International Post Corporation

Posti Group 1â€“3/2021: Solid improvement of profitability, despite continued market changes

29-04-2021

Posti Group Corporation Interim Report 1â€“3 2021

January–March
Financial highlights

- Net sales grew by 3.2% to EUR 396.4 (384.2) million.
- Adjusted EBITDA was EUR 46.0 (40.8) million, or 11.6% (10.6%) of net sales.
- EBITDA increased to EUR 45.8 (40.1) million, or 11.6% (10.4%) of net sales.
- The adjusted operating result improved to EUR 15.0 (12.6) million, representing 3.8% (3.3%) of net sales.
- The operating result improved to EUR 14.8 (11.9) million, representing 3.7% (3.1%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (1.1x).

Operational highlights

- The number of addressed letters decreased by 14% (15%) in Finland.
- The share of mail items covered by the universal service obligation remained at a low level and accounted for only 3.1% (2.6%) of all Posti's mail items delivered.
- The total parcel volume in Finland and the Baltic countries increased by 25% (6%), boosted by the accelerated increase of online shopping due to COVID-19 pandemic.
    - The combined net sales of Parcel and eCommerce as well as logistics businesses represented already 59% (51%) of the Group's net sales.
- In January, Posti and Sanoma Media Finland announced they had concluded a long-term extension agreement on the early-morning delivery of newspapers in the capital region. The agreement guarantees delivery of printed media in the capital region until the end of 2029.
- In February, Posti launched its renewed strategy. According to its strategy, Posti's goal is to become a modern delivery and fulfillment company with progressive profitability. The core of Posti's growth is in parcels and contract logistics in Finland, Sweden and the Baltics, along the entire delivery and fulfillment value chain.

The figures are not fully comparable because Aditro Logistics has been included in Posti's financials as of April 2020.

Outlook for 2021
The COVID-19 situation continues to make the macro economic outlook difficult to predict. Because of these exceptional

circumstances, Posti's full-year outlook includes a high level of uncertainty.

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.

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

Posti

Turkka Kuusisto, President and CEO

I'm very pleased with our first quarter results. All in all, it was a well-balanced performance across the board, especially taking into account the ongoing COVID-19 pandemic and harsh winter that put an extra pressure on the reliability of our operations. Our net sales grew by 3.2% to EUR 396.4 (384.2) million. At the same time, our adjusted EBITDA improved to EUR 46.0 (40.8) million, i.e. 12% of net sales, mainly due to the improved profitability of Parcel and eCommerce. According to our long-term financial targets, revised in February this year, our target is to reach a 13% adjusted EBITDA margin.

The rapid transformation of postal services continued in the first quarter. In January–March, the overall volume of addressed letters decreased by 14% compared to the same period last year. Posti welcomes the proposals by the Ministry of Transport and Communications on renewing the Postal Act and introducing a fixed-term State aid for newspaper delivery. These measures are crucial and will help to secure delivery in the whole country as the number of paper mail is dropping fiercely. Postal regulation needs to be updated in order to meet the customer needs of a changing market. Managing the decline of postal volumes and its unavoidable changes to our organization and businesses in a controlled and responsible way is imperative for our long-term success.

In February, as a response to this continuing change, we announced our revised group

CLASSIFICATION: CORPORATE | WWW.IPC.BE © 2026

strategy. According to this strategy, tomorrow's Posti is a modern delivery and fulfillment company with progressive profitability. The core of our growth is in parcels and contract logistics in Finland, Sweden and the Baltics, along the entire delivery and fulfillment value chain. This was highlighted in the first quarter by the strong performance of our Parcel and eCommerce operations. The parcel volumes in Finland and the Baltics grew by 25%, driven by the strong consumer demand.

In order to meet the increasing demand and to provide our customers with convenient and industry pioneering services, we are continuously developing and investing in our operations. For instance, in March, we expanded our parcel locker in Munkkivuori shopping center in Helsinki. With its 1,002 lockers, this parcel locker is now the largest one in Europe and one of the largest in the world. During the strategy period, our plan is to invest EUR 100 million into growing and developing our eCommerce as well as delivery and fulfillment capabilities. In line with this ambition, we will invest some EUR 37 million in Transval's new warehouse that utilizes cutting-edge technology like unmanned electric forklift trucks. At the same time, Aditro Logistics will install an AutoStore® warehouse system with 40 robots and 50,000 storage bins in its Arlanda site. Thanks to these investments, we can further enhance our customer experience and offer scalable and cost-efficient logistics and eCommerce solutions to our customers.

With the help of COVID-19 vaccine rollout, we are finally taking the first, tentative steps toward new normal. I want to thank our personnel for their flexibility and resilience during the COVID-19 pandemic. I'm confident that by continuing the systematic execution of our revised strategy and working together, we will be successful also in the new, post-COVID world.

Posti Group's Interim Report January–March 2021 in full here.

Source: Posti

CLASSIFICATION: CORPORATE | WWW.IPC.BE © 2026