



ICA
GRUPPEN

ICA Gruppen Investment case Q4 2020

A stable foundation for continued profitable growth

#1

Leading positions and strong brands

ICA Gruppen has leading market positions in grocery retail and pharmacy supported by very strong brands.

#2

Unique business model in Sweden

Grocery retail business in Sweden combines market leading scale with local knowledge and entrepreneurship through independent retailers.

#3

Strong financial position and stable returns

A stable business and a strong financial position provides attractive returns for shareholders.

#4

Capacity to invest to capture new opportunities

Strong operational cashflows and scale enables investments in innovation, digitalisation and infrastructure.

#5

Extensive digital agenda

Ambitious agenda to reduce cost and capture additional synergies through digitalisation.

Leading positions and strong brands

- A leading retail company **focused on food and health**
- A **synergistic group** structure where **each part contributes** to the whole
- Core business in grocery retail – **leading positions both online and offline** in Sweden under the ICA brand and strong position in the Baltics under the Rimi brand
- Supporting businesses, profitable in their own right and providing synergies to the core
- 2020 **total sales**: SEK 126 bn of which **ICA Sweden**: SEK 92 bn
- 2020 **Operating profit**: SEK 5.8 bn
- Share **listed on Nasdaq Stockholm** (Large Cap)

Ambitious sustainability targets

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

Long-term financial targets

Growth faster than the market

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

Our vision:

We make everyday a little easier

ICA

Grocery retail market leader in Sweden

1,266 Stores **36%** Market share

91,684 Net sales **4,240** EBIT

rimi

Grocery retail with leading positions in Estonia, Latvia & Lithuania

283 Stores **15%** Market share

16,373 Net sales **703** EBIT

APOTEK 

2 pharmacy chain in Sweden

391 Stores **31%** Market share

15,178 Net sales **383** EBIT

ICA Fastigheter

ICA Real Estate - supports ICA Sweden's store network

Real estate portfolio – book value SEK 17.8 bn, estimated market value SEK 24.4 bn.

2,840 Net sales **603** EBIT

ICA banken

ICA Bank - full-service bank and insurance offering

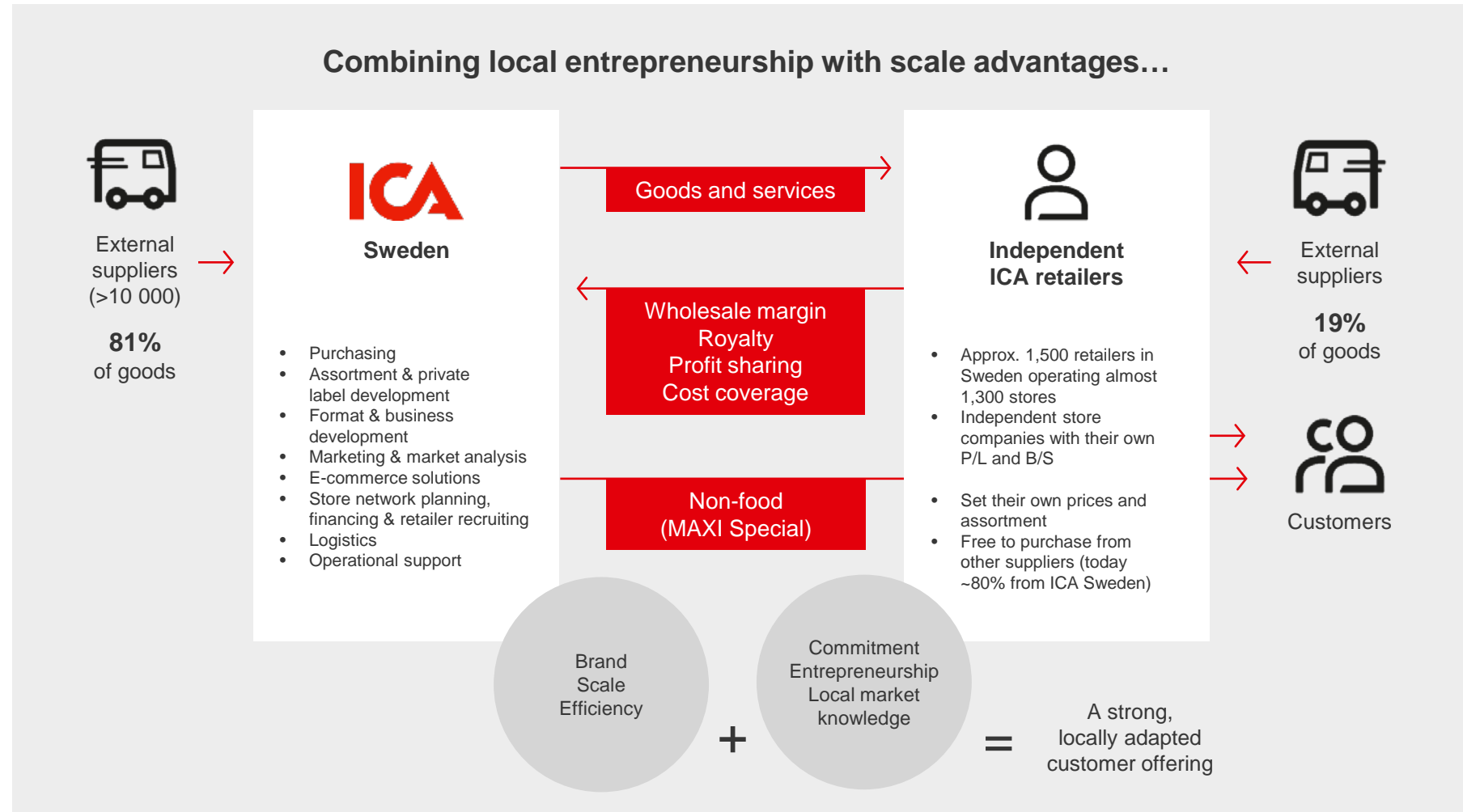
>840,000 Bank customers **~200,000** Insurance customers

1,699 Net sales **174** EBIT

SEK million. All figures as of end 2020. Operating profit = EBIT excluding items affecting comparability. Real estate BV & MV as per Q3 2020, including joint ventures (50%)

Unique business model in Sweden

- A unique business model where independent retailers own their stores and decide on assortment and pricing. Founded in 1917 and a major success factor for ICA over the past century. Still unique and relevant
- ICA Sweden – wholesale sales to the retailers while also offering supporting services, such as e-commerce fulfilment, central marketing and payment solutions
- ICA Sweden also responsible for store network planning, initial financing & retailer recruiting
- Four different store formats
 - ICA Maxi
 - ICA Kvantum
 - ICA Supermarket
 - ICA Nära



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

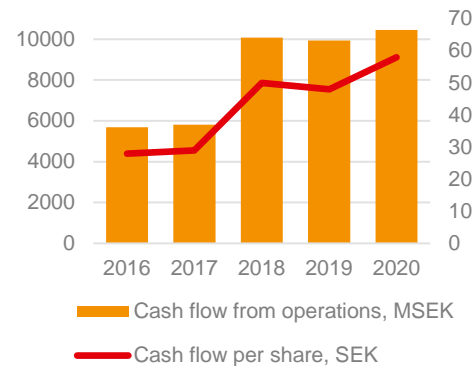
Leading positions and strong brands...

- ICA – a market leader in grocery retail in Sweden and one of Sweden’s best-known brands
- Rimi Baltic – strong retailer positions in Estonia, Latvia and Lithuania. #1 in Latvia
- Apotek Hjärtat – the second largest company in the Swedish pharmacy market
- ICA Real Estate has a large and actively managed property portfolio within the retail segment – AUM ~SEK 20 bn
- ICA Bank – >840,000 customers and a vital part of the ICA system

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

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

Cash flow from operations

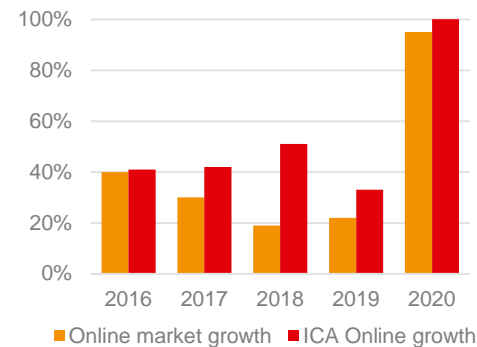


Excluding ICA Bank, IFRS16

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

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

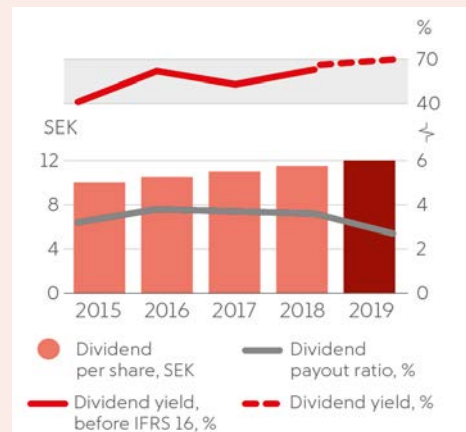
Online growth



Attractive historical return

Since formed in 2013, ICA Gruppen has gradually increased its ordinary dividend while also managing to maintain a high level of investment. The Group’s financial targets include providing a dividend of at least 50% of profit for the year. The target reflects ICA Gruppen’s stable earnings and is to be at a competitive level for the sector.

Dividend per share and dividend yield



Extensive digital agenda – focus on four areas



E-commerce & omni channel

- ICA: Increased capex spend on e-commerce infrastructure with back-end systems and e-commerce warehouse. Ocado-powered CFC to open in 2022.
- Rimi Baltic: Launch of online shopping in 2019/2020
- Apotek Hjärtat: A broader offering and faster deliveries
- Aim to significantly improve last mile offer in major cities



Digital ecosystem

- ICAX has launched two services and has a strong pipeline in five areas: shopping journey, health, sustainability, simplifying life, and household economy



Personalized & digital marketing

- Scaling up personalisation across channels through new loyalty program (Customer Loyalty 2020)
- Large volume of customer data



Process automation

- Reduces labour costs and increases quality and speed
- Machine learning to optimise performance of pricing, assortment planning, etc

ICA online 2020



Total sales online: SEK ~5.0 bn	Online share of total sales 3.8%	Online share active stores: 6.3%	Growth in sales online 2020 +117%
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Apotek Hjärtat online 2020



Online share of sales: 8%	Online market growth +59%	Apotek Hjärtat online growth +92%
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Key digital initiatives

- AI & Data centre of excellence
- Ocado deal signed
- First ICA dark store
- Apotek Hjärtat launches Click&collect, Click&express
- Investment in and partnership with Min Doktor

Q4 Report 2020

Strong close to the year with continued pandemic impacts

Financial

Net sales:
+5.6%

EBIT:
+8.3%

EBIT margin:
4.2%

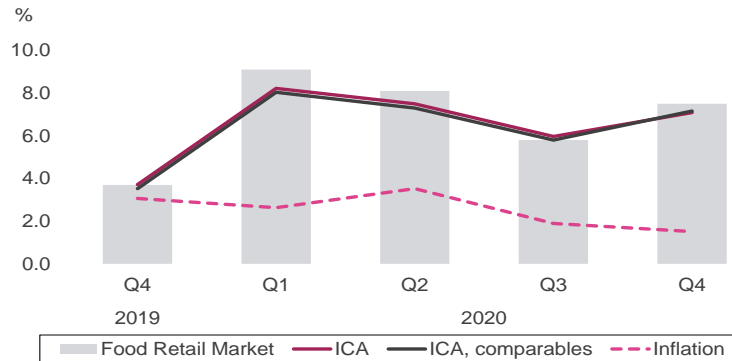
Events

- ICA Bank has signed an agreement to acquire Forex's customer portfolios of deposits and consumer loans
- The board proposes dividend of 13.00 SEK/share

Store sales and retail market in Q4

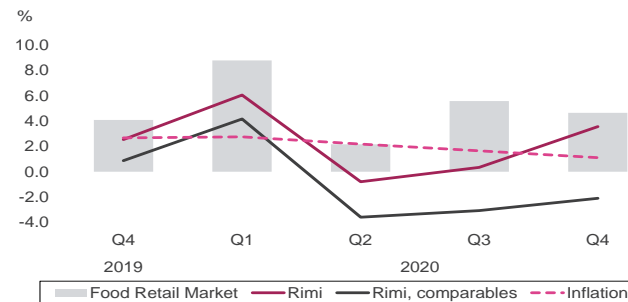
Sweden – ICA store sales growth slightly below market

- ICA store sales in Sweden, growth of +7.1%, in comparable stores +7.2%. Higher average buy, less store visits
- Price and calendar effect of +2.1% (price +1.5%, calendar 0.6%)
- Market growth according to DVI index +7.5%
- ICA Online sales growth +156%. Market growth (DVI) online +136%
- Establishments Q4: 2 new stores



Rimi Baltic – Sales still negatively impacted by covid-19 restrictions

- Rimi store sales +3.6%, comparable sales -2.1%. Total sales growth per country:
 - Estonia -1.5%
 - Latvia +3.5%
 - Lithuania +9.5%
- Market growth +4.7%
- Food inflation +1.1%
- Establishments Q4: 2 new stores



Apotek Hjärtat – Year-end sales heavily impacted by covid-19 situation

- Apotek Hjärtat sales growth +1.5%
 - Prescription +2.0%
 - OTC -12.1%
 - Traded goods +7.4%
- Market growth of +4.5%
- Online growth, Apotek Hjärtat +92%, market +66%
- Establishment Q4: 2 new pharmacies



MSEK Net sales

Q4 2020	Q4 2019	Change %
32,593	30,850	+5.3%

EBIT

Q4 2020	Q4 2019	Change %
1,371	1,267	+8.3%

EBIT margin

Q4 2020	Q4 2019	Change %
4.2%	4.1%	+0.1pp

*Source DVI = Food retail index/Dagligvaruindex