

Interim results January-March 2002



- Earnings for the period amounted to SEK 80 million (-18). Operating earnings totaled SEK 67 million (-1), of which SEK 183 million was attributable to Messaging & Logistics and SEK -116 million to Svensk Kassaservice (Swedish Cashier Service).
- Net sales rose by SEK 388 million to SEK 5,874 million. The increase is primarily due to acquisitions made at the close of the previous year.
- Major efforts are underway to reduce illness-absenteeism at Posten.
- The new Service Network is rapidly taking shape.
- Svensk Kassaservice has signed an agreement with insurer Länsförsäkringar.

Board of Directors

Following the Annual General Meeting on April 24, 2002, the Board of Directors of Posten AB (publ) comprises:

Chairman Claes Ånstrand, Under-secretary of the Ministry of Industry, Employment, and Communications, new appointment

Board members:

Annette Brodin Rampe, President of Senea, reelected

Lennart Grabe, President and CEO of Posten AB, reelected

Jonas Iversen, Deputy assistant undersecretary of the Ministry of Industry, Employment, and Communications, reelected

Jan Kvarnström, chairman of Castellum AB, reelected

Sören Lekberg, Member of Parliament, reelected

Ulla Litzén, Manager director W Capital Management AB, reelected

Curt Malmborg, Under-secretary of State of the Ministry of Finance, reelected

Ulf Spång, Executive Vice President of Försäkringsaktiebolaget Skandia, reelected

Åke Kihlberg, employee representative appointed by the Swedish Union of Service and Communication Employees, SEKO

Alf Mellström, employee representative appointed by the Swedish Union of Service and Communication Employees, SEKO

Kjell Strömbäck, employee representative appointed by the Swedish Federation of Civil Servants within Posten.

Key data

	Jan.-Mar. 2002	Proforma Jan.-Mar. 2001	Full Year 2001	Proforma Full Year 2001
Net sales, SEK m	5,874	5,486	24,072	21,668
Operating earnings, SEK m	67	-1	2,030	1,420
Net income for the period, SEK m	80	-18	3,432	3,432
Profit margin, %	2.4	neg	9.4	7.6
Return on equity, %	2.3	neg	163.7	136.6
Debt-equity ration, %	21.2	-	19.1	19.1
Investments in tangible and intangible fixed assets, SEK m	298	-	1,256	1,187
Total assets, SEKm	15,954	-	17,311	17,311
Equity, SEKm	3,377	-	3,299	3,299
Customer Satisfaction Index, CSI	62	62	63	63
Employee Satisfaction, VIP	59	57	59	59
Average number of employees	38,132	38,541	41,669	39,672

Operations

Major events during the period included the implementation of the new Service Network, the DPD service franchising agreement with French La Poste, new acquisitions in Norway, Denmark, and Finland, and the administrative and sales efficiency program.

In 2002, EVA or Economic Value Added is being introduced as a steering model at Posten. EVA is defined as net operating earnings after tax less 9 percent of the return on average operating capital. Operating earnings for the period totaled SEK 67 million.

Changed accounting principles

Posten entered into a strategically important joint venture at the close of 2002. Beginning 2002, joint ventures are reported according to the proportional method in accordance with the Swedish Financial Accounting Standards Council's recommendation No. 14.

Comparative figures have not been restated due to the insignificance of previous joint ventures.

Net sales and operating earnings by business segment

SEK m	Net sales		Operating earnings	
	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Mar. 2002	Jan.-Mar. 2001
Messaging and Logistics				
- Market Communication	1,311	1,314		
- Administrative Communication	1,489	1,502		
- International Mail	400	365		
- Outsourcing	438	394		
- eCommerce & Logistics	1,430	944		
- Individual	469	473		
- joint including closure of the Post Office Network	320	912		
- internal elimination	-281	-418		
Total Messaging and Logistics	5,576	5,486	183	-1
Svensk Kassaservice (Swedish Cashier Service)	354		-116	n.a.
Internal elimination	-56			
Total	5,874	5,486	67	-1

As Svensk Kassaservice began operating April 1, 2001, comparative figures are unavailable.

Messaging and logistics

Net sales were SEK 5,576 million, an increase of SEK 90 million compared to the same quarter last year. Corporate acquisitions at the close of the period, price effects, and a new accounting principle boosted net sales by SEK 334 million. The decline in net sales in the Messaging & Logistics area is principally the result of the formation of Svensk Kassaservice

(Swedish Cashier Service), which is reported separately in 2002, as well as the inclusion of fees received for bank transactions carried out at Post Offices in the comparative figures.

The improvement in operating earnings can be explained primarily by pared structural costs stemming from the formation of Svensk Kassaservice on April 1, 2002, which offset higher costs associated with newly acquired companies, the new service network, the new accounting principle, and slightly lighter volumes. The operational costs associated with Svensk Kassaservice have been allocated to a separate business segment. Last year, the messaging and logistics business area bore the costs of the Post Office Network, which is being phased out.

The new Service Network is being rapidly implemented across the country. The network is slated for completion by the end of the year and roughly 20 new service outlets are opening every day, consequently driving up costs compared to the same period last year. As of the beginning of May, nearly 2,000 new service outlets have been opened.

Posten has signed a new, far-reaching three-year agreement with Ikea Sverige AB whereby trucking company Poståkeriet acquires total responsibility for Ikea's home deliveries in Sweden. In current terms, the deal is worth SEK 180 million per year.

Svensk Kassaservice (Swedish Cashier Service)

Posten has been mandated by the Swedish state to provide routine cashier service. Beginning January 1, 2002, the provision of this service is prescribed by the law on routine cashier service. To meet this mandate, Posten has chosen to establish service outlets that enable all banks to offer cashier services to their respective customers. Agreements have been reached with Postgirot, Nordbanken, and FöreningsSparbanken. Beginning summer 2002, Länsförsäkringar will become the fourth bank to join Posten's nationwide cashier service network.

Posten receives appropriated funds to provide cashier service in areas deemed non-commercially viable, and which lack suitable service alternatives. As the yearly subsidy package of SEK 200 million has proven insufficient to cover associated costs, these were consequently borne by other operations. In response to the deficit, the Swedish Parliament has earmarked SEK 400 million for routine cashier service in 2002. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. The EU Commission is expected to hand down a ruling later this spring.

Beginning June 1, 2002, the operation will be moved to a separate stock corporation, Svensk Kassaservice AB

The cashier transaction rate continues to fall by roughly 15-20 percent annually.

Other operating income

The absence of rental proceeds following the sale of Postfastigheter AB explains the decline in other operating income, which amounted to SEK 36 million (131).

Financial position

Total assets

The increase in tangible fixed assets, buildings, is principally due to the new accounting principle whereby Posten's portion of the joint venture companies' balance sheets are consolidated into Posten Group.

The corresponding change from the equity method to the proportion method has resulted in a reduction in financial fixed assets.

Total assets declined by SEK 1,357 million, and at March 31, 2002 amounted to SEK 15,954 million. The change is primarily attributable to a reduction in current interest-bearing liabilities. Goodwill, previously reported as shares in associated companies, has been reclassified as goodwill.

Equity

SEK m	Share capital	Restricted reserves	Non-restricted reserves	Net income for the period	Total
Opening balance	600	693	-1,426	3,432	3,299
Distribution of earnings			3,432	-3,432	0
Transfers between restricted and non-restricted reserves		15	-15		0
Translation difference			-2		-2
Net income for the period				80	80
Closing balance	600	708	1,989	80	3,377

Debt-equity ratio

At March 31, 2002, the debt-equity ratio was 21.2 percent, an increase from December 31, 2001 of 2.1 percent.

Cash flow

Investment activities

Investments in fixed assets, primarily tangible fixed assets, total SEK 299 million.

Financing activities

Cash flow provided by financing activities of SEK -1,508 million is principally due to the change in brokered service arrangements that Svensk Kassaservice has regarding currently unsettled payments, as well as the redemption of the MTN program and commercial paper that matured during the period.

Satisfied customers, CSI

The Customer Satisfaction Index or CSI has fallen one percentage point to 62. The decline stems from customer concerns raised by the vast changes to the service network. However, there are signs of renewed satisfaction relating to enhanced accessibility in areas where the service network has been implemented. Regular customers are more satisfied than occasional customers.

Employees

The average number of employees fell by 809 to 38,132. The ViP performance indicator, which evaluates Posten's success in achieving its "dedicated employee" target, was 59 (57).

Major efforts are underway to reduce illness-absenteeism at Posten. Initiatives include enhanced rehabilitation efforts, as well as measures designed to maintain the health of employees with low absenteeism. In cooperation with union organizations within the company, Posten has decided to institute a 14-point program for enhanced occupational satisfaction and motivation. The program includes the drafting of a health audit.

The parent company

Operations

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

Sales and net income

The parent company's net sales amounted to SEK 50 million (52). Other operating income totaled SEK 4 million (1). Net financial income amounted to SEK 32 million (34) and income after financial items totaled SEK 48 million (75).

Financial position

The parent company's total assets at March 31 amounted to SEK 5,827 million (6,724). Cash and bank balances including short-term investments totaled SEK 563 million (161). Following the sale of Postgirot Bank AB, the parent company's postal girot account balance is reported as Cash and bank balances. Last year, these were reported as intercompany financial receivables.

Equity amounted to SEK 3,421 million (2,882) and the debt-equity ratio was 59.3 percent (43.4).

As with the year-ago period, the parent company has not invested in fixed assets.

At the beginning of the year, Posten sold its shareholding in Pan Nordic Logistics AB.

Stockholm, May 6, 2002

Posten AB (publ)

Lennart Grabe
President and CEO

The information contained in this report has not been audited.

Posten's income statements at a glance SEK m	Jan.-Mar. 2002	Jan.-Mar. Pro forma 2001	Full year Pro forma 2001	Full year^{*)} 2001
Net sales	5,874	5,486	21,668	24,072
Other operating income	36	131	1,802	1,723
Total operating income	5,910	5,617	23,470	25,795
Total operating expenses	-5,843	-5,618	-22,050	-23,765
Operating earnings	67	-1	1,420	2,030
Financial items	41	-28	-55	-55
Income after financial items	108	-29	1,365	1,974
Tax on net income for the year	-30	10	-83	-254
Minority's share of net income for the year	2	1	1	1
Net income before the sale of Postgirot		-18	1,283	1,721
Transfer of income from Postgirot to remaining operations		-	438	
Capital gains on the sale of Postgirot			1,711	1,711
Net income for the period	80	-18	3,432	3,432

*) Including Postgirot during 11 months

Posten's balance sheets at a glance SEK m	Mar. 31 2002	Dec. 31 Pro forma 2001	Dec. 31 2001
Assets			
Fixed assets	6,126	5,935	5,935
Current assets	4,281	4,299	4,299
Cash and bank balances including short-term investments	5,547	7,077	7,077
Total assets	15,954	17,311	17,311
Equity and liabilities			
Equity	3,377	3,299	3,299
Minority interest	4	4	4
Provisions	5,452	5,492	5,492
Long-term liabilities	674	708	708
Current liabilities	6,447	7,808	7,808
Total equity and liabilities	15,954	17,311	17,311

Posten's statement of cash flows at a glance SEK m	Jan.-Mar. 2002	Jan.-Mar. Pro forma 2001
Cash flow provided by continuing operations before changes in working capital	20	118
Cash flow provided by continuing operations	242	-183
Cash flow provided by investment activities	-264	247
Cash flow provided by financing activities	-1,508	-1,179
Cash flow for the period	-1,530	-1,115
Liquid funds at the beginning of the period	7,077	3,326
Liquid funds at the end of the period	5,547	2,211

"Pro forma" refers to Posten excluding Postgirot.