



Half year financial report January – June 2020

Postal volume decline at record level – fast actions taken to mitigate profitability impact



Posti in figures

4–6/2020

Net sales

EUR 392.3 million

(EUR 393.8 million)

Adjusted operating result

EUR 3.1 million

(EUR 8.1 million)

Number of personnel

at the end of period

22,986

(21,969)

posti

Financial highlights 4–6/2020

- Net sales were at the previous year's level, EUR 392.3 (393.8) million.
- Adjusted EBITDA was EUR 34.5 (37.3) million, or 8.8% (9.5%) of net sales.
- The adjusted operating result decreased to EUR 3.1 (8.1) million, representing 0.8% (2.1%) of net sales.
- The operating result decreased to EUR 0.6 (3.2) million, representing 0.2% (0.8%) of net sales.



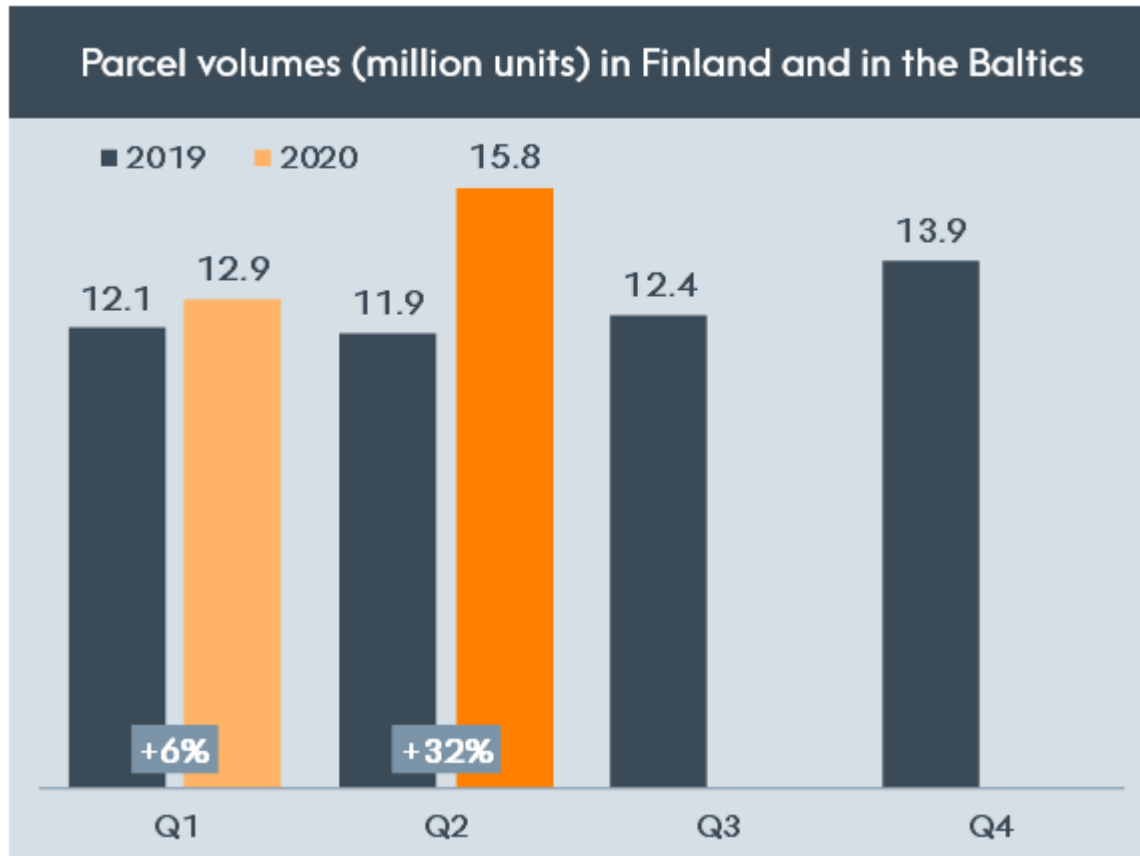
The figures in 4-6/2020 and 4 -6/2019 are not fully comparable because the operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019.

Operational highlights 4–6/2020

- The global COVID -19 pandemic continued to impact Posti's operations .
 - Parcel and eCommerce benefited from the growth of online shopping
 - Demand for traditional postal services significantly decreased
- The combined net sales of Parcel and eCommerce as well as logistics businesses increased already to 60% (53%) of the Group's net sales, mainly driven by the acquisition of Aditro Logistics.
- The parcel volume of Finland and the Baltic countries increased by 32% (8%). At the same time, the number of addressed letters decreased significantly, by 24% (13%), in Finland.
- The efficiency improvement measures in freight operations proceeded as planned
- Transval's operations developed positively.
- Itella Russia continued its strong profit development.
- Posti expanded its geographical footprint by completing the acquisition Aditro Logistics, a Swedish contract logistics company.
- The share of mail items covered by the universal service obligation continued to decrease and accounted for only 2.8 % (3.2%) of all Posti's mail items delivered .



Parcel volumes grew significantly



The number of parcels going through Posti Parcel Lockers 4-6/20 20

+79%

Parcel volume growth in Finland and in the Baltics 4-6/20 20

+32%

Freight volumes* 4-6/20 20

-12%

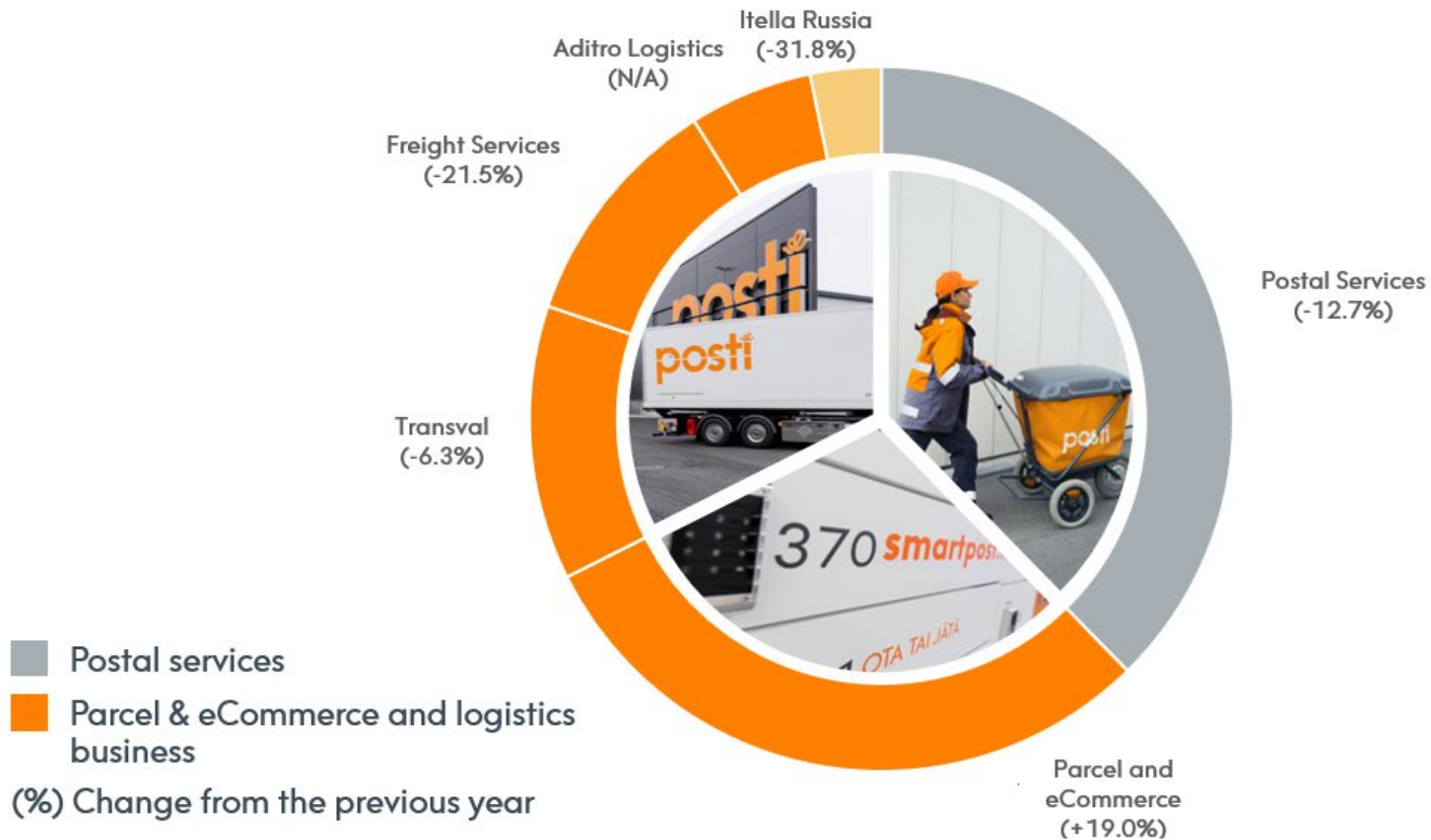
Addressed letter volumes 4-6/20 20

-24%

* Measured in waybills

Parcel & eCommerce and logistics business increased to 60% (53%) of net sales

In 4-6/2020, the Group's net sales totalled EUR 392.3 million



Integration of Aditro Logistics proceeding as planned

- On April 2, Posti closed the acquisition of Aditro Logistics, one of the leading contract logistics companies in the Nordics.
- The operations of Aditro Logistics have been significantly impacted by the COVID -19 situation. However, Aditro Logistics continues to follow its growth strategy.
- Aditro Logistics is a vital part in Posti's transformation and supports our goal to grow our logistics, parcel and eCommerce businesses.
- Aditro Logistics will be an own reportable segment within Posti.





Business Environment

COVID-19 is hitting the global economy hard and accelerating the transformation of postal and logistics industry

- COVID-19 is hitting the global economy hard in 2020
 - The global economy **-5%***
 - Finnish economy **-7%****
 - Russian economy **-6%***
 - Swedish economy **-5%*****
- The development of macro economy in Posti's operating countries has an impact on Posti's customers and suppliers, thus impacting Posti's operations as well.
- **Postal volume decline at record level.**
- The COVID-19 pandemic has **significantly accelerated the growth of eCommerce**.

** World Bank*

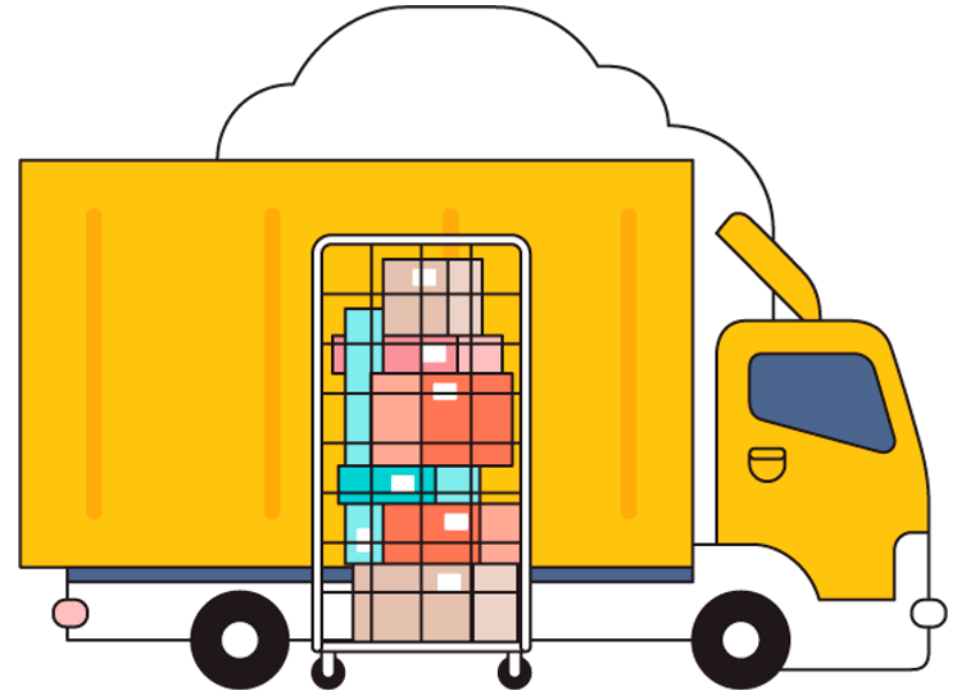
*** The Ministry of Finance , baseline scenario*

**** European Commission*



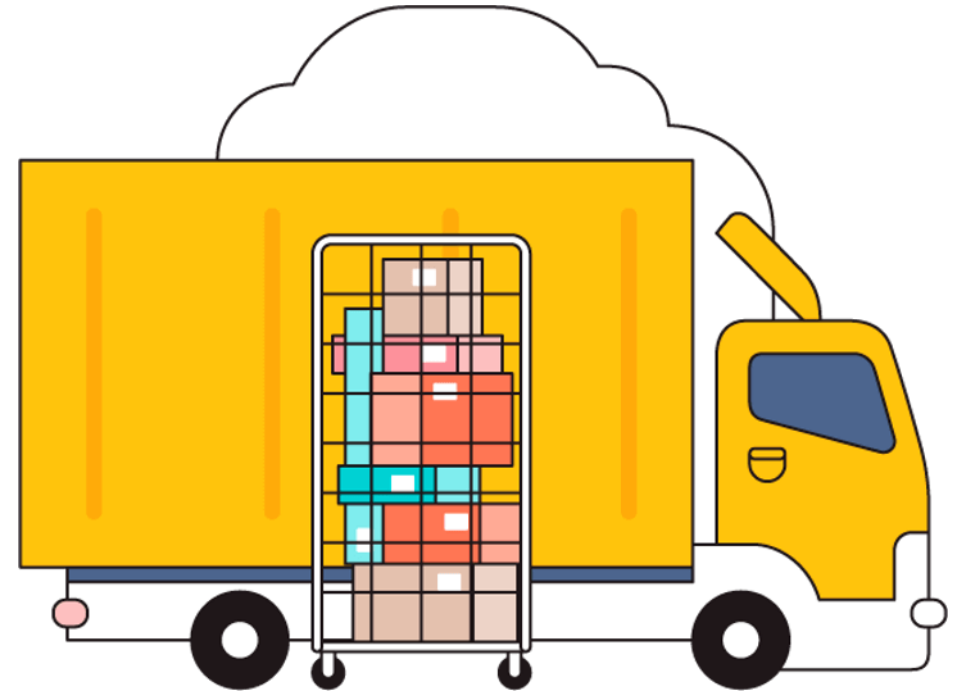
The impact of COVID -19 to Posti's operations (1/2)

- COVID-19 has accelerated the already steep decline of postal volumes even further
 - In Q2, the number of addressed letters decreased by a record -breaking 24% in Finland . This means over 30 million sent shipments less.
 - This had a significant negative impact on Posti's financials, and recovery actions were initiated immediately .
- The ongoing digitalization of society, as well as the postal strike in 2019, had a big impact on Posti's operations, but the COVID - 19 situation further accelerated the volume decline .



The impact of COVID -19 to Posti's operations (2/2)

- The COVID-19 situation has significantly increased Posti's parcel volumes .
 - Since March this year, Posti's daily, weekly and monthly parcel volumes have experienced a clear step change.
 - Posti needs to prepare for a new normal in its parcel operations .
 - It is expected that a substantial portion of future consumer purchases has permanently moved to online platforms.



Posti's mitigating actions due to industry transformation and COVID -19

- Posti has initiated several measures to adjust its cost structure.
 - Cooperation negotiations at Freight Services , Home Services, Postal Services and Posti Group administration
 - Posti's Leadership Team has waived one month's pay
- Posti needs to ensure that its operations are competitive in all future scenarios.
- Unfortunately we foresee that it means different kind of actions within all Posti's businesses and administration to secure profitability.
- Our cost structure is a major challenge for us in the rapidly changing world.
- We need to continue to address this and we believe it to mean different kind of actions within all our businesses and in our administration to secure our profitability .

COVID-19 situation
has increased the
pressure to accelerate
Posti's transformation

COVID-19 has not impacted Posti's long term targets

- Posti seeks growth especially in Parcel and eCommerce and Logistics.
- Posti wants to build a winning e-commerce customer experience and be the most reliable outsourcing partner in logistics.
- We also want to continue to keep the mail relevant by building customer -focused digital and physical delivery services.

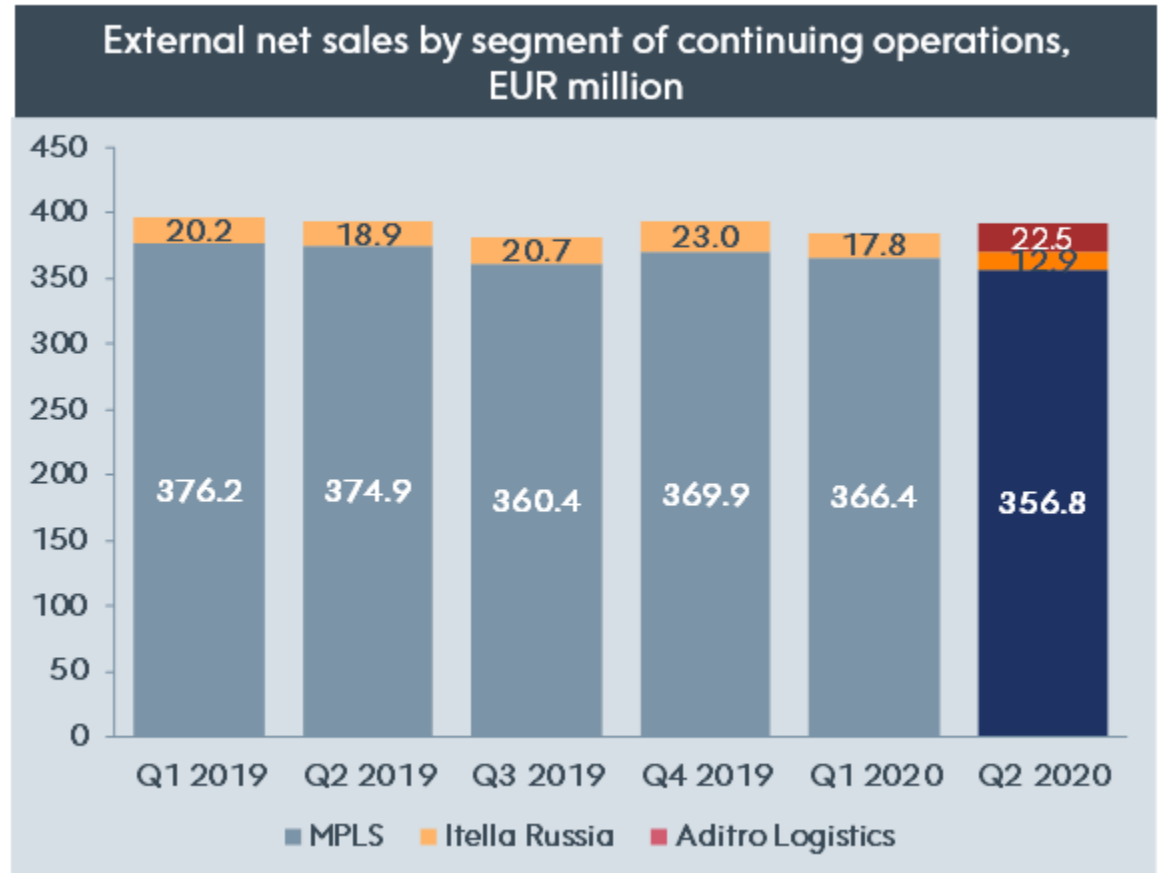
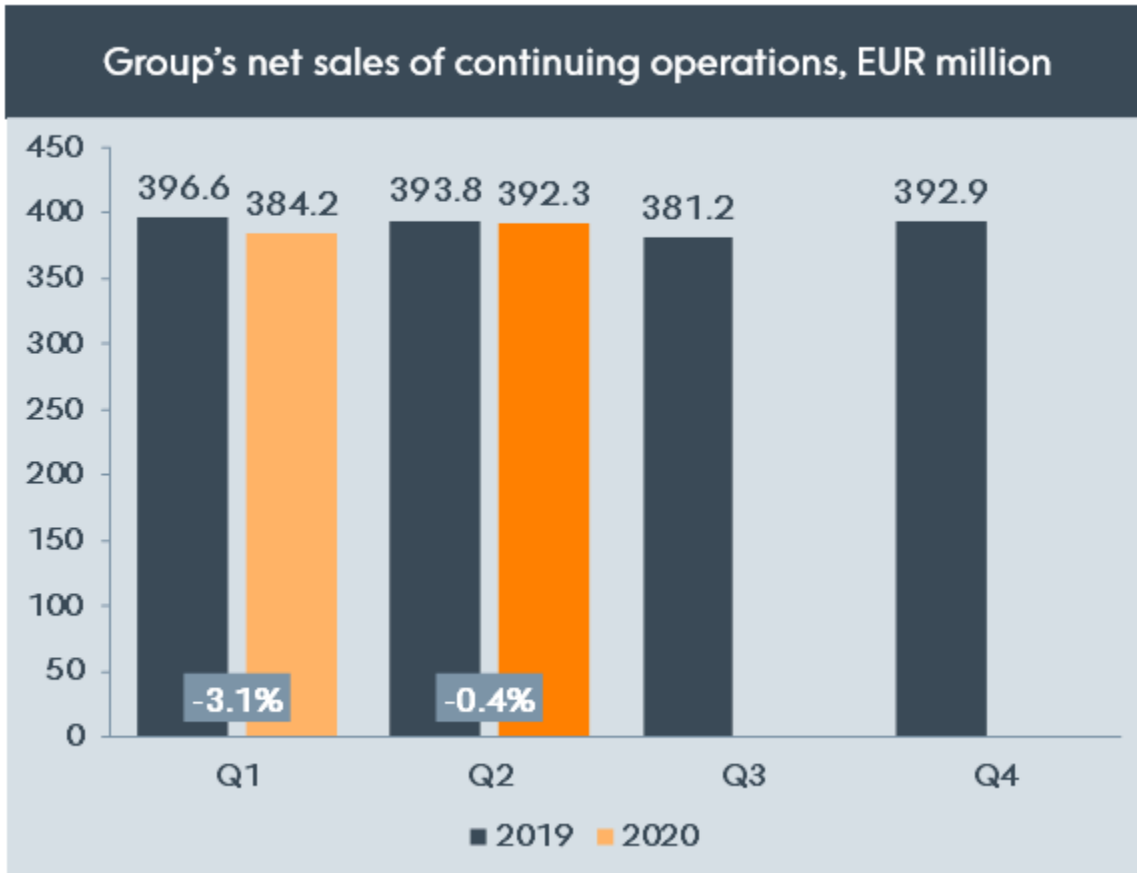




Financials

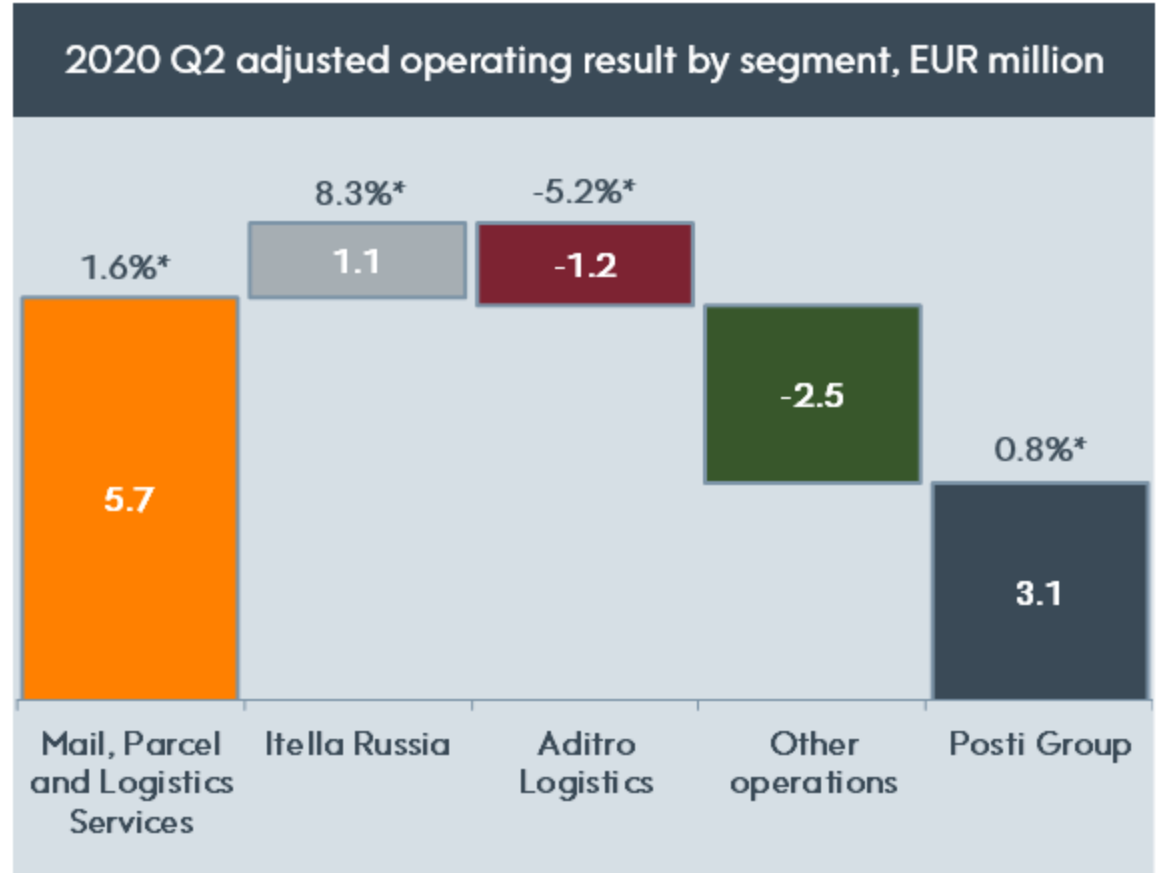
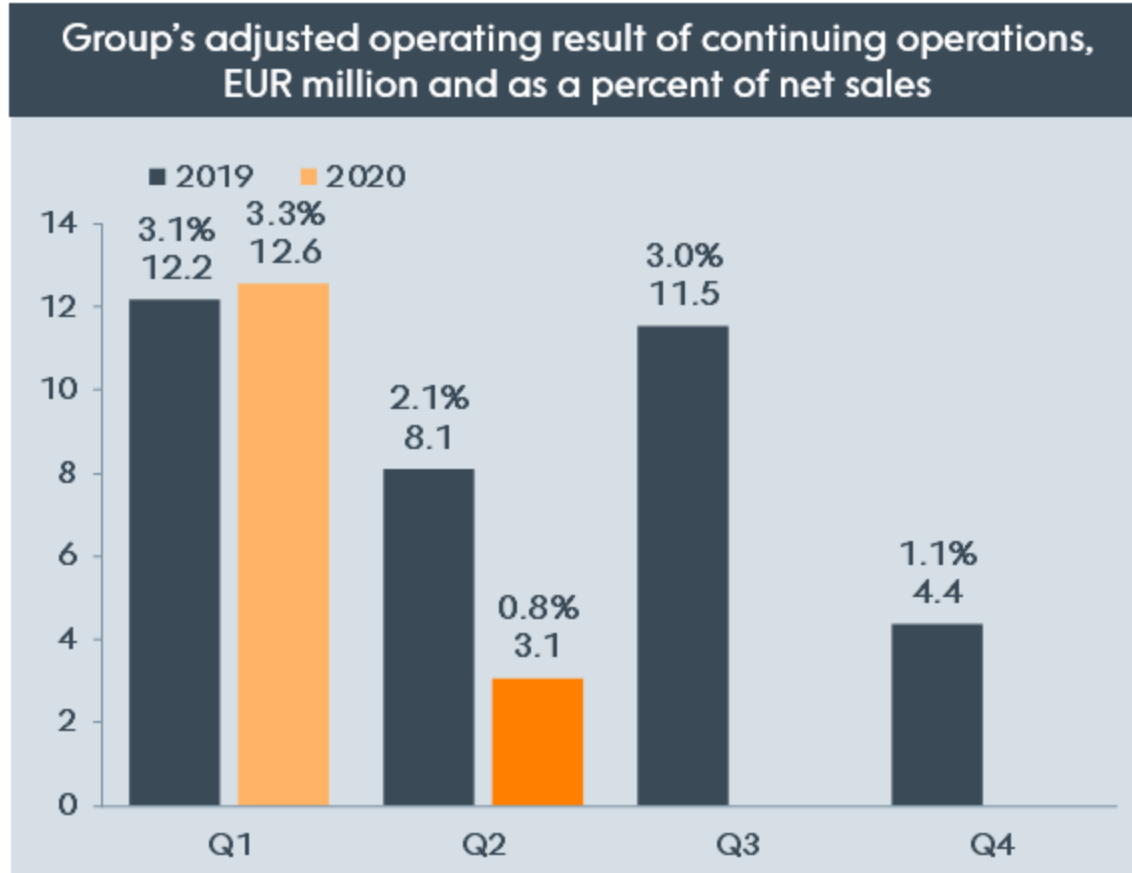
Posti Group Q2 net sales

Q2 net sales were stable at EUR 392.3 (393.8) million



Posti Group Q2 adjusted operating result

Q2 adjusted operating result decreased by EUR5.0 million to EUR3.1 (8.1) million



* percent of net sales

Posti Group key figures

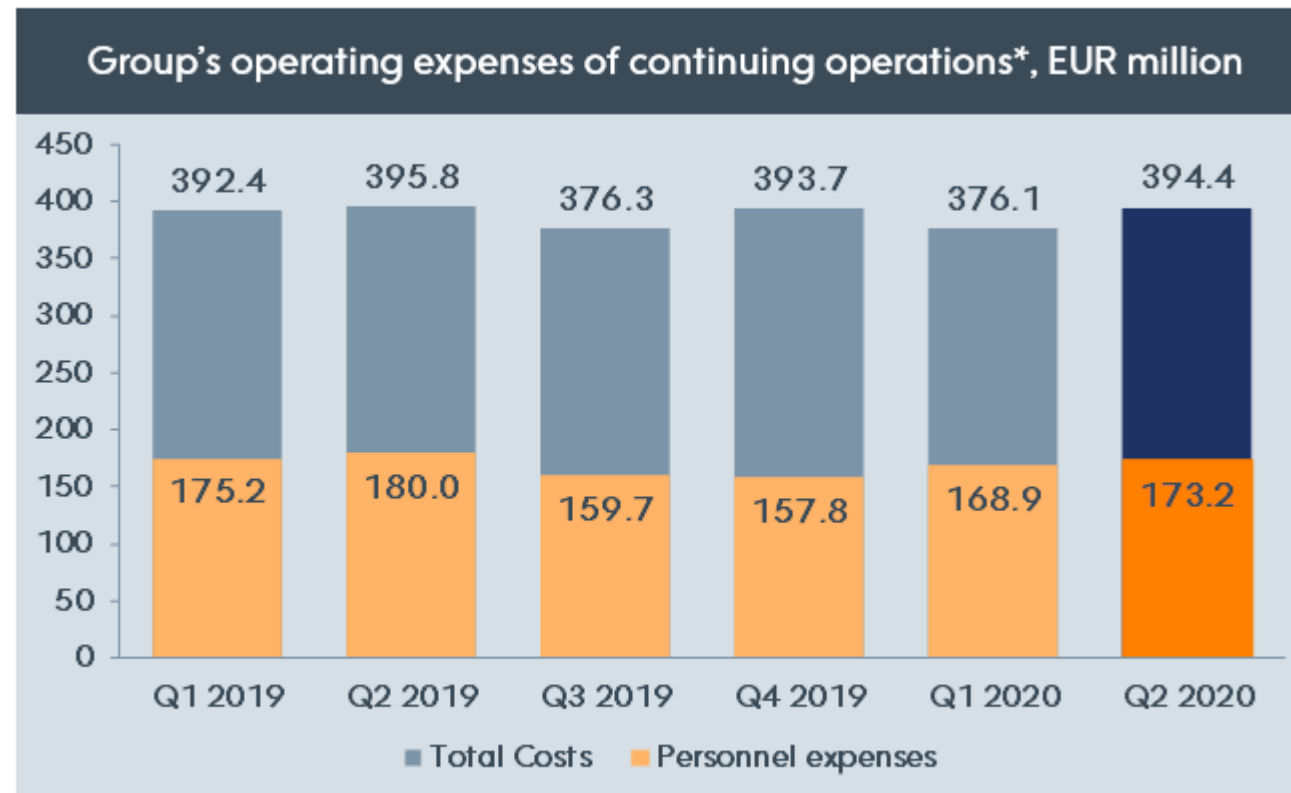
	4-6 2020	%	4-6 2019	%	1-6 2020	%	1-6 2019	%
Net sales, EUR million*	392.3		393.8		776.5		790.4	
Adjusted EBITDA, EUR million*	34.5	8.8%	37.3**	9.5%**	75.2	9.7%	77.9**	9.9%**
EBITDA, EUR million*	34.2	8.7%	32.4	8.2%	74.4	9.6%	68.8	8.7%
Adjusted operating result, EUR million*	3.1	0.8%	8.1**	2.1%**	15.6	2.0%	20.3**	2.6%**
Operating result, EUR million*	0.6	0.2%	3.2	0.8%	12.5	1.6%	11.2	1.4%
Result for the period, EUR million*	-7.7	-2.0%	2.3	0.6%	-0.7	-0.1%	7.9	1.0%
Return on equity (12 months), %					1.3		7.9	
Return on capital employed (12 months), %					3.0		7.4	
Net debt, EUR million					304.2		163.7	
Net debt / Adjusted EBITDA					2.0x		1.1x**	
Operative free cash flow, EUR million*					13.8		25.3	
Gross capital expenditure, EUR million*					91.9		74.1	
Personnel, end of period*					22,986		21,969	
Personnel on average, FTE*					16,544		16,857	

* Continuing operations

** Restated based on the new definition of special items

Acquisitions increased Posti's operating expenses

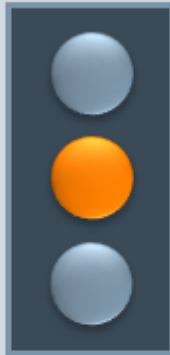
- The acquisition of Alma Media's early-morning delivery operations and Aditro Logistics increased operating expenses in Q2 2020.
- Personnel on average FTE in Q2 2020 was 17,193 (17,054).



* Includes depreciation and amortization, excludes impairment losses

Long term financial targets

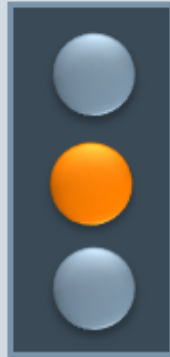
Adjusted operating result percentage 4%



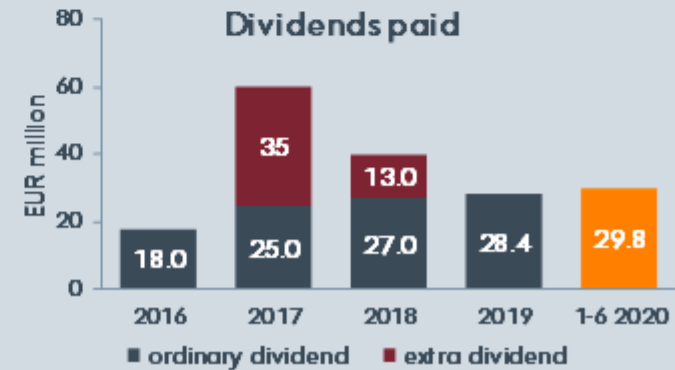
Net debt / Adjusted EBITDA** less than 2.0x



Return on capital employed 10%



Continuously increasing ordinary dividend



* Restated based on the new definition of special items

** 2016 -2018 is not according to IFRS 16 standard



Outlook

Posti's outlook for 2020 (unchanged):

The coronavirus situation makes the macro economic outlook extremely difficult to predict for the full year. Posti maintains its outlook for 2020, but because of these exceptional circumstances, Posti's full year outlook includes a significant level of uncertainty.

As a result of the increasing market uncertainty and expected impact of coronavirus on the Finnish and global economy, Posti's net sales in 2020, excluding possible new acquisitions and divestments, is expected to decrease from the previous year. The Group's adjusted operating result in 2020 is expected to increase from the previous year, when the postal strike had a significant negative impact on Posti's results.

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.



Segments

Mail, Parcel and Logistics Services key figures

April -June

EUR million	4-6 2020	% of Net sales	4-6 2019	% of Net sales
Net sales	357.0		375.0	
Net sales change, %	-4.8%		3.5%	
Adjusted EBITDA	29.4	8.2%	34.4	9.2%
EBITDA	29.1	8.2%	30.4	8.1%
Adjusted operating result	5.7	1.6%	11.1	3.0%
Operating result	5.5	1.5%	7.1	1.9%

Net sales, EUR million	4-6 2020	4-6 2019	Change, %
Postal Services	149.3	171.0	-12.7%
Parcel and eCommerce	118.6	99.7	+19.0%
Transval	49.9	53.2	-6.3%
Freight Services	43.1	55.0	-21.5%
Other and eliminations	-3.9	-3.8	
Total	357.0	375.0	-4.8%

- Net sales decreased to EUR 357.0 (375.0) million
 - Increased in Parcel and eCommerce but decreased in other business groups
 - Especially the continued mail volume decline, the impact of postal strike in the second half of 2019 and COVID-19 lowered net sales
 - Continued volume growth of eCommerce and the significantly accelerated growth of online shopping impacted net sales positively
- Adjusted operating result decreased to EUR 5.7 (11.1) million
 - The decrease was mainly due to the product mix and volume decline of Postal Services, accelerated by the postal strike and COVID-19
 - The decline was partly compensated by the improved profitability in Parcel and eCommerce as well as in Freight Services

Mail, Parcel and Logistics Services key figures

January -June

EUR million	1-6 2020	% of Net sales	1-6 2019	% of Net sales
Net sales	723.7		751.5	
Net sales change, %	-3.7%		2.8%	
Adjusted EBITDA	67.3	9.3%	75.9	10.1%
EBITDA	66.5	9.2%	70.2	9.3%
Adjusted operating result	19.3	2.7%	29.6	3.9%
Operating result	18.5	2.6%	23.8	3.2%

Net sales, EUR million	1-6 2020	1-6 2019	Change, %
Postal Services	322.2	354.5	-9.1%
Parcel and eCommerce	224.2	200.9	+11.6%
Transval	100.1	96.2	+4.0%
Freight Services	84.5	106.2	-20.4%
Other and eliminations	-7.3	-6.3	
Total	723.7	751.5	-3.7%

- Net sales decreased to EUR 723.7 (751.5) million
 - Increased in Parcel and eCommerce and Transval*, decreased in Postal Services and Freight Services
 - Especially the continued mail volume decline, the impact of postal strike in the second half of 2019 and COVID-19 lowered net sales
 - Continued volume growth of eCommerce and the significantly accelerated growth of online shopping impacted net sales positively
- Adjusted operating result decreased to EUR 19.3 (29.6) million
 - The decrease was mainly due to the product mix and volume decline of Postal Services, accelerated by the postal strike and COVID-19
 - The decline was partly compensated by the improved profitability in Freight Services and Parcel and eCommerce

* Transval was included in Posti's financials as of February 2019



Itella Russia key figures

April -June

EUR million	4-6 2020	% of Net sales	4-6 2019	% of Net sales
Net sales	12.9		18.9	
Net sales change, %	-31.8%		-23.9%	
Adjusted EBITDA	3.3	25.4%	3.0	16.1%
EBITDA	6.2	48.2%	3.9	20.7%
Adjusted operating result	1.1	8.3%	-0.2	-0.9%
Operating result	4.0	31.1%	0.7	3.7%

- Reported euro -denominated net sales decreased by 31.8% to EUR 12.9 (18.9) million
 - Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of coronavirus situation to Transport
- The adjusted operating result improved to EUR 1.1 (-0.2) million
 - The result was positively impacted by the closure of unprofitable warehouses in 2019

Itella Russia key figures

January -June

EUR million	1-6 2020	% of Net sales	1-6 2019	% of Net sales
Net sales	30.7		39.1	
Net sales change, %	-21.6%		-24.1%	
Adjusted EBITDA	6.7	21.9%	4.6	11.8%
EBITDA	9.6	31.5%	5.5	14.0%
Adjusted operating result	2.2	7.2%	-1.2	-3.1%
Operating result	5.2	16.8%	-0.3	-0.9%

- Reported euro -denominated net sales decreased by 21.6% to EUR 30.7 (39.1) million
 - Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of coronavirus situation to Transport
- The adjusted operating result improved to EUR 2.2 (-1.2) million
 - The result was positively impacted by the closure of unprofitable warehouses in 2019

Aditro Logistics key figures

April -June*

EUR million	4-6 2020	% of Net sales
Net sales	22.5	
Net sales change, %		
Adjusted EBITDA	2.8	12.4%
EBITDA	2.8	12.4%
Adjusted operating result	-1.2	-5.2%
Operating result	-1.2	-5.2%

* Aditro Logistics was integrated into Posti's financials as of April 2020, so the last quarter (April –June 2020) and reporting period (January –June 2020) figures are the same and Aditro Logistics' figures are not included in Posti Group's financials for the comparison period.

- Net sales were EUR 22.5 million
- Aditro Logistics' operations consists of contract logistics, transportation and staffing businesses
 - Especially contract logistics and transportation businesses were heavily impacted by COVID-19
 - The customer mix changes that were carried out as planned during 2020 also impacted net sales
- Adjusted and reported operating result were EUR -1.2 million
 - The result was negatively impacted by the investments in the large warehouse in Arlanda and COVID-19

posti

THANKYOU!