

Axfood

Interim Report
1 Jan.–30 Sept. 2016

Continued better growth than the market

Third quarter summary

- Consolidated net sales amounted to SEK 10,853 m (10,412), an increase of 4.2%.
 - Retail sales for Group-owned stores increased by 2.8%.
 - Like-for-like sales for Group-owned stores increased by 0.7%.
- Operating profit for the period was SEK 599 m (552), corresponding to an operating margin of 5.5% (5.3%).
- Profit after financial items was SEK 597 m for the period (551).
- Net profit for the period was SEK 466 m (430), and earnings per share were SEK 2.22 (2.05).
- Klas Balkow will succeed Anders Strålman as President and CEO on 16 March 2017.
- Axfood is replacing its previous forecast of “operating profit for 2016 expected to exceed profit for 2015” with a new forecast of an operating profit for 2016 of around SEK 1,900 m.

Summary of interim period January–September

- Consolidated net sales amounted to SEK 32,239 m (30,456), an increase of 5.9%.
 - Retail sales for Group-owned stores increased by 4.5%.
 - Like-for-like sales for Group-owned stores increased by 2.2%.
- Operating profit for the period was SEK 1,501 m (1,312), corresponding to an operating margin of 4.7% (4.3%).
- Profit after financial items was SEK 1,495 m for the period (1,308).
- Net profit for the period was SEK 1,166 m (1,020), and earnings per share were SEK 5.55 (4.86).

Significant events after the balance sheet date

- No significant events have taken place after the balance sheet date.

Key ratios

SEK m	Q3 2016	Q3 2015	Change	9 mos 2016	9 mos 2015	Change	Full year 2015
Net sales	10,853	10,412	4.2%	32,239	30,456	5.9%	41,247
Operating profit	599	552	8.5%	1,501	1,312	14.4%	1,760
Operating margin, %	5.5	5.3	0.2	4.7	4.3	0.4	4.3
Profit after tax	466	430	8.4%	1,166	1,020	14.3%	1,361
Earnings per share, SEK ¹⁾	2.22	2.05	8.3%	5.55	4.86	14.2%	6.48
Cash flow from operating activities per share, SEK	2.5	3.1	-19.4%	7.5	8.5	-11.8%	11.9
Return on capital employed, % ²⁾	43.4	37.2	6.2	43.4	37.2	6.2	36.5
Return on shareholders' equity, % ²⁾	37.9	32.5	5.4	37.9	32.5	5.4	31.8
Shareholders' equity per share, SEK ³⁾	-	-	-	18.06	19.88	-9.2%	21.58
Equity ratio, %	-	-	-	38.3	41.6	-3.3	43.0

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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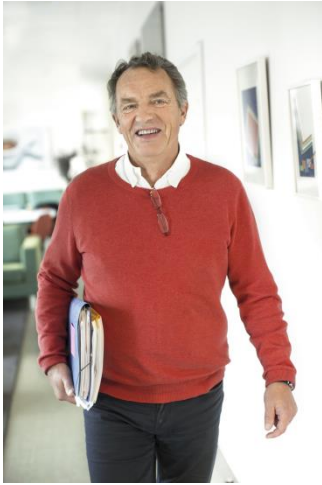
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The information herein is such that Axfood AB (publ) is required to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons listed here, at 7:30 a.m. (CET) on 20 October 2016.



CEO's comments



Continued better growth than the market

During the third quarter Axfood again showed better growth than the market. With sales growth of 4.2% and a market with very weak development in July and August, Axfood continued to take market shares. For the first nine months of the year Axfood had growth of 5.9%, while growth for the market was considerably lower through August. Combined with our continued cost control, higher sales for all business areas led to a strong operating profit of nearly SEK 600 m. All of Axfood's business areas today have strong and stable profitability.

Stable profitability

Driven by steady growth in customer numbers, Willys' sales increased during the quarter. The average spend did not keep up, however, mainly owing to higher campaign pressure in the market. For like-for-like stores, sales growth resumed during the quarter. This is a step in the right direction, especially taking into account the competition and weak market development. We will continue our work on accelerating the pace of growth in like-for-like stores. Profitability remained good.

Hemköp reported good sales growth for the quarter. The equally strong performance for franchise-owned stores shows that the individual retailers are willing to invest and have strong confidence in the brand. Growth and continued cost control resulted in a strong operating margin.

The long summer had a positive impact on Axfood Närlivs' sales and contributed to favourable growth. The increasingly prevalent custom among Swedes to visit cafés and restaurants served as a foundation for the strong sales growth during the quarter for Axfood Snabbgross. Our ambition is to continue strengthening our position in the market. Owing to this sales growth, profitability was good – despite higher costs associated with two recent new establishments.

The exceptional growth for the Group's stores and wholesale business resulted in higher sales for the support company Dagab. In pace with larger volumes and a high level of efficiency, Dagab's stable profitability also improved further.

E-commerce reflects market

Following Willys' introduction of e-commerce sales in May, Hemköp launched its sub-

scription service for grocery bags with pre-defined dinner solutions in August, followed by open grocery online shopping in September. To date a total of six Willys and Hemköp stores offer e-commerce. The level of e-commerce business at these stores is in line with the 1%-2% share of this channel in the Swedish market. The selective rollout that is taking place store by store in the major cities continues. During the remainder of the year we plan to launch e-commerce at another ten stores.

Sustainability – resumed investment in solar energy

Changing over to more environmentally smart electricity is part of Axfood's sustainability strategy. In July this year a tax was introduced on solar energy, which inhibits Swedish companies from investing in environmentally smart electricity. It also skews competition, since the tax is assessed on each entity with a corporate identity number that has reached a threshold of solar energy generation. Since the Swedish government is now reconsidering the conditions for the taxation of solar energy, we have resumed our investment plans for additional solar panel systems. In addition to the solar panel system that we already have at the warehouse in Gothenburg, we will install a system at the warehouse in Jordbro and at several stores.

Market outlook and price trend

We expect the market trend to remain stable and positive, and that the fierce competition will continue for the remainder of the year. We are standing by our estimate for food inflation of 1%-2% during 2016.

Forecast

In view of Axfood's strong profitability during the first three quarters, we have updated our forecast for 2016. Axfood is replacing the previous forecast with a new forecast of an operating profit for 2016 of around SEK 1,900 m.

We continue to focus on growth, in part through our digital ventures and in part through increased sales in both existing and new stores. Our strong cash flow is allowing us to continue promoting sales through attractive price offerings.

Anders Strålman
President and CEO, Axfood AB

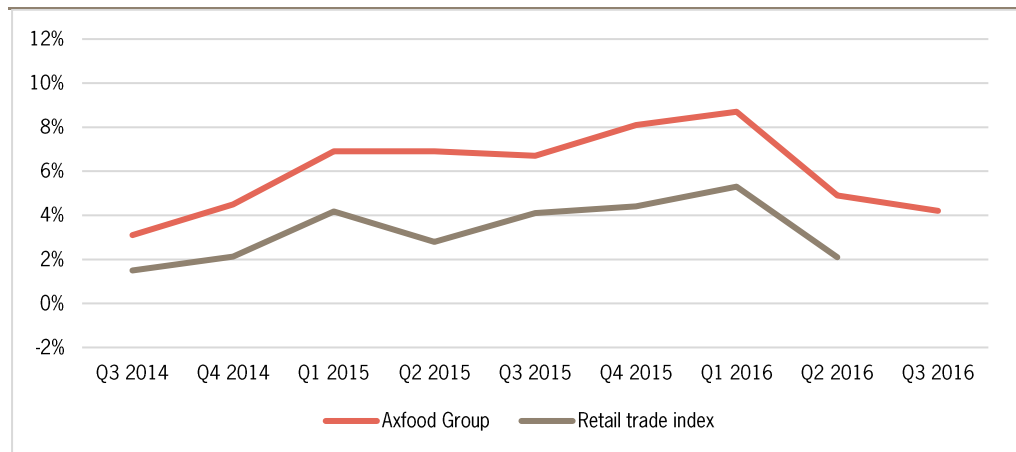
4.2%

Sales growth during the third quarter of 2016

The Swedish food retail market

According to Statistics Sweden's (SCB) retail trade index for August, accumulated sales for the food retail segment (excl. alcoholic beverages) have grown by 2.6% (preliminary data) since the start of the year in current prices. In fixed prices, adjusted for price and calendar effects, volume increased by 0.8%. The market showed negative development during the first month of the third quarter, however, in August the trend turned positive again in current prices, albeit with slight growth.

Axfood's sales growth¹⁾ compared with the food retail market²⁾



¹⁾ Axfood's consolidated wholesale and retail sales.

²⁾ Sales for the Swedish food retail market excl. alcoholic beverages, based on the HUI/SCB retail trade index. Preliminary data may need to be revised in accordance with HUI/SCB's revision policy.

Sales – Axfood Group

27.4%

Private label products' share of total sales at the end of the third quarter 2016.

Third quarter

Net sales for the Axfood Group totalled SEK 10,853 m (10,412) during the third quarter, an increase of 4.2%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 8,803 m (8,493), an increase of 3.7%. Sales for Group-owned retail operations increased by 2.8% during the third quarter, with a 0.7% rise in like-for-like sales. Sales of private label products accounted for 27.4% (27.2%) of total sales at the end of the quarter.

January–September

Net sales for the Axfood Group totalled SEK 32,239 m (30,456) during the period, an increase of 5.9%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 26,557 m (25,352), an increase of 4.8%. Sales for Group-owned retail operations increased by 4.5% during the period, with a 2.2% rise in like-for-like sales.

Net sales per segment

SEK m	Q3 2016	Q3 2015	% ¹⁾	9 mos 2016	9 mos 2015	% ¹⁾	Full year 2015
Willys	5,720	5,560	2.9	17,186	16,512	4.1	22,320
Hemköp	1,464	1,426	2.7	4,572	4,297	6.4	5,883
Axfood Närlivs	789	734	7.5	2,183	2,046	6.7	2,734
Dagab ²⁾	10,559	10,044	5.1	31,405	29,367	6.9	39,756
Joint-Group ³⁾	180	165	9.1	537	499	7.6	672
<i>Internal sales between segments that are eliminated</i>							
Dagab ²⁾	-7,690	-7,363	4.4	-23,141	-21,798	6.2	-29,487
Axfood Närlivs	-1	0	0.0	-2	-2	0.0	-4
Joint-Group	-168	-154	9.1	-501	-465	7.7	-627
Net sales, total	10,853	10,412	4.2	32,239	30,456	5.9	41,247

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

²⁾ During the third quarter of 2015 Axfood Sverige changed its name to Dagab.

³⁾ Includes head office support functions, such as the Executive Committee, Finance/Accounting, Communications, Business Development, HR and IT.

Store sales – Group-owned and franchise stores²⁾

SEK m	Q3 2016	% ¹⁾	Like-for-like sales, % ¹⁾	9 mos 2016	% ¹⁾	Like-for-like sales, % ¹⁾
Willys	5,720	2.9	0.3	17,186	4.1	1.6
Hemköp, Group-owned	1,439	2.5	2.4	4,497	6.3	4.6
Hemköp franchises	1,644	7.5	2.2	4,874	5.7	3.8
Hemköp total	3,083	5.1	2.3	9,371	6.0	4.2
Group-owned retail operations	7,159	2.8	0.7	21,683	4.5	2.2
Store sales, Axfood Group	8,803	3.7	1.0	26,557	4.8	2.5

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

²⁾ See also the table "Store sales. Group-owned and franchise stores" on p. 18.

Change in store structure

Number of stores	Dec 2015	New establishment	Acquisitions	Sales/ closures	Conversions to/from	Sept. 2016
Willys ¹⁾	194	4		-2		196
Hemköp	68		2	-3		67
Total, Group-owned	262	4	2	-5		263
Hemköp franchises	111		4	-2	3	116
Axfood Group total	373	4	6	-7	3	379
¹⁾ Of which, Willys Hemma	50			-2		48

Earnings, Axfood Group

Third quarter

Operating profit for the third quarter totalled SEK 599 m (552). The operating margin was 5.5% (5.3%). All companies showed strong earnings driven by good sales growth. Profit after financial items was SEK 597 m (551). Profit after tax was SEK 466 m (430).

January–September

Operating profit for the period was SEK 1,501 m (1,312). The operating margin was 4.7% (4.3%). Net financial items amounted to SEK -6 m (-4) for the period, and profit after financial items was SEK 1,495 m (1,308). Profit after tax was SEK 1,166 m (1,020).

Operating profit per segment

SEK m	Q3 2016	Q3 2015	% ¹⁾	9 mos 2016	9 mos 2015	% ¹⁾	Full year 2015
Willys	277	275	0.7	717	674	6.4	896
Hemköp	68	58	17.2	198	164	20.7	221
Axfood Närlivs	78	74	5.4	157	152	3.3	200
Dagab ²⁾	196	177	10.7	524	434	20.7	600
Joint-Group ³⁾	-20	-32	-37.5	-95	-112	-15.2	-157
Operating profit for the period	599	552	8.5	1,501	1,312	14.4	1,760
Net financial items ⁴⁾	-2	-1	100.0	-6	-4	50.0	-11
Profit for the period after financial items	597	551	8.3	1,495	1,308	14.3	1,749

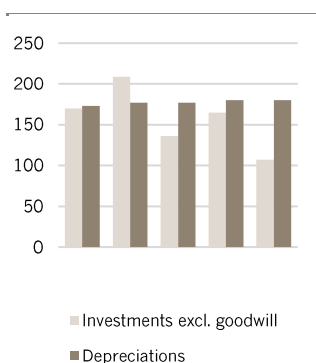
¹⁾ Percentage change compared with the corresponding period a year ago.

²⁾ During the third quarter of 2015 Axfood Sverige changed its name to Dagab.

³⁾ Includes head office support functions, such as the Executive Committee, Finance/Accounting, Communications, Business Development, HR and IT.

⁴⁾ Net financial items are not distributed per operating segment. Axfood has no significant transactions with related parties other than transactions with subsidiaries.

Capital expenditures, depreciation/amortization, SEK m

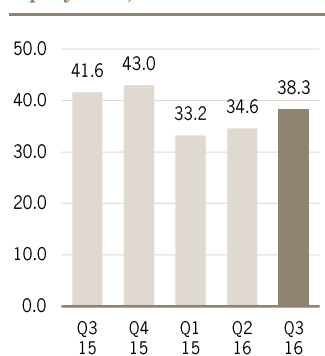


Capital expenditures

Total capital expenditures during the period January–September amounted to SEK 408 m (555), of which SEK 6 m (44) pertained to acquisitions of businesses, while SEK 266 m (299) pertained to investments in non-current assets in retail operations, SEK 27 m (34) to non-current assets in wholesale operations, and SEK 104 m (172) pertained to IT.

Financial position and cash flow

Equity ratio, %



Cash flow from operating activities before paid tax was SEK 1,839 m during the period (2,025). Paid tax amounted to SEK -270 m (-232). Payment of the shareholder dividend affected cash flow by SEK -1,889 m (-899), and net capital expenditures affected cash flow by SEK -351 m (-546).

Cash and cash equivalents held by the Group amounted to SEK 1,262 m, compared with SEK 1,933 m in December 2015. Interest-bearing liabilities and provisions totalled SEK 520 m, compared with SEK 504 m in December 2015. The interest-bearing net debt receivable was SEK 763 m at the end of the period, compared with SEK 1,449 m in December 2015.

The equity ratio was 38.3%, compared with 43.0% in December 2015.

Derivation of total investments and net capital expenditures in cash flow

SEK m	9 mos 2016	9 mos 2015
Total investments	-408	-555
Investments in finance leases	35	36
Divestment of tangible/intangible assets	16	22
Acquisition of financial assets	0	-20
Acquired operations, cash payment	-1	-35
Divested operations	7	6
Cash flow from investing activities	-351	-546

Results per operating segment

Willys

Third quarter

Willys reported sales growth of 2.9% during the third quarter compared with the same period a year ago. Sales totalled SEK 5,720 m (5,560) and were favourably affected by a larger number of customers, but negatively affected by tougher campaign activity in the market during the period. Like-for-like sales developed in a positive direction by 0.3%, with a continued dampening effect from newly established Willys stores at locations already served by existing stores.

In May Willys launched e-commerce sales at three stores in Stockholm and Gothenburg. Just under three-fourths of orders during the third quarter were for customer pick-up at stores, and the Gothenburg store accounted for just under half of total e-commerce sales. During the fourth quarter, an additional five stores plan to start e-commerce sales – in the Stockholm area as well as in Uppsala and Norrköping.

Operating profit totalled SEK 277 m (275), an increase of 0.7% despite slightly higher personnel costs resulting from a reduced discount in payroll taxes for young employees. The operating margin was 4.8% (4.9%).

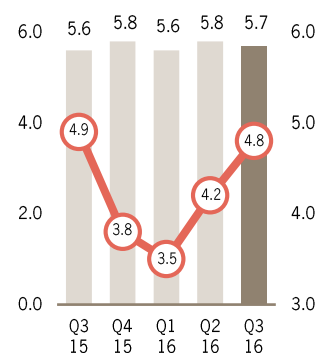
During the third quarter the store structure remained unchanged, so at the end of the period the Willys chain continued to comprise 148 Willys stores and 48 Willys Hemma stores.

Willys' private label share was 29.4% (29.5%) at the end of the quarter.

January–September

Willys' sales during the period January–September 2016 totalled SEK 17,186 m (16,512), an increase of 4.1% compared with a year ago. Like-for-like sales increased by 1.6%. Operating profit was SEK 717 m (674), and the operating margin was 4.2% (4.1%).

Sales, SEK bn, and operating margin, %



SEK m	Q3 2016	Q3 2015	Change	9 mos 2016	9 mos 2015	Change	Full year 2015
Net sales	5,720	5,560	2.9%	17,186	16,512	4.1%	22,320
Change in like-for-like sales, %	0.3	4.4	-4.1	1.6	4.1	-2.5	4.4
Operating profit	277	275	0.7%	717	674	6.4%	896
Operating margin, %	4.8	4.9	-0.1	4.2	4.1	0.1	4.0
Number of Group-owned stores	-	-	-	196	191	5	194
Average number of employees during the period	-	-	-	4,734	4,495	5.3%	4,464
Private label share, %	-	-	-	29.4	29.5	-0.1	29.1

Hemköp

Third quarter

Hemköp's strong growth continued during the third quarter, both in total and on a like-for-like basis. Sales were driven by both a greater number of customers and a larger average spend. Sales for Group-owned stores totalled SEK 1,439 m (1,404), an increase of 2.5%. Like-for-like sales for Group-owned stores grew by 2.4% during the period. Sales for franchise stores totalled SEK 1,644 m (1,529), an increase of 7.5%, with a 2.2% rise in like-for-like sales. During the last 12 months a net total of five new franchise stores were added.

In August Hemköp began selling subscriptions for grocery bags with pre-defined dinner solutions in ten cities in Sweden. In September, e-commerce sales were expanded to allow open grocery shopping at three stores in Stockholm. During the remainder of the year, in total another five stores in the Stockholm area and in Gothenburg plan to offer open shopping via the e-commerce channel. Sales in the e-commerce channel are developing according to plan, and through attractive prices for picking and distribution, demand has been large. Sales are being made almost exclusively with home delivery.

Operating profit for the third quarter totalled SEK 68 m (58), corresponding to an operating margin of 4.6% (4.1%). The higher operating margin is mainly attributable to the strong sales growth and cost control.

At the end of the third quarter the number of Group-owned stores was unchanged at 67 compared with the second quarter, and the number of franchise stores increased by one store, net, to 116. Hemköp's private label share was 22.4% (21.6%) as of September.

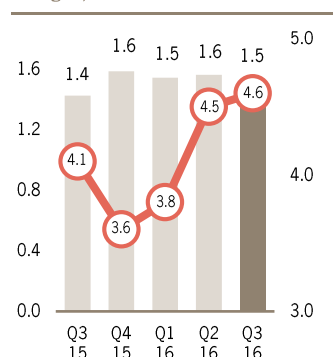
January–September

Sales for Group-owned stores totalled SEK 4,497 m (4,230), an increase of 6.3%. Like-for-like sales for Group-owned stores grew by 4.6% during the period.

Sales for franchise stores totalled SEK 4,874 m (4,610), an increase of 5.7%, with a 3.8% rise in like-for-like sales.

Operating profit for the period January–September totalled SEK 198 m (164). The operating margin for the period was 4.3% (3.8%).

Sales, SEK bn, and operating margin, %



SEK m	Q3 2016	Q3 2015	Change	9 mos 2016	9 mos 2015	Change	Full year 2015
Net sales	1,464	1,426	2.7%	4,572	4,297	6.4%	5,883
Change in like-for-like sales, %	2.4	4.6	-2.2	4.6	4.5	0.1	5.0
Operating profit	68	58	17.2%	198	164	20.7%	221
Operating margin, %	4.6	4.1	0.5	4.3	3.8	0.5	3.8
Number of Group-owned stores	-	-	-	67	66	1	68
Average number of employees during the period	-	-	-	1,822	1,742	4.6%	1,745
Private label share, %	-	-	-	22.4	21.6	0.8	21.4

Axfood Närlivs

Third quarter

Driven by pleasant summer weather, Axfood Närlivs showed continued favourable growth and strengthened its position in the market. Sales during the third quarter totalled SEK 789 m (734), an increase of 7.5%. Apart from the weather, which boosted demand from both cafés and restaurants, the recent new openings of Axfood Snabbgross stores made a positive contribution to sales. Both the number of customers and average spend increased during the quarter.

Operating profit for the third quarter totalled SEK 78 m (74), and the operating margin was 9.9% (10.1%). Profitability was driven by the growth in sales for both Axfood Snabbgross and the wholesale operations, which showed the strongest performance among contract customers, which include online providers. Higher costs associated with store establishment countered the positive trend in the operating margin. Axfood Snabbgross had 22 stores (20) at the end of the period.

Sales, SEK bn, and operating margin, %



January–September

Sales for Axfood Närlivs during the period January–September totalled SEK 2,183 m (2,046), an increase of 6.7%. Operating profit for the period totalled SEK 157 m (152), and the operating margin was 7.2% (7.4%).

SEK m	Q3 2016	Q3 2015	Change	9 mos 2016	9 mos 2015	Change	Full year 2015
Net sales	789	734	7.5%	2,183	2,046	6.7%	2,734
Operating profit	78	74	5.4%	157	152	3.3%	200
Operating margin, %	9.9	10.1	-0.2	7.2	7.4	-0.2	7.3
Axfood Snabbgross, no. stores	-	-	-	22	20	2	21
Average number of employees during the period	-	-	-	476	454	4.8%	451

Dagab

Third quarter

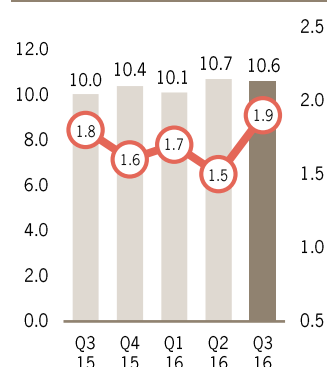
The support company Dagab's sales growth remained strong, driven by the sales performance of the store chains, but also by continued favourable demand from the wholesale operations, including the e-commerce players. Sales totalled SEK 10,559 m (10,044), an increase of 5.1%.

Operating profit totalled SEK 196 m (177), and the operating margin was 1.9% (1.8%). The operating margin widened, owing to retained efficiency, higher volume from the store chains and favourable development for private label products.

January–September

Dagab's sales during the period totalled SEK 31,405 m (29,367), an increase of 6.9%. Operating profit totalled SEK 524 m (434), corresponding to an operating margin of 1.7% (1.5%).

Sales, SEK bn, and operating margin, %



SEK m	Q3 2016	Q3 2015	Change	9 mos 2016	9 mos 2015	Change	Full year 2015
Net sales	10,559	10,044	5.1%	31,405	29,367	6.9%	39,756
Distributed sales	6,865	6,539	5.0%	20,359	19,065	6.8%	25,995
Operating profit	196	177	10.7%	524	434	20.7%	600
Operating margin, %	1.9	1.8	0.1	1.7	1.5	0.2	1.5
Average number of employees during the period	-	-	-	1,867	1,789	4.4%	1,809
Delivery reliability, %	97.0	96.9	0.1	96.5	96.9	-0.4	96.9

Parent Company

Other operating revenue for the Parent Company during the period January–September amounted to SEK 171 m (152). After selling and administrative expenses of SEK 228 m (216) and net financial items of SEK 2 m (2), profit after financial items was SEK -55 m (-62). Capital expenditures totalled SEK 4 m (6) during the period.

The Parent Company's interest-bearing net debt receivable was SEK 307 m at the end of the period, compared with SEK 716 m as per December 2015. The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

Sustainable development

Key ratios – Group

	Q3 2016	Q3 2015	9 mos 2016	9 mos 2015	Full year 2015
Organic products as % of total food sales					
Axfood	6.6	5.9	6.6	5.6	5.9
Willys	5.9	5.3	6.1	5.1	5.2
Hemköp	9.0	8.0	8.8	7.5	8.1
KRAV-certified meat as % of total meat sales					
Axfood	3.5	3.2	3.8	3.2	3.5
Willys	2.9	3.0	3.0	2.9	3.1
Hemköp	6.8	5.4	7.0	5.2	5.8
Combustible waste ¹⁾ (tonnes) – share of net sales (SEK m), %					
Willys	42	n.a.	42	n.a.	46
Hemköp	n.a.	n.a.	n.a.	n.a.	n.a.
Axfood Snabbgross	22	n.a.	22	n.a.	27
Private label product recalls from stores	2	10	23	20	26
Other product recalls from stores	11	25	56	62	96
Number of social audits ²⁾	19	12	46	31	48
Electricity consumption, kWh/m ² (stores and warehouses) ³⁾	333.7	336.2	333.7	336.2	331.6
Electricity consumption (kWh) as share of net sales (SEK), % ⁴⁾	0.62	0.65	0.62	0.65	0.63
CO ₂ emissions, kg/tonne goods ⁵⁾	11.0	17.8	11.0	17.8	16.9
Work attendance rate, %	94.8	95.0	94.0	93.9	94.0

¹⁾ Moving 12-month figures, with 1 quarter delay.

²⁾ Both under own management and via the organization Business Social Compliance Initiative (BSCI).

³⁾ Moving 12-month figures. Pertains to Group-owned stores and warehouses.

⁴⁾ Inflation-adjusted net sales.

⁵⁾ Moving 12-month figures. Pertains to total volume for transports from warehouses to stores using own delivery fleet.

Sales of organic products

Axfood's customers continue to seek out organic alternatives. Sales of organic products grew 24% during the first nine months of 2016 compared with the same period in 2015. This corresponds to 6.6% (5.6%) of total food sales.

Resumed investment in solar energy

A solar energy tax was introduced on 1 July this year. The tax entails that electricity generated from solar panels on a building is to be taxed even if the electricity is used by that same building, if the total capacity exceeds 255 kW. The taxation threshold is calculated per corporate identity number. The extent to which a company is taxed thus depends on its organizational structure. Axfood argues that this directly inhibits companies from investing in environmentally smart electricity and, above all, results in a skewing of competition. Axfood has succeeded in convincing the European Commission to declare that the EU does not require a solar energy tax according to the premises created in Sweden. Following this decision by the European Commission, the Swedish government is now expediently reviewing the prospects for creating a tax advantage for solar energy, particularly for the electricity that is generated and used from one and the same connection. Provided that own-generated solar energy will not be taxed, Axfood will install a solar panel system at the warehouse in Jordbro and also on store rooftops in cases where this is deemed suitable.

New certification for secure working conditions for guest workers

After Axfoundation in 2014 invited a range of parties to an initial roundtable discussion on the working conditions in the Swedish fruit and vegetable industry, the industry – in collaboration with Sigill Kvalitetssystem – has devised a new standard, IP Arbetsvillkor¹. The aim is to create more secure working conditions for the approximately 20,000 guest workers in Sweden from primarily Romania, Poland, Ukraine and the Baltic countries, who come to Sweden each year to work as fruit and vegetable labourers. The standard can be used starting in January 2017 and will be applied by Axfood. If a grower has

¹ IP is an independent standard for certification of food safety, animal welfare and environmental responsibility for companies working in the food and ornamental plant industries. IP Arbetsvillkor ("IP Working Conditions") is the first standard for labour law.

IP Arbetsvillkor certification it means that all employees – including hired-in labourers and seasonal employees – are entitled to the minimum wage under collective agreements, a reasonable housing standard, and regulated working hours. This makes Axfood more secure in its follow-up that the standards laid out by the Group’s Code of Conduct, including the requirement for good working conditions, are complied with at every level.

More training for suppliers

Axfood has introduced a digital training tool for eight suppliers in China in an effort to provide training to managers and, even more importantly, to workers on working conditions, work environments and social dialogue, and to improve conditions at workplaces. A total of 581 persons (more than 50% of the suppliers’ employees) have completed the training. A measurement of the results shows that the participants have gained good knowledge about their basic rights and working conditions, but that there is a great need to increase their knowledge about how dialogue and negotiation are conducted between employees and employers. Axfood therefore plans to add more in-depth information about social dialogue to the training tool and to conduct the training for additional suppliers.

Forecast and market outlook 2016

- Axfood is replacing its previous forecast of “operating profit for 2016 expected to exceed profit for 2015” with a new forecast of an operating profit for 2016 of around 1,900 m.
- Axfood’s capital expenditures are expected to total SEK 600-700 m in 2016.
- Axfood expects food inflation in Sweden to be in the range of 1%-2% in 2016

Future reports

The year-end report for 2016 will be presented on 7 February 2017, at approx. 7:30 a.m. CET.

The 2016 Annual Report will be published on 22 February 2017.

The interim report for the period January–March 2017 will be presented on 20 April 2017, at approx. 7:30 a.m. CET.

The interim report for the period January–June 2017 will be presented on 14 July 2017, at approx. 1 p.m. CET.

The interim report for the period January–September 2017 will be presented on 19 October 2017, at approx. 7:30 a.m. CET.

Press releases during the third quarter

- 26 September 2016 Successful work in reducing food waste – 100 tonnes of food donated to charity instead of being discarded
- 19 September 2016 Groceries delivered straight home to customers’ doors for SEK 20 (Hemköp starts e-commerce)
- 22 September 2016 Nominating Committee
- 8 September 2016 Klas Balkow new CEO of Axfood AB
- 24 August 2016 Strong growth for vegetarian foods
- 1 August 2016 Hemköp launches five pre-packed grocery bag variants

Auditors' review report

To the Board of Directors of Axfood AB (publ)
Reg. no. 556542-0824

Introduction

We have reviewed the accompanying interim report for Axfood AB (publ) for the period 1 January–30 September 2016. The Board of Directors and the President are responsible for the preparation and presentation of the interim report in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We have conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion based on a review does not provide the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 19 October 2016
Deloitte AB

Hans Warén
Authorized Public Accountant

Financial statements, Group

Condensed statement of profit or loss and other comprehensive income, Group

SEK m	Q3 2016	Q3 2015	9 mos 2016	9 mos 2015	Full year 2015
Net sales	10,853	10,412	32,239	30,456	41,247
Cost of goods sold	-9,262	-8,884	-27,554	-26,106	-35,352
Gross profit	1,591	1,528	4,685	4,350	5,895
Selling/administrative expenses, etc.	-992	-976	-3,184	-3,038	-4,135
Operating profit	599	552	1,501	1,312	1,760
Interest income and similar profit/loss items	2	1	4	3	6
Interest expense and similar profit/loss items	-4	-2	-10	-7	-17
Profit after financial items	597	551	1,495	1,308	1,749
Tax	-131	-121	-329	-288	-388
Profit for the period	466	430	1,166	1,020	1,361
Other comprehensive income					
<i>Items that cannot be reclassified to profit or loss for the period</i>					
Revaluation of defined benefit pension plans	-9	-5	-27	-14	8
Tax attributable to items that cannot be reclassified to profit or loss for the period	2	1	6	3	-2
<i>Items that will be reclassified to profit or loss for the period</i>					
Translation differences in calculation of foreign operations	0	0	0	0	0
Change in fair value of forward exchange contracts	0	2	5	-1	-5
Change in fair value of available-for-sale financial assets	-	-	-	-	3
Tax attributable to items that have been reclassified or can be reclassified to profit or loss for the period	0	-1	-1	0	0
Other comprehensive income for the period	-7	-3	-17	-12	4
Total comprehensive income for the period	459	427	1,149	1,008	1,365
Operating profit includes depreciation/amortization of	180	173	537	519	696
Earnings per share, ¹⁾ SEK ¹⁾	2.22	2.05	5.55	4.86	6.48
Profit for the period attributable to					
Owners of the parent	466	430	1,166	1,020	1,361
Non-controlling interests	0	0	0	0	0
Total comprehensive income for the period attributable to					
Owners of the parent	459	427	1,149	1,008	1,365
Non-controlling interests	0	0	0	0	0

¹⁾ The number of shares is the same before and after dilution. The average number of shares is the same as the total number of shares. Axfood has no holdings of treasury shares.

Condensed statement of financial position, Group

SEK m	30/9/2016	30/9/2015	31/12/2015
Assets			
Goodwill	1,864	1,860	1,860
Other intangible non-current assets	626	679	668
Property, plant and equipment	1,801	1,895	1,930
Financial assets ¹⁾	89	97	95
Deferred tax assets	64	62	60
Total non-current assets	4,444	4,593	4,613
Inventories	2,123	2,020	2,035
Accounts receivable – trade	980	911	852
Other current assets	1,095	1,065	1,104
Cash and bank balances	1,262	1,436	1,933
Total current assets	5,460	5,432	5,924
Total assets	9,904	10,025	10,537
Shareholders' equity and liabilities			
Equity attributable to owners of the parent	3,790	4,173	4,530
Equity attributable to non-controlling interests	1	1	1
Total shareholders' equity	3,791	4,174	4,531
Non-current interest-bearing liabilities	481	490	464
Deferred tax liabilities	571	470	569
Other noninterest-bearing non-current liabilities	32	35	30
Total non-current liabilities	1,084	995	1,063
Current interest-bearing liabilities	39	40	40
Accounts payable – trade	2,978	2,769	2,782
Other current noninterest-bearing liabilities	2,012	2,047	2,121
Total current liabilities	5,029	4,856	4,943
Total shareholders' equity and liabilities	9,904	10,025	10,537
Pledged assets	0	0	0
Contingent liabilities	14	20	14
¹⁾ Of which, interest-bearing assets	21	20	20

Condensed statement of cash flows, Group

SEK m	9 mos 2016	9 mos 2015	Full year 2015
Operating activities			
Cash flow from operating activities before changes in working capital, before paid tax	1,988	1,794	2,408
Paid tax	-270	-232	-270
Changes in working capital	-149	231	357
<i>Cash flow from operating activities</i>	1,569	1,793	2,495
Investing activities			
Sales and acquisitions of operations, net	0	-73	-82
Change in non-current assets, net	-351	-453	-649
Change in financial non-current assets, net	0	-20	-20
<i>Cash flow from investing activities</i>	-351	-546	-751
Financing activities			
Change in interest-bearing liabilities	-	-21	-21
Dividend payout	-1,889	-899	-899
<i>Cash flow from financing activities</i>	-1,889	-920	-920
Cash flow for the period	-671	-327	824

Condensed statement of changes in equity, Group

SEK m	30/9/2016	30/9/2015	31/12/2015
Amount at start of year	4,531	4,065	4,065
Total comprehensive income for the period	1,149	1,008	1,365
Dividend to shareholders	-1,889	-899	-899
Amount at end of period ¹⁾	3,791	4,174	4,531

¹⁾ Of shareholders' equity, SEK 3,790 m (4,173) is attributable to owners of the parent and SEK 1 m (1) to non-controlling interests.

Key ratios and other data, Group

	9 mos 2016	9 mos 2015	Full year 2015
Operating margin, %	4.7	4.3	4.3
Margin after financial items, %	4.6	4.3	4.2
Equity ratio, %	38.3	41.6	43.0
Net debt-equity ratio (+)/Net debt receivable ratio (-), multiple	-0.2	-0.2	-0.3
Debt-equity ratio, multiple	0.1	0.1	0.1
Interest cover ratio, multiple	150.5	164.5	103.9
Capital employed, SEK m	4,311	4,704	5,035
Return on capital employed, %	43.4	37.2	36.5
Return on shareholders' equity, %	37.9	32.5	31.8
Average number of employees	9,238	8,801	8,803
Capital expenditures, SEK m	408	555	764
Number of shares outstanding ¹⁾	209,870,712	209,870,712	209,870,712
Key data per share			
Earnings per share, SEK ¹⁾	5.55	4.86	6.48
Ordinary dividend per share, SEK	-	-	5.00
Extra dividend per share, SEK	-	-	4.00
Shareholders' equity per share, SEK ^{1), 2)}	18.06	19.88	21.58
Cash flow per share, SEK ¹⁾	-3.2	1.6	3.9
Share price, SEK	151.40	138.00	146.80

Quarterly overview

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Sales	9,978	9,566	10,478	10,412	10,791	10,395	10,991	10,853
Operating profit	372	329	431	552	448	408	494	599
Operating margin, %	3.7	3.4	4.1	5.3	4.2	3.9	4.5	5.5
Earnings per share, SEK ^{1), 3)}	1.31	1.22	1.59	2.05	1.63	1.51	1.83	2.22
Shareholders' equity per share, SEK ^{1), 2), 3)}	19.20	16.24	17.85	19.88	21.58	14.07	15.87	18.06
Return on shareholders' equity, %	28.1	35.4	33.7	32.5	31.8	44.7	41.6	37.9
Cash flow from operating activities per share, SEK ³⁾	3.5	2.5	3.0	3.1	3.3	1.9	3.0	2.5
Capital expenditures	169	164	221	170	209	136	165	107

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⁾ During the second quarter of 2015 Axfood carried out a 4:1 stock split. The number of shares after the split is 209,870,712. The comparison figures have been adjusted.

Financial statements, Parent Company

Condensed income statement, Parent Company

SEK m	Q3 2016	Q3 2015	9 mos 2016	9 mos 2015	Full year 2015
Net sales	0	-	0	-	-
Selling/administrative expenses, etc.	-14	-18	-57	-64	-87
<i>Operating profit</i>	-14	-18	-57	-64	-87
Other net financial items	0	1	2	2	3
<i>Profit after financial items</i>	-14	-17	-55	-62	-84
Appropriations, net	-	-	-	-	1,358
<i>Profit before tax</i>	-14	-17	-55	-62	1,274
Tax	3	4	12	14	-282
Net profit for the period	-11	-13	-43	-48	992
Operating profit includes depreciation/amortization totalling	3	2	8	7	10

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

Condensed balance sheet, Parent Company

SEK m	30/9/2016	30/9/2015	31/12/2015
Assets			
Property, plant and equipment	24	32	30
Participations in Group companies	3,136	3,136	3,136
Other financial non-current assets	7	6	6
Deferred tax assets	5	5	5
Total non-current assets	3,172	3,179	3,177
Receivables from Group companies ¹⁾	761	871	2,681
Other current assets	181	161	15
Cash and bank balances	1,000	1,217	1,489
Total current assets	1,942	2,249	4,185
Total assets	5,114	5,428	7,362
Shareholders' equity and liabilities			
Restricted shareholders' equity	287	287	287
Unrestricted shareholders' equity	1,675	2,567	3,607
Total shareholders' equity	1,962	2,854	3,894
Untaxed reserves	1,653	1,226	1,653
Non-current interest-bearing liabilities	21	20	20
Noninterest-bearing non-current liabilities	1	1	1
Total non-current liabilities	22	21	21
Accounts payable – trade	7	7	11
Liabilities to Group companies ²⁾	1,422	1,274	1,648
Other current noninterest-bearing liabilities	48	46	135
Total current liabilities	1,477	1,327	1,794
Total shareholders' equity and liabilities	5,114	5,428	7,362
Contingent liabilities	303	322	313
¹⁾ Of which, interest-bearing receivables	750	868	875
²⁾ Of which, interest-bearing liabilities	1,422	1,274	1,628

Notes

Note 1 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.

Preparation of the financial statements in accordance with IFRS requires the Board and company management to 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 effective in 2016 and forward

New or amended standards and interpretations that take effect in 2016 and forward have not been prospectively applied in the preparation of these financial statements. New or amended policies that take effect as from the 2017 financial year and forward are not planned to be applied prospectively. To the extent that anticipated effects on the financial statements of application of new or amended standards and interpretations are not described below, Axfood has concluded that they will not have any material effect on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers, the new revenue standard, and IFRS 9, which replaces IAS 39 Financial Instruments, are standards that take effect in 2018. IFRS 16 Leases, the new leasing standard, takes effect in 2019. The Executive Committee is currently studying the implications of the new standards.

Note 2 Operating segments

Axfood's operating segments have been determined based on the information considered by the Group's Executive Committee and which is used to evaluate the result of operations and allocate resources to the segments. The Executive Committee monitors sales and operating profit for each of the business areas, which make up the Group's operating segments. The operating segments that have been identified are: Willys, Hemköp, Dagab, Närlivs and Joint-Group. For information about Axfood's operating segments, see pages 3–8 of this interim report. For a more detailed description of the segments, please refer to the 2015 Annual Report

Note 3 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 2015 Annual Report.

Note 4 Seasonal effects

Axfood's sales are affected to some degree by seasonal variations. Sales increase in the quarter in which Easter falls, which is either the first or second quarter. Sales also increase ahead of Midsummer during the second quarter, as well as ahead of the major holiday season during the fourth quarter.

Note 5 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, 30/9/2016

Financial assets and liabilities

SEK m	Carrying amount	Fair value	Non-financial assets and liabilities	Total, statement of financial position
Financial assets	71	71	18	89
Accounts receivable – trade	980	980	-	980
Cash and bank balances	6	6	1,089	1,095
Total assets	1,262	1,262	-	1,262
Non-current interest-bearing liabilities	2,319	2,319	1,107	3,426
Current interest-bearing liabilities	39	39	442	481
Financial assets	39	39	-	39
Accounts payable – trade	2,978	2,978	-	2,978
Total liabilities	3,056	3,056	442	3,498

Parent Company, 30/9/2016

Financial assets and liabilities

SEK m	Carrying amount	Fair value	Non-financial assets and liabilities	Total, condensed balance sheet
Financial assets	7	13	-	7
Receivable from Group companies	761	761	-	761
Cash and bank balances	1,000	1,000	-	1,000
Total assets	1,768	1,774	-	1,768
Accounts payable – trade	7	7	-	7
Liabilities to Group companies	1,422	1,422	-	1,422
Total liabilities	1,429	1,429	-	1,429

Disclosures about fair value of financial instruments

The carrying amount of interest-bearing assets and liabilities in the statement of financial position may 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 30 September 2016 was 0.25%.

Financial key ratios

The Axfood Group uses various financial measures in the interim report that are not defined in IFRS. Axfood believes that these key ratios are relevant for readers of Axfood's financial reports as a complement in assessing Axfood's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures are therefore not to be regarded as a substitute for measures defined in IFRS. The table below includes measures not defined in IFRS, unless indicated otherwise, as well as a reconciliation of these measures.

Definitions of the key ratios are provided below.

Derivation and reconciliation

Store sales for Group-owned and franchise stores, quarterly data

SEK m	Q3 2016	Q3 2015	% ¹⁾	Like-for-like sales Q3 2016	Like-for-like sales Q3 2015	% ¹⁾
Net sales, Willys	5,720	5,560	2.9	-	-	-
Of which, sales for Group-owned stores ²⁾	5,720	5,560	2.9	5,549	5,535	0.3
Net sales, Hemköp	1,464	1,426	2.7	-	-	-
Of which, sales for Group-owned stores ²⁾	1,439	1,404	2.5	1,388	1,355	2.4
Store sales, Hemköp franchise stores	1,644	1,529	7.5	1,548	1,514	2.2
Store sales, Hemköp Group-owned and franchise stores	3,083	2,933	5.1	2,936	2,869	2.3
Retail sales, Group-owned stores²⁾	7,159	6,964	2.8	6,937	6,890	0.7
Store sales, Axfood Group	8,803	8,493	3.7	8,485	8,404	1.0

Store sales for Group-owned and franchise stores, 9-month data

SEK m	9 mos 2016	9 mos 2015	% ¹⁾	Like-for-like sales, 9 mos 2016	Like-for-like sales, 9 mos 2015	% ¹⁾
Net sales, Willys	17,186	16,512	4.1	-	-	-
Of which, sales for Group-owned stores ²⁾	17,186	16,512	4.1	16,659	16,399	1.6
Net sales, Hemköp	4,572	4,297	6.4	-	-	-
Of which, sales for Group-owned stores ²⁾	4,497	4,230	6.3	4,259	4,071	4.6
Store sales, Hemköp franchise stores	4,874	4,610	5.7	4,689	4,516	3.8
Store sales, Hemköp Group-owned and franchise stores	9,371	8,840	6.0	8,948	8,587	4.2
Retail sales, Group-owned stores²⁾	21,683	20,742	4.5	20,918	20,470	2.2
Store sales, Axfood Group	26,557	25,352	4.8	25,607	24,986	2.5

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

²⁾ Summation of sales for Group-owned stores.

Operating key ratio definitions and glossary

Axfood Group: Group-owned stores and Hemköp franchise stores.

Average number of employees during the year: Total number of hours worked divided by the number of annual full-time equivalents (1,920 hours).

Delivery reliability: The share of delivered goods in relation to the share of ordered goods.

Financial key ratio definitions

Capital employed: Total assets less noninterest-bearing liabilities and noninterest-bearing provisions. Average capital employed is calculated as capital employed at end of the period plus capital employed at the same point in time in the preceding year, divided by two.

Cash flow from operating activities per share: Cash flow from operating activities for the period divided by the weighted average number of shares.

Cash flow per share: Cash flow for the year divided by the weighted average number of shares outstanding.

Debt-equity ratio: Interest-bearing liabilities divided by shareholders' equity including non-controlling interests.

Earnings per share: Net profit for the period 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-bearing net debt receivable/liability: Interest-bearing non-current and current receivables and liabilities, including cash and bank balances, and the interest-bearing portion of financial assets.

Interest cover ratio: Profit after financial items plus financial expenses, divided by financial expenses.

Like-for-like sales: Sales for stores that existed and generated sales in the comparison period, broken down into Group-owned and franchise stores.

Margin after financial items: Profit after financial items as a percentage of net sales for the year.

Net asset value per share: Equity attributable to owners of the parent divided by the number of shares outstanding.

Net capital expenditures in cash flow: Total capital expenditures excluding investments pertaining to leasing, less divestments.

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.

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 end of the period plus shareholders' equity at the same point in time in the preceding year, divided by two.

Sales, Group-owned retail operations: Sales for Hemköp and Willys stores owned by Axfood.

Sales growth: Percentage increase in sales between two periods.

Sales of private label products: Sales of private label products, excluding meats and fruits & vegetables, as a percentage of store sales including Hemköp franchise stores. The private label share is based on statistical data from external suppliers. Data from a selection of Axfood's stores are calculated statistically to a total sum based on the stores' annual sales. In this selection, sales for Group-owned and franchise stores are weighted according to the actual historical sales.

Store sales, Axfood Group – Sales for Hemköp and Willys stores, including Hemköp franchise stores.

Total capital expenditures: Investments in intangible and tangible non-current assets, including finance leases.

About Axfood

At Axfood we work with passion for food and people. Our strength is in developing and driving successful grocery formats in the Swedish market with responsibility for the environment and sustainable development. Axfood includes the Willys and Hemköp chains as well as the Tempo, Handlar'n and Direkten formats, which are proprietor-owned and organized within Axfood Närlivs. Axfood has 263 Group-owned stores. In all, Axfood collaborates with approximately 820 proprietor-run stores. B2B sales are handled through the Axfood Snabbgross chain, and wholesaling is conducted through Dagab. Axfood has an approximate 20% share of the food retail market in Sweden. Axfood is listed on Nasdaq Stockholm, and the principal owner is Axel Johnson AB.

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

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