

Third quarter 2018

Improved operating profit – continued high activity

Third quarter 2018

- Consolidated net sales amounted to SEK 28,846 million (27,164), an increase of 6.2%
- Operating profit excluding items affecting comparability was SEK 1,499 million (1,380)
- Profit for the period was SEK 1,082 million (1,100). Profit includes capital gains on sales of non-current assets and impairment losses of SEK -96 million net (5)
- Earnings per share were SEK 5.36 (5.45)
- Cash flow from operating activities amounted to SEK 1,071 million (1,045). Excluding ICA Bank, cash flow was SEK 583 million (854)
- ICA Gruppen investing in Min Doktor via Apotek Hjärtat

Events after the end of the quarter

- On 3 October the Swedish Competition Authority announced its decision to take no action regarding the proposed deal between Apotek Hjärtat and Min Doktor

January-September 2018

- Consolidated net sales amounted to SEK 85,285 million (80,807), an increase of 5.5%
- Operating profit excluding items affecting comparability totalled SEK 3,512 million (3,470)
- Operating profit excluding items affecting comparability includes costs of SEK 26 million (39) for the previously planned integration of IKI in Lithuania
- Profit for the period was SEK 2,717 million (3,253). Profit includes capital gains on sales of non-current assets and impairment losses of SEK -186 million net (569)
- Earnings per share were SEK 13.44 (16.12)
- Remeasurement of deferred tax liabilities and deferred tax assets due to forthcoming reduction of the corporate tax rate has had a positive tax effect of SEK 200 million
- Cash flow from operating activities amounted to SEK 4,558 million (2,995). Excluding ICA Bank, cash flow was SEK 3,787 million (3,182)

	Third quarter		Jan-Sep		12 months	Full year
SEKm	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Group						
Net sales ¹⁾	28,846	27,164	85,285	80,807	113,886	109,408
Operating profit before depreciation/amortisation (EBITDA)	1,902	1,761	4,696	5,182	6,270	6,756
Operating profit (EBIT) excluding items affecting comparability	1,499	1,380	3,512	3,470	4,684	4,642
Operating profit (EBIT)	1,403	1,385	3,326	4,039	4,507	5,220
Profit before tax	1,347	1,272	3,104	3,757	4,200	4,853
Profit for the period	1,082	1,100	2,717	3,253	3,609	4,145
Cash flow from operating activities	1,071	1,045	4,558	2,995	6,164	4,601
Cash flow from operating activities excluding ICA Bank	583	854	3,787	3,182	6,421	5,816
Operating margin excluding items affecting comparability, % ¹⁾	5.2	5.1	4.1	4.3	4.1	4.2
Operating margin, % ¹⁾	4.9	5.1	3.9	5.0	4.0	4.8
Return on capital employed, %	—	—	10.3	11.9	10.3	12.3
Return on equity, %	—	—	11.0	13.4	11.0	13.4
Earnings per share, SEK	5.36	5.45	13.44	16.12	17.85	20.53

¹⁾ 2017 periods have been recalculated, see Note 1.

CEO's comments

We can be satisfied with our performance in the third quarter – good sales, growing or stable earnings in all operations, and a continued high pace of growth in e-commerce. At the same time it is imperative that we maintain strong momentum in our change work so that we can ensure continued favourable performance next year and onward into the 2020s.

ICA's store sales in Sweden maintained good momentum during the third quarter. Definitive market data shows that we grew faster than the market and took market shares during the first half of the year. Our assessment is that we grew at least in pace with the market during the third quarter. The unusually warm weather continued into the third quarter, which contributed to the same sales pattern as in the preceding quarters, with high growth for the small ICA stores, that have had a really good development this year. We also saw a continued increase in the number of customer visits and a higher average spend. The price factor has increased even a bit more and was 2.7% during the quarter, with high food price inflation toward the end of the period.

ICA Sweden – a better quarter

ICA Sweden's earnings improved compared with the same quarter a year ago. Good sales growth, a neutralised currency effect and considerably higher profit share – which shows improved earnings for the large ICA stores – are distinctly positive features. However, we still have a disconcerting high level of cost pressure in our logistics. This is partly volume-related, as the number of parcels handled increased by more than 5%. But underlying cost increases for transports, fuel, and to some degree personnel, are at a high level. With respect to our added services the outcome was better, but we still have some way to go. This applies, for example, to our e-commerce warehouse, which is still in a start-up phase and where we are moving to a permanent facility in southern Stockholm, which will create conditions for further improvements in efficiency and service.

It is and will continue to be extremely important that we dedicate resources to the areas and projects that are important for our long-term development, and we therefore need to reduce costs in other areas. During the autumn ICA Sweden will be carrying out a sweeping review of its organisation and ways of working in order to free up resources so that we can continue our high pace of development.

Apotek Hjärtat and ICA Bank – yet another strong quarter. ICA Real Estate stable

The previous positive earnings trend for Apotek Hjärtat continued in the seasonally strong third quarter, with better margins and a higher operating profit. ICA Bank and ICA Insurance also had a good quarter, with a good underlying earnings improvement and a good inflow of customers. ICA Real Estate has a number of large projects in the pipeline, which is contributing to a higher level of investment this year. Earnings are stable and at the same level as in 2017.

Rimi Baltic – stable despite high cost pressure and fierce price competition

All of Rimi Baltic's markets continue to experience aggressive price competition at the same time that salary costs are rising in all three countries. In addition, the major warehouse project in Riga is currently in an intensive phase, and we are ramping up for an e-commerce venture also in Rimi Baltic. Despite a challenging business environment and many ongoing projects, during the third quarter we achieved unchanged earnings compared with 2017.

Investment in Min Doktor

One exciting venture that we announced during the autumn pertains to our Minutkliniken ("Minute Clinics") operation, which we have established adjacent to a handful of pharmacies and ICA stores. We are now investing in Min Doktor and will be combining their Swedish operations with Minutkliniken in a jointly owned company where the intention is to carry out a strong expansion in the coming years. Through this investment we are combining our physical presence with Min Doktor, forming what we believe is a winning concept and where we are working to provide greater accessibility to primary care.

Focus on sustainability

In our quarterly report that was also published today you can read about – among other things – our efforts in connection with the unusually warm summer and our new plastics strategy. In general the report describes the focus of our sustainability work during the quarter and our performance on delivering on our sustainability targets.

Good quarter – lengthy agenda

As I mentioned, we can in many ways be satisfied with our results for the third quarter. We will continue to have a high level of activity with investments in the areas that will ensure good growth, continued leadership and high long-term value creation.



Group performance

Net sales and earnings

Third quarter 2018

Consolidated net sales increased by 6.2% compared with 2017. The increase in local currency was 5.0%. An increase in prescriptions for high-price drugs contributed 0.8%. Underlying sales growth of 4.2% was both volume- and price-driven, with good volume growth especially for ICA Sweden, but also for Apotek Hjärtat and ICA Bank. Operating profit excluding items affecting comparability was SEK 1,499 million (1,380). Operating profit includes positive one-time effects in ICA Bank of approximately SEK 30 million. In other respects, both volume and the gross margin contributed to earnings performance, as did higher profit distribution in ICA Sweden. At the same time, higher logistics costs in several of the Group's operations had a negative effect. The operating margin excluding items affecting comparability was 5.2% (5.1%). Profit for the period was SEK 1,082 million (1,100). The outcome for the same period a year ago included capital gains from divestments and impairment losses totalling SEK 5 million combined, while the corresponding figure for the third quarter this year was SEK -96 million. Earnings per share were down slightly, at SEK 5.36 (5.45), where a lower tax cost a year ago had a favourable effect on earnings.

January-September 2018

Consolidated net sales increased by 5.5% during the period compared with 2017. The increase in local currency was 4.6%, and an increase in prescriptions for high-price drugs contributed 0.7%. Underlying sales growth of 3.9% was mainly volume-driven, but with positive price effects primarily in ICA Sweden and Rimi Baltic. Operating profit excluding items affecting comparability was slightly higher than in 2017 and amounted to SEK 3,512 million (3,470). Operating profit includes SEK 26 million (39) in costs associated with the previously planned integration of IKI in Lithuania, of which SEK 23 million (32) were in Rimi Baltic. The operating margin excluding items affecting comparability was 4.1% (4.3%). Profit for the period was SEK 2,717 million (3,253). Profit for the same period a year ago included capital gains from divestments and impairment losses totalling SEK 569 million combined, while the corresponding figure for the period this year was SEK -186 million. This also affected earnings per share, which fell to SEK 13.44 (16.12), despite a lower tax cost.

Investment in Min Doktor

In September ICA Gruppen announced its intention to invest in Min Doktor via Apotek Hjärtat. The idea is to combine Minutkliniken with the Swedish operations of Min Doktor, which is one of Sweden's largest providers of digital primary care services. Min Doktor will be 42%-owned by Apotek Hjärtat and 58% by other owners, including EQT Ventures Fund. ICA Gruppen's investment in Min Doktor consists of a cash contribution of SEK 335 million plus the Minutkliniken business, which is valued at SEK 225 million. In early October the Swedish Competition Authority announced its decision to not take any action on the deal. The intention is that the deal will close on 1 November, and the new company will be reported as an associated company of Apotek Hjärtat.

Net sales per segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
ICA Sweden ¹⁾	20,730	19,869	61,063	58,728	81,688	79,353
Rimi Baltic	3,827	3,413	11,189	10,241	14,956	14,008
Apotek Hjärtat	3,414	3,108	10,469	9,579	13,766	12,876
ICA Real Estate	648	609	1,933	1,832	2,569	2,468
ICA Bank	341	245	995	706	1,254	965
Hemtex	237	252	677	712	1,043	1,078
Other	262	222	760	681	988	909
Intra-Group sales	-613	-554	-1,801	-1,672	-2,378	-2,249
Net sales¹⁾	28,846	27,164	85,285	80,807	113,886	109,408

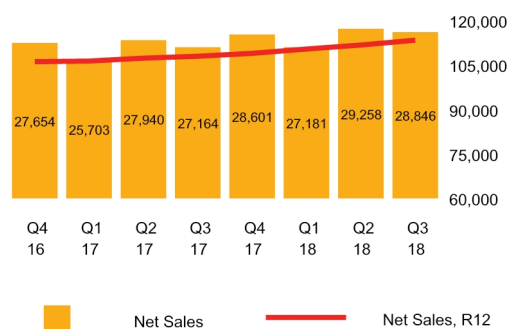
1) 2017 periods have been recalculated, see Note 1.

Operating profit excluding items affecting comparability per segment

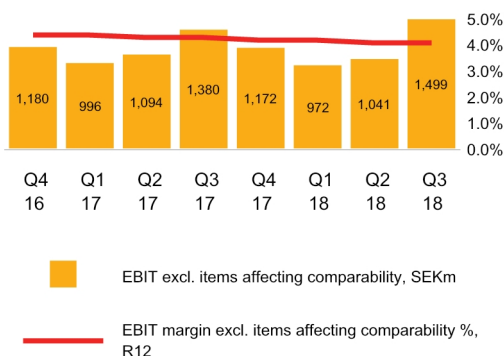
SEKm	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
ICA Sweden	1,040	1,004	2,582	2,663	3,426	3,507
Rimi Baltic ¹⁾	175	161	449	383	623	557
Apotek Hjärtat	155	130	405	355	511	461
ICA Real Estate	122	121	302	329	402	429
ICA Bank	76	29	128	43	156	71
Hemtex	5	6	-40	-26	17	31
Other ¹⁾	-74	-71	-314	-277	-451	-414
Operating profit excluding items affecting comparability	1,499	1,380	3,512	3,470	4,684	4,642

1) Q3 2018 includes SEK 0 million (-11) in costs associated with the previously planned integration of IKI, of which SEK 0 million (-9) was in Rimi Baltic and SEK 0 million (-2) in Other. Accumulated in 2018 these amount to SEK -26 million (-39), of which SEK -23 million (-32) was in Rimi Baltic and SEK -3 million (-7) in Other.

Net Sales, SEKm



EBIT and EBIT margin



Net financial items and tax

Net financial items amounted to SEK -56 million during the quarter (-113) and SEK -222 million for the entire period (-282). Interest expenses decreased sharply on account of the refinancing that was carried out during the preceding quarter. The outcome for 2017 also included impairment of a financial receivable in the amount of SEK -30 million.

The tax cost for the quarter was SEK -265 million (-172), corresponding to a tax rate of 19.6% (13.5%). The outcome for the preceding year included a positive effect of SEK 87 million attributable to a lowering of the corporate tax rate in Latvia. The tax cost for the period January-September was SEK -387 million (-504), corresponding to a tax rate of 12.5% (13.4%). The tax cost was favourably affected by a remeasurement of deferred tax assets and deferred tax liabilities as a result of the forthcoming reduction in the Swedish corporate tax rate that takes effect in 2019. The one-time effect of this for the period was SEK 200 million. The tax rate in the preceding year was also favourably affected by tax-exempt capital gains on sales of properties in 2017. Paid tax totalled SEK -199 million (-195) for the quarter and SEK -644 million (-677) for the period January-September.

Cash flow

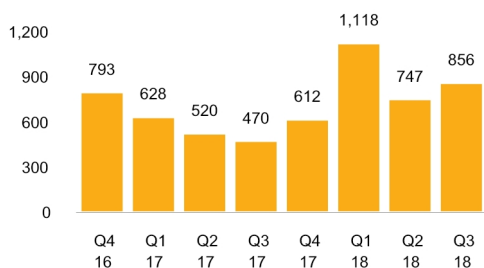
Cash flow from operating activities (excluding ICA Bank) was SEK 583 million during the quarter, a decrease of SEK 271 million. Apart from calendar effects, the decrease is due to the fact that approximately SEK 200 million in rental payments in ICA Real Estate were a day late due to a technical error. For the entire period, cash flow from operating activities improved by SEK 605 million, where the Supply Chain Financing (SCF) programme was the main reason.

The change in cash flow from investing activities during the quarter is attributable to a higher level of investment than the same period in 2017. For the entire period, the large difference in cash flow compared with a year ago is partly explained by a higher rate of investment, but mainly by property sales in Norway and Sweden, which last year together contributed approximately SEK 2.9 billion to cash flow.

Consolidated cash flow statement, excluding ICA Bank

	Third quarter		Jan-Sep		12 months	Full year
SEKm	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Cash flow						
From operating activities before change in working capital	1,638	1,520	3,951	3,971	5,255	5,275
Change in working capital	-1,055	-666	-164	-789	1,166	541
From operating activities	583	854	3,787	3,182	6,421	5,816
Investing activities, net	-854	-422	-2,734	1,227	-3,314	647
Before financing activities	-270	432	1,053	4,409	3,107	6,463

Capex (cash flow), SEKm



Investments

The Group's investments amounted to SEK 856 million (470) during the quarter. Of this total, SEK 544 million (196) is attributable to ICA Real Estate. ICA Real Estate did not sell any properties during the third quarter, while divestments a year ago totalled SEK 4 million. Divestments during the entire period totalled SEK 2 million (2,892). Investments increased during the quarter by SEK 386 million, of which SEK 348 million is attributable to ICA Real Estate.

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

Investments by segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
ICA Sweden	137	135	705	429	936	660
Rimi Baltic	69	83	248	260	346	358
Apotek Hjärtat	48	26	156	81	203	128
ICA Real Estate	544	196	1,429	759	1,607	937
ICA Bank	3	4	8	13	10	15
Hemtex	6	2	19	12	26	19
Other	50	24	157	64	206	113
Investments	856	470	2,721	1,618	3,333	2,230

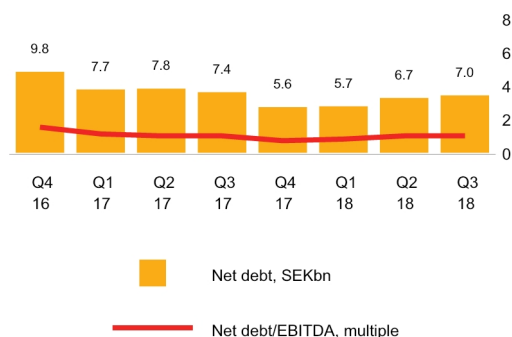
Depreciation/amortisation by segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
ICA Sweden	112	104	336	319	451	434
Rimi Baltic	84	78	252	238	335	321
Apotek Hjärtat	40	35	117	108	152	143
ICA Real Estate	130	119	383	359	507	483
ICA Bank	7	8	20	25	28	33
Hemtex	6	6	17	17	23	23
Other	24	22	66	66	86	86
Depreciation/amortisation	403	372	1,191	1,132	1,582	1,523

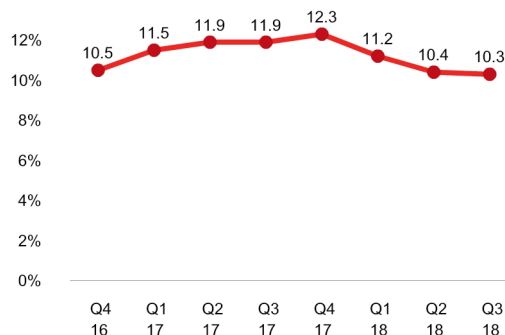
Financial position

The Group's net debt (excluding ICA Bank and pension liabilities) amounted to SEK 7.0 billion (7.4) at the end of the quarter. The lower level of net debt is mainly attributable to a positive cash flow from operating activities. At 30 September 2018 net debt in relation to EBITDA was 1.1 (1.1), which is well in line with the Group's long-term target of <2.0. Return on capital employed was 10.3% at the end of the period (rolling 12-month basis), which is lower than the corresponding period a year ago, which included capital gains from sales of properties, as previously mentioned.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Important events during the quarter

13 September 2018 – ICA Gruppen, through Apotek Hjärtat, focuses on more accessible care through investment in Min Doktor.

Important events after the end of the quarter

3 October 2018 – The Swedish Competition Authority announces its decision to not take any action on the proposed deal between Apotek Hjärtat and Min Doktor.

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.

Net sales and earnings

Third quarter 2018

ICA Sweden's net sales increased by 4.3% compared with a year ago. The increase was driven mainly by higher volumes in the wholesale operations, where a higher share of purchasing by ICA stores also made a positive contribution, as did prices.

Despite the favourable sales trend, gross profit was only slightly higher than a year ago. Positive price and volume effects were countered by logistics costs, which also this quarter were considerably higher than a year ago. Costs were driven by higher volumes and underlying cost inflation for fuel and transports. The dark store in Stockholm, which is in a start-up phase, also weighed down earnings, while currency effects were slightly positive. The activity level in ICA Sweden remains high with a large number of development and improvement projects, which have also led to higher costs. Actions are under way to address the cost trend in logistics and to ensure that costs are allocated to the right areas in order to ensure financing of important development projects. Profit distribution from ICA stores was SEK 41 million higher than a year ago, partly owing to last year's adjustment of accrued profit distribution, but above all due to underlying improved earnings in the store network. Operating profit in 2017 included a profit of SEK 16 million from fuel hedges, while the outcome this year was zero. In total, operating profit excluding items affecting comparability increased to SEK 1,040 million (1,004), while the operating margin was considerably lower, at 5.0% (5.1%).

January-September 2018

ICA Sweden's net sales during the period were 4.0% higher than the same period in 2017. The increase was mainly driven by higher volumes in the wholesale operations and newly opened stores, however, prices also had a positive effect.

Earnings performance for the entire period had the same, main explanation factors as for the quarter. Operating profit for the corresponding period in 2017 included a loss of SEK -21 million on fuel hedges. In total, operating profit excluding items affecting comparability decreased to SEK 2,582 million (2,663), and the operating margin narrowed to 4.2% (4.5%).

E-commerce

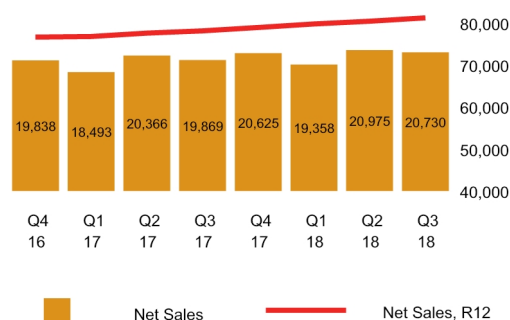
At the end of the period 256 ICA stores were active with e-commerce (food online), and 605 stores offered the ICA Matkassen meal kit concept. In total, e-commerce grew 41% during the quarter compared with the same period a year ago, with 47% growth in food online and 6% growth for ICA Matkassen. Online sales totalled SEK 365 million (259) during the third quarter. For the entire period, online sales grew to SEK 1,209 million (836), or 45%.

ICA Sweden

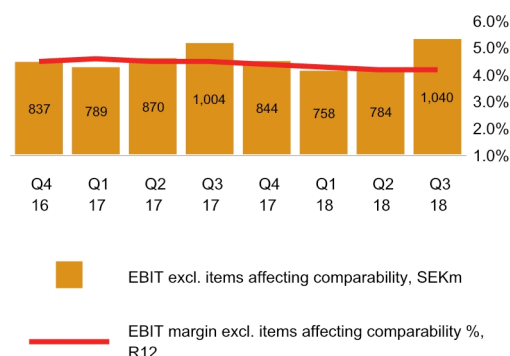
	Third quarter		Jan-Sep		12 months	Full Year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales, SEKm ¹⁾	20,730	19,869	61,063	58,728	81,688	79,353
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,152	1,108	2,918	2,980	3,877	3,939
Operating profit excl. items affecting comparability, SEKm	1,040	1,004	2,582	2,663	3,426	3,507
Operating margin excl. items affecting comparability, % ¹⁾	5.0	5.1	4.2	4.5	4.2	4.4
Investments, SEKm	137	135	705	429	936	660
Depreciation/amortisation, SEKm	112	104	336	319	451	434
Average number of employees	—	—	8,125	7,947	—	8,006
Private label share of store sales, %	—	—	25.3	24.7	—	24.7

1) 2017 periods have been recalculated, see Note 1.

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 2.8% on a like-for-like basis. Food price inflation was 2.7% (2.5%) during the third quarter and 2.6% during the preceding quarter. Adjusted for inflation and the estimated calendar effect of -0.3%, volume growth during the quarter is estimated to have been approximately 1.0%, and approximately 0.4% on a like-for-like basis. Definitive market data for the second quarter of the year show that sales for ICA stores grew slightly faster than the market, and a balanced consideration of various preliminary data indicates that this trend continued into the third quarter. Definitive market data for the Swedish grocery retail market during the third quarter will be published at the end of November 2018.

Sales growth during the period was driven mainly by a larger number of customer visits, but also by a higher average spend. Product categories that performed strongly during the period included beverages, salads and prepared foods, seafood, dairy, frozen products, bakery, and fruits and vegetables.

Private label products as a share of accumulated sales amounted to 25.3% (24.7%).

One new store opened during the third quarter and one was closed. During 2018, 11 new stores are planned to be established.

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	Third quarter 2018			January-September 2018		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	9,091	4.8	1.7	26,863	4.7	2.6
ICA Kvantum	6,938	0.8	3.3	20,966	1.9	3.2
ICA Supermarket	9,191	3.0	2.6	26,724	3.2	2.8
ICA Nära	4,796	5.4	5.0	13,515	5.3	5.0
Total	30,016	3.4	2.8	88,068	3.6	3.2

Number of stores in Sweden

Format	December 2017	New	Converted	Closed	September 2018
Maxi ICA Stormarknad	82	1	1	0	84
ICA Kvantum	127	2	-2	-1	126
ICA Supermarket	429	3	1	-2	431
ICA Nära	649	4	0	-10	643
Total	1,287	10	0	-13	1,284

Rimi Baltic

Rimi Baltic conducts grocery retail business via 263 wholly owned stores in Estonia, Latvia and Lithuania. Store formats include Rimi Hyper, Rimi Super, Rimi Mini, Rimi Express, and the Supernetto discount chain. Rimi Baltic also includes the properties owned by the Group in the three Baltic countries.

Net sales and earnings

Third quarter 2018

Rimi Baltic's net sales increased by 3.0% during the quarter (12.1% in SEK). Sales continued to be strongly price driven with a slight underlying volume growth. Prices rose especially for dairy, eggs and seafood.

Gross profit rose, while the gross margin was negligibly weaker. Operating profit excluding items affecting comparability grew 8.7% to SEK 175 million (161). In local currency, operating profit was essentially unchanged. Earnings were favourably affected by price effects and a higher gross margin for converted stores in Estonia and for private label products. However, this was countered by price investments in Lithuania and sharply higher logistics costs owing to higher salary and fuel costs. The higher salary costs are also the main reason for the higher store costs during the quarter. Operating profit a year ago included costs of SEK 9 million associated with the previously planned integration of IKI. The operating margin for the quarter was 4.6% (4.7%).

January-September 2018

Rimi Baltic's net sales increased by 2.2% during the period (9.3% in SEK), mainly driven by higher prices for fresh products. The volume effect was negative.

Gross profit and the gross margin improved compared with a year ago, and operating profit excluding items affecting comparability grew 17.2% to SEK 449 million (383). In local currency the increase was 9.8%. Operating profit includes SEK 23 million (32) in costs associated with the previously planned integration of IKI. The operating margin increased to 4.0% (3.7%).

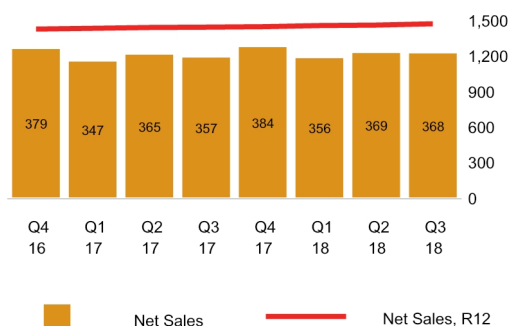
Other

Profit for the quarter included a net earnings effect of SEK -7 million (2) from property sales/impairment of property values. The corresponding amount for the entire period January-September was SEK -11 million (-1).

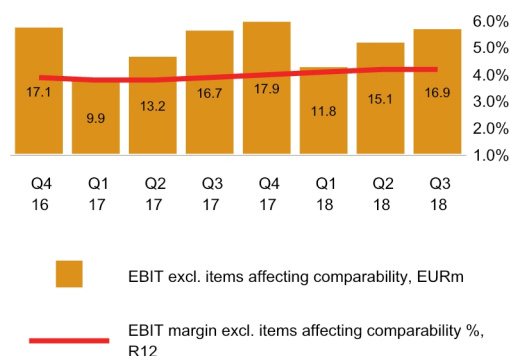
Rimi Baltic

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales, SEKm	3,827	3,413	11,189	10,241	14,956	14,008
Operating profit before depreciation/ amortisation (EBITDA), SEKm	260	245	702	635	960	893
Operating profit excl. items affecting comparability, SEKm	175	161	449	383	623	557
Operating margin excl. items affecting comparability, %	4.6	4.7	4.0	3.7	4.2	4.0
Investments, SEKm	69	83	248	260	346	358
Depreciation/amortisation, SEKm	84	78	252	238	335	321
Average number of employees	—	—	9,567	9,508	—	9,634
Private label share of sales, %	—	—	24.6	24.2	—	24.1
EUR/SEK exchange rate, average	10.4038	9.5570	10.2391	9.5833	10.1295	9.6431

Net Sales, EURm



EBIT and EBIT margin



The market and store sales

The total market development for the third quarter will be published in early November. Food price inflation during the quarter is estimated to have been considerably lower in all three countries than a year ago. The lower store sales for Rimi Baltic in Estonia is due in all essential respects to conversions/closures of Säästumarket discount stores carried out during the preceding year. All in all it is estimated that Rimi Baltic's market share in the region decreased slightly during the period, mainly owing to development in Estonia. Rimi Baltic did not open any new stores during the quarter. Seven to eight store openings are planned during 2018.

Store sales in the Baltic countries

Store sales excl. VAT	Third quarter 2018			January-September 2018		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	93.4	1.2	-0.9	276.3	-1.3	0.0
Latvia	190.7	2.9	4.4	572.7	3.4	3.3
Lithuania	81.4	5.2	1.0	236.6	3.6	0.4
Total	365.5	2.9	2.3	1,085.6	2.2	1.8

Number of stores in Baltic countries

Country	December 2017	New	Closed	September 2018
Estonia	82	2	0	84
Latvia	121	2	0	123
Lithuania	56	0	0	56
Total	259	4	0	263

Apotek Hjärtat

Apotek Hjärtat is the second-largest player in the Swedish pharmacy market, with 386 pharmacies.

Net sales and earnings

Third quarter 2018

Net sales for the quarter amounted to SEK 3,414 million (3,108), an increase of 9.8%. The increase includes a significant effect from higher sales of high-price drugs. Calculated in constant drug prices the increase was 3.0%. Underlying sales were driven primarily by continued favourable volume development in like-for-like pharmacies and in e-commerce. Sales performance also included positive price effects from high growth of traded goods with higher average prices. Both the number of customer visits and average spend continued to rise. Operating profit excluding items affecting comparability increased to SEK 155 million (130). Gross profit was higher than a year ago, driven by positive price and product mix effects and continued favourable volume development. At the same time, costs were higher owing to newly opened pharmacies, higher marketing costs and higher costs associated with investments in e-commerce and Minutkliniken. The operating margin was 4.5% (4.2%). Adjusted for the effect of higher sales of high-price drugs, the underlying operating margin was 4.9%.

January-September 2018

Net sales for the period amounted to SEK 10,469 million (9,579), an increase of 9.3%. Calculated in constant drug prices the sales increase was 3.2%. Operating profit excluding items affecting comparability was SEK 405 million (355), with an operating margin of 3.9% (3.7%). Adjusted for the effect of higher sales of high-price drugs, the underlying operating margin was 4.1%.

Market trend and e-commerce

The total pharmacy market in Sweden grew 9.3% during the third quarter compared with the same period in 2017. However, calculated in constant prices for prescription drugs, growth was considerably lower, at 2.2%. Traded goods grew 12.9%, while Apotek Hjärtat's sales of traded good increased by 12.2%. Apotek Hjärtat's market share was unchanged from the corresponding period a year ago, at 31%. Sales of pharmacy products online increased by 37% during the quarter, while Apotek Hjärtat's e-commerce sales grew by 55%. During the quarter one pharmacy was opened and none were closed. During 2018, six new openings are planned, most at locations near ICA stores.

Apotek Hjärtat

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales, SEKm	3,414	3,108	10,469	9,579	13,766	12,876
Of which, prescription drugs	2,536	2,296	7,773	7,060	10,216	9,503
Of which, OTC drugs	339	335	1,082	1,063	1,427	1,408
Of which, other products and services	539	477	1,614	1,456	2,123	1,965
Operating profit before depreciation/ amortisation (EBITDA), SEKm	196	165	523	463	664	604
Operating profit excl. items affecting comparability, SEKm	155	130	405	355	511	461
Operating margin excl. items affecting comparability, %	4.5	4.2	3.9	3.7	3.7	3.6
Investments, SEKm	48	26	156	81	203	128
Depreciation/amortisation, SEKm	40	35	117	108	152	143
Average number of employees	—	—	3,075	3,101	—	3,083
Private label share of other products, %	—	—	19.2	18.1	—	18.5

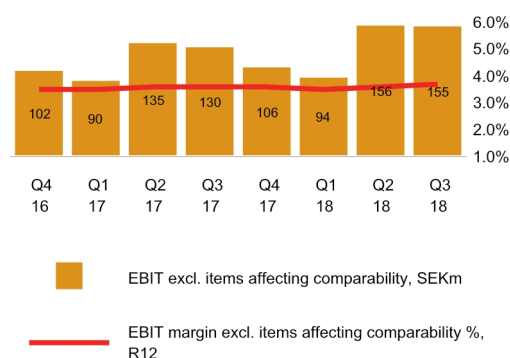
Number of pharmacies

	December 2017	New	Closed	September 2018
Apotek Hjärtat	386	4	-4	386

Net sales, SEKm



EBIT and EBIT margin



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.

Net sales and earnings

Third quarter 2018

Net sales during the quarter totalled SEK 648 million (609). The sales increase includes SEK 7 million as an effect of changed internal service charges, which did not affect operating profit. The underlying increase in net sales was 5.3% and can be credited to new investments and positive price effects. Operating profit excluding items affecting comparability was in level with a year ago, totalling SEK 122 million (121). Operating profit was positively affected by revenue from new investments and a higher earnings contribution from joint ventures, while higher depreciation and administrative expenses together resulted in an unchanged operating profit.

January-September 2018

Net sales for the period totalled SEK 1,933 million (1,832). Of the sales increase, SEK 25 million is attributable to internal service charges, which do not affect operating profit. Net sales for the same period a year ago included approximately SEK 46 million from divested units. Operating profit for the period excluding items affecting comparability was SEK 302 million (329). Operating profit for the same period a year ago included approximately SEK 24 million from divested units.

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 14.3 billion (book value 10.1). Added to this are the partly owned properties owned by ICA Real Estate through joint ventures: Långeberga logistik SEK 1.9 billion, Ancore Fastigheter SEK 6.6 billion, and Secore Fastigheter SEK 2.6 billion. The book value of the partly owned properties as per 30 September is SEK 1.5 billion, SEK 4.9 billion and SEK 2.4 billion, respectively, and 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).

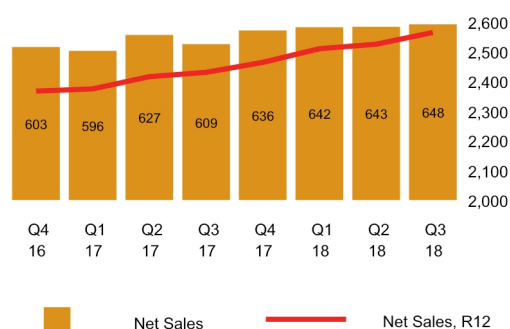
Other and investments

Operating profit for the quarter includes combined impairment losses of SEK -89 million (0) for three properties currently under conversion. Operating profit a year ago included capital gains of SEK 3 million on sales of properties. Operating profit for the entire period includes a combined total of SEK -96 million (571) in capital gains and impairment losses for properties. Investments during the quarter were higher than a year ago and amounted to SEK 544 million (196).

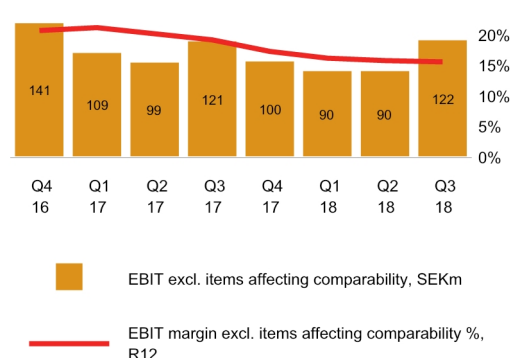
ICA Real Estate

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales, SEKm	648	609	1,933	1,832	2,569	2,468
Of which, rental income from owned properties, SEKm	255	233	747	734	988	975
Operating profit before depreciation/ amortisation (EBITDA), SEKm	252	243	678	1,255	913	1,490
Operating profit excl. items affecting comparability, SEKm	122	121	302	329	402	429
Operating margin excl. items affecting comparability, %	18.7	19.9	15.6	18.0	15.7	17.4
Investments, SEKm	544	196	1,429	759	1,607	937
Divestments, SEKm	0	4	2	2,892	37	2,927
Depreciation/amortisation, SEKm	130	119	383	359	507	483
Yield, %	—	—	6.7	6.6	—	6.5
Occupancy rate, %	—	—	99.3	99.3	—	99.4
Number of owned properties	—	—	115	104	—	102
Number of owned square metres, 000 sq. m.	—	—	650	597	—	596
Average number of employees	—	—	99	88	—	90

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

ICA Bank offers 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.

Revenue and earnings

Third quarter 2018

ICA Bank's revenue, including ICA Insurance, increased to SEK 341 million (245) compared with a year ago. Of the change, SEK +47 million is attributable to changed reinsurance volume (no quota share reinsurance) in ICA Insurance. In other respects, revenue increased as a result of higher lending volume and a continued positive sales trend for ICA Insurance.

Operating profit excluding items affecting comparability increased by SEK 47 million to SEK 76 million (29). Operating profit includes positive one-time effects of approximately SEK 30 million associated with a forward flow contract with a debt collection company. Net interest income improved, driven by higher lending volume, while the bank's costs remained at the same level as a year ago. Earnings for ICA Insurance continued to improve, and it is developing largely according to plan. The number of insurance customers has now passed 137,000 and is rising at a good rate.

January-September 2018

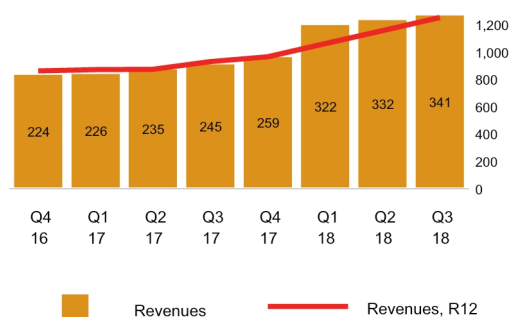
ICA Bank's revenue, including ICA Insurance, increased to SEK 995 million (706) compared with a year ago. Of the change, SEK +128 million is attributable to changed reinsurance volume (no quota share reinsurance) in ICA Insurance. The increase also includes a one-time effect of SEK 12 million coupled to new agreements pertaining to card commissions.

Operating profit excluding items affecting comparability increased by SEK 85 million to SEK 128 million (43). Operating profit includes approx. SEK 42 million in one-time effects coupled to the forward flow agreement as per above, SEK 30 million, as well as SEK 12 million from the renewed card agreement, also referred to above.

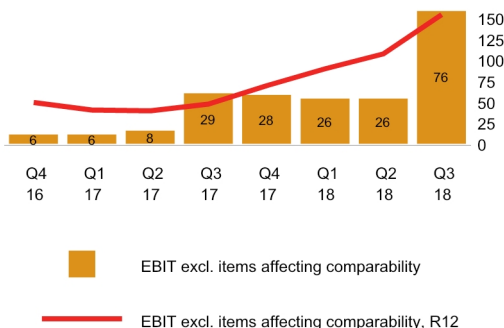
ICA Bank

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Revenues, SEKm	341	245	995	706	1,254	965
Of which, net interest income, SEKm	126	108	358	303	464	409
Operating profit before depreciation/ amortisation (EBITDA), SEKm	82	37	148	68	183	103
Operating profit excl. items affecting comparability, SEKm	76	29	128	43	156	71
C/I ratio, %	—	—	83.3	88.3	—	86.4
Return on equity, %	—	—	6.2	1.8	—	2.3
Loan loss ratio, %	—	—	-0.5	-0.6	—	-0.7
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	15.1	15.7	—	16.9
Business volume, SEKm	—	—	45,833	38,049	—	40,866
Average number of employees	—	—	374	369	—	368

Revenues, SEKm



EBIT excl. items affecting comparability, SEKm



Hemtex

Hemtex is a chain of home furnishing stores in Sweden, Finland and Estonia. With a total of 147 stores, Hemtex is the Nordic region's leading home furnishings chain.

Net sales and earnings

Third quarter 2018

Hemtex's net sales totalled SEK 237 million (252) during the quarter. The price effect was positive, with slightly higher average prices, but a lower number of customer visits led to a negative volume effect. The drop in the number of customer visits is very likely due to the unusually warm weather during a large part of the quarter. Volume development was compensated to some extent by an increase in online sales, which rose 32% during the quarter. The closure of eight Hemtex stores during 2018 has also had a negative impact on sales.

Operating profit excluding items affecting comparability was SEK 5 million (6). Gross profit was down slightly, mainly owing to lower volume, which was partly compensated by positive volume effects and slightly higher average prices. In addition, overheads were slightly lower during the quarter, which on the whole entailed an essentially unchanged operating profit.

January-September 2018

Hemtex's net sales during the period were lower than a year ago, totalling SEK 677 million (712). E-commerce sales grew 47% during the period compared with a year ago.

Operating profit excluding items affecting comparability decreased to SEK -40 million (-26). In addition to the effects on operating profit during the quarter, an unfavourable development of USD vs. SEK had a negative impact on gross profit for most of the period.

Hemtex

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales, SEKm	237	252	677	712	1,043	1,078
Operating profit/loss after depreciation/ amortisation (EBITDA), SEKm	11	12	-23	-9	40	54
Operating profit/loss excl. items affecting comparability, SEKm	5	6	-40	-26	17	31
Operating margin excl. items affecting comparability, %	2.4	2.4	-5.9	-3.7	1.7	2.9
Investments, SEKm	6	2	19	12	26	19
Depreciation/amortisation, SEKm	6	6	17	17	23	23
Average number of employees	—	—	516	553	—	547

Store sales excl. VAT	Third quarter 2018			January-September 2018		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Hemtex	244	-6.2	-5.2	689	-5.2	-5.4

Number of stores, incl. franchise stores	December 2017	New	Closed	September 2018
Hemtex	153	2	-8	147

Other, Group

Seasonal variations

Grocery retail sales are affected by 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 53-57 of ICA Gruppen's 2017 Annual Report.

Related party transactions

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

Parent Company

Third quarter 2018

The Parent Company's net sales amounted to SEK 241 million (202). Profit before tax amounted to SEK -46 million (1,419). The change is due in large part to dividends of SEK 0 million (1,500) from subsidiaries.

January-September 2018

The Parent Company's net sales amounted to SEK 705 million (624). Profit before tax amounted to SEK 3,101 million (5,703). The change is due in large part to dividends of SEK 3,400 million (6,035) from subsidiaries.

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.

Ownership structure – Largest identified shareholders in ICA Gruppen as per		30 September 2018
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	103,163,599	51.3%
Industrivärden	20,625,000	10.3%
BlackRock	2,626,554	1.3%
Vanguard	2,144,947	1.1%
Spiltan fonder	1,500,361	0.7%
Avanza Pension	1,369,549	0.7%
Swedbank Robur Fonder	1,297,629	0.6%
L Jönsson	1,279,601	0.6%
Swedbank Försäkring	1,237,009	0.6%
SEB Fonder	1,115,388	0.6%
Ten largest shareholders total	136,359,637	67.8%
Other shareholders	64,787,158	32.2%
Total	201,146,795	100.0%
<i>Whereof foreign shareholders in total</i>	<i>15,616,300</i>	<i>7.8%</i>

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

Annual General Meeting 2019

The 2019 Annual General Meeting will be held on 11 April at Quality Hotel Friends, Råsta Strandväg 1, Solna.

Nomination Committee appointed

ICA Gruppen's 2018 Annual General Meeting resolved that the Nomination Committee shall consist of four members who represent the company's shareholders. Two members are to be appointed by the largest shareholder, and two members are to be appointed by the next two largest shareholders (as per 31 August 2018). The three largest shareholders as per 31 August 2018 were ICA-handlarnas Förbund, Industrivärden and SEB Investment Management. These three shareholders together represented approximately 62% 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, while Industrivärden is represented by Annika Lundius, and SEB Investment Management by Tommi Saukkoriipi.

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 11 February 2019, by post at ICA Gruppen AB (publ), General Counsel Per Behm, SE-171 93 Solna, or by email at per.behm@ica.se.

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Third quarter		Jan-Sep		12 months	Full year
		2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales ¹⁾		28,846	27,164	85,285	80,807	113,886	109,408
Cost of goods sold ¹⁾		-24,099	-22,587	-71,368	-67,301	-95,148	-91,081
Gross profit		4,748	4,577	13,917	13,506	18,738	18,327
Selling expenses ¹⁾		-2,731	-2,613	-8,509	-8,177	-11,479	-11,147
Administrative expenses		-640	-648	-2,195	-2,078	-2,951	-2,834
Other operating income ¹⁾		100	59	266	216	338	288
Other operating expenses ¹⁾		—	-12	-26	-40	-40	-54
Share of profits of associates and joint ventures	2	23	17	59	43	78	62
Operating profit (EBIT) excl items affecting comparability¹⁾		1,499	1,380	3,512	3,470	4,684	4,642
Capital gains/losses net on sale of non-current assets (net) ¹⁾		0	9	-7	580	4	591
Impairment (net) ¹⁾		-96	-4	-179	-11	-181	-13
Operating profit	3	1,403	1,385	3,326	4,039	4,507	5,220
Financial income		2	4	7	8	6	7
Financial expenses		-58	-117	-229	-290	-313	-374
Net financial items		-56	-113	-222	-282	-307	-367
Profit before tax		1,347	1,272	3,104	3,757	4,200	4,853
Tax		-265	-172	-387	-504	-591	-708
Profit for the period		1,082	1,100	2,717	3,253	3,609	4,145
Other comprehensive income, items that may not be reclassified to profit or loss							
Remeasurement defined benefit pensions		—	0	-128	-107	-179	-158
Other comprehensive income, items that may be reclassified to profit or loss, net after tax							
Change in translation reserve		-38	-30	134	105	217	188
Change in hedging reserve		-25	24	94	-41	123	-12
Share of other comprehensive income of joint ventures		5	7	12	19	16	23
Total items that may be reclassified to profit or loss		-58	1	240	83	356	199
Comprehensive income for the period		1,026	1,101	2,830	3,229	3,787	4,186
Profit for the period attributable to							
Owners of the parent		1,078	1,096	2,704	3,242	3,592	4,130
Non-controlling interests		4	4	13	11	17	15
Comprehensive income for the period attributable to							
Owners of the parent		1,019	1,096	2,812	3,213	3,765	4,166
Non-controlling interests		7	5	18	16	22	20
Earnings per share, SEK							
Earnings per share		5.36	5.45	13.44	16.12	17.85	20.53

1) 2017 periods have been recalculated, see Note 1.

Condensed consolidated statement of financial position

SEKm	Note	30 September 2018	30 September 2017	31 December 2017
ASSETS				
Non-current assets				
Goodwill		16,301	16,301	16,301
Trademarks		13,414	13,353	13,377
Other intangible assets		1,480	1,080	1,180
Interests in joint ventures and associates	2	847	743	766
Deferred tax assets		397	442	437
Lending and investments in ICA Bank		11,355	9,508	10,971
Land, buildings and investment properties		14,139	13,363	13,445
Other non-current assets		2,316	2,042	2,234
Total non-current assets		60,249	56,832	58,711
Current assets				
Inventories		4,504	4,540	4,488
Lending and investments in ICA Bank		3,231	3,202	2,890
Other current assets		7,646	6,797	7,403
Cash and cash equivalents in ICA Bank		3,011	3,069	2,209
Cash and cash equivalents		487	528	2,290
Assets held for sale	4	309	27	9
Total current assets		19,188	18,163	19,289
TOTAL ASSETS		79,437	74,995	78,000
EQUITY AND LIABILITIES				
Equity		32,457	31,069	32,017
Non-current liabilities				
Provisions		2,911	2,542	2,638
Deferred tax liabilities		4,237	4,431	4,533
Non-current interest-bearing liabilities		3,627	3,915	3,913
Other non-current liabilities		50	61	56
Total non-current liabilities		10,825	10,949	11,140
Current liabilities				
Deposits ICA Bank		15,259	13,931	14,061
Current interest-bearing liabilities		3,872	3,998	3,975
Other current liabilities		17,023	15,048	16,807
Total current liabilities		36,155	32,977	34,843
TOTAL EQUITY AND LIABILITIES		79,437	74,995	78,000

Condensed consolidated statement of cash flows

SEKm	Note	Third quarter		Jan-Sep		12 months	Full year
		2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Operating profit		1,403	1,385	3,326	4,039	4,507	5,220
Depreciation, amortisation and impairment		499	376	1,370	1,143	1,763	1,536
Dividend from joint ventures		10	5	20	65	20	65
Other non-cash items		3	-21	-10	-571	-49	-610
Income tax paid		-199	-195	-644	-677	-823	-856
Cash flow from operating activities before change in working capital		1,716	1,550	4,062	3,999	5,418	5,355
Change in working capital:							
Inventories		124	-76	21	-116	99	-38
Current receivables		-186	89	-164	-96	-678	-610
Current liabilities		-719	-677	276	-597	1,984	1,111
ICA Bank's net of deposits, lending and investments		136	159	362	-195	-660	-1,217
Cash flow from operating activities		1,071	1,045	4,558	2,995	6,164	4,601
Acquisitions of property, plant and equipment and intangible assets		-856	-470	-2,721	-1,618	-3,333	-2,230
Sales of property, plant and equipment and intangible assets		1	28	4	1,026	41	1,063
Sales of subsidiaries		—	0	0	1,953	0	1,953
Investments in joint ventures		—	0	-30	-366	-30	-366
Change in financial assets		-3	15	-5	217	-13	209
Interest received		0	1	1	2	2	3
Cash flow from investing activities		-859	-426	-2,752	1,214	-3,334	632
Dividend paid		—	0	-2,213	-2,112	-2,213	-2,112
Change in loans		379	-388	-416	-2,282	-453	-2,319
Interest paid		-27	-37	-169	-187	-244	-262
Cash flow from financing activities		352	-425	-2,798	-4,581	-2,910	-4,693
Cash flow for the period	5	564	194	-992	-372	-80	540
Cash and cash equivalents at start of period		2,956	3,400	4,499	3,974	3,597	3,974
Exchange differences in cash and cash equivalents		-21	3	-8	-5	-18	-15
Cash and cash equivalents at end of period	5	3,498	3,597	3,498	3,597	3,498	4,499

Condensed consolidated statement of changes in equity

SEKm	Note	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	1	-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

SEKm	Note	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2017		29,666	22	29,688
Change in non-controlling interests		0	279	279
Dividend		-2,112	-15	-2,127
Comprehensive income for the period		3,213	16	3,229
Closing equity, 30 September 2017		30,767	302	31,069

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 2017 Annual Report, except regarding IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, both of which began to be applied on 1 January 2018. 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.

Recalculation of earlier periods

In connection with application of IFRS 15 Revenue from Contracts with Customers as from 1 January 2018, net sales and the cost of goods sold have been recalculated. This recalculation is an effect of ICA Gruppen acting as a principal according to IFRS 15 instead of as an agent according to IAS 18 Revenue. The new assessment entails an increase in net sales for the ICA Sweden segment and for ICA Gruppen, but an unchanged operating profit and lower profit margin. ICA Gruppen has adopted IFRS 15 retrospectively, and historical values have been recalculated. See the column "Change in IFRS 15" in the tables below.

The retail sector has undergone major changes in recent years. Customers are doing a greater share of their shopping online than previously. Sometimes customers choose to have their products delivered home or to their place of work, and sometimes they choose to collect them at a store or at the distributor's pick-up location. Previously ICA Gruppen recognised costs until the product was displayed in a store as costs of goods sold, which was natural as long as the sale to the consumer took place only in stores. A store that today offers its customers sales both online and in a physical store displays products in two ways – both online and in stores. For this reason, ICA Gruppen believes that it provides a better picture of operations to only include costs until the product arrives at the sales outlet's receiving dock as a part of the cost of goods sold. The costs that the store incurs to display the product, either online or in the store, is recognised as a selling expense. This new assessment entails that the cost of goods sold decreases, and that selling expenses increase by a corresponding amount, with a higher gross profit and unchanged operating profit. Historical values have been recalculated in accordance with this change. See the column "Other changes" and the lines "Cost of goods and services sold" and "Selling expenses" in the tables below.

ICA Gruppen has conducted a review of the Group's Statement of comprehensive income and has added additional lines to facilitate understanding for the reader. The items that ICA Gruppen considers to affect comparability, such as capital gains/losses on sales of non-current assets and impairment of non-current assets, are presented on separate lines in the Statement of comprehensive income. These items were previously included in other operating income and other operating expenses. Historical values have been recalculated in accordance with the change. See the column "Other changes" and the lines "Other operating income", "Other operating expenses", "Capital gains/losses on sales of non-current assets" and "Impairment losses" in the tables below.

New standards from IASB applied in 2018

IFRS 15 Revenue from Contracts with Customers began to be applied by ICA Gruppen on 1 January 2018. The standard replaces IAS 18 Revenue. ICA Gruppen's main source of revenue is from the sale of goods where the performance obligation, the date on which the customer takes control of the goods and payment are clearly distinguishable. The transition to IFRS 15 has therefore not had any effect on ICA Gruppen's financial statements other than for a few contracts in which ICA Gruppen acts as the principal according to IFRS 15 instead of as the agent according to IAS 18 Revenue. Historical values have been recalculated. See also above under Recalculation of earlier periods.

IFRS 9 Financial instruments began to be applied by ICA Gruppen on 1 January 2018. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Adoption of IFRS 9 affects ICA Gruppen's recognition of loan losses on lending by the subsidiary ICA Bank. The credit reserve model set out in IFRS 9 is based on expected loan losses, which are to be calculated as a probability-weighted outcome for lending. The effect of application of IFRS 9 is an increase in the credit loss reserve for ICA Bank's lending compared with IAS 39. In the final calibration of the models used in IFRS 9 for calculating expected loan losses in the transitional balance, the effect of the transition to IFRS 9 is an increase by SEK 24 million compared with what was communicated in the Annual Report, to SEK 124 million, without taking tax into account, and to SEK 97 million taking tax into account. The transitional effect is reported against equity as per 1 January 2018.

ICA Gruppen applies hedge accounting in accordance with IFRS 9. The transition to IFRS 9 has not had any material effect on the financial statements. Under IFRS 9, ICA Gruppen has begun using hedge accounting of the variability of fuel (diesel and HVO/biofuel) in transport costs. Application is prospective as from 2018.

The rules for classification and measurement of financial instruments according to IFRS 9 do not give rise to any material effect on the financial reporting compared with previous accounting. The business models for financial assets, and the tests required by IFRS 9, show that the financial assets which under IAS 39 are recognised and measured at fair value through profit or loss and at amortised cost, respectively, are reported in the same way as under IFRS 9.

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

IFRS 16 Leasing was published in January 2016 and takes effect for financial years beginning on or after 1 January 2019. IFRS 16 was endorsed by the EU in November 2017 and includes mainly new rules for lessees' reporting. Reporting by lessors corresponds to the rules that apply under IAS 17 Leases, except for in cases where an asset is leased in and thereafter leased out (subleasing). For subleasing, classification of the lease as an operating lease or finance lease is based on the leased-in asset and not on the underlying asset, as is the case under IAS 17. IFRS 16 stipulates that all lessees' leases, except for those for which the lease term is 12 months or less or the underlying asset has a low value, are to be reported as a liability and right-of-use asset

on the balance sheet. The asset is depreciated over the asset's useful life, which in most cases will correspond to the lease term. Lease payments are broken down into interest and amortisation of the liability.

ICA Gruppen has a large number of leases. The most significant leases in terms of value pertain to properties that ICA Gruppen leases in both for its own use and leases out to non-consolidated ICA retailers. Leasing is also used primarily for forklifts, trucks and cars. Under IFRS 16, all leases as a lessor including subleases are classified as operating leases.

Preparation work for adoption of IFRS 16 has continued in 2018. Among other things, classification of which contracts constitute a lease has been done, the reporting structure has been set up, and training has been conducted. Work is in progress on improving system support for IFRS 16.

IFRS 16 offers alternative transitional rules. ICA Gruppen has elected to use the transitional rule that entails that any effects of the transition are reported as an adjustment of the opening balance of shareholders' equity. As per 1 January 2019 a lease liability will be recognised, which constitutes the present value of the remaining payments for all leases. Discounting of payments is done with ICA Gruppen's incremental borrowing rate on the date of transition using the interest rate that corresponds to the remaining terms for 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 transition, before deducting advance payments made for the first month or first quarter of 2019. The chosen transitional rules entail no recalculation of the 2018 financial statements. To facilitate comparability with 2019, ICA Gruppen will provide information for 2018 which takes into account the effects of IFRS 16. Adoption of IFRS 16 will have an effect not only on the balance sheet, but also on the income statement and presentation of cash flows. Based on a high level calculation as per January 2018, lease liabilities according to IFRS 16 amount to approximately SEK 15.5 billion, based on the leases in effect at the time.

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 consolidated statement of comprehensive income in brief, Q1 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	24,984	719		25,703
Cost of goods sold	-21,657	-719	981	-21,395
Gross profit	3,327		981	4,308
Selling expenses	-1,737		-981	-2,718
Administrative expenses	-678			-678
Other operating income	487		-404	83
Other operating expenses	-17		5	-12
Share of profits of associates and joint ventures	13			13
Operating profit (EBIT) excl items affecting comparability	—			996
Capital gains/losses net on sale of non-current assets (net)	—		404	404
Impairment (net)	—		-5	-5
Operating profit	1,395		—	1,395

Effect on the group's consolidated statement of comprehensive income in brief, Q2 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	27,198	742		27,940
Cost of goods sold	-23,637	-742	1,060	-23,319
Gross profit	3,561		1,060	4,621
Selling expenses	-1,786		-1,060	-2,846
Administrative expenses	-752			-752
Other operating income	241		-167	74
Other operating expenses	-18		2	-16
Share of profits of associates and joint ventures	13			13
Operating profit (EBIT) excl items affecting comparability	—			1,094
Capital gains/losses net on sale of non-current assets (net)	—		167	167
Impairment (net)	—		-2	-2
Operating profit	1,259		—	1,259

Effect on the group's consolidated statement of comprehensive income in brief, Q3 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	26,428	736		27,164
Cost of goods sold	-22,805	-736	954	-22,587
Gross profit	3,623		954	4,577
Selling expenses	-1,659		-954	-2,613
Administrative expenses	-648			-648
Other operating income	68		-9	59
Other operating expenses	-16		4	-12
Share of profits of associates and joint ventures	17			17
Operating profit (EBIT) excl items affecting comparability	—			1,380
Capital gains/losses net on sale of non-current assets (net)	—		9	9
Impairment (net)	—		-4	-4
Operating profit	1,385		—	1,385

Effect on the group's consolidated statement of comprehensive income in brief, January-September 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	78,610	2,197		80,807
Cost of goods sold	-68,099	-2,197	2,995	-67,301
Gross profit	10,511		2,995	13,506
Selling expenses	-5,182		-2,995	-8,177
Administrative expenses	-2,078			-2,078
Other operating income	796		-580	216
Other operating expenses	-51		11	-40
Share of profits of associates and joint ventures	43			43
Operating profit (EBIT) excl items affecting comparability	—			3,470
Capital gains/losses net on sale of non-current assets (net)	—		580	580
Impairment (net)	—		-11	-11
Operating profit	4,039		—	4,039

Effect on the group's consolidated statement of comprehensive income in brief, Q4 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	27,845	756		28,601
Cost of goods sold	-24,112	-756	1,088	-23,780
Gross profit	3,733		1,088	4,821
Selling expenses	-1,882		-1,088	-2,970
Administrative expenses	-756			-756
Other operating income	83		-11	72
Other operating expenses	-16		2	-14
Share of profits of associates and joint ventures	19			19
Operating profit (EBIT) excl items affecting comparability	—			1,172
Capital gains/losses net on sale of non-current assets (net)	—		11	11
Impairment (net)	—		-2	-2
Operating profit	1,181		—	1,181

Effect on the group's consolidated statement of comprehensive income in brief, full year 2017

SEKm	Reported	Change IFRS 15	Other changes	Restated
Net sales	106,455	2,953		109,408
Cost of goods sold	-92,211	-2,953	4,083	-91,081
Gross profit	14,244		4,083	18,327
Selling expenses	-7,064		-4,083	-11,147
Administrative expenses	-2,834			-2,834
Other operating income	879		-591	288
Other operating expenses	-67		13	-54
Share of profits of associates and joint ventures	62			62
Operating profit (EBIT) excl items affecting comparability	—			4,642
Capital gains/losses net on sale of non-current assets (net)	—		591	591
Impairment (net)	—		-13	-13
Operating profit	5,220		—	5,220

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
SEKm						
Ancore Fastigheter AB	15	11	39	28	52	41
Secore Fastigheter AB	7	6	19	15	25	21
Fastighetsaktiebolaget Postgården AB	0	0	0	0	0	0
Total	23	17	59	43	78	62

Book value, SEKm	30 September 2018	30 September 2017	31 December 2017
Ancore Fastigheter AB	700	632	649
Secore Fastigheter AB	140	107	113
Fastighetsaktiebolaget Postgården AB	7	4	4
Total	847	743	766

Information regarding Ancore Fastigheter AB

Ancore Fastigheter AB is a joint arrangement between the pension insurance company Alecia 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
		2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
SEKm							
Income		109	100	326	300	433	407
Expenses		-45	-40	-147	-124	-192	-169
Operating profit		64	60	179	176	241	238
Net financial items		-26	-25	-77	-90	-103	-116
Tax		-11	-11	-25	-28	-35	-38
Profit for the period		27	24	77	58	103	84
Other comprehensive income		12	14	25	38	32	45
Comprehensive income for the period		39	38	102	96	135	129
Non-current assets				4,941	4,681		4,993
Current assets				212	159		95
Total assets				5,153	4,840		5,088
Equity				1,336	1,201		1,235
Non-current liabilities				3,614	3,384		3,604
Current liabilities				204	255		249
Total equity and liabilities				5,153	4,840		5,088

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. At the start of the year Secore Fastigheter AB owned 25 properties in Sweden that house ICA stores operated by non-consolidated ICA retailers. In February 2018, 15 store properties were acquired from KPA Pension, which means that after the acquisition, Secore Fastigheter AB owns a total of 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
SEKm	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Income	44	37	129	82	166	119
Expenses	-25	-21	-82	-44	-105	-67
Operating profit	19	16	47	38	61	52
Net financial items	-6	-6	-19	-12	-25	-18
Tax	-4	-7	-9	-10	-11	-12
Profit for the period	9	3	19	16	25	22
Other comprehensive income	—	—	—	—	—	—
Comprehensive income for the period	9	3	19	16	25	22
Non-current assets			2,367	2,113		2,105
Current assets			36	60		73
Total assets			2,403	2,173		2,178
Equity			834	795		800
Non-current liabilities			1,527	1,294		1,319
Current liabilities			41	84		59
Total equity and liabilities			2,403	2,173		2,178

NOTE 3, ITEMS AFFECTING COMPARABILITY

	Third quarter		Jan-Sep		Full year
SEKm	2018	2017	2018	2017	2017
Capital gains/losses net on sale of non-current assets					
Rimi Baltic	0	6	0	14	15
ICA Real Estate	0	3	-7	567	578
Other	—	—	—	-1	-2
Total	0	9	-7	580	591
Impairment, net					
ICA Sweden	—	—	-79	—	—
Rimi Baltic	-7	-4	-11	-15	-21
ICA Real Estate	-89	—	-89	4	8
Total	-96	-4	-179	-11	-13
Result from capital gains/losses from sale of non-current assets and impairments (net)	-96	5	-186	569	578

NOTE 4, ASSETS HELD FOR SALE

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

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

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 2017	ICA Bank 2017	Group excl. ICA Bank 2017
Cash flow from operating activities before change in working capital	3,999	28	3,971
Change in working capital			
Inventories	-116	—	-116
Current receivables	-96	-150	54
Current liabilities	-597	130	-727
ICA Bank's net of deposits, lending and investments	-195	-195	—
Cash flow from operating activities	2,995	-187	3,182
Cash flow from investing activities	1,214	-13	1,227
Cash flow from financing activities	-4,581	—	-4,581
Cash flow for the period	-372	-201	-171
Cash and cash equivalents at the beginning of the period	3,974	3,269	705
Exchange differences in cash and cash equivalents	-5	—	-5
Cash and cash equivalents at the end of the period	3,597	3,069	528

NOTE 6, FINANCIAL INSTRUMENTS

As per 30 September 2018 financial assets measured at fair value in ICA Gruppen amounted to SEK 3,182 million (3,036). Financial liabilities measured at fair value amounted to SEK 91 million (199) as per 30 September 2018. In the fair value hierarchy, SEK 3,182 million (2,906) of financial assets are attributable to Level 1 and SEK 0 million (130) are attributable to Level 2. 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 140 million (200).

NOTE 7, BUSINESS COMBINATIONS

On 23 December 2016 ICA Gruppen communicated that an agreement had been reached to acquire all of the shares in UAB Palink, which operates the IKI grocery store chain in Lithuania, for EUR 213 million on a cash and debt-free basis. 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 cannot complete the acquisition of UAB Palink.

Condensed Parent Company income statement

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Net sales ¹⁾	241	202	705	624	919	838
Cost of services sold	-284	-182	-677	-572	-873	-768
Gross profit	-43	20	28	52	46	70
Administrative expenses	-24	-89	-324	-325	-474	-475
Operating profit/loss	-67	-69	-296	-273	-428	-405
Profit/loss from participations in Group companies	—	1,500	3,400	6,035	3,269	5,904
Financial income, Group companies	43	41	125	118	166	159
Financial income	16	15	44	28	56	40
Financial expenses, Group companies	0	-2	-4	-9	-6	-11
Financial expenses	-38	-66	-168	-196	-231	-259
Profit/loss after financial items	-46	1,419	3,101	5,703	2,826	5,428
Appropriations	—	—	—	—	446	446
Profit before tax	-46	1,419	3,101	5,703	3,272	5,874
Tax	11	18	59	72	-8	5
Profit for the period	-35	1,437	3,160	5,775	3,264	5,879

1) Of net sales for the third quarter, SEK 237 million (198) pertains to Group companies, and SEK 684 million (603) accumulated.

Condensed Parent Company balance sheet

SEKm	30 September 2018	30 September 2017	31 December 2017
ASSETS			
Non-current assets			
Investments in Group companies	30,142	30,052	30,092
Other intangible assets	105	88	108
Deferred tax assets	224	228	233
Non-current receivables from Group companies	651	—	—
Other non-current assets	187	99	106
Total non-current assets	31,309	30,467	30,539
Current assets			
Current receivables from Group companies	11,749	11,110	11,253
Other current assets	317	237	202
Cash and cash equivalents	22	42	1,484
Total current assets	12,089	11,389	12,939
TOTAL ASSETS	43,398	41,856	43,478
EQUITY AND LIABILITIES			
Equity	28,363	27,310	27,415
Provisions	397	374	386
Non-current liabilities			
Non-current interest-bearing liabilities	2,700	2,989	2,987
Other non-current liabilities	22	62	57
Total non-current liabilities	2,722	3,051	3,044
Current liabilities			
Current interest-bearing liabilities	3,872	3,998	3,975
Current liabilities to Group companies	7,590	6,720	8,227
Other current liabilities	453	403	431
Total current liabilities	11,915	11,121	12,633
TOTAL EQUITY AND LIABILITIES	43,398	41,856	43,478

Quarterly overview

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net sales, SEKm ¹⁾	27,654	25,703	27,940	27,164	28,601	27,181	29,258	28,846
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,575	1,775	1,646	1,761	1,574	1,364	1,430	1,902
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,180	996	1,094	1,380	1,172	972	1,041	1,499
Operating margin excl. items affecting comparability, % ¹⁾	4.3	3.9	3.9	5.1	4.1	3.6	3.6	5.2
Operating profit (EBIT), SEKm	1,029	1,395	1,259	1,385	1,181	972	951	1,403
Operating margin, % ¹⁾	3.7	5.4	4.5	5.1	4.1	3.6	3.3	4.9
Profit before tax, SEKm	941	1,313	1,172	1,272	1,096	888	869	1,347
Profit for the period, SEKm	784	1,132	1,021	1,100	892	700	935	1,082
Earnings per share, SEK	3.89	5.61	5.06	5.45	4.41	3.46	4.62	5.36
Equity per share, SEK	147.48	153.44	147.51	152.96	157.70	161.69	155.13	160.02
Share price at the end of period, SEK	277.90	305.80	313.60	306.10	297.90	295.40	274.70	282.00
Return on equity, %	11.9	13.1	13.6	13.4	13.4	11.7	11.3	11.0
Return on capital employed, %	10.5	11.5	11.9	11.9	12.3	11.2	10.4	10.3
Cash flow from operating activities, SEKm	2,689	-51	2,001	1,045	1,606	732	2,755	1,071
Cash flow per share from operating activities, SEK	13.37	-0.25	9.95	5.20	7.98	3.64	13.70	5.32
Investing activities (cash flow), SEKm	793	628	520	470	612	1,118	747	856
Capital employed excl. ICA Bank, average, SEKm	43,050	42,946	42,607	42,169	41,938	42,024	42,086	42,425
Net debt, SEKm	-9,758	-7,683	-7,776	-7,384	-5,598	-5,670	-6,650	-7,012
Net debt/EBITDA	1.6	1.2	1.1	1.1	0.8	0.9	1.1	1.1

1) 2016 and 2017 periods have been recalculated, see Note 1

Quarterly data by segment

Net sales by segment

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ICA Sweden ¹⁾	19,838	18,493	20,366	19,869	20,625	19,358	20,975	20,730
Rimi Baltic	3,695	3,298	3,530	3,413	3,767	3,548	3,814	3,827
Apotek Hjärtat	3,198	3,173	3,298	3,108	3,297	3,430	3,625	3,414
ICA Real Estate	603	596	627	609	636	642	643	648
ICA Bank	224	226	235	245	259	322	332	341
Hemtex	369	228	232	252	366	223	217	237
Other	223	222	237	222	228	247	251	262
Intra-Group sales	-496	-533	-585	-554	-577	-589	-599	-613
Net sales¹⁾	27,654	25,703	27,940	27,164	28,601	27,181	29,258	28,846

1) 2016 and 2017 periods have been recalculated, see Note 1.

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ICA Sweden	951	890	982	1,108	959	869	897	1,152
Rimi Baltic	248	176	214	245	258	202	240	260
Apotek Hjärtat	160	127	171	165	141	132	195	196
ICA Real Estate	254	630	382	243	235	215	211	252
ICA Bank	6	15	16	37	35	33	33	82
Hemtex	62	-9	-12	12	63	-15	-19	11
Other	-106	-54	-107	-49	-117	-73	-126	-51
Operating profit before depreciation/amortisation (EBITDA)	1,575	1,775	1,646	1,761	1,574	1,364	1,430	1,902

Operating profit excluding items affecting comparability by segment

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ICA Sweden	837	789	870	1,004	844	758	784	1,040
Rimi Baltic	167	94	128	161	174	118	156	175
Apotek Hjärtat	102	90	135	130	106	94	156	155
ICA Real Estate	141	109	99	121	100	90	90	122
ICA Bank	6	6	8	29	28	26	26	76
Hemtex	57	-14	-18	6	57	-20	-25	5
Other	-130	-78	-128	-71	-137	-94	-146	-74
Operating profit excluding items affecting comparability	1,180	996	1,094	1,380	1,172	972	1,041	1,499

Depreciation/amortisation by segment

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ICA Sweden	118	102	113	104	115	111	113	112
Rimi Baltic	81	79	81	78	83	84	84	84
Apotek Hjärtat	37	37	36	35	35	39	38	40
ICA Real Estate	113	120	120	119	124	124	129	130
ICA Bank	8	9	8	8	8	7	6	7
Hemtex	6	6	5	6	6	6	5	6
Other	23	22	22	22	20	20	22	24
Depreciation/amortisation	386	375	385	372	391	391	397	403

Key figures ICA Gruppen

	Third quarter		Jan-Sep		12 months	Full year
	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,902	1,761	4,696	5,182	6,270	6,756
Operating margin excl. items affecting comparability, % ¹⁾	5.2	5.1	4.1	4.3	4.1	4.2
Operating margin, % ¹⁾	4.9	5.1	3.9	5.0	4.0	4.8
Net margin, % ¹⁾	3.8	4.1	3.2	4.0	3.2	3.8
Return on capital employed, %	—	—	10.3	11.9	10.3	12.3
Return on equity, %	—	—	11.0	13.4	11.0	13.4
Equity/assets ratio, %	—	—	40.9	41.4	40.9	41.0
Net debt, SEKm	—	—	-7,012	-7,384	-7,012	-5,598
Net debt/EBITDA	—	—	1.1	1.1	1.1	0.8
Average number of employees	—	—	22,188	21,969	—	22,137
Share data						
Earnings per share, SEK	5.36	5.45	13.44	16.12	17.85	20.53
Share price at the end of period, SEK	—	—	282.00	306.10	282.00	297.90
Dividend per ordinary share, SEK	—	—	—	—	—	11.00
Dividend, SEKm	—	—	—	—	—	2,213
Dividend payout ratio, %	—	—	—	—	—	53
Equity per share, SEK	—	—	160.02	152.96	160.02	157.70
Cash flow from operating activities per share, SEK	5.32	5.20	22.66	14.89	30.64	22.87
Number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares after dilution	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

1) 2017 periods have been recalculated, see Note 1.

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 on <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 10%; and to maintain net debt in relation to EBITDA that is lower than a factor of 2. In addition, the Group has set a target to distribute at least 50% of net profit for the year in shareholder dividends. ICA Gruppen presented on the 23 of May 2018 new financial targets recalculated for the effects of IFRS 15 and IFRS 16, valid from 1 of January 2019. More information about this is available on ICA Gruppen's website, www.icagruppen.se.

Reconciliation EBITDA

	Third quarter		Jan-Sep		12 months	Full year
SEKm	2018	2017	2018	2017	Oct 2017 - Sept 2018	2017
Operating profit (EBIT)	1,403	1,385	3,326	4,039	4,507	5,220
Depreciation/amortisation	403	372	1,191	1,132	1,582	1,523
Impairment losses (net)	96	4	179	11	181	13
Operating profit before depreciation/amortisation (EBITDA)	1,902	1,761	4,696	5,182	6,270	6,756

Reconciliation EBITDA

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Operating profit (EBIT)	1,029	1,395	1,259	1,385	1,181	972	951	1,403
Depreciation/amortisation	386	375	385	372	391	391	397	403
Impairment losses (net)	160	5	2	4	2	1	82	96
Operating profit before depreciation/amortisation (EBITDA)	1,575	1,775	1,646	1,761	1,574	1,364	1,430	1,902

Reconciliation Net debt excluding ICA Bank

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Non-current interest-bearing liabilities	-7,407	-7,404	-3,914	-3,915	-3,913	-3,917	-3,619	-3,627
Current interest-bearing liabilities	-3,057	-736	-4,380	-3,998	-3,975	-4,029	-3,455	-3,872
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	705	455	517	528	2,290	2,275	423	487
Net debt	-9,758	-7,683	-7,776	-7,384	-5,598	-5,670	-6,650	-7,012

Reconciliation Capital employed excluding ICA Bank

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Equity	29,688	31,169	29,973	31,069	32,017	32,825	31,477	32,457
Provisions for pensions	2,286	2,318	2,488	2,521	2,619	2,656	2,857	2,896
Other provisions	21	12	13	10	11	7	12	3
Non-current interest-bearing liabilities	7,407	7,404	3,914	3,915	3,913	3,917	3,619	3,627
Current interest-bearing liabilities	3,057	736	4,380	3,998	3,975	4,029	3,455	3,872
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Other non-current liabilities	138	122	68	62	56	86	61	50
Capital employed	42,597	41,761	40,836	41,575	42,591	43,520	41,481	42,905
Average capital employed	43,050	42,946	42,607	42,169	41,938	42,024	42,086	42,425

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 sales

Sales for stores 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/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.

Glossary

Hard discount

Distinctively low price store with limited product range.

Joint venture

A partnership project, a joint venture company.

MTN

A medium-term note (MTN) is a continuously offered debt note with a set maturity date.

Near Food

Items such as household products, pet food and over-the-counter drugs.

Non-food

Items that are not food, such as clothing, housewares and toys.

Private label products

Corporate brand products.

This interim report has been reviewed by the company's auditors.

Stockholm, 25 October 2018

Per Strömberg
CEO, ICA Gruppen

Report of review of interim financial information

ICA Gruppen AB, reg. no. 556048-2837

Introduction

We have reviewed the summary interim financial information (interim report) of ICA Gruppen AB (publ) as of 30 September 2018 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, 25 October 2018
KPMG AB

Thomas Forslund
Authorised Public Accountant

Contacts and calendar

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Conference call for the media and financial market

ICA Gruppen will hold a conference call for members of the media and the financial market at 10.00 CET on Thursday, 25 October 2018 during which CEO Per Strömberg and CFO Sven Lindskog will present the interim report. The meeting can be followed at www.icagruppen.se/en/investors, or participants can call tel. +46 8 50639549 or +44 20 30089816.

Calendar

13 December 2018	Capital Market Day
7 February 2019	2018 year-end report
11 April 2019	Annual General Meeting
3 May 2019	Q1 interim report
15 August 2019	Q2 interim report
24 October 2019	Q3 interim report
6 February 2020	2019 year-end report

The information in this interim 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, 25 October 2018.

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. The Group also includes the company Hemtex.

For more information see icagruppen.se.

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