

Q3

2019
Interim Report

postnord

CONTINUED POSITIVE PROGRESS

Third quarter 2019*

- Net sales totaled SEK 9,026m (8,840), an organic increase of 1%.
- Operating income totaled SEK 57m (-73).
- Adjusted operating income was SEK 103m (-65)
- Net income for the period was SEK -51m (-122)
- Earnings per share were SEK -0.03 (-0.06)
- Cash flow from operating activities totaled SEK 0m (-371)

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	9,026	8,840	28,011	27,444
Operating income (EBIT)	57	-73	149	-1,048
Adjusted operating income (adjusted EBIT)	103	-65	360	-71
Income before tax	-22	-86	-77	-1,073
Net income for the period	-51	-122	-166	-1,190
Earnings per share, SEK	-0.03	-0.06	-0.08	-0.59
Cash flow from operating activities	0	-371	927	1,466
Net debt ratio (2019, excl. IFRS 16)	199%	-2%	199%	-2%
Return on operating capital (ROCE) (2019, excl. IFRS 16)	3.2%	-10.9%	3.2%	-10.9%

*The Group applies IFRS 16 Leases as of January 1, 2019. In accordance with IFRS 16, figures for comparison have not been restated.

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 the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2018, the Group had around 30,000 employees and sales of SEK 37.7 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at www.postnord.com

Continued positive progress

The year's third quarter shows continued positive progress and, in comparison with the same quarter in 2018, improved income. A clearer focus on the business and the ongoing transformation process are delivering improved profitability in Sweden, Denmark and Norway.

A more focused strategy was established in the quarter. Under the strategy, we are focusing purposefully on our core business - parcels and mail - in order to secure a leading position in a world where patterns of communication and consumption have changed. In recent years, PostNord has brought in major changes to address the decline in mail. At the same time, we have taken to the offensive in gaining a leading position in e-commerce deliveries. Our prime business opportunity lies in our parcel services for end consumers. This fast-growing segment is characterized by high demands from recipients for convenient deliveries. An offering adapted to consumer expectations, for example, sustainable delivery options, is essential. We are now working on all this within the Group's new, customer-oriented and simplified organization. The most important factor driving the positive trend of the business is good efforts of all our employees.

Three out of four online buyers in the Nordics say that they always, often or sometimes take the issue of sustainability into account. One important issue is to increase the capacity utilization in our trucks by reducing the volume of air in parcels and by coordinating transport operations. As regards our target of reducing the Group's overall carbon dioxide emissions by 40% by the end of 2020 - relative to the levels in 2009 - we are now at just over 35%. The returns issue also affects the climate impact of the parcels business. In September, we published our E-barometer report for the second quarter. According to the report, free returns are now less common in Swedish e-commerce and the expectations of Swedish consumers for free returns has fallen since last year.

The end consumer and the customer experience are becoming more and more important to our business. In Denmark, our delivery network has expanded considerably and PostNord has established a presence even closer to the end consumer. Since year-end, more than 300 new delivery points have opened in Denmark. The aim is to have nearly 500 in operation before the intensive Black Friday period.

To secure a long-term future for the postal service under the strategy, we need to strive to achieve a service level that meets the market's needs at reasonable cost. PostNord Denmark has entered the final phase of the ongoing transformation of the Danish business, and with a new, efficient service model in place the focus is now on improving the customer experience. At the same, the process of developing and



establishing a new delivery system for mail in the Swedish market is ongoing.

In addition, the current systems of regulation on Sweden and Denmark need to be updated and constructive dialogue is under way with both Swedish and Danish decision-makers. One step in the right direction was Sweden's new Postal Ordinance in August, which opens the way to higher postal rates to offset falling mail volumes. On September 30, we announced that we will be raising the letter rate for domestic letters in Sweden from SEK 9 to 11 on January 1, 2020.

Notable business transactions during the period include a scanning and EDI contract between PostNord Strålfors and Telia, new contracts for PostNord Sweden with Volvo Cars and Ahlsell and a logistics contract signed by Thanke AS and PostNord Norway. In the Swedish market, we recorded good growth in Value Letter (Varubrev) and a continued flow-back of mail volumes following withdrawals by competitors from certain geographical areas, as well as renewed interest in unaddressed direct marketing (UDM).

Delivery quality for mail in Sweden (SWEX) ended the quarter at 96.74%, above the legal requirement of 95%. In Denmark, delivery quality for the Danish standard mail service (DEX) was slightly above the legal requirement of 93%. Overall delivery quality for parcels across the PostNord Group was 95.6%.

During the autumn, we held two widely-covered launches of new stamps; a set of Danish stamps with dog motifs, which resulted from PostNord's "My Dog on a Stamp" competition, and a set of Swedish stamps designed to highlight the export success of Swedish fashion.

Annemarie Gardshol
Acting President and CEO

Net sales and income

Unless otherwise stated, the report comments on developments in July-September 2019 compared to the same period in 2018. The Group applies IFRS 16 Leases as of January 1, 2019. In accordance with IFRS

16, figures for comparison have not been restated. The concept *like-for-like* indicates the change excluding acquisitions/disposals and currency.

FINANCIAL OVERVIEW

Group SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	9,026	8,840	28,011	27,444
Δ (like-for-like)	1.2%	0.1%	0.9%	-0.2%
- Communication Services (external)	3,546	3,867	11,551	12,368
Δ (like-for-like)	-8.8%	-5.8%	-7.4%	-6.5%
- e-Commerce & Logistics (external)	5,481	4,973	16,460	15,077
Δ (like-for-like)	9.4%	5.3%	7.8%	5.5%
Operating income (EBIT)	57	-73	149	-1,048
Operating margin	0.6%	-0.8%	0.5%	-3.8%
Items affecting comparability	-46	-8	-211	-977
Adjusted operating income (Adjusted EBIT)	103	-65	360	-71
Adjusted operating margin	1.1%	-0.7%	1.3%	-0.3%
Net financial items	-79	-13	-227	-25
Income before tax	-22	-86	-77	-1,073
Tax	-29	-36	-89	-117
Net income for the period	-51	-122	-166	-1,190

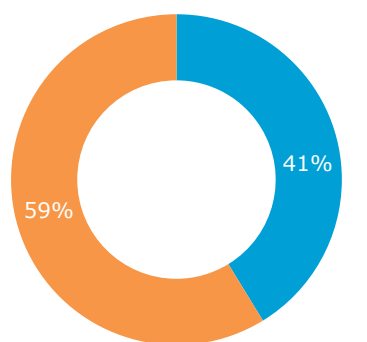
Net sales for the Group totaled SEK 9,026m (8,840), an organic increase of 1%, after elimination of currency effects. The continued trend of digitalization is affecting, above all, operations in Sweden and Denmark, and at Strålfors. The result for the third quarter benefited in part from having one business day more than in the quarter in the preceding year.

The Group's mail volumes declined by 9%; 8% in Sweden and 12% in Denmark.

Sales for digital services at Strålfors again recorded robust growth, of 37%.

Parcel volumes rose by 8% through growth in e-commerce, where B2C parcel volumes increased by 16%.

Accumulated growth for parcels was 6%, with a rise of 14% for B2C parcels. Income from third-party logistics increased by 17%, excluding currency effects.



■ Communication Services (mail)
■ eCommerce & Logistics (parcels)

INCOME

Operating income SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
PostNord Sweden	223	105	751	465
PostNord Denmark	-51	-143	-115	-439
PostNord Norway	-10	-18	27	0
PostNord Finland	6	6	11	11
PostNord Strålfors	33	42	98	134
Other business activities	-28	8	-48	14
Other & eliminations	-70	-64	-364	-256
Adjusted operating income, Adjusted EBIT	103	-65	360	-71
<u>Reversal of items affecting comparability:</u>				
Other income, State subsidy	-	-	-	1,533
Impairment losses, non-current intangible assets	-19	-	-60	-
Provisions/reversals of restructuring measures	-27	-	-151	-2,562
Capital gain, sale of property	-	-	-	73
Exchange rate differences, items affecting comparability	-	-8	-	-21
Total, items affecting comparability	-46	-8	-211	-977
Operating income (EBIT)	57	-73	149	-1,048

Operating income for the third quarter was SEK -57m (-73).

The results of business operations continue to show a healthy trend, mainly thanks to efficiency programs in progress in the countries concerned. This has made sharply reduced staffing possible, above all, in Sweden and Denmark. The quarter was charged with restructuring costs relating to redundancies and impairment of intangible assets in connection with changes in strategy, including a further step towards the new simplified organization that was introduced in July.

Operating income in the quarter was positively affected by adoption of IFRS 16 Leases, increasing by SEK 20m (-).

Adjusted operating income totaled SEK 103m (-65).

Return on capital employed was 3.2% (-10.9), and excluding items affecting comparability 6.2% (2.8).

Net financial items totaled SEK -79m (-13). The deterioration was mainly attributable to interest expense of SEK 33m (0) from leases recognized in accordance with IFRS 16, higher interest charges relating to pensions and provisions of SEK 32m (7) and other interest charges of SEK 19m (10).

Income taxes in the period totaled SEK -29m (-36).

Net income totaled SEK -51m (-122).

Cash flow and financial position

CASH FLOWS

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Cash flow from operating activities	0	-371	927	1,466
Cash flows from investing activities	-162	-358	-739	-668
Cash flows from financing activities	-303	-779	-372	-56
Cash flows for the period	-465	-1 508	-184	742
Cash and cash equivalents, closing balance	2,914	2,648	2,914	2,648

Cash flows from operating activities before changes in working capital totaled SEK 485m (77). The change is mainly attributable to improved income for the period, refunding of income tax paid earlier, recognition of leases in accordance with IFRS 16 (see Note 5 for more information) and the Group's provisions for restructuring in Denmark. The cash flow increased via a credit of SEK 225m (222) from Postens Pensionsstiftelse (the Posten Pension Fund). Working capital showed a change of SEK -485m (-448) during the quarter, mainly as a result of seasonal fluctuations. Cash flow from operating activities totaled SEK 0m (rounded off) (-371).

Cash flow from investing activities totaled SEK -162m (-358). Investments in property, plant and equipment

and in non-current intangible assets during the period totaled SEK 166m (211). The investments focused mainly on vehicles, sorting machines, equipment for third-party logistics, build-up of distribution hubs and IT development.

Investments in commercial paper totaled SEK 0m (150).

Cash flow from financing activities totaled SEK -303m (-779). The change is mainly attributable to amortization of loans of SEK 0m (2,075), new loans SEK 0m (1,296) and amortization of the lease liability SEK -307m (0).

NET DEBT

SEKm	Sep. 30	June 30	Mar. 31	Dec. 31	Sep. 30
	2019	2019	2019	2018	2018
Interest-bearing liabilities	9,513	9,499	9,658	3,389	3,742
Pensions and disability pension plans	4,710	3,485	2,123	1,612	-903
Long- and short-term investments	-197	-196	-200	-299	-355
Cash and cash equivalents	-2,914	-3,374	-4,036	-3,088	-2,648
Net debt incl. pensions and lease liabilities*	11,112	9,414	7,545	1,614	-164
Net debt ratio incl. pensions and lease liabilities	408%	257%	156%	31%	-2%
Net debt incl. pensions but excl. lease liabilities	5,476	3,787	2,309	1,614	-164
Net debt ratio incl. pensions but excl. lease liabilities	199%	103%	48%	31%	-2%
Net debt excl. pensions and leases	767	301	186	2	739
Net debt ratio excl. pensions and lease liabilities	28%	8%	4%	0%	11%

The Group's net debt including pensions but excluding lease liabilities increased by SEK 1,689m (61) during the third quarter, mainly as a result of revaluation of SEK -1,172m (594) in PostNord's pension commitments.

The net debt ratio excluding lease and pension liabilities totaled 28% (11). The Group's net debt ratio excluding lease liabilities totaled 199% (-2), which was above the Group's target range of 10-50%. Interest-bearing debt excluding lease liabilities consists of a long-term portion of SEK 3,876m (1,887) and a current portion of SEK 0m (1,855).

On September 30, 2019, the Group's financial preparedness totaled SEK 4,914m (4,799), represented by cash and cash equivalents of SEK 2,914m (2,648), short-term investments of SEK 0m (151) and unutilized long-term confirmed credit facilities of SEK 2,000m (2,000).

Equity

The Group's equity decreased to SEK 2,729m, from SEK 3,665m on June 30, 2019. The change was attributable in the main to revaluation of pension commitments in the amount of SEK -930m net after tax, together with income for the period and translation differences.

Sustainability

Quality

Delivery quality in Sweden for stamped letters that must be delivered to the intended recipient within two working days remained above the legal requirement of 95%. The result over the 12 months to the end of the period was 97.8% (98.6). In Denmark, delivery quality for the Danish standard mail service was slightly above the legal requirement of 93%. The result over the 12 months to the end of the period was 95.6% (95.2). Total delivery quality for parcels for the PostNord Group for the 12 months to the end of the period was 95.6% (94.4), slightly below the target of 97%.

HR

The average number of employees (FTEs) totaled 29,774 (30,790). The decrease was in large part the result of organizational adjustment. Sick leave totaled 5.3% (5.7). Over a multi-year perspective, sick leave is gradually falling. To reduce sick leave, preventive initiatives and rehabilitation measures are being implemented.

The proportion of women in levels 1-3 management positions was 36%. At levels 4-6, the figure was 32%. The outcome is equivalent to a one percent increase at levels 1-3 and 4-6, compared with earlier quarters.

Parent Company

The Parent Company conducted limited operations, in the form of supervision of the Group's strategy and intra-Group services. No net sales were recognized during this or the corresponding quarter last year. Net income totaled SEK -15m (-13). Expenses attributable to restructuring had a negative impact on the period.

The discount rate for IAS 19 measurement of pensions continued to fall during the third quarter and over 2019 as a whole declined from 2.2% to 1.1%. As a result, the pension liability is based on a negative real interest rate, with a sharply negative impact on the Group's equity.

Purchases

The target for sustainable supply chain in 2019 is that 75% of the purchase volumes from significant suppliers should originate from suppliers approved via PostNord's process to verify compliance with the Code of Conduct for Suppliers. At the end of the third quarter, the result for the Group was 70%. During the quarter, work continued on risk assessment, and six local audits were carried out.

Environment

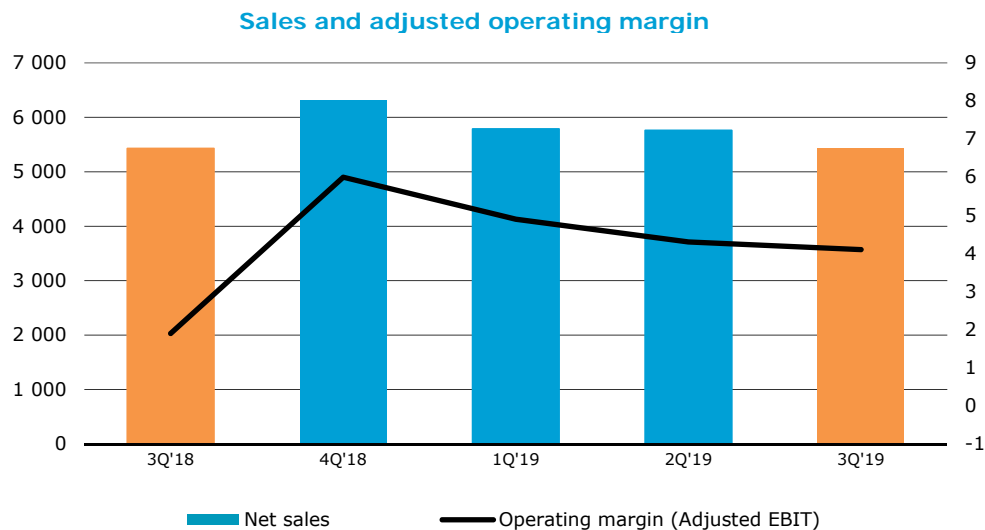
Emissions during the first nine months of the year totaled 249,327 tonnes of carbon dioxide, an increase of 1.6 percentage points on the same period last year. The explanation lies for the most part in a major volume increase in the Norwegian business. Despite rising parcel volumes, emissions in Sweden remained unchanged, thanks to efficiency improvements in road transport movements and a substantial reduction in air transport for the mail business. In terms of the target of reducing the Group's overall carbon dioxide emissions by 40% by the end of 2020, relative to 2009 levels, the level currently achieved is just over 35%.

POSTNORD SWEDEN

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	5,433	5,425	16,972	16,910
Δ (like-for-like)	-0.4%	3.4%	0.2%	3.1%
- Communication Services (external)	2,278	2,522	7,418	8,087
Δ (like-for-like)	-9.7%	-2.2%	-8.3%	-2.3%
- e-Commerce & Logistics (external)	2,801	2,649	8,582	8,044
Δ (like-for-like)	5.7%	8.7%	6.7%	8.4%
- internal	354	255	973	778
Operating income (EBIT)	223	105	751	465
Operating margin	4.1%	1.9%	4.4%	2.8%

Net sales in Sweden decreased marginally over the quarter. In Communication Services, sales decreased by 10% as a result of continued digitalization, with mail volumes declining 8%. Sales for e-Commerce & Logistics increased by 6% mainly through continued growth in e-commerce, where B2C parcel volumes rose 5%. Other logistics services also show growth, especially third-party logistics, which increased sales by 18%

The improvement in income can mainly be attributed to growth in e-commerce and third-party logistics, the flow-back of mail customers from competitors, savings in air transports and other efficiency measures that have reduced staffing.

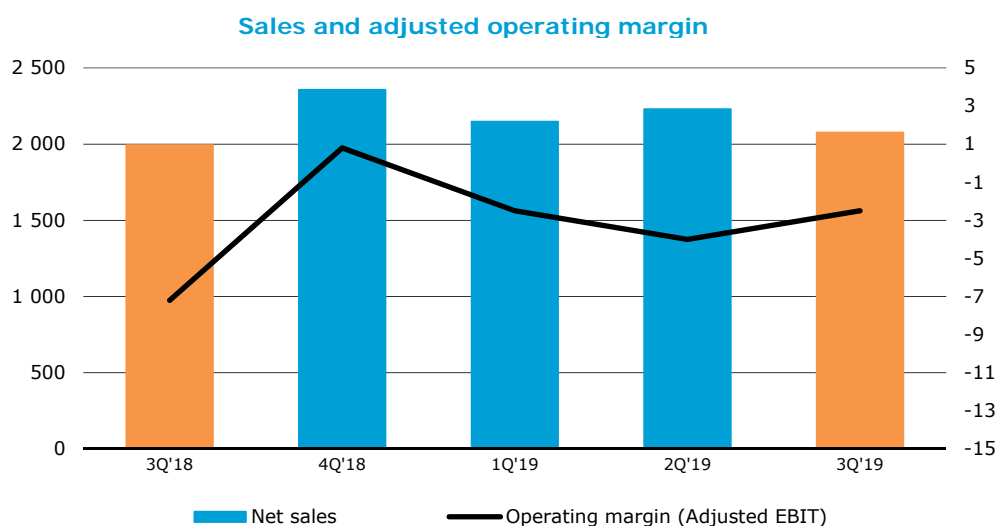


POSTNORD DENMARK

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	2,075	1,994	6,451	6,203
Δ (like-for-like)	1.8%	-7.6%	0.9%	-7.7%
- Communication Services (external)	785	832	2,544	2,640
Δ (like-for-like)	-7.7%	-15.9%	-6.5%	-18.6%
- e-Commerce & Logistics (external)	1,173	1,051	3,504	3,207
Δ (like-for-like)	9.1%	0.1%	6.0%	2.6%
- internal	118	110	403	356
Operating income (EBIT)	-51	-152	-116	-1,416
Operating margin	-2.5%	-7.6%	-1.8%	-22.8%
Items affecting comparability	-	-8	-	-977
Adjusted operating income (Adjusted EBIT)	-51	-143	-116	-439
Adjusted operating margin	-2.5%	-7.2%	-1.8%	-7.1%

In Communication Services, sales decreased owing to the fact that mail volumes decreased by 12%. E-commerce & Logistics show growth, mainly through continued growth in e-commerce via Germany. Income improved through growth in e-commerce, as well as

higher productivity within the framework of a new production model, lower costs for administrative staff, improvements in heavy goods and third-party logistics and capital gains from property sales.



POSTNORD NORWAY

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	1,105	1,019	3,321	3,049
Δ (like-for-like)	8.9%	4.1%	7.5%	5.5%
- Communication Services (external)	18	16	49	38
Δ (like-for-like)	13.5%	41.5%	27.1%	10.2%
- e-Commerce & Logistics (external)	905	829	2,725	2,485
Δ (like-for-like)	9.7%	2.7%	8.2%	2.9%
- internal	183	175	546	526
Operating income (EBIT)	-10	-18	28	0
Operating margin	-0.9%	-1.7%	0.8%	0.0%

Net sales increased through growth in e-commerce, groupage and part-loads.

Income improved through growth and efficiency measures in terminal and distribution handling.

POSTNORD FINLAND

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	334	291	967	853
Δ (like-for-like)	11.8%	7.0%	9.7%	6.3%
- Communication Services (external)	3	2	8	8
Δ (like-for-like)	11.5%	-5.0%	-3.7%	-19.8%
- e-Commerce & Logistics (external)	203	187	601	566
Δ (like-for-like)	5.9%	3.4%	2.8%	3.8%
- internal	128	102	358	279
Operating income (EBIT)	6	6	11	11
Operating margin	1.8%	2.1%	1.1%	1.3%

The increase in net sales is attributable above all to growth in B2C parcels.

Income was on a par with that of the preceding year, when improved income in operating activities was offset by higher rental costs.

POSTNORD STRÅLFORS

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	445	474	1,476	1,523
Δ (like-for-like)	-6.6%	-5.2%	-4.4%	-4.6%
- Communication Services (external)	408	440	1,366	1,419
Δ (like-for-like)	-7.9%	-5.4%	-5.0%	-5.0%
- internal	37	34	110	104
Operating income (EBIT)	33	42	98	134
Operating margin	7.5%	8.8%	6.6%	8.8%

Sales decreased as a result of the continued decline in volume of physical products that was not fully offset by growth in digital and hybrid services such as WeMail, SMS and e-invoices.

The weaker operating income resulted from changes in the product mix, with a higher-than-expected decline in more profitable segments.

OTHER BUSINESS ACTIVITIES

SEKm	Jul.-Sep.		Jan.-Sep.	
	2019	2018	2019	2018
Net sales	455	317	1,221	955
Δ (like-for-like)	36.4%	3.2%	20.9%	3.6%
- Communication Services (ext.)	55	58	167	177
Δ (like-for-like)	-5.4%	0.7%	-5.5%	2.6%
- e-Commerce & Logistics (ext.)	400	258	1,048	774
Δ (like-for-like)	45.5%	3.3%	26.6%	0.1%
- internal	1	1	5	5
Operating income (EBIT)	-28	8	-48	14
Operating margin	-6.2%	2.5%	-3.9%	1.4%

The increase in like-for-like sales can mainly be attributed to increased revenue from customers in all Direct Link markets – Europe, Asia-Pacific and the US.

The lower income was attributable in the main to transportation costs charged in 2018, as well as changes in the mix between markets and customers.

MAJOR EVENTS IN JULY-SEPTEMBER 2019

New organizational structure from July 1, 2019

PostNord's new organization, which places emphasis on decentralized responsibility and efficient Group-wide functions, became effective as of July 1. The new Group Executive Team took over on the same date. For additional details, please see the press release from May 28, 2019 at www.postnord.com.

MAJOR EVENTS AFTER THE REPORTING PERIOD

PostNord has no major events after the end of the period to report.

Solna, October 25, 2019

PostNord AB (publ), CIN 556771-2640

Annemarie Gardshol

Acting President and 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 as below, at 8.00 a.m. CET on October 25, 2019.

Financial calendar

Year-end report 2019	January 30, 2020
Annual and Sustainability Report 2019	March 2020
Annual General Meeting	April 22, 2020
Interim report January– March 2020	April 22, 2020
Interim report January–June 2020	July 16, 2020
Interim report January September 2020	October 23, 2020

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REVIEW REPORT

PostNord AB
CIN 556771-2640

Introduction

We have reviewed the interim financial information (interim report) for PostNord AB on September 30, 2019 and the nine-month period that ended 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 an opinion on this interim report on the basis of our limited review.

Focus and scope of the review

We performed 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 comprises making enquiries, mainly to those responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has different focus to and substantially more limited scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing (ISAs) and other generally accepted auditing standards. The assessment performed in a review does not enable us to obtain a level of assurance that would make us aware of all key circumstances that may have been possible to identify had an audit been performed. The conclusion expressed on the basis of a review does not therefore give the same assurance as a conclusion expressed on the basis of an audit.

Conclusion

On the basis of our review, nothing has come to light that gives us reason to believe that the interim report has not, in all material aspects, been drawn up for the Group according to IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company according to the Swedish Annual Accounts Act.

Stockholm, October 25, 2019

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

GROUP FINANCIAL STATEMENTS

Income statement

SEKm	Note	Jul.- Sep. 2019	Jul.- Sep. 2018	Jan.- Sep. 2019	Jan.- Sep. 2018	Jan.- Dec. 2018
	1, 5					
Net sales		9,026	8,840	28,011	27,444	37,669
Other operating income		132	112	272	1,949	2,053
Operating revenue	3	9,158	8,952	28,283	29,394	39,722
Personnel expenses		-3,649	-3,730	-11,842	-14,509	-18,789
Transportation expenses		-2,818	-2,783	-8,376	-8,286	-11,224
Other operating expenses		-1,978	-2,204	-6,042	-6,712	-9,315
Depreciation and impairments		-654	-309	-1,873	-935	-1,250
Operating expenses		-9,099	-9,025	-28,133	-30,442	-40,578
OPERATING INCOME	3	57	-73	149	-1,048	-855
Financial income		4	6	16	19	39
Financial expenses		-84	-19	-243	-44	-74
Net financial items		-79	-13	-227	-25	-35
Income before tax		-22	-86	-77	-1,073	-890
Tax		-29	-36	-89	-117	-176
NET INCOME		-51	-122	-166	-1,190	-1 067
Attributable to						
Parent Company shareholders		-52	-123	-168	-1,192	-1,068
Non-controlling interests		1	1	2	2	1
Earnings per share, SEK		-0.03	-0.06	-0.08	-0.59	-0.53

Statement of comprehensive income

SEKm	Jul.- Sep. 2019	Jul.- Sep. 2018	Jan.- Sep. 2019	Jan.- Sep. 2018	Jan.- Dec. 2018
NET INCOME	-51	-122	-166	-1,190	-1 067
OTHER COMPREHENSIVE INCOME					
Items that cannot be transferred to net income					
Revaluation of pension liabilities	-1,172	594	-3,149	173	-2,504
Change in deferred tax	242	-131	649	-38	547
Total	-930	463	-2,500	135	-1,957
Items that have been or may be transferred to net income					
Cash flow hedges after tax	0	-3	-2	-2	-2
Translation differences	46	-40	257	258	138
Total	46	-43	255	256	136
TOTAL OTHER COMPREHENSIVE INCOME	-884	420	-2,245	391	-1,821
COMPREHENSIVE INCOME	-935	298	-2,411	-799	-2,888
Attributable to					
Parent Company shareholders	-936	297	-2,413	-801	-2,889
Non-controlling interests	1	1	2	2	1

Statement of financial position

SEKm	Note	Sep. 30, 2019	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018
	1, 5					
ASSETS						
Goodwill		2,692	2,682	2,656	2,594	2,653
Other non-current intangible assets		706	767	761	747	744
Property, plant and equipment		8,002	8,078	8,088	7,961	7,902
Right-of-use assets		5,783	5,783	5,387	-	-
Participations in associated companies and joint ventures		93	95	89	87	81
Financial investments	7	197	195	198	198	204
Non-current receivables		1,017	1,031	1,077	1,108	1,179
Deferred tax assets		728	481	203	78	75
Total non-current assets		19,217	19,114	18,459	12,773	12,838
Inventories		111	108	110	100	108
Tax assets		264	264	404	322	218
Trade receivables	7	4,617	4,732	4,719	5,009	4,776
Prepaid expenses and accrued income		936	1,212	1,066	1,113	1,080
Other receivables		218	137	138	190	158
Short-term investments	7	0	0	2	101	151
Cash and cash equivalents	7	2,914	3,374	4,036	3,088	2,648
Assets held for sale		64	124	123	125	100
Total current assets		9,125	9,952	10,597	10,048	9,239
TOTAL ASSETS		28,342	29,066	29,056	22,821	22,077
EQUITY AND LIABILITIES						
EQUITY		2,729	3,665	4,835	5,142	6,564
LIABILITIES						
Non-current interest-bearing liabilities	7	3,876	3,870	2,871	1,770	1,887
Long-term lease liabilities		4,427	4,418	4,048	-	-
Other non-current liabilities		80	46	46	46	54
Pensions		5,556	4,363	3,054	2,576	144
Other provisions		2,927	3,046	3,345	3,392	3,329
Deferred tax liabilities		159	157	149	157	679
Total non-current liabilities		17,025	15,901	13,513	7,941	6,093
Current interest-bearing liabilities	7	0	0	1,550	1,619	1,855
Current lease liabilities		1,210	1,210	1,189	-	-
Trade payables	7	2,398	2,621	2,441	2,584	2,374
Tax liabilities		54	48	122	49	-
Other current liabilities	7	915	1,180	1,136	1,167	1,246
Accrued liabilities and deferred income		3,026	3,412	3,417	3,339	2,962
Other provisions		984	1,027	852	980	983
Total current liabilities		8,588	9,500	10,707	9,738	9,420
TOTAL LIABILITIES		25,613	25,400	24,221	17,678	15,513
TOTAL EQUITY AND LIABILITIES		28,342	29,066	29,056	22,821	22,077

Statement of cash flows

SEKm	Note	Jul.- Sep. 2019	Jul.- Sep. 2018	Jan.- Sep. 2019	Jan.- Sep. 2018	Jan.- Dec. 2018
OPERATING ACTIVITIES						
	5					
Income before tax		-22	-86	-77	-1,073	-890
Adjustments for non-cash items ¹⁾		527	263	1,262	3,279	3,468
Income tax paid		-20	-100	-125	-269	-175
Cash flows from operating activities before change in working capital		485	77	1,060	1,937	2,403
Cash flow from changes in working capital						
Increase (-)/decrease (+) in inventories		-3	-4	-11	-20	-12
Increase (-)/decrease (+) in other operating receivables		353	47	584	266	-125
Increase (+)/decrease (-) in other operating liabilities		-836	-510	-700	-704	-202
Other changes in working capital		1	19	-6	-13	19
Changes in working capital		-485	-448	-133	-471	-320
Cash flow from operating activities		0	-371	927	1,466	2,083
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		-141	-171	-690	-711	-1,187
Sale of property, plant and equipment		4	5	12	21	30
Acquisitions of non-current intangible assets		-25	-40	-160	-117	-186
Acquisition of financial assets		-1	-152	-4	-156	-156
Sale of financial assets		1	-	103	295	344
Cash flows from investing activities		-162	-358	-739	-668	-1,155
FINANCING ACTIVITIES						
Amortized loans		-	-2,075	-1,615	-2,229	-2,578
New loans		-	1,296	2,095	2,171	2,171
Amortized lease liabilities		-307	-	-846	-	-
Shareholder contribution		-	-	-	-	667
Dividend paid		-	-	-2	-2	-2
Increase (+)/decrease (-) in other interest-bearing liabilities		4	-	-4	4	-6
Cash flows from financing activities		-303	-779	-372	-56	252
CASH FLOWS FOR THE PERIOD						
		-465	-1 508	-184	742	1,180
Cash and cash equivalents, at beginning of period		3,374	4,157	3,088	1,901	1,901
Translation difference in cash and cash equivalents		5	-1	10	5	7
Cash and cash equivalents, closing balance		2,914	2,648	2,914	2,648	3,088
¹⁾ Adjustments for non-cash items:						
Depreciation and impairments, property, plant and equipment		338	309	1,004	935	1,250
Amortization and impairments, right-of-use assets		318	-	870	-	-
Change in pension liability		112	111	154	446	561
Other provisions		-257	-161	-784	-1 966	1,748
Miscellaneous		16	4	18	-68	-91
Total		527	263	1,262	3,279	3,468

Statement of changes in equity

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance Jan. 1, 2018	2,000	9,954	-1,749	2	-2,845	3	7,365
Comprehensive income for the period							
Net income for the period	-	-	-	-	-1,192	2	-1,190
Other comprehensive income for the period	-	-	258	-2	135	-	391
Total comprehensive income for the period	-	-	258	-2	-1,057	2	-799
Dividend	-	-	-	-	-	-2	-2
Shareholders' equity, closing balance Sep. 30, 2018	2,000	9,954	-1,491	-	-3,902	3	6,564

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance Oct. 1, 2018	2,000	9,954	-1,491	-	-3,902	3	6,564
Comprehensive income for the period							
Net income for the period	-	-	-	-	124	-1	123
Other comprehensive income for the period	-	-	-120	-	-2,092	-	-2,212
Total comprehensive income for the period	-	-	-120	-	-1,968	-1	-2,089
Contribution from owner	-	667	-	-	-	-	667
Dividend	-	-	-	-	-	-	-
Shareholders' equity, closing balance Dec. 31, 2018	2,000	10,621	-1,611	-	-5,870	2	5,142

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance Jan. 1, 2019	2,000	10,621	-1,611	-	-5,870	2	5,142
Comprehensive income for the period							
Net income for the period	-	-	-	-	-168	2	-166
Other comprehensive income for the period	-	-	257	-2	-2,500	-	-2,245
Total comprehensive income for the period	-	-	257	-2	-2,668	2	-2,411
Dividend	-	-	-	-	-	-2	-2
Shareholders' equity, closing balance Sep. 30, 2019	2,000	10,621	-1,354	-2	-8,538	2	2,729

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 statements in brief

Income statement

SEKm	Note	Jul.-Sep. 2019	Jul.-Sep. 2018	Jan.-Sep. 2019	Jan.-Sep. 2018	Jan.-Dec. 2018
	1					
Other operating income		16	3	23	10	14
Operating revenue		16	3	23	10	14
Personnel expenses		-1	-5	-41	-18	-24
Other expenses		-17	-1	-60	-4	-6
Operating expenses		-18	-6	-101	-22	-30
OPERATING INCOME		-2	-3	-78	-12	-16
Impairment of shares in subsidiaries		-	-	-	-	-815
Interest income and similar income items		0	0	0	2	2
Interest expenses and similar items		-13	-9	-37	-31	-38
Financial items		-13	-9	-37	-29	-851
Income after financial items		-15	-13	-115	-41	-868
Appropriations		-	-	-	-	51
Income before tax		-15	-13	-115	-41	-817
Tax		-	-	-	-	-
NET INCOME		-15	-13	-115	-41	-817

Statement of comprehensive income

SEKm	Jul.-Sep. 2019	Jul.-Sep. 2018	Jan.-Sep. 2019	Jan.-Sep. 2018	Jan.-Dec. 2018
Net income for the period	-15	-13	-115	-41	-817
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME	-15	-13	-115	-41	-817

Balance sheet

SEKm	Note	Sep. 30, 2019	Sep. 30, 2018	Dec. 31, 2018
	1			
ASSETS				
Financial assets		10,890	11,703	10,888
Total non-current assets		10,890	11,703	10,888
Current receivables		8,099	7,207	7,612
Total current assets		8,099	7,207	7,612
TOTAL ASSETS		18,990	18,910	18,500
EQUITY AND LIABILITIES				
Equity		15,499	15,723	15,613
Non-current liabilities		3,431	1,330	1,330
Current liabilities		60	1,858	1,557
TOTAL EQUITY AND LIABILITIES		18,990	18,910	18,500

Notes to the financial statements

Note 1 – Accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The 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.

New and revised accounting principles

The Group applies IFRS 16 Leases as of January 1, 2019. The Parent Company does not apply IFRS 16, in accordance with the exemption described in RFR 2.

For lessees, the classification into operating and financial leases under IAS 17 has been replaced by a model in which assets and liabilities relating to lease agreements are to be recognized on the balance sheet. The lessee recognizes a right-of-use asset that represents a right to use the underlying asset, and a lease liability that represents an obligation to pay lease charges. In the income statement, amortization is recognized separately from interest expenses arising from the lease liability.

The standard has not been applied to leases relating to intangible assets and non-lease components have been recognized separately. No material impact has arisen with regard to leases where the Group is the lessor.

The Group's leases identified in accordance with IFRS 16 relate for the most part to rent of premises. With regard to transportation and IT service leases, such leases are not deemed to fall within the scope of IFRS 16, mainly on the basis that PostNord has no control over which underlying asset is used.

At the time of transition, the lease liability was measured at the present value of the outstanding lease charges, discounted by the marginal borrowing interest rate. A differentiated marginal borrowing interest rate was calculated, taking into account geographical location, length of lease term, credit volumes and financial environment. At the time of transition, the average marginal borrowing rate was 2.3%.

The lease term was determined as the non-cancellable lease term. Taken into account are leases of material importance that include options for extension or cancellation, where it is reasonably certain that the options will be exercised. PostNord has applied the modified retroactive approach without restatement of figures for comparison. Right-of-use assets relating to former operating leases have been recognized at amortized value from the start of the lease, for all current leases with a term of no less than 12 months from January 1, 2019.

PostNord applies the provisions on transitional rules for short-term leases and low-value assets. As a result, leases with a term of less than 12 months and low-value leases (assets valued at less than around SEK 50 thousand in new condition) are not included in the calculation of right-of-use asset or lease liability, but instead continue to be recognized on a linear cost basis over the lease term. Examples of low-value assets include computers, printers and coffee machines. For more information, see Note 5. Leases.

Otherwise, the same accounting policies and calculation methods are applied in the interim report as in the 2018 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 EU Commission announced in June that it was initiating an in-depth investigation to determine whether certain capital contributions to PostNord AB and Post Danmark A/S comply with EU rules on State subsidies, following a complaint submitted to the Commission. The Commission is now conducting a more thorough investigation and the concerned parties may submit their opinions. The investigation is being conducted without any conditions. The Commission's decision is expected in the second half of 2020/first half of 2021.

For further information on risks, uncertainties, other aspects of risk management and significant assessments and estimates, see PostNord's 2018 Annual and Sustainability Report (pages 32-33 and Note 2, page 54).

Note 3 – Operating segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is coordinated on the basis of the nature of the business. Market pricing is applied to legal transactions between PostNord's segments. There is no latitude for purchasing externally where the service is available internally. The operating segments reflect the operational structure.

PostNord Sweden operates in mail, logistics and e-commerce in the Swedish market.

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

PostNord Norway and **PostNord Finland** operate in mail, logistics and e-commerce in the Norwegian and Finnish markets, respectively. **PostNord Strålfors** operates in the area of information logistics. The company develops and offers communications solutions for companies with large customer bases.

Other business activities incorporates other business activities and Direct Link. Direct Link operates in global distribution of marketing communications and lightweight goods, mainly for e-retailers. The business is conducted in the USA, the United Kingdom, Germany, Singapore, Hong Kong and Australia.

The **Other** and **eliminations** segment consists of shared services and corporate functions including the Parent Company and Group adjustments. Group adjustments consist of IFRS measurement for pensions under IAS 19 Employee Benefits and IAS 16 Leases. An operational adjustment between Other and eliminations and PostNord Sweden is made to enable PostNord Sweden to report an accurate cost for pensions, which legally may vary, above all, depending on when credit is received from Postens Pensionsstiftelse. Eliminations consists of the elimination of internal transactions.

Net sales per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm	2018	2018	2018	2018	2019	2019	2019
PostNord Sweden	5,694	5,791	5,425	6,315	5,783	5,757	5,433
– of which internal	269	254	255	306	290	329	355
PostNord Denmark	2,006	2,204	1,993	2,355	2,147	2,228	2,075
– of which internal	119	126	110	130	130	155	118
PostNord Norway	965	1,065	1,019	1,143	1,099	1,116	1,105
– of which internal	157	194	175	214	171	192	182
PostNord Finland	268	294	291	323	309	324	334
– of which internal	83	94	102	119	107	123	128
PostNord Strålfors	519	531	474	528	520	511	445
– of which internal	34	37	34	39	34	39	37
Other business activities	317	322	317	365	348	417	455
– of which internal	2	1	1	2	2	2	1
Other and eliminations	-667	-705	-680	-805	-735	-839	-822
Group	9,102	9,502	8,840	10,225	9,471	9,514	9,026

Operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm, unless otherwise indicated	2018	2018	2018	2018	2019	2019	2019
PostNord Sweden	138	222	105	342	283	245	223
– as % of net sales, EBIT	2.4	3.8	1.9	5.4	4.9	4.3	4.1
PostNord Denmark	-199	-1,065	-152	50	-54	-10	-51
– as % of net sales, EBIT	-9.9	-48.3	-7.6	2.1	-2.5	-0.4	-2.5
PostNord Norway	1	17	-18	41	22	15	-10
– as % of net sales, EBIT	0.1	1.6	-1.8	3.6	2.0	1.3	-0.9
PostNord Finland	1	4	6	8	2	3	6
– as % of net sales, EBIT	0.3	1.4	2.1	2.5	0.5	0.9	1.8
PostNord Strålfors	47	46	42	34	31	34	33
– as % of net sales, EBIT	9.0	8.6	8.9	6.4	6.0	6.6	7.4
Other business activities	4	2	8	6	0	-20	-28
– as % of net sales, EBIT	1.2	0.6	2.5	1.6	0.0	-4.8	-6.2
Other and eliminations	-66	-127	-64	-288	-122	-337	-116
Operating income	-74	-901	-73	193	162	-70	57
– as % of net sales, EBIT	-0.8	-9.5	-0.8	1.9	1.7	-0.7	0.6

Note 3 – Operating segments (cont.)

Adjusted operating income per segment SEKm, unless otherwise indicated	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
PostNord Sweden	138	222	105	380	283	245	223
– as % of net sales, Adjusted EBIT	2.4	3.8	1.9	6.0	4.9	4.3	4.1
PostNord Denmark	-199	-96	-143	19	-54	-10	-51
– as % of net sales, Adjusted EBIT	-9.9	-4.4	-7.2	0.8	-2.5	0.0	-2.5
PostNord Norway	1	17	-18	41	22	15	-10
– as % of net sales, Adjusted EBIT	0.1	1.6	-1.8	3.6	2.0	1.3	-0.9
PostNord Finland	1	4	6	8	2	3	6
– as % of net sales, Adjusted EBIT	0.3	1.4	2.1	2.5	0.6	0.9	1.8
PostNord Strålfors	47	46	42	34	31	34	33
– as % of net sales, Adjusted EBIT	9.0	8.6	8.9	6.4	6.0	6.6	7.4
Other business activities	4	2	8	5	0	-20	-28
– as % of net sales, Adjusted EBIT	1.2	0.6	2.5	1.4	0.0	-4.8	-6.2
Other and eliminations	-66	-127	-64	-287	-122	-172	-70
Adjusted operating income	-74	68	-64	200	162	95	103
– as % of net sales, Adjusted EBIT	-0.8	0.7	-0.7	2.0	1.7	1.0	1.1

SEKm	Business areas			
	Communication Services		e-Commerce & Logistics	
	Jan.-Sep. 2019	Jan.-Sep. 2018	Jan.-Sep. 2019	Jan.-Sep. 2018
Operating segments				
PostNord Sweden	7,418	8,087	8,582	8,044
PostNord Denmark	2,543	2,640	3,504	3,203
PostNord Norway	49	39	2,725	2,485
PostNord Finland	8	8	601	568
PostNord Strålfors	1,366	1,419	0	-
Other business activities	167	177	1,048	774
Total	11,551	12,370	16,460	15,074

The above table shows PostNord's external net sales per service category (business area) and operating segment.

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. The relative shares of income recognized at one point in time 95% (95) and over time 5% (5) are unchanged. Business area e-Commerce & Logistics offers logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

Note 4 – Acquisitions and disposals

No material acquisitions or disposals took place during 2019 or 2018.

Note 5 – Leases

Impact of adoption of IFRS 16 Leases

The Group has applied the modified retroactive approach. In this method, the accumulated effect of introducing IFRS 16 has been recognized in the opening balance as per January 1, 2019, without restatement of figures for comparison. The impact of transition on items in the Consolidated statement of financial position at the start of the current financial year relates to right-of-use assets of SEK 5.5bn and lease liabilities of SEK 5.4bn, in which the difference, approximately SEK 0.1bn, consists of advance payments. No impact on opening balance of equity. Recognized right-of-use assets refers to properties of SEK 5.2bn and machinery and equipment of SEK 0.3bn.

Impact on Group financial statements

Income statement

Recognition of amortization of right-of-use assets instead of lease charges made a positive impact on operating income. The Group's aggregate operating income was SEK 60m higher than if previous accounting principles had been applied. Estimated interest on the lease liability has a negative impact on net financial items. Deferred tax is recognized as the difference between leasing cost booked by legal entities and the amount of amortization and interest calculated in accordance with IFRS 16. The Group's aggregate income was SEK 27mn lower than if previous accounting principles had been applied.

Statement of financial position

The Group statement of financial position on September 30, 2019 included right-of-use assets of SEK 5,783m and lease liabilities of SEK 5,637m, where the difference for the most part consists of advance payments. Deferred tax assets consisting of temporary differences are recognized in the amount of SEK 7m.

Statement of cash flows

Leases recognized as assets or liabilities in the Group statement of financial position have no impact on cash flow. No investment regarding new leases is reported in the statement of cash flows. Amortizations of the lease liability are reported under financing activities. The cash flow from operating activities is adjusted to take into account amortization of right-of-use assets.

The Group's key performance indicators for operating capital (ROCE) and net debt are impacted to a major extent by IFRS 16. See also Net Debt table on page 5 and Note 9 in the Interim Report.

Information for comparison as if IFRS 16 had not been applied in 2019

Summary statement of financial position	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of financial position
SEKm	Sep. 30, 2019	Sep. 30, 2019	Sep. 30, 2019
Right-of-use assets	-	5,783	5,783
Deferred tax assets	721	7	728
Prepaid expenses and accrued income	1,120	-184	936
Equity	2,756	-27	2,729
Long-term lease liabilities	-	4,427	4,427
Current lease liabilities	-	1,210	1,210

Summary income statement	Carrying amounts, IFRS 16 not applied	Impact of IFRS 16	Income statement
SEKm	Jan.-Sep. 2019	Jan.-Sep. 2019	Jan.-Sep. 2019
Operating revenue	28,283	-	28,283
Personnel expenses	-11,856	14	-11,842
Transportation expenses	-8,456	80	-8,376
Other operating expenses	-6,878	836	-6,042
Depreciation and impairments	-1,003	-870	-1,873
Operating expenses	-28,193	60	-28,133
OPERATING INCOME	89	60	149
Financial income	16	-	16
Financial expenses	-149	-94	-243
Net financial items	-132	-94	-227
Income before tax	-43	-34	-77
Tax	-96	7	-89
NET INCOME	-139	-27	-166

Note 5 – Leases (cont.)

Summary statement of cash flows SEKm	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of cash flows
	Jan.-Sep. 2019	Jan.-Sep. 2019	Jan.-Sep. 2019
Cash flow from operating activities	81	846	927
Cash flows from investing activities	-739	-	-739
Cash flows from financing activities	474	-846	-372
CASH FLOWS FOR THE PERIOD	-184	-	-184

Note 6 – Other provisions

Jan.-Sep. 2019, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Restructuring measures	3,147	156	-1	-809	169	2,662
Non-vested pension commitments	1,157	35	-	-209	183	1,166
Miscellaneous	68	2	-	-	11	83
Total	4,372	193	-1	-1,018	363	3,911
<i>Of which, current</i>	980					984
<i>Of which, non-current</i>	3,392					2,927

Jan.-Sep. 2018, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Restructuring measures	1,127	2,599	-5	-452	32	3,301
Non-vested pension commitments	1,098	39	-	-239	29	927
Miscellaneous	90	1	-	-11	4	84
Total	2,315	2,639	-5	-702	65	4,312
<i>Of which, current</i>	592					1,569
<i>Of which, non-current</i>	1,724					2,743

¹⁾Other includes translation effect of currency fluctuations, revaluation effect in pensions, discounting effect in provisions and reclassifications.

Note 7 – Financial instruments

September 30, 2019

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	16	-	-	-	16	16
Currency derivatives	3	-	-	-	-	3	3
Trade receivables	-	4,617	-	-	-	4,617	4,617
Terminal fees ¹	-	549	-	-	-	549	549
Short-term investments	-	-	-	-	-	-	-
Cash and cash equivalents	-	2,914	-	-	-	2,914	2,914
Long-term interest-bearing liabilities	-	-	-	-	-3,876	-3,876	-3,907
Current interest-bearing liabilities	-	-	-	-	0	0	0
Trade payables	-	-	-	-	-2,398	-2,398	-2,398
Other current liabilities	-	-	-	-	-915	-915	-915
Currency derivatives	-	-	-13	-	-	-13	-13
Interest rate derivatives, hedge accounting	-	-	-	-3	-	-3	-3
Terminal fees	-	-	-	-	-428	-428	-428
Total financial assets and liabilities, by category	3	8,096	-13	-3	-7,617	466	435

December 31, 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	20	-	-	-	20	20
Currency derivatives	16	-	-	-	-	16	16
Trade receivables	-	5,009	-	-	-	5,009	5,009
Terminal fees ¹	-	504	-	-	-	504	504
Short-term investments	-	101	-	-	-	101	101
Cash and cash equivalents	-	3,088	-	-	-	3,088	3,088
Long-term interest-bearing liabilities	-	-	-	-	-1,595	-1,595	-1,600
Current interest-bearing liabilities	-	-	-	-	-1,619	-1,619	-1,621
Trade payables	-	-	-	-	-2,584	-2,584	-2,584
Other current liabilities	-	-	-	-	-1,167	-1,167	-1,167
Currency derivatives	-	-	-13	-	-	-13	-13
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-340	-340	-340
Total financial assets and liabilities, by category	16	8,722	-13	0	-7,305	1,420	1,413

Note 7 – Financial instruments (cont.)

September 30, 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	21	-	-	-	21	21
Currency derivatives	2	-	-	-	-	2	2
Trade receivables	-	4,775	-	-	-	4,775	4,775
Terminal fees ¹	-	387	-	-	-	387	387
Short-term investments	-	151	-	-	-	151	151
Cash and cash equivalents	-	2,648	-	-	-	2,648	2,648
Long-term interest-bearing liabilities	-	-	-	-	-1,707	-1,707	-1,716
Current interest-bearing liabilities	-	-	-	-	-1,855	-1,855	-1,859
Trade payables	-	-	-	-	-2,374	-2,374	-2,374
Other current liabilities	-	-	-	-	-1,783	-1,783	-1,783
Currency derivatives	-	-	-16	-	-	-16	-16
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-307	-307	-307
Total financial assets and liabilities, by category	2	7,982	-16	0	-8,026	-58	-71

¹Terminal 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 recognized under Prepaid expenses and accrued income and in Accrued expenses and deferred income in the Statement of financial position.

Recognition and fair value measurement of financial instruments

Fair value for currency derivatives is calculated using listed currency forward contracts on the accounting date and a calculation of the present value based on the yield curve for the currency concerned. Fair value of interest rate derivatives is calculated using the present value of estimated future cash flows. Estimated cash flows are discounted using the yield curve and the reference interest rate in the currency concerned. 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 8 – Related parties

As of July 1, the Group operates via a new, simplified and more cost-effective organization with increased responsibility being delegated to the country organizations. The Group Executive Team, which changed in conjunction with the reorganization as previously announced in a press release, worked rapidly during the quarter with the Board of Directors to formulate a plan to implement the necessary changes. During the quarter, Board member Charlotte Strand worked as a consultant on PostNord's strategic and financial plan, for which reason she received remuneration in addition to the directors' fee.

Note 9 – Definitions and alternative key performance indicators

Alternative key performance indicators:

Return on operating capital (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.
Adjusted return on operating capital	Adjusted 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.
Financial preparedness	Cash and cash equivalents, short-term investments and unutilized committed credit line.
EBITDAI	Operating income excluding depreciation and impairments.
Adjusted operating income	Operating income excluding items affecting comparability.
Adjusted operating margin	Adjusted operating income in relation to net sales.
Items affecting comparability	Items affecting comparability are substantial, nonrecurring or not 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 liabilities, provision for pensions and lease liabilities, minus cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other Non-current receivables and short-term investments.

Reconciliation with financial statements

	Sep. 30	June 30	Mar. 31	Dec. 31	Sep. 30
SEKm	2019	2019	2019	2018	2018
Interest-bearing liabilities, current	0	0	1,550	1,619	1,855
Current lease liabilities	1,210	1,210	1,189	-	-
Interest-bearing liabilities, long-term	3,876	3,870	2,871	1,770	1,887
Long-term lease liabilities	4,427	4,418	4,048	-	-
Pensions ¹	5,556	4,363	3,054	2,576	144
Financial investments	-197	-195	-198	-198	-204
Non-current receivables ²	-846	-878	-930	-964	-1,047
Short-term investments	0	0	-2	-101	-151
Cash and cash equivalents	-2,914	-3,374	-4,036	-3,088	-2,648
Net debt	11,112	9,414	7,545	1,615	-163

¹Including 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.

²This 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 ratio	Net liabilities in relation to equity.
Net debt ratio (excl. IFRS 16)	Net debt excluding current and long-term lease liabilities in relation to equity.
Operating capital	Non-interest-bearing assets, less non-interest-bearing liabilities.
Operating margin	Operating income in relation to net sales.

Other key performance indicators:

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

Quarterly data

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEKm, if not otherwise stated	2017	2017	2018	2018	2018	2018	2019	2019	2019
Group									
Net sales	8,547	10,065	9,102	9,503	8,840	10,225	9,471	9,514	9,026
Other operating income	76	116	144	1,693	112	104	56	84	132
Operating expenses	-8,822	-9,909	-9,321	-12,096	-9,025	-10,136	-9,365	-9,668	-9,099
<i>of which, personnel expenses</i>	-3,828	-4,215	-4,086	-6,693	-3,730	-4,280	-4,040	-4,153	-3,649
<i>of which, transport expenses</i>	-2,588	-2,888	-2,688	-2,815	-2,783	-2,938	-2,785	-2,773	-2,818
<i>of which, other expenses</i>	-2,085	-2,476	-2,242	-2,267	-2,204	-2,602	-1,956	-2,108	-1,978
<i>of which, depreciation and impairments</i>	-321	-330	-305	-321	-309	-315	-584	-635	-654
Operating income (EBITDAI)	122	602	231	-580	236	508	746	565	711
Operating margin (EBITDAI)	1.4%	6.0%	2.5%	-6.1%	2.7%	4.9%	7.9%	5.9%	7.9%
Operating income (EBIT)	-199	272	-74	-901	-73	193	162	-70	57
Operating margin (EBIT)	-2.3%	2.7%	-0.8%	-9.5%	-0.8%	1.9%	1.7%	-0.7%	0.6%
Cash flow from operating activities	-370	-181	-25	1,862	-371	617	435	492	0
Net debt	926	238	245	-225	-164	1,614	7,545	9,414	11,112
Return on operating capital (ROCE)	-17.5%	-1.6%	-3.9%	-12.4%	-10.9%	-12.4%	-7.9%	1.9%	3.2%
Average number of employees (FTE)	32,096	31,134	29,469	29,998	30,790	29,596	28,461	28,117	29,774
Number of staffing (basic) at end of period	30,905	30,797	30,355	30,500	29,623	29,886	29,959	28,324	27,871
Volumes, millions of mails produced:									
Sweden, priority mail	160	191	174	168	150	171	163	149	140
Sweden, non-priority mail	207	238	226	199	173	203	205	179	156
Denmark, priority mail/Quickbrev	9	10	9	9	8	9	7	6	6
Denmark, non-priority and business mail	56	72	62	60	50	58	58	58	45
Volumes, millions of parcels produced (net): <i>(volumes between countries eliminated)</i>									
Parcels, Group total	37	45	39	43	40	49	43	43	44