



PRESS RELEASE 19 January 2017

Axfood and Norgesgruppen acquire Eurocash Food AB

Axfood has signed an agreement to acquire Eurocash Food AB. Through the acquisition Axfood will further strengthen its leading position in the discount food retail segment while at the same time entering the cross-border shopping segment. Axfood has also reached an agreement with Norgesgruppen to, contingent upon clearance of Axfood's acquisition from the Swedish Competition Authority, sell 49% of the shares in Eurocash to Norgesgruppen.

Eurocash is the second-largest food retailer along Sweden's border with Norway, with eight stores and sales of approximately SEK 1.2 billion. The group has good profitability and approximately 280 employees.

The acquisition and conceived transfer to Norgesgruppen marks a deeper collaboration between Axfood and Norgesgruppen, which was previously based on purchases of certain private label products.

Commenting on the deal, Anders Strålman, President and CEO of Axfood, said: "The acquisition of Eurocash is part of our strategy to grow sales and strengthen our market share in Sweden. At present Axfood does not have any food retail stores along the border with Norway. We will now gain access to the growing cross-border shopping segment – a market with sales of some SEK 14 billion.

"The partnership with Norgesgruppen will give us valuable experience, and we look forward to running Eurocash together with them."

Runar Hollevik, President and CEO of Norgesgruppen commented: "We currently have good cooperation with Axfood and see the acquisition of Eurocash as an opportunity to strengthen our relationship. To offer even better stores going forward it is important that we increase our knowledge about markets outside of Norway."

Axfood is currently the primary supplier of Eurocash via Dagab. After the acquisition Eurocash will be consolidated in the Axfood Group and will be included under Willys in the segment reporting. However, the business will continue to operate under the Eurocash brand.

The seller is the Norwegian company Conceptor Handel AS. The ownership change will not entail any personnel changes for Eurocash.

"We are happy to see Axfood and Norgesgruppen as the new owners of our seven Eurocash stores and the Strömsund Mat store in Sweden," comments Vidar Lyhus, Chairman of the Board of Conceptor and Eurocash. "At the same time, we are proud to have been pioneers in the cross-border shopping segment and about developing the company over the past 20 years."

Ronnie Egeland, President of Conceptor, comments: “The stores’ roughly 280 employees will gain solid industrial owners that are known for developing good concepts in the food retail sector. The management and employees will thereby become part of two groups focused on future long-term growth.”

Axfood’s acquisition is contingent upon antitrust clearance from the Swedish Competition Authority, and the subsequent transfer to Norgesgruppen is contingent upon approval from the European Commission. Axfood’s initial acquisition is not contingent upon approval of the subsequent transfer to Norgesgruppen.

The acquisition will have a positive impact on Axfood’s earnings per share.

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This information is such that Axfood Aktiebolag (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was submitted, by the agency of Axfood’s contact persons above, for publication on 19 January 2017 at 7.30 CET.

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. B2B sales are handled through the Axfood Snabbgross chain, and wholesaling is conducted through Dagab. Axfood is listed on Nasdaq Stockholm, and the principal owner is Axel Johnson AB. Read more at www.axfood.se.