

Posten Norge

Norway Post - Quarterly report

1st quarter 2011

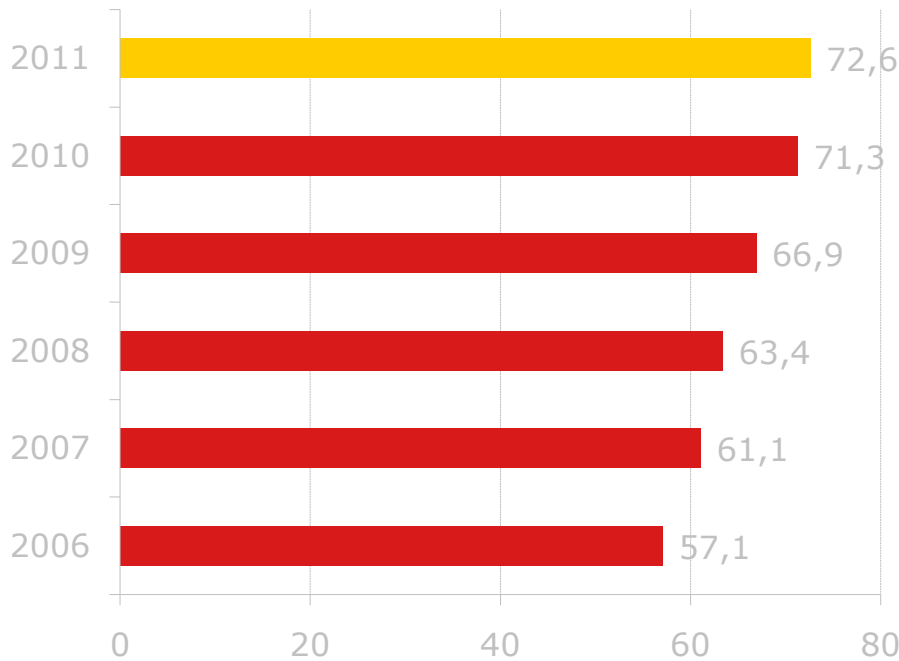
11/05/2011

- Operating revenues in first quarter 2011 amounted to MNOK 5 724, an increase of MNOK 162 (2.9%) from the same period in 2010
 - Volume growth within the Logistics segment
- Earnings before non-recurring items and write-downs amounted to MNOK 233, an improvement of MNOK 9 (4%) compared with first quarter 2010
 - In the Post segment cost cutting measures have contributed to maintaining the level of earnings
 - In the Logistics segment strong competition and margin pressure influenced earnings development
- Return on invested capital before non-recurring item and write-downs (ROIC) was 16.0% compared with 15.5% in the same period of 2010
- The groups efficiency programme "Spinnaker" has resulted in a reduction in cost of a little over BNOK 2.0 since 2008
- EBIT for the first quarter was MNOK 2 below the same period in 2010, however first quarter 2010 included a gain of MNOK 25 from sale of property
- Bring Frigo is acquiring Coldspeds cold storage operations in Sweden. The acquisition strengthens its position as a complete supplier of logistics for the food industry
 - The operations had revenues of MSEK 84 in 2010 and 57 employees
- Delivery quality for A mail delivered overnight was 86.4% in first quarter 2011 which was 5.0 percentage points better than the same period in 2010 and 1.4 percentage points above licence requirements.



Progress in RepTracks reputation survey

Up to 16th place in 2011 – from 22nd place in 2010



80 +	excellent
70-79	good
60-69	satisfactory
40-59	weak
< 40	poor

Umdømme 2011 20©11 DagensNæringsliv grafikk/Kilde: RepTrak Norge

Norges mest synlige bedrifter

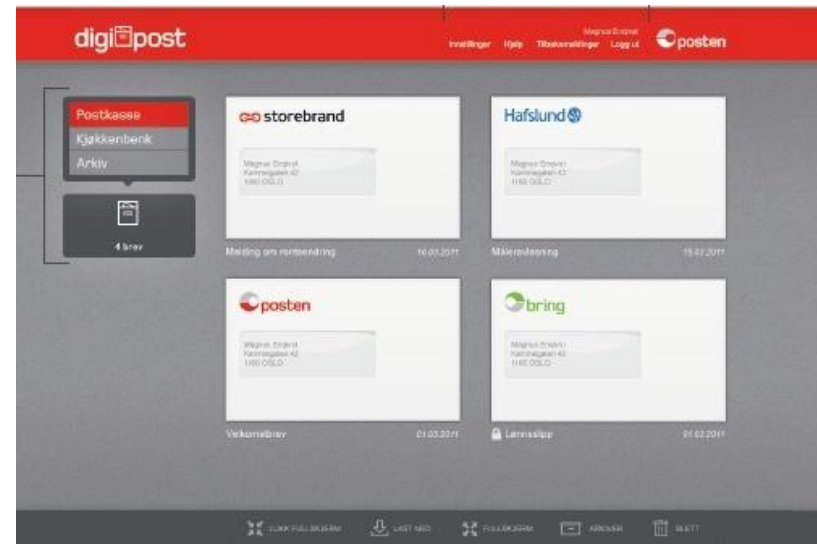
Over 80: Fremragende omdømme
60-69: Middels godt omdømme
40-59: Svakt omdømme
Under 40: Dårlig omdømme

Bedrift	Score		Bedrift	Score	
	2011	Endring fra 2010		2011	Endring fra 2010
1. Vinmonopolet	80,7	-	26. Esso	68,7	-3,1
2. Toyota	80,4	-1,0	27. Shell	68,1	-1,8
3. Stormberg	80,2	0,4	28. Nordea	67,2	0,7
4. IKEA	80,0	-1,0	29. Chess	67,0	1,4
5. TINE	79,9	0,2	30. Telenor	66,6	-0,8
6. Flytoget	78,7	4,3	31. Norske Skog	66,5	-
7. Norwegian	77,2	0,2	32. Orkla	65,8	-3,7
8. Komplett	76,9	-0,5	33. DnB NOR	65,8	1,7
9. Tv2	76,8	0,6	34. Canal Digital	63,8	-2,1
10. Meny	74,9	-2,1	35. ICA	63,5	1,7
11. Coop	74,7	-1,7	36. If	63,0	-2,0
12. Skandiabanken	73,8	-8,1	37. NetCom	62,4	-2,1
13. Rema 1000	73,5	1,8	38. Jysk	60,2	-4,1
14. SAS Norge	73,0	7,0	39. Tele2	59,3	-1,8
15. Kiwi	72,6	-3,3	40. Get	59,1	-2,1
16. Posten	72,6	1,3	41. Eidsiva Energi	57,9	-
17. NRK	72,0	0,6	42. RIMI	57,2	-4,6
18. Statoil	71,9	-5,8	43. Statnett	57,0	-
19. Aker	71,5	1,1	44. Statkraft	56,9	-14,6
20. Gjensidige	71,4	-0,5	45. NextGenTel	55,7	-0,2
21. Coca-Cola	71,3	1,1	46. NSB	53,7	7,3
22. Hydro	71,2	-0,9	47. McDonald's	52,4	4,9
23. SpareBank 1	70,7	-1,3	48. Notar	49,9	1,8
24. Nortura	69,0	1,0	49. Terra	49,4	4,4
25. Elkjøp	68,9	4,5	50. BP	46,6	-

DN 11 May 2011, Source RepTrak (BI/Apeland)

A successful launch of Digipost

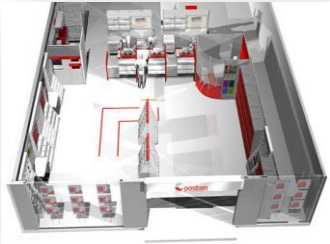
- The new digital mail system was opened for everyone in Norway on 4 April 2011
- Over 100.000 registered users!
- Great interest – several large customers have entered into agreements to send mail
- The first mail will be sent from customers in May



Norway Post would like to establish several service network points, with an expanded focus on package distribution

Customer and market needs and forms

Post offices



- For private and business markets – covers the need for more complex services, as well as advisory services
- All services covered by the licence requirements
- Automated and self-serve solutions

Post in Shops



- For private and business markets
- All services covered by the licence requirements
- Automated and self-serve solutions

“Norway Post package distribution”



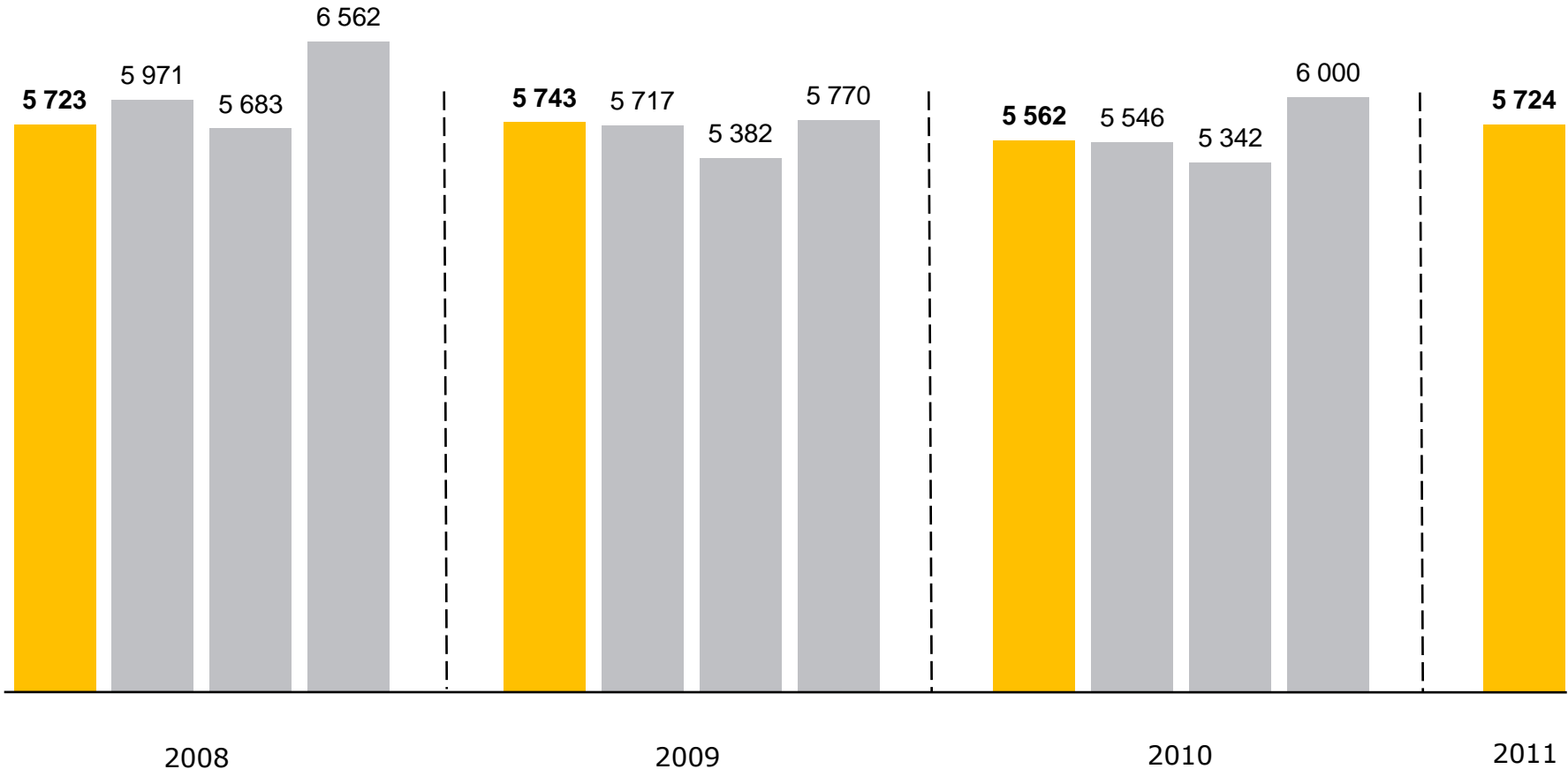
- Primarily package distribution for private and business markets
- Sale of postage stamps/-packaging and posting of some mail

Norway Post will try out new services for package distribution in order to increase availability and closeness to customers

Pilots in Oslo, Asker and Sandefjord start in June

Operating revenues per quarter

Average annual revenue growth of 0.01% (Q1 2008 – Q1 2011)



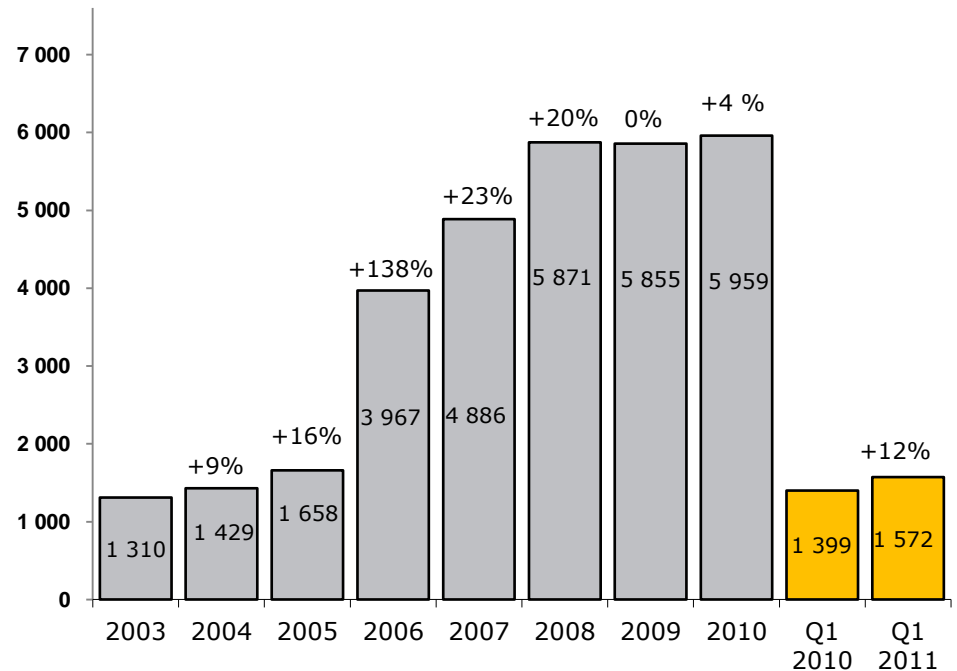
Operating revenues per quarter in MNOK

Operating revenues from foreign subsidiaries



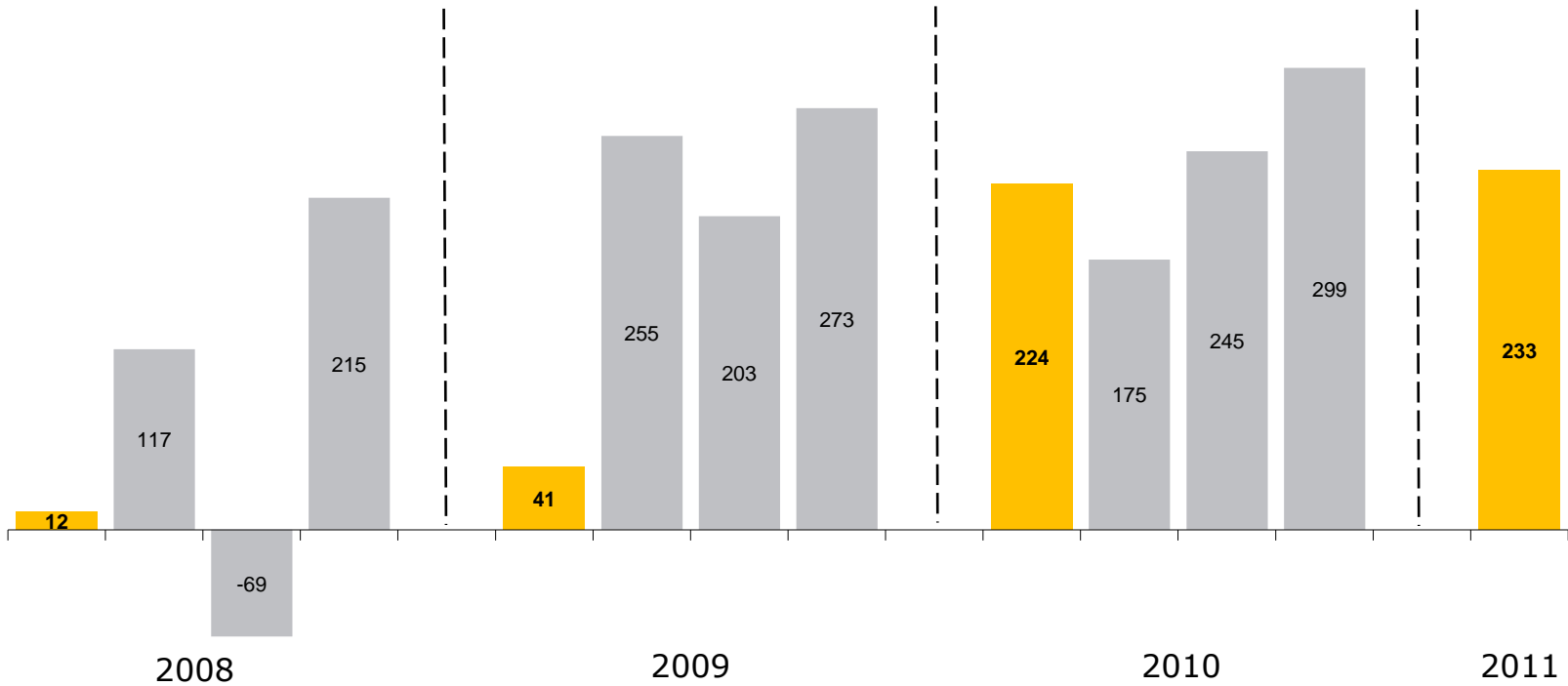
Operating revenues from foreign subsidiaries increased by 12.4% from Q1 2010 to Q1 2011, and accounted for 27.5% of the group's revenues compared with 25.1% last year

Operating revenues in MNOK



From Q1 2003 until Q1 2011, Norway Post's foreign operations had an average increase in operating revenues of 20.9%

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



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

Profit and Loss

MNOK	Q1 2011	Q1 2010	Change	Year 2010
Operating revenues	5 724	5 562	162	22 451
EBITDA	407	392	15	1 630
EBIT before non-recurring items and write-downs	233	224	9	1 658
Write-downs	0	1	1	149
Non-recurring losses / (gains)	2	-22	-25	-864
EBIT before share of net income (losses) of associated companies	231	246	-15	1 658
Share of net income (losses) of associated companies	14	1	13	-29
EBIT	245	247	-2	1 630
Net financial items	-37	-48	11	-139
Income before taxes from continued operations	208	198	10	1 491
Net income from discontinued operations	0	35	-35	-686
Net income (loss)	150	161	-11	276

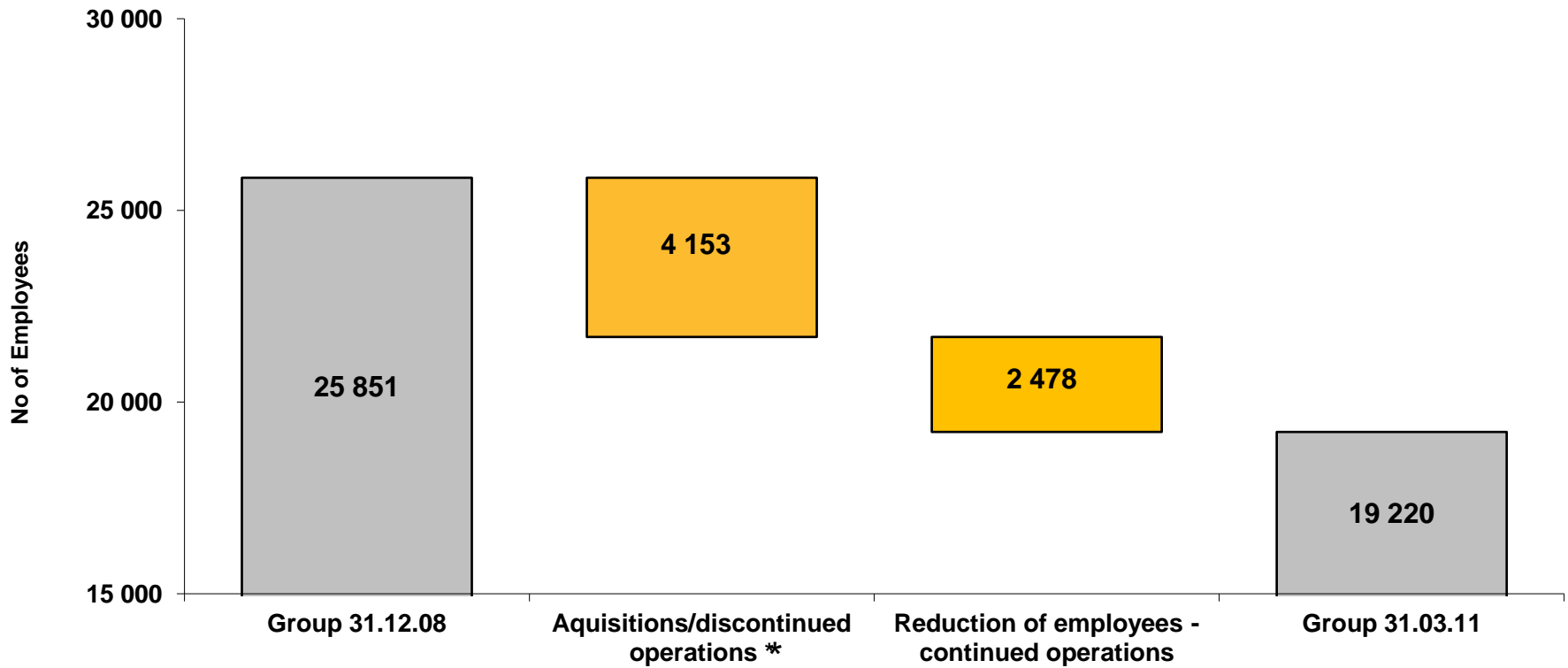
Key figures

- Total investments in first quarter 2011 were MNOK 109, a decrease of MNOK 96 compared with last year. Investments in the first quarter 2011 consisted mainly of IT-investments and operational assets
- As of 31.3.2011 Norway Post had a long-term liquidity reserve of MNOK 3 775 compared with MNOK 4 860 at the same time last year. The reserve consisted of invested funds and unused drawing rights
- Net payment of loans was the main reason for the reduction of interest-bearing liabilities of MNOK 613. Net interest-bearing liabilities amounted to MNK 1 640 compared with MNOK 2 534 at the same time last year
 - During the first quarter of 2011 Norway Post repaid a bond loan of MNOK 1 500, and also issued a new bond loan of MNOK 500

MNOK	Q1 2011	Q1 2010	Year 2010
Total capital	15 485	18 411	15 767
Equity	5 676	5 385	5 501
Interest-bearing liabilities	3 426	4 039	3 856
Equity ratio (%)	36.7	29.2	34.9
Debt ratio (net)	0.3	0.6	0.3
ROIC (%) before non-recurring items and write-downs*	16.0	15.5	15.8
EBIT-margin before non-recurring items and write-downs (%)	4.1	4.0	4.2

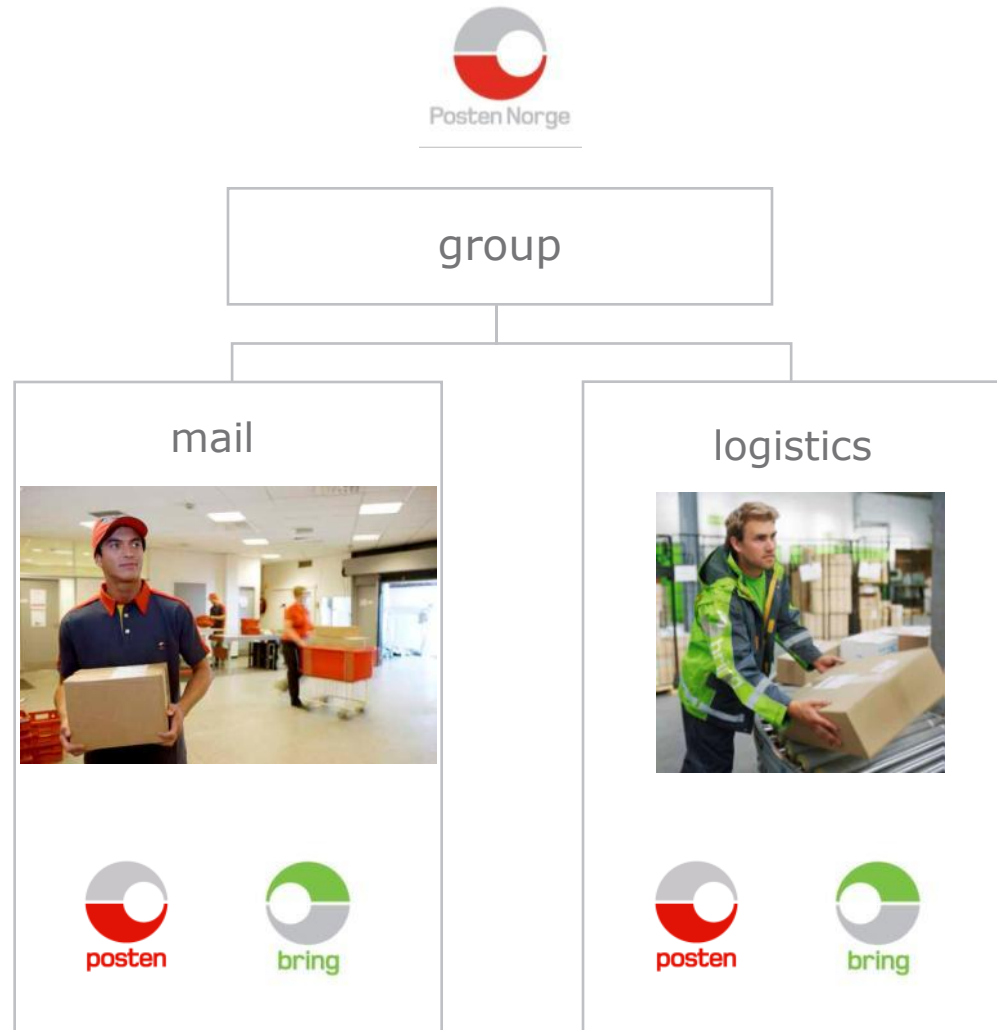
* Moving 12 month average

Employees



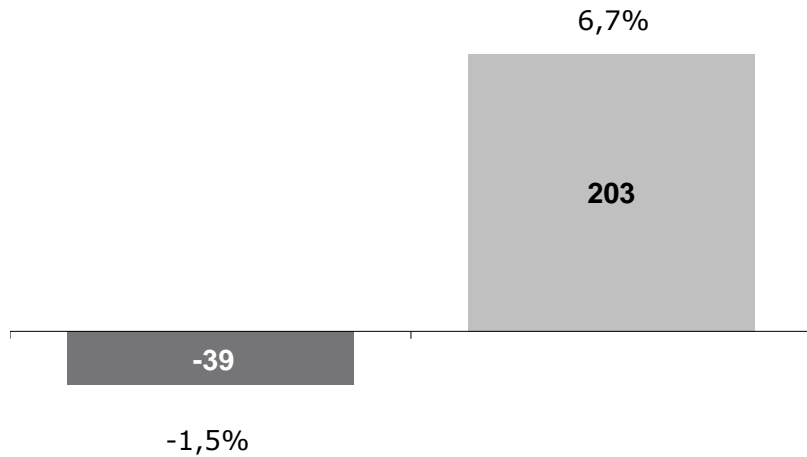
* ErgoGroup included

Segment structure for Norway Post Group

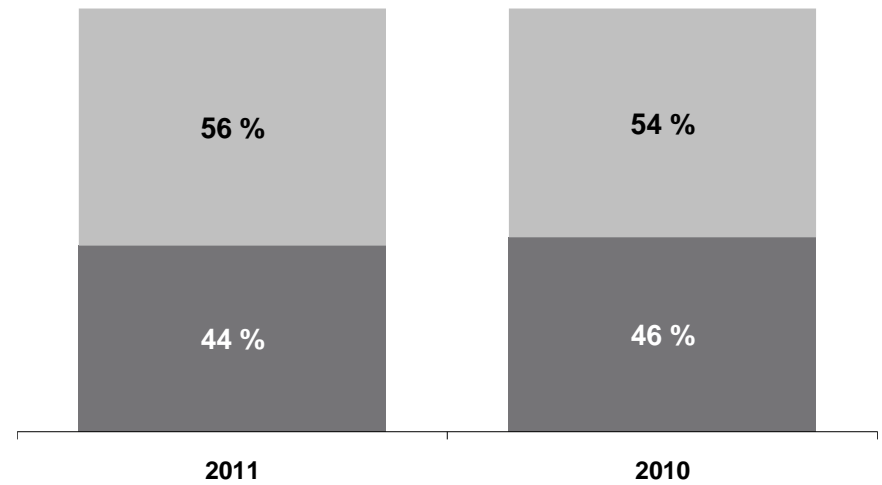


External operating revenues per segment

Change 2010 – 2011 in MNOK and %



Share of external revenues in %



■ Mail ■ Logistics

- Letter mail
- Banking services
- Dialog services



mail



Mail products

% change pa.	2006	2007	2008	2009	2010	YTD 2011
Mail Group	4.1	-1.3	-0.8	-10.6	-0.6*	-0.8
Mail parent company	3.7	-2.4	-3.3	-11.6	0.2	-3.4
A and B mail (parent company)	-0.9	-0.3	0.7	-10.1	-7.2	-9.4
Direct Mail** (parent company)	5.5	-4.2	-6.2	-13.7	5.5	1.9

* Volumes for 2009 included Bring Citymail Denmark which was closed down as of 31.12.09. The change in volume from 2009 to 2010 excluding Bring Citymail Denmark was +0,9%

** Addressed and unaddressed mail advertising

Unaddressed mail advertising accounted for 49 % of the parent company mail volumes in Q1, compared with 47% in 2010

- There was a significant fall in volumes, while product/format mix and price increases for letter products helped to uphold revenues
- Total A- and B-mail volume was 9.4% below first quarter 2010. Industries such as bank/finance, telecommunications and insurance, which to a larger extent are moving to the use of electronic communication, accounted for the majority of the decline
- Unaddressed advertising volume grew by 2.3% from the same period in 2010
- Gains from the Spinnaker programme, synergies with logistics activities and other cost reduction measures compensated for the fall in revenues
- Bring Citymail Sweden had an increase in volume by 3% from first quarter in 2010 mainly due to new customers. The company has carried out comprehensive measures to improve profitability
- Post offices operated by Norway Post will be modernised over a three-year period in order to adapt operations to customer requirements, and by the end of first quarter 91 post offices were modernised

MNOK	Q1 2011	Q1 2010	Change 11 - 10	Change %
Operating revenues	2 710	2 758	-48	-1.7
EBITDA	423	393	30	7.6
EBITDA margin	15.6%	14.2%	1.4	



- Cargo
- Thermo
- Express
- Parcels
- Warehousing



logistics



- The revenue increase was due to volume increases within most of the logistic activities and a positive development particularly in the Swedish market
- Total parcel volume was 7.8% higher than in the first quarter 2010. Cross-border parcel volumes had the biggest growth
- Profit developments were affected by strong competition, increased cost connected with leased materials and pressure on margins. Profit developments were also negatively affected by start-up costs related to expansion within the parcel area and that the new warehouse at Berger was still in its introductory phase
- Combined operating revenues outside of Norway were MNOK 1 308 in first quarter 2011, which amounted to 37.6% of the Segments total revenues and was at the same level as last year

MNOK	Q1 2011	Q1 2010	Change 11 - 10	Change %
Operating revenues	3 483	3 288	195	5.9
EBITDA	107	136	-29	-21.3
EBITDA margin	3.1%	4.1%	-1.0	



Future focus areas

- The Group expects continued positive development in earnings. In the future, the Group will continue with its Nordic growth strategy and further develop and strengthen its market positions in both segments
 - Although the market now seems to be developing positively the Logistics segment is expected to be affected by strong competition which will continue to put pressure on margins in future
 - A continues drop in letter volumes is expected in the Mail segment with increased substitution and digitalisation
- The Group will continue to focus on improving profitability and the implementation of the Spinnaker efficiency programme. The development of a joint improvement and performance culture is a vital part of this work
 - A specific improvement programme is also underway for the parcels and freight areas in order to increase synergies between the production of parcels and freight
- Oslo Municipality's development plan for the Alnabru area allows Norway Post to plan a future-oriented, efficient and environmental-friendly centre for Norway Post and Bring's logistic operations in the Oslo area
- The Group is focusing on continuous, long-term and systematic work within HSE and climate
- The Group shall take a leading environmental position in its markets, and the aim is to reduce CO2 emissions by 30% between 2008 and 2015

