

# Axfood

PRESS RELEASE 22 APRIL 2020

## Growth and higher profitability

Axfood reports a strong first quarter with continued high growth and improved profitability. This at the same time that the company is in a tumultuous and exceptional period – a situation in which the food industry has an important and societally essential role in providing the entire country with food and groceries. The novel coronavirus, COVID-19, has had and will continue to have a major impact on society and thus also on the company's operations.

### **President and CEO Klas Balkow's comments on the interim report for the first quarter 2020:**

"The first quarter of this year was a very special one. Following a solid start to the year, the COVID-19 outbreak resulted in dramatically changed shopping behaviours among consumers during the latter part of the quarter. Virtually overnight, pressure on stores and our e-commerce operations increased as customers began hoarding basic groceries. The hoarding resulted in strong sales growth during the period, but it also put a major strain on the supply chain, which struggled to maintain a reasonable level of service. Looking at the quarter as a whole, Axfood once again grew faster than the market. The quarter was characterized by high activity and creativity in dealing with everything this new situation has given rise to. Even though the focus during the latter part of the quarter has been on maintaining stable product supply in the current situation, we have continued to invest in developing our operations for future growth. The integration of the joint dark store in Gothenburg has been carried out, and we have also signed agreements on expansion of the dark store in Stockholm. The work on our new logistics centre in Bålsta is going according to plan, and an agreement has now been signed with Witron on the operation and functionality of the automation."

### **First quarter summary**

- Consolidated net sales totalled SEK 13,067 m (11,931), an increase of 9.5%.
- Operating profit totalled SEK 544 m (485), an increase of 12.0%. The operating margin was 4.2% (4.1%).
- Net profit for the period totalled SEK 402 m (354), and earnings per share before dilution were SEK 1.93 (1.68).
- The Annual General Meeting on 18 March resolved in favour of the Board's proposal for a shareholder dividend of SEK 7.25 (7.00) per share. The dividend amount is to be paid on two occasions. The first dividend payment of SEK 3.75 per share was made in March. The second payment of SEK 3.50 per share will be made in September.
- During the first quarter, Axfood's operations were impacted by changed shopping behaviours among consumers as a result of the spread of the novel coronavirus, COVID-19. Consumers' hoarding of groceries resulted in strong sales growth during the period. Certain businesses within Axfood were however negatively affected, such as Axfood Snabbgross, Urban Deli, and Eurocash.

### **Significant events after the balance sheet date**

- Axfood's Board of Directors has decided to repurchase a maximum of 310,000 shares coupled to the long-term share-based incentive programme LTIP 2020.

Axfood will present the interim report for the first quarter of 2020 in a conference call at 9.30 a.m. (CET) today. The report will be presented by Klas Balkow, President and CEO, and Anders Lexmon, CFO. To follow the presentation, visit [www.axfood.se](http://www.axfood.se) or ring: Sweden: +46 850 558 354, UK: +44 333 300 9267, USA: +1 833 823 0586

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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 more than 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).