

Year-End Report Axfood AB (publ.)

For the period 1 January–31 December 2007

axfood



- Operating profit for the period January–December was SEK 1,121 m. Operating profit for the preceding year, totalling SEK 1,204 m, included SEK 89 m from the settlement with the Vi retailers association.
- Profit after financial items for the year was SEK 1,086 m (1,183).
- Profit after tax for the year was SEK 781 m (852), and earnings per share were SEK 14.88 (16.03).
- Axfood's consolidated sales amounted to SEK 29,189 m (28,808) for the year, an increase of 1.3%.
- Like-for-like sales rose 1.1% during the year. Retail sales for Axfood's wholly owned stores increased by 0.5%.
- The Board of Directors proposes a ordinary dividend of SEK 12 per share (12) based on profit for the year.
- Axfood forecasts operating profit for 2008 to be level with 2007.

Key ratios

SEK m	Oct.-Dec.		Jan.-Dec.	
	2007	2006	2007	2006
Net sales	7,653	7,384	29,189	28,808
Operating profit	264	266	1,121	1,204
Operating margin, % ¹	3.4	3.6	3.8	3.9
Profit after financial items	255	261	1,086	1,183
Profit after tax	183	188	781	852
Earnings per share, SEK ²	3.48	3.59	14.88	16.03
Equity ratio, %	-	-	32.6	39.8
Return on capital employed, %	-	-	37.6	37.3
Return on shareholders' equity %	-	-	34.2	32.5
Net asset value per share, SEK	-	-	41.02	46.12

1) Excluding compensation of SEK 89 m from the settlement with the Vi retailers association in 2006.

2) Before and after dilution. The number of shares is reduced by the number of treasury shares held. No treasury shares were held as per 31 December 2007.

CEO's comments

2007 was yet another successful year for Axfood, with stable development, continued good profitability and the best operating margin in our industry.

We succeeded to achieve our earnings target and ended the year with favourable sales growth despite increasing competition. Our good cost control, together with continued efficiency improvement of our logistics and coordination of our purchasing, also contributed to the positive trend.

For Willys, 2007 entailed our best result so far. At the same time, the challenge remains to maintain and strengthen our position, and to increase sales volumes in a competitive market. In 2008 we therefore intend to establish an additional four stores and begin a revitalization of the Willys concept.

Hemköp continued its development work with a focus on strengthening the brand and creating long-term growth in sales. The strategy includes quality assurance of store operations, a changed price and product strategy, a new customer card and a revamped, clearer marketing strategy. In addition, nine new stores were opened, mainly toward the end of the year. These investments together have resulted in higher costs which were charged against earnings. The development work continues in 2008 and at least three stores will be established in 2008.

Greater efficiency at Dagab is a critical success factor for continued growth. During 2007 delivery reliability has been successfully improved, a reorganization of the warehouse operations has been initiated, and Autoorder, the new platform for automating stores' product supply, has been tested for implementation in 2008.

Närilivs, which has had favourable development, has successfully refined and streamlined its organization. Several customer contracts were signed or renewed, including a three-year agreement with Reitan Servicehandel. The challenge for 2008 will be the agreements up for renewal against mounting competition.

As part of Axfood's strategy for profitable growth, in December an agreement was signed on the acquisition of PrisXtra, a family-owned company with five stores and an online store in the Stockholm area with combined annual sales of approximately SEK 700 m. The acquisition strengthens Axfood's position in the prospering Stockholm market. It also adds a third store concept aside from Willys and Hemköp.

In Axfood's effort to further integrate environmental work in its operations and make it easier for our customers to make environmentally conscious choices, a new environmental policy has been adopted and a new position of Head of Environmental Affairs has been established.

Raw material costs increased significantly toward the end the year as a result of extreme weather, higher global demand and shrinking inventories. To compensate for higher raw material costs,

Axfood announced price increases for grain and dairy products during the fourth quarter. In 2008 we expect further price increase for dairy products and meat, as well as higher transport costs.

We believe the market will continue to be characterized by strong competition and establishment of new store space. Consequently, we will continue to develop and improve our concepts in the aim of investing in a stronger market position, future growth and sustained profitability. Although our growth will be primarily organic, we cannot rule out strategic acquisitions intended to drive development and ensure future positions.

Axfood's goal is to remain the most profitable company in the industry in 2008, and we expect our operating profit to remain level with 2007.

Anders Strålmán
President and CEO

Important events during the fourth quarter:

- Axfood signed an agreement to acquire PrisXtra, with annual sales of approximately SEK 700 m.
- Willys: one store was converted from Hemköp to Willys.
- Hemköp: one store was established and two were converted from Willys hemma to Hemköp. Two Hemköp franchise stores were opened.
- Camilla Weiner was named Head of Corporate Communications for Axfood AB. She will assume her position on 1 March 2008.

Important events earlier in the year:

- Contract negotiations resulted in a three-year agreement.
- A new organization for purchasing and distribution of fruit and vegetables was put in place in April.
- Axfood acquired a Vi store at Skanstull in Stockholm, with annual sales of approximately SEK 120 m.
- Willys: two stores were established, one was converted from Hemköp to Willys, and three stores were sold. One Willys store was closed. Four Willys hemma stores were sold and four were closed.
- Hemköp: one store was acquired and one new store was established. Two Hemköp franchise stores were opened.
- Axfood signed an agreement to establish a store on Fleminggatan in Stockholm.
- Karin Hygrell-Jonsson assumed her duties as new CFO, and Anders Quist began serving as Head of Business Development for Axfood.

Important events after year-end:

- The Competition Authority approved the acquisition of PrisXtra on 18 January 2008, and the acquisition was completed on 28 January 2008.
- In January 2008 Axfood signed an agreement to acquire a Vi store in Solna Centrum, with annual sales of approximately SEK 120 m.
- In January 2008 Åsa Domeij was appointed as Axfood's new Head of Environmental Affairs. She will assume her position on 1 March 2008.

Change in store structure, Jan.-Dec. 2007

	Dec. 2006	Establish- ment	Acquisitions	Sales/ closures	Conversions to/from ²⁾	Dec. 2007
Hemköp	76	2	1	-	0	79
Willys ¹⁾	148	2	-	-12	0	138
Total, wholly owned	224	4	1	-12	-	217
Hemköp franchises	82	1	3	0	-	86

1) Of which, Willys hemma 33 (43).

2) During the year, two stores were converted from Hemköp to Willys, and two stores from Willys to Hemköp.

Net sales, own and franchise stores

	Oct.-Dec. 2007, SEK m	% ¹⁾	Like-for-like sales % ¹⁾	Jan.-Dec. 2007, SEK m	% ¹⁾	Like-for-like sales % ¹⁾
Hemköp	1,482	0.4	-0.1	5,620	-2.8	-0.9
Hemköp franchises	963	11.7	5.1	3,675	9.3	2.7
Hemköp total	2,445	4.6	1.9	9,295	1.7	0.5
Willys total	4,033	4.0	4.8	15,382	1.8	1.7
Total	6,478	4.2	3.9	24,677	1.7	1.3

1) % 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 29,189 m (28,808) during the year, an increase of 1.3%. Store sales for the Axfood Group (wholly owned stores and in Hemköp franchises) amounted to SEK 24,677 m (24,256), an increase of 1.7%. Sales by Axfood's wholly owned stores in Sweden increased during the year by 0.5%, while like-for-like sales rose 1.1%.

Operating profit for the year was SEK 1,121 m. Operating profit for the preceding year, totalling SEK 1,204 m, included SEK 89 m from the settlement with the Vi retailers association. The operating margin for the year was 3.8% (3.9%).

Net financial items totalled SEK -35 m (-21) and profit after financial items was SEK 1,086 m (1,183). The margin after financial items was 3.7% (4.1%). Profit after tax was SEK 781 m (852).

Financial position

Cash flow from operating activities for the year before paid tax was SEK 1,496 m (1,844). Paid tax amounted to SEK -330 m (-684). Cash and cash equivalents held by the Group amounted to SEK 471 m, compared with SEK 369 m in December 2006. Interest-bearing assets at year-end amounted to SEK 497 m, compared with SEK 406 m in December 2006. Interest-bearing liabilities and provisions totalled SEK 967 m at year-end, compared with SEK 467 m in December 2006. Interest-bearing net debt was SEK 470 m at year-end, compared with SEK 61 m in December 2006.

The equity ratio was 32.6%, compared with 39.8% in December 2006.

Share repurchases had a cash flow effect of SEK – m (-430) and the dividend paid out to the shareholders SEK 1 049 m (811).

Capital expenditures

Total capital expenditures during the period amounted to SEK 576 m (587). Of these, SEK 65 m (–) pertained to acquisitions of businesses, SEK 249 m (321) to non-current assets in retail operations, SEK 105 m (99) to non-current assets in wholesale operations, and SEK 143 m (160) to IT.

Axfood acquired one store during the year, at a purchase price of SEK 63 m. Acquired assets and liabilities are reported on Axfood's balance sheet at fair value. In connection with the acquisition, in addition to goodwill, a leasehold has been identified with a value of SEK 16 m. Acquired goodwill amounts to SEK 51 m. No intangible assets other than the leasehold and goodwill have been identified.

Employees

The Axfood Group had an average of 6,463 employees (6,569) during the year. Of the Group's employees, approximately 75% work in stores and slightly more than 20% work in the wholesaling operation.

Store operations

Hemköp

Sales for Hemköp's stores – both wholly owned and franchises – rose 1.7% during the year. Sales for wholly owned Hemköp stores totalled SEK 5,620 m (5,779) during the year, a decrease of 2.8%. Like-for-like sales for wholly owned stores decreased by 0.9% during the year.

Sales for franchise stores totalled SEK 3,675 m (3,362), an increase of 9.3%, with a 2.7% rise in like-for-like sales.

Sales for Axfood's wholly owned stores totalled SEK 1,482 m (1,477) for the year.

Operating profit for the year was SEK 53 m (79). The operating margin for the year was 0.9% (1.4%). Operating profit for the fourth quarter was SEK 2 m (17).

Earnings were hurt by the strategic brand-building work and nine newly established stores.

Hemköp's private label share (incl. franchise stores) was 14.0% (13.4%) as of December.

Hemköp acquired five stores during the fourth quarter, of which three are wholly owned. Two of these were conversions from Willys hemma units and will be run according to a slightly new Hemköp concept designed for central city locations.

Hemköp's new customer card was successfully introduced in late August, and by year-end the goal of 100,000 card-carrying customers had been exceeded. The card is a key part of Hemköp's long-term work on boosting customer loyalty and thereby sales and market shares. Hemköp had 165 stores at year-end, of which 79 are wholly owned.

Willys (including Willys hemma)

Sales for Willys totalled SEK 15,382 m (15,115) for the year, an increase of 1.8% compared with a year earlier. Like-for-like sales rose 1.7% during the same period. Sales for the fourth quarter totalled SEK 4,033 m (3,879), an increase of 4.0%, or 4.8% on a like-for-like basis. Willys has focused on sales growth in existing stores and implemented more generous opening hours. During the year, a revitalization of the Willys concept was developed prioritizing fresh products, organic products and an expansion in the product offering to approximately 1,000 items.

Operating profit for the year was SEK 666 m (558). Profit for the year included a one-time effect of SEK 19 m, attributable to the valuation of store inventories. The operating margin was 4.3% (3.7%). Operating profit for the fourth quarter was SEK 178 m (135).

The private label share as of December was 23.1% (23.6%) for Willys and 26.5% (27.0%) for Willys hemma.

The Willys chain comprises 138 wholly owned stores, including 33 Willys hemma stores.

Axfood Partihandel (wholesaling) – Dagab and Axfood Närlivs

Dagab's sales for the year totalled SEK 21,294 m (20,572). Sales for the fourth quarter totalled SEK 5,697 m (5,399). Operating profit for the year was SEK 131 m (226). The operating margin for the year was 0.6% (1.1%). Operating profit for the fourth quarter was SEK 43 m (68). Earnings were affected by, among other things, the ongoing restructuring of the warehouse operations, including a new high-rise warehouse in Jordbro and a new cold storage warehouse in Borlänge. Successful work on improving delivery reliability has also led to higher costs. Transport costs have also risen.

Sales for Axfood Närlivs amounted to SEK 5,465 m (5,465) for the year. Sales for the fourth quarter totalled SEK 1,403 m (1,379). Starting on 1 January 2007, Axfood Närlivs has taken over customer responsibility for external customers (such as Tempo) from Dagab. The comparison figure for sales has been adjusted accordingly. Axfood Närlivs' operating profit for the year was SEK 101 m (108). The operating margin for the year was 1.8% (2.0%). Operating profit for the fourth quarter was SEK 23 m (20). Several new nationwide customer agreements were signed during the year. Axfood Närlivs continues to show strong earnings in a competitive market.

Significant risks and uncertainty factors

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.

In the immediate future, higher raw material prices and higher transport costs could have an impact on the Group's purchasing prices.

In the course of its safety analysis work, Axfood has identified a total loss, such as that resulting from a fire at one of the central warehouses in Jordbro or Backa, as one of the greatest operating risks that the company must manage. 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. For a detailed account of the risks that affect the Group, please refer to the 2006 Annual Report or, after 19 February 2008, to the 2007 Annual Report.

Environmental impact

Axfood takes a long-term perspective in its work 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 using 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, source sorting of waste at offices and in stores, and electricity consumption in offices, warehouses and stores.

Parent Company

Other operating revenue for the Parent Company during the year amounted to SEK 160 m (253). After selling, administrative expenses and other operating expenses totalling SEK 192 m (211) and SEK -18 m (2) in net financial items, the result after financial items was SEK -50 m (44). Capital expenditures during the year amounted to SEK 8 m (1).

Cash and cash equivalents held by the Parent Company totalled SEK – m, compared with SEK 1 m in December 2006. Interest-bearing net debt was SEK 1,091 m at year-end, compared with SEK 744 m in December 2006.

No shares were repurchased during the year (share repurchases affected the Parent Company's and Group's cash flow in the preceding year by SEK -430 m). The average holding of treasury shares during the year was 1,200,118. Axfood's 2007 Annual General Meeting resolved to reduce the share capital by SEK 10.6 m through cancellation of all treasury shares. This cancellation was completed on 27 July 2007.

The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

Accounting principles

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and RR 31 Interim Financial Reporting for Groups. 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.

Starting on 1 January 2007, Axfood applies IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements. IFRS 7 entails no change in the accounting and valuation of financial instruments. However, it does entail the addition of certain disclosure requirements compared with the previous requirements under IAS 32. Among other things, it entails an improvement in the current disclosure requirements with respect to exposures and the management of risks from financial instruments. In view of IFRS 7, the disclosure requirements of IAS 1 have been amended. Among other things, descriptions must be provided with respect to the capital base, external capital requirements and the extent to which these have been met or not. In addition to IFRS 7 and the IAS 1 Amendment are four IFRIC interpretations – IFRIC 7, 8, 9 and 10. IFRS 7, the IAS 1 Amendment and IFRIC interpretations 7, 8, 9 and 10 have no effect on the Axfood Group's income statement, balance sheet, cash flow statement or shareholders' equity.

Starting on 1 January 2008, three IFRIC interpretations have been added – IFRIC 11, 12 and 14. These 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 bases of calculation as in the most recent annual report have been used.

The Parent Company complies with the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council recommendation RR 32:06 – Reporting for Legal Entities. Application of RR 32 entails that in interim reporting for legal entities, the Parent Company is to apply all IFRSs and statements 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.

As from 1 January 2008, the Parent Company does not apply any new accounting principles compared with 2007.

Future outlook

The Axfood Group's goal is to achieve operating profit for 2008 that is level with 2007.

Next reporting date

The interim report for the period January–March 2008 will be released on 16 April 2008.

Annual General Meeting

The 2008 Annual General Meeting will be held at 5 p.m. on 5 March 2008 at the Grand Hotel in Stockholm. The 2007 Annual Report will be published on 19 February 2008 on Axfood's website and will be on hand at Axfood's head offices in Solna. Printed versions will also be distributed by post to shareholders upon request.

Stockholm, 1 February 2008

Anders Strålman

President and CEO

This year-end report has been submitted for review by the company's auditors.

Contact information

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Financial reports, Group

Net sales per business unit

SEK m	Oct.-Dec.		Jan.-Dec.	
	2007	2006	2007	2006
Hemköp	1,496	1,489	5,674	5,829
Willys	4,033	3,879	15,382	15,115
Axfood Närlivs ¹	1,403	1,379	5,465	5,465
Dagab ²	5,697	5,399	21,294	20,572
Other ³	389	254	1,230	947
Internal sales ⁴	-5,365	-5,016	-19,856	-19,120
Net sales, total	7,653	7,384	29,189	28,808

Operating profit for the period (EBIT), broken down by business unit

SEK m	Oct.-Dec.		Jan.-Dec.	
	2007	2006	2007	2006
Hemköp	2	17	53	79
Willys	178	135	666	558
Axfood Närlivs	23	20	101	108
Dagab	43	68	131	226
Other ³	18	26	170	233
Operating profit for the period, total	264	266	1,121	1,204

¹ Of which, distributed sales SEK 1,125 m (1,097) for October-December and SEK 4,389 m (4,365) for January-December. Sales for 2006 have been adjusted, since starting on 1 January 2007, Axfood Närlivs has taken over customer responsibility for external customers (such as Tempo) from Dagab.

² Of which, distributed sales SEK 3,757 m (3,564) for October-December and SEK 13,921 m (13,428) for January-December.

³ Includes joint-Group functions and the support company Axfood IT, and in the preceding period and full year, the proceeds from the settlement with the Vi retailers association, totalling SEK 89 m.

⁴ Of which, Dagab SEK 5,010 m (4,8806) for October-December and SEK 18,769 m (18,340) for January-December. Sales for 2006 have been adjusted, since starting on 1 January 2007, Axfood Närlivs has taken over customer responsibility for external customers (such as Tempo) from Dagab.

Condensed income statement

SEK m	Oct.-Dec.		Jan.-Dec.	
	2007	2006	2007	2006
Net sales	7,653	7,384	29,189	28,808
Cost of goods sold	-6,622	-6,347	-25,119	-24,760
<i>Gross profit</i>	1,031	1,037	4,070	4,048
Selling/administrative expenses, etc.	-767	-771	-2,949	-2,844
<i>Operating profit</i>	264	266	1,121	1,204
Net financial items	-9	-5	-35	-21
<i>Profit after financial items</i>	255	261	1,086	1,183
Tax	-72	-73	-305	-331
Net profit for the period	183	188	781	852
Operating profit includes depreciation/amortization of	122	123	477	474
Earnings per share, SEK	3.48	3.59	14.88	16.03

Condensed balance sheet

<i>SEK m</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Assets		
Goodwill	1,182	1,131
Interest-bearing receivables	13	24
Other financial assets	30	31
Other non-current assets	1,755	1,736
Total non-current assets	2,980	2,922
Inventories	1,597	1,473
Accounts receivable — trade	685	514
Interest-bearing receivables	13	13
Other current assets	862	784
Cash and bank balances	471	369
Total current assets	3,628	3,153
Total assets	6,608	6,075
Shareholders' equity and liabilities		
Equity attributable to equity holders of the parent	2,152	2,420
Total shareholders' equity	2,152	2,420
Interest-bearing non-current liabilities	587	385
Noninterest-bearing non-current liabilities	168	157
Total non-current liabilities	755	542
Current interest-bearing liabilities	380	82
Accounts payable — trade	1,850	1,753
Other current noninterest-bearing liabilities	1,471	1,278
Total current liabilities	3,701	3,113
Total shareholders' equity and liabilities	6,608	6,075
Contingent liabilities	23	29
Pledged assets	2	2

Condensed cash flow statement

<i>SEK m</i>	Jan.-Dec.	
	2007	2006
Operating activities		
–Cash flow from operating activities before changes in working capital before paid tax	1,531	1,693
–Paid tax	-330	-684
–Changes in working capital	-35	151
<i>Cash flow from operating activities</i>	1,166	1,160
Investing activities		
–Company acquisitions, net	-54	236
–Acquisitions of non-current assets, net	-471	-559
–Reduction of financial non-current assets	13	2
<i>Cash flow from investing activities</i>	-512	-321
Financing activities		
–Change in interest-bearing liabilities	497	47
–Share repurchases	-	-430
–Dividend paid out	-1,049	-811
<i>Cash flow from financing activities</i>	-552	-1,194
Cash flow for the period	102	-355

Change in shareholders' equity, 31/12/2007

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

Change in shareholders' equity, 31/12/2006

<i>SEK m</i>	Majority owner's share	Minority owner's share	Total
Amount at start of year	2,825	119	2,944
Accumulated exchange rate difference attributable to discontinued operation	-20	–	-20
Minority interest attributable to discontinued operation	–	-119	-119
Change in fair value of forward exchange contracts	0	–	0
Total changes in net worth reported directly against shareholders' equity, excluding transactions with the company's owners	-20	-119	-139
Profit for the period	852	–	852
Total changes in net worth, excluding transactions with the company's owners	832	-119	713
Share repurchases	-430	–	-430
New issue	4	–	4
Dividend to shareholders	-811	–	-811
Amount at end of period	2,420	–	2,420

Key ratios and other data

	31/12/2007	31/12/2006
Operating margin, % ¹	3.8	3.9
Margin after financial items, %	3.7	4.1
Equity ratio, %	32.6	39.8
Debt-equity ratio, net, multiple	0.2	0.0
Debt-equity ratio, multiple	0.45	0.19
Interest coverage, multiple	25.7	43.2
Capital employed, SEK m	3,119	2,887
Return on capital employed, %	37.6	37.3
Return on shareholders' equity, %	34.2	32.5
Capital expenditures, SEK m	576	587
Earnings per share, SEK ^{2, 3}	14.88	16.03
Ordinary dividend per share, SEK	12.00 ⁴	12.00
Extra dividend per share, SEK	-	8.00
Net asset value per share, SEK ^{2, 3}	41.02	46.12
Number of shares outstanding ³	52,467,678	52,467,678
Weighted average number of shares ^{2, 3}	52,467,678	53,162,625
Weighted average number of shares after dilution ^{2, 3}	52,467,678	53,162,625
Number of treasury shares held	-	2,116,150
Average number of employees during the year ⁵	6,463	6,569

1) Operating margin excluding compensation for the settlement with the Vi retailers association for the full year 2006.

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

3) The number of shares outstanding in 2006 less holdings of treasury shares.

4) Proposed by the Board of Directors.

5) In calculating the average number of employees in 2007, the normal number of hours worked per year has been changed from 1,800 to 1,920 hours. The comparison figures for 2006 have been changed.

Financial reports, Parent Company

Condensed income statement, Parent Company

SEK m.	Oct.-Dec.		Jan.-Dec.	
	2007	2006	2007	2006
Net sales	-	-	-	-
Selling/administrative expenses, etc.	-10	-15	-32	42
<i>Operating profit</i>	-10	-15	-32	42
Net financial items	-7	0	-18	2
<i>Profit after financial items</i>	-17	-15	-50	44
Appropriations	3	0	3	0
<i>Profit before tax</i>	-14	-15	-47	44
Tax	3	6	13	-11
Net profit for the period	-11	-9	-34	33
Operating profit includes depreciation/amortization of	2	2	8	8

Profit for the full year 2006 included compensation of SEK 89 m from the settlement with the Vi retailers association.

Condensed balance sheet, Parent Company

<i>SEK m</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Assets		
Property, plant and equipment	25	28
Participations in Group companies	2,958	3,015
Interest-bearing receivables	13	24
Other financial non-current assets	3	3
Deferred tax assets	9	9
Total non-current assets	3,008	3,079
Receivables from Group companies ¹⁾	1,779	1,781
Interest-bearing receivables	13	14
Other current assets	14	14
Cash and bank balances	0	1
Total current assets	1,806	1,810
Total assets	4,814	4,889
Shareholders' equity and liabilities		
Restricted shareholders' equity	262	273
Unrestricted shareholders' equity	2,639	2,951
Total shareholders' equity	2,901	3,224
Untaxed reserves	6	9
Interest-bearing non-current liabilities	226	25
Noninterest-bearing non-current liabilities	6	6
Total non-current liabilities	232	31
Current interest-bearing liabilities	354	58
Liabilities to Group companies ²⁾	1,263	1,417
Accounts payable — trade	9	5
Other current noninterest-bearing liabilities	49	145
Total current liabilities	1,675	1,625
Total shareholders' equity and liabilities	4,814	4,889
Contingent liabilities	367	364
Pledged assets	-	-
1) Of which, interest-bearing receivables	697	662
2) Of which, noninterest-bearing liabilities	1,233	1,362



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