Interim Report Axfood AB (publ)

SECOND QUARTER SUMMARY

- Axfood's consolidated sales for the period April–June totalled SEK 9,557 m (9,292), an increase of 2.9%.
- Retail sales for Group-owned stores increased by 3.2% during the period.
- Like-for-like sales increased by 1.3% during the period.
- Operating profit for the period was SEK 326 m (322).
- Profit after financial items was SEK 318 m (310) for the period.
- Profit after tax totalled SEK 248 m (228) for the period, and earnings per share were SEK 4.74 (4.35).
- Axfood and OKQ8 AB signed an agreement on extended cooperation.
- Axfood's goal for 2013 is to achieve an operating profit at the same level as in 2012.

NO SIGNIFICANT EVENTS HAVE TAKEN PLACE AFTER THE BALANCE SHEET DATE

Key ratios

SEK m	Q2 2013	Q2 2012	Change	Six months 2013	Six months 2012	Change	Full year 2012
Net sales	9,557	9,292	2.9%	18,507	18,010	2.8%	36,306
Operating profit	326	322	1.2%	580	572	1.4%	1,200
Operating margin, %	3.4	3.5	-0.1	3.1	3.2	-0.1	3.3
Profit after financial items	318	310	2.6%	565	551	2.5%	1,162
Profit after tax	248	228	8.8%	442	407	8.6%	902
Earnings per share, SEK[1]	4.74	4.35	9.0%	8.43	7.75	8.8%	17.20
Cash flow per share, SEK	-2.2	0.1	-	-2.4	0.0	-	3.9
Cash flow from operating activities per share, SEK	6.1	10.6	-42.5%	15.8	18.5	-14.6%	36.5
Return on capital employed, %[2]	29.2	31.2	-2.0	29.2	31.2	-2.0	28.2
Return on shareholders' equity, %[2]	30.2	31.7	-1.5	30.2	31.7	-1.5	27.2
Shareholders' equity per share, SEK[3]	-	-	-	61.10	56.09	8.9%	64.76
Equity ratio, %	-	-	-	36.6	34.3	2.3	38.8

On account of new accounting policies that took effect on 1 January 2013 with respect to pension costs (IAS 19), the comparative figures for 2012 have been adjusted.

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.
Anne Rhenman-Eklund, Head of IR and Corporate Communications, mobile +46-70-280 64 59.

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 1.00 p.m. (CET) on 15 July 2013.

CEO'S COMMENTS

The second quarter showed continued favourable sales growth and good earnings. Attractive customer offers and well managed stores contributed to the positive development. At the same time, the intensive work with implementation of the new business system in the logistics and warehouse operations continued.

Stability and positive result for all units

Willys again had favourable sales and stable profitability. The Willys+ customer programme, which was launched during the first quarter, has performed beyond expectations. The programme has been well-received by customers, and the number of subscribers has risen steadily. It is clear that the Willys+ offering has had a positive impact on sales. At the same time, several new stores opened compared with the preceding year, and the pace of modernization remained high as planned. The major renewal project that has now been in progress for five years will be concluded in early 2014.

Hemköp reported strong earnings and stable sales. To further improve the customer offering, Hemköp's existing customer programme was upgraded to a similar, modern platform like Willys+. In addition, as part of efforts to improve customers' shopping experience and enhance sales, two stores were refurbished during the period.

Axfood Närlivs showed favourable growth and good profitability both for its convenience retail and cash and carry operations. Better weather conditions compared with a year ago and strengthened campaign offerings contributed to the favourable performance. In May an extended cooperation agreement was signed with OKQ8 AB. The three-year agreement covers the supply of newsstand and food retail products, with a stronger focus on fresh products.

Dagab has had continued higher costs associated with implementation of the new business system. In early April the system was implemented at one of the company's largest warehouses according to plan. Implementation will continue at Dagab's remaining warehouses during the autumn, which will lead to higher costs during the rest of the year.

Market outlook 2013

Growth in Sweden has remained weak, and it appears the recovery will take time. However, the food retail sector is not as sensitive to the economy as other retail sectors. Relatively strong buying power among households contributed to stable performance during the first half of the year, which is expected to continue during the autumn. We believe that food price inflation for the full year will be in the range of one to two per cent.

Ambitious agenda for profitable growth

Axfood's long-term strategy for ensuring good profitability and growth is unchanged. As previously, focus is on attractive stores with a high private label share. We will also be fine-tuning our customer programmes in an effort to further strengthen our offerings and grow sales. Parallel with this, implementation will continue of the new business system, which is of strategic importance for Axfood. The pace of investment in 2013 will therefore remain level with 2012.

Axfood's goal for 2013 is to achieve an operating profit at the same level as in 2012.

Anders Strålman
President and CEO, Axfood AB

SALES, AXFOOD GROUP

Second quarter

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 9,557 m (9,292) during the second quarter, an increase of 2.9%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 8,071 m (7,887), an increase of 2.3%. Sales for Group-owned retail operations increased by 3.2% during the second quarter, with a 1.3% rise in like-for-like sales. Axfood's private label share was 24.8% (23.7%) as of June.

Six months

Consolidated wholesale and retail sales for the Axfood Group totalled SEK 18,507 m (18,010) during the period, an increase of 2.8%. Store sales for the Axfood Group (wholly owned stores and Hemköp franchises) totalled SEK 15,838 m (15,457), an increase of 2.5%. Sales for Group-owned retail operations increased by 3.7% during the period, with a 1.8% rise in like-for-like sales.

Net sales per operating segment

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Hemköp	1,392	1,401	2,799	2,772	5,584
Willys	5,174	4,961	10,093	9,662	19,407
Axfood Närlivs	1,728	1,673	3,155	3,114	6,336
Dagab	6,400	6,264	12,594	12,286	24,634
Other[1]	1,329	1,162	2,550	2,241	4,521
Internal sales					
Dagab	-5,178	-5,052	-10,218	-9,911	-19,835
Axfood Närlivs	-1	-2	-3	-4	-8
Other	-1,287	-1,115	-2,463	-2,150	-4,333
Total	**9,557**	**9,292**	**18,507**	**18,010**	**36,306**

1) Includes joint-Group support functions, such as purchasing coordination, IT and corporate offices.

Retail sales, Group-owned and franchise stores

SEK m	Q2 2013	%[1]	Like-for-like sales, %[1]	Six months 2013	% [1]	Like-for-like sales, %[1]
Hemköp	1,373	-0.7	0.2	2,760	0.9	0.2
Hemköp franchises	1,524	-1.2	2.4	2,985	-2.4	1.6
Hemköp total	**2,897**	**-1.0**	**1.4**	**5,745**	**-0.9**	**0.9**
Willys total	**5,174**	**4.3**	**1.6**	**10,093**	**4.5**	**2.2**
Total	**8,071**	**2.3**	**1.5**	**15,838**	**2.5**	**1.7**

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

Change in store structure, six months 2013

	Dec. 2012	New establishment	Acquisitions	Sales/closures	Conversions to/from	June 2013
Hemköp (incl. PrisXtra)	72		1		-3	70
Willys[1]	174	3	1	-2	3	179
Total, Group-owned	**246**	**3**	**2**	**-2**	**-**	**249**
Hemköp franchises	114			-2		112
1) Of which, Willys Hemma	46		1	-2	1	46

EARNINGS, AXFOOD GROUP

Second quarter

Operating profit for the quarter totalled SEK 326 m (322). The operating margin was 3.4% (3.5%). Net financial items totalled SEK -8 m (-12), and profit after financial items was SEK 318 m (310). The margin after financial items was 3.3% (3.3%). Profit after tax was SEK 248 m (228). Joint-Group costs were affected by higher depreciation for the new business system.

Six months

Operating profit for the period was SEK 580 m (572). The operating margin was 3.1% (3.2%). Net financial items for the period totalled SEK -15 m (-21), and profit after financial items was SEK 565 m (551). Profit after tax was SEK 442 m (407).

Operating profit for the period, broken down by operating segment

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Hemköp	44	27	74	55	149
Willys	211	218	381	389	796
Axfood Närlivs[1]	42	28	54	36	114
Dagab[1]	12	42	41	76	168
Other[1, 2]	17	7	30	16	-27
Operating profit for the period, total[1, 3]	**326**	**322**	**580**	**572**	**1,200**

1) On account of new accounting policies that took effect on 1 January 2013 with respect to pension costs (IAS 19), the comparative figures for 2012 have been adjusted. Axfood Närlivs has been adjusted by SEK 1 m for the full year, Dagab has been adjusted by SEK 2 m for the second quarter and SEK 5 m for the full year, and Other has been adjusted by SEK 1 m for the first half of the year and SEK 2 m for the full year 2012. Operating profit has been adjusted by a total of SEK 2 m for the second quarter, SEK 4 m for the first half of the year, and SEK 8 m for the full year.

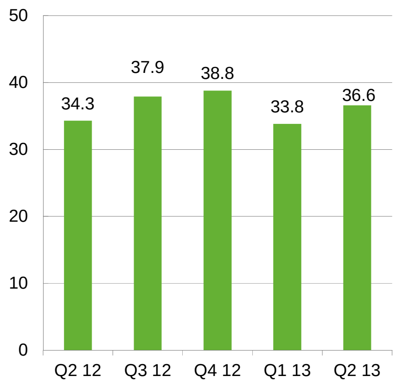
2) Includes joint-Group support functions, such as purchasing coordination, IT and corporate offices. Also includes accumulated charges for, among other things, amortization of surplus value pertaining to the acquisition of PrisXtra and depreciation of SEK 32 m (24) pertaining to the new business system.

3) Net financial items are not distributed per operating segment.

CAPITAL EXPENDITURES

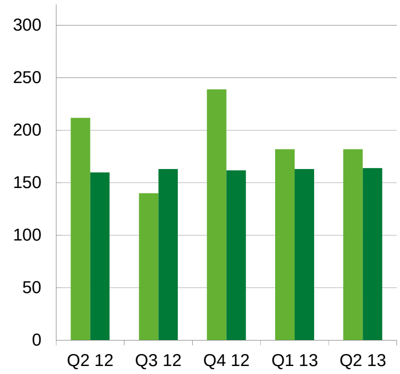
Total capital expenditures during the period January–June amounted to SEK 398 m (537), of which SEK 34 m (157) pertained to acquisitions of businesses, while SEK 226 m (189) pertained to investments in non-current assets in retail operations, SEK 32 m (27) to investments in non-current assets in wholesale operations, and SEK 63 m (121) to IT development.

Equity ratio, %



Debt-equity ratio, multiple

Capital expenditures*, depreciation/amortization, SEK m



* Excluding goodwill

FINANCIAL POSITION

Cash flow from operating activities before paid tax was SEK 961 m (1,020) during the first half of the year. Paid tax amounted to SEK -133 m (-50). Cash flow decreased due to calendar effects. Cash and cash equivalents (interest-bearing assets) held by the Group amounted to SEK 393 m, compared with SEK 521 m in December 2012. Interest-bearing liabilities and provisions totalled SEK 883 m at the end of the period, compared with SEK 861 m in December 2012. Interest-bearing net debt was SEK 490 m at the end of the period, compared with SEK 340 m in December 2012. Payout of the shareholder dividend affected cash flow by SEK -630 m (-630), and net capital expenditures affected cash flow by SEK -349 m (-457).

The equity ratio was 36.6%, compared with 38.8% in December 2012.

THE SWEDISH FOOD RETAIL MARKET

According to Statistics Sweden's retail trade index for May, accumulated sales for the food retail segment rose 2.8% since the start of the year in current prices. In fixed prices, adjusted for price and calendar effects, volume increased by 0.9%.

STORE OPERATIONS

Willys

Second quarter

Willys had continued favourable sales and stable earnings. The successful customer programme that was launched during the first quarter has had a positive impact on sales. Sales amounted to SEK 5,174 m (4,961), an increase of 4.3% compared with the same period a year ago. Like-for-like sales increased by 1.6%. Operating profit totalled SEK 211 m (218). The operating margin was 4.1% (4.4%). Earnings were charged with start-up costs for new stores. Three new stores opened during the quarter, of which one is a Willys Hemma. An additional six Willys stores were modernized, and the remaining some 10 stores in the renewal project will be refurbished in the coming quarters.

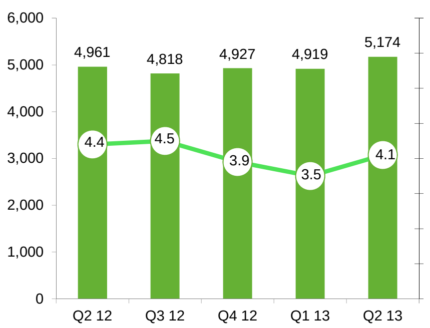
The private label share as of June was 27.2% (26.3%) for Willys and 30.0% (29.1%) for Willys Hemma.

Six months

Willys' sales during the period January–June amounted to SEK 10,093 m (9,662), an increase of 4.5% compared with a year ago. Like-for-like sales rose 2.2%. Operating profit for the first half of the year totalled SEK 381 m (389), and the operating margin was 3.8% (4.0%).

Five new Willys stores and two new Willys Hemma stores opened during the first half of the year. One WIllys Hemma store was closed, and one closed temporarily for extensive refurbishment.

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	5,174	4,961	10,093	9,662	19,407
Change in like-for-like sales, %	1.6	0.2	2.2	0.0	0.0
Operating profit	211	218	381	389	796
Operating margin, %	4.1	4.4	3.8	4.0	4.1
Number of Group-owned stores	-	-	179	172	174
Average number of employees	-	-	3,651	3,480	3,494
Private label share (Willys/Willys Hemma)	-	-	27.2/30.0	26.3/29.1	26.9/29.5

Hemköp

Second quarter

Hemköp (including PrisXtra) delivered strong earnings and stable sales. Sales decreased by 0.6%, with sales for Group-owned stores totalling SEK 1,373 m (1,383), a decrease of 0.7%. Like-for-like sales for Group-owned stores increased by 0.2% during the period. Sales for franchise stores amounted to SEK 1,524 m (1,543), a decrease of 1.2%, while like-for-like sales for franchise stores increased by 2.4% (see table on page 3). Hemköp's private label share was 18.1% (17.5%) as of June.

Operating profit for the second quarter was SEK 44 m (27). The operating margin for the period was 3.2% (1.9%).

As part of efforts to improve the in-store experience and boost sales, two stores were modernized during the period. One new Group-owned store also opened during the quarter.

Six months

Like-for-like sales for Group-owned stores increased by 0.2% during the period.

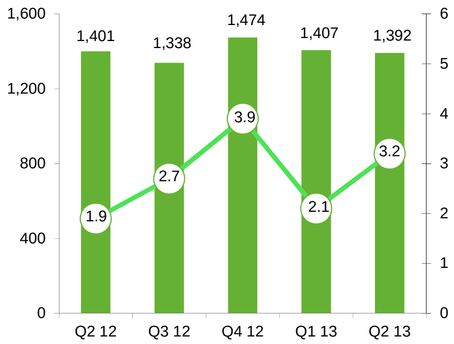
Sales for Hemköp's stores – Group-owned and franchises – decreased by 0.9% during the period January–June. Sales for Group-owned stores amounted to SEK 2,760 m (2,736), an increase of 0.9%.

Sales for franchise stores amounted to SEK 2,985 m (3,059), a decrease of 2.4%, with a 1.6% rise in like-for-like sales.

Operating profit for the period January–June amounted to SEK 74 m (55). The operating margin for the period was 2.6% (2.0%). Operating profit was affected by nonrecurring expenses of SEK 1 m (12).

During the first half of the year, one store was acquired and three were sold. In addition, two franchise stores were sold during the period. Hemköp had 182 stores at the end of the period, of which 70 were Group-owned.

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	1,392	1,401	2,799	2,772	5,584
Change in like-for-like sales, %	0.2	1.3	0.2	1.6	0.9
Operating profit	44	27	74	55	149
Operating margin, %	3.2	1.9	2.6	2.0	2.7
Number of Group-owned stores	-	-	70	71	72
Average number of employees	-	-	1,517	1,527	1,529
Private label share	-	-	18.1	17.5	18.1

* Comparative quarterly and full-year figures for 2012 have been adjusted for the combination of Hemköp and PrisXtra.

AXFOOD WHOLESALING

Dagab

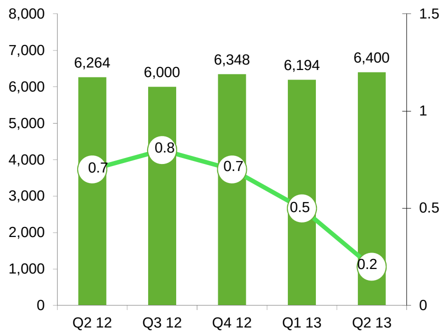
Second quarter

Dagab had continued higher costs associated with the implementation of the new business system. Operating profit totalled SEK 12 m (42), and the operating margin was 0.2% (0.7%). Sales amounted to SEK 6,400 m (6,264). In early April the new business system was implemented at one of the largest warehouses according to plan. Implementation will continue at Dagab's remaining warehouses during the autumn, which will lead to higher costs during the rest of the year. Also during the quarter, a new cold storage warehouse was inaugurated.

Six months

Dagab's sales during the period January–June amounted to SEK 12,594 m (12,286). Operating profit for the period totalled SEK 41 m (76), and the operating margin was 0.3% (0.6%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	6,400	6,264	12,594	12,286	24,634
Distributed sales	4,418	4,315	8,757	8,526	17,205
Operating profit	12	42	41	76	168
Operating margin, %	0.2	0.7	0.3	0.6	0.7
Average number of employees	-	-	995	992	955
Delivery reliability[1)]	-	97.1	-	97.3	97.5

1) Delivery reliability cannot be measured at present due to the implementation of the new business system.

Axfood Närlivs

Second quarter

Axfood Närlivs delivered good earnings and favourable growth. Sales during the second quarter amounted to SEK 1,728 m (1,673), an increase of 3.3%. Better weather conditions compared with same period a year ago and strengthened campaign offerings contributed to the favourable performance.

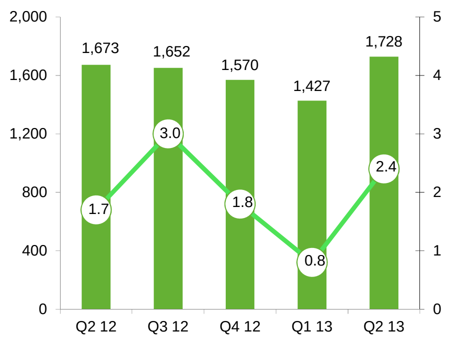
Operating profit for the second quarter totalled SEK 42 m (28), and the operating margin was 2.4% (1.7%).

In May a new, extended cooperation agreement was signed with OKQ8 AB. The three-year agreement covers the supply of newsstand and food retail products, with a stronger focus on fresh products.

Six months

Axfood Närlivs' sales during the period January–June amounted to SEK 3,155 m (3,114), an increase of 1.3%. Operating profit for the period totalled SEK 54 m (36), and the operating margin was 1.7% (1.2%).

Sales, SEK m, and operating margin, %



Key ratios

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	1,728	1,673	3,155	3,114	6,336
Distributed sales	1,609	1,531	2,943	2,857	5,822
Operating profit	42	28	54	36	114
Operating margin, %	2.4	1.7	1.7	1.2	1.8
Axfood Snabbgross, no. stores	-	-	20	20	20
Average number of employees	-	-	774	793	793
Delivery reliability, %	97.5	97.7	97.7	97.8	97.9

Combination of operations 2013

In connection with the conversion of PrisXtra that has been started in 2013, PrisXtra has ceased to constitute its own segment in the reporting and is part of Hemköp as from the first of January 2013. Comparative figures for 2012 have been adjusted and are shown in the tables below.

Hemköp 2012, pro forma per quarter				
	Q1	Q2	Q3	Q4
Sales				
PrisXtra	132	130	113	127
Hemköp	1,239	1,271	1,225	1,347
Hemköp total	1,371	1,401	1,338	1,474
Operating profit				
PrisXtra	4	5	4	3
Hemköp	24	22	32	55
Hemköp total	28	27	36	58

Hemköp 2012, pro forma accumulated			
	Q2	Q3	Full year
Sales			
PrisXtra	262	375	502
Hemköp	2,510	3,735	5,082
Hemköp total	2,772	4,110	5,584
Operating profit			
PrisXtra	9	13	16
Hemköp	46	78	133
Hemköp total	55	91	149

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 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 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, 30/6/2013	Financial assets and liabilities			
SEK m	Carrying amount	Fair value	Non-financial assets and liabilities	Total, statement of financial position
Financial assets	43	*43*	3	46
Accounts receivable – trade	1,021	*1,021*	-	1,021
Other current assets	4	*4*	1,009	1,013
Cash and bank balances	393	*393*	-	393
Total assets	**1,461**	***1,461***	**1,012**	**2,473**
Non-current interest-bearing liabilities	63	*63*	431	494
Current interest-bearing liabilities	389	*389*	-	389
Other current noninterest-bearing liabilities	-	-	1,833	1,833
Accounts payable – trade	2,547	*2,547*	-	2,547
Total liabilities	**2,999**	***2,999***	**2,264**	**5,263**

Parent Company, 30/6/2013	Financial assets and liabilities			
SEK m	Carrying amount	Fair value	Non-financial assets and liabilities	Total, statement of financial position
Financial assets	6	*8*	-	6
Accounts receivable – trade	0	*0*	-	0
Receivable from Group companies	1,182	*1,182*	16	1,198
Other current assets	-	-	122	122
Cash and bank balances	0	*0*	-	0
Total assets	**1,188**	***1,190***	**138**	**1,326**
Non-current interest-bearing liabilities	-	-	27	27
Current interest-bearing liabilities	325	*325*	-	325
Other current noninterest-bearing liabilities	-	-	30	30
Accounts payable – trade	12	*12*	-	12
Liabilities to Group companies	969	*969*	11	980
Total liabilities	**1,306**	***1,306***	**68**	**1,374**

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. 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). For current financial assets and liabilities with variable interest rates, fair value is considered to be the same as the carrying amount.

Axfood used the market interest rate in effect on 30 June 2013 plus a relevant interest rate spread to discount financial instruments. The interest rate used for interest-bearing liabilities as per 30 June 2013 was 2.25%.

SIGNIFICANT RISKS AND UNCERTAINTIES

In the course of its business the Axfood Group is 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 Jordbro, Backa 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 2012 Annual Report.

SEASONAL EFFECTS

Axfood has no significant seasonal variations.

SUSTAINABLE DEVELOPMENT

One of Axfood's strategic objectives is to work actively for sustainable development. 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. Priority areas for Axfood's environmental sustainability work are energy consumption, transports and the eco-cycle. All of these areas have major bearing on Axfood's business and have large potential for improvement.

One overall goal is to reduce the climate impact of the Group's operations by 75% during the period 2009–2020. One area of importance going forward involves work on improving energy efficiency and changing over to refrigerants that do not have any adverse climate impact. Work has begun on installation of a system for detailed measurement and control of electricity consumption in Axfood's Group-owned stores and warehouses. The system will enable central regulation and monitoring aimed at reducing electricity consumption.

Dagab and Axfood Närlivs are working continuously to minimize their climate impact. These measures include maximizing load capacity in delivery vehicles and the use of so-called eco-driving techniques to reduce fuel consumption. In addition, Dagab and Axfood Närlivs use "Evolution" diesel fuel, which is partly based on pine oil and has lower CO_2 emissions than conventional diesel fuel.

Axfood also focuses on recycling, where most waste is either recycled for use as raw material by the recycling industry or is converted to energy.

A more detailed description of Axfood's work with environmental matters can be found at axfood.se and in Axfood's Sustainability Report for 2012. See the table on page 15 for data on electricity consumption and emissions from the Group's transports.

PARENT COMPANY

Other operating revenue for the Parent Company during the period January–June amounted to SEK 77 m (89). After selling and administrative expenses, totalling SEK 135 m (141), and net financial items totalling SEK 0 m (-3), profit after financial items was SEK -58 m (-55). Capital expenditures during the period totalled SEK 3 m (3).

The Parent Company's interest-bearing net debt was SEK 139 m at the end of the period, compared with SEK 349 m in December 2012. 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 in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and recommendation RFR 2 – Reporting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR). 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.

Effective 1 January 2013, the Group applies the amended IAS 19, Employee Benefits: changes in reporting of actuarial gains and losses. Starting on 1 January 2013, the Group has changed over from reporting actuarial gains and losses in accordance with the corridor method to reporting them in their entirety in other comprehensive income in the period in which they arise. This results primarily in more relevant information in the statement of financial position, since the reported pension obligation after the change specifies a value that better represents the actual net obligation of the Group. The Group also applies the amendments to IAS 1 Presentation of Financial Statements: reporting of items in other comprehensive income. The amended accounting policy has resulted in a reduction of opening equity in 2012 by SEK 95 m (including the effect of the changed tax rate) and a decrease in closing equity in 2012 of SEK 76 m. The opening provision for pensions in 2012 increases by SEK 98 m, and the closing provision for pensions in 2012 increases by SEK 79 m. Operating profit for 2012 is positively affected by SEK 8 m, and comprehensive income for the year is affected positively by SEK 19 m.

In other respects, the accounting policies used by the Parent Company and Group are unchanged compared with the most recently published annual report.

FORECAST

Axfood's goal for 2013 is to achieve an operating profit at the same level as in 2012.

NEXT REPORT

The interim report for the period July–September 2013 will be presented on 18 October 2013.

PRESS RELEASES ISSUED DURING THE SECOND QUARTER

13 May 2013	Axfood and OKQ8 extend cooperation
21 May 2013	Hemköp Stockholm City donates food to the needy
12 June 2013	Solar cells to power refrigeration at Dagab's new cold storage warehouse

This half-year report gives a fair overview of the Parent Company's and Group's operations, financial position and results of operations, and describes significant risks and uncertainties that the Parent Company and companies included in the Group face.

Stockholm, 15 July 2013

Fredrik Persson *Chairman*		Marcus Storch *Vice Chairman*
Antonia Ax:son Johnson	Peggy Bruzelius	Lars Olofsson
Odd Reitan		Annika Åhnberg
Ulla-May Iwahr Rydén*	Michael Sjörén*	Inger Sjöstrand*
	Anders Strålman *President and CEO*	

* *Employee representatives*

This half-year interim report has not been reviewed by the Company's auditors

FINANCIAL STATEMENTS, GROUP

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

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	9,557	9,292	18,507	18,010	36,306
Cost of goods sold	-8,251	-8,049	-15,990	-15,567	-31,416
Gross profit	1,306	1,243	2,517	2,443	4,890
Selling/administrative expenses, etc.	-980	-921	-1,937	-1,871	-3,690
Operating profit	326	322	580	572	1,200
Net financial items	-8	-12	-15	-21	-38
Profit before tax	318	310	565	551	1,162
Tax	-70	-82	-123	-144	-260
Profit for the period	**248**	**228**	**442**	**407**	**902**
Other comprehensive income					
Items that cannot be reclassified to profit or loss for the period					
Revaluation of defined benefit pension plans	-5	4	-5	8	16
Tax attributable to items that cannot be reclassified to profit or loss for the period	1	-1	1	-2	-4
Items that have been reclassified or can be reclassified to profit or loss for the period					
Change in fair value of forward exchange contracts	2	-2	2	-2	0
Change in fair value of available-for-sale financial assets	-	-	-	-	0
Tax attributable to items that have been reclassified or can be reclassified to profit or loss for the period	0	1	0	1	0
Other comprehensive income for the period	**-2**	**2**	**-2**	**5**	**12**
Total comprehensive income for the period	**246**	**230**	**440**	**412**	**914**
Operating profit includes depreciation/amortization of	164	160	327	312	637
Earnings per share, SEK	4.74	4.35	8.43	7.75	17.20
Profit for the period attributable to					
Owners of the parent	246	228	439	407	902
Non-controlling interests	2	0	3	0	0
Total comprehensive income for the period attributable to					
Owners of the parent	244	230	437	412	914
Non-controlling interests	2	0	3	0	0

On account of new accounting policies that took effect on 1 January 2013 with respect to pension costs (IAS 19), the comparative figures for 2012 have been adjusted.

Condensed statement of financial position, Group

SEK m	30/6/2013	30/6/2012	31/12/2012
Assets			
Goodwill	1,793	1,743	1,759
Financial assets	46	46	45
Other non-current assets	2,766	2,756	2,741
Total non-current assets	**4,605**	**4,545**	**4,545**
Inventories	1,799	1,911	1,932
Accounts receivable – trade	1,021	916	867
Other current assets	1,013	962	955
Cash and bank balances	393	316	521
Total current assets	**4,226**	**4,105**	**4,275**
Total assets	**8,831**	**8,650**	**8,820**
Shareholders' equity and liabilities			
Equity attributable to owners of the parent	3,205	2,943	3,398
Equity attributable to non-controlling interests	31	28	28
Total shareholders' equity	**3,236**	**2,971**	**3,426**
Non-current interest-bearing liabilities	494	781	495
Noninterest-bearing non-current liabilities	332	306	331
Total non-current liabilities	**826**	**1,087**	**826**
Current interest-bearing liabilities	389	444	366
Accounts payable – trade	2,547	2,506	2,359
Other current noninterest-bearing liabilities	1,833	1,642	1,843
Total current liabilities	**4,769**	**4,592**	**4,568**
Total shareholders' equity and liabilities	**8,831**	**8,650**	**8,820**
Pledged assets	**29**	**3**	**29**
Contingent liabilities	**33**	**32**	**32**

[1)] On account of new accounting policies that took effect on 1 January 2013 with respect to pension costs (IAS 19), the comparative figures for 2012 have been adjusted.

Condensed statement of cash flows, Group

SEK m	Six months 2013	Six months 2012	Full year 2012
Operating activities			
Cash flow from operating activities before changes in working capital, before paid tax	871	856	1,809
Paid tax	-133	-50	-135
Changes in working capital	90	164	241
Cash flow from operating activities	828	970	1,915
Investing activities			
Acquisitions of operations, net	-15	-109	-113
Acquisitions of non-current assets, net	-334	-348	-703
Change in financial non-current assets, net	0	-	0
Cash flow from investing activities	-349	-457	-816
Financing activities			
Change in interest-bearing liabilities	23	116	-265
Dividend payout	-630	-630	-630
Cash flow from financing activities	-607	-514	-895
Cash flow for the period	**-128**	**-1**	**204**

Condensed statement of changes in equity, Group

SEK m	30/6/2013	30/6/2012	31/12/2012
Amount at start of year	3,426	3,237	3,237
Change in accounting policy	-	-48	-95
Total comprehensive income for the period	440	412	914
Dividend to shareholders	-630	-630	-630
Amount at end of period	**3,236**	**2,971**	**3,426**

Key ratios and other data, Group

	Six months 2013	Six months 2012	Full year 2012
Operating margin, %	3.1	3.2	3.3
Margin after financial items, %	3.1	3.1	3.2
Equity ratio, %	36.6	34.3	38.8
Debt-equity ratio, net, multiple	0.2	0.3	0.1
Debt-equity ratio, multiple	0.3	0.4	0.3
Interest coverage, multiple	32.4	27.2	26.8
Capital employed, SEK m	4,120	4,196	4,288
Return on capital employed, %	29.2	31.2	28.2
Return on shareholders' equity, %	30.2	31.7	27.2
Capital expenditures, SEK m	398	537	932
Earnings per share, SEK[1]	8.43	7.75	17.20
Dividend per share, SEK	-	-	12.00
Shareholders' equity per share, SEK[1, 2]	61.1	56.09	64.76
Cash flow per share, SEK[1]	-2.4	0.0	3.9
Number of shares outstanding[1]	52,467,678	52,467,678	52,467,678
Average number of employees	7,435	7,295	7,254
Work attendance rate, %	94.3	94.8	95.0
CO_2, kg/tonne goods[3]	20.1	21.2	20.1
Electricity consumption, kWh/m^2 (stores and warehouses)[4]	356.1	365.3	363.6

Quarterly overview

	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
Sales	8,735	8,914	8,718	9,292	9,044	9,252	8,950	9,557
Operating profit	370	322	250	322	370	258	254	326
Operating margin, %	4.2	3.6	2.9	3.5	4.1	2.8	2.8	3.4
Earnings per share, SEK[1]	5.09	4.32	3.40	4.35	5.08	4.37	3.69	4.74
Shareholders' equity per share, SEK[1]	57.4	61.7	52.2	56.1	60.8	64.8	56.5	61.1
Return on shareholders' equity, %	31.0	28.7	34.2	31.7	29.0	27.2	31.8	30.2
Cash flow from operating activities per share, SEK	6.9	7.3	7.9	10.6	7.9	10.1	9.7	6.1
Capital expenditures	208	297	323	214	142	253	210	188

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 the total volume for Dagab's and Axfood Närlivs' transports from warehouses to stores with own delivery vehicles.
4) Moving 12-month figures. Pertains to wholly owned stores and warehouses.

On account of new accounting policies that took effect on 1 January 2013 with respect to pension costs (IAS 19), the comparative figures for 2012 have been adjusted.

FINANCIAL STATEMENTS, PARENT COMPANY

Condensed income statement, Parent Company

SEK m	Q2 2013	Q2 2012	Six months 2013	Six months 2012	Full year 2012
Net sales	-	-	-	-	-
Selling/administrative expenses, etc.	-30	-26	-58	-52	-100
Operating profit	-30	-26	-58	-52	-100
Group contributions received, net	-	-	-	-	1,261
Other net financial items	0	0	0	-3	-3
Profit after financial items	-30	-26	-58	-55	1,158
Appropriations	-	-	-	-	-288
Profit before tax	-30	-26	-58	-55	870
Tax	7	7	13	15	-232
Net profit for the period	**-23**	**-19**	**-45**	**-40**	**638**
Operating profit includes depreciation/amortization of	0	1	0	1	1

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

Condensed balance sheet, Parent Company

SEK m	30/6/2013	30/6/2012	31/12/2012
Assets			
Property, plant and equipment	6	4	5
Participations in Group companies	3,606	3,558	3,573
Other financial non-current assets	6	5	5
Deferred tax assets	6	9	7
Total non-current assets	**3,624**	**3,576**	**3,590**
Receivables from Group companies[1]	1,198	1,195	2,213
Other current assets	122	124	13
Cash and bank balances	0	0	0
Total current assets	**1,320**	**1,319**	**2,226**
Total assets	**4,944**	**4,895**	**5,816**
Shareholders' equity and liabilities			
Restricted shareholders' equity	287	287	287
Unrestricted shareholders' equity	2,718	2,714	3,392
Total shareholders' equity	**3,005**	**3,001**	**3,679**
Untaxed reserves	**563**	**275**	**563**
Non-current interest-bearing liabilities	27	330	28
Noninterest-bearing non-current liabilities	2	3	3
Total non-current liabilities	**29**	**333**	**31**
Current interest-bearing liabilities	325	409	314
Liabilities to Group companies[2]	980	838	1,155
Accounts payable – trade	12	13	19
Other current noninterest-bearing liabilities	30	26	55
Total current liabilities	**1,347**	**1,286**	**1,543**
Total shareholders' equity and liabilities	**4,944**	**4,895**	**5,816**
Pledged assets	**360**	**371**	**360**
Contingent liabilities	**-**	**-**	**-**
1) Of which, interest-bearing receivables	1,182	1,194	920
2) Of which, interest-bearing liabilities	969	831	927

FINANCIAL DEFINITIONS

Average number of employees: Total number of hours worked divided by the number of hours worked per year (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: Cash and cash equivalents plus interest-bearing receivables less interest-bearing liabilities and provisions.

Net debt-equity 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.

EMAB: EMAB is a collaborative organization for independent service station stores, with approximately 400 members within the Shell, Statoil 1-2-3, Hydro, Bilisten and Preem service station chains.

Evolution diesel: Environmental diesel 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 years.

axfood

Axfood AB, SE-171 78 Solna
Visitors' address: Hemvärnsgatan 9
Tel. +46-8-553 990 00,
Fax +46-8-730 03 59
info@axfood.se, axfood.se

ABOUT AXFOOD

Axfood conducts food retail and wholesale business in Sweden. Retail business is conducted through the wholly owned grocery chains Willys, Hemköp and PrisXtra. The number of Group-owned stores is 249. In addition, Axfood collaborates with a number of proprietor-run stores that are tied to Axfood through agreements, including stores in the Hemköp chain, but also stores operating under the Handlar'n and Tempo profiles. Wholesale business is conducted through Dagab and Axfood Närlivs. 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