



**ICA**  
GRUPPEN

# ICA Gruppen Equity story

# A stable foundation for continued profitable growth

**#1**

Leading positions and strong brands

ICA Gruppen has leading market positions in grocery retail and pharmacy supported by very strong brands.

**#2**

Unique business model in Sweden

Grocery retail business in Sweden combines market leading scale with local knowledge and entrepreneurship through independent retailers.

**#3**

Strong financial position and stable returns

A stable business and a strong financial position provides attractive returns for shareholders.

**#4**

Capacity to invest to capture new opportunities

Strong operational cashflows and scale enables investments in innovation, digitalisation and infrastructure.

**#5**

Extensive digital agenda

Ambitious agenda to reduce cost and capture additional synergies through digitalisation.

# Leading positions and strong brands

- A leading retail company **focused on food and health**
- A **synergistic group** structure where **each part contributes** to the whole
- Core business in grocery retail – **leading positions both online and offline** in Sweden under the ICA brand and strong position in the Baltics under the Rimi brand
- Supporting businesses, profitable in their own right and providing synergies to the core
- 2018 **total sales**: SEK 115bn of which **ICA Sweden**: SEK 82bn
- 2018 **Operating profit**: SEK 4.7 bn
- Share **listed on Nasdaq Stockholm** (Large Cap)

## Ambitious sustainability targets

- Climate-neutral operations by 2020
- Cut food waste in half by 2025
- Best at helping consumers make healthy choices by 2020
- Socially audited and quality certified corporate brand suppliers

## Long-term financial targets

Growth faster than the market

EBIT margin:	Dividend payout ratio:
<b>4.5%</b>	<b>&gt;50%</b>
ROCE:	Net debt/EBITDA:
<b>7.5%</b>	<b>&lt;3</b>

## Our vision:

We make everyday a little easier

**ICA**

Grocery retail market leader in Sweden

<b>1,277</b>	<b>36%</b>
Stores	Market share

<b>82,411</b>	<b>3,332</b>
Net sales	EBIT

**rimi**

Grocery retail with leading positions in Estonia, Latvia & Lithuania

<b>267</b>	<b>16%</b>
Stores	Market share

<b>15,255</b>	<b>631</b>
Net sales	EBIT

**APOTEK** 

# 2 pharmacy chain in Sweden

<b>388</b>	<b>31%</b>
Stores	Market share

<b>14,110</b>	<b>533</b>
Net sales	EBIT

**ICA Fastigheter**

ICA Real Estate - supports ICA Sweden's store network

Real estate portfolio – book value SEK **14.5** bn, estimated market value SEK **19.8** bn.

<b>2,591</b>	<b>417</b>
Net sales	EBIT

**ICA banken**

ICA Bank - full-service bank and insurance offering

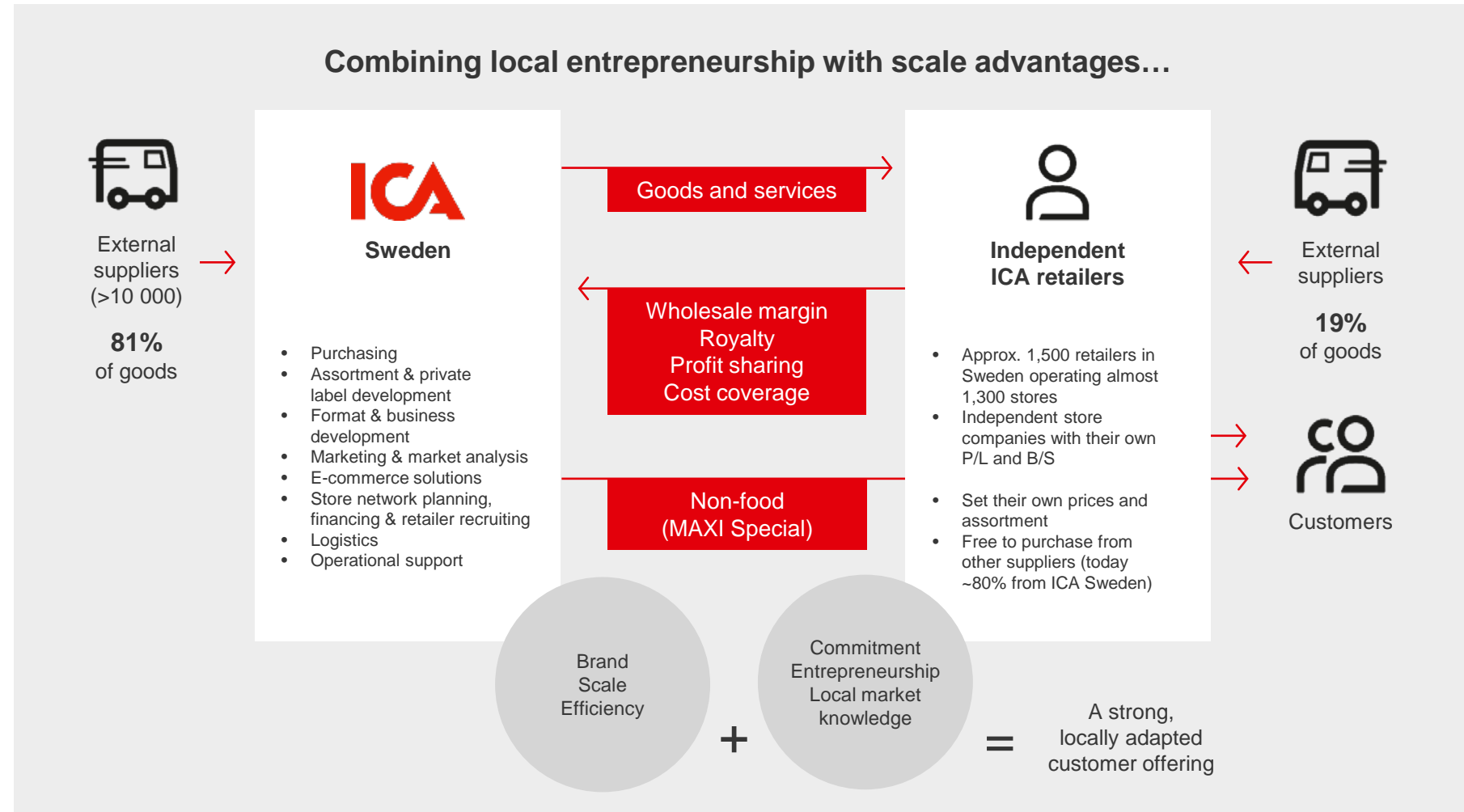
<b>&gt;800 000</b>	<b>&gt;140 000</b>
Bank customers	Insurance customers

<b>1,353</b>	<b>71</b>
Net sales	EBIT

SEK million. All figures as of end 2018.

# Unique business model in Sweden

- A unique business model where independent retailers own their stores and decide on assortment and pricing. Founded in 1917 and a major success factor for ICA over the past century. Still unique and relevant
- ICA Sweden – wholesale sales to the retailers while also offering supporting services, such as e-commerce fulfilment, central marketing and payment solutions
- ICA Sweden also responsible for store network planning, initial financing & retailer recruiting
- Four different store formats
  - ICA Maxi
  - ICA Kvantum
  - ICA Supermarket
  - ICA Nära



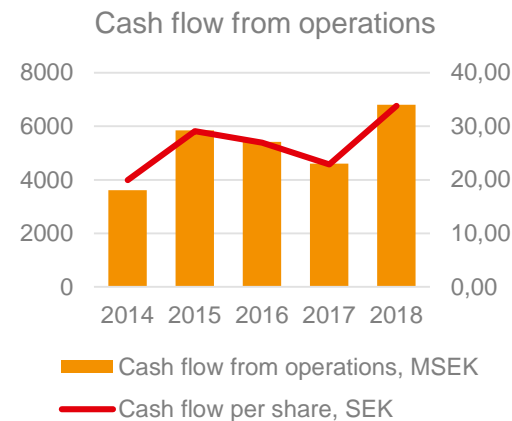
# Strong financial position and stable returns with the capacity to invest to capture new opportunities

## Leading positions and strong brands...

- ICA – a market leader in grocery retail in Sweden and one of Sweden’s best-known brands
- Rimi Baltic – strong retailer positions in Estonia, Latvia and Lithuania. #1 in Latvia
- Apotek Hjärtat – the second largest company in the Swedish pharmacy market
- ICA Real Estate has a large and actively managed property portfolio within the retail segment – AUM ~SEK 20 bn
- ICA Bank – >800,000 customers and a vital part of the ICA system

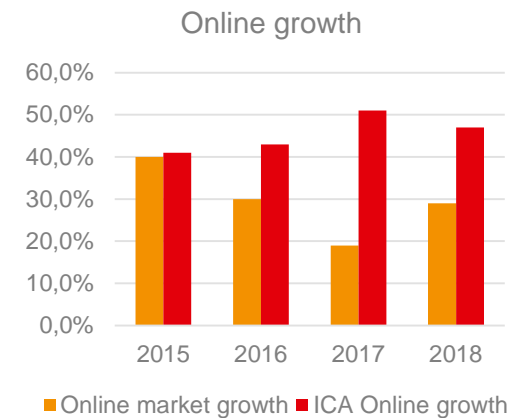
## ...generating a solid cash flow and a stable financial performance...

- Supports core business development
- Funds growth projects
- Enables stable return for the shareholders.



## ...that allows us to capture opportunities – both online and offline

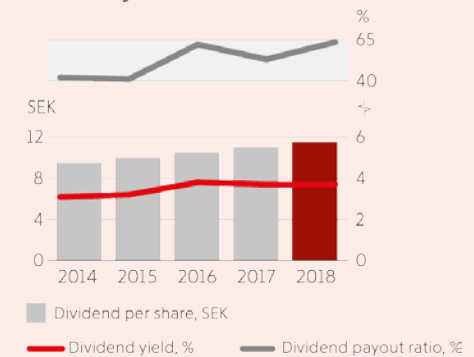
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



## Attractive historical return

Since formed in 2013, ICA Gruppen has gradually increased its ordinary dividend while also managing to maintain a high level of investment. The Group’s financial targets include providing a dividend of at least 50% of profit for the year. The target reflects ICA Gruppen’s stable earnings and is to be at a competitive level for the sector.

## Dividend per share and dividend yield



# Extensive digital agenda – focus on four areas



## E-commerce & omni channel

- ICA: Increased capex spend on e-commerce infrastructure with back-end systems and e-commerce warehouse. Ocado-powered CFC to open in 2022.
- Rimi Baltic: Launch of online shopping in 2019/2020
- Apotek Hjärtat: A broader offering and faster deliveries
- Aim to significantly improve last mile offer in major cities



## Digital ecosystem

- ICAX has launched two services and has a strong pipeline in five areas: shopping journey, health, sustainability, simplifying life, and household economy



## Personalized & digital marketing

- Scaling up personalisation across channels through new loyalty program (Customer Loyalty 2020)
- Large volume of customer data



## Process automation

- Reduces labour costs and increases quality and speed
- Machine learning to optimise performance of pricing, assortment planning, etc

### ICA online 2018



Total sales online:	Online share of total sales	Online share active stores:	Growth in sales online 2018
<b>SEK 1.7 bn</b>	<b>1.5%</b>	<b>2.8%</b>	<b>42%</b>

### Apotek Hjärtat online 2018



Online total market share of sales: <b>&gt;10%</b>	Online market growth <b>38%</b>	Apotek Hjärtat online growth 2018 <b>55%</b>
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### Key digital initiatives

- AI & Data centre of excellence
- Ocado deal signed
- First ICA dark store
- Apotek Hjärtat launches Click&collect, Click&express
- Investment in and partnership with Min Doktor
- Launch of My climate goal, ICA Voice and ICA Spara

# Q2 Report 2019

## Continued good earnings performance – Hemtex sold

### Financial

Net sales:  
**+4.3%**

EBIT:  
**+27%**

EBIT margin:  
**4.5%**

### Events

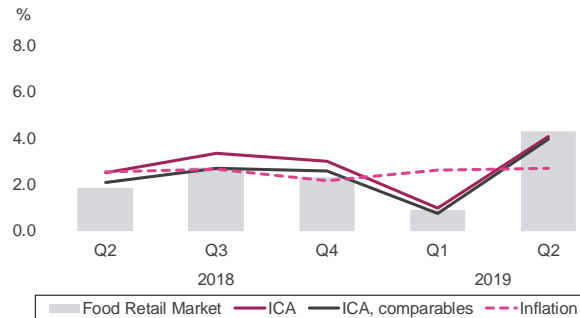
Hemtex divested in May – capital loss SEK 382 million

Anders Bärlund, new Chief Strategy & Business Development Officer at ICA Gruppen

### Store sales and retail market in Q2

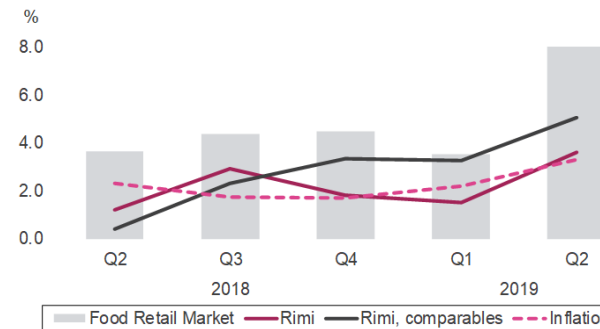
#### Sweden – Store sales growth in line with market

- ICA store sales in Sweden, growth of +4.1%, in comparable stores +3.9%.
- Price and calendar effect of +4.4% (price +2.7%, calendar +1.7%)
- Market growth according to DVI\* +4.3%
- ICA Online sales growth +36% (food online +42% and menu baskets +6%). Market growth +24%
- Establishments Q2: 1 new store



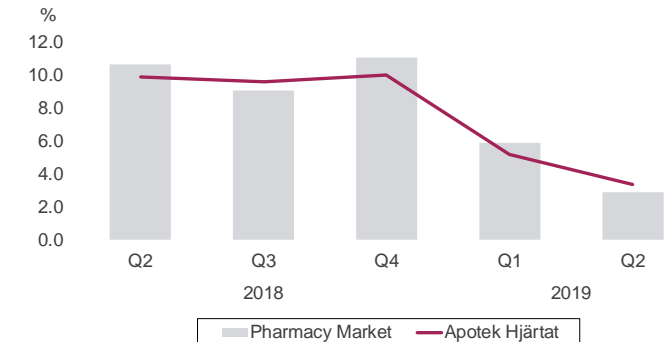
#### Rimi Baltic – Increased inflation and high market growth

- Rimi store sales +3.6%, comparable sales +5.1%
  - Estonia comparable +2.8%
  - Latvia comparable +6.3%
  - Lithuania comparable +4.9%
- Inflation +3.3%
- Market growth 8.2%
  - Estonia +6.5%
  - Latvia +7.0%
  - Lithuania +9.8%
- Establishments Q2: 3 new stores



#### Apotek Hjärtat – Sales development slightly above market growth

- Apotek Hjärtat sales growth +3.4% (adjusted growth 2.8%, fixed prices prescription drugs, excl. Minutkliniken)
  - Prescription +4.0%
  - OTC 1.6%
  - Traded goods +2.3% (excl. Minutkliniken +5.8%)
- Market growth of +2.9%. Adjusted 2.7%
  - Prescription +1.7%
  - OTC +2.9%
  - Traded goods +8.6%
- Strong online growth, Apotek Hjärtat +45%, market+37%
- Establishment Q2: 3 new pharmacies



### MSEK Net sales

Q2 2019	Q2 2018	Change %
<b>30,529</b>	<b>29,258</b>	<b>+4.3%</b>

### EBIT

Q2 2019	Q2 2018	Change %
<b>1,365</b>	<b>1,077</b>	<b>26.7%</b>

### EBIT margin

Q2 2019	Q2 2018	Change %
<b>4.5%</b>	<b>3.7%</b>	<b>0.8pp</b>

\*Food retail index/Dagligvaruindex, except Netto  
\*\* DVI Online