

Axel Johnson AB - 2001 Year-end Report

- **Earnings improvement** – pretax earnings more than doubled to SEK 430 M. Axfood, Servera and Åhléns all reported strong results.
- **Continued growth** – sales increased by 7 percent, which was above the average for the sectors concerned.
- **Strong financial position** – the equity/assets ratio rose by 5 percentage points to 54 percent and liquid funds totaled SEK 810 M.

2001 was a successful year for the Axel Johnson AB Group. Earnings after net financial items amounted to SEK 430 M (309). Excluding items affecting comparability, earnings rose 134 percent. All of the Group companies noted sales increases in excess of the average for their particular sectors. Consolidated net sales totaled SEK 7,705 M (7,181), up 7 percent on the preceding year.

The sale of the 45-percent holding in the real estate company AxFast AB at the end of 2000 strengthened the Group's financial position. During 2001, the equity/assets ratio was further strengthened and rose by five percentage points to 54 percent. The return on capital employed increased by slightly more than five percentage points to 19.7 percent. During the year, investments in the operations of subsidiaries amounted to SEK 219 M. The foundations have thus been laid for the Group's continued favorable development. Since the close of the 2001 financial year, Servera has sold its properties to AxFast.

Axfood – sharp improvement in earnings

A positive trend of sales, improved margins and synergies in the new operating structure gave a strong boost to earnings. Profit after financial items totaled SEK 527 M (0). Sales amounted to SEK 32,428 M (30,230), up 7 percent. During the year, Axfood increased its ownership in Spar Finland to 69 percent, e-trading operations were discontinued and the interest in Baltic Foods was written off. Axel Johnson AB's ownership interest amounts to slightly more than 45 percent.

Servera – strong market position

During the year, the company strengthened its leading position in the Swedish market. Sales amounted to SEK 3,799 M (3,415), up 11 percent compared with the preceding year. Profit after financial items amounted to SEK 87 M (68). Excluding the refund from the pension fund Alecta, earnings rose by 45 percent.

Åhléns – positive trend continued

The positive trend shown by Åhléns in recent years continued in 2001. Sales rose by 4 percent to SEK 3,793 M (3,636) and profit after net financial items amounted to SEK 135 M (195). Excluding the refund of SEK 84 M from Alecta in 2000, earnings improved by 22 percent.

NovAx – new investments

During the year, new investments were made in the exchange-listed clothing retailer Retail and Brands and in asset-management company, Lancelot Asset Management. The holdings in Fri Köpenskap, Simple World and Heberleins were sold. After net financial items, NovAx posted a loss of SEK 8 M (profit 33). At year-end, shareholders' equity amounted to SEK 71 M (70) and the total investment in portfolio companies amounted to SEK 42 m (29).

Saba Trading – product-enhancement investment

An ongoing restructuring of operations toward more customer-oriented working methods and the establishment of a plant for ready-cut salad – Dole Fresh Cut – had an adverse effect on earnings. Sales increased to SEK 4,029 M (3,690), or by 9 percent. Profit after financial items amounted to SEK 59 M (126). Excluding the refund of SEK 23 M from Alecta, earnings declined by 43 percent. Axel Johnson AB's ownership interest amounts to 25 percent.

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The Axel Johnson Group is a fourth-generation, family-owned company, with origins dating back to the A. Johnson & Co. trading company founded in 1873. The Group consists of four legally and financially independent corporate groups with a common owner, Antonia Ax:son Johnson and family. In addition, the Group has proprietary interests in the UK company Spirent, listed on the London and New York stock exchanges, and in the Swedish company Nordstjernan, which in turn holds major interests in other companies, including exchange-listed NCC.

Axel Johnson AB focuses on consumer goods and services for the Nordic market, with the focus on Sweden. Currently, the majority of Axel Johnson AB's operations is represented by wholly owned Åhléns and Servera, and the company's part ownership in Axfood and Saba Trading. In total, the wholly and partly owned subsidiaries have annual sales of more than SEK 40 billion, with slightly more than 13,000 employees.

Axel Johnson International AB is active in the European market with a well-divided and decentralized distribution and trading organization consisting of about 50 companies in 20 countries. The company has annual sales of SEK 4.5 billion, with 1,200 employees.

Axel Johnson Inc., with the bulk of its operations in North America, works with products and services in the areas of Energy, Environment and Communications Technology. The company has annual sales corresponding to SEK 27 M, with 1,300 employees.

AxFast BV owns, develops and manages properties tailored exclusively for trading and distribution. The portfolio of some 80 properties, comprising more than 600,000 square meters of space, is spread throughout Sweden.

Consolidated income statement

<i>Amounts in SEK m</i>	<i>2001</i>	<i>2000</i>
Net sales	7 705	7 181
Cost of goods sold	-5 857	-5 450
Gross profit	1 848	1 731
Selling expenses	-1 476	-1 404
Administrative expenses	-238	-230
Items affecting comparability	-5	124
Result from participations in associated companies	271	94
Other operating income	31	41
Other operating expenses	0	-2
Operating profit/loss	429	355
<i>Result from financial items</i>		
Result from other securities and receivables accounted for as fixed assets	-10	-3
Other interest income and similar profit/loss items	42	88
Interest expense and similar profit/loss items	-31	-131
Profit/loss before tax	430	309
Tax on profit for the year	-114	-29
Minority participation in profit for the year	0	-1
Net profit/loss for the year	316	279

Consolidated balance sheet for Axel Johnson AB*Amounts in SEK m**Not**Dec. 31, 2001**Dec. 31, 2000***ASSETS****Fixed assets*****Intangible assets***

Capitalized expenditure

for R&D and similar items

5

7

Concessions, patents, licenses,

trademarks and similar rights

0

0

Goodwill

49

76

54

83

Tangible assets

Land and buildings

251

211

Investments in rented premises

3

4

Plant and machinery

-

0

Equipment, tools, fixtures and fittings

386

359

Construction in progress and advance

payment for tangible assets

1

10

642

584

Financial fixed assets

Participations in associated companies

515

302

Receivables from associated companies

8

8

Other long-term securities

26

16

Other long-term receivables

7

1

555

327

Total fixed assets

1 251

993

Current assets***Inventories etc.***

Finished products and goods for resale

862

882

862

882

Current receivables

Accounts receivable - trade

470

358

Receivables from group companies

77

518

Receivables from associated companies

0

2

Prepaid tax

6

15

Other receivables

96

195

Prepaid expenses and accrued income

141

126

790

1 212

Current investments

542

239

Cash and bank balances

268

163

Total current assets

2 462

2 495

TOTAL ASSETS

3 713

3 489

Consolidated balance sheet for Axel Johnson AB*Amounts in SEK m**Not**Dec. 31, 2001**Dec. 31, 2000***EQUITY AND LIABILITIES*****Equity****Restricted equity*

Share capital	200	200
Restricted reserves	528	328
	<u>728</u>	<u>528</u>

Unrestricted equity

Non-restricted reserves	959	891
Profit/loss for the year	316	279
	<u>1 276</u>	<u>1 170</u>

TOTAL EQUITY	2 004	1 698
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<i>Minority interest</i>	-	2
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Provisions

Provisions for pensions and similar commitments	193	251
Provisions for deferred tax	41	38
	<u>234</u>	<u>288</u>

Long-term liabilities

Bank overdraft facilities	2	38
Other liabilities to credit institutions	-	134
Other liabilities	3	9
	<u>4</u>	<u>181</u>

Current liabilities

Liabilities to credit institutions	224	60
Advance payments from customers	0	1
Accounts payable - trade	661	637
Liabilities to group companies	-	144
Tax liabilities	1	1
Other liabilities	296	228
Accrued expenses and deferred income	289	249
	<u>1 471</u>	<u>1 320</u>

TOTAL EQUITY AND LIABILITIES	3 713	3 489
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