

# PostNord April-June 2013

August 27, 2013



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**Highlights Q2 2013**

**Financial development**

**Q&As**

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# Increased net sales – strong development in Logistics

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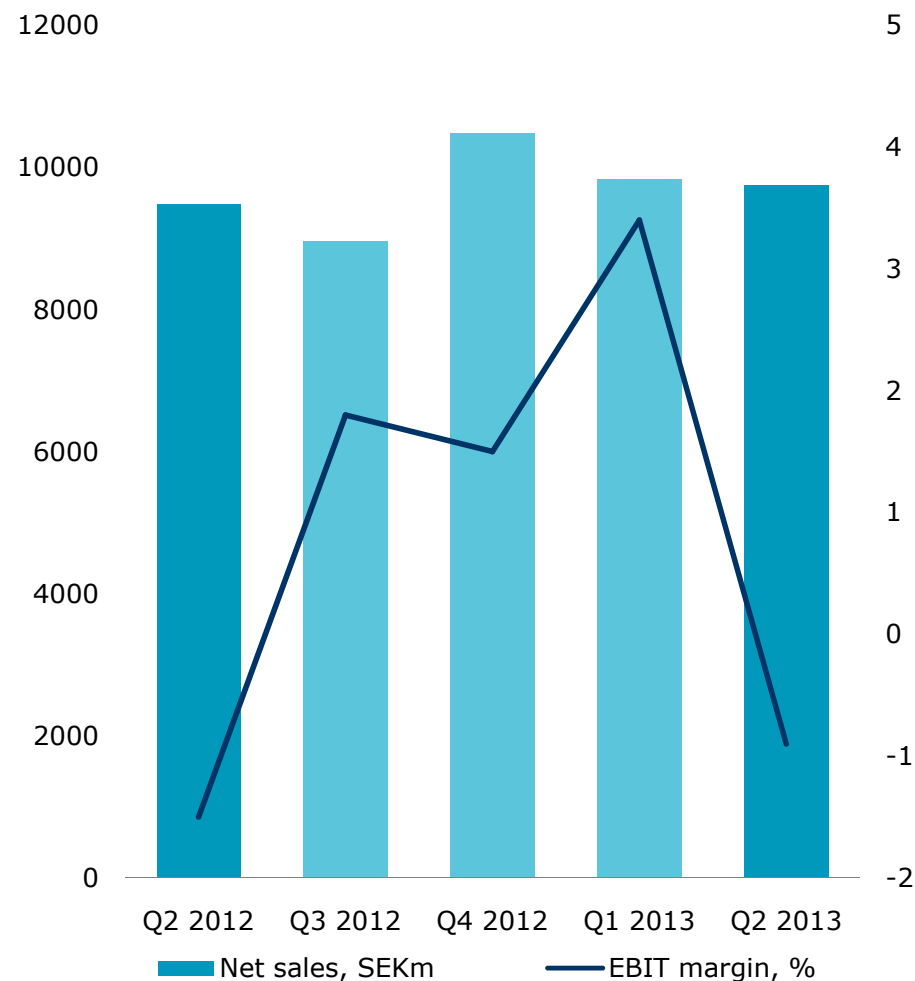
- Implementation of the Roadmap PostNord 2015 strategy is proceeding
- Increased net sales – for the first time since the Group was formed
- The Group is growing in Logistics and e-commerce services
- Continued drop in mail volumes
- Political steps towards new postal legislation in Denmark
- Håkan Ericsson new President & CEO

# PostNord Group, April-June 2013




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- Net sales grew 3% in Q2
  - Growth in Logistics. Increase in e-commerce
  - Continued decrease in mail volumes
- OPEX increased 2% but was down 1% excluding acquisitions and currency effects
- EBIT improved to SEK -84m (-142)
  - Q2 profits are seasonally weak
  - EBIT margin for the Jan-Jun period increased to 1.3 (1.0) %
- Cash flows from operating activities fell to SEK -17m (472) mainly due to calendar effects
- Satisfactory integration of acquired businesses

NET SALES AND EBIT MARGIN



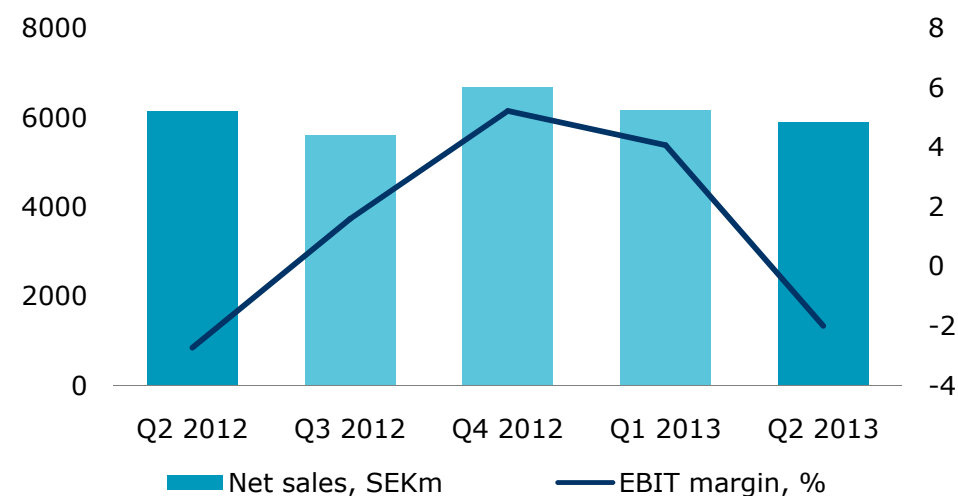
# Business Operations, Q2 2013

| Q2 2013     |  <p>Mail</p> |  <p>Logistics</p> |  <p>Strålfors</p> |
|-------------|--|--|--|
| Volumes     | Mail: -4% (DK -8%, SE -3%)<br>Parcels total: +11%. B2C parcels: +10%                           |  |  |
| Net sales   | SEK 5,893m (6,147)   | SEK 3,372m (2,832)   | SEK 645m (655)   |
| △ Net sales | -4%  | +19%   | -2%  |
| EBIT        | SEK -124m (-174)   | SEK 46m (13)   | SEK -30m (9)   |
| EBIT margin | neg (neg) %  | 1.2 (0.4) %  | neg (1.4) %  |
|             | Continued decline in mail volumes – in line with expectations.                                 | Continued expansion under profitability.   | Weak market for Business Communication division.   |

# Mail: Seasonally a weak quarter

- Continued drop in mail volumes, in line with expectations
- Positive effect of more business days in Q2 2013
- Maintained forecast for mail volumes in 2013: -6% in Sweden and -12% in Denmark
- Weak direct mail market
- Trend towards stabilization of parcel operation in Denmark
- Continued streamlining measures – costs reduced 4%
- Q2 profits are seasonally weak, but EBIT improved even so

NET SALES AND EBIT MARGIN



| SEKm                          | Q2 2013 | Q2 2012 | Δ     | Δ*    |
|-------------------------------|---------|---------|-------|-------|
| Net sales                     | 5,893   | 6,147   | -4%   | -3%   |
| <i>of which, Mail Denmark</i> | 2,284   | 2,517   | -9%   | -5%   |
| <i>of which, Mail Sweden</i>  | 3,683   | 3,695   | 0%    | -2%   |
| EBIT                          | -124    | -174    | 29%   | 45%   |
| <i>of which, Mail Denmark</i> | -103    | -171    | 40%   | 47%   |
| <i>of which, Mail Sweden</i>  | -21     | -3      | >100% | >100% |
| EBIT margin, %                | -2.0%   | -2.7%   |       |       |

# Agreement to amend Danish Postal Act

- Parliamentary majority endorses amendment of Postal Act in Denmark
- Based on ambition to maintain a high quality postal service on a commercial basis – in light of decreasing mail volumes
- Expected change in provisions as of 2014
- Means relief on several points for Post Danmark

## EXAMPLES OF NEW PROVISIONS

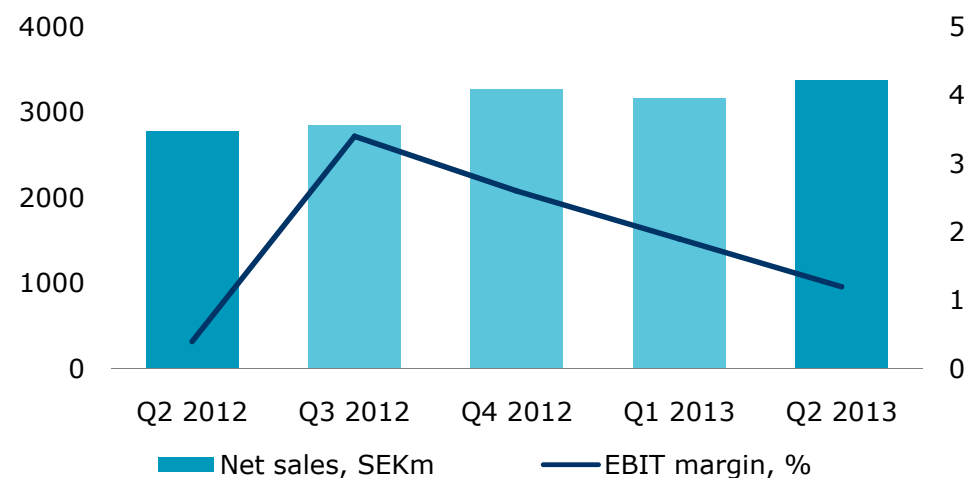
- Distribution of non-priority mail within 4 (3) days
- Maintained 6 days delivery frequency, but delivery of private priority mail on Mondays may be priced individually
- Enabling a structural change of the service outlet network – more partner outlets, fewer service points run by Post Danmark, simplification of services offered

A review of postal legislation and regulations is also needed in Sweden

# Logistics: Strong development

- Continued growth under profitability
- Logistics now delivers over one-third of PostNord's net sales
- Net sales increased 19% and organic growth was 6%
- Improved net sales in Sweden and Norway
- Growing e-commerce – increased parcel volumes and parcel revenues
- Concluded acquisition of Nordisk Kyl Logistik and Transbothnia – expands market presence within mixed cargo, consignment freight and thermal transports in Sweden

NET SALES AND EBIT MARGIN



| SEKm           | Q2 2013 | Q2 2012 | Δ     | Δ*    |
|----------------|---------|---------|-------|-------|
| Net sales      | 3,372   | 2,832   | 19%   | 6%    |
| EBIT           | 46      | 13      | >100% | >100% |
| EBIT margin, % | 1.2     | 0.4     |       |       |

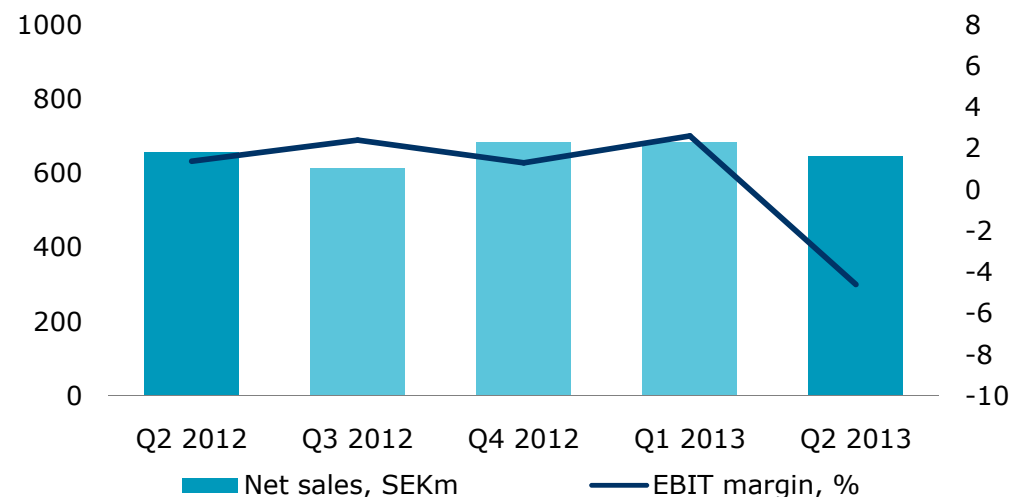


# Strålfors: Weak market development

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- Reduced net sales and profit
- Excluding currency effects, sales increased by 1%
- Weak market development for Business Communication division – increased net sales for other three divisions
- Restructuring costs of SEK 30m (2) for business centralization
- Acquisition of shares in direct marketing agency Friends & Tactics AB and in a printing and inserting business in Poland

NET SALES AND EBIT MARGIN



| SEKm           | Q2 2013 | Q2 2012 | Δ      | Δ*     |
|----------------|---------|---------|--------|--------|
| Net sales      | 645     | 655     | -2%    | 1%     |
| EBIT           | -30     | 9       | >-100% | >-100% |
| EBIT margin, % | -4.6    | 1.4     |        |        |

**Highlights Q2 2013**

**Financial development**

**Q&As**

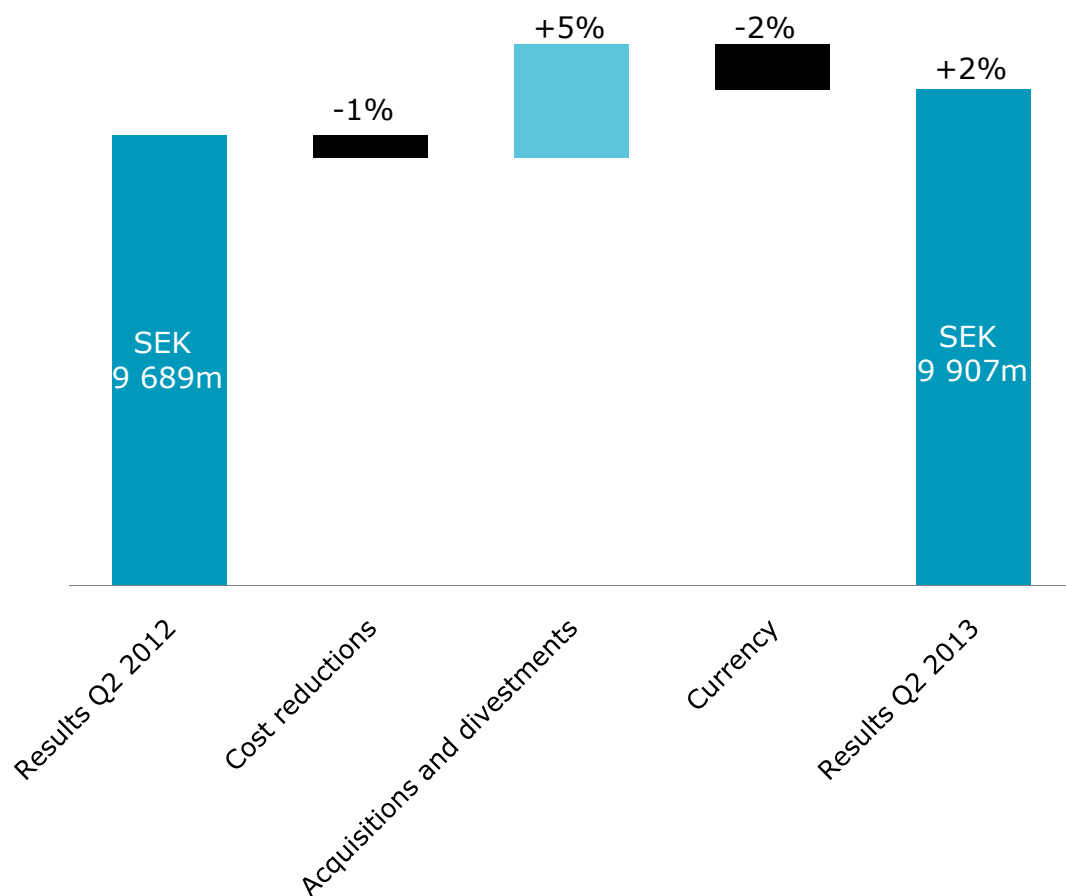
# Overview of results

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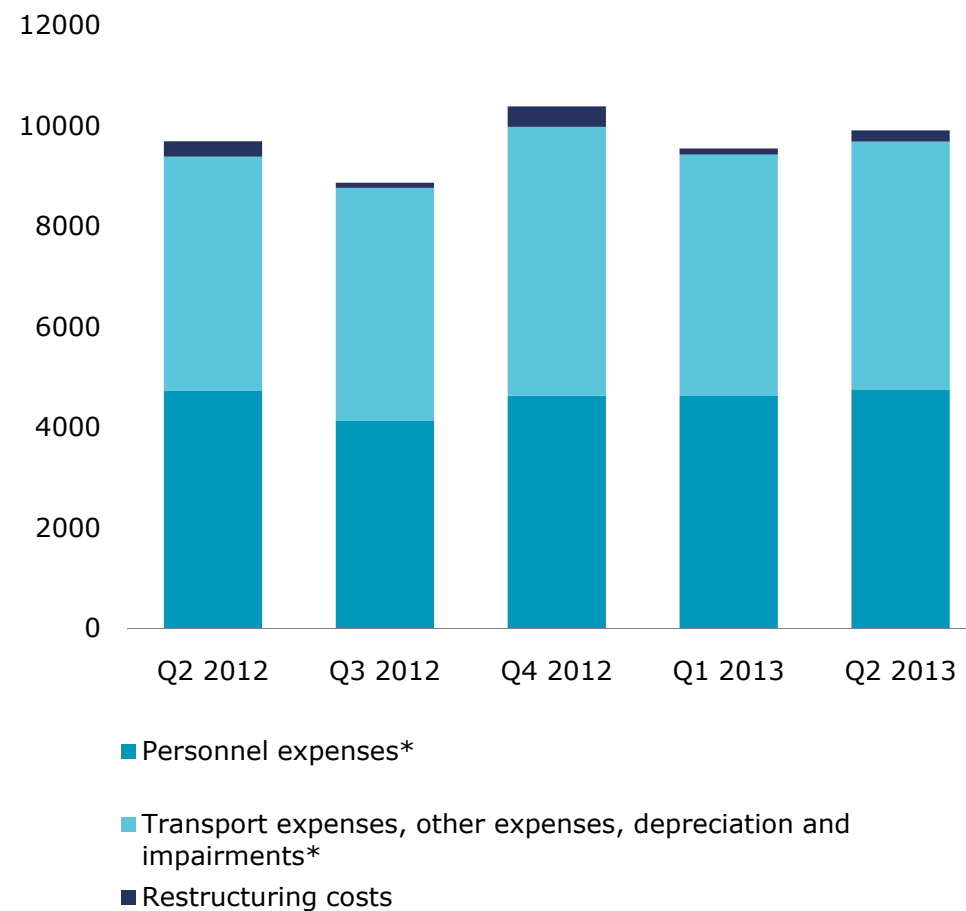
| SEKm   | Q2 2013      | Q2 2012      | △   | 2012          |
|--|--------------|--------------|-----|---------------|
| Net sales  | 9,757        | 9,487        | 3%  | 38,920        |
| Other income   | 63           | 60           | 5%  | 253           |
| <b>Income</b>  | <b>9,820</b> | <b>9,547</b> | 3%  | <b>39,173</b> |
| Expenses*  | -9,907       | -9,689       | 2%  | -38,669       |
| Participations in the earnings of associated companies | 3            |              |     | 7             |
| <b>EBIT</b>  | <b>-84</b>   | <b>-142</b>  | 41% | <b>511</b>    |
| Net financial items                                    | -29          | -35          | 17% | -144          |
| Tax  | 33           | 24           | 38% | -120          |
| <b>Net profit</b>                                      | <b>-80</b>   | <b>-153</b>  | 48% | <b>247</b>    |
| <i>Operating margin (EBIT), %</i>                      | <i>-0.9</i>  | <i>-1.5</i>  |     | <i>1.3</i>    |
| <i>Return on equity, rolling 12-month, %</i>           | <i>4</i>     | <i>n/a</i>   |     | <i>2</i>      |

# Continued underlying cost reductions

OPERATING EXPENSES TREND



OPERATING EXPENSES, SEKm



# Weakened cash flows

## CASH FLOWS

| SEKm   | Q2 2013     | Q2 2012     | H1 2013     | H1 2012     | 2012         |
|--|-------------|-------------|-------------|-------------|--------------|
| FFO  | -18         | 60          | 387         | 693         | 1,776        |
| Changes in working capital                           | 1           | 412         | -12         | 70          | 49           |
| <b>Cash flows, operating activities</b>              | <b>-17</b>  | <b>472</b>  | <b>375</b>  | <b>763</b>  | <b>1,825</b> |
| <i>Margin, cash flows from operating activities*</i> | <i>neg</i>  | <i>4.9%</i> | <i>1.9%</i> | <i>3.9%</i> | <i>4.7%</i>  |
| Investments  | -610        | -1,679      | -1,367      | -2,026      | -3,533       |
| Financing activities                                 | 218         | 1,822       | 114         | 1,749       | 2,654        |
| <b>Net cash flows</b>                                | <b>-409</b> | <b>615</b>  | <b>-878</b> | <b>486</b>  | <b>946</b>   |
| Cash and cash equivalents                            | 2,170       | 2,591       | 2,170       | 2,591       | 3,046        |

# Increased debt but continued good financial position

- Increased net debt since year end
- Bond issue of SEK 400m in Q2, 6-year, STIBOR+125 pts
- Financial preparedness is SEK 4,170m, of which SEK 2,170m is cash and cash equivalents
- Prudent view on acquisitions
- Balance sheet effects of changes to IAS 19 – see Note 1 in the Interim Report

## FINANCIAL NET DEBT

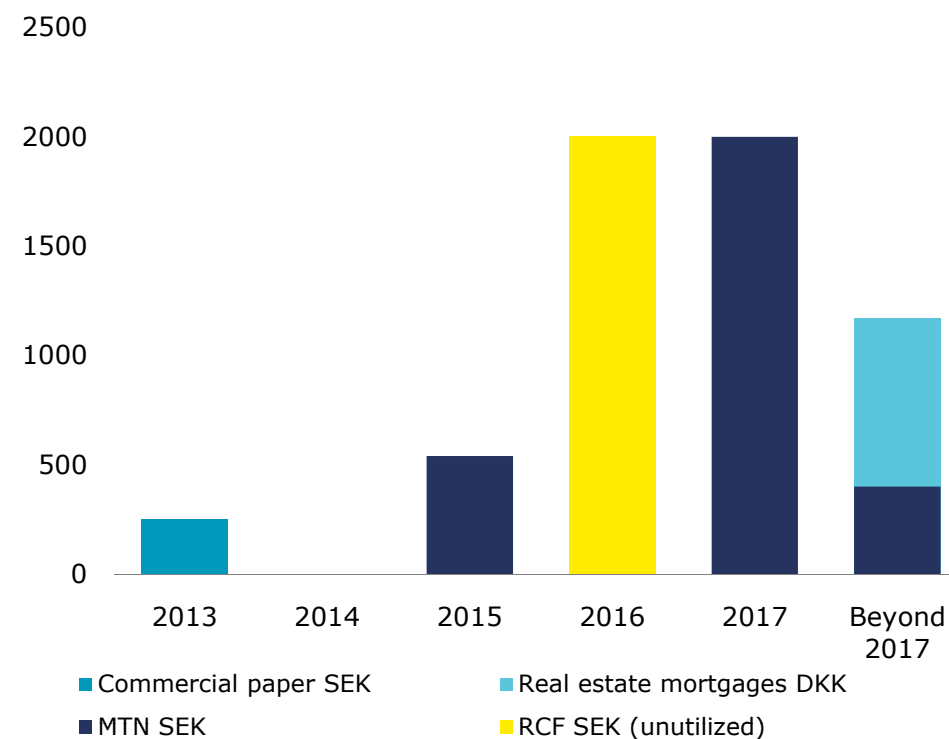
| SEKm                          | Jun 30 2013  | Jun 30 2012  | Dec 31 2012  |
|-------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents     | 2,170        | 2,591        | 3,046        |
| Interest-bearing debt         | 4,593        | 3,252        | 4,312        |
| Pension provisions            | 2,467        | 3,182*       | 3,033*       |
| <b>Net debt</b>               | <b>4,890</b> | <b>3,843</b> | <b>4,299</b> |
| <i>Net debt/EBITDA, times</i> | 2.1          | n/a          | 1.8*         |
| <i>Equity-Assets ratio, %</i> | 30           | 30*          | 28*          |
| <i>Financial preparedness</i> | 4,170        | 4,591        | 5,046        |

# Credit profile

## CREDIT SUMMARY, JUNE 30, 2013

| Credit   | Total value<br>SEK billion | Utilized value<br>SEK billion |
|--|----------------------------|-------------------------------|
| Revolving credit facility,<br>5-year, SEK  | 2.0                        | 0                             |
| Commercial paper, SEK  | 3.0                        | 0.3                           |
| Real estate mortgages<br>Danmark A/S, real estate<br>financing (Post Danmark A/S),<br>20-year, DKK | 1.2                        | 1.2                           |
| MTN program, SEK   | 6.0                        | 2.9                           |
| <b>Total utilized as of June 30,<br/>2013</b>  |                            | <b>4.4</b>                    |
| Short-maturity credits   |                            | 0.3                           |

## MATURITY STRUCTURE, JUNE 30, 2013, SEKm



- Increased net sales – for the first time since the Group was formed
- PostNord is growing within Logistics and e-commerce services
- Increased parcel volumes in the Group
- Continued decline in mail volumes. 2013 mail volume development outlook maintained
- New postal legislation expected in Denmark
- Continued streamlining within administration and business operations
- New President & CEO as of October 1, 2013



**Highlights Q1 2013**

**Financial development**

**Q&As**

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