

ICA Gruppen - A strong platform for profitable growth



We are a leading Swedish and Baltic grocery retailer and Swedish pharmacy operator: **1,830 stores**

ICA #1 grocery retail business in Sweden
ICA Sweden – market share: **36%**

Rimi #2 Rimi Baltic has leading positions in grocery retailing in Estonia, Latvia and Lithuania – market share: **16%**



Apotek Hjärtat
pharmacy chain in Sweden
has a market share of 31%



ICA Real Estate supports ICA Sweden's store network
by securing and developing store locations.
Actively managed real estate portfolio – book value **SEK 14 bn**



ICA Bank & ICA Insurance
a full service bank with **>700 000 customers** and ICA insurance with **>100,000 customers**



ICA Non Food and HEMTEX
an attractive non-food offering
through ICA Non Food and home furnishings chain Hemtex



Profitability – high and stable margins

in Sweden with potential to increase
Pharmacy and Baltic margins



2017 total sales:

SEK 106bn of which
ICA Sweden: **SEK 76bn**



Strong sustainability focus

climate-neutral by **2020**

Core business in ICA Sweden has a unique and proven business model

Established in 1917 and market leader for 50 years, with very strong brand position and high customer loyalty

1,300 stores, 95% owned and operated by independent ICA retailers

ICA Sweden provides stores with centralized support services, as well as wholesale sourcing and distribution

Local store entrepreneurship is a key sales driver and competitive differentiator

Business model is funded through wholesale margin, royalties and store profit sharing

Drivers: Growing faster than the market; expanding retail operation in Sweden & Baltic countries; transitioning pharmacy marketplace

ICA Sweden focusing on new store openings in large cities, where its market share is lower; expanding store network in Rimi Baltic and acquiring the Lithuanian food retailer IKI

Increase in private label share of total sales - ICA Sweden: 24.7% with target to grow 1 pp per year

Pharmacy market: traded goods share of sales set to expand

Frans Benson - Head of Investor Relations

email: frans.benson@ica.se | www.icagruppen.se/en/investors

Supportive market fundamentals:

Rising diversity in consumption trends & increasing population

Stable retail market growth in Sweden with c. 3.0% annual growth and supporting macro environment

Consumer trends support purchase of more expensive products – organic, locally produced, healthy food

Growth potential in Online sales – Sweden: today >1% (2017) to potentially 7-8% (2020); Baltics and Pharmacy similar potential

2017 Sales, MSEK

ICA Sweden

The leading grocery retailer in Sweden

76,400 **3,507**

ICA Bank

The bank with a strong mobile offering

965 **71**

2017 EBIT, MSEK

Rimi Baltic

Grocery retail operations in Estonia, Latvia and Lithuania

14,008 **557**

ICA Real Estate

One of the largest commercial retail real estate companies in the Nordic region.

2,468 **429**

EBIT equals EBIT before items affecting comparability

Apotek Hjärtat

Sweden's second largest pharmacy chain

12,876 **461**

Hemtex

Home furnishing stores

1,078 **31**

Stable cash flow delivers attractive yields – long term targets:

Growth: faster than the markets

EBIT margin:
4.5% (4.4% 2017)

ROCE
10% (12.3% 2017)

Net debt/EBITDA
<2x (0.8x 2017)

Dividend:
≥50% (53% 2017)

We aim to be a leader in corporate sustainability

ICA Gruppen's operations will be **climate-neutral by 2020**

100% of ICA Gruppen's corporate brand suppliers in high-risk countries will be socially audited

80% of ICA Gruppen's corporate brand suppliers will be quality certified

Strategic themes and priorities

CREATE GROWTH



Provide a great offering, value for money, a strong store network and a personal, omnichannel experience



Strengthen customer relationships through leading brands, loyalty programs and CRM



Drive efficiency throughout the value chain

ENABLE GROWTH



Engage and develop our people in a fast-moving and diverse organisation



Create customer engagement and responsible, climate-neutral operations

Good sales – establishment of dark store

Financial

Net sales
+3.6%*

EBIT**+3.4%

In line with financial
targets

Events

ICA Real Estate and Secore acquires properties
from KPA Pension

Dark store to be established no later than Q3, 2018

Market

Competitive pressure continues in all markets

Market growth in Sweden primarily price driven

Increased food inflation in the Baltic countries

EBIT equals EBIT before items affecting
comparability

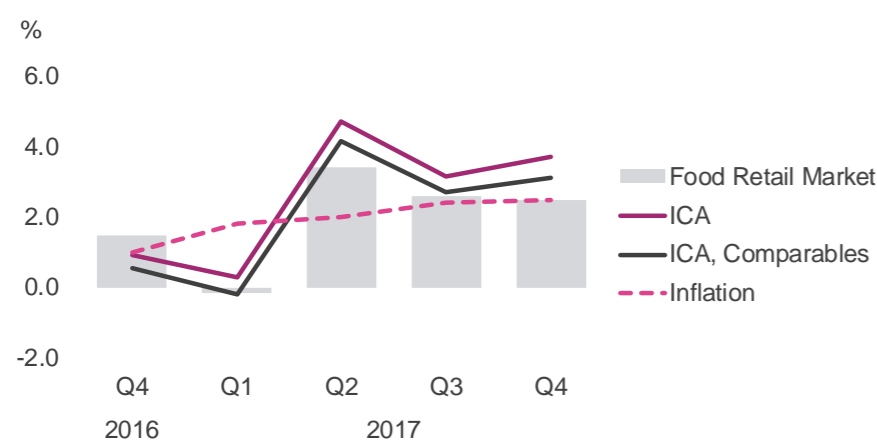
*Adjusted for divestments of real estate in Norway

**Adjusted for divestment of real estate in Norway and
IKI integration costs

Store sales and retail market in Q4

Store sales growth in Sweden above market

- ICA store sales growth of +3.7%, in comparable stores +2.9%. Market growth in Q4 was 2.5%
- Sales mainly driven by increased average buy (price)
- Increased number of customers
- Price and calendar effect of +2.4% (price +2.6%, calendar -0.2%)
- ICA Online sales growth +53% (food online +59% and menu baskets +31%). Market growth +23% (food online +42%, menu baskets -7%). Approx. 205 ICA stores selling food online
- Establishments Q4: 8 new stores out of 14 during 2017



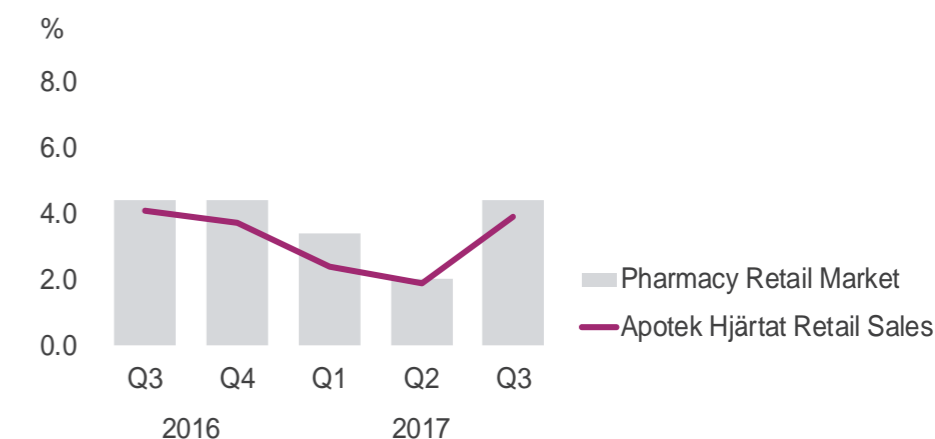
Rimi Baltic market share affected by store conversions, closures and fierce competition

- Rimi store sales +1.4%, comparable sales +3.4%
 - Estonia comparable +2.4%, affected by store conversions
 - Latvia comparable +3.9%
 - Lithuania comparable +2.9%
- Food retail market +6.6%
 - Estonia +5.2%
 - Latvia +6.3%
 - Lithuania +7.5%
- Food price inflation +5.7%
- Establishments Q4: 2 new stores out of 6 during 2017



Apotek Hjärtat – continued strong online growth and overall stable market share development

- Apotek Hjärtat sales growth +3.0%
 - Negative calendar effect -0.5%
 - Prescription +3.4%
 - OTC -2.4%
 - Traded goods +4.8%
- Market growth of +3.2%
 - Prescription +2.1%
 - OTC -0.7%
 - Traded goods +10.6%
- Very strong online growth, Apotek Hjärtat +67%, market growth +56%
- Establishments: 5 new pharmacies out of 11 during 2017



MSEK

Net sales

Q4 2017
27,845

Q4 2016
26,920

Change %
+3.4%

EBIT

Q4 2017
1,172

Q4 2016
1,180

Change %
-0.6%

EBIT Margin

Q4 2017
4.2%

Q4 2016
4.4%

Change %
-0.2ppp