

Interim Report Axfood AB (publ)

FIRST QUARTER SUMMARY

- Axfood's consolidated sales for the period January–March totalled SEK 8,946 m (8,950), a change of 0.0%. Easter was in April, compared with March a year ago.
- Retail sales for Group-owned stores decreased by 0.5% during the period.
- Like-for-like sales decreased by 2.3% during the period.
- Operating profit for the period was SEK 246 m (254).
- Profit after financial items was SEK 242 m (247) for the period.
- Profit after tax totalled SEK 189 m (194) for the period, and earnings per share were SEK 3.57 (3.69).
- Axfood's goal for 2014 is to exceed the level of profit achieved in 2013.

NO SIGNIFICANT EVENTS HAVE TAKEN PLACE AFTER THE BALANCE SHEET DATE

Key ratios

SEK m	Q1 2014	Q1 2013	Change	Full year 2013
Net sales	8,946	8,950	0.0%	37,522
Operating profit	246	254	-3.1%	1,302
Operating margin, %	2.7	2.8	-0.1	3.5
Profit after financial items	242	247	-2.0%	1,278
Profit after tax	189	194	-2.6%	993
Earnings per share, SEK ¹	3.57	3.69	-3.3%	18.80
Cash flow per share, SEK	-5.1	-0.2	n.a.	-1.2
Cash flow from operating activities per share, SEK	7.9	9.7	-18.6%	30.4
Return on capital employed, % ²	32.0	29.8	2.2	30.3
Return on shareholders' equity, % ²	29.2	31.8	-2.6	27.5
Shareholders' equity per share, SEK ³	60.32	56.45	6.9%	71.82
Equity ratio, %	37.0	33.8	3.2	42.6

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 interim 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 24 April 2014.

CEO'S COMMENTS

Axfood experienced a stable start to the year, but both sales and earnings were affected by Easter weekend falling in April, compared with March a year ago. Our ambitious future investments have continued, with a growing number of modernized stores and implementation of the new business system in the remaining warehouses.

Stable performance despite late Easter

Willys reported stable earnings. However, the calendar effect impacted sales, as Easter is an important holiday for sales, especially for Willys. In March the first Willys store opened in central Stockholm, offering our customers in the inner city a wide selection at low prices. In addition, Willys continues to further develop its digital customer programme in an effort to further strengthen its offering. Eight new stores will be established during the year.

Hemköp had favourable like-for-like sales growth and good profitability. A growing number of modernized stores that better meet customers' preferences, together with improved cost control, contributed to the positive performance. Work is continuing during the year on upgrading the chain's stores, developing the customer programme and strengthening the Hemköp brand.

Axfood Närlivs delivered a quarter in line with the preceding year, with favourable performance for Axfood Snabbgross. However, like the Group's other operations, sales in the retail and convenience retail segments were moderated by the calendar effect. At the start of the year the new business system was successfully implemented in the two remaining warehouses. This was conducted in cooperation with Dagab and entailed higher costs, as planned, in the overall logistics operations. The project will be concluded during the next quarter.

As anticipated, earnings for Dagab were temporarily affected by lower efficiency associated with the changeover to the new business system. Focus will therefore now be on fine tuning the system. Parallel with this, work continues on combining all of Axfood's logistics operations as a means of improving efficiency.

Market outlook

The outlook for the Swedish economy remains positive, with cautious, rising optimism among households. Axfood believes that the market conditions for the food retail trade will remain stable during the year, with food price inflation of one to two per cent.

Axfood's strategy remains firm

Axfood's successful strategy for long-term profitable growth remains unchanged. As previously, focus is on developing the various concepts with a growing number of modern stores. In addition, the customer programmes will be further developed during the year in an effort to further strengthen our offerings and grow sales. Parallel with this, we will continue fine tuning and developing the strategically important business system. Investments in 2014 are expected to amount to SEK 700–800 m.

Axfood's goal for 2014 is to exceed the level of profit achieved in 2013.

Anders Strålmán
President and CEO, Axfood AB

SALES, AXFOOD GROUP

First quarter

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 8,946 m (8,950) during the first quarter, a change of 0.0%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled 7,714 m (7,767), a decrease of 0.7%. Sales for Group-owned retail operations decreased by 0.5% during the first quarter, with a 2.3% decrease in like-for-like sales. Sales were affected by Easter weekend falling in April this year, compared with March a year ago.

Axfood's private label share was 25.6% (25.2%) as of March.

Net sales per operating segment

SEK m	Q1 2014	Q1 2013	Full year 2013
Hemköp	1,355	1,407	5,578
Willys	4,941	4,919	20,394
Axfood Närlivs	1,421	1,427	6,489
Dagab	6,109	6,194	25,509
Other ¹	1,263	1,221	5,120
<i>Internal sales</i>			
Dagab	-4,926	-5,040	-20,622
Axfood Närlivs	-1	-2	-7
Other	-1,216	-1,176	-4,939
Total	8,946	8,950	37,522

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

Retail sales, Group-owned and franchise stores

SEK m	Q1 2014	% ¹⁾	Like-for-like sales, % ¹⁾
Hemköp	1,334	-3.8	0.5
Hemköp franchises	1,439	-1.5	1.7
Hemköp total	2,773	-2.6	1.1
Willys total	4,941	0.4	-3.1
Total	7,714	-0.7	-1.6

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

Change in store structure, three months 2014

	Dec. 2013	New establishment	Acquisitions	Sales/ closures	Conversions to/from	March 2014
Hemköp (incl. PrisXtra)	69				-1	68
Willys ¹⁾	183				1	184
Total, Group-owned	252	-	-	-	-	252
Hemköp franchises	111					111
¹⁾ Of which, Willys Hemma	47					47

EARNINGS, AXFOOD GROUP

First quarter

Operating profit for the first quarter totalled SEK 246 m (254). The operating margin was 2.7% (2.8%). Net financial items totalled SEK -4 m (-7), and profit after financial items was SEK 242 m (247). The margin after financial items was 2.7% (2.8%). Profit after tax was SEK 189 m (194). Joint-Group costs were affected by higher depreciation for the new business system.

Operating profit for the period, broken down by operating segment

SEK m	Q1 2014	Q1 2013	Full year 2013
Hemköp	35	30	151
Willys	170	170	808
Axfood Närlivs	10	12	140
Dagab	22	29	114
Other ¹	9	13	89
Operating profit for the period, total²	246	254	1,302

¹ "Other" includes joint-Group support functions, such as purchasing coordination, IT and corporate offices. Also includes accumulated charges for, among other things, amortization of surplus value pertaining to the acquisition of PrisXtra and depreciation of SEK 18 m (15) pertaining to the new business system.

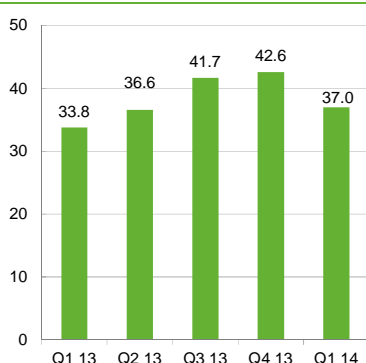
² Net financial items are not distributed per operating segment.

CAPITAL EXPENDITURES

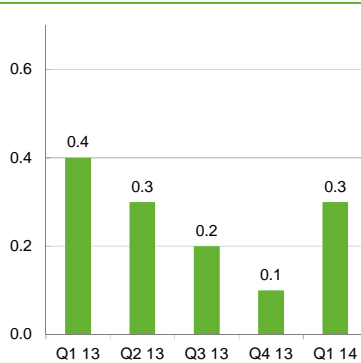
Total capital expenditures during the period January–March amounted to SEK 163 m (210), of which SEK – m (28) pertained to acquisitions of businesses, while SEK 75 m (112) pertained to investments in non-current assets in retail operations, SEK 10 m (13) to investments in non-current assets in wholesale operations, and SEK 13 m (36) to IT development

In February Axfood increased its ownership in the Urban Deli group to 50%. Axfood previously owned 5% of the Urban Deli Nytorget unit and 50% of Urban Deli Sickla. Urban Deli operates restaurants, food markets and stores in the Stockholm area. After the acquisition, Axfood has a non-controlling interest in Urban Deli, and the holding is reported as a joint venture. The purchase price was SEK 22 m and was paid in cash.

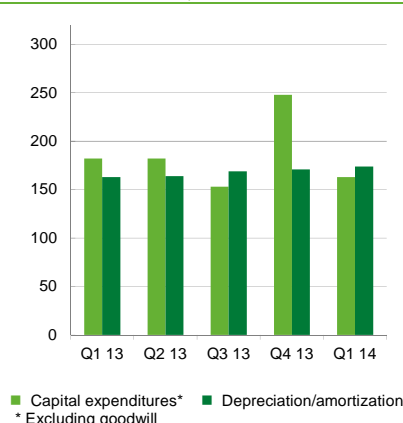
Equity ratio, %



Debt-equity ratio, multiple



Capital expenditures*, depreciation/amortization, SEK m



FINANCIAL POSITION

Cash flow from operating activities before paid tax was SEK 481 m (571) during the quarter. Paid tax amounted to SEK -68 m (-61). Cash and cash equivalents held by the Group amounted to SEK 192 m, compared with SEK 457 m in December 2013. Interest-bearing liabilities and provisions totalled SEK 803 m at the end of the period, compared with SEK 535 m in December 2013. Interest-bearing net debt was SEK 611 m at the end of the period, compared with SEK 78 m in December 2013. Payout of the share-

holder dividend affected cash flow by SEK -794 m (-630), and net capital expenditures affected cash flow by SEK -151 m (-174).

The equity ratio was 37.0%, compared with 42.6% in December 2013.

THE SWEDISH FOOD RETAIL MARKET

According to Statistics Sweden's retail trade index for February, accumulated sales for the food retail segment rose 2.2% since the start of the year in current prices. In fixed prices, adjusted for price and calendar effects, volume increased by 0.6%.

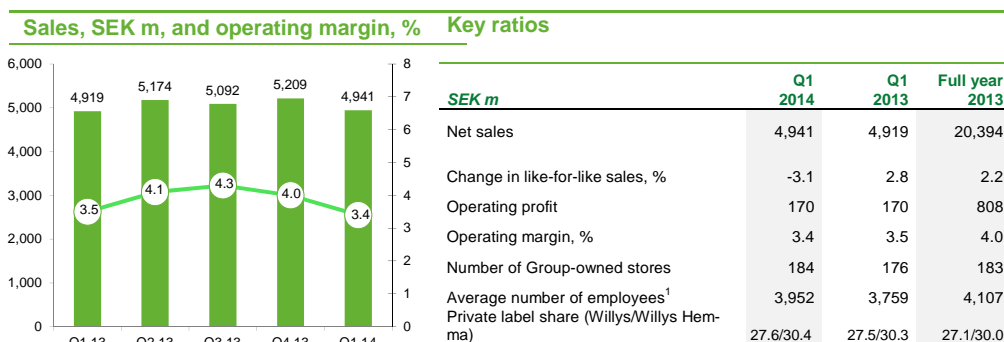
STORE OPERATIONS

Willys

First quarter

Willys reported stable earnings. However, the calendar effect impacted sales as Easter was in April this year, compared with March a year ago. Sales amounted to SEK 4,941 m (4,919), an increase of 0.4% compared with the same period a year ago. Like-for-like sales decreased by 3.1%. Operating profit totalled SEK 170 m (170). The operating margin was 3.4% (3.5%). During the quarter, a PrisXtra store in central Stockholm was rebranded to Willys.

The private label share as of March was 27.6% (27.5%) for Willys and 30.4% (30.3%) for Willys Hemma.



1) Calculation of the number of employees was adjusted in December 2013, and thus the comparative figure for the quarter has also been adjusted.

Hemköp

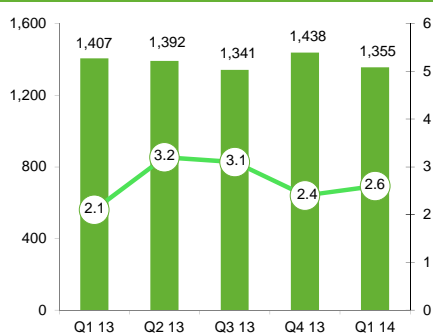
First quarter

Hemköp (including PrisXtra) had favourable growth in like-for-like sales and good profitability. Improved store operations and a growing number of modernized stores contributed to the positive performance. Apart from the calendar effect, total sales were also affected by a decrease in the number of stores compared with a year ago. Sales decreased by 3.7%, with sales for Group-owned stores totalling SEK 1,334 m (1,387), a decrease of 3.8%. Like-for-like sales for Group-owned stores rose 0.5% during the period. Sales for franchise stores amounted to SEK 1,439 m (1,461), a decrease of 1.5%, while like-for-like sales for franchise stores rose 1.7% (see table on page 3). Hemköp's private label share was 20.2% (19.0%) as of March.

Operating profit for the first quarter was SEK 35 m (30). The operating margin for the period was 2.6% (2.1%).

One PrisXtra store was rebranded during the period to Willys.

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q1 2014	Q1 2013	Full year 2013
Net sales	1,355	1,407	5,578
Change in like-for-like sales, %	0.5	0.2	0.9
Operating profit	35	30	151
Operating margin, %	2.6	2.1	2.7
Number of Group-owned stores	68	70	69
Average number of employees ¹	1,614	1,572	1,675
Private label share	20.2	19.0	19.3

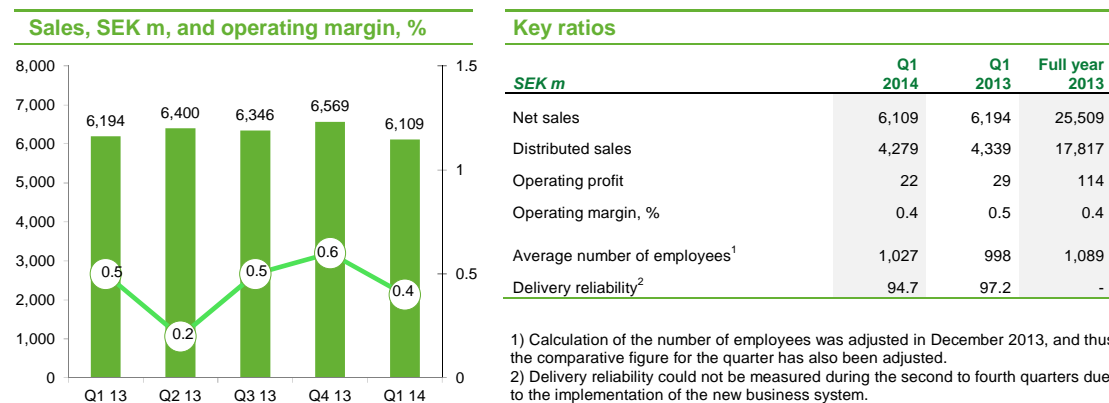
1) Calculation of the number of employees was adjusted in December 2013, and thus the comparative figure for the quarter has also been adjusted.

AXFOOD WHOLESALING

Dagab

First quarter

As anticipated, Dagab's earnings were temporarily affected by lower efficiency associated with the changeover to the new business system. Operating profit was SEK 22 m (29), and the operating margin was 0.4% (0.5%). Sales amounted to SEK 6,109 m (6,194). The focus going forward will be on fine tuning the system and improving efficiency.

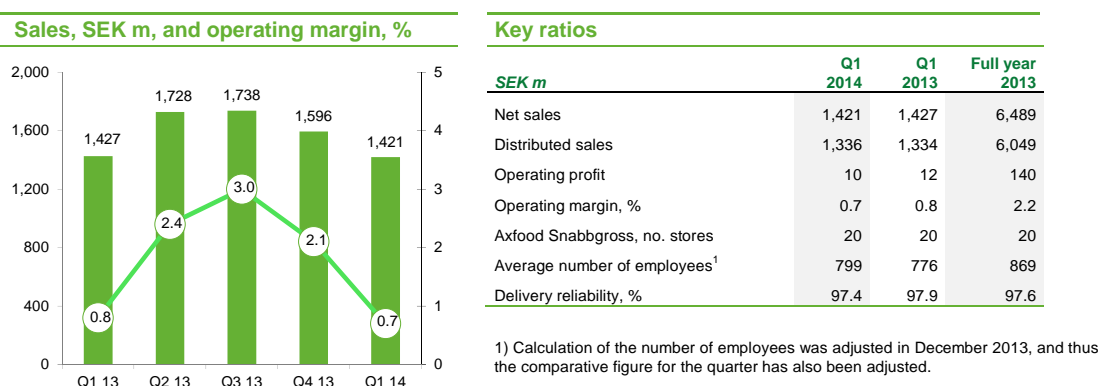


Axfood Närlivs

First quarter

Axfood Närlivs delivered stable results during the quarter, particularly for Axfood Snabbgross. However, sales in the retail and convenience retail segments were down slightly due to the lack of Easter sales. Sales during the first quarter amounted to SEK 1,421 m (1,427), a decrease of 0.4%.

Operating profit for the first quarter totalled SEK 10 m (12), and the operating margin was 0.7% (0.8%). During the period, the new business system was implemented in the two remaining warehouses, which was successful beyond expectations.



Disclosures about financial assets and liabilities

The tables below provide disclosures about how fair value has been determined for the financial instruments that are measured at fair value in the statement of financial position. The breakdown of how fair value is determined is done according to the following three levels:

Level 1: according to prices in an active market for the same instruments. Axfood has no financial instruments at this level.

Level 2: based on direct or indirect observable market data that is not included in level 1. Level 2 includes, among other things, derivatives used in hedge accounting and available-for-sale financial assets.

Level 3: based on input data that is not observable in the market. Axfood has no financial instruments at this level.

Group, 31/3/2014	Financial assets and liabilities			Total, statement of financial position
	Carrying amount	Fair value	Non-financial assets and liabilities	
<i>SEK m</i>				
Financial assets	50	50	33	83
Accounts receivable – trade	825	825	-	825
Other current assets	2	2	1,101	1,103
Cash and bank balances	192	192	-	192
Total assets	1,069	1,069	1,134	2,203
Non-current interest-bearing liabilities	61	61	412	473
Current interest-bearing liabilities	330	330	-	330
Accounts payable – trade	2,337	2,337	-	2,337
Total liabilities	2,728	2,728	412	3,140

Parent Company, 31/3/2014	Financial assets and liabilities			Total, statement of financial position
	Carrying amount	Fair value	Non-financial assets and liabilities	
<i>SEK m</i>				
Financial assets	6	9	-	6
Receivable from Group companies	1,128	1,128	-	1,128
Total assets	1,134	1,037	-	1,134
Current interest-bearing liabilities	260	260	-	260
Accounts payable – trade	8	8	-	8
Liabilities to Group companies	740	740	0	740
Total liabilities	1,008	1,008	0	1,008

Disclosures about fair value of financial instruments

The carrying amount of interest-bearing assets and liabilities in the statement of financial position can deviate from their fair value due to changes in market interest rates, among other things. To establish the fair value of financial assets and liabilities, market value has been used for assets and liabilities as far as possible. Axfood's holdings of tenant-owner rights are stated at market value (level 2). Interest-bearing financial assets and liabilities that are not derivative instruments are calculated based on future cash flows of principal amounts and interest, discounted to the current market interest rate while taking into account the risk-free interest rate and risk premium for Axfood on the balance sheet date (the effective interest method – level 2). For current financial assets and liabilities with variable interest rates, fair value is considered to be the same as the carrying amount.

The carrying amount of trade accounts receivable, other receivables, cash and cash equivalents, trade accounts payable and other liabilities is a reasonable approximation of fair value.

Axfood uses the market interest rate in effect on the accounting date plus a relevant interest rate spread to discount financial instruments. The interest rate used for interest-bearing liabilities as per 31 March 2014 was 1.77%.

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 of a total loss, such as from a fire at one of the central warehouses in Jordbro, Backa or Örebro. 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 2013 Annual Report.

SEASONAL EFFECTS

Axfood has no significant seasonal variations.

SUSTAINABLE DEVELOPMENT

One of Axfood's strategic objectives is to be an active driver of work with sustainable development and thereby be best in the industry. Sustainability work strengthens Axfood's business and contributes to long-term development of the operations. 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 the eco-cycle. 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% during the period 2009–2020. One area of importance going forward involves work on improving energy efficiency and changing over to refrigerants that do not have any adverse climate impact. A system for detailed measurement and control of electricity consumption is currently being installed in Axfood's Group-owned stores and warehouses. The system will enable central regulation and monitoring aimed at reducing electricity consumption. In addition, Dagab has installed one of Sweden's largest solar panel systems that helps power the refrigeration system at the company's cold storage warehouse in Gothenburg.

Dagab and Axfood Närlivs are working continuously to minimize their environmental impact. These measures include maximizing load capacity in delivery vehicles and the use of so-called eco-driving techniques to reduce fuel consumption. To further lower emissions from Dagab's and Axfood Närlivs' transports, "Evolution" diesel fuel is used, which is partly based on pine oil and produces lower CO₂ emissions than conventional diesel fuel.

Another important goal is to increase recycling, where most waste is either recycled for use as raw material by the recycling industry or is converted to energy.

During the autumn of 2013 an ambitious diversity goal was also set, with the vision that the Group's employees will reflect the diversity of the Group's customers. Axfood is a firm believer that diversity increases business benefit.

A more detailed description of Axfood's work with environmental matters can be found at axfood.se and in Axfood's Sustainability Report for 2013. See the table on page 13 for follow-up data on electricity consumption and emissions from transports.

PARENT COMPANY

Other operating revenue for the Parent Company during the period January–March amounted to SEK 46 m (38). After selling and administrative expenses, totalling SEK 81 m (66), and net financial items totalling SEK 2 m (0), profit after financial items was SEK -33 m (-28). Capital expenditures during the period totalled SEK 13 m (1).

The Parent Company's interest-bearing net debt receivable was SEK 103 m at the end of the period, compared with net debt of SEK 306 m in December 2013. 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 interim report has been prepared for the Group in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. For the Parent Company, the interim report has been prepared in accordance with recommendation RFR 2 – Reporting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR), and Ch. 9 – Interim Financial Reporting, of the Swedish Annual Accounts Act. 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.

New accounting policies 2014

Effective 1 January 2014 the Group applies IFRSs 10, 11 and 12. IFRS 10 Consolidated Financial Statements supersedes IAS 27 with respect to the rules for consolidated accounting and SIC-12 with respect to when a company is to be subjected to consolidated accounting rules. IFRS 10 includes a model that is to be used for determining if control exists or not. IFRS 11 Joint Arrangements mainly entails two changes: determining if an arrangement is a joint operation or a joint venture, and elimination of proportionate consolidation for joint ventures. The amended IAS 28 Investments in Associates and Joint Ventures, which is an effect of IFRS 11, is applied. IFRS 12 Disclosure of Interests in Other Entities requires a number of disclosures about an entity's interests in other companies in the consolidated financial statements, and more extensive disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated "structured entities". Axfood's opinion is that the investments in joint arrangements and associated companies in the Group will not need to be consolidated in accordance with IFRS 10.

New accounting policies in 2015 and later

A number of new or amended IFRSs and interpretations take effect in 2015 and later, and have not been prospectively applied in the preparation of this interim report. New IFRSs and interpretations or amendments that will be applicable starting in financial years after 2015 and later are not planned to be applied prospectively. To the extent that anticipated effects on the financial statements of the application of the new or amended IFRSs and interpretations are not described above, Axfood has determined that they will not have any material effect on the consolidated accounting.

FORECAST

Axfood's goal for 2014 is to exceed the level of profit achieved in 2013.

NEXT REPORT

The interim report for the period January–June 2014 will be presented on 15 July 2014.

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

Anders Strålman

President and CEO

PRESS RELEASES DURING THE FIRST QUARTER

5/2/2014 Nominating Committee's recommendation for Board of Directors of Axfood AB

5/2/2014 Notice of Annual General Meeting

11/2/2014 Axfood acquires 50% of Urban Deli

12/3/2014 Resolutions made at Axfood AB's Annual General Meeting on 12 March 2014

FINANCIAL STATEMENTS, GROUP

Condensed statement of profit or loss and other comprehensive income, Group			
<i>SEK m</i>	Q1 2014	Q1 2013	Full year 2013
Net sales	8,946	8,950	37,522
Cost of goods sold	-7,748	-7,739	-32,392
<i>Gross profit</i>	1,198	1,211	5,130
Selling/administrative expenses, etc.	-952	-957	-3,828
<i>Operating profit</i>	246	254	1,302
Net financial items	-4	-7	-24
<i>Profit before tax</i>	242	247	1,278
Tax	-53	-53	-285
Profit for the period	189	194	993
Other comprehensive income			
<i>Items that cannot be reclassified to profit or loss for the period</i>			
Revaluation of defined benefit pension plans	-5	-	18
Tax attributable to items that cannot be reclassified to profit or loss for the period	1	-	-4
<i>Items that have been reclassified or can be reclassified to profit or loss for the period</i>			
Change in fair value of forward exchange contracts	1	0	-1
Tax attributable to items that have been reclassified or can be reclassified to profit or loss for the period	0	0	0
Other comprehensive income for the period	-3	0	13
Total comprehensive income for the period	186	194	1,006
Operating profit includes depreciation/amortization of	174	163	667
Earnings per share, SEK	3.57	3.69	18.80
Profit for the period attributable to			
Owners of the parent	187	193	987
Non-controlling interests	2	1	6
Total comprehensive income for the period attributable to			
Owners of the parent	184	193	1,000
Non-controlling interests	2	1	6

Condensed statement of financial position, Group

<i>SEK m</i>	31/3/2014	31/3/2013	31/12/2013
Assets			
Goodwill	1,800	1,787	1,800
Financial assets	83	46	60
Other non-current assets	2,754	2,752	2,797
Total non-current assets	4,637	4,585	4,657
Inventories	1,865	1,869	1,906
Accounts receivable – trade	825	871	909
Other current assets	1,103	1,020	1,000
Cash and bank balances	192	510	457
Total current assets	3,985	4,270	4,272
Total assets	8,622	8,855	8,929
Shareholders' equity and liabilities			
Equity attributable to owners of the parent	3,165	2,962	3,768
Equity attributable to non-controlling interests	29	28	34
Total shareholders' equity	3,194	2,990	3,802
Non-current interest-bearing liabilities	473	495	471
Noninterest-bearing non-current liabilities	405	331	403
Total non-current liabilities	878	826	874
Current interest-bearing liabilities	330	649	64
Accounts payable – trade	2,337	2,689	2,225
Other current noninterest-bearing liabilities	1,883	1,701	1,964
Total current liabilities	4,550	5,039	4,253
Total shareholders' equity and liabilities	8,622	8,855	8,929
Pledged assets	32	29	32
Contingent liabilities	27	34	27

Condensed statement of cash flows, Group

<i>SEK m</i>	Three months 2014	Three months 2013	Full year 2013
Operating activities			
Cash flow from operating activities before changes in working capital, before paid tax	411	402	1,907
Paid tax	-68	-61	-235
Changes in working capital	70	169	-76
<i>Cash flow from operating activities</i>	413	510	1,596
Investing activities			
Acquisitions of operations, net	-	-10	-19
Acquisitions of non-current assets, net	-128	-164	-690
Change in financial non-current assets, net	-23	0	-9
<i>Cash flow from investing activities</i>	-151	-174	-718
Financing activities			
Change in interest-bearing liabilities	267	283	-312
Dividend payout	-794	-630	-630
<i>Cash flow from financing activities</i>	-527	-347	-942
Cash flow for the period	-265	-11	-64

Condensed statement of changes in equity, Group

SEK m	31/3/2014	31/3/2013	31/12/2013
Amount at start of year	3,802	3,426	3,426
Total comprehensive income for the period	186	194	1,006
Dividend to shareholders	-794	-630	-630
Amount at end of period	3,194	2,990	3,802

Key ratios and other data, Group

	Three months 2014	Three months 2013	Full year 2013
Operating margin, %	2.7	2.8	3.5
Margin after financial items, %	2.7	2.8	3.4
Equity ratio, %	37.0	33.8	42.6
Debt-equity ratio, net, multiple	0.2	0.2	0.0
Debt-equity ratio, multiple	0.3	0.4	0.1
Interest coverage, multiple	41.3	28.4	43.6
Capital employed, SEK m	3,997	4,134	4,337
Return on capital employed, %	32.0	29.8	30.3
Return on shareholders' equity, %	29.2	31.8	27.5
Capital expenditures, SEK m	163	210	806
Earnings per share, SEK ¹	3.57	3.69	18.80
Dividend per share, SEK	-	-	15.00
Shareholders' equity per share, SEK ^{1,2}	60.32	56.45	71.82
Cash flow per share, SEK ¹	-5.1	-0.2	-1.2
Number of shares outstanding ¹	52,467,678	52,467,678	52,467,678
Average number of employees ³	7,930	7,636	8,285
Work attendance rate, %	94.2	94.2	94.8
CO ₂ , kg/tonne goods ⁴	21.7	20.8	21.9
Electricity consumption, kWh/m ² (stores and warehouses) ⁵	346.8	358.2	361.7

Quarterly overview

	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14
Sales	9,292	9,044	9,252	8,950	9,557	9,465	9,550	8,946
Operating profit	322	370	258	254	326	382	340	246
Operating margin, %	3.5	4.1	2.8	2.8	3.4	4.0	3.6	2.7
Earnings per share, SEK ¹	4.35	5.08	4.37	3.69	4.74	5.58	4.79	3.57
Shareholders' equity per share, SEK ¹	56.1	60.8	64.8	56.5	61.1	66.6	71.8	60.3
Return on shareholders' equity, %	31.7	29.0	27.2	31.8	30.2	28.4	27.5	29.2
Cash flow from operating activities per share, SEK	10.6	7.9	10.1	9.7	6.1	5.4	9.2	7.9
Capital expenditures	214	142	253	210	188	153	255	163

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) Calculation of the number of employees was adjusted in December 2013, and thus the comparative figure for the quarter has also been adjusted.

4) Moving 12-month figures. Pertains to the total volume for Dagab's and Axfood Närlivs' transports from warehouses to stores with own delivery vehicles.

5) Moving 12-month figures. Pertains to wholly owned stores and warehouses.

FINANCIAL STATEMENTS, PARENT COMPANY

Condensed income statement, Parent Company

SEK m	Q1 2014	Q1 2013	Full year 2013
Net sales	-	-	-
Selling/administrative expenses, etc.	-35	-28	-106
<i>Operating profit</i>	-35	-28	-106
Other net financial items	2	0	3
<i>Profit after financial items</i>	-33	-28	-103
Appropriations, net	-	-	1,010
<i>Profit before tax</i>	-33	-28	907
Tax	7	6	-201
Net profit for the period	-26	-22	706
Operating profit includes depreciation/amortization totalling	2	0	1

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

Condensed balance sheet, Parent Company

SEK m	31/3/2014	31/3/2013	31/12/2013
Assets			
Property, plant and equipment	42	5	32
Participations in Group companies	3,606	3,601	3,606
Other financial non-current assets	6	6	6
Deferred tax assets	6	7	6
Total non-current assets	3,660	3,619	3,650
Receivables from Group companies ¹	1,128	1,360	2,203
Other current assets	88	59	21
Cash and bank balances	-	0	114
Total current assets	1,216	1,419	2,338
Total assets	4,876	5,038	5,988
Shareholders' equity and liabilities			
Restricted shareholders' equity	287	287	287
Unrestricted shareholders' equity	2,655	2,741	3,468
Total shareholders' equity	2,942	3,028	3,755
Untaxed reserves	867	563	867
Non-current interest-bearing liabilities	25	27	25
Noninterest-bearing non-current liabilities	1	3	2
Total non-current liabilities	26	30	27
Current interest-bearing liabilities	260	589	-
Liabilities to Group companies ²	740	792	1,285
Accounts payable – trade	8	7	26
Other current noninterest-bearing liabilities	33	29	28
Total current liabilities	1,041	1,417	1,339
Total shareholders' equity and liabilities	4,876	5,038	5,988
Pledged assets	-	-	-
Contingent liabilities	329	360	329
1) Of which, interest-bearing receivables	1,128	1,360	877
2) Of which, interest-bearing liabilities	740	764	1,272

FINANCIAL DEFINITIONS

Average number of employees: 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.

Evolution diesel: Environmental diesel fuel that is based partly on pine oil.

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 comparable 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 and Hemköp. The number of Group-owned stores is 252. 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. Axfood's principal owner is Axel Johnson AB, with 50.1% 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 at 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