

# 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 14.5 bn, estimated market value SEK 19.8 bn



**ICA Bank & ICA Insurance** full service bank with >800 000 customers and ICA insurance with >140,000 customers



**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



**2018 total sales:** SEK 115bn of which ICA Sweden: SEK 82bn



**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 ~3% (2018) to potentially 7-8%; Baltics and Pharmacy similar potential

## ● 2018 Sales, MSEK

### ICA Sweden

The leading grocery retailer in Sweden

**82,411**      **3,332**

### ICA Bank

The bank with a strong mobile offering

**1,353**      **170**

## ● 2018 EBIT, MSEK

### Rimi Baltic

Grocery retail operations in Estonia, Latvia and Lithuania

**15,255**      **631**

### ICA Real Estate

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

**2,591**      **417**

EBIT equals EBIT before items affecting comparability

### Apotek Hjärtat

Sweden's second largest pharmacy chain

**14,110**      **533**

### Hemtex

Home furnishing stores

**1,020**      **13**

## Long term targets

– stable cash flow delivers attractive yields

## Growth: faster than the markets

EBIT margin:  
**4.5% (4.0% 2018)**

ROCE  
**10% (10.2% 2017)**

Net debt/EBITDA  
**<2x (0.8x 2018)**

Dividend:  
**≥50% (63% 2018\*)**

\*to be proposed by the board on AGM April 11, 2019

## 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



Closer to our customers

We are where our customers are, locally, digitally and personally, with strong and affordable customer offerings



Trusted & relevant

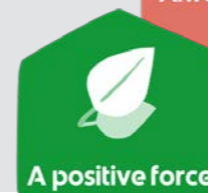
We earn our customers' loyalty with a great brand, a broad ecosystem and personalised, data driven communication



Empowered organisation

We are committed and inclusive. Together we build a fast moving and constantly learning company

### ENABLE GROWTH



A positive force



Always better

We improve continuously and leverage technology to make it easier for our customers, improve efficiency and value for money

We lead the development towards a more sustainable and healthy society – for a good tomorrow

EBIT equals EBIT before items affecting comparability

### Financial

Net sales  
+5.1%

Stable EBIT margin

EBIT -2.8%

### Events

Provision of MSEK 110 for future oriented organizational changes in ICA Sweden  
Apotek Hjärtat and Minutkliniken in joint-venture with Min Doktor  
New strategic priorities for 2019 set

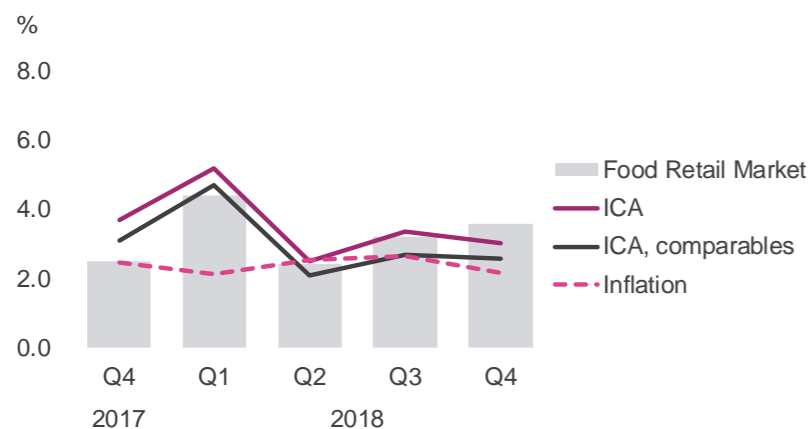
### Market

Competitive pressure in all markets  
Lower inflation in Sweden  
Salary inflation in logistics in the Baltics

## Store sales and retail market in Q4

### Continued strong online growth in ICA stores in Sweden

- ICA store sales in Sweden, growth of +3.0%, in comparable stores +2.6%.
- Price and calendar effect of +2.4% (price +2.2%, calendar +0.2%)
- Market growth according to SCB +3.6%
- ICA Online sales growth +35% (food online +44% and menu baskets-2%). Market\* growth +22%
- 282 ICA stores selling food online, 634 selling menu baskets
- Establishments Q4: no new stores



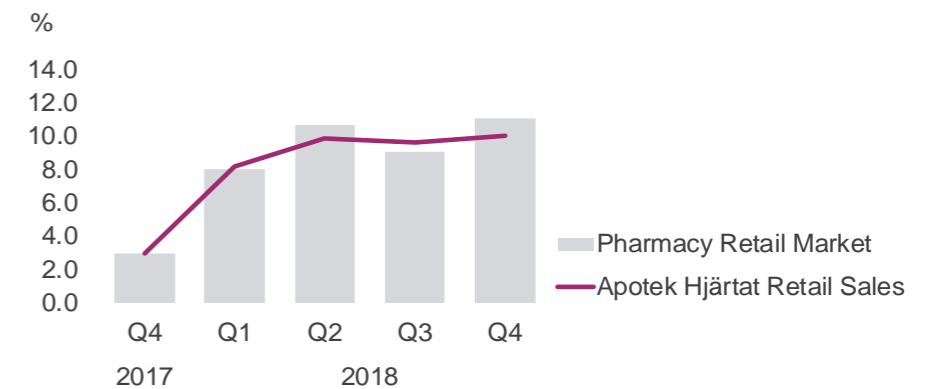
### Rimi Baltic - store sales below market growth, impacted by conversions

- Rimi store sales +1.89%, comparable sales +3.3%
  - Estonia comparable +1.5%
  - Latvia comparable +4.9%
  - Lithuania comparable +2.1%
- Inflation +1.7%
  - Estonia +2.9%
  - Latvia +1.8%
  - Lithuania +1.0%
- Market growth 4.5%
- Establishments Q4: 5 new stores



### Apotek Hjärtat – Sales development in line with market growth

- Apotek Hjärtat sales growth +10.0%, adjusted growth (constant prices prescription drugs) +3.9%
  - Prescription +11.4%
  - OTC 2.4%
  - Traded goods +8.1%
- Market growth of +11.1%. Adjusted 3.3%
  - Prescription +12.3%
  - OTC +2.4%
  - Traded goods +10.6%
- Strong online growth, Apotek Hjärtat +51%, market+35%
- Establishment Q4: 2 new pharmacies



\* DVI= Food Retail Index includes grocery sales and online except Lidl, Netto and Mathem

MSEK	Net sales			EBIT			EBIT Margin		
	Q4 2018	Q4 2017	Change %	Q4 2018	Q4 2017	Change %	Q4 2018	Q4 2017	Change %
	30,069	28,601	+5.1%	1,139	1,172	-2.8%	3.8%	4.1%	-0.3pp