

Press release

Solna, 12 November 2014

ICA Gruppen to acquire Apotek Hjärtat AB

ICA Gruppen has signed an agreement with Altor Fund III to acquire Apotek Hjärtat, Sweden's largest private pharmacy retailer, for a consideration of SEK 5.7 billion on a cash and debt free basis. The acquisition positions ICA Gruppen as the second largest player in the Swedish pharmacy retail market. The transaction provides significant opportunities in an interesting and important sector and creates synergies with other parts of ICA. The effect of the acquisition on ICA Gruppen's earnings per share is expected to be accretive during 2015, adjusted for acquisition related one-offs.

"We have since the establishment of Cura apoteket in 2010 successfully been operating high quality pharmacies that are appreciated by customers. With the acquisition of Apotek Hjärtat, a well-managed company with a strong brand, we increase the scale of this business and see significant opportunities and synergies. We can now provide customers with an even better and more comprehensive product offering within health, medicine and wellbeing, with high standards on safe and effective medication. The transaction benefits ICA's and Apotek Hjärtat's customers as well as ICA Gruppen's shareholders", says Per Strömberg, CEO of ICA Gruppen.

Apotek Hjärtat and Cura apoteket have combined sales amounting to approximately SEK 11bn, of which about SEK 3bn within personal care. Together, Apotek Hjärtat and Cura apoteket will have the number two position on the Swedish market with a market share of around 30 percent.

The acquisition is expected to generate annual cost synergies to ICA Gruppen of around SEK 80m from 2019. The synergies are mainly related to overhead, purchasing and logistics. *For additional information, see Financial effects of the acquisition.*

Also, ICA Gruppen envisages opportunities for additional value creation through an expanded and improved customer offering, stronger product development, marketing and e-commerce.

The acquisition will initially be financed using a combination of available cash and existing credit facilities. Completion is subject to the Swedish Competition Authority and Drug Administration approval, expected to be received in April 2015 at the latest.

Post completion of the transaction, Apotek Hjärtat and Cura apoteket will be combined into a separate subsidiary of ICA Gruppen and reported as a separate segment. Anders Nyberg, current CEO of Apotek Hjärtat, is contemplated as CEO of the new entity.

ABG Sundal Collier has acted as financial advisor and Gernandt & Danielsson has acted as legal advisor to ICA Gruppen in connection to the transaction.

For more information

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About Apotek Hjärtat

Apotek Hjärtat is Sweden's largest private pharmacy chain and was founded in connection with the deregulation in 2009, when 208 community pharmacies were acquired. The business has approximately 2,700 employees and operates 306 pharmacies. Apotek Hjärtat's operations consist of pharmacy retail in the form of physical pharmacies, e-commerce, inpatient operations and animal pharmacy operations. Apotek Hjärtat's net sales for 2013 were SEK 8,266 m and for the period January-September 2014 SEK 7,050m. EBITA for 2013 were SEK 345m and for the period January-September 2014 SEK 339m.

About Cura apoteket

Cura apoteket was founded in 2010 by ICA Gruppen and is ICA's own pharmacy chain, which is located in large ICA stores across the country. Cura apoteket has grown organically and currently has around 700 employees and 65 pharmacies with a turnover of SEK 2,000m in 2014. The business consists of pharmacy retail. Cura apoteket promotes health and wellbeing through accessibility, transparency and competence, which adds value to the ICA customer. The operation continues to expand substantially through new establishments. Cura apoteket's net sales for the full year 2013 was SEK 1,671m and for the period between January-September 2014 SEK 1,525m. EBITA for 2013 amounted to SEK -32m and for the period January-September 2014 SEK 12m.

Financial effects of the acquisition

Combined yearly impact on ICA Gruppen of SEK 80m by 2019 and consists of cost synergies net of the royalty as stated below.

Total annual cost synergies are expected to approximately SEK 100m by 2016 and to SEK 150m post full implementation by 2019. Also, ICA Gruppen envisages opportunities for additional value creation through an expanded and improved customer offering, stronger product development, marketing and e-commerce.

Realisation of synergies is enabled through access to ICA Sweden's infrastructure which is funded by ICA-retailers in line with ICA Gruppen's business model. Access is provided for Apotek Hjärtat to, e.g., infrastructure for marketing, IT, CRM, logistics and procurement. Therefore, Apotek Hjärtat will, as of 2016, contribute to cost cover funding through a sales-based royalty. The royalty is expected at SEK 60m in 2016 and SEK 70m per year from 2019.

The effect of Apotek Hjärtat on ICA Gruppen's earnings per share is expected to be accretive during 2015, adjusted for acquisition related one-offs. The transaction alone does not affect ICA Gruppen's dividend policy. ICA Gruppen's financial position is expected to remain strong after the transaction is completed.

ICA Gruppen discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at time 06.55 CET on Wednesday the 12th of November 2014.