



POSTI GROUP CORPORATION'S FINANCIAL STATEMENTS RELEASE, MARCH 1, 2018 AT 10:00 (EET)

Posti Group Corporation's Financial Statements Release 2017



Posti Group's parcel volumes rose to a record level in Q4/2017

Posti Group Corporation's Financial Statements Release

October–December 2017

Financial highlights

- The Group's net sales decreased by 0.9% to EUR 452.3 (456.5) million.
- The Group's adjusted EBITDA declined to EUR 40.9 (43.0) million, 9.0% (9.4%).
- The Group's EBITDA declined to EUR 22.9 (38.6) million, 5.1% (8.4%).
- The adjusted operating result improved to EUR 23.0 (22.7) million, or 5.1% (5.0%) of net sales.
- The operating result declined to EUR 5.0 (14.2) million, or 1.1% (3.1%) of net sales. For the Group's Russian operations, a provision of EUR 18.2 million was recognized in relation to lease agreements for warehouses to be closed.

Operational highlights

- The combined parcel volume of Finland and the Baltic countries increased by 11%, with 18% of this growth coming from consumer (B2C) parcels. Measured in waybills and excluding food logistics, Posti's domestic freight grew by 8%. The number of addressed letters decreased by 10% in Finland.
- Mail items covered by the universal service obligation accounted for 9.4% (9.2%) of all of Posti's mail items. The Christmas season has a significant impact on the volume of items.
- The number of working days was 62 (63). The Group's volumes, net sales and result are partly dependent on the number of working days, which affects both year-on-year comparisons and comparisons between consecutive quarters.
- The EUR 100 million bond issued in 2011 was paid off in its entirety in December.

Year 2017

Financial highlights

- The Group's net sales grew by 2.5% to EUR 1,647.0 (1,607.6) million.
- The Group's adjusted EBITDA declined to EUR 118.6 (126.7) million, 7.2% (7.9%).
- The Group's EBITDA declined to EUR 83.7 (116.0) million, 5.1% (7.2%).
- The adjusted operating result declined to EUR 42.4 (47.1) million, or 2.6% (2.9%) of net sales.
- The operating result declined and amounted to EUR -27.5 (30.7) million, representing -1.7% (1.9%) of net sales. In conjunction with the restructuring of OpusCapita, the Group recognized impairment of goodwill in the amount of EUR 33.9 million. For the Group's Russian operations, a provision of EUR 18.2 million was recognized in relation to lease agreements for warehouses to be closed. In addition, provisions of EUR 0.5 million made in previous years were reversed. The divestment of OpusCapita's Finance and Accounting Outsourcing business and related subsidiaries had a non-recurring negative effect of EUR 10.1 million on the operating result.
- The cash flow from operating activities was EUR 96,0 (63,1) million.

Operational highlights

- The combined parcel volume of Finland and the Baltic countries increased by 9%, with 12% of this growth coming from consumer (B2C) parcels. Measured in waybills and excluding food logistics, Posti's domestic freight grew by 8%. The number of addressed letters decreased by 10% in Finland.
- The net sales of Parcel and Logistics Services exceeded the net sales of Postal Services for the first time in the third quarter, which reflects the transformation of the market.
- Posti began the construction of a 26,000 m² freight terminal on Suokalliontie in Vantaa, Finland. The terminal will be completed in summer 2018.
- Parliament has decided that the Finnish State can decrease its ownership in Posti Group Corporation, but its share of ownership must remain at 50.1 percent at a minimum. With a separate decision by the Government plenary session, 49.9 percent of the ownership of Posti Group Corporation can be transferred to Vake Oy, a state-owned development company, with the other 50.1 percent remaining in the State's direct ownership.
- In September, the Helsinki Court of Appeal issued a positive ruling for Posti in a case concerning the compensation of value added taxes. Five of the plaintiffs in the case have requested the Supreme Court for leave to appeal.
- Service Sector Employers Palta and the Finnish Post and Logistics Union PAU concluded negotiations in September on a new collective agreement for the mail communications and logistics industry that was approved by the Boards of Directors of both parties. The new collective agreement entered into force on November 1, 2017, and will remain valid until October 31, 2019.
- Posti's structural transformation continued:
 - In January, Posti acquired HR Hoiva Oy (now known as Posti Kotipalvelut Oy), a provider of home care and personal assistance services to municipalities, joint municipal authorities and private customers.
 - In April, Posti and Solemo Oy established Flexo, a joint venture that provides in-house logistics services.
 - In May, Posti's subsidiary OpusCapita announced that it will sell its Finance and Accounting Outsourcing business to Longship AS, a Norwegian private equity investor. The transaction was finalized in September.
 - Posti acquired the personal assistance business of SOL Henkilöstöpalvelut Oy in the summer.
 - Also in the summer, Posti strengthened its early-morning delivery by acquiring the early-morning delivery operations of Kaakon Viestintä and merging Posti's early-morning delivery operations into a newly established subsidiary, Posti Palvelut Oy.
 - OpusCapita acquired the Switzerland-based company Billeco AG on July 13, 2017.
 - OpusCapita's sending of documents and invoices as well as the digitizing operations in Finland were transferred to Posti's Mail, Parcel and Logistics Services segment effective from October 1, 2017. Following the transfer, the OpusCapita segment now consists of the Buyer-Supplier Ecosystem business.
- Mail items covered by the universal service obligation accounted for 5.5% (5.6%) of all of Posti's mail items.
- The number of working days was 251 (253).

Outlook

The euro-denominated net sales in 2018, excluding possible acquisitions and divestments, are expected to remain on par with 2017. The Group's adjusted operating result, excluding possible acquisitions and divestments, is expected to remain on par with 2017 or decrease slightly. Capital expenditure, excluding possible acquisitions, is expected to remain on par with 2017.

The Group's business is characterized by seasonality. Net sales and operating profit 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.

The development of exchange rates, especially the ruble exchange rate, may affect the Group's net sales, result and balance sheet.

Figures in brackets refer to the comparison period, i.e. the same period last year, unless otherwise stated.

Key figures of Posti Group

	10–12 2017	10–12 2016	1–12 2017	1–12 2016
Net sales, EUR million	452.3	456.5	1,647.0	1,607.6
Adjusted EBITDA, EUR million	40.9	43.0	118.6	126.7
Adjusted EBITDA, %	9.0	9.4	7.2	7.9
EBITDA, EUR million	22.9	38.6	83.7	116.0
EBITDA, %	5.1	8.4	5.1	7.2
Adjusted operating result, EUR million	23.0	22.7	42.4	47.1
Adjusted operating result, %	5.1	5.0	2.6	2.9
Operating result, EUR million	5.0	14.2	-27.5	30.7
Operating result, %	1.1	3.1	-1.7	1.9
Result before taxes, EUR million	2.3	14.7	-36.9	29.5
Result for the period, EUR million	-2.1	10.4	-44.3	23.2
Cash flow from operating activities			96.0	63.1
Return on equity (12 months), %			-8.0	3.9
Return on invested capital (12 months), %			-4.5	5.1
Equity ratio, %			48.8	54.9
Gearing, %			-8.8	-13.6
Gross capital expenditure, EUR million	20.4	23.3	73.3	100.4
Employees on average			20,316	20,632
Employees on average, FTE			17,912	18,529
Dividends, EUR million			40,0*	60.0

* Board of Directors' proposal to the Annual General Meeting

Heikki Malinen, President and CEO:

"In many ways, 2017 was a significant milestone for Posti on our path of renewal. The Postal Act reforms that entered into force last year promote the goal of extending the life cycle of traditional communication, while the new two-year collective agreement and the reform of early-morning delivery provide long-term stability in a period when the business environment is undergoing a difficult transformation. Our quality program and the renewal measures we implemented during the year lifted the quality in our operations as a whole to a high level. Our performance during the crucial Christmas season was excellent, and we hit daily, weekly and monthly volume records in parcel deliveries.

Last year, we also took significant steps in the development of our businesses and services by updating our strategy. Since 2013, Posti has systematically shifted its focus to our core activities, namely mail and logistics services. The cornerstones of our strategy now consist of four key goals: win e-commerce play, keep mail relevant to customers, renew service culture, and digitally powered to secure your service delivery.

The past year was very encouraging in highlighting how the new strategy presents Posti with broader growth opportunities in parcel and logistics services as the transformation of commerce goes on and consumer behavior continues to change. Strong growth in e-commerce saw us deliver about 37 million parcels in Finland last year, more than ever before. Consumer parcel growth was 12% and international parcel growth was 19%. Another positive sign was the freight volume increasing by 8%. We estimate that the volume of e-commerce will continue to grow in Finland this year by approximately 10%, and we will open new Posti Parcel Lockers to support this growth.



The Group's net sales increased by 2.5%, driven by parcel and logistics services. Also worth noting was that the adjusted operating result of Mail, Parcel and Logistics Services showed a substantial year-on-year improvement in the fourth quarter. The Group's adjusted operating result for the full year was EUR 42.4 million.

In spite of the divestment of operations, Posti's capital expenditure for the year remained high at EUR 73 million. We will continue to invest in digital services, increased automation and improving the competitiveness of our core business. One example of these investments is the new freight terminal in Vantaa. It will be the largest freight terminal in Finland and it is scheduled to be completed in 2018 at a cost of more than EUR 30 million. Relying on its comprehensive delivery and terminal network, Posti will enhance its capacity to provide services to the grocery, consumer goods and food production industries. Acquisitions remain a potential avenue for implementing the strategy, but only if they strengthen the Group's core business.

We carried out restructuring measures in the OpusCapita segment during the year by divesting the Finance and Accounting Outsourcing business and transferring the sending of documents and invoices as well as OpusCapita's digitizing operations in Finland to Posti's Mail, Parcel and Logistics Services segment. OpusCapita will focus on global solutions for sourcing, payment and cash management.

In the Itella Russia segment, we will continue to increase operational efficiency in order to improve profitability. Itella Russia is moving in the right direction, with net sales increasing by 5% in October–December and adjusted EBITDA amounting to EUR 1.6 million.

I would like to thank all of our customers and partners for their trust in Posti. A warm thank to our employees for their strong performance and important work to ensure a smoother everyday life for our customers. We are working together with our personnel on the renewal of our service culture, which will further improve our customer experience as well as our employee experience."

APPENDICES

Posti Group's Financial Statements Release in full (PDF)

FURTHER INFORMATION

Heikki Malinen, President and CEO, and Sari Helander, CFO
Tel. +358 20 452 3366 (MediaDesk)

FINANCIAL CALENDAR IN 2018

Financial statements for 2017: March 1, 2018, at 10:00 a.m.

January–March: Thursday, May 3, at 9:00 a.m.

January–June: Wednesday, July 25, at 9:00 a.m.

January–September: Wednesday, October 24, at 9:00 a.m.

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Posti is a service provider that delivers the smartest and most customer-focused postal and logistics services in the market. Posti is expanding into new service areas and playing an increasingly significant role in the daily life of its customers. We operate in 11 countries, our net sales in 2017 amounted to EUR 1,600 million and the number of our personnel is approximately 20,000. Our businesses also include the logistics service provider Itella Russia and the electronic business specialist OpusCapita. www.posti.com.

Business environment

Posti's business environment is undergoing a dramatic transformation. Changes in consumer behavior, accelerated digitalization, the transformation of the retail industry, the rapid growth of e-commerce, intense market competition and the advancement of technology are all challenging Posti like never before. It is very important for Posti to continuously improve the quality of customer satisfaction and customer experience, that are essential for ensuring competitiveness and profitability in a period of industry transformation. Continuous renewal is crucial as traditional mail delivery volumes decline.

The growth of e-commerce picked up speed toward the end of the review period, which was reflected favorably in Posti's parcel volumes. According to a survey by International Post Corporation, Finns differ significantly from other Europeans in how they prefer to receive their parcels. For example, 22% of Finnish consumers prefer to have parcels delivered to parcel lockers. Posti has increased the number of parcel lockers substantially in recent years. The corresponding figure for consumers in other countries was 4%. The volume of purchases from foreign online stores is growing.

Domestic demand has remained strong as the employment rate and consumer purchasing power have improved. The Bank of Finland estimates that economic growth accelerated and Finnish GDP increased by 3.1% in 2017. Economic growth has also been boosted by a clear positive turn in exports. According to the Finnish Transport Agency, transport volumes in heavy traffic have continued to increase since April 2016. GDP growth was also reflected in Posti's growing freight volumes in 2017.

However, the decline in traditional mail delivery volumes and the accelerating shift from paper to online communications continued. The trend is particularly evident in the volumes of iPost products and printing services. Competition in mail delivery has also increased. In addition to Posti, there are currently 13 operators delivering mail in Finland.

The Russian economy continued to grow moderately. The Russian Ministry of Finance estimates that the Russian GDP grew by 1.5% in 2017. The IMF forecasts GDP growth of 1.7% in Russia in 2018. The ruble depreciated by 7.9% from the end of the previous year.

A collective agreement for the mail communications and logistics industry was approved on September 28, 2017. The new agreement entered into force on November 1, 2017, and will remain valid for two years. Achieving a two-year agreement is very significant for Posti in the current period of major transformation, and it provides an excellent foundation for the company to continue its essential renewal in a controlled manner. The arbitration committee stipulated by the collective agreement for the mail communications and logistics industry issued a decision on February 1, 2018, on a general increase of 1.31% to the industry's collective agreement. The increase will apply retrospectively from November 1, 2017.

The Postal Act reform is a continuation of the amendments to the Postal Act that entered into force in 2016 and made letter delivery an activity that is open to free competition and only subject to notification by service providers. The latest amendments apply to universal service products, namely stamped letters and cards. For parcels, the universal service concept covers parcels sent to addresses outside Finland and paid for with stamps. The delivery of newspapers and magazines is not covered by the Postal Act.

Following a change that entered into force on September 15, 2017, five-day delivery of universal service letters will continue in a large part of Finland, namely the areas that do not have early-morning delivery networks maintained by newspapers. In these areas, Posti will be required to arrange competitive bidding for the delivery of universal service letters starting from July 1, 2018. In urban areas, delivery on at least three days per week is allowed if the area in question has an early-morning delivery network for newspapers.

Posti's goal is to evolve into a customer-oriented and profitable logistics and postal service company by 2020. At the core of the strategy are four main objectives that will see Posti emerge as a winner through this period of transformation: win e-commerce play, keep mail relevant to customers, renew service culture, and securing digitally powered service delivery.

Changes in segment reporting

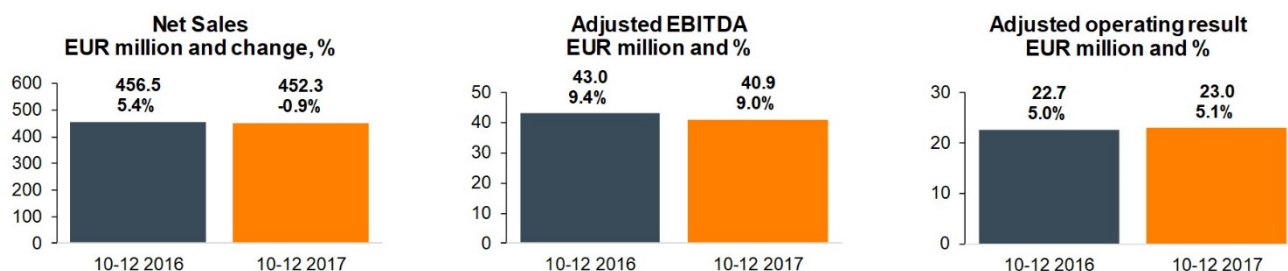
OpusCapita carried out significant restructuring measures during the financial year and divested its Finance and Accounting Outsourcing business. OpusCapita's sending of documents and invoices as well as the digitizing operations in Finland were



transferred to Posti's Mail, Parcel and Logistics Services segment effective from October 1, 2017. Following the transfer, the OpusCapita segment now consists of the Buyer-Supplier Ecosystem business. Segment reporting has been adjusted to correspond to the new business structure. The changes are also presented retrospectively in the comparison figures for the 2016 financial year. Comparison figures for 2015–2017 are presented as an appendix to this release.

Net sales and profit performance in October–December 2017

The number of working days in the fourth quarter was lower than in the previous year by one day. The number of working days affects the Group's net sales and result.



The Group's net sales decreased by 0.9% to EUR 452.3 (456.5) million. Net sales decreased by 0.2% in Finland and by 5.4% in other countries. International operations accounted for 13.5% (14.2%) of net sales.

The Group's adjusted EBITDA declined to EUR 40.9 (43.0) million, 9.0% (9.4%). The adjusted EBITDA declined in Russia, OpusCapita and other operations. EBITDA declined to EUR 22.9 (38.6) million, 5.1% (8.4%). The decline was also affected by a provision related to lease agreements for warehouses in Russia.

The adjusted operating result improved to EUR 23.0 (22.7) million, or 5.1% (5.0%) of net sales. The increase in the adjusted operating result was mainly due to the improved result of Mail, Parcel and Logistics Services, while OpusCapita's result declined. The decrease in productional depreciation compared to last year, had a positive impact on the adjusted operating result.

Special items for the fourth quarter weighed down the result by EUR 18.0 (8.5) million.

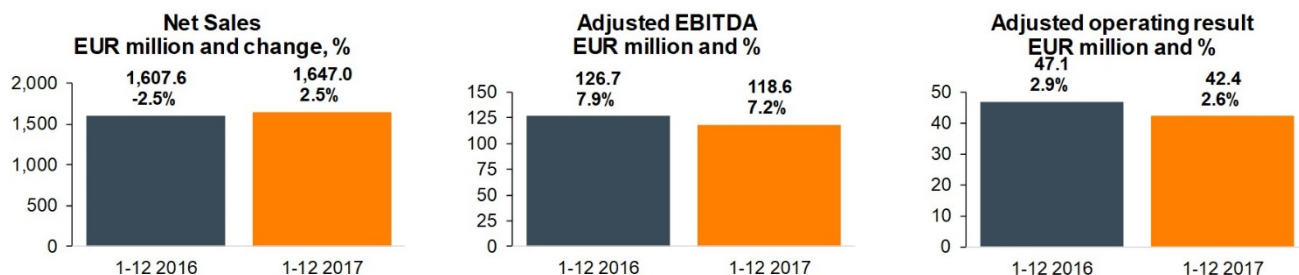
The operating result was EUR 5.0 (14.2) million, or 1.1% (3.1%) of net sales.

The result before taxes was EUR 2.3 (14.7) million.

Mail items covered by the universal service obligation accounted for 9.4% (9.2%) of all of Posti's mail items. Operations under the universal service obligation amounted to EUR 54.3 (52.9) million, or 12.0% (12.8%) of the Group's net sales.

Net sales and profit performance in 2017

The number of working days in 2017 was lower than in the previous year by two days. The number of working days affects the Group's net sales and result.



The Group's net sales grew by 2.5% to EUR 1,647.0 (1,607.6) million. Net sales increased by 2.4% in Finland and by 3.0% in other countries. International operations accounted for 14.5% (14.4%) of net sales.

The Group's adjusted EBITDA declined to EUR 118.6 (126.7) million, 7.2% (7.9%). The Group's EBITDA declined to EUR 83.7 (116.0) million, 5.1% (7.2%).

The adjusted operating result declined to EUR 42.4 (47.1) million, or 2.6% (2.9%) of net sales.

Special items weighed down the result by EUR 69.9 (16.4) million. The special items include a provision of EUR 18.2 million related to lease agreements for warehouses to be closed in Russia. In connection with the restructuring of OpusCapita and the refocusing of its operations, the future outlook and cash flow forecasts of the cash generating unit were updated. Based on this assessment, the Group recognized impairment of goodwill in the amount of EUR 33.9 million.

The operating result was EUR -27.5 (30.7) million, or -1.7% (1.9%) of net sales.

The operating result before taxes was EUR -36.9 (29.5) million.

The Group's net financing costs amounted to EUR 9.4 (1.2) million. The change was attributable to exchange rate differences and special items.

Return on equity was -8.0% (3.9%).

Mail items covered by the universal service obligation accounted for 5.5% (5.6%) of all of Posti's mail items. Operations under the universal service obligation amounted to EUR 136.7 (135.9) million, or 8.3% (8.5%) of the Group's net sales.

Mail, Parcel and Logistics Services

October–December

The year-on-year development of Posti's product volumes was as follows:

- Addressed letters -10% (-6%)
- iPost products -3% (-3%)
- Parcels in Finland and the Baltic countries 11% (11%), B2C parcels 18% (13%)
- Domestic freight* measured in waybills 8% (12%)
- Warehouse fill rate in Finland on average in October–December 81% (64%)

* The reported figure for domestic freight excludes food logistics

The total amount of parcels delivered by Posti in Finland and the Baltic countries was 12.0 (10.8) million parcels. The figure does not include letter-like e-commerce items, the number of which is growing. In the Baltic countries, parcel volumes increased by 21%.

The net sales of Mail, Parcel and Logistics Services increased to EUR 403.2 (401.4) million. Net sales are itemized below.

Net sales of Mail, Parcel and Logistics Services:

Net sales, EUR million	10-12 2017	10-12 2016, restated	Change
Mail & Marketing Services	181.2	184.9	-2.0%
Press Services	43.3	44.8	-3.5%
Parcel Services	83.9	78.8	6.4%
Logistics Services	97.6	95.3	2.5%
Other and elimination	-2.7	-2.4	
Total	403.2	401.4	0.4%

The net sales of Mail and Marketing Services decreased. The decline in volumes was compensated for by changes in pricing. The net sales of parcel services grew, particularly due to growth in consumer parcels. Parcel Services saw very positive development, particularly in the volumes of domestic consumer parcels and international consumer parcels addressed to Finland. A new record was made in the daily volume of parcels in December. In addition to the boost provided by the improved growth of the Finnish economy, growth in parcel volumes was particularly expedited by record consumer demand during the Christmas season and Black Friday campaigns.

The number of parcels going through Posti Parcel Lockers grew by 36%. At the end of December, Posti had a total of 1,464 service points in Finland, of which 533 were Posti Parcel Lockers. During the Christmas season, Posti introduced temporary pickup points for the first time. In the warehouse business, warehouse fill rates improved.

The adjusted EBITDA of Mail, Parcel and Logistics Services improved to EUR 38.1 (35.3) million, 9.5% (8.8%). EBITDA improved to EUR 37.9 (34.9) million. The increase was attributable to the growth and improved profitability of the parcel and logistics business.

The adjusted operating result improved to EUR 27.3 (22.6) million, 6.8% (5.6%).

Special items recognized during the period weighed down the result by EUR 0.2 (2.5) million. The special items were related to personnel restructuring in both the review period and the comparison period.

The operating result improved to EUR 27.1 (20.1) million.

The digitizing production in Sweden, Norway and Poland was outsourced to the US-based BancTec on October 2, 2017.

Year 2017

The year-on-year development of Posti's product volumes was as follows:

- Addressed letters -10% (-7%)
- iPost products -4% (-9%)
- Parcels in Finland and the Baltic countries 9% (6%), B2C parcels 12% (8%)
- Domestic freight* measured in waybills 8% (9%)
- Warehouse fill rate in Finland on average during the year 78% (68%)

* The reported figure for domestic freight excludes food logistics

The total amount of parcels delivered by Posti in Finland and the Baltic countries was 40 (37) million parcels. The figure does not include letter-like e-commerce items, the number of which is growing. In 2017, Posti delivered more than a million letters from Chinese online stores to Finnish consumers each month. In the Baltic countries, parcel volumes increased by 25%.



The volume of electronic Netposti letters increased by 1%. The number of digital mailbox Netposti users increased by 16% and stood at 795,000 (686,000) at the end of the year.

The net sales of Mail, Parcel and Logistics Services increased to EUR 1,448.7 (1,416.0) million. Net sales are itemized below.

Net sales of Mail, Parcel and Logistics Services:

Net sales, EUR million	2017	2016, restated	Change
Mail & Marketing Services	630.2	651.9	-3.3%
Press Services	166.9	171.4	-2.6%
Parcel Services	287.5	276.7	3.9%
Logistics Services	373.4	322.6	15.8%
Other and eliminations	-9.3	-6.7	
Total	1448.7	1416.0	2.3%

The net sales of Mail and Marketing Services decreased. The decline in volumes was compensated for by changes in pricing. The net sales of parcel services grew, particularly due to growth in consumer parcels. Parcel Services saw very positive development, particularly in the volumes of domestic B2C parcels and international B2C parcels addressed to Finland.

The number of parcels going through Posti Parcel Lockers grew by 47%. In Logistics Services, the net sales of domestic freight increased, with acquisitions also playing a part in the growth. In the warehouse business, warehouse fill rates improved.

The adjusted EBITDA of Mail, Parcel and Logistics Services declined to EUR 106.3 (109.0) million, 7.3% (7.7%). The adjusted EBITDA was weighed down by a decline in the net sales of Mail and Marketing Services, which was not fully compensated for by cost savings in production. EBITDA improved to EUR 102.2 (93.4) million, with the increase being attributable to non-recurring personnel-related items recognized in the previous year.

The adjusted operating result decreased to EUR 60.4 (61.9) million, 4.2% (4.4%). The weaker result of traditional postal operations was compensated for by the improved net sales and profitability of parcel and logistics services.

Special items recognized during the period weighed down the result by EUR 11.1 (19.4) million. The special items were related to impairment of goodwill and personnel restructuring. Approximately EUR 7.0 million of the total impairment of goodwill of EUR 33.9 million recognized for the OpusCapita business in the third quarter is allocated to the Mail, Parcel and Logistics Services segment under the revised reporting structure.

The operating result improved to EUR 49.3 (42.5) million.

In January, Posti acquired HR Hoiva Oy (now known as Posti Kotipalvelut Oy).

In April, Posti and Solemo Oy established Flexo, a joint venture that provides in-house logistics services.

In the summer, Posti strengthened its early-morning delivery by acquiring the early-morning delivery operations of Kaakon Viestintä and merging Posti's early-morning delivery operations into a newly established subsidiary, Posti Palvelut Oy.

Also in the summer, Posti acquired the personal assistance business of SOL Henkilöstöpalvelut Oy.

Posti has signed extensive cooperation agreements on Smartpost parcel lockers to be installed in the lobbies of new apartment buildings with YIT, Bonava, Skanska, SRV, Sato, Heka (the housing company of the City of Helsinki), Espoon Asunnot (the housing company of the City of Espoo) and Kojamo. Posti has also signed an agreement with Securitas on parcel lockers to be installed in office buildings.

The digitizing production in Sweden, Norway and Poland was outsourced to the US-based BancTec on October 2, 2017.



Itella Russia

October–December

Measured in local currency, Itella Russia's net sales increased by 3.2%. Euro-denominated net sales increased by 4.7% to EUR 33.0 (31.5) million. The growth in net sales was attributable to the improved economic climate as well as higher volumes among the existing customers in the warehousing business and in air and sea freight.

Adjusted EBITDA declined to EUR 1.6 (2.3) million, 5.0% (7.4%). EBITDA was EUR -16.2 (1.6) million. Profitability continued to be weighed down by currency-denominated leases. To support the focusing of operations, it was decided that leased warehouses would be closed at two locations. As a result of this decision, a provision of EUR 18.2 million related to warehouse lease agreements was recognized as a special item in December.

The adjusted operating result declined to EUR -0.1 (0.6) million. The average fill rate for warehouses was 89.7% (76.0%) in Moscow and 74.4% (83.9%) in other regions. The changes in the fill rates of warehouses were mainly due to the closing of warehouses.

The operating result was EUR -17.9 (-0.2) million.

Year 2017

Measured in local currency, Itella Russia's net sales increased by 1.1%. Euro-denominated net sales increased by 13.8% to EUR 119.1 (104.6) million. Net sales were favorably affected by changes in the ruble exchange rate as well as the growth of the transport business, which was compensated for by the decline in the capacity of the warehousing business.

The adjusted EBITDA improved to EUR 3.7 (2.6) million, 3.1% (2.5%). The improvement was attributable to the optimization of warehouse capacity. EBITDA declined to EUR -14.4 (3.9) million. The decline was due to a provision recognized for loss-making agreements (EUR 18.2 million).

The adjusted operating result improved to EUR -3.5 (-4.0) million.

The average fill rate for warehouses showed a year-on-year increase in Moscow and a decrease in other regions. The average fill rate was 84.2% (77.4%) in Moscow and 74.4% (85.9%) in other regions. One large warehouse in Moscow was closed down in the first quarter, and three regional warehouses were closed down during the last two quarters of the year.

The Russian ruble depreciated by 7.9% compared to the previous year.

The operating result declined to EUR -21.5 (-2.7) million.

OpusCapita

October–December

The comparable volume of OpusCapita's electronic transactions grew by 37% year-on-year.

After OpusCapita's new organizational structure became effective in the fourth quarter, its operations are now divided into four product lines: Business Network, Cash Management, Procurement and Invoice Automation, and Product Information Management. The restructuring also involved new arrangements with regard to support functions and interfaces with the Mail, Parcel and Logistics Services segment.

OpusCapita's net sales decreased by 1.4% to EUR 17.4 (17.6) million. Project revenue recognition in the Professional Services function being lower than in the comparison period was a factor in the decline in net sales. Some 50.8% of the net sales came from Finland, while the remaining 49.2% was from other countries.

EBITDA declined to EUR -2.1 (0.6) million. Adjusted EBITDA decreased to EUR -1.0 (0.6) million, -6.0% (3.4%). The decline in adjusted EBITDA was attributable to significant changes, particularly in the product development and product organization, as well as substantial investments in sales and marketing.

The adjusted operating result declined to EUR -2.3 (-0.6) million, -13.1% (-3.2%).

The operating result declined to EUR -3.3 (-0.9) million.

Year 2017

The comparable volume of OpusCapita's electronic transactions grew by 31% compared to the previous year.

OpusCapita's net sales increased by 4.4% to EUR 64.7 (62.0) million. Some 51.5% of the net sales came from Finland, while the remaining 48.5% was from other countries.

EBITDA declined to EUR -3.6 (2.1) million. Adjusted EBITDA decreased to EUR -2.6 (3.1) million, -4.0% (5.1%). The decline in adjusted EBITDA was attributable to significant changes, particularly in the product development and product organization, as well as substantial investments in sales and marketing.

The adjusted operating result declined to EUR -7.9 (-1.2) million, -12.3% (-1.9%).

Special items with a negative effect on the result amounting to EUR 27.9 (1.3) million were recognized during the review period. In connection with the restructuring of OpusCapita and the refocusing of its operations, the future outlook and cash flow forecasts of the cash generating unit were updated. Based on this assessment, the Group recognized impairment of goodwill in the amount of EUR 33.9 million. Of this total, EUR 26.9 million was allocated to OpusCapita under the revised reporting structure.

The operating result declined to EUR -35.9 (-2.5) million.

On July 13, 2017, OpusCapita acquired Billexco AG, a Switzerland-based e-invoicing operator.

Other operations

The divestment of the Finance and Accounting Outsourcing business was completed in the third quarter.

Key figures for segments

EUR million	10–12 2017	10–12 2016, restated	1–12 2017	1–12 2016, restated
Net sales				
Mail, Parcel and Logistics Services	403.2	401.4	1,448.7	1,416.9
Itella Russia	33.0	31.5	119.1	104.6
OpusCapita	17.4	17.6	64.7	62.0
Other and unallocated	0.6	9.3	23.5	36.8
Intra-Group sales	-1.9	-3.3	-9.0	-11.9
Posti Group	452.3	456.5	1,647.0	1,607.6
Change in net sales, %				
Mail, Parcel and Logistics Services	0.5%	5.2%	2.3%	-2.2%
Itella Russia	4.7%	2.6%	13.8%	-12.0%
OpusCapita	-1.4%	21.4%	4.4%	10.4%
Posti Group	-0.9%	5.4%	2.5%	-2.5%
Adjusted EBITDA				
Mail, Parcel and Logistics Services	38.1	35.3	106.3	109.0
Itella Russia	1.6	2.3	3.7	2.6
OpusCapita	-1.0	0.6	-2.6	3.1

POSTI GROUP CORPORATION'S FINANCIAL STATEMENTS RELEASE, MARCH 1, 2018 AT 10:00 (EET)

Other and unallocated	2.2	4.8	11.2	12.0
Posti Group	40.9	43.0	118.6	126.7
EBITDA				
Mail, Parcel and Logistics Services	37.9	34.9	102.2	93.4
Itella Russia	-16.2	1.6	-14.4	3.9
OpusCapita	-2.1	0.6	-3.6	2.1
Other and unallocated	3.2	1.5	-0.6	16.7
Posti Group	22.9	38.6	83.7	116.0
Adjusted EBITDA, %				
Mail, Parcel and Logistics Services	9.5%	8.8%	7.3%	7.7%
Itella Russia	5.0%	7.4%	3.1%	2.5%
OpusCapita	-6.0%	3.4%	-4.0%	5.1%
Posti Group	9.0%	9.4%	7.2%	7.9%
EBITDA, %				
Mail, Parcel and Logistics Services	9.4%	8.7%	7.1%	6.6%
Itella Russia	-49.0%	4.9%	-12.0%	3.7%
OpusCapita	-11.8%	3.4%	-5.6%	3.4%
Posti Group	5.1%	8.4%	5.1%	7.2%

Key figures for segments

EUR million	10–12 2017	10–12 2016, restated	1–12 2017	1–12 2016, restated
Adjusted operating result				
Mail, Parcel and Logistics Services	27.3	22.6	60.4	61.9
Itella Russia	-0.1	0.6	-3.5	-4.0
OpusCapita	-2.3	-0.6	-7.9	-1.2
Other and unallocated	-2.0	0.1	-6.5	-9.7
Posti Group	23.0	22.7	42.4	47.1
Operating result				
Mail, Parcel and Logistics Services	27.1	20.1	49.3	42.5
Itella Russia	-17.9	-0.2	-21.5	-2.7
OpusCapita	-3.3	-0.9	-35.9	-2.5
Other and unallocated	-0.9	-4.8	-19.4	-6.6
Posti Group	5.0	14.2	-27.5	30.7
Adjusted operating result, %				
Mail, Parcel and Logistics Services	6.8%	5.6%	4.2%	4.4%
Itella Russia	-0.3%	1.8%	-2.9%	-3.8%
OpusCapita	-13.1%	-3.2%	-12.3%	-1.9%

Posti Group	5.1%	5.0%	2.6%	2.9%
Operating result, %				
Mail, Parcel and Logistics Services	6.7%	5.0%	3.4%	3.0%
Itella Russia	-54.3%	-0.7%	-18.1%	-2.6%
OpusCapita	-18.9%	-5.0%	-55.4%	-4.0%
Posti Group	1.1%	3.1%	-1.7%	1.9%

Financial position and investments

The consolidated cash flow from operating activities before capital expenditure was EUR 96.0 (63.1) million.

Investments according to the statement of cash flow amounted to EUR 77.0 (92.3) million. Investments were made in relatively small acquisitions during the year. During the financial year, Posti began the construction of a 26,000 m² freight terminal on Suokalliontie in Vantaa, Finland. The terminal will be completed in summer 2018. The Group also invested in information systems, the transport fleet and production projects.

Cash flow of investments recognized at fair value through profit and loss and held to maturity was EUR 54.3 (88.9) million.

At the end of the year, liquid assets totaled EUR 123.7 (159.9) million, and undrawn committed credit facilities amounted to EUR 210.0 (150.0) million. The Group signed two new long-term loan agreements for EUR 60 million each, one of which was withdrawn in the second quarter. The EUR 100 million bond issued in 2011 was paid off in its entirety on December. The Group's interest-bearing liabilities were EUR 120.0 (132.1) million. The equity ratio was 48.8% (54.9%) and gearing was -8.8% (-13.6%).

Research and development

Expenditure related to research and development activities in 2017 amounted to EUR 5.6 (8.4) million, or 0.4% (0.6%) of the Group's total operating expenses.

The Mail, Parcel and Logistics Services segment invested in the development of digital services for consumers. Digital services help Posti improve the services offered to private customers as well as the customer experience. For example, Posti's new mobile application provides consumers with new services that make daily routines easier and fulfill a growing number of customer needs.

During the year, OpusCapita continued to invest in solutions that support the continued development of its Purchase-to-Pay and Cash Management product lines. Research and development expenses increased significantly due to investments in new products and cloud services. The development of the communication platform used for multi-channel invoicing also continued.

Share capital and shareholding

Posti Group Corporation is wholly owned by the State of Finland. Its share capital consists of 40,000,000 shares of equal value. The company holds no treasury shares and does not have subordinated loans. No loans have been granted to related parties, and no commitments have been given on their behalf. The company has not issued shares, stock options or other rights with entitlement to company shares. The Board of Directors is not authorized to issue shares, stock options, or other rights with entitlement to company shares.

Parliament has decided that the Finnish State can decrease its ownership in Posti Group Corporation, but its share of ownership must remain at 50.1 percent at a minimum. With a separate decision by the Government plenary session, 49.9 percent of the ownership of Posti Group Corporation can be transferred to Vake Oy, a state-owned development company, with the other 50.1 percent remaining in the State's direct ownership.

Administration and auditors

Annual General Meeting

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 27, 2017. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend amounting to 69% of the Group's adjusted net profit, or EUR 25 million. In line with the Board of Directors' proposal, the Annual General Meeting further decided that an additional dividend of EUR 35 million will be distributed. The total dividend distribution amounted to EUR 60 million.

The Annual General Meeting also adopted the 2016 financial statements and discharged the Supervisory Board, Board of Directors and President and CEO from liability.

It was decided that the Board of Directors be composed of eight members. The following continued as members of the Board of Directors: Petri Järvinen, M.Sc. (Tech.); Petri Kokko, M.Sc. (Econ.); Kirsi Nuotto, M.A.; Marja Pokela, BBA, M.Sc. (Adm.); Suvi-Anne Siimes, Licentiate of Political Science, (Econ.); and Arja Talma, M.Sc. (Econ.), eMBA. Markku Pohjola, B.Sc. (Econ.) and Eero Hautaniemi, M.Sc. (Econ.), were elected as new members of the Board of Directors.

Markku Pohjola was elected as the Chairman of the Board of Directors and Suvi-Anne Siimes as the Vice Chairman.

It was decided that the Supervisory Board comprise twelve members. The following continued as members of the Supervisory Board: Maria Guzenina, MP, Social Democratic Party; Rami Lehto, MP, Finns Party; Eeva-Maria Majjala, MP, Centre Party; Sari Moisanen, B Eng.; Mats Nylund, MP, Swedish People's Party of Finland; Juha Pylväs, MP, Centre Party; Sari Raassina, MP, National Coalition Party; Lulu Ranne, Project and Environmental Expert, Finns Party; Markku Rossi, MP, Centre Party; Satu Taavitsainen, MP, Social Democratic Party; Jani Toivola, MP, The Greens of Finland; and Kari Tolvanen, MP, National Coalition Party.

Markku Rossi was re-elected as the Chairman of the Supervisory Board and Jani Toivola as the Vice Chairman.

The authorized public accountancy firm PricewaterhouseCoopers Oy (PwC) was elected as Posti Group Corporation's auditor, with Authorized Public Accountant Merja Lindh as the principal auditor.

No changes were made to the Board of Directors' or Supervisory Board's fees. Members of the Board of Directors receive a monthly remuneration and a meeting fee. Members of the Supervisory Board receive a meeting fee.

Changes in management

Jussi Kuutsa, M.Sc. (Econ.), was appointed President of Itella Russia and a member of the Executive Board effective from January 1, 2017. In conjunction with the appointment, Kuutsa gave up his membership of the Board of Directors of Posti Group Corporation.

Patrik Sallner, M.Sc. (Tech.), MBA, MA and Managing Director of OpusCapita, was appointed as a member of the Executive Board of Posti Group as of March 1, 2017.

Kaarina Ståhlberg, LL.M. (Columbia University, NY) and General Counsel of Posti Group Corporation, was appointed as a member of the Posti Group Corporation Executive Board as of October 1, 2017.

Employees

The Group's average number of employees, converted into full-time equivalents, was 17,912 (18,529). On December 31, 2017, the numbers of employees converted into full-time equivalents were:

- The Group: 16,932 (18,519) employees
- Finland: 13,592 (14,140) employees
- Other countries of operation: 3,340 (4,379) employees

The Group's personnel expenses amounted to EUR 696.6 (730.8) million, down 4.7% from the previous year. The personnel expenses included EUR 5.0 (18.9) million in restructuring costs. Excluding restructuring costs, the personnel expenses declined by 2.8% year-on-year.

Salaries and wages paid by the Group decreased by EUR 20.5 (22.0) million from the previous year.

According to the Board of Director's decision, based on the result for the financial year, a bonus will be paid to the personnel fund.

Group personnel in total	2017	2016	2015
Salaries and wages, EUR million	564.3	584.8	606.9
Employees on December 31	20,014	20,497	21,598
Average number of employees	20,316	20,632	22,219

The company entered into 1107 (289) new permanent employment contracts in Finland in 2017. The substantial increase in the number of new employment relationships was due to recruitment particularly in early-morning delivery, basic delivery, sorting and warehouse operations. Personnel reductions amounted to 599 (1,383) person-years. Out of this total, 265 (417) person-years were related to production and finance, 42 (39) person-years were reduced through voluntary resignation and pension plans, 206 (857) person-years were reduced via the Uusi polku (New path) program, and 86 (70) person-years were reduced in relation to corporate transactions.

In addition, 300 new employment relationships began as a result of acquisitions.

The Uusi polku program launched at the beginning of 2014 offers personnel not only financial support, but also training and support for job seeking, retraining or starting a business. By the end of December 2017, 2,823 employees had applied for the program and 1,937 had been approved.

Cooperation negotiations

On January 25, 2017, Posti announced that it will start cooperation negotiations concerning administrative positions. The target group of the negotiations comprised 308 employees and the negotiations led to personnel reductions concerning 33 people.

On March 20, 2017, Posti started cooperation negotiations in the Sorting organization under the Operations unit to support the restructuring of supervisory positions at the sorting centers in Helsinki, Vantaa and Lieto. The negotiations covered 37 employees and led to personnel reductions concerning six people.

On April 24, 2017, OpusCapita announced that it will start cooperation negotiations in the Document and Transaction Processing unit. The target group of the negotiations comprised 69 employees and they led to personnel reductions concerning 15 people.

Posti started cooperation negotiations concerning supervisory positions in the Operations unit's Southeast Finland regional delivery organization on May 9, 2017, in the Northern Finland regional delivery organization on June 19, 2017 and in the Lakeland region delivery organization on September 21, 2017. The negotiations in Southeast Finland covered 28 delivery supervisors and led to personnel reductions concerning six people. The negotiations in Northern Finland covered 23 delivery supervisors and led to personnel reductions concerning five people. The negotiations in the Lakeland region covered 30 delivery supervisors and led to personnel reductions concerning seven people.

Posti Kuljetus Oy's transport production unit in Seinäjoki commenced cooperation negotiations on October 18, 2017. The target group of the negotiations comprised 32 employees and they led to personnel reductions concerning 16 people.

Posti Palvelut Oy commenced cooperation negotiations on November 28, 2017, concerning early-morning delivery operations in Vaasa and Mustasaari. The target group of the negotiations comprised 68 employees and they led to personnel reductions concerning 9 people.

Changes in the corporate structure

Posti Group Corporation's most significant changes in group structure in 2017:

Veine Oy, which was acquired by Posti Ltd in August 2016, merged into Posti Ltd on January 1, 2017.

On January 10, 2017, Posti Ltd acquired HR Hoiva Oy and subsequently changed its name to Posti Kotipalvelut Oy on March 31, 2017.

Kuljetus Kovalainen Oy, which was acquired by Posti Ltd in October 2016, merged into Posti Ltd on March 1, 2017.

Posti Palvelut Oy, was established in April for early-morning delivery operations.

On April 13, 2017, Posti Group Corporation and Solemo Oy established Flexo Palvelut Oy, a joint venture providing in-house logistics services. Posti owns 80% of the shares in Flexo, with Solemo owning the remaining 20%.

OpusCapita acquired the Switzerland-based company Billexco AG on July 13, 2017.

OpusCapita carried out significant restructuring measures during the financial year. During the financial year, OpusCapita divested its Finance and Accounting Outsourcing business and related subsidiaries OpusCapita Regnskap AS, OpusCapita Inkasso AS, OpusCapita IT Solution AS and OpusCapita Accounting UAB.

Regulatory environment

The Government submitted its draft bill for the Postal Act to Parliament on January 26, 2017. Parliament approved the draft bill on June 21, 2017. The Act entered into force on September 15, 2017.

Five-day mail delivery will continue in a large part of Finland, namely the areas that do not have early-morning delivery networks maintained by newspapers. In these areas, Posti will be required to arrange competitive bidding for five-day delivery. In urban areas where early-morning delivery networks maintained by newspapers are available, the new Postal Act makes it possible to deviate from five-day delivery by allowing three-day delivery. Universal service letters must be delivered so that at least 50% of the items are delivered by the fourth weekday following the mailing date and at least 97% by the fifth weekday from the mailing date. The delivery speed obligation applies to letters and cards furnished with a stamp. The delivery speeds of all other items are based on commercial agreements and are not regulated. The new Postal Act also includes other amendments that affect Posti's operations.

Legal proceedings

In 2011 and 2012, seven financial institutions submitted a claim primarily against Posti and secondarily against Posti and the State of Finland in order to receive compensation for the value-added tax charged by Posti on its postal services in 1999–2014. The claim is based on the allegation that the Finnish Value Added Tax Act had been, and would still be, contrary to the EU's Value Added Tax Directive. Posti has submitted a recourse claim against the State of Finland, demanding it to refund Posti for any sums that Posti may be ordered to pay in the legal proceedings initiated by the financial institutions. The recourse claim is pending until the claims by the financial institutions have been processed and a final ruling issued.

The claims were rejected in their entirety by a decision of the Helsinki District Court on September 18, 2015, and by a decision of the Helsinki Court of Appeal on September 14, 2017. Of the six plaintiffs that appealed the District Court's decision to the Court of Appeal, one decided to take no further legal action. Five of the plaintiffs have requested the Supreme Court for leave to appeal. The total amount of the compensations claimed by the five plaintiffs is approximately EUR 99 million, and the interest claimed amounted to approximately EUR 61 million on December 31, 2017.

It is expected to take several years until all of the final court orders are rendered in the matter. According to Posti, the allegations made by the plaintiffs are without merit and it has not recorded any receivables or provisions in its financials based on the claims made.

Business risks

The risks and uncertainties related to Posti's business include strategic risks, operational risks, risks related to the regulatory environment and financial risks.

The key strategic risks are related to the decline in postal delivery volumes, which is progressing more rapidly than expected, as well as the general economic development in Finland and neighboring areas and other changes related to markets and the business environment, including consumer purchasing power, that will be unexpected or more extensive than anticipated. From the Group's point of view, Russia also involves significant financial risks: the fluctuation and depreciation of the ruble and declining demand affect shareholders' equity through changes in the value of capital employed in Russia.

Other strategic risks are related to Posti's competitive ability as competition intensifies in all of Posti's businesses as well as Posti's ability to execute the Group's transformation, implement its strategy and develop new business models and its corporate culture. Operational risks are primarily related to profitability and Posti's ability to implement the necessary efficiency improvement programs, the ability of personnel to cope with constant change and the expectations of productivity growth, maintaining the quality of delivery operations, the dependence of businesses on functional IT systems, and business interruptions and other disruptions. The risks related to the regulatory environment arise from the fact that Posti and its delivery operations, including the universal service obligation, are subject to regulation and supervision by several public authorities.

Strategic risks

The weaker than expected economic development may have an impact on the activities of companies and consumers and, consequently, on the volumes of products transported by Posti and demand for warehousing services both in Finland and abroad. Turbulent exchange rates and financial markets and any related disturbances may also pose a risk to the Group's business operations.

Significant market risks include the digitization of postal services at a more rapid rate than expected and other unanticipated changes in this area, such as an unexpectedly fast decline in the volumes of letters, magazines, and newspapers. Posti strives to develop its operations continuously to minimize the impacts of this risk.

Finnish citizens will soon be required to use a digital service platform to transact with the authorities. According to the Ministry of Finance, the shift from paper letters to the digital service platform will primarily take place in 2018. This is anticipated to have a negative impact on Posti's net sales and profit.

Rigid cost structures slow the improvement of profitability, particularly in production operations in Finland. Special requirements related to the universal service obligation also limit the potential for enhanced efficiency. The decline in volumes further complicates efforts to maintain profitability.

In logistics, unanticipated regulatory changes related to domestic transport and increasing international competition are also seen as risks, as are increasing fuel and energy prices.

In Russia, the development of the economic, social, legislative and other areas of the business environment may pose a strategic market risk for Posti. From the Group's point of view, Russia also involves significant financial risks: the fluctuation and depreciation of the ruble and declining demand affect shareholders' equity through changes in the value of capital employed in Russia.

Currency risk is managed in accordance with the financial policy confirmed by the Board of Directors. Equity investments in subsidiaries are not hedged. The Group has discontinued the hedging of the parent company's ruble-denominated receivables for the time being due to high hedging costs. The aim is to hedge local transaction risk in Russia.



Risks in Russia are managed by continuously monitoring business development, increasing the monitoring of critical processes and by establishing a solid foothold in the Russian market through the Group's own companies, employees, and effective networking. Posti seeks to prevent reputation risks from materializing through enhanced internal auditing, separate local compliance operations, continuous risk assessment, and regular compliance training for employees.

For OpusCapita, the rapid increase in electronic transactions and intensifying competition make it evident that the average price of transactions will decline more than the volume of business operations will grow. This calls for continuous improvement in cost-efficiency. Financial management software is being increasingly offered as cloud services. This involves the risk of whether OpusCapita is able to develop its operations and service offering quickly enough.

Operational and other risks

Posti's profitability is affected by seasonal variation in business. Posti seeks to balance its impact through careful planning and business diversification. Profitability is also significantly affected by the company's ability to implement efficiency improvement programs for achieving cost savings while maintaining high operational quality and carrying out the necessary investments. There are also operational risks related to Posti's ability to develop new products and services as well as product and service concepts, including digital services, and expand its offering to compensate for the loss of net sales and profit caused by the decline in letter volumes.

The postal industry is undergoing the most dramatic transformation in its history. This requires Posti to continue to adjust its delivery and sorting capacity and strongly enhance the efficiency of its operations in the coming years. Changes may cause disturbances to mail deliveries and processes, which may have a negative impact on Posti's reputation and customers' trust in the company. In addition, changes and expectations of productivity growth may have a negative impact on the personnel's commitment to the implementation of the company's strategy. Posti seeks to minimize these risks through active cooperation with employees, good change implementation planning, flexibly adjusting plans as needed, training immediate supervisors and carrying out other internal training, the Uusi polku program launched at the beginning of 2014, and professional communication.

The protection and development of key production and warehouse facilities and the continuity of the ICT infrastructure are critical in the management of operational risks related to loss and interruption. If they materialize, for example in a fire, such risks could result in substantial losses of customer accounts and value for Posti.

Any delays in the management of acquisitions and the integration of the acquired businesses and their operations into the Group cause direct financial losses and pose a strategic risk that limits business development. Posti's goal is to ensure successful integration through careful planning and monitoring.

The Group seeks to insure against all residual risks for which insurance is the best option for financial or other reasons. Insurance policies related to business continuity, property and liabilities as well as certain insurance policies related to personnel are managed centrally at the Group level. In addition to management liabilities, liability risks include risks arising from operations and products. Deductibles are determined based on the Group's risk-bearing ability.

Financial risks and their management are explained in the Notes to the Financial Statements.

Events after the financial period

Jani Jolkkonen, SVP, ICT and Digitalization and member of the Executive Board, left Posti on January 10, 2018.

On January 15, 2018, Posti announced it will initiate its first sourcing procedure on the five-day delivery of universal service letters in areas not covered by early-morning newspaper delivery. The use of competitive bidding stems from the Postal Act reforms set to take effect in the beginning of July 2018.

The arbitration committee stipulated by the collective agreement for the mail communications and logistics industry issued a decision on February 1, 2018, on a general increase of 1.31% to the industry's collective agreement. The increase will apply retrospectively from November 1, 2017.

Outlook

The euro-denominated net sales in 2018, excluding possible acquisitions and divestments, are expected to remain on par with 2017. The Group's adjusted operating result, excluding possible acquisitions and divestments, is expected to remain on par with 2017 or decrease slightly. Capital expenditure, excluding possible acquisitions, is expected to remain on par with 2017.

The Group's business is characterized by seasonality. Net sales and operating profit 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.

The development of exchange rates, especially the ruble exchange rate, may affect the Group's net sales, result and balance sheet.

Board of Directors' proposal for the distribution of profit

In the financial statements, the parent company's distributable funds total EUR 480,292,766.45, of which the loss for the 2017 financial year is EUR 8,671,085.70.

No material changes have taken place in the Group's financial standing since the end of the financial period, nor does the solvency test, as referred to in Section 2 of Chapter 13 of the Limited Liability Companies Act, affect the proposed distributable profit.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 27 million be distributed. In addition, the Board of Directors proposes an extra dividend of EUR 13 million. The total distribution of dividend would be EUR 40 million.

Helsinki, February 28, 2018

Posti Group Corporation
Board of Directors

APPENDICES

Key figures of Posti Group

Consolidated income statement and consolidated statement of comprehensive income

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes to the Financial Statements Release

Restated financial information for financial years 2015–2017

Financial Statements Review January-December 2017

Key figures of Posti Group

EUR million	10-12 2017	10-12 2016	1-12 2017	1-12 2016
Net sales	452.3	456.5	1,647.0	1,607.6
Adjusted EBITDA	40.9	43.0	118.6	126.7
Adjusted EBITDA %	9.0	9.4	7.2	7.9
EBITDA	22.9	38.6	83.7	116.0
EBITDA %	5.1	8.4	5.1	7.2
Adjusted operating result	23.0	22.7	42.4	47.1
Adjusted operating result %	5.1	5.0	2.6	2.9
Operating result	5.0	14.2	-27.5	30.7
Operating result %	1.1	3.1	-1.7	1.9
Result before taxes	2.3	14.7	-36.9	29.5
Result for the period	-2.1	10.4	-44.3	23.2
Cash flow from operating activities			96.0	63.1
Return on equity (12 months) %			-8.0	3.9
Return on invested capital (12 months) %			-4.5	5.1
Equity ratio %			48.8	54.9
Gearing %			-8.8	-13.6
Gross capital expenditure	20.4	23.3	73.3	100.4
Employees on average			20,316	20,632
Employees on average, FTE			17,912	18,529
Dividends			40,0*)	60.0

^{*)} Board of Directors' proposal to the Annual General Meeting

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated income statement

EUR million	10-12 2017	10-12 2016	1-12 2017	1-12 2016
Net sales	452.3	456.5	1,647.0	1,607.6
Other operating income	3.0	5.6	15.4	26.0
Materials and services	-138.4	-137.0	-508.0	-448.6
Employee benefits	-182.3	-190.8	-696.6	-730.8
Other operating expenses	-111.7	-95.7	-374.1	-338.2
Depreciation and amortisation	-17.6	-20.2	-75.8	-79.2
Impairment losses	-0.3	-4.2	-35.4	-6.1
Operating result	5.0	14.2	-27.5	30.7
Finance income	0.7	2.8	3.8	12.7
Finance expenses	-3.4	-2.3	-13.1	-13.9
Result before income tax	2.3	14.7	-36.9	29.5
Income tax	-4.5	-4.3	-7.4	-6.3
Result for the period	-2.1	10.4	-44.3	23.2
Result for the period attributable to				
Parent company shareholders	-2.1	10.4	-44.3	23.2
Non-controlling interest	0.0	0.0	0.0	0.0
Earnings per share, basic, EUR	-0.05	0.26	-1.11	0.58
Earnings per share, diluted, EUR	-0.05	0.26	-1.11	0.58

Consolidated Statement of Comprehensive Income

Result for the period	-2.1	10.4	-44.3	23.2
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Changes in the fair value of available-for-sale financial assets	0.0	0.0	-0.1	0.0
Change in fair value of cash flow hedges	0.0	0.1	-0.9	0.0
Translation differences	-1.5	8.8	-7.0	20.0
Income tax relating to these items	0.0	0.0	0.2	0.0
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations	-0.9	-2.4	-0.4	0.0
Income tax relating to these items	0.2	0.5	0.1	0.0
Comprehensive income for the period	-4.2	17.3	-52.5	43.2
Comprehensive income attributable to				
Parent company shareholders	-4.3	17.3	-52.5	43.2
Non-controlling interest	0.0	0.0	0.0	0.0

Consolidated Balance Sheet

Assets

EUR million	Dec 31, 2017	Dec 31, 2016
Non-current assets		
Goodwill	180.7	213.7
Other intangible assets	56.9	60.7
Investment property	9.1	9.7
Property, plant and equipment	346.4	360.5
Other non-current investments	3.5	6.1
Non-current receivables	1.4	2.6
Deferred tax assets	11.0	13.6
Total non-current assets	609.0	667.0
Current assets		
Inventories	4.8	4.0
Trade and other receivables	314.2	295.6
Current income tax receivables	1.5	4.2
Current financial assets	77.4	132.8
Cash and cash equivalents	86.0	82.0
Total current assets	483.9	518.6
Total assets	1,092.9	1,185.6

Equity and liabilities

EUR million	Dec 31, 2017	Dec 31, 2016
Equity attributable to the shareholders of the parent company		
Share capital	70.0	70.0
General purpose reserve	142.7	142.7
Fair value reserve	-0.8	0.1
Translation differences	-90.6	-83.5
Retained earnings	370.9	479.2
Total shareholders' equity	492.3	608.4
Non-controlling interests	0.3	0.0
Total equity	492.6	608.4
Non-current liabilities		
Deferred tax liabilities	23.7	26.6
Non-current borrowings	70.5	19.8
Other non-current liabilities	16.8	13.9
Advances received	14.0	16.8
Non-current provisions	20.6	14.3
Defined benefit pension plan liabilities	11.8	11.9
Total non-current liabilities	157.4	103.3
Current liabilities		
Current borrowings	49.5	112.3
Trade and other payables	317.6	298.1
Advances received	68.7	60.0
Current income tax liabilities	0.2	0.0
Current provisions	6.9	3.5
Total current liabilities	442.9	473.9
Total liabilities	600.3	577.2
Total equity and liabilities	1,092.9	1,185.6

Consolidated Statement of Cash Flows

EUR million	1-12 2017	1-12 2016
Result for the period	-44.3	23.2
Adjustments to cash flow	144.7	69.4
Change in net working capital	4.1	-3.9
Cash flow before financial items and income tax	104.4	88.7
Financial items (net)	-3.7	-6.9
Income tax paid	-4.7	-18.7
Cash flow from operating activities	96.0	63.1
Purchase of intangible assets	-13.2	-14.5
Purchase of property, plant and equipment	-54.4	-40.9
Proceeds from sale of intangible and tangible assets	7.4	69.7
Business acquisitions, net of cash acquired	-9.4	-36.8
Proceeds from business disposals less cash and cash equivalents	-7.1	8.4
Financial assets at fair value through profit or loss	39.3	48.6
Financial assets held to maturity	15.0	40.3
Cash flow from other investments	2.0	2.0
Cash flow from investing activities	-20.4	76.7
Increases in current loans	39.9	-
Repayment of current loans	-99.9	-159.1
Increases in non-current loans	60.3	-
Finance lease payments	-12.7	-11.6
Dividends paid	-60.0	-18.0
Transactions with non-controlling interests	1.5	-
Cash flow from financing activities	-70.9	-188.6
Change in cash and cash equivalents	4.7	-48.9
Cash and cash equivalents at the beginning of the period	82.0	130.1
Effect of exchange rates changes	-0.7	0.8
Cash and cash equivalents at the end of the period	86.0	82.0

Consolidated Statement of Changes in Equity

EUR million	Attributable to the owners of the parent company						Non-controlling interests	Total equity
	General share capital	purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total		
Jan 1, 2017	70.0	142.7	0.1	-83.5	479.2	608.4	-	608.4
Comprehensive income								
Result for the period					-44.3	-44.3	0.0	-44.3
Other comprehensive income:								
Changes in the fair value of available-for-sale financial assets and cash flow hedges, net of tax			-0.8			-0.8		-0.8
Translation differences				-7.0		-7.0		-7.0
Remeasurements of post-employment benefit obligations, net of tax					-0.4	-0.4		-0.4
Comprehensive income for the period			-0.8	-7.0	-44.6	-52.5	0.0	-52.5
Transactions with equity holders								
Contributions by non-controlling interest					1.2	1.2	0.3	1.5
Other transactions with non-controlling interest					-4.8	-4.8		-4.8
Dividends paid					-60.0	-60.0		-60.0
Dec 31, 2017	70.0	142.7	-0.8	-90.6	370.9	492.3	0.3	492.6
Jan 1, 2016	70.0	142.7	0.1	-103.6	474.0	583.2	-	583.2
Comprehensive income								
Result for the period					23.2	23.2		23.2
Other comprehensive income:								
Changes in the fair value of available-for-sale financial assets and cash flow hedges, net of tax			0.0			0.0		0.0
Translation differences				20.0		20.0		20.0
Remeasurements of post-employment benefit obligations, net of tax					0.0	0.0		0.0
Comprehensive income for the period			0.0	20.0	23.2	43.2	-	43.2
Transactions with equity holders								
Dividends paid					-18.0	-18.0		-18.0
Dec 31, 2016	70.0	142.7	0.1	-83.5	479.2	608.4	-	608.4

Notes

1. Accounting Policies

The financial statements review has been prepared in accordance with IAS 34 Interim Financial Reporting. In the preparation of this financial statements review, the Group has applied the same accounting principles as in the Consolidated Financial Statements for 2016 as well as currently valid IFRS standards and interpretations. The figures shown have been rounded, which is why the sum total of individual figures may differ from totals presented. The financial statements review is unaudited. The amendments to IFRS standards effective as of 1 January 2017 had no impact on consolidated income statement or statement of financial position.

Application of new or amended IFRS standards

The Group will adopt the new standards IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments on 1 January, 2018. IFRS 16 Leases will be applied from 1 January, 2019 onwards. IFRS 15 and IFRS 9 do not have material impact on the Group's financial statements. The effects of the new standards have been described in the financial statements 2017.

Changes in segment reporting

OpusCapita carried out significant restructuring measures during the financial year and divested its Finance and Accounting Outsourcing business. OpusCapita's sending of documents and invoices as well as the digitizing operations in Finland were transferred to Posti's Mail, Parcel and Logistics Services segment effective from October 1, 2017. Following the transfer, the OpusCapita segment now consists of the Buyer-Supplier Ecosystem business. Segment reporting has been adjusted to correspond to the new business structure. The changes are also presented retrospectively in the comparison figures for the 2016 financial year.

Seasonality of the business

The Group's business is characterized by seasonality. Net sales and operating profit 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.

2. Foreign exchange rates

	1-12 2017	1-12 2016
Average rate		
RUB	65.8877	74.2224
SEK	9.6369	9.4673
NOK	9.3286	9.2927
	Dec 31, 2017	Dec 31, 2016
Closing rate		
RUB	69.3920	64.3000
SEK	9.8438	9.5525
NOK	9.8403	9.0863

1-12
2016
restated

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Opus- Capita	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	1,414.2	104.6	60.4	1,579.2	28.4		1,607.6
Inter-segment sales	1.8	0.0	1.6	3.4	8.5	-11.9	
Net sales	1,416.0	104.6	62.0	1,582.7	36.8	-11.9	1,607.6
EBITDA	93.4	3.9	2.1	99.4	16.7		116.0
Special items included in EBITDA:							
Personnel restructuring costs	16.2	0.4	1.0	17.6	1.3		18.9
Disposals of subsidiaries, real-estates and businesses, net gain (-) /loss (+)	-2.8			-2.8	-10.6		-13.4
Onerous contracts		-1.7		-1.7	1.6		0.0
Changes in contingent purchase considerations	2.7			2.7	1.4		4.1
Other	-0.6			-0.6	1.6		1.1
Special items included in EBITDA total	15.6	-1.3	1.0	15.3	-4.6		10.7
Adjusted EBITDA	109.0	2.6	3.1	114.7	12.0		126.7
Operating result	42.5	-2.7	-2.5	37.3	-6.6		30.7
Special items included in operating result:							
Special items included in EBITDA	15.6	-1.3	1.0	15.3	-4.6		10.7
Impairment losses	3.8		0.3	4.1	1.6		5.7
Special items total	19.4	-1.3	1.3	19.4	-3.0		16.4
Adjusted operating result	61.9	-4.0	-1.2	56.8	-9.7		47.1
Financial income and expense							26.6
Profit/loss for the period before taxes							29.5

Net sales of Mail, Parcel and Logistics Services

Net sales, EUR million	10-12 2017	10-12 2016 restated	1-12 2017	1-12 2016 restated
Mail & Marketing Services	181.2	184.9	630.2	651.9
Press Services	43.3	44.8	166.9	171.4
Parcel Services	83.9	78.8	287.5	276.7
Logistics Services	97.6	95.3	373.4	322.6
Other and eliminations	-2.7	-2.4	-9.3	-6.7
Total	403.2	401.4	1,448.7	1,416.0

Dec 31, 2017

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Opus- Capita	Segments total	Other and unallocated	Elimi- nations	Group total
Assets	616.6	138.6	101.4	856.7	239.1	-2.9	1,092.9
Liabilities	383.7	29.4	12.9	426.0	177.2	-2.9	600.3
Capital expenditure	28.3	2.3	4.3	34.9	38.4		73.3
Depreciation and amortization	45.5	7.0	5.3	57.8	18.0		75.8
Impairment losses	7.5	0.2	26.9	34.6	0.8		35.4
Personnel at period-end	16,615	2,329	404	19,348	666		20,014
Personnel at period-end, FTE	13,605	2,281	392	16,278	655		16,932

Dec 31, 2016 restated

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Opus- Capita	Segments total	Other and unallocated	Elimi- nations	Group total
Assets	597.7	153.5	130.0	881.1	306.9	-2.4	1,185.6
Liabilities	356.3	23.0	8.6	387.9	191.7	-2.4	577.2
Capital expenditure	35.9	4.7	33.9	74.4	26.0		100.4
Depreciation and amortization	46.5	6.5	4.6	57.6	21.6		79.2
Impairment losses	4.4	0.0		4.4	1.7		6.1
Personnel at period-end	16,423	2,389	351	19,163	1,334		20,497
Personnel at period-end, FTE	14,508	2,377	343	17,228	1,291		18,519

4. Net sales by geographical location

EUR million	10-12 2017	10-12 2016	1-12 2017	1-12 2016
Finland	360.3	362.7	1,289.2	1,261.9
Other Nordic countries	28.2	30.1	124.9	133.2
Russia	32.8	31.5	118.8	104.6
Other countries	30.9	32.1	114.2	107.7
Total	452.3	456.4	1,647.0	1,607.6

5. Acquired businesses and business divestments

Posti did not acquire or divest any businesses during the fourth quarter.

6. Property, plant and equipment

EUR million	Dec 31, 2017	Dec 31, 2016
Carrying amount on Jan 1	360.5	406.0
Additions	55.1	52.1
Disposals and transfers between items	-4.5	-58.6
Depreciation and impairment	-56.9	-62.1
Translation differences	-7.9	22.9
Carrying amount at the end of the period	346.4	360.5

7. Intangible assets

EUR million	Dec 31, 2017	Dec 31, 2016
Carrying amount on Jan 1	274.4	236.7
Additions	21.9	63.3
Disposals and transfers between items	-4.7	0.0
Depreciation and impairment	-53.7	-22.6
Translation differences	-0.3	-3.0
Carrying amount at the end of the period	237.6	274.4

Based on the annual impairment test an impairment loss of EUR 33.9 million was recognized on the goodwill of the OpusCapita CGU.

8. Net debt and liquid funds

EUR million	Borrowings	Borrowings		Liquid funds	Debt		Net debt total
		on finance leases	Borrowings total		certificates		
Carrying amount on Jan 1, 2017	100.4	31.6	132.1	159.9	54.7	-82.5	
Cash flows	0.3	-12.7	-12.4	-34.5	-15.0	37.2	
Business acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rates changes	0.0	0.0	0.0	-0.7	0.0	0.7	
Other non-cash items	0.0	0.3	0.3	-1.0	0.0	1.2	
Carrying amount on Dec 31, 2017	100.7	19.3	120.0	123.7	39.7	-43.4	
Fair value on Dec 31, 2017	101.0	19.3	120.3				

EUR million	Borrowings	Borrowings		Liquid funds	Debt		Net debt total
		on finance leases	Borrowings total		certificates		
Carrying amount on Jan 1, 2016	250.8	39.5	290.3	258.8	95.0	-63.5	
Cash flows	-159.1	-11.6	-170.7	-100.2	-40.3	-30.2	
Business acquisitions	9.8	2.2	12.1	1.0	0.0	11.1	
Effect of exchange rates changes	0.1	0.0	0.1	0.8	0.0	-0.7	
Other non-cash items	-1.2	1.4	0.3	-0.5	0.0	0.8	
Carrying amount on Dec 31, 2016	100.4	31.6	132.1	159.9	54.7	-82.5	
Fair value on Dec 31, 2016	104.3	31.6	135.9				

EUR million	Dec 31, 2017	Dec 31, 2016
Cash and cash equivalents	86.0	82.0
Money market investments and investments in bonds	37.7	77.9
Liquid funds	123.7	159.9

9. Fair value hierarchy of financial assets and liabilities measured at fair value

EUR million	Total	Level 1	Level 2	Level 3
Dec 31, 2017				
Financial assets measured at fair value				
Current financial assets				
Money market investments	57.0		57.0	
Bonds	18.2	13.9	4.3	
Derivative contracts				
Currency derivatives, non-hedge accounting	0.0		0.0	
Equity fund investments	0.1			0.1
Total	75.2	13.9	61.3	0.1
Financial liabilities measured at fair value				
Other non-current liabilities				
Derivative contracts				
Interest rate derivatives, hedge accounting	0.9		0.9	
Written put option	4.8			4.8
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.2		0.2	
Currency derivatives, hedge accounting	0.1		0.1	
Total	5.9	-	1.1	4.8
Dec 31, 2016				
Financial assets measured at fair value				
Non-current receivables				
Other non-current investments	6.1			6.1
Financial assets at fair value through profit or loss				
Money market investments	55.0		55.0	
Bonds	34.3	25.5	8.8	
Derivative contracts				
Currency derivatives, non-hedge accounting	0.0		0.0	
Interest rate derivatives, non-hedge accounting				
Available-for-sale financial assets				
Equity fund investments	0.2			0.2
Total	95.6	25.5	63.8	6.3
Financial liabilities measured at fair value				
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.0		0.0	
Currency derivatives, hedge accounting	0.0		0.0	
Total	0.0	-	0.0	-

No transfers between the fair value hierarchy levels have been made during the reporting periods. The Group identifies and recognizes transfers between different levels as the transaction is exercised or at the moment when the parameters change materially.

Hierarchy levels:

Level 1: Fair values are based on the quoted prices of identical asset groups or liabilities in active markets.

Level 2: Fair values are, to a significant degree, based on data other than quoted prices included in level 1, but on data that can be either directly or indirectly verified for the asset group or liability in question.

To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on verifiable market data.

Level 3: Fair values are based on data regarding the asset group or liability that is not based on verifiable market data.

Investments in money markets instruments are measured at fair value by employing the market interest rate curves on the reporting date. The fair values of investments in bonds are based on the quoted market prices on the reporting date (Level 1) or a price based on observable market information (Level 2). The measurement of equity funds relies on valuations delivered by external investment managers, based on the general valuation techniques used by asset managers. The fair value of currency forward contracts is calculated by measuring forward contracts against the forward rates on the reporting date. The fair values of interest rate swaps are calculated by discounting the forecast cash flows of the contracts with the market interest rate curves on the reporting date. The fair value of the written put option is based on the expected contractual cash flows.

10. Contingent liabilities

EUR million	Dec 31, 2017	Dec 31, 2016
Pledges for own behalf	11.1	8.3
Lease commitments	254.3	326.8

Legal proceedings

In 2011 and 2012, seven financial institutions submitted a claim primarily against Posti and secondarily against Posti and the State of Finland in order to receive compensation for the value-added tax charged by Posti on its postal services in 1999–2014. The claim is based on the allegation that the Finnish Value Added Tax Act had been, and would still be, contrary to the EU's Value Added Tax Directive. Posti has submitted a recourse claim against the State of Finland, demanding it to refund Posti for any sums that Posti may be ordered to pay in the legal proceedings initiated by the financial institutions. The recourse claim is pending until the claims by the financial institutions have been processed and a final ruling issued.

The claims were rejected in their entirety by a decision of the Helsinki District Court on September 18, 2015, and by a decision of the Helsinki Court of Appeal on September 14, 2017. Of the six plaintiffs that appealed the District Court's decision to the Court of Appeal, one decided to take no further legal action. Five of the plaintiffs have requested the Supreme Court for leave to appeal. The total amount of the compensations claimed by the five plaintiffs is approximately EUR 99 million, and the interest claimed amounted to approximately EUR 61 million on December 31, 2017.

It is expected to take several years until all of the final court orders are rendered in the matter. According to Posti, the allegations made by the plaintiffs are without merit and it has not recorded any receivables or provisions in its financials based on the claims made.

Derivative contracts

EUR million	Dec 31, 2017	Dec 31, 2016
Currency derivatives		
Non-hedge accounting		
Fair value	-0.2	0.0
Nominal value	10.3	4.6
Hedge accounting		
Fair value	-0.1	0.0
Nominal value	3.1	3.4
Interest rate derivatives		
Hedge accounting		
Fair value	-0.9	-
Nominal value	60.0	-

11. Events after the reporting period and changes in the Group structure

Events after the reporting period and changes in the Group structure have been included in the management commentary section.

12. Calculation of key figures

In addition to IFRS-based performance measures, Posti Group discloses adjusted EBITDA and adjusted operating result to enhance comparability of performance measures as the adjusting items are not considered to incur as part of the normal business operations and also to improve transparency of special items affecting profitability. Management believes that adjusted performance measures provides meaningful supplemental information to both management and investors regarding the business performance. Adjusted EBITDA and adjusted operating result are also one of the key business performance indicators in Posti Group's management reporting.

Return on equity, %	100 x	$\frac{\text{result for the period (12m rolling)}}{\text{total equity (average of opening and closing balance of previous 12m)}}$
Return on invested capital, %	100 x	$\frac{\text{result before income tax (12m rolling)} + \text{interest and other financial expenses (12m rolling) *)}{\text{total equity} + \text{interest-bearing debt (average of opening and closing balance of prev. 12m)}}$
*) Interest and other financial expenses excluding unrealized losses on financial liabilities and interest rate derivatives and deducted by interest income on interest rate derivatives and unrealized gains on financial liabilities.		
Equity ratio, %	100 x	$\frac{\text{total equity}}{\text{total assets} - \text{advances received (current and non-current)}}$
Gearing, %	100 x	$\frac{\text{net debt}}{\text{total equity}}$
Net debt		interest bearing borrowings - liquid funds - debt certificates
Interest-bearing debt		Non-current and current borrowings
EBITDA		EBITDA is operating result excluding depreciation, amortization and impairment losses.
Adjusted EBITDA		Adjusted EBITDA is EBITDA excluding special items.
Adjusted operating result		Adjusted operating result is operating result excluding special items.
Special items		The Group reports separately special items which include reorganization costs, significant impairment losses on assets, impairment on goodwill and impairment on purchase price allocations generated in business combinations. Also significant sales gains or losses on sale of shares, real estates or business operations, changes in purchase consideration for business combinations after the date of acquisition recognized in income statement, and other material items outside of ordinary course of business are defined as special items.
Liquid funds		Liquid funds consist of cash and cash equivalents, money market investments and investments in bonds.
Gross capital expenditure		Investments in intangible and tangible assets, finance lease assets, and business acquisitions.
Earnings per share, EUR	100 x	$\frac{\text{result for the period for the parent company shareholders}}{\text{average number of shares during the period}}$

Restated financial information for financial years 2015 – 2017

Key Figures of Business Groups

EUR million

	1-3/2015	1-6/2015	1-9/2015	1-12/2015	1-3/2016	1-6/2016	1-9/2016	1-12/2016	1-3/2017	1-6/2017	1-9/2017	1-12/2017
Net sales												
Mail, Parcel and Logistics Services	382.5	739.3	1,066.6	1,448.0	345.3	686.9	1,014.6	1,416.0	363.9	714.6	1,045.5	1,448.7
Inter-segment sales	2.8	5.3	7.6	10.3	0.7	0.9	1.2	1.8	0.4	0.5	0.8	1.2
Itella Russia	27.7	58.8	88.1	118.9	21.0	46.2	73.1	104.6	27.5	56.7	86.1	119.1
Inter-segment sales	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
OpusCapita	14.3	28.3	41.6	56.2	13.3	28.9	44.4	62.0	16.0	32.1	47.3	64.7
Inter-segment sales	0.0	0.0	0.0	0.0	0.4	0.8	1.2	1.6	0.4	0.9	1.4	2.2
Other	12.2	23.6	34.2	45.8	10.1	19.5	27.5	36.8	9.0	17.5	22.9	23.5
Inter-segment sales	2.8	4.7	7.0	9.3	2.6	4.7	6.2	8.5	1.8	3.4	4.8	5.5
Group total	431.1	839.9	1,215.9	1,649.1	386.1	775.1	1,151.0	1,607.6	413.8	816.1	1,194.7	1,647.0
Adjusted EBITDA												
Mail, Parcel and Logistics Services	31.2	48.8	73.4	110.3	27.9	47.5	73.7	109.0	31.5	50.9	68.2	106.3
Itella Russia	1.5	2.3	3.3	4.1	-0.9	-0.8	0.2	2.6	0.9	1.0	2.0	3.7
OpusCapita	0.9	2.1	3.9	5.9	0.7	1.4	2.5	3.1	-0.7	-1.9	-1.5	-2.6
Other and unallocated	3.4	-0.2	4.4	7.9	2.1	3.6	7.3	12.0	3.8	5.3	9.1	11.2
Group total	37.0	53.1	85.0	128.2	29.8	51.6	83.7	126.7	35.5	55.3	77.7	118.6
EBITDA												
Mail, Parcel and Logistics Services	30.6	35.7	65.1	100.3	18.6	33.5	58.5	93.4	30.0	47.9	64.3	102.2
Itella Russia	1.4	2.0	3.0	-8.3	1.2	1.3	2.3	3.9	0.9	1.0	1.8	-14.4
OpusCapita	0.8	2.0	3.8	5.8	-0.1	0.4	1.5	2.1	-0.7	-1.9	-1.6	-3.6
Other and unallocated	5.2	49.1	44.7	49.5	1.6	3.0	15.2	16.7	-0.2	-4.1	-3.8	-0.6
Group total	38.1	88.8	116.6	147.2	21.2	38.2	77.5	116.0	30.0	42.9	60.8	83.7
Adjusted EBITDA, %												
Mail, Parcel and Logistics Services	8.1 %	6.6 %	6.9 %	7.6 %	8.1 %	6.9 %	7.3 %	7.7 %	8.6 %	7.1 %	6.5 %	7.3 %
Itella Russia	5.4 %	3.9 %	3.7 %	3.5 %	-4.1 %	-1.8 %	0.3 %	2.5 %	3.3 %	1.8 %	2.4 %	3.1 %
OpusCapita	6.5 %	7.4 %	9.4 %	10.5 %	5.1 %	4.8 %	5.7 %	5.1 %	-4.1 %	-6.0 %	-3.3 %	-4.0 %
Group total	8.6 %	6.3 %	7.0 %	7.8 %	7.7 %	6.7 %	7.3 %	7.9 %	8.6 %	6.8 %	6.5 %	7.2 %
EBITDA, %												
Mail, Parcel and Logistics Services	8.0 %	4.8 %	6.1 %	6.9 %	5.4 %	4.9 %	5.8 %	6.6 %	8.2 %	6.7 %	6.1 %	7.1 %
Itella Russia	5.0 %	3.5 %	3.4 %	-7.0 %	5.9 %	2.8 %	3.2 %	3.7 %	3.3 %	1.7 %	2.1 %	-12.0 %
OpusCapita	5.9 %	7.1 %	9.2 %	10.3 %	-1.1 %	1.5 %	3.4 %	3.4 %	-4.1 %	-6.0 %	-3.3 %	-5.6 %
Group total	8.8 %	10.6 %	9.6 %	8.9 %	5.5 %	4.9 %	6.7 %	7.2 %	7.3 %	5.3 %	5.1 %	5.1 %
Adjusted operating result												
Mail, Parcel and Logistics Services	19.9	26.2	39.3	64.9	16.7	24.9	39.3	61.9	19.7	27.4	33.0	60.4
Itella Russia	-0.9	-2.9	-4.3	-5.1	-2.4	-3.9	-4.5	-4.0	-1.0	-2.7	-3.4	-3.5
OpusCapita	0.4	1.1	2.4	3.8	0.1	-0.3	-0.6	-1.2	-2.0	-4.7	-5.7	-7.9
Other and unallocated	-3.2	-12.7	-13.8	-16.0	-3.6	-7.9	-9.7	-9.7	-1.1	-4.2	-4.6	-6.5
Group total	16.2	11.7	23.7	47.6	10.8	12.7	24.4	47.1	15.5	15.8	19.4	42.4
Operating result												
Mail, Parcel and Logistics Services	18.3	12.0	29.9	52.7	5.7	9.2	22.4	42.5	18.2	24.3	22.1	49.3
Itella Russia	-1.0	-3.2	-12.2	-25.0	-0.2	-1.8	-2.5	-2.7	-1.0	-2.8	-3.6	-21.5
OpusCapita	0.3	1.0	2.3	3.7	-0.8	-1.3	-1.6	-2.5	-2.0	-4.7	-32.6	-35.9
Other and unallocated	-1.4	36.6	26.5	23.3	-4.1	-8.4	-1.8	-6.6	-5.2	-14.4	-18.5	-19.4
Group total	16.2	46.4	46.6	54.8	0.6	-2.3	16.5	30.7	10.0	2.5	-32.5	-27.5
Adjusted operating result, %												
Mail, Parcel and Logistics Services	5.2 %	3.5 %	3.7 %	4.5 %	4.8 %	3.6 %	3.9 %	4.4 %	5.4 %	3.8 %	3.2 %	4.2 %
Itella Russia	-3.2 %	-4.9 %	-4.8 %	-4.3 %	-11.2 %	-8.5 %	-6.2 %	-3.8 %	-3.7 %	-4.8 %	-4.0 %	-2.9 %
OpusCapita	2.9 %	3.8 %	5.7 %	6.8 %	0.4 %	-1.2 %	-1.3 %	-1.9 %	-12.8 %	-14.5 %	-12.0 %	-12.3 %
Group total	3.8 %	1.4 %	1.9 %	2.9 %	2.8 %	1.6 %	2.1 %	2.9 %	3.8 %	1.9 %	1.6 %	2.6 %
Operating result, %												
Mail, Parcel and Logistics Services	4.8 %	1.6 %	2.8 %	3.6 %	1.7 %	1.3 %	2.2 %	3.0 %	5.0 %	3.4 %	2.1 %	3.4 %
Itella Russia	-3.5 %	-5.4 %	-13.8 %	-21.0 %	-1.2 %	-4.0 %	-3.4 %	-2.6 %	-3.6 %	-4.9 %	-4.2 %	-18.1 %
OpusCapita	2.3 %	3.5 %	5.5 %	6.6 %	-5.8 %	-4.4 %	-3.6 %	-4.0 %	-12.8 %	-14.5 %	-68.8 %	-55.4 %
Group total	3.8 %	5.5 %	3.8 %	3.3 %	0.1 %	-0.3 %	1.4 %	1.9 %	2.4 %	0.3 %	-2.7 %	-1.7 %
External net sales specification of Mail, Parcel and Logistics Services segment												
Mail & Marketing Services	177.7	343.6	494.4	683.8	169.8	324.8	467.1	651.9	164.4	315.0	449.0	630.2
Press Services	43.5	86.1	125.7	169.6	42.7	86.3	126.6	171.4	41.7	83.0	123.6	166.9
Parcel Services	68.9	135.8	200.5	274.9	66.3	134.0	197.9	276.7	69.1	137.1	203.7	287.5
Logistics Services	94.9	178.5	253.1	328.7	67.7	144.4	227.3	322.6	91.0	183.7	275.8	373.4
Other and eliminations	-2.5	-4.8	-7.1	-9.1	-1.2	-2.6	-4.2	-6.7	-2.3	-4.3	-6.5	-9.3
Mail, Parcel and Logistics Services segment total	382.5	739.3	1,066.6	1,448.0	345.3	686.9	1,014.6	1,416.0	363.9	714.6	1,045.5	1,448.7
Gross capital expenditure												
Mail, Parcel and Logistics Services	12.4	27.0	33.3	42.8	2.9	13.1	24.8	35.9	9.0	15.5	22.2	28.3
Itella Russia	0.7	1.0	1.9	2.9	1.4	3.0	3.3	4.7	0.4	0.7	1.4	2.3
OpusCapita	0.4	0.8	1.2	1.7	0.6	32.8	33.6	33.9	0.9	1.8	3.3	4.3
Other and unallocated	2.8	8.9	13.4	19.4	6.4	10.9	15.4	26.0	14.1	18.3	26.0	38.4
Group total	16.4	37.7	49.7	66.8	11.4	59.8	77.0	100.4	24.4	36.3	52.9	73.3

Segments' assets and liabilities

EUR million	31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015	31 Mar 2016	30 Jun 2016	30 Sep 2016	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017
Assets												
Mail, Parcel and Logistics Services	780.2	691.6	629.9	617.8	597.9	595.3	591.3	597.7	610.9	591.9	593.9	616.6
Itella Russia	170.9	163.6	131.1	126.1	133.9	136.4	140.5	153.5	158.7	140.5	140.4	138.6
OpusCapita	95.6	99.1	97.3	99.9	97.9	131.0	128.7	130.0	127.8	128.0	100.6	101.4
Other and unallocated	305.3	406.6	440.8	467.6	492.4	427.9	441.9	306.9	297.5	309.6	292.6	239.1
Non-current assets classified as held for sale	0.0	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	-2.3	-6.6	-5.1	-3.0	-1.4	-2.7	-1.6	-2.4	-5.0	-5.4	-1.0	-2.9
Group total	1,349.7	1,354.4	1,293.9	1,311.9	1,320.6	1,287.9	1,300.8	1,185.6	1,189.8	1,164.5	1,126.5	1,092.9
Liabilities												
Mail, Parcel and Logistics Services	375.8	352.2	312.2	336.9	336.3	325.5	321.9	356.3	345.2	347.6	352.8	383.7
Itella Russia	20.0	18.0	17.7	27.0	26.9	25.8	25.0	23.0	20.6	17.2	17.1	29.4
OpusCapita	5.0	4.2	3.3	3.9	5.1	8.5	7.9	8.6	8.6	9.0	8.9	12.9
Other and unallocated	365.7	380.4	381.4	363.1	382.6	355.0	356.6	191.7	259.5	263.8	251.9	177.2
Liabilities associated with non-current assets classified as held for sale	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	-2.3	-6.6	-5.1	-3.0	-1.4	-2.7	-1.6	-2.4	-5.0	-5.4	-1.0	-2.9
Group total	764.2	748.2	709.5	728.7	749.5	712.2	709.8	577.2	628.7	632.2	629.7	600.3
Personnel at end of the period												
Mail, Parcel and Logistics Services	18,135	19,398	16,813	17,278	16,400	17,700	15,819	16,423	16,012	17,807	16,415	16,615
Itella Russia	2,794	2,615	2,708	2,646	2,629	2,513	2,407	2,389	2,345	2,381	2,476	2,329
OpusCapita	275	280	288	302	280	324	338	351	365	379	386	404
Other	1,418	1,409	1,378	1,372	1,351	1,368	1,349	1,334	1,361	1,319	671	666
Group total	22,622	23,702	21,187	21,598	20,660	21,905	19,913	20,497	20,083	21,886	19,948	20,014