

ICA Norway¹

The clock shows 9 pm and Lars Anderson is still in his office. Watching the storm approaching outside the window, he meditates on how Oslo's weather seems suitable for the financial crisis the company now is facing. As the new CEO of ICA Norway, Lars is concerned about the complicated situation of the company. With constant losses for the past 4 years, he knows this situation has been going for too long. The stakeholders starting to lose their patience and expects him to take wise decisions that will bring prosperity to the business. Otherwise they probably fire him faster than anyone can spell n-e-t-i-n-c-o-m-e. Throughout his professional career, Andersen has faced many demanding issues, though never as complex as this one.

The challenges in ICA Norway are complex; while the company has been dealing with their continuous losses, its competitors have strengthen their positions in the market, increased their market share and obtained better bargaining power with the suppliers - pushing ICA Norway to even less favorable results.

However, the ICA Group in general is doing good - we just need to turn ICA Norway into profit as well, Lars reflects. The time has come to revert the situation once and for all, thus first he needed to analyze in depth the accounts, as to define the strategic changes to be implemented in the short and long term.

Though this was not the first time a solution was proposed to the Board. The previous CEO along with some consulting companies had attempted to find an open window for ICA Norway to get out of this stage, but they had all failed in doing so. Thus, Lars knew that if he wanted to convince the Board to act upon his recommendations he would have to provide specific evidence to sustain them.

The ICA Group

Original concept

ICA is a leading Nordic retail group with presence in Sweden, Norway and the Baltics. The company started in 1917 under the concept of uniting several small retail stores to obtain

¹ Case written by Assel Gubaidullina, Diana González Cacho, Maria Inês Gonçalves and Mari Kristina Gjelstad; with the collaboration of Oriol Amat, Barcelona School of Management, Universitat Pompeu Fabra, 2013.

efficient prices in the products' purchase, thus achieving the benefits of economies of scale. Moreover they will still be providing the client with different concepts, thus reaching a broader range of customers. The project was successfully executed. According to Amadeus, a database of comparable European financial and business information, the group stands as the 16th largest, among retail sales in non-specialized stores, in reference to their operational revenue.

The group's mission is to be "*the leading retailer focused on food and meals*". Even though it is composed by three retail companies: ICA Sweden, ICA Norway, Rimi Baltic, plus two other companies that are not within the core business: ICA Bank and ICA Real Estate. The latter two companies offering services in favor of the retail stores. For instance, ICA Bank provides the financial services needed by the clients of the stores, thus fostering their loyalty. On the other hand, ICA Real Estate is in charge of providing the company with strategically located properties. The group is a 40%-60% joint venture between Haakon Invest AB and Royal Ahold N.V.

Current situation

Even though in 2011 circumstances were not favorable, the Group was able to increase its net sales by 2.6%. This was achieved with a consistently good performance in Sweden, reflecting in higher sales, an excellent recovery of Rimi Baltic and good results from both ICA Bank and ICA Real Estate.

Just like in previous years, ICA Norway was the "black sheep". For this reason during 2012 ICA Norway was named the group's priority, being its first major change: the appointment of a new CEO.

ICA Norway

Concept

The Norwegian subsidiary is one of the four leading companies in the grocery market of the country. With 510 stores (as to September 30, 2012) either operated independently or in the form of franchise, the company is well distributed over the territory. Moreover there are other stores (affiliated) that have their own purchasing agreements but share distribution channels while operating under different brand names. The concept is supported in the group' philosophy: incorporate different store models into a big union to become Norwegian leader in retail food. Although support is provided from the group, the subsidiary has not been able to produce the expected results. As may be assessed while studying the performance of the company, the retail store recent performance has bright and dark sides.

Format strategy

In order to be where the customers are and meet the different buying needs, ICA Norway established five different store concepts: ICA Nær, ICA Supermarket, Matkroken, ICA Maxi and Rimi.

ICA Nær and Matkroken are smaller stores “close to you” – they have a basic product line and are placed in locations outside the larger cities. ICA Supermarket is a chain consisting of larger stores with a broader product line focusing on “inspiration, fresh food and good meals”. The stores are primarily in the cities. ICA Maxi consists of hypermarket stores – large stores with both food and non-food – targeting large families that take the car to the store for big shopping. Rimi however is the opposite of ICA Maxi, with small stores and the slogan “fast and cheap”, this soft-discount store focusing on convenience when targeting singles, young people and small families in their establishment phase.

However, due to changes in the market and in consumer habits, in 2012 ICA Norway has been forced to change their format strategy. As the consumers tend to buy their groceries more often (on average over 4 times a week) and spend as little time and money possible on their grocery purchases, hypermarkets (ICA Maxi) is no longer meeting the customer needs. Also, the smaller stores - ICA Nær, is facing difficulties as the consumers prefer the soft discount stores, such as Rimi, as these types of stores have the same size and products lines- but to a lower price. In order to adapt to the market, ICA Norway decided in the beginning of 2012 to focus on only two formats: Rimi and ICA Supermarket. ICA Supermarket has, in addition to basic food, a wide range of fresh food, which is not provided by the soft discount stores - Rimi.

Nevertheless, a change of strategy is something that has been done before, Lars remembers. The stakeholders, who have been with the company many years before him already know the history. In 2007, the CEO at that time, Morten Svensson was stressed about not getting the results he was expected to deliver. Thus he made the decision of selling the stores that were not profitable. By selling those real state properties, ICA Norway got a positive result that year, but the long-term effects of it were not so good. The competitors bought the stores and made them profitable; ICA Norway on the other hand faced weaker results the following years. Though Lars believes that the upcoming solution for the company lied on turning the non-profitable assets, meaning stores, into profitable one's – not to remove them. The only question Lars now needed to be answered is in one simple word: How?

Light in a dark tunnel

Lars really wanted to prove the company could succeed again, so the strategy had to work and results had to come with it. Next year will be, shall be, has to be profitable Lars said to himself when opening the door to the meeting with the headers of each department.

“Dear fellows, ICA Norway is part of a group that had been in the business for almost a century, meaning that expertise and competencies have been developed, that should be recalled to face this challenge. Luckily external factors influence positively, as opposite to what happens in the rest of Europe, so it depends only on us.”

Norway is one of the wealthiest countries in the world, characterized by a stable economy. The Norwegian GDP has growth levels of 2,4% for 2011, with prospects of continuous increase for following year. Consumer spending follows this positive trend, and inflation is expected to keep decreasing, influencing positively the willingness to buy basic products, such as groceries.

In terms of consumer trends in Norway, it is identified a movement towards buying groceries more often, around four times a week, in locations close to home or work. This requires companies to have a larger number of stores to meet consumer needs at any occasion. This tendency is already being followed by ICA Norway in their new ongoing strategy of adapting all their stores to operate exclusively under ICA Supermarket and Rimi brands. Such will increase significantly the network of stores of both business formats, allowing for more brand awareness and accessibility to consumers. Which will hopefully attract more consumers, putting ICA Norway one step closer to retain the lost market share.

Moreover, through the current company restructuring, whereas departments are being eradicated, or joined in one for both brands, reduction of management and operations costs are being achieved. This obviously implies labor force diminution, which is being made so that more expertise employees are kept, to benefit from their know-how.

All this changes move towards what the market is expecting, nevertheless no consumer reactions to it can be assessed yet. Competition is fierce and acting fast, and the market is highly concentrated, putting ICA Norway market share at stake. Moreover, the fact that all major decisions are subject to approval of the mother company, ICA Sweden, might have delayed ICA reaction more than it should. Evidencing lack of planning, and inexistence of a consistent strategy.

ICA Group in Norway

Establishment

ICA Group entered the Norwegian market in 1992 by acquiring a minor share of Hagen Gruppen, firm that at the time owned Rimi. Even though internalization is business's most common way to expand and achieve growth, it is not necessarily that easy for food retail companies. For example, in 1998 the world's largest retailer, Wal-Mart closed all their Germany shops after just eight years in that country. In 2008, Lidl, one of the largest grocery retailers in Europe, was not able to establish its business in Norway. Thus was forced to abandon it, by selling their stores to Rema.

Some of these unsuccessful expansion strategies evidence the particularities inherent to the grocery retail business. Which can be pointed as one cause for ICA Norway's current bad situation. Hence its activity was initiated through an expansion strategy of ICA Group, based on previous success in other Nordic countries, without considering differences in the Norwegian market. Instead assuming that the grocery retail market in all Scandinavian countries would be the same, without doing any research, thus merely generalizing the needs of Norwegian consumers to the stereotype of Nordic people. Resulting in a wrong adjustment to consumer's needs and inability to maintain a healthy business.

Though it could be that those cultures differences were considered, and some post management decisions were poorly taken. Or it could be that the Norwegian market was already over concentrated, turning it too difficult for foreign companies to succeed and acquire significant market share.

The Market

Although the Norwegian market is the wealthiest in Europe characterized by increasing GDP growth and consumer spending, it is challenging for the grocery business. Hence fierce competition, together with a consumer trend towards spending less money in food jeopardizes profit growth (see growth trend in Appendix VI).

The grocery market is highly concentrated, being dominated by Norgesgruppen, which in 2011 hold 37,4% of the market, followed by Coop with 23,4%, and Rema with 21,3%, leaving ICA Norway for fourth place, holding only 14,1% of the market share (Appendix VIII).

Moreover, Norway is the country with the biggest number of grocery stores per capita, with 464 stores per million of habitants in 2011. Which make it even more difficult, considering that population is mainly located around big cities. Thereby indicating that customers have 4-5 stores

in their street, and that they choose to shop in the store offering the lowest prices. Indicating towards the fact that the soft-discount segment is the most popular in Norway, with sales representing 54,9% of the total for groceries stores, in 2011. Nevertheless, ICA Norway has been facing intense price wars not only for the soft-discount, but also for the supermarket segment. Resulting in reduction of its overall market share throughout the years.

Regulation and supply

The Norwegian agricultural policy also doesn't make it easier for foreign firms. By being part of ICA Group, which is based in Sweden, ICA Norway delivers a large quantity of foreign products. As ICA Sweden gets to buy some of the products jointly for the whole group. Though this measure, which would likely be beneficial, becomes adversarial due to Norwegian protection policy of national agricultural products. In which tariffs to imported goods are applied, thus recalling the need to buy agricultural products locally, to achieve higher margins. Task which is made impossible due to ICA Norway's low bargaining power, when negotiating with suppliers. Thus resulting in worst contract terms than its competitors, meaning higher cost of goods and lower margins. Once again evidencing the urge for ICA to recover its market positioning, and the benefits of it.

Demand and Positioning

Surprisingly for foreign retail companies, Norwegian consumers act in a dissimilar way than consumers from other European countries. As previously mentioned, Norwegian people shop groceries more often, are price sensitive, regardless of their huge purchasing power, and buy in small quantities. Resulting in an elastic demand, in which proximity plays a major role in hunting for the cheapest products.

Once again resulting in a contra for ICA Norway. Due to its competitor's larger network of stores, deeper established. The best locations for groceries are already in use by competitors inhibiting the company from a stronger market positioning and targeting.

ICA Norway – oppositions and setbacks

Losing money

The year of 2007 was the last year the company managed to get a profitable net income, since then the numbers have gone from bad to worse reaching an all-time-low in 2011 with the operating result of minus 146 million EUR (including goodwill of 78 million EUR from ICA Group). In comparison, one of ICA Norway's main competitors, *Norgesgruppen*, had an

operating profit of 338 million EUR in 2011, which is up by almost 54 million EUR from 2010 – the highest in their history². Their turnover in 2011 was 7,92 billion euros, more than three times as much as ICA Norway's 2,41 billion euros.

As the external environment is obvious challenging, the possibility to make it is also clear. However, the competition between the players has changed rapidly the last years - placing ICA Norway in an unfavorable position.

Stronger competition?

Even though there are only four major players in the Norwegian grocery retail market, competition is getting more intense. A price sensitive market, “price-wars” in every season³ and competitors with presence in all marketing channels, gives neither enough costumers nor money to the company.

Back in 2003, ICA Norway had a market share of 23,6 %, only 0,1 % far from sharing the second place with Coop⁴. Nine years later, ICA Norway's market share has decreased to 14,1%, placing the company as number four with all that comes with – lower income and unhappy stakeholders.

Changes in the company

Lars Anderson is tapping his foot to the ground while looking at the watch – four minutes and 26 seconds left to the meeting with the stakeholders. He feels tired as he is thinking back on the past week; it has definitely not been a happy one. The result of the third quarter revealed an operating loss of 14,95 million EUR, giving a loss 3,54 million EUR bigger than for the same period, in past year. The weak result was partly expected as a consequence of ICA Maxi sale. Still, stakeholders want explanations, and more importantly; prospects on future planning.

In order to develop a new format strategy, tough decisions had to be made. Lars thought they made the right decision by focusing in two business formats instead of five, but communicating this to the employees had not been easy. As it was uncertain how long it would take to close negotiations about the sale of ICA Maxi, for over one year employees had to pursue sales goals, whilst being uncertain about their and the company's future. Luckily the sale went through,

² <http://www.aftenposten.no/okonomi/Rekordutbytte-i-NorgesGruppen--6795961.html>

³ <http://www.na24.no/article3434818.ece>

⁴ http://www.dagligvarehandelen.no/xp/pub/hoved/avisen/tidligere_utg/75187

though with higher costs than estimated: counting up to 44 million EUR in closing costs – resulting in an operating loss of 72,76 million EUR, allocated to the second quarter of 2012.

Nevertheless, Lars was there to create a change, and already had long-term solution in mind, and some back-up suggestions for the short-term. Though it would be better to present stakeholders first with the short-term, and then the long-term strategy, with already good prospects in mind. Mainly because the latter required for longer decision-making as it has to be aligned with the mother company (ICA Sweden) long-term strategy, and approved by its Board. In a last glance at his notes before the meeting started, Lars highlighted the two major concerns stakeholders were likely have, and that he should aim to address: *negotiation with suppliers* and consistent *cost savings*. Recalling that anything but selling the company could be considered as long as it would guarantee better results, from changing the structure, to implement a new marketing plan or a whole new strategy.

Questions:

1. What are the main strategic and operational causes for ICA Norway's current situation?
2. From the case, is it anything suggesting a misleading positive interpretation of 2007 results, not necessarily coming from good performance?
3. Analyze the balance sheets, profit & loss accounts and ratios in order to identify strengths and weaknesses of the company.
4. Create a Cause-Effect diagram for the year 2011 identifying the main drivers of profitability and liquidity.
5.
 - a. What are the immediate actions ICA Norway should take to improve its performance and increase its market share in the short-term?
 - b. And what would you recommend for the long-term strategy?

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Appendix I. ICA Norway profit & loss accounts (euros). Source: Amadeus

	2007		2008		2009		2010		2011	
Operating revenue	1.362.422	100,0%	1.140.769	100,0%	2.217.555	100,0%	2.380.908	100,0%	2.451.719	100,0%
Sales	1.324.612	97,2%	1.106.233	97,0%	2.053.411	92,6%	2.183.574	91,7%	2.224.444	90,7%
Material costs	-1.160.159	-85,2%	-984.286	-86,3%	-1.639.261	-73,9%	-1.767.642	-74,2%	-1.835.518	-74,9%
Costs of employees	-72.512	-5,3%	-72.252	-6,3%	-282.326	-12,7%	-310.928	-13,1%	-318.911	-13,0%
Depreciation	-6.796	-0,5%	-5.634	-0,5%	-67.306	-3,0%	-7.201	-0,3%	-69.177	-2,8%
Other operating expenses	-107.211	-7,9%	-90.465	-7,9%	-287.958	-13,0%	-366.360	-15,4%	-309.242	-12,6%
Operating P/L [=EBIT]	15.744	1,2%	-11.868	-1,0%	-59.296	-2,7%	-71.223	-3,0%	-81.129	-3,3%
Financial revenue	12.371	0,9%	9.586	0,8%	947	0,0%	0	0,0%	824	0,0%
Financial expenses	-1.327	-0,1%	-932	-0,1%	-8.613	-0,4%	-13.363	-0,6%	-10.152	-0,4%
Financial P/L	11.045	0,8%	8.654	0,8%	-7.665	-0,3%	-13.363	-0,6%	-9.329	-0,4%
P/L before tax	26.788	2,0%	-3.214	-0,3%	-66.962	-3,0%	-84.586	-3,6%	-90.458	-3,7%
Taxation	7.507	0,6%	-545	0,0%	-17.005	-0,8%	-63.717	-2,7%	-2.481	-0,1%
P/L after tax	19.281	1,4%	-2.669	-0,2%	-49.956	-2,3%	-148.303	-6,2%	-87.977	-3,6%

Appendix II. ICA Norway balance sheets (euros). Source: Amadeus

	2007		2008		2009		2010		2011	
ASSETS										
Fixed assets	150,386.04	31%	127,010.61	32%	328,909.62	58%	280,067.03	51%	278,885.86	53%
- Intangible fixed assets	8,820.76	2%	6,026.24	2%	105,392.55	19%	41,123.53	7%	36,680.66	7%
- Tangible fixed assets	25,718.55	5%	25,808.43	7%	213,650.35	38%	235,100.36	43%	239,444.98	46%
- Other fixed assets	115,846.73	24%	95,175.94	24%	9,866.73	2%	3,843.14	1%	2,760.22	1%
Current assets	334,731.77	69%	265,136.41	68%	235,088.33	42%	271,938.46	49%	242,526.47	47%
- Stock	32,144.42	7%	38,069.60	10%	145,393.77	26%	171,636.26	31%	163,267.96	31%
- Debtors	37,289.41	8%	33,614.82	9%	55,807.54	10%	56,118.38	10%	45,039.51	9%
- Other current assets	265,297.94	55%	193,452.00	49%	33,887.01	6%	44,183.82	8%	34,219.00	7%
* Cash & cash equivalent	382.59	0%	253.75	0%	7,098.52	1%	13,423.92	2%	12,482.74	2%
TOTAL ASSETS	485,117.81	100%	392,147.02	100%	563,997.95	100%	552,005.49	100%	521,412.33	100%
LIABILITIES & EQUITY										
Shareholders funds	334,678.03	69%	271,236.45	69%	186,340.75	33%	158,996.72	29%	169,177.42	32%
- Capital	217,448.59	45%	177,765.52	45%	186,298.72	33%	263,395.56	48%	170,284.06	33%
- Other shareholders funds	117,229.44	24%	93,470.93	24%	42.03	0%	-104,398.85	-19%	-1,106.64	0%
Non-current liabilities	2,266.81	0%	1,656.97	0%	7,062.13	1%	8,607.11	2%	8,684.77	2%
- Long term debt	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%
- Other non-current liabilities	2,266.81	0%	1,656.97	0%	7,062.13	1%	8,607.11	2%	8,684.77	2%
* Provisions	2,266.81	0%	1,656.97	0%	7,062.13	1%	8,607.11	2%	8,684.77	2%
Current liabilities	148,172.97	31%	119,253.50	30%	370,594.95	66%	384,401.80	70%	343,550.27	66%
- Loans	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%
- Creditors	87,618.66	18%	86,644.44	22%	134,644.94	24%	139,894.51	25%	141,818.01	27%
- Other current liabilities	60,554.31	12%	32,609.06	8%	235,950.02	42%	244,507.29	44%	201,732.25	39%
TOTAL SHAREH. FUNDS & L	485,117.81	100%	392,146.92	100%	563,997.83	100%	552,005.62	100%	521,412.46	100%

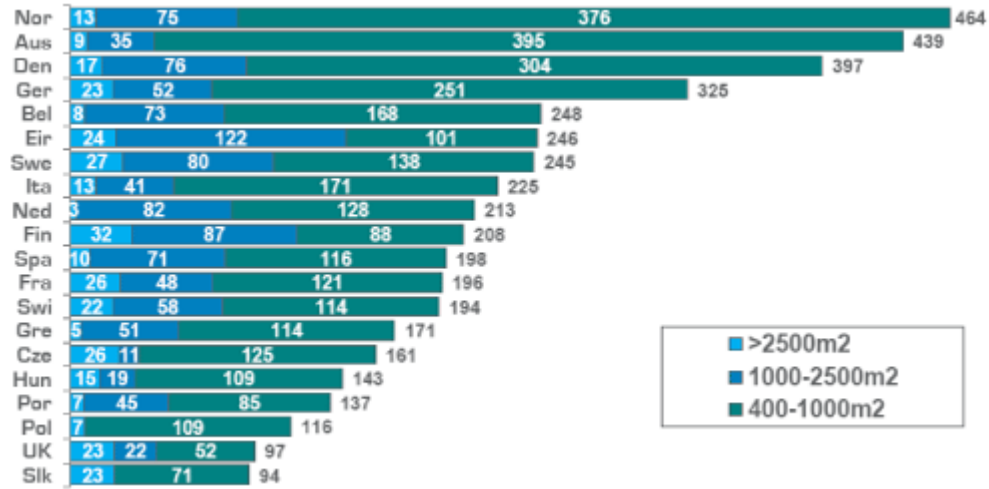
Appendix III. ICA ratios compared with some competitors

PROFITABILITY RATIOS	2007			2008			2009			2010			2011		
	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.
Profit margin [EBT/TURNOVER]	1.97%	n/a	3.66%	-0.28%	-1.03%	2.15%	-3.02%	0.46%	2.98%	-3.55%	0.96%	3.35%	-3.69%	0.81%	3.68%
ROE [NET INCOME/EQUITY]	5.76%	n/a	17.00%	-0.98%	-3.42%	10.35%	-26.81%	1.84%	14.04%	-93.27%	4.70%	15.22%	-52.00%	3.60%	16.06%
ROA [NET INCOME/ASSETS]	3.97%	n/a	6.72%	-0.68%	-1.30%	3.70%	-8.86%	0.71%	5.19%	-26.87%	1.74%	5.56%	-16.87%	1.29%	5.79%
OPERATIONAL RATIOS	2007			2008			2009			2010			2011		
	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.
Assets turnover [SALES/ASSETS]	2.73	n/a	2.34	2.82	2.13	2.35	3.64	2.29	2.31	3.96	2.14	2.13	4.27	2.08	2.13
Stock turnover (x)	42.38	n/a	16.89	29.97	28.47	15.98	15.25	31.22	14.98	13.87	29.23	14.17	15.02	27.04	13.58
Collection period (days)	9.85	n/a	13.09	10.61	28.39	13.63	9.06	28.42	12.24	8.49	25.76	11.35	6.61	27.43	22.73
Credit period (days)	23.15	n/a	23.72	27.34	31.11	22.06	21.86	28.86	19.83	21.15	31.21	22.19	20.82	30.08	23.63
STRUCTURE RATIOS	2007			2008			2009			2010			2011		
	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.
Current ratio [CA/CL]	2.26	n/a	0.80	2.22	1.02	0.88	0.63	0.97	0.73	0.71	1.37	0.72	0.71	1.50	0.71
Liquidity ratio [STOCKS+DEBTORS+CASH]/CL	47.12%	n/a	65.02%	60.32%	79.41%	71.75%	56.21%	83.08%	60.22%	62.74%	110.28%	56.92%	64.27%	96.61%	70.70%
Debt Quantity [Debt/Assets]	31.01%	n/a	60.45%	30.83%	61.85%	64.28%	66.96%	61.51%	63.07%	71.20%	63.05%	63.44%	67.55%	64.33%	63.94%
Debt Quality [CL/L]	30.54%	n/a	38.20%	30.41%	39.59%	36.57%	65.71%	41.24%	42.71%	69.64%	32.93%	42.35%	65.89%	30.04%	46.17%
Gearing [NCL/EQUITY]	0.68%	n/a	67.22%	0.61%	58.35%	78.92%	3.79%	52.66%	80.74%	5.41%	81.72%	57.71%	5.13%	96.11%	49.26%
TREND	2007			2008			2009			2010			2011		
	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.	ICA N.	COOP N.	NORGESG.
Sales growth	n/a	n/a	n/a	-16%	n/a	-6%	86%	25%	27%	6%	9%	11%	2%	4%	6%

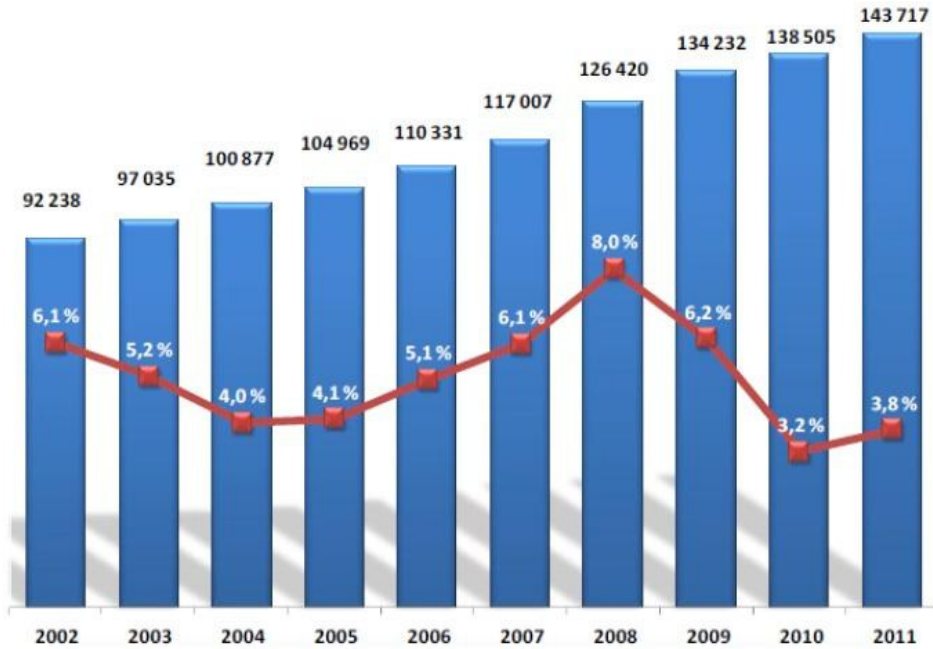
Appendix IV. Norwegian economy summary 2009-2012 (forecast) [1 eur = 7,38 nok]

ECONOMIC INDICATORS*	2009	2010	2011	2012
GDP growth	-1.6	0.6	1.5	3.3
Consumer spending	-0.2	3.6	2.4	3.2
Manufacturing production	-3.6	-5.5	-4.2	1.4
Investment	-7.5	-5.2	6.3	5.5
Unemployment rate (%)	3.2	3.6	3.3	3.2
Inflation	2.2	2.4	1.3	1.1
NOK/€ (average)	8.73	8.01	7.79	7.66
NOK/US\$ (average)	6.29	6.05	5.60	6.05
Interest rates 3-month (%)	2.5	2.5	2.9	2.2
Interest rates 10-year (%)	4.0	3.5	3.1	2.3

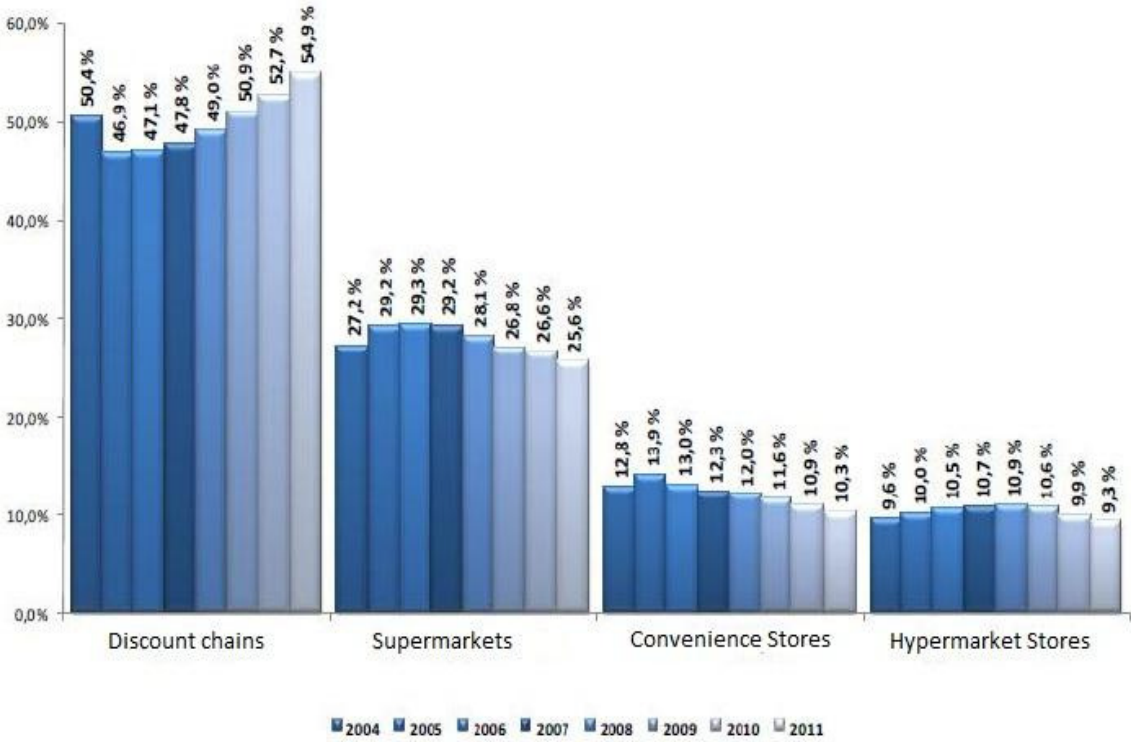
Appendix V. Number of grocery stores per million habitants, in selected European countries, divided by sales area



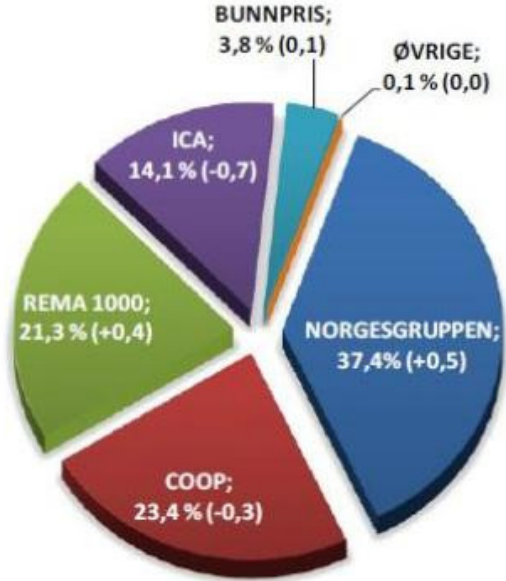
Appendix VI. Total sales and annual growth in grocery stores in Norway (in million NOK excluding VAT) , 1 EUR = 7,38 NOK



Appendix VII. Evolution of grocery store's business format (2004-2011) in Norway



APPENDIX VIII. Market share in 2011, with changes compared to 2010



Appendix VIII. Five-year summary for the ICA Group (consolidated accounts, data in million Swedish Krona)

Condensed income statement					
	2007	2008	2009	2010	2011
Net sales	82,326	90,963	94,651	93,860	95,179
Operating income before depreciation/amortization	4,080	3,753	4,272	4,529	4,608
Depreciation/amortization	-1,478	-1,636	-1,559	-1,605	-2,103
Operating income	2,602	2,117	2,713	2,924	2,505
Financial income	115	95	49	51	72
Financial expenses	-435	-418	-453	-378	-421
Income after net financial items	2,282	1,794	2,309	2,597	2,156
Tax	-116	-66	-722	-2,050	-761
Net income for the year	2,166	1,728	1,587	547	1,395
Condensed balance sheet					
	2007	2008	2009	2010	2011
Intangible fixed assets	3,599	3,742	3,940	3,590	2,967
Tangible fixed assets	14,959	15,544	15,755	15,364	14,638
Financial fixed assets	3,368	3,772	3,701	5,368	5,327
Other fixed assets	276	424	515	7	41
Other current assets	11,637	13,464	12,827	12,272	14,979
Liquid assets	3,480	3,023	3,422	3,102	3,009
Total assets	37,319	39,969	40,160	39,703	40,961
Shareholders' equity	12,073	12,796	13,962	11,913	11,359
Interest-bearing liabilities and provisions	14,475	15,161	14,490	15,147	16,865
Non-interest-bearing liabilities and provisions	10,771	12,012	11,708	12,643	12,737
Total shareholders' equity and liabilities	37,319	39,969	40,160	39,703	40,961
Key financial ratios					
	2007	2008	2009	2010	2011
Operating margin, %	3.2	2.3	2.9	3.1	2.6
Return on capital employed, %	13.8	11.4	13.5	15.5	12.5
Return on equity, %	19.1	13.5	11.3	3.9	11.2
Equity/assets ratio, %	32.4	32.0	34.8	30.0	27.7

Appendix IX. ICA Group segmental reporting (data in million Swedish Krona)

	ICA Sweden		ICA Norway		Rimi Baltic		ICA Bank		ICA Real Estate	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External net sales	62,422	60,495	20,679	21,225	10,089	10,352	737	612	1,201	1,126
Internal net sales	78	101	-	-	-	-	27	-	1,001	1,009
Depreciation/amortization	301	287	547	590	253	290	32	25	302	326
Share of associated companies and joint ventures net profit	0	0	1	1	-	-	-	-	8	1
Operating income	2,617	2,750	-1,255	-588	173	-13	171	91	1,005	917
Assets	11,470	11,436	5,343	6,140	6,363	5,947	10,397	10,077	10,585	11,681
Liabilities	10,835	10,698	3,521	3,918	4,704	5,466	9,491	9,227	10,396	11,565
Other non-cash items	1	6	601	3	21	41	-	-	-35	-41
Investments in tangible and intangible fixed assets	495	525	593	734	386	141	28	55	830	825