



## **INTERIM REPORT**

### **OPERATIONS DURING THE PERIOD JANUARY 1 – JUNE 30, 1999**

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			<i>% change compared with preceding year</i>
- Net sales	SEK 2,507 m	(2,357)	+6.4 %
- Operating income	SEK 71.3 m	(71.3)	0.0 %
- Income before tax	SEK 72.1 m	(72.5)	-0.6 %
- Operating margin	2.8 %	3.0 %	
- Earnings per share after full tax	SEK 2.08	(2.09)	
- Three new stores opened			
- Decision made to establish an additional three stores			
- Two new bakeries established			

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Hemköp increased its sales volume and captured new market shares. During the first half of the year new stores were opened in Västerås, Valbo and Oskarshamn. The decision has been made on the acquisition of an additional two stores and on the implementation of one new establishment.

Hemköp's new large-store concept, Hemköp Plus, was introduced in connection with the opening of a new store in Valbo at the end of May. The concept has shown itself to be successful in the market.

#### **Sales and earnings**

Hemköp's net sales increased during the period by 6.4 percent, to SEK 2,507 m (2,357), entailing growth in volume of approximately 5.5 percent. According to preliminary industry statistics, volume increased by 1.5 percent for the industry as a whole during the period. Hemköp's volume growth is mainly attributable to new stores, however, comparable units have also contributed to the increase.

The operating margin was 2.8 percent (3.0), and thus operating income for the period was unchanged at SEK 71.3 m. Earnings were charged with costs for implementation of the new large-store concept in Valbo and new-establishment costs, most of which were incurred during the second quarter.

Net financial items amounted to SEK 0.8 m, compared with SEK 1.2 m a year ago, and income after financial items totaled SEK 72.1 m (72.5).

#### **Capital expenditures and expansion**

Capital expenditures totaled SEK 68.0 m (56.8). Three new stores and two bakeries were established during the period. In addition, three stores underwent extensive refurbishment and acquired additional retail space.

An additional eight stores were equipped with Hemköp's new, computerized checkout system, which has now been installed in 56 stores. The project will be concluded throughout the chain in early 2000.

#### **Financial position**

The Group's liquid assets totaled SEK 60.0 m (87.5) as per June 30. Net interest-bearing assets amounted to SEK 42.6 m (72.8).

The equity ratio was 35.7 percent (33.6), and the debt-equity ratio was 0.1 (0.1).

#### **Number of employees**

The average number of full-year employees was 2,609 (2,433). The increase is mainly attributable to staff at new stores, but also to training activities in connection with the introduction of a new concept for prepared dishes and the installation of the new, computerized checkout system.

#### **Parent company**

Hemköpskedjan AB, Box 828, SE-791 29 Falun, Sweden Tel +46 (0)23-589 00 Fax +46 (0)23-71 19 77

Sales in the parent company amounted to SEK 14.2 m (14.2) for the period, while income after financial items was SEK 0 (0).

Falun, Sweden, July 27, 1999

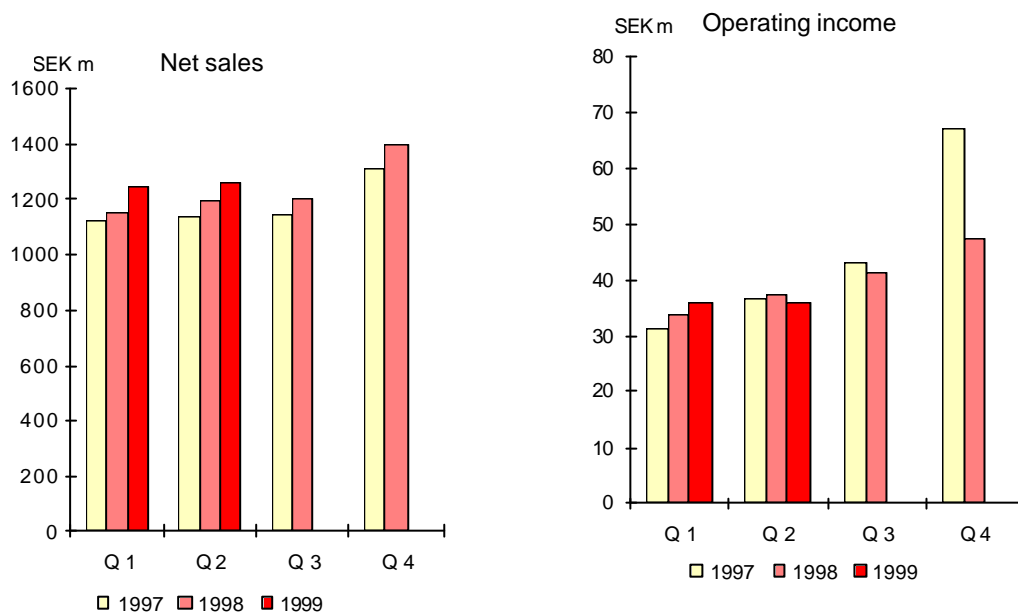
**Hemköpskedjan AB (publ.)**

Håkan Matz

President and CEO

*The interim report has not been subject to examination by the Company's auditors.*

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*The charts above show the quarterly trend in sales and operating income for 1999 compared with 1998 and 1997.*

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**Financial calendar for Hemköpskedjan**

Interim report (9 months)

Year-End Report

Annual General Meeting

October 27, 1999

February 14, 2000

May, 2000

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**CONDENSED INCOME STATEMENT****SEK m**

	Jan-June <u>1999</u>	Jan-June <u>1998</u>	Full-year <u>1998</u>
Net sales	2,507.3	2,357.0	4,957.8
Operating income	71.3	71.3	160.6
Income after financial items	72.1	72.5	162.2
Taxes <sup>1)</sup>	<u>-20.2</u>	<u>-20.3</u>	<u>-45.6</u>
Income for the period	51.9	52.2	116.6
Earnings per share (SEK)	2.08	2.09	4.66

<sup>1)</sup> In the interim report, tax is calculated using a standard tax rate of 28%.

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**CONDENSED BALANCE SHEET****SEK m**

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
<b>ASSETS</b>		
Fixed assets	365.2	292.4
Other current assets	424.1	367.5
Cash and bank balances	<u>60.0</u>	<u>87.5</u>
<b>Total assets</b>	<u>849.3</u>	<u>747.4</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	302.8	251.4
Provisions <sup>1)</sup>	61.0	47.4
Long-term liabilities <sup>1)</sup>	7.5	5.0
Current liabilities <sup>1)</sup>	<u>478.0</u>	<u>443.6</u>
<b>Total shareholders' equity and liabilities</b>	<u>849.3</u>	<u>747.4</u>

<sup>1)</sup> Of which, SEK 17.4 m (14.7) in interest-bearing liabilities and SEK 529.1 m (481.3) in noninterest-bearing liabilities.

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**CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION**

<b>SEK m</b>	<b><u>June 30, 1999</u></b>	<b><u>June 30, 1998</u></b>	<b><u>Moving 12 months</u></b>
<b>Funds provided</b>			
Income after financial items	72.1	72.5	161.8
Depreciation charged to income	31.7	25.7	60.9
Taxes	<u>-20.2</u>	<u>-20.3</u>	<u>-31.1</u>
<b>Funds provided by operations for the period</b>	83.6	77.9	191.6
Change in working capital	-107.1	-100.6	-22.2
Capital expenditures	<u>-68.0</u>	<u>-56.8</u>	<u>-134.7</u>
<b>Cash flow after capital expenditures</b>	-91.5	-79.5	34.7
Shareholder dividend	<u>-65.0</u>	<u>-65.0</u>	<u>-65.0</u>
<b>Cash flow</b>	-156.5	-144.5	-30.3

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**KEY RATIOS AND OTHER INFORMATION**

	<b><u>June 30, 1999</u></b>	<b><u>June 30, 1998</u></b>
Equity ratio, (%)	35.7	33.6
Operating margin, (%)	2.8	3.0
Profit margin, (%)	2.9	3.1
Earnings per share, (SEK)	2.08	2.09
Shareholders' equity per share, (SEK)	12.11	10.06
Debt-equity ratio	0.1	0.1
Number of stores	98	91
Number of full-year employees	2,609	2,433

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