



PRESS RELEASE 6 February 2018

Stable earnings with investments in the future

President and CEO Klas Balkow's comments on the fourth quarter and the full year 2017:

“With the fourth quarter now behind us we have closed the books for an eventful and in terms of sales successful 2017. As for the full year, sales were strong during the fourth quarter. Operating profit for the quarter was level with the preceding year, and for 2017 it was in line with our forecast and the Group's long-term 4% target. Based on the good cash flow and Axfood Group's strong financial position the Board of Directors has proposed an ordinary dividend of SEK 7 per share, which is an increase of approximately 17%.

We will continue to invest in our various food concepts and develop them in concert with customers' shopping behaviours and the digital opportunities of tomorrow. This means that we continue our high investment level. For 2018 we expect capital expenditures to be in the range of SEK 900–1,000 m. In addition to our previous we also add a growth target that calls for Axfood to grow more than the market.”

Fourth quarter summary

- Consolidated net sales amounted to SEK 11,826 m (11,116), an increase of 6.4%. On a pro forma¹⁾ basis, the increase was 7.3%.
- Operating profit was SEK 398 m (401), corresponding to an operating margin of 3.4% (3.6%).
- Net profit for the period was SEK 310 m (307), and earnings per share were SEK 1.46 m (1.46).
- Axfood took the decision to reorganize Axfood Närlivs effective at the start of 2018, entailing the transfer of customer responsibility for Tempo to Hemköp, the reporting of Axfood Snabbgross as its own segment, and the transfer of other Axfood Närlivs customers to Dagab.

Summary of full year 2017

- Consolidated net sales amounted to SEK 45,968 m (43,355), an increase of 6.0%. On a pro forma¹⁾ basis, the increase was 7.0%.
- Operating profit was SEK 1,886 m (1,902), corresponding to an operating margin of 4.1% (4.4%).
- Net profit for the year was SEK 1,467 m (1,473), and earnings per share were SEK 6.98 (7.02).
- During the year Axfood acquired Saba's fruit and vegetable warehouse operation, mat.se, Eurocash and Middagsfrid.

Significant events after the balance sheet date

- The Board of Directors proposes an ordinary dividend of SEK 7.00 per share (6.00).
- In addition to the current, long-term financial targets, the Board has added a growth target, entailing that Axfood shall grow more than the market.
- Carl Stenbeck, currently Global Head of Digital Development for the H&M brand, will be Axfood's new Head of Strategy and Business Development, and will be a member of the Executive Committee.

Welcome to today's presentation where President and CEO Klas Balkow together with CFO Anders Lexmon present the fourth quarter and the full year 2017. The presentation will be held at Hemköp's "Rekobutik", Norra Stationsgatan 80 A, at 9:30 a.m. The presentation is also web casted and can be followed via axfood.se or monitored by phone: Sweden: +46 8 566 426 62, UK: +44 203 0089 809, US: +1 855 735 2235.

¹⁾ To reflect the acquisition of the fruit and vegetable warehouse operations as from 1 January 2017, pro forma figures are presented for the comparison periods.

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The information in this release is such that Axfood AB is obligated to make public in accordance with the EU Market Abuse Act and the Swedish Securities Market Act. The information was presented, through the agency of the contact person above, for publication at 7:00 a.m. CET on 6 February 2018.

At Axfood we work with passion for food and people. Food that is good and sustainable. Axfood includes the Willys and Hemköp chains as well as Tempo, Handlar'n and Direkten, which are retailer-owned stores. B2B sales are handled through the Axfood Snabbgross chain, and wholesaling is conducted through Dagab. Axfood is also the owner of mat.se and Middagsfrid, and a part-owner of Urban Deli and Eurocash. Axfood is listed on Nasdaq Stockholm, and the principal owner is Axel Johnson AB. Read more at [axfood.se](https://www.axfood.se)