



# Fourth quarter, 2017

February 9, 2018

# Overview – results

| SEKm                                | Q4 2017 | Q4 2016 | △ <sup>2</sup> | FY 2017 | FY 2016 | △ <sup>2</sup> |
|-------------------------------------|---------|---------|----------------|---------|---------|----------------|
| Net sales                           | 10,083  | 10,355  | -2%            | 37,079  | 38,478  | -4%            |
| Adjusted EBIT <sup>1</sup>          | 272     | 242     |                | 338     | 500     |                |
| EBIT                                | 272     | -1,012  |                | -124    | -1,083  |                |
| Net income for the period           | 207     | -1,375  |                | -337    | -1,583  |                |
| Cash flow from operating activities | -181    | 1,424   |                | 1,361   | 1,321   |                |
| Net debt                            | 238     | 354     |                | 238     | 354     |                |

<sup>1</sup>Adjusted for items affecting comparability. For more information, please refer to the Interim report for the fourth quarter 2017.

<sup>2</sup>Change excluding acquisitions/divestments and currency.

- Market trends:
  - Growing digitization, mail volumes continuing to decline
  - Strong growth in e-commerce
  - Tough competition in the logistics market
- A seasonally strong quarter in volume terms
- New postal regulation in Sweden - overnight delivery is changed to two-day delivery as of January 1, 2018
- Transition to financially sustainable production model in Denmark

# Trends in the market

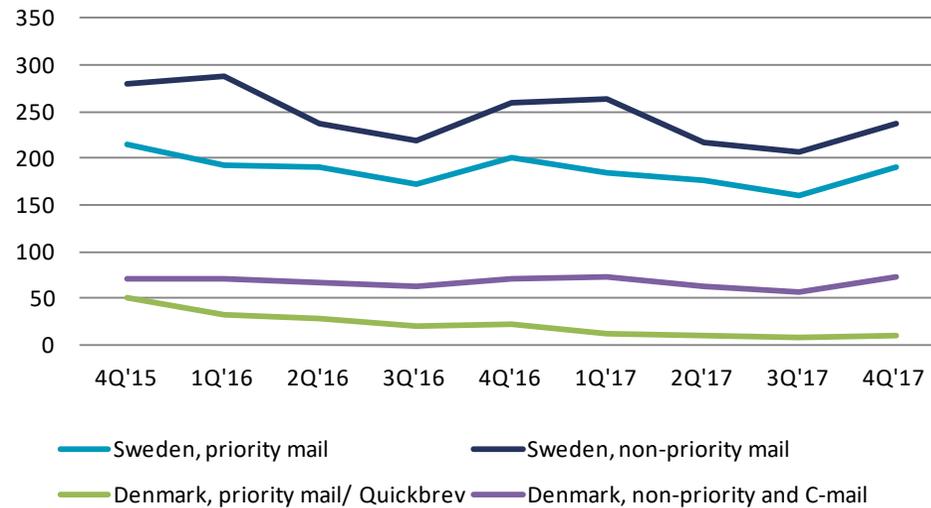
Mail volumes fell by a total 8% compared with Q4 2016

- -12% in Denmark
- -7% in Sweden

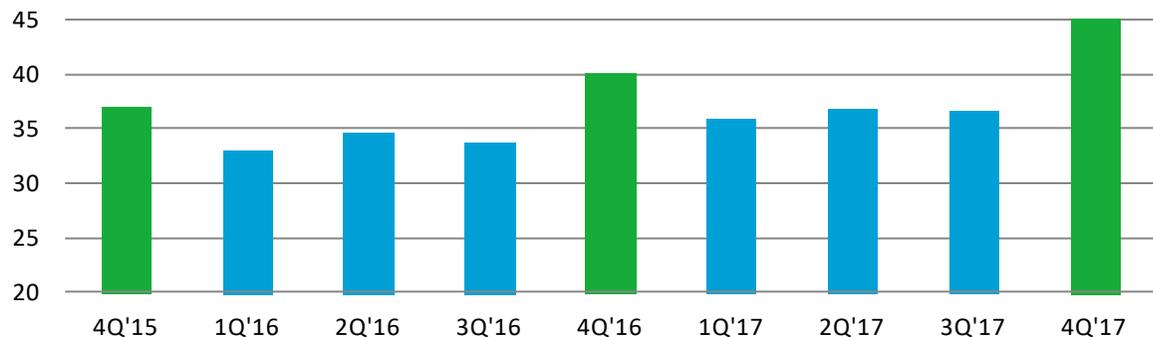
Parcel volumes rose by a total of 10% compared with Q4 2016

- E-commerce-related B2C parcels increased by 19%

MAIL, MILLIONS OF UNITS



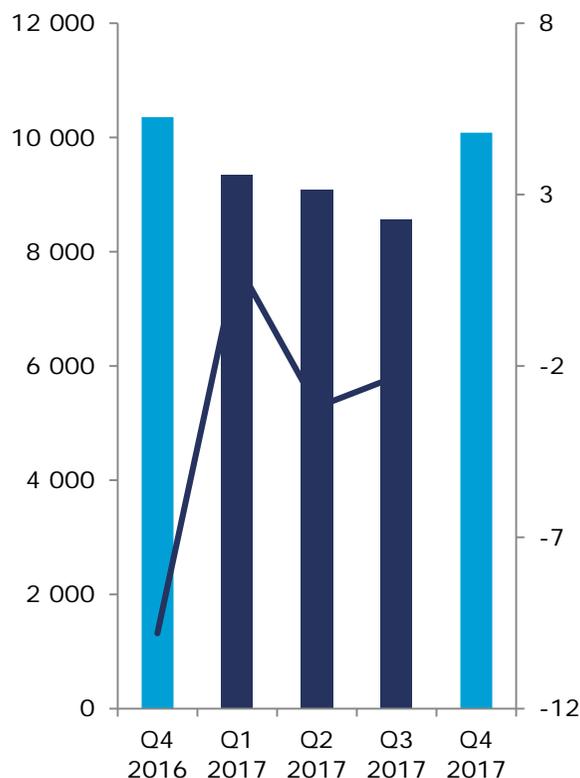
PARCELS, MILLIONS OF UNITS



# PostNord, Group

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

### NET SALES AND EBIT MARGIN



Net sales, SEKm — EBIT margin (%)

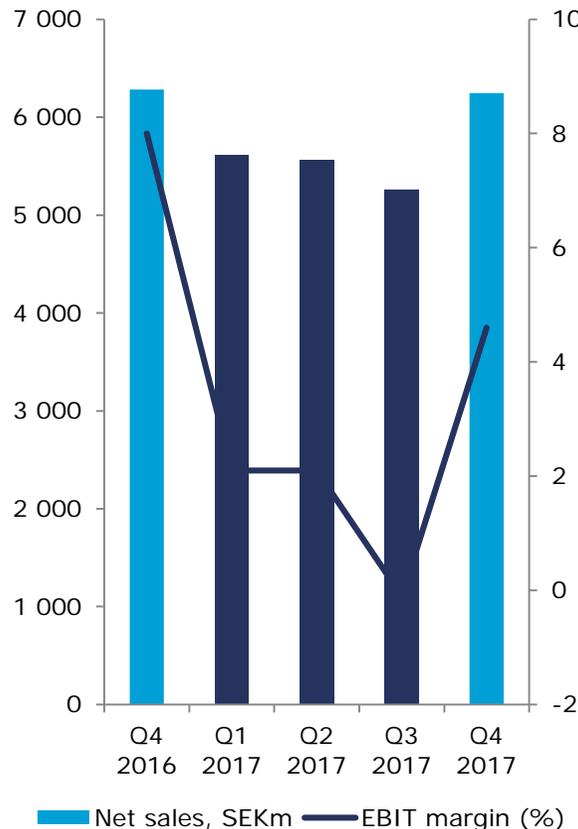
Net sales SEK 10,083m (10,355)

- Net sales decreased by 2% excluding currency effects, acquisitions and disposals
- Growing digitization, decreasing mail volumes, growth in e-commerce-related services and other logistics services

Adjusted EBIT SEK 272m (242),  
EBIT SEK 272m (-1,012)

- Items affecting comparability of SEK -m (-1,254). The items affecting comparability for the preceding year consisted primarily of impairment losses in the Danish business, and of the disposal of Strålfors' non-Nordic businesses
- Lower earnings because of sharply declining income in the mail business
- The transition to a financially sustainable production model in Denmark continues

## NET SALES AND EBIT MARGIN



Net sales totaled SEK 6,245m (6,283)

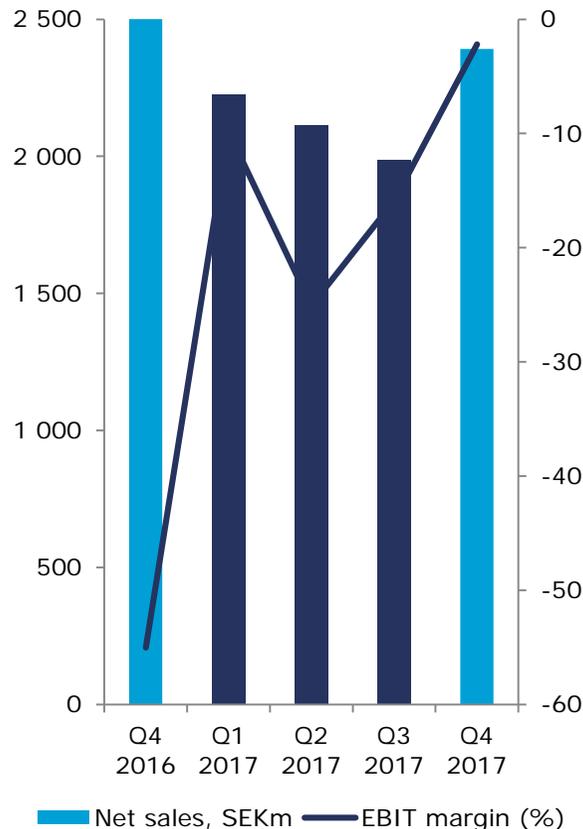
- Mail volumes decreased by a total of 7%
- Increased sales in eCommerce & Logistics increased mainly through continued growth in e-commerce, where Black Friday, Cyber Monday and the Christmas trade set record-highs in B2C volumes

Adjusted EBIT SEK 289m (510)

EBIT SEK 289m (502)

- Lower mail revenues were not offset via increased logistics income and sufficient cost adjustments

## NET SALES AND EBIT MARGIN



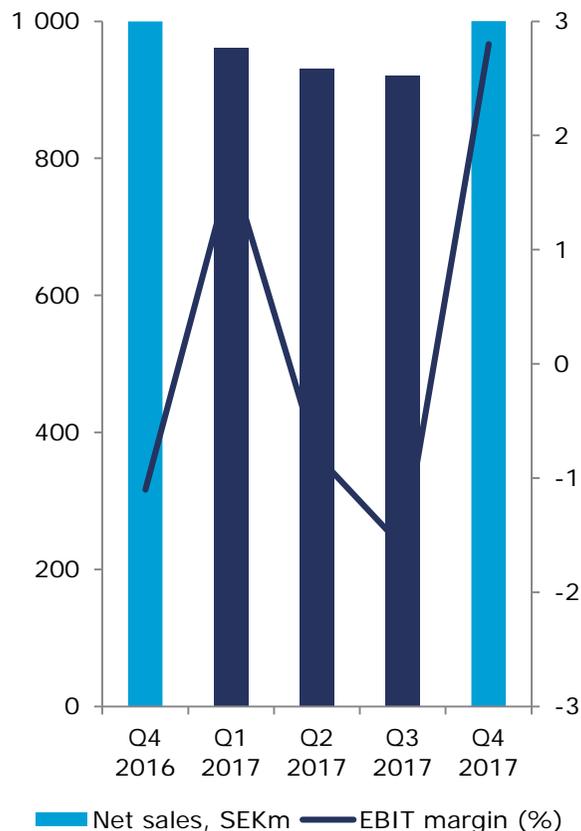
Net sales fell by 5% excluding currency effects and acquisitions

- Mail volumes fell by 12% (16% adjusted for the effect of local elections in 2017)

Adjusted EBIT SEK -53m (-144),  
EBIT SEK -53m (-1,397)

- Results for the quarter improved mainly through cost adjustments and capital gains on the sale of properties.
- Work on installing a new financially sustainable model is in progress

## NET SALES AND EBIT MARGIN



Net sales increased by 12%, excluding acquisitions and currency

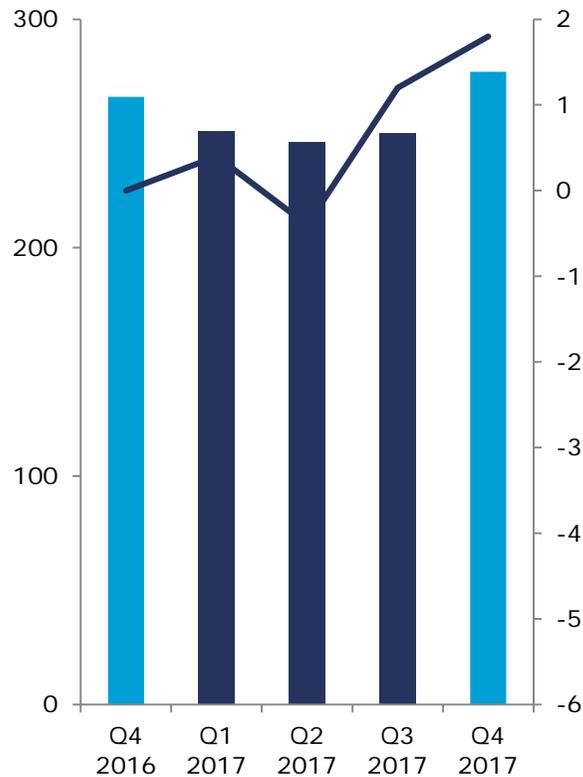
- Strong volume growth in parcels

Adjusted EBIT SEK 30m (-6)

EBIT SEK 30m (-11)

- The improvement arose primarily through cost adjustments, terminated customer contracts at Thermo and growth in parcels

## NET SALES AND EBIT MARGIN



Net sales, SEKm EBIT margin (%)

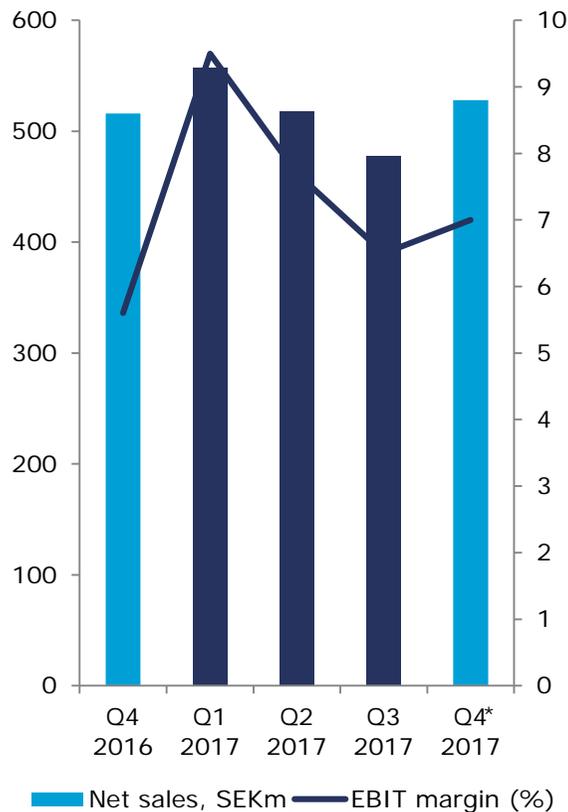
Net sales increased by 4% excluding currency effects and acquisitions

- Volume growth in B2B and B2C parcels

EBIT SEK 5m (-1)

- The improvement is due to increased income, tight control of costs, lower rental costs and the fact that results in the preceding year were affected by the costs of integrating UPK

## NET SALES AND EBIT MARGIN



Net sales increased by 4%, excluding exchange rates, acquisitions and divestments

- Increased demand in digital services is not compensating for lower demand for physical print volumes

Adjusted EBIT SEK 37m (29)

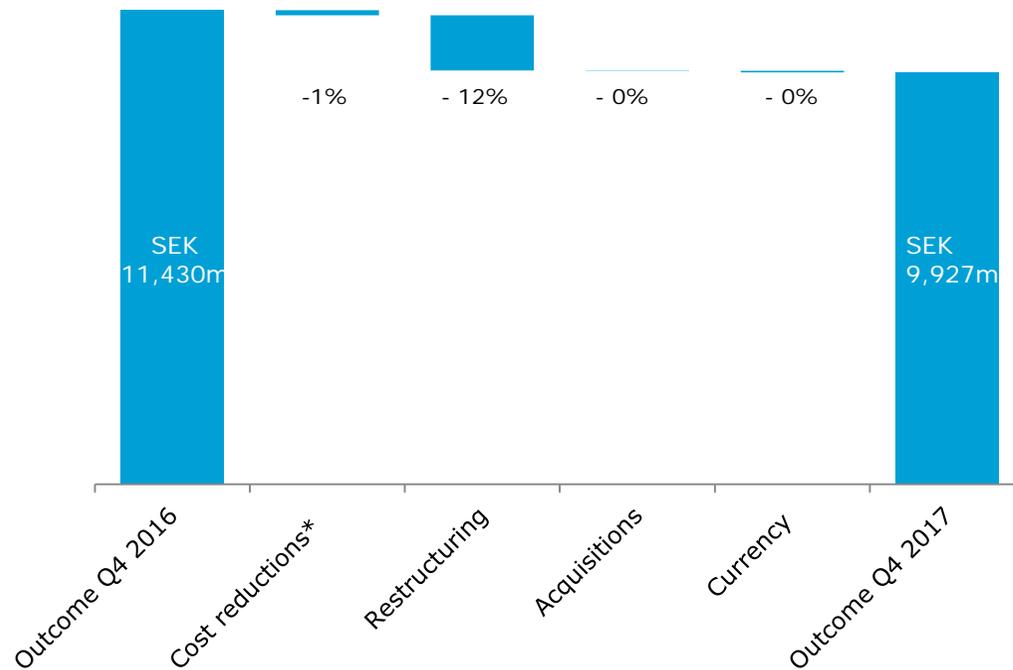
EBIT SEK 37m (26)

- The improvement was achieved through cost adjustments and growth in digital services

\*Adjusted EBIT margin

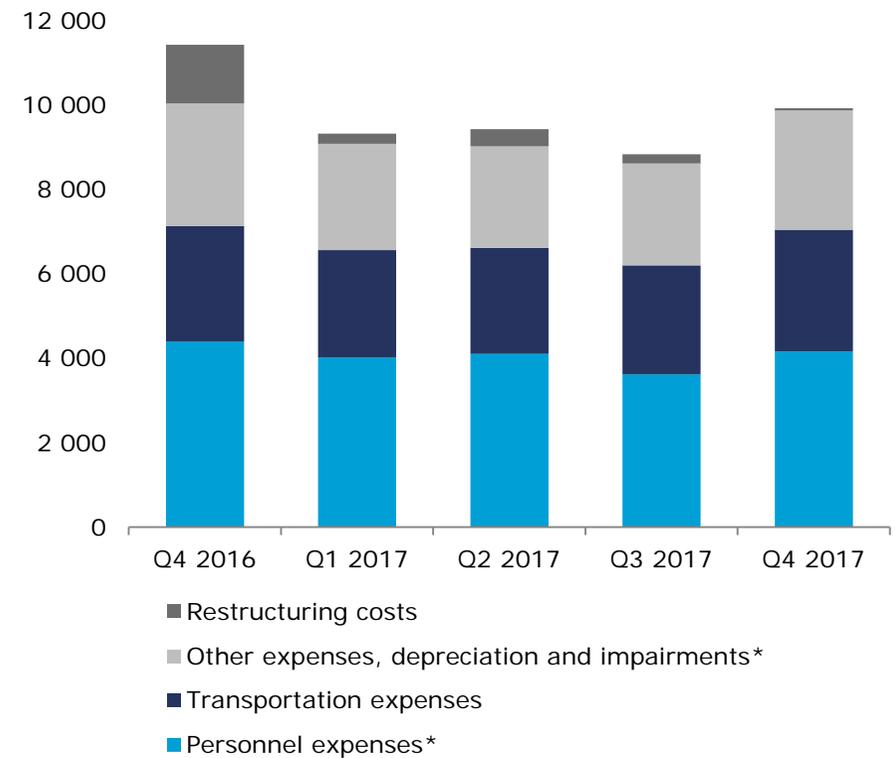
# Trend of costs

TREND OF GROUP'S COSTS



\*Including cost inflation

GROUP'S OPERATING COSTS, SEKm



\*Excluding restructuring costs

# Trend of cash flow

Cash flow from operating activities  
SEK 181m (1,424)

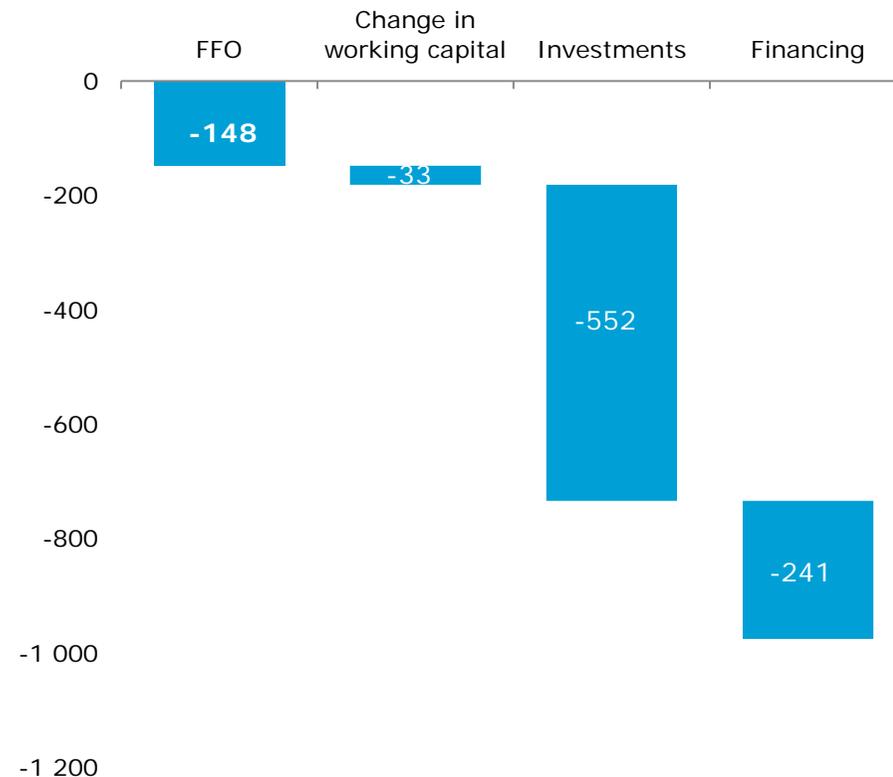
Cash flows from investing activities SEK  
552m (-356)

- Investments focused mainly on the integrated production model and IT development

Cash flow from financing activities SEK  
-241m (-118)

Cash flow for the period SEK -974m  
(950)

CASH FLOW, FOURTH QUARTER 2017, SEKm



# Net debt

Net debt increased by SEK 688m to SEK 238m

- Affected by revaluation of pension commitment

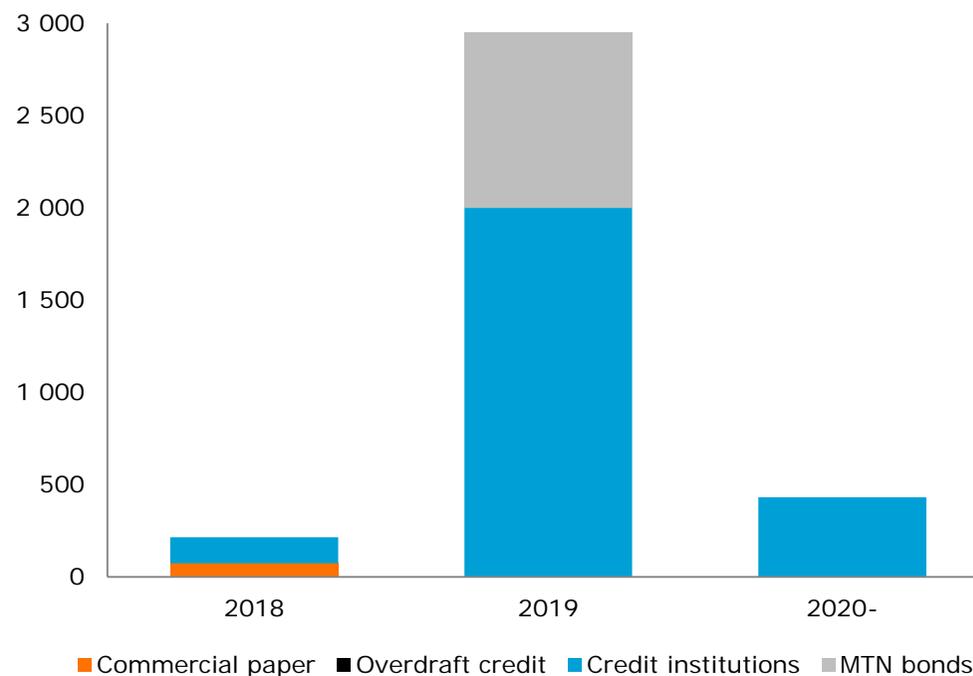
Financial preparedness amounting to SEK 4,196m, of which cash and cash equivalents total SEK 1,901m

| SEKm                                  | Dec 31,<br>2017 | Sep 30,<br>2017 | Jun 30,<br>2017 |
|---------------------------------------|-----------------|-----------------|-----------------|
| Interest-bearing debt                 | 3,778           | 4,019           | 4,029           |
| Pensions and disability pension plans | -1,145          | 201             | -88             |
| Long- and short-term investments      | -494            | -422            | -823            |
| Cash and cash equivalents             | -1,901          | -2,872          | -3,086          |
| <b>Net debt</b>                       | <b>238</b>      | <b>926</b>      | <b>32</b>       |
| <i>Net debt/EBITDAI, times</i>        | <i>0.2</i>      | <i>0.8</i>      | <i>0.0</i>      |
| <i>Net debt ratio, %</i>              | <i>3</i>        | <i>14</i>       | <i>0.4</i>      |
| <i>Financial preparedness</i>         | <i>4,196</i>    | <i>5,013</i>    | <i>7,627</i>    |

## OVERVIEW OF LINES OF CREDIT, DECEMBER 31, 2017

| Credit  | Total amount<br>SEK bn | Amount<br>utilized<br>SEK bn |
|---|------------------------|------------------------------|
| Confirmed revolving credit facility, maturing in 2020 | 2.0                    | 0.0                          |
| Commercial paper                                      | 3.0                    | 0.075                        |
| Credit institutions                                   | 2.6                    | 2.6                          |
| MTN bonds   | 6.0                    | 0.95                         |
| <b>Total utilized, December 31, 2017</b>              |                        | <b>3.6</b>                   |
| Credit lines with short maturity                      |                        | 0.2                          |

## MATURITY STRUCTURE, DECEMBER 31, 2017, SEKm



Alongside credit lines drawn upon, an undrawn revolving credit facility (RCF) of SEK 2.0bn is in place (maturing in 2020).

# Financial targets

The targets are long-term and are to be assessed over a period of 3-5 years.  
The financial targets were adopted at the 2014 AGM

| Area              | Key ratio                         | Outcome December 31, 2017                       | Target                            |
|-------------------|-----------------------------------|---|-----------------------------------|
| Profitability     | Return on capital employed (ROCE) | -1.6%   | 10.5%                             |
| Capital structure | Net debt ratio                    | 3%  | 10-50%                            |
| Dividend policy   | Dividend                          | 2017: No dividend<br>2018: No dividend proposed | 40-60% of net income for the year |

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Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of PostNord. Forward-looking statements herein apply only as at the date of this document. PostNord will not undertake any obligation to publicly update or revise these forward-looking statements to reflect future events, new information or otherwise except as required by law.

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