

ICELAND DELIVERS A YEAR OF GOOD PROGRESS

Iceland Foods today announces its pro forma Group results for the 52 weeks ended 29 March 2013 (2012: 53 weeks ended 30 March 2012).

GROUP HIGHLIGHTS:

- **Sales up 1.0% to £2.640 billion (2012: £2.614 billion): underlying growth of 3.1% on comparable 52 week basis**
- **Like-for-like sales up 1.1%, building on 6.0% LFL growth in 2012**
- **Adjusted EBITDA* up 0.6% to £226.3 million (2012: £224.9 million)**
- **33 net new stores opened: 1,250 new jobs created**
- **Focus tightened through Cooltrader disposal**
- **Own ready meal manufacturing facility acquired**
- **New International Business Director appointed to drive overseas growth**
- **Continued high rankings for customer and employee satisfaction**
- **Planning to open 40 new UK stores in current year**

* EBITDA from continuing operations (excluding amortisation of goodwill, loan fees, exceptional items and profit on disposal) on a comparable 52 week basis

Iceland Chairman & Chief Executive Malcolm Walker CBE commented:

I am pleased to report the first results for Iceland under its new ownership following our management buyout in March 2012, supported by three new long term external investors. During a very busy year for the Group we have not only delivered strong results but also strengthened our focus through the sale of the Cooltrader business, taken an important step towards vertical integration with the acquisition of our own ready meal manufacturing facility, and laid the foundations for further growth of the Iceland brand internationally.

Results

As a result of the management buyout on 9 March 2012 we have a new holding company, Oswestry Topco Limited, which is filing consolidated accounts for the 57

week period ended 29 March 2013. The prior period comparable figures for Iceland Foods Group Limited cover the 53 week period ended 30 March 2012.

Pro forma results for the 52 weeks ended 29 March 2013 (2012: 53 weeks ended 30 March 2012) show Group turnover up 1.0% to £2,639.5 million (2012: £2,613.7 million). On a more comparable 52 week basis, Group turnover was up 3.1% on the prior period, with like-for-like sales up 1.1%.

Adjusted EBITDA (excluding exceptional items) was £226.3 million (2012: £230.2 million). On a 52 week comparable basis, EBITDA increased by £1.4 million year on year.

The major multiples' short-term promotional activity, through coupons, has continued to dominate the UK market place. Despite this intense competition, Iceland performed strongly by remaining committed to a round sum pricing policy which delivers great value everyday on all our own label products, supported by unbeatable deals on brands.

Acquisition and disposal

In June 2012 we acquired **Loxton Foods Limited**, an important supplier of ready meals to the Group. We have worked closely with Loxton to deliver some of the most exciting product and packaging innovations made under the Iceland brand in recent years. This strategic acquisition of a key supplier was designed to strengthen our competitive edge further by enabling us to accelerate the rate of product innovation and to secure the benefits of vertical integration. The business was renamed **Iceland Manufacturing Limited** in April 2013.

On 29 September 2012 we completed the disposal of 54 **Cooltrader** stores to Heron Foods Limited. A further three Cooltrader stores were retained and converted to the Iceland fascia. The business, though profitable, offered limited opportunities for future growth and we felt that it was right to focus all our efforts on the growth and development of the Iceland brand. We were pleased to conclude a sale that assured the future of the staff in all Cooltrader's stores.

Stores

During the period the Group opened 36 new Iceland stores, making a net addition of 33 stores after three closures, and ended the year with **790 Iceland stores**. At the prior period end the Group also owned the 57-strong Cooltrader chain, making a Group total of 814 stores.

Products

Iceland's focus on delivering excellent product quality, coupled with outstanding value for money, is only surpassed by a real determination to lead the market in frozen food innovation. The business has launched **over 400 new frozen products under the Iceland brand** in the last 12 months.

Our **'Roast from Frozen' joints** and a new range of desserts have proved particularly successful, together with our new **'Perfectly Cooked'** range that comes in an oven-ready bag. Our **exclusive partnership with Greggs** has also been extended to a total of 19 bake-at-home savoury and sweet products. These developments have helped to reaffirm our position as the country's leading frozen food retailer, unsurpassed in range and value.

Food quality and safety

Iceland prides itself on selling good quality food that also offers outstanding value. We have robust procedures and policies in place to maintain and develop our standards on food safety and quality.

We responded swiftly and effectively to the issue of horse meat contamination of beef products that emerged in January 2013 and were able to report on 15 February 2013 that all Iceland own brand products containing beef then on sale in the UK had been checked by an independent laboratory and found to be clear of equine contamination. A rigorous, ongoing testing programme ensures that all our own brand products meet our specification and the high standards that our customers are entitled to expect.

Customers

Store standards and customer service continued to improve year on year as measured by independent mystery shop results and by our ranking in the top ten organisations in the UK for customer satisfaction (UK Customer Satisfaction Index, January 2013).

A record number of customers are now registered for the **Iceland Bonus Card**, which provides access to our unique home delivery service and the opportunity to make savings and win prizes throughout the year. This year we introduced printed coupons at the till and the ability for customers to make savings directly onto their Bonus Card.

International

The Group's international business, **ITEX**, already exports our unique products to more than 30 countries throughout the world and we are committed to exploiting the potential of our brand through further expansion of exports, retail franchising, acquisitions and store openings outside the UK

This commitment was underlined by our appointment of **Paul Foley**, formerly Group Managing Director of Aldi in the UK and Ireland, to the new position of International Business Director in September 2012.

In the international arena we are also benefiting from the insights of our shareholders Brait S.A. based in South Africa, and the Landmark Group, based in the Middle East.

Colleagues and the community

We created 1,250 new jobs during the period through new store openings, and ended the year with almost 25,000 employees.

Industry leading engagement figures put Iceland significantly ahead of the retail benchmark: 93% of Iceland colleagues are proud to work for Iceland and would recommend us as a place to work.

These numbers translated into external measures to celebrate, as we remained the top high street retailer to work for in 2013 and the second **Best Big Company to Work For** overall in the Sunday Times Best Companies Awards, having featured in the Top 25 list since 2009.

In the same survey, Iceland also won the top prize for **Innovation in Engagement Practice**, which recognised the use of our front line colleagues as Olympic style volunteers at our Retail Conference in Dublin in October.

Iceland continues to make a great contribution to the wider community through the active involvement of its people in charitable activities. During the year we raised a further £1 million for our principal charity partner, **Alzheimer's Research UK** (ARUK) and also donated over £100,000 to Prostate Cancer UK. In November we sponsored the Iceland Antarctic Expedition "In the Footsteps of Legends" to raise funds for ARUK and Walking With The Wounded.

In December 2012 we launched an exclusive 10% discount card for members of the British Armed Forces.

Outlook

Iceland will continue to focus on satisfying our customers by offering great value, maintaining and improving the quality of our products, increasing the pace of innovation and providing great service by the best team of colleagues in UK retailing. During the year we plan to open a further 40 new Iceland stores in the UK, creating some 2,000 new jobs. We will offer our customers the ability to shop with us online, building on the successful initial trials of the service in selected stores that began last month. We will also continue to identify and exploit opportunities to further develop the Iceland brand internationally.

ENQUIRIES:

Malcolm Walker, Chairman & Chief Executive 01244 842221 / 07836 552200

Keith Hann, PR adviser 01244 842228 / 07831 521870

For more information on Iceland Foods, please visit www.iceland.co.uk