

# Year-end report 2019

## Good conclusion to a strong year

### Fourth quarter 2019

- Consolidated net sales amounted to SEK 30,850 million (30,069), an increase of 2.6%
- Operating profit excluding items affecting comparability was SEK 1,267 million (1,139). Recalculated for IFRS 16, operating profit for the comparison period in 2018 was SEK 1,180 million
- Operating profit includes nonrecurring items in ICA Sweden of approximately SEK -50 million. Operating profit for ICA Sweden for the same period a year ago included structural costs of SEK -110 million
- Profit for the period was SEK 915 million (930)
- Profit includes capital losses on sales of non-current assets and impairment losses totalling SEK -18 million net (33)
- Earnings per share were SEK 4.52 (4.61)
- Cash flow from operating activities was SEK 3,096 million (2,244). Excluding ICA Bank, cash flow was SEK 2,925 million (2,768). The outcome for 2018 recalculated for IFRS 16 was SEK 3,648 million
- ICA Gruppen's board of directors proposes a dividend of SEK 12.00 per share (11.50) for 2019, corresponding to 70% (63%) of profit for the year

### January-December 2019

- Consolidated net sales amounted to SEK 119,295 million (115,354), an increase of 3.4%
- Operating profit excluding items affecting comparability was SEK 5,356 million (4,651). Recalculated for IFRS 16, operating profit for the comparison period in 2018 was 4,811 million
- Profit for the period was SEK 3,450 million (3,647). Profit includes capital losses on sales of non-current assets and impairment losses totalling SEK -422 million net (-153), of which SEK -382 million pertains to the sale of Hemtex
- Earnings per share were SEK 17.06 (18.05)
- Cash flow from operating activities was SEK 9,748 million (6,802). Excluding ICA Bank, cash flow was SEK 9,923 million (6,555). The outcome for 2018 recalculated for IFRS 16 was SEK 10,078 million

### Events after the end of the quarter

- ICA Real Estate's CEO Lena Boberg will be leaving ICA Gruppen this summer

Implementation of IFRS 16 has a large effect on ICA Gruppen's financial statements. To facilitate comparisons, ICA Gruppen has elected to present 2018 recalculated for IFRS 16 as a complement to presentation of the formal comparison figures for 2018. Recalculation of 2018 has been done as if IFRS 16 had begun to be applied on 1 January 2018 with the leases then in effect. Key ratios for 2018 that are based on rolling 12-month data are presented only for the full year 2018, as 2017 figures are not recalculated for IFRS 16. ICA Gruppen's segments will continue to recognise all rents as operating leases. The segment reporting for 2019 is therefore unchanged compared with 2018. See also Note 1.

SEKm	Fourth quarter			Jan-Dec		
	2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
<b>Group</b>						
Net sales	30,850	30,069	30,069	119,295	115,354	115,354
Operating profit before depreciation/amortisation (EBITDA)	2,576	1,606	2,491	10,193	6,302	9,850
Operating profit (EBIT) excluding items affecting comparability	1,267	1,139	1,180	5,356	4,651	4,811
Operating profit (EBIT)	1,249	1,172	1,212	4,934	4,498	4,658
Profit before tax	1,122	1,123	1,077	4,402	4,227	4,057
Profit for the period	915	930	892	3,450	3,647	3,508
Cash flow from operating activities	3,096	2,244	3,124	9,748	6,802	10,326
Cash flow from operating activities excluding ICA Bank	2,925	2,768	3,648	9,923	6,555	10,078
Operating margin excluding items affecting comparability, %	4.1	3.8	3.9	4.5	4.0	4.2
Operating margin, %	4.0	3.9	4.0	4.1	3.9	4.0
Return on capital employed, %	—	—	—	7.9	10.2	7.7
Return on equity, %	—	—	—	10.1	11.1	10.6
Earnings per share, SEK	4.52	4.61	4.42	17.06	18.05	17.35

<sup>1)</sup> In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

## CEO's comments

*The year was concluded with good momentum and favourable performance in all our businesses. Sales in ICA stores increased at a good pace during the quarter, and in terms of profitability, Rimi Baltic and ICA Bank dominated with strong earnings performance. Our favourable growth online continues, and also during the fourth quarter we grew faster than the market for both groceries and pharmacy products. In November we also started up our e-commerce business in Rimi Baltic.*

Food price inflation was down slightly at the same time that the ICA stores' calendar-adjusted sales growth in 2019 was highest during the fourth quarter. All-in-all this led to positive volume growth for the first time since the start of 2019. The customer inflow grew for all store formats – both for the full year and the fourth quarter – and mostly in the large stores. Our growth during the quarter and full year was in line with growth of the market.

### **ICA Sweden – maintained profitability and strong sales**

ICA Sweden posted a strong end to the year, building a solid foundation for achieving the overarching goals we have for 2020: to grow sales and take market shares with upheld margins. Our priorities in e-commerce, meal solutions, price value, personalisation and health & sustainability are well-aligned with what customers prioritise and what is dominating market growth. To achieve success in these areas, continued digitalisation will be of utmost importance, and we continue to invest in this area with undiminished speed.

The start of 2020 features some exciting news, including the launch of Stamma, our new loyalty programme. With Stamma ("Regular customer") we have further developed our bonus programme to offer even greater rewards to our loyal customers. It is also a building block in the development of our ecosystem, where we have tied together several different parts of the Group in a seamless customer offering. During the spring we will also be opening ICAAnders, an inspirational concept store in central Stockholm. ICAAnders is not a new store format, but rather a store designed to inspire customers, ICA retailers and employees in the culinary meal market. The idea is that ICA stores will be able draw inspiration from this store and strengthen their own ventures going forward.

### **Rimi Baltic – strong profitability development. Apotek Hjärtat – new automated warehouse working better and better**

The previous trend for Rimi Baltic continued into the fourth quarter – strong profitability development but slightly soft sales. We have gone into 2020 with all store conversions completed and with a well defined plan for how we will fend off Lidl in Latvia and Estonia. At present it is hard to say exactly what this will entail in 2020, but for the long term we are confident that we can deliver continued favourable performance in our Baltic business. In November we launched e-commerce at a couple of stores in Latvia, and we have got off to a good start.

Apotek Hjärtat continued during the fourth quarter to feel some effects of the disruptions at the Norrköping warehouse, but to a considerably lower degree than earlier. Development is now going to plan, and during the spring we will have converted the entire flow to the new automation solution. For Apotek Hjärtat as a whole, the task now is to realise efficiency gains long-term, continue with our successful e-commerce venture, fully take advantage of our physical pharmacy network, secure growth for our profitable private label products and ensure good development for Min Doktor.

### **ICA Bank continuing its favourable performance. Stable for ICA Real Estate**

ICA Bank's performance during the fourth quarter was similar to what we saw earlier in the year, with good volume growth and subsequently higher earnings. We can also note that we succeeded in posting a small profit for ICA Insurance for the full year. The higher repo rate will make a positive contribution to earnings in 2020, all else equal. With firmly rooted customer confidence as a base we continue to develop ICA Bank, among other things by starting up the new mortgage company together with our partners, which was an important milestone ahead of the coming year.

Investments in ICA Real Estate were slightly lower in 2019 than what we had previously indicated. A couple of pushed-back projects or a project that doesn't transpire can easily result in large variations. While we have divested fewer properties during the last two years, over the long term our strategy remains firm. We will both invest in and sell off parts of our real estate portfolio while generating good profitability and growth in value along the way.

### **Extensive breadth in sustainability work**

Apart from our focus on our long-term sustainability targets, intensive work is under way on many fronts in sustainability. As an example of our efforts to meet customers' demands for locally produced food, we have partnered with the dairy company Norrmejerier to produce a Swedish alternative to halloumi. In our work on minimising food waste, Rimi Baltic has followed the example of several ICA stores and signed an agreement with the food rescue company Whywaste. Apotek Hjärtat has launched a campaign to spotlight environmental problems in pharmaceutical manufacturing, and ICA Real Estate has begun construction of an ICA store made entirely of wood and with a sharp sustainability focus in all areas. An important event in 2020 will take place this spring when we announce our new climate targets.

### **A strong 2019 – an exciting 2020 now awaits**

During 2019 we accomplished a lot of what we set out to do. Most importantly we restored profitability in ICA Sweden and increased profitability in most parts of the Group at the same time that we have maintained good momentum in vital future projects. Continued growth will be in focus during the coming year, and achieving this will require that we are successful in a number of key areas that we presented at our Capital Markets Day in December. We have entered the new decade with the wind in our sails, and even though no one knows exactly what the future holds, we feel that we – together with the ICA retailers – have our focus on the right things. Another exciting year awaits!

Per Strömberg  
CEO ICA Gruppen



# Group performance

## Net sales and earnings

### Fourth quarter 2019

Consolidated net sales increased by 2.6% during the quarter (3.8% adjusted for the sale of Hemtex) compared with 2018. The increase in local currency was 2.2%. Underlying sales growth was mainly price-driven, but included favourable volume growth in ICA Sweden's wholesale operation, ICA Bank and Apotek Hjärtat. Operating profit excluding items affecting comparability grew to SEK 1,267 million (1,139), which is SEK 140 million higher than for the preceding year's result of SEK 1,127 million recalculated for IFRS 16 and excluding Hemtex. Price and other mix effects (product range and formats) had a positive effect on earnings, while the volume effect was limited. Excluding Hemtex, gross profit and the gross margin grew year-on-year. Other costs rose, mainly associated with continued investments in digital business development and e-commerce. The operating margin excluding items affecting comparability was 4.1% (3.8%). The operating margin a year earlier including IFRS 16 was 3.9%. Operating profit for the fourth quarter a year ago included structural costs of SEK 110 million in ICA Sweden, and profit this year includes nonrecurring items in ICA Sweden of SEK -50 million. Taking both of these items into account, the operating margin was unchanged at 4.3%. Profit for the period was SEK 915 million (930). Profit includes the result of divestments and impairment losses for a combined total of SEK -18 million (33). Earnings per share were SEK 4.52 (4.61).

### January-December 2019

Consolidated net sales increased by 3.4% in 2019 (4.1% adjusted for the sale of Hemtex) compared with 2018. The increase in local currency was 3.0%. Operating profit excluding items affecting comparability amounted to SEK 5,356 million (4,651), which is SEK 545 million higher than the preceding year's result of SEK 4,811 million recalculated for IFRS 16. Operating profit includes certain nonrecurring items. Apart from the above-mentioned items during the fourth quarter, for ICA Sweden can be mentioned the higher earnings effect of approximately SEK 20 million from the sale of store subsidiaries during the first quarter. In addition, a changed assessment of the useful life of properties and their components in ICA Real Estate gave a positive earnings effect of SEK 63 million in 2019. The operating margin excluding items affecting comparability grew to 4.5% (4.0%). The operating margin a year ago including IFRS 16 was 4.2%. Profit for the period was SEK 3,450 million (3,647). Profit includes the result of divestments and impairment losses – mainly a capital loss of SEK -382 million on the sale of Hemtex, for a combined total of SEK -422 million (-153). Owing to the capital loss and a higher tax cost than a year ago, earnings per share decreased to SEK 17.06 (18.05).

Hemtex is included in consolidated sales and profit through 14 May. See also Note 4.

### Effect of IFRS 16

The segments are reported excluding IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level in ICA Gruppen, see Note 1. The effect of IFRS 16 on consolidated operating profit excluding items affecting comparability was SEK 42 million (41) during the fourth quarter and SEK 166 million (160) for the full year 2019.

#### Net sales per segment

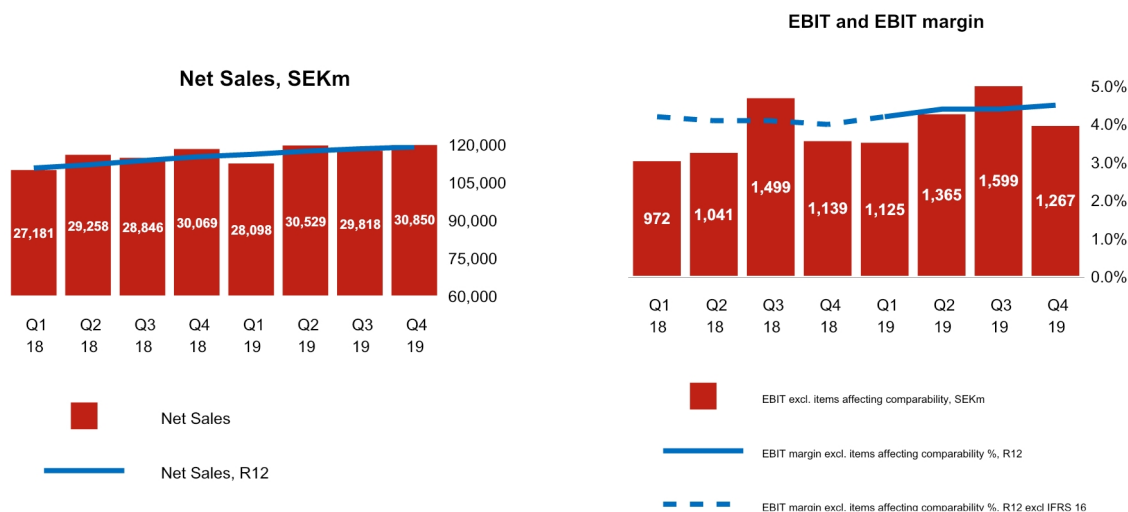
SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
ICA Sweden	22,020	21,348	85,187	82,411
Rimi Baltic	4,279	4,066	16,168	15,255
Apotek Hjärtat	3,813	3,641	14,778	14,110
ICA Real Estate	688	658	2,731	2,591
ICA Bank	410	358	1,570	1,353
Hemtex	—	343	306	1,020
Other	309	282	1,197	1,042
Intra-Group sales	-668	-628	-2,640	-2,429
<b>Net sales</b>	<b>30,850</b>	<b>30,069</b>	<b>119,295</b>	<b>115,354</b>

#### Operating profit excluding items affecting comparability per segment

SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
ICA Sweden	827	750	3,712	3,332
Rimi Baltic <sup>1)</sup>	213	182	744	631
Apotek Hjärtat	117	128	464	533
ICA Real Estate	126	115	504	417
ICA Bank	74	42	244	170
Hemtex	—	53	-36	13
Other <sup>1)</sup>	-133	-130	-443	-444
<b>Operating profit excluding items affecting comparability by segment</b>	<b>1,223</b>	<b>1,139</b>	<b>5,189</b>	<b>4,651</b>
IFRS 16 Leases <sup>2)</sup>	42	41	166	160
<b>Operating profit excluding items affecting comparability<sup>2)</sup></b>	<b>1,267</b>	<b>1,180</b>	<b>5,356</b>	<b>4,811</b>

1) Accumulated costs in 2018 associated with the previously planned integration of IKI amounted to SEK -26 million, of which SEK -23 million was in Rimi Baltic and SEK -3 million in Other.

2) Amounts reported on this line for 2018 pertain to recalculated amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.



Key ratios for 2018 that are affected by IFRS 16 and that are based on rolling 12-month data are presented only for the full-year 2018, as data for 2017 has not been recalculated for IFRS 16. Thus the EBIT and EBIT margin chart above presents only the EBIT margin including IFRS 16 for periods from Q4 2018 and forward. The chart includes the EBIT margin excluding IFRS 16 for periods up to and including Q4 2018. See also Note 1.

#### Net financial items and tax

Net financial items amounted to SEK -127 million (-50) for the quarter and SEK -532 million (-272) for the full year. However, interest expenses excluding IFRS 16 were lower than a year ago due to refinancing carried out in 2018 and 2019. Interest expenses coupled to IFRS 16 are included in net financial items for the quarter in the amount of SEK -84 million and for the full year 2019 in the amount of SEK -342 million.

The tax cost for the quarter was SEK -207 million (-193), corresponding to a tax rate of 18.5% (17.2%). The tax cost for the full year was SEK -951 million (-580), corresponding to a tax rate of 21.6% (13.7%). The higher tax rate is explained in part by the non-tax-deductible capital loss on the sale of Hemtex, SEK -382 million, and in part to tax of SEK -130 million (-49) on dividends received from Rimi Baltic. Added to this is the preceding year's remeasurement of deferred tax assets and tax liabilities related to the reduction of the corporate tax rate in Sweden. The one-off effect of this in the preceding year was SEK +200 million.

Paid tax during the quarter totalled SEK -80 million (-159) and was lower than a year ago due to the use of previously existing carryforwards, which from May to December 2019 entailed lower payment of preliminary tax. Paid tax for the full year totalled SEK -584 million (-803). In addition to the above, the outcome for the full year was affected slightly by a refund for preliminary tax paid a year ago that was too high.

#### Cash flow

Cash flow from operating activities (excluding ICA Bank) was SEK 2,925 million for the quarter, which is SEK 723 million lower than the outcome a year ago recalculated for IFRS 16, SEK 3,648 million. Cash flow in the quarter, was mainly affected by negative calendar effects, which entailed a less favourable change in working capital compared with a year ago. Positive contributions to cash flow came from a better underlying profit, lower paid tax and dividends from joint ventures. The slightly lower cash flow for the full year is mainly due to calendar effects and lower expansion in the Supply Chain Financing (SCF) programme, which was partly compensated by improved earnings and lower paid tax.

The change in cash flow from investing activities in 2019 is mainly attributable to a lower level of investment. Added to this is the effect of the sale of Hemtex during the second quarter, SEK +222 million.

#### Effect of IFRS 16 on cash flow

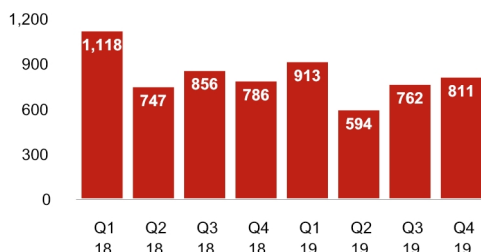
As a result of adoption of IFRS 16, lease payments are reported under financing activities instead of under operating activities. Thus cash flow from operating activities is higher and cash flow from financing activities is lower, all else equal. Lease payments (interest and principal) amounted to SEK -877 million (-880) during the fourth quarter of 2019 and SEK -3,599 million (-3,524) for the full year.

#### Consolidated statement of cash flows, excluding ICA Bank

SEKm	Fourth quarter			Jan-Dec		
	2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
<b>Cash flow</b>						
<b>From operating activities before change in working capital</b>	<b>2,599</b>	<b>1,479</b>	<b>2,364</b>	<b>9,959</b>	<b>5,430</b>	<b>8,977</b>
Change in working capital	327	1,289	1,284	-35	1,125	1,101
<b>From operating activities</b>	<b>2,925</b>	<b>2,768</b>	<b>3,648</b>	<b>9,923</b>	<b>6,555</b>	<b>10,078</b>
Investing activities, net	-837	-843	-843	-2,811	-3,577	-3,577
<b>Before financing activities</b>	<b>2,089</b>	<b>1,926</b>	<b>2,806</b>	<b>7,113</b>	<b>2,979</b>	<b>6,502</b>
Financing activities, net	-1,578	-1,653	-2,533	-7,044	-4,500	-8,023
<b>Cash flow for the period</b>	<b>512</b>	<b>273</b>	<b>273</b>	<b>69</b>	<b>-1,521</b>	<b>-1,521</b>

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

### Capex (cash flow), SEKm



### Investments and divestments

The Group's investments amounted to SEK 811 million (786) during the quarter. The level of investment in ICA Sweden increased slightly, mainly pertaining to store investments and investments in IT and online. The higher level of investment in Rimi Baltic pertains to the ongoing warehouse project in Riga and store investments. Of total investments, SEK 171 million (416) is attributable to ICA Real Estate. The lower investment level is mainly due to fewer property acquisitions than in the preceding year. During the fourth quarter ICA Real Estate sold properties for SEK 0 million (284). For the whole year, investments amounted to SEK 3,080 million (3,507). This year's lower investment level is due to fewer property acquisitions and to a number of projects in ICA Real Estate, ICA Sweden and Rimi Baltic that were pushed back to 2020. Total investments for 2020 are expected to amount to approximately SEK 4 billion, of which SEK 1.6 billion in ICA Real Estate.

Major capex projects include purchases of future store locations, investments in the Group's e-commerce, IT investments, the new warehouse in Riga, and new stores and store conversions.

#### Investments (cash flow) by segment

SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
ICA Sweden	195	163	656	868
Rimi Baltic	308	114	985	362
Apotek Hjärtat	71	37	226	193
ICA Real Estate	171	416	992	1,845
ICA Bank	23	2	37	10
Hemtex	—	8	4	27
Other	42	44	179	201
<b>Investments</b>	<b>811</b>	<b>786</b>	<b>3,080</b>	<b>3,507</b>

#### Depreciation/amortisation by segment

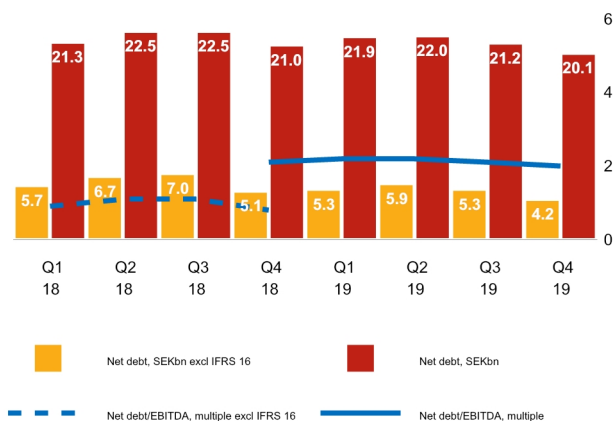
SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
ICA Sweden	154	120	565	456
Rimi Baltic	93	84	352	336
Apotek Hjärtat	35	40	147	157
ICA Real Estate	122	131	501	514
ICA Bank	7	7	28	27
Hemtex	—	5	7	22
Other	42	25	137	91
<b>Depreciation/amortisation by segment</b>	<b>452</b>	<b>411</b>	<b>1,736</b>	<b>1,602</b>
IFRS 16 Leases <sup>1)</sup>	859	844	3,483	3,388
<b>Depreciation/amortisation<sup>1)</sup></b>	<b>1,311</b>	<b>1,255</b>	<b>5,219</b>	<b>4,990</b>

1) The amounts reported for 2018 on this line have been recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors

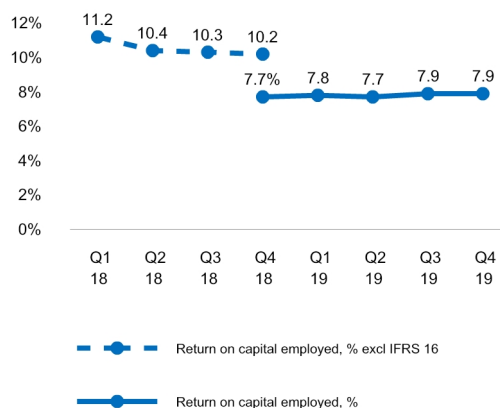
### Financial position

The Group's net debt excluding IFRS 16 (i.e., excluding lease liabilities, ICA Bank and pension liabilities) amounted to SEK 4.2 billion (5.1) at the end of the quarter. The lower level of net debt is mainly attributable to a positive cash flow from operating activities. The Group's net debt including IFRS 16 (excluding ICA Bank and pension liabilities) amounted to SEK 20.1 billion (21.0) at the end of the quarter. At 31 December 2019 net debt in relation to EBITDA was 2.0 (0.8), which is well in line with the Group's long-term target of <3.0. Recalculated for IFRS 16, the key ratio for the full year 2018 was 2.1. Return on capital employed was 7.9% (rolling 12 months), which is lower than the preceding year's level of 10.2%. The change is mainly attributable to the changed accounting according to IFRS 16, which has resulted in a considerably higher capital base. Recalculated for IFRS 16, return on capital employed for the full year 2018 was 7.7%.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Key ratios for 2018 that are affected by IFRS 16 and that are based on rolling 12-month data are presented only for the full year 2018, as data for 2017 has not been recalculated for IFRS 16. Thus the chart Net debt and Net debt/EBITDA above includes only net debt/EBITDA including IFRS 16 in periods from Q4 2018 forward, and the chart for return on capital employed above includes only IFRS 16 in periods from Q4 2018 and forward. The charts include net debt/EBITDA excluding IFRS 16 and return on capital employed excluding IFRS 16 up until Q4 2018. Net debt includes recalculation for IFRS 16 for 2018. See also Note 1.

**Important events during the quarter**

**12 November** – Rimi Baltic launched e-commerce with its first Rimi drive store.

**Important events after the end of the quarter**

**14 January** – Announcement that ICA Real Estate's CEO, Lena Boberg, is leaving ICA Gruppen this summer for a position outside of ICA Gruppen. Recruitment of her successor has begun.

# Sustainability Report

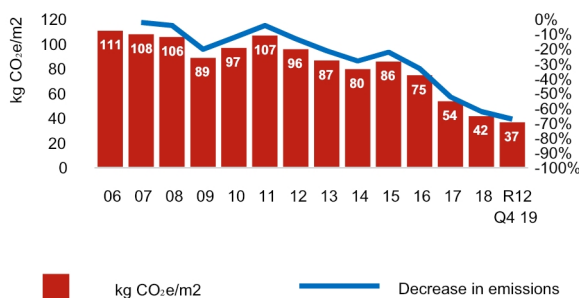
Sustainability is an integral part of the daily activities of all of ICA Gruppen's operations. All segments work actively on improving the value chain, by setting standards for and working in cooperation with suppliers, working towards common goals and certifications, and by developing new, sustainable products and services that make it easier for customers to make healthy and sustainable choices.

## Outcome – sustainability targets

- ICA Gruppen's greenhouse gas emissions decreased by 67% on a rolling 12-month basis compared with the base year 2006. The main factors contributing to the decrease are that stores in Rimi Baltic and ICA Sweden switched to refrigerants with a lower climate impact and that Rimi Baltic during the fourth quarter of 2019 changed over to renewable electricity for its entire operations.
- The outcomes for the quarter for the targets for social audits and quality certification of suppliers of ICA Gruppen's corporate brands were level with the preceding period.

## Key Performance Indicators

Emissions kg CO<sub>2</sub>e/m<sup>2</sup> 2006-Q4 2019



ICA Gruppen's operations will be climate-neutral by 2020

	12 months	12 months
	Jan 2019 - Dec 2019	Jan 2018 - Dec 2018
Decrease in emissions compared with 2006	-67%	-62%

## Outcome other sustainability targets

	12 months	12 months
	Jan 2019 - Dec 2019	Jan 2018 - Dec 2018
100% of suppliers of ICA Gruppen's corporate brands in high-risk countries will be socially audited	95%	95%
At least 90% of suppliers of ICA Gruppen's corporate brands in high-risk countries will have a valid follow-up social audit by year-end	87%	n.d.
90% of suppliers of ICA Gruppen's corporate brands will be quality certified by year-end 2020	87%	86%

## Sustainability activities during the quarter

### Local

#### ICA Sweden partners with Norrmejerier to produce Swedish halloumi

ICA Sweden and dairy company Norrmejerier have entered a partnership to develop a Swedish alternative to halloumi. The product will be developed at a new cheesemaking and processing plant at Norrmejerier's dairy in Umeå and will be made entirely from Swedish milk. The partnership is part of ICA Sweden's work on increasing Swedish food production and meeting customers' demands for products made in Sweden.

#### "Taste of Latvia" on TV

During the quarter, Latvia's channel TV3 aired the programme "Taste of Latvia" in cooperation with Rimi Latvia. Over ten episodes Rimi's chefs – together with a local celebrity – visited Latvian food producers to highlight the country's local producers and their products.

### Environment

#### Continued work on halving food waste by 2025

During the quarter Rimi Baltic signed an agreement with the food rescue company Whywaste to use its IT tool. Stores can now identify products that are at risk of passing their best-before dates and thereby handle them in the best way to prevent them from going to waste. Since previously several ICA stores in Sweden have been working with Whywaste and other, similar systems. Rimi has also carried out a number of communication activities to help customers reduce their own food waste, such as by providing smart tips and recipes for "zero waste meals" on social media. In December, Rimi in Estonia and Latvia also conducted collection campaigns together with Food Bank whereby customers as well as Rimi centrally could donate food to people in need.

#### Sales development for organic range

Store sales of organic products in ICA Sweden's central range decreased by 1% in 2019 compared with the preceding year. The change in sales in the organic range is partly attributable to lower availability in certain categories combined with price variations and continued higher interest in local and Swedish-sourced products.

#### 99.9% less plastic in fresh herb packaging

ICA Sweden and Spisa Smaker have developed a new, low-plastic solution for ICA's fresh herbs that almost entirely has eliminated the use of plastic both in the growing and end product. The plastic pots have been replaced with a plant fibre-based solution, the plastic trays that the herbs are distributed in has been replaced with paper-based ones, and the plastic bags that the herbs are sold in have been replaced with a bag that

consists of a minimum of 90% renewable material that can be sorted with paper. It is estimated that the new solution will reduce the use of plastic by 55 tonnes per year.

#### Apotek Hjärtat spotlights environmental problem in pharmaceutical industry

Helping consumers make good environmental choices is an important part of promoting sustainable development. It is for this reason that Apotek Hjärtat has been using the Vål med Hjärtat ("Choose with your heart") marking at its pharmacies for many years. During the quarter Apotek Hjärtat launched a new campaign – A Hard Pill to Swallow, which has put the spotlight on the environmental problems in pharmaceutical manufacturing with a drug that has been produced from pharmaceutical residuals in the water surrounding factories in India.

#### ICA Real Estate with sustainability focus

In November ICA Real Estate broke ground on a new ICA store that is being built entirely of Swedish timber, the new ICA Supermarket in Sälen. The building will have a pronounced sustainability focus, where both the material and design will draw from the region's local building tradition. The store is expected to be inaugurated sometime around year-end 2020. In November the ICA Kvantum store in Trosa was opened. Both of these new buildings are certified according to the Sweden Green Building Council's Gold standard for environmental buildings and use a geothermal energy solution in which both heat and cooling are extracted from underground.

#### ICA Insurance offering protection for homeowners who have chosen renewable energy

Starting in October ICA Insurance offers homeowners the possibility to receive compensation for indemnifiable damage caused to their houses by a power outage stemming from solar panels, wind or hydro power.

### Health

#### Continued strong plant-based trend

Interest in vegetarian food remains strong among consumers, mainly for health and environmental reasons. To meet customer demand, during 2019 ICA Sweden launched some 50 new plant-based products, including grain mixes, pasta sauces and a number of new baby food items under the ICA I love eco private label. Sales of plant-based products increased in 2019 by 15 percent.

#### "Friend at hand" mental health initiative

During the quarter ICA Bank and ICA Insurance launched the joint Vardagsvän ("Friend at hand") mental health initiative, which is aimed at shining light on the growing problems surrounding mental health. The initiative addresses how employees treat each other in the workplace and how individuals as well as companies can take responsibility in society. The focus is on employees and consists of information, concrete tips and cooperation with the Swedish Red Cross's chat line.

### Diversity

#### #AgeDoesNotMatter

Rimi Baltic continued with its #AgeDoesNotMatter campaign to draw attention to the risk for age-based discrimination. During the quarter focus was on the benefits of employing women over the age of 50. This included a debate article published in Estonian media by Rimi Estonia's Head of HR.

### Quality

#### Numerous audits performed

A number of inspections and audits were performed in various parts of ICA Gruppen. Among other things, ICA Sweden received a renewed certificate for organic food handling following an audit according to the EU's organic production and labelling regulation and KRAV. During the quarter, renewals were also achieved for ICA Sverige Logistik's and ICA Sverige Sortiment & Inköp's ISO 14001, ISO 9001 and ISO 22000 certifications.

#### Criticism, media debate and dialogues

During the quarter, the programme Pylarnas pris ("The price of gadgets") on Swedish Radio highlighted the challenges surrounding material recycling of plastic packages. ICA Gruppen is well aware of the challenges that exist and also of the progress that is being made. Since 2018 ICA Gruppen has a Group-wide strategy to contribute to a circular and more sustainable plastics system.

In October the Swedish evening tabloid *Expressen* published an article focusing on the problems surrounding the large amounts of food waste at ICA Sweden's dark store in Stockholm. The warehouse struggled with food waste challenges when it was opened in April 2018, but following focused work with routines and processes, waste today is down to low levels.

ICA Sweden fielded queries from customers and ICA retailers after Swedish media reported on the Swedish National Food Agency's tests of citrus fruits containing the compound chlorpyrifos. The pesticide has long been banned in Sweden, but it remains in use in other countries and can be found in imported citrus fruits, among other products. Just over a fifth of the fruit examined in the Food Agency's test showed traces of this hazardous compound, however, none of the levels were above the applicable threshold value. In December the EU passed a law banning the use and sale of chlorpyrifos throughout the EU, which takes effect in spring 2020.

#### Awards and distinctions

- In November ICA Gruppen was named for the second time as Sweden's top equal opportunity company in the retail sector. The award was presented by LEAD, a network for attracting, retaining and developing women in retail companies in Europe. Also for the second year in a row, ICA Gruppen made Albright's green list of equal opportunity companies.
- Rimi Lithuania was named as the most socially responsible company in Lithuania in 2019, among other things owing to the number of older and functionally disabled employees and its low personnel turnover. The award was presented by the Lithuanian Employment Agency.
- ICA Gruppen's new head offices north of Stockholm received the BREEAM Building of the Year 2019 award. The building's owner, Fabega Stockholm AB, stood for construction. BREEAM (BRE Environmental Assessment Method) is a British sustainability assessment method for buildings.

#### About this report

This is a quarterly status report with information about ICA Gruppen's work with issues related to sustainability. The report highlights continuing developments during the year and covers all companies in ICA Gruppen. The criteria applied in preparation of this report are based on the annual sustainability report published by ICA Gruppen. The quarterly report is not prepared in accordance with the GRI Guidelines and therefore does not address certain issues. ICA Gruppen publishes the actual Sustainability Report once a year, which provides a comprehensive picture of the Group's sustainability work. For reporting principles, boundaries and a materiality analysis, see ICA Gruppen's 2018 Annual Report: [https://www.icagruppen.se/globalassets/3.-investerare/5.-rapporter/arkiv---finansie/engelska/2019/02.-annual-report-2018/ica\\_gruppen\\_annual\\_report\\_2018.pdf](https://www.icagruppen.se/globalassets/3.-investerare/5.-rapporter/arkiv---finansie/engelska/2019/02.-annual-report-2018/ica_gruppen_annual_report_2018.pdf) pages 120–122 and 130–132. In the second quarter of 2019, historical data for all Group targets was adjusted for the sale of Hemtex. Also in the second quarter, data on refrigerant use by the Swedish ICA stores in 2018 was adjusted due to newly reported documentation.



# ICA Sweden

ICA Sweden conducts grocery retail business in cooperation with independent ICA retailers. The retailers own and manage their own stores, but have agreements with ICA Sweden in areas such as purchasing, logistics, market communication and store development. ICA Sweden also includes ICA Special, which is responsible for sales of non-food items at Maxi ICA (Hypermarket) stores.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level, see Note 1.

## Net sales and earnings

### Fourth quarter 2019

ICA Sweden's net sales increased by 3.1% compared with a year ago. The increase is mainly attributable to price effects, but higher wholesale volumes also made a positive contribution.

Operating profit excluding items affecting comparability increased to SEK 827 million (750). The gross margin was level with the preceding year. The positive earnings effect of the sales increase was countered by higher costs. Logistics costs increased also during the fourth quarter, but at a considerably lower pace than a year ago, partly owing to improved efficiency. On top of this, costs rose in development, IT and other coupled to new and ongoing development projects and investments. Profit also includes nonrecurring costs of approximately SEK 25 million associated with organisational changes and of approximately SEK 25 million for the closure of two subsidiary stores, for a total of approximately SEK 50 million. Operating profit a year ago included structural costs of SEK 110 million. Aside from these items, underlying operating profit rose slightly. The operating margin rose to 3.8% (3.5%) and was unchanged at 4.0% excluding nonrecurring items.

### January-December 2019

ICA Sweden's net sales increased by 3.4% compared with the preceding year.

Operating profit excluding items affecting comparability increased by SEK 380 million to SEK 3,712 million (3,332). Excluding the preceding year's structural costs of SEK 110 million and the year's nonrecurring costs cited above, the year-on-year increase was SEK 320 million. Gross profit and the gross margin improved compared with the preceding year, owing in part to a better logistics outcome. Higher profit distribution from ICA stores and an improved non-food result also contributed to the increase. Operating profit includes gains on sales of store subsidiaries, which were slightly more than SEK 20 million higher than in the preceding year. The operating margin rose to 4.4% (4.0%). Taking the structural costs cited above into account, the operating margin in 2018 was 4.2%.

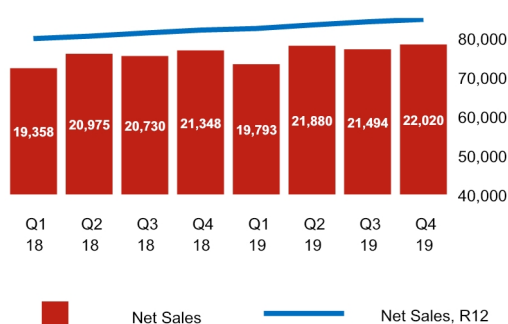
## E-commerce

At year-end 302 ICA stores were active with e-commerce (food online), and 632 stores offered the ICA Matkassen meal kit concept. In total, e-commerce grew 25% during the quarter compared with the same period a year ago, with 30% growth in food online and -3% growth for ICA Matkassen. Online sales totalled SEK 650 million (520) during the fourth quarter and SEK 2,294 million (1,729) for the full year 2019. According to the Retail Trade Index (DVI), the e-commerce market in Sweden grew by 17% during the fourth quarter and by 22% for the full year 2019.

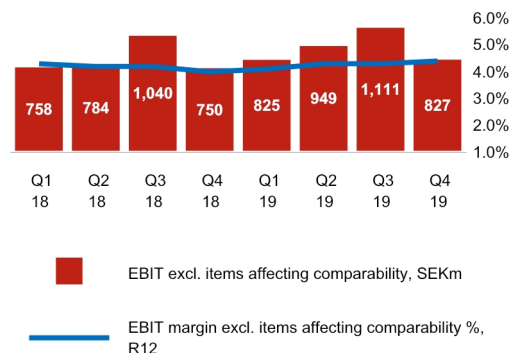
### ICA Sweden

	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Net sales, SEKm	22,020	21,348	85,187	82,411
Operating profit before depreciation/amortisation (EBITDA), SEKm	980	869	4,277	3,787
Operating profit excl. items affecting comparability, SEKm	827	750	3,712	3,332
Operating margin excl. items affecting comparability, %	3.8	3.5	4.4	4.0
Investments, SEKm	195	163	656	868
Depreciation/amortisation, SEKm	154	120	565	456
Average number of employees	—	—	8,292	8,199
Private label share of store sales, %	—	—	25.8	25.4

Net Sales, SEKm



EBIT and EBIT margin



### The market and ICA store sales

Sales (excluding VAT) for Swedish ICA stores increased by 3.7% during the quarter and by 3.5% on a like-for-like basis. The estimated calendar effect for the quarter was 0.0%. Food price inflation was 3.1% (2.2%) during the fourth quarter and 3.5% during the preceding quarter. Adjusted for inflation and the calendar effect, estimated volume growth during the quarter was approximately 0.6%, and approximately 0.4% on a like-for-like basis. According to the Food Retail Index (DVI), market growth was 3,7% during the fourth quarter and 3,1% for the full year 2019. Sales for ICA stores were thereby in line with the market development.

Sales growth during the period was driven mainly by a higher average spend owing to higher average prices, while the number of items purchased per customer visit decreased slightly. The number of customer visits increased in all store formats and most of all for Maxi stores. The share of promotional sales was lower than a year ago. Average prices per item increased mostly in the bakery, crispbread, seafood and the nonfood household products categories.

Private label products as a share of accumulated sales amounted to 25.8% (25.4%).

Five new stores opened during the fourth quarter and six stores were closed. During 2020 a total of eight to ten new stores are planned to be established.

Note: DVI = Dagligvaruindex (Food Retail Index), which is published monthly by the Swedish Food Retailers Federation and HUI Research.

## ICA store sales, incl. retailer-owned stores

### Store sales in Sweden

Store sales excl. VAT	Fourth quarter 2019			January-December 2019		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	10,154	5.1	4.5	38,080	4.3	3.9
ICA Kvantum	7,768	3.0	3.2	29,524	3.6	2.8
ICA Supermarket	9,024	3.2	2.9	36,169	2.0	2.4
ICA Nära	4,416	2.9	3.2	18,168	2.0	2.6
<b>Total</b>	<b>31,362</b>	<b>3.7</b>	<b>3.5</b>	<b>121,941</b>	<b>3.1</b>	<b>3.0</b>

### Number of stores in Sweden

Format	December 2018	New	Converted	Closed	December 2019
Maxi ICA Stormarknad	85	1	0	0	86
ICA Kvantum	126	3	0	0	129
ICA Supermarket	429	0	-1	-5	423
ICA Nära	637	6	1	-12	632
<b>Total</b>	<b>1,277</b>	<b>10</b>	<b>0</b>	<b>-17</b>	<b>1,270</b>

# Rimi Baltic

Rimi Baltic conducts grocery retail business via 277 wholly owned stores in Estonia, Latvia and Lithuania. Store formats include Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express. Rimi Baltic also includes the properties owned by the Group in the three Baltic countries.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level, see Note 1.

## Net sales and earnings

### Fourth quarter 2019

Rimi Baltic's net sales increased by 2.0% during the quarter (5.2% in SEK). Sales continued to be price-driven with weak underlying volume growth that was temporarily hampered by completion of store conversions in Latvia.

Operating profit excluding items affecting comparability rose to SEK 213 million (182), or approximately 17%. Higher margins on sales of private label products and higher promotional margins combined with lower logistics costs led to a stronger gross profit and gross margin. This positive trend was countered by continued high wage inflation and higher marketing and store costs. The operating margin improved significantly to 5.0% (4.5%).

### January-December 2019

Rimi Baltic's net sales increased by 2.7% during the year (6.0% in SEK).

Operating profit excluding items affecting comparability increased to SEK 744 million (631). In addition to the earnings comments above, logistics costs for the full year increased and had a negative effect on earnings. Operating profit for the preceding year included costs of SEK 23 million associated with the previously planned integration of IKI. The operating margin increased to 4.6% (4.1%) for the year.

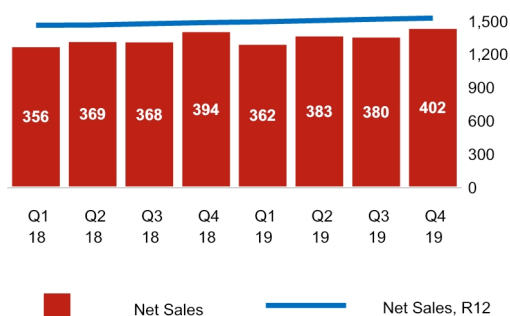
### Other

Operating profit includes a net earnings effect of SEK -4 million (-22) from property sales/impairment losses on properties for the quarter and of SEK -23 million (-33) for the full year.

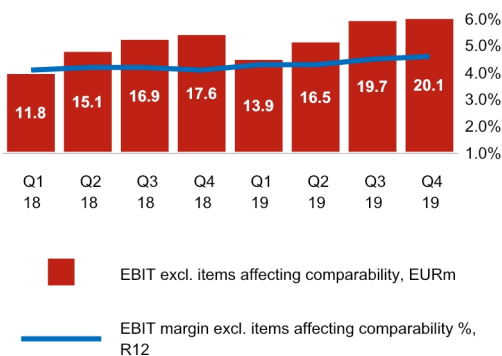
#### Rimi Baltic

	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Net sales, SEKm	4,279	4,066	16,168	15,255
Operating profit before depreciation/amortisation (EBITDA), SEKm	306	267	1,097	969
Operating profit excl. items affecting comparability, SEKm	213	182	744	631
Operating margin excl. items affecting comparability, %	5.0	4.5	4.6	4.1
Investments, SEKm	308	114	985	362
Depreciation/amortisation, SEKm	93	84	352	336
Average number of employees	—	—	10,494	9,572
Private label share of sales, %	—	—	23.9	24.3
EUR/SEK exchange rate, average	10.6358	10.3152	10.5869	10.2593

### Net Sales, EURm



### EBIT and EBIT margin



### The market and store sales

Conversion of all of the hard-discount (Supernetto) stores in Latvia to Rimi was concluded after the summer, and all stores in the Baltic countries are now operated under the Rimi brand. The store conversions negatively affected Rimi Baltic's sales performance for the year by an estimated -1.3 ppt. Market growth for the Baltic region in the fourth quarter was 4.3% (4.5), with food price inflation reaching 2.7% (1.7), leading to an underlying volume growth of 1.6% (2.8). Food price inflation was lower in Estonia than a year ago while it was higher in Latvia as well as in Lithuania. Market growth for the whole year was 5.1% (4.6) whereas inflation was approximately 3.0% (2.3). Rimi Baltic's market share was slightly lower in 2019 than in 2018, around 15%, driven by Latvia where conversions of Supernetto stores has had a negative impact on the market share. Rimi Baltic's share of sales on promotion during the fourth quarter was at the same level as in the preceding year.

Rimi Baltic opened seven stores during the quarter. A total of 16 to 18 store openings are planned for 2020.

#### Store sales in the Baltic countries

Store sales excl. VAT	Fourth quarter 2019			January-December 2019		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	103.2	5.3	0.7	390.5	4.3	1.3
Latvia	203.9	0.7	0.1	785.5	1.3	3.7
Lithuania	91.2	3.8	2.8	336.9	3.8	3.1
<b>Total</b>	<b>398.4</b>	<b>2.6</b>	<b>0.9</b>	<b>1,513.0</b>	<b>2.6</b>	<b>2.9</b>

#### Number of stores in Baltic countries

Country	December 2018	New	Closed	December 2019
Estonia	86	1	-1	86
Latvia	125	6	-1	130
Lithuania	56	5	0	61
<b>Total</b>	<b>267</b>	<b>12</b>	<b>-2</b>	<b>277</b>

# Apotek Hjärtat

Apotek Hjärtat is the second-largest actor in the Swedish pharmacy market, with 390 pharmacies. Apotek Hjärtat is also co-owner of the digital health-care company Min Doktor

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level, see Note 1.

## Net sales and earnings

### Fourth quarter 2019

Net sales for the quarter amounted to SEK 3,813 million (3,641), an increase of 4.7%. The increase was driven by positive mix effects, growth in e-commerce and new pharmacies. Operating profit excluding items affecting comparability decreased to SEK 117 million (128). Profit includes an impact from Min Doktor of SEK -25 million (-10). Underlying earnings performance includes positive price and mix effects in self-care products, while costs associated with investments in e-commerce and IT development were higher. Certain lingering negative effects from the preceding quarter's warehouse disruptions impacted the fourth quarter by approximately SEK -10 million. The operating margin was 3.1% (3.5%). Adjusted for the effect from Min Doktor, the operating margin was 3.7%.

### January-December 2019

Net sales for the year amounted to SEK 14,778 million (14,110), an increase of 4.7%. Sales during the year were affected by disruptions during the third quarter associated with the start-up of the new, automated warehouse in Norrköping. Operating profit excluding items affecting comparability was SEK 464 million (533) and includes combined earnings effects from the warehouse disruptions of approximately SEK -40 million. The operating margin was 3.1% (3.8%). Adjusted for the effect from Min Doktor, the operating margin was 3.5%.

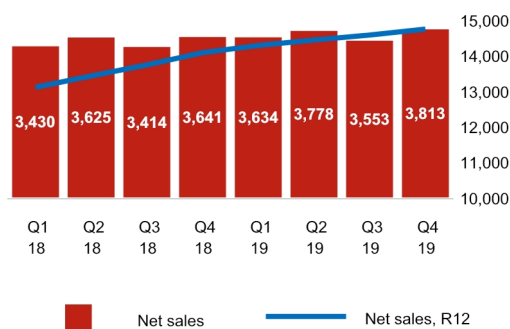
### Min Doktor

Min Doktor is reported as an associated company of Apotek Hjärtat since 1 November 2018. Operating profit excluding items affecting comparability includes SEK -25 million (-10) attributable to Min Doktor for the fourth quarter and SEK -53 million (-10) for the full year 2019. The business is currently in a build-up phase, and all Minutkliniker clinics have now been converted to Min Doktor clinics. Currently 20 Min Doktor clinics are in operation.

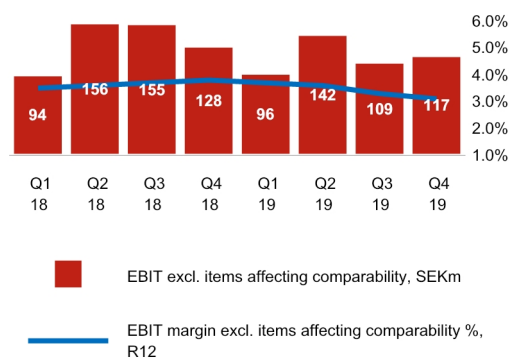
### Apotek Hjärtat

	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Net sales, SEKm	3,813	3,641	14,778	14,110
Of which, prescription drugs	2,882	2,739	11,119	10,512
Of which, OTC drugs	358	353	1,453	1,435
Of which, other products and services	573	549	2,206	2,163
Operating profit before depreciation/amortisation (EBITDA), SEKm	152	217	611	740
Operating profit excl. items affecting comparability, SEKm	117	128	464	533
Operating margin excl. items affecting comparability, %	3.1	3.5	3.1	3.8
Investments, SEKm	71	37	226	193
Depreciation/amortisation, SEKm	35	40	147	157
Average number of employees	—	—	3,132	3,085
Private label share of other products, %	—	—	19.8	19.6

Net sales, SEKm



EBIT and EBIT margin



### Market trend and e-commerce

Net sales from Minutkliniken was in 2018 part of sales of other products and services and is, since the first quarter 2019 part of Min Doktor. In the growth numbers below, Minutkliniken has been excluded from 2018 net sales numbers.

The total pharmacy market in Sweden grew 2.7% during the fourth quarter compared with the same period in 2018. Apotek Hjärtat's pharmacy sales increased by 3.1% during the same period. Market growth for traded goods was 7.1%, while Apotek Hjärtat's sales of traded goods increased by 3.7%.

Market growth for the full year was 4.0%, while Apotek Hjärtat's pharmacy sales in 2019 increased by 3.7%. Market growth for traded goods was 8.0% in 2019, while Apotek Hjärtat's sales of traded goods increased by 3.8%.

E-commerce sales for pharmacy products grew 32% during the quarter and 36% for the full year 2019. Apotek Hjärtat's e-commerce sales (incl. click & collect) grew by 37% during the fourth quarter and by 40% for the full year 2019. Online sales for the year were negatively affected by the warehouse disruptions.

Two pharmacies were opened during the quarter. During 2020, six to eight new openings are planned, most at locations near ICA stores. Apotek Hjärtat's market share was unchanged from the preceding year, at 31%.

#### Number of pharmacies

	December 2018	New	Closed	December 2019
Apotek Hjärtat	388	6	-4	390

# ICA Real Estate

ICA Real Estate's mission is to satisfy the Group's future needs for premises in the right marketplaces in Sweden. The real estate company is an active buyer and seller of properties and both develops shopping centres from scratch and buys strategic properties with existing ICA stores.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level, see Note 1.

## Net sales and earnings

### Fourth quarter 2019

Net sales for the quarter totalled SEK 688 million (658). The sales increase was driven by revenue from completed investments during the past year and positive price effects. Operating profit excluding items affecting comparability increased to SEK 126 million (115). Operating profit was positively affected by revenue from new investments and a one-off depreciation effect described below. Maintenance costs and other overheads increased compared with the preceding year, as did depreciation related to completed investments. Revenue from joint ventures was slightly lower during the quarter owing to asset disposals as well as to a changed assessment of useful life.

As a result of a changed assessment of the useful life of properties and their components, a total one-off depreciation effect of SEK +17 million arose for the fourth quarter, of which SEK +16 million for ICA Real Estate and SEK +1 million for Ancore and Secore.

### January-December 2019

Net sales for the period totalled SEK 2,731 million (2,591), and operating profit excluding items affecting comparability increased to SEK 504 million (417).

The depreciation effect described above was SEK +63 million, of which SEK 57 million for ICA Real Estate and SEK 6 million for Ancore and Secore. In other respects, the effect on the full-year result has the same explanation variables that apply for the fourth quarter.

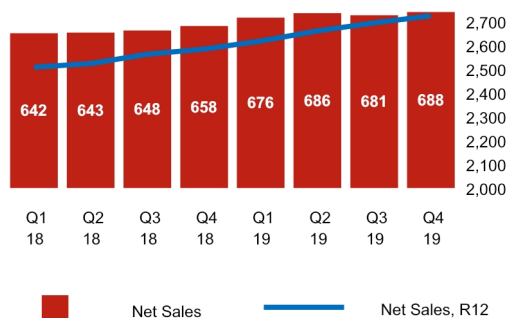
### Other and investments

Operating profit includes a net earnings effect of SEK -13 million (-4) from property sales/impairment losses on properties for the quarter and of SEK -18 million (-100) for the full year. Investments during the quarter were lower than a year ago and amounted to SEK 171 million (416). Also for the full year, investments and divestments were lower than in the preceding year. With respect to the level of investment, this is due to the lower level of acquisitions and to the fact that a number of major projects have been pushed back. During the fourth quarter a year ago, a major property divestment was carried out, which explains the year-on-year difference in divestments.

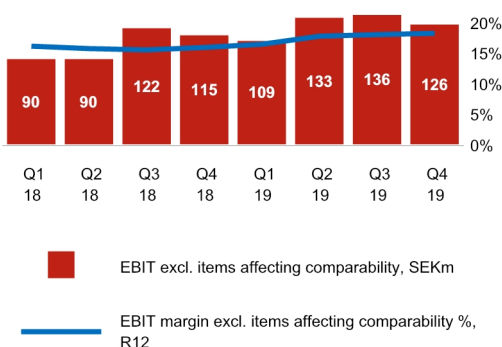
### ICA Real Estate

	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Net sales, SEKm	688	658	2,731	2,591
Of which, rental income from owned properties, SEKm	277	263	1,080	1,010
Operating profit before depreciation/amortisation (EBITDA), SEKm	248	242	1,003	920
Operating profit excl. items affecting comparability, SEKm	126	115	504	417
Operating margin excl. items affecting comparability, %	18.3	17.4	18.4	16.1
Investments, SEKm	171	416	992	1,845
Divestments, SEKm	0	284	-1	286
Depreciation/amortisation, SEKm	122	131	501	514
Yield, %	—	—	6.8	6.8
Occupancy rate, %	—	—	98.6	99.3
Number of owned properties	—	—	123	121
Number of owned square metres, 000 sq. m.	—	—	668	669
Average number of employees	—	—	110	101

Net Sales, SEKm



EBIT and EBIT margin



# ICA Bank

ICA Bank and ICA Insurance (which is part of ICA Bank) offer a full range of financial services and insurance in Sweden. The goal is to increase customer loyalty to ICA and to reduce transaction costs for ICA stores and ICA Gruppen.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level, see Note 1.

## Revenue and earnings

### Fourth quarter 2019

ICA Bank's revenue increased to SEK 410 million (358) compared with a year ago. The increase is explained by an improvement in net interest income and higher lending volume for ICA Bank, and a continued positive sales trend for ICA Insurance.

Operating profit excluding items affecting comparability amounted to SEK 74 million (42). The earnings improvement for the banking business is attributable to positive development of net interest income, with improved deposit margins and higher lending volume. Costs were also slightly higher than a year ago, while loan losses were slightly higher. In the insurance operations the improvement can be credited to volume growth combined with favourable claims experience. The number of bank customers was more than 800,000 at the end of the quarter, and the number of insurance customers has passed 170,000.

### January-December 2019

ICA Bank's revenue increased to SEK 1,570 million (1,353) compared with the preceding year. Revenue for the preceding year included a one-off effect of SEK +12 million from a new card agreement.

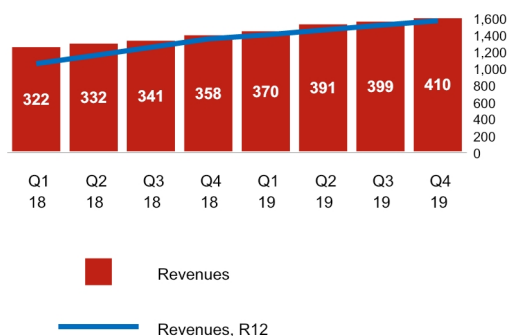
Operating profit excluding items affecting comparability amounted to SEK 244 million (170). Operating profit for the preceding year included SEK +12 million from the new card agreement reported above, and SEK +30 million from the divestment of the credit portfolio, for a total of SEK +42 million. Operating profit for 2019 includes positive one-off effects in ICA Insurance of SEK +18 million from the dissolution of a claims reserve and SEK +10 million in ICA Bank reported above, for a total of SEK +28 million. All-in-all, like-for-like operating profit rose SEK 88 million compared with the preceding year. In addition to the earnings comments for the quarter above, it can be noted that costs for the full year – in contrast with the quarter – increased over 2018. ICA Insurance posted a slightly positive operating result for the full year.

### ICA Bank

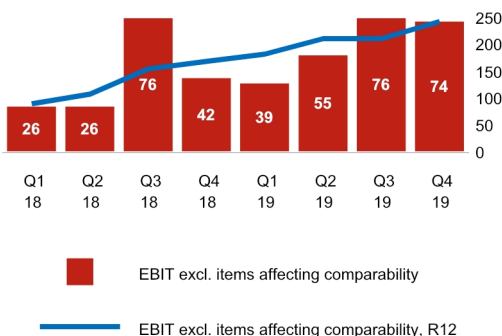
	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Revenues, SEKm	410	358	1,570	1,353
Of which, net interest income, SEKm	160	129	602	487
Operating profit before depreciation/amortisation (EBITDA), SEKm	81	57	272	205
Operating profit excl. items affecting comparability, SEKm	74	42	244	170
C/I ratio, %	—	—	78.5	83.5
Return on equity, %	—	—	9.0	7.0
Loan loss ratio, %	—	—	-0.7	-0.4
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	14.9	15.6
Business volume, SEKm	—	—	50,515	46,618
Average number of employees	—	—	423	383

1) The calculation of return on equity for ICA Bank excludes the effect of Group contributions. The definition of return on equity for ICA Bank was changed in 2019, and the value for 2018 has been recalculated according to the new definition.

### Revenues, SEKm



### EBIT excl. items affecting comparability, SEKm





## Other, Group

### Seasonal variations

Grocery retail sales are affected by the year's national holidays and when these occur. Christmas and Easter in particular are key holidays. For a large part of the retail sector the fourth quarter is seasonally the strongest quarter of the year.

### Risks and uncertainties

ICA Gruppen works at the Group level to systematically identify and manage the risks associated with its operations. The risk management process is an integrated part of the strategy and planning work of each unit. Risks are consolidated, and risk management is reported to and monitored by ICA Gruppen's Executive Management and Board of Directors.

ICA Gruppen has significant exposure to the Swedish and Baltic grocery retail sector, and to the Swedish pharmacy market. An economic downturn and political decisions are factors that could have a negative impact on the Group's sales and earnings. ICA Gruppen's finance policy stipulates how financial risks are to be managed and mitigated. The policy also provides a framework for the Group's treasury management. More information about risk management is provided on pages 50-54 of ICA Gruppen's 2018 Annual Report.

### Related party transactions

No significant transactions have taken place between ICA Gruppen and related parties.

## Parent Company

### Fourth quarter 2019

The Parent Company's net sales amounted to SEK 283 million (267). Profit after financial items totalled SEK -68 million (202). The change is largely due to dividends of SEK 0 million (290) received from subsidiaries.

### January-December 2019

The Parent Company's net sales amounted to SEK 1,106 million (972). Profit after financial items totalled SEK 8,026 million (3,303). The change is largely due to dividends of SEK 8,900 million (3,690) received from subsidiaries and a capital loss of SEK -572 million on the sale of Hemtex.

## Share information

ICA Gruppen's share capital amounts to SEK 502,866,988 distributed among 201,146,795 shares, each with a share quota value of SEK 2.50. All shares have the same voting rights and carry equal dividend entitlement.

During 2019 through 31 December the share price rose 38% to SEK 437.20. The OMX Stockholm Index gained 30% during the same period.

Ownership structure – Largest identified shareholders in ICA Gruppen as per		31 December 2019
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	108,643,330	54.0%
BlackRock	3,784,506	1.9%
Vanguard	2,362,991	1.2%
XACT Fonder	1,878,028	0.9%
Spiltan Fonder	1,829,555	0.9%
Swedbank Robur Fonder	1,419,148	0.7%
Invesco	1,408,883	0.7%
Leif Jönsson	1,279,601	0.6%
Folksam	1,262,319	0.6%
Norges Bank	1,167,271	0.6%
<b>Ten largest shareholders total</b>	<b>125,035,632</b>	<b>62.2%</b>
Other shareholders	76,111,163	37.8%
<b>Total</b>	<b>201,146,795</b>	<b>100.0%</b>
<i>Of which, foreign shareholders in total</i>	<i>42,460,976</i>	<i>21.1%</i>

Source: Euroclear Sweden AB and Modular Finance AB (The table include sums of holdings per owner)

## Annual General Meeting 2020

The 2020 Annual General Meeting (AGM) will be held at 2 p.m. on 21 April 2020 at Rigoletto, Kungsgatan 16, Stockholm. Registration will open at 1 p.m.

To be able to participate in the Annual General Meeting, shareholders must:

be registered in the shareholder register maintained by Euroclear Sweden AB dated Tuesday, 15 April 2020, and notify their intention to attend the Annual General Meeting by 15 April 2020 at the latest. A link to an application form will be available on ICA Gruppen's website in connection with publication of the AGM notice.

Notice of the Annual General Meeting will be published on Thursday, 11 March 2020, by press release and on the Company's website as well as by advertisement in the *Official Swedish Gazette* and in Swedish daily newspapers, such as *Svenska Dagbladet*, on Friday, 13 March 2020. The AGM notice and decision-making documentation for the items of business included on the AGM agenda will be available starting on 11 March 2020 on ICA Gruppen's website, [www.icagruppen.se](http://www.icagruppen.se), under the tab Corporate Governance.

Shareholders who wish to have a matter taken up for consideration at the Annual General Meeting must submit a request for such not later than 3 March 2020. Requests shall be addressed "To the Chairman of the Board" and be sent to Per Behm, General Counsel, by email at [per.behm@ica.se](mailto:per.behm@ica.se) or by post to ICA Gruppen AB, Box 4075, SEK-169 04 Solna, Sweden.

### Nomination Committee appointed

In accordance with a resolution by the 2019 Annual General Meeting, ICA Gruppen's nomination committee shall be composed of four members who represent the company's major shareholders as per 31 August 2019, of whom two shall be appointed by the largest shareholder. The Nomination Committee includes representatives from ICA-handlarnas Förbund, SEB Investment Management and Spiltan Fonder. These three shareholders together represented approximately 56% of the capital and votes in ICA Gruppen as per this date (based on an ownership record provided by Euroclear Sweden AB). ICA-handlarnas Förbund is represented by Tomas Emanuelz and Anna-Karin Liljeholm, SEB Investment Management is represented by Tommi Saukkoriipi, and Spiltan Fonder is represented by Lars Lönnquist.

### Annual Report 2019

ICA Gruppen's 2019 Annual Report will be published on the Company's website, [www.icagruppen.se](http://www.icagruppen.se), on 25 February 2020.

### Dividend

The Board of Directors of ICA Gruppen recommends that the Annual General Meeting vote in favour of a dividend of SEK 12.00 (11.50) per share, for a total dividend of SEK 2,414 million (2,313). The dividend amount corresponds to 70% (63%) of net profit for the year. The proposed dividend is in line with the ambition to pay a favourable and stable dividend over time. ICA Gruppen's dividend target is to pay, over time, a shareholder dividend of at least 50% of net profit for the year. The last day for trading in ICA Gruppen shares including the right to dividends, provided that the Annual General Meeting votes in favour of the Board's proposal, is Tuesday, 21 April 2020, with the record date set for Thursday, 23 April 2020. The estimated payment date from Euroclear Sweden AB's system will thereby be Tuesday, 28 April 2020.

# Financial statements

## Consolidated statement of comprehensive income

SEKm	Note	Fourth quarter			Jan-Dec		
		2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
Net sales		30,850	30,069	30,069	119,295	115,354	115,354
Cost of goods and services sold		-25,455	-25,091	-24,759	-98,328	-96,459	-95,134
<b>Gross profit</b>		<b>5,395</b>	<b>4,977</b>	<b>5,310</b>	<b>20,967</b>	<b>18,894</b>	<b>20,220</b>
Selling expenses		-3,339	-3,131	-3,424	-12,703	-11,640	-12,807
Administration expenses		-872	-800	-798	-3,322	-2,995	-2,993
Other operating income		86	80	80	379	346	346
Other operating expenses		—	—	—	—	-26	-26
Share of profits of associates and joint ventures	2	-4	12	12	34	71	71
<b>Operating profit (EBIT) excl items affecting comparability</b>		<b>1,267</b>	<b>1,139</b>	<b>1,180</b>	<b>5,356</b>	<b>4,651</b>	<b>4,811</b>
Capital gains/losses from sale of subsidiaries and non-current assets	3, 4	-2	56	56	-382	49	49
Impairment and impairment reversals	3	-15	-23	-23	-39	-202	-202
<b>Operating profit</b>	7	<b>1,249</b>	<b>1,172</b>	<b>1,212</b>	<b>4,934</b>	<b>4,498</b>	<b>4,658</b>
Financial income		0	4	4	4	11	11
Financial expenses	7	-127	-54	-139	-536	-283	-612
Net financial items		-127	-50	-136	-532	-272	-602
<b>Profit before tax</b>		<b>1,122</b>	<b>1,123</b>	<b>1,077</b>	<b>4,402</b>	<b>4,227</b>	<b>4,057</b>
Tax		-207	-193	-185	-951	-580	-549
<b>Profit for the period</b>		<b>915</b>	<b>930</b>	<b>892</b>	<b>3,450</b>	<b>3,647</b>	<b>3,508</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss, net after tax</b>							
Remeasurement defined benefit pensions		-40	-108	-108	-548	-236	-236
<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>							
Change in translation reserve		-66	-4	-4	66	130	130
Change in hedging reserve		-42	-19	-19	-28	75	75
Share of other comprehensive income of joint ventures		12	4	4	18	16	16
<b>Total items that may be reclassified to profit or loss</b>		<b>-96</b>	<b>-19</b>	<b>-19</b>	<b>56</b>	<b>221</b>	<b>221</b>
<b>Comprehensive income for the period</b>		<b>779</b>	<b>802</b>	<b>765</b>	<b>2,958</b>	<b>3,632</b>	<b>3,493</b>
<b>Profit for the period attributable to</b>							
Owners of the parent		911	926	888	3,432	3,630	3,491
Non-controlling interests		5	4	4	19	17	17
<b>Comprehensive income for the period attributable to</b>							
Owners of the parent		773	797	760	2,934	3,609	3,470
Non-controlling interests		7	5	5	25	23	23
<b>Earnings per share, SEK</b>							
Earnings per share		4.52	4.61	4.42	17.06	18.05	17.35

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

## Condensed consolidated statement of financial position

SEKm	Note	31 December 2019	31 December 2018	Recalculated 31 December 2018 <sup>1)</sup>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		16,301	16,301	16,301
Trademarks		12,926	13,413	13,413
Other intangible assets		1,826	1,572	1,572
Land, buildings and investment properties		15,278	14,374	14,374
Right of use assets	7	16,142	—	16,162
Interests in joint ventures and associates	2	1,224	1,256	1,256
ICA Bank's lending and investments		13,474	11,916	11,916
Deferred tax assets		71	385	385
Other non-current assets		2,547	2,424	2,424
<b>Total non-current assets</b>		<b>79,789</b>	<b>61,640</b>	<b>77,802</b>
<b>Current assets</b>				
Inventories		4,611	4,490	4,490
ICA Bank's lending and investments		3,516	3,176	3,176
Other current assets		7,696	8,133	7,710
Assets held for sale	4	158	6	6
ICA Bank's cash and cash equivalents		2,311	2,427	2,427
Cash and cash equivalents		846	779	779
<b>Total current assets</b>		<b>19,138</b>	<b>19,011</b>	<b>18,588</b>
<b>TOTAL ASSETS</b>		<b>98,927</b>	<b>80,651</b>	<b>96,391</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>33,844</b>	<b>33,249</b>	<b>33,110</b>
<b>Non-current liabilities</b>				
Provisions		3,978	3,116	3,116
Deferred tax liabilities		3,882	4,236	4,205
Non-current interest-bearing liabilities		2,713	3,626	3,626
Non-current lease liabilities		12,521	—	12,553
Other non-current liabilities		87	45	45
<b>Total non-current liabilities</b>		<b>23,182</b>	<b>11,022</b>	<b>23,545</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		2,340	2,233	2,233
Deposits ICA Bank		16,698	15,385	15,385
Current lease liabilities		3,390	—	3,356
Other current liabilities		19,474	18,762	18,762
<b>Total current liabilities</b>		<b>41,901</b>	<b>36,380</b>	<b>39,736</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>98,927</b>	<b>80,651</b>	<b>96,391</b>

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

## Condensed consolidated statement of cash flows

SEKm	Note	Fourth quarter			Jan-Dec		
		2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
Operating profit		1,249	1,172	1,212	4,934	4,498	4,658
Depreciation, amortisation and impairment		1,327	434	1,279	5,259	1,804	5,192
Dividend from joint ventures		70	15	15	90	35	35
Other non-cash items		161	90	90	532	80	80
Income tax paid		-80	-159	-159	-584	-803	-803
<b>Cash flow from operating activities before change in working capital</b>		<b>2,726</b>	<b>1,553</b>	<b>2,437</b>	<b>10,230</b>	<b>5,615</b>	<b>9,162</b>
Change in working capital:							
Inventories		-160	11	11	-268	32	32
Current receivables		-889	-530	-535	-107	-694	-718
Current liabilities		1,467	1,589	1,589	431	1,865	1,865
ICA Bank's net of deposits, lending and investments		-48	-378	-378	-538	-16	-16
<b>Cash flow from operating activities</b>		<b>3,096</b>	<b>2,244</b>	<b>3,124</b>	<b>9,748</b>	<b>6,802</b>	<b>10,326</b>
Acquisitions of property, plant and equipment and intangible assets		-811	-786	-786	-3,080	-3,507	-3,507
Sale of property, plant and equipment and intangible assets		1	298	298	59	302	302
Change in financial assets		-56	-4	-4	-96	-9	-9
Interest received		0	0	0	1	1	1
Investments in joint ventures and associated companies		-5	-350	-350	-7	-380	-380
Divestment of subsidiaries	4	—	0	0	222	0	0
<b>Cash flow from investing activities</b>		<b>-870</b>	<b>-841</b>	<b>-841</b>	<b>-2,900</b>	<b>-3,593</b>	<b>-3,593</b>
Dividend paid to shareholders of ICA Gruppen AB		—	—	—	-2,313	-2,213	-2,213
Change in loans		-585	-1,640	-1,640	-803	-1,983	-1,983
Interest paid		-54	-61	-61	-126	-230	-230
Interest paid IFRS 16 Leases		-84	—	-86	-342	—	-330
Amortisation IFRS 16 Leases		-793	—	-794	-3,257	—	-3,194
Capital contributions, acquisitions, and dividends relating to non-controlling interests		-10	-13	-13	-53	-87	-87
<b>Cash flow from financing activities</b>		<b>-1,528</b>	<b>-1,714</b>	<b>-2,594</b>	<b>-6,895</b>	<b>-4,512</b>	<b>-8,036</b>
<b>Cash flow for the period</b>	5	<b>697</b>	<b>-311</b>	<b>-311</b>	<b>-48</b>	<b>-1,303</b>	<b>-1,303</b>
Cash and cash equivalents at beginning of period		2,459	3,498	3,498	3,206	4,499	4,499
Exchange differences in cash and cash equivalents		1	18	18	-1	10	10
<b>Cash and cash equivalents at end of period</b>	5	<b>3,157</b>	<b>3,206</b>	<b>3,206</b>	<b>3,157</b>	<b>3,206</b>	<b>3,206</b>

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

## Condensed consolidated statement of changes in equity

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
<b>Opening equity, 1 January 2019</b>	<b>32,984</b>	<b>265</b>	<b>33,249</b>
Change in non-controlling interests	—	—	—
Dividend	-2,313	-50	-2,363
Comprehensive income for the period	2,934	25	2,958
<b>Closing equity, 31 December 2019</b>	<b>33,604</b>	<b>240</b>	<b>33,844</b>

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
<b>Opening equity, 1 January 2018</b>	<b>31,720</b>	<b>297</b>	<b>32,017</b>
Effect of change IFRS 9	-97	—	-97
<b>Equity after change IFRS 9</b>	<b>31,623</b>	<b>297</b>	<b>31,920</b>
Change in non-controlling interests	-35	0	-35
Dividend	-2,213	-55	-2,268
Comprehensive income for the period	3,609	23	3,632
<b>Closing equity, 31 December 2018</b>	<b>32,984</b>	<b>265</b>	<b>33,249</b>

# Supplementary disclosures – Group

## NOTE 1, ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and calculation methods have been used as in the 2018 Annual Report, except with respect to leasing, where IFRS 16 Leases began to be applied on 1 January 2019. In addition to this, ICA Real Estate has changed its assessment of the useful life of properties and their components, resulting in a prospective effect of slightly more than SEK 60 million in lower depreciation. Disclosures in accordance with IAS 34:16A are provided – in addition to in the financial statements – also in other parts of the interim report. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

### New standards from IASB applied in 2019

ICA Gruppen applies IFRS 16 Leases starting in 2019.

IFRS 16 sets out primarily new rules governing lessees' reporting. Reporting as a lessor corresponds to the rules previously applied under IAS 17 Leases, except in cases of subleasing, where an asset is leased in and thereafter leased out. For subleasing, classification as operating or finance lease is based on the leased-in asset and not on the underlying asset, which was the case under IAS 17.

IFRS 16 requires lessees to recognise a liability and a right-of-use asset for all leases on the balance sheet, except for leases pertaining to intangible assets, unless the lease term is 12 months or less, or the underlying asset is of low value. The liability reflects the present value of the lease payments, usually discounted by the incremental borrowing rate. Variable lease payments based on e.g., sales are not included in the discounted liability, but continue to be recognised as a continuing expense through profit or loss. The asset is depreciated over its useful life, which in most cases corresponds to the lease term. Lease payments are broken down into interest and amortisation of the principal. The changeover to IFRS 16 has entailed that costs in EBIT pertaining to leases have been moved from the function Cost of goods and services sold to the function Selling expenses.

After the initial lease term a lease can be terminated in full, renegotiated or extended. If it is not reasonably certain that a lease will be extended or will be extended without renegotiation, the extension is not included in the calculation of the lease liability.

The most significant leases in ICA Gruppen measured by value pertain to rents of properties and premises. ICA Gruppen leases in properties both for its own use and for subleasing to non-consolidated ICA retailers. In certain cases, contracts for transports using delivery trucks constitute a lease, while in others they constitute a contract for transport services. Contracts for the use of forklifts and passenger cars usually constitute leases.

In certain cases ICA Gruppen leases in properties and premises and thereafter subleases them to non-consolidated ICA retailers. The aim is to gain control over the commercial location. Having control over the commercial location through a right-of-use asset constitutes the basis for these lease arrangements being made in the first place. The right-of-use asset is an asset for ICA Gruppen that is not transferred via the sublease. All leasing as a lessor including subleases are classified as operating leases according to IFRS 16.

ICA Gruppen's segments will continue to recognise all rents as operating leases. Reporting in accordance with IFRS 16 is only done for ICA Gruppen in total, and the segmental reporting for 2019 will therefore be unchanged compared with 2018.

IFRS 16 offers alternative transitional rules. ICA Gruppen has chosen the transitional method that entails that IFRS 16 is applied prospectively as from 1 January 2019 and that any effect of the transition is recognised as an adjustment of opening equity as per 1 January 2019. As per 1 January 2019 a lease liability is recognised which equals the present value of the remaining payments for all leases. Discounting of payments is done using ICA Gruppen's incremental borrowing rate on the date of transition and using the interest rate that corresponds to the remaining terms of the respective leases. ICA Gruppen has also elected to use the transitional rule that entails that a right-of-use asset is recognised at the same value as the present value of the lease liability on the date of transfer. However, since lease payments are made in advance, the lease liability is lower than the right-of-use asset on the date of transfer, since the initial payment for 2019 has already been made at the end of 2018. The incremental borrowing rate that is used for discounting as per the date of transfer varies, depending on the remaining term of the lease. The weighted average incremental borrowing rate as per 1 January 2019 was 2.20% for contracts in Swedish kronor and 1.79% for contracts in euros.

As per 1 January 2019 the lease liability amounts to SEK 16,141 million, and right-of-use assets are valued at SEK 16,606 million.

There is no significant difference between the nominal amount recognised for future obligations in Note 7 Leases in the 2018 Annual Report and the nominal amount that the present value discounting of the initial value of the lease liability according to IFRS 16 is based on as per 1 January 2019, other than that the future obligations reported in Note 7 in the Annual Report include an amount of SEK 1.7 billion pertaining to leases where transfer of the asset had not taken place as per 31 December 2018. According to IFRS 16, leases for assets that have not been transferred are not included in the recognised lease liability. There is thus no other material difference between the discounted amount of obligations for leases as per 31 December 2018 compared with the recognised lease liability as per 1 January 2019, than leases committed but not yet commenced.

### Recalculation of 2018 for IFRS 16

The chosen transitional rules entail prospective application of IFRS 16. This means that the formal comparison year 2018 is reported and presented in accordance with IAS 17 Leases, which applied at the time. To facilitate comparisons between years, ICA Gruppen – as a complement to its presentation of the formal comparison values for 2018 – has chosen to also present 2018 recalculated for IFRS 16.

Recalculation has been done according to the principles applied for 2019, but as if IFRS 16 had begun to be applied as per 1 January 2018. This means that as per 1 January 2018, a lease liability is recognised which consists of the present value of the remaining payments for all applicable leases. The payments are discounted using ICA Gruppen's incremental borrowing rate as per 1 January 2018 and using an interest rate that corresponds to the remaining terms of the respective leases at the time. The right-of-use asset is recognised at the same value as the present

value of the lease liability as per 1 January 2018, except for in cases where leases were paid in advance, which entails that the lease liability is lower than the right-of-use asset as per 1 January 2018. The payments have been broken down into amortisation and interest on the principal, in accordance with IFRS 16. The right-of-use asset has been depreciated. The lease liability and right-of-use asset have been affected by new and amended leases in 2018.

Application of IFRS 16 may differ somewhat between the recalculated figures for 2018 and 2019, but the significant principles are the same for both years. Since IFRS 16 is applied prospectively as from 1 January 2019, the closing balance for the recalculated figures for 2018 is not the opening balance for 2019.

#### New standards from IASB endorsed by the EU with relevance for ICA Gruppen

Other than implementation of IFRS 16, there are no other new or amended IFRSs or interpretations that have an impact on the financial statements for 2019.

#### ICA Gruppen AB

ICA Gruppen AB applies the exemption provided by RFR 2 Accounting for Legal Entities and continues to recognise all leases as an expense on a straight-line basis over the lease term. On the balance sheet, neither a right-of-use asset nor a lease liability is recognised in the way that is done in the Group according to IFRS 16. Through the continued recognition of all leases as operating leases under the previously applied IAS 17 Leases, no transitional effect arises as per 1 January 2019.

#### Important assumptions and assessments

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect application of the accounting principles and the amounts reported in the income statement and carried on the balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the circumstances. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assessments.

#### Tables – recalculation of earlier periods

Effect on the Group's condensed consolidated statement of comprehensive income, Q4 2018

SEKm	Reported	Change IFRS 16	Recalculated
Net sales	30,069		30,069
Cost of goods sold	-25,091	332	-24,759
Gross profit	<b>4,977</b>	<b>332</b>	<b>5,310</b>
Selling expenses	-3,131	-293	-3,424
Administrative expenses	-800	2	-798
Other operating income	80		80
Other operating expenses	—		—
Share of profits of associates and joint ventures	12		12
<b>Operating profit (EBIT) excl items affecting comparability</b>	<b>1,139</b>	<b>41</b>	<b>1,180</b>
Capital gains/losses from sale of subsidiaries and non-current assets	56		56
Impairment and impairment reversals	-23		-23
<b>Operating profit</b>	<b>1,172</b>	<b>41</b>	<b>1,212</b>
Financial income	4		4
Financial expenses	-54	-86	-139
Net financial items	-50	-86	-136
<b>Profit before tax</b>	<b>1,123</b>	<b>-45</b>	<b>1,077</b>
Tax	-193	8	-185
<b>Profit for the period</b>	<b>930</b>	<b>-37</b>	<b>892</b>



Effect on the Group's condensed consolidated statement of financial position, 31 December 2018

SEKm	Reported	Change IFRS 16	Recalculated
<b>ASSETS</b>			
Non-current assets	61,640		61,640
Right of use assets		16,162	16,162
Current assets	19,011	-423	18,588
<b>TOTAL ASSETS</b>	<b>80,651</b>	<b>15,740</b>	<b>96,391</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>33,249</b>	<b>-139</b>	<b>33,110</b>
Non-current liabilities	11,022	-31	10,992
Non-current lease liabilities		12,553	12,553
Current liabilities	36,380		36,380
Current lease liabilities		3,356	3,356
<b>Total liabilities</b>	<b>47,402</b>	<b>15,878</b>	<b>63,280</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>80,651</b>	<b>15,740</b>	<b>96,391</b>

Effect on the Group's condensed consolidated statement of cash flows, Q4 2018

SEKm	Reported	Change IFRS 16	Recalculated
Operating profit	1,172	41	1,212
Depreciation, amortisation and impairment	434	844	1,279
Dividend from joint ventures	15		15
Other non-cash items	90		90
Income tax paid	-159		-159
<b>Cash flow from operating activities before change in working capital</b>	<b>1,553</b>	<b>885</b>	<b>2,437</b>
Change in working capital	691	-5	687
<b>Cash flow from operating activities</b>	<b>2,244</b>	<b>880</b>	<b>3,124</b>
<b>Cash flow from investing activities</b>	<b>-841</b>		<b>-841</b>
Dividend paid	—		—
Capital contributions, acquisitions, and dividends relating to non-controlling interests	-13		-13
Change in loans	-1,640		-1,640
Interest paid	-61		-61
Interest paid IFRS 16 Leases		-86	-86
Amortisation IFRS 16 Leases		-794	-794
<b>Cash flow from financing activities</b>	<b>-1,714</b>	<b>-880</b>	<b>-2,594</b>
<b>Cash flow for the period</b>	<b>-311</b>	<b>—</b>	<b>-311</b>
Cash and cash equivalents at beginning of period	3,498		3,498
Exchange differences in cash and cash equivalents	18		18
<b>Cash and cash equivalents at end of period</b>	<b>3,206</b>		<b>3,206</b>

Effect on the Group's condensed consolidated statement of comprehensive income, full year 2018

SEKm	Reported	Change IFRS 16	Recalculated
Net sales	115,354		115,354
Cost of goods sold	-96,459	1,325	-95,134
Gross profit	<b>18,894</b>	<b>1,325</b>	<b>20,220</b>
Selling expenses	-11,640	-1,167	-12,807
Administrative expenses	-2,995	2	-2,993
Other operating income	346		346
Other operating expenses	-26		-26
Share of profits of associates and joint ventures	71		71
<b>Operating profit (EBIT) excl items affecting comparability</b>	<b>4,651</b>	<b>160</b>	<b>4,811</b>
Capital gains/losses from sale of subsidiaries and non-current assets	49		49
Impairment and impairment reversals	-202		-202
<b>Operating profit</b>	<b>4,498</b>	<b>160</b>	<b>4,658</b>
Financial income	11		11
Financial expenses	-283	-330	-612
Net financial items	-272	-330	-602
<b>Profit before tax</b>	<b>4,227</b>	<b>-170</b>	<b>4,057</b>
Tax	-580	31	-549
<b>Profit for the period</b>	<b>3,647</b>	<b>-139</b>	<b>3,508</b>

Effect on the Group's condensed consolidated statement of cash flows, full year 2018

SEKm	Reported	Change IFRS 16	Recalculated
Operating profit	4,498	160	4,658
Depreciation, amortisation and impairment	1,804	3,388	5,192
Dividend from joint ventures	35		35
Other non-cash items	80		80
Income tax paid	-803		-803
<b>Cash flow from operating activities before change in working capital</b>	<b>5,615</b>	<b>3,548</b>	<b>9,162</b>
Change in working capital	1,187	-24	1,164
<b>Cash flow from operating activities</b>	<b>6,802</b>	<b>3,524</b>	<b>10,326</b>
<b>Cash flow from investing activities</b>	<b>-3,593</b>		<b>-3,593</b>
Dividend paid	-2,213		-2,213
Capital contributions, acquisitions, and dividends relating to non-controlling interests	-87		-87
Change in loans	-1,983		-1,983
Interest paid	-230		-230
Interest paid IFRS 16 Leases		-330	-330
Amortisation IFRS 16 Leases		-3,194	-3,194
<b>Cash flow from financing activities</b>	<b>-4,512</b>	<b>-3,524</b>	<b>-8,036</b>
<b>Cash flow for the period</b>	<b>-1,303</b>	<b>—</b>	<b>-1,303</b>
Cash and cash equivalents at beginning of period	4,499		4,499
Exchange differences in cash and cash equivalents	10		10
<b>Cash and cash equivalents at end of period</b>	<b>3,206</b>		<b>3,206</b>

## NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
SEKm				
Ancore Fastigheter AB	13	15	54	54
Secore Fastigheter AB	8	7	32	26
MD International AB (Min Doktor)	-25	-10	-53	-10
Fastighetsaktiebolaget Postgården AB	—	0	0	0
<b>Total</b>	<b>-4</b>	<b>12</b>	<b>34</b>	<b>71</b>

Book value, SEKm	31 December 2019	31 December 2018
Ancore Fastigheter AB	731	719
Secore Fastigheter AB	134	132
MD International AB (Min Doktor)	346	398
Fastighetsaktiebolaget Postgården AB	7	7
Other	6	0
<b>Total</b>	<b>1,224</b>	<b>1,256</b>

### Information regarding Ancore Fastigheter AB

Ancore Fastigheter AB is a joint arrangement between the pension insurance company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Ancore must be made as a joint understanding between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on all relevant information in the joint arrangement, Ancore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Ancore Fastigheter AB	Fourth quarter		Jan-Dec	
SEKm	2019	2018	2019	2018
Income	114	109	448	435
Expenses	-51	-40	-190	-187
<b>Operating profit</b>	<b>63</b>	<b>69</b>	<b>258</b>	<b>248</b>
Net financial items	-25	-26	-107	-103
Tax	-11	-12	-40	-37
<b>Profit for the period</b>	<b>26</b>	<b>31</b>	<b>111</b>	<b>108</b>
Other comprehensive income	25	6	37	31
<b>Comprehensive income for the period</b>	<b>51</b>	<b>38</b>	<b>148</b>	<b>139</b>
Non-current assets			5,528	4,944
Current assets			140	306
<b>Total assets</b>			<b>5,668</b>	<b>5,250</b>
Equity			1,401	1,374
Non-current liabilities			2,843	3,684
Current liabilities			1,424	192
<b>Total equity and liabilities</b>			<b>5,668</b>	<b>5,250</b>

### Information regarding Secore Fastigheter AB

Secore Fastigheter AB is a joint arrangement between Första AP-fonden and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Secore Fastigheter AB must be made as a joint understanding between the two owners. Secore Fastigheter AB owns and manages properties at 40 marketplaces in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on all relevant information in the joint arrangement, Secore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Secore Fastigheter AB	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
SEKm				
Income	45	45	179	174
Expenses	-24	-26	-89	-108
<b>Operating profit</b>	<b>22</b>	<b>18</b>	<b>90</b>	<b>65</b>
Net financial items	-8	-7	-29	-26
Tax	-3	-3	-16	-12
<b>Profit for the period</b>	<b>11</b>	<b>8</b>	<b>45</b>	<b>27</b>
Other comprehensive income	—	—	—	—
<b>Comprehensive income for the period</b>	<b>11</b>	<b>8</b>	<b>45</b>	<b>27</b>
Non-current assets			2,349	2,365
Current assets			66	49
<b>Total assets</b>			<b>2,415</b>	<b>2,414</b>
Equity			797	813
Non-current liabilities			1,080	1,562
Current liabilities			537	39
<b>Total equity and liabilities</b>			<b>2,415</b>	<b>2,414</b>

### Information regarding MD International AB (Min Doktor)

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. ICA Gruppen currently owns 49.37% of the company through Apotek Hjärtat. ICA Gruppen's ownership increased during the year from 42.7% through clauses in the original purchase agreement. All significant decisions pertaining to the operations of Min Doktor are made through joint agreement between the owners. Min Doktor is one of Sweden's largest actors in digital primary care services and operates a number of drop-in clinics located primarily adjacent to larger ICA stores. Based on all relevant information in the joint arrangement, Min Doktor is an associated company and is consolidated according to the equity method.

### NOTE 3, ITEMS AFFECTING COMPARABILITY

SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
<b>Capital gains/losses net on sale of subsidiaries and non-current assets</b>				
ICA Sweden	-2	—	0	—
Rimi Baltic	-1	1	1	1
Apotek Hjärtat	—	51	—	51
ICA Real Estate	0	-4	-2	-11
ICA Bank	—	8	—	8
Other	1	—	-381	—
<b>Total</b>	<b>-2</b>	<b>56</b>	<b>-382</b>	<b>49</b>
<b>Impairment and impairment reversals</b>				
ICA Sweden	—	—	—	-79
Rimi Baltic	-3	-23	-24	-34
ICA Real Estate	-13	—	-16	-89
Other	1	—	1	—
<b>Total</b>	<b>-15</b>	<b>-23</b>	<b>-39</b>	<b>-202</b>
<b>Total items affecting comparability</b>	<b>-18</b>	<b>33</b>	<b>-422</b>	<b>-153</b>

### NOTE 4, ACQUISITIONS AND SALES OF OPERATIONS, AND ASSETS HELD FOR SALE

For all reported periods, assets held for sale pertain to properties in Sweden and the Baltic countries.

On 14 May ICA Gruppen sold all of its shares in Hemtex to the Norwegian home textiles chain Kid ASA. The purchase price was SEK 226 million on a debt-free basis. The cash flow effect, including the buyer's repayment of loans, was SEK 222 million, and a capital loss of SEK -382 million was recognised after transaction costs. The main assets sold pertain to trademarks and inventory.

During January-June 2018, ICA Gruppen had SEK 26 million in costs for the unsuccessful acquisition of UAB Palink, which operates the IKI grocery store chain in Lithuania. Following a decision in April 2018 from the Lithuanian Competition Council to not approve the acquisition, it could not be completed.

**NOTE 5, CONSOLIDATED CASH FLOW STATEMENT**

January–December 2019, SEKm	Group 2019	ICA Bank 2019 <sup>2)</sup>	Group excl. ICA Bank 2019
<b>Cash flow from operating activities before change in working capital</b>	<b>10,230</b>	<b>272</b>	<b>9,959</b>
Change in working capital			
Inventories	-268	—	-268
Current receivables	-107	-12	-95
Current liabilities	431	103	328
ICA Bank's net of deposits, lending and investments	-538	-538	—
<b>Cash flow from operating activities</b>	<b>9,748</b>	<b>-175</b>	<b>9,923</b>
<b>Cash flow from investing activities</b>	<b>-2,900</b>	<b>-90</b>	<b>-2,811</b>
<b>Cash flow from financing activities</b>	<b>-6,895</b>	<b>149</b>	<b>-7,044</b>
<b>Cash flow for the period</b>	<b>-48</b>	<b>-116</b>	<b>69</b>
Cash and cash equivalents at the beginning of the period	3,206	2,427	779
Exchange differences in cash and cash equivalents	-1	—	-1
<b>Cash and cash equivalents at the end of the period</b>	<b>3,157</b>	<b>2,311</b>	<b>846</b>

1) The column includes external leasing costs for ICA Bank. The effect of IFRS 16 on the bank is immaterial.

January–December 2018, SEKm	Group 2018	ICA Bank 2018	Group excl. ICA Bank 2018
<b>Cash flow from operating activities before change in working capital</b>	<b>5,615</b>	<b>184</b>	<b>5,430</b>
Change in working capital			
Inventories	32	—	32
Current receivables	-694	94	-788
Current liabilities	1,865	-16	1,881
ICA Bank's net of deposits, lending and investments	-16	-16	—
<b>Cash flow from operating activities</b>	<b>6,802</b>	<b>247</b>	<b>6,555</b>
<b>Cash flow from investing activities</b>	<b>-3,593</b>	<b>-16</b>	<b>-3,577</b>
<b>Cash flow from financing activities</b>	<b>-4,512</b>	<b>-12</b>	<b>-4,500</b>
<b>Cash flow for the period</b>	<b>-1,303</b>	<b>219</b>	<b>-1,521</b>
Cash and cash equivalents at the beginning of the period	4,499	2,209	2,290
Exchange differences in cash and cash equivalents	10	—	10
<b>Cash and cash equivalents at the end of the period</b>	<b>3,206</b>	<b>2,427</b>	<b>779</b>

January–December 2018, SEKm	Group recalculated 2018 <sup>1)</sup>	ICA Bank 2018 <sup>2)</sup>	Group excl. ICA Bank recalculated 2018 <sup>1)</sup>
<b>Cash flow from operating activities before change in working capital</b>	<b>9,162</b>	<b>185</b>	<b>8,977</b>
Change in working capital			
Inventories	32	—	32
Current receivables	-718	94	-812
Current liabilities	1,865	-16	1,881
ICA Bank's net of deposits, lending and investments	-16	-16	—
<b>Cash flow from operating activities</b>	<b>10,326</b>	<b>248</b>	<b>10,078</b>
<b>Cash flow from investing activities</b>	<b>-3,593</b>	<b>-16</b>	<b>-3,577</b>
<b>Cash flow from financing activities</b>	<b>-8,036</b>	<b>-13</b>	<b>-8,023</b>
<b>Cash flow for the period</b>	<b>-1,303</b>	<b>219</b>	<b>-1,521</b>
Cash and cash equivalents at the beginning of the period	4,499	2,209	2,290
Exchange differences in cash and cash equivalents	10	—	10
<b>Cash and cash equivalents at the end of the period</b>	<b>3,206</b>	<b>2,427</b>	<b>779</b>

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

2) The segments have not been recalculated according to IFRS 16. The column includes external leasing costs for ICA Bank. The effect of IFRS 16 on the bank is immaterial.

#### NOTE 6, FINANCIAL INSTRUMENTS

As per 31 December 2019, financial assets measured at fair value in ICA Gruppen amounted to SEK 2,196 million (3,245). In the fair value hierarchy, the entire amount is attributable to Level 1. Financial liabilities measured at fair value amounted to SEK 100 million (76) as per 31 December 2019. The carrying amount corresponds to fair value for all assets and liabilities, except for bond issues, where the fair value exceeds the carrying amount by SEK 44 million (59).

#### NOTE 7, LEASES

	Fourth quarter	Jan-Dec
SEKm	2019	2019
Total lease revenue incl variable revenue	701	2,790
Variable lease payments	-29	-117
Interest expenses, lease liabilities	-84	-342

There are leases of low value and leases with a term shorter than 12 months, for which the amounts are immaterial.

Total right-of-use assets, SEKm	2019
At start of year, 1/1/2019	16,606
Changed and new contracts	2,970
Depreciation	-3,483
Translation differences	48
<b>Book value, 31/12/2019</b>	<b>16,142</b>

Right-of-use assets consist mainly of properties and premises, but also include forklifts, trucks and passenger cars.

## Condensed parent company income statement

SEKm	Fourth quarter		Jan-Dec	
	2019	2018	2019	2018
Net sales <sup>1)</sup>	283	267	1,106	972
Cost of services sold	-268	-256	-1,048	-933
<b>Gross profit</b>	<b>14</b>	<b>11</b>	<b>57</b>	<b>39</b>
Administrative expenses	-136	-119	-474	-443
<b>Operating profit/loss</b>	<b>-122</b>	<b>-108</b>	<b>-417</b>	<b>-404</b>
Profit/loss from participations in Group companies <sup>2)</sup>	—	290	8,328	3,690
Financial income, Group companies	66	45	209	170
Financial income	11	8	20	52
Financial expenses, Group companies	0	0	0	-4
Financial expenses	-24	-32	-114	-200
<b>Profit/loss after financial items</b>	<b>-68</b>	<b>202</b>	<b>8,026</b>	<b>3,303</b>
Appropriations	1,214	393	1,214	393
<b>Profit before tax</b>	<b>1,146</b>	<b>595</b>	<b>9,240</b>	<b>3,696</b>
Tax	-245	-69	-196	-10
<b>Profit for the period</b>	<b>900</b>	<b>527</b>	<b>9,044</b>	<b>3,687</b>

1) Of net sales for the fourth quarter, SEK 273 million (250) pertains to Group companies, and SEK 1,077 million accumulated (934).  
2) For the second quarter, the line includes a capital loss of SEK -572 million from the sale of Hemtex.

## Condensed parent company balance sheet

SEKm	31 December 2019	31 December 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in Group companies	29,703	30,142
Other intangible assets	136	108
Deferred tax assets	26	223
Non-current receivables from Group companies	1,118	639
Other non-current assets	205	177
<b>Total non-current assets</b>	<b>31,190</b>	<b>31,288</b>
<b>Current assets</b>		
Current receivables from Group companies	18,053	11,889
Other current assets	320	204
Cash and cash equivalents	326	72
<b>Total current assets</b>	<b>18,699</b>	<b>12,165</b>
<b>TOTAL ASSETS</b>	<b>49,889</b>	<b>43,453</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>35,619</b>	<b>28,889</b>
<b>Provisions</b>	<b>440</b>	<b>404</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	2,700	2,700
Other non-current liabilities	36	21
<b>Total non-current liabilities</b>	<b>2,736</b>	<b>2,721</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	1,427	2,233
Current liabilities to Group companies	9,261	8,796
Other current liabilities	405	410
<b>Total current liabilities</b>	<b>11,093</b>	<b>11,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>49,889</b>	<b>43,453</b>

# Quarterly overview

## Quarterly overview 2019 and recalculation of 2018

	Q1 2018 <sup>1)</sup>	Q2 2018 <sup>1)</sup>	Q3 2018 <sup>1)</sup>	Q4 2018 <sup>1)</sup>	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Net sales, SEKm	27,181	29,258	28,846	30,069	28,098	30,529	29,818	30,850
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,237	2,317	2,805	2,491	2,439	2,284	2,894	2,576
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,005	1,077	1,549	1,180	1,125	1,365	1,599	1,267
Operating margin excl. items affecting comparability, %	3.7	3.7	5.4	3.9	4.0	4.5	5.4	4.1
Operating profit (EBIT), SEKm	1,005	988	1,453	1,212	1,115	975	1,595	1,249
Operating margin, %	3.7	3.4	5.0	4.0	4.0	3.2	5.3	4.0
Profit before tax, SEKm	845	821	1,314	1,077	974	837	1,469	1,122
Profit for the period, SEKm	665	896	1,055	892	813	520	1,202	915
Earnings per share, SEK	3.28	4.43	5.22	4.42	4.02	2.56	5.96	4.52
Equity per share, SEK	161.51	154.76	159.52	163.29	167.62	158.66	163.23	167.06
Share price at the end of period, SEK	295.40	274.70	282.00	316.80	373.00	399.20	454.80	437.20
Return on equity, %	N/A <sup>2)</sup>	N/A <sup>2)</sup>	N/A <sup>2)</sup>	10.6	10.9	9.7	10.0	10.1
Return on capital employed, %	N/A <sup>2)</sup>	N/A <sup>2)</sup>	N/A <sup>2)</sup>	7.7	7.8	7.7	7.9	7.9
Cash flow from operating activities, SEKm	1,605	3,642	1,955	3,124	1,669	3,068	1,915	3,096
Cash flow per share from operating activities, SEK	7.98	18.11	9.72	15.53	8.30	15.25	9.52	15.39
Investing activities (cash flow), SEKm	1,118	747	856	786	913	594	762	811
Capital employed excl. ICA Bank, average, SEKm	N/A <sup>2)</sup>	N/A <sup>2)</sup>	N/A <sup>2)</sup>	58,251	58,762	58,866	59,080	59,278
Net debt, SEKm	-21,290	-22,479	-22,455	-20,988	-21,939	-21,980	-21,233	-20,117
Net debt/EBITDA	N/A <sup>2)</sup>	N/A <sup>2)</sup>	N/A <sup>2)</sup>	2.1	2.2	2.2	2.1	2.0

1) In addition to the formal IFRS financial statements, recalculated figures are presented for 2018 as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

2) Key ratios for 2018 based on rolling 12-month data are presented only for the full year 2018, as 2017 figures have not been recalculated for IFRS 16.

## Quarterly overview excl. IFRS 16

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales, SEKm	27,181	29,258	28,846	30,069
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,364	1,430	1,902	1,606
Operating profit (EBIT) excl. items affecting comparability, SEKm	972	1,041	1,499	1,139
Operating margin excl. items affecting comparability, %	3.6	3.6	5.2	3.8
Operating profit (EBIT), SEKm	972	951	1,403	1,172
Operating margin, %	3.6	3.3	4.9	3.9
Profit before tax, SEKm	888	869	1,347	1,123
Profit for the period, SEKm	700	935	1,082	930
Earnings per share, SEK	3.46	4.62	5.36	4.61
Equity per share, SEK	161.69	155.13	160.02	163.98
Share price at the end of period, SEK	295.40	274.70	282.00	316.80
Return on equity, %	11.7	11.3	11.0	11.1
Return on capital employed, %	11.2	10.4	10.3	10.2
Cash flow from operating activities, SEKm	732	2,755	1,071	2,244
Cash flow per share from operating activities, SEK	3.64	13.70	5.32	11.16
Investing activities (cash flow), SEKm	1,118	747	856	786
Capital employed excl. ICA Bank, average, SEKm	42,024	42,086	42,425	42,648
Net debt, SEKm	-5,670	-6,650	-7,012	-5,079
Net debt/EBITDA	0.9	1.1	1.1	0.8



## Quarterly data by segment

### Net sales by segment

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
ICA Sweden	19,358	20,975	20,730	21,348	19,793	21,880	21,494	22,020
Rimi Baltic	3,548	3,814	3,827	4,066	3,774	4,071	4,044	4,279
Apotek Hjärtat	3,430	3,625	3,414	3,641	3,634	3,778	3,553	3,813
ICA Real Estate	642	643	648	658	676	686	681	688
ICA Bank	322	332	341	358	370	391	399	410
Hemtex	223	217	237	343	213	93	—	—
Other	247	251	262	282	301	299	288	309
Intra-Group sales	-589	-599	-613	-628	-662	-669	-641	-668
<b>Net sales</b>	<b>27,181</b>	<b>29,258</b>	<b>28,846</b>	<b>30,069</b>	<b>28,098</b>	<b>30,529</b>	<b>29,818</b>	<b>30,850</b>

### Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
ICA Sweden	869	897	1,152	869	955	1,087	1,255	980
Rimi Baltic	202	240	260	267	229	262	300	306
Apotek Hjärtat	132	195	196	217	134	179	146	152
ICA Real Estate	215	211	252	242	237	258	260	248
ICA Bank	33	33	82	57	46	62	83	81
Hemtex	-15	-19	11	58	-15	-11	—	—
Other	-73	-126	-51	-103	-80	-469	-52	-91
<b>Operating profit before depreciation/amortisation (EBITDA) by segment</b>	<b>1,364</b>	<b>1,430</b>	<b>1,902</b>	<b>1,606</b>	<b>1,506</b>	<b>1,369</b>	<b>1,993</b>	<b>1,674</b>
IFRS 16 <sup>1)</sup>	873	887	903	885	933	916	901	901
<b>Operating profit before depreciation/amortisation (EBITDA)<sup>1)</sup></b>	<b>2,237</b>	<b>2,317</b>	<b>2,805</b>	<b>2,491</b>	<b>2,439</b>	<b>2,284</b>	<b>2,894</b>	<b>2,576</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

### Operating profit excluding items affecting comparability by segment

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
ICA Sweden	758	784	1,040	750	825	949	1,111	827
Rimi Baltic	118	156	175	182	145	175	211	213
Apotek Hjärtat	94	156	155	128	96	142	109	117
ICA Real Estate	90	90	122	115	109	133	136	126
ICA Bank	26	26	76	42	39	55	76	74
Hemtex	-20	-25	5	53	-20	-16	—	—
Other	-94	-146	-74	-130	-110	-115	-85	-133
<b>Operating profit excluding items affecting comparability by segment</b>	<b>972</b>	<b>1,041</b>	<b>1,499</b>	<b>1,139</b>	<b>1,085</b>	<b>1,323</b>	<b>1,558</b>	<b>1,223</b>
IFRS 16 <sup>1)</sup>	33	36	50	41	40	42	42	42
<b>Operating profit excluding items affecting comparability<sup>1)</sup></b>	<b>1,005</b>	<b>1,077</b>	<b>1,549</b>	<b>1,180</b>	<b>1,125</b>	<b>1,365</b>	<b>1,599</b>	<b>1,267</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

### Depreciation/amortisation by segment

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
ICA Sweden	111	113	112	120	130	137	144	154
Rimi Baltic	84	84	84	84	84	86	89	93
Apotek Hjärtat	39	38	40	40	38	37	37	35
ICA Real Estate	124	129	130	131	129	125	125	122
ICA Bank	7	6	7	7	7	7	7	7
Hemtex	6	5	6	5	5	2	—	—
Other	20	22	24	25	30	33	32	42
<b>Depreciation/amortisation by segment</b>	<b>391</b>	<b>397</b>	<b>403</b>	<b>411</b>	<b>422</b>	<b>428</b>	<b>434</b>	<b>452</b>
IFRS 16 <sup>1)</sup>	840	850	854	844	892	873	859	859
<b>Depreciation/amortisation<sup>1)</sup></b>	<b>1,231</b>	<b>1,247</b>	<b>1,257</b>	<b>1,255</b>	<b>1,314</b>	<b>1,301</b>	<b>1,293</b>	<b>1,311</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

# Key figures ICA Gruppen

	Fourth quarter			Jan-Dec		
	2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,576	1,606	2,491	10,193	6,302	9,850
Operating margin excl. items affecting comparability, %	4.1	3.8	3.9	4.5	4.0	4.2
Operating margin, %	4.0	3.9	4.0	4.1	3.9	4.0
Net margin, %	3.0	3.1	3.0	2.9	3.2	3.0
Return on capital employed, %	—	—	—	7.9	10.2	7.7
Return on equity, %	—	—	—	10.1	11.1	10.6
Equity/assets ratio, %	—	—	—	34.2	41.2	34.4
Net debt excl IFRS 16, SEKm	—	—	—	-4,207	-5,079	-5,079
Net debt, SEKm	—	—	—	-20,117	—	-20,988
Net debt/EBITDA	—	—	—	2.0	0.8	2.1
Average number of employees	—	—	—	23,125	22,272	22,272
<b>Share data</b>						
Earnings per share, SEK	4.52	4.61	4.42	17.06	18.05	17.35
Share price at the end of period, SEK	—	—	—	437,20	316.80	316.80
Dividend per ordinary share, SEK	—	—	—	12.00	11,50	11,50
Dividend, SEKm	—	—	—	2,414	2,313	2,313
Dividend payout ratio, %	—	—	—	70	63	66
Equity per share, SEK	—	—	—	167.06	163.98	163.29
Cash flow from operating activities per share, SEK	15.39	11.16	15.53	48.46	33.82	51.34
Number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares after dilution	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

## Financial key ratios

ICA Gruppen relies on a number of financial key ratios in its interim reporting, some of which are not defined in IFRS but are so-called Alternative Performance Measures. The aim is to provide additional information that contributes to a more thorough comparison of year-on-year development and to give an indication of the Group's performance and financial position. The APMs used by ICA Gruppen are generally recognised within the sectors that ICA Gruppen works in. Data on these APMs and definitions is also provided at <https://www.icagruppen.se/en/investors/#!/financial-data/lb/en/investors/financial-data/definitions/>. The most important of these measures are those for which the Board of Directors has set financial targets. These are: to grow faster than the market in the grocery retail and pharmacy businesses; to achieve an operating margin (excluding items affecting comparability) of 4.5%; to achieve a return on capital employed of 7.5%; and to maintain net debt in relation to EBITDA that is lower than a factor of 3. In addition, the Group has set a target to distribute at least 50% of net profit for the year in shareholder dividends. More information about this is available on ICA Gruppen's website, [www.icagruppen.se](http://www.icagruppen.se).

### Reconciliation EBITDA

SEKm	Fourth quarter			Jan-Dec		
	2019	2018	Recalculated 2018 <sup>1)</sup>	2019	2018	Recalculated 2018 <sup>1)</sup>
Operating profit (EBIT)	1,249	1,172	1,212	4,934	4,498	4,658
Depreciation/amortisation	1,311	411	1,255	5,219	1,602	4,990
Impairment and impairment reversals	15	23	23	39	202	202
<b>Operating profit before depreciation/amortisation (EBITDA)</b>	<b>2,576</b>	<b>1,606</b>	<b>2,491</b>	<b>10,193</b>	<b>6,302</b>	<b>9,850</b>

1) In addition to the formal IFRS financial statements, the column "Recalculated" presents amounts as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

Reconciliation EBITDA

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Operating profit (EBIT) excl IFRS 16	972	951	1,403	1,172	1,075	932	1,552	1,207
Depreciation/amortisation excl IFRS 16	391	397	403	411	422	428	434	452
Impairment and impairment reversals	1	82	96	23	10	8	6	15
<b>Operating profit before depreciation/amortisation (EBITDA) excl IFRS 16</b>	<b>1,364</b>	<b>1,430</b>	<b>1,902</b>	<b>1,606</b>	<b>1,506</b>	<b>1,369</b>	<b>1,993</b>	<b>1,674</b>
IFRS 16 Operating profit (EBIT) <sup>1)</sup>	33	36	50	41	40	43	42	42
IFRS 16 Depreciation/amortisation <sup>1)</sup>	840	850	854	844	892	873	859	859
<b>Operating profit before depreciation/amortisation (EBITDA)<sup>1)</sup></b>	<b>2,237</b>	<b>2,317</b>	<b>2,805</b>	<b>2,491</b>	<b>2,439</b>	<b>2,284</b>	<b>2,894</b>	<b>2,576</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

Reconciliation Net debt excluding ICA Bank

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Non-current interest-bearing liabilities	-3,917	-3,619	-3,627	-3,626	-4,625	-4,625	-3,713	-2,713
Current interest-bearing liabilities	-4,029	-3,455	-3,872	-2,233	-1,956	-1,734	-1,926	-2,340
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	2,275	423	487	779	1,283	491	334	846
<b>Net debt excl IFRS 16</b>	<b>-5,670</b>	<b>-6,650</b>	<b>-7,012</b>	<b>-5,079</b>	<b>-5,297</b>	<b>-5,869</b>	<b>-5,304</b>	<b>-4,207</b>
Non-current lease liabilities <sup>1)</sup>	-12,286	-12,462	-12,113	-12,553	-13,176	-12,721	-12,527	-12,521
Current lease liabilities <sup>1)</sup>	-3,333	-3,366	-3,330	-3,355	-3,466	-3,390	-3,402	-3,389
<b>Net debt<sup>1)</sup></b>	<b>-21,290</b>	<b>-22,479</b>	<b>-22,455</b>	<b>-20,988</b>	<b>-21,939</b>	<b>-21,980</b>	<b>-21,233</b>	<b>-20,117</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

Reconciliation Capital employed excluding ICA Bank 2019 and recalculated 2018

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Equity <sup>1)</sup>	32,789	31,403	32,355	33,110	33,988	32,170	33,075	33,844
Provisions for pensions	2,656	2,857	2,896	3,072	3,309	3,353	3,843	3,928
Other provisions	7	12	3	32	15	14	8	37
Non-current interest-bearing liabilities	3,917	3,619	3,627	3,626	4,625	4,625	3,713	2,713
Current interest-bearing liabilities	4,029	3,455	3,872	2,233	1,956	1,734	1,926	2,340
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Other non-current liabilities	86	61	50	45	20	24	23	87
Non-current lease liabilities <sup>1)</sup>	12,286	12,462	12,113	12,553	13,176	12,721	12,527	12,521
Current lease liabilities <sup>1)</sup>	3,333	3,366	3,330	3,355	3,466	3,390	3,402	3,389
<b>Capital employed<sup>1)</sup></b>	<b>59,104</b>	<b>57,235</b>	<b>58,247</b>	<b>58,025</b>	<b>60,554</b>	<b>58,032</b>	<b>58,517</b>	<b>58,859</b>
<b>Average capital employed<sup>1)</sup></b>	<b>N/A<sup>2)</sup></b>	<b>N/A<sup>2)</sup></b>	<b>N/A<sup>2)</sup></b>	<b>58,251</b>	<b>58,762</b>	<b>58,866</b>	<b>59,080</b>	<b>59,278</b>

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

2) Key ratios for 2018 based on rolling 12-month data are presented only for the full year 2018, as 2017 figures have not been recalculated for IFRS 16.

Reconciliation Capital employed excluding ICA Bank excluding IFRS 16

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Equity	32,825	31,477	32,457	33,249
Provisions for pensions	2,656	2,857	2,896	3,072
Other provisions	7	12	3	32
Non-current interest-bearing liabilities	3,917	3,619	3,627	3,626
Current interest-bearing liabilities	4,029	3,455	3,872	2,233
Current interest-bearing liabilities to ICA Bank	—	—	—	—
Other non-current liabilities	86	61	50	45
<b>Capital employed excl IFRS 16</b>	<b>43,520</b>	<b>41,481</b>	<b>42,905</b>	<b>42,256</b>
<b>Average capital employed excl IFRS 16</b>	<b>42,024</b>	<b>42,086</b>	<b>42,425</b>	<b>42,648</b>

## Definitions of key ratios

### Business volume (ICA Bank)

Sum of lending, deposits, fund savings and home mortgages (including volume intermediated via collaborations).

### Capital employed

Equity plus interest-bearing liabilities.

### Cash flow from operating activities per share

Cash flow from operating activities for the period divided by the average number of shares outstanding.

### C/I ratio (ICA Bank)

Total costs in relation to total income.

### Common Equity Tier I ratio (ICA Bank)

The bank's capital base in relation to risk-weighted assets.

### Divestments

Payments received for sold tangible and intangible non-current assets during the period according to the statement of cash flows.

### Earnings per share

Profit for the period, excluding non-controlling interests, divided by the average number of shares outstanding.

### EBITDA

Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Taxes, Depreciation and Amortisation).

### Equity/assets ratio

Equity including non-controlling interests in relation to total assets.

### Equity per share

Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

### Gross profit

Net sales less cost of goods sold.

### Investments

Investments paid in tangible and intangible non-current assets during the period according to the statement of cash flows.

### Items affecting comparability

Gain/loss on disposal of non-current assets, impairment of non-current assets as well as major structural changes.

### Like-for-like store/pharmacy sales

Sales for stores/pharmacies that generated sales both in the reporting period and in the comparison period.

### Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

### Net debt

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

### Net debt excl IFRS 16

Interest-bearing liabilities excluding lease liabilities, pensions, ICA Bank and cash and cash equivalents.

### Net debt/EBITDA

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents in relation to EBITDA rolling 12 months.

### Net interest (ICA Bank)

The difference between the bank's interest income and interest expense.

### Net margin

Profit for the period as a percentage of net sales.

### Occupancy rate (ICA Real Estate)

Market rents for rented properties divided by total rental value (contracted annual rent + market rent for unrented premises).

### Operating margin

Operating profit as a percentage of net sales.

### Operating profit/loss

Profit/loss before net financial items and tax.

### Return on capital employed

Operating profit plus financial income (rolling 12 months) in relation to average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.

### Return on equity

Profit for the period (rolling 12 months) in relation to average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

### Yield (ICA Real Estate)

Operating net in relation to the average book value of properties.

This interim report and sustainability report has not been reviewed by the company's auditors.

Stockholm, 6 February 2020

Per Strömberg  
CEO, ICA Gruppen

## Contacts and calendar

### For further information, please contact:

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### Conference call for the media and financial market

ICA Gruppen will hold a live webcast at 10.30 CET on Thursday, 6 February 2020, during which CEO Per Strömberg and CFO Sven Lindskog will present the year-end report. The webcast will be conducted in English and can be followed at [www.icagruppen.se/investors](http://www.icagruppen.se/investors). To participate in the webcast, call tel. +46850558365 or +443333009268.

### Calendar

25 February 2020	Publication of 2019 Annual Report on ICA Gruppen's website
21 April 2020	Annual General Meeting 2019
29 April 2020	Q1 interim report
19 August 2020	Q2 interim report
23 October 2020	Q3 interim report
9 December 2020	Capital Markets Day
10 February 2021	Year-end report 2020

The information in this report is such that ICA Gruppen is obligated to disclose pursuant to EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, by the agency of the contact person above, for publication at 07.00 CET on Thursday, 6 February 2020.

ICA Gruppen AB (publ) is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic, which mainly conduct grocery retail, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties, and ICA Bank, which offers financial services in Sweden.

For more information, see [icagruppen.se](http://icagruppen.se).

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