

# Year-End Report, Axfood AB (publ.)

## 1 January–31 December 2003

- Axfood's consolidated sales in 2003 amounted to SEK 33,616 m (33,115) during the period, an increase of 1.5%. Retail sales for Axfood's wholly owned businesses in Sweden rose 13.6% during the year, with same-store sales rising 3.3%. The sales increase during the fourth quarter for Axfood's wholly owned businesses in Sweden was 11.1%, with same-store sales rising 2.9%.
- Operating profit for the period January–December was SEK 1,034 m (1,023). Operating profit includes a capital gain of SEK 110 m on sales of real estate (37) and SEK 22 m (0) on the sale of an associated company. Operating profit for the fourth quarter was SEK 274 m (271).
- Profit after tax was SEK 684 m (625). Earnings per share were SEK 12.85 (11.75).
- Axfood's financial position strengthened. Interest-bearing net debt decreased by SEK 717 m during the year, to SEK 363 m. The equity ratio increased in 2003 from 24.6% to 32.2%.
- The Board of Directors proposes a dividend of SEK 5.50 per share (5.00).
- The forecast for 2004 is that profit, excluding items affecting comparability, will improve compared with the outcome for 2003.

Key figures Mkr	October--December		January--December	
	2003	2002	2003	2002
Net sales	8,644	8,580	33,616	33,115
Operating margin, % <sup>1</sup>	2.9	3.0	2.7	3.0
Operating profit <sup>2</sup>	274	271	1,034	1,023
Profit after financial items	266	249	971	919
Profit after tax	190	188	684	625
Earnings per share, SEK	3.57	3.53	12.85	11.75
Equity ratio, %	-	-	32.2	24.6
Return on capital employed, %	-	-	31.2	28.7
Return on capital employed after tax, %	-	-	35.8	43.1
Net asset value per share, SEK	-	-	39.95	31.81

1) Operating margin excluding capital gains on sales of real estate and associated companies.

2) Operating profit for 2003 includes a capital gain of SEK 110 m on the sale of Axfood Fastigheter and a capital gain of SEK 22 m on the sale of Bohus Detaljhandel AB (BDAB). Operating profit for the full-year 2002 included a net capital gain of SEK 37 m on sales of real estate.

### CEO's comments

The competition intensified significantly in 2003, and "discount" was the dominant trend. For Axfood this entailed strong growth for Willys, which posted a 25.8% gain in sales. Discount stores were also the winners in the Christmas shopping season: in December Willys recorded its first-ever monthly sales in excess of SEK 1 billion! During the year, eleven Exet/Matex stores were converted to Willys, which put pressure on profitability as one-time charges amounted to SEK 40 m. The market's fears that Willys would be hurt by Lidl's entry into the Swedish market proved to be unfounded. The competition is intensifying *de facto*, but the Willys concept is robust and coveted.

Following a turbulent year of store refurbishment, a CEO shift and the move of the head offices, which generated losses in the second and third quarters, Hemköp returned to the black during the fourth quarter with a profit of SEK 23 m. However, the result for the full year was a disappointment and was charged with costs of SEK 30 m for the refurbishment programme and one-time charges of SEK 14 m. 2004 will be a considerably more stable year, as only eight stores will be remodelled, including one large one. Substantial staff reductions in stores will lower costs by SEK 100 m over a two-year period (2004–2005).

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The strong discount trend has still not benefited Willys hemma, which posted a loss of SEK 27 m for the year. The company's new management is carrying out an action programme that will lead to profitability. A clearer focus on Willys hemma's target group will enhance the profile and attraction of the chain's 45 stores. The goal is for Willys hemma to report a break-even result during the second half of 2004.

Dagab further improved its result in 2003. Sales increased slightly, and Axfood's wholly owned stores accounted for the dominant part of this. Dagab lowered its costs in 2003, thereby enabling the company to reduce its administrative staff by 60 positions.

Axfood Närlivs improved its sales as well as earnings in a fiercely competitive market. New three-year agreements were signed with several service-station customers during the year, and distribution of beverages for Carlsberg and Coca-Cola increased.

During 2003, priority was given to development of the Group's private label products and central purchasing. Central purchasing is strengthening the competitiveness of Axfood's chains and generating sizeable earnings improvements. We introduced a number of private label products during the year, and altogether this product segment accounted for 14.8% of total sales at year-end.

Axfood's store concepts are firmly poised to meet the mounting competition. We believe in continued growth for the discount segment, which increases Willys' opportunities. But even Hemköp, with its focus on food appreciation and service, is better equipped than in previous years.

Axfood's financial position was further strengthened in 2003, mainly due to our favourable result, but also to the sale of the Swedish real estate holdings and the ongoing discontinuation of AB Handelskredit. Our interest-bearing net debt decreased by SEK 717 m during the year, to SEK 363 m.

Our estimation is that 2004 profit, excluding items affecting comparability, will improve compared with the outcome for 2003.

Mats Jansson  
President and CEO

#### **Important events during the period January–December**

- Axfood acquired 24 stores with combined annual sales of approximately SEK 1.4 billion.
- Axfood sold its Swedish real estate holdings to Crown NorthCorp Ltd. The properties had a book value of approximately SEK 500 m, generating a capital gain of SEK 110 m. The transaction was completed on 30 April.
- Axfood's sales of private label products increased in 2003 from 9.8% to 14.8% of total sales. Axfood now markets a total of 1,030 private label products under the Hemköp, Willys, Spar and Eldorado brands.
- A total of 245 private label products were launched under the Func and Fixa brands. The Func brand features household items such as batteries, light bulbs and other simple electrical items. Fixa offers a broad range of kitchen products.
- New president of Hemköp, Carl-Erik Möller, took office on 21 May.
- New president of Willys hemma, Thomas Strömer, took office on 29 September.
- Axfood evaluated the transition to centrally packaged meat in a pilot test carried out at 15 stores. Centrally packaged meat has been an established trend in the rest of Europe for many years and entails longer shelf-life, improved hygiene, a more even and wider access to meat products in stores, and over time, lower costs for personnel and shrinkage. In 2004, about 30% of Axfood's meat distribution to wholly-owned stores will consist of centrally packaged meat.
- An ethnic product line consisting of some 100 products targeted primarily at customers with roots in other countries than Sweden was launched during the fourth quarter, mainly in the Willys chain.
- Axfood's 49%-shareholding in Bohus Detaljhandel AB (BDAB) was sold in December, generating a capital gain of SEK 22 m.

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## Market trend

According to the HUI-SCB Retail Trade Index, accumulated growth in 2003 for the retail food industry in Sweden was 3.4% in moving prices. Measured in fixed prices and adjusted for calendar effects, growth was 2.6%. Data for the Finnish market was not available at the time of publication.

## Sales and earnings of the Axfood Group

Consolidated wholesale and retail sales for the Axfood Group for the period 1 January–31 December amounted to SEK 33,616 m (33,115), an increase of 1.5%.

The Axfood Group's retail food sales in Sweden for the period January–December, including VAT (in own and collaborating stores), totalled SEK 35,260 m (34,859). Sales by Axfood's wholly owned retail businesses in Sweden increased during the period January–December by 13.6%, with same-store sales rising 3.3%.

Operating profit for the fourth quarter was SEK 274 m (271). Operating profit for the period January–December was SEK 1,034 m (1,023). Profit included a net capital gain of SEK 110 m on sales of real estate (corresponding period in 2002: SEK 37 m) and a capital gain of SEK 22 m on the sale of an associated company. Costs for refurbishment and conversion programmes at Hemköp and Willys amounted to SEK 70 m during the year. The operating margin for the full year (excluding capital gains on sales of real estate, etc.) was 2.7% (3.0%).

Net financial items amounted to SEK -63 m (-104). Profit after financial items was SEK 971 m (919). The margin after financial items was 2.9% (2.8%). Profit after tax was SEK 684 m (625).

## Store operations

### Hemköp

Hemköp's earnings recovered during the fourth quarter and amounted to SEK 23 m. On the whole, same-store growth in 2003 was positive, although with a weaker fourth quarter than expected, at 0.1%.

Hemköp's refurbished stores continue to show sales improvements. For the earliest-refurbished stores, sales are up by 10%–15%, while sales for more recently remodelled units are up by 5%–10%. Thirty-five stores were refurbished in 2003. Eight stores will be remodelled in 2004, including one large store. Hemköp has three store formats: centrally located city stores, neighbourhood stores, and stores with a large area and ample parking, which can attract customers interested in doing their "big" shopping. The dominant discount trend in Sweden also means that Hemköp has become more active in terms of pricing. A considerably more price-aggressive marketing programme will be launched week-by-week in 2004. Sizeable staff reductions in stores will be carried out in 2004 and 2005, which will lower costs by SEK 100 m.

Sales during the period January–December amounted to SEK 6,117 m (6,341). Hemköp's same-store sales rose 1.4% for the full year. Operating profit was SEK 13 m (106). During the year, Hemköp's earnings were charged with SEK 30 m in higher operating expenses associated with the refurbishment and closure of stores, and one-time costs of SEK 14 m. The operating margin for the period January–December was 0.2% (1.7%).

Hemköp's sales of private label products accounted for 10.9% of the chain's total sales as at year-end (8.7%).

During the period January–December, three stores were converted to another concept within the Group, seven were closed or sold, and two were acquired. The Hemköp chain has 88 stores and 14 bakeries.

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## Willys

Willys was one of the year's winners in the Christmas shopping season, reporting record sales of SEK 1,004 m for the month of December. Sales during the fourth quarter totalled SEK 2,778 m (2,262). Operating profit for the fourth quarter, totalling SEK 96 m (103), was affected by the large number of conversions performed during the quarter. In 2003 eleven Exet/Matex stores were converted to Willys. Conversion costs are estimated at SEK 40 m, including SEK 10 m during the fourth quarter. The remaining four stores will be converted during the first quarter of 2004.

Sales during the period January–December for wholly owned stores amounted to SEK 10,567 m (8,398). Sales for the period January–December were up 25.8% compared with the same period a year ago. Same-store sales rose 4.0% during the period. Operating profit was SEK 395 m (368), and the operating margin was 3.7% (4.4%).

Willys' sales of private label products accounted for 18.3% of total (12.7%) as at year-end.

During the period January–December, three new stores were established, ten stores were acquired, three were closed, and one was converted from another concept in the Group. The Willys chain has 81 stores, plus three Willys stores that are run in franchise form.

## Willys hemma

Sales during the fourth quarter rose 8.3% compared with a year earlier, but without any positive earnings impact. The operating result for the fourth quarter was burdened with SEK 3 m in discontinuation costs.

Sales for the period January–December amounted to SEK 1,317 m (1,108). An operating loss of SEK -27 m (-27) was reported for 2003. The operating margin was negative (negative). The loss is attributable to a combination of operating problems and a somewhat unclear customer offering. For eight months during the year, two stores tested an adjusted concept featuring lower prices and a narrower product offering. The test did not generate a sufficient volume gain or improved profitability and was discontinued in October. The new management that took office in October has been assigned the task of improving earnings in 2004 and bringing Willys hemma to break-even. Continued expansion of Willys hemma is not being considered until its earnings have stabilized. The product range in the stores will be further adapted to their target group, with ready-made meals and fresh products as prioritized categories.

Sales of private label products by Willys hemma accounted for 21.5% of total (12.7%) as at year-end.

During the period January–December, one store was acquired, three were converted from other concepts within the Group and one was closed. Willys hemma operates 45 stores.

## Spar Sverige (name changed from Axfood Franchise)

Spar Sverige is responsible for the Spar franchise chain, which comprises approximately 130 proprietor-run stores with combined annual sales of approximately SEK 4.3 bn in 2003. Same-store sales improved slightly compared with a year ago, by 0.9%.

Sales of private label products by Spar accounted for 7.9% of total (4.26%) as at year-end.

Operating profit for the period January–December was SEK 47 m (32). Spar Sverige is reported under "Other."

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### Change in store structure – Group-owned stores, 2003

	December 2002	Newly established units	Acqui- sitions	Sales/closures	Conversions to/from	December 2003
Hemköp	96	-	2	-7	-3	<b>88</b>
Willys	70	3	10	-3	1	<b>81</b>
Willys hemma	42	-	1	-1	3	<b>45</b>
Spar Finland	79	1	11	-7	-	<b>84</b>
Spar Sverige	1	-	-	-	-1	<b>0</b>
<b>Total</b>	<b>288</b>	<b>4</b>	<b>24</b>	<b>-18</b>	<b>-</b>	<b>298</b>

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

Dagab improved its sales as well as earnings during the fourth quarter. Sales totalled SEK 4,947 m (4,882), an increase of 1.3% compared with the fourth quarter a year earlier. Operating profit was SEK 92 m (84).

During 2003 Dagab took over the responsibility for all meat and processed meat distribution to Axfood's wholly owned stores. Previously Dagab distributed about 50% of this volume. Dagab is working continuously to lower its costs and improve productivity. In 2003 the company gave priority to its inventory operations, where a significant improvement was also made in efficiency. Administration was reduced by approximately 60 positions during the year. A 6,000 sq.m. extension was made to the central warehouse in Jordbro.

Approximately 65% of Dagab's volume goes to wholly owned stores. This increase has taken place in pace with the rising percentage of wholly owned stores within Axfood and as a result of an increase in the purchasing degree by wholly owned stores. Dagab's sales will be slightly lower in pace with the growing portion of private label sales, since these products have a lower price level. This also has a slight margin impact.

Dagab's sales for the period January–December amounted to SEK 18,561 m (17,906). Operating profit was SEK 300 m (282). The operating margin was 1.6% (1.6%).

Axfood Närlivs further improved its profit for the fourth quarter, to SEK 25 m (21). Sales totalled SEK 1,177 m (1,155), an improvement of 1.9% compared with a year earlier.

In 2003, new three-year agreements were signed with OK/Q8 and EMAB (covering Shell's dealer-operated stations in Sweden and the Bilisten, Uno-X and Norsk Hydro service stations). Yearly volume of these agreements amounts to approximately SEK 1,050 m. Agreements were also reached on the expansion of beverage distribution for Carlsberg and Coca-Cola. Sales in the convenience store/mini-market segment decreased slightly during the year as a result of fierce competition. A more aggressive marketing campaign targeted primarily at customers in the restaurant and food-service segments was launched during the autumn.

Sales for Axfood Närlivs during the period January–December amounted to SEK 4,779 m (4,713). Operating profit was SEK 106 m (92). The operating margin was 2.2% (1.9%).

### Spar Finland

Sales during the fourth quarter were slightly weaker than a year earlier, amounting to SEK 1,301 m (1,348). The same-store decrease was 0.7%. Profit for the fourth quarter improved slightly, to SEK 13 m (7).

In 2003 the Finnish retail food market was characterized by fierce competition and weak overall growth. Spar Finland experienced a negative sales trend throughout the entire year as a result of rising competition, lower prices and a smaller number of stores compared with 2002. The negative trend levelled

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off during the autumn. Two Eurospar stores were reopened in August following extensive refurbishment. Spar Finland has successfully adjusted its internal costs to the market conditions.

Sales for the period January–December amounted to SEK 5,178 m (5,537), a decrease of 6.5%. Operating profit was SEK 40 m (55), and the operating margin for the period was 0.8% (1.0%).

During the year one store was reopened, eleven were acquired, and seven were closed. Spar Finland operates 84 wholly owned stores and collaborates with approximately 210 independent merchants.

### Capital expenditures

Capital expenditures during the period January–December amounted to SEK 660 m (455). Of these, investments in fixed assets in the wholesaling operations and in the store network in Sweden accounted for SEK 579 m (404), and investments in fixed assets by Spar Finland for SEK 81 m (51). In addition, stores were acquired in Sweden for SEK 142 m (58). The sale of Axfood Fastigheter AB was completed on 30 April and generated a capital gain of SEK 110 m. In December an associated company, BDAB, was sold for a capital gain of SEK 22 m.

### Financial position

Cash flow from operating activities amounted to SEK 1,026 m (1,104) during the period January–December. Net lending by Handelskredit decreased by SEK 105 m and amounted to SEK 54 m (159) at the end of the period. Cash and cash equivalents held by the Group amounted to SEK 548 m (444). Interest-bearing assets amounted to SEK 609 m (618) at the end of the period. Interest-bearing liabilities and provisions amounted to SEK 972 m (1,698) at the end of the period. Interest-bearing net debt decreased by SEK 717 m, to SEK 363 m (1,080), at the end of the period. The debt-equity ratio, net, was 0.2 (multiple) (0.6) at the end of the period.

The equity ratio was 32.2% (24.6%).

### Employees

The Axfood Group had an average of 8,640 employees (8,312) during the year. Of the Group's employees, approximately 75% work in stores.

### Parent Company

Other operating revenue for the Parent Company during the period January–December amounted to SEK 80 m (35). After a capital gain of SEK 198 m on the sale of Axfood Fastigheter, administrative expenses of SEK 150 m (101), and net financial items of SEK 3 m (-23), profit after financial items was SEK 131 m (-89). Capital expenditures totalled SEK 4 m (12). Cash and cash equivalents held by the Parent Company totalled SEK 91 m (0). Interest-bearing net debt decreased by SEK 380 m and amounted to SEK 169 m at the end of the period (549).

### Incentive programme

In December 2000 Axfood AB issued a promissory note with 427,500 detachable warrants (options). Each option entitles its holder to subscribe for one share at an exercise price of SEK 77 during the period 22 November 2003 – 21 August 2004. As per 31 December 2003, 268,000 options had been exchanged for Axfood shares, corresponding to a dilution of approximately 0.5%. A total of 80,800 options remain which can be exchanged for Axfood shares, plus 78,700 options held by Axfood.

### Accounting principles

The Group applies the accounting recommendations that took effect on 1 January 2003. 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 Swedish Financial Accounting Standards Council Recommendation RR 20, "Interim reporting."

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### **Essential differences between the company's current accounting principles and future principles**

Starting in 2004, Axfood will be applying recommendation RR 29, Employee benefits, which in all essential respects corresponds to IAS 19. Pensions and other post-employment benefits were previously reported in accordance with FAR 4, Reporting of pension liabilities and pension costs. The transition to RR 29 entails a reduction in the Group's pension liability by approximately SEK 16 m. The Group's shareholders' equity is positively affected by approximately SEK 13 m, net after deduction for deferred tax. The change will be reported as per 1 January 2004 and does not affect the profit and loss account or cash flow statement.

Starting on 1 January 2005, Axfood – like all listed companies in the EU – will be applying International Financial Reporting Standards (IFRS – previously called IAS) in its financial reporting. To prepare for the transition to accounting in accordance with IFRS, Axfood has identified the differences that currently exist between Swedish rules and IFRS and what effects the transition will have on the Axfood Group's financial reporting. In its comparison, consideration has also been given to proposed changes in current IFRS rules, which are expected to be adopted by IASB by the first quarter of 2004 at the latest.

According to the proposed change of IFRS in ED 3, Business combinations, in the future companies shall not amortize goodwill on a straight-line basis, but should instead test the reported impairment at least once a year in connection with the year-end book-closing. A testing of the goodwill values in the Axfood Group in accordance with IAS 36 has been performed as per 31 December 2003. This test did not identify any need to show impairment of goodwill or of other intangible fixed assets.

The transition to IFRS does not entail any material changes for Axfood's profit and financial position. Axfood is monitoring and adapting continuously to the IFRS changes.

### **Dividend policy and proposed dividend**

Axfood's policy is that the dividend over a business cycle should correspond to an average of 40% of profit after tax. The Board of Directors proposes a dividend of SEK 5.50 per share (5.00) for 2003.

### **Future outlook**

We believe that profit for 2004, excluding items affecting profitability, will improve compared with the outcome for 2003.

### **Next reporting date and Annual General Meeting**

The interim report for the first quarter of 2004 will be released on 22 April 2004. The 2004 Annual General Meeting will be held on 4 March 2004 at 5 p.m. Location: Norra Latin, Stockholm. The 2003 Annual Report will be published on Axfood's website on 19 February, at which time it will also be available at Axfood's head offices in Stockholm. The Annual Report will be presented in printed form at the Annual General Meeting and will thereafter be distributed by post to shareholders who so request.

Stockholm, 29 January 2004

Axfood AB (publ.)

The Board of Directors

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<b>Net sales per business unit</b>				
<b>SEK m</b>				
	<b>October--December</b>		<b>January--December</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Hemköp	1,633	1,702	6,117	6,341
Willys	2,778	2,262	10,567	8,398
Willys hemma	338	312	1,317	1,108
Axfood Närlivs	1,177	1,155	4,779	4,713
Spar Finland	1,301	1,348	5,178	5,537
Dagab <sup>3</sup>	4,947	4,882	18,561	17,906
Other <sup>1</sup>	211	579	1,388	2,118
Internal sales <sup>4</sup>	- 3,741	- 3,660	- 14,291	- 13,006
<b>Total</b>	<b>8,644</b>	<b>8,580</b>	<b>33,616</b>	<b>33,115</b>

<b>Operating profit (EBIT) for the period, broken down by business area</b>				
<b>SEK m</b>				
	<b>October--December</b>		<b>January--December</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Hemköp	23	37	13	106
Willys	96	103	395	368
Willys hemma	- 11	- 9	- 27	- 27
Axfood Närlivs	25	21	106	92
Spar Finland	13	7	40	55
Dagab	92	84	300	282
Other <sup>1</sup>	36	28	207	147
<b>Operating profit for the period <sup>2</sup></b>	<b>274</b>	<b>271</b>	<b>1,034</b>	<b>1,023</b>

- 1) Includes joint-Group functions and the support companies IT, Handelskredit, Private Label and Spar Sverige, plus Fastigheter for the first four months up until the sales date.
- 2) Operating profit for 2003 includes a capital gain of SEK 110 m on the sale of Axfood Fastigheter and SEK 22 m on the sales of BDAB. Operating profit for the full-year 2002 included a net capital gain of SEK 37 m on sales of real estate.
- 3) Of which, SEK 3,652 m (3,791) from direct distribution for the period October–December and SEK 13,782 m for the period January–December (14,008).
- 4) Of which, SEK 3,613 m (2,873) for Dagab for the period October–December and SEK 13,265 m for the period January–December (11,502).

<b>Condensed profit and loss account</b>				
<b>SEK m</b>				
	<b>October--December</b>		<b>January--December</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Net sales	8,644	8,580	33,616	33,115
Cost of goods sold	- 7,431	- 7,390	- 28,949	- 28,612
<b>Gross profit</b>	<b>1,213</b>	<b>1,190</b>	<b>4,667</b>	<b>4,503</b>
Selling/administrative expenses, etc.	- 961	- 919	- 3,765	- 3,480
Items affecting comparability <sup>1</sup>	22	-	132	-
<b>Operating profit</b>	<b>274</b>	<b>271</b>	<b>1,034</b>	<b>1,023</b>
Net financial items	- 8	- 22	- 63	- 104
<b>Profit after financial items</b>	<b>266</b>	<b>249</b>	<b>971</b>	<b>919</b>
Taxes	- 71	- 59	- 275	- 280
Minority share	- 5	- 2	- 12	- 14
<b>Profit for the period</b>	<b>190</b>	<b>188</b>	<b>684</b>	<b>625</b>
Operating profit includes depreciation totalling	- 156	- 140	- 591	- 533
- Of which, goodwill amortization	- 35	- 34	- 137	- 122
Earnings per share, SEK	3.57	3.53	12.85	11.75
Earnings per share after dilution, SEK	3.50	3.45	12.62	11.51

- 1) Pertains to capital gains on sale of Axfood Fastigheter and BDAB.

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<b>Condensed balance sheet</b>		
<b>SEK m</b>		
	<b>31/12/2003</b>	<b>31/12/2002</b>
<b>Assets</b>		
Goodwill	979	1,027
Interest-bearing receivables	59	156
Financial fixed assets	194	256
Other fixed assets	1,918	2,243
<b>Total fixed assets</b>	<b>3,150</b>	<b>3,682</b>
Inventories	1,599	1,631
Accounts receivable, trade	744	826
Interest-bearing receivables	2	18
Other current assets	934	754
Cash and bank balances	548	444
<b>Total current assets</b>	<b>3,827</b>	<b>3,673</b>
<b>Total assets</b>	<b>6,977</b>	<b>7,355</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	1,191	984
Unrestricted shareholders' equity	936	709
<b>Total shareholders' equity</b>	<b>2,127</b>	<b>1,693</b>
Minority interests	122	119
Interest-bearing provisions	373	378
Noninterest-bearing provisions	370	323
<b>Total provisions</b>	<b>743</b>	<b>701</b>
Interest-bearing long-term liabilities	331	764
Noninterest-bearing long-term liabilities	13	16
<b>Total long-term liabilities</b>	<b>344</b>	<b>780</b>
Current interest-bearing liabilities	268	556
Accounts payable, trade	1,636	1,822
Other current noninterest-bearing liabilities	1,737	1,684
<b>Total current liabilities</b>	<b>3,641</b>	<b>4,062</b>
<b>Total shareholders' equity and liabilities</b>	<b>6,977</b>	<b>7,355</b>
<b>Contingent liabilities</b>	<b>78</b>	<b>83</b>
<b>Pledged assets</b>	<b>1,620</b>	<b>1,888</b>

<b>Cash flow statement</b>		<b>January--December</b>	
<b>SEK m</b>		<b>2003</b>	<b>2002</b>
Operating activities			
- Cash flow from operating activities before changes in working capital		1,105	1,256
- Changes in working capital		-79	- 152
<b>Cash flow from operating activities</b>		<b>1,026</b>	<b>1,104</b>
Investing activities			
- Company acquisitions, net		189	- 9
- Acquisition of fixed assets, net		-615	- 318
- Reduction of financial fixed assets		111	135
<b>Cash flow from investing activities</b>		<b>-315</b>	<b>- 192</b>
Financing activities			
- Change in interest-bearing liabilities		-360	- 740
- New issue		20	-
- Dividend to shareholders		-266	- 133
<b>Cash flow from financing activities</b>		<b>-606</b>	<b>- 873</b>
<b>Cash flow for the period</b>		<b>105</b>	<b>39</b>

<b>Shareholders' equity, change</b>		<b>31/12/2003</b>	<b>31/12/2002</b>
<b>SEK m</b>			
Amount at start of year		1,693	1,208
Translation difference		- 4	- 7
Dividend to shareholders		- 266	- 133
New issue		20	-
Profit for the period		684	625
<b>Amount at end of period</b>		<b>2,127</b>	<b>1,693</b>

<b>Key ratios and other data</b>		<b>31/12/2003</b>	<b>31/12/2002</b>
Operating margin, % <sup>1</sup>		2.7	3.0
Margin after financial items, %		2.9	2.8
Equity ratio, %		32.2	24.6
Debt-equity ratio, net, multiple		0.2	0.6
Debt-equity ratio, multiple		0.43	0.94
Interest coverage, multiple		13.3	8.4
Capital employed, SEK m		3,221	3,510
Return on capital employed, %		31.2	28.7
Return on shareholders' equity, %		35.8	43.1
Capital expenditures (excluding shares), SEK m		660	455
Earnings per share, SEK		12.85	11.75
Earnings per share after dilution, SEK		12.62	11.51
Dividend per share, SEK		5.50 <sup>2</sup>	5.00
Net asset value per share, SEK		39.95	31.81
Net asset value per share after dilution, SEK		38.97	31.09
Cash flow per share, SEK		1.97	0.73
Cash flow per share after dilution, SEK		1.93	0.72
Number of shares outstanding		53,497,028	53,229,028
Weighted average number of shares outstanding		53,248,074	53,229,028
Weighted average number of shares outstanding after dilution		54,336,100	54,459,993
Holdings of own shares		-	-
Average number of full-time employees during the year		8,640	8,312

1) Operating margin excluding capital gains on sales of real estate and associated company.

2) Proposed by the Board of Directors.

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