



Affordable, good and sustainable food for everyone

Axfood company presentation 2021

Axfood

This is Axfood

Axfood is a leading food retail group in Sweden and a family of distinctive food concepts that together create a better day where everyone can enjoy affordable, good and sustainable food.

Every week some 4.5 million customers are welcomed in more than 300 Group-owned stores, online, and in over 600 collaborating franchise stores.

In total Axfood has more than 11,000 employees (FTEs) and net sales of more than SEK 53 bn. Axfood's shares are listed on Nasdaq Stockholm, and the principal owner is Axel Johnson AB.

All data from 2020.



Axfood

A family of distinctive concepts in collaboration

WILLY:S

Willys, with Sweden's cheapest bag of groceries, is the leading discount grocery chain, featuring a wide assortment in Group-owned stores and online.



Eurocash is one of the leading grocery chains along the Norwegian border.



Middagsfrid is the weekday hero, offering pre-planned meal kits with online recipes.

Hemköp

Hemköp offers an attractively priced, wide assortment with a rich offering of fresh products in Group-owned stores, franchise stores and online.



Tempo is a mini-mart format of franchise stores where customers are greeted in familiar environment.



Apothem is a full-scale online retail pharmacy with OTC and prescription drugs.



Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés.



Handlar'n comprises retailer-owned mini-marts offering accessibility and proximity to groceries and services.



Urban Deli is a combination of restaurant and market hall with own food production.

DAGAB

Dagab runs and develops the Axfood Group's assortment, purchasing and logistics.

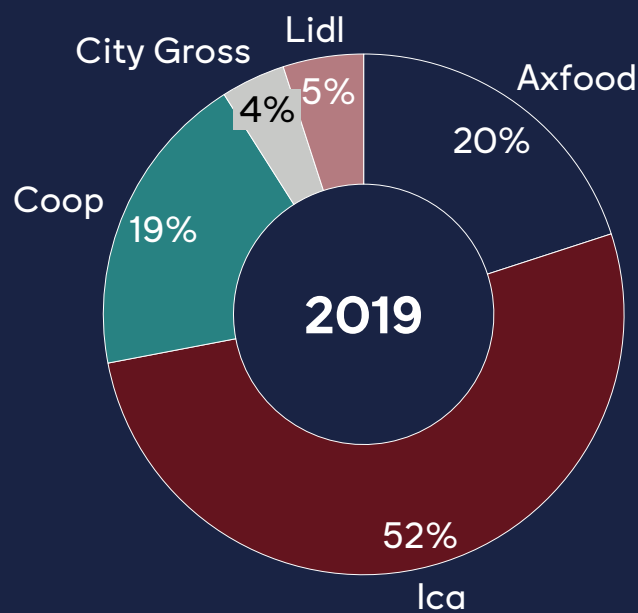


Mat.se is the online grocery store with shopping lists, recipes and a unique carbon footprinting database.

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Strong presence in Swedish food retail

Market shares

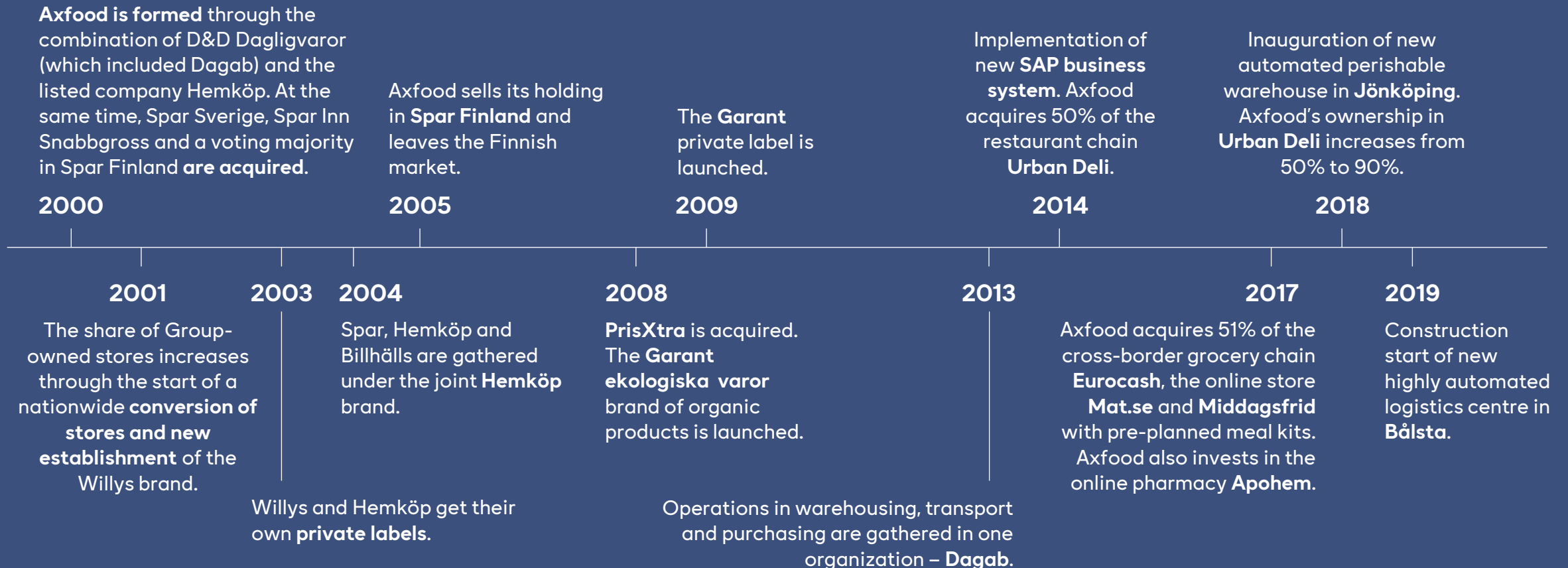


Market segmentation



Source: Axfood's estimate for the full-year 2019 based on public information. Market share data for Coop includes Netto, which was acquired in 2019.

20 years as a positive force for change



Clear direction for the future

With a strategic framework, concrete focus areas, a purpose-driven company culture and deep-rooted core values, we can offer affordable, good and sustainable food, make a difference and create value for our stakeholders.

Vision
Axfood will be the leader in good and sustainable food

Core values
– The store is our stage
– Together we are stronger
– We challenge
– We are aware

Mission
Axfood enables a better day where everyone can enjoy affordable, good and sustainable food

Strategy
– Customer offering
– Customer meeting
– Expansion
– Supply chain
– Work approach
– Our people

Business concept
A family of successful and distinctive food concepts that rest upon close collaboration



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A close-up shot of a hand reaching for a brown paper bag of food from a shelf. The bags are labeled with various food items like 'KÖTTBULLAR', 'SVAMP- & QUINDABURGARE', 'VEGGIE BOLOGNESE', 'PIZZA PESTO', and 'FISKGRYTA'. The shelves are labeled 'KOCKLAGADE MIDDAGSKASSAR'.

Vision

Axfood will be the leader in good and sustainable food

A smiling woman in a red Axfood uniform, holding a bag of food. She is standing in a store aisle. The background shows shelves stocked with various food items. A sign in the background reads 'Här hittar du all...'.

Mission

Axfood enables a better day where everyone can enjoy affordable, good and sustainable food

A long aisle in a warehouse with high shelves. The shelves are filled with various food items, including bags of food and boxes. A small yellow robot is visible on the floor in the distance.

Business concept

A family of successful and distinctive food concepts that rest upon close collaboration

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Core values

The store is our stage

The customer's experience determines our future, and therefore we must all create a good customer experience – in every meeting and in every channel. We always put the customer first regardless of our role or function in the company. We listen to our customers to develop better business.

HERE'S WHAT WE DO:

- Always prioritize the customer
- Embrace and drive change to meet the customer's needs
- Act fast

We are aware

It's in the details where we see the whole, which help us do better business. To prioritize right and make smart economic choices, we base our decisions on how they will impact our customers. This keeps it simple.

HERE'S WHAT WE DO:

- Prioritize to maintain high quality
- Make things easy
- Follow decisions and are prudent with our resources

We challenge

By setting high goals and challenging established routines, we can create long-term value for ourselves and our customers. To live up to our vision we go our own way, take smart risks and focus on what we believe can make us stronger – whether it's small improvements in our daily work or big changes for the world around us.

HERE'S WHAT WE DO:

- Strive for constant improvement
- Show the way
- Take initiative

Together we are stronger

Our business is built on the entirety, and to achieve our goals we must work together. You are important, and our differences are needed to form a stronger team. Together we achieve results that benefit our customers.

HERE'S WHAT WE DO:

- Help each other
- Show appreciation for others' contributions
- Respect each other and rely on others' competence

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Strategic focus areas



Customer offering
We will offer our customers an attractive, efficient, wide and affordable assortment.



Customer meeting
Through our brands and formats we will meet our customers' varying needs – no matter where, when and how the customer meets us.



Expansion
We will grow in new and existing markets by establishing stores and developing new segments, categories and services.



Supply chain
We will be a driver of sustainable product supply with high efficiency and quality across the entire chain.



Work approach
We will develop an innovative, customer-oriented and dynamic organization in which efficiency and cost control are in focus.



Our people
We will attract, recruit and develop the industry's best employees.



Axfood in figures 2020

Net sales

SEK 53,696 m

Store sales

SEK 46,970 m

Operating profit

SEK 2,510 m

Operating margin

4.7%

Earnings per share
before dilution

SEK 9.12

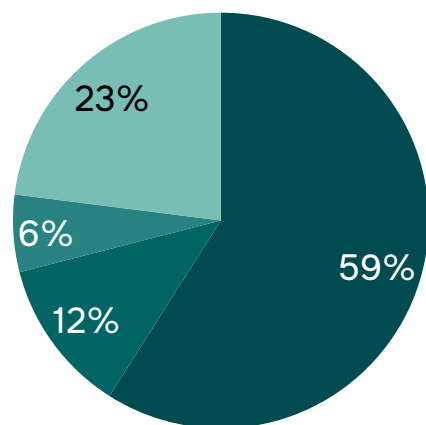
Cash flow from
operating activities

SEK 4,851 m

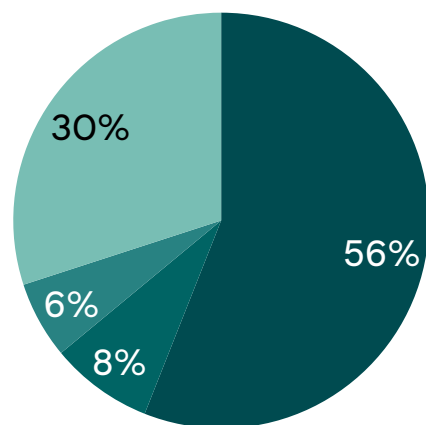
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Net sales and operating profit 2020

External net sales per operating segment



Operating profit per operating segment



Business model – three processes

1 Purchasing and assortment

Choice of suppliers, price negotiations and purchasing

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

2 Logistics

Modern and efficient logistics

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

3 Sales channels and concepts

Stores, customers and passion for food

- 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



Price value



Meal solutions

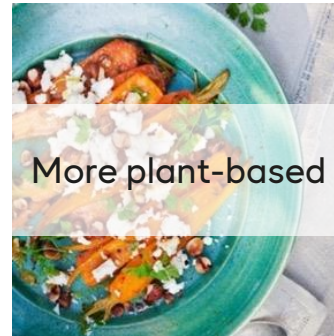
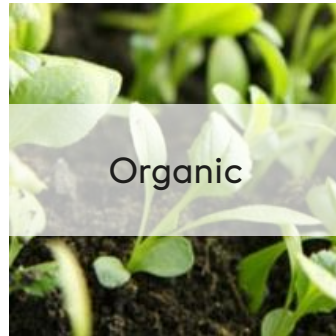
Good and sustainable food

GOOD FOOD

Good for me

SUSTAINABLE FOOD

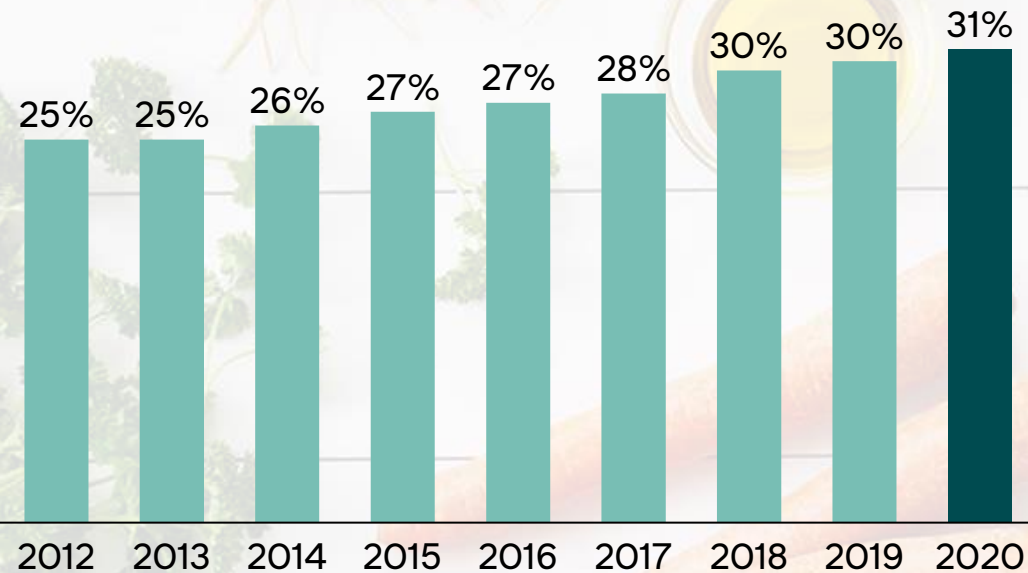
Good for the environment



Differentiated private labels

Private label products ensure a distinctive and efficient assortment.

Axfood's private
label share of sales



G
GARANT

ELDORADO®

GASTRINO

Såklart®

fixa



Redo



FALKENBERG
SEAFOOD 1987



Axfood

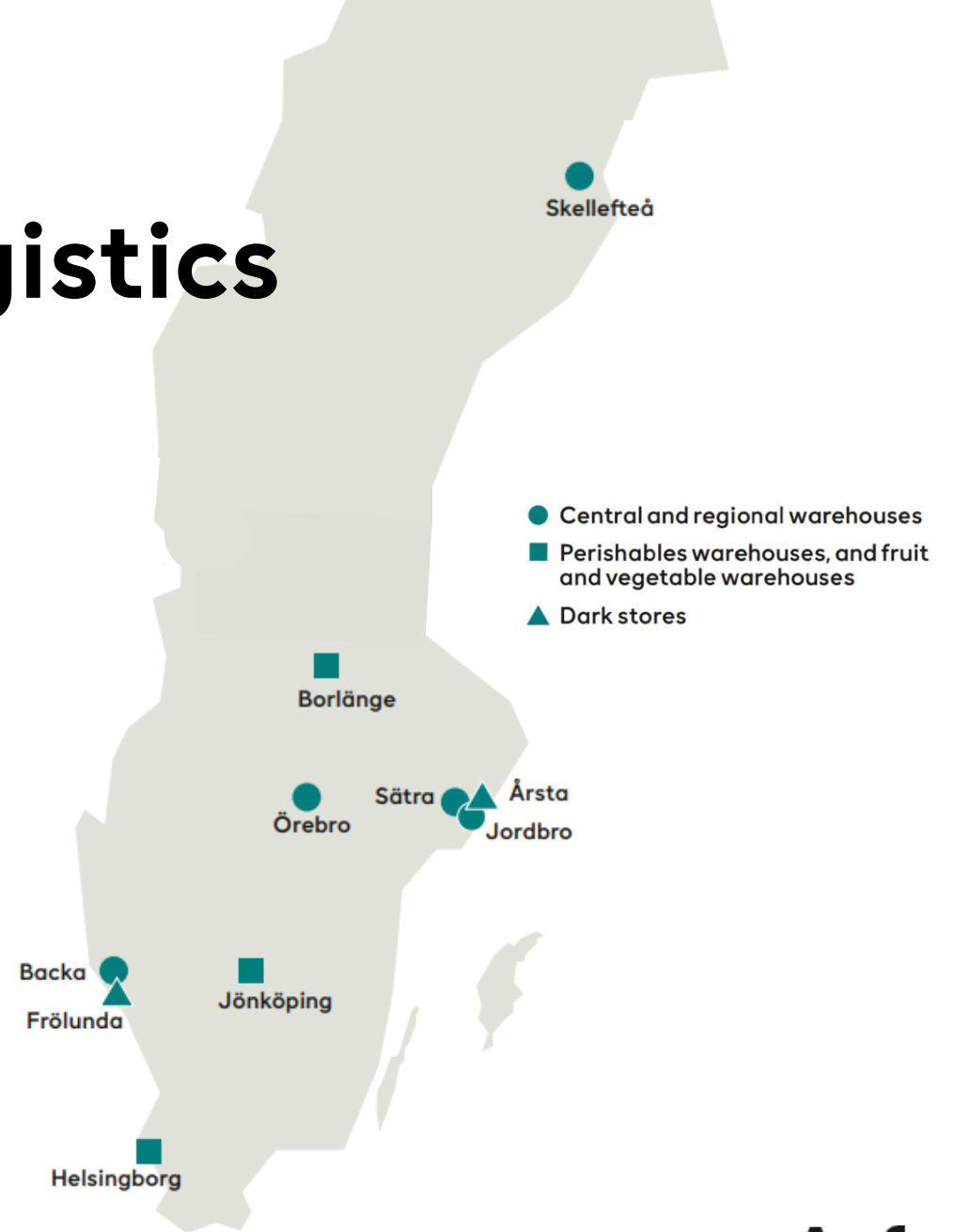
Efficient and modern logistics

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

Efficient logistics with route optimization and high capacity utilization in transports

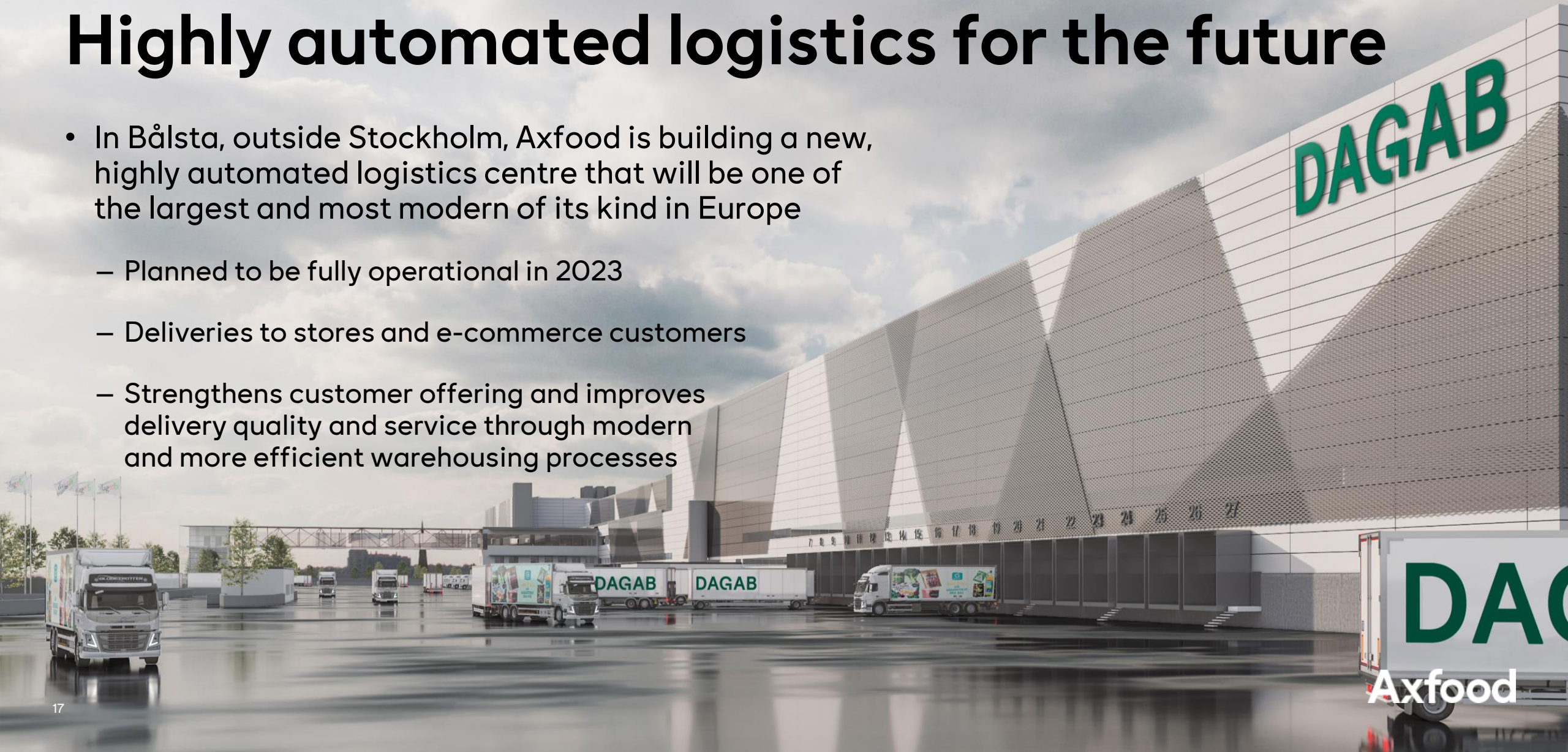
Through greater automation, warehousing efficiency can be significantly increased

Green transition of the delivery fleet – more than 60% of heavy trucks can be run on alternatives to fossil fuels



Highly automated logistics for the future

- In Bålsta, outside Stockholm, Axfood is building a new, highly automated logistics centre that will be one of the largest and most modern of its kind in Europe
 - Planned to be fully operational in 2023
 - Deliveries to stores and e-commerce customers
 - Strengthens customer offering and improves delivery quality and service through modern and more efficient warehousing processes



Willys

Sweden's leading discount grocery chain

Willys is Sweden's leading discount grocery chain, featuring a wide and deep assortment in Group-owned stores and online. With Sweden's cheapest bag of groceries, Willys aspires to lead and develop the food retail discount segment. Willys also includes the cross-border grocery chain Eurocash.



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Willys at a glance

Sweden's leading discount grocery chain

- Business concept: As the market challenger Willys aspires to lead and develop the discount food retail segment by offering Sweden's cheapest bag of groceries, with a wide and varied assortment
- The Willys segment also includes the cross-border grocery chain Eurocash
- 219 stores, of which 162 Willys, 50 Willys Hemma and 7 Eurocash
 - Retail area: Willys 1,100–4,700 sq. m., Willys Hemma 300–1,200 sq. m., Eurocash 1,200–4,500 sq. m.
 - Assortment: Willys approx. 9,000 items, Willys Hemma approx. 5,000 items, Eurocash approx. 10,000–15,000 items
- Online shopping via 104 stores in 65 cities
- More than 2.5 million members in the Willys Plus customer programme

All data from 2020.

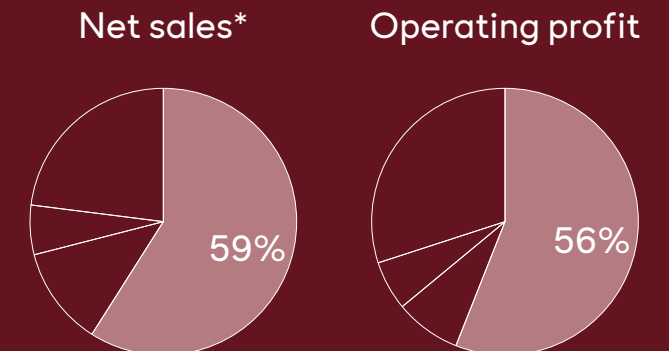
Net sales 2020

SEK 31,793 m

Operating profit 2020

SEK 1,551 m

Segment's share of Axfood Group 2020



* Refers to external net sales.

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Hemköp

Passion for food and inspiration

Hemköp offers an attractively priced and wide assortment with a rich offering of fresh products. Group-owned stores, franchise stores and online business aim to inspire good meals in a simple and thoughtful manner. Hemköp also includes Tempo, a mini-mart format comprising franchise stores.



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Hemköp at a glance

Passion for food and inspiration

- Business concept: The personal grocery store, which in a simple and thoughtful manner provides inspiring food ideas to active families in their daily lives as well as on special occasions
- The Hemköp segment also includes Tempo, a mini-mart format comprising franchise stores
- 198 Hemköp stores, of which 65 are Group-owned and 133 are franchises, and 126 franchise stores in Tempo
 - Retail area: Hemköp 400–4,000 sq. m., Tempo 300–500 sq. m.
 - Assortment: Hemköp approx. 10,000–12,000 items, Tempo approx. 4,500 items
- Online shopping via 48 stores in 30 cities
- More than 1.7 million members in Klubb Hemköp customer programme

All data from 2020.

Net sales 2020

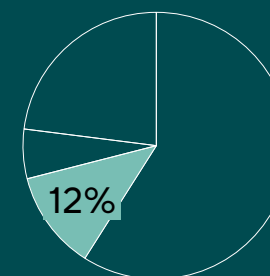
SEK 6,354 m

Operating profit 2020

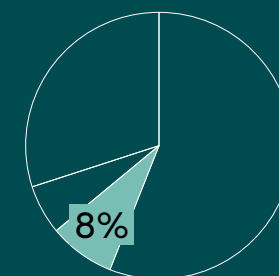
SEK 229 m

Segment's share of Axfood Group 2020

Net sales*



Operating profit



* Refers to external net sales.

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Snabbgross

A leading restaurant wholesaler

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.



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Snabbgross at a glance

A leading restaurant wholesaler

- Business concept: Snabbgross aspires to be Sweden's best restaurant wholesaler by offering personal service, accessibility and quality at the best price
- 26 Group-owned cash-and-carry stores, of which 1 Snabbgross Club
 - Locally adapted units
 - Retail area: 800–4,000 sq. m.
 - Assortment: approx. 12,000 items
- E-commerce for B2B customers through all stores

All data from 2020.

Net sales 2020

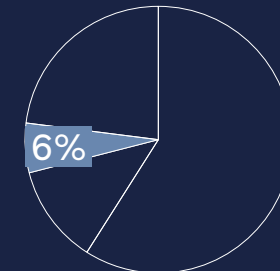
SEK 3,417 m

Operating profit 2020

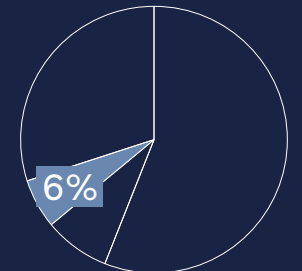
SEK 150 m

Segment's share of Axfood Group 2020

Net sales*



Operating profit



* Refers to external net sales.

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Dagab

Efficient, sustainable product supply

Dagab handles the assortment, purchasing and logistics for the entire Axfood family as well as for external B2B customers. The Dagab segment also includes the online grocery store Mat.se, Middagsfrid with pre-planned meal kits, the online pharmacy Apohem, and the restaurant chain Urban Deli.



Dagab at a glance

Efficient, sustainable product supply

- Business concept: Dagab supports the chains' success by providing the right assortment, the right purchasing prices and optimal logistics solutions
- Handling of product flow from assortment and purchasing to warehousing and distribution
 - Approx. 35,000 items in total, thousands of supplier negotiations every year
 - 22 private labels, of which Garant and Eldorado are the most strongly positioned, 200-300 new private label products introduced every year
 - Approx. 600,000 cases handled daily, plus approx. 6,000 daily deliveries with high level of delivery reliability
- The Dagab segment also includes the online grocery store Mat.se, Middagsfrid with pre-planned meal kits, the online pharmacy Apohem, and the restaurant chain Urban Deli

All data from 2020.

Net sales 2020

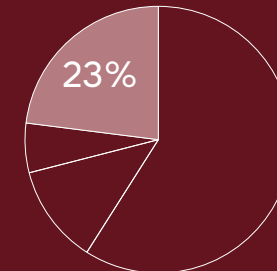
SEK 48,091 m

Operating profit 2020

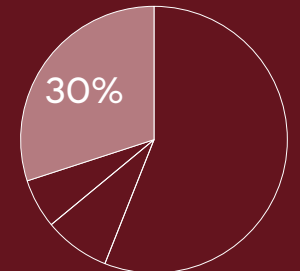
SEK 829 m

Segment's share of Axfood Group 2020

Net sales*



Operating profit



* Refers to external net sales.

Axfood

Growing e-commerce

**Strong digital presence
and broad offering**

Five B2C
brands

Differentiated
business models

Unique customer
experiences

Collaboration in
logistics, IT and
business
development

Innovative and
customer-friendly
functions

Multiple delivery
options

**Accessibility, range of
choices and flexibility**



**Same market positions
online as in physical stores**



Sustainability in everything

Axfood's vision is to be the leader in good and sustainable food. Sustainability work is therefore extensive and permeates the entire Group. Sustainability is described within the three areas of food, the environment and people.

Food

Sustainable choices
Food waste
Good proteins

Environment

Smart use of resources
Sustainable materials
Green transports
Sustainable farming

People

Sustainable suppliers
Diversity enriches
Healthy habits

Sustainability targets and outcomes

Net zero

Axfood's target is to achieve net zero emissions from its own operations by 2030 at the latest

Greenhouse gas emissions reduction since 2009*

-76%

Food waste

Axfood's target is to cut food waste in its own operations in half by 2025 (base year 2015)

Share of food waste in own operations

1.26%

Sustainable products

Axfood's target is that sustainability-labelled products will account for 30% of total sales by 2025

Share of sustainability-labelled products

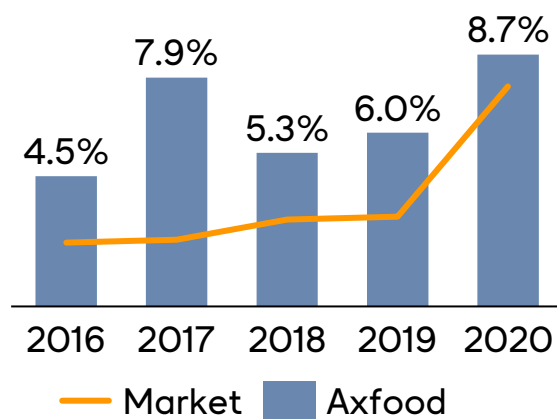
28.3%

* Measured in terms of tonnes of CO₂ equivalents. Corresponds to the like-for-like units and data sources that existed in the base year.

Financial targets

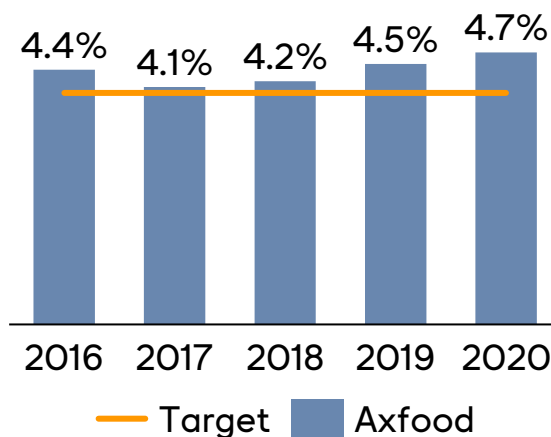
**Grow more than
the market**

Growth in store sales



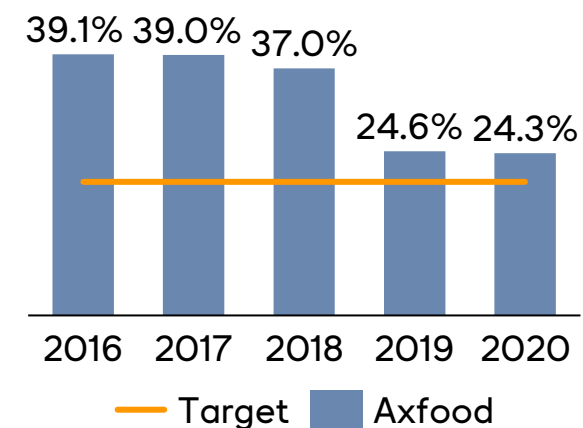
**Long-term operating
margin of at least 4%**

Operating margin*



**Equity ratio of at least
20% at year-end**

Equity ratio*



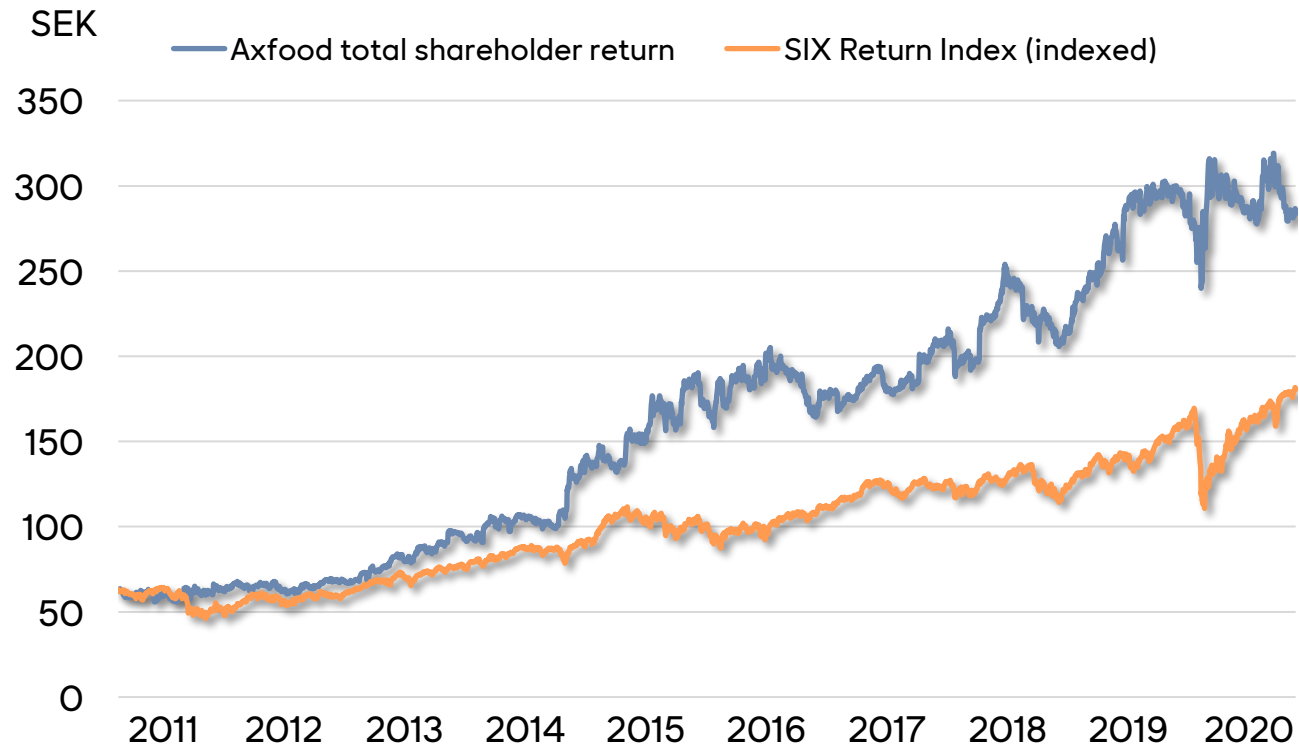
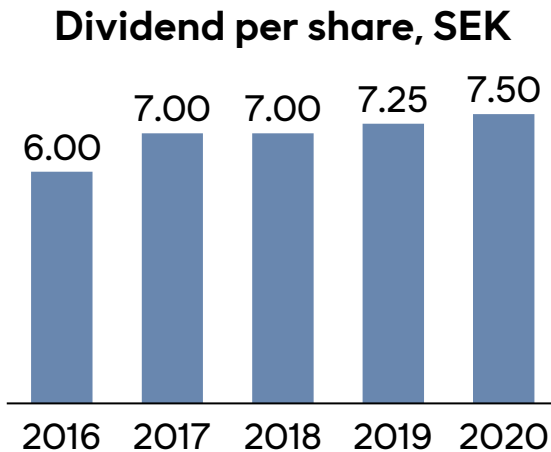
* Including IFRS 16 from 2019.

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Dividend policy and total return

Dividend of at least 50% of profit after tax

Dividends are paid out
on two occasions



Strong financial position

-3.4%

Working capital as
share of net sales

1.0x

Net debt/
EBITDA

-0.4x

Net debt/
EBITDA (excl. IFRS 16)

24.3%

Equity ratio

24.2%

Return on capital employed

45.7%

Return on shareholders' equity

All data from 2020.



Summary

Well positioned in growing and changing market

- Axfood is a family of distinctive and well-positioned concepts in close collaboration, with strong positions in prioritized segments
- Axfood enables a better day where everyone can enjoy affordable, good and sustainable food

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Read more

Axfood's website – axfood.com – is the Group's primary information channel and provides a wealth of information that is relevant for the company's stakeholders.

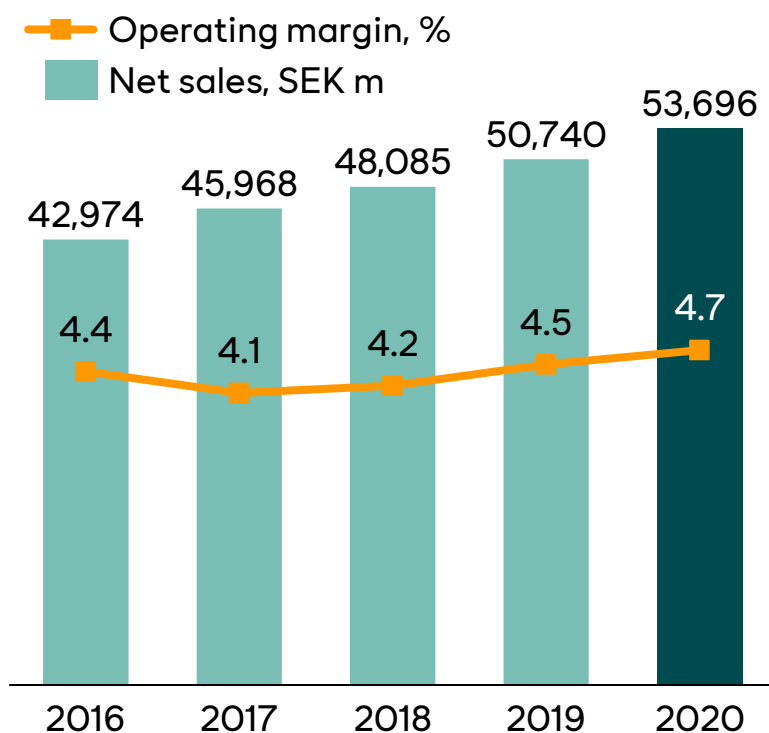
The website provides, for example, current and historical financial information and information about the Group's operations, vision, mission and strategy, corporate governance and sustainability work.



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Appendix

Axfood in figures

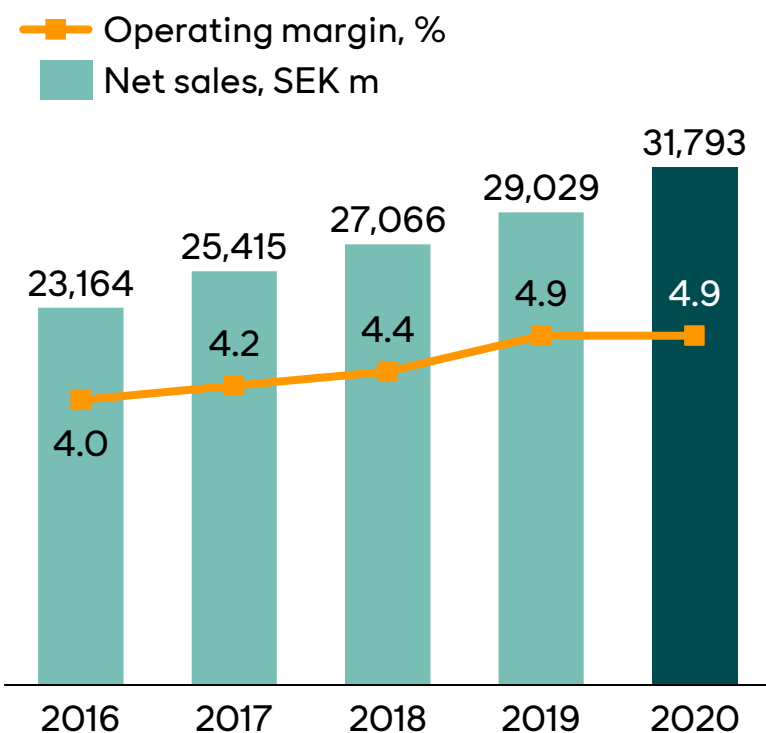


Including IFRS 16 from 2019. Comparison figures are not recalculated.

Key ratios SEK m	2020	2019	Change
Net sales	53,696	50,740	5.8%
Change in sales, like-for-like stores	6.9%	5.0%	1.9
Operating profit	2,510	2,288	9.7%
Operating margin	4.7%	4.5%	0.2%
Number of stores:			
Group-owned	310	304	6
Franchises	259	256	3

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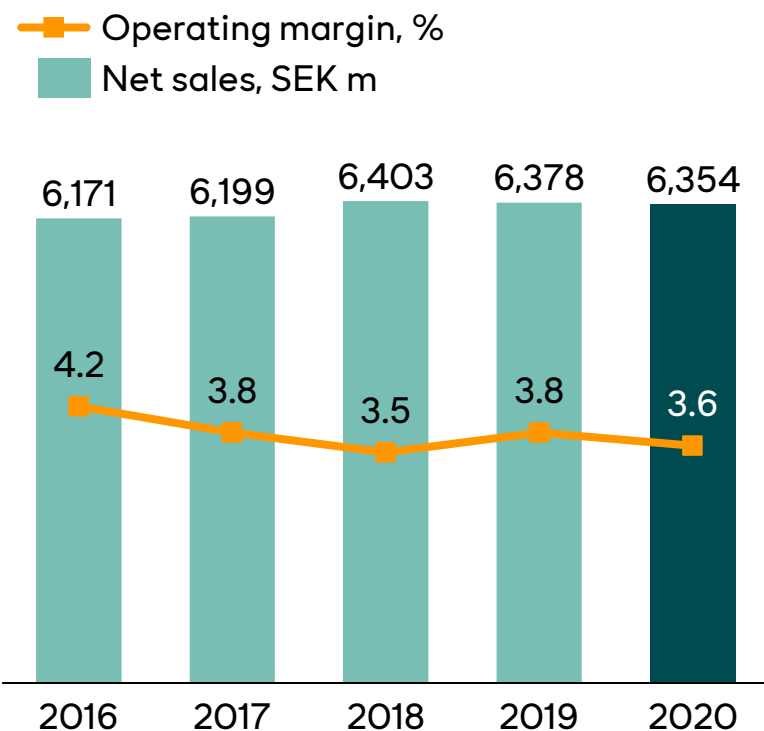
Willys in figures



Key ratios SEK m	2020	2019	Change
Net sales	31,793	29,029	9.5%
Change in sales, like-for-like stores	7.9%	6.2%	1.7
Operating profit	1,551	1,429	8.5%
Operating margin	4.9%	4.9%	0.0
Number of stores	219	213	6

Including IFRS 16 from 2019. Comparison figures are not recalculated.

Hemköp in figures

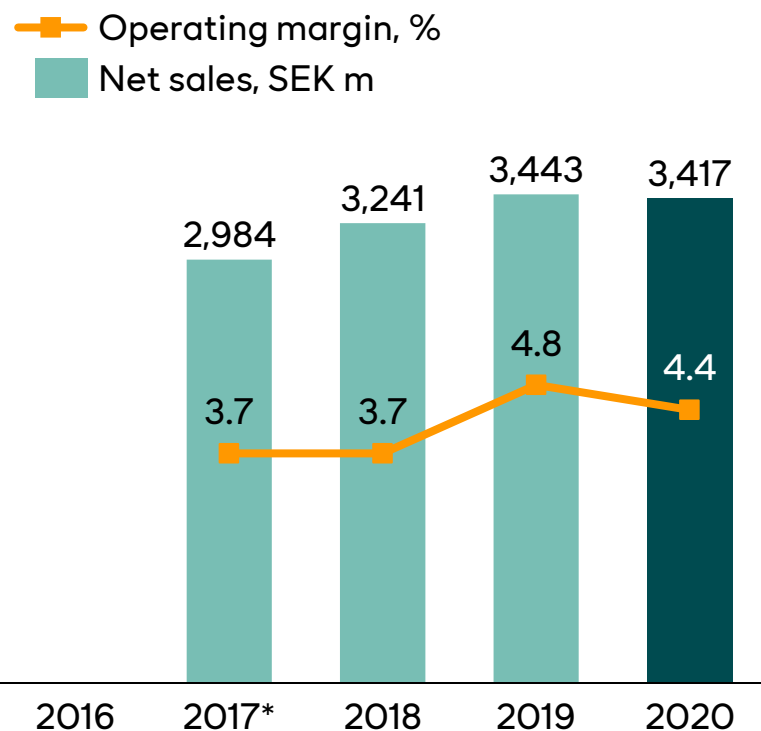


Key ratios SEK m	2020	2019	Change
Net sales	6,354	6,378	-0.4%
Change in sales, like-for-like stores	2.8%	1.3%	1,5
Operating profit	229	243	-6.0%
Operating margin	3.6%	3.8%	-0.2
Number of stores:			
Group-owned	65	67	-2
Franchises	133	129	4

Including IFRS 16 from 2019. Comparison figures are not recalculated.

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Snabbgross in figures

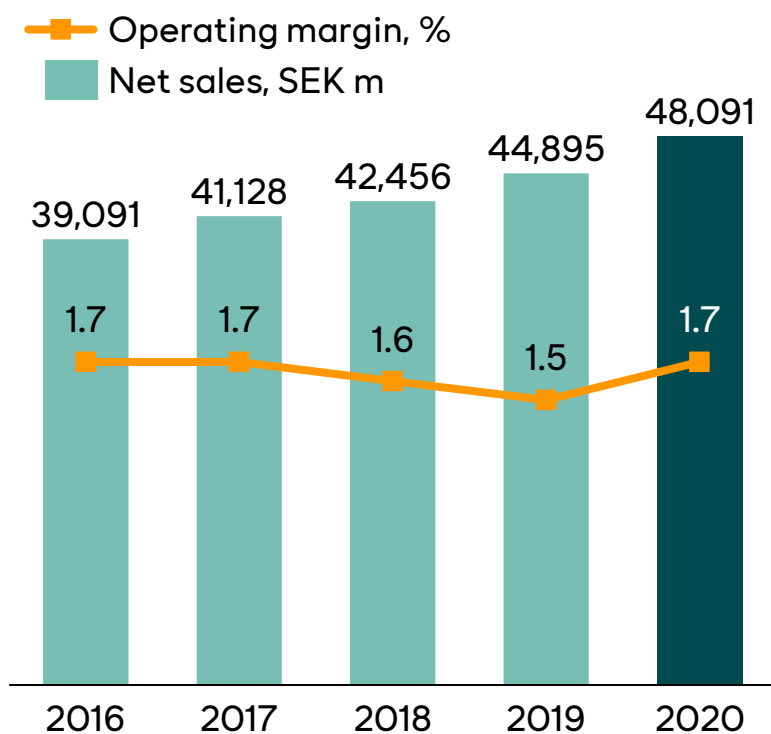


Key ratios SEK m	2020	2019	Change
Net sales	3,417	3,443	-0.7%
Change in sales, like-for-like stores	-2.2%	6.4%	-8.6
Operating profit	150	167	-9.8%
Operating margin	4.4%	4.8%	-0.4
Number of stores	26	24	2

Including IFRS 16 from 2019. Comparison figures are not recalculated.

* Pro forma. Comparison figures for 2016 have not been recalculated.

Dagab in figures



Including IFRS 16 from 2019. Comparison figures are not recalculated.

Key ratios SEK m	2020	2019	Change
Net sales	48,091	44,895	7.1%
Operating profit	829	678	22.3%
Operating margin	1.7%	1.5%	0.2
Delivery reliability, %	94.8	96.8	-2.0