

# Posti Group: Positive development of profitability continued

January-June 2021







# Responsibly delivering what matters to you – on your terms



# Posti in figures 4-6/2021

Net Sales

## EUR 404.3 million

(EUR 392.3 million)

Adjusted EBITDA

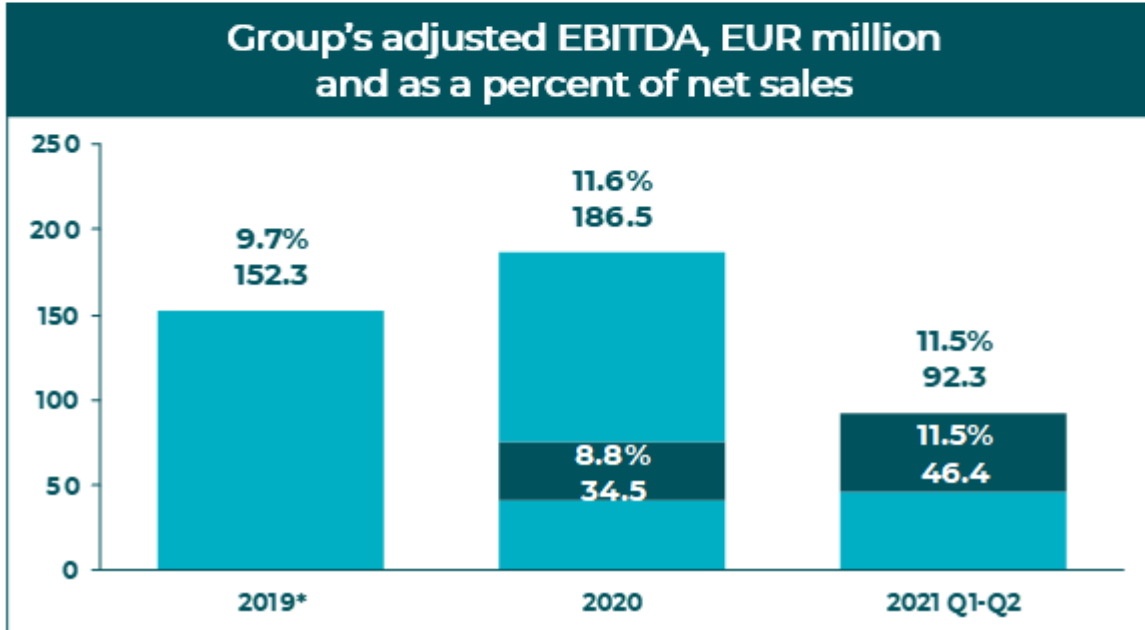
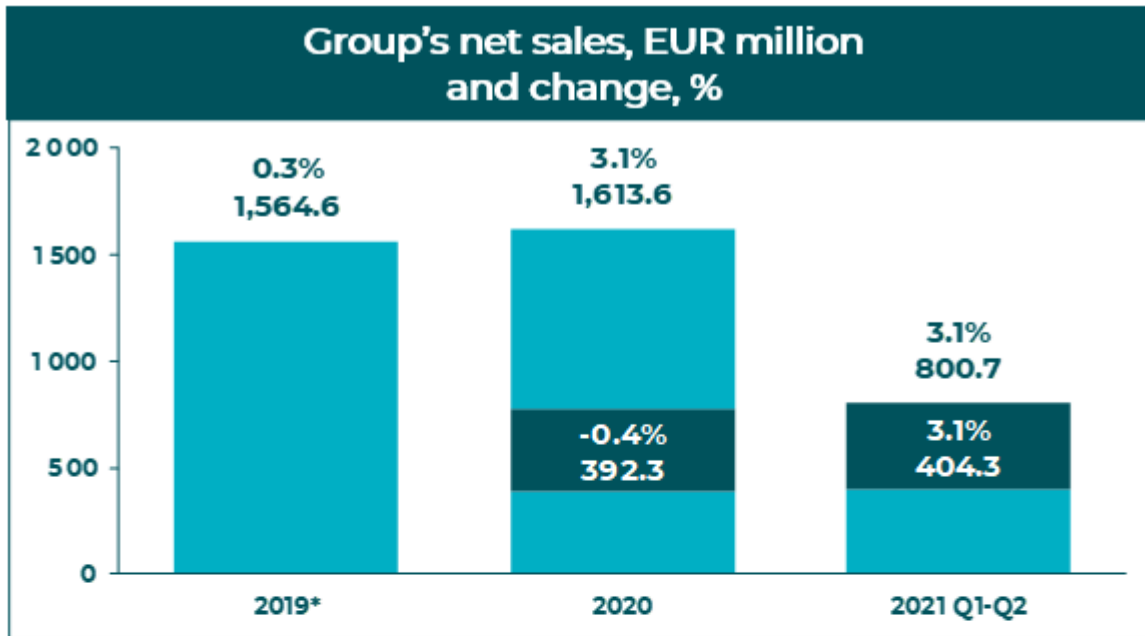
## EUR 46.4 million

(EUR 34.5 million)

Adjusted EBITDA-%

## 11.5%

(8.8%)



\* Continuing operations



# Financial highlights in Q2 2021 – profitability improved

- Net sales grew by 3.1% to EUR 404.3 (392.3) million.
- Adjusted EBITDA increased to EUR 46.4 (34.5) million, or 11.5% (8.8%) of net sales.
- EBITDA increased to EUR 45.2 (34.2) million, or 11.2% (8.7%) of net sales.
- Adjusted operating result improved to EUR 14.7 (3.1) million, representing 3.6% (0.8%) of net sales.
- Operating result improved to EUR 13.6 (0.6) million, representing 3.4% (0.2%) of net sales.



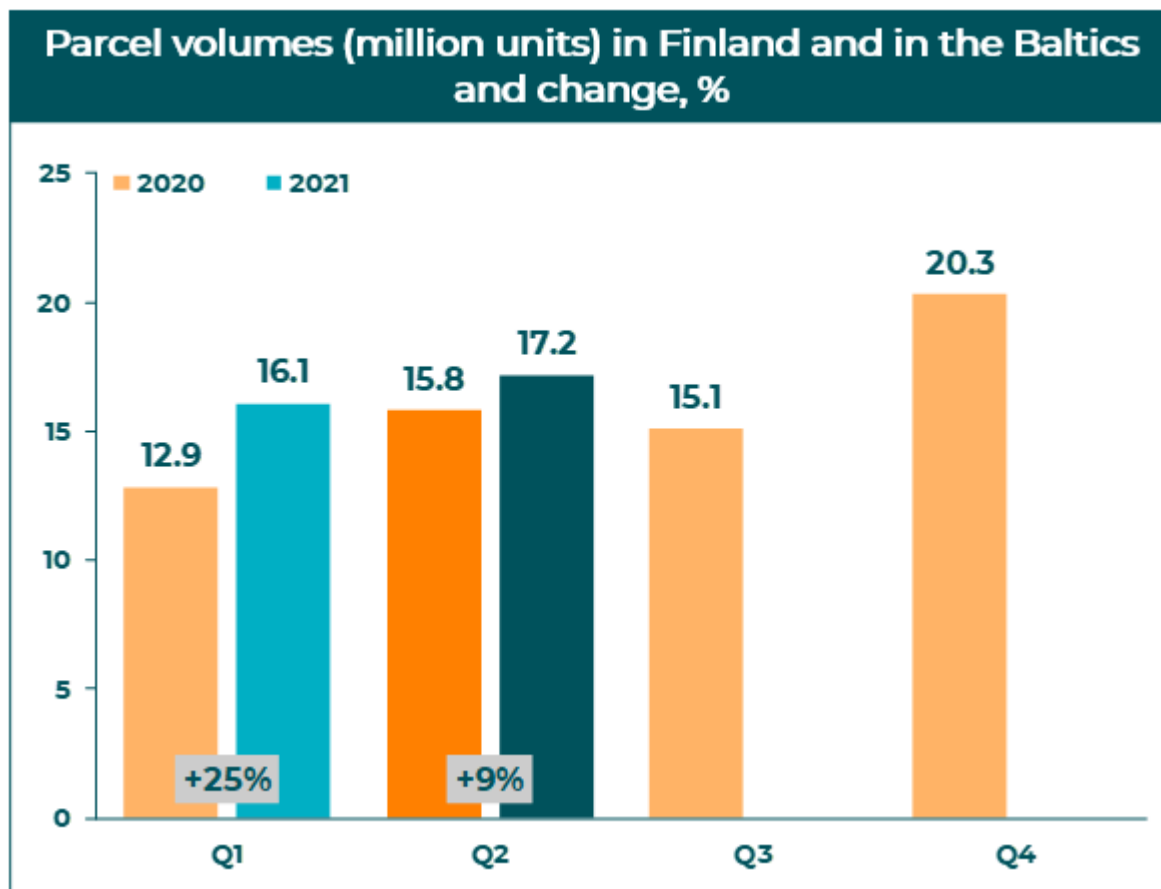


# Operational highlights in Q2 2021 – favorable quarter for logistics

- The overall parcel volume in Finland and the Baltic countries increased by 9%.
- The transformation of postal services continued. The volume of addressed letters continued to decrease and decreased by 3%.
- The combined net sales of Parcel and eCommerce as well as logistics businesses represented 61% (59%) of the Group's net sales.
- The second quarter of 2021 was especially favorable for Posti's logistics businesses: the net sales of all Aditro Logistics, Transval, and Freight Services grew, the latter by 17.5%.
- Increase in net sales together with the improvements of operational efficiency have positively impacted Posti's profitability.



# Clear increase in freight volumes



**+20%**

The number of parcels going through Posti Parcel Lockers 4-6/2021

**+9%**

Parcel volume growth in Finland and in the Baltics 4-6/2021

**13%**

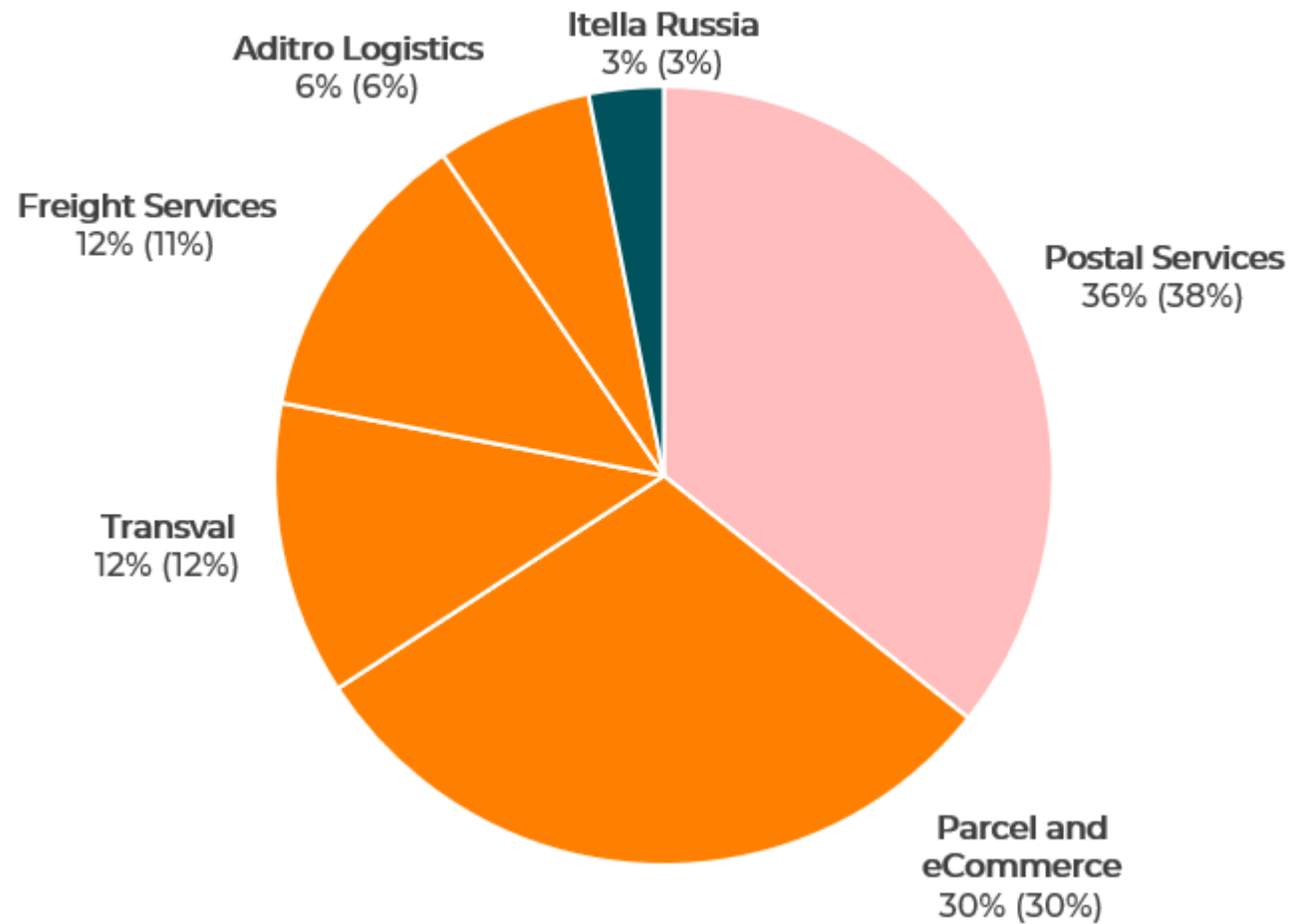
Freight volumes\* 4-6/2021

\* Measured in waybills

**-3%**

Addressed letter volumes 4-6/2021

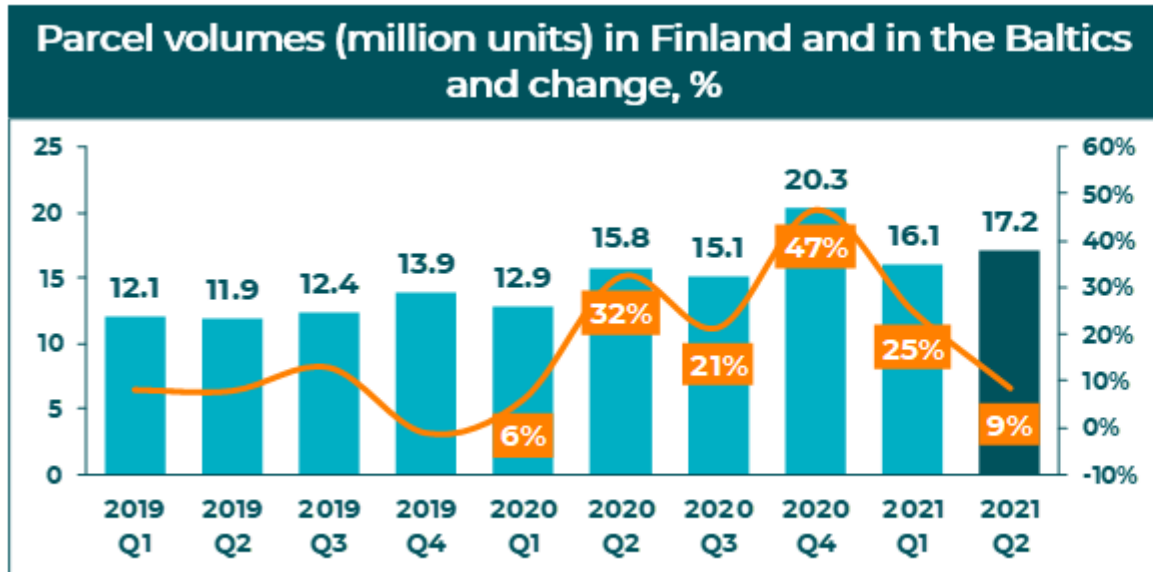
# Parcel & eCommerce and logistics business 61% (59%) of Group's net sales in Q2 2021\*



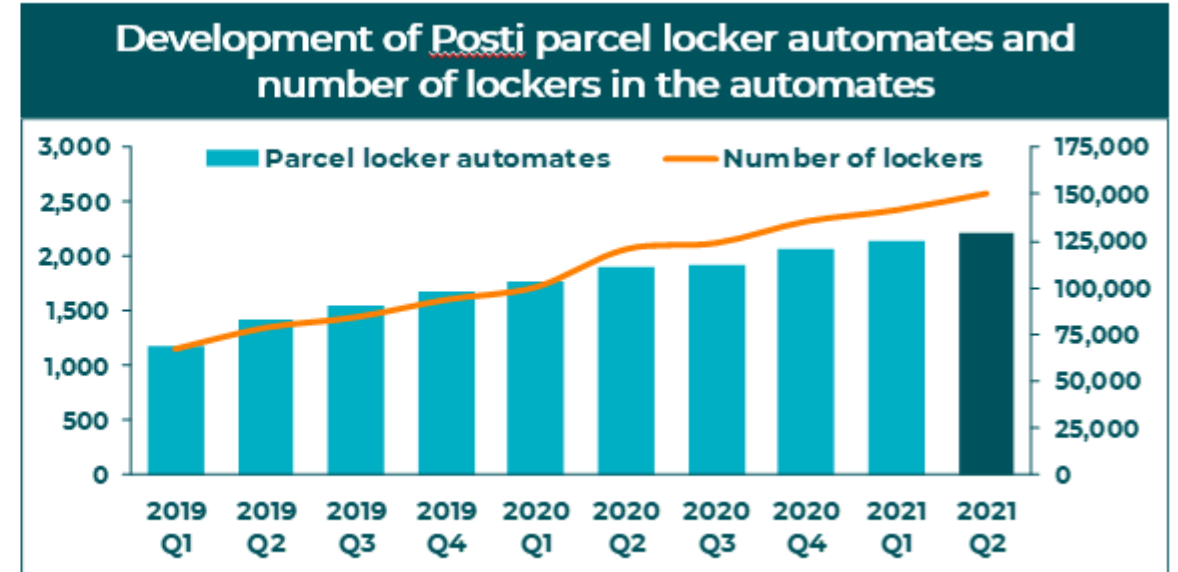
■ = Postal services ■ = Parcel & eCommerce and logistics business \*external net sales



# Posti keeps expanding its parcel locker network with the increasing parcel volumes



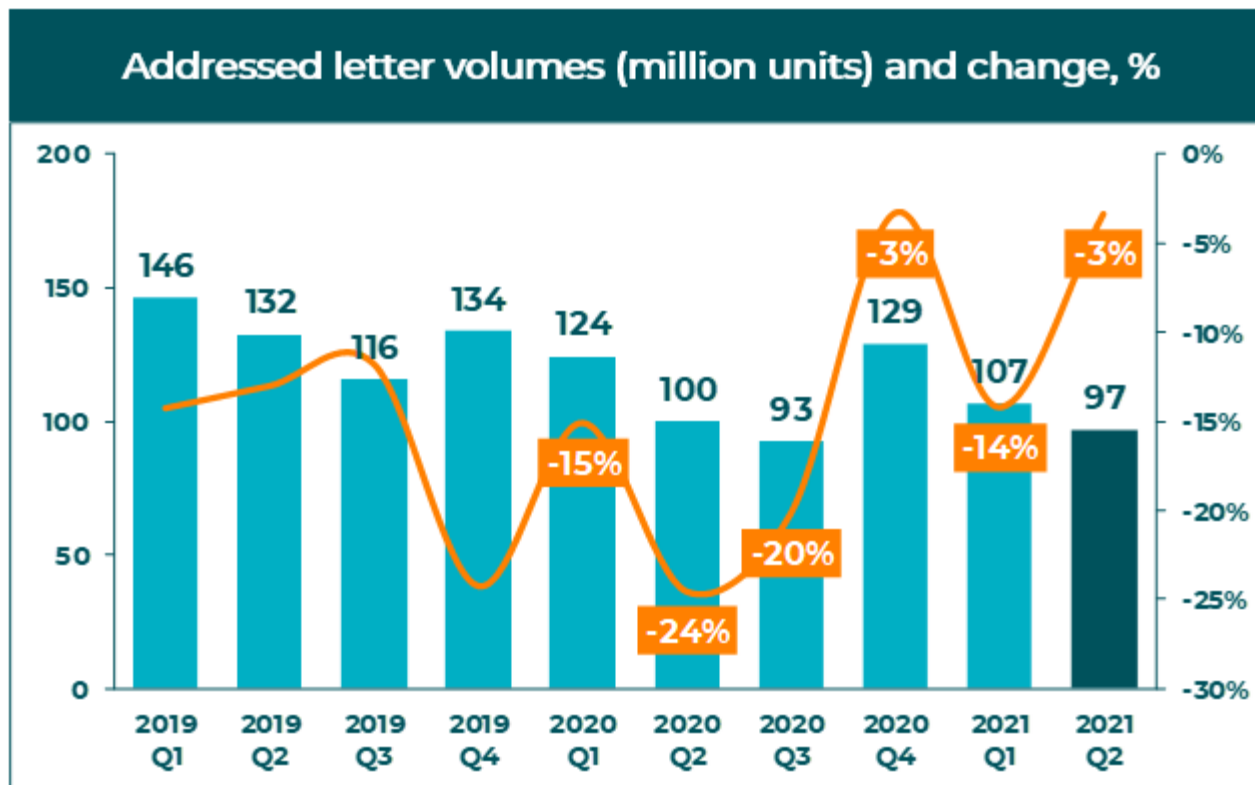
- Altogether 17.2 million parcels were delivered, growth from previous year 1.4 million units



- Posti is launching outdoor parcel lockers to respond the increasing volumes.



# Addressed letter volumes declined by 3%



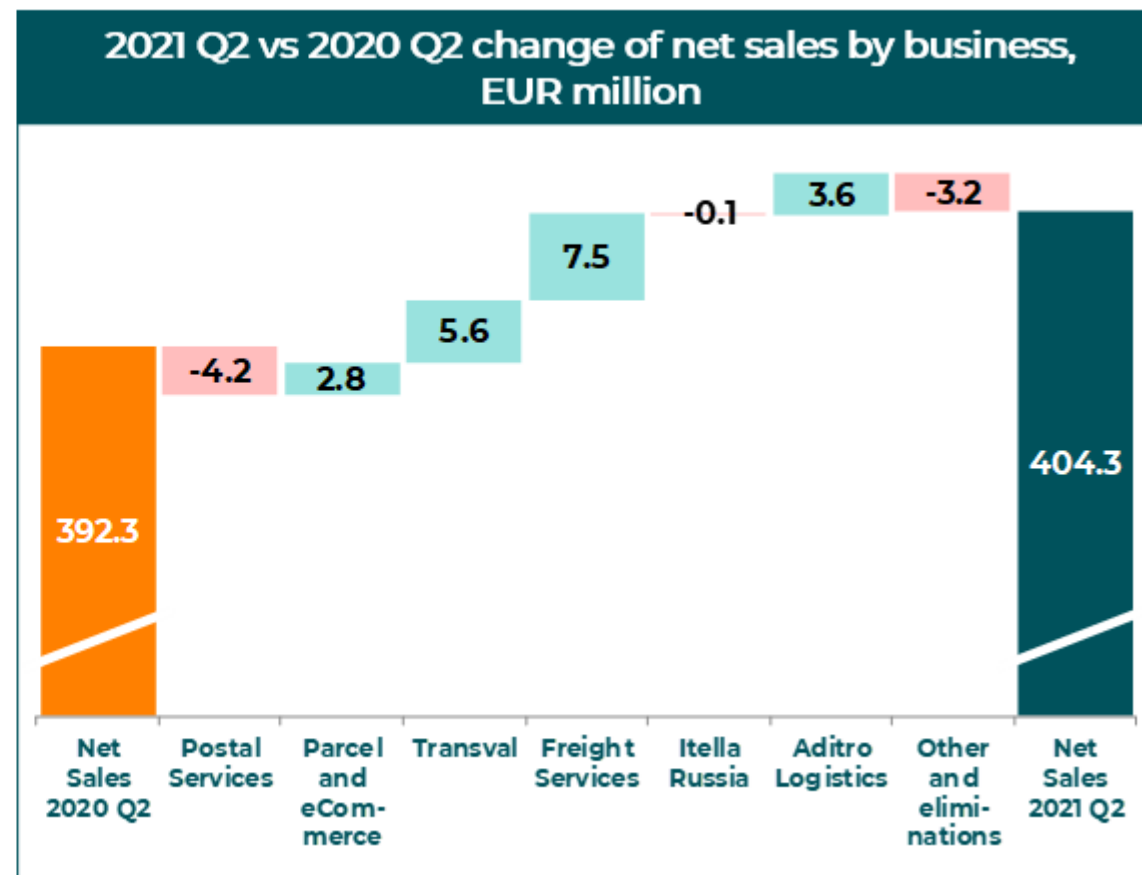
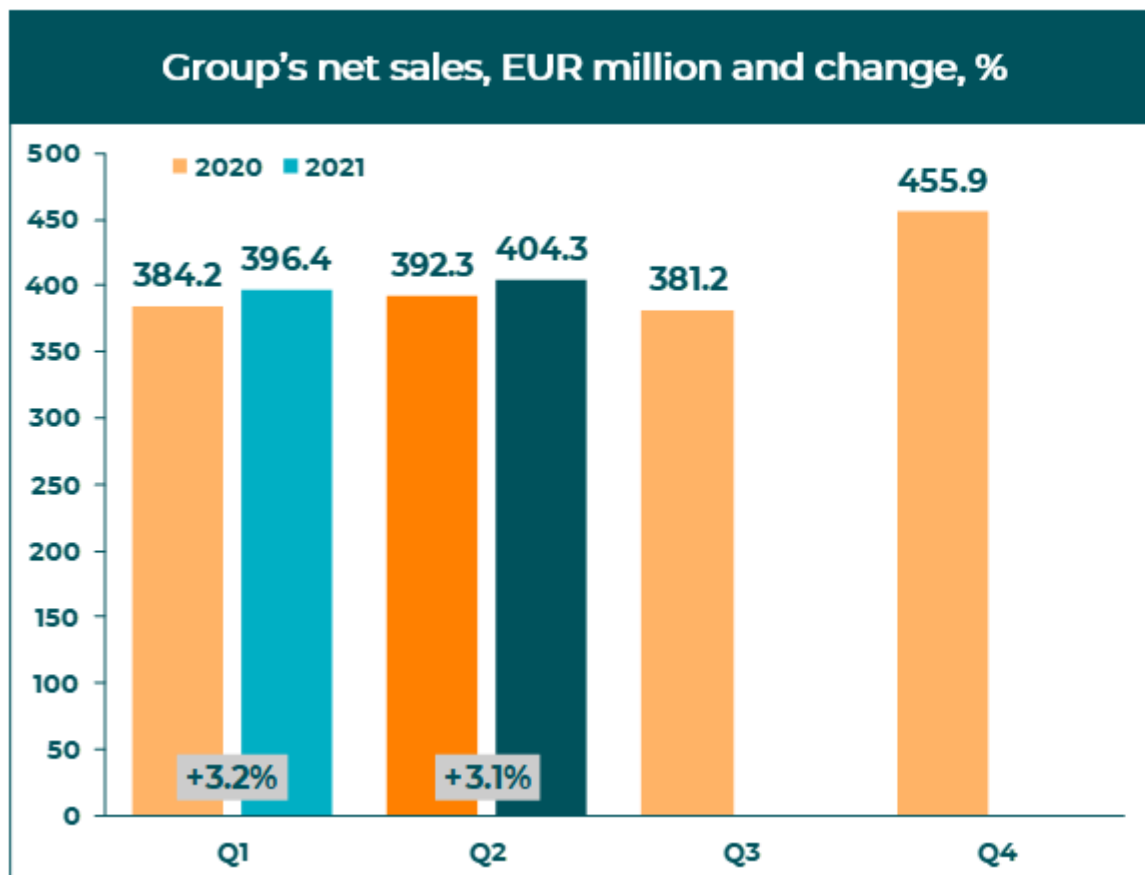
- Altogether 97 million addressed letters were delivered, decline from previous year 3 million items
- The share of mail items covered by the universal service obligation accounted for only 2.3% (2.8%) of all Posti's mail items delivered

# Financials



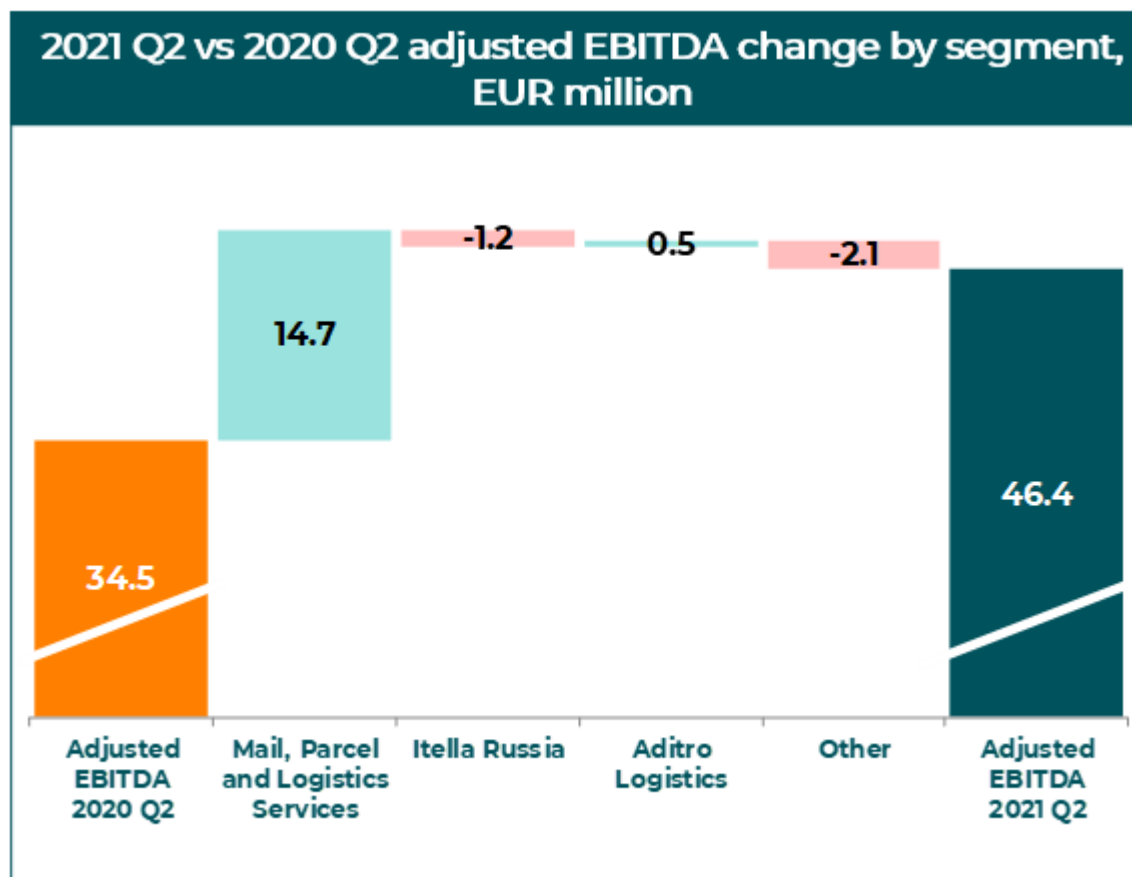
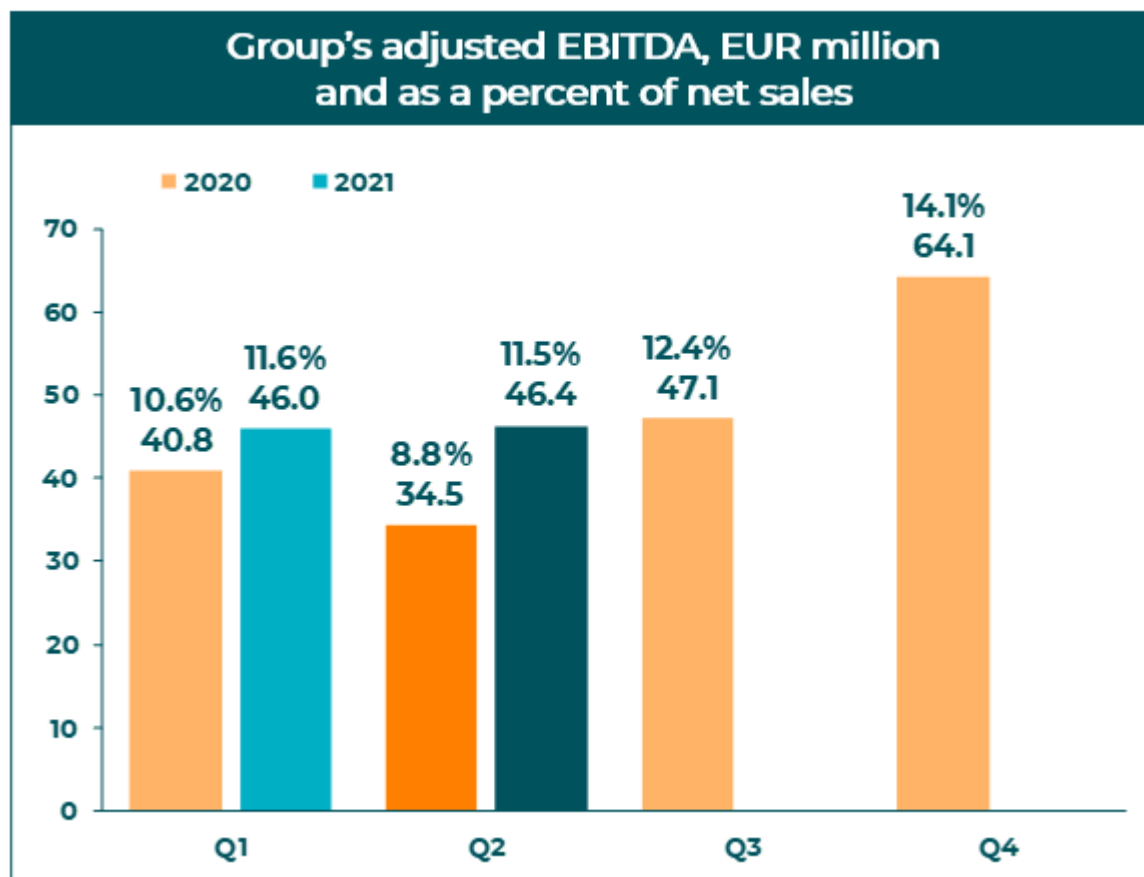
# Posti Group's Q2 net sales

Net sales grew by 3.1% to EUR 404.3 (392.3) million



# Posti Group's Q2 adjusted EBITDA

Adjusted EBITDA improved to EUR 46.4 (34.5) million





# Posti Group's key figures

	4-6 2021	%	4-6 2020	%	1-6 2021	%	1-6 2020	%
<b>Net sales, EUR million</b>	<b>404.3</b>		<b>392.3</b>		<b>800.7</b>		<b>776.5</b>	
<b>Adjusted EBITDA, EUR million</b>	<b>46.4</b>	<b>11.5%</b>	<b>34.5</b>	<b>8.8%</b>	<b>92.3</b>	<b>11.5%</b>	<b>75.2</b>	<b>9.7%</b>
EBITDA, EUR million	45.2	11.2%	34.2	8.7%	91.0	11.4%	74.4	9.6%
<b>Adjusted operating result, EUR million</b>	<b>14.7</b>	<b>3.6%</b>	<b>3.1</b>	<b>0.8%</b>	<b>29.7</b>	<b>3.7%</b>	<b>15.6</b>	<b>2.0%</b>
Operating result, EUR million	13.6	3.4%	0.6	0.2%	28.4	3.5%	12.5	1.6%
<b>Result for the period, EUR million</b>	<b>12.3</b>	<b>3.1%</b>	<b>-7.7</b>	<b>-2.0%</b>	<b>23.7</b>	<b>3.0%</b>	<b>-0.7</b>	<b>-0.1%</b>
<b>Return on capital employed (12 months), %</b>					<b>10.0%</b>		<b>3.0%</b>	
Net debt, EUR million					240.6		304.2	
<b>Net debt / Adjusted EBITDA</b>					<b>1.2x</b>		<b>2.0x</b>	
Operative free cash flow, EUR million					-6.4		13.8	
Personnel, end of period					22,005		22,818	
Personnel on average, FTE					15,856		16,306	
Earnings per share, basic, EUR					0.59		-0.02	

# Outlook and long-term financial targets



# Posti's updated outlook for 2021

In 2021, Posti is expecting its net sales to increase from the previous year, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to remain at the previous year's level.

The COVID-19 situation and the following economic recovery continues to make the macro-economic outlook difficult to predict and causes some uncertainty to Posti's full-year outlook.

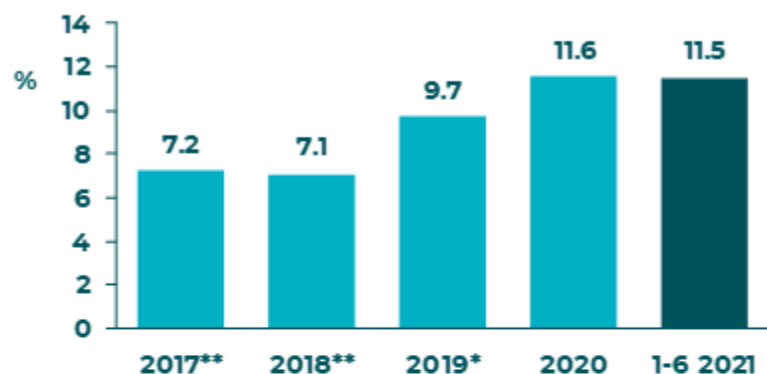
The previous outlook: In 2021, Posti is expecting its net sales to remain at the previous year's level, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to decrease from the previous year.

In 2020, Posti's net sales were EUR 1,613.6 million and adjusted EBITDA was EUR 186.5 million

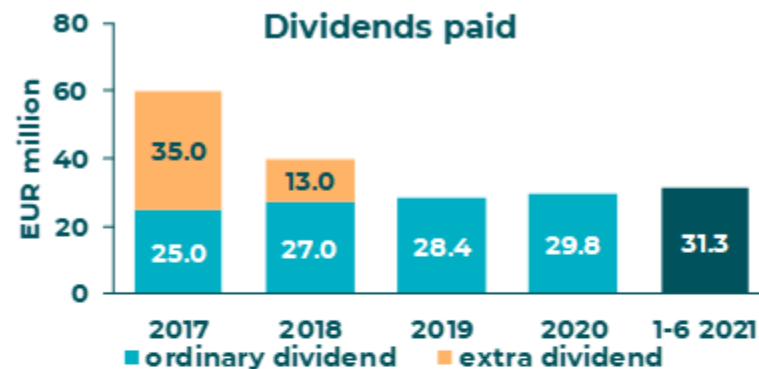


# Long term financial targets

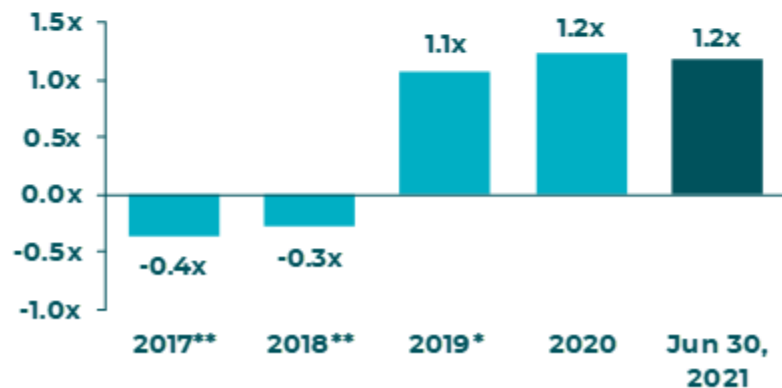
## Adjusted EBITDA 13%



## Continuously increasing ordinary dividend, but not exceeding annual net profit



## Net debt / Adjusted EBITDA less than 2.5x



\* 2019 restated based on the new definition of special items

\*\* 2017-2018 is not according to IFRS 16 standard

# Segments

# Mail, Parcel and Logistics Services net sales break-down

Net sales, EUR million	4-6 2021	4-6 2020	Change, %	1-6 2021	1-6 2020	Change, %
Postal Services	145.3	149.5	-2.8%	300.2	322.8	-7.0%
Parcel and eCommerce	122.2	119.4	+2.3%	239.6	225.9	+6.1%
Transval	54.5	48.9	+11.4%	105.3	97.9	+7.6%
Freight Services	50.7	43.1	+17.5%	91.9	84.5	+8.8%
Other and eliminations	-6.8	-3.9		-12.0	-7.4	
<b>Total</b>	<b>365.9</b>	<b>357.0</b>	<b>+2.5%</b>	<b>725.0</b>	<b>723.7</b>	<b>+0.2%</b>

- Net sales increased to EUR 365.9 (357.0) million in April-June 2021
  - The increase in Parcel and eCommerce was mainly due to the continued volume growth of eCommerce and online shopping.
  - The second quarter of the year is a high season in Freight, and overall volumes were at a high level. The dismantling of COVID-19 restrictions was visible especially in brewery logistics' volumes.
  - Increased handling volumes due to the high season in logistics, had a positive impact on Transval's net sales.



# Mail, Parcel and Logistics Services key figures

EUR million	4-6 2021	4-6 2020	1-6 2021	1-6 2020
Net sales	365.9	357.0	725.0	723.7
Net sales change, %	2.5%	-4.8%	0.2%	-3.7%
<b>Adjusted EBITDA</b>	<b>43.9</b>	<b>29.2</b>	<b>86.9</b>	<b>67.0</b>
<b>Adjusted EBITDA, %</b>	<b>12.0%</b>	<b>8.2%</b>	<b>12.0%</b>	<b>9.3%</b>
EBITDA	43.3	28.9	85.7	66.2
EBITDA, %	11.8%	8.1%	11.8%	9.1%
<b>Adjusted operating result</b>	<b>18.7</b>	<b>5.4</b>	<b>37.3</b>	<b>18.8</b>
<b>Adjusted operating result, %</b>	<b>5.1%</b>	<b>1.5%</b>	<b>5.1%</b>	<b>2.6%</b>
Operating result	18.1	5.2	36.1	17.9
Operating result, %	5.0%	1.4%	5.0%	2.5%

- Adjusted EBITDA improved to EUR 43.9 (29.2) million in April-June 2021
  - The improvement was mainly due to significantly improved profitability in Postal Services compared to the comparison period. The second quarter of 2020 was an exceptionally difficult quarter to Postal services due to the COVID-19 pandemic.
  - Activities to improve operational efficiency were effective from the third quarter 2020 onwards and have remained at a good level.

# Itella Russia key figures

EUR million	4-6 2021	4-6 2020	1-6 2021	1-6 2020
Net sales	12.7	12.9	24.8	30.7
Net sales change, %	-1.2%	-31.8%	-19.1%	-21.6%
<b>Adjusted EBITDA</b>	<b>2.1</b>	<b>3.3</b>	<b>3.4</b>	<b>6.7</b>
<b>Adjusted EBITDA, %</b>	<b>16.3%</b>	<b>25.4%</b>	<b>13.8%</b>	<b>21.9%</b>
EBITDA	1.5	6.2	2.9	9.6
EBITDA, %	12.1%	48.2%	11.6%	31.5%
<b>Adjusted operating result</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>2.2</b>
<b>Adjusted operating result, %</b>	<b>7.6%</b>	<b>8.3%</b>	<b>4.7%</b>	<b>7.2%</b>
Operating result	0.4	4.0	0.6	5.2
Operating result, %	3.4%	31.1%	2.6%	16.8%

- In April-June, reported net sales remained at the previous year's level EUR 12.7 (12.9) million
  - Net sales decreased in Contract Logistics due to restructuring actions of warehouses and grew in Transport compared to the second quarter of 2020 affected by COVID-19 related restrictions.
- Adjusted EBITDA was EUR 2.1 (3.3) million in the second quarter
  - The decrease was mainly due to the changes in net sales and increased direct costs.
- In June, Itella Russia divested its real estate company OOO Terminal Sibir in Novosibirsk.

# Aditro Logistics key figures

EUR million	4-6 2021	4-6 2020	1-6 2021	1-6 2020*
Net sales	26.1	22.5	51.5	22.5
Net sales change, %	15.9%	-	-	-
<b>Adjusted EBITDA</b>	<b>3.3</b>	<b>2.8</b>	<b>6.3</b>	<b>2.8</b>
<b>Adjusted EBITDA, %</b>	<b>12.6%</b>	<b>12.4%</b>	<b>12.3%</b>	<b>12.4%</b>
EBITDA	3.3	2.8	6.3	2.8
EBITDA, %	12.6%	12.4%	12.3%	12.4%
<b>Adjusted operating result</b>	<b>-1.0</b>	<b>-1.2</b>	<b>-2.2</b>	<b>-1.2</b>
<b>Adjusted operating result, %</b>	<b>-3.9%</b>	<b>-5.2%</b>	<b>-4.3%</b>	<b>-5.2%</b>
Operating result	-1.0	-1.2	-2.2	-1.2
Operating result, %	-3.9%	-5.2%	-4.3%	-5.2%

- Aditro Logistics' net sales increased by 15.9% in April-June 2021
  - The increase was mainly due to growth in net sales and volumes of contract logistics.
- The adjusted EBITDA was EUR 3.3 (2.8) million
  - The improved result was mainly due to the better utilization rate of the warehouses.

\* Aditro Logistics has been part of Posti Group April 2020 onwards

posti

