

Interim report

Q3 2017

JULY–SEPTEMBER 2017

- Net sales SEK 8,565m (8,895).
- Operating income SEK -199m (-101).
- Adjusted operating income SEK -123m (-41).
- Items affecting comparability, net, SEK -77m (-60).
- Net income for the period SEK -224m (-145).
- Earnings per share, SEK -0.11 (-0.07).
- Cash flow from operating activities SEK -370m (-656).

JANUARY–SEPTEMBER 2017

- Net sales SEK 26,996m (28,123).
- Operating income SEK -396m (-71).
- Adjusted operating income SEK 66m (258).
- Items affecting comparability, net, SEK -462m (-329).
- Net income for the period SEK -544m (-208).
- Earnings per share, SEK -0.27 (-0.10).
- Cash flow from operating activities SEK 1,542m (-103).

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 2016, the Group had around 33,000 employees and sales of just over SEK 38 billion. The parent company, PostNord AB, is a Swedish public limited company headquartered in Solna, Sweden. Visit us at www.postnord.com

FINANCIAL AND NON-FINANCIAL OVERVIEW AND KEY RATIOS¹

SEKm, if not otherwise stated	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ ²⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ ²⁾	Jan-Dec 2016
INCOME ITEMS									
Net sales	8,565	8,895	-4%	-3%	26,996	28,123	-4%	-4%	38,478
Operating income (EBIT)	-199	-101			-396	-71			-1,083
Operating margin (EBIT)	-2.3%	-1.1%			-1.5%	-0.2%			-2.8%
Adjusted operating income (EBIT)	-123	-41			66	258			500
Adjusted operating margin (EBIT)	-1.4%	-0.5%			0.2%	0.9%			1.3%
Operating income (EBITDAI)	122	262			591	1,180			1,737
Operating margin (EBITDAI)	1.4%	2.9%			2.2%	4.2%			4.5%
Income before tax	-211	-102			-424	-96			-1,108
Net income	-224	-145			-544	-208			-1,583
CASH FLOWS									
Cash flows from operating activities	-370	-656			1,542	-103			1,321
FINANCIAL POSITION									
Financial preparedness	5,013	3,976			5,013	3,976			4,927
Net debt	926	2,783			926	2,783			354
KEY RATIOS									
Earnings per share, SEK	-0.11	-0.07			-0.27	-0.10			-0.79
Net debt/EBITDAI, times	0.8	1.9			0.8	1.9			0.2
Net debt ratio	14%	39%			14%	39%			5%
Return on capital employed (ROCE)	-17.5%	-3.8%			-17.5%	-3.8%			-12.1%
Average number of employees	32,096	33,897			31,422	33,569			33,278

¹⁾ See page 19 for definitions.

²⁾ Change excluding acquisitions/divestments and currency.

Unless otherwise stated, the report comments on developments in July-September 2017 compared with the same period in 2016.

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

On Friday, October 20, PostNord's owners – the Swedish and Danish States – presented an agreement concerning the financing for the transformation of the Danish business to a new production model. The agreement, which is conditional on approval by the EU Commission and by the Danish and Swedish Parliaments, sends a clear signal that the owners support the PostNord Group and its operations. In conjunction with Sweden's new Postal Services Act and proposed amendments of the Postal Ordinance, this will create favorable conditions for PostNord's operations going forward. During the quarter, PostNord is intensifying its focus on service development and quality improvement in order to enhance the overall customer experience.

PostNord's like-for-like net sales decreased by around 3% in the third quarter to SEK 8,565m (8,895). The decrease was attributable to a further major decline – of 10% overall – in the Group's mail volumes, 7% in Sweden and 21% in Denmark. In the first nine months of the year, like-for-like net sales decreased by around 4%. Total mail volumes were down 10%, 7% in Sweden and 20% in Denmark. At the same time as digitization is causing mail volumes to shrink, we are seeing strong growth in e-commerce-driven logistics and digital services. The increase in the Group's e-commerce-related B2C volumes was 17% in the third quarter and 14% in the first nine months of the year. This indicates that the growing e-commerce business is in part offsetting lower revenue from the traditional mail business. Due to seasonal factors, the third quarter is a weak one for PostNord and adjusted operating income for the quarter was SEK -123m (-41). The lower income compared with the preceding year resulted from the sharp decline in sales for the mail business. Adjusted operating income for the first nine months totaled SEK 66m (258). Items affecting comparability amounted to SEK -77m (-60) in the quarter and SEK -462m (-329) for the first nine months. These items consisted entirely of costs relating to termination of employment for personnel benefiting from "special employment conditions" in the Danish business.

A new Swedish Postal Ordinance enters into force on January 1, 2018. The details have not yet been settled, but PostNord welcomes the current overnight-delivery requirement being changed to two-day delivery. At the same time,

the quality requirement will be raised from 85% to 95%. On the transition to two-day delivery, a new price level will be set for the new product. Unfortunately, the possibilities for more flexible pricing and distribution that we would have wished for are not recommended. Furthermore, we do not consider that the changes in regulations take into account further volume losses through digitization. Under the changes proposed in the new postal legislation, Sweden's Post and Telecommunications Authority (PTS) is to be given certain additional mandates in requirement-setting and supervision.

Work on further honing quality and the customer experience continues to be treated as very high priority, and as a result we have allocated additional resources to ensure a high level of quality in Sweden. One of the challenges arises from the fact that, given the strength of the Swedish economy, the demand for personnel is high. The reverse of this, in itself positive, growth is the fierce competition for the individuals with the expertise and experience that PostNord is seeking.

As e-commerce continues to grow, consumers want faster and more flexible deliveries. In order to strengthen the offerings of the e-commerce companies, PostNord has upped the pace of service development. Starting in the biggest cities, evening home deliveries are being introduced as a new standard in the Nordic region. At the same time, Saturday deliveries to service points in Sweden are being introduced, which already been introduced in Denmark, enabling consumers to buy online on Friday and collect their purchase on Saturday, provided that the e-retailers pack the goods in time. We are delighted to see that PostNord's parcels app now shows more than a million downloads in the Nordic region. Above all, it is positive development that frequency of use is high. Active listening and the ability to act fast on our customers', and their recipients', wishes continues to provide the platform for the development of our customer-led offering.

Håkan Ericsson
President and CEO

IMPORTANT EVENTS IN JULY–SEPTEMBER

[Thomas Backteman new Chief Communications Officer at PostNord](#)

Thomas Backteman started at PostNord on September 1, and on October 1 formally replaced Per Mossberg as PostNord's Chief Communications Officer. Thomas Backteman joins PostNord from a position as partner at communications consultancy Hallvarsson & Halvarsson, having previously served as Head of Communications at Swedbank and Studsvik.

[Head of HR Finn Hansen will be leaving PostNord to take retirement](#)

PostNord's Head of HR, Finn Hansen, is to leave his position to take early retirement in September 2018. The process of recruiting Finn Hansen's replacement has begun.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

[New Swedish Postal Ordinance from January 1, 2018 and certain proposed changes to Sweden's postal legislation](#)

The government has decided that an amended Swedish Postal Ordinance will enter into force on 1 January 2018. Under the changes proposed, the delivery requirement for the universal postal service would be extended from overnight delivery to two-day delivery. The quality requirement will be that 95% of inland letters posted for two-day delivery must be delivered within two working days, wherever in the country they are posted. The government has also tabled proposals concerning certain changes in the Postal Services Act. Among the proposals, Sweden's Post and Telecommunications Authority (PTS) will be empowered to lay down the requirements that will govern delivery of mail items. It is also proposed that businesses offering a postal service will be required to provide financial and operational data to PTS. PTS will then use this data to monitor developments in the postal sector, to oversee the postal services provided and to ensure that such services maintain high quality and meet the needs of society and its citizens. It is proposed that these changes will take effect on 1 April, 2018.

[PostNord's owners now in agreement on financing for the transformation in Denmark.](#)

On October 20, PostNord's owners, the Swedish and Danish States, reached an agreement under which the owners are to contribute SEK 2.2 billion as financing for the transformation of the Danish business and the continued operations of the PostNord Group as a whole. Under the agreement, the Danish government will contribute SEK 1,533m as a grant to maintain the universal postal service, with specific provision for covering extra legacy costs in connection with redundancies for Danish employees benefiting from special employment conditions. In addition, an SEK 267m contribution of shareholders' equity will be made by the Danish State and SEK 400m of shareholders' equity by the Swedish State. The agreement is conditional on the approval of the EU Commission and the Swedish and Danish Parliaments.

GROUP SALES AND EARNINGS

External net sales SEKm	Jul-Sep		Jul-Sep		Jan-Sep		Jan-Sep		Jan-Dec
	2017	2016	Δ	Δ ²⁾	2017	2016	Δ	Δ ²⁾	2016
Communication Services ¹⁾	4,006	4,492	-11%	-10%	13,010	14,653	-11%	-10%	19,891
eCommerce & Logistics ¹⁾	4,559	4,403	4%	4%	13,985	13,470	4%	2%	18,587
Group total	8,565	8,895			26,995	28,123			38,478

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

²⁾ Change excluding acquisitions/divestments and currency.

In the first nine months of the year, PostNord's net sales decreased by SEK 1.1bn, or 4%, excluding acquisitions, disposals and exchange rate effects. As a result of continued digitization, mail volumes declined by 10% overall, 21% in Denmark and 7% in Sweden, during the quarter. The Group's parcel volumes increased by 12%. Growth in e-commerce continues, with e-commerce-related B2C parcel volumes rising 17%.

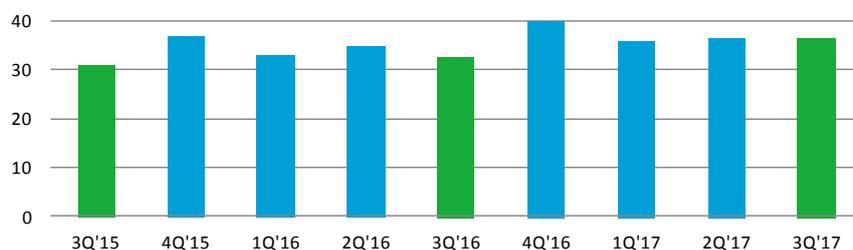
Items affecting comparability, SEKm	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating income (EBIT)	-199	-101	-396	-71	-1,083
Reversal:					
Impairment losses on intangible assets and property, plant and equipment					1,186
Provisions/reversals of restructuring measures	77		462		62
Impairment losses etc. on disposals businesses outside the Nordic region		49		272	275
Other		11		57	60
Adjusted operating income (EBIT)	-123	-41	66	258	500

Net operating income for the Group totaled SEK -199m (-101) in the quarter and SEK -396m (-71) on an accumulated basis. Operating income for the period was charged with items affecting comparability amounting to SEK -77m (-60). Items affecting comparability in the first nine months of the year totaled SEK -462m (-329). The items affecting comparability during 2017 were attributable in entirety to provisions for personnel reductions in Denmark for employees with special employment conditions in connection with the transition to the new production model. Since the dialogue on financing for the transformation plan in Denmark is in progress, full provision has not been made for introduction of the new production model in Denmark. Adjusted operating income for the Group totaled SEK -123m (-41) in the quarter and SEK 66m (258) on an accumulated basis. Growth in eCommerce & Logistics and continued cost adjustments failed to compensate for considerably lower sales of products adversely affected by digitization.

Net financial items totaled SEK -12m (-1) for the quarter and SEK -28m (-25) for the first nine months of the year. Tax amounted to SEK -13m (-43) for the period and SEK -120m (-112) for the first nine months. The relatively high tax liability arises because deferred tax has not been recognized regarding Denmark's deficit, since it is estimated that the tax loss carry-forward cannot be utilized within a foreseeable period. Net income totaled SEK -224m (-145) for the quarter and SEK -544m (-208) for the first nine months.

Total parcel volumes, Group

millions



FINANCIAL POSITION AND CASH FLOW

The Group's equity decreased to SEK 6,848m from SEK 7,307m on June 30, 2017. The decrease is attributable to the negative income for the period and revaluation of pension commitments in other comprehensive income, in the amount of SEK -235m net after tax.

The Group's net debt increased by SEK 894m during the quarter to SEK 926m. This resulted from the above-mentioned increase in the pension commitment and an underlying negative operating cash flow. The interest-bearing liability consists of a long-term portion of SEK 3,712m (1,730) and a current portion of SEK 307m (2,133).

The debt ratio (net debt/equity) was 14% (39), which was within the Group's target range of 10-50%.

Net debt, SEKm	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
Interest-bearing debt	4,019	4,029	3,743	3,745	3,863
Pensions and disability pension plans	201	-88	-1,520	-1,201	158
Long- and short-term investments	-422	-823	-765	-613	-613
Cash and cash equivalents	-2,872	-3,086	-2,146	-1,577	-625
Net debt	926	32	-688	354	2,783

Return on capital employed (ROCE), rolling 12-months, was -17.5% (-3.8). Excluding items affecting comparability, the return on capital employed was -2.2% (8.9).

The Group's financial preparedness totaled SEK 5,013m (3,976) on September 30, 2017, comprising cash and cash equivalents of SEK 2,872m (625), short-term investments of SEK 141m (351) and an unutilized credit facility of SEK 2,000m (3,000), which expires in 2020.

Cash flow for the period totaled SEK -213m (-1,032) for the quarter, and SEK 1,299m (-1,277) on an accumulated basis. Cash flow from operating activities amounted to SEK -370m (-656) in the quarter and to SEK 1,542m (-103) on an accumulated basis. In the first nine months of the year, the cash flow received positive contributions from a retroactive credit of SEK 980m (0) relating to pension pensions for 2016, from Postens Pensionsstiftelse (the Posten Pension Fund), and a refund of SEK 404m relating to preliminary special payroll tax. Working capital showed a change of SEK -429m (-636) during the quarter; and a change of SEK -5m (-335) on an accumulated basis.

Investments during the period totaled SEK 232m (220). The investments focused mainly on the integrated production model and IT development. Investments in commercial paper decreased by SEK 400m (-50) during the period.

Cash flow from financing activities totaled SEK -13m (8). In the quarter, the Group drew on two bridging facilities for a total of SEK 2,000m in order to refinance maturing bond loans of SEK 2,000m.

COUNTRIES

PostNord Sweden SEKm	Jul-Sep	Jul-Sep	Δ	Δ ¹⁾	Jan-Sep	Jan-Sep	Δ	Δ ¹⁾	Jan-Dec
	2017	2016			2017	2016			2016
Net sales	5,253	5,320	-1%	-1%	16,426	16,742	-2%	-2%	23,025
of which Communication Services (external)	2,578	2,738	-6%	-6%	8,277	8,780	-6%	-6%	12,076
of which eCommerce & Logistics (external)	2,444	2,321	5%	6%	7,445	7,136	4%	5%	9,869
Operating income (EBIT)	-7	47			226	322			824
Operating margin, %	-0.1%	0.9%			1.4%	1.9%			3.5%
Adjusted operating income (EBIT)	-7	47			226	337			847
Adjusted operating margin, %	-0.1%	0.9%			1.4%	2.0%			3.7%

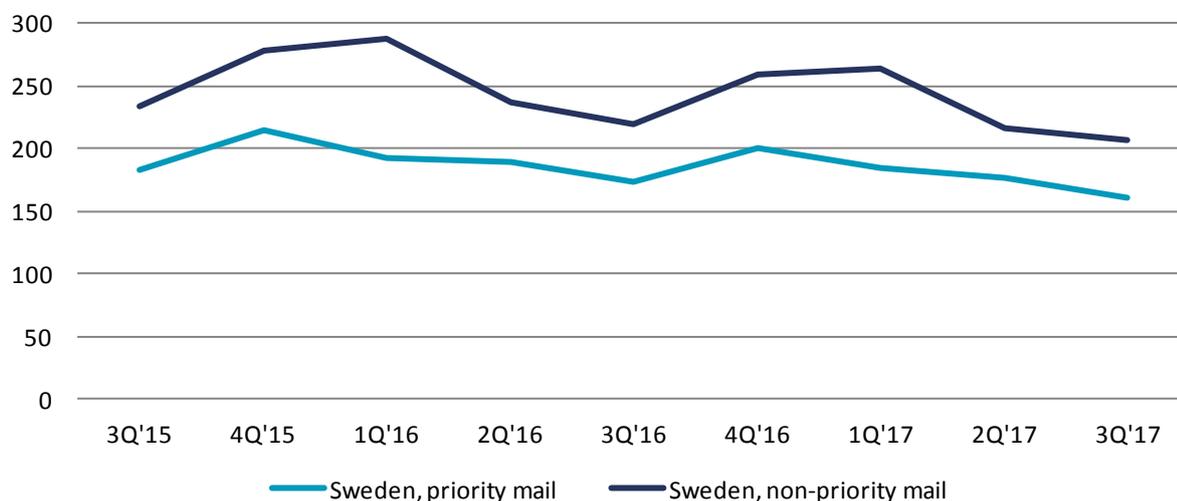
¹⁾ Change excluding acquisitions/divestment within operational activities and exchange rates.

Net sales for PostNord Sweden decreased by 1% during the quarter. Communication Services reported a 6% decrease in sales as a result of continued digitization, resulting in a 7% decline in mail volumes. Sales for eCommerce & Logistics increased by 5% mainly through continued growth in e-commerce that boosted B2C volumes, but also via growth in pallets, mixed cargo groupage and third-party logistics. Total sales for the first nine months of the year decreased by 2%, while mail volumes fell by 7%.

Net operating income totaled SEK -7m (47) for the quarter and SEK 226m (322) on an accumulated basis. The decrease in income for the quarter arose mainly via continued digitization, which reduced mail volumes, as well as through extra costs for improvements in delivery quality. Higher e-commerce income and cost adjustments were not sufficient to fully offset these losses.

Mail volumes, Sweden

millions



PostNord Denmark SEKm	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ¹⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ¹⁾	Jan-Dec 2016
Net sales	1,986	2,220	-11%	-9%	6,328	7,027	-10%	-11%	9,571
<i>of which Communication Services (external)</i>	913	1,201	-24%	-22%	3,068	4,012	-24%	-23%	5,410
<i>of which eCommerce & Logistics (external)</i>	965	908	6%	6%	2,931	2,654	10%	7%	3,733
Operating income (EBIT)	-315	-209			-1,062	-512			-1,910
Operating margin, %	-15.9%	-9.4%			-16.8%	-7.3%			-20.0%
Adjusted operating income (EBIT)	-239	-209			-601	-481			-625
Adjusted operating margin, %	-12.0%	-9.4%			-9.5%	-6.8%			-6.5%

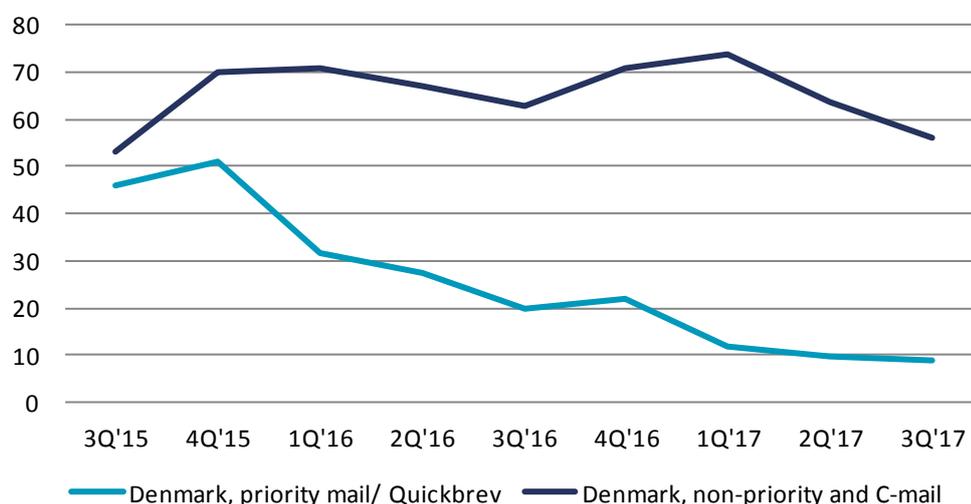
¹⁾ Change excluding acquisitions/divestment within operational activities and exchange rates.

PostNord Denmark's net sales decreased by 11% during the quarter. Excluding a minor logistics acquisition and exchange rate effects, sales decreased by 9%. In Communication Services, like-for-like sales decreased by 22%, with PostNord Denmark's mail volumes falling by 21% via the rapid onward march of digitization. Like-for-like net sales for eCommerce & Logistics in Denmark increased by 6%. Like-for-like sales for PostNord Denmark in the first nine months decreased by 11%.

Net operating income totaled SEK -315m (-209) for the quarter and SEK -1,062m (-512) on an accumulated basis, including provisions of SEK -77m (0) for the quarter and SEK -462m on an accumulated basis for personnel reductions for employees with special employment conditions. After taking these items affecting comparability into account, adjusted operating income was SEK -239m (-209) for the quarter and SEK -601m (-481) on an accumulated basis. Income is still affected by the rapid digitization under way in Denmark, which could not be offset through cost adjustments in the mail business. The process of installing a financially stable production model to create the conditions for profitability at PostNord Denmark within a few years has begun.

Mail volumes, Denmark

millions



PostNord Norway SEKm	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ¹⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ¹⁾	Jan-Dec 2016
Net sales	921	919	0%	0%	2,813	2,789	1%	-4%	3,789
of which Communication Services (external)	10	10	3%	3%	34	26	30%	25%	36
of which eCommerce & Logistics (external)	758	796	-5%	-5%	2,350	2,445	-4%	-8%	3,298
Operating income (EBIT)	-15	-21			-6	-25			-36
Operating margin, %	-1.6%	-2.3%			-0.2%	-0.9%			-0.9%
Adjusted operating income (EBIT)	-15	-21			-6	-25			-31
Adjusted operating margin, %	-1.6%	-2.3%			-0.2%	-0.9%			-0.8%

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

Net sales for PostNord Norway were unchanged in the quarter. The strengthening economy created positive volume growth, which, however, was negatively affected by continued pressure on prices arising from tough competition in the logistics market. On an accumulated basis, like-for-like sales decreased by 4%, partly as a result of restructuring in the Thermo business, where a number of unprofitable customer contracts were terminated.

Operating income for the quarter totaled SEK -15m (-21). Via robust cost adjustments and a transition to a greater proportion of hired resources for flexibility in meeting volume fluctuations, earnings on an accumulated basis improved to SEK -6m (-25).

PostNord Finland SEKm	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ¹⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ¹⁾	Jan-Dec 2016
Net sales	250	241	4%	3%	751	718	5%	2%	984
of which Communication Services (external)	2	3	-28%	-28%	9	11	-17%	-19%	16
of which eCommerce & Logistics (external)	166	170	-2%	-3%	511	515	-1%	-3%	698
Operating income (EBIT)	3	0			3	-14			-15
Operating margin, %	1.2%	0.0%			0.4%	-2.0%			-1.5%
Adjusted operating income (EBIT)	3	0			3	-14			-15
Adjusted operating margin, %	1.2%	0.0%			0.4%	-2.0%			-1.5%

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

Net sales for PostNord Finland increased by 4% in the quarter. Excluding exchange rate effects, net sales increased 3%. The explanation lies in strong volume growth in B2B parcels via the DPD network, together with B2C parcels and higher sales in third-party logistics.

Operating income totaled SEK 3m (0) for the quarter and SEK 3m (-14) on an accumulated basis. The improvement on an accumulated basis was attributable to increased sales, tight cost control, lower rental costs and the fact that income for the preceding year was affected by integration costs for the acquisition of Uudenmaan Pikakuljetus Oy (UPK).

PostNord Strålfors SEKm	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ¹⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ¹⁾	Jan-Dec 2016
Net sales	478	503	-5%	2%	1,553	1,724	-10%	-2%	2,240
of which Communication Services (external)	444	481	-8%	-4%	1,451	1,644	-12%	-3%	2,124
Operating income (EBIT)	31	-21			124	-177			-151
Operating margin, %	6.5%	-4.2%			8.0%	-10.3%			-6.7%
Adjusted operating income (EBIT)	31	28			124	95			124
Adjusted operating margin, %	6.5%	5.6%			8.0%	5.5%			5.5%

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

Sales for PostNord Strålfors decreased by 5%. Like-for-like sales increased by 2%, as a result of both strong growth in hybrid services combining digital and physical communication, and an increase in digital services.

Operating income totaled SEK 31m (-21) for the quarter and SEK 124m (-177) on an accumulated basis. Income for the preceding year – during the quarter and on an accumulated basis – was charged with costs arising from disposal of operations outside the Nordic region. Adjusted income on an accumulated basis

amounted to SEK 124m (95). The improvement was achieved through tight cost control, efficiency improvements and growth in digital services.

Direct Link SEKm	Jul-Sep 2017	Jul-Sep 2016	Δ	Δ¹⁾	Jan-Sep 2017	Jan-Sep 2016	Δ	Δ¹⁾	Jan-Dec 2016
Net sales	226	209	8%	10%	748	720	4%	0%	989
<i>of which eCommerce & Logistics (external) ²⁾</i>	226	209	8%	10%	748	720	4%	0%	989
Operating income (EBIT)	3	0			14	16			27
Operating margin, %	1.3%	0.0%			1.9%	2.2%			2.7%
Adjusted operating income (EBIT)	3	0			14	16			27
Adjusted operating margin, %	1.3%	0.0%			1.9%	2.2%			2.7%

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

During the quarter, sales for Direct Link increased by 8%. Like-for-like sales increased by 10%. The increase arose mainly through higher income from customers in Asia and the EU, compensating for decreased sales in the USA.

Operating income totaled SEK 3m (0) for the quarter and SEK 14m (16) on an accumulated basis. The improvement in the third quarter was mainly the result of increased sales. On an accumulated basis, the lower income was primarily attributable to lower income in the USA.

SUSTAINABILITY

The average number of employees for the first nine months totaled 31,422 (33,569), a reduction of 2,147. The number of employees has been reduced in all units to align the business with lower income from products adversely affected by digitization, and to boost competitiveness. Sick leave was calculated at 5.9% (6.0). The figure is still high and in order to address the problem, in which long-term sick leave has fallen but short-term sick leave has risen, initiatives are being focused on both rehabilitation and preventive measures. During the quarter, the proportion of women at management levels 1-3 increased to 39% and at management levels 4-6 to 30%.

The Group's carbon dioxide emissions continue to fall, totaling 260,856 tons for the period. This represents a decline of 5.5% for the first nine months compared with the corresponding period last year. Since the base year, 2009, carbon dioxide emissions have fallen by around 28%. This is partly due to increased use of biodiesel. In Norway, the proportion of rail transport used increased and in Finland a switch to HCT (high capacity transport) vehicles reduced the number of journeys between Åbo and Vantaa.

Delivery quality (rolling 12-months) for priority mail in Sweden was measured at 91.0%, which remains well above the Swedish government's requirement of 85%. In Denmark, delivery quality for Brevet (rolling 12-months) was 94.7%. In recent months, quality has been measured at well above the Danish government's requirement of 93%. Actions taken to achieve further improvements are prioritized in both Sweden and Denmark. In parcels, weighted quality was measured at 95.9%.

At the end of the third quarter, the proportion of total Group purchases from suppliers signed up to the Code of Conduct for Suppliers was around 67%, including procurement of services from service partners. The focus in 2017 is on measuring supplier compliance with the Code of Conduct via implementation of self-assessment and on-site audits.

Solna, October 27, 2017
PostNord AB (publ), CIN 556771-2640

Håkan Ericsson
President and Group CEO

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 13.00 a.m. CET on October 27, 2017.

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.

FINANCIAL CALENDAR

Year-end financial report 2017	February 9, 2018
Annual and Sustainability Report 2017	Week 11, 2018
Annual General Meeting	April 26, 2018
Interim report January-March 2018	April 26, 2018
Interim report January-June 2018	July 18, 2018
Interim report January-September 2018	October 26, 2018

CONTACT INFORMATION

CFO

Gunilla Berg, Tel.: +46 (0)10 436 00 00

Contact: ir@postnord.com

Sweden

Mailing address: SE-105 00 Stockholm

Visiting address: Terminalvägen 24,

Solna

Tel.: +46 (0)10 436 00 00

www.postnord.com

Chief Communications Officer

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

Denmark

Mailing and visiting address:

Hedegaardsvej 88

DK-2300 Copenhagen S

Tel.: +45 (0)70 70 70 30

REVIEW REPORT

PostNord AB

Corp. reg. no. 556771-2640

Introduction

We have reviewed the interim financial information (interim report) for PostNord AB (publ) as at September 30, 2017 and the nine-month period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices in Sweden. Consequently the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express a reasonable assurance conclusion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, October 27, 2017

KPMG AB

Tomas Gerhardsson

Authorised Public Accountant

FINANCIAL STATEMENTS

Consolidated income statement

SEKm	Note	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
	1					
Net sales		8,565	8,895	26,996	28,123	38,478
Other income		76	70	208	200	263
Income	2	8,641	8,965	27,204	28,323	38,741
Personnel expenses		-3,828	-3,891	-12,577	-12,683	-17,261
Transport expenses		-2,588	-2,483	-7,654	-7,402	-10,150
Other expenses		-2,103	-2,329	-6,382	-7,058	-9,593
Depreciation, amortization and impairments		-321	-363	-987	-1,251	-2,820
Expenses		-8,840	-9,066	-27,600	-28,394	-39,824
OPERATING INCOME		-199	-101	-396	-71	-1,083
Financial income		17	9	34	17	49
Financial expenses		-29	-10	-62	-42	-74
Net financial items		-12	-1	-28	-25	-25
INCOME BEFORE TAX		-211	-102	-424	-96	-1,108
Tax		-13	-43	-120	-112	-475
NET INCOME		-224	-145	-544	-208	-1,583
Attributable to						
Parent company shareholders		-224	-146	-546	-210	-1,585
Non-controlling interests		0	1	2	2	2
Earnings per share, SEK		-0.11	-0.07	-0.27	-0.10	-0.79

Consolidated statement of comprehensive income

SEKm	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
NET INCOME	-224	-145	-544	-208	-1,583
OTHER COMPREHENSIVE INCOME					
Items that cannot be transferred to net income					
Revaluation of pension liabilities	-301	-1,089	-196	-2,919	-399
Change in deferred tax	66	239	43	642	88
Total	-235	-850	-153	-2,277	-311
Items that have been or may be transferred to net income					
Cash flow hedges after tax	1	3	3	6	6
Translation differences	-1	182	-107	353	343
- Realized and reclassified to income statement		48		48	48
Total	0	233	-104	407	397
TOTAL OTHER COMPREHENSIVE INCOME	-235	-617	-257	-1,870	86
COMPREHENSIVE INCOME	-459	-762	-801	-2,078	-1,497
Attributable to					
Parent company shareholders	-459	-763	-803	-2,080	-1,499
Non-controlling interests	0	1	2	2	2

Consolidated statement of financial position

SEKm	Note	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
	1					
ASSETS						
Goodwill		2,568	2,562	2,588	2,600	3,412
Other intangible assets		808	850	867	854	837
Property, plant and equipment		7,647	7,708	7,921	7,994	8,520
Participations in associated companies and joint ventures		75	74	70	69	70
Financial investments	4	282	282	263	262	262
Non-current receivables		869	898	1,615	1,301	672
Deferred tax assets		77	117	92	122	860
Total non-current assets		12,326	12,491	13,416	13,202	14,633
Inventories		93	90	99	101	122
Tax assets		190	298	140	712	766
Trade receivables	4	4,418	4,273	4,465	4,627	4,304
Prepaid expenses and accrued income ¹⁾		1,332	1,454	1,247	1,096	1,287
Other receivables ¹⁾		213	274	176	218	189
Short-term investments	4	141	541	502	351	351
Cash and cash equivalents	4	2,872	3,086	2,146	1,577	625
Assets held for sale		137	173	136	176	145
Total current assets ¹⁾		9,396	10,189	8,911	8,858	7,789
TOTAL ASSETS ¹⁾		21,722	22,680	22,327	22,060	22,422
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		-1,737	-1,737	-1,667	-1,633	-1,623
Retained earnings		-3,372	-2,913	-2,412	-2,673	-3,264
Total equity attributable to parent company shareholders		6,845	7,304	7,875	7,648	7,067
Non-controlling interests		3	3	4	3	3
TOTAL EQUITY		6,848	7,307	7,879	7,651	7,070
LIABILITIES						
Non-current interest-bearing liabilities	4	3,712	1,720	1,713	1,716	1,730
Other non-current liabilities		44	46	48	49	52
Pensions		996	710	-	-	737
Other provisions		1,361	1,181	1,390	1,389	1,672
Deferred tax liabilities		529	592	888	831	627
Total non-current liabilities		6,642	4,249	4,039	3,985	4,818
Current interest-bearing liabilities	4	307	2,309	2,030	2,029	2,133
Trade payables	4	2,164	2,304	2,295	2,434	2,023
Tax liabilities		52	260	77	82	79
Other current liabilities ¹⁾	4	1,706	1,592	1,643	1,598	1,753
Accrued expenses and prepaid income ¹⁾		3,191	3,673	3,786	3,684	4,044
Other provisions		812	986	578	597	502
Total current liabilities ¹⁾		8,232	11,124	10,409	10,424	10,534
TOTAL LIABILITIES ¹⁾		14,874	15,373	14,448	14,409	15,352
TOTAL EQUITY AND LIABILITIES ¹⁾		21,722	22,680	22,327	22,060	22,422

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

Consolidated statement of cash flows

SEKm	Note	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
OPERATING ACTIVITIES						
Income before tax		-211	-102	-424	-96	-1,108
Adjustments for non-cash items		463	96 ¹⁾	2,274	368 ¹⁾	2,920 ¹⁾
Taxes		-193	-14	-303	-40	-37
Cash flow from operating activities before changes in working capital		59	-20	1,547	232	1,775
Cash flow from changes in working capital						
Increase(-)/decrease(+) in inventories		-2	18	8	0	21
Increase(-)/decrease(+) in other operating receivables ²⁾		72	-259	667	-249	-296
Increase(+)/decrease(-) in other operating liabilities ²⁾		-502	-416	-663	-45	-168
Other changes in working capital		3	21	-17	-41	-11
Changes in working capital		-429	-636	-5	-335	-454
Cash flow from operating activities		-370	-656	1,542	-103	1,321
INVESTING ACTIVITIES						
Acquisition of property, plant and equipment		-201	-198	-534	-605	-1,001
Sale of property, plant and equipment		2	7	12	18	51
Acquisition of other intangible fixed assets		-31	-22	-176	-132	-181
Acquisition of operations, effect on cash and cash equivalents	3	-	-52	-	-362	-14
Sale of operations, effect on cash and cash equivalents	3	-	-5	-	1	-45
Acquisition of financial assets		-	-100	-417	-100	-612
Sale of financial assets		400	-14	600	-14	252
Cash flow from investing activities		170	-384	-515	-1,194	-1,550
FINANCING ACTIVITIES						
Amortized debts		-2,225	-	-2,225	-	-100
New loans		2,225	-	2,525	-	-
Dividend paid		-	-	-2	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		-13	8	-26	22	4
Cash flow from financing activities		-13	8	272	20	-98
CASH FLOW FOR THE PERIOD						
Cash and cash equivalents, opening balance		3,086	1,654	1,577	1,894	1,894
Translation difference in cash and cash equivalents		-1	3	-4	8	10
Cash and cash equivalents, closing balance		2,872	625	2,872	625	1,577

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

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

Consolidated statement of changes in equity

SEKm	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	-	-	-	-	-210	2	-208
Other comprehensive income for the period	-	-	401	6	-2,277	-	-1,870
Total other comprehensive income for the period	-	-	401	6	-2,487	2	-2,078
Dividend	-	-	-	-	-	-2	-2
Closing balance 30 Sep 2016	2,000	9,954	-1,621	-2	-3,264	3	7,070

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 Oct 2016	2,000	9,954	-1,621	-2	-3,264	3	7,070
Other comprehensive income for the period							
Net income for the period	-	-	-	-	-1,375	0	-1,375
Other comprehensive income for the period	-	-	-10	0	1,966	-	1,956
Total other comprehensive income for the period	-	-	-10	0	591	0	581
Dividend	-	-	-	-	-	-	-
Closing balance 31 Dec 2016	2,000	9,954	-1,631	-2	-2,673	3	7,651

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 2017	2,000	9,954	-1,631	-2	-2,673	3	7,651
Other comprehensive income for the period							
Net income for the period	-	-	-	-	-546	2	-544
Other comprehensive income for the period	-	-	-107	3	-153	-	-257
Total other comprehensive income for	-	-	-107	3	-699	2	-801
Dividend	-	-	-	-	-	-2	-2
Closing balance 30 Sep 2017	2,000	9,954	-1,738	1	-3,372	3	6,848

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

PARENT COMPANY FINANCIAL REPORTS IN BRIEF

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

Income statement

SEKm	Note	Jul-sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
	1					
Other income		4	3	12	11	16
Income		4	3	12	11	16
Personnel expenses		-6	-7	-22	-21	-29
Other expenses		-1	0	-5	-3	-6
Operating expenses		-7	-7	-27	-24	-35
OPERATING INCOME		-3	-4	-15	-13	-19
Interest income and similar income items		0	1	0	1	2
Interest expense and similar expense items		-12	-35	-56	-99	-109
Financial items		-12	-34	-56	-98	-107
Income after financial items		-15	-38	-71	-111	-126
Balance sheet appropriations		-	-	-	-	129
Income before tax		-15	-38	-71	-111	3
Tax		-	-	-3	-	-
NET INCOME		-15	-38	-74	-111	3

Statement of comprehensive income

SEKm	Jul-sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net income	-15	-38	-74	-111	3
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME	-15	-38	-74	-111	3

Balance sheet

SEKm	Note	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
	1					
ASSETS						
Financial assets		11,698	11,697	11,696	11,695	11,693
Total non-current assets		11,698	11,697	11,696	11,695	11,693
Current receivables		7,384	7,950	8,193	8,236	8,177
Total current assets		7,384	7,950	8,193	8,236	8,177
TOTAL ASSETS		19,082	19,647	19,889	19,931	19,870
EQUITY AND LIABILITIES						
Equity		15,694	15,710	15,748	15,768	15,653
Non-current liabilities		3,078	1,597	2,102	2,103	2,106
Current liabilities		310	2,340	2,039	2,060	2,111
TOTAL EQUITY AND LIABILITIES		19,082	19,647	19,889	19,931	19,870

NOTES TO FINANCIAL STATEMENTS

Note 1 Accounting principles and risks

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

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

Otherwise, the same accounting policies and calculation methods have been used in the interim report as in the 2016 annual report for the Group and Parent Company. The new or revised IFRSs that entered into force in 2017 have not had any material impact on the consolidated financial statements. A number of new or revised IFRSs will come into effect in the next few financial years and have not been adopted early in the preparation of these financial statements. Work on analyzing the impact of implementing IFRS 15 and IFRS 9 is in progress. At the time of writing this interim report, the judgement remains that the new standards will not have any material impact on the Group's financial statements.

Risks

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

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

Note 2 Segments

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

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

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

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

Note2 Segments contd.

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

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

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

Note 3 Acquisitions and divestments

Since no acquisitions or divestments took place during the period covered by the interim report, full IFRS 3 Business Combinations accounting is not presented in this interim report. See the 2016 Annual Report for reporting of acquisitions and divestments made during 2016.

Note 4 Financial instruments

September 30, 2017

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
	Financial investments	282	-	-	-	282
Derivatives	3	-	-	-	3	3
Trade receivables	-	4,418	-	-	4,418	4,418
Terminal fees ^{2) 3) 4)}	-	560	-	-	560	560
Short-term investments	-	141	-	-	141	141
Cash and cash equivalents	-	2,872	-	-	2,872	2,872
Long-term interest-bearing liabilities	-	-	-173	-3,539	-3,712	-3,730
Current interest-bearing liabilities	-	-	-	-307	-307	-307
Trade payables	-	-	-	-2,164	-2,164	-2,164
Other current liabilities	-	-	-	-1,706	-1,706	-1,706
Derivatives	-	-	-6	-	-6	-6
Terminal fees	-	-	-	-361	-361	-361
Total financial assets and liabilities, by category	285	7,991	-179	-8,077	20	2

December 31, 2016

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

September 30, 2016

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
	Financial investments	262	-	-	-	262
Derivatives	0	-	-	-	0	0
Trade receivables	-	4,304	-	-	4,304	4,304
Terminal fees ^{2) 3) 4)}	-	500	-	-	500	500
Current investments	-	351	-	-	351	351
Cash and cash equivalents	-	625	-	-	625	625
Long-term interest-bearing liabilities	-	-	-170	-1,560	-1,730	-1,746
Current interest-bearing liabilities	-	-	-	-2,133	-2,133	-2,166
Trade payables	-	-	-	-2,023	-2,023	-2,023
Other current liabilities	-	-	-	-1,753	-1,753	-1,753
Derivatives	-	-	-4	-	-4	-4
Terminal fees	-	-	-	-79	-79	-79
Total financial assets and liabilities, by category	262	5,780	-174	-7,548	-1,680	-1,729

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

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

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

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

Recognition and fair value measurement of financial instruments

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

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

Note 5 Definitions

Alternative key ratios:

	In the interim report, references are made to a number of financial measures that are not defined in accordance with IFRS. These measures provide supplementary information and are used to aid external stakeholders and management in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these are not always comparable with measures employed by other companies. As a result, these financial measures should not be regarded as substitutes for measures as defined in IFRS.
Adjusted operating income	Total income less total costs, excluding items affecting comparability.
Adjusted operating margin	Adjusted operating income as % of net sales. Previously adjusted operating income as % of total income (net sales and other income).
Capital employed	Non-interest-bearing assets less non-interest-bearing liabilities.
EBITDAI	Earnings before interest, taxes, depreciations and amortizations/impairments.
Financial preparedness	Cash and cash equivalents and unutilized committed credit line.
Items affecting comparability	Items affecting comparability are substantial, nonrecurring or directly attributable to operating activities. Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.
Net debt	Interest-bearing debt, pension provisions, less cash and cash equivalents, financial investments, financial receivables, that according to IAS 19 are included in non-current receivables and short-term investments.

Reconciliation with financial statements

SEKm	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec, 31 2016	Sep 30, 2016
Interest-bearing debt, current	307	2,309	2,030	2,029	2,133
Interest-bearing debt, non-current	3,712	1,720	1,713	1,716	1,730
Pensions ¹⁾	996	710	-	-	737
Financial investments	-282	-282	-263	-262	-262
Non-current receivables ²⁾	-795	-798	-1,520	-1,201	-579
Short-term investments	-140	-541	-502	-351	-351
Cash and cash equivalents	-2,872	-3,086	-2,146	-1,577	-625
Net debt	926	32	-688	354	2,783

¹⁾ Including assets under management. When the plan assets exceed the estimated present value of the pension commitments, they are recognized under the heading of Non-current receivables.

²⁾ This amount is the portion of non-current receivables that is attributable to funded defined-benefit disability pension plans and defined-benefit pension plans measured in accordance with IAS 19.

Net debt/EBITDAI	Net debt divided by EBITDAI (rolling 12-months).
Net debt ratio	Net debt divided by equity.
Operating margin	Operating income as a percentage of net sales.
Return on capital employed (ROCE)	Operating profit for the 12 months to the end of the period divided by average capital employed for the 12 months to the end of the period.

Other key ratios:

Average number of employees (FTE)	The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.
Basic staff	Refers to all full- and part-time regular employees.
Earnings per share (EPS)	Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.

Quarterly data

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm, unless otherwise specified	2015	2015	2015	2016	2016	2016	2016	2017	2017	2017
PostNord Group										
Net sales	9,666	9,218	10,434	9,638	9,590	8,895	10,355	9,348	9,083	8,565
Other income	559	61	72	54	76	70	63	70	62	76
Expenses	-9,722	-9,244	-10,790	-9,393	-9,936	-9,065	-11,430	-9,324	-9,436	-8,840
<i>of which, personnel expenses</i>	-4,589	-4,075	-5,029	-4,365	-4,427	-3,891	-4,578	-4,237	-4,512	-3,828
<i>of which, transport expenses</i>	-2,456	-2,473	-2,649	-2,345	-2,574	-2,483	-2,748	-2,552	-2,514	-2,588
<i>of which, other expenses</i>	-2,246	-2,268	-2,550	-2,278	-2,452	-2,328	-2,534	-2,211	-2,068	-2,103
<i>impairments</i>	-431	-428	-562	-405	-483	-363	-1,570	-324	-342	-321
Operating income (EBITDAI)	934	461	278	705	213	262	558	418	51	122
Operating margin (EBITDAI)	9.7%	5.0%	2.7%	7.3%	2.2%	2.9%	5.4%	4.5%	0.6%	1.4%
Operating income (EBIT)	503	33	-284	300	-270	-101	-1,012	94	-291	-199
Operating margin (EBIT)	5.2%	0.4%	-2.7%	3.1%	-2.8%	-1.1%	-9.8%	1.0%	-3.2%	-2.3%
Cash flows from operating activities	-148	-286	900	189	364	-656	1,424	990	922	-370
Net debt	743	1,308	-171	639	1,020	2,783	354	-688	32	926
Return on capital employed	9.4%	7.0%	5.4%	5.6%	-2.3%	-3.8%	-12.1%	-15.0%	-15.9%	-17.5%
Average number of employees (FTE)	35,398	35,904	34,752	33,445	33,365	33,897	32,405	30,960	31,210	32,096
Number of staffing (basic) at end of period ¹⁾	35,729	35,609	34,819	34,684	33,884	32,766	32,657	32,358	31,910	30,905
<i>Volumes, millions of mails produced:</i>										
Sweden, priority mail	199	183	214	193	190	172	201	185	176	160
Sweden, non-priority mail	253	233	279	287	238	224	259	263	217	207
Denmark, priority mail/Quickbrev	49	46	51	32	27	20	22	12	10	9
Denmark, non-priority and business mail	65	53	70	71	67	63	71	74	64	56
<i>Volumes, millions of parcels produced (net):</i> (Eliminated for volumes between countries)										
Parcels, group total	32	31	37	33	35	33	41	36	37	37

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