

YEAR-END REPORT 2019

PERFORMANCE

Åland Post Ab's sales declined by 1.8% to MEUR 36.3 (36.9) and profit before appropriations and taxes amounted to MEUR 0.9 (1.2). The results were mainly burdened by the Finnish postal strike in November 2019. The strike, coupled with the fact that all of the Christmas public holidays in 2019 fell on weekdays, meant that the high volumes during what is usually the best period of the year failed to materialise, and the company lost approximately MEUR 1 in sales over the last two months of the year. The strike had a negative impact on all of our business areas, although Logistics still showed strong growth during the year.

OUR BUSINESS AREAS

Pack & Distribution

Sales for the Pack & Distribution business area decreased by 4.8% to MEUR 21.0 (22.1). The downturn is virtually solely due to the major uncertainty surrounding the UK's withdrawal from the EU (Brexit) and the EU decision to abolish low-value consignment relief from 2021, which severely affects our European eCommerce segment. In response to these changes in the wider world, we held several co-operation negotiations during the year and decided to establish a packing operation under the brand name Axla in the Finnish city of Vantaa, and to end sales activities targeting customers outside of the Nordic region.

Brexit and the EU's abolition of low-value consignment relief from 1 January 2021 have not had such a negative impact on the operation in the Nordic market. More than half of sales in this segment come from distribution solutions that do not benefit fiscally from low-value consignment relief. In fact sales for the eCommerce Nordic segment increased in 2019. Sales for the Bank and Insurance segment, however, decreased compared with the previous year, which is mainly due to digitalisation of customer communications and a large one-off job in the comparison year of 2018.

Postal Services

Sales for the Postal Services business area decreased by 3.0% to MEUR 8.8 (9.1). In traditional postal services, it is primarily incoming letters from other postal operators that are continuing to decline. By constantly optimising the distribution network to the falling volumes of letters, profitability can be maintained for universal postal services despite the lower sales. Sales for the Stamps segment decreased slightly, and the segment is continuously adapting its operation to a lower number of stamp subscribers.

Logistics

The Logistics business area continued its strong growth in 2019 and sales increased by 8.4% to MEUR 6.9 (6.4). The business area is leading Åland Post's third-party logistics investment on the local market and gained several new customers during the year. The good growth and investments in new, more fuel-efficient, eco-friendly vehicles are expected to continue in the future.

The company's other operating expenses have increased by MEUR 0.4, which is mainly due to legal costs relating to Finnish Customs' preliminary investigation which came to an end in 2019, a large credit loss as an eCommerce customer petitioned for bankruptcy, and start-up costs for Axla in Vantaa.

Jomala, 23 March 2020



Henrik Lundberg
CEO
Åland Post Ltd

FINANCIAL OVERVIEW & KEY RATIOS

	2019	2018	2017	2016	2015
Sales	36 268	36 946	37 751	39 755	41 772
Operating profit	913	1 438	1 350	1 634	1 818
Operating profit margin	2,5 %	3,9 %	3,6 %	4,1 %	4,4 %
Financial items	-42	-218	-48	-60	-58
Profit before appropriations and tax	871	1 219	1 302	1 574	1 760
Profit margin	2,4 %	3,3 %	3,4 %	3,9 %	4,2 %
Return on equity	2,7 %	3,9 %	4,2 %	5,3 %	5,2 %
Return on invested capital	2,4 %	3,7 %	3,4 %	4,2 %	5,2 %
Equity/assets ratio	68,0 %	66,0 %	62,3 %	58,6 %	64,0 %
Quick ratio	0,8	0,9	0,8	1,0	0,9
The business operation's cash flow	3 312	3 409	3 845	2 938	3 683
Investments	1 986	1 135	766	5 289	6 995
Paid dividends	500	500	1 000	1 000	1 000
Average number of full-time employees	201	208	221	221	215

Amounts in thousands of EUR