

## **Year-end report 2018: A quarter of intensive activity, with a high level of quality sustained**

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The fourth quarter is PostNord's most intensive period, as the retail sector's Black Friday marks the start of Christmas trading. This means a large volume of parcels have to be handled. E-commerce in the Nordics was sharply higher in the fourth quarter than in the preceding year. Thanks to robust planning and preparation throughout the year, we maintained high delivery quality over the whole period. We deployed our resources to maximum effect and reinforced with extra personnel.

Volume growth remained strong in other logistics services too. In 2019, we will expand capacity, partly by continuing to strongly expand the number of partner outlets across the whole of the Nordic region. In Denmark, for example, our objective is to add 500 new partner outlets. To accommodate future growth, we will partner with our customers in developing our services in order to make more effective use of our terminals and vehicles 24 hours a day, 7 days a week. This will not only boost efficiency but also enable us to offer more customized delivery solutions, such as same-day delivery.

Mail volumes in Sweden are declining rapidly and dialogue will be needed in both Sweden and Denmark about what shape the universal postal service should take as volumes steadily decline. If the universal postal service is to be operated in an economically sustainable way, the system of regulation must become more predictable

and flexible and must allow both increased revenue and ways of limiting the costs of distribution. To meet the rising costs per letter delivered, and in that way enable the universal postal service to be maintained over time, it is of the utmost importance for PostNord to be allowed the scope to make gradual adjustments to the letter rate in Sweden.

The fourth quarter of 2018 delivered a positive, yet not entirely satisfactory, result. In the Swedish business, the extra expenses incurred during the Christmas period were partly offset via a capacity surcharge of SEK 4.00 per parcel, but as a result of the sharp fall in mail volumes and the effect of the current system of regulation margins in the mail business are shrinking. The result in Denmark is improving as the transformation to the new service-based model is implemented. The capital contribution of SEK 667m from our owners, announced

earlier, was paid in the amounts of SEK 267m from the Danish government and SEK 400m from the Swedish government. In all, PostNord has therefore received SEK 2,200m in payment for the work of transformation in both Denmark and Sweden.

We are working in a goal-focused way on continuing to reduce our climate impact, for example via an increasingly electric-powered vehicle fleet, the use of more eco-friendly fuel, reduced use of air transport and IT systems for honing efficiency in deliveries and reducing the number of miles driven. In December, we were awarded Gold level in

the International Post Corporation's (IPC) annual sustainability ranking of twenty postal operators. This was the fifth year in row among top six of 20 postal operators.

Another year has passed, and I can summarize 2018 by confirming that our strategy for the future is working well. But it is also clear that the strategy is largely dependent on the discussions on the universal postal service in both Sweden and Denmark leading to a system of regulation that will make economically sustainable results possible.

Source: [PostNord](#)