

Third quarter 2019

Stable earnings development – ICA Bank in partnership on new mortgage company

Third quarter 2019

- Consolidated net sales amounted to SEK 29,818 million (28,846), an increase of 3.4%
- Operating profit excluding items affecting comparability was SEK 1,599 million (1,499). Recalculated for IFRS 16, operating profit for the comparison period in 2018 was SEK 1,549 million
- Profit for the period was SEK 1,202 million (1,082)
- Profit includes capital losses on sales of non-current assets and impairment losses totalling SEK -4 million net (-96)
- Earnings per share were SEK 5.96 (5.36)
- Cash flow from operating activities amounted to SEK 1,915 million (1,071). Excluding ICA Bank, cash flow totalled SEK 2,342 million (583)
- ICA Bank signed an agreement with partner companies to form a jointly owned mortgage company

January-September 2019

- Consolidated net sales amounted to SEK 88,445 million (85,285), an increase of 3.7%
- Operating profit excluding items affecting comparability was SEK 4,089 million (3,512). Recalculated for IFRS 16, operating profit for the comparison period in 2018 was 3,631 million
- Profit for the period was SEK 2,535 million (2,717). Profit includes capital losses on sales of non-current assets and impairment losses totalling SEK -404 million net (-186), of which SEK -382 million pertains to the sale of Hemtex
- Earnings per share were SEK 12.54 (13.44)
- Cash flow from operating activities amounted to SEK 6,652 million (4,558). Excluding ICA Bank, cash flow totalled SEK 6,998 million (3,787)

Events after the end of the quarter

- No significant events have taken place after the end of the quarter

Implementation of IFRS 16 has a large effect on ICA Gruppen's financial statements. To facilitate comparisons, ICA Gruppen has opted 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	Third quarter			Jan-Sep			12 months ²⁾	Full year	
	2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Group									
Net sales	29,818	28,846	28,846	88,445	85,285	85,285	118,514	115,354	115,354
Operating profit before depreciation/amortisation (EBITDA)	2,894	1,902	2,805	7,617	4,696	7,359	10,108	6,302	9,850
Operating profit (EBIT) excluding items affecting comparability	1,599	1,499	1,549	4,089	3,512	3,631	5,269	4,651	4,811
Operating profit (EBIT)	1,595	1,403	1,453	3,685	3,326	3,446	4,897	4,498	4,658
Profit before tax	1,469	1,347	1,314	3,280	3,104	2,980	4,357	4,227	4,057
Profit for the period	1,202	1,082	1,055	2,535	2,717	2,616	3,427	3,647	3,508
Cash flow from operating activities	1,915	1,071	1,955	6,652	4,558	7,202	9,776	6,802	10,326
Cash flow from operating activities excluding ICA Bank	2,342	583	1,467	6,998	3,787	6,430	10,646	6,555	10,078
Operating margin excluding items affecting comparability, %	5.4	5.2	5.4	4.6	4.1	4.3	4.4	4.0	4.2
Operating margin, %	5.3	4.9	5.0	4.2	3.9	4.0	4.1	3.9	4.0
Return on capital employed, %	—	—	—	7.9	10.3	N/A ³⁾	7.9	10.2	7.7
Return on equity, %	—	—	—	10.0	11.0	N/A ³⁾	10.0	11.1	10.6
Earnings per share, SEK	5.96	5.36	5.22	12.54	13.44	12.94	16.95	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.

2) Rolling 12-month figures include recalculated amounts for 2018.

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

CEO's comments

Today we can report yet another good quarter with consistently stable earnings performance. The exception is Apotek Hjärtat, where sales and earnings during the quarter were unfortunately hurt by the disruptions we experienced during the start-up of the automated warehouse in Norrköping. Some exciting news that we communicated in September is that ICA Bank has signed an agreement to collaborate with four long-term, strong partners on the launch of a new mortgage company that will offer home mortgages in the Swedish market. This is a future-oriented project in which we are advancing our position in the banking market and will be able to offer attractive, comprehensive solutions to our customers in a better way.



In terms of weather the summer this year was more normal compared with last year's extremely warm summer period, which gave an extra boost to sales last year. Comparison figures are tough, but we have succeeded in maintaining good sales momentum at our ICA stores and have largely kept pace with the market's performance. Above all, the large stores have had good sales performance. During the third quarter, the food price inflation has been unusually high and continued to drive market growth. The price growth has, however, decreased month by month.

ICA Sweden – stable earnings and continued high growth in e-commerce. Construction started on new e-commerce warehouse

During the third quarter ICA Sweden was faced with significantly tougher comparison figures, but we succeeded in maintaining a high and stable level of earnings. What is extra gratifying is that the logistics have worked much better this year, with higher delivery reliability and higher efficiency as a result. One interesting new feature in our logistics in Sweden is that we now – from the warehouse in Västerås and for the first time in 15 years – will run heavy transports to stores using our own biogas-powered trucks operated by drivers employed by ICA. We are doing this on a trial basis, among other reasons due to the shortage of drivers that currently exists throughout Europe.

Our e-commerce business continues to grow at a fast pace, and we have broken ground for two projects that are essential for our continued online growth. First, groundwork has been started for what will be our new, automated e-commerce warehouse in Stockholm, and second, construction has started on our new e-commerce warehouse in Gothenburg. The plan is that this will be completed by the end of next year. Today we are the market leader in online grocery, but our share is still lagging in the major metropolitan areas, and to strengthen our position there and be able to deliver even better service to ICA's customers, these projects are of great importance. This is especially true since we believe that online grocery will be a key growth factor in the coming years. We can also see that since starting our existing e-commerce warehouse in Stockholm a year ago, our online sales there have more than doubled.

Continued favourable earnings performance for Rimi Baltic – Apotek Hjärtat hurt by warehouse disruptions during third quarter

Rimi Baltic delivered strong earnings during the quarter, but we have a bit remaining in terms of sales growth. We are still lagging behind the market and have lost an additional small market share. This is mainly due to the conversion programme for discount stores that we have now concluded in Latvia, and we now thereby have one brand in all three Baltic countries – Rimi. Towards the end of the year we will also launch online shopping in Rimi Baltic, and preparations are in full swing.

As we disclosed in our last report, Apotek Hjärtat encountered a number of disruptions during the summer at the new, automated warehouse outside Norrköping. This had a significant, negative impact on both sales and operating profit for the quarter. A lot of work has been conducted in recent months to remedy the problems, so that we can achieve the efficiency gains that this new facility long-term is intended to deliver. We believe that the worst is behind us and that the negative effects will be considerably lower during the final quarter of the year.

ICA Bank enters partnership for new mortgage company – and climbs three spots in SKI's annual customer satisfaction ranking

During the quarter ICA Bank signed an agreement with four partners to form a jointly owned mortgage company in the Swedish market. The intention, of course, is that we will thereby be able to build a stronger position for the bank by offering mortgage customers in Sweden a new and compelling alternative for their home mortgages. Moreover, home mortgages are an important part of the bank's total customer offering, and we believe the new company offers a very interesting growth opportunity for ICA Bank. Satisfied customers are a solid base to stand on, and we are happy to note that in this year's SKI (Swedish Quality Index) survey (banking private customers), ICA Bank scored second place, which is three positions higher than last year. This is a result of focused work in which important areas such as availability and service have had high priority.

Great breadth in sustainability work

Apart from focusing on achieving our long-term sustainability targets, intensive work is under way in several sustainability areas. For example, we are in full swing with starting the implementation of our new fuel strategy, with the goal that all goods transports for the Group will be fossil-free by 2030 at the latest, and in Sweden's three major metropolitan areas already by 2025. Additionally, many activities are being carried out as part of our ambition to contribute to a circular and sustainable plastics system. Food waste is also an issue that is high on the agenda for us and our customers, and the overarching industry goal is to cut food waste in half by 2030. Another hot issue concerns the environmental problems in pharmaceutical manufacturing. Apotek Hjärtat was first out to issue environmental guidance to consumers for drug purchases, and now the labelling and criteria have been handed over to the Swedish pharmacy industry trade association Apoteksföreningen in the aim of providing better guidance to consumers at all pharmacies in Sweden.

A good year – thus far

All in all we have had good performance thus far in 2019. Naturally, the close of the year with Christmas the New Year's as natural high points is an important piece of the puzzle to secure a good result for the full year and segue into 2020 will full steam. We now have our full focus on achieving a good close to the year and on maintaining a high tempo in all of the improvement and development projects that are under way across a broad front in the entire Group.

Group performance

Net sales and earnings

Third quarter 2019

Consolidated net sales increased by 3.4% during the quarter (4.2% adjusted for the sale of Hemtex) compared with 2018. The increase in local currency was 3.0%. Underlying sales growth was mainly price-driven, but included favourable volume growth in ICA Sweden's wholesale operation, Apotek Hjärtat and ICA Bank. Operating profit excluding items affecting comparability grew to SEK 1,599 million (1,499), which is SEK 50 million higher than for the preceding year's result of SEK 1,549 million recalculated for IFRS 16. Disruptions in the start-up of Apotek Hjärtat's warehouse outside of Norrköping affected operating profit by slightly more than SEK -30 million during the quarter. Last year's outcome included a positive one-off effect of approximately SEK 30 million in ICA Bank. In other respects, price and other mix effects (product range and formats), lower waste and improved logistics efficiency contributed to a stronger gross profit and slightly higher gross margin compared with 2018. Other costs rose during the period, mainly owing to continued digital business development and e-commerce initiatives. The operating margin excluding items affecting comparability was 5.4% (5.2%) and was unchanged compared with a year ago (including IFRS 16). Profit for the period was SEK 1,202 million (1,082). Profit for the period includes the result of divestments and impairment losses for a combined total of SEK -4 million (-96). Earnings per share were SEK 5.96 (5.36).

January-September 2019

Consolidated net sales increased by 3.7% during the period (4.2% adjusted for the sale of Hemtex) compared with 2018. The increase in local currency was 3.3%. Operating profit excluding items affecting comparability amounted to SEK 4,089 million (3,512), which is SEK 458 million higher than the preceding year's result of SEK 3,631 million recalculated for IFRS 16. Operating profit includes certain nonrecurring items. Sales of store subsidiaries had a higher earnings effect this year of slightly more than SEK 20 million, and the changed assessment of useful life of properties and their components in ICA Real Estate had a positive earnings effect of SEK 46 million. It is estimated that this latter effect will impact 2019 operating profit by approximately SEK +60 million. The operating margin excluding items affecting comparability grew to 4.6% (4.1%). The operating margin a year ago including IFRS 16 was 4.3%. Profit for the period was SEK 2,535 million (2,717). Profit for the period 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 -404 million (-186). Owing to the capital loss and a higher tax cost than a year ago, earnings per share decreased to SEK 12.54 (13.44).

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 (50) during the third quarter and SEK 124 million (119) for the period January-September.

Net sales per segment

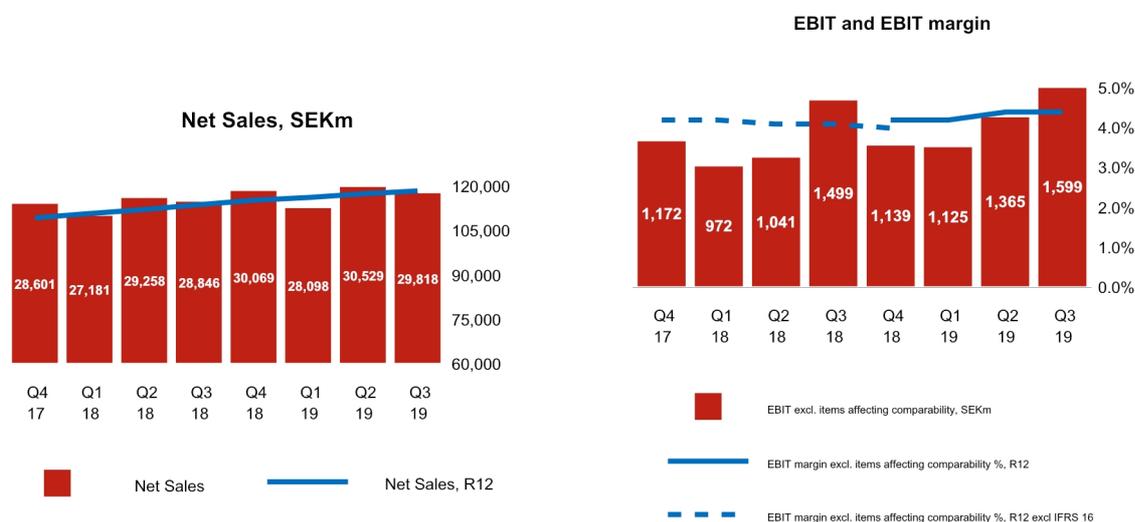
SEKm	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
ICA Sweden	21,494	20,730	63,167	61,063	84,515	82,411
Rimi Baltic	4,044	3,827	11,889	11,189	15,955	15,255
Apotek Hjärtat	3,553	3,414	10,965	10,469	14,606	14,110
ICA Real Estate	681	648	2,043	1,933	2,701	2,591
ICA Bank	399	341	1,160	995	1,518	1,353
Hemtex	—	237	306	677	649	1,020
Other	288	262	888	760	1,170	1,042
Intra-Group sales	-641	-613	-1,972	-1,801	-2,600	-2,429
Net sales	29,818	28,846	88,445	85,285	118,514	115,354

Operating profit excluding items affecting comparability per segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
ICA Sweden	1,111	1,040	2,885	2,582	3,635	3,332
Rimi Baltic ¹⁾	211	175	531	449	713	631
Apotek Hjärtat	109	155	347	405	475	533
ICA Real Estate	136	122	378	302	493	417
ICA Bank	76	76	170	128	212	170
Hemtex	—	5	-36	-40	17	13
Other ¹⁾	-85	-74	-310	-314	-440	-444
Operating profit excluding items affecting comparability by segment	1,558	1,499	3,966	3,512	5,105	4,651
IFRS 16 Leases ²⁾	42	50	124	119	165	160
Operating profit excluding items affecting comparability²⁾	1,599	1,549	4,089	3,631	5,269	4,811

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 -125 million (-56) for the quarter and SEK -405 million (-222) for the entire period. Interest expenses excluding IFRS 16 were lower than a year ago due to refinancing carried out in 2018 and 2019. Adoption of IFRS 16 affected interest expenses by SEK -82 million for the quarter and by SEK -258 million for the period January-September.

The tax cost for the quarter was SEK -266 million (-265), corresponding to a tax rate of 18.1% (19.7%). The tax cost for the period January-September was SEK -744 million (-387), corresponding to a tax rate of 22.7% (12.5%). 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 -105 million 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 -128 million (-199) and was lower than the same period a year ago due to the use of previously existing carryforwards, which will entail lower payment of preliminary tax also during the remainder of 2019. Paid tax for the entire period totalled SEK -504 million (-644). In addition to the above, the outcome for the entire period was affected 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 2,342 million during the quarter, which is SEK 875 million higher than the outcome a year ago recalculated for IFRS 16, SEK 1,467 million. Cash flow was mainly affected by positive calendar effects, which has entailed a more favourable change in working capital. Added to this is lower paid tax, a positive effect from the Supply Chain Financing (SCF) programme and underlying earnings improvement. In addition, cash flow a year ago included a negative effect of approximately SEK 200 million from late rental payments. The improvement of cash flow for the entire period is mainly due to improved earnings and lower paid tax, which was partly countered by a negative, calendar-driven change in working capital. The change in cash flow from investing activities during the quarter is mainly

explained by a lower level of investment. The entire period includes an effect from the sale of Hemtex, SEK +222 million. The change in cash flow from financing activities during the quarter is mainly attributable to completed refinancing.

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 -891 million (-884) during the third quarter of 2019 and SEK -2,722 million (-2,644) during the entire period.

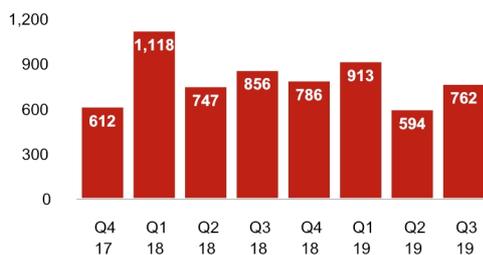
Consolidated cash flow statement, excluding ICA Bank

SEKm	Third quarter			Jan-Sep			12 months ²⁾	Full year	
	2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Cash flow									
From operating activities before change in working capital	2,679	1,638	2,541	7,360	3,951	6,613	9,724	5,430	8,977
Change in working capital	-337	-1,055	-1,074	-362	-164	-183	922	1,125	1,101
From operating activities	2,342	583	1,467	6,998	3,787	6,430	10,646	6,555	10,078
Investing activities, net	-753	-854	-854	-1,974	-2,734	-2,734	-2,817	-3,577	-3,577
Before financing activities	1,589	-270	614	5,024	1,053	3,696	7,830	2,979	6,502
Financing activities, net	-1,738	356	-528	-5,466	-2,847	-5,490	-7,999	-4,500	-8,023
Cash flow for the period	-150	86	86	-443	-1,794	-1,794	-170	-1,521	-1,521

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) Rolling 12-month figures include recalculated amounts for 2018.

Capex (cash flow), SEKm



Investments and divestments

The Group's investments amounted to SEK 762 million (856) during the quarter. The level of investment in ICA Sweden increased slightly, mainly owing 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 184 million (544) is attributable to ICA Real Estate. The lower investment level is mainly due to fewer property acquisitions than last year. During the third quarter ICA Real Estate sold properties for SEK 0 million (0). Investments for the period January-September amounted to SEK 2,269 million (2,721).

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 by segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
ICA Sweden	181	137	461	705	624	868
Rimi Baltic	321	69	677	248	791	362
Apotek Hjärtat	35	48	155	156	192	193
ICA Real Estate	184	544	821	1,429	1,237	1,845
ICA Bank	6	3	14	8	16	10
Hemtex	—	6	4	19	12	27
Other	34	50	137	157	181	201
Investments	762	856	2,269	2,721	3,055	3,507

Depreciation/amortisation by segment

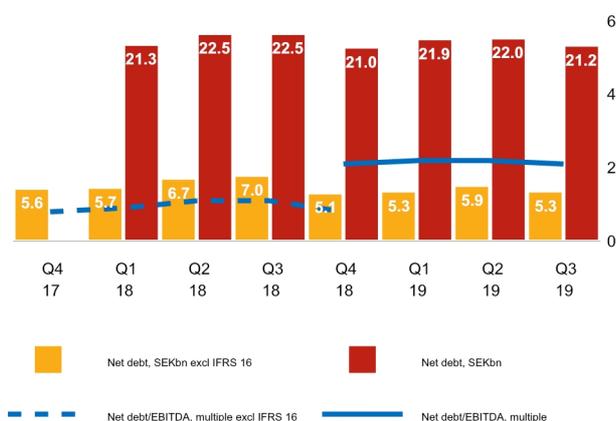
SEKm	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
ICA Sweden	144	112	411	336	531	456
Rimi Baltic	89	84	259	252	343	336
Apotek Hjärtat	37	40	112	117	152	157
ICA Real Estate	125	130	379	383	510	514
ICA Bank	7	7	21	20	28	27
Hemtex	—	6	7	17	12	22
Other	32	24	95	66	120	91
Depreciation/amortisation by segment	434	403	1,284	1,191	1,695	1,602
IFRS 16 Leases ¹⁾	859	854	2,624	2,544	3,468	3,388
Depreciation/amortisation¹⁾	1,293	1,257	3,908	3,735	5,163	4,990

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

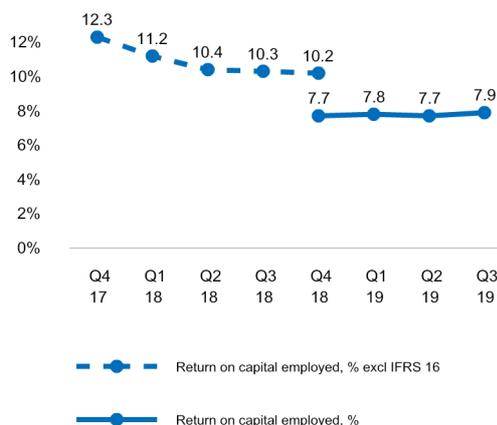
Financial position

The Group's net debt excluding IFRS 16 (i.e., excluding lease liabilities, ICA Bank and pension liabilities) amounted to SEK 5.3 billion (7.0) 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 21.2 billion (22.5) at the end of the quarter. At 30 September 2019 net debt in relation to EBITDA was 2.1 (1.1), 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 10.3%. 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

20 September – ICA Bank signed an agreement with four other companies to form a jointly owned mortgage company to offer home mortgages in the Swedish market.

Important events after the end of the quarter

No significant events have taken place after the end of the third quarter.

Sustainability Report

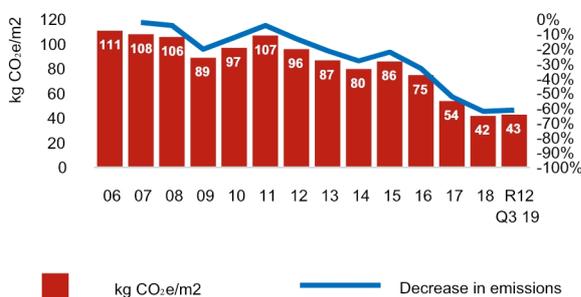
Sustainability is an integral part of the daily activities of all of ICA Gruppen's operations. All segments work actively on improving the value chain, by setting standards for and working in cooperation with suppliers, working towards common goals and certifications, and by developing new, sustainable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

Outcome – sustainability targets

- ICA Gruppen's greenhouse gas emissions decreased by 61% on a rolling 12-month basis compared with the base year 2006. The pace of decline rolling 12-months has slowed down, mainly owing to a lower share of biofuels used in goods transports for ICA in Sweden and to a delay in the changeover to refrigerants with a lower climate impact. Efforts are being made in terms of both fuel and refrigerants to reduce greenhouse gas emissions. Read more under Environment.
- 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 CO₂e/m² 2006-Q3 2019



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

	12 months	12 months
	Oct 2018 - Sept 2019	Oct 2017 - Sept 2018
Decrease in emissions compared with 2006	-61%	-60%

Outcome other sustainability targets

	12 months	12 months
	Oct 2018 - Sept 2019	Oct 2017 - Sept 2018
100% of ICA Gruppen's corporate brand suppliers in high-risk countries will be socially audited	95%	96%
At least 90% of ICA Gruppen's corporate brand suppliers in high-risk countries will have a valid follow-up social audit by year-end 2020	84%	n.d.
90% of ICA Gruppen's corporate brand suppliers will be quality certified by year-end 2020	86%	86%

Sustainability activities during the quarter

Environment

Continued work in accordance with ICA Gruppen's fuel strategy

During the quarter ICA Sweden and Apotek Hjärtat adopted Fossil Free Sweden's Transport Challenge, whereby companies commit themselves to the goal of operating and contracting only fossil-free domestic transports by 2030 at the latest. The challenge is well in line with ICA Gruppen's fuel strategy for all its companies in Sweden with the goal that all goods transports by road will be fossil-free by 2030 at the latest and already by 2025 in the Stockholm, Gothenburg and Malmö metropolitan areas.

In September a pilot project was started whereby ICA Sweden is using its own trucks operated by its own drivers for goods deliveries to stores. A dozen or so trucks will be included in the pilot, all powered by liquefied biogas. The fuel will be produced from food waste, fertilizer and other agricultural by-products, which is estimated will reduce CO₂ emissions by up to 85% compared with diesel. The pilot will be evaluated within one year. In addition to this pilot, some twenty biogas vehicles are in operation in Sweden through external contractors.

Actions to reduce the volume of plastics

During the quarter, work continued on ICA Gruppen's Group-wide plastics strategy, where the goal is to contribute to a circular and sustainable plastics system. During the period the Swedish government announced that starting on 1 May 2020 a SEK 3 tax will be charged on all plastic shopping bags offered to retail customers to pack and carry their groceries. All companies in ICA Gruppen that offer plastic grocery bags for a charge have been actively working for a long time to reduce customers' use of grocery bags. ICA Gruppen is now reviewing its assortment of both single-use and reusable shopping bags in order to meet the new conditions in the best way possible.

In July Rimi Estonia held environmental theme campaigns featuring a host of activities and information about what customers can do to reduce the amount of plastics used and to recycle or reuse plastic. In Latvia Rimi stopped offering plastic grocery bags in all of its stores for a full day in July and instead offered only paper bags in an effort to draw customers' attention to the environmental impact of plastic grocery bags.

Processing of ICA-brand bacon made from Swedish-sourced pork has now been moved from the Netherlands to Halmstad, Sweden. In connection with this, the packaging material in the consumer packages has been reduced, which is estimated will save approximately 20 tonnes of plastic yearly based on 2018 volumes. In addition, the new packaging material consists to a large extent of sugar cane-based plastic.

Sales development for organic range

Store sales of organic products in ICA Sweden's central range decreased by 2% during the period October 2018-September 2019 (rolling 12 months) compared with the corresponding period a year ago. 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.

Apotek Hjärtat hands over ecolabelling to pharmacy industry

Three years ago Apotek Hjärtat introduced the Välj med Hjärtat ("Choose with your heart") ecolabel to help customers make sustainable choices of OTC medicines and traded goods. In July the label and criteria were handed over to a project being conducted by Apoteksföreningen, the Swedish pharmacy trade organisation. The goal is to produce a guide for consumers at all pharmacies in Sweden.

Health

ICA Sweden and Friskis & Svettis in partnership to improve public health

ICA Sweden and the Friskis & Svettis exercise association joined together in a long-term partnership with the ambition to work together to improve public health in Sweden. By providing guidance and inspiring people to make healthy choices, the two actors aim to leverage their expertise in food and exercise, respectively, to motivate more people to adopt a more sound lifestyle and daily life.

Recipes and menus based on blood test results

Unhealthy lifestyles and eating habits are among the biggest risk factors for illness in Sweden. Parallel with this trend there is growing interest in preventive health and in gaining insight into how to live more healthily. In partnership with Werlabs, ICA Gruppen's innovation hub ICAX has therefore developed a concept whereby people who undergo a health check via a blood test from Werlabs can be offered personalised, healthy weekly menus and recipes based on an analysis of their blood test results. The weekly menus and recipes, which are free of charge and voluntary for the customers, are created by dietitians from ICA Sweden.

Project promoting children's health

Adopting good eating habits is a prerequisite for good health, and the foundation for good eating habits is formed in children's early years. Rimi Estonia has therefore launched a collaboration project with Estonia's nutritionist association aimed at getting children to like a wide range of foods and to vary their diets.

Quality

Project focusing on migrant workers in Thailand

Two years ago ICA Gruppen, a number of Nordic food companies and the tech firm Quizrr joined together in a pilot project with the goal to develop and test a digital tool for training workers on rights and responsibilities at factories in the food industry in Thailand. The project has now been concluded and a final report has been published. The report shows that the participants had a positive response to the tool, that the course content was informative, and that their general level of knowledge increased. A few improvement recommendations were also communicated. The intention going forward is to offer the tool to more factories, industries and stakeholders.

Criticism, media debate and dialogues

During the Almedalen political policy week in Sweden, ICA Sweden arranged numerous seminars – and participated in others' – under themes such as health, Swedish food production, personal safety at shopping centres, innovation, social responsibility, environment and climate.

In August, ICA Gruppen's CEO and Fossil Free Sweden's national coordinator co-authored a debate article in the Swedish financial newspaper *Dagens Industri* to highlight the challenges but also to show the advantages of a shift to fossil-free fuels in the transport sector.

ICA Gruppen's CEO was one of the main speakers at Health Parliament 2019, which was arranged by Livsplats Sverige on 16 September. Health Parliament is a recurring national policy forum for prominent societal actors who work with preventive health in some capacity.

At the end of September ICA Gruppen's Chief Corporate Responsibility Officer participated as a speaker together with the Swedish Food Retailers Federation in a seminar entitled *Fler gör mer – på väg mot halverat matsvinn 2030* ("More people doing more – the path to a halving of food waste by 2030"). The seminar was arranged by a Swedish government project with the mission for halving food waste 2017-2019, which is being conducted by the Swedish Food Agency, the Swedish Environmental Protection Agency and the Swedish Board of Agriculture. The aim of the meeting was to draw attention to various initiatives and to identify possible shortcomings and gain a uniform picture of the situation and direction toward 2030.

During the period ICA Gruppen received many queries from customers and the media concerning the use of pesticides in agriculture and the fires in Brazil's rain forests, where demands for a boycott have been made. ICA Gruppen's basic standpoint is that business is done with suppliers, not countries, and that more benefit can be achieved by maintaining long-term cooperation with clarity concerning sustainability requirements and expectations. In general ICA Gruppen follows the UN's and the Swedish government's recommendations concerning business relations with other countries and any trade boycotts. ICA Gruppen is also engaged in a close dialogue with its suppliers in Brazil regarding compliance with laws and ICA's environmental standards.

In August the magazine *Fokus* published an article focusing on the environmental problems associated with pharmaceutical manufacturing. The focus of criticism is that it is hard for consumers to make active choices since pharmaceutical companies are not required to report the environmental impacts of their manufacturing. The only environmental guidance for pharmaceuticals that exists today in Sweden is Apotek Hjärtat's Välj med hjärtat ("Choose with you heart") ecolabel. Since Apotek Hjärtat has handed over the label and the criteria to the Swedish pharmacy trade association Apoteksföreningen, the hopes are that customers at all pharmacies in Sweden will be able to get better guidance for their purchasing decisions.

Awards and distinctions

- ICA Gruppen has been nominated for the Environmental Strategy Award presented by the magazine *Miljö & Utveckling*. The award was created to recognise a clear sustainability strategy that is well-grounded in the recipient's organisation. The award ceremony is scheduled for 6 November.
- In July Rimi Lithuania was awarded the title "Leader for equal rights" in the new equality platform (www.lygybesplanai.lt) that has been launched by the Human Rights Monitoring Institute and the Office of the Equal Opportunity Ombudsman. Rimi Lithuania received the maximum equal opportunity score – three Wings of Equality.
- Rimi Latvia has been recognised as one of the ten best employers for equal pay in Latvia. The award was presented by Fontes, a consulting firm active in HR advice and recruitment of company leaders.

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 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 conducts 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

Third quarter 2019

ICA Sweden's net sales increased by 3.7% compared with a year ago. The increase is mainly attributable to price effects, but higher wholesale volumes, with a higher share of purchasing by ICA stores, also made a positive contribution.

Operating profit excluding items affecting comparability increased by SEK 71 million to SEK 1,111 million (1,040). Gross profit and the gross margin were higher than a year ago. The earnings improvement was driven by positive effects of higher sales as well as by lower waste and obsolescence. Logistics costs continued to rise during the third quarter, but at a considerably lower pace than a year ago, partly owing to improved efficiency. The positive earnings deviations were countered by a continued high level of costs coupled to ongoing projects and investments in e-commerce, for example. The operating margin rose to 5.2% (5.0%).

January-September 2019

ICA Sweden's net sales increased by 3.4% compared with the same period a year ago.

Operating profit excluding items affecting comparability increased by SEK 303 million to SEK 2,885 million (2,582). Gross profit and the gross margin improved compared with a year ago despite higher logistics costs. 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 4.6% (4.2%).

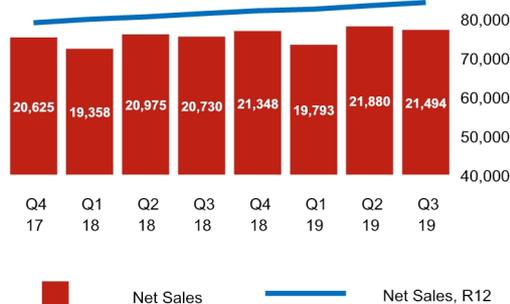
E-commerce

At the end of the period 297 ICA stores were active with e-commerce (food online), and 638 stores offered the ICA Matkassen meal kit concept. In total, e-commerce grew 38% during the quarter compared with the same period a year ago, with 43% growth in food online and 1% growth for ICA Matkassen. Online sales totalled SEK 502 million (365) during the third quarter and SEK 1,644 million (1,209) for the full nine-month period. According to the Retail Trade Index (DVI), the e-commerce market in Sweden grew by 30% during the third quarter and by 24% accumulated in 2019.

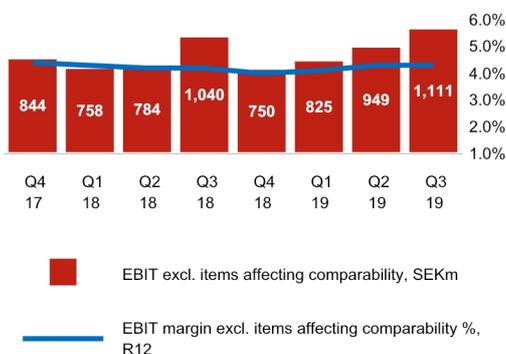
ICA Sweden

	Third quarter		Jan-Sep		12 months	Full Year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Net sales, SEKm	21,494	20,730	63,167	61,063	84,515	82,411
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,255	1,152	3,297	2,918	4,166	3,787
Operating profit excl. items affecting comparability, SEKm	1,111	1,040	2,885	2,582	3,635	3,332
Operating margin excl. items affecting comparability, %	5.2	5.0	4.6	4.2	4.3	4.0
Investments, SEKm	181	137	461	705	624	868
Depreciation/amortisation, SEKm	144	112	411	336	531	456
Average number of employees	—	—	8,268	8,125	—	8,199
Private label share of store sales, %	—	—	25.7	25.3	—	25.4

Net Sales, SEKm



EBIT and EBIT margin



The market and ICA store sales

Sales (excluding VAT) for Swedish ICA stores increased by 3.4% during the quarter and by 3.2% on a like-for-like basis. The calendar effect during the quarter is estimated to be 0.1%. Food price inflation was 3.5% (2.7%) during the third quarter and 2.7% during the preceding quarter. Adjusted for inflation and the calendar effect, volume growth during the quarter is estimated to have been approximately -0.2%, and approximately -0.3% on a like-for-like basis. According to the Food Retail Index (DVI), market growth during the third quarter of the year was 3.5%. Sales for ICA stores were thereby in line with the market trend.

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. The number of customer visits increased slightly for Maxi stores and was unchanged otherwise. The share of promotional sales was lower than a year ago. Product categories that performed strongly during the period included bakery, fruits & vegetables, salads & prepared foods, and confectionery.

Private label products as a share of accumulated sales amounted to 25.7% (25.3%).

Three new stores opened during the third quarter and four stores were closed. During 2019, 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	Third quarter 2019			January-September 2019		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	9,441	3.8	4.3	27,926	4.0	3.5
ICA Kvantum	7,312	5.4	3.1	21,756	3.8	2.6
ICA Supermarket	9,368	1.9	2.5	27,145	1.6	2.1
ICA Nära	4,903	2.2	2.7	13,752	1.8	2.4
Total	31,025	3.4	3.2	90,579	2.9	2.7

Number of stores in Sweden

Format	December 2018	New	Converted	Closed	September 2019
Maxi ICA Stormarknad	85	1	0	0	86
ICA Kvantum	126	1	0	0	127
ICA Supermarket	429	0	-1	-2	426
ICA Nära	637	3	1	-9	632
Total	1,277	5	0	-11	1,271

Rimi Baltic

Rimi Baltic conducts grocery retail business via 270 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

Third quarter 2019

Rimi Baltic's net sales increased by 3.2% during the quarter (5.7% in SEK). Sales continued to be price-driven with weak underlying volume growth. Volumes were also affected by store conversions in Latvia.

Operating profit excluding items affecting comparability rose to SEK 211 million (175), or by just over 20%. Gross profit and the gross margin continued to strengthen owing to favourable price and mix effects with improved margins on sales of private label products and a lower share of promotional sales, at the same time that promotional margins were higher. This positive trend was countered by higher logistics costs, mainly driven by the ongoing warehouse project in Riga, continued high wage inflation and costs for conversions of discount stores in Latvia. The conversions were concluded during the third quarter, entailing that 41 stores were converted to Rimi. The operating margin for the quarter was 5.2% (4.6%).

January-September 2019

Rimi Baltic's net sales increased by 2.9% during the period (6.3% in SEK).

Operating profit excluding items affecting comparability increased to SEK 531 million (449). Operating profit for the corresponding period a year ago included costs of SEK 23 million associated with the previously planned integration of IKI. The operating margin increased to 4.5% (4.0%) during the period.

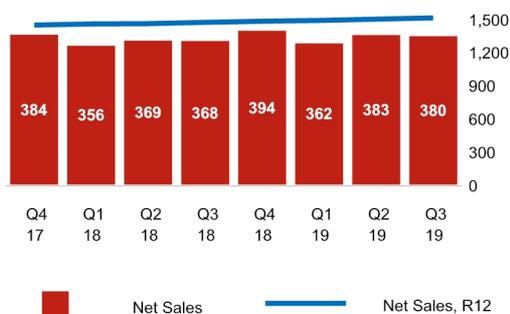
Other

Operating profit includes a net earnings effect of SEK -2 million (-7) from property sales/impairment losses on properties for the quarter and of SEK -19 million (-11) for the entire period.

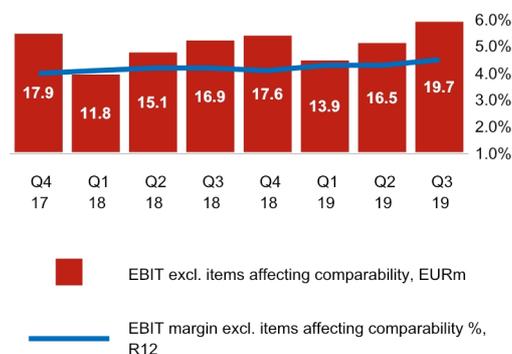
Rimi Baltic

	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Net sales, SEKm	4,044	3,827	11,889	11,189	15,955	15,255
Operating profit before depreciation/amortisation (EBITDA), SEKm	300	260	791	702	1,058	969
Operating profit excl. items affecting comparability, SEKm	211	175	531	449	713	631
Operating margin excl. items affecting comparability, %	5.2	4.6	4.5	4.0	4.5	4.1
Investments, SEKm	321	69	677	248	791	362
Depreciation/amortisation, SEKm	89	84	259	252	343	336
Average number of employees	—	—	10,596	9,567	—	9,572
Private label share of sales, %	—	—	24.2	24.6	—	24.3
EUR/SEK exchange rate, average	10.6605	10.4038	10.5694	10.2391	10.5047	10.2593

Net Sales, EURm



EBIT and EBIT margin



The market and store sales

The conversion programme of hard-discount, Supernetto stores, in Latvia has now been concluded and all stores in the Baltic countries are now operated under the Rimi brand. The store conversions have negatively affected Rimi Baltic's sales performance by an estimated -1.4%. Data on market growth for the third quarter has not yet been published, however, the assessment is that Rimi Baltic's market share decreased somewhat during the period.

Food price inflation was lower in Estonia than in the same period a year ago, while it was considerably higher in both Latvia and Lithuania. Compared with the preceding quarter, food price inflation decreased in Estonia, was unchanged in Latvia and increased in Lithuania. Food price inflation for the region was 4.0% (1.7%), while it was 3.6% during the preceding quarter. Price competition continues to be intensive, with a high level of promotional activity in the market. However, Rimi Baltic's promotional activity decreased slightly during the third quarter.

During the quarter Rimi Baltic opened one new store and one was closed. A total of 10 to 11 store openings are planned for 2019.

Store sales in the Baltic countries

Store sales excl. VAT	Third quarter 2019			January-September 2019		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	98.3	5.2	1.4	287.3	4.0	1.6
Latvia	193.7	1.6	3.5	581.6	1.6	5.0
Lithuania	83.9	3.1	2.3	245.7	3.8	3.2
Total	375.9	2.8	2.7	1,114.6	2.7	3.7

Number of stores in Baltic countries

Country	December 2018	New	Closed	September 2019
Estonia	86	1	-1	86
Latvia	125	2	-1	126
Lithuania	56	2	0	58
Total	267	5	-2	270

Apotek Hjärtat

Apotek Hjärtat is the second-largest actor in the Swedish pharmacy market, with 388 pharmacies.

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

Third quarter 2019

Net sales for the quarter amounted to SEK 3,553 million (3,414), an increase of 4.1%. The increase was affected by higher sales of high-price drugs, and calculated in constant drug prices the increase was 3.1%. Sales during the quarter were affected by disruptions in the start-up of the new automated warehouse in Norrköping. Underlying sales continued to be driven primarily by volume in like-for-like pharmacies and online. Operating profit excluding items affecting comparability decreased to SEK 109 million (155). Earnings performance was significantly affected by warehouse disruptions, and the negative effect for the quarter is estimated to be slightly more than SEK 30 million. The earnings impact from Min Doktor amounted to SEK -10 million as reported below. Underlying earnings performance was affected primarily by positive volume effects, while costs were higher – mainly associated with investments in e-commerce and higher IT costs. The operating margin was 3.1% (4.5%). Adjusted for the effect of higher sales of high-price drugs and Min Doktor, the operating margin was 3.4%.

January-September 2019

Net sales for the period amounted to SEK 10,965 million (10,469), an increase of 4.7%. The sales increase was affected by higher sales of high-price drugs, and calculated in constant drug prices the increase was 3.3%. Operating profit excluding items affecting comparability was SEK 347 million (405). The operating margin was 3.2% (3.9%). Adjusted for the effect of higher sales of high-price drugs and Min Doktor, the operating margin was 3.5%.

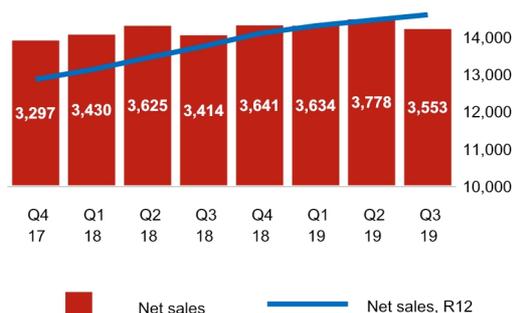
Min Doktor

Min Doktor is reported as an associated company of Apotek Hjärtat since 1 November 2018. Operating profit excluding items affecting comparability includes SEK -10 million attributable to Min Doktor for the third quarter and SEK -28 million for the period January-September. The business is currently in a build-up phase, and all Minutkliniker clinics have now been converted to Min Doktor clinics. Currently 12 Min Doktor clinics are in operation, and the roll-out of an additional eight clinics is planned for 2019.

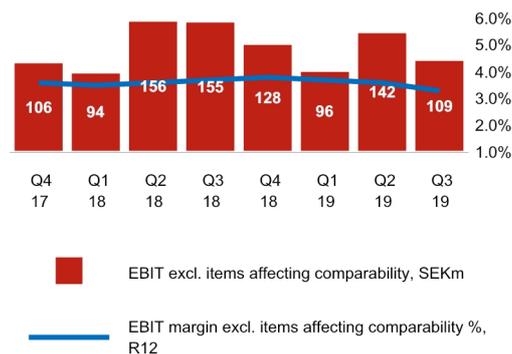
Apotek Hjärtat

	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Net sales, SEKm	3,553	3,414	10,965	10,469	14,606	14,110
Of which, prescription drugs	2,713	2,536	8,237	7,773	10,976	10,512
Of which, OTC drugs	336	339	1,095	1,082	1,448	1,435
Of which, other products and services	504	539	1,633	1,614	2,182	2,163
Operating profit before depreciation/amortisation (EBITDA), SEKm	146	196	459	523	676	740
Operating profit excl. items affecting comparability, SEKm	109	155	347	405	475	533
Operating margin excl. items affecting comparability, %	3.1	4.5	3.2	3.9	3.3	3.8
Investments, SEKm	35	48	155	156	192	193
Depreciation/amortisation, SEKm	37	40	112	117	152	157
Average number of employees	—	—	3,138	3,075	—	3,085
Private label share of other products, %	—	—	19.5	19.2	—	19.6

Net sales, SEKm



EBIT and EBIT margin



Market trend and e-commerce

The total pharmacy market in Sweden grew 4.5% during the third quarter compared with the same period in 2018. Apotek Hjärtat's pharmacy sales increased by 3.0% during the same period. Traded goods grew 6.7%, while Apotek Hjärtat's sales of traded goods decreased by 2.9% adjusted for the inclusion of Minutkliniken in the outcome for 2018. The decrease was a consequence of warehouse disruptions but is also explained by very favourable weather in the preceding year. Apotek Hjärtat's market share was down slightly compared with a year ago, at just under 31%. For the entire market, sales of pharmacy products online increased by 39% during the quarter and by 37% for the entire period. Apotek Hjärtat's e-commerce sales grew by 24% (incl. click & collect) during the third quarter and by 41% for the entire period. Online sales were also negatively affected by the warehouse disruptions. One pharmacy was opened and one was closed during the quarter. During 2019, six new openings are planned, most at locations near ICA stores.

Number of pharmacies

	December 2018	New	Closed	September 2019
Apotek Hjärtat	388	4	-4	388

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

Third quarter 2019

Net sales for the quarter totalled SEK 681 million (648). 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 136 million (122). 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 underlying depreciation.

As a result of a changed assessment of the useful life of properties and their components, a one-off depreciation effect of SEK +17 million arose for the third quarter, of which SEK +16 million for ICA Real Estate and SEK +1 million for Ancore and Secore. All else equal, for the full year this change will entail a positive earnings effect of slightly more than SEK 60 million, of which approximately SEK 6 million in joint ventures.

January-September 2019

Net sales for the period totalled SEK 2,043 million (1,933), and operating profit excluding items affecting comparability increased to SEK 378 million (302). In addition to the comments on the third quarter above, sales benefited from a higher earnings contribution from joint ventures, excluding depreciation effects.

For the period January-September the depreciation effect described above amounted to SEK +42 million for ICA Real Estate and SEK +4 million for Ancore and Secore.

Appraisal of property holdings including partly owned properties

An appraisal of all wholly and partly owned properties in Sweden was performed during the second and third quarters. The fair market value of the wholly owned properties in Sweden is estimated to be SEK 15.4 billion (book value SEK 10.8 billion). Added to these are partly owned properties owned by ICA Real Estate through three joint ventures: Långeberga logistik SEK 2.0 billion, Ancore Fastigheter SEK 6.6 billion and Secore Fastigheter SEK 2.6 billion. The book values of the partly owned properties as per 30 September are SEK 1.5 billion, SEK 4.9 billion and SEK 2.3 billion, respectively. ICA Real Estate's share of ownership in all three companies is 50%. Långeberga logistik is consolidated in ICA Real Estate, while Ancore and Secore are reported in accordance with the equity method (see also Note 2). Adjusted for ICA Real Estate's share of ownership, the fair market value thereby amounts to a total of SEK 21.0 billion, with a book value of SEK 15.1 billion.

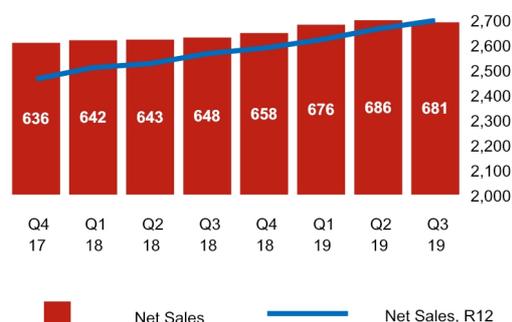
Other and investments

Operating profit includes a net earnings effect of SEK -3 million (-89) from property sales/impairment losses on properties for the quarter and of SEK -5 million (-96) for the entire period. Investments during the quarter were lower than a year ago and amounted to SEK 184 million (544). Also for the entire period, investments were lower than a year ago. Major property acquisitions were carried out during the third quarter a year ago, which explains most of the difference.

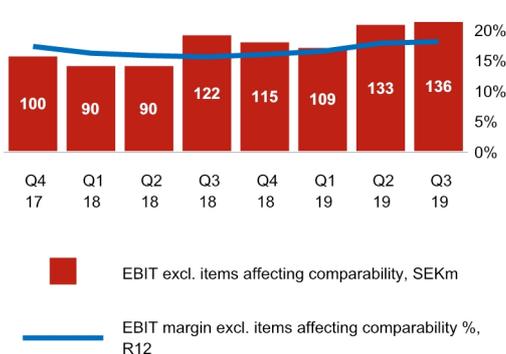
ICA Real Estate

	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Net sales, SEKm	681	648	2,043	1,933	2,701	2,591
Of which, rental income from owned properties, SEKm	270	255	803	747	1,066	1,010
Operating profit before depreciation/amortisation (EBITDA), SEKm	260	252	755	678	997	920
Operating profit excl. items affecting comparability, SEKm	136	122	378	302	493	417
Operating margin excl. items affecting comparability, %	19.9	18.7	18.5	15.6	18.2	16.1
Investments, SEKm	184	544	821	1,429	1,237	1,845
Divestments, SEKm	0	0	-1	2	283	286
Depreciation/amortisation, SEKm	125	130	379	383	510	514
Yield, %	—	—	6.8	6.7	—	6.8
Occupancy rate, %	—	—	98.6	99.3	—	99.3
Number of owned properties	—	—	122	115	—	121
Number of owned square metres, 000 sq. m.	—	—	667	650	—	669
Average number of employees	—	—	110	99	—	101

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

ICA Bank and ICA Insurance 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

Third quarter 2019

ICA Bank's revenue increased to SEK 399 million (341) compared with a year ago. The increase is attributable to 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 76 million (76). Operating profit for the same period a year ago included a positive one-off effect of approximately SEK 30 million related to a new agreement pertaining to divestment of part of the credit portfolio. Profit for the current year includes a positive effect of approximately SEK 10 million from dissolution of part of the credit reserve. The underlying earnings improvement was thus approximately SEK 20 million. The earnings improvement is attributable to positive development of net interest income, with improved deposit margins and higher lending volume. Earnings were countered in part by higher costs and slightly higher loan losses. 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-September 2019

ICA Bank's revenue increased to SEK 1,160 million (995) compared with a year ago. Revenue in the same period a year ago included a one-off effect of SEK +12 million from a new card agreement.

Operating profit excluding items affecting comparability amounted to SEK 170 million (128). Operating profit for the corresponding period a year ago included SEK +12 million from the new card agreement and SEK +30 million from the divestment of the credit portfolio reported above, for a total of SEK +42 million. Operating profit for the current year 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 56 million compared with a year ago.

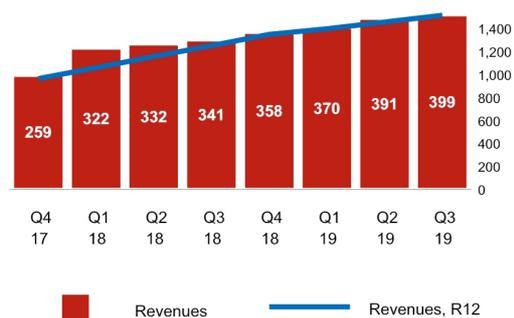
Agreement to establish a new mortgage company in the Swedish market

On 20 September it was announced that ICA Bank, in partnership with the Bank of Åland, Ikano Bank, Söderberg & Partners and Borgo, signed an agreement to establish a jointly owned mortgage company that will offer home mortgages in the Swedish market. The creation of the company is conditional upon the approval of relevant regulatory permits.

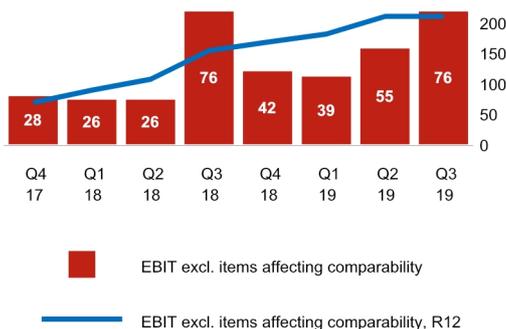
ICA Bank

	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Revenues, SEKm	399	341	1,160	995	1,518	1,353
Of which, net interest income, SEKm	153	126	442	358	571	487
Operating profit before depreciation/amortisation (EBITDA), SEKm	83	82	191	148	248	205
Operating profit excl. items affecting comparability, SEKm	76	76	170	128	212	170
C/I ratio, %	—	—	79.3	83.3	—	83.5
Return on equity, %	—	—	6.1	6.2	—	4.5
Loan loss ratio, %	—	—	-0.7	-0.5	—	-0.4
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	14.8	15.1	—	15.6
Business volume, SEKm	—	—	50,578	45,833	—	46,618
Average number of employees	—	—	419	374	—	383

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

Third quarter 2019

The Parent Company's net sales amounted to SEK 264 million (241). Profit after financial items totalled SEK 4,953 million (-46). The change is largely due to dividends of SEK 5,000 million (0) received from subsidiaries.

January-September 2019

The Parent Company's net sales amounted to SEK 823 million (705). Profit after financial items totalled SEK 8,094 million (3,101). The change is largely due to dividends of SEK 8,900 million (3,400) 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 the year through 30 September 2019 the share price rose 44% to SEK 454.8. The OMX Stockholm Index gained 19% during the same period.

Ownership structure – Largest identified shareholders in ICA Gruppen as per		30 September 2019
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	108,643,330	54.0%
BlackRock	3,070,328	1.5%
Vanguard	2,347,747	1.2%
XACT Fonder	1,940,704	1.0%
SEB Fonder	1,782,180	0.9%
Norges Bank	1,640,988	0.8%
Spiltan Fonder	1,533,105	0.8%
Swedbank Robur Fonder	1,416,626	0.7%
Leif Jönsson	1,279,601	0.6%
Folksam	1,255,084	0.6%
Ten largest shareholders total	124,909,693	62.1%
Other shareholders	76,237,102	37.9%
Total	201,146,795	100.0%
<i>Of which, foreign shareholders in total</i>	<i>41,283,580</i>	<i>20.5%</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 will be held on 21 April at Rigoletto, Kungsgatan 16, Stockholm.

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 as per 31 August 2019, of whom two shall be appointed by the largest shareholder. The nomination committee consists of 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.

Shareholders who wish to submit proposals to the Nomination Committee or want a matter to be addressed by the Annual General Meeting are requested to notify the committee of such not later than 3 March 2020, by post at ICA Gruppen AB (publ), General Counsel Per Behm, PO Box 4075, SE-169 04 Solna, or by email at per.behm@ica.se.

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Third quarter			Jan-Sep			12 months ²⁾	Full year	
		2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Net sales		29,818	28,846	28,846	88,445	85,285	85,285	118,514	115,354	115,354
Cost of goods and services sold		-24,543	-24,099	-23,762	-72,873	-71,368	-70,375	-97,632	-96,459	-95,134
Gross profit		5,274	4,748	5,085	15,572	13,917	14,910	20,882	18,894	20,220
Selling expenses		-3,004	-2,731	-3,019	-9,364	-8,509	-9,383	-12,788	-11,640	-12,807
Administration expenses		-783	-640	-640	-2,450	-2,195	-2,195	-3,248	-2,995	-2,993
Other operating income		97	100	100	293	266	266	373	346	346
Other operating expenses		—	—	—	—	-26	-26	—	-26	-26
Share of profits of associates and joint ventures	2	14	23	23	38	59	59	50	71	71
Operating profit (EBIT) excl items affecting comparability		1,599	1,499	1,549	4,089	3,512	3,631	5,269	4,651	4,811
Capital gains/losses from sale of subsidiaries and non-current assets	3, 4	2	0	0	-380	-7	-7	-324	49	49
Impairment and impairment reversals	3	-6	-96	-96	-24	-179	-179	-47	-202	-202
Operating profit	7	1,595	1,403	1,453	3,685	3,326	3,446	4,897	4,498	4,658
Financial income		1	2	2	4	7	7	8	11	11
Financial expenses	7	-126	-58	-142	-409	-229	-473	-548	-283	-612
Net financial items		-125	-56	-140	-405	-222	-466	-541	-272	-602
Profit before tax		1,469	1,347	1,314	3,280	3,104	2,980	4,357	4,227	4,057
Tax		-266	-265	-259	-744	-387	-364	-929	-580	-549
Profit for the period		1,202	1,082	1,055	2,535	2,717	2,616	3,427	3,647	3,508
Other comprehensive income, items that may not be reclassified to profit or loss, net after tax										
Remeasurement defined benefit pensions		-354	—	—	-508	-128	-128	-616	-236	-236
Other comprehensive income, items that may be reclassified to profit or loss, net after tax										
Change in translation reserve		46	-38	-38	132	134	134	128	130	130
Change in hedging reserve		29	-25	-25	14	94	94	-5	75	75
Share of other comprehensive income of joint ventures		2	5	5	6	12	12	10	16	16
Total items that may be reclassified to profit or loss		77	-58	-58	152	240	240	133	221	221
Comprehensive income for the period		925	1,026	997	2,179	2,830	2,728	2,944	3,632	3,493
Profit for the period attributable to										
Owners of the parent		1,197	1,078	1,051	2,521	2,704	2,603	3,409	3,630	3,491
Non-controlling interests		5	4	4	14	13	13	18	17	17
Comprehensive income for the period attributable to										
Owners of the parent		919	1,019	990	2,161	2,812	2,710	2,921	3,609	3,470
Non-controlling interests		6	7	7	18	18	18	23	23	23
Earnings per share, SEK										
Earnings per share		5.96	5.36	5.22	12.54	13.44	12.94	16.95	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.

2) Rolling 12-month figures include recalculated amounts for 2018.

Condensed consolidated statement of financial position

SEKm	Note	30 September 2019	30 September 2018	Recalculated 30 September ¹⁾ 2018	31 December 2018	Recalculated 31 December ¹⁾ 2018
ASSETS						
Non-current assets						
Goodwill		16,301	16,301	16,301	16,301	16,301
Trademarks		12,951	13,414	13,414	13,413	13,413
Other intangible assets		1,720	1,480	1,480	1,572	1,572
Land, buildings and investment properties		15,069	14,139	14,139	14,374	14,374
Right of use assets	7	16,220	—	15,748	—	16,162
Interests in joint ventures and associates	2	1,281	847	847	1,256	1,256
ICA Bank's lending and investments		12,974	11,355	11,355	11,916	11,916
Deferred tax assets		282	397	397	385	385
Other non-current assets		2,409	2,316	2,316	2,424	2,424
Total non-current assets		79,207	60,249	75,997	61,640	77,802
Current assets						
Inventories		4,478	4,504	4,504	4,490	4,490
ICA Bank's lending and investments		3,724	3,231	3,231	3,176	3,176
Other current assets		6,819	7,646	7,218	8,133	7,710
Assets held for sale	4	56	309	309	6	6
ICA Bank's cash and cash equivalents		2,125	3,011	3,011	2,427	2,427
Cash and cash equivalents		334	487	487	779	779
Total current assets		17,536	19,188	18,760	19,011	18,588
TOTAL ASSETS		96,743	79,437	94,756	80,651	96,391
EQUITY AND LIABILITIES						
Equity		33,075	32,457	32,355	33,249	33,110
Non-current liabilities						
Provisions		3,864	2,911	2,911	3,116	3,116
Deferred tax liabilities		3,978	4,237	4,214	4,236	4,205
Non-current interest-bearing liabilities		3,713	3,627	3,627	3,626	3,626
Non-current lease liabilities		12,527	—	12,114	—	12,553
Other non-current liabilities		23	50	50	45	45
Total non-current liabilities		24,105	10,825	22,915	11,022	23,545
Current liabilities						
Current interest-bearing liabilities		1,926	3,872	3,872	2,233	2,233
Deposits ICA Bank		16,460	15,259	15,259	15,385	15,385
Current lease liabilities		3,403	—	3,331	—	3,356
Other current liabilities		17,774	17,023	17,023	18,762	18,762
Total current liabilities		39,563	36,155	39,486	36,380	39,736
TOTAL EQUITY AND LIABILITIES		96,743	79,437	94,756	80,651	96,391

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	Third quarter			Jan-Sep			12 months ²⁾	Full year	
		2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Operating profit		1,595	1,403	1,453	3,685	3,326	3,446	4,897	4,498	4,658
Depreciation, amortisation and impairment		1,299	499	1,352	3,932	1,370	3,913	5,211	1,804	5,192
Dividend from joint ventures		10	10	10	20	20	20	35	35	35
Other non-cash items		-29	3	3	371	-10	-10	461	80	80
Income tax paid		-128	-199	-199	-504	-644	-644	-663	-803	-803
Cash flow from operating activities before change in working capital		2,746	1,716	2,619	7,504	4,062	6,725	9,941	5,615	9,162
Change in working capital:										
Inventories		-30	124	124	-108	21	21	-97	32	32
Current receivables		761	-186	-205	782	-164	-183	247	-694	-718
Current liabilities		-1,226	-719	-719	-1,036	276	276	553	1,865	1,865
ICA Bank's net of deposits, lending and investments		-336	136	136	-490	362	362	-868	-16	-16
Cash flow from operating activities		1,915	1,071	1,955	6,652	4,558	7,202	9,776	6,802	10,326
Acquisitions of property, plant and equipment and intangible assets		-762	-856	-856	-2,269	-2,721	-2,721	-3,055	-3,507	-3,507
Sale of property, plant and equipment and intangible assets		1	1	1	58	4	4	356	302	302
Change in financial assets		-12	-3	-3	-40	-5	-5	-44	-9	-9
Interest received		0	0	0	1	1	1	1	1	1
Investments in joint ventures and associated companies		-1	—	—	-2	-30	-30	-352	-380	-380
Divestment of subsidiaries		—	—	—	222	0	0	222	0	0
Cash flow from investing activities		-773	-859	-859	-2,030	-2,752	-2,752	-2,871	-3,593	-3,593
Dividend paid to shareholders of ICA Gruppen AB		—	—	—	-2,313	-2,213	-2,213	-2,313	-2,213	-2,213
Change in loans		-712	418	418	-218	-342	-342	-1,859	-1,983	-1,983
Interest paid		-16	-27	-27	-72	-169	-169	-133	-230	-230
Interest paid IFRS 16 Leases		-82	—	-84	-258	—	-244	-344	—	-330
Amortisation IFRS 16 Leases		-809	—	-800	-2,464	—	-2,400	-3,258	—	-3,194
Capital contributions, acquisitions, and dividends relating to non-controlling interests		-20	-39	-39	-43	-74	-74	-56	-87	-87
Cash flow from financing activities		-1,638	352	-532	-5,367	-2,798	-5,442	-7,961	-4,512	-8,036
Cash flow for the period	5	-497	564	564	-745	-992	-992	-1,056	-1,303	-1,303
Cash and cash equivalents at beginning of period		2,963	2,956	2,956	3,206	4,499	4,499	3,498	4,499	4,499
Exchange differences in cash and cash equivalents		-7	-21	-21	-2	-8	-8	16	10	10
Cash and cash equivalents at end of period	5	2,459	3,498	3,498	2,459	3,498	3,498	2,459	3,206	3,206

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) Rolling 12-month figures include recalculated amounts for 2018.

Condensed consolidated statement of changes in equity

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2019	32,984	265	33,249
Change in non-controlling interests	—	—	—
Dividend	-2,313	-40	-2,353
Comprehensive income for the period	2,161	18	2,179
Closing equity, 30 September 2019	32,832	243	33,075

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2018	31,720	297	32,017
Effect of change IFRS 9	-97	—	-97
Equity after change IFRS 9	31,623	297	31,920
Change in non-controlling interests	-35	0	-35
Dividend	-2,213	-45	-2,258
Comprehensive income for the period	2,812	18	2,830
Closing equity, 30 September 2018	32,187	270	32,457

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 cancelled 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, Q3 2018

SEKm	Reported	Change IFRS 16	Recalculated
Net sales	28,846		28,846
Cost of goods sold	-24,099	337	-23,762
Gross profit	4,748	337	5,085
Selling expenses	-2,731	-287	-3,019
Administrative expenses	-640		-640
Other operating income	100		100
Other operating expenses	—		—
Share of profits of associates and joint ventures	23		23
Operating profit (EBIT) excl items affecting comparability	1,499	50	1,549
Capital gains/losses from sale of subsidiaries and non-current assets	0		0
Impairment and impairment reversals	-96		-96
Operating profit	1,403	50	1,453
Financial income	2		2
Financial expenses	-58	-84	-142
Net financial items	-56	-84	-140
Profit before tax	1,347	-34	1,314
Tax	-265	6	-259
Profit for the period	1,082	-28	1,055

Effect on the Group's condensed consolidated statement of financial position, 30 September 2018

SEKm	Reported	Change IFRS 16	Recalculated
ASSETS			
Non-current assets	60,249		60,249
Right of use assets		15,748	15,748
Current assets	19,188	-428	18,760
TOTAL ASSETS	79,437	15,319	94,756
EQUITY AND LIABILITIES			
Equity	32,457	-102	32,355
Non-current liabilities	10,825	-23	10,802
Non-current lease liabilities		12,114	12,114
Current liabilities	36,155		36,155
Current lease liabilities		3,331	3,331
Total liabilities	46,980	15,421	62,401
TOTAL EQUITY AND LIABILITIES	79,437	15,319	94,756

Effect on the Group's condensed consolidated statement of cash flows, Q3 2018

SEKm	Reported	Change IFRS 16	Recalculated
Operating profit	1,403	50	1,453
Depreciation, amortisation and impairment	499	854	1,352
Dividend from joint ventures	10		10
Other non-cash items	3		3
Income tax paid	-199		-199
Cash flow from operating activities before change in working capital	1,716	903	2,619
Change in working capital	-645	-19	-664
Cash flow from operating activities	1,071	884	1,955
Cash flow from investing activities	-859		-859
Dividend paid	—		—
Capital contributions, acquisitions, and dividends relating to non-controlling interests	-39		-39
Change in loans	418		418
Interest paid	-27		-27
Interest paid IFRS 16 Leases		-84	-84
Amortisation IFRS 16 Leases		-800	-800
Cash flow from financing activities	352	-884	-532
Cash flow for the period	564	—	564
Cash and cash equivalents at beginning of period	2,956		2,956
Exchange differences in cash and cash equivalents	-21		-21
Cash and cash equivalents at end of period	3,498		3,498

Effect on the Group's condensed consolidated statement of comprehensive income, January-September 2018

SEKm	Reported	Change IFRS 16	Recalculated
Net sales	85,285		85,285
Cost of goods sold	-71,368	993	-70,375
Gross profit	13,917	993	14,910
Selling expenses	-8,509	-874	-9,383
Administrative expenses	-2,195		-2,195
Other operating income	266		266
Other operating expenses	-26		-26
Share of profits of associates and joint ventures	59		59
Operating profit (EBIT) excl items affecting comparability	3,512	119	3,631
Capital gains/losses from sale of subsidiaries and non-current assets	-7		-7
Impairment and impairment reversals	-179		-179
Operating profit	3,326	119	3,446
Financial income	7		7
Financial expenses	-229	-244	-473
Net financial items	-222	-244	-466
Profit before tax	3,104	-125	2,980
Tax	-387	23	-364
Profit for the period	2,717	-102	2,616

Effect on the Group's condensed consolidated statement of cash flows, January-September 2018

SEKm	Reported	Change IFRS 16	Recalculated
Operating profit	3,326	119	3,446
Depreciation, amortisation and impairment	1,370	2,544	3,913
Dividend from joint ventures	20		20
Other non-cash items	-10		-10
Income tax paid	-644		-644
Cash flow from operating activities before change in working capital	4,062	2,663	6,725
Change in working capital	496	-19	477
Cash flow from operating activities	4,558	2,644	7,202
Cash flow from investing activities	-2,752		-2,752
Dividend paid	-2,213		-2,213
Capital contributions, acquisitions, and dividends relating to non-controlling interests	-74		-74
Change in loans	-342		-342
Interest paid	-169		-169
Interest paid IFRS 16 Leases		-244	-244
Amortisation IFRS 16 Leases		-2,400	-2,400
Cash flow from financing activities	-2,798	-2,644	-5,442
Cash flow for the period	-992	—	-992
Cash and cash equivalents at beginning of period	4,499		4,499
Exchange differences in cash and cash equivalents	-8		-8
Cash and cash equivalents at end of period	3,498		3,498

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

SEKm	Reported	Change IFRS 16	Recalculated
Net sales	30,036		30,069
Cost of goods sold	-25,091	332	-24,759
Gross profit	4,977	332	5,310
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
Operating profit (EBIT) excl items affecting comparability	1,139	41	1,180
Capital gains/losses from sale of subsidiaries and non-current assets	56		56
Impairment and impairment reversals	-23		-23
Operating profit	1,172	41	1,212
Financial income	4		4
Financial expenses	-54	-86	-139
Net financial items	-50	-86	-136
Profit before tax	1,123	-45	1,077
Tax	-193	8	-185
Profit for the period	930	-37	892

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

SEKm	Reported	Change IFRS 16	Recalculated
ASSETS			
Non-current assets	61,640		61,640
Right of use assets		16,162	16,162
Current assets	19,011	-423	18,588
TOTAL ASSETS	80,651	15,740	96,391
EQUITY AND LIABILITIES			
Equity	33,249	-139	33,110
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
Total liabilities	47,402	15,878	63,280
TOTAL EQUITY AND LIABILITIES	80,651	15,740	96,391

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
Cash flow from operating activities before change in working capital	1,553	885	2,437
Change in working capital	691	-5	687
Cash flow from operating activities	2,244	880	3,124
Cash flow from investing activities	-841		-841
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
Cash flow from financing activities	-1,714	-880	-2,594
Cash flow for the period	-311	—	-311
Cash and cash equivalents at beginning of period	3,498		3,498
Exchange differences in cash and cash equivalents	18		18
Cash and cash equivalents at end of period	3,206		3,206

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	18,894	1,325	20,220
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
Operating profit (EBIT) excl items affecting comparability	4,651	160	4,811
Capital gains/losses from sale of subsidiaries and non-current assets	49		49
Impairment and impairment reversals	-202		-202
Operating profit	4,498	160	4,658
Financial income	11		11
Financial expenses	-283	-330	-612
Net financial items	-282	-330	-602
Profit before tax	4,227	-170	4,057
Tax	-580	31	-549
Profit for the period	3,647	-139	3,508

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
Cash flow from operating activities before change in working capital	5,615	3,548	9,162
Change in working capital	1,187	-24	1,164
Cash flow from operating activities	6,802	3,524	10,326
Cash flow from investing activities	-3,593		-3,593
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
Cash flow from financing activities	-4,512	-3,524	-8,036
Cash flow for the period	-1,303	—	-1,303
Cash and cash equivalents at beginning of period	4,499		4,499
Exchange differences in cash and cash equivalents	10		10
Cash and cash equivalents at end of period	3,206		3,206

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
SEKm						
Ancore Fastigheter AB	14	15	41	39	56	54
Secore Fastigheter AB	8	7	24	19	31	26
MD International AB (Min Doktor)	-10	—	-28	—	-38	-10
Fastighetsaktiebolaget Postgården AB	—	0	0	0	0	0
Total	14	23	38	59	50	71

Book value, SEKm	30 September 2019	30 September 2018	31 December 2018
Ancore Fastigheter AB	766	700	719
Secore Fastigheter AB	136	140	132
MD International AB (Min Doktor)	370	—	398
Fastighetsaktiebolaget Postgården AB	7	7	7
Other	2	0	0
Total	1,281	847	1,256

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 31 properties in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on all relevant data in the joint arrangement, Ancore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Ancore Fastigheter AB	Third quarter		Jan-Sep		12 months	Full year
SEKm	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Income	112	109	334	326	443	435
Expenses	-44	-45	-139	-147	-179	-187
Operating profit	68	64	195	179	264	248
Net financial items	-28	-26	-82	-77	-108	-103
Tax	-10	-11	-29	-25	-41	-37
Profit for the period	31	27	85	77	116	108
Other comprehensive income	4	12	12	25	18	31
Comprehensive income for the period	35	39	97	102	134	139
Non-current assets			4,943	4,941		4,944
Current assets			432	212		306
Total assets			5,375	5,153		5,250
Equity			1,470	1,336		1,374
Non-current liabilities			3,726	3,614		3,684
Current liabilities			179	204		192
Total equity and liabilities			5,375	5,153		5,250

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 40 properties. Based on all relevant data in the joint arrangement, Secore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Secore Fastigheter AB	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
SEKm						
Income	45	44	134	129	179	174
Expenses	-21	-25	-65	-82	-91	-108
Operating profit	23	19	68	47	86	65
Net financial items	-7	-6	-21	-19	-28	-26
Tax	-5	-4	-13	-9	-16	-12
Profit for the period	12	9	34	19	42	27
Other comprehensive income	—	—	—	—	—	—
Comprehensive income for the period	12	9	34	19	42	27
Non-current assets			2,351	2,367		2,365
Current assets			68	36		49
Total assets			2,418	2,403		2,414
Equity			807	834		813
Non-current liabilities			1,564	1,527		1,562
Current liabilities			47	41		39
Total equity and liabilities			2,418	2,403		2,414

Information regarding MD International (Min Doktor)

The associated company MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties. ICA Gruppen currently owns 49.37% of the company through Apotek Hjärtat. As per 30 September Apotek Hjärtat had increased the number of shares it owns in Min Doktor to the current level due to 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 the Min Doktor clinics (formerly Minutkliniker). 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	Third quarter		Jan-Sep		Full year
	2019	2018	2019	2018	2018
Capital gains/losses net on sale of subsidiaries and non-current assets					
ICA Sweden	2	—	2	—	—
Rimi Baltic	1	0	2	0	1
Apotek Hjärtat	—	—	—	—	51
ICA Real Estate	0	0	-2	-7	-11
ICA Bank	—	—	—	—	8
Other	-1	—	-382	—	—
Total	2	0	-380	-7	49
Impairment and impairment reversals					
ICA Sweden	—	—	—	-79	-79
Rimi Baltic	-3	-7	-21	-11	-34
ICA Real Estate	-3	-89	-3	-89	-89
Total	-6	-96	-24	-179	-202
Total items affecting comparability	-4	-96	-404	-186	-153

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.

At the end of 2016 ICA Gruppen signed an agreement to acquire all of the shares in UAB Palink, which operates the IKI grocery store chain in Lithuania. In October 2017 the Lithuanian Competition Council gave its clearance to ICA Gruppen's acquisition under the condition that 17 specific stores be sold prior to completion of the transaction. On 18 April 2018 the Competition Council announced its decision to not approve the store sales agreement proposed by ICA Gruppen. As a result of the decision, ICA Gruppen was not able to complete the acquisition of UAB Palink. ICA Gruppen incurred costs associated with the acquisition process through June 2018.

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

January–September, SEKm	Group 2019	ICA Bank 2019 ²⁾	Group excl. ICA Bank 2019
Cash flow from operating activities before change in working capital	7,504	144	7,360
Change in working capital			
Inventories	-108	—	-108
Current receivables	782	-196	978
Current liabilities	-1,036	196	-1,232
ICA Bank's net of deposits, lending and investments	-490	-490	—
Cash flow from operating activities	6,652	-345	6,998
Cash flow from investing activities	-2,030	-56	-1,974
Cash flow from financing activities	-5,367	99	-5,466
Cash flow for the period	-745	-302	-443
Cash and cash equivalents at the beginning of the period	3,206	2,427	779
Exchange differences in cash and cash equivalents	-2	—	-2
Cash and cash equivalents at the end of the period	2,459	2,125	334

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

January–September, SEKm	Group 2018	ICA Bank 2018	Group excl. ICA Bank 2018
Cash flow from operating activities before change in working capital	4,062	111	3,951
Change in working capital			
Inventories	21	—	21
Current receivables	-164	96	-260
Current liabilities	276	203	74
ICA Bank's net of deposits, lending and investments	362	362	—
Cash flow from operating activities	4,558	771	3,787
Cash flow from investing activities	-2,752	-18	-2,734
Cash flow from financing activities	-2,798	49	-2,847
Cash flow for the period	-992	802	-1,794
Cash and cash equivalents at the beginning of the period	4,499	2,208	2,290
Exchange differences in cash and cash equivalents	-8	—	-8
Cash and cash equivalents at the end of the period	3,498	3,011	487

January–September, SEKm	Group recalculated 2018 ¹⁾	ICA Bank 2018 ²⁾	Group excl. ICA Bank recalculated 2018 ¹⁾
Cash flow from operating activities before change in working capital	6,725	112	6,613
Change in working capital			
Inventories	21	—	21
Current receivables	-183	96	-278
Current liabilities	276	203	74
ICA Bank's net of deposits, lending and investments	362	362	—
Cash flow from operating activities	7,202	772	6,430
Cash flow from investing activities	-2,752	-18	-2,734
Cash flow from financing activities	-5,442	49	-5,490
Cash flow for the period	-992	802	-1,794
Cash and cash equivalents at the beginning of the period	4,499	2,208	2,290
Exchange differences in cash and cash equivalents	-8	—	-8
Cash and cash equivalents at the end of the period	3,498	3,011	487

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 30 September 2019, financial assets measured at fair value in ICA Gruppen amounted to SEK 2,946 million (3,182). In the fair value hierarchy, the entire amount is attributable to Level 1. Financial liabilities measured at fair value amounted to SEK 39 million (91) as per 30 September 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 88 million (140).

NOTE 7, LEASES

	Third quarter	Jan-Sep
	2019	2019
Total lease revenue incl variable revenue	698	2,089
Lease expenses pertaining to variable rents, low-value leases and short-term leases	40	129
Interest expenses, lease liabilities	-82	-258

Total right-of-use assets, SEKm	2019
At start of year, 1/1/2019	16,606
Changed and new contracts	2,109
Depreciation	-2,624
Translation differences	129
Book value, 30/9/2019	16,220

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

Condensed parent company income statement

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2019	2018	2019	2018	Oct 2018 - Sept 2019	2018
Net sales ¹⁾	264	241	823	705	1,090	972
Cost of services sold	-243	-284	-780	-677	-1,036	-933
Gross profit	21	-43	43	28	54	39
Administrative expenses	-98	-24	-338	-324	-457	-443
Operating profit/loss	-78	-67	-295	-296	-403	-404
Profit/loss from participations in Group companies ²⁾	5,000	—	8,328	3,400	8,618	3,690
Financial income, Group companies	52	43	143	125	188	170
Financial income	2	16	9	44	17	52
Financial expenses, Group companies	0	0	0	-4	0	-4
Financial expenses	-23	-38	-90	-168	-122	-200
Profit/loss after financial items	4,953	-46	8,094	3,101	8,296	3,303
Appropriations	—	—	—	—	393	393
Profit before tax	4,953	-46	8,094	3,101	8,689	3,696
Tax	10	11	49	59	-20	-10
Profit for the period	4,964	-35	8,144	3,160	8,671	3,687

1) Of net sales for the third quarter, SEK 259 million (237) pertains to Group companies, and SEK 804 million accumulated (684).

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	30 September 2019	30 September 2018	31 December 2018
ASSETS			
Non-current assets			
Investments in Group companies	29,653	30,142	30,142
Other intangible assets	142	105	108
Deferred tax assets	221	224	223
Non-current receivables from Group companies	667	651	639
Other non-current assets	190	187	177
Total non-current assets	30,874	31,309	31,288
Current assets			
Current receivables from Group companies	17,484	11,749	11,889
Other current assets	223	317	204
Cash and cash equivalents	10	22	72
Total current assets	17,717	12,089	12,165
TOTAL ASSETS	48,591	43,398	43,453
EQUITY AND LIABILITIES			
Equity	34,719	28,363	28,889
Provisions	426	397	404
Non-current liabilities			
Non-current interest-bearing liabilities	3,700	2,700	2,700
Other non-current liabilities	23	22	21
Total non-current liabilities	3,723	2,722	2,721
Current liabilities			
Current interest-bearing liabilities	1,013	3,872	2,233
Current liabilities to Group companies	8,323	7,590	8,796
Other current liabilities	387	453	410
Total current liabilities	9,723	11,915	11,439
TOTAL EQUITY AND LIABILITIES	48,591	43,398	43,453

Quarterly overview

Quarterly overview 2019 and recalculation of 2018

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

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

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales, SEKm	28,601	27,181	29,258	28,846	30,069
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,574	1,364	1,430	1,902	1,606
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,172	972	1,041	1,499	1,139
Operating margin excl. items affecting comparability, %	4.1	3.6	3.6	5.2	3.8
Operating profit (EBIT), SEKm	1,181	972	951	1,403	1,172
Operating margin, %	4.1	3.6	3.3	4.9	3.9
Profit before tax, SEKm	1,096	888	869	1,347	1,123
Profit for the period, SEKm	892	700	935	1,082	930
Earnings per share, SEK	4.41	3.46	4.62	5.36	4.61
Equity per share, SEK	157.70	161.69	155.13	160.02	163.98
Share price at the end of period, SEK	297.90	295.40	274.70	282.00	316.80
Return on equity, %	13.4	11.7	11.3	11.0	11.1
Return on capital employed, %	12.3	11.2	10.4	10.3	10.2
Cash flow from operating activities, SEKm	1,606	732	2,755	1,071	2,244
Cash flow per share from operating activities, SEK	7.98	3.64	13.70	5.32	11.16
Investing activities (cash flow), SEKm	612	1,118	747	856	786
Capital employed excl. ICA Bank, average, SEKm	41,938	42,024	42,086	42,425	42,648
Net debt, SEKm	-5,598	-5,670	-6,650	-7,012	-5,079
Net debt/EBITDA	0.8	0.9	1.1	1.1	0.8

Quarterly data by segment

Net sales by segment

SEKm	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
ICA Sweden	20,625	19,358	20,975	20,730	21,348	19,793	21,880	21,494
Rimi Baltic	3,767	3,548	3,814	3,827	4,066	3,774	4,071	4,044
Apotek Hjärtat	3,297	3,430	3,625	3,414	3,641	3,634	3,778	3,553
ICA Real Estate	636	642	643	648	658	676	686	681
ICA Bank	259	322	332	341	358	370	391	399
Hemtex	366	223	217	237	343	213	93	—
Other	228	247	251	262	282	301	299	288
Intra-Group sales	-577	-589	-599	-613	-628	-662	-669	-641
Net sales	28,601	27,181	29,258	28,846	30,069	28,098	30,529	29,818

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
ICA Sweden	959	869	897	1,152	869	955	1,087	1,255
Rimi Baltic	258	202	240	260	267	229	262	300
Apotek Hjärtat	141	132	195	196	217	134	179	146
ICA Real Estate	235	215	211	252	242	237	258	260
ICA Bank	35	33	33	82	57	46	62	83
Hemtex	63	-15	-19	11	58	-15	-11	—
Other	-117	-73	-126	-51	-103	-80	-469	-52
Operating profit before depreciation/amortisation (EBITDA) by segment	1,574	1,364	1,430	1,902	1,606	1,506	1,369	1,993
IFRS 16 ¹⁾		873	887	903	885	933	916	901
Operating profit before depreciation/amortisation (EBITDA)¹⁾		2,237	2,317	2,805	2,491	2,439	2,284	2,894

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	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
ICA Sweden	844	758	784	1,040	750	825	949	1,111
Rimi Baltic	174	118	156	175	182	145	175	211
Apotek Hjärtat	106	94	156	155	128	96	142	109
ICA Real Estate	100	90	90	122	115	109	133	136
ICA Bank	28	26	26	76	42	39	55	76
Hemtex	57	-20	-25	5	53	-20	-16	—
Other	-137	-94	-146	-74	-130	-110	-115	-85
Operating profit excluding items affecting comparability by segment	1,172	972	1,041	1,499	1,139	1,085	1,323	1,558
IFRS 16 ¹⁾		33	36	50	41	40	42	42
Operating profit excluding items affecting comparability¹⁾		1,005	1,077	1,549	1,180	1,125	1,365	1,599

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	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
ICA Sweden	115	111	113	112	120	130	137	144
Rimi Baltic	83	84	84	84	84	84	86	89
Apotek Hjärtat	35	39	38	40	40	38	37	37
ICA Real Estate	124	124	129	130	131	129	125	125
ICA Bank	8	7	6	7	7	7	7	7
Hemtex	6	6	5	6	5	5	2	—
Other	20	20	22	24	25	30	33	32
Depreciation/amortisation by segment	391	391	397	403	411	422	428	434
IFRS 16 ¹⁾		840	850	854	844	892	873	859
Depreciation/amortisation¹⁾		1,231	1,247	1,257	1,255	1,314	1,301	1,293

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

	Third quarter			Jan-Sep			12 months ²⁾	Full year	
	2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,894	1,902	2,805	7,617	4,696	7,359	10,108	6,302	9,850
Operating margin excl. items affecting comparability, %	5.4	5.2	5.4	4.6	4.1	4.3	4.4	4.0	4.2
Operating margin, %	5.3	4.9	5.0	4.2	3.9	4.0	4.1	3.9	4.0
Net margin, %	4.0	3.8	3.7	2.9	3.2	3.1	2.9	3.2	3.0
Return on capital employed, %	—	—	—	7.9	10.3	N/A ³⁾	7.9	10.2	7.7
Return on equity, %	—	—	—	10.0	11.0	N/A ³⁾	10.0	11.1	10.6
Equity/assets ratio, %	—	—	—	34.2	40.9	34.2	34.2	41.2	34.4
Net debt excl IFRS 16, SEKm	—	—	—	-5,304	-7,012	-7,012	-5,304	-5,079	-5,079
Net debt, SEKm	—	—	—	-21,233	—	-22,455	-21,233	—	-20,988
Net debt/EBITDA	—	—	—	2.1	1.1	N/A ³⁾	2.1	0.8	2.1
Average number of employees	—	—	—	23,255	22,188	22,188	—	22,272	22,272
Share data									
Earnings per share, SEK	5.96	5.36	5.22	12.54	13.44	12.94	16.95	18.05	17.35
Share price at the end of period, SEK	—	—	—	454.80	282.00	282.00	454.80	316.80	316.80
Dividend per ordinary share, SEK	—	—	—	—	—	—	—	11.50	11.50
Dividend, SEKm	—	—	—	—	—	—	—	2,313	2,313
Dividend payout ratio, %	—	—	—	—	—	—	—	63	66
Equity per share, SEK	—	—	—	163.23	160.02	159.52	163.23	163.98	163.29
Cash flow from operating activities per share, SEK	9.52	5.32	9.72	33.07	22.66	35.80	48.61	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	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	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	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.

2) Rolling 12-month figures include recalculated amounts for 2018.

3) 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.

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.

Reconciliation EBITDA

SEKm	Third quarter			Jan-Sep			12 months ²⁾	Full year	
	2019	2018	Recalculated 2018 ¹⁾	2019	2018	Recalculated 2018 ¹⁾	Oct 2018 - Sept 2019	2018	Recalculated 2018 ¹⁾
Operating profit (EBIT)	1,595	1,403	1,453	3,685	3,326	3,446	4,897	4,498	4,658
Depreciation/amortisation	1,293	403	1,257	3,908	1,191	3,735	5,163	1,602	4,990
Impairment and impairment reversals	6	96	96	24	179	179	47	202	202
Operating profit before depreciation/amortisation (EBITDA)	2,894	1,902	2,805	7,617	4,696	7,359	10,108	6,302	9,850

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) Rolling 12-month figures include recalculated amounts for 2018.

Reconciliation EBITDA

SEKm	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Operating profit (EBIT) excl IFRS 16	1,181	972	951	1,403	1,172	1,075	932	1,552
Depreciation/amortisation excl IFRS 16	391	391	397	403	411	422	428	434
Impairment and impairment reversals	2	1	82	96	23	10	8	6
Operating profit before depreciation/amortisation (EBITDA) excl IFRS 16	1,574	1,364	1,430	1,902	1,606	1,506	1,369	1,993
IFRS 16 Operating profit (EBIT) ¹⁾		33	36	50	41	40	43	42
IFRS 16 Depreciation/amortisation ¹⁾		840	850	854	844	892	873	859
Operating profit before depreciation/amortisation (EBITDA)¹⁾		2,237	2,317	2,805	2,491	2,439	2,284	2,894

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	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Non-current interest-bearing liabilities	-3,913	-3,917	-3,619	-3,627	-3,626	-4,625	-4,625	-3,713
Current interest-bearing liabilities	-3,975	-4,029	-3,455	-3,872	-2,233	-1,956	-1,734	-1,926
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	2,290	2,275	423	487	779	1,283	491	334
Net debt excl IFRS 16	-5,598	-5,670	-6,650	-7,012	-5,079	-5,297	-5,869	-5,304
Non-current lease liabilities ¹⁾		-12,286	-12,462	-12,113	-12,553	-13,176	-12,721	-12,527
Current lease liabilities ¹⁾		-3,333	-3,366	-3,330	-3,355	-3,466	-3,390	-3,402
Net debt¹⁾		-21,290	-22,479	-22,455	-20,988	-21,939	-21,980	-21,233

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
Equity ¹⁾	32,789	31,403	32,355	33,110	33,988	32,170	33,075
Provisions for pensions	2,656	2,857	2,896	3,072	3,309	3,353	3,843
Other provisions	7	12	3	32	15	14	8
Non-current interest-bearing liabilities	3,917	3,619	3,627	3,626	4,625	4,625	3,713
Current interest-bearing liabilities	4,029	3,455	3,872	2,233	1,956	1,734	1,926
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—
Other non-current liabilities	86	61	50	45	20	24	23
Non-current lease liabilities ¹⁾	12,286	12,462	12,113	12,553	13,176	12,721	12,527
Current lease liabilities ¹⁾	3,333	3,366	3,330	3,355	3,466	3,390	3,402
Capital employed¹⁾	59,104	57,235	58,247	58,025	60,554	58,032	58,517
Average capital employed¹⁾	N/A²⁾	N/A²⁾	N/A²⁾	58,251	58,762	58,866	59,080

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	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Equity	32,017	32,825	31,477	32,457	33,249
Provisions for pensions	2,619	2,656	2,857	2,896	3,072
Other provisions	11	7	12	3	32
Non-current interest-bearing liabilities	3,913	3,917	3,619	3,627	3,626
Current interest-bearing liabilities	3,975	4,029	3,455	3,872	2,233
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—
Other non-current liabilities	56	86	61	50	45
Capital employed excl IFRS 16	42,591	43,520	41,481	42,905	42,256
Average capital employed excl IFRS 16	41,938	42,024	42,086	42,425	42,648

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 been reviewed by the company's auditors.

Stockholm, 24 October 2019

Per Strömberg
CEO, ICA Gruppen

Report of review of interim financial information

ICA Gruppen AB, reg. no. 556048-2837

Introduction

We have reviewed the condensed interim financial information (interim report) of ICA Gruppen AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 24 October 2019
KPMG AB

Thomas Forslund
Authorised Public Accountant

Auditor's Review Report on Sustainability Report

ICA Gruppen AB, reg. no. 556048-2837

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to review ICA Gruppen AB's Sustainability Report for the period 1 January–30 September 2019.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the quarterly report in accordance with the applicable criteria, as explained in the paragraph "About this report" in the quarterly report. As stated in the paragraph "About this report", ICA Gruppen AB's Sustainability Report for the period January–September 2019 is not a complete GRI report, but is a status report on the material areas reported on in the 2018 Sustainability Report for ICA Gruppen AB. The Sustainability Report for the period January–September 2019 is therefore a complement to the 2018 Sustainability Report and should be read in connection to this.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Report January–September 2019 based on the procedures we have performed. We have performed our review in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, issued by IFAC. A review consists of making inquiries, primarily of persons responsible for the preparation of the quarterly report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our assurance does not comprise the assumptions used, or future oriented information (e.g., goals, expectations and ambitions). The criteria on which our review is based on are stated in the section "About this report". We consider these criteria suitable for the preparation of ICA Gruppen AB's Sustainability Report January–September 2019. Our review has, based on an assessment of materiality and risk, e.g. including the following procedures:

- a. an update of our knowledge and understanding of ICA Gruppen AB's organisation and activities
- b. assessment of the suitability and application of criteria in respect to stakeholders' need of information

- c. read internal and external documents to assess if the reported information is complete, correct and sufficient
- d. analytical review of reported information
- e. overall impression of the quarterly report and its format
- f. reconciliation of the reviewed information against the sustainability information in ICA Gruppen AB's Sustainability Report for 2018

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on our review, nothing has come to our attention that cause us to believe that the information in ICA Gruppen AB's Sustainability Report for the period 1 January–30 September 2019 has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 24 October 2019
KPMG AB

Thomas Forslund
Authorised Public Accountant

Torbjörn Westman
Expert Member of FAR

Contacts and calendar

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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, 24 October 2019, during which CEO Per Strömberg and CFO Sven Lindskog will present the interim report. The webcast will be conducted in English and can be followed at www.icagruppen.se/investerare. To participate in the webcast, call tel. +46850558366 or +443333009263.

Calendar

11 December	Capital Markets Day 2019
6 February 2020	2019 year-end report
29 April 2020	Q1 interim report
19 August 2020	Q2 interim report
23 October 2020	Q3 interim report

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, 24 October 2019.

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.

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