



Second quarter 2016

Favourable earnings and higher market shares

Second quarter 2016

- Consolidated net sales amounted to SEK 26,222 million (25,542), an increase of 2.7%
- Operating profit excluding non-recurring items totalled SEK 1,154 million (1,018). Operating profit for the comparison period included costs of SEK 27 million associated with the acquisition and integration of Apotek Hjärtat
- Profit from continuing operations (ICA Gruppen excl. ICA Norway) was SEK 829 million (786). Profit includes capital gains on sales of non-current assets and impairment losses totalling SEK -37 million, net (47)
- Earnings per share for continuing operations were SEK 4.12 (3.77)
- Cash flow from operating activities for continuing operations amounted to SEK 1,785 million (2,685)
- The same period in 2015 included SEK 1.2 billion of capital gain in earnings and SEK 2.8 billion in cash flow from the divestment of ICA Norway
- inkClub was divested as per 29 June 2016, giving rise to a capital loss of SEK 30 million

January-June 2016

- Consolidated net sales amounted to SEK 50,983 million (49,215), an increase of 3.6%
- Operating profit excluding non-recurring items totalled SEK 2,113 m (1,793). Operating profit for the comparison period included costs of SEK 80 million associated with the acquisition and integration of Apotek Hjärtat
- Profit from continuing operations (ICA Gruppen excl. ICA Norway) was SEK 1,564 million (1,315). Profit includes capital gains on sales of non-current assets and impairment losses totalling SEK -20 million, net (49)
- Earnings per share for continuing operations were SEK 7.77 (6.28)
- Cash flow from operating activities for continuing operations amounted to SEK 2,183 million (2,906)

Events after the end of the quarter

- No significant events have taken place after the end of the quarter

Apotek Hjärtat is included in ICA Gruppen as from 15 January 2015. Cura pharmacies, previously part of ICA Sweden, are 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 reported as a discontinued operation.

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Group						
Net sales	26,222	25,542	50,983	49,215	102,989	101,221
Operating profit before depreciation/amortisation (EBITDA)	1,511	1,448	2,895	2,594	6,492	6,191
Operating profit (EBIT) excluding non-recurring items	1,154	1,018	2,113	1,793	4,458	4,138
Operating profit (EBIT)	1,117	1,065	2,093	1,842	4,845	4,594
Profit before tax	1,025	961	1,912	1,647	4,490	4,225
Profit from continuing operations	829	786	1,564	1,315	3,970	3,721
Profit for the period	829	1,965	1,564	2,504	3,973	4,913
Cash flow from operating activities for continuing operations	1,785	2,685	2,183	2,906	5,000	5,723
Cash flow from operating activities	1,785	2,711	2,183	3,027	5,001	5,845
Operating margin excluding non-recurring items, %	4.4	4.0	4.1	3.6	4.3	4.1
Operating margin, %	4.3	4.2	4.1	3.7	4.7	4.5
Return on capital employed, %	-	-	10.5	8.9	10.5	9.8
Return on equity, %	-	-	13.3	15.3	13.3	16.6
Earnings per ordinary share, SEK	4.12	9.63	7.77	12.19	19.72	24.14
Earnings per ordinary share, continuing operations, SEK	4.12	3.77	7.77	6.28	19.70	18.21

CEO's comments

ICA Gruppen continued to show favourable performance into the second quarter. All parts of the Group posted earnings improvements, except for ICA Bank. It is especially positive to note that we gained market shares and that the ICA stores in Sweden have had a few months with very good sales performance. On the negative side, we have experienced continued disruptions with associated high costs in our logistics operation in southern Sweden.



In Sweden, growth in store sales remained favourable, and according to preliminary market data we grew twice as much as the market during the quarter. We continue to work with our market formats, which are working well, and have been more active in the market in general. For example, in May we launched our "New lower price" campaign, a pricing initiative for a number of products in our private label range. We opened five new stores during the second quarter and have 11 additional store openings planned for the remainder of 2016. As in the preceding quarter, the difference between our total sales growth and like-for-like performance is relatively small.

Logistics disruptions not entirely resolved

Unfortunately, during the second quarter we continued to experience considerable disruptions that have cost us resources and weighed down our earnings. In addition, as a result of these disruptions, we are not meeting the required level of delivery precision for ICA stores primarily in southern Sweden. We are working hard to solve these problems so that we can, in the near-term perspective, achieve stable production and a high level of service. Of course we will then increase our efficiency so that we can bring down our operating costs.

Rimi Baltic and Apotek Hjärtat show good progress

At Rimi Baltic we continue to gain market shares and are generating favourable earnings. Good sales growth and even better earnings performance can be credited to a number of improvement measures at the same time that we are working ambitiously and continue to open new stores. However, the competitors are not sitting still – in Lithuania Lidl opened a number of stores at the end of the quarter, which will affect the market dynamics. Apotek Hjärtat also had a good quarter, with an improved operating profit and higher operating margin, helped in part by a positive calendar effect. The divestment of the care and nursing business last year and the transactions we have carried out to refine our pharmacy network away from locations with grocery competitors nearby make year-on-year comparisons somewhat difficult, but the underlying performance shows that our growth was in line with the market during the second quarter.

The challenging market situation for ICA Bank has not changed to any significant degree. Extensive adjustment work is currently being carried out to counter the situation. While the insurance business will not contribute to the bank's earnings in the near future, we can affirm that its development is in line with our plans. The main task for ICA Real Estate is the important divestment of the Norwegian property portfolio. This process is now moving into a more active phase, where the goal is to conclude the sale in early 2017. Hemtex improved its operating profit during the quarter, but its underlying performance is weak. Work is continuing to reverse this trend, which will take a little time.

We have also concluded our recruitment of a Chief Digital Officer (CDO), Peter Muld, who will take office in September. He will report to the Group's Chief Strategy Officer, Liv Forhaug, and will have an important role at the Group level in coordinating the work on developing our digital offerings.

inkClub divested

On 29 June inkClub was divested, marking the final step in the Group's refinement. Our task now is to ensure continued favourable performance and to drive the trend in the right direction now when we have potential for improvements. We have a strong foundation to stand on in this work.

Per Strömberg
CEO, ICA Gruppen

Group performance

Net sales and earnings

Second quarter 2016

Consolidated net sales increased by 2.7% during the quarter compared with 2015. The sales growth was driven by higher volumes in ICA Sweden's wholesale operations, newly opened stores in the Baltic countries and pharmacies in Sweden, and higher prices in Sweden as well as in Rimi Baltic.

Operating profit excluding non-recurring items amounted to 1,154 million (1,018) during the quarter, an increase of SEK 136 million, or 13%. Operating profit for the second quarter a year ago included costs of SEK 27 million associated with the acquisition and integration of Apotek Hjärtat. Adjusted for these costs, the earnings increase was 10%. The operating margin excluding non-recurring items was 4.4% (4.0%). All segments except for ICA Bank showed earnings improvement. The gross margin was slightly better than in the preceding year. Logistics costs in ICA Sweden remained high during the quarter, which were partly compensated by lower costs in other areas. Lower volumes in Hemtex and a negative volume effect from the divestment of consolidated ICA stores in Sweden at the start of the year entailed for the Group as a whole that the higher sales volume had a limited earnings impact. Slightly lower joint-Group costs during the quarter also contributed to the earnings improvement.

Profit for the period from continuing operations – ICA Gruppen excluding ICA Norway – was 829 million (786). Profit includes capital gains on sales of non-current assets and impairment losses totalling SEK -37 million (47) combined. Earnings per share from continuing operations were 4.12 (3.77).

January–June 2016

Consolidated net sales increased by 3.6% during the period compared with 2015. The increase is mainly attributable to higher volumes, but also to price increases.

Operating profit excluding non-recurring items amounted to SEK 2,113 Mkr (1,793), an increase of SEK 320 million, or 18%. Operating profit for the same period a year ago included costs of SEK 80 million associated with the acquisition and integration of Apotek Hjärtat. Adjusted for these costs, the earnings increase was 13%. The operating margin excluding non-recurring items was 4.1% (3.6%). All segments except for ICA Real Estate and ICA Bank showed earnings improvement.

Profit for the period from continuing operations – ICA Gruppen excluding ICA Norway – was SEK 1,564 million (1,315). Profit includes capital gains on sales of non-current assets and impairment losses totalling SEK -20 million (49) combined. Earnings per share from continuing operations were SEK 7.77 (6.28).

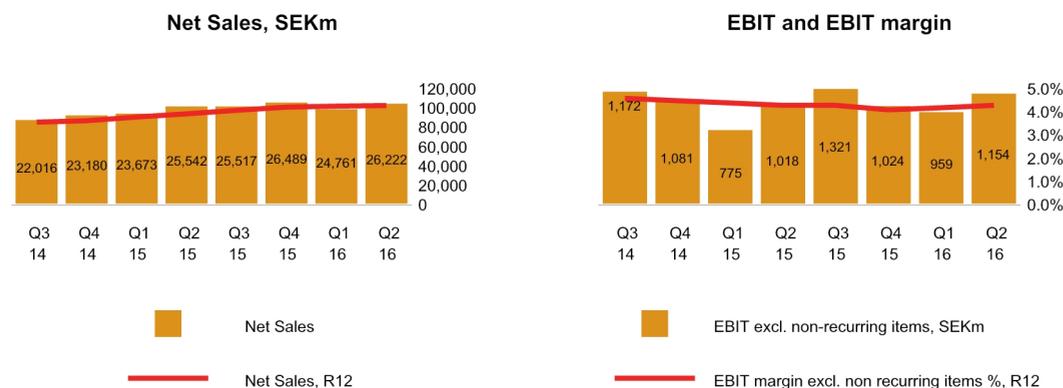
Net sales per segment (SEKm)

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
ICA Sweden	18,777	18,340	36,348	35,364	73,608	72,624
Rimi Baltic	3,319	3,136	6,513	6,068	13,077	12,632
Apotek Hjärtat	3,224	3,212	6,312	5,995	12,607	12,290
ICA Real Estate	586	594	1,175	1,176	2,381	2,382
ICA Bank	232	214	450	420	889	859
Other segments	341	393	695	914	1,581	1,800
Other	224	234	450	463	919	932
Intra-Group sales	-481	-581	-960	-1,185	-2,073	-2,298
Net sales	26,222	25,542	50,983	49,215	102,989	101,221

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

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
ICA Sweden	878	864	1,647	1,558	3,455	3,366
Rimi Baltic	130	99	225	177	463	415
Apotek Hjärtat ¹⁾	125	79	205	104	310	209
ICA Real Estate	114	106	210	210	456	456
ICA Bank	9	24	24	40	94	110
Other segments	-16	-46	-32	-89	25	-32
Other	-86	-108	-166	-207	-345	-386
Operating profit excluding non-recurring items	1,154	1,018	2,113	1,793	4,458	4,138

1) Includes acquisition and integration costs of SEK -27 million for the second quarter, SEK -80 million accumulated, and SEK -208 million for the full year 2015.



Net financial items and tax

Net financial items amounted to SEK 92 Mkr million during the quarter (-104). Net financial items for the corresponding period a year ago included costs for currency hedges related to the divestment of ICA Norway and fees for the early redemption of loans, which explains the difference between the years. Underlying net financial items were at the same level as in the preceding year.

The tax expense for the quarter was SEK 196 million (175), corresponding to a tax rate of 19.1% (18.2%). Paid tax during the quarter totalled SEK -208 million (-209).

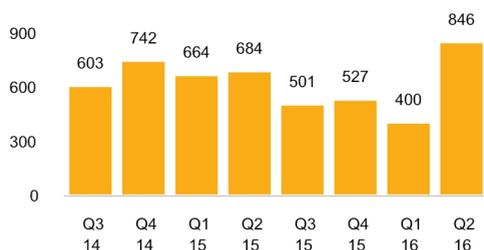
Cash flow

Cash flow from operating activities (excluding ICA Bank) was SEK 439 million lower than in the same period a year ago. Higher earnings were countered by the fact that the decrease in working capital was lower than in 2015, mainly owing to calendar variations. The large change in cash flow before financing activities compared with 2015 is mainly attributable to the divestment of ICA Norway. The divestment of inkClub contributed SEK 265 million to cash flow before financing activities.

Consolidated cash flow statement, excluding ICA Bank

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Cash flow						
From operating activities before change in working capital	1,246	1,181	2,334	2,183	4,939	4,788
Change in working capital	217	721	-340	-256	-326	-242
From operating activities	1,463	1,902	1,994	1,927	4,613	4,546
Investing activities, net	-503	2,112	-549	-1,994	-294	-1,739
Before financing activities	960	4,014	1,445	-67	4,319	2,807

Capex (cash flow), SEKm



Excluding approx. SEK 3.5 bn related to acquisitions in Q1 2015

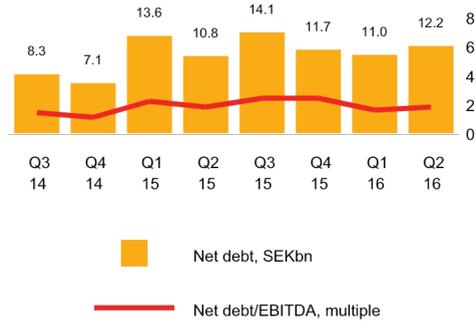
Investments

The Group's investments amounted to SEK 846 million (684) during the quarter. Of this total, SEK 556 million (287) is attributable to the real estate company. The higher level of investment is thus entirely attributable to greater investments by ICA Real Estate. Investments in future store locations are the main reason for the increase. During the second quarter ICA Real Estate sold properties for SEK 51 million (0).

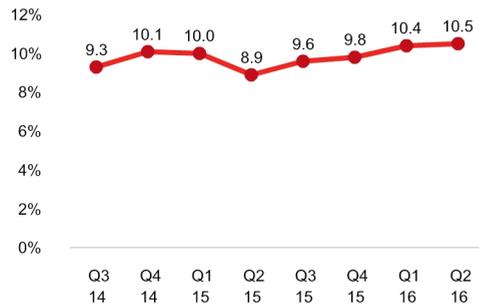
Financial position

Consolidated net debt (excluding ICA Bank and pension liabilities) amounted to SEK 12.2 billion (10.8) at the end of the quarter. The higher level of net debt is attributable to the dividend payout of SEK 2 billion (1.2) during the quarter and a higher level of investment, which were partly offset by the divestment of inkClub and higher earnings. At 30 June, net debt in relation to EBITDA (rolling 12 months) was 1.9 (1.9), which is in line with the Group's long-term target of <2.0.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Important events during the quarter

- inkClub was divested as per 29 June. The purchase price for the shares was SEK 322 million, resulting in a capital loss of SEK 30 million

Important events after the end of the quarter

- No significant events have taken place after the end of the quarter

ICA Sweden

ICA Sweden conducts grocery retail business 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, market communication and store development. ICA Sweden also includes ICA Special, which conducts sales of non-food items at Maxi ICA (Hypermarket) stores.

Net sales and earnings

Second quarter 2016

ICA Sweden's net sales increased by 2.4% compared with the same period a year ago, mainly owing to higher wholesale volume. Dry Groceries, Fruit & Vegetables, Fresh Foods and Non-food were the product categories that performed best.

Operating profit excluding non-recurring items increased by 1.6% to SEK 878 million (864), and the operating margin was unchanged at 4.7% (4.7%). Higher prices resulted in a positive earnings effect, while the higher sales volume from the wholesale operations was countered by lower volume resulting from the sale of several subsidiary stores at the start of the year. This entailed that the total, net volume effect on earnings was negative. High logistics costs continued to have a negative impact on earnings. A slightly higher gross margin and lower store costs compensated for the cost increases.

January–June 2016

ICA Sweden's net sales increased by 2.8% compared with the same period a year ago, and operating profit excluding non-recurring items grew 5.7% to SEK 1,647 million (1,558). Profit for the period included a gain of SEK 27 million related to sales of Group-owned stores to independent retailers. The operating margin grew to 4.5% (4.4%).

Other

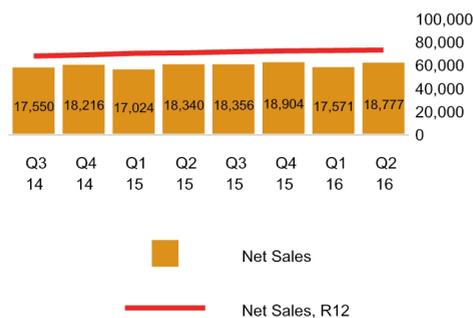
Continued operational disruptions at the Långeberga warehouse resulted in higher costs also during the second quarter and a deficient level of service to ICA stores in southern Sweden. Actions are being taken to restore stability, improve efficiency and bring costs down.

At the end of the period, 179 ICA stores were active with online sales, and sales continue to grow in the online channel. During the first half of the year, focus was on improving the performance of the online platform.

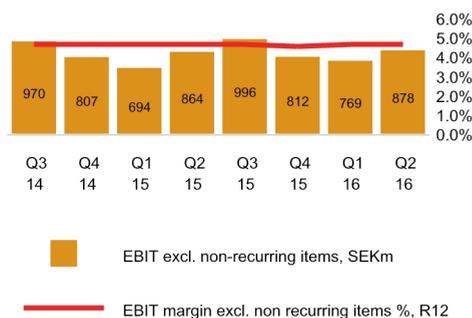
ICA Sweden

	Second quarter		Jan-Jun		12 months	Full Year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm	18,777	18,340	36,348	35,364	73,608	72,624
Operating profit before depreciation/amortisation (EBITDA), SEKm	986	961	1,866	1,748	3,902	3,784
Operating profit excl. non-recurring items, SEKm	878	864	1,647	1,558	3,455	3,366
Operating margin excl. non-recurring items, %	4.7	4.7	4.5	4.4	4.7	4.6
Investments, SEKm	152	158	269	354	695	780
Depreciation/amortisation, SEKm	106	97	217	190	445	418
Number of employees	—	—	7,527	8,061	—	8,242
Private label share of store sales, %	—	—	24.1	23.4	—	23.3

Net Sales, SEKm



EBIT and EBIT margin



The market and ICA store sales

The Swedish grocery retail market grew by 1.0% during the second quarter. The price effect during the quarter was 1.2% (2.6%). The price effect during the preceding quarter was 2.2%.

Sales (excluding VAT) for Swedish ICA stores increased by 2.1% during the quarter and by 1.7% on a like-for-like basis. The sales growth can be credited primarily to a larger number of customer visits, while the average spend decreased slightly.

Product categories that performed strongly during the quarter included Flowers, Ready-made foods and Beverages as well as several non-food categories, including Media, Kitchen, and Clothing and Shoes. Sales of organic products also continued growing. ICA's campaigns during the first half of the year focused on price value under the "It pays" (Det lönar sig) concept. In mid-May ICA launched its "New lower price" (Nytt lägre pris) campaign, under which prices were cut for some 200 products in ICA's private label range.

Private label products as a share of accumulated sales amounted to 24.1% (23.4%).

Given the total market development, the market share for ICA stores grew slightly during the second quarter. Adjusted for price and calendar effects, volume growth was 1.6% for the quarter and 1.2% on a like-for-like basis.

Emphasis in 2016 is on developing and strengthening ICA's offerings in the areas of Health (Hälsa), Organic (Ekologiskt), Local (Lokalproducerade färskvaror) and Price & Promotion (Prisvärdhet) in the four market concepts "Come along & feel good", "Choose organic", "From here" and "It pays". Focus will also be on developing the private label product range and on further improving precision in customer-specific offers via the loyalty programme.

The number of new store establishments is expected to increase in 2016. In all, 16 new stores are planned to be established in 2016. Five new stores have opened thus far in 2016 – all during the second quarter.

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	Second quarter 2016			January-June 2016		
	SEKm	Change all stores, %	Change like-for-like, %	SEKm	Change all stores, %	Change like-for-like, %
Maxi ICA Stormarknad	8,568	1.8	1.1	16,594	4.1	3.1
ICA Kvantum	6,788	1.7	1.5	13,252	3.4	3.1
ICA Supermarket	8,514	1.9	1.7	16,532	2.8	2.7
ICA Nära	4,241	3.5	3.5	8,129	3.9	4.2
Total	28,111	2.1	1.7	54,507	3.5	3.1

Number of stores in Sweden

Format	December 2015	New	Converted	Closed	June 2016
Maxi ICA Stormarknad	81	—	—	—	81
ICA Kvantum	123	—	—	—	123
ICA Supermarket	431	3	-1	-3	430
ICA Nära	671	2	1	-9	665
Total	1,306	5	—	-12	1,299

Rimi Baltic

Rimi Baltic conducts grocery retail business via 261 wholly owned stores in Estonia, Latvia and Lithuania. Rimi Baltic includes the Rimi Hypermarket and Rimi Supermarket store formats, and the Säästumarket and Supernetto discount chains. Rimi Baltic also includes the properties owned by the Group in the Baltic countries.

Net sales and earnings

Second quarter 2016

The total market for the three Baltic countries grew 3.4% during the second quarter. Inflation during the quarter was approximately 1.5%, which was higher than during the preceding quarter, when inflation was 0.6%.

Rimi Baltic's net sales increased by 5.8% during the quarter; the increase in local currency was 6.1%. The increase was driven primarily by new stores. On a like-for-like basis, sales grew by 1.2%. During the quarter Rimi Baltic opened six new stores, and compared with the same period in 2015 the number of stores increased by 12. Taken overall, Rimi Baltic continued to grow its market share in the region.

Gross profit improved, and operating profit before non-recurring items rose 31% to SEK 130 million (99). The earnings improvement is attributable to both price and volume. More effective campaigns, improved purchasing prices and higher store productivity continue to be key drivers of earnings growth. This development was countered to some degree by higher store costs, mainly owing to new stores and higher personnel costs. The operating margin widened to 3.9% (3.2%).

January–June 2016

Rimi Baltic's net sales increased by 7.3% during the period; the increase in local currency was 7.8%. The increase was driven primarily by new stores.

Operating profit excluding non-recurring items rose 27% to SEK 225 million (177). The earnings improvement is attributable to both prices and volume. The operating margin widened to 3.5% (2.9%).

Other

Profit for the quarter included a capital gain of SEK 1 million (64) on the sale of a property, which is reported as a non-recurring item.

Rimi Baltic

	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm	3,319	3,136	6,513	6,068	13,077	12,632
Operating profit before depreciation/ amortisation (EBITDA), SEKm	205	235	378	385	800	807
Operating profit excl. non-recurring items, SEKm	130	99	225	177	463	415
Operating margin excl. non-recurring items, %	3.9	3.2	3.5	2.9	3.5	3.3
Investments, SEKm	73	98	167	171	380	384
Depreciation/amortisation, SEKm	73	72	147	144	293	290
Number of employees	—	—	9,630	9,228	—	9,562
Private label share of sales, %	—	—	22.9	21.5	—	21.3
EUR/SEK exchange rate, average	9,2759	9,3015	9,3011	9,3391	9,3333	9,3528

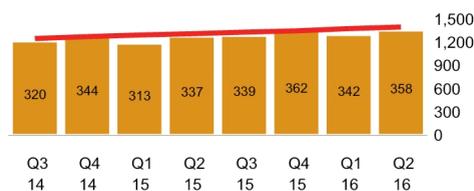
Store sales in the Baltic countries

	Second quarter 2016			January-June 2016		
	EURm	Change all stores	Change like-for-like,	EURm	Change all stores	Change like-for-like
Store sales excl. VAT						
Estonia	98	4.7	3.1	189	5.3	3.5
Latvia	180	4.2	-0.5	352	5.9	1.1
Lithuania	78	12.8	2.7	155	15.5	4.3
Total	356	6.1	1.2	696	7.8	2.4

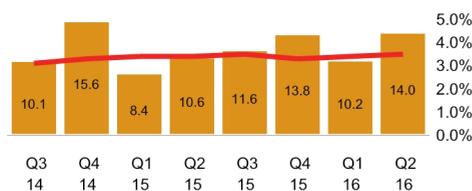
Number of stores in Baltic countries

Country	December 2015	New	Closed	June 2016
Estonia	87	3	-2	88
Latvia	117	1	—	118
Lithuania	52	5	-2	55
Total	256	9	-4	261

Net Sales, EURm



EBIT and EBIT margin



Net Sales
Net Sales, R12

EBIT excl. non-recurring items, EURm
EBIT margin excl. non-recurring items %, R12

Apotek Hjärtat

Apotek Hjärtat has been part of ICA Gruppen since the start of 2015. With 387 pharmacies in Sweden, Apotek Hjärtat is the second-largest player in the Swedish pharmacy market.

Net sales and earnings

Second quarter 2016

The total pharmacy market in Sweden grew 7.9% during the quarter compared with the same period in 2015. Traded goods showed the highest growth, at 11.3%. Apotek Hjärtat's growth was 7.3% for the second quarter compared with a year ago, with a 5.7% rise in like-for-like sales. Adjusted for effects of the pharmacy divestments carried out during the quarter, Apotek Hjärtat's growth was in line with growth in the overall market.

Net sales for the quarter amounted to SEK 3,224 million (3,212). Net sales for the preceding quarter include sales of SEK 207 million from divested operations. The increase was driven primarily by new pharmacies and a positive calendar effect. Operating profit excluding non-recurring items was SEK 125 million (79). Operating profit for the corresponding period a year ago included acquisition and integration costs of SEK 27 million and operating profit of approximately SEK 3 million from divested operations. The underlying operating profit thus increased by 20%, or SEK 22 million. Higher sales volume and realised synergies were partly countered by higher pharmacy costs, mainly owing to more pharmacies. The operating margin was 3.9% (2.5%).

Focus in 2016 will be on achieving greater sales in established, like-for-like pharmacies, expanding the e-commerce channel, launching more private label products, conducting initiatives together with ICA Sweden to strengthen the position in Health, developing the Minute Clinics, and achieving more efficient logistics.

January–June 2016

Net sales for the period rose 5.3% to SEK 6,312 million (5,995). Operating profit excluding non-recurring items totalled SEK 205 million (104), an increase of SEK 101 million. Operating profit for the corresponding period a year ago included acquisition and integration costs of SEK 80 million. Underlying earnings growth was thus SEK 21 million, or 11.4%. The operating margin was 3.2% (1.7%).

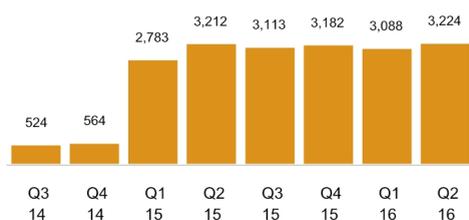
Apotek Hjärtat

	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm	3,224	3,212	6,312	5,995	12,607	12,290
Of which, prescription drugs	2,381	2,410	4,675	4,432	9,436	9,193
Of which, OTC drugs	367	355	720	695	1,370	1,345
Of which, other products and services	476	447	917	868	1,801	1,752
Operating profit before depreciation/ amortisation (EBITDA), SEKm	157	114	269	175	448	354
Operating profit excl. non-recurring items, SEKm	125	79	205	104	310	209
Operating margin excl. non-recurring items, %	3.9	2.5	3.2	1.7	2.5	1.7
Investments, SEKm	42	12	87	24	158	95
Depreciation/amortisation, SEKm	33	35	65	71	149	155
Number of employees	—	—	3,199	3,070	—	3,113
Private label share of other products, %	—	—	16.8	17.4	—	14.2

Number of pharmacies

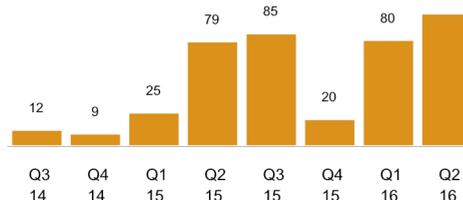
	December 2015	New	Closed	June 2016
Apotek Hjärtat	390	11	-14	387

Net sales, SEKm



Net sales (2014 only Cura)

Operating profit



EBIT excl. non-recurring items (2014 only Cura), SEKm

ICA Real Estate

ICA Real Estate's mission is to satisfy the Group'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 2016

Net sales were slightly lower during the quarter compared with a year ago and totalled SEK 586 Mkr (594). The addition of rental income during the period from new investments was lower than the effect of the divestments made in Norway and Sweden.

Despite this, operating profit excluding non-recurring items was slightly higher than a year ago, SEK 114 million (106), which is due to the fact that depreciation is no longer charged for the Norwegian properties, which are all held for sale. The discontinuation of depreciation generated an earnings effect of SEK 23 million compared with the same quarter a year ago. In addition, the earnings contribution from joint ventures was slightly higher, and operating costs were lower.

January–June 2016

Net sales for the period totalled SEK 1,175 million (1,176). Operating profit excluding non-recurring items was at the same level as in 2015, SEK 210 million (210).

Other

Investments during the second quarter were higher than during the same period in 2015, by SEK 269 million, mainly attributable to investments in future store locations in Stockholm and Gothenburg.

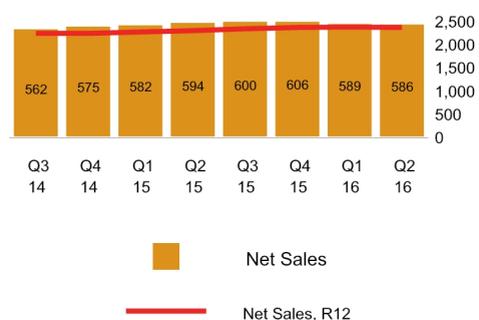
Capital gains of SEK 20 million (-) on sales of Norwegian properties and impairment losses of SEK -28 million (-3) for property values, mainly in Norway, are reported as non-recurring items.

Sales of individual properties in Norway continued during the quarter, and the sales process for the remaining properties is currently in progress. These properties are reported as assets held for sale as of 31 March 2016 and are at the same time no longer depreciated. The book value was SEK 1.6 billion as per 30 June.

ICA Real Estate

	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm	586	594	1,175	1,176	2,381	2,382
Of which, rental income from owned properties, SEKm	275	301	552	586	1,153	1,187
Operating profit before depreciation/ amortisation (EBITDA), SEKm	249	243	508	477	1,176	1,145
Operating profit excl. non-recurring items, SEKm	114	106	210	210	456	456
Operating margin excl. non-recurring items, %	19.5	17.8	17.9	17.9	19.2	19.1
Investments, SEKm	556	287	665	616	973	924
Divestments, SEKm	51	0	307	0	1,485	1,178
Depreciation/amortisation, SEKm	115	137	240	267	497	524
Yield, %	—	—	6.9	6.9	—	7.4
Occupancy rate, %	—	—	98.3	98.2	—	98.3
Number of owned properties	—	—	176	186	—	175
Number of owned square metres, 000 sq. m.	—	—	753	841	—	768
Number of employees	—	—	86	84	—	86

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

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

Revenue and earnings

Second quarter 2016

ICA Bank's revenue grew 8.4% during the quarter, to SEK 232 million (214), owing to the insurance operations that were started during the autumn of 2015. The bank's underlying level of revenue was lower, mainly owing to a decrease in net interest income. The negative impact of the low repo rate was countered only partly by changed pricing of customer loans. Net commissions were unchanged. Total business volume developed favourably, especially with respect to insurance, home mortgages and deposits.

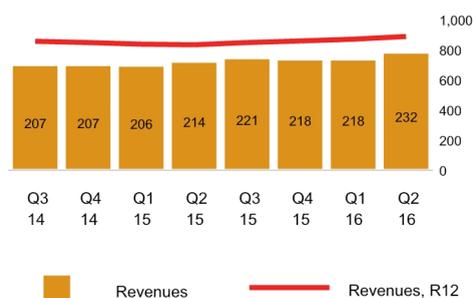
Operating profit excluding non-recurring items totalled SEK 9 million (24). A number of measures have led to lower costs, which partly compensated for the earnings impact of the decrease in net interest income. However, a negative earnings contribution from the insurance business during the ongoing start-up phase and higher loan losses by SEK 6 million resulted in considerably lower earnings overall. The start-up of the insurance company is proceeding according to plan.

January–June 2016

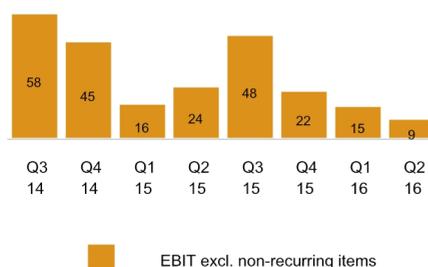
Revenue increased to SEK 450 million (420) during the period, and operating profit excluding non-recurring items was SEK 16 million lower than for the same period a year ago, totalling SEK 24 million (40).

ICA Bank	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Revenues, SEKm	232	214	450	420	889	859
Of which, net interest income, SEKm	94	103	194	201	388	395
Operating profit before depreciation/ amortisation (EBITDA), SEKm	17	31	39	54	391	406
Operating profit excl. non-recurring items, SEKm	9	24	24	40	94	110
C/I ratio, %	—	—	89.2	87.0	—	84.0
Return on equity, %	—	—	17.6	7.6	—	19.3
Loan loss ratio, %	—	—	-0.5	-0.3	—	1.9
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	17.2	16.5	—	18.0
Business volume, SEKm	—	—	30,229	27,552	—	28,859
Number of employees	—	—	352	332	—	338

Revenues, SEKm



EBIT excl. non-recurring items, SEKm



Other segments

Hemtex is a home textile retail chain with stores in Sweden, Finland and Estonia. With a total of 160 stores, Hemtex is the Nordic region's leading home textile chain.

Net sales and earnings

Second quarter 2016 – Hemtex

Hemtex's net sales were slightly lower than in the same period a year ago. A positive price effect was countered by a negative volume effect arising from a lower number of customers. Operating profit before non-recurring items improved by SEK 6 million to SEK -24 million (-30). The difference is attributable to exchange rate losses of approximately SEK 8 million during the same period a year ago.

A comprehensive, strategic review is currently being carried out in the aim of achieving long-term sustainable profitability.

January–June 2016 – Hemtex

Hemtex's net sales were slightly lower than in the same period a year ago and totalled SEK 453 million (463). Operating profit excluding non-recurring items was SEK 7 million higher than in the same period a year ago, totalling SEK -51 million (-58). The difference is mainly attributable to the exchange rate effect referred to above.

inkClub

Net sales during the quarter amounted to SEK 115 million (119), and operating profit excluding non-recurring items was SEK 8 million (-9). inkClub was divested during the second quarter, and the transaction was completed on 29 June 2016. The purchase price was SEK 322 million and gave rise to a capital loss of approximately SEK 30 million, which is recognised as a non-recurring item during the second quarter.

Other

Figures for the preceding year included the sale of the company Cervera, for SEK 35 million, with a resulting capital loss of SEK -7 million.

Other segments	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm	341	393	695	914	1,581	1,800
Operating profit/loss after depreciation/ amortisation (EBITDA), SEKm	-40	-51	-46	-81	33	-2
Operating profit/loss excl. non-recurring items, SEKm	-16	-46	-32	-89	25	-32
Operating margin excl. non-recurring items, %	-4.7	-11.7	-4.6	-9.7	1.6	-1.8
Investments, SEKm	3	7	8	24	17	33
Depreciation/amortisation, SEKm	6	10	16	21	36	41
Number of employees	—	—	644	804	—	725

Other segments	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales, SEKm						
Hemtex	226	239	453	463	1,098	1,108
inkClub	115	119	242	262	483	503
Other companies	0	35	0	189	—	189
Total	341	393	695	914	1,581	1,800

Other segment	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Operating profit excl. non-recurring items, SEKm						
Hemtex	-24	-30	-51	-58	-16	-23
inkClub	8	-9	19	-8	41	14
Other companies	0	-7	0	-23	—	-23
Total	-16	-46	-32	-89	25	-32

Store sales	Second quarter 2016			January-June 2016		
	SEKm	Change all stores,%	Change like-for-like,%	SEKm	Change all stores	Change like-for-like
Hemtex	239	-2.7	-3.5	474	-0.2	-1.7

Number of stores, incl. franchise stores	December 2015	New	Closed	June 2016
	Hemtex	162	0	-2

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 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 the 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 planning 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.

ICA Gruppen has significant exposure to the Swedish and Baltic grocery retail sector, and to the Swedish pharmacy market. Economic downturns and political decisions are factors that could have a negative impact on the Group's sales and earnings. ICA Gruppen's finance policy stipulates how financial risks are to be managed and mitigated. The policy also provides a framework for the Group's treasury management. More information about risk management is provided on pages 54-57 of ICA Gruppen's 2015 Annual Report.

Related party transactions

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

Share information

ICA Gruppen's share capital amounts to SEK 502,866,988, distributed among 201,146,795 shares, each with a share quota value of SEK 2.50. All shares have the same voting rights and carry equal dividend entitlement.

Ownership structure – Largest identified shareholders in ICA Gruppen as per

30 June 2016

	Number of shares	Share of capital and votes, %
ICA-handlarnas förbund	103,163,599	51.3%
Industrivärden	20,625,000	10.3%
SEB Investment Management	3,119,712	1.6%
L Jönsson	1,279,601	0.6%
Pensionskassan SHB försäkringsförening	900,000	0.4%
Folksam	753,161	0.4%
C-G Sylvén	657,889	0.3%
U Davidson	630,000	0.3%
Spiltan fonder	574,959	0.3%
Skandia Försäkring	559,942	0.3%
Ten largest shareholders total:	132,263,863	65.8%
Other Swedish shareholders	50,754,540	25.2%
Other foreign shareholders	18,128,392	9.0%
Total	201,146,795	100.0%

Source: Euroclear Sweden AB. (The table includes sums of holdings per owner)

Parent Company

As per 1 February 2016 ICA Gruppen AB acquired assets and liabilities from the subsidiary ICA Finans AB as a step in combining ICA Gruppen's entire treasury function within the Group's parent company. All assets and liabilities were acquired at fair market value. Previously, the Parent Company's revenues from Group companies were recognised as reduced costs. These revenues and expenses are now reported gross. Figures for previous years have been adjusted accordingly.

Second quarter 2016

The Parent Company's net sales amounted to SEK 206 million (217). Profit before tax amounted to -SEK 62 million (621). The acquisition of assets and liabilities from ICA Finans AB has increased total assets and improved net financial items. During the second quarter of 2015, dividends of SEK 800 million were received from subsidiaries. This year, no dividends were received during the second quarter.

January–June 2016

The Parent Company's net sales amounted to SEK 418 million (431). Profit before tax amounted to SEK 178 million (436). The acquisition of assets and liabilities from ICA Finans AB has increased total assets and improved net financial items. Dividends received from subsidiaries were SEK 500 million lower than in the preceding year.

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year
		2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales		26,222	25,542	50,983	49,215	102,989	101,221
Cost of goods sold		-22,723	-22,155	-44,244	-42,627	-89,121	-87,504
Gross profit		3,499	3,387	6,739	6,588	13,868	13,717
Other operating income		90	154	226	235	895	904
Selling expenses		-1,731	-1,754	-3,402	-3,478	-6,890	-6,966
Administrative expenses		-720	-694	-1,429	-1,426	-2,812	-2,809
Other operating expenses		-29	-32	-54	-85	-236	-267
Share of profits of associates and joint ventures	2	8	4	13	8	20	15
Operating profit	3	1,117	1,065	2,093	1,842	4,845	4,594
Financial income		9	13	20	22	40	42
Financial expenses		-101	-117	-201	-217	-395	-411
Profit before tax		1,025	961	1,912	1,647	4,490	4,225
Tax		-196	-175	-348	-332	-520	-504
Profit for the period from continuing operations		829	786	1,564	1,315	3,970	3,721
Profit/loss from discontinued operations		0	1,179	0	1,189	3	1,192
Profit for the period		829	1,965	1,564	2,504	3,973	4,913
Other comprehensive income, items that may not be reclassified to profit or loss							
Remeasurement defined benefit pensions		-100	464	-100	103	24	227
Other comprehensive income, items that may be reclassified to profit or loss, net after tax							
Change in translation reserve		64	-39	101	-61	-4	-166
Change in hedging reserve		35	-33	11	-121	43	-89
Share of other comprehensive income of joint ventures		-2	17	-11	9	-8	12
Total items that may be reclassified to profit or loss		97	-55	101	-173	31	-243
Comprehensive income for the period		826	2,374	1,565	2,434	4,028	4,897
Profit for the period attributable to							
Owners of the parent		829	1,938	1,563	2,453	3,965	4,855
Non-controlling interests		0	27	1	51	8	58
Comprehensive income for the period attributable to							
Owners of the parent		829	2,340	1,572	2,380	4,030	4,838
Non-controlling interests		-3	34	-7	54	-2	59
Earnings per share before and after dilution, SEK¹							
Ordinary share		4.12	9.63	7.77	12.19	19.72	24.14
Ordinary share, continuing operations		4.12	3.77	7.77	6.28	19.70	18.21
Ordinary share, discontinued operations		0.00	5.86	0.00	5.91	0.02	5.93

¹ Earnings per share have decreased by an amount corresponding to the dividend to preference shareholders in ICA Fastigheter Sverige AB. The effect is SEK 0.19 per share per quarter through the second quarter of 2015.

Condensed consolidated statement of financial position

	Note	30 June 2016	30 June 2015	31 December 2015
ASSETS				
Non-current assets				
Goodwill		16,301	16,322	16,301
Trademarks		13,341	13,636	13,630
Other intangible assets		974	979	978
Interests in joint ventures and associates	2	756	760	758
Deferred tax assets		460	289	456
Lending and investments in ICA Bank		8,156	6,932	6,962
Land, buildings and investment properties		13,392	15,277	14,546
Other non-current assets		2,092	1,976	2,200
Total non-current assets		55,472	56,171	55,831
Current assets				
Inventories		4,523	4,314	4,452
Lending and investments in ICA Bank		2,527	2,859	2,918
Other current assets		6,538	5,987	6,766
Cash and cash equivalents in ICA Bank		3,393	3,469	3,875
Cash and cash equivalents		549	504	736
Total current assets		17,530	17,133	18,747
Assets held for sale	4	1,649	949	338
TOTAL ASSETS		74,651	74,253	74,916
EQUITY AND LIABILITIES				
Equity				
		27,620	29,169	28,075
Non-current liabilities				
Provisions		2,342	2,289	2,159
Deferred tax liabilities		4,621	4,961	4,919
Non-current interest-bearing liabilities		7,704	9,795	7,721
Other non-current liabilities		180	169	146
Total non-current liabilities		14,847	17,214	14,945
Current liabilities				
Deposits ICA Bank		12,477	11,506	11,966
Current interest-bearing liabilities		4,657	1,555	4,712
Other current liabilities		14,873	14,700	15,199
Total current liabilities		32,007	27,761	31,877
Liabilities held for sale	4	177	109	19
TOTAL EQUITY AND LIABILITIES		74,651	74,253	74,916
Pledged assets		1,276	2,541	1,298
Contingent liabilities		91	190	100

Condensed consolidated statement of cash flows

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year
		2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Operating profit		1,117	2,221	2,093	3,008	4,835	5,750
Depreciation, amortisation and impairment		394	383	802	752	1,647	1,597
Other non-cash items		-55	-1,197	-133	-1,145	-657	-1,669
Income tax paid		-208	-209	-412	-436	-805	-829
Cash flow from operating activities before change in working capital		1,248	1,198	2,350	2,179	5,020	4,849
Change in working capital:							
Inventories		-73	53	-146	3	-306	-157
Current receivables		-214	-44	200	-545	-305	-1,050
Current liabilities		557	731	72	476	637	1,041
ICA Bank's net of deposits, lending and investments		267	773	-293	914	-45	1,162
Cash flow from operating activities		1,785	2,711	2,183	3,027	5,001	5,845
Acquisitions of property, plant and equipment and intangible assets		-846	-684	-1,246	-1,348	-2,274	-2,376
Sales of property, plant and equipment and intangible assets		60	2,767	326	204	1,729	1,607
Acquisition of Apotek Hjärtat		—	—	—	-3,499	—	-3,499
Sales of subsidiaries		265	—	329	2,600	385	2,656
Investments in joint ventures		—	—	—	—	-138	-138
Change in financial assets		—	-11	—	-2	5	3
Interest received		10	11	20	20	40	40
Cash flow from investing activities		-511	2,083	-571	-2,025	-253	-1,707
Sale of treasury shares		—	43	—	43	—	43
Acquisition of shares in Hemtex AB		—	—	—	—	-219	-219
Dividend paid		-2,012	-1,168	-2,012	-1,205	-2,050	-1,243
Redemption of preference shares		—	—	—	—	-3,300	-3,300
Change in loans		1,015	-2,739	-38	-1,874	1,056	-780
Interest paid		-123	-143	-174	-225	-317	-368
Cash flow from financing activities		-1,120	-4,007	-2,224	-3,261	-4,830	-5,867
Cash flow for the period	5	154	787	-612	-2,259	-82	-1,729
Cash and cash equivalents at start of period		3,794	3,189	4,611	6,258	3,973	6,258
Exchange differences in cash and cash equivalents		-6	-3	-57	-26	51	82
Cash and cash equivalents at end of period	5	3,942	3,973	3,942	3,973	3,942	4,611

Disclosure on cash flow from discontinued operations

ICA Norway's operating profit amounted to SEK 0 million (1,155) for the second quarter and SEK 0 million (1,166) accumulated. ICA Norway's cash flow is included in cash flow from operating activities in the amount of SEK 0 million (26) for the second quarter and SEK 0 million (121) accumulated, in cash flow from investing activities in the amount of SEK 0 million (2,467) for the second quarter and SEK 0 million (2,449) accumulated, and in cash flow from financing activities in the amount of SEK 0 million (0) for the second quarter and SEK 0 million (-1) accumulated.

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 2016		28,041	34	28,075
Change in non-controlling interests		0	-8	-8
Dividend		-2,012	—	-2,012
Comprehensive income for the period		1,572	-7	1,565
Closing equity, 30 June 2016		27,601	19	27,620

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
Divestment of treasury shares		43	—	43
Early redemption of preference shares		-300	300	—
Comprehensive income for the period		2,380	54	2,434
Closing equity, 30 June 2015		25,699	3,470	29,169

Supplementary disclosures – Group

NOTE 1, ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles and calculation methods are the same as those applied in the 2015 Annual Report. For 2016 only a few amendments have been published by IASB and IFRIC. These amendments have not had any material impact on ICA Gruppen's financial statements.

New standards from IASB with relevance for ICA Gruppen that have not been endorsed by the EU

IFRS 15 *Revenues from Contracts with Customers* was published in May 2014 with a decision in 2015 to push back its effective date to financial years that begin on 1 January 2018 or later. In April 2016 IASB published clarifications of certain parts of IFRS 15. IFRS 15 is expected to be endorsed by the EU during the second half of 2016. Within ICA Gruppen an analysis is being conducted of the effects that implementation will have on the financial statements. This analysis is expected to be completed in 2016. The main source of revenue for ICA Gruppen consists of sales of goods in which ICA Gruppen's performance undertaking is usually clear in its character. However, certain contracts exist in which ICA Gruppen's role needs to be analysed in relation to the rules of IFRS 15 in order to be able to determine the effect of implementation.

IFRS 9 *Financial instruments* was published in July 2014. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement*. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments, and hedge accounting. It takes effect for financial years that begin on 1 January 2018 or later. ICA Gruppen is currently assessing the effects of IFRS 9, particularly with respect to measurement of loan losses. IFRS 9 is expected to be endorsed by the EU during the second half of 2016.

IFRS 16 *Leasing* was published in January 2016. Provided that the EU endorses the standard, IFRS 16 will come into force in 2019. IFRS 16 addresses lessees' reporting of their leases. Lessors are to continue reporting leases in the manner prescribed by the current IAS 17 *Leases*. IFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The asset is expensed over the term of the lease. Lease payments are split into an interest component and amortisation of the debt. ICA Gruppen has a large number of lease contracts. In terms of value, the most significant lease contracts pertain to properties that ICA Gruppen leases in and in many cases leases out to non-consolidated ICA retailers. ICA Gruppen began working on implementation of IFRS 16 in 2016. This work involves an analysis of the standard and its effect on ICA Gruppen's financial statements. At present it is not possible to quantify the effects of implementation of IFRS 16, however, implementation will have a significant effect on ICA Gruppen's financial statements.

Important assumptions and assessments

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect application of the accounting principles and the amounts reported in the income statement and carried on 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 these estimates and assessments.

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

SEKm	Book value 30 June		Share of profit Apr.- Jun.	
	2016	2015	2016	2015
Ancore Fastigheter AB	664	758	8	7
Secore Fastigheter AB	89	—	4	—
Fastighetsaktiebolaget Postgården AB	3	—	—	—
Other	—	2	1	1
Total	756	760	13	8

Information regarding Ancore Fastigheter AB

Ancore Fastigheter AB is joint arrangement between the pension insurance company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Ancore must be made as a joint understanding between the two owners. Ancore Fastigheter AB owns and manages 30 properties in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on this arrangement, Ancore Fastigheter AB constitutes a joint venture. Consolidation is done according to the equity method.

Ancore Fastigheter AB SEKm	Second quarter		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Income	99	100	197	196	391
Expenses	-40	-43	-84	-83	-164
Operating profit	59	57	113	113	227
Net financial items	-44	-45	-87	-88	-178
Tax	-5	-6	-9	-11	-21
Profit for the period	10	6	17	14	28
Other comprehensive income	-4	25	-23	18	25
Comprehensive income for the period	6	31	-6	32	53
Non-current assets			4,727	4,800	4,772
Current assets			134	77	85
Total assets			4,861	4,877	4,857
Equity			-65	-80	-59
Shareholder loan			1,326	1,526	1,326
Non-current liabilities			3,275	3,194	3,275
Current liabilities			325	237	315
Total equity and liabilities			4,861	4,877	4,857

Information regarding Secore Fastigheter AB

Secore Fastigheter AB is a joint arrangement between Första AP-fonden and ICA Gruppen that was started in December 2015 through Secore's acquisition of 13 store properties from ICA Gruppen. The company's purpose is to acquire and own ICA stores in strategic locations. The stores are operated by non-consolidated ICA retailers. The parties each own 50% of the company. All significant decisions about the operations of Secore must be made as a joint understanding between the two owners. Based on all relevant data in the joint arrangement, Secore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Secore fastigheter AB SEKm	Second quarter		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Income	19	—	38	—	6
Expenses	-7	—	-18	—	-3
Operating profit	12	—	20	—	3
Net financial items	-7	—	-14	—	-2
Tax	-3	—	-4	—	-1
Profit for the period	2	—	2	—	—
Other comprehensive income	—	—	—	—	—
Comprehensive income for the period	2	—	2	—	—
Non-current assets			1,106	—	1,113
Current assets			51	—	50
Total assets			1,157	—	1,163
Equity			60	—	58
Shareholder loan			410	—	410
Non-current liabilities			656	—	654
Current liabilities			31	—	41
Total equity and liabilities			1,157	—	1,163

NOTE 3, NON-RECURRING ITEMS

SEKm	Second quarter		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Operating profit excl. non-recurring items	1,154	1,018	2,113	1,793	4,138
Capital gains on sale of non-current assets					
Other segments, Forma	—	-7	—	-7	-7
Other segments, inkClub	-30	—	-30	2	2
Other segments, Cervera	—	-8	—	-8	-8
ICA Real Estate	20	—	58	—	165
Rimi Baltic	1	64	5	64	102
Apotek Hjärtat	—	—	—	—	-10
ICA Bank	—	—	—	—	267
Others	1	2	1	2	3
Impairment					
ICA Real Estate	-28	-3	-53	-3	-49
Rimi Baltic	-1	-1	-1	-1	-9
Operating profit	1,117	1,065	2,093	1,842	4,594

NOTE 4, ASSETS AND LIABILITIES HELD FOR SALE

As per 30 June 2016, all properties in Norway, one property in Sweden, and two properties in the Baltic countries are reported as assets held for sale. Liabilities held for sale pertain to the Norwegian properties.

As per 30 June 2015, 13 properties in Sweden and Apotek Hjärtat's care and nursing business were reported as assets held for sale. Liabilities held for sale consisted of liabilities belonging to the operations of Apotek Hjärtat's care and nursing business.

As per 31 December 2015, 13 properties in Sweden, Norway and the Baltic countries were reported as assets held for sale. Liabilities held for sale consisted of a provision for a property in Norway.

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

SEKm	Group 2016	ICA Bank 2016	Group excl. Bank
Cash flow from operating activities before change in working capital	2,350	16	2,334
Change in working capital			
Inventories	-146	0	-146
Current receivables	200	208	-8
Current liabilities	72	258	-186
ICA Bank's net of deposits, lending and investments	-293	-293	—
Cash flow from operating activities	2,183	189	1,994
Cash flow from investing activities	-571	-22	-549
Cash flow from financing activities	-2,224	-650	-1,574
Cash flow for the period	-612	-483	-129
Cash and cash equivalents at the beginning of the period	4,611	3,875	736
Exchange differences in cash and cash equivalents	-57	0	-57
Cash and cash equivalents at the end of the period	3,942	3,393	549

NOTE 6, FINANCIAL INSTRUMENTS

As per 30 June 2016, financial assets measured at fair value in ICA Gruppen amounted to SEK 3,137 million (2,189). Financial liabilities measured at fair value amounted to SEK 294 million (275) as per 30 June 2016. In the fair value hierarchy, SEK 2,355 million (1,454) of financial assets are attributable to Level 1 and SEK 782 million (735) are attributable to Level 2. The carrying amount corresponds to fair value for all assets and liabilities, except for bond issues, where the fair value exceeds the carrying amount by SEK 242 million (309).

Condensed Parent Company income statement

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Net sales ¹⁾	206	217	418	431	851	864
Cost of services sold	-191	-207	-387	-410	-796	-819
Gross profit	15	10	31	21	55	45
Administrative expenses	-101	-111	-193	-224	-393	-424
Operating profit/loss	-86	-101	-162	-203	-338	-379
Profit/loss from participations in Group companies	—	806	300	800	3,208	3,708
Financial income, Group companies	104	—	181	—	191	10
Financial income	-2	—	4	—	4	—
Financial expenses, Group companies	-4	—	-7	—	-55	-48
Financial expenses	-74	-84	-138	-161	-204	-227
Profit/loss after financial items	-62	621	178	436	2,806	3,064
Appropriations	—	—	—	—	594	594
Profit before tax	-62	621	178	436	3,400	3,658
Tax	13	39	26	77	-41	10
Profit for the period	-49	660	204	513	3,359	3,668

1) Of net sales for the second quarter, SEK 193 million (207) pertain to Group companies, accumulated SEK 391 million (410).

Condensed Parent Company balance sheet

SEKm	30 June 2016	30 June 2015	31 December 2015
ASSETS			
Non-current assets			
Investments in Group companies	30,112	29,794	30,105
Other intangible assets	89	86	103
Deferred tax assets	222	217	223
Other non-current assets	156	113	108
Total non-current assets	30,579	30,210	30,539
Current assets			
Current receivables from Group companies	25,243	171	3,264
Other current assets	198	162	107
Cash and cash equivalents	208	—	—
Total current assets	25,649	333	3,371
TOTAL ASSETS	56,228	30,543	33,910
EQUITY AND LIABILITIES			
Equity	21,049	19,702	22,857
Provisions	354	325	351
Non-current liabilities			
Non-current interest-bearing liabilities	6,483	8,473	6,478
Other non-current liabilities	180	—	—
Total non-current liabilities	6,663	8,473	6,478
Current liabilities			
Current interest-bearing liabilities	4,648	1,740	3,859
Current liabilities to Group companies	23,127	4	9
Other current liabilities	387	299	356
Total current liabilities	28,162	2,043	4,224
TOTAL EQUITY AND LIABILITIES	56,228	30,543	33,910

Quarterly overview

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net sales, SEKm	22,016	23,180	23,673	25,542	25,517	26,489	24,761	26,222
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,616	1,423	1,146	1,448	1,708	1,889	1,384	1,511
Operating profit (EBIT) excl. non-recurring items, SEKm	1,172	1,081	775	1,018	1,321	1,024	959	1,154
Operating margin excl. non-recurring items, %	5.3	4.7	3.3	4.0	5.2	3.9	3.9	4.4
Operating profit (EBIT), SEKm	904	1,065	777	1,065	1,278	1,474	976	1,117
Operating margin, %	4.1	4.6	3.3	4.2	5.0	5.6	3.9	4.3
Profit before tax, SEKm	823	951	686	961	1,185	1,393	887	1,025
Profit from continuing operations, SEKm	676	807	529	786	979	1,427	735	829
Profit/loss from discontinued operations, SEKm	-181	72	10	1,179	1	2	—	—
Profit for the period, SEKm	495	879	539	1,965	980	1,429	735	829
Earnings per share, continuing operations, SEK	3.19	3.74	2.51	3.77	4.83	7.10	3.65	4.12
Earnings per share, discontinued operations, SEK	-0.90	0.36	0.05	5.86	—	0.02	—	—
Earnings per share, SEK	2.29	4.09	2.56	9.63	4.83	7.12	3.65	4.12
Equity per share, SEK	120.21	122.91	123.12	127.76	132.57	139.41	143.10	137.22
Share price at the end of period, SEK	235.90	305.80	289.10	294.10	283.00	307.40	268.60	281.70
Return on equity, %	7.9	9.3	10.2	15.3	15.4	16.6	17.3	13.3
Return on capital employed, %	9.3	10.1	10.0	8.9	9.6	9.8	10.4	10.5
Cash flow from operating activities, continuing operations, SEKm	395	1,676	221	2,685	955	1,862	398	1,785
Cash flow from operating activities, SEKm	551	1,454	316	2,711	956	1,862	398	1,785
Cash flow per share from operating activities, continuing operations, SEKm	1.96	8.34	1.10	13.35	4.75	9.26	1.98	8.87
Cash flow per share from operating activities, SEKm	2.74	7.23	1.57	13.48	4.75	9.26	1.98	8.87
Investing activities, continuing operations (cash flow), SEKm	558	682	4,144	684	501	527	400	846
Investing activities (cash flow), SEKm	603	742	4,163	684	501	527	400	846
Net debt, SEKm	-8,276	-7,058	-13,596	-10,845	-14,132	-11,697	-10,987	-12,161
Net debt/EBITDA	1.5	1.2	2.3	1.9	2.5	1.9	1.7	1.9

Quarterly data by segment

Net sales by segment

SEKm	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
ICA Sweden	17,550	18,216	17,024	18,340	18,356	18,904	17,571	18,777
Rimi Baltic	2,952	3,195	2,932	3,136	3,196	3,368	3,194	3,319
Apotek Hjärtat	524	564	2,783	3,212	3,113	3,182	3,088	3,224
ICA Real Estate	562	575	582	594	600	606	589	586
ICA Bank	207	207	206	214	221	218	218	232
Other segments	579	833	521	393	380	506	354	341
Other	216	207	229	234	232	237	226	224
Intra-Group sales	-574	-617	-604	-581	-581	-532	-479	-481
Net sales	22,016	23,180	23,673	25,542	25,517	26,489	24,761	26,222

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
ICA Sweden	1,056	909	787	961	1,102	934	880	986
Rimi Baltic	220	218	150	235	182	240	173	205
Apotek Hjärtat	24	14	61	114	125	54	112	157
ICA Real Estate	290	222	234	243	266	402	259	249
ICA Bank	66	52	23	31	55	297	22	17
Other segments	3	125	-30	-51	30	49	-6	-40
Other	-43	-117	-79	-85	-52	-87	-56	-63
Operating profit before depreciation/amortisation (EBITDA)	1,616	1,423	1,146	1,448	1,708	1,889	1,384	1,511

Operating profit excluding non-recurring items by segment

SEKm	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
ICA Sweden	970	807	694	864	996	812	769	878
Rimi Baltic	93	145	78	99	110	128	95	130
Apotek Hjärtat	12	9	25	79	85	20	80	125
ICA Real Estate	112	95	104	106	134	112	96	114
ICA Bank	58	45	16	24	48	22	15	9
Other segments	-13	116	-43	-46	18	39	-16	-16
Other	-60	-136	-99	-108	-70	-109	-80	-86
Operating profit excluding non-recurring items	1,172	1,081	775	1,018	1,321	1,024	959	1,154

Depreciation/amortisation by segment

SEKm	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
ICA Sweden	87	104	93	97	106	122	111	106
Rimi Baltic	74	72	72	72	72	74	74	73
Apotek Hjärtat	12	5	36	35	39	45	32	33
ICA Real Estate	127	130	130	137	129	128	125	115
ICA Bank	8	7	7	7	7	8	7	8
Other segments	11	11	11	10	10	10	10	6
Other	17	19	20	21	19	22	24	24
Depreciation/amortisation	336	348	369	379	382	409	383	365

Key figures ICA Gruppen

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul 2015 - Jun 2016	2015
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,511	1,448	2,895	2,594	6,492	6,191
Operating margin excl. non-recurring items, %	4.4	4.0	4.1	3.6	4.3	4.1
Operating margin, %	4.3	4.2	4.1	3.7	4.7	4.5
Net margin, %	3.2	7.7	3.1	5.1	3.9	4.9
Return on capital employed, %	—	—	10.5	8.9	10.5	9.8
Return on equity, %	—	—	13.3	15.3	13.3	16.6
Equity/assets ratio, %	—	—	37.0	39.3	37.0	37.5
Net debt, SEKm	—	—	-12,161	-10,845	-12,161	-11,697
Net debt/EBITDA	—	—	1.9	1.9	1.9	1.9
Share data						
Earnings per share, continuing operations, SEK	4.12	3.77	7.77	6.28	19.70	18.21
Earnings per share, discontinued operations, SEK	—	5.86	—	5.91	0.02	5.93
Earnings per share, SEK	4.12	9.63	7.77	12.19	19.72	24.14
Share price at the end of period, SEK	—	—	281.70	294.10	281.70	307.40
Dividend per ordinary share, SEK	—	—	—	—	—	10.00
Dividend, SEKm	—	—	—	—	—	2,012
Dividend payout ratio, %	—	—	—	—	—	41
Equity per share, SEK	—	—	137.22	127.76	137.22	139.41
Cash flow from operating activities per share, SEK	8.87	13.48	10.85	15.05	24.86	29.06
Number of ordinary shares	201,146,795	119,078,903	201,146,795	119,078,903	201,146,795	119,078,903
Number of C shares	—	82,067,892	—	82,067,892	—	82,067,892
Total number of shares at end of period	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares	201,146,795	201,114,105	201,146,795	201,059,924	201,146,795	201,097,895
Average number of shares after dilution	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

Financial key ratios

ICA Gruppen relies on a number of financial key ratios in its interim reporting, some of which are not defined in IFRS but are so-called Alternative Performance Measures. The aim is to provide additional information that contributes to a more thorough comparison of year-on-year development and to give an indication of the Group's performance and financial position. The APMs used by ICA Gruppen are generally recognised within the sectors that ICA Gruppen works in. Data on these APMs and definitions is also provided on www.icagruppen.se. The most important of these measures are those for which the Board of Directors has set financial targets. These are: to grow faster than the market in the grocery retail and pharmacy businesses; to achieve an operating margin (excluding non-recurring items) of 4.5%; to achieve a return on capital employed of 10%; and to maintain net debt in relation to EBITDA that is lower than a factor of 2. In addition, the Group has set a target to distribute at least 50% of net profit for the year in shareholder dividends.

Definitions of key ratios

Business volume

Sum of lending, deposits, fund savings and home mortgages (including volume intermediated via collaborations).

Capital employed

Equity plus interest-bearing liabilities.

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.

Common Equity Tier I ratio (ICA Bank)

The bank's capital base in relation to risk-weighted assets.

Divestments

Payments received for sold tangible and intangible non-current assets during the period according to the statement of cash flows.

Earnings per ordinary share

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

EBITDA

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

Equity/assets ratio

Equity including non-controlling interests in relation to total assets.

Equity per share

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

Gross profit

Net sales less cost of goods sold.

Investments

Investments paid in tangible and intangible non-current assets during the period according to the statement of cash flows.

Like-for-like store sales

Sales for stores that generated sales both in the reporting period and in the comparison period..

Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

Net debt

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

Net interest (ICA Bank)

The 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.

Occupancy rate (ICA Real Estate)

Market rents for rented properties divided by total rental value (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 in relation to 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 for the period in relation to 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 the average book value of properties.

Glossary

Hard discount

Distinctively low price store with limited product range.

Joint venture

A partnership project, a joint venture company.

MTN

A medium-term note (MTN) is a continuously offered debt note with a set maturity date.

Near Food

Items such as household products, pet food and over-the-counter drugs.

Non-food

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

Private label products

Own-brand products.

This half-year interim report provides a true and fair view of the Parent Company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 17 August 2016

Claes-Göran Sylvén
Chairman

Peter Berlin	Göran Blomberg	Jeanette 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 is obligated to 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, 17 August 2016. The report has not been reviewed by the company's auditors.

Contacts and calendar

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Press and analyst meeting

ICA Gruppen is arranging a press and analyst meeting at Tändstickspalatset, Stockholm, on Wednesday, 17 August 2016 at 10.00 CET. CEO Per Strömberg and CFO Sven Lindskog will present the interim report. The meeting will be held in English and will be webcast, and can be followed at www.icagruppen.se/investerare. There is also an opportunity to call in on tel. +46 8 566 426 94, or +44 203 008 9801.

Calendar

9 November 2016	Interim report January-September 2016
15 December 2016	Capital Market Day
8 February 2016	Year-end report 2016

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, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties, and ICA Bank, which offers financial services in Sweden. The Group also includes the company Hemtex.

For more information see icagruppen.se.

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