



ICA
GRUPPEN

ICA Gruppen Investment case Q1 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
- 2019 **total sales**: SEK 119bn of which **ICA Sweden**: SEK 85bn
- 2019 **Operating profit**: SEK 5.4 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

1,277	36%
Stores	Market share

85,187	3,712
Net sales	EBIT

rimi

Grocery retail with leading positions in Estonia, Latvia & Lithuania

277	15%
Stores	Market share

16,168	744
Net sales	EBIT

APOTEK 

2 pharmacy chain in Sweden

390	31%
Stores	Market share

14,778	464
Net sales	EBIT

ICA Fastigheter

ICA Real Estate - supports ICA Sweden's store network

Real estate portfolio – book value SEK 15.4 bn, estimated market value SEK 21.3 bn.

2,731	504
Net sales	EBIT

ICA banken

ICA Bank - full-service bank and insurance offering

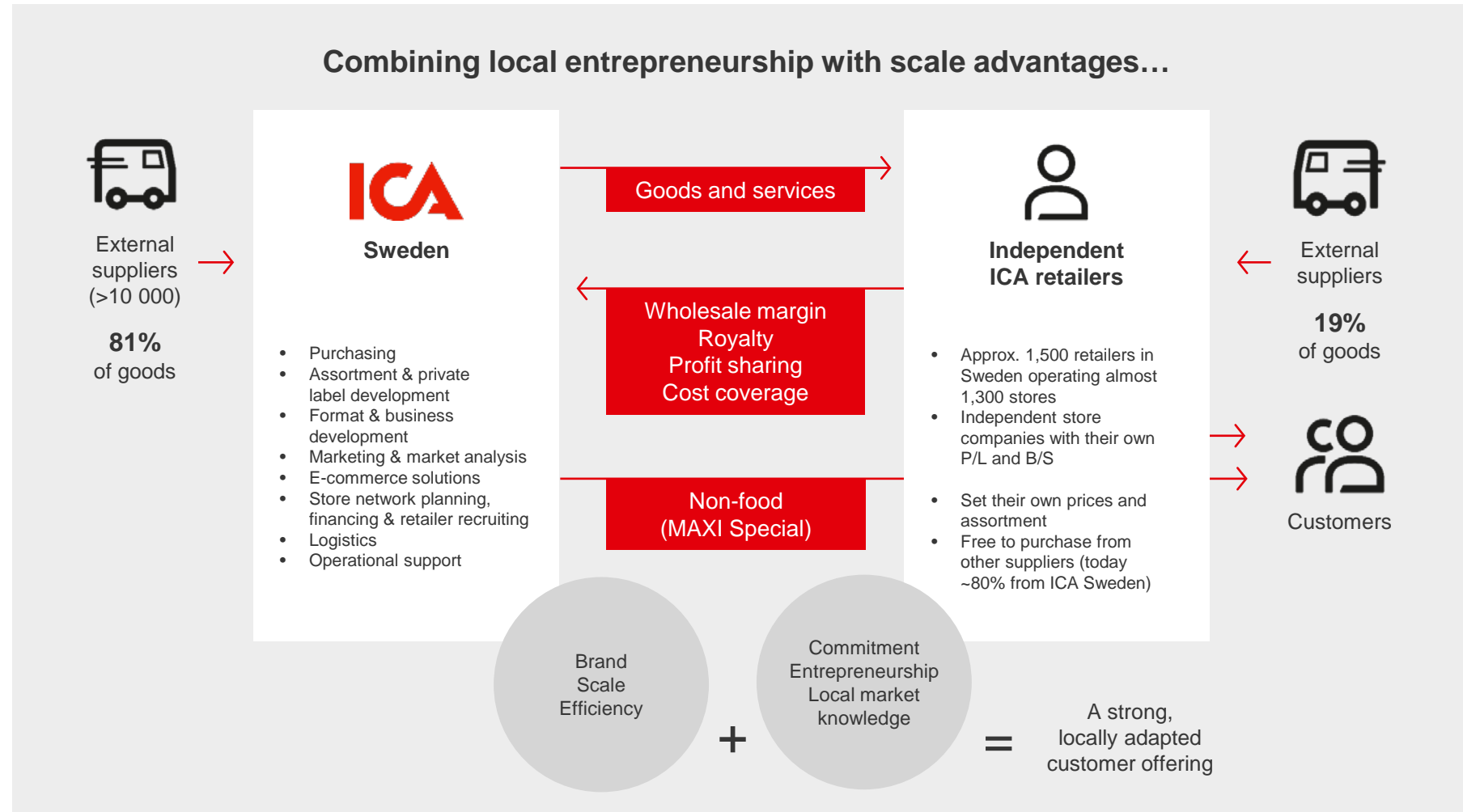
>800 000	>170 000
Bank customers	Insurance customers

1,570	244
Net sales	EBIT

SEK million. All figures as of end 2019. Real estate BV & MV as per Q3 2019

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



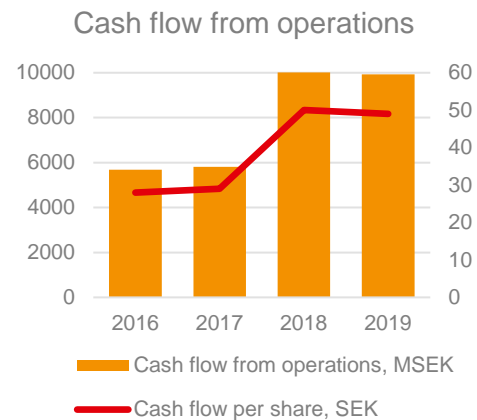
Strong financial position and stable returns with the capacity to invest to capture new opportunities

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 – >800,000 customers and a vital part of the ICA system

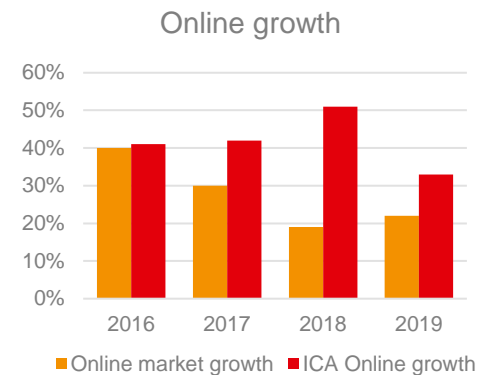
...generating a solid cash flow and a stable financial performance...

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



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

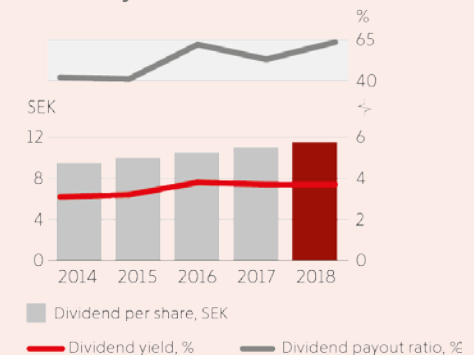
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



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 2019



Total sales online:	Online share of total sales	Online share active stores:	Growth in sales online 2019
SEK 2.3 bn	1.9%	2.9%	+33%

Apotek Hjärtat online 2019



Online total market share of sales: >10%	Online market growth +36%	Apotek Hjärtat online growth +40%
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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
- Launch of My climate goal, ICA Voice and ICA Spara

Q1 Report 2020

Strong quarter defined by covid-19

Financial

Net sales:
+8.1%

EBIT:
+16.5%

EBIT margin:
4.3%

Events after the end of the quarter

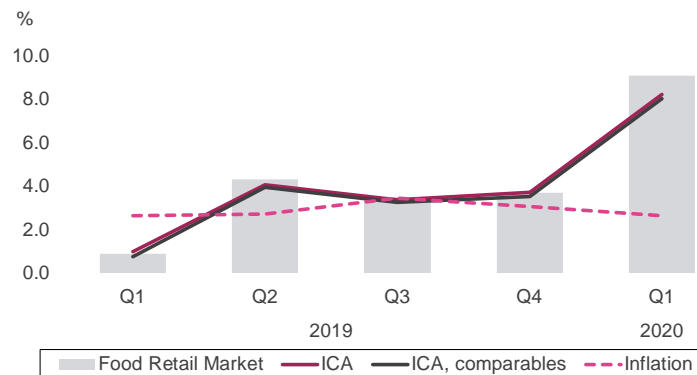
ICA Real Estate's acquisition of the logistics property in Västerås for net SEK 1 billion is concluded
Anna Nyberg was named as new CEO of ICA Real Estate and takes up her position on 17 August

ICA Gruppen's Annual General Meeting approved the Board's changed dividend proposal for payment of SEK 6 per share. The intention is to have an Extraordinary General Meeting decide on a second payment of SEK 6 per share in the autumn

Store sales and retail market in Q1

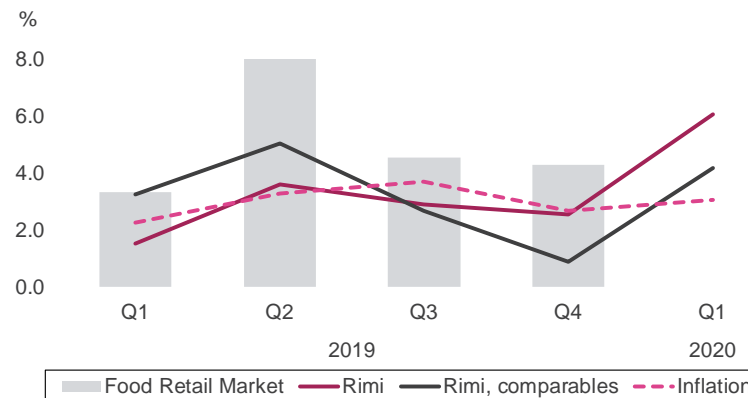
Sweden – Covid-19 hoarding sales impacted by store network structure

- ICA store sales in Sweden, growth of +8.2%, in comparable stores +8.0%. Higher average buy in March
- Price and calendar effect of +3.7% (price +2.6%, calendar 1.0%)
- Market growth* +9.1%
- ICA Online sales growth +34%. Market growth* online +27%
- Establishments Q1: 3 new stores



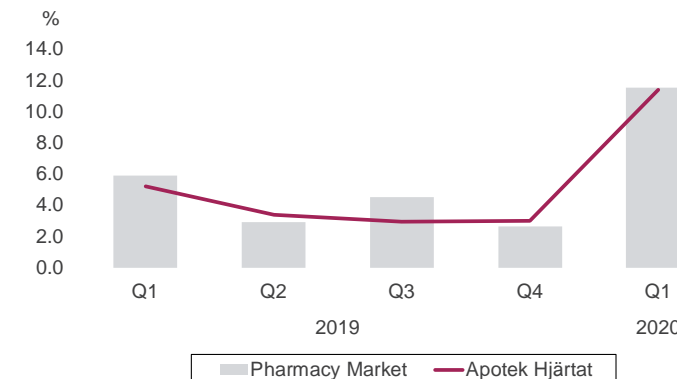
Rimi Baltic – Different covid-19 effects across the countries

- Rimi store sales +6.1%, comparable sales +4.2%
 - Estonia comparable +1.5%
 - Latvia comparable +3.9%
 - Lithuania comparable +7.8%
- Food inflation +3.1%
- Establishments Q1: 2 new stores



Apotek Hjärtat – Sales growth in line with market

- Apotek Hjärtat sales growth +11.4%
 - Prescription +11.7%
 - OTC +12.1%
 - Traded goods +9.5%
- Market growth of +11.6%
- Online growth, Apotek Hjärtat +53%, market+48%
- Establishment Q1: 1 new pharmacy



MSEK Net sales

Q1 2020	Q1 2019	Change %
30,366	28,098	+8.1%

EBIT

Q1 2020	Q1 2019	Change %
1,310	1,125	+16.5%

EBIT margin

Q1 2020	Q1 2019	Change %
4.3%	4.0%	+0.3pp

*Source DVI = Food retail index/Dagligvaruindex