

# Year-end report 2013

## Strategic priorities have effect

ICA Gruppen's consolidated financial statements include ICA AB as a wholly owned subsidiary with effect from 27 March 2013 when the acquisition of Ahold's shares in ICA AB was completed.

### Fourth quarter of 2013 in summary

Comparative figures are pro forma and show the fourth quarter of 2012 as if ICA and Hakon Invest had been consolidated.

- Consolidated net sales amounted to SEK 25,964 million (25,865) in the fourth quarter. This corresponds to an increase of 1.5% compared with the fourth quarter last year, adjusted for currency fluctuations.
- Operating profit excluding non-recurring items amounted to SEK 960 million (809).
- Changed accounting principle for sale & leaseback properties affected operating profit excluding non-recurring items by approximately SEK -80 million. This change was made retroactively and comparative figures have been recalculated.
- Operating profit amounted to SEK 641 million (812). Operating profit includes impairment of trademarks and goodwill relating to the portfolio companies of SEK -223 million and an earnings impact from the sale of Forma Books of SEK -82 million.
- Profit for the period amounted to SEK 531 million (713). Earnings per share amounted to SEK 2.49 (3.47).
- Cash flow from operating activities, excluding ICA Bank, amounted to SEK 2,231 million.
- The Board proposes a dividend of SEK 8 per ordinary share (0).



SEKm	Oct-Dec 2013	Oct-Dec 2012	Pro forma* Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012	Pro forma* Jan-Dec 2013	Pro forma* Jan-Dec 2012
<b>Group</b>							
Net sales	25,964	854	25,865	77,702	2,726	99,456	99,602
Operating profit (EBIT) excluding non-recurring items	960	290	809	2,554	118	3,004	2,715
Operating profit (EBIT)	641	290	812	10,274	212	2,547	2,607
Profit before tax	487	300	699	9,825	244	1,919	2,091
Profit for the period	531	338	713	9,446	262	1,424	312
Cash flow from operating activities	1,981	236	-	3,975	814	-	-
Operating margin excl. non-recurring items	3.7%	34.0%	3.1%	3.3%	4.3%	3.0%	2.7%
Operating margin, %	2.5%	34.0%	3.1%	13.2%	7.8%	2.6%	2.6%
Return on capital employed, %	-	-	-	6.6%	2.9%	6.1%	7.0%
Return on equity, %	-	-	-	6.5%	2.9%	6.0%	1.1%
Earnings per ordinary share, SEK	2.49	2.01	3.47	49.68	1.65	7.05	1.65
Earnings per C share, SEK	2.49	2.01	3.47	49.68	1.65	7.05	1.65

\* Excluding acquisition effects

# CEO's comments

ICA Gruppen continued to enjoy positive development in the fourth quarter. Operating profit excluding non-recurring items rose by 19%. Increased sales and higher margins contributed to improved earnings in ICA Sweden, Rimi Baltic and in the portfolio companies while the earnings improvement in ICA Norway is mainly explained by lower shrinkage. The strategic priorities we set for the year have had an effect. The last outstanding bridge loans will be refinanced in the next few days, well ahead of our plan.

ICA Sweden reports increased sales and higher earnings in the fourth quarter, mainly driven by higher store sales and improved margins through a higher proportion of private labels. Sales in ICA stores rose by 2.3% during the quarter, which is in line with the market. December was a fairly weak month for grocery retail in general. Prices levelled off within certain product groups, such as fruit and vegetables and dry foods, which slowed development.

In Norway we had a continued weak sales trend during the fourth quarter, down 2.4% in like-for-like stores. Earnings improved due to lower shrinkage and lower store costs but the basic challenges we face with purchasing prices that are far too high and weak sales development remain. When it comes to our planned cooperation with Norgesgruppen in sourcing and logistics, we now expect a decision at the end of February 2014. The cooperation is a key stage of our action plan to reverse the trend in ICA Norway and achieve profitability.

We had a very good end to the year in the Baltic countries. Store sales rose 5.1% in the fourth quarter, due to a strong development for our Rimi stores in Latvia and Lithuania. The increased sales, a higher proportion of private labels and continued good control of costs all contributed to the improvement in earnings during the quarter.

ICA Bank continues to show a positive trend for business volumes and number of customers. We can see that customers like what we do, most recently students placed ICA Bank top in a ranking by the magazine *Privata Affärer*, which is gratifying.

ICA Real Estate improved its earnings, adjusted for increased depreciation which is an effect of market valuation of the property portfolio in conjunction with the acquisition of ICA AB. We continue to actively ensure availability of prime sites and development properties with sustainability as a starting-point.

The evaluation of the portfolio companies, which was performed in parallel with the development of a new non-food strategy for the Group, was completed as promised during the autumn. The non-food strategy is mainly designed to strengthen competitiveness in our hypermarket concept and in the

future online offering. It is a key complement to our grocery offering and an area in which we see good opportunities for continued growth. Against this background, we see opportunities to develop Hemtex and inkClub within the framework of ICA Gruppen, while Forma, Kjell & Company and Cervera will be sold.

In conjunction with the year-end report, trademarks and goodwill related to the portfolio companies have been written down by SEK -223 million.

Work on our online offering is going according to plan and a launch will take place in the autumn. The first phase will be conducted with local ICA retailers in central Sweden where the offering will be piloted with customers.

When we sum up the full-year 2013 we can say that the strategic priorities we have worked from have had an effect. Sales are rising, the proportion of private labels is increasing, price perception among our customers has improved and we continue to increase logistic efficiency. One item, on the other hand, where we have not met expectations is to reverse the trend in ICA Norway, primarily because our action programme could not be carried out as planned. This is therefore an issue with highest priority for 2014 as well.

The Board proposes a dividend of SEK 8 per ordinary share, which is a well-balanced level given our strong earnings and future growth opportunities.

Per Strömberg  
CEO ICA Gruppen



## Important events during the fourth quarter of 2013

### December 2013 – Norwegian Competition Authority extends review

The Norwegian Competition Authority has extended its review of the planned cooperation between ICA Norway and Norgesgruppen within sourcing and distribution. The reason is the planned sourcing cooperation announced by Coop Norway and Rema 1000. The competition authority is expected to announce its decision on this issue by the end of February at the latest.

### December 2013 – Property divestments in Linköping and Älmhult

ICA Real Estate has sold two properties with Maxi ICA Hypermarkets as tenant to Ancore. The underlying property value amounts to approximately SEK 435 million.

### December 2013 – Preference share issue in ICA Fastigheter Sverige AB

ICA Gruppen has issued unlisted preference shares in ICA Fastigheter Sverige AB for SEK 3.0 billion. The issue is a step in the financing of the acquisition of the remaining shares in ICA AB.

### December 2013 – Financial targets and evaluation of portfolio companies

ICA Gruppen's Board has adopted the Group's long-term financial targets and evaluated the five portfolio companies that ICA Gruppen owns in addition to the ICA operations. The holdings in Hemtex and inkClub will remain unchanged, while Forma, Kjell & Company and Cervera will be divested over time.

### November 2013 – Merlin Poljak appointed acting CFO of ICA Gruppen

Merlin Poljak, CFO of ICA Sweden, has been appointed as acting CFO of ICA Gruppen due to the fact that Sonat Burman-Olsson, former Deputy CEO and CFO, has left in order to take up another assignment outside the Group.

### October 2013 – ICA Bank named as Sweden's best retail bank

ICA Bank is ranked as Sweden's best retail bank by the Swedish Quality Index (SQI) in its annual survey of satisfaction among bank customers. ICA Bank increased its accessibility and service during the year, including the launch of a new internet bank.

## Important events after the end of the quarter

### January 2014 – Start of border trade with Norway

ICA Sweden will launch border trade with Norway. The first store will open in Riksgränsen in September 2014 and the plan is to open a number of ICA stores along the Norwegian border by 2020.

### February 2014 – last outstanding bridge loans refinanced

In February 2014, ICA Gruppen signed an agreement to refinance the last outstanding bridge loans with other debt financing. All bridge loans raised in conjunction with the acquisition of the remaining shares in ICA AB in spring 2013 are thereby refinanced.

# Group performance

ICA Gruppen's consolidated financial statements include ICA AB as a wholly owned subsidiary with effect from 27 March 2013, when the acquisition of Ahold's shares in ICA AB was completed. The figures for the previous year relate to the Hakon Invest Group, where ICA AB was included as a joint venture and reported according to the equity method. In conjunction with the final purchase price allocation of ICA AB, the Board has reassessed how sale & leaseback properties should be reported (see Note 1 on page 16 in this year-end report). The change of accounting principle is retro-active and comparative figures have been recalculated.

## Net sales and earnings

### Fourth quarter 2013

Consolidated net sales amounted to SEK 25,964 million (854).

Operating profit in the Group amounted to SEK 641 million (290). Operating profit includes impairment of trademarks and goodwill relating to the portfolio companies of SEK -223 million and an earnings impact from the sale of Forma Books of SEK -82 million. Operating profit excluding non-recurring items amounted to SEK 960 million (290). Profit for the period was SEK 531 million (338) and earnings per share amounted to SEK 2.49 (2.01).

### Period January–December 2013

Consolidated net sales amounted to SEK 77,702 million (2,726).

Operating profit in the Group amounted to SEK 10,274 million (212). Effects of the acquisition of the remaining shares in ICA are included with SEK 8,051 million, of which re-valuation of the 40% holding in ICA amounts to SEK 7,868 million. Operating profit excluding non-recurring items amounted to SEK 2,554 million (118). Profit for the period was SEK 9,466 million (262) and earnings per share amounted to SEK 49.68 (1.65). Profit for the period excluding the effects of the acquisition of the remaining shares in ICA was SEK 1,395 million and earnings per share SEK 7.31.

## Net financial items and tax

ICA Gruppen's net financial items amounted to SEK -154 million (10) in the fourth quarter. In the period January - December 2013 net financial items were SEK -449 million (32). The less favourable net financial items are due to higher interest expenses in conjunction with the acquisition of the remaining share in ICA.

ICA Gruppen's tax income amounted to SEK 44 million (38) in the fourth quarter. In January–December 2013 the tax expense was SEK -379 million (18). Tax income in the fourth quarter is due to capitalised carry forward in the Parent Company which can be utilised in 2014.

## Financial position

ICA Gruppen's total assets amounted to SEK 68,961 million at 31 December 2013 (10,381).

The equity/assets ratio was 38.5% at 31 December 2013 (86.9%).

ICA Gruppen's net debt, excluding pension liabilities and ICA Bank, amounted to SEK 9,190 million at 31 December 2013 (net cash SEK 1,199 million). The Group's interest-bearing liabilities mainly comprise the bond issued in June 2013, bank loans and bridge loans related to acquisition of the remaining shares in ICA.

## Cash flow

Cash flow from operating activities amounted to SEK 1,981 million (236) in the fourth quarter. Excluding ICA Bank, cash flow from operating activities amounted to SEK 2,231 million (236). In January - December 2013 cash flow from operating activities was SEK 3,975 million (814).

Cash flow from investing activities amounted to SEK -178 million (+42) in the fourth quarter and SEK -16,585 million (-266) in January–December, of which SEK 15,739 million related to acquisition of the remaining shares in ICA. Cash flow from financing activities amounted to SEK -1,278 million (-31) in the fourth quarter. In January–December cash flow from financing activities was SEK 16,203 million (-505). Consolidated cash and cash equivalents and short-term investments amounted to SEK 3,948 million (291) at 31 December 2013.

## Investments

The Group's investments totalled SEK 18,279 million (57) during the year. This includes acquisition of the remaining shares in ICA in the first quarter of 2013 with SEK 15,739 million.

## Financing

The Group's net debt, excluding pension liabilities and ICA Bank, amounted to SEK 9,190 million at 31 December 2013. In May 2013, a new issue was carried out with preferential rights for existing shareholders amounting to approximately SEK 5 billion. The proceeds from the new issue were used to repay parts of bridge financing.

In June 2013, ICA Gruppen also issued bonds for SEK 5 billion, under the company's

MTN programme. The proceeds from the bond issue were used to replace parts of bridge financing.

In December 2013, ICA Gruppen issued preference shares in ICA Fastigheter Sverige AB for SEK 3 billion and raised a bilateral loan with Svensk Exportkredit for an additional SEK 1 billion. At the end of 2013, the Group's bridge loans had decreased to SEK 2.3 billion. The remaining bridging bridge will be replaced with other debt financing in 2014.

At 31 December 2013 the Group's net debt amounted to 2.1 times EBITDA (calculated on pro forma EBITDA on a rolling 12-month basis).

## Purchase price allocation and new accounting principle

In the fourth quarter of 2013 the purchase price allocation relating to the acquisition of the remaining shares in ICA AB was completed. At the time of acquisition differences were identified between fair value and carrying amounts of properties. In addition, the trademarks ICA and Rimi in the Baltic countries were measured at fair value and recognised as intangible assets. The Board has also made a reassessment of how sale & leaseback-properties are reported. A change of accounting principle has been made retroactively and affects ICA Real Estate's financial statements and ICA Gruppen's operating profit by approximately SEK -80 million in the fourth quarter and by approximately SEK -320 million for the full-year 2013. The corresponding effect on profit for the period amounts to SEK -30 million in the fourth quarter and SEK -120 million for the full year 2013.

Note 2 on page 17 of this year-end report shows how interim periods in 2013 have been reported based on the preliminary purchase price allocation and how they will be reported based on the final purchase price allocation as well as information about the new accounting principles.

## Pro forma net sales and earnings in summary

The acquisition of the ICA Group was completed on 27 March 2013 which means that subsequently ICA is fully consolidated in the financial statements. In conjunction with the final purchase price allocation for ICA AB, the Board made a reassessment of how sale & leaseback properties should be reported (see Note 1 on page 16 of this year-end report). The change of accounting principle has been made retroactively and comparative figures have been recalculated. A pro forma compilation per quarter for the full years 2012 and 2013 shows ICA and Hakon Invest as if they had been consolidated and appears as follows.

	Jan-Mar 2013*	Apr-Jun 2013	Jul-Sep 2013	Oct-Dec 2013	Full year 2013*	Jan-Mar 2012*	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Full year 2012*
Net sales, SEKm	23,644	25,018	24,830	25,964	99,456	23,924	25,411	24,402	25,865	99,602
Operating profit excl. non-recurring items, SEKm	483	604	956	960	3,004	454	596	856	809	2,715
Operating profit excl. effects of acquisition, SEKm	304	655	947	641	2,547	460	528	807	812	2,607
Operating margin excl. non-recurring items, %	2.0%	2.4%	3.9%	3.7%	3.0%	1.9%	2.3%	3.5%	3.1%	2.7%
Operating margin, %	1.3%	2.6%	3.8%	2.5%	2.6%	1.9%	2.1%	3.3%	3.1%	2.6%

\* Excluding effects of acquisition

### Fourth quarter 2013

Consolidated net sales amounted to SEK 25,964 million (25,865) in the fourth quarter. This is an increase of 0.4% compared with the previous year. Adjusted for currency fluctuations, the Group's net sales were 1.5% higher than in the previous year.

Operating profit in the Group amounted to SEK 641 million (812). Operating profit includes impairment of trademarks and goodwill relating to the portfolio companies with SEK -223 million as well as an earnings impact from the sale of Forma Books with SEK -82 million. Operating profit excluding non-recurring items amounted to SEK 960 million (809). All segments show higher operating profits excluding non-recurring items than in the previous year. ICA Gruppen's net financial items amounted to SEK -154 million (-113) in the fourth quarter. Profit for the period was SEK 531 million (713) and earnings per share amounted to SEK 2.49 (2.01).

### Period January-December 2013

Consolidated net sales amounted to SEK 99,456 million (99,602) in January-December. Adjusted for the sale of the Norwegian Maxi stores and currency fluctuations, the Group's net sales were 2.3% higher than in the previous year.

Operating profit in the Group excluding acquisition effects amounted to SEK 2,547 million (2,607). Operating profit excluding non-recurring items amounted to SEK 3,004 million (2,715). Profit for the period excluding acquisition effects was SEK 1,424 million (312) and earnings per share amounted to SEK 7.05 (1.65).



# Segment performance

ICA Gruppen's operations are conducted in six segments: ICA Sweden, ICA Norway, Rimi Baltic, ICA Bank, ICA Real Estate and Portfolio Companies. In order to increase comparability with earlier periods, the segments are presented on pages 5–9 of this year-end report with figures for the full year. A changed accounting principle for sale & leaseback properties is applied retroactively from 1 January 2012 which affects ICA Real Estate. The Group's segment reporting is presented in Note 3 on Page 19.

## ICA Sweden

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	17,602	17,184	67,992	65,750
Operating profit excl. non-recurring items, SEKm	819	801	3,058	2,872
Operating margin, excl. non-recurring items, %	4.7%	4.7%	4.5%	4.4%
Private label share of sales			21.4%	19.6%*
Number of employees			7,617	7,229

\*Private label share of sales was 20.1% according to a changed definition in 2013.

ICA Sweden conducts grocery retail in cooperation with independent ICA retailers. The retailers own and manage their own stores but have agreements with ICA Sweden in areas such as coordinated purchasing, logistics, marketing communications and retail development. ICA Sweden also conducts pharmacy operations in Cura. ICA Sweden also includes ICA Maxi Special which among other things conducts sales of non-food items at Maxi ICA Hypermarkets.

### Fourth quarter 2013

ICA Sweden's net sales amounted to SEK 17,602 million (17,184) in the fourth quarter, an increase of 2.4% compared with the previous year. Higher sales within wholesale and the Cura pharmacies contributed to the increase.

ICA Sweden's operating profit excluding non-recurring items rose to SEK 819 million (801). Higher sales and improved margins contributed to the improved earnings, which were partly counteracted by lower earnings from store subsidiaries and within non-food.

### Period January–December 2013

ICA Sweden's net sales amounted to SEK 67,992 million (65,750) in January–December, an increase of 3.4%. Higher sales within wholesale and the Cura pharmacies contributed to the increase.

Operating profit excluding non-recurring items for ICA Sweden improved to SEK 3,058 million (2,872) during the year. Higher sales, improved margins in wholesale due to a higher proportion of private labels, efficiency improvements in logistics and improved earnings for the Cura pharmacies contributed to the improvement in earnings.

### ICA store sales

Sales in the Swedish ICA stores increased by 2.3% in the fourth quarter and by 3.3% for the full year 2013. Average purchases in particular increased during the year compared with 2012, driven by increased sales of fresh foods, fruit and vegetables, and ready-prepared food, while towards the end of the year the main reason was an increased number of customers. December was a fairly weak month for the grocery market in general. Prices have levelled out in some product groups such as fruit and vegetables and dry foods, which slowed development. Like-for-like sales growth was 1.6% in the fourth quarter and 2.7% over the 12-month period.

### Store sales in Sweden

	Oct-Dec 2013			Jan-Dec 2013		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like-for-like
<b>Store sales excl. VAT</b>						
Maxi ICA Hypermarket	7,952	2.9%	1.9%	30,122	4.1%	3.1%
ICA Kvantum	6,280	3.3%	1.5%	24,141	4.1%	2.1%
ICA Supermarket	7,940	1.8%	1.4%	31,730	2.5%	3.0%
ICA Nära	3,735	0.6%	1.4%	15,508	2.1%	2.5%
<b>TOTAL</b>	<b>25,907</b>	<b>2.3%</b>	<b>1.6%</b>	<b>101,501</b>	<b>3.3%</b>	<b>2.7%</b>

### Number of stores in Sweden, incl. retailer-owned stores

Store format	Dec 2012	New	Converted	Closed	Dec 2013
Maxi ICA Stormarknad	75	1	1	0	77
ICA Kvantum	121	5	-2	-2	122
ICA Supermarket	430	5	-2	-3	430
ICA Nära	700	4	3	-19	688
ICA To Go	4	0	0	0	4
<b>TOTAL</b>	<b>1,330</b>	<b>15</b>	<b>0</b>	<b>-24</b>	<b>1,321</b>

## ICA Norway

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	4,144	4,681	16,463	19,050
Operating profit/loss excl. non-recurring items, SEKm	-98	-161	-691	-589
Operating margin excl. non-recurring items, %	-2.4%	-3.4%	-4.2%	-4.3%
Private label share of sales			9.7%	9.6%
Number of employees			3,882	4,646

ICA Norway sells groceries in Norway in wholly owned and franchise stores in the Norwegian market. The store formats are Rimi, ICA Supermarked and Matkroken.

### Fourth quarter 2013

ICA Norway's net sales amounted to SEK 4,144 million (4,681) in the fourth quarter. Net sales decreased due to weak sales and the closure of a number of unprofitable stores.

Operating loss excluding non-recurring items amounted to SEK 98 million (-161). The improvement compared with the previous year is explained by lower shrinkage and lower store costs, at the same time as lower sales volumes had a negative impact. The cost-cutting measures initiated in the previous year have had an impact in the form of lower administrative expenses.

### Period January-December 2013

ICA Norway's net sales amounted to SEK 16,463 million (19,050) during the full year. Net sales decreased due to the divestment of the ICA Maxi stores and the closure of a number of unprofitable units, but also due to a weak development in existing stores.

Operating loss excluding non-recurring items amounted to SEK 691 million (-589). Lower sales volumes and a lower gross margin had a negative impact on earnings. The cost-cutting measures initiated in the previous year have had an impact in the form of lower administrative expenses.

### Action programme

In January 2013, ICA Norway and Norg-esgruppen announced a cooperation agreement within sourcing and logistics. This collaboration is intended to improve ICA Norway's purchasing power through joint sourcing as well as achieving more efficient logistics in the supply chain in central and northern Norway. This cooperation marks a key step in ICA Norway's action plan for achieving profitability.

In April 2013, the Norwegian Competition Authority decided to review the cooperation between ICA Norway and Norgesgruppen. While this review is underway, a temporary suspension has been imposed on cooperation within logistics, while sourcing cooperation was given the go-ahead to start in the summer. In December 2013, the Norwegian Competition Authority announced that its review will be completed by the end of February 2014 at the latest.

### Store sales in Norway

	Oct-Dec 2013			Jan-Dec 2013		
	NOKm	Change all stores	Change like-for-like	NOKm	Change all stores	Change like-for-like
<b>Store sales excl. VAT</b>						
Rimi	2,602	2.0%	0.0%	10,007	3.2%	-1.3%
ICA Supermarked	1,221	-9.1%	-7.2%	4,620	-2.7%	-5.6%
ICA Naer	19	-94.6%	-7.7%	467	-77.2%	-7.9%
Matkroken	434	88.6%	-1.3%	1,555	151.9%	-0.4%
<b>TOTAL</b>	<b>4,276</b>	<b>-4.5%</b>	<b>-2.4%</b>	<b>16,649</b>	<b>-2.7%</b>	<b>-2.8%</b>

### Number of stores in Norway, incl. retailer-owned stores

Store format	Dec 2012	New	Converted	Closed	Dec 2013
Rimi	315	2	6	-5	318
ICA Supermarked	78	0	2	-4	76
ICA Naer	68	0	-63	-5	0
Matkroken	135	1	55	-14	177
<b>TOTAL</b>	<b>596</b>	<b>3</b>	<b>0</b>	<b>-28</b>	<b>571</b>

## Rimi Baltic

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	2,838	2,625	10,333	10,050
Operating profit excl. non-recurring items, SEKm	113	101	308	259
Operating margin excl. non-recurring items, %	4.0%	3.8%	3.0%	2.6%
Private label share of sales, %			14.2%	12.6%
Number of employees			8,248	8,078

Rimi Baltic conducts grocery sales in wholly owned stores in Estonia, Latvia and Lithuania. The store formats are Rimi Hypermarket, Rimi Supermarket and the discount chains Säästumarket and Supernetto. Rimi Baltic also includes the properties owned by the Group in the Baltic countries.

### Fourth quarter 2013

Rimi Baltic's net sales amounted to SEK 2,838 million (2,625) in the fourth quarter. Sales in local currency increased by 5.2%, mainly due to a good performance in Latvia and Lithuania.

Operating profit excluding non-recurring items amounted to SEK 113 million (101). The improvement is mainly due to higher sales and continued good control of costs. Depreciation increased by SEK 2 million as a result of a market valuation of the property portfolio in conjunction with the acquisition of the remaining shares in ICA AB.

### Period January-December 2013

Rimi Baltic's net sales amounted to SEK 10,333 million (10,050) during the year. Sales in local currency rose by 3.5%.

Operating profit excluding non-recurring items amounted to SEK 308 million (259). The improvement is due to higher sales and improved gross margins in all countries.

### Euro new currency in Latvia

On 1 January 2014, Latvia changed its currency and went over to the euro. This means that both Latvia and Estonia have introduced the euro. In Lithuania a changeover to the euro is expected to take place in 2015.

### Store sales in Baltic

Store sales excl. VAT	Oct-Dec 2013			Jan-Dec 2013		
	EURm	Change all stores	Change like-for-like	EURm	Change all stores	Change like-for-like
Estonia	94	0.9%	-1.2%	361	0.5%	-2.5%
Latvia	164	7.2%	5.8%	609	6.0%	3.5%
Lithuania	60	6.7%	2.5%	217	1.4%	0.8%
<b>TOTAL</b>	<b>318</b>	<b>5.1%</b>	<b>3.0%</b>	<b>1,187</b>	<b>3.4%</b>	<b>1.1%</b>

### Number of stores in the Baltic countries

Country	Dec 2012	New	Closed	Dec 2013
Estonia	83	3	-3	83
Latvia	114	2	-3	113
Lithuania	38	3	-2	39
<b>TOTAL</b>	<b>235</b>	<b>8</b>	<b>-8</b>	<b>235</b>

## ICA Bank

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Revenues, SEKm	215	207	850	814
Operating profit excl. non-recurring items, SEKm	51	26	201	181
Operating margin excl. non-recurring items, %	23.7%	12.6%	23.6%	22.2%
Number of employees			312	301
Business volume, SEKm			24,772	23,272
Capital adequacy ratio			1.95	1.31

ICA Bank offers a full range of financial banking services to private individuals in Sweden. The goal is to increase customer loyalty to ICA and to reduce transaction costs for ICA stores and ICA Gruppen.

### Fourth quarter 2013

ICA Bank's revenues amounted to SEK 215 million (207) in the fourth quarter. Higher lending volumes contributed to higher net interest, and made up for reduced margins due to a lower repo rate than in the previous year. Business volume rose by 1% during the quarter.

Operating profit excluding non-recurring items amounted to SEK 51 million (26). The increase is mainly due to higher revenues and reversal of earlier provisions for loan losses of SEK 23 million, which was partly counteracted by higher consultant costs than in the previous year. The consultant costs relate to, among other things adjustments to the new regulatory requirements.

### Period January–December 2013

ICA Bank's revenues amounted to SEK 850 million (814) for the full year. Business volumes rose by 6% and contributed to increased commission income. Net interest income also rose as a result of divestment of a bond portfolio at the beginning of the year as well as increased lending volumes, which compensated for reduced deposit margins due to the lower repo rate.

Operating profit excluding non-recurring items amounted to SEK 201 million (181). Higher costs for marketing, consultants and IT were charged against earnings for the period. The consultant costs relate to, among other things, adjustments to the new regulatory requirements. The higher costs were counteracted by reversal of previous provisions for loan losses of SEK 34 million.

### New regulations

New EU banking regulations came into force on 1 January 2014, which among other things require higher capital adequacy for banks. For this reason, ICA Bank received a SEK 230 million capital contribution in the fourth quarter of 2013.

## ICA Real Estate

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	573	555	2,255	2,252
Operating profit excl. non-recurring items, SEKm	123	144	519	649
Operating margin excl. non-recurring items, %	21.5%	25.9%	23.0%	28.8%
Number of employees			75	74
Number of properties owned			202	190
Number of square metres owned			814,040	750,000

ICA Real Estate's mission is to satisfy ICA Gruppen's future needs for premises in the right marketplaces in Sweden and Norway. The real estate company both develops shopping centres from scratch and buys strategic properties with existing ICA stores. ICA Real Estate is an active seller and buyer of properties in the Swedish and Norwegian markets.

### Fourth quarter 2013

ICA Real Estate's net sales amounted to SEK 573 million (555) in the fourth quarter.

Operating profit excluding non-recurring items amounted to SEK 123 million (144). Depreciation increased by SEK 42 million as a result of market valuation of the property portfolio in conjunction with acquisition of the remaining shares in ICA AB on 27 March 2013. New establishments, including the acquisition of the warehouse property in Helsingborg, made a positive contribution to earnings.

### Period January–December 2013

ICA Real Estate's net sales amounted to SEK 2,255 Mr (2,252).

Operating profit excluding non-recurring items amounted to SEK 519 million (649). Depreciation increased by SEK 129 million due to market evaluation of the property portfolio in conjunction with acquisition of the

remaining shares in ICA AB on 27 March 2013. New establishments, including the acquisition of the warehouse property in Helsingborg, made a positive contribution to earnings.

### Sale & leaseback

In conjunction with the final purchase price allocation, the Board has reassessed how sale & leaseback properties should be reported. Sale & leaseback properties are properties which ICA Real Estate has sold but leases back in order to lease them on to an individual ICA retailer. The reassessment means that these properties meet the requirements for being regarded as sold and are therefore no longer recognised in ICA Gruppen's balance sheet. The change of accounting principle has taken place retroactively and opening balances have been recalculated as per 1 January 2012. For this reason both reported figures and comparative figures have changed in line with the new principle. More information is provided in Note 1 on page 16 of this year-end report.

### Preference shares

In December 2013, ICA Gruppen issued preference shares in ICA Fastigheter Sverige AB for SEK 3.0 billion. The issue, which was subscribed to in equal parts by AMF and If Skadeförsäkring, has been used to repay bridge loans.



## Portfolio companies

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	892	854	2,657	2,726
Operating profit/loss excl. non-recurring items, SEKm	131	32	21	-124
Operating margin excl. non-recurring items, %	14.7%	3.7%	0.8%	-4.5%
Number of employees			1,126	1,100

The portfolio companies are the five companies that ICA Gruppen owns wholly or partly in addition to ICA's operations: Forma, Kjell & Company, Cervera, Hemtex and inkClub. Starting in the second quarter of 2013, the portfolio companies are reported as a single segment in ICA Gruppen.

### Fourth quarter 2013

The portfolio companies' net sales amounted to SEK 892 million (854), an increase of 4.4% compared with the previous year. Cervera and Hemtex increased their sales, while sales were unchanged in inkClub and decreased in Forma. Kjell & Company, which is reported as a joint venture, increased its sales by 17% in the fourth quarter.

The portfolio companies' operating profit excluding non-recurring items amounted to SEK 131 million (32). Last year's comparative figure includes impairment costs for inventories in Forma Books of SEK 60 million. Cervera and Hemtex improved their earnings due to strong Christmas sales.

### Period January-December 2013

The portfolio companies' net sales totalled SEK 2,657 million (2,726), a decrease of 2.5% compared with the previous year. The decrease is mainly explained by the divestment of Forma Contract and the Finnish magazine operations in the second quarter of 2012.

The portfolio companies' operating profit excluding non-recurring items amounted to SEK 21 million (-124). All companies except for inkClub report improved earnings for the full-year 2013.

### Evaluation

Against the background of ICA Gruppen's acquisition of the remaining shares in ICA AB in spring 2013, an evaluation of the portfolio companies has been performed. The evaluation, which took place in parallel with a new non-food strategy for the Group, means that Forma, Kjell & Company and Cervera will be sold, while Hemtex and inkClub are assessed as having the potential to contribute to the core business and will therefore be retained with unchanged ownership. Forma, Kjell & Company and Cervera are recognised as assets held for sale in the balance sheet.

In December 2013, Forma Books, which is part of Forma, was sold to Massolit Media. This divestment had an earnings impact of SEK -82 million in the fourth quarter.

### Impairment

During the fourth quarter an impairment of goodwill and trademarks relating to the portfolio companies was recognised of SEK 223 million.

### Store sales

Store sales excl. VAT	Oct-Dec 2013			Jan-Dec 2013		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like-for-like
Cervera	389	1.1%	3.9%	944	-0.2%	1.6%
Hemtex	337	7.9%	5.3%	965	5.5%	4.5%
Kjell & Co	315	16.6%	10.5%	931	14.3%	5.6%
<b>TOTAL</b>	<b>1,041</b>			<b>2,840</b>		

### Number of stores, incl. franchise stores

Store format	Dec 2012	New	Closed	Dec 2013
Cervera	77	1	-5	73
Hemtex	154	7	-3	158
Kjell & Co	66	6	0	72
<b>TOTAL</b>	<b>297</b>	<b>14</b>	<b>-8</b>	<b>303</b>

## Other

### Seasonal variations

Grocery retail sales are affected by national holidays and when these occur. Christmas and Easter in particular are key holidays for groceries. For a large part of the retail sector the fourth quarter is seasonally the strongest quarter of the year due to Christmas sales.

### Risks and uncertainties

ICA Gruppen works at Group level to systematically identify and manage the risks associated with its operations. The risk management process is an integrated part of the

strategy and budget work of each unit. Risks are consolidated and risk management is reported to and monitored by ICA Gruppen's Executive Management and Board of Directors. The key risk areas are legal risks, market risks, sustainability and product safety risks, brand risks and continuity risks.

ICA Gruppen has significant exposure to the Nordic and Baltic grocery sector. Economic downturns and political decisions are factors which could have a negative impact on the Group's sales and earnings. ICA Gruppen's finance policy stipulates how financial

risks should be managed and curtailed. The policy also provides a framework for the Group's treasury management. More information about risk management is provided on pages 27-29 and 82-83 of Hakon Invest's Annual Report for 2012 and on pages 156-157 and 193-196 of ICA AB's Annual Report for 2012.

### Related-party transactions

No significant transactions took place between ICA Gruppen and related parties during the period.

# Parent Company performance

The Parent Company's net sales amounted to SEK 3 million (0) in the fourth quarter and SEK 5 million (0) in January - December 2013. Profit before tax amounted to SEK 4,923

million (-1) in the fourth quarter. Profit before tax for the full year 2013 was SEK 5,407 million (790). The differences in profit before tax are due to income from ICA Fastigheter AB

and ICA Banken AB having been received as a dividend from ICA AB as well as increased interest expenses after the acquisition of the remaining shares in ICA on 27 March 2013.

## Share information

Share capital in ICA Gruppen amounts to SEK 502,866,988 distributed among 201,146,795 shares, each with a quota value of SEK 2.50. At the end of the period the number of C shares amounted to 82,067,892 and the number of ordinary shares amounted to 119,078,903, of which 141,655 ordinary shares are held by ICA Gruppen. Ordinary shares and C shares carry the same voting rights but a different dividend entitlement. While ordinary shares have an unlimited dividend entitlement, C shares do not carry entitlement to cash profit distribution. All C shares will be converted into ordinary shares on 1 January 2016, which means that thereafter the company will only have one class of share in the form of ordinary shares with dividend entitlement. The total number of shares will remain unchanged after the conversion.

### New rights issue

In May 2013, ICA Gruppen carried out a new issue with preferential rights to existing shareholders amounting to SEK 5 billion. The new issue only related to ordinary shares. Each ordinary share carried entitlement to one subscription right and four subscription rights gave entitlement to purchase one new

ordinary share at a price of SEK 121. The ordinary shares subscribed for by ICA-handlarnas Förbund (the Association of ICA Retailers) on the basis of its C shares were subscribed for at a price of SEK 129 per ordinary share. The issue proceeds have been used to repay parts of the Group's bridge financing.



### Ownership structure

#### Largest shareholders in ICA Gruppen at 31 December 2013

	Number of shares	Share of capital and voting
ICA-handlarnas Förbund	103,163,599	51.3
AB Industrivärden	20,125,000	10.0
AMF - Insurance and Funds	3,462,302	1.7
Lannebo Funds	2,955,455	1.5
SEB Investment Management	1,986,663	1.0
Swedbank Robur Funds	1,957,130	1.0
Robur Försäkring	1,318,331	0.7
Danske Capital Sverige	1,264,845	0.6
Leif Jönsson	1,254,651	0.6
Enter Funds	1,031,100	0.5
<b>Ten largest shareholders total:</b>	<b>139,136,916</b>	<b>69.2</b>
ICA Gruppen's holding	141,655	0.0
Other shareholders	61,868,224	30.8
<b>Total</b>	<b>201,146,795</b>	<b>100.0</b>

Source: Euroclear Sweden AB

## 2014 Annual General Meeting

ICA Gruppen's 2014 Annual General meeting will be held at 16.00 CET on Wednesday, 9 April 2014 at Friends Arena in Solna.

In order to participate in the Annual General Meeting shareholders must be entered in the share register at Euroclear Sweden AB, and have notified their intention to attend the Annual General Meeting no later than Thursday, 3 April 2014. Notice of ICA Gruppen's Annual General Meeting will be published on Thursday, 6 March 2014.

Shareholders who have proposals and opinions relating to the work of the Nomination Committee are invited to submit the same no later than Wednesday, 19 February 2014. A shareholder who wishes to have a matter considered at the Annual General Meeting shall submit such request no later

than Monday, 24 February 2014. Such requests shall be addressed "To the Chairman of the Board" and send to General Counsel Per Behm, ICA Gruppen AB, Svetsarvägen 16, SE-171 93 Solna.

### Nomination Committee appointed

The Nomination Committee ahead of ICA Gruppen's 2014 Annual General Meeting was appointed in September 2013. ICA-handlarnas Förbund (the Association of ICA Retailers) is represented by Claes Ottosson, ICA retailer in Hovås, and Anna-Karin Liljeholm, legal counsel at ICA-handlarnas Förbund. Industrivärden has appointed Anders Nyberg, General Counsel at Industrivärden, and AMF has appointed Anders Oscarsson as their respective representatives on the Nomination Committee.

### Annual Report

ICA Gruppen's Annual Report for 2013 will be published on the company's website on Thursday, 6 March 2014 and be available in a printed version at the head office with effect from 21 March 2014.

### Dividend

The Board of ICA Gruppen proposes a dividend of SEK 8 per ordinary share for the 2013 financial year, or a total of SEK 951 million. No dividend was paid in the previous year as a consequence of the acquisition of the remaining shares in ICA AB and the subsequent new issue.

# Financial statements

## Condensed consolidated statement of comprehensive income

SEKm	Note	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
<b>Net sales</b>	3	25,964	854	77,702	2,726
Cost of goods sold		-21,891	-481	-66,074	-1,494
<b>Gross profit</b>		<b>4,073</b>	<b>373</b>	<b>11,628</b>	<b>1,232</b>
Other operating income		61	28	191	167
Selling expenses		-2,634	-296	-7,271	-1,147
Administrative expenses		-888	-104	-2,446	-372
Share of profits from joint ventures	4	29	289	121	332
Effects of acquisition of ICA AB	1,2	-	-	8,051	-
<b>Operating profit</b>	3, 5	<b>641</b>	<b>290</b>	<b>10,274</b>	<b>212</b>
Financial income		20	9	47	42
Financial expense		-174	-10	-512	-31
Change in fair value of financial instruments		-	11	16	21
<b>Profit before tax</b>		<b>487</b>	<b>300</b>	<b>9,825</b>	<b>244</b>
Tax		44	38	-379	18
<b>Profit for the period</b>		<b>531</b>	<b>338</b>	<b>9,446</b>	<b>262</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss</b>					
Actuarial gains or losses defined benefit pensions		1	-	214	-
<b>Other comprehensive income, items that may be reclassified to profit or loss</b>					
Change in translation reserve, net after tax		44	60	81	8
Change in fair value reserve, net after tax		0	0	0	-28
Change in hedging reserve, net after tax		3	-5	20	-7
Items reclassified to profit or loss at acquisition of ICA AB		-	-	-259	-
<b>Total items that may be reclassified to profit or loss</b>		<b>47</b>	<b>55</b>	<b>-158</b>	<b>-27</b>
<b>Comprehensive income for the period</b>		<b>579</b>	<b>393</b>	<b>9,502</b>	<b>235</b>
<b>Profit for the period attributable to</b>					
Owners of the parent		500	323	9,439	280
Non-controlling interests		31	15	7	-18
<b>Comprehensive income for the period attributable to</b>					
Owners of the parent		548	378	9,495	253
Non-controlling interests		31	15	7	-18
<b>Earnings per share before and after dilution, SEK</b>					
Ordinary share		2.49	2.01	49.68	1.65
C share		2.49	2.01	49.68	1.65

## Condensed consolidated statement of financial position

SEKm	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	2	11,867	574
Trademarks	2	13,065	935
Other intangible assets		770	86
Interests in companies recognised according to the equity method	4	712	6,339
Deferred tax assets		369	223
Non-current receivables in ICA Bank		6,270	-
Land and buildings	2	16,778	-
Other non-current assets		2,521	50
<b>Total non-current assets</b>		<b>52,352</b>	<b>8,207</b>
<b>Current assets</b>			
Inventories		4,253	433
Short-term investments		1	1,155
Current receivables in ICA Bank		2,931	-
Other current assets		4,833	295
Cash and cash equivalents in ICA Bank		2,814	-
Cash and cash equivalents		1,134	291
<b>Total current assets</b>		<b>15,966</b>	<b>2,174</b>
Available-for-sale assets		643	-
<b>TOTAL ASSETS</b>		<b>68,961</b>	<b>10,381</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>26,541</b>	<b>9,021</b>
<b>Non-current liabilities</b>			
Provisions		1,909	234
Deferred tax liabilities		4 925	212
Non-current interest-bearing liabilities		6,770	186
Other non-current liabilities		8	1
<b>Total non-current liabilities</b>		<b>13,612</b>	<b>633</b>
<b>Current liabilities</b>			
Deposits ICA Bank		10,600	-
Current interest-bearing liabilities		3,523	61
Other current liabilities		14,173	666
<b>Total current liabilities</b>		<b>28,296</b>	<b>727</b>
Available-for-sale liabilities		512	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,961</b>	<b>10,381</b>

## Condensed consolidated statement of cash flows

SEKm	Note	Jan-Dec 2013	Jan-Dec 2012
Operating profit		10,274	212
Effects of acquisition of ICA AB		-8,051	-
Depreciation and impairment		1,551	66
Other non-cash items		-124	468
Income tax paid		-429	-18
<b>Cash flow from operating activities before change in working capital</b>		<b>3,221</b>	<b>728</b>
Change in working capital:			
Inventories		-37	56
Current receivables		822	-24
Current liabilities		252	54
ICA Bank's net of deposits, lending and investments		-283	-
<b>Cash flow from operating activities</b>		<b>3,975</b>	<b>814</b>
Acquisition of ICA AB		-15,739	-
Acquisition of tangible and intangible non-current assets		-2,540	-57
Sale of tangible and intangible non-current assets		518	170
Investments in joint ventures		-30	-
Change in financial assets		1,171	-421
Interest received		35	42
<b>Cash flow from investing activities</b>		<b>-16,585</b>	<b>-266</b>
New issue ICA Gruppen AB		5,017	-
New issue preference shares in subsidiary		3,000	-
Dividend paid		-	-491
Change in loans		8,663	17
Interest paid		-477	-31
<b>Cash flow from financing activities</b>		<b>16,203</b>	<b>-505</b>
<b>Cash flow for the period</b>	<b>6</b>	<b>3,593</b>	<b>43</b>
Cash and cash equivalents at 1 January		291	248
Exchange differences in cash and cash equivalents		64	0
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>3,948</b>	<b>291</b>

## Condensed consolidated statement of changes in equity

SEKm	Note	Attributable to owners of the parent	Attributable to non- controlling interests	Total
Opening equity, 1 January 2013		8,882	139	9,021
Change in non-controlling interests		-	32	32
Incentive programme		5	-	5
New issue		5,017	-	5,017
New issue preference shares in subsidiary		-36	3,000	2,964
Comprehensive income for the period		9,495	7	9,502
<b>Closing equity, 31 December 2013</b>		<b>23,363</b>	<b>3,178</b>	<b>26,541</b>

SEKm	Note	Attributable to owners of the parent	Attributable to non- controlling interests	Total
Opening equity, 1 January 2012		8,456	157	8,613
Effect of change of accounting principle		662	-	662
<b>Equity after change of accounting principle</b>		<b>9,118</b>	<b>157</b>	<b>9,275</b>
Dividend		-491	-	-491
Incentive programme		2	-	2
Comprehensive income for the period		253	-18	235
<b>Closing equity, 31 December 2012</b>		<b>8,882</b>	<b>139</b>	<b>9,021</b>

## Condensed Parent Company income statement

<b>SEKm</b>	Note	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales		3	0	5	0
<b>Gross profit</b>		<b>3</b>	<b>0</b>	<b>5</b>	<b>0</b>
Administrative expenses		-25	-20	-83	-66
<b>Operating profit/loss</b>		<b>-22</b>	<b>-20</b>	<b>-78</b>	<b>-66</b>
Financial income		11	-	32	-
Financial expenses		-151	-	-432	-
Dividend from ICA AB		-	-	800	800
Profit/loss from participations in group companies		5,354	19	5,354	56
<b>Profit/loss after financial items</b>		<b>5,192</b>	<b>-1</b>	<b>5,676</b>	<b>790</b>
Appropriations		-27	-	-27	-
<b>Profit/loss before tax</b>		<b>5,165</b>	<b>-1</b>	<b>5,649</b>	<b>790</b>
Tax		117	0	132	0
<b>Profit/loss for the period</b>		<b>5,282</b>	<b>-1</b>	<b>5,781</b>	<b>790</b>

## Condensed Parent Company balance sheet

SEKm	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in group companies		30,034	1,255
Interests in joint ventures		-	2,960
Deferred tax assets		325	193
Non-current receivables group companies		-	754
Other non-current assets		-	27
<b>Total non-current assets</b>		<b>30,359</b>	<b>5,189</b>
<b>Current assets</b>			
Short-term investments		-	1,155
Current receivables group companies		33	3
Other current assets		26	21
Cash and cash equivalents		-	139
<b>Total current assets</b>		<b>59</b>	<b>1,318</b>
<b>TOTAL ASSETS</b>		<b>30,418</b>	<b>6,507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>17,146</b>	<b>6,343</b>
<b>Provisions</b>		<b>8</b>	<b>33</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities		5,971	-
Liabilities to group companies		3,000	-
Other non-current liabilities		-	-
<b>Total non-current liabilities</b>		<b>8,971</b>	<b>-</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities		2,286	-
Current liabilities to group companies		1,929	102
Other current liabilities		78	29
<b>Total current liabilities</b>		<b>4,293</b>	<b>131</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,418</b>	<b>6,507</b>

# Notes

## Note 1, ACCOUNTING PRINCIPLES

This year-end report is prepared according to the rules for interim reporting in the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting.

**Changed accounting principles for sale and leaseback transactions**  
When ICA Gruppen has sold a property and at the same time leased it back and leased it on to a non-consolidated ICA retailer, such transactions were recognised as sale & leaseback-transactions. The implication has been that the property is not considered as sold and proceeds received were recognised as a loan. The property continued to be recorded in the balance sheet and amortised during its useful life. Payment of rent was recognised as interest and amortisation of the loan. Not until the time when the lease tenure to an independent ICA retailer ended for any reason was the property recognised as sold. If instead the property was leased back for own use within ICA Gruppen, the property was regarded as sold, subject to classification as an operating lease and that both the sale and lease agreement were on market terms.

This principle is based on IAS 18 Revenue and the rules in US GAAP.

During 2013, the Board made a reassessment of these transactions. The Board does not consider that the accounting reflects the implication of these transactions in a sufficiently relevant manner. The agreement on leaseback and leasing on must be assessed together since these agreements are drawn up at the same time. ICA Gruppen has in practice a limited risk and involvement in the property. The principle applied so far has taken the leaseback to ICA Gruppen into account to a greater extent than the leasing on to the ICA retailer, despite the fact that the agreements are contingent on each other. The contractual arrangement is also similar regardless of whether the ICA store is consolidated in ICA Gruppen or if the ICA store is independent, unconsolidated. Since the implications of the contractual arrangement in the two cases are similar, accounting should not be different, which has been the case so far.

To recognise a property as sold in such an arrangement and rental payments after the sale as rental charges, in the Board's opinion therefore provides a more relevant and true picture of the implications of these transactions, than the accounting so far has done.

The change of accounting principle has been made retroactively and opening balance as per 1 January 2012 has been recalculated which resulted in book value of joint ventures increasing by SEK 662 million. The counterparty is recognised as a change of accounting principle in equity. In 2012, share of profits in joint ventures decreased by SEK 44 million, and for 2013 earnings from ICA AB up until the acquisition of ICA AB on 27 March resulted in an earnings reduction of SEK 17 million. The earnings impact of the acquisition of ICA AB has, through the same change of accounting principle, decreased by SEK 601 million to SEK 8,051 million.

### New or amended standards applied with effect from 2013

Amendments to IFRS 7 Financial Instruments: Disclosures

IFRS 13 Fair Value Measurement

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 19 Employee Benefits

IAS 19 *Employee Benefits* has been amended. The main change is that previously unrecognised actuarial gains and losses are recognised directly in other comprehensive income. ICA Gruppen has had a principle of recognising actuarial gains or losses in profit or loss, which means that the amended IAS 19 has no material impact on the financial statements.

No other new or amended, or EU endorsed, IFRS standards which have a material impact on ICA Gruppen's financial statements were applied in 2013.

### New accounting principles in 2014 and later

The following EU endorsed IFRS standards with relevance to ICA Gruppen will start to be applied in 2014:

IFRS 10 Consolidated Financial Statements,  
IFRS 11 Joint Arrangements, and  
IFRS 12 Disclosure of Interests in Other Entities.  
IFRIC 21 Levies

None of these will have a material impact on ICA Gruppen's financial statements.

IFRS 9 *Financial Instruments* is part of a complete revision of the current standard IAS 39 *Financial Instruments: Recognition and Measurement*. The standard will be complemented with rules on impairment and hedge accounting. No timetable for application is currently available.

## Note 2, ACQUISITION OF ICA

On 27 March 2013, Hakon Invest acquired the remaining 60% of the shares in ICA AB from Ahold for a cash consideration of SEK 20 billion. ICA AB is reported as a subsidiary in the Hakon Invest Group with effect from 27 March 2013. In conjunction with the Annual General Meeting held on 20 May 2013, the name Hakon Invest was changed to ICA Gruppen.

ICA Gruppen's 40% holding in ICA was revalued on the acquisition date at SEK 13.3 billion, which results in a positive one-time effect of SEK 8.1 billion being recognised in profit or loss.

At the acquisition of the remaining shares in ICA AB differences were identified between fair value and carrying amount of properties. In addition, at the acquisition the trademarks ICA and Rimi in the Baltic countries were measured at fair value and recognised as intangible assets.

Since the purchase price exceeds the net of all acquired assets and liabilities recognised at fair value, goodwill is recognised. This goodwill amounts to SEK 11.5 billion. ICA's operations in relation to the Swedish ICA retailers are regulated through various agreements. Partly through a negotiated business model which handles supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model which regulates the relationship between the individual ICA retailer and ICA is based on the experiences, skills and relationships which have been developed over almost 100 years. The business models with all their agreements and relationships are interdependent which makes it impossible to separate one or more agreements or parts from the whole. This whole in the form of ICA's business model is recognised as goodwill.

The net sales from the ICA AB Group which is included in the Group since 27 March 2013 amount to SEK 75,045 million. ICA AB Group contributed SEK 1,998 million to profit for the period from 27 March 2013 to 31 December 2013. If the acquisition of the remaining shares in ICA had taken place on 1 January 2013, net sales in ICA Gruppen would have amounted to SEK 99,456 million and operating profit to SEK 10,598 million, of which the effects of the acquisition amount to SEK 8,051 million.



Cont. NOTE 2, ACQUISITION OF ICA

<b>Purchase price allocation (PPA)</b>	Carrying amounts in ICA AB	Effect of new accounting principle	Carrying amounts after new accounting principle	Acquisition adjustments	Values according to PPA
Trademarks	560		560	11,640	12,200
Acquired goodwill	1,760		1,760	-1,760	0
Land and buildings	12,005	-1,719	10,286	5,786	16,072
Other non-current assets	9,313	-729	8,584	776	9,360
Other current assets	12,688		12,688		12,688
Cash and cash equivalents	4,261		4,261		4,261
Non-controlling interests	-8		-8		-8
Provisions	-2,372		-2,372		-2,372
Non-current liabilities	-4,267	3,763	-504		-504
Deferred tax liabilities	-673	-3	-676	-3,920	-4,596
Current liabilities	-25,502	189	-25,313		-25,313
<b>Acquired, identified net assets</b>	<b>7,765</b>	<b>1,501</b>	<b>9,266</b>	<b>12,522</b>	<b>21,788</b>
Goodwill					11,545
<b>Acquired, identified net assets including goodwill</b>					<b>33,333</b>
Cost					20,000
Remeasurement of earlier holding					13,333
<b>Consideration transferred</b>					<b>33,333</b>
Cost					20,000
Cash and cash equivalents in the acquired company					-4,261
<b>Change in consolidated cash and cash equivalents</b>					<b>15,739</b>

The table presented below shows how interim periods in 2013 have been presented based on the preliminary PPA relating to the acquisition of ICA AB as well as how they are presented based on the final PPA and new accounting principle.

	Jan-Mar 2013		Apr-Jun 2013		Jul-Sep 2013		Oct-Dec 2013	Full year 2013
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final	Final
<b>Income statement</b>								
Net sales	1,883	1,890	25,025	25,018	24,830	24,830	25,964	77,702
Cost of goods sold	-1,421	-1,511	-21,482	-21,492	-21,085	-21,180	-21,891	-66,074
Gross profit	462	379	3,543	3,526	3,745	3,650	4,073	11,628
Other operating income	13	3	74	68	60	59	61	191
Selling expenses	-388	-330	-2,119	-2,208	-2,070	-2,099	-2,634	-7,271
Administrative expenses	-126	-97	-811	-789	-724	-672	-888	-2,446
Share of profits from joint ventures	99	83	7	0	18	9	29	121
Effects of acquisition	8,652	8,051	-	-	-	-	-	8,051
Operating profit	8,712	8,089	694	597	1,029	947	641	10,274
Financial income	8	7	16	16	4	4	20	47
Financial expenses	-11	-7	-212	-165	-214	-166	-174	-512
Change in fair value of financial instruments	16	16	-	-	-	-	-	16
Profit before tax	8,725	8,105	498	448	819	785	487	9,825
Tax	5	4	-178	-193	-234	-234	44	-379
Profit for the period	8,730	8,109	320	255	585	551	531	9,446

Cont. NOTE 2, ACQUISITION OF ICA

	2013-03-31		2013-06-30		2013-09-30		2013-12-31
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final
<b>Balance sheet</b>							
<b>Assets</b>							
Non-current assets							
Goodwill	14,116	12,119	14,161	12,120	14,121	12,120	11,867
Trademarks	13,149	13,136	13,163	13,170	13,157	13,163	13,065
Interests in companies recognised according to the equity method	772	823	771	822	791	834	712
Deferred tax assets	238	238	237	205	237	369	369
Land and buildings	18,105	16,075	18,265	16,222	19,006	17,017	16,778
Other non-current assets	8,817	8,827	9,355	9,379	9,465	9,268	9,561
<b>Total non-current assets</b>	<b>55,197</b>	<b>51,218</b>	<b>55,952</b>	<b>51,918</b>	<b>56,777</b>	<b>52,771</b>	<b>52,352</b>
Current assets							
Inventories	4,463	4,463	4,356	4,356	4,306	4,306	4,253
Other current assets	9,004	9,004	8,117	8,116	7,682	7,681	8,408
Cash and cash equivalents incl. ICA Bank	4,500	4,500	3,610	3,610	3,413	3,413	3,948
<b>Total current assets</b>	<b>17,967</b>	<b>17,967</b>	<b>16,083</b>	<b>16,082</b>	<b>15,401</b>	<b>15,400</b>	<b>16,609</b>
<b>Total assets</b>	<b>73,164</b>	<b>69,185</b>	<b>72,035</b>	<b>68,000</b>	<b>72,178</b>	<b>68,171</b>	<b>68,961</b>
<b>Equity and liabilities</b>							
<b>Equity</b>	<b>16,882</b>	<b>16,883</b>	<b>22,466</b>	<b>22,350</b>	<b>23,106</b>	<b>22,977</b>	<b>26,541</b>
Non-current liabilities							
Provisions	2,597	2,278	2,578	2,302	2,331	2,071	1,909
Deferred tax liabilities	4,835	4,806	4,843	4,802	4,886	4,837	4,925
Interest-bearing liabilities	16,440	12,690	15,810	12,125	16,399	12,765	6,770
Other non-current liabilities	14	3	2	2	22	21	8
<b>Total non-current liabilities</b>	<b>23,886</b>	<b>19,777</b>	<b>23,233</b>	<b>19,231</b>	<b>23,638</b>	<b>19,694</b>	<b>13,612</b>
Current liabilities							
Interest-bearing liabilities	7,298	7,122	1,883	1,694	1,855	1,666	3,523
Deposits ICA Bank	10,352	10,352	10,573	10,573	10,648	10,648	10,600
Other current liabilities	14,746	15,051	13,880	14,152	12,931	13,186	14,685
<b>Total current liabilities</b>	<b>32,396</b>	<b>32,525</b>	<b>26,336</b>	<b>26,419</b>	<b>25,434</b>	<b>25,500</b>	<b>28,808</b>
<b>Total equity and liabilities</b>	<b>73,164</b>	<b>69,185</b>	<b>72,035</b>	<b>68,000</b>	<b>72,178</b>	<b>68,171</b>	<b>68,961</b>

The table presented below shows operating profit excluding non-recurring items per segment according to the preliminary PPA, as it was reported in earlier interim reports during 2013, as well as according to the final PPA in the year-end report for 2013.

	Jan-Mar 2013		Apr-Jun 2013		Jul-Sep 2013		Oct-Dec 2013	Full year 2013
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final	Final
<b>Operating profit/loss excl. non-recurring items per segment</b>								
ICA Sweden		36	719	718	892	892	819	2,465
ICA Norway		-17	-193	-193	-154	-154	-98	-462
Rimi Baltic		4	72	70	87	85	113	272
ICA Bank		3	32	32	64	64	51	150
ICA Real Estate		9	230	102	256	125	123	359
Portfolio Companies	-60	-60	-35	-34	-15	-16	131	21
ICA	134	78	0	0	0	0	0	78
Other	-14	-15	-147	-95	-93	-40	-179	-329
<b>Operating profit excl. non-recurring items</b>	<b>60</b>	<b>38</b>	<b>678</b>	<b>600</b>	<b>1,037</b>	<b>956</b>	<b>960</b>	<b>2,554</b>

### NOTE 3, SEGMENTS

Net sales per segment, SEKm	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
ICA Sweden	17,602	-	52,887	-
ICA Norway	4,144	-	12,547	-
Rimi Baltic	2,838	-	8,102	-
ICA Bank	215	-	643	-
ICA Real Estate	573	-	1,723	-
Portfolio Companies	892	854	2,657	2,726
Other	20	-	47	-
Intra-group sales	-320	-	-904	-
<b>Net sales<sup>1</sup></b>	<b>25,964</b>	<b>854</b>	<b>77,702</b>	<b>2,726</b>

<sup>1</sup>ICA Gruppen's consolidated financial statements include ICA AB as a wholly owned subsidiary with effect from 27 March 2013.

### Operating profit/loss excl. nonrecurring items per segment, SEKm

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
ICA Sweden	819	-	2,465	-
ICA Norway	-98	-	-462	-
Rimi Baltic	113	-	272	-
ICA Bank	51	-	150	-
ICA Real Estate	123	-	359	-
Portfolio Companies	131	32	21	-124
ICA	-	278	78	308
Other	-179	-20	-329	-66

### Operating profit excl. non-recurring items<sup>1</sup>

	960	290	2,554	118
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<sup>1</sup>ICA Gruppen's consolidated financial statements include ICA AB as a wholly owned subsidiary with effect from 27 March 2013.

### NOTE 4, INTERESTS IN COMPANIES RECOGNISED ACCORDING TO THE EQUITY METHOD

SEKm	Book value, 31 December		Share of profits January-December	
	2013	2012	2013	2012
ICA AB	-	6,186	78	308
Bra förlag AB *	-	9	0	0
Trade Press AS *	-	10	1	1
Kjell & Co Elektronik AB *	-	134	34	23
Ancore Fastigheter AB	703	-	6	-
Other	9	-	2	-
<b>Total</b>	<b>712</b>	<b>6,339</b>	<b>121</b>	<b>332</b>

\* Recognised as available-for-sale assets since December 2013.

### NOTE 5, NON-RECURRING ITEMS

SEKm	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
<b>Operating profit excl. non-recurring items</b>	<b>960</b>	<b>290</b>	<b>2,554</b>	<b>118</b>
<b>Capital gains on sale of non-current assets</b>				
Portfolio Companies, Forma	-82	-	-82	94
ICA Real Estate	15	-	14	-
Other	-	-	1	-
<b>Impairment</b>				
Portfolio Companies	-223	-	-223	-
ICA Norway	-14	-	-24	-
Rimi Baltic	-15	-	-17	-
<b>Other non-recurring items</b>				
Effects of acquisition	-	-	8,051	-
<b>Operating profit</b>	<b>641</b>	<b>290</b>	<b>10,274</b>	<b>212</b>

### NOTE 6, CONSOLIDATED CASH FLOW

SEKm	Group 2013	ICA Bank 2013	Group excl. ICA Bank
<b>Cash flow from operating activities before change in working capital</b>	<b>3,221</b>	<b>172</b>	<b>3,049</b>
<b>Change in working capital</b>			
Inventories	-37	-	-37
Current receivables	822	-23	845
Current liabilities	252	13	239
ICA Bank's net of deposits, lending and investments	-283	-283	0
<b>Cash flow from operating activities</b>	<b>3,975</b>	<b>-121</b>	<b>4,096</b>
<b>Cash flow from investing activities</b>	<b>-16,585</b>	<b>2,701</b>	<b>-19,286</b>
<b>Cash flow from financing activities</b>	<b>16,203</b>	<b>234</b>	<b>15,969</b>
<b>Cash flow for the period</b>	<b>3,593</b>	<b>2,814</b>	<b>779</b>
Cash and cash equivalents at the beginning of the period	291	0	291
Exchange differences in cash and cash equivalents	64	0	64
<b>Cash and cash equivalents at the end of the period</b>	<b>3,948</b>	<b>2,814</b>	<b>1,134</b>

### NOTE 7, FINANCIAL INSTRUMENTS

IFRS 13 classifies financial instruments measured at fair value at different levels depending on how fair value is determined. At 31 December 2013 financial assets measured at fair value in ICA Gruppen amounted to SEK 2,294 million. Financial liabilities measured at fair value amounted to SEK 12 million at 31 December 2013. Financial instruments consist of bonds and commercial papers and are measured at fair value according to level 2. For financial instruments recognised at amortised cost there is no significant difference between carrying amount and fair value.

# Key Figures for ICA GRUPPEN

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Operating margin excl. non-recurring items, %	3.7%	34.0%	3.3%	4.3%
Operating margin, %	2.5%	34.0%	13.2%	7.8%
Net margin, %	2.0%	39.6%	12.2%	9.6%
Return on capital employed, %			6.6%	2.9%
Return on equity, %			6.5%	2.9%
Equity/assets ratio, %			38.5%	86.9%
Operating profit before depreciation, SEKm			3,774	278
Net debt, SEKm			-9,190	1,199
<b>Share data</b>				
Earnings per ordinary share continuing operations, SEK	2.49	2.01	49.68	1.65
Earnings per C share continuing operations, SEK	2.49	2.01	49.68	1.65
Share price at the end of the period, SEK			201.00	118.30
Dividend per ordinary share, SEK			8.00	-
Dividend, SEKm			951	-
Dividend payout ratio, %			68	-
Equity per share, SEK			116,23	55.28
Cash flow per share, SEK			17.87	0.27
Number of ordinary shares	118,937,248	78,597,414	118,937,248	78,597,674
Number of C shares	82,067,892	82,067,892	82,067,892	82,067,892
Total number of shares at the end of the period	201,005,140	160,665,306	201,005,140	160,665,566
Average number of shares	201,005,140	160,665,566	190,006,752	169,828,539
Average number of shares after dilution	201,146,795	160,792,286	190,194,330	169,911,961

## Definition of key figures

### Capital employed

Total assets less non-interest bearing liabilities and provisions.

### Capital adequacy ratio

Relates to ICA Bank. The bank's capital base in relation to capital requirement.

### Cash flow per share

Cash flow for the period divided by the average number of shares outstanding.

### Earnings per C share

Same definition as Earnings per ordinary share, since ordinary shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for ordinary shares.

### Earnings per ordinary share

Profit for the period, excluding non-controlling interests, divided by the average number of shares outstanding.

### EBITDA

(Earnings Before Interest, Taxes, Depreciation and Amortisation). Operating profit, excluding acquisition effects, before depreciation and impairment.

### Equity/assets ratio

Equity including non-controlling interests as a percentage of total assets.

### Equity per ordinary share

Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

### Operating margin

Operating profit as a percentage of net sales.

### Return on capital employed

Profit after financial income, excluding acquisition effects, as a percentage of average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.

### Return on equity

Profit after tax, excluding acquisition effects, as a percentage of average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

### Net debt

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

## Glossary

### Hard discount

Distinctly low-price store with a limited product range.

### Joint venture

Cooperation project, a joint venture company.

### MTN

A medium-term note is a continuously offered debt note with a predetermined maturity date.

### Non food

Items that are not food, such as clothing and footwear.

### Private labels

Own brand products.

Stockholm, 12 February 2014  
Per Strömberg  
CEO ICA Gruppen

The information in this year-end report is such that ICA Gruppen must disclose pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 07.30 CET on Wednesday, 12 February 2014. The report has not been reviewed by the company's auditors.

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**Press and analyst meeting**

ICA Gruppen is arranging a press and analyst meeting at Berns Hotel, Berzelii Park, Stockholm on Wednesday, 12 February 2014 at 10.00 CET. CEO Per Strömberg and acting CFO Merlin Poljak will present the year-end report.

The meeting will be webcast and can be followed at [www.icagruppen.se](http://www.icagruppen.se).

**Financial calendar**

6 March 2014	Annual Report for 2013
9 April 2014	Annual General Meeting 2014
7 May 2014	Interim report January – March 2014
20 August 2014	Interim report January – June 2014
12 November 2014	Interim report January – September 2014

ICA Gruppen AB (publ) is one of the Nordic region's leading retail companies, with around 2,400 of its own and retailer-owned stores in Sweden, Norway, Estonia, Latvia and Lithuania. The Group includes the retail companies ICA Sweden, ICA Norway and Rimi Baltic, ICA Real Estate, which owns and manages properties and ICA Bank, which offers financial services to Swedish customers. The Group also includes the fully-owned portfolio companies Forma Publishing Group and inkClub and partly owned portfolio companies Cervera, Hemtex and Kjell & Company. For more information see [www.icagruppen.se](http://www.icagruppen.se)

