

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, estimated market value SEK 18 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
with potential to increase Pharmacy 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 and cost coverage for logistics and common functions

Drivers: Growing faster than the market; expanding retail operation in Sweden & Baltic countries and push omni-channel across all operations

ICA Sweden focusing on expanding footprint in metropolitan areas, meal solutions and digitalization, market leader offline & online. Strengthen store network in Rimi Baltic

Increase private label share of total sales. Target to grow 1 pp per year in Sweden from today's ~25%

Pharmacy market: expand traded goods share of sales, online growth

Digital transformation

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**

Long term targets

– stable cash flow delivers attractive yields

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 responsibility

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

Strong sales – investments weighing down margin in near term

EBIT equals EBIT before items affecting comparability

Financial

Net sales
+4.7%

Strong cash flow

EBIT-4.8%

Events

- Dark store ramp-up
- Agreement signed in May with Ocado for e-commerce solution
- Launch of Voice assistant with Google

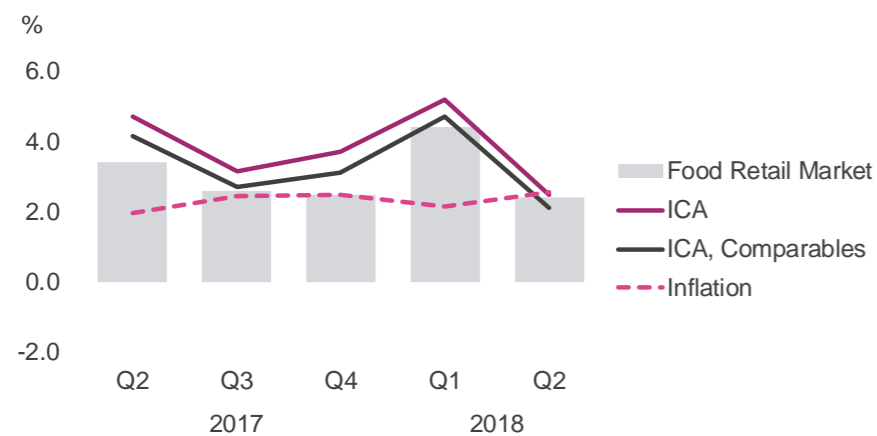
Market

- Competitive pressure in all markets
- Market growth in Sweden primarily price driven
- Lower inflation in the Baltics compared to Q1

Store sales and retail market in Q2

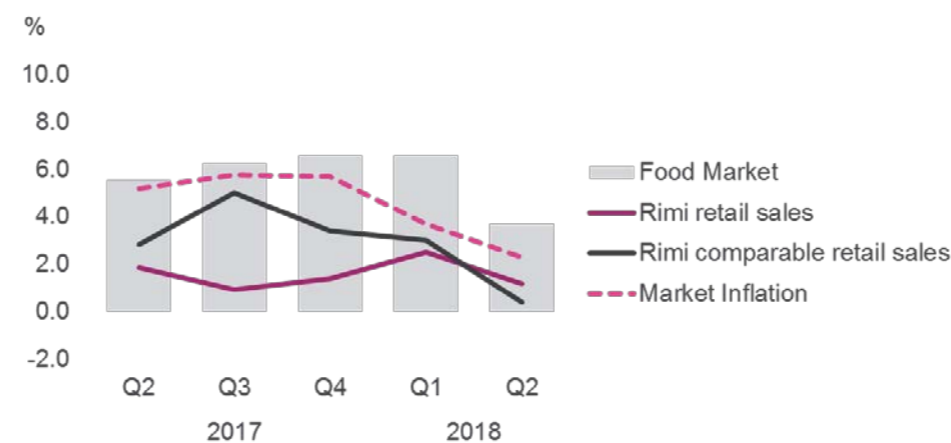
Store sales growth in Sweden in line with market

- ICA store sales growth of +2.5%, in comparable stores +2.1%. Sales mainly driven by number of store visitors
- Price and calendar effect of +0.8% (price +2.6%, calendar -1.7%)
- Market growth +2.4%
- ICA Online sales growth +42% (food online +52% and menu baskets+7%). Market growth +28% (food online +47%, menu baskets -8%)
- 242 ICA stores selling food online, >600 selling menu baskets
- Establishments Q2: 7 new stores



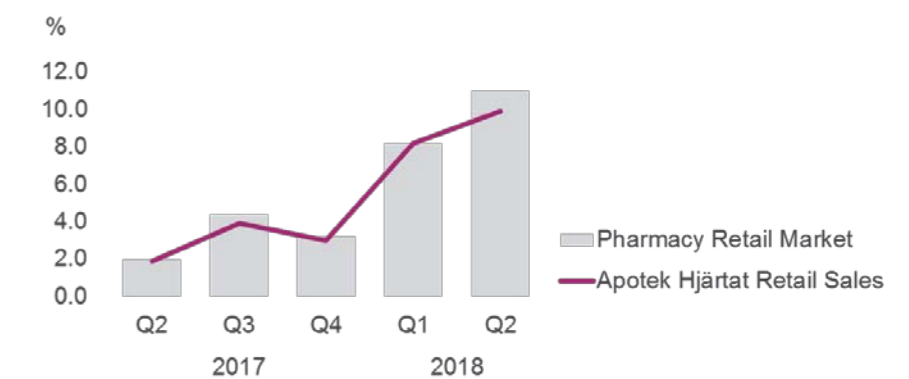
Rimi Baltic market share continues to be affected by store conversions and fierce competition

- Rimi store sales +1.2%, comparable sales +0.4%
 - Estonia comparable -0.3%
 - Latvia comparable +1.7%
 - Lithuania comparable -2.1%
- Market growth +3.7%
- Food inflation, total 2.3%
 - Estonia +4.7%
 - Latvia +0.8%
 - Lithuania +1.9%
- Establishments Q2: 2 new stores



Apotek Hjärtat – Sales development in line with market growth

- Apotek Hjärtat sales growth +9.9%, adjusted growth (constant prices prescription drugs) +4.2%, including positive Easter calendar effect of +0.9%
 - Prescription +10.7%
 - OTC 4.0%
 - Traded goods +10.7%
- Market growth of +11.0%. Adjusted 3.9%
 - Prescription +11.7%
 - OTC +5.7%
 - Traded goods +11.2%
- Very strong online growth, Apotek Hjärtat +51%, market growth +38%
- Establishment Q2: 2 new pharmacies



MSEK

Net sales

Q2 2018	Q1 2017	Change %
29,258	27,940	+4.7%

EBIT

Q2 2018	Q1 2017	Change %
1,041	1,094	-4.8%

EBIT Margin

Q2 2018	Q2 2017	Change %
3.6%	3.9%	-0.4pp