



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

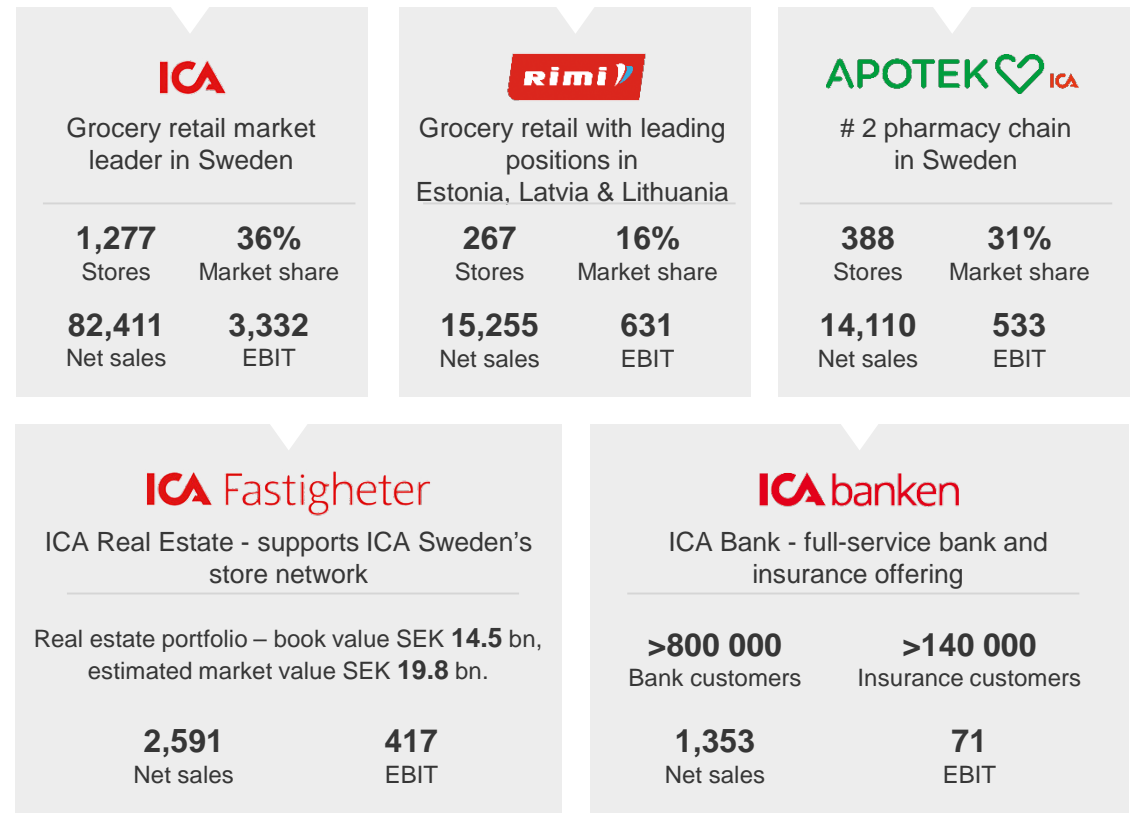
- Climate-neutral operations by 2020
- Cut food waste in half by 2025
- Best at helping consumers make healthy choices by 2020
- Socially audited and quality certified corporate brand suppliers

Long-term financial targets

Growth faster than the market

EBIT margin:	Dividend payout ratio:
4.5%	>50%
ROCE:	Net debt/EBITDA:
7.5%	<3

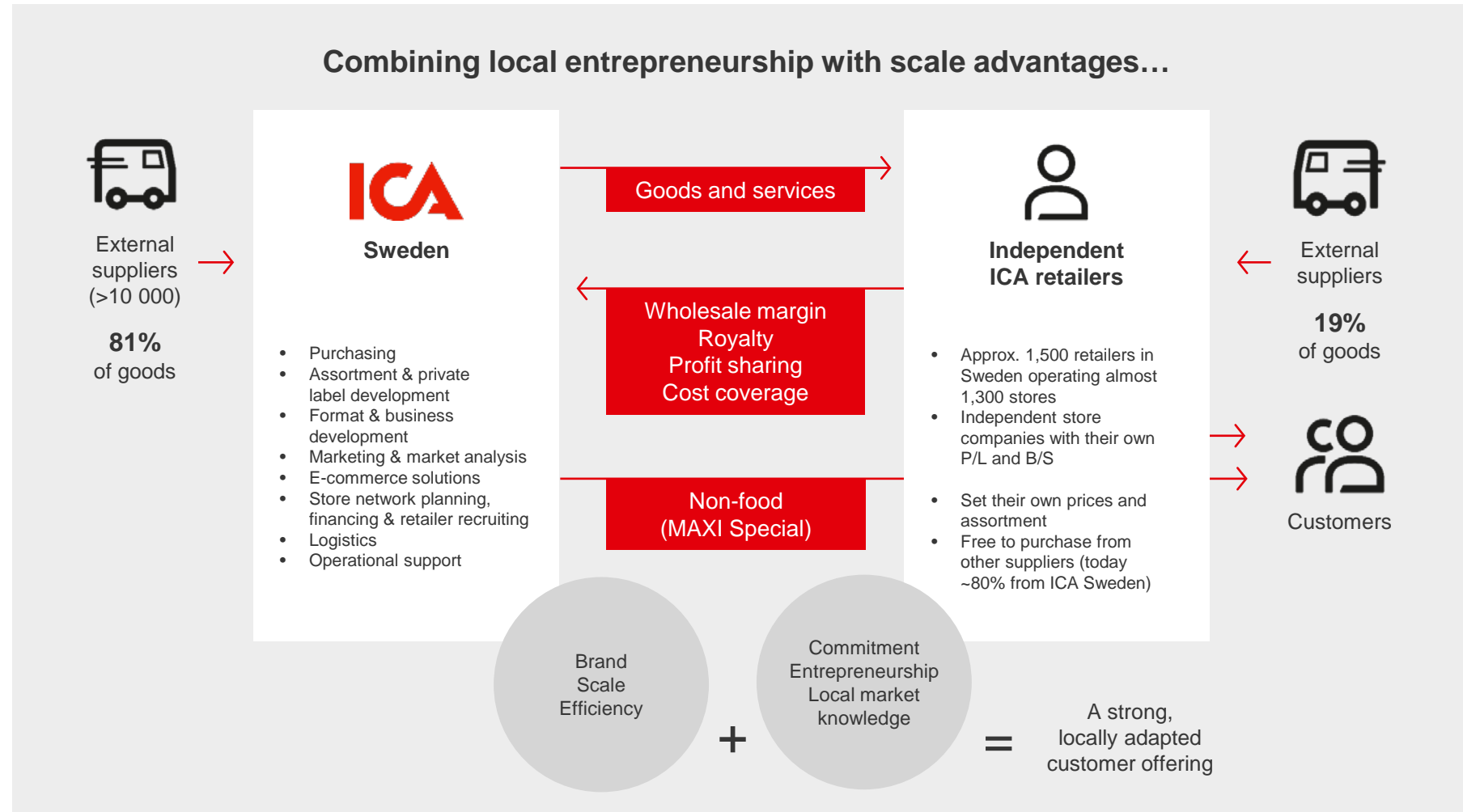
Our vision:
We make everyday a little easier



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



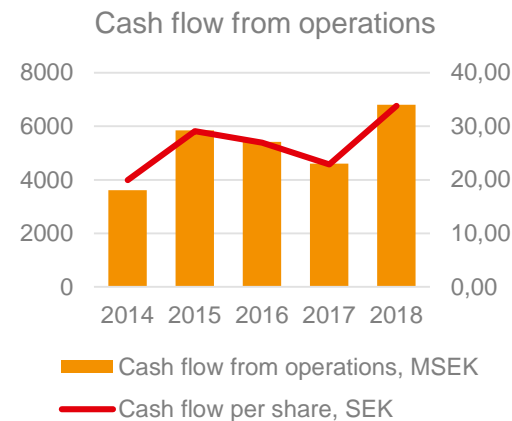
Strong financial position and stable returns with the capacity to invest to capture new opportunities

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

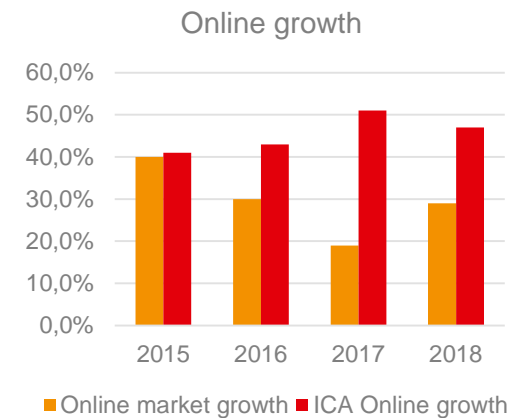
...generating a solid cash flow and a stable financial performance...

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



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

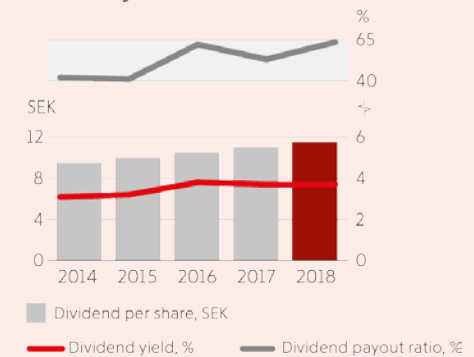
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



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
SEK 1.7 bn	1.5%	2.8%	42%

Apotek Hjärtat online 2018



Online total market share of sales: >10%	Online market growth 38%	Apotek Hjärtat online growth 2018 55%
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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

Q3 Report 2019

Solid profit development

Financial

Net sales:	EBIT:	EBIT margin:
+3.4%	+3.2%	5.4%

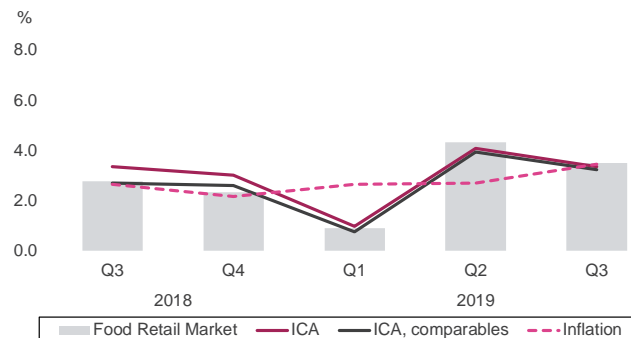
Events

ICA Bank will establish a mortgage company in Sweden together with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo

Store sales and retail market in Q3

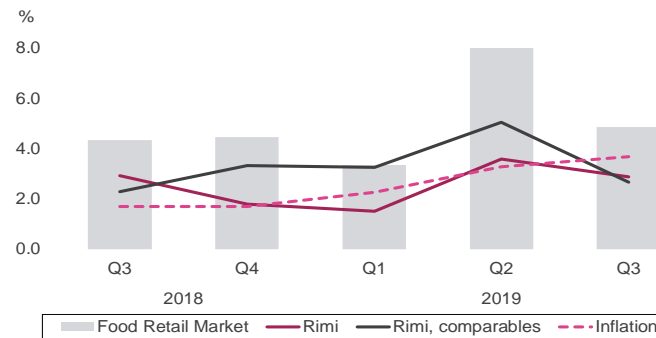
Sweden – Store sales growth in line with market

- ICA store sales in Sweden, growth of +3.4%, in comparable stores +3.2%.
- Price and calendar effect of +3.5% (price +3.5%, calendar +0.1%)
- Market growth according to DVI* +3.5%
- ICA Online sales growth +38% (food online +43% and menu baskets +1%). Market growth DVI** +30%
- Establishments Q3: 3 new stores



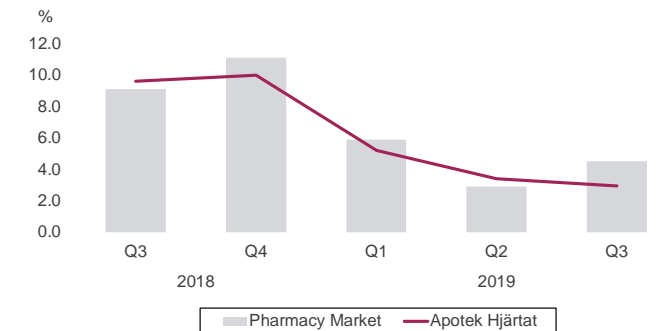
Rimi Baltic – Sales impacted by store conversions in Latvia

- Rimi store sales +2.8%, comparable sales +2.7%
 - Estonia comparable +1.4%
 - Latvia comparable +3.5%
 - Lithuania comparable +2.3%
- Market growth +4.9%
- Inflation +4.0%
- Establishments Q3: 1 new store



Apotek Hjärtat – Affected by automation start-up challenges

- Apotek Hjärtat sales growth +3.0%
 - Prescription +5.2%
 - OTC -1.7%
 - Traded goods -5.0% (excl. Minutkliniken -2.9%)
- Market growth of %+4.5%
 - Prescription +4.1%
 - OTC +4.2%
 - Traded goods +6.7%
- Online growth, Apotek Hjärtat +22%, market+39%
- Establishment Q3: 1 new pharmacy



MSEK Net sales

Q3 2019	Q3 2018	Change %
29,818	28,846	+3.4%

EBIT

Q3 2019	Q3 2018	Change %
1,599	1,549	3.2%

EBIT margin

Q3 2019	Q3 2018	Change %
5.4%	5.4%	0.0pp

*Food retail index/Dagligvaruindex
** DVI Online