

# Axfood

PRESS RELEASE, 15 July 2019

## High growth and good profitability

The second quarter of the year was favourably affected mainly by Willys' continued strong performance as well as by Axfood Snabbgross's profitable growth. We continue to take market shares and delivered better earnings than last year. We did this at the same time that we are making a number of future-oriented investments in the store network, e-commerce and logistics solutions for the future.

### President and CEO Klas Balkow's comments on the interim report for the second quarter 2019:

"Our sales growth of 6.7% is proof that our various food concepts are consolidating already strong positions in their respective segments. Willys and Axfood Snabbgross in particular are distinguishing themselves in a positive light. We also report an online sales growth of 37%. The store network is growing and being upgraded, and we are happy to see that every new store is welcomed by a constantly growing and loyal customer base.

We delivered an operating profit for the quarter which surpassed last year's strong result even without the effect of IFRS 16. This is gratifying especially in light of the fact that we are at the same time continuing to invest in a number of ambitious future ventures that are weighing down earnings in the short term, but which we are fully confident will contribute to our continued profitable growth over time."

### Second quarter summary

- Consolidated net sales amounted to SEK 13,038 m (12,221), an increase of 6.7%.
- Operating profit totalled SEK 601 m (545), an increase of 10.2%. The operating margin was 4.6% (4.5%). The new accounting standard for leasing (IFRS 16) had a positive effect on operating profit of SEK 44 m and on the operating margin of 0.3 percentage points.
- Net profit for the period totalled SEK 429 m (429), and earnings per share before dilution were SEK 2.01 (2.01).
- Axfood signed a cooperation agreement with the store chain Östenssons, which will become a Hemköp franchisee as from 1 September 2019.
- To secure the Company's obligation to provide conditional matching and performance shares under LTIP 2019, Axfood repurchased 196,000 shares for a total of SEK 36 m during the quarter.

### First half summary

- Consolidated net sales amounted to SEK 24,969 m (23,665), an increase of 5.5%.
- Operating profit totalled SEK 1,086 m (980), an increase of 10.9%. The operating margin was 4.4% (4.1%). The new accounting standard for leasing (IFRS 16) had a positive effect on operating profit of SEK 87 m and on the operating margin of 0.3 percentage points.
- Net profit for the period totalled SEK 783 m (767), and earnings per share before dilution were SEK 3.69 (3.62).

### Significant events after the balance sheet date

- As a step in the development of Axfood's new highly automated logistics centre in Bålsta, in accordance with the previously communicated Declaration of Intent, a long-term lease has been signed with the property owner NREP Logicensers

Welcome to today's conference call where President and CEO Klas Balkow together with CFO Anders Lexmon will present the interim report for the second quarter 2019. The presentation starts at 9:30 a.m. CET and can be followed via [axfood.se](http://axfood.se) or by phone:  
Sweden: +46 8 505 583 51, UK: +44 333 300 9261, USA: +1 833 526 8380.

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This document is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

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**Axfood** aspires to be the leader in good and sustainable food. Our family of companies includes the store chains Willys and Hemköp as well as Tempo and Handlar'n. B2B sales are handled through Axfood Snabbgross, and our support company Dagab is responsible for the Group's product development, purchasing and logistics. The Axfood family also includes Mat.se, Middagsfrid and Urban Deli as well as the partly owned companies Apohem and Eurocash. Together the Group has more than 10,000 employees and sales of nearly SEK 50 bn. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at [www.axfood.se](http://www.axfood.se).