

Second quarter 2015

- Consolidated net sales amounted to SEK 25,542 million (22,223). Excluding acquisition effects, the increase was 4.3%
- Operating profit excluding non-recurring items was SEK 1,018 million (985). A net amount of SEK 61 million of the increase in operating profit was the effect of the acquisition of Apotek Hjärtat. This result includes costs of SEK 27 million related to the integration of Apotek Hjärtat
- Profit from continuing operations (ICA Gruppen excl. ICA Norway) amounted to SEK 786 million (1,145). The same period in the previous year included a capital gain from the divestment of Kjell & Company of SEK 440 million
- Earnings per share in continuing operations amounted to SEK 3.77 (5.40)
- Cash flow from continuing operating activities amounted to SEK 2,685 million (1,522)
- Earnings and cash flow for the period include a capital gain and payment from discontinued operations (ICA Norway) of SEK 1.2 billion and SEK 2.8 billion respectively. The same period in the previous year included a capital gain from the divestment of Kjell & Company of SEK 440 million

January-June 2015

- Consolidated net sales amounted to SEK 49,215 million (41,978)
- Operating profit excluding non-recurring items was SEK 1,793 million (1,684)
- Profit from continuing operations amounted to SEK 1,315 million (1,622)
- Earnings per share in continuing operations amounted to SEK 6.28 (7.79)
- Cash flow from continuing operating activities amounted to SEK 2,906 million (1,723)

Events after the end of the quarter

- Early redemption of preference shares took place on 20 July 2015. The redemption amount was SEK 3,300 million

Apotek Hjärtat is included in ICA Gruppen from and including 15 January 2015. Cura pharmacy, previously part of ICA Sweden, is included in the pharmacy segment for the entire period. Historical comparative figures for ICA Sweden have been adjusted to exclude Cura pharmacies. ICA Norway is recognised as a discontinued operation through 13 April 2015.

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	2014
Group						
Net sales	25,542	22,223	49,215	41,978	94,411	87,174
Operating profit before depreciation (EBITDA)	1,448	1,752	2,594	2,780	5,633	5,819
Operating profit (EBIT) excluding non-recurring items	1,018	985	1,793	1,684	4,046	3,937
Operating profit (EBIT)	1,065	1,424	1,842	2,128	3,811	4,097
Profit before tax	961	1,338	1,647	1,953	3,421	3,727
Profit from continuing operations	786	1,145	1,315	1,622	2,798	3,105
Profit for the period	1,965	994	2,504	1,293	3,878	2,667
Cash flow from continuing operating activities	2,685	1,522	2,906	1,723	4,977	3,794
Cash flow from operating activities	2,711	1,544	3,027	1,607	5,032	3,612
Operating margin excluding non-recurring items, %	4.0	4.4	3.6	4.0	4.3	4.5
Operating margin, %	4.2	6.4	3.7	5.1	4.0	4.7
Return on capital employed, %	-	-	8.9	9.7	8.9	10.1
Return on equity, %	-	-	15.3	8.6	15.3	9.3
Earnings per ordinary share, SEK ¹	9.63	4.65	12.19	6.15	18.57	12.53
Earnings per ordinary share, continuing operations, SEK ¹	3.77	5.40	6.28	7.79	13.20	14.71

¹ Same figure for ordinary shares and C shares.

CEO's comments

ICA Gruppen delivered a stable second quarter with increased market shares in Sweden, the Baltic countries and the pharmacy operations. After several quarters of major changes, focus now is to deliver on the projects and investments in future growth that we run in the Group on a broad front.

ICA Sweden puts another quarter on record in which sales increased faster than the market. Our focus on private label products, Organic and Health continues to have a good impact on sales and we opened a number of large stores in Sweden, all of which had very good start-ups.

Rimi Baltic continues to gain market shares and is showing good growth in sales and earnings in a tough market with low inflation and growth that is lower than a year ago. The work of integrating Apotek Hjärtat is going according to plan. ICA Real Estate reports stable earnings and has started the divestment of our Norwegian properties and ICA Bank will soon be ready to start our insurance offering. ICA Bank itself is struggling a little in terms of earnings right now, mainly due to the current interest rate situation in Sweden.

Apotek Hjärtat – integration rolling on at a good pace

The integration work is making progress at a good pace and just before the summer the first two Cura pharmacies were converted to the new brand. The goal is to convert the remaining Cura pharmacies before the end of the year. This work will then continue with all our pharmacies during next year. Otherwise a large number of activities are underway to complete the integration and capture the synergies from the acquisition. We will be able to realise some synergies already this year. Logistics, sourcing, organisation and loyalty programmes are some major pieces of the jigsaw in the work that is underway at the same time as daily efforts to strengthen our customer offering continue unabated. Apotek Hjärtat performs well in the surveys we conduct relating to customer service, brand awareness, customer satisfaction, etc., so the foundation is strong.

Several projects at an intensive phase

Our extensive logistics project in southern Sweden is in an intensive phase particularly during the rest of 2015. Everything is going according to plan and during the autumn we will enter the final phase with major changeovers which will naturally involve some risk of disruptions. A number of projects within IT, in particular the entire outsourcing project, are underway at the same time and last but not least we have the continued rollout of our online offering.

Just before the summer, 48 ICA stores had connected to the platform. We are now increasing the speed of the rollout and aiming for about 150 stores by year-end. Since we are still at an early stage, we cannot draw any far-reaching conclusions of development so far. In the comparatively small group of stores that have been in operation for more than two months, online accounts for just over 1% of sales. We can also note that online customers are increasing their average spend more than other customers and that online stores are seeing a higher number of customers compared with stores without an online offering. This follows the patterns seen in markets where the development of food online is far more advanced than in Sweden. We will get back with more definite conclusions when we have bigger volumes to base these on.

To sum up, we are showing stable development in terms of sales, earnings as well as progress in our various development projects. We now have a hectic and exciting autumn ahead of us where in addition to everyday work we will also keep an eye on the horizon and our further development beyond the next few quarters. All with a focus on ensuring a continued good development for ICA Gruppen.

Per Strömberg
CEO ICA Gruppen



**“Stable development
across the board”**

Group performance

Net sales and earnings

Second quarter 2015

Consolidated net sales increased by 14.9%. All segments except ICA Bank and the portfolio companies contributed to this increase. Adjusted for divestments, the portfolio companies' like-for-like sales also increased. Excluding acquisition effects, sales rose by 4.3%. Calendar effects, primarily the Easter holiday, had an impact of -0.4%. Apotek Hjärtat's net sales for the quarter amounted to SEK 3,212 million (535) where the previous year's sales comprised the Cura pharmacies which are consolidated in the pharmacy segment with effect from 2015.

Operating profit excluding non-recurring items amounted to SEK 1,018 million (985) for the quarter. The increase in earnings includes effects from the acquisition of Apotek Hjärtat in a net amount of SEK 61 million after integration costs of SEK 27 million were charged against earnings. Adjusted for these acquisition effects, earnings are slightly lower than in the previous year, SEK -28 million. Improved earnings for ICA Sweden and Rimi Baltic were counteracted by lower earnings in ICA Bank, the portfolio companies and slightly higher Group-wide costs in the quarter compared with last year. The operating margin was 4.0% (4.4).

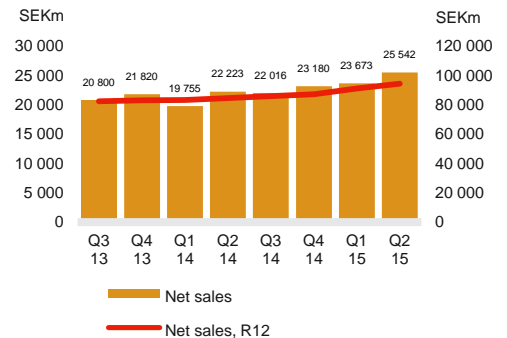
Profit for the period from continuing operations, ICA Gruppen excluding ICA Norway, was SEK 786 million (1,145). Earnings in the previous year included a SEK 440 million capital gain from the sale of Kjell & Company. Profit for the period of SEK 1,965 million (994) includes profit from discontinued operations (ICA Norway) with a total of SEK 1,179 million of which SEK 1,182 million comprises a capital gain for the divestment of ICA Norway.

January-June 2015

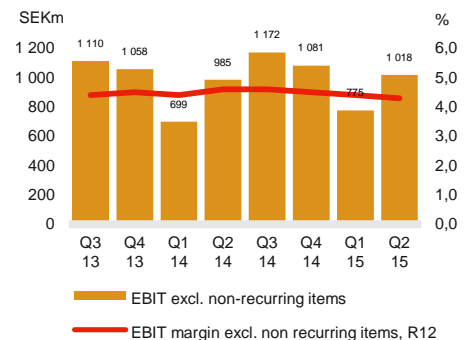
Consolidated net sales for the first half of 2015 amounted to SEK 49,215 million (41,978). Excluding the effects of acquisitions, sales increased by 6.5%. Operating profit excluding non-recurring items increased by 6.5% to SEK 1,793 million (1,684). Earnings include effects from the acquisition of Apotek Hjärtat in a net amount of SEK 79 million.

Profit for the period from continuing operations was SEK 1,315 million (1,622) and earnings per share from continuing operations amounted to SEK 6.28 (7.79).

Net sales



EBIT and EBIT margin



Net sales per segment (SEKm)

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
ICA Sweden	18,340	17,811	35,364	33,482	71,130	69,248
Rimi Baltic	3,136	2,888	6,068	5,485	12,215	11,632
Apotek Hjärtat ^{(1), (2)}	3,212	535	5,995	1,004	7,083	2,092
ICA Bank	214	218	420	434	834	848
ICA Real Estate	594	560	1,176	1,116	2,313	2,253
Portfolio Companies	393	587	914	1,152	2,326	2,564
Other	27	22	53	46	104	97
Intra-group sales	-374	-398	-775	-741	-1,594	-1,560
Net sales	25,542	22,223	49,215	41,978	94,411	87,174

Operating profit excluding non-recurring items per segment (SEKm)

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
ICA Sweden	864	833	1,558	1,451	3,335	3,228
Rimi Baltic	99	86	177	145	415	383
Apotek Hjärtat ^{(1), (2)}	79	7	104	0	125	21
ICA Bank	24	47	40	86	143	189
ICA Real Estate	106	108	210	202	417	409
Portfolio Companies	-46	-14	-89	-50	14	53
Other	-108	-82	-207	-150	-403	-346
Operating profit excluding non-recurring items	1,018	985	1,793	1,684	4,046	3,937

1) Acquisition- and integration-related costs of SEK -27 million in the second quarter and SEK -80 million in January-June.
2) 2014 relates to Cura pharmacies in all periods.

Net financial items and tax

The Group's net financial items amounted to SEK -104 million (-86) in the second quarter and SEK -195 million (-175) for the period January-June. The less favourable net financial items in the second quarter are attributable to the cost of a currency hedge during 2015 due to the divestment of ICA Norway as well as a charge for early redemption of a credit facility. For the entire period January-June, a higher net debt due to the acquisition of Apotek Hjärtat also had some negative impact on net financial items.

The tax expense for the quarter was SEK 175 million (193) which represents an effective tax rate of 18.2% (14.4). The lower tax rate in the previous year was due to the tax-free capital gain from the divestment of Kjell & Company in the second quarter of 2014. For the entire period January-June, the tax rate was 20.2% (16.9).

Financial position

Consolidated net debt (excluding ICA Bank and pension liabilities) amounted to SEK 10,845 million (9,084) at the end of the quarter. Net debt increased at the beginning of the year following the acquisition of Apotek Hjärtat and fell in the second quarter due to the completed divestment of ICA Norway in April 2015. At 30 June, net debt in relation to EBITDA (rolling 12 months) was 1.9 (1.7), in line with the long-term target of <2.0.

Cash flow

Cash flow from operating activities (excluding ICA Bank) amounted to SEK 1,902 million (1,916) in the second quarter. Cash flow before financing activities amounted to SEK 4,014 million (2,011). The divestment of ICA Norway had a positive impact of approximately SEK 2.8 billion counteracted by slightly higher investments and lower divestments than in the previous year. For the period January-June there is an additional effect of the acquisition of Apotek Hjärtat which also had some negative non-recurring impact on working capital.

Investments

The Group's investments amounted to SEK 684 million (542) in the second quarter. SEK 287 million (236) of these investments were attributable to the real estate company. For the first half of the year investments (excluding company acquisitions) amounted to SEK 1,363 million (1,215) of which SEK 616 million (427) within ICA Real Estate. Major investments in 2015 comprise the extension of the warehouse in Långeberga outside Helsingborg as well as store investments in Sweden and the three Baltic countries, primarily Lithuania.

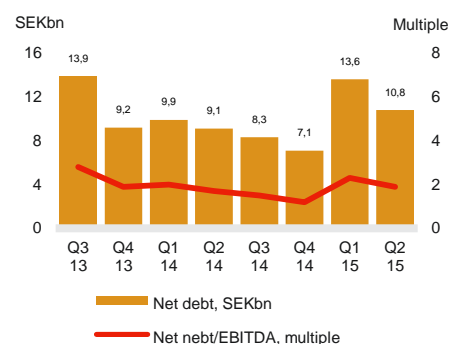
Important events during the quarter

- Divestment of ICA Norway completed on 13 April
- Divestment of Cervera completed on 23 April. See also page 11
- ICA Gruppen decided on early redemption of outstanding preference shares.

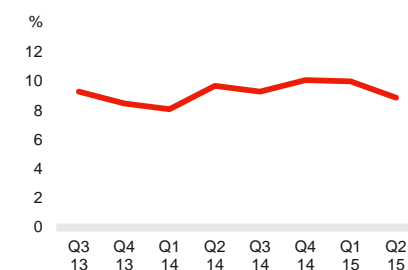
Events after the end of the quarter

- Early redemption of preference shares took place on 20 July 2015. The redemption amount was SEK 3,300 million

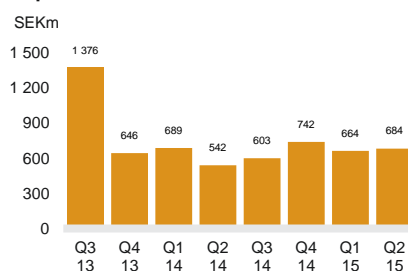
Net debt and Net debt/EBITDA



Return on capital employed, R12



Capex (cash flow)



Excluding acquisition of approximately SEK 3.5 billion in Q1 2015

Consolidated cash flow statement, excluding ICA Bank

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Cash flow						
From operating activities before change in working capital	1,181	1,136	2,183	1,789	4,758	4,364
Change in working capital	721	780	-256	50	-606	-300
From operating activities	1,902	1,916	1,927	1,839	4,152	4,064
Investing activities, net	2,112	95	-1,994	-524	-2,016	-546
Before financing activities	4,014	2,011	-67	1,315	2,136	3,518

ICA Sweden

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 purchasing, logistics, marketing communications and retail development. ICA Sweden also includes ICA Special which among other things conducts sales of non-food items at Maxi ICA Hypermarkets.

Net sales and earnings

Cura pharmacies, previously part of ICA Sweden, are included in the pharmacy segment since 1 January 2015. Historical comparative figures for ICA Sweden have been adjusted to exclude the Cura pharmacies.

Second quarter 2015

ICA Sweden's net sales increased by 3.0% compared with the previous year. The calendar effect, primarily the Easter holiday, is estimated to have had a calendar effect in the quarter of -0.6%. In addition to increased wholesale sales, newly opened stores contributed to the sales increase. Otherwise sales were driven by higher prices. Fruit & Vegetables showed particularly favourable development together with Fresh Foods and Dry Groceries whereas development for non-food was weaker.

Operating profit before non-recurring items increased by 3.7% to SEK 864 million (833). Increased sales led to a higher gross profit which was partly counteracted by higher logistics and store costs. Logistics costs were mainly affected by start-up costs for the ongoing logistics changeover in southern Sweden while store costs were driven by newly opened stores. The calendar effect, related to the Easter holiday, is estimated to have affected operating profit before non-recurring items by SEK -10 million compared with the same quarter last year.

January-June 2015

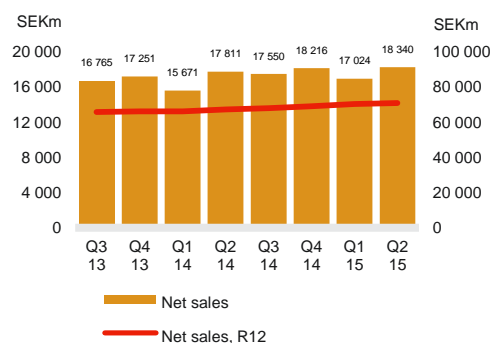
Net sales increased by 5.6% to SEK 35,364 million (33,482) and operating profit before non-recurring items rose 7.4% to SEK 1,558 million (1,451). In addition to increased sales, profit distribution from independent stores also contributed to earnings. A slightly higher cost level for projects and new stores had a negative impact. The operating margin was slightly higher for the period, 4.4% compared with 4.3% in the same period in 2014.

Other

The logistics project in southern Sweden is proceeding according to plan. During the rest of the year extensive changeovers will take place as well as tests of installed equipment and additional refurbishments.

At the end of the quarter 48 ICA stores were underway with online sales. The pace of this rollout is planned to increase after the summer.

Net sales



EBIT and EBIT margin



ICA Sweden

	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales, SEKm	18,340	17,811	35,364	33,482	71,130	69,248
Operating profit before depreciation (EBITDA), SEKm	961	914	1,748	1,616	3,713	3,581
Operating profit excl. non-recurring items, SEKm	864	833	1,558	1,451	3,335	3,228
Operating margin excl. non-recurring items, %	4.7	4.7	4.4	4.3	4.7	4.7
Investments, SEKm	158	140	354	276	704	626
Depreciation, SEKm	97	83	190	167	381	358
Number of employees	-	-	8,061	7,409	-	7,560
Private label share of store sales, %	-	-	23.4	22.4	-	22.7

The market and ICA store sales

The Swedish grocery retail market grew by 1.7% during the quarter. Food price inflation continued to rise and the price effect for the second quarter was 2.7%. The price effect in the previous quarter was 1.8% and 0.1% in the same period in 2014.

Sales, excluding VAT, in the Swedish ICA stores increased during the quarter by 2.9% and by 2.0% in like-for-like stores. The corresponding figures for the period January-June were 3.9% and 3.1% respectively. The sales increase can mainly be attributed to price increases and therefore a higher average spend, but the number of products per spend has also risen. Fruit & Vegetables, private label products and items within Health continue to show a good sales growth, underpinned by completed campaigns.

The calendar effect in store sales for the quarter was -0.5 percentage points and -0.1 percentage points for the period January-June. Adjusted for price and calendar effects the volume increase for the quarter was 0.7% and -0.2% for like-for-like stores and for January-June 1.8% and 1.0% respectively.

The private label proportion of accumulated sales amounted to 23.4% (22.4).

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	April-June 2015			January-June 2015		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like for like
Maxi ICA Stormarknad	8,413	4.3	1.9	15,934	5.8	3.5
ICA Kvantum	6,694	4.1	2.7	12,862	4.9	3.3
ICA Supermarket	8,349	1.2	1.6	16,066	2.2	2.6
ICA Nära	4,088	1.4	1.9	7,805	2.4	2.9
Total	27,544	2.9	2.0	52,667	3.9	3.1

Number of stores in Sweden

Format	December 2014	New	Converted	Closed	June 2015
Maxi ICA Stormarknad	79	2			81
ICA Kvantum	123	1		-1	123
ICA Supermarket	431	1	-1	-1	430
ICA Nära	676		1	-10	667
ICA To Go	5			-1	4
Total	1,314	4	0	-13	1,305

Rimi Baltic

Rimi Baltic conducts grocery sales in 249 wholly owned stores in Estonia, Latvia and Lithuania. The store formats are Rimi Hypermarket, Rimi Supermarket and the discount chains Säästumarket and Supermetto. Rimi Baltic also includes the properties owned by the Group in the Baltic

Net sales and earnings

Second quarter 2015

The total market for the three Baltic countries grew by 1.7% in the second quarter with an overall price increase rate of about 0%.

Rimi Baltic's net sales increased by 8.6% to SEK 3,136 million (2,888). The increase in local currency was 5.6%. Store sales increased by 5.6% and by 1.2% for like-for-like stores. Sales rose in all countries and formats with the exception of the discount stores in Estonia where like-for-like sales fell slightly. The rate of store openings remains high and Rimi Baltic opened a total of 6 new stores in the second quarter. Eight new stores have been opened so far this year, of which 4 in Lithuania. Taken overall, Rimi Baltic increased its market share in the region.

Higher sales volumes, lower purchasing prices and an increased proportion of private label sales had a positive impact on earnings while higher store costs had the opposite effect. The higher costs are mainly due to newly opened stores but personnel costs have also risen as a consequence of an increased minimum wage as well as intense competition for staff. Operating profit excluding non-recurring items increased by 15% to SEK 99 million (86). The increase in local currency was approximately 12%.

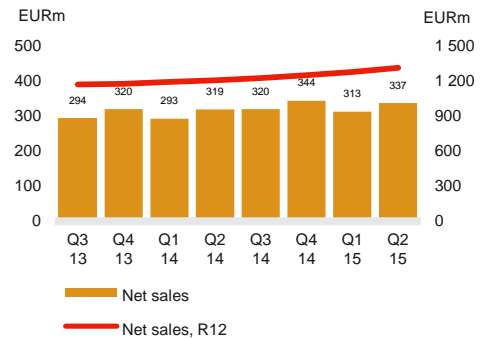
January-June 2015

Net sales rose to SEK 6,068 million (5,485), and earnings increased by 22% to SEK 177 million (145). The improvement is driven by higher volumes, lower purchasing prices and a higher proportion of private label sales which rose to 21.5% (20.0) during the period.

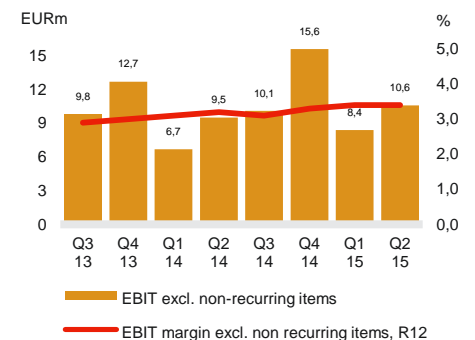
Other

At the end of the quarter a number of properties in Estonia were sold which generated a capital gain of SEK 64 million (-). The capital gain is recognised as a non-recurring item.

Net sales



EBIT and EBIT margin



Rimi Baltic

	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	2014
Net sales, SEKm	3,136	2,888	6,068	5,485	12,215	11,632
Operating profit before depreciation (EBITDA), SEKm	235	156	385	284	823	722
Operating profit excl. non-recurring items, SEKm	99	86	177	145	415	383
Operating margin excl. non-recurring items, %	3.2	3.0	2.9	2.6	3.4	3.3
Investments, SEKm	98	61	171	321	350	500
Depreciation, SEKm	72	70	144	139	290	285
Number of employees	-	-	9,228	8,737	-	8,995
Private label share of sales, %	-	-	21.5	20.0	-	19.9
EUR exchange rate, average	9.3015	9.0505	9.3391	8.9578	9.2960	9.1093

Store sales in the Baltic countries

Store sales excl. VAT	April-June 2015			January-June 2015		
	EURm	Change all stores	Change like-for-like	EURm	Change all stores	Change like-for-like
Estonia	93	1.4	0.4	179	1.6	0.7
Latvia	173	4.4	1.3	333	4.8	2.5
Lithuania	69	15.3	2.0	134	16.9	2.0
Total	335	5.6	1.2	646	6.1	1.9

Number of stores in the Baltic countries

Country	December 2014	New	Close	June 2015
Estonia	84	2	-1	85
Latvia	112	2	-	114
Lithuania	46	4	-	50
Total	242	8	-1	249

Apotek Hjärtat

Apotek Hjärtat has been part of ICA Gruppen since the beginning of 2015. With 380 pharmacies in Sweden, Apotek Hjärtat is the second-largest player in the Swedish pharmacy market.

Net sales and earnings

Apotek Hjärtat has been part of ICA Gruppen since 15 January. Comparative figures below relate to Cura pharmacies. Cura is included in the pharmacy segment for the entire period.

Second quarter 2015

The total pharmacy market in Sweden grew by 6.4% during the quarter compared with the corresponding period in 2014. Other products and services, which account for just under 15% of total sales in the market, saw the highest growth of 8.4%.

Net sales for the quarter totalled SEK 3,212 million (535) and operating profit excluding non-recurring items amounted to SEK 79 million (7). Operating profit includes a total cost of SEK 27 million related to the ongoing integration of Apotek Hjärtat.

The integration work is proceeding according to plan and includes reprofiling of Cura pharmacies to the new brand. Two conversions were completed during the quarter and the remaining conversions will be completed during 2015.

January-June 2015

Apotek Hjärtat's net sales in the period January-June amounted to SEK 5,995 million (1,004) with an operating profit excluding non-recurring items of SEK 104 million (0). Earnings include costs totalling SEK 80 million for the acquisition and integration of Apotek Hjärtat. Acquisition-related and integration costs are expected to total approximately SEK 200 million for the full year 2015.

The earlier announcement remains unchanged that the acquisition will provide net annual synergies of approximately SEK 70 million from 2016 and approximately SEK 80 million from 2019. Primarily in relation to purchasing, synergies will start to be captured in 2015.

Other

On 2 July, Apotek Hjärtat signed an agreement to sell its care and nursing business (Vård och omsorg) for SEK 62 million on a debt-free basis. The divested business area provides pharmaceuticals and related services to the healthcare sector in several regions and county councils as well as to a number of private healthcare providers. The purchase sum after transaction-related costs is estimated to correspond to book value. Completion of this transaction is contingent upon approvals from the Swedish Competition Authority and the Medical Products Agency and is expected to be completed during the fourth quarter. The business area had sales of SEK 830 million in 2014. The divestment is expected to have only a marginal effect on Apotek Hjärtat's operating profit.

Apotek Hjärtat

	Second quarter		Jan-June		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales, SEKm						
Of which:	3,212	535	5,995	1,004	7,083	2,092
– Prescription drugs	2,214	314	4,236	596	4,900	1,260
– OTC drugs	355	128	695	235	931	471
– Other products and services	447	93	868	173	1 056	361
Operating profit before depreciation (EBITDA), SEKm	114	17	175	20	213	58
Operating profit excl. non-recurring items, SEKm	79	7	104	0	125	21
Operating margin excl. non-recurring items, %	2.5	1.3	1.7	0.0	1.8	1.0
Investments, SEKm	12	9	24	19	35	30
Depreciation, SEKm	35	10	71	20	88	37
Number of employees	-	-	3,070	633	-	653
Private label share of other products, %	-	-	17.4	7.1	-	7.2

Number of pharmacies

	December 2014	Acquired	New	Closed	June 2015
Apotek Hjärtat	67	307	7	-1	380

ICA Real Estate

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

Net sales and earnings

Second quarter 2015

Net sales increased during the quarter by 6% to SEK 594 million (560). Rental income from owned properties rose by approximately 4% or SEK 12 million. The increase is essentially explained by increased revenue from the warehouse in Långeberga outside Helsingborg and the establishment of new ICA Maxi stores.

Operating profit before non-recurring items was in principle unchanged, SEK 106 million (108). Earnings development, despite higher revenue, is due to higher operating expenses related to completed investments as well as accrual effects relating to maintenance. Depreciation was also slightly higher.

Investments were slightly higher than in the same period in 2014 due to property acquisitions during the quarter. No divestments were made during the period. Divestment of the Norwegian properties will start on a small scale in the third quarter. ICA Real Estate also intends to divest a number of properties in Sweden, why these are booked as assets held for sale as from the second quarter.

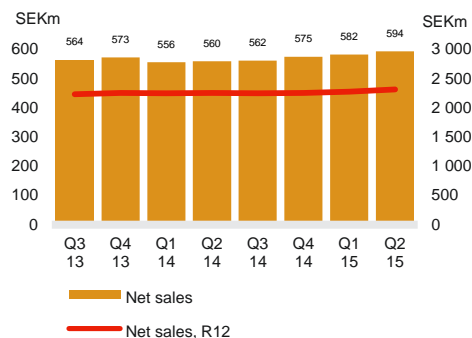
January-June 2015

Net sales increased to SEK 1,176 million (1,116) of which income from owned properties was SEK 586 million (576). Operating profit excluding non-recurring items increased by SEK 8 million. Higher revenues and improved earnings from joint ventures as well as lower administration costs were counteracted by higher operating expenses, maintenance and depreciation.

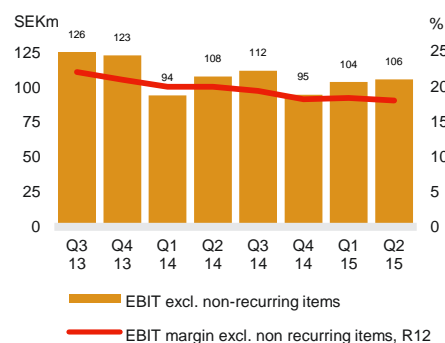
ICA Real Estate

	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales, SEKm	594	560	1,176	1,116	2,313	2,253
Of which rental income owned properties, SEKm	301	289	586	576	1,157	1,147
Operating profit before depreciation (EBITDA), SEKm	243	238	477	461	989	973
Operating profit excl. non-recurring items, SEKm	106	108	210	202	417	409
Operating margin excl. non-recurring items, %	17.8	19.3	17.9	18.1	18.0	18.2
Investments, SEKm	287	236	616	427	1,244	1,055
Divestments, SEKm	0	6	0	5	1,032	1,037
Depreciation, SEKm	137	129	267	258	524	515
Yield, %	-	-	6.9	6.9	-	6.9
Occupancy rate, %	-	-	98.2	97.9	-	98.3
Number of owned properties	-	-	186	203	-	185
Number of owned square metres, 000 sq. m.	-	-	841	824	-	716
Number of employees	-	-	84	77	-	77

Net sales



EBIT and EBIT margin



ICA Bank

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.

Net sales and earnings

Second quarter 2015

ICA Bank's revenues fell slightly during the quarter mainly driven by lower margins on deposits which meant that net interest was SEK 6 million lower than in the previous year. At the beginning of July, Riksbanken lowered the repo rate to -0.35% resulting in lower interest rate levels and pressure on net interest. Net commissions also fell slightly while other revenue increased. The business volume showed positive development particularly for lending and mutual funds. The number of bank customers continued to rise during the quarter and now exceeds 665,000.

Operating profit excluding non-recurring items was SEK 23 million lower than in the previous year. Effects from lower net interest combined with higher IT and advertising costs explain most of the decline in earnings. Added to this are costs linked to the start-up of ICA's insurance company which is planned for the fourth quarter. These costs amounted to SEK 7 million in the second quarter.

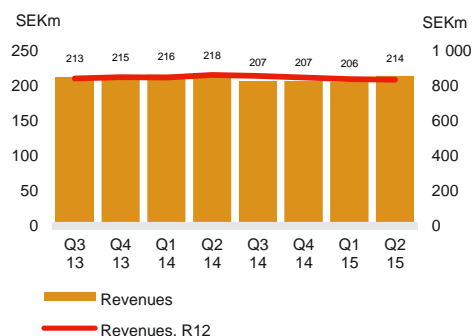
January-June 2015

ICA Bank's revenues for the period January-June were slightly lower than in the previous year, SEK 420 million compared with SEK 434 million in 2014. Operating profit excluding non-recurring items was SEK 46 million lower than in the same period in 2014. The explanation for this development is in principle the same as for the quarter commented on above. The accumulated costs for the start-up of the insurance company amounted to SEK 19 million in the period January-June.

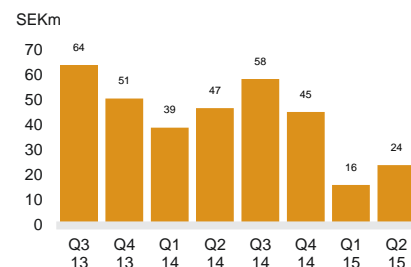
ICA Bank

	Second quarter		Jan-Jun		12 months Jul 2014- Jun 2015	Full year 2014
	2015	2014	2015	2014		
Revenues, SEKm	214	218	420	434	834	848
Of which, net interest, SEKm	103	109	201	215	401	415
Operating profit before depreciation (EBITDA), SEKm	31	55	54	101	182	229
Operating profit excl. non-recurring items, SEKm	24	47	40	86	143	189
C/I ratio, %	-	-	82.9	76.9	-	78.9
Return on equity, %	-	-	6.2	10.2	-	8.0
Loan loss ratio, %	-	-	-0.3	-0.4	-	0.1
Capital adequacy ratio, %	-	-	16.5	15.1	-	16.3
Business volume, SEKm	-	-	27,552	25,361	-	26,353
Number of employees	-	-	332	320	-	322

Revenues



EBIT excl. non-recurring items



Portfolio Companies

With effect from the second quarter of 2015, the portfolio companies are Hemtex and inkClub. Hemtex is a home textile retail chain with stores in Sweden, Finland and Estonia. With a total of 157 stores, Hemtex is the Nordic region's leading home textile chain. inkClub conducts online sales of a range of consumables to customers in 14 European countries.

Net sales and earnings

Second quarter 2015

The portfolio companies' net sales amounted to SEK 393 million (587) a decrease of SEK 194 million which is mainly explained by divestments in 2014 and 2015. Adjusted for completed divestments (Kjell & Company, Forma Publishing, Beauty Planet and Cervera) sales increased from SEK 330 million to SEK 357 million or by approximately 8%. Hemtex's sales increase was volume driven but negatively affected by price reductions. inkClub increased its sales primarily of toner.

Operating loss excluding non-recurring items was SEK 46 million (+14). On a like-for-like basis earnings decreased by SEK 24 million. Earnings decreased for both Hemtex and inkClub. The lower earnings in inkClub are explained by restructuring costs (SEK 5 million) and a provision for customs duties related to a dispute with Swedish Customs (SEK 3 million).

January-June 2015

Net sales for the period amounted to SEK 914 million (1,152). Like-for-like sales increased by approximately 7%. Operating loss excluding non-recurring items was SEK 89 million (-50). On a like-for-like basis earnings decreased by SEK 31 million. inkClub's gross profit improved slightly during the period but operating profit was weighed down by the above-mentioned costs in the second quarter.

Divestment of Cervera

As announced previously the divestment of Cervera could be completed on 23 April 2015. The divestment provided a positive cash flow effect of SEK 135 million and an earnings effect of SEK -8 million. The capital loss is included as a non-recurring item in the second quarter.

Portfolio Companies

	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales, SEKm	393	587	914	1,152	2,326	2,564
Operating profit/loss after depreciation (EBITDA), SEKm	-51	437	-81	409	108	598
Operating profit/loss excl. non-recurring items, SEKm	-46	14	-89	-50	14	53
Operating margin excl. non-recurring items, %	-11.7	-2.4	-9.7	-4.3	0.6	2.1
Investments, SEKm	7	14	24	27	46	49
Depreciation, SEKm	10	11	21	19	43	41
Number of employees	-	-	804	1,073	-	1,025

Store sales

	April-June 2015			January-June 2015		
	SEKm	Change all stores	Change like-for-like	SEKm	Change all stores	Change like-for-like
Store sales excl. VAT						
Hemtex	228	5.8	4.8	445	6.1	5.4

Number of stores, incl. franchise stores

	December 2014	New	Closed	June 2015
Hemtex	157	1		158

Other, Group

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 as well as 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 16–20 of ICA Gruppen's Annual Report for 2014.

Related-party transactions

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

Parent Company

The Parent Company's net sales amounted to SEK 10 million (11) in the second quarter and SEK 21 million (24) in the first half of the year. Profit before tax was SEK 621 million (4,305) in the second quarter and SEK 436 million (3,903) in the first half of the year. The change in earnings can mainly be attributed to a difference in dividends from subsidiaries and impairment of shares in Cervera Intressenter AB in the first quarter of 2014.

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. ICA Gruppen's previous holding of 141,655 ordinary shares was sold in its entirety on 7 May for SEK 302.50 per share or a total of SEK 42.9 million. 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 identified shareholders in ICA Gruppen at 30 June 2015

	Number of shares	Share of capital and voting rights, %
ICA-handlarnas förbund	103,163,599	51.3%
Industrivärden	20,990,000	10.4%
Handelsbanken	3,045,752	1.5%
Skandia	2,596,431	1.3%
Robur	1,851,908	0.9%
SEB	1,585,770	0.8%
L Jönsson	1,259,601	0.6%
Länsförsäkringar	905,511	0.5%
Folksam	777,775	0.4%
U Davidson	630,000	0.3%
Ten largest shareholders total:	136,806,347	68.0%
Other shareholders	64,340,448	32.0%
Total	201,146,795	100.0%

Source: Euroclear Sweden AB

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year 2014
		2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales		25,542	22,223	49,215	41,978	94,411	87,174
Cost of goods sold		-22 155	-19,181	-42,627	-36,256	-81,409	-75,038
Gross profit		3,387	3,042	6,588	5,722	13,002	12,136
Other operating income		154	534	235	603	515	883
Selling expenses		-1,754	-1,552	-3,478	-3,032	-6,631	-6,185
Administrative expenses		-694	-604	-1,426	-1,175	-2,613	-2,362
Other operating expenses		-32	0	-85	0	-471	-386
Share of profits of associates and joint ventures	2	4	4	8	10	9	11
Operating profit	3	1,065	1,424	1,842	2,128	3,811	4,097
Financial income		13	12	22	26	34	38
Financial expenses		-117	-98	-217	-201	-424	-408
Profit before tax		961	1,338	1,647	1,953	3,421	3,727
Tax		-175	-193	-332	-331	-623	-622
Profit for the period from continuing operations		786	1,145	1,315	1,622	2,798	3,105
Profit/loss from discontinued operations	7	1,179	-151	1,189	-329	1,080	-438
Profit for the period		1,965	994	2,504	1,293	3,878	2,667
Other comprehensive income, items that may not be reclassified to profit or loss							
Remeasurement defined benefit pensions		464	0	103	-92	-51	-246
Other comprehensive income, items that may be reclassified to profit or loss, net after tax							
Change in translation reserve		-39	92	-61	152	-68	145
Change in hedging reserve		-33	-22	-121	-71	-123	-73
Share of other comprehensive income of joint ventures		17	-41	9	-57	5	-61
Total items that may be reclassified to profit or loss		-55	29	-173	24	-186	11
Comprehensive income for the period		2,374	1,023	2,434	1,225	3,641	2,432
Profit for the period attributable to							
Owners of the parent		1,938	936	2,453	1,238	3,733	2,518
Non-controlling interests		27	58	51	55	145	149
Comprehensive income for the period attributable to							
Owners of the parent		2,340	970	2,380	1,178	3,503	2,301
Non-controlling interests		34	53	54	47	138	131
Earnings per share before and after dilution, SEK¹							
Ordinary share		9.63	4.65	12.19	6.15	18.57	12.53
Ordinary share, continuing operations		3.77	5.40	6.28	7.79	13.20	14.71
Ordinary share, discontinued operations		5.86	-0.75	5.91	-1.64	5.37	-2.18

¹ Same figure for ordinary shares and C shares. Earnings per share have been reduced by an amount corresponding to the dividend to preference shareholders in ICA Fastigheter Sweden AB. The effect amounts to SEK 0.19 per share per quarter.

Condensed consolidated statement of financial position

	Note	30 June 2015	30 June 2014	31 December 2014
ASSETS				
Non-current assets				
Goodwill		16,322	11,867	11,545
Trademarks		13,636	13,086	13,112
Other intangible assets		979	856	803
Interests in joint ventures and associates	2	760	675	757
Deferred tax assets		289	359	254
Lending and investments in ICA Bank		6,932	6,771	7,159
Land, buildings and investment properties		15,277	16,316	15,923
Other non-current assets		1,976	2,477	1,703
Total non-current assets		56,171	52,407	51,256
Current assets				
Inventories		4,314	4,139	3,566
Lending and investments in ICA Bank		2,859	2,997	3,075
Other current assets		5,987	4,484	4,926
Cash and cash equivalents in ICA Bank		3,469	2,580	2,380
Cash and cash equivalents		504	599	3,711
Total current assets		17,133	14,799	17,658
Assets held for sale	4	949	1,537	3,520
TOTAL ASSETS		74,253	68,743	72,434
EQUITY AND LIABILITIES				
Equity				
		29,169	26,780	27,911
Non-current liabilities				
Provisions		2,289	2,095	2,342
Deferred tax liabilities		4,961	4,895	4,839
Non-current interest-bearing liabilities		9,795	6,941	9,658
Other non-current liabilities		169	71	156
Total non-current liabilities		17,214	14,002	16,995
Current liabilities				
Deposits ICA Bank		11,506	10,729	11,031
Current interest-bearing liabilities		1,555	2,695	1,277
Other current liabilities		14,700	14,272	13,298
Total current liabilities		27,761	27,696	25,606
Liabilities held for sale	4	109	265	1,922
TOTAL EQUITY AND LIABILITIES		74,253	68,743	72,434
Pledged assets		2,541	829	2,563
Contingent liabilities		190	203	208

Condensed consolidated statement of cash flows, incl. ICA Norway

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year
		2015	2014	2015	2014	Jul 2014- Jun 2015	
Operating profit		2,221	1,274	3,008	1,802	4,870	3,664
Depreciation and impairment		383	451	752	884	2,004	2,136
Other non-cash items		-1,197	-428	-1,145	-434	-1,298	-587
Income tax paid		-209	-108	-436	-393	-716	-673
Cash flow from operating activities before change in working capital		1,198	1,189	2,179	1,859	4,860	4,540
Change in working capital:							
Inventories		53	112	3	146	-478	-335
Current receivables		-44	10	-545	302	-1,372	-525
Current liabilities		731	697	476	-262	1,271	533
ICA Bank's net of deposits, lending and investments		773	-464	914	-438	751	-601
Cash flow from operating activities		2,711	1,544	3,027	1,607	5,032	3,612
Acquisition of property, plant and equipment and intangible assets		-684	-542	-4 847	-1,231	-6,192	-2,576
Sale of property, plant and equipment and intangible assets		2 767	673	2,804	681	4,251	2,128
Investments in joint ventures		0	0	0	0	-158	-158
Change in financial assets		-11	-48	-2	2	-1	3
Interest received		11	8	20	19	41	40
Cash flow from investing activities		2,083	91	-2,025	-529	-2,059	-563
Sale of treasury shares		43	0	43	0	43	0
Dividend paid		-1,168	-1,004	-1,205	-1,004	-1,280	-1,079
Change in loans		-2,739	-839	-1,874	-643	-575	656
Interest paid		-143	-127	-225	-185	-384	-344
Cash flow from financing activities		-4,007	-1,970	-3,261	-1,832	-2,196	-767
Cash flow for the period	5	787	-335	-2,259	-754	777	2,282
Cash and cash equivalents at the beginning of the period		3,189	3,504	6,258	3,948	3,179	3,948
Exchange differences in cash and cash equivalents		-3	10	-26	-15	17	28
Cash and cash equivalents at the end of the period	5	3,973	3,179	3,973	3,179	3,973	6,258
Cash and cash equivalents are recognised on the following lines							
Cash and cash equivalents		3,973	3,179	3,973	3,179	3,973	6,091
Assets held for sale		-	-	-	-	-	167
		3,973	3,179	3,973	3,179	3,973	6,258

Disclosure on cash flow from discontinued operations

ICA Norway's operating profit amounted to SEK 1,155 million (-150) for the second quarter and SEK 1,166 million (-326) accumulated. ICA Norway's cash flow is included with SEK 26 million (22) for the second quarter and SEK 121 million (-116) accumulated in cash flow from operating activities, with SEK 2,467 million (-36) for the second quarter and SEK 2,449 million (-109) accumulated in cash flow from investing activities and with SEK 0 million (-1) for the second quarter and SEK -1 million (-3) in cash flow from financing activities. Reported cash-flow includes SEK 151 million divested cash in ICA Norway.

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 2015		24,706	3,205	27,911
Change in non-controlling interests		-	-14	-14
Dividend		-1,130	-75	-1,205
Decision on early redemption of preference shares		-300	300	0
Sale of treasury shares		43	-	43
Comprehensive income for the period		2,380	54	2,434
Closing equity, 30 June 2015		25,699	3,470	29,169

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
Transfer		-15	15	0
Lower issue costs for preference shares		2	-	2
Reversal of unpaid share dividends		6	-	6
Comprehensive income for the period		1,178	47	1,225
Closing equity, 30 June 2014		23,583	3,197	26,780

Supplementary disclosures - Group

NOTE 1, ACCOUNTING PRINCIPLES

This interim report is prepared according to IAS 34. The accounting principles and calculation methods are the same as those applied in the 2014 Annual Report. For 2015 only a few amendments have been published from IASB and IFRIC. These amendments have not had any material impact on ICA Gruppen's financial statements.

New standards from IASB not endorsed by the EU with relevance for ICA Gruppen:

IFRS 15 Revenues from Contracts with Customers was published in May 2014 and comes into force on 1 January 2017. IASB proposes that the introduction is delayed one year until 1 January 2018. In a preliminary analysis, ICA Gruppen's assessment is that the effect on the financial statements will be limited when it is introduced.

IFRS 9 Financial instruments was published in 2014. It comes into force for the financial year that starts on 1 January 2018. It has not yet been possible to assess the effects of its introduction, but the standard of relevance, among other things, for recognition of credit losses, and therefore in particular for ICA Bank, as well as for hedge accounting.

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, INTERESTS IN JOINT VENTURES AND ASSOCIATES

SEKm	Book value 30 June		Share of profit Jan-Jun	
	2015	2014	2015	2014
Trade Press AS	-	-	0	0
Kjell & Co Elektronik AB	-	-	-	11
Ancore Fastigheter AB	758	669	7	-2
Other	2	6	1	1
Total	760	675	8	10

Information relating to Ancore Fastigheter AB

SEKm	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Income	100	75	196	151	325
Expenses	-43	-28	-83	-62	-135
Operating profit	57	47	113	89	190
Net financial items	-45	-40	-88	-80	-168
Tax	-6	-4	-11	-10	-19
Profit/loss for the period	6	3	14	-1	3
Other comprehensive income	25	-34	18	-66	-121
Comprehensive income for the period	31	-31	32	-67	-118
Non-current assets			4,800	3,752	4,826
Current assets			77	148	122
Total assets			4,877	3,900	4,948
Equity			-80	-75	-112
Shareholder loan			1,526	1,226	1,526
Non-current liabilities			3,194	2,508	3,138
Current liabilities			237	241	396
Total equity and liabilities			4,877	3,900	4,948

Ancore Fastigheter AB is co-owned in a joint venture between Alecta pensionsförsäkring and ICA Gruppen. The parties each own 50% of the company which is a joint venture. Ancore fastigheter AB owns and manages 30 properties in Sweden which contain ICA stores in which operations are conducted by non-consolidated ICA retailers.

NOTE 3, NON-RECURRING ITEMS

SEKm	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Operating profit excl. non-recurring items	1,018	985	1,793	1,684	3,937
Capital gains on sale of non-current assets					
Portfolio Companies, Forma	-7	-	-7	-	-2
Portfolio Companies, Kjell & Co	-	440	-	440	445
Portfolio Companies, inkClub	-	-	2	-	-
Portfolio Companies, Cervera	-8	-	-8	-	-
ICA Real Estate	-	1	-	1	49
Rimi Baltic	64	-	64	-	54
Other	2	-2	2	3	0
Impairment					
Portfolio Companies	-	-	-	-	-322
ICA Real Estate	-3	-	-3	-	-42
Rimi Baltic	-1	-	-1	-	-22
Operating profit	1,065	1,424	1,842	2,128	4,097

NOTE 4, ASSETS AND LIABILITIES HELD FOR SALE

	Apotek Hjärtat	ICA Real Estate	Total
Intangible assets	2	-	2
Property, plant and equipment	1	793	794
Inventories	25	-	25
Other current assets	128	-	128
Total assets held for sale	156	793	949
Current liabilities	109	0	109
Total liabilities held for sale	109	0	109

Apotek Hjärtat intends to divest its care and nursing business within Apotek Hjärtat to ApoEx. The divestment is expected to be completed in the fourth quarter of 2015 and the purchase sum after transaction costs corresponds to book value.

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

SEKm	Group 2015	ICA Bank 2015	Group excl. Bank
Cash flow from operating activities before change in working capital	2 179	-4	2 183
Change in working capital			
Inventories	3	0	3
Current receivables	-545	48	-593
Current liabilities	476	142	334
ICA Bank's net of deposits, lending and investments	914	914	0
Cash flow from operating activities	3 027	1 100	1 927
Cash flow from investing activities	-2 025	-31	-1 994
Cash flow from financing activities	-3 261	20	-3 281
Cash flow for the period	-2 259	1 089	-3 348
Cash and cash equivalents at the beginning of the period	6 258	2 380	3 878
Exchange differences in cash and cash equivalents	-26	0	-26
Cash and cash equivalents at the end of the period	3 973	3 469	504

NOTE 6, FINANCIAL INSTRUMENTS

At 30 June 2015 financial assets measured at fair value in ICA Gruppen amounted to SEK 2,189 million (2,250). Financial liabilities measured at fair value amounted to SEK 275 million (120) at 30 June 2015. SEK 1,454 million (0) of financial assets is attributable to level 1 in the fair value hierarchy and SEK 735 million (2,250) is attributable to level 2. Carrying amount corresponds to fair value for all financial assets and liabilities apart from bond loans where fair value exceeds carrying amount by SEK 309 million.

NOTE 7, DISCONTINUED OPERATIONS

SEKm	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Net sales	501	3,962	4,235	7,716	15,826
Other income	0	0	1	0	108
Expenses	-504	-4,112	-4,228	-8,042	-16,367
Operating profit/loss	-3	-150	8	-326	-433
Net financial items	0	-1	-1	-3	-5
Tax	0	0	0	0	0
Profit/loss from operations	-3	-151	7	-329	-438
Gain from divestment	1,182	0	1,182	0	0
Profit/loss from discontinued operations	1,179	-151	1,189	-329	-438

ICA Norway has been classified as a discontinued operation since 30 September 2014. No impairment arose at measurement to fair value after deduction for selling costs. At 13 April 2015, all the conditions for completion of the transaction were met and ICA Norway is recognised as divested from that date.

NOTE 8, ACQUISITION OF APOTEK HJÄRTAT

As part of strengthening its position in the Swedish pharmacy market, ICA Gruppen announced on 12 November that an agreement had been signed with Altor Fund III to acquire all the shares in Apotek Hjärtat AB for a purchase price of SEK 5.7 billion on a debt-free basis. Completion of this transaction was subject to approval from the Swedish Competition Authority and the Swedish Medical Products Agency. Approval from the Medical Products agency was received on 5 December 2014. Approval was received from the Swedish Competition Authority on 9 January and the acquisition was completed on 15 January 2015.

Apotek Hjärtat has approximately 2,000 employees and over 300 pharmacies. Apotek Hjärtat and ICA Gruppen's own Cura pharmacies will have combined annual sales in excess of SEK 11 billion and be the second-largest player in the Swedish market with a market share of approximately 30%. From 2019 the acquisition is expected to provide annual cost synergies for ICA Gruppen of approximately SEK 80 million. Synergies will mainly arise within central overhead costs, purchasing and logistics. The acquisition will initially be financed through a combination of cash and existing credit facilities. Apotek Hjärtat is expected to make a positive contribution to ICA Gruppen's net earnings per share for 2015, before non-recurring acquisition-related costs. Apotek Hjärtat had sales of SEK 9,596 million in 2014, with an operating profit of SEK 401 million and profit after tax of SEK 103 million. Cura, which was included in the segment ICA Sweden, had sales of SEK 2,092 million (1,671) in 2014 with an operating profit of SEK 21 million (-32).

The total consideration transferred was SEK 3,787 million, which exceeds the net fair value of all identifiable assets and liabilities in the acquisition. Acquisition-related costs of SEK 33 million have been recognised as an expense. In the preliminary purchase price allocation surplus values were attributable to customer relations, trademarks and goodwill. The acquisition of Apotek Hjärtat has for the period January-June affected net sales by SEK 4,764 million and operating profit excluding non-recurring items by SEK 79 million. If the acquisition had taken place on 1 January 2015, ICA Gruppen's net sales in the first half would have amounted to SEK 49,568 million and profit excluding non-recurring items to SEK 1,795 million. Apotek Hjärtat Holding AB has an ongoing tax dispute relating to interest deductions. The Administrative Court of Appeal's decision is expected in 2015. In the event of a negative outcome, ICA Gruppen will be compensated in full by the seller for any additional tax.

SEKm	
Value according to preliminary purchase price allocation	
Trademarks	550
Customer relations	28
Other intangible assets	62
Property, plant and equipment	200
Other non-current assets	6
Inventories	800
Other current assets	755
Cash and cash equivalents	288
Provisions	-1
Non-current liabilities	-9
Deferred tax liabilities	-126
Current liabilities	-3,549
Acquired, identifiable net assets	-996
Goodwill	4,783
Acquired, identifiable net assets including goodwill	3,787
Consideration transferred	3,787
Cash and cash equivalents in Apotek Hjärtat AB	-288
Change in consolidated cash and cash equivalents	3,499

Condensed Parent Company income statement

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2015	2014	2015	2014	Jul 2014- Jun 2015	
Net sales	10	11	21	24	41	44
Gross profit	10	11	21	24	41	44
Administrative expenses	-111	-91	-224	-182	-441	-399
Operating profit/loss	-101	-80	-203	-158	-400	-355
Financial income	0	0	0	0	0	0
Financial expenses	-84	-115	-161	-222	-342	-403
Profit/loss from investments in group companies	806	4,500	800	4,283	308	3,791
Profit/loss after financial items	621	4,305	436	3,903	-434	3,033
Appropriations	-	-	-	-	1,159	1,159
Profit before tax	621	4,305	436	3,903	725	4,192
Tax	39	25	77	66	-100	-111
Profit for the period	660	4,330	513	3,969	625	4,081

Condensed Parent Company balance sheet

SEKm	30 June 2015	30 June 2014	31 December 2014
ASSETS			
Non-current assets			
Investments in group companies	29,794	29,910	29,774
Other intangible assets	86	58	77
Deferred tax assets	217	308	214
Other non-current assets	113	127	120
Total non-current assets	30,210	30,403	30,185
Current assets			
Current receivables from group companies	171	837	2,314
Other current assets	162	80	68
Cash and cash equivalents	-	-	-
Total current assets	333	917	2,382
TOTAL ASSETS	30,543	31,320	32,567
EQUITY AND LIABILITIES			
Equity	19,702	20,164	20,276
Provisions	325	302	316
Non-current liabilities			
Non-current interest-bearing liabilities	8,473	5,975	8,482
Liabilities to group companies	-	3,000	3,000
Other non-current liabilities	8,473	8,975	11,482
Total non-current liabilities			
Current liabilities	1,740	1,683	171
Current interest-bearing liabilities	4	44	20
Current liabilities to group companies	299	152	302
Other current liabilities	2,043	1,879	493
Total current liabilities			
TOTAL EQUITY AND LIABILITIES	30,543	31,320	32,567
	29,794	29,910	29,774

Quarterly overview

Pro forma excluding effects of acquisition of ICA AB through Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Net sales, SEKm	20,800	21,820	19,755	22,223	22,016	23,180	23,673	25,542
Operating profit before depreciation (EBITDA), SEKm	1,408	1,307	1,028	1,752	1,616	1,423	1,146	1,448
Operating profit (EBIT) excl. non-recurring items, SEKm	1,110	1,058	699	985	1,172	1,081	775	1,018
Operating margin excl. non-recurring items, %	5.3	4.8	3.5	4.4	5.3	4.7	3.3	4.0
Operating profit (EBIT), SEKm	1,109	753	704	1,424	904	1,065	777	1,065
Operating margin, %	5.3	3.5	3.6	6.4	4.1	4.6	3.3	4.2
Profit before tax, SEKm	948	601	615	1,338	823	951	686	961
Profit from continuing operations, SEKm	714	645	477	1,145	676	807	529	786
Profit/loss from discontinued operations, SEKm	-163	-114	-178	-151	-181	72	10	1,179
Profit for the period, SEKm	551	531	299	994	495	879	539	1,965
Earnings per share, continuing operations, SEK ¹	3.57	3.06	2.39	5.40	3.19	3.74	2.51	3.77
Earnings per share, discontinued operations, SEK ¹	-0.81	-0.57	-0.89	-0.75	-0.90	0.36	0.05	5.86
Earnings per share, SEK ¹	2.76	2.49	1.50	4.65	2.29	4.09	2.56	9.63
Equity per share, SEK ¹	113.70	116.23	117.27	117.33	120.21	122.91	123.12	127.76
Return on equity, %	8.7	6.0	7.0	8.6	7.9	9.3	10.2	15.3
Return on capital employed, %	9.3	8.5	8.1	9.7	9.3	10.1	10.0	8.9
Cash flow from operating activities, SEKm	676	2,105	201	1,522	395	1,676	221	2,685
Cash flow from continuing operating activities, SEKm	-58	-95	-138	22	156	-222	95	26
Cash flow from operating activities, SEKm	618	2,010	63	1,544	551	1,454	316	2,711
Cash flow from continuing operating activities per share, SEK ¹	3.36	10.47	1.00	7.57	1.96	8.34	1.10	13.35
Cash flow from discontinued operating activities, SEK ¹	-0.29	-0.47	-0.69	0.11	0.78	-1.11	0.47	0.13
Cash flow from continuing activities per share, SEK ¹	3.07	10.00	0.31	7.68	2.74	7.23	1.57	13.48
Investing activities continuing operations (cash flow), SEKm	1,311	562	615	496	558	682	4,144	684
Investing activities discontinued operations (cash flow), SEKm	65	84	74	46	45	60	19	0
Investing activities (cash flow), SEKm	1,376	646	689	542	603	742	4,163	684
Net debt, SEKm	-13,854	-9,190	-9,909	-9,084	-8,276	-7,058	-13,596	-10,845
Net debt/EBITDA	2.8	1.9	2.0	1.7	1.5	1.2	2.3	1.9

¹ Same figures for ordinary shares and C shares.

Quarterly data by segment

Net sales by segment

SEKm	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
ICA Sweden	16,765	17,251	15,671	17,811	17,550	18,216	17,024	18,340
Rimi Baltic	2,548	2,838	2,597	2,888	2,952	3,195	2,932	3,136
Apotek Hjärtat	410	445	469	535	524	564	2,783	3,212
ICA Bank	213	215	216	218	207	207	206	214
ICA Real Estate	564	573	556	560	562	575	582	594
Portfolio Companies	586	892	565	587	579	833	521	393
Other	20	20	24	22	20	31	26	27
Intra-group sales	-306	-414	-343	-398	-378	-441	-401	-374
Net sales	20,800	21,820	19,755	22,223	22,016	23,180	23,673	25,542

Operating profit before depreciation by segment (EBITDA)

SEKm	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
ICA Sweden	978	922	702	914	1,056	909	787	961
Rimi Baltic	154	182	128	156	220	218	150	235
Apotek Hjärtat	2	0	3	17	24	14	61	114
ICA Bank	73	60	46	55	66	52	23	31
ICA Real Estate	231	245	223	238	290	222	234	243
Portfolio Companies	-3	60	-28	437	3	125	-30	-51
Other	-27	-162	-46	-65	-43	-117	-79	-85
Operating profit before depreciation (EBITDA)	1,408	1,307	1,028	1,752	1,616	1,423	1,146	1,448

Operating profit excluding non-recurring items by segment

SEKm	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
ICA Sweden	897	828	618	833	970	807	694	864
Rimi Baltic	87	113	59	86	93	145	78	99
Apotek Hjärtat	-6	-9	-7	7	12	9	25	79
ICA Bank	64	51	39	47	58	45	16	24
ICA Real Estate	126	123	94	108	112	95	104	106
Portfolio Companies	-15	131	-36	-14	-13	116	-43	-46
Other	-43	-179	-68	-82	-60	-136	-99	-108
Operating profit excluding non-recurring items	1,110	1,058	699	985	1,172	1,081	775	1,018

Depreciation by segment

SEKm	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
ICA Sweden	81	94	84	83	87	104	93	97
Rimi Baltic	67	69	69	70	74	72	72	72
Apotek Hjärtat	8	9	10	10	12	5	36	35
ICA Bank	9	9	7	8	8	7	7	7
ICA Real Estate	105	108	129	129	127	130	130	137
Portfolio Companies	12	11	8	11	11	11	11	10
Other	16	17	17	17	17	19	20	21
Depreciation	298	317	324	328	336	348	369	379

Key figures ICA Gruppen

SEKm	Second quarter		Jan-Jun		12 months Jul 2014- Jun 2015	Full year 2014
	2015	2014	2015	2014		
Operating profit before depreciation EBITDA, SEKm	1,448	1,752	2,594	2,780	5,633	5,819
Operating margin excl. non-recurring items, %	4.0	4.4	3.6	4.0	4.3	4.5
Operating margin, %	4.2	6.4	3.7	5.1	4.0	4.7
Net margin, %	7.7	4.5	5.1	3.1	4.1	3.1
Return on capital employed, %	-	-	8.9	9.7	8.9	10.1
Return on equity, %	-	-	15.3	8.6	15.3	9.3
Equity/assets ratio, %	-	-	39.3	39.0	39.3	38.5
Net debt, SEKm	-	-	-10,845	-9,084	-10,845	-7,058
Net debt/EBITDA	-	-	1.9	1.7	1.9	1.2
Share data						
Earnings per share continuing operations, SEK	3.77	5.40	6.28	7.79	13.20	14.71
Earnings per share discontinued operations, SEK	5.86	-0.75	5.91	-1.64	5.37	-2.18
Earnings per share, SEK	9.63	4.65	12.19	6.15	18.57	12.53
Share price at the end of the period, SEK	-	-	294.10	227.70	294.10	305.80
Dividend per ordinary share, SEK	-	-	-	-	-	9.50
Dividend, SEKm	-	-	-	-	-	1,130
Dividend payout ratio, %	-	-	-	-	-	42
Equity per share, SEK	-	-	127.76	117.33	127.76	122.91
Cash flow from operating activities per share, SEK	13.48	7.68	15.05	7.99	25.03	17.97
Number of ordinary shares	119,078,903	118,937,248	119,078,903	118,937,248	119,078,903	118,937,248
Number of C shares	82,067,892	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	201,146,795	201,005,140	201,146,795	201,005,140	201,146,795	201,005,140
Average number of shares	201,114,105	201,005,140	201,059,924	201,005,140	201,032,307	201,005,140
Average number of shares after dilution	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

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, 19 August 2015

Claes-Göran Sylvén
Chairman

Peter Berlin Göran Blomberg Jeanette Christensen Jäger Cecilia Daun Wennborg

Andrea Gisle Joosen Fredrik Hägglund Bengt Kjell Magnus Moberg Jan Olofsson

Magnus Rehn Jonathon Clarke

Per Strömberg
CEO ICA Gruppen

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, 19 August 2015. The report has not been reviewed by the company's auditors.

Definitions of key figures

Capital adequacy ratio (ICA Bank)

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.

C/I ratio (ICA Bank)

Total costs in relation to total income.

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.

Gross profit

Net sales minus cost of goods sold.

Investments

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

Loan loss ratio (ICA Bank)

Bad debts in relation to average lending.

Net debt

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

Net interest (ICA Bank)

Difference between the bank's interest income and interest expense.

Net margin

Profit for the period as a percentage of net sales.

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.

Occupancy rate (ICA Real Estate)

Market rental for rented properties divided by total rental income (contracted annual rent + market rent for unrented premises).

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 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.

Yield (ICA Real Estate)

Operating net in relation to average book value.

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.

Near Food

Items such as household products, pet food and non-prescription drugs.

Non food

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

Private labels

Own brand products.

Contacts and calendar

For further information, please contact:

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Press and analyst meeting

ICA Gruppen is arranging a press and analyst meeting at Tändstickspalatset, Stockholm on Wednesday, 19 August 2015 at 10.00 CET. CEO Per Strömberg and CFO Sven Lindskog will present the interim report.

The meeting will be webcasted and can be followed at www.icagruppen.se/investors. There is also an opportunity to call in on tel. +46 8 566 426 69, +44 20 3428 1436.

Calendar

11 November 2015 Interim report January-September 2015

11 December ICA Gruppen Capital Market Day

10 February 2016 Year-end report January-December 2015

Sustainability report

ICA Gruppen will publish its Sustainability Report for the second quarter of 2015 on 20 August. The report will be available at icagruppen.se

ICA Gruppen AB (publ) is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic which mainly conduct grocery retail, ICA Real Estate which owns and manages properties, ICA Bank which offers financial services and, since January 2015, Apotek Hjärtat which conducts pharmacy operations. The Group also includes the wholly owned portfolio company inkClub and the partly owned portfolio company Hemtex.

For more information see icagruppen.se.

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