

# Affordable, good and sustainable food

Axfood company presentation 2024



# Business review

## This is Axfood

Axfood is one of the leading players in food retail in Sweden and a family of different concepts working in collaboration. Each week 4.5 million customers are reached, and customer meetings take place through more than 300 Group-owned stores, e-commerce and over 700 collaborating retailer-owned stores. Axfood has a total of more than 13,000 employees (FTEs) and net sales of just over SEK 80 billion.

Axfood aspires to be a strong force in society that works together with stakeholders and decision-makers in society to drive development toward more sustainable and healthier food production and consumption.

Axfood shares are listed on Nasdaq Stockholm and the principal owner is Axel Johnson.



## A family of different concepts in collaboration

### WILLY:S

Willys is Sweden's leading discount grocery chain, featuring a wide assortment in Group-owned stores and online. With the business concept of offering Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail.



Handlar'n offers accessibility and proximity to groceries and services through retailer-owned mini-marts, mainly in the countryside but also in city centres.

### Hemköp

Hemköp offers an inspiring, broad and attractively priced assortment with a rich offering of fresh products. Hemköp's Group-owned stores, retailer-owned stores and online business aim to inspire good meals in a simple way.



Matöppet aims to be a personal grocery store, and the retailer-owned mini-marts focus heavily on service and offering a wide range of fresh products.

### tempo

Tempo is a mini-mart format of retailer-owned stores. At Tempo, store customers are greeted by a familiar environment offering good food and personal service.



Urban Deli, with stores and online sales in Stockholm, is a combination of restaurant, store and market hall with its own production of innovative, sustainable and healthy food.

#### Part ownership



Eurocash is one of the leading grocery chains along the Norwegian border. Specialising in cross-border shopping, Eurocash aims to make it easy for customers to shop for good food at the lowest prices.



Apothem is a full-scale retail pharmacy online with over-the-counter and prescription drugs. Apothem wants to make health and skincare accessible to everyone and offers a wide product range as well as personal advisory services.

#### Minority ownership



City Gross operates hypermarkets and online shopping and has a wide and affordable assortment with a rich offering of fresh products.

### Snabbgross

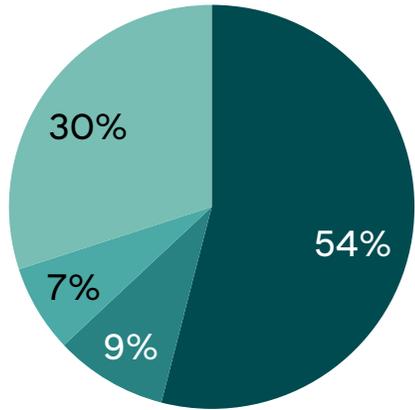
Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. Sales to consumers take place through Snabbgross Club.

### DAGAB

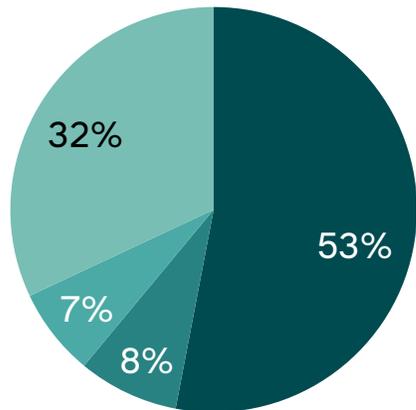
Dagab runs and develops the Group's assortment, purchasing and logistics. Dagab plays a key role in Axfood's efforts to streamline the product flow.

# Net sales and operating profit breakdown in 2023

Operating segments' share of external net sales



Operating segments' share of operating profit



- Willys
- Snabbgross
- Hemköp
- Dagab

Million customers/week

4.5

Employees (FTEs)

13 185

Group-owned stores

337

Net sales (SEK bn)

81

Operating profit (SEK bn)

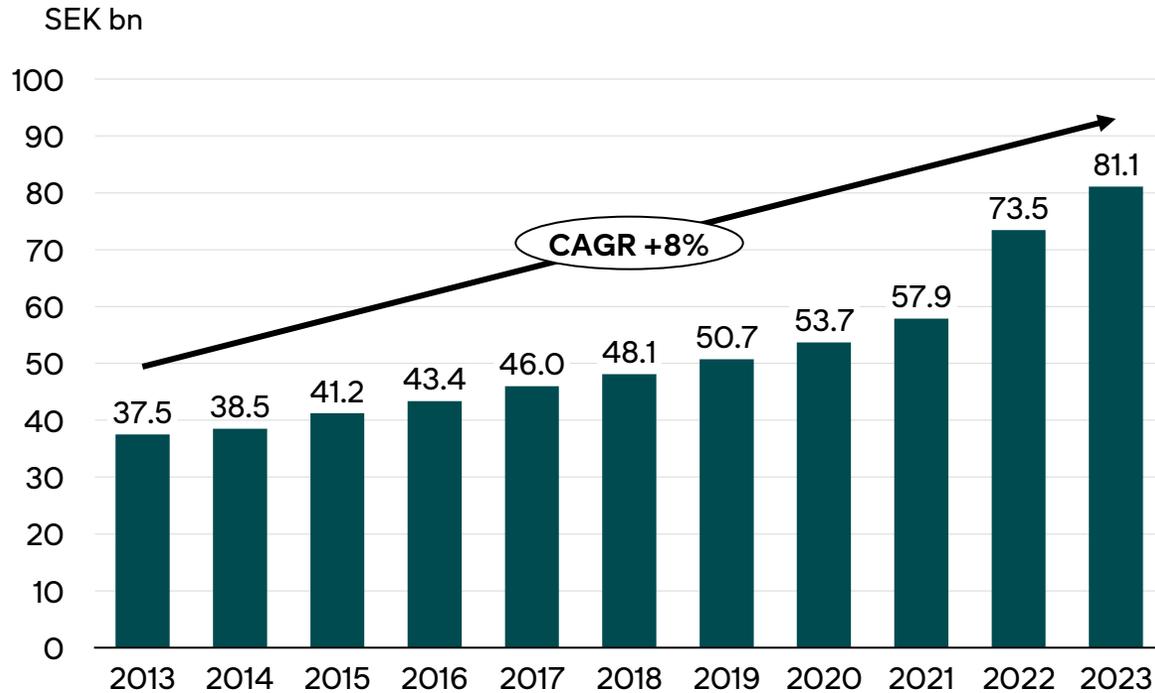
3.4

Operating margin

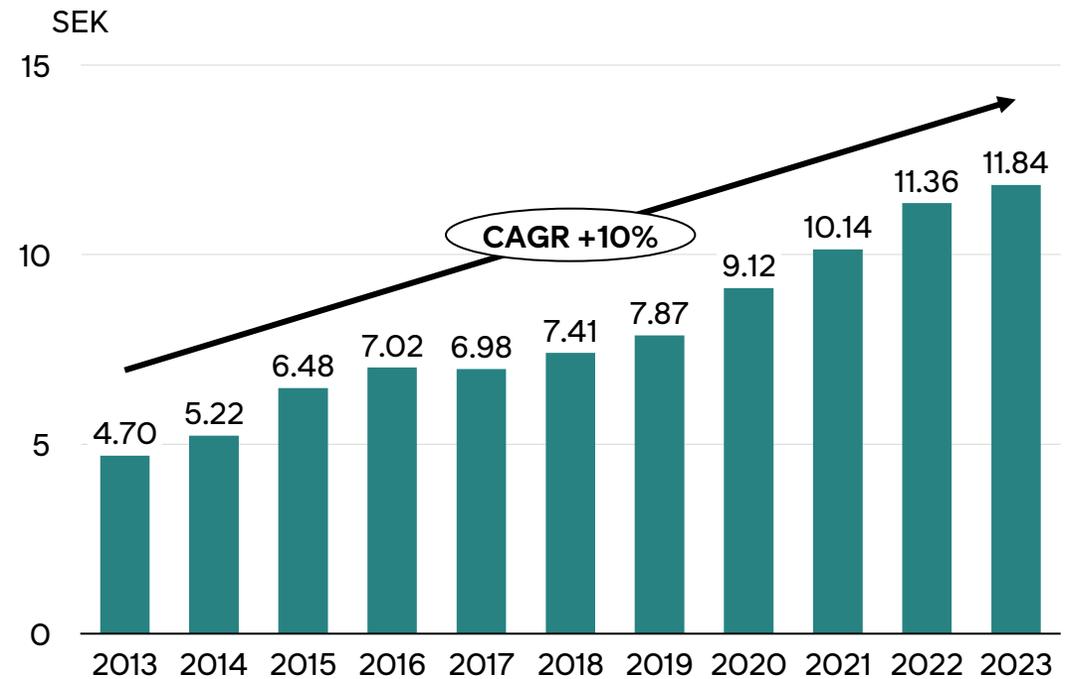
4.1%

# Net sales and profit development

## Net sales



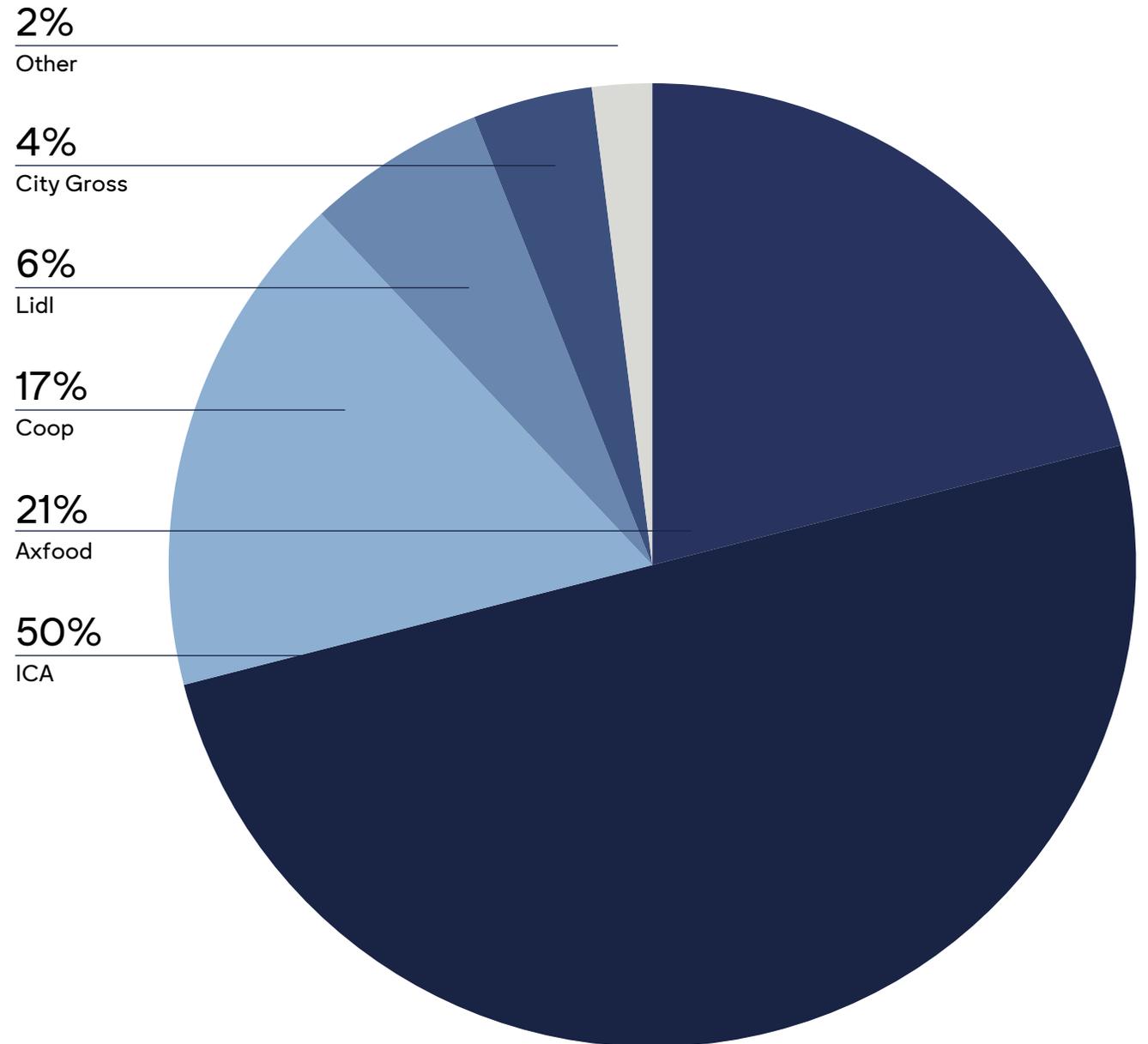
## Earnings per share\*



\*Earnings per share before dilution. Excluding items affecting comparability in 2021, 2022 and 2023.

# Strong presence in Swedish food retail

## Market shares in 2022



# Strong presence in Swedish food retail

## Market segments in 2022



# Key trends in food retail

Price value  
and discount



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Price value and low prices have become increasingly important for consumers, and the discount trend is strong.

Digitalisation  
and automation



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Digitalisation and automation is accelerating to increase efficiency and enhance the customer value proposition.

Health and  
sustainability



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Growing awareness about the impact of food on the climate and health, especially among young people.

# More than 20 years as a positive force for change

**2000**

Axfood is formed through the combination of D&D Dagligvaror (which included Dagab) and the listed company Hemköp. At the same time, Spar Sverige, Spar Inn Snabbgross and a voting majority in Spar Finland are acquired.



**2004**

Spar, Hemköp and Billhälls are gathered under the joint Hemköp brand.



**2013**

Warehousing, transport and purchasing are gathered in one organisation – Dagab.

**2008**

PrisXtra is acquired.

**2001**

The share of Group-owned stores increases through the start of a nationwide conversion of stores and new establishment of the Willys brand.

**2003**

Willys and Hemköp get their own private labels.

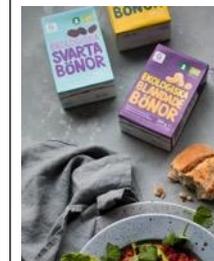


**2005**

Axfood divests its holding in Spar Finland and leaves the Finnish market.

**2009**

The Garant private label brand is launched.



# More than 20 years as a positive force for change

**2014**

New SAP business system. Acquisition of 50% of the restaurant chain Urban Deli. Conversion of PrisXtra to Willys and Hemköp.



**2018**

Inauguration of new automated perishable warehouse in Jönköping. Ownership in Urban Deli increases from 50% to 90%.

**2019**

Construction start of new highly automated logistics centre in Bålsta outside Stockholm.

**2022**

Integration of Bergendahls Food and system conversion of City Gross' stores. Axfood new partner to Mathem through divestment of Mat.se. New fruit and vegetables warehouse in Landskrona in operations.

**2017**

Acquisition of 51% of the cross-border grocery chain Eurocash, the online store Mat.se, and Middagsfrid with pre-planned meal kits. Investment in the online pharmacy Apohem.



**2021**

Acquisition of Bergendahls Food and City Gross minority stake.



**2023**

New highly automated logistics centre in Bålsta in operations.



# Strategy

## Clear direction for the future

Axfood's business concept is to serve as a family of different concepts in collaboration, and the vision is to be the leader in affordable, good and sustainable food. This is how Axfood creates a greater quality of life for everyone, which is the Group's purpose. Four objectives guide the Group's long-term development.

### Purpose

Better quality of life  
for everyone



### Objectives

By 2030, we will be Sweden's  
most inclusive food company

By 2030, we will be the  
strongest driving force  
for sustainable food in Sweden

By 2030, we will have  
created a healthier Sweden

By 2030, we will lead the  
development of the simplest  
and best food experiences

### Vision

Leading in affordable,  
good and sustainable food



### Business concept

A family of different  
concepts in collaboration



## Clear direction for the future

### **Purpose**

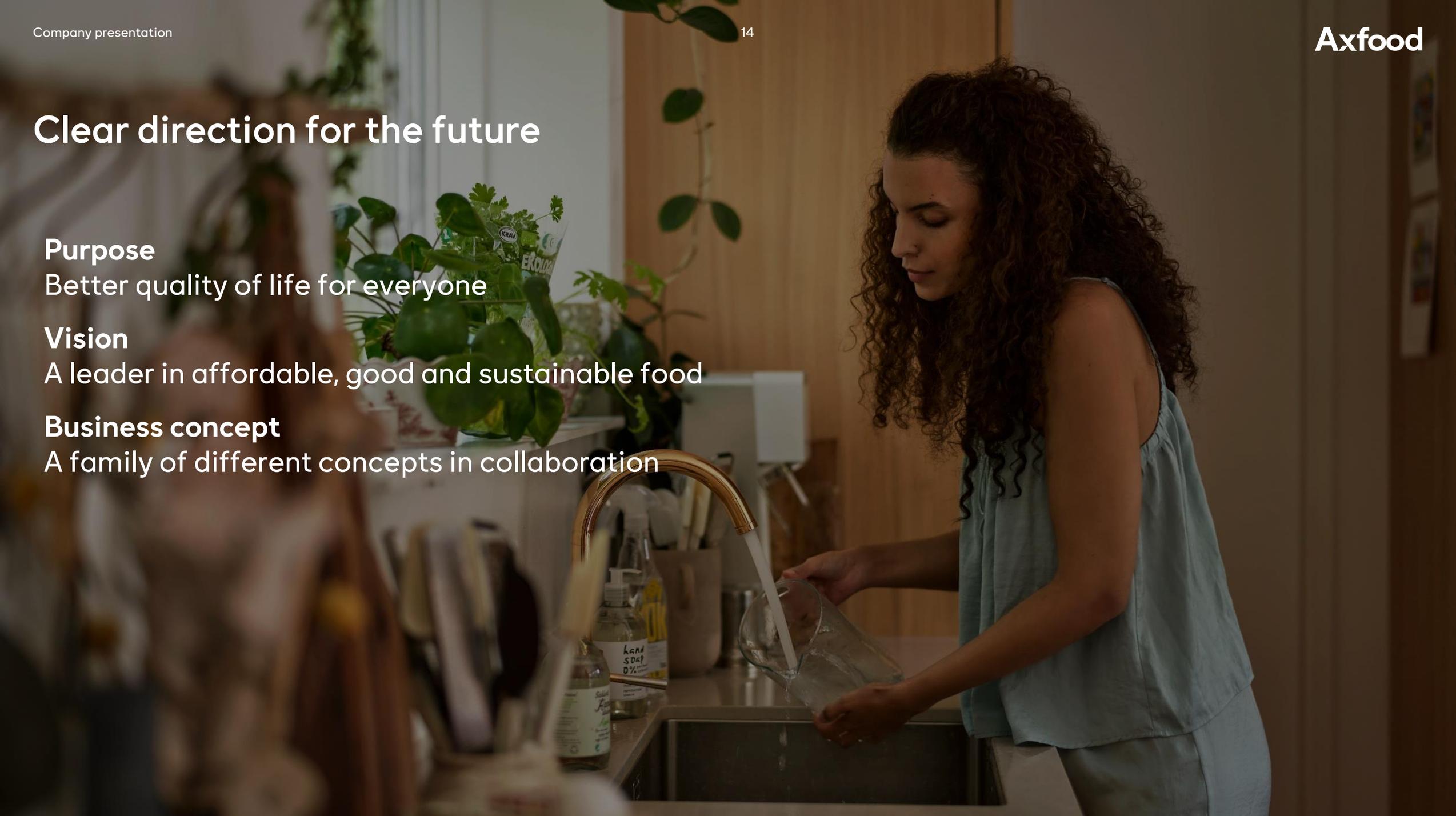
Better quality of life for everyone

### **Vision**

A leader in affordable, good and sustainable food

### **Business concept**

A family of different concepts in collaboration



# Ambitious objectives for the future

## AXFOOD'S OBJECTIVES

By 2030, we will be Sweden's most inclusive food company

*We grow by investing in the opportunities presented by people's increasingly different needs, meeting these needs with our distinctive concepts.*

By 2030, we will be the strongest driving force for sustainable food in Sweden

*We challenge and lead the way when it comes to reducing the environmental impact of food in the value chain that we are part of.*

By 2030, we will have created a healthier Sweden

*We contribute to better public health and good food habits for everyone by increasing knowledge and facilitating healthy choices.*

By 2030, we will be a leader in the development of the simplest and best food experiences

*We challenge ingrained habits through innovative, efficient solutions that create value for us and the world around us.*

## Axfood's employee promise

Our differences in the Axfood family serve as the underpinnings of a strong team and enable us to have an influence in our work today and tomorrow. Our passion for food and people, commitment and pride enable us to work together to create a better quality of life for everyone we meet and have an impact on. Together, we have the power to improve, develop and make a difference – for real.

### Five reasons to work at Axfood

# 01

Development opportunities – we grow together

# 02

Part of the team – welcome to the family

# 03

Community engagement – we make a difference on matters big and small

# 04

Passion for food and people – together we create better quality of life

# 05

Different concepts, one family – strength in our differences





## Core values

Axfood's core values make it easier to make the right decisions and have the right priorities in day-to-day operations. Through knowledge exchange, development and dialogue within the Group, the core values are translated into action. Axfood's core values are:

- The store is our stage
- Together we are stronger
- We challenge
- We are aware

## Strategic focus areas



### Customer offering

Axfood will offer an attractive assortment that is relevant, sustainable and affordable.



### Customer meeting

With relevant concepts and high accessibility, Axfood is meeting customers' various and changing needs.



### Expansion

Axfood will grow in new and existing areas by establishing stores and e-commerce as well as developing new offerings.



### Supply chain

Axfood will develop a sustainable product supply with high efficiency and quality.



### Work approach

Axfood is to be a customer-oriented, dynamic and sustainable organisation with a focus on efficiency and development.



### Employees

Axfood aspires to be the market's most attractive employer and to engage and help its employees to develop the right skills and work approach.

# Three processes from selection to customers

Axfood's business model covers purchasing and assortment, product flow and logistics as well as sales channels and concepts. The customer is always in focus and value is created for Axfood and the Group's stakeholders in every step.

## 1. Purchasing and assortment

- An attractive, efficient, wide and affordable assortment
- Long-term supplier agreements
- Purchasing, product development and assortment development through Dagab
- Private label products

## 2. Product flow and logistics

- Work with optimising the product flow
- Higher level of automation
- Efficient logistics with route optimisation and high capacity utilisation in transports
- Diversification of delivery fleet with greater share of renewable fuels

## 3. Sales channels and concepts

- Easily accessible, effective and attractive sales channels and concepts
- Distinctive food concepts
- Inspiring stores, rich selection of fresh products and innovative digital solutions

# Wide and affordable customer offering

Axfood will offer its customers an attractive, efficient, wide and affordable assortment.

Good and sustainable food



Private label products



Affordability



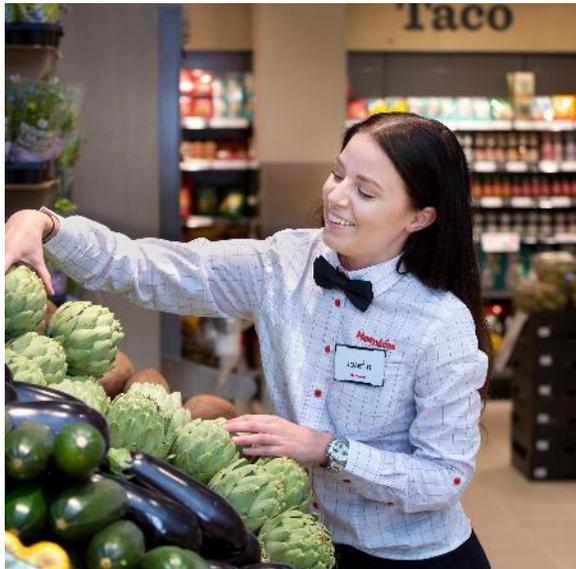
Meal solutions



## Modern and attractive stores

Axfood's stores must be accessible to customers so that it is convenient and easy to shop.

The customer in focus where employees are the front-line ambassadors



Continuous work to update and modernise existing stores



Improved customer experience and more efficient operations with digital tools



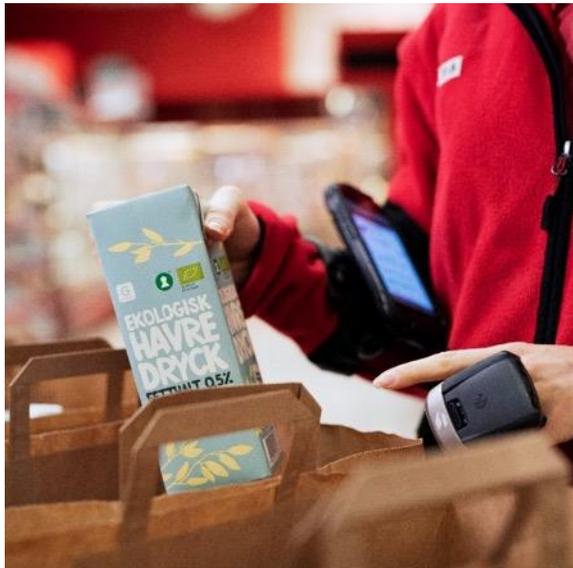
Broad contact network and advanced analysis to identify new store locations



# A competitive e-commerce offering

Axfood has a strong digital presence with a mix of omnichannel players and pure-play e-commerce retailers.

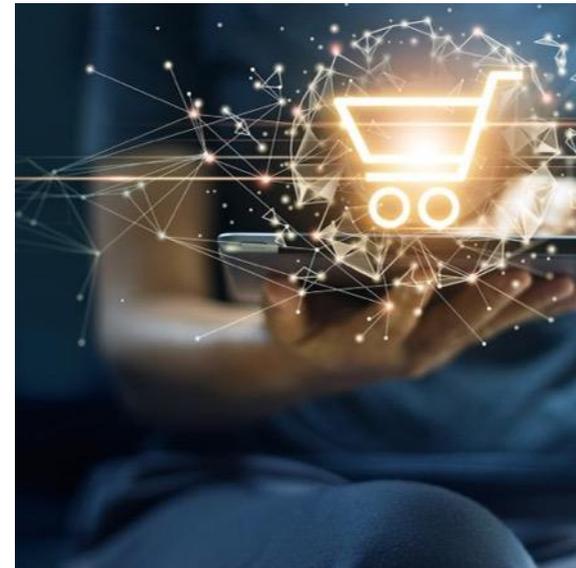
Five consumer brands, unique customer experiences



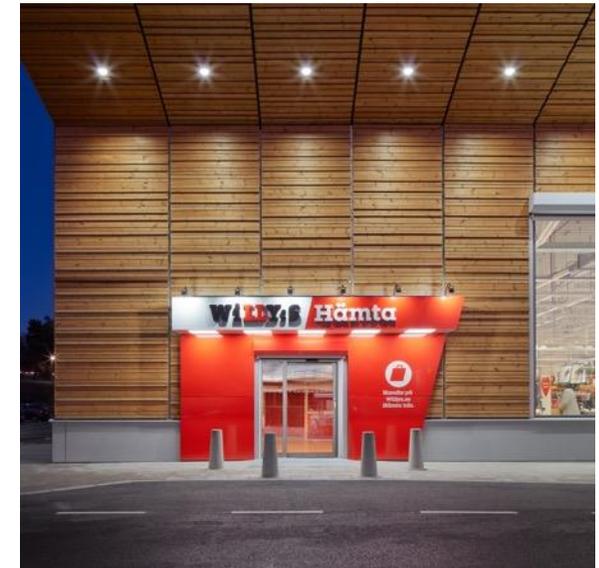
Differentiated business models, same market positions as in physical stores



Collaboration in logistics, IT and business development



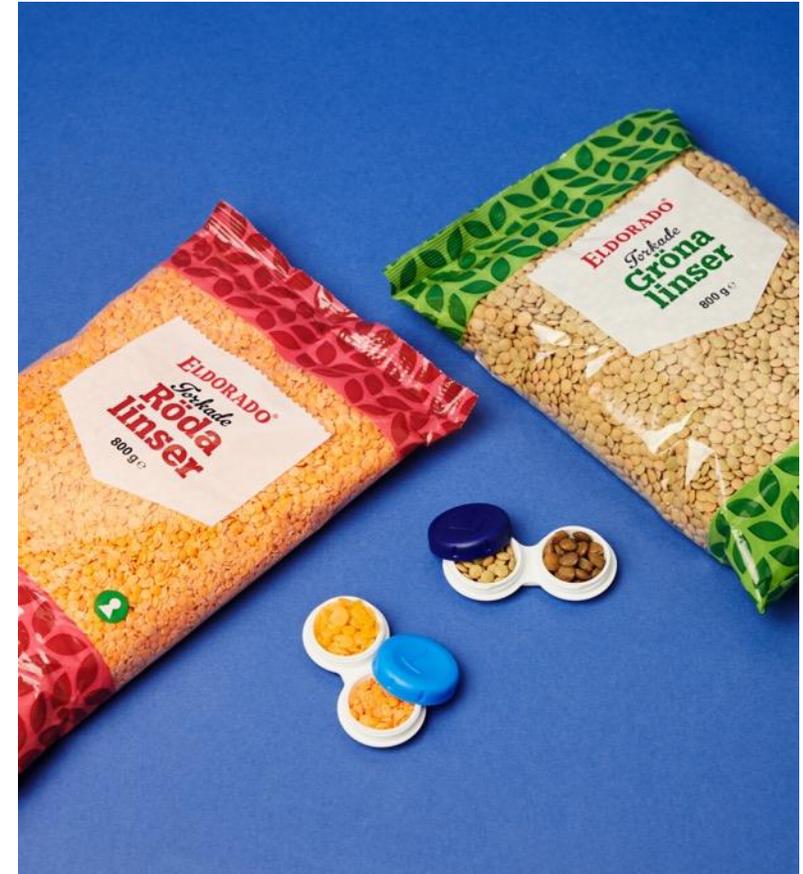
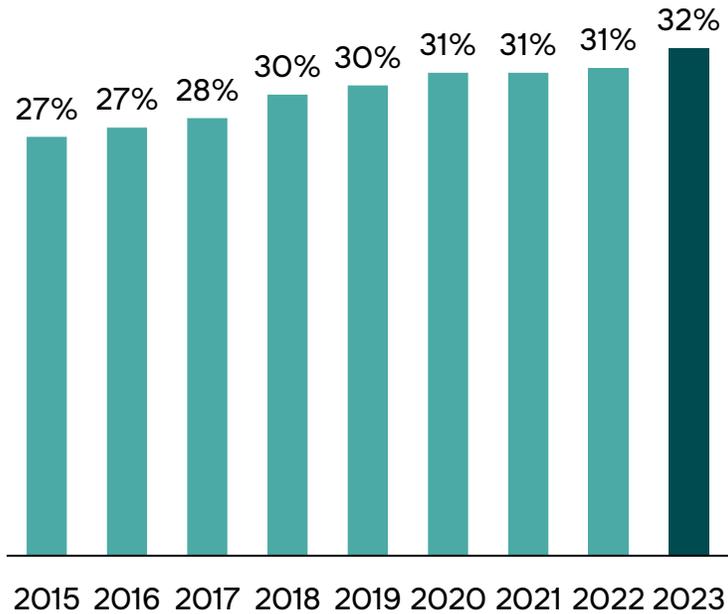
Innovative and customer-friendly functions, multiple delivery options



# Differentiated private label products

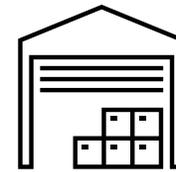
Private label products ensure a distinctive and efficient assortment.

Axfood's private label share of sales





## Efficient and modern logistics



With own warehouses and a well-developed own fleet, Axfood supplies stores and e-commerce



Efficient logistics with route optimisation and high capacity utilisation in transports



Through greater automation, warehousing efficiency can be significantly increased



Green transition of the delivery fleet – all trucks can be driven on alternatives to fossil fuels

# Operating segments

## Willys – leader in the discount segment

Willys is the country's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambitions to offer Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail. The operating segment Willys also includes partly owned cross-border grocery chain Eurocash and a minority stake in City Gross.

**WILLY:S** **WILLY:S** Hemma

euromarket  
**euromarket**

**CITY  
GROSS**



## Willys in brief

### Sweden's leading discount grocery chain

- Willys is the country's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambitions to offer Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail.
- The operating segment Willys also includes partly owned cross-border grocery chain Eurocash and a minority stake in City Gross
- 241 stores, of which 180 Willys, 54 Willys Hemma and 7 Eurocash
- Average retail area: Willys 2,200–2,500 sq. m., Willys Hemma 600–800 sq. m., Eurocash 3,000–3,500 sq. m.
- Assortment: Willys approx. 10,000 items, Willys Hemma approx. 6,000 items, Eurocash approx. 10,000–15,000 items
- E-commerce through 158 stores
- Closer to 3.6 million members in the customer loyalty programme Willys Plus

All figures from 2023.

Net sales (SEK m)

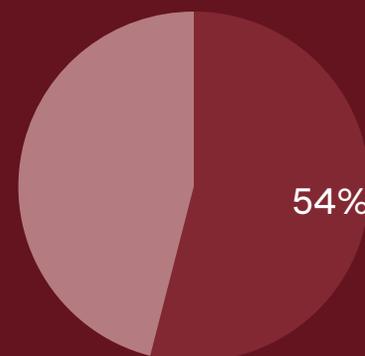
43,757

Operating profit (SEK m)

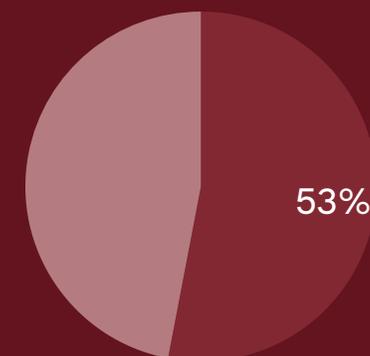
2,077

Willys' share of Axfod

Net sales\*



Operating profit



\*As share of external net sales.

## Hemköp – affordable passion for food

Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and e-commerce aim to inspire good meals in a simple and well thought-out manner. The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores.



**Hemköp** tempo

## Hemköp in brief

### Affordable passion for food

- Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and e-commerce aim to inspire good meals in a simple and well thought-out manner.
- The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores
- 202 Hemköp stores, of which 66 group-owned and 136 franchise, as well as 130 franchise stores in Tempo
- Average retail area: Hemköp 1,000–1,500 sq. m., Tempo 300–500 sq. m.
- Assortment: Hemköp approx. 10,000–12,000 items, Tempo approx. 4,500 items
- E-commerce through 67 stores
- Just over 2.0 million members in the customer loyalty programme Klubb Hemköp

All figures from 2023.

Net sales (SEK m)

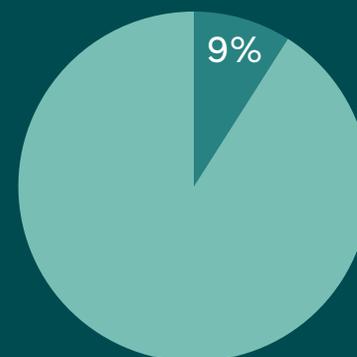
7,432

Operating profit (SEK m)

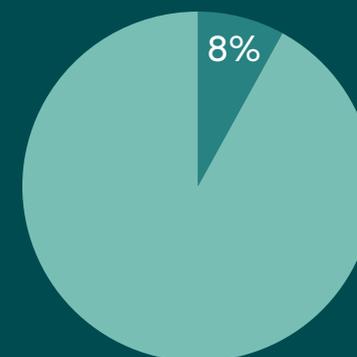
300

Hemköp's share of Axfood

Net sales\*



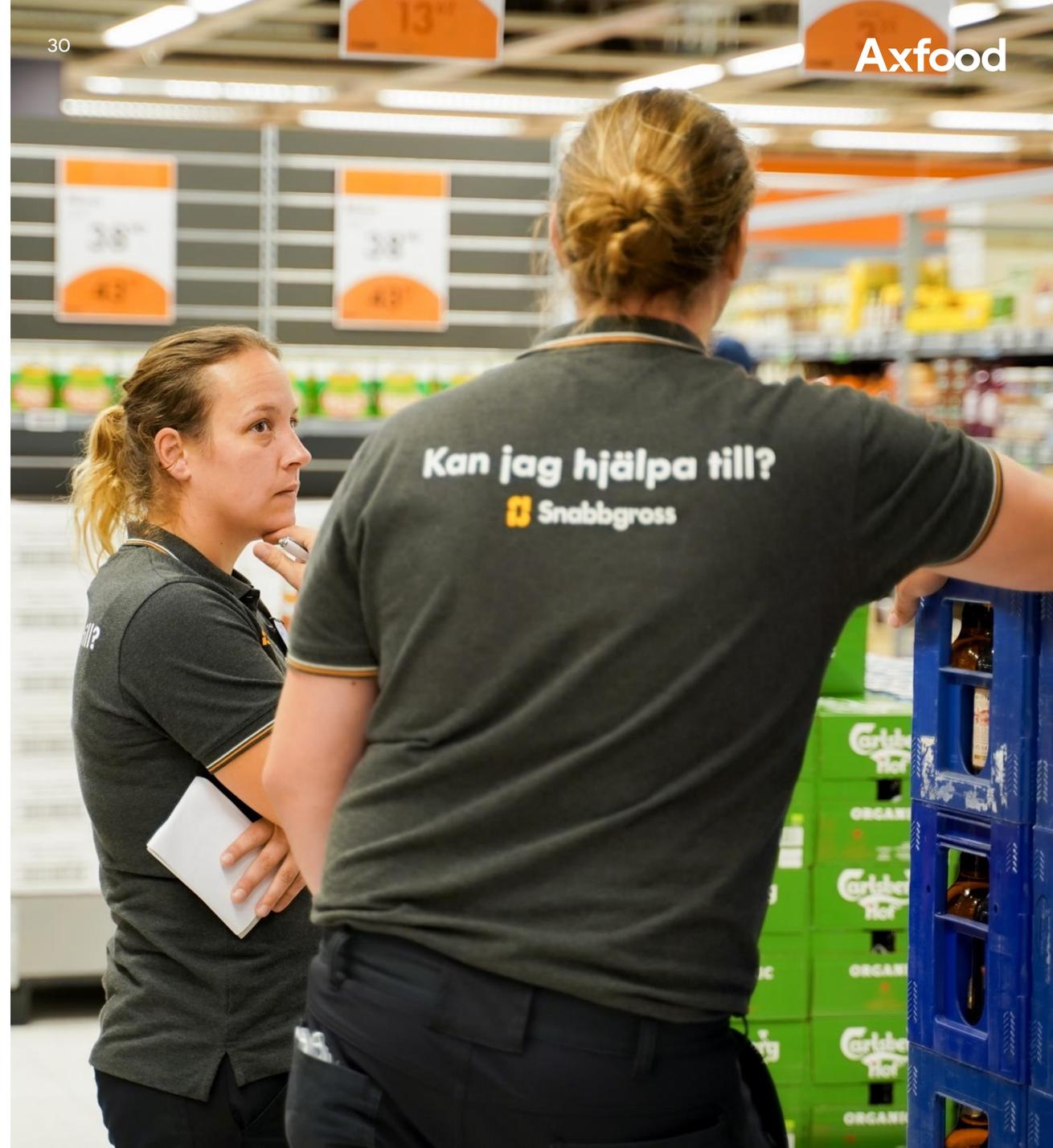
Operating profit



\*As share of external net sales.

## Snabbgross – restaurant wholesaler with a strong position

Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers.



## Snabbgross in brief

### Restaurant wholesaler with a strong position

- Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online.
- The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers
- 30 group-owned cash-and-carry stores, of which 7 Snabbgross Club
- Locally adapted units
- Average retail area: 2,000 sq. m.
- Assortment: approx. 12,000 items
- E-commerce to B2B customers through all stores

Net sales (SEK m)

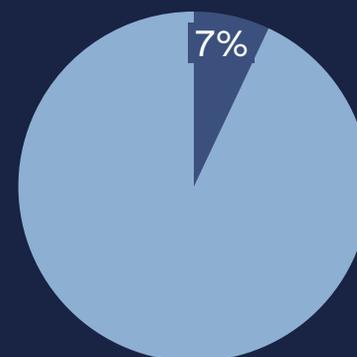
5,317

Operating profit (SEK m)

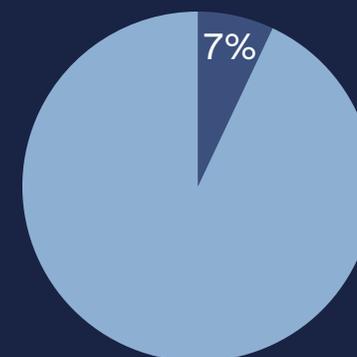
265

Snabbgross' share of Axfood

Net sales\*



Operating profit



## Dagab – sustainable and efficient product supply

Dagab handles the assortment, purchasing and logistics for all of Axfood as well as for external B2B customers. The Dagab operating segment includes the retailer concepts Handlar'n and Matöppet as well as the partly owned online pharmacy Apohem, and the Urban Deli restaurant chain.

**DAGAB**



**MATÖPPET**

**UD**  
URBAN DELI

**apohem**



## Dagab in brief

### Sustainable and efficient product supply

- Dagab handles the assortment, purchasing and logistics for all of Axfod as well as for external B2B customers
- The Dagab operating segment includes the retailer concepts Handlar'n and Matöppet as well as the online pharmacy Apohem, and the Urban Deli restaurant chain
- Handling of product flow from assortment and purchasing to warehousing and distribution
- More than 70,000 items in total, thousands of supplier negotiations every year
- 24 private labels, of which Garant and Eldorado are the most strongly positioned, 200-300 new private label products introduced every year
- Own fleet of 200 heavy-duty trucks and 86 light trucks
- Delivers to more than 7,000 stores and customers throughout all of Sweden

Net sales (SEK m)

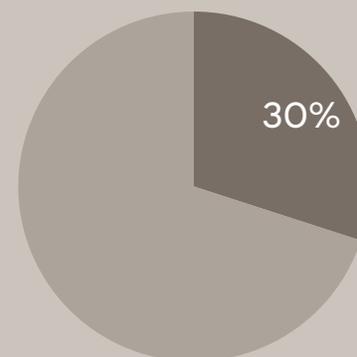
74,175

Operating profit (SEK m)

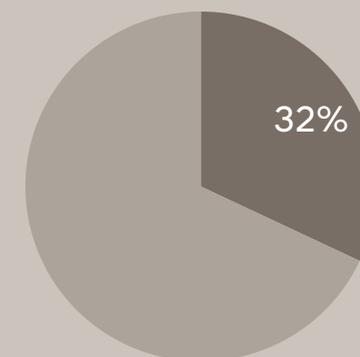
1,021

Dagab's share of Axfod

Net sales\*



Operating profit



# Development and sustainability

# Axfood's largest development projects

To strengthen its competitiveness, Axfood is developing its operations at a high pace in all parts of the Group. An overview is presented here of the largest ongoing development projects.

A new world-class logistics structure



A data-driven and efficient product flow



Optimal in-store work approach



A more attractive customer offering



A relevant and inspirational digital customer meeting



## Highly automated logistics for the future

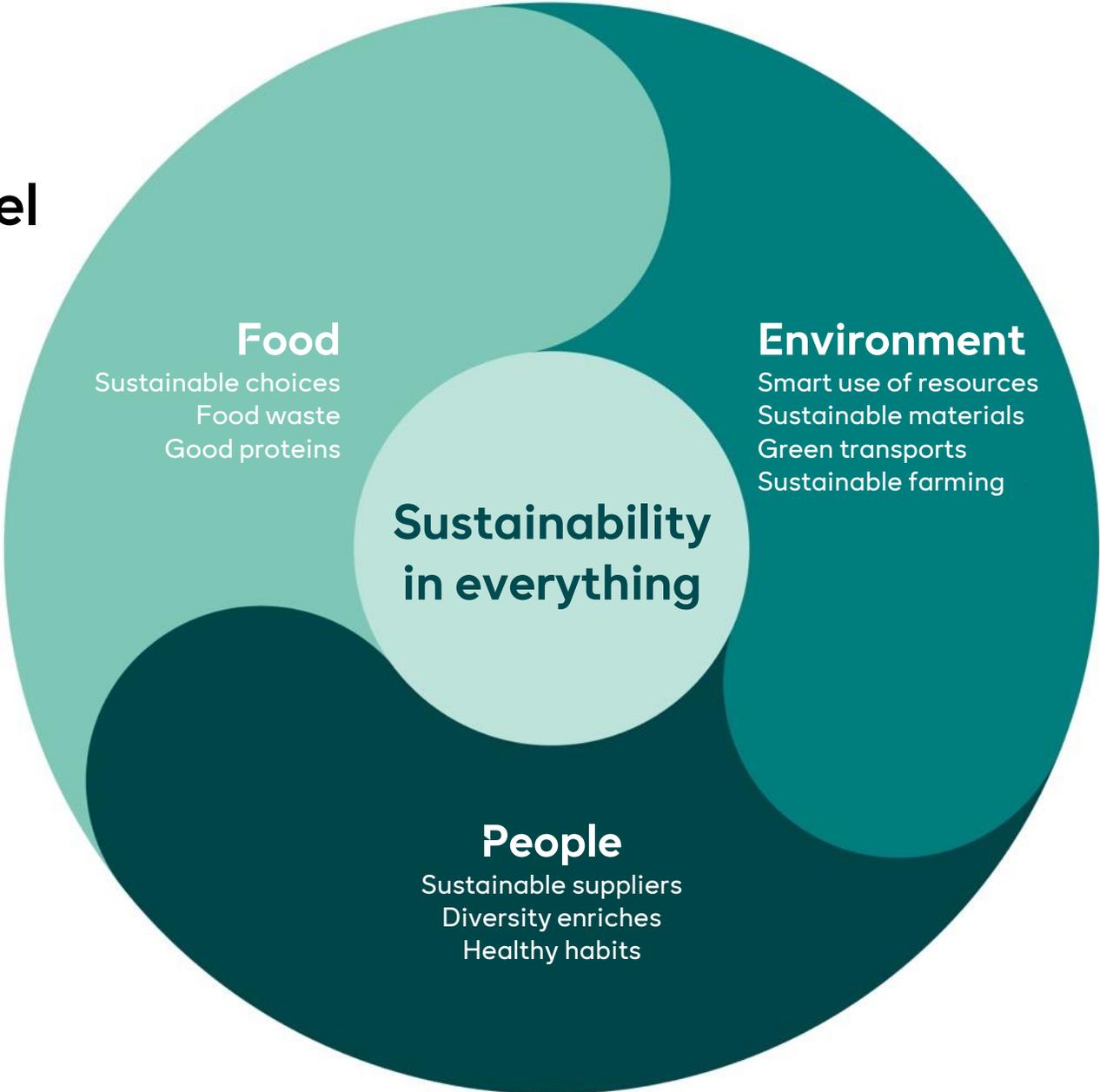
- In Bålsta, outside Stockholm, Axfood has built a new, highly automated logistics centre that is one of the largest and most modern of its kind in Europe
- Deliveries to stores and e-commerce customers
- Strengthens customer offering and improves delivery quality and service through modern and more efficient warehousing processes
- Planned to be fully operational in 2024



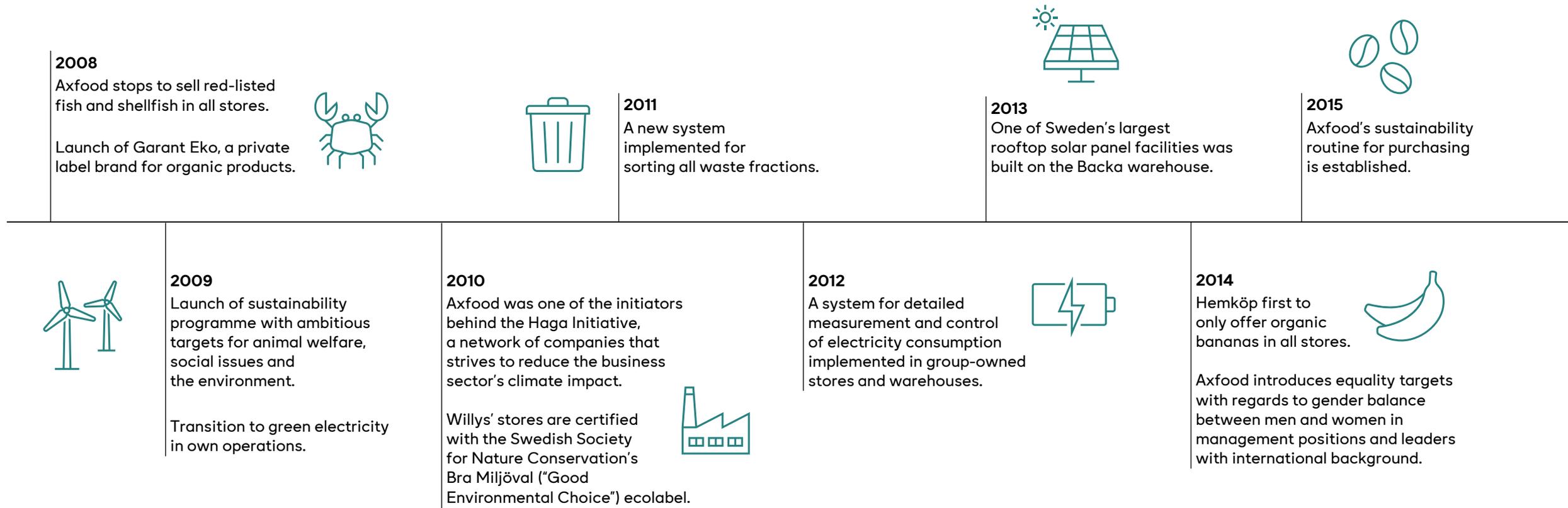
# Taking the lead in promoting sustainable food in Sweden

Axfood is to take the lead in promoting sustainable food in Sweden by taking a stance, inspiring and offering guidance for affordable, good and sustainable food.

# Axfood's sustainability model



# An ongoing journey...



# ...to drive sustainable development



**2016**

The report Food 2030, Axfood's proposal for a sustainable food strategy for Sweden, was published for the first time.



**2018**

First truck with liquefied biogas in operations.

Axfood adopted a goal to cut food waste in half by 2025.



**2019**

Axfood sets ambitious targets to drive the development of plastic usage in a more sustainable direction.

**2021**

First fully electric heavy-duty truck in operations.



**2023**

Sweden's largest rooftop solar panel facility in operation on the Bålsta warehouse.

**2017**

Axfood was first to introduce deposits for plastic fruit drink and juice bottles.



Axfood launches a strategy to promote living wages in the supply chain.



**2020**

Garant was first to launch eggs from free-range hens raised outdoors and fed with a newly developed Swedish soy-free feed.

**2022**

Collaboration initiated with the non-profit organisation Generation Pep, working to give children and young people the opportunity and will to live active and healthy lives.



Hemköp the industry leader with regards to sales of organic products.

# Sustainability in everything



## Food

- Sustainable choices
- Food waste
- Good proteins

### Targets:

**Cut food waste in half** by 2025  
(base year 2015)

**30%** share of sustainability-labelled products sales by 2025



## The environment

- Smart use of resources
- Sustainable materials
- Green transports
- Sustainable farming

### Targets:

**Net zero emissions** from own operations  
by 2030 the latest

**10%** reduction of electricity consumption per sq. m. by 2025 (base 2020)



## People

- Sustainable suppliers
- Diversity enriches
- Healthy habits

### Targets:

**At least 20%** share of managers with international background

**40-60%** share of women in management

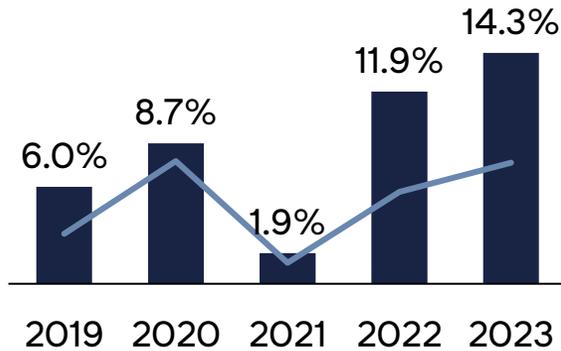
Sickness-related absences will not exceed **5.3%**

# Financial position

# Financial targets

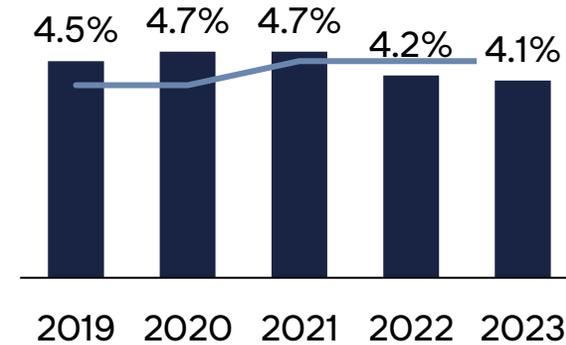
Grow more than the market

Growth in retail sales



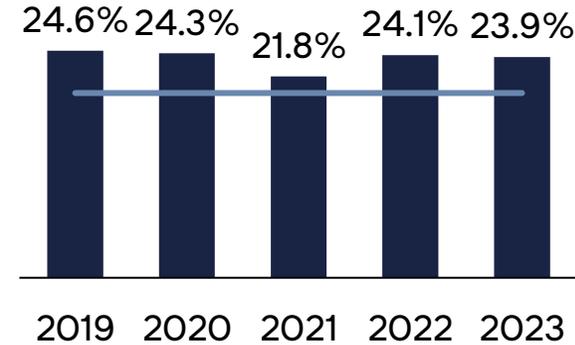
Long term operating margin at least 4.5%

Operating margin



Equity ratio at least 20% at year-end

Equity ratio



— Target  
■ Outcome

## Strong financial position

Net working capital as share of Group net sales

**-3.2%**

Equity ratio

**23.9%**

Net debt/EBITDA

**1.5x**

Return on capital employed

**20.3%**

Net debt/EBITDA (ex. IFRS 16)

**0.0x**

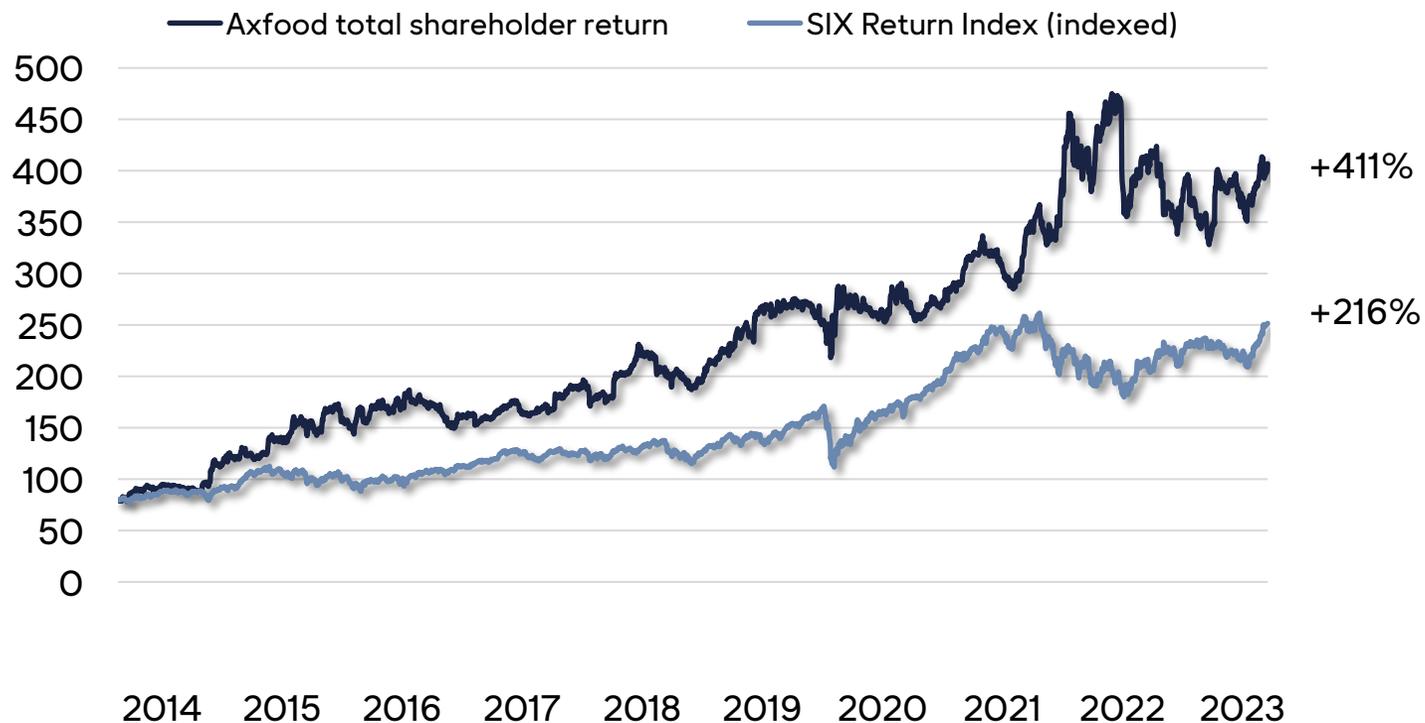
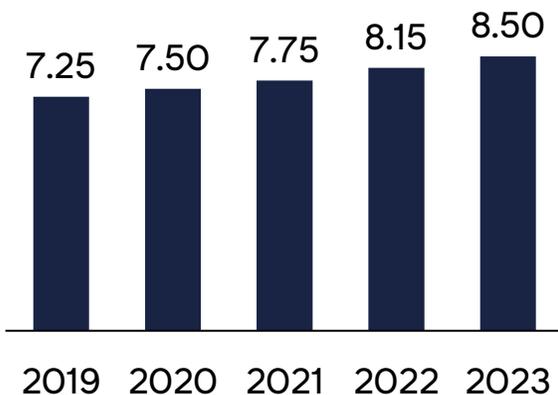
Return on shareholders' equity

**35.0%**

# Dividend and total return

According to Axfood's dividend policy, the shareholder dividend is to be at least 50% of profit after tax and is to be paid out on two occasions.

Dividend per share, SEK



## Investment case

01

Clear strategy in a non-cyclical and growing market

02

Family of well-positioned concepts in attractive segments

03

Sustainable economies of scale and close collaboration

04

Strong financial position and stable cash flow

05

Positive force in society

# Summary



## Well positioned in growing and changing market

- Axfood is a family of different and well-positioned concepts in close collaboration, with strong positions in prioritised segments.
- Axfood's vision is to be the leader in affordable, good and sustainable food. The purpose is to create a better quality of life for everyone and contribute to making people's lives better.

## Read more about Axfood

- Axfood’s website [axfood.com](https://axfood.com) is the Group’s primary information channel and provides a wealth of information that is relevant for the company’s stakeholders. The website provides, for example, current and historical financial information and information about the Group’s operations, vision, mission and strategy, corporate governance and sustainability work.
- Follow us in social media:
  - [linkedin.com/company/axfood](https://www.linkedin.com/company/axfood)
  - Instagram: [@axfoodkoncernen](https://www.instagram.com/axfoodkoncernen)
  - [facebook.com/axfoodkoncernen](https://www.facebook.com/axfoodkoncernen)



# Appendix

Affordable, good and sustainable food for everyone

Net sales

81.1bn

Efficient sourcing and logistics for all brands and channels

Innovative development of private label products

DAGAB

GROUP COMMON IT SYSTEMS

WILLY:S

Hemköp

tempo

Snabbgross

HANDLARN

MATÖPPET

URBAN DELI

eurocash

apohem

Minority shareholding:

CITY GROSS

Employees (FTEs)

13,185

Customer reach

4.5 million customers a week

337 Group-owned stores

136 franchise Hemköp

130 franchise Tempo

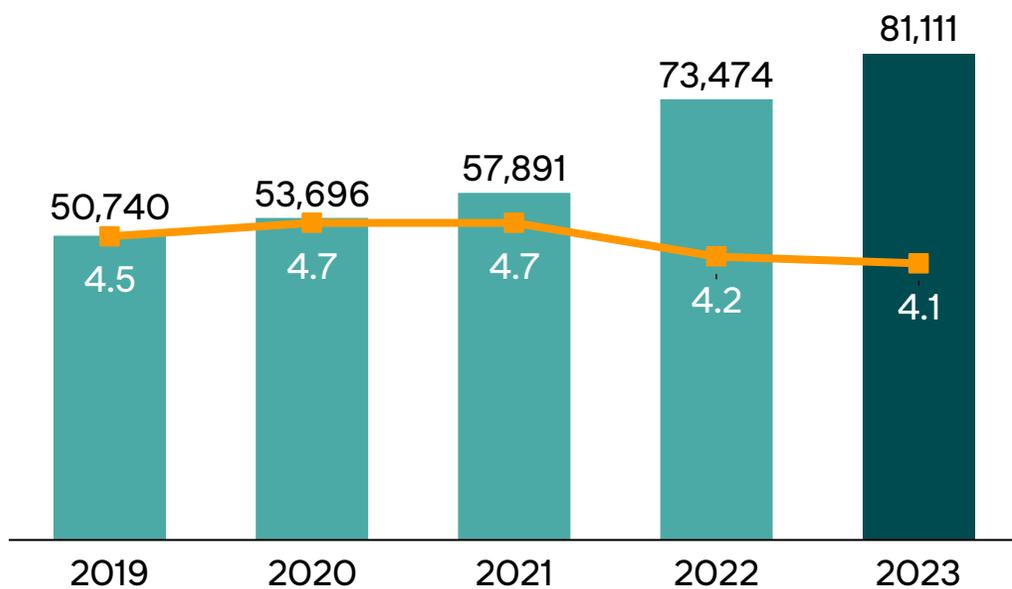
In total, collaborating with more than 1,200 stores

5 online brands

BUSINESS DEVELOPMENT

# Axfood

—■ Operating margin, %  
■ Net sales, SEK m

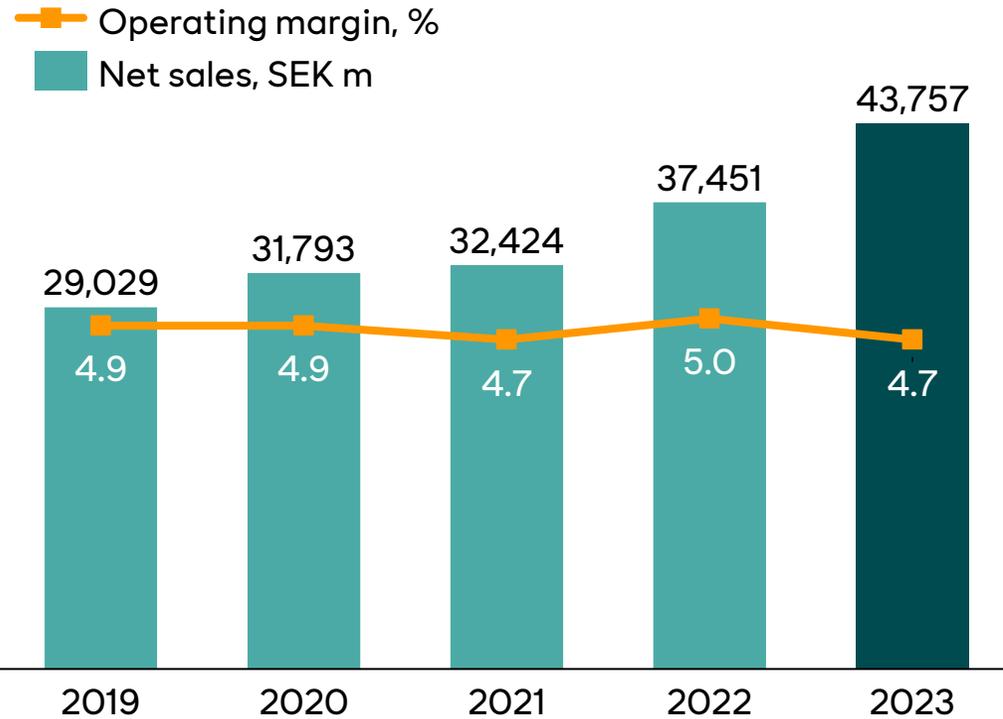


\*Refers to store sales

\*\*Excluding items affecting comparability.

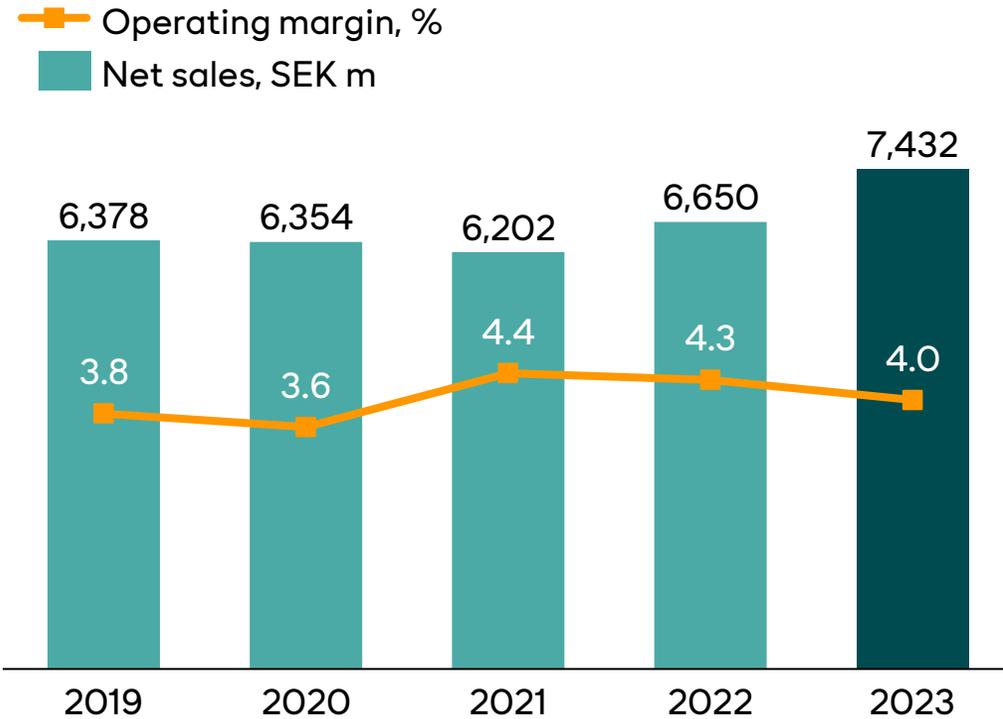
Key ratios SEK m	2023	2022	Chg
Net sales	81,111	73,474	10.4%
Change in like-for-like sales*	12.0%	10.4%	1.6
Operating profit	3,353	3,101	8.1%
Adjusted operating profit**	3,602	3,229	11.5%
Operating margin	4.1%	4.2%	-0.1
Adjusted operating margin**	4.4%	4.4%	0.0
Number of stores:			
Group-owned	337	325	12
Franchise	266	268	-2

# Willys



Key ratios SEK m	2023	2022	Chg
Net sales	43,757	37,451	16.8%
Change in like-for-like sales	13.9%	13.5%	0.4
Operating profit	2,077	1,859	11.8%
Operating margin	4.7	5.0	-0.2
Number of stores:			
Willys	180	173	7
Willys Hemma	54	52	2
Eurocash	7	7	-

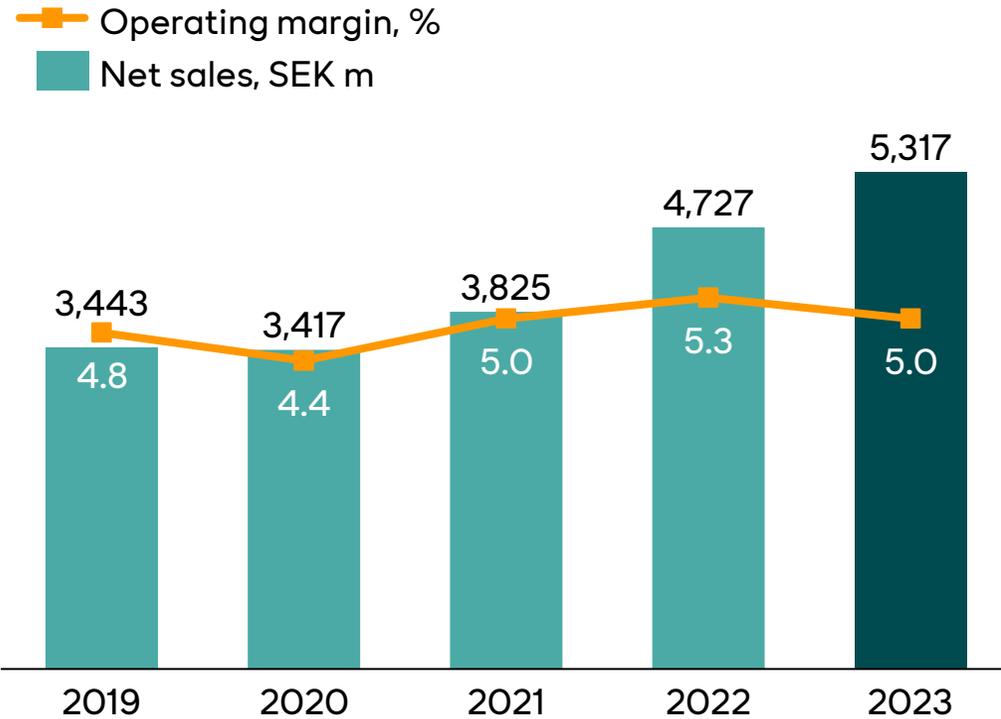
# Hemköp



Key ratios SEK m	2023	2022	Chg
Net sales	7,432	6,650	11.8%
Change in like-for-like sales*	7.9%	4.5%	3.4
Operating profit	300	283	5.9%
Operating margin	4.0%	4.3%	-0.2
Number of stores:			
Group-owned	66	64	2
Hemköp, franchise	136	137	-1
Tempo, franchise	130	131	-1

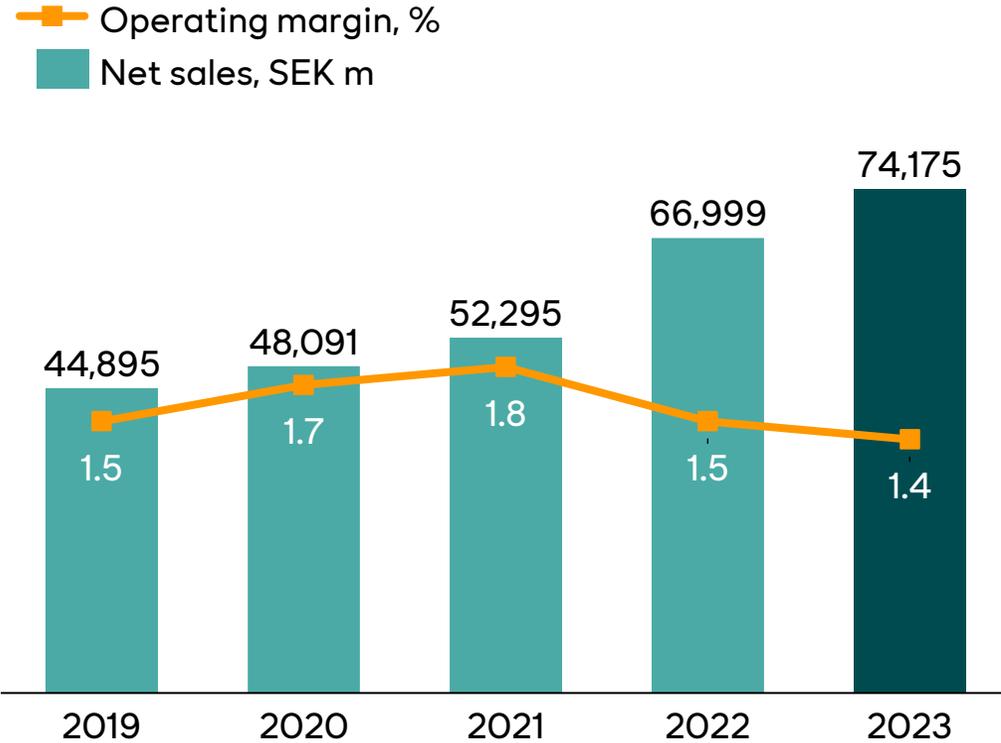
\*Group-owned stores

# Snabbgross



Key ratios SEK m	2023	2022	Chg
Net sales	5,317	4,727	12.5%
Change in like-for-like sales	10.4%	20.1%	-9.7
Operating profit	265	252	5.3%
Operating margin	5.0%	5.3%	-0.3
Number of stores	30	29	1

# Dagab



Key ratios SEK m	2023	2022	Chg
Net sales	74,175	66,999	10.7%
Operating profit	1,021	978	4.5%
Adjusted operating profit*	1,271	1,139	11.6%
Operating margin	1.4%	1.5%	-0.1
Adjusted operating margin*	1.7%	1.7%	0.0

\*Excluding items affecting comparability.