# Posten Year-end Report 2008

## January–December

- Net sales totaled SEK 30,836m (29,902)
- Operating earnings totaled SEK 1,885m (1,995)
- Strong financial position put the equity-assets ratio at 42% (37%)
- On February 2, 2009 the Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced their signing of the final agreement in the merger of Posten AB and Post Danmark A/S
- Pursuant to the agreement between the Swedish and Danish states on the merger of Posten AB and Post Danmark A/S, there will be no ordinary dividend distributed for 2008. According to the same agreement, Posten AB will pay out an extraordinary dividend of SEK 1,400m to the Swedish state.

## Innehåll



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**Upcoming reports:**

| | |
|---|---|
| Annual Report 2008 | 16 March 2009 |
| Sustainability Report 2008 | 31 March 2009 |
| Interim Report: | |
| January–March | 29 April 2009 |
| January–June | 20 August 2009 |
| January–September | 26 October 2009 |
| Year-end Report 2009 | February 2010 |
| Annual Report 2009 | March 2010 |
| Sustainability Report 2009 | March 2010 |



# Message from the CEO

Posten reported good financial results for 2008. Net sales increased by 3 percent to SEK 30,836m. Operating earnings totaled SEK 1,885m, which was SEK 110m less than Posten's extremely strong 2007 earnings. The equity-assets ratio totaled 42 percent, and with a return on equity of 20 percent, we exceeded the shareholders' yield requirements. The group's operating earnings for the fourth quarter were positively affected by lower restructuring and pensions provisions. The completion of the planned closure of the Cashier Service meant that previous provisions of SEK 350m could be reversed during 2008. Posten's net cash position continue to be strong, an important message of strength while we prepare for the challenges we will face during 2009.

The group's development during the past year has been characterized by an expanded logistics operation, chiefly through the acquisition of Tollpost Globe, but also by organic growth of 7 percent. By focusing strongly on costs, the logistics operation has improved its operating margin and increased its operating earnings by 68 percent. Sales within Posten Messaging decreased by 2 percent due to substitution and to increased competition from other market players. Profitability was also squeezed by the high share of fixed costs. Stralfors' information logistics business grew, both through acquisition and organically. The restructuring costs taken during the fourth quarter encumbered mainly Posten Messaging and Stralfors.

The prevailing economic situation brings with it reduced demand and less income. At the same time, wage trends mean increased costs. The previously adopted action program for 2008–10 has therefore been updated. Actions already planned and underway will produce more rapid results, and new actions have been identified, mainly on the cost side. It is estimated that the action program will have an overall positive impact on operating earnings of approximately SEK 1 billion during 2009. Our objective is to meet a changeable market with increased speed and flexibility. We are also prepared to take additional steps if the recession deepens.

The shareholders' final go-ahead for the merger of Posten and Post Danmark is very welcome news. This is an historic merger between two national postal companies. The new company provides us with increased competitiveness to meet increasing challenges on the messaging and logistics markets. It also ensures conditions favorable to maintaining first-class and competitive messaging and parcel services in both countries. The regulatory authorities will now begin their examination, and we will begin our work with structuring the new company to bring home the synergy effects and other strategic advantages of the merger.

*Lars G Nordström*
President and CEO

# Strong Posten through economic downturn

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| | Jan–Dec | | | | Oct–Dec | | | |
|---|---|---|---|---|---|---|---|---|
| **SEKm, unless otherwise specified** | **2008** | **2007** | **Change** | | **2008** | **2007** | **Change** | |
| **Posten Group** | | | | | | | | |
| Net sales | 30,836 | 29,902 | 934 | 3% | 8,053 | 8,019 | 34 | 0% |
| Operating earnings | 1,885 | 1,995 | –110 | –6% | 306 | 47 | 259 | |
| Operating margin, % | 6.0 | 6.6 | –0.6 | | 3.8 | 0.6 | 3.2 | |
| Earnings after financial items | 2,117 | 2,184 | –67 | –3% | 347 | 81 | 266 | |
| Net earnings | 1,506 | 1,564 | –58 | –4% | 248 | 66 | 182 | |
| Cash flow from operating activities | 1,366 | 2,288 | –922 | –40% | 974 | 1,054 | –80 | |
| ROE, % rolling 12 months | 20 | 24 | –4 | | 20 | 24 | –4 | |
| Equity-assets ratio, % at end of period | 42 | 37 | 5 | | 42 | 37 | 5 | |
| C/R-ratio, Costs/Revenues, % | 94.0 | 93.4 | 0.6 | | 96.2 | 99.4 | –3.2 | |
| Average number of employees | 32,286 | 32,442 | –156 | 0% | 31,611 | 32,304 | –693 | –2% |
| ViP, Employee Satisfaction Index | 67 | 66 | 1 | | 67 | 66 | 1 | |
| Sickness absenteeism as a percentage of work hours, rolling 12 months | 5.6 | 6.5 | –0.9 | | 5.6 | 6.5 | –0.9 | |
| CSI, Customer Satisfaction Index | 64 | 63 | 1 | | 64 | 63 | 1 | |
| Corporate image | 0.3 | 0.2 | 0.1 | | 0.3 | 0.2 | 0.1 | |
| CI, Competitiveness Index | 73 | 72 | 1 | | 73 | 72 | 1 | |
| Quality | 96.0 | 95.4 | 0.6 | | 96.0 | 95.4 | 0.6 | |
| Carbon dioxide, ton/net sales, SEKm | 8.89 | 9.04 | –0.15 | | n/a | n/a | | |
| **Posten Messaging** | | | | | | | | |
| Net Sales | 16,574 | 16,908 | –334 | –2% | 4,437 | 4,544 | –107 | –2% |
| Operating earnings | 1,118 | 1,900 | –782 | –41% | 62 | 270 | –208 | –77% |
| Operating margin, % | 6.4 | 10.7 | –4.3 | | 1.3 | 5.6 | –4.3 | |
| **Stralfors** [1] | | | | | | | | |
| Net Sales | 3,897 | 3,847 | 50 | 1% | 987 | 982 | 5 | 1% |
| Operating earnings | 11 | 2 | 9 | | –102 | –28 | –74 | |
| Operating margin, % | 0.3 | 0.1 | 0.2 | | –10.2 | –2.9 | –7.3 | |
| **Posten Logistics** | | | | | | | | |
| Net Sales | 10,301 | 8,381 | 1,920 | 23% | 2,682 | 2,324 | 358 | 15% |
| Operating earnings | 352 | 210 | 142 | 68% | 13 | –4 | 17 | |
| Operating margin, % | 3.0 | 2.2 | 0.8 | | 0.4 | –0.1 | 0.5 | |

[1] Posten's acquisition of Stralfors excluding amortization of acquired surplus values on assets, see page 6.

# Group

## Net sales and earnings

*January—December*

Net sales totaled SEK 30,836m (29,902), up 3%. The acquisition of the outstanding 50% in Tollpost Globe AS increased net sales by SEK 1,227m. Excluding Tollpost, other minor acquisitions and divestments of companies, and the closure of the Cashier Service during 2008, net sales increased 1%. Posten Logistics, representing one-third of the group's net sales, had organic growth of 7%, while Stralfors had organic growth of 3%. Posten Messaging's weaker sales continued to be attributable to the economic slow-down and to increased competition from alternative ways of communication and other market players. The positive trend in distance trade continued.

Operating earnings were SEK 1,885m (1,995). Excluding restructuring costs of SEK 163m (453), operating earnings totaled SEK 2,048m (2,448). The drop in earnings resulted primarily from Posten Messaging's weaker operating earnings. Posten Logistics reported improved operating earnings of SEK 142m. In addition, a decrease in certain employee benefit commitments, including disability pensions, positively impacted operating earnings by SEK 235m. Productivity was unchanged from the same period last year. Sickness absenteeism decreased by 0.9%, to 5.6% (6.5%).

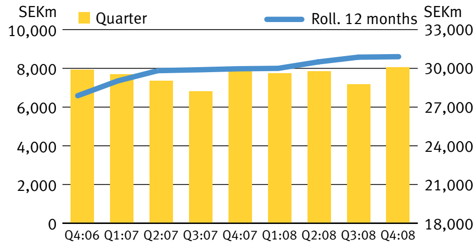
Net financial items increased by SEK 43m to SEK 232m (189) due mainly to more financial income, including SEK 19m in gains on currency hedge upon the acquisition of 50% share in Tollpost Globe AS. Net earnings totaled SEK 1,506m (1,564). Return on equity was 20%. Posten reported continued strong cash flows from operating activities of SEK 1,366m (2,288). The decrease is attributable to the expenses associated with closure of the Cashier Service.

*October—December*

Net sales totaled SEK 8,053m (8,019). The acquisition of the outstanding 50% in Tollpost Globe AS increased net sales by SEK 347m. Excluding Tollpost, other minor acquisitions and divestments of companies, and the closure of the Cashier Service during 2008, net sales decreased by 1%, attributable mainly to weakening volumes within Posten Messaging.

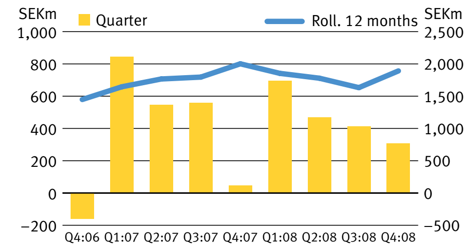
Operating earnings were SEK 306m (47). Excluding restructuring costs of SEK 195m (445), operating earnings totaled SEK 501m (492). Lower commitments for certain employee benefits, including disability pensions, positively impacted operating earnings by SEK 172m. This, together with cost-efficiency measures in production and administration, mitigated the effect of lower earnings within Posten Messaging. Net financial items were SEK 41m (34). Tax of SEK –99m (–15) resulted in net earnings of SEK 248m (66).

NET SALES



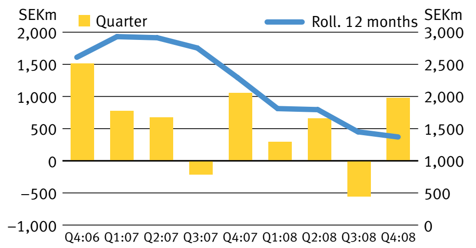

Net sales for the rolling 12-month period grew 3% in 2008. The acquisition and divestment of operations, particularly the March 2008 acquisition of the outstanding 50% in Tollpost AS, had a positive effect on sales. Reductions in the Cashier Service had a negative effect.

OPERATING REVENUES




Operating earnings per quarter were successively weaker during 2008. Operating earnings for the rolling 12-month period, excluding restructuring costs of SEK 163m (453), totaled SEK 2,048m (2,448).

CASH FLOWS FROM OPERATING ACTIVITIES




Cash flows fluctuate seasonally, with the third quarter negatively affected by the holiday period. Cash flows from operating activities for the rolling 12-month period decreased from a high of SEK 2.9b in Q1 2007 to SEK 1.4b in Q1 2008. The declining cash flows were attributable mainly to expenses related to closure of the Cashier Service.

# Posten Messaging

Posten Messaging offers nationwide messaging services to private individuals and companies, including distribution of mail, periodicals and direct mail, as well as drop-off and collection of private parcels. This business segment also runs Posten's agent network and business service centers.

| | Jan–Dec | | | | Oct–Dec | | | |
|---|---|---|---|---|---|---|---|---|
| **SEKm, unless otherwise specified** | **2008** | **2007** | **Change** | | **2008** | **2007** | **Change** | |
| Net sales | 16,574 | 16,908 | –334 | –2% | 4,437 | 4,544 | –107 | –2% |
| *mail* | *9,786* | *9,968* | *–182* | *–2%* | *2,620* | *2,653* | *–33* | *–1%* |
| *direct mail* | *2,874* | *3,011* | *–137* | *–5%* | *745* | *809* | *–64* | *–8%* |
| *other* | *3,914* | *3,929* | *–15* | *0%* | *1,072* | *1,082* | *–10* | *–1%* |
| Other operating income | 842 | 839 | 3 | 0% | 236 | 247 | –11 | –4% |
| Operating earnings | 1,118 | 1,900 | –782 | –41% | 62 | 270 | –208 | –77% |
| Operating margin, % | 6.4 | 10.7 | –4.3 | | 1.3 | 5.6 | –4.3 | |
| Investments | 194 | 225 | –31 | –14% | 47 | 43 | 4 | 9% |
| Number of workdays | 252 | 250 | 2 | | 62 | 62 | 0 | |
| Customer Satisfaction Index (CSI) | 63 | 61 | 2 | | 63 | 61 | 2 | |
| Average number of employees | 21,937 | 22,724 | –787 | –3% | 21,697 | 22,467 | –770 | –3% |
| Employee Satisfaction Index (ViP) | 67 | 65 | 2 | | 67 | 65 | 2 | |
| Sickness absenteeism, % rolling 12-month period | 5.9 | 6.9 | –1.0 | | 5.9 | 6.9 | –1.0 | |
| Priority mail volume, millions of units | 1,237 | 1,312 | –75 | –6% | 315 | 342 | –27 | –8% |
| Non-priority mail volume, million of units | 1,245 | 1,256 | –11 | –1% | 335 | 342 | –7 | –2% |
| UDM volume, millions of units | 2,482 | 2,540 | –58 | –2% | 657 | 700 | –43 | –6% |

**Net sales and operating earnings**

***January—December***

Net sales were down 2%, to SEK 16,574m (16,908). Weaker net sales were attributable to lower volumes caused by the economic slowdown and tougher competition, including accelerating substitution. Direct mail encountered stiffer competition from other market players and media. The year had two more work days than last year, which somewhat mitigates the otherwise negative volume effect. The number of mail pieces collected at Posten's 1,600 agents increased by 3%, partly because of expanding distance trade.

Operating earnings totaled SEK 1,118m (1,900). Weaker earnings were attributable to weaker sales and to cost increases. A number of rationalization activities were commenced to address the economic slowdown, leading to restructuring costs of SEK 347m (114). Transportation costs increased by SEK 148m, mainly due to higher fuel costs. Personnel costs increased by SEK 141m, mainly linked to wage increases.

***October—December***

Net sales totaled SEK 4,437m (4,544), a decrease of 2%. The effects of the economic slump were intensified during the quarter and, combined with substitution and stiffer competition, reduced volumes. Operating earnings totaled SEK 62m (270). Excluding restructuring costs of SEK 347m (114), mainly within production, earnings increased by SEK 25m to 409m (384). The increase is mainly attributable to non-recurring effects relating to pensions.

# Stralfors

## Specialist in information logistics and graphic production for the corporate market. Offers start-to-finish solutions for the transfer of business-critical information.

| | Jan–Dec | | | | Oct–Dec | | | |
|---|---|---|---|---|---|---|---|---|
| **SEKm, unless otherwise specified** | **2008** | **2007** | **Change** | | **2008** | **2007** | **Change** | |
| Net sales | 3,897 | 3,847 | 50 | 1% | 987 | 982 | 5 | 1% |
| *Information Logistics* | *1,939* | *1,756* | *183* | *10%* | *502* | *467* | *35* | *7%* |
| *Graphic Solutions* | *1,528* | *1,424* | *104* | *7%* | *387* | *365* | *22* | *6%* |
| *System- and Product-related Information Transfer (SPI)* | *430* | *667* | *–237* | *–36%* | *98* | *150* | *–52* | *–35%* |
| Other operating income | 96 | 82 | 14 | 17% | 11 | 5 | 6 | |
| Operating earnings [1] | 83 | 108 | –25 | –23% | –84 | –10 | –74 | |
| Operating margin, % [1] | 2.1 | 2.7 | –0.6 | | –8.4 | –1.0 | –7.4 | |
| Investments | 290 | 223 | 67 | 30% | 61 | 63 | –2 | –3% |
| Number of workdays | 252 | 250 | 2 | | 62 | 62 | 0 | |
| Average number of employees | 2,220 | 2,091 | 129 | 6% | 2,221 | 2,104 | 117 | 6% |
| Sickness absenteeism, % rolling 12-month period | 4.1 | 3.8 | 0.3 | | 4.1 | 3.8 | 0.3 | |

1) The difference in operating earnings in the table above and the table on page 3 and in Note 3 is attributable to amortization of acquired surplus values on fixed assets of SEK 72m per year (SEK 18m per quarter). For Jan–Dec 2007 the difference also includes a intragroup capital gain of SEK 34m.

**Net sales and operating earnings**

***January—December***

Net sales totaled SEK 3,897m (3,847), up 1%. Excluding acquisition and divestment of operations, sales advanced 3%. Net sales for Information Logistics increased by 10%, as a result of Stralfors winning several major, strategically important contracts as a Nordic start-to-finish supplier. Growth in Graphic Solutions was attributable to acquisitions of graphic companies. The decrease at SPI was attributable, to a significant extent, to the divestment of Lasermax Roll Systems but also to weaker sales in Supplies, which shifted its focus to more profitable segments.

Operating earnings totaled SEK 83m (108), including SEK 69m (59) in capital gains. Earnings were impacted by restructuring costs, mainly within Graphic Solutions, of SEK 70m (17). Excluding capital gains and restructuring costs, operating earnings improved by SEK 18m. Improved operating earnings resulted mainly from sales growth in the Information Logistics area, while growth in expenditure related to revenue expansion was kept under control.

***October—December***

Net sales were SEK 987m (982), an increase of 1%. Excluding acquisition and divestment of operations, sales advanced 2%. Operating earnings of SEK –84m (–10) were charged with restructuring costs of SEK 70m (17).

# Posten Logistics

Logistics specialist for corporate customers. Offers palletized logistics, parcels and express delivery, in-night freight forwarding, and third-party logistics. Responsible for Posten's parcel collection service network, MyPack, in Norway and Finland.

| | Jan–Dec | | | | Oct–Dec | | | |
|---|---|---|---|---|---|---|---|---|
| SEKm, unless otherwise specified | 2008 | 2007 | Change | | 2008 | 2007 | Change | |
| Net sales | 10,301 | 8,381 | 1,920 | 23% | 2,682 | 2,324 | 358 | 15% |
| *parcels* | *6,935* | *5,392* | *1,543* | *29%* | *1,813* | *1,471* | *342* | *23%* |
| *other* | *3,366* | *2,989* | *377* | *13%* | *869* | *853* | *16* | *2%* |
| Other operating income | 1,415 | 1,340 | 75 | 6% | 365 | 379 | –14 | –4% |
| Operating earnings | 352 | 210 | 142 | 68% | 13 | –4 | 17 | |
| Operating margin, % | 3.0 | 2.2 | 0.8 | | 0.4 | –0.1 | 0.5 | |
| Investments | 422 | 261 | 161 | 62% | 151 | 100 | 51 | 51% |
| Number of workdays | 252 | 250 | 2 | | 62 | 62 | 0 | |
| Customer Satisfaction Index (CSI) | 68 | 67 | 1 | | 68 | 67 | 1 | |
| Average number of employees | 6,613 | 5,579 | 1,034 | 19% | 6,695 | 5,755 | 940 | 16% |
| Employee Satisfaction Index (ViP) | 67 | 66 | 1 | | 67 | 66 | 1 | |
| Sickness absenteeism, % rolling 12-month period | 5.0 | 5.6 | –0.6 | | 5.0 | 5.6 | –0.6 | |
| Parcel volume, millions of units | 65.6 | 65.8 | –0.2 | 0% | 17.1 | 17.8 | –0.7 | –4% |

**Net sales and operating earnings**

***January—December***

Net sales totaled SEK 10,301m (8,381), up SEK 1,920m (23%). The acquisition of the outstanding 50% of Tollpost Globe AS accounted for SEK 1,227m of the increase, and the acquisition of Suomen Logistiikkatalo Oy accounted for SEK 124m. The organic growth of 7% was attributable to strong orders from existing customers. Growth was driven by increased sales to retailers and wholesalers, who account for 58% of Posten Logistics' net sales.

The healthy growth in parcels plateaued successively during the year. The establishment of the collection service network MyPack in Norway and Finland has strengthened Posten Logistics' opportunities in the growing distance trade sector. The MyPack concept has made it easier for private individuals in Norway and Finland to buy from companies in Sweden, thus boosting sales. Parcels from companies in Sweden to companies abroad also reported growth. In the Other category, palletized logistics and in-night freight forwarding advanced robustly.

Operating earnings totaled SEK 352m (210), up SEK 142m. Earnings were encumbered with restructuring costs of SEK 59m (7). The acquisition of the outstanding 50% of Tollpost accounted for SEK 87m, excluding amortization of SEK 35m on acquired surplus values on fixed assets. The earnings trend was positive in all countries, despite the fact that the weakening economy was clearly felt during the end of the year.

***October—December***

Net sales increased by SEK 358m to SEK 2,682m (2,324), SEK 347m of which was attributable to the acquisition of the outstanding 50% of Tollpost. Volume growth slowed during this period, mainly for parcels in Sweden. Operating earnings increased by SEK 17m to SEK 13m (–4). Excluding restructuring costs of SEK 59m (7), earnings totaled SEK 72m (3). The underlying improvement was attributable to the acquisition of Tollpost, organic growth and cost-efficiency measures.

# Cashier Service

The Cashier Service operation was closed as of December 31, 2008. The operation was wound down during the second half of the year pursuant to the pre-determined closure plan, and the last office was closed on November 28, 2008. The closure was made in accordance with a 2007 parliamentary decision on the bill "The government's responsibility for certain essential financial transaction services" which tasked the Swedish National Post and Telecom Agency to procure the society's need for essential transaction services that had previously been provided by Posten via the Cashier Service. Posten's commission to provide such services was thereby terminated.

***January—December***

Net sales totaled SEK 326m (989), a decrease of SEK 663m (67%). Weaker sales were due partly to the fact that the SEK 400m state reimbursement for essential cashier services was not paid in 2008, and partly to the closure of offices. Operating earnings totaled SEK –2m (60). In addition to weaker net sales, the difference resulted chiefly from a positive nonrecurring effect of SEK 100m in the form of a payment from Nordea for taking over the operation of 76 offices.

# Market trends

Posten's primary markets are the Swedish messaging market, the Nordic logistics market and the European market for information logistics. Posten is facing several challenges, including the deep recession, a structural transformation of the communication market for reasons including substitution, tougher competition, the deregulation of European postal markets and increased globalization. Challenges include environmental issues and changes in customer behavior. Anticipating, understanding and managing the driving forces and rapid changes on these markets is a prerequisite for strong competitiveness.

The economic trend affects all markets where Posten is active, at different rates and to different extents. The global and Swedish economies changed dramatically during 2008. The mortgage loan crisis, initially thought to be isolated to the American market, caused growing uncertainty and quickly developed into a global financial crisis. This led to stagnating growth and continuous downward revisions to growth forecasts. The growth forecast issued by the National Institute of Economic Research is –0.8% for 2009 and 1.6% for 2010.

New markets are emerging in pace with technological developments and changing customer needs. One example of this is the Internet-based distance trade. Another growth area is based on Swedes' extensive use of the Internet, which makes it possible for both private and public organizations with large customer mailings to choose to distribute either via traditional letters or electronic communication. The challenge is to develop communication solutions that are quick, secure and cost-efficient for meeting senders' and recipients' demands.

Many large companies, several of which are Posten's key customers, have in a relatively few years expanded their operations beyond Sweden and the Nordics. Germany and the Netherlands are important transit countries for freight shipped from other countries to Sweden; Posten Logistics has operations in both countries. The Messaging market is characterized by increased demand for cross-border mailings as companies centralize all or part of their production and enveloping of, e.g., invoices.

For private companies, the environment has become a business-critical issue of decisive importance for future attractiveness and competitiveness. There is increasing focus on commercial solutions that combine reduced climate impact with increased competitiveness, as customers place increasingly rigorous demands on their business partners and suppliers. It is important for Posten that business development is based on reducing its customers' impact on the climate stemming from flows of messages and goods.

# Parent company

The operations in Posten AB (publ) comprise the corporate management functions and shared service units. Net sales for the period totaled SEK 2,033m (2,123), and earnings after financial items were SEK 1,157m (–164). Stronger earnings were chiefly attributable to SEK 919m (38) in dividends from subsidiaries and also to the SEK 660m (150) utilisation of provisions associated with the closure of the Cashier Service.

Investments in tangible fixed assets totaled SEK 43m (50), and cash and cash equivalents totaled SEK 3,088m (4,038). In March, the outstanding 50% of shares in the Norwegian logistics company Tollpost Globe AS were acquired (see Note 11 to the consolidated financial statements), which also accounts for the SEK 950m reduction in cash and cash equivalents.

The average number of employees in the parent company's executive management functions and shared service units totaled 581 (709). The decrease is primarily attributable to the outsourcing of the group's finance administration to Mirror Accounting AB in November 2007. Posten AB's management of the group's "outplacement" program included an average of 307 (396) employees. The decrease is due to those employees previously included in the group's winding-up measures having now terminated their employment with Posten. All in all, the average number of Posten AB employees totaled 888 (1,105).

**Proposal for dividends**

Pursuant to the agreement between the Swedish and Danish states on the merger of Posten AB and Post Danmark A/S, there will be no ordinary dividend distributed for 2008. According to the same agreement, Posten AB will pay out an extraordinary dividend of SEK 1,400m to the Swedish state.

# Risks and uncertainties for the group and the parent company

The ability to manage risks is integral to governance in terms of attaining the group's goals. By taking risks in a controlled and well-balanced manner, losses can be minimized and business opportunities safeguarded in order to create success. Risk management is a continuous process, carried out within the operational management framework, and constitutes a natural part of business planning and continuous risk follow-up. In order to create risk awareness throughout the entire organization and provide support for strategic and operational decision-making, Posten works with a risk management program, Enterprise Risk Management (ERM), covering all parts of the group.

The parent company and group's identified risks, risk management and factors that may impact operations are described in Posten's annual report. Summarized below are those risks Posten considers to be most important for its operations, earnings and position during the coming year.

The market is extremely difficult to judge and the consequences for our business environment and our customers are hard to predict. There is a distinct risk that economic developments will be worse than currently assumed. The economy, coupled with a higher degree of substitution, impacts both mail and parcel volumes.

Posten is highly dependent on political decisions and regulations, both on the Swedish and European postal markets. Posten is in continuous dialogue with various decision-makers in Sweden and the EU to monitor issues that are important to Posten. Posten's ability to set prices for USO services (universal service obligation services) is regulated by postal legislation. There is a risk that future postal legislation will negatively affect the competitive situation at the same time as the National Post and Telecom Agency (PTS) demands that Posten change its pricing model. A negative outcome for Posten can have serious consequences for the operations. The EU Commission has formally encouraged Great Britain, Germany and Sweden to amend their legislation for VAT-free postal services, since the Commission considers such services to conflict with the VAT Directive. The countries in question assert that their legislation is in line with the directive.

The Act on Procurement in the Fields of Water, Energy, Transport and Postal Services (LUF) currently includes postal services and applies from January 1, 2009. On deregulated markets such as the Swedish market, exceptions may be made if authorized through an application process by the EU Commission. The Commission has refused Posten's application for an exception for certain mail and parcel services. Posten is of the opinion that the Commission, in its decision to not exempt the entire Swedish postal market, did not take sufficient account of the fact that the Swedish market is deregulated. Posten believes that the decision thus distorts competition, increases costs and creates new administrative requirements.

Posten has a positive net financial position and takes a careful approach to financial risks, which is expressed in the group's Treasury Policy. Risk exposure remains low.

# Outlook

On February 2, 2009 the Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced their signing of the final agreement in the merger of Posten AB and Post Danmark A/S. The next step is formal approval by the Danish Parliament's finance committee and examination of the merger by the applicable competition authorities. Read more under "Key events after the close of the period."

Posten faces the current serious economic situation in a strong financial position. The steps that have already been taken, together with an action program for 2009, create favorable conditions for handling the challenges and for taking advantage of the opportunities that arise during a recession. Successful implementation of these measures will mean that Posten will be in a relatively stronger competitive position when the economy turns upward.

Messaging activities will face increased competition both from market players and from electronic substitution, which will result in stagnating mail volumes. Posten Messaging has hitherto met this trend by making continuous rationalizations in mail management. During 2009, management within the entire production chain will be optimized in order to ensure that Posten Messaging continues to offer high-quality, nationwide postal service with satisfactory profitability. Stralfors will continue to develop its position as a Nordic leader in a growing market for information logistics. In light of the EU Commission's proposed deregulation of the European postal market, Stralfors' presence in Europe will bring new business opportunities. The logistics operations will continue to strengthen its competitiveness and develop its international network to position Posten Logistics as the most natural logistics partner in the Nordic region. Accessibility and the broad local presence of Posten's Swedish agent network, together with Posten Logistics' parcel collection points in Norway and Finland, constitute an important part of Posten's service offer for the growing distance trade.

## Key events after the close of the period

**A welcome go-ahead for an historic postal merger**

The Swedish Ministry of Enterprise, Energy and Communications announced on February 2, 2009 their signing of the final agreement for the merger of Posten AB and Post Danmark A/S. The next step is formal approval by the Danish Parliament's finance committee and examination of the merger by the applicable competition authorities.

The new company will have annual sales of approximately SEK 45b and over 50,000 employees. The Swedish state will own approximately 60 percent of the new company's equity and Danish state 40 percent, with votes allocated 50/50 between them. Upon completion of the merger, Posten will pay out an additional dividend of SEK 1,400m to the Swedish state. CVC will not be an owner in the new company, which will be headquartered in Solna.

The letter of intent for the merger of Posten and Post Danmark was signed on April 1, 2008. The merger was approved by the Swedish Parliament on June 18 and by the Danish Parliament on June 12. The primary incentive for the merger is the enhanced competitiveness of the new company in meeting the market's increasing challenges, thus ensuring conditions favorable to maintaining a first-class mail and parcel service in both countries and the possibility to continue to reach all businesses and households.

The new company will be organized in a structure with specialized business units in accordance with the structure used by Posten since January 1, 2007. The traditional postal operations in each country will be run by business units within a legal framework of national companies.

The logistics operations will be gathered in a joint business unit. The information logistics and graphic operations will also be coordinated in the new company. In addition to these four business units, the new company will have group functions and shared service units.

Stockholm, February 17, 2009

Posten AB (publ)

*Lars G Nordström*
President and CEO, board member

# Consolidated financial statements

## Consolidated income statement

| SEKm | Note | Jan–Dec 2008 | Jan–Dec 2007 | Change | Oct–Dec 2008 | Oct–Dec 2007 | Change |
|---|---|---|---|---|---|---|---|
| | 1.2 | | | | | | |
| Net sales | | 30,836 | 29,902 | 3% | 8,053 | 8,019 | 0% |
| Other operating income | | 405 | 230 | 76% | 66 | 100 | −34% |
| **Total income** | 3 | **31,241** | **30,132** | **4%** | **8,119** | **8,119** | **0%** |
| Personnel costs | | −13,329 | −13,169 | 1% | −3,444 | −3,602 | −4% |
| Transportation costs | | −6,500 | −5,313 | 22% | −1,653 | −1,470 | 12% |
| Other costs | 4 | −8,499 | −8,597 | −1% | −2,452 | −2,729 | −10% |
| Depreciation and impairment of tangible and intangible assets | | −1,028 | −1,058 | −3% | −264 | −271 | −3% |
| **Total operating costs** | | **−29,356** | **−28,137** | **4%** | **−7,813** | **−8,072** | **−3%** |
| **OPERATING EARNINGS** | | **1,885** | **1,995** | **−6%** | **306** | **47** | |
| Financial income | | 360 | 321 | 12% | 77 | 71 | 8% |
| Financial costs | | −128 | −132 | −3% | −36 | −37 | −3% |
| **Net financial items** | | **232** | **189** | **23%** | **41** | **34** | **21%** |
| **Earnings after financial items** | | **2,117** | **2,184** | **−3%** | **347** | **81** | |
| Tax | | −611 | −620 | −1% | −99 | −15 | |
| **NET EARNINGS** | | **1,506** | **1,564** | **−4%** | **248** | **66** | |
| **Attributable to** | | | | | | | |
| Parent company shareholders | | 1,502 | 1,560 | | 248 | 67 | |
| Minority interests | | 4 | 4 | | | −1 | |
| Earnings per share, SEK | | 2,503 | 2,600 | | 413 | 112 | |

# Consolidated balance sheets

| SEKm | Note | 2008 31 Dec | 2007 31 Dec |
|---|---|---|---|
| | 1, 2 | | |
| **ASSETS** | | | |
| Goodwill | | 2,527 | 1,850 |
| Other intangible fixed assets | | 1,074 | 841 |
| Tangible fixed assets | | 4,653 | 4,041 |
| Financial investments | | 132 | 92 |
| Long-term receivables | 5 | 2,160 | 2,136 |
| Deferred tax assets | | 127 | 233 |
| **Total fixed assets** | | **10,673** | **9,193** |
| Inventory | | 275 | 275 |
| Tax credit | | 169 | 3 |
| Accounts receivable | | 3,268 | 3,299 |
| Prepaid expenses and accrued income | | 897 | 845 |
| Other receivables | | 346 | 565 |
| Short-term investments | | 1 | 4 |
| Cash and cash equivalents | | 3,372 | 4,788 |
| **Total current assets** | | **8,328** | **9,779** |
| **TOTAL ASSETS** | | **19,001** | **18,972** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Capital stock | | 600 | 600 |
| Contributed equity | | 42 | 42 |
| Reserves | | 71 | 15 |
| Retained earnings | | 7,267 | 6,390 |
| **Total equity attributable to parent company shareholders** | | **7,980** | **7,047** |
| **Minority interest** | | **– 1** | **10** |
| **Total equity** | | **7,979** | **7,057** |
| **LIABILITIES** | | | |
| Long-term interest-bearing liabilities | | 532 | 685 |
| Other long-term liabilities | | 157 | 134 |
| Pension provisions | 6 | 1,394 | 1,033 |
| Other provisions | 7 | 1,513 | 1,969 |
| Deferred tax liabilities | | 536 | 45 |
| **Total non-current liabilities** | | **4,132** | **3,866** |
| Current interest-bearing liabilities | | 475 | 344 |
| Accounts payable | | 1,504 | 1,516 |
| Tax liabilities | | 90 | 352 |
| Other current liabilities | | 1,707 | 1,823 |
| Accrued expenses and prepaid income | | 2,422 | 2,536 |
| Other provisions | 7 | 692 | 1,478 |
| **Total current liabilities** | | **6,890** | **8,049** |
| **TOTAL LIABILITIES** | | **11,022** | **11,915** |
| **TOTAL EQUITY AND LIABILITIES** | | **19,001** | **18,972** |

For the Group's pledged assets and contingent liabilities, see Note 8.

Total assets as of December 31 totaled SEK 19,001m, which was a year-on-year increase of SEK 29m.

Goodwill increased by SEK 677m, SEK 622m of which pertains to acquisition of the outstanding 50% of the shares of Tollpost Globe AS, and the remaining portion to translation differences.

The equity-assets ratio was 42% compared to 37% on December 31, 2007.

The net financial position was SEK 3,264m (4,958), down SEK 1,694m from December 31, 2007. The change resulted primarily from the acquisition of the outstanding 50% of the shares in Tollpost Globe AS, for which cash was paid (see also Note "Acquisitions and divestments of operations").

| SEKm | 2008 31 Dec | 2007 31 dec |
|---|---|---|
| Financial investments | 132 | 92 |
| Long-term receivables | 2,160 | 2,136 |
| Current investments | 1 | 4 |
| Cash and cash equivalents | 3,372 | 4,788 |
| **Total financial assets** | **5,665** | **7,020** |
| Long-term interest-bearing liabilities | 532 | 685 |
| Pension provisions | 1,394 | 1,033 |
| Current interest-bearing liabilities | 475 | 344 |
| **Total financial liabilities** | **2,401** | **2,062** |
| **Net financial position** | **3,264** | **4,958** |

# Consolidated statements of cash flows

| | Jan–Dec | | Oct–Dec | |
|---|---|---|---|---|
| SEKm | 2008 | 2007 | 2008 | 2007 |
| **OPERATING ACTIVITIES** | | | | |
| Earnings after financial items | 2,117 | 2,184 | 347 | 81 |
| Adjustments for non-cash items: | | | | |
| Reconciliation of depreciation according to plan | 1,028 | 1,058 | 264 | 271 |
| Capital gain/loss on sale of fixed assets | –17 | –11 | –22 | 8 |
| Capital gain on sale of operations | –65 | | 2 | |
| Pension provisions | 179 | –260 | 339 | –9 |
| Other provisions | –1,093 | –222 | –458 | 245 |
| Other items not affecting liquidity | –20 | –19 | –6 | –5 |
| Tax paid | –613 | –443 | 267 | 141 |
| **Cash flows from operating activities before changes in working capital** | **1,516** | **2,287** | **733** | **732** |
| Cash flows from changes in working capital | | | | |
| Increase (–)/decrease (+), accounts receivable | 190 | –176 | 163 | 93 |
| Increase (+)/decrease (–), accounts payable | –151 | 117 | 38 | 232 |
| Other changes in working capital | –189 | 60 | 40 | –3 |
| **Changes in working capital** | **–150** | **1** | **241** | **322** |
| **Cash flows from operating activities** | **1,366** | **2,288** | **974** | **1,054** |
| **INVESTING ACTIVITIES** | | | | |
| Investments in intangible fixed assets | –33 | –38 | –9 | –27 |
| Investments in tangible fixed assets | –1,101 | –951 | –313 | –252 |
| Investments in financial assets | –49 | | –46 | |
| Acquisition of subsidiary, net effect on cash and cash equivalents | –1,269 | –209 | –2 | |
| Divestment of subsidiary, net effect on cash and cash equivalents | | 124 | | |
| Divestment of operations | 102 | | –1 | |
| Divestment of other fixed assets | 64 | 165 | 29 | 20 |
| Increase (–)/decrease (+) in current financial liabilities | | 100 | | 95 |
| **Cash flows from investing activities** | **–2,286** | **–809** | **–342** | **–164** |
| **FINANCING ACTIVITIES** | | | | |
| Loans raised | 314 | 1 | 314 | –4 |
| Loans amortized | –73 | –90 | –41 | –53 |
| Changes in leasing liabilities | –121 | –114 | –31 | –32 |
| Dividend paid | –639 | –403 | | –3 |
| Increase (+)/decrease(–) in other financial liabilities | 18 | –7 | | 11 |
| **Cash flows from financing activities** | **–501** | **–613** | **242** | **–81** |
| **CASH FLOWS FOR THE PERIOD** | **–1,421** | **866** | **874** | **809** |
| Cash and cash equivalents, beginning of the period | 4,788 | 3,919 | 2,500 | 3,981 |
| Difference in exchange rates in cash and cash equivalents | 5 | 3 | –2 | –2 |
| Cash and cash equivalents, end of the period | 3,372 | 4,788 | 3,372 | 4,788 |

***January–December***

Cash flows from operating activities amounted to SEK 1,336m (2,288). The lower cash flow was chiefly attributable to charges for the closure of the Cashier Service.

Cash flows from investing activities totaled SEK –2,286m (–809). Acquisitions of subsidiaries affected cash flows by SEK –1,269m (–209); see also Note “Acquisitions and divestments of operations.” Divestments of operations affected cash flows by SEK 102m (0). Investments in tangible fixed assets totaled SEK 1,101m (951), of which SEK 629m (239) went to new technology and capacity within the mail and parcel network, and SEK 451m (701) to replacement investments in premises, vehicles and IT.

Cash flows from financing activities amounted to SEK –501m (–613). In 2008, a dividend of SEK 625m (400) was paid to the parent company shareholder, SEK 14m (0) to minority shareholders.

Cash and cash equivalents totaled SEK 3,372m (4,788) at the end of the period. Compared to the end of 2007, cash and cash equivalents decreased by SEK 1,416m, including SEK 5m in exchange rate differences.

***October–December***

Cash flows from operating activities totaled SEK 974m (1,054).

Cash flows from investing activities totaled SEK –342m (–164). Investments in tangible fixed assets totaled SEK 313m (252), of which SEK 171m (81) went to new technology and capacity within the mail and parcel network, and SEK 143m (173) to replacement investments in premises, vehicles and IT.

Cash flows from financing activities totaled SEK 242m (–81). The change is primarily attributable to loans raised.

# Consolidated changes in equity

| | Equity attributable to parent company shareholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| SEKm | Capital stock | Contributed equity | Hedging reserve | Accumulated translation difference | Retained earnings | Total | Minority interest | Total equity |
| **Equity, 2007-01-01** | **600** | **42** | **0** | **–55** | **5,230** | **5,817** | **14** | **5,831** |
| Translation differences for the year | | | | 70 | | 70 | | 70 |
| Due from acquisitions | | | | | | | –5 | –5 |
| Total changes in capital wealth recognized directly in equity, excl. transactions with the Company's owner | | | | 70 | | 70 | –5 | 65 |
| Net earnings for the period | | | | | 1,560 | 1,560 | 4 | 1,564 |
| Total changes in capital wealth, excl. transactions with the Company's owner | | | | | 1,560 | 1,560 | 4 | 1,564 |
| Dividends | | | | | –400 | –400 | –3 | –403 |
| **Equity, 2007-12-31** | **600** | **42** | | **15** | **6,390** | **7,047** | **10** | **7,057** |
| **Equity, 2008-01-01** | **600** | **42** | | **15** | **6,390** | **7,047** | **10** | **7,057** |
| Translation differences for the year | | | | 56 | | 56 | –1 | 55 |
| Total changes in capital wealth recognized directly in equity, excl. transactions with the Company's owner | | | | 56 | | 56 | –1 | 55 |
| Net earnings for the period | | | | | 1,502 | 1,502 | 4 | **1,506** |
| Total changes in capital wealth, excl. transactions with the Company's owner | | | | | 1,502 | 1,502 | 4 | 1,506 |
| Dividends[1] | | | | | –625 | –625 | –14 | –639 |
| **Equity, 2008-12-31**[2] | **600** | **42** | | **71** | **7,267** | **7,980** | **–1** | **7,979** |

[1] The parent company issued a dividend of SEK 625m (400) to the owners, equivalent to 1,041.67 (666.67) SEK per share, and Addresspoint International AB issued a dividend to the minority shareholders of SEK 14m (3).
[2] Number of shares 600,000. Pursuant to the agreement between the Swedish and Danish states on the merger of Posten AB and Post Danmark A/S, there will be no ordinary dividend distributed for 2008. According to the same agreement, Posten AB will pay out an extraordinary dividend of SEK 1,400m to the Swedish state.

Equity totaled SEK 7,979m, an increase of SEK 922m from December 31, 2007. Return on equity amounted to 20% (24). As of 2007, the target for return on equity is 15%. Of total equity, SEK 7,980m is attributable to parent company shareholders and SEK –1m to minority interests. The accumulated translation difference increased by SEK 56m during the year, attributable chiefly to translation differences in goodwill.

# Notes – consolidated statements

## Note 1 Accounting principles

**Compliance with legislation and regulations**
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union.

**Consolidated financial statements**
The Group's year-end report was prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The same accounting principles and evaluation methods have been used in this year-end report as in the 2007 Annual Report, with the exception of changes referenced below under "Changed accounting principles."

**Changed accounting principles**
***New accounting principles that have come into effect and been applied during the year***
- IFRIC 14/IAS 19, Employee Benefits. Stipulates how asset limits and funding requirements for defined benefit retirement plans shall be calculated in accordance with IAS 19.
- IAS 39, Financial Instruments: Recognition and Measurement; IFRS 7 (supplement), Financial Instruments: Disclosures. The supplement describes the permissible reclassification of certain financial assets.

Application of these new principles has not affected the Group's position or earnings.

***New IFRSs and interpretations that has not yet been applied in the consolidated accounts***
As of 2009, the new and revised principles listed below may affect the financial statements:
- IFRS 8, Operating Segments. Business segment accounting will be based on management's governance of the segment; additional product and service details per country and major customers will be introduced.
- Revision of IAS 1, Preparation of Financial Reports. New format for operating earnings and revised treatment of changes in equity.
- IAS 23, Borrowing Costs. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized.
- IAS 39, Financial Instruments: Recognition and Measurement. Clarifies accounting and measurement of issued hedging instruments in relation to actual changes in value or cash flows in financial instruments.

As of 2010, the new and revised principles listed below may affect the financial statements:
- IFRS 3, Business Combinations. Revised rules for determination of disclosed goodwill.
- IAS 27R, Consolidated and Separate Financial Statements. Specifies the accounting for changes in the level of ownership interest in a subsidiary with respect to goodwill, profit and loss resulting from changes in ownership.

Posten's application of the new IFRS 8 will not involve any changes to the allocation of profit and loss statements and balance sheets between business segments. The additional disclosure requirements will entail the provision of some supplementary information. Application of the new IFRS 3 will have some effect on the Group's position and earnings in relation to future business combinations, primarily with respect to advisory services and consulting fees that can no longer be capitalized as acquisition costs. It has not yet determined which alternative in the revised IAS 1 will be applied with respect to format of Group earnings. It is deemed that other future revisions will not have a material impact on the Group's position and earnings. Certain supplementary information in the financial statements may be required.

The Company has opted against the early application of the new and revised future accounting principles or improvements to the standards ("Improvements to IFRSs").

## Note 2 Estimates and assessments

In making these financial reports, the executive management has made assessments, estimates and assumptions that affect the consolidated reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as on historical experience and assumptions that the executive management considers reasonable under the current circumstances. The conclusions drawn by the executive management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in financial statements during the coming year may differ from those in this report, due to changes in the business environment and new knowledge and experience.

The most significant estimates and assessments for Posten have been made in the areas described below.

**Intangible assets**
Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value of goodwill, brand and customer relations. The recoverable value is compared with the reported value for these assets, and forms the basis for possible impairments or reversals. The assumptions having the most effect on recoverable value are future volume development, profit margin development, the discount rate and estimated useful life of the asset. Any future changes to business environment factors and circumstances may affect these assumptions, causing a change to reported values of immaterial assets.

**Pension commitments**
In the actuarial calculations of Posten's pension commitments, a number of estimates are made in order to set reasonable assumptions. The most significant of these are assumptions of the discount rate and future expected returns on assets under management. Modifications to the assumptions due to changed business environment factors may influence Posten's financial statements if the effects of the revised assumptions should fall outside the "corridor." Modified assumptions also influence the cost forecast for the coming year. A net change of +/- 0.1 percentage points between the interest on investments and the interest on debt affects earnings by approximately SEK 15m in increased or decreased financial costs/income.

**Provisions**
In the process of becoming a corporate entity in 1994, Posten assumed a contingent liability (special temporary provisions) that certain categories of the workforce may choose to retire early, at age 60 or 63. The contingent liability is reported as a liability in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those choosing this option should change, the liability will change accordingly.

**Taxes**
The capitalization of tax loss carry-forwards has been assessed based on business plans and estimates of future taxable profits that can utilize tax loss carry-forwards. Estimates have been made of non-deductible costs and non-taxable income in accordance with current tax regulations. Furthermore, consideration has been taken of the next six years' financial results in order to evaluate the reported tax claim at the currently applicable tax rate. Changes to tax legislation in Sweden and other countries where Posten operates and changes in interpretations and applications of applicable legislation may influence the size of the reported tax assets and liabilities. Changed circumstances that impact assumptions will also influence financial results for the year.

## Note 3 Reporting on business segments

Posten's organization into business segments is based on the services offered on the market.

Posten Messaging offers nationwide messaging services to private individuals and companies, including distribution of mail, periodicals and direct mail, as well as collection and distribution of private parcels. The business segment also runs Posten's agent network and business service centers.

Stralfors is a specialist in information logistics and graphic production for the corporate market. Offers total solutions for the effective communication of critical business information.

Posten Logistics is a specialist in logistics for business customers. Offers palletized logistics, parcels and express delivery, in-night freight forwarding and third party logistics. Also runs the parcel collection service networks MyPack in Norway and Finland.

The Cashier Service operation was closed as of December 31, 2008. The operation was wound down during the second half of the year pursuant to the pre-determined closure plan, and the last office was closed on November 28, 2008. The closure was made in accordance with a 2007 parliamentary decision on the bill "The government's responsibility for certain essential financial transaction services."

Parent company functions are comprised of corporate management functions and shared service units.

In addition to intra-group eliminations, adjustments and eliminations are reported as the effects of recalculating pensions according to IAS 19, Employee Benefits; financial leasing according to IAS 17; and valuation of financial instruments according to IAS 39. Market prices apply to intra-group purchases and sales.

| 2008<br>Jan–Dec, SEKm | Posten Messaging | Stralfors | Posten Logistics | Cashier Service | Parent company functions | Adjustments and eliminations | The Posten Group |
|---|---|---|---|---|---|---|---|
| **INCOME AND EARNINGS** | | | | | | | |
| Net sales, external | 16,487 | 3,811 | 10,214 | 325 | | –1 | 30,836 |
| Net sales, intra-group | 87 | 86 | 87 | 1 | | –261 | 0 |
| **Total net sales** | **16,574** | **3,897** | **10,301** | **326** | | **–262** | **30,836** |
| Other operating income, external | 70 | 96 | 31 | 119 | 69 | 20 | 405 |
| Other operating income, intra-group | 772 | | 1,384 | 11 | 2,420 | –4,587 | 0 |
| **Total income** | **17,416** | **3,993** | **11,716** | **456** | **2,489** | **–4,829** | **31,241** |
| **Operating earnings** | **1,118** | **11** | **352** | **–2** | **99**[1] | **307**[2] | **1,885** |
| Net financial items | | | | | | | 232 |
| **Earnings after financial items** | | | | | | | **2,117** |
| Tax | | | | | | | –611 |
| **Net earnings** | | | | | | | **1,506** |
| **TOTAL ASSETS** | **8,338** | **3,897** | **6,385** | **887** | **16,007** | **–16,513** | **19,001** |
| **TOTAL LIABILITIES** | **6,106** | **2,090** | **2,927** | **164** | **8,502** | **–8,767** | **11,022** |
| Investments in tangible and intangible fixed assets | 194 | 290 | 422 | | 229[4] | | 1,135 |
| Depreciations | 185 | 278 | 259 | 7 | 224 | 75 | 1,028 |
| Impairments | 0 | | | | | | 0 |
| Provisions (+) reversals (–) [3] | 347 | 70 | 38 | | –278 | | 177 |

| 2007<br>Jan–Dec, SEKm | Posten Messaging | Stralfors | Posten Logistics | Cashier Service | Parent company functions | Adjustments and eliminations | The Posten Group |
|---|---|---|---|---|---|---|---|
| **INCOME AND EARNINGS** | | | | | | | |
| Net sales, external | 16,824 | 3,778 | 8,311 | 587 | | 2 | 29,502 |
| State reimbursement | | | | 400 | | | 400 |
| Net sales, intra-group | 84 | 69 | 70 | 2 | | –225 | 0 |
| **Total net sales** | **16,908** | **3,847** | **8,381** | **989** | | **–223** | **29,902** |
| Other operating income, external | 47 | 48 | 17 | 5 | 93 | 20 | 230 |
| Other operating income, intra-group | 792 | | 1,323 | 27 | 2,538 | –4,680 | 0 |
| **Total income** | **17,747** | **3,895** | **9,721** | **1,021** | **2,631** | **–4,883** | **30,132** |
| **Operating earnings** | **1,900** | **2** | **210** | **60** | **–214** | **37**[2] | **1,995** |
| Net financial items | | | | | | | 189 |
| **Earnings after financial items** | | | | | | | **2,184** |
| Tax | | | | | | | –620 |
| **Net earnings** | | | | | | | **1,564** |
| **TOTAL ASSETS** | **9,466** | **3,656** | **5,032** | **853** | **16,453** | **–16,488** | **18,972** |
| **TOTAL LIABILITIES** | **6,980** | **1,681** | **2,627** | **779** | **10,361** | **–10,513** | **11,915** |
| Investments in tangible and intangible fixed assets | 225 | 223 | 261 | 2 | 278[4] | | 989 |
| Depreciations | 250 | 254 | 201 | 41 | 221 | 79 | 1,046 |
| Impairments | | | | | 12 | | 12 |
| Provisions (+) reversals (–) [3] | 114 | 15 | 21 | 130 | 144 | 7 | 431 |

[1] Increased earnings as compared with the preceding year are attributable to reversed provisions of SEK 350m in the parent company with respect to the Cashier Service.
[2] Applies chiefly to adjustment of pension costs calculated pursuant to IAS 19 of SEK 134m (29) and a surplus of SEK 67m (0) in Posten's insurance association.
[3] Applies only to provisions shown in Note 4 below.
[4] Applies chiefly to investments in vehicles leased internally by the business segments, primarily Posten Messaging.

## Note 4 Other costs

| SEKm | 2008 | 2007 |
|---|---|---|
| Cost of premises | 1,570 | 1,462 |
| Provisions [1] | 177 | 431 |
| Terminal fees | 1,147 | 965 |
| Costs of goods and materials | 2,028 | 2,153 |
| Other | 3,577 | 3,586 |
| **Total** | **8,499** | **8,597** |

[1] See also Note "Other provisions"

## Note 5 Long-term receivables

| SEKm | 2008 | 2007 |
|---|---|---|
| Reported value related to funded defined pension plans calculated according to IAS 19 | 1,866 | 1,707 |
| *Of which: surplus value, health insurance* | *67* | |
| Pursuant to IAS 19, payroll tax receivables related to pension commitments are reported at a lower amount than that reported for legal entities in Sweden under UFR 4 | 437 | 414 |
| Payroll tax, health insurance [1] | –149 | |
| Deposits for rental of premises | 6 | 7 |
| Electricity derivatives | | 8 |
| **Closing balance** | **2,160** | **2,136** |

[1] Reported surplus value in Posten's insurance association totals SEK 67m. Unreported surplus value totals SEK 438m. Reporting of payroll tax liability for health insurance is covered by the surplus in Posten's insurance association. Commitments are thus offset in Long-term receivables and are no longer reported in Other provisions. See Note "Other provisions."

## Note 6 Pension provisions

Provisions for pensions in Posten's balance sheet totaled SEK 1,394m, an increase of SEK 361m from December 31, 2007.

| Pension provisions, SEKm | 2008 Jan–Dec | 2007 Jan–Dec |
|---|---|---|
| Opening balance | 1,033 | 943 |
| Pension benefits earned | 136 | 256 |
| Early retirements | 792 | 516 |
| Funds for group companies that have been transferred to Posten's Pension Fund | –567 | –682 |
| **Closing balance** | **1,394** | **1,033** |

| Actuarial assumptions (in accordance with IFRS) % | 2008 | 2007 | 2006 |
|---|---|---|---|
| Discount rate | 4.10 | 4.50 | 4.00 |
| Expected return on assets under management | 5.10 | 5.50 | 5.00 |

**Additional information**

***Posten's Pension Fund, pursuant to the Act on Safeguarding of Pension Undertakings***

Posten's Pension Fund guarantees the pension commitments for Posten AB, Posten Meddelande AB, and Posten Logistik AB. Transferred funds from these companies totaled SEK 567m (682) and refunds issued from the Fund totaled SEK 742m (692). After transfers of funds and disbursed refunds, the market value of the net assets amounted to SEK 12,233m SEK, compared to SEK 14,157m at December 31, 2007. The market value exceeded outstanding commitments by SEK 280m, compared to SEK 2,567m at December 31, 2007. Of the total decrease, SEK 361m resulted from increased pension commitments and a decrease in net assets of SEK 1,925m, SEK 1,742m of which is attributable to a decrease in the value of assets under management and SEK 183m is attributable to net disbursement to the Posten Group.

The fund's degree of consolidation as of December 31 totaled 102 (122)%. The net return for the period was –12.3 (3.2)%.

| | 2008 | | 2007 | |
|---|---|---|---|---|
| Asset classes at market value, SEKm | 31 Dec | % | 31 Dec | % |
| Index-linked bonds | 4,338 | 35 | 4,532 | 32 |
| Other interest-bearing assets | 1,097 | 9 | 2,200 | 16 |
| **Total interest-bearing assets** | **5,435** | **44** | **6,732** | **48** |
| Property | 1,428 | 12 | 1,064 | 7 |
| Infrastructure | 611 | 5 | 176 | 1 |
| Private equity | 349 | 3 | 225 | 2 |
| Stocks | 1,889 | 15 | 3,357 | 24 |
| Hedge funds | 2,521 | 21 | 2,603 | 18 |
| **Total other assets** | **6,798** | **56** | **7,425** | **52** |
| **Total assets** | **12,233** | **100** | **14,157** | **100** |

## Note 7 Other provisions

| | | Year's change | | | |
|---|---|---|---|---|---|
| 2008, SEKm | Opening balance | Provi-sions | Rever-sals | Utiliza-tions | Closing balance |
| **Closure, Cashier Service** | **1,089** | | **–350** [1] | **–660** | **79** |
| **Restructuring activities** | **333** | **631** [1] | **–38** [1] | **–311** | **615** |
| Of which: | | | | | |
| – personnel reductions | 307 | 617 | –38 | –285 | 601 |
| – other closure costs | 26 | 14 | | –26 | 14 |
| **Future conditional pension commitments** | **1,500** | **21** | **–84** | **–171** [4] | **1,266** |
| Of which: | | | | | |
| – payroll tax | 299 | 4 | –16 | –40 | 247 |
| – future conditional pension commitments under IAS 19, see Note "Pensions" | 1,201 | 17 | –68 | –131 | 1,019 |
| **Payroll tax, health insurance** | **149** | | **–149** [3] | | **0** |
| **Other provisions** | **376** | **18** | **–81** [1] | **–68** | **245** |
| Of which: | | | | | |
| – job-related injuries | 77 | 3 | | –3 | 77 |
| – other group reserves | 250 | 14 [1] | –80 | –31 | 153 |
| – other provisions | 49 | 1 [1] | –1 | –34 | 15 |
| **Total** | **3,447** | **670** | **–702** | **–1,210** [2] | **2,205** |
| Of which, current provisions | 1,478 | | | | 692 |

| 2007, SEKm | Opening balance | Year's change Provi-sions | Rever-sals | Utiliza-tions | Closing balance |
|---|---|---|---|---|---|
| **Closure, Cashier Service** | **1,109** | **130[5)]** | | **–150** | **1,089** |
| **Restructuring activities** | **532** | **261[5)]** | **–33[5)]** | **–427** | **333** |
| Of which: | | | | | |
| – personnel reductions | 450 | 261 | –33 | –371 | 307 |
| – other closure costs | 82 | | | –56 | 26 |
| **Future conditional pension commitments** | **1,496** | **67** | | **–63[4)]** | **1,500** |
| Of which: | | | | | |
| – payroll tax | 298 | 13 | | –12 | 299 |
| – future conditional pension commitments under IAS 19, see Note "Pensions" | 1,198 | 54 | | –51 | 1,201 |
| **Payroll tax, health insurance** | **155** | | | **–6** | **149** |
| **Other provisions** | **377** | **161** | **–82[5)]** | **–80** | **376** |
| Of which: | | | | | |
| – job-related injuries | 102 | 4 | | –29 | 77 |
| – other group reserves | 236 | *125[5)]* | *–82[5)]* | –29 | 250 |
| – other provisions | 39 | *32[5)]* | | –22 | 49 |
| **Total** | **3,669** | **619** | **–115** | **–726[6)]** | **3,447** |
| Of which, current provisions | 574 | | | | 1,478 |

1) "Other costs" in the 2008 income statement includes provisions of SEK 177m. See Note "Other costs."
2) Changes in other income/cost items total SEK 1,210m, of which SEK 616m is reported in personnel costs and SEK 24m in financial items.
3) Posten's insurance association has accrued a surplus. Commitments are thus not is reported in "Other provisions" but are offset in "Long-term receivables." See Note "Long-term receivables."
4) In accordance with IAS 19, changes have not been reported in the income statement.
5) "Other costs" in the 2007 income statement includes provisions of SEK 431m. See Note "Other costs."
6) Changes in relation to other profit/loss items total SEK 726m, of which SEK 538m is reported in personnel costs and SEK 16m in financial items.

Other restructuring activities refer mainly to early retirements. New provisions are charged to the business segment that decided on closure.

## Note 8 Assets pledged, contingent liabilities and contingent assets

| SEKm | 2008 31 Dec | 2007 31 Dec |
|---|---|---|
| **Assets pledged** | | |
| Real-estate mortgages | 2 | |
| Endowment insurance policy for current and previous employees | 120 | 109 |
| Assets pledges as securities | 45 | 27 |
| **Total** | **167** | **136** |
| **Contingent liabilities** | | |
| Warranty costs, FPG | 88 | 80 |
| Residual value of leased properties [1)] | 0 | 18 |
| Other guarantees | 9 | 16 |
| **Total** | **97** | **114** |
| **Contingent assets** | | |
| Final dividend in Njord's bankruptcy | 20 | |
| **Total** | **20** | |

1) Attributable to the Malmö mail processing facility. The contingent liability arises from Posten's obligation to cover 90% of the property's resale value that is less than SEK 190m, upon expiry of the contract. The current market value is estimated at SEK 210m, so Posten's current obligation is SEK 0.

## Note 9 Transactions with associated parties

**Swedish state**

In accordance with the Act (2001:1276) on essential financial transaction services, Posten provided such services through its wholly-owned subsidiary Svensk Kassaservice AB. The Swedish Government did not provide any compensation for 2008 to support the provision of services in commercially unviable areas lacking suitable alternatives; SEK 400m was received in the preceding year.

Posten has paid the Swedish Post and Telecom Agency SEK 15m (15) for permits to run postal operations, and SEK 6m (7) for handling dead letters. Posten has received disability compensation of SEK 30m (35) from the Swedish Post and Telecom Agency for Braille services and services for senior citizens living in sparsely populated areas.

**Other organizations**

Posten's insurance association insures Posten's commitments for employee disability and family pensions based on ITP-P. During the period, Posten paid premiums of SEK 211m (241) to the association and received compensation totaling SEK 12m (13). Other compensation from the association was paid directly to beneficiaries.

For Posten's interaction with Posten's Pension Fund, see Note 6, "Pension Provisions".

## Note 10 Investment commitments

As of December 31, 2008, Posten had entered into agreements for acquiring tangible fixed assets for a value of SEK 115m (199), primarily for sorting equipment and vehicles.

## Note 11 Acquisitions and divestments

### Acquisitions

*Tollpost Globe AS*

As of March 11, 2008, Posten acquired the outstanding 50% of the shares in Tollpost Globe AS. Cash paid for the shares totaled SEK 1,278m, with a net effect of SEK 1,246m. Tollpost Globe is a strong brand in the Norwegian logistics market. The company has 935 employees, sales of approximately NOK 2,400m, and nationwide distribution in Norway based on its own infrastructure. Tollpost Globe cooperates extensively with Posten and DSV on cross-border parcel and pallet services to and from Norway. The newly-acquired portion of Tollpost Globe AS contributed SEK 65m to the year's net earnings, excluding amortisation on surplus values on immaterial and material fixed assets. If the acquisition had taken place as of January 1, 2008 (under identical conditions), the Posten Group's net sales would have been SEK 31,085m, and net earnings would have been SEK 1,513m. Tollpost Globe AS reported net sales for Jan-Dec 2008 of SEK 3,114m (2,744) and net earnings of SEK 157m (110). Surplus value of fixed assets (excluding goodwill) has been amortised by SEK 35m due to the acquisition of Tollpost Globe AS. If the acquisition had taken place as of January 1, 2008, the amortization would have totaled SEK 42m. For brand and customer relations, an amortization period of 10 years is applied and for buildings, 33 years. Goodwill is included in the acquisition of Tollpost Globe AS in addition to the acquired customer relations and brand. Goodwill consists of synergy effects, improved earnings potential, and additional competence and skills.

**The acquisition of Tollpost Globe AS has the following effects on Posten's assets and liabilities**

| SEKm | Book value of Tollpost before acquisition | Fair value adjustment | Fair value reported in Posten Group |
|---|---:|---:|---:|
| Brands | | 167 | 167 |
| Customer relations | | 186 | 186 |
| Tangible fixed assets | 208 | 250 | 458 |
| Financial assets | 1 | | 1 |
| **Total fixed assets** | **209** | **603** | **812** |
| Current assets | 224 | | 224 |
| **TOTAL ASSETS** | **433** | **603** | **1,036** |
| Provisions | 1 | | 1 |
| Deferred tax liabilities | | 169 | 169 |
| Current liabilities | 210 | | 210 |
| **TOTAL LIABILITIES** | **211** | **169** | **380** |
| **NET ASSETS** | **222** | **434** | **656** |
| Goodwill on acquisition | | | 622 |
| Purchase price paid | | | 1,278 |
| Cash (acquired) | | | 32 |
| Net cash flow | | | 1,246 |

*Stralfors Gzella Sp. Zo.o*

At May 30, 2008, a printing business in Laskowice, Poland, was acquired. The printing operations employ over 100 persons and have annual sales of roughly SEK 50m. The purchase price was SEK 23m, SEK 17m of which has been paid.

*Tidningstorget AB*

Posten AB has founded the company Tidningstorget AB together with the Swedish Magazine Publishers Association, a trade association. Posten's holding is 90%.

### Divestments

*Payment transaction services*

Stralfors has sold its payment transaction operations to Payment Business Service PBS A/S. The agreement specified that the portion of Stralfors' business operation in Information Logistics, which refers to transaction services, was taken over by PBS at September 30, 2008. The sale resulted in capital gain of SEK 65m for the Stralfors business segment. Consideration received totaled SEK 102m.

# Parent company financial statements

## Income statement – Parent company

| SEKm | Note | Jan–Dec 2008 | Jan–Dec 2007 | Oct–Dec 2008 | Oct–Dec 2007 |
|---|---|---|---|---|---|
| | 1 | | | | |
| Net sales [1] | | 2,033 | 2,123 | 541 | 584 |
| Other operating income | | 212 | 240 | 50 | 102 |
| **Total income** | | **2,245** | **2,363** | **591** | **686** |
| Personnel costs | | –561 | –673 | –117 | –212 |
| Other costs | 2 | –2,035 | –2,105 | –693 | –839 |
| Depreciation and impairment of tangible and intangible assets | | –59 | –76 | –14 | –30 |
| **Total operating costs** | | **–2,655** | **–2,854** | **–824** | **–1,081** |
| **OPERATING EARNINGS** | | **–410** | **–491** | **–233** | **–395** |
| Earnings from participations in group companies | | 1,582 | 262 | 362 | 84 |
| Earnings from other securities and receivables that are fixed assets | | | 3 | | |
| Interest income and similar income items | | 246 | 220 | 52 | 59 |
| Interest expense and similar cost items | | –261 | –158 | –62 | –56 |
| **Total financial items** | | **1,567** | **327** | **352** | **87** |
| **EARNINGS AFTER FINANCIAL ITEMS** | | **1,157** | **–164** | **119** | **–308** |
| Depreciation in excess of plan | | 40 | 106 | 40 | 106 |
| Provision for tax allocation reserve | | –130 | | –130 | |
| **PRE-TAX EARNINGS** | | **1,067** | **–58** | **29** | **–202** |
| Tax | | –57 | 11 | 4 | 62 |
| **NET EARNINGS** | | **1,010** | **–47** | **33** | **–140** |

[1] Net sales in Posten AB refers to sales of corporate shared services to the business segments.

## Balance sheets – Parent company

| SEKm | Note | 2008 31 Dec | 2007 31 Dec |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible fixed assets | | 42 | 37 |
| Tangible fixed assets | | 152 | 156 |
| Financial fixed assets | 3 | 8,760 | 7,350 |
| **Total fixed assets** | | **8,954** | **7,543** |
| Inventory | | 14 | 17 |
| Current receivables | | 3,822 | 3,218 |
| Short-term investments | | 487 | 2,750 |
| Cash and bank balances | | 2,601 | 1,288 |
| **Total current assets** | | **6,924** | **7,273** |
| **TOTAL ASSETS** | | **15,878** | **14,816** |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | 6,886 | 5,875 |
| Untaxed reserves | | 130 | 40 |
| Provisions | | 941 | 1,653 |
| Long-term liabilities | | 363 | 378 |
| Current liabilities | | 7,558 | 6,870 |
| **TOTAL EQUITY AND LIABILITIES** | | **15,878** | **14,816** |

For the parent company's pledged assets and contingent liabilities, see Note 5, "Long term receivables".

# Notes – Parent company

## Note 1 Accounting principles

The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendations RFR2.1, Accounting for Legal Entities. The same accounting principles and evaluation methods have been used in this interim report as in the 2007 Annual Report.

## Note 2 Other costs

| SEKm | 2008 | 2007 |
|---|---|---|
| Cost of premises | 510 | 527 |
| Provisions | 202 | 286 |
| Other | 1,323 | 1,292 |
| **Total** | **2,035** | **2,105** |

## Note 3 Financial fixed assets

| SEKm | 2008 Jan–Dec | 2007 Jan–Dec |
|---|---|---|
| Opening balance | 7,350 | 4,239 |
| Acquisitions | 1,329 | 93 |
| Capital infusion | 271 | 3,411 |
| Other | –190 | –393 |
| **Closing balance** | **8,760** | **7,350** |

## Note 4 Transactions with associated parties

**Swedish state**

Posten AB has paid the Swedish Post and Telecom Agency SEK 15m (15) for permits to run postal operations.

**Other organizations**

Posten's insurance association insures Posten's commitments for employee disability and family pensions based on ITP-P. During the period, Posten AB paid premiums of SEK 26m (15) to the association and received compensation totaling SEK 4m (8).

For a more detailed description of Posten AB's relationship with Posten's Pension Fund, see group Note 6, "Pension Provisions".

## Note 5 Assets pledged, contingent liabilities and contingent assets

| SEKm | 2008 31 Dec | 2007 31 Dec |
|---|---|---|
| **Assets pledged** | | |
| Endowment insurance policy for current and previous employees | 111 | 101 |
| **Total** | **111** | **101** |
| **Contingent liabilities** | | |
| Warranty costs, FPG | 1,137 | 799 |
| Guarantees on behalf of subsidiaries [1] | 1,005 | 139 |
| Guarantees on behalf of joint ventures | 0 | 92 |
| Residual value of leased properties [2] | 0 | 18 |
| Other guarantees | 4 | 0 |
| **Total** | **2,146** | **1,048** |
| **Contingent assets** | | |
| Final dividend in Njord's bankruptcy | 20 | |
| **Total** | **20** | |

[1] As of December 31, 2008, Posten AB had pledged a total of SEK 814m (78) in capital adequacy guarantees for the benefit of subsidiaries. Of this total, SEK 710m refers to a capital adequacy guarantee for the Cashier Service. The commitment remains until the companies' annual reports for 2008 are approved at the shareholders' meeting.

[2] Attributable to the Malmö mail processing facility. The contingent liability arises from Posten's obligation to cover 90% of the property's resale value that is less than SEK 190m, upon expiry of the contract. The current market value is estimated at SEK 210m, so Posten's current obligation is SEK 0.

# Quarterly data

| SEKm, unless otherwise specified | 2008 Oct–Dec | 2008 Jul–Sep | 2008 Apr–Jun | 2008 Jan–Mar | 2007 Oct–Dec | 2007 Jul–Sep | 2007 Apr–Jun | 2007 Jan–Mar | 2006 Oct–Dec | 2006 Jul–Sep | 2006 Apr–Jun | 2006 Jan–Mar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 8,053 | 7,188 | 7,857 | 7,738 | 8,019 | 6,821 | 7,358 | 7,704 | 7,940 | 6,757 | 6,567 | 6,559 |
| Operating earnings | 306 | 414 | 471 | 694 | 47 | 560 | 545 | 843 | –159 | 531 | 424 | 646 |
| Operating margin, % | 3.8 | 5.6 | 5.9 | 8.8 | 0.6 | 8.1 | 7.4 | 10.9 | –2.0 | 7.8 | 6.4 | 9.7 |
| Earnings after financial items | 347 | 460 | 564 | 746 | 81 | 622 | 588 | 893 | –119 | 564 | 449 | 684 |
| Net earnings | 248 | 321 | 404 | 533 | 66 | 453 | 431 | 614 | –300 | 449 | 323 | 541 |
| Cash flows from operating activities | 974 | –556 | 657 | 291 | 1,054 | –212 | 673 | 773 | 1,512 | –53 | 690 | 453 |
| Return on equity, %, rolling 12-month period | 20 | 18 | 20 | 21 | 24 | 18 | 19 | 18 | 19 | 35 | 40 | 39 |
| Equity-assets ratio, % at end of period | 42 | 41 | 39 | 40 | 37 | 39 | 36 | 36 | 33 | 36 | 33 | 35 |
| Average number of employees | 31,611 | 33,825 | 32,395 | 31,313 | 32,304 | 33,610 | 32,128 | 31,726 | 33,571 | 34,841 | 32,075 | 31,062 |
| Avg. no. of employees, from beginning of year to end of period | 32,286 | 32,511 | 31,854 | 31,313 | 32,442 | 32,488 | 31,927 | 31,726 | 32,887 | 32,659 | 31,569 | 31,062 |
| Employee Satisfaction Index (ViP) | 67 | 67 | 67 | 66 | 66 | 66 | 65 | 65 | 64 | 64 | 63 | 63 |
| Customer Satisfaction Index (CSI) | 64 | 63 | 62 | 63 | 63 | 63 | 63 | 63 | 62 | 62 | 62 | 61 |

# Definitions

**Average number of employees:** The total number of paid employee hours divided by the standard number of hours for a full-time employee.

**Carbon dioxide, ton/net sales, SEKm:** Posten's total emissions of carbon dioxide (ton) in Sweden, in relation to net sales (SEKm) in Sweden.

**Changes in productivity:** Earnings trend that depends wholly on volume-related revenue and cost changes, such as more parcels or fewer employees. Price-related revenue and cost changes, such as wage increases, have thus been excluded from earnings for calculating productivity.

**Competitiveness Index (CI):** Used to measure (twice annually) the extent to which customers regard Posten's services as being of good value and easy to use.

**Corporate image:** An annual attitude study performed by Synovate (previously Temo). Since 2005, the study has been performed as a web-survey; results are based on approximately 1,000 responses.

**Cost/revenue (C/R ratio):** Operating expenses in relation to operating income.

**Customer Satisfaction Index (CSI):** How well the "satisfied customer" target is achieved. Surveys are conducted regularly and reported quarterly. The fourth quarter results are counted as the results for the year. The method yields information about key improvements that will enhance customer satisfaction. CSI surveys will be conducted during the year for the Posten Messaging and Posten Logistics segments. The surveys cover only Swedish customers. A total of approximately 2,000 interviews are conducted with companies and private customers.

**Earnings per share:** Share of net earnings attributable to the parent company's shareholders divided by the average number of shares outstanding.

**Equity-assets ratio:** Equity at the end of the period in relation to total assets at the end of the period.

**Non-priority mail:** Mail processed in the production flow for distribution within three business days after acceptance.

**Operating margin:** Operating earnings as a percentage of operating income (net sales and other operating income). The calculation of operating margin by business segment includes sales to other segments and to parent company functions.

**Priority Mail:** Mail processed in the production flow for distribution one business day after acceptance.

**Quality:** On-time deliveries for first-class letters, UDM standard and DPD business parcels 4:00 p.m. The index is weighted against revenues for each service.

**Return on equity (ROE):** Earnings for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.

**Sickness absenteeism:** Sickness absenteeism as a percentage is calculated by dividing the total number of hours owing to sickness absenteeism (excluding permanent absenteeism) by the total number of contracted work hours. Contracted hours include monthly employees, employees under contract, and hourly employees. The target ratio covers 90% of employees in the Posten group.

**ViP Index:** ViP measures achievement of the employee dedication target. Measurements are performed regularly throughout the year through surveys. At least once a year, employees are provided the opportunity to evaluate their immediate supervisor and advancement horizons, as well as to rate their overall work situation. The ViP survey covers 87% of the employees in the Posten group. Starting in 2009, the current ViP metric will be replaced by a new employment survey.

# Operational structure

## POSTEN AB

### POSTEN MESSAGING

Offers nationwide messaging services to private individuals and companies, including distribution of mail, periodicals, and direct mail as well as drop-off and collection of private parcels. Manages Posten's agent network and business service centers.

### STRALFORS

Specialist in information logistics and graphic production for the corporate market. Offers start-to-finish solutions for the transfer of business-critical information.

### POSTEN LOGISTICS

Logistics specialist for corporate customers. Offers palletized logistics, parcels and express delivery, in-night freight forwarding, and third-party logistics. Responsible for Posten's parcel collection service network, MyPack, in Norway and Finland.

### CASHIER SERVICE

The Cashier Service fulfilled Posten's commission to provide nationwide financial transaction services.
The operation was closed as of December 31, 2008.

With Posten's help, messages and goods can be delivered quickly, safely, and cost-effectively. We enable our customers to generate added value by combining physical and electronic flows, where Posten's services may also be integrated into our customers' operations. With almost 4,000 retail outlets, Posten serves 4.5 million households and 900,000 businesses in Sweden, every day, year-round. Posten handles more than 20 million mailpieces each day. With more than 30,000 employees and sales more than SEK 30 billion, Posten is also one of Sweden's largest corporations. The parent company is Posten AB (publ), owned by the Swedish state. Please visit us at www.posten.se.

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