

Interim report

Q1 2016

JANUARY-MARCH 2016

- Net sales SEK 9,638m (10,033).
 - Operating income SEK 300m (312).
 - Net income for the period SEK 219m (203).
 - Earnings per share SEK 0.11 (0.10)
 - Cash flow from operating activities SEK 211m (1,140).
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We deliver! PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop options for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2015, the Group had 35,000 employees and sales of around SEK 40 billion. The parent company, PostNord AB, is a Swedish public limited company headquartered in Solna, Sweden. Visit us at www.postnord.com

FINANCIAL OVERVIEW AND KEY RATIOS

SEKm, unless otherwise specified	Jan-Mar	Jan-Mar	Excl. ¹⁾		Jan-Dec
	2016	2015	△	△	2015
INCOME ITEMS					
Net sales	9,638	10,033	-4%	-4%	39,351
Operating income (EBITDA)	705	763	-8%		2,436
Operating margin (EBITDA)	7.3%	7.6%			6.2%
Operating income (EBIT)	300	312	-4%		564
Operating margin (EBIT) ²⁾	3.1%	3.1%			1.4%
Adjusted operating income (EBIT) ³⁾	300	312			927
Adjusted operating margin (EBIT) ^{2) 3)}	3.1%	3.1%			2.4%
Income before tax	288	290	-1%		451
Net income	219	203	8%		278
CASH FLOWS					
Cash flows from operating activities	211	1,140			1,670
FINANCIAL POSITION					
Financial preparedness	3,905	4,466			3,894
Net debt	639	3,113	-80%		-171
KEY RATIOS					
Earnings per share, SEK	0.11	0.10	-10%		0.14
Net debt/EBITDA, times	0.3	1.3			-0.1
Net debt ratio	7%	41%			-2%
Return on capital employed (ROCE)	5.6%	4.7%			5.4%
Average number of employees ⁴⁾	33,445	34,970	-4%		35,256

1) Change excluding acquisitions/divestments and currency.

3) Adjusted for items affecting comparability.

The report comments on developments in January-March 2016 compared to the same period in 2015 unless otherwise stated.

CEO COMMENTS

STILL ON THE RIGHT PATH, WITH THE FOCUS ON END-TO-END NORDIC SOLUTIONS AND ADAPTATION OF THE PRODUCTION MODEL

E-commerce continues to grow with impressive momentum. The logistics market is expanding, but competition is tough. The mail market is characterized by declining volumes. In this market situation, we are continuing to make headway on our chosen path, to maintain a high pace in adapting our business to meet new needs and conditions.

Group operating income for the first quarter totaled SEK 300m (312). Net sales, excluding acquisitions and exchange rate effects, decreased by 4% compared to the corresponding quarter last year, mainly as a result of a fall in mail volumes. The decrease was partly caused by the calendar effect of the early Easter holiday. Our robust programme of adjustment is progressing according to plan, and cost reductions have enabled us to offset the loss of revenue.

The strong growth in e-commerce throughout the Nordic region continues. Our B2C volumes were 12.4% higher than in the corresponding quarter in 2015. PostNord is steadily consolidating its position as the first choice for e-retailers, by offering specialist know-how and offering a competitive portfolio of services that cater to all customer needs. On April 1, we launched MyPack in Europe, providing a service that enables our e-commerce customers to reach private individuals in Europe. This is made possible via our collaboration with DPD, which operates perhaps the best delivery network in Europe.

As part of our strategy to develop a harmonized end-to-end Nordic offering, we acquired G.P. Spedition in Denmark. The acquisition boosts our total offering in heavy logistics, above all in Danish and intra-Nordic logistics. PostNord is already a major, broadly-based logistics operator in Sweden and Norway. With the expansion in Denmark and last year's acquisition of UPK in Finland, we have rounded out our cross-border logistics offering to customers in all Nordic countries.

The Group's total mail volumes declined by 8% in the quarter, of which 18% in Denmark and 6% in Sweden. However, volumes were also impacted to some extent by the above-mentioned Easter effect. This development put pressure on constant adjustment of our operations. We are now progressively implementing our integrated production model, enabling us to increase capacity utilization and improve efficiency and service to our customers. It is also a matter of urgency that postal regulations should be realigned with the current business and communication landscape, in which digital modes of communication are continuing to gain ground. Against that background, we welcome that the Swedish government's special inquiry recommends that the requirement for overnight delivery be changed to two-day delivery. As regards the price cap, the inquiry opens up the possibility of taking our volume losses into account, but at the same time proposes that Sweden's Consumer Price Index (KPI) should be retained as a parameter. It is unfortunate since KPI doesn't reflect the price development for the major cost drivers in our business. The final report from the inquiry is expected after the summer. In Denmark, work continues on the review of Danish postal legislation.

One of our strategic priorities is to integrate sustainability into everything we do. To customers this means, for example, that we can help them cut their carbon dioxide emissions by offering environmentally correct communication and logistics solutions. We also aim to be an attractive employer who conducts its operations by clear business ethics principles and who makes correspondingly high demands on suppliers. Quality is an important priority area and, following disruptions during 2015 in Sweden, we have established better stability. By maintaining an even enhanced focus on quality throughout the organization and keeping up a high pace of development in our end-to-end Nordic offering, we will continue to live up to our customer promise. We deliver.

Håkan Ericsson
President & Group CEO

IMPORTANT EVENTS IN JANUARY-MARCH

Business area reorganization effective January 1, 2016

The Communication Services business area has been established, based on Business area Mail & Communication and Strålfors' service development business. Business area eCommerce & Logistics is a merger of Business area Logistics and the former Group unit eCommerce. The new organization creates the conditions for stepping up the pace of development in the Group's service offerings. Under the changes, responsibility for all goods distribution will be gathered within eCommerce & Logistics. Income from *Varubrev* will thus be reported within this business area as of the beginning of 2016.

Björn Ekstedt appointed as PostNord's CIO

On March 1, 2016, Björn Ekstedt took up the position of Group CIO, joining the Group Executive Team at the same time. Björn Ekstedt was previously CIO at Sandvik and Vattenfall, and also served in positions in the Swedish Armed Forces. He succeeded Joss Delissen.

[New business model in Denmark](#)

In Denmark demand from customers has led to a shift of volumes from priority to non-priority mail, which means that priority mail has in practice become more of an express service. A substantial increase in the price of priority mail was introduced on January 1, 2016, in order to establish reasonable economic conditions for this faster form of delivery.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

[New VAT legislation in Sweden](#)

New Swedish VAT legislation on stamps and certain postal services came into effect on April 1, 2016. Under the legislation, stamps and postal services within the universal postal service that are not separately negotiated are VAT-exempt. This means that VAT exemption applies to direct-payment customers who do not have a service agreement with PostNord. As of April 1, 2016, the price for a stamp for mailing within Sweden is SEK 6.50, VAT-exempt, and for abroad SEK 13.00. The change in the law is expected to have only marginal financial impact on PostNord Sweden.

[Acquisition of G.P. Spedition](#)

On April 4, 2016, PostNord signed an agreement to acquire the assets and liabilities of G.P. Spedition, Denmark. The acquisition strengthens PostNord's position in goods and pallets in Denmark, and the Group's position in the Nordic logistics market. G.P. Spedition is a Danish forwarding company whose customers include Ford and Top-TOY. Following the acquisition, a powerful forwarding team will be integrated into PostNord, and through this expansion in Denmark the Group has a strong cross-border goods service offering to customers in all the Nordic countries.

[Swedish postal regulation inquiry recommends two-day delivery](#)

On April 8, 2016, the Swedish government's special inquiry into postal legislation presented its interim report on overnight delivery and the price ceiling. The report recommends that the current two requirements, that 85% of letters are to arrive by overnight delivery and that 97% of letters are to be delivered within three working days, should be replaced by one requirement to the effect that 95% of individual letters weighing up to 250 grams are to be delivered within two working days. The price cap is to be retained but should instead comprise two-day delivery and be made more flexible to enable pricing to adapt to falling mail volumes.

[MyPack launched in Europe](#)

On April 1, MyPack was launched in Europe. Through MyPack, recipient in Germany, Belgium, the Netherlands and Luxembourg will be able to collect their e-commerce items from Nordic e-retailers at agents. Sweden will be first off the blocks, and in June Norway, Denmark and Finland will also be able to offer the new delivery options. The aim during the year is to introduce MyPack in Austria, the Baltics, France, Portugal and the United Kingdom as well.

[PostNord refinancing a SEK 2 billion credit facility](#)

PostNord has entered into a multicurrency revolving credit facility (RCF) of SEK 2 billion and a bridging finance facility of SEK 1 billion. The new credit line replaces an existing RCF agreement. The term is initially three years, but there is an option for extension.

[Annual General Meeting 2016](#)

PostNord's Annual General Meeting (AGM) took place on April 28, 2016 at the Group's headquarters in Solna. The meeting adopted the income statements and balance sheets of the Group and parent company, adopted the Board's recommendation as to distribution of unappropriated profits and granted discharge from personal liability to the Board of Directors and the CEO for the financial year just ended. The meeting also resolved to approve guidelines on remuneration to senior executives and fees to Board members and auditors.

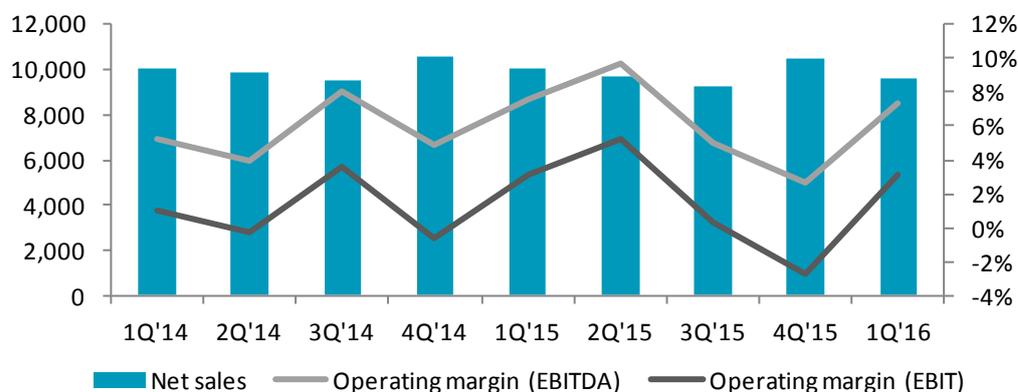
Directors Jens Moberg, Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard, Torben Janholt, Magnus Skåniger and Anitra Steen were re-elected. Mette Grunnet was elected to the Board, replacing Sisse Fjelsted Rasmussen who declined re-election. Jens Moberg was re-elected Chairman of the Board. The auditing firm KPMG AB was re-appointed to serve in the period until the end of the next AGM.

GROUP SALES AND EARNINGS

External net sales ¹⁾ SEKm	Jan-Mar 2016	Jan-Mar 2015	Excl. ²⁾		Jan-Dec 2015
			Δ	Δ	
Business area Communication Services	5,457	5,776	-6%	-5%	22,194
Business area eCommerce & Logistics	4,181	4,257	-2%	-2%	17,157
Group total	9,638	10,033			39,351

1) Numbers are restated in accordance with the new organization.

2) Change excluding acquisitions/divestments and currency.



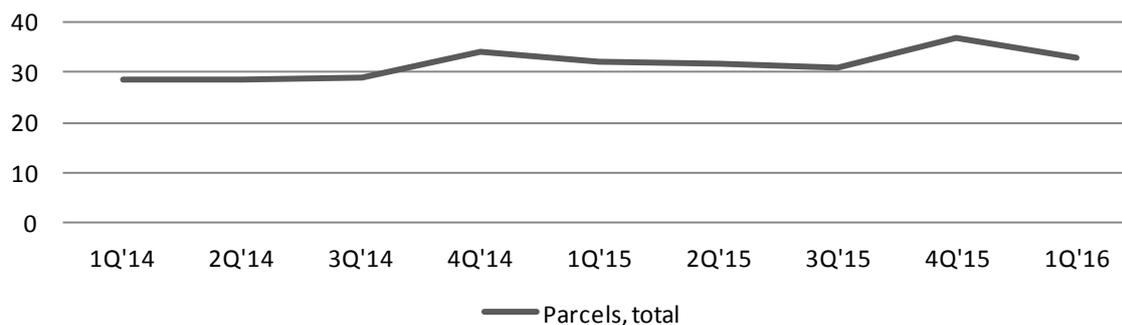
Excluding acquisitions and exchange rate effects, PostNord's net sales decreased by 4%, partly as a result of the calendar effect of the earlier Easter holiday. As a result of continued digitization, mail volumes declined by a total of 8%, of which 18% in Denmark and 6% in Sweden. The Group's parcel volumes increased by 3%. Growth in e-commerce-related B2C continues, with e-commerce-related B2C parcel volumes rising 12%. As a result of the Easter effect and the decline in Norway's economy, which impacted on volumes for the Norwegian company, income decline overall for Business area eCommerce & Logistics.

Group operating income totaled SEK 300m (312). The operating margin was 3.1% (3.1). The loss of income was offset on the cost side by ongoing adjustments and efficiency improvements, as well as cost-cutting programs implemented.

Net financial items totaled SEK -12m (-22). Tax for the quarter was SEK -69m (-87). Net income totaled SEK 219m (203).

Total parcel volumes, Group

millions



FINANCIAL POSITION AND CASH FLOW

The Group's equity fell SEK 589m to SEK 8,561m, compared to SEK 9,150m on December 31, 2015. The decline was in the main attributable to revaluation of pension obligations and pension assets under management in the amount of SEK 874m net, above all as a result of a lower discount rate used in the valuation of the obligations. Net income for the period, SEK 219m, made a positive contribution to equity.

The Group's net debt rose by SEK 810m to SEK 639m. The increase is largely a result of the above-mentioned revaluation of pension obligations.

The debt ratio (net debt/equity) was 7% as at March 31, 2016, which was somewhat below the Group's target of 10-50%. The net debt/EBITDA ratio (trailing 12 months, multiple) was 0.3.

Net debt

SEKm	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015	31-Mar 2015
Interest-bearing debt	3,849	3,840	3,849	3,816	5,141
Pensions ¹⁾	0	0	57	0	1,563
Interest-bearing debt	-1,305	-2,117	-1,155	-1,628	-1,125
Cash and cash equivalents	-1,905	-1,894	-1,443	-1,445	-2,466
Net debt	639	-171	1,308	743	3,113

¹⁾ Includes assets under management. When the assets under management are greater than the estimated net present value of the pension liabilities, they are accounted for under the line item Financial receivables.

Return on capital employed (trailing 12 months) ended the quarter at 5.6% (4.7). The improvement arose through a reduction in capital employed, partly as a result of a real estate sale in 2015.

The Group's financial preparedness totaled SEK 3,905m on March 31, 2016 and comprised cash and cash equivalents of SEK 1,905m and an unutilized credit facility of SEK 2,000m maturing in 2017.

Cash flow from operating activities totaled SEK 211m (1,140). Regarding the year-on-year comparison, it should be observed that the outcome for the first quarter of 2015 benefited from SEK 300m in supplier payments for March being paid on April 1, 2015, and by a tax refund of approximately SEK 300m.

Cash flow from investing activities totaled SEK -188m (-255). Investments in property, plant and equipment continued under a strict investment regime. The investments primarily related to vehicles in production as well as equipment for transportation and sorting. The figure for the preceding year benefited from the sale of a property in Denmark

Cash flow from financing activities totaled SEK -13m (-264).

COUNTRIES

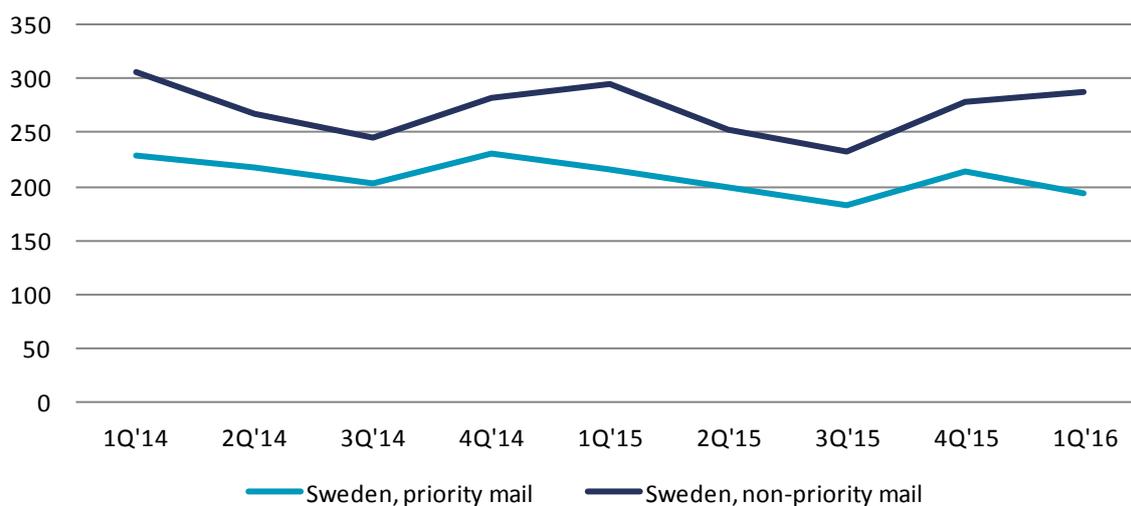
PostNord Sweden SEKm	Jan-Mar	Jan-Mar	Excl. ²⁾		Jan-Dec
	2016	2015	Δ	Δ	2015
Net sales	5,720	5,818	-2%	-2%	23,080
of which Communication Services (external) ¹⁾	3,075	3,229	-5%	-5%	12,448
of which eCommerce & Logistics (external) ¹⁾	2,353	2,350	0%	0%	9,559
Operating income (EBIT)	198	228			750
Operating margin, %	3.6%	3.9%			3.2%
Adjusted operating income (EBIT)	198	228			847
Adjusted operating margin, %	3.6%	3.9%			3.7%

PostNord Sweden's net sales declined by a total of 2%, partly due to the Easter effect. Communication Services reported a 5% drop in sales as a result of a 6% decline in mail volumes. Sales by Business area eCommerce & Logistics were unchanged. B2C volumes increased through the effects of continued growth in e-commerce. Sales from third-party logistics and service logistics also showed a positive trend.

Operating income totaled SEK 198m (228). Costs have been adjusted in response to the lower volumes, but have been affected by higher social insurance costs for young people in Sweden.

Mail volumes, Sweden

millions



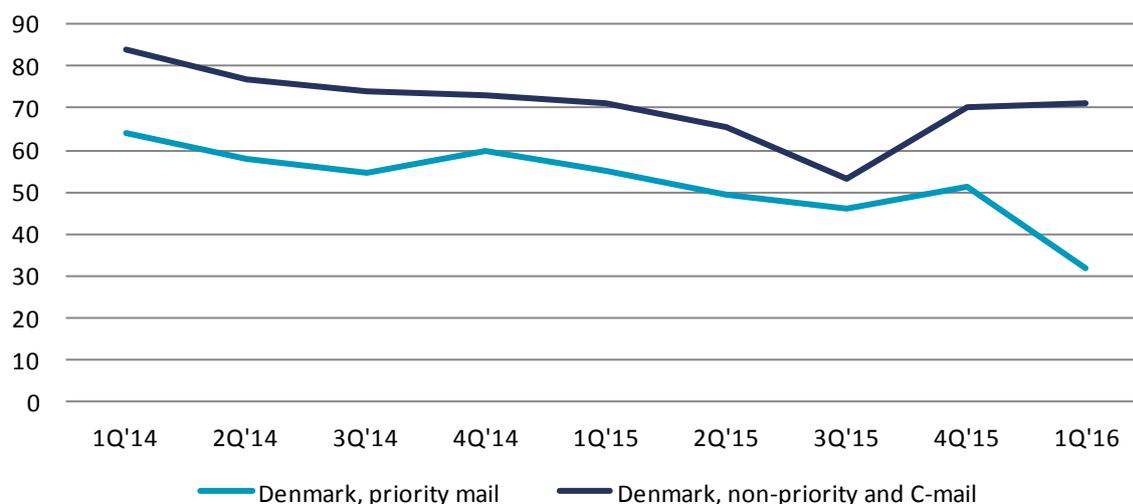
PostNord Denmark SEKm	Jan-Mar	Jan-Mar	Excl. ²⁾		Jan-Dec
	2016	2015	Δ	Δ	2015
Net sales	2,431	2,567	-5%	-5%	9,987
of which Communication Services (external) ¹⁾	1,449	1,618	-10%	-10%	6,109
of which eCommerce & Logistics (external) ¹⁾	853	824	4%	4%	3,400
Operating income (EBIT)	-51	-47			-287
Operating margin, %	-2.1%	-1.8%			-2.9%
Adjusted operating income (EBIT)	-51	-47			-371
Adjusted operating margin, %	-2.1%	-1.8%			-3.7%

Net sales for PostNord Denmark declined by a total of 5%, partly due to the Easter effect. In Communication Services, net sales declined by 10% as a result of an 18% fall in mail volumes. At the turn of the year 2015/2016, a sharp increase in the price of priority mail was effected, compensating to a certain extent for the decline in volumes. eCommerce in Denmark grew 4%, thanks to higher B2C-parcel volumes and new customer contracts in service logistics.

Operating income totaled SEK -51m (-47). The result was substantially affected by lower mail income that has not yet been fully offset by cost adjustments. A wide-ranging action program is under way in the Danish business, and costs fell by 5%.

Mail volumes, Denmark

millions



PostNord Norway SEKm	Jan-Mar	Jan-Mar	Excl.²⁾		Jan-Dec
	2016	2015	Δ	Δ	2015
Net sales	911	1,077	-15%	-10%	4,112
<i>of which Communication Services (external)</i> ¹⁾	8	13	-38%	-31%	47
<i>of which eCommerce & Logistics (external)</i> ¹⁾	806	970	-17%	-12%	3,660
Operating income (EBIT)	-1	11			-34
Operating margin, %	-0.1%	1.0%			-0.8%
Adjusted operating income (EBIT)	-1	11			-25
Adjusted operating margin, %	-0.1%	1.0%			-0.6%

PostNord Norway's net sales decreased by 15%. Excluding acquisitions and exchange rate effects, net sales fell by 10% due partly to the Easter effect but mostly because of subdued demand as a result of a slowdown in the Norwegian economy related to the steep drop in the price of oil. Operating income totaled SEK -1m (11). A wide-ranging program to adjust costs is in progress but has not fully offset the decline in income.

PostNord Finland SEKm	Jan-Mar	Jan-Mar	Excl.²⁾		Jan-Dec
	2016	2015	Δ	Δ	2015
Net sales	231	175	32%	1%	787
<i>of which Communication Services (external)</i> ¹⁾	4	4	0%	-2%	15
<i>of which eCommerce & Logistics (external)</i> ¹⁾	168	112	50%	1%	538
Operating income (EBIT)	-12	1			-1
Operating margin, %	-5.2%	0.6%			-0.1%
Adjusted operating income (EBIT)	-12	1			-1
Adjusted operating margin, %	-5.2%	0.6%			-0.1%

PostNord Finland's net sales grew by 32%. Excluding acquisitions and exchange rate effects, net sales increased 1%. The market is characterized by a challenging economic situation in Finland and tough competition in the logistics market.

Operating income totaled SEK -12m (1). The decline is largely attributable to costs arising from integration of the company acquired in 2015, Uudenmaan Pikakuljetus Oy (UPK). During the quarter, UPK was merged with PostNord OY.

PostNord Strålfors SEKm	Jan-Mar	Jan-Mar	Excl.²⁾		Jan-Dec
	2016	2015	Δ	Δ	2015
Net sales	617	641	-4%	-1%	2,335
<i>of which Communication Services (external)</i> ¹⁾	588	621	-5%	-3%	2,251
Operating income (EBIT)	34	26			-36
Operating margin, %	5.5%	4.1%			-1.5%
Adjusted operating income (EBIT)	34	26			86
Adjusted operating margin, %	5.5%	4.1%			3.7%

Net sales for PostNord Strålfors fell 4%. Excluding exchange rate effects, sales decreased 1% mainly as a result of a decline in the market for physical communication services, which was partly balanced by higher sales under new customer agreements and higher volumes in digital communication offerings.

Operating income totaled SEK 34m (26). The improvement arose mainly through cost-cutting programs implemented.

Direct Link SEKm	Jan-Mar	Jan-Mar	Excl. ²⁾		Jan-Dec
	2016	2015	△	△	2015
Net sales	283	232	22%	23%	1,055
<i>of which Communication Services (external)</i> ¹⁾	283	232	22%	23%	1,055
Operating income (EBIT)	15	13			78
Operating margin, %	5.5%	5.4%			7.3%
Adjusted operating income (EBIT)	15	13			78
Adjusted operating margin, %	5.5%	5.4%			7.3%

The increase in sales derives from the operations in APAC (Asia Pacific) under agreements with major new customers. Other operations performed less strongly, partly through rising competition and exchange rate effects.

För other and eliminations See Note 2.

Common notes applicable to the financial tables in the above section:

- ¹⁾ Figures for comparison have been adjusted in line with the new business area organization.
- ²⁾ Change excluding acquisitions/divestment within operational activities and exchange rates.

SUSTAINABILITY

The average number of employees totaled 33,445 (34,970), a reduction of 1,525. Sweden and Denmark accounted for the major share of the reduction. Sick leave ended the quarter at 5.8% (5.4). The level remains too high and in order to address the problem, in which long-term sick leave accounts for the highest growth, initiatives are focused on rehabilitation, together with fitness programs and the company healthcare service. Over the quarter, the proportion of women in management positions rose from 28% to 30%, mainly reflecting the fact that the proportion of women managers at levels 1-3 has risen to 34% from 30% at the turn of the year. Within the compass of the wide-ranging Move – Change for Diversity program, a candidate program and a mentoring program were launched during the year.

Carbon dioxide emissions were 3% lower than in the corresponding quarter last year, at 93,114 tonnes. Reductions were achieved in all country organizations. In Sweden, the ongoing work on optimizing the admixture of biofuel continued. In Denmark, lower fuel consumption in transportation compensated to some extent for a higher level of electricity consumption on premises. Within the framework of PostNord's environmental fund, funds were allocated to the installation of charging posts and LED lighting.

The weighted delivery quality for priority mail was 89.6% during the quarter. Actions to bring about immediate quality improvements have been taken in both Sweden and Denmark, while long-term improvement measures continue. In the quarter specifically, quality was adversely affected by the fact that a high volume of Easter deliveries required a high degree of manual processing. In parcels, the weighted quality remained high, at 96.8%.

At the end of the first quarter 2016, a total of 45% of the suppliers who account for 80% of the Group's total purchasing signed up to the Code of Conduct for Suppliers. During the quarter, the focus was on establishing a baseline for how many of the Group's suppliers have accepted the Code of Conduct for Suppliers and for carrying out training courses for increasing awareness in-house of sustainability issues at the supplier stage.

FINANCIAL CALENDAR

Interim report January-June 2016
Interim report January-September 2016

August 12, 2016
October 28, 2016

Solna, April 29, 2016
PostNord AB (publ), CIN 556771-2640

Håkan Ericsson
President and Group CEO

This report has not been subject to review by the Company's auditors.

PostNord AB (publ) is required to disclose this information under the Securities Markets Act. The information was submitted for publication at 8:30 a.m. CET on April 29, 2016.

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

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FINANCIAL STATEMENTS

Consolidated income statement

SEKm	Note	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net sales	1	9,638	10,033	39,351
Other income		54	75	765
Income	2	9,692	10,108	40,116
Personnel expenses		-4,365	-4,536	-17,624
Transport expenses		-2,345	-2,473	-10,051
Other expenses		-2,278	-2,336	-10,005
Depreciation, amortization and impairments		-404	-451	-1,872
Expenses		-9,392	-9,796	-39,552
OPERATING INCOME		300	312	564
Financial income		5	5	21
Financial expenses		-17	-27	-134
Net financial items		-12	-22	-113
INCOME BEFORE TAX		288	290	451
Tax		-69	-87	-173
NET INCOME		219	203	278
Attributable to				
Parent company shareholders		218	203	276
Non-controlling interests		1	0	2
Earnings per share, SEK		0.11	0.10	0.14

Consolidated statement of comprehensive income

SEKm	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
NET INCOME	219	203	278
OTHER COMPREHENSIVE INCOME			
Items that cannot be transferred to net income			
Revaluation of pension liabilities	-1,120	-648	1,388
Change in deferred tax	246	143	-166
Total	-874	-505	1,222
Items that have been or may be transferred to net income			
Cash flow hedges after tax	1	-1	4
Translation differences	65	-51	-342
Total	66	-52	-338
TOTAL OTHER COMPREHENSIVE INCOME	-808	-557	884
COMPREHENSIVE INCOME	-589	-354	1,162
Attributable to			
Parent company shareholders	-590	-354	1,160
Non-controlling interests	1	0	2

Consolidated statement of cash flows

SEKm	Jan-Mar 2016	Jan-Mar 2015	Jan-dec 2015
OPERATING ACTIVITIES			
Income before tax	288	290	451
Adjustments for non-cash items:	-45	27	554
Taxes	1	44	-79
Cash flow from operating activities before changes in working capital	244	361	926
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories	-16	8	28
Increase(-)/decrease(+) in other operating receivables	78	-17	76
Increase(+)/decrease(-) in other operating liabilities	-65	745	629
Other changes in working capital	-30	43	11
Changes in working capital	-33	779	744
Cash flow from operating activities	211	1,140	1,670
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-159	-251	-1,027
Sale of property, plant and equipment	8	17	525
Purchase of other intangible fixed assets	-42	-17	-82
Acquisition of subsidiaries, net		-2	-81
Change in financial assets	5	-2	19
Cash flow from investing activities	-188	-255	-646
FINANCING ACTIVITIES			
Amortized debts		-200	-843
Dividend paid			-3
Net pension transactions	-22	-21	-85
Increase(+)/decrease(-) in other interest-bearing liabilities	9	-43	-36
Cash flow from financing activities	-13	-264	-967
CASH FLOW FOR THE PERIOD	10	621	57
Cash and cash equivalents, opening balance	1,894	1,843	1,843
Translation difference in cash and cash equivalents	1	2	-6
Cash and cash equivalents, closing balance	1,905	2,466	1,894

Consolidated statement of financial position

MSEK	Not	31 mar 2016	31 dec 2015	30 sep 2015	30 jun 2015	31 mar 2015
	1					
ASSETS						
Goodwill		3,275	3,236	3,372	3,361	3,361
Other intangible assets		901	955	1,065	1,163	1,244
Property, plant and equipment		8,540	8,664	8,713	8,873	9,066
Participations in associated companies and joint ventures		62	71	73	72	85
Financial investments	4	254	250	248	255	258
Other non-current receivables		1,125	1,945	954	1,420	915
Deferred tax assets		780	484	647	502	557
Total non-current assets		14,937	15,605	15,072	15,646	15,486
Inventories		166	150	158	168	170
Tax assets		579	527	520	396	343
Trade receivables	4	4,368	4,524	4,347	4,402	4,689
Prepaid expenses and accrued income		1,395	1,251	1,464	1,484	1,277
Other receivables		470	563	666	1,129	391
Cash and cash equivalents	4	1,905	1,894	1,443	1,445	2,466
Assets held for sale		213	209	200	286	997
Total current assets		9,096	9,118	8,798	9,310	10,333
TOTAL ASSETS		24,033	24,723	23,870	24,956	25,819
EQUITY AND LIABILITIES						
EQUITY						
Capital stock		2,000	2,000	2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954	9,954	9,954
Reserves		-1,964	-2,030	-1,886	-1,836	-1,744
Retained earnings		-1,433	-777	-1,123	-699	-2,577
Total equity attributable to parent company shareholders		8,557	9,147	8,945	9,419	7,633
Non-controlling interests		4	3	3	2	4
TOTAL EQUITY		8,561	9,150	8,948	9,421	7,637
LIABILITIES						
Non-current interest-bearing liabilities	4	3,711	3,705	3,816	3,805	3,772
Other non-current liabilities		55	40	38	38	38
Pensions				57		1,563
Other provisions		1,726	1,712	1,529	1,526	1,655
Deferred tax liabilities		981	861	799	954	626
Total non-current liabilities		6,473	6,318	6,239	6,323	7,654
Current interest-bearing liabilities	4	138	134	34	11	1,368
Trade payables		1,955	2,294	1,947	2,070	2,252
Tax liabilities		51	47	73	84	68
Other current liabilities		1,738	1,727	2,098	1,919	1,762
Accrued expenses and prepaid income		4,660	4,404	4,030	4,570	4,442
Other provisions		457	649	501	558	636
Total current liabilities		8,999	9,255	8,683	9,212	10,528
TOTAL LIABILITIES		15,472	15,573	14,922	15,535	18,182
TOTAL EQUITY AD LIABILITIES		24,033	24,723	23,870	24,956	25,819

Consolidated statement of changes in equity

SEKm	Equity attributable to the parent company's shareholders						
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance 1 Jan 2015	2,000	9,954	-1,680	-12	-2,275	4	7,991
Other comprehensive income for the period							
Net income for the period					203		203
Other comprehensive income for the period			-51	-1	-505		-557
Total other comprehensive income for the			-51	-1	-302	0	-354
Dividend							0
Closing balance 31 Mar 2015	2,000	9,954	-1,731	-13	-2,577	4	7,637

SEKm	Equity attributable to the parent company's shareholders						
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance 1 Apr 2015	2,000	9,954	-1,731	-13	-2,577	4	7,637
Other comprehensive income for the period							
Net income for the period					73	2	75
Other comprehensive income for the period			-291	5	1,727		1,441
Total other comprehensive income for the period			-291	5	1,800	2	1,516
Dividend						-3	-3
Closing balance 31 Dec 2015	2,000	9,954	-2,022	-8	-777	3	9,150

SEKm	Equity attributable to the parent company's shareholders						
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance 1 Jan 2016	2,000	9,954	-2,022	-8	-777	3	9,150
Other comprehensive income for the period							
Net income for the period					218	1	219
Other comprehensive income for the period			65	1	-874		-808
Total other comprehensive income for the			65	1	-656	1	-589
Dividend							0
Closing balance 31 Mar 2016	2,000	9,954	-1,957	-7	-1,433	4	8,561

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

FINANSIELLA RAPPORTER I SAMMANDRAG PARENT COMPANY

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

Income statement

SEKm	Note	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
	1			
Other income		4	7	26
Income		4	7	26
Personnel expenses		-6	-9	-33
Other expenses		-1	-1	-6
Operating expenses		-7	-10	-39
OPERATING INCOME		-3	-3	-13
Interest income and similar income items		0	26	49
Interest expense and similar expense items		-27	-22	-77
Financial items		-27	4	-28
Income after financial items		-30	1	-41
Balance sheet appropriations				34
Income before tax		-30	1	-7
Tax				
NET INCOME		-30	1	-7

Statement of comprehensive income

SEKm	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net income	-30	1	-7
Other comprehensive income for the period			
COMPREHENSIVE INCOME	-30	1	-7

Balance sheet

SEKm	Note	31 mar 2016	31 dec 2015	30 sep 2015	30 jun 2015	31 mar 2015
	1					
ASSETS						
Financial assets		11,692	11,689	11,691	11,691	11,686
Total non-current assets		11,692	11,689	11,691	11,691	11,686
Current receivables		8,237	8,247	8,232	8,276	8,828
Total current assets		8,237	8,247	8,232	8,276	8,828
TOTAL ASSETS		19,929	19,936	19,923	19,967	20,514
EQUITY AND LIABILITIES						
Equity		15,734	15,764	15,722	15,762	15,772
Non-current liabilities		4,059	4,046	4,174	4,152	4,156
Current liabilities		136	126	27	53	586
TOTAL EQUITY AND LIABILITIES		19,929	19,936	19,923	19,967	20,514
Assets pledged as collateral		13	13	11	11	10
Contingent liabilities						
Warranty, PRI		135	135	136	136	136
Guarantees on behalf of subsidiaries		722	726	479	415	453
Total contingent liabilities		857	861	615	551	589

NOTES TO FINANCIAL STATEMENTS

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 Group'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 2015 Annual and Sustainability Report. Other disclosures as required by IAS 34.16A are provided both in the financial statements and in other parts of the interim report.

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 2015 Annual and Sustainability Report.

Risk

PostNord is exposed to strategic, operational and financial risks. Please refer to PostNord's 2015 Annual and Sustainability Report (pages 38-39 and Note 2 on page 60), for a description of risks, uncertainties, risk management and significant assessments and estimates. No material changes or assessments have been made since the publication of the Annual and Sustainability Report.

Note 2 Segments

PostNord's organization into business areas 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 areas. 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.

As of the first quarter of 2016, the business of Direct Link is accounted for as a separate segment. Direct Link was formerly reported under "Other". Figures for comparison have been restated. PostNord's segments are divided into the following markets: PostNord Sweden, PostNord Denmark (incl. Germany), PostNord Norway, PostNord Finland, PostNord Strålfors, Direct Link and Other. The countries market and sell the business areas' end-to-end solutions.

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

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

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

PostNord Strålfors operates in the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases.

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

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

Eliminations comprise the elimination of internal transactions.

Note2 Segments

SEKm	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
PostNord Sweden					
Net sales	5,818	5,665	5,424	6,173	5,720
<i>of which internal</i>	242	250	261	319	293
Operating income (EBIT)	228	173	167	182	198
Operating margin, %	3.9%	3.1%	3.1%	2.9%	3.6%
Adjusted operating income (EBIT)	228	173	186	260	198
Adjusted operating margin, %	3.9%	3.1%	3.4%	4.2%	3.6%
PostNord Denmark					
Net sales	2,567	2,402	2,323	2,695	2,431
<i>of which internal</i>	124	115	102	137	129
Operating income (EBIT)	-47	298	-148	-390	-51
Operating margin, %	-1.8%	12.4%	-6.4%	-14.5%	-2.1%
Adjusted operating income (EBIT)	-47	-202	-149	27	-51
Adjusted operating margin, %	-1.8%	-8.4%	-6.4%	1.0%	-2.1%
PostNord Norway					
Net sales	1,077	1,056	970	1,009	911
<i>of which internal</i>	94	97	99	115	97
Operating income (EBIT)	11	-5	-31	-9	-1
Operating margin, %	1.0%	-0.5%	-3.2%	-0.9%	-0.1%
Adjusted operating income (EBIT)	11	-5	-31	0	-1
Adjusted operating margin, %	1.0%	-0.5%	-3.2%	0.0%	-0.1%
PostNord Finland					
Net sales	175	171	198	243	231
<i>of which internal</i>	58	55	59	62	59
Operating income (EBIT)	1	-1	4	-5	-12
Operating margin, %	0.6%	-0.6%	2.0%	-2.0%	-5.2%
Adjusted operating income (EBIT)	1	-1	4	-5	-12
Adjusted operating margin, %	0.6%	-0.6%	2.0%	-2.0%	-5.2%
PostNord Strålfors					
Net sales	641	584	522	588	617
<i>of which internal</i>	21	21	16	26	28
Operating income (EBIT)	26	8	23	-93	34
Operating margin, %	4.1%	1.4%	4.4%	-15.8%	5.5%
Adjusted operating income (EBIT)	26	8	23	29	34
Adjusted operating margin, %	4.1%	1.4%	4.4%	4.9%	5.5%
Direct Link					
Net sales	232	247	252	324	283
<i>of which internal</i>	0	0	0	0	1
Operating income (EBIT)	13	16	18	31	15
Operating margin, %	5.4%	6.5%	7.1%	9.3%	5.5%
Other					
Net sales	62	79	67	63	51
<i>of which internal</i>	0	1	0	2	0
Operating income (EBIT)	80	13	0	0	117
Eliminations					
Net sales	-539	-538	-537	-663	-606
<i>of which internal</i>	-539	-538	-537	-663	-606
Group total					
Net sales	10,033	9,666	9,218	10,434	9,638
Group operating income (EBIT)	312	503	33	-284	300
Group net financial items	-22	-48	-23	-20	-12
Group income before tax	290	455	10	-304	288

Note 3 Acquisitions and divestments of subsidiaries

Because no acquisitions or disposals took place in the interim report period, this quarterly report does not have comprehensive reporting on that point in accordance with IFRS 3. For information on acquisitions during 2015, see PostNord's 2015 Annual Report.

Note 4 Financial instruments

31 mars 2016							
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value	
Financial investments	254				254	254	
Derivatives	1				1	1	
Trade receivables		4,368			4,368	4,368	
Terminal fees	558				558	558	
Cash and cash equivalents		1,905			1,905	1,905	
Long-term interest-bearing liabilities			-168	-3,543	-3,711	-3,764	
Current interest-bearing liabilities				-138	-138	-138	
Trade payables				-1,955	-1,955	-1,955	
Other current liabilities				-1,736	-1,736	-1,736	
Derivatives			-1		-1	-1	
Terminal fees			-519		-519	-519	
Total financial assets and liabilities, by category, SEKm	813	6,273	-688	-7,372	-974	-1,027	

31 december 2015							
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value	
Financial investments	250				250	250	
Derivatives	1				1	1	
Trade receivables		4,524			4,524	4,524	
Terminal fees	461				461	461	
Cash and cash equivalents		1,894			1,894	1,894	
Long-term interest-bearing liabilities			-166	-3,539	-3,705	-3,766	
Current interest-bearing liabilities				-134	-134	-134	
Trade payables				-2,294	-2,294	-2,294	
Other current liabilities				-1,727	-1,727	-1,727	
Derivatives			-17		-17	-17	
Terminal fees			-335		-335	-335	
Total financial assets and liabilities, by category, SEKm	712	6,418	-518	-7,694	-1,082	-1,143	

31 mars 2015							
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value	
Financial investments	257				257	257	
Derivatives	8				8	8	
Trade receivables		4,689			4,689	4,689	
Terminal fees	564				564	564	
Cash and cash equivalents		2,466			2,466	2,466	
Long-term interest-bearing liabilities			-156	-3,616	-3,772	-3,876	
Current interest-bearing liabilities				-1,368	-1,368	-1,358	
Trade payables				-2,252	-2,252	-2,252	
Other current liabilities				-1,762	-1,762	-1,762	
Derivatives			-17		-17	-17	
Terminal fees			-508		-508	-508	
Total financial assets and liabilities, by category, SEKm	829	7,155	-681	-8,998	-1,695	-1,789	

1) Financial assets and liabilities measured at fair value via income using the Fair value option.

Recognition and fair value measurement of financial instruments

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

All financial assets and liabilities recognized at fair value in the balance sheet are classified at level 2; see also Note 26 Financial risk management and financial instruments in PostNord's Annual Report.

Adjusted operating income	Total income less total costs, excluding items affecting comparability.
Adjusted operating margin	Adjusted operating income as % of net sales. Previously adjusted operating income as % of total income (net sales and other income).
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 (EPS)	Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.
EBITDA	Earnings before interest, taxes, depreciations and amortizations/impairments.
Financial preparedness	Cash and cash equivalents and unutilized committed credit line.
Net debt	Interest-bearing debt (including pension provisions) less cash and cash equivalents, financial receivables and current interest-bearing receivables.
Net debt/EBITDA	Net debt divided by EBITDA (rolling 12-months).
Net debt ratio	Net debt divided by equity.
Capital employed	Non-interest-bearing assets less non-interest-bearing liabilities.
Operating margin	Operating income as a percentage of net sales.
Return on capital employed (ROCE)	Operating profit for the 12 months to the end of the period divided by average capital employed for the 12 months to the end of the period.
Items affecting comparability	<p>Items that do not recur, that are not directly attributable to operational activities and provisions for restructuring referring to the coming year. The items must be significant. Examples: capital gains in the sale of assets, impairment of assets, provisions referring to the coming year.</p> <p>Running restructuring costs are not regarded as items affecting comparability.</p>

Quarterly data

SEKm, unless otherwise specified	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
PostNord Group					
Net sales	10,033	9,666	9,218	10,434	9,638
Other income	69	559	61	72	54
Expenses	-9,796	-9,722	-9,244	-10,790	-9,393
<i>of which, personnel expenses</i>	-4,528	-4,589	-4,075	-5,029	-4,365
<i>of which, transport expenses</i>	-2,473	-2,456	-2,473	-2,649	-2,345
<i>of which, other expenses</i>	-2,344	-2,246	-2,268	-2,550	-2,278
<i>of which, depreciation, amortization and impairment:</i>	-451	-431	-428	-562	-405
Operating income (EBITDA)	763	934	461	278	705
Operating margin (EBITDA)	7.6%	9.7%	5.0%	2.7%	7.3%
Operating income (EBIT)	312	503	33	-284	300
Operating margin (EBIT)	3.1%	5.2%	0.4%	-2.7%	3.1%
Cash flows from operating activities	1,140	-127	-264	921	211
Net debt	3,113	743	1,308	-171	639
Return on capital employed	4.7%	9.4%	7.0%	5.4%	5.6%
Average number of employees (FTE)	34,970	35,398	35,904	34,752	33,445
Number of staffing (basic) at end of period ¹⁾	36,178	35,729	35,609	34,819	34,684
 <i><u>Volumes, millions of mails produced:</u></i>					
Sweden, priority mail	215	199	183	214	193
Sweden, non-priority mail	296	253	233	279	287
Denmark, priority mail	55	49	46	51	32
Denmark, non-priority and business mail	71	65	53	70	71
 <i><u>Volumes, millions of parcels produced (net):</u></i> (Eliminated for volumes between countries)					
Parcels, group total	32	32	31	37	33

¹⁾ Numbers for Q1 and Q2 2015 are restated with additional 1,000 persons.