Itella Corporation

Annual Report 2008

Key Figures

	10-12 2008	10-12 2007	1-12 2008	1-12 2007
Net sales, MEUR	561.4	463.2	1,952.9	1,710.6
Operating profit (EBIT) excl. non-recurr.item, MEUR	27.0	22.1	95.1	101.8
EBIT margin excl. non-recurr. item, %	4.8	4.8	4.9	6.0
Operating profit (EBIT) incl. non-recurr. item, MEUR	0.9	22.1	69.0	101.8
EBIT margin, %	0.2	4.8	3.5	6.0
Profit before income tax, MEUR	-26.8	24.4	46.6	109.5
Return on equity, %			2.6	11.1
Equity ratio, %			51.1	65.9
Gearing, %			14.8	-36.4
Gross capital expenditure, MEUR	25.8	21.2	351.5	94.2
Personnel on average	31,330	25,116	28,163	25,623

Itella Corporation
Annual Report 2008

Itella Group
Key Figures of Business Groups

EUR million	10-12 2008	10-12 2007	1-12 2008	1-12 2007
Itella Mail Communication				
Net sales	254.7	248.6	918.1	893.8
Operating profit (EBIT)	29.8	21.3	86.2	88.9
EBIT margin,%	11.7 %	8.6 %	9.4 %	9.9 %
Itella Information *)				
Net sales	65.2	59.9	247.1	223.4
Operating profit (EBIT)	0.9	0.3	9.6	5.4
EBIT margin,%	1.4 %	0.5 %	3.9 %	2.4 %
Itella Logistics				
Net sales	244.9	153.5	813.2	619.8
Operating profit (EBIT) excl. non-recurr. item	7.3	1.2	16.0	22.2
EBIT margin (%) excl. non-recurr. item	3.0 %	0.8 %	2.0 %	3.6 %
Operating profit (EBIT) incl. non-recurr. item	-18.8	1.2	-10.1	22.2
EBIT margin (%) incl. non-recurr. item	-7.7 %	0.8 %	-1.2 %	3.6 %
Other operations				
Net sales	7.6	7.9	20.5	16.8
Operating profit (EBIT)	-11.0	-0.7	-16.7	-14.7
EBIT margin,%	-144.7 %	-8.9 %	-81.5 %	-87.5 %
Intra-Group sales	-11.0	-6.7	-46.0	-43.2
Itella Group				
Net sales	561.4	463.2	1,952.9	1,710.6
Operating profit (EBIT) excl. non-recurr. item	27.0	22.1	95.1	101.8
EBIT margin (%) excl. non-recurr. item	4.8 %	4.8 %	4.9 %	6.0 %
Operating profit (EBIT) incl. non-recurr. item	0.9	22.1	69.0	101.8
EBIT margin (%) incl. non-recurr. item	0.2 %	4.8 %	3.5 %	6.0 %

*) The calculation principles for net sales were changed in 2008 to the previous year.
The net sales figures have been converted into comparable figures in the above table.
The effect of change increased net sales by 22.3 MEUR in 2007 but had no effect into profit.

Itella Corporation
Annual Report 2008

Consolidated Income Statement **EUR million**	**10-12** **2008**	**10-12** **2007**	**1-12** **2008**	**1-12** **2007**
Net sales	**561.4**	**463.2**	**1,952.9**	**1,710.6**
Other operating income	2.3	3.0	13.9	10.4
Share of associated companies' results	0.0	0.0	0.2	0.3
Materials and services	161.0	128.0	594.1	492.9
Employee benefits	245.7	220.8	873.8	794.2
Depreciation, amortis.and impairm.loss	51.0	13.3	100.3	61.5
Other operating expenses	105.1	82.0	329.8	270.9
Operating profit (EBIT)	**0.9**	**22.1**	**69.0**	**101.8**
% of net sales	0.2 %	4.8 %	3.5 %	6.0 %
Financial income and expenses	-27.7	2.3	-22.4	7.7
Profit before income tax	**-26.8**	**24.4**	**46.6**	**109.5**
% of net sales	-4.8 %	5.3 %	2.4 %	6.4 %
Income tax	-3.5	-8.3	-27.9	-31.0
Profit for the financial period	**-30.4**	**16.1**	**18.6**	**78.5**
% of net sales	-5.4 %	3.5 %	1.0 %	4.6 %
Profit attributable to				
Parent company shareholders	-29.4	16.1	19.7	78.2
Minority interest	-1.0	0.0	-1.1	0.3

Itella Corporation
Annual Report 2008

Consolidated Balance sheet
EUR million

	31 Dec 2008	31 Dec 2007
Assets		
Goodwill	174.9	150.7
Other intangible assets	85.2	43.4
Investment property	4.7	2.1
Property, plant and equipment	655.3	361.7
Investments in associated companies	0.6	1.9
Other non-current investments	0.6	0.1
Non-current receivables	7.4	3.7
Deferred tax assets	7.4	6.8
Total non-current assets	936.1	570.4
Inventories	7.1	6.3
Current receivables	285.4	238.4
Current tax assets	8.7	1.1
Financial assets available-for-sale	3.8	5.3
Cash and cash equivalents	129.4	297.6
Total current assets	434.4	548.7
Total assets	**1,370.5**	**1,119.1**
Equity attributable to equity holders of the parent company		
Share capital	70.0	70.0
Other reserves	143.0	144.0
Retained earnings	481.8	517.5
Minority interest	1.5	0.9
Total equity	**696.3**	**732.4**
Deferred tax liabilities	50.5	17.7
Non-current interest-bearing liabilities	85.9	22.4
Other non-current liabilities	35.5	3.6
Defined benefit pension plan obligations	7.4	8.2
Total non-current liabilities	179.3	51.9
Current interest-bearing liabilities	146.4	8.8
Trade payables and other liabilities	347.3	317.8
Current tax liabilities	0.2	3.8
Provisions	1.0	4.4
Total current liabilities	494.9	334.8
Total liabilities	**674.2**	**386.7**
Total equity and liabilities	**1,370.5**	**1,119.1**
Interest-bearing liabilities	**232.3**	**31.2**

Itella Corporation
Annual Report 2008

Segment Information

EUR million	10-12 2 008	10-12 2007	1-12 2 008	1-12 2007
Net sales by business segment				
Itella Mail Communication	254.7	248.6	918.1	893.8
Itella Information	65.2	59.9	247.1	223.4
Itella Logistics	244.9	153.5	813.2	619.8
Other operations	7.6	7.9	20.5	16.8
- eliminations	-11.0	-6.7	-46.0	-43.2
Total	**561.4**	**463.2**	**1,952.9**	**1,710.6**
Operating profit (EBIT) by business segment				
Itella Mail Communication	29.8	21.3	86.2	88.9
Itella Information	0.9	0.3	9.6	5.4
Itella Logistics, excl. non-recurr. item	7.3	1.2	16.0	22.2
Itella Logistics, incl. non-recurr. item	-18.8	1.2	-10.1	22.2
Other operations	-11.0	-0.7	-16.7	-14.7
Total, excl. non-recurring item	**27.0**	**22.1**	**95.1**	**101.8**
Total, incl. non-recurring item	**0.9**	**22.1**	**69.0**	**101.8**
Personnel on average				
Itella Mail Communication	18,845	19,069	19,491	19,745
Itella Information	1,943	1,668	1,781	1,658
Itella Logistics	10,509	4,345	6,860	4,185
Other operations	33	34	31	35
Total	**31,330**	**25,116**	**28,163**	**25,623**
Net sales by geographical segment				
Finland	375.7	349.4	1,354.9	1,264.8
Rest of Scandinavia	54.6	74.6	312.9	298.9
Baltic countries and Russia	67.3	3.1	133.5	11.6
Other countries	63.8	36.1	151.6	135.3
Total	**561.4**	**463.2**	**1,952.9**	**1,710.6**

Itella Corporation
Annual Report 2008

Changes in Equity

EUR million	Equity attributable to equity holders of the parent company							
	Share capital	Other reserves	Fair value reserve	Translation difference	Retained earnings	Total	Minority interest	Total equity
Equity 1 Jan 2007	**70.0**	**142.7**	**0.6**	**-0.2**	**466.3**	**679.5**	**0.5**	**680.0**
Changes of translation differences				0.1		0.1		0.1
Changes in fair value			0.7			0.7		0.7
Items recognised directly in equity			0.7	0.1		0.8		0.8
Profit for the period					78.2	78.2	0.3	78.5
Total recognised income and expenses			0.7	0.1	78.2	79.0	0.3	79.3
Dividends paid					-27.0	-27.0		-27.0
Equity 31 Dec 2007	**70.0**	**142.7**	**1.3**	**0.0**	**517.5**	**731.5**	**0.9**	**732.4**
Equity 1 Jan 2008	**70.0**	**142.7**	**1.3**	**0.0**	**517.5**	**731.5**	**0.9**	**732.4**
Changes of translation differences				-16.4		-16.4		-16.4
Changes in fair value			-1.0			-1.0		-1.0
Items recognised directly in equity			-1.0	-16.4		-17.4		-17.4
Profit for the period					19.7	19.7	-1.1	18.6
			-1.0	-16.4	19.7	2.3	-1.1	1.2
Divestment of subsidiaries							2.5	2.5
Other change							-0.8	-0.8
Dividends paid					-39.0	-39.0		-39.0
Equity 31 Dec 2008	**70.0**	**142.7**	**0.3**	**-16.4**	**498.2**	**694.8**	**1.5**	**696.3**

Itella Corporation
Annual Report 2008

Consolidated Cash Flow Statement

EUR million	1-12 2008	1-12 2007
Profit before tax	**46.6**	**109.5**
Total adjustments	117.7	53.5
Change in net working capital	2.9	11.6
Cash flow before financial items and income tax	**167.2**	**174.6**
Financial items (net)	-1.0	7.7
Tax paid	-35.4	-29.0
Cash flow from operating activities (net)	**130.8**	**153.3**
Acquisition of subsidiaries less cash and cash equivalents	-228.9	-20.8
Purchase of intangible assets and property, plant and eq.	-109.7	-67.1
Proceeds from sale of intangible and tangible assets	2.1	16.3
Proceeds from sale of investments	6.9	-
Repayments of available-for-sale financial assets	0.9	2.2
Cash flow from investing activities (net)	**-328.7**	**-69.4**
Minority capital investment	2.3	-
Change in current loans (net)	93.1	-0.9
Change in non-current loans (net)	-16.5	-0.3
Change of loan receivables	2.5	-
Finance lease principal payments	-9.4	-11.9
Dividends paid	-39.0	-27.0
Cash flow from financing activities (net)	**33.0**	**-40.1**
Change in cash and cash equivalents	**-164.9**	**43.8**
Cash and cash equivalents at period-start	**297.6**	**253.7**
Effect of changes in exchange rates	2.3	-0.6
Change in fair value of cash and cash equivalents	-5.6	0.7
Cash and cash equivalents at period-end	**129.4**	**297.6**

Assets pledged, commitments and other liabilities

EUR million

	31 Dec 2008	31 Dec 2007
Pledges for own behalf	101.8	5.2
Lease commitments	252.0	199.4

Derivative contracts
EUR million

	31 Dec 2008	31 Dec 2007
Currency forward exchange contracts		
Fair value	4.9	0.2
Nominal value of underlying asset	102.7	81.2

Derivative instruments are used for hedging foreigen exchange rate risk of the Group and they are measured at the market rates available on the balance sheet date.

The figures are audited.