Q4 2018

Year-end report 2018

FOURTH QUARTER, OCTOBER–DECEMBER 2018

- Net sales totaled SEK 10,225m (10,065), an organic decrease of -0.4% after elimination of currency effects.
- Operating income totaled SEK 193m (272).
- Adjusted operating income, excluding items affecting comparability, amounted to SEK 200m (272).
- Net income for the period was SEK 123m (207).
- Earnings per share were SEK 0.06 (0.10).
- Cash flow from operating activities totaled SEK 617m (-181).

FULL YEAR, JANUARY–DECEMBER 2018

- Net sales totaled SEK 37,669m (37,007), an organic decrease of -0.3% after elimination of currency effects.
- Operating income totaled SEK −855m (−124).
- Adjusted operating income excluding items affecting comparability, amounted to SEK 129m (338).
- Net income for the period was SEK −1,067m (−337).
- Earnings per share were SEK 0.53 (−0.17).
- Cash flow from operating activities totaled SEK 2,083m (1,361).

OVERVIEW

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Net sales	10,225	10,065	37,669	37,007
Operating income (EBIT)	193	272	−855	−124
Adjusted operating income (adjusted EBIT)	200	272	129	338
Income before tax	183	288	−890	−136
Net income for the period	123	207	−1,067	−337
Earnings per share, SEK	0.06	0.10	−0.53	−0.17
Cash flow from operating activities	617	−181	2,083	1,361
Net debt ratio	31%	3%	31%	3%
Return on operating capital (ROCE)	−12.4%	−1.6%	−12.4%	−1.6%

A quarter of intensive activity, with a high level of quality sustained

The fourth quarter is PostNord's most intensive period, as the retail sector's Black Friday marks the start of Christmas trading. This means a large volume of parcels have to be handled. E-commerce in the Nordics was sharply higher in the fourth quarter than in the preceding year. Thanks to robust planning and preparation throughout the year, we maintained high delivery quality over the whole period. We deployed our resources to maximum effect and reinforced with extra personnel. Volume growth remained strong in other logistics services too. In 2019, we will expand capacity, partly by continuing to strongly expand the number of partner outlets across the whole of the Nordic region. In Denmark, for example, our objective is to add 500 new partner outlets. To accommodate future growth, we will partner with our customers in developing our services in order to make more effective use of our terminals and vehicles 24 hours a day, 7 days a week. This will not only boost efficiency but also enable us to offer more customized delivery solutions, such as same-day delivery.

Mail volumes in Sweden are declining rapidly and dialogue will be needed in both Sweden and Denmark about what shape the universal postal service should take as volumes steadily decline. If the universal postal service is to be operated in an economically sustainable way, the system of regulation must become more predictable and flexible and must allow both increased revenue and ways of limiting the costs of distribution. To meet the rising costs per letter delivered, and in that way enable the universal postal service to be maintained over time, it is of the utmost importance for PostNord to be allowed the scope to make gradual adjustments to the letter rate in Sweden.

The fourth quarter of 2018 delivered a positive, yet not entirely satisfactory, result. In the Swedish business, the extra expenses incurred during the Christmas period were partly offset via a capacity surcharge of SEK 4.00 per parcel, but as a result of the sharp fall in mail volumes and the effect of the current system of regulation margins in the mail business are shrinking. The result in Denmark is improving as the transformation to the new service-based model is implemented. The capital contribution of SEK 667m from our owners, announced earlier, was paid in the amounts of SEK 267m from the Danish government and SEK 400m from the Swedish government. In all, PostNord has therefore received SEK 2,200m in payment for the work of transformation in both Denmark and Sweden.

We are working in a goal-focused way on continuing to reduce our climate impact, for example via an increasingly electric-powered vehicle fleet, the use of more eco-friendly fuel, reduced use of air transport and IT systems for honing efficiency in deliveries and reducing the number of miles driven. In December, we were awarded Gold level in the International Post Corporation's (IPC) annual sustainability ranking of twenty postal operators. This was the fifth year in row among top six of 20 postal operators.

Another year has passed, and I can summarize 2018 by confirming that our strategy for the future is working well. But it is also clear that the strategy is largely dependent on the discussions on the universal postal service in both Sweden and Denmark leading to a system of regulation that will make economically sustainable results possible.

We look forward to another exciting year.

Håkan Ericsson
President & Group CEO

Net sales and earnings

Unless otherwise stated, the report comments on developments in October–December compared with the same period in 2017.

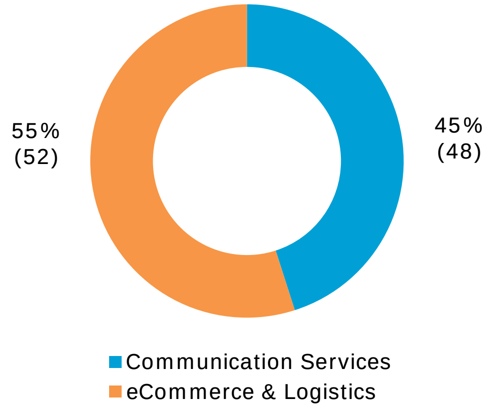
FINANCIAL OVERVIEW

SEKm	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Net sales	10,225	10,065	37,669	37,007
Δ (like-for-like)*	−0.4	-2.1%	−0.3	-4.2%
Operating inc. (EBIT)	193	272	−855	−124
Operating margin	1.9%	2.7%	−2.3	−0.3
Items affecting comparability	−7	-	−984	462
Adj. Operating inc. (adj. EBIT)	200	272	129	338
Adj. Operating margin	0.2%	2.7%	0.3%	0.9%
Net financial items	−10	16	−35	−12
Income before tax	183	288	−890	−136
Tax	−59	−81	−176	−201
Net income for the period	123	207	−1,067	−337

**Changes excluding acquisitions/divestments and exchange rates.*

Net sales for the Group totalled SEK 10,225m (10,063) in the fourth quarter, an organic decrease of -0.4%, after elimination of currency effects. As a result of continued digitization, mail volumes declined in the quarter by 14% overall, 13% in Sweden and 18% in Denmark. Income from digital services at PostNord Strålfors increased by 10%. Parcel volumes rose by 9% as a result of further strong growth in e-commerce, where B2C parcel volumes increased by 16%. Income for third-party logistics increased overall by 14% Expansion in the Group's logistics services led to an increase in transportation costs.

External net sales, by business area
(January–December 2018)



OPERATING INCOME

SEKm	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
PostNord Sweden	380	397	845	1,049
PostNord Denmark	19	−33	−420	−574
PostNord Norway	41	35	41	45
PostNord Finland	8	5	19	8
PostNord Strålfors	34	39	169	171
Other business act.	6	13	19	45
Other & eliminations	−288	−181	−544	−405
Adj. operating inc., EBIT	**200**	**272**	**129**	**338**
Items affecting comparability:				
Other income, State subsidy	-	-	1,533	-
Provisions, restructuring measures	-	-	−2,562	−462
Capital gain, sale of property	31	-	106	-
Change of assumption re accrued postal charges	−38	-	−38	-
Exchange rate differences, items affecting comparability	-	-	−22	-
Operating inc. EBIT	**193**	**272**	**−855**	**−124**

**2017 figures restated to reflect new segment reporting, see Note 3.*

Operating income for the fourth quarter was SEK 193m (272) million. Items affecting comparability totaling SEK −7m (-) net are recognized in the period. Operating income on an accumulated basis was SEK −855m (−124). Items affecting comparability of SEK -984m (-462) on an accumulated basis consist above all of a State subsidy received in Denmark and provision for terminating the employment of personnel in Denmark with special employment conditions.

Adjusted operating income totaled SEK 200m (272). The decline is attributable above all to increasing digitization and increasing costs to secure Delivery quality in Sweden.

Net financial items totaled SEK −10m (16) for the period. The Group's tax liability totaled SEK −59m (−81) for the quarter and SEK −176m (−201) on an accumulated basis.The relatively high tax liability on an accumulated basis arises because deferred tax has not been recognized regarding Denmark's deficit, since it is considered that the tax loss carry-forward cannot be utilized within the near future. Sweden's new tax rules for the business sector, which provide for a two-stage reduction in the rate of corporation tax after December 31, 2018, made a positive contribution to the Group's deferred taxes in the amount of SEK 3m on an accumulated basis. Net income totaled SEK 123m (207).

Cash flows and financial position

CASH FLOWS

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Cash flow from operating activities	617	−181	2,083	1,361
Cash flow from investing activities	−487	−552	−1,155	−1,067
Cash flow from financing activities	308	−241	252	31
Cash flow for the period	**438**	**−974**	**−1,180**	**325**
Cash and cash equivalents, closing balance	**3,088**	**1,901**	**3,088**	**1,901**

Cash flow from operating activities in the fourth quarter totaled SEK 617m (−181). Working capital showed a change of SEK 151m (−33) during the quarter. The improved cash flow arose primarily through a minor increase in trade receivables relative to trade payables, along with a credit of SEK 200m (-) from Postens Pensionsstiftelse (the Sweden Post Pension Fund). Cash flow for the period was affected positively by a shareholder contribution of SEK 667m.

Cash flow from operating activities on an accumulated basis totaled SEK 2,083m (1,361). Cash flow from operating activities for the full year received a positive contribution consisting of a State subsidy totaling SEK 1,533m from the Danish government.

In the preceding year, cash flow was affected positively by a retroactive credit of SEK 980m from Postens Pensionsstiftelse, regarding pension benefits paid for 2016, and by a refund of preliminary special payroll tax in the amount of SEK 404m. Capitalization into the fund affected the cash flow in the amount of SEK −203m (−522).

Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 545m (486). The investments were made above all in new terminals, vehicles, third-party logistics equipment and IT development.

Changes regarding acquisition and disposal of financial assets were attributable in the main to the Group's liquidity management. Investments in commercial paper decreased by SEK 50m over the period. In the same period last year, these investments increased by SEK 155m.

The Group's equity decreased to SEK 5,142m from SEK 6,564m on September 30, 2018. The change arose primarily through net income for the period, revaluation of pensions and a positive translation difference as a result of the Swedish krona strengthening against the Norwegian krone.

NET DEBT

	Dec. 31	Sep. 30	June 30	Mar. 31	Dec. 31
SEKm	**2018**	**2018**	**2018**	**2018**	**2017**
Interest-bearing liabilities	3,389	3,742	4,525	3,797	3,778
Pensions and disability pension plans	1,612	−903	−389	−1,395	−1,145
Long- and short-term investments	−299	−355	−204	−334	−494
Cash and cash equivalents	−3,088	−2,648	−4,157	−1,823	−1,901
Net debt, incl. pensions	**1,614**	**−164**	**−225**	**245**	**238**
Net debt ratio	31%	−2%	−4%	3%	3%
Adj. net debt, excl. pensions	**2**	**739**	**164**	**1,640**	**1,383**
Adj, net debt ratio	0%	11%	3%	22%	19%

The Group's net debt totaled SEK 1,614m (238) including the Group's pension liability, and SEK 2m (1,383) excluding the pension liability.

Interest-bearing debt at the end of the period consisted of long-term loans of SEK 1,770m (3,556) and short-term loans of SEK 1,619m (222). During the quarter pensions and disability pension plans were affected by negative yield of SEK 842m on assets under management and a revaluation of SEK 1,673m concerning pension commitments. The closing balance of current liabilities in commercial paper increased to SEK 600m (75).

The net debt ratio was 31% (3), within the Group target of 10-50%. The adjusted net debt ratio excluding the Group's pension liability was 0% (19).

Adjusted return on capital employed (ROCE) was 1.9% (−4.4).

At the end of the quarter, the Group's financial preparedness totaled SEK 5,188m (4,196), represented by cash and cash equivalents of SEK 3,088m (1,901), short-term investments of SEK 101m (296) and unutilized long-term confirmed credit facilities of SEK 2,000m (2,000).

Sustainability

The average number of employees (FTEs) totaled 29,596 (31,134). The number of employees needs to be adjusted continuously to reflect prevailing and future conditions. The change arose largely through the transformation at PostNord Denmark. Sick leave totaled 5.7% (5.7). The relatively high level of sick leave is gradually falling, over a multi-year perspective. To address the problem of sick leave, preventive initiatives and rehabilitation measures are being implemented. The proportion of women in levels 1–3 management positions was 36%. At levels 4–6, the figure was 31%. The proportion remained relatively unchanged over the year.

In 2018, the Group cut its emissions of carbon dioxide by 330,890 tonnes, a reduction of 5% from 2017 and −36% since the base year of 2009. The target is a reduction of 40% by the end of 2020. All units apart from Sweden have cut their emissions. The explanation for the increase in Sweden lies in rising parcel volumes and in the fact that new regulations have made it more difficult to buy fuel with high biofuel blends. In Denmark, climate impact is lessening as a result of falling mail volume and the new production model. Norway reports a reduction owing to a higher percentage of biofuel. Strålfors' good results are attributable to the relocation of production from Denmark to Ljungby. Transport volumes in Finland have fallen, and this is leading to lower climate impact.

Delivery quality for stamped letters in Sweden has remained steady over the year at around 99%, which is above the new legal requirement that 95% of stamped letters must be delivered to the intended recipient within two business days.

In Denmark, a new production model was rolled out in January 2018, requiring a major transformation. Delivery quality for the year to the end of the period was 95.4%, which is above the legal requirement that 93% of letters must be delivered to the intended recipient within five working days. Parcel volumes are increasing in pace with the growth in e-commerce. The weighted quality in parcels for the PostNord Group was 95.2% in December and 95.2% for the year.

At the end of the fourth quarter, the proportion of total Group purchases from suppliers signed up to PostNord's Code of Conduct for Suppliers was around 73% (including procurement of services from service partners). During the quarter, work on checking supplier compliance with the Code of Conduct for Suppliers continued. In the year to date, approximately 260 suppliers have been requested to perform a self-assessment and 31 have undergone an on-site audit. After the fourth quarter, 54% of total purchase volumes originated from suppliers who had successfully undergone PostNord's process to verify compliance with the Code of Conduct.

Parent Company

The Parent Company conducted very limited operations, in the form of intra-Group services. No net sales were recognized during the quarter or in the comparable quarter last year. The Parent Company received SEK 667m (-) as a contribution from its owners in December 2018. Net income for the period totaled SEK −776m (70) as a result of a write-down of the shares in PostNord Group AB in the amount of SEK 815m (-). Net income for the period on an accumulated basis totaled SEK −817m (−4).

Related parties

On October 20, 2017, PostNord's owners - the Swedish and Danish States - entered into an agreement under which they will make a contribution of SEK 2.2bn. According to the agreement, PostNord received SEK 1,533m from the Danish State in June 2018 on receiving the EU Commission's approval of the State subsidy to maintain the universal postal service. The subsidiary is provided specifically to cover the costs of terminating the employment of personnel in Denmark with special employment conditions. In addition, PostNord received an equity contribution of SEK 267m in December 2018 from the Danish State and SEK 400m from the Swedish State.

POSTNORD SWEDEN

SEKm	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Net sales	6,315	6,245	23,225	22,639
Δ (like-for-like)*	1%	−1%	3%	−2%
Comm. Sw. (ext)	2,892	3,053	10,979	11,329
Δ (like-for-like)*	−5%	−7%	−3%	−6%
eComm. & Log.(ext)	3,118	2,920	11,162	10,365
Δ (like-for-like)*	7%	7%	8%	5%
– internal	306	271	1,084	976
Operating inc. (EBIT)	342	397	807	1,049
Operating margin	5%	6%	3%	5%
Items aff. comp.	−38	0	−38	0
Adj. Operating inc.	380	397	845	1,049
Adj. Operating marg.	6%	6%	4%	5%

**Changes excluding acquisitions/divestments and exchange rates.*

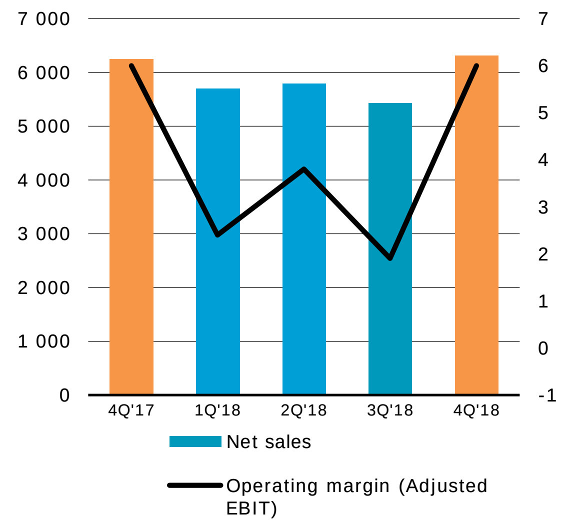
Sales in Sweden increased by in all 1%. At Communication Services, sales decreased via continued digitization, resulting in a 13% decline in mail volumes including addressed direct mail.

Sales for eCommerce & Logistics increased mainly through further strong growth in e-commerce, in which B2C parcels increased by 17%, although third-party logistics and heavy logistics also showed growth.

The decline in income for the quarter and full year arose mainly through lower mail revenue, but costs to ensure delivery quality also played a part.

Items affecting comparability in the quarter, SEK 38m (-), are charged to operating income and relate to a change in assumption regarding accrued postal charges.

Sales and adjusted operating margin



POSTNORD DENMARK

SEKm	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Net sales	2,355	2,392	8,559	8,685
Δ (like-for-like)*	−6%	−7%	*−7%*	−11%
Comm. Sw. (ext)	978	1,109	3,618	4,177
Δ (like-for-like)*	−16%	−21%	−18%	−25%
eComm. & Log.(ext)	1,247	1,139	4,454	4,070
Δ (like-for-like)*	4%	5%	3%	7%
– internal	130	145	487	475
Operating inc. (EBIT)	50	−36	−1,366	−1,115
Operating margin	2%	−2%	−16%	−13%
Items aff. comp.	31	0	−946	−462
Adj. Operating inc.	19	−36	−421	−654
Adj. Operating marg.	0.8%	−1%	−5%	−8%

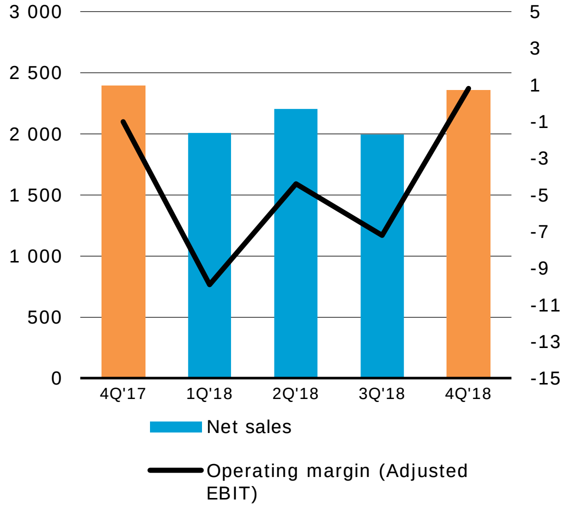
**Changes excluding acquisitions/divestments and exchange rates.*

Net sales decreased in Communication Services due to a 18% decline in Denmark's mail volumes and because Post Danmark, as part of its restructuring, decided that from the beginning of 2018 distribution of unaddressed direct mail and weekly newspapers would no longer be offered. Sales at eCommerce & Logistics increased relative to the preceding year, despite a decision to cease offering services in service logistics, as a result of rapid growth in e-commerce via Germany, where Zalando is the largest customer.

Items affecting comparability in the quarter, amounting to SEK −31m (-), were charged to operating income and related to capital gains from sales of properties. Items affecting comparability for the full year comprise a State subsidy received, provision for termination of employment of personnel with special employment conditions and capital gains on sales of properties.

Adjusted operating income for the quarter and on an accumulated basis indicates a lower loss as a result of cost savings in the transformation program.

Sales and adjusted operating margin



POSTNORD NORWAY

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Net sales	1,143	1,062	4,191	3,871
Δ (like-for-like)%	3%	13%	*5%*	1%
Comm. Sw. (ext)	16	12	54	46
Δ (like-for-like)%	24%	30%	14%	26%
eComm. & Log.(ext)	913	845	3,398	3,195
Δ (like-for-like)	3%	5%	3%	−4%
– internal	214	204	741	633
Operating inc. (EBIT)	41	35	42	45
Operating margin	3.6%	2.8%	1.0%	0.6%

**Changes excluding acquisitions/divestments and exchange rates.*

Net sales in Norway increased during the quarter, mainly through growth in e-commerce.

The higher operating income for the quarter was generated mainly by growth and improved capacity, which also delivered higher quality.

POSTNORD STRÅLFORS

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Net sales	528	528	2,051	2,081
Δ (like-for-like)*	−3%	4%	−4%	−8%
Comm. Sw. (ext)	489	484	1,908	1,935
Δ (like-for-like)*	−3%	2%	−4%	−10%
– internal	39	44	143	146
Operating inc. (EBIT)	34	39	169	171
Operating margin	6.4%	7.0%	8.2%	7.7%

**Changes excluding acquisitions/divestments and exchange rates.*

Like-for-like net sales at Strålfors decreased as a result of digitization, which led to lower print volumes. However, the loss was offset to a degree by higher digital revenue.

Operating income is benefiting from growth in digital services but is being adversely affected by lower print volumes and development costs related to digital services being charged to income in the quarter.

POSTNORD FINLAND

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Net sales	323	277	−1,176	1,028
Δ (like-for-like)*	10%	4%	7%	3%
Comm. Sw. (ext)	3	3	11	12
Δ (like-for-like)*	2%	−41%	−14%	−25%
eComm. & Log.(ext)	200	184	767	694
Δ (like-for-like)*	3%	0%	4%	−2%
– internal	119	91	399	322
Operating inc. (EBIT)	8	5	19	8
Operating margin	2.6%	1.8%	1.6%	0.8%

**Changes excluding acquisitions/divestments and exchange rates.*

Net sales in Finland increased during the quarter, mainly through strong growth in B2C parcels and higher pallet revenue.

The improvement in operating income was the result of growth above all in B2C parcels and efficiency improvements in transport, achieved through improvements in production systems.

OTHER BUSINESS ACTIVITIES

	Oct–Dec		Jan–Dec	
SEKm	**2018**	**2017**	**2018**	**2017**
Net sales	365	334	1,326	1,254
Δ (like-for-like)*	4%	9%	2%	4%
Comm. Sw. (ext)	51	54	227	226
Δ (like-for-like)*	−5%	6%	1%	−2%
eComm. & Log.(ext)	313	280	1,092	1,028
Δ (like-for-like)*	5%	5%	2%	2%
– internal	2	−1	6	0
Operating inc. (EBIT)	6	13	19	45
Operating margin	1.6%	3.9%	1.5%	3.7%

**Changes excluding acquisitions/divestments and exchange rates.*

Like-for-like net sales increased above all in Direct Link's Asia Pacific region.

The lower income was due to lower income at Direct Link as a result of a change in the mix of markets and customers.

MAJOR EVENTS AFTER THE REPORTING PERIOD

PostNord has no major events after the reporting period to report.

ANNUAL GENERAL MEETING 2019

The AGM will take place on April 24, 2019 at PostNord's headquarters located at Terminalvägen 24 in Solna, Sweden. Information about the AGM will be published on the website www.postnord.com.

DIVIDEND PROPOSAL

In view of the Company's continued restructuring requirements, the Board of Directors proposes that no dividend be paid in respect of the 2018 financial year.

Solna, February 1, 2019
PostNord AB (publ), CIN 556771-2640

Håkan Ericsson
President and Group CEO

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, by the undersigned contact person, at 8:00 a.m. CET on February 1, 2019.

FINANCIAL CALENDAR

Annual and Sustainability Report 2018	Week 12 2019
Annual General Meeting	April 24, 2019
Interim report January– March 2019	April 24, 2019
Interim report January–June 2019	July 17, 2019
Interim report January September 2019	October 25, 2019

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We deliver! PostNord is the leading supplier of communication and logistics solutions to, from, and within the Nordic region. We ensure the provision of a postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2018, the Group had around 30,000 employees and sales of SEK 37,7 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at www.postnord.com postnord

Group financial statements

Income statement

SEKm	Note	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
	1				
Net sales		10,225	10,065	37,669	37,007
Other income		104	116	2 053	324
Income	3	**10,328**	**10,181**	**39,722**	**37,331**
Personnel expenses	4	-4,280	-4,215	-18,789	-16,792
Transport expenses		-2,938	-2,888	-11,224	-10,542
Other expenses		-2,602	-2,476	-9,315	-8,804
Depreciation, amortization and impairments		-315	-330	-1 250	-1 317
Expenses		**-10,136**	**-9,909**	**-40,578**	**-37,455**
OPERATING INCOME		**193**	**272**	**-855**	**-124**
Financial income		15	27	39	60
Financial expenses		-25	-10	-74	-72
Net financal items		**-10**	**16**	**-35**	**-12**
INCOME BEFORE TAX		**183**	**288**	**-890**	**-136**
Tax		-59	-81	-176	-201
NET INCOME		**123**	**207**	**-1,067**	**-337**
Attributable to					
Parent company shareholders		124	207	-1,068	-339
Non-controlling interests		-1	0	1	2
Earnings per share, SEK		0,06	0,10	-0,53	-0,17

Statement of comprehensive income

SEKm	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
NET INCOME	**123**	**207**	**-1,067**	**-337**
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to net income				
Revaluation of pension liabilities	-2,677	410	-2,504	214
Change in deferred tax	585	-90	547	-47
Total	**-2,092**	**320**	**-1,957**	**167**
Items that have been or may be transferred to net income				
Cash flow hedges after tax	0	1	-2	4
Translation differences	-120	-11	138	-118
Total	**-120**	**-10**	**136**	**-114**
TOTAL OTHER COMPREHENSIVE INCOME	**-2,212**	**310**	**-1,821**	**53**
COMPREHENSIVE TOTAL INCOME	**-2,089**	**517**	**-2,888**	**-284**
Attributable to				
Parent company shareholders	-2,088	517	-2,889	-286
Non-controlling interests	-1	0	1	2

Statement of financial position

SEKm	Note	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017
	1					
ASSETS						
Goodwill		2,594	2,653	2,668	2,634	2,560
Other intangible assets		747	744	762	778	792
Property, plant and equipment		7,961	7,902	8,028	7,871	7,822
Participations in associated companies and joint ventures		87	81	81	92	81
Financial investments	6	198	204	200	198	198
Non-current receivables		1,108	1,179	1,078	1,551	1,285
Deferred tax assets		78	75	101	112	123
Total non-current assets		**12,773**	**12,838**	**12,918**	**13,236**	**12,861**
Inventories		100	108	103	91	88
Tax assets		322	218	229	232	226
Trade receivables	6	5,009	4,776	4,734	4,368	4,833
Prepaid expenses and accrued income [1)]		1,113	1,080	1,441	1,263	999
Other receivables [1)]		190	158	217	142	145
Short-term investments	6	101	151	4	136	296
Cash and cash equivalents	6	3,088	2,648	4,157	1,823	1,901
Assets held for sale		125	100	108	129	125
Total current assets		**10,048**	**9,239**	**10,993**	**8,184**	**8,613**
TOTAL ASSETS		**22,821**	**22,077**	**23 911**	**21,420**	**21,474**
EQUITY AND LIABILITIES						
EQUITY						
Capital stock		2,000	2,000	2,000	2,000	2,000
Other contributed equity		10,621	9,954	9,954	9,954	9,954
Reserves		-1,611	-1,491	-1,448	-1,558	-1,747
Retained earnings		-5,870	-3,902	-4,242	-2,970	-2,845
Total equity attributable to parent company shareholders		**5,140**	**6,561**	**6,264**	**7,426**	**7,362**
Non-controlling interests		**2**	**3**	**2**	**4**	**3**
TOTAL EQUITY		**5,142**	**6,564**	**6,266**	**7,430**	**7,365**
LIABILITIES						
Non-current interest-bearing liabilities	6	1,770	1,887	1,594	3,574	3,556
Other non-current liabilities		46	54	53	52	52
Pensions		2,576	144	660	-	-
Other provisions	4	3,392	3,329	3,332	1,565	1,724
Deferred tax liabilities		157	679	579	831	744
Total non-current liabilities		**7,941**	**6,093**	**6,218**	**6,022**	**6,076**
Current interest-bearing liabilities	6	1,619	1,855	2,931	223	222
Trade payables	6	2,584	2,374	2,687	2,394	2,638
Tax liabilities		49	-	58	30	42
Other current liabilities	6	1,167	1,246	1,192	1,264	1,146
Accrued expenses and prepaid income		3,339	2,962	3,448	3,524	3,393
Other provisions	4	980	983	1,111	533	592
Total current liabilities		**9,738**	**9,420**	**11,427**	**7,968**	**8,033**
TOTAL LIABILITIES		**17,678**	**15,513**	**17,645**	**13,990**	**14,109**
TOTAL EQUITY AND LIABILITIES		**22,821**	**22,077**	**23,911**	**21,420**	**21,474**

[1)] Receivables and liabilities, including advance payments, relating to terminal fees have been recognized net. Figures presented for comparison have been restated. For further information, see Note 1, "Accounting principles".

Statement of cash flows

SEKm	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
OPERATING ACTIVITIES				
Income before tax	183	288	-890	-136
Adjustments for non-cash items[1)]	189	-341	3,468	1,933
Paid income tax	94	-95	-175	-398
Cash flow from operating activities before changes in working capital	**466**	**-148**	**2,403**	**1,399**
Cash flow from changes in working capital				
Increase(-)/decrease(+) in inventories	8	5	-12	13
Increase(-)/decrease(+) in other operating receivables [2)]	-391	-654	-125	53
Increase(+)/decrease(-) in other operating liabilities [2)]	502	637	-202	-66
Other changes in working capital	32	-21	19	-38
Changes in working capital	**151**	**-33**	**-320**	**-38**
Cash flow from operating activities	**617**	**-181**	**2,083**	**1,361**
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	-476	-424	-1,187	-958
Sale of property, plant and equipment	9	11	30	23
Acquisition of other intangible fixed assets	-69	-62	-186	-238
Acquisition of financial assets	0	-172	-156	-589
Sale of financial assets	49	95	344	695
Cash flow from investing activities	**-487**	**-552**	**-1,155**	**-1,067**
FINANCING ACTIVITIES	-349	-258	-2,578	-2,483
Amortized debts	-	-	2,171	2,525
New loans				
Shareholder contributions	667	-	667	-
Dividend paid	-	-	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities	-10	17	-6	-9
Cash flow from financing activities	**308**	**-241**	**252**	**31**
CASH FLOW FOR THE PERIOD	**438**	**-974**	**1,180**	**325**
Cash and cash equivalents, opening balance	2,648	2,872	1,901	1,577
Translation difference in cash and cash equivalents	2	3	7	-1
Cash and cash equivalents, closing balance	**3,088**	**1,901**	**3,088**	**1,901**

[1)] Adjustments for non-cash items

Depreciation and impairments of non-current assets	315	330	1,250	1,317
Change in pension liability	115	-454	561	774
Other provisions	-218	-338	1,748	-219
Other	-23	121	-91	61
Total	189	-341	3,468	1,933

[2)] Receivables and liabilities, including advance payments, relating to terminal fees have been recognized net. Figures presented for comparison have been restated.

Statement of changes in equity

SEKm	Capital stock [1]	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
	Equity attributable to the parent company's shareholders						
Opening balance Jan 1, 2017	**2,000**	**9,954**	**-1,631**	**-2**	**-2,673**	**3**	**7,651**
Net income for the period							
Net income for the period	-	-	-	-	-339	2	-337
Other comprehensive income for the period	-	-	-118	4	-172	2	53
Total other comprehensive income for the period	-	-	**-118**	**4**	**-172**	**2**	**-284**
Dividend	-	-	-	-	-	-2	-2
Closing balance Dec 31, 2017	**2,000**	**9,954**	**-1,749**	**2**	**-2,845**	**3**	**7,365**

MSEK	Capital stock [1]	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
	Equity attributable to the parent company's shareholders						
Opening balance Oct 1, 2017	**2,000**	**9,954**	**-1,749**	**2**	**-2,845**	**3**	**7,365**
Total net income for the perod							
Net income for the period	-	-	-	-	-1,068	1	-1,067
Other comprehensive income for the period	-	-	138	-2	-1,957	-	-1,821
Total other comprehensive income for the period	-	-	**138**	**-2**	**-3,025**	**1**	**-2,888**
Contribution by owner	-	667	-	-	-	-	**667**
Dividend	-	-	-	-	-	-2	**-2**
Closing balance Dec 31, 2017	**2,000**	**10,621**	**-1,611**	**0**	**-5,870**	**2**	**5,142**

[1] Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.

Parent company financial reports in brief

Income statement

SEKm	Note	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
	1				
Other income		4	3	14	15
Income		**4**	**3**	**14**	**15**
Personnel expenses		-6	-8	-24	-30
Other expenses		-3	-7	-6	-12
Operating expenses		**-8**	**-15**	**-30**	**-42**
OPERATING INCOME		**-4**	**-11**	**-16**	**-26**
Impairment of shares in subsidiaries		-815	-	-815	-
Interest income and similar income items		-	-	2	-
Interest expense and similar expense items		-8	-10	-38	-66
Financial items		**-823**	**-10**	**-851**	**-66**
Income after financial items		**-827**	**-20**	**-868**	**-91**
Balance sheet appropriations		51	90	51	90
Income before tax		**-776**	**70**	**-817**	**-1**
Tax		-	-	-	-3
NET INCOME		**-776**	**70**	**-817**	**-4**

Statement of comprehensive income

SEKm	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net income	-776	70	-817	-4
Other comprehensive income for the period	-	-	-	-
COMPREHENSIVE INCOME	**-776**	**70**	**-817**	**-4**

Balance sheet

SEKm	Note	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017
	1					
ASSETS						
Financial assets		10,888	11,703	11,701	11,699	11,699
Total non-current assets		**10,888**	**11,703**	**11,701**	**11,699**	**11,699**
Current receivables		7,612	7,207	8,003	7,226	7,230
Total current assets		**7,612**	**7,207**	**8,003**	**7,226**	**7,230**
TOTAL ASSETS		**18,500**	**18,910**	**19,704**	**18,925**	**18,928**
EQUITY AND LIABILITIES						
Equity		15,613	15,723	15,736	15,753	15,764
Non-current liabilities		1,330	1,330	1,032	2,978	2,978
Current liabilities		1,557	1,858	2,937	194	186
TOTAL EQUITY AND LIABILITIES		**18,500**	**18,910**	**19,704**	**18,925**	**18,928**

Notes to financial statements

Note 1 – Accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and supplementary rules in the Swedish Annual Accounts Act. The provisions of Chapter 9 of the Swedish Annual Accounts are applied in the Parent Company. Other disclosures in accordance with IAS 34.16A are presented both in the financial statements and other parts of the interim report.

A change has been made to the Group's accounting principles with regard to the net/gross recognition of terminal fees in the statement of financial position. The procedure of advance payments for terminal fees is used for ongoing settlement of receivables and liabilities arising between the countries. Receivables and liabilities, including advance payments, relating to terminal fees have been recognized net. Figures presented for comparison have been restated.

The Group and the Parent Company apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from January 1, 2018. The adoption of IFRS 9 and IFRS 15 has not required any adjustment to the Group's opening equity either in 2017 or 2018. In the case of IFRS 15, PostNord has opted for full retrospective application, meaning that revenue for the year shown for comparison is recognized in accordance with IFRS 15. The impact of SEK −41 m (−72) on net sales and other costs in 2018 is reduced by a corresponding amount. For more information, see Note 3.

In the case of IFRS 9, information provided for comparison has not been restated. Changes in principles for impairments of loan and trade accounts receivable affect recognized income for the Group and its financial position. The Group has taken the view that all financial assets previously measured at fair value will continue to be measured at fair value and that loan and trade receivables will also continue to meet the criteria in order to be recognized at amortized cost. The Group applies the simplified approach to recognition of expected credit losses on trade receivables. This means that expected credit losses for the remaining time to maturity are taken into account.In the case of certain receivables and cash and cash equivalents, the general approach is taken to expected credit losses. These receivables generally have a short time to maturity.

In the second quarter, the Group received a State subsidy of SEK 1,533m from the Danish State. In accordance with IAS 20, State subsidies are recognized in the statement of financial position in the income statement when there is reasonable certainty that the company will satisfy the conditions associated with the subsidies and that the subsidies will be received. State subsidies are recognized as other operating income in the same periods as the costs that the subsidies are intended to compensate for.

Otherwise, the same accounting policies and calculation methods have been used in the interim report as in the 2017 annual report for the Group and Parent Company.

New IFRSs not yet implemented

IFRS 16 Leases is a new standard providing guidance on accounting for leases. The standard replaces existing IFRSs relating to accounting for leases. The Group will apply IFRS 16 Leases as of January 1, 2019. For lessees, the classification into operating and financial leases under IAS 17 is abolished and replaced by a model in which assets and liabilities relating to all lease agreements are to be recognized on the balance sheet. The lessee recognizes a right-of-use asset that represents a right to use the underlying asset, and a lease liability that represents an obligation to pay lease charges. In the income statement, amortization is to be recognized separately from interest expenses arising from the lease liability. The standard will not be applied to leases relating to intangible assets and non-lease components will be recognized separately. No material impact is anticipated with regard to leases where the Group is the lessor.

Based on the information available, the Group estimates that it will recognize;

• further lease liabilities of approximately SEK 5.4bn
• right-of-use assets of approximately SEK 5.5 bn

The Group anticipates that operating income for 2019 will increase, as against if previous accounting principles had been used, in view of the fact that a portion of the lease expenses will be recognized as interest expense. The impact on net income is expected to be insignificant. The Group's key performance indicators for return on capital employed (ROCE) and net debt will be affected materially by IFRS 16.
Implementation of IFRS 16 is not expected to affect the Group's financial capacity other than to a marginal extent.

Note 1 – Accounting principles (cont.)

Interim and transitional provisions
The Group will apply the modified retroactive approach. In this method, the accumulated effect of introducing IFRS 16 will be recognized in the opening balance as per January 1, 2019, without restatement of figures for comparison. An analysis has been performed in the Group to determine which of the Group's leases fall within the scope of IFRS 16, and a system for the calculation has been established. With regard to transportation and IT service leases, the analysis resulted in the conclusion that such leases do not fall within the scope of IFRS 16, primarily on the basis that PostNord has no control over which underlying asset is used.

PostNord has decided to apply the provisions regarding transitional rules for short-term leases and low-value assets. As a result, leases with a term of less than 12 months and low-value leases (assets with a value of less than around SEK 50 thousand in new condition) will not be included in the calculation of right-of-use asset or lease liability, but instead will continue to be recognized on a linear cost basis over the lease term. Examples of low-value assets include computers, printers and coffee machines.

The lease term is determined as the non-cancellable lease term. Where the leases include options for extension or cancellation, this will be taken into account and where it is reasonably certain that the options will be exercised and where leases are of material importance. PostNord will apply forward-looking calculation, meaning that right-of-use assets relating to former operating leases will be recognized at amortized value from the start of the lease, for all current leases with a term of no less than 12 months from January 1, 2019. At the time of transition, the lease liability is measured at the present value of the outstanding lease charges, discounted by the marginal borrowing interest rate. A differentiated marginal borrowing interest rate will be calculated that takes account of geographical location, length of lease term, credit volumes and financial environment.

Other amended IFRSs for implementation in 2019 or later are not regarded as likely to have any material impact on the Group's or Parent Company's results or financial position.

Note 2 – Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. The Danish business is undergoing a far-reaching transition to a new production model in order to bring about long-term sustainable profitability. This will involve major restructuring costs and the anticipation of losses during the transformation. On May 28, the EU Commission notified its approval of the SEK 1,533m government subsidy to fund compensation from the Danish State to Post Danmark A/S to meet the extra costs of the universal postal service. On June 11, PostNord's Board of Directors agreed to carry through with immediate effect the previously announced transformation of PostNord Denmark that had been pending the EU's approval of the financing arrangement.

Note 3 – Segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is organized on the basis of the nature of the business. Market pricing applies to internal dealings between the Group's segments.

Effective 2018, segment reporting is amended, as described in the following. Figures for comparison have been restated.
• Previously, the segments were reported inclusive of costs of Group-wide functions, that were not invoiced, using an operating allocation model. These costs for Group-wide functions are recognized in Other and eliminations.
• A new segment for other business activities comprises the former segment Direct Link and other business activities that were previously reported in the segment Other.
• At Group level, the cost and provision for non-vested pensions in Sweden are measured for the purposes of the interim provisions in accordance with IAS 19. This IAS adjustment is transferred from the segment Other to the segment PostNord Sweden.

PostNord Sweden operates in mail, logistics and e-commerce in the Swedish market.
PostNord Denmark operates in mail, logistics and e-commerce in the Danish market and is responsible for the e-commerce and logistics part of PostNord's operations in Germany.
PostNord Norway and **PostNord Finland** offer mail- and logistic solutions, as well as e-commerce in the Norwegian and Finnish markets, respectively.
PostNord Strålfors operates in the area of information logistics. The company develops and offers communications solutions in the printing, distribution and digital fields.
Other business activities comprises Direct Link, which operates in global distribution of market communications and lightweight goods, mainly on behalf of e-retailers, and other business activities on a minor scale. The business is conducted in the USA, the United Kingdom, Germany, Singapore, Hong Kong and Australia.
Other and eliminations comprises shared services and corporate functions including the Parent Company and Group adjustments. The Group adjustments consist of the adjustments required for IFRS purposes. Eliminations consist of the elimination of internal transactions.

Net sales per segment	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
SEKm	**2017**	**2017**	**2017**	**2017**	**2018**	**2018**	**2018**	**2018**
PostNord Sweden	5,608	5,551	5,245	6,235	5,694	5,791	5,425	*6,315*
-of which internal	*241*	*233*	*231*	*271*	*269*	*254*	*255*	*306*
PostNord Denmark	2,214	2,108	1,977	2,386	2,006	2,204	1,994	*2,355*
-of which internal	*112*	*110*	*108*	*145*	*119*	*126*	*110*	*130*
PostNord Norway	961	929	920	1,061	965	1,065	1,019	*1,143*
-of which internal	*126*	*151*	*152*	*204*	*157*	*194*	*175*	*214*
PostNord Finland	251	250	250	277	268	294	291	*323*
-of which internal	*73*	*76*	*82*	*91*	*83*	*94*	*102*	*119*
PostNord Strålfors	557	518	478	528	519	531	474	*528*
-of which internal	*32*	*36*	*34*	*44*	*34*	*37*	*34*	*39*
Oher business activities	321	317	284	334	317	322	317	*365*
-of which internal	*1*	*0*	*0*	*-1*	*2*	*1*	*1*	*2*
Other and eliminations	-584	-606	-607	-755	-667	-705	-680	-805
Total Group	**9,328**	**9,067**	**8,547**	**10,066**	**9,102**	**9,502**	**8,840**	**10,225**

Operating income per segment	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
SEKm if not otherwise stated	**2017**	**2017**	**2017**	**2017**	**2018**	**2018**	**2018**	**2018**
PostNord Sweden	274	258	120	397	138	222	105	*342*
-as % of net sales, EBIT	*4,9*	*4,6*	*2,3*	*6,4*	*2,4*	*3,8*	*1,9*	*5,4*
PostNord Denmark	-195	-505	-304	-35	-199	-1,065	-152	*50*
-as % of net sales, EBIT	*-8,8*	*-24,0*	*-15,4*	*-2,2*	*-9,9*	*-48,3*	*-7,6*	*2,1*
PostNord Norway	23	-1	-12	35	1	17	-18	*41*
-as % of net sales, EBIT	*2,4*	*-0,1*	*-1,3*	*3,3*	*0,1*	*1,6*	*-1,8*	*3,6*
PostNord Finland	1	-1	3	5	1	4	6	*8*
-as % of net sales, EBIT	*0,4*	*-0,4*	*1,2*	*1,8*	*0,3*	*1,4*	*2,1*	*2,5*
PostNord Strålfors	56	43	33	39	47	46	42	*34*
-as % of net sales, EBIT	*10,1*	*8,3*	*6,9*	*7,4*	*9,0*	*8,6*	*8,9*	*6,4*
Other business activities	14	11	7	13	4	2	8	*6*
-as % of net sales, EBIT	*4,4*	*3,5*	*2,5*	*3,9*	*1,2*	*0,6*	*2,5*	*1,6*
Other and eliminations	-79	-97	-45	-181	-66	-127	-64	-288

Operating income	**94**	**-292**	**-198**	**273**	**-74**	**-901**	**-73**	**193**

Note 3 – Segments,contd.

Adjuted operating income per segment **SEKm if not otherwise stated**	**Q1** **2017**	**Q2** **2017**	**Q3** **2017**	**Q4** **2017**	**Q1** **2018**	**Q2** **2018**	**Q3** **2018**	**Q4** **2018**
PostNord Sweden	274	258	120	397	138	222	105	380
-as % of net sales, Adjusted EBIT	*4,9*	*4,6*	*2,3*	*6,4*	*2,4*	*3,8*	*1,9*	*6,0*
PostNord Denmark	-97	-218	-226	-33	-199	-96	-143	19
-as % of net sales, Adjusted EBIT	*-4,4*	*-10,3*	*-11,4*	*-1,4*	*-9,9*	*-4,4*	*-7,2*	*0,8*
PostNord Norway	23	-1	-12	35	1	17	-18	41
-as % of net sales, Adjusted EBIT	*2,4*	*-0,1*	*-1,3*	*3,3*	*0,1*	*1,6*	*-1,8*	*3,6*
PostNord Finland	1	-1	3	5	1	4	6	8
-as % of net sales, Adjusted EBIT	*0,4*	*-0,4*	*1,2*	*1,8*	*0,3*	*1,4*	*2,1*	*2,5*
PostNord Strålfors	56	43	33	39	47	46	42	34
-as % of net sales, Adjusted EBIT	*10,1*	*8,3*	*6,9*	*7,4*	*9,0*	*8,6*	*8,9*	*6,4*
Other business activities	14	11	7	13	4	2	8	6
-as % of net sales, Adjusted EBIT	*4,4*	*3,5*	*2,5*	*-3,7*	*1,2*	*0,6*	*2,5*	*1,4*
Other and eliminations	-79	-97	-48	-181	-66	-127	-64	-288
Adjusted operating income	**193**	**-5**	**-123**	**273**	**-74**	**68**	**-65**	**200**
-as % of net sales, Adjusted EBIT	*2,1*	*0,0*	*-1,4*	*2,7*	*-0,8*	*0,7*	*-0,7*	*2,0*

Net Sales, external	**Business Areas**			
	Communication Services		**eCommerce & Logistics**	
Segments	**Jan-Dec 2018**	**Jan-Dec 2017**	**Jan-Dec 2018**	**Jan-Dec 2017**
PostNord Sweden	10,979	11,329	11,162	10,334
PostNord Denmark	3,618	4,141	4,454	4,070
PostNord Norway	54	46	3,398	3,191
PostNord Finland	11	12	767	694
PostNord Strålfors	1,908	1,935	0	0
Other business activities	227	226	1,092	1,029
Total	**16,797**	**17,688**	**20,873**	**19,319**
Point in time for revenue recognition				
At one point in time	16,157	16,953	20,516	18,989
Over time	640	735	357	330
Total	**16,797**	**17,688**	**20,873**	**19,319**

The above table shows PostNord's external net sales per service category (business area) and point in time for revenue recognition. The Group applies IFRS 15 as of 2018. The impact is SEK -41m (-72) on net sales with a corresponding reduction in other costs. PostNord's revenue is mostly recognized at one point in time. The main items in revenue recognition over time are third-party logistics, subscription services and mail services.

Business area eCommerce & Logistics offers logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

-as % of net sales, EBIT	*1,0*	*-3,2*	*-2,3*	*2,7*	*-0,8*	*-9,5*	*-0,8*	*1,9*

Note 4 Other provisions

2018 Jan.-Sep., SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring measures	1,127	2,623	-9	-640	46	3,147
Non-vested pension commitments	1,098	52	-	-310	317	1,157
Other	90	1	-	-16	-7	68
Total	**2,316**	**2,676**	**-9**	**-966**	**356**	**4,372**
Of which, current	*592*					*980*
Of which, non-current	*1,724*					*3,392*

2017 Jan.-Sep, SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring measures	1,048	673	-92	-528	26	1,127
Non-vested pension commitments	831	41	-	-281	507	1,098
Other	107	1	-	-21	3	90
Total	**1,986**	**715**	**-92**	**-830**	**536**	**2,316**
Of which, current	*597*					*592*
Of which, non-current	*1,389*					*1,724*

The provision primarily relates to costs of redundancies of employees with special employment conditions in Denmark.

Note 5 – Acquisitions and disposals

No acquisitions or disposals took place during the year or the preceding year.

Note 6 – Financial instruments

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2018 Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities measured at fair value via other comprehensive	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	20	-	-	-	20	20
Derivatives	16		-	-	-	16	16
Trade receivables	-	5,009	-	-	-	5,009	5,009
Terminal fees [1]	-	504	-	-	-	504	504
Short-term investments	-	101	-	-	-	101	101
Cash and cash equivalents	-	3,088	-	-	-	3,088	3,088
Long-term interest-bearing liabilities	-	-	-	-	-1,595	-1,595	-1,600
Current interest-bearing liabilities	-	-	-	-	-1,619	-1,619	-1,621
Trade payables	-	-	-	-	-2,584	-2,584	-2,584
Other current liabilities	-	-	-	-	-1,167	-1,167	-1,167
Derivatives	-	-	-13	0		-13	-13
Terminal fees	-	-		-	-340	-340	-340
Total financial assets and liabilities, by category	**16**	**8,722**	**-13**	**0**	**-7,305**	**1,420**	**1,413**

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2017 Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities measured at fair value via other comprehensive	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	17	-	-	-	17	17
Derivatives	0	-	-	-	-	0	0
Trade receivables	-	4,833	-	-	-	4,833	4,833
Terminal fees [1]	-	396	-	-	-	396	396
Short-term investments	-	296	-	-	-	296	296
Cash and cash equivalents	-	1,901	-	-	-	1,901	1,901
Long-term interest-bearing liabilities	-	-	0	-	-3,382	-3,382	-3,481
Current interest-bearing liabilities	-	-	-	-	-222	-222	-222
Trade payables	-	-	-	-	-2,638	-2,638	-2,638
Other current liabilities	-	-	-	-	-1,457	-1,457	-1,457
Derivatives	-	-	-2	-3	-	-5	-5
Terminal fees	-	-	-		-295	-295	-295
Total financial assets and liabilities, by category	**0**	**7,443**	**-2**	**-3**	**-7,994**	**-556**	**-655**

1) Terminal fees are payment for production services performed in the receiving country, for mail posted in another country, under international agreements between countries. Terminal fees are recognized under Prepaid expenses and accrued income and in Accrued expenses and deferred income in the Statement of financial position.

2) The terminal fees for 2017 are restated to show the impact of a change in net accounting.

Note 6 – Financial instruments, contd.

Recognition and fair value measurement of financial instruments
The fair value of loan liabilities is calculated as the discounted value of future cash flows relating to repayment of capital amounts and interest. The value is discounted to the current loan interest rate. In view of the short terms for trade receivables and trade payables, it is assumed that the carrying amount is the best approximation of the fair value.

All financial assets and liabilities recognized at fair value in the balance sheet are classified at level 2; see also Note 27 Financial risk management and financial instruments in PostNord's 2017 Annual Report and Sustainability Report.

Note 7 – Definitions and alternative key-ratios

Alternative key ratios: References are made in the interim report to a number of alternative financial measures that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance to external stakeholders and management in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these indicators are not always comparable with measures used by other companies. As a result, these financial indicators should not be regarded as a direct equivalent of indicators as defined in IFRS.

Return on operating profit (ROCE) Operating profit for the 12 months to the end of the period (based on quarterly values) divided by average capital employed for the 12 months to the end of the period.

Adjusted return on operating profit Adjusted operating profit for the 12 months to the end of the period (based on quarterly values) divided by average capital employed for the 12 months to the end of the period.

Financial preparedness Cash and cash equivalents, short-term investments and unutilized committed credit line.

EBITDAI Operating income excluding depreciation and impairments.

Adjusted operating income Operating income excluding items affecting comparability.

Adjusted operating margin Adjusted operating income in relation to net sales.

Items affecting comparability Items affecting comparability are substantial, nonrecurring or directly attributable to operating activities. Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.

Net debt Interest-bearing liabilities, provision for pensions, minus cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other non-current receivables and short-term investments.

SEKm	Dec.31 2018	Sep. 30 2018	Jun.30 2018	Mar.31 2018	Dec.31 2017
Interest-bearing debt, current	1,619	1,855	2,931	223	222
Interest-bearing debt, non-current	1,770	1,887	1,594	3,574	3,556
Pensions [1]	2,576	144	660	-	-
Financial investments	-198	-204	-200	-198	-198
Non-current receivables [2]	-963	-1,047	-1,049	-1,395	-1,145
Short-term investments	-101	-151	-4	-136	-296
Cash and cash equivalents	-3,088	-2,648	-4,157	-1,823	-1,901
Net debt	**1,615**	**-164**	**-225**	**245**	**238**

[1] Including assets under management. When the plan assets exceed the estimated present value of the pension commitments, they are recognized under the heading of Non-current receivables.

[2] This amount is the portion of non-current receivables that is attributable to funded defined-benefit disability pension plans and defined-benefit pension plans measured in accordance with IAS 19.

Net debt ratio Net debt divided by equity.

Operating capital Non-interest-bearing assets, less non-interest-bearing liabilities, also defined as net debt plus equity.

Operating margin Operating income in relation to net sales.

Other key ratios:

Basic staff Refers to all full- and part-time regular employees.

Average number of employees (FTE) The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.

Earnings per share (EPS) Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.

Quarterly data

SEKm, unless otherwise specified	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
PostNord Group [2]								
Net sales [1]	9,328	9,067	8,547	10,065	9,102	9,503	8,840	10,225
Other income	70	62	76	116	144	1,693	112	104
Expenses [1]	-9,304	-9,420	-8,822	-9,909	-9,321	-12,096	-9,025	-10,136
of which, personnel expenses	*-4,237*	*-4,512*	*-3,828*	*-4,215*	*-4,086*	*-6,693*	*-3,730*	-4,280
of which, transport expenses	*-2,552*	*-2,514*	*-2,588*	*-2,888*	*-2,688*	*-2,815*	*-2,783*	-2,938
of which, other expenses	*-2,191*	*-2,052*	*-2,085*	*-2,476*	*-2,242*	*-2,267*	*-2,204*	*-2,602*
of which, depreciation, amortization and impairments	*-324*	*-342*	*-321*	*-330*	*-305*	*-321*	*-309*	*-315*
Operating income (EBITDAI)	418	51	122	602	231	-580	236	508
Operating margin (EBITDAI)	4,5%	0,6%	1,4%	6,0%	2,5%	-6,1%	2,7%	4,9%
Operating income (EBIT)	94	-291	-199	272	-74	-901	-73	193
Operating margin (EBIT)	1,0%	-3,2%	-2,3%	2,7%	-0,8%	-9,5%	-0,8%	1,9%
Cash flows from operating activities	990	922	-370	-181	-25	1 862	-371	617
Net debt	-688	32	926	238	245	-225	-164	1,614
Return on capital employed	-15,0%	-15,9%	-17,5%	-1,6%	-3,9%	-12,4%	-10,9%	-12,4%
Average number of employees (FTE)	30,960	31,210	32,096	31,134	29,469	29,998	30,790	29,596
Number of staffing (basic) at end of period	32,358	31,910	30,905	30,797	30,355	30,500	29,623	29,886
Volumes, millions of mails produced:								
Sweden, priority mail	185	176	160	191	174	168	150	171
Sweden, non-priority mail	263	217	207	238	226	199	173	203
Denmark, priority mail/Quickbrev	12	10	9	10	9	9	8	9
Denmark, non-priority and business mail	74	64	56	72	62	60	50	58
Volumes, millions of parcels produced (net): *(Eliminated for internal group volumes)*								
Parcels, group total	36	37	37	45	39	43	40	49

1) Figures for comparison have been restated to show the effect of IFRS 15. Although not for 2016.

2) IFRS 9 is applied from 2018 onward.