

# Interim Report

# Q3 2014

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## JULY-SEPTEMBER 2014

- Net sales totaled SEK 9,535m (9,306).
- Operating income totaled SEK 345m (242).
- Net income totaled SEK 232m (179).
- Cash flow from operating activities totaled SEK -271m (-363).

## JANUARY-SEPTEMBER 2014

- Net sales totaled SEK 29,350m (28,895).
  - Operating income totaled SEK 421m (482).
  - Net income totaled SEK 256m (275).
  - Cash flow from operating activities totaled SEK -620m (12).
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PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We also ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop options for the communication, e-commerce, distribution and logistics of tomorrow in the Nordic region. In 2013 PostNord had 39,000 employees and sales of SEK 40 billion. The parent company, PostNord AB, is a Swedish public limited company headquartered in Solna, Sweden. [www.postnord.com](http://www.postnord.com)

## FINANCIAL OVERVIEW AND KEY RATIOS

SEKm, unless otherwise specified	Jul-Sep	Jul-Sep	Excl. <sup>1)</sup>		Jan-Sep	Jan-Sep	Excl. <sup>1)</sup>		Jan-Dec
	2014	2013 <sup>2)</sup>	Δ	Δ	2014	2013 <sup>2)</sup>	Δ	Δ	2013 <sup>2)</sup>
<b>INCOME ITEMS</b>									
Net sales	9,535	9,306	2%	0%	29,350	28,895	2%	-1%	39,533
Operating income (EBIT)	345	242	43%	43%	421	482	-13%	-7%	662
Operating income (EBITDA)	768	642	20%	18%	1,678	1,689	-1%	-1%	2,310
Income before tax	308	179	72%		331	333	-1%		454
Net income	232	179	30%		256	275	-7%		306
<b>CASH FLOWS</b>									
Cash flows from operating activities	-271	-363	25%		-620	12	>100%		1,657
<b>FINANCIAL POSITION</b>									
Financial preparedness	2,684	3,286	-18%		2,684	3,286	-18%		3,968
Net debt	4,197	2,720	54%		4,197	2,720	54%		1,621
<b>KEY RATIOS</b>									
Earnings per share, SEK	0.12	0.09	30%		0.13	0.14	-7%		0.15
Operating margin (EBIT)	3.6%	2.6%			1.4%	1.7%			1.7%
Operating margin (EBITDA)	8.0%	6.9%			5.7%	5.8%			5.8%
Net debt/EBITDA, times	1.8	1.1			1.8	1.1			0.7
Net debt ratio	48%	30%			48%	30%			15%
Return on capital employed (ROCE)	5.2%	5.5%			5.2%	5.5%			6.0%
Average number of employees	38,995	40,143	-3%		38,279	39,361	-3%		39,305

1) Change excluding acquisitions/divestments and currency.

2) Restated due to adjusted report from subsidiary.

## CEO COMMENTS

### FOCUS ON SERVICE OFFERINGS AND COST EFFICIENCY PROGRESSES

Positive growth in e-commerce, but sharp reductions in mail volumes and tough competition in the logistics market continue. Further cost-saving programs initiated.

Total mail volumes for the Group declined by 4% year-on-year: 6% in Denmark and 3% in Sweden. During the quarter, mail volumes were boosted by mailings in connection with personal health cards in Denmark and Sweden's general election. The corresponding outcome for the year to date is a decline of 4% for the Group, whereof 10% in Denmark and 3% in Sweden.

Operating income for the Group improved during the quarter, to SEK 345m (242), as a result of actions taken. However, the level of profitability remains unsatisfactory and, as announced earlier, further restructuring measures will be necessary. An enhanced cost-saving program with approximately SEK 500 million in annual savings is being initiated, which will reduce the number of employees by 700-800 in administration and other support functions. The implementation of the program will start during the fourth quarter 2014, when the restructuring costs will be determined and the necessary provision made. In addition, we will be focusing on verifying further measures, mainly within production, to strengthen our long-term competitiveness.

Our work on customized services is making good progress. Within our strategic development of the logistics business, we have seen further successes for our concept. During the quarter, we signed agreements with for example CDON on coordination of their warehousing and distribution operations, and with Stadium in third-party logistics (TPL). In the heavy logistics sector, we signed an agreement with Spendrups.

In September, our new terminal at Rosersberg went on stream. It is one of the most modern terminals in the world. During construction of the facility, great care was taken to limit the environmental and climate impact; for example, the terminal's energy supply needs are partly met by a solar power system. Volumes will be transferred in stages during 2014 and 2015.

Our integrated production operations will deliver increased cost efficiency, and a better customized service offering, which will profile us more clearly and increase our competitiveness.

*Håkan Ericsson*  
*President & Group CEO*

## IMPORTANT EVENTS IN JULY-SEPTEMBER

### 2014 Extraordinary General Meeting

At an Extraordinary General Meeting held on August 25, 2014, it was resolved PostNord Logistics AB should be merged with Posten Meddelande AB and at the same time the merged company should be named PostNord Sverige AB. The purpose of the merger is to simplify the Group's legal structure, and the intention is to complete the process by year-end.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

### Cost-saving program

PostNord is initiating an enhanced cost-saving program with approximately SEK 500 million in annual savings, which will reduce the number of employees by 700-800 people, of which the majority in Denmark, within administration and other support functions. The implementation of the program will start during the fourth quarter 2014, when the restructuring costs will be determined and the necessary provision made.

### Analysis of conditions for possible divestment of the Strålfors operations

PostNord has taken the decision to analyze the conditions for a possible divestment of the Strålfors operations. PostNord is carrying out a comprehensive adjustment that demands leadership focus and financial resources. 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.

### Changes to PostNord's management group, Group Executive Team

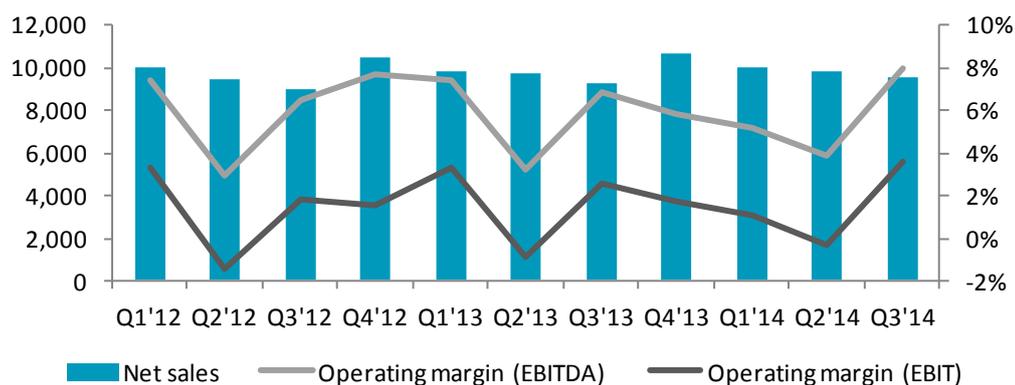
Knud B. Pedersen has decided to retire from his position as Deputy CEO and Executive Vice President of PostNord AB at the end of the year. Knud B. Pedersen will also be leaving his post as Managing Director of Post Danmark A/S. As of next year, Knud B. Pedersen will serve as an advisor to PostNord's President and Group CEO.

The legal and operative structure in Denmark will be consolidated at the beginning of next year when Head of PostNord Denmark Henning Christensen will also become Managing Director of Post Danmark A/S.

From and including January 1, 2015, group function Legal will report to the CEO. Incoming General Counsel Kristina Lilja will be a member of the Group Executive Team.

Following an analysis of the conditions for possibly divesting the Strålfors operations, as of today, Strålfors CEO Per Samuelsson will no longer be part of the Group Executive Team.

## GROUP SALES AND EARNINGS



### July-September

Excluding acquisitions and exchange rate effects, PostNord's net sales were unchanged from the preceding year. The markets remain characterized by severe competition in the logistics sector and by declined mail volumes. Mail volumes declined by a total of 4% year-on-year, 6% in Denmark and 3% in Sweden. Mail volumes were boosted during the quarter by mailings in connection with personal health cards in Denmark and Sweden's general election. E-commerce continued to fuel expansion of demand in the distribution of goods in the form of letters and parcels. Group parcel volumes rose 8%, with e-commerce-related B2C parcel volumes showing growth of 18%.

Excluding acquisitions, exchange rate effects and restructuring costs, operating expenses were reduced by 1%, primarily due to personnel streamlining efforts. Restructuring costs totaled SEK 82m (75), including SEK 26m (2) for net additional provisions made.

Group operating income totaled SEK 345m (242) during the quarter. The operating margin was 3.6% (2.6). The improvement was mainly attributable to positive outcomes from cost-cutting measures.

Net financial items totaled SEK -37m (-63) and were positively impacted by lower pension-related interest expense.

The tax expense for the quarter was SEK -76m (0), of which SEK -50m related to deferred tax. Net income totaled SEK 232m (179).

### January-September

PostNord's net sales increased 2% during the first nine months of 2014. Excluding acquisitions and exchange rate effects, net sales fell 1%. Mail volumes declined by a total of 4%, 10% in Denmark and 3% in Sweden. The Group's parcel volumes rose 7%, with e-commerce-related B2C parcel volumes showing growth of 15%.

Excluding acquisitions, exchange rate effects and restructuring costs, operating expenses were reduced by 1%, primarily due to personnel streamlining efforts. Restructuring costs totaled SEK 450m (423), of which SEK 282m (234) is attributable to net additional provisions made.

Group operating income over the first nine months totaled SEK 421m (482). The operating margin was 1.4% (1.7).

Net financial items amounted to SEK -90m (-149) for the first nine months, benefiting from lower interest expense relating to pensions, financial leases and exchange rate effects.

The tax expense was SEK -75m (-58), of which SEK -54m related to deferred tax. Net income totaled SEK 256m (275).

## FINANCIAL POSITION AS OF SEPTEMBER 30, 2014

The Group's net equity fell to SEK 8,739m from SEK 8,797m on June 30, 2014. The decline is primarily attributable to revaluation of pension obligations and pension assets under management, calculated at SEK -414m net, but positive factors were net income of SEK 232m for the period, an adjustment of SEK 91m in deferred tax and exchange rate effects of SEK 36m.

### Net debt

SEKm	Sep 30 2013	Dec 31 2013	Mar 31 2014	Jun 30 2014	Sep 30 2014
Financial receivables	1,290	1,199	1,225	1,286	1,341
Current interest-bearing receivables	0	163	242	286	0
Cash and cash equivalents	1,286	1,981	993	1,074	684
Interest-bearing debt	-4,543	-4,592	-4,555	-5,134	-5,521
Pension provisions <sup>1)</sup>	-753	-375	-33	-438	-701
<b>Net debt<sup>2)</sup></b>	<b>-2,720</b>	<b>-1,624</b>	<b>-2,128</b>	<b>-2,926</b>	<b>-4,197</b>

1) Includes assets under management.

2) The definition of "net debt" was changed as of 2014 in conjunction with the adoption of new financial targets at the 2014 AGM, after which figures for 2013 were restated. See also the "Definitions" note.

In the third quarter, the Group's net debt increased by SEK 1,271m. This was mainly due to negative cash flow from operating activities and investment activities. The third quarter is seasonally the weakest one for cash flow, partly because of disbursements of holiday pay. The Group's net debt has also been affected by revaluation of the pension liability at a lower discount rate, which has been partly offset by a positive return on pension assets under management.

During the quarter, new short-term commercial-paper loans totaling SEK 400m were raised.

The net debt ratio (net debt/equity) increased to 48%, compared with 33% as of June 30, 2014. The net debt ratio is within the range (10-50%) defined in the new financial targets.

The net debt/EBITDA ratio (rolling 12-month) was 1.8.

Financial preparedness totaled SEK 2,684m, compared with SEK 3,074m as of June 30, 2014, consisting of cash and cash equivalents of SEK 684m and an unutilized committed line of credit of SEK 2,000m maturing in 2017. Cash flow for the quarter had a negative impact on cash and cash equivalents, mainly due to a decrease in other current liabilities. As of September 30, 2014, PostNord had SEK 1,181m in outstanding interest-bearing liabilities maturing within 12 months, compared with SEK 793m on June 30, 2014.

## CASH FLOW

### July-September

Cash flow from operating activities totaled SEK -271m (-363). It was negatively impacted by a decrease in current liabilities, mainly due to disbursements of holiday pay, as well as utilization of provisions of SEK 197m relating to restructuring measures. Higher net income had a positive effect on cash flow.

Cash flow from investing activities totaled SEK -491m (-403). The investments of SEK 385m (368) in property, plant and equipment consisted primarily of production vehicles, transport and sorting equipment and facilities in connection with establishment of the new terminals in Sweden.

During the quarter, an asset was acquired in Norway with a net impact of SEK 63m on cash flow.

Cash flow from financing activities totaled SEK 365m (-114). During the period, the Group raised new loans totaling SEK 400m net (0) within the Parent Company's commercial paper program.

Cash and cash equivalents totaled SEK 684m at the end of the period, compared with SEK 1,074m as of June 30, 2014.

### January-September

Cash flow from operating activities totaled SEK -620m (12). The decrease was mainly due to negative cash flow from changes in working capital, attributable to a decrease in accounts payable compared with the preceding year.

Cash flow from investing activities totaled SEK -1,421m (-1,770). The lower amount is explained by fewer acquisitions in 2014 than in 2013, but also because investments in property, plant and equipment were lower. Investments in property, plant and equipment pertained primarily to production vehicles, transport and sorting equipment, as well as facilities in connection with establishment of the new terminals in Sweden.

Cash flow from financing activities totaled SEK 736m (0). During the period the Group raised new loans totaling SEK 950m net (181), of which SEK 550m have maturity dates of more than one year.

## MARKETS

<b>External net sales<sup>1)</sup></b>	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Excl.<sup>2)</sup></b>		<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Excl.<sup>2)</sup></b>	
<b>SEKm</b>	<b>2014</b>	<b>2013</b>	<b>Δ</b>	<b>Δ</b>	<b>2014</b>	<b>2013</b>	<b>Δ</b>	<b>Δ</b>
<b>PostNord Sweden</b>								
Mail & Communication	3,118	3,151	-1%	-1%	9,926	10,113	-2%	-2%
Logistics	2,040	1,963	4%	4%	6,165	5,667	9%	2%
<b>Total</b>	<b>5,158</b>	<b>5,114</b>	<b>1%</b>	<b>1%</b>	<b>16,091</b>	<b>15,780</b>	<b>2%</b>	<b>0%</b>
<b>PostNord Denmark</b>								
Mail & Communication	1,617	1,629	-1%	-7%	5,022	5,178	-3%	-8%
Logistics <sup>3)</sup>	700	645	9%	2%	2,084	1,971	6%	0%
<b>Total</b>	<b>2,317</b>	<b>2,274</b>	<b>2%</b>	<b>-4%</b>	<b>7,106</b>	<b>7,149</b>	<b>-1%</b>	<b>-6%</b>
<b>PostNord Norway &amp; Finland</b>								
Logistics	1,101	1,067	3%	1%	3,261	3,335	-2%	-1%
<b>Total</b>	<b>1,101</b>	<b>1,067</b>	<b>3%</b>	<b>1%</b>	<b>3,261</b>	<b>3,335</b>	<b>-2%</b>	<b>-1%</b>
<b>PostNord Strålfors</b>	<b>625</b>	<b>583</b>	<b>7%</b>	<b>3%</b>	<b>1,922</b>	<b>1,854</b>	<b>4%</b>	<b>1%</b>
<b>Other countries<sup>3)</sup></b>	<b>334</b>	<b>268</b>			<b>970</b>	<b>777</b>		
<b>Total, PostNord Group</b>	<b>9,535</b>	<b>9,306</b>			<b>29,350</b>	<b>28,895</b>		

1) Division into geographic areas mainly based on corporate domicile.

2) Change excluding acquisitions/divestments and exchange rates.

3) Includes Germany.

### PostNord Sweden

Year-on-year net sales increased in total by 1% during the quarter. Acquisitions and exchange rates had no impact in the quarter. The market continues to be dominated by declined mail volumes, falling numbers of newspaper subscribers and direct mail recipients and tough competition in the logistics sector. Sales for Mail & Communication in Sweden declined 1% due to a 3% decline in mail volumes. The quarter benefited from mailings in connection with Sweden's general election. Sales for Logistics in Sweden increased 4% mainly as a result of increased volumes and new customer contracts.

PostNord is engaged in continuing dialog with Sweden's regulatory authorities with a view to better adapting postal-specific regulations to the changed market conditions. The aim is to enable a good postal service to be maintained in the long term, despite declining mail volumes, and also to enable PostNord to achieve its environmental goals.

### PostNord Denmark

Year-on-year net sales increased in total by 2% during the quarter. Excluding acquisitions and exchange rate effects, net sales declined by in all 4% and were negatively impacted by lower mail volumes, falling numbers of direct mail recipients and continued tough competition in the logistics sector. Net sales for Mail & Communication in Denmark declined 1%, including positive exchange rate effects. Excluding exchange rate effects, sales fell 7% due to a 6% decline in mail volumes. However, volumes benefited from mailings in connection with health cards. Logistics in Denmark recorded a 9% increase, mainly due to exchange rate effects.

PostNord welcomed the new Postal Acts enacted at the beginning of the year, and is continuing its dialogue with regulatory authorities to adapt to the changed market conditions.

### PostNord Norway and Finland

Year-on-year net sales increased by 3% during the quarter. Excluding exchange rate effects, net sales increased 1% primarily due to growth in the parcels business. In Norway, the government intends to withdraw its reservation against the EU's Third Postal Directive. This may open up opportunities for PostNord in the Norwegian mail market in the future.

## BUSINESS AREAS

SEKm	Jul-Sep 2014	Jul-Sep 2013	Excl. <sup>1)</sup>		Jan-Sep 2014	Jan-Sep 2013	Excl. <sup>1)</sup>	
			Δ	Δ			Δ	Δ
<b>Mail &amp; Communication</b>								
Net sales	5,103	5,074	1%	-2%	16,002	16,143	-1%	-3%
Operating income (EBIT)	294	124	>100%	>100%	346	294	18%	20%
Operating margin, % <sup>2)</sup>	5.1%	2.2%			1.9%	1.6%		
<b>Logistics</b>								
Net sales	3,891	3,706	5%	3%	11,653	11,096	5%	1%
Operating income (EBIT)	44	60	-27%	-35%	-8	137	>100%	>100%
Operating margin, % <sup>2)</sup>	1.1%	1.5%			-0.1%	1.1%		
<b>PostNord Strålfors<sup>3)</sup></b>								
Net sales	641	610	5%	1%	1,975	1,937	2%	-1%
Operating income (EBIT)	3	13	-77%	-47%	-28	-8	>100%	>100%
Operating margin, % <sup>2)</sup>	0.5%	2.1%			-1.4%	-0.4%		
<b>Other &amp; Eliminations</b>								
Net sales	-100	-82			-280	-281		
Operating income (EBIT)	4	45			111	59		
PostNord Group's operating income	345	242			421	482		
PostNord Group's net financial items	-37	-63			-90	-149		
PostNord Group's income before tax	308	179			331	333		

1) Change excluding acquisitions/divestments and exchange rates.

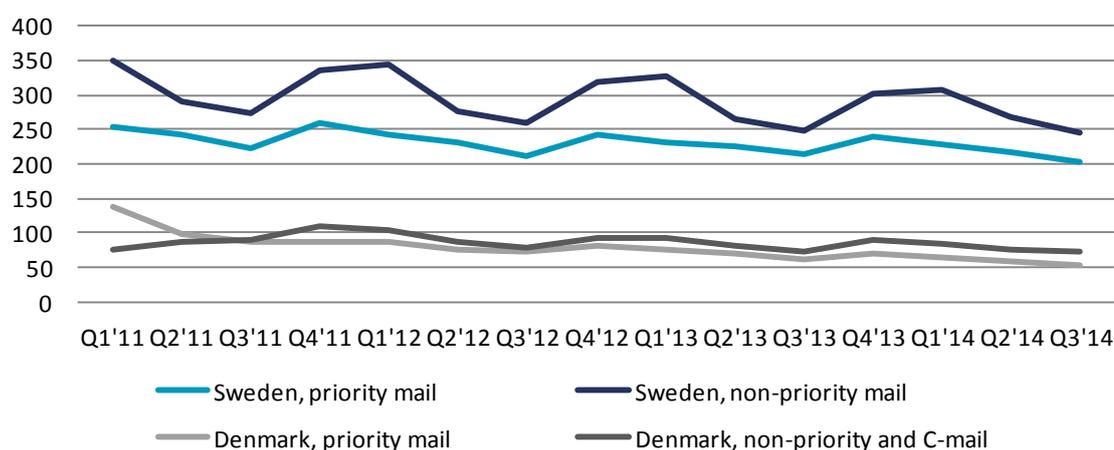
2) Calculation of margins includes Other Income.

3) 2013 figures for PostNord Strålfors restated due to adjusted report from subsidiary.

### Mail & Communication

Year-on-year net sales for business area Mail & Communication increased 1%, mainly due to exchange rate effects. Excluding acquisitions and exchange rate effects, net sales fell 2% because of decline in mail volumes, lower numbers of newspaper subscribers and direct mail recipients, as well as continued competition in direct mail.

Mail volumes, millions of units



Mail volumes during the third quarter declined overall by 4% (6% in Denmark and 3% in Sweden) due to competition from digitalization. Mail volumes benefited during the quarter from mailings in connection with Sweden's general election and personal health cards in Denmark. To date this year, mail volumes have declined overall by 4% (10% in Denmark and 3% in Sweden). The decline was somewhat mitigated by further strong growth in e-commerce-related services.

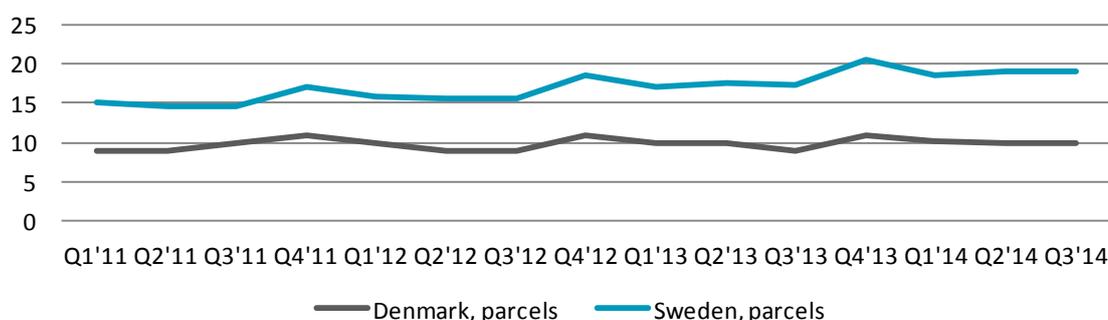
Excluding acquisitions, exchange rate effects and restructuring costs, expenses declined by 3%, mainly due to personnel streamlining measures. Restructuring costs totaled SEK 87m (76).

Operating income totaled SEK 294m (124) during the quarter. The operating margin was 5.1% (2.2). The improvement was mainly the result of personnel streamlining measures carried out.

### Logistics

Year-on-year net sales for business area Logistics increased by 5% as a result of higher sales but also exchange rate effects. Excluding acquisitions and exchange rate effects, net sales increased 3% mainly as a result of higher sales volumes and new customer contracts.

Parcel volumes, millions of units



Parcel volumes increased 8%, with the number of e-commerce-related B2C items up 18%.

Excluding acquisitions, exchange rate effects and restructuring costs, expenses were reduced by 1%. Restructuring costs totaled SEK 0m (-1).

Operating income totaled SEK 44m (60) during the quarter. The operating margin was 1.1% (1.5). The lower margin is attributable to the continued severe competition in the market.

### PostNord Strålfors

Year-on-year net sales for PostNord Strålfors increased by 5%. Excluding acquisitions and exchange rate effects, net sales rose 1%. Lower sales in units exposed to competition from digital alternatives were offset by higher sales of, in particular, new standardized printing solutions and new customer contracts.

Expenses increased by 6%. Excluding acquisitions, exchange rate effects and restructuring costs, expenses increased by 2%. The increase is mainly due to higher costs for input goods and services used in printing services, although the increase was partly offset by lower processing costs. Restructuring costs totaled SEK 0m (0).

Operating income totaled SEK 3m (13) during the quarter. The operating margin was 0.5% (2.1).

Comparative figures for net income in 2013 were amended by SEK -16m due to a corrected report from a subsidiary during Q1 2014.

### Other and eliminations

The operating income of SEK 4m (45) is mainly due to an IFRS calculation of pension costs.

## OUTLOOK

PostNord anticipates continued sharp volume reductions for mail in Denmark and Sweden due to competition from digital alternatives. PostNord maintains its previous assessment that mail volumes may decline 12-14% in Denmark and 4-5% in Sweden during 2014. Continued strong growth for e-commerce in the Nordic region is projected for 2014 with positive effects for goods distribution and parcel volumes, albeit under strong price competition.

PostNord's Group strategy comprises a repositioning for Group operations in response to market changes; securing profitability within Mail & Communication; and developing the Group's position in the Nordic logistics market. This also involves an intensified focus on cost reductions, the effective use of capital and continued financial stability. Continuous structural and cost-saving actions will remain necessary. These actions are expected eventually to generate improved profitability and cash flow. It is PostNord's ambition to maintain its rating as an investment grade company through completion of among other cost savings and capital efficiency measures.

During the 2014-2016 period, PostNord's total investments are expected to amount to 3-5% of Group revenues.

## RISKS AND UNCERTAINTIES

PostNord is exposed to strategic, operational and financial risks. No material changes have occurred during the first nine months of 2014. Please refer to PostNord's 2013 Annual Report (pages 95-98 and Note 2 on pages 110-111), for a description of risks, uncertainties, risk management and significant assessments and estimates. No material changes or assessments have been made since publication of the Annual Report.

## FINANCIAL CALENDAR

Year-end report 2014	February 13, 2015 (new date)
Annual and Sustainability Report	March 23, 2015
Annual General Meeting (AGM) 2015	April 23, 2015
Interim report January-March 2015	April 30, 2015
Interim report January-June 2015	August 13, 2015
Interim report January-September 2015	October 28, 2015

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Solna, October 29, 2014  
PostNord AB (publ), CIN 556771-2640

Håkan Ericsson  
*President and Group CEO*

The information is such that PostNord AB (publ) is required to disclose under the Swedish Security Markets Act. The information was submitted for publication at 8:30 a.m. CET on October 29, 2014.

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

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## REVIEW REPORT

PostNord AB  
CIN 556771-2640

### Introduction

We have conducted a review of the interim financial information (interim report) for PostNord AB as on September 30, 2014 and the nine-month period that ended on that date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### The nature and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting issues, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The opinion expressed is based on a review and accordingly, we do not express an audit opinion.

### Summary

Based on our review, we have not become aware of any circumstances that cause us to believe that the interim report has not, in all material respects, been prepared as regards the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and as regards the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, October 29, 2014

KPMG AB

Helene Willberg  
Authorized Public Accountant

## FINANCIAL STATEMENTS

### Consolidated income statement

SEKm	Note	Jul-Sep 2014	Jul-Sep 2013 <sup>1)</sup>	Jan-Sep 2014	Jan-Sep 2013 <sup>1)</sup>	Jan-Dec 2013 <sup>1)</sup>
Net sales	1	9,535	9,306	29,350	28,895	39,533
Other income		59	56	200	164	233
<b>Income</b>	2	<b>9,594</b>	<b>9,362</b>	<b>29,550</b>	<b>29,059</b>	<b>39,766</b>
Personnel expenses	3	-4,130	-4,251	-13,537	-13,720	-18,626
Transport expenses	3	-2,483	-2,253	-7,209	-6,554	-8,953
Other expenses	3.4	-2,215	-2,218	-7,137	-7,105	-9,887
Depreciation and impairments	3	-423	-400	-1,257	-1,207	-1,648
<b>Expenses</b>		<b>-9,251</b>	<b>-9,122</b>	<b>-29,140</b>	<b>-28,586</b>	<b>-39,114</b>
Participations in the earnings of associated companies	2	2		11	9	10
<b>OPERATING INCOME</b>		<b>345</b>	<b>242</b>	<b>421</b>	<b>482</b>	<b>662</b>
Financial income	3	4		27	40	50
Financial expenses		-40	-67	-117	-189	-258
<b>Net financial items</b>		<b>-37</b>	<b>-63</b>	<b>-90</b>	<b>-149</b>	<b>-208</b>
<b>INCOME BEFORE TAX</b>		<b>308</b>	<b>179</b>	<b>331</b>	<b>333</b>	<b>454</b>
Tax		-76		-75	-58	-148
<b>NET INCOME</b>		<b>232</b>	<b>179</b>	<b>256</b>	<b>275</b>	<b>306</b>
<b>Attributable to</b>						
Parent company shareholders		231	179	253	274	303
Non-controlling interests		1		3	1	3
Earnings per share, SEK		0.12	0.09	0.13	0.14	0.15

### Consolidated statement of comprehensive income

SEKm	Jul-Sep 2014	Jul-Sep 2013 <sup>1)</sup>	Jan-Sep 2014	Jan-Sep 2013 <sup>1)</sup>	Jan-Dec 2013 <sup>1)</sup>
<b>NET INCOME</b>	<b>232</b>	<b>179</b>	<b>256</b>	<b>275</b>	<b>306</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that cannot be transferred to net income</b>					
Revaluation of pension liabilities	-414	1,621	-813	1,745	1,821
Change in deferred tax	91	-357	179	-384	-401
<b>Total</b>	<b>-323</b>	<b>1,264</b>	<b>-634</b>	<b>1,361</b>	<b>1,420</b>
<b>Items that have been or may be transferred to net income</b>					
Cash flow hedges after tax	-2		-10		
Translation differences <sup>2)</sup>	36	-114	225	-91	-107
<b>Total</b>	<b>34</b>	<b>-114</b>	<b>215</b>	<b>-91</b>	<b>-107</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-289</b>	<b>1,150</b>	<b>-419</b>	<b>1,270</b>	<b>1,313</b>
<b>COMPREHENSIVE INCOME</b>	<b>-57</b>	<b>1,329</b>	<b>-163</b>	<b>1,545</b>	<b>1,619</b>
<b>Attributable to</b>					
Parent company shareholders	-58	1,328	-166	1,543	1,616
Non-controlling interests	1	1	3	2	3

1) Restated due to adjusted report from subsidiary.

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

## Consolidated balance sheet

SEKm	Note	Sep 30 2013 <sup>1)</sup>	Dec 31 2013 <sup>1)</sup>	Mar 31 2014	Jun 30 2014	Sep 30 2014
	1					
<b>ASSETS</b>						
Goodwill		3,335	3,295	3,317	3,368	3,393
Other intangible assets		1,559	1,605	1,560	1,497	1,445
Property, plant and equipment		9,134	9,411	9,410	9,604	9,933
Participations in associated companies and joint ventures		72	65	82	74	76
Financial investments		183	211	206	208	221
Other non-current receivables		1,133	1,015	1,072	1,131	1,174
Deferred tax assets		592	537	542	495	467
<b>Total non-current assets</b>		<b>16,008</b>	<b>16,139</b>	<b>16,189</b>	<b>16,377</b>	<b>16,709</b>
Inventories		222	226	235	235	237
Tax assets		633	169	322	469	514
Trade receivables		4,508	4,626	4,761	4,520	4,626
Prepaid expenses and accrued income		1,375	1,526	1,536	1,592	1,535
Other receivables		588	509	489	651	553
Short-term investments		0	150	242	286	
Cash and cash equivalents		1,286	1,981	993	1,074	684
Assets held for sale		380	390	377	358	484
<b>Total current assets</b>		<b>8,992</b>	<b>9,577</b>	<b>8,955</b>	<b>9,185</b>	<b>8,633</b>
<b>TOTAL ASSETS</b>		<b>25,000</b>	<b>25,716</b>	<b>25,144</b>	<b>25,562</b>	<b>25,342</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Capital stock		2,000	2,000	2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954	9,954	9,954
Reserves		-1,901	-1,917	-1,865	-1,736	-1,702
Retained earnings		-1,096	-1,007	-810	-1,425	-1,517
<b>Total equity attributable to parent company shareholders</b>		<b>8,957</b>	<b>9,030</b>	<b>9,279</b>	<b>8,793</b>	<b>8,735</b>
<b>Non-controlling interests</b>		<b>3</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>
<b>TOTAL EQUITY</b>		<b>8,960</b>	<b>9,034</b>	<b>9,284</b>	<b>8,797</b>	<b>8,739</b>
<b>LIABILITIES</b>						
Non-current interest-bearing liabilities		4,289	4,315	4,311	4,341	4,340
Other non-current liabilities		48	82	39	38	42
Pensions		754	375	33	438	701
Other provisions	4	1,435	1,386	1,337	1,370	1,393
Deferred tax liabilities		1,014	1,017	1,029	917	828
<b>Total non-current liabilities</b>		<b>7,540</b>	<b>7,175</b>	<b>6,749</b>	<b>7,104</b>	<b>7,304</b>
Current interest-bearing liabilities		253	274	244	793	1,181
Trade payables		1,989	2,894	1,972	2,041	1,811
Tax liabilities		55	88	100	79	82
Other current liabilities		1,765	1,779	1,854	1,814	2,023
Accrued expenses and prepaid income		4,013	3,917	4,251	4,299	3,721
Other provisions	4	425	555	690	635	481
<b>Total current liabilities</b>		<b>8,500</b>	<b>9,507</b>	<b>9,111</b>	<b>9,661</b>	<b>9,299</b>
<b>TOTAL LIABILITIES</b>		<b>16,040</b>	<b>16,682</b>	<b>15,860</b>	<b>16,765</b>	<b>16,603</b>
<b>TOTAL EQUITY AD LIABILITIES</b>		<b>25,000</b>	<b>25,716</b>	<b>25,144</b>	<b>25,562</b>	<b>25,342</b>

1) Restated due to adjusted report from subsidiary.

## Consolidated statement of changes in equity

SEKm	Equity attributable to the parent company's shareholders						Non-controlling interests	Total equity
	Capital stock <sup>1)</sup>	Contributed equity	Translation differences	Hedging reserve	Retained earnings			
<b>Opening balance 1st Jan 2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,810</b>		<b>-2,614</b>	<b>3</b>	<b>7,533</b>	
<b>Adjustments <sup>2)</sup></b>					<b>-13</b>		<b>-13</b>	
<b>Adj. Opening balance 1st Jan 2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,810</b>		<b>-2,627</b>	<b>3</b>	<b>7,520</b>	
<b>Other comprehensive income for the period</b>								
Net income for the period <sup>2)</sup>					303	3	306	
Other comprehensive income for the period			-107		1,420		1,313	
<b>Total other comprehensive income for the period</b>			<b>-107</b>		<b>1,723</b>	<b>3</b>	<b>1,619</b>	
Dividend					-103	-2	-105	
<b>Closing balance 31st Dec 2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,917</b>		<b>-1,007</b>	<b>4</b>	<b>9,034</b>	
<b>Opening balance 1st Jan 2014</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,917</b>		<b>-1,007</b>	<b>4</b>	<b>9,034</b>	
<b>Other comprehensive income for the period</b>								
Net income for the period					253	3	256	
Other comprehensive income for the period			225	-10	-634		-419	
<b>Total other comprehensive income for the period</b>			<b>225</b>	<b>-10</b>	<b>-381</b>	<b>3</b>	<b>-163</b>	
Dividend					-129	-3	-132	
<b>Closing balance 30th Sep 2014</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,692</b>	<b>-10</b>	<b>-1,517</b>	<b>4</b>	<b>8,739</b>	

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 adjusted report from subsidiary; total of SEK -29m., of which SEK -13m. had an impact on the opening balance and SEK -16 m. on the net income for the period.

## Consolidated statement of cash flows

SEKm	Jul-Sep 2014	Jul-Sep 2013 <sup>1)</sup>	Jan-Sep 2014	Jan-Sep 2013 <sup>1)</sup>	Jan-Dec 2013 <sup>1)</sup>
<b>OPERATING ACTIVITIES</b>					
Income before tax	308	179	331	333	454
Adjustments for non-cash items:					
Reversal of depreciation and impairments	423	400	1,257	1,207	1,648
Capital gain/loss from sale of subsidiaries				-1	-1
Capital gain/loss from sale of PP&E	16	2	16	48	61
Change in pension liability	117	50	295	140	426
Other provisions	35	5	291	281	402
Other items not affecting liquidity	-26	-2	-7	-6	
Pensions paid	-261	-268	-786	-805	-1,070
Other provisions, liquidity effect	-194	-110	-423	-318	-428
Taxes	83	-156	-15	-401	45
<b>Cash flow from operating activities before changes in working capital</b>	<b>501</b>	<b>100</b>	<b>959</b>	<b>478</b>	<b>1,537</b>
Cash flow from changes in working capital					
Increase(-)/decrease(+) in inventories	-3	-16	-12	-29	-32
Increase(-)/decrease(+) in other operating receivables	-273	227	-541	273	65
Increase(+)/decrease(-) in other operating liabilities	-583	-679	-1,090	-766	84
Other changes in working capital	87	5	64	56	3
<b>Changes in working capital</b>	<b>-772</b>	<b>-463</b>	<b>-1,579</b>	<b>-466</b>	<b>120</b>
<b>Cash flow from operating activities</b>	<b>-271</b>	<b>-363</b>	<b>-620</b>	<b>12</b>	<b>1,657</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	-385	-368	-1,122	-1,249	-1,896
Sale of property, plant and equipment	8	12	28	31	62
Capitalized development expenditures	-29	-34	-94	-147	-234
Purchase of other intangible fixed assets	-3	-8	-9	-108	-111
Acquisition of subsidiaries, net	-69	13	-69	-343	-336
Change in financial assets	-13	-18	-155	46	-125
<b>Cash flow from investing activities</b>	<b>-491</b>	<b>-403</b>	<b>-1,421</b>	<b>-1,770</b>	<b>-2,640</b>
<b>FINANCING ACTIVITIES</b>					
Amortized debts		-69	-200	-219	-219
New debts raised	400		1,150	400	400
Change in finance leasing liabilities	-3	-66	-6	-42	-61
Dividend paid to parent company owners			-129	-103	-103
Dividend paid to non-controlling interests	-1	-2	-3	-2	-2
Net pension transactions	-21	6	-64	-62	-194
Increase(+)/decrease(-) in other interest-bearing liabilities	-10	17	-12	28	97
<b>Cash flow from financing activities</b>	<b>365</b>	<b>-114</b>	<b>736</b>	<b>0</b>	<b>-82</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-397</b>	<b>-880</b>	<b>-1,305</b>	<b>-1,758</b>	<b>-1,065</b>
Cash and cash equivalents, opening balance	1,074	2,170	1,981	3,046	3,046
Translation difference in cash and cash equivalents	7	-4	8	-2	0
<b>Cash and cash equivalents, closing balance</b>	<b>684</b>	<b>1,286</b>	<b>684</b>	<b>1,286</b>	<b>1,981</b>

1) Restated due to adjusted report from subsidiary.

## PARENT COMPANY

The parent company, PostNord AB, conducted a very limited intercompany service operation and had four employees as of September 30, 2014.

### Parent Company income statement

SEKm	Note	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
	1					
Other income		6	6	15	18	24
<b>Income</b>		<b>6</b>	<b>6</b>	<b>15</b>	<b>18</b>	<b>24</b>
Personnel expenses		-8	-4	-24	-16	-24
Other expenses		-2	-1	-6	-9	-12
<b>Operating expenses</b>		<b>-10</b>	<b>-5</b>	<b>-30</b>	<b>-25</b>	<b>-36</b>
<b>OPERATING INCOME</b>		<b>-4</b>	<b>1</b>	<b>-15</b>	<b>-7</b>	<b>-12</b>
Income from participations in group companies					773	773
Write-down of shares in subsidiaries						-800
Interest income and similar income items		1	11	13	29	40
Interest expense and similar expense items		-38	-21	-129	-65	-123
<b>Financial items</b>		<b>-37</b>	<b>-10</b>	<b>-116</b>	<b>737</b>	<b>-110</b>
<b>Income after financial items</b>		<b>-41</b>	<b>-9</b>	<b>-131</b>	<b>730</b>	<b>-122</b>
Balance sheet appropriations						92
<b>Income before tax</b>		<b>-41</b>	<b>-9</b>	<b>-131</b>	<b>730</b>	<b>-30</b>
Tax						
<b>NET INCOME</b>		<b>-41</b>	<b>-9</b>	<b>-131</b>	<b>730</b>	<b>-30</b>

### Parent Company statement of comprehensive income

SEKm	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Net income	-41	-9	-131	730	-30
Other comprehensive income for the period					
<b>COMPREHENSIVE INCOME</b>	<b>-41</b>	<b>-9</b>	<b>-131</b>	<b>730</b>	<b>-30</b>

### Parent Company balance sheet

SEKm	Note	Sep 30 2013	Dec 31 2013	Mar 31 2014	Jun 30 2014	Sep 30 2014
	1					
<b>ASSETS</b>						
Financial assets		12,483	11,684	11,685	11,685	11,686
<b>Total non-current assets</b>		<b>12,483</b>	<b>11,684</b>	<b>11,685</b>	<b>11,685</b>	<b>11,686</b>
Current receivables		8,066	8,143	8,135	8,544	8,880
<b>Total current assets</b>		<b>8,066</b>	<b>8,143</b>	<b>8,135</b>	<b>8,544</b>	<b>8,880</b>
<b>TOTAL ASSETS</b>		<b>20,549</b>	<b>19,827</b>	<b>19,820</b>	<b>20,229</b>	<b>20,566</b>
<b>EQUITY AND LIABILITIES</b>						
Equity		16,468	15,708	15,680	15,489	15,449
Non-current liabilities		3,876	3,905	3,907	3,947	3,948
Current liabilities		205	214	233	793	1,169
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,549</b>	<b>19,827</b>	<b>19,820</b>	<b>20,229</b>	<b>20,566</b>

### Parent Company contingent liabilities

Warranty, PRI	136	140	140	140	140
Guarantees on behalf of subsidiaries	299	381	331	420	460
<b>Total</b>	<b>435</b>	<b>521</b>	<b>471</b>	<b>560</b>	<b>600</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 1 Accounting principles

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. PostNord Group's interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and with supplementary rules from the Annual Accounts Act. The same accounting principles and methods of calculation were used in this interim report as in the 2013 Annual Report, apart from what is stated under Changes in accounting principles. The interim report also adapts changes in accounting principles.

The parent company applies the Annual Accounts Act and RFR 2, Accounting for Legal Entities; in effect, the same accounting principles as 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 Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and are to some extent based on tax considerations. The same accounting principles and methods of calculation were used in this interim report as in the 2013 Annual Report, and changes in accounting principles were also applied.

#### *Changes in accounting principles*

Changes in accounting principles applicable as of January 1, 2014: IFRS 10-12 and IFRIC 21, Levies. These changes have not had any material impact. See PostNord's 2013 Annual Report, page 105, for additional information.

### Note 2 Segment reporting

PostNord's organization into business areas 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 areas. 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.

Under the new matrix organization introduced on March 31, 2014, business activities are integrated within each market and the markets have overall responsibility for the entire product and service portfolio as well as sales in each country. Together with the developed brand structure, the new organization further clarifies PostNord for its customers as a Nordic logistics operator.

#### *Markets (see Markets section)*

Markets are divided into the following country organizations: PostNord Sweden, PostNord Denmark (incl. Germany), PostNord Norway & Finland, PostNord Strålfors and Other countries.

#### *Business segments (see Business Areas section)*

*Business area Mail & Communication* provides distribution solutions in the communication market through its nationwide distribution networks in Sweden and Denmark. The business area offers physical and digital mail, direct mail and newspaper services, as well as facility management services.

*Business area Logistics* offers logistics services in the areas of parcels, express and messaging, consignment freight, mixed cargo, thermal, Air & Ocean and third-party logistics. Business area Logistics has a comprehensive offering and distribution network for businesses and individual customers in the Nordic market. Parcel services in Denmark were reported in business area Mail Denmark under the previous organizational structure, but are now reported in Logistics.

*PostNord 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.

*Other* comprises shared services and corporate functions including the parent company 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* comprise the elimination of internal transactions.

### Note 3 Income statement, restructuring costs by segment

	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm	2013	2013	2013	2013	2014	2014	2014
Mail & Communication	-120	-184	-76	-96	-174	-73	-87
Logistics	1	0	-1	-20	-48	-5	0
PostNord Strålfors	0	-30	0	-6	-17	0	0
Other	-4	-11	2	-172	-28	-23	5
<b>Total</b>	<b>-123</b>	<b>-225</b>	<b>-75</b>	<b>-294</b>	<b>-267</b>	<b>-101</b>	<b>-82</b>

### Note 4 Other provisions

	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm	2013	2013	2013	2013	2014	2014	2014
<b>Opening balance</b>	<b>1,944</b>	<b>1,892</b>	<b>2,012</b>	<b>1,860</b>	<b>1,941</b>	<b>2,027</b>	<b>2,005</b>
Provisions	103	224	46	236	239	137	89
<i>of which restructuring activities</i>	84	182	31	219	221	75	26
<i>of which pensions</i>	15	17	15	4	16	53	62
<i>of which other</i>	4	25	0	13	2	9	1
Reversals	-15	-19	-29	-124	-22	-29	-20
Utilizations	-126	-108	-115	-118	-133	-142	-201
<i>of which restructuring activities</i>	-118	-102	-108	-88	-124	-138	-197
<i>of which other</i>	-8	-6	-7	-30	-9	-4	-4
Translation effects	-14	23	-54	87	2	12	1
<b>Closing balance</b>	<b>1,892</b>	<b>2,012</b>	<b>1,860</b>	<b>1,941</b>	<b>2,027</b>	<b>2,005</b>	<b>1,874</b>
<i>of which current</i>	321	423	425	555	690	635	481
<i>of which non-current</i>	1,571	1,589	1,435	1,386	1,337	1,370	1,393

	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep
SEKm	2013	2013	2013	2013	2014	2014	2014
<b>Opening balance</b>	<b>1,944</b>	<b>1,944</b>	<b>1,944</b>	<b>1,944</b>	<b>1,941</b>	<b>1,941</b>	<b>1,941</b>
Provisions	103	327	373	609	239	376	465
<i>of which restructuring activities</i>	84	266	297	516	221	296	322
<i>of which pensions</i>	15	32	47	51	16	69	131
<i>of which other</i>	4	29	29	42	2	11	12
Reversals	-15	-34	-63	-187	-22	-51	-71
Utilizations	-126	-234	-349	-467	-133	-275	-476
<i>of which restructuring activities</i>	-118	-220	-328	-416	-124	-262	-459
<i>of which other</i>	-8	-14	-21	-51	-9	-13	-17
Translation effects	-14	9	-45	42	2	14	15
<b>Closing balance</b>	<b>1,892</b>	<b>2,012</b>	<b>1,860</b>	<b>1,941</b>	<b>2,027</b>	<b>2,005</b>	<b>1,874</b>
<i>of which current</i>	321	423	425	555	690	635	481
<i>of which non-current</i>	1,571	1,589	1,435	1,386	1,337	1,370	1,393

## Note 5 Acquisitions and divestments

Effect of acquisitions and divestments on assets and liabilities, SEKm	Jan-Sep 2014 <sup>1)</sup>			Jan-Dec 2013		
	Acquisitions	Divestments	Total	Acquisitions	Divestments	Total
Goodwill				167		167
Intangible assets	8		8	30		30
Property, plant and equipment	385		385	193		193
Other non-current assets	24		24	0		0
<b>Total non-current assets</b>	<b>417</b>		<b>417</b>	<b>390</b>		<b>390</b>
Current assets	25		25	86		86
<b>TOTAL ASSETS</b>	<b>442</b>		<b>442</b>	<b>476</b>		<b>476</b>
<b>TOTAL LIABILITIES</b>	<b>-343</b>		<b>-343</b>	<b>-175</b>	<b>-1</b>	<b>-176</b>
<b>NET ASSETS</b>	<b>99</b>		<b>99</b>	<b>301</b>	<b>-1</b>	<b>300</b>
Capital gain/loss on divested operations					-1	-1
Other items affecting cash flow	11		11	-54		-54
Purchase consideration paid/received	-99		-99	-301		-301
Cash and cash equivalents (acquired/divested)	19		19	19		19
<b>Net effect on cash and cash equivalents</b>	<b>-69</b>		<b>-69</b>	<b>-336</b>		<b>-336</b>

1) During the third quarter 2014 an asset acquisition within the logistics business area of SEK 325m. was made as well as a couple of smaller acquisitions.

## Note 6 Financial instruments

Financial assets and liabilities reported at fair value in the balance sheet, SEKm	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30
	2013	2013	2014	2014	2014
	Level 2				
<b>Financial investments</b>					
Endowment insurance policies	145	145	144	148	148
<b>Other current receivables</b>					
Currency derivatives	6	12	10	22	8
Terminal settlements	624	334	366	497	536
<b>Cash and cash equivalents</b>					
Commercial paper		295	345		
<b>Total financial assets</b>	<b>775</b>	<b>786</b>	<b>865</b>	<b>667</b>	<b>692</b>
<b>Other current liabilities</b>					
Currency derivatives	7	8	15	19	2
Interest swaps	1	4	9	14	17
Terminal settlements	567	289	473	596	511
<b>Total financial liabilities</b>	<b>575</b>	<b>301</b>	<b>497</b>	<b>629</b>	<b>530</b>

Net borrowings, SEKm	Sep 30	Dec 31	Mar 31	Jun 30	Jun 31
	2013	2013	2014	2014	2015
Commercial paper	200	200	201	200	600
Real estate credit				17	17
MTN				540	540
Credit institution financing	32	62	31	24	14
<b>Total current liabilities</b>	<b>232</b>	<b>262</b>	<b>232</b>	<b>781</b>	<b>1,171</b>
Real estate credit	1,153	1,189	1,189	1,206	1,207
MTN	2,937	2,937	2,937	2,948	2,948
<b>Total long-term liabilities<sup>2)</sup></b>	<b>4,090</b>	<b>4,126</b>	<b>4,126</b>	<b>4,154</b>	<b>4,155</b>
<b>Total financial liabilities</b>	<b>4,322</b>	<b>4,388</b>	<b>4,358</b>	<b>4,935</b>	<b>5,326</b>
Investments with maturities up to 3 months		295	345		
Cash and bank balances, excl. cash in hand	1,139	1,521	550	985	612
<b>Cash and cash equivalents, excl. cash in hand</b>	<b>1,139</b>	<b>1,816</b>	<b>895</b>	<b>985</b>	<b>612</b>
<b>Net borrowings<sup>1)</sup></b>	<b>3,183</b>	<b>2,572</b>	<b>3,463</b>	<b>3,950</b>	<b>4,714</b>

1) SEK 2,000m of unutilized credit facilities with 2017 maturity are not included in net borrowing and can be used for short- and long-term borrowing.

2) Excluding Leasing and endowment insurance policy

### Reporting and fair value valuation of financial instruments

For all financial assets and liabilities, reported value is considered to constitute a fair approximation of fair value with the exception of the group's long-term interest-bearing liabilities. Fair value of long-term interest-bearing liabilities totaled SEK 5,436m (4,365) as of September 30, 2014, while the reported value at the same date totaled SEK 5,326m (4,322).

All financial assets and liabilities reported at fair value in the balance sheet are Level 2; see also PostNord's Annual Report, Note 29, Financial Risk Management and Financial Instruments.

## Note 7 Investment commitments

As of September 30, 2014 PostNord Group had contracted to acquire property, plant and equipment for a total of SEK 583m (858), related primarily to sorting equipment and vehicles. Investment commitments of SEK 342m (391) were made in conjunction with Mail & Communication's new terminal structure in Sweden, and SEK 219m (135) 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 8 Definitions

<b>ADM (addressed direct mail)</b>	Direct mail personally addressed to an individual. ADM is sent with a personal message when companies want to build relationships with existing customers and identify new customers.
<b>Average number of employees</b>	The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.
<b>C-mail</b>	In Denmark, mail with special posting conditions processed in a production flow for distribution within two to four days after mailing.
<b>Corporate Image</b>	Based on a survey in which individuals in Denmark and Sweden respond to questions on their perceptions of Post Danmark and Posten, respectively. Results are reported in an index covering three key dimensions: overall opinion, emotional appeal and rational appeal. From 2014 surveys on PostNord are being conducted in Denmark, Norway and Sweden.
<b>Customer value index</b>	Based on PostNord's measuring tool used to continuously monitor customer satisfaction and customers' perceptions of the business.
<b>Earnings per share</b>	Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.
<b>EBITDA</b>	Earnings before interest, taxes, depreciations and amortizations/impairments.
<b>Employee satisfaction index (MIX)</b>	Part of the Group's employee survey. Results show level of employee commitment.
<b>Financial preparedness</b>	Cash and cash equivalents and unutilized committed credit line.
<b>Leadership index (LIX)</b>	Part of the Group's employee survey. Results show employees' perceptions of immediate supervisors' leadership.
<b>Net debt (new definition as of 2014)</b>	Interest-bearing debt (including pension provisions) less cash and cash equivalents, financial receivables and current interest-bearing receivables. (Non-financial receivables and current interest-bearing receivables were not previously included.)
<b>Net debt/EBITDA</b>	Net debt divided by EBITDA (rolling 12-month).
<b>Net debt ratio</b>	Net debt divided by equity.
<b>Non-priority mail</b>	Mail processed in a production flow for distribution within three business days after mailing.
<b>Capital employed (new definition as of 2014)</b>	Non-interest-bearing assets less non-interest-bearing liabilities. (Tax- and provision-related items were not previously included in calculation.)
<b>Operating margin</b>	Operating income as a percentage of income (net sales and other income). The calculation of operating margin by business area includes sales to other business operations and to parent company functions.
<b>Priority mail</b>	Mail processed in a production flow for delivery on the first business day after mailing.
<b>Return on equity (ROE)</b>	Net income for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.
<b>Return on capital employed (ROCE)</b>	Operating profit for the 12 months to the end of the period divided by average capital employed for the 12 months to the end of the period.
<b>UDM (unaddressed direct mail)</b>	Direct mail sent without personal address by companies that, for instance, do not have their own client register or wish to reach a new target Group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.

## Quarterly data

	Q1 2013 <sup>1)</sup>	Q2 2013 <sup>1)</sup>	Q3 2013 <sup>1)</sup>	Q4 2013 <sup>1)</sup>	Q1 2014	Q2 2014	Q3 2014
<b>SEKm, unless otherwise specified</b>							
<b>PostNord Group</b>							
Net sales	9,832	9,757	9,306	10,638	9,999	9,816	9,535
Other income	45	63	56	69	60	81	59
Expenses	-9,551	-9,913	-9,122	-10,528	-9,960	-9,929	-9,251
of which, personnel expenses	-4,676	-4,793	-4,251	-4,906	-4,671	-4,736	-4,130
of which, transport expenses	-2,104	-2,197	-2,253	-2,400	-2,291	-2,435	-2,483
of which, other expenses	-2,367	-2,521	-2,217	-2,781	-2,580	-2,342	-2,215
of which, depreciation and impairments	-404	-402	-401	-441	-418	-416	-423
Operating income (EBITDA)	735	312	642	621	524	386	768
Operating margin (EBITDA)	7.4%	3.2%	6.9%	5.8%	5.2%	3.9%	8.0%
Operating income (EBIT)	330	-90	242	180	106	-30	345
Operating margin (EBIT)	3.3%	-0.9%	2.6%	1.7%	1.1%	-0.3%	3.6%
Cash flows from operating activities	425	-50	-363	1,657	-469	120	-271
Net debt	3,186	3,694	2,720	1,624	2,128	2,926	4,197
Return on capital employed	4.9%	5.0%	5.5%	6.0%	4.0%	4.3%	10.2%
Average number of employees	38,521	39,419	40,143	39,137	37,712	38,130	38,995
Number of employees at end of period	45,680	48,326	45,552	48,125	44,494	46,336	43,920
of which, temporary employees	6,966	9,621	7,280	10,311	6,523	9,023	7,116
<b>Mail &amp; Communication</b>							
Net sales	5,652	5,417	5,074	5,981	5,556	5,343	5,103
of which, internal	24	23	25	40	25	25	34
of which, Mail	3,376	3,160	2,865	3,516	3,304	3,057	2,823
of which, Advertisements and Newspapers	1,551	1,523	1,474	1,608	1,442	1,428	1,398
of which, Other	725	734	735	857	810	858	882
Other income	573	626	566	663	636	696	686
Operating expenses	-5,949	-6,156	-5,518	-6,369	-6,091	-6,097	-5,498
of which, depreciation and impairments	-192	-186	-192	-199	-193	-198	-196
Operating income (EBIT)	280	-110	124	275	109	-57	294
Operating margin (EBIT)	4.5%	-1.8%	2.2%	4.1%	1.8%	-0.9%	5.1%
Average number of employees	28,661	29,049	29,409	29,349	27,897	28,098	28,956
<i>Volumes, millions of units produced:</i>							
Sweden, priority mail	232	226	213	241	229	218	202
Sweden, non-priority mail	326	266	249	303	307	268	245
Denmark, priority mail	75	70	63	70	64	58	55
Denmark, non-priority and business mail	94	80	73	90	84	77	74
<b>Logistics</b>							
Net sales	3,597	3,793	3,706	4,091	3,849	3,913	3,891
of which, internal	47	45	31	46	42	48	52
of which, Parcels	1,659	1,636	1,558	1,868	1,712	1,702	1,689
of which, Solutions (heavy freight and integrated solutions)	1,146	1,295	1,363	1,395	1,336	1,371	1,401
of which, Other logistics services (mixed cargo, etc.)	792	862	785	828	801	840	801
Other income	319	316	336	308	166	169	171
Operating expenses	-3,867	-4,081	-3,981	-4,415	-4,049	-4,100	-4,018
of which, depreciation and impairments	-100	-104	-103	-118	-108	-106	-111
Operating income (EBIT)	49	28	61	-15	-35	-17	44
Operating margin (EBIT)	1.3%	0.7%	1.5%	-0.3%	-0.9%	-0.4%	1.1%
Average number of employees	7,048	7,306	7,423	7,503	7,484	7,538	7,787
<i>Volumes, millions of units produced:</i>							
Sweden, Parcels	17	17	17	21	19	19	19
Denmark, Parcels	10	10	9	11	10	10	10
<b>PostNord Strålfors</b>							
Net sales	682	645	610	675	681	653	641
of which, internal	28	28	27	24	21	16	16
Other income	2	6	2	5	1	1	1
Operating expenses	-669	-686	-600	-670	-693	-674	-639
of which, depreciation and impairments	-52	-50	-49	-49	-48	-49	-47
Operating income (EBIT)	15	-35	13	10	-11	-20	3
Operating margin (EBIT)	2.2%	-5.4%	2.1%	1.5%	-1.6%	-3.1%	0.5%
Average number of employees <sup>1)</sup>	1,468	1,444	1,477	1,579	1,498	1,416	1,421
Cumulative average exchange rate, SEK/DKK	1.14	1.14	1.15	1.16	1.19	1.20	1.21
Cumulative average exchange rate, SEK/NOK	1.14	1.14	1.12	1.11	1.06	1.08	1.09
Cumulative average exchange rate, SEK/EUR	8.50	8.53	8.58	8.65	8.86	8.95	9.04
Closing day rate, SEK/DKK	1.12	1.17	1.16	1.20	1.20	1.23	1.23
Closing day rate, SEK/NOK	1.11	1.11	1.07	1.06	1.08	1.10	1.12
Closing day rate, SEK/EUR	8.34	8.76	8.68	8.94	8.95	9.20	9.18

1) Previously reported quarterly data has been adjusted.