

Second quarter 2019: Continued focus on strengthening e-commerce and a sustainable letters business

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Comment from Annemarie Gardshol, acting President and CEO: The second quarter shows an improved performance compared with the same period the previous year. The ongoing transition toward a clearer focus on e-commerce and a sustainable letters business is yielding results. The pressure to change continues to be high and the efficiency program is successfully proceeding according to plan in all businesses. PostNord continue to grow in e-commerce logistics and also see mail customers streaming back from competitors.

- Market growth in e-commerce continues, resulting in robust growth in our third-party logistics and e-commerce-related business. To address the growth in volume in Norway we are investing in modern technology and a larger space at the Langhus terminal in the Oslo region. The investment will help to expand our capacity and provide opportunities for continued efficiency enhancements. All in all, these factors create favorable conditions for further strengthening our position in the Norwegian market, says acting President and CEO Annemarie Gardshol.

Delivery is an important part of the e-commerce experience. It is therefore rewarding to see that the pilot project that we carried out in Denmark during the first half of the year with parcel boxes, Nærboksar, i collaboration with the company SwipBox, has been favorably received by parcel recipients. In Sweden, the new value letter, which is traceable and delivered to the door, has had a promising start. With the option for delivery to the door or to a parcel box, recipients enjoy the freedom of not needing to adapt their daily lives to the time of delivery.

- Sustainability considerations are a recurrent theme in our sustainability efforts. In May we released the E-barometer, which summarizes

e-commerce by Swedes during the first quarter. One of the conclusions is that three of four consumers are willing to pay more for sustainable deliveries. It is therefore rewarding that according to Swedish consumers, PostNord is the most sustainable logistics brand according to the Sustainable Brand Index, Europe's largest brand survey with a focus on sustainability, which was made public in April. This award provides confirmation that we are on the right track with our sustainability work, says acting President and CEO Annemarie Gardshol.

PostNord's mail quality continued to be high and stable in both Denmark and Sweden during the period. In Sweden we see an ongoing trend in which previously lost mail customers are returning to PostNord. During the period Sweden signed a new framework agreement for municipalities and county councils concerning letter and parcel services with SALAR/Kommentus Inköpscentral.

Efforts to adapt the business to the shrinking demand for mail continue and productivity improvements have been implemented in both Sweden and Denmark. Nevertheless, the continued decline in volume has a major impact on the financial performance and it will be a challenge moving forward to offset the decline with internal activities alone.

Current postal regulations in Sweden and Denmark need to be updated and broad political motivation will be required to ensure a financially sustainable letter service over time. Constructive discussions are underway with both the Swedish and Danish governments.

During the quarter we restructured the organization and beginning on July 1, the Group has a new simplified and more cost-effective organization.

- The change, which is part of PostNord's development strategy, delegates product and service ownership to the country organizations, which are thus closer to the customers and daily operations. PostNord is in the middle of the digitalization paradigm shift, which has resulted in changed communication and consumption patterns. I want to thank all employees for their efforts during the second quarter. I am pleased that

we have traveled a good distance in the right direction and that our chosen path has produced results, says acting President and CEO Annemarie Gardshol.

Second quarter 2019*

Net sales totaled SEK 9,514m (9,503), an organic decrease of 1%

Operating income totaled SEK -70m (-901)

Adjusted operating income was SEK 95m (68)

Net income for the period was -171m (-901)

Earnings per share were SEK -0.09 (-0.45)

Cash flow from operating activities totaled SEK 492m (1,862)

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

Source: [PostNord](#)