Year-end Report

Q4 2013

OCTOBER-DECEMBER 2013

- Net sales totaled SEK 10,638m (10,481).
- Operating profit totaled SEK 180m (158).
- Net profit totaled SEK 33m (69).
- Cash flows from operating activities totaled SEK 1,650m (1,386).

JANUARY-DECEMBER 2013

- Net sales totaled SEK 39,533m (38,920).
- Operating profit totaled SEK 676m (511).
- Net profit totaled SEK 322m (247).
- Cash flows from operating activities totaled SEK 1,662m (1,825).
- The Board of Directors proposes a dividend of SEK 128.8m (103).

postnord

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PostNord offers communication and logistics solutions to, from and within the Nordic region. A Nordic leader in our field, we meet our customers under the Posten, Post Danmark, PostNord Logistics and Strålfors brands.

PostNord was formed in 2009 through the merger of Post Danmark A/S and Posten AB. The parent company, PostNord AB, is a Swedish public company headquartered in Solna, Sweden. PostNord is owned 40% by the Danish State and 60% by the Swedish State. Votes are allocated 50/50 between the owners.

Operations are run in three areas: Mail (business areas Mail Denmark and Mail Sweden), Logistics and Strålfors. In 2013, PostNord had sales of approximately SEK 40 billion and 39,000 employees.

01 Message from the CEO

WE NEED TO STEP UP THE PACE OF OUR STREAMLINING EFFORTS AND SERVICE DEVELOPMENT

PostNord reported improved results for 2013. Net sales increased 3 percent excluding currency effects. Operating profit was strengthened. We are going through a phase of significant change. The major structural changes we are implementing are aimed at securing profitability within Mail, developing our logistics business and capitalizing on opportunities in markets undergoing dramatic changes.

PostNord Group reported a 1 percent increase in year-on-year net sales during the fourth quarter and a 2 percent increase for full-year 2013. The increase is attributable mainly to acquisitions and organic growth within the logistics business due to the strong development of e-commerce. Sales growth slackened due to the continued decline in mail volumes.

We continue to grow within logistics. During the year we acquired additional businesses that strengthen our position in the Nordic region, including within thermal transports. Organic growth was driven mainly by the e-commerce trend, with strong volume growth for B2C parcels. Growth was also impacted by increased demand for outsourcing services. We will counter increasing price pressure and falling margins with continued and increased streamlining efforts to strengthen the business area's profitability.

Digitization and the substitution of alternative communication methods continued to put pressure on results for the Mail business areas. We have implemented extensive efficiency measures to meet the development. Although business area Mail Denmark did report profitability during the fourth quarter, the business is still challenged by the comprehensive digitization in the market. We welcome the new postal legislation enacted by the Danish Parliament on February 18th. It will enable the business to make additional market adjustments. Business area Mail Sweden reported increased e-commerce-related volumes and a stable underlying operating profit for both periods, despite declining overall mail volumes. Strålfors reported improved operating profit for both the quarter and the full year.

As expected, the PostNord Group reported improved full-year operating profit. The operating margin improved to 1.7 percent for both periods due to increased net sales, continued streamlining efforts in the businesses and lower restructuring costs. Nevertheless, results are not satisfactory. Profitability is too weak in all business areas and the group's earnings are insufficient. We need to step up the pace of implementing our streamlining efforts and service development throughout the entire group. Additional structural measures are now being made to enable PostNord to meet the challenging market trend and create greater financial value.

During late 2013 and early 2014 we further developed the group's strategy and direction going forward. We are continuing to implement key conversion efforts with production development, streamlining our communication solutions offer for our Mail customers, to secure profitability in this area despite declining mail volumes. The logistics business will continue to grow and profitability will be improved. Growth will mainly occur organically, based on our goal of becoming the leading logistics partner in the Nordic region. Profitability for Strålfors will be improved.

We already hold a strong position as the leading e-commerce partner in the Nordic region, and we will be focusing on developing our service offer in this area. We can capitalize more on our unique structure and regional scope. This structure also enables us to further develop attractive offers for different types of home deliveries and other service logistics.

We are continuing to work to strengthen our competitiveness by reducing expenses and increasing the share of variable costs. We are also making changes to our organization to provide greater uniformity for our customers, increase our focus on e-commerce and create potential for greater synergies in the business. In addition, we are making a change to the brand structure that will clarify the PostNord brand and give us greater uniformity in meeting our customers.

Håkan Ericsson
President & CEO

FINANCIAL OVERVIEW AND KEY RATIOS

SEKm, unless otherwise specified	Oct-Dec 2013	Oct-Dec 2012	△	Jan-Dec 2013	Jan-Dec 2012	△
INCOME STATEMENT						
Net sales	10,638	10,481	1%	39,533	38,920	2%
Other income	69	62	11%	233	253	-8%
Income	**10,707**	**10,543**	2%	**39,766**	**39,173**	2%
Operating expenses	-10,087	-9,735 [1]	-4%	-37,452	-36,770 [1]	-2%
Participations in the earnings of associated companies	1	2	-50%	10	7	43%
Operating profit (EBITDA)	**621**	**810** [1]	-23%	**2,324**	**2,410** [1]	-4%
Depreciation and impairments	-441	-652	32%	-1,648	-1,899	13%
Operating profit (EBIT)	**180**	**158** [1]	14%	**676**	**511** [1]	32%
Net financial items	-59	-36 [1]	-64%	-208	-144 [1]	-44%
Profit before tax	**121**	**122** [1]	-1%	**468**	**367** [1]	28%
Tax	-88	-53 [1]	-66%	-146	-120 [1]	-22%
Net profit	**33**	**69** [1]	-52%	**322**	**247** [1]	30%
CASH FLOWS						
Cash flows from operating activities	1,650	1,386 [1]		1,662	1,825 [1]	
FINANCIAL POSITION						
Cash and cash equivalents	1,973	3,046	-35%	1,973	3,046	-35%
Equity	9,063	7,533 [1]	20%	9,063	7,533 [1]	20%
Net debt	2,991	4,299 [1]	30%	2,991	4,299 [1]	30%
KEY RATIOS						
Operating margin (EBIT), %	1.7	1.5 [1]		1.7	1.3 [1]	
Operating margin (EBITDA), %	5.8	7.7 [1]		5.8	6.2 [1]	
Return on equity, rolling 12-month, %	3.9	2.6		3.9	2.6	
Return on operating capital, rolling 12-month, %	5.7	4.7		5.7	4.7	
Earnings per share, SEK	0.02	0.03 [1]		0.16	0.12 [1]	
Net debt/EBITDA, rolling 12-month, times	1.3	1.8		1.3	1.8	
Financial preparedness	3,973	5,046		3,973	5,046	
Equity-Assets ratio, end of period, %	35	27 [1]		35	27 [1]	
Average number of employees	39,137	39,929		39,305	39,713	

[1] Restated due to IAS 19 Revised, Employee Benefits

02 Highlights

HIGHLIGHTS

Danish parcel distribution agreement

On April 18, 2013 Post Danmark and Coop signed an agreement on a new parcel concept. Around 300 automatic parcel machines will be set up in Coop stores in Denmark, making it even easier to receive and send parcels.

2013 Annual General Meeting

PostNord’s 2013 Annual General Meeting was held on April 18, 2013. The AGM resolved that the board shall be comprised of eight AGM-elected members and no deputies. Jens Moberg was newly elected as chairman of the board. The AGM reelected board members Mats Abrahamsson, Gunnel Duveblad, Jonas Iversen and Torben Janholt. The AGM elected Christian Ellegaard, Sisse Fjelsted Rasmussen and Anitra Steen as new board members. The AGM also resolved to distribute a dividend of SEK 103m (368) to the shareholders; this distribution was made on April 22, 2013. Accounting firm KPMG AB was newly elected as auditor through the close of next year’s AGM, with authorized public accountant Helene Willberg as auditor in charge.

PostNord issues bonds of SEK 400m

On June 5, 2013 PostNord issued bonds totaling SEK 400m. The bond loan has a 6-year duration and falls due on June 12, 2019. The loan carries a variable interest rate of 3-months STIBOR + 125 basis points.

Launch of new logistics brand

On September 2, 2013 PostNord launched a new umbrella brand – PostNord Logistics – for the group’s Nordic logistics offer. The brand will be established in stages during 2013-14.

Letter postage raised in Denmark

On September 30, 2013 Post Danmark announced a change in letter postage as of January 1, 2014. The postage rate for priority mail weighing up to 50 grams was raised by 1.00 DKK to 9.00 DKK and postage for non-priority letters was raised by 0.50 DKK to 6.50 DKK.

Dispute regarding Posten’s licensing requirements

On September 27, 2013 the Administrative Court in Stockholm issued a ruling on the 2012 Licensing Requirements, upholding the extremely stringent Post and Telecom Agency (PTS) pricing transparency requirements which would harm Posten’s competitiveness. Posten appealed the ruling to the Administrative Court of Appeals. On September 11, PTS issued new licensing requirements effective October 1, 2013 through September 30, 2015. The transparency requirements in the new version are less stringent than the 2011 requirements, but PTS reserves the right to amend the requirements following final judicial review of the 2012 version.

Enhanced cooperation between Ellos Group and PostNord

On November 19, 2013 PostNord announced the signing of a new three-year contract with Ellos Group, one of the group’s largest customers. Under the contract, PostNord will ensure maximally efficient solutions as Ellos Group’s Nordic logistics partner.

Sweden sued over VAT on postal services

On November 20, 2013 the European Commission brought an action against Sweden in the Court of Justice of the European Union concerning VAT on certain postal services. The Commission’s position is that, under EU law, Sweden as a country should not charge VAT on these services. On the postal services at issue, PostNord has imposed VAT in Sweden in accordance with Swedish law.

Changes to group management

- On July 23, 2013 Håkan Ericsson was announced as PostNord's new President & CEO. Ericsson took up the post on October 1.
- On Januari 21, 2013 Finn Hansen was appointed new head of Group HR.
- On October 7, 2013 Henrik Höjsgaard announced his resignation as head of business area Logistics. Mats Johansson was appointed acting head of the business area. Recruitment of a successor is underway.

Completed acquisitions

PostNord made the following material acquisitions in 2013:

- On January 2, 2013 the acquisition of Distribution Services A/S was completed and the company became a wholly-owned part of business area Mail Denmark. Distribution Services A/S specializes in the packaging and management of unaddressed mail.
- Acquisition of Norwegian Byrknes Auto AS operations. The acquisition strengthens PostNord's position in the Nordic logistics market, particularly within thermal transports.
- Acquisition of all operations of ISS Document A/S and the digitization service and document management assets of Aditro. The two acquisitions strengthen the group's integrated offer and position in the growing Nordic scanning market and create synergy opportunities with existing communication businesses.
- Acquisition of Itella's printing and inserting business in Poland. The acquisition strengthens Strålfors' position in the Polish market.
- On June 12, 2013 the acquisition of Bilfrakt Bothnia AB's subsidiaries – Nordisk Kyl Logistik AB and Transbothnia AB, with operations in northern Sweden – was finalized, broadening the group's logistics business in Sweden within mixed cargo, consignment cargo and thermal transports.

SUBSEQUENT EVENTS

Strategy development

PostNord's strategy is based on the strategy established in 2011. It was developed at year-end 2013/2014 with respect to the group's prioritized areas and is now comprised of six strategic components:

1. Secure profitability for Mail & Communication.
2. Take the position as the Nordic region's leading logistics operator.
3. Secure the position as the leading e-commerce service partner in the Nordic region.
4. Develop attractive and profitable service logistics solutions.
5. Increase competitiveness – reduced costs, stable IT operation and integrated production model.
6. Winning culture – stronger delivery culture and sharper sustainability profile.

Organizational changes

On February 3, 2014 PostNord announced the implementation of a new organization in 2014. The objectives of the change include creating greater uniformity for customers, increasing focus on e-commerce and expanding potential synergies for the business.

The change involves, among other things, the introduction of a matrix organization. Country units will be formed (Sweden, Denmark and Norway/Finland) to allow for greater uniformity for customers and the establishment of integrated production models. At the same time, a Nordic Mail & Communication business area and a corporate strategic unit for e-commerce (responsible for market and service development in each Nordic area) are being formed. Strålfors will continue to operate as a subsidiary and will be strongly aligned with business area Mail & Communication.

The new organization will be introduced as of March 31, 2014. Financial reporting will mainly be done on the basis of the business areas and Strålfors.

The organizational change also involves changes to group management. A Group Executive Team was introduced on February 1, 2014:

- Håkan Ericsson, President & Group CEO
- K. B. Pedersen, Executive Vice President and Deputy CEO
- Andreas Falkenmark, Head of Business Area PostNord Mail & Communication
- Mats Johansson, Acting Head of Business Area PostNord Logistics
- Per Samuelson, President of Strålfors
- Annemarie Gardshol, Head of E-commerce & Corporate Clients and Chief Strategy Officer
- Anders Holm, Head of PostNord Sweden
- Henning Christensen, Head of PostNord Denmark
- Robin Olsen, Head of PostNord Norway and PostNord Finland
- Henrik Rättzén, Chief Financial Officer
- Per Mossberg, Chief Communications Officer
- Joss Delissen, Chief Information Officer
- Finn Hansen, Chief HR Officer
- Johanna Allert, Chief Technical Officer

Changes to PostNord Group brand structure

PostNord announced on February 3, 2014 that the group's commercial brand symbols will be integrated with PostNord's logo as of 2014 in order to capitalize on the strengths of the existing commercial brands and improve clarity and uniformity by giving the PostNord brand greater scope in the group's marketing communication. Implementation of the new commercial brands will be done on an ongoing basis over a three-year period.

Changes to the Board of Directors

On February 14, 2014 Jonas Iversen resigned as board member. Patrik Jonsson, deputy director at the Ministry of Finance, has been co-opted into the board for the period through the April 23rd AGM.

Decision on new Danish postal legislation

On June 26, 2013 the Danish Ministry of Transport announced that a broad parliamentary majority supports amendments to the Danish Postal Act aimed at maintaining good service in view of the substantial drop in mail volumes. The proposed law was approved by the Danish Parliament on February 18, 2014. Under the new Danish Postal Act, new licensing terms for Post Danmark A/S will take effect as of March 1, 2014. Under the proposal, terms and conditions will be amended and entail market adjustments for Post Danmark A/S as the national postal operator.

03 PostNord Group

POSTNORD GROUP PROFIT

SEKm	2013	2012	Change		Of which, Acquisitions/ divestments	Of which, Currency	Excl acquisitions, divestments and currency
Oct-Dec							
Net sales	10,638	10,481	157	1%	3%	-1%	-1%
Operating expenses	-10,528	-10,387 [1)]	-141	-1%	-4%	1%	1%
Operating profit (EBIT)	180	158 [1)]	22	14%	-1%	-14%	28%
Jan-Dec							
Net sales	39,533	38,920	613	2%	4%	-1%	-2%
Operating expenses	-39,100	-38,669 [1)]	-431	-1%	-4%	1%	2%
Operating profit (EBIT)	676	511 [1)]	165	32%	4%	-5%	34%

[1)] Restated due to IAS 19 Revised, Employee Benefits

October-December

PostNord's net sales rose 1% during the fourth quarter of 2013. The growth took place within business area Logistics, which had an increase in net sales of 9% due to acquisitions and organic growth. Market growth within e-commerce continues to generate increased demand for the distribution of goods via mail and parcel post. Group parcel volumes increased a total of 8%, with B2C parcel volumes up 14%. Mail volumes fell 4%.

Operating expenses rose 1% during the quarter. Excluding acquisitions and exchange rate effects, expenses fell 1% due to personnel cutbacks and lower restructuring costs. Restructuring costs totaled SEK 294m (407). Depreciation and impairments declined due to write-downs of SEK 207m during the comparative period. Transport expenses increased, due primarily to acquisitions.

Group operating profit improved to SEK 180m (158) and the operating margin to 1.7 (1.5) %.

Net financial items totaled SEK -59m (-36). The change was primarily attributable to non-recurring interest income during the previous year and a lower average level of cash and cash equivalents during the year.

Of the quarter's tax expense of SEK 88m (53), current tax totaled SEK 20m (47) and deferred tax SEK 68m (6). Deferred tax expense was primarily affected by the fact that tax losses can no longer be utilized due to the merger of group companies.

Net profit totaled SEK 33m (69). Return on equity, rolling 12-month, totaled 3.9%.

January-December

PostNord's net sales rose 2% in 2013. The growth took place within business area Logistics, which had an increase in net sales of 14% due to acquisitions and organic growth. Market growth within e-commerce continues to generate increased demand for the distribution of goods via mail and parcel post. Group parcel volumes increased a total of 6%, with B2C parcel volumes up 12%. Mail volumes fell 5%.

Operating expenses increased 1%. Excluding acquisitions and exchange rate effects, expenses fell 2% due to personnel cutbacks and lower restructuring costs. The average number of employees totaled 39,305 (39,713). Excluding acquisitions, the average number of employees was reduced by approximately 1,500 during the year. Restructuring costs totaled SEK 717m (1,171). Depreciation and impairments declined due to write-downs of SEK 207m during the comparative period. Transport expenses increased, due primarily to acquisitions but also to volume increases in business area Logistics.

Group operating profit improved to SEK 676m (511) and the operating margin to 1.7 (1.3) %.

Net financial items totaled SEK -208m (-144). The change was primarily attributable to a lower average level of cash and cash equivalents during the year.

Of the year's tax expense of SEK 146m (120), current tax totaled SEK 18m (119) and deferred tax SEK 128m (1). Deferred tax expense was primarily affected by the fact that tax losses can no longer be utilized due to the merger of group companies.

Net profit totaled SEK 322m (247). Return on equity, rolling 12-month, totaled 3.9%.

FINANCIAL POSITION

PostNord reported an improved financial position, with a reduction in net debt as of December 31, 2013. The maintenance of a strong and sustainable financial position is a priority for the group. PostNord's financial policy also stipulates that the group shall maintain strong financial preparedness. This is aimed at enabling the group to finance its strategy and create financial flexibility in the long term, so that it can seize business opportunities and manage the refinancing of maturing debt.

SEKm	Dec 31 2013	Dec 31 2012
Cash and cash equivalents	1,973	3,046
Interest-bearing liabilities	4,589	4,312
Pension provisions [1]	375	3,033 [2]
Net debt	**2,991**	**4,299**

[1] Including assets under management.
[2] Restated due to IAS 19 Revised, Employee Benefits

Net debt was reduced year-on-year by SEK 1,308m. Net debt was impacted by a rise in mortgage bond rates, which constitute the reference rate for calculating the present value of pension commitments. The interest rate was changed by 0.5 percentage points, resulting in a SEK 1,224m reduction in pension liabilities. Excess return on pension assets contributed an additional SEK 597m to net debt reduction.

The net debt/EBITDA ratio, rolling 12-month, was 1.3. The net debt reduction and equity replenishment improved the net debt ratio to 33%. The equity-assets ratio improved to 35% during the year.

Financial preparedness totaled SEK 3,973m (5,046), consisting of cash and cash equivalents of SEK 1,973m (3,046) and unutilized committed credit of SEK 2,000m. A liquidity position was built in 2012 through the issuance of interest-bearing securities. Cash and cash equivalents decreased in 2013 due to the continued high level of investment activity. As of December 31, 2013, PostNord had SEK 200m in outstanding commercial paper maturing within 12 months.

Equity increased by SEK 1,530m to SEK 9,063m (7,533) as of December 31, 2013. The change is chiefly attributable to the above-mentioned revaluation of pension liabilities. Equity was negatively affected by translation effects of SEK 107m following exchange rate changes.

During 2013 PostNord identified additional potential for capital efficiency. The capital efficiency program includes working capital as well as invested capital and is aimed at further strengthening the financing of group strategy.

CASH FLOWS

October-December

Cash flows from operating activities totaled SEK 1,650m (1,386). Pension payments totaled SEK 265m (270). PostNord received a premium rebate of SEK 111m (122) from Posten's Insurance Association. The liquidity effect as regards utilized provisions totaled SEK 110m (91). Other changes in provisions during the period were mainly attributable to adaptation of production; see also Note 5, Other Expenses.

Changes in working capital totaled SEK 592m (490).

Cash flows from investing activities totaled SEK 883m (1,085). Investments in tangible fixed assets totaled SEK 647m (871). Investments were primarily made in production vehicles, transport and sorting equipment and facilities in connection with the establishment of the new terminals in Sweden. Investments in intangible fixed assets totaled SEK 90m (106) and were primarily attributable to development expenditures for the integration of joint IT solutions.

Cash flows from financing activities totaled SEK -82m (-878). During the period, the group did not raise any new loans and no loans were amortized. During the corresponding period last year, new loans totaling SEK 1,714m were raised and loan amortization totaled SEK 930m. Transfers of value of pension benefits totaled SEK -132m (-130). Transfer of pension commitments to Posten's Pension of SEK 111m (199) was made and SEK 0m (79) was received.

January-December

Cash flows from operating activities totaled SEK 1,662m (1,825). Changes in working capital totaled SEK 112m (49). Working capital was affected by an increase in accounts payable, settlement vis-à-vis foreign postal companies and a decrease in accounts payable owing to calendar effects. Pension payments totaled SEK 1,070m (1,081). Pension liabilities were impacted mainly by lower provisions for early retirement pensions. The liquidity effect with regard to utilized provisions totaled SEK 428m (405). Other changes to provisions during the period were primarily attributable to adjustments to production; see also Note 5, Other Costs.

Cash flows from investing activities totaled SEK 2,653m (3,533). Investments in tangible fixed assets totaled SEK 1,896m (1,994). Investments in intangible fixed assets totaled SEK 345m (337) and were primarily attributable to development expenditures for joint IT solutions. The net liquidity effect of the acquisition of subsidiaries totaled SEK 336m (1,420). Green Cargo Logistics was acquired during the comparative period. See also Note 12, Acquisitions and Divestments.

Cash flows from financing activities totaled SEK -82m (2,654). The group raised loans of SEK 400m (5,419), through PostNord's MTN program. Loan amortization totaled SEK 219m (2,137) during the period. Transfer of pension commitments to Posten's Pension Fund of SEK 111m (482) was made and SEK 0m (360) was received.

RISKS AND UNCERTAINTIES

Risk management at PostNord is integrated in the strategy work, operational governance and operating activities. The overarching objective is to ensure that the risks affecting the group's strategy and goals are identified and managed in an effective, systematic and value-creating way. PostNord's risk management process ensures the uniformity and comparability of risks, which enables the group to prioritize risks, actions and risk management. PostNord strives for an optimization between prevention and risk-limiting measures and the transfer of risks through insurance and contractual procedures.

During 2013 PostNord worked on giving tangible shape to the level of ambition and the direction of group-wide risk management work. An Enterprise Risk Management (EMR) policy and an ERM manual will be adopted and implemented by the business in 2014. The following risk areas are deemed to have the greatest effect on the group's business, results and financial position.

Risks resulting from changed market conditions

PostNord operates in a competitive market, where market changes and position shifts may present challenges to PostNord's competitive advantage and profitability. 2013 was characterized by increased competition and price pressure in several business areas and in several markets – e.g., logistics services and some mail services. PostNord must respond to and adapt the business to changes in customer behavior, changes in market demand and technological developments, and increased levels of digitization. Coordinated public and business sector initiatives to increase the level of digitization present a risk of increased use of digital channels rather than physical mail.

PostNord's strategy to manage these risk areas includes investments in structural changes to the Mail businesses, expansion within Logistics, e-commerce investments and efforts to reduce expenses and capture group synergies within business operations and administration.

PostNord initiated and completed a number of acquisitions in 2013 which involve risks related to integration and coordination. The group is working to capture synergies and ensure a good earnings trend in line with the plan for these acquisitions.

Regulatory risks

Unforeseen changes to legislation and regulatory requirements impact PostNord's situation and risk exposure, and consequently the group's strategic position in terms of business models, competition, service offer, pricing and sustainability-related issues such as environmental strategy and employee issues. PostNord is commissioned to provide universal postal services in Sweden and Denmark, and changes to terms and/or licenses on the European or national level can have a significant impact on the group. PostNord manages these risks with market and scenario analyses; dialog with society, owners and supervisory authorities in Denmark and Sweden; and the adaptation of the businesses.

In 2013 the European Commission brought an action against Sweden in the Court of Justice of the European Union concerning VAT on certain postal services. On the postal services at issue, PostNord has imposed VAT in Sweden in accordance with Swedish law and a claim against PostNord cannot be ruled out.

Operational risks

PostNord is exposed to several operational risks, the most critical of which relate to the fulfilment of conversion programs, cost savings, IT delivery quality and continuity, structural changes and adaptation of personnel and organization, sustainability and the environment. PostNord also has risks related to fixed assets and the group's infrastructure. PostNord's goal is that high quality, efficiency, security, continuity and sustainability characterize the group's services, deliveries and internal work. Ensuring continued high levels of continuity and efficiency is a key component of the conversion efforts being conducted by the business. IT risks include internal and external delivery problems and disturbances that may affect the group's production, customer deliveries and PostNord's financial reporting. Risk analyses and continuity programs ensure PostNord's capacity to manage the consequences of any undesired events, disturbances and quality problems and thereby safeguard critical processes and deliveries.

Financial risks

PostNord's operations include financial risks that may affect its profitability and financial position. Market changes and PostNord's business development strategy involve significant investments and major non-recurring restructuring costs that will burden the group's cash flows and profit in 2014. Financing is secured through improvements to operative cash flows and the maintenance of an effective capital structure that includes the utilization of external financing. Improvements to cash flows from operating activities will be achieved through the gradual improvement of the businesses' operating profit and by releasing capital through improved capital efficiency. During 2013 PostNord identified additional potential for capital efficiency.

Apart from risks associated with the management of financial preparedness, financial risks are, in short, limited and risk management is focused on good diversification of credit risks, limiting effects of interest rate and currency changes, prudent asset allocation, and balanced compensation for pension payments. Financial risks are managed centrally based on the Financial Policy adopted by the Board of Directors, and pension-related risks are managed through supervision of pension governance, derivative solutions and scenario planning to assess pension commitments.

OUTLOOK

Continued strong growth for e-commerce in the Nordic countries is projected for 2014, with positive effects for parcel and goods distribution volumes within Mail and Logistics.

PostNord anticipates sharp volume reductions for mail in Denmark and Sweden due to competition from digital alternatives. PostNord estimates that the decline in mail volumes will be 4-5% in Sweden and 9-11% in Denmark in 2014.

PostNord's group strategy includes the repositioning of group operations in relation to market changes, securing profitability within Mail and developing the group's position in the Nordic logistics market. This also involves focusing on cost reductions, the effective use of capital and continued financial stability.

During the 2014-16 period, PostNord's total investments are expected to amount to 3-5% of group revenues.

The continued development of the business is expected to generate improved profitability and cash flows in coming years.

PostNord's ambition is to maintain its standing as an investment grade company.

04 Business operations

OCTOBER-DECEMBER

Oct-Dec, SEKm	2013	2012	Change		Of which, Acquisitions/ divestments	Of which, Currency	Excl acquisitions, divestments and currency
Mail							
Net sales [1]	6,516	6,654 [4]	-138	-2%	0%	0%	-2%
of which, Mail Denmark	*2,534*	*2,635* [4]	*-101*	*-4%*	*1%*	*-1%*	*-4%*
of which, Mail Sweden	*4,067*	*4,094*	*-27*	*-1%*		*0%*	*-1%*
Operating profit (EBIT)	251	359 [4]	-108	-30%	1%	-2%	-29%
of which, Mail Denmark	*60*	*-18* [4]	*78*	*>100%*	*14%*	*>-100%*	*>100%*
of which, Mail Sweden	*191*	*377*	*-186*	*-49%*		*0%*	*-49%*
Operating margin, % [2]	3.7	5.2 [4]					
Logistics							
Net sales	3,599	3,300 [4]	299	9%	10%	-2%	1%
Operating profit (EBIT)	9	93 [4]	-84	-90%	-4%	-1%	-86%
Operating margin, % [2]	0.2	2.6 [4]					
Strålfors							
Net sales	675	682	-7	-1%	0%	-1%	0%
Operating profit (EBIT)	10	9	1	11%	0%	-4%	15%
Operating margin, % [2]	15	13					
Other & Eliminations							
Net sales [1]	-152	-155	3	2%			
Operating profit (EBIT)	-90	-303 [3]	213	70%			

[1] Within Mail, internal transactions between business areas have been eliminated.
[2] Calculation of margins includes other income; see Quarterly Data table.
[3] Restated due to IAS 19 Revised, Employee Benefits.
[4] Restated due to reorganization of the group's parcel business in Denmark; see also Note 3.

Mail

Net sales fell 2% during the quarter due mainly to decreases in revenue within Mail Denmark. Mail volumes fell a total of 4%. Operating expenses were unchanged. Operating profit totaled SEK 251m (359) and the operating margin was 3.7 (5.2) %.

Mail Denmark

Net sales for business area Mail Denmark fell 4%, due primarily to the continued decrease in volumes owing to the extensive digitization in the Danish market. Mail volumes fell a total of 10% during the quarter. The impact of net sales was partially countered by price changes for mail. Revenues from Advertising and Newspapers fell due to a continued weak direct mail market and increased competition. Parcel volumes for the business area were unchanged. Parcel revenues fell somewhat year-on-year due to price pressure in the market.

Expenses fell 6%, both before and after acquisitions and exchange rate effects. The change was attributable to streamlining efforts within production and administration, chiefly through personnel cutbacks. Restructuring costs fell to SEK 1m (76). Operating profit totaled SEK 60m (-18) and the operating margin was 2.3 (neg) %.

Mail Sweden

Net sales for business area Mail Sweden fell 1%. Mail volumes fell 3% during the quarter due to continued digitization. The volume development was positively impacted by the strong development of e-commerce-related services, as evidenced by an increase in light parcel volumes and the number of mail items distributed at partner outlets. Direct mail revenues were negatively affected by a continued weak advertising market. Newspaper revenues fell, due primarily to a lower number of newspaper subscriptions.

Expenses increased 5%. Restructuring costs increased to SEK 97m (62) and were attributable to personnel cutbacks. Expenses for the comparative period were positively impacted by pension effects. Adjusted for these items, personnel expenses fell 2% as a result of rationalizations and adjustments to reduced mail volumes. Increased international e-commerce volumes resulted in increased expenses. Operating profit fell to SEK 191m (377) and the operating margin to 4.4 (8.8) %.

Logistics

Net sales for business area Logistics increased 9%, due primarily to completed acquisitions. Excluding acquisitions and exchange rate effects, the business area's net sales increased 1%. Sales in Sweden were affected by a negative price trend for the major services due to the prevailing price pressure in the market. The growth of e-commerce generated a significant increase in volumes from B2C parcel volumes. Growth in the business area's Norwegian business decreased significantly compared with previous quarters due to increased competition and slower market development. The business in Germany reported strong growth due to rising e-commerce volumes. The Danish business also reported growth, while the Finnish business fell back somewhat. Demand for third-party logistics services continued to develop positively for both new and existing customers.

Expenses increased 10%, mainly due to completed acquisitions. Excluding acquisitions and exchange rate effects, expenses rose 2% due to volume increases. Restructuring costs totaled SEK 20m (55). Operating profit totaled SEK 9m (93) and the operating margin fell to 0.2 (2.6) %. Activities have been initiated in Norway and Sweden to secure a sustainable long-term cost level.

Strålfors

Net sales for Strålfors fell 1% year-on-year. Excluding acquisitions and exchange rate effects, net sales were unchanged. Net sales continued to improve in growth divisions Data Management, Marketing Communication and Service Fulfilment. Net sales declined in the Business Communication division, the area of the business that is most exposed to competition from digital alternatives.

Expenses were unchanged, both before and after acquisitions and exchange rate effects. The increase in expenses in the growth divisions was countered with reductions within Business Communication. Restructuring costs totaled SEK 6m (16). Operating profit increased to SEK 10m (9) and the operating margin to 1.5 (1.3) %.

Other and Eliminations

The profit improvement within Other and Eliminations is attributable to pension effects. In addition, last year's operating profit was charged with a SEK 55m write-down.

JANUARY-DECEMBER

Jan-Dec, SEKm	2013	2012	Change		Of which, Acquisitions/ divestments	Of which, Currency	Excl acquisitions, divestments and currency
Mail							
Net sales [1]	24,103	25,022 [4]	-919	-4%	1%	-1%	-4%
of which, Mail Denmark	*9,364*	*10,165* [4]	*-801*	*-8%*	*0%*	*-2%*	*-7%*
of which, Mail Sweden	*15,050*	*15,137*	*-87*	*-1%*	*1%*	*0%*	*-1%*
Operating profit (EBIT)	494	616 [4]	-122	-20%	4%	-1%	-23%
of which, Mail Denmark	*-89*	*-177* [4]	*88*	*50%*	*10%*	*-2%*	*42%*
of which, Mail Sweden	*583*	*793*	*-210*	*-26%*	*1%*	*0%*	*-27%*
Operating margin, % [2]	2.0	2.4 [4]					
Logistics							
Net sales	13,432	11,762 [4]	1,670	14%	13%	-2%	3%
Operating profit (EBIT)	197	272 [4]	-75	-28%	-2%	-3%	-22%
Operating margin, % [2]	1.3	2.1 [4]					
Strålfors							
Net sales	2,612	2,665	-53	-2%	0%	-2%	-1%
Operating profit (EBIT)	16	-25	41	>100%	0%	1%	>100%
Operating margin, % [2]	0.6	neg					
Other and eliminations							
Net sales [1]	-614	-529	-85	-16%			
Operating profit (EBIT)	-31	-352 [3]	321	91%			

[1] Within Mail, internal transactions between business areas have been eliminated.
[2] Calculation of margins includes other income; see Quarterly Data table.
[3] Restated due to IAS 19 Revised, Employee Benefits.
[4] Restated due to reorganization of the group's parcel business in Denmark; see also Note 3.

Mail

Net sales for Mail fell 4%, due primarily to declining revenues within Mail Denmark. Mail volumes fell a total of 5%. Operating expenses fell 3%, chiefly due to personnel cutbacks. Operating profit totaled SEK 494m (616) and the operating margin was 2.0 (2.4) %.

Mail Denmark

Net sales for business area Mail Denmark fell 8%, due primarily to continued decreases in mail volumes. Excluding acquisitions and exchange rate effects, net sales fell 7%. Net sales were impacted by the continued extensive digitization in the Danish market and weak economic development in the country during the year. Mail volumes fell a total of 10% in 2013. The impact on net sales was partially countered by price changes for mail. Revenues from Advertisements and Newspapers fell due to a continued weak direct mail market and increased competition. Parcel revenues increased during the year, while revenues decreased somewhat due to price pressure in the market.

Expenses fell 8%. Excluding acquisitions and exchange rate effects, expenses fell 7%. The change was attributable to streamlining efforts within production and administration, primarily through personnel cutbacks. The average number of employees was decreased to 12,311 (12,730). Restructuring costs totaled SEK 42m (296). The operating profit totaled SEK -89m (-177).

Mail Sweden

Net sales for business area Mail Sweden fell 1%, both before and after acquisitions and exchange rate effects. Mail volumes fell 3% in 2013 due to continued digitization. The volume trend was positively impacted by the strong development of e-commerce-related services, as evidenced by an increase in light parcel volumes and the number of mail items distributed at partner outlets in Sweden. There was also an increase in international e-commerce volumes. Direct mail revenues were negatively affected by a weak advertising market. Newspaper revenues rose in 2013 due to volume growth for free newspapers and the takeover of Svensk Morgondistribution operations in June 2012.

Expenses increased 1%. Restructuring costs increased to SEK 434m (419) and were attributable to personnel cutbacks. Expenses for the comparative period were positively impacted by pension effects. Adjusted for these items and for the takeover of Svensk Morgondistribution operations, personnel expenses fell 2% as a result of rationalizations and adjustments to reduced mail volumes. The average number of employees was reduced to 17,167 (17,686). Increased international e-commerce volumes resulted in increased expenses. Operating profit fell to SEK 583m (793) and the operating margin to 3.7 (5.0) %.

Logistics

Net sales for business area Logistics increased 14%, mainly due to completed acquisitions. The acquisitions were of Byrknes Auto AS, Nordisk Kyl Logistik AB and Transbothnia AB. Excluding acquisitions and exchange rate effects, the business area’s net sales increased 3%. The growth of e-commerce generated a significant increase in volumes from B2C parcel services. Organic sales growth was somewhat weaker during the second half of the year due primarily to the trend in Norway, where the market was characterized by heavy price pressure from competitors and a sharp drop in demand. The business in Sweden reported continued growth but is also exposed to heavy price pressure. The business in Germany reported strong growth due primarily to rising e-commerce volumes. The businesses in Denmark and Finland also reported growth. Demand for third-party logistics services developed positively during the year, with organic growth of 12% from both new and existing customers.

Expenses increased 13%, due chiefly to completed acquisitions. Excluding acquisitions and exchange rate effects, expenses rose 3% due to volume increases. Restructuring costs totaled SEK 20m (137). Operating profit totaled SEK 197m (272) and the operating margin fell to 1.3 (2.1) %. Activities have been initiated in Norway and Sweden to secure a sustainable long-term cost level.

During the year the company refinanced Bulk Langhus 1, which owns a property in Norway where a new logistics terminal is being constructed. The company will take possession during the year.

Strålfors

Net sales for Strålfors decreased 2% year-on-year. Excluding acquisitions and exchange rate effects, net sales fell 1%. An asset acquisition of Itella’s printing and inserting business in Poland was made during the year. Net sales increased in growth divisions Data Management, Marketing Communication and Service Fulfilment. The Business Communication division had weak development and reduced revenues. Business Communication is the division that is most exposed to competition from digital alternatives.

Expenses fell 3%. Excluding acquisitions and exchange rate effects, expenses fell 2%. The decline is mainly attributable to lower restructuring costs, which totaled SEK 36m (102). Operating profit increased to SEK 16m (-25) and the operating margin to 0.6 (neg) %.

During the year, a loan was converted to shares in EsonPac AB for the purpose of securing an adequate asset base for the company’s business development. Strålfors thereby increased its ownership interest in the company from 19.2% to 48%.

Other and Eliminations

The profit improvement with Other and Eliminations is attributable to pension effects. In addition, last year’s operating profit was impacted by higher restructuring costs for personnel reductions and by write-downs.

05 Consolidated financial statements

INCOME STATEMENT

SEKm	Note	Oct-Dec 2013	Oct-Dec 2012		Δ	Jan-Dec 2013	Jan-Dec 2012		Δ
	1, 2								
Net sales		10,638	10,481		1%	39,533	38,920		2%
Other income		69	62		11%	233	253		-8%
Income	3	**10,707**	**10,543**		2%	**39,766**	**39,173**		2%
Personnel expenses	4	-4,906	-4,666	1)	-5%	-18,623	-18,338	1)	-2%
Transport expenses		-2,399	-2,165		-11%	-8,953	-8,084		-11%
Other expenses	5	-2,782	-2,904		4%	-9,876	-10,348		5%
Depreciation and impairments		-441	-652		32%	-1,648	-1,899		13%
Expenses		**-10,528**	**-10,387**	1)	-1%	**-39,100**	**-38,669**	1)	-1%
Participations in the earnings of associated companies		1	2		-50%	10	7		43%
OPERATING PROFIT		**180**	**158**	1)	14%	**676**	**511**	1)	32%
Financial income		9	87	1)	-90%	50	238	1)	-79%
Financial expenses		-68	-123	1)	-45%	-258	-382	1)	32%
Net financial items		**-59**	**-36**	1)	-64%	**-208**	**-144**	1)	-44%
Profit before tax		**121**	**122**	1)	-1%	**468**	**367**	1)	28%
Tax		-88	-53	1)	-66%	-146	-120	1)	-22%
NET PROFIT		**33**	**69**	1)	-52%	**322**	**247**	1)	30%
Attributable to									
Parent company shareholders		32	70	1)	-54%	319	245	1)	30%
Minority interests		1	-1			3	2		
Earnings per share, SEK		0.02	0.03	1)	-52%	0.16	0.12	1)	30%

COMPREHENSIVE INCOME STATEMENT

SEKm	Oct-Dec 2013	Oct-Dec 2012		Jan-Dec 2013	Jan-Dec 2012	
NET PROFIT	**33**	**69**	1)	**322**	**247**	1)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Items that cannot be transferred to net profit						
Revaluation of pension liabilities	76	210	1)	1,821	-1,232	1)
Change in deferred tax	-17	-108	1)	-401	271	1)
Total revaluation, pension liabilities	**59**	**102**	1)	**1,420**	**-961**	1)
Items that have been or may be transferred to net profit						
Translation differences 2)	-16	154		-107	-258	
TOTAL OTHER COMPREHENSIVE INCOME	**43**	**256**		**1,313**	**-1,219**	
COMPREHENSIVE INCOME	**76**	**325**	1)	**1,635**	**-972**	1)
Attributable to						
Parent company shareholders	75	326	1)	1,632	-974	1)
Minority interests	1	-1		3	2	

1) Restated due to IAS 19 Revised, Employee Benefits.

2) Translation differences refer to the translation of group equity in foreign currencies

BALANCE SHEETS

SEKm	Note	Dec 31 2013	Dec 31 2012
	1, 2		
ASSETS			
Goodwill		3,295	3,190
Other intangible assets		1,597	1,579
Tangible fixed assets		9,401	8,762
Participations in associated companies and joint ventures		65	79
Financial investments	8	211	216
Long-term receivables		1,015	1,014 [1)]
Deferred tax assets		540	1,413 [1)]
Total fixed assets		**16,124**	**16,253**
Inventories		227	193
Tax assets		169	278
Accounts receivable	8	4,632	4,718
Prepaid expenses and accrued income		1,526	1,122
Other receivables		514	1,092
Short-term investments	8	163	4
Cash and cash equivalents	8	1,973	3,046
Assets held for sale		390	100
Total current assets		**9,594**	**10,553**
TOTAL ASSETS		**25,718**	**26,806**
EQUITY AND LIABILITIES			
EQUITY			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,954
Reserves		-1,917	-1,810
Retained earnings		-978	-2,614 [1)]
Total equity attributable to parent company shareholders		**9,059**	**7,530**
Minority interests		**4**	**3**
TOTAL EQUITY		**9,063**	**7,533**
LIABILITIES			
Long-term interest-bearing liabilities	8	4,315	3,845
Other long-term liabilities		79	37
Pension provisions		375	3,033 [1)]
Other provisions	6	1,386	1,585 [1)]
Deferred tax liabilities		1,017	1,393 [1)]
Total long-term liabilities		**7,172**	**9,893**
Current interest-bearing liabilities	8	274	467
Accounts payable		2,879	2,514
Tax liabilities		88	78
Other current liabilities		1,775	1,897
Accrued expenses and prepaid income	7	3,912	4,065
Other provisions	6	555	359
Total current liabilities		**9,483**	**9,380**
TOTAL LIABILITIES		**16,655**	**19,273**
TOTAL EQUITY AND LIABILITIES		**25,718**	**26,806**

For information on the group's pledged assets and contingent liabilities, see Note 9.

[1)] Restated due to IAS 19 Revised, Employee Benefits.

STATEMENT OF CASH FLOWS

SEKm	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
OPERATING ACTIVITIES				
Profit before tax	121	122 [1]	468	367 [1]
Adjustments for non-cash items:				
Reversal of depreciation and impairments	441	652	1,648	1,899
Profit from sale of subsidiaries			-1	-5
Capital gain/loss on sale of fixed assets	13	-18	61	17
Change in pension liability	286	162 [1]	426	597 [1]
Other provisions	121	159	402	579
Other items not affecting liquidity	6	-1		-8
Pensions paid	-265	-270	-1,070	-1,081
Other provisions, liquidity effect	-110	-91	-428	-405
Tax paid	445	181	44	-184
Cash flows from operating activities before changes in working capital	**1,058**	**896**	**1,550**	**1,776**
Cash flows from changes in working capital				
Increase(-)/decrease(+) in inventories	-6	10	-34	27
Increase(-)/decrease(+) in other operating receivables	-210	-587	55	-558
Increase(+)/decrease(-) in other operating liabilities	857	1,004	56	536
Other changes in working capital	-49	63	35	44
Changes in working capital	**592**	**490**	**112**	**49**
Cash flows from operating activities	**1,650**	**1,386**	**1,662**	**1,825**
INVESTING ACTIVITIES				
Purchase of tangible fixed assets	-647	-871	-1,896	-1,994
Sale of tangible fixed assets	31	113	62	201
Capitalized development expenditures	-87	-99	-234	-301
Purchase of other intangible assets	-3	-7	-111	-36
Acquisition of subsidiaries, net liquidity effect	7	-179	-336	-1,420
Sale of subsidiaries, net liquidity effect				46
Change in financial assets	-184	-42	-138	-29
Cash flows from investing activities	**-883**	**-1,085**	**-2,653**	**-3,533**
FINANCING ACTIVITIES				
Amortized loans		-1,714	-219	-2,137
New loans raised		930	400	5,419
Change in finance leasing liabilities	-19	-25	-61	-25
Dividend paid to parent company owners			-103	-368
Dividend paid to minority interests			-2	-2
Transfers of value of pension benefits	-132	-130 [1]	-194	-200 [1]
Increase(+)/decrease(-) in other interest-bearing liabilities	69	61	97	-33
Cash flows from financing activities	**-82**	**-878**	**-82**	**2,654**
CASH FLOWS FOR THE PERIOD	**685**	**-577**	**-1,073**	**946**
Cash and cash equivalents, beginning of period	1,286	3,622	3,046	2,107
Translation difference in cash and cash equivalents	2	1	0	-7
Cash and cash equivalents, end of period	**1,973**	**3,046**	**1,973**	**3,046**

[1] Restated due to IAS 19 Revised, Employee Benefits.

STATEMENT OF CHANGES IN EQUITY

SEKm	Capital stock [1]	Contributed equity	Translation differences in equity	Retained earnings	Total	Minority interests	Total equity
	Equity attributable to parent company shareholders						
Beginning balance as of 01-01-2012	**2,000**	**9,954**	**-1,552**	**1,525**	**11,927**	**3**	**11,930**
Change to BB due to IAS 19				**-3,055** [2]	**-3,055**		**-3,055** [2]
New beginning balance as of 01-01-2012	2,000	9,954	-1,552	-1,530 [2]	8,872	3	8,875 [2]
Revaluation that cannot be transferred to net profit							
Revaluation of pension liabilities				-1231 [2]	-1,231		-1231 [2]
Deferred tax				271 [2]	271		271 [2]
Items that have been or may be transferred to net profit							
Other translation differences [3]			-258		-258	-1	-259
Total other comprehensive income			**-258**	**-960** [2]	**-1,218**	**-1**	**-1,219** [2]
Net profit				244 [2]	244	3	247 [2]
Dividend [4]				-368	-368	-2	-370
Ending balance as of 12-31-2012	**2,000**	**9,954**	**-1,810**	**-2,614** [2]	**7,530**	**3**	**7,533** [2]
Revaluation that cannot be attributed to net profit							
Revaluation of pension liabilities				1821	1821		1821
Deferred tax				-401	-401		-401
Items that have been or may be transferred to net profit							
Other translation differences [3]			-107		-107		-107
Total other comprehensive income			**-107**	**1,420**	**1,313**		**1,313**
Net profit				319	319	3	322
Dividend [4]				-103	-103	-2	-105
Ending balance as of 12-31-2013	**2,000**	**9,954**	**-1,917**	**-978**	**9,059**	**4**	**9,063**

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

[2] Restated due to IAS 19 Revised, Employee Benefits.

[3] Refers to translation differences in group equity.

[4] A dividend of SEK 103m (368), representing SEK 0.05 (0.18) per share, was distributed by the parent company to the owners. Svensk Adressändring AB and Adresspoint AB distributed a dividend of SEK 2m (2) to minority interests.

NOTES

Note 1 Accounting principles

Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. In addition to IFRS, additional rules from the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied.

Consolidated financial statements

The group's interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and with additional rules from the Annual Accounts Act. The same accounting principles and methods of calculation were used in this interim report as in the 2012 Annual Report, except as otherwise specified below with respect to changes in accounting principles.

Changes in accounting principles

Changes in accounting principles applicable as of January 1, 2013 due to changes to IFRS are described below. Other changes to IFRS valid as of 2013 have not had any material effect on the company's or the group's reporting.

IAS 19 Revised, Employee Benefits. The "corridor method" will be removed under the amendment. Actuarial gains and losses that have not previously been reported to the extent that they were not amortized during the coming year have been reported as of 01-01-2013 in "other comprehensive income". The new regulations also stipulate that reporting of return on assets under management for pension benefits shall be based on the discount rate used to calculate pension commitments. The difference between actual return and estimated return has therefore been reported in "other comprehensive income". The change affected the group's "operating profit" (EBIT), as amortization of actuarial gains and losses is no longer reported as part of personnel expenses. In the current situation, with unreported actuarial losses, the change had a positive effect on "operating profit". Net financial items were adversely affected as compared to current reporting, as the presumed return is and has been 1 percentage point over the discount rate. The impact on equity and other comprehensive income may produce major fluctuations due primarily to varying discount rates between reporting periods. The change has been applied as of January 1, 2013, with comparative figures for 2012. The effect of the transition to the new rule is shown in the tables.

The group's consolidated balance sheet as of January 1, 2013 has been adjusted as follows:

Balance sheets, SEKm	Dec 31 2011	Adjustment	IAS 19 Revised	Dec 31 2012	Adjustment	IAS 19 Revised
Financial receivables, pensions	3,967	-2,972	995	4,894	-3,931	963
Deferred tax assets		1,042	1,042	134	1,279	1,413
Other assets	21,443		21,443	24,430		24,430
Total assets	**25,410**	**-1,930**	**23,480**	**29,458**	**-2,652**	**26,806**
Equity	11,930	-3,055	8,875	11,559	-4,026	7,533
Pension liabilities	2,590	944	3,534	2,772	1,231	4,003
Deferred tax liabilities		181	181	1,250	143	1,393
Other liabilities	10,890		10,890	13,877		13,877
Total liabilities and equity	**25,410**	**-1,930**	**23,480**	**29,458**	**-2,652**	**26,806**

Comparative figures for 2012 have been adjusted as follows:

Income statement, SEKm	Jan-Dec 2012	Adjustment	IAS 19 Revised
Income	39,173		39,173
Expenses	-38,816	147	-38,669
of which, pension expenses	-555	147	-408
Participations in associated companies	7		7
Operating profit	364	147	511
Net financial items	16	-160	-144
of which, pensions	72	-160	-87
Tax	-123	3	-120
Net profit	**257**	**-10**	**247**
Comprehensive income statement, SEKm			
Revaluation of net pension liabilities			
Change in assets		-383	-383
Change in liabilities		-849	-849
Change in deferred tax		271	271
Total revaluaiton of pension liabilities		**-961**	**-961**
Translation differences	**-258**		**-258**
Comprehensive income	**-1**	**-971**	**-972**

Statement of cash flows, SEKm	Jan-Dec 2012	Adjustment	IAS 19 Revised
OPERATING ACTIVITIES			
Profit before tax	380	-13	367
Adjustment for non-cash items			
Pension provisions	506	13	519

IFRS 13 Fair Value Measurement is a new standard to establish uniform principles for ways in which fair value measurements should be conducted. It clarifies and describes the valuation methods' precedence and validity for fair value and has been applied as of January 1, 2013.

IAS 1 Presentation of Financial Statements. Amended so that "other comprehensive income" items are divided into two categories: items that will be reclassified as net profit and items that will not be reclassified. Items to be reclassified include translation differences and gains and losses for cash flow hedges. The amendment has been applied as of January 1, 2013.

Future changes to accounting principles that take effect in 2014 or later
Several new IFRS standards take effect during forthcoming financial years. The amended standards that are expected to impact the group are listed below. These IFRS standards have not been applied in advance.

IFRS 10 Consolidated Financial Statements is a new standard with new principles for assessing when control exists over an investee that must thereby be included in the consolidated financial statements. Control requires that the parent company have exposure or rights to variable returns by virtue of its involvement with the investee and the ability to affect those returns through power over an investee. The EU requires the application of IFRS 10 as of January 1, 2014. Based on current conditions, it is not considered that IFRS 10 will have an effect on the group's consolidation of subsidiaries.

IFRS 11 Joint Arrangements is a new standard outlining the accounting by joint ventures and joint operations. The proportional method or equivalent is use for joint operations, while the equity method is used for reporting joint ventures. It will no longer be permissible to use the proportional method for joint ventures. The EU requires the application of the standard as of January 1, 2014. Based on current conditions, it is considered that the standard will have an insignificant effect on the group.

IFRS 12 Disclosure of Interests in Other Entities is a new standard for information on investments in subsidiaries, joint ventures, associated companies and separate unconsolidated units. For the group, the standard chiefly involves increased requirements for information concerning risks. The standard is to be applied as of January 1, 2014.

IFRS 9 Financial Instruments will replace the current IAS 39, Financial Instruments: Recognition and Measurement, with application tentatively required as of 2017 at the earliest. IFRS 9 deals with classification and valuation of financial assets and liabilities and hedge accounting. IFRS 9 will be supplemented with new regulations on the amortization of financial assets. IFRS 9 has not yet been approved for application by the EU, and such approval is not anticipated until the EU has made a decision on a complete IFRS 9 that also includes regulations on amortization. The company has therefore decided to wait with doing an impact analysis and making a decision on early application.

Changes to other future standards have not been applied to the parent company or group's accounting. The company has chosen not to apply new and amended future accounting principles, interpretations or improvements ("Improvements to IFRSs") in advance.

Note 2 Estimates and assessments

In preparing these financial reports, group management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in future financial reports may differ from those in this report, due to changing environmental factors and new knowledge and experience. The most significant estimates and assessments for PostNord have been made in the areas described below.

Provision for stamps sold but unutilized, SEK 403m (398)
PostNord's postal obligation is calculated for stamps which have been sold but not used.

Assumptions used in calculating the postal obligation affect the size of the obligation. Assumptions are based on the number of stamps sold but not used in Sweden and Denmark. Investigations are conducted in Sweden and Denmark to ensure that the assumptions are reasonable. The size of the obligation may be affected in cases where investigations show changes in the behavior of the population or where a sample group is not representative of the population.

Intangible assets, SEK 4,892m (4,769)
Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value of goodwill, brand and customer relations. The recoverable value is compared with the reported value for these assets and forms the basis for possible impairment or reversals. The assumptions that affect the recoverable value most are future sales volume development, profit margin development, the discount rate and estimated useful life of the asset. If future environmental factors and circumstances change, these assumptions may be affected so that the reported values of intangible assets are changed.

Pension commitments, assets of SEK 609m (liabilities of SEK 2,070m)
In the actuarial calculations of PostNord's pension commitments, a number of estimates are made in order to set reasonable assumptions. The most significant are the assumption of the discount rate, future expected return on assets under management, wage trends and inflation. Modifications of the assumptions due to changing environmental factors may influence PostNord's operating profit, net financial items and other comprehensive income as well as financial receivables and pension liabilities reported in the balance sheets. Modified assumptions affect forecasted expenses for the coming year.

Transition regulation provisions, SEK 746m (781)
In its conversion into a corporation in Sweden in 1994, PostNord assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change of 5 percentage points to the rate of utilization of this option leads to an impact on operating profit of SEK +/- 4m.

Deferred tax assets, SEK 540m (1,413)
The capitalization of tax loss carry-forwards has been assessed based on business plans and estimates of future taxable profits that can utilize tax loss carry-forwards. Estimates have been made of non-deductible costs and nontaxable income in accordance with current tax regulations. Furthermore, consideration has been taken of financial results for foreseeable future in order to evaluate the reported tax claim at the currently applicable tax rate. Changes to tax legislation in Sweden and other countries where PostNord operates and changes in interpretation and application of applicable legislation may influence the size of the reported tax assets and liabilities. Changed circumstances that impact the assumptions will also influence net profit for the year.

Note 3 Segment reporting
PostNord's organization into business units is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal dealings between PostNord business units. There is no latitude for making external purchases where the service in question is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

An organizational change to the group's parcel operations in Denmark was implemented as of January 1, 2013 to facilitate additional streamlining efforts and improve competitiveness for parcel distribution in the Danish market. Due to the reorganization, profit for the Danish parcel operations is reported in Mail and Mail Denmark. Comparative figures for Mail Denmark and Logistics have been restated.

Segments

Mail Denmark provides distribution solutions in the Danish communication market through its nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services, as well as facility management and parcel services.

Mail Sweden provides distribution solutions in the Swedish communication market through its nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services, as well as drop-off and collection of parcels.

Logistics operates in the Nordic logistics market in the areas of parcels, messaging and express, consignment freight, mixed cargo, thermal, Air & Ocean and third-party logistics. Logistics has a comprehensive offering and distribution network for businesses and individual customers in the Nordic market. Parcel services in Denmark are handled by business area Mail Denmark.

Strålfors operates in the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

Other and Eliminations

Other comprises shared services and corporate functions including the parent company, the Swedish Cashier Service, provisions for changes in group functions in Sweden and Denmark and group adjustments. The adjustments are IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits, and finance leasing in accordance with IAS 17, Lease Agreements. From Other, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are taken up as income in Other under Other Income, Internal. Within the business areas, cost allocations are recognized in Other Expenses.

Eliminations comprises the elimination of internal transactions.

	Mail													
	Mail Denmark		Mail Sweden		Logistics		Strålfors		Other		Eliminations		PostNord Group	
Oct-Dec, SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Net sales, external	2,442	2,529 [2]	4,017	4,063	3,526	3,238 [2]	650	649	3	2			10,638	10,481
Net sales, internal	92	106 [2]	50	31	73	62 [2]	25	33	0	4	-240	-236 [2]	0	0
Total net sales	**2,534**	**2,635**	**4,067**	**4,094**	**3,599**	**3,300**	**675**	**682**	**3**	**6**	**-240**	**-236**	**10,638**	**10,481**
Other income, external	9	-16	25	12	11	13	5	-2	19	55			69	62
Other income, internal	26	23 [2]	202	190	301	332 [2]	0	0	846	1,213	-1,375	-1,758 [2]	0	0
Total income	**2,569**	**2,642** [2]	**4,294**	**4,296**	**3,911**	**3,645** [2]	**680**	**680**	**868**	**1,274**	**-1,615**	**-1,994** [2]	**10,707**	**10,543**
Personnel expenses	-1,521	-1,401 [2]	-2,038	-1,836	-993	-889 [2]	-204	-216	-160	-331 [1]	10	7 [2]	-4,906	-4,666 [1]
Transport expenses	-209	-201 [2]	-682	-680	-1,862	-1,604 [2]	-37	-15	-2	-4	393	339 [2]	-2,399	-2,165
Other expenses	-677	-957 [2]	-1,281	-1,313	-934	-945 [2]	-378	-383	-724	-954	1,212	1,648 [2]	-2,782	-2,904
Depreciation and impairments	-103	-104 [2]	-102	-90	-113	-114 [2]	-51	-57	-72	-287			-441	-652
Total expenses	**-2,510**	**-2,663** [2]	**-4,103**	**-3,919**	**-3,902**	**-3,552** [2]	**-670**	**-671**	**-958**	**-1,576** [1]	**1,615**	**1,994** [2]	**-10,528**	**-10,387** [1]
associated companies and joint ventures	1	3								-1			1	2
OPERATING PROFIT	**60**	**-18** [2]	**191**	**377**	**9**	**93** [2]	**10**	**9**	**-90**	**-303** [1]	**0**	**0**	**180**	**158** [1]
Net financial items													-59	-36
Profit before tax													**121**	**122** [1]
Tax													-88	-53 [1]
Net profit													**33**	**69** [1]
Operating capital	2,923	2,815	1,815	1,208	5,146	5,635	1,507	1,563	726	191	46	114	12,163	11,526
Investments in tangible and intangible fixed assets	152	183	218	739	258	211	17	24	92	-180			737	977

[1] Restated due to IAS 19 Revised, Employee Benefits.

[2] Restated due to the changed organization of the parcel business in Denmark

	Mail													
	Mail Denmark		Mail Sweden		Logistics		Strålfors		Other		Eliminations		PostNord Group	
Jan-Dec, SEKm	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Net sales, external	8,959	9,769 [2]	14,910	15,020	13,160	11,552 [2]	2,504	2,576	0	3			39,533	38,920
Net sales, internal	405	396 [2]	140	117	272	210 [2]	108	89	4	6	-929	-818 [2]	0	0
Total net sales	**9,364**	**10,165**	**15,050**	**15,137**	**13,432**	**11,762**	**2,612**	**2,665**	**4**	**9**	**-929**	**-818**	**39,533**	**38,920**
Other income, external	28		72	75	42	50	15	17	76	111			233	253
Other income, internal	71	55 [2]	769	712	1,241	1,280 [2]	0	0	3,067	4,094	-5,148	-6,141 [2]	0	0
Total income	**9,463**	**10,220** [2]	**15,891**	**15,924**	**14,715**	**13,092** [2]	**2,627**	**2,682**	**3,147**	**4,214**	**-6,077**	**-6,959** [2]	**39,766**	**39,173**
Personnel expenses	-5,702	-5,730 [2]	-7,724	-7,532	-3,779	-3,303 [2]	-817	-821	-624	-1,009 [1]	23	57 [2]	-18,623	-18,338 [1]
Transport expenses	-794	-822 [2]	-2,577	-2,608	-6,911	-5,934 [2]	-113	-67	-8	-16	1,450	1,363 [2]	-8,953	-8,084
Other expenses	-2,663	-3,443 [2]	-4,621	-4,628	-3,422	-3,223 [2]	-1,479	-1,593	-2,295	-3,000	4,604	5,539 [2]	-9,876	-10,348
Depreciation and impairments	-403	-409 [2]	-386	-363	-406	-360 [2]	-202	-226	-251	-541			-1,648	-1,899
Total expenses	**-9,562**	**-10,404** [2]	**-15,308**	**-15,131**	**-14,518**	**-12,820** [2]	**-2,611**	**-2,707**	**-3,178**	**-4,566** [1]	**6,077**	**6,959** [2]	**-39,100**	**-38,669** [1]
Participations in the earnings of associated companies and joint ventures	10	7											10	7
OPERATING PROFIT	**-89**	**-177** [2]	**583**	**793**	**197**	**272** [2]	**16**	**-25**	**-31**	**-352** [1]	**0**	**0**	**676**	**511** [1]
Net financial items													-208	-144
Profit before tax													**468**	**367** [1]
Tax													-146	-120 [1]
Net profit													**322**	**247** [1]
Operating capital	2,923	2,815	1,815	1,208	5,146	5,635	1,507	1,563	726	191	46	114	12,163	11,526
Investments in tangible and intangible fixed assets	359	463	986	1,066	536	401	94	89	266	312			2,241	2,331

[1] Restated due to IAS 19 Revised, Employee Benefits.

[2] Restated due to the changed organization of the parcel business in Denmark

Note 4 Personnel expenses

SEKm	**Oct-Dec 2013**	**Oct-Dec 2012**	**Jan-Dec 2013**	**Jan-Dec 2012**
Personnel expenses				
Wages, salaries and other compensation	3,719	3,684	14,175	14,082
Statutory social security contributions	724	703	2,715	2,628
Pension expenses	404	232 [1]	1,498	1,551 [1]
Other personnel expenses	59	47	235	77
Total	**4,906**	**4,666**	**18,623**	**18,338**
Specification of pension expenses				
Cost of retirement pensions	464	217 [1]	1,390	1,438 [1]
Net cost of early retirement pensions	-60	15	108	113
of which, gross cost of early retirement pensions	-113	35	77	*255*
of which, changes in early retirement pensions	-10	-20	-32	*-142*
Total	**404**	**232**	**1,498**	**1,551**
Average number of employees	**39,137**	**39,929**	**39,305**	**39,713**

1) Restated due to IAS 19 Revised , Employee Benefits.

Note 5 Other expenses

SEKm	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Cost of premises	564	572	2,204	2,158
Provisions and reversals re: restructuring measures	207	360	441	898
Terminal fees	303	287	1,024	1,031
Cost of goods and materials	296	317	1,099	1,177
Purchased IT resources	413	442	1,472	1,481
Work performed on own account and recognized under assets, IT	-47	-41	-194	-242
Other	1,046	967	3,830	3,845
Total	**2,782**	**2,904**	**9,876**	**10,348**
Specification of provisions and reversals re: restructuring measures				
Mail Denmark	-3	74	56	187
Mail Sweden	14	4	153	101
Logistics	13	43	12	74
Strålfors	3	13	30	83
Other and Eliminations	180	226	190	453
Total	**207**	**360**	**441**	**898**

Available volumes in the printing and inserting market are declining due to substitution of digital alternatives. Strålfors' printing and inserting production capacity in Sweden will therefore be concentrated in Ljungby and the operations currently run in Tomteboda will be closed. Provisions have been made for this measure.

Provisions made by business area Mail Sweden include a provision for the new post terminal in Hallsberg. The provision concerns redundancy at the existing terminals in Västerås and Karlstad.

Provisions within the other business areas are mainly attributable to personnel expenses related to PostNord's cost reduction program.

Provisions in the Other & Eliminations segment are primarily attributable to early retirement pensions and admittance to agencies that handle redundant personnel. Personnel redundancies were primarily attributable to ongoing cost reduction programs within group functions.

Note 6 Other provisions

2013 Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions	713	510	-75	-400	12	760
Other closure costs	37	6		-16	1	28
Future conditional pension benefits [1)]						
Special payroll tax	189		-8			181
Future conditional pension benefits under IAS 19	781	51	-104		19	747
Other						
Job-related injuries	43	4		-5		42
Pension adjustments in relation to the Danish state	40	24		-22	1	43
Provision, commemorative awards	141	14		-24	9	140
Total	**1,944**	**609**	**-187**	**-467**	**42**	**1,941**
Of which, current provisions	*359*					*555*
Of which, long-term provisions	*1,585*					*1,386*

[1)] Restated due to IAS 19 Revised, Employee Benefits

Provisions for restructuring measures
Restructuring provisions include expenses that are estimated to arise in future years as a consequence of the group's cost reduction program for administration and decision to streamline production.

Amounts are calculated based on corporate management's best estimates. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

New provisions and reversals are reported in the business operation that makes the decision about closure.

During 2013, provisions and reversals for restructuring measures with an earnings impact on other costs totaled SEK 441m. During the quarter, provisions and reversals for restructuring measures with an earnings impact on other costs totaled SEK 207m; see also Note 5, Other Expenses. The effect of provisions related to future conditional pension commitments, the reversal of pension payments to the Danish state and commemorative awards is reported as personnel expense.

The utilization of provisions totaled SEK 462m in 2013, of which SEK 451m were payments of personnel expenses. The utilization of provisions during the quarter totaled SEK 118m, of which SEK 117m were payments of personnel expenses.

The discount effect is reported in the income statement's financial items. Translation differences related to currency effects are reported in total comprehensive income.

Provisions, estimated future conditional pensions
PostNord is responsible for future conditional pension benefits under the transition regulations. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. Consideration has also been taken of special payroll tax.

Other provisions
Provisions for job-related injuries refer to the payment of annuities in accordance with the Industrial Injuries Insurance Act, and to occupational injury annuities.

The pension settlement in relation to the Danish state refers to future commitments regarding a specific group of employees within the Post Danmark group.

Provisions for commemorative awards refer to anticipated commemorative awards in the form of extra salary and vacation received after 25 or 40 years of employment within the Post Danmark group.

Present value

Provisions with payment periods longer than one year are discounted to the present value. Discount effects included in changes for the year are shown separately where significant. Provisions for future conditional pension benefits have payment periods longer than one year. Present value calculations are not shown separately for this provision item, as it is included under IAS 19.

2012 Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions	435	947	-58	-602	-2	720
Other closure costs	35	10	-1	-25		19
Future conditional pension benefits [1]						
Special payroll tax	196		-10		3	189
Future conditional pension benefits under IAS 19	807	50	-90		14	781
Other						
Job-related injuries	48	3		-8		43
Pension adjustments in relation to the Danish state	49	6		-14	-1	40
Provision, commemorative awards	171			-25	-5	141
Other provisions	13				-2	11
Total	**1,754**	**1,016**	**-159**	**-674**	**7**	**1,944**
Of which, current provisions	*351*					*359*
Of which, long-term provisions	*1,403*					*1,585*

[1] Restated due to IAS 19 Revised, Employee Benefits

Note 7 Accrued expenses and deferred income

SEKm	Dec 31 2013	Dec 31 2012
Provision for sold unutilized stamps	403	398
Accrued payroll expenses	607	507
Vacation pay liability	1,534	1,563
Special payroll tax, pension expenses	10	10
Social security contributions	348	555
Terminal fees	289	429
Other items	721	603
Total	**3,912**	**4,065**

Not 8 Financial instruments

Accounting treatment and fair value valuation of financial instruments

The fair value of loans is calculated as the discount value of future cash flows as regards repayment of principal and interest. Values are discounted to actual lending rate. For accounts receivable and accounts payable with a remaining credit period of less than one year, the book value is considered to constitute fair value. Accounts receivable and accounts payable with a remaining useful life of more than one year are discounted when the fair value is ascertained. Some of the group's financial instruments are reported at fair value and valuation is determined in accordance with the three levels set forth in IFRS 7, described below.

Reported and fair value of financial assets and liabilities, SEKm	Dec 31 2013 Reported value	Dec 31 2012 Reported value
Financial investments		
Endowment insurance policies at fair value via income statement	145	143
Other financial investments	66	73
Other financial assets		
Currency derivatives at fair value via income statement	12	5
Accounts receivable		
Accounts receivable [1]	4,632	4,718
Other receivables		
Terminal settlements at fair value via income statement	334	282
Short-term investments		
Interest-bearing receivables	163	4
Cash and cash equivalents		
Commercial paper at fair value via income statement	295	1,046
Cash and bank balances	1,678	2,000
Total financial assets	**7,325**	**8,271**
Long-term interest-bearing liabilities		
Financial liabilities at amortized cost	4,315	3,845
Other long-term liabilities		
Financial liabilities at amortized cost	79	37
Current interest-bearing liabilities		
Financial liabilities at amortized cost	274	467
Accounts payable		
Financial liabilities at amortized cost	2,878	2,514
Other current liabilities		
Terminal fees at fair value via income statement	289	429
Currency derivatives at fair value via income statement	8	16
Financial liabilities at amortized cost	1,974	2,293
Total financial liabilities	**9,817**	**9,601**

[1] Fair value for financial liabilities at amortized cost totals SEK 4,196m (3,722).

Financial assets and liabilities per level, SEKm	Dec 31 2013 Level 1	Level 2	Level 3	Dec 31 2012 Level 1	Level 2	Level 3
Financial assets						
Endowment insurance policies		145			143	
Currency derivatives		12			5	
Terminal settlements		334			282	
Governments and municipalities					298	
Commercial paper		295			748	
Total financial assets		**786**			**1,476**	
Financial liabilities						
Currency derivatives		8			16	
Terminal settlements		289			429	
Total financial liabilities		**297**			**445**	

Level 1 - The fair value of financial instruments is determined based on listed market prices on balance sheet date without deducting transaction costs. Level 1 essentially includes treasury bills and standardized derivatives for which the listed price is used in valuation. PostNord currently has no financial assets or liabilities based on this valuation level.

Level 2 - The fair value of financial instruments is determined based on valuation models that are based on other observable market data. Examples of level 2 observable data are market rates of interest and yield curves. In cases where listed price is unavailable, straight interpolation is applied.

Level 3 - The fair value of financial instruments is determined based on valuation models under which considerable input is derived from non-observable market data. PostNord currently has no financial assets of liabilities based on this valuation level.

Net borrowing
The table below shows PostNord Group’s net borrowing, which totaled SEK 2,572m (1,161).

Net borrowings, SEKm	Dec 31 2013	Dec 31 2012
Commercial paper	200	397
Credit institution financing	62	18
Total current liabilities	**262**	**415**
Real estate credit	1,189	1,146
MTN	2,937	2,531
Total long-term liabilities	**4,126**	**3,677**
Total financial liabilities	**4,388**	**4,092**
Investments with maturities up to 3 months	295	1,046
Cash and bank balances, excl. cash in hand	1,521	1,885
Cash and cash equivalents, excl. cash in hand	**1,816**	**2,931**
Net borrowings [1)]	**2,572**	**1,161**

1) Credit facilities of SEK 2,000m are not included in net borrowing and can be used for short- and long-term borrowing

Note 9 Pledged assets and contingent liabilities

SEKm	Dec 31 2013	Dec 31 2012
Assets pledged for own liabilities		
Real estate mortgages[1)]	1,196	1,153
Assets pledged as security[2)]	31	20
Total	**1,227**	**1,173**
Contingent liabilities		
Warranty, PRI	97	89
Other warranties	144	31
Other		
Total	**241**	**120**

1) Security for portion of long-term interest bearing liabilities.

2) Security for portion of long-term receivables.

Disputes
PostNord operates extensive national and international businesses and is involved in disputes and lawsuits from time to time arising from its business operations. Except to the extent stated below, it is not anticipated that these disputes and lawsuits, either individually or collectively, will have a materially adverse effect on PostNord’s earnings, profitability or financial position.

Dispute regarding Posten’s licensing requirements
On September 27, 2013 the Administrative Court in Stockholm issued a ruling on the 2012 Licensing Requirements, upholding the Post and Telecom Agency’s (PTS) extremely stringent regulatory requirements which may harm Posten’s competitiveness. Posten appealed the ruling to the Administrative Court of Appeals. On September 11 the PTS issued new licensing requirements effective October 1, 2013 through September 30, 2015. The transparency requirements in the new version are less stringent than the 2011 requirements, but the PTS reserves the right to amend the requirements following final judicial review of the 2012 version.

Note 10 Related party transactions

Swedish state

Posten AB paid SEK 3m (2) for the quarter and SEK 15m (11) for the full year to the Post and Telecom Agency (PTS) for permits to run postal operations, and Posten Meddelande AB paid SEK 2m (2) and SEK 9m (9), respectively, for handling dead letters. Posten Meddelande AB received disability compensation of SEK 7m (6) for the quarter and SEK 25m (25) for the full year from PTS for provision of postal services for disabled persons and elderly persons in sparsely populated areas.

Posten AB loaned SEK 50m (0) to the Swedish Transport Administration for advancing the date of railway construction to Roserberg's mail terminal. Posten AB has undertaken to advance a preliminary amount of SEK 130m.

Danish state

During the period, Post Danmark A/S paid premiums of SEK 41m (44)[1] for the quarter and SEK 170m (188)[1] for the full year to the Danish State for the group of civil servants employed prior to the date of incorporation. A further SEK 12m (27) is reserved in the balance sheet as of December 31, 2013 for any additional obligations to the same group of employees.

Other organizations

Posten's insurance association insures group commitments in Sweden for employee disability and family pensions based on ITP-P. The group's Swedish companies received SEK 1m (2) in compensation during the quarter and SEKm 7 (8) during the full year. Other payments from the insurance association are paid directly to policy holders.

Posten's Pension Fund manages pension funds for Posten AB, Posten Meddelande AB and PostNord Logistics AB. The companies transfer cash for new pension commitments in the fund and receive compensation for pensions paid. Transfers totaling SEK 111m (199) were made during the quarter and totaling SEK 111m (482) during the full year. No compensation was received during the quarter SEK 0m (79) or during the full year SEK 0m (360).

1) Previously reported quarterly data has been adjusted.

Note 11 Investment commitments

As of December 31, 2013, PostNord Group had committed to acquire tangible fixed assets. These commitments total SEK 713m (510) and related primarily to sorting equipment and vehicles. Investment commitments of SEK 478m (361) were made in conjunction with the new terminal structure for Mail Sweden and SEK 150m was related to the replacement of equipment in the business area's terminals. It is expected that most commitments will be settled in late 2014-early 2015.

Note 12 Acquisitions and divestments

Acquisition of subsidiaries

On January 2, 2013 Post Danmark A/S acquired 100% of the shares in Distribution Services A/S. The company has been included in PostNord's financial statements since January 1, 2013. Distribution Services A/S, a Post Danmark subcontractor since 2003, specializes in the packaging and handling of unaddressed mail. The company became part of business area Mail Denmark as of January 1, 2013. The purchase price totaled SEK 174m. According to the acquisition analysis, the acquisition gave rise to goodwill comprised of synergy effects, result improvement potential and skills and knowledge to develop the business segment.

On April 25, 2013 PostNord signed an agreement for the cash acquisition of 100% of the shares in Bilfrakt Bothnia AB's subsidiaries Nordisk Kyl AB and Transbothnia AB, with operations in northern Sweden. Through the acquisition, PostNord is broadening the scope of its logistics business in

Sweden within mixed cargo, consignment goods and thermal transports. In 2012 the acquired businesses had combined sales of around SEK 1 billion and 285 employees. The purchase price totaled SEK 115m, a portion of which (SEK 10m) is held as security for the seller's performance of the contract. The companies became part of business area Logistics as of June 1, 2013.

Net sales for Nordisk Kyl Logistik AB totaled SEK 387m in 2013. Net sales totaled SEK 313m during the June-December 2013 holding period. Operating profit in 2013 was SEK -16m. Operating profit during the holding period was SEK -12m. The surplus value of fixed assets (excluding goodwill) acquired by PostNord Group was written off according to plan at SEK 0m. The acquisition contributed SEK -12m to group operating profit.

Net sales for Transbothnia AB totaled SEK 344m in 2013 and SEK 250m during the June-December 2013 holding period. Operating profit was SEK 9m in 2013 and SEK 8m during the holding period. The surplus value of fixed assets (excluding goodwill) acquired by PostNord Group was written off according to plan at SEK 1m. The acquisition contributed SEK 7m to group operating profit. According to the acquisition analysis, the acquisition gave rise to goodwill comprised of synergy effects, result improvement and market positioning potential.

Conditional purchase consideration of SEK 12m, related to the previous acquisition of Roserberg Brevterminal AB, was paid during the period. The acquisition concerns land.

Acquisition of assets and liabilities

On February 1, 2013, PostNord's wholly-owned subsidiary Tollpost Globe AS signed an agreement to take over the operations of Byrknes Auto AS, one of Norway's largest thermal carriers. The company mainly offers services for fish and grocery transports. Tollpost Globe AS is part of business area Logistics.

On April 30, 2013, PostNord subsidiaries acquired all operations of ISS Document A/S. On June 1, 2013, PostNord subsidiaries acquired the digitization service and document management assets of Aditro Financial Process AB. The acquisitions are part of business area Mail Denmark.

On August 30, 2012, PostNord subsidiaries acquired Itella's printing and inserting business in Poland. The acquisition strengthens Strålfors' position in the Polish market. According to acquisition analyses, assets were mainly comprised of miscellaneous equipment and intangible assets. The aggregate purchase price for all asset acquisitions totaled SEK 73m.

Effect of acquisitions and divestments on assets and liabilities, SEKm	**2013**			**2012**		
	Acquisitions	**Divestments**	**Total**	**Acquisitions**	**Divestments**	**Total**
Goodwill	167		167	436	-44	392
Other intangible fixed assets	30		30	287	-9	278
Other fixed assets	193		193	744	-46	698
Total fixed assets	**390**		**390**	**1,467**	**-99**	**1,368**
Current assets	86		86	313	-36	277
TOTAL ASSETS	**476**		**476**	**1,780**	**-135**	**1,645**
TOTAL LIABILITIES	**-175**	**-1**	**-176**	**-852**	**121**	**-731**
NET ASSETS	**301**	**-1**	**300**	**928**	**-14**	**914**
Capital gain from divested businesses/affiliated companies		-1	-1		-5	-5
Other items affecting cash flow	-54		-54	-558	39	-519
Purchase sums paid/received	-301		-301	-928	19	-909
Cash and cash equivalents (acquired/divested)	19		19	66	-12	54
Net effect on cash and cash equivalents	**-336**		**-336**	**-1,420**	**46**	**-1,374**

2013 Jan-Dec, SEKm	Goodwill	Other intangible assets	Other fixed assets	Current assets	Liabilities	Net assets
Acquired						
Distribution Services A/S	95		93	21	-35	174
Nordisk Kyl Logistik AB	46	9	86	25	-103	63
Transbothnia AB	26	21	2	40	-37	52
Rosersberg Brevterminal AB, additional purchase price			12			12
Total acquired	**167**	**30**	**193**	**86**	**-175**	**301**
Divested						
Tidningstorget AB					-1	-1
Total divested					**-1**	**-1**

2012 Jan-Dec, SEKm	Goodwill	Other intangible assets	Other fixed assets	Current assets	Liabilities	Net assets
Acquired						
Green Cargo Logistics AB (incl. subsidiary Green Cargo Logistics A/S)	331	227	69	213	-319	521
Kardinalmärket 1 AB			314	3	-205	112
Kommanditbolaget Sveterm			285	12	-231	66
Nils Hansson Logistics AB, reduction of purchase price	-1					-1
Eek Transport AS, adjustment of fixed purchase price	1					1
Harlem Transport AS	105	60	27	85	-97	180
Rosersberg Brevterminal AB, additional purchase price			49			49
Total acquired	**436**	**287**	**744**	**313**	**-852**	**928**
Divested						
Hit Starintex B.V.	39		1	25	-55	10
EBT Property B.V.			45	5	-45	5
Hit Belgium S.A	5	9		5	-21	-2
SPOT A/S				1		1
Total divested	**44**	**9**	**46**	**36**	**-121**	**14**

06 Parent company

The parent company, PostNord AB, ran a very limited inter-company service operation and had only three employees as of December 31, 2013: the President /CEO, the Group CFO and the Head of Group Strategy. No net sales were reported during the year. Operating expenses totaled SEK 11m (15) for the quarter and SEK 36m (54) for the full year. Financial items totaled SEK -847m (-14) for the quarter and SEK -110m (2,460) for the full year. Of financial items, SEK 773m (2,473) was attributable to dividends from subsidiaries and SEK 800m (0) to write-down of shares in subsidiaries. Net profit totaled SEK -852m (-23) for the quarter and SEK -30m (2,475) for the full year.

Proposed dividend

The Board of Directors proposes a dividend distribution totaling SEK 128.8m (103).

CONDENSED PARENT COMPANY FINANCIAL STATEMENTS

Income statement

SEKm	Note	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
	1				
Other income		6	6	24	23
Income		**6**	**6**	**24**	**23**
Personnel expenses		-8	-8	-24	-28
Other expenses		-3	-7	-12	-26
Operating expenses		**-11**	**-15**	**-36**	**-54**
OPERATING PROFIT		**-5**	**-9**	**-12**	**-31**
Income from participations in group companies		0		773	2,473
Write-down of shares in subsidiaries		-800		-800	
Interest income and similar income items		11	13	40	44
Interest expense and similar expense items		-58	-27	-123	-57
Financial items		**-847**	**-14**	**-110**	**2,460**
Profit after financial items		**-852**	**-23**	**-122**	**2,429**
Appropriations				92	46
Profit before tax		**-852**	**-23**	**-30**	**2,475**
Tax					
NET PROFIT		**-852**	**-23**	**-30**	**2,475**

Comprehensive income statement

SEKm	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net profit	-852	-23	-30	2,475
Other comprehensive profit for the period				
COMPREHENSIVE PROFIT	**-852**	**-23**	**-30**	**2,475**

Balance sheets

SEKm	Note	Dec 31 2013	Dec 31 2012
	1		
ASSETS			
Financial assets	2	11,684	12,480
Total fixed assets		**11,684**	**12,480**
Current receivables		8,143	6,313
Total current assets		**8,143**	**6,313**
TOTAL ASSETS		**19,827**	**18,793**
EQUITY AND LIABILITIES			
Equity		15,708	15,841
Long-term liabilities		3,905	2,536
Current liabilities		214	416
TOTAL EQUITY AND LIABILITIES		**19,827**	**18,793**
CONTINGENT LIABILITIES			
Warranty, PRI		140	103
Guarantees on behalf of subsidiaries [1)]		381	256 [1)]
Total contingent liabilities		**521**	**359**

[1)] As of December 31, 2012, PostNord AB's subsidiary Posten AB had pledged a total of SEK 100m on behalf of wholly-owned subsidiaries.

Notes

Note 1 Accounting principles

The parent company applies the Annual Accounts Act and RFR 2, Reporting of Legal Entities, essentially the same accounting principles as those applied by the group. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations. The same accounting principles and methods of calculation were used in this interim report as in the 2013 Annual Report.

Note 2 Financial assets

Financial assets are comprised of shares in subsidiaries totaling SEK 11,676m (12,476) and a long-term receivable of SEK 8m (4). The shares are held in subsidiaries Posten AB, book value SEK 7,089m, and Post Danmark A/S, book value SEK 4,587m.

Solna, February 20, 2014
PostNord AB (publ)

Håkan Ericsson
President & CEO

This report has not been audited.

PostNord AB (publ) is required to disclose this information under the Security Markets Act. The information was submitted for publication on February 21, 2014 at 8:30 AM CET.

07 Quarterly data

SEKm, unless otherwise specified	Jan-Mar 2012	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Oct-Dec 2013
PostNord Group [1)]								
Net sales	9,993	9,487	8,959	10,481	9,832	9,757	9,306	10,638
Other income	63	60	68	62	45	63	56	69
Expenses	9,727	9,689	8,866	10,387 [2)]	9,548	9,907	9,117	10,528
Operating profit (EBITDA)	741	276	583	810 [2)]	738	318	647	621
Operating profit (EBIT)	330	-142	165	158 [2)]	333	-84	247	180
Profit before tax	303	-177	119	122 [2)]	276	-113	184	121
Net profit	208	-153	123 [2)]	69 [2)]	185	-80	184	33
Operating margin (EBITDA), %	7.4	2.9	6.5	7.7	7.5	3.2	6.9	5.8
Operating margin (EBIT), %	3.3	neg	1.8	1.5	3.4	neg	2.6	1.7
Cash flows from operating activities	291	472	-324	1,386	392	-17	-363	1,650
Net debt	1,112	3,843	5,017	4,299	4,413	4,890	4,009	2,991
Return on equity, rolling 12-month, %	n/a	n/a	n/a	2.6	2.7	3.9	4.4	3.9
Equity-Assets ratio, close of period, %	40	30	27	27 [2)]	29	30	36	35
Average number of employees	38,791	39,085	41,047	39,929	38,521 [2)]	39,419 [2)]	40,143 [2)]	39,137
Mail Denmark [3)]								
Net sales	2,800	2,517	2,213	2,635 [2)]	2,371	2,284	2,175	2,534
Letters	*1,631*	*1,423*	*1,221*	*1,457*	*1,385*	*1,297*	*1,194*	*1,433*
Advertisements and Newspapers	*434*	*392*	*367*	*390*	*326*	*337*	*333*	*347*
Parcels	*548*	*513*	*468*	*570*	*501*	*490*	*482*	*548*
Other	*187*	*189*	*157*	*218* [2)]	*159*	*160*	*166*	*206*
Other income	10	10	28	7	10	36	18	35
Operating profit (EBIT)	87	-171	-75	-18	-9	-103	-37	60
Operating margin, %	3.1	neg	neg	neg	neg	neg	neg	2.3
Average number of employees	12,984	12,530	12,833	12,673	12,358	12,674	12,016	12,198
Volumes, millions of units produced								
Priority mail	88	77	72	83	75	70	63	70
Non-priority and business mail	105	87	79	94	94	80	73	90
Parcels	10	9	9	11	10	10	9	11
Mail Sweden								
Net sales	3,908	3,695	3,440	4,094	3,852	3,683	3,448	4,067
Letters	*2,098*	*1,906*	*1,681*	*2,126*	*1,991*	*1,863*	*1,671*	*2,083*
Advertisements and Newspapers	*1,176*	*1,160*	*1,154*	*1,296*	*1,225*	*1,186*	*1,141*	*1,261*
Other	*634*	*629*	*605*	*672*	*636* [2)]	*634*	*636*	*723*
Other income	186	202	197	202	200	225	189	227
Operating profit (EBIT)	250	-3	169	377	268	-21	145	191
Operating margin, %	6.1	neg	4.6	8.8	6.6	neg	4.0	4.4
Average number of employees	16,778	17,364	18,715	17,905	16,763	16,917	17,953	17,035
Volumes, millions of units produced								
Priority mail	242	230	211	242	232	226	213	241
Non-priority mail	344	276	260	318	326	266	249	303
Logistics [3)]								
Net sales	2,745	2,832	2,885	3,300	3,161	3,372	3,300	3,599
Parcels	*1,175*	*1,150*	*1,107*	*1,328*	*1,207*	*1,204*	*1,138*	*1,367*
Solutions (heavy freight and integrated solutions)	*726*	*837*	*1,003*	*1,099*	*1,146*	*1,295*	*1,363*	*1,395*
Other logistics services (mixed cargo, etc.)	*844*	*845*	*775*	*873*	*808*	*873*	*799*	*837*
Other income	366	290	330	345 [2)]	325	315	331	312
Operating profit (EBIT)	58	13	108	93	66	46	76	9
Operating margin, %	1.9	0.4	3.4	2.6	1.9	1.2	2.1	0.2
Average number of employees	6,156	6,397	6,687	6,695	6,896 [2)]	7,422 [2)]	7,765 [2)]	7,413
Volumes, millions of units produced								
Parcels	18	18	17	20	19	19	19	22
Strålfors								
Net sales	717	655	611	682	682	645	610	675
Other income	7	7	5	-2	2	5	3	5
Operating profit (EBIT)	-58	9	15	9	18	-30	18	10
Operating margin, %	neg	1.4	2.4	1.3	2.6	neg	2.9	1.5
Average number of employees	1,521	1,520	1,515	1,491	1,468	1,456	1,463	1,492

1) Restated due to IAS 19 Revised, Employee Benefits.

2) Previously reported quarterly data has been adjusted.

3) Restated due to reorganization of the group's parcel operations in Denmark.

08 Calendar/Contacts

CAPITAL MARKETS DAY CONFERENCE CALL

PostNord is hosting a conference call for investors and credit analysts today, February 21, 2014 at 10:30 AM (CET).

PostNord's President & CEO Håkan Eriksson and CFO Henrik Rättzén will present the fourth-quarter and full-year results for 2013.

Conference call participants may phone it at: +46 (0)8 5055 6477.

Additional information and presentation material is available on PostNord's website: www.postnord.com

FINANCIAL CALENDAR

2013 Annual Report and Sustainability Report	March 20, 2014
2014 Annual General Meeting	April 23, 2014, 11.00 AM (CET)
Interim report, January-March 2014	May 6, 2014
Interim report, January-June 2014	August 27, 2014
Interim report, January-September 2014	October 29, 2014

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Every care has been taken in the translation of this interim report. In the event of discrepancies, however, the Swedish original will supersede the English translation.