

# YEAR-END REPORT 2018

## PERFORMANCE

Åland Post AB's net sales declined by 2.0% to MEUR 37.4 (38.2) and net income before year-end adjustments and taxes amounted to MEUR 1.2 (1.3).

## OUR BUSINESS AREAS

### Pack & Distribution

Net sales for the Pack & Distribution business area declined by 3.7% to MEUR 22.1 (22.9). The eCommerce segment defended its position on the Nordic eCommerce market but lost approximately half of its net sales on the European market, primarily due to uncertainties around the UK's withdrawal (Brexit) from the EU, as well as the EU VAT Directive, which most likely will be amended to abolish the low value consignment relief from January 1, 2021. Once the low value consignment relief is abolished, it will be unsustainable to conduct competitive eCommerce logistics from Åland. Net sales for the Bank and Insurance segment increased due to a large one-off project, as well as the full-year effect of a customer that came onboard at the end of 2017.

### Postal Services

Net sales for the Postal Services business area declined by 5.5% to MEUR 9.1 (9.6). As a result of a declining number of stamp subscribers, former business area Stamps has been merged with Postal Services. Within traditional postal services, it is primarily incoming letters from other postal operators that continue to decline. The distribution network is constantly being optimised to align with weakening volumes of letters, meaning profitability can be maintained for the universal postal services.

### Logistics

Net sales for the Logistics business area increased by 6.9% to MEUR 6.4 (5.9). Growth is expected to continue and most of the company's investments are related to new vehicles. In addition, the business area has invested in a new vehicle monitoring system, encouraging drivers to more resource-efficient driving performances. The business area is leading Åland Post's efforts in the area of third-party logistics on the local market and has gained several new customers who store and dispatch goods from Sviby as required.

Jomala March 27, 2019



Henrik Lundberg  
CEO Åland Post Ab

# FINANCIAL OVERVIEW AND KEY RATIOS

NET SALES PER BUSINESS AREA*	2018	2017	2016	2015	2014
Pack & Distribution	22,074	22,914	25,062	26,837	31,275
Postal Services (including former Stamps)	9,106	9,639	9,930	10,237	10,028
Logistics	6,357	5,948	5,535	5,494	5,118
Administrative Services	557	488	375	314	204
Elimination of internal sales	-651	-792	-872	-1,110	-1,252
<b>NET INCOME</b>	<b>37,443</b>	<b>38,198</b>	<b>40,030</b>	<b>41,772</b>	<b>45,373</b>
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Operating income	1,438	1,350	1,634	1,818	2,567
Operating margin (EBIT)	3.8 %	3.5 %	4.1 %	4.4 %	5.7 %
Financial items	-218	-48	-60	-58	-98
Income after financial items	1,219	1,302	1,574	1,760	2,469
Profit margin	3.3 %	3.4 %	3.9 %	4.2 %	5.4 %
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Return on equity	3.9 %	4.2 %	5.3 %	5.2 %	7.7 %
Return on invested capital	3.7 %	3.4 %	4.2 %	5.2 %	7.7 %
Equity ratio	66.0 %	62.3 %	58.6 %	64.0 %	69.6 %
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Capital expenditure	1,135	766	5,289	6,995	1,223
– % of Net Sales	3.0 %	2.0 %	13.2 %	16.7 %	2.7 %
Dividends paid	500	1,000	1,000	1,000	1,000
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Average number of employees	208.0	221.1	221.0	215.0	201.0
Staff expenses	9,103	9,381	9,650	9,093	8,537

\* Figures in EUR'000s