



Posti Group

Operatively good third quarter resulted in improved adjusted EBITDA compared to previous year, despite decreased net sales.

January - September 2023





Responsibly
delivering

what matters
to you

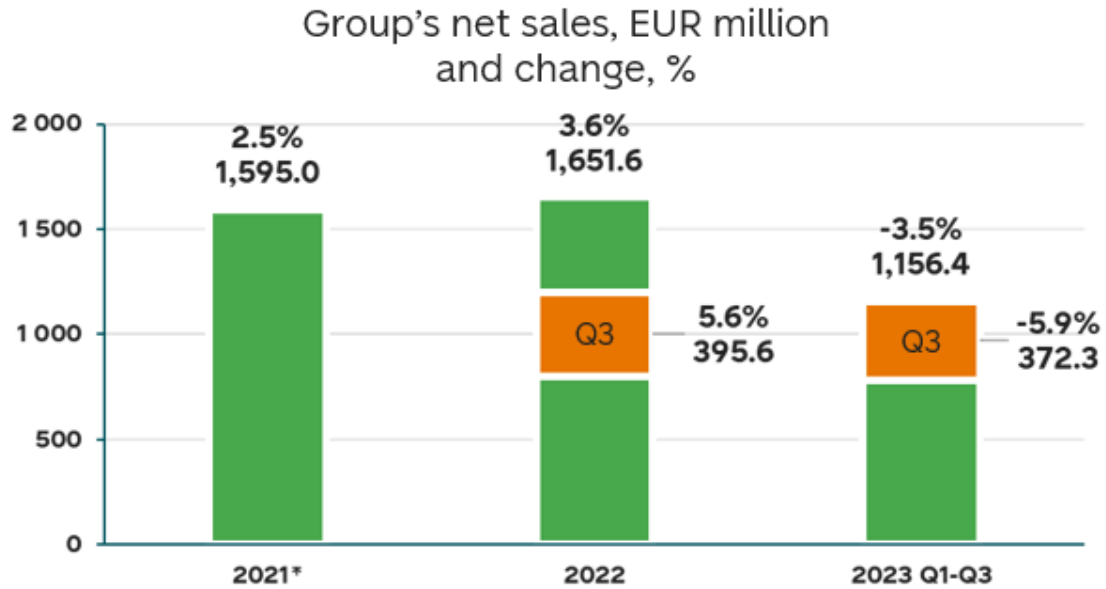
on



**your
terms**

posti

Posti in figures 7-9/2023



Net Sales

EUR 372.3 million

(EUR 395.6 million)

Adjusted EBITDA

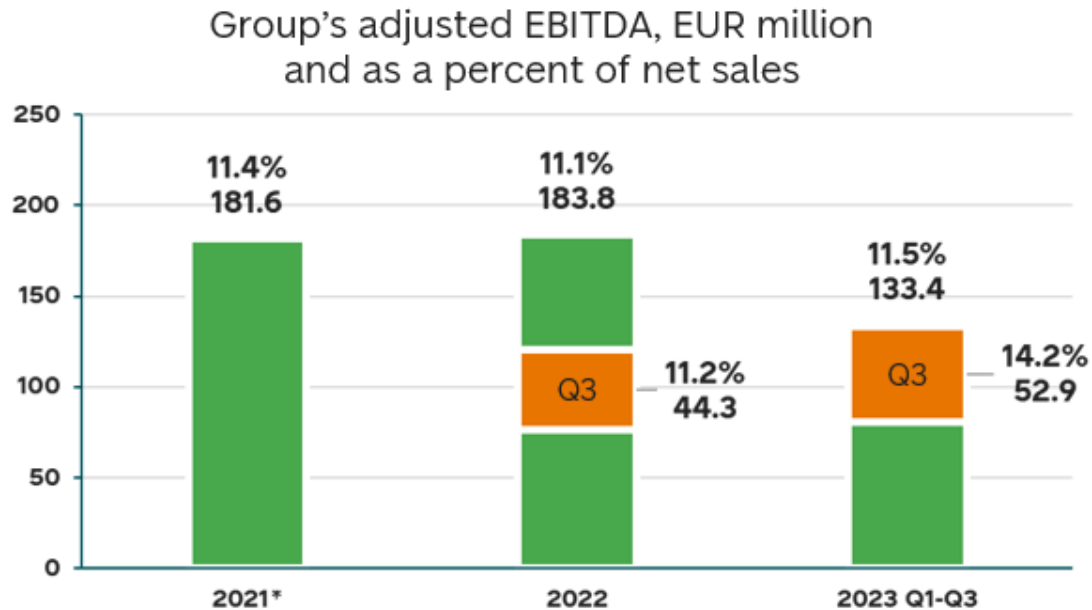
EUR 52.9 million

(EUR 44.3 million)

Adjusted EBITDA-%

14.2%

(11.2%)



Q3 2023 Financial highlights

- Net sales decreased by 5.9% to EUR 372.3 (395.6) million
- Adjusted EBITDA increased to EUR 52.9 (44.3) million, or 14.2% (11.2%) of net sales
- EBITDA increased to EUR 46.5 (43.7) million, or 12.5% (11.0%) of net sales.
- Adjusted operating result increased to EUR 19.9 (13.0) million, representing 5.4% (3.3%) of net sales.
- Operating result decreased to EUR -50.2 (12.4) million, representing -13.5% (3.1%) of net sales, mainly due to impairments and other special items.
- Net debt to adjusted EBITDA was 1.3x (1.5x).



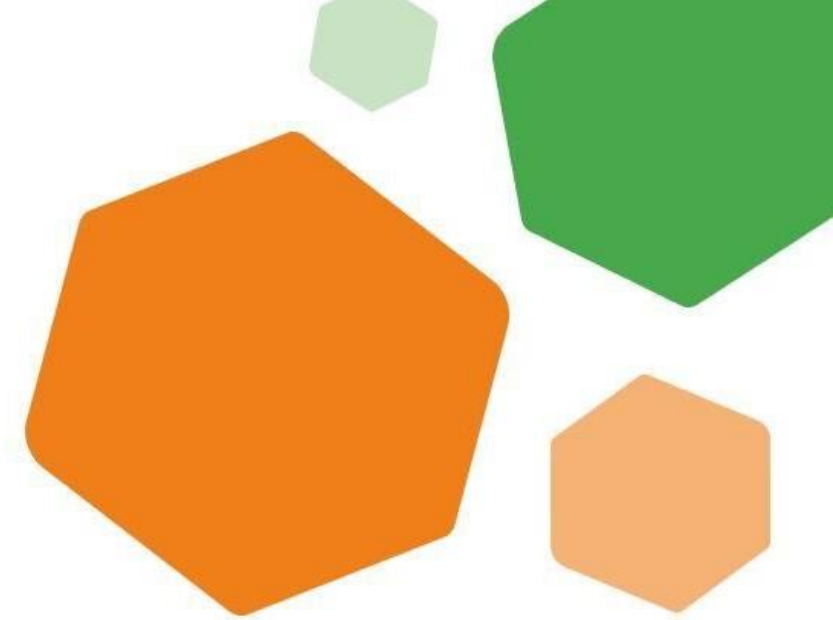
Q3 2023 Operational highlights

- Continuous improvements in operational efficiency across all segments increased Group's adjusted EBITDA substantially, despite the lower net sales which was affected by the low consumer spending.
- Low consumer and customer demand decreased the volumes in freight and slowed down the circulation of goods in Posti's warehouses.
- In the eCommerce and Delivery Services segment, the total parcel volume grew by total 3% driven by the growth in the Baltic countries.
- The declining trend in addressed letter volumes continued, and the addressed letter volumes at Posti decreased by 18%.
 - The comparison period was affected positively by the acquisition of Mediatalo Keski-suomalainen early-morning delivery operations.
- Posti made an investment decision on a new Transval warehouse in Järvenpää. The first phase of the construction will total around EUR 60 million.

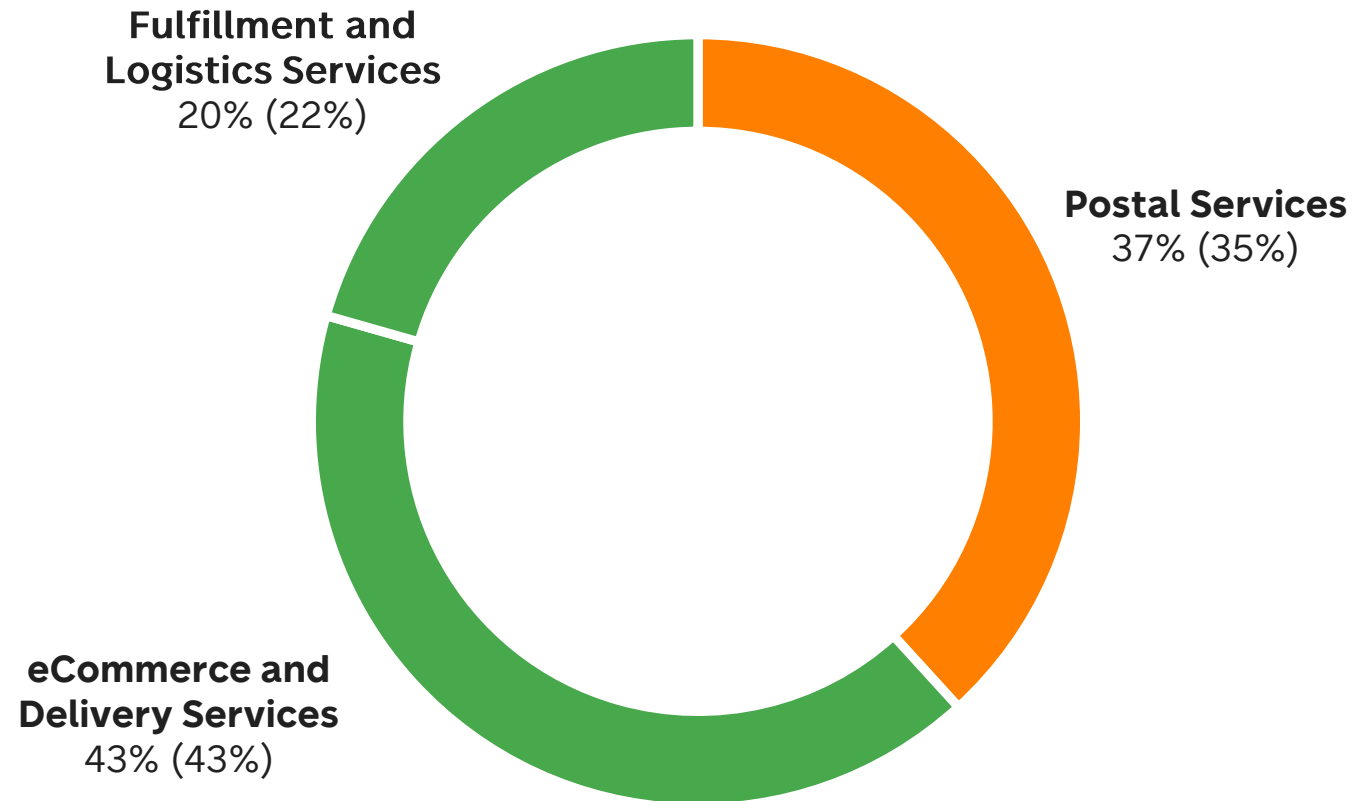


A challenging market and weakened market outlook led to impairments

- Macroeconomic environment has been challenging, especially in Sweden.
- Decreased outlook for next years with the increased WACC (weighted average cost of capital) rate resulted the goodwill and purchase price allocations impairments of EUR -57.4 million in third quarter 2023.
- The impairments were largely due to a weak economy and low purchasing demand in addition to high interest rates and heavily weakened Swedish Krona.
- The impairments were primarily result of challenges in Swedish economy, and especially rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened Swedish Krona.

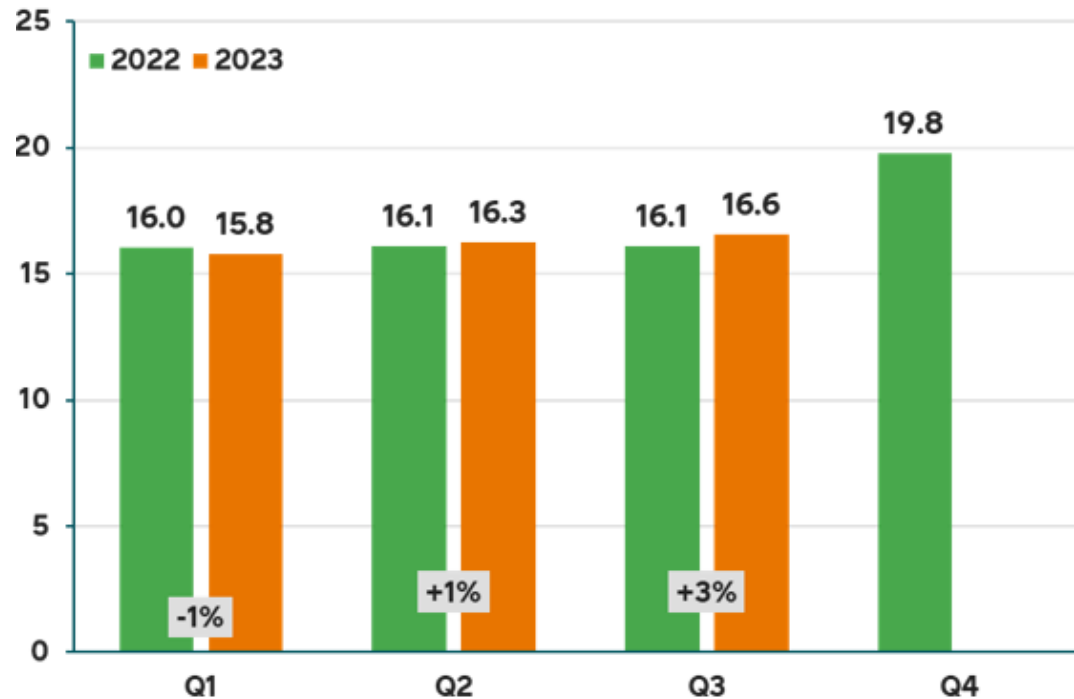


Q3 2023: The combined external sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 62.9% (64.6%) of the Group's net sales



Q3 2023: Parcel volumes increased, postal volumes continued to decrease

Parcel volumes (million units) and change, % in Finland and in the Baltics



+3%

Parcel volumes in Finland and in the Baltics 7-9/2023

-8%

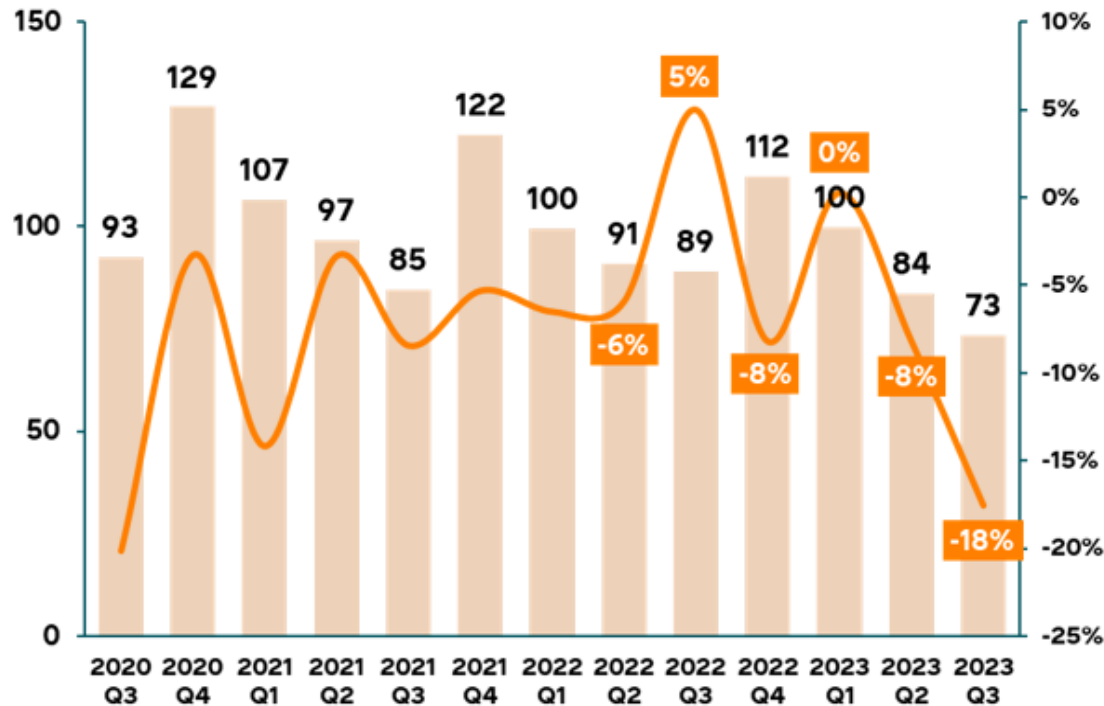
Freight volumes* 7-9/2023

-18%

Addressed letter volumes 7-9/2023

* Measured in waybills

Q3 2023: Addressed letter volumes continued to decrease



- Altogether 73 million addressed letters were delivered in Q3. Decline from previous year 16 million items.
- The declining trend in addressed letter volumes continue (declined 18%) in Q3. Comparison period was affected positively by acquisition of Mediatalo Keski-suomalainen early-morning delivery operations.
- The share of mail items covered by the universal service obligation accounted for 2.6% (2.3%) of all Posti's items delivered.

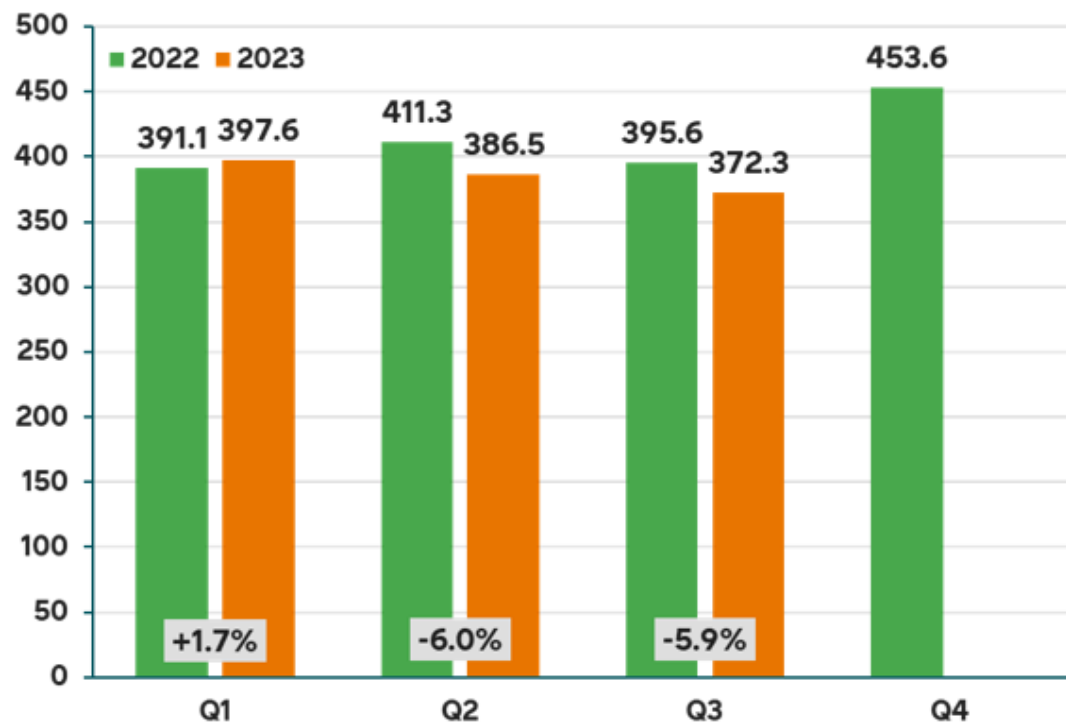
Financials



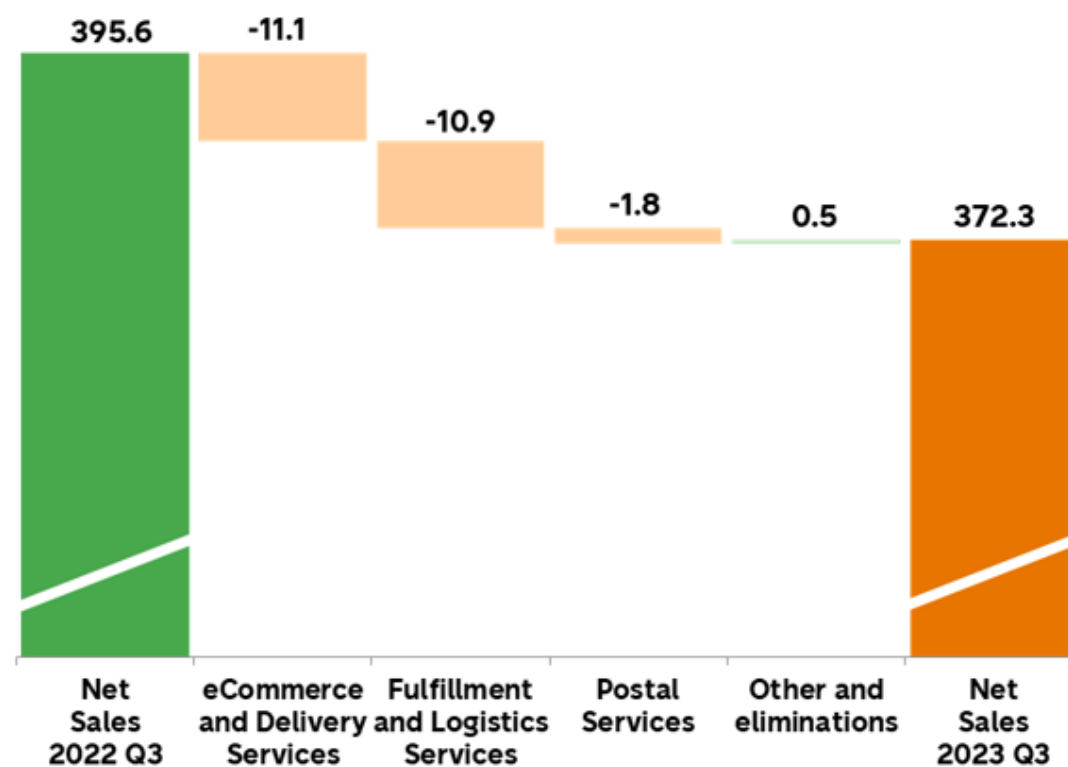
Q3 2023: Posti Group's net sales decreased

Net sales decreased by 5.9% to EUR 372.3 (395.6) million.

Group's net sales,
EUR million and change, %



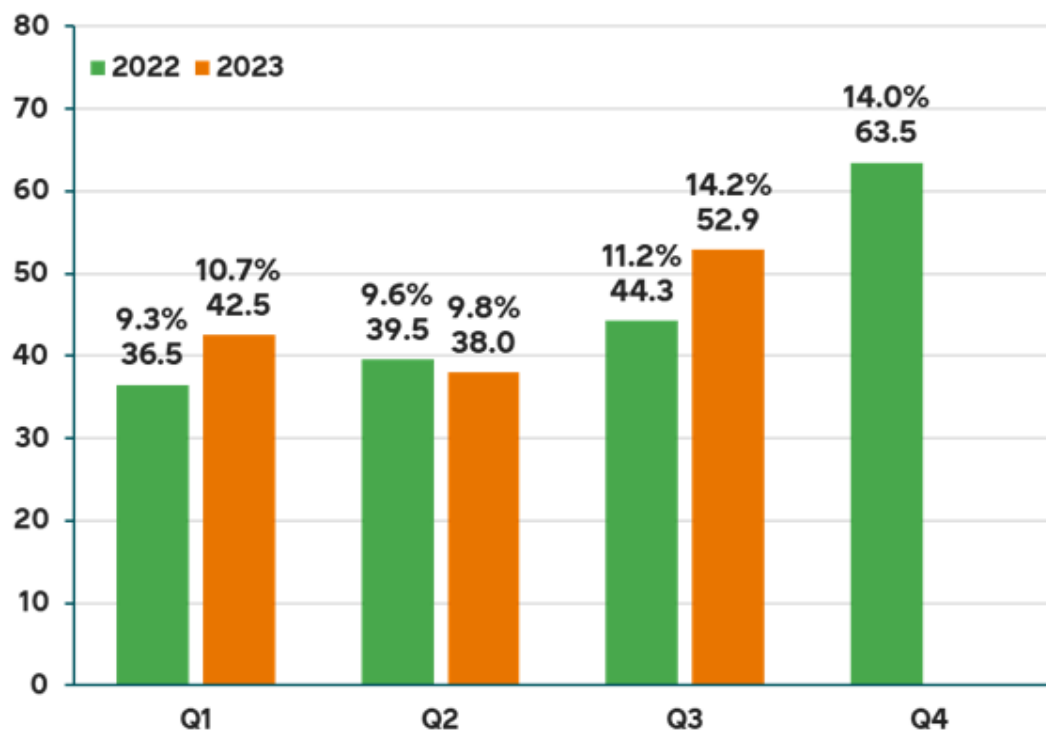
2023 Q3 vs 2022 Q3 change of net sales by segment,
EUR million



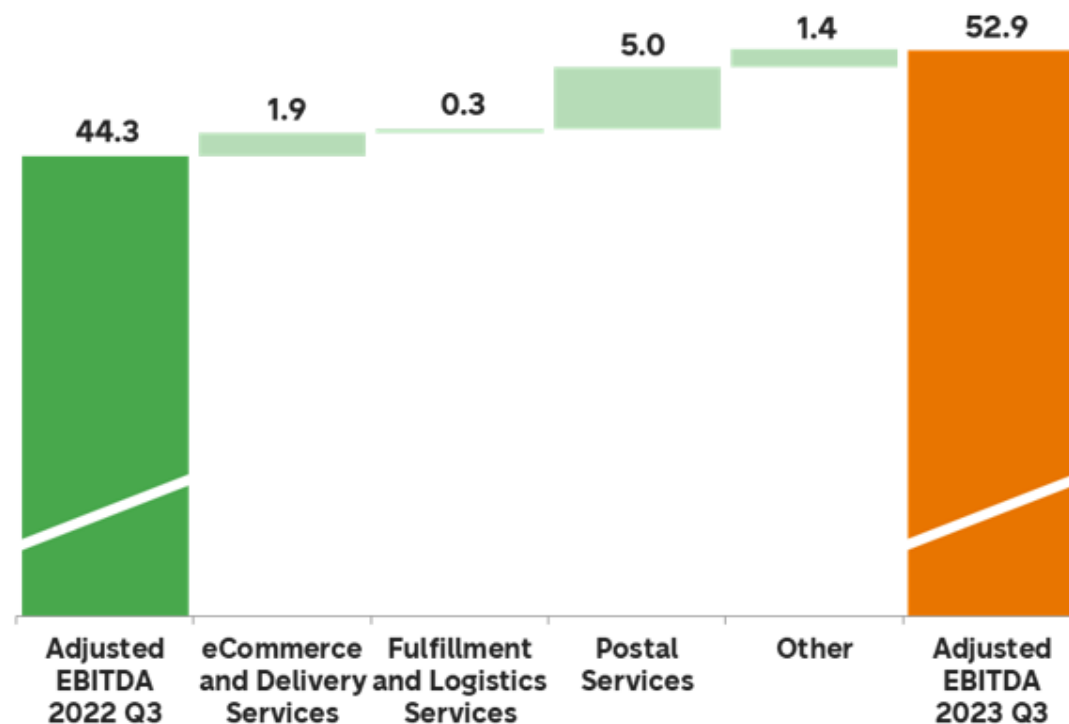
Q3 2023: Posti Group's adjusted EBITDA increased

Adjusted EBITDA increased to EUR 52.9 (44.3) million, or 14.2% (11.2%) of net sales.

Group's adjusted EBITDA,
EUR million and as a percent of net sales



2023 Q3 vs 2022 Q3 adjusted EBITDA change by segment,
EUR million



Q3 2023: Posti Group's key figures

	7-9 2023	%	7-9 2022	%	1-9 2023	%	1-9 2022	%
Net sales, EUR million	372.3		395.6		1,156.4		1,198.0	
Adjusted EBITDA, EUR million	52.9	14.2%	44.3	11.2%	133.4	11.5%	120.3	10.0%
EBITDA, EUR million	46.5	12.5%	43.7	11.0%	124.4	10.8%	117.0	9.8%
Adjusted operating result, EUR million	19.9	5.4%	13.0	3.3%	34.8	3.0%	28.1	2.3%
Operating result, EUR million	-50.2	-13.5%	12.4	3.1%	-38.0	-3.3%	24.7	2.1%
Result for the period, EUR million	-53.6	-14.4%	8.4	2.1%	-48.0	-4.2%	14.1	1.2%
Return on capital employed (12 months), %					-1.7%		5.6%	
Net debt, EUR million					255.8		252.7	
Net debt / Adjusted EBITDA					1.3x		1,5x	
Operative free cash flow, EUR million					-2.4		-21.7	
Personnel, end of period					17,288		19,929	
Personnel on average, FTE	14,208		15,014		14,435		14,972	
Earnings per share, continuing operations, EUR	-1.34		0.21		-1.20		0.35	

Outlook and long-term financial targets



Updated outlook for 2023

The Group's adjusted EBITDA is expected to be on the previous year's level (previously communicated: adjusted EBITDA is expected to decrease)

New outlook states:

In 2023, Posti is expecting its net sales to decrease from the previous year. The Group's adjusted EBITDA in 2023 is expected to be on the previous year's level. In 2022, Posti's net sales from continuing operations were EUR 1,651.6 million and adjusted EBITDA was EUR 183.8 million.

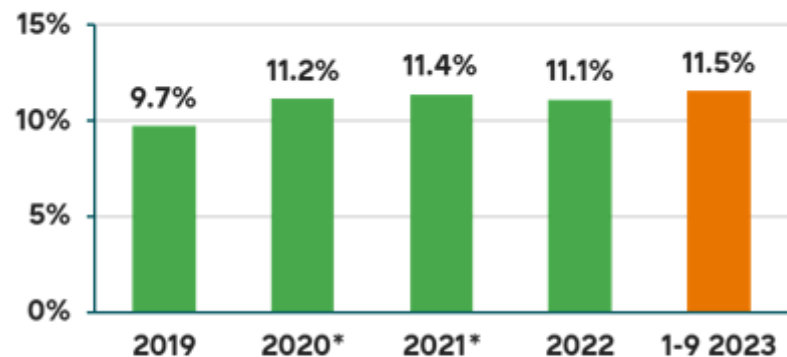
The continuing inflation and the increase in interest rates is impacting consumer demand. The changes in consumer behavior affect Posti's business and may further impact our actual results.

The Group's business is characterized by seasonality. The net sales and adjusted EBITDA in the segments are not accrued evenly over the year. In consumer parcels and Postal Services, the first and fourth quarters are typically strong, while the second and third quarters are weaker. The postal volume decline is expected to continue.

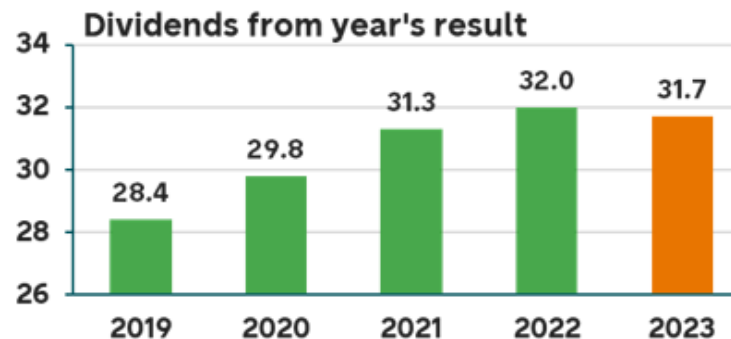


Long-term financial targets

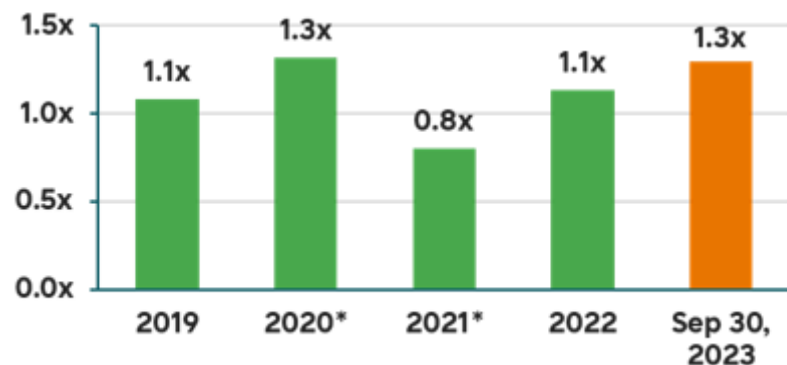
Adjusted EBITDA 13%



Continuously increasing ordinary dividend, but not exceeding annual net profit, EUR million



Net debt / Adjusted EBITDA less than 2.5x



* Continuing operations

Segments



Q3 2023: eCommerce and Delivery Services key figures

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022
Net sales	159.9	171.0	484.2	508.1
Net sales change, %	-6.5%	3.6%	-4.7%	2.4%
Adjusted EBITDA	21.7	19.8	46.0	52.8
Adjusted EBITDA, %	13.6%	11.6%	9.5%	10.4%
EBITDA	19.5	19.7	44.0	51.9
EBITDA, %	12.2%	11.5%	9.1%	10.2%

- The net sales decreased by 6.5% to EUR 159.9 million
 - Consumers' low consumption of goods reflected in the volumes negatively, especially in Finland, which led to decline in net sales.
- Adjusted EBITDA increased to EUR 21.7 million
 - Improvements in operational efficiency increased segment's profitability, albeit declined net sales affected profitability negatively.

Q3 2023: Fulfillment and Logistics Services key figures

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022
Net sales	78.9	89.8	245.8	270.8
Transval	53.5	57.0	166.4	171.3
Aditro Logistics	25.4	32.9	79.4	99.6
Net sales change, % */**/**	-12.1%	10.3%	-9.3%	13.7%
Adjusted EBITDA	11.2	10.9	29.5	27.2
Adjusted EBITDA, %	14.2%	12.2%	12.0%	10.0%
EBITDA	9.5	10.8	27.6	26.9
EBITDA, %	12.0%	12.0%	11.2%	9.9%

- The net sales decreased by 12.1% and were EUR 78.9 million
 - The difficult market environment, especially in Sweden had a negative impact on segments volumes, which decreased net sales.
 - Sale of KV Turva Oy in December 2022 and sale of Transval Myymäläpalvelut Oy in September 2023 also affected net sales negatively.
 - The weakened Swedish Krona compared to reporting currency had a negative impact on segment's net sales.
- Adjusted EBITDA increased to EUR 11.2 million
 - Growth was driven by the improvements in operational efficiency.

* Veddestagruppen has been part of the segment since February 2022.

** KV Turva Oy was divested in December 2022.

*** Transval Myymäläpalvelut Oy was divested in September 2023.

Q3 2023: Postal Services key figures

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022
Net sales	139.3	141.2	445.3	437.8
Net sales change, % *	-1.3%	4.4%	1.7%	0.5%
Adjusted EBITDA	21.0	16.0	64.8	49.8
Adjusted EBITDA, %	15.1%	11.3%	14.5%	11.4%
EBITDA	19.9	15.8	61.1	47.9
EBITDA, %	14.3%	11.2%	13.7%	10.9%

- The net sales of Postal Services decreased by 1.3% to EUR 139.3 million
 - Decreased volumes impacted net sales negatively whereas various price increases, reflecting the increased costs, had a positive impact on net sales.
- Adjusted EBITDA increased to EUR 21.0 million
 - Continuous improvements in operational efficiency and for example alternate-day delivery method in Finland increased profitability.

* Mediatalo Keski-suomalainen Oyj's early-morning delivery operations have been part of the segment since April 2022.

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