

# Interim Report

# Q1 2014

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## JANUARY-MARCH 2014

- Net sales totaled SEK 9,999m (9,832).
  - Operating profit totaled SEK 106m (330).
  - Net profit totaled SEK 100m (182).
  - Cash flows from operating activities totaled SEK -469m (425).
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PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We also ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop options for the communication, e-commerce, distribution and logistics of tomorrow in the Nordic region.

PostNord AB was formed in 2009 through the merger of Post Danmark A/S and Posten AB. The parent company, PostNord AB, is a Swedish public company headquartered in Solna, Sweden. PostNord is owned 40% by the Danish State and 60% by the Swedish State. Votes are allocated 50/50 between the owners.

During the first quarter of 2014 operations were run in three areas: Mail & Communication (business areas Mail Denmark and Mail Sweden), Logistics and Strålfors. In 2013 PostNord had 39,000 employees and sales of approximately SEK 40 billion.

## FINANCIAL OVERVIEW AND KEY RATIOS

SEKm, unless otherwise specified	Jan-Mar 2014	Jan-Mar 2013	Δ	Jan-Dec 2013
<b>INCOME STATEMENT</b>				
Net sales	9,999	9,832	2%	39,533
Other income	60	45	33%	233
<b>Income</b>	<b>10,059</b>	<b>9,877</b>	<b>2%</b>	<b>39,766</b>
Operating expenses	-9,542	-9,146 <sup>1)</sup>	-4%	-37,466 <sup>1)</sup>
Participations in the earnings of associated companies	7	4	75%	10
<b>Operating profit (EBITDA)</b>	<b>524</b>	<b>735</b> <sup>1)</sup>	<b>-29%</b>	<b>2,310</b> <sup>1)</sup>
Depreciation and impairments	-418	-405	-3%	-1,648
<b>Operating profit (EBIT)</b>	<b>106</b>	<b>330</b> <sup>1)</sup>	<b>-68%</b>	<b>662</b> <sup>1)</sup>
Net financial items	-21	-57	63%	-208
<b>Profit before tax</b>	<b>85</b>	<b>273</b> <sup>1)</sup>	<b>-69%</b>	<b>454</b> <sup>1)</sup>
Tax	15	-91	>100%	-148 <sup>1)</sup>
<b>Net profit</b>	<b>100</b>	<b>182</b> <sup>1)</sup>	<b>-45%</b>	<b>306</b> <sup>1)</sup>
<b>CASH FLOWS</b>				
Cash flows from operating activities	-469	425 <sup>1)</sup>		1,657 <sup>1)</sup>
<b>FINANCIAL POSITION</b>				
Cash and cash equivalents	993	2,571	-61%	1,981
Equity	9,284	7,401	25%	9,034 <sup>1)</sup>
Net debt <sup>2)</sup>	2,128	3,186 <sup>1)</sup>	33%	1,621 <sup>1)</sup>
<b>KEY RATIOS</b>				
Operating margin (EBIT), %	1.1	3.3 <sup>1)</sup>		1.7 <sup>1)</sup>
Operating margin (EBITDA), %	5.2	7.4 <sup>1)</sup>		5.8 <sup>1)</sup>
Return on equity, % <sup>3)</sup>	2.7	2.6 <sup>1)</sup>		3.7 <sup>1)</sup>
Return on operating capital, % <sup>2) 3)</sup>	4.0	4.9 <sup>1)</sup>		6.0 <sup>1)</sup>
Earnings per share, SEK	0.05	0.09 <sup>1)</sup>		0.15 <sup>1)</sup>
Net debt/EBITDA, times <sup>2) 3)</sup>	1.0	1.3 <sup>1)</sup>		0.7 <sup>1)</sup>
Financial preparedness	2,993	4,571		3,981
Net debt ratio, % <sup>2)</sup>	23	43 <sup>1)</sup>		15 <sup>1)</sup>
Average number of employees	37,731	38,521		39,305

<sup>1)</sup> Restated due to adjusted report from subsidiary.

<sup>2)</sup> New definition; see Note 7.

<sup>3)</sup> Rolling 12-month.

# 01 CEO comments

## NEW ORGANIZATION FOR A CLEARER, MORE EFFICIENT POSTNORD

PostNord reported a lower year-on-year operating profit due to the restructuring costs associated with the personnel cut-backs made in conjunction with the new organization, the continued decline in mail volumes and increased price pressure, particularly within the logistics business. PostNord continues to implement the cost reduction and efficiency measures required to achieve satisfactory profitability within the group.

PostNord Group's net sales totaled SEK 9,999m, a year-on-year increase of 2%. The increase is attributable mainly to acquisitions within the logistics business. The mail market continued to shrink due to digitization. Mail Denmark's volumes declined by 13%, while total mail volumes for the group decreased by 6% year-on-year. Based on the substantial drop in Danish mail volumes during the first quarter, it is likely that the annual volume decrease will exceed our previous estimate. Group operating profit declined during the quarter, totaling SEK 106m (330). The decrease was primarily attributable to restructuring costs but also to the business areas' lower underlying operating profit, which was largely a result of the substantial decline in mail volumes and continued price pressure within the logistics business.

Profitability remains at an unsatisfactory level throughout the entire business. We are fully focused on implementing our strategy to improve our earning capacity and create greater financial value. There are two crucial prerequisites for PostNord achieving its target of being the Nordic region's leading communication and logistics operator: we need to continuously reduce our cost base, and we need to establish an integrated production model in each country.

During the first quarter we accelerated the pace of transformation, and the new organizational structure announced in early February was introduced on March 31<sup>st</sup>, with country units responsible for each country's production and sales. Product and service ownership was simultaneously placed with two new business areas – Mail & Communication and Logistics – which are responsible for developing and packaging attractive offers for all of the group's businesses. We also established a specific strategic corporate unit responsible for service development in the fast-growing e-commerce market. The new organizational structure provides the basis for integrated production activities in each country. Together with the improved brand structure, focused on a shared brand, we are making it clearer to our customers that PostNord is a Nordic operator with a geographically competitive end-to-end offer.

The changes implemented during the quarter made it possible to reduce administrative personnel by 600. The cost-cutting effect of the personnel reductions is expected to be achieved gradually and be fully realized during the third quarter of 2014. In parallel with implementation of these changes, ongoing efforts to adapt production costs to the declining mail volumes are proceeding at full speed.

In April, the AGM adopted new long-term financial targets. The targets are ambitious but achievable, and stress the importance of continuing to improve our efficiency and profitability in all parts of the business. It is essential that postal-specific regulations be adapted to changes in customer demand. We therefore welcome the new Postal Act in Denmark, enacted in February, which allows us to make further consumer adjustments to our Danish mail business. Swedish

regulations also need to be adjusted to changed market conditions so that good postal service can be maintained in the long run despite declining mail volumes.

The continued weak profitability in all business areas underscores the necessity of the measures taken during the first quarter. With the new organization in place, we are continuing the fast-paced implementation of the strategy. The measures that have been initiated will result in additional cost savings, and our outlook for improved profitability and cash flows in 2014 therefore remains.

## 02 Highlights

### HIGHLIGHTS

#### Cable fire at IT supplier

In early January a cable fire occurred at PostNord's IT supplier, Evry, affecting access to web-based services, SMS notifications and distribution of some mail items in Sweden. IT operations returned to normal after one week. During the incident PostNord prioritized minimizing the impact on customers. The cable fire had only a marginal impact on first quarter revenue.

#### Strategy development

In early February PostNord launched a further development of the strategy established in 2011. The strategy was developed with reference to the group's key priorities and prerequisites, with the overall goal of securing profitability within Mail.

Overall key priorities:

1. PostNord will take the position as the Nordic region's leading e-commerce service partner
2. PostNord will further establish itself as the leading logistics operator in the Nordic region
3. PostNord will define new core products for service logistics
4. PostNord will develop a group-wide communication offer
5. PostNord will position itself as a group that runs sustainable businesses

Overall prerequisites:

6. PostNord will ensure stable IT operation
7. PostNord will reduce its current cost base
8. PostNord will implement an integrated production model
9. PostNord will ensure a goal-oriented delivery culture

### Changes to Board of Directors and Group Executive Team

As of February 1, 2014 PostNord's Group Executive Team is comprised of the following members:

- Håkan Ericsson, President & CEO
- K.B. Pedersen, Deputy CEO
- Andreas Falkenmark, Head of Business Area PostNord Mail & Communication
- Peter Kjaer Jensen, Head of Business Area PostNord Logistics (as of April 1<sup>st</sup>)
- Per Samuelson, President of PostNord Strålfors
- Annemarie Gardshol, Head of E-commerce & Corporate Clients and Chief Strategy Officer
- Anders Holm, Head of PostNord Sweden
- Henning Christensen, Head of PostNord Denmark
- Robin Olsen, Head of PostNord Norway&Finland
- Henrik Rättzén, CFO
- Per Mossberg, Chief Communications Officer
- Joss Delissen, CIO
- Finn Hansen, Chief HR Officer
- Johanna Allert, Chief Technical Officer

The Swedish State's Board representative, Jonas Iversen, resigned from PostNord's Board of Directors on February 14, 2014. Patrik Jönsson served as coopted Board member from that date through the 2014 AGM.

### New organization

On February 3, 2014, PostNord announced its introduction of a new organizational structure as of March 31, 2014. The change is aimed at, among other things, creating greater clarity for customers, increasing focus on e-commerce and releasing greater synergy potential for the business. As of March 31, 2014, PostNord has a matrix organization with country units (Sweden, Denmark, Norway and Finland). A new strategic corporate unit for e-commerce, responsible for market and service development in each country, was also established. As of the second quarter of 2014, financial reporting will be based on business areas Mail & Communication, Logistics and Strålfors.

### New brands

As of 2014 PostNord will integrate the group's commercial brand symbols with the PostNord logo in order to improve clarity and uniformity for the group's marketing communication. Implementation of the new brands will be done on an ongoing basis over a three-year period.

### Production underway in Hallsberg

In early February the last of three large-volume moves from the Västerås and Karlstad facilities to the new terminal in Hallsberg was carried out. Establishment of the Hallsberg terminal is crucial for the creation of an efficient production structure with a strong hub in central Sweden able to manage large volumes. It also enables more rail transports due to its location adjacent to the main railroad line.

### New Danish postal legislation

On February 18, 2014 the Danish Parliament enacted an amendment to the Danish Postal Act, aimed at maintaining good postal service on commercial terms in view of the substantial drop in mail volumes. The main provisions of the new licensing terms for Post Danmark A/S that took effect as of March 1, 2014 under the amended Danish Postal Act:

- Non-priority mail can be delivered within four days, as opposed to the former three days.
- Requirements for post office network. There must be at least 200 post offices that offer all services. These are complemented by over 700 post offices offering selected services and by 500 Pakkeboksar (automated parcel machines).
- Option of no longer distributing priority mail on Mondays as of July 1, 2014. Post Danmark has not yet decided on any changes to Monday mail distribution.

### New weight classifications and new prices in Sweden

On February 24<sup>th</sup> a change to the weight classification for first-class mail in Sweden was announced. As of April 1, 2014 only one letter stamp is required to mail a letter weighing up to 50 grams (the weight limit was previously 20 grams). An average letter weighs 40 grams. The postage rate was simultaneously raised from SEK 6 to SEK 7.

### Imposition of VAT on postal services

In March 2014 Nordea filed a demand with the Attorney General against the Swedish State concerning the charging of VAT on postal services, which has been levied in accordance with Swedish law. On November 20, 2013 the EU Commission announced its decision to sue the Swedish State in the European Court of Justice for the alleged failure to implement the provisions of the VAT Directive concerning VAT-exemption for postal services. In April 2014 the Attorney General dismissed Nordea's demand based on, among other things, possible consideration of the issue by the European Court of Justice. After the close of the reporting period, Posten AB was notified by another client of a similar claim that had been previously filed with and dismissed by the Attorney General.

### PostNord bond issue of SEK 550m

On March 25, 2014 PostNord AB carried out a bond issue, with a settlement date of April 1<sup>st</sup>, totaling SEK 550m. The 5-year bond loan carries a floating coupon rate of three months STIBOR + 85 basis points. The bonds were issued under the Medium Term Note program and are listed on NASDAQ OMX Stockholm.

## SUBSEQUENT EVENTS

### PostNord's 2014 Annual General Meeting

PostNord's AGM was held on April 23, 2014 at group headquarters in Solna, near Stockholm. The AGM adopted the group and parent company income statements and balance sheets, approved the Board's proposal to distribute SEK 128.8m (103) to the owners, and the Board of Directors and the President & CEO were discharged from liability for financial year 2013. The AGM also approved guidelines for compensation for executives, Board members and auditors.

Jens Moberg was re-elected as Chairman of the Board. The AGM re-elected Board members Mats Abrahamsson, Gunnel Duveblad, Christian Ellegard, Sisse Fjelsted Rasmussen, Torben Janholt and Anitra Steen. Magnus Skåninger was elected as new Board member. Auditing firm KPMG AB was re-elected as auditor for the period through the close of the 2015 annual general meeting, with certified public accountant Helene Willberg as auditor in charge.

The AGM also adopted new financial targets for PostNord:

- Capital structure target: Net debt ratio of 10-50%
- Profitability target: Return on operating capital of 10.5%
- Dividend policy: Dividend of 40-60% of net profit, with 50% as the norm.

The financial targets are long-range and evaluated over a three- to five-year period. Changes in market conditions or the company's operations may lead to a revision of the targets.

# 03 PostNord Group

## POSTNORD GROUP PROFIT

SEKm	2014	2013	Change	Of which,			Excl. acquisitions, divestments and currency
				Acquisitions/divestments	Currency		
<b>Jan-Mar</b>							
Net sales	9,999	9,832	167	2%	3%	0%	-1%
Operating expenses	-9,960	-9,551 <sup>1)</sup>	-409	-4%	-3%	0%	-1%
Operating profit (EBIT)	106	330 <sup>1)</sup>	-224	-68%	-3%	-1%	-64%

<sup>1)</sup> Restated due to adjusted report from subsidiary.

### January-March

PostNord's net sales rose 2% during the first quarter of 2014. The growth was related to business area Logistics, which had an increase in net sales of 7% primarily due to acquisitions but also to organic growth. Market growth within e-commerce continues to generate increased demand for the distribution of goods via mail and parcel post. Group parcel volumes increased a total of 8%, with e-commerce-related B2C parcel volumes up 15%. Mail volumes declined significantly during the quarter, by 13% in Denmark and by 4% in Sweden. In total, mail volumes declined by 6%.

The group's reported expenses increased by 4% during the quarter, mainly due to acquisitions and restructuring costs. Excluding these items, expenses declined by 1% primarily due to personnel reductions. Restructuring costs totaled SEK 267m (123), of which SEK 212m (69) is attributable to provisions made.

Group operating profit totaled SEK 106m (330) and the operating margin was 1.1 (3.3) %.

The quarter's tax expense was positive; SEK 15m as compared to SEK -91m in Q1 2013. Current tax totaled SEK -4m (-23) and deferred tax totaled SEK 19m (-68). Deferred tax expense was primarily affected by deferred tax assets arising from merger losses related to the merger of three logistics companies in Denmark.

Net profit totaled SEK 100m (182).

## FINANCIAL POSITION

Group equity improved to SEK 9,284m from SEK 9,034m on December 31, 2013. The increase is primarily attributable to pension liability revaluation effects of SEK 98m, positive currency translation effects of SEK 52m and net profit of SEK 100m.

Group net debt totaled SEK 2,128m on March 31, 2014, as compared with SEK 1,621m on December 31, 2013. The main reason for the increase in net debt is a decrease in cash and cash equivalents resulting from negative cash flows due to changes in working capital. The definition of "net debt" was changed as of 2014 in conjunction with the adoption of new financial targets at the 2014 AGM. See also Note 7 Definitions.

The net debt/equity ratio improved to 23% as compared to 15% as of December 31, 2013. The net debt/equity ratio is within the range (10-50%) defined in the new financial targets. The net debt/EBITDA ratio, rolling 12-month, was 1.0.



Financial preparedness totaled SEK 2,993m as compared with SEK 3,981m as of December 31, 2013. Financial preparedness consisted of cash and cash equivalents of SEK 993m and unutilized committed credit of SEK 2,000m. As of March 31, 2014 PostNord had SEK 231m in outstanding interest-bearing debt maturing within 12 months. On March 25<sup>th</sup> PostNord AB issued a 5-year bond loan of SEK 550m, with a settlement date of April 1<sup>st</sup>.

The capital efficiency program proceeded according to plan. The first effects are expected during 2014.

## NET DEBT

SEKm	Mar 31 2014	Mar 31 2013	Dec 31 2013
Financial receivables	1,225	1227	1199
Current interest-bearing receivables	242	0	163
Cash and cash equivalents	993	2,571	1,981
Interest-bearing debt	4,555	4,193	4,589
Pension provisions <sup>1)</sup>	33	2,791	375
<b>Net debt</b>	<b>2,128</b>	<b>3,186</b>	<b>1,621</b>

1) Includes assets under management.

## CASH FLOWS

### January-March

Cash flows from operating activities totaled SEK -469m (425). The decrease was mainly attributable to reduced cash flow from changes in operating capital, mainly due to a decrease in accounts payable, an increase in accounts receivable and an increase in accrual items.

Cash flows from investing activities totaled SEK -463m (-757). The improvement was attributable to lower expenditures for acquisition of tangible fixed assets. Investments were primarily made in vehicles, transport and sorting equipment and facilities in connection with the establishment of the new terminals in Sweden.

Cash flows from financing activities totaled SEK -55m (-137). The group raised new loans totaling SEK 200m (0) during the period, and a loan within the group commercial paper was amortized.

Cash and cash equivalents totaled SEK 993m at the end of the period, as compared with SEK 1,981m as of December 31, 2013.

## OUTLOOK

Continued strong growth for e-commerce in the Nordic region is projected for 2014, with positive effects for parcel and goods distribution volumes within Mail & Communication and Logistics.

PostNord anticipates continued sharp volume reductions for mail in Denmark and Sweden due to competition from digital alternatives. PostNord estimates that group mail volumes may decline by 4-5% in Sweden. The decline in mail volumes in Denmark during the first quarter of 2014 exceeded PostNord's previous estimate of 9-11%. The volume trend remains uncertain and developments are closely monitored. A preliminary projection for volume decreases could be up to 12-14% in 2014.

PostNord's group strategy includes the repositioning of group operations in relation to market changes, securing profitability within Mail & Communication and developing the group's position in the Nordic logistics market. This also involves focusing on cost reductions, the effective use of capital and continued financial stability.

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

The continued development of the business is expected to generate improved profitability and cash flows in coming years.

PostNord's ambition is to maintain its rating as an investment grade company.

## RISKS AND UNCERTAINTIES

Please refer to PostNord's 2013 Annual Report, pages 95-98, for a description of risks and uncertainties. There have been no significant changes since the publication of the annual report.

# 04 Business operations

## JANUARY-MARCH

Jan-Mar, SEKm	2014	2013	Change	Of which,			Excl. acquisitions, divestments and currency
				Acquisitions/divestments	Currency		
<b>Mail</b>							
Net sales <sup>1)</sup>	6,070	6,148	-78	-1%	0%	2%	-3%
<i>of which, Mail Denmark</i>	2,341	2,371	-30	-1%	1%	4%	-6%
<i>of which, Mail Sweden</i>	3,805	3,852	-47	-1%		0%	-1%
Operating profit (EBIT)	83	259	-176	-68%	-1%	0%	-67%
<i>of which, Mail Denmark</i>	-16	-9	-7	-78%	-18%	-4%	-56%
<i>of which, Mail Sweden</i>	99	268	-169	-63%		0%	-63%
Operating margin, % <sup>2)</sup>	1.3	4.1	-3	-68%			
<b>Logistics</b>							
Net sales	3,395	3,161	234	7%	8%	-2%	2%
Operating profit (EBIT)	-9	66	-75	>-100%	-12%	-5%	-96%
Operating margin, % <sup>2)</sup>	neg	1.9					
<b>Strålfors</b>							
Net sales	681	682	-1	0%	1%	0%	-2%
Operating profit (EBIT)	-11	15 <sup>3)</sup>	-26	>-100%	3%	-6%	>-100%
Operating margin, % <sup>2)</sup>	neg	2.2					
<b>Other &amp; Eliminations</b>							
Net sales <sup>1)</sup>	-147	-159	12	8%			
Operating profit (EBIT)	42	-10	52	>100%			

1) Within Mail, internal transactions between business areas have been eliminated.

2) Calculation of margins includes other income; see Quarterly Data table.

3) Restated due to adjusted report from subsidiary.

### Mail

Net sales for Mail declined by 1% during the quarter. Mail volumes declined by a total of 6%. Operating expenses increased by 2% due to higher restructuring costs associated with the introduction of the new organization. Operating profit totaled SEK 83m (259) and the operating margin was 1.3 (4.1) %.

### Mail Denmark

Net sales for business area Mail Denmark declined by 1%. Excluding acquisitions and exchange rate effects, net sales declined by 6%. The decrease was primarily due to a further decline in mail volumes of 13% as a result of digitization in the Danish market. Parcel volumes were unchanged. Revenues decreased mainly due to increased competition and price pressure in the direct mail and parcel markets in particular.

Expenses declined by 1%. Excluding acquisitions and exchange rate effects, expenses declined by 5% as a result of streamlining efforts within production and administration, mainly through personnel reductions. Restructuring costs were SEK 28m (61).

Operating profit totaled SEK -16m (-9) and the operating margin was negative.

### *Mail Sweden*

Net sales for business area Mail Sweden declined by 1%. Mail volumes declined by 4% due to continued competition from digital alternatives. The volume decrease was moderated to some extent by the continued positive development of e-commerce-related services, including international services. The growth of e-commerce has resulted in an increase in goods volumes via mail and parcel post, and the number of items distributed at partner outlets was up by 12%. Revenues from direct mail and newspapers were down due to increased competition and a general decrease in the number of newspaper subscribers.

Expenses increased by 3%. Restructuring costs totaled SEK 147m (59). The increase is mainly related to provisions for personnel reductions associated with the new organization.

Operating profit fell to SEK 99m (268) and the operating margin to 2.5 (6.6) %.

### Logistics

Net sales for business area Logistics increased by 7%, mainly due to acquisitions completed in 2013. Excluding acquisitions and exchange rate effects, the business area's net sales were up by 2%. Sales developed positively in Sweden, with growth of 4%. The development in the Norwegian market was weaker due to intense price pressure from competitors and an extremely subdued market in general. The businesses in Germany and Finland reported growth, while the development in Denmark was negative. Organic net sales growth was again mainly attributable to parcels distributed to consumers following the increase in e-commerce volumes.

Expenses increased by 5%, mainly due to completed acquisitions. Excluding acquisitions and exchange rate effects, expenses declined by 1%. Restructuring charges related to personnel reductions in the period amounted to SEK 49m (-1).

Operating profit totaled SEK -9m (66) and the operating margin was negative (1.9%).

### Strålfors

Net sales for Strålfors were unchanged year-on-year. Excluding acquisitions and exchange rate effects, net sales declined by 2%. Reduced sales within areas exposed to competition from digital alternatives, were partially offset by increased sales of new standardized printing solutions.

The business area's expenses increased by 4%. Excluding acquisitions and exchange rate effects, expenses increased by 2% primarily due to restructuring costs associated with the new organization. Restructuring costs totaled SEK 17m (0).

Operating profit declined to SEK -11m (15) and the operating margin was negative (2.2%).

Comparative figures for Q1 2013 profit were revised for a net amount of SEK 3m due to an adjusted report from a subsidiary. Equity as of 31 December 2013 was reduced by a total of SEK 29m.

### Other and Eliminations

The profit improvement within Other and Eliminations is primarily attributable to pension effects, which are mainly due to general changes to the adoptions of the so called "tryggandegrunderna" used in calculation of pension liabilities.

# 05 Consolidated financial statements

## INCOME STATEMENT

SEKm	Note	Jan-Mar 2014	Jan-Mar 2013	Δ	Jan-Dec 2013
Net sales	1	9,999	9,832	2%	39,533
Other income		60	45	33%	233
<b>Income</b>	2	<b>10,059</b>	<b>9,877</b>	2%	<b>39,766</b>
Personnel expenses		-4,671	-4,676 <sup>1)</sup>	0%	-18,626 <sup>1)</sup>
Transport expenses		-2,291	-2,104	-9%	-8,953
Other expenses	3	-2,580	-2,366 <sup>1)</sup>	-9%	-9,887 <sup>1)</sup>
Depreciation and impairments		-418	-405	-3%	-1,648
<b>Expenses</b>		<b>-9,960</b>	<b>-9,551 <sup>1)</sup></b>	-4%	<b>-39,114 <sup>1)</sup></b>
Participations in the earnings of associated companies		7	4	75%	10
<b>OPERATING PROFIT</b>		<b>106</b>	<b>330 <sup>1)</sup></b>	-68%	<b>662 <sup>1)</sup></b>
Financial income		12	17	-29%	50
Financial expenses		-33	-74	55%	-258
<b>Net financial items</b>		<b>-21</b>	<b>-57</b>	63%	<b>-208</b>
<b>Profit before tax</b>		<b>85</b>	<b>273 <sup>1)</sup></b>	-69%	<b>454 <sup>1)</sup></b>
Tax		15	-91	>100%	-148 <sup>1)</sup>
<b>NET PROFIT</b>		<b>100</b>	<b>182 <sup>1)</sup></b>	-45%	<b>306 <sup>1)</sup></b>
<b>Attributable to</b>					
Parent company shareholders		99	182	-46%	303
Minority interests		1	0		3
Earnings per share, SEK		0.05	0.09	-45%	0.15

## COMPREHENSIVE INCOME STATEMENT

SEKm	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
<b>NET PROFIT</b>	<b>100</b>	<b>182 <sup>1)</sup></b>	<b>306 <sup>1)</sup></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that cannot be transferred to net profit</b>			
Revaluation of pension liabilities	126	-80	1,821
Change in deferred tax	-28	18	-401
<b>Total revaluation, pension liabilities</b>	<b>98</b>	<b>-62</b>	<b>1,420</b>
<b>Items that have been or may be transferred to net profit</b>			
Translation differences <sup>2)</sup>	52	-238	-107
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>150</b>	<b>-300</b>	<b>1,313</b>
<b>COMPREHENSIVE INCOME</b>	<b>250</b>	<b>-118 <sup>1)</sup></b>	<b>1,619 <sup>1)</sup></b>
<b>Attributable to</b>			
Parent company shareholders	249	-118 <sup>1)</sup>	1,616 <sup>1)</sup>
Minority interests	1		3

<sup>1)</sup> Restated due to adjusted report from subsidiary.

<sup>2)</sup> Translation differences refer to the translation of group equity in foreign currencies.

## BALANCE SHEETS

SEKm	Note	Mar 31 2014	Mar 31 2013	Dec 31 2013
	1			
<b>ASSETS</b>				
Goodwill		3,317	3,229	3,295
Other intangible assets		1,560	1,506	1,605 <sup>1)</sup>
Tangible fixed assets		9,410	8,852 <sup>1)</sup>	9,411 <sup>1)</sup>
Participations in associated companies and joint ventures		82	81	65
Financial investments		206	220	211
Long-term receivables		1,072	1,057	1,015
Deferred tax assets		542	468	537 <sup>1)</sup>
<b>Total fixed assets</b>		<b>16,189</b>	<b>15,413 <sup>1)</sup></b>	<b>16,139 <sup>1)</sup></b>
Inventories		235	193 <sup>1)</sup>	226 <sup>1)</sup>
Tax assets		322	342	169
Accounts receivable		4,761	4,702 <sup>1)</sup>	4,626 <sup>1)</sup>
Prepaid expenses and accrued income		1,536	1,292 <sup>1)</sup>	1,526 <sup>1)</sup>
Other receivables		489	329 <sup>1)</sup>	509 <sup>1)</sup>
Short-term investments		242		150 <sup>1)</sup>
Cash and cash equivalents		993	2,571	1,981 <sup>1)</sup>
Assets held for sale		377	324	390
<b>Total current assets</b>		<b>8,955</b>	<b>9,753 <sup>1)</sup></b>	<b>9,577 <sup>1)</sup></b>
<b>TOTAL ASSETS</b>		<b>25,144</b>	<b>25,166 <sup>1)</sup></b>	<b>25,716 <sup>1)</sup></b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock		2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954
Reserves		-1,865	-6,127	-1,917
Retained earnings		-810	1,571 <sup>1)</sup>	-1,007 <sup>1)</sup>
<b>Total equity attributable to parent company shareholders</b>		<b>9,279</b>	<b>7,398 <sup>1)</sup></b>	<b>9,030 <sup>1)</sup></b>
<b>Minority interests</b>		<b>5</b>	<b>3</b>	<b>4</b>
<b>TOTAL EQUITY</b>		<b>9,284</b>	<b>7,401</b>	<b>9,034</b>
<b>LIABILITIES</b>				
Long-term interest-bearing liabilities		4,311	3,810	4,315
Other long-term liabilities		39	52	82 <sup>1)</sup>
Pension provisions		33	2,791 <sup>1)</sup>	375 <sup>1)</sup>
Other provisions	3	1,337	1,571 <sup>1)</sup>	1,386 <sup>1)</sup>
Deferred tax liabilities		1,029	615 <sup>1)</sup>	1,017 <sup>1)</sup>
<b>Total long-term liabilities</b>		<b>6,749</b>	<b>8,839 <sup>1)</sup></b>	<b>7,175 <sup>1)</sup></b>
Current interest-bearing liabilities		244	383	274
Accounts payable		1,972	2,452 <sup>1)</sup>	2,894 <sup>1)</sup>
Tax liabilities		100	65	88
Other current liabilities		1,854	1,661 <sup>1)</sup>	1,779 <sup>1)</sup>
Accrued expenses and prepaid income		4,251	4,044 <sup>1)</sup>	3,917 <sup>1)</sup>
Other provisions	3	690	321	555 <sup>1)</sup>
<b>Total current liabilities</b>		<b>9,111</b>	<b>8,926 <sup>1)</sup></b>	<b>9,507 <sup>1)</sup></b>
<b>TOTAL LIABILITIES</b>		<b>15,860</b>	<b>17,765 <sup>1)</sup></b>	<b>16,682 <sup>1)</sup></b>
<b>TOTAL EQUITY AD LIABILITIES</b>		<b>25,144</b>	<b>25,166 <sup>1)</sup></b>	<b>25,716 <sup>1)</sup></b>

1) Restated due to adjusted report from subsidiary.

## STATEMENT OF CASH FLOWS

SEKm	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
<b>OPERATING ACTIVITIES</b>			
Profit before tax	85	273 <sup>1)</sup>	454 <sup>1)</sup>
Adjustments for non-cash items:			
Reversal of depreciation and impairments	418	405	1,648
Profit from sale of subsidiaries			-1
Capital gain/loss on sale of fixed assets	6	39	61
Change in pension liability	38	5	426
Other provisions	208	59	402
Other items not affecting liquidity	5	-3	
Pensions paid	-264	-270	-1,070
Other provisions, liquidity effect	-123	-111	-428
Tax paid	-8	-25	45 <sup>1)</sup>
<b>Cash flows from operating activities before changes in working capital</b>	<b>365</b>	<b>372 <sup>1)</sup></b>	<b>1,537 <sup>1)</sup></b>
Cash flows from changes in working capital			
Increase(-)/decrease(+) in inventories	-9	<sup>1)</sup>	-32 <sup>1)</sup>
Increase(-)/decrease(+) in other operating receivables	-280	394 <sup>1)</sup>	65 <sup>1)</sup>
Increase(+)/decrease(-) in other operating liabilities	-557	-314 <sup>1)</sup>	84 <sup>1)</sup>
Other changes in working capital	12	-27 <sup>1)</sup>	3 <sup>1)</sup>
<b>Changes in working capital</b>	<b>-834</b>	<b>53 <sup>1)</sup></b>	<b>120 <sup>1)</sup></b>
<b>Cash flows from operating activities</b>	<b>-469</b>	<b>425 <sup>1)</sup></b>	<b>1,657 <sup>1)</sup></b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets	-330	-503	-1,896
Sale of tangible fixed assets	18	16	62
Capitalized development expenditures	-44	-44	-234
Purchase of other intangible fixed assets	-3	-14	-111
Acquisition of subsidiaries, net liquidity effect		-210	-336
Change in financial assets	-104	-2	-125 <sup>1)</sup>
<b>Cash flows from investing activities</b>	<b>-463</b>	<b>-757</b>	<b>-2,640 <sup>1)</sup></b>
<b>FINANCING ACTIVITIES</b>			
Amortized loans	-200	-50	-219
New loans raised	200		400
Change in finance leasing liabilities		-16	-61
Dividend paid to parent company owners			-103
Dividend paid to minority interests			-2
Change in pension benefits	-21	-21 <sup>1)</sup>	-194
Increase(+)/decrease(-) in other interest-bearing liabilities	-34	-50	97
<b>Cash flows from financing activities</b>	<b>-55</b>	<b>-137</b>	<b>-82</b>
<b>CASH FLOWS FOR THE PERIOD</b>	<b>-987</b>	<b>-469</b>	<b>-1,065 <sup>1)</sup></b>
Cash and cash equivalents, beginning of period	1,981	3,046	3,046
Translation difference in cash and cash equivalents	-1	-6	0
<b>Cash and cash equivalents, end of period</b>	<b>993</b>	<b>2,571</b>	<b>1,981 <sup>1)</sup></b>

<sup>1)</sup> Restated due to adjusted report from subsidiary.

## STATEMENT OF CHANGES IN EQUITY

SEKm	Equity attributable to parent company shareholders						Total equity
	Capital stock <sup>1)</sup>	Contributed equity	Translation differences in equity	Retained earnings	Total	Minority interests	
<b>Beginning balance as of 01-01-2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,810</b>	<b>-2,614</b>	<b>7,530</b>	<b>3</b>	<b>7,533</b>
<b>Adjusted beginning balance <sup>2)</sup></b>				<b>-13</b>	<b>-13</b>		<b>-13</b>
<b>New beginning balance as of 01-01-201</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,810</b>	<b>-2,627</b>	<b>7,517</b>	<b>3</b>	<b>7,520</b>
<b>Revaluation that cannot be transferred to net profit</b>							
Revaluation of pension liabilities				1,821	1,821		1,821
Deferred tax				-401	-401		-401
<b>Items that have been or may be transferred to net profit</b>							
Other translation differences <sup>3)</sup>			-107		-107		-107
<b>Total other comprehensive income</b>			<b>-107</b>	<b>1,420</b>	<b>1,313</b>		<b>1,313</b>
Net profit				303 <sup>2)</sup>	303	3	306 <sup>2)</sup>
Dividend <sup>4)</sup>				-103	-103	-2	-105
<b>Ending balance as of 12-31-2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,917</b>	<b>-1,007</b>	<b>9,030</b>	<b>4</b>	<b>9,034</b>
<b>Beginning balance as of 04-01-2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,917</b>	<b>-1,007 <sup>2)</sup></b>	<b>9,030</b>	<b>4</b>	<b>9,034 <sup>2)</sup></b>
<b>Revaluation that cannot be transferred to net profit</b>							
Revaluation of pension liabilities				126	126		126
Deferred tax				-28	-28		-28
<b>Items that have been or may be transferred to net profit</b>							
Other translation differences <sup>3)</sup>			52		52		52
<b>Total other comprehensive income</b>			<b>52</b>	<b>98</b>	<b>150</b>		<b>150</b>
Net profit				99	99	1	100
<b>Ending balance as of 03-31-2014</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,865</b>	<b>-810</b>	<b>9,279</b>	<b>5</b>	<b>9,284</b>

<sup>1)</sup> Number of shares is 2,000,000,001 1524,905,971 ordinary shares and 475,094,030 series B shares.

<sup>2)</sup> Restated due to adjusted report from subsidiary; total of SEK -29m.

<sup>3)</sup> Refers to translation differences in group equity.

<sup>4)</sup> A dividend of SEK 103m, representing SEK 0.05 per share, was distributed by the parent company to the owners. Svensk Adressändring AB and Adresspoint AB distributed a dividend of SEK 2m to minority interests.

## NOTES

### Note 1 Accounting principles

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. In addition to IFRS, additional rules from the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied. PostNord's interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and with supplementary rules from the Annual Accounts Act. The same accounting principles and methods of calculation were used in this interim report as in the 2013 Annual Report, except as otherwise specified below with respect to changes in accounting principles.

The parent company applies the Annual Accounts Act and RFR 2, Accounting for Legal Entities; in effect, the same accounting principles as the group. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS as a consequence of the Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and are to some extent based on tax considerations. The same accounting principles and methods of calculation were used in this interim report as in the 2013 Annual Report.

#### *Changes in accounting principles*

Changes in accounting principles applicable as of January 1, 2014 due to changes to IFRS are described below. Other changes to IFRS valid as of 2014 have not had any material effect.

*IFRS 10, Consolidated Financial Statements*, is a new standard with new principles for assessing when control exists over an investee that must thereby be included in the consolidated financial



statements. Control requires that the parent company have exposure or rights to variable returns by virtue of its involvement with the investee and the ability to affect those returns through power over an investee. Based on current conditions, the revised IFRS 10 will not have an effect on the group's consolidation of subsidiaries.

*IFRS 11, Joint Arrangements*, is a new standard outlining the accounting by joint ventures and joint operations. The proportional method or equivalent is used for joint operations, while the equity method is used for reporting joint ventures. It will no longer be permissible to use the proportional method for joint ventures. The standard will not have an effect on the group.

*IFRS 12, Disclosure of Interests in Other Entities*, is a new standard for information on investments in subsidiaries, joint ventures, associated companies and separate unconsolidated units. For the group, the standard chiefly involves increased disclosure requirements concerning risks.

## Note 2 Segment reporting

PostNord's organization into business units is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal dealings between PostNord business units. There is no latitude for making external purchases where the service in question is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

### Segments

*Mail Denmark* provides distribution solutions in the Danish communication market through its nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services, as well as facility management and parcel services.

*Mail Sweden* provides distribution solutions in the Swedish communication market through its nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services, as well as drop-off and collection of parcels.

*Logistics* operates in the Nordic logistics market in the areas of parcels, messaging and express, consignment freight, mixed cargo, thermal, Air & Ocean and third-party logistics. Logistics has a comprehensive offering and distribution network for businesses and individual customers in the Nordic market. Parcel services in Denmark are handled by business area Mail Denmark.

*Strålfors* operates in the area of information logistics. The company develops and offers communication solutions that create stronger, more personalised customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

### Other and Eliminations

*Other* comprises shared services and corporate functions including the parent company, provisions for changes in group functions in Sweden and Denmark and group adjustments. The adjustments are IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits, and finance leasing in accordance with IAS 17, Lease Agreements. From Other, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are taken up as income in Other under Other Income, Internal. Within the business areas, cost allocations are recognized in Other Expenses.

*Eliminations* include the elimination of internal transactions.

Mail														
Jan-Mar, SEKm	Mail Denmark		Mail Sweden		Logistics		Strålfors		Other		Eliminations		PostNord Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales, external	2,249	2,261	3,774	3,822	3,316	3,095	660	654	0				9,999	9,832
Net sales, internal	92	110	31	30	79	66	21	28	1	1	-224	-235	0	0
<b>Total net sales</b>	<b>2,341</b>	<b>2,371</b>	<b>3,805</b>	<b>3,852</b>	<b>3,395</b>	<b>3,161</b>	<b>681</b>	<b>682</b>	<b>1</b>	<b>1</b>	<b>-224</b>	<b>-235</b>	<b>9,999</b>	<b>9,832</b>
Other income, external	2	-1	16	12	15	10	1	2	26	22			60	45
Other income, internal	12	11	182	188	164	315	0	0	812	762	-1,170	-1,276	0	0
<b>Total income</b>	<b>2,355</b>	<b>2,381</b>	<b>4,003</b>	<b>4,052</b>	<b>3,574</b>	<b>3,486</b>	<b>682</b>	<b>684</b>	<b>839</b>	<b>785</b>	<b>-1,394</b>	<b>-1,511</b>	<b>10,059</b>	<b>9,877</b>
Personnel expenses	-1,403	-1,404	-1,964	-1,956	-970	-912	-215	-216 <sup>1)</sup>	-129	-188	10		-4,671	-4,676 <sup>1)</sup>
Transport expenses	-180	-202	-659	-635	-1,645	-1,592	-28	-14	-2	-2	223	341	-2,291	-2,104
Other expenses	-698	-685	-1,180	-1,100	-864	-820	-402	-387 <sup>1)</sup>	-597	-545	1,161	1,170	-2,580	-2,367 <sup>1)</sup>
Depreciation and impairments	-97	-103	-101	-93	-104	-96	-48	-52	-68	-60			-418	-404
<b>Total expenses</b>	<b>-2,378</b>	<b>-2,394</b>	<b>-3,904</b>	<b>-3,784</b>	<b>-3,583</b>	<b>-3,420</b>	<b>-693</b>	<b>-669<sup>1)</sup></b>	<b>-796</b>	<b>-795</b>	<b>1,394</b>	<b>1,511</b>	<b>-9,960</b>	<b>-9,551<sup>1)</sup></b>
Participations in the earnings of associated companies and joint ventures	7	4											7	4
<b>OPERATING PROFIT</b>	<b>-16</b>	<b>-9</b>	<b>99</b>	<b>268</b>	<b>-9</b>	<b>66</b>	<b>-11</b>	<b>15</b>	<b>43</b>	<b>-10</b>	<b>0</b>	<b>0</b>	<b>106</b>	<b>330<sup>1)</sup></b>
Net financial items													-21	-57
<b>Profit before tax</b>													<b>85</b>	<b>273<sup>1)</sup></b>
Tax													15	-91 <sup>1)</sup>
<b>Net profit</b>													<b>100</b>	<b>182<sup>1)</sup></b>
Operating capital	3,028	3,170	2,000	1,331	5,538	5,212	1,476	1,525 <sup>1)</sup>	-636	-801 <sup>2)</sup>	6	102	11,412	10,539 <sup>2)</sup>
Investments in tangible and intangible fixed assets	20	51	202	301	102	131	9	17	44	61			377	561

<sup>1)</sup> Restated due to adjusted report from subsidiary.

<sup>2)</sup> Restated due to revised definition of "operating capital" for the group total.

### Note3 Other provisions

Jan-Mar, SEKm	2014						2013					
	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
<b>Restructuring activities</b>												
Personnel reductions	751	221	-9	-121	-1	841	713	84	-15	-116	-9	657
Other closure costs	37			-3	1	35	37			-2		35
<b>Total</b>	<b>788</b>	<b>221</b>	<b>-9</b>	<b>-124</b>	<b>0</b>	<b>876</b>	<b>750</b>	<b>84</b>	<b>-15</b>	<b>-118</b>	<b>-9</b>	<b>692</b>
<b>Future conditional pension commitments as per "Transitional Provisions"</b>												
Commitments	747	13				760	781	12				793
Special payroll tax	181	3				184	189	3				192
<b>Total</b>	<b>928</b>	<b>16</b>				<b>944</b>	<b>970</b>	<b>15</b>				<b>985</b>
<b>Other</b>												
Job-related injuries	42					42	43	1		-2		42
Pension adjustments in relation to Danish State	43		-13	-5		25	40			-1	-2	37
Provision, commemorative awards	140	2		-4	2	140	141	3		-5	-3	136
<b>Total</b>	<b>225</b>	<b>2</b>	<b>-13</b>	<b>-9</b>	<b>2</b>	<b>207</b>	<b>224</b>	<b>4</b>		<b>-8</b>	<b>-5</b>	<b>215</b>
<b>Total provisions</b>	<b>1,941</b>	<b>239</b>	<b>-22</b>	<b>-133</b>	<b>2</b>	<b>2,027</b>	<b>1,944</b>	<b>103</b>	<b>-15</b>	<b>-126</b>	<b>-14</b>	<b>1,892</b>
<i>Of which, current provisions</i>	<i>555</i>					<i>690</i>	<i>359</i>					<i>321</i>
<i>Of which, long-term provisions</i>	<i>1,386</i>					<i>1,337</i>	<i>1,585</i>					<i>1,571</i>

Other provisions totaled SEK 2,027m (1,892) as of March 31, 2014. During the quarter, provisions for restructuring charges impacting earnings totaled SEK 212m (SEK 221m in new provisions; SEK 9m in reversals). The utilization of provisions during the quarter totaled SEK 133m, of which SEK 130m comprised payments of personnel expenses.

### Restructuring measures

	Jan-Mar	Jan-Mar	Jan-Dec
<b>Provisions and reversals for restructuring measures, SEKm</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Mail Denmark	28	61	56
Mali Sweden	83	5	153
Logistics	49	-1	12
Strålfors	17		30
Other & Eliminations	35	4	190
<b>Total</b>	<b>212</b>	<b>69</b>	<b>441</b>

A new organization comprised of country units was introduced on March 31, 2014, entailing personnel reductions within administration. Together with the group's other cost reduction measures, this resulted in provisions totaling SEK 212m during the first quarter.

### Future conditional pension commitments

The impact on profit of future conditional pension commitments pursuant to the "Transitional Regulations" is reported as personnel expense.

### Other provisions

The effect of pension settlements to the Danish State and provisions for commemorative awards is reported as personnel expense.

### Note 4 Financial instruments

For all financial assets and liabilities, reported value is considered to constitute a fair approximation of fair value with the exception of the group's long-term interest-bearing liabilities. Fair value of long-term interest-bearing liabilities totaled SEK 4,399m (3,858) as of March 31, 2014, while the reported value at the same date totaled SEK 4,311m (3,810). All financial assets and liabilities reported at fair value in the balance sheet are Level 2; see also PostNord's Annual Report, Note 29, Financial Risk Management and Financial Instruments.

	Mar 31	Mar 31	Dec 31
<b>Reported and fair value of financial assets and liabilities, SEKm</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Level 2</b>	<b>Level 2</b>	<b>Level 2</b>
<b>Financial investments</b>			
Endowment insurance policies	144	148	145
<b>Other current receivables</b>			
Currency derivatives	10	5	12
Terminal settlements	366	438	334
<b>Cash and cash equivalents</b>			
Commercial paper	345	929	295
<b>Total financial assets</b>	<b>865</b>	<b>1,520</b>	<b>786</b>
<b>Other current liabilities</b>			
Currency derivatives	15	20	8
Terminal settlements	473	364	289
<b>Total financial liabilities</b>	<b>488</b>	<b>384</b>	<b>297</b>

### Net borrowings

	Mar 31	Mar 31	Dec 31
<b>Net borrowings, SEKm</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Commercial paper	201	349	200
Credit institution financing	31		62
<b>Total current liabilities</b>	<b>232</b>	<b>349</b>	<b>262</b>
Real estate mortgage	1,189	1101	1,189
MTN	2,937	2540	2,937
<b>Total long-term liabilities</b>	<b>4,126</b>	<b>3,641</b>	<b>4,126</b>
<b>Total financial liabilities</b>	<b>4,358</b>	<b>3,990</b>	<b>4,388</b>
Investments with maturities up to 3 months	345	929	295
Cash and bank balances, excl. cash in hand	550	1547	1,521
<b>Cash and cash equivalents, excl. cash in hand</b>	<b>895</b>	<b>2,476</b>	<b>1,816</b>
<b>Net borrowings <sup>1)</sup></b>	<b>3,463</b>	<b>1,514</b>	<b>2,572</b>

<sup>1)</sup> Credit facilities of SEK 2,000m are not included in net borrowing and can be used for short- and long-term borrowing.

## Note 5 Investment commitments

As of March 31, 2014 PostNord Group had contracted to acquire tangible fixed assets for a total of SEK 903m (513), related primarily to transport and sorting equipment and vehicles. Investment commitments of SEK 506m (382) were made in conjunction with the new terminal structure for Mail Sweden, and SEK 240m was related to the replacement of equipment in the business area's terminals. It is expected that most commitments will be settled in late 2014-early 2015.

## Note 6 Acquisitions and divestments

Effect of acquisitions and divestments on assets and liabilities, SEKm	2014 <sup>1)</sup>			2013		
	Acquisitions	Divestments	Total	Acquisitions	Divestments	Total
Goodwill				167		167
Other intangible fixed assets				30		30
Other fixed assets				193		193
<b>Total fixed assets</b>				<b>390</b>		<b>390</b>
Current assets				86		86
<b>TOTAL ASSETS</b>				<b>476</b>		<b>476</b>
<b>TOTAL LIABILITIES</b>				<b>-175</b>	<b>-1</b>	<b>-176</b>
<b>NET ASSETS</b>				<b>301</b>	<b>-1</b>	<b>300</b>
Capital gain on divested businesses/group companies					-1	-1
Other items affecting cash flow				-54		-54
Purchase consideration paid/received				-301		-301
Cash and cash equivalents (acquired/divested)				19		19
<b>Net effect on cash and cash equivalents</b>				<b>-336</b>		<b>-336</b>

<sup>1)</sup> No acquisitions or divestments were made during the first quarter of 2014.

## Note 7 Definitions

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

## 06 Parent company

The parent company, PostNord AB, ran a very limited inter-company service operation and had only three employees as of March 31, 2014: the President /CEO, the Group CFO and the Head of Group Strategy.

### Income statement

SEKm	Note	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
	1			
Other income		5	5	24
<b>Income</b>		<b>5</b>	<b>5</b>	<b>24</b>
Personnel expenses		-8	-8	-24
Other expenses		-2	-3	-12
<b>Operating expenses</b>		<b>-10</b>	<b>-11</b>	<b>-36</b>
<b>OPERATING PROFIT</b>		<b>-5</b>	<b>-6</b>	<b>-12</b>
Income from participations in group companies				773
Write-down of shares in subsidiaries				-800
Interest income and similar income items		6	9	40
Interest expense and similar expense items		-29	-23	-123
<b>Financial items</b>		<b>-23</b>	<b>-14</b>	<b>-110</b>
<b>Profit after financial items</b>		<b>-28</b>	<b>-20</b>	<b>-122</b>
Appropriations				92
<b>Profit before tax</b>		<b>-28</b>	<b>-20</b>	<b>-30</b>
Tax				
<b>NET PROFIT</b>		<b>-28</b>	<b>-20</b>	<b>-30</b>

### Comprehensive income statement

SEKm	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
Net profit	-28	-20	-30
Other comprehensive profit for the period			
<b>COMPREHENSIVE PROFIT</b>	<b>-28</b>	<b>-20</b>	<b>-30</b>

### Balance sheets

SEKm	Note	Mar 31 2014	Mar 31 2013	Dec 31 2013
	1			
<b>ASSETS</b>				
Financial assets		11,685	12,481	11,684
<b>Total fixed assets</b>		<b>11,685</b>	<b>12,481</b>	<b>11,684</b>
Current receivables		8,135	6,256	8,143
<b>Total current assets</b>		<b>8,135</b>	<b>6,256</b>	<b>8,143</b>
<b>TOTAL ASSETS</b>		<b>19,820</b>	<b>18,737</b>	<b>19,827</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		15,680	15,821	15,708
Long-term liabilities		3,907	2,539	3,905
Current liabilities		233	377	214
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,820</b>	<b>18,737</b>	<b>19,827</b>
<b>CONTINGENT LIABILITIES</b>				
Warranty, PRI		140	103	140
Guarantees on behalf of subsidiaries		331	248	381
<b>Total</b>		<b>471</b>	<b>351</b>	<b>521</b>

# 07 Quarterly data

<b>SEKm, unless otherwise specified</b>	<b>Apr-Jun 2012</b>	<b>Jul-Sep 2012</b>	<b>Oct-Dec 2012</b>	<b>Jan-Mar 2013</b>	<b>Apr-Jun 2013</b>	<b>Jul-Sep 2013</b>	<b>Oct-Dec 2013</b>	<b>Jan-Mar 2014</b>
<b>PostNord Group</b>								
Net sales	9,487	8,959	10,481	9,832	9,757	9,306	10,638	9,999
Other income	60	68	62	45	63	56	69	60
Expenses	9,689	8,866	10,387	9,551 <sup>1)</sup>	9,913 <sup>1)</sup>	9,122 <sup>1)</sup>	10,528	9,960
Operating profit (EBITDA)	276	583	810	735 <sup>1)</sup>	312 <sup>1)</sup>	642 <sup>1)</sup>	621	524
Operating profit (EBIT)	-142	165	158	330 <sup>1)</sup>	-90 <sup>1)</sup>	242 <sup>1)</sup>	180	106
Profit before tax	-177	119	122	273 <sup>1)</sup>	-119 <sup>1)</sup>	179 <sup>1)</sup>	121	85
Net profit	-153	123	69	182 <sup>1)</sup>	-86 <sup>1)</sup>	179 <sup>1)</sup>	31 <sup>1)</sup>	100
Operating margin (EBITDA), %	2.9	6.5	7.7	7.4 <sup>1)</sup>	3.2	6.9	5.8	5.2
Operating margin (EBIT), %	neg	1.8	1.5	3.3 <sup>1)</sup>	neg	2.6	1.7	1.1
Cash flows from operating activities	472	-324	1,386	425 <sup>1)</sup>	-50 <sup>1)</sup>	-363	1,645 <sup>1)</sup>	-469
Net debt	3,843	5,017	4,299	3,186 <sup>1)</sup>	3,694 <sup>1)</sup>	2,718 <sup>1)</sup>	1,621 <sup>1)</sup>	2,207
Return on equity, % <sup>2)</sup>	n/a	n/a	2.6	2.6 <sup>1)</sup>	3.8 <sup>1)</sup>	4.3 <sup>1)</sup>	3.7	2.7
Equity-Assets ratio, close of period, %	30	27	27	29	30	36	35	37
Average number of employees	39,085	41,047	39,929	38,521	39,419	40,143	39,137	37,731
<b>Mail Denmark</b>								
Net sales	2,517	2,213	2,635	2,371	2,284	2,175	2,534	2,341
<i>Letters</i>	<i>1,423</i>	<i>1,221</i>	<i>1,457</i>	<i>1,385</i>	<i>1,297</i>	<i>1,194</i>	<i>1,433</i>	<i>1,339</i>
<i>Advertisements and Newspapers</i>	<i>392</i>	<i>367</i>	<i>390</i>	<i>326</i>	<i>337</i>	<i>333</i>	<i>347</i>	<i>302</i>
<i>Parcels</i>	<i>513</i>	<i>468</i>	<i>570</i>	<i>501</i>	<i>490</i>	<i>482</i>	<i>548</i>	<i>511</i>
<i>Other</i>	<i>189</i>	<i>157</i>	<i>218</i>	<i>159</i>	<i>160</i>	<i>166</i>	<i>206</i>	<i>189</i>
Other income	10	28	7	10	36	18	35	14
Operating profit (EBIT)	-171	-75	-18	-9	-103	-37	60	-16
Operating margin, %	neg	neg	neg	neg	neg	neg	2.3	neg
Average number of employees	12,530	12,833	12,673	12,358	12,674	12,016	12,198	11,790
Volumes, millions of units produced								
Priority mail	77	72	83	75	70	63	70	64
Non-priority and business mail	87	79	94	94	80	73	90	84
Parcels	9	9	11	10	10	9	11	10
<b>Mail Sweden</b>								
Net sales	3,695	3,440	4,094	3,852	3,683	3,448	4,067	3,805
<i>Letters</i>	<i>1,906</i>	<i>1,681</i>	<i>2,126</i>	<i>1,991</i>	<i>1,863</i>	<i>1,671</i>	<i>2,083</i>	<i>1,965</i>
<i>Advertisements and Newspapers</i>	<i>1,160</i>	<i>1,154</i>	<i>1,296</i>	<i>1,225</i>	<i>1,186</i>	<i>1,141</i>	<i>1,261</i>	<i>1,140</i>
<i>Other</i>	<i>629</i>	<i>605</i>	<i>672</i>	<i>636</i>	<i>634</i>	<i>636</i>	<i>723</i>	<i>700</i>
Other income	202	197	202	200	225	189	227	198
Operating profit (EBIT)	-3	169	377	268	-21	145	191	99
Operating margin, %	neg	4.6	8.8	6.6	neg	4.0	4.4	2.5
Average number of employees	17,364	18,715	17,905	16,763	16,917	17,953	17,035	16,234
Volumes, millions of units produced								
Priority mail	230	211	242	232	226	213	241	229
Non-priority mail	276	260	318	326	266	249	303	307
<b>Logistics</b>								
Net sales	2,832	2,885	3,300	3,161	3,372	3,300	3,599	3,395
<i>Parcels</i>	<i>1,150</i>	<i>1,107</i>	<i>1,328</i>	<i>1,207</i>	<i>1,204</i>	<i>1,138</i>	<i>1,367</i>	<i>1,248</i>
<i>Solutions (heavy freight and integrated solutions, Other logistics services (mixed cargo, etc.))</i>	<i>837</i>	<i>1,003</i>	<i>1,099</i>	<i>1,146</i>	<i>1,295</i>	<i>1,363</i>	<i>1,395</i>	<i>1,336</i>
<i>Other logistics services (mixed cargo, etc.)</i>	<i>845</i>	<i>775</i>	<i>873</i>	<i>808</i>	<i>873</i>	<i>799</i>	<i>837</i>	<i>811</i>
Other income	290	330	345	325	315	331	312	179
Operating profit (EBIT)	13	108	93	66	46	76	9	-9
Operating margin, %	0.4	3.4	2.6	1.9	1.2	2.1	0.2	neg
Average number of employees	6,397	6,687	6,695	6,896	7,422	7,765	7,413	7,357
Volumes, millions of units produced								
Parcels	18	17	20	19	19	19	22	20
<b>Strålfors</b>								
Net sales	655	611	682	682	645	610	675	681
Other income	7	5	-2	2	5	3	5	1
Operating profit (EBIT)	9	15	9	15 <sup>1)</sup>	-36 <sup>1)</sup>	13 <sup>1)</sup>	10	-11
Operating margin, %	1.4	2.4	1.3	2.2 <sup>1)</sup>	neg	2.1 <sup>1)</sup>	1.5	neg
Average number of employees	1,520	1,515	1,491	1,468	1,456	1,463	1,492	1,429

<sup>1)</sup> Previously reported quarterly data has been adjusted.  
<sup>2)</sup> Rolling 12-month.

# 08 Calendar/Contacts

## FINANCIAL CALENDAR

Interim report, January-June 2014	August 27, 2014
Interim report, January-September 2014	October 29, 2014
Year-end report 2014	February 25, 2015

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Solna, May 6, 2014  
PostNord AB (publ)

Håkan Ericsson  
*President & CEO*

This report has not been audited.

PostNord AB (publ) is required to disclose this information under the Security Markets Act.

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