

Q1 2018

Interim Report

FIRST QUARTER 2018

- Net sales fell by 2% to SEK 9,102m (9,328).
- Operating income decreased to SEK -74m (94).
- Adjusted operating income was SEK -74m (191).
- Net income totaled SEK -167m (16).
- Earnings per share were SEK -0.08 (0.01)
- Cash flow from operating activities totaled SEK -25m (990).

OVERVIEW

SEKm, if not otherwise stated	Jan-Mar	
	2018	2017
Net sales	9,102	9,328
Operating income (EBIT)	-74	94
Adjusted operating income (EBIT)	-74	191
Income before tax	-75	80
Net income	-167	16
Earnings per share, SEK (rolling 12-months)	-0.08	0.01
Cash flows from operating activities	-25	990
Net debt ratio	3%	-9%
Return on capital employed (ROCE, rolling 12-months)	-3.9%	-15.0%

We deliver! PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We ensure the provision of postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2017, the Group had around 31,000 employees and sales of just over SEK 37 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at www.postnord.com

Important steps towards a more modern postal distribution system and continued rapid growth in e-commerce

The quarter was dominated by a continued focus on the transformation in Denmark and compliance with the new instruction from Sweden's Customs Agency to charge VAT on sums down to a single krona. At the same, work continues on bringing the Swedish mail system into line with Sweden's new postal regulatory system, which has been in effect since year-end. The biggest change in the new system is to replace overnight delivery for stamped letters by a requirement for two-day delivery for 95 percent of all stamped mail items.

Unfortunately, EU approval for the funding of the transformation in Denmark is becoming protracted. As a result, personnel cutbacks cannot be implemented according to plan, which is causing extra costs of around SEK 30 million per month. My hope is that the issue of funding for the transformation in Denmark will be resolved shortly, so that we can complete the adjustment process we have started and implement the planned cost reductions. On January 21, a new production model was introduced, the biggest of its kind in the history of the Danish corporation. Initially, we encountered a number of quality challenges, but nevertheless managed to meet the requirement of 93 percent set in Danish law.

In Sweden, PostNord was during the quarter instructed by Sweden's Customs Agency to present an action plan showing how we would ensure that, by no later than March 1, VAT would be charged on all personal direct imports from countries outside the EU's customs union. Within three weeks, we created a process to handle VAT payments for tens of thousands of items per day. The system required is on a large scale and many sub-processes have to be performed manually. The fee, which has to cover the costs of all processing, was set at SEK 60 plus VAT, making a total of SEK 75. To date, the costs incurred have exceeded the income received, but we anticipate the outcome being

cost-neutral over the year. Despite a number of "teething problems" caused by the lack of time to effect the change, the process has essentially functioned as planned. In total, we have received nearly 1 million items since March 1. Of these, just under half of recipients decided not to collect their items, and as a result we have now started the process of returning more than 400,000 items.

Since year-end, a new system of postal regulation has been in force in Sweden. The new system abolishes the overnight delivery requirement for stamped letters and replaces it by a two-day delivery requirement. At the same time, the quality requirement has been raised from 85 to 95 percent. The extended time allowed for distribution of an item enables us to replace air transport by, in the main, rail transport and thereby reduce our emissions of CO₂ by 8,800 tonnes annually. At the same time, we can reduce our costs, as rail is cheaper than air. Quality over the first quarter was considerably higher, 98.9 percent than the required 95 percent.

Operating income in the first quarter was SEK -74m, a deterioration compared with the same period last year. This arose partly because of the timing of the Easter holiday, and partly due to high pressure from competition in the logistics business and a continued fall in income from the mail business, which was not fully offset on the cost side. This is, among other things, due to the delay in personnel cutbacks in Denmark and extra costs for maintaining quality in Sweden.

Implementation of an integrated production model (IPM) is ongoing and several important new units entered service in the quarter. The new units will further boost our capacity and our offering. During the quarter, we launched some exciting 3D printing services at PostNord Strålfors and signed a partnership agreement with Sony Mobile in 3D printing. All in all, the past quarter was an intensive one, which will again set the agenda for the next quarter.

Håkan Ericsson
President and CEO

Net sales and earnings

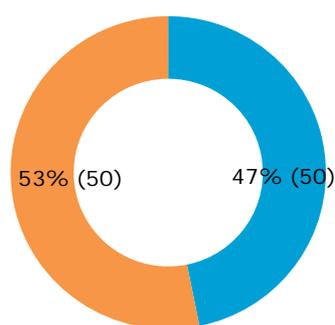
Unless otherwise stated, the report comments on developments in January-March compared to the same period in 2017.

FINANCIAL OVERVIEW

SEKm	Jan.-Mar.	
	2018	2017
Net sales	9,102	9,328
Δ ("like for like")	-2%	-4%
Operating income (EBIT)	-74	94
Operating margin (EBIT)	-0.8%	1.0%
Items affecting comparability	-	-97
Adjusted operating income (EBIT)	-74	191
Adjusted operating margin (EBIT)	-0.8%	2.0%
Net financial items	0	-14
Income before tax	-75	80
Tax	-92	-64
Net income	-167	16

Net sales for the Group totaled SEK 9,102m (9,328). As a result of continued digitization, mail volumes declined by 12% overall, 11% in Sweden and 16% in Denmark, in the quarter. Sales of digital services at Strålfors increased by 9%. Parcel volumes rose by 9% as a result of further buoyant growth in e-commerce, where B2C parcel volumes showed growth of 19%. Income for third-party logistics increased overall by 6%.

External net sales, by business area



- Communication Services
- eCommerce & Logistics

OPERATING INCOME

Operating segments SEKm*	Jan.-Mar.	
	2018	2017
PostNord Sweden	138	274
PostNord Denmark	-199	-195
PostNord Norway	1	23
PostNord Finland	1	1
PostNord Strålfors	47	56
Other business activities	4	14
Other & eliminations	-66	-79
Operating income (EBIT)	-74	94
Items affecting comparability		
Reversal: Provisions for/reversals of restructuring measures		97
Adjusted operating income (EBIT)	-74	191

* 2017 figures restated to reflect new segment reporting, see Note 3.

Operating income in the first quarter was SEK -74m (94), a deterioration compared with the same period last year. This arose partly because of the timing of the Easter holiday, but also because of continued lower income from the mail business, which was not fully offset on the cost side as a result of the delay in personnel cutbacks in Denmark and extra costs for maintaining quality in Sweden.

Operating income did not include any items affecting comparability (-97) in the quarter. Item affecting comparability in 2017 consist in their entirety of provisions for termination of employment of personnel with special employment conditions in Denmark.

Net financial items totaled SEK 0m (-14) for the period. The Group's tax liability totaled SEK -92m (-64). 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 -167m (16).

Cash flows and financial position

CASH FLOWS

SEKm	Jan.-Mar.	
	2018	2017
Cash flow from operating activities	-25	990
Cash flow from investing activities	-57	-421
Cash flow from financing activities	0	-1
Cash flow for the period	-82	568
Cash and cash equivalents, closing balance	1,823	2,146

Cash flows from operating activities before changes in working capital totaled SEK -257m (345). The deterioration was due above to the negative income for the period and settlement of the Group's provisions for restructuring. In the preceding year, cash flow was increased by a credit of SEK 225m from Postens Pensionsstiftelse (the Posten Pension Fund).

Working capital showed a change of SEK 232m (645) during the quarter. Last year, working capital showed a positive effect from a preliminary tax refund of SEK 404m.

Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 211m (271). The investments focused mainly on terminal projects, new vehicles, the third-party logistics business and IT development.

Surplus liquidity was in part invested in commercial paper with a view to lowering the costs of cash and cash equivalents. Investments in commercial paper decreased by SEK 160m over the period. In the same period last year, these investments increased by SEK 150m net.

The Group's equity increased to SEK 7,430m from SEK 7,365m on December 31, 2017. The change arose primarily through a positive translation difference as a result of the Norwegian krone strengthening against the Swedish krona.

NET DEBT

SEKm	Mar. 31	Dec. 31	Mar. 31
	2018	2017	2017
Interest-bearing debt	3,797	3,778	3,743
Pensions and disability pension plans	-1,395	-1,145	-1,520
Long- and short-term investments	-334	-494	-765
Cash and cash equivalents	-1,823	-1,901	-2,146
Net debt	245	238	-688
Net debt ratio	3%	3%	-9%

The Group's net debt was largely unchanged, at SEK 245m (238), from year-end. The discount rate used in pension plan calculations is unchanged since year-end and assets under management yielded a minor surplus, producing a rise in the Group's asset item Pension and disability pension plans.

Interest-bearing debt consists of a long-term portion of SEK 3,574m (1,713) and a current portion of SEK 223m (2,030). The shift between short- and long-term debt arose through refinancing of maturing bond loans.

The debt ratio (net debt/equity) was somewhat below the Group's target of 10-50%.

Adjusted return on capital employed (ROCE) was 0.9% (2.4).

On December 31, the Group's financial preparedness totaled SEK 3,959m (5,648m), comprising cash and cash equivalents of SEK 1,823m (2,146), short-term investments of SEK 136m (502) and an unutilized credit facility of SEK 2,000m (3,000), which expires in 2021.

Sustainability

The average number of employees (FTEs) totaled 29,469 (30,960), a reduction of 1,491 since Q1 2017. The number of employees has been reduced to align the business with lower income from products adversely affected by digitization, and to boost the Group's competitiveness. Sick leave was calculated at 5.7% (6.1). The level remains high but has gradually fallen. However, Q1 2018 shows the same level as in Q4 2017. To address the problem of sick leave, initiatives are being focused on both rehabilitation and preventive measures. During the first quarter 2018, the proportion of women at management levels 1-3 fell from 37.2% to 35.4% but at management levels 4-6 rose from 31.1% to 31.6%. The proportion of women in management positions overall rose from 32.2% to 32.4%.

Carbon dioxide emissions from the Group decreased by 2%, compared with the same quarter in 2017, to 86,136 tonnes. Since the base year 2009, the reduction has totaled 32% and the aim is to achieve -40% by no later than the end of 2020. In Sweden, emissions are falling thanks to a higher proportion of biodiesel and efficiency improvements in transport operations. In Denmark, optimization measures, a new production model and lower mail volumes led to a decrease of 21% in diesel consumption by PostNord vehicles. Shipments of pallets and general goods are increasing, which has led to an increase of 10% in emissions for external transportation. In Finland, the area of premises for the business was reduced with no loss of volume thanks to optimization measures. During the period, no major changes took place in operations in Norway, where a high proportion of transport operations take place by rail. In 2018, a reduction in air transport, a higher proportion of green electricity and an improved production model will bring environmental benefits.

On January 1, 2018, Sweden's new system of postal regulation entered into force, with a new legal requirement that 95% of stamped letters must be delivered within two working days at the latest. In the first quarter, delivery quality for stamped letters was 98.9%.

In Denmark, a new production model was launched in January, introducing far-reaching changes in the distribution process for letters and parcels in the country. Delivery quality (rolling 12-months) for "Brevet" in Denmark was measured at 95.1%. In the case of parcels, weighted delivery quality in the Group was measured at 94.8% (rolling 12-months).

At the end of Q1, the proportion of total Group purchases from suppliers signed up to the Code of Conduct for Suppliers was around 70% (including procurement of services from service partners). In Q1, work on checking supplier compliance with the Code of Conduct for Suppliers continued. During the quarter, approximately 190 suppliers were requested to perform a self-assessment and six suppliers underwent a local audit.

POSTNORD SWEDEN

SEKm	Jan.-Mar.	
	2018	2017
Net sales	5,694	5,608
Δ ("like for like")	2%	-2%
– Communication Services (ext.)	2,823	2,920
Δ ("like for like")	-3%	-5%
– eCommerce & Logistics (ext.)	2,601	2,447
Δ ("like for like")	6%	5%
– internal	269	241
Operating income (EBIT)	138	274
Operating margin (EBIT)	2.4%	4.9%
Items affecting comparability	-	-
Adjusted operating income (EBIT)	138	274
Adjusted operating margin (EBIT)	2.4%	4.9%

Net sales increased by 2% in Sweden, despite the effects of the timing of the Easter holiday. At Communication Services, sales decreased via continued digitization, resulting in a 11% decline in mail volumes including addressed direct mail. Sales for eCommerce & Logistics increased mainly through further growth in e-commerce, leading to higher B2C volumes, but also via growth in third-party logistics and consignment goods & mixed cargo groupage.

The fall in earnings during the quarter partly arose through the timing of the Easter holiday and partly through lower mail revenue and quality assurance costs. The changes in processing of imported VAT-liable items also gave rise to extra handling costs that exceeded the revenue for the items.

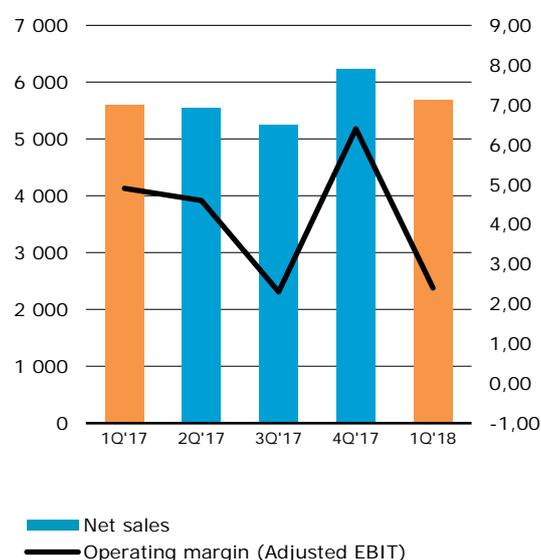
POSTNORD DENMARK

SEKm	Jan.-Mar.	
	2018	2017
Net sales	2,006	2,214
Δ ("like for like")	-13%	-10%
– Communication Services (ext.)	890	1,138
Δ ("like for like")	-25%	-21%
– eCommerce & Logistics (ext.)	997	963
Δ ("like for like")	-1%	8%
– internal	119	112
Operating income (EBIT)	-199	-195
Operating margin (EBIT)	-9.9%	-8.8%
Items affecting comparability	-	-97
Adjusted operating income (EBIT)	-199	-97
Adjusted operating margin (EBIT)	-9.9%	-4.4%

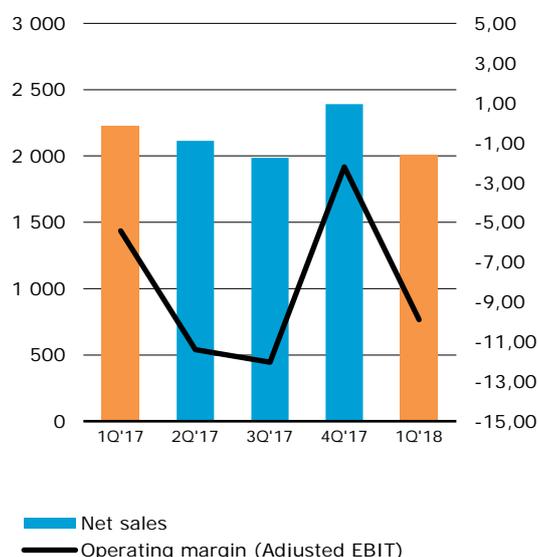
In Communication Services, like-for-like sales fell as a result of a 16% decrease in PostNord Denmark's mail volumes as part of the restructuring, in which, from the beginning of 2018 distribution of unaddressed direct mail and weekly newspapers would no longer be offered. The decline in eCommerce & Logistics followed from the decision, from 2018, not to offer service logistics solutions. Other logistics services, such as mixed-cargo groupage, report growth.

Income is still affected by the rapid digitization in Denmark. Unfortunately, EU approval for the funding of the transformation in Denmark is becoming protracted. As a result, personnel cutbacks cannot be implemented according to plan, which is causing extra costs of around SEK 30 million per month. The new production model went on stream on January 21, 2018 and is operating according to plan.

Sales and adjusted EBIT



Sales and adjusted EBIT



POSTNORD NORWAY

SEKm	Jan.-Mar.	
	2018	2017
Net sales	965	960
Δ ("like for like")	3%	-3%
– Communication Services (ext.)	11	13
Δ ("like for like")	-10%	45%
– eCommerce & Logistics (ext.)	797	822
Δ ("like for like")	-1%	-6%
– internal	157	126
Operating income (EBIT)	1	23
Operating margin (EBIT)	0.1%	2.4%
Items affecting comparability	-	-
Adjusted operating income (EBIT)	1	23
Adjusted operating margin (EBIT)	0.1%	2.4%

Sales increased during the quarter, although by less than expected, due to continued competition in the logistics market and lower-than-expected growth in e-commerce. In addition, as a result of the year-on-year effect of the timing of the Easter holiday, income for the first quarter was lower than in the preceding year.

The lower operating income is correlated to the lower revenue result. Actions have been taken to align costs with the adjusted volume expectations that are expected to deliver impact over the rest of the year.

POSTNORD STRÅLFORS

SEKm	Jan.-Mar.	
	2018	2017
Net sales	519	557
Δ ("like for like")	-8%	-2%
– Communication Services (ext.)	484	525
Δ ("like for like")	-9%	0%
– internal	34	32
Operating income (EBIT)	47	56
Operating margin (EBIT)	9.0%	10.1%
Items affecting comparability	-	-
Adjusted operating income (EBIT)	47	56
Adjusted operating margin (EBIT)	9.0%	10.1%

The decrease in sales arose primarily through a decline in printing and enveloping volumes due to digitization and lower sales in market communications. Digital services grew 9% over the quarter, compared with the preceding year. Digital services deliver considerably lower sales per item, compared with physical volumes.

The decrease in income for physical products was largely offset by income from digital products.

POSTNORD FINLAND

SEKm	Jan.-Mar.	
	2018	2017
Net sales	268	251
Δ ("like for like")	2%	7%
– Communication Services (ext.)	2	4
Δ ("like for like")	-39%	2%
– eCommerce & Logistics (ext.)	183	174
Δ ("like for like")	0%	1%
– internal	83	73
Operating income (EBIT)	1	1
Operating margin (EBIT)	0.3%	0.5%
Items affecting comparability	-	-
Adjusted operating income (EBIT)	1	1
Adjusted operating margin (EBIT)	0.3%	0.5%

Sales increased over the year's first quarter as a result of strong growth in parcels. Revenue in bulk logistics decreased due to underlying changes in the customer and product mixes.

Operating income was on a par with the preceding year, although with a certain shift in the mix, in which third-party logistics improved via productivity enhancements.

OTHER BUSINESS ACTIVITIES

SEKm	Jan.-Mar.	
	2018	2017
Net sales	317	321
Δ ("like for like")	0%	-6%
– Communication Services (ext.)	53	50
Δ ("like for like")	5%	-2%
– eCommerce & Logistics (ext.)	263	270
Δ ("like for like")	-1%	-6%
– internal	2	0
Operating income (EBIT)	4	14
Operating margin (EBIT)	1.2%	4.5%
Items affecting comparability	-	-
Adjusted operating income (EBIT)	4	14
Adjusted operating margin (EBIT)	1.2%	4.5%

Sales overall were level with those of the preceding year, but with underlying changes in the customer mix, with increased sales among addressed mail companies but lower revenue in Direct Link as a result of lower growth. The new treatment of VAT-liable items in Sweden was in part a factor in lower export volumes arriving in Sweden.

Operating income decreased, mainly as a result of lower revenue.

PARENT COMPANY

The Parent Company conducted very limited operations, in the form of intra-Group services. No net sales were recognized during the quarter or in the comparable quarter last year. Net income totaled SEK -11m (-16).

MAJOR EVENTS AFTER THE REPORTING PERIOD

PostNord has no major events after the reporting period to report.

Solna, April 26, 2018
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 below-mentioned contact person below, at 1.00 p.m. CET on April 26, 2018.

FINANCIAL CALENDAR

Annual General Meeting	April 26, 2018
Interim report January-June 2018	July 18, 2018
Interim report January-September 2018	October 26, 2018
Year-end financial report 2018	February 1, 2019
Annual Report 2018	March 2019

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Group financial statements

Income statement

SEKm	Note	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
	1			
Net sales		9,102	9,328	37,007
Other income		144	70	324
Income	3	9,246	9,398	37,331
Personnel expenses		-4,086	-4,237	-16,792
Transport expenses		-2,688	-2,552	-10,542
Other expenses		-2,242	-2,191	-8,804
Depreciation, amortization and impairments		-305	-324	-1,317
Expenses		-9,321	-9,304	-37,455
OPERATING INCOME		-74	94	-124
Financial income		12	3	60
Financial expenses		-12	-17	-72
Net financial items		0	-14	-12
INCOME BEFORE TAX		-75	80	-136
Tax		-92	-64	-201
NET INCOME		-167	16	-337
Attributable to				
Parent company shareholders		-168	15	-339
Non-controlling interests		1	1	2
Earnings per share, SEK		-0.08	0.01	-0.17

Statement of comprehensive income

SEKm	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
NET INCOME	-167	16	-337
OTHER COMPREHENSIVE INCOME			
Items that cannot be transferred to net income			
Revaluation of pension liabilities	55	315	214
Change in deferred tax	-12	-69	-47
Total	43	246	167
Items that have been or may be transferred to net income			
Cash flow hedges after tax	1	1	4
Translation differences	188	-35	-118
Total	189	-34	-114
TOTAL OTHER COMPREHENSIVE INCOME	232	212	53
COMPREHENSIVE TOTAL INCOME	65	228	-284
Attributable to			
Parent company shareholders	64	227	-286
Non-controlling interests	1	1	2

Statement of financial position

SEKm	Note	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
	1			
ASSETS				
Goodwill		2 634	2,560	2,588
Other intangible assets		778	792	867
Property, plant and equipment		7 871	7,822	7,921
Participations in associated companies and joint ventures		92	81	70
Financial investments	5	198	198	263
Non-current receivables		1 551	1,285	1,615
Deferred tax assets		112	123	92
Total non-current assets		13 236	12,861	13,416
Inventories		91	88	99
Tax assets		232	226	140
Trade receivables	5	4,368	4,833	4,465
Prepaid expenses and accrued income ¹⁾		1,584	1,402	1,247
Other receivables ¹⁾		165	167	176
Short-term investments	5	136	296	502
Cash and cash equivalents	5	1,823	1,901	2,146
Assets held for sale		129	125	136
Total current assets		8 528	9,038	8,911
TOTAL ASSETS		21 764	21,899	22,327
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954
Reserves		-1,558	-1,747	-1,667
Retained earnings		-2,970	-2,845	-2,412
		7 426	7,362	7,875
Total equity attributable to parent company shareholders				
Non-controlling interests		4	3	4
TOTAL EQUITY		7 430	7,365	7,879
LIABILITIES				
Non-current interest-bearing liabilities	5	3 574	3,556	1,713
Other non-current liabilities		52	52	48
Other provisions		1 565	1,724	1,390
Deferred tax liabilities		831	744	888
Total non-current liabilities		6 022	6,076	4,039
Current interest-bearing liabilities	5	223	222	2,030
Trade payables	5	2 394	2,638	2,295
Tax liabilities		30	42	77
Other current liabilities	5	1 585	1,457	1,643
Accrued expenses and prepaid income		3 547	3,507	3,786
Other provisions		533	592	578
Total current liabilities		8 312	8,458	10,409
TOTAL LIABILITIES		14 334	14,534	14,448
TOTAL EQUITY AND LIABILITIES		21,764	21,899	22,327

Statement of cash flows

SEKm	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
OPERATING ACTIVITIES			
Income before tax	-75	80	-136
Adjustments for non-cash items	-94	303	1,933
Paid income tax	-88	-38	-398
Cash flow from operating activities before changes in working capital	-257	345	1,399
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories	-3	1	13
Increase(-)/decrease(+) in other operating receivables	349	633	93
Increase(+)/decrease(-) in other operating liabilities	-85	9	-106
Other changes in working capital	-29	2	-38
Changes in working capital	232	645	-38
Cash flow from operating activities	-25	990	1,361
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	-168	-193	-958
Sale of property, plant and equipment	5	3	23
Acquisition of other intangible fixed assets	-43	-78	-238
Acquisition of financial assets	-11	-253	-589
Sale of financial assets	160	100	695
Cash flow from investing activities	-57	-421	-1,067
FINANCING ACTIVITIES			
Amortized debts	-	-	-2,483
New loans	-	-	2,525
Dividend paid	-	-	-2
Increase(+)/decrease(-) in other interest-bearing liabilities	0	-1	-9
Cash flow from financing activities	0	-1	31
CASH FLOW FOR THE PERIOD			
	-82	568	325
Cash and cash equivalents, opening balance	1,901	1,577	1,577
Translation difference in cash and cash equivalents	4	1	-1
Cash and cash equivalents, closing balance	1,823	2,146	1,901

Statement of changes in equity

SEKm	Equity attributable to the parent company's shareholders						Non-controlling interests	Total equity
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings			
Opening balance Jan 1, 2017	2,000	9,954	-1,631	-2	-2,673	3	7,651	
Net income for the period	-	-	-	-	15	1	16	
Other comprehensive income for the period	-	-	-35	1	246	-	212	
Total comprehensive income for the period	-	-	-35	1	261	1	228	
Dividend	-	-	-	-	-	-	-	
Closing balance Mar 31, 2017	2,000	9,954	-1,666	-1	-2,412	4	7,879	

SEKm	Equity attributable to the parent company's shareholders						Non-controlling interests	Total equity
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings			
Opening balance Apr 1, 2017	2,000	9,954	-1,666	-1	-2,412	4	7,879	
Comprehensive income for the period								
Net income for the period	-	-	-	-	-354	1	-353	
Other comprehensive income for the period	-	-	-83	3	-79	-	-159	
Total other comprehensive income for the period	-	-	-83	3	-433	1	-512	
Dividend	-	-	-	-	-	-2	-2	
Closing balance Dec 31, 2017	2,000	9,954	-1,749	2	-2,845	3	7,365	

SEKm	Equity attributable to the parent company's shareholders						Non-controlling interests	Total equity
	Capital stock ¹⁾	Contributed equity	Translation differences	Hedging reserve	Retained earnings			
Opening balance Jan 1, 2018	2,000	9,954	-1,749	2	-2,845	3	7,365	
Other comprehensive income for the period								
Net income for the period	-	-	-	-	-168	1	-167	
Other comprehensive income for the period	-	-	188	1	43	-	232	
Total other comprehensive income for the period	-	-	188	1	-125	1	65	
Dividend	-	-	-	-	-	-	-	
Closing balance Mar 31, 2018	2,000	9,954	-1,561	3	-2,970	4	7,430	

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

Income statement

SEKm	Note	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
	1			
Other income		4	4	16
Income		4	4	16
Personnel expenses		-6	-8	-30
Other expenses		-1	-2	-12
Operating expenses		-7	-10	-42
OPERATING INCOME		-3	-6	-26
Interest income and similar income items		1	0	-
Interest expense and similar expense items		-9	-10	-65
Financial items		-8	-10	-65
Income after financial items		-11	-16	-91
Balance sheet appropriations		-	-	90
Income before tax		-11	-16	-1
Tax		-	-	-3
NET INCOME		-11	-16	-4

Statement of comprehensive income

SEKm	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net income	-11	-16	-4
Other comprehensive income for the period	-	-	-
COMPREHENSIVE INCOME	-11	-16	-4

Balance sheet

SEKm	Note	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
	1			
ASSETS				
Financial assets		11,699	11,699	11,696
Total non-current assets		11,699	11,699	11,696
Current receivables		7,226	7,320	8,193
Total current assets		7,226	7,320	8,193
TOTAL ASSETS		18,925	18,928	19,889
EQUITY AND LIABILITIES				
Equity		15,753	15,764	15,748
Non-current liabilities		2,978	2,978	2,102
Current liabilities		194	186	2,039
TOTAL EQUITY AND LIABILITIES		18,925	18,928	19,889

Notes to financial statements

Note 1 – Accounting principles

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. The provisions of Chapter 9 of the Swedish Annual Accounts are applied in the Parent Company. Other disclosures in accordance with IAS 34.16A are presented both in the financial statements and other parts of the interim report.

Impact of adoption of IFRS 9 and IFRS 15

The Group and the Parent Company apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from January 1, 2018. The adoption of IFRS 9 and IFRS 15 has not required any adjustment to the Group's opening equity either in 2017 or 2018.

In the case of IFRS 9, information provided for comparison has not been restated. Changes in principles for impairments of loan and trade accounts receivable affect recognized income for the Group and its financial position. The Group has taken the view that all financial assets previously measured at fair value should continue to be measured at fair value and that loan and trade receivables also continue to meet the criteria to be recognized at amortized cost.

The Group applies the simplified approach to recognition of expected credit losses on trade receivables. This means that expected credit losses for the remaining time to maturity are taken into account. In the case of certain receivables and cash and cash equivalents, the general approach is taken to expected credit losses. These receivables generally have a short time to maturity.

In the case of IFRS 15, PostNord has opted for full retrospective application, meaning that revenue for the year shown for comparison is recognized in accordance with IFRS 15. For more information, see Note 3.

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 IFRS 16 continues, with an in-depth analysis of the lease portfolio. The Group is planning to apply the modified retroactive approach, in which the accrued effect of the transition will be recognized in the opening balance on January 1, 2019.

Otherwise, the same accounting policies and calculation methods have been used in the interim report as in the 2017 annual report for the Group and Parent Company.

Note 2 - Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. The Danish business is undergoing a far-reaching transition to a new production model in order to bring about long-term sustainable profitability. This will involve major restructuring costs and the anticipation of losses during the transformation. Unfortunately, EU approval for the funding of the transformation in Denmark is becoming protracted. As a result, personnel cutbacks cannot be implemented according to plan, which is resulting in extra costs.

Please refer to PostNord's 2017 Annual and Sustainability Report (page 26 and Note 2 on page 52) for a description of risks, uncertainties, risk management and significant assessments and estimates.

Note 3 – Segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is organized on the basis of the nature of the business. Market pricing applies to internal dealings between the Group's segments. Effective 2018, segment reporting is amended with regard to the segments Direct Link and Other, as described in the following.

Figures presented for comparison are restated.

- Formerly, the segments were reported inclusive of costs of Group-wide functions, that were not invoiced, using an operating allocation model. As of this report, the above-mentioned costs of Group-wide functions are reported via the segment Other.
- A new segment comprising Other business activities is formed of the previous segments Direct Link and other business activities formerly reported via the segment Other.
- At Group level, the cost of and allocation for non-vested pensions in Sweden are measured for the "interim provisions" in accordance with IAS 19. This IAS adjustment is transferred from the segment Other to the segment PostNord Sweden.

PostNord Sweden operates in the mail, logistics and e-commerce sectors in the Swedish market and is responsible for all PostNord's fulfillment operations.

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

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

PostNord Strålfors operates in the information logistics sector. The company develops and offers communications solutions in the printing, distribution and digital fields.

Other business activities comprises Direct Link, which operates in global distribution of market communications and lightweight goods, mainly on behalf of e-retailers, and other business activities on a minor scale. Direct Link's business is conducted in the USA, the United Kingdom, Germany, Singapore, Hong Kong and Australia.

Other & eliminations fall within Group-wide functions, including the Parent Company and consolidation adjustments.

Net sales per segment	Q1	Q2	Q3	Q4	Q1
SEKm	2017	2017	2017	2017	2018
PostNord Sweden	5,608	5,551	5,245	6,235	5,694
-of which internal	241	233	231	271	269
PostNord Denmark	2,214	2,108	1,977	2,386	2,006
-of which internal	112	110	108	145	119
PostNord Norway	961	929	920	1,061	965
-of which internal	126	151	152	204	157
PostNord Finland	251	250	250	277	268
-of which internal	73	76	82	91	83
PostNord Strålfors	557	518	478	528	519
-of which internal	32	36	34	44	34
Other business activities	321	317	284	334	317
-of which internal	1	0	0	-1	2
Other and eliminations	-584	-606	-607	-755	-667
Total Group	9,328	9,067	8,547	10,066	9,102

Operating income per segment	Q1	Q2	Q3	Q4	Q1
SEKm if not otherwise stated	2017	2017	2017	2017	2018
PostNord Sweden	274	258	120	397	138
-as % of net sales, EBIT	4.9	4.6	2.3	6.4	2.4
PostNord Denmark	-195	-505	-304	-35	-199
-as % of net sales, EBIT	-8.8	-24.0	-15.4	-2.2	-9.9
PostNord Norway	23	-1	-12	35	1
-as % of net sales, EBIT	2.4	-0.1	-1.3	3.3	0.1
PostNord Finland	1	-1	3	5	1
-as % of net sales, EBIT	0.4	-0.4	1.2	1.8	0.3
PostNord Strålfors	56	43	33	39	47
-as % of net sales, EBIT	10.1	8.3	6.9	7.4	9.0
Other business activities	14	11	7	13	4
-as % of net sales, EBIT	4.4	3.5	2.5	3.9	1.2
Other and eliminations	-79	-97	-45	-181	-66
Operating income	94	-292	-198	273	-74
-as % of net sales, EBIT	1.0	-3.2	-2.3	2.7	-0.8

Note 3 – Segments, contd.

Adjusted operating income per segment SEKm if not otherwise stated	Q1	Q2	Q3	Q4	Q1
	2017	2017	2017	2017	2018
PostNord Sweden	274	258	120	397	138
-as % of net sales, Adjusted EBIT	4.9	4.6	2.3	6.4	2.4
PostNord Denmark	-97	-218	-226	-33	-199
-as % of net sales, Adjusted EBIT	-4.4	-10.3	-11.4	-1.4	-9.9
PostNord Norway	23	-1	-12	35	1
-as % of net sales, Adjusted EBIT	2.4	-0.1	-1.3	3.3	0.1
PostNord Finland	1	-1	3	5	1
-as % of net sales, Adjusted EBIT	0.4	-0.4	1.2	1.8	0.3
PostNord Strålfors	56	43	33	39	47
-as % of net sales, Adjusted EBIT	10.1	8.3	6.9	7.4	9.0
Other business activities	14	11	7	13	4
-as % of net sales, Adjusted EBIT	4.4	3.5	2.5	-3.7	1.2
Other and eliminations	-79	-97	-45	-181	-66
Adjusted operating income	193	-5	-120	273	-74
-as % of net sales, Adjusted EBIT	2.1	0.0	-1.4	2.7	-0.8

Net Sales, external

Segments	Business Areas			
	Communication Services		eCommerce & Logistics	
	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2017
PostNord Sweden	2,823	2,920	2,601	2,447
PostNord Denmark	890	1,138	997	963
PostNord Norway	11	13	797	822
PostNord Finland	2	4	183	174
PostNord Strålfors	484	525	-	-
Other business activities	53	50	263	270
Total	4,262	4,651	4,840	4,676
Point in time for revenue recognition				
At one point in time	4,081	4,463	4,747	4,599
Over time	181	188	93	77
Total	4,262	4,651	4,840	4,676

The above table shows PostNord's external net sales per service category (business area) and point in time for revenue recognition. The Group applies IFRS 15 as of 2018. The impact is SEK -18m (-20) on net sales with a corresponding reduction in other costs. PostNord's revenue is mostly recognized at one point in time. The main items in revenue recognition over time are third-party logistics, subscription services and mail services.

Business area eCommerce & Logistics offers logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, consignment goods, pallet goods and bulk logistics (mixed-cargo groupage). Communication Services consist of services in business and market communications, newspaper distribution and postal service for individual customers. For a more detailed description of PostNord's service, see the Annual Report.

Note 4 – Acquisitions and divestments

No acquisitions or divestments took place during the period or during 2017.

Note 5 – Financial instruments

March 31, 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities		Carrying amount	Fair value
				measured at fair value via other comprehensive	measured at amortized cost		
Financial investments	-	17	-	-	-	17	17
Derivatives	7	-	-	-	-	7	7
Trade receivables	-	4,368	-	-	-	4,368	4,368
Terminal fees ¹⁾	-	870	-	-	-	870	870
Short-term investments	-	136	-	-	-	136	136
Cash and cash equivalents	-	1,823	-	-	-	1,823	1,823
Long-term interest-bearing liabilities	-	-	-3	-	-3,397	-3,400	-3,409
Current interest-bearing liabilities	-	-	-	-	-223	-223	-223
Trade payables	-	-	-	-	-2,394	-2,394	-2,394
Other current liabilities	-	-	-	-	-1,585	-1,585	-1,585
Derivatives	-	-	-1	-1	-	-2	-2
Terminal fees	-	-	-	-	-327	-327	-327
Total financial assets and liabilities, by category	7	7,214	-4	-1	-7,926	-710	-719

December 31, 2017

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities		Carrying amount	Fair value
				measured at fair value via other comprehensive	measured at amortized cost		
Financial investments	-	17	-	-	-	17	17
Derivatives	0	-	-	-	-	0	0
Trade receivables	-	4,833	-	-	-	4,833	4,833
Terminal fees ¹⁾	-	707	-	-	-	707	707
Short-term investments	-	296	-	-	-	296	296
Cash and cash equivalents	-	1,901	-	-	-	1,901	1,901
Long-term interest-bearing liabilities	-	-	0	-	-3,382	-3,382	-3,481
Current interest-bearing liabilities	-	-	-	-	-222	-222	-222
Trade payables	-	-	-	-	-2,638	-2,638	-2,638
Other current liabilities	-	-	-	-	-1,457	-1,457	-1,457
Derivatives	-	-	-2	-3	-	-5	-5
Terminal fees	-	-	-	-	-317	-317	-317
Total financial assets and liabilities, by category	0	7,754	-2	-3	-8,016	-267	-366

Note 5 – Financial instruments, contd.

		March 31, 2017							
Carrying amount and fair value of financial assets and liabilities, SEKm		Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at fair value	liabilities measured at fair value via other comprehensive	Financial liabilities measured at amortized cost	Carrying amount	Fair value	
Financial investments		-	91	-	-	-	91	91	
Derivatives		3	-	-	-	-	3	3	
Trade receivables		-	4,465	-	-	-	4,465	4,465	
Terminal fees ¹⁾		-	338	-	-	-	338	338	
Short-term investments		-	502	-	-	-	502	502	
Cash and cash equivalents		-	2,146	-	-	-	2,146	2,146	
Long-term interest-bearing liabilities		-	-	-7	-	-1,534	-1,541	-1,548	
Current interest-bearing liabilities		-	-	-	-	-2,030	-2,030	-2,048	
Trade payables		-	-	-	-	-2,295	-2,295	-2,295	
Other current liabilities		-	-	-	-	-1,643	-1,643	-1,643	
Derivatives		-	-	-4	-2	-	-6	-6	
Terminal fees		-	-	-	-	-213	-213	-213	
Total financial assets and liabilities, by category		3	7,542	-11	-2	-7,715	-183	-208	

¹⁾ 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.

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 6 – Definitions and alternative key-ratios

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	Mar 31, 2018	Dec 31, 2017	Mar 31 2017
Interest-bearing debt, current	223	222	2,030
Interest-bearing debt, non-current	3,574	3,556	1,713
Pensions ¹⁾	-	-	-
Financial investments	-198	-198	-263
Non-current receivables ²⁾	-1,395	-1,145	-1,520
Short-term investments	-136	-296	-502
Cash and cash equivalents	-1,823	-1,901	-2,146
Net debt	245	238	-688

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

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEKm, unless otherwise specified	2016	2016	2016	2016	2017	2017	2017	2017	2018
PostNord Group ²⁾									
Net sales ¹⁾	9,638	9,590	8,895	10,355	9,328	9,067	8,547	10,065	9,102
Other income	54	76	70	63	70	62	76	116	137
Expenses ¹⁾	-9,393	-9,936	-9,065	-11,430	-9,304	-9,420	-8,822	-9,909	-9,321
<i>of which, personnel expenses</i>	-4,365	-4,427	-3,891	-4,578	-4,237	-4,512	-3,828	-4,215	-4,086
<i>of which, transport expenses</i>	-2,345	-2,574	-2,483	-2,748	-2,552	-2,514	-2,588	-2,888	-2,688
<i>of which, other expenses</i>	-2,278	-2,452	-2,328	-2,534	-2,191	-2,052	-2,085	-2,476	-2,242
<i>of which, depreciation, amortization and impairments</i>	-405	-483	-363	-1,570	-324	-342	-321	-330	-305
Operating income (EBITDAI)	705	213	262	558	418	51	122	602	231
Operating margin (EBITDAI)	7.3%	2.2%	2.9%	5.4%	4.5%	0.6%	1.4%	6.0%	2.5%
Operating income (EBIT)	300	-270	-101	-1,012	94	-291	-199	272	-74
Operating margin (EBIT)	3.1%	-2.8%	-1.1%	-9.8%	1.0%	-3.2%	-2.3%	2.7%	-0.8%
Cash flows from operating activities	189	364	-656	1,424	990	922	-370	-181	-25
Net debt	639	1,020	2,783	354	-688	32	926	238	245
Return on capital employed	5.6%	-2.3%	-3.8%	-12.1%	-15.0%	-15.9%	-17.5%	-1.6%	-3.9%
Average number of employees (FTE)	33,445	33,365	33,897	32,405	30,960	31,210	32,096	31,134	29,469
Number of staffing (basic) at end of period	34,684	33,884	32,766	32,657	32,358	31,910	30,905	30,797	30,355
Volumes, millions of mails produced:									
Sweden, priority mail	193	190	172	201	185	176	160	191	174
Sweden, non-priority mail	287	238	224	259	263	217	207	238	226
Denmark, priority mail/Quickbrev	32	27	20	22	12	10	9	10	16
Denmark, non-priority and business mail	71	67	63	71	74	64	56	72	55
Volumes, millions of parcels produced (net): <i>(Eliminated for internal group volumes)</i>									
Parcels, group total	33	35	33	41	36	37	37	45	39

1) Figures for comparison have been restated to show the effect of IFRS 15. Although not for 2016.

2) IFRS 9 is applied from 2018 onward.