



Q4 and Full Year 2019

**Strike had a significant
negative impact on Q4/2019 and on Full Year results**



Posti in figures 2019

Net sales

EUR 1,565 million

(EUR 1,559 million)

Adjusted operating result

EUR 39.0 million

(EUR 47.0 million)

Number of personnel at
the end of the year

~20,500

(~18,200)

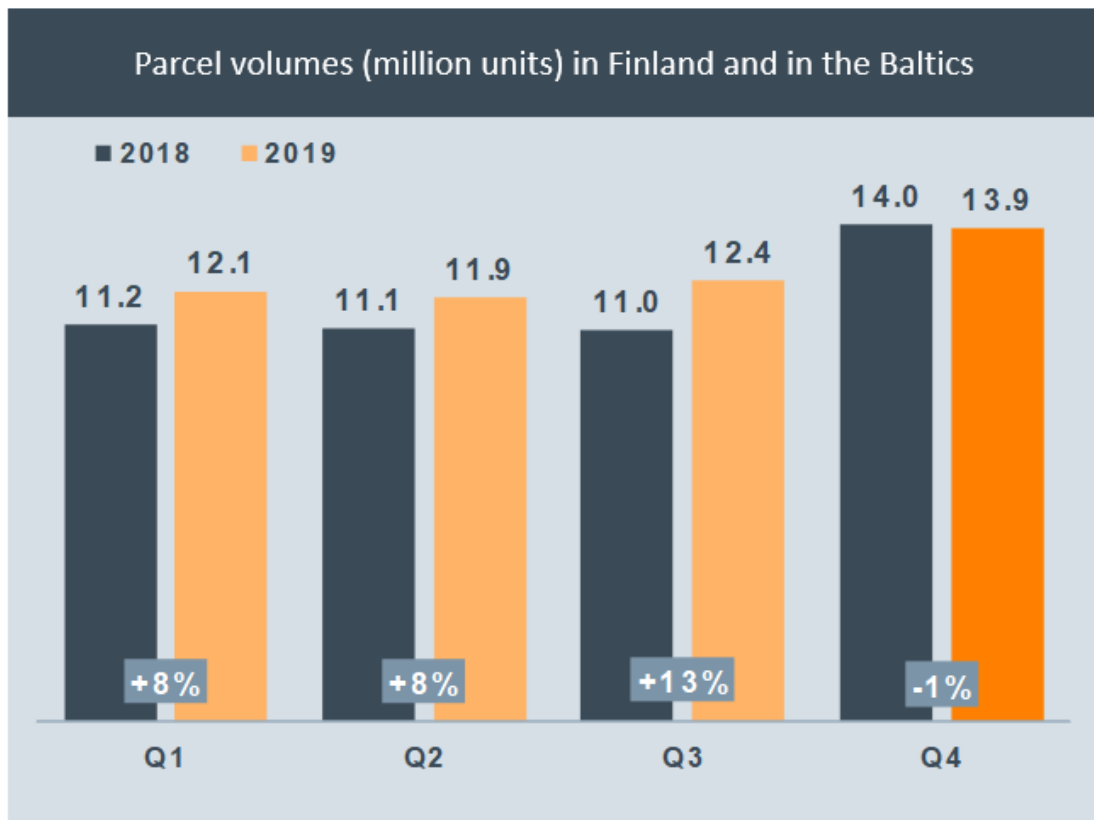
posti

Financial Highlights

- Net sales increased by 0.3% and adjusted operating result decreased by 17%
- Posti's financial results up to the third quarter were indicating a strong financial year.
- As the fourth quarter traditionally contributes a significant portion to Posti's annual results, the strike organized by the Finnish Post and Logistics Union PAU in Q4/2019, had a significant negative impact on Posti's Q4 and full year net sales and on adjusted operating results.
- Parcel and eCommerce suffered the most from the strike and also Christmas Card volumes dropped more than 30%.
- Since the Q4 net sales and result were significantly affected by the strike, Posti did not reach its full year guidance.



Parcel volumes keep growing



The number of parcels going through Posti Parcel Lockers 1-12/2019

+40 %

Parcel volume growth in Finland and in the Baltics 1-12/2019

+7%

Freight volumes* 1-12/2019

-2 %

Addressed letter volumes 1-12/2019

-16 %

* The reported figure for domestic freight excludes food logistics and is measured in waybills

Parcel & eCommerce and Logistics Solutions together add up to over 50 percent of our overall net sales

In 2019, the Group's net sales totalled EUR 1,564.6 million

Logistic Solutions

- EUR 396.7 million
- Around 25% of the Group's net sales
- Change in net sales: 25.4% compared to previous year

Parcel and eCommerce

- EUR 407.7 million
- Around 27% of the Group's net sales
- Change in net sales: 0% compared to previous year



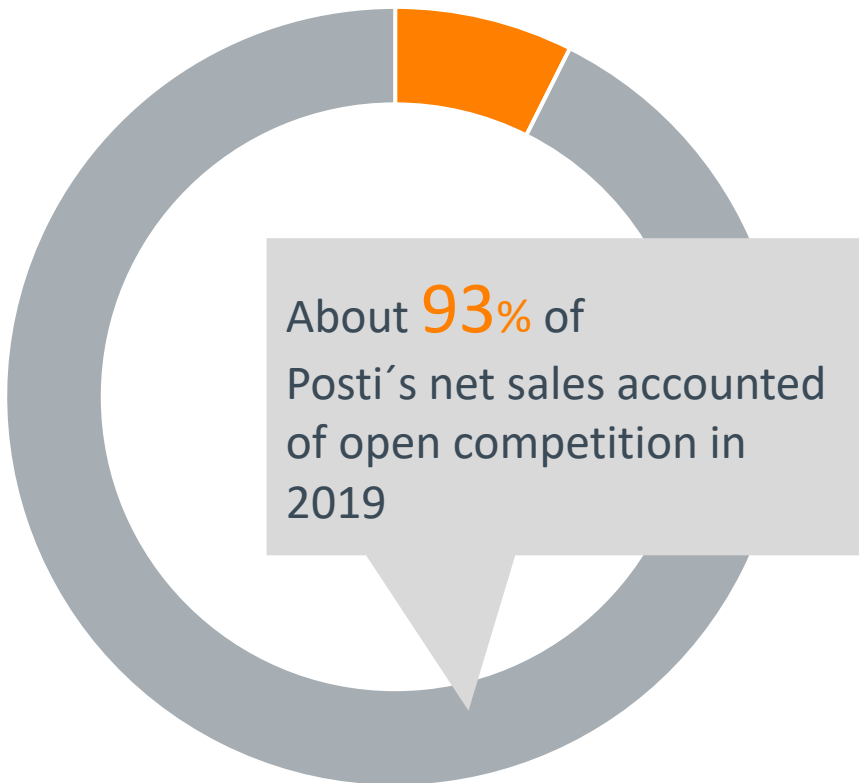
Itella Russia

- EUR 82.8 million
- Around 5% of the Group's net sales
- Change in net sales: -20.3% compared to previous year

Postal Services

- EUR 683.9 million
- Around 44 % of the Group's net sales
- Change in net sales: -7.3% compared to previous year

Posti needs to remain competitive against other delivery companies in the market

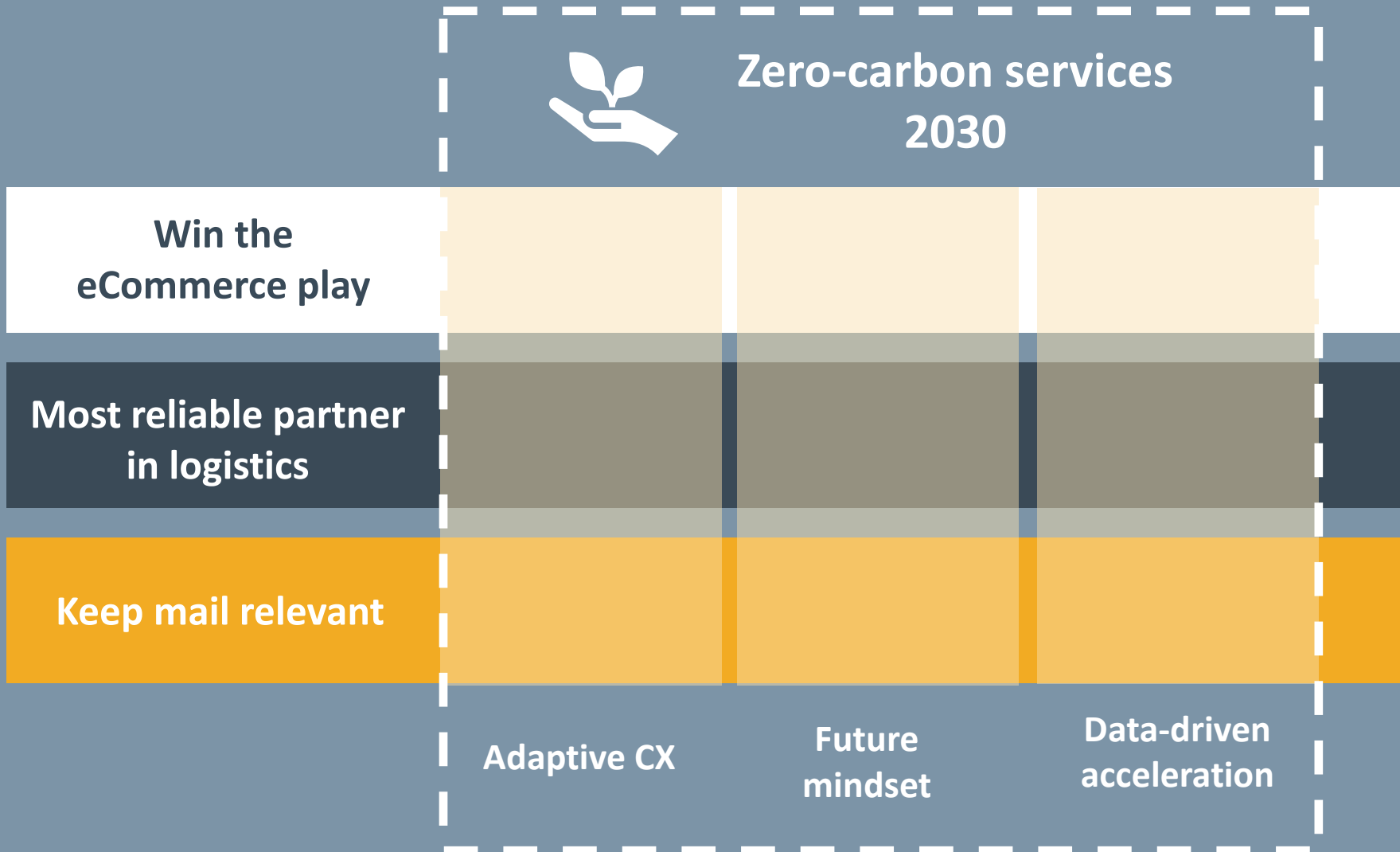


- Posti's operations are over 90% based on fully commercial operations.
- In 2019, 93% of the net sales were based on commercial and only 7% of the net sales were based on mail items covered by the universal service obligation - Posti's operations are financed with the service fees paid by customers, the company does not receive state subsidy for its operations.
- Letter delivery volumes have halved in Finland during the past ten years, and in 2019 the volumes fell by 16%.

Posti`s updated strategy 2020-2022



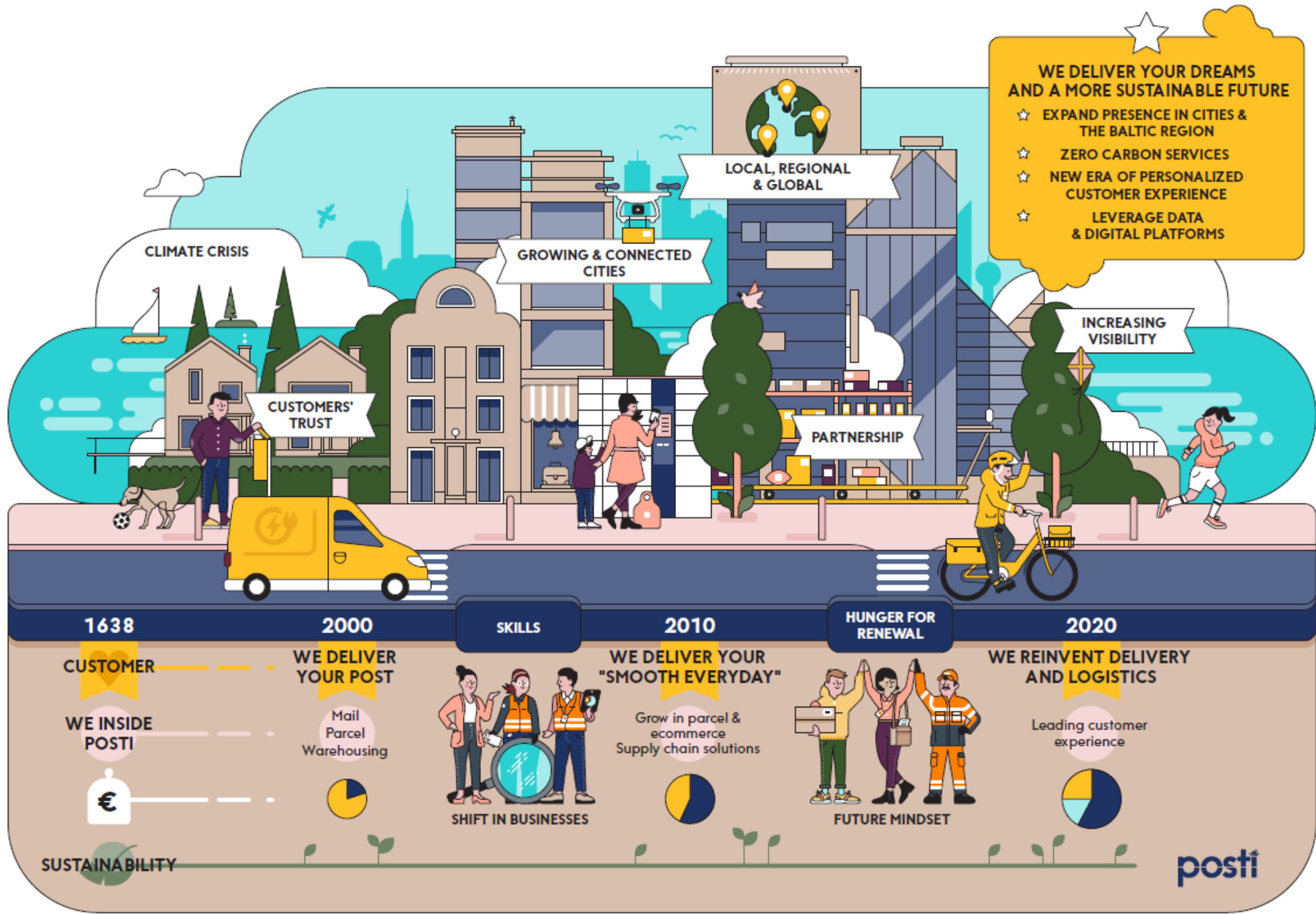
In what do we focus on in our operations?



It is time to step up our climate gear and lead towards carbon free solutions.

Our ambitious goal is to be carbon free in 2030.





WE DELIVER YOUR DREAMS AND A MORE SUSTAINABLE FUTURE

- ★ EXPAND PRESENCE IN CITIES & THE BALTIC REGION
- ★ ZERO CARBON SERVICES
- ★ NEW ERA OF PERSONALIZED CUSTOMER EXPERIENCE
- ★ LEVERAGE DATA & DIGITAL PLATFORMS

1638	2000	SKILLS	2010	HUNGER FOR RENEWAL	2020
CUSTOMER	WE DELIVER YOUR POST		WE DELIVER YOUR "SMOOTH EVERYDAY"		WE REINVENT DELIVERY AND LOGISTICS
WE INSIDE POSTI	Mail Parcel Warehousing	SHIFT IN BUSINESSES	Grow in parcel & ecommerce Supply chain solutions	FUTURE MINDSET	Leading customer experience
€					
SUSTAINABILITY					



Posti`s strategy in 2018-2020

While the fall in paper mail volumes has decreased Posti's revenue, the company has managed to grow its revenue from parcel, e-commerce and logistics business, in accordance with its strategy.



Strategy and its implementation in 2019

Posti's transformation has also been implemented in 2019 through various mergers and acquisitions. Posti has acquired new businesses, in areas within or close to its core competences, targeting to generate profitable growth. Further, Posti has divested businesses that do not belong to its core competencies or that do not meet the company's profitability requirements.



Strategy and its implementation in 2019

- Posti completed the acquisition of the in-house logistics company Suomen Transval Group Oy in the beginning of 2019. As a result of the acquisition Posti became a significant operator in logistics outsourcing solutions in Finland, according to its` strategy for 2018-2020.
- In 2019, Posti sold OpusCapita Solutions Oy, its fully owned subsidiary.
- Posti acquired E-Log Services Oy, the owner of Pakettikauppa.fi in Autumn. The company offers parcel and e-commerce services. .
- During the year 2019, Posti sold part of its temperature-controlled transport business.
- Alma Media`s early-morning delivery operations in Pirkanmaa and Satakunta has been transferred to Posti as of January 1, 2020. in an acquisition between Posti, Alma Media Kustannus Oy and Alma Manu in 2019.





Operational Highlights in 2019

Operational Highlights in 2019

- The number of Parcel Lockers grew aggressively and we now have a network almost 1,700 lockers around Finland.
- At the end of December, Posti had 1,673 parcel lockers compared to 1,002 in 2018 – growth was 67%.
- Posti aims to increase the number of parcel lockers to 4,000 by the end of 2022.
- By increasing the number of parcel lockers Posti can improve its customer experience and efficiently handle the growth in ecommerce.
- Transval acquisition and integration completed successfully.
- Improved efficiency and profitability of freight services.



Operational Highlights in 2019

- Posti opened Box, a shop focused on eCommerce, in the center of Helsinki.
- On a number of occasions during the year, the OmaPosti app was the most downloaded app.
- Posti launched the Plus Sticker to be attached next to the traditional stamp on letters in April. The Plus Sticker provides traceability for ordinary letters, a service that consumers have requested.
- Posti bought three new sorting machines.
- Finnish stamps were again recognized international competitions. The *Climate Change* stamp received the esteemed Red Dot design award.





Business Environment

The Finnish economy continues to grow slower but e-commerce growth trend continues



Finland's gross domestic product (GDP)

0.9%

in 2020



The peak of the cycle in the Finnish economy is now over and economic growth is temporarily losing momentum

- E-commerce markets has continued its growth.
- Finnish consumers estimate that they will make more online purchases in the future than they do now.
- Almost 18% of the respondents estimate that they will buy everything or almost everything online in 2025.
- Over half of the Finnish online shoppers say free delivery motivates them to buy more online.

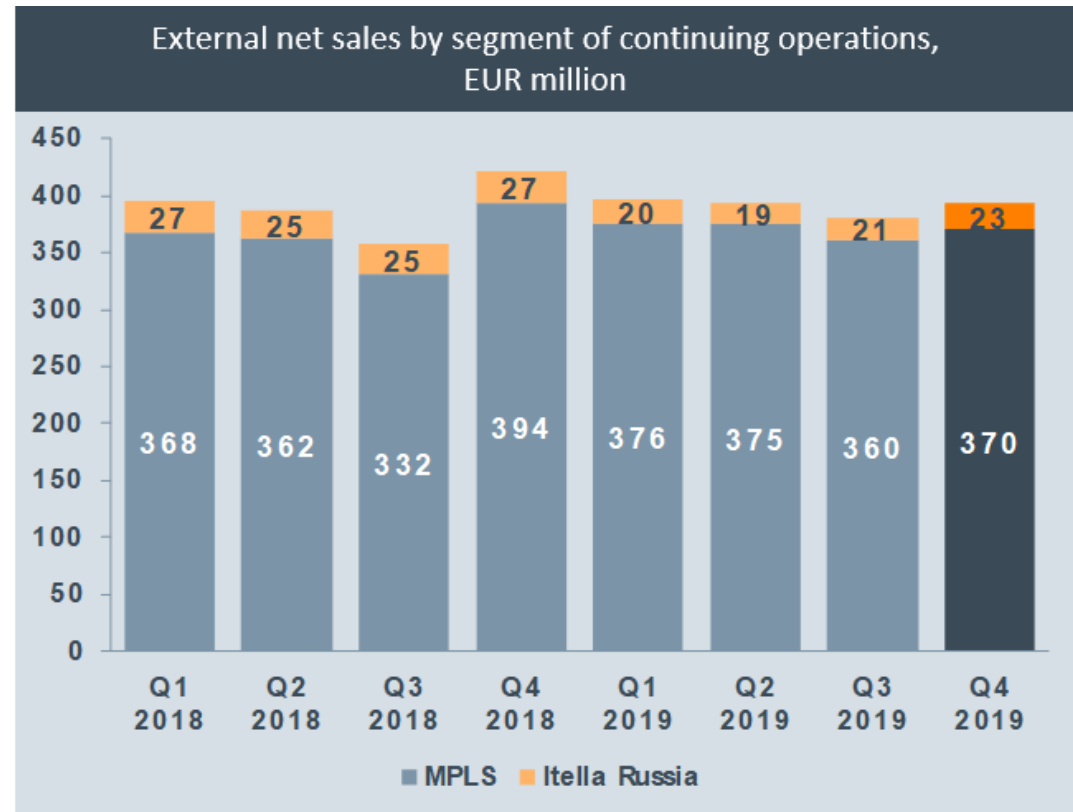
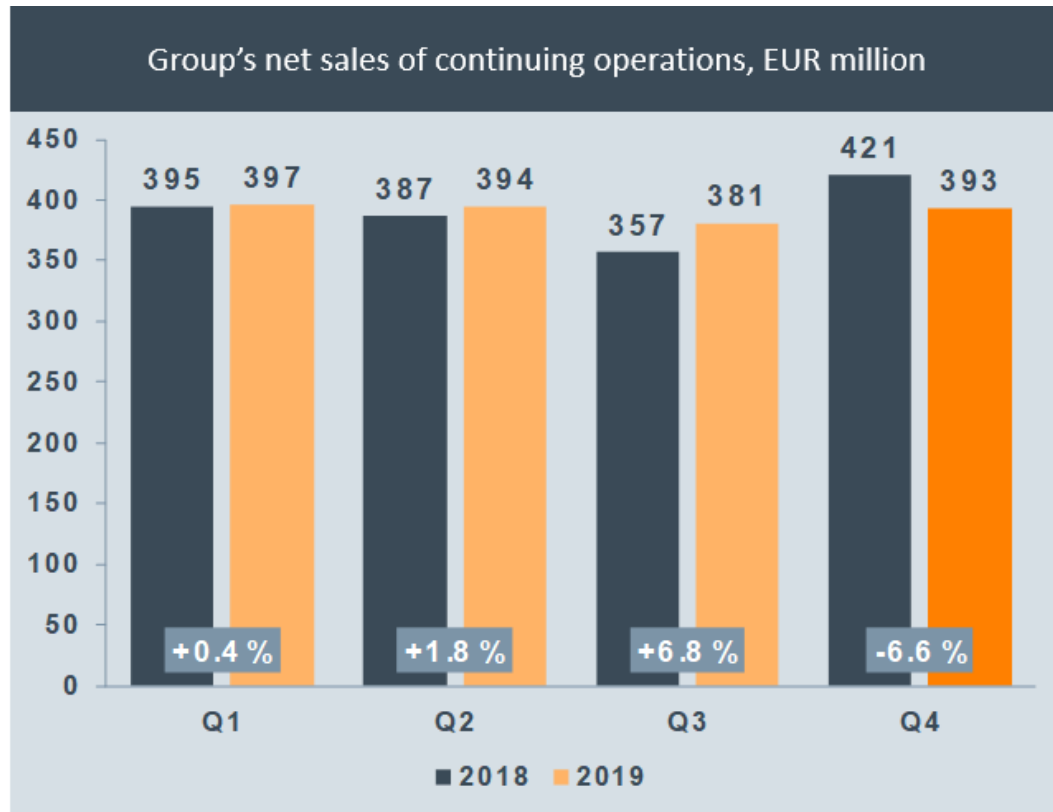
*Sources: Finland's Bank, Ministry of Finance, Statistics Finland
Information about E-commerce markets comes from Kantar TNS's 2019 online shopping survey commissioned by Posti.*



Financials

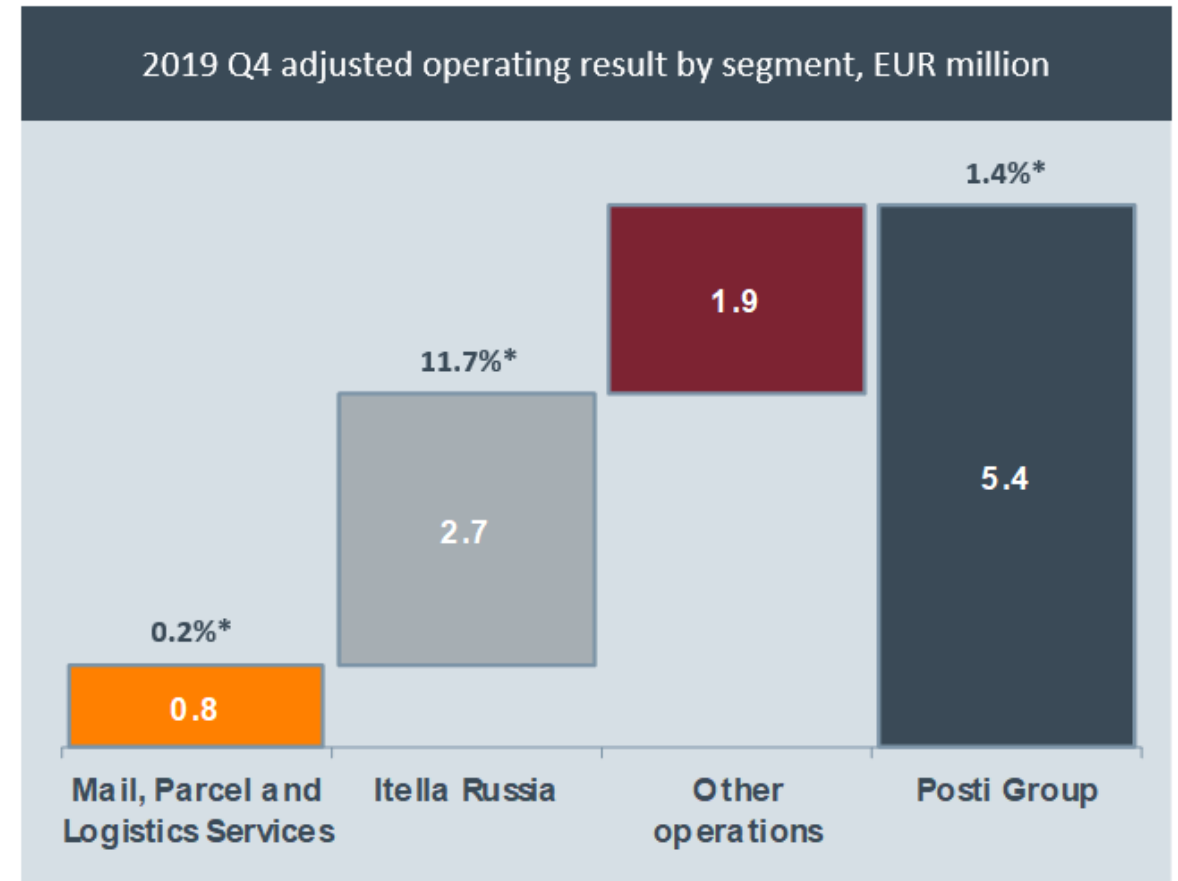
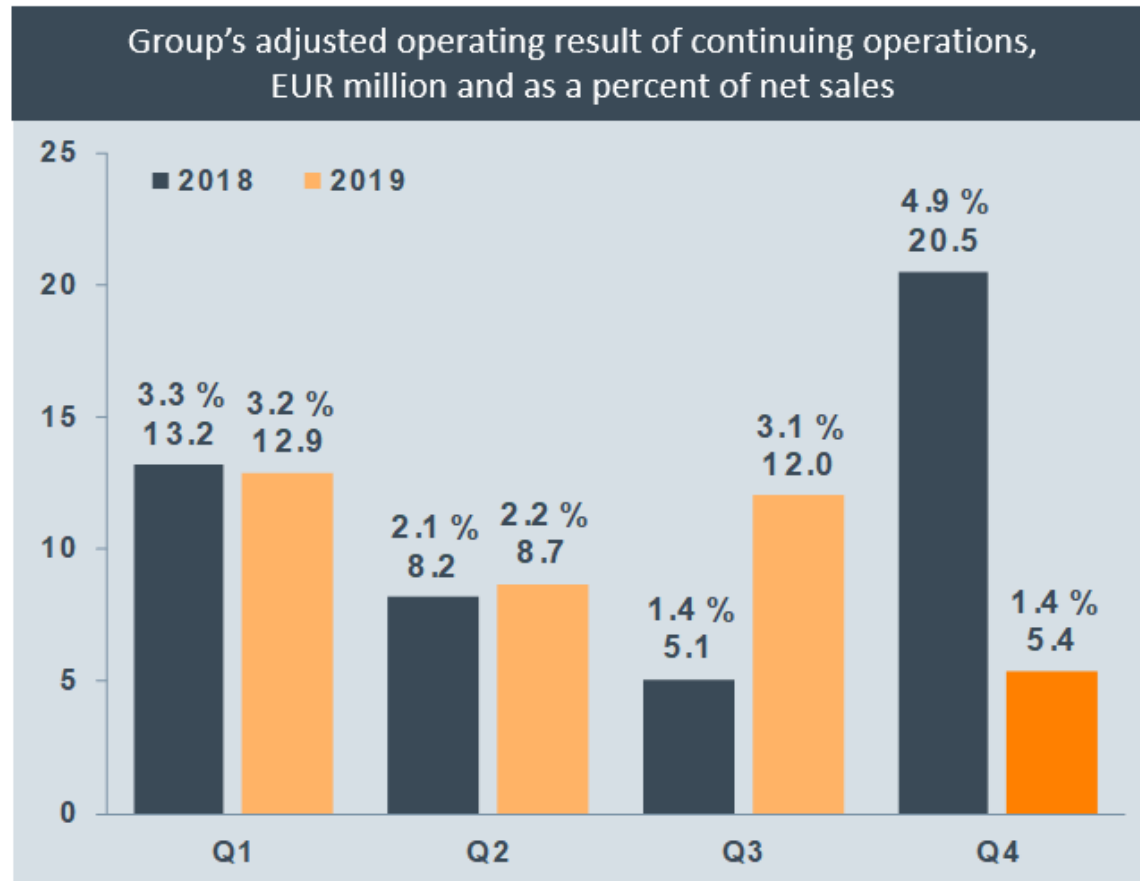
Posti Group Q4 net sales

Q4 net sales decreased by 6.6% to 393 (421) EUR million



Posti Group Q4 adjusted operating result

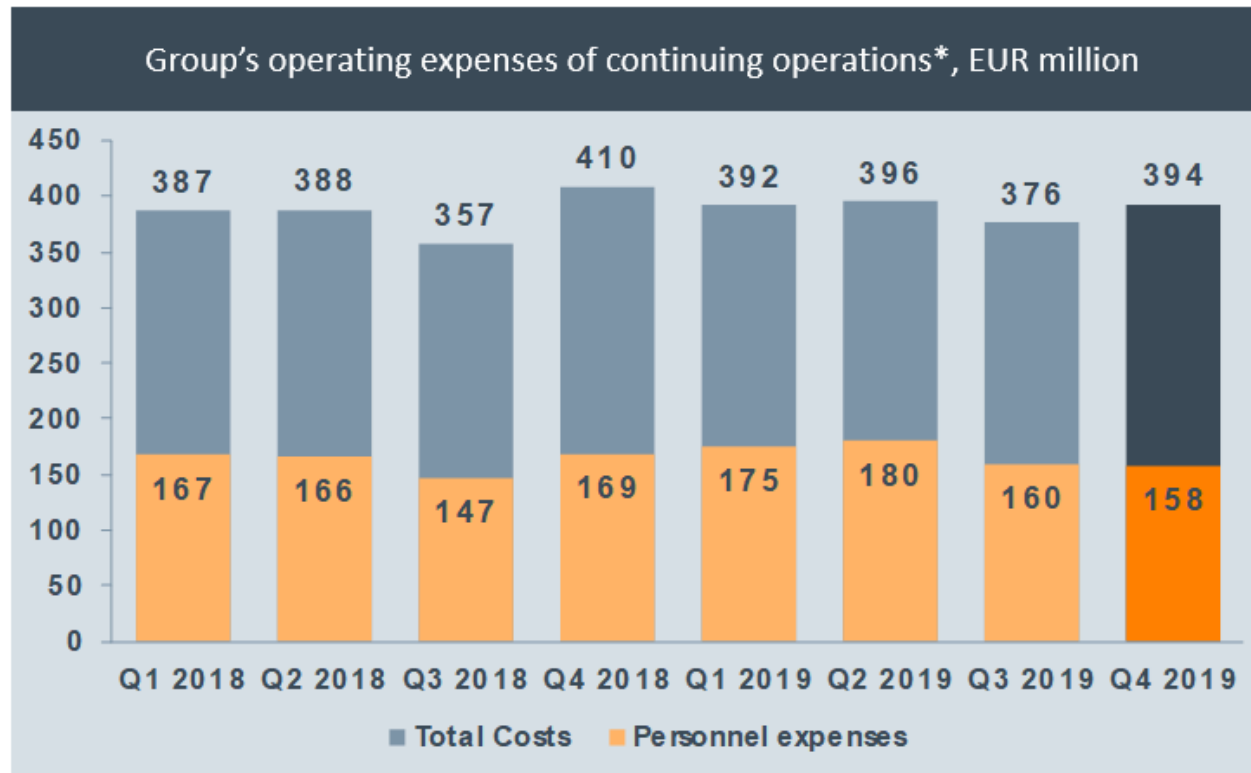
Q4 adjusted operating result decreased by 15.1 EUR million to 5.4 (20.5) EUR million



* percent of net sales

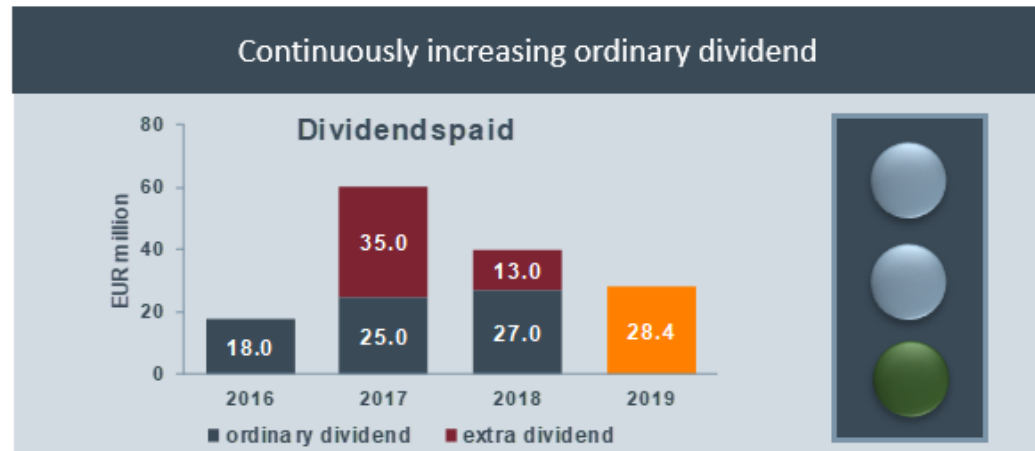
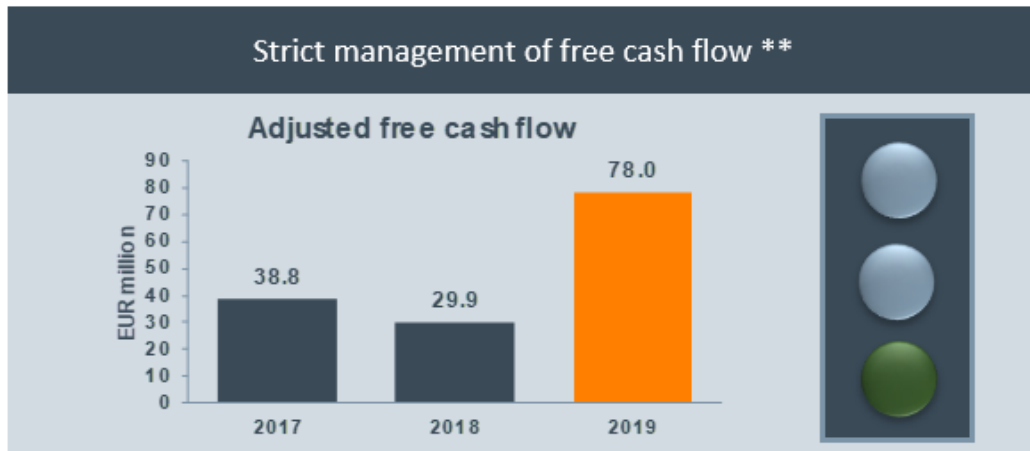
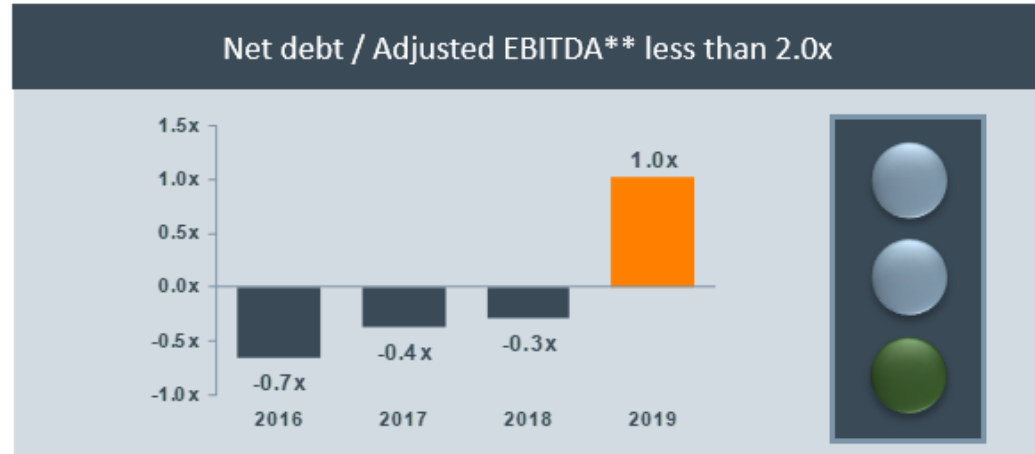
Posti's total cost structure trend

- Cost structure is slightly lower than in the comparison period due to strike impact
- Declining mail volume needs to be off-set by cost structure development
- Personnel on average FTE in Q4 2019 was 16,036 (15,868)



* includes depreciation and amortization, excludes impairment losses

Long term financial targets



* continuing operations

** 2019 is not comparable with previous years due to IFRS 16 standard



Outlook

Posti's outlook for 2020:

Net sales in 2020, excluding possible new acquisitions and divestments, is expected to remain on par with the previous year. The Group's adjusted operating result in 2020 is expected to increase from the previous year.

The Group's business is characterized by seasonality. Net sales and operating result in the segments are not accrued evenly over the year. In Postal Services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker.

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THANK YOU!

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APPENDICES

IFRS 16 standard impact on Q4 2019 key figures *

- IFRS 16 standard has biggest impacts on EBITDA, net debt and key figures related to indebtedness.

	10-12 2018	10-12 2019	Change, %	Change	IFRS 16 effect
Netsales, EUR million	420.8	392.9	-6.6%	-27.9	0.0
Adjusted EBITDA, EUR million	36.4	35.0	-3.9%	-1.4	11.9
EBITDA, EUR million	33.7	32.8	-2.5%	-0.8	11.9
Adjusted operating result, EUR million	20.5	5.4	-73.7%	-15.1	0.9
Operating result, EUR million	16.5	-2.8	-116.8%	-19.3	0.9
Result for the period, EUR million	14.1	-4.1	-129.1%	-18.2	-0.4

* continuing operations

IFRS 16 standard impact on 2019 key figures *

- IFRS 16 standard has biggest impacts on EBITDA, net debt and key figures related to indebtedness.
- Net debt / adjusted EBITDA ratio 31.12.2019 has been calculated with IFRS 16 which was adopted in the beginning of 2019. It contains 12 months Adjusted EBITDA. Comparison period of 31.12.2018 is thus not comparable.

	1-12 2018	1-12 2019	Change,%	Change	IFRS 16 effect
Netsales, EUR m illion	1 559.3	1 564.6	+0.3%	5.3	0.0
Adjusted EBITDA, EUR m illion	110.8	155.1	+40.0%	44.3	48.2
EBITDA, EUR m illion	104.5	140.6	+34.5%	36.1	48.2
Adjusted operating result, EUR m illion	47.0	39.0	-17.0%	-8.0	3.9
Operating result, EUR m illion	39.3	18.5	-53.0%	-20.8	3.9
Result for the period, EUR m illion	34.6	14.1	-59.4%	-20.6	-1.9
Netdebt, EUR m illion	-31.3	164.3		195.7	183.3

* continuing operations, except Net debt which is for whole group



Segments

Mail, Parcel and Logistics Services key figures

October-December

EUR million	10-12 2019	% of Netsales	10-12 2018	% of Netsales
Netsales	370.1		393.9	
Netsales change, %	-6.0%		-2.3%	
Adjusted EBITDA	23.5	6.3%	32.9	8.4%
EBITDA	24.0	6.5%	32.8	8.3%
Adjusted operating result	0.8	0.2%	22.7	5.8%
Operating result	-2.7	-0.7%	21.4	5.4%

Netsales, EUR million	10-12 2019	10-12 2018	Change, %
Postal Services	171.1	203.1	-15.7%
Parcel and eCommerce	105.2	113.4	-7.2%
Logistics Solutions	95.1	78.7	20.8%
Other and eliminations	-1.3	-1.3	

- The strike heavily impacted on the net sales of the Mail, Parcel and Logistics Services segment.
- Within the segment, the decline in volumes had a negative effect on net sales particularly in Postal Services and in Parcel and eCommerce.
- However, Logistics Solutions net sales increased by 20.8%. Growth in net sales was primarily attributable to the Transval acquisition completed during the first quarter.

Mail, Parcel and Logistics Services key figures

January-December

EUR million	1-12 2019	% of Netsales	1-12 2018	% of Netsales
Netsales	1,482.2		1,457.2	
Netsales change, %	1.7%		0.6%	
Adjusted EBITDA	135.2	9.1%	95.6	6.6%
EBITDA	126.2	8.5%	96.0	6.6%
Adjusted operating result	43.4	2.9%	53.9	3.7%
Operating result	30.4	2.0%	53.0	3.6%

Netsales, EUR million	1-12 2019	1-12 2018	Change, %
Postal Services	683.9	737.8	-7.3%
Parcel and eCommerce	407.7	407.6	0.0%
Logistics Solutions	396.7	316.4	25.4%
Other and eliminations	-6.1	-4.6	

- The increase in Mail, Parcel and Logistics Services segment net sales was attributable especially to the positive development of the Logistics Solutions business group, driven primarily by the Transval acquisition completed during the first quarter.
- Net sales in Postal Services continued to decline because of the decreased volumes.
- In Parcel and eCommerce, the net sales increased steadily during the Q1-Q3/2019 but the strike in Q4/2019 decreased net sales for the whole year to a flat level.

Itella Russia key figures

October-December

EUR million	10-12 2019	% of Netsales	10-12 2018	% of Netsales
Netsales	23.0		27.2	
Netsales change, %	-15.5%		-17.5%	
Adjusted EBITDA	5.1	22.0%	3.2	11.7%
EBITDA	1.9	8.4%	-1.1	-4.1%
Adjusted operating result	2.7	11.7%	1.7	6.3%
Operating result	-0.5	-2.0%	-2.6	-9.4%

- Net sales decreased in Contract Logistic and Road Transport but increased in Air & Sea
- Net sales decrease in Contract Logistics was driven by closing of the warehouses as net sales in remaining locations increased. The divestment of Connexions in Q4/2018 decreased the net sales.
- According to its strategy, Itella Russia is focusing on its core businesses, such as contract logistics and transportation.
- The adjusted operating result was positively impacted by the closure of unprofitable warehouses.

Itella Russia key figures

January-December

EUR million	1-12 2019	% of Netsales	1-12 2018	% of Netsales
Netsales	82.8		103.9	
Netsales change, %	-20.3%		-12.8%	
Adjusted EBITDA	13.9	16.8%	8.6	8.3%
EBITDA	10.4	12.6%	4.9	4.8%
Adjusted operating result	3.4	4.1%	2.6	2.5%
Operating result	-0.1	-0.1%	-1.2	-1.2%

- Net sales decreased in Contract Logistic, in Road Transport and in Air & Sea. Net sales were affected by the closing of the unprofitable warehouses, weak market for transport services and the divestment of Maxipost in Q2/2018 and Connexions in Q4/2018.
- The adjusted operating result was driven by restructuring and optimization measures taken primarily during the second quarter. The result was positively impacted by the Contract Logistic business. It benefited from the closure of unprofitable sites and optimization of customer portfolio.