



## Year-end results 2001

Net income for the year was SEK 3,432 million (-1,082).

Operating earnings excluding Postgirot, capital gains realized on the sale of Postfastigheter, as well as provisions, amounted to SEK -150 million (192). Operating earnings for the year comprises SEK 174 million from Messaging & Logistics and SEK -324 million from Cashier Service.

### Posten achieved four strategic goals in 2001:

- Posten successfully wound down its banking operations through the sale of Postgirot Bank AB to Nordbanken AB and the orderly dissolution of its extensive collaboration with Nordbanken on March 31. Posten has thereby streamlined its business into two operating branches: Messaging & Logistics and Cashier Service.
- Posten has consolidated its position in the logistics market in Sweden and bordering countries. Posten has acquired 100 percent of DSV Parcel Holding A/S (Denmark) and DPD Finland OY, as well as 50 percent of Norwegian Tollpost Globe AS. In Sweden, Posten has taken over the parcel operations of Fraktarna AB. Posten also acquired Dutch system transport companies Starintex Road Cargo N.V. and Gendringen Expeditie B.V., which operate in the Netherlands, Belgium, and Germany. Posten signed a 15-year franchising agreement to provide DPD parcel service in Denmark, Norway, Finland, Sweden, and Iceland. In addition, a letter of intent has been signed with French La Poste concerning a broader express parcel service collaboration, as well as DPD in Poland and the Baltic region. Posten has thereby achieved its goal of becoming a leading parcel distributor in the Nordic and Baltic markets.
- Posten has begun the establishment of a new service network. The network will greatly increase accessibility in time and space – more service outlets with extended business hours. The new network has also been tailored to meet the new needs and requirements facing Posten's business. Posten has invested a total of SEK 900 million in the network, and expects to realize cost savings of SEK 200 million to SEK 250 million per year.
- Posten has, through capital gains on the sale of Postgirot Bank AB and Postfastigheter AB, improved the capital structure – liquidity is strong and the debt-equity ratio has emerged from negative territory to today's 19.1 percent. In 2001, the decision was taken to secure all pension commitments through a transfer of SEK 2,348 million from subsidiary Posten Sverige AB to Posten's Pension Fund. Finally, Posten has recorded so-called transitional provisions, or commitments relating to individuals entitled to retire before the age of 65, as liabilities. Previously, these commitments were recorded as contingent liabilities. Posten took over these commitments from the state in 1994, when it became privatized.

### **Appropriations for routine cashier service**

In 2001, Posten received SEK 200 million in appropriations to provide cashier service in areas deemed non-commercially viable, and which lacked alternatives to Posten. As the funds do not cover associated costs, these were borne by other operations.

As funding has proven insufficient in previous years, parliament has appropriated SEK 400 million for such purposes. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. The commission is expected to hand down a ruling later this spring.

### **Outlook for 2002**

- Posten will further its strategic alliance with La Poste and integrate acquired companies to strengthen the logistics side.
- Growing demand for new electronic services, such as eSäkerhet, ePostboxen, and eSkicka entails that new services in this area will be developed and launched
- New services focusing on hardcopy mail, e.g. track and trace for registered mail and various web-based tools for dropping-off and quality handling, will be developed.
- During the coming three years, Posten will implement cost-savings and efficiency measures in its business and administrative processes. The program will have an impact on earnings of roughly SEK 1 billion before 2005. This will primarily be achieved through a more effective business support system.

## Operations

Posten has streamlined its operations to the message forwarding and logistics markets with a strong focus on Internet-based technology. These markets stretch from traditional letter and parcel delivery services to hybrid services, which combine traditional postal services with electronic solutions, to purely electronic solutions.

The Swedish government has also mandated Posten to provide routine cashier service.

Posten serves the entire commercial and residential population of Sweden.

## Strategic acquisitions

Posten has consolidated its position in the logistics market in Sweden and bordering countries.

Posten AB acquired 100 percent of DSV Parcel Holding A/S (Denmark) and DPD Finland OY, as well as 50 percent of Norwegian Tollpost Globe AS. In Sweden, Posten has taken over the parcel operations of Fraktarna AB. The total purchase price for the acquisitions was SEK 975 million.

Posten also purchased Dutch system transport companies Starintex Road Cargo N.V. and Gendringen Expeditie B.V. – which operate in the Netherlands, Belgium, and Germany - for SEK 42 million.

Posten signed a 15-year franchising agreement to provide DPD parcel service in Denmark, Norway, Finland, Sweden, and Iceland. In addition, a letter of intent has been signed with French La Poste concerning a broader express parcel service collaboration, as well as DPD in Poland and the Baltic region.

## Divestments

Posten sold Postgirot Bank AB to Nordbanken for a purchase price of SEK 4,100 million plus built-up profits of SEK 438 million. Following approval by the EU Commission on November 8, the deal was finalized on December 3, 2001. Capital gains realized on the transaction amounted to SEK 1,711 million.

Posten sold Postfastigheter AB to Wihlborgs Fastigheter for a purchase price of SEK 2,725 million. This transaction was also finalized December 3, 2001. Capital gains realized on the transaction amounted to SEK 1,125 million. Capital gains of SEK 152 million were realized earlier in the year from the sale of other properties.

## Expanding service network

Posten added 1,200 points of sale to its network, bringing the total number of service outlets to approximately 3,000. Posten's efforts relative to the new service network are important to the company's continued development. Posten has invested a total of SEK 900 million in the network, and expects to realize cost savings of SEK 200 million to SEK 250 million per year.

The nearly 3,000 service outlets are distributed among 400 Postal Centers throughout Sweden, which carry Posten's entire range. These owner-operated service outlets will be situated in dense commercial areas that are easily accessible by car. At approximately 1,800 of these service outlets, customers are offered letter and parcel services, as well as stamps and other related products. An additional 1,000 letter-service outlets will be

opened where Posten will offer domestic and international stamps, as well as a variety of envelopes with pre-paid postage.

#### Routine cashier service

The Swedish government has mandated Posten to provide routine cashier service. As of January 1, 2001, the law on routine cashier service clarifies this task. To meet this mandate, Posten has chosen to establish cashier service outlets that provide all banks the opportunity to offer their customers routine cashier services. Agreements have thus far been reached with Postgirot, Nordbanken, and FöreningsSparbanken.

In 2001, Posten received SEK 200 million in government appropriations to provide cashier service in areas deemed non-commercially viable, and which lacked alternatives to Posten. As the funds do not cover associated costs, these were borne by other operations.

As funding has proven insufficient in previous years, parliament has appropriated SEK 400 million for such purposes. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. The commission is expected to hand down a ruling later this spring.

#### 25 percent improvement in administrative and sales efficiency

During the coming three years, Posten will implement cost-savings and efficiency measures in its business and administrative processes. The program will have an impact on earnings of roughly SEK 1 billion before 2005. This will primarily be achieved through a more effective business support system.

The comparative year in the following text has been restated for the adoption of new accounting principles (see page 9 for additional information).

### **Net sales and earnings**

#### Net sales

Consolidated net sales fell somewhat to SEK 24,072 million (24,508). Excluding Postgirot, net sales amounted to SEK 21,668 million (21,813). Lighter volumes in Posten's direct mail advertising, franko (letters stamped with a postage machine), brevsändningar, and ekonomibrev services primarily contributed to the decline. Direct mail advertising is dependent upon economic conditions, and Posten's larger customers have cut back on their spending in this area.

The main competition to Posten's other services comes from electronic substitutes, as witnessed in the mailings sent primarily by major banks. Lighter volumes in non-commercial international mailings are also being seen, and the logistics segment has been suffering from dwindling light-parcel volumes. However, growth in the international business has been sufficient to slightly offset these weaker volumes.

Net sales by operating branch can be found on page 9.

#### Other operating earnings

The group's other revenues amounted to SEK 1,723 million (356). The increase in revenue can be primarily attributed to SEK 1,125 million in capital gains realized on the sale of

Postfastigheter AB, as well as SEK 152 million in capital gains realized on the sale of other properties – SEK 1,277 million overall.

#### Net income

Operating earnings excluding Postgirot, capital gains realized on the sale of Postfastigheter, as well as provisions, amounted to SEK -150 million (192). Operating earnings by operating branch can be found on page 10.

Net income for the year was SEK 3,432 million (-1,082).

Competition is intensifying in all of the markets where Posten operates. Growing competition from new electronic mail alternatives is particularly visible. Competition is also apparent from a decrease in the demand for personal postal service. This is one of the reasons Posten has established a new service network, which will generate SEK 200 million to SEK 250 million in cost savings per year.

## Financial position

#### Total assets

At December 31, 2001, total assets amounted to SEK 17,311 million (81, 864). The substantial change in total assets can be primarily attributed to the divestment of the bank. Posten has strengthened its liquidity and debt-equity ratio during the year.

#### Equity

At December 31, 2001, equity amounted to SEK 3,299 million (-57) and return on equity (including capital gains) was 163.7 percent. Last year's return was negative.

#### *Change in equity*

Posten has recorded so-called transitional provisions, or commitments relating to personnel entitled to retire before the age of 65, as liabilities. Previously recorded as contingent liabilities, the commitments were assumed from the state when Posten became privatized. The amounts have been recorded as a liability at 25 percent of the outstanding commitment plus special income tax. This liability item is based on the degree of utilization between 1998-2001. The comparative year has also been restated, which has consequently altered opening-balance equity (see below). The entering of this item as a liability has not impacted net income for the year.

<b>Cash flow analysis, SEK millions</b>	<b>Share-capital</b>	<b>Restricted reserves</b>	<b>Non-restricted reserves</b>	<b>Net income for the year</b>	<b>Total</b>
Opening balance	600	188	985	-1,047	726
Effect new accounting principle concerning pension commitments in accordance with so-called transitional provisions		305	-1,053	-35	-783
Adjusted opening balance	600	493	-68	-1,082	-57
Appropriation of profits			-1,082	1,082	0
Transfers between restricted and non-restricted reserves		200	-200		0
Translation difference			-76		-76
Net income for the year				3,432	3,432
Closing balance	600	693	-1,426	3,432	3,299

## Debt-equity ratio

At December 31, 2001, the debt-equity ratio was 19.1 percent. Last year's debt-equity ratio was negative.

## Pension provisions

In 2001, the decision was taken to secure all pension commitments through a transfer from subsidiary Posten Sverige AB to Posten's Pension Fund. SEK 2,348 million was therefore transferred to the pension fund in December 2001. Transfers will henceforth be made yearly.

## Cash flow

2000 closing balance liquid funds have been adjusted due to the sale of Postgirot. As short-term shareholdings, liabilities for repurchase agreements, and overnight loans in Postgirot's operations as well as the fixed lending by Postgirot of SEK 28,320 million have been excluded, Liquid funds at the beginning of the year amounted to SEK 26,019 million.

The net effect on liquid funds at the sale of Postgirot amounted to SEK 4.5 billion, and the net effect of the sale of Postfastigheter was SEK 2.3 billion.

The completed transfer of all company pension commitments from subsidiary Posten Sverige AB to Posten's Pension Fund impacted the cash flow from financing operations by SEK -2.3 billion. Logistics acquisitions have had a net effect on liquid funds of SEK -1 billion.

## The parent company

### Operations

The business conducted by parent company Posten AB (publ) is limited in scope.

### Net sales and income

The parent company's net sales for 2001 were SEK 208 million (215). Other operating earnings amounted to SEK 15 million (57). In previous years, other operating earnings included a prepayment of SEK 49 million relating to the bankruptcy of Försäkringsaktiebolaget Njord.

Net financial income improved to SEK 790 million (644). The difference is primarily attributable to dividends on shares in subsidiaries, which amounted to SEK 869 million (670).

Net income after financial items totaled SEK 892 million (799).

### Financial position

The parent company's total assets at December 31 totaled SEK 7,188 million (8,859). The change can be explained primarily by lower internal receivables. Cash and bank balances including short-term investments amounted to SEK 1,846 million (96). After the sale of Postgirot Bank AB, the parent company's postal giro account balance is recorded as Cash and bank balances. In 2000, these were recorded as intercompany financial receivables.

Equity amounted to SEK 3,372 million (2,807) and the debt-equity ratio was 47.4 percent (32.1).

Investments for the year, arising from Posten's taking over of Fraktarna AB's parcel operations, total SEK 137 million. Fixed assets comprise SEK 130 million in goodwill and SEK 7 million in tangible fixed assets.

Posten reduced its holding in Svenska Torget AB till 15 percent (60) during the year.

#### Post-balance day events

At the beginning of 2002, Posten sold its shareholding in Pan Nordic Logistics AB (PNL).

Stockholm, March 27, 2002

Posten AB (publ)

The Board of Directors

The information contained in this report has not been audited.

Posten's income statements at a glance SEK M	Posten total		Posten excl. Postgirot	
	2001 <sup>1)</sup>	2000	2001	2000
Net sales	24,072	24,508	21,668	21,813
Other operating revenues	1,723	356	1,802	526
<b>Total operating revenues</b>	<b>25,795</b>	<b>24,864</b>	<b>23,470</b>	<b>22,339</b>
<b>Total operating expenses</b>	<b>-23,765</b>	<b>-26,186</b>	<b>-22,050</b>	<b>-24,295</b>
<b>Operating earnings</b>	<b>2,030</b>	<b>-1,322</b>	<b>1,420</b>	<b>-1,956</b>
Financial items	-56	-87	-55	-73
<b>Net income after financial items</b>	<b>1,974</b>	<b>-1,409</b>	<b>1,365</b>	<b>-2,029</b>
Tax on net income for the year	-254	324	-83	501
Minority's share of net income for the year	1	3	1	3
<b>Net income for the year before sale of Postgirot</b>	<b>1,721</b>	<b>-1,082</b>	<b>1,283</b>	<b>-1,525</b>
Transfer of income from Postgirot to remaining operations	-	-	438	443
Capital gains realized from the sale of Postgirot	1,711	-	1,711	-
<b>Net income for the year</b>	<b>3,432</b>	<b>-1,082</b>	<b>3,432</b>	<b>-1,082</b>

1) Including Postgirot for 11 months

Posten's balance sheets at a glance SEK M	Posten total		Posten excl. Postgirot	
	2001	2000	2001	2000
<b>Assets</b>				
Fixed assets	5,935	20,788	5,935	9,072
Current assets	4,299	6,737	4,299	3,627
Cash and bank balances including short-term investments	7,077	54,339	7,077	3,357
<b>Total Assets</b>	<b>17,311</b>	<b>81,864</b>	<b>17,311</b>	<b>16,056</b>
<b>Equity and liabilities</b>				
Equity	3,299	-57	3,299	-57
Minority interest	4	5	4	4
Provisions	5,492	8,211	5,492	7,969
Long-term liabilities	708	1,213	708	1,207
Deposits in Postgirot	0	49,397	-	-
Other current liabilities	7,808	23,095	7,808	6,933
<b>Total equity and liabilities</b>	<b>17,311</b>	<b>81,864</b>	<b>17,311</b>	<b>16,056</b>

Posten's cash flow statements at a glance SEK M	Posten total		Posten excl. Postgirot	
	2001	2000	2001	2000
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,729</b>	<b>1,729</b>	<b>1,969</b>	<b>868</b>
Cash flow from operating activities	1,706	3,613	3,375	993
Cash flow from investing activities	-21,466	78	1,809	-1,167
Cash flow from financing activities	818	-1,778	-1,433	567
<b>Cash flow for the year</b>	<b>-18,942</b>	<b>1,913</b>	<b>3,751</b>	<b>393</b>
<b>Liquid funds at the beginning of the year</b>	<b>26,019</b>	<b>24,106</b>	<b>3,326</b>	<b>2,933</b>
<b>Liquid funds at the end of the year</b>	<b>7,077</b>	<b>26,019</b>	<b>7,077</b>	<b>3,326</b>

## Changed accounting principles

In preparation for compliance with IAS (International Accounting Standards) regulations, Posten has scrutinized items that hitherto have not been recorded in compliance with these regulations. Among contingent liabilities, pension commitments were previously recorded in accordance with the so-called transitional provisions. In accordance with the IAS regulations, these would have been recorded as a provision for future commitments. A provision has now been made for these commitments. As the commitments have been taken over from the state and in reality existed already when Posten was privatized, the provision has impacted equity in the amount corresponding to the period prior to 2000. Comparative 2000 figures on the income statement have been restated relative to the change in debt during 2000. The provision equals 25% of the nominal commitment, which represents estimated future results. The calculation of future results is based on an investigation of previous years' utilization.

According to RR5, the above change is a change to accounting principles that requires a recalculation of comparative figures, which has been done for 2000.

The application of RR9 has had only mildly impacted the income statement. Non-activated deductible deficiencies in the group refer primarily to foreign subsidiaries, Swedish subsidiaries without group contribution rights, or subsidiaries sold in 2001.

### Net sales and operating earnings by operating branch.

SEK M	Net sales	Operating earnings
	2001	2001
<b>Messaging and logistics</b>		
- Marknadskommunikation	5,143	
- Administrativ Kommunikation	5,643	
- International Mail	1,368	
- Outsourcing	1,636	
- eHandel & Logistik	4,087	
- Individual	2,020	
- joint	2,335	
- internal elimination	-1,767	
<b>Total messaging and logistics</b>	<b>20,465</b>	<b>174</b>
<b>Cashier service</b>	<b>1,082</b>	<b>-324</b>
<b>Provisions</b>		<b>293</b>
<b>Capital gains on Postfastigheter</b>		<b>1,277</b>
<b>Postgirot, discontinued operating branch</b>	<b>3,217</b>	<b>610</b>
<b>Internal elimination.....</b>	<b>-692</b>	
<b>Total.....</b>	<b>24,072</b>	<b>2,030</b>

The results have been reported in accordance with Posten's new organization, which entails substantial changes compared with previous years. It has not been possible to provide just comparative values for 2000.

Cashier service began operating April 1, 2001, which explains why figures have only been presented for three quarters.