



Interim Report Axfood AB (publ)

FIRST QUARTER SUMMARY

- Axfood's consolidated sales for the period January–March totalled SEK 9,566 m (8,946), an increase of 6.9%.
- Retail sales for Group-owned stores increased by 5.8% during the period. Like-for-like sales increased by 4.3% during the period.
- Operating profit for the period was SEK 329 m (246).
- Profit after financial items was SEK 328 m (242) for the period.
- Profit after tax totalled SEK 256 m (189) for the period, and earnings per share were SEK 4.88 (3.57).
- Axfood's goal for 2015 is to exceed the level of profit achieved in 2014.

NO SIGNIFICANT EVENTS HAVE TAKEN PLACE AFTER THE BALANCE SHEET DATE

Key ratios				
SEK m	Q1 2015	Q1 2014	Change	Full year 2014
Net sales	9,566	8,946	6.9%	38,484
Operating profit	329	246	33.7%	1,447
Operating margin, %	3.4	2.7	0.7	3.8
Profit after financial items	328	242	35.5%	1,430
Profit after tax	256	189	35.4%	1,104
Earnings per share, SEK ¹	4.88	3.57	36.7%	20.88
Cash flow per share, SEK	-11.0	-5.1	-115.7%	12.4
Cash flow from operating activities per share, SEK	9.9	7.9	25.3%	38.7
Return on capital employed, % ²	38.7	32.0	6.7	32.4
Return on shareholders' equity, % ²	35.4	32.0	3.4	28.1
Shareholders' equity per share, SEK ³	64.97	60.32	7.7%	76.79
Equity ratio, %	37.2	37.0	0.2	41.9

1) Before and after dilution.

2) Moving 12-month figures.

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

For further information, please contact:

Anders Strålman, President and CEO, mobile +46-70-293 16 93
Karin Hygrell-Jonsson, CFO, mobile +46-70-662 69 70

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 22 April 2015.

CEO'S COMMENTS

Axfood is continuing the positive sales performance. Attractive customer offerings, well-run stores and a greater number of customers who have chosen to visit our stores have contributed to the positive sales trend. This strong performance is being further enhanced by effective logistics. Earnings for the first quarter were also favourable thanks to the strong sales performance. All units posted solid results. Sales of private label products grew and amounted to 27.1% of total as of March, which contributed to growth in both sales and earnings.

Continued strong earnings for all units

Willys had good sales growth and good profitability. Further development of Willys+, the successful, digital customer programme, had a positive impact on sales. Two new Willys stores opened and two Willys Hemma stores were closed.

Hemköp continued to report very good sales performance both overall and on a like-for-like basis. Hemköp also reported strong and improved earnings, which can be credited to the long-term work on offering modernized and well run stores that exceed customers' expectations.

Axfood Närlivs had favourable sales growth, with higher market shares and favourable earnings, which can be credited primarily to improved offerings and a greater number of customers. Earnings for the corresponding period a year ago were tempered by costs for implementation of the new business system at Axfood Närlivs.

Axfood Sverige, which is reported as a new segment starting in 2015, comprises Axfood's entire supply chain operations, i.e., purchasing, inventory, transports and logistics. Axfood Sverige's earnings improved sharply, which is proof that we have adopted the right strategy by coordinating these operations for further efficiency improvements. Earnings for the corresponding period a year ago were affected by costs in connection with the change of the business system.

Market outlook

Despite the favourable conditions created by low interest rates and weak inflation, consumers continue to be cautious. Our view, however, is that the market conditions for the food retail sector will remain stable, with continued strong competition and food price inflation of approximately 1%–2%.

Axfood's strategy remains firm

Axfood has entered 2015 with the same strategy that has secured our profitable growth for several years. It is based on this strategy that we will continue to develop our concepts, strengthen our brands and exceed customers' expectations. We are also keeping our focus fixed on increasing efficiency, maintaining a high pace of establishment, good cost control and further development of our customer programmes.

Parallel with this, Axfood will, step by step, be seeing the results of the major investments we have made in recent years in the new business system as well as in our stores and new customer programmes. We will continue to invest in store modernizations during the year and maintain an ambitious pace of investment, with eight new stores slated to open in the coming quarters.

Capital expenditures in 2015 are expected to total SEK 700–800 m.

Axfood's goal for 2015 is to exceed the level of profit achieved in 2014.

Anders Strålmán
President and CEO, Axfood AB

SALES, AXFOOD GROUP

First quarter

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 9,566 m (8,946) during the first quarter, an increase of 6.9%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 8,153 m (7,714), an increase of 5.7%. Sales for Group-owned retail operations increased by 5.8% during the first quarter, with a 4.3% rise in like-for-like sales. Sales were favourably affected by the Easter holiday – particularly in the wholesale segment – but also in the retail segment to some extent. The total effect on Axfood's consolidated wholesale and retail sales is estimated at 0.5%.

Axfood's private label share was 27.1% (25.6%) as of March.

THE SWEDISH FOOD RETAIL MARKET

According to Statistics Sweden's retail trade index for February, accumulated sales for the food retail segment have grown 3.7% since the start of the year in current prices. In fixed prices, adjusted for price and calendar effects, volume has increased by 1.9%.

Net sales per operating segment

SEK m	Q1 2015	Q1 2014	Full year 2014
Willys	5,261	4,941	20,974
Hemköp	1,401	1,355	5,510
Axfood Närlivs	595	545	2,522
Axfood Sverige	9,265	8,077	34,951
Joint-Group ¹	166	171	679
<i>Internal sales</i>			
Axfood Sverige	-6,967	-5,981	-25,509
Axfood Närlivs	-1	-1	-3
Joint-Group	-154	-161	-640
Total	9,566	8,946	38,484

¹ Includes head office support functions, such as the Executive Committee, Finance/Accounting, HR and IT.

Retail sales, Group-owned and franchise stores

SEK m	Q1 2015	% ¹⁾	Like-for-like sales, % ¹⁾
Willys	5,261	6.5	4.3
Hemköp, Group-owned	1,378	3.3	4.2
Hemköp franchises	1,514	5.2	4.2
Hemköp total	2,892	4.3	4.2
Group-owned retail operations	6,639	5.8	4.3
Axfood Group, total	8,153	5.7	4.2

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

Change in store structure, three months 2015

	Dec. 2014	New establishment	Acquisitions	Sales/ closures	Conversions to/from	March 2015
Willys ¹⁾	191	2		-2		191
Hemköp	68			-2		66
Total, Group-owned	259	2		-4		257
Hemköp franchises	111					111
¹⁾ Of which, Willys Hemma	52			-2		50

EARNINGS, AXFOOD GROUP

First quarter

Operating profit for the first quarter totalled SEK 329 m (246). The operating margin was 3.4% (2.7%). All units showed stronger earnings. The implementation of the new business system was completed during the same period a year ago, which gave rise to higher costs for the period. Net financial items totalled SEK -1 million (-4), and profit after financial items was SEK 328 m (242). The margin after financial items was 3.4% (2.7%). Profit after tax was SEK 256 m (189).

Operating profit for the period, broken down by operating segment

SEK m	Q1 2015	Q1 2014	Full year 2014
Willys	172	170	870
Hemköp	50	35	197
Axfood Närlivs	19	7	138
Axfood Sverige	125	72	403
Joint-Group ¹	-37	-38	-161
Operating profit for the period, total²	329	246	1,447

¹ Includes head office support functions, such as the Executive Committee, Finance/Accounting, HR and IT.

² Net financial items are not distributed per operating segment. Axfood has no significant transactions with related parties other than transactions with subsidiaries.

CAPITAL EXPENDITURES

Total capital expenditures during the period January–March amounted to SEK 164 m (163), of which SEK 2 m (–) pertained to acquisitions of businesses, while SEK 99 m (75) pertained to investments in non-current assets in retail operations, SEK 7 m (10) to investments in non-current assets in wholesale operations, and SEK 21 m (13) to IT development.

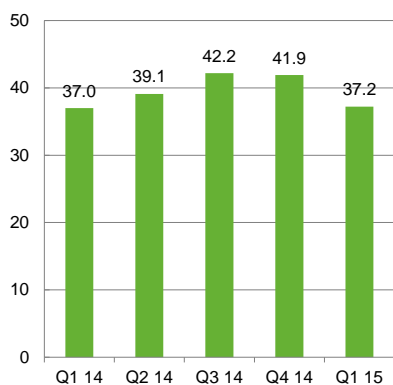
In February Axfood completed the acquisition of Hall Miba AB, acquiring the remaining 50%. Following the acquisition Axfood owns 100% of the company. The acquisition was made under the terms of agreement signed between Axfood and the seller during the fourth quarter of 2011. Consideration for the remaining 50% of the company totalled SEK 35 m and was paid in cash. The amount had no earnings effect.

FINANCIAL POSITION

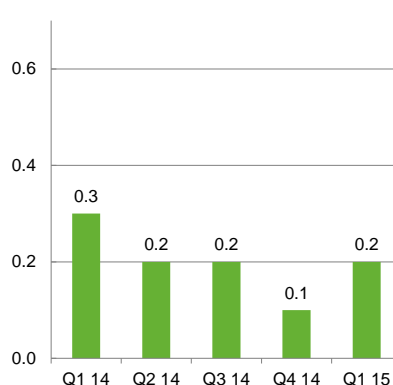
Cash flow from operating activities before paid tax was SEK 567 m (481) during the period. Paid tax amounted to SEK -49 m (-68). Cash and cash equivalents held by the Group amounted to SEK 531 m, compared with SEK 1,109 m in December 2014. Interest-bearing liabilities and provisions totalled SEK 535 m at the end of the period, compared with SEK 585 m in December 2014. Interest-bearing net debt at the end of the period was SEK 4 m, compared with an interest-bearing net debt receivable of SEK 524 m in December 2014. Payout of the shareholder dividend affected cash flow by SEK -899 m (-794), and net capital expenditures affected cash flow by SEK -176 m (-151).

The equity ratio was 37.2%, compared with 41.9% in December 2014.

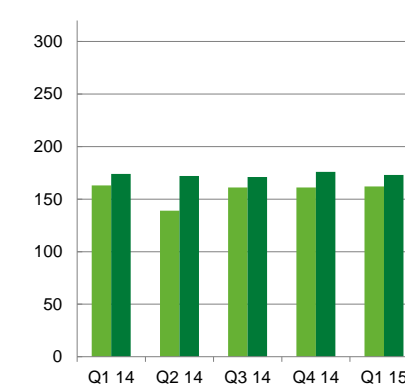
Equity ratio, %



Debt-equity ratio, multiple



Capital expenditures*, depreciation/amortization, SEK m



■ Capital expenditures* ■ Depreciation/amortization
* Excluding goodwill

Willys

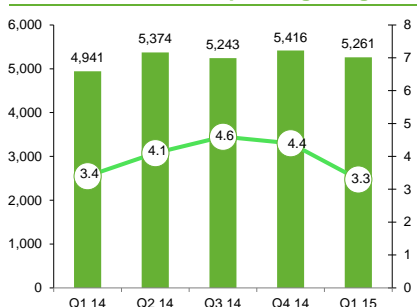
First quarter

Willys reported favourable sales growth and good profitability. Sales amounted to SEK 5,261 m (4,941), an increase of 6.5% compared with the same period a year ago. Like-for-like sales increased by 4.3%. Operating profit totalled SEK 172 m (170). The operating margin was 3.3% (3.4%). During the quarter two new Willys stores opened and two Willys Hemma stores were closed. Earnings were negatively affected by costs of SEK 9 m stemming from the closure of the two Willys Hemma stores.

Willys' private label share was 29.3% as of March (27.9%).

The focus going forward is on further growing sales with more compelling customer offerings, among other things through further development of the Willys+ digital customer programme. Willys will also continue to pursue an ambitious pace of establishment.

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



SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	5,261	4,941	20,974
Change in like-for-like sales, %	4.3	-3.1	0.3
Operating profit	172	170	870
Operating margin, %	3.3	3.4	4.1
Number of Group-owned stores	191	184	191
Average number of employees	4,125	3,952	4,255
Private label share	29.3	27.9	27.2

Hemköp

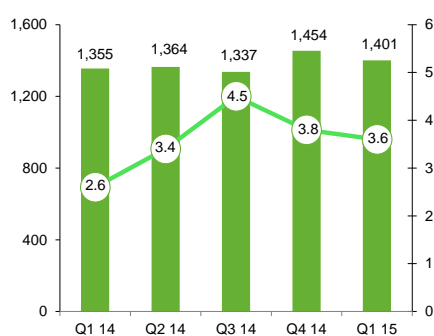
First quarter

Like-for-like sales performance remained very favourable, with good profitability. Investments in modernizing stores combined with improved store operations contributed to the positive performance. Sales increased by 3.4%, with sales for Group-owned stores totalling SEK 1,378 m (1,334), an increase of 3.3%. Like-for-like sales for Group-owned stores rose 4.2% during the period. Sales for franchise stores amounted to SEK 1,514 m (1,439), an increase of 5.2%, while like-for-like sales for franchise stores rose 4.2% (see table on page 3). Two Hemköp stores were closed during the quarter.

Hemköp's private label share was 21.6% (20.2%) as of March.

Operating profit for the first quarter totalled SEK 50 m (35). The operating margin for the period was 3.6% (2.6%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	1,401	1,355	5,510
Change in like-for-like sales, %	4.2	0.5	2.3
Operating profit	50	35	197
Operating margin, %	3.6	2.6	3.6
Number of Group-owned stores	66	68	68
Average number of employees	1,620	1,614	1,683
Private label share	21.6	20.2	20.3

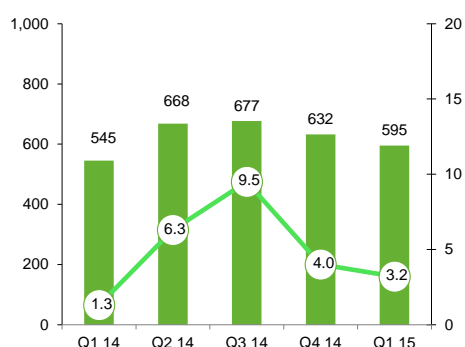
Axfood Närlivs

First quarter

Axfood Närlivs had favourable sales growth, with higher market shares and favourable earnings, which can be credited primarily to improved offerings and a greater number of customers. Earnings for the corresponding period a year ago were tempered by costs for implementation of the new business system at Axfood Närlivs. Sales during the period amounted to SEK 595 m (545), an increase of 9.2%.

Operating profit amounted to SEK 19 m (7) for the first quarter, and the operating margin was 3.2% (1.3%).

Sales, SEK m, and operating margin, %



Key ratios

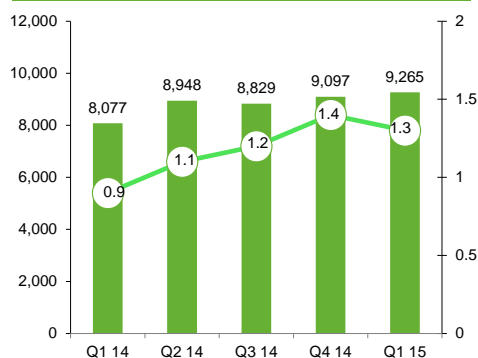
SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	595	545	2,522
Operating profit	19	7	138
Operating margin, %	3.2	1.3	5.5
Axfood Snabbgross, no. stores	20	20	20
Average number of employees	416	409	434

Axfood Sverige

First quarter

Axfood Sverige, which is reported as a new segment starting in 2015, comprises Axfood's entire supply chain operations, i.e., purchasing, inventory, transports and logistics. Axfood Sverige's earnings improved sharply, which is proof that we have adopted the right strategy by coordinating these operations for further efficiency improvements. Both delivery reliability and productivity have improved in pace with completion of the comprehensive and resource-intensive implementation of the business system during the preceding year. Operating profit totalled SEK 125 m (72), and the operating margin was 1.3% (0.9%). Sales amounted to SEK 9,265 m (8,077).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	9,265	8,077	34,951
Distributed sales	5,979	5,105	22,147
Operating profit	125	72	403
Operating margin, %	1.3	0.9	1.2
Average number of employees	1,648	1,645	1,798
Delivery reliability	96.9	94.7	95.9

SUSTAINABLE DEVELOPMENT

One of Axfood's strategic objectives is to be an active driver of sustainable development and thereby be best in the industry for the benefit of society. 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. Axfood's view of the work on improving social conditions of suppliers is that is not enough to rely solely on controls and monitoring. It is also important to work with supplier training and dialogue through cooperation with local organisations. This approach, which was strengthened in 2014, played a key role in Axfood's work with social issues during the first quarter. Priority areas for Axfood's environmental sustainability work are energy consumption, transports and material flows. All of these areas have major bearing on Axfood's business and have large potential for improvement.

A number of important decisions have been made regarding sustainable business. Among other things, a goal has been set to sell only fish assigned a green light by WWF by 2020. Today Axfood does not sell red-listed fish. Providing clearer source labelling of food ingredients is another important area in which efforts have been made to guide consumers. Axfood has set a goal that its private label products will include information about the main ingredients' country of origin by 2015 at the latest. This goal was already achieved in 2014 for a large number of products. For products containing meat, the goal has already been fully achieved.

One overall goal is to reduce the climate impact of Axfood's operations by 75% during the period 2009–2020. An area of importance going forward involves work on improving energy efficiency and changing over to refrigerants that do not have any adverse climate impact. As a step in reducing energy consumption, a system for detailed measurement and control of electricity consumption has been installed in Axfood's Group-owned stores and warehouses. In addition, Axfood Sverige has installed one of Sweden's largest solar panel systems, which helps power the refrigeration system at the Group's freezer warehouse in Gothenburg.

Axfood Sverige is working continuously to minimize 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 transport emissions, Evolution Diesel fuel is used, which is based in part on pine oil and produces lower CO₂ emissions than standard diesel. In early 2015 Axfood Sverige took over distribution of beverages to stores, resulting in a lower environmental impact by coordinating beverage deliveries with other product deliveries.

Another important goal is to increase recycling, where most waste is recycled for use as raw material by the recycling industry. Food waste is used to produce biogas.

In autumn 2013 an ambitious diversity goal was also set with the vision that Axfood'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 environmental work can be found at axfood.se and in Axfood's 2014 Sustainability Report. See the table on page 14 for follow-up data on electricity consumption and transport emissions.

COMBINATION OF OPERATIONS IN 2015

During 2014 Axfood's logistics functions were coordinated. Axfood Närlivs' transport and inventory functions have been transferred to Dagab. Effective 1 January 2015, Axfood's logistics operation – Dagab, including Axfood's Assortment & Purchasing function – reports as a separate segment in Axfood Sverige. This means that sales in Axfood's total wholesaling operation are reported in Axfood Sverige. The Assortment & Purchasing function was previously reported under "Other". In connection with this change, the segment "Other" has been renamed as "Joint-Group", which includes joint-Group functions, such as the Executive Committee, Finance/Accounting, HR and IT.

Pro forma data for sales and operating profit per segment in 2014 are provided in the following tables.

Sales 2014, pro forma

	Q1	Adjustment	Q1 pro forma
Axfood Närlivs	1,421	-876	545
Dagab	6,109	-6,109	-
Axfood Sverige	-	8,077	8,077
Joint-Group	1,263	-1,092	171
<i>Internal sales</i>			
Dagab	-4,926	4,926	-
Axfood Sverige	-	-5,981	-5,981
Axfood Närlivs	-1	-	-1
Joint-Group	-1,216	1,055	-161

Sales 2014, pro forma

	Q2	Adjustment	Q2 pro forma	Six months	Adjustment	Six months pro forma
Axfood Närlivs	1,749	-1,081	668	3,170	-1,957	1,213
Dagab	6,681	-6,681	-	12,790	-12,790	-
Axfood Sverige	-	8,948	8,948	-	17,025	17,025
Joint-Group	1,355	-1,186	169	2,618	-2,278	340
<i>Internal sales</i>						
Dagab	-5,399	5,399	-	-10,325	10,325	-
Axfood Sverige	-	-6,560	-6,560	-	-12,541	-12,541
Axfood Närlivs	0	-	0	-1	-	-1
Joint-Group	-1,320	1,161	-159	-2,536	2,216	-320

Sales 2014, pro forma

	Q3	Adjustment	Q3 pro forma	Nine months	Adjustment	Nine months pro forma
Axfood Närlivs	1,779	-1,102	677	4,949	-3,059	1,890
Dagab	6,591	-6,591	-	19,381	-19,381	-
Axfood Sverige	-	8,829	8,829	-	25,854	25,854
Joint-Group	1,301	-1,136	165	3,919	-3,414	505
<i>Internal sales</i>						
Dagab	-5,260	5,260	-	-15,585	15,585	-
Axfood Sverige	-	-6,336	-6,336	-	-18,877	-18,877
Axfood Närlivs	-1	-	-1	-2	-	-2
Joint-Group	-1,234	1,076	-158	-3,770	3,292	-478

Sales 2014, pro forma

	Q4	Adjustment	Q4 pro forma	Full year	Adjustment	Full year pro forma
Axfood Närlivs	1,648	-1,016	632	6,597	-4,075	2,522
Dagab	6,949	-6,949	-	26,330	-26,330	-
Axfood Sverige	-	9,097	9,097	-	34,951	34,951
Joint-Group	1,306	-1,132	174	5,225	-4,546	679
<i>Internal sales</i>						
Dagab	-5,538	5,538	-	-21,123	21,123	-
Axfood Sverige	-	-6,632	-6,632	-	-25,509	-25,509
Axfood Närlivs	-1	-	-1	-3	-	-3
Joint-Group	-1,256	1,094	-162	-5,026	4,386	-640

Operating profit 2014, pro forma

	Q1	Adjustment	Q1 pro forma
Axfood Närlivs	10	-3	7
Dagab	22	-22	-
Axfood Sverige	-	72	72
Joint-Group	9	-47	-38

Operating profit 2014, pro forma						
	Q2	Adjustment	Q2 pro forma	Six months	Adjustment	Six months pro forma
Axfood Närlivs	47	-5	42	57	-8	49
Dagab	48	-48	-	70	-70	-
Axfood Sverige	-	98	98	-	170	170
Joint-Group	13	-45	-32	22	-92	-70

Operating profit 2014, pro forma						
	Q3	Adjustment	Q3 pro forma	Nine months	Adjustment	Nine months pro forma
Axfood Närlivs	54	10	64	111	2	113
Dagab	65	-65	-	135	-135	-
Axfood Sverige	-	105	105	-	275	275
Joint-Group	31	-50	-19	53	-142	-89

Operating profit 2014, pro forma						
	Q4	Adjustment	Q4 pro forma	Full year	Adjustment	Full year pro forma
Axfood Närlivs	28	-3	25	139	-1	138
Dagab	73	-73	-	208	-208	-
Axfood Sverige	-	128	128	-	403	403
Joint-Group	-20	-52	-72	33	-194	-161

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 quoted 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, 31/3/2015	Financial assets and liabilities		Non-financial assets and liabilities	Total, statement of financial position
	Carrying amount	Fair value		
<i>SEK m</i>				
Financial assets	51	51	28	79
Accounts receivable – trade	898	898	-	898
Other current assets	2	2	1,137	1,139
Cash and bank balances	531	531	-	531
Total assets	1,482	1,482	1,165	2,647
Non-current interest-bearing liabilities	37	37	457	494
Current interest-bearing liabilities	41	41	-	41
Accounts payable – trade	2,702	2,702	-	2,702
Total liabilities	2,780	2,780	457	3,237

Parent Company, 31/3/2015	Financial assets and liabilities			Total, statement of financial position
	SEK m	Carrying amount	Fair value	
Financial assets	7	10	-	7
Receivable from Group companies	1,172	1,172	-	1,172
Cash and bank balances	287	287	-	287
Total assets	1,466	1,469	-	1,466
Accounts payable – trade	9	9	-	9
Liabilities to Group companies	509	509	-	509
Total liabilities	518	518	-	518

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 2015 was 0.25%.

SIGNIFICANT RISKS AND UNCERTAINTIES

In the course of their business the Axfood Group and Parent Company are 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 Stockholm, Gothenburg 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 2014 Annual Report.

SEASONAL EFFECTS

Axfood has no significant seasonal variations.

PARENT COMPANY

Other operating revenue for the Parent Company during the period January–March amounted to SEK 50 m (46). After selling and administrative expenses, totalling SEK 69 m (81), and net financial items totalling SEK 2 m (2), profit after financial items was SEK -17 m (-33). Capital expenditures during the period totalled SEK 2 m (13).

The Parent Company had an interest-bearing net debt receivable of SEK 918 m at the end of the period, compared with SEK 377 m as per December 2014. 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 in 2015 and later

A few new or amended IFRSs and interpretations take effect in 2015. IFRIC 21 – Levies is already applied, while other amendments have not entailed any effect for Axfood. 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 2015 is to exceed the level of profit achieved in 2014.

NEXT REPORT

The interim report for the period January–June 2015 will be presented on 15 July 2015.

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

Stockholm, 22 April 2015

Anders Strålmán

President and CEO

PRESS RELEASES DURING THE FIRST QUARTER

18 March 2015	Resolutions made at Axfood AB's Annual General Meeting on 18 March 2015
16 February 2015	Willys to conduct major expansion of organic product offering
11 February 2015	Nominating Committee's recommendation for Board of Directors of Axfood AB
11 February 2015	Notice of Annual General Meeting
4 February 2015	Donations of bottle and can deposits raised SEK 3.1 m for Save the Children in 2014
29 January 2015	Garant 2015 "Eco-Star" award to Scandinavian Organics AB

FINANCIAL STATEMENTS, GROUP

Condensed statement of profit or loss and other comprehensive income, Group			
SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	9,566	8,946	38,484
Cost of goods sold	-8,235	-7,748	-33,164
<i>Gross profit</i>	1,331	1,198	5,320
Selling/administrative expenses, etc.	-1,002	-952	-3,873
<i>Operating profit</i>	329	246	1,447
Net financial items	-1	-4	-17
<i>Profit before tax</i>	328	242	1,430
Tax	-72	-53	-326
Profit for the period	256	189	1,104
Other comprehensive income			
<i>Items that cannot be reclassified to profit or loss for the period</i>			
Revaluation of defined benefit pension plans	-15	-5	-64
Tax attributable to items that cannot be reclassified to profit or loss for the period	3	1	14
<i>Items that have been reclassified or can be reclassified to profit or loss for the period</i>			
Translation differences in calculation of foreign operations	0	0	1
Change in fair value of forward exchange contracts	0	1	3
Tax attributable to items that have been reclassified or can be reclassified to profit or loss for the period	0	0	-1
Other comprehensive income for the period	-12	-3	-47
Total comprehensive income for the period	244	186	1,057
Operating profit includes depreciation/amortization of	173	174	693
Earnings per share, SEK	4.88	3.57	20.88
Profit for the period attributable to			
Owners of the parent	256	187	1,095
Non-controlling interests	0	2	9
Total comprehensive income for the period attributable to			
Owners of the parent	244	184	1,048
Non-controlling interests	0	2	9

Condensed statement of financial position, Group

<i>SEK m</i>	31/3/2015	31/3/2014	31/12/2014
Assets			
Goodwill	1,821	1,800	1,819
Other intangible non-current assets	701	817	717
Financial assets	79	83	80
Property, plant and equipment	1,887	1,902	1,894
Deferred tax assets	62	35	54
Total non-current assets	4,550	4,637	4,564
Inventories	2,052	1,865	2,100
Accounts receivable – trade	898	825	859
Other current assets	1,139	1,103	1,060
Cash and bank balances	531	192	1,109
Total current assets	4,620	3,985	5,128
Total assets	9,170	8,622	9,692
Shareholders' equity and liabilities			
Equity attributable to owners of the parent	3,409	3,165	4,029
Equity attributable to non-controlling interests	1	29	36
Total shareholders' equity	3,410	3,194	4,065
Non-current interest-bearing liabilities	494	473	488
Noninterest-bearing non-current liabilities	504	405	503
Total non-current liabilities	998	878	991
Current interest-bearing liabilities	41	330	97
Accounts payable – trade	2,702	2,337	2,558
Other current noninterest-bearing liabilities	2,019	1,883	1,981
Total current liabilities	4,762	4,550	4,636
Total shareholders' equity and liabilities	9,170	8,622	9,692
Pledged assets	0	32	32
Contingent liabilities	21	27	22

Condensed statement of cash flows, Group

<i>SEK m</i>	Three months 2015	Three months 2014	Full year 2014
Operating activities			
Cash flow from operating activities before changes in working capital, before paid tax	491	411	2,150
Paid tax	-49	-68	-217
Changes in working capital	76	70	96
<i>Cash flow from operating activities</i>	<i>518</i>	<i>413</i>	<i>2,029</i>
Investing activities			
Acquisitions of operations, net	-32	-	-17
Acquisitions of non-current assets, net	-144	-128	-543
Change in financial non-current assets, net	-	-23	-22
<i>Cash flow from investing activities</i>	<i>-176</i>	<i>-151</i>	<i>-582</i>
Financing activities			
Change in interest-bearing liabilities	-21	267	-1
Dividend payout	-899	-794	-794
<i>Cash flow from financing activities</i>	<i>-920</i>	<i>-527</i>	<i>-795</i>
Cash flow for the period	-578	-265	652

Condensed statement of changes in equity, Group

SEK m	31/3/2015	31/3/2014	31/12/2014
Amount at start of year	4,065	3,802	3,802
Total comprehensive income for the period	244	186	1,057
Dividend to shareholders	-899	-794	-794
Amount at end of period	3,410	3,194	4,065

Key ratios and other data, Group

	Three months 2015	Three months 2014	Full year 2014
Operating margin, %	3.4	2.7	3.8
Margin after financial items, %	3.4	2.7	3.7
Equity ratio, %	37.2	37.0	41.9
Net debt-equity ratio (+)/Net debt receivable ratio (-), multiple	0.0	0.2	-0.1
Debt-equity ratio, multiple	0.2	0.3	0.1
Interest coverage, multiple	110.3	41.3	60.6
Capital employed, SEK m	3,945	3,997	4,650
Return on capital employed, %	38.7	32.0	32.4
Return on shareholders' equity, %	35.4	32.0	28.1
Capital expenditures, SEK m	164	163	643
Earnings per share, SEK ¹	4.88	3.57	20.88
Dividend per share, SEK	-	-	17.00
Shareholders' equity per share, SEK ^{1, 2}	64.97	60.32	76.79
Cash flow per share, SEK ¹	-11.0	-5.1	12.4
Number of shares outstanding ¹	52,467,678	52,467,678	52,467,678
Average number of employees	8,117	7,930	8,481
Work attendance rate, %	93.4	94.2	94.6
CO ₂ , kg/tonne goods ³	19.1	21.7	20.0
Electricity consumption, kWh/m ² (stores and warehouses) ⁴	345.9	359.6	368.7

Quarterly overview

	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Sales	9,557	9,465	9,550	8,946	9,804	9,756	9,978	9,566
Operating profit	326	382	340	246	376	453	372	329
Operating margin, %	3.4	4.0	3.6	2.7	3.8	4.6	3.7	3.4
Earnings per share, SEK ¹	4.74	5.58	4.79	3.57	5.45	6.63	5.23	4.88
Shareholders' equity per share, SEK ¹	61.10	66.59	71.82	60.32	65.58	72.06	76.79	64.97
Return on shareholders' equity, %	30.2	28.4	27.5	32.0	30.6	29.6	28.1	35.4
Cash flow from operating activities per share, SEK	6.1	5.4	9.2	7.9	5.8	10.8	14.1	9.9
Capital expenditures	188	153	255	163	140	171	169	164

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) Moving 12-month figures. Pertains to total volume for transports from warehouses to stores with own delivery vehicles.

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

FINANCIAL STATEMENTS, PARENT COMPANY

Condensed income statement, Parent Company

SEK m	Q1 2015	Q1 2014	Full year 2014
Net sales	-	-	-
Selling/administrative expenses, etc.	-19	-35	-143
<i>Operating profit</i>	-19	-35	-143
Other net financial items	2	2	15
<i>Profit after financial items</i>	-17	-33	-128
Appropriations, net	-	-	1,189
<i>Profit before tax</i>	-17	-33	1,061
Tax	4	7	-235
Net profit for the period	-13	-26	826
Operating profit includes depreciation/amortization totalling	3	2	10

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

Condensed balance sheet, Parent Company

SEK m	31/3/2015	31/3/2014	31/12/2014
Assets			
Property, plant and equipment	35	42	38
Participations in Group companies	3,136	3,606	3,136
Other financial non-current assets	7	6	6
Deferred tax assets	5	6	5
Total non-current assets	3,183	3,660	3,185
Receivables from Group companies ¹	1,172	1,128	2,409
Other current assets	100	88	12
Cash and bank balances	287	-	760
Total current assets	1,559	1,216	3,181
Total assets	4,742	4,876	6,366
Shareholders' equity and liabilities			
Restricted shareholders' equity	287	287	287
Unrestricted shareholders' equity	2,602	2,655	3,507
Total shareholders' equity	2,889	2,942	3,794
Untaxed reserves	1,226	867	1,226
Non-current interest-bearing liabilities	22	25	22
Noninterest-bearing non-current liabilities	1	1	1
Total non-current liabilities	23	26	23
Current interest-bearing liabilities	-	260	-
Liabilities to Group companies ²	509	740	1,218
Accounts payable – trade	9	8	12
Other current noninterest-bearing liabilities	86	33	93
Total current liabilities	604	1,041	1,323
Total shareholders' equity and liabilities	4,742	4,876	6,366
Pledged assets	-	-	-
Contingent liabilities	313	329	312
1) Of which, interest-bearing receivables	1,162	1,128	824
2) Of which, interest-bearing liabilities	509	740	1,185

FINANCIAL DEFINITIONS

Average number of employees: Total number of hours worked divided by the number of annual full-time equivalents (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: Interest-bearing liabilities and provisions less cash and cash equivalents plus interest-bearing receivables.

Net debt-equity/receivable 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: A type of biodiesel 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.



Axfood AB, SE-107 69 Stockholm
Visitors' address:
Norra Stationsgatan 80 C
Tel. +46-8-553 990 00
info@axfood.se, axfood.se
reg. no. 556542-0824

ABOUT AXFOOD

Axfood AB conducts food retail and wholesale business in Sweden. Retail business is conducted through the wholly owned store chains Willys and Hemköp, comprising 257 stores in all. In addition, Axfood collaborates with a large number of proprietor-run stores that are tied to Axfood through agreements. These include stores within the Hemköp chain as well as stores run under the Handlar'n and Tempo brands. In all, Axfood collaborates with approximately 820 proprietor-run stores. Wholesaling is conducted through Axfood Sverige. B2B sales are conducted through Axfood Närlivs and the wholly owned Axfood Snabbgross chain. 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