



Third quarter

October 27, 2017

postnord

Overview – results

SEKm	Q3 2017	Q3 2016	△ ²	Jan-Sep 2017	Jan-Sep 2016	△ ²	FY 2016
Net sales	8,565	8,895	-3%	26,996	28,123	-4%	38,478
Adjusted EBIT ¹	-123	-41		66	258		500
EBIT	-199	-101		-396	-71		-1,083
Net income for the period	-224	-145		-544	-208		-1,583
Cash flow from operating activities	-370	-656		1,542	-103		1,321
Net debt	926	2,783		926	2,783		354

¹Adjusted for items affecting comparability. For more information, please refer to the Interim report for the third quarter 2017.

²Change excluding acquisitions/divestments and currency.

- Market trends:
 - Growing digitization, mail volumes continuing to decline
 - Growth in e-commerce
 - Tough competition in the logistics market

- On Friday, October 20, PostNord's owners – the Swedish and Danish States – presented an agreement concerning the financing for the transformation of the Danish business to a new production model
- New Swedish postal regulation will change overnight-delivery requirement to two-day delivery from January 1, 2018
- Transition to financially sustainable production model in Denmark has begun
- Further resources deployed to ensure high level of quality
- Launch of evening home delivery as standard and Saturday delivery to partner outlets in Sweden

Trends in the market

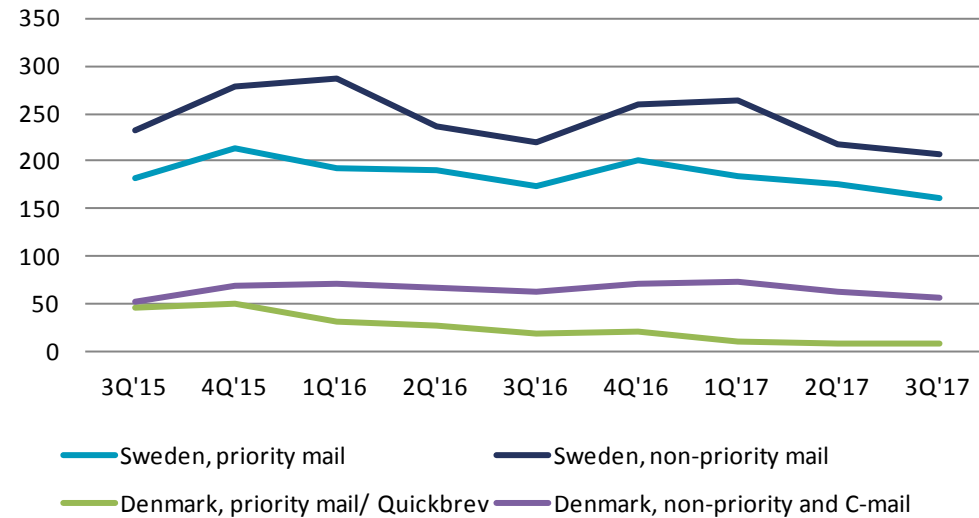
Mail volumes fell by a total 10% compared with Q3 2016

- -21% in Denmark
- -7% in Sweden

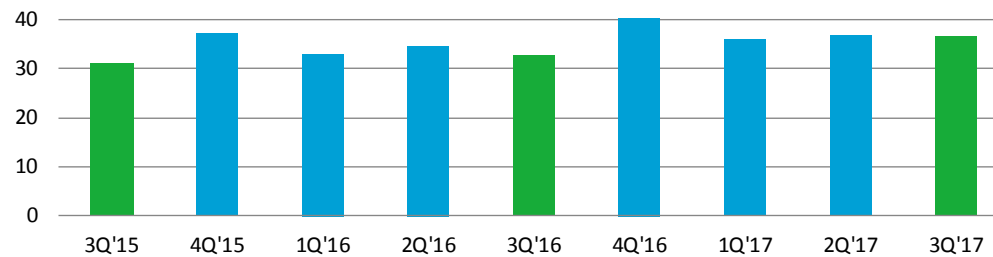
Parcel volumes rose by a total of 12% compared with Q3 2016

- E-commerce-related B2C parcels increased by 17%

MAIL, MILLIONS OF UNITS



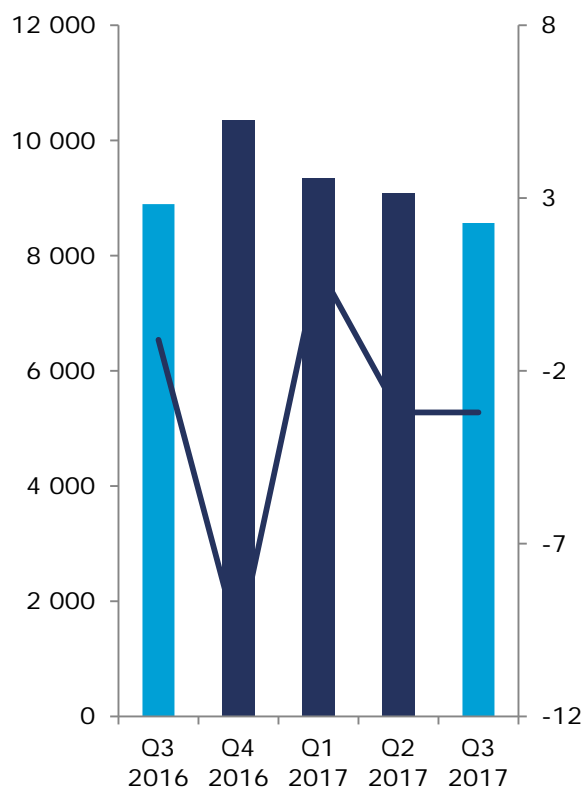
PARCELS, MILLIONS OF UNITS



PostNord, Group

UNCERTAINTY DISPELLED – FINANCING FOR THE DANISH TRANSFORMATION AND SWEDISH POSTAL LEGISLATION IN PLACE

NET SALES AND EBIT MARGIN



Net sales, SEKm — EBIT margin (%)

Net sales SEK 8,565m (8,895)

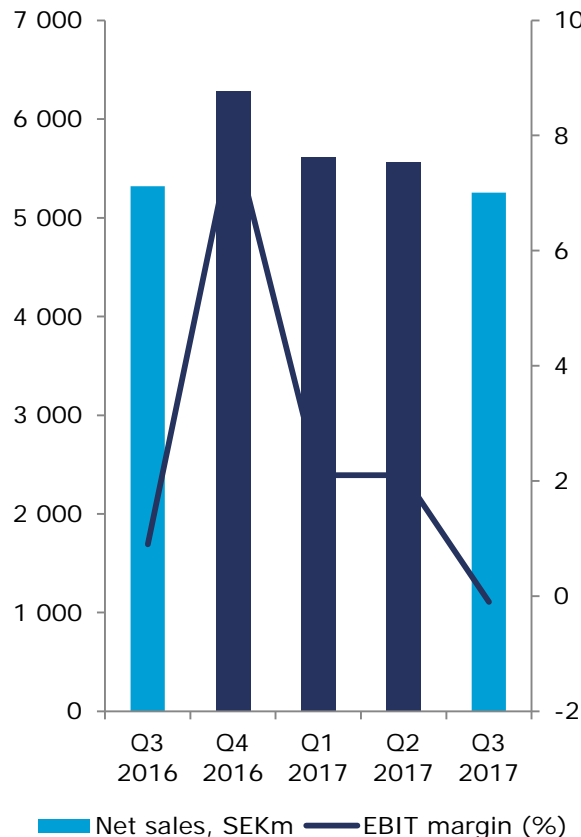
- Net sales decreased by 3% excluding currency effects, acquisitions and disposals
- Growing digitization, decreasing mail volumes, growth in e-commerce-related services

Adjusted EBIT SEK -123m (-41),

EBIT SEK -199m (-101)

- Items affecting comparability of SEK -77m (-60) relate 2017 to the transformation of the Danish business
- Lower earnings because of sharply declining income in the mail business
- The transition to a financially sustainable production model in Denmark has begun

NET SALES AND EBIT MARGIN



Net sales decreased by 1%, excluding currency effects and acquisitions and disposals

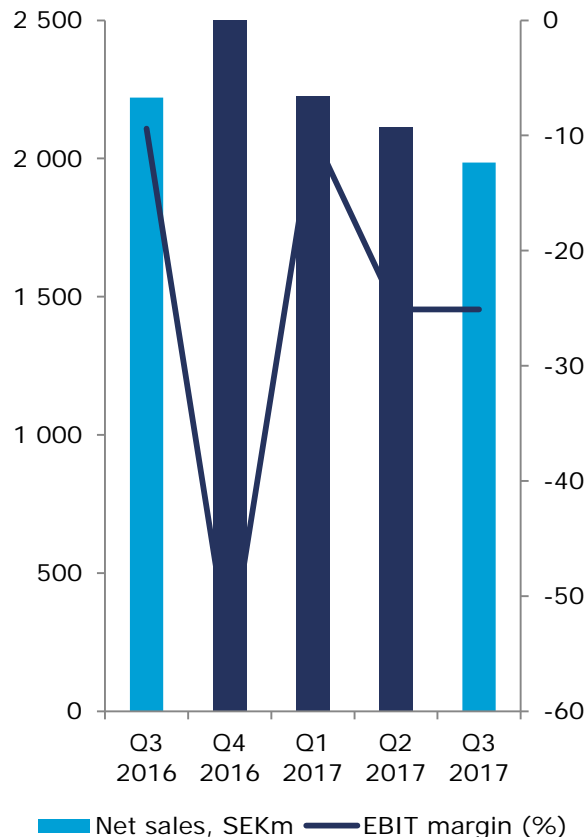
- Mail volumes decreased by a total of 7%
- Increased sales for eCommerce & Logistics, mainly through continued growth in e-commerce, and pallets, mixed cargo groupage and third party logistics.

Adjusted EBIT SEK m -7(47)

EBIT SEK -7m (47)

- Decrease in mail income
- Increased costs for ensuring high level of quality

NET SALES AND EBIT MARGIN



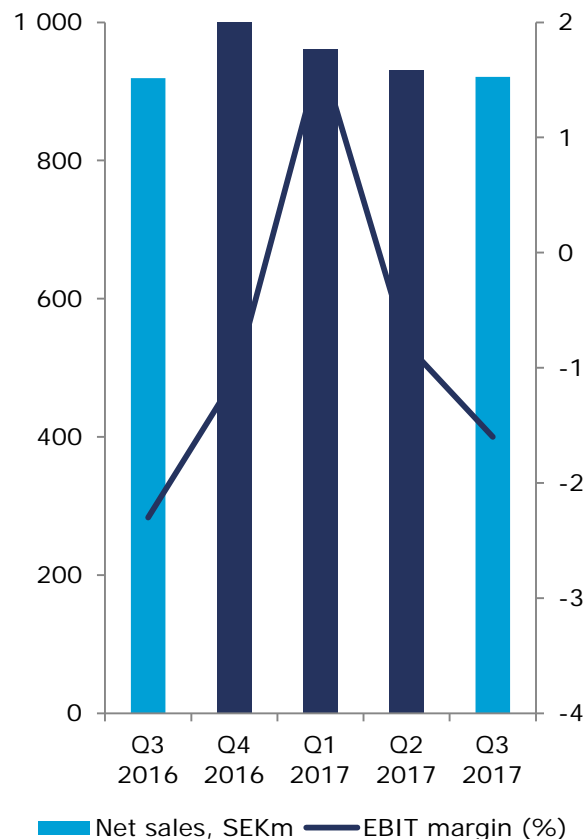
Net sales fell by 9% excluding currency effects and acquisitions

- Mail volumes fell by 21%

Adjusted EBIT SEK -239m (-209),
EBIT SEK -315m (-209)

- Lower mail income has not been offset through cost adjustments
- Work on introducing a new financially sustainable production model has begun

NET SALES AND EBIT MARGIN



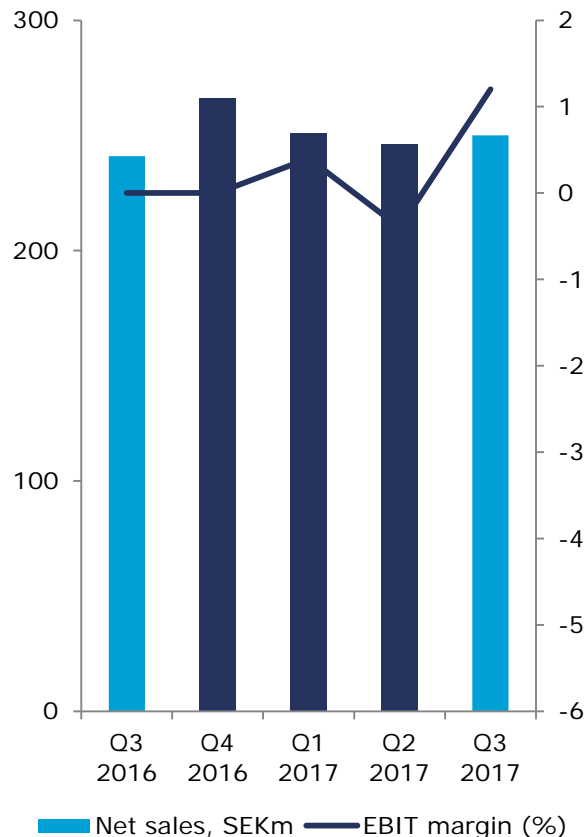
Net sales totalled SEK 921m (919)

- Improved economy has created positive volume growth, which is being negatively affected by continued pressure on prices and tough competition

EBIT SEK -15m (-21)

- Further robust cost adjustment measures and increased flexibility in the event of volume fluctuations

NET SALES AND EBIT MARGIN



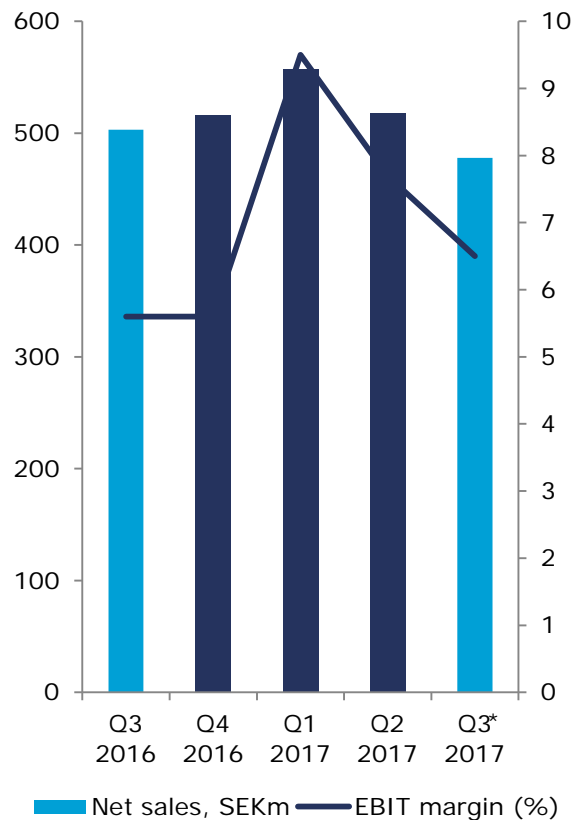
Net sales increased by 3% excluding currency effects and acquisitions

- Volume growth in B2B and B2C parcels, together with increased sales in third-party logistics

EBIT SEK 3m (0)

- The improvement is due to increased income, tight control of costs, lower rental costs and the fact that results in the preceding year were affected by the costs of integrating UPK

NET SALES AND EBIT MARGIN



Net sales increased by 2%, excluding exchange rates, acquisitions and divestments

- Increased demand for hybrid services combining digital and physical communication, and in digital communication offerings

Adjusted EBIT SEK 31m (28)

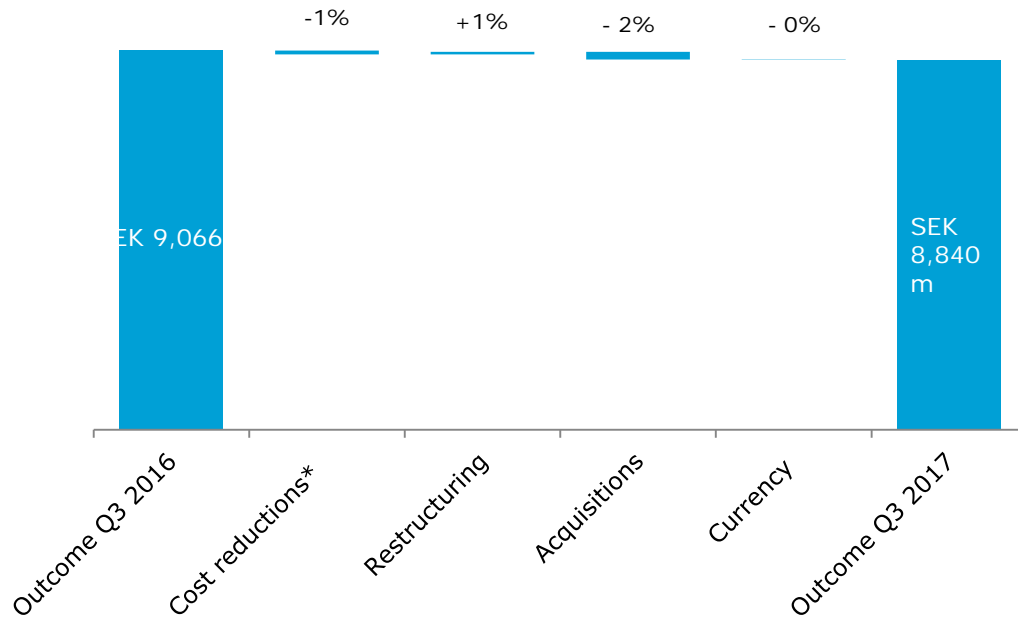
EBIT SEK 31m (-21)

- The improvement was achieved through tight cost control, efficiency improvements and growth in digital services. EBIT in the preceding year was charged with costs connection with disposal of business outside the Nordic region.

*Adjusted EBIT margin

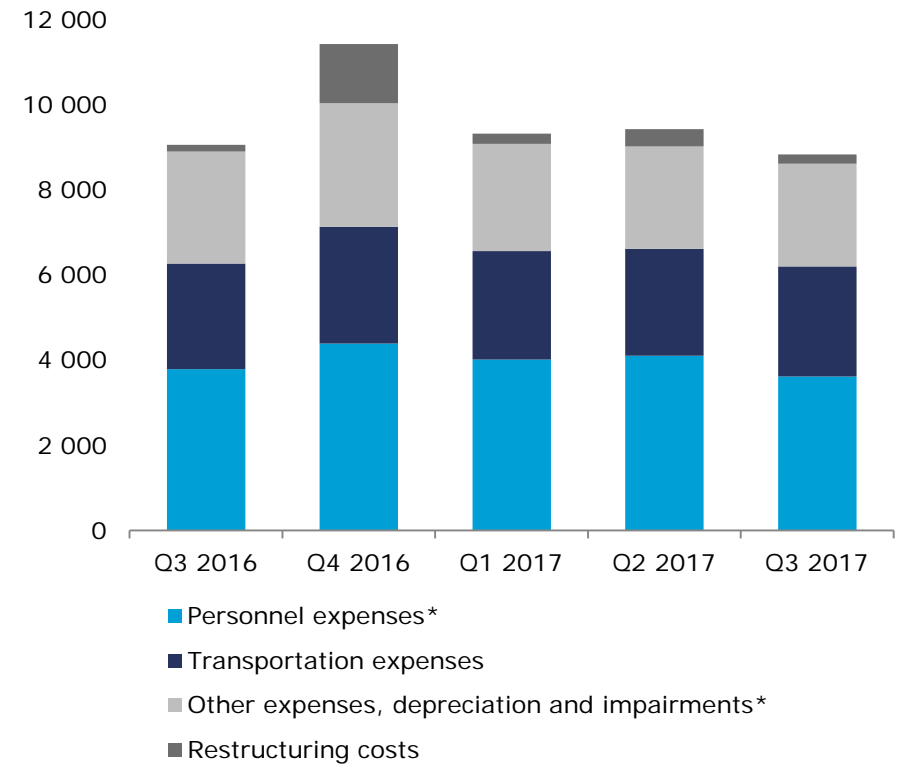
Trend of costs

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 -370m (-656)

Cash flows from investing activities SEK
170m (-384)

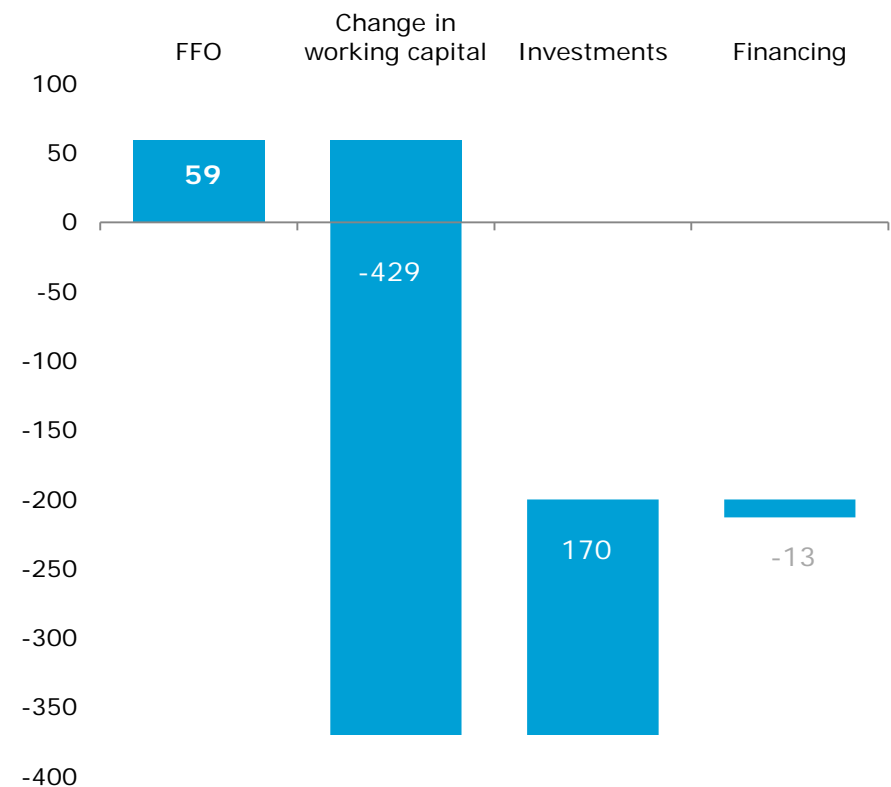
- Investments focused mainly on the integrated production model and IT development
- Investment in commercial paper decreased by SEK 400m

Cash flow from financing activities SEK
-13m (8)

- The Group drew on two credit facilities for a total of SEK 2,000m in order to refinance maturing bond loans of SEK 2,000m.

Cash flow for the period SEK -213m
(-1,032)

CASH FLOW, THIRD QUARTER 2017, SEKm



Net debt

Net debt increased by SEK 894m to SEK 926m

- Affected by revaluation of pension commitment and an underlying negative operating cash flow

Financial preparedness amounting to SEK 5,013m, of which cash and cash equivalents total SEK 2,872m

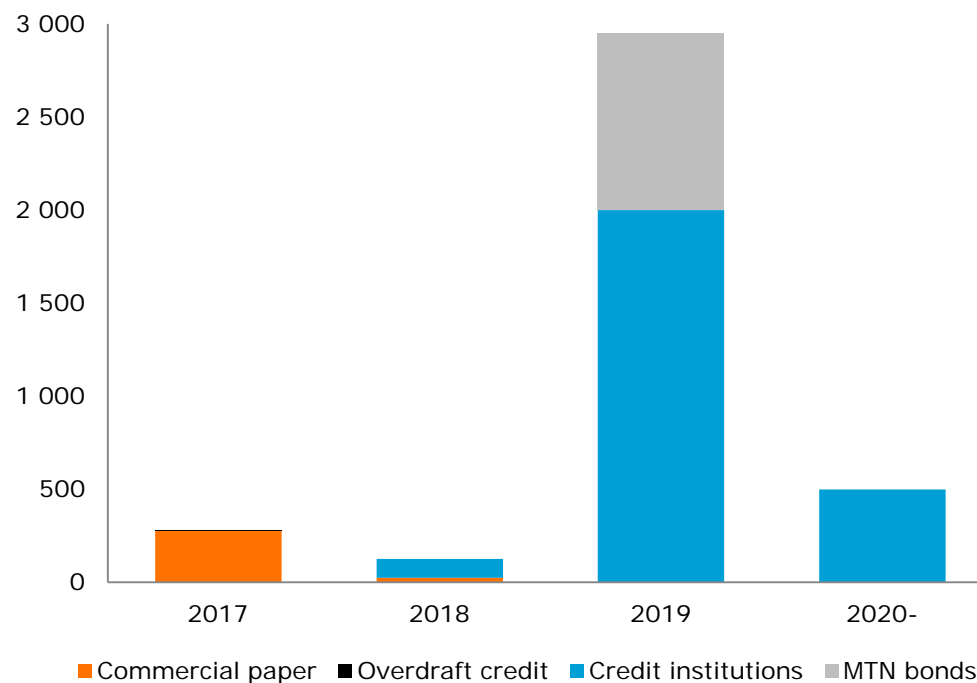
SEKm	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Interest-bearing debt	4,019	4,029	3,743
Pensions and disability pension plans	201	-88	-1,520
Long- and short-term investments	-422	-823	-765
Cash and cash equivalents	-2,872	-3,086	-2,146
Net debt	926	32	-688
<i>Net debt/EBITDAI, times</i>	<i>0.8</i>	<i>0.0</i>	<i>-0.5</i>
<i>Net debt ratio, %</i>	<i>14</i>	<i>0.4</i>	<i>-9</i>
<i>Financial preparedness</i>	<i>5,013</i>	<i>7,627</i>	<i>5,646</i>

Credit profile

OVERVIEW OF LINES OF CREDIT, SEPTEMBER 30, 2017

Credit	Total amount SEK bn	Amount utilized SEK bn
Confirmed revolving credit facility, maturing in 2020	2.0	0.0
Commercial paper	3.0	0.3
Credit institutions	2.6	2.6
MTN bonds	6.0	0.95
Total utilized, September 30, 2017		3.9
Credit lines with short maturity		0.3

MATURITY STRUCTURE, SEPTEMBER 30, 2017, SEKm



Alongside credit lines drawn upon, an undrawn revolving credit facility (RCF) of SEK 2.0bn is in place (maturing in 2020).

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 September 30, 2017	Target
Profitability	Return on capital employed (ROCE)	-17.5%	10.5%
Capital structure	Net debt ratio	14%	10-50%
Dividend policy	Dividend	2017: No dividend	40-60% of net income for the year

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