

RECORD RESULTS AND MAJOR EXPANSION FOR ICELAND

Iceland Foods Group Limited, the holding company for the Iceland Foods and Cooltrader chains, today announces its results for the 52 weeks ended 26 March 2010.

HIGHLIGHTS:

- **EBITDA* up 11.2% to £184.2 million (2009: £165.6 million)**
- **Net profit* before tax up 19.4% to £135.4 million (2009: £113.4 million)**
- **Net debt at year end reduced to £7.6 million (2009: £85.4 million)**
- **Sales* up 10.4% to £2.256 billion (2009: £2.043 billion)**
- **Iceland Foods like-for-like sales up 4.3%**
- **74 new stores opened, including 51 ex Woolworths sites**
- **More than 2,500 new jobs created**

* EBITDA is from continuing operations and excludes exceptionals and share of joint ventures and associates; net profit excluding amortisation; sales from continuing operations.

Iceland Chief Executive Malcolm Walker CBE said: "This is the fifth year of strong growth my colleagues and I have delivered since we returned to manage the business in February 2005, and yet another record result for Iceland. The Group remains strongly cash generative and we ended the year virtually free of debt, despite funding increased capital expenditure of £54.5 million (2009: £30.5 million) as we stepped up our expansion programme with the opening of a record 74 new stores, our fastest rate of growth in any year since we acquired Bejam in 1989. All these openings took place on schedule, bringing new life to 51 town centres where we took over redundant Woolworths stores, and creating more than 2,500 new jobs.

"The key to our success remains simple: offering customers the best everyday value in frozen foods and for their daily purchases of grocery and chilled foods. Our range of frozen food remains unsurpassed in value, quality growth and innovation, and customers continue to appreciate the clarity of our round sum pricing policy – an Iceland innovation so successful that it has now been copied by many other food retailers.

“Iceland’s customer numbers have continued to grow, aided by the build-up of our Bonus Card loyalty scheme which gives access to prizes, savings and our unique home delivery service. Store standards and customer service have again improved year on year, as measured by independent mystery shop results.

“We were pleased to receive recognition for the second year that Iceland is one of the Best 20 Large Companies to Work For in the UK, and it was the highest rated big company in the 2010 survey for employee satisfaction with their pay and benefits. I would like to thank all our staff throughout the Group for their contributions to another very successful year.

“We have continued to make a contribution to the wider community through the active involvement of our company and its people in charitable activities, with our contribution to Europe’s largest children hospital, Alder Hey in Liverpool, since 2005 now exceeding £3 million.

“On 18 November 2010 we will celebrate the 40th anniversary of the opening of the very first Iceland shop in Oswestry, Shropshire, and we hope to mark the event by raising at least £1 million for the new Iceland Charitable Foundation we have established as an umbrella for our work with good causes. The lead charity the Foundation will be supporting in 2010/11 is Help for Heroes.

“The UK food retailing market has undoubtedly changed over the last year, with competition becoming more aggressive than ever. Nevertheless, I am confident that our proven business model, strong finances, excellent products, outstanding service, loyal customers and committed staff will enable us to make progress in this challenging environment.”

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NOTE TO EDITORS:

At 26 March 2010 the Group comprised a total of 776 (2009: 708) stores, comprising 730 (2009: 663) Iceland stores and 46 (2009: 45) under the Cooltrader fascia.