

## **A YEAR OF MAJOR INVESTMENT FOR SUSTAINABLE FUTURE GROWTH**

Iceland Foods today announces the results of its holding company Iceland Topco Limited for the 52 weeks ended 28 March 2014 (2013: pro forma 52 weeks ended 29 March 2013).

### **GROUP HIGHLIGHTS:**

- **Total sales up 2.7% to £2.711 billion (2013: £2.640 billion): like-for-like sales level**
- **Adjusted EBITDA\* £202.2m (2013: £226.3m) reflecting major investment for sustainable future growth in the UK and abroad**
- **Reduction in year-end net debt to £805.1m (2013: £875.2m) due to sustained levels of cash generation**
- **43 net new stores opened in UK: 1,500 new British jobs created**
- **New online shopping service launched and rolled out to 280 stores**
- **Previously franchised Iceland stores in Republic of Ireland acquired**
- **Entry into strategic export markets in Africa and the Middle East**
- **“Best Big Company To Work For in the UK” title regained**
- **£2.1m raised for good causes through Iceland Foods Charitable Foundation**
- **Expecting to open up to 40 more new UK stores in current year**

\* EBITDA from continuing operations excluding amortisation of goodwill and loan fees and exceptional items

### **Iceland Chairman & Chief Executive Malcolm Walker CBE commented:**

This has been a year of major investment for Iceland both at home and overseas. In the UK we accelerated our expansion programme with the opening of 46 new stores and also rolled out our online shopping offer to 280 stores. Overseas we began to serve important new export markets in South Africa and the Middle East, acquired the formerly franchised Iceland stores in the Republic of Ireland and opened two additional stores in the Czech Republic. We were also delighted to regain our title as the “Best Big Company To Work For in the UK”.

## **Results**

Group turnover for the period was £2,710.6m (2013: £2,639.5m in a comparable 52 week period), an increase of 2.7%. Like-for-like sales for the year were flat, though we continued to outperform the IGD benchmark of the major food retailers.

Adjusted EBITDA (excluding exceptional items) was £202.2m (2013: £226.3m in a comparable 52 week period), with the reduction reflecting investment in providing value to our customers and in our online proposition and expansion abroad.

## **The UK Market Place**

The UK food retail market is undergoing a period of major change, characterised by very strong growth by the hard discounters at one end of the market, and good progress by more upmarket specialists at the other. The result has been a squeeze on the “Big Four” major multiples, to which they have reacted by continued intense short-term promotional activity, particularly through coupons, and by selective price cuts. Iceland has demonstrated its ability to withstand this intense competition and outperform the major multiples through innovation in both products and services, the convenient nature of its store locations in local catchments, and by maintaining its competitive edge on price. We are fully committed to protecting our value proposition to customers, which has been the cornerstone of Iceland’s success to date; combined with further investment in expansion of our online offering, this will provide a strong and defensible platform in a potentially difficult trading environment in the year ahead.

## **Stores**

During the period the Group opened 46 new stores in the UK, making a net addition of 43 stores after three closures and ended the year with 833 stores (2013: 790). Including International, the Group ended the year with 844 stores (2013: 793).

## **Online**

We began trials of a new online food shopping service in May 2013 and by the year-end this had been rolled out to 280 stores. The online service built on our established home delivery network with the launch of a new, easy-to-use website. Orders are picked in-store and include free delivery on all orders subject to a minimum order value of £35. By the end of the year Iceland’s total delivered sales were averaging over 200,000 per week. Our online service was further extended in November 2013 with the launch of Iceland Appliances, in partnership with AO.com.

## **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. We launched over 130 new frozen products under the Iceland brand during the year and were once again the top performer in the 2013 British Frozen Food Awards, winning a total of five awards across four categories; one Gold, two Silver and two Bronze.

Our luxury Christmas cake was voted No.1 ahead of Fortnum and Mason's, confirming that our quality is not just confined to frozen.

Highlights of our new product development during the year included the exclusive launch of McCoys and Hula Hoops into the frozen category. Our unique bagged ready meals for £2, limited edition curries and Woodfired Pizzas from Italy have all captured customers' imagination. We also continued to lead party food with the introduction of Bubble Bobble Prawns and a number of other new lines.

These developments have helped to reaffirm our position as the UK's leading frozen food retailer, unsurpassed in range and value.

## **Customers**

Store standards and customer service continue 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. Research undertaken by BrandView for The Grocer magazine, published in October 2013, confirmed that Iceland beat all the UK's major supermarkets on price across a full basket of like-for-like products including frozen, chilled and ambient grocery lines. Iceland was also acclaimed as Britain's easiest place to shop in research published in the same month by BDRC Continental, whose "Customer Effort Score" rated Iceland top for ease of navigation around the store, and for having helpful and friendly staff.

Iceland's growing customer appeal was recognised in the 2013 Re:fresh produce industry awards, which named Iceland "Convenience Retailer of the Year" for the excellence of its fresh produce offer.

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.

## **International**

The Iceland International business already exports our unique products to more than 30 countries throughout the world and we are committed to maximising the potential of our brand through further expansion of exports, retail franchising, acquisitions and store openings outside the UK.

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. With their assistance and support we began during the year exporting significant quantities of Iceland products to South Africa, and have also begun developing an operation based in Dubai to import and distribute our products throughout the United Arab Emirates and into Saudi Arabia.

During the year we opened a further two stores in the Czech Republic, where we were operating in three locations by the year-end.

## **Acquisition**

In November 2013 we acquired seven Iceland fascia stores in the Republic of Ireland from our franchisee AIM Group; one store was subsequently closed. All staff in the stores were given the opportunity to transfer to Iceland. We intend to refurbish the existing stores before embarking on a major expansion programme in the Republic that will create more jobs and more opportunities for Irish suppliers.

## **Colleagues and the Community**

We created 1,500 new jobs during the period through new store openings, ending the year with 25,500 employees.

Industry leading engagement figures put Iceland significantly ahead of the retail benchmark; 92% of Iceland colleagues are proud to work for Iceland. The same percentage would recommend us as a place to work and 97% would recommend us as a place to shop.

These numbers translate into external measures to celebrate, as Iceland was again voted by its own employees the UK's "Best Big Company to Work For" in the Best Companies awards, reclaiming the title we first won in 2012. Iceland was No.1 for offering employees a fair deal and the survey found that colleagues are happier with their pay and benefits than any other company surveyed. We also came top for promoting employee wellbeing.

Iceland continues to make a great contribution to the wider community through the active involvement of our people in charitable activities. During the year we raised a total of £2.1m for good causes through the Iceland Foods Charitable Foundation and donated a further £1.0m to our principal charity partner for the last three years, Alzheimer's Research UK (ARUK), bringing the total we have raised for them to over £3.1m.

## **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 expect to open up to 40 new Iceland stores in the UK, creating up to 1,250 jobs, and to complete the rollout of our online service nationwide. We will continue to invest to provide value to our customers, and identify and exploit opportunities for further development of the Iceland brand internationally.

## **ENQUIRIES:**

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For more information on Iceland Foods, please visit [www.iceland.co.uk](http://www.iceland.co.uk)