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# Interim Report Axfood AB (publ)

For the period 1 January–30 June 2008



2008

Q1

Q2

Q3

Q4

- Axfood's consolidated sales amounted to SEK 15,585 m (14,335) during the period, an increase of 8.7%.
- Like-for-like sales rose 5.3% during the period. Retail sales for Group-owned stores increased by 9.4%.
- Operating profit for the period January–June was SEK 516 m (537). Operating profit for the same period a year ago included a one-time positive effect of SEK 19.
- Profit after financial items for the period was SEK 481 m (520).
- Profit after tax for the period was SEK 346 m (374), and earnings per share were SEK 6.60 (7.14).
- Axfood expects operating profit for 2008 to be level with 2007.

## KEY RATIOS

	Apr.-June		Jan.-June		Jan.-Dec.
SEK m	2008	2007	2008	2007	2007
Net sales	8 090	7 392	15 585	14 335	29 189
Operating profit	276	279	516	537	1 121
Operating margin, %	3,4	3,8	3,3	3,7	3,8
Profit after financial items	255	267	481	520	1 086
Profit after tax	183	192	346	374	781
Earnings per share, SEK <sup>1</sup>	3,50	3,67	6,60	7,14	14,88
Equity ratio, %	-	-	25,9	28,3	32,6
Return on capital employed, %	-	-	34,7	44,2	37,6
Return on shareholders' equity %	-	-	41,7	46,8	34,2
Net asset value per share, SEK	-	-	35,60	33,26	41,02

1) Before and after dilution. The number of shares is reduced by the number of treasury shares held.  
No treasury shares were held as per 30 June 2008.

## CEO'S COMMENTS

The first half of 2008 was characterized by strong sales growth, continued stable earnings and good cost control.

Axfood's sales rose 8.7% to SEK 15,585 m (14,335). Operating profit was SEK 516 m (537), with an operating margin of 3.3% (3.7%). Operating profit a year earlier included a positive one-time effect of SEK 19 m from Willys.

The favourable sales trend is being driven by two factors: growing interest in Willys, which is reporting steady gains in sales and customer numbers since the start of the year, and higher food prices. All retailers have carried out necessary price increases to compensate for higher raw material prices and higher transport costs. The slightly lower operating margin compared with the same period a year ago is mainly attributable to Hemköp's weak performance.

Willys has shown strong earnings since the start of the year and robust sales growth. The operating margin was 4.3% (4.0%). This strong performance can be credited to a favourable price and assortment strategy and good control over gross profit. During the period, the new marketing programme and a renewal of the Willys concept were introduced. Two pilot stores were opened during the first quarter, which have shown sales growth well beyond expectations. In addition, two of the year's four planned new stores featuring the new concept opened during the second quarter.

Hemköp's earnings remain unsatisfactory. Hemköp has maintained a continued focus on improving and strengthening its underperforming stores. Individual action plans have been implemented for these stores, and a review has been performed of staff planning, among other things. However, as stated previously, this realignment is not expected to result in noticeable, positive effects until the end of the year at the earliest. In addition to the store that was opened in Solna in April, two new franchise units were opened during the first half.

PrisXtra was acquired at the end of January, and integration work continues according to plan. Dagab began deliveries to PrisXtra in March. A new store is scheduled to open during the autumn in central Stockholm.

Dagab has maintained continued focus on high quality and productivity. During the second quarter, the new high-bay storage facility in Jordbro was inaugurated, and the tinned- and dried-product warehouse operations were moved from Borlänge to Jordbro. Parallel with this, preparations continued for implementation of the Autoorder system.

Axfood Närlivs continued to show steady, stable development in the face of intensifying competition. During the second quarter, the contract with OKQ8 was renewed.

Axfood's strategic orientation remains fast. We are giving priority to organic growth at the same time that we are not ruling out strategic acquisitions in our effort to drive development and secure future positions. Axfood's goal is to continue to be the most profitable company in the industry also in 2008, and as previously, we believe that our operating profit for the full year will be level with 2007.

Anders Strålman  
President and CEO

## IMPORTANT EVENTS DURING THE SECOND QUARTER

- In April, Axfood acquired a Vi store at the Solna Centrum shopping centre, with annual sales of approximately SEK 130 m. Following the takeover the store was converted to Hemköp.
- Two new Willys stores featuring the new concept were opened – in Uppsala and in Älvsjö.
- Axfood Närlivs renewed its contract with OKQ8.
- Dagab's new high-bay storage facility in Jordbro was inaugurated in June.

## IMPORTANT EVENTS EARLIER IN THE YEAR

- Axfood's acquisition of PrisXtra was completed on 28 January.
- Two existing Willys stores were upgraded according to the new concept.
- Urban Dahl resigned as President of Willys and was succeeded by two acting presidents, Tor Gullberg and Claes Gabrielsson.
- Thomas Evertsson was appointed as the new President of Willys AB. He will begin his position on 1 September 2008.

## CHANGE IN STORE STRUCTURE, JAN.-JUNE 2008

	Dec. 2007	Establish- ment	Acquisitions	Sales/ closures	Conversions to/from	June 2008
Hemköp	79		1	-1		79
Willys <sup>1)</sup>	138	2		-2		138
PrisXtra	-		5			5
<b>Total, wholly owned</b>	<b>217</b>	<b>0</b>	<b>6</b>	<b>-3</b>	<b>0</b>	<b>222</b>
Hemköp franchises	86		2			88

1) Of which, Willys hemma 31 (33).

## NET SALES, OWN AND FRANCHISE STORES

	Apr.-June 2008, SEK m	% 1)	Like-for-like sales %1)	Jan.-June 2008, SEK m	% 1)	Like-for-like sales %1)
Hemköp	1 412	1,4	-2,3	2 824	1,1	-1,8
Hemköp franchises	1 009	7,8	3,8	1 932	7,6	3,9
<b>Hemköp total</b>	<b>2 421</b>	<b>4,0</b>	<b>0,2</b>	<b>4 756</b>	<b>3,7</b>	<b>0,5</b>
<b>Willys total</b>	<b>4 224</b>	<b>8,7</b>	<b>7,0</b>	<b>8 233</b>	<b>8,5</b>	<b>7,7</b>
<b>PrisXtra</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>299</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6 820</b>	<b>9,8</b>	<b>4,6</b>	<b>13 288</b>	<b>9,1</b>	<b>5,1</b>

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

## SALES AND EARNINGS FOR THE AXFOOD GROUP

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 15,585 m (14,335) during the period, an increase of 8.7%. Store sales for the Axfood Group (Group-owned stores and Hemköp franchises) amounted to SEK 13,288 m (12,177), an increase of 9.1%. Sales by Axfood-owned stores increased during the period by 9.4%, with a 5.3% rise in like-for-like sales.

Operating profit for the period was SEK 516 m (537). Operating profit for the corresponding period in 2007 included a positive one-time effect of SEK 19 m. The operating margin for the period was 3.3% (3.7%).

Net financial items totalled SEK -35 m (-17), and profit after financial items was SEK 481 m (520). The margin after financial items was 3.1% (3.6%). Profit after tax was SEK 346 m (374).

## FINANCIAL POSITION

Cash flow from operating activities for the period before paid tax was SEK 627 m (752). Paid tax amounted to SEK -165 m (-237). Cash and cash equivalents held by the Group amounted to SEK 243 m, compared with SEK 497 m in December 2007. Interest-bearing assets at the end of the period amounted to SEK 244 m, compared with SEK 497 m in December 2007. Interest-bearing liabilities and provisions totalled SEK 1,671 m at the end of the period, compared with SEK 967 m in December 2007. Interest-bearing net debt was SEK 1,428 m at the end of the period, compared with SEK 470 m in December 2007.

The equity ratio was 25.9%, compared with 32.6% in December 2007.

Payout of the shareholder dividend affected cash flow by SEK -630 m (-1,049).

## CAPITAL EXPENDITURES

Total capital expenditures during the period amounted to SEK 816 m (225). Of these, SEK 474 m (–) pertained to acquisitions of businesses, SEK 198 m (122) to investment in non-current assets in retail operations, SEK 66 m (34) to non-current assets in wholesale operations, and SEK 74 m (63) to IT.

On 28 January 2008 Axfood took over as the owner of PrisXtra Förvaltning AB (PrisXtra). PrisXtra conducts retail trade via five stores plus an online service in the Stockholm area. Annual sales for PrisXtra are approximately SEK 700 m. The purchase price was SEK 400 m and was paid in cash during the period. Acquired assets and liabilities pertaining to PrisXtra are stated in Axfood's balance sheet at fair value. In connection with the acquisition, the following intangible assets are reported: trademarks SEK 80 m, customer relations SEK 15 m, leaseholds SEK 14 m and goodwill SEK 286 m. Identified goodwill is entirely attributable to the synergies that will be available to Axfood in connection with the acquisition.

In addition to PrisXtra, one store and two in-store boutiques were acquired during the period for a combined purchase price of SEK 74 m. The consideration was paid in cash during the period. Acquired goodwill amounts to SEK 65 m. No intangible assets other than goodwill have been identified.

## EMPLOYEES

The Axfood Group had an average of 6,830 employees (6,443) during the period. Of the Group's employees, approximately 75% work in stores and slightly more than 20% in the wholesaling operations.

## STORE OPERATIONS

### WILLYS

Sales for Willys totalled SEK 8,233 m (7,590) for the period January–June, an increase of 8.5% compared with a year earlier. Like-for-like sales rose 7.7% during the same period. Sales for the second quarter totalled SEK 4,224 m (3,885). Sales growth as well as earnings continue to follow the favourable trend that Willys has showed since the start of the year. Both Willys and Willys hemma have noted a steady rise in customer numbers. A new marketing programme was launched during the period along with a renewal of the Willys concept. This entails – among other things – a focus on fresh and organic products and an expansion of the product offering to approximately 1,000 items. In an initial stage, two pilot stores were opened in western Sweden, which have shown sales growth well beyond expectations.

Operating profit for the period was SEK 352 m (303). Profit for the same period a year ago included a one-time effect of SEK 19 m, attributable to the valuation of store inventories. The operating margin was 4.3% (4.0%). Operating profit for the second quarter was SEK 185 m (163).

The private label share as of June was 23.8% (23.8%) for Willys and 26.8% (27.5%) for Willys hemma.

Two new stores – one in Uppsala and one in Älvsjö – opened during the second quarter. The Willys chain comprises 138 wholly owned stores, including 31 Willys hemma stores.

### HEMKÖP

Sales for Hemköp's stores – both Group-owned and franchises – rose 3.7% during the period January–June. Sales for Group-owned Hemköp stores totalled SEK 2,824 m (2,792) during the period, an increase of 1.1%. Like-for-like sales for Group-owned stores decreased by 1.8% during the period.

Sales for franchise stores totalled SEK 1,932 m (1,795), an increase of 7.6%, with a 3.9% rise in like-for-like sales.

Sales for Group-owned stores totalled SEK 1,412 m (1,392) during the second quarter.

An operating loss of SEK -13 m (39) was reported for the period January–June. The operating margin for the period was -0.5% (1.4%). An operating loss of SEK -6 m (20) was posted for the second quarter.

Hemköp has maintained continued focus on improving and strengthening its underperforming stores. Individual action plans have been implemented for these stores. Throughout the entire period, priority was given to the ongoing development work over sales promotion campaigns. This has had a continued negative impact on sales as well as earnings. Earnings were also weighed down by an excessive cost structure. In addition to quality follow-up work in store operations, a review of local suppliers and the ongoing implementation of a new assortment and price strategy, staff planning is also being reviewed.

Hemköp's new customer loyalty card continues to grow, and at the end of the period 168,000 cards were in issue. The goal for the year is to reach 200,000 cardholders. This is a key part of a long-term initiative to boost customer loyalty and thus sales and market shares.

Hemköp's private label share (incl. franchise stores) was 13.6% as of June (13.3%).

Hemköp had 167 stores at the end of the period, of which 79 were Group-owned.

### PRISXTRA

PrisXtra's sales amounted to SEK 299 m during the period February–June, which is according to budget. Operating profit for the period February–June was SEK 6 m. PrisXtra is consolidated in Axfood as from February, and priority has been given to work on integrating operations with the Group. Among other things, Dagab began delivering to PrisXtra in early March. At present the chain has five stores plus an online service in the Stockholm area. A sixth store is scheduled to open in central Stockholm during the autumn.

## AXFOOD PARTIHANDEL (WHOLESALE)

### DAGAB AND AXFOOD NÄRLIVS

Dagab's sales for the period January–June totalled SEK 11,542 m (10,462). Sales during the second quarter totalled SEK 6,037 m (5,404). Operating profit for the period was SEK 60 m (55). The operating margin for the period was 0.5% (0.5%). Operating profit for the second quarter was SEK 22 m (18). Development is proceeding according to plan, with good cost control and a continued high degree of delivery reliability. As part of efforts to boost efficiency, the new high-bay storage facility in Jordbro was put in operation during the second quarter, and in connection with this, the tinned- and dried-product warehouse operations were moved from Borlänge to Jordbro.

Sales for Axfood Närlivs during the period January–June totalled SEK 2,763 m (2,636). Sales during the second quarter totalled SEK 1,507 m (1,434). Operating profit for the period was SEK 42 m (42). The operating margin for the period was 1.5% (1.6%). Operating profit for the second quarter was SEK 32 m (30). Axfood Närlivs continues to show steady, stable sales in a competitive market, and during the period it renewed its contact with the OKQ8 service station chain.

## SIGNIFICANT RISKS AND UNCERTAINTIES

In the course of its operations the Axfood Group is exposed to both financial risks and business risks. Financial risks include liquidity risk, interest rate risk and currency risk, while business risks include competitive risk and operating risk.

The price increases initiated by suppliers in 2007 due to higher raw material and transport costs have continued in 2008. Parallel with this, price pressure will continue from competitors and their establishment in the market.

One of the most significant operating 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.

The Parent Company is responsible for the Group's external financing, and through this it is exposed to liquidity, interest rate and currency risks. The goal of Axfood's financial management is to limit the short-term impact of fluctuations in the financial markets on the Group's earnings and cash flow. Toward this end, Axfood has a finance policy that manages liquidity, interest rate and currency risks. In other respects, the Parent Company conducts holding company activities for the Group, including central functions, and is not exposed to risks other than indirectly via its subsidiaries.

Axfood works continuously with risk identification and assessment. A thorough account of the risks that affect the Group can be found in the 2007 Annual Report.

## ENVIRONMENTAL IMPACT

Axfood works actively with environmental matters, and in cooperation with the trade organization Svensk Dagligvaruhandel, Axfood has taken the initiative on an industry-wide standard for climate labelling of products in the retail food trade. Together with other members of this trade organization, Axfood is working on formulating long-term goals for reducing carbon dioxide emissions. Axfood is also participating in a pilot study on the use of biogas-powered delivery trucks.

In its day-to-day work, Axfood focuses on three primary areas in an effort to reduce its environmental impact:

- transports to and from stores, warehouses and suppliers,
- sorting of waste at offices and in stores, and

- electricity consumption in offices, warehouses and stores.

One concrete result of the Group's environmental effort is the adoption of a new fish policy, which stipulates, among other things, that fish and shellfish from threatened fishing waters may not be sold in Axfood's stores.

## PARENT COMPANY

Other operating revenue for the Parent Company during the period January–June amounted to SEK 86 m (79). After selling expenses, administrative expenses and other operating expenses, totalling SEK 106 m (97), and SEK -20 m (-6) in net financial items, the result after financial items was SEK -40 m (-24). Capital expenditures during the period amounted to SEK 402 m (3).

Cash and cash equivalents held by the Parent Company totalled SEK 0 m, compared with SEK 0 m in December 2007. Interest-bearing net debt was SEK 1,231 m at year-end, compared with SEK 1,090 m in December 2007.

No shares were repurchased during the period. The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been used as in the most recent annual report.

In order to prepare the financial statements in accordance with generally accepted accounting principles, the Board and company management 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.

Effective 1 January 2008, three new IFRIC interpretations take effect: IFRIC 11, 12 and 14. IFRIC 12 and 14 have not yet been approved by the EU and therefore are not applied. The interpretations have no effect on the Axfood Group's income statement, balance sheet, cash flow statement or shareholders' equity.

## PARENT COMPANY

The same accounting principles and calculation methods as in the most recent annual report have been used. The Parent Company complies with the Swedish Annual Accounts Act and recommendation RFR 2.1 – Reporting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR). Application of RFR 2.1 entails that in interim reporting for legal entities, the Parent Company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

## FUTURE OUTLOOK

Axfood expects operating profit for 2008 to be level with 2007<sup>1</sup>.

## NEXT REPORTING DATE

The interim report for the period January–September 2008 will be released on 14 October 2008.

<sup>1</sup> Unchanged compared with the preceding report.



This half-year interim report provides a fair overview of the Parent Company's and Group's operations, position and earnings, and describes significant risks and uncertainties facing the Parent Company and the companies that belong to the Group.

Stockholm, 16 July 2008

Göran Ennerfelt  
*Chairman of the Board*

Fredrik Persson  
*Vice Chairman of the Board*

Antonia Ax:son Johnson

Peggy Bruzelius

Maria Curman

Marcus Storch

Gunnar Söderling

Annika Åhnberg

Sven-Erik Brandt  
*Employee representative*

Ulla-May Iwahr Rydén  
*Employee representative*

Inger Sjöstrand  
*Employee representative*

Anders Strålman  
*President and CEO*

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

## CONTACT INFORMATION

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## FINANCIAL STATEMENTS, GROUP

## NET SALES PER BUSINESS UNIT

SEK m	Apr.-June		Jan.-June		Jan.-Dec.
	2008	2007	2008	2007	2007
Hemköp	1 426	1 406	2 852	2 819	5 674
Willys	4 224	3 885	8 233	7 590	15 382
PrisXtra	175	-	299	-	-
Axfood Närlivs <sup>1</sup>	1 507	1 434	2 763	2 636	5 465
Dagab <sup>2</sup>	6 037	5 404	11 542	10 462	21 294
Other <sup>3</sup>	483	274	911	535	1 230
Internal sales <sup>4</sup>	-5 762	-5 011	-11 015	-9 707	-19 856
<b>Net sales, total</b>	<b>8 090</b>	<b>7 392</b>	<b>15 585</b>	<b>14 335</b>	<b>29 189</b>

## OPERATING PROFIT FOR THE PERIOD (EBIT), BROKEN DOWN BY BUSINESS UNIT

SEK m	Apr.-June		Jan.-June		Jan.-Dec.
	2008	2007	2008	2007	2007
Hemköp	-6	20	-13	39	53
Willys	185	163	352	303	666
PrisXtra	4	-	6	-	-
Axfood Närlivs	32	30	42	42	101
Dagab	22	18	60	55	131
Other <sup>3</sup>	39	48	69	98	170
<b>Operating profit for the period, total</b>	<b>276</b>	<b>279</b>	<b>516</b>	<b>537</b>	<b>1 121</b>

<sup>1)</sup> Of which, distributed sales of SEK 2,219 m (2,123) for January–June and SEK 4,389 m for January–December.

<sup>2)</sup> Of which, distributed sales of SEK 7,507 m (6,838) for January–June and SEK 13,921 m for January–December.

<sup>3)</sup> Includes joint-Group functions and the support company Axfood IT.

<sup>4)</sup> Of which, SEK 10,185 m (9,248) for Dagab for January–June and SEK 18,769 m for January–December.

## CONDENSED INCOME STATEMENT

SEK m	Apr.-June		Jan.-June		Jan.-Dec.
	2008	2007	2008	2007	2007
Net sales	8 090	7 392	15 585	14 335	29 189
Cost of goods sold	-7 001	-6 372	-13 468	-12 324	-25 119
<i>Gross profit</i>	1 089	1 020	2 117	2 011	4 070
Selling/administrative expenses, etc.	-813	-741	-1 601	-1 474	-2 949
<i>Operating profit</i>	276	279	516	537	1 121
Net financial items	-21	-12	-35	-17	-35
<i>Profit after financial items</i>	255	267	481	520	1 086
Tax	-72	-75	-135	-146	-305
<b>Net profit for the period</b>	<b>183</b>	<b>192</b>	<b>346</b>	<b>374</b>	<b>781</b>
Operating profit includes depreciation/amortization of	134	117	260	236	477
Earnings per share, SEK	3,50	3,67	6,60	7,14	14,88

**CONDENSED BALANCE SHEET**

SEK m	30/6/2008	30/6/2007	31/12/2007
<b>Assets</b>			
Goodwill	1 533	1 131	1 182
Interest-bearing receivables	13	25	13
Other financial assets	30	29	30
Other non-current assets	2 013	1 704	1 755
<b>Total non-current assets</b>	<b>3 589</b>	<b>2 889</b>	<b>2 980</b>
Inventories	1 618	1 483	1 597
Accounts receivable — trade	719	604	685
Interest-bearing receivables	13	13	13
Other current assets	1 058	904	862
Cash and bank balances	217	264	471
<b>Total current assets</b>	<b>3 625</b>	<b>3 268</b>	<b>3 628</b>
<b>Total assets</b>	<b>7 214</b>	<b>6 157</b>	<b>6 608</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to equity holders of the parent	1 868	1 745	2 152
<b>Total shareholders' equity</b>	<b>1 868</b>	<b>1 745</b>	<b>2 152</b>
Interest-bearing non-current liabilities	691	587	587
Noninterest-bearing non-current liabilities	237	162	168
<b>Total non-current liabilities</b>	<b>928</b>	<b>749</b>	<b>755</b>
Current interest-bearing liabilities	980	517	380
Accounts payable — trade	1 808	1 709	1 850
Other current noninterest-bearing liabilities	1 630	1 437	1 471
<b>Total current liabilities</b>	<b>4 418</b>	<b>3 663</b>	<b>3 701</b>
<b>Total shareholders' equity and liabilities</b>	<b>7 214</b>	<b>6 157</b>	<b>6 608</b>
<b>Contingent liabilities</b>	<b>26</b>	<b>28</b>	<b>23</b>
<b>Pledged assets</b>	<b>2</b>	<b>2</b>	<b>2</b>

## CONDENSED CASH FLOW STATEMENT

	Jan.-June		Jan.-Dec.
SEK m	2008	2007	2007
<b>Operating activities</b>			
–Cash flow from operating activities before changes in working capital before paid tax	727	755	1 531
–Paid tax	-165	-237	-330
–Changes in working capital	-100	-3	-35
<i>Cash flow from operating activities</i>	462	515	1 166
<b>Investing activities</b>			
–Company acquisitions, net	-457	2	-54
–Acquisitions of non-current assets, net	-324	-206	-471
–Reduction of financial non-current assets	-	1	13
<i>Cash flow from investing activities</i>	-781	-203	-512
<b>Financing activities</b>			
–Change in interest-bearing liabilities	695	632	497
–Dividend paid out	-630	-1 049	-1 049
<i>Cash flow from financing activities</i>	65	-417	-552
<b>Cash flow for the period</b>	<b>-254</b>	<b>-105</b>	<b>102</b>

**CHANGE IN SHAREHOLDERS' EQUITY, 30/6/2008**

SEK m	Total
Amount at start of year	2 152
Change in fair value of forward exchange contracts	0
<b>Total changes in net worth reported directly against shareholders' equity, excluding transactions with the company's owners</b>	<b>0</b>
Profit for the period	346
<b>Total changes in net worth, excluding transactions with the company's owners</b>	<b>346</b>
Dividend to shareholders	-630
<b>Amount at end of period</b>	<b>1 868</b>

**CHANGE IN SHAREHOLDERS' EQUITY, 30/6/2007**

SEK m	Total
Amount at start of year	2 420
Change in fair value of forward exchange contracts	0
<b>Total changes in net worth reported directly against shareholders' equity, excluding transactions with the company's owners</b>	<b>0</b>
Profit for the period	374
<b>Total changes in net worth, excluding transactions with the company's owners</b>	<b>374</b>
Dividend to shareholders	-1 049
<b>Amount at end of period</b>	<b>1 745</b>

**CHANGE IN SHAREHOLDERS' EQUITY, 31/12/2007**

SEK m	Total
Amount at start of year	2 420
Change in fair value of forward exchange contracts	0
<b>Total changes in net worth reported directly against shareholders' equity, excluding transactions with the company's owners</b>	<b>0</b>
Profit for the period	781
<b>Total changes in net worth, excluding transactions with the company's owners</b>	<b>781</b>
Dividend to shareholders	-1 049
<b>Amount at year-end</b>	<b>2 152</b>

Since the start of 2007, no part of shareholders' equity is affected by minority interests; all shareholders' equity is attributable to the majority owner.

## KEY RATIOS AND OTHER DATA

	30/6/2008	30/6/2007	31/12/2007
Operating margin, %	3,3	3,7	3,8
Margin after financial items, %	3,1	3,6	3,7
Equity ratio, %	25,9	28,3	32,6
Debt-equity ratio, net, multiple	0,8	0,5	0,2
Debt-equity ratio, multiple	0,89	0,63	0,45
Interest coverage, multiple	14,0	25,8	25,7
Capital employed, SEK m	3 539	2 849	3 119
Return on capital employed, %	34,7	44,2	37,6
Return on shareholders' equity, %	41,7	46,8	34,2
Capital expenditures, SEK m	816	225	576
Earnings per share, SEK <sup>1, 2</sup>	6,60	7,14	14,88
Ordinary dividend per share, SEK	-	-	12,00
Net asset value per share, SEK <sup>1, 2</sup>	35,60	33,26	41,02
Number of shares outstanding <sup>2</sup>	52 467 678	52 467 678	52 467 678
Weighted average number of shares <sup>1, 2</sup>	52 467 678	52 467 678	52 467 678
Weighted average number of shares after dilution <sup>1, 2</sup>	52 467 678	52 467 678	52 467 678
Number of treasury shares held	-	2 116 150	-
Average number of employees during the year <sup>3</sup>	6 830	6 443	6 463

1) Axfood has no outstanding incentive programmes that entail a dilutive effect.

2) The number of shares outstanding on 30 June 2007 is reduced by the number of treasury shares held. For the current period and at year-end 2007, Axfood had no holdings of treasury shares.

3) In calculating the average number of employees as per 30 June 2008, the normal number of hours worked per year has been changed from 1,800 to 1,920 hours. The comparison figures for 30 June 2007 have been changed.

## FINANCIAL STATEMENTS, PARENT COMPANY

## CONDENSED INCOME STATEMENT, PARENT COMPANY

	Apr.-June		Jan.-June		Jan.-Dec.
SEK m.	2008	2007	2008	2007	2007
Net sales	-	-	-	-	-
Selling/administrative expenses, etc.	-7	-5	-20	-18	-32
<i>Operating profit</i>	-7	-5	-20	-18	-32
Net financial items	-10	-3	-20	-6	-18
<i>Profit after financial items</i>	-17	-8	-40	-24	-50
Appropriations	-	-	-	-	3
<i>Profit before tax</i>	-17	-8	-40	-24	-47
Tax	7	2	13	6	13
<b>Net profit for the period</b>	<b>-10</b>	<b>-6</b>	<b>-27</b>	<b>-18</b>	<b>-34</b>
Operating profit includes depreciation/amortization of	2	2	4	4	8

**CONDENSED BALANCE SHEET, PARENT COMPANY**

SEK m	30/6/2008	30/6/2007	31/12/2007
<b>Assets</b>			
Property, plant and equipment	21	25	25
Participations in Group companies	3 404	2 958	2 958
Interest-bearing receivables	13	25	13
Other financial non-current assets	3	3	3
Deferred tax assets	10	9	9
<b>Total non-current assets</b>	<b>3 451</b>	<b>3 020</b>	<b>3 008</b>
Receivables from Group companies <sup>1)</sup>	917	923	1 779
Interest-bearing receivables	13	14	13
Other current assets	152	139	14
Cash and bank balances	0	-	0
<b>Total current assets</b>	<b>1 082</b>	<b>1 076</b>	<b>1 806</b>
<b>Total assets</b>	<b>4 533</b>	<b>4 096</b>	<b>4 814</b>
<b>Shareholders' equity and liabilities</b>			
Restricted shareholders' equity	262	273	262
Unrestricted shareholders' equity	1 983	1 884	2 639
<b>Total shareholders' equity</b>	<b>2 245</b>	<b>2 157</b>	<b>2 901</b>
<b>Untaxed reserves</b>	<b>6</b>	<b>9</b>	<b>6</b>
Interest-bearing non-current liabilities	328	225	226
Noninterest-bearing non-current liabilities	6	7	6
<b>Total non-current liabilities</b>	<b>334</b>	<b>232</b>	<b>232</b>
Current interest-bearing liabilities	949	492	354
Liabilities to Group companies <sup>2)</sup>	970	1 157	1 263
Accounts payable — trade	3	5	9
Other current noninterest-bearing liabilities	26	44	49
<b>Total current liabilities</b>	<b>1 948</b>	<b>1 698</b>	<b>1 675</b>
<b>Total shareholders' equity and liabilities</b>	<b>4 533</b>	<b>4 096</b>	<b>4 814</b>
<b>Contingent liabilities</b>	<b>369</b>	<b>362</b>	<b>367</b>
<b>Pledged assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Of which, interest-bearing receivables	911	917	697
2) Of which, noninterest-bearing liabilities	891	1 085	1 233





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