



# Third Quarter 2014

October 29, 2014

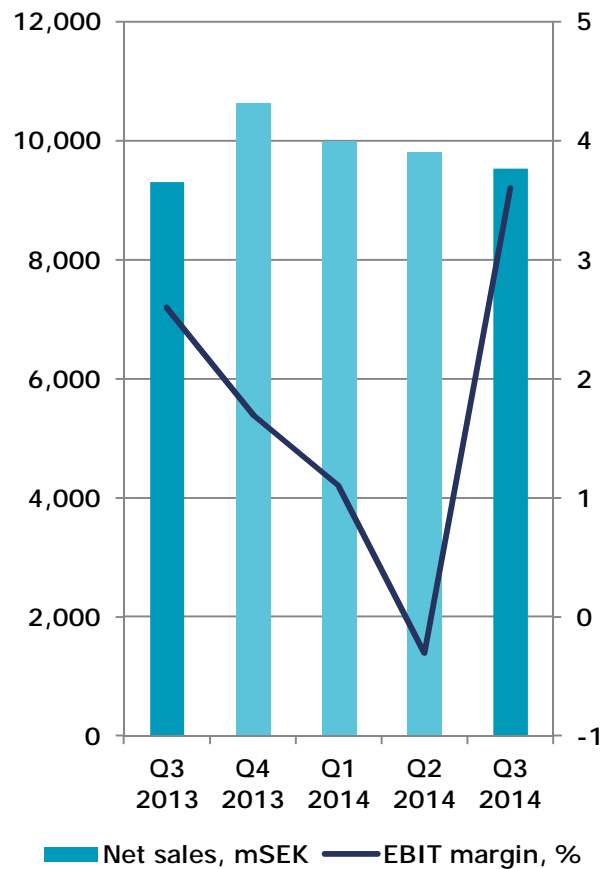
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- § Positive growth in e-commerce
- § Continued sharp reductions in mail volumes
- § Tough competition remains in the logistics market
- § Profitability still too low
- § Cost-saving program is being initiated
  - Annual savings of around SEK 500m
  - 700-800 employees in administration and support functions
- § New terminal at Rosersberg on stream
- § New customer contracts:
  - Coordination of warehousing and distribution operations on behalf of CDON in Ljungby, Sweden
  - Expansion of third-party logistics contract with Stadium, Sweden
  - Agreement with Spendrups in heavy logistics sector

- § PostNord has taken the decision to analyze the conditions for a possible divestment of the Strålfors operations
- § Divestment of Strålfors would free up capital and give PostNord the conditions to further focus on the adopted strategic direction
- § For Strålfors, a changed ownership structure could lead to better opportunities to fully participate in the dynamic development of the northern European communications market

# Profitability still too low

## NET SALES AND EBIT MARGIN



§ Net sales of SEK 9,535m (9,306)

- Net sales unchanged, excluding exchange rate effects
- Falling mail volumes and continued tough competition in the logistics sector

§ EBIT: SEK 345m (242)

- Costs savings effect from streamlining efforts

§ The EBIT margin was 3.6% (2.6)

# Overview, results

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SEKm	Q3 2014	Q3 2013	r	9M 2014	9M 2013	r
Net sales	9,535	9,306	2%	29,350	28,895	2%
EBITDA	768	642	20%	1,678	1,689	-1%
Operating income (EBIT)	345	242	43%	421	482	-13%
Net financial items	-37	-63	41%	-90	-149	40%
Income before tax	308	179	72%	331	333	-1%
Net income	232	179	30%	256	275	-7%
Cash flows from operating activities	-271	-363	25%	-620	12	--
Net debt	4,197	2,720	54%	4,197	2,720	54%

Figures for 2013 have been restated to reflect corrected reporting from a subsidiary.

# Market development

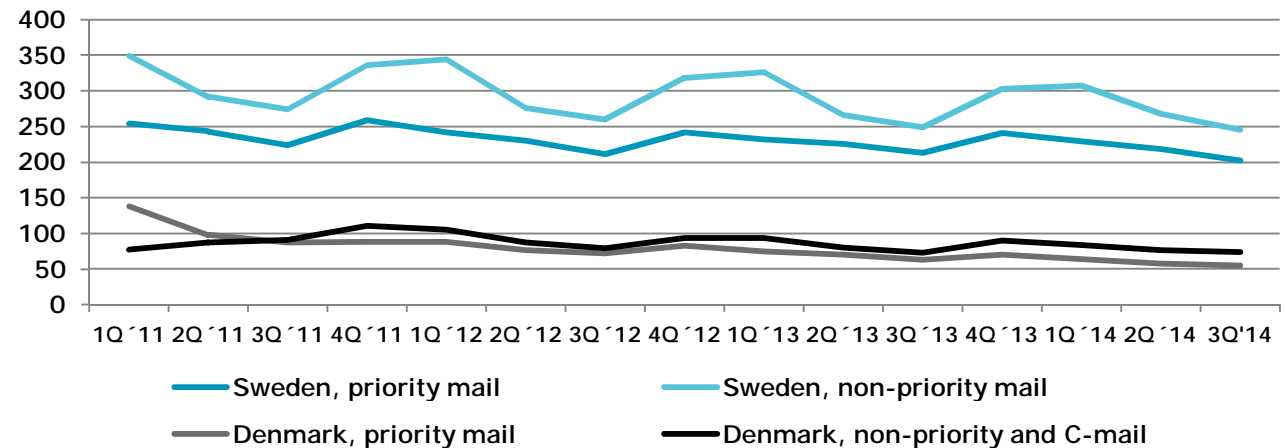
§ Year-on-year, mail volumes declined by in total 4%

- -6% in Denmark
- -3% in Sweden
- Positive effect from Sweden's general election and distribution of health cards in Denmark

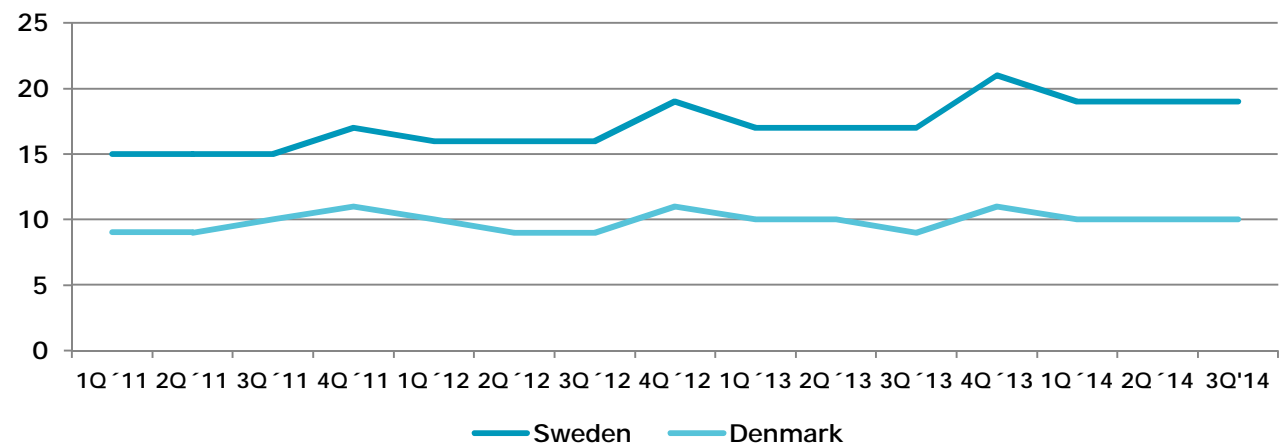
§ Parcel volumes increased 8%

- E-commerce-related B2C-parcels increased by 18%

LETTERS, MILLIONS OF UNITS



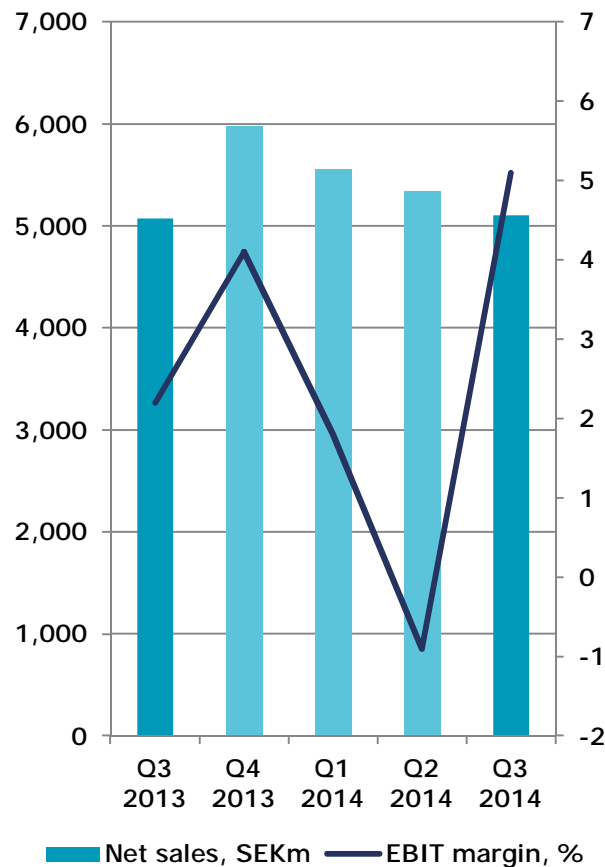
PARCELS, MILLIONS OF UNITS



# Mail & Communication: Improvement in EBIT from cost-saving measures

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## NET SALES AND EBIT MARGIN



§ Net sales fell by 2%, excluding exchange rate effects

§ Mail volumes declined by 4% in total

- Positive effect from mailings in connection with Sweden's general election and distribution of personal health cards in Denmark

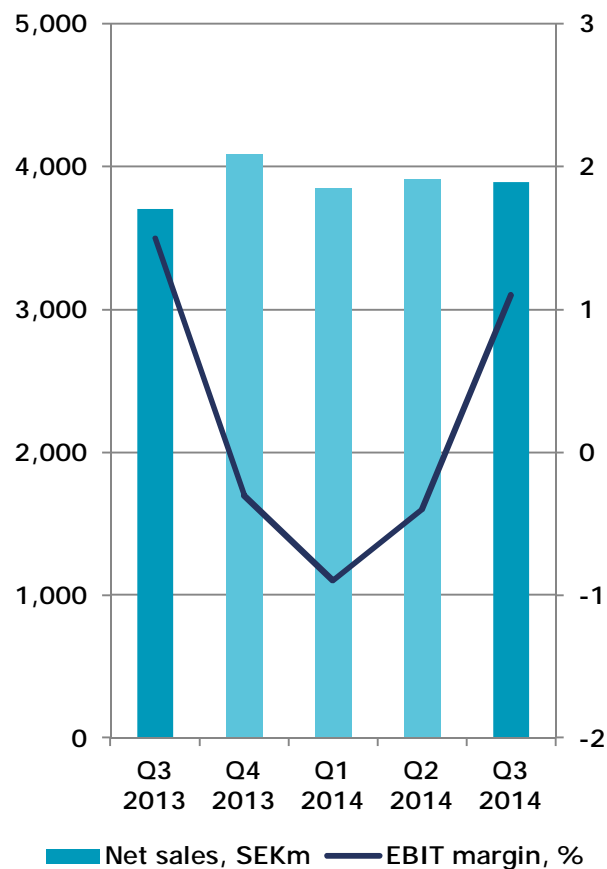
§ Expenses were reduced by 3%, excluding exchange rate effects and restructuring costs

- Mainly related to personnel streamlining measures

§ EBIT rose to SEK 294m (124) and the EBIT margin to 5.1% (2.2)

# Logistics: Continued tough competition

## NET SALES AND EBIT MARGIN



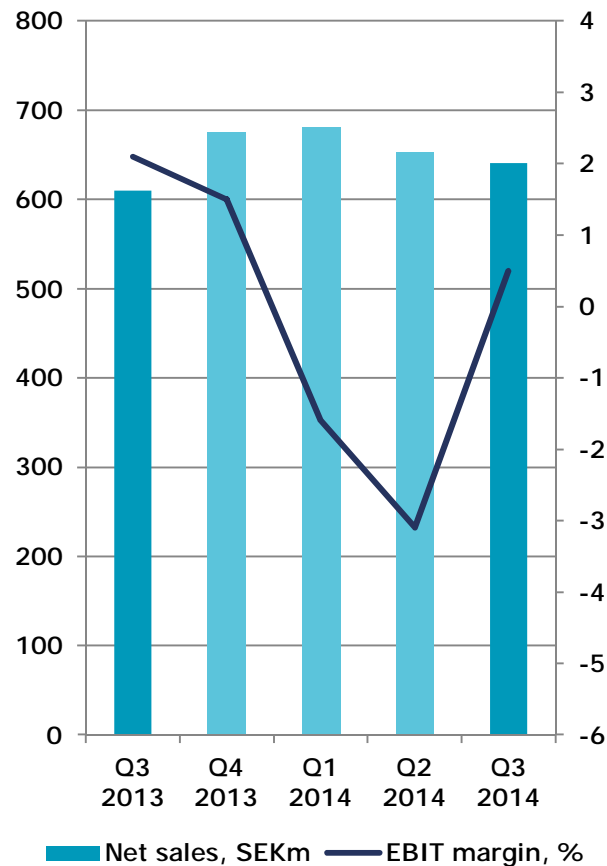
- § Net sales increased by 3%, excluding exchange rate effects
  - Increased sales
- § Expenses were reduced by 1%, excluding exchange rate effects and restructuring costs
- § EBIT totaled SEK 44m (60) and the EBIT margin 1.1% (1.5)



# PostNord Strålfors: Increased sales of standardized printing solutions

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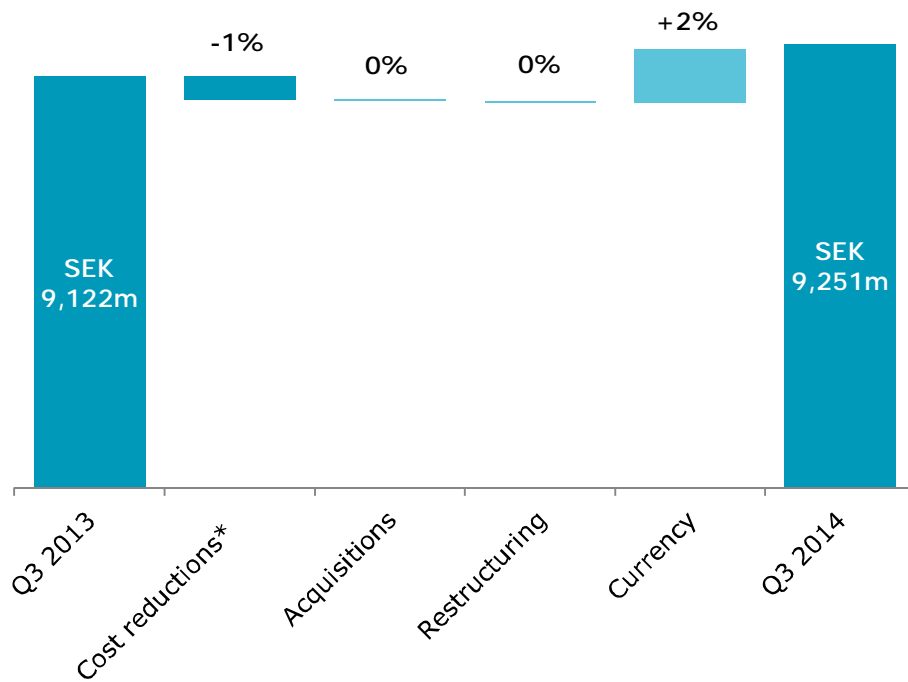
## NET SALES AND EBIT MARGIN



- § Net sales increased by 1%, excluding acquisitions and exchange rate effects
  - Higher sales mainly from new standardized printing solutions
  
- § Expenses were reduced by 2%, excluding acquisitions, exchange rate effects and restructuring costs
  - Higher expenses for input goods and services
  
- § EBIT totaled SEK 3m (13) and the EBIT margin 0.5% (2.1)

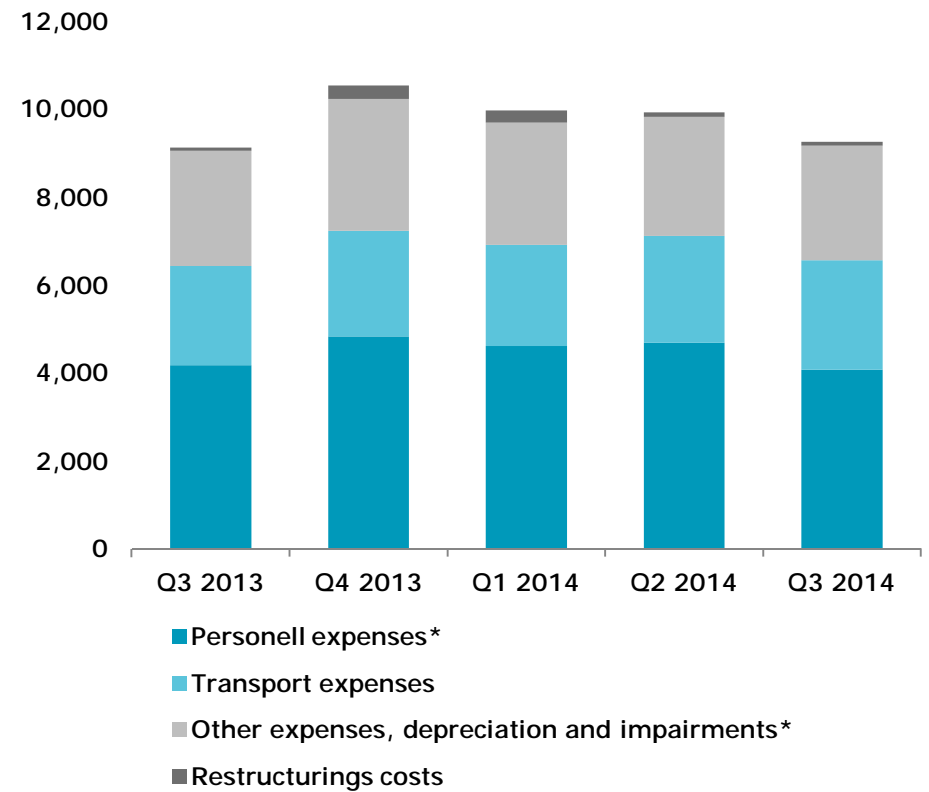
# Cost development

## COST DEVELOPMENT



\*Including cost inflation

## GROUP'S OPERATING EXPENSES, SEKm

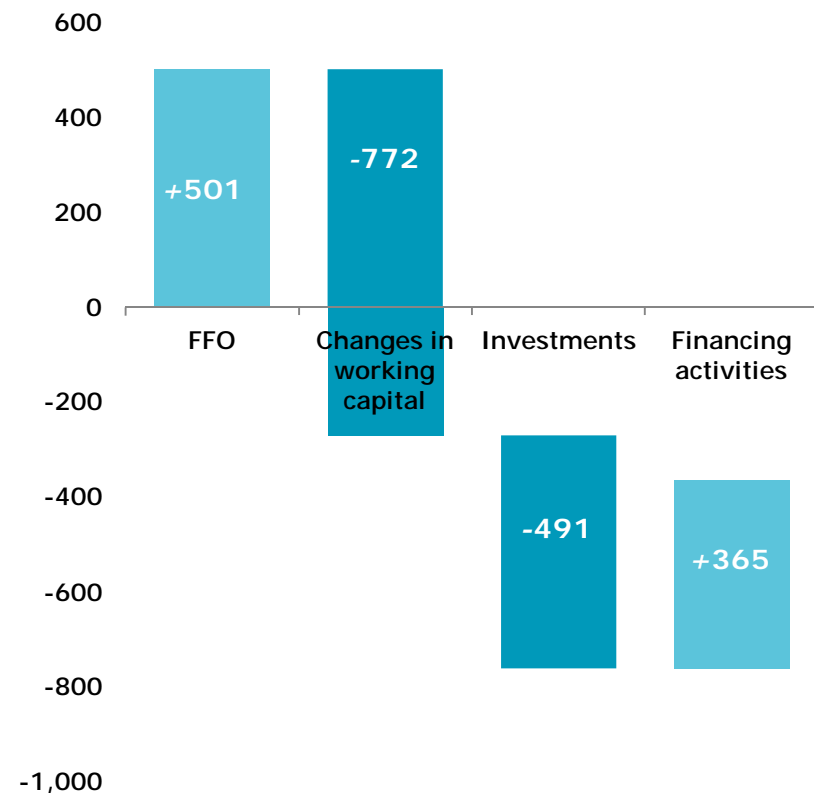


\*Excluding restructuring costs

# Cash flow development

- § The cash flow totaled SEK -397m
- § Positive effect from higher income
- § Negative change in working capital
  - Higher current receivables
  - Lower current liabilities
    - Disbursement of holiday pay
    - Utilized provisions related to restructuring
- § The investments comprise mainly of property, plant and equipment, and an acquisition of a property in Norway within the logistics business
- § New debts totaling SEK 400m within the commercial paper program

CASH FLOW DURING Q3 2014



# Increased net debt

- § Increase of SEK 1,271m in net debt to SEK 4,197m during third quarter
  - Negative cash flow from operating activities and investment activities
  - Revaluation of pension liability based on a lower discount rate
  - Lower cash and cash equivalents
  
- § Financial preparedness totaling SEK 2.7bn, of which cash and cash equivalents of SEK 0.7bn

## NET DEBT

SEKm	Sept. 30, 2014	June 30, 2014
Interest-bearing liabilities	-5,521	-5,134
Pensions*	-701	-438
<b>Total</b>	<b>-6,222</b>	<b>-5,572</b>
Financial receivables	1,341	1,286
Current interest-bearing receivables	0	286
Cash and cash equivalents	684	1,074
<b>Net debt</b>	<b>-4,197</b>	<b>-2,926</b>
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<i>Net debt/EBITDA, mult.</i>	<i>1.8</i>	<i>1.4</i>
<i>Net debt ratio, %</i>	<i>48</i>	<i>33</i>
<i>Financial preparedness</i>	<i>2,684</i>	<i>3,074</i>

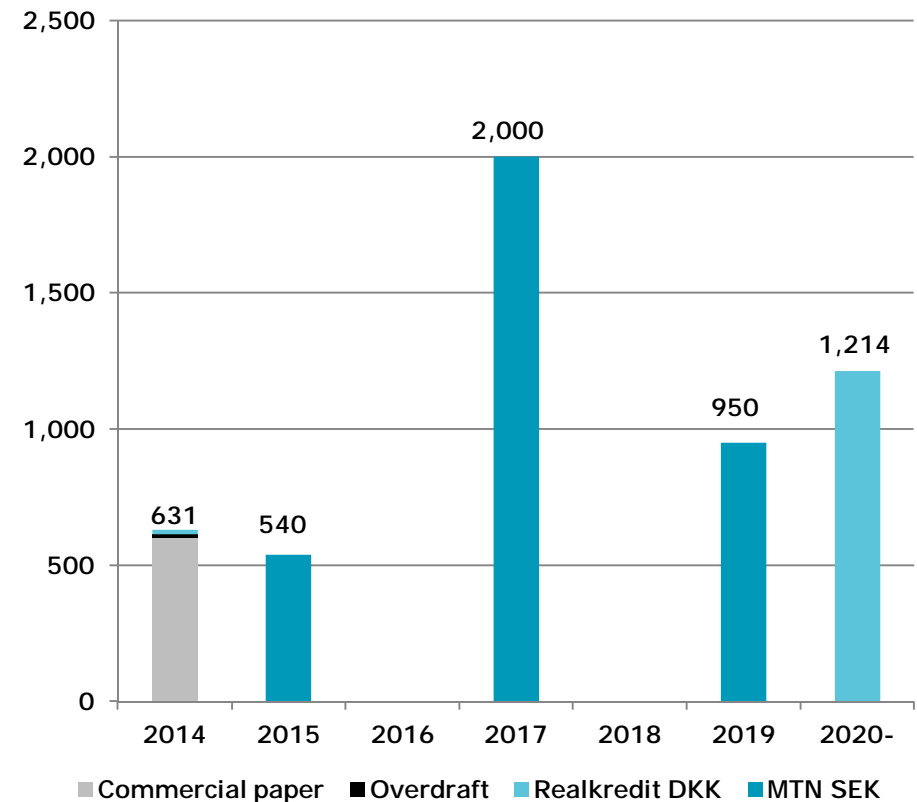
\*Including assets under management

# Credit profile

## OVERVIEW OF LINES OF CREDIT, SEPTEMBER 30, 2014

Credit	Total amount, SEKbn	Amount utilized, SEKbn
Revolving credit facility, 5 years, SEK	2.0	0
Commercial paper, SEK	3.0	0.6
Realkredit Danmark A/S, real estate financing (Post Danmark A/S), DKK	1.2	1.2
MTN program, SEK	6.0	3.5
<b>Total utilized, Sept. 30 2014</b>		<b>5.3</b>
Lines of credit with short term to maturity		1.2

## MATURITY PROFILE, SEPTEMBER 30, 2014, SEKm



An unutilized rolling credit facility (RCF) of SEK 2.0bn is in place, maturing in 2017

# Financial targets

- § The new financial targets were approved at the 2014 AGM
- § The targets are long-term and are to be assessed over a period of 3-5 years

Area	Key figure	Q3 2014	Target
Capital structure	Net debt ratio	48%	10-50%
Profitability	Return on capital employed (ROCE)	5.2%	10.5%
Dividend policy	Dividend	SEK 129m (40.4%) for the 2013 financial year was paid in April 2014	40-60 % of net income for the year (guide value 50%)

Area	Outlook
Mail volumes	Decline in 2014: § 4-5% in Sweden § 12-14% in Denmark
Investments	3-5% of the Group's income in 2014
Profitability and cash flow	Intensified focus on cost reductions, the effective use of capital and continued financial stability. Increased profitability and improved cash flow
Credit standing	The ambition is to remain an investment grade company

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