Year-end report

Q4 2017

OCTOBER-DECEMBER 2017

- Net sales SEK 10,083m (10,355).
- Operating income SEK 272m (-1,012).
- Adjusted operating income SEK 272m (242).
- Items affecting comparability, net SEK –m (-1,254).
- Net income for the period SEK 207m (-1,375).
- Earnings per share, SEK 0.10 (-0.69).
- Cash flow from operating activities SEK -181m (1,424)

JANUARY-DECEMBER 2017

- Net sales SEK 37,079m (38,478).
- Operating income SEK -124m (-1,083).
- Adjusted operating income SEK 338m (500).
- Items affecting comparability, net, SEK -462m (-1,583).
- Net income for the period SEK -337m (-1,583).
- Earnings per share, SEK -0.17 (-0.79).
- Cash flow from operating activities SEK 1,361m (1,321)

We deliver! PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop options for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2017, the Group had around 31,000 employees and sales of around SEK 37 billion. The parent company is a Swedish public limited company headquartered in Solna, Sweden. Visit us at www.postnord.com

FINANCIAL OVERVIEW AND KEY RATIOS[1]

SEKm, if not otherwise stated	Oct-Dec 2017	Oct-Dec 2016	△	△[2)]	Jan-Dec 2017	Jan-Dec 2016	△	△[2)]
INCOME ITEMS								
Net sales	10,083	10,355	-3%	-2%	37,079	38,478	-4%	-4%
Operating income (EBIT)	272	-1,012			-124	-1,083		
Operating margin (EBIT)	2.7%	-9.8%			-0.3%	-2.8%		
Adjusted operating income (EBIT)	272	242			338	500		
Adjusted operating margin (EBIT)	2.7%	2.3%			0.9%	1.3%		
Operating income (EBITDAI)	602	558			1,193	1,737		
Operating margin (EBITDAI)	6.0%	5.4%			3.2%	4.5%		
Income before tax	288	-1,012			-136	-1,108		
Net income	207	-1,375			-337	-1,583		
CASH FLOWS								
Cash flows from operating activities	-181	1,424			1,361	1,321		
FINANCIAL POSITION								
Financial preparedness	4,196	4,927			4,196	4,927		
Net debt	238	354			238	354		
KEY RATIOS								
Earnings per share, SEK	0.10	-0.69			-0.17	-0.79		
Net debt/EBITDAI, times	0.2	0.2			0.2	0.2		
Net debt ratio	3%	5%			3%	5%		
Return on capital employed (ROCE)	-1.6%	-12.1%			-1.6%	-12.1%		
Average number of employees	31,134	32,405			31,350	33,278		

[1)] See page 19 for definitions.

[2)] Change excluding acquisitions/divestments and currency.

Unless otherwise stated, the report comments on developments in October-December 2017 compared to the same period in 2016.

CEO COMMENTS

POSTNORD MEETS THE STRONG GROWTH IN E-COMMERCE WITH INCREASED CAPACITY AND FLEXIBILITY

The accelerating growth in e-commerce brought record volumes in the fourth quarter and over the full year 2017. At the same time, digitization is continuing to adversely impact our mail volumes. PostNord has a clear strategy to meet the opportunities and challenges following digitization.

Growth in e-commerce driven logistics is very buoyant and the Group's e-commerce related B2C volumes rose by all of 19% in the fourth quarter and by 14% for the full year. The fourth quarter is seasonally a strong one in volume terms, driven by Black Friday and the traditional Christmas trade. Over the full year, the volume of mail decreased by 9%, 7% in Sweden and 18% in Denmark. Like-for-like net sales were down 4%, with growth in logistics being unable to offset low mail revenues.

In October, we received an important and a welcome message from our owners. The Danish and Swedish States had reached an agreement regarding the financing of the transition to a financially sustainable production model in Denmark. The agreement is conditional on approval by the EU Commission, which we have not yet received. The Swedish government also decided a new postal regulation would be effective as of January 1, 2018. It states that two-day delivery is the new standard service for stamped mail items and allowed a one-off adjustment to postal rates. These decisions are essential for PostNord to be able to fulfil its universal postal service obligations under reasonable financial conditions.

PostNord Strålfors continues to show strong profit growth. On an annualized basis, PostNord Norway and PostNord Finland have turned around their 2016 losses into profits. The poorer outcome for PostNord Sweden resulted from falling mail revenues that could not be fully offset via cost adjustments. PostNord Denmark is meeting the far-reaching effects of digitization with perhaps its biggest restructuring ever. The Group's adjusted operating income amounted to SEK 272m (242) for the quarter and SEK 338m (500) for the full year. Items affecting comparability amounted to SEK –m (-1,254) for the quarter and SEK -462m (-1,583) for the full year. In 2017, these items consisted entirely of costs relating to reduction of employment for personnel benefiting from "special employment conditions" in the Danish business. While awaiting the EU Commission's decision on the financing arrangement for the restructuring program in Denmark, no further terminations of employment for personnel with special employment conditions will take place. On the other hand, the transition to the new production model in the Danish business continues, and on January 21, 2018, the model for mail distribution was rolled out across the whole of Denmark. However, the impact on results will only be realized when we can reduce our staffing fully according to plan, which will take place once we have the approval from the EU Commission.

Despite an increase in staffing to ensure quality in mail distribution in Sweden, the outcome for the fourth quarter was lower for overnight delivery than in the year previously. The outcome for the year was 90.4%, which we are not satisfied with, although it is higher than the statutory requirement of 85%. In Denmark, quality in the standard service "Brevet" was 95.1%, which is above the statutory requirement of 93%. Quality in parcels was slightly lower than last year as a result of the virtually explosive growth in e-commerce in the last quarter. To meet the demand fueled by the e-commerce driven growth, investments in additional terminal capacity are in progress. In the second quarter of 2018, we will inaugurate our new parcel and goods terminal with its distribution hub at Køge, just outside Copenhagen. Measuring 25,000 square meters, this is our biggest terminal in Denmark. In Sweden, our capacity will expand when the new terminals in Örebro and Växjö go on stream in 2018.

Our goal oriented work on sustainability is moving forward in several areas. Since 2009, we have reduced our carbon dioxide emissions by all of 32%. During the year, we also intensified our focus on the work of establishing a sustainable supply chain. Around 180 suppliers have either performed self-assessment or have undergone an on-site audit. This represents a solid foundation on which we can continue to build.

With a total focus on progressing our strategy, we have many exciting activities under way in the work of developing PostNord into the best logistics and communication company in the Nordic region. For example, service development last year launched several recipient-oriented services offering increased flexibility and service. The PostNord app has around 1.4 million users throughout the Nordic region, is very well-used and highly appreciated, and award winning. We are totally focused on regaining the confidence from customers and recipients and building a strong belief in the future among our employees.

Håkan Ericsson
President and CEO

IMPORTANT EVENTS

January-March

- Implementation of a new production model in Denmark began. It is estimated that the restructuring costs will add up to around SEK 3 billion during the restructuring period.

April-June

- The AGM voted to re-elect Jens Moberg, Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard and Anitra Steen as members of the Board. Måns Carlson, Jesper Lok and Peder Lundquist were elected to the Board for the first time. Jens Moberg was re-elected Chairman of the Board. Accounting firm KPMG AB was re-appointed.
- PostNord contracted a new term loan facility of SEK 1 billion and extended a term loan facility of SEK 1 billion. The loan facilities mature in September 2019 and were used to refinance MTN bonds of SEK 2 billion which matured in September 2017.

July-September

- In August, Charlotte Svensson took up her position as new Head of Business areas Communication Services. In July, Thomas Backteman was appointed as new Head of Communications.

October-December

- The Swedish government decided that an amended Swedish Postal Ordinance would enter into force on January 1, 2018. Under the changes, the universal postal service's delivery requirements for letters sent with standard postage will change from overnight delivery to two-day delivery with a quality requirement of 95%. The Riksdag has also decided on certain changes to the Postal Services Act.
- On October 20, PostNord's owners signed an agreement to make a capital contribution of SEK 2.2 billion. The Danish State will contribute SEK 1,533m as a grant to maintain the universal postal service. In addition, an SEK 267m contribution of shareholders' equity will be made by the Danish State and SEK 400m of shareholders' equity by the Swedish State. The decision remains conditional on approval by the EU Commission.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

New production model in Denmark

On January 21, 2018, the Danish business switched to a new production model to enable costs to be sharply reduced for mail distribution via closer integration of mail and parcel distribution. The impact of the model will be given added impetus once the company can terminate the employment of personnel with what is called special employment conditions. However, this is conditional on EU-approval of the financing arrangement.

Changes to PostNord's Group Executive Team

The following changes were made effective on February 1, 2018. Annemarie Gardshol became the new Head of PostNord Sweden. Annemarie Gardshol has most recently served as CEO of the PostNord Strålfors Group. The former Head of PostNord Sweden, Anders Holm, is to become Head of Corporate Clients, International Linehauls and Customs Clearance, as well as of PostNord Finland, and remains a member of the Group Executive Board. Ylva Ekborn takes over as new CEO of the PostNord Strålfors Group and joins the Group Executive Board. Ylva Ekborn has most recently been serving as CEO of PostNord Strålfors Sweden. Finn Hansen will retire during the year, as announced earlier, and will therefore leave PostNord's Group Executive Team. Until further notice, the person in PostNord's Group Executive Team responsible for HR issues will be Jan Starrsjö, the Group's Head of Strategy and Sales Processes.

Welcome clarification from Swedish Customs

On January 18, Swedish Customs clarified the way that mail order shipments from third countries are to be treated, to the effect that VAT will be charged from the first Swedish "krona" for such shipments. PostNord and the Customs Agency are in dialogue as to what form the procedure will take.

Board chairman Jens Moberg has declined to stand for re-election to the Board of Directors.

Jens Moberg has informed the Group's owners – the Swedish and Danish States – that he will not be standing for re-election at the AGM, to be held on April 26, 2018. Jens will remain as Board chairman until the 2018 AGM.

GROUP SALES AND EARNINGS

External net sales SEKm	Oct-Dec 2017	Oct-Dec 2016	△	△ 2)	Jan-Dec 2017	Jan-Dec 2016	△	△ 2)
Communication Services [1]	4,715	5,238	-10%	-10%	17,725	19,891	-11%	-10%
eCommerce & Logistics [1]	5,368	5,117	5%	6%	19,354	18,587	4%	3%
Group total	**10,083**	**10,355**	**-3%**	**-2%**	**37,079**	**38,478**	**-4%**	**-4%**

[1] The Direct Link segment has been transferred to eCommerce & Logistics from Communication Services from January 1, 2017. Figures presented for comparison have been restated.

[2] Change excluding acquisitions/divestments and currency.

PostNord's net sales decreased by 2% in the fourth quarter, excluding acquisitions, disposals and exchange rate effects. As a result of continued digitization, mail volumes declined by 8% overall, 12% in Denmark and 7% in Sweden. Adjusted for the effect of local elections in Denmark, the decrease in Danish mail volumes was 16%. The Group's parcel volumes increased by 10%. Growth in e-commerce continues, with e-commerce related B2C parcel volumes rising 19%. In certain parts, the days around Black Friday and Cyber Monday witnessed volumes 50-80% higher than on the corresponding days last year. Over the full year, the Group's net sales decreased by 4%. In e-Commerce & Logistics, strong growth in e-commerce related volumes was recorded. In addition, sales of logistics services in third-party logistics, groupage cargo and pallet increased by in all 5%.

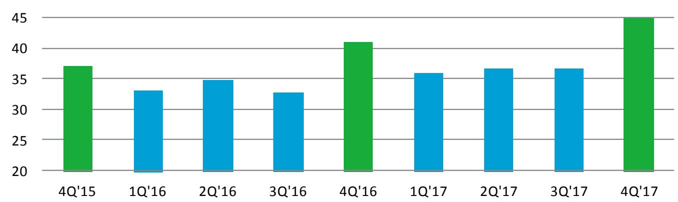
Reconciliation of operating income and adjusted operating income, SEKm	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating income (EBIT)	**272**	**-1,012**	**-124**	**-1,083**
Reversal:				
Impairment losses on intangible assets and property, plant and equipment	-	1,186	-	1,186
Provisions/reversals of restructuring measures	-	62	462	62
Impairment losses etc. on disposals businesses outside the Nordic region	-	3	-	275
Other	-	3	-	60
Adjusted operating income (EBIT)	**272**	**242**	**338**	**500**

The Group’s net operating income for the period totaled SEK 272m (-1,012) for the quarter and SEK -124m (-1,083) for the full year. In all, income takes into account items affecting comparability of SEK –m (-1,254) net for the quarter and SEK -462m (-1,583) net for the full year. Items affecting comparability in 2017 consist in their entirety of provisions for personnel reduction for employees with special employment conditions in Denmark. While awaiting the EU Commission’s decision on the financing arrangement for the restructuring program in Denmark, no further reduction of employment for personnel with special employment conditions will take place. On that basis, full provision for the program is not recognized in 2017. The items affecting comparability for the preceding year consisted primarily of impairment losses of SEK 1,186m on goodwill and property, plant and equipment related to the Danish business, and of the disposal of Strålfors’ non-Nordic businesses. The Group’s adjusted operating income was SEK 338m (500) for the full year. Growth in eCommerce & Logistics and ongoing cost adjustments failed to fully compensate for the considerably lower sales of products adversely impacted by digitization.

Net financial items totaled SEK 16m (0) for the period and SEK -12m (-25) for the full year. Tax amounted to SEK -81m (-363) for the period and SEK -201m (-475) for the full year. The relatively high tax liability arises because deferred tax in connection with PostNord Denmark's deficit has not been recognized, since it is estimated that the tax loss carry-forward cannot be utilized within a foreseeable period. The net operating income for the period totaled SEK 207m (-1,375) and SEK -337m (-1,583) for the full year.

Total parcel volumes, Group

millions



FINANCIAL POSITION AND CASH FLOW

The Group's equity increased to SEK 7,365m from SEK 6,848m on September 30, 2017. The increase consists of the income for the quarter and revaluation of pension commitments. The pension obligation declined, net, over the quarter, mainly as a result of a good return on assets. The discount rate is unchanged from September 30, 2017. In 2017, equity decreased by SEK 286m, mainly due to the income for the year and negative translation differences, while a positive contribution was made through revaluation of the pension liability.

The Group's net debt decreased by SEK 688m during the quarter as a result of the above-mentioned decrease in the net pension obligation. Net debt totaled SEK 238m (354). The interest-bearing liability consists of a long-term portion of SEK 3,556m (3,712) and a current portion of SEK 222m (307).

The debt ratio (net debt/equity) was 3% (5), which was somewhat below the Group's target of 10-50%.

Net debt, SEKm	**Dec 31, 2017**	**Sep 30, 2017**	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**
Interest-bearing debt	3,778	4,019	4,029	3,743	3,745
Pensions and disability pension plans	-1,145	201	-88	-1,520	-1,201
Long- and short-term investments	-494	-422	-823	-765	-613
Cash and cash equivalents	-1,901	-2,872	-3,086	-2,146	-1,577
Net debt	**238**	**926**	**32**	**-688**	**354**

Return on capital employed (ROCE) was -1.6% (-12.1), as a result of the negative income for the year. Excluding items affecting comparability, the return on capital employed was 4.5% (5.6).

The Group's financial preparedness totaled SEK 4,196m (4,927) on December 31, 2017, comprising cash and cash equivalents of SEK 1,901m (1,577), short-term investments of SEK 295m (350) and an unutilized credit facility of SEK 2,000m (3,000), which expires in 2020.

Cash flow from operating activities in the fourth quarter totaled SEK -181m (1,424). In the preceding year, cash flow was increased by a credit of SEK 909m, which was settled in the fourth quarter. Cash flow of SEK 1,361m (1,321) from operating activities for the full year received positive contributions consisting of a retroactive credit of SEK 980m (0) from Postens Pensionsstiftelse (the Posten Pension Fund), dating from 2016, and a refund of preliminary special payroll tax in the amount of SEK 404m. A capital payment of SEK 522m to the Fund and settlement of provisions were negative factors in cash flow. Working capital showed a change of SEK -38m (-454) for the full year.
Investments during the period totaled SEK 552m (356), and SEK 1,067m (1,550) for the full year. These included investments totaling SEK 1,196m (1,182) in property, plant and equipment and intangible assets. The investments focused mainly on the integrated production model and IT development. Financial investments during the quarter totaled SEK 172m (–) SEK 589m (612) for the year. PostNord invests in commercial paper as a result of deposit charges imposed by the banks.

COUNTRIES

PostNord Sweden SEKm	Oct-Dec 2017	Oct-Dec 2016	△	△ [1]	Jan-Dec 2017	Jan-Dec 2016	△	△ [1]
Net sales	6,245	6,283	-1%	0%	22,671	23,025	-2%	-1%
of which Communication Services (external)	*3,053*	*3,296*	*-7%*	*-7%*	*11,329*	*12,076*	*-6%*	*-6%*
of which eCommerce & Logistics (external)	*2,920*	*2,733*	*7%*	*8%*	*10,365*	*9,869*	*5%*	*6%*
of which internal	*271*	*255*	*6%*		*976*	*1,081*	*-10%*	
Operating income (EBIT)	289	502			515	824		
Operating margin, %	4.6%	8.0%			2.3%	3.5%		
Adjusted operating income (EBIT)	289	510			515	847		
Adjusted operating margin, %	4.6%	8.1%			2.3%	3.7%		

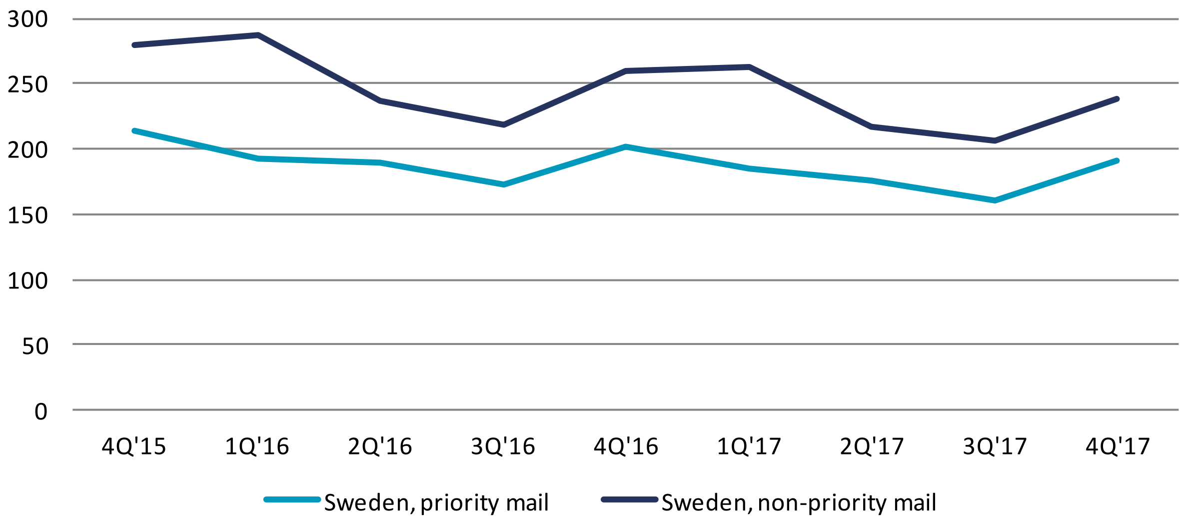
[1] Change excluding acquisitions/divestment within operational activities and exchange rates.

Net sales for PostNord Sweden decreased by 1% during the quarter. Mail volumes fell by 7%. Sales for eCommerce & Logistics increased by 7% mainly through continued growth in e-commerce, where Black Friday, Cyber Monday and the Christmas trade set record-highs in B2C volumes. Over the full year, total sales decreased by 2%. Mail volumes decreased by 7%, while growth was strong in e-commerce and other logistics operations, such as pallets, groupage cargo and third-party logistics.

Adjusted operating income totaled SEK 289m (510) for the quarter SEK 515m (847) for the full year. The poorer outcomes for the quarter and the full year resulted from falling mail revenues that could not be fully offset via cost adjustments and extra resources for assuring quality. As of January 1, 2018, the overnight delivery requirement has been changed to two-day delivery for stamped mail items. At the same time, the inland postage rate was adjusted to SEK 9. PostNord will now be able to lessen its use of air transport, which will lower costs and reduce carbon dioxide emissions.

Mail volumes, Sweden

millions



PostNord Denmark SEKm	Oct-Dec 2017	Oct-Dec 2016	△	△ 1)	Jan-Dec 2017	Jan-Dec 2016	△	△ 1)
Net sales	2,392	2,544	-6%	-5%	8,720	9,571	-9%	-9%
of which Communication Services (external)	*1,109*	*1,399*	*-21%*	*-19%*	*4,177*	*5,410*	*-23%*	*-22%*
of which eCommerce & Logistics (external)	*1,139*	*1,079*	*6%*	*5%*	*4,070*	*3,733*	*9%*	*6%*
of which internal	*145*	*67*	*118%*		*475*	*430*	*10%*	
Operating income (EBIT)	-53	-1,397			-1,115	-1,910		
Operating margin, %	-2.2%	-54.9%			-12.8%	-20.0%		
Adjusted operating income (EBIT)	-53	-144			-654	-625		
Adjusted operating margin, %	-2.2%	-5.7%			-7.5%	-6.5%		

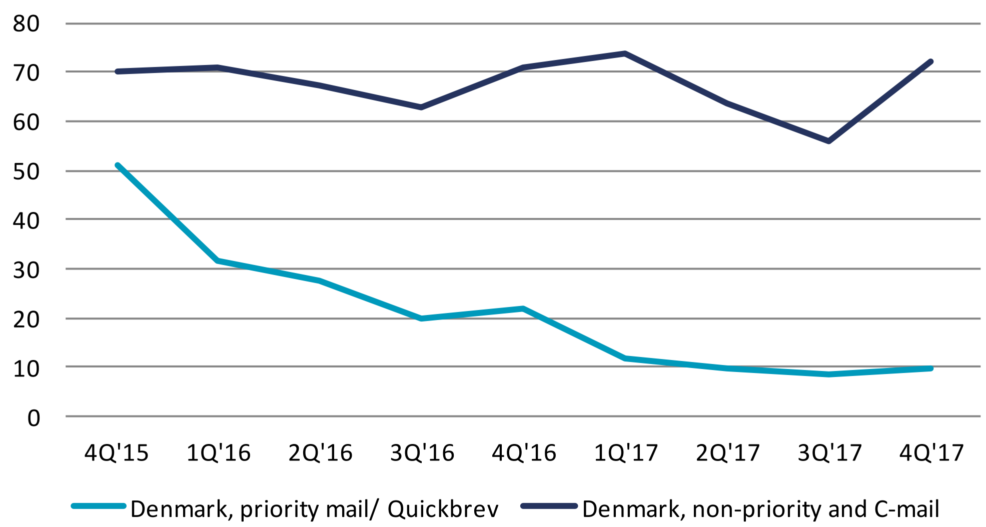
PostNord Denmark’s net sales, excluding currency effects, decreased by 5% during the quarter. In Communication Services, income decreased by 19%. Mail volumes fell by 12% – or 16% when adjusted for the effect of local elections – as a result of the continuing rapid trend towards digitization. Revenues also decreased through the impact of certain products being discontinued ahead of the new production model. Net sales for eCommerce & Logistics in Denmark, excluding currency effects, rose 5% mainly as a result of growth in heavy logistics. PostNord Denmark’s total net sales for the full year fell by 9%.

Adjusted operating income for the quarter was SEK -53m (-144). Results for the quarter improved mainly through cost adjustments and capital gains on the sale of properties. Over the full year, items affecting comparability amounted to SEK -462m (1,284). Item affecting comparability for the year consisted 100% of provisions for personnel reduction of employees with special employment conditions. Fourth quarter results in the preceding year were charged with impairment losses of SEK 1,186m on goodwill and property, plant and equipment related to the mail business. The adjusted full-year operating income totaled SEK -654m (-625). Income was affected by lower mail revenues could not be offset via sufficient adjustment of the costs arising in the mail business.

Work on installing a financially stable production model to create the conditions for profitability at PostNord Denmark within a few years is in progress. The financing for termination of employment for personnel employed under special employment conditions is conditional on a decision by the EU Commission. While awaiting this decision, no further termination of employment for such personnel will take place. However, the process of installing the new production model continues, and the impact on income will emerge once staffing levels are reduced according to plan.

Mail volumes, Denmark

millions



PostNord Norway SEKm	**Oct-Dec 2017**	**Oct-Dec 2016**	**△**	**△ 1)**	**Jan-Dec 2017**	**Jan-Dec 2016**	**△**	**△ 1)**
Net sales	1,062	1,000	6%	12%	3,875	3,789	2%	0%
of which Communication Services (external)	*12*	*10*	*22%*	*30%*	*46*	*36*	*27%*	*26%*
of which eCommerce & Logistics (external)	*845*	*853*	*-1%*	*4%*	*3,195*	*3,298*	*-3%*	*-5%*
of which internal	*204*	*137*	*49%*		*633*	*455*	*39%*	
Operating income (EBIT)	30	-11			24	-36		
Operating margin, %	2.8%	-1.1%			0.6%	-0.9%		
Adjusted operating income (EBIT)	30	-6			24	-31		
Adjusted operating margin, %	2.8%	-0.6%			0.6%	-0.8%		

1) Change excluding acquisitions/divestment within operational activities and exchange rates.

Excluding exchange rate changes net sales for PostNord Norway increased by 12% as a result of strong growth in parcels. On a full year basis, sales were in line with the preceding year, adjusted for exchange rate changes, mainly due to a restructuring measure in the Thermo business, where a number of unprofitable customer contracts were terminated.

Adjusted operating income totaled SEK 30m (-6) for the quarter and SEK 24m (-31) for the full year. The improvement arose primarily through cost adjustments, terminated customer contracts at Thermo and strong volume growth in parcels.

PostNord Finland SEKm	**Oct-Dec 2017**	**Oct-Dec 2016**	**△**	**△ 1)**	**Jan-Dec 2017**	**Jan-Dec 2016**	**△**	**△ 1)**
Net sales	277	266	4%	4%	1,028	984	4%	3%
of which Communication Services (external)	*3*	*5*	*-39%*	*-40%*	*12*	*16*	*-24%*	*-25%*
of which eCommerce & Logistics (external)	*184*	*183*	*1%*	*0%*	*694*	*698*	*-1%*	*-2%*
of which internal	*91*	*78*	*17%*		*322*	*270*	*19%*	
Operating income (EBIT)	5	-1			8	-15		
Operating margin, %	1.8%	0.0%			0.8%	-1.5%		
Adjusted operating income (EBIT)	5	-1			8	-15		
Adjusted operating margin, %	1.8%	0.0%			0.8%	-1.5%		

1) Change excluding acquisitions/divestment within operational activities and exchange rates.

Net sales for PostNord Finland increased by 4% both in the quarter and on a full year basis. The increase was attributable to strong growth in B2B and B2C parcels.

Operating income totaled SEK 5m (-1) for the quarter and SEK 8m (-15) for the full year. The improvement in the quarter resulted from increased volumes, cost adjustments and lower rental costs. On a full year basis, the improvement also reflected the fact that the second half of 2016 was charged with integration costs arising from the acquisition of the company Uudenmaan Pikakuljetus Oy (UPK).

PostNord Strålfors SEKm	**Oct-Dec 2017**	**Oct-Dec 2016**	**△**	**△ 1)**	**Jan-Dec 2017**	**Jan-Dec 2016**	**△**	**△ 1)**
Net sales	528	516	2%	-4%	2,081	2,240	-7%	-3%
of which Communication Services (external)	*484*	*480*	*1%*	*-4%*	*1,935*	*2,124*	*-9%*	*-4%*
of which internal	*44*	*36*	*22%*		*146*	*116*	*26%*	
Operating income (EBIT)	37	26			161	-151		
Operating margin, %	7.0%	5.0%			7.7%	-6.7%		
Adjusted operating income (EBIT)	37	29			161	124		
Adjusted operating margin, %	7.0%	5.6%			7.7%	5.5%		

1) Change excluding acquisitions/divestment within operational activities and exchange rates.

Like-for-like net sales for PostNord Strålfors decreased by 4% during the quarter. Digital services are growing strongly but are not compensating for the lower demand for physical print volumes in the wake of digitization.

Income in the preceding year was charged with items affecting comparability in connection with the disposal of the non-Nordic business. Adjusted operating income totaled SEK 37m (29) for the quarter and SEK 161m (124) for the full year. The improvement was due to cost adjustments and growth in digital services.

Direct Link SEKm	Oct-Dec 2017	Oct-Dec 2016	△	△ 1)	Jan-Dec 2017	Jan-Dec 2016	△	△ 1)
Net sales	280	269	4%	5%	1,028	989	4%	2%
of which eCommerce & Logistics (external) 2)	*280*	*269*	4%	*5%*	*1,028*	*989*	4%	*2%*
of which internal	*0*	*0*			*0*	*0*		
Operating income (EBIT)	14	11			28	27		
Operating margin, %	5.0%	4.1%			2.7%	2.7%		
Adjusted operating income (EBIT)	14	11			28	27		
Adjusted operating margin, %	5.0%	4.1%			2.7%	2.7%		

1) Change excluding acquisitions/divestment within operational activities and exchange rates.

2) The Direct Link segment has been transferred to Business area eCommerce & Logistics from Communication Services. Figures presented for comparison have been restated

Direct Link's sales increased by 5% in the quarter and by 2% over the full year, excluding exchange rate changes. The increase resulted from growth in APAC (Asia-Pacific) and Europe, which offset decreased sales in the USA.

Operating income totaled SEK 14m (11) for the quarter and SEK 28m (27) for the full year.

SUSTAINABILITY

The average number of employees (FTEs) totaled 31,350 (33,278), a reduction of 1,928. The number of employees has been reduced to align the business with lower income from products adversely affected by digitization, and to boost the Group's competitiveness. Sick leave was calculated at 5.7% (6.0). The level remains high but gradually fell during 2017. To address the problem of sick leave, initiatives are being focused on both rehabilitation and preventive measures. During the quarter, the proportion of women at management levels 1-3 rose from 36.9% to 37.2% and at management levels 4-6 from 29.6% to 31.1%.

Carbon dioxide emissions were 8% lower in 2017 than in the preceding year, at 344,410 tonnes. Since the base year, 2009, carbon dioxide emissions have fallen by 32%. The Group's target is a reduction of 40% by the end of 2020. Lower emissions in Sweden have been achieved partly through the increased use of biofuels in the Group's own vehicles in Sweden. In Denmark, declining volumes and higher capacity utilization are feeding through into lower emissions. In Norway, the proportion of rail transport used increased and in Finland a switch to HCT (high capacity transport) vehicles reduced the number of journeys between Åbo and Vantaa. In the course of 2018, a sharply lower need for air transport in Sweden and the installation of a new production model in Denmark will bring environmental benefits.

Delivery quality for mail in Sweden for the full year was measured at 90.4%, which is above the statutory requirement of 85%, but lower than last year's outcome. The lower result was mainly due to strong growth in import volumes, which need to be processed manually, together with staffing challenges in a buoyant labor market. Sweden's new Postal Ordinance, which has applied since year-end, relaxes the requirement for overnight delivery to two-day delivery. Despite high volumes in December, 97.2% of letters arrived within two days, which is well above the 95% laid down by the new ordinance. Denmark's "Brevet" service posted the year's highest quality reading in November and quality was measured at year-end at 95.1% (93.1), 2.1% above the Denmark's regulatory quality requirement. Overall parcel quality for the Group was challenged by record highs in parcel volumes around Black Friday and Christmas. The outcome for the year was 95.2% (96.2).

In 2017, the proportion of total Group purchases from suppliers signed up to the Code of Conduct for Suppliers (including procurement of services from service partners) rose from around 60% to 71%. During the year, a Group-wide process to oversee compliance with the Code of Conduct was implemented. In 2017, 180 of the Group's suppliers were either requested to carry out a self-assessment or underwent an on-site audit if they were regarded as high-risk. Work on following up the suppliers audited, and on the remaining suppliers, continues.

ANNUAL GENERAL MEETING 2018

The AGM will take place on April 26, 2018 at PostNord's headquarters located at Terminalvägen 24 in Solna, Sweden. Information about the AGM will be published on the website www.postnord.com.

DIVIDEND PROPOSAL

In view of the Company's continued restructuring requirements, the Board of Directors proposes that no dividend be paid in respect of the 2017 financial year.

Solna, February 9, 2018
PostNord AB (publ), CIN 556771-2640

Håkan Ericsson
President and Group CEO

FINANCIAL CALENDAR

Annual and Sustainability Report 2017	March 16, 2018
Interim report January-March 2018	April 26, 2018
Annual General Meeting	April 26, 2018
Interim report January-June 2018	July 18, 2018
Interim report January-September 2018	October 26, 2018
Year-end financial report 2018	February 1, 2019

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:30 a.m. CET on February 9, 2018.

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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FINANCIAL STATEMENTS

Consolidated income statement

SEKm	Note	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
	1				
Net sales		10,083	10,355	37,079	38,478
Other income		116	63	324	263
Income	2	**10,199**	**10,418**	**37,403**	**38,741**
Personnel expenses		-4,215	-4,578	-16,792	-17,261
Transport expenses		-2,888	-2,748	-10,542	-10,150
Other expenses		-2,494	-2,534	-8,876	-9,593
Depreciation, amortization and impairments		-330	-1,570	-1,317	-2,820
Expenses		**-9,927**	**-11,430**	**-37,527**	**-39,824**
OPERATING INCOME		**272**	**-1,012**	**-124**	**-1,083**
Financial income		27	33	60	49
Financial expenses		-10	-33	-72	-74
Net financal items		**16**	**0**	**-12**	**-25**
INCOME BEFORE TAX		**288**	**-1,012**	**-136**	**-1,108**
Tax		-81	-363	-201	-475
NET INCOME		**207**	**-1,375**	**-337**	**-1,583**
Attributable to					
Parent company shareholders		207	-1,375	-339	-1,585
Non-controlling interests		0	0	2	2
Earnings per share, SEK		0.10	-0.69	-0.17	-0.79

Consolidated statement of comprehensive income

SEKm	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
NET INCOME	**207**	**-1,375**	**-337**	**-1,583**
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to net income				
Revaluation of pension liabilities	410	2,520	214	-399
Change in deferred tax	-90	-554	-47	88
Total	**320**	**1,966**	**167**	**-311**
Items that have been or may be transferred to net income				
Cash flow hedges after tax	1	0	4	6
Translation differences	-11	-10	-118	343
- Realized and reclassified to income statement	-	-	-	48
Total	**-10**	**-10**	**-114**	**397**
TOTAL OTHER COMPREHENSIVE INCOME	**310**	**1,956**	**53**	**86**
COMPREHENSIVE INCOME	**517**	**581**	**-284**	**-1,497**
Attributable to				
Parent company shareholders	517	581	-286	-1,499
Non-controlling interests	0	0	2	2

Consolidated statement of financial position

SEKm	Note	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016
	1					
ASSETS						
Goodwill		2,560	2,568	2,562	2,588	2,600
Other intangible assets		792	808	850	867	854
Property, plant and equipment		7,822	7,647	7,708	7,921	7,994
Participations in associated companies and joint ventures		81	75	74	70	69
Financial investments	4	198	282	282	263	262
Non-current receivables		1,285	869	898	1,615	1,301
Deferred tax assets		123	77	117	92	122
Total non-current assets		**12,861**	**12,326**	**12,491**	**13,416**	**13,202**
Inventories		88	93	90	99	101
Tax assets		226	190	298	140	712
Trade receivables	4	4,833	4,418	4,273	4,465	4,627
Prepaid expenses and accrued income [1)]		1,402	1,332	1,454	1,247	1,096
Other receivables [1)]		167	213	274	176	218
Short-term investments	4	296	141	541	502	351
Cash and cash equivalents	4	1,901	2,872	3,086	2,146	1,577
Assets held for sale		125	137	173	136	176
Total current assets [1)]		**9,038**	**9,396**	**10,189**	**8,911**	**8,858**
TOTAL ASSETS [1)]		**21,899**	**21,722**	**22,680**	**22,327**	**22,060**
EQUITY AND LIABILITIES						
EQUITY						
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		-1,747	-1,737	-1,737	-1,667	-1,633
Retained earnings		-2,845	-3,372	-2,913	-2,412	-2,673
Total equity attributable to parent company shareholders		**7,362**	**6,845**	**7,304**	**7,875**	**7,648**
Non-controlling interests		**3**	**3**	**3**	**4**	**3**
TOTAL EQUITY		**7,365**	**6,848**	**7,307**	**7,879**	**7,651**
LIABILITIES						
Non-current interest-bearing liabilities	4	3,556	3,712	1,720	1,713	1,716
Other non-current liabilities		52	44	46	48	49
Pensions		-	996	710	-	-
Other provisions		1,724	1,361	1,181	1,390	1,389
Deferred tax liabilities		744	529	592	888	831
Total non-current liabilities		**6,076**	**6,642**	**4,249**	**4,039**	**3,985**
Current interest-bearing liabilities	4	222	307	2,309	2,030	2,029
Trade payables	4	2,638	2,164	2,304	2,295	2,434
Tax liabilities		42	52	260	77	82
Other current liabilities [1)]	4	1,457	1,706	1,592	1,643	1,598
Accrued expenses and prepaid income [1)]		3,507	3,191	3,673	3,786	3,684
Other provisions		592	812	986	578	597
Total current liabilities [1)]		**8,458**	**8,232**	**11,124**	**10,409**	**10,424**
TOTAL LIABILITIES [1)]		**14,534**	**14,874**	**15,373**	**14,448**	**14,409**
TOTAL EQUITY AND LIABILITIES [1)]		**21,899**	**21,722**	**22,680**	**22,327**	**22,060**

[1)] To provide a more accurate view of receivables and liabilities regarding terminal fees, a change has been made in net accounting from 2017. Figures presented for comparison have been restated. For further information, see Note 1 on page 16.

Consolidated statement of cash flows

SEKm	Note	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
OPERATING ACTIVITIES					
Income before tax		288	-1,012	-136	-1,108
Adjustments for non-cash items		-341	2,552 [1)]	1,933	2,920 [1)]
Taxes		-95	3	-398	-37
Cash flow from operating activities before changes in working capital		**-148**	**1,543**	**1,399**	**1,775**
Cash flow from changes in working capital					
Increase(-)/decrease(+) in inventories		5	21	13	21
Increase(-)/decrease(+) in other operating receivables [2)]		-574	-47	93	-296
Increase(+)/decrease(-) in other operating liabilities [2)]		557	-123	-106	-168
Other changes in working capital		-21	30	-38	-11
Changes in working capital		**-33**	**-119**	**-38**	**-454**
Cash flow from operating activities		**-181**	**1,424**	**1,361**	**1,321**
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		-424	-396	-958	-1,001
Sale of property, plant and equipment		11	33	23	51
Acquisition of other intangible fixed assets		-62	-49	-238	-181
Acquisition of operations, effect on cash and cash equivalents	3	-	-	-	-14
Sale of operations, effect on cash and cash equivalents	3	-	55	-	-45
Acquisition of financial assets		-172	-250	-589	-612
Sale of financial assets		95	251	695	252
Cash flow from investing activities		**-552**	**-356**	**-1,067**	**-1,550**
FINANCING ACTIVITIES					
Amortized debts		-258	-100	-2,483	-100
New loans		-	-	2,525	-
Dividend paid		-	-	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		17	-18	-9	4
Cash flow from financing activities		**-241**	**-118**	**31**	**-98**
CASH FLOW FOR THE PERIOD		**-974**	**950**	**325**	**-327**
Cash and cash equivalents, opening balance		2,872	625	1,577	1,894
Translation difference in cash and cash equivalents		3	2	-1	10
Cash and cash equivalents, closing balance		**1,901**	**1,577**	**1,901**	**1,577**

[1)] In previous periods, premiums paid to Postens Försäkringsförening have been recognized under "Financing activities".

[2)] To provide a more accurate view of receivables and liabilities regarding terminal fees, a change has been made in net accounting from 2017. Figures presented for comparison have been restated. For further information, see Note 1 on page 16.

Consolidated statement of changes in equity

SEKm	Capital stock [1]	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
	Equity attributable to the parent company's shareholders						
Opening balance 1 Jan 2016	**2,000**	**9,954**	**-2,022**	**-8**	**-777**	**3**	**9,150**
Other comprehensive income for the period							
Net income for the period	-	-	-	-	-1,585	2	-1,583
Other comprehensive income for the period	-	-	391	6	-311	-	86
Total other comprehensive income for the period	**-**	**-**	**391**	**6**	**-1,896**	**2**	**-1,497**
Dividend	-	-	-	-	-	-2	-2
Closing balance 31 Dec 2016	**2,000**	**9,954**	**-1,631**	**-2**	**-2,673**	**3**	**7,651**

SEKm	Capital stock [1]	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
	Equity attributable to the parent company's shareholders						
Opening balance 1 Jan 2017	**2,000**	**9,954**	**-1,631**	**-2**	**-2,673**	**3**	**7,651**
Other comprehensive income for the period							
Net income for the period	-	-	-	-	-339	2	**-337**
Other comprehensive income for the period	-	-	-118	4	167	-	**53**
Total other comprehensive income for	**-**	**-**	**-118**	**4**	**-172**	**2**	**-284**
Dividend	-	-	-	-	-	-2	**-2**
Closing balance 31 Dec 2017	**2,000**	**9,954**	**-1,749**	**2**	**-2,845**	**3**	**7,365**

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

PARENT COMPANY FINANCIAL REPORTS IN BRIEF

The parent company, PostNord AB, conducted a very limited intercompany service operation and had three employees by the end of the period.

Income statement

SEKm	Note	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
	1				
Other income		3	5	15	16
Income		**3**	**5**	**15**	**16**
Personnel expenses		-8	-8	-30	-29
Other expenses		-7	-3	-12	-6
Operating expenses		**-15**	**-11**	**-42**	**-35**
OPERATING INCOME		**-11**	**-6**	**-26**	**-19**
Interest income and similar income items		-	1	-	2
Interest expense and similar expense items		-10	-10	-66	-109
Financial items		**-10**	**-9**	**-66**	**-107**
Income after financial items		**-20**	**-15**	**-91**	**-126**
Balance sheet appropriations		90	129	90	129
Income before tax		**70**	**114**	**-1**	**3**
Tax		-	-	-3	-
NET INCOME		**70**	**114**	**-4**	**3**

Statement of comprehensive income

SEKm	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net income	70	114	-4	3
Other comprehensive income for the period	-	-	-	-
COMPREHENSIVE INCOME	**70**	**114**	**-4**	**3**

Balance sheet

SEKm	Note	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016
	1					
ASSETS						
Financial assets		11,699	11,698	11,697	11,696	11,695
Total non-current assets		**11,699**	**11,698**	**11,697**	**11,696**	**11,695**
Current receivables		7,320	7,384	7,950	8,193	8,236
Total current assets		**7,320**	**7,384**	**7,950**	**8,193**	**8,236**
TOTAL ASSETS		**18,928**	**19,082**	**19,647**	**19,889**	**19,931**
EQUITY AND LIABILITIES						
Equity		15,764	15,694	15,710	15,748	15,768
Non-current liabilities		2,978	3,078	1,597	2,102	2,103
Current liabilities		186	310	2,340	2,039	2,060
TOTAL EQUITY AND LIABILITIES		**18,928**	**19,082**	**19,647**	**19,889**	**19,931**

NOTES TO FINANCIAL STATEMENTS

Note 1 Accounting principles and risks

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the EU, applying to financial years beginning on January 1, 2017. In addition, supplementary rules in the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, have also been applied. The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and supplementary rules in the Swedish Annual Accounts Act. Other disclosures in accordance with IAS 34.16A are presented both in the financial statements and other parts of the interim report.

A change has been made to the Group's accounting policies with regard to the net/gross recognition of terminal fees in the statement of financial position. The procedure of advance payments for terminal fees is used to prevent excessively large receivables and liabilities arising between the countries. In earlier years, accrued receivables and accrued liabilities for terminal fees have been recognized net but advance payments have not been included in this net accounting process. To provide a more accurate picture, the procedure has been changed and advance payments for terminal fees are now also recognized net per country. Previous periods have been recalculated accordingly. The effect on total assets is a reduction of SEK 300-600m over the next four quarters.

Otherwise, the same accounting policies and calculation methods have been used in the interim report as in the 2016 annual report for the Group and Parent Company. The new or revised IFRSs that entered into force in 2017 have not had any material impact on the consolidated financial statements A number of new or revised IFRSs will come into effect in the next few financial years and have not been adopted early in the preparation of these financial statements. Work on analyzing the impact of implementing IFRS 15 and IFRS 9 has been completed. The new standards will not have any material impact on the Group's financial statements.
IFRS 15 will require a reclassification of franking guarantees and complaints. These will reduce external sales instead of being recognized as an operating cost. External net sales in 2017 will be reduced by SEK 72m at adoption of the standard. Adoption of IFRS 9 and IFRS 15 will not require any adjustment to equity. The Group will apply IFRS 9 prospectively and IFRS 15 retroactively.

Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. The Danish business needs to undergo a radical transformation into a new production model in order to achieve long-term sustainable profitability. This will lead to major restructuring costs and substantial estimated losses during the transformation process. A decision has now been received from PostNord's owners as to financing for the transformation in Denmark. For more information, see the section on Significant events.

Please refer to PostNord's 2016 Annual and Sustainability Report (page 24 and Note 2 on page 48), for a description of risks, uncertainties and risk management in general, together with significant assessments and estimates.

Note 2 Segments

The Group's segmental reporting is based mainly on the geographical domicile of the companies. The PostNord Strålfors and Direct Link segments are organized on the basis of the nature of the businesses. Market pricing applies to internal dealings between the Group's segments. There is no scope for external procurement if the service is available internally. In PostNord's operational structure, though not in its legal structure, cost allocation of corporate shared service functions is at cost price.

PostNord Sweden offers mail- and logistic solutions as well as e-commerce at the Swedish market and is also responsible for PostNord's fulfilment business.

PostNord Denmark offers mail- and logistic solutions as well as e-commerce at the Danish market and is also responsible for PostNord's e-commerce and logistics business in Germany.

PostNord Norway and *Finland* offer mail- and logistic solutions as well as e-commerce at the Norvegian and Finnish market respectively.

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.

Direct Link operates in the area of global distribution of marketing communications and lightweight goods, mainly for e-retailers. Operations in the United States, United Kingdom, Germany, Singapore, Hong Kong and Australia.

Other and eliminations comprises business outside the countries served by the segment, shared services and corporate functions including the parent company and Group adjustments. The Group adjustments consist of the adjustments required for IFRS purposes. From Other, service costs for shared services and corporate functions are allocated to the countries. Cost allocations are taken up as income in Other under Other Income, Internal. Within the countries, cost allocations are recognized in Other Expenses. Eliminations comprise the elimination of internal transactions.

Note2 Segments contd.

Net sales per segment SEKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
PostNord Sweden	5,720	5,703	5,320	6,283	5,615	5,558	5,253	6,245
-of which internal	*293*	*273*	*261*	*255*	*241*	*233*	*231*	*271*
PostNord Denmark	2,431	2,376	2,220	2,544	2,227	2,115	1,986	2,392
-of which internal	*129*	*121*	*112*	*67*	*112*	*110*	*108*	*145*
PostNord Norway	911	959	919	1,000	961	931	921	1,062
-of which internal	*97*	*108*	*113*	*137*	*126*	*151*	*152*	*204*
PostNord Finland	231	246	241	266	251	250	250	277
-of which internal	*59*	*65*	*68*	*78*	*73*	*76*	*82*	*91*
PostNord Strålfors	617	604	503	516	557	518	478	528
-of which internal	*28*	*30*	*22*	*36*	*32*	*36*	*34*	*44*
Direct Link	283	228	209	269	270	252	226	280
-of which internal	*1*	*-1*	*0*	*0*	*0*	*0*	*0*	*0*
Other and eliminations	-555	-526	-517	-523	-533	-541	-549	-701
Total Group	**9,638**	**9,590**	**8,895**	**10,355**	**9,348**	**9,083**	**8,565**	**10,083**

Operating income per segment SEKm if not otherwise stated	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
PostNord Sweden	198	76	47	502	119	114	-7	289
-as % of net sales, EBIT	*3.5*	*1.3*	*0.9*	*8.0*	*2.1*	*2.1*	*-0.1*	*4.6*
PostNord Denmark	-51	-253	-209	-1,397	-218	-529	-315	-53
-as % of net sales, EBIT	*-2.1*	*-10.6*	*-9.4*	*-54.9*	*-9.8*	*-25.0*	*-15.9*	*-2.2*
PostNord Norway	-1	-4	-21	-11	16	-7	-15	30
-as % of net sales, EBIT	*-0.1*	*-0.4*	*-2.3*	*-1.1*	*1.7*	*-0.8*	*-1.6*	*2.8*
PostNord Finland	-12	-3	0	-1	1	-1	3	5
-as % of net sales, EBIT	*-5.2*	*-1.2*	*0.0*	*-0.4*	*0.4*	*-0.4*	*1.2*	*1.8*
PostNord Strålfors	34	-189	-21	26	53	40	31	37
-as % of net sales, EBIT	*5.5*	*-31.3*	*-4.2*	*5.0*	*9.5*	*7.7*	*6.5*	*7.0*
Direct Link	15	1	0	11	7	4	3	14
-as % of net sales, EBIT	*5.3*	*0.4*	*0.0*	*4.1*	*2.6*	*1.6*	*1.3*	*5.0*
Other and eliminations	117	102	103	-142	116	88	101	-49
Operating income	**300**	**-270**	**-101**	**-1,012**	**94**	**-291**	**-199**	**272**
-as % of net sales, EBIT	*3.1*	*-2.8*	*-1.1*	*-9.8*	*1.0*	*-3.2*	*-2.3*	*2.7*

Adjuted operating income per segment SEKm if not otherwise stated	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
PostNord Sweden	198	91	47	510	119	114	-7	289
-as % of net sales, Adjusted EBIT	*3.5*	*1.6*	*0.9*	*8.1*	*2.1*	*2.1*	*-0.1*	*4.6*
PostNord Denmark	-51	-222	-209	-144	-121	-241	-239	-53
-as % of net sales, Adjusted EBIT	*-2.1*	*-9.3*	*-9.4*	*-5.7*	*-5.4*	*-11.4*	*-12.0*	*-2.2*
PostNord Norway	-1	-4	-21	-6	16	-7	-15	30
-as % of net sales, Adjusted EBIT	*-0.1*	*-0.4*	*-2.3*	*-0.6*	*1.7*	*-0.8*	*-1.6*	*2.8*
PostNord Finland	-12	-3	0	-1	1	-1	3	5
-as % of net sales, Adjusted EBIT	*-5.2*	*-1.2*	*0.0*	*-0.4*	*0.4*	*-0.4*	*1.2*	*1.8*
PostNord Strålfors	34	34	28	29	53	40	31	37
-as % of net sales, Adjusted EBIT	*5.5*	*5.6*	*5.6*	*5.6*	*9.5*	*7.7*	*6.5*	*7.0*
Direct Link	15	1	0	11	7	4	3	14
-as % of net sales, Adjusted EBIT	*5.3*	*0.4*	*0.0*	*4.1*	*2.6*	*1.6*	*1.3*	*5.0*
Other and eliminations	117	102	114	-156	116	87	101	-49
Adjusted operating income	**300**	**-1**	**-41**	**242**	**191**	**-4**	**-123**	**272**
-as % of net sales, Adjusted EBIT	*3.1*	*0.0*	*-0.5*	*2.3*	*2.0*	*0.0*	*-1.4*	*2.7*

Note 3 Acquisitions and divestments

No acquisitions or divestments took place during 2017. See the 2016 Annual Report for reporting of acquisitions and divestments made during 2016.

Note 4 Financial instruments

	December 31, 2017					
Carrying amount and fair value of financial assets and liabilities, SEKm	**Financial assets reported at fair value via income[1)]**	**Loan and trade receivables measured at amortized cost**	**Financial liabilities at fair value via income[1)]**	**Financial liabilities measured at amortized cost**	**Carrying amount**	**Fair value**
Financial investments	181	17	-	-	198	198
Derivatives	0	-	-	-	0	0
Trade receivables	-	4,833	-	-	4,833	4,833
Terminal fees [2) 3) 4)]	-	707	-	-	707	707
Short-term investments	-	296	-	-	296	296
Cash and cash equivalents	-	1,901	-	-	1,901	1,901
Long-term interest-bearing liabilities	-	-	-174	-3,382	-3,556	-3,655
Current interest-bearing liabilities	-	-	-	-222	-222	-222
Trade payables	-	-	-	-2,638	-2,638	-2,638
Other current liabilities	-	-	-	-1,457	-1,457	-1,457
Derivatives	-	-	-5	-	-5	-5
Terminal fees	-	-	-	-317	-317	-317
Total financial assets and liabilities, by category	**181**	**7,754**	**-179**	**-8,016**	**-260**	**-359**

	December 31, 2016					
Carrying amount and fair value of financial assets and liabilities, SEKm	**Financial assets reported at fair value via income[1)]**	**Loan and trade receivables measured at amortized cost**	**Financial liabilities at fair value via income[1)]**	**Financial liabilities measured at amortized cost**	**Carrying amount**	**Fair value**
Financial investments	262	-	-	-	262	262
Derivatives	13	-	-	-	13	13
Trade receivables	-	4,627	-	-	4,627	4,627
Terminal fees [2) 3) 4)]	-	391	-	-	391	391
Short-term investments	-	351	-	-	351	351
Cash and cash equivalents	-	1,577	-	-	1,577	1,577
Long-term interest-bearing liabilities	-	-	-170	-1,546	-1,716	-1,731
Current interest-bearing liabilities	-	-	-	-2,029	-2,029	-2,059
Trade payables	-	-	-	-2,434	-2,434	-2,434
Other current liabilities	-	-	-	-1,598	-1,598	-1,598
Derivatives	-	-	-7	-	-7	-7
Terminal fees	-	-	-	-349	-349	-349
Total financial assets and liabilities, by category	**275**	**6,946**	**-177**	**-7,956**	**-912**	**-957**

[1)] Financial assets and liabilities measured at fair value via income using the Fair value option. Derivatives are classified as held for trading and are recognised at fair value unless used for hedge accounting.

[2)] Terminal fees are payment for production services performed in the receiving country, for mail posted in another country, under international agreements between countries. Terminal fees are recognised under Prepaid expenses and deferred income in the Statement of financial position.

[3)] The periods for settlement of terminal fees have been considerably shortened over recent years and have therefore been transferred from Financial assets reported at fair value via the Income Statement to Loan and trade accounts receivable measured at amortized cost.

[4)] To provide a more accurate view of receivables and liabilities regarding terminal fees, a change has been made in net accounting from 2017. Figures presented for comparison have been restated.

Recognition and fair value measurement of financial instruments

The fair value of loan liabilities is calculated as the discounted value of future cash flows relating to repayment of capital amounts and interest. The value is discounted to the current loan interest rate. In view of the short terms for trade receivables and trade payables, it is assumed that the carrying amount is the best approximation of the fair value.

All financial assets and liabilities recognized at fair value in the balance sheet are classified at level 2; see also Note 27 Financial risk management and financial instruments in PostNord's Annual Report.

Note 5 Definitions

Alternative key ratios:

In the interim report, references are made to a number of financial measures that are not defined in accordance with IFRS. These measures provide supplementary information and are used to aid external stakeholders and management in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these are not always comparable with measures employed by other companies. As a result, these financial measures should not be regarded as substitutes for measures as defined in IFRS.

Adjusted operating income
Total income less total costs, excluding items affecting comparability.

Adjusted operating margin
Adjusted operating income as % of net sales. Previously adjusted operating income as % of total income (net sales and other income).

Capital employed
Non-interest-bearing assets less non-interest-bearing liabilities.

EBITDAI
Earnings before interest, taxes, depreciations and amortizations/impairments.

Financial preparedness
Cash and cash equivalents and unutilized committed credit line.

Items affecting comparability
Items affecting comparability are substantial, nonrecurring or directly attributable to operating activities. Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.

Net debt
Interest-bearing debt, pension provisions, less cash and cash equivalents, financial investments, financial receivables, that according to IAS 19 are included in non-current receivables and short-term investments.

Reconciliation with financial statements

SEKm	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec, 31 2016
Interest-bearing debt, current	222	307	2,309	2,030	2,029
Interest-bearing debt, non-current	3,556	3,712	1,720	1,713	1,716
Pensions [1]	-	996	710	-	-
Financial investments	-198	-282	-282	-263	-262
Non-current receivables [2]	-1,145	-795	-798	-1,520	-1,201
Short-term investments	-296	-140	-541	-502	-351
Cash and cash equivalents	-1,901	-2,872	-3,086	-2,146	-1,577
Net debt	238	926	32	-688	354

[1] Including assets under management. When the plan assets exceed the estimated present value of the pension commitments, they are recognized under the heading of Non-current receivables.
[2] This amount is the portion of non-current receivables that is attributable to funded defined-benefit disability pension plans and defined-benefit pension plans measured in accordance with IAS 19.

Net debt/EBITDAI
Net debt divided by EBITDAI (rolling 12-months).

Net debt ratio
Net debt divided by equity.

Operating margin
Operating income as a percentage of net sales.

Return on capital employed (ROCE)
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.

Other key ratios:

Average number of employees (FTE)
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.

Basic staff
Refers to all full- and part-time regular employees.

Earnings per share (EPS)
Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.

Quarterly data

SEKm, unless otherwise specified	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
PostNord Group								
Net sales	9,638	9,590	8,895	10,355	9,348	9,083	8,565	10,083
Other income	54	76	70	63	70	62	76	116
Expenses	-9,393	-9,936	-9,065	-11,430	-9,324	-9,436	-8,840	-9,927
of which, personnel expenses	*-4,365*	*-4,427*	*-3,891*	*-4,578*	*-4,237*	*-4,512*	*-3,828*	*-4,215*
of which, transport expenses	*-2,345*	*-2,574*	*-2,483*	*-2,748*	*-2,552*	*-2,514*	*-2,588*	*-2,888*
of which, other expenses	*-2,278*	*-2,452*	*-2,328*	*-2,534*	*-2,211*	*-2,068*	*-2,103*	*-2,494*
of which, depreciation, amortization and impairments	*-405*	*-483*	*-363*	*-1,570*	*-324*	*-342*	*-321*	*-330*
Operating income (EBITDAI)	705	213	262	558	418	51	122	602
Operating margin (EBITDAI)	7.3%	2.2%	2.9%	5.4%	4.5%	0.6%	1.4%	6.0%
Operating income (EBIT)	300	-270	-101	-1,012	94	-291	-199	272
Operating margin (EBIT)	3.1%	-2.8%	-1.1%	-9.8%	1.0%	-3.2%	-2.3%	2.7%
Cash flows from operating activities	189	364	-656	1,424	990	922	-370	-181
Net debt	639	1,020	2,783	354	-688	32	926	238
Return on capital employed	5.6%	-2.3%	-3.8%	-12.1%	-15.0%	-15.9%	-17.5%	-1.6%
Average number of employees (FTE)	33,445	33,365	33,897	32,405	30,960	31,210	32,096	31,134
Number of staffing (basic) at end of period [1)]	34,684	33,884	32,766	32 657	32,358	31,910	30,905	30,797
Volumes, millions of mails produced:								
Sweden, priority mail	193	190	172	201	185	176	160	191
Sweden, non-priority mail	287	238	224	259	263	217	207	238
Denmark, priority mail/Quickbrev	32	27	20	22	12	10	9	10
Denmark, non-priority and business mail	71	67	63	71	74	64	56	72
Volumes, millions of parcels produced (net): (Eliminated for volumes between countries)								
Parcels, group total	33	35	33	41	36	37	37	45