

ÅLAND POST

2016



TABLE OF CONTENTS

ALL ABOUT ÅLAND POST	4
CHIEF EXECUTIVE OFFICER'S REVIEW	6
ANNUAL REVIEW	8
PACKAGING & DISTRIBUTION	10
LOGISTICS	14
POSTAL SERVICES	18
STAMPS	20
SUSTAINABILITY REPORT	22
BOARD OF DIRECTORS	30
MANAGEMENT GROUP AND ORGANISATION	31
INCOME STATEMENT AND CASH FLOW ANALYSIS	32
BALANCE SHEET	33
FINANCIAL OVERVIEW AND KEY FIGURES	34

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VISION

WE WILL BE THE MOST SOUGHT-AFTER
LOGISTICS PARTNER WHICH THROUGH
A RAPID PACE OF INNOVATION SETS THE
STANDARD FOR OUR INDUSTRY.

PLEDGE TO CUSTOMERS

WE WILL DO EVERYTHING TO DELIVER TO
THE RIGHT PLACE IN GOOD TIME WITH
CLEAR TRACKABILITY.



THIS IS ÅLAND POST

Åland Post is a modern logistics company with approximately 270 employees. Our focus is on delivering the right items to the right place, for the right price. Simply smart logistics. Operations are run from the head office in Sviby, Jomala, just a few kilometres from Mariehamn, capital of the Åland Islands.

SHORT FACTS:

ESTABLISHED POSTAL COMPANY SINCE 1/1/1993
JOINT-STOCK COMPANY SINCE 1/1/2009
100% OWNED BY THE ÅLAND PROVINCIAL GOVERNMENT
NUMBER OF EMPLOYEES: 270
CORPORATE CUSTOMERS: 94%
CUSTOMERS OUTSIDE THE ÅLAND ISLANDS: 84%
MEMBER OF POSTEUROP AND POSTAL SERVICES OPERATOR
RECOGNISED BY THE UPU (UNIVERSAL POSTAL UNION)

OPERATION AREAS:

Åland Post's operations are divided into four operational areas: Packaging & Distribution, Logistics, Postal Services and Stamps. Each operational area focuses on its own customer base.

PACKAGING & DISTRIBUTION



Production and distribution solutions uniquely adapted to each customer
Stock
Packaging
Printing and envelopes (Asterion)
Other services, e.g. labelling, inkjet printing, handling of returns, reply services etc.

LOGISTICS



Local and international transportation
Distribution
Import and export

POSTAL SERVICES



Distribution of post and daily newspapers
19 postal outlets in Åland
Exchange of international post

STAMPS



Production of Ålandic stamps
Marketing and sales of Ålandic stamps nationally and internationally

CHIEF EXECUTIVE OFFICER'S REVIEW

During the past year, Åland Post implemented something which can be described as a "totalmakeover". In March, we changed our name from Posten Åland Ab to Åland Post Ab and at the same time changed our graphic profile and our logo. Our new customer pledge *"We do everything to deliver to the right place, in good time with clear trackability"* describes simply and clearly what we want to achieve. Our cars have been redecorated, our signs changed and our web presence freshened up with new material including films describing what we do. All in order better to express the modern, forward-looking and international logistics company we are.

In May, the fifth extension to the terminal in Sviby was taken into use. The new 6,300 m²-large production area with racked pallet storage, picking storage, machine packing and loading platforms connects the entire terminal so that we now have a 26,000 m²-large storage/logistics facility which is optimised for effective flows of storage, picking, packaging and distribution. The terminal now forms a productive whole where there is room for several branches of operations to grow.

During a weekend in October our business system – where most business-critical processes are located – was upgraded to the 2016 version. The upgrade was preceded by several years of system adjustments. A number of new subsystems for personnel management, traffic planning, internal communications, stamp logistics etc. are now under development. It is absolutely necessary in our business as in all businesses to have the best possible IT system in operation to support the business processes.

In both Sweden and Finland it is front-page news that postal services operators are suffering from major profitability and quality problems. The Danish division of

PostNord has since the year 2000 lost 90% of its letter volume and last year made a loss of a billion. Newspaper publication is dropping and daily post volumes are decreasing. The traditional postal industry is, to say the least, going through a rocky patch.

Åland Post has, so far, not been so seriously affected by the decrease in the volume of post. Letters on Åland decreased by 2% during the past year but incoming letters from other postal services operators increased by 12%. The newspaper Nya Åland ceased its morning distribution beginning at the turn of the year 2016–2017. Despite the downturns, the traditional postal department is still functioning well and showing profitability. But it is important to stay on our toes, as what is now happening in the rest of the world will sooner or later also come to Åland.

We see a similar tendency within Stamps. Interest in stamp collecting is dropping off and the number of subscribers is decreasing at the same rate. So far, we have a healthy business around stamps, but the day can be seen on the horizon when it will no longer be profitable to put out beautiful, innovative stamps to attract collectors. But within which timeframe this will occur is difficult to predict.

E-commerce is showing strong growth each year but the challenge for postal services operators is to switch their networks over from letters to the sending of goods. The classic infrastructure, constructed over hundreds of years with mail slots and letterboxes adapted for letters and newspapers, is unfortunately not suited to the delivery of goods. Now different types of automatic pickup boxes, property boxes and collection points are being introduced to handle package distribution, and home delivery in fixed time slots, delivery to the boots of parked cars etc. is being tested to carry out package deliveries.



“THE CHALLENGE
FOR POSTAL
SERVICES OPERATORS

IS TO SWITCH THEIR
NETWORKS OVER
FROM LETTERS TO THE
SENDING OF GOODS.”

When Great Britain said yes to Brexit in June, the British pound dropped like a stone, which immediately placed heavy pressure on our distribution of e-commerce goods to Britain. Recruitment of new clients after Brexit has more or less stopped, and margins have fallen. But the market in Europe is enormous in relation to little Åland Post, so the conditions for growth are clear. A cloud on the horizon is the bill proposed by the EU commission in December of last year, where it is suggested that the so-called minimum VAT threshold be removed throughout Europe. This would overnight pull the rug out from under large parts of our e-commerce operations, which today represent nearly 50% of our turnover.

Our logistics operations have grown steadily over the years and we have in particular established ourselves as a significant player in food transport. In early 2017 we

started up a distribution network where actors in the food market can have their products delivered daily to businesses, restaurants, stalls, school kitchens etc. over all of Åland.

Finally, I want to thank the staff for the past year. Our fantastic staff, with their enthusiasm for growth and change, are the motor that makes it possible to be a strong competitor despite the rapid shifts in societal development.

Sviby, 28 February 2017
Henrik Lundberg, CEO

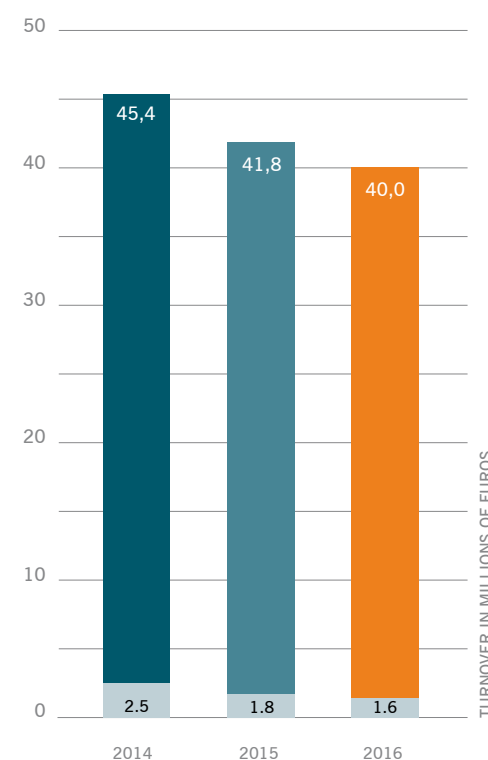
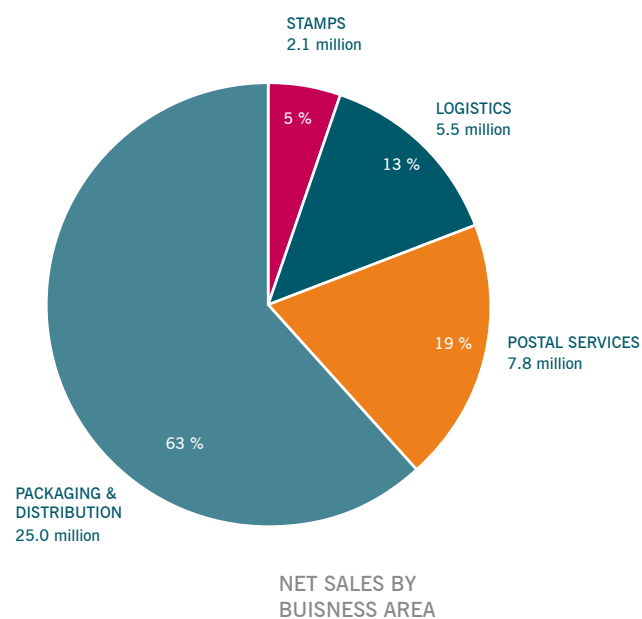


THE EXTENSION TO THE LOGISTICS TERMINAL IN SVIBY CAME INTO USE IN MAY. THE INVESTMENT GIVES OPPORTUNITIES FOR A MORE EFFICIENT FLOW OF GOODS FOR THE GROWING E-COMMERCE AND THE TERMINAL'S FORMER HALLS CAN NOW ALSO BE USED FOR LOCAL LOGISTICS ACTIVITIES.

DURING THE YEAR THE COMPANY CHANGED ITS NAME TO ÅLAND POST AB, LAUNCHED THE NEW GRAPHIC PROFILE AND NEW WEBSITES AND UPDATED THE ENTIRE BUSINESS SYSTEM. TOGETHER WITH THE EXTENSION OF THE LOGISTICS TERMINAL, THIS MEANS THAT WE ARE NOW WELL EQUIPPED FOR THE DEMANDS OF THE MARKET IN OUR BUSINESS AREAS.

ANNUAL REVIEW

Åland Post Ab's sales declined by 4.2% to EUR 40.0 million (41.8) and profit before appropriations and tax amounted to EUR 1.6 million (1.8).



ÅLAND POST'S NET SALES AND PROFIT BEFORE APPROPRIATIONS AND TAX IN EUR MILLION.

PACKAGING & DISTRIBUTION

The Packaging & Distribution business area reported a slight fall in sales of 6.6% to EUR 25.1 million (26.8). The main reason for the reduction in sales in 2016 was that publishing activities concluded in the third quarter of 2015. A decline in sales was also reported by the Banking and Insurance customer segment, which is the result of digitalisation and consequently fewer physical publications and letters. In order to meet the digital demand, Åland Post has invested in digital services and has succeeded in becoming a full e-invoice operator. The focus on the European e-commerce market showed good growth compared with the previous year and, in spite of Brexit and the European Commission's proposed changes in the value added tax directive, it continues to show good growth opportunities.

LOGISTICS

The Logistics business area reported an increase in sales of 0.7% to EUR 5.5 million (5.5). A new terminal in Turku came into use during the year and traffic management for the Finland traffic moved there. Logistics entered into a number of new cooperation agreements that are expected to lead to improved growth and profitability.

POSTAL SERVICES

Sales for the Postal Services business area declined by 2.6% to EUR 7.8 million (8.0). It is primarily the incoming letter post from other post operators that continues to decline. The distribution network continues to be optimised to reflect the falling letter volumes, enabling profitability to be maintained in the universal postal services. New parcel delivery automation began to be used from year end.

STAMPS

Sales for the Stamps business area declined by 4.4% to EUR 2.1 million (2.2). The number of stamps subscribers continues to decline, but the pace of decline has slowed as a result of our sales efforts. Sales for 2015 included the Year Book that Stamps publishes every other year, which affected the comparison.



PACKAGING & DISTRIBUTION CONTINUED GROWTH ON THE INTERNATIONAL E-COMMERCE MARKET

Packaging & Distribution continued to grow on the international market, despite the fact that Great Britain's decision to leave the EU created uncertainty on the market. During the year, sales efforts on the German e-commerce market were increased.

Smarter packaging solutions and digital services for e-invoicing were also developed during the year.

Packaging & Distribution continued its effort to recruit e-commerce companies in Europe which locate the storage, packaging and posting of their goods on Åland. Since 2014 the focus has been on Great Britain, which is the leading country in Europe with regard to e-commerce. But Brexit, Great Britain's decision to leave the EU which occurred in the middle of last summer, had a ripple effect on Packaging & Distribution as well.

– Uncertainty occurred on the market and many companies chose to wait and see. This contributed to the flattening of our growth curve and thus we accelerated our planned work on the market in Germany, says Mats Polviander, Operations Area Manager for Packaging & Distribution.

A seller was hired specifically for the German market and Packaging & Distribution expect that these efforts will provide results during 2017.

EFFICIENCY IMPROVEMENTS

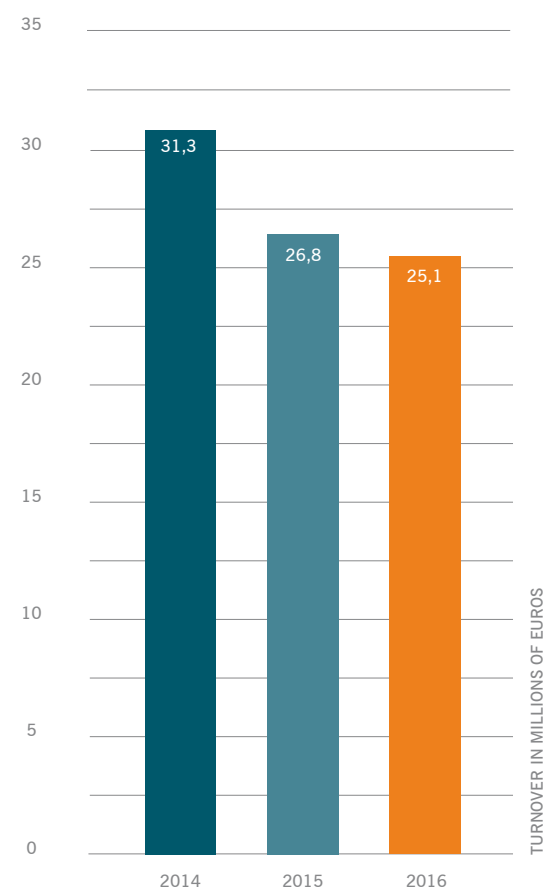
During the year, resources were invested to further improve and refine the services Åland Post offers to e-commerce companies. This includes smarter packaging materials, more machine packaging, diversified distribution solutions; everything to be as competitive an alternative as possible without detriment to quality and the reliability of deliveries. Also, the work rota for employees in packaging has been reviewed to optimise delivery times.

The new 6,300 square metre room, which was built in the terminal in Sviby for the storage of e-commerce goods, was taken into use.

– Thanks to this room, we can further streamline our routines and have better opportunities to achieve the planned growth within e-commerce, says Mats Polviander.

NEW MARKETS AND DIGITAL SERVICES

In the banking and insurance customer segment, efforts have been made to be able to offer services on the Swedish market as well. Within this segment time is required when changes are made, but the future looks promising.



KEY FIGURES 2016

- Turnover: 25.1 million euros.
- Number of employees: 78 persons.
- International shipping: + 46 % from 2015.

Ever more customers are requesting both digital and physical services, and Packaging & Distribution must be able to offer both alternatives to be an attractive supplier. During the year, extensive development work thus continued on e-invoices.

LOGISTICS SOLUTIONS

Packaging & Distribution noted during the year a growth within e-commerce logistics. With the help of sub-contracting suppliers, rapid logistics solutions are being sold for goods sent between Sweden and Finland.

– Today we are completing parts of a Boeing 737 five days a week year round with e-commerce goods. We have knowledge and contacts and have seen that the need exists. It is a matter of daring to think along new lines, says Mats Polviander.



EMILIA BERG, SUPERVISOR



ÅLAND POST HAS EFFICIENT PRODUCTION WITH SEVERAL DIFFERENT PACKAGING MACHINES. THE LATEST ADDITION TO OUR FACILITY SEALS ITEMS IN CLOSE-FITTING PLASTIC.



ELVIJS STALS, PRODUCTION



LOGISTICS IS ENLARGING ITS SERVICE AND ITS DISTRIBUTION NETWORK



LOGISTICS

Logistics took into use a new goods terminal in Åbo during the year, meaning that transport management for Finland traffic could be moved there.

Agreements were signed with new customers and a breakthrough was made in a new niche – shipment of building materials.

In addition, Logistics extended its services to companies and now also offers storage of their goods in the postal terminal.

A major strategic change for Logistics during 2016 was the construction of a goods terminal in Åbo. Åland Post's presence in Åbo became more significant and in addition, the new terminal, which is located near the harbour, is staffed. Transport management for Finland traffic, which was earlier stationed on Åland, is now in Åbo, which has several advantages. This facilitates the reception of goods and the management is working closer to the drivers.

– The change of terminal gives us even better conditions to meet our goal of further growth in Finland traffic, says Dan Johansson, Operations Area Manager for Logistics.

MAJOR ACTOR

During the year, Logistics signed a cooperation agreement with DHL, one of the major actors in the sector. This benefits goods transport both to and from Åland.

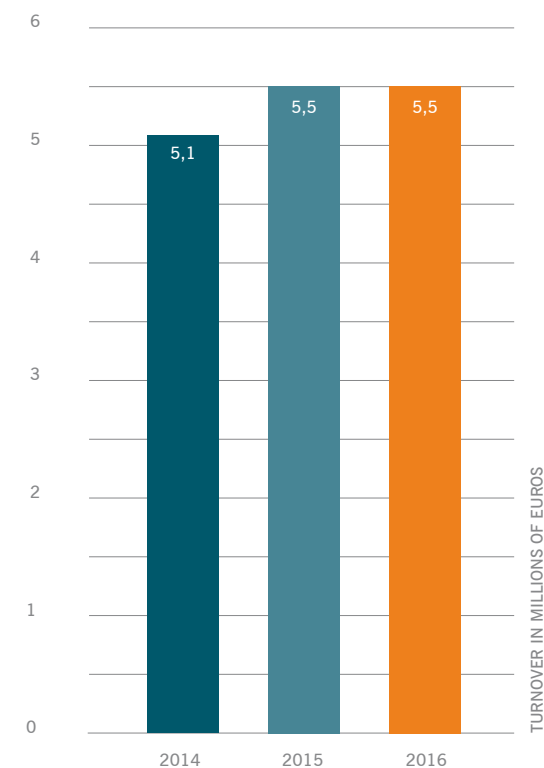
– We get access to a larger network and can offer our customers a better range, says Dan Johansson. Logistics also succeeded in entering a new niche during the year – transport of construction material which in its turn required investment in appropriate transport equipment.

The volumes of traffic to and from Sweden were stable and operations continued as in earlier years, with no change.

EXTENDED SERVICE

Logistics developed its services for companies during the year and created a comprehensive solution covering both storage of the companies' goods in the post terminal in Sviby and distribution of these goods in accordance with the companies' wishes.

Many companies can save both time and money by letting Logistics manage either all or part of their storage and also distribute the goods. Other companies may obtain more benefit from services because they are temporarily



KEY FIGURES 2016

- Turnover: 5.5 million euros.
- Number of employees: 45 persons.
- Transport units: 63.

lacking sufficient storage space, for instance during new construction.

– We tailor solutions to each company's needs, says Dan Johansson.

Within this area are good opportunities for growth.

LOCAL TRANSPORT OF REFRIGERATED AND FROZEN GOODS

Logistics has implemented a comprehensive extension of the distribution network on Åland for refrigerated and frozen goods. From having reached about ten customers twice a week, over a hundred customers will be reached by our distribution during 2017. The extended network is attractive for new customers who have goods which require thermal transport.

Dan Johansson describes 2016 as the year where several large projects and changes, to be launched in 2017, were planned.

– We hope to be able to reap the benefits of this work next year, he says.

OUR COLLEAGUES



MARIE-LOUISE BJÖRKLUND, POST DISTRIBUTOR



KENNETH SANDVIK, POST DISTRIBUTOR



THOMAS FAGERSTEDT AND BETHINA BERGMAN ARE ÅLAND POST'S SALES TEAM IN LOGISTICS.

< ANDREAS STENBERG, WORK SUPERVISOR

< ANTONIOS TSITSES, WORK SUPERVISOR



PART OF THE E-COMMERCE SALES TEAM:
EMMA KARDELL BOSTRÖM, MARK DONALDSON AND JOEY WONG



Photo: Kjell Söderlund



POSTAL SERVICES

Automatic pickup boxes were installed during 2016. They are an element in Postal Services' efforts to offer more flexible services which give recipients more choices. Over the course of the year, major changes were planned that were launched in 2017.

Åland Post hosted a forum which the collaboration organisation Small Post and Islands held on Åland.

During the year the systems which were required in order for the distribution of packages in vending machines to work were installed and at the end of November four automatic pickup boxes were installed – one at the post office in Sviby, one at the post office in Mariehamn, one in the shopping centre in Maxinge and one in the Erik Mattsson grocery store in Finström. These were then taken into use in early 2017.

Recipients can thus choose if they want to have their package delivered to an automatic pickup box where it can be retrieved with a code sent by telephone. The automatic pickup boxes are usually available 10 hours per day. People who have chosen to interrupt their normal post distribution can choose to have the post delivered on a certain day to a pickup box.

– We strive to offer more and more services that recipients can customise to their wishes. “My page” has been launched on Åland Post's website, and there it is possible to choose services and give authorisations, says Eivor Granberg, Operations Area Manager for Postal Services.

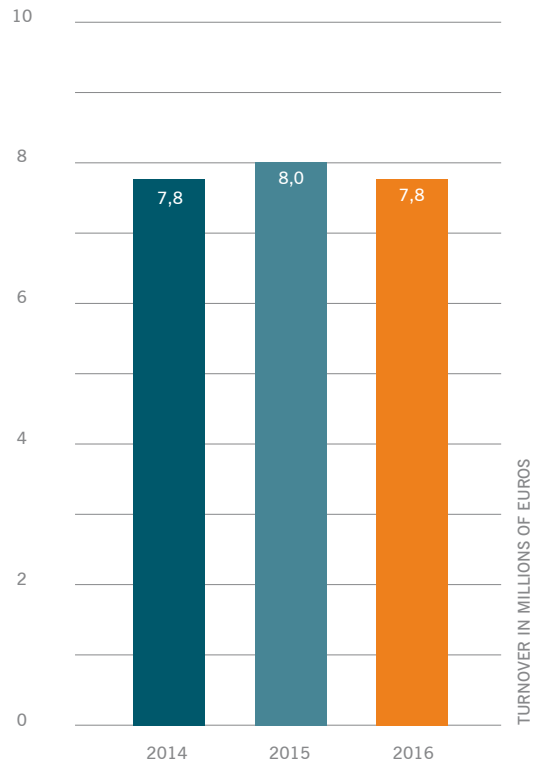
ROADS WERE GIVEN NAMES

During 2016 all roads in the archipelagic municipality of Kumlinge were given names. Postal Services ensured that the roads were measured and that the numbers assigned to the houses were entered in an address register.

The municipality is in charge of road signs. The giving of names has several advantages. Machine sorting of post is facilitated. It thus becomes quicker to make a delivery. It also becomes easier to reach the right person if someone has moved house within the municipality. In addition, both the emergency services and the tourist industry benefit from the naming of streets.

IMPORTANT COLLABORATION

In June Small Post and Islands held its third postal forum on Åland with Ålands Post and Postal Services as local



KEY FIGURES 2016

- Turnover: 7.8 million euros.
- Number of employees: 112 persons.
- Number of post offices/postal agencies: 19
- Number of automatic pickup boxes: 4

hosts. Countries with fewer than 1.3 million inhabitants can belong to the collaborative organisation.

– For small postal services providers, collaboration is everything. It is important to exchange experience and solutions for different problems. Just at the moment, what is current is digitalisation and the consequences it brings, says Eivor Granberg.

DISTRICT REARRANGED

In addition, 2016 was a year where much time was spent on planning the changes to be implemented in 2017. One regards the special distribution in the mornings when the division of the districts of Mariehamn and its surroundings has been redrawn. This was as a result of the fact that one of the local newspapers terminated its contract for morning distribution from 1 January 2017.

Each district has become larger while the number of districts has decreased. In addition, a careful marking of post boxes in the current area was carried out to facilitate distribution of newspapers, which are not addressed, as part of the basic distribution.



STAMPS COLLECT INTERNATIONAL PRIZES

The launch of the stamp which the artist Björn Ulvaeus contributed to the My Åland series and which was released in 2016 was a success. Moreover, two Ålandic stamps won prizes in international competitions.

The Swedish songwriter and Abba star Björn Ulvaeus is enjoying his time on the archipelago of Åland. He therefore said yes to the Stamps division's request to participate in the My Åland series with his own motif and chose an archipelago image from Kökar.

The stamp was released in July and Björn Ulvaeus came to Åland to sign the stamp and the related philatelic products. The event was held at the quayside in Mariehamn's West Harbour in extra-festive style. The Intermezzo choir sang songs written by him and Benny Andersson and the queue for signatures remained long for many hours.

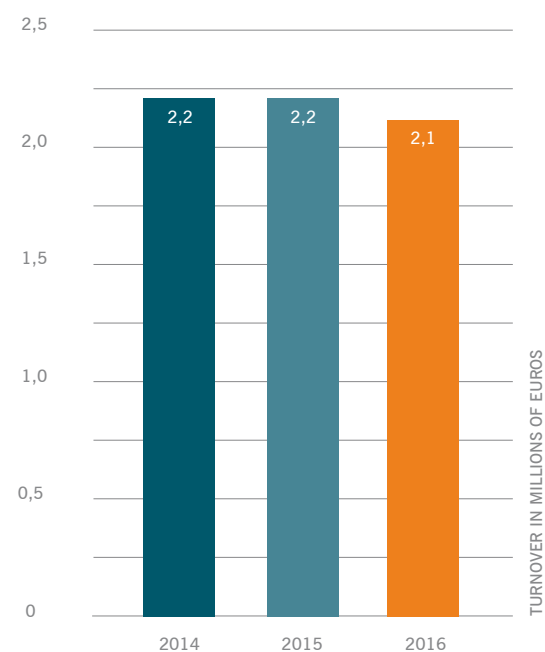
INTERNATIONAL ACHIEVEMENTS

During the year, Ålandic stamps won two prizes. The Ålandic stamp with a toy monkey as motif had success in a poll in China and won third prize for best foreign stamp in the print quality category.

The world's most beautiful stamp was chosen in a competition arranged by the Austrian stamp organisation WIPA. The winning stamp had been designed by Åland Post's Art Director Cecilia Mattsson. The stamp with a folk costume as motif was issued both on Åland and in Switzerland as a collaboration between the postal services and it was the Swiss issue which participated in the competition.

MAJOR FAIR IN CHINA

The Asian drive continued during the year with our own representative stationed in China. The Stamps division also participated in a major fair in the city of Nanning which was visited by around 100,000 people.



KEY FIGURES 2016

- Turnover: 2.1 million euros.
- Number of employees: 13 persons.
- Number of customers: approx. 20,000 customers in nearly 100 countries.

– Our booth had good visibility and sales exceeded expectations, says Anita Häggblom, Operations Area Manager for Stamps.

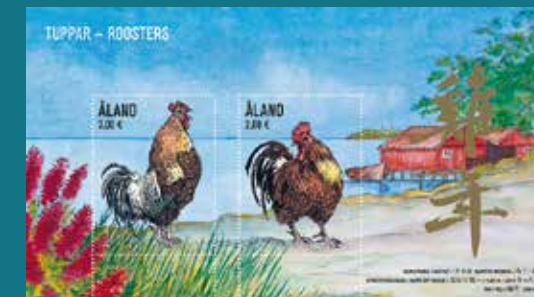
With a view to the Asian market, Stamps issued a miniature stamps sheet with frogs as a motive as 2017 is the Year of the Frog according to the Chinese zodiac. During the year a stamp was also issued outside of the ordinary issuance programme to celebrate the IFK Mariehamn football team. In a well-publicised feat, the team won Finland's highest league.

During the year, a new website adapted for smart-phones was planned which was launched during 2017.

– Overall, the year went well. Interest in philately has decreased globally in recent years, but during 2016 we could see a decrease in customer drop-off, says Anita Häggblom.

ÅLAND 2016

Every year, around 16 Åland stamps are issued by Åland Post. The stamps describe Åland's nature, culture, history, society and self-government. The Åland stamps are the result of skilled craft work. Each stamp is a small work of art.



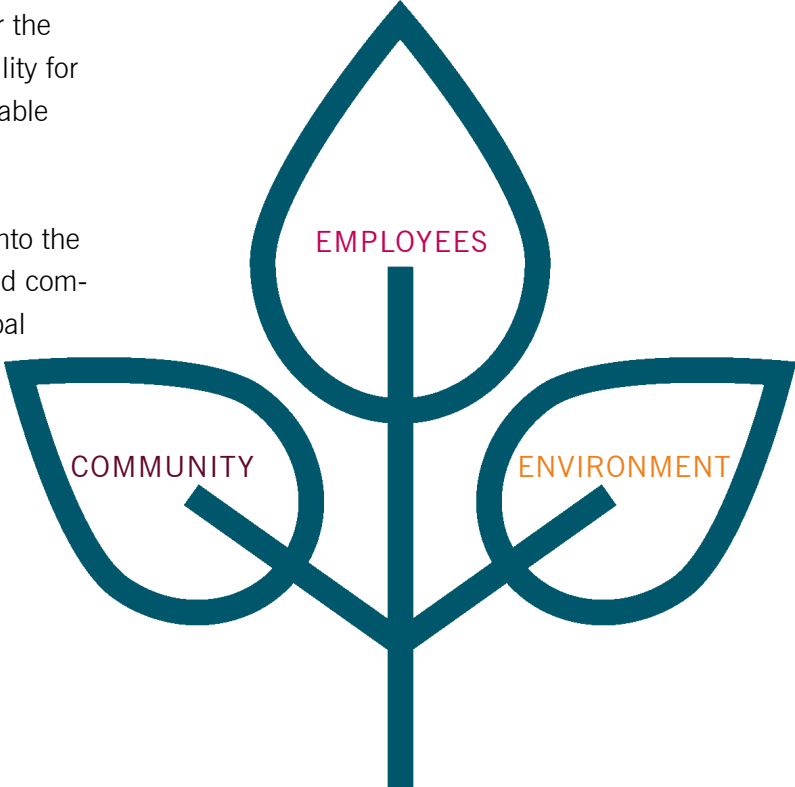
The Ålandic Europe stamp with a toy monkey as motif which was issued before the Year of the Monkey took part in a yearly poll in China and won third prize for best foreign stamp in the print quality category.

MONITA LÖFROTH, UNIT DIRECTOR

SUSTAINABILITY REPORT

Åland Post is an important employer for the Åland Islands and has major responsibility for helping operations develop in a sustainable manner.

Åland Post divides sustainability work into the main areas environment, employees and community. These areas correspond to Global Reporting Initiatives (GRI)'s environmental, social and economic effects. Åland Post has also established GRI's reporting principles, but this sustainability report is not drawn up in accordance with GRI Standards. The work of sustainability is still being developed and the goal is for the report also to evolve for each year.



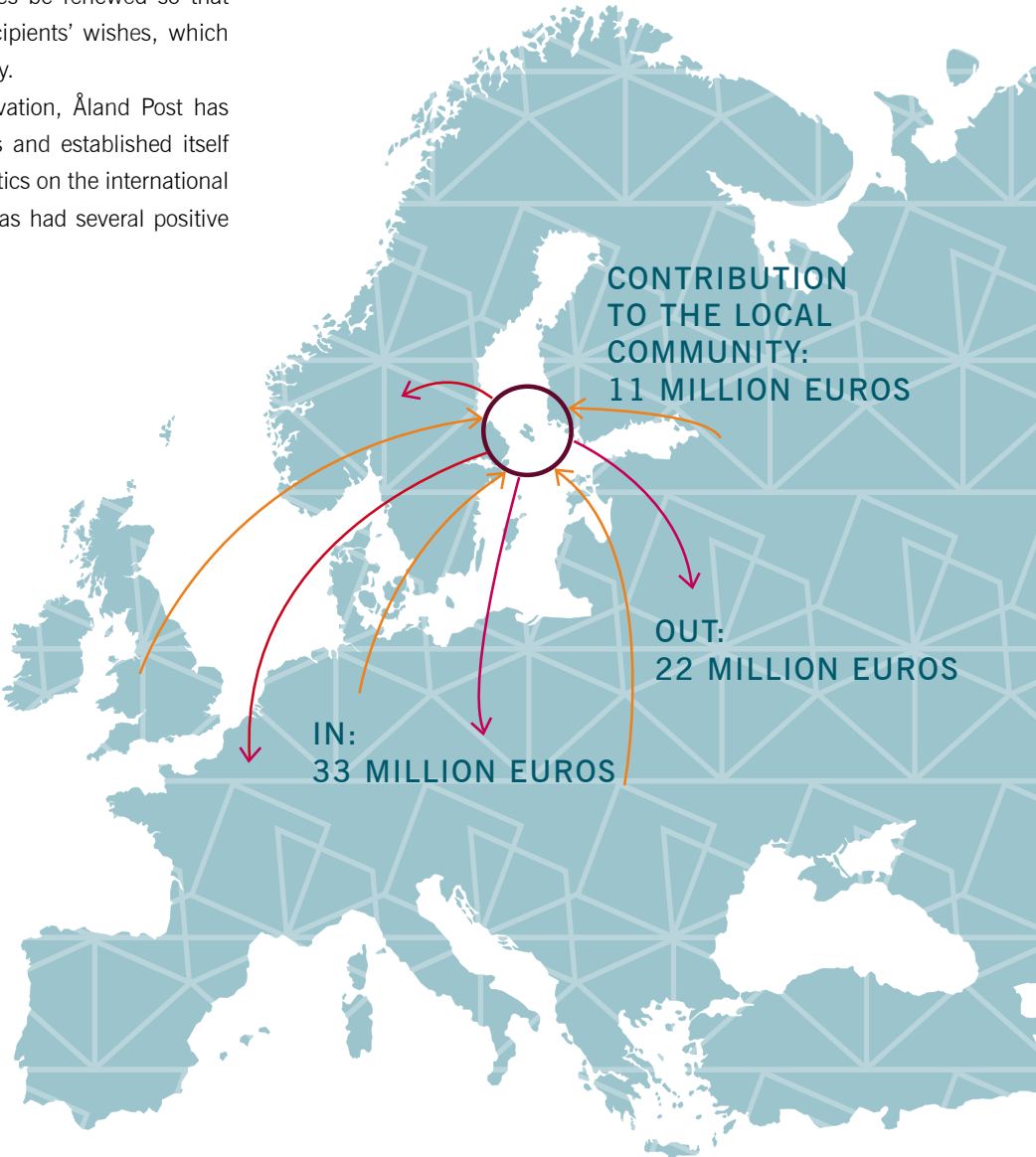
COMMUNITY

As a major company in the local community, it is important for Åland Post both to secure and to develop operations. As traditional post operations with distribution of letters and newspapers is decreasing, major demands are placed on resilience and innovation. Through new business, Åland Post can ensure the universal service obligation of distributing the post. Several of our neighbouring countries have already had to reduce the number of distribution days and decrease distribution speed.

Åland Post has so far managed to maintain a profitable distribution five days per week and intends to continue with this. This requires however that the legislation regulating universal postal services be renewed so that operations can be adapted to recipients' wishes, which simultaneously increases efficiency.

Thanks to openness and innovation, Åland Post has broadened its fields of operations and established itself as an actor within third party logistics on the international market as well. In its turn, this has had several positive

effects for the Åland Islands. The operations in themselves generate more foreign capital for Åland and Åland Post can offer an increased number of new varied workplaces. Although the company's profits have decreased in recent years and the yearly dividend has been 1 million euros, the increased exports make a significant contribution to Åland. The community contribution for 2016, illustrated below, consists of revenues and expenses excluding depreciation and end-of-year adjustment outside Åland as well as payments for investments to foreign suppliers. This unified cash flow model shows that over 11 million euros net will be available to the local community.



ÅLAND POST'S
SUSTAINABILITY WORK



THE LOCAL COMMUNITY



UN GLOBAL GOALS

ESSENTIAL AREAS FOR ÅLAND POST	CONTRIBUTIONS TO THE DEVELOPMENT AND SUSTAINABILITY AGENDA FOR ÅLAND	CONTRIBUTIONS TO THE UN'S GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT
Innovation for long-term growth and profitability	Goal 5: Attractiveness for residents, visitors and companies	Goal 8: Decent work & economic growth Goal 9: Industry, innovation & infrastructure
Involved and healthy employees	Goal 1: Thriving people whose inner resources are growing	Goal 3: Good health & well-being
Equal opportunities and equal treatment	Goal 2: Everyone feels confident and has real opportunities to be a participant in society	Goal 5: Gender equality Goal 8: Decent work & economic growth Goal 10: Reduced inequalities
Reducing emissions and energy consumption	Goal 6: A significantly higher proportion of energy from renewable sources and increased energy efficiency	Goal 7: Affordable & clean energy

ÅLAND POST HAS IN ITS SIGNIFICANCE ANALYSIS NOTED THAT SUSTAINABILITY GOALS ARE LINKED BOTH TO BUSINESS GOALS AND TO THE SUSTAINABILITY GOALS IN THE ÅLAND ISLANDS DEVELOPMENT AND SUSTAINABILITY AGENDA, WHICH ARE IN THEIR TURN LINKED TO THE UN'S GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT.

EMPLOYEES

As of the final day of the financial year Åland Post employed 270 persons (256). Recalculated to the average number of person years the staff increased to 221.0 persons (215.3). In addition, 65 persons have worked as temporary employees at Åland Post during 2016.

Åland Post wants to offer workplaces which suit and attract a variety of people with regard to age, gender, education and national background and which reflect the reality on Åland. The statistics show that we have succeeded on many points. An example is the number of foreign-born residents, which on Åland is 16 percent. A broadly similar proportion (13 percent) of Åland Post's employees belongs to this group. Åland Post has also actively granted internship places to new residents who are studying Swedish as a foreign language at the Medis course institute. In many cases, the collaboration has led to their subsequently taking up permanent employment at Åland Post. This in turn benefits both Åland Post, which for its expansion outside Åland needs employees with knowledge of other cultures, and the employees, since regular work is an important condition of successful integration.

NEW EQUAL OPPORTUNITIES PLAN

During the year, Åland Post has continued its collaboration with the Ålandic LGBT group Regnbågsfyren, with a focus on creating a workplace free from harassment and discrimination. Among other things, the association has been involved in the work of creating a new equal opportunities plan/inclusive equal treatment plan for Åland Post. The plan contains concrete goals which must be reached for Åland Post to be

a workplace which on all points reflects the population of Åland. Åland Post was named Beacon of the Year 2016 for its conscious and thoughtful efforts towards diversity and norm-critical thinking.

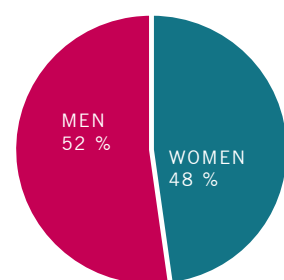
BETTER INTERNAL COMMUNICATION

During 2016 a major effort was made to improve internal communication. Regular information sessions were held once per month. These were filmed and uploaded to the intranet and were therefore available also for those who were not present.

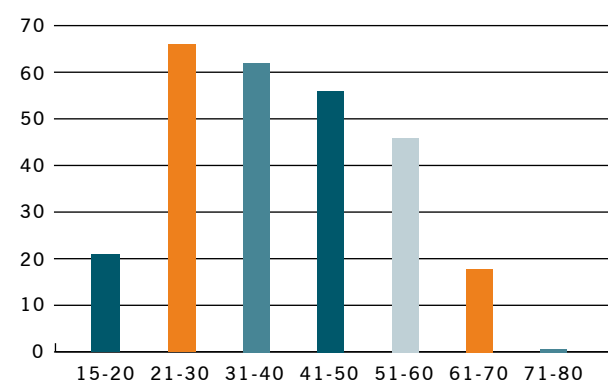
In addition to this, the Workplace tool was taken into use at the end of the year, where big and small news can be posted by all employees. – Workplace makes possible two-way communication, which increases openness and participation in the company. Workplace contributes to our employees' learning more about others' tasks at work and daily experiences, which over the long term increases understanding across operations area borders, says Johan Haglöf, personnel manager at Åland Post.

Workplace also means that employees who are stationed outside the terminal in Sviby, for example staff at the post office on the archipelago or at the goods terminal in Åbo, can more easily participate in Åland Post's daily operations. Information sessions are often livestreamed on Workplace.

– Being open about what is happening and being discussed within the company is part of our sustainability work. According to research, increased participation leads to increased satisfaction and increased engagement.



FEMALE/MALE RATIO AT ÅLAND POST



ALL EMPLOYEES AT ÅLAND POST BY AGE CATEGORY

16

16 DIFFERENT NATIONALITIES WORK AT ÅLAND POST



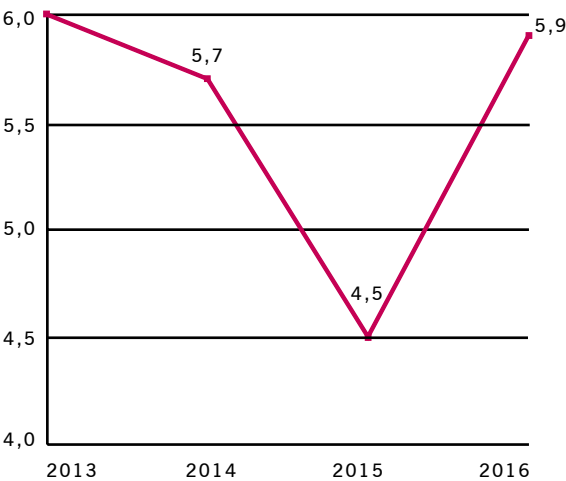
In February 2016 Kaveh Amani took up his job at Åland Post. Kaveh came to Åland from Iran to be reunited with his mother after they had been separated for over 20 years. To receive leave to remain, Kaveh needed to find a job. To begin with, Åland Post could only offer a part-time position, which was good, as it meant that Kaveh could at the same time take Swedish classes at the citizens' institute. Kaveh has learned Swedish quickly and takes on major responsibility at work. Today he has a full-time permanent contract and in December came the message we had been hoping for, leave to remain in Finland and a chance to really begin building his life on Åland. In the future, Kaveh hopes to be able to work in accounting, which he is qualified in, and his dream is one day to be able to own his own house.

THE WORKPLACE TOOL WAS TAKEN INTO USE AT THE END OF THE YEAR. BOTH BIG AND SMALL NEWS CAN BE POSTED BY ALL EMPLOYEES.



HEALTH

Healthcare efforts remain important and Åland Post subsidises employees' physical and cultural activities. In the post terminal there are both a gym and a yoga room, available for staff around the clock. Sick leave unfortunately increased during the year after having fallen in recent years. It is mainly long-term sick leave that has increased, partly due to illnesses which are not work-related, partly due to adjustments within the company during the year. In addition to this, Åland Post has had several employees on maternity leave who have taken sick leave during pregnancy.



Åland Post is continually working with healthcare services and health to catch problems before it is too late and sick leave is a fact. One measure which is being implemented is a closer dialogue with company healthcare services and employees. In addition to this, we arrange wellbeing weeks, yoga classes and circuit training.

CREATION OF SALARY COMPARISON SHEET

During 2016 were presented the results of the new salary statistics for the Ålandic work market which were drawn up by the Ålandic Statistics and Investigation Office on the initiative of Åland Post. Nine companies with over 2000 employees in total participated. The study gave Åland Post a reason to adjust wages for certain categories in order to remain at a competitive level.

Each year Åland Post draws up a salary comparison sheet where women's salaries are checked against men's. Women's pay is between 95% and 109% of men's pay. Women are higher paid in six of Åland Post's 16 salary brackets and men are higher paid in six salary brackets. The remaining four salary brackets are not comparable as they do not contain employees of both genders.

SICK LEAVE PERCENTAGE
FOR YEARS 2013-2016



IN ÅLAND POST'S TERMINAL THERE IS BOTH A GYM AND A YOGA ROOM, AVAILABLE FOR STAFF AROUND THE CLOCK.

Åland Post complies with current environmental regulations and works proactively to meet future requirements. Åland Post is certified in the environmental management system ISO 14001:2004. The environmental work is coordinated by the staff and followed up by the management team. The Board of Directors approves Åland Post's environmental policy each year. The environmental work is audited on a yearly basis, both internally and externally.

The most significant environmental impact from operations consists of emissions from transport and energy use in the logistics terminal. Emissions from transport are decreased foremost by increased filling ratio and optimised mileage, which is a natural part of business operations. To further decrease emissions, all drivers are trained in eco-driving and Åland Post continually invests in more

environmentally friendly vehicles. The aim is for the carbon dioxide emissions of the vehicle fleet to be under the EU 2020 emissions targets for new passenger cars and light transport vehicles, targets which were presented at the climate conference in Paris in 2015. For heavy-duty vehicles, Åland Post's goal is for all vehicles to meet at least the Euro 4 emissions standard in 2018 and Euro 5 in 2020.

During 2017, the environmental work will be adapted and certified according to the new environmental management system ISO 14001: 2015. Preparations have been undertaken during 2016. A reorganisation of the responsibility for environmental work has been carried out and this is currently shared out among several persons from different business operations areas. One focus is on further increasing the environmental engagement of each employee.

PASSENGER CARS AND LIGHT TRANSPORT VEHICLES	NUMBER AS OF 31/12/16	CO ₂ AVERAGE G/KM	GOAL 2020
Postal distribution cars	15	123	95
Light-duty vehicles (vans)	5	196	147

HEAVY-DUTY VEHICLES (TRUCKS)	EURO 3	EURO 4	EURO 5	EURO 6
Number per emissions class as of 31/12/16	3	2	7	6

ENERGY USE IN THE LOGISTICS TERMINAL IS FOLLOWED ON A MONTHLY BASIS. ON A YEARLY BASIS ÅLAND POST BUYS RENEWABLE ENERGY IN THE FORM OF WATER POWER WHICH MUST CORRESPOND TO THE TOTAL ELECTRICITY CONSUMPTION. YEARLY COMPARISONS ARE AFFECTED BY THE CONSTRUCTION WORKS WHICH WERE FINISHED DURING THE YEARS 2012 AND 2016.

ENERGY LOGISTICS TERMINAL SVIBY	2012	2013	2014	2015	2016
DISTRICT HEATING, MWH/YEAR	1 394	1 397	1 177	1 141	1 517
ELECTRICITY USE, MWH/YEAR	1 562	1 928	1 870	1 904	2 223
PURCHASED WATER POWER, MWH/YEAR	1 700	1 900	2 000	1 900	2 500
SURFACE AREA 31.12, M ²	19 569	19 569	19 569	19 569	25 960



ÅLAND POST'S GOAL IS FOR HEAVY-DUTY VEHICLES TO MEET AT LEAST EURO 4 EMISSIONS STANDARDS IN 2018 AND EURO 5 EMISSIONS STANDARDS IN 2020.

OUR COLLEAGUES



JOHAN GRÖNLUND, RECEPTIONIST
ALICIA LAUTARU, PRODUCTION>



CORRIDOR MEETING BETWEEN JOHAN SUNDBLOM,
JOHANNA REMMER AND EMMA KARDELL BOSTRÖM.



< KERSTIN JOSEFSSON,
PRODUCTION – STAMPING



COFFEE BREAK IN THE TERMINAL CANTEN.

FREDRIKA HÄGGBLOM, MARKET COORDINATOR



OCCUPATIONAL HEALTH AND SAFETY IN FULL DISCUSSION.



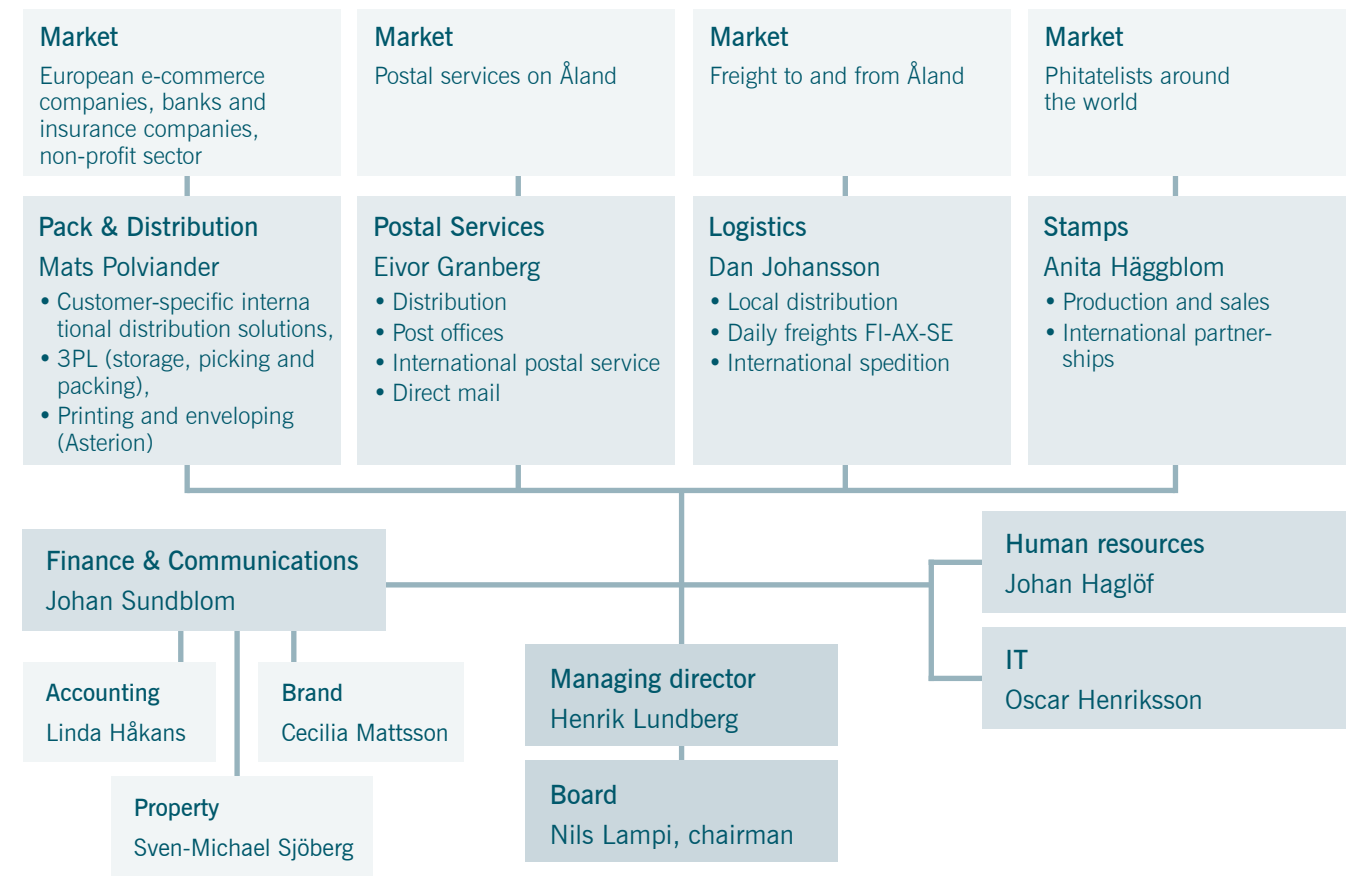
FROM LEFT: AGNETA ERLANDSSON-BJÖRKLUND, NILS LAMPI, JOHANNA BACKHOLM, BORIS EKMAN, LOTTA BERNER SJÖLUND, ROBERT LINDFORS AND HENRIK LUNDBERG.

THE BOARD OF DIRECTORS OF ÅLAND POST LTD

<p>Nils Lampi CHAIRMAN</p> <p>YEAR OF BIRTH: 1948</p> <p>PROFESSION: Group chief executive, Wiklöf Holding Ab</p> <p>MEMBER OF THE BOARD SINCE: 2011</p>	<p>Johanna Backholm BOARD MEMBER</p> <p>YEAR OF BIRTH: 1977</p> <p>PROFESSION: Deputy CEO, PAF</p> <p>MEMBER OF THE BOARD SINCE: 2014</p>	<p>Boris Ekman BOARD MEMBER</p> <p>YEAR OF BIRTH: 1947</p> <p>PROFESSION: Retired executive, lic.Sc business and economics</p> <p>MEMBER OF THE BOARD SINCE: 2012</p>
<p>Robert Lindfors VICE-CHAIRMAN</p> <p>YEAR OF BIRTH: 1966</p> <p>PROFESSION: CEO, self-employed, Mcs pol.sc.</p> <p>MEMBER OF THE BOARD SINCE: 2008</p>	<p>Lotta Berner Sjölund BOARD MEMBER</p> <p>YEAR OF BIRTH: 1980</p> <p>PROFESSION: CEO, Visit Åland</p> <p>MEMBER OF THE BOARD SINCE: 2014</p>	<p>Henrik Lundberg CEO</p> <p>YEAR OF BIRTH: 1961</p> <p>MEMBER OF THE BOARD SINCE: 2004</p>
<p>Agneta Erlandsson-Björklund BOARD MEMBER</p> <p>YEAR OF BIRTH: 1961</p> <p>PROFESSION: Self-employed, Msc business and economics</p> <p>MEMBER OF THE BOARD SINCE: 2008</p>		

ORGANISATION

31.12.2016



THE MANAGEMENT TEAM 2016:: DAN JOHANSSON, EIVOR GRANBERG, HENRIK LUNDBERG, OSCAR HENRIKSSON, JOHAN SUNDBLOM, MATS POLVIANDER, ANITA HÄGGBLOM, JOHAN HAGLÖF.

INCOME STATEMENT

CASH FLOW STATEMENT

	2016	2015
NET SALES	40 030	41 772
Other operating income	79	87

Materials and services		
Materials and consumables		
Purchases during the financial year	-1 859	-1 928
Variation in stocks	—	-57
External services	-22 303	-24 456
Total materials and services	-24 162	-26 441

Staff expenses		
Wages and salaries	-7 842	-7 417
Social security expenses		
Pension expenses	-1 358	-1 300
Other social security expenses	-450	-376
Total staff expenses	-9 650	-9 093

Depreciation and reduction		
Depreciation according to plan	-2 249	-2 009
Reduction in value of non-current assets	—	-268
Other operating expenses	-2 414	-2 230
OPERATING INCOME	1 634	1 818

Financial income and expenses	-60	-58
INCOME AFTER FINANCIAL ITEMS	1 574	1 760
Appropriations	-1 350	-356
Income tax	-50	-273
NET INCOME	174	1 131

Figures in EUR'000s

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from customers	39 105	42 243
Cash paid to suppliers and employees	-35 840	-38 104
Cash generated from operations	3 265	4 139
Interest paid	-78	-88
Interest received	19	29
Income taxes paid	-268	-397
NET CASH FROM OPERATING ACTIVITIES	2 937	3 683

INVESTING ACTIVITIES		
Investments in fixed assets	-5 289	-6 804
Proceeds from sale of tangible assets	115	27
Dividends received	—	1
NET CASH USED IN INVESTMENT ACTIVITIES	-5 174	-6 776

FINANCING ACTIVITIES		
Proceeds from long-term borrowings	2 000	7 000
Repayment of loans	-667	-2 133
Variation in used overdraft facility	1 941	-792
Dividends paid	-1 000	-1 000
NET CASH USED IN FINANCING ACTIVITIES	2 274	3 075

CHANGE IN CASH IN HAND AND AT BANKS	37	-19
CASH IN HAND AND AT BANKS AT START OF THE YEAR	265	284
CASH IN HAND AND AT BANKS AT THE END OF THE YEAR	302	265

BALANCE SHEET

	31.12.2016	31.12.2015
ASSETS		
FIXED ASSETS		
Intangible fixed assets	294	114
Tangible fixed assets		
Land	470	470
Buildings and constructions	35 752	27 574
Machinery and equipment	3 753	3 241
Other tangible assets	206	173
Construction in progress	18	6 006
Total tangible fixed assets	40 199	37 464
Financial fixed assets	904	904t
TOTAL FIXED ASSETS	41 397	38 482

CURRENT ASSETS		
Stocks	265	308
Current receivables		
Trade receivables	5 377	4 463
Other receivables	1 961	1 867
Prepaid expenses	167	123
Total current receivables	7 505	6 453
Cash in hand and at banks	302	265
TOTAL CURRENT ASSETS	8 072	7 026
TOTAL ASSETS	49 469	45 508

Figures in EUR'000s

	31.12.2016	31.12.2015
EQUITY AND LIABILITIES		
EQUITY		
Share capital	10 000	10 000
Retained earning	12 701	12 569
Net income for the year	174	1 131
TOTAL EQUITY	22 875	23 700
APPROPRIATIONS		
Cumulative accelerated depreciation	7 437	6 087

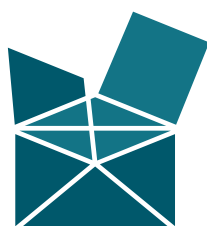
LIABILITIES		
Long-term liabilities		
Liabilities to credit institutions	11 128	7 187
Current liabilities		
Liabilities to credit institutions	—	667
Advances received	284	839
Trade payables	5 838	5 215
Other liabilities	210	251
Accrued expenses	1 697	1 561
Total current liabilities	8 029	8 533
TOTAL LIABILITIES	19 157	15 720
TOTAL EQUITY AND LIABILITIES	49 469	45 508

FINANCIAL OVERVIEW AND KEY RATIOS

	2016	2015	2014	2013	2012
Net sales	40 030	41 772	45 373	41 338	43 556
Operating income (EBIT)	1 634	1 818	2 567	2 124	3 232
Operating margin (EBIT)	4,1%	4,4 %	5,7 %	5,1 %	7,4 %
Financial items	–60	–58	–98	–134	–160
Income before appropriations and tax	1 574	1 760	2 468	1 990	3 072
Profit margin	3,9%	4,2 %	5,4 %	4,8 %	7,1 %
Return on equity	5,3 %	5,2 %	7,7 %	6,6 %	10,4 %
Return on invested capital	4,2 %	5,2 %	7,7 %	6,2 %	10,7 %
Equity ratio	58,6 %	64,0 %	69,6 %	65,3 %	64,3 %
Cash flow from operating activities	2 937	3 683	4 297	3 773	4 443
Capital expenditure	5 289	6 995	1 223	2 338	9 482
Dividends paid	1 000	1 000	1 000	1 000	1 000
Average number of employees	221	215	201	202	209

Figures in EUR'000s





ÅLAND-POST

