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Axfood to sell Spar Finland

Axfood today signed an agreement with SOK Finland on the sale of Axfood's entire holding in Spar Finland Abp. Axfood is Spar Finland's largest shareholder, with 75.2% of the votes and 69.3% of the share capital.

Under the terms of the agreement with SOK, Axfood will sell all of its shares in Spar Finland to SOK in exchange for cash payment of EUR 38.7 m (approx SEK 360 m), or EUR 49.19 per Spar Finland share. Axfood owns 69.3% of the shares and 75.2% of the votes in Spar Finland. Axfood's shares in Spar Finland had a book value of SEK 325.2 m on 30 June 2005.

SOK's purchase is conditional upon approval by the Finnish Competition Authority and upon SOK – along with Axfood's shares – acquiring ownership of more than 90% of the shares and votes in Spar Finland. SOK has agreed to acquire shares of Spar Finland at a price of EUR 50 per share from certain other large shareholders who together hold 23.0% of the shares and 19.9% of the votes in Spar Finland. If the above share purchases are completed, SOK will hold 92.3% of the shares and 95.1% of the votes in Spar Finland. The share purchases are expected to be completed during October 2005.

It is the intention of SOK to begin redemption procedures as soon as possible after the completion of the share purchases. As redemption consideration SOK will pay EUR 50 per share for each Series A and Series K share of Spar Finland Abp.

– With the S Group as a new principal owner of Spar Finland, the conditions for the company's development in the Finnish retail trade market will increase," comments Mats Jansson, CEO of Axfood AB and Chairman of Spar Finland.

Spar Finland had sales of EUR 566.2 m in 2004, and sales for the first half of 2005 were EUR 264.4 m. Pre-tax profit in 2004 was EUR 2.4 m, while a pre-tax loss of EUR -1.6 m was reported for the first half of 2005. As at 30 June 2005 the company had EUR 114.1 m in assets and EUR 72.4 m in liabilities. Spar Finland had an average of 850 employees during the first half of 2005.

The SOK cooperative is part of Finland's S group, which comprises 22 regional cooperative societies and SOK with its subsidiaries. With a market share in excess of 30%, SOK has been the most successful player in Finland's retail food market in recent years. The S Group's business areas include market trade, service stations and fuel sales, department stores and speciality stores, hotels and restaurants, motor trade and accessories, and agricultural trade. At the end of 2004 the S Group had 26,353 employees. Retail sales were EUR 8,080 m, and profit before extraordinary items was EUR 321 m. At the end of June 2005, the S Group had in aggregate 1,480,541 members.

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Axfood AB conducts retail trade through the wholly owned store chains Hemköp, Willys and Willys hemma, comprising roughly 230 stores, and wholesale trade through Dagab and Axfood Närlivs. In addition, Axfood collaborates with a number of proprietor-run stores that are tied to Axfood through agreements. These include stores within the Hemköp chain as well as stores run under the Handlar'n and Tempo profiles. In all, Axfood collaborates with over 500 proprietor-run stores. Axfood also has 300 stores in Finland, of which 100 are wholly owned, and the rest are run by independent retailers. Axfood is listed on the Stockholm Stock Exchange O-list, Attract 40. Axel Johnson AB is the principal owner, with approximately 45% of the shares.