



Interim Report Axfood AB (publ)

SECOND QUARTER SUMMARY

- Axfood's consolidated sales for the period April–June totalled SEK 8,889 m (8,583), an increase of 3.6%.
- Retail sales for Group-owned stores rose 1.3% during the period. Like-for-like sales rose 0.5%.
- Operating profit for the period was SEK 317 m (279).
- Profit after financial items for the period was SEK 307 m (270).
- Profit after tax for the period was SEK 226 m (199), and earnings per share were SEK 4.30 (3.79).
- Axfood's goal for 2011 is to achieve an operating profit at least at the same level as in 2010.
- Hemköp will be expanded by approximately 50 stores as a result of agreements with Vi retailers.
- Axfood Närlivs signed a renewed agreement with OKQ8.
- Hans Holmstedt was appointed as acting Purchasing Director for Axfood.

Key ratios

SEK m	Q2 2011	Q2 2010	Change, %	Six months 2011	Six months 2010	Change, %	Full year 2010
Net sales	8,889	8,583	3.6	17,146	16,793	2.1	34,260
Operating profit	317	279	13.6	558	524	6.5	1,209
Operating margin, %	3.6	3.3	0.3	3.3	3.1	0.2	3.5
Profit after financial items	307	270	13.7	540	505	6.9	1,172
Profit after tax	226	199	13.6	398	373	6.7	862
Earnings per share, SEK ¹	4.30	3.79	13.7	7.58	7.10	6.8	16.42
Cash flow per share, SEK	0.5	-0.2	-	-2.1	-0.9	-133.3	0.0
Cash flow from operating activities per share, SEK	6.6	5.5	20.0	12.2	13.5	-9.6	26.0
Return on capital employed, % ²	33.3	32.7	0.6	33.3	32.7	0.6	33.2
Return on shareholders' equity, % ²	34.0	34.8	-0.8	34.0	34.8	-0.8	30.7
Shareholders' equity per share, SEK ³	-	-	-	52.24	47.34	10.4	56.64
Equity ratio, %	-	-	-	34.4	32.9	1.5	38.8

1) Before and after dilution.

2) Moving 12-month figures.

3) Net asset value per share corresponds to shareholders' equity per share.

For further information, please contact:

Anders Strålmán, President and CEO, mobile +46-70-293 16 93.

Karin Hygrel-Jonsson, CFO, mobile +46-70-662 69 70.

Anne Rhenman-Eklund, Head of Corporate Communications, +46-8-553 998 13, mobile +46-70-280 64 59.

The information in this interim report is such that Axfood is required to disclose in accordance with the Securities Market Act.

Submitted for publication at 1 p.m. (CET) on 18 July 2011.

CEO'S COMMENTS

Axfood reports a strong result for the second quarter of the year and stable sales growth, despite a generally weak food retail market. The favourable profitability performance is mainly attributable to a continued positive operating result for all operations and a high private label share. Sales of private label products accounted for 23.5% of total, which is the highest level reached to date.

Improved earnings for all business units

Willys delivered yet another quarter of good profitability along with an undiminished pace of store modernization and renewal. However, like-for-like sales have been dampened as a result of the generally weak growth in the food retail sector and continued strong competition.

Hemköp further strengthened its operating profit and is showing comparatively favourable like-for-like sales performance. During the autumn Hemköp will be expanded by roughly 50 stores in Stockholm and other parts of Sweden as a result of the agreements that were signed with most of the Vi retailers. The agreements are a continuation of the long-term cooperation with the Vi retailers that was initiated in 2009. Hemköp has thereby gained the opportunity to considerably strengthen its brand by building a larger, stronger and more distinctive grocery store chain, particularly in the fast-growing Stockholm market.

PrisXtra posted a positive operating result for the second quarter at the same time that sales continue to be unsatisfactory.

Axfood Närlivs reported good sales in all areas, among other things as a result of new customer agreements and a positive Easter effect. Favourable weather also benefited sales to seasonal customers. A renewed agreement was also signed with OKQ8 during the second quarter for the supply of newsstand and food retail products.

Dagab showed a high level of delivery reliability and favourable earnings, and received two recognitions during the quarter for its active climate work. The "Climate Comet of the Year" award was presented by Green Cargo for improvements in Dagab's climate impact, while Dagab was also the recipient of Haninge municipality's annual environmental award.

Market outlook

Indications are high that the market conditions during the rest of the year will be unchanged, with strong price competition and price-conscious customers. However, it is hard to know in the current situation if growth in the food retail segment will continue to slow. A growing number of indicators point to a rising level of apprehension among Swedish households as a result of concerns in the general business environment and rising interest rates. At the same time, the continued strong Swedish economy and improving job figures are creating conditions for stable growth. Against the backdrop of the moderate level of food inflation to date, we believe that it will reach about 2% for the full year.

Ambitious pace of investment for continued profitable growth

Axfood's strategic direction remains unchanged, and during the rest of 2011 we will continue to ensure profitable growth through greater efficiency and good cost control at the same time that we maintain a high pace of modernization and development of our various concepts. We are also keeping our focus on stimulating sales and increasing our private label share. Capital expenditures in 2011 are expected to amount to SEK 900–1,000 m (862).

Axfood's goal for 2011 is to achieve an operating profit at least at the same level as in 2010.

Anders Strålmán
President and CEO

SALES, AXFOOD GROUP

Second quarter

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 8,889 m (8,583) during the second quarter, an increase of 3.6%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 7,124 m (7,021), an increase of 1.5%. Sales for Axfood-owned retail operations rose 1.3% during the second quarter, with a 0.5% rise in like-for-like sales.

Six months

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 17,146 m (16,793) for the period, an increase of 2.1%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 13,935 m (13,863), an increase of 0.5%. Sales for Axfood-owned retail operations rose 0.5% during the period, with a 0.9% decrease in like-for-like sales.

Net sales per operating segment

SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Hemköp	1,184	1,224	2,389	2,503	4,978
Willys	4,805	4,665	9,350	9,131	18,613
PrisXtra	142	161	286	332	637
Axfood Närlivs	1,691	1,491	3,061	2,784	5,847
Dagab	6,623	6,422	12,764	12,601	25,701
Other ¹	1,082	1,026	2,102	2,019	4,052
<i>Internal sales</i>					
Dagab	-5,600	-5,424	-10,785	-10,645	-21,694
Axfood Närlivs	-6	-6	-15	-12	-26
Other	-1,032	-976	-2,006	-1,920	-3,848
Total	8,889	8,583	17,146	16,793	34,260

¹⁾ Includes joint-Group support functions, such as purchasing coordination, IT and corporate offices.

Retail sales, own and franchise stores

SEK m	Q2 2011	% ¹⁾	Like-for-like sales, % ¹⁾	Six months 2011	% ¹⁾	Like-for-like sales, % ¹⁾
Hemköp	1,171	-3.4	1.1	2,363	-4.6	0.8
Hemköp franchise	1,006	2.3	2.8	1,936	0.7	2.0
Hemköp total	2,177	-0.8	1.9	4,299	-2.3	1.3
Willys total	4,805	3.0	0.6	9,350	2.4	-1.0
PrisXtra total	142	-11.8	-7.8	286	-13.9	-10.3
Total	7,124	1.5	0.8	13,935	0.5	-0.5

¹⁾ Percentage change compared with the corresponding period a year ago.

Change in store structure, six months 2011

	Dec. 2010	New establish- ment	Acquisitions	Sales/ closures	Conversions to/from	June 2011
Hemköp	65		1	-4	-1	61
Willys ¹⁾	160	3	1	-1	1	164
PrisXtra	5					5
Total, Group-owned	230	3	2	-5	-	230
Hemköp franchises	82	1		-2		81
¹⁾ Of which, Willys Hemma	41	1		-1	1	42

EARNINGS, AXFOOD GROUP

Second quarter

Operating profit for the quarter was SEK 317 m (279). The operating margin was 3.6% (3.3%). Net financial items totalled SEK -10 m (-9), and profit after financial items was SEK 307 m (270). The margin after financial items was 3.5% (3.1%). Profit after tax was SEK 226 m (199).

Axfood has no significant transactions with related parties, other than transactions with subsidiaries.

Six months

Operating profit for the period was SEK 558 m (524). The operating margin was 3.3% (3.1%). Net financial items for the period totalled SEK -18 m (-19), and profit after financial items was SEK 540 m (505). Profit after tax was SEK 398 m (373).

Operating profit for the period, broken down by operating segment

SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Hemköp	23	10	36	16	45
Willys	205	195	362	362	772
PrisXtra	4	-3	11	0	-5
Axfood Närlivs	36	34	42	48	113
Dagab	41	34	82	64	189
Other ¹	8	9	25	34	95
Operating profit for the period, total²	317	279	558	524	1,209

¹ Includes joint-Group support functions, such as purchasing coordination, IT and corporate offices. For the six month period, "Other" also includes charges for, among other things, amortization of surplus value pertaining to the acquisition of PrisXtra and depreciation of SEK 14 m (6) pertaining to the new business system.

² Net financial items are not distributed per operating segment.

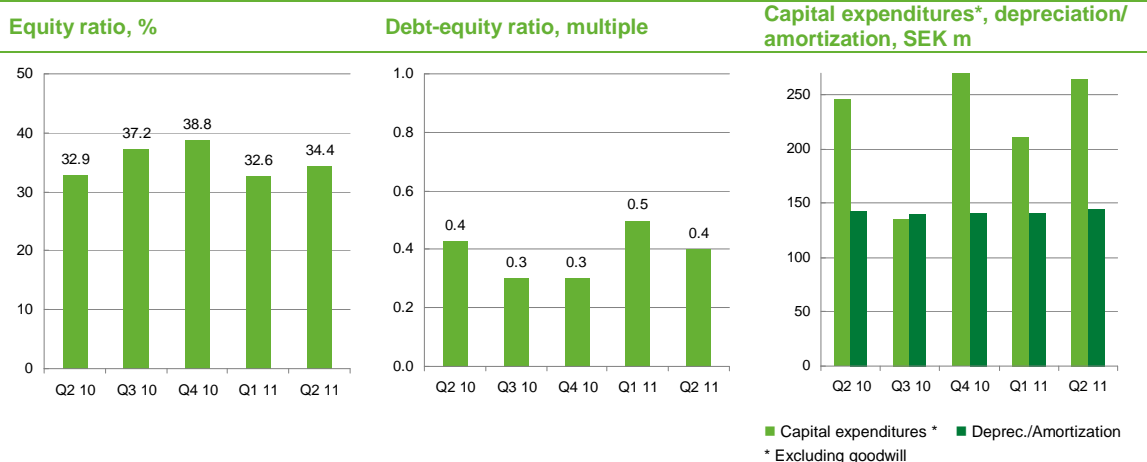
CAPITAL EXPENDITURES

Total capital expenditures during the period January–June amounted to SEK 488 m (454), of which SEK 22 m (4) pertained to acquisitions of businesses. In addition, SEK 252 m (219) pertained to investments in non-current assets in retail operations, SEK 56 m (63) to investments in non-current assets in wholesale operations, and SEK 111 m (89) to IT development.

FINANCIAL POSITION

Cash flow from operating activities for the first half of the year before paid tax was SEK 822 m (892). Paid tax amounted to SEK -184 m (-184). Cash and cash equivalents held by the Group (fixed-income investments) amounted to SEK 207 m, compared with SEK 315 m in December 2010. Interest-bearing liabilities and provisions totalled SEK 1,198 m at the end of the period, compared with SEK 840 m in December 2010. Interest-bearing net debt was SEK 991 m at the end of the period, compared with SEK 525 m in December 2010. Payout of the shareholder dividend affected cash flow by SEK -630 m (-525), and net capital expenditures affected cash flow by SEK -472 m (-440).

The equity ratio was 34.4%, compared with 38.8% as per December 2010.



THE SWEDISH FOOD RETAIL MARKET

According to Statistics Sweden's retail trade index for May, accumulated sales for the food retail segment rose 1.3% since the start of the year in current prices. In fixed prices, adjusted for price and calendar effects, volume increased by 0.3%.

STORE OPERATIONS

Willys

Second quarter

Willys continued its stable performance with good profitability. Sales amounted to SEK 4,805 m (4,665), an increase of 3.0% compared with a year earlier. Like-for-like sales rose 0.6%. Sales were affected by generally weak growth in the food retail market and continued strong competition. Operating profit was SEK 205 m (195), an increase of 5.1%. The operating margin was 4.3% (4.2%).

The private label share as of June was 26.3% (23.8%) for Willys and 30.0% (28.2%) for Willys Hemma.

Store modernizations continued during the period. Seven stores were adapted to the new generation of Willys, which now comprises 66 stores. This is part of an effort to improve customers' shopping experience and gain additional market shares. Two Willys stores were established during the second quarter – one in Halmstad and one in Karlshamn.

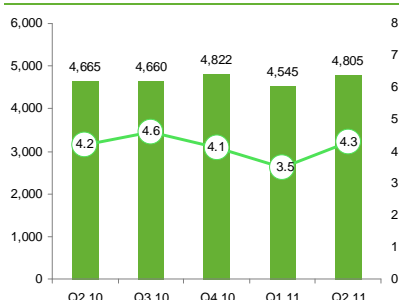
Six months

Willys' sales during the period January–June amounted to SEK 9,350 m (9,131), an increase of 2.4% compared with a year earlier. Like-for-like sales decreased during the same period by 1.0%. Operating profit for the first half of the year amounted to SEK 362 m (362), and the operating margin was 3.9% (4.0%).

During the first half of the year, two Willys stores and one Willys Hemma were established. One Willys store was acquired. An additional store was converted from Hemköp to Willys Hemma, and one Willys Hemma store was sold. Willys thereafter comprises 164 wholly owned stores, of which 42 are Willys Hemma.

Sales, SEK m, and operating margin, % Key ratios

	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
SEK m					
Net sales	4,805	4,665	9,350	9,131	18,613
Change in like-for-like sales, %	0.6	-2.5	-1.0	0.2	0.4
Operating profit	205	195	362	362	772
Operating margin, %	4.3	4.2	3.9	4.0	4.1
Number of Group-owned stores	-	-	164	159	160
Average number of employees during the period	-	-	3,414	3,161	3,266
Private label share (Willys/Willys Hemma)	-	-	26.3/30.0	23.8/28.2	24.0/28.7



Hemköp

Second quarter

Earnings as well as like-for-like sales once again moved in a favourable direction. Like-for-like sales for Group-owned stores rose 1.1% during the period.

Sales for Hemköp's stores – both Group-owned and franchises – decreased by 0.8% during the second quarter. Sales for Group-owned stores amounted to SEK 1,171 m (1,212), a decrease of 3.4%. Compared with the same period a year ago, total sales were affected by store closures or conversions. Sales for franchise stores amounted to SEK 1,006 m (983), an increase of 2.3%, with a 2.8% increase in like-for-like sales.

Operating profit for the second quarter was SEK 23 m (10). The operating margin for the period was 1.9% (0.8%).

Hemköp's loyalty card has been rising steadily, and 407,000 cards were in issue at the end of the period. The loyalty card is a key part of a long-term effort to boost customer loyalty and sales.

Hemköp's private label share (including franchise stores) was 16.8% (14.7%) as of June.

During the second quarter, one store was acquired and two were closed. One franchise store was established and two were closed. During the period, agreements were reached with individual Vi retailers, entailing that the Hemköp chain will be expanded by approximately 50 stores during the autumn.

Six months

Like-for-like sales for Group-owned stores rose 0.8% during the period.

Sales for Hemköp's stores – both Group-owned and franchises – decreased by 2.3% during the period January–June. Sales for Group-owned stores amounted to SEK 2,363 m (2,477), a decrease of 4.6%. Compared with the same period a year ago, total sales were negatively affected by changes in the number of stores.

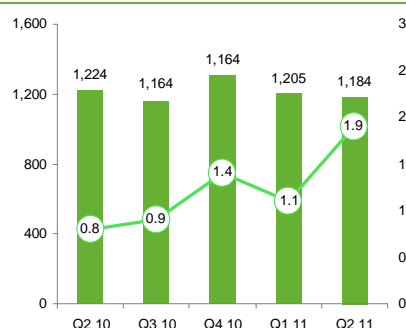
Sales for franchise stores amounted to SEK 1,936 m (1,923), an increase of 0.7%, with a 2.0% increase in like-for-like sales.

Operating profit for the period January–June was SEK 36 m (16). The operating margin for the period was 1.5% (0.6%). Operating profit was affected by one-time costs of SEK 12 m (2) associated with store closures.

To create further conditions for profitable growth, Hemköp has initiated a modernization and renovation of its stores, which will involve 10–20 units during the year.

During the first half of the year, one store was acquired and four were closed. One store was converted to Willys Hemma. Also during the period, one franchise store was established and two were closed. Hemköp had a total of 142 stores at the end of the period, of which 61 are Group-owned.

Sales, SEK m, and operating margin, %



Key ratios

	Q2 2011	Q2 2010	Six months 2011	Six months 2010	Six months 2010
SEK m					
Net sales	1,184	1,224	2,389	2,503	4,978
Change in like-for-like sales, %	1.1	1.6	0.8	1.3	2.3
Operating profit	23	10	36	16	45
Operating margin, %	1.9	0.8	1.5	0.6	0.9
Number of Group-owned stores	-	-	61	65	65
Average number of employees during the period	-	-	1,392	1,449	1,422
Private label share	-	-	16.8	14.7	16.8

PrisXtra

Second quarter

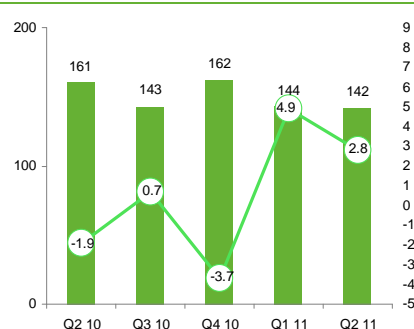
PrisXtra's sales during the second quarter amounted to SEK 142 m (161), a decrease of 11.8%. Like-for-like sales decreased by 7.8% during the period. Operating profit was SEK 4 m (-3), and the operating margin was 2.8% (-1.9%).

As previously, the two largest stores continue to be hurt by traffic re-routing and roadwork associated with construction of the Norra länken motorway in Stockholm. However, these store locations have strategic importance over time.

Six months

PrisXtra's sales during the period January–June amounted to SEK 286 m (332), a decrease of 13.9%. Like-for-like sales decreased by 10.3% during the period. Operating profit for the period January–June was SEK 11 m (0), and the operating margin was 3.8% (0.0%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Net sales	142	161	286	332	637
Change in like-for-like sales, %	-7.8	-8.0	-10.3	-7.0	-7.0
Operating profit	4	-3	11	0	-5
Operating margin, %	2.8	-1.9	3.8	0	-0.8
Number of Group-owned stores	-	-	5	6	5
Average number of employees during the period	-	-	147	172	164

AXFOOD WHOLESALING

Dagab

Second quarter

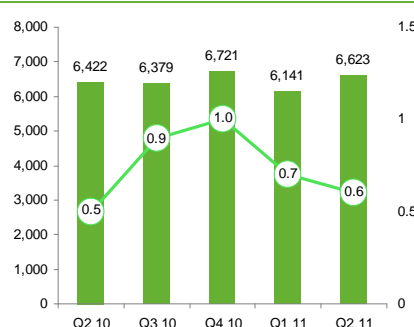
Dagab showed yet another quarter of good cost control and strong earnings performance. Sales during the second quarter amounted to SEK 6,623 m (6,422). Operating profit was SEK 41 m (34), and the operating margin was 0.6% (0.5%).

During the second quarter, Dagab received two recognitions for its active environmental work – Haninge municipality's annual environment award and Green Cargo's distinction as "Climate Comet of the Year".

Six months

Dagab's sales for the period January–June amounted to SEK 12,764 m (12,601). Operating profit for the period was SEK 82 m (64), and the operating margin was 0.6% (0.5%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Net sales	6,623	6,422	12,764	12,601	25,701
Distributed sales	4,439	4,310	8,599	8,484	17,408
Operating profit	41	34	82	64	189
Operating margin, %	0.6	0.5	0.6	0.5	0.7
Average number of employees during the period	-	-	987	927	932
Delivery reliability, %	96.8	97.4	96.9	97.3	97.2

Axfood Närlivs

Second quarter

Axfood Närlivs had favourable sales in all parts of its business. Sales during the second quarter amounted to SEK 1,691 m (1,491), an increase of 13.4%. Sales were positively affected by new agreements, Easter holiday sales and generally good weather.

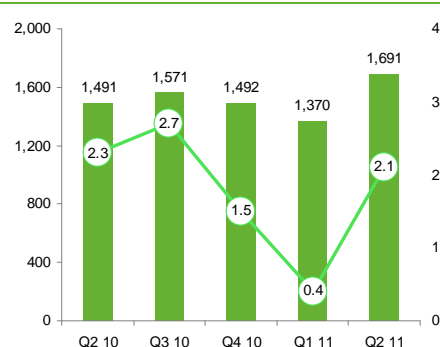
Operating profit for the second quarter was SEK 36 m (34), and the operating margin was 2.1% (2.3%).

During the quarter a renewed agreement was reached with OKQ8 for the supply of newsstand and food retail products. A new Snabbgross store opened in Visby.

Six months

Axfood Närlivs' sales during the period January–June amounted to SEK 3,061 m (2,784), an increase of 9.9%. Operating profit for the period amounted to SEK 42 m (48), and the operating margin was 1.4% (1.7%).

Sales, SEK m, and operating margin, %



Key ratios

	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
SEK m					
Net sales	1,691	1,491	3,061	2,784	5,847
Distributed sales	1,481	1,286	2,685	2,406	5,070
Operating profit	36	34	42	48	113
Operating margin, %	2.1	2.3	1.4	1.7	1.9
Axfood Snabbgross, no. stores	-	-	20	19	19
Average number of employees during the period	-	-	720	642	667
Delivery reliability, %	97.5	97.7	97.8	97.7	97.4

SIGNIFICANT RISKS AND UNCERTAINTIES

In the course of its business the Axfood Group is exposed to operational, strategic and financial risks. Operational and strategic risks include business and liability risks, among others, while financial risks include liquidity risk, interest rate risk and currency risk.

Axfood works continuously with risk identification and assessment. One of the most significant business risks that Axfood has identified in its safety analysis work is a total loss, such as from a fire at one of the central warehouses in Jordbro or Backa. Major emphasis is put on preventive work, and the organization for this is well-developed, as is the Company's planning to maintain operating continuity in the event of unforeseen events.

For a thorough account of the risks that affect the Group, please refer to the 2010 Annual Report.

SEASONAL EFFECTS

Axfood has no significant seasonal variations.

ENVIRONMENTAL IMPACT

One of Axfood's strategic objectives is to actively conduct work for environmentally sustainable development. In the day-to-day activities, sustainability aspects are integrated in product purchasing and selection as well as in logistics, product flows and store operations. Priority areas for Axfood's environmental sustainability work are energy use, transports and waste handling. All of these areas have major bearing on Axfood's business and have large potential for improvement. One overall goal is to reduce the climate impact of the Group's operations by 75% by 2020. The remainder of the Group's environmental impact will be climate-compensated. Great progress was achieved toward this goal in 2010, when the environmental impact was reduced by 60% through a changeover to renewable energy. In 2011, work on energy efficiency improvement will continue to have high priority. A redoubled focus on recycling

has also been initiated, where most waste will either be recycled into raw material for the recycling industry or converted to energy. A more detailed account of Axfood's work with environmental matters can be found on Axfood's website: www.axfood.se.

PARENT COMPANY

Other operating revenue for the Parent Company during the period January–June amounted to SEK 88 m (86). After selling expenses, administrative expenses and other operating expenses, totalling SEK 130 m (115), and SEK -3 m (-4) in net financial items, the result after financial items was SEK -45 m (-33). Capital expenditures during the period totalled SEK 0 m (2).

The Parent Company's interest-bearing net debt was SEK 591 m at the end of the period, compared with SEK 931 m in December 2010. The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

ACCOUNTING POLICIES

Axfood applies International Financial Reporting Standards (IFRS) as approved by the European Union. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and recommendation RFR 2 – Reporting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR). In order to prepare the financial statements in accordance with IFRS, the Board and Executive Committee make estimations and assumptions that affect the Company's result and position as well as other disclosures in general. These estimations and assumptions are based on historical experience and are reviewed on a regular basis. The accounting policies used by the Parent Company and Group are unchanged compared with the most recently published annual report.

FORECAST

Axfood's goal for 2011 is to achieve an operating profit at least at the same level as in 2010.

NEXT REPORT

The interim report for the period January–September 2011 will be released on 20 October 2011.

PRESS RELEASES ISSUED DURING THE SECOND QUARTER

30 June 2011	Campaign generates over SEK 1 million for Save the Children
15 June 2011	Dagab is Climate Comet of the Year
13 June 2011	Hans Holmstedt appointed as Acting Purchasing Director for Axfood
9 June 2011	50 new Hemköp stores to open in Stockholm
25 May 2011	Extension of cooperation between Axfood Närlivs and OKQ8
24 May 2011	Axfood launches meal planning service
11 May 2011	Hemköp opens yet another store in central Stockholm
28 April 2011	Axfood welcomes decision by Vi retailers

This half-year report gives a fair overview of the Parent Company's and Group's operations, financial position and results of operations, and describes significant risks and uncertainties that the Parent Company and companies included in the Group face.

Stockholm, 18 July 2011

Fredrik Persson
Chairman

Marcus Storch
Vice Chairman

Antonia Ax:son Johnson

Peggy Bruzelius

Maria Curman

Odd Reitan

Annika Åhnberg

Ulla-May Iwahr Rydén*

Michael Sjören*

Inger Sjöstrand*

Anders Strålmán
President and CEO

* *Employee representatives.*

This half-year interim report has not been reviewed by the Company's auditors.

FINANCIAL STATEMENTS, GROUP

Condensed statement of comprehensive income, Group					
SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Net sales	8,889	8,583	17,146	16,793	34,260
Cost of goods sold	-7,641	-7,412	-14,752	-14,516	-29,587
Gross profit	1,248	1,171	2,394	2,277	4,673
Selling/administrative expenses, etc.	-931	-892	-1,836	-1,753	-3,464
Operating profit	317	279	558	524	1,209
Net financial items	-10	-9	-18	-19	-37
Profit after financial items	307	270	540	505	1,172
Tax	-81	-71	-142	-132	-310
Profit for the period	226	199	398	373	862
<i>Other comprehensive income</i>					
Change in fair value of forward exchange contracts	0	0	1	1	0
Tax attributable to components in other comprehensive income	0	0	0	0	0
<i>Other comprehensive income for the period</i>	0	0	1	1	0
Total comprehensive income for the period	226	199	399	374	862
Operating profit includes depreciation/amortization of	145	143	286	274	555
Earnings per share, SEK	4.30	3.79	7.58	7.10	16.42

Condensed statement of financial position, Group

<i>SEK m</i>	30/6/2011	30/6/2010	Full year 2010
Assets			
Goodwill	1,578	1,543	1,567
Other financial assets	31	32	32
Other non-current assets	2,541	2,280	2,364
Total non-current assets	4,150	3,855	3,963
Inventories	1,876	1,835	1,822
Accounts receivable – trade	759	680	660
Other current assets	983	918	904
Cash and bank balances	207	268	315
Total current assets	3,825	3,701	3,701
Total assets	7,975	7,556	7,664
Shareholders' equity and liabilities			
Equity attributable to owners of the parent	2,741	2,484	2,972
Total shareholders' equity	2,741	2,484	2,972
Non-current interest-bearing liabilities	401	395	398
Other non-current liabilities	216	207	219
Total non-current liabilities	617	602	617
Current interest-bearing liabilities	797	665	442
Accounts payable – trade	2,247	2,150	2,208
Other current liabilities	1,573	1,655	1,425
Total current liabilities	4,617	4,470	4,075
Total shareholders' equity and liabilities	7,975	7,556	7,664
Contingent liabilities	17	20	18
Pledged assets	15	17	16

Condensed statement of cash flows, Group

SEK m	Six months 2011	Six months 2010	Full year 2010
Operating activities			
Cash flow from operating activities before changes in working capital, before paid tax	822	783	1,750
Paid tax	-184	-184	-322
Changes in working capital	0	109	-63
<i>Cash flow from operating activities</i>	638	708	1,365
Investing activities			
Acquisitions of operations, net	-25	-6	-59
Acquisitions of non-current assets, net	-447	-434	-771
Change in financial non-current assets, net	-	-1	-1
<i>Cash flow from investing activities</i>	-472	-441	-831
Financing activities			
Change in interest-bearing liabilities	356	210	-10
Dividend paid out	-630	-525	-525
<i>Cash flow from financing activities</i>	-274	-315	-535
Cash flow for the period	-108	-48	-1

Condensed statement of changes in equity, Group

SEK m	30/6/2011	30/6/2010	Full year 2010
Amount at start of year	2,972	2,635	2,635
Total comprehensive income for the period	399	374	862
Dividend to shareholders	-630	-525	-525
Amount at end of period	2,741	2,484	2,972

Key ratios and other data, Group

	Six months 2011	Six months 2010	Full year 2010
Operating margin, %	3.3	3.1	3.5
Margin after financial items, %	3.1	3.0	3.4
Equity ratio, %	34.4	32.9	38.8
Debt-equity ratio, net, multiple	0.4	0.3	0.2
Debt-equity ratio, multiple	0.4	0.4	0.3
Interest coverage, multiple	28.0	26.3	31.1
Capital employed, SEK m	3,939	3,544	3,812
Return on capital employed, %	33.3	32.7	33.2
Return on shareholders' equity, %	34.0	34.8	30.7
Capital expenditures, SEK m	488	454	862
Earnings per share, SEK ¹	7.58	7.10	16.42
Dividend per share, SEK	-	-	12.00
Shareholders' equity per share, SEK ^{1, 2}	52.24	47.34	56.64
Cash flow per share, SEK ¹	-2.1	0.9	0.0
Number of shares outstanding ¹	52,467,678	52,467,678	52,467,678
Average number of employees during the period	7,140	6,802	6,895

1) The number of shares is the same before and after dilution. The average number of shares is the same as the number of shares outstanding. Axfood has no holdings of treasury shares.

2) Net asset value per share corresponds to shareholders' equity per share.

Quarterly overview

	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
Sales	8,049	8,431	8,210	8,583	8,582	8,885	8,257	8,889
Operating profit	335	290	245	279	364	321	241	317
Operating margin, %	4.2	3.4	3.0	3.3	4.2	3.6	2.9	3.6
Earnings per share, SEK ¹	4.57	3.83	3.31	3.79	5.00	4.32	3.28	4.30
Shareholders' equity per share, SEK ¹	46.35	50.22	43.55	47.34	52.30	56.64	47.93	52.24
Return on shareholders' equity, %	35.2	32.4	37.5	34.8	32.3	30.7	35.8	34.0
Cash flow from operating activities per share, SEK	6.1	10.3	8.0	5.5	6.3	6.2	5.6	6.6
Capital expenditures	120	194	204	250	138	270	220	268

FINANCIAL STATEMENTS, PARENT COMPANY

Condensed income statement, Parent Company

SEK m	Q2 2011	Q2 2010	Six months 2011	Six months 2010	2010
Net sales	-	-	-	-	-
Selling/administrative expenses, etc.	-22	-19	-42	-29	-47
Operating profit	-22	-19	-42	-29	-47
Net financial items	-1	0	-3	-4	-6
Profit after financial items	-23	-19	-45	-33	-53
Appropriations	-	-	-	-	4
Profit before tax	-23	-19	-45	-33	-49
Tax	8	5	13	9	13
Net profit for the period	-15	-14	-32	-24	-36
Operating profit includes deprecia- tion/amortization of	1	2	1	4	6

Profit for the period corresponds to comprehensive income for the period.

Condensed balance sheet, Parent Company

SEK m	30/6/2011	30/6/2010	Full year 2010
Assets			
Property, plant and equipment	3	6	4
Participations in Group companies	3,468	3,468	3,468
Other financial non-current assets	4	4	3
Deferred tax assets	9	10	11
Total non-current assets	3,484	3,488	3,486
Receivables from Group companies ¹	1,198	721	2,102
Other current assets	148	135	8
Cash and bank balances	-	-	0
Total current assets	1,346	856	2,110
Total assets	4,830	4,344	5,596
Shareholders' equity and liabilities			
Restricted shareholders' equity	262	262	262
Unrestricted shareholders' equity	2,740	2,535	3,402
Total shareholders' equity	3,002	2,797	3,664
Untaxed reserves	1	5	1
Non-current interest-bearing liabilities	31	31	32
Noninterest-bearing non-current liabilities	4	8	7
Total non-current liabilities	35	39	39
Current interest-bearing liabilities	767	629	406
Liabilities to Group companies ²	995	834	1,404
Accounts payable – trade	6	15	15
Other current noninterest-bearing liabilities	24	25	67
Total current liabilities	1,792	1,503	1,892
Total shareholders' equity and liabilities	4,830	4,344	5,596
Contingent liabilities	357	360	357
Pledged assets	-	-	-
1) Of which, interest-bearing receivables	1,197	720	872
2) Of which, interest-bearing liabilities	991	829	1,364

FINANCIAL DEFINITIONS

Average number of employees during the year: Total number of hours worked divided by the number of hours worked per year (1,920 hours).

Capital employed: Total assets less noninterest-bearing liabilities and noninterest-bearing provisions. Average capital employed is calculated as capital employed at the start of the year plus capital employed at the end of the year, divided by two.

Cash flow per share: Cash flow for the year divided by a weighted average number of shares outstanding.

Debt-equity ratio: Interest-bearing liabilities divided by shareholders' equity including non-controlling interests.

Dividend yield: Dividend per share divided by the year-end share price.

Earnings per share: Net profit for the year attributable to owners of the parent divided by a weighted average number of shares outstanding.

Equity ratio: Shareholders' equity including non-controlling interests as a percentage of total assets.

Interest cover ratio: Profit after financial items plus financial expenses, divided by financial expenses.

Margin after financial items: Profit after financial items as a percentage of net sales for the period.

Net asset value per share: Equity attributable to owners of the parent divided by the number of shares outstanding.

Net debt: Cash and cash equivalents plus interest-bearing receivables less interest-bearing liabilities and provisions.

Net debt-equity ratio: Interest-bearing liabilities and provisions less cash and cash equivalents and interest-bearing receivables, divided by shareholders' equity including non-controlling interests.

Operating margin: Operating profit as a percentage of net sales for the period.

P/E multiple before and after dilution: Share price in relation to earnings per share.

Return on capital employed: Profit after financial items, plus financial expenses, as a percentage of average capital employed.

Return on shareholders' equity: Net profit for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. Average equity is calculated as shareholders' equity at the start of the year plus shareholders' equity at the end of the year, divided by two.

GLOSSARY

Autoorder: An automated store restocking system.

Delivery reliability: The share of delivered goods in relation to the share of ordered goods.

E-learning: An interactive training program.

EMAB: EMAB is a collaborative organization for independent service station stores, with approximately 400

members within the Shell, Statoil 123, Hydro, Bilisten and Preem service station chains.

GRI: Global Reporting Initiative.

Like-for-like sales: Like-for-like sales refer to store sales reported on the basis of an entire comparison period, i.e., two years.



Axfood AB, SE-171 78 Solna
Visitors' address: Hemvämsgatan 9
Tel. +46-8-553 990 00, Fax +46-8-730 03 59
info@axfood.se, www.axfood.se

Om Axfood

Axfood AB conducts food retail and wholesale business in Sweden. Retail business is conducted through the wholly owned store chains Willys, Hemköp and PrisXtra.

- The Group has 230 stores. In addition, Axfood collaborates with approximately 840 proprietor-run stores.
- Wholesale business is conducted through Dagab and Axfood Närlivs. The Group has a total of 20 Axfood Snabbgross stores.
- Axfood is listed on Nasdaq OMX Stockholm AB's Large Cap list.
- Axfood has an approximate 20% share of the food retail market in Sweden.

Axfood aspires to be the most profitable company in the Swedish food retail market and aims to grow its market shares by strengthening and developing its position. Axfood's long-term goal is to attain an operating margin of 4%. Achieving this requires activities at every level aimed at boosting sales, efficiency and profitability.