

## Major Nordic listed food group created

**A merger between Hemköp and D&D, plus the acquisition of the SPAR chains in Sweden and Finland, will create one of the largest food wholesale and retail companies in the Nordic region. The merger will make efficiency-raising measures possible and improve future product range and service for consumers.**

The new listed company (with the working name the New Food Company) will have an average number of 7,000 employees and total sales of about SEK 30 billion (USD 3.6 billion).

Together, its more than 1,000 wholly owned and collaborating stores in Sweden, plus a total of about 330 stores in Finland, will have sales of more than SEK 40 billion including value-added tax. This is equivalent to a market share of about 20 percent in Sweden and 10 percent in Finland.

The merger is occurring in such a way that Hemköpskedjan AB will acquire the shares in D&D Dagligvaror AB through a non-cash issue of shares. Spar Sweden and Spar Inn Snabbgross plus Axel Johnson's holding in Spar Finland will also be part of the new corporate group.

*"The New Food Company will be more competitive with the other national players and will be better equipped for increasingly stiff international competition," says Göran Ennerfelt, President and CEO of Axel Johnson AB and Chairman of D&D.*

Earnings are expected to increase by about SEK 400 m (USD 48 m) over the next three years, among other things through synergies and expansion of the role of retailing operations in the group's total business mix. Purchasing, goods distribution, business development, restructuring, information technology and product range are examples of areas where synergies are possible.

*"With this transaction, we are building a strong listed company. This will provide good opportunities for an expansion of the Hemköp concept," says Håkan Matz, President and CEO of Hemköp. "Since the company will be substantially larger, investors should become more interested in Hemköp shares, and the liquidity of these shares should increase."*

*"Together we will be a larger, clearer market player with good potential for increased expansion in the Nordic region. We can optimize our store structure by means of a more active business development policy and greater specialization and enhancement of our strong store chains and brands," says Roger Källman, Chairman of the D&D Retailers' Shareholder Association.*

Göran Ennerfelt is proposed as Chairman of the New Food Company, with Roger Källman and Marcus Storch as Vice Chairmen. Other proposed Board members

are Claes Andersson, Peggy Bruzelius, Maria Curman, Nils-Erik Johansson, Antonia Ax:son Johnson and Gösta Törnroth. The President and CEO will be recruited externally, and an incentive program is intended to be introduced for group management and all employees.

The New Food Company will have only one type of shares, so that the percentages of voting rights and share capital will coincide. The largest shareholder will be Axel Johnson with 45 percent and the retailers in the current D&D with a total of 24.3 percent.

The transaction presupposes acceptance of the offer to such an extent that Hemköp will become the owner of more than 90 percent of the voting rights in D&D. It also requires the approval of the Hemköp and D&D shareholders' meetings as well as the consent of regulatory agencies.

The Boards of Hemköp and D&D have decided to back the merger. The Board of the D&D Retailers' Shareholder Association and Axel Johnson, which together represent about 63 percent of the voting rights in D&D, recommend the other shareholders to accept the merger.

A prospectus on the merger is expected to be in the hands of D&D shareholders in early January. The subscription period for the offer is expected to run about four weeks thereafter. Extraordinary shareholders' meetings of Hemköp and D&D will be held in conjunction with the subscription period.

Neither D&D, Hemköp, Spar Sweden, Spar Inn Snabbgross nor Spar Finland owns shares in any of the other companies.

***Questions will be answered by:***

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***For a more detailed press release:***

<http://www.dod-dagligvaror.se>

<http://www.hemkop.se>

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