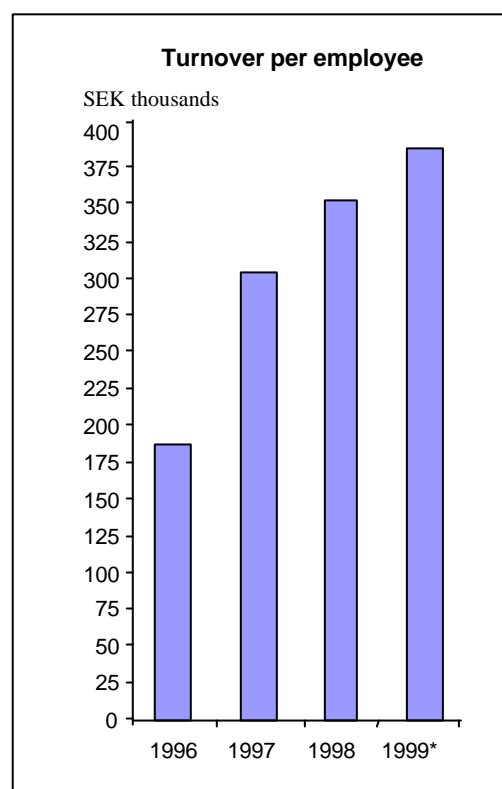
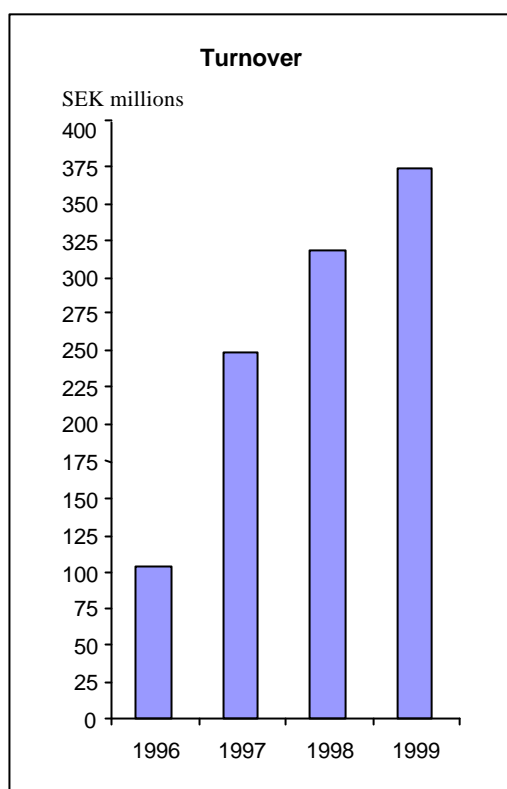




Press Release of Unaudited Annual Results 1999

- Net turnover increased by 17 percent to SEK 374.1 million (SEK 318.6 million).
- Results improved to SEK -53.6 million (SEK -58.7 million).
- New distribution system completed in January 2000. Estimated cost reduction is 10 percent on a full-year basis.
- Substantial increase in orders for CityMail International.
- CityMail Interactive commences Internet-based address change system.



* On the basis of results for January and current orders, turnover per employee is estimated to amount to over SEK 500,000 during 2000.



Press Release of Unaudited Annual Results

New Business Conditions

During 1999, important internal and external conditions have changed for CityMail.

In the summer of 1999, a new Postal Service Act entered into force which regulates the postal infrastructure. At the same time, Sweden Post and CityMail reached a settlement in ongoing competition law disputes. As a result, there are now clear rules which provide the framework as to the manner in which companies can, and must behave, on the market.

A long period of turbulence on the postal market when the infrastructure was launched and tested hereby have come to an end. As far as CityMail is concerned, this means that during 2000 we can focus on profitability and increased growth.

The Market is Growing

It is sometimes said that Internet and increased electronic commerce will result in a contraction of the traditional postal market. This is not correct. The postal market in Europe continues to grow at approx. 2-3 percent and CityMail's segment of computer-addressed mail is increasing by 5-7 percent.

CityMail distinguishes between computer-addressed mail, office mail, and letterbox mail. We will be the market leader with respect to computer-addressed mail, a segment which largely consists of "business-to-consumer" correspondence. It covers physical items of mail which are utilised in direct contact between companies and their customers and potential customers.

Through developments within the Internet and e-mail, the differentiation of the postal market is clarified. The increased use of electronic communications and information technology is generating new volumes for the computer-addressed mail segment.

The more people send e-mails and trade over the Net, the more important it becomes for companies to maintain and develop improved relations with their customers. An increasing portion of CityMail's total turnover is generated by increased electronic trading.

Changed Cost Structure

Through the modified distribution system, what is commonly referred to as the ABC system, with rolling three-day distribution, productivity has increased and the company's costs have been reduced. During the current year, we will continue

to work strenuously in order to reduce costs and increase our efficiency *vis-a-vis* customers.

The modified distribution structure will result in cost reductions of approx. 10 percent. Non-recurring costs for restructuring have been reported in part for the fourth quarter of 1999, but also during the first quarter of 2000 non-recurring costs will arise as a result of the fine-tuning of the new system.

New Business Area - CityMail International

During 1999, CityMail established a new business area for the handling of international mail. The business area signed a large contract in the middle of february 2000. The contract is estimated to a value of 100 MSEK in turnover on a yearly basis. Thus the business area is expected to grow considerably commencing with the second quarter of 2000.

Revenues

For the entire year of 1999, CityMail reports revenues of SEK 374.1 million, an increase of 17 percent compared with the corresponding period last year. CityMail's postal volumes have increased each quarter, which has resulted in a continued improvement in capacity utilisation.

CityMail's revenues during the fourth quarter of 1999 amounted to SEK 93.5 million, an increase of 8 percent compared with the corresponding period last year. Approximately one-half of the increase in revenues came from CityMail International. Growth during the fourth quarter of 1999 was significantly weaker than in the preceding three quarters, which resulted in sales during the quarter being approx. SEK 10 million lower than expected.

As in previous years, at the end of the year Sweden Post renewed customer agreements. This means that the expiry date for agreements has changed from 31 December 1999 to 31 March 2000. Accordingly, CityMail's new pricelist will not have any impact before the second quarter of the year. Notwithstanding this, revenues increased by just over 12 percent in January 2000 compared with January 1999.

During 1999, a settlement was reached with Sweden Post. The settlement covered both CityMail's claim in damages against Sweden Post and certain claims by Sweden Post against CityMail in respect of previously performed infrastructural services. The settlement resulted in a net payment to CityMail, parts of which was reported as income during the financial year. At the same time, the development

costs, related to the litigation which had been carried forward, have been settled.

Costs

Costs for the entire year of 1999 amounted to SEK 427.7 million, compared with SEK 377.3 million during 1998. The increase in costs between the years is attributable to a general increase in costs and to a substantial increase in costs during the fourth quarter.

The general increase in costs is due to investments in an expanded sales organisation, continued cost increases within the distribution organisation, among other things as a consequence of increased personnel turnover. The distribution organisation's costs increased at a higher rate during the fourth quarter.

The measures which were regularly introduced during 1999 were thus not sufficient to depress the underlying increase in costs. Accordingly, during the second quarter an analysis was commenced in order to produce data for decisions concerning structural modifications to the distribution system.

CityMail's new distribution system, in accordance with what is commonly referred to as the ABC scheme, was introduced on 13 January 2000. As a consequence of the structural modification, the flow of mail is evened out over the period and, at the same time, it is estimated that cost reduction of approx. 10 percent will be obtained. One consequence of this is that CityMail will gradually reduce staffing from approx. 1,000 to 800 employees commencing in January 2000.

During the fourth quarter of 1999, CityMail's costs amounted to SEK 123.3 million, compared with SEK 100.5 million for the corresponding period of 1998. The significant increase in costs is partly due to certain non-recurring costs, approx. SEK 10 million, which are related to the modification work.

In order to achieve cost reductions in the distribution stage, simultaneous changes are required in the logistics flows in earlier stages. In order to ensure the transfer to a new distribution structure, the new logistic solutions were established already during the last quarter of 1999. This has resulted in increased transport and logistics costs of approx. SEK 2 million.

The new business area, CityMail International, has an entirely different cost structure than CityMail Sweden since the distribution is purchased from Royal Mail. This means that most of the costs are wholly variable.

CityMail International has built up its operations during the year and the increase in volumes occurred primarily towards the end of the year. The increase in costs during the fourth quarter was thus an increase in purchased services in the form of distribution costs of just under SEK 5 million.

Cost deviations Q4 98-99	SEK millions
Non-recurring costs	10
CityMail International	5
New logistics system	2
Other costs	6

Results

The operating results for 1999 amounted to SEK -51.7 million, compared with SEK -56.3 million during 1998.

Net financial items amounted to SEK -1.9 million (-2.4).

Results after net financial items amounted to SEK -53.6 million (-59.7).

Earnings per share were SEK -7.85 (-8.60).

CityMail's results for the fourth quarter amounted to SEK -29.8 million, compared with SEK 14.1 million during the corresponding period of 1998.

The growth in sales was weaker than expected. Together with increased operating costs, among other things due to certain non-recurring costs, this meant that the fourth quarter of 1999 produced a weaker result compared with the corresponding period of the preceding year.

The Board of Directors is of the opinion that the prospects are good for a significant improvement in results during 2000, since both reduced costs of the new distribution organisation and anticipated major volumes are expected to produce significant positive effects on the result.

Financial Position

The company's liquid funds including non-utilised credits amounted to SEK 29.7 million (42.7) on 31 December 1999. The equity ratio on 31 December 1999 amounted to 40.1 percent (37.8).

External valuations conducted by two independent investment banks demonstrate that CityMail's share in the affiliated company ASG Direct AB has significantly increased in value. Accordingly, during the year a revaluation was made in respect of a minor part of this increase in value. The revaluation

is SEK 76.4 million and is made against a revaluation reserve. Following the revaluation, the book value amounts to SEK 87.5 million.

Capital Expenditures

Capital expenditures during the period amounted to SEK 24.7 million (19.4).

Among the capital expenditures for the year, mention can be made of an important investment in a unique IT system called CityBase, which will strengthen CityMail's competitive position by, among other things, improving logistics planning and improved address quality. Within the IT area, investments have also been made in both software and hardware due to Y2K.

Personnel

The number of full-time employees amounted to 960 (903).

During the year, personnel have undergone training and balanced score cards have been introduced. The procedure was carried out throughout the company with, among other things, individual score cards for each distribution office and division. This renders possible an increased involvement by individual employees in order, on a continuing basis, to release capacity and increase efficiency.

Business Areas

In order to be able to utilise the development possibilities that exist while simultaneously maintaining necessary focus, since the end of 1999 CityMail's operations have been divided into three business areas:

- CityMail Sweden.
- CityMail International.
- CityMail Interactive.

CityMail Sweden focuses on computer-addressed mail, which is the segment of the traditional postal market which is growing most rapidly and in which CityMail has almost 10 years of experience. During 1999 and the beginning of 2000, a new executive management assumed office in CityMail Sweden, providing positive conditions for CityMail Sweden to focus strongly on both growth in sales and increased cost control.

CityMail International is a "fulfilment centre" for cross-border postal traffic. Through this area there is great savings potential for customers. The business area has experienced a large inflow of orders for 2000 and thus the business is expected to grow very strongly. Within this area, there is a close co-operation with the British postal operator, Royal Mail.

CityMail Interactive will act as an efficient business partner to customers in order to handle the logistics flows which result from growth within Internet-based commerce and, as a partner, will maintain and develop customers' customer registers.

Within the area of e-commerce CityMail owns 35 percent of ASG Direct together with Deutsche Post. The company has developed a unique computer system for e-commerce. Among its customers are NetXtra, Billhalls and Ellos/ La Redoute.

Since one-to-one marketing will become increasingly important, customer companies will have an increasing need to invest in the maintenance of their customer registers. Different types of services which contribute to regulation maintenance thus possess very great potential, both in Sweden and internationally. Within this area CityMail has a co-operation with Sweden Post through Svensk Adressändring AB.

Significant Events after the Close of the Annual Accounts

On 1 January 2000, CityMail acquired 15 percent of the shares in Svensk Adressändring AB. Svensk Adressändring was previously wholly-owned by Sweden Post. Sweden Post and CityMail have executed a shareholders agreement which ensures equal influence in the company for both owners.

The company receives and verifies changes in addresses and orders for forwarding and storage of mail. Through an agreement with the National Tax Board, since 1994 Svensk Adressändring has also had the task of processing notifications concerning relocations on behalf of the Tax Authority.

Through the resumption of ownership in Svensk Adressändring, the possibility is opened up for increased investment within the area of register maintenance and address processing, which constitute central elements both for well-functioning electronic commerce and for the

development of digital business-to-customer customer relations. Within the CityMail Interactive business area, two new companies will thus be formed in co-operation with one or several companies within the industry.

The first company will make it easier for all parties who change their address to do so in a simple manner, to many companies and organisations. The operation will establish a system for the forwarding of verified address changes to companies and organisations in electronic format.

Since Sweden is very advanced with respect to systems for the compilation and forwarding of address changes, there is great potential for establishing AddressPoint in other countries.

The international launch will probably take place together with postal operators, as well as other strong structural partners.

As a further development, CityMail Interactive has also identified great potential with respect to Internet-based information and commerce in conjunction with relocation of private persons. CityMail Interactive is currently developing a service which supports potential customers in the entire process, from planned relocation to the time at which a person is established at a new residential address.

All persons who relocate will be offered services and the possibility of electronic commerce with respect to needs related to relocation. Customers will thus be able to obtain help with a large number of aspects associated with relocation. At the same time, companies and organisations will obtain the possibility to come into contact with these customers.

For further information, please contact:

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Future reports/financial information:

- The annual report will be available at the company's offices approx. two weeks prior to the shareholders' meeting. The annual report will be distributed to the shareholders.
- Shareholders' meeting : 27 April 2000 at 4 pm at the Company's offices in Västberga, Stockholm.
- Three-month interim report: 27 April 2000
- Half-yearly report: 16 August 2000
- Nine-month interim report: 7 November 2000
- Press release on unaudited annual results 2000: February 2001

Stockholm 22 February 2000

The Board of Directors
CityMail Sweden AB (publ)
Västberga Gårdsväg 36
Box 90108
120 21 Stockholm

Press Release of Unaudited Annual Results

Financial information, per quarter

SEK millions

Quarter/year	Net turnover	Operating result after depreciation	Result after financial items
1999	374.1	-51.7	-53.6
Q4-99	93.5	-29.2	-29.8
Q3-99	88.5	-9.4	-9.6
Q2-99	95.2	-6.7	-7.3
Q1-99	96.9	-6.4	-6.9
1998	318.6	-56.3	-58.7
Q4-98	86.4	-13.3	-14.1
Q3-98	75.7	-15	-15.2
Q2-98	72.6	-20.8	-21.6
Q1-98	83.9	-7.2	-7.8

Income statement in summary

SEK millions	1999	1998
Net turnover	374.1	318.6
Operating result	-51.7	-56.3
Result after financial items	-53.6	-58.7
Tax on result for the period	0.0	0.0
Result for the year	-53.6	-58.7

Balance sheet in summary

SEK millions	31 Dec. 1999	31 Dec. 1998
ASSETS		
Intangible fixed assets	22.8	33.0
Financial fixed assets	87.6	5.3
Tangible fixed assets	22.9	22.5
Accounts receivable	36.2	36.8
Other current assets	11.3	16.4
Liquid funds	4.7	22.7
Total assets	185.5	136.7
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholders' equity	74.4	51.6
Accounts payable	28.1	18.5
Other liabilities	83.0	66.6
Total shareholders' equity and liabilities	185.5	136.7

Cash flow analysis in summary

SEK millions	1999	1998
Cash flow from ongoing operations	-10.7	-55.1
Cash flow from investing operations	-10.3	-19.4
Cash flow from financing operations	3.0	94.3
Cash flow for the year	-18.0	19.8