

## Interim Report, Axfood AB (publ.) for the period 1 January–30 September 2004

- Axfood's consolidated sales during the first nine months of the year amounted to SEK 25,330 m (24,972), an increase of 1.4%. Retail sales for Axfood's wholly owned stores in Sweden rose 7.5%, with a 4.1% rise in same-store sales. Retail sales for wholly owned stores in Spar Finland rose 7.1% during the period in local currency, with a 2.5% drop in same-store sales.
- Operating profit for the third quarter, which was the best in Axfood's history, was SEK 316 m (242), with an operating margin of 3.7% (2.9%).
- Operating profit for the period January–September was SEK 757 m (760). Operating profit for 2003 included a capital gain of SEK 110 m on the sale of real estate.
- Profit after tax for the period January–September was SEK 497 m (494). Earnings per share were SEK 9.28 m (9.28).
- The forecast that 2004 profit, excluding items affecting comparability, will improve compared with the outcome for 2003, remains unchanged.
- The financial net position at the end of the period was positive and amounted to SEK 100 m.

| Key ratios                                  | July–September |       | January–September |        | Jan.–Dec. |
|---|----------------|-------|-------------------|--------|-----------|
| SEK m                                       | 2004           | 2003  | 2004              | 2003   | 2003      |
| Net sales                                   | 8,484          | 8,472 | 25,330            | 24,972 | 33,16     |
| Operating profit <sup>1</sup>               | 316            | 242   | 757               | 760    | 1,034     |
| Operating margin, % <sup>2</sup>            | 3.7            | 2.9   | 3.0               | 2.6    | 2.7       |
| Profit after financial items                | 310            | 229   | 733               | 705    | 971       |
| Profit after tax                            | 208            | 159   | 497               | 494    | 684       |
| Earnings per share, SEK                     | 3.88           | 2.99  | 9.28              | 9.28   | 12.85     |
| Equity ratio, %                             | -              | -     | 36.4              | 29.6   | 32.2      |
| Return on capital employed, %               | -              | -     | 34.3              | 32.3   | 31.2      |
| Return on shareholders' equity after tax, % | -              | -     | 32.3              | 40.0   | 35.8      |
| Net asset value per share, SEK              | -              | -     | 43.82             | 35.88  | 39.76     |

1) Operating profit for the corresponding period and full-year 2003 included a capital gain of SEK 110 m on the sale of Axfood Fastigheter. Operating profit for the full-year 2003 also included a capital gain of SEK 22 m on the sale of Bohus Detaljhandel.

2) Excluding capital gains from the above-mentioned divestments: SEK 110 m for the corresponding period in 2003 and SEK 132 m for the full-year 2003.

### CEO's comments

During the period Axfood posted a 4.1% rise in sales for wholly owned stores and comparable units. This performance is particularly pleasing in view of the fact that the total market in Sweden is experiencing low or no growth.

Compared with a year ago, Axfood's operating profit excluding items affecting comparability improved by 17% during the period January–September and by 31% during the third quarter. With an operating profit of SEK 316 m, the third quarter was thus the single-best quarter since the 2000 merger that formed Axfood. This favourable result can be credited primarily to the performance of Axfood's retail business. Central units such as purchasing and private label products also continue to make significant contributions to the operating profit.

Willys' strong growth continued into the third quarter, with accumulated sales growth of 12.8% and same-store sales growth of 5.4%. Operating profit improved by 19.4% compared with a year earlier.

### Axfood AB (publ.)

**Address**  
Box 7314  
Kungsgatan 32  
SE-103 90 Stockholm

**Tel**  
+46-8-553 998 00  
**Fax**  
+46-8-553 998 05

**E-mail, Internet**  
[info@axfood.se](mailto:info@axfood.se)  
[www.axfood.se](http://www.axfood.se)

**Reg. no.**  
556542-0824  
VAT-no. SE5565482401

Willys hemma is showing a robust recovery and strongly improved earnings, and we therefore expect the chain to report a profit for the fourth quarter. As a result of this favourable development, we will continue with the chain's expansion starting in 2005.

Hemköp posted lower growth during the third quarter. The cold summer contributed to changed consumption patterns, and traditional stores had weak or negative performance during the third quarter. Accumulated sales growth for comparable units was 2.2% as of September. The merger between Spar Sverige and Hemköp is proceeding according to plan, and to date approximately 45 stores out of some 90 in all have signed agreements to be a part of the new Hemköp chain.

Axfood's wholesale businesses, Dagab and Axfood Närlivs, are showing stable development. Among other things, Axfood Närlivs signed a contract during the quarter with Pressbyrån and 7-Eleven worth SEK 290 m in yearly volume.

In September, Vivo Stockholm, with which its 88 stores has been a customer of Dagab for forty years, announced that it intends to switch wholesalers starting with the first quarter of 2005. Axfood's and Dagab's earnings in 2004 will not be affected by this decision. An extensive action programme has been launched to secure Dagab's long-term level of earnings. As part of this, Dagab has issued notice to 90 employees. Structural costs for Dagab are expected to amount to SEK 20 m in 2005.

Our forecast that 2004 profit, excluding items affecting comparability, will improve compared with the outcome for 2003, remains unchanged.

Mats Jansson  
President and CEO

#### **Important events during the third quarter and after the end of the reporting period**

- The Hemköp City store in Stockholm has been reopened as the chain's flagship store following extensive remodelling.
- Forty-five Spar retailers signed new franchise agreements to be included in the new Hemköp chain.
- Vivo Stockholm announced that it is switching wholesalers as per the first quarter of 2005.
- Dagab issued redundancy notices to 90 employees in Jordbro.
- Axfood's remaining finance operation was wound up.

#### **Important events earlier in the year**

- Willys has developed a new customer concept – Super-Willys – with the opening of a pilot store in Rissne, Stockholm, on 22 April. The sales development has been very favourable, and the plan is to open an additional 10–15 Super-Willys stores in the coming three years.
- On 22 April the Board of Axfood AB decided to merge the Hemköp and Spar chains under the Hemköp brand. A new organization is in place from 1 July. Synergy gains are estimated at SEK 60–80 m per year starting in 2007. Conversion of Spar stores will commence during the fourth quarter of 2004 and will be fully completed by year-end 2005.
- Six stores with annual sales of approximately SEK 300 m have been acquired. Five of these have been converted or will be converted to Hemköp.
- Axfood has divested the remaining production operations within the Group, entailing the closure of a sausage plant and the sale of another, among other things.
- Axfood has raised the target for private label sales from 15% to 25% by 2007.

#### **Sales and earnings of the Axfood Group**

Consolidated wholesale and retail sales for the Axfood Group for the period 1 January–30 September amounted to SEK 25,330 m (24,972), an increase of 1.4% (1.8%).

The Axfood Group's sales in Sweden during the period January–September, including VAT (in own and collaborating stores), totalled SEK 26,971 m (26,116). Sales by Axfood's wholly owned retail businesses in Sweden increased during the period by 7.5% (14.5%), with a 4.1% rise in same-store sales (3.7%). Operating profit for the period January–September was SEK 757 m (760). Adjusted for items affecting comparability (earnings for 2003 included a capital gain of SEK 110 m on the sale of real estate), profit during the first nine months of the year improved by 16.5% compared with the preceding year. The

operating margin for the period January–September was 3.0% (2.6%), excluding items affecting comparability. Operating profit for the third quarter was SEK 316 m (242), with an operating margin of 3.7% (2.9%), excluding items affecting comparability.

Net financial items amounted to SEK -24 m (-55) during the period January–September. Profit after financial items was SEK 733 m (705). The margin was 2.9% (2.8%) after financial items and 2.9% (2.4%) excluding items affecting comparability. Profit after tax was SEK 497 m (494).

### **Financial position**

Cash flow from operating activities during the period January–September was SEK 1,044 m (764). Cash and cash equivalents held by the Group amounted to SEK 750 m (330). At the end of the period, interest-bearing assets totalled SEK 761 m (403), and interest-bearing liabilities and provisions totalled SEK 661 m (964).

The equity ratio was 36.4% (29.6%).

### **Capital expenditures**

Capital expenditures during the first nine months amounted to SEK 343 m (482). Of these, investments in fixed assets in the wholesaling operations and in the store network in Sweden accounted for SEK 296 m (421). Spar Finland's capital expenditures amounted to SEK 47 m (61). In addition, stores were acquired in Sweden for SEK 10 m (140).

### **Employees**

The Axfood Group had an average of 7,757 employees (7,804) during the period January–September. Of the Group's employees, approximately 75% work in stores. During the year to date, the Axfood Academy has provided leadership training for 485 of the Group's managers at stores and support units.

### **Store operations**

#### **Hemköp**

The strong growth for Hemköp during the spring levelled off during the third quarter, following the pattern for the competitors, with steady or falling volumes. The sales increase for comparable units during the period January–September was 2.2%.

In September the "Hemköp City" store in Stockholm was reopened following roughly three months of remodelling work. With 2,400 sq. m. of retail space and over 20,000 items this is Hemköp's flagship store. New customer attractions, such as a delicatessen department and a strong focus on fresh produce and foods from around the world, offer a good glimpse of the new Hemköp. The refurbishment of the Hemköp City store has had a negative impact on same-store sales for the third quarter, by 1.6%.

The new organization for the combined Hemköp–Spar chain took effect on 1 July. As of the reporting date, 45 Spar retailers had signed agreements to be included in the new Hemköp. Nine Spar stores are slated for conversion to Hemköp during the fourth quarter. Starting with the third quarter, the combined continuing activities will be reported under the Hemköp heading. Accumulated and previous years' sales are also reported using the combined figures.

Sales during the period January–September amounted to SEK 4,541 m (4,556), and sales during the third quarter totalled SEK 1,463 m (1,498). Operating profit was SEK 64 m (23) for the period January–September and SEK 22 m (-3) for the third quarter. The operating margin for the period January–September was 1.4% (0.5%). Earnings were charged with SEK 15 m in costs associated with the closure of stores and bakeries. Structural costs in connection with organizational changes and preparation work ahead of store conversions amounted to SEK 11 m during the third quarter and are expected to total SEK 20 m for the year. These costs are reported under the item "Other".

The work on lowering store payroll costs is continuing according to plan. Savings for the full year 2004 are estimated to be approximately SEK 40 m. These savings are part of a two-year cost-cutting programme totalling SEK 100 m.

Hemköp's private label share was 12.0% (10.7%) as of September.

During the period January–September, five stores were acquired, one was closed, and three were converted to Willys. The Hemköp chain has 89 stores and 11 bakeries.

## Willys

The stable and positive trend for Willys continues. Sales for wholly owned stores rose 12.8% during the first nine months of the year, with a 5.4% increase in same-store sales. Willys was clearly a winner during the summer, with very strong turnover.

The second Super-Willys store is scheduled to open in November, in Västerås. The first store, in Rissne, Stockholm, is showing continued strong development. The concept is based on introducing an array of specialty items such as kitchen, media, seasonal and textile products in addition to Willys' base offering.

Sales during the period January–September for wholly owned stores amounted to SEK 8,785 m (7,789). Sales during the third quarter totalled SEK 3,013 m (2,731). Operating profit was SEK 357 m (299) for the period January–September and SEK 141 m (116) for the third quarter. Earnings for the period were charged with SEK 13 m in conversion costs from the first quarter. The operating margin for the period January–September was 4.1% (3.8%).

Willys' private label share was 21.6% (18.7%) as of September.

During the period January–September, two new stores were established, one was acquired, one was sold, and three were converted from Hemköp. The Willys chain has 86 stores, plus three stores that are run in franchise form.

## Willys hemma

Following numerous adjustments of its customer offering, Willys hemma has found its platform as a small, neighbourhood discount store with a sufficiently large offering (2,500–3,000 items) to satisfy the needs of small households and complementary shopping. Seven stores have been adapted to this platform and showed volume increases of 5%. Before year-end, 20 of the chain's 45 stores will have the new store format.

Willys hemma has posted a strong recovery during the year. Operating profit has improved strongly, and the chain is expected to report a profit for the fourth quarter. As with competing concepts, however, the volume trend was somewhat weak during the third quarter. Accumulated for the year, same-store sales are down 0.8%.

Operations in the chain have been strengthened, as has the work on business control and follow-up, at the same time that costs have been cut. Further expansion of the Willys hemma chain will be continued in 2005.

Sales during the period January–September amounted to SEK 976 m (979). Sales during the third quarter totalled SEK 312 m (327). The operating loss was SEK -5 m (-16) for the period January–September and SEK -1 m (-10) for the third quarter. The operating margin for the period January–September was negative (-).

Willys hemma's private label share was 25.0% (21.2%) as of September.

During the period January–September, no changes took place in the store structure. Willys hemma operates 45 stores.

## Change in store structure – Group-owned stores, September 2004

|              | December<br>2003 | Newly<br>established<br>units | Acquisi-<br>tions | Sales/<br>closures | Conversions<br>to/from | September<br>2004 |
|--------------|------------------|-------------------------------|-------------------|--------------------|------------------------|-------------------|
| Hemköp       | 88               | -                             | 5                 | -1                 | -3                     | 89                |
| Willys       | 81               | 2                             | 1                 | -1                 | 3                      | 86                |
| Willys hemma | 45               | -                             | -                 | -                  | -                      | 45                |
| Spar Finland | 84               | -                             | 8                 | -2                 | -                      | 90                |
| <b>Total</b> | <b>298</b>       | <b>2</b>                      | <b>14</b>         | <b>-4</b>          | <b>-</b>               | <b>310</b>        |

## Axfood Partihandel (wholesaling) – Dagab and Axfood Närlivs

The strong sales growth for Willys contributed to favourable volume development for Dagab, which also had a very favourable delivery reliability during the third quarter. An improvement programme carried out during the year has led to higher productivity at Dagab.

Dagab's sales amounted to SEK 14,370 m (13,614) during the period January–September and SEK 4,716 m (4,588) for the third quarter. Operating profit was SEK 196 m (208) for the period January–September and SEK 68 m (70) for the third quarter. The operating margin for the period January–September was 1.4% (1.5%).

Several important events during the third quarter have strengthened Axfood Närlivs' position in the cash & carry segment. In August Pressbyrån and 7-Eleven signed agreements with Axfood Närlivs on the supply of newsstand and food products in 2005 worth SEK 290 m in yearly volume. During the third quarter, 50 small stores in the new Direkten store profile signed agreements with Axfood Närlivs. These will be converted during the fourth quarter. Ten small Spar stores have signed agreements to be included in the Tempo concept.

Sales for Axfood Närlivs amounted to SEK 3,475 m (3,602) during the period January–September and SEK 1,210 m (1,268) for the third quarter. Operating profit was SEK 76 m (81) for the period January–September and SEK 38 m (34) for the third quarter. The operating margin for the period January–September was 2.2% (2.2%).

After the end of the period, Preem decided to continue its co-operation with Axfood Närlivs. The year's agreement for 2005 entails annual volume of SEK 170 m.

### **Spar Finland**

Volume development for Spar Finland's wholly owned stores remains weak. Same-store sales were down 2.5% during the first nine months of the year.

Sales amounted to SEK 3,905 m (3,877) during the period January–September and SEK 1,323 m (1,332) for the third quarter. Operating profit was SEK 13 m (27) for the period January–September and SEK 15 m (17) for the third quarter. The operating margin for the period January–September was 0.3% (0.7%).

The forecast that Spar Finland's operating profit for 2004 will be in the range of SEK 20–25 m remains unchanged.

Six wholly owned stores were acquired during the period January–September. Spar Finland has 90 wholly owned stores and collaborates with approximately 200 private retailers.

### **Parent Company**

Other operating revenue for the Parent Company during the period January–September amounted to SEK 70 m (56). After administrative expenses of SEK 130 m (109), capital gains of SEK 199 m in 2003 and net financial items of SEK 3 m (2), a loss of SEK -57 m (+148) was reported after financial items. Capital expenditures amounted to SEK 2 m (3). Cash and cash equivalents held by the Parent Company totalled 463 (SEK 12 m). Interest-bearing net debt was SEK 567 m (75) at the end of the period.

### **Accounting principles**

Starting in 2004, the Axfood Group applies Swedish Financial Accounting Standards Council (SFASC) recommendation RR 29 – “Employee benefits”. Pensions and other post-employment benefits in Sweden were previously reported in accordance with FAR 4 – “Reporting of pension liabilities and pension costs”. Local rules have been applied for Spar Finland.

The main differences between RR 29 and the previously applied rules pertain to the reporting of defined-benefit pension plans. The transition to RR 29 has entailed a reduction of the Group's pension liability by SEK 18 m. The Group's shareholders' equity has been positively affected by SEK 14 m, net after deduction for deferred tax. The change is reported as per 1 January 2004 and does not affect the profit and loss account or cash flow statement. According to the transitional rules of RR 29, comparison figures are not to be adjusted.

Finland has a statutory retirement and invalidity pension scheme that is governed by the Occupational Pensions Act (APL) and applies for all companies in Finland. It is unclear whether or not pension commitments pursuant to APL are to be classified as defined-benefit plans, in accordance with the rules of IAS 19 – “Employee benefits” – and therefore until further notice these pension commitments will be reported in accordance with the rules for defined-contribution pension plans.

The Group funds part of the so-called ITP plan by purchasing pension insurance with Alecta. The ITP plan is by nature a defined-benefit pension plan and is to be reported as a provision in the balance sheet. At present Alecta cannot provide sufficient information to report on the Group's proportional share of the defined-benefit commitments or of the investment assets and expenses that are tied to the plan. Due to this, the ITP plan via Alecta is reported as if it were a defined-contribution pension plan.

In other respects, the same accounting principles and calculation methods used in the most recent annual report have been applied. This interim report has been prepared in accordance with SFASC recommendation RR 20 – “Interim financial reporting”.

### **Future outlook**

Our forecast that profit for 2004, excluding items affecting comparability, will improve compared with the outcome for 2003, remains unchanged. <sup>1)</sup>

### **Next reporting date**

The Year-End Report for the 2004 financial year will be released on 27 January 2005.

Stockholm, 20 October 2004

Axfood AB (publ.)

The Board of Directors

### **Auditors' review report, reg. no. 556542-0824**

We have reviewed the accompanying interim report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Swedish Securities and Clearing Operations Act and the Swedish Annual Accounts Act.

Stockholm, 20 October 2004

Per Bergman  
Authorized Public Accountant

Ola Forsberg  
Authorized Public Accountant

1) The forecast issued in the Year-End Report on 29 January 2003 and in connection with the interim reports on 22 April 2004 and on 22 July 2004 was: “The forecast for 2004 is that profit, excluding items affecting comparability, will represent an improvement compared with the outcome for 2003.”

For further information, please contact:

Mats Jansson, President and CEO, +46-8-553 998 10, mobile +46-70-569 48 11

Lars Nilsson, Executive Vice President and CFO, +46-8-553 998 11, mobile +46-70-569 66 33

Bodil Eriksson, Executive Vice President, Corporate Communications and Investor Relations,  
+46-8-553 998 17, mobile +46-70-629 66 34

| <b>Net sales per business unit</b> |                       |              |                          |               |                         |
|------------------------------------|-----------------------|--------------|--------------------------|---------------|-------------------------|
| <b>SEK m</b>                       | <b>July–September</b> |              | <b>January–September</b> |               | <b>January–December</b> |
|                                    | <b>2004</b>           | <b>2003</b>  | <b>2004</b>              | <b>2003</b>   | <b>2003</b>             |
| Hemköp <sup>1</sup>                | 1,463                 | 1,498        | 4,541                    | 4,556         | 6,213                   |
| Willys                             | 3,013                 | 2,731        | 8,785                    | 7,789         | 10,567                  |
| Willys hemma                       | 312                   | 327          | 976                      | 979           | 1,317                   |
| Axfood Närlivs <sup>2</sup>        | 1,210                 | 1,268        | 3,475                    | 3,602         | 4,779                   |
| Spar Finland                       | 1,323                 | 1,332        | 3,905                    | 3,877         | 5,178                   |
| Dagab <sup>3</sup>                 | 4,716                 | 4,588        | 14,370                   | 13,614        | 18,561                  |
| Other <sup>4</sup>                 | 184                   | 169          | 556                      | 548           | 735                     |
| Internal sales <sup>5</sup>        | - 3,737               | - 3,441      | - 11,278                 | - 9,993       | - 13,734                |
| <b>Total</b>                       | <b>8,484</b>          | <b>8,472</b> | <b>25,330</b>            | <b>24,972</b> | <b>33,616</b>           |

| <b>Operating profit (EBIT) for the period, broken down by business unit</b> |                       |             |                          |             |                         |
|---|-----------------------|-------------|--------------------------|-------------|-------------------------|
| <b>SEK m</b>  | <b>July–September</b> |             | <b>January–September</b> |             | <b>January–December</b> |
|   | <b>2004</b>           | <b>2003</b> | <b>2004</b>              | <b>2003</b> | <b>2003</b>             |
| Hemköp <sup>1</sup>   | 22                    | - 3         | 64                       | 23          | 60                      |
| Willys  | 141                   | 116         | 357                      | 299         | 395                     |
| Willys hemma  | - 1                   | - 10        | - 5                      | - 16        | - 27                    |
| Axfood Närlivs  | 38                    | 34          | 76                       | 81          | 106                     |
| Spar Finland  | 15                    | 17          | 13                       | 27          | 40                      |
| Dagab   | 68                    | 70          | 196                      | 208         | 300                     |
| Other <sup>4</sup>  | 33                    | 18          | 56                       | 138         | 160                     |
| <b>Operating profit for the period <sup>6</sup></b>                         | <b>316</b>            | <b>242</b>  | <b>757</b>               | <b>760</b>  | <b>1,034</b>            |

1) Including Spar Sverige, excluding structural costs, which are reported under “Other”.

2) Of which, distributed sales SEK 2,761 m (2,788) for January–September and SEK 3,715 m for January–December 2003.

3) Of which, distributed sales SEK 10,606 m (10,130) for January–September and SEK 13,782 m for January–December 2003.

4) Includes joint-Group functions, the support companies IT, Axfood Finans (formerly Handelskredit) and Private Label, and Fastigheter for the first four months of 2003 up until the date of sale. Operating profit for the quarter and period includes restructuring costs of SEK -11 m pertaining to Spar Sverige.

5) Of which, SEK 10,891 m (9,652) for Dagab for January–September and SEK 13,265 m for January–December 2003.

6) Operating profit for the corresponding period and full-year 2003 includes a capital gain of SEK 110 m on the sale of Axfood Fastigheter. Operating profit for the full year includes a capital gain of SEK 22 m on the sale of Bohus Detaljhandel.

| <b>Condensed profit and loss account</b>  |                       |             |                          |              |                         |
|---|-----------------------|-------------|--------------------------|--------------|-------------------------|
| <b>SEK m</b>                              | <b>July–September</b> |             | <b>January–September</b> |              | <b>January–December</b> |
|   | <b>2004</b>           | <b>2003</b> | <b>2004</b>              | <b>2003</b>  | <b>2003</b>             |
| Net sales                                 | 8,484                 | 8,472       | 25,330                   | 24,972       | 33,616                  |
| Cost of goods sold <sup>1</sup>           | - 7,357               | - 7,481     | - 22,219                 | - 22,061     | - 29,691                |
| <b>Gross profit</b>                       | <b>1,127</b>          | <b>991</b>  | <b>3,111</b>             | <b>2,911</b> | <b>3,925</b>            |
| Selling/administrative expenses, etc.,    | - 811                 | - 749       | - 2,354                  | - 2,261      | - 3,023                 |
| Items affecting comparability             | -                     | -           | -                        | 110          | 132                     |
| <b>Operating profit</b>                   | <b>316</b>            | <b>242</b>  | <b>757</b>               | <b>760</b>   | <b>1,034</b>            |
| Net financial items                       | - 6                   | - 13        | - 24                     | - 55         | - 63                    |
| <b>Profit after financial items</b>       | <b>310</b>            | <b>229</b>  | <b>733</b>               | <b>705</b>   | <b>971</b>              |
| Tax                                       | - 98                  | - 66        | - 232                    | - 204        | - 275                   |
| Minority share                            | - 4                   | - 4         | - 4                      | - 7          | - 12                    |
| <b>Profit for the period</b>              | <b>208</b>            | <b>159</b>  | <b>497</b>               | <b>494</b>   | <b>684</b>              |
| Operating profit includes depreciation of | - 158                 | - 147       | - 464                    | - 435        | - 591                   |
| - of which, goodwill amortization         | - 35                  | - 34        | - 104                    | - 102        | - 137                   |
| Earnings per share, SEK                   | 3.88                  | 2.99        | 9.28                     | 9.28         | 12.85                   |
| Earnings per share after dilution, SEK    | 3.82                  | 2.93        | 9.12                     | 9.09         | 12.62                   |

1) Comparison figures for 2003 have been adjusted due to a review of the cost distribution in the retail trading companies' and Dagab's profit and loss account presented according to function. This adjustment does not affect sales or operating profit, but is only shifted between the lines “Cost of goods sold” and Selling/administrative expenses, etc.”

| <b>Condensed balance sheet</b>                |                      |                      |                       |
|---|----------------------|----------------------|-----------------------|
| <b>SEK m</b>                                  |                      |                      |                       |
|   | <b>30 / 9 / 2004</b> | <b>30 / 9 / 2003</b> | <b>31 / 12 / 2003</b> |
| <i>Assets</i>                                 |                      |                      |                       |
| Goodwill                                      | 884                  | 1,009                | 979                   |
| Interest-bearing receivables                  | 5                    | 65                   | 59                    |
| Financial fixed assets                        | 194                  | 202                  | 194                   |
| Other fixed assets                            | 1,868                | 1,901                | 1,918                 |
| Total fixed assets                            | 2,951                | 3,177                | 3,150                 |
| Inventories                                   | 1,467                | 1,507                | 1,599                 |
| Accounts receivable, trade                    | 706                  | 766                  | 744                   |
| Interest-bearing receivables                  | 6                    | 8                    | 2                     |
| Other current assets                          | 901                  | 1,041                | 934                   |
| Cash and bank balances                        | 750                  | 330                  | 548                   |
| <b>Total current assets</b>                   | <b>3,830</b>         | <b>3,652</b>         | <b>3,827</b>          |
| Total assets                                  | 6,781                | 6,829                | 6,977                 |
| Shareholders' equity and liabilities          |                      |                      |                       |
| Restricted shareholders' equity               | 1,177                | 984                  | 1,191                 |
| Unrestricted shareholders' equity             | 1,171                | 926                  | 936                   |
| Total shareholders' equity                    | 2,348                | 1,910                | 2,127                 |
| Minority interests                            | 120                  | 114                  | 122                   |
| Interest-bearing provisions                   | 360                  | 370                  | 373                   |
| Noninterest-bearing provisions                | 375                  | 323                  | 370                   |
| Total provisions                              | 735                  | 693                  | 743                   |
| Interest-bearing long-term liabilities        | 208                  | 462                  | 331                   |
| Noninterest-bearing long-term liabilities     | 0                    | 0                    | 13                    |
| <b>Total long-term liabilities</b>            | <b>208</b>           | <b>462</b>           | <b>344</b>            |
| Current interest bearing liabilities          | 93                   | 132                  | 268                   |
| Accounts payable, trade                       | 1,564                | 1,716                | 1,636                 |
| Other current noninterest-bearing liabilities | 1,713                | 1,802                | 1,737                 |
| <b>Total current liabilities</b>              | <b>3,370</b>         | <b>3,650</b>         | <b>3,641</b>          |
| Total shareholders' equity and liabilities    | 6,781                | 6,829                | 6,977                 |
| Contingent liabilities                        | 83                   | 77                   | 78                    |
| Pledged assets                                | 716                  | 1,944                | 1,620                 |



| <b>Cash flow statement<br/>SEK m</b>                                    | <b>January–September</b> |             | <b>January–December</b> |
|---|--------------------------|-------------|-------------------------|
|   | <b>2004</b>              | <b>2003</b> | <b>2003</b>             |
| Operating activities  |                          |             |                         |
| - Cash flow from operating activities before changes in working capital | 933                      | 686         | 1,105                   |
| - Changes in working capital  | 111                      | 78          | - 79                    |
| <i>Cash flow from operating activities</i>                              | <b>1,044</b>             | 764         | 1,026                   |
| Investing activities  |                          |             |                         |
| - Company acquisitions, net   | 21                       | 141         | 189                     |
| - Acquisition of fixed assets, net                                      | - 308                    | - 459       | - 615                   |
| - Reduction of financial fixed assets                                   | 49                       | 91          | 111                     |
| <i>Cash flow from investing activities</i>                              | <b>- 238</b>             | - 227       | - 315                   |
| Financing activities  |                          |             |                         |
| - Change in interest-bearing liabilities                                | - 315                    | -381        | - 360                   |
| - New issue   | 6                        | -           | 20                      |
| - Dividend to shareholders  | - 295                    | - 266       | - 266                   |
| <i>Cash flow from financing activities</i>                              | <b>- 604</b>             | - 647       | - 606                   |
| <b>Cash flow for the period</b>   | <b>202</b>               | - 110       | 105                     |

| <b>Shareholders' equity, change<br/>SEK m</b> | <b>30 / 9 / 2004</b> | <b>30 / 9 / 2003</b> | <b>31 / 12 / 2003</b> |
|---|----------------------|----------------------|-----------------------|
| Amount at start of year                       | 2,127                | 1,693                | 1,693                 |
| Change of accounting principle, RR 29         | 14                   | -                    | -                     |
| Translation difference                        | - 1                  | - 11                 | - 4                   |
| Dividend to shareholders                      | - 295                | - 266                | - 266                 |
| Redemption of stock options                   | 6                    | -                    | -                     |
| New issue                                     | -                    | -                    | 20                    |
| Profit for the period                         | 497                  | 494                  | 684                   |
| Amount at end of period                       | <b>2,348</b>         | 1,910                | 2,127                 |

| <b>Key ratios and other data</b>                         | <b>30 / 9 / 2004</b> | <b>30 / 9 / 2003</b> | <b>31 / 12 / 2003</b> |
|--|----------------------|----------------------|-----------------------|
| Operating margin, % <sup>1</sup>                         | 3.0                  | 2.9                  | 2.7                   |
| Margin after financial items, %                          | 2.9                  | 2.8                  | 2.9                   |
| Equity ratio, %  | 36.4                 | 29.6                 | 32.2                  |
| Debt-equity ratio, net, multiple                         | 0.0                  | 0.3                  | 0.2                   |
| Debt-equity ratio, multiple                              | 0.27                 | 0.48                 | 0.43                  |
| Interest coverage, multiple                              | 20.8                 | 11.7                 | 13.3                  |
| Capital employed, SEK m                                  | 3,129                | 2,988                | 3,221                 |
| Return on capital employed, %                            | 34.3                 | 32.3                 | 31.2                  |
| Return on shareholders' equity, %                        | 32.3                 | 40.0                 | 35.8                  |
| Capital expenditures (excl. shares), SEK m               | 343                  | 482                  | 660                   |
| Earnings per share, SEK                                  | 9.28                 | 9.28                 | 12.85                 |
| Earnings per share after dilution, SEK                   | 9.12                 | 9.09                 | 12.62                 |
| Dividend per share, SEK                                  | -                    | -                    | 5.50                  |
| Net asset value per share, SEK                           | 43.82                | 35.88                | 39.76                 |
| Net asset value per share after dilution, SEK            | 43.02                | 35.07                | 38.97                 |
| Cash flow per share, SEK                                 | 3.77                 | - 2.07               | 1.97                  |
| Cash flow per share after dilution, SEK                  | 3.70                 | - 2.02               | 1.93                  |
| Number of shares outstanding                             | 53,577,828           | 53,229,028           | 53,497,028            |
| Weighted average number of shares after dilution         | 54,569,477           | 54,456,377           | 54,336,100            |
| Holdings of own shares                                   | -                    | -                    | -                     |
| Average number of employees during the year <sup>2</sup> | 7,757                | 7,804                | 7,773                 |

1) Excluding capital gains.

2) To calculate the average number of employees, starting with the first quarter of 2004, 1,800 hours are used (previously 1,600 hours). Comparison figures have been recomputed.