

# 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

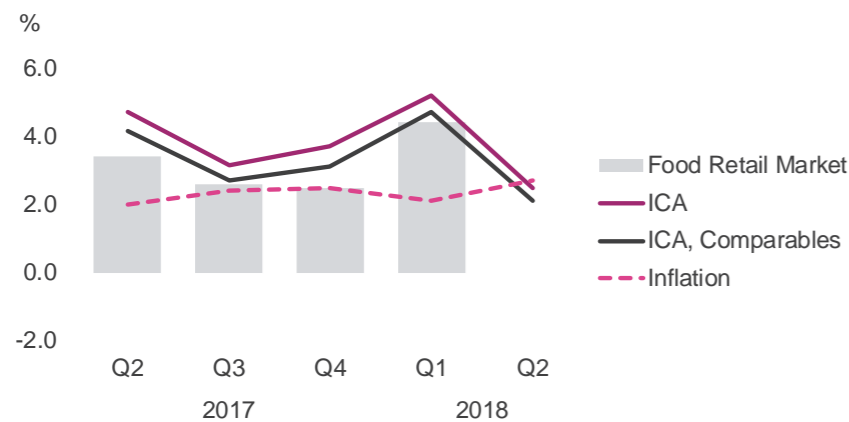
### Market

- 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 estimated to be in line with market

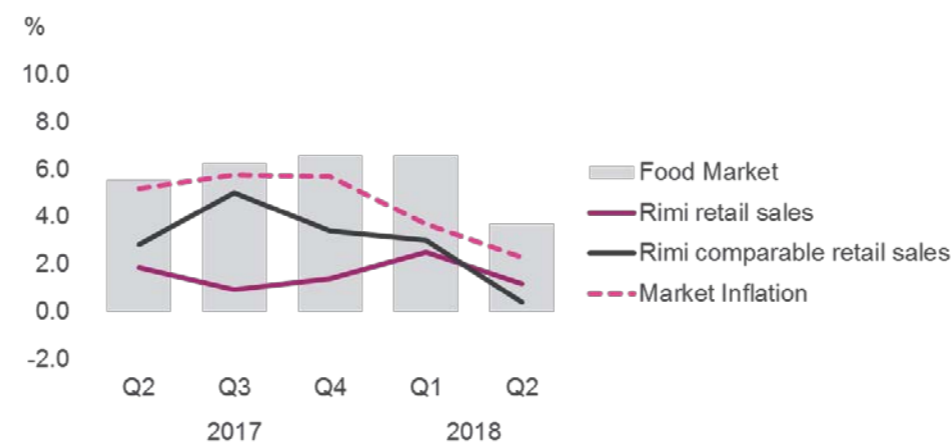
- ICA store sales growth of +2.5%, in comparable stores +2.1%. Sales mainly driven by number of store visitors
- Price and calendar effect of +0.8% (price +2.6%, calendar -1.7%)
- ICA Online sales growth +42% (food online +52% and menu baskets+7%). 242 ICA stores selling food online, >600 selling menu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



The graph will be updated when final market data is available at the end of August

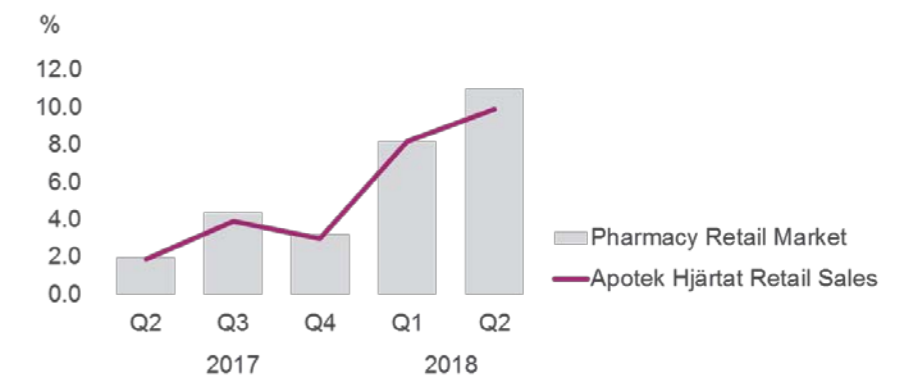
### Rimi Baltic market share continues to be affected by store conversions and fierce competition

- 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