



PRESS RELEASE

February 10, 2000

YEAR-END REPORT

OPERATIONS DURING THE PERIOD JANUARY 1 – DECEMBER 31, 1999

			<i>% change compared with preceding year</i>
• Net sales	SEK 5,338 m	(4,958)	7.7 %
• Operating income	SEK 162.2 m	(160.6)	1.0 %
• Income after financial items	SEK 162.8 m	(162.2)	0.4 %
• Operating margin	3.0 %	(3.2)	
• Earnings per share after full tax	SEK 4.68	(4.66)	
• Dividend per share (proposed)	SEK 2.60	(2.60)	

- Public offer made to shareholders of D&D Dagligvaror AB (D&D)
 - The combination creates a new platform for profitable expansion
 - Five new supermarkets and two new bakeries
-

Sales and earnings

Hemköp continues to capture new market shares in the Swedish retail food market. The trend in volume for the industry improved during the year compared with 1997 and 1998, and volume grew by approximately 2.1 percent, according to preliminary industry statistics.

Hemköp's net sales increased by 7.7 percent (5.0) in 1999, to SEK 5,338 m (4,958), entailing a 6.6 percent growth in volume. The sales increase is mainly attributable to new and refurbished stores. Comparable units are also showing positive development and are holding their positions well in the market compared with equivalent stores.

Operating income rose by 1 percent to SEK 162.8 m (160.6). The operating margin was 3.0 percent (3.2).

An extensive new-establishment program with the addition of 11 new supermarkets and two new bakeries during the last two years has entailed a sharp rise in capital expenditures. Operating income in 1999 was charged with more than SEK 20 m in costs for this program, mainly due to higher payroll costs and depreciation.

For comparable units, the gross margin improved compared with the preceding year and has compensated for higher payroll costs. The gross margin was slightly weaker during the fourth quarter of 1999 than in the earlier quarters.

An action program designed to bring earnings improvement is being implemented. This includes, among other things, a review of payroll costs and a plan that will enable newly established supermarkets to more quickly reach a profitable level.

Net financial items amounted to SEK 0.6 m, compared with SEK 1.6 m a year ago, and income after financial items increased to SEK 162.8 m (162.2). The profit margin was 3.1 percent (3.3).

Capital expenditures and expansion

Capital expenditures increased to SEK 135.1 m (123.5), the highest in the company's history. Five new supermarkets were opened and two new bakeries began operating during the year. In addition, nine supermarkets were refurbished, four of which involved expansions.

The new supermarkets established during the year were in Västerås, Lerum, Borlänge, Valbo shopping center and Oskarshamn. The new bakeries were established at the latter two stores. At year-end, 74 (67) of Hemköp's stores were supplied with bread delivered from Hemköp's own bakeries.

During the year 18 stores were equipped with Hemköp's new, computerized checkout system, which has thereby been installed in 66 of Hemköp's 100 supermarkets. The expenditure for these amounted to just under SEK 13 m for the year. The project will be concluded in 2000.

Public offer to the shareholders of D&D

The Boards of Hemköpskedjan and D&D have agreed on the terms of a combination between the two companies as equal partners, thereby forming one of the largest food retail and wholesale groups in the Nordic region. Hemköp has made a public exchange offer to D&D's shareholders to acquire all shares in D&D. The framework of the merger also includes acquisition of Spar i Sverige AB and Spar Inn Snabbgross AB, as well as 65.9 percent of the number of votes, corresponding to 40.1 percent of the capital, in Spar Finland Abp. Upon implementation of the combination, a number of coordination benefits will be achieved, which are expected to lead to a significant earnings improvement in the years immediately ahead. For further information, please refer to the press release of November 29, 1999, as well as the document "Information to the shareholders of Hemköpskedjan AB (publ.) in connection with the Extraordinary General Meeting on 10 February 2000."

Financial position

The Group's liquid assets totaled SEK 181.0 m (215.5) as per December 31. Net interest-bearing assets amounted to SEK 163.7 m (199.0).

The equity ratio was 35.2 percent (34.7) and the debt-equity ratio was 0.0 (0.1).

Number of employees

The average number of full-year employees was 2,711 (2,526). The increase is mainly attributable to staff at new stores.

Proposed dividend and Annual General Meeting

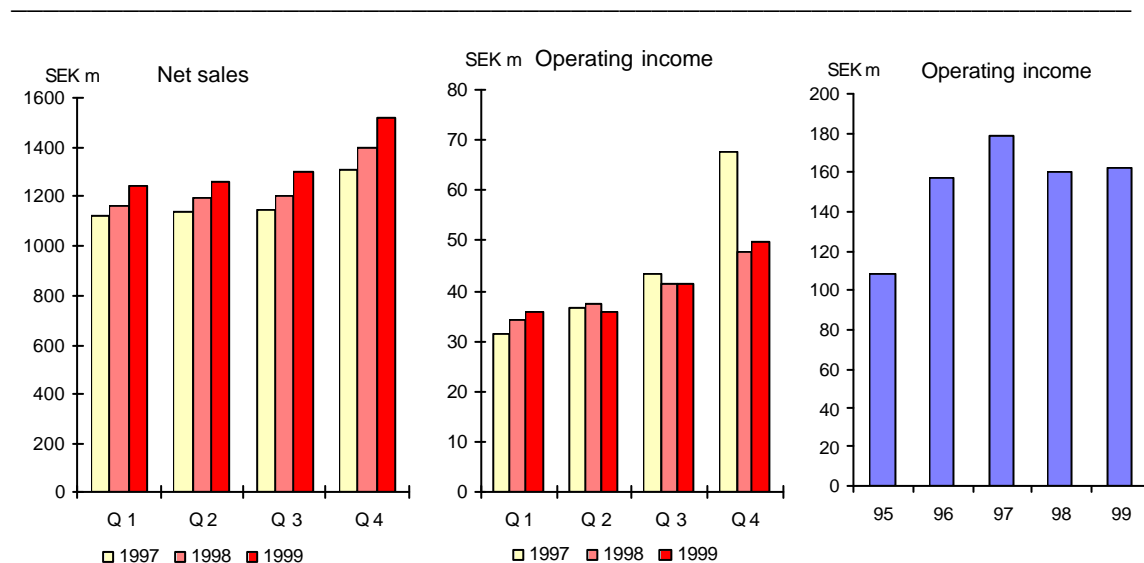
The Board of Directors has decided to propose a dividend of SEK 2.60 (2.60) per share for 1999 to the Annual General Meeting, and that only the current 25 million shares outstanding will carry entitlement to the dividend.

The Annual General Meeting will be held on May 11, 2000, in Falun. The Annual Report is scheduled for distribution in mid-April.

Falun, Sweden, February 10, 2000

Hemköpskedjan AB (publ)

The Board of Directors



The charts above show the quarterly trend in sales and operating income for 1999 compared with 1998 and 1997, as well as the trend in operating income from 1995-1999.

CONDENSED INCOME STATEMENT
SEK m

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net sales	5,337.8	4,957.8	4,723.7
Operating income	162.2	160.6	178.8
Income after financial items	162.8	162.2	181.8
Group contributions rendered	-	-	-
Taxes	<u>-45.8</u>	<u>-45.6</u>	<u>-50.7</u>
Income for the year	117.0	116.6	131.1
Earnings per share (SEK)	4.68	4.66	5.24

SEK m	<u>Dec. 31, 1999</u>	<u>Dec. 31, 1998</u>
ASSETS		
Fixed assets	396.3	329.0
Other current assets	466.8	367.1
Cash and bank balances	<u>181.0</u>	<u>215.5</u>
Total assets	<u>1,044.1</u>	<u>911.6</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	367.9	315.9
Provisions ¹⁾	75.2	61.1
Long-term liabilities ¹⁾	7.3	6.5
Current liabilities ¹⁾	<u>593.7</u>	<u>528.1</u>
Total shareholders' equity and liabilities	<u>1,044.1</u>	<u>911.6</u>

¹⁾ Of which, SEK 17.3 (16.5) m in interest-bearing liabilities and SEK 658.9 (579.2) m in noninterest-bearing liabilities.

CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION
SEK m

	<u>Dec. 31, 1999</u>	<u>Dec. 31, 1998</u>
Funds provided		
Income after financial items	162.8	162.2
Depreciation charged to income	67.4	54.9
Taxes	<u>-31.4</u>	<u>-31.3</u>
Funds provided by operations for the period	198.8	185.8
Change in working capital	-34.1	-15.6
Capital expenditures	<u>-135.1</u>	<u>-123.5</u>
Cash flow after capital expenditures	29.6	46.7
Shareholder dividend	<u>-65.0</u>	<u>-65.0</u>
Cash flow after dividend	-35.4	-18.3

KEY RATIOS AND OTHER INFORMATION

	<u>Dec. 31, 1999</u>	<u>Dec. 31, 1998</u>
Equity ratio (%)	35.2	34.7
Operating margin (%)	3.0	3.2
Profit margin (%)	3.1	3.3
Earnings per share (SEK)	4.68	4.66
Shareholders' equity per share (SEK)	14.71	12.64
Debt-equity ratio	0.0	0.1
Number of stores	100	95
Number of full-year employees	2,711	2,526
Number of shares outstanding	25,000,000	25,000,000

Financial calendar for Hemköpskedjan

Interim Report (3 months)	May 11, 2000
Annual General Meeting 2000	May 11, 2000

For additional information: Hemköpskedjan AB (publ.)**+46 23 589 00**

Håkan Matz, President and CEO

Dan Lundqvist, Vice President and CFO

Bengt Andersson, Vice President, Marketing
