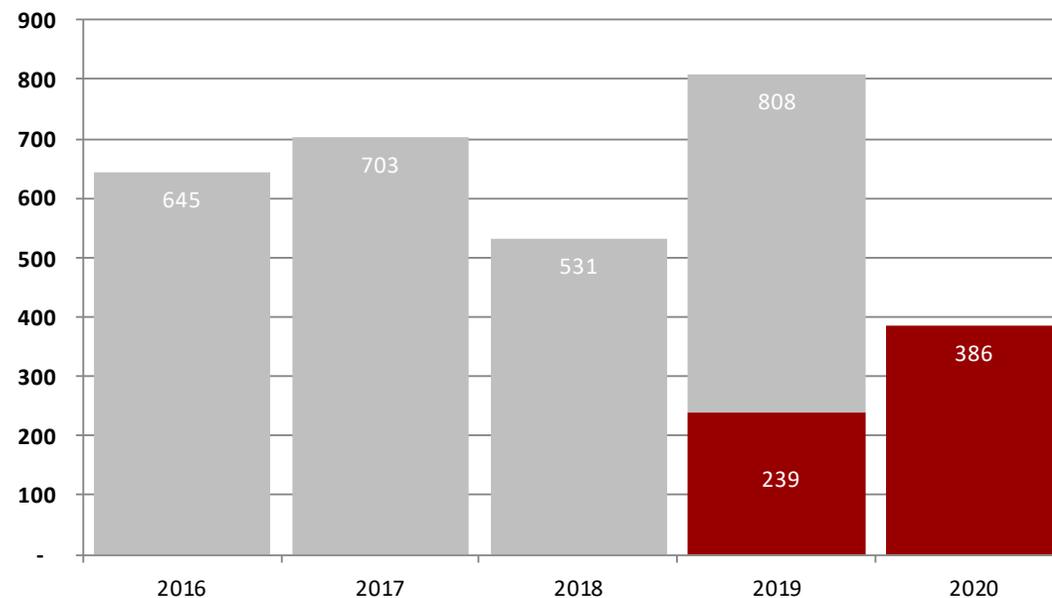
Revenue and adjusted operating profit 1st half-year 2020

Revenue, MNOK



- Negative organic growth of 0,1 % 1st half-year 2020
- Growth in revenue in the Logistics segment, with an organic growth of 6,1 %
- Reduced revenue in the Mail segment due to the continued decline in addressed volumes and a significant fall in unaddressed volumes intensified by the Corona pandemic

Adjusted operating profit, MNOK



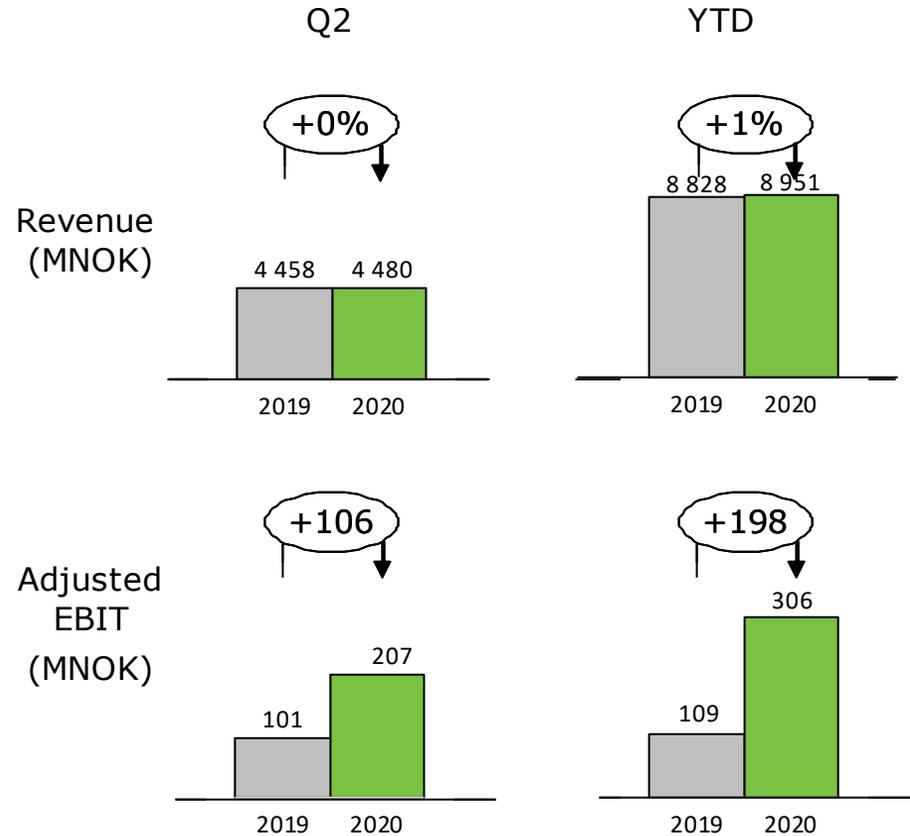
- Adjusted operating profit 1st half-year was MNOK 386, an improvement of MNOK 148 compared with the same period in 2019
- Improved profitability due to growth in the private consumer market and operational measures within the Logistics segment

Results 2nd quarter and 1st half-year 2020

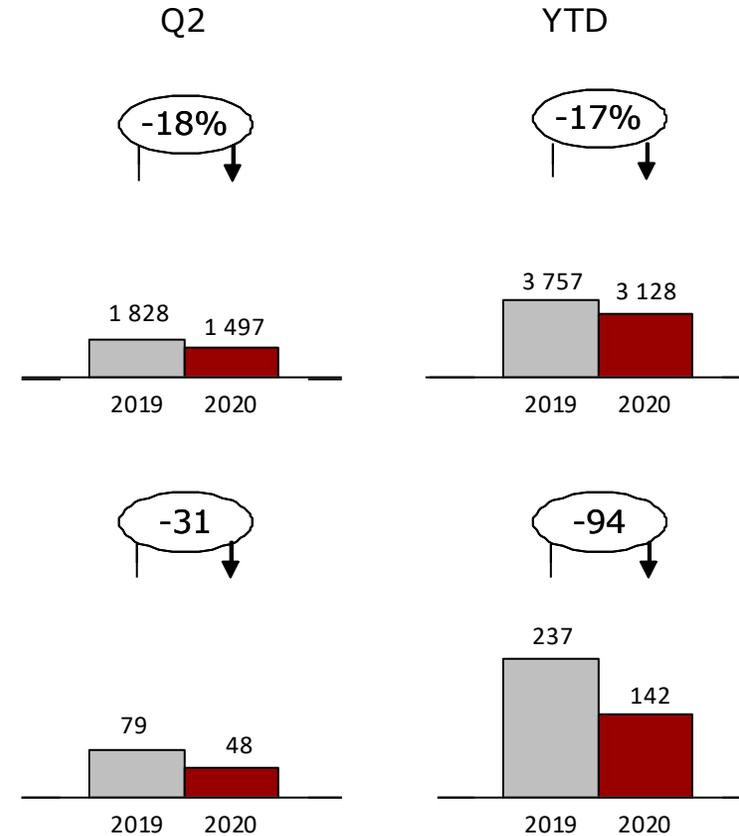
Q2 2020	Q2 2019		YTD 2020	YTD 2019	Year 2019
5 830	5 931	Revenue	11 793	11 843	24 212
600	518	EBITDA	1 128	1 007	2 361
234	132	Adjusted operating profit	386	239	808
284	(239)	Operating profit (EBIT)	442	(264)	162
43	(40)	Net financial items	(95)	(52)	(142)
326	(279)	Profit before tax	347	(316)	21
264	(305)	Profit after tax	274	(343)	13

Segment reporting

LOGISTICS



MAIL



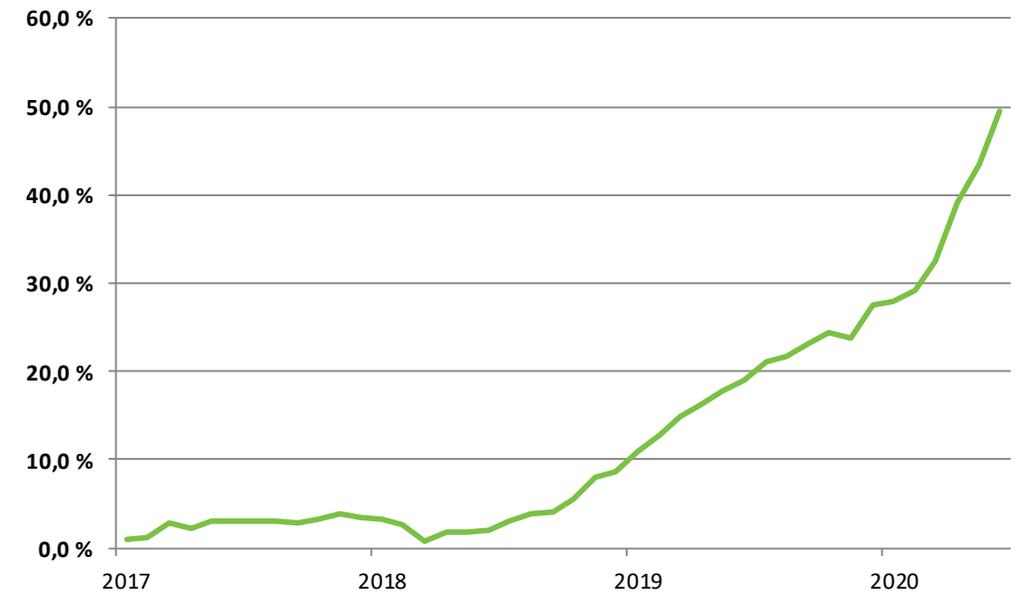
Segment Logistics: Strong growth in E-commerce

- The Corona pandemic has contributed to considerable growth in e-commerce and home deliveries, but some decline in the demand from the corporate market
- E-commerce volumes increased by 26 % in the last 12 months
- Continued improvement, adjustment of services and increased productivity have contributed to enhanced profitability
- Full Nordic coverage following the establishment of in total 1700 delivery points in Sweden and 1300 in Denmark

DEVELOPMENT IN E-COMMERCE FROM Q4 2016, %

25,7 % (last 12 months)

49,6 % (last 4 years)



E-commerce volumes include all parcels in E-commerce & Consumer Deliveries in division E-commerce and logistics

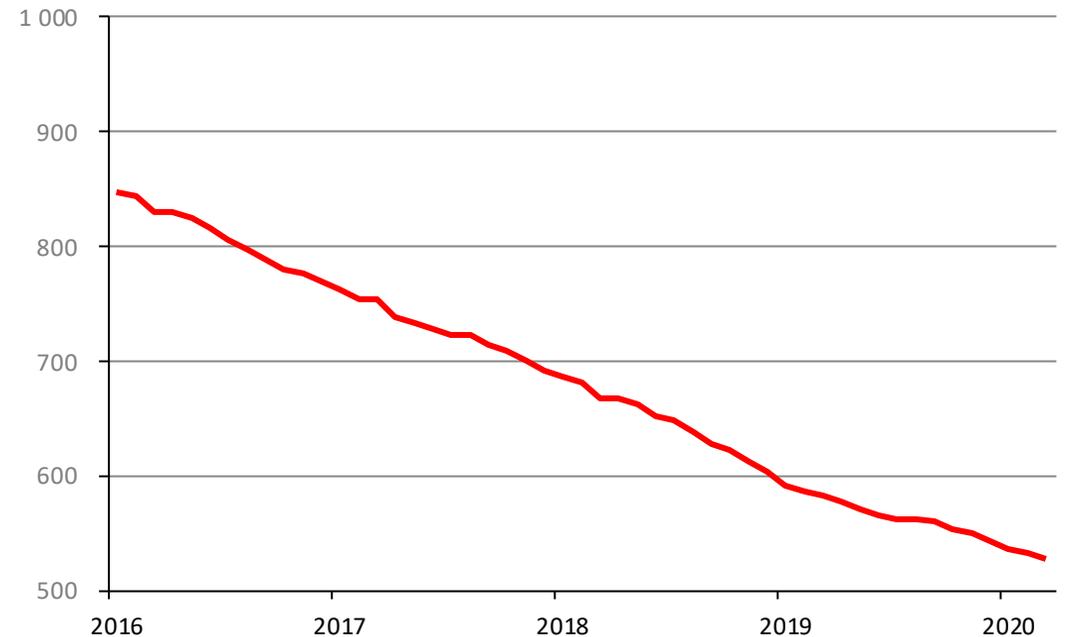
Segment Mail: Successful transition to mail distribution every other day

- The transition to mail distribution every other day was carried out from 7 July and has resulted in a workforce reduction of one thousand full-time equivalents. Voluntary solutions were found for everyone
- The volume decline in addressed mail in the 1st half-year 2020 was 16 %, and 12,5 % in the last 12 months
- The fall in addressed mail volumes is expected to increase as a consequence of the digitalisation within both the private and corporate markets
- Stable high quality was delivered during the Corona pandemic. The delivery quality was 92,1 % in the 2nd quarter, well above the requirement of 85 %
- In the 1st half-year 2020, unaddressed mail declined by 30 %

VOLUME ADRESSED MAIL FROM Q2 2016, millions

495 (last 12 months)

-46,4 % (last 5 years)



Future prospects

- Because of the Corona pandemic, a decline in the economy is expected – and there is significant uncertainty about the future
- Increased e-commerce and home deliveries but also accelerated digitalisation. New customer habits expected to last
- Increased competition, with large international players coming to the Nordics as one example. The rate of change will intensify and stimulate increased innovation and rethinking
- Posten will place a thousand parcel boxes all over Norway during the next year – to strengthen availability and freedom of choice for customers
- In Sweden and Denmark, Bring will extend terminal capacity and strengthen the delivery networks
- The bank agreement with DNB expires on 31 August. Posten is adjusting the sales network and will reorganise 25 post offices to Post in Shop
- Posten will ensure sustainable development by being leading on environment, and safeguard our most important resource, our staff



2nd quarter and 1st half-year 2020

Part 2:

- How the corona pandemic has affected the Group
- Mail delivery every other day – Posten's most comprehensive transition ever

2nd quarter and 1st half-year 2020

Part 2:

- **How the corona pandemic has affected the Group**
- Mail delivery every other day – Posten's most comprehensive transition ever

Posten mobilised quickly when Norway shut down

- 33 employees have had Covid-19. At most, 170 were sick/infected
- Post, transport and supplies of goods were defined as functions critical to society
- Large volume changes affected the Group's result and gave operational challenges in certain areas
- A goal to avoid lay-offs
- Stable and good operations
- Strict infection-control measures
- Standby and crisis teams were quickly established, and the organisation mobilised to make an extra effort
- Home office as the main rule where possible – expected to last for the rest of the year



Critical to society that post, transport and supply chains function



Arbeidsmengden har allerede økt vesentlig for landets postbud siden koronakrisen slo inn, men Posten forsikrer at de både kan ta på seg nye oppgaver og gjøre mer av det de allerede gjør. Foto: Perstein Rindjord

– Postbudene kan fylle en rolle



Da andre lukket ned, måtte de gire kraftig opp

På ett døgn håndterte de 48.000, pakker, brev og annet. Antall hjemleveringer er tidoblet fra Bring-terminalen i Haugesund.

Av Trine Styve Varlo
Publisert 26. 2020

Når den grønne Bring-bilen eller den røde Paxsteren stopper ved inngangsdøren eller postkassen din, har mange mennesker overvunnet sin koronafrykt. De står i jobben. For at du skal få din pakke.

Accelerated growth in e-commerce during the Corona pandemic has led to a significant increase in parcel volumes



38 percent increase in parcels from e-commerce



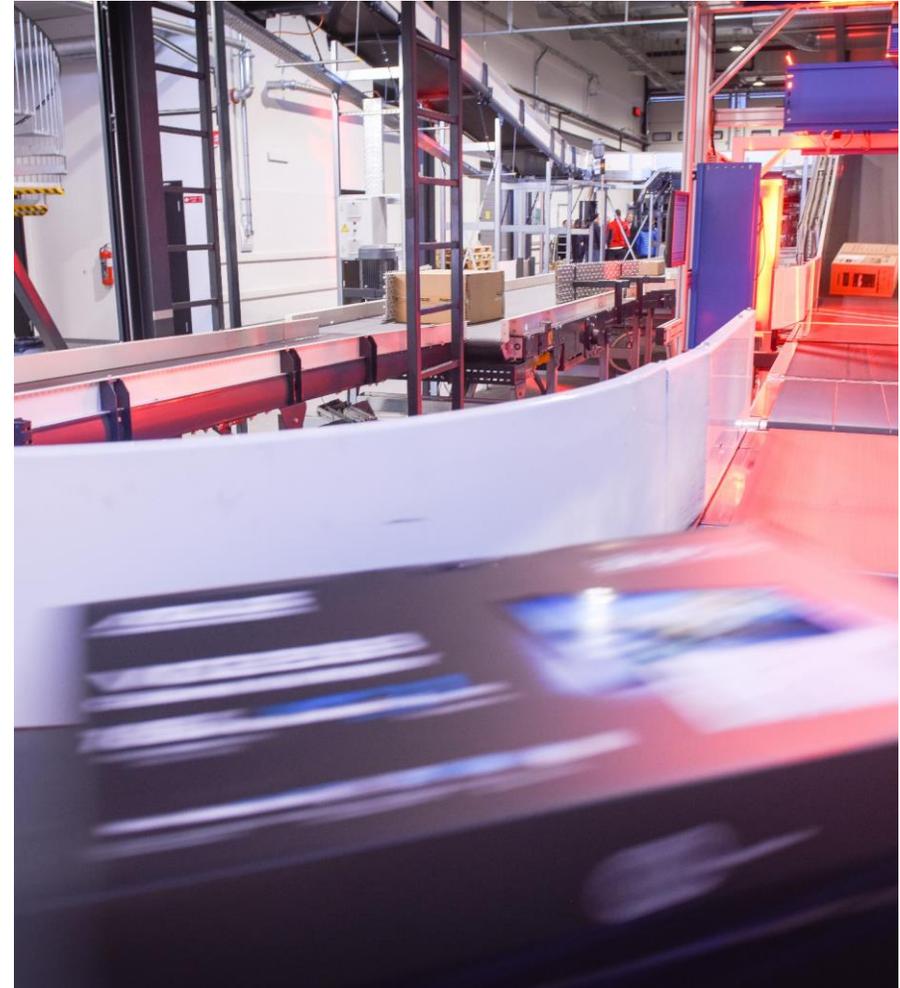
45 percent increase in parcels from e-commerce



41 percent increase in parcels from e-commerce



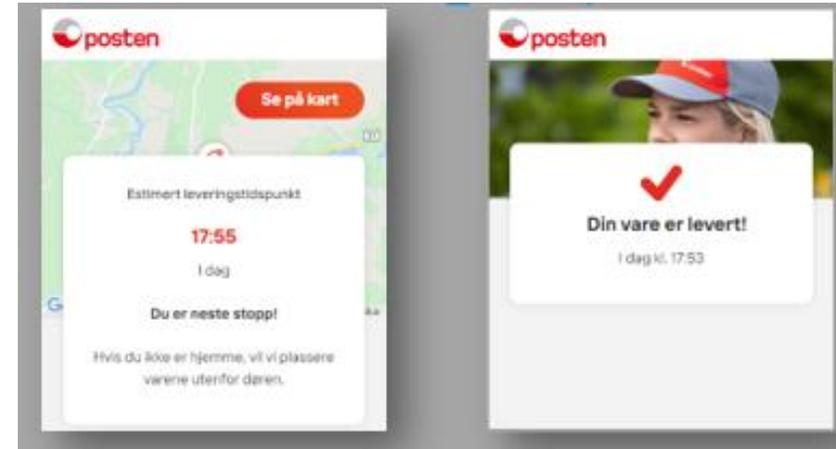
17 percent increase in parcels from e-commerce



Innovation speed increased. New services were developed in a short time



Home deliveries of groceries with Coop and Posten
Solution established in a short time – first to vulnerable groups. Unique that the service is more or less nationwide and that Posten uses several areas of the business (express delivery persons, post men and women, parcel drivers)



Contact-free delivery The recipient gets all information on deliveries by SMS in the 'Glow' system, and the goods are delivered without direct contact

2nd quarter and 1st half-year 2020

Part 2:

- How corona pandemic has affected the Group
- **Transition to mail distribution every other day -
Posten's most comprehensive transition ever**



Gunnar Inderberg,
Director value chain development, Mail division

Posten's most comprehensive transition in 373 years

- Re-design of the entire value chain
- Stable operations quickly achieved
- Quality measurements well above the licence requirements
- Few customer complaints
- No redundancies. All the affected 1000 full time equivalents taken care of via voluntary arrangements



What the transition means for our customers

- Mail every other day in the letter box
- Delivery time for letters from 2 days to 2-3 days
- 5 day delivery to the post box
- Mail can be sent every day of the week



Specific solutions for services for which the customer is willing to pay

- Newspapers – a separate solution covering Monday to Friday
- B2C parcels – deliveries to pick up points unchanged. Parcel in the letter box continues with 5 days delivery to ca. 50% of the country's households
- B2B-parcels – the majority of the country's businesses are covered by 5 days delivery
- Corporate parcels Express unchanged
- Advertising – separate solution to reach ca. 90 % of the country's households by the end of Monday





We make everyday life simpler
and the world smaller