

# Interim report January–June 2014

## ICA Gruppen continued to increase sales and earnings in the second quarter

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.

### Second quarter of 2014 in summary

- Consolidated net sales amounted to SEK 26,185 million (25,018) in the second quarter, an increase of 4.7%. Adjusted for currency fluctuations net sales rose by 4.4% compared with the second quarter last year.
- Operating profit excluding non-recurring items amounted to SEK 831 million (605), an increase of 37% compared with the previous year.
- Operating profit amounted to SEK 1,274 million (655). A capital gain from the divestment of Kjell & Company is included with SEK 440 million.
- Profit for the period amounted to SEK 994 million (338).
- Earnings per share amounted to SEK 4.65 (1.84).



SEKm	April-June 2014	April-June 2013	Pro forma April-June 2013	January- June 2014	January- June 2013	Pro forma <sup>1</sup> January- June 2013	Pro forma <sup>1</sup> January- December 2013
<b>Group</b>							
Net sales	26,185	25,018	25,018	49,694	26,908	48,662	99,456
Operating profit before depreciation (EBITDA)	1,725	1,001	1,059	2,686	1,071	1,775	4,478
Operating profit (EBIT) excluding non-recurring items	831	600	605	1,359	638	1,088	3,004
Operating profit (EBIT)	1,274	597	655	1,802	8,686	959	2,547
Profit before tax	1,187	448	482	1,624	8,553	646	1,919
Profit for the period	994	255	338	1,293	8,364	342	1,424
Cash flow from operating activities	1,544	1,669	1,691	1,607	1,368	2,657	5,256
Operating margin, excluding non-recurring items, %	3.2%	2.4%	2.4%	2.7%	2.4%	2.2%	3.0%
Operating margin, %	4.9%	2.4%	2.6%	3.6%	32.3%	2.0%	2.6%
Return on capital employed, %	-	-	-	8.3%	3.1%	7.5%	6.1%
Return on equity, %	-	-	-	8.6%	2.4%	2.9%	6.0%
Earnings per ordinary share, SEK	4.65	1.51	1.84	6.15	50.04	1.93	7.05
Earnings per C share, SEK	4.65	1.51	1.84	6.15	50.04	1.93	7.05

<sup>1</sup> Excluding acquisition effects

# CEO's comments

ICA Gruppen's sales and earnings continued to rise in the second quarter, partly strengthened by good sales over the Easter period. Operating profit excluding non-recurring items increased by 37%. All segments report improvements compared with the previous year although the main contribution comes from ICA Sweden. Work on our strategic priorities has proceeded at a good pace and we are ahead of plan in several areas. The proportion of private label sales is rising as is the establishment of new stores in Sweden and the Baltic countries. Our sustainability work is reaping success and we have already achieved some of the goals in our cooperation with LRF.

The Swedish ICA stores outperformed the market in the second quarter. This means that we continue to gain market shares. Above all, it is our larger formats which are giving a strong performance with an increased number of customers. The second quarter was also strong for ICA Sweden. Net sales rose by 6.2% primarily as a consequence of Easter occurring in the second quarter this year compared with the first quarter last year. Operating profit excluding non-recurring items improved by 17%. Easter sales, improved earnings within Cura pharmacies and increased profit shares from the stores are the main explanations.

In Norway, losses decreased mainly driven by reduced costs. The basic problem with weak sales remains unchanged, however, and led to the closure of an additional number of stores during the quarter. In the autumn, the Norwegian Competition Authority is expected to issue its decision relating to our planned cooperation with Norgesgruppen. Pending this, an evaluation of alternative solutions for ICA Norway is underway.

Rimi Baltic continued to perform well during the second quarter, mainly due to a favourable sales trend in all stores in Latvia and newly opened stores in Lithuania. In Estonia, the market is still characterised by intense competition, low inflation and weaker private consumption which has slowed development for Rimi in Estonia. Taken overall, Rimi Baltic continues to gain market shares and earnings have improved as a result of higher sales and improved margins.

ICA Bank reports higher earnings than in the previous year driven by higher net interest and commissions. Both the number of bank customers and bank cards continued to rise during the quarter.

ICA Real Estate continued to show stable development. Higher rental income from new tenants partly compensated for higher depreciation and divested properties.

The portfolio companies continued to improve their sales and earnings in the second quarter. Hemtex and Cervera made the biggest contribution to this improvement.

Our sustainability efforts have made progress and sales of organic products increased by 62% during the quarter. The cooperation with LRF has started well and one of the goals has already been achieved, sales of Swedish pork have risen by 10%. We are putting maximum efforts into work with our strategic priorities for 2014. This includes strengthening our private label offering, ensuring competitive prices and developing and broadening our sales channels. We have a large number of projects underway as part of this work. These include our focus on starting building a leading position within online later in the autumn, increasing our market shares in Swedish metropolitan areas and in Lithuania through new store openings as well as the start-up of our own Swedish insurance business in 2015.

Per Strömberg  
CEO ICA Gruppen



## Important events during the second quarter of 2014

**June 2014 – ICA Gruppen issues bonds for SEK 1.5 billion**

ICA Gruppen issued bonds for SEK 1.5 billion under the company's Swedish MTN programme. The bonds have a tenor of five years and are divided into two tranches, of which SEK 1,300 million carries floating interest and SEK 200 million carries fixed interest.

**May 2014 – ICA Gruppen sells Kjell & Company, capital gain SEK 440 million**

ICA Gruppen has sold its 50% holding in Kjell & Company to FSN Capital for a cash consideration of SEK 630 million. The sale generates a capital gain of SEK 440 million.

**April 2014 – ICA Bank applies for permit to conduct insurance business**

ICA Bank has submitted an application to the Swedish Financial Supervisory Authority for a permit to conduct non-life insurance operations for private individuals in Sweden. The new business is expected to be operational by the end of 2015.

**April 2014 – ICA Sweden starts collaboration with LRF**

ICA Sweden has started a collaboration with the Federation of Swedish Farmers (LRF). The collaboration is intended to broaden the range of Swedish products and increase sales of Swedish food in ICA stores. ICA Sweden together with LRF will pursue this initiative so that both retailers and farmers benefit and contribute to the development and growth of the Swedish countryside.

# 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.

## Net sales and earnings

### Second quarter 2014

Consolidated net sales amounted to SEK 26,185 million (25,018).

Operating profit in the Group amounted to SEK 1,274 million (597). A capital gain from the sale of Kjell & Company is included with SEK 440 million. Operating profit excluding non-recurring items amounted to SEK 831 million (600).

Profit for the period was SEK 994 million (255) and earnings per share amounted to SEK 4.65 (1.51).

### January-June 2014

Consolidated net sales amounted to SEK 49,694 million (26,908).

Operating profit in the Group amounted to SEK 1,802 million (8,686). A capital gain from the sale of Kjell & Company is included with SEK 440 million. The comparative figure for 2013 includes the earnings impact of the acquisition of ICA AB with SEK 8,051 million. Operating profit excluding non-recurring items amounted to SEK 1,359 million (638).

Profit for the period was SEK 1,293 million (8,364) and earnings per share amounted to SEK 6.15 (50.04).

## Net financial items and tax

ICA Gruppen's net financial items amounted to SEK -87 million (-149) in the second quarter. In the period January-June 2014 net financial items were SEK -178 million (-133). The improvement in the second quarter is explained by the issue of new shares in May 2013 and the changes implemented in the financing of the Group since the acquisition of the remaining shares in ICA was completed. The less favourable net financial items in the first half of the year are explained by higher interest expenses in conjunction with the acquisition of the remaining shares in ICA.

ICA Gruppen's tax expense was SEK 193 million (193) in the second quarter. In the period January-June 2014 the tax expense was SEK 331 million (189).

## Financial position

ICA Gruppen's total assets amounted to SEK 68,743 million at 30 June 2014 (SEK 68,961 million at 31 December 2013). The equity/assets ratio was 39.0% at 30 June 2014 (38.5% at 31 December 2013).

ICA Gruppen's net debt, excluding pension liabilities and ICA Bank, amounted to SEK 9,084 million at 30 June 2014 (SEK 9,190 million at 31 December 2013). The Group's interest-bearing liabilities mainly comprise bond and bank loans.

At 30 June 2014 the Group's net debt amounted to 1.7 times EBITDA (calculated on EBITDA on a rolling 12-month basis).

## Cash flow

Cash flow from operating activities amounted to SEK 1,544 million (1,669) in the second quarter of 2014. Reinvestments in ICA Bank's securities portfolio affected cash flow from operating activities by SEK -471 million. This change had no effect on consolidated net debt. Excluding ICA Bank, cash flow from operating activities amounted to SEK 1,916 million (1,506).

Cash flow from investing activities amounted to SEK 91 million (-486) in the second quarter. The divestment of Kjell & Company affected cash flow by SEK +590 million. Cash flow from financing activities amounted to SEK -1,970 million (-2,069) in the second quarter.

In the period January-June 2014, cash flow from operating activities amounted to SEK 1,607 million (1,368). Excluding ICA Bank, cash flow from operating activities amounted to SEK 1,839 million (1,205).

Cash flow from investing activities amounted to SEK -529 million (-15,045) in the period January-June. Cash flow from financing activities amounted to SEK -1,832 million (17,001) in January-June. The comparative figure for 2013 includes effects of the acquisition of the remaining shares in ICA AB

Consolidated cash and cash equivalents and short-term investments amounted to SEK 3,179 million at 30 June 2014 (SEK 3,948 million at 31 December 2013).

## Investments

The Group's investments totalled SEK 1,231 million (16,254) in the period January-June 2014. The largest investments comprise acquisition of a warehouse and office property in Latvia, extension of a warehouse in Helsingborg and investments in the ICA Maxi stores in Barkarby, Stockholm, and Gnista, Uppsala. In the first half of the previous year, investments mainly comprised acquisition of the remaining shares in ICA AB.

## 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 AB is fully consolidated in the financial statements. The comparative figures below for January-June 2013 are pro forma and provide a view of how it would have looked financially if ICA Gruppen had had its present structure for the entire period.

### Second quarter 2014

Consolidated net sales amounted to SEK 26,185 million (25,018) during the quarter, an increase of 4.7%. Adjusted for currency fluctuations, net sales increased by 4.4% compared with the second quarter in the previous year.

Operating profit in the Group amounted to SEK 1,274 million (655). A capital gain from the sale of Kjell & Company is included with SEK 440 million. Operating profit excluding non-recurring items amounted to SEK 831 million (605). All segments show improved earnings compared with the second quarter last year. ICA Gruppen's net financial items amounted to SEK -87 million (-173) in the quarter. The lower net financial items are explained by reduced debt in the Group as a result of the issue of new shares in the second quarter last year and the changes made to financing of the Group since the acquisition of the remaining shares in ICA. Profit for the period was SEK 994 million (338) and earnings per share amounted to SEK 4.65 (1.84).

Cash flow from operating activities amounted to SEK 1,544 million (1,691). Excluding ICA Bank, cash flow from operating activities was SEK 1,916 million (1,394) during the quarter.

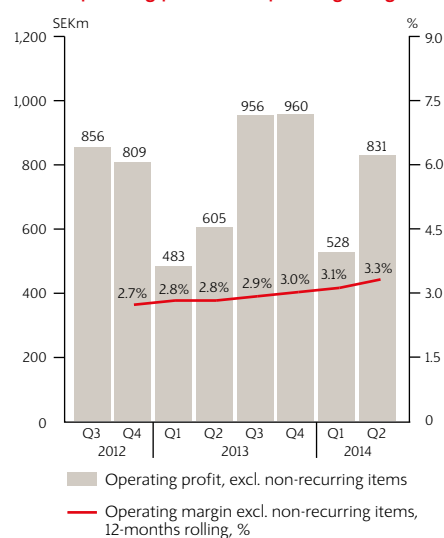
### January-June 2014

Consolidated net sales amounted to SEK 49,694 million (48,662) in the period January-June 2014, an increase of 2.1%.

Operating profit in the Group amounted to SEK 1,802 million (959). Operating profit excluding non-recurring items amounted to SEK 1,359 million (1,088). ICA Gruppen's net financial items amounted to SEK -178 million (-313). Profit for the period was SEK 1,293 million (342) and earnings per share amounted to SEK 6.15 (1.93).

Cash flow from operating activities amounted to SEK 1,607 million (2,657). Excluding ICA Bank, cash flow from operating activities amounted to SEK 1,839 million (2,314) during the six-month period.

### Operating profit and operating margin



# 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. ICA Real Estate and Rimi Baltic are affected by remeasurement of properties to market values in conjunction with the acquisition of ICA AB in the previous year and pro forma depreciation is reported from 1 January 2013.

## ICA Sweden

	April-June 2014	April-June 2013	January-June 2014	January-June 2013	Full year 2013
Net sales, SEKm	18,245	17,177	34,333	33,219	67,992
Operating profit excl. non-recurring items, SEKm	840	719	1,451	1,348	3,058
Operating margin excl. non-recurring items, %	4.6%	4.2%	4.2%	4.1%	4.5%
Private label share of sales, %	-	-	23.1%	21.2%	21.4%
Number of employees	-	-	8,042	7,471	7,617

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.

### Second quarter 2014

ICA Sweden's net sales amounted to SEK 18,245 million (17,177) in the second quarter, an increase of 6.2% compared with the previous year. Wholesale operations were positively affected by Easter occurring in the second quarter this year, while it occurred in the first quarter last year. Higher sales in Cura pharmacies also contributed to the increase.

ICA Sweden's operating profit excluding non-recurring items amounted to SEK 840 million (719). The improvement is mainly explained by higher sales due to Easter, improved development in Cura pharmacies and increased profit shares from stores. A higher proportion of private label sales also made a positive contribution to earnings.

### January-June 2014

ICA Sweden's net sales amounted to SEK 34,333 million (33,219) in the period January-June 2014, an increase of 3.4% compared with the previous year. Higher wholesale sales and Cura pharmacies contributed to the increase.

ICA Sweden's operating profit excluding non-recurring items amounted to SEK 1,451 million (1,348). The improvement is explained by increased sales, higher profit shares from stores and a better development for Cura pharmacies.

At the end of June 2014 the number of Cura pharmacies totalled 64 (52).

### ICA store sales

Sales in the Swedish ICA stores increased by 4.0% in the second quarter. This is a higher growth rate than the grocery market as a whole, which means that ICA continued to gain market shares during the quarter. The increase in like-for-like sales was 3.2%. The main increase is in average purchase amounts, driven by higher sales of fresh foods, fruit and vegetables and ready-prepared food. Food price inflation continued to weaken in the first half of 2014 and at the end of June was just above zero at an annualised rate.

The proportion of private label products accounted for 23.1% (21.2) of store sales in the period January-June 2014. The increase compared with last year is mainly explained by a higher proportion of private labels within fruit and vegetables.

### Store sales in Sweden

	April-June 2014			January-June 2014		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like-for-like
<b>Store sales excl. VAT</b>						
Maxi ICA Stormarknad	8,064	4.9%	4.1%	15,062	2.5%	1.7%
ICA Kvantum	6,426	5.8%	3.6%	12,251	3.4%	1.7%
ICA Supermarket	8,260	2.7%	2.0%	15,750	1.2%	0.5%
ICA Nära	4,018	2.1%	3.0%	7,595	0.5%	1.5%
<b>TOTAL</b>	<b>26,769</b>	<b>4.0%</b>	<b>3.2%</b>	<b>50,659</b>	<b>2.0%</b>	<b>1.3%</b>

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

Format	December 2013	New	Converted	Closed	June 2014
Maxi ICA Stormarknad	77	1			78
ICA Kvantum	122	1			123
ICA Supermarket	430	1		-1	430
ICA Nära	688	3		-6	685
ICA To Go	4				4
<b>TOTAL</b>	<b>1,321</b>	<b>6</b>	<b>0</b>	<b>-7</b>	<b>1,320</b>

## ICA Norway

	April-June 2014	April-June 2013	January-June 2014	January-June 2013	Full year 2013
Net sales, SEKm	3,962	4,151	7,716	8,289	16,463
Operating profit/loss excl. non-recurring items, SEKm	-153	-193	-325	-439	-691
Operating margin excl. non-recurring items, %	-3.9%	-4.6%	-4.2%	-5.3%	-4.2%
Private label share of sales, %	-	-	9.9%	9.8%	9.7%
Number of employees	-	-	3,636	3,959	3,882
Average NOK exchange rate	1.1029	1.1251	1.0819	1.1340	1.1087

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.

### Second quarter of 2014

ICA Norway's net sales amounted to SEK 3,962 million (4,151) in the second quarter. Net sales decreased due to weak sales and closure of a number of unprofitable stores.

Operating loss excluding non-recurring items amounted to SEK 153 million (-193). The improvement compared with the previous year is mainly explained by improved margins, lower shrinkage, lower store costs and lower central costs.

### January-June 2014

ICA Norway's net sales amounted to SEK 7,716 million (8,289) during the period January-June 2014. Net sales decreased due to weak sales and closure of a number of unprofitable stores.

Operating loss excluding non-recurring items amounted to SEK 325 million (-439). The improvement compared with the previous year is mainly explained by improved margins, lower shrinkage, lower store costs and lower central costs.

### Action programme

In February 2014, the Norwegian Competition Authority announced that it intends to stop the planned cooperation between ICA Norway and Norgesgruppen within sourcing and logistics, since this cooperation is considered as contravening Norwegian competition legislation. A final decision on this matter is expected in autumn 2014. In parallel, ICA Gruppen is evaluating alternative solutions for ICA Norway if the cooperation with Norgesgruppen cannot take place.

The cooperation between ICA Norway and Norgesgruppen 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.

### Store sales in Norway

	April-June 2014			January-June 2014		
	NOKm	Change all stores	Change like-for-like	NOKm	Change all stores	Change like-for-like
<b>Store sales excl. VAT</b>						
Rimi	2,545	0.9%	0.7%	4,986	1.6%	0.9%
ICA Supermarked	1,077	-6.1%	-2.3%	2,169	-5.9%	-2.0%
Matkroken	446	-12.0%	1.0%	855	-14.7%	-0.1%
<b>TOTAL</b>	<b>4,068</b>	<b>-2.6%</b>	<b>-0.1%</b>	<b>8,011</b>	<b>-2.5%</b>	<b>0.0%</b>

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

Format	December 2013	New	Converted	Closed	June 2014
	Rimi	318	2		-6
ICA Supermarked	76				76
Matkroken	177	2		-10	169
<b>TOTAL</b>	<b>571</b>	<b>4</b>	<b>0</b>	<b>-16</b>	<b>559</b>

## Rimi Baltic

	April-June 2014	April-June 2013	January- June 2014	January- June 2013	Full year 2013
Net sales, SEKm	2,888	2,581	5,485	4,947	10,333
Operating profit excl. non-recur- ring items, SEKm	86	70	145	108	308
Operating margin excl. non-recur- ring items, %	3.0%	2.7%	2.6%	2.2%	3.0%
Private label share of sales, %	-	-	20.0%	17.6%	18.1%
Number of employees	-	-	8,737	8,102	8,248
Average EUR exchange rate	9.0505	8.5577	8.9578	8.5238	8.6553

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.

### Second quarter 2014

Rimi Baltic's net sales amounted to SEK 2,888 million (2,581) in the second quarter. In local currency sales rose 5.8%, mainly due to a good performance in Latvia and Lithuania.

Taken overall, Rimi Baltic continued to gain market shares during the second quarter.

Operating profit excluding non-recurring items amounted to SEK 86 million (70). The increase was mainly due to higher sales and improved margins, driven by a higher proportion of private label sales and lower shrinkage.

### January-June 2014

Rimi Baltic's net sales amounted to SEK 5,485 million (4,947) in the period January-June 2014. Sales in local currency rose 5.5%, mainly due to a good performance in Latvia and Lithuania.

Operating profit excluding non-recurring items amounted to SEK 145 million (108). The increase was mainly due to higher sales and improved margins, driven by a higher proportion of private label sales and lower shrinkage.

### Store sales in the Baltic countries

	April-June 2014			January-June 2014		
	EURm	Change all stores	Change like-for- like	EURm	Change all stores	Change like-for- like
<b>Store sales excl. VAT</b>						
Estonia	92	-1.7%	-2.7%	177	-0.5%	-2.1%
Latvia	165	8.5%	8.8%	317	7.4%	7.1%
Lithuania	60	11.6%	1.4%	115	10.5%	2.2%
<b>TOTAL</b>	<b>317</b>	<b>5.9%</b>	<b>3.8%</b>	<b>609</b>	<b>5.5%</b>	<b>3.3%</b>

### Number of stores in the Baltic countries

Country	December 2013	New	Closed	June 2014
Estonia	83			83
Latvia	113	1	-3	111
Lithuania	39	4	-1	42
<b>TOTAL</b>	<b>235</b>	<b>5</b>	<b>-4</b>	<b>236</b>

## ICA Bank

	April-June 2014	April-June 2013	January- June 2014	January- June 2013	Full year 2013
Revenues, SEKm	218	203	434	422	850
Operating profit excl. non-recurring items, SEKm	47	32	86	86	201
Operating margin excl. non-recurring items, %	21.6%	15.8%	19.8%	20.4%	23.6%
Number of employees	-	-	320	309	312
Business volume, SEKm	-	-	25,123	24,313	24,772
Capital adequacy ratio, %	-	-	15.1	10.8	15.6

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.

### Second quarter 2014

ICA Bank's revenues amounted to SEK 218 million (203). Increased lending partly counteracted the effects of a lower repo rate and contributed to a rise in net interest during the quarter. Net commission also rose, mainly due to higher business volumes within ATMs.

Operating profit excluding non-recurring items amounted to SEK 47 million (32). Increased revenues and lower marketing costs contributed to the improvement in earnings.

### January-June 2014

ICA Bank's revenues amounted to SEK 434 million (422). Net interest was lower than in the previous year due to a lower repo rate and a profit in the bond portfolio in the previous year. Net commission increased at the same time due to higher business volumes within among other things cards and ATMs.

Operating profit excluding non-recurring items amounted to SEK 86 million (86).

## ICA Real Estate

	April-June 2014	April-June 2013	January- June 2014	January- June 2013	Full year 2013
Net sales, SEKm	560	557	1,116	1,118	2,255
Depreciation, SEKm	130	103	259	206	421
Operating profit excl. non-recurring items, SEKm	108	107	202	224	473
Operating margin excl. non-recurring items, %	19.3%	19.2%	18.1%	20.0%	21.0%
Number of employees	-	-	77	75	75
Number of properties owned	-	-	203	195	202
Number of square metres owned	-	-	824,070	755,437	814,040

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 buyer and seller of properties in the Swedish and Norwegian markets.

### Second quarter 2014

ICA Real Estate's net sales amounted to SEK 560 million (557) in the second quarter.

Operating profit excluding non-recurring items amounted to SEK 108 million (107). As a result of changed useful life assessments for property components, depreciation increased by approximately SEK 25 million per quarter starting in 2014. Acquired and newly built properties as well as lower maintenance costs contributed to the improved earnings.

### January-June 2014

ICA Real Estate's net sales amounted to SEK 1,116 million (1,118) in the period January-June.

Operating profit excluding non-recurring items amounted to SEK 202 million (224). As a result of changed useful life assessments for property components, depreciation increased by SEK 50 million in the period January-June 2014. Acquired and newly built properties contributed to the improved earnings.

### Properties for sale

ICA Real Estate plans to sell a number of properties in Norway and Sweden which means that these properties are recognised as assets available for sale in the consolidated balance sheet.



## Portfolio Companies

	April-June 2014	April-June 2013	January-June 2014	January-June 2013	Full year 2013
Net sales, SEKm	587	613	1,152	1,179	2,657
Operating profit/loss excl. non-recurring items, SEKm	-14	-35	-50	-95	21
Operating margin excl. non-recurring items, %	-2.4%	-5.7%	-4.3%	-8.1%	0.8%
Number of employees	-	-	1,073	1,100	1,126

The portfolio companies are 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.

### Second quarter 2014

The portfolio companies' net sales amounted to SEK 587 million (613), a decrease of 4.2% compared with the previous year. Adjusted for Forma Books, which was sold in autumn 2013, sales increased by 0.5% during the quarter.

The portfolio companies' operating loss excluding non-recurring items amounted to SEK 14 million (-35). It was mainly Hemtex and Cervera which improved their earnings.

### January-June 2014

The portfolio companies' net sales amounted to SEK 1,152 million (1,179), a decrease of 2.3% compared with the previous year. Adjusted for Forma Books, which was sold in autumn 2013, sales increased by 2.3% during the period January-June.

The portfolio companies' operating loss excluding non-recurring items amounted to SEK 50 million (-95). It was mainly Hemtex and Cervera which improved their earnings.

### Divestment of Kjell & Company

ICA Gruppen has sold its 50% holding in Kjell & Company to FSN Capital for a cash consideration of SEK 630 million. The sale generated a capital gain for ICA Gruppen of SEK 440 million.

The divestment of Kjell & Company is in line with the strategy adopted in autumn 2013, and which means that Forma, Kjell & Company and Cervera will be sold. A divestment process for Forma is underway and the process for Cervera will start in autumn 2014.

### Store sales

Store sales excl. VAT	April-June 2014			January-June 2014		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like-for-like
Cervera	206	-1.6%	4.1%	384	-0.3%	5.4%
Hemtex	215	4.9%	3.0%	417	4.5%	3.0%

### Number of stores, incl. franchise stores

Format	December 2013	New	Closed	June 2014
Cervera	73		-3	70
Hemtex	158	1	-4	155
<b>TOTAL</b>	<b>231</b>	<b>1</b>	<b>-7</b>	<b>225</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.

### 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 91-92 of ICA Gruppen's Annual Report for 2013.

### 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 11 million (2) in the second quarter. Profit before tax amounted to SEK 4,305 million (-169). The operations previously conducted by ICA AB were transferred to ICA Gruppen on 1 January 2014. The change

in profit before tax is explained by this as well as a dividend of SEK 4,500 million received from subsidiaries this year.

The Parent Company's net sales amounted to SEK 24 million (2) in the period January-June 2014. Profit before tax amounted to SEK

3,903 million (638). The change in profit before tax is mainly explained by an increase in dividends from subsidiaries of SEK 3,700 million.

## 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.

### Ownership structure

Largest shareholders in ICA Gruppen at 30 June 2014

	Number of shares	Share of capital and voting rights, %
ICA-handlarnas Förbund - Solna	103,163,599	51.3
AB Industrivärden	20,125,000	10.0
AMF - Insurance and Funds	3,346,667	1.7
SEB Investment Management	2,671,479	1.3
Swedbank Robur Funds	2,013,263	1.0
Lannebo Funds	1,927,809	1.0
Danske Capital Sverige AB	1,342,845	0.7
Jönsson, Leif - Lidingö	1,254,651	0.6
Robur Försäkring	1,248,562	0.6
Avanza Pension	1,178,726	0.6
<b>Ten largest shareholders total</b>	<b>138,272,601</b>	<b>68.8</b>
Other shareholders	62,874,194	31.2
<b>Total</b>	<b>201,146,795</b>	<b>100</b>

Source: Euroclear Sweden AB

# Financial statements

## Condensed consolidated statement of comprehensive income

SEKm	Note	April-June 2014	April-June 2013	January-June 2014	January-June 2013	Full year 2013
<b>Net sales</b>	3	26,185	25,018	49,694	26,908	77,702
Cost of goods sold <sup>1</sup>		-22,666	-21,492	-43,050	-23,003	-66,074
<b>Gross profit</b>		<b>3,519</b>	<b>3,526</b>	<b>6,644</b>	<b>3,905</b>	<b>11,628</b>
Other operating income		542	68	611	71	191
Selling expenses <sup>1</sup>		-2,093	-2,208	-4,088	-2,538	-7,271
Administrative expenses <sup>1</sup>		-697	-789	-1,375	-886	-2,446
Share of profits of associates and joint ventures	4	3	0	10	83	121
Effects of acquisition of ICA AB	2	-	-	-	8,051	8,051
<b>Operating profit</b>	3, 5	<b>1,274</b>	<b>597</b>	<b>1,802</b>	<b>8,686</b>	<b>10,274</b>
Financial income		13	16	26	23	47
Financial expense		-100	-165	-204	-172	-512
Change in fair value of financial instruments		-	-	-	16	16
<b>Profit before tax</b>		<b>1,187</b>	<b>448</b>	<b>1,624</b>	<b>8,553</b>	<b>9,825</b>
Tax		-193	-193	-331	-189	-379
<b>Profit for the period</b>		<b>994</b>	<b>255</b>	<b>1,293</b>	<b>8,364</b>	<b>9,446</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss</b>						
Actuarial gains or losses defined benefit pensions		0	0	-92	0	214
<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>						
Change in translation reserve		92	128	152	132	81
Change in fair value reserve		0	0	0	0	0
Change in hedging reserve		-22	0	-71	0	0
Share of other comprehensive income of joint ventures		-41	47	-57	47	20
Items reclassified to profit or loss at acquisition of ICA AB		-	-	-	-259	-259
<b>Total items that may be reclassified to profit or loss</b>		<b>29</b>	<b>175</b>	<b>24</b>	<b>-80</b>	<b>-158</b>
<b>Comprehensive income for the period</b>		<b>1,023</b>	<b>430</b>	<b>1,225</b>	<b>8,284</b>	<b>9,502</b>
<b>Profit for the period attributable to</b>						
Owners of the parent		936	263	1,238	8,384	9,439
Non-controlling interests		58	-8	55	-20	7
<b>Comprehensive income for the period attributable to</b>						
Owners of the parent		970	433	1,178	8,299	9,495
Non-controlling interests		53	-3	47	-15	7
<b>Earnings per share before after dilution, SEK <sup>2</sup></b>						
Ordinary share		4.65	1.51	6.15	50.04	49.68
C share		4.65	1.51	6.15	50.04	49.68

<sup>1</sup> Starting in 2014, costs for sold services are recognised in Cost of goods sold. Previously, these costs were included in selling and administrative expenses. Cost of goods sold has therefore increased by SEK 312 million while selling and administrative expenses decreased by SEK 235 million and SEK 77 million respectively in the second quarter. Accumulated these amounts are SEK 612 million, SEK 457 million and SEK 155 million. This change does not affect operating profit.

<sup>2</sup> Earnings per share have been decreased by an amount corresponding to the dividend to preference shareholders in ICA Fastigheter Sverige AB. The effect amounts to SEK 0.19 per share per quarter.

## Condensed consolidated statement of financial position

SEKm	Note	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		11,867	12,120	11,867
Trademarks		13,086	13,170	13,065
Other intangible assets		856	778	770
Interests in companies recognised according to the equity method	4	675	822	712
Deferred tax assets		359	205	369
Non-current receivables in ICA Bank		6,771	5,998	6,270
Land and buildings		16,316	16,222	16,778
Other non-current assets		2,477	2,603	2,521
<b>Total non-current assets</b>		<b>52,407</b>	<b>51,918</b>	<b>52,352</b>
<b>Current assets</b>				
Inventories		4,139	4,356	4,253
Short-term investments		1	0	1
Current receivables in ICA Bank		2,997	2,932	2,931
Other current assets		4,483	5,168	4,833
Cash and cash equivalents in ICA Bank		2,580	3,002	2,814
Cash and cash equivalents		599	608	1,134
<b>Total current assets</b>		<b>14,799</b>	<b>16,066</b>	<b>15,966</b>
Available-for-sale assets		1,537	16	643
<b>TOTAL ASSETS</b>		<b>68,743</b>	<b>68,000</b>	<b>68,961</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Equity</b>		<b>26,780</b>	<b>22,350</b>	<b>26,541</b>
<b>Non-current liabilities</b>				
Provisions		2,095	2,302	1,909
Deferred tax liabilities		4,895	4,802	4,925
Non-current interest-bearing liabilities		6,941	12,125	6,770
Other non-current liabilities		71	2	8
<b>Total non-current liabilities</b>		<b>14,002</b>	<b>19,231</b>	<b>13,612</b>
<b>Current liabilities</b>				
Deposits ICA Bank		10,729	10,573	10,600
Current interest-bearing liabilities		2,695	1,694	3,523
Other current liabilities		14,272	14,152	14,173
<b>Total current liabilities</b>		<b>27,696</b>	<b>26,419</b>	<b>28,296</b>
Available-for-sale liabilities		265	-	512
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,743</b>	<b>68,000</b>	<b>68,961</b>
<b>Pledged assets</b>		<b>829</b>	<b>860</b>	<b>816</b>
<b>Contingent liabilities</b>		<b>203</b>	<b>195</b>	<b>205</b>

## Condensed consolidated statement of cash flows

SEKm	Note	January-June 2014	January-June 2013	Full year 2013
Operating profit		1,802	8,686	10,274
Effects of acquisition of ICA AB		-	-8,051	-8,051
Depreciation and impairment		884	436	1,551
Other non-cash items		-434	-148	-124
Income tax paid		-393	-155	-429
<b>Cash flow from operating activities before change in working capital</b>		<b>1,859</b>	<b>768</b>	<b>3,221</b>
Change in working capital:				
Inventories		146	113	-37
Current receivables		302	610	822
Current liabilities		-262	-79	252
ICA Bank's net of deposits, lending and investments		-438	-44	-283
<b>Cash flow from operating activities</b>		<b>1,607</b>	<b>1,368</b>	<b>3,975</b>
Acquisition of ICA AB		-	-15,739	-15,739
Acquisition of tangible and intangible non-current assets		-1,231	-515	-2,540
Sale of tangible and intangible non-current assets		681	15	518
Investments in joint ventures		-	-	-30
Change in financial assets		2	1,176	1,171
Interest received		19	18	35
<b>Cash flow from investing activities</b>		<b>-529</b>	<b>-15,045</b>	<b>-16,585</b>
New issue ICA Gruppen AB		-	5,017	5,017
New issue preference shares in subsidiary		-	-	3,000
Dividend paid		-1,004	-	-
Change in loans		-643	12,169	8,663
Interest paid		-185	-185	-477
<b>Cash flow from financing activities</b>		<b>-1,832</b>	<b>17,001</b>	<b>16,203</b>
<b>Cash flow for the period</b>	<b>6</b>	<b>-754</b>	<b>3,324</b>	<b>3,593</b>
Cash and cash equivalents at 1 January		3,948	291	291
Exchange differences in cash and cash equivalents		-15	-5	64
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>3,179</b>	<b>3,610</b>	<b>3,948</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 2014		23,363	3,178	26,541
Change in non-controlling interests			10	10
Dividend		-951	-53	-1,004
Reclassification		-15	15	0
Lower issue costs for preference shares		2	-	2
Reversal of unpaid dividends		6	-	6
Comprehensive income for the period		1,178	47	1,225
<b>Closing equity, 30 June 2014</b>		<b>23,583</b>	<b>3,197</b>	<b>26,780</b>

SEKm	Note	Attributable to owners of the parent	Attributable to non- controlling interests	Total
Opening equity, 1 January 2013		8,882	139	9,021
Acquired non-controlling interests		-	8	8
New issue		5,037	-	5,037
Comprehensive income for the period		8,299	-15	8,284
<b>Closing equity, 30 June 2013</b>		<b>22,218</b>	<b>132</b>	<b>22,350</b>

## Condensed Parent Company income statement

SEKm	Note	April-June 2014	April-June 2013	January- June 2014	January- June 2013	Full year 2013
Net sales		11	2	24	2	5
<b>Gross profit</b>		<b>11</b>	<b>2</b>	<b>24</b>	<b>2</b>	<b>5</b>
Administrative expenses		-91	-36	-182	-50	-83
<b>Operating profit/loss</b>		<b>-80</b>	<b>-34</b>	<b>-158</b>	<b>-48</b>	<b>-78</b>
Financial income		0	1	0	5	32
Financial expenses		-115	-136	-222	-137	-432
Dividend from ICA AB		-	-	-	800	800
Profit from participations in group companies		4,500	-	4,283	18	5,354
<b>Profit/loss after financial items</b>		<b>4,305</b>	<b>-169</b>	<b>3,903</b>	<b>638</b>	<b>5,676</b>
Appropriations		-	-	-	-	-27
<b>Profit/loss before tax</b>		<b>4,305</b>	<b>-169</b>	<b>3,903</b>	<b>638</b>	<b>5,649</b>
Tax		25	0	66	15	132
<b>Profit/loss for the period</b>		<b>4,330</b>	<b>-169</b>	<b>3,969</b>	<b>653</b>	<b>5,781</b>

## Condensed Parent Company balance sheet

SEKm	Note	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in group companies		29,910	24,267	30,034
Other intangible assets		58	-	-
Deferred tax assets		308	208	325
Non-current receivables group companies		-	710	-
Other non-current assets		127	27	-
<b>Total non-current assets</b>		<b>30,403</b>	<b>25,212</b>	<b>30,359</b>
<b>Current assets</b>				
Short-term investments		1	-	-
Current receivables group companies		837	800	33
Other current assets		79	108	26
Cash and cash equivalents		-	5	-
<b>Total current assets</b>		<b>917</b>	<b>913</b>	<b>59</b>
<b>TOTAL ASSETS</b>		<b>31,320</b>	<b>26,125</b>	<b>30,418</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>20,164</b>	<b>12,034</b>	<b>17,146</b>
<b>Provisions</b>		<b>302</b>	<b>32</b>	<b>8</b>
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities		5,975	11,970	5,971
Liabilities to group companies		3,000	-	3,000
Other non-current liabilities		-	1	-
<b>Total non-current liabilities</b>		<b>8,975</b>	<b>11,971</b>	<b>8,971</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		1,683	-	2,286
Current liabilities to group companies		44	2,076	1,929
Other current liabilities		152	12	78
<b>Total current liabilities</b>		<b>1,879</b>	<b>2,088</b>	<b>4,293</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,320</b>	<b>26,125</b>	<b>30,418</b>

# Supplementary disclosures – Group

## NOTE 1, ACCOUNTING PRINCIPLES

This interim report is prepared according to IAS 34. The same accounting principles and calculation methods are applied as those used in the 2013 Annual Report with exception that costs for sold services are now recognised in costs for goods sold. Previously, these costs were recognised in selling and administrative expenses. In addition, the following EU endorsed IFRS standards that are relevant to ICA Gruppen which are applied from 2014:

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

IFRS 10 *Consolidated Financial Statements* replaces those parts of IAS 27 *Consolidated and Separate Financial Statements* that address when and how an investor should prepare consolidated financial statements. IFRS 10 contains rules on when a company should be consolidated and the basis is control. The objective of IFRS 10 is to have a single basis for consolidation of all entities, regardless of the nature of the investee. That single basis is control. Application of IFRS 10 has not had any impact on ICA Gruppen's reporting.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 classifies joint arrangements either as a joint operation or as a joint venture. Classification as a joint operation or a joint venture is determined by the contractual rights and obligations of the parties. According to IFRS 11 the equity method is used for interests in joint ventures. Application of IFRS 11 has not had any impact on ICA Gruppen's reporting.

IFRS 12 *Disclosure of Interests in Other Entities* is applied for disclosures on interests in subsidiaries, joint arrangements, associates or non-consolidated structured companies. IFRS 12 involves changed disclosure requirements.

IFRIC 21 *Levies* provides guidance on the point at which an obligating event occurs which requires recognition of a liability for a levy imposed by a government or similar body. IFRIC 21 will have limited effect on ICA Gruppen's financial statements.

The preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the application of the accounting principles and the carrying amounts in the income statement and the balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the circumstances. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates and assessments.

## 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.

## NOTE 3, SEGMENTS

Net sales per segment (SEKm)	April– June 2014	April– June 2013	January– June 2014	January– June 2013	Full year 2013
ICA Sweden	18,245	17,177	34,333	18,115	52,887
ICA Norway	3,962	4,151	7,716	4,373	12,547
Rimi Baltic	2,888	2,581	5,485	2,717	8,102
ICA Bank	218	203	434	214	643
ICA Real Estate	560	557	1,116	587	1,723
Portfolio Companies	587	613	1,152	1,179	2,657
Other	22	28	46	30	47
Intra-group sales	-297	-292	-588	-307	-904
<b>Net sales<sup>1</sup></b>	<b>26,185</b>	<b>25,018</b>	<b>49,694</b>	<b>26,908</b>	<b>77,702</b>

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

Operating profit/ loss exc. non-recurring items per segment (SEKm)	April– June 2014	April– June 2013	January– June 2014	January– June 2013	Full year 2013
ICA Sweden	840	719	1,451	754	2,465
ICA Norway	-153	-193	-325	-210	-462
Rimi Baltic	86	70	145	74	272
ICA Bank	47	32	86	35	150
ICA Real Estate	108	102	202	111	359
Portfolio Companies	-14	-35	-50	-94	21
ICA	-	-	-	78	78
Other	-83	-95	-150	-110	-329
<b>Operating profit excl. non-recurring items<sup>1</sup></b>	<b>831</b>	<b>600</b>	<b>1,359</b>	<b>638</b>	<b>2,554</b>

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

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

SEKm	Book value 30 June		Share of profits January–June	
	2014	2013	2014	2013
ICA AB	-	-	-	78
Bra förlag AB <sup>1</sup>	-	9	0	0
Trade Press AS <sup>1</sup>	-	11	0	0
Kjell & Co Elektronik AB <sup>1</sup>	-	114	11	5
Ancore Fastigheter AB	669	680	-2	-1
Other	6	8	1	1
<b>Total</b>	<b>675</b>	<b>822</b>	<b>10</b>	<b>83</b>

<sup>1</sup> Recognised as available-for-sale assets since December 2013.

## NOTE 5, NON-RECURRING ITEMS

SEKm	April- June 2014	April- June 2013	January- June 2014	January- June 2013	Full year 2013
<b>Operating profit excl. non-recurring items</b>	<b>831</b>	<b>600</b>	<b>1,359</b>	<b>638</b>	<b>2,554</b>
<b>Capital gains on sale of non-current assets</b>					
Portfolio Companies, Forma	-	-	-	-	-82
Portfolio Companies, Kjell & Co	440	-	440	-	-
ICA Real Estate	1	-	1	-	14
ICA Norway	8	-	8	-	-
Other	-2	-1	2	-1	1
<b>Impairment</b>					
Portfolio Companies	-	-	-	-	-223
ICA Real Estate	-	-1	-	-1	-
ICA Norway	-4	-	-8	-	-24
Rimi Baltic	-	-1	-	-1	-17
<b>Other non-recurring items</b>					
Effects of acquisition	-	-	-	8,051	8,051
<b>Operating profit</b>	<b>1,274</b>	<b>597</b>	<b>1,802</b>	<b>8,686</b>	<b>10,274</b>

## NOTE 6, CONSOLIDATED CASH FLOW STATEMENT

SEKm	Group 2014	ICA Bank 2014	Group excl. ICA Bank
<b>Cash flow from operating activities before change in working capital</b>	<b>1,859</b>	<b>70</b>	<b>1,789</b>
Change in working capital			
Inventories	146	0	146
Current receivables	302	110	192
Current liabilities	-262	26	-288
ICA Bank's net of deposits, lending and investments	-438	-438	0
<b>Cash flow from operating activities</b>	<b>1,607</b>	<b>-232</b>	<b>1,839</b>
<b>Cash flow from investing activities</b>	<b>-529</b>	<b>-5</b>	<b>-524</b>
<b>Cash flow from financing activities</b>	<b>-1,832</b>	<b>3</b>	<b>-1,835</b>
<b>Cash flow for the period</b>	<b>-754</b>	<b>-234</b>	<b>-520</b>
Cash and cash equivalents at the beginning of the period	3,948	2,814	1,134
Exchange differences in cash and cash equivalents	-15	0	-15
<b>Cash and cash equivalents at the end of the period</b>	<b>3,179</b>	<b>2,580</b>	<b>599</b>

## NOTE 7, FINANCIAL INSTRUMENTS

At 30 June 2014 financial assets measured at fair value in ICA Gruppen amounted to SEK 2,250 million. Financial liabilities measured at fair value amounted to SEK 85 million at 30 June 2014. All financial assets are attributable to level 2 in the fair value hierarchy. For financial instruments recognised at amortised cost there is no significant difference between carrying amount and fair value.



# Quarterly overview

Through 30 June 2013, the figures are pro forma, excluding effects of acquisition of ICA AB.

	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Net sales, SEKm	24,402	25,865	23,644	25,018	24,830	25,964	23,509	26,185
Operating profit before depreciation (EBITDA), SEKm	1,255	1,237	716	1,059	1,374	1,329	961	1,725
Operating profit (EBIT) excl. non-recurring items, SEKm	856	809	483	605	956	960	528	831
Operating margin excl. non-recurring items, %	3.5	3.1	2.0	2.4	3.9	3.7	2.2	3.2%
Operating profit (EBIT), SEKm	807	812	304	655	947	641	528	1,274
Operating margin, %	3.3	3.1	1.3	2.6	3.8	2.5	2.2	4.9%
Profit before tax, SEKm	674	699	164	482	785	487	437	1,187
Profit/loss for the period, SEKm	-836	713	4	338	551	531	299	994
Earnings per share, SEK <sup>1</sup>	-4.88	4.11	0.09	1.84	2.76	2.49	1.50	4.65
Equity per share, SEK <sup>1</sup>	99.85	104.19	104.24	110.56	113.70	116.23	117.27	117.33
Return on equity, %	-	1.1%	0.2%	2.9%	8.7%	6.0%	7.0%	8.6%
Return on capital employed, %	-	7.0%	6.7%	7.5%	7.5%	6.1%	6.7%	8.3%
Cash flow from operating activities, SEKm	805	1,857	966	1,691	618	1,981	63	1,544
Cash flow from operating activities per share, SEK <sup>1</sup>	4.74	10.93	5.69	8.99	3.07	9.86	0.31	7.68
Investments (cash flow), SEKm	598	695	388	524	1,376	646	689	542
Net debt	-	-	-17,988	-13,211	-13,854	-9,190	-9,909	-9,084
Net debt/EBITDA	-	-	3.7	2.7	2.8	2.1	2.1	1.7

<sup>1</sup> Same figures for ordinary shares and C shares.

## Net sales per segment

SEKm	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
ICA Sweden	16,497	17,184	16,043	17,177	17,170	17,602	16,088	18,245
ICA Norway	4,395	4,681	4,138	4,151	4,030	4,144	3,754	3,962
Rimi Baltic	2,417	2,625	2,366	2,581	2,548	2,838	2,597	2,888
ICA Bank	200	207	219	203	213	215	216	218
ICA Real Estate	548	555	561	557	564	573	556	560
Portfolio Companies	583	854	566	613	586	892	565	587
Other	23	28	30	28	20	20	24	22
Intra-group sales	-261	-269	-279	-292	-301	-320	-291	-297
Net sales	24,402	25,865	23,644	25,018	24,830	25,964	23,509	26,185

## Operating profit excl. non-recurring items per segment

SEKm	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
ICA Sweden	858	801	629	719	892	819	611	840
ICA Norway	-132	-161	-246	-193	-154	-98	-172	-153
Rimi Baltic	67	101	38	70	85	113	59	86
ICA Bank	58	26	54	32	64	51	39	47
ICA Real Estate	106	144	117	107	125	123	94	108
Portfolio Companies	-46	32	-60	-35	-15	131	-36	-14
Other	-55	-134	-49	-95	-41	-179	-67	-83
Operating profit excl. non-recurring items	856	809	483	605	956	960	528	831

SEKm	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Depreciation in ICA Real Estate	104	98	105	103	106	107	129	130

# Key figures for ICA Gruppen

	April-June 2014	April-June 2013	January-June 2014	January-June 2013	Full year 2013
Operating profit before depreciation EBITDA, SEKm	1,726	1,001	2,686	1,071	3,774
Operating margin excl. non-recurring items, %	3.2%	2.4%	2.7%	2.4%	3.3%
Operating margin, %	4.9%	2.4%	3.6%	32.3%	13.2%
Net margin, %	3.8%	1.0%	2.6%	31.1%	12.2%
Return on capital employed, %			8.3%	3.1%	6.6%
Return on equity, %			8.6%	2.4%	6.5%
Equity/assets ratio, %			39.0%	32.9%	38.5%
Net debt, SEKm			-9,084	-13,211	-9,190
Net debt/EBITDA			1.7	2.7	2.1
<b>Share data</b>					
Earnings per ordinary share continuing operations, SEK	4.65	1.51	6.15	50.04	49.68
Earnings per C share continuing operations, SEK	4.65	1.51	6.15	50.04	49.68
Share price at the end of the period, SEK			227.70	181.00	201.00
Dividend per ordinary share, SEK			-	-	8
Dividend, SEKm			-	-	951
Dividend payout ratio, %			-	-	68
Equity per share, SEK			117.33	110.56	116.23
Cash flow from operating activities per share, SEK			7.99	8.16	20.90
Number of ordinary shares	118,937,248	118,937,248	118,937,248	118,937,248	118,937,248
Number of C shares	82,067,892	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	201,005,140	201,005,140	201,005,140	201,005,140
Average number of shares	201,005,140	174,159,309	201,005,140	167,412,438	190,006,752
Average number of shares after dilution	201,146,795	174,300,964	201,146,795	167,554,093	190,194,330

## Definitions of key figures

### Capital adequacy ratio

Refers to ICA Bank. The bank's capital base in relation to risk-weighted items.

### Capital employed

Total assets less non-interest bearing liabilities and provisions.

### Cash flow from operating activities per share

Cash flow from operating activities 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, however, 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 share

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

### Investments

Investments paid during the period according to the statement of cash flows.

### Net debt

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

### Non-recurring items

Gain/loss on disposal of non-current assets, impairment of non-current assets as well as

major structural changes. The term also includes the gain which arose in 2013 when the remaining shares in ICA AB were acquired.

### 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.

## Glossary

### Hard discount

Distinctly low price store with limited product range.

### Joint venture

Cooperation project, a joint venture company.

### MTN

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

### Non food

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

### Private labels

Own brand products.

This six-month report provides a true and fair view of the Parent Company's and the Group's operations, financial position and earnings as well as describing material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 20 August 2014

Claes-Göran Sylvén  
Chairman

Peter Berlin	Göran Blomberg	Cecilia Daun Wennborg	Andrea Gisle Joosen
Fredrik Hägglund	Bengt Kjell	Magnus Moberg	Jan Olofsson
Margot Wallström	Magnus Rehn	Jonathon Clarke	

Per Strömberg,  
CEO

The information in this interim 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 07.00 CET on Wednesday, 20 August 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, 20 August 2014 at 10.00 CET. CEO Per Strömberg and CFO Sven Lindskog will present the interim report.

The meeting will be webcast and can be followed at [www.icagruppen.se/investors](http://www.icagruppen.se/investors). There is also an opportunity to call in on tel. +46 8 50 55 64 74.

**Financial calendar**

12 November 2014	Interim report January – September 2014
11 February 2015	Year-end report 2014
22 April 2015	AGM 2015
6 May 2015	Interim report January – March 2015
19 August 2015	Interim report January – June 2015
11 November 2015	Interim report January – September 2015

ICA Gruppen AB (publ) is one of the Nordic region's leading retail companies, with around 2,300 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. For more information see [icagruppen.se](http://icagruppen.se).

