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# Interim Report Axfood AB (publ)

For the period 1 January–30 September 2009



2009

Q1

Q2

Q3

Q4

- Axfood's consolidated sales amounted to SEK 23,947 m (23,519) for the period, an increase of 1.8%.
- Retail sales for Group-owned stores rose 3.0% during the period. Like-for-like sales rose 1.0%.
- Operating profit for the period January–September was SEK 838 m (800).
- Profit after financial items for the period was SEK 804 m (747).
- Profit after tax for the period was SEK 593 m (538), and earnings per share were SEK 11.30 (10.26).
- Axfood's goal for 2009 is to achieve an operating profit of at least SEK 1 billion.

## KEY RATIOS

|                                      | July-Sept. |       | Jan.-Sept. |        | Jan.-Dec. |
|--------------------------------------|------------|-------|------------|--------|-----------|
| SEK m                                | 2009       | 2008  | 2009       | 2008   | 2008      |
| Net sales                            | 8,049      | 7,934 | 23,947     | 23,519 | 31,663    |
| Operating profit                     | 335        | 284   | 838        | 800    | 1,077     |
| Operating margin, %                  | 4.2        | 3.6   | 3.5        | 3.4    | 3.4       |
| Profit after financial items         | 325        | 266   | 804        | 747    | 1,011     |
| Profit after tax                     | 240        | 192   | 593        | 538    | 737       |
| Earnings per share, SEK <sup>1</sup> | 4.57       | 3.66  | 11.30      | 10.26  | 14.05     |
| Equity ratio, %                      | -          | -     | 34.6       | 28.7   | 30.7      |
| Return on capital employed, %        | -          | -     | 31.9       | 33.0   | 32.0      |
| Return on shareholders' equity %     | -          | -     | 35.2       | 35.8   | 33.4      |
| Net asset value per share, SEK       | -          | -     | 46.35      | 39.34  | 43.06     |

1) Before and after dilution.

## CEO'S COMMENTS

Axfood's performance with good profitability and a positive operating result for all operations continues. Sales for the nine-month period amounted to SEK 23,947 m (23 519). Operating profit rose 4.7% to SEK 838 m (800), with an operating margin of 3.5% (3.4%).

Structural measures and improved cost control at Hemköp have generated further positive earnings effects and increasingly stable development. Operating profit for the first nine months of the year was SEK 22 m (-18). The result includes discontinuation costs of SEK 23 m for unprofitable stores that were closed during the preceding quarter. The favourable earnings performance is increasing Hemköp's prospects of achieving a positive operating result for the fourth quarter as well as for the full year 2009.

Willys continues to deliver "Sweden's cheapest bag of groceries", with a carefully considered price and product range strategy to meet customers' preferences. Sales rose 5.2%, and the number of customers also rose during the entire period. The trend in sales as well as earnings has been stable, despite the fact that the period was characterized by greater price competition and competition from newly established stores. The operating margin was 4.2% (4.4%).

During the third quarter we installed a new President was installed at PrisXtra. Sales and earnings for the period were below expectations, and as in previous quarters, the two largest stores were hurt by traffic re-routing and road construction. The integration process has been completed, and the focus moving forward will be on strengthening store operations and the customer offer.

Axfood Närlivs renewed its cooperation with EMAB<sup>1</sup> with a three-year contract, and despite fierce competition and the economic slowdown, it has shown very favourable sales development in its cash and carry operation. As earlier, Dagab's high efficiency is contributing to a high level of delivery reliability. Implementation of Autoorder, the new automated store restocking system, is continuing according to plan.

There is every indication that the market conditions during the remainder of the year will be unchanged, with fierce price competition and price-conscious customers. Our ambition therefore continues to be to offer our customers a product range that gives them value for their money at the same time that we continue to develop and improve our various concepts. Axfood is sticking to its strategic focus, and as in past years our priority is to ensure profitable growth through good cost control and improved efficiency.

Axfood's goal for 2009 is to achieve an operating profit of at least SEK 1 billion.

Anders Strålmán  
President and CEO

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<sup>1</sup> EMAB AB is an organization for independent service station stores covering purchasing coordination, marketing/campaigns and business development.

## IMPORTANT EVENTS DURING THE THIRD QUARTER

- Axfood Närlivs extended and expanded its cooperation with EMAB<sup>2</sup> with a three-year contact.
- Markus Lönnroth was appointed as President of PrisXtra.
- Willys opened a new store in Eskilstuna and a new Willys hemma store in Vara.

## IMPORTANT EVENTS EARLIER IN THE YEAR

- On 10 February a new plant for production of centrally packaged meat was inaugurated. The plant is run by Danish Crown.
- A Hemköp store in Örebro was converted to Willys.
- Willys opened a new store at Hemsta in southern Gävle.
- At the Annual General Meeting on 10 March, Fredrik Persson was elected as the new Chairman of the Board, and Odd Reitan was elected as a new director.
- Benny Hast was appointed as President of Dagab, and Nicholas Pettersson was appointed as President of Axfood Närlivs.

## CHANGE IN STORE STRUCTURE, JAN.-SEPT. 2009

|                            | Dec. 2008  | Establish-<br>ment | Acquisitions | Sales/ closures | Conversions<br>to/from | Sept. 2009 |
|----------------------------|------------|--------------------|--------------|-----------------|------------------------|------------|
| Hemköp                     | 80         |                    |              | -3              | -2                     | 75         |
| Willys <sup>1)</sup>       | 140        | 2                  | 2            | -1              | 2                      | 145        |
| PrisXtra                   | 6          |                    |              |                 |                        | 6          |
| <b>Total, wholly owned</b> | <b>226</b> | <b>2</b>           | <b>2</b>     | <b>-4</b>       | <b>-</b>               | <b>226</b> |
| Hemköp franchises          | 89         |                    | 1            | -4              |                        | 86         |

1) Of which, Willys hemma 33 (31).

## NET SALES, OWN AND FRANCHISE STORES

|                     | July-Sept. 2009,<br>SEK m | % 1)        | Like-for-like<br>sales %1) | Jan.-Sept. 2009,<br>SEK m | % 1)        | Like-for-like<br>sales %1) |
|---------------------|---------------------------|-------------|----------------------------|---------------------------|-------------|----------------------------|
| Hemköp              | 1,261                     | -4.6        | -1.2                       | 3,931                     | -5.2        | -3.5                       |
| Hemköp franchises   | 984                       | -1.8        | 0.9                        | 2,930                     | -0.1        | 0.4                        |
| <b>Hemköp total</b> | <b>2,245</b>              | <b>-3.4</b> | <b>-0.3</b>                | <b>6,861</b>              | <b>-3.1</b> | <b>-1.8</b>                |
| <b>Willys total</b> | <b>4,384</b>              | <b>4.7</b>  | <b>2.3</b>                 | <b>13,062</b>             | <b>5.2</b>  | <b>2.2</b>                 |
| <b>PrisXtra</b>     | <b>163</b>                | <b>7.9</b>  | <b>-6.9</b>                | <b>542</b>                | <b>20.4</b> | <b>-9.4</b>                |
| <b>Total</b>        | <b>6,792</b>              | <b>2.0</b>  | <b>1.6</b>                 | <b>20,465</b>             | <b>2.6</b>  | <b>0.9</b>                 |

1) Percentage change compared with the corresponding period a year ago. For PrisXtra the comparison period is February–September.

<sup>2</sup> EMAB AB is an independent organization for service station stores covering purchasing coordination, marketing/campaigns, and business development.

## SALES AND EARNINGS FOR THE AXFOOD GROUP

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 23,947 m (23,519) for the period, an increase of 1.8%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) amounted to SEK 20,465 m (19,951), an increase of 2.6%. Sales for Axfood-owned stores rose 3.0% during the period, with a 1.0% rise in like-for-like sales.

Operating profit for the period was SEK 838 m (800). The operating margin for the period was 3.5% (3.4%).

Net financial items totalled SEK -34 m (-53), and profit after financial items was SEK 804 m (747). The margin after financial items was 3.4% (3.2%). Profit after tax was SEK 593 m (538).

Axfood has no significant transactions with related parties, other than transactions with subsidiaries.

## CAPITAL EXPENDITURES

Total capital expenditures during the period amounted to SEK 439 m (939), of which SEK 3 m (475) pertained to acquisitions of businesses. In the preceding year, PrisXtra was acquired in January. In addition, SEK 189 m (281) pertained to investments in non-current assets in retail operations, SEK 75 m (80) to investments in non-current assets in wholesale operations, and SEK 128 m (68) to IT development.

## FINANCIAL POSITION

Cash flow from operating activities for the period before paid tax was SEK 1,253 m (1,008). Paid tax amounted to SEK -236 m (-254). Cash and cash equivalents held by the Group amounted to SEK 200 m, compared with SEK 312 m in December 2008. Interest-bearing assets amounted to SEK 217 m at the end of the period, compared with SEK 325 m in December 2008. Interest-bearing liabilities and provisions totalled SEK 1,095 m at the end of the period, compared with SEK 1,394 m in December 2008. Interest-bearing net debt was SEK 878 m at the end of the period, compared with SEK 1,069 m in December 2008. Payout of the shareholder dividend affected cash flow by SEK -420 m (-630), and net capital expenditures affected cash flow by SEK -405 m (-435).

The equity ratio was 34.6%, compared with 30.7% as per December 2008.

## EMPLOYEES

The Axfood Group had an average of 6,735 employees (6,731) during the period. Of the Group's employees, approximately 75% work in stores and slightly less than 20% in the wholesaling operations.

## RETAIL OPERATIONS

### WILLYS

Sales for Willys totalled SEK 13,062 m (12,421) for the period January–September, an increase of 5.2% compared with the same period a year ago. Like-for-like sales rose 2.2% during the same period. Sales during the third quarter totalled SEK 4,384 m (4,188).

Operating profit for the period was SEK 543 m (549). The operating margin was 4.2% (4.4%). Operating profit for the third quarter was SEK 199 m (197).

The private label share as of September was 24.2% (22.4%) for Willys and 29.4% (26.2%) for Willys hemma.

Willys remains focused on offering "Sweden's cheapest bag of groceries", with a carefully considered price and product range strategy designed to meet the needs of increasingly price conscious customers. The trend in sales as well as earnings has been stable, despite the fact that the period was characterized by greater price competition and competition from newly established stores.

Willys also continues to develop its leading position in the discount segment. An additional three stores were adapted to the new generation of Willys during the third quarter. The renewal project currently comprises 24 stores.

During the period, two Hemköp stores were converted to Willys, while two Willys and two Willys hemma stores were opened. The Willys chain thereby consists of 145 wholly owned stores, including 33 Willys hemma stores.

### HEMKÖP

Sales for Hemköp's stores – both wholly owned and franchises – fell 3.1% during the period January–September. Sales for Group-owned Hemköp stores totalled SEK 3,931 m (4,146) during the period, a decrease of 5.2%. Like-for-like sales for Group-owned stores decreased by 3.5% during the period.

Sales for franchise stores totalled SEK 2,930 m (2,934), a decrease of 0.1%, with a 0.4% rise in like-for-like sales.

Like-for-like sales for Group-owned stores amounted to SEK 1,261 m (1,322) during the third quarter. Operating profit for the period January–September was SEK 22 m (-18). The operating margin for the period was 0.6% (-0.4%). Operating profit for the third quarter was SEK 19 m (-5). The result for the period included discontinuation costs of SEK 23 m for unprofitable stores that were closed during the preceding quarters.

Structural measures and improved cost control at Hemköp have generated further positive earnings effects and increasingly stable development. The favourable earnings performance is increasing Hemköp's prospects of achieving a positive operating result for the fourth quarter as well as for the full year 2009.

Hemköp's new loyalty card continues to grow, and by the end of the period 270,000 cards were in issue. The goal for 2009 is to reach 300,000 cardholders. The loyalty card is a key part of a long-term effort to boost customer loyalty and thus sales and market shares.

Hemköp's private label share (incl. franchise stores) was 14.9% (13.8%) as of September.

During the period, two stores were converted to Willys and seven stores were closed or sold – three that were Group-owned and four that were proprietor-operated. Hemköp had 161 stores at the end of the period, of which 75 were Group-owned.

### PRISXTRA

PrisXtra's sales amounted to SEK 542 m during the period January–September (February–September 2008: 450). Sales for the third quarter amounted to SEK 163 m (151). Operating profit for the period January–

September was SEK 4 m (February–September 2008: 8), and the operating margin for the period was 0.7% (1.8%). Operating profit for the third quarter was SEK 1 m (2).

PrisXtra, which has been consolidated by Axfood since February 2008, has concluded its integration work with Axfood and obtained a new President during the third quarter. Sales and earnings for the period were below expectations, and as in previous quarters, the two largest stores were hurt by traffic re-routing and road construction.

PrisXtra currently has six stores plus an online store serving the Stockholm area.

## AXFOOD WHOLESALING

### DAGAB AND AXFOOD NÄRLIVS

Dagab's sales for the period January–September totalled SEK 17,774 m (17,374). Sales during the third quarter amounted to SEK 5,946 m (5,832). Operating profit for the period was SEK 98 m (93). The operating margin for the period was 0.6% (0.5%). Operating profit for the third quarter was SEK 38 m (33). Dagab has proceeded with the implementation of Autoorder – the new, automated store restocking system – according to plan. After Willys, implementation of the system has now been started at Hemköp and Axfood Snabbgross. Dagab continued to show a very high level of delivery reliability, at 97.1%.

Sales for Axfood Närlivs during the period January–September totalled SEK 4,190 m (4,268). Sales during the third quarter amounted to SEK 1,490 m (1,505). Operating profit for the period was SEK 106 m (88), and the operating margin was 2.5% (2.1%). Operating profit for the third quarter was SEK 52 m (46). Axfood Närlivs renewed its cooperation with EMAB<sup>3</sup> with a three-year contract and continued to hold its own against the competition as well as the economic downturn with very favourable sales in its cash and carry operation.

## SIGNIFICANT RISKS AND UNCERTAINTIES

In the course of its operations the Axfood Group is exposed to both financial and business risks. Financial risks include liquidity risk, interest rate risk and currency risk, while business risks include competitive risk and operating risk.

In late 2008 the Swedish krona weakened against both the euro (EUR) and the US dollar (USD), which are the currencies that affect Axfood the most. This weakening continued into the start of 2009, after which the krona recovered towards the end of the first quarter to the levels that prevailed at year-end 2008. During the second and third quarters the krona strengthened relative to EUR and USD. At the close of the third quarter the krona was level with the rates that prevailed at the start of the fourth quarter 2008. Despite the fact that Axfood's principle is to hedge all purchases in foreign currency at the time of order, a prolonged weakening of the krona leads to higher purchase prices. This applies both for directly imported goods (which account for roughly 5% of Axfood's total purchases) and for goods purchased in Sweden and where the suppliers are dependent on imports to varying degrees. The opportunity for Axfood to compensate for higher purchase prices stemming from currency movements with higher prices towards consumers depends on the overall competitive situation in the market. Axfood's competitors are exposed in the same way as Axfood to movements in the currency market.

The Parent Company is responsible for the Group's external financing and is thereby exposed to liquidity risk, interest rate risk and currency risk. The goal of Axfood's financial management is to limit the short-term impact of fluctuations in the financial markets on the Group's earnings and cash flow. Toward this end, Ax-

<sup>3</sup> EMAB AB is an independent organization for service station stores covering purchasing coordination, marketing/campaigns, and business development.

food has a finance policy that regulates liquidity risk, interest rate risk and currency risk. In other respects, the Parent Company conducts holding company activities for the Group, including central functions, and is not exposed to risks other than indirectly via its subsidiaries.

Axfood works continuously with risk identification and assessment. One of the most significant operating risks that Axfood has identified in its safety analysis work is a total loss, such as from a fire at one of the central warehouses in Jordbro or Backa. Major emphasis is put on preventive work, and the organization for this is well-developed, as is the Company's planning to maintain operating continuity in the event of unforeseen events.

For a thorough account of the risks that affect the Group, please refer to the 2008 Annual Report.

## ENVIRONMENTAL IMPACT

Axfood continues to strengthen its work with sustainability issues. To strengthen internal work in these areas, an organization of ten environmental coordinators has been built up in Axfood's various companies. In addition, Axfood has joined the Business Leadership Initiative on Climate Change (BLICC) – as the first retail food company – in an effort to work together with other major companies on reducing climate-affecting emissions.

In its day-to-day work, Axfood is actively working in three primary areas in an effort to reduce its environmental impact:

- transports to and from stores, warehouses and suppliers,
- sorting of waste in all operations, and
- energy use in stores, warehouses and offices.

## PARENT COMPANY

Other operating revenue for the Parent Company during the period January–September amounted to SEK 124 m (125). After selling expenses, administrative expenses and other operating expenses, totalling SEK 140 m (154), and SEK -17 m (-32) in net financial items, the result after financial items was SEK -33 m (-61). Capital expenditures during the period amounted to SEK 1 m (402).

Cash and cash equivalents held by the Parent Company totalled SEK – m, compared with SEK 0 m in December 2008. Interest-bearing net debt was SEK 1,091 m at the end of the period, compared with SEK 1,532 m in December 2008.

The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

## ACCOUNTING PRINCIPLES

### GROUP

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been used as in the most recent annual report, except for with respect to the points described below.

In order to prepare the financial statements in accordance with generally accepted accounting principles, the Board and company management make estimations and assumptions that affect the Company's result and position as well as other disclosures in general. These estimations and assumptions are based on historical experience and are reviewed on a regular basis.

Effective 1 January 2009, a new standard took effect: IFRS 8 Operating Segments. IFRS 8 is a strictly disclosure standard, which is why it does not have any effect on the Group's statements of comprehensive income, financial position, cash flows and changes in equity. The operating segments are unchanged compared



with the most recent annual report. In addition to IFRS 8 are amendments to IAS 1 Presentation of Financial Statements, IFRS 2 Share-based Payment, IAS 23 Borrowing Costs, IAS 32 Financial Instruments: Presentation, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate. These amendments have no effect on Axfood's statements of comprehensive income, financial position, cash flows and changes in equity.

The amendments to IFRS 7 Financial Instruments: Disclosures take effect as from 1 January 2009 but have not yet been endorsed for application within the EU, and therefore have not been applied.

### PARENT COMPANY

The same accounting principles and calculation methods as in the most recent annual report have been used. The Parent Company complies with the Swedish Annual Accounts Act and recommendation RFR 2.2 – Reporting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR). Application of RFR 2.2 entails that in interim reporting for legal entities, the Parent Company applies all IFRSs and interpretations endorsed by the EU as far as practicable within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

As is the case for the Axfood Group, the new and amended standards that take effect on 1 January 2009 have no effect on the Parent Company's income statement, balance sheet, cash flow statement or shareholders' equity.

### FUTURE OUTLOOK

Axfood's goal for 2009 is to achieve an operating profit of at least SEK 1 billion<sup>4</sup>.

### NEXT REPORTING DATE

The year-end report for the period January–December 2009 will be released on 2 February 2010.

### ANNUAL GENERAL MEETING

The 2010 Annual General Meeting will be held at 5 p.m. on 10 March 2010, in Stockholm. The 2009 Annual Report will be published on 23 February 2010 on Axfood's website, at which time it will be on hand at Axfood's head offices in Solna. In addition, printed versions will be distributed by post to shareholders approximately one week before the Annual General Meeting upon request.

This interim report has been reviewed by the Company's auditors. The review report can be found on page 10.

Stockholm, 21 October 2009

Anders Strålmán

*President and CEO*

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<sup>4</sup> Unchanged compared with the preceding report.

## CONTACT INFORMATION

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## AUDITORS' REVIEW REPORT

To the Board of Directors of Axfood AB (publ)

Reg. no. 556542-0824

### INTRODUCTION

We have reviewed the accompanying interim report for Axfood AB (publ) for the period 1 January–30 September 2009. The Board of Directors and the President are responsible for the preparation and presentation of the interim report in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### SCOPE OF REVIEW

We have conducted our review in accordance with the Swedish standard for such reviews, SÖG 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swedish generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, a review does not enable us to express a conclusion with the same degree of assurance that an audit would do.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act and that the parent company interim financial information, in all material respects, is not prepared in accordance with the Annual Accounts Act.

Stockholm, 21 October 2009

KPMG AB

Thomas Thiel

*Authorized Public Accountant*

## FINANCIAL STATEMENTS, GROUP

## NET SALES PER OPERATING SEGMENT

|                             | July-Sept.   |              | Jan.-Sept.    |               | Jan.-Dec.     |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|
| SEK m                       | 2009         | 2008         | 2009          | 2008          | 2008          |
| Hemköp                      | 1,276        | 1,337        | 3,977         | 4,189         | 5,640         |
| Willys                      | 4,384        | 4,188        | 13,062        | 12,421        | 16,776        |
| PrisXtra <sup>1</sup>       | 163          | 151          | 542           | 450           | 653           |
| Axfood Närlivs <sup>2</sup> | 1,490        | 1,505        | 4,190         | 4,268         | 5,662         |
| Dagab <sup>3</sup>          | 5,946        | 5,832        | 17,774        | 17,374        | 23,424        |
| Other <sup>4</sup>          | 845          | 500          | 2,460         | 1,411         | 1,981         |
| <i>Internal sales</i>       |              |              |               |               |               |
| Dagab                       | -5,240       | -5,113       | -15,692       | -15,298       | -20,625       |
| Axfood Närlivs              | -5           | -4           | -15           | -12           | -17           |
| Other                       | -810         | -462         | -2,351        | -1,284        | -1,831        |
| <b>Net sales, total</b>     | <b>8,049</b> | <b>7,934</b> | <b>23,947</b> | <b>23,519</b> | <b>31,663</b> |

## OPERATING PROFIT FOR THE PERIOD (EBIT), BROKEN DOWN BY OPERATING SEGMENT

|   | July-Sept. |            | Jan.-Sept. |            | Jan.-Dec.    |
|---|------------|------------|------------|------------|--------------|
| SEK m   | 2009       | 2008       | 2009       | 2008       | 2008         |
| Hemköp  | 19         | -5         | 22         | -18        | -8           |
| Willys  | 199        | 197        | 543        | 549        | 730          |
| PrisXtra <sup>1</sup>                                     | 1          | 2          | 4          | 8          | 9            |
| Axfood Närlivs  | 52         | 46         | 106        | 88         | 110          |
| Dagab   | 38         | 33         | 98         | 93         | 138          |
| Other <sup>4</sup>  | 26         | 11         | 65         | 80         | 98           |
| <b>Operating profit for the period, total<sup>5</sup></b> | <b>335</b> | <b>284</b> | <b>838</b> | <b>800</b> | <b>1,077</b> |

<sup>1)</sup> The comparison period pertains to February-September, and February-December for the full year.

<sup>2)</sup> Of which, distributed sales of SEK 3,544 m (3,431) for January-September and SEK 4,566 m for January-December.

<sup>3)</sup> Of which, distributed sales of SEK 11,920 m (11,305) for January-September and SEK 15,327 m for January-December.

<sup>4)</sup> Includes joint-Group functions, such as purchasing coordination, IT and corporate offices. Figures for the period have been affected by approximately SEK -37 m from a change in internal pricing that was carried out during the second half of 2008. This does not affect the Axfood Group's consolidated earnings. The item "other" also includes charges for, among other things, amortization of surplus value pertaining to the acquisition of PrisXtra. The increase in sales is attributable to higher internal volumes for Fruits and Vegetables and for Centrally Packaged Meat.

<sup>5)</sup> Net financial items are not distributed per operating segment.

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP

| SEK m  | July-Sept. |            | Jan.-Sept. |            | Jan.-Dec.  |
|--|------------|------------|------------|------------|------------|
|  | 2009       | 2008       | 2009       | 2008       | 2008       |
| Net sales  | 8,049      | 7,934      | 23,947     | 23,519     | 31,663     |
| Cost of goods sold   | -6,928     | -6,903     | -20,651    | -20,371    | -27,413    |
| Gross profit   | 1,121      | 1,031      | 3,296      | 3,148      | 4,250      |
| Selling/administrative expenses, etc.                                | -786       | -747       | -2,458     | -2,348     | -3,173     |
| Operating profit   | 335        | 284        | 838        | 800        | 1,077      |
| Net financial items  | -10        | -18        | -34        | -53        | -66        |
| Profit after financial items   | 325        | 266        | 804        | 747        | 1,011      |
| Tax  | -85        | -74        | -211       | -209       | -274       |
| <b>Profit for the period</b>   | <b>240</b> | <b>192</b> | <b>593</b> | <b>538</b> | <b>737</b> |
| <i>Other comprehensive income</i>                                    |            |            |            |            |            |
| Change in fair value of forward exchange contracts                   | 0          | 5          | 0          | 5          | 0          |
| Tax pertaining to change in fair value of forward exchange contracts | 0          | -1         | 0          | -1         | 0          |
| Other comprehensive income for the period                            | 0          | 4          | 0          | 4          | 0          |
| <b>Total comprehensive income for the period</b>                     | <b>240</b> | <b>196</b> | <b>593</b> | <b>542</b> | <b>737</b> |
| Operating profit includes depreciation/amortization of               | 134        | 133        | 401        | 393        | 526        |
| Earnings per share, SEK  | 4.57       | 3.66       | 11.30      | 10.26      | 14.05      |

**CONDENSED STATEMENT OF FINANCIAL POSITION, GROUP**

| <i>SEK m</i>  | 30/9/2009    | 30/9/2008    | 31/12/2008   |
|---|--------------|--------------|--------------|
| <b>Assets</b>                                       |              |              |              |
| Goodwill  | 1,539        | 1,534        | 1,536        |
| Interest-bearing receivables                        | 4            | 13           | -            |
| Other financial assets                              | 28           | 29           | 33           |
| Other non-current assets                            | 2,053        | 1,996        | 2,072        |
| <b>Total non-current assets</b>                     | <b>3,624</b> | <b>3,572</b> | <b>3,641</b> |
| Inventories   | 1,661        | 1,578        | 1,769        |
| Accounts receivable — trade                         | 538          | 679          | 736          |
| Interest-bearing receivables                        | 13           | 13           | 13           |
| Other current assets                                | 989          | 1,172        | 879          |
| Cash and bank balances                              | 200          | 181          | 312          |
| <b>Total current assets</b>                         | <b>3,401</b> | <b>3,623</b> | <b>3,709</b> |
| <b>Total assets</b>                                 | <b>7,025</b> | <b>7,195</b> | <b>7,350</b> |
| <b>Shareholders' equity and liabilities</b>         |              |              |              |
| Equity attributable to equity holders of the parent | 2,432        | 2,064        | 2,259        |
| <b>Total shareholders' equity</b>                   | <b>2,432</b> | <b>2,064</b> | <b>2,259</b> |
| Non-current interest-bearing liabilities            | 539          | 693          | 690          |
| Noninterest-bearing non-current liabilities         | 205          | 238          | 230          |
| <b>Total non-current liabilities</b>                | <b>744</b>   | <b>931</b>   | <b>920</b>   |
| Current interest-bearing liabilities                | 556          | 764          | 704          |
| Accounts payable — trade                            | 1,893        | 1,859        | 1,849        |
| Other current noninterest-bearing liabilities       | 1,400        | 1,577        | 1,618        |
| <b>Total current liabilities</b>                    | <b>3,849</b> | <b>4,200</b> | <b>4,171</b> |
| <b>Total shareholders' equity and liabilities</b>   | <b>7,025</b> | <b>7,195</b> | <b>7,350</b> |
| <b>Contingent liabilities</b>                       | <b>22</b>    | <b>26</b>    | <b>24</b>    |
| <b>Pledged assets</b>                               | <b>1</b>     | <b>2</b>     | <b>1</b>     |

**CONDENSED STATEMENT CASH FLOWS, GROUP**

|  | Jan.-Sept.  |             | Jan.-Dec.   |
|--|-------------|-------------|-------------|
| SEK m  | 2009        | 2008        | 2008        |
| <b>Operating activities</b>  |             |             |             |
| –Cash flow from operating activities before changes in working capital before paid tax | 1,227       | 1,121       | 1,520       |
| –Paid tax  | -236        | -254        | -283        |
| –Changes in working capital  | 26          | -113        | -85         |
| <i>Cash flow from operating activities</i>   | 1,017       | 754         | 1,152       |
| <b>Investing activities</b>  |             |             |             |
| –Company acquisitions, net   | -6          | -457        | -466        |
| –Acquisitions of non-current assets, net   | -405        | -435        | -642        |
| –Reduction of financial non-current assets   | -           | -           | 10          |
| <i>Cash flow from investing activities</i>   | -411        | -892        | -1,098      |
| <b>Financing activities</b>  |             |             |             |
| –Change in interest-bearing liabilities  | -298        | 478         | 417         |
| –Dividend paid out   | -420        | -630        | -630        |
| <i>Cash flow from financing activities</i>   | -718        | -152        | -213        |
| <b>Cash flow for the period</b>  | <b>-112</b> | <b>-290</b> | <b>-159</b> |

**CONDENSED STATEMENT OF CHANGES IN EQUITY, GROUP**

| SEK m                                     | 30/9/2009    | 30/9/2008    | 31/12/2008   |
|---|--------------|--------------|--------------|
| Amount at start of year                   | 2,259        | 2,152        | 2,152        |
| Total comprehensive income for the period | 593          | 542          | 737          |
| Dividend to shareholders                  | -420         | -630         | -630         |
| <b>Amount at end of period</b>            | <b>2,432</b> | <b>2,064</b> | <b>2,259</b> |

**KEY RATIOS AND OTHER DATA, GROUP**

|   | 30/9/2009  | 30/9/2008  | 31/12/2008 |
|---|------------|------------|------------|
| Operating margin, %                         | 3.5        | 3.4        | 3.4        |
| Margin after financial items, %             | 3.4        | 3.2        | 3.2        |
| Equity ratio, %                             | 34.6       | 28.7       | 30.7       |
| Debt-equity ratio, net, multiple            | 0.4        | 0.6        | 0.5        |
| Debt-equity ratio, multiple                 | 0.5        | 0.7        | 0.6        |
| Interest coverage, multiple                 | 21.6       | 13.9       | 14.7       |
| Capital employed, SEK m                     | 3,527      | 3,521      | 3,653      |
| Return on capital employed, %               | 31.9       | 33.0       | 32.0       |
| Return on shareholders' equity, %           | 35.2       | 35.8       | 33.4       |
| Capital expenditures, SEK m                 | 439        | 939        | 1,158      |
| Earnings per share, SEK <sup>1</sup>        | 11.30      | 10.26      | 14.05      |
| Dividend per share, SEK                     | -          | -          | 8.00       |
| Net asset value per share, SEK <sup>1</sup> | 46.35      | 39.34      | 43.06      |
| Number of shares outstanding <sup>1</sup>   | 52,467,678 | 52,467,678 | 52,467,678 |
| Average number of employees during the year | 6,735      | 6,731      | 6,847      |

1) The number of shares is the same before and after dilution. The average number of shares is the same as the number of shares outstanding. Axfood has no holdings of treasury shares.

# FINANCIAL STATEMENTS, PARENT COMPANY

## CONDENSED INCOME STATEMENT, PARENT COMPANY

| SEK m.   | July-Sept. |            | Jan.-Sept. |            | Jan.-Dec.  |
|--|------------|------------|------------|------------|------------|
|  | 2009       | 2008       | 2009       | 2008       | 2008       |
| Net sales  | -          | -          | -          | -          | -          |
| Selling/administrative expenses, etc.                  | -2         | -9         | -16        | -29        | -40        |
| <i>Operating profit</i>                                | -2         | -9         | -16        | -29        | -40        |
| Net financial items                                    | -5         | -12        | -17        | -32        | -45        |
| <i>Profit after financial items</i>                    | -7         | -21        | -33        | -61        | -85        |
| Appropriations   | -          | -          | -          | -          | 0          |
| <i>Profit before tax</i>                               | -7         | -21        | -33        | -61        | -85        |
| Tax  | 2          | 6          | 9          | 19         | 25         |
| <b>Net profit for the period</b>                       | <b>-5</b>  | <b>-15</b> | <b>-24</b> | <b>-42</b> | <b>-60</b> |
| Operating profit includes depreciation/amortization of | 2          | 3          | 6          | 7          | 9          |

**CONDENSED BALANCE SHEET, PARENT COMPANY**

| <i>SEK m</i>                                      | 30/9/2009    | 30/9/2008    | 31/12/2008   |
|---|--------------|--------------|--------------|
| <b>Assets</b>                                     |              |              |              |
| Property, plant and equipment                     | 10           | 19           | 17           |
| Participations in Group companies                 | 3,468        | 3,468        | 3,468        |
| Interest-bearing receivables                      | -            | 13           | -            |
| Other financial non-current assets                | 4            | 3            | 3            |
| Deferred tax assets                               | 10           | 10           | 9            |
| <b>Total non-current assets</b>                   | <b>3,492</b> | <b>3,513</b> | <b>3,497</b> |
| Receivables from Group companies <sup>1)</sup>    | 669          | 730          | 1,826        |
| Interest-bearing receivables                      | 13           | 13           | 13           |
| Other current assets                              | 207          | 219          | 13           |
| Cash and bank balances                            | -            | -            | 0            |
| <b>Total current assets</b>                       | <b>889</b>   | <b>962</b>   | <b>1,852</b> |
| <b>Total assets</b>                               | <b>4,381</b> | <b>4,475</b> | <b>5,349</b> |
| <b>Shareholders' equity and liabilities</b>       |              |              |              |
| Restricted shareholders' equity                   | 262          | 262          | 262          |
| Unrestricted shareholders' equity                 | 2,259        | 1,968        | 2,703        |
| <b>Total shareholders' equity</b>                 | <b>2,521</b> | <b>2,230</b> | <b>2,965</b> |
| <b>Untaxed reserves</b>                           | <b>5</b>     | <b>6</b>     | <b>6</b>     |
| Non-current interest-bearing liabilities          | 182          | 328          | 329          |
| Noninterest-bearing non-current liabilities       | 7            | 7            | 7            |
| <b>Total non-current liabilities</b>              | <b>189</b>   | <b>335</b>   | <b>336</b>   |
| Current interest-bearing liabilities              | 523          | 733          | 671          |
| Liabilities to Group companies <sup>2)</sup>      | 1,110        | 1,143        | 1,328        |
| Accounts payable — trade                          | 12           | 4            | 12           |
| Other current noninterest-bearing liabilities     | 21           | 24           | 31           |
| <b>Total current liabilities</b>                  | <b>1,666</b> | <b>1,904</b> | <b>2,042</b> |
| <b>Total shareholders' equity and liabilities</b> | <b>4,381</b> | <b>4,475</b> | <b>5,349</b> |
| <b>Contingent liabilities</b>                     | <b>364</b>   | <b>370</b>   | <b>369</b>   |
| <b>Pledged assets</b>                             | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| 1) Of which, interest-bearing receivables         | 667          | 727          | 707          |
| 2) Of which, interest-bearing liabilities         | 1,067        | 1,100        | 1,252        |





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