



# Fourth quarter 2016

10 February 2017

**postnord**

# Overview – results

SEKm	Q4 2016	Q4 2015	△ <sup>2)</sup>	FY 2016	FY 2015	△ <sup>2)</sup>
Net sales	10,355	10,434	-2%	38,478	39,351	-3%
EBITDAI	558	278		1,737	2,436	
Adjusted EBIT <sup>1</sup>	242	501		500	927	
EBIT	-1,012	-284		-1,083	564	
Net income for the period	-1,375	-337		-1,583	278	
Cash flow from operating activities	1,424	900		1,321	1,585	
Net debt	354	-171		354	-171	

<sup>1</sup> Adjusted for items affecting comparability. For more information, please refer to the Year-end report for 2016.

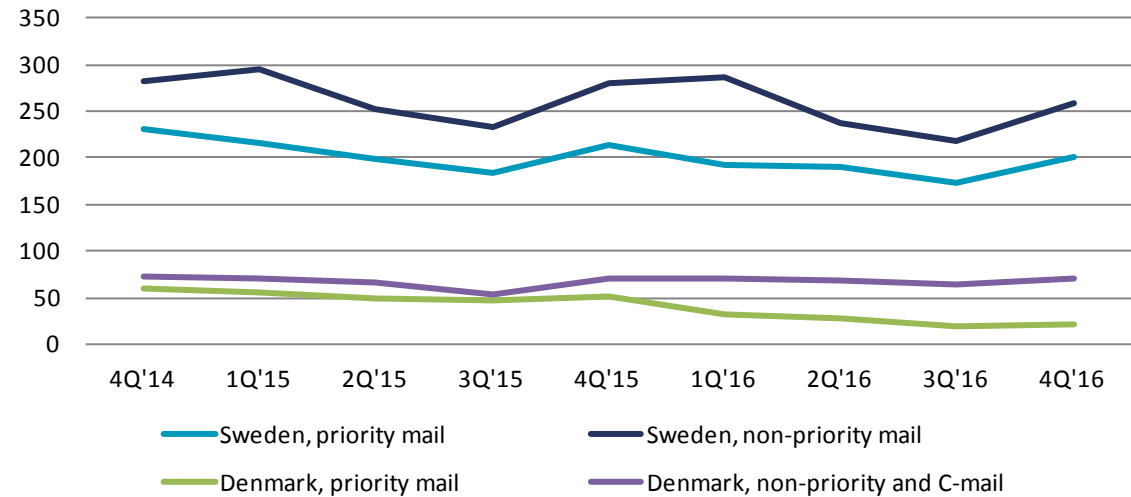
<sup>2</sup> Change excluding acquisitions/divestments and currency

- Market trends:
  - Growing digitization, mail volumes continuing to decline
  - Continued growth in e-commerce
  - Tough competition in the logistics market
  - Weak economy in Norway
- Decision to introduce a new financially sustainable production model in Denmark
- PostNord Strålfors has divested its non-Nordic operations
- New Swedish Postal Services Act announced for May

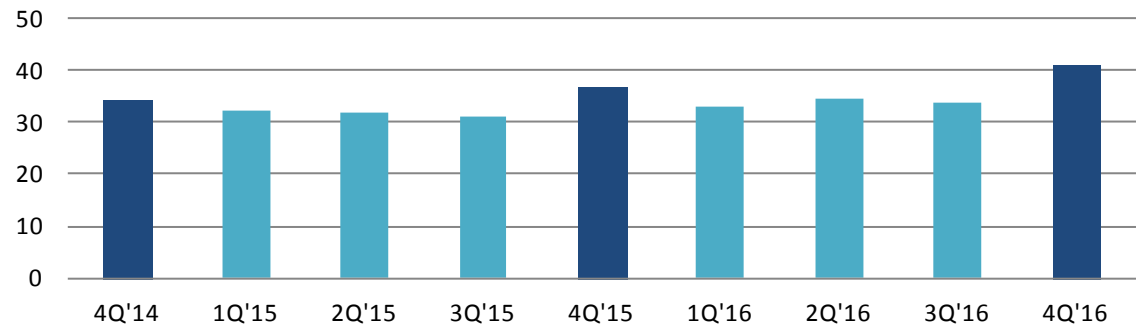
# Trends in the market

- Mail volumes fell by a total of 10% compared to Q4 2015
  - -23% in Denmark
  - -7% in Sweden
- Parcel volumes rose by a total of 11% compared to Q4 2015
  - E-commerce-related B2C parcels increased approx. 18%

MAIL, MILLIONS OF UNITS



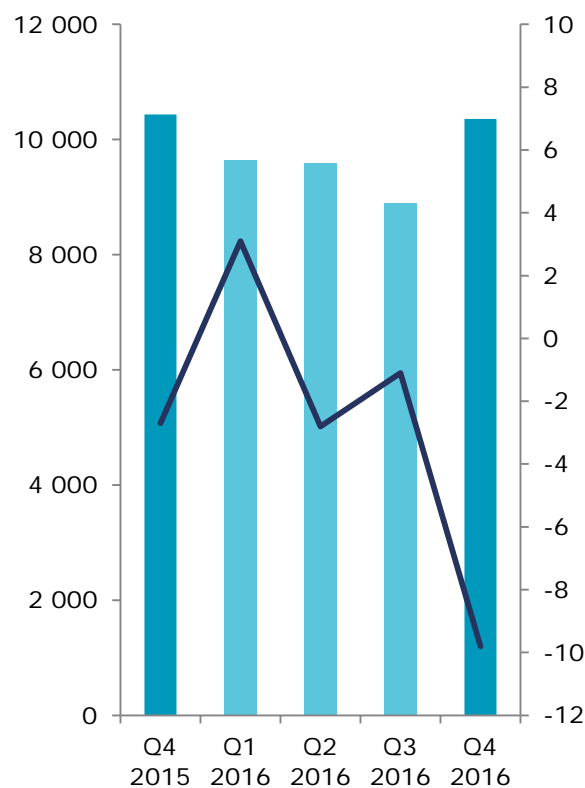
PARCELS, MILLIONS OF UNITS



# PostNord, Group

NEW PRODUCTION MODEL TO BE INTRODUCED IN DENMARK. CLOSER GROUP-WIDE FOCUS ON THE CUSTOMER EXPERIENCE DELIVERING RESULTS.

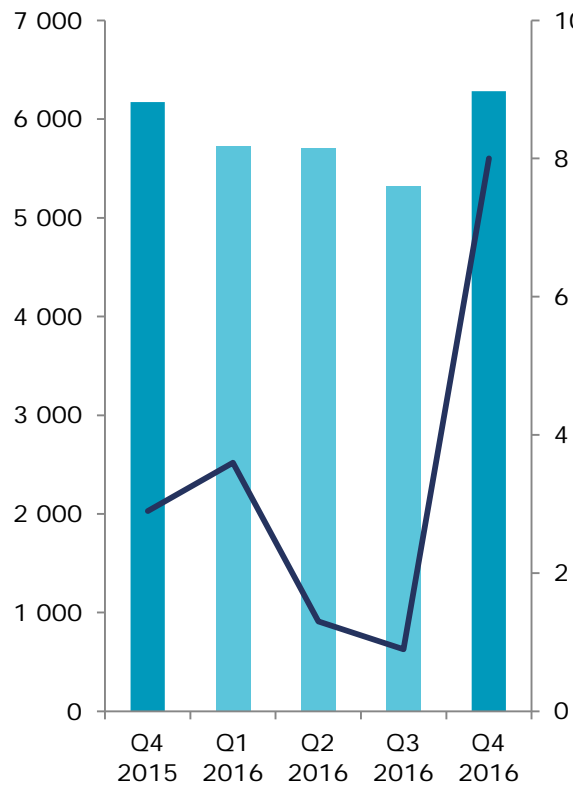
## NET SALES AND EBIT MARGIN



Net sales, SEKm — EBIT margin (%)

- Net sales SEK 10,355m (10,434)
  - Net sales decreased by 2%, excluding currency effects, acquisitions and disposals
  - Growing digitization, decreasing mail volumes, growth in e-commerce-related services and continued tough competition in the logistics market
  
- Adjusted EBIT SEK 242m (501), EBIT SEK -1,012 m (-284)
  - Items affecting comparability, net, SEK -1,255m (-785). Items for 2016 consist primarily of impairment losses in the Danish organization
  - Continued cost adjustments to meet the decline in mail volumes
  - A new financially sustainable production model is being introduced in Denmark

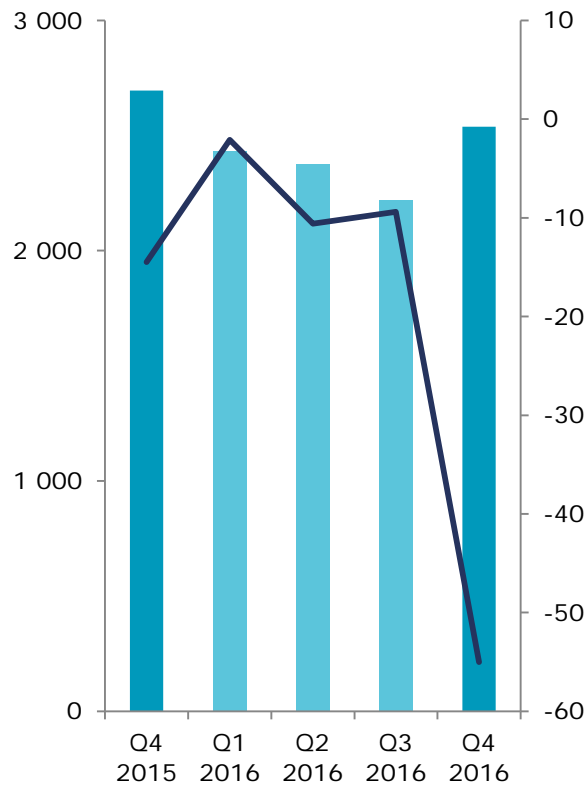
## NET SALES AND EBIT MARGIN



Net sales, SEKm EBIT margin (%)

- Net sales increased by 2%
  - Mail volumes decreased by a total of 7%
  - Increased sales for eCommerce & Logistics, mainly through continued growth in e-commerce, where “Black Friday” and “Cyber Monday” set record-highs in volumes.
- Adjusted EBIT SEK 510m (260), EBIT SEK m 502 (182)
  - Increased income, while costs continue to be adjusted to lower mail volumes

## NET SALES AND EBIT MARGIN

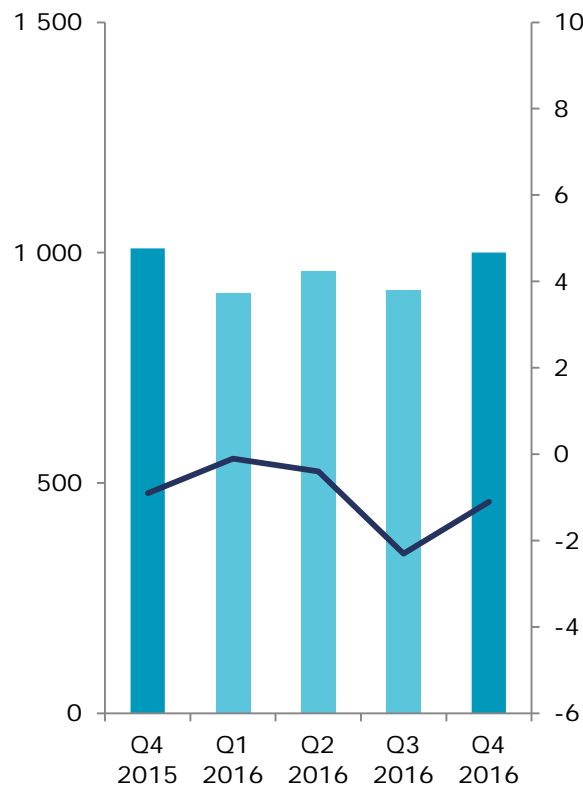


Net sales, SEKm EBIT margin (%)

- Net sales fell by 11% excluding currency effects and acquisitions
  - Mail volumes fell by 23%
  - Higher volumes of B2C parcels
  - Positive growth for heavy logistics
- Adjusted EBIT SEK -144 m (27), EBIT SEK -1,397 m (-390)
  - Lower mail income not offset through cost adjustments
  - A new financially sustainable production model will be introduced



## NET SALES AND EBIT MARGIN

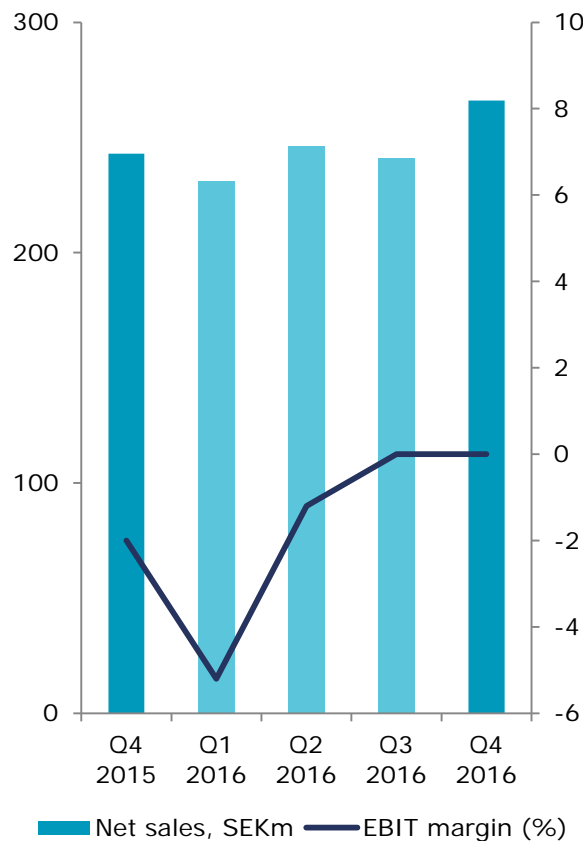


■ Net sales, SEKm — EBIT margin (%)

- Net sales decreased by 8% excluding currency effects and acquisitions
  - Weak demand as a result of slack growth in the Norwegian economy, price pressure and terminations of unprofitable customer agreements in thermo
- Adjusted EBIT SEK -6 m (0)
- EBIT SEK 11m (-9)
  - Declining income has been met via cost adjustments

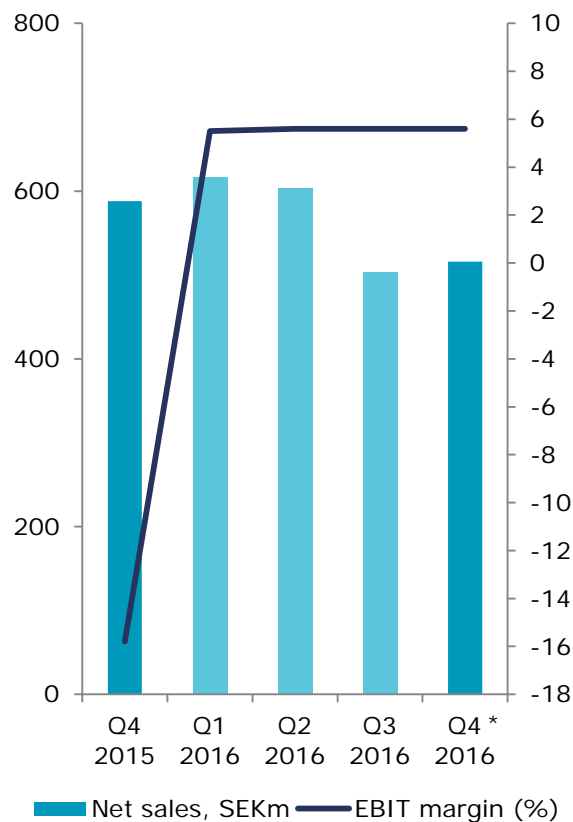


## NET SALES AND EBIT MARGIN



- Net sales rose by 9% percent, and by 5% excluding currency effects and acquisitions
  - Increase in parcel volumes
- EBIT SEK -1 m (-5)
  - Costs related to the acquisition of Uudenmaan Pikakuljetus Oy (UPK)

## NET SALES AND EBIT MARGIN

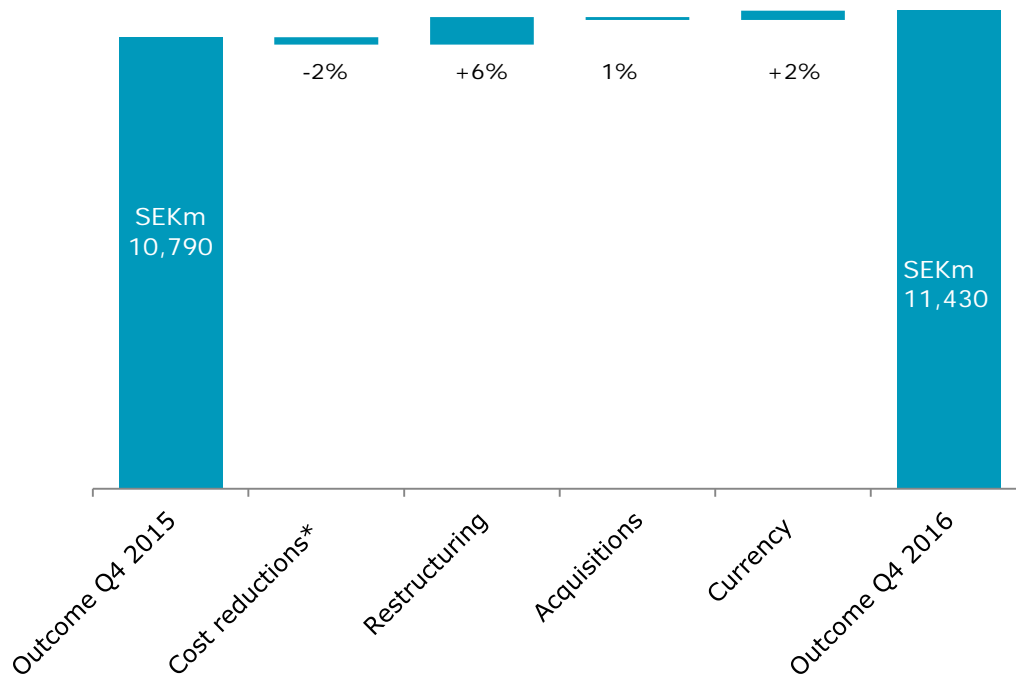


- Net sales fell by 12%, and rose by 5% excluding exchange rates, acquisitions and divestments
  - Increased sales under new customer agreements in Finland and Norway and from digital communication services
  
- Adjusted EBIT SEK 29m (29), EBIT SEK 26m (-93)
  - Income affected by items related to sale of non-Nordic operations
  - Improvement in adjusted operating income explained by increased sales and cost-cutting programs implemented

\* Adjusted EBIT margin

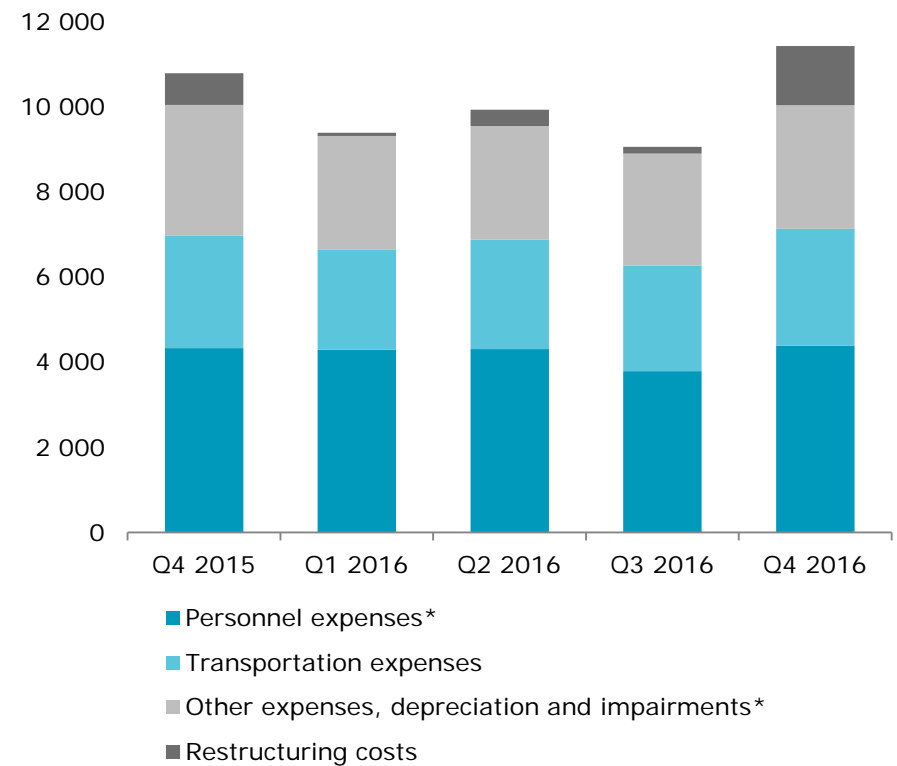
# Trend of costs

TREND OF GROUP'S COSTS



\*Including cost inflation

GROUP'S OPERATING COSTS, SEKm

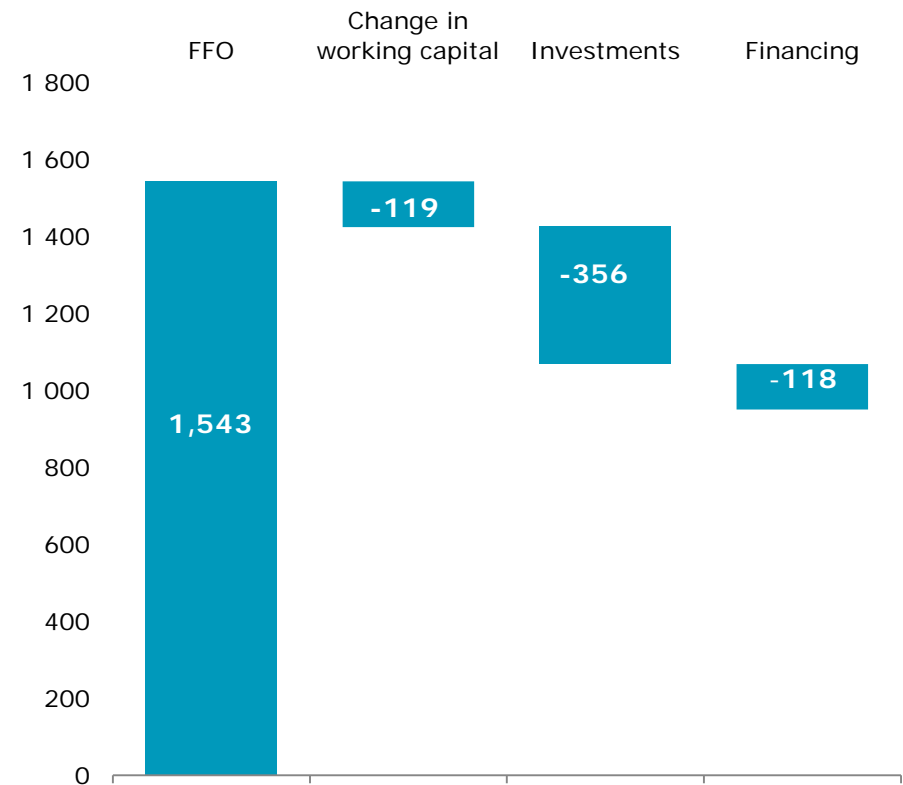


\*Excluding restructuring costs

# Trend of cash flow

- Cash flow from operating activities  
SEK 1.424 m (SEK 900 m)
- Cash flows from investing activities  
SEK -356m (SEK -435m)
  - Cash and cash equivalents of SEK 350m were invested in commercial paper
  - Investments consist mainly of investments in infrastructure for the integrated production model and vehicles
- Cash flow for the period SEK 950m  
(SEK 455m)

CASH FLOW, FOURTH QUARTER 2016, SEKm



# Net debt

- Net debt decreased by SEK 2 429m to SEK 354 m
  - Affected by revaluation of pension obligations and positive cash flow
- Financial preparedness amounting to SEK 4.927 m, of which cash and cash equivalents total SEK 1.577 m

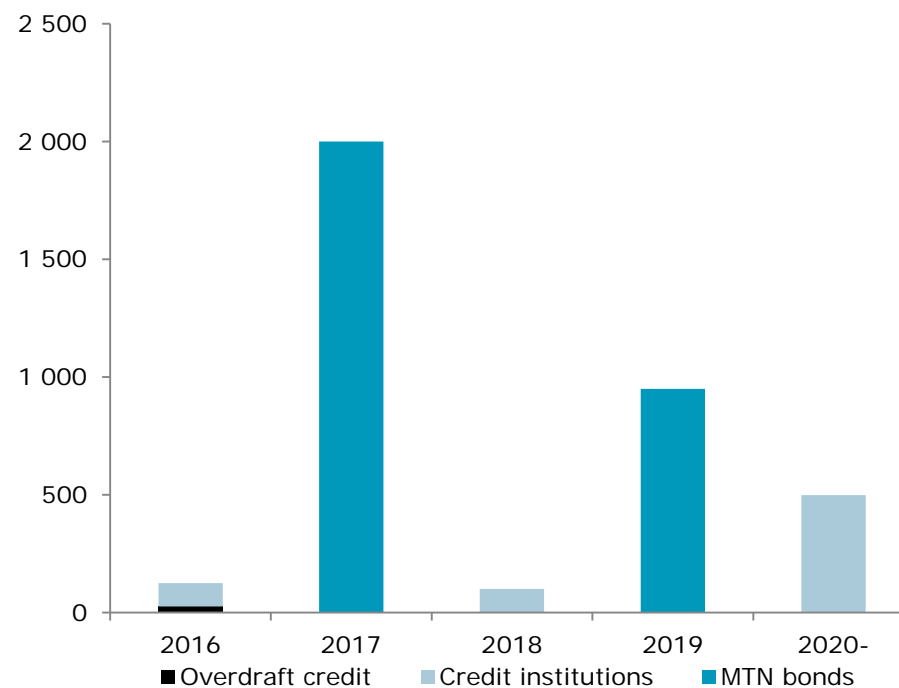
SEKm	Dec 31, 2016	Sep 30, 2016	June 30, 2016
Interest-bearing debt	3,745	3,863	3,854
Pensions and disability pension plans	-1,201	158	-620
Long- and short-term investments	-613	-613	-560
Cash and cash equivalents	-1,577	-625	-1,654
<b>Net debt</b>	<b>354</b>	<b>2,783</b>	<b>1,020</b>
<i>Net debt/EBITDAI, times</i>	<i>0,2</i>	<i>1,9</i>	<i>0.3</i>
<i>Net debt ratio, %</i>	<i>5</i>	<i>39</i>	<i>7</i>
<i>Financial preparedness</i>	<i>4,927</i>	<i>3,975</i>	<i>3,955</i>

# Credit profile

## OVERVIEW OF LINES OF CREDIT, DECEMBER 31, 2016

Credit	Total amount SEK bn	Amount utilized SEK bn
Revolving credit facility, maturing in 2019	2.0	0.0
Bridging facility maturing in 2018	1.0	
Commercial paper	3.0	0.0
Credit institutions	1.5	0.6
MTN bonds	6.0	2.95
<b>Total utilized, December 31, 2016</b>		<b>3.6</b>
Credit lines with short maturity		2.0

## MATURITY STRUCTURE, DECEMBER 31, 2016, SEKm



An undrawn revolving credit facility (RCF) of SEK 2.0bn is in place, maturing in 2019.  
An undrawn bridging facility (RCF) of SEK 1.0bn is in place, maturing in 2018.

# Financial targets

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

Area	Key ratio	Outcome Dec. 31, 2016	Target
Profitability	Return on capital employed (ROCE)	-+12.1%	10.5%
Capital structure	Net debt ratio	+5%	10-50%
Dividend policy	Dividend	2017: Proposed: No dividend 2016: No dividend	40-60% of net income for the year (guide value 50%)



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