



# PostNord Fourth Quarter and Full-year 2012

Feb 22, 2013

**postnord**

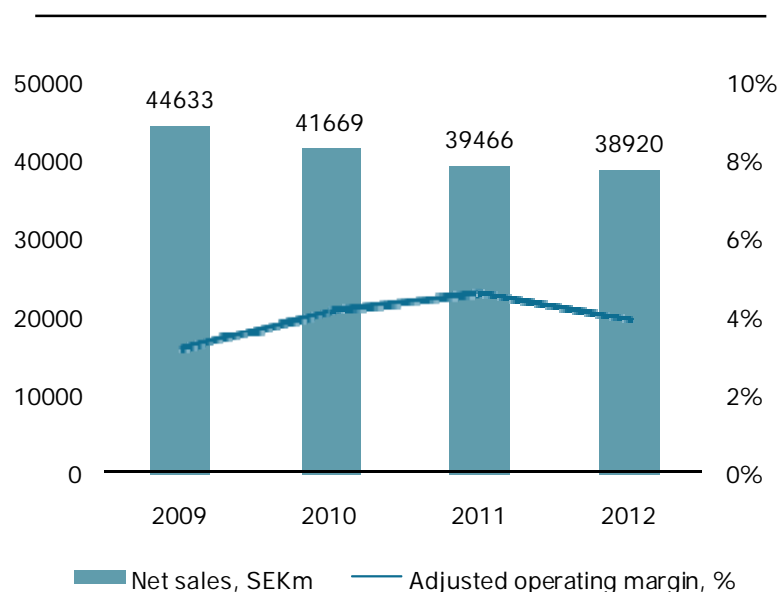
## Highlights 2012

## Financial development

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# Satisfactory annual results - maintaining fast paced conversion efforts

PostNord Group 2009-2012 (SEKm, %)






- ▶ Net sales were unchanged in Q4 and fell 1% during 2012
  - Reduced letter volumes, growth for Logistics, growing e-commerce volumes
- ▶ Adjusted EBIT was SEK 549m (666) in Q4 and SEK 1,550m (1,884) in 2012
- ▶ Adjusted operating margin\* was 5.2 (6.3)% in Q4 and 4.0 (4.7)% in 2012
  - Three of the four business areas are reporting improved adjusted operating profit
- ▶ Results were charged with restructuring costs and extraordinary write-downs totaling SEK 600m in Q4 and SEK 1,400m in 2012
- ▶ EBIT was SEK 122m (645) in Q4 and SEK 364m (1,571) in 2012

PostNord 2015 Roadmap is starting to produce results

\* Excluding restructuring costs and non-recurring items

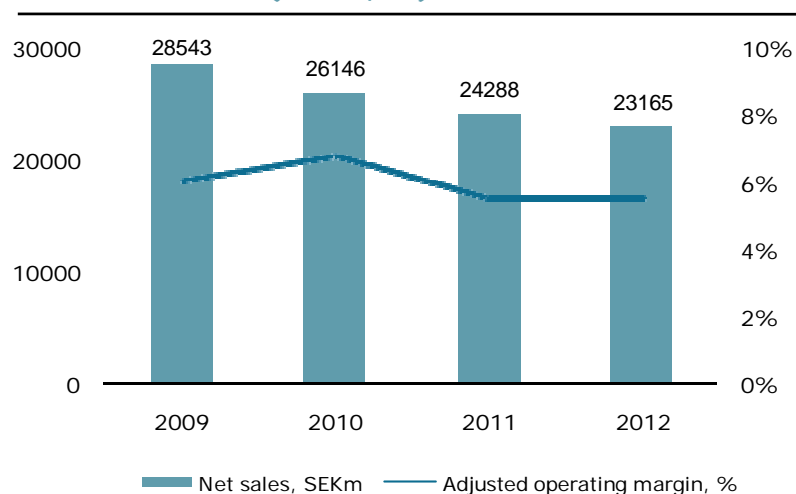
# The businesses, 2012

2012 (SEKm, %)	 <p>Mail</p>	 <p>Logistics</p>	 <p>Strålfors</p>
Volumes	Mail: -7%	Parcels: +3%	
Net sales	23,164 (24,288)	13,426 (12,450)	2,665 (3,048)
Adjusted EBIT	1 436 (1 527)	276 (254)	77 (-77)
Adjusted EBIT margin	5.6 (5.6)	1.9 (1.7)	2.9 (-)
EBIT	775 (1,245)	113 (269)	-25 (-76)
EBIT margin	3.0 (4.7)	0.8 (2.0)	- (-)
	Conversions to counter volume decline and secure profitability	Continued expansion under profitability	Turnaround – business now profitable

# Mail 2012

## Stable underlying margin development

Mail 2009-2012 (SEKm, %)



SEKm	2012	2011	△	△*
Net sales	23,165	24,288	-5%	-5%
<i>of which, Mail Denmark</i>	8,290	9,346	-11%	-9%
<i>of which, Mail Sweden</i>	15,138	15,220	-1%	-2%
Operating profit (EBIT)	776	1,245	-38%	-37%
<i>of which, Mail Denmark</i>	-18	355	-105%	-105%
<i>of which, Mail Sweden</i>	794	890	-11%	-11%
Operating margin, %	3.0	4.7		
Adjusted operating margin, %	5.6	5.6		

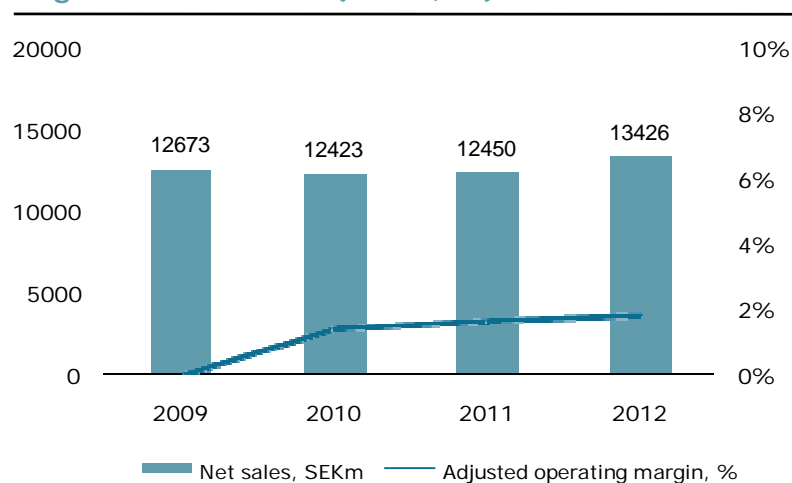
\* Excluding acquisitions, divestments and currency effects

- ▶ Continued digitization – mail volumes fell 7% in 2012 (12% in Denmark, 5% in Sweden), in line with forecast
- ▶ Comprehensive streamlining and rationalizations mitigated negative impacts on profit
- ▶ Growing e-commerce – increased volumes from distribution of goods
- ▶ Mail Denmark: Major cost reductions. Have created conditions for building new profitability. Conversions facilitated by regulatory relief
- ▶ Mail Sweden: Continued rationalizations. Satisfactory result given the circumstances
- ▶ Adjusted margin unchanged in 2012
- ▶ 2013 forecast: Mail volumes may fall approx 6% in Sweden and 12% in Denmark

# Logistics 2012

## Growth under profitability

Logistics 2009-2012 (SEKm, %)



SEKm	2012	2011	△	△*
Net sales	13,426	12,450	8%	1%
Operating profit (EBIT)	113	269	-58%	-68%
Operating margin, %	0.8	2.0		
Adjusted operating margin, %	1.9	1.7		

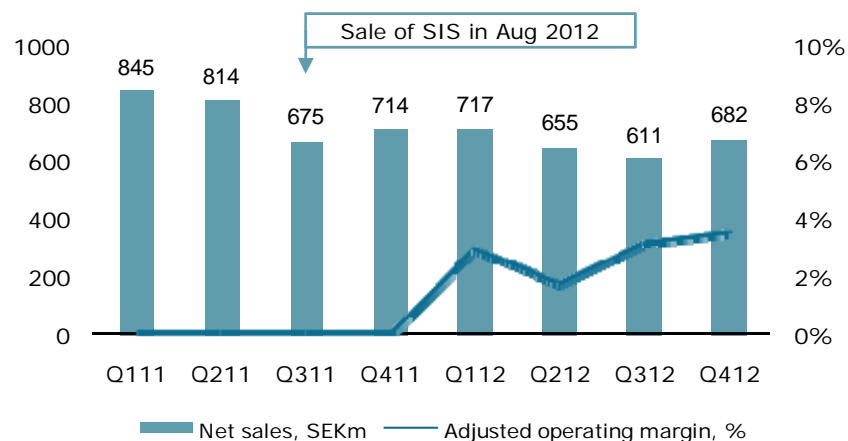
\* Excluding acquisitions, divestments and currency effects

- ▶ Continued implementation of strategy for expansion through broadening of offer and market presence
- ▶ Increased net sales in all markets except Denmark – despite recession
- ▶ Growing e-commerce – parcel volumes rose 8% in Q4 and 3% in 2012 – B2C driving the trend
- ▶ Acquisition of complementary businesses: Green Cargo Logistics (SE) and Harlem Transport (NO)
  - Contributed SEK 720m to net sales and SEK 27m to EBIT
  - Acquisition of Byrknes Auto (NO) completed after year-end
- ▶ Continued integration of previous acquisitions

# Strålfors 2012

## Turn-around to profitability

Strålfors by quarter 2011-2012 (SEKm, %)



- ▶ Successful streamlining and rationalizations
- ▶ Net sales rose 2% during 2012 excluding divestments and exchange rate changes
- ▶ Increased sales within Direct Marketing, Service Fulfillment and Market Communication
- ▶ Reduced volumes within Business Communication due to digitization
- ▶ Reporting positive EBIT from Q2 2012. Positive adjusted EBIT for entire 2012

SEKm	2012	2011	△	△*
Net sales	2,665	3,048	-13%	2%
Operating profit (EBIT)	-25	-76	-67%	-46%
Operating margin, %	neg	neg		
Adjusted operating margin, %	2.9	neg		

\* Excluding acquisitions, divestments and currency effects

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# Results overview

SEKm	Q4 2012	Q4 2011	△	2012	2011	△
<b>Income</b>	<b>10,543</b>	<b>10,596</b>	<b>-1%</b>	<b>39,173</b>	<b>39,740</b>	<b>-1%</b>
Expenses	-9,996	-9,929	1%	-37,630	-37,854	-1%
Participations in the earnings of assoc. comp.	2	-1	>-100%	7	-2	>-100%
<b>Adjusted EBIT*</b>	<b>549</b>	<b>666</b>	<b>-18%</b>	<b>1,550</b>	<b>1,884</b>	<b>-18%</b>
Restructuring costs and non-recurring items	-427	-21	>100%	-1,186	-313	>100%
<b>EBIT</b>	<b>122</b>	<b>645</b>	<b>-81%</b>	<b>364</b>	<b>1,571</b>	<b>-77%</b>
Net financial items	4	8	-50%	16	100	-84%
Tax	-54	-212	-75%	-123	-446	-72%
<b>Net profit</b>	<b>72</b>	<b>441</b>	<b>-84%</b>	<b>257</b>	<b>1,225</b>	<b>-79%</b>
Adjusted EBIT margin, %	5.2	6.3		4.0	4.7	
EBIT margin, %	1.2	6.1		0.9	4.0	
ROE, %	2	10		2	10	

\* Excluding restructuring costs and non-recurring items

# Adjusted operating profit

SEKm	Q4 2012	Q4 2011	2012	2011
<b>Operating profit (EBIT)</b>	<b>122</b>	<b>645</b>	<b>364</b>	<b>1,571</b>
Restructuring costs	407	21	1,171	393
Non-recurring items	20		15	-80
<b>Adjusted operating profit (EBIT)</b>	<b>549</b>	<b>666</b>	<b>1,550</b>	<b>1,884</b>
Adjusted operating margin, %	5.2	6.3	4.0	4.7

► Restructuring costs of approx. SEK 1.2 bn in 2012 due to personnel cutbacks in production and administration

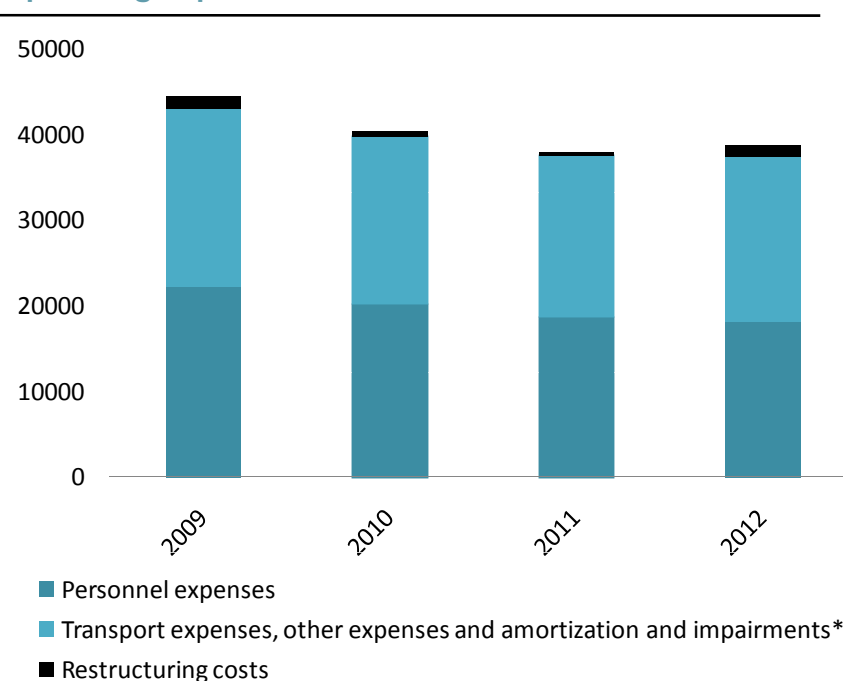
► Non-recurring items 2012:

- Capital gain, sale of businesses (5)
- Impairment of shareholding, Eson Pac Group AB (-55)
- Write-down of SAP platform, Mail Denmark (-152)
- VAT refund, Mail Denmark (187)

# Major underlying cost reductions

- ▶ Underlying cost base reduced by SEK 1.7 bn in 2012 – chiefly personnel-related costs
  - Continuous adjustments to lower mail volumes
  - Program to streamline administration, purchasing and IT – initiated and completed in 2012
  
- ▶ Reported personnel expenses reduced 6% in Q4 and 3% in 2012
  
- ▶ Reported expenses rose 2% (1% excluding currency effects) in 2012
  - Acquisitions
  - Restructuring costs
  - Changes in actuarial estimates for pensions
  - Non-recurring items

Operating expenses, SEKm



Continued conversions with cost reductions in 2013. Will result in extensive restructuring costs in 2013 as well

# Stable cash flows and improved liquidity

## Cash flows, PostNord Group

SEKm	Q4 2012	Q4 2011	2012	2011
<b>Operating activities</b>	<b>1,256</b>	<b>1,324</b>	<b>1,625</b>	<b>1,634</b>
<i>Margin, cash flows from operating activities*</i>	<i>11.9%</i>	<i>12.5%</i>	<i>4.1%</i>	<i>4.1%</i>
Investments	-1,085	-908	- 3,533	-1,813
Financing activities	-748	-61	2,854	-1,353
<b>Net cash flow</b>	<b>-577</b>	<b>355</b>	<b>946</b>	<b>-1,532</b>
Cash and cash equivalents	3,046	2,107	3,046	2,107

# Increased financial flexibility and preparedness

## Net financial position

SEKm	Dec 31 2012	Dec 31 2011
Cash and cash equivalents	3,046	2,107
Interest-bearing debt	4,312	1,098
Pension provisions	1,819	1,587
<b>Net debt</b>	<b>3,085</b>	<b>578</b>
<i>Net debt/EBITDA, times</i>	<i>1.36</i>	<i>0.18</i>
<i>Equity-Assets ratio</i>	<i>39</i>	<i>47</i>
<i>Financial preparedness</i>	<i>5,046</i>	<i>4,107</i>

- ▶ Operational leases of SEK 6.1bn, of which SEK 5.6bn is related to real estate as of December 31, 2012
- ▶ Pensions as of Dec 31, 2012: Pension commitments of SEK 19.1bn, of which SEK 16.4bn in funded pension plans. Posten's Pension Fund assets under management totaled SEK 14.8bn, 104% consolidation. Anticipated disbursements of SEK 1.1bn in 2013

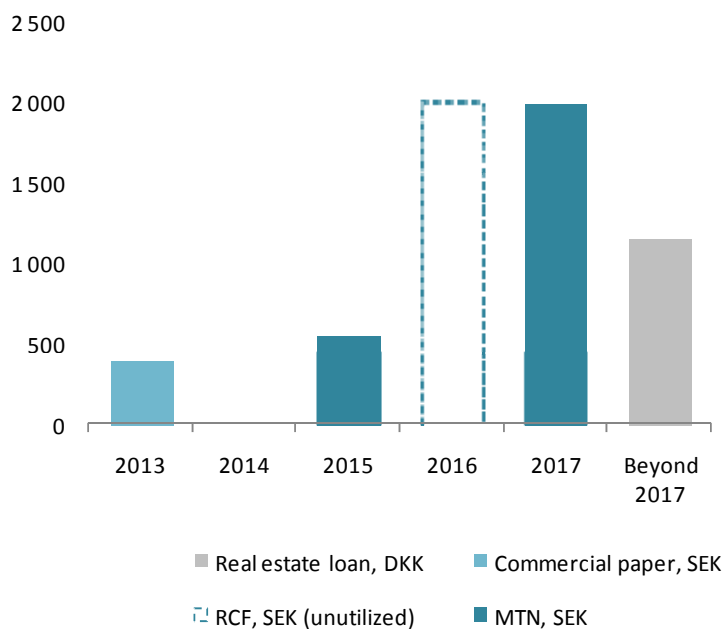
- ▶ Strong financial position and asset base
- ▶ Increase in interest-bearing net debt in line with strategy to streamline capital structure
- ▶ Establishment of commercial paper and MTN programs in 2012
- ▶ Issuance of bonds totaling SEK 2,540m, of which SEK 540m during Q4
- ▶ Effects of transition to new IAS 19 rules:
  - Equity SEK -4,002m and pension provisions SEK +1,200m
  - Net debt/EBITDA as of Dec 31, 2012 after IAS 19: 1.89x accounted
  - See also Note 1 in PostNord's interim report

# Credit profile

## Credit overview, Dec 31, 2012

Credit	Total value SEK bn	Utilized value SEK bn
Revolving credit facility, 5 yr, SEK	2.0	0
Commercial Paper program, SEK	3.0	0.4
Realkredit Danmark A/S, real estate financing (Post Danmark A/S), 20 yr, DKK	1.2	1.2
MTN program, SEK	6.0	2.54
Total utilized per Dec 31, 2012		4.14
Short-term-maturities credits		0.4

## Maturity profile, Dec 31, 2012, SEKm



# Summary

- ▶ Satisfactory full-year results
- ▶ Stabilization of net sales relative to recent years
- ▶ Restructuring costs and extraordinary write-downs are charged to our results
- ▶ Three of the four business areas report improved adjusted operating profit
- ▶ Stable cash flows from operating activities
- ▶ Further optimization of capital structure and continued strong financial position
- ▶ 2013: Continuing mail volume decline, additional restructuring costs, but improving profitability
- ▶ Implementation of PostNord 2015 Roadmap strategy is proceeding

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