



Year-End Report Axfood AB (publ)

FOURTH QUARTER SUMMARY

- Axfood's consolidated sales for the period October–December totalled SEK 8,914 m (8,885), an increase of 0.3%.
- Retail sales for Group-owned stores decreased by 0.8% during the period. Like-for-like sales decreased by 2.7%.
- Operating profit for the period was SEK 322 m (321).
- Profit after financial items was SEK 312 m (310) for the period.
- Profit after tax for the period was SEK 226 m (227), and earnings per share were SEK 4.32 (4.32).
- The Board of Directors proposes a dividend of SEK 12 per share (12).
- Hans Holmstedt appointed as new Purchasing Director of Axfood.
- Axfood Närlivs signed an agreement to acquire 50% of Hall Miba AB.
- Most Vi stores converted to Hemköp franchises.
- Axfood's goal for 2012 is to achieve an operating profit at the same level as in 2011.

NO SIGNIFICANT EVENTS HAVE TAKEN PLACE AFTER THE BALANCE SHEET DATE

Key ratios

SEK m	Q4 2011	Q4 2010	Change, %	Full year 2011	Full year 2010	Change, %
Net sales	8,914	8,885	0.3	34,795	34,260	1.6
Operating profit	322	321	0.3	1,250	1,209	3.4
Operating margin, %	3.6	3.6	0.0	3.6	3.5	0.1
Profit after financial items	312	310	0.6	1,214	1,172	3.6
Profit after tax	226	227	-0.4	891	862	3.4
Earnings per share, SEK ¹	4.32	4.32	0.0	16.99	16.42	3.5
Cash flow per share, SEK	2.0	1.8	11.1	0.0	0.0	0.0
Cash flow from operating activities per share, SEK	7.3	6.2	17.7	26.4	26.0	1.5
Return on capital employed, % ²	31.0	33.2	-2.2	31.0	33.2	-2.2
Return on shareholders' equity, % ²	28.7	30.7	-2.0	28.7	30.7	-2.0
Shareholders' equity per share, SEK ³	-	-	-	61.7	56.6	9.0
Equity ratio, %	-	-	-	39.1	38.8	0.3

1) Before and after dilution.

2) Moving 12-month figures.

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

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The information in this year-end report is such that Axfood is required to disclose in accordance with the Securities Market Act. Submitted for publication at 7.30 a.m. (CET) on 7 February 2012.

CEO'S COMMENTS

Earnings for 2011 were Axfood's strongest ever. Four of our five units improved their earnings, and sales continued to be stable despite a weak market. Attractive customer offerings, cost control and efficiency combined with a higher share of private label sales contributed to the favourable profitability.

Strong earnings and stable development

I am particularly pleased to note that Hemköp significantly strengthened its earnings and achieved its target margin of 2%. This favourable performance can be credited primarily to well-run stores and good cost control. In addition, Hemköp was expanded with 43 proprietor-run stores as a result of the agreements that were signed with individual Vi retailers. Conversion of these stores was carried out successfully during the autumn and gives us a unique opportunity to build a considerably stronger brand in the fast-growing Stockholm region.

Willys continued its profitable and stable development, with a strong operating margin at the same time that its pace of establishment and renewal was higher than ever. Investing in store modernization has been an increasingly important prerequisite for meeting customers' expectations for a better shopping experience. We see now that these investments are beginning to deliver results at the same time that it is clear that the stores that have not yet been modernized are showing weaker performance. In addition, many stores are encountering competition from our own new stores as well as from competitors. The pace of modernization will therefore remain high in 2012.

PrisXtra also strengthened its earnings despite continued unsatisfactory sales. As previously, the reason for the weak sales is the road construction that is affecting customer access to the chain's two largest stores.

Axfood Närlivs showed favourable growth and has captured market shares as a result of very strong performance and a large number of new customers for Axfood Snabbgross. In addition, the agreement with OKQ8 was renewed, and a new agreement was signed with Statoil. At the end of the year an agreement was signed to acquire 50% of the wholesale company Hall Miba, which strengthens Axfood Närlivs as a comprehensive supplier of food retail products as well as fast food and automotive-related consumer products.

During the year, Dagab continued to improve its efficiency with respect to quality and delivery reliability, which are critical for Axfood's success. At year-end Dagab's delivery reliability measured an impressive 97.1%.

Ambitious pace of investment and good cost control will secure profitable growth

Axfood's ambition in 2012 is to ensure profitable growth with an unchanged strategy. Our focus remains fixed on greater efficiency and good cost control at the same time that we are working harder to meet and exceed our customers' expectations for price, product selection and shopping experience. This also means that we will maintain the high pace of new establishment, store renewal and implementation of the new business system.

Outlook for 2012

It is difficult to foresee if and how the market conditions may change. However, indications are strong that the Swedish economy and consumption are slowing and that the turbulence in Europe is creating uncertainty among households. At the same time, we believe that food inflation will be low and likely will not exceed 1%. In addition, union negotiations on new pay agreements are scheduled for the spring, with an uncertain outcome.

Axfood's goal for 2012 is to achieve an operating profit at the same level as in 2011.

Anders Strålmán
President and CEO

SALES, AXFOOD GROUP

Fourth quarter

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 8,914 m (8,885) during the fourth quarter, an increase of 0.3%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 7,690 m (7,261), an increase of 5.9%. Sales for Axfood-owned retail operations decreased by 0.8% during the fourth quarter, with a 2.7% drop in like-for-like sales. Axfood's private label share was 24.2% (21.9%) as of December.

Full year

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 34,795 m (34,260) for the period January–December, an increase of 1.6%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 28,601 m (28,050), an increase of 2.0%. Sales for Axfood-owned retail operations rose 0.1% during the year, while like-for-like sales decreased by 1.5%.

Net sales per operating segment

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Hemköp	1,255	1,311	4,787	4,978
Willys	4,848	4,822	18,904	18,613
PrisXtra	140	162	549	637
Axfood Närlivs	1,590	1,492	6,365	5,847
Dagab	6,622	6,721	25,813	25,701
Other ¹	1,021	1,040	4,161	4,052
<i>Internal sales</i>				
Dagab	-5,582	-5,668	-21,792	-21,694
Axfood Närlivs	-4	-8	-22	-26
Other	-976	-987	-3,970	-3,848
Total	8,914	8,885	34,795	34,260

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

Retail sales, Group-owned and franchise stores

SEK m	Q4 2011	% ¹⁾	Like-for-like sales, % ¹⁾	Full year 2011	% ¹⁾	Like-for-like sales, % ¹⁾
Hemköp	1,242	-4.2	-0.5	4,735	-3.9	0.4
Hemköp franchises	1,460	49.0	0.1	4,413	13.9	1.4
Hemköp total	2,702	18.7	-0.2	9,148	4.0	0.9
Willys total	4,848	0.5	-3.0	18,904	1.6	-1.6
PrisXtra total	140	-13.6	-10.3	549	-13.8	-10.0
Total	7,690	5.9	-2.4	28,601	2.0	-1.1

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

Change in store structure, full year 2011

	Dec. 2010	New establishment	Acquisitions	Sales/closures	Conversions to/from	Dec. 2011
Hemköp	65		2	-4	-1	62
Willys ¹⁾	160	5	5	-1	1	170
PrisXtra	5					5
Total, Group-owned	230	5	7	-5	-	237
Hemköp franchises	82	44 ²⁾		-5		121
¹⁾ Of which, Willys Hemma	41	1	2	-1	1	44
²⁾ Of which, 43 former Vi stores						

EARNINGS, AXFOOD GROUP

Fourth quarter

Operating profit for the quarter was SEK 322 m (321). The operating margin was 3.6% (3.6%). Net financial items totalled SEK -10 m (-11), and profit after financial items was SEK 312 m (310). The margin after financial items was 3.5% (3.5%). Profit after tax was SEK 226 m (227).

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

Full year

Operating profit for the period January–December was SEK 1,250 m (1,209). The operating margin was 3.6% (3.5%). Net financial items for the period totalled SEK -36 m (-37), and profit after financial items was SEK 1,214 m (1,172). Profit after tax was SEK 891 m (862).

Operating profit for the period, broken down by operating segment

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Hemköp	24	18	94	45
Willys	201	196	775	772
PrisXtra	5	-6	15	-5
Axfood Närlivs	24	22	110	113
Dagab	54	67	192	189
Other ¹	14	24	64	95
Operating profit for the period, total²	322	321	1,250	1,209

¹ Includes joint-Group support functions, such as purchasing coordination, IT and corporate offices. For the full year, "Other" includes charges for, among other things, amortization of surplus value pertaining to the acquisition of PrisXtra and depreciation of SEK 33 m (16) pertaining to the new business system.

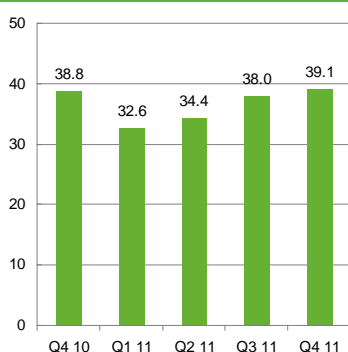
² Net financial items are not distributed per operating segment.

CAPITAL EXPENDITURES

Total capital expenditures during the period January–December amounted to SEK 993 m (862), of which SEK 70 m (56) pertained to acquisitions of businesses. In addition, SEK 468 m (415) pertained to investments in non-current assets in retail operations, SEK 111 m (92) to investments in non-current assets in wholesale operations, and SEK 239 m (192) to IT development.

In January 2012, three stores and 50% of a wholesale operation were acquired. In the partly owned wholesale operation, Axfood has control through shareholder agreements and board dominance. Combined consideration for the acquisitions preliminarily amounts to SEK 96 m, of which SEK 28 m pertains to contingent payments. Intangible assets associated with the acquisitions amount to approximately SEK 98 m, of which goodwill is approximately SEK 80 m. Goodwill is primarily attributable to the synergies that the acquired operations are expected to generate. The value of acquired intangible assets has been determined preliminarily pending a final valuation of these assets. Combined sales of the acquired operations amount to approximately SEK 400 m per year. Consideration for the acquisitions, excluding the contingent payments, was paid in cash.

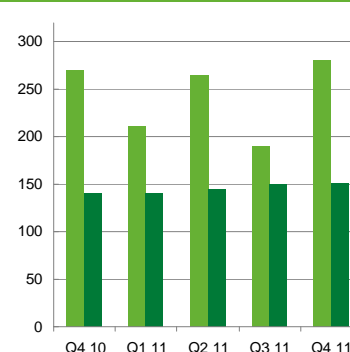
Equity ratio, %



Debt-equity ratio, multiple



Capital expenditures*, depreciation/amortization, SEK m



■ Capital expenditures* ■ Deprec./Amortization
* Excluding goodwill

FINANCIAL POSITION

Cash flow from operating activities for the year before paid tax was SEK 1,707 m (1,687). Paid tax amounted to SEK -323 m (-322). Cash and cash equivalents held by the Group (interest-bearing assets) amounted to SEK 317 m, compared with SEK 315 m in December 2010. Interest-bearing liabilities and provisions totalled SEK 1,042 m at year-end, compared with SEK 840 m in December 2010. Interest-bearing net debt was SEK 725 m at year-end, 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 -941 m (-830). The equity ratio was 39.1%, compared with 38.8% in December 2010.

THE SWEDISH FOOD RETAIL MARKET

According to Statistics Sweden's retail trade index for December, 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 0.1%.

STORE OPERATIONS

Willys

Fourth quarter

Willys showed yet another quarter of stable development and good profitability. Sales amounted to SEK 4,848 m (4,822), an increase of 0.5% compared with a year earlier. However, like-for-like sales were unsatisfactory and decreased by 3.0%. It is primarily the stores that have not yet been modernized that are showing dampened growth. During the period, Willys maintained a continued high pace of remodelling, with an additional eight stores upgraded to the new generation of Willys. Currently a total of 78 stores have been modernized. As part of the efforts to improve sales, an additional 40 stores will be modernized in the years ahead.

Operating profit amounted to SEK 201 m (196), an increase of 2.6%. The operating margin was 4.1% (4.1%). The continued favourable profitability can be credited to good cost control and efficiency.

The private label share as of December was 26.7% (24.0%) for Willys and 29.7% (28.7%) for Willys Hemma.

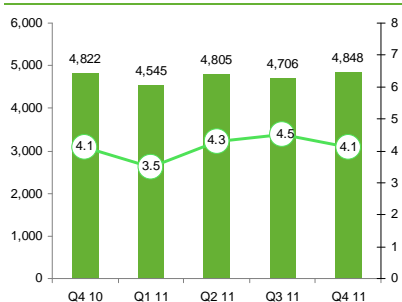
During the fourth quarter, Willys opened four stores, of which two are Willys Hemma.

Full year

Willys' sales during the period January–December amounted to SEK 18,904 m (18,613), an increase of 1.6% compared with a year earlier. Like-for-like sales decreased during the same period by 1.6%. Operating profit for the year totalled SEK 775 m (772), and the operating margin was 4.1% (4.1%).

Willys maintained an aggressive pace of establishment during the year with 11 new stores, of which four are Willys Hemma. Of these, one was a conversion from Hemköp. Willys thereby comprises 170 wholly owned stores, of which 44 are Willys Hemma.

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



SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	4,848	4,822	18,904	18,613
Change in like-for-like sales, %	-3.0	1.5	-1.6	0.4
Operating profit	201	196	775	772
Operating margin, %	4.1	4.1	4.1	4.1
Number of Group-owned stores	-	-	170	160
Average number of employees	-	-	3,410	3,266
Private label share (Willys/Wilys Hemma)	-	-	26.7/29.7	24.0/28.7

Hemköp

Fourth quarter

Hemköp posted favourable performance during the quarter, with continued stronger earnings. The work on converting Vi stores to Hemköp franchises was concluded in early December. In all, 43 stores – including 25 during the fourth quarter – have been converted, entailing that the chain now comprises 62 wholly owned stores and 121 franchise stores.

Sales for Hemköp's stores – both Group-owned and franchises – rose 18.7% during the fourth quarter. Sales for Group-owned stores amounted to SEK 1,242 m (1,297), a decrease of 4.2%. Compared with the same period a year ago, sales were affected by store closures or conversions. Like-for-like sales for Group-owned stores decreased by 0.5% during the period. Sales for franchise stores amounted to SEK 1,460 m (980), an increase of 49.0%, with a 0.1% rise in like-for-like sales.

Operating profit for the fourth quarter was SEK 24 m (18). The operating margin for the period was 1.9% (1.4%).

Hemköp's private label share (including franchise stores) was 18.8% (16.8%) as of December.

Hemköp's loyalty card, which plays a key role in efforts to strengthen customer loyalty and enhance sales, has increased steadily, and the number of cards in issue at the end of the period was 557,000.

Full year

Like-for-like sales for Group-owned stores rose 0.4% during the year. Sales for Hemköp's stores – both Group-owned and franchises – rose 4.0% during the period January–December. Sales for Group-owned stores amounted to SEK 4,735 m (4,925), a decrease of 3.9%. Compared with the preceding year, total sales were negatively affected by changes in the number of stores.

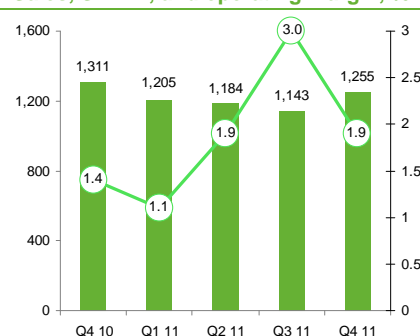
Sales for franchise stores amounted to SEK 4,413 m (3,875), an increase of 13.9%, with a 1.4% increase in like-for-like sales.

Operating profit for the period January–December was SEK 94 m (45). The operating margin for the period was 2.0% (0.9%). Operating profit was affected by one-time costs of SEK 8 m (7) associated with store closures.

To create further conditions for sales growth, Hemköp began modernizing its stores during the year. To date a total of 16 stores have been modernized.

During the year, two stores were acquired and four were closed. One store was converted to Willys Hemma. A total of 44 franchise stores have been added, and five were sold or closed. Hemköp had a total of 183 stores at year-end, of which 62 are Group-owned.

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	1,255	1,311	4,787	4,978
Change in like-for-like sales, %	-0.5	3.2	0.4	2.3
Operating profit	24	18	94	45
Operating margin, %	1.9	1.4	2.0	0.9
Number of Group-owned stores	-	-	62	65
Average number of employees	-	-	1,364	1,422
Private label share	-	-	18.8	16.8

PrisXtra

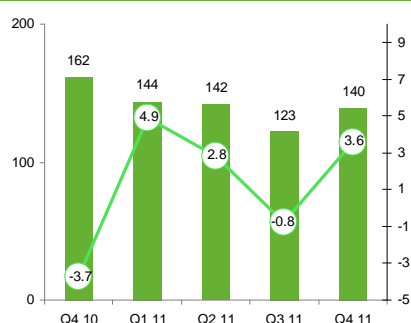
Fourth quarter

PrisXtra reported yet another quarter of earnings in line with forecasts. However, sales continue to be hurt by traffic re-routing and roadwork in Stockholm. Sales amounted to SEK 140 m (162) during the period, a decrease of -13.6%. Like-for-like sales decreased by 10.3%. Operating profit was SEK 5 m (-6), and the operating margin was 3.6% (-3.7%). Operating profit for the preceding year was charged with SEK 14 m in restructuring costs.

Full year

PrisXtra's sales during the period January–December amounted to SEK 549 m (637), a decrease of 13.8%. Like-for-like sales decreased by 10.0% during the period. Earnings for the year strengthened to SEK 15 m (-5), with an operating margin of 2.7% (-0.8%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	140	162	549	637
Change in like-for-like sales, %	-10.3	-6.4	-10.0	-7.0
Operating profit	5	-6	15	-5
Operating margin, %	3.6	-3.7	2.7	-0.8
Number of Group-owned stores	-	-	5	5
Average number of employees	-	-	135	164

AXFOOD WHOLESALING

Dagab

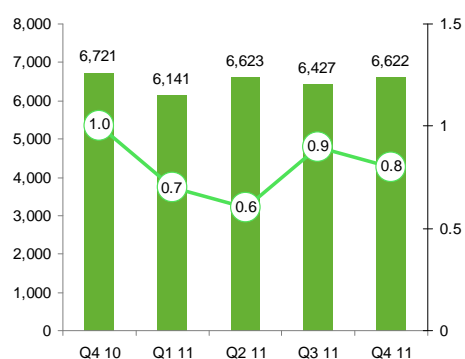
Fourth quarter

Dagab had stable performance during the quarter, with a high level of delivery reliability. Sales during the fourth quarter amounted to SEK 6,622 m (6,721). Operating profit was SEK 54 m (67), and the operating margin was 0.8% (1.0%).

Full year

Dagab achieved efficiency improvements during the year with continued good cost control. Sales for the period January–December amounted to SEK 25,813 m (25,701). Operating profit for the year was SEK 192 m (189), and the operating margin was 0.7% (0.7%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	6,622	6,721	25,813	25,701
Distributed sales	4,532	4,637	17,453	17,408
Operating profit	54	67	192	189
Operating margin, %	0.8	1.0	0.7	0.7
Average number of employees	-	-	961	932
Delivery reliability, %	97.7	97.4	97.1	97.2

Axfood Närlivs

Fourth quarter

Once again Axfood Närlivs reported a quarter with good sales growth in all parts of its business. Sales during the fourth quarter amounted to SEK 1,590 m (1,492), an increase of 6.6%. New contracts and good growth for Axfood Snabbgross contributed to the favourable performance.

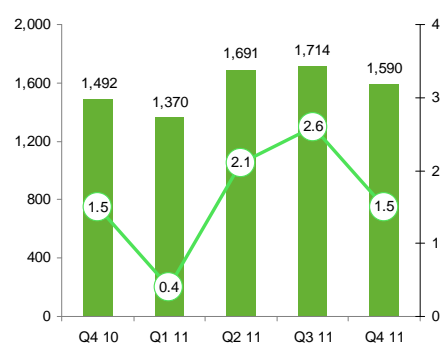
Operating profit for the fourth quarter amounted to SEK 24 m (22), and the operating margin was 1.5% (1.5%).

During the period, Axfood Närlivs signed an agreement to acquire 50% of the wholesale company Hall Miba AB, a supplier of car care products and automotive accessories to service stations and retailers. Through the acquisition, Axfood Närlivs has become a full-service business partner to service stations through its ability to supply them with food retail products, fast food concepts and automotive-related consumer products. Hall Miba has annual sales of approximately SEK 240 m.

Full year

Axfood Närlivs' sales during the period January–December amounted to SEK 6,365 m (5,847), an increase of 8.9%. Operating profit for the year totalled SEK 110 m (113), and the operating margin was 1.7% (1.9%). Costs associated with the development of e-commerce business led to a slightly weaker operating profit than the preceding year. During the year, Axfood Närlivs renewed its supplier agreement with OKQ8 and signed a new, two-year supply agreement with Svenska Statoil.

Sales, SEK m, and operating margin, %



Key ratios

	Q4 2011	Q4 2010	Full year 2011	Full year 2010
SEK m				
Net sales	1,590	1,492	6,365	5,847
Distributed sales	1,411	1,309	5,596	5,070
Operating profit	24	22	110	113
Operating margin, %	1.5	1.5	1.7	1.9
Axfood Snabbgross, no. stores	-	-	20	19
Average number of employees	-	-	735	667
Delivery reliability, %	98.1	97.3	97.7	97.4

Legal combination of companies 2012

On 1 January 2012 a legal combination of the operations of Dagab AB, Axfood Närlivs AB and Axfood Sverige AB took effect. The combination entails the transfer of the operations of Dagab and Axfood Närlivs to Axfood Sverige AB. Axfood Närlivs AB has been combined with Axfood Sverige AB through a merger, and Dagab AB has transferred its entire operations to Axfood Sverige AB through an asset and liability transfer.

No changes will be made in the monitoring and reporting of the respective units as a result of the combinations. Dagab and Axfood Närlivs will continue to be monitored and reported as separate segments. Combining the operations will lead to simpler administrative processes between the companies in the Axfood Group.

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 and, from 20 February 2012, to the 2011 Annual Report.

SEASONAL EFFECTS

Axfood has no significant seasonal variations.

ENVIRONMENTAL IMPACT

One of Axfood's strategic objectives is to work actively 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 consumption, 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 Axfood's operations by 75% during the period 2009–2020. The remainder of the Group's environmental impact will be climate-compensated. Efforts to reduce carbon dioxide emissions increased during the year. Green diesel, based partly on pine oil, has begun to be used, and investments have been made to reduce energy consumption at stores and warehouses. A focus on recycling has also been initiated, where most waste is to be either recycled for use as raw material for the recycling industry or converted to energy. Energy efficiency improvement will continue to have high priority in 2012. A more detailed description of Axfood's work with environmental matters can be found at axfood.se and will also be included in Axfood's 2011 Annual Report, which will be published on 20 February 2012.

PARENT COMPANY

Other operating revenue for the Parent Company during the period January–December amounted to SEK 178 m (181). After selling and administrative expenses, totalling SEK 252 m (228), and net financial items totalling SEK 1,177 m (1,186), profit after financial items was SEK 1,103 m (1,139). Starting in 2011, Group contributions received and rendered are reported in the income statement under net financial items. Comparative figures have been changed. Group contributions received, net, amounted to SEK 1,182 m (1,192). Capital expenditures during the period totalled SEK 3 m (3).

The Parent Company's interest-bearing net debt was SEK 749 m at year-end, 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 endorsed by the European Union. This year-end 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 Group are unchanged compared with the most recently published annual report. For the Parent Company, effective in 2011, Group contributions received are reported as dividends, and Group contributions rendered are reported as a financial expense. The comparative figures for 2010 have been changed in accordance with the new policies. Previously, Group contributions were reported in accordance with UFR 2 – Group contributions, while shareholder contributions were reported directly in equity.

Effective 1 January 2012, the Group applies the amendments to IFRS 7 – *Financial instruments: Disclosures*, with respect to new disclosure requirements for transferred financial assets. The change is not judged to have any effect on the Axfood Group's statement of comprehensive income, financial position, cash flow or changes in equity. Nor is the change believed to have any effect on the Parent Company's income statement, balance sheet, cash flow statement or equity.

FORECAST

Axfood's goal for 2012 is to achieve an operating profit at the same level as in 2011.

NEXT REPORT

The interim report for the period January–March 2012 will be released on 27 April 2012.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting will be held at 5 p.m. on 14 March 2012, in Stockholm. The 2011 Annual Report will be published on 20 February 2012 on Axfood's website, at which time it will be available at Axfood's head offices in Solna. In addition, printed versions will be distributed by post to shareholders, upon request, approximately one week before the Annual General Meeting.

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

Stockholm, 7 February 2012

Anders Strålman
President and CEO

PRESS RELEASES ISSUED DURING THE FOURTH QUARTER

14 October 2011	Hans Holmstedt appointed Purchasing Director of Axfood
20 October 2011	Composition of Nominating Committee
11 November 2011	Axfood Närlivs AB acquires 50% stake in Hall Miba AB
6 December 2011	Hemköp grows from 14 to 54 stores in Greater Stockholm area

FINANCIAL STATEMENTS, GROUP

Condensed statement of comprehensive income, Group				
<i>SEK m</i>	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	8,914	8,885	34,795	34,260
Cost of goods sold	-7,622	-7,647	-29,877	-29,587
<i>Gross profit</i>	1,292	1,238	4,918	4,673
Selling/administrative expenses, etc.	-970	-917	-3,668	-3,464
<i>Operating profit</i>	322	321	1,250	1,209
Net financial items	-10	-11	-36	-37
<i>Profit before tax</i>	312	310	1,214	1,172
Tax	-86	-83	-323	-310
Profit for the period	226	227	891	862
<i>Other comprehensive income</i>				
Change in fair value of forward exchange contracts	-3	2	0	0
Change in fair value of available-for-sale financial assets	5	-	5	-
Tax attributable to components in other comprehensive income	0	-1	-1	0
<i>Other comprehensive income for the period</i>	2	1	4	0
Total comprehensive income for the period	228	228	895	862
Operating profit includes depreciation/amortization of	152	141	588	555
Earnings per share, SEK	4.32	4.32	16.99	16.42

Condensed statement of financial position, Group

<i>SEK m</i>	31/12/2011	31/12/2010
Assets		
Goodwill	1,613	1,567
Other financial assets	44	32
Other non-current assets	2,684	2,364
Total non-current assets	4,341	3,963
Inventories	1,916	1,822
Accounts receivable – trade	639	660
Other current assets	1,065	904
Cash and bank balances	317	315
Total current assets	3,937	3,701
Total assets	8,278	7,664
Shareholders' equity and liabilities		
Equity attributable to owners of the parent	3,237	2,972
Total shareholders' equity	3,237	2,972
Non-current interest-bearing liabilities	409	398
Noninterest-bearing non-current liabilities	308	219
Total non-current liabilities	717	617
Current interest-bearing liabilities	633	442
Accounts payable – trade	2,273	2,208
Other current noninterest-bearing liabilities	1,418	1,425
Total current liabilities	4,324	4,075
Total shareholders' equity and liabilities	8,278	7,664
Contingent liabilities	3	18
Pledged assets	20	16

Condensed statement of cash flows, Group

SEK m	Full year 2011	Full year 2010
Operating activities		
Cash flow from operating activities before changes in working capital, before paid tax	1,777	1,750
Paid tax	-323	-322
Changes in working capital	-70	-63
<i>Cash flow from operating activities</i>	1,384	1,365
Investing activities		
Acquisitions of operations, net	-68	-59
Acquisitions of non-current assets, net	-873	-771
Change in financial non-current assets, net	0	-1
<i>Cash flow from investing activities</i>	-941	-831
Financing activities		
Change in interest-bearing liabilities	190	-10
Acquisition of non-controlling interest	-1	-
Dividend paid out	-630	-525
<i>Cash flow from financing activities</i>	-441	-535
Cash flow for the year	2	-1

Condensed statement of changes in equity, Group

SEK m	31/12/2011	31/12/2010
Amount at start of year	2,972	2,635
Total comprehensive income for the period	895	862
Dividend to shareholders	-630	-525
Acquisition of previous non-controlling interest	0	-
Amount at end of year	3,237	2,972

Key ratios and other data, Group

	Full year 2011	Full year 2010
Operating margin, %	3.6	3.5
Margin after financial items, %	3.5	3.4
Equity ratio, %	39.1	38.8
Debt-equity ratio, net, multiple	0.2	0.2
Debt-equity ratio, multiple	0.3	0.3
Interest coverage, multiple	29.9	31.1
Capital employed, SEK m	4,279	3,812
Return on capital employed, %	31.0	33.2
Return on shareholders' equity, %	28.7	30.7
Capital expenditures, SEK m	993	862
Earnings per share, SEK ¹	16.99	16.42
Dividend per share, SEK	12.00 ³	12.00
Shareholders' equity per share, SEK ^{1,2}	61.70	56.64
Cash flow per share, SEK ¹	0.0	0.0
Number of shares outstanding ¹	52,467,678	52,467,678
Average number of employees	7,062	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.

3) Proposed by the Board of Directors.

Quarterly overview

	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
Sales	8,210	8,583	8,582	8,885	8,257	8,889	8,735	8,914
Operating profit	245	279	364	321	241	317	370	322
Operating margin, %	3.0	3.3	4.2	3.6	2.9	3.6	4.2	3.6
Earnings per share, SEK ¹	3.31	3.79	5.00	4.32	3.28	4.30	5.09	4.32
Shareholders' equity per share, SEK ¹	43.55	47.34	52.30	56.64	47.93	52.24	57.35	61.70
Return on shareholders' equity, %	37.5	34.8	32.3	30.7	35.8	34.0	31.0	28.7
Cash flow from operating activities per share, SEK	8.0	5.5	6.3	6.2	5.6	6.6	6.9	7.3
Capital expenditures	204	250	138	270	220	268	208	297

FINANCIAL STATEMENTS, PARENT COMPANY

Condensed income statement, Parent Company

SEK m	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales	-	-	-	-
Selling/administrative expenses, etc.	-19	-11	-74	-47
<i>Operating profit</i>	-19	-11	-74	-47
Group contributions received, net	1,182	1,192	1,182	1,192
Other net financial items	-2	0	-5	-6
<i>Profit after financial items</i>	1,161	1,181	1,103	1,139
Appropriations	-274	4	-274	4
<i>Profit before tax</i>	887	1,185	829	1,143
Tax	-233	-311	-217	-300
Net profit for the period	654	874	612	843
Operating profit includes depreciation/amortization of	1	0	2	6

Profit for the period corresponds to total comprehensive income for the period. Effective in 2011, Group contributions received and rendered are reported in the income statement under net financial items. Comparative figures have been changed. The opening balance for 2010 has not been changed on account of the new accounting policy.

Condensed balance sheet, Parent Company

SEK m	31/12/2011	31/12/2010
Assets		
Property, plant and equipment	2	4
Participations in Group companies	3,452	3,468
Other financial non-current assets	6	3
Deferred tax assets	9	11
Total non-current assets	3,469	3,486
Receivables from Group companies ¹	2,103	2,102
Other current assets	67	8
Cash and bank balances	0	0
Total current assets	2,170	2,110
Total assets	5,639	5,596
Shareholders' equity and liabilities		
Restricted shareholders' equity	262	262
Unrestricted shareholders' equity	3,384	3,402
Total shareholders' equity	3,646	3,664
Untaxed reserves	275	1
Non-current interest-bearing liabilities	31	32
Noninterest-bearing non-current liabilities	4	7
Total non-current liabilities	35	39
Current interest-bearing liabilities	603	406
Liabilities to Group companies ²	1,047	1,404
Accounts payable – trade	14	15
Other current noninterest-bearing liabilities	19	67
Total current liabilities	1,683	1,892
Total shareholders' equity and liabilities	5,639	5,596
Contingent liabilities	382	357
Pledged assets	-	-
1) Of which, interest-bearing receivables	888	872
2) Of which, interest-bearing liabilities	1,003	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.



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ABOUT AXFOOD

Axfood conducts food retail and wholesale business in Sweden. Retail business is conducted through the wholly owned grocery chains Willys, Hemköp and PrisXtra. The number of Group-owned stores is 237. In addition, Axfood collaborates with a number of proprietor-run stores that are tied to Axfood through agreements, including stores in the Hemköp chain, but also stores operating under the Handlar'n and Tempo profiles. Wholesale business is conducted through Dagab and Axfood Närlivs. Axfood has an approximate 20% share of the food retail market in Sweden. Axfood is listed on Nasdaq OMX Stockholm AB's Large Cap list. The principal owner is Axel Johnson AB, with approximately 50% of the shares.

Mission

Axfood's business mission is to develop and run successful food retail concepts based on clear and attractive customer offerings.

Business model

Axfood's business model is built upon a strong purchasing function, focus on private label products, efficient logistics and attractive grocery stores.

Strategy

Axfood will be the most profitable company in the Swedish food retail market and grow its market shares by strengthening and developing its position. Axfood's long-term goal is to attain an operating margin of 4%. Axfood's strategy is built upon five cornerstones: customers, profitability, growth, the environment and social responsibility, and employees and organization. Read more on www.axfood.se.

Value drivers

Factors that affect Axfood's performance include:

- Access to strategic store locations
- Development of an attractive product offering
- Innovativeness for enhancing customer benefit