

Background

Both companies are facing the three-fold challenge of globalization, electronic substitution and increasing competition. Consequently, efficient, large scale and industrially sound operations are required to be able to offer competitive services to enterprise customers, which constitute the back-bone of both businesses. In order to be able to face global competitors, scale is required which renders enough strength to be able to develop the cross-border communication and logistics solutions that enterprise customers demand.

The objective of the merged company is to, based on an industrially sound foundation, create a player with the right prerequisites to continue developing a first class mail and parcel delivery business which creates a competitive alternative for enterprise customers regarding deliveries to, from and within the Nordics. Together the companies create a more competitive player which can fulfill requirements from customers, owners and employees on an increasingly competitive Nordic market and on a deregulated European postal market as well as enable a long-term protection of each respective service obligation.

The merger creates a joint company with a significant common perspective, however, there are some differences between the companies regarding concessions, ownership, deregulation and organization:

- Denmark has requirements of deliveries 6 days a week whilst Sweden only has got 5 days a week,
- Post Danmark has been privatized since 2005, as CVC Capital Partners acquired 22% in the company whilst Posten is wholly owned by the Swedish state,
- Posten's total revenue is exposed to competition, whilst only 2/3 of Post Danmark's revenue is exposed to competition, and
- Posten's organization structure is based on independent subsidiaries, whilst Post Danmark's organization consists of several division within the same company

The companies' income statement, balance sheets and key ratios are summarized below:

Posten AB			
<i>SEK millions</i>	2007	2006	2005
Revenues	30,132	28,036	25,581
Staff costs	-13,169	-12,917	-12,244
Other expenses	-13,910	-12,658	-10,786
EBITDA	3,053	2,461	2,551
Depreciation	-1,058	-1,019	-1,270
EBIT	1,995	1,442	1,281
Net financial income	189	136	21
Profit before tax	2,184	1,578	1,302
Tax	-620	-565	176
Net profit	1,564	1,013	1,478

<i>SEK millions</i>	2007	2006	2005
Non current assets	9,193	8,914	6,876
Current assets	9,779	8,675	8,676
Total assets	18,972	17,589	15,552
Equity	7,057	5,831	5,068
Non current liabilities	3,866	5,083	4,781
Current liabilities	8,049	6,675	5,703
Total equity and liabilities	18,972	17,589	15,552

<i>Key ratios</i>	2007	2006	2005
EBIT margin (%)	7%	5%	5%
Return on equity (%)	24%	19%	34%
Solvency (%)	37%	33%	33%

Post Danmark A/S			
<i>SEK millions</i>	2007	2006	2005
Revenues	15,309	14,209	14,425
Staff costs	-8,753	-8,152	-8,363
Other expenses	-4,724	-4,052	-3,943
EBITDA	1,832	2,004	2,119
Depreciation	-758	-713	-705
EBIT	1,075	1,291	1,415
Net financial income	67	148	-115
Profit before tax	1,142	1,439	1,300
Tax	-238	-358	-371
Net profit	903	1,082	929

<i>SEK millions</i>	2007	2006	2005
Non current assets	6,752	6,577	6,179
Current assets	3,139	2,744	2,662
Total assets	9,891	9,321	8,841
Equity	3,512	3,312	3,110
Non current liabilities	2,267	2,437	2,139
Current liabilities	4,112	3,572	3,592
Total equity and liabilities	9,891	9,321	8,841

<i>Key ratios</i>	2007	2006	2005
EBIT margin (%)	7%	9%	10%
Return on equity (%)	26%	34%	30%
Solvency (%)	36%	36%	35%

Note: Figures recalculated to SEK based on the official rates for each year

Unaudited Pro Forma	
<i>SEK millions</i>	2007
Revenues	45,441
Staff costs	-21,922
Other expenses	-18,634
EBITDA	4,885
Depreciation	-1,816
EBIT	3,070
Net financial income	256
Profit before tax	3,326
Tax	-858
Net profit	2,467

<i>SEK millions</i>	2007
Non current assets	15,945
Current assets	12,918
Total assets	28,863
Equity	10,569
Non current liabilities	6,133
Current liabilities	12,161
Total equity and liabilities	28,863

<i>Key ratios</i>	2007
EBIT margin (%)	7%
Return on equity (%)	25%
Solvency (%)	37%

Note: These figures are only a simple addition done for illustrative purposes. No adjustments have been made for one-time dividend.