

# Q1

2019  
Interim Report

postnord

## STRONG QUARTER IN CHALLENGING TIMES

### First quarter 2019\*

- Net sales totaled SEK 9,471m (9,102), an organic increase of 2%.
- Operating income totaled SEK 162m (-74).
- Net income for the period was SEK 56m (-167).
- Earnings per share were SEK 0.03 (-0.08).
- Cash flow from operating activities totaled SEK 435m (-25).

### Overview, SEKm\*

	Jan.-Mar.	
	2019	2018
Net sales	9,471	9,102
Operating income (EBIT)	162	-74
Income before tax	89	-75
Net income for the period	56	-167
Earnings per share, SEK	0.03	-0.08
Cash flow from operating activities	435	-25
Net debt ratio (2019, excl IFRS 16)	48%	3%
Return on operating capital (ROCE) (2019, excl IFRS 16)	-9.3%	-3.9%

\*Figures presented for comparison have not been restated in accordance with IFRS 16 Leases.

**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 the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2018, the Group had around 30,000 employees and sales of SEK 37,7 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at [www.postnord.com](http://www.postnord.com)

# Strong quarter in challenging times

It gives me pleasure to announce a strong increase in earnings in the first quarter, despite continued digitalization in the mail market. After a number of years of falling sales, we are growing again. This has been made possible by robust growth in e-commerce logistics, but also to a certain degree by customers streaming back from competitors on the mail side in Sweden.

To adapt to the steady growth in e-commerce, we are working in a goal-focused way to identify new solutions to help make everyday life easier for customers and recipients. Several services along these lines were launched during the period. In March, we began a pilot project in Denmark with 200 digital parcel lockers, called "Nærboks", in partnership with the SwipBox company. The lockers, mostly located close to the home, are used with the PostNord app to provide a totally new infrastructure for simple, eco-friendly and convenient delivery. If the outcome of the trial is positive, parcel lockers will be rolled out all over Denmark and, in a slightly longer term, in the other Nordic countries. Another simplification that we have introduced is track-and-trace for our *Varubrev* product in Sweden. A delivery notification is now sent via SMS or the PostNord app as soon as the *Varubrev* item is posted. A further example is same-day delivery, which we launched as a pilot project in Sweden with the retail chain Lager 157 as the *SameDay* service. We have plans to make the service permanent and extend it to more businesses in 2019.

In order to accommodate the growth in parcels, going forward we will be focusing our efforts on more parcel terminals. Recent investments include two separate terminals for parcels and third-party logistics in Helsingborg, new delivery vehicles and more than 700 additional service partners in Denmark and Sweden for increased availability. We also maintain dialogue with e-commerce customers to adapt our offers so that terminals and vehicles can be used more efficiently 24/7. The benefits are increased capacity, reduced environmental impact and more delivery options.

Measures to adapt to an ongoing decline in mail demand are continuing with the aim of minimizing negative impact on our financial results. Although the first quarter was a relatively strong one overall, the future still looks challenging for our mail business, and it will be challenging to compensate for that case simply through internal actions. Against that background, we must have a flexible, predictable and sustainable system of regulation in Denmark and Sweden.



The current system of regulation is not sufficiently flexible and predictable to meet future developments. If we are to be able to maintain a long-term postal service for everyone throughout both Sweden and Denmark, the system of regulation needs to be brought up to date. Our decision-makers should make clear what kind of postal service is to be provided to our citizens, and how it is to be financed. We are engaged in positive dialogue with both Swedish and Danish governments on this point.

Our goal-focused work of improving trust in PostNord continues and has been given top priority. Certain improvements in trust ratings are evident, but are still far from an acceptable level. Our objective is to achieve this by maintaining a high level of delivery quality, being responsive to customer needs and delivering innovative customer- and consumer-led services. We are obtaining direct feedback on our deliveries via the PostNord Listens program. The feedback is applied in our day-to-day focus on improvement.

The improvement in delivery quality in our logistics products is maintaining an acceptable trend and mail quality during the quarter was good in both Swedish and Danish operations.

In Europe's biggest brand survey focusing on sustainability, PostNord was recently named as the most sustainable brand in the logistics industry. This provides confirmation that we are on the right track with our sustainability work.

We need to maintain a high pace of adjustment if we are to address the external changes in the mail and parcels market, in our increasingly digital society. As Acting CEO, I will now work with the management team and the Board in focusing on quickly developing a plan for implementing the necessary changes in our operations and organization. By continuing to invest in a Nordic customer offer and a strong local presence, as well as by providing greater

scope for action at national level, we are creating the potential for strengthening our customer offer and improving profitability.

**Annemarie Gardshol**  
*Acting President and CEO*

## MAJOR EVENTS AFTER THE REPORTING PERIOD

### **Changes to PostNord's Group Executive Team**

A number of changes were made in the Group Management Team, effective on April 9, 2019. Annemarie Gardshol took over as Acting CEO of PostNord. Annemarie Gardshol has served as Head of PostNord Sweden since February 1, 2018 and as a member of the Group Executive Team since 2012.

She will remain in her current role of Head of PostNord Sweden. On the same day, Lena Larsson took up the position of Acting Chief Financial Officer (CFO), parallel to her current role as Head of Group Business Control. On the same occasion, Håkan Ericsson, former CEO, and Gunilla Berg, former CFO, resigned from PostNord.

## Net sales and income

Unless otherwise stated, the report comments on developments in January-March 2019 compared to the same period in 2018. Figures presented for comparison have not been restated in accordance with IFRS 16 Leases.

### FINANCIAL OVERVIEW

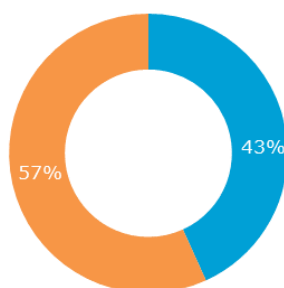
Group SEKm	Jan.-Mar.	
	2019	2018
Net sales	9,471	9,102
Δ (like-for-like)	2%	-3%
- Communication Services (ext.)	4,092	4,262
Δ (like-for-like)	-5%	-9%
- eCommerce & Logistics (ext.)	5,379	4,840
Δ (like-for-like)	9%	3%
Operating income (EBIT)	162	-74
Operating margin	1.7%	-0.8%
Net financial items	-73	0
Income before tax	89	-75
Tax	-33	-92
Net income for the period	56	-167

Net sales for the Group totaled SEK 9,471m (9,102). Adjusted for currency effects, this represented organic growth of 2%.

Income from letter services continue to decline as a result of digitalization, but at a lower-than-expected pace in the quarter. The Group's mail volumes declined by 8%; 9% in Denmark and 8% in Sweden. Sales for digital services at

Strålfors continue to record robust growth of 30%.

Parcel volumes rose by 10% as a result of further strong growth in e-commerce, where B2C parcel volumes increased by 19%. Income for third-party logistics increased overall by 17%



■ Communication Services      ■ eCommerce & Logistics

## INCOME ITEMS

Group Operating segments SEKm	Jan.-Mar.	
	2019	2018
PostNord Sweden	283	138
PostNord Denmark	-54	-199
PostNord Norway	22	1
PostNord Finland	2	1
PostNord Strålfors	31	47
Other business activities	0	4
Other and elimination	-122	-66
<b>Operating income (EBIT)</b>	<b>162</b>	<b>-74</b>

Operating income in the first quarter totaled SEK 162m (-74); the improvement arose through growth in e-commerce and an ongoing efficiency program across the countries to increase productivity. Operating income in the period was positively affected by adoption of IFRS 16 Leases, increasing by SEK 16m (-).

Net financial items totaled SEK -73m (0). This was attributable in the main to interest expense of SEK 31m from leases recognized in accordance with IFRS 16, exchange rate losses

of SEK 15m (4) and higher interest charges relating to pensions and provisions.

Income taxes in the period totaled SEK -33m (-92). The relatively high tax charge arose through non-recognition of deferred tax assets relating to the deficit in Denmark.

Net income totaled SEK 56m (-167).

# Cash flow and financial position

## CASH FLOWS

Group SEKm	Jan.-Mar.	
	2019	2018
Cash flow from operating activities	435	-25
Cash flows from investing activities	-263	-57
Cash flows from financing activities	772	0
<b>Cash flows for the period</b>	<b>944</b>	<b>-82</b>
<b>Cash and cash equivalents, closing balance</b>	<b>4,036</b>	<b>1,823</b>

Cash flow from operating activities totaled SEK 435m (-25). The increase was attributable in the main to income for the period, the impact of IFRS 16 Leases (see also Note 5), change in pension liability and settlement of the Group's provisions for restructuring. The cash flow increased via a credit of SEK 238m (-) from Postens Pensionsstiftelse (the Posten Pension Fund). Capitalization into the fund affected the cash flow in the amount of SEK -185m (-). Operating capital increased by SEK 131m (232) during the quarter, mainly in connection with the Group's trade receivables.

Cash flow from investing activities totaled SEK -263m (-57). Investments in property, plant and equipment and in non-current intangible

assets during the period totaled SEK 362m (211). In comparison with the preceding year, investments increased above all in Sweden and Denmark. The investments focused mainly on vehicles, equipment for third-party logistics business, the build-up of distribution hubs and IT development. Investments in commercial paper decreased by SEK 100m (160) over the period.

During the quarter, the Group issued MTN bonds in the capital market and bilateral loans totaling SEK 1,100m in order to refinance the SEK 1,550m debt maturing in the second quarter.

## NET DEBT

<b>Group SEKm</b>	<b>Mar. 31 2019</b>	<b>Mar. 31 2018</b>	<b>Dec. 31 2018</b>
Interest-bearing liabilities	9,658	3,797	3,389
Pensions and disability pension plans	2,123	-1,395	1,612
Long- and short-term investments	-200	-334	-299
Cash and cash equivalents	-4,036	-1,823	-3,088
<b>Net debt incl. pensions and lease liabilities*</b>	<b>7,545</b>	<b>245</b>	<b>1,614</b>
Net debt ratio incl. pensions and lease liabilities	156%	3%	31%
<b>Net debt incl. pensions but excl. lease liabilities</b>	<b>2,309</b>	<b>245</b>	<b>1,614</b>
Net debt ratio incl. pensions but excl. lease liabilities	48%	3%	31%
<b>Net debt excl. pensions and leases</b>	<b>186</b>	<b>1,640</b>	<b>2</b>
Net debt ratio excl. pensions and lease liabilities	4%	22%	0%

\*For information on the impact of IFRS 16 Leases on the Group's financial position, see Notes 1, 5 and 8.

The Group's net debt including pensions but excluding lease liabilities increased by SEK 695m during the quarter, mainly as a result of revaluation of PostNord's pension commitments of SEK 511m. The net debt ratio excluding lease and pension liabilities totaled 4% (22). Interest-bearing debt consists of a long-term portion of SEK 2,872m (3,574) and a current portion of SEK 1,550m (223).

The Group's net debt ratio excluding lease liabilities totaled 48% (3), which was within the Group's target range of 10-50%.

Return on capital employed was 7.9% (3.9). Return on capital employed, excluding items affecting comparability and excluding the impact of leasing accounted for under IFRS 16, was 5.1% (0.9).

At the end of the quarter, the Group's financial preparedness totaled SEK 6,038m (3,959), represented by cash and cash equivalents of SEK 4,036m (1,823), short-term investments of SEK 2m (136) and unutilized long-term confirmed credit facilities of SEK 2,000m (2,000).

### Equity

The Group's equity decreased to SEK 4,835m from SEK 5,142m on December 31, 2018. The change was attributable to improved income for the period, revaluation of pension commitments in the amount of SEK -501m net after tax, and translation differences.

## Sustainability

The average number of employees (FTEs) totaled 28,461 (29,469). The change was largely attributable to the transformation at PostNord Denmark. Sick leave totaled 5.4% (5.7). Over a multi-year perspective, sick leave is gradually falling. To reduce sick leave, preventive initiatives and rehabilitation measures are being implemented. The proportion of women in levels 1–3 management positions was 36%. At levels 4–6, the figure was 31%.

Delivery quality in Sweden is maintaining a stable level above the legal requirement for stamped letters, which is that 95% must be delivered to the intended recipient within two working days. In March, delivery quality was measured at 98.5% and over the 12 months to the end of the period 98.4%. In Denmark, quality was also higher than both target and the legal requirement. Delivery quality in March was 97.0% for Brevet. Delivery quality over the 12 months to the end of the period rose to 95.9%, exceeding the legal requirement that 93% of letters must be delivered to the intended recipient within five working days. With the growth in e-commerce, the volume of parcels is increasing. Overall delivery quality for parcels in the PostNord Group was 96.9% in March and 95.1% over the 12 months to the end of the period.

The result for the quarter was 85,790 tonnes of carbon dioxide, 2% lower than in the first quarter of 2018 and -33% compared with the base year 2009. The target for the full year is -37%. It is anticipated that the result will improve in the next quarter as energy

consumption in the Nordic region falls during the warmer seasons.

The climate impact of Swedish operations increased during the quarter. The underlying factors are rising parcel volumes and the fact that it has proved difficult to buy fuel with a high biofuel content since Sweden's law to reduce the climate impact of fuel entered into force. The law requires a certain minimum biofuel content in all fuel that is sold. In Denmark, climate impact overall is falling, and it is notable that the impact of the parcels business is also declining, despite increased volumes. This is due to increased use of Collect products, where parcels are not delivered to the home address but to the nearest parcel locker or other distribution point.

At the end of the first quarter, 51% of total purchase volumes originated from suppliers who had been approved via PostNord's process to verify compliance with the Code of Conduct for Suppliers. The outcome was lower than the preceding quarter's 54% because new suppliers had been engaged but had not yet undergone the process, and because certain suppliers were recategorized. Work on verifying supplier compliance with the Code continues. To date during the year, around 80 suppliers have been requested to carry out self-assessment and four underwent an on-site audit. The long-term goal is that, on the basis of a risk assessment, at least 80% of the Group's total purchasing is to be made from suppliers who accept and comply with the Code of Conduct for Suppliers.

## Parent Company

The Parent Company conducted very limited operations, in the form of intra-Group services. No net sales were recognized during the quarter

or in the comparable quarter last year. Net income totaled SEK -21m (-11).

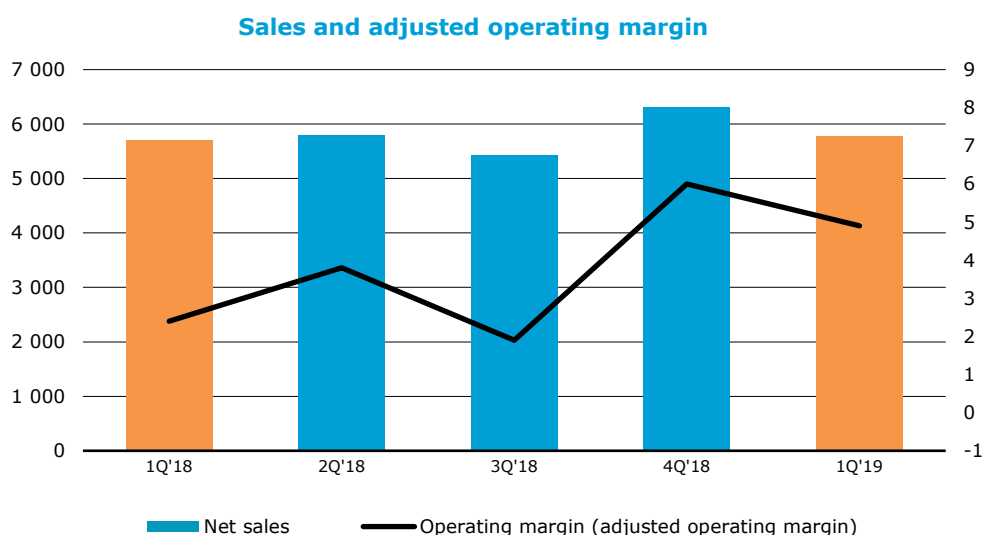


## POSTNORD SWEDEN

SEKm	Jan.-Mar.	
	2019	2018
Net sales	5,783	5,694
Δ (like-for-like)	2%	2%
- Communication Services (ext.)	2,656	2,823
Δ (like-for-like)	-6%	-3%
- eCommerce & Logistics (ext.)	2,837	2,601
Δ (like-for-like)	9%	6%
- internal	290	269
Operating income (EBIT)	283	138
Operating margin	4.9%	2.4%

Sales in Sweden increased by in all 2%. In Communication Services, sales decreased as a result of continued digitization, with mail volumes declining 8%. Sales for eCommerce & Logistics increased by 9% mainly through continued growth in e-commerce, where B2C parcel volumes rose 18%. PostNord Sweden also recorded growth in third-party logistics and other logistics.

The improved income arose through the introduction of higher postage rates in May 2018, growth in e-commerce, savings on air freight and other efficiency initiatives.



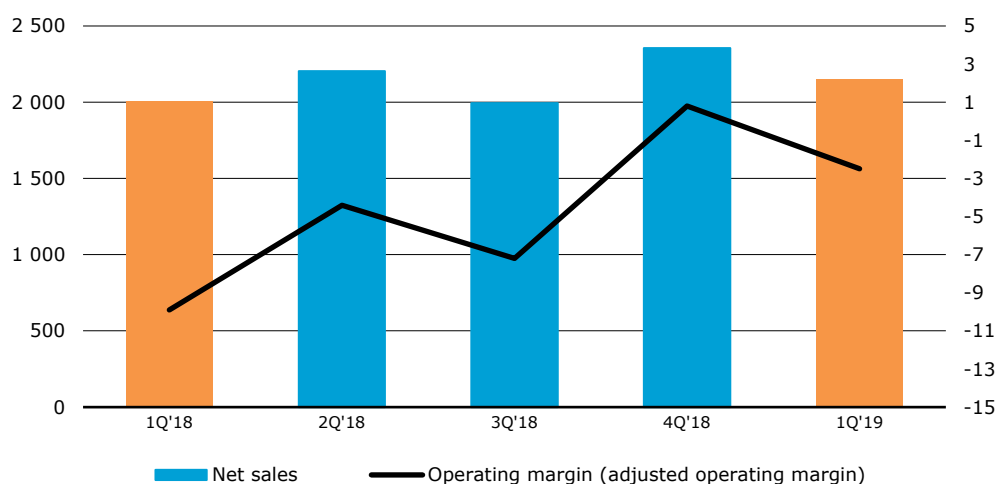
## POSTNORD DENMARK

SEKm	Jan.-Mar.	
	2019	2018
Net sales	2,147	2,006
Δ (like-for-like)	3%	-13%
- Communication Services (ext.)	882	890
Δ (like-for-like)	-5%	-25%
- eCommerce & Logistics (ext.)	1,135	997
Δ (like-for-like)	9%	-1%
- internal	130	119
Operating income (EBIT)	-54	-199
Operating margin	-2.5%	-9.9%

In Communication Services sales declined as a result of a 9% fall in mail volumes. Growth in eCommerce & Logistics was generated above all by continued growth in e-commerce via Germany, where Zalando is the biggest customer.

Income improved through growth in e-commerce and cost savings within the transformation program, as well as via improvements in third-party logistics and heavy goods.

Sales and adjusted operating margin



## POSTNORD NORWAY

SEKm	Jan.-Mar.	
	2019	2018
Net sales	1,099	965
Δ (like-for-like)	10%	3%
- Communication Services (ext.)	17	11
Δ (like-for-like)	45%	-10%
- eCommerce & Logistics (ext.)	911	797
Δ (like-for-like)	11%	-1%
- internal	171	157
Operating income (EBIT)	22	1
Operating margin	2.0%	0.1%

Net sales increased as a result of growth in e-commerce, groupage cargo and part loads, as well as from a certain impact from the timing of Easter from one year to another.

Income improved through growth and efficiency measures in terminal and distribution handling.

## POSTNORD FINLAND

SEKm	Jan.-Mar.	
	2019	2018
Net sales	309	268
Δ (like-for-like)	10%	2%
– <i>Communication Services (ext.)</i>	3	2
Δ (like-for-like)	0%	-39%
– <i>eCommerce &amp; Logistics (ext.)</i>	199	183
Δ (like-for-like)	4%	0%
– <i>internal</i>	107	83
Operating income (EBIT)	2	1
Operating margin	0.5%	0.3%

The increase in net sales is attributable to growth in B2C parcels and higher pallet income.

distribution, as well as certain effects mainly relating to the organization at the terminals.

The improvement in income arose from growth in e-commerce and further efficiencies in

## POSTNORD STRÅLFORS

SEKm	Jan.-Mar.	
	2019	2018
Net sales	520	519
Δ (like-for-like)	-2%	-8%
– <i>Communication Services (ext.)</i>	486	484
Δ (like-for-like)	-2%	-9%
– <i>internal</i>	34	34
Operating income (EBIT)	31	47
Operating margin	6.0%	9.0%

The continued decrease in the volume of physical products in print was offset by growth in digital and hybrid services such as WeMail, SMS and e-invoices.

The weaker operating income was for the most part attributable to poorer earnings resulting from changes in the product mix.

## OTHER BUSINESS ACTIVITIES

SEKm	Jan.-Mar.	
	2019	2018
Net sales	348	317
Δ (like-for-like)	2%	0%
– <i>Communication Services (ext.)</i>	50	53
Δ (like-for-like)	-5%	5%
– <i>eCommerce &amp; Logistics (ext.)</i>	296	263
Δ (like-for-like)	4%	-1%
– <i>internal</i>	2	2
Operating income (EBIT)	0	4
Operating margin	-0.1%	1.2%

The increase in like-for-like sales arose mainly through higher income from customers in Asia and the USA.

The lower income was attributable in the main to changes in the mix between markets and customers.

Solna, April 24, 2019  
PostNord AB (publ), CIN 556771-2640

Annemarie Gardshol  
Acting President and CEO

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 below-mentioned contact person below, at 12.30 p.m. CET on April 24, 2019.

### **Financial calendar**

Annual General Meeting	April 24, 2019
Interim report January–June 2019	July 17, 2019
Interim report January September 2019	October 25, 2019
Year-end report 2019	January 30, 2020
Annual Report	March 2020

### **Contact details**

#### **Acting CFO**

Lena Larsson, Tel. +46 (0)10 436 00 00

#### **Chief Communications Officer**

Thomas Backteman, Tel.: +46 (0)10 436 00 00

Contact: [ir@postnord.com](mailto:ir@postnord.com)

#### **Sweden**

Mailing address: SE-105 00 Stockholm  
Visiting address: Terminalvägen 24, Solna  
Tel.: +46 (0)10 436 00 00  
[www.postnord.com](http://www.postnord.com)

#### **Denmark**

Mailing and visiting address:  
Hedegaardsvej 88  
DK-2300 Copenhagen S  
Tel.: +45 (0)70 70 70 30

# FINANCIAL STATEMENTS

## Income statement

SEKm	Note	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Dec. 2018
	1, 5			
Net sales		9,471	9,102	37,669
Other operating income		56	144	2,053
<b>Operating revenue</b>	3	<b>9,527</b>	<b>9,248</b>	<b>39,722</b>
Personnel expenses		-4,040	-4,086	-18,789
Transportation expenses		-2,785	-2,688	-11,224
Other operating expenses		-1,956	-2,242	-9,315
Depreciation and impairments		-584	-305	-1,250
<b>Operating expenses</b>		<b>-9,365</b>	<b>-9,321</b>	<b>-40,578</b>
<b>TOTAL OPERATING INCOME</b>	3	<b>162</b>	<b>-74</b>	<b>-855</b>
Financial income		6	12	39
Financial expenses		-79	-12	-74
<b>Net financial items</b>		<b>-73</b>	<b>0</b>	<b>-35</b>
<b>Income before tax</b>		<b>89</b>	<b>-75</b>	<b>-890</b>
Tax		-33	-92	-176
<b>NET INCOME</b>		<b>56</b>	<b>-167</b>	<b>-1,067</b>
<b>Attributable to</b>				
Parent company shareholders		55	-168	-1,068
Non-controlling interests		1	1	1
Earnings per share, SEK		0,03	-0,08	-0,53

## Statement of comprehensive income

SEKm	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Dec. 2018
<b>NET INCOME</b>	<b>56</b>	<b>-167</b>	<b>-1,067</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that cannot be transferred to net income</b>			
Revaluation of pension liabilities	-631	55	-2,504
Change in deferred tax	130	-12	547
<b>Total</b>	<b>-501</b>	<b>43</b>	<b>-1,957</b>
<b>Items that have been or may be transferred to net income</b>			
Cash flow hedges after tax	0	1	-2
Translation differences	138	188	138
<b>Total</b>	<b>138</b>	<b>189</b>	<b>136</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-363</b>	<b>232</b>	<b>-1,821</b>
<b>COMPREHENSIVE INCOME</b>	<b>-307</b>	<b>65</b>	<b>-2,888</b>
<b>Attributable to</b>			
Parent company shareholders	-308	64	-2,889
Non-controlling interests	1	1	1

## Statement of financial position

SEKm	Note	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
	1, 5					
<b>ASSETS</b>						
Goodwill		2,656	2,594	2,653	2,668	2,634
Other non-current intangible assets		761	747	744	762	778
Property, plant and equipment		8,088	7,961	7,902	8,028	7,871
Right-of-use assets		5,387	-	-	-	-
Participations in associated companies and joint ventures		89	87	81	81	92
Financial investments	7	198	198	204	200	198
Non-current receivables		1,077	1,108	1,179	1,078	1,551
Deferred tax assets		203	78	75	101	112
<b>Total non-current assets</b>		<b>18,459</b>	<b>12,773</b>	<b>12,838</b>	<b>12,918</b>	<b>13,236</b>
Inventories		110	100	108	103	91
Tax assets		404	322	218	229	232
Trade receivables	7	4,719	5,009	4,776	4,734	4,368
Prepaid expenses and accrued income		1,066	1,113	1,080	1,441	1,263
Other receivables		138	190	158	217	142
Short-term investments	7	2	101	151	4	136
Cash and cash equivalents	7	4,036	3,088	2,648	4,157	1,823
Assets held for sale		123	125	100	108	129
<b>Total current assets</b>		<b>10,597</b>	<b>10,048</b>	<b>9,239</b>	<b>10,993</b>	<b>8,184</b>
<b>TOTAL ASSETS</b>		<b>29,056</b>	<b>22,821</b>	<b>22,077</b>	<b>23,911</b>	<b>21,420</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>		<b>4,835</b>	<b>5,142</b>	<b>6,564</b>	<b>6,266</b>	<b>7,430</b>
<b>LIABILITIES</b>						
Non-current interest-bearing liabilities	7	2,871	1,770	1,887	1,594	3,574
Long-term lease liabilities		3,827	-	-	-	-
Other non-current liabilities		46	46	54	53	52
Pensions		3,054	2,576	144	660	-
Other provisions		3,345	3,392	3,329	3,332	1,565
Deferred tax liabilities		149	157	679	579	831
<b>Total non-current liabilities</b>		<b>13,292</b>	<b>7,941</b>	<b>6,093</b>	<b>6,218</b>	<b>6,022</b>
Current interest-bearing liabilities	7	1,550	1,619	1,855	2,931	223
Current lease liabilities		1,410	-	-	-	-
Trade payables	7	2,441	2,584	2,374	2,687	2,394
Tax liabilities		122	49	-	58	30
Other current liabilities	7	1,136	1,167	1,246	1,192	1,264
Accrued liabilities and deferred income		3,417	3,339	2,962	3,448	3,524
Other provisions		852	980	983	1,111	533
<b>Total current liabilities</b>		<b>10,928</b>	<b>9,738</b>	<b>9,420</b>	<b>11,427</b>	<b>7,968</b>
<b>TOTAL LIABILITIES</b>		<b>24,221</b>	<b>17,678</b>	<b>15,513</b>	<b>17,645</b>	<b>13,990</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,056</b>	<b>22,821</b>	<b>22,077</b>	<b>23,911</b>	<b>21,420</b>

## Statement of cash flows

SEKm	Note	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Dec. 2018
<b>OPERATING ACTIVITIES</b>				
	5			
Income before tax		89	-75	-890
Adjustments for non-cash items <sup>1)</sup>		245	-94	3,468
Income tax paid		-30	-88	-175
<b>Cash flows from operating activities before change in working capital</b>		<b>304</b>	<b>-257</b>	<b>2,403</b>
Cash flow from changes in working capital				
Increase(-)/decrease(+) in inventories		-10	-3	-12
Increase(-)/decrease(+) in other operating receivables		206	360	-125
Increase(+)/decrease(-) in other operating liabilities		-65	-96	-202
Other changes in working capital		0	-29	19
<b>Changes in working capital</b>		<b>131</b>	<b>232</b>	<b>-320</b>
<b>Cash flow from operating activities</b>		<b>435</b>	<b>-25</b>	<b>2,083</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		-298	-168	-1,187
Sale of property, plant and equipment		4	5	30
Acquisitions of non-current intangible assets		-64	-43	-186
Acquisition of financial assets		-5	-11	-156
Sale of financial assets		100	160	344
<b>Cash flows from investing activities</b>		<b>-263</b>	<b>-57</b>	<b>-1,155</b>
<b>FINANCING ACTIVITIES</b>				
Amortized loans		-65	-	-2,578
New loans		1,100	-	2,171
Amortized lease liabilities		-254	-	-
Shareholder contribution		-	-	667
Dividend paid		-	-	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		-9	0	-6
<b>Cash flows from financing activities</b>		<b>772</b>	<b>0</b>	<b>252</b>
<b>CASH FLOWS FOR THE PERIOD</b>				
		<b>944</b>	<b>-82</b>	<b>1,180</b>
Cash and cash equivalents, at beginning of period		3,088	1,901	1,901
Translation difference in cash and cash equivalents		4	4	7
<b>Cash and cash equivalents, closing balance</b>		<b>4,036</b>	<b>1,823</b>	<b>3,088</b>
<sup>1)</sup> Adjustments for non-cash items:				
Depreciation and impairments , property, plant and equipment		312	305	1,250
Amortization and impairments, right-of-use assets		272	-	-
Change in pension liability		-50	-194	561
Other provisions		-292	-218	1,748
Miscellaneous		3	13	-91
Total		245	-94	3,468

## Statement of changes in equity

### Equity attributable to the Parent Company's shareholders

SEKm	Share capital <sup>1)</sup>	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2018</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,749</b>	<b>2</b>	<b>-2,845</b>	<b>3</b>	<b>7,365</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	-168	1	-167
Other comprehensive income for the period	-	-	188	1	43	-	232
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>188</b>	<b>1</b>	<b>-125</b>	<b>1</b>	<b>65</b>
Dividend	-	-	-	-	-	-	-
<b>Shareholders' equity, closing balance Mar. 31, 2018</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,561</b>	<b>3</b>	<b>-2,970</b>	<b>4</b>	<b>7,430</b>

### Equity attributable to the Parent Company's shareholders

SEKm	Share capital <sup>1)</sup>	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Apr. 1, 2018</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,561</b>	<b>3</b>	<b>-2,970</b>	<b>4</b>	<b>7,430</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	-900	0	-900
Other comprehensive income for the period	-	-	-50	-3	-2,000	-	-2,053
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-50</b>	<b>-3</b>	<b>-2,900</b>	<b>0</b>	<b>-2,953</b>
Contribution from owner	-	667	-	-	-	-	667
Dividend	-	-	-	-	-	-2	-2
<b>Shareholders' equity, closing balance Dec. 31, 2018</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,611</b>	<b>0</b>	<b>-5,870</b>	<b>2</b>	<b>5,142</b>

### Equity attributable to the Parent Company's shareholders

SEKm	Share capital <sup>1)</sup>	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2019</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,611</b>	<b>0</b>	<b>-5,870</b>	<b>2</b>	<b>5,142</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	55	1	56
Other comprehensive income for the period	-	-	138	0	-501	-	-363
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>0</b>	<b>-446</b>	<b>1</b>	<b>-307</b>
Dividend	-	-	-	-	-	-	-
<b>Shareholders' equity, closing balance Mar. 31, 2019</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,473</b>	<b>0</b>	<b>-6,316</b>	<b>3</b>	<b>4,835</b>

<sup>1)</sup>Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.



# Parent Company financial statements in brief

## Income statement

SEKm	Note	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Dec. 2018
	1			
Other operating income		4	4	14
<b>Operating revenue</b>		<b>4</b>	<b>4</b>	<b>14</b>
Personnel expenses		-6	-6	-24
Other expenses		-10	-1	-6
<b>Operating expenses</b>		<b>-16</b>	<b>-7</b>	<b>-30</b>
<b>TOTAL OPERATING INCOME</b>		<b>-12</b>	<b>-3</b>	<b>-16</b>
Impairment of shares in subsidiaries		-	-	-815
Interest income and similar income items		0	1	2
Interest expenses and similar items		-9	-9	-38
<b>Financial items</b>		<b>-9</b>	<b>-8</b>	<b>-851</b>
<b>Income after financial items</b>		<b>-21</b>	<b>-11</b>	<b>-861</b>
Appropriations		-	-	51
<b>Income after tax</b>		<b>-21</b>	<b>-11</b>	<b>-817</b>
Tax		-	-	-
<b>NET INCOME</b>		<b>-21</b>	<b>-11</b>	<b>-817</b>

## Statement of comprehensive income

SEKm	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Dec. 2018
Net income for the period	-21	-11	-817
Other comprehensive income for the period	-	-	-
<b>COMPREHENSIVE INCOME</b>	<b>-21</b>	<b>-11</b>	<b>-817</b>

## Balance sheet

SEKm	Note	Mar. 31, 2019	Mar. 31, 2018	Dec. 31, 2018
	1			
<b>ASSETS</b>				
Financial assets		10,889	11,699	10,888
<b>Total non-current assets</b>		<b>10,889</b>	<b>11,699</b>	<b>10,888</b>
Current receivables		8,692	7,226	7,612
<b>Total current assets</b>		<b>8,692</b>	<b>7,226</b>	<b>7,612</b>
<b>TOTAL ASSETS</b>		<b>19,581</b>	<b>18,925</b>	<b>18,500</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		15,592	15,753	15,613
Non-current liabilities		2,430	2,978	1,330
Current liabilities		1,559	194	1,557
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,581</b>	<b>18,925</b>	<b>18,500</b>

# Notes to financial statements

## Note 1 – Accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and supplementary rules in the Swedish Annual Accounts Act. The provisions of Chapter 9 of the Swedish Annual Accounts are applied in the Parent Company. Other disclosures in accordance with IAS 34.16A are presented both in the financial statements and other parts of the interim report.

The Group applies IFRS 16 Leases as of January 1, 2019. The Parent Company does not apply IFRS 16, in accordance with the exemption described in RFR 2.

For lessees, the classification into operating and financial leases under IAS 17 is abolished and replaced by a model in which assets and liabilities relating to all lease agreements are to be recognized on the balance sheet. The lessee recognizes a right-of-use asset that represents a right to use the underlying asset, and a lease liability that represents an obligation to pay lease charges. In the income statement, amortization is recognized separately from interest expenses arising from the lease liability.

The standard has not been applied to leases relating to intangible assets and non-lease components have been recognized separately. No material impact is anticipated with regard to leases where the Group is the lessor.

The Group's leases identified in accordance with IFRS 16 relate for the most part to rent of premises. With regard to transportation and IT service leases, such leases are not deemed to fall within the scope of IFRS 16, mainly on the basis that PostNord has no control over which underlying asset is used.

At the time of transition, the lease liability was measured at the present value of the outstanding lease charges, discounted by the marginal borrowing interest rate. A differentiated marginal borrowing interest rate was calculated, taking into account geographical location, length of lease term, credit volumes and financial environment. At the time of transition, the average marginal borrowing rate was 2.3%.

The lease term was determined as the non-cancellable lease term. Taken into account are leases of material importance that include options for extension or cancellation, where it is reasonably certain that the options will be exercised. PostNord has applied the modified retroactive approach without restatement of figures for comparison. Right-of-use assets relating to former operating leases have been recognized at amortized value from the start of the lease, for all current leases with a term of no less than 12 months from January 1, 2019.

PostNord applies the provisions on transitional rules for short-term leases and low-value assets. As a result, leases with a term of less than 12 months and low-value leases (assets valued at less than around SEK 50 thousand in new condition) are not included in the calculation of right-of-use asset or lease liability, but instead continue to be recognized on a linear cost basis over the lease term. Examples of low-value assets include computers, printers and coffee machines. For more information, see Note 5. Leases.

Otherwise, the same accounting policies and calculation methods are applied in the interim report as in the 2018 annual report for the Group and Parent Company.

## Note 2 – Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. For further information on risks, uncertainties, other aspects of risk management and significant assessments and estimates, see PostNord's 2018 Annual and Sustainability Report (pages 32-33 and Note 2, page 54).

## Note 3 – Operating segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is coordinated on the basis of the nature of the business. Market pricing is applied to legal transactions between PostNord's segments. There is no latitude for purchasing externally where the service is available internally. The operating segments reflect the operational structure.

**PostNord Sweden** operates in mail, logistics and e-commerce in the Swedish market.

**PostNord Denmark** operates in mail, logistics and e-commerce in the Danish market and is responsible for the e-commerce and logistics part of PostNord's operations in Germany.

**PostNord Norway** and **PostNord Finland** operate in mail, logistics and e-commerce in the Norwegian and Finnish markets, respectively.

**PostNord Strålfors** operates in the area of information logistics. The company develops and offers communications solutions for companies with large customer bases.

**Other business activities** incorporates other business activities and Direct Link. Direct Link operates in the area of global distribution of marketing communications and lightweight goods, mainly for e-retailers. The business is conducted in the USA, the United Kingdom, Germany, Singapore, Hong Kong and Australia.

The **Other** and **eliminations** segment consists of shared services and corporate functions including the Parent Company and Group adjustments. Group adjustments consist of IFRS measurement for pensions under IAS 19 Employee Benefits and IAS 16 Leases. An operational adjustment between Other and eliminations and PostNord Sweden is made to enable PostNord Sweden to report an accurate cost for pensions, which legally may vary, above all, depending on when credit is received from Postens Pensionsstiftelse.

Eliminations consists of the elimination of internal transactions.

Net sales per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEKm	2017	2017	2017	2017	2018	2018	2018	2018	2019
PostNord Sweden	5,608	5,551	5,245	6,235	5,694	5,791	5,425	6,315	5,783
- of which internal	241	233	231	271	269	254	255	306	290
PostNord Denmark	2,214	2,108	1,977	2,386	2,006	2,204	1,994	2,355	2,147
- of which internal	112	110	108	145	119	126	110	130	130
PostNord Norway	961	929	920	1,061	965	1,065	1,019	1,143	1,099
- of which internal	126	151	152	204	157	194	175	214	171
PostNord Finland	251	250	250	277	268	294	291	323	309
- of which internal	73	76	82	91	83	94	102	119	107
PostNord Strålfors	557	518	478	528	519	531	474	528	520
- of which internal	32	36	34	44	34	37	34	39	34
Other business activities	321	317	284	334	317	322	317	365	348
- of which internal	1	0	0	-1	2	1	1	2	2
Other and eliminations	-584	-606	-607	-755	-667	-705	-680	-805	-735
<b>Group</b>	<b>9,328</b>	<b>9,067</b>	<b>8,547</b>	<b>10,066</b>	<b>9,102</b>	<b>9,502</b>	<b>8,840</b>	<b>10,225</b>	<b>9,471</b>

Operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEKm, unless otherwise indicated	2017	2017	2017	2017	2018	2018	2018	2018	2019
PostNord Sweden	274	258	120	397	138	222	105	342	283
- as % of net sales, EBIT	4,9	4,6	2,3	6,4	2,4	3,8	1,9	5,4	4,9
PostNord Denmark	-195	-505	-304	-35	-199	-1,065	-152	50	-54
- as % of net sales, EBIT	-8,8	-24,0	-15,4	-2,2	-9,9	-48,3	-7,6	2,1	-2,5
PostNord Norway	23	-1	-12	35	1	17	-18	41	22
- as % of net sales, EBIT	2,4	-0,1	-1,3	3,3	0,1	1,6	-1,8	3,6	2,0
PostNord Finland	1	-1	3	5	1	4	6	8	2
- as % of net sales, EBIT	0,4	-0,4	1,2	1,8	0,3	1,4	2,1	2,5	0,5
PostNord Strålfors	56	43	33	39	47	46	42	34	31
- as % of net sales, EBIT	10,1	8,3	6,9	7,4	9,0	8,6	8,9	6,4	6,0
Other business activities	14	11	7	13	4	2	8	6	0
- as % of net sales, EBIT	4,4	3,5	2,5	3,9	1,2	0,6	2,5	1,6	0,0
Other and eliminations	-79	-97	-45	-181	-66	-127	-64	-288	-122
<b>Operating income</b>	<b>94</b>	<b>-292</b>	<b>-198</b>	<b>273</b>	<b>-74</b>	<b>-901</b>	<b>-73</b>	<b>193</b>	<b>162</b>
- as % of net sales, EBIT	1,0	-3,2	-2,3	2,7	-0,8	-9,5	-0,8	1,9	1,7

### Note 3 – Operating segments (cont.)

Adjusted operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEKm, unless otherwise indicated	2017	2017	2017	2017	2018	2018	2018	2018	2019
PostNord Sweden	274	258	120	397	138	222	105	380	283
- as % of net sales, Adjusted EBIT	4,9	4,6	2,3	6,4	2,4	3,8	1,9	6,0	4,9
PostNord Denmark	-97	-218	-226	-33	-199	-96	-143	19	-54
- as % of net sales, Adjusted EBIT	-4,4	-10,3	-11,4	-1,4	-9,9	-4,4	-7,2	0,8	-2,5
PostNord Norway	23	-1	-12	35	1	17	-18	41	22
- as % of net sales, Adjusted EBIT	2,4	-0,1	-1,3	3,3	0,1	1,6	-1,8	3,6	2,0
PostNord Finland	1	-1	3	5	1	4	6	8	2
- as % of net sales, Adjusted EBIT	0,4	-0,4	1,2	1,8	0,3	1,4	2,1	2,5	0,6
PostNord Strålfors	56	43	33	39	47	46	42	34	31
- as % of net sales, Adjusted EBIT	10,1	8,3	6,9	7,4	9,0	8,6	8,9	6,4	6,0
Other business activities	14	11	7	13	4	2	8	5	0
- as % of net sales, Adjusted EBIT	4,4	3,5	2,5	-3,7	1,2	0,6	2,5	1,4	0,0
Other and eliminations	-79	-97	-48	-181	-66	-127	-64	-287	-122
<b>Adjusted operating income</b>	<b>193</b>	<b>-5</b>	<b>-123</b>	<b>273</b>	<b>-74</b>	<b>68</b>	<b>-64</b>	<b>200</b>	<b>162</b>
- as % of net sales, Adjusted EBIT	2,1	0,0	-1,4	2,7	-0,8	0,7	-0,7	2,0	1,7

Net sales	Business areas			
	Communication Services		eCommerce & Logistics	
	Jan.-Mar. 2019	Jan.-Mar. 2018	Jan.-Mar. 2019	Jan.-Mar. 2018
<b>SEKm</b>				
<b>Operating segments</b>				
PostNord Sweden	2,656	2,823	2,837	2,601
PostNord Denmark	882	890	1,135	997
PostNord Norway	17	11	911	797
PostNord Finland	3	2	199	183
PostNord Strålfors	486	484	-	-
Other business activities	50	53	296	263
<b>Total</b>	<b>4,092</b>	<b>4,262</b>	<b>5,379</b>	<b>4,840</b>

The above table shows PostNord's external net sales per service category (business area) and operating segment.

PostNord's revenue is mostly recognized at one point in time. The main items in revenue recognition over time are third-party logistics, subscription services and mail services. The relative shares of income recognized at one point in time 95% (95) and over time 5% (5) are unchanged. Business area eCommerce & Logistics offers logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

### Note 4 – Acquisitions and disposals

No material acquisitions or disposals took place during 2019 or 2018.

## Note 5 Leases

### **Impact of adoption of IFRS 16 Leases**

The Group has applied the modified retroactive approach. In this method, the accumulated effect of introducing IFRS 16 has been recognized in the opening balance as per January 1, 2019, without restatement of figures for comparison. The impact of transition on items in the Consolidated statement of financial positions at the start of the current financial year relates to right-of-use assets of SEK 5.5 billion and lease liabilities of SEK 5.4 billion, in which the difference, approximately SEK 0.1 billion, consists of advance payments. No impact on opening balance of equity. Recognized right-of-use assets refers to properties of SEK 5.2 billion and machinery and equipment of SEK 0.3 billion.

### **Impact on Consolidated financial statements, Quarter 1 2019**

#### Income statement

Recognition of amortization of right-of-use assets instead of lease charges made a positive impact on operating income. The Group's operating income for Quarter 1 2019 was SEK 16m higher than if previous accounting principles had been applied. Estimated interest on the lease liability has a negative impact on net financial items. Deferred tax is recognized as the difference between leasing cost booked by legal entities and the amount of amortization and interest calculated in accordance with IFRS 16. Operating income for Quarter 1 2019 was SEK 12m lower than if previous accounting principles had been applied.

#### Statement of financial position

The Consolidated statement of financial position on March 31, 2019 included right-of-use assets of SEK 5,387m and lease liabilities of SEK 5,237m, where the difference for the most part consists of advance payments. Deferred tax assets consisting of temporary differences are recognized in the amount of SEK 3m.

#### Statement of cash flows

Leases recognized as assets or liabilities in the Consolidated statement of financial position have no impact on cash flow. No investment regarding new leases is reported in the statement of cash flows. Amortizations of the lease liability are reported under financing activities. The cash flow from operating activities is adjusted to take into account amortization of right-of-use assets.

The Group's key performance indicators for operating capital (ROCE) and net debt are impacted to a major extent by IFRS 16. See also Net Debt table on page 7 and Note 8 in the Interim Report.

## Note 5 Leases (cont.)

Information presented for comparison as if IFRS 16 had not been applied in 2019.

Summary statement of financial position	Carrying amounts, IFRS 16 not applied	Impact of IFRS 16	Statement of financial position
	Mar. 31, 2019	Mar. 31, 2019	Mar. 31, 2019
<b>SEKm</b>			
Right-of-use assets	-	5,387	5,387
Deferred tax assets	200	3	203
Prepaid expenses and accrued income	1,231	-165	1,066
Equity	4,847	-12	4,835
Long-term lease liabilities	-	3,827	3,827
Current lease liabilities	-	1,410	1,410

Summary income statement	Carrying amounts, IFRS 16 not applied	Impact of IFRS 16	Income statement
	Jan.-Mar. 2019	Jan.-Mar. 2019	Jan.-Mar. 2019
<b>SEKm</b>			
<b>Operating revenue</b>	<b>9,527</b>	-	<b>9,527</b>
Personnel expenses	-4,044	4	-4,040
Transportation expenses	-2,810	25	-2,785
Other operating expenses	-2,215	259	-1,956
Depreciation and impairments	-312	-272	-584
<b>Operating expenses</b>	<b>-9,381</b>	<b>16</b>	<b>-9,365</b>
<b>TOTAL OPERATING INCOME</b>	<b>146</b>	<b>16</b>	<b>162</b>
Financial income	6	-	6
Financial expenses	-48	-31	-79
<b>Net financial items</b>	<b>-42</b>	<b>-31</b>	<b>-73</b>
<b>Income before tax</b>	<b>104</b>	<b>-15</b>	<b>89</b>
Tax	-36	3	-33
<b>NET INCOME</b>	<b>68</b>	<b>-12</b>	<b>56</b>

Summary statement of cash flows	Carrying amounts, IFRS 16 not applied	Impact of IFRS 16	Statement of cash flows
	Jan.-Mar. 2019	Jan.-Mar. 2019	Jan.-Mar. 2019
<b>SEKm</b>			
Cash flow from operating activities	181	254	435
Cash flows from investing activities	-263	-	-263
Cash flows from financing activities	1,026	-254	772
<b>CASH FLOWS FOR THE PERIOD</b>	<b>944</b>	<b>-</b>	<b>944</b>

## Note 6 – Other provisions

<b>2019 Jan.-Mar. SEKm</b>	<b>Opening balance</b>	<b>Provisions</b>	<b>Reversals</b>	<b>Utilization</b>	<b>Impact of translation /reclassification</b>	<b>Closing balance</b>
Restructuring measures	3,147	-	-	-217	52	2,982
Non-vested pension commitments	1,156	12	-	-77	53	1,144
Miscellaneous	70	-	-	-	1	71
<b>Total</b>	<b>4,372</b>	<b>12</b>	<b>-</b>	<b>-294</b>	<b>106</b>	<b>4,197</b>
<i>Of which, current</i>	980					852
<i>Of which, non-current</i>	3,392					3,345

<b>2018 Jan.-Mar. SEKm</b>	<b>Opening balance</b>	<b>Provisions</b>	<b>Reversals</b>	<b>Utilization</b>	<b>Impact of translation /reclassification</b>	<b>Closing balance</b>
Restructuring measures	1,127	22	-	-210	41	980
Non-vested pension commitments	1,098	13	-	-87	-	1,024
Miscellaneous	90	0	-	-	3	93
<b>Total</b>	<b>2,316</b>	<b>35</b>	<b>-</b>	<b>-297</b>	<b>44</b>	<b>2,098</b>
<i>Of which, current</i>	592					533
<i>Of which, non-current</i>	1,724					1,565

## Not 7 – Financial instruments

31 March 2019

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	16	-	-	-	16	16
Currency derivatives	12	-	-	-	-	12	12
Trade receivables	-	4,718	-	-	-	4,718	4,718
Terminal fees <sup>1</sup>	-	570	-	-	-	570	570
Short-term investments	-	2	-	-	-	2	2
Cash and cash equivalents	-	4,036	-	-	-	4,036	4,036
Long-term interest-bearing liabilities	-	-	-	-	-2,871	-2,871	-2,883
Current interest-bearing liabilities	-	-	-	-	-1,410	-1,410	-1,411
Trade payables	-	-	-	-	-2,441	-2,441	-2,441
Other current liabilities	-	-	-	-	-1,138	-1,138	-1,138
Currency derivatives	-	-	-25	-	-	-25	-25
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-349	-349	-349
<b>Total financial assets and liabilities, by category</b>	<b>12</b>	<b>9,342</b>	<b>-25</b>	<b>0</b>	<b>-8,209</b>	<b>1,120</b>	<b>1,107</b>

31 December 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	20	-	-	-	20	20
Currency derivatives	16	-	-	-	-	16	16
Trade receivables	-	5,009	-	-	-	5,009	5,009
Terminal fees <sup>1</sup>	-	504	-	-	-	504	504
Short-term investments	-	101	-	-	-	101	101
Cash and cash equivalents	-	3,088	-	-	-	3,088	3,088
Long-term interest-bearing liabilities	-	-	-	-	-1,595	-1,595	-1,600
Current interest-bearing liabilities	-	-	-	-	-1,619	-1,619	-1,621
Trade payables	-	-	-	-	-2,584	-2,584	-2,584
Other current liabilities	-	-	-	-	-1,167	-1,167	-1,167
Currency derivatives	-	-	-13	-	-	-13	-13
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-340	-340	-340
<b>Total financial assets and liabilities, by category</b>	<b>16</b>	<b>8,722</b>	<b>-13</b>	<b>0</b>	<b>-7,305</b>	<b>1,420</b>	<b>1,413</b>



## Note 7 – Financial instruments (cont.)

31 March 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	17	-	-	-	17	17
Currency derivatives	7	-	-	-	-	7	7
Trade receivables	-	4,368	-	-	-	4,368	4,368
Terminal fees <sup>1)</sup>	-	549	-	-	-	870	870
Short-term investments	-	136	-	-	-	136	136
Cash and cash equivalents	-	1,823	-	-	-	1,823	1,823
Long-term interest-bearing liabilities	-	-	-3	-	-3,397	-3,400	-3,409
Current interest-bearing liabilities	-	-	-	-	-223	-223	-223
Trade payables	-	-	-	-	-2,394	-2,394	-2,394
Other current liabilities	-	-	-	-	-1,585	-1,585	-1,585
Currency derivatives	-	-	-1	-	-	-1	-1
Interest rate derivatives, hedge accounting	-	-	-	-1	-	-2	-2
Terminal fees	-	-	-	-	-304	-304	-304
<b>Total financial assets and liabilities, by category</b>	<b>7</b>	<b>6,893</b>	<b>-4</b>	<b>-1</b>	<b>-7,903</b>	<b>-1,009</b>	<b>-1,018</b>

<sup>1)</sup>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 recognized under Prepaid expenses and accrued income and in Accrued expenses and deferred income in the Statement of financial position.

### Recognition and fair value measurement of financial instruments

Fair value for currency derivatives is calculated using listed currency forward contracts on the accounting date and a calculation of the present value based on the yield curve for the currency concerned. Fair value of interest rate derivatives is calculated using the present value of estimated future cash flows. Estimated cash flows are discounted using the yield curve and the reference interest rate in the currency concerned. 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. Lease liabilities are a financial instrument, but since there is no disclosure requirement for fair value, this item is omitted from the tables.

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 8 – Definitions and alternative key performance indicators

### Alternative key performance indicators:

References are made in the interim report to a number of alternative financial measures that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance to external stakeholders and management in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these indicators are not always comparable with measures used by other companies. As a result, these financial indicators should not be regarded as a direct equivalent of indicators as defined in IFRS.

<b>Return on operating capital (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>Adjusted return on operating capital</b>	Adjusted 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>Financial preparedness</b>	Cash and cash equivalents, short-term investments and unutilized committed credit line.
<b>EBITDAI</b>	Operating income excluding depreciation and impairments.
<b>Adjusted operating income</b>	Operating income excluding items affecting comparability.
<b>Adjusted operating margin</b>	Adjusted operating income in relation to net sales.
<b>Items affecting comparability</b>	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.
<b>Net debt</b>	Interest-bearing liabilities, provision for pensions and lease liabilities, minus cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other non-current receivables and short-term investments.

### Reconciliation with financial statements

SEKm	Mar. 31 2019	Dec. 31 2018	Sep. 30 2018	June 30 2018	Mar. 31 2018
Interest-bearing liabilities, current	1,550	1,619	1,855	2,931	223
Current lease liabilities	1,410	-	-	-	-
Interest-bearing liabilities, long-term	2,872	1,770	1,887	1,594	3,574
Long-term lease liabilities	3,826	-	-	-	-
Pensions <sup>1)</sup>	3,054	2,576	144	660	0
Financial investments	-198	-198	-204	-200	-198
Non-current receivables <sup>2)</sup>	-930	-964	-1,047	-1,049	-1,395
Short-term investments	-2	-101	-151	-4	-136
Cash and cash equivalents	-4,036	-3,088	-2,648	-4,157	-1,823
<b>Net debt</b>	<b>7,545</b>	<b>1,615</b>	<b>-163</b>	<b>-225</b>	<b>245</b>

<sup>1)</sup>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.

<sup>2)</sup>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.

<b>Net debt ratio</b>	Net liabilities in relation to equity.
<b>Operating capital</b>	Non-interest-bearing assets, less non-interest-bearing liabilities.
<b>Operating margin</b>	Operating income in relation to net sales.

### Other key performance indicators:

#### Basic staff

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

#### 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.

#### Earnings per share

Share of net earnings attributable to Parent Company shareholders divided by the average number of shares outstanding.

## Quarterly data

SEKm, if not otherwise stated	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
<b>Group</b>									
Net sales	9,328	9,067	8,547	10,065	9,102	9,503	8,840	10,225	9,471
Other operating income	70	62	76	116	144	1,693	112	104	56
Expenses	-9,304	-9,420	-8,822	-9,909	-9,321	-12,096	-9,025	-10,136	-9,365
<i>of which, personnel expenses</i>	-4,237	-4,512	-3,828	-4,215	-4,086	-6,693	-3,730	-4,280	-4,040
<i>of which, transport expenses</i>	-2,552	-2,514	-2,588	-2,888	-2,688	-2,815	-2,783	-2,938	-2,785
<i>of which, other expenses</i>	-2,191	-2,052	-2,085	-2,476	-2,242	-2,267	-2,204	-2,602	-1,956
<i>of which, impairments</i>	-324	-342	-321	-330	-305	-321	-309	-315	-584
Total operating income (EBITDAI)	418	51	122	602	231	-580	236	508	746
Operating margin (EBITDAI)	4,5%	0,6%	1,4%	6,0%	2,5%	-6,1%	2,7%	4,9%	7,9%
Operating income (EBIT)	94	-291	-199	272	-74	-901	-73	193	162
Operating margin (EBIT)	1,0%	-3,2%	-2,3%	2,7%	-0,8%	-9,5%	-0,8%	1,9%	1,7%
Cash flow from operating activities	990	922	-370	-181	-25	1 862	-371	617	435
Net debt	-688	32	926	238	245	-225	-164	1,614	7,542
Return on operating capital (ROCE)	-15,0%	-15,9%	-17,5%	-1,6%	-3,9%	-12,4%	-10,9%	-12,4%	-7,9%
Average number of employees (FTE)	30,960	31,210	32,096	31,134	29,469	29,998	30,790	29,596	28,461
Number of staffing (basic) at end of period	32,358	31,910	30,905	30,797	30,355	30,500	29,623	30,170	29,959
<b>Volumes, millions of mails produced:</b>									
Sweden, priority mail	185	176	160	191	174	168	150	171	163
Sweden, non-priority mail	263	217	207	238	226	199	173	203	205
Denmark, priority mail/Quickbrev	12	10	9	10	9	9	8	9	7
Denmark, non-priority and business mail	74	64	56	72	62	60	50	58	58
<b>Volumes, millions of parcels produced (net):</b> <i>(eliminated for volumes between countries)</i>									
Parcels, group total	36	37	37	45	39	43	40	49	43